Q3 2019 | Interim report January-September 2019

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Further improved profitability on the back of stable revenues

JULY–SEPTEMBER 2019

- **Order intake increased 36.1% to EUR 50.6 million (37.2)**
- **Revenue decreased -1.5% to EUR 48.4 million (49.2)**
- **EBIT excluding non-recurring items amounted to EUR 3.7 million (2.1), corresponding to a margin of 7.6% (4.4%)**
- **Non-recurring items amounted to EUR -0.6 million (+0.7), related to restructuring costs**
- **Net result for the period was EUR 3.5 million (1.2)**
- **Earnings per share basic and diluted amounted to EUR 0.038 (0.016)**
- **Operating cash flow amounted to EUR 7.7 million (4.3)**

JANUARY–SEPTEMBER 2019

- **Order book increased 4.7% to EUR 109.6 million (104.7)**
- **Order intake decreased -5.7% to EUR 157.8 million (167.3) due to comparison with record high order intake in the first half of 2018 related to a few significant orders**
- **Revenue was stable at EUR 148.2 million (148.1)**
- **EBIT excluding non-recurring items amounted to EUR 10.1 million (3.8), corresponding to a margin of 6.8% (2.6%)**
- **Non-recurring items amounted to EUR 3.0 million (6.5), related to restructuring costs**
- **Net result for the period was EUR 5.7 million (-5.1)**
- **Earnings per share basic and diluted amounted to EUR 0.061 (-0.065)**
- **Operating cash flow amounted to EUR 5.3 million (-0.5). This includes the Colaco Payment of EUR 8.1 million paid in June.**
- **Net debt decreased to 32.1 EUR million (FY2018: 53.5)**

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

TRANSFORMATION PLAN – IMPORTANT EVENTS

Q4 2018	Q1 2019	Q2 2019	Q3 2019
• 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	• Transformation winding down • Focus on Commercial and Operational excellence • Build up and roll out of Services on plan

FINANCIAL SUMMARY

	Quarter			YTD			LTM Rolling	Full Year	
EUR 000's	**Q319**	**Q318**	**Delta**	**9M19**	**9M18**	**Delta**	**Q319-Q418**	**FY18**	**Delta**
Order intake	50,636	37,197	36.1%	157,797	167,266	-5.7%	202,004	211,473	-4.5%
Order book	109,646	104,691	4.7%	109,646	104,691	4.7%	-	100,090	-
Revenue	48,404	49,157	-1.5%	148,243	148,145	0.1%	197,059	196,961	0.0%
Adjusted EBITDA	5,929	3,482	70.3%	16,768	7,101	136.1%	18,226	8,559	112.9%
Adjusted EBITDA %	12.2%	7.1%	5.1 pp	11.3%	4.8%	6.5 pp	9.2%	4.3%	4.9 pp
EBITDA	5,339	4,144	28.8%	13,718	553	2380.7%	4,106	(9,059)	-145.3%
EBITDA, %	11.0%	8.4%	2.6 pp	9.3%	0.4%	8.9 pp	2.1%	-4.6%	6.7 pp
Adjusted EBIT	3,685	2,142	72.0%	10,055	3,798	164.7%	10,144	3,887	161.0%
Adjusted EBIT %	7.6%	4.4%	3.2 pp	6.8%	2.6%	4.2 pp	5.1%	2.0%	3.1 pp
EBIT	3,095	2,803	10.4%	7,005	(2,752)	-354.5%	(4,129)	(13,887)	-70.3%
EBIT, %	6.4%	5.7%	0.7 pp	4.7%	-1.9%	6.6 pp	-2.1%	-7.1%	5 pp
Result for the period	3,530	1,225	188.2%	5,719	(5,064)	-212.9%	(7,667)	(18,450)	-58.4%
Basic and diluted earnings per share, EUR	0.038	0.016	137.5%	0.061	(0.065)	-193.8%	(0.030)	(0.233)	-87.2%
Operating cash flow	7,724	4,303	79.5%	5,318	(528)	-1107.2%	7,088	1,242	470.7%
Net debt (1)	32,085	52,693	-39.1%	32,085	52,693	-39.1%	-	53,450	-
Equity/assets ratio (1)	47.2%	39.4%	7.8 pp	47.2%	39.4%	7.8 pp	-	39.5%	-
Leverage ratio (1)	1.76x	3.49x	-1.73x	1.76x	3.49x	-1.73x	-	6.24x	-
Full time equivalent employees	777	942	-165	777	942	-165	-	896	-

