Q2 2019 | Interim report January-June 2019

CAVOTEC
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Significantly improved profits on the back of stable revenue

APRIL–JUNE 2019

- **Order intake decreased 26.7% to EUR 45.5 million (62.1)**
- **Revenue increased 11% to EUR 51.4 million (46.3)**
- **Adjusted EBIT amounted to EUR 3.7 million (-0.7), corresponding to a margin of 7.1% (-1.6%)**
- **Non-recurring items amounted to EUR 1.2 million (7.0), related to restructuring costs**
- **Net result for the period was EUR 1.4 million (-7.1)**
- **Earnings per share basic and diluted amounted to EUR 0.015 (-0.091)**
- **Operating cash flow amounted to EUR -10.6 million (-9.8) mainly due to the US litigation payment of EUR 8.1 foreseen in the 2018 accounts thus there is no 2019 profit impact**

JANUARY–JUNE 2019

- **Order intake decreased 17.6% to EUR 107.2 million (130.1)**
- **Order book increased 7.3% to EUR 107.4 million (FY2018: 100.1)**
- **Revenue increased 0.9% to EUR 99.8 million (99.0)**
- **Adjusted EBIT increased 285% to EUR 6.4 million (1.7), corresponding to a margin of 6.4% (1.7%)**
- **Non-recurring items amounted to EUR 2.5 million (7.2), related to restructuring costs**
- **Net result for the period was EUR 2.2 million (-6.3)**
- **Earnings per share basic and diluted amounted to EUR 0.023 (-0.080)**
- **Operating cash flow amounted to EUR -2.4 million (-4.8) mainly due to the US litigation payment of EUR 8.1 foreseen in the 2018 accounts thus there is no 2019 profit impact**
- **Net debt decreased to 19.3 EUR million (FY2018: 32.1)**

Unless otherwise stated, figures in brackets refer to the same period in the preceding year.

TRANSFORMATION PLAN – IMPORTANT EVENTS

Q3 2018	Q4 2018	Q1 2019	Q2 2019
• 65% of Transformation Projects completed • Commercial excellence initiative launched	• Restructuring programme initiated in order to achieve annual savings of approximately EUR 10 million by 2021 • Cavotec announced a fully underwritten rights issue of SEK 204 million • 76% of Transformation Projects completed	• The rights issue amounting to 204 MSEK was completed 4 January • Glenn Withers was appointed new CFO of Cavotec and Patrick Mares was appointed President of Ports & Maritime Division • 100% of Transformation Projects completed	• New strategy presented with focus on profitability in 2019 and profitable growth from 2020 • Financial targets and dividend policy published • Restructuring programme progressing ahead of plan • Memed Üzel appointed Chief Commercial Officer

FINANCIAL SUMMARY

	Quarter			YTD			LTM Rolling	Full Year	
EUR 000's	**Q219**	**Q218**	**Delta**	**1H19**	**1H18**	**Delta**	**Q219-Q318**	**FY18**	**Delta**
Order intake	45,540	62,143	-26.7%	107,161	130,069	-17.6%	188,565	211,473	-10.8%
Order book	107,433	116,615	-7.9%	107,433	116,615	-7.9%	-	100,090	-
Revenue	51,360	46,282	11.0%	99,839	98,989	0.9%	197,811	196,961	0.4%
Adjusted EBITDA	5,851	453	1191.6%	10,838	3,619	199.5%	15,778	8,559	84.3%
Adjusted EBITDA %	11.4%	1.0%	10.4 pp	10.9%	3.7%	7.2 pp	8.0%	4.3%	3.7 pp
EBITDA	4,692	(6,586)	-171.2%	8,379	(3,591)	-333.3%	2,911	(9,059)	132.1%
EBITDA, %	9.1%	-14.2%	23.3 pp	8.4%	-3.6%	12 pp	1.5%	-4.6%	6.1 pp
Adjusted EBIT	3,648	(745)	-589.7%	6,370	1,656	284.7%	8,601	3,887	121.3%
Adjusted EBIT %	7.1%	-1.6%	8.7 pp	6.4%	1.7%	4.7 pp	4.3%	2.0%	2.3 pp
EBIT	2,489	(7,785)	-132.0%	3,910	(5,556)	-170.4%	(4,421)	(13,887)	68.2%
EBIT, %	4.8%	-16.8%	21.6 pp	3.9%	-5.6%	9.5 pp	-2.2%	-7.1%	4.9 pp
Result for the period	1,431	(7,126)	-120.1%	2,190	(6,290)	-134.8%	(9,970)	(18,450)	46.0%
Basic and diluted earnings per share, EUR	0.015	(0.091)	-116.5%	0.023	(0.080)	-128.8%	(0.105)	(0.233)	-54.9%
Operating cash flow	(10,570)	(9,768)	8.2%	(2,406)	(4,830)	-50.2%	3,666	1,242	195.2%
Net debt(1)	(19,277)	(32,871)	-41.4%	(19,277)	(32,871)	-41.4%	-	(32,050)	-
Equity/assets ratio(1)	49.6%	43.9%	5.7 pp	49.6%	43.9%	5.7 pp	-	43.5%	-
Leverage ratio(1)	1.42x	2.44x	-1x	1.42x	2.44x	-1x	-	3.75x	-
Full time equivalent employees	803	938	-135	803	938	-135	-	896	-

