

Q2 2020 | Interim report January-June 2020



Resilient profitability and cashflow despite lower revenue

APRIL–JUNE 2020

- Revenues decreased -18.2% to EUR 42.0 million (51.4). Ports & maritime decreased -2.8%, Airports & Industry decreased -28.4%.
- EBIT increased to EUR 2.8 million (2.5), corresponding to a margin of 6.6% (4.8%)
- Net result for the period was EUR 0.2 million (1.4)
- Earnings per share basic and diluted amounted to EUR 0.002 (0.015)
- Operating cash flow amounted to EUR 2.3 million (-10.7)
- Net debt amounted to EUR 22.1 million (Q1 2020: 22.5)
- Order backlog decreased -7.9% compared to the previous quarter to EUR 98.2 million

JANUARY–JUNE 2020

- Revenues decreased -19.2% to EUR 80.7 million (99.8)
- EBIT decreased to EUR 3.6 million (3.9), corresponding to a margin of 4.5% (3.9%)
- Net result for the period was EUR 2.2 million (2.2)
- Earnings per share basic and diluted amounted to EUR 0.024 (0.023)
- Operating cash flow amounted to EUR 2.6 million (-2.7)
- Leverage ratio improved to 0.98x (2.51x)

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

Key events during the quarter

- Cavotec entered into a new long-term credit facility agreement in June with a consortium led by Credit Suisse.
- Continued strong cost and cash management in response to Covid-19.
- All Cavotec facilities open and fully operational since mid April.
- First fully automatic charging system for an E-ferry commissioned in Oslo, Norway; 22 more systems under delivery.
- Cavotec steps up communication around the significant environmental benefits of its solutions in response to increased global focus on sustainability.

FINANCIAL SUMMARY

EUR 000's	Q220	Q219	Delta	1H20	1H19	Delta	FY19
Revenues	42,010	51,360	-18.2%	80,660	99,839	-19.2%	196,017
EBITDA	5,003	4,692	6.6%	8,158	8,379	-2.6%	21,465
EBITDA margin, %	11.9%	9.1%	2.8 pp	10.1%	8.4%	1.7 pp	11.0%
EBIT	2,790	2,489	12.1%	3,618	3,910	-7.5%	12,312
EBIT margin, %	6.6%	4.8%	1.8pp	4.5%	3.9%	0.6pp	6.3%
Net profit/(loss) for the period	181	1,431	-87.4%	2,239	2,190	2.2%	7,514
Basic and diluted earnings per share, EUR	0.002	0.015	-86.7%	0.024	0.023	4.3%	0.080
Operating cash flow	2,270	(10,722)	121.2%	2,587	(2,712)	195.4%	13,774
Net debt	(22,073)	(39,592)	-44.2%	(22,073)	(39,592)	-44.2%	(24,113)
Equity/assets ratio	52.4%	45.0%	7.4 pp	52.4%	45.0%	7.4 pp	51.4%
Leverage ratio	0.98x	2.51x	1.53x	0.98x	2.51x	1.53x	0.98x
Full time equivalent employees	767	803	-36	767	803	-36	769
Order backlog	98,186	107,433	-8.6%	98,186	107,433	-8.6%	100,030

Comment from the CEO

Well positioned to handle a challenging environment and to support our customers' environmental challenges.

The Covid-19 situation delayed our customers' short-term investment decisions in the second quarter of 2020. Deliveries were also impacted by logistical restrictions and the closure of our production facility outside of Milan during the first two weeks of April. As a consequence, revenues were 18.2 percent lower in Q2 2020 compared to Q2 2019 and amounted to EUR 42.0 million (51.4). However, our revenues in the second quarter did increase 8.7% compared to the first quarter. On a segment level, Ports and Maritime experienced less impact of Covid-19 than the Airports & Industry segment, leading to that revenues for Ports & Maritime decreased 2.8% and for Airports & Industry 28.4%.