(1) Figures including IFRS 16 impact. Figures calculated excluding IFRS16 according to the loan agreement definition are:
Net debt: 11,449 (31,293)
Equity/assets ratio: 52.0% (43.6%)
Leverage ratio: 0.79x (2.07x)

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Comment from the CEO

Growing order intake and high profitability – transformation winding down

Our performance during the third quarter continued to track to our plan for 2019; to focus on profitability by locking in the achieved improvements from the transformation. The quarter thus saw high order intake, further increased profitability and excellent cash generation on the back of stable revenues.

The order intake increased 36.1 percent and the order book at the end of the period finished at EUR 109.6 million which is almost 10 percent higher than at the start of the year. We continue to see high activity in the Ports & Maritime sector, especially in the US and Nordics. Order intake increased significantly during the third quarter with Automated Mooring and E-Ferry solutions being especially strong while our Services offerings continued to perform well.

This compensated for overall lower activity within the Airports segment, due to several delayed large projects and a mix towards smaller orders, leading to a lower order intake compared to the same period last year. Both the USA and Asia continue to show potential as a result of significant terminal expansions, but we have not yet seen these opportunities materialize into orders. In the Industry segment, the traditional OEMs in Surface Mining and Underground Mining showed a slowing down during the quarter while our service offering continued to grow.

The adjusted EBIT increased 72% to EUR 3.7 million for the quarter (2.1) and at EUR 10.1 million for the Jan-Sep period (3.8) is well in line with our announced plan for long-term profitability. The high adjusted EBIT margin at 7.6% for the quarter is explained by the lower cost base resulting from the transformation, but also to a large extent by our continued focus on higher margin business. It is encouraging that despite the focus on quality in our orders revenues have remained stable year over year. It is also a sign of strength that operating cash flow increased 79.5% during the third quarter, to EUR 7.7 million.

Cavotec's transformation is winding down. Our focus for the remainder of the year will be on locking in the improvements achieved, on expanding our Operational and Commercial Excellence programs, continued control of costs and on leveraging on the refocus of our sales force to growing geographies and customer segments, as well as the build up and roll out of our Services offerings.

I'm very pleased to say that we continue to follow completely the plan for the transformation of Cavotec that we drew up two years ago and that the performance so far this year is proof of that. I expect us to finish the year with a stable position from which to commence the next phase of our journey.

Our strategy for future profitable growth is very clear; we will build on a solid foundation of operational and commercial performance to capitalize on our 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.

Lugano, November 8, 2019

Mikael Norin
Chief Executive Officer

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ORDER INTAKE AND REVENUE

	Order Intake			
EUR 000's	**Q319**	**Q318**	**9M19**	**9M18**
Order Intake	50,636	37,197	157,797	167,266
Increase/decrease	13,439	(1,913)	(9,469)	17,161
Percentage change	36.1%	-4.9%	-5.7%	11.4%
Of which				
- Volumes and prices	35.0%	-7.5%	-6.2%	10.6%
- Currency effects	1.1%	2.6%	0.5%	0.8%

	Revenue			
EUR 000's	**Q319**	**Q318**	**9M19**	**9M18**
Revenue from sales of goods and services	48,404	49,157	148,243	148,145
Increase/decrease	(753)	(3,062)	98	(7,615)
Percentage change	-1.5%	-5.9%	0.1%	-4.9%
Of which				
- Volumes and prices	-2.5%	-4.5%	-0.9%	-0.3%
- Currency effects	1.0%	-1.4%	1.0%	-4.6%

DIVISIONS

	Order Intake								
EUR 000's	**Q319**	**Q318**	**Change %**	**9M19**	**9M18**	**Change %**	**LTM Rolling**	**FY18**	**Change %**
Ports & Maritime	28,220	12,951	117.9%	78,516	63,763	23.1%	96,417	81,664	18.1%
Airports & Industry	22,416	24,246	-7.5%	79,281	103,503	-23.4%	105,587	129,809	-18.7%
Total	**50,636**	**37,197**	**36.1%**	**157,797**	**167,266**	**-5.7%**	**202,004**	**211,473**	**-4.5%**

