4Q 2017 | Fourth quarter and Full-year report 2017

Transformation plan progressing

Fourth quarter 2017

- **Revenues for the quarter amounted to EUR 56.6 million, a decrease of 6.0% compared to previous year (60.2).**
- **EBIT excluding non-recurring items amounted to EUR 6.9 million (8.5), corresponding to a margin of 12.2% (14.1%).**
- **Non-recurring items amounted to EUR 19.4 million including the impairment of goodwill in Airports & Industry division for a non-cash charge of EUR 18.3 million.**
- **Impact of US Tax Reform resulted in a non-cash write-down of deferred taxes of EUR 6.6 million.**
- **Net result for the period was a loss of EUR -20.4 million (4.9). Earnings per share basic and diluted decreased to EUR -0.260 (0.063).**
- **Operating cash flow ended positive at EUR 18.0 million (7.7).**

Full-year 2017

- **Revenues amounted to EUR 212.4 million, an increase of 0.4% compared to previous year (211.5).**
- **EBIT excluding non-recurring items amounted to EUR 9.6 million (12.1), corresponding to a margin of 4.5% (5.7%).**
- **Non-recurring items amounted to EUR 27.6 million including the impairment of goodwill in Airports & Industry division for a non-cash charge of EUR 18.3 million.**
- **Net result for the period was a loss of EUR -31.8 million (6.5). Earnings per share basic and diluted decreased to EUR -0.405.**
- **Operating cash flow was EUR 12.9 million (10.1).**
- **Net debt decreased to EUR 20.4 million (22.7).**
- **The Board of Directors will propose a dividend, in the form of capital reduction, of CHF 0.02 (0.05) per share to the OGM.**

TRANSFORMATION PLAN – IMPORTANT EVENTS

Q3 2017

- Identification of operational strenghts and weaknesses
- Development of Transformation plan
- 50 development projects defined
- Balance sheet review resulting in operational write-downs

Q4 2017

- Introduction of new organization, consisting of three fully accountable Divisions: Ports & Maritime, Airports & Industry and Services
- Internal launch of transformation projects
- Continued balance sheet review resulting in impairment and tax write-downs

FINANCIAL SUMMARY

	Quarter			YTD		
EUR 000's	**4Q17**	**4Q16**	**Delta**	**FY17**	**FY16**	**Delta**
Order intake	44,513	63,116	-29.5%	194,618	216,396	-10.1%
Order book	85,577	103,325	-17.2%	85,577	103,325	-17.2%
Revenues	56,601	60,222	-6.0%	212,360	211,518	0.4%
EBITDA excluding non - recurring items	7,985	10,197	-21.7%	13,925	17,171	-18.9%
EBITDA excluding non - recurring items %	14.1%	16.9%	-2.8%	6.6%	8.1%	-1.6%
EBITDA	7,468	7,581	-1.5%	6,322	17,375	-63.6%
EBITDA, %	13.2%	12.6%	0.6 pp	3.0%	8.2%	-5.2 pp
EBIT excluding non - recurring items	6,898	8,510	-18.9%	9,587	12,078	-20.6%
EBIT excluding non - recurring items %	12.2%	14.1%	-1.9%	4.5%	5.7%	-1.2%
EBIT	(12,514)	5,894	-312.3%	(17,997)	12,281	-246.5%
EBIT, %	-22.1%	9.8%	-31.9 pp	-8.5%	5.8%	-14.3 pp
Result for the period	(20,414)	4,908	-516.0%	(31,771)	6,484	-590.0%
Basic and diluted earnings per share, EUR	(0.260)	0.063	-516.2%	(0.405)	0.083	-590.1%
Operating cash flow	17,983	7,723	132.9%	12,861	10,130	27.0%
Net debt	(20,441)	(22,713)	-10.0%	(20,441)	(22,713)	-10.0%
Equity/assets ratio	49.6%	59.7%	-10.1 pp	49.6%	59.7%	-10.1 pp
Leverage ratio	1.47x	1.34x	-0.1x	1.47x	1.34x	-0.1x
Full time equivalent employees	970	1001	(31)	970	1001	(31)

Comment from the CEO

Stable progress despite high transformation pace
In the fourth quarter, we initiated our internal transformation project, called A New Day, to increase our efficiency and capability, after recent years of stagnant growth and unsatisfactory profitability. We're working from a position of strength in terms of customer relations and technology. But a fragmented structure, weak internal accountability and processes have prevented us from reaching our full potential. Having led a transformation process of this nature several times before in my career, my experience is that it takes time. However, I am confident that it will move us into an era of successful growth for the long term.

