ANNUAL REPORT 2017

CAVOTEC

Contents

Who is Cavotec

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.

See page 8 Cavotec Group: a portait

€**212.4**M
Revenues

€**9.6**M
*Adjusted EBIT**

€**195.0**M
Order Intake

€**0.017**
*Dividend***

** Please refer to page 45 and note 9 on page 58.*
***As being proposed by the Board of Directors to the OGM.*

Year in Brief

Q1

Cavotec won a EUR 17.5 million order to supply, install, test and commission Pre-conditioned Air (PCA) and 400Hz systems, including underground services, for more than 60 remote aircraft parking positions at Al Maktoum, together with another order in UAE for Dubai International Airport's Concourse C, to design, supply, install, test and commission Super Cool DX PCA units.

In the Ports & Maritime division Cavotec won a EUR 10.0 million order for advanced Rail-Mounted Gantry Cranes (RMGC) and Automatic Stacking Cranes (ASC) at two container terminals.

Q2

Cavotec delivered 16 MoorMaster™ MM400E[15] to existing customer Port of Salalah in Oman, to reduce excessive vessel motion caused in part by "long waves" that are especially pronounced during the Khareef monsoon season. The relationship with this long-time customer continued through a three-year maintenance contract which will see Cavotec's on-site service teams working closely with the port to provide support at all five MoorMaster™ berths at Salalah.

The Group also confirmed its leadership in automated mooring and charging for e-ferries, with the first connection of an Elektra battery powered vessel in Finland.

Q3

Mikael Norin was appointed CEO as of 1 July 2017 and he started the identification of operational strengths and weaknesses. As an outcome of the business review, operational write – downs for a total amount of EUR 7,5 million were performed in 3Q17.

A New Day was launched, an internal transformation plan consisting of 50 projects focused on every aspect of how the Group operates and four tactical areas: global industry leadership in selected markets, technology leadership, operational excellence, and strengthening our focus on after – market service.

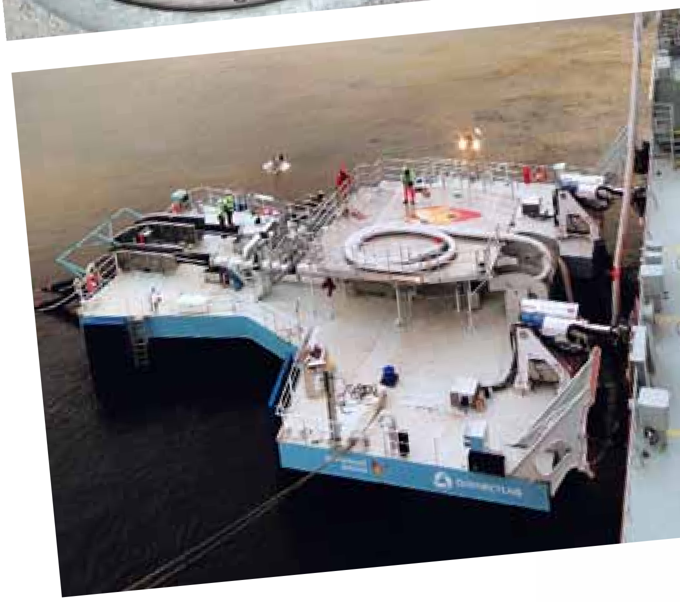
Q4

Mikael Norin announced the launch of a new streamlined and simplified organisational structure, with three business divisions with clear profit and loss ownership, from product development through to sales and delivery: Ports & Maritime, Airports & Industry, and Services. The new organisational structure entered into effect on 1 January 2018.

The operational review continued, resulting in non-cash asset write-downs of EUR 19.5 million, including the impairment of goodwill in relation to the acquisition of INET Airport Systems Inc., made in 2011.

Steps to improve the internal efficiency are on-going: almost all transformation projects have been launched, including customer and key account management, procurement, SOP deployment and production planning, and more than 200 employees are fully committed to this journey.

CEO's Message



BUILDING A PLATFORM FOR FUTURE GROWTH

While 2017 was financially less than a strong year for the Cavotec Group, with low revenue growth and un-satisfactory profitability, it was nevertheless critical in terms of identifying operational improvements and re-focusing on our unique strengths to ensure future profitable growth.

After having taken over as CEO in July 2017, and interviewed employees and customers in the third quarter, it became clear that over the years our internal structures and processes have struggled to maintain pace with our growth and transformation from a product to a system supplier. Naturally, as a highly entrepreneurial organisation, we have focused on our customers and new technologies and relied on the enthusiasm, energy and hard work of our many long-time employees to carry the day. We have now grown to a point where that is not sufficient and we need to have long-term, clear strategies, defined processes, effective planning, and better use of our resources in place.

Accordingly, we decided at the end of 2017 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: Ports & Maritime, Airports & Industry, and a new Services division to support the development of our after-market business. The new organizational structure, which became effective 1 January 2018, assigns each division clear profit and loss ownership. It will increase the transparency of our operational performance, and ensure optimum capital allocation.