	Revenue								
EUR 000's	**Q319**	**Q318**	**Change %**	**9M19**	**9M18**	**Change %**	**LTM Rolling**	**FY18**	**Change %**
Ports & Maritime	21,304	18,362	16.0%	62,168	49,091	26.6%	81,473	68,396	19.1%
Airports & Industry	27,100	30,795	-12.0%	86,075	99,054	-13.1%	115,586	128,565	-10.1%
Total	**48,404**	**49,157**	**-1.5%**	**148,243**	**148,145**	**0.1%**	**197,059**	**196,961**	**0.0%**

	Book/Bill ratio						Order Book		
EUR 000's	**Q319**	**Q318**	**9M19**	**9M18**	**LTM Rolling**	**FY18**	**9M19**	**9M18**	**Change %**
Ports & Maritime	1.32	0.71	1.26	1.30	1.18	1.19	65,409	50,445	29.7%
Airports & Industry	0.83	0.79	0.92	1.04	0.91	1.01	44,237	54,246	-18.5%
Total	**1.05**	**0.76**	**1.06**	**1.13**	**1.03**	**1.07**	**109,646**	**104,691**	**4.7%**

Financial Review

JULY–SEPTEMBER 2019

Order intake and Revenue

Order intake increased 36.1% to EUR 50.6 million (37.2). The higher order intake compared to the same quarter 2018 is explained by strong markets in the Ports & Maritime sector, especially in the US and Nordics. Overall activity within the Airports segment was lower than in 2018, with delayed projects and smaller orders, leading to a lower order intake for the Airports & Industry segment.

Revenues decreased -1.5% to EUR 48.4 million (49.2) compared to the same period 2018. Revenues within Ports & Maritime increased, mainly as a result of MoorMaster™ deliveries in Norway and in the USA and a growing service offering. Sales within Airports & Industry decreased slightly compared to the same period previous year due to less big orders compared to the same period 2018, lower activity among industrial companies and a continued focus on profitability rather than volume.

Ports & Maritime

Order intake increased 117.9% compared to the same period in 2018. The increase is mainly explained by high activity in the Ports & Maritime sector, especially in the USA and Nordics, and includes several orders for Automated Mooring and E-Ferry solutions in the Nordics. Also, the service offering continued to perform well.

Revenues increased 16.0% to EUR 21.3 million (18.4). The increase is mainly explained by strong performance in the USA and Northern Europe.

Airports & Industry

Order intake decreased -7.5% to EUR 22.4 million (24.2), compared to the same period 2018. The decrease is mainly explained by delayed projects, mainly in the USA but also in Europe and the Middle East. Both the USA and Europe markets continue to show potential as a result of significant terminal expansions, especially for Fueling, Converters and PCAs. In the industry segment, Surface Mining and Underground Mining showed low order intake during the quarter. Services continued to perform well, mainly in the USA, within spare parts orders and replacement projects for airports.

Revenues decreased -12.0% to EUR 27.1 million (30.8). The decrease is mainly due to delays in several airport projects in the USA, Europe and the Middle East, less big orders compared to the same period 2018 and a lower activity within Industry, mainly in the underground mining segment in Northern Europe.

Adjusted EBIT

Adjusted EBIT, excluding non-recurring items, increased to EUR 3.7 million (2.1), corresponding to a margin of 7.6% (4.4%). The run – rate savings achieved through the restructuring programme, and the focus on quality in orders, led to an improved profitability despite stable revenue.

EBIT

EBIT for the quarter amounted to EUR 3.1 million (2.8), corresponding to a margin of 6.4% (5.7%). Non-recurring items, related to the restructuring programme, amounted to EUR 0.6 million (0.7). The comparative figure included an income of EUR 0.7 million due to a lower outcome of an extraordinary warranty cost at the end of the project.