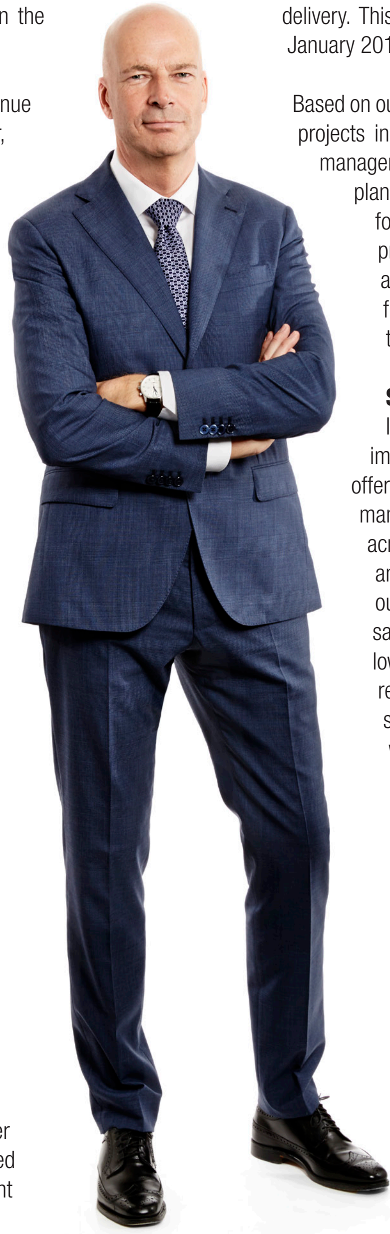
Despite our high rate of transformation, we achieved revenues for the full year that were in line with the previous year, although down somewhat in the fourth quarter. Net sales increased by 0.4% for the full year, but decreased by 6% in the fourth quarter.

The Airports and Industry division achieved high revenue growth for both the full year and the fourth quarter, and order intake was up on the previous year. We're experiencing increasing interest in our offerings, including heating and cooling systems, converters and fuelling pit systems in the airport sector, as well as reels and radio remote control systems in mining and other industries.

Revenues in Ports & Maritime were lower in the last three quarters compared to the previous year due to market softness–investment remains low with a limited number of large orders or project opportunities. However, we do expect increased activity with better market conditions in the medium term. This is especially evident in the container terminal business, where we're seeing increased interest in our automatic mooring and charging solutions.

Fourth-quarter EBIT excluding non-recurring items decreased by EUR 1.6 million to EUR 6.9 million, and by EUR 2.5 million to EUR 9.6 million for the full year. Overall, progress means that operating margin was 12.2% for the fourth quarter and 4.5% for the full year. As an outcome of improved working capital management, we saw good progress in our cash flow towards the end of the year resulting in full-year cash flow from operating activities of EUR 12.9 million.

The ongoing review of our Balance Sheet, that was initiated in the third quarter, resulted in a goodwill impairment of EUR 18.3 million in the fourth quarter for INET Airport Systems Inc., which was acquired in 2011. This impairment loss reflects the current value of these operations but will have no cash effect. It is important to clarify that the technologies coming from the acquisition are strategic for Cavotec, and will remain an important component of our turnkey solutions for customers in the airport sector. A non-cash charge of EUR 6.6 million related to a change in US tax legislation and the impairment was also made.



TRANSFORMATION PLAN
What was very clear from my interviews with employees and customers in the third quarter was that accountability and clarity about responsibilities were an issue at Cavotec, which was obstructing efficiency and future growth. Accordingly, we decided to streamline and simplify decision-making by creating three business divisions with clear profit and loss ownership, from product development through to sales and delivery. This new organisational structure became effective 1 January 2018.

Based on our findings, we also started almost 50 transformation projects in the quarter, including customer and key account management, procurement, SOP deployment and production planning. We have involved more than 200 employees for this journey, who are all fully behind it. Almost all projects started in the fourth quarter of 2017, about a quarter of them will be complete at the end of the first quarter 2018, another quarter by the midpoint of the year, and the remainder before year-end 2018.

Stable process and long-term strategy
In 2018, we will continue investing in actions to improve operational efficiency, enhance our customer offering and ensure that all employees have clear mandates, responsibilities and accountability right across our organisation. I'm confident that our people and technologies put us in a unique position to help our customers take advantage of global trends in safety, automation, and sustainability, although the lower order intake during 2017 will be reflected in revenues in the short to medium term. We have a strong position in our markets, while our challenges, which we are now addressing, are all internal. This means that we are truly masters of our own destiny–which is a great place to be!