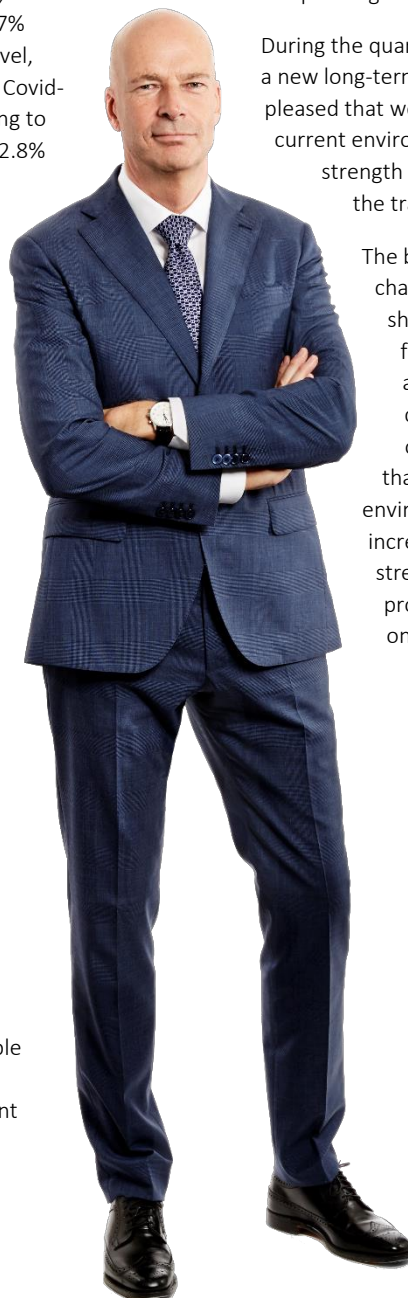
All our facilities globally remain open, but customers continue to carefully evaluate their planned investments, which in the short-term leads to lower activity in our markets. It is at the same time encouraging that our order backlog was relatively stable at the end of the quarter, amounting to EUR 98.2 million. This is 7.9% lower than the previous quarter but only 1.8% lower compared to the order backlog that we started 2020 with. There is higher uncertainty than before Covid-19, but the underlying dynamics in our markets have not changed. The focus on trends such as automation, sustainability and workplace safety has not diminished. On the contrary, the Covid-19 situation is expected to bring even more attention to our solutions as ports and airports move towards more safe and efficient operations with a smaller environmental footprint.

We have in response stepped up our communication around the significant sustainability benefits of our solutions. For example, the 600 shore power systems that Cavotec has installed around the world to enable ships to switch off their diesel engines when at port is estimated to reduce emissions equivalent to taking five million cars off the roads.

Although we have seen market challenges affecting revenue in the short term, we continued to improve our operational efficiency and thereby profitability. This is the result of the transformation completed in 2019, combined with strong cost control measures implemented at the start of the Covid-19 pandemic. EBIT therefore increased to EUR 2.8 million (2.5), corresponding to a margin of 6.6%.

During the quarter, we completed discussions to procure a new long-term senior credit facility. We are very pleased that we reached a favourable agreement in the current environment, which is a testament to the strength of our financial standing coming out of the transformation of the company.

The business environment is currently challenging and it is difficult to predict the shape or timeframe for a global recovery from the Covid-19 outbreak. However, we are in a good financial position and we continue to focus on further improving our offerings to capitalise on the potential that we see. Not least the potential from the environmental challenges our customers will increasingly be faced with. We will invest in strengthening our position in key market and product segments to support them. More on that in coming quarters...