Based on my findings, we also initiated almost 50 transformation projects, under the umbrella name A New Day, covering everything from customer and key account management to procurement, SOP deployment and production planning. We have involved more than 200 employees across the group for this journey, who are fully behind it. Almost all projects started in the fourth quarter 2017, about a quarter of them will be completed at the end of the first quarter 2018, another quarter by the midpoint of the year, and the remainder before year-end 2018.

DEVELOPMENT IN 2017

Despite our high rate of transformation, we achieved revenues for the full year that were in line with the previous year, amounting to EUR 212.4 million. EBIT, excluding non-recurring items, decreased by EUR 2.5 million to EUR 9.6 million for the full year. Overall, the operating margin was 4.5%. Non-recurring items amounted to EUR 27.6 million and were the result of the ongoing review of our balance sheet that was initiated in the third quarter and completed in the fourth quarter with the objective of establishing the right conditions for profitable growth in the years ahead.

The Airports and Industry division achieved high revenue growth, and order intake was up on the previous year. We're experiencing increasing interest in our offerings, including systems for powering, heating and cooling and fuelling of aircraft in the airport sector, as well as reels and radio remote control systems in the mining and other industries. Sales highlights for the year included a EUR 17.5 million order for our advanced E^3 Gate solution with in-ground power and cooling systems for the new Al Maktoum Airport in Dubai. One of the largest projects ever undertaken by the Group, this order underlines our excellent position in the growing Middle East airports segment. Not that far away, the new Istanbul Grand Airport will be safely operated with in-ground fuel pit systems from Cavotec.

Revenues in Ports & Maritime were lower compared to the previous year, due to continued 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. Strong interest in our automated mooring and charging technologies was encouraging. Examples of orders include our automated mooring technology for the Oil & Gas sector that made the first ever floating LNG ship to shore loading system a reality. We have seen renewed interest in Scandinavia; multiple e-ferry routes will benefit from our innovative automated mooring and charging solutions facilitating the development of sustainable maritime infrastructure. Similar environmental concerns have led to our crane electrification systems being chosen for one of the newest and most modern new port terminals on the US East Coast.

STRONG POSITION

During my first six months with Cavotec, I have come to know an organisation that has many strengths: it is highly customer-centric, and it is exceptionally sales focused. We are incredibly well positioned in terms of fundamental market trends, specifically around safety, automation and the environment and we have outstanding, innovative technologies suited to meet the demands of these trends. Having met Cavotec customers all over the world in 2017, I can also confirm that the Group is widely respected, and is considered as an attractive, innovative, and technology driven partner with which to work. As a result Cavotec is now being asked to undertake larger and more complex and mission critical system deliveries for those customers than in the past.

Our work to improve internal structures and processes will be crucial to leveraging these strengths. From having led a transformation process of this nature several times before during my career, I'm confident that our people and technologies, together with the actions we are taking, will set the stage for future sustainable and profitable growth.

We have a strong position in our markets, while our challenges, which we are now addressing with force and determination, are all internal. This means that we are truly masters of our own destiny – which is a great place to be!

Lugano, February 2018

Mikael Norin
Group CEO

Chairman’s Message

YESTERDAY

Looking back, it feels like yesterday that my colleagues Peter Brandel, Lars Hellman and I started Cavotec in Stockholm in September 1974. Now it’s 2018 – 44 years later – and the three of us, along with Ottonel Popesco, are here in Lugano at the culmination of a partnership that has lasted throughout our working lives.

It is with great pride that we have seen how our partnership, (and friendship), has spread to many important colleagues and throughout our organisation. In fact, these colleagues and their entrepreneurial spirit have allowed us to develop Cavotec into a truly global leader in our businesses.

As I mentioned in last year’s annual report, we have had to deal with the most challenging difficulties in our history in the last four of the past 44 years. In the light of the necessary generational changes at Cavotec, it was of great importance to address and resolve issues before handing over the company to the new generation of management. Personally, I feel we have been able to a great extent achieve this goal. As you can imagine, the hard look we have taken at our balance sheet in the past quarters has been a part of this process.

TODAY

We have now been a public company for more than a decade, and during this period we have seen the Group develop into a leading and reputable player in its main business sectors: Airports & Industry and Ports & Maritime.

We have been able to do this successfully because we have built our company on solid foundations, and most importantly, because we have remained focused and eager to solve our customers’ most advanced requests with innovative and effective state-of-the-art technologies. Our customers know that we will always be there for them.

In the past ten years, we have made an impressive number of important innovations, which have, and will continue, to provide significant value for customers. Particular highlights include MoorMaster™ automated mooring, shore power for ships, and aircraft utility systems. We have been ahead of the game, and have had to educate the market of the virtue and necessity of these new technologies. However, time is on Cavotec’s side, and we see a clear trend in the use of these solutions worldwide. In short, Cavotec has positioned itself exceptionally well in a world that strives for improved safety and efficiency and reduced environmental impact.

