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Cavotec 4Q12 report and full year 2012 summary

This is a summary of the fourth quarter 2012 report and full year 2012 summary published today. The complete fourth quarter 2012 report and full year summary 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.

• Accumulated revenues amounted to EUR 220,072 thousands in 2012, an increase of 15.8% compared to 2011 (189,969)

• Adjusted operating result[(1)] increased 51.6% to EUR 21,494 thousands (14,174)

• Order intake for the last twelve months rolling reached EUR 224,984 thousands

• Order book at 31 December 2012 stood at EUR 99,145 thousands, up 4.3% compared to 2011 (95,042)

• Record cash flow generation, with operating cash flow of EUR 11,900 thousands

• Earnings per share increased 93% to EUR 0.173 (0.089)

• The Board of Directors proposes a dividend of CHF 0.05 per share (0.02)

(1) *Operating result adjusted for special items*

A comment from the CEO

Cavotec continued to deliver consistent results through the past quarter, building on the positive trend set over the preceding 2012 quarters. The cornerstone for this strong performance has been the commitment throughout the whole Group to make 2012 a record year for Cavotec.

An important part of this commitment was to continue working in close partnership with our customers, developing innovative systems to meet their specific requirements. Underlining this strategy are the orders received in 4Q12 for some of our flagship technologies such as MoorMaster™ and for advanced ground support equipment from Cavotec INET in the US. During the quarter we also concluded the official handover of the PCAir project in Bahrain. The acquisition of ground support equipment manufacturer Combibox provided us a foothold in several new geographical areas, providing new market potential for our products and systems. On an organic basis we delivered a solid top line and profitability in a challenging market environment.

We continued our initiatives to maximise our own operational efficiency. A key aspect of this process were the significant actions taken in Germany to streamline production capacity and tailor our product range to reflect shifts in some of our markets. These steps will allow us to continue to deliver optimal performance more consistently across our operations in Germany and, by extension, throughout our Group.

Our sustained focus on the key long-term drivers of our business, such as the growing need for automation, increased demands for operational efficiency, and a continued drive towards environmental sustainability all continue to be fully relevant and show promising growth opportunities ahead. Looking at the short-term, question marks remain regarding the rate of growth in Europe and US and the effect this will have on the other economies around the world. We continue to have relatively low end-customer exposure to Europe, with both the US and BRIC countries showing a growing trend.

Despite macroeconomic headwinds in recent years, we have consistently demonstrated our ability to compete successfully and to maintain growth targets for both revenues and earnings. Thanks to our solid financial performance throughout the quarter and our solid cash generation, we are now in a position to propose an increase in shareholder remuneration.

Looking ahead

Although there remains uncertainty in the short-term regarding global economic growth, we are in a strong position thanks to our solid order book – EUR 110.4 million as of January 2013 – our broad product range and our extensive geographic scope enabling us to capitalise on profitable growth opportunities in the period ahead.

Looking at our Market Units we can expect continued growth to come from our Ports & Maritime MU with interesting prospects for MoorMaster and AMP technologies, combined with a renewed focus on less mature markets such as E-RTGs. The offshore industry is set to continue its significant growth seen in 2012. Similarly, our Airports MU stands to build on its substantial 2012 growth, mainly thanks to the on-going development of our complete system offering, significantly boosted by the addition of the INET product range.

The mining industry in general is set for a tough year ahead, especially with regards to the hard rock mining sector. As a consequence our Mining & Tunnelling MU will focus on further developing our presence in the open pit mining industry and related areas to compensate this trend.

Our General Industry MU will remain mostly stable compared to last year with a decrease in activity for cranes and robotics sectors offset by significantly increased activity in land rigs and defence.

We remain fully committed to the financial targets established at the time of our listing. The on-going initiatives to improve our margins have seen considerable progress despite pressure from several exceptional items, which we fully expect not to see repeated in 2013.

A strong emphasis will remain on driving forward cost savings and productivity improvements at our Centres of Excellence and other production facilities, while safeguarding our ability to deliver the best-in-class performance expected by our customers. We will continue to explore opportunities to develop our service revenues, secure the synergies from recent acquisitions, and deliver higher return on investments.

We have seen some excellent achievements this past year and I'm confident that 2013 will see a continuation of this positive trend.