Lugano, 24 July, 2020

Mikael Norin
Chief Executive Officer

ORDER BACKLOG AND REVENUE

EUR 000s	Revenue			
	Q220	Q219	1H20	1H19
Revenue from sales of goods and services	42,010	51,360	80,660	99,839
Increase/decrease	(9,350)	5,077	(19,179)	850
Percentage change	-18.2%	11.0%	-19.2%	0.9%
Of which				
- Volumes and prices	-17.2%	10.5%	-17.9%	-0.2%
- Currency effects	-1.0%	0.5%	-1.3%	1.0%

DIVISIONS

EUR 000s	Revenue									
	Q220	Q219	Change %	1H20	1H19	Change %	LTM Rolling	FY19	Change %	
Ports & Maritime	19,946	20,530	-2.8%	34,522	40,864	-15.5%	78,246	84,588	-7.5%	
Airports & Industry	22,064	30,830	-28.4%	46,138	58,975	-21.8%	98,592	111,429	-11.5%	
Total	42,010	51,360	-18.2%	80,660	99,839	-19.2%	176,838	196,017	-9.8%	

EUR 000s	Order Backlog						
	1H20	1H19	Change %	Q120	Change %	FY19	Change %
Ports & Maritime	53,393	58,502	-8.7%	58,127	-8.1%	59,953	-10.9%
Airports & Industry	44,793	48,931	-8.5%	48,435	-7.5%	40,077	11.8%
Total	98,186	107,433	-8.6%	106,562	-7.9%	100,030	-1.8%



400Hz Pop-up pit in Vilnius Airport, Litavia

Financial Review

APRIL-JUNE 2020

Revenues increased 8.7% compared to the previous quarter to EUR 42.0 million (38.7), despite the Covid-19 situation and the closure of the production facility outside Milan, which was re-opened in the middle of April 2020. All facilities remain open as at the date of this report. Revenues decreased 18.2% compared to the same period previous year (51.4). Order backlog decreased 8.6% to EUR 98.2 million (107.4). We did see delayed investment decisions from customers resulting in a longer time to close orders. We also saw delayed product and service delivery, especially due to the impact of Covid-19 on the movement of goods and people across internal and international borders. Due to this, the proportion of Service revenues compared to total revenue was 17.4% in the second quarter.

Ports & Maritime

Ports & Maritime's revenues increased 36.8% compared to the previous quarter to EUR 19.9 million (14.6) and decreased 2.8% compared to the same period previous year (20.5). Although the Italy facility was closed for a similar amount of time as the first quarter we were able to better plan for the production after re-opening near the start of the second quarter.

The increased delivery and revenue in the second quarter has resulted in a decrease in order backlog of 8.7% to EUR 53.4 million (58.5). However, market interest in our solutions remains at a good level even if there are delays in order flow.

Airports & Industry

Airports & Industry's revenues decreased 8.3% compared to the previous quarter to EUR 22.1 million (24.1) and decreased 28.4% compared to the same period previous year (30.8). There were fewer large deliveries in Airports compared to the prior year. In Industry there was lower revenue in the quarter from our largest OEM customers.

No major orders were signed with Airports customers during the quarter. However, interest remains good for our Fueling and AGC products. Demand within Industry was also lower than normal during the quarter, with reduced orders from our main customers.

Order backlog decreased 8.5% to EUR 44.8 million (48.9).

EBIT

EBIT increased to EUR 2.8 million (2.5), corresponding to a margin of 6.6% (4.8%). After the transformation was completed in 2019, we entered the Covid-19 period in a good position to manage the impact of lower volumes. We immediately implemented additional cost control measures, that lead profitability to improve even if the volumes were lower. We have also, during the period, utilised Covid-19 related government salary assistance as appropriate, the effect on the financial performance of this is not material.