TOMORROW

In the past 18 months, we have implemented a new Strategic Plan, radically changed our organisation, empowered a younger but experienced management team, introduced a new CEO, and my replacement has been chosen.

Some people would feel anxious due to all these changes, and be worried about our future. I can assure you that this is not the

case, and that there is no need to worry. Cavotec is strong and ready for the great opportunities that lie ahead. As our new CEO, Mikael Norin, says: Cavotec is now starting A New Day!

Having known and worked with Mikael for almost a year now, I feel we could not have found a better and more competent CEO. Likewise, as I now step down as Chairman, I could not have wished for a better and more qualified person to hand over Cavotec to than Patrik Tigerschiöld.

On behalf of all our Cavotec friends, I would like to wish Patrik, Mikael and the whole Cavotec team the greatest of success in the years to come.

Lugano, February 2018

Stefan Widegren
Chairman

Cavotec Group: a portrait

Our main customers are airports and airlines, ports, terminals, and shipping lines, harbour and mobile crane OEMs, mining OEMs and EPCs primarily in Europe, China and the US.

Global presence

We operate in more than 35 countries, providing global expertise and local support.

Technology leader

Recognised provider of advanced technologies.

Defined by innovation

Pioneering innovative technologies for more than 40 years.

Turnkey solutions

We engineer and integrate state-of-the-art electrical and connection technologies.

Trusted partner

High reliability, low maintenance for proven TCO reduction.

2
Business units

€212.4M
Turnover

>30
Companies

>10
Production companies

988*
Employees

* Including 48 external employees (see page 24).

Business Model

Cavotec is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide.

With more than 40 years' experience, Cavotec has become trusted for its global operational and innovation excellence. We enable value creation with advanced systems for ports, airports, and a wide variety of industries. We support the constantly evolving landscape of transportation through well-implemented, innovative systems and services. We facilitate improved electrification and connection systems for powering mobile equipment such as aircraft, ships, and mobile industrial equipment.

Cavotec personnel, located in some 35 countries worldwide, represent a large number of cultures, speak many different languages, and provide customers with local support, backed by the Group's global network of engineering expertise.

Revenue generation

Cavotec in 2017 is organised into two Divisions, that market their systems through an extensive network of sales companies in more than 35 countries.

Design and manufacture of Cavotec systems is conducted at the Group's Centres of Excellence, where experienced engineers develop innovative, cost-efficient solutions that support value creation for clients.

Airports & Industry

Airports & Industry is responsible for our activities in the airports, general industry and mining sectors.

At Airports, Cavotec systems enable the connection of aircraft to ground power and Pre-Conditioned Air (PCA), among other services, allowing aircraft Auxiliary Power Units (APU) to be shut off. APU are considered one of the most serious sources of emissions at airports. Cavotec technologies and competence ensure that our customers minimise risk, enhance passenger comfort, and operator efficiency.

We have a world-leading position in in-ground and fuel pit systems, which we pioneered decades ago. Cavotec is also a leading supplier of 400Hz power and PCA systems.

Our Industry unit develops systems and technologies that make mining and industrial applications all over the world safer, cleaner and more efficient.

We are world leaders in electrified underground mining equipment, including industrial plugs and motorised reel solutions. Cavotec's electrification systems also reduce the use of diesel-powered equipment at mining and tunnelling applications worldwide.

We work closely with OEMs and Engineering Procurement Construction (EPC). The Group's long-standing OEM customers include Atlas Copco, Sandvik and RamBooms.

Ports & Maritime

Ports & Maritime is responsible for our activities in the ports, maritime and oil and gas markets.

We deliver core systems for the electrification and automation of equipment such as harbour cranes and vessels. Our solutions include motorised cable reels, shore power connections systems, automated mooring, and radio remote controls.

Cavotec technologies are critical to the efficient operation of maritime shipping and machinery all over the world, and in a wide variety of sectors. Our advanced systems and expertise help our customers minimise costs and emissions, maximise operational efficiency, and thereby continue to grow.

We are at the forefront of key segments such as automated mooring, shore power, and motorised cable reels.

Cavotec's global Ports & Maritime organisation works with OEMs, shipping lines, ports and terminals, and EPC.

We actively manage our portfolio and place increasing emphasis on developing turnkey solutions to provide the best possible solutions for customers including aftermarket.

CUSTOMER VALUE CREATION

We ensure that ports, airports and a wide variety of industrial applications maximise operational performance while minimizing their environmental footprint with advanced integrated solutions that:

- Power, cool, and fuel aircraft with fully integrated turnkey solutions: one interface for complete project execution.
- Electrify and automate port operations with innovative solutions such as MoorMaster™ automated mooring, Cavotec APS, and HOI systems.
- Connect, power and control industrial equipment to improve safety, sustainability and efficiency.
- Electrify and remotely control drilling equipment in the oil and gas segment for safer, cost-efficient operations.