Lugano, February 23, 2018

Mikael Norin
Chief Executive Officer

ORDER INTAKE AND REVENUES

	Order Intake			
EUR 000's	**4Q17**	**4Q16**	**FY17**	**FY16**
Order Intake	44,513	63,116	194,618	216,396
Increase/decrease	(18,602)	8,349	(21,778)	(13,303)
Percentage change	-29.5%	15.2%	-10.1%	-5.8%
Of which				
- Volumes and prices	-20.9%	20.5%	-7.6%	-2.4%
- Currency effects	-8.5%	-5.2%	-2.5%	-3.4%

	Revenues			
EUR 000's	**4Q17**	**4Q16**	**FY17**	**FY16**
Revenues	56,601	60,222	212,360	211,518
Increase/decrease	(3,621)	(18,592)	842	(20,705)
Percentage change	-6.0%	-23.6%	0.4%	-8.9%
Of which				
- Volumes and prices	-3.6%	-22.3%	1.7%	-7.3%
- Currency effects	-2.4%	-1.3%	-1.3%	-1.6%

BUSINESS UNITS

	Order Intake					
EUR 000's	**4Q17**	**4Q16**	**Change %**	**FY17**	**FY16**	**Change %**
Ports & Maritime	20,872	22,523	-7.3%	67,332	84,736	-20.5%
Airports & Industry	23,641	40,593	-41.8%	127,286	131,660	-3.3%
Total	**44,513**	**63,116**	**-29.5%**	**194,618**	**216,396**	**-10.1%**

	Revenues					
EUR 000's	**4Q17**	**4Q16**	**Change %**	**FY17**	**FY16**	**Change %**
Ports & Maritime	22,981	27,020	-15.1%	79,715	95,094	-16.2%
Airports & Industry	33,620	33,202	1.3%	132,645	116,420	13.9%
Total	**56,601**	**60,222**	**-6.0%**	**212,360**	**211,514**	**0.4%**

	Book/Bill ratio		Book/Bill ratio		Order Book		
EUR 000's	**4Q17**	**4Q16**	**FY17**	**FY16**	**FY17**	**FY16**	**Change %**
Ports & Maritime	0.91	0.83	0.84	0.89	35,778	48,162	-25.7%
Airports & Industry	0.70	1.22	0.96	1.13	49,799	55,163	-9.7%
Total	**0.79**	**1.05**	**0.92**	**1.02**	**85,577**	**103,325**	**-17.2%**

Financial Review

Revenues development

Quarterly results

Revenues decreased 6.0% to EUR 56.6 million (60.2), mainly due to a slow down in the Ports & Maritime market which was not fully compensated by the strong performance within Airports and Industry.

Order intake in the fourth quarter 2017 was EUR 44.5 million (63.1). The lower order intake compared to the same quarter 2016 is explained by lower activity within the Ports & Maritime market and delayed orders in both the Ports & Maritime and Airports business, while orders in the Industry business contributed positively.

Ports & Maritime

Revenues in Ports & Maritime decreased 15.1% to EUR 22.9 million (27.0). Investment levels in container terminals remained subdued with a limited number of large orders or project deliveries, while positive signs of recovery are visible in cable reels, and to some extent MoorMaster™ markets.

Airports & Industry

Revenues in Airports & Industry amounted to EUR 33.6 million (33.2). The order intake was strong compared to previous year, partly explained by high interest in fueling pit systems and converters, while the positive trend in industry continues with high demand for reels and radio remote control systems.

Twelve months results

Revenues increased 0.4% to EUR 212.4 million (211.6), mainly due to strong development within Airport & Industry in all quarters while revenues in Ports & Maritime were weaker during the last three quarters compared to previous year due to a slow down in the Ports & Maritime market. The contribution in the twelve months from revenues of long term contracts projects recognized according to IAS 11 was EUR 28.8 million (8.1).

Order intake in 2017 was EUR 194.6 million (216.4). The fall in order intake on 2016 was due to reduced activity in the Ports & Maritime market while the order intake in Airports & Industry was strong, mainly driven by project orders of PCA and 400Hz including underground services and high demand in the mining industry.

Write-downs

The balance sheet review that was initiated during the third quarter 2017 resulted in an impairment of goodwill in the Airports & Industry division in the fourth quarter amounting to EUR -18.3 million, hitting the operating result but not the cashflow. The impairment relates to the acquisition of INET Airport Systems Inc. made in 2011. The operation is in a turnaround phase, strategically important for Cavotec and will continue to be an important part of Cavotec's future. Furthermore, a revaluation of assets held for sale was made, amounting to EUR -0.6 million and restructuring costs amounting to EUR -0.6 million were recorded.