Profit for the period and earnings per share

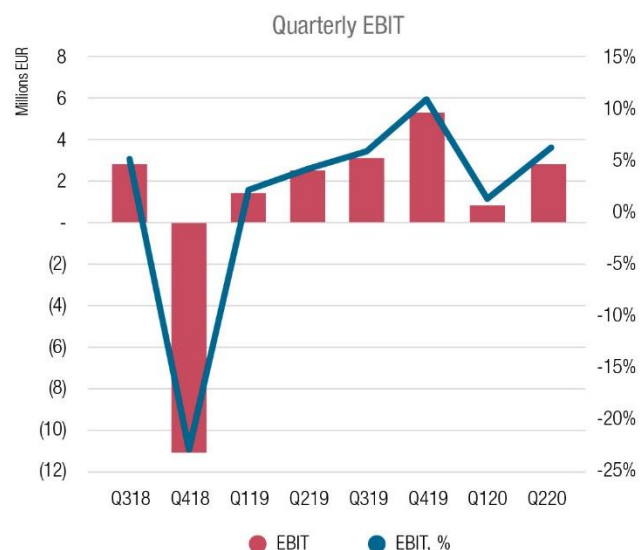
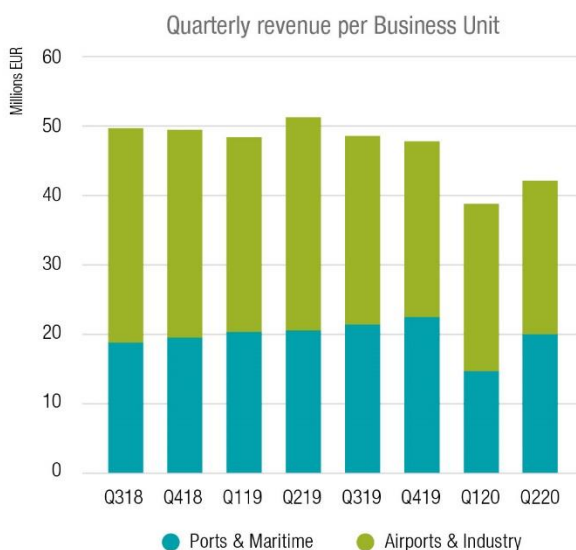
Finance costs amounted to EUR -2.2 million (-0.2).

Currency exchange differences amounted to EUR -1.8 million (0.2).

Income tax expenses for the second quarter 2020 amounted to EUR -0.4 million (-0.9).

The net result for the period amounted to EUR 0.2 million (1.4).

Earnings per share, basic and diluted, decreased to EUR 0.002 (0.015).



Cash flow

The operating cash flow was positive EUR 2.3 million (-10.7) despite the decrease in revenue. In the prior year there was a large one-off payment of EUR 8.1 million made in June 2019 for the USA litigation.

Cash flow from financing activities was EUR -12.5 million (-1.8) as a result of transition from the old credit facility to the new one. The new facility includes a EUR 10 million term loan, which was drawn on 30 June 2020.

Cash and cash equivalents amounted to EUR 13.2 million as of 30 June 2020 (16.0).

Credit facility refinancing

In June 2020 Cavotec entered into a new long-term credit facility agreement. After careful evaluation Cavotec chose a consortium led by Credit Suisse to provide a five-year credit facility as it offered the most competitive overall services and terms. In connection with the new credit facility a corresponding amount was repaid on the current credit facility.

Employees

The number of full-time equivalent employees in the Cavotec Group was 767 as of 30 June 2020 (803).

JANUARY–JUNE 2020

The order backlog decreased 8.6% to EUR 98.2 million (107.4) compared to the same period previous year, mainly due to postponement of major orders as a result of the Covid-19 situation. Despite this, the order backlog at the end of the second quarter is similar to the one at the end of 2019, decreasing 1.8%.

Revenues for the period decreased 19.2% to EUR 80.7 million (99.8) compared the same period 2019.

EBIT

EBIT for the first six months decreased to EUR 3.6 million (3.9), corresponding to an improved margin of 4.5% (3.9%).

Profit for the period and earnings per share

Finance costs amounted to EUR -0.2 million (-0.7).

Currency exchange differences amounted to EUR 0.5 million (0.3).

Income tax expenses for the first six months 2020 amounted to EUR -1.1 million (-1.0), with an effective tax rate of 33.7%.

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

Earnings per share, basic and diluted, increased to EUR 0.024 (0.023).