(1) *Calculated excluding IFRS 16 impact according to the loan agreement definition*

WE CONNECT THE FUTURE

Comment from the CEO

Second step of transformation on track – profitability improving

At the beginning of May we presented new financial targets for Cavotec at our Investor Information Meeting in Stockholm. We are targeting to reach an annual adjusted EBIT margin of more than 7% within two years and more than 10% within four years as well as an annual organic revenue growth of at least 5% from 2020.

To achieve those targets, we have from the beginning of the year turned our attention to the second step of the transformation of Cavotec, to locking in the improvements achieved during the previous 18 months, thereby progressing towards our profitability target. We are also laying the groundwork for the next step - profitable growth from 2020 and beyond - by focusing on commercial and operational excellence throughout the organisation.

It is, with this background, gratifying that our progress so far is tracking perfectly to this plan. Adjusted EBIT increased to EUR 3.6 million for the quarter (-0.7) and close to tripled compared to the first half of last year to EUR 6.4 million (1.7). This corresponds to a margin of 6.4% (1.7%). The fact that the profitability improved significantly for the second quarter in a row is a strong sign that our measures in the transformation are paying off.

Group revenue increased 11% in the second quarter and although this is encouraging it is partly due to timing of deliveries and we are not expecting revenue to increase during the rest of the year.

The order intake decreased versus last year as we compare to a record high order intake in the first half of last year that saw a number of large project orders in both divisions. Nevertheless, the order book actually increased by 7.3% during the first half of the year and at EUR 107 million is at a historically acceptable level. The variation in order intake due to the timing of project orders is something we are used to, although our plan is to increase the share from our day-to-day business and long-term revenue from our Services business.

To support these plans, we have developed a large range of service products, from inspections to comprehensive maintenance agreements, to answer to the needs of the different markets in which we operate. Cavotec can now offer a complete solution to cover the total life cycle of our products and systems.

The launch of a new IT service module in February allows us to manage, for the first time, the customer after-market experience in a fully integrated way, from claims management to quote to the dispatching of service technicians. We will also be able to measure the performance and the utilisation rate of our field technicians. For spare parts, we are developing repair kits per product and setting a worldwide pricing policy. All in all, we are building a Services business that provides total life cycle support for our customers and an attractive return for our shareholders.

By continuing to invest in our profitable core we will ensure that we deeply embed the competitiveness needed to support the future third step of our transformation. Our strategy for profitable growth is very clear; we will build on our solid position in terms of mega trends such as environmental concerns, electrification and automation to offer innovative products and solutions that meet our customers challenges in these areas.

I am thus very pleased that at the half year mark for 2019 we are well underway to deliver on our plan for improved profitability this year followed by a clear path to profitable growth in 2020 and beyond.

Lugano, July 31, 2019

Mikael Norin
Chief Executive Officer

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ORDER INTAKE AND REVENUE

	Order Intake			
EUR 000's	**Q219**	**Q218**	**1H19**	**1H18**
Order Intake	45,540	62,143	107,161	130,069
Increase/decrease	(16,604)	13,145	(22,908)	19,074
Percentage change	-26.7%	26.8%	-17.6%	17.2%
Of which				
- Volumes and prices	-24.1%	19.5%	-18.0%	17.1%
- Currency effects	-2.6%	7.4%	0.4%	0.1%

	Revenue			
EUR 000's	**Q219**	**Q218**	**1H19**	**1H18**
Revenue from sales of goods and services	51,360	46,282	99,839	98,989
Increase/decrease	5,077	(4,029)	850	(4,552)
Percentage change	11.0%	-8.0%	0.9%	-4.4%
Of which				
- Volumes and prices	10.5%	-3.3%	-0.2%	2.0%
- Currency effects	0.5%	-4.7%	1.0%	-6.4%

DIVISIONS

	Order Intake								
EUR 000's	**Q219**	**Q218**	**Change %**	**1H19**	**1H18**	**Change %**	**LTM Rolling**	**FY18**	**Change %**
Ports & Maritime	17,905	25,652	-30.2%	50,296	50,812	-1.0%	81,148	81,664	-0.6%
Airports & Industry	27,635	36,491	-24.3%	56,865	79,257	-28.3%	107,417	129,809	-17.2%
Total	**45,540**	**62,143**	**-26.7%**	**107,161**	**130,069**	**-17.6%**	**188,565**	**211,473**	**-10.8%**

