



Nov 12, 2012 10:30 GMT

Cavotec 3Q12 Report and background materials

[Cavotec](#) 3Q12 Report

This is a summary of the third quarter 2012 report published today. The complete third quarter 2012 report with tables is [available here](#). Investors should not rely on summaries only, but should review the complete reports with tables.

- 3Q12 revenues reached EUR 51,907 thousands, up 13.0% (3Q11: 45,955)

- Order intake grew by 14.7% compared to 3Q11
- Operating Result increased by 12.3% to EUR 10,758 thousands (9M11: 9,582)
- Operating Cash Flow in the quarter at EUR 6,866 thousands
- Order Book increased by 6.1% to EUR 106,735 thousands (1H12: 100,595)

3Q12 was a strong quarter for Cavotec in which, contrary to prevailing market conditions, our Order Intake increased by 14.7%, of which 4.1% was organic growth. Revenues for the quarter increased by 13%, while our book-to-bill ratio remained above 1 with the Order Book increasing quarter-on-quarter by 6.1% to EUR 106,735.

Day-to-day business was good throughout the quarter with significant increases in revenues registered by most of our Market Units (MUs). Our Ports & Maritime MU was the strongest performer, exemplified by a significant order for Alternative Maritime Power reeling systems in Southeast Asia, posting an increase in revenues of 38.2% compared to 3Q11.

Activities in the mining sector also continued to grow, for instance in the USA with an order for explosion-proof RRCs for land-based drilling rigs, with Cavotec's Mining & Tunnelling unit registering an increase in revenues of 28% compared to the same period last year.

In line with an overall softening in the sector, the Group's General Industry MU reported lower revenues compared to 3Q11, despite a partial offset from the increase in volume from new business areas within the sector.

Our Airports MU continued its positive trend seen earlier in the year, augmented by several considerable project wins for aircraft fuelling systems at Ghana's Kotoka International Airport and ground support equipment for Hong Kong International Airport, posting a solid 17.6% increase in revenues compared to the same period last year.

LOOKING AHEAD

In light of Cavotec's 3Q12 results and the strong performance expected for the next quarter, underpinned by the completion of the MoorMaster™ automated mooring project in Pilbara, Australia and our strong Order Book, I

feel confident upgrading expected FY12 revenues to the top end of our previously communicated guidance, which means an increase of between 13% to 15% compared to FY11 revenues.

Despite this, the Group cannot ignore the political and economic headwinds currently facing the world and the uncertainty they bring. Economic conditions throughout a large part of the world remain challenging and we continue to see the impact of these trends in varying degrees within Cavotec's MUs. These macro-economic developments are in part mitigated by the positive signals received from within our niche markets, leading the Group to adopt a cautiously optimistic posture for the coming period.

I would also like to highlight that strengthening and consolidating the various segments of an expanding organisation such as Cavotec requires a dedicated level of investment. We are on the right track with the on-going integration processes for INET and CombiBox, and I am confident we will see their respective contributions to Group results increase in the coming months.

Our intrinsic strength as a company lies in our global team, our managers and employees whose flexibility and resourcefulness in responding to rapidly shifting realities in the marketplace have ensured the continued success of the Group. I can assure you the entire team at Cavotec is focused on bringing 2012 to a successful close as the best year in our history.

THE REGIONS

The Americas registered a strong performance in 3Q12 with revenues rising 31.1% to EUR 10,092 thousands while for 9M12 the region saw an even more significant increase, supported by the full consolidation of Inet operations, with revenues rising by 87.8% to EUR 28,102 thousands. Order Book for the region is strong at EUR 24,085 thousands, up 30.8% compared to 9M11 and with a book to bill ratio at 1.2.

Europe & Africa maintained their positive momentum throughout 3Q12 posting a 31.5% increase in revenues, a 67.9% increase in gross operating result, and a 30.9% increase in order intake. 9M12 revenues also grew significantly to EUR 123,413 thousands compared to EUR 96,872 thousands in 9M11. Most importantly, the gross operating result for the region increased with 93.4% to EUR 14,714 thousands, while the order book for Europe & Africa increased with 16.6% in 9M12 compared to 9M11, to a total of EUR

59,930 thousands.