Financial Position

Cavotec's total assets amounted to EUR 206.4 million (226.6) as of 30 June 2020. Excluding the impact of IFRS 16 the net debt amounted to EUR 3.0 million as of 30 June 2020 (3.9 as of 31 December 2019).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited three months 30 Jun, 2020	Unaudited three months 30 Jun, 2019	Unaudited six months 30 Jun, 2020	Unaudited six months 30 Jun, 2019	Audited year 31 Dec, 2019
EUR 000s					
Revenue from sales of goods and services	42,010	51,360	80,660	99,839	196,017
Other income	495	705	1,836	1,354	2,549
Cost of materials	(19,424)	(24,425)	(37,245)	(48,646)	(90,814)
Employee benefit costs	(13,439)	(15,797)	(27,347)	(30,642)	(60,249)
Operating expenses	(4,639)	(7,151)	(9,746)	(13,526)	(26,038)
Gross Operating Result	5,003	4,692	8,158	8,379	21,465
Depreciation and amortisation	(1,166)	(1,076)	(2,347)	(2,302)	(4,684)
Depreciation of right-of-use of leased asset	(1,047)	(1,127)	(2,193)	(2,167)	(4,266)
Impairment losses	-	-	-	-	(203)
Operating Result	2,790	2,489	3,618	3,910	12,312
Interest income	-	-	-	-	26
Interest expenses	(399)	(423)	(700)	(1,009)	(1,919)
Currency exchange differences – net	(1,786)	193	461	335	318
Other financial item	-	22	-	(2)	(28)
Profit / (loss) before income tax	605	2,281	3,379	3,234	10,709
Income taxes	(424)	(850)	(1,140)	(1,044)	(3,195)
Profit / (loss) for the period	181	1,431	2,239	2,190	7,514
Other comprehensive income:					
Remeasurements of post employment benefit obligations	7	-	(21)	(4)	(344)
Items that will not be reclassified to profit or loss	7	-	(21)	(4)	(344)
Currency translation differences	1,177	1,671	(2,405)	(208)	758
Items that may be subsequently reclassified to profit / (loss)	1,177	1,671	(2,405)	(208)	758
Other comprehensive income for the period, net of tax	1,184	1,671	(2,426)	(212)	414
Total comprehensive income for the period	1,365	3,102	(187)	1,978	7,928
Total comprehensive income attributable to:					
Equity holders of the Group	1,364	3,101	(187)	1,978	7,928
Non-controlling interest	1	1	-	-	1
Total	1,365	3,102	(187)	1,978	7,928
Profit / (loss) attributed to:					
Equity holders of the Group	181	1,431	2,239	2,190	7,514
Total	181	1,431	2,239	2,190	7,514
Basic and diluted earnings per share attributed to the equity holders of the Group	0.002	0.015	0.024	0.023	0.080
Average number of shares	94,241,329	94,015,721	94,241,329	94,015,721	94,206,242

