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Cavotec 4Q14 Report and Full Year 2014 Summary

This is a summary of the 4Q14 report and full year 2014 summary published today. The complete 4Q14 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.*

- Revenues amounted to EUR 72,209 thousands in 4Q14 an increase of 30.8% (4Q13: 55,220).
- Adjusted operating result (EBIT) amounted to EUR 9,336 thousands in the quarter compared to EUR 937 thousands in 4Q13.
- Order Intake amounted to EUR 49,340 thousands in 4Q14, a decrease of 23.7% (4Q13: 64,645).
- Order Book ended at EUR 100,967 thousands, a decrease of 12.7% compared to last year (FY13: 115,713).
- Book to bill ratio was 0.95x in FY14 compared to 1.08x in FY13.
- The Board of Directors proposes a dividend of CHF 0.05 per share (unchanged).

A comment from our CEO

Cavotec's 4Q14 performance underlines the strength and potential of the Company, with revenues for the quarter amounting to a record EUR 72 million, an increase of 30.8% compared to the same period in the previous year. 4Q14 adjusted operating result (EBIT) amounted to EUR 9 million, compared to EUR 937 thousands in 4Q13.

The quarter was also characterised by an unprecedented increase in manufacturing volumes, primarily due to the relatively high percentage of larger projects. Our manufacturing units were, however, able to meet these exceptional demands and in doing so, keep delivery schedules and service standards to our customers.

The excellent 4Q14 result brings us fully into line with our 2014 guidance, with FY14 revenues increasing 2.2% to EUR 233 million, (EUR 228 million), and an adjusted EBIT of 7.6%. Our order book remains strong at EUR 101 million, comprising a balanced mix of day-to-day business and larger projects.

Although these results are very encouraging, we will continue to focus on internal programmes to improve profitability throughout the coming year. Our profit improvement plan, announced in 3Q14, will continue to play an important role in re-dimensioning cost structures across the Group.

Operational highlights

Operational highlights for the quarter included successes for our Airports, Ports & Maritime and General Industry Market Units (MU).

In the US, we were awarded a significant project for aircraft manufacturer Airbus, for the supply of a complete 400Hz power system for the aircraft manufacturer's new production facility in Mobile, Alabama. Other major orders in the quarter included assembly line pit systems for Chinese aircraft

manufacturer Shaanxi, utility pit systems for Hainan Airlines, 400Hz power supply units for Chicago O'Hare Airport's new Terminal 5, and hydrant pit systems for the first phase of a new development at Moscow Domodedovo Airport.

The uptick in the Airports MU continued with the recently announced order for the supply of our innovative Sub-freezing DX-Boost Pre-conditioned Air (PCA) technology for cooling aircraft at the Presidential Flight Hangar at Abu Dhabi International Airport and at the Oman Air MRO (Maintenance, Repair & Overhaul) facility at Muscat International Airport.

Ports & Maritime also registered a strong quarter with several orders for our new Automatic Plug-in System (APS), which automates the connection of equipment such as cranes and ships to electrical power. These orders – for applications in Portugal and Turkey – illustrate the considerable potential APS has in the Ports & Maritime sector. The unit also won an order to supply MoorMaster™ automated mooring units to a container berth at the Port of Salalah in Oman, as well as orders for our Panzerbelt container crane power system with a project for a port in Mexico.

Our General Industry MU achieved some significant progress in India where we won our first order in that country from industrial conglomerate ThyssenKrupp for our innovative cable chain systems. Elsewhere, we received orders from a variety of customers around the world including in Finland, where we won an order to supply Radio Remote Control (RRC) units for use with drilling rigs; and in Argentina we secured a project with a major mining group for the supply of winder reels, also for drilling machines.

Looking ahead

Innovation remains an integral part of Cavotec's capacity to grow in the future, and we remain committed to developing new technologies that meet our customers' needs and supports the expansion of new markets. Growing interest in both our established and newer innovations, such as MoorMaster™ automated mooring and Human Operator Interface technologies, underlines the value of our continuing investment strategy in new technologies.

Effective financial management plays an important part in bringing Cavotec to the next level and I'm delighted that Kristiina Leppänen has been appointed as our new Group CFO, bringing the necessary experience and skills to support Cavotec's growth in the years ahead. Kristiina will assume her position on 1 May 2015, taking over from interim CFO Leena Essén. I would like to take this opportunity to thank Leena for the excellent work she has done, and continues to do, during her term as interim CFO.