The regions

The Americas increased revenues in FY12 by 52.9% to EUR 40,442 thousands, with both Ports & Maritime and Airports registering an increase more than 65% each. The new production facility in USA Inc. and the integration with the INET operations also contributed to the strong performance for the region. Despite the on-going litigation negatively affecting the Gross Operating Result, the underlying profitability was good. Order Book ended at EUR 23,433 thousands, an increase of 36.7% compared to FY11.

The Europe & Africa region posted a very strong performance in 2012, with revenues amounting to EUR 168,912 thousands. This increase represents a total growth of 25.4%, with a positive trend in activity registered in all four market units. Gross Operating Result reached EUR 19,375 thousands, an exceptional growth of 147.3% compared to FY11.

The main contributing factors to this growth are the strong results from our activities in Scandinavia and UK, and the re-export of our products and systems by OEMs to BRIC and other non-European countries, mainly thanks to the specification of our equipment through our global sales network. Order Book for the MU stands at EUR 54,996 thousands.

Middle East & India´s revenues amounted to EUR 24,215 thousands in FY12, a slight decrease compared to FY11 partially offset by an increase of day-to-day business with 31.7%. Despite the lack of larger projects in the region, the Order Book increased throughout the year by 6.6%, ending at EUR 22,427 thousands. Book to bill ratio reached 1.1.

Australasia increased revenues by 22.3% to EUR 37,481 thousands. This increase mainly comes from our activities in the mining sector and the delivery of MoorMaster™ units for projects in Australia. Gross Operating Result amounted to EUR 2,852 thousands, a decrease compared to FY11 due to more project-based revenues. Order Book ended at EUR 12,243 thousands.

The Far East registered a strong performance for the year with revenues totalling EUR 30,477 thousands, up 12.8% compared to FY11. The region had the largest increase in order intake, 37.8%, with the increase of activity in Hong Kong the main contributor to this positive development. Order Book reached EUR 31,560 thousands, up 91.4% compared to FY11 and with a book to bill ratio at an exceptional 1.5.

Revenues, earnings & profitability

Quarterly results

Revenues increased by 11% to EUR 66,884 thousands in 4Q12 compared to the record EUR 60,239 thousands in the same period of last year. Operating result amounted to EUR 7,220 thousands, more than double compared to 4Q12. Excluding the EUR 1,494 thousands cost related to the restructuring of the German operations and the on-going litigation, adjusted operating result reached EUR 8,714 thousands compared to EUR 4,340 in 4Q11.

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. The tax rate in the period was 17.3% benefitting from positive movements of deferred tax assets. Net profit reached EUR 5,958 thousands compared to a loss of EUR 566 thousands in 4Q11.

Full-year results

Revenues in 2012 amounted to EUR 220,072 thousands (189,969) a 6.8% organic growth rate; acquisitions contributed 3.5% while the positive currency effect was 5.5%.

Adjusted operating result increased to EUR 21,494 thousands resulting in an operating margin of 9.8% compared to 7.5% in 2011. Operating result increased by 41.7% in 2012 to EUR 17,978 thousands against EUR 12,684 thousands in 2011.

Cash flow

Operating cash flow for the quarter amounted to EUR 2,085 thousands, compared to negative 4,780 thousands in 4Q11. Year to date, operating cash flow totalled EUR 11,900 thousands a significant improvement compared to 2011 (5,164). Financial activities amounted to negative EUR 5,036 thousands following decreased borrowing and the payment of capital reduction. Cash flow from investing activities was negative at EUR 12,183 thousands due to investments in the expansion of the manufacturing facilities, the acquisition of CombiBox and the payment of the first tranche of the Inet earn-out.

Net debt

Net debt increased to EUR 24,511 thousands compared to EUR 24,068 thousands at the end of third quarter (FY11: EUR 23,708). Twelve months rolling leverage ratio (Net Debt/ EBITDA) ended at 1.13 (FY11: 1.38) and debt/equity ratio decreased to 22.9% from 25.0% at the end of 2011. At the beginning of 2013, the Group secured a EUR 15,000 thousands increase of the existing syndicated loan facility expiring in 2016 at the same conditions.

Employees

On 31 December 2012, Cavotec employed 890 full time equivalent people, a decrease of 6 compared to 31 December 2011.

For the full 4Q12 Report and full year 2012 summary please download it from: *http://investor.cavotec.com/results.cfm*

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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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