CONSOLIDATED BALANCE SHEET

EUR 000s	Unaudited 30 Jun, 2020	Unaudited 30 Jun, 2019	Audited 31 Dec, 2019
Assets			
Current assets			
Cash and cash equivalents	13,177	16,021	13,254
Trade receivables	36,770	43,427	36,500
Tax assets	3,687	2,059	3,683
Other current receivables	4,888	5,119	2,797
Contract assets	749	3,407	2,200
Inventories	39,635	40,009	38,801
Assets held for sale	3,538	5,597	5,363
Total current assets	102,444	115,639	102,598
Non-current assets			
Property, plant and equipment	17,028	18,786	18,270
Right-of-use of leased assets	17,674	20,957	19,425
Intangible assets	52,059	53,103	52,844
Non-current financial assets	204	277	280
Deferred tax assets	9,083	9,685	9,217
Other non-current receivables	7,859	8,124	8,004
Total non-current assets	103,907	110,932	108,040
Total assets	206,351	226,571	210,639
Equity and Liabilities			
Current liabilities			
Current financial liabilities	(4,169)	(3,858)	(14,462)
Current lease liabilities	(4,165)	(3,274)	(4,081)
Trade payables	(27,825)	(34,038)	(25,483)
Contract liabilities	(6,151)	(3,568)	(7,534)
Tax liabilities	(2,392)	(600)	(1,531)
Provision for risk and charges, current	(5,946)	(8,379)	(6,772)
Other current liabilities	(10,423)	(10,691)	(12,125)
Total current liabilities	(61,071)	(64,408)	(71,988)
Non-current liabilities			
Non-current financial liabilities	(10,903)	(31,164)	(2,644)
Non-current lease liabilities	(14,874)	(17,413)	(16,140)
Deferred tax liabilities	(2,347)	(2,358)	(2,405)
Other non-current liabilities	(99)	(532)	(103)
Provision for risk and charges, non-current	(8,920)	(8,674)	(9,188)
Total non-current liabilities	(37,143)	(60,141)	(30,482)
Total liabilities	(98,214)	(124,549)	(102,469)
Equity			
Equity attributable to owners of the parent	(108,108)	(101,993)	(108,140)
Non-controlling interests	(29)	(29)	(29)
Total equity	(108,137)	(102,022)	(108,169)
Total equity and liabilities	(206,351)	(226,571)	(210,639)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 000s	Share Capital	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
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)
Audited						
Balance as at 1 January 2019	(100,169)	(4,646)	4,800	(100,015)	(29)	(100,044)
(Profit) / Loss for the period	-	-	(7,514)	(7,514)	-	(7,514)
Currency translation differences	-	(758)	-	(758)	(1)	(759)
Remeasurements of post employment benefit obligations	-	344	-	344	-	344
Total comprehensive income and expenses	-	(414)	(7,514)	(7,928)	(1)	(7,929)
Employees share scheme	-	(136)	-	(136)	-	(136)
Purchase of treasury shares	-	38	-	38	-	38
Issue of treasury shares to employees	-	(99)	-	(99)	-	(99)
Transactions with shareholders	-	(197)	-	(197)	-	(197)
Balance as at 31 December 2019	(100,169)	(5,257)	(2,714)	(108,140)	(30)	(108,170)
Unaudited						
Balance as at 1 January 2020	(100,169)	(5,257)	(2,714)	(108,140)	(30)	(108,170)
(Profit) / Loss for the period	-	-	(2,239)	(2,239)	-	(2,239)
Currency translation differences	-	2,405	-	2,405	-	2,405
Remeasurements of post employment benefit obligations	-	21	-	21	-	21
Total comprehensive income and expenses	-	2,426	(2,239)	187	-	187
Employees share scheme	-	(153)	-	(153)	-	(153)
Transactions with shareholders	-	(153)	-	(153)	-	(153)
Balance as at 30 June 2020	(100,169)	(2,984)	(4,953)	(108,106)	(30)	(108,137)

