

# Q3 2020 | Interim report January-September 2020



## Positive EBIT and cash flow on lower revenues

### JULY–SEPTEMBER 2020

- Revenue decreased -22.5% to EUR 37.5 million (48.4). Ports & maritime decreased -21.9% and Airports & Industry decreased -22.9%
- EBIT decreased to EUR 0.7 million (3.1), corresponding to a margin of 2.0% (6.4%)
- Net result for the period was EUR -1.5 million (3.5)
- Earnings per share basic and diluted amounted to EUR -0.016 (0.038)
- Operating cash flow amounted to EUR 3.5 million (7.6)
- Net debt amounted to EUR 19.0 million (Q2 2020: 22.1)

### JANUARY–SEPTEMBER 2020

- Revenue decreased -20.3% to EUR 118.2 million (148.2)
- EBIT decreased to EUR 4.4 million (7.0), corresponding to a margin of 3.7% (4.7%)
- Net result for the period was EUR 0.7 million (5.7)
- Earnings per share basic and diluted amounted to EUR 0.008 (0.061)
- Operating cash flow amounted to EUR 6.1 million (4.9)
- Leverage ratio improved to 0.97x (1.76x)
- Order backlog decreased -6.7% compared to the previous quarter to EUR 91.6 million

Unless otherwise stated, figures in brackets refer to the same period in the preceding year.

#### Key events during the quarter

- Airports division won orders for airport expansion projects in the middle east worth close to EUR 7 million
- Ports and Maritime signed the first order for the next generation automated vacuum mooring system; MoorMaster NxG

#### Key events after the quarter

- Cavotec to open new innovation center at the beginning of 2021 focusing on profitable sustainability solutions for maritime customers
- Cavotec's e-truck charging won the American Association of Port Authorities 2020 Facilities Engineering Award
- Cavotec launched Moormaster NXG
- Cavotec held an Investor Information Meeting giving an in-depth update on strategy and growth plans

### FINANCIAL SUMMARY

EUR 000's	Quarter			YTD			Full Year
	Q320	Q319	Delta	9M20	9M19	Delta	Dec 19
Revenue	37,528	48,404	-22.5%	118,187	148,243	-20.3%	196,017
EBITDA	3,001	5,339	-43.8%	11,159	13,718	-18.7%	21,465
EBITDA margin, %	8.0%	11.0%	-3.0 pp	9.4%	9.3%	0.1 pp	11.0%
EBIT	743	3,095	-76.0%	4,360	7,005	-37.7%	12,312
EBIT margin, %	2.0%	6.4%	-4.4 pp	3.7%	4.7%	-1.0 pp	6.3%
Net profit/(loss) for the period	(1,514)	3,530	-142.9%	725	5,719	-87.3%	7,514
Basic and diluted earnings per share, EUR	(0.016)	0.038	-142.1%	0.008	0.061	-86.9%	0.080
Operating cash flow	3,477	7,578	-54.1%	6,064	4,866	24.6%	13,774
Net debt	(19,037)	(32,085)	-40.7%	(19,037)	(32,085)	-40.7%	(24,113)
Equity/assets ratio	53.0%	47.2%	5.8 pp	53.0%	47.2%	5.8 pp	51.4%
Leverage ratio	0.97x	1.76x	-0.79x	0.97x	1.76x	-0.79x	0.98x
Full time equivalent employees	751	777	-26	751	777	-26	769
Order backlog	91,586	109,646	-16.5%	91,586	109,646	-16.5%	100,030

*Comment from the CEO*

## Accelerated investments in long term growth markets

The overall market situation continued to be challenging in the third quarter due to the Covid-19 situation with consequences for both revenues and order backlog. After the summer the global uncertainty has impacted the decision making of our customers with delays to the delivery of existing projects as well as getting the final approval for new projects taking longer than previously.

As a result, revenue for the period decreased 22.5% to EUR 37.5 million (48.4) and EBIT decreased to EUR 0.7 million (3.1), corresponding to a margin of 2.0% (6.4%). The profit decrease, due to the negative volume impact, was partially offset by savings in employee costs, consultancy and travelling expenses. We have also, during the period, utilised Covid-19 related government salary assistance where available, although the effect on the financial performance of this was not material.

Despite the current impact of Covid 19, we continue to see strong interest in our solutions in select areas, especially for MoorMaster and Shore Power systems. For Airports & Industry, sales of individual ground support and fueling products developed well and revenue from our offering within Industry were in line with previous year, but in total delays of several projects resulted in lower revenues for the division as a whole. Services remain negatively impacted by the Covid travel restrictions. The proportion of Service revenues compared to total revenue was 21% in the third quarter.

The order backlog decreased 7% compared to the end of the previous quarter to EUR 91,6 million and 16.5% compared to the same period in 2019. The decrease is related to delays in final decisions on a number of projects in Ports & Maritime, while the order backlog for Airports & Industry was slightly higher compared to both the previous quarter and the previous year due to orders for airport expansion projects in the middle east worth close to EUR 7 million.

During the quarter we signed an order for a Moormaster system for ASKO Maritime in Norway. This was the first order for our new generation Moormaster, the NxG, which was launched globally on October 27<sup>th</sup>.