Customers trust Cavotec to apply relevant knowledge, experience, and technologies to drive projects forward. Our engineers have the skills, imagination, and engineering insight required to implement solutions that improve safety, operational efficiency, and sustainability.

Towards a Stronger Cavotec

SHIFTING THE GRAVITY

For more than four decades, Cavotec has been structured regionally, with Cavotec sales companies marketing the entire group offering in their specific geographic areas, and meeting demand in our four primary markets: Ports & Maritime, Airports, General Industry, and Mining. 2017 marked the beginning of a transformation for Cavotec with the implementation of a strategic plan that included four main ambitions:

1. Drive profitable and sustainable growth
2. Strengthen position as systems and solutions partner
3. Streamline and optimize governance and supply chain structure
4. Promote our technical leadership through product and service innovation

We are transforming Cavotec with the aim of developing its position as a high-tech and global engineering group, leveraging our unique characteristics to meet the challenges of a complex world, and achieving sustainable and profitable growth.

Simpler, sharper, stronger

SHAPING OUR FUTURE THROUGH GROWTH

Under the auspices of Cavotec's new strategic plan, in 2017 we redesigned the structure of the Group to build an organisation that will deliver results in the long term. Two new business units, Airports & Industry and Ports & Maritime, now act globally and have full P/L responsibility. We took considerable steps during the year to move accountability closer to respective businesses. These measures will contribute to building value for all stakeholders in the years ahead.

FOCUS ON STRATEGY IMPLEMENTATION

We started to execute our strategy in 2017 with a transformation of our overall corporate culture, and in four tactical areas:

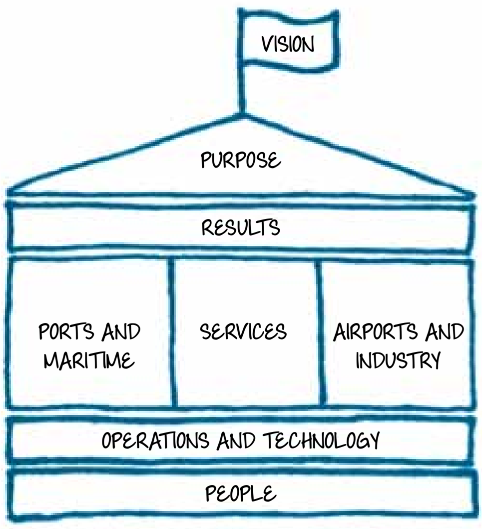
- Global industry leadership in selected markets
- Technology leadership
- Providing operational excellence
- Strengthening our focus on after-market service

This journey to create a high performance enterprise that delivers superior value to its customers has been initiated through a group transformation plan named A New Day. A New Day is consolidated into the "Cavotec Strategic House" that incorporates 50 "Transformation Projects". These projects are overseen by the Executive Management Team (EMT) and directed at group level by the Cavotec CEO. We have engaged more than 200 Cavotec employees on this new journey, who have volunteered to support the initiative. We believe that this is how we bring outstanding employees to the heart of Cavotec's future, further improve their skill sets and motivate them.

"Strategy is not the only thing that sets us apart. Our capacity to embrace a new culture and values, and to stand for them, are key elements of our success."

Yann Duclot, Group Chief Marketing & Strategy Officer

A New Day Project Leader



Airports & Industry

Cavotec Airports serves the airports and Maintenance, Repair & Overhaul (MRO) in the civil and defence sectors by offering world-leading Ground Support Equipment (GSE) solutions and services. Our growth strategy focuses on further developing our fully integrated turnkey solutions under the Cavotec E^3 Gate umbrella. An airport gate design recognised as the most efficient and safe way to service aircraft.

Market drivers include urbanisation, population growth, and trends in environmental regulation. These support Cavotec's airports strategy - a segment that consistently performs strongly.

To leverage the various opportunities in the airport sector, we set clear priorities:

- Expand our system integration and turnkey solutions capabilities to improve our position in the airport value chain.
- Focus on our core, world-leading profile in in-ground and fuelling pits, 400Hz power and PCA.
- Set industry standards in the design, manufacture and service of cost-efficient offerings that improve customer productivity and reduce environmental impact.
- Build a high-performance organisation to realise the full potential of employees, which in turn enables them to deliver results and achieve business success.

Cavotec Industry supports the construction and mining industries in a wide variety of segments. We primarily offer components - industrial connectors, spring and motorised reels, radio remote controls, human operating interfaces - that are integrated into industrial machinery.

Our strategic focus is long-term growth in attractive fields, aligning our portfolio along strategic imperatives, customer needs, and stringent resource allocation.

Market drivers include urbanisation, automation and electrification.

We see diverse opportunities for establishing a stronger market position in these sectors, including:

- Focus on our portfolio and develop cross-selling.
- Grow market share by reinforcing framework agreements and strategic partnerships with leading OEMs and partners.
- Organic structural realignment.
- Improve our performance with lean, flexible manufacturing, cutting lead times, and improving delivery performance.
- Enhance service excellence with new capabilities.