	Revenue								
EUR 000's	**Q219**	**Q218**	**Change %**	**1H19**	**1H18**	**Change %**	**LTM Rolling**	**FY18**	**Change %**
Ports & Maritime	20,530	14,403	42.5%	40,864	30,730	33.0%	78,506	68,396	14.8%
Airports & Industry	30,830	31,879	-3.3%	58,975	68,259	-13.6%	119,284	128,565	-7.2%
Total	**51,360**	**46,282**	**11.0%**	**99,839**	**98,989**	**0.9%**	**197,790**	**196,961**	**0.4%**

	Book/Bill ratio						Order Book		
EUR 000's	**Q219**	**Q218**	**1H19**	**1H18**	**LTM Rolling**	**FY18**	**1H19**	**1H18**	**Change %**
Ports & Maritime	0.87	1.78	1.23	1.65	1.03	1.19	58,502	55,864	4.7%
Airports & Industry	0.90	1.14	0.96	1.16	0.90	1.01	48,931	60,751	-19.5%
Total	**0.89**	**1.34**	**1.07**	**1.31**	**0.95**	**1.07**	**107,433**	**116,615**	**-7.9%**

Financial Review

APRIL–JUNE 2019

Order intake and Revenue

Order intake decreased 26.7% to EUR 45.5 million (62.1). The lower order intake compared to the same quarter 2018 is explained by timing of large orders in the prior year and our focus on quality in orders. The order intake for the current quarter only deviated -3% compared to the quarterly average order intake for the last twelve months.

The closing order book was EUR 107.4 million, which compares favorably to the 2018 year-end order book of EUR 100.1 million. There was lower order activity during the first two months of the quarter within Ports & Maritime and Airports & Industry while the last month in the quarter showed a pick up in the Ports & Maritime market, including several MoorMaster™ orders.

Revenue increased 11% to EUR 51.4 million (46.3) compared to the same period 2018. The increase is explained by strong revenue within Ports & Maritime coming from good delivery performance on large orders partly offset by a 3% reduction in Airports & Industry.

Ports & Maritime

After a strong performance in the first quarter, order intake decreased 30.2% in the second quarter, compared to the same period in 2018. This is mainly due to the timing of large orders. Order intake for the first half is very similar to the prior year. During the period Cavotec won an order of MoorMaster™ automated mooring technology for a ferry berth at the Port of Turku in Finland. The system will be delivered in 2020.

The Norwegian government has set a target to electrify all ferries by 2025. The decision is expected to increase the already high interest for Automated Mooring and E-Ferry solutions provided by MoorMaster™ in Norway and Northern Europe. Also, the market is good for terminal expansion in Europe & the Americas.

Revenue increased 42.5% to EUR 20.5 million (14.4). The increase is mainly explained by strong order intake in the previous quarters and strong delivery of large orders during the quarter.

Airports & Industry

Order intake decreased 24.3% compared to the same period 2018. Despite this, the order intake for the quarter is in line with the average of the last twelve months. The decrease was due to lower day to day orders and as we focus on quality prioritisation in our orders in terms of scope, risk, delivery and commercial conditions. There was also lower order activity in the Middle East and USA, while the European market continued to show good development. Both Europe and the USA market continue to have potential as a result of significant terminal expansions, especially for fueling, converters and PCAs.

Revenue decreased 3.3% to EUR 30.8 million (31.9). The decrease is mainly due to operational site delays in several large airport projects in the USA, Europe and the Middle East.

Adjusted EBIT

Adjusted EBIT, excluding non-recurring items, increased to EUR 3.6 million (-0.7), corresponding to a margin of 7.1% (-1.6%). The higher EBIT is explained by the run–rate savings achieved through the restructuring programme, leading to an improve profitability on stable revenue.