EBIT

Quarterly results

EBIT amounted to EUR -12.5 million (5.9), corresponding to an operating margin of -22.1% (9.8%). Goodwill impairment, write-downs and restructuring costs had a negative impact of EUR 19.5 million. Adjusted EBIT amounted EUR 6.9 million (8.5).

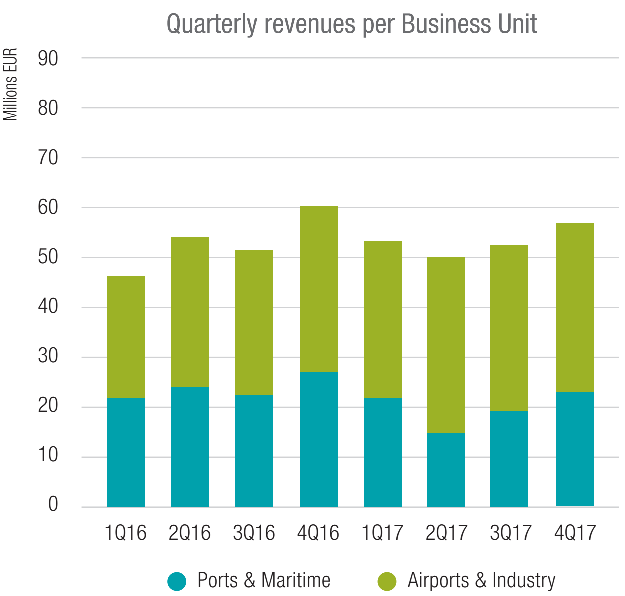
Twelve months results

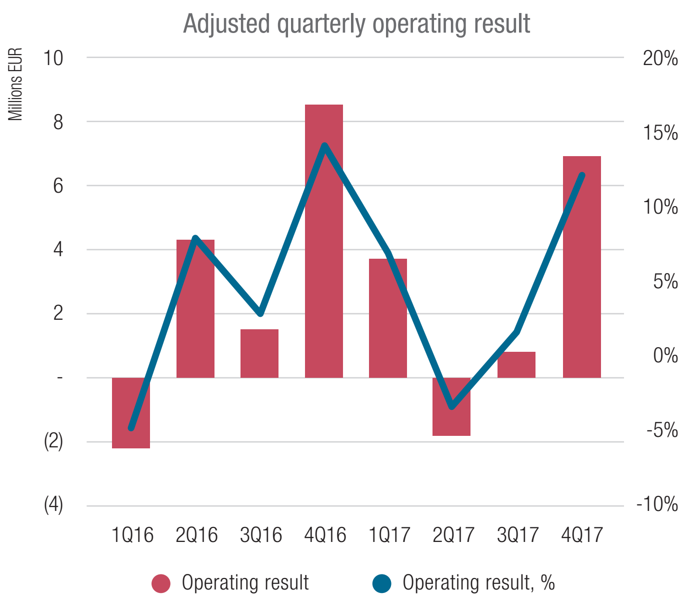
EBIT amounted to EUR -18.0 million (12.3), corresponding to an operating margin of -8.5% (5.8%). Non-recurring items had a negative impact of EUR 27.6 million. Adjusted EBIT amounted to EUR 9.6 million (12.1).

Result for the period and earnings per share

Quarterly results

Profit before tax amounted to EUR -13.7 million (6.8). Finance costs amounted to EUR -1.2 million (0.5), of which interest expenses of EUR -0.5 million and exchange differences of EUR -0.7 million. Adjusted profit before tax amounted to EUR 5.8 million (11.2).





Income tax for the fourth quarter amounted to EUR -6.8 million (-1.9), of which a charge of EUR -2.8 million resulting from the revaluation of U.S. deferred taxes following the change in U.S. corporate income tax rate and EUR -3.8 million due to a consequence of the goodwill impairment and changes in the estimated recoverability of DTAs on losses carried forward in US.

The net result for the period was EUR -20.4 million (4.9).

Earnings per share amounted to EUR -0.260 (0.063) on basic and diluted basis.

Twelve months results
Profit before tax amounted to EUR -23.1 million (11.3). Finance costs amounted to EUR -5.1 million (12M16: -1.8) of which interest expenses of EUR -1.7 million and exchange differences of EUR -3.4 million. Impairment, write downs and restructuring costs had a negative impact of EUR 27.6 million. Adjusted profit before tax amounted to EUR 4.5 million (11.1).

Income tax for the period amounted to EUR -8.7 million (4.8).

