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Michael Colaco sells 2.8 million Cavotec shares to pay USD 6.7 million to Cavotec

The Chief Executive Officer of [Cavotec](#) SA ("Cavotec" or the "Company"), Ottonel Popesco, is pleased to announce that on 17 May 2016, Michael Colaco, the former owner of INET Airport Systems, sold 2.8 million shares in Cavotec SA in order to pay USD 6.7 million pursuant to the court judgment entered in favour of Cavotec in a lawsuit in the Orange County Superior Court in California, USA. The payment of USD 6.7 million is in addition to payments Cavotec already collected from Mr. Colaco that totalled USD 1.8 million.

As previously reported, Mr. Colaco has filed a Notice of Appeal of the

judgment, and Cavotec expects Mr. Colaco to proceed with his appeal, which could postpone a final settlement to early 2017. The payment made by Mr. Colaco will positively affect the Company's 2Q16 results by approximately USD 5.8 million.

The background to this payment is the lawsuit in the U.S. that was filed by Mr. Colaco in 2012 against Cavotec and its Chairman and CEO. The lawsuit was initiated by Mr. Colaco, the former owner of INET Airport Systems, following his suspension and dismissal as Managing Director of Cavotec INET and as a member of the Company's Executive Management Committee. The Company filed several counter-claims against Mr. Colaco, his former company, and others, including claims for breach of fiduciary duty, misappropriation of funds, and breach of contract.

Following a seven-week courtroom trial in California between Cavotec and Mr. Colaco, a 12-person jury, on 18 and 19 June, 2015 (PSDT), issued a verdict in favour of Cavotec, the Chairman of its Board of Directors, and the CEO. The jury rejected Mr. Colaco's claim in his lawsuit that Cavotec, the Chairman and the CEO owed him USD 3.8 million pursuant to agreements that were allegedly breached. The jury instead determined that Mr. Colaco breached his fiduciary duties to Cavotec with malice, oppression and fraud, and, that, as a result, he must pay compensatory and punitive damages, plus attorneys' fees and costs, for a total judgment of USD 8 million to Cavotec subsidiary, Cavotec INET US Inc. Accordingly, the verdict effectively amounted to a victory for Cavotec in the amount of USD 11.8 million.

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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