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 000s	Unaudited three months 30 Jun, 2020	Unaudited three months 30 Jun, 2019	Unaudited six months 30 Jun, 2020	Unaudited six months 30 Jun, 2019	Audited year 31 Dec, 2019
Profit / (loss) for the period	181	1,431	2,239	2,190	7,514
Adjustments for:					
Net interest expenses	242	529	391	862	1,437
Current taxes	284	919	1,153	1,480	3,169
Depreciation and amortization	1,166	1,076	2,347	2,302	4,684
Depreciation of right-of-use of leased assets	1,046	1,127	2,194	2,167	4,266
Impairment losses	-	-	-	-	203
Deferred tax	141	(68)	(14)	(436)	26
Provision for risks and charges	31	(4,890)	(796)	(4,505)	(8,185)
Capital gain or loss on assets	(39)	(23)	(763)	(66)	(144)
Other items not involving cash flows	2,123	(73)	(62)	331	(130)
Interest paid	(414)	(1,271)	(702)	(1,159)	(2,118)
Taxes paid / received	891	(2,133)	(296)	(2,945)	(5,327)
	5,471	(4,807)	3,452	(1,969)	(2,120)
Cash flow before changes in working capital	5,652	(3,376)	5,691	221	5,395
Impact of changes in working capital:					
Inventories	2,538	(1,124)	(1,255)	(1,164)	2,647
Trade receivables	(2,347)	(2,351)	(473)	(738)	6,173
Other current receivables	1,763	586	(639)	548	4,068
Trade payables	(3,640)	(5,667)	959	(8)	(4,597)
Other current liabilities	(1,696)	795	(1,696)	(2,343)	88
Long-term receivables and liabilities	-	415	-	772	-
Impact of changes involving working capital	(3,382)	(7,346)	(3,104)	(2,933)	8,379
Net cash inflow / (outflow) from operating activities	2,270	(10,722)	2,587	(2,712)	13,774
Financial activities:					
Net changes in loans and borrowings	(11,717)	(715)	(2,085)	(17,704)	(35,584)
Repayment of lease liabilities	(758)	(1,069)	(1,562)	(1,635)	(3,604)
Capital increase	-	-	-	18,511	18,527
Net cash inflow / (outflow) from financial activities	(12,475)	(1,784)	(3,647)	(828)	(20,661)
Investing activities:					
Investments in property, plant and equipment	(269)	(505)	(450)	(616)	(1,384)
Investments in intangible assets	(149)	(42)	(261)	(152)	(341)
Decrease of non current financial asset	76	-	76	-	-
Increase in other assets	-	3	-	(2)	-
Disposal of assets	72	103	1,674	192	433
Net cash inflow / (outflow) from investing activities	(270)	(441)	1,039	(578)	(1,292)
Cash at the beginning of the period	24,316	29,802	13,254	21,257	21,257
Cash flow for the period	(10,475)	(12,947)	(21)	(4,118)	(8,179)
Currency exchange differences	(664)	(834)	(56)	(1,118)	176
Cash at the end of the period	13,177	16,021	13,177	16,021	13,254

The comparative charges for interest paid on lease liabilities have been reclassified from financial activities to operating activities (Interest paid) to enhance comparability.

SEGMENT INFORMATION

EUR 000s	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Unaudited				
Three months ended 30 June 2020				
Revenue from sales of goods and services	19,946	22,064	-	42,010
Other income	(108)	603	-	495
Cost of materials and operating expenses before depreciation and amortization	(18,488)	(19,334)	320	(37,502)
Gross Operating Result	1,350	3,333	320	5,003
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 amortization	(17,718)	(28,114)	(1,541)	(47,373)
Gross Operating Result	2,894	3,339	(1,541)	4,692
Unaudited				
Six months ended 30 June 2020				
Revenue from sales of goods and services	34,522	46,138	-	80,660
Other income	542	1,295	-	1,836
Cost of materials and operating expenses before depreciation and amortization	(32,480)	(40,954)	(904)	(74,338)
Gross Operating Result	2,583	6,479	(904)	8,158
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 amortization	(35,785)	(54,257)	(2,772)	(92,814)
Gross Operating Result	5,343	5,808	(2,772)	8,379
Audited				
Year ended 31 December 2019				
Revenue from sales of goods and services	84,588	111,429	-	196,017
Other income	567	1,981	-	2,549
Cost of materials and operating expenses before depreciation and amortization	(70,404)	(100,339)	(6,357)	(177,101)
Gross Operating Result	14,751	13,071	(6,357)	21,465

PARENT COMPANY – CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000s	Unaudited three months 30 Jun, 2020	Unaudited three months 30 Jun, 2019	Unaudited six months 30 Jun, 2020	Unaudited six months 30 Jun, 2019	Audited year 31 Dec, 2019
Other income	1,038	774	1,703	1,631	2,502
Employee benefit costs	572	(358)	367	(664)	(1,912)
Operating expenses	(266)	(387)	(488)	(650)	(1,161)
Operating Result	1,344	29	1,582	317	(571)
Interest expenses – net	(10)	(10)	(19)	(22)	(43)
Currency exchange differences – net	(2)	1	-	(118)	(119)
Profit / (Loss) for the period	1,332	20	1,563	177	(733)
Income taxes	(296)	30	(309)	28	293
Profit / (Loss) for the period	1,036	50	1,254	205	(440)
Other comprehensive income:					
Actuarial gain (loss)	-	-	-	-	42
Total comprehensive income for the period	1,036	50	1,254	205	(398)