We have redesigned MoorMaster from the ground up, to deliver faster, smarter installation, improved performance, continuous monitoring and easier maintenance. All in a unit with a smaller more streamlined footprint and an aesthetically pleasing design. These are qualities that ASKO Maritime have seen as crucial when they are planning the introduction of the world's first fully autonomous, zero emissions vessels. We are very proud of having been selected as a key partner to ASKO and very excited about the future of MoorMaster as the NxG opens up new large, untapped market segments such as typical container terminals.

The Moormaster NxG is an example of how we are taking the opportunity during these challenging times to invest in areas where we expect to see rapid growth and where we can be the number one player. To underpin these ambitions, we announced in the beginning of October that we will open a new innovation center in the Netherlands in 2021. Focusing primarily on the maritime sector, the new center will be in charge of Cavotec's research and development activities to bring to maturity new breakthrough solutions. The center will bring together the company's capabilities within areas such as artificial intelligence, remote connectivity, high power high speed electrical charging, and battery technology.

The interest by our marine customers in finding solutions which increase productivity and simultaneously offer sustainable operations has grown drastically. The creation of an innovation center is an important step in building on Cavotec's leading position in delivering what we call profitable sustainability for our customers.

A good example of how we have already today come far in this respect is our innovative high-power e-truck charging solution which recently won an important industry award. With our solution, we provide rapid and efficient high-power charging of battery powered heavy-duty terminal trucks in ports, thereby offering substantial operational, safety, and environmental benefits. The project with our partner, the Port of Long Beach in California, provides us with leading experience on how to convert the more than 30,000 diesel powered yard trucks operating in ports around the world to more sustainable and cost-efficient electrical operations.

With these steps, and more to come, we are positioning ourselves to leverage on trends such as automation, sustainability and workplace safety as leading ports and airports move towards more safe and efficient operations with a smaller environmental footprint.

In early October we held an investor information meeting in Stockholm at which we gave an in-depth update on the execution of our strategy and growth plans. I recommend watching the presentation at <https://tv.streamfabriken.com/cavotec-investor-information-meeting-2020>.

Lugano, 30 October 2020



Mikael Norin  
Chief Executive Officer



**ORDER BACKLOG AND REVENUE**

EUR 000s	Revenue			
	Q320	Q319	9M20	9M19
Revenue from sales of goods and services	37,528	48,404	118,187	148,243
Increase/(decrease)	(10,876)	(753)	(30,056)	98
Percentage change	-22.5%	-1.5%	-20.3%	0.1%
Of which				
- Volumes and prices	-21.5%	-2.5%	-18.5%	-0.9%
- Currency effects	-1.0%	1.0%	-1.8%	1.0%

**DIVISIONS**

EUR 000s	Revenue									
	Q320	Q319	Change %	9M20	9M19	Change %	LTM Rolling	FY19	Change %	
Ports & Maritime	16,645	21,304	-21.9%	51,131	62,168	-17.8%	73,551	84,588	-13.0%	
Airports & Industry	20,883	27,100	-22.9%	67,056	86,075	-22.1%	92,410	111,429	-17.1%	
<b>Total</b>	<b>37,528</b>	<b>48,404</b>	<b>-22.5%</b>	<b>118,187</b>	<b>148,243</b>	<b>-20.3%</b>	<b>165,961</b>	<b>196,017</b>	<b>-15.3%</b>	

EUR 000s	Order Backlog						
	9M20	9M19	Change %	6M20	Change %	FY19	Change %
Ports & Maritime	45,936	65,409	-29.8%	53,393	-14.0%	59,953	-23.4%
Airports & Industry	45,650	44,237	3.2%	44,793	1.9%	40,077	13.9%
<b>Total</b>	<b>91,586</b>	<b>109,646</b>	<b>-16.5%</b>	<b>98,186</b>	<b>-6.7%</b>	<b>100,030</b>	<b>-8.4%</b>



Cavotec e-truck charging wins the American Association of Port Authorities (AAPA) 2020 Facilities Engineering Award.

## Financial Review

### JULY-SEPTEMBER 2020

Revenue decreased 22.5% in the third quarter compared to the same period previous year to EUR 37.5 million (48.4), mainly as a result of disruption related to the Covid-19 situation. Despite revenues decreasing in Ports & Maritime and Airports, our Industry business was less affected by the pandemic situation, where revenues shifted from main OEMs to new customer mainly in the Americas and Australia regions. The proportion of Service revenue compared to total revenue was 21% in the third quarter.

### Ports & Maritime

Ports & Maritime's revenue decreased 21.9% compared to the same period previous year to EUR 16.6 million (21.3). A high share of the revenue was generated in the Nordic Region related especially to deliveries of solutions to the Port of Tallin and the Port of Helsinki. Continuing travel restrictions had a negative impact on our ability to deliver and certain projects were delayed.

The order backlog decreased 14.0% compared to the end of the previous quarter and 29.8% compared to the same period in 2019 to EUR 45.9 million (65.4).

### Airports & Industry

Airports & Industry's revenues decreased 22.9% compared to the same period previous year to EUR 20.9 million (27.1). The majority of the revenue was related to sales of individual aircraft ground support and fuelling products as there were no large project deliveries in Airports during the quarter. Revenue from industrial customers was slightly higher than previous year and is as we continue to pivot towards new OEMs and geographies.