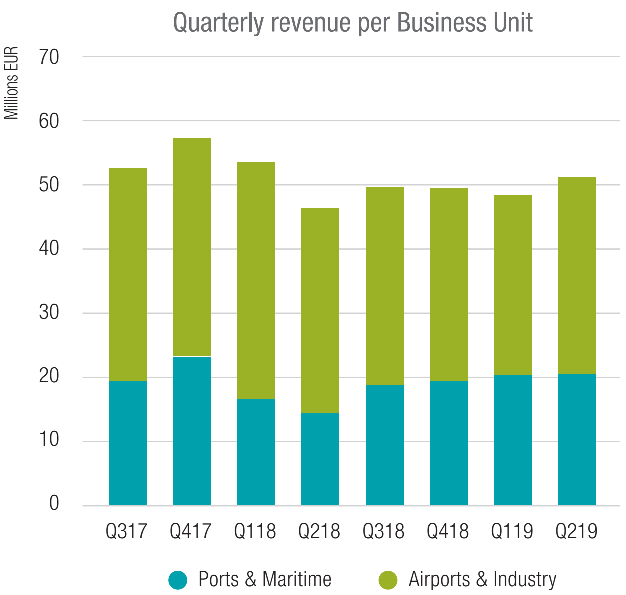
EBIT

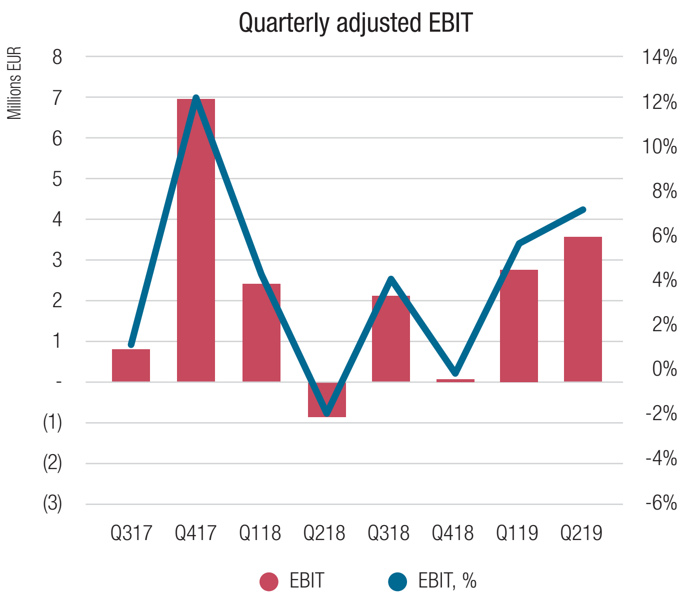
EBIT for the quarter amounted to EUR 2.5 million (-7.8), corresponding to a margin of 4.8% (-16.8%). Non-recurring items, related to the restructuring programme, amounted to EUR 1.2 million.

Profit for the period and earnings per share

Finance costs amounted to EUR -0.2 million (1.4). The comparative figure included EUR 2.0 of positive exchange differences.

The net result for the period amounted to EUR 1.4 million (-7.1).





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Cash flow

The operating cash flow amounted to EUR -10.6 million (-9.8). The decrease is due mainly to the payment of EUR 8.1 million in June 2019 related to the US litigation.

Investing activities include CAPEX of EUR 0.5 million (1.3).

Cash flow from financing activities was EUR -1.9 million (3.0) mainly related to repayment of lease liabilities.

Cash and cash equivalents amounted to EUR 16.0 million as of 30 June 2019 (18.6).

Financial Position

Cavotec's total assets amounted to EUR 226.6 million (217.1) as of 30 June 2019. Excluding the impact of new accounting standards for leases, IFRS 16, the equity to assets ratio was 49.6% (43.9%) and the net debt amounted to EUR 19.3 million as of 30 June 2019 (32.1 as of 31 December 2018). The new accounting treatment does not affect the covenant calculation according to the loan agreement definition. For further information on the IFRS 16 effect, see section "Changes in accounting policies" on page 12.

Employees

The number of full time equivalent employees in Cavotec Group was 803 as of 30 June 2019 (938). The decrease is mainly a result of the restructuring measures that were announced in October 2018.

JANUARY–JUNE 2019

Order intake and Revenue

Order intake decreased -17.6% to EUR 107.2 million (130.1) mainly due to postponement of major Airports orders. Order intake for P&M remained stable.

Revenue for the sixth months increased 0.9% to EUR 99.8 million (99.0) compared to the same period of 2018.

EBIT

EBIT for the first six months amounted to EUR 3.9 million (-5.6), corresponding to a margin of 3.9% (-5.6%). Non-recurring items amounted to EUR 2.5 million.

Profit for the period and earnings per share

Finance costs amounted to EUR -0.7 million (0.5).

Income tax expense for the first six months of 2019 amounted to EUR 1.0 million (1.2), with an effective tax rate of 32.3%.

The net result for the period amounted to EUR 2.2 million (-6.3).

Earnings per share, basic and diluted, increased to EUR 0.023 (-0.08).