Net result for the period amounted to EUR -31.8 million (6.4).
Earnings per share amounted to EUR -0.405 (0.083) on basic and diluted basis.

Cash flow

Quarterly results
Cash flow from operating activities ended positive at EUR 18.0 million (7.7) in the fourth quarter of 2017, mainly due to the decrease in accounts receivable, collection of project related overdues and by an efficient working capital management.

Cash flow from investing activities amounted to EUR -0.5 million (-1.3). Capital expenditure was due to capitalization of R&D costs and investments in new production facilities also in 4Q17.

Cash flow from financing activities was EUR 5.0 million (-10.8), as a consequence of an increase in utilization of the revolving credit facility.

Cash and cash equivalents amounted to EUR 28.7 million at 31 December 2017 (15.0).

Twelve months results
Cash flow from operating activities was EUR 12.9 million in the twelve months (10.1 million). Cash flow from investing activities amounted to EUR -3.5 million (-4.0). Financial activities was positive at EUR 9.9 million (-12.4).

Financial Position

Cavotec's total assets amounted to EUR 210.7 million at 31 December 2017 (243.5). The equity to assets ratio was 49.7% at 31 December 2017 (59.7%).

Consolidated net debt including pension liabilities was EUR 20.4 million at 31 December 2017 (22.7).

Employees

The number of full time equivalent employees in Cavotec Group was 970 as of 31 December 2017 (1001).

Dividend

The Board of Directors will propose a dividend, in the form of capital reduction, of CHF 0.02 (0.05) per share, corresponding approximately to EUR 0.017 (0.047), subject to shareholder approval at the company's ordinary general meeting on April 12, 2018.

Connect LNG – EX-certified MoorMaster™ units enable the first ever transfer of liquefied natural gas (LNG) from a ship to a floating LNG platform.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 000's	Unaudited three months 31 Dec, 2017	Unaudited three months 31 Dec, 2016	Audited year 31 Dec, 2017	Audited year 31 Dec, 2016
Revenue from sales of goods and services	56,601	60,222	212,360	211,518
Other income	1,299	1,297	4,187	8,745
Cost of materials	(25,560)	(27,633)	(107,931)	(97,965)
Employee benefit costs	(15,340)	(15,270)	(65,866)	(64,964)
Operating expenses	(9,532)	(11,035)	(36,428)	(39,959)
Gross Operating Result	**7,468**	**7,581**	**6,323**	**17,375**
Depreciation and amortisation	(1,069)	(1,687)	(4,334)	(5,094)
Impairment losses	(18,913)	-	(19,986)	-
Operating Result	**(12,514)**	**5,894**	**(17,997)**	**12,281**
Interest income	99	187	259	764
Interest expenses	(503)	(530)	(1,702)	(1,850)
Currency exchange differences - net	(696)	1,269	(3,409)	77
Other financial item	-	-	(242)	-
Result before income tax	**(13,614)**	**6,820**	**(23,092)**	**11,272**
Income taxes	(6,800)	(1,913)	(8,679)	(4,788)
Result for the period	**(20,414)**	**4,908**	**(31,771)**	**6,484**
Other comprehensive income:				
Remeasurements of post employment benefit obligations	(16)	118	18	122
Items that will not be reclassified to profit or loss	**(16)**	**118**	**18**	**122**
Currency translation differences	(511)	2,588	(6,084)	1,168
Items that may be subsequently reclassified to profit /(loss)	**(511)**	**2,588**	**(6,084)**	**1,168**
Other comprehensive income for the period, net of tax	**(527)**	**2,706**	**(6,066)**	**1,290**
Total comprehensive income for the period	**(20,941)**	**7,613**	**(37,837)**	**7,774**
Total comprehensive income attributable to:				
Equity holders of the Group	(20,940)	7,611	(37,833)	7,773
Non-controlling interest	(1)	2	(4)	1
Total	**(20,941)**	**7,613**	**(37,837)**	**7,774**
Result attributed to:				
Equity holders of the Group	(20,414)	4,908	(31,771)	6,484
Total	**(20,414)**	**4,908**	**(31,771)**	**6,484**
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.260)	0.063	(0.405)	0.083
Average number of shares	78,416,167	78,443,019	78,415,902	78,443,019