During the quarter, Cavotec won orders for airport expansion projects in the middle east worth close to EUR 7 million. As a result the order backlog increased 1.9% compared to the end

of the previous quarter and 3.2% compared to the same period in 2019 to EUR 45.7 million (44.2).

### EBIT

EBIT decreased to EUR 0.7 million (3.1), corresponding to a margin of 2.0% (6.4%). The decrease is mainly due to the negative volume impact but partially offset by savings in employee costs, consultancy and travelling expenses.

Cavotec has also, during the period, utilised Covid-19 related government salary assistance as appropriate. The effect on the financial performance of this is not material.

### Profit for the period and earnings per share

Finance costs amounted to EUR -0.5 million (-0.6).

Currency exchange differences amounted to EUR -2.7 million, a EUR 4.8 million negative swing versus the same period last year (2.1).

Income tax expenses for the third quarter 2020 amounted to EUR 0.9 million (-1.1).

The net result for the period amounted to EUR -1.5 million (+3.5).

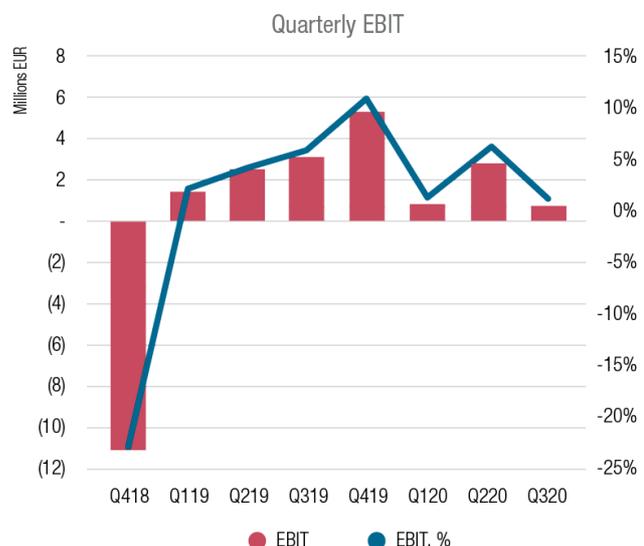
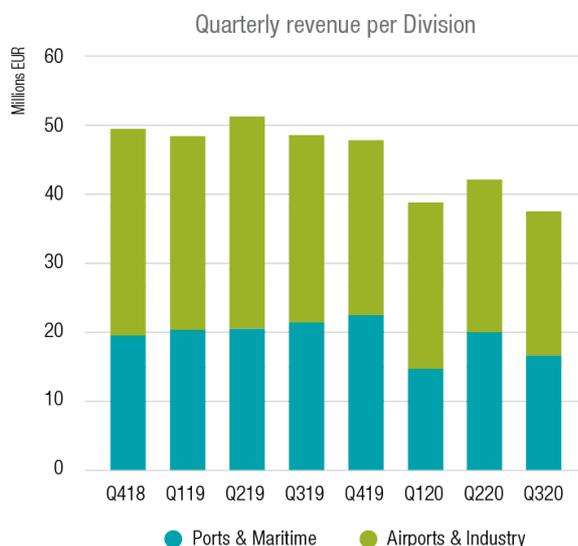
Earnings per share basic and diluted amounted to EUR -0.016 (0.038)

### Cash flow

The operating cash flow amounted to EUR 3.5 million (7.6), which represented 116% of the EBITDA of the quarter.

Cash flow from financing activities was EUR -1.9 million (-11.5), mainly due to the repayment of IFRS 16 lease liabilities.

Cash and cash equivalents amounted to EUR 16.0 million as of 30 September 2020 (13.5).



#### **JANUARY–SEPTEMBER 2020**

The order backlog decreased 6.7% to EUR 91.6 million compared to the end of the previous quarter and 16.5% compared to the previous year (109.6). The decrease is related to project delays in Ports & Maritime, while the order backlog for Airports & Industry improved slightly compared to the same period previous year, especially in the EMEA region.

Revenues for the period decreased 20.3% to EUR 118.2 million (148.2) compared the same period 2019.

#### **EBIT**

EBIT for the first nine months decreased 37.7% to EUR 4.4 million (7.0), corresponding to a margin of 3.7% (4.7%).

#### **Profit for the period and earnings per share**

Finance costs amounted to EUR 1.2 million (1.6).

Currency exchange differences negatively impacted the profit by EUR -2.2 million versus a positive impact in the previous year of EUR 2.5 million.

Income tax expenses for the first nine months 2020 amounted to EUR -0.3 million (-2.1), with an effective tax rate of 27%.

The net result for the period amounted to EUR 0.7 million (5.7).

Earnings per share, basic and diluted, decreased to EUR 0.008 (0.061).

#### **Financial Position**

Cavotec's total assets amounted to EUR 204.4 million (222.2) as of 30 September 2020. Leverage ratio was stable in the quarter at 0.97x (0.98x at 31 December 2019).

In June 2020, Cavotec secured long-term financing by signing a five years agreement with Credit Suisse and others to provide a EUR 40M single currency term and multicurrency revolving credit facility. As a consequence, the old credit facility, classified as current liabilities, has been repaid and the new credit facility has been recognized as non-current financial liabilities.