The Middle East & India region registered a slightly weaker performance compared to the same period last year, continuing the trend noted in 2Q12 and mainly due to a lack of large-scale projects. Despite this, continued cost control measures and steady day-to-day business ensured gross operating results coming in at break-even. Order intake for the region in 3Q12 increased significantly by 185.1% compared to the same period last year. This increase was mainly thanks to the MoorMaster™ order registered in July and a positive trend in day-to-day business.

Australasia registered the largest increase in gross operating result of all our regions for both 3Q12 and 9M12. Revenues amounted to EUR 14,307 thousands in 3Q12, up 162.2% compared to 3Q11 and gross operating result increased with 239.0% to EUR 2,336 thousands. Order intake was strong this quarter, up 57.5% compared to 3Q11. 9M12 revenues amounted to EUR 24,279 thousands, an increase of 39.2% and gross operating result for the same period amounted to EUR 2,601 thousands, an increase of 160.3% compared to 9M11.

Far East continued to grow steadily in 3Q12 posting a 22.4% increase in revenues, while order intake increased by 56.5% compared to 3Q11. Due to the on-going process of building up local manufacturing capacity at our Shanghai facility, the gross operating result for the region does not show a commensurate growth pattern for the period. 9M12 revenues amounted to EUR 19,650 thousands, up 22.9% while the gross operating result amounted to EUR 1,700 thousands, which is in line with 9M11 result. Order book stands at EUR 28,231 thousands, an increase of 27.4% compared to 9M11 with a book to bill ratio of 1.6.

REVENUES, EARNINGS AND PROFITABILITY

Quarterly results

Revenues increased by 13% to EUR 51,907 thousands in 3Q12 compared to EUR 45,955 thousands. Operating result amounted to EUR 2,572 thousands, down 22.3% in 3Q12 compared to 3Q11. Excluding the EUR 1,820 thousands cost of the on-going litigation, operating result would be up 32.7% compared to 3Q11.

Financial items were higher compared to the same period last year due to negative exchange fluctuation, which was only partly offset by lower interest expenses. Net profit reached EUR 1,336 thousands compared to EUR 2,310 thousands in 3Q11, down 42.1%.

Nine-months results

9M12 revenues reached EUR 153,189 thousands, an 18.1% increase compared to EUR 129,729 thousands in 9M11. Operating result increased with 12.3% in 9M12 to EUR 10,758 thousands against EUR 9,582 thousands in 9M11. Operating margin decreased to 7.0% from 8.1% in 1H12 and 7.4% in 9M11.

Financial items were higher in 9M12 compared to 9M11 mainly due to negative exchange fluctuation. Tax rate was slightly higher in 9M12 coming in at 31.0% compared to 24.0% in 9M11, due to lower contributions from low tax countries.

Net profit amounted to EUR 6,234 thousands, down 2.8% compared to EUR 6,410 thousands in 9M11, which was affected by the non-operating cost related to the listing on Nasdaq OMX in 2011.

CASH FLOW

Operating cash flow for the quarter amounted to EUR 6,866, compared to 11,007 in 3Q11. Year to date, operating cash flow totalled EUR 9,815 thousands, in line with 9M11 (9,944). Financial activities amounted to EUR 6,546, up significantly from 2,544 in 9M11, mainly due to increased borrowing net of payment of capital reduction. Cash flow from investing activities was negative at EUR 10,980 thousands due to investments in the expansion of the manufacturing facilities and the acquisition of CombiBox.

NET DEBT

Net debt decreased to EUR 24,068 thousands in 9M12 compared to EUR 25,333 thousands in 1H12 (FY11: EUR 23,708). Cash balances were unusually high due to large payments received from customers at the end of 3Q12. Twelve months rolling leverage ratio (Net Debt/EBITDA) ended at 1.27 in 9M12, unchanged compared to 1H12 (FY11: 1.31). Debt/equity ratio

decreased to 23.5% from 25.0% in both 1H12 and FY11.

EMPLOYEES

On 30 September 2012, Cavotec employed 898 people, unchanged compared to 31 December 2011.

For the full 3Q12 Report please download it from:
<http://investor.cavotec.com/results.cfm>

For further details please contact:

Michael Scheepers - Director, Investor Relations & PR

Telephone: +41919114011

Email: investor@cavotec.com

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.

Contacts



Memed Üzel

Press Contact

Chief Commercial Officer

memed.uzel@cavotec.com

+41 91 911 4010