PARENT COMPANY – CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000s	Unaudited 30 Jun, 2020	Unaudited 30 Jun, 2019	Audited 31 Dec, 2019
Assets			
Current assets			
Cash and cash equivalents	32	168	97
Trade receivables	887	376	2,015
Tax assets	15	15	6
Other current receivables	1,120	1,071	8
Total current assets	2,054	1,630	2,126
Non-current assets:			
Investment in subsidiary companies	137,306	137,306	137,306
Deferred tax assets	66	59	355
Total non-current assets	137,372	137,365	137,661
Total assets	139,426	138,995	139,787
Equity and Liabilities			
Current liabilities			
Bank overdraft	(33,758)	(43,593)	(44,435)
Current financial liabilities	(2,955)	(2,955)	(2,955)
Trade payables	(108)	(250)	(121)
Provision for risks and charges - current	-	(248)	-
Other current liabilities	(417)	(349)	(1,495)
Total current liabilities	(37,238)	(47,395)	(49,006)
Non-current liabilities:			
Provision for risks and charges – non current	(24)	(64)	(25)
Long-term financial debt	(10,000)	-	-
Other non-current liabilities	(64)	(438)	(64)
Total non-current liabilities	(10,088)	(502)	(89)
Total liabilities	(47,326)	(47,897)	(49,095)
Total equity	(92,100)	(91,098)	(90,692)
Total equity and liabilities	(139,426)	(138,995)	(139,787)

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 24 July 2020.

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. The amendments to the standards that became applicable for the current reporting period did not have an impact on Cavotec accounts. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended in December 2019. 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.

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 two divisions are set out below and referred to collectively as the core businesses.

Ports & Maritime – development, manufacture and service of innovative automation and electrification technologies for the global ports and maritime sectors.

Airports & Industry – development, manufacture and service 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.

Legal disputes

In the long running litigation matter in California the Group's accounting position is unchanged during the quarter and our view remains that we have accounted for the most likely eventualities of the process. The latest development on the case supports this position.

Noteworthy risks and uncertainties

Cavotec's significant risks and uncertainties are divided into three categories, market, credit and liquidity risks. In these categories, there are both risks due to political and macroeconomic trends and specific risks directly linked to business carried out by the Group. Market risk includes currency and interest rate risk. Credit risk includes the risk of managing our customers and other receivables while liquidity risk includes the management of cash in a diverse, global group.

In late 2019, a new corona virus was discovered, referred to as Covid-19. In the first half of 2020, the global spread of the virus has occurred.

The impact on Cavotec is mainly delays in decisions from customers and short-term delays in delivery of product or services arising mainly from logistics issues. Our facility in Italy was closed in March 2020 and re-opened in April 2020. At the date of this report all Cavotec facilities are open. It remains difficult to predict the future impact of the virus on Cavotec's business and future financial periods.

A more detailed description of Cavotec's risks and how they are managed is included in the Annual Report 2019.

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.

Key events during and after the quarter

In June 2020, the Cavotec secured long-term financing by signing an agreement with Credit Suisse and others to provide a EUR 40M single currency term and multicurrency revolving credit facility.

Financial calendar

October 1, 2020 Investor Information Meeting
October 30, 2020 Interim report January-September 2020
February 19, 2021 Year-end report 2020

Conference call in connection with publication of the quarterly report

A conference call for shareholders, analysts and media will be held on 24 July 2020 at 15:00 CEST. Participating on the conference call from Cavotec will be Mikael Norin, CEO, and Glenn Withers, CFO.

Conference call Dial-in numbers:

SE: +46850558352
UK: +443333009271
US: +18338230590

Weblink: <https://tv.streamfabriken.com/cavotec-q2-2020>

Quarterly Reports on www.cavotec.com

The full report for the period January-June 2020 and previous quarterly and full year reports are available at:
<http://ir.cavotec.com/financial-reports>

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 below, at 07:00 CEST on 24 July 2020.

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