#### **Employees**

The number of full-time equivalent employees in the Cavotec Group was 751 as of 30 September 2020 (769 at 31 December 2019).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited three months 30 Sep, 2020	Unaudited three months 30 Sep, 2019	Unaudited nine months 30 Sep, 2020	Unaudited nine months 30 Sep, 2019	Audited year 31 Dec, 2019
<b>EUR 000s</b>					
Revenue from sales of goods and services	37,528	48,404	118,187	148,243	196,017
Other income	519	352	2,355	1,706	2,549
Cost of materials	(18,397)	(21,348)	(55,643)	(69,994)	(90,814)
Employee benefit costs	(13,237)	(15,679)	(40,584)	(46,320)	(60,249)
Operating expenses	(3,412)	(6,390)	(13,156)	(19,917)	(26,038)
<b>Gross Operating Result</b>	<b>3,001</b>	<b>5,339</b>	<b>11,159</b>	<b>13,718</b>	<b>21,465</b>
Depreciation and amortisation	(1,186)	(1,181)	(3,533)	(3,483)	(4,684)
Depreciation of right-of-use of leased asset	(1,017)	(1,063)	(3,211)	(3,230)	(4,266)
Impairment losses	(55)	-	(55)	-	(203)
<b>Operating Result</b>	<b>743</b>	<b>3,095</b>	<b>4,360</b>	<b>7,005</b>	<b>12,312</b>
Interest income	-	26	-	19	26
Interest expenses	(474)	(495)	(1,173)	(1,497)	(1,919)
Currency exchange differences – net	(2,652)	2,146	(2,192)	2,480	318
Other financial item	-	(137)	-	(139)	(28)
<b>Profit / (loss) before income tax</b>	<b>(2,383)</b>	<b>4,635</b>	<b>995</b>	<b>7,868</b>	<b>10,709</b>
Income taxes	869	(1,105)	(270)	(2,149)	(3,195)
<b>Profit / (loss) for the period</b>	<b>(1,514)</b>	<b>3,530</b>	<b>725</b>	<b>5,719</b>	<b>7,514</b>
<b>Other comprehensive income:</b>					
Remeasurements of post employment benefit obligations	15	(11)	(6)	(17)	(344)
<b>Items that will not be reclassified to profit or loss</b>	<b>15</b>	<b>(11)</b>	<b>(6)</b>	<b>(17)</b>	<b>(344)</b>
Currency translation differences	1,560	835	(845)	(1,044)	758
<b>Items that may be subsequently reclassified to profit / (loss)</b>	<b>1,560</b>	<b>835</b>	<b>(845)</b>	<b>(1,044)</b>	<b>758</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>1,575</b>	<b>824</b>	<b>(851)</b>	<b>(1,061)</b>	<b>414</b>
<b>Total comprehensive income for the period</b>	<b>61</b>	<b>4,354</b>	<b>(126)</b>	<b>4,659</b>	<b>7,928</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Group	62	4,351	(125)	4,658	7,928
Non-controlling interest	(1)	3	(1)	1	1
<b>Total</b>	<b>61</b>	<b>4,354</b>	<b>(126)</b>	<b>4,659</b>	<b>7,928</b>
<b>Profit / (loss) attributed to:</b>					
Equity holders of the Group	(1,514)	3,530	725	5,719	7,514
<b>Total</b>	<b>(1,514)</b>	<b>3,530</b>	<b>725</b>	<b>5,719</b>	<b>7,514</b>
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.016)	0.038	0.008	0.061	0.080
Average number of shares	94,232,007	94,003,982	94,238,199	94,011,765	94,206,242