Cavotec reaffirms leadership in automated mooring with new order in Finland. Shown in picture, a similar system at Port of Helsinki in service since 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 000's	Unaudited three months 30 Jun, 2019	Unaudited three months 30 Jun, 2018	Unaudited six months 30 Jun, 2019	Unaudited six months 30 Jun, 2018	Audited year 31 Dec, 2018
Revenue from sales of goods and services	51,360	46,282	99,839	98,989	196,961
Other income	705	1,159	1,354	2,114	3,076
Cost of materials	(24,425)	(22,264)	(48,646)	(47,332)	(96,601)
Employee benefit costs	(15,797)	(16,272)	(30,642)	(33,050)	(64,482)
Operating expenses	(7,151)	(15,491)	(13,526)	(24,312)	(48,012)
Gross Operating Result	**4,692**	**(6,586)**	**8,379**	**(3,591)**	**(9,058)**
Depreciation and amortisation	(1,076)	(1,199)	(2,302)	(1,964)	(4,673)
Depreciation of right-of-use of leased asset	(1,127)	-	(2,167)	-	-
Impairment losses	-	-	-	-	(156)
Operating Result	**2,489**	**(7,785)**	**3,910**	**(5,555)**	**(13,887)**
Interest income	-	22	-	41	82
Interest expenses	(423)	(549)	(1,009)	(1,025)	(1,957)
Currency exchange differences - net	193	1,975	335	1,492	1,588
Other financial item	22	-	(2)	-	(1,157)
Profit /(loss) before income tax	**2,281**	**(6,337)**	**3,234**	**(5,047)**	**(15,331)**
Income taxes	(850)	(787)	(1,044)	(1,243)	(3,119)
Profit/(Loss) for the period	**1,431**	**(7,124)**	**2,190**	**(6,290)**	**(18,450)**
Other comprehensive income:					
Remeasurements of post employment benefit obligations	-	(2)	(4)	(6)	31
Items that will not be reclassified to profit or loss	**-**	**(2)**	**(4)**	**(6)**	**31**
Currency translation differences	1,671	(368)	(208)	(1,879)	(2,313)
Items that may be subsequently reclassified to profit /(loss)	**1,671**	**(368)**	**(208)**	**(1,879)**	**(2,313)**
Other comprehensive income for the period, net of tax	**1,671**	**(370)**	**(212)**	**(1,885)**	**(2,282)**
Total comprehensive income for the period	**3,102**	**(7,494)**	**1,978**	**(8,175)**	**(20,732)**
Total comprehensive income attributable to:					
Equity holders of the Group	3,101	(7,498)	1,978	(8,176)	(20,733)
Non-controlling interest	1	2	-	1	1
Total	**3,102**	**(7,496)**	**1,978**	**(8,175)**	**(20,732)**
Profit/(loss) attributed to:					
Equity holders of the Group	1,431	(7,126)	2,190	(6,290)	(18,450)
Total	**1,431**	**(7,126)**	**2,190**	**(6,290)**	**(18,450)**
Basic and diluted earnings per share attributed to the equity holders of the Group	0.015	(0.091)	0.023	(0.080)	(0.233)
Average number of shares	94,015,721	78,448,415	94,015,721	78,448,415	79,078,713
Basic EPS for 2018 (as restated)					
Basic and diluted earnings per share attributed to the equity holders of the Group		(0.091)		(0.080)	
Average number of shares		78,647,240		78,647,240	

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CONSOLIDATED BALANCE SHEET

EUR 000's	Unaudited 30 Jun, 2019	Unaudited 30 Jun, 2018	Audited 31 Dec, 2018
Assets			
Current assets			
Cash and cash equivalents	16,021	18,553	21,257
Trade receivables	43,427	45,688	42,798
Tax assets	2,059	450	1,671
Other current receivables	5,119	11,187	26,435
Contract assets	3,407	3,520	1,144
Inventories	40,009	39,482	39,458
Assets held for sale	5,597	3,195	5,512
Total current assets	**115,639**	**122,075**	**138,275**
Non-current assets			
Property, plant and equipment	18,786	23,603	20,082
Right-of-use of leased assets	20,957	-	-
Intangible assets	53,103	53,434	53,436
Non-current financial assets	277	271	275
Deferred tax assets	9,685	10,410	9,297
Other non-current receivables	8,124	7,285	8,775
Total non-current assets	**110,932**	**95,003**	**91,865**
Total assets	**226,571**	**217,078**	**230,140**
Equity and Liabilities			
Current liabilities			
Current financial liabilities	(3,858)	(3,271)	(4,271)
Current lease liabilities	(3,274)	-	-
Trade payables	(34,038)	(36,789)	(27,081)
Contract liabilities	(3,568)	-	(10,558)
Tax liabilities	(600)	(621)	(1,678)
Provision for risk and charges, current	(8,379)	(11,389)	(13,186)
Other current liabilities	(10,691)	(12,625)	(13,015)
Total current liabilities	**(64,408)**	**(64,695)**	**(69,789)**
Non-current liabilities			
Non-current financial liabilities	(31,164)	(47,597)	(48,663)
Non-current lease liabilities	(17,413)	-	-
Deferred tax liabilities	(2,358)	(2,602)	(2,468)
Other non-current liabilities	(532)	(633)	(407)
Provision for risk and charges, non-current	(8,674)	(6,311)	(8,769)
Total non-current liabilities	**(60,141)**	**(57,143)**	**(60,307)**
Total liabilities	**(124,549)**	**(121,838)**	**(130,096)**
Equity			
Equity attributable to owners of the parent	(101,993)	(95,212)	(100,015)
Non-controlling interests	(29)	(28)	(29)
Total equity	**(102,022)**	**(95,240)**	**(100,044)**
Total equity and liabilities	**(226,571)**	**(217,078)**	**(230,140)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 000's	Share Capital	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Unaudited						
Balance as at 1 January 2018	(83,626)	(6,111)	(13,650)	**(103,387)**	(27)	**(103,414)**
(Profit) / Loss for the period	-	-	6,290	**6,290**	-	**6,290**
Currency translation differences	-	1,880	-	**1,880**	(1)	**1,879**
Remeasurements of post employment benefit obligations	-	6	-	**6**	-	**6**
Total comprehensive income and expenses	**-**	**1,886**	**6,290**	**8,176**	**(1)**	**8,175**
Balance as at 30 June 2018	**(83,626)**	**(4,225)**	**(7,360)**	**(95,211)**	**(28)**	**(95,240)**
Audited						
Balance as at 1 January 2018	(83,626)	(6,111)	(13,650)	**(103,387)**	(27)	**(103,414)**
(Profit) / Loss for the period	-	-	18,450	**18,450**	-	**18,450**
Currency translation differences	-	2,314	-	**2,314**	(2)	**2,312**
Remeasurements of post employment benefit obligations	-	(31)	-	**(31)**	-	**(31)**
Total comprehensive income and expenses	**-**	**2,283**	**18,450**	**20,733**	**(2)**	**20,732**
Capital reduction	1,287	-	-	**1,287**	-	**1,287**
Capital increase	(17,830)	(685)	-	**(18,515)**	-	**(18,515)**
Issue of treasury shares to employees	-	(133)	-	**(133)**	-	**(133)**
Transactions with shareholders	**(16,543)**	**(818)**	**-**	**(17,361)**	**-**	**(17,361)**
Balance as at 31 December 2018	**(100,169)**	**(4,646)**	**4,800**	**(100,015)**	**(29)**	**(100,044)**
Unaudited						
Balance as at 1 January 2019	(100,169)	(4,646)	4,800	**(100,015)**	(29)	**(100,044)**
(Profit) / Loss for the period	-	-	(2,190)	**(2,190)**	-	**(2,190)**
Currency translation differences	-	208	-	**208**	-	**208**
Remeasurements of post employment benefit obligations	-	4	-	**4**	-	**4**
Total comprehensive income and expenses	**-**	**212**	**(2,190)**	**(1,978)**	**-**	**(1,978)**
Balance as at 30 June 2019	**(100,169)**	**(4,434)**	**2,610**	**(101,993)**	**(29)**	**(102,022)**

CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD

EUR 000's	Unaudited three months 30 Jun, 2019	Unaudited three months 30 Jun, 2018	Unaudited six months 30 Jun, 2019	Unaudited six months 30 Jun, 2018	Audited year 31 Dec, 2018
Profit /(loss) for the period	**1,431**	**(7,126)**	**2,190**	**(6,290)**	**(18,450)**
Adjustments for:					
Net interest expenses	529	434	862	810	1,456
Current taxes	919	1,155	1,480	2,518	2,997
Depreciation and amortisation	1,076	1,199	2,302	1,964	4,673
Depreciation of right -of-use of leased assets	1,127	-	2,167	-	-
Impairment losses	-	-	-	-	156
Deferred tax	(68)	(368)	(436)	(1,275)	122
Provision for risks and charges	(4,890)	6,422	(4,505)	6,759	11,813
Capital gain or loss on assets	(23)	(13)	(66)	(240)	(279)
Other items not involving cash flows	(73)	(1,759)	331	(1,117)	(38)
Interest paid	(1,119)	(425)	(853)	(829)	(1,463)
Taxes paid / received	(2,133)	(875)	(2,945)	(2,541)	(3,184)
	(4,655)	**5,770**	**(1,663)**	**6,049**	**16,253**
Cash flow before changes in working capital	**(3,224)**	**(1,356)**	**527**	**(241)**	**(2,197)**
Impact of changes in working capital:					
Inventories	(1,124)	(4,020)	(1,164)	(2,877)	(1,546)
Trade receivables	(2,351)	4,059	(738)	(3,502)	(2,155)
Other current receivables	586	(6,824)	548	(4,078)	1,557
Trade payables	(5,667)	(2,464)	(8)	3,197	4,028
Other current liabilities	795	1,283	(2,343)	2,969	3,506
Long term receivables and liabilities	415	(445)	772	(297)	(1,951)
Impact of changes involving working capital	**(7,346)**	**(8,411)**	**(2,933)**	**(4,588)**	**3,439**
Net cash inflow / (outflow) from operating activities	**(10,570)**	**(9,767)**	**(2,406)**	**(4,829)**	**1,242**
Financial activities:					
Net changes in loans and borrowings	(715)	2,993	(17,704)	1,756	2,512
Repayment of lease liabilities	(1,069)	-	(1,635)	-	-
Interests paid on lease liabilities	(152)	-	(306)	-	-
Capital increase	-	-	18,511	-	-
Capital reduction	-	-	-	-	(1,357)
Net cash inflow / (outflow) from financial activities	**(1,936)**	**2,993**	**(1,134)**	**1,756**	**1,155**
Investing activities:					
Investments in property, plant and equipment	(505)	(1,282)	(616)	(7,737)	(7,866)
Investments in intangible assets	(42)	32	(152)	(657)	(1,384)
Increase in other assets	3	-	(2)	-	(4)
Disposal of assets	103	(534)	192	223	2,038
Net cash inflow / (outflow) from investing activities	**(441)**	**(1,784)**	**(578)**	**(8,171)**	**(7,216)**
Cash and cash equivalent at the beginning of the period	29,802	25,573	21,257	28,718	28,718
Cash flow for the period	(12,947)	(8,559)	(4,118)	(11,246)	(4,820)
Currency exchange differences	(834)	1,539	(1,118)	1,081	(2,641)
Cash and cash equivalent at the end of the period	**16,021**	**18,553**	**16,021**	**18,553**	**21,257**