Profit for the period and earnings per share

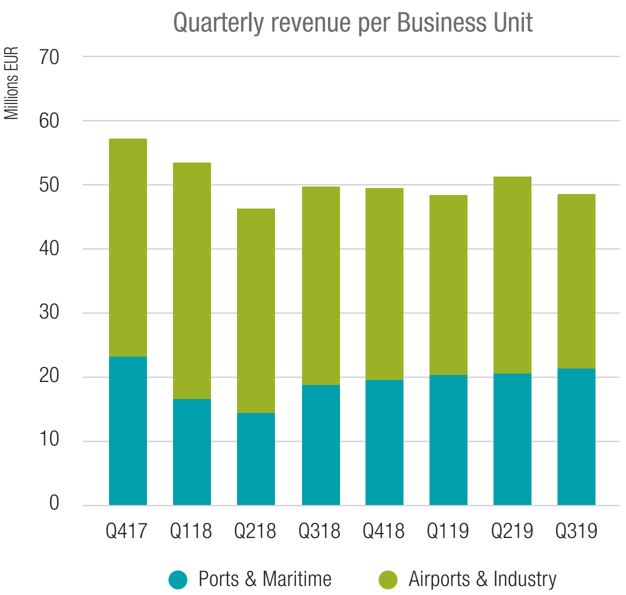
Financial items for the quarter amounted to EUR 1.5 million (-0.4) mainly due to positive exchange differences of EUR 2.1 million.

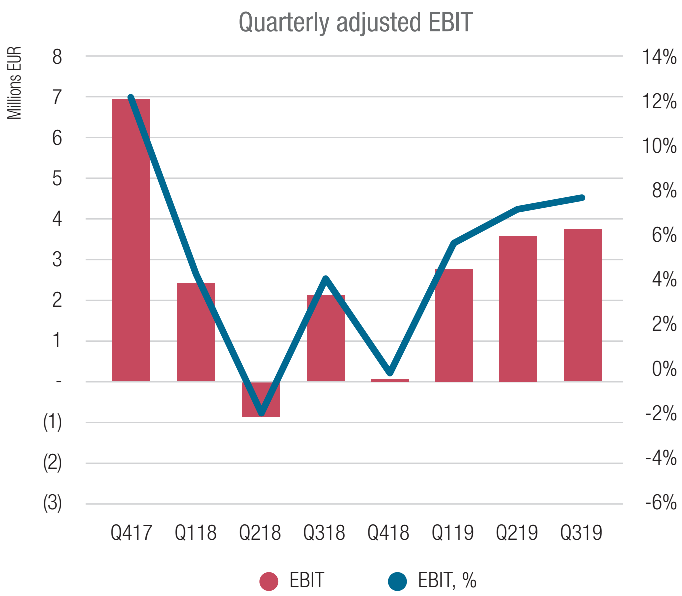
The net result for the period amounted to EUR 3.5 million.

Cash flow

The operating cash flow amounted to EUR 7.7 million (4.3), caused mainly by a positive result (+3.5 million).

Investing activities include CAPEX of EUR 0.4 million.





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Cash flow from financing activities was EUR -11.7 million, of which EUR -10.6 million used for repayment of the revolving credit facility.

Cash and cash equivalents amounted to EUR 13.5 million as of 30 September 2019 (14.8).

Financial Position

Cavotec's total assets amounted to EUR 222.2 million (217.3) as of 30 September 2019. The equity to assets ratio was 47.2% (39.4%) and the net debt amounted to EUR 32.1 million as of 30 September 2019 (53.5 as of 31 December 2018). Excluding the impact of new accounting standards for leases, IFRS 16, the equity to assets ratio was 52.0% (43.6%) and the net debt amounted to EUR 11.4 million as of 30 September 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 13.

Cavotec's senior secured credit facility expires at the end of June 2020. The current value of borrowings drawn under the facility have been classified as current financial liabilities during this quarter. Discussions are in progress to extend or replace the facility prior to its scheduled expiry.

Employees

The number of full-time equivalent employees in Cavotec Group was 777 as of 30 September 2019 (942). The decrease is mainly a result of the restructuring measures that were announced in October 2018.

JANUARY–SEPTEMBER 2019

Order intake and Revenue

Order intake decreased -5.7% to EUR 157.8 million (167.3), mainly due to comparison with record high order intake in the first half of 2018 related to a few significant orders.

Revenues for the nine months were stable at EUR 148.2 million (148.1) compared to the same period 2018.

EBIT

EBIT for the first nine months amounted to EUR 7.0 million (-2.8), corresponding to a margin of 4.7% (-1.9%). Non-recurring items amounted to EUR 3.0 million (6.5). The comparative figure included a cost of EUR 6.8 million related to the US litigation provision and an income of EUR 0.7 million due to a lower outcome of an extraordinary warranty cost at the end of the project.