Ports & Maritime

Cavotec Ports & Maritime's strategy is focused on profitable growth through reinforcing its leadership in the electrification of mobile port equipment, shore power, and automated mooring.

Several segments continued to be affected by challenging macroeconomic conditions during 2017, particularly ports and shipping lines and oil and gas. Stricter environmental regulation, electrification and automation are strong positive drivers for the division.

Considerable steps were taken throughout the year to improve the performance of Ports & Maritime, including:

- Continuous improvement through faster response times for customers, supported by a lean and integrated supply chain.
- Proximity to customers all over the world with dedicated sales teams that have thorough understanding of individual customer requirements.
- Continue to lead new thinking in the industry, backed by research, with the aim of reducing time to market for new technologies.
- Capture aftermarket value with the development of our global service offering.

"A New Day involves people at all levels of the Group sourcing fresh ideas to solve problems. This is turning Cavotec into a world-class organisation."

Lorene Grandidier, A New Day Ambassador

Airports & Industry

€ 132.6 M
62 %*
Revenues

€ 127.3 M
65 %*
Order intake

€ 49.8 M
58 %*
Order book

* Percentage of Division contribution to the total Group figures.

Airports & Industry

IMPROVING RESPONSIVENESS, ENHANCING RELEVANCE

Airports
"2017 has been our strongest year ever in terms of order intake. Our main challenge was to restructure our sales teams to ensure that our resources were allocated in the best possible way to meet customer demand and broader market trends.

"In terms of sales, the Middle East was our strongest market. We kicked off the year with a major order for Dubai's new Al Maktoum International Airport, a project that amounts to some EUR 17.5 million in revenue for the Group.

"Another key success in 2017 was securing several global references for our 2500+ 400Hz frequency converter. Along with these important orders, achieving CE certification for the technology in 2018 will pave the way for considerable sales potential in the key European market."

Industry
"We introduced similar organisational changes in our Industry market allowing us to increase focus on key accounts and OEM customers.

"Implementation of these changes worked very well: overall, revenues were up, and having been under pressure for a number of years, the global mining market regained momentum in the second half of 2017 – a trend we see extending into 2018.

"Demand from key OEM customers such as Atlas Copco and Sandvik is stronger, as are other mining related activities, and this will be a focus area for us in 2018. In the short-term, underground mining is set to be our best performing segment by a considerable margin."

LOOKING AHEAD
"Several strongly positive indicators in the airports sector give us reason to believe in an extremely confident outlook for our prospects in the years ahead.

"The International Air Transport Association (IATA) expect 7.2 billion passengers to travel in 2035, a near doubling of the 3.8 billions air travellers in 2016[1].

The total global aircraft fleet is set to double over the next 20 years, from 14,400 to 34,900 according to Airbus[2]. Airbus and Boeing are expected to increase new aircraft orders by some 40 per cent in APAC alone in this period; and up to EUR 2 trillion is projected to be invested in airport infrastructure to 2030.

"All these developments are clearly positive for us.

"In 2018, we'll also be focusing on the standardisation of our PDX pre-conditioned air systems in the US, and continue to pursue sale of our new 2500+ frequency converter in the European market.

"On the Industry side, our largest unit will most likely continue to be underground mining. And in our Crane Segment, we'll be looking to increase cross-selling of systems and grow existing key accounts."

CAVOTEC'S UNIQUE OFFERING
"What customers appreciate about Cavotec is our global presence and our turnkey offering.

"With our global footprint – especially since the implementation of our new organisational structure – we're able to meet specific customer needs, from engineering, to manufacturing to comprehensive aftersales service.

"It doesn't matter where a product is made, sold, or supported – we strive to add value to all our customer needs: this is a key asset and a significant advantage for Cavotec."

[1] *IATA Forecasts Passenger Demand to Double over Twenty Years: http://www.iata.org/pressroom/pr/Pages/2016-10-18-02.aspx*
[2] *Global Market Forecast 2017-2036: http://www.airbus.com/aircraft/market/global-market-forecast.html*

"What customers appreciate about Cavotec is our global presence and our turnkey offering."

Juergen Strommer, Division President, Cavotec Airports & Industry

Airports

Powering, cooling and fuelling aircraft

A WORLD-CLASS SALES FORCE

"2017 was a transformational year for Cavotec Airports. We hired new people and strengthened structures for our Airports sales teams in all our main markets – the Americas, Europe, the Middle East, and the Far East – ensuring that we continue our progress towards having a world-class sales force.

"In one of our largest markets, the Americas, we appointed an entirely new sales team, and made similar changes in the Far East and China, where we recruited a new regional director, and took on a new sales team.

"Our Unique Selling Point (USP) is our people. In 2017, we worked extensively on our sales and management teams. We strengthened these where we needed to, and improved the skill sets of existing employees."