SEGMENT INFORMATION

EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Unaudited Three months ended 30 June 2019				
Revenue from sales of goods and services	20,530	30,830	-	**51,360**
Other income	82	623	-	**705**
Cost of materials and operating expenses before depreciation and amortisation	(17,718)	(28,114)	(1,541)	**(47,373)**
Gross Operating Result	**2,894**	**3,339**	**(1,541)**	**4,692**
Unaudited Three months ended 30 June 2018				
Revenue from sales of goods and services	14,403	31,879	-	**46,282**
Other income	311	848	-	**1,159**
Cost of materials and operating expenses before depreciation and amortisation	(15,681)	(35,909)	(2,438)	**(54,028)**
Gross Operating Result	**(967)**	**(3,182)**	**(2,438)**	**(6,587)**
Unaudited Six months ended 30 June 2019				
Revenue from sales of goods and services	40,864	58,975	-	**99,839**
Other income	264	1,090	-	**1,354**
Cost of materials and operating expenses before depreciation and amortisation	(35,785)	(54,257)	(2,772)	**(92,814)**
Gross Operating Result	**5,343**	**5,808**	**(2,772)**	**8,379**
Unaudited Six months ended 30 June 2018				
Revenue from sales of goods and services	30,730	68,259	-	**98,989**
Other income	654	1,460	-	**2,114**
Cost of materials and operating expenses before depreciation and amortisation	(32,954)	(67,599)	(4,141)	**(104,694)**
Gross Operating Result	**(1,570)**	**2,120**	**(4,141)**	**(3,591)**
Audited Year ended 31 December 2018				
Revenue from sales of goods and services	68,396	128,565	-	**196,961**
Other income	964	2,112	-	**3,076**
Cost of materials and operating expenses before depreciation and amortisation	(71,674)	(131,522)	(5,899)	**(209,095)**
Gross Operating Result	**(2,314)**	**(845)**	**(5,899)**	**(9,058)**

PARENT COMPANY - CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000's	Unaudited three months 30 Jun, 2019	Unaudited three months 30 Jun, 2018	Unaudited six months 30 Jun, 2019	Unaudited six months 30 Jun, 2018	Audited year 31 Dec, 2018
Dividend	-	-	-	-	441
Other income	774	842	1,631	1,680	3,009
Employee benefit costs	(358)	(372)	(664)	(638)	(1,685)
Operating expenses	(387)	(320)	(650)	(573)	(1,099)
Operating Result	**29**	**150**	**317**	**469**	**666**
Interest expenses - net	(10)	(7)	(22)	(13)	(28)
Currency exchange differences - net	1	(2)	(118)	(4)	(72)
Profit / (Loss) before income tax	**20**	**141**	**177**	**452**	**566**
Income taxes	30	45	28	40	(198)
Profit / (Loss) for the period	**50**	**186**	**205**	**492**	**368**
Other comprehensive income:					
Actuarial gain (loss)	-	-	-	-	19
Total comprehensive income for the period	**50**	**186**	**205**	**492**	**387**

PARENT COMPANY - CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000's	Unaudited year 30 Jun, 2019	Unaudited year 30 Jun, 2018	Audited year 31 Dec, 2018
Assets			
Current assets			
Cash and cash equivalents	168	118	94
Trade receivable	376	558	2,441
Tax assets	15	5	10
Other current receivables	1,071	1,179	18,524
Total current assets	**1,630**	**1,860**	**21,069**
Non-current assets:			
Investment in subsidiary companies	137,306	137,306	137,306
Deferred tax assets	59	94	8
Total non-current assets	**137,365**	**137,400**	**137,314**
Total assets	**138,995**	**139,260**	**158,383**
Equity and Liabilities			
Current liabilities			
Bank overdrafts	(43,593)	(62,307)	(63,079)
Current financial liabilities	(2,955)	(1,955)	(2,955)
Trade payables	(250)	(104)	(203)
Provision for risks and charges - current	(248)	-	-
Other current liabilities	(349)	(724)	(918)
Total current liabilities	**(47,395)**	**(65,090)**	**(67,155)**
Non-current liabilities:			
Provision for risks and charges - non current	(64)	(63)	(64)
Other non-current liabilities	(438)	(470)	(271)
Total non-current liabilities	**(502)**	**(533)**	**(335)**
Total liabilities	**(47,897)**	**(65,623)**	**(67,490)**
Total equity	**(91,098)**	**(73,637)**	**(90,893)**
Total equity and liabilities	**(138,995)**	**(139,260)**	**(158,383)**

General information
Cavotec wants to contribute to a future world that is cleaner, safer and more efficient by providing innovative connection solutions for ships, aircraft and mobile equipment today. We thrive by shaping future expectations in the areas we are active in. Our credibility comes from our application expertise, dedication to innovation and world class operations. Our success rests on the core values we live by: Integrity, Accountability, Performance and Team Work. Cavotec's personnel represent a large number of cultures and provide customers with local support, backed by the Group's global network of engineering expertise. Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on Nasdaq Stockholm Mid Cap.

