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Cavotec SA - 3Q16 Report

This is a summary of the 3Q16 report published today. The complete 3Q16 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 for the quarter decreased 3.8%, amounting to EUR 51.3 million (3Q15: 53.3).
- Quarterly operating result (EBIT) ended with a profit of EUR 1.4 million (3Q15: 0.1), including non-recurring costs of EUR 0.2 million, corresponding to a margin of 2.7%.
- Net result for the period ended negative at EUR 0.6 million

- (3Q15: -4.0).
- Order Intake increased by 2.8% in the quarter to EUR 46.5 million (3Q15: 45.2).
- Order Book increased 2.0% to EUR 100.4 million (FY15: 98.4).
- Book to bill ratio was at 1.01x compared to 1.14x in 9M15.

CEO's comments

3Q16 revenues amounted to EUR 51.3 million, a 3.8 per cent decrease compared to the same period last year. As in 2Q16, the Group's results were characterised by robust day-to-day business and a lack of major orders. A continued absence of larger projects into 1Q17 would weigh on results. Despite these challenging conditions, we were able to make further cost reductions, improve our working capital, and cash flow performance.

Organic revenue decreased 2.7 per cent, and our gross margin increased quarter-on-quarter. Order intake rose 2.8 per cent from a year earlier, amounting to EUR 46.5 million. Order book increased 2.0 per cent to EUR 100.4 million. Currency exchange differences had a negative impact on revenues for the quarter.

Despite the slowdown in major orders, our Airports and Ports & Maritime market units registered a number of substantial projects in the period. These included orders for our innovative Alternative Maritime Power systems in Hong Kong. The Ports & Maritime unit also won orders for a number of motorised cable reels for cranes including from leading port operator DP World.

We continue to invest in our [MoorMaster™ technology](#), which enables customers to make substantial improvements in safety and operational efficiency at port applications. To date, around 200 MoorMaster™ units have performed some 215,000 mooring operations at ferry, bulk handling, Ro/Ro, container and lock applications worldwide.

In September, the carbon fibre passenger ferry, [Vision of the Fjords](#), was named "Ship of the Year" at the SMM in Hamburg, the world's leading maritime trade fair. The battery-powered hybrid vessel relies on Cavotec shore power systems to charge its battery units, and is now in operation between two berths in southern Norway. It is high-profile applications such as these that highlight the considerable potential of our advanced technologies, especially in areas such as automation, remote control, mooring and shore power provision.

Our [Airports](#) unit also secured several encouraging projects, including orders for pre-conditioned air systems (PCA), along with a number of other aircraft utility pit systems for applications in the US, for example from aircraft manufacturer Boeing, and elsewhere.

Another area where we continued to see positive developments was our Human Operating Interface (HOI) technologies, with Cavotec Finland and Cavotec Micro-control achieving numerous project sales during the period.

Operationally, we are proceeding with the implementation of efficiency measures across the Group, especially at our operations in Germany, Norway, and the US. We remain committed to introducing the necessary organisational changes to the Group to ensure future profitability – a process that will benefit customers, shareholders and employees alike.

LOOKING AHEAD

While major orders have been postponed in recent months, we are encouraged by a number of such projects in the pipeline. We maintain our cautious outlook going forward, with challenging macro-economic conditions likely to result in subdued demand in a majority of markets and sectors in the months ahead.

Cavotec is monitoring costs closely under our Group-wide rationalisation programme and we are actively reducing expenses wherever possible. We will continue to focus on our key technologies in areas with the greatest potential for growth – automation and electrification in particular.

ENDS

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The information in this release is subject to the disclosure requirements of Cavotec SA under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on 3 November 2016 at 12:00 CET.

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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