SOLID DAY-TO-DAY BUSINESS

"We won five separate orders for the Australian Defence Force during the year, with a total value of some EUR 2.25m. These projects - which serve as excellent references in the segment - included Pre-conditioned Air systems and a variety of innovative pit units, including fuel supply systems and other in-ground aircraft service pits.

"Our fuel systems also had a strong year. Business was steady with solid day-to-day projects from our loyal customer base in the Americas, Europe, the Middle East, and India. With overall growth in the industry projected to reach between seven and eight per cent a year, we are well placed to meet that demand and grow with the industry."

LOOKING AHEAD

"We're pretty excited about our growth potential in the Far East – China in particular – and we're investing in these markets.

"More broadly, we're working on further standardisation of our existing product range, and we have new systems set to come to market in 2018."

"Our USP is our people. We strengthened our sales team where we needed to, and improved the skill sets of existing employees."

Gary Matthews, Vice President Sales, Cavotec Airports

Dubai Airport: turnkey power and cooling solutions for remote aprons

As it exploits its strategic hub position, Dubai Airport is seeing substantial passenger traffic growth. In 2015, the decision was taken to dramatically expand capacity with the creation of Al Maktoum International, billed as Dubai's new gateway airport. Dubai Airport wants to be the leading airport of the future, offering best-in-class service to airlines, and an unrivalled level of passenger comfort.

Based on its extensive experience in Ground Support Equipment design, Cavotec provided a turnkey solution for the new airport that included the design, engineering, supply, installation and commissioning of state-of-the-art PCA solutions, 400Hz power technologies, and in-ground pit systems. Cavotec equipment serves all types of aircraft, including the Airbus A380, at 60 parking positions.

Customer benefits:

- Improved efficiency and safety at the gate
- Reduced emissions
- Improved passenger comfort in hot ambient conditions due to our Super Cool DX PCA technology

Industry

Connecting, powering and controlling equipment

BUILDING FOR FUTURE GROWTH

"Our key challenge in 2017 was to integrate the former General Industry and Mining & Tunnelling divisions into our new Industry Market Unit. We now have a business entity that serves customers in segments from nuclear power to forestry, from cranes to steel manufacturing, and mining to entertainment.

"Key to the re-organisation was the establishment of four separate sub-units: Cranes, Surface Mining and Tunnelling, Underground OEM Mining, and Energy Processing and Transportation."

"TREMENDOUS" GROWTH

"Demand across our markets picked up throughout 2017, with mining in particular registering a tremendous increase. We took some 20,000 orders last year, with a sales team of just 30 people worldwide.

"And our new organisational structure allowed us to do this. By removing country designations, the new structure provided the platform on which genuine teamwork now exists that ensures that we secure business globally.

"This in turn has allowed us to focus on key customers, reinforcing our relationships with them, which has been very positive."

"POSITIVE" YEARS AHEAD

"The electric vehicle (EV) market continued to be important for us in 2017. Early in the year we won an order to provide equipment that will electrify a major delivery (parcel) company's entire fleet of vehicles.

"More generally, we see huge potential in the US, as well as China, where 2017 was a fantastic year for us. For example, we secured orders from China Railway, the national rail operator, and business grew heavily with large OEMs such as Atlas Copco and Sandvik.

"In general terms, I feel positive about the future. We've already received indications from a number of key customers that they expect solid growth in 2018 in certain sectors.

"Enhancing our product offering and innovating in the Internet of Things (IoT) is a continuous objective.

"The main advantage that Cavotec has over its competitors is the wide range of products and systems that we offer customers. It's a unique edge, in fact. It gives us the ability to cross-sell between segments, allowing us to offer customers comprehensive solutions to their challenges."

Atlas Copco: innovative Human Operator Interface for mining loaders

Underground mining operations that involve rock excavation and loading are complex and require a high degree of precision to ensure that materials are handled safely. Typically, human operators control underground loaders, leaving them exposed to hazardous situations.

Working closely with Atlas Copco, Cavotec developed a Human Operator Interface (HOI) solution. A Media Base Unit, installed on the loader, connects a number of cameras and broadcasts live video feedback that is displayed on a portable tablet, mounted on a Radio Remote Control unit, which allows the loader to be maneuvered and controlled remotely.

Customer benefits:

- Improved operator safety
- Improved productivity of rock excavation process
- Robust solution that withstands harsh mining environments

"I think that we have some very positive years ahead of us."

Dirk Moll, Vice President Sales, Cavotec Industry

Ports & Maritime

€79.7M

38%*

Revenues

€67.3M

35%*

Order intake

€35.7M

42%*

Order book

* Percentage of Division contribution to the total Group figures.

Ports & Maritime

A STRONGER ORGANISATION

"Much of 2017 was characterised by the implementation of organisational changes at the Ports & Maritime division. People are adapting well to these changes, and the company is stronger as a result.