These unaudited Financial Statements have been approved by the Board of Directors for publication on 31 July 2019.

Basis of preparation of Financial Statements
This quarterly report was prepared in accordance with IFRS, applying IAS 34 Interim Financial Reporting. The same accounting and valuation policies were applied in the most recent annual report with the exception of the amendments effective from 1 January 2019. These changes had an impact on Cavotec's financial statements as described below. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended in December 2018. The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Changes in accounting policies
This note explains the impact of the adoption of IFRS 16 Leases on the group's financial statements and also discloses the key aspects of the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods. Impact of adoptions IFRS 16 – the Group adopted IFRS 16 as of January 1, 2019 which substantially changes the Group's Consolidated Financial Statements. Under IFRS 16 the majority of these leases became on-balance sheet liabilities with underlying right-of-use assets. The Group applied the modified retrospective approach, with right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognised in the balance sheet immediately before the date of initial application and will not restate prior years. Since the Group recognised the right of-use assets at the amount equal to the lease liabilities (as per IFRS 16C8 (b) ii) there was no impact to the retained earnings.

The Group has also elected not to recognise right-of-use assets and lease liabilities for short-term leases (i.e. < 12 months) and leases of low-value assets. Options (extension / termination) on lease contracts are considered on a case by case basis following a regular management assessment. The borrowing rates used for IFRS 16 purposes have been defined based on the underlying countries and asset classes related risks. The Group's weighted average incremental borrowing rate for the Q219 amounted to 2.77%. As of January 1, 2019, the Group recognised EUR 23.2 millions of right-of-use of leased assets and EUR 21.6 millions of lease liabilities. The Group income statement in the first six months period ended June 30, 2019 was impacted by a reclassification from operating expenses (EUR 2.5 million) to depreciation of right-of-use of leased assets (EUR 2.2 million) and interest expenses (EUR 0.3 million). During the same period, the Group cash flow statement was impacted by a reclassification from the cash generated from operations (EUR 2.2 million) to the net cash used in financing activities.

When applying IFRS 16, the Group made the following changes in presentation:
- in the Consolidated Income Statement, one additional line related to the depreciation of the right-of-use of leased assets;
- in the Consolidated Statement of Financial Position, additional line items to reflect the right-of-use of leased assets, the non-current and the current lease liabilities;
- in the Consolidated Statement of Cash Flows, additional line items related to the depreciation of the right-of-use of leased assets, repayment of lease liabilities and the lease interest paid.

The new accounting treatment does not affect the covenant calculation according to the loan agreement definition.

Segment information
Operating segments have been determined on the basis of the Group Management structure in place and on the management information and used by the Chief Operating Decision Maker (CODM) to make strategic decisions. Our 2 divisions are set out below and referred to collectively as the core businesses.

Ports & Maritime - development and manufacture of innovative automation and electrification technologies for the global ports and maritime sectors.
Airports & Industry - development and manufacture of fully integrated gate and remote apron solutions for Airports, and development and manufacture products for Industry, such as cranes, energy, processing and transportation, surface and underground mining, and tunnelling. Customers of both divisions are supported by a Services organisation that was launched mid 2018.

Legal disputes
On the lawsuit in California with Mr Colaco, the Superior Court of California in May 2019 entered a judgment and instructed Cavotec to make a payout of USD 9.1 million. The judgment is in line with Cavotec's expectations as reflected in the reported 2018 accounts. The cash charge was recorded in the second quarter 2019.

Noteworthy risks and uncertainties

There have been no changes to what was stated by Cavotec in its Annual Report for 2018 under Risk management.

Forward looking statement

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialisation and technological difficulties, interruptions in supply, and major customer credit losses.

Financial calendar

Nov 8, 2019 Q319

Q219 Conference call

A conference call for shareholders, analysts and media will be held on 31 July 2019 at 10:00 CEST. Participating on the conference call from Cavotec will be Mikael Norin, CEO, and Glenn Withers, CFO.

Conference call Dial-in numbers:
SE: +46-850558352
UK: +44-3333009263
US: +1-8335268380

Weblink: https://tv.streamfabriken.com/cavotec-q2-2019

Analysts & Media

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This is information that Cavotec SA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CEST on 31 July 2019.

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