## CONSOLIDATED BALANCE SHEET

EUR 000s	Unaudited 30 Sep, 2020	Unaudited 30 Sep, 2019	Audited 31 Dec, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16,022	13,550	13,254
Trade receivables	32,848	42,965	36,500
Tax assets	3,809	2,083	3,683
Other current receivables	4,529	3,512	2,797
Contract assets	2,225	3,488	2,200
Inventories	38,959	40,483	38,801
Assets held for sale	3,442	5,606	5,363
<b>Total current assets</b>	<b>101,834</b>	<b>111,687</b>	<b>102,598</b>
<b>Non-current assets</b>			
Property, plant and equipment	16,254	18,343	18,270
Right-of-use of leased assets	17,142	20,528	19,425
Intangible assets	51,450	53,194	52,844
Non-current financial assets	133	287	280
Deferred tax assets	10,100	9,831	9,217
Other non-current receivables	7,446	8,309	8,004
<b>Total non-current assets</b>	<b>102,525</b>	<b>110,492</b>	<b>108,040</b>
<b>Total assets</b>	<b>204,359</b>	<b>222,179</b>	<b>210,639</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Current financial liabilities	(4,172)	(21,972)	(14,462)
Current lease liabilities	(4,090)	(3,309)	(4,081)
Trade payables	(27,396)	(32,191)	(25,483)
Contract liabilities	(5,812)	(4,540)	(7,534)
Tax liabilities	(1,321)	(2,059)	(1,531)
Provision for risk and charges, current	(4,195)	(8,344)	(6,772)
Other current liabilities	(10,651)	(13,221)	(12,125)
<b>Total current liabilities</b>	<b>(57,637)</b>	<b>(85,636)</b>	<b>(71,988)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(10,479)	(3,037)	(2,644)
Non-current lease liabilities	(15,044)	(17,328)	(16,140)
Deferred tax liabilities	(2,321)	(2,372)	(2,405)
Other non-current liabilities	(88)	(157)	(103)
Provision for risk and charges, non-current	(10,450)	(8,848)	(9,188)
<b>Total non-current liabilities</b>	<b>(38,383)</b>	<b>(31,742)</b>	<b>(30,482)</b>
<b>Total liabilities</b>	<b>(96,019)</b>	<b>(117,378)</b>	<b>(102,469)</b>
<b>Equity</b>			
Equity attributable to owners of the parent	(108,311)	(104,771)	(108,140)
Non-controlling interests	(29)	(30)	(29)
<b>Total equity</b>	<b>(108,340)</b>	<b>(104,801)</b>	<b>(108,169)</b>
<b>Total equity and liabilities</b>	<b>(204,359)</b>	<b>(222,179)</b>	<b>(210,639)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 000s	Share Capital	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
<b>Unaudited</b>						
Balance as at 1 January 2019	(100,169)	(4,646)	4,800	(100,015)	(29)	(100,044)
(Profit) / Loss for the period	-	-	(5,719)	(5,719)	-	(5,719)
Currency translation differences	-	1,044	-	1,044	(1)	1,043
Remeasurements of post employment benefit obligations	-	17	-	17	-	17
<b>Total comprehensive income and expenses</b>	-	<b>1,061</b>	<b>(5,719)</b>	<b>(4,658)</b>	<b>(1)</b>	<b>(4,659)</b>
Employees share scheme	-	(136)	-	(136)	-	(136)
Purchase of treasury shares	-	38	-	38	-	38
<b>Transactions with shareholders</b>	-	<b>(98)</b>	-	<b>(98)</b>	-	<b>(98)</b>
<b>Balance as at 30 September 2019</b>	<b>(100,169)</b>	<b>(3,683)</b>	<b>(919)</b>	<b>(104,771)</b>	<b>(30)</b>	<b>(104,801)</b>
<b>Audited</b>						
Balance as at 1 January 2019	(100,169)	(4,646)	4,800	(100,015)	(29)	(100,044)
(Profit) / Loss for the period	-	-	(7,514)	(7,514)	-	(7,514)
Currency translation differences	-	(758)	-	(758)	(1)	(759)
Remeasurements of post employment benefit obligations	-	344	-	344	-	344
<b>Total comprehensive income and expenses</b>	-	<b>(414)</b>	<b>(7,514)</b>	<b>(7,928)</b>	<b>(1)</b>	<b>(7,929)</b>
Employees share scheme	-	(136)	-	(136)	-	(136)
Purchase of treasury shares	-	38	-	38	-	38
Issue of treasury shares to employees	-	(99)	-	(99)	-	(99)
<b>Transactions with shareholders</b>	-	<b>(197)</b>	-	<b>(197)</b>	-	<b>(197)</b>
<b>Balance as at 31 December 2019</b>	<b>(100,169)</b>	<b>(5,257)</b>	<b>(2,714)</b>	<b>(108,140)</b>	<b>(30)</b>	<b>(108,170)</b>
<b>Unaudited</b>						
Balance as at 1 January 2020	(100,169)	(5,257)	(2,714)	(108,140)	(30)	(108,170)
(Profit) / Loss for the period	-	-	(725)	(725)	-	(725)
Currency translation differences	-	845	-	845	1	846
Remeasurements of post employment benefit obligations	-	6	-	6	-	6
<b>Total comprehensive income and expenses</b>	-	<b>851</b>	<b>(725)</b>	<b>126</b>	<b>1</b>	<b>127</b>
Employees share scheme	-	(323)	-	(323)	-	(323)
Purchase of treasury shares	-	26	-	26	-	26
<b>Transactions with shareholders</b>	-	<b>(297)</b>	-	<b>(297)</b>	-	<b>(297)</b>
<b>Balance as at 30 September 2020</b>	<b>(100,169)</b>	<b>(4,703)</b>	<b>(3,439)</b>	<b>(108,311)</b>	<b>(29)</b>	<b>(108,340)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR 000s	Unaudited three months 30 Sep, 2020	Unaudited three months 30 Sep, 2019*	Unaudited nine months 30 Sep, 2020	Unaudited nine months 30 Sep, 2019*	Audited year 31 Dec, 2019*
<b>Profit / (loss) for the period</b>	<b>(1,514)</b>	<b>3,530</b>	<b>725</b>	<b>5,719</b>	<b>7,514</b>
<b>Adjustments for:</b>					
Net interest expenses	257	319	648	1,181	1,437
Current taxes	275	1,235	1,428	2,715	3,169
Depreciation and amortization	1,186	1,181	3,533	3,483	4,684
Depreciation of right-of-use of leased assets	1,017	1,063	3,211	3,230	4,266
Impairment losses	55	-	55	-	203
Deferred tax	(1,143)	(130)	(1,158)	(566)	26
Provision for risks and charges	(118)	216	(914)	(4,289)	(8,185)
Capital (gain) or loss on assets	(44)	(56)	(807)	(122)	(144)
Other items not involving cash flows	3,518	(2,906)	3,457	(1,803)	(130)
Interest paid	(324)	(578)	(1,026)	(1,738)	(2,118)
Taxes (paid)/received	(1,468)	199	(1,764)	(2,744)	(5,327)
	3,211	543	6,663	(653)	(2,120)
<b>Cash flow before changes in working capital</b>	<b>1,697</b>	<b>4,073</b>	<b>7,388</b>	<b>5,066</b>	<b>5,395</b>
<b>Impact of changes in working capital:</b>					
Inventories	(242)	(277)	(1,497)	(1,441)	2,647
Trade receivables and contract assets	4,648	485	4,175	(253)	6,173
Other current receivables	(2,037)	1,522	(2,676)	2,070	4,068
Trade payables and contract liabilities	(767)	(875)	192	(883)	(4,597)
Other current liabilities	178	2,649	(1,518)	306	88
<b>Impact of changes involving working capital</b>	<b>1,780</b>	<b>3,505</b>	<b>(1,324)</b>	<b>(200)</b>	<b>8,379</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>3,477</b>	<b>7,578</b>	<b>6,064</b>	<b>4,866</b>	<b>13,774</b>
<b>Financial activities:</b>					
Net changes in loans and borrowings	(681)	(10,616)	(2,766)	(28,320)	(35,584)
Repayment of lease liabilities	(1,196)	(850)	(2,758)	(2,485)	(3,604)
Capital increase	-	(51)	-	18,460	18,527
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(1,877)</b>	<b>(11,517)</b>	<b>(5,524)</b>	<b>(12,345)</b>	<b>(20,661)</b>
<b>Investing activities:</b>					
Investments in property, plant and equipment	(218)	(428)	(668)	(1,044)	(1,384)
Investments in intangible assets	(148)	(169)	(409)	(321)	(341)
(Increase)/Decrease in other assets	71	(11)	147	(13)	-
Disposal of assets	713	145	2,387	336	433
<b>Net cash inflow / (outflow) from investing activities</b>	<b>418</b>	<b>(463)</b>	<b>1,457</b>	<b>(1,042)</b>	<b>(1,292)</b>
Cash at the beginning of the period	13,177	16,021	13,254	21,257	21,257
Cash flow for the period	2,018	(4,402)	1,997	(8,521)	(8,179)
Currency exchange differences	827	1,931	771	814	176
<b>Cash at the end of the period</b>	<b>16,022</b>	<b>13,550</b>	<b>16,022</b>	<b>13,550</b>	<b>13,254</b>