CONSOLIDATED BALANCE SHEET

EUR 000's	Audited 31 Dec, 2017	Audited 31 Dec, 2016
Assets		
Current assets		
Cash and cash equivalents	28,718	14,982
Trade receivables	40,958	51,585
Tax assets	916	1,096
Other current receivables	10,630	6,086
Inventories	36,819	40,213
Assets held for sale	4,815	3,953
Total current assets	**122,854**	**117,914**
Non-current assets		
Property, plant and equipment	18,168	22,060
Intangible assets	52,971	75,124
Non-current financial assets	264	299
Deferred tax assets	9,294	20,425
Other non-current receivables	7,134	7,763
Total non-current assets	**87,831**	**125,671**
Total assets	**210,685**	**243,586**
Equity and Liabilities		
Current liabilities		
Current financial liabilities	(2,873)	(3,801)
Trade payables	(33,585)	(30,047)
Tax liabilities	(1,109)	(3,630)
Provision for risk and charges, current	(5,362)	(6,123)
Other current liabilities	(9,676)	(11,109)
Total current liabilities	**(52,606)**	**(54,710)**
Non-current liabilities		
Non-current financial liabilities	(45,627)	(32,952)
Deferred tax liabilities	(2,812)	(6,854)
Other non-current liabilities	(777)	(351)
Provision for risk and charges, non-current	(4,387)	(3,269)
Total non-current liabilities	**(53,604)**	**(43,426)**
Total liabilities	**(106,210)**	**(98,136)**
Equity		
Equity attributable to owners of the parent	(104,448)	(145,418)
Non-controlling interests	(27)	(32)
Total equity	**(104,475)**	**(145,450)**
Total equity and liabilities	**(210,685)**	**(243,586)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 000's	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Audited						
Balance as at 1 January 2016	(88,772)	(11,069)	(39,998)	**(139,840)**	(30)	**(139,870)**
(Profit) / Loss for the period	-	-	(6,484)	**(6,484)**	-	**(6,484)**
Currency translation differences	-	(1,166)	-	**(1,166)**	(1)	**(1,168)**
Remeasurements of post employment benefit obligations	-	(122)	-	**(122)**	-	**(122)**
Total comprehensive income and expenses	**-**	**(1,288)**	**(6,484)**	**(7,773)**	**(1)**	**(7,774)**
Capital reduction	1,930	(4)	-	**1,926**	-	**1,926**
Acquisition of Treasury shares	-	347	-	**347**	-	**347**
Issue of Treasury shares to employees	-	(81)	-	**(81)**	-	**(81)**
Transactions with shareholders	**1,930**	**264**	**-**	**2,193**	**-**	**2,193**
Balance as at 31 December 2016	**(86,842)**	**(12,094)**	**(46,482)**	**(145,418)**	**(32)**	**(145,450)**
Audited						
Balance as at 1 January 2017	(86,842)	(12,094)	(46,482)	**(145,418)**	(32)	**(145,450)**
(Profit) / Loss for the period	-	-	31,771	**31,771**	-	**31,771**
Currency translation differences	-	6,080	-	**6,080**	4	**6,084**
Remeasurements of post employment benefit obligations	-	(18)	-	**(18)**	-	**(18)**
Total comprehensive income and expenses	**-**	**6,062**	**31,771**	**37,833**	**4**	**37,837**
Capital reduction	3,216	(6)	-	**3,210**	-	**3,210**
Issue of Treasury shares to employees	-	(73)	-	**(73)**	-	**(73)**
Transactions with shareholders	**3,216**	**(79)**	**-**	**3,137**	**-**	**3,137**
Balance as at 31 December 2017	**(83,626)**	**(6,111)**	**(14,711)**	**(104,448)**	**(27)**	**(104,475)**

CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD

EUR 000's	Unaudited three months 31 Dec, 2017	Unaudited three months 31 Dec, 2016	Audited year 31 Dec, 2017	Audited year 31 Dec, 2016
Profit for the period	**(20,414)**	**4,908**	**(31,771)**	**6,484**
Adjustments for:				
Net interest expenses	327	264	1,123	763
Current taxes	(56)	1,943	2,438	5,403
Depreciation and amortisation	1,069	1,687	4,334	5,093
Impairment losses	18,913	-	19,986	-
Deferred tax	6,856	(30)	6,241	(615)
Provision for risks and charges	(3,794)	471	1,613	(268)
Capital gain or loss on assets	(7)	(22)	(119)	(153)
Other items not involving cash flows	(249)	(3,058)	3,410	(643)
Interest paid	(412)	(245)	(1,110)	(742)
Taxes paid / received	(1,193)	(163)	(4,874)	(5,845)
	21,454	**847**	**33,042**	**2,993**
Cash flow before changes in working capital	**1,040**	**5,755**	**1,271**	**9,477**
Impact of changes in working capital:				
Inventories	7,875	5,544	1,372	2,356
Trade receivables	(449)	(5,591)	11,309	11,095
Other current receivables	11,369	1,612	(4,595)	893
Trade payables	(1,118)	1,511	3,630	(7,980)
Other current liabilities	(1,085)	(883)	(1,143)	(3,883)
Long term receivables and liabilities	257	(225)	1,017	(1,828)
Impact of changes involving working capital	**16,849**	**1,968**	**11,590**	**653**
Net cash inflow / (outflow) from operating activities	**17,889**	**7,723**	**12,861**	**10,130**
Financial activities:				
Proceeds of loans and borrowings	(3,814)	(1,169)	16,063	345
(Repayments) of loans and borrowings	(1,089)	(9,621)	(2,649)	(10,252)
Capital reduction	66	-	(3,539)	(2,156)
Purchase of own shares	-	-	-	(347)
Net cash inflow / (outflow) from financial activities	**(4,837)**	**(10,790)**	**9,875**	**(12,410)**
Investing activities:				
Investments in property, plant and equipment	(420)	(891)	(2,112)	(2,409)
Investments in intangible assets	(45)	(541)	(1,585)	(1,859)
Disposal of assets	3	91	207	287
Net cash inflow / (outflow) from investing activities	**(462)**	**(1,341)**	**(3,490)**	**(3,981)**
Cash at the beginning of the period	16,905	17,474	14,982	20,610
Cash flow for the period	12,590	(4,408)	19,246	(6,261)
Currency exchange differences	(777)	1,916	(5,510)	633
Cash at the end of the period	**28,718**	**14,982**	**28,718**	**14,982**
Cash comprises:				
Cash and cash equivalents	28,718	14,982	28,718	14,982
Total	**28,718**	**14,982**	**28,718**	**14,982**

SEGMENT INFORMATION

EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Unaudited Three months ended 31 December 2017				
Revenue from sales of goods and services	22,981	33,620	-	**56,601**
Other income	673	616	-	**1,289**
Cost of materials and operating expenses before depreciation and amortisation	(19,726)	(29,086)	(1,621)	**(50,433)**
Gross Operating Result	**3,928**	**5,150**	**(1,621)**	**7,458**
Unaudited Three months ended 31 December 2016				
Revenue from sales of goods and services	27,020	33,202	-	**60,222**
Other income	801	456	40	**1,297**
Cost of materials and operating expenses before depreciation and amortisation	(25,387)	(27,348)	(1,202)	**(53,937)**
Gross Operating Result	**2,434**	**6,310**	**(1,162)**	**7,582**
Audited Year ended 31 December 2017				
Revenue from sales of goods and services	79,715	132,645	-	**212,360**
Other income	1,868	2,319	-	**4,187**
Cost of materials and operating expenses before depreciation and amortisation	(80,769)	(123,110)	(6,346)	**(210,225)**
Gross Operating Result	**814**	**11,854**	**(6,346)**	**6,322**
Audited Year ended 31 December 2016				
Revenue from sales of goods and services	95,094	116,424	-	**211,518**
Other income	1,685	2,240	4,820	**8,745**
Cost of materials and operating expenses before depreciation and amortisation	(86,370)	(109,452)	(7,066)	**(202,888)**
Gross Operating Result	**10,409**	**9,212**	**(2,246)**	**17,375**

PARENT COMPANY - CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000's	Unaudited three months 31 Dec, 2017	Unaudited three months 31 Dec, 2016	Audited year 31 Dec, 2017	Audited year 31 Dec, 2016
Dividend	-	-	-	64
Other income	293	(36)	2,612	2,245
Employee benefit costs	(128)	(138)	(1,438)	(791)
Operating expenses	(18,599)	(355)	(19,575)	(1,420)
Operating Result	**(18,434)**	**(529)**	**(18,401)**	**98**
Interest expenses - net	(7)	(7)	(27)	(27)
Currency exchange differences - net	2	(1)	(420)	(257)
Profit / (Loss) before income tax	**(18,439)**	**(537)**	**(18,848)**	**(186)**
Income taxes	(52)	(19)	(177)	(62)
Profit / (Loss) for the period	**(18,492)**	**(556)**	**(19,024)**	**(248)**
Other comprehensive income:				
Actuarial gain (loss)	24	8	24	8
Total comprehensive income for the period	**(18,468)**	**(548)**	**(19,000)**	**(240)**