EBIT adjusted amounted to EUR 10.1 million (3.8) showing a more consistent trend between qurters and better overall profit.

Profit for the period and earnings per share

Finance costs amounted to EUR 0.9 million (0.1).

Income tax expense for the first nine months of 2019 amounted to EUR 2.1 million (2.4), with an effective tax rate of 27.3%.

The net result for the period amounted to EUR 5.7 million (-5.1).

Earnings per share, basic and diluted, increased to EUR 0.061 (-0.065).

Cavotec MoorMaster™ units at Portsmouth, UK.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 000's	Unaudited three months 30 Sep, 2019	Unaudited three months 30 Sep, 2018	Unaudited nine months 30 Sep, 2019	Unaudited nine months 30 Sep, 2018	Audited year 31 Dec, 2018
Revenue from sales of goods and services	48,404	49,157	148,243	148,145	196,961
Other income	352	360	1,706	2,474	3,076
Cost of materials	(21,348)	(23,186)	(69,994)	(70,518)	(96,601)
Employee benefit costs	(15,679)	(14,307)	(46,320)	(47,357)	(64,482)
Operating expenses	(6,390)	(7,879)	(19,917)	(32,191)	(48,012)
Gross Operating Result	**5,339**	**4,145**	**13,718**	**553**	**(9,058)**
Depreciation and amortisation	(1,181)	(1,341)	(3,483)	(3,305)	(4,673)
Depreciation of right-of-use of leased asset	(1,063)	-	(3,230)	-	-
Impairment losses	-	-	-	-	(156)
Operating Result	**3,095**	**2,804**	**7,005**	**(2,752)**	**(13,887)**
Interest income	26	21	19	62	82
Interest expenses	(495)	(487)	(1,497)	(1,511)	(1,957)
Currency exchange differences - net	2,146	38	2,480	1,530	1,588
Other financial item	(137)	-	(139)	-	(1,157)
Profit /(loss) before income tax	**4,635**	**2,375**	**7,868**	**(2,671)**	**(15,331)**
Income taxes	(1,105)	(1,150)	(2,149)	(2,393)	(3,119)
Profit/(loss) for the period	**3,530**	**1,225**	**5,719**	**(5,064)**	**(18,450)**
Other comprehensive income:					
Remeasurements of post employment benefit obligations	(11)	(7)	(17)	(13)	31
Items that will not be reclassified to profit or loss	**(11)**	**(7)**	**(17)**	**(13)**	**31**
Currency translation differences	835	(449)	(1,044)	(2,328)	(2,313)
Items that may be subsequently reclassified to profit /(loss)	**835**	**(449)**	**(1,044)**	**(2,328)**	**(2,313)**
Other comprehensive income for the period, net of tax	**824**	**(456)**	**(1,061)**	**(2,341)**	**(2,282)**
Total comprehensive income for the period	**4,354**	**769**	**4,659**	**(7,405)**	**(20,732)**
Total comprehensive income attributable to:					
Equity holders of the Group	4,351	767	4,658	(7,406)	(20,733)
Non-controlling interest	3	2	1	1	1
Total	**4,354**	**769**	**4,659**	**(7,405)**	**(20,732)**
Profit/(loss) attributed to:					
Equity holders of the Group	3,530	1,225	5,719	(5,064)	(18,450)
Total	**3,530**	**1,225**	**5,719**	**(5,064)**	**(18,450)**
Basic and diluted earnings per share attributed to the equity holders of the Group	0.038	0.016	0.061	(0.065)	(0.233)
Average number of shares	94,003,982	78,461,277	94,011,765	78,451,825	79,078,713
Basic EPS for 2018 (as restated)					
Basic and diluted earnings per share attributed to the equity holders of the Group		0.016		(0.064)	
Average number of shares		78,660,102		78,650,650	