\*Re-presented: the comparative charges for interest paid on lease liabilities have been reclassified from financial activities to operating activities (Interest paid) to enhance comparability (Q319: -146; 9M19: -452; FY19: -608).

**DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS**

The group derives revenue from the transfer of goods and services over time and at a point in time in the following Divisions and geographical regions.

**30 September 2020**

EUR 000s	Airports & Industry	Ports & Maritime	Total
<b>Revenue from external customer</b>			
<i>Timing of revenue recognition</i>			
At a point in time	63,615	47,593	111,208
Over time	3,441	3,538	6,979
<b>Total</b>	<b>67,056</b>	<b>51,131</b>	<b>118,187</b>

**30 September 2019**

EUR 000s	Airports & Industry	Ports & Maritime	Total
<b>Revenue from external customer</b>			
<i>Timing of revenue recognition</i>			
At a point in time	80,162	52,241	132,403
Over time	5,913	9,927	15,840
<b>Total</b>	<b>86,075</b>	<b>62,168</b>	<b>148,243</b>

**31 December 2019**

EUR 000s	Airports & Industry	Ports & Maritime	Total
<b>Revenue from external customer</b>			
<i>Timing of revenue recognition</i>			
At a point in time	104,862	72,873	177,735
Over time	6,567	11,715	18,282
<b>Total</b>	<b>111,429</b>	<b>84,588</b>	<b>196,017</b>

**30 September 2020**

EUR 000s	AMER	EMEA	APAC	Total
Ports & Maritime	7,825	29,670	13,636	51,131
Airports & Industry	15,258	35,333	16,465	67,056
<b>Total</b>	<b>23,083</b>	<b>65,003</b>	<b>30,101</b>	<b>118,187</b>

**30 September 2019**

EUR 000s	AMER	EMEA	APAC	Total
Ports & Maritime	11,156	33,892	17,120	62,168
Airports & Industry	21,324	48,345	16,406	86,075
<b>Total</b>	<b>32,480</b>	<b>82,237</b>	<b>33,526</b>	<b>148,243</b>

**31 December 2019**

EUR 000s	AMER	EMEA	APAC	Total
Ports & Maritime	21,423	40,773	22,392	84,588
Airports & Industry	21,349	67,766	22,314	111,429
<b>Total</b>	<b>42,772</b>	<b>108,539</b>	<b>44,706</b>	<b>196,017</b>