For 2015, I expect moderate growth in revenues coupled with a strengthening EBIT margin towards the second half of the year. We also stand ready to resume our M&A activities once we have fully completed the

INET integration, which I believe will happen by the end of this year. Looking ahead at the coming period and our longer-term financial targets, I am confident to reiterate our financial goals of organic growth of 10% CAGR and an EBIT margin of 12% over the coming years.

The regions

The Americas recorded a gross operating loss of EUR 682 thousands in the quarter compared to a loss of EUR 4,468 thousand in 4Q13. This improvement was mainly thanks to revenues increasing 55.2% to EUR 17,188 thousands. Order intake increased by 5.1% to EUR 12,696 thousands compared to EUR 12,077 thousands in 4Q13.

Europe doubled its gross operating result in 4Q14 to EUR 5,878 thousands, compared to 2,931 thousands in 4Q13. Quarterly revenues increased by 26.7% to EUR 52,361 thousands (EUR 41,758). Order intake improved slightly with 1.9% to EUR 45,449 thousands compared to EUR 44,619 thousands in 4Q13.

The Middle East, Africa & India region recorded a 4Q14 gross operating loss of EUR 208 thousands, compared to a loss of EUR 27 thousands in 4Q13. This was due to lower quarterly revenues of EUR 6,816 thousands (EUR 7,754). The region recorded the strongest increase in order intake across the Group, up 42% to EUR 13,815 thousands.

Far East & South East Asia region recorded a gross operating result amounting to EUR 1,548 thousands, compared to a loss in 4Q13. Quarterly revenues increased by 23.6% to EUR 16,930 (EUR 13,693). Order intake decreased by 50.3% to EUR 10,565 thousands, with the difference mainly due to a large order for the Airports MU in 4Q13.

Oceania recorded a gross operating result of EUR 1,179 thousands, a decrease of 6.3% from EUR 1,258 thousands in 4Q13. Quarterly revenues increased by 11.4% to EUR 4,189 thousands (EUR 3,760). Order intake also increased, up 4.8% to EUR 4,570 thousands.

Revenues, earnings and profitability

Quarterly results

4Q14 adjusted operating result, after excluding restructuring and litigation costs, amounted to EUR 9,336 thousands compared to EUR 937 thousands in 4Q13. The adjusted operating margin reached 12.9%. This significant improvement is mainly due to positive volume and pricing development. Profit before income tax amounted to EUR 8,234 thousands compared to a loss of EUR 436 thousands in 4Q13, thanks to strong invoicing and favourable currency exchange differences. Net profit amounted to EUR 3,688 thousands compared to EUR 2,497 thousands.

Full year results

Adjusted operating result, after excluding non-recurring restructuring and litigation costs of EUR 5,195 thousands (2,003 thousands), amounted to EUR 17,756 thousands in FY14 compared to EUR 12,509 thousands in FY13, an increase of 41.9%. Revenue from sales had an organic growth of 3.9%, which was partly offset by negative exchange fluctuations (-1.7%). Operating expenses, excluding restructuring and litigation cost, increased by 3.6%, mostly due to cost of warranty.

Profit before income tax amounted to EUR 16,218 thousands, an increase of 81.4% compared to EUR 8,940 thousands in FY13. This was mainly due to the positive currency exchange differences offsetting increasing interest expenses. Net profit amounted to EUR 10,230 thousands compared to EUR 10,453 thousands in FY13.

Cash flow

Operating cash flow in 4Q14 amounted to EUR 896 thousands, compared to EUR 3,543 thousands in 4Q13. Financial activities amounted to EUR 3,753 thousands, mainly due to the repayment on the credit facility, while in 4Q13 the Group increased the loans with EUR 562 thousands. Concurrently the Group made several smaller investments, mostly in land and buildings, with the total investing activities amounting to EUR 609 thousands in 4Q14 compared to EUR 3,043 thousands in 4Q13.

Net debt

Net debt amounted to EUR 20,002 thousands in FY14 compared to EUR 36,070 thousands in FY13, mainly due to the positive effects following the capital increase in 3Q14.

As a consequence of the increase in profitability and the effects of the capital increase the leverage ratio improved significantly ending at 1.2x compared to 2.4x in FY13. Net debt/equity ratio changed to 14.5% from 33.2%.

Employees

On 31 December 2014, Cavotec employed 1,019 full time equivalent employees, an increase of two employees in the quarter.

*For the full 4Q14 Report and full year 2014 summary please go to:
<http://investor.cavotec.com/results.cfm>*

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For further details please contact:

Michael Scheepers

Group Director, IR & Corporate Communications

+41795024010 or michael.scheepers@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