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CONSOLIDATED BALANCE SHEET

EUR 000's	Unaudited 30 Sep, 2019	Unaudited 30 Sep, 2018	Audited 31 Dec, 2018
Assets			
Current assets			
Cash and cash equivalents	13,550	14,786	21,257
Trade receivables	42,965	45,672	42,798
Tax assets	2,083	720	1,671
Other current receivables	3,512	12,526	26,435
Contract assets	3,488	3,255	1,144
Inventories	40,483	42,341	39,458
Assets held for sale	5,606	3,211	5,512
Total current assets	**111,687**	**122,511**	**138,275**
Non-current assets			
Property, plant and equipment	18,343	23,178	20,082
Right-of-use of leased assets	20,528	-	-
Intangible assets	53,194	53,309	53,436
Non-current financial assets	287	272	275
Deferred tax assets	9,831	10,634	9,297
Other non-current receivables	8,309	7,351	8,775
Total non-current assets	**110,492**	**94,744**	**91,865**
Total assets	**222,179**	**217,255**	**230,140**
Equity and Liabilities			
Current liabilities			
Current financial liabilities	(21,972)	(2,246)	(4,271)
Current lease liabilities	(3,309)	-	-
Trade payables	(32,191)	(43,471)	(27,081)
Contract liabilities	(4,540)	-	(10,558)
Tax liabilities	(2,059)	(1,970)	(1,678)
Provision for risk and charges, current	(8,344)	(9,911)	(13,186)
Other current liabilities	(13,221)	(12,077)	(13,015)
Total current liabilities	**(85,636)**	**(69,675)**	**(69,789)**
Non-current liabilities			
Non-current financial liabilities	(3,037)	(43,317)	(48,663)
Non-current lease liabilities	(17,328)	-	-
Deferred tax liabilities	(2,372)	(2,599)	(2,468)
Other non-current liabilities	(157)	(653)	(407)
Provision for risk and charges, non-current	(8,848)	(6,259)	(8,769)
Total non-current liabilities	**(31,742)**	**(52,828)**	**(60,307)**
Total liabilities	**(117,378)**	**(122,503)**	**(130,096)**
Equity			
Equity attributable to owners of the parent	(104,771)	(94,724)	(100,015)
Non-controlling interests	(30)	(28)	(29)
Total equity	**(104,801)**	**(94,752)**	**(100,044)**
Total equity and liabilities	**(222,179)**	**(217,255)**	**(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	-	-	5,064	**5,064**	-	**5,064**
Currency translation differences	-	2,329	-	**2,329**	(1)	**2,328**
Remeasurements of post employment benefit obligations	-	13	-	**13**	-	**13**
Total comprehensive income and expenses	**-**	**2,342**	**5,064**	**7,406**	**(1)**	**7,405**
Capital reduction	1,287	-	-	**1,287**	-	**1,287**
Issue of treasury shares to employees	-	(30)	-	**(30)**	-	**(30)**
Transactions with shareholders	**1,287**	**(30)**	**-**	**1,257**	**-**	**1,257**
Balance as at 30 September 2018	**(82,339)**	**(3,799)**	**(8,586)**	**(94,724)**	**(28)**	**(94,752)**
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	-	-	(5,719)	**(5,719)**	-	**(5,719)**
Currency translation differences	-	1,044	-	**1,044**	(1)	**1,043**
Remeasurements of post employment benefit obligations	-	17	-	**17**	-	**17**
Total comprehensive income and expenses	**-**	**1,061**	**(5,719)**	**(4,658)**	**(1)**	**(4,659)**
Employees share scheme	-	(136)	-	**(136)**	-	**(136)**
Purchase of treasury shares	-	38	-	**38**	-	**38**
Transactions with shareholders	**-**	**(98)**	**-**	**(98)**	**-**	**(98)**
Balance as at 30 September 2019	**(100,169)**	**(3,683)**	**(919)**	**(104,771)**	**(30)**	**(104,801)**

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CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD

EUR 000's	Unaudited three months 30 Sep, 2019	Unaudited three months 30 Sep, 2018	Unaudited nine months 30 Sep, 2019	Unaudited nine months 30 Sep, 2018	Audited year 31 Dec, 2018
Profit /(loss) for the period	**3,530**	**1,225**	**5,719**	**(5,064)**	**(18,450)**
Adjustments for:					
Net interest expenses	319	362	1,181	1,171	1,456
Current taxes	1,235	1,357	2,715	3,875	2,997
Depreciation and amortisation	1,181	1,341	3,483	3,305	4,673
Depreciation of right -of-use of leased assets	1,063	-	3,230	-	-
Impairment losses	-	-	-	-	156
Deferred tax	(130)	(207)	(566)	(1,482)	122
Provision for risks and charges	216	46	(4,289)	6,805	11,813
Capital gain or loss on assets	(56)	(19)	(122)	(259)	(279)
Other items not involving cash flows	(2,906)	(94)	(1,803)	(1,211)	(38)
Interest paid	(432)	(350)	(1,285)	(1,180)	(1,463)
Taxes paid / received	199	(278)	(2,744)	(2,819)	(3,184)
	689	**2,158**	**(202)**	**8,205**	**16,253**
Cash flow before changes in working capital	**4,219**	**3,383**	**5,518**	**3,141**	**(2,197)**
Impact of changes in working capital:					
Inventories	(277)	(3,468)	(1,441)	(6,345)	(1,546)
Trade receivables	485	(621)	(253)	(4,123)	(2,155)
Other current receivables	1,522	(1,078)	2,070	(5,156)	1,557
Trade payables	(875)	6,689	(883)	9,886	4,028
Other current liabilities	2,649	(555)	306	2,414	3,506
Long-term receivables and liabilities	-	(47)	-	(344)	(1,951)
Impact of changes involving working capital	**3,505**	**920**	**(200)**	**(3,668)**	**3,439**
Net cash inflow / (outflow) from operating activities	**7,724**	**4,303**	**5,318**	**(528)**	**1,242**
Financial activities:					
Net changes in loans and borrowings	(10,616)	(5,114)	(28,320)	(3,358)	2,512
Repayment of lease liabilities	(850)	-	(2,485)	-	-
Interests paid on lease liabilities	(146)	-	(452)	-	-
Capital increase	(51)	-	18,460	-	-
Capital reduction	-	(1,357)	-	(1,357)	(1,357)
Net cash inflow / (outflow) from financial activities	**(11,663)**	**(6,471)**	**(12,797)**	**(4,715)**	**1,155**
Investing activities:					
Investments in property, plant and equipment	(428)	757	(1,044)	(6,981)	(7,866)
Investments in intangible assets	(169)	(238)	(321)	(895)	(1,384)
Increase in other assets	(11)	(1)	(13)	(1)	(4)
Disposal of assets	145	5	336	228	2,038
Net cash inflow / (outflow) from investing activities	**(463)**	**523**	**(1,042)**	**(7,649)**	**(7,216)**
Cash and cash equivalent at the beginning of the period	16,021	18,553	21,257	28,718	28,718
Cash flow for the period	(4,402)	(1,646)	(8,521)	(12,891)	(4,820)
Currency exchange differences	1,931	(2,121)	814	(1,041)	(2,641)
Cash and cash equivalent at the end of the period	**13,550**	**14,786**	**13,550**	**14,786**	**21,257**

SEGMENT INFORMATION

EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Unaudited Three months ended 30 September 2019				
Revenue from sales of goods and services	21,304	27,100	-	**48,404**
Other income	41	311	-	**352**
Cost of materials and operating expenses before depreciation and amortisation	(18,131)	(22,951)	(2,335)	**(43,417)**
Gross Operating Result	**3,215**	**4,460**	**(2,335)**	**5,340**
Unaudited Three months ended 30 September 2018				
Revenue from sales of goods and services	18,362	30,795	-	**49,157**
Other income	154	206	-	**360**
Cost of materials and operating expenses before depreciation and amortisation	(16,382)	(28,666)	(324)	**(45,372)**
Gross Operating Result	**2,134**	**2,335**	**(324)**	**4,145**
Unaudited Nine months ended 30 september 2019				
Revenue from sales of goods and services	62,168	86,075	-	**148,243**
Other income	305	1,401	-	**1,706**
Cost of materials and operating expenses before depreciation and amortisation	(53,915)	(77,208)	(5,108)	**(136,231)**
Gross Operating Result	**8,558**	**10,268**	**(5,108)**	**13,718**
Unaudited Nine months ended 30 September 2018				
Revenue from sales of goods and services	49,091	99,054	-	**148,145**
Other income	808	1,666	-	**2,474**
Cost of materials and operating expenses before depreciation and amortisation	(49,336)	(96,264)	(4,466)	**(150,066)**
Gross Operating Result	**563**	**4,456**	**(4,466)**	**553**
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)**

Report on the Review

of Interim consolidated financial statements to the Board of Directors of Cavotec SA