SEGMENT INFORMATION

EUR 000s	Ports & Maritime	Airports & Industry	Other reconciling items	Total
<b>Unaudited</b>				
<b>Three months ended 30 September 2020</b>				
Revenue from sales of goods and services	16,645	20,883	-	<b>37,528</b>
Other income	-	519	-	<b>519</b>
Cost of materials and operating expenses before depreciation and amortization	(14,775)	(18,924)	(1,347)	<b>(35,046)</b>
<b>Gross Operating Result</b>	<b>1,870</b>	<b>2,478</b>	<b>(1,347)</b>	<b>3,001</b>
<b>Unaudited</b>				
<b>Three months ended 30 September 2019</b>				
Revenue from sales of goods and services	21,304	27,100	-	<b>48,404</b>
Other income	41	311	-	<b>352</b>
Cost of materials and operating expenses before depreciation and amortization	(18,131)	(22,951)	(2,335)	<b>(43,417)</b>
<b>Gross Operating Result</b>	<b>3,215</b>	<b>4,460</b>	<b>(2,335)</b>	<b>5,340</b>
<b>Unaudited</b>				
<b>Nine months ended 30 September 2020</b>				
Revenue from sales of goods and services	51,131	67,056	-	<b>118,187</b>
Other income	497	1,858	-	<b>2,355</b>
Cost of materials and operating expenses before depreciation and amortization	(47,255)	(59,878)	(2,250)	<b>(109,383)</b>
<b>Gross Operating Result</b>	<b>4,373</b>	<b>9,036</b>	<b>(2,250)</b>	<b>11,159</b>
<b>Unaudited</b>				
<b>Nine months ended 30 September 2019</b>				
Revenue from sales of goods and services	62,168	86,075	-	<b>148,243</b>
Other income	305	1,401	-	<b>1,706</b>
Cost of materials and operating expenses before depreciation and amortization	(53,915)	(77,208)	(5,108)	<b>(136,231)</b>
<b>Gross Operating Result</b>	<b>8,558</b>	<b>10,268</b>	<b>(5,108)</b>	<b>13,718</b>
<b>Audited</b>				
<b>Year ended 31 December 2019</b>				
Revenue from sales of goods and services	84,588	111,429	-	<b>196,017</b>
Other income	567	1,981	-	<b>2,549</b>
Cost of materials and operating expenses before depreciation and amortization	(70,404)	(100,339)	(6,357)	<b>(177,101)</b>
<b>Gross Operating Result</b>	<b>14,751</b>	<b>13,071</b>	<b>(6,357)</b>	<b>21,465</b>

# Report on the Review

of Interim consolidated financial statements to the Board of Directors of  
Cavotec SA

Lugano

## Introduction

We have reviewed the interim consolidated financial statements on pages 7 to 10 (consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flow and notes on pages 11-12 and 15-16) of Cavotec SA for the nine months period ended 30 September 2020. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA



Efreem Dell'Era  
Audit expert  
Auditor in charge



Luigi Voulgarelis

Lugano, 30 October 2020

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## PARENT COMPANY – CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000s	Unaudited three months 30 Sep, 2020	Unaudited three months 30 Sep, 2019	Unaudited nine months 30 Sep, 2020	Unaudited nine months 30 Sep, 2019	Audited year 31 Dec, 2019
Other income	644	689	2,347	2,320	2,502
Employee benefit costs	(199)	(936)	168	(1,600)	(1,912)
Operating expenses	(309)	(278)	(797)	(928)	(1,161)
<b>Operating Result</b>	<b>136</b>	<b>(525)</b>	<b>1,718</b>	<b>(208)</b>	<b>(571)</b>
Interest expenses – net	(11)	(10)	(30)	(32)	(43)
Currency exchange differences – net	2	-	2	(118)	(119)
<b>Profit / (Loss) before income taxes</b>	<b>127</b>	<b>(535)</b>	<b>1,690</b>	<b>(358)</b>	<b>(733)</b>
Income taxes	(13)	175	(322)	203	293
<b>Profit / (Loss) for the period</b>	<b>114</b>	<b>(360)</b>	<b>1,368</b>	<b>(155)</b>	<b>(440)</b>
<b>Other comprehensive income:</b>					
Actuarial gain (loss)	-	-	-	-	42
<b>Total comprehensive income for the period</b>	<b>114</b>	<b>(360)</b>	<b>1,368</b>	<b>(155)</b>	<b>(398)</b>

## PARENT COMPANY – CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000s	Unaudited 30 Sep, 2020	Unaudited 30 Sep, 2019	Audited 31 Dec, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	34	89	97
Trade receivables	699	370	2,015
Tax assets	7	5	6
Other current receivables	1,673	1,616	8
<b>Total current assets</b>	<b>2,413</b>	<b>2,080</b>	<b>2,126</b>
<b>Non-current assets:</b>			
Investment in subsidiary companies	137,306	137,306	137,306
Deferred tax assets	60	242	355
<b>Total non-current assets</b>	<b>137,366</b>	<b>137,548</b>	<b>137,661</b>
<b>Total assets</b>	<b>139,779</b>	<b>139,628</b>	<b>139,787</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	(33,888)	(44,158)	(44,435)
Current financial liabilities	(2,955)	(2,955)	(2,955)
Trade payables	(162)	(66)	(121)
Other current liabilities	(337)	(434)	(1,495)
<b>Total current liabilities</b>	<b>(37,342)</b>	<b>(47,613)</b>	<b>(49,006)</b>
<b>Non-current liabilities:</b>			
Provision for risks and charges – non current	(24)	(65)	(25)
Long-term financial debt	(10,000)	-	-
Other non-current liabilities	(55)	(1,250)	(64)
<b>Total non-current liabilities</b>	<b>(10,079)</b>	<b>(1,315)</b>	<b>(89)</b>
<b>Total liabilities</b>	<b>(47,421)</b>	<b>(48,928)</b>	<b>(49,095)</b>
<b>Total equity</b>	<b>(92,358)</b>	<b>(90,700)</b>	<b>(90,692)</b>
<b>Total equity and liabilities</b>	<b>(139,779)</b>	<b>(139,628)</b>	<b>(139,787)</b>