PARENT COMPANY - CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000's	Audited year 31 Dec, 2017	Audited year 31 Dec, 2016
Assets		
Current assets		
Cash and cash equivalents	19	73
Trade receivable	1,020	589
Tax assets	20	24
Other current receivables	9	2
Total current assets	**1,068**	**689**
Non-current assets		
Investment in subsidiary companies	137,303	155,622
Deferred tax assets	42	34
Total non-current assets	**137,345**	**155,656**
Total assets	**138,414**	**156,345**
Equity and Liabilities		
Current liabilities		
Bank overdrafts	(62,002)	(58,226)
Current financial liabilities	(1,955)	(1,955)
Trade payables	(249)	(287)
Other current liabilities	(387)	(273)
Total current liabilities	**(64,593)**	**(60,741)**
Non-current liabilities		
Provision for risks and charges - non current	(63)	(100)
Other non-current liabilities	(613)	(225)
Total non-current liabilities	**(676)**	**(324)**
Total liabilities	**(65,269)**	**(61,065)**
Equity		
Total equity	**(73,144)**	**(95,279)**
Total equity and liabilities	**(138,414)**	**(156,345)**

General information

Cavotec is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide. Our innovative technologies ensure safe, efficient and sustainable operations. All engineering and most manufacturing of Cavotec's products and systems take place at our specialised engineering Centres of Excellence in Germany, Italy, New Zealand, Norway, Sweden, and the United States, that are supported by a supply chain integrated structure. Cavotec has fully-owned sales companies spread across the world which monitor local markets and co-operate with Centres of Excellence.

Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on Nasdaq OMX in Stockholm, Sweden.

These unaudited Financial Statements have been approved by the Board of Directors for publication on 23 February 2018.

Basis of preparation of Financial Statements

This quarterly report was prepared in accordance with IFRS, applying IAS 34 Interim Financial Reporting. The same accounting and valuation policies were applied to the most recent annual report with the exception of the amendments effective from 1 January 2017. These changes have not had any impact on Cavotec's financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended in December 2016.

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

New standards, amendments and interpretations not yet adopted

IFRS 15 Revenue from contracts with customers

It is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. Cavotec will apply the modified retrospective approach, recognizing transitional adjustments in retained earnings on 1 January 2018 (without restating the comparative period). The Group analyzed the main contracts to assess the requirements of the new standard, in particular with regard to the recognition at a point in time as opposed to the recognition over time for cases where entity's performance does create an asset with no alternative use and has an enforceable right to payment for work to date. If this accounting had been applied prior to January 1, 2018, the adoption date, the cumulative effect to be recorded as a decrease to retained earnings, as at January 1, 2018, is estimated at EUR 0.9 million.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The group will adopt the new standard from 1 January 2018. The group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and liabilities.

Significant events in the current in the current reporting period

The financial position and performance of the group was particularly affected by the following events and transactions during 4Q17:

- Impairment of goodwill in the Airports & Industry division amounting to EUR -18.3 million in relation to the acquisition of INET Airport Systems Inc. made in 2011.
- Write-down of deferred taxes resulted in a non-cash charge of EUR 6.6 million, due to the change in the US corporate income tax rate as a consequence of the implementation of the US Tax Reform.

Segment information

In FY16 the Group organisation was based on geographic regions. The principal regional grouping which constituted operating segments were: AMER (US, Canada, Mexico, Central and South America), EMEA (Europe, including Russia, Middle East and Africa) and APAC (East Asia, South Asia, South East Asia including Singapore and Oceania). In January 2017, alongside the implementation of the new Strategic Plan, the Group introduced a new organisational structure based on two Business Units: "Ports & Maritime" and "Airports & Industry". These two business units are also the new operating segments.

The corresponding amounts as of 31 December, 2016 have been restated on the new basis.

Legal disputes

Following the lawsuit against Mr. Colaco, the former owner of INET Airport Systems, the Orange County Superior Court issued a verdict in favour of Cavotec in June 2015.

Mr. Colaco has proceeded with an appeal of the judgement, which will postpone a final settlement towards late 2018.

Noteworthy risks and uncertainties

There have been no changes to what was stated by Cavotec in its Annual Report for 2016 under Risk management.

Forward-looking statements

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Financial calendar and IR events

11 April 2018	Investor Information Meeting
12 April 2018	Ordinary General Meeting
4 May 2018	1Q18 Reporting

4Q17 conference call

This report will be presented during a conference call for shareholders, analysts and members of the media on 23 February, 2018 at 10:00 CET.

Mikael Norin, CEO, and Kristiina Leppänen, CFO & IR, will participate on the conference call. The call will start with some background on the 4Q17 & FY17 result, followed by a Q&A session.

Conference call details:
Dial-in number: +46 8 506 921 80
Conference ID number: 86 59 566

Analysts & Media

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