Lugano

Introduction

We have reviewed the interim consolidated financial statements on pages 6 to 10 (consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows – indirect method, and notes on pages 13 and 14) of Cavotec SA for the nine months period ended 30 September 2019. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity".
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Efrem Dell'Era

Luigi Voulgarelis

Lugano, 8 November 2019

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PARENT COMPANY - CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000's	Unaudited three months 30 Sep, 2019	Unaudited three months 30 Sep, 2018	Unaudited nine months 30 Sep, 2019	Unaudited nine months 30 Sep, 2018	Audited year 31 Dec, 2018
Dividend	-	-	-	-	441
Other income	689	815	2,320	2,495	3,009
Employee benefit costs	(936)	(83)	(1,600)	(721)	(1,685)
Operating expenses	(278)	(233)	(928)	(806)	(1,099)
Operating Result	**(525)**	**499**	**(208)**	**968**	**666**
Interest expenses - net	(10)	(6)	(32)	(20)	(28)
Currency exchange differences - net	-	(69)	(118)	(73)	(72)
Profit / (Loss) before income tax	**(535)**	**424**	**(358)**	**875**	**566**
Income taxes	175	(132)	203	(92)	(198)
Profit / (Loss) for the period	**(360)**	**292**	**(155)**	**783**	**368**
Other comprehensive income:					
Actuarial gain (loss)	-	-	-	-	19
Total comprehensive income for the period	**(360)**	**292**	**(155)**	**783**	**387**

PARENT COMPANY - CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000's	Unaudited 30 Sep, 2019	Unaudited 30 Sep, 2018	Audited year 31 Dec, 2018
Assets			
Current assets			
Cash and cash equivalents	89	240	94
Trade receivable	370	427	2,441
Tax assets	5	3	10
Other current receivables	1,616	1,753	18,524
Total current assets	**2,080**	**2,423**	**21,069**
Non-current assets:			
Investment in subsidiary companies	137,306	137,306	137,306
Deferred tax assets	242	98	8
Total non-current assets	**137,548**	**137,404**	**137,314**
Total assets	**139,628**	**139,827**	**158,383**
Equity and Liabilities			
Current liabilities			
Bank overdrafts	(44,158)	(64,702)	(63,079)
Current financial liabilities	(2,955)	(955)	(2,955)
Trade payables	(66)	(181)	(203)
Other current liabilities	(434)	(762)	(918)
Total current liabilities	**(47,613)**	**(66,600)**	**(67,155)**
Non-current liabilities:			
Provision for risks and charges - non current	(65)	(63)	(64)
Other non-current liabilities	(1,250)	(491)	(271)
Total non-current liabilities	**(1,315)**	**(554)**	**(335)**
Total liabilities	**(48,928)**	**(67,154)**	**(67,490)**
Total equity	**(90,700)**	**(72,673)**	**(90,893)**
Total equity and liabilities	**(139,628)**	**(139,827)**	**(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 8 November 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 Q319 amounted to 2.77%. As of January 1, 2019, the Group recognised EUR 23.0 million of right-of-use of leased assets and EUR 21.4 million of lease liabilities. The Group income statement in the first nine months period ended September 30, 2019 was impacted by a reclassification from operating expenses (EUR 3.7 million) to depreciation of right-of-use of leased assets (EUR 3.2 million) and interest expenses (EUR 0.5 million). During the same period, the Group cash flow statement was impacted by a reclassification from the cash generated from operations (EUR 3.2 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 two 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.

Credit facility refinancing

Cavotec's senior secured credit facility expires at the end of June 2020. The current value of borrowings drawn under the facility have been classified as current financial liabilities during this quarter. Discussions are in progress to extend or replace the facility prior to its scheduled expiry.

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

February 21, 2020	Q419 and FY19 Reporting

Q319 Conference call

A conference call for shareholders, analysts and media will be held on 8 November 2019 at 10:00 CET. Participating on the conference call from Cavotec will be Mikael Norin, CEO, and Glenn Withers, CFO.

Conference call Dial-in numbers:
SE: +46850558357
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US: +18338230587

Weblink: https://tv.streamfabriken.com/cavotec-q3-2019

Quarterly Reports on www.cavotec.com

The full report for the period January-September 2019 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. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on 8 November 2019.

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