"In terms of business development, we won two major projects for container handling terminals in Virginia and Genoa, and we completed a highly successful MoorMaster™ automated mooring project in Salalah that has delivered substantive results for the customer in terms of container throughput. We also saw a surge in demand for shore power technologies, AMPMobile especially, at cruise terminal applications.

"Another highlight included increased activity in northern Europe, especially in automated mooring and charging and electrification technologies for passenger ferries. We see great potential for our Automatic Plug-in System in the region, where there is a concerted move towards automated vessel mooring and charging. We started to capitalise on this trend with two large orders for our MoorMaster solutions in Norway in Q4.

"A further highlight in 2017 was the recovery of the US oil and gas market on the back of the stronger oil price. The increase in activity led to new orders, and pointed to a potential for growth in 2018 and beyond.

"While we're optimistic about 2018 – we see signs of improvement over 2017 – we're also realistic. The ports sector is highly cyclical. We believe, however, that we've gone through the lowest point of the current business cycle, with better market conditions forecast in the medium term.

"Shipping lines and shipping businesses are recovering. The industry is making money again, and investment is returning. I see the recovery in the sector picking up pace in the second half of 2018, and continuing in 2019."

AHEAD OF THE COMPETITION

"We have a very strong product range. We have a comprehensive offering for ports and terminals – shore power, automated mooring, and electrification and automation technologies – which really make us a one-stop-shop for port and terminal operators.

"In shore power, for example, we have a wide range of products – one of the strongest in the segment. We're one of the market leaders in terms of references and experience by a considerable margin, being ahead of the competition.

"Similarly, in automated mooring, we are among the undisputed leaders in the market with some 50 installations around the world.

"We're committed to staying close to the market and close to our customers, to provide them with the expert support and assistance they need. We're well known in the market for being responsive, and we need to continue that way."

"We're committed to staying close to the market and close to our customers, to provide them with the expert support and assistance they need."

Gustavo Miller, Division President, Cavotec Ports & Maritime

Ports & Maritime

Electrification and automation from berthing to shipping

KEY DRIVERS FOR THE YEAR: SHORE POWER, AUTOMATED MOORING

"The Ports & Maritime division accomplished a number of sales and technological goals in 2017, achievements that are set to pave the way for growth going forward. Two key areas for us in 2017 were shore power and automated mooring.

"Our new divisional structure has improved our customer focus. Furthermore, although revenue in 2017 was down on the previous year, our revitalised organisation gave Ports & Maritime the strong focus we needed to pursue opportunities and improve delivery performance."

CAVOTEC AUTOMATED MOORING PAVES THE WAY FOR "NEW ERA"

"Our extendable and fully automated shore power connection system, AMPTelescopic, entered service in the UK – an important milestone for us in these key markets.

"Our integrated automated mooring and induction charging technology was successfully tested in September. We also delivered EX-rated MoorMaster™ automated mooring units for a liquefied natural gas (LNG) application, enabling the first ever transfer of LNG from a ship to a floating platform. Customer Connect LNG described the breakthrough as heralding a "new era in LNG distribution".

"Another MoorMaster™ application, this time at one of Helsinki's busy passenger and vehicle ferry berths entered service, underlines the considerable commercial potential of automated mooring in the Nordic ferry market.

"We also continued to develop our range of electrification technologies, such as APS for trucks and other vehicles. We continue to work on battery solutions for E-RTG."

"Our new divisional structure has improved our customer focus."

Luciano Corbetta, Vice President Sales, Cavotec Ports & Maritime

Connect LNG: automated mooring solution that heralds new era in LNG distribution

Liquefied Natural Gas (LNG) is set to be one of the fastest growing energy sources globally. Demand for and transport of LNG is expanding, but the industry faces an infrastructure cost challenge. In October 2017, Connect LNG successfully launched its Universal Transfer System (UTS), a floating LNG loading system in Norway. UTS enables the transfer of LNG from ships to floating LNG platforms, thereby considerably reducing CAPEX compared to the costs associated with the construction of a fixed LNG terminal.

Cavotec MoorMaster™ automated mooring has played a key role in this success, mooring and holding the LNG vessel securely in position throughout the transfer of LNG. EX- and DNV GL- certified, MoorMaster™ is increasingly considered as a major innovation for the oil and gas segment, enabling ship-to-ship and ship-to-shore mooring.

Customer benefits:

- Safe and reliable mooring of vessel to floating platform
- Fast transfer of fluid from vessel to floating platform
- Reduced CAPEX

STRONG ORDER PERFORMANCE
"Order highlights for the year include the supply of motorised cable reels to Konecranes, supporting one of their biggest developments to date at two container terminals on the east coast of US. This was our largest single order last year.

"We also won a major order for cable reels for more than 21 ZPMC Electric Rubber Tyred Gantry cranes for a major terminal in Italy.

"And crucially, we supplied AMPMobile units, (one of which is entirely battery-powered), to customers in China on a continuous basis throughout the year. Given the growing desire of operators to reduce emissions in China and elsewhere, establishing our name in this way is a major achievement for us.

