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Cavotec 1Q14 results summary

This is a summary of the first quarter 2014 published today. The complete first quarter 2014 report with tables is available at <http://investor.cavotec.com/results.cfm>. Investors should not rely on summaries only, but should review the complete reports with tables.

- Order Intake increased 2.4% quarter on quarter at EUR 67,564 thousands (1Q13: 65,959).
- Revenues decreased 23.8% to EUR 40,536 thousands in 1Q14 (1Q13:

53,176).

- Book to bill ratio was 1.67x in the quarter.
- Order Book reached a new record high at EUR 142,377 thousands (FY13: 115,713).
- Adjusted operating result (EBIT) was negative at EUR 627 thousands in the quarter compared to positive EUR 780 thousands in 1Q13.

A comment from our CEO

As forecasted in preceding quarters, activity in the first quarter was subdued with revenues reaching EUR 40.5 million a decrease of 23.7% compared to the same period last year, mainly due to a lack of larger projects. The consequent decrease in profitability was further compounded by the drop in overall volume across our Market Units (MU). On a positive note, 1Q14 registered an important development as gross margins strengthened considerably thanks to an increase in day-to-day business.

Despite challenging market conditions, Cavotec's order book continued to grow in 1Q14 to a new record level of EUR 142.4 million. With a mix of some larger projects and steady day-to-day business during 1Q14, this growth underlines the core strength of Cavotec's business model cemented on a diversified customer base.

Cavotec's range of key innovations, and its more conventional industrial systems continued to register solid achievements throughout the quarter. In addition to the previously announced milestone order for MoorMaster systems in Canada – the largest order for the system to date, and one of the largest projects in the Group's history – Cavotec also entered the notoriously harsh underground coal market in Australia with a specialized range of radio remote controls (RRCs).

The Group also continued to book orders for the expanded range of Alternative Maritime Power (AMP) systems, including the all-new AMPtainer and AMP Mobile. This is a segment where the Group is well established and poised to take advantage of the considerable potential that exists as ports, especially in Europe and North America, take steps to meet emissions targets.

Furthermore, Cavotec's newest innovations, including Human Operating Interface (HOI) systems, and charging stations for electrical vehicles, continued to gain solid market traction, further expanding the Group's ability to achieve continued success in existing and new market segments which are set for considerable growth going forward.

Looking ahead

As communicated in previous reports, management expects a return to Cavotec's historical rate of growth and margin development within 2014. Cost and operational efficiency programmes remain deployed throughout

the Group and local management has fully embraced these continuing initiatives to reduce costs and rationalize operational procedures.

Management expects the coming two quarters to post record-high revenues and is committed to the forecasted FY14 target of EUR 250 million in revenues with an EBIT margin of 8%.

A key part of the Group's return to sustained growth will come from the Americas, where both Cavotec's North America and Brazil operations are well positioned to capitalise on new opportunities in their region. Other BRIC countries are also forecasting continued growth, especially with the expected strong development across several of our market segments for China and India.

Ports & Maritime remained the largest MU representing 44.5% of the Group's overall revenues. This is a slight increase compared to the same period last year, reflecting the success booked during the quarter with significant MoorMaster and AMP orders. Looking ahead this MU is set to continue its growth path as both our range of innovations as well as the traditional Ports & Maritime range of systems continues to attract interest from existing and potential customers around the world.

In 1Q14 the Airports MU contracted by 5%, representing 21.5% of Group revenues for the quarter. Management expects this MU to remain strong and continue to grow in light of the continued investment in airport new builds and infrastructure upgrades, especially across the Middle and Far East regions.

Mining & Tunnelling represented 13.7% of the Group's 1Q14 revenues, reflecting the forecasted weaker demand for mining equipment for hard rock mining applications. Going forward, innovations such as HOI and other RRC related equipment for other mining applications could possibly partially offset the overall softening in this MU.

General Industry's contribution to quarterly revenues increased slightly compared to 1Q13. Forecast for the MU remains stable with growth opportunities coming from the defense and EV market.

The regions

The Americas region had an excellent order intake in the first quarter, amounting to EUR 32,431 thousands including the previously announced MoorMaster order in Canada. Order Intake increased with 37.1% compared to 1Q13 resulting in a book-to-bill ratio of 5.39. Gross operating result was negative at EUR 3,747 thousands.

Revenues in Europe amounted to EUR 32,441 compared to EUR 40,641 in the same period last year, which was positively affected by large deliveries of MoorMaster. Order intake grew strongly to EUR 55,548 and the book-to-

bill ratio came in at 1.71. Gross Operating Result amounted to EUR 1,759 thousands, the highest such result compared to the other regions.

Revenues for the Middle East, Africa & India region reached EUR 5,571 thousands, a decline from the 1Q13 result of EUR 7,129 thousands. Despite this downturn in revenues the region succeeded to turnaround a Gross Operating Result loss in 1Q13 to a profit in 1Q14, ending at EUR 680 thousands.

Far East revenues grew strongly with a significant contribution from our innovations such as AMP Systems, amounting to a total of EUR 10,923 thousands. This is an increase of 21.3% compared to 1Q13 revenues of EUR 9,007 thousands. Gross Operating Result remained at a stable level, reaching EUR 1,148 thousands compared to EUR 1,057 thousands in 1Q13.

Oceania's order intake developed positively with a growth of 33.3%, amounting to EUR 4,485 thousands with a book-to-bill ratio of 1.65. The Mining & Tunnelling MU, characterised previously by a lowering demand saw an upturn in activity, with almost a doubling of order intake in this period compared to the same period last year. Revenues reached EUR 2,712 thousands and the region reversed a Gross Operating Result loss in 1Q13 to a break-even situation for 1Q14.

Revenues, earnings & profitability

Quarterly results

Revenues amounted to EUR 40,536 thousands compared to EUR 53,176 thousands in the same quarter last year. The reduction of day-to-day business was partially compensated by the strengthening of the gross margin. As a consequence, operating result was negative at EUR 1,547 thousands compared to positive EUR 662 thousands in 1Q13. After deducting litigation and restructuring costs, adjusted operating results was negative at EUR 627 thousands.

Financial items were higher in 1Q14 compared to 1Q13 due to negative exchange fluctuations stemming from the strengthening of the EUR. Taxes were positive due to deferred tax in some countries. Net loss amounted to EUR 275 thousands while in 1Q13 the net profit ended at EUR 331 thousands.

Cash flow

Operating cash flow amounted to negative EUR 1,889 thousands compared to negative EUR 6,493 thousands in 1Q13. CAPEX was limited in the first quarter as investing activities amounted to EUR 387 thousands compared to EUR 695 thousands in 1Q13.

Net debt

Net debt increased to EUR 38,574 thousands from 36,070 thousands as a consequence of the negative operating cash flow. As a result of the cash flow and lower profitability the last twelve months rolling leverage ratio increased to 2.94x (FY13: 2.40x). Net debt/equity ratio stands at 35.8% compared to 33.2% at the year-end.

Employees

Cavotec strengthened the workforce in almost all regions, 12 persons were employed in the quarter. On 31 March 2014 the Group had 1,013 full time equivalent people compared to 1,001 at 31 December 2013 and 910 at 31 March 2013.

Cavotec is a leading global engineering group, developing innovative technologies that enable the maritime, airports, mining and tunnelling, and general industry sectors to operate productively and sustainably.

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