**General information**

Cavotec wants to contribute to a future world that is cleaner, safer and more efficient by providing innovative connection solutions for ships, aircraft and mobile equipment today. We thrive by shaping future expectations in the areas we are active in. Our credibility comes from our application expertise, dedication to innovation and world class operations. Our success rests on the core values we live by: Integrity, Accountability, Performance and Team Work. Cavotec's personnel represent a large number of cultures and provide customers with local support, backed by the Group's global network of engineering expertise. Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on Nasdaq Stockholm Mid Cap.

These unaudited Financial Statements have been approved by the Board of Directors for publication on 30 October 2020.

**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 in the most recent annual report. The amendments to the standards that became applicable for the current reporting period did not have an impact on Cavotec accounts. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended in December 2019. 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.

The fair values of the non-current financial assets, current financial liabilities and non-current financial liabilities are not materially different from their carrying amounts.

Cavotec is not exposed to material seasonal variations in its operations.

**Segment information**

Operating segments have been determined on the basis of the Group Management structure in place and on the management information and used by the Chief Operating Decision Maker (CODM) to make strategic decisions. Our two divisions are set out below and referred to collectively as the core businesses.

Ports & Maritime – development, manufacture and service of innovative automation and electrification technologies for the global ports and maritime sectors.

Airports & Industry – development, manufacture and service of fully integrated gate and remote apron solutions for Airports, and development and manufacture products for Industry, such as cranes, energy, processing and transportation, surface and underground mining, and tunnelling.

Customers of both divisions are supported by a Services organisation that was launched mid 2018.

**Legal disputes**

In the long running litigation matter in California the Group's net accounting position is unchanged during the quarter and our view remains that we have accounted for the most likely eventualities of the process. The latest development on the case supports this position.

**Noteworthy risks and uncertainties**

Cavotec's significant risks and uncertainties are divided into three categories, market, credit and liquidity risks. In these categories, there are both risks due to political and macroeconomic trends and specific risks directly linked to business carried out by the Group. Market risk includes currency and interest rate risk. Credit risk includes the risk of managing our customers and other receivables while liquidity risk includes the management of cash in a diverse, global group.

**Covid – 19 Update**

The COVID-19 pandemic has had a significant effect on the global economy. The impact on Cavotec is mainly delays in decisions from customers on new orders as well as delays in taking deliveries of product or services. At the date of this report all Cavotec facilities are open.

With the high uncertainty surrounding the situation and potential initiatives by authorities and customers, it is very difficult to predict the full financial impact that the situation may have on the Group for the coming quarters. As of September 30, 2020, there is no significant impact on any balance sheet items. The Group benefited by government assistance funds in different Countries, mainly related to employee costs, but the impact on the financials was not material.

Impairment tests with updated future cash flow projections based on different scenarios and revised discount rates were performed for the Ports & Maritime and Airports, AGC & Fueling cash-generating units, where the current market conditions could have triggered an impairment of the assets. The impairment tests did not lead to any impairment as of 30 September 2020, and the level of sensitivity of the CGUs to the key assumptions has not changed significantly.

A more detailed description of Cavotec's risks and how they are managed is included in the Annual Report 2019.

**Forward looking statement**

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, commercialisation and technological difficulties, interruptions in supply, and major customer credit losses.

**Key events during the year**

In February 2020 Cavotec USA building located in Mooresville (NC) has been sold for USD 2.6 million (EUR 2.4 million). As the building was accounted as Asset held for Sale with a book value of USD 1.8 million (EUR 1.6 million), the Company recognized in the same month a capital gain of USD 0.8 million (EUR 0.7 million) recognized in Other income.

**Financial calendar**

February 26, 2021	Q420 and Annual Report 2020
April 30, 2021	Q121 Report
May 27, 2021	Annual General Meeting, Lugano
July 30, 2021	Q221 Report
October 29, 2021	Q321 Report
February 25, 2022	Q421 and Annual Report 2021

**Conference call in connection with publication of the quarterly report**

A conference call for shareholders, analysts and media will be held on 30 October 2020 at 10:00 CET. Participating on the conference call from Cavotec will be Mikael Norin, CEO, and Glenn Withers, CFO.

**Conference call Dial-in numbers:**

SE: +46856642695

UK: +443333009263

US: +18446251570

Weblink: <https://tv.streamfabriken.com/cavotec-q3-2020>

**Quarterly Reports on [www.cavotec.com](http://www.cavotec.com)**

The full report for the period January-September 2020 and previous quarterly and full year reports are available at:

<http://ir.cavotec.com/financial-reports>

**Analysts & Media**

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This is information that Cavotec SA is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07:00 CET on 30 October 2020.

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