"It was also a good year for our ship propulsion technologies and special large size collectors, with us supplying a slip ring for installation on one of the world's largest marine cranes for a customer in the Netherlands."

AUTOMATION, ELECTRIFICATION REMAIN DOMINANT
"While we're mindful of product development, we're also very aware that our customers are still looking to reduce operational costs through automation and electrification – areas where we are ideally positioned to meet continued growth in demand.

"Looking ahead, 2018 promises growth in several of our markets, so we have opportunities there. We're already starting to see a recovery in ports, a segment where we have a comprehensive range of solutions – more so than our competitors – including shore power technologies, automated mooring, electrification systems, connectors, and motorised cable reels."

ZPMC: Cavotec reels power record-breaking ship-to-shore cranes

Many container terminals are scrambling to improve productivity while adapting their infrastructure to handle ultra-large container vessels. Crane manufacturers are increasingly required to provide larger and more efficient ship-to-shore (STS) cranes to load and unload these vast ships in ever-shorter turnaround times.

In 2017, leading port equipment manufacturer ZPMC built a series of STS cranes with the highest lifting distance of any STS cranes anywhere in the world. Cavotec helped establish this new standard by providing electrical power and spreader reels for these cranes, which are now in use at Port of Tanjung Pelepas, Malaysia.

Customer benefits:

- Improved crane productivity
- Safe and reliable port operations
- Increased terminal planning accuracy

CSR Report

Contributing to a safer and greener world

COMMITMENT TO GLOBAL STANDARDS

As a leading global engineering group, with operations in many parts of the world, Cavotec considers the continued development of its CSR goals and initiatives as integral elements of the Group's future success. We actively seek to conduct business responsibly, ensuring that we contribute to a more sustainable and more equitable world. To this end, we are committed to meeting our CSR objectives towards our customers, suppliers, employees, investors and society as a whole.

In December 2015, the Cavotec Board of Directors formulated a new vision and business concept that incorporated an updated Code of Conduct based on the UN Global Compact, underlining the Group's commitment to CSR.

10 Principles of the UN Global Compact			
	Human Rights	*Principle 1:*	Businesses should support and respect internationally proclaimed human rights; and
		Principle 2:	ensure that they are not complicit in human rights abuses.
	Labour	*Principle 3:*	Businesses should uphold the freedom of association and recognize effectively the right to collective bargaining;
		Principle 4:	eliminate all forms of forced and compulsory labour;
		Principle 5:	effectively abolish child labour; and
		Principle 6:	eliminate discrimination in respect of employment and occupation.
	Environment	*Principle 7:*	Businesses should support a precautionary approach to environmental challenges;
		Principle 8:	undertake initiatives to promote greater environmental responsibility; and
		Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
	Anti-Corruption	*Principle 10:*	Businesses should work against corruption in all its forms, including extortion and bribery.

CLEAR BUSINESS ETHICS

We believe that sound business ethics play an integral role in all our transactions and relationships with customers, suppliers, and others. As a multinational group, it is crucially important that Cavotec staff conduct their work with sensitivity and exemplary ethical behaviour at all times.

All our business units are required to ensure that suppliers conform to the highest possible standards regarding employee health and safety, the environment and social responsibility.

Cavotec employees are given a copy of the Cavotec Code of Conduct, which provides detailed guidelines on ethical standards, cultural differences and business practices. All Cavotec CSR policies, requirements and guidelines will be included in an on-boarding package for new employees. Management intends to run a company-wide CSR awareness campaign and hold e-learning sessions on specific topics with selected employees throughout the Group.

In 2017, this commitment to CSR was further strengthened with the incorporation of these values into the Group's new five-year Strategic Plan, which came into effect on January 1, 2017. The Plan includes the pledge: "To be a trusted partner in global and innovation excellence, delivering value creation with advanced, sustainable systems for ports and airports."

These policies further strengthen and formalise our commitment to all stakeholders. Policy areas include:

- Anti-fraud
- Anti-bribery
- Environment
- Equal opportunities & diversity
- Human rights
- "In society"
- Operational Health & Safety
- Quality

To support the implementation and fulfilment of the above policies, Cavotec has also implemented a whistleblower system.

Cavotec's Code of Conduct outlines the principles and standards that Cavotec expects and requires all its employees and directors to observe and uphold. It summarises the internal policy documents related to business ethics, quality, and social and environmental responsibility.

Key targets and performance indicators in terms of CSR objectives are defined at a Group level and implemented through a steering committee, which is comprised of the EMT and key business and product managers throughout the Group.

Once fully in place, Cavotec's CSR reporting system will comply with the EU Directive on non-financial information. Work on the implementation of the Group's CSR reporting system continued throughout 2017.

PROGRESS AND ACTIONS IN 2017

Throughout 2017, Cavotec took steps to implement those principles into its daily operations and long-term strategies.

Cavotec is improving the safety of its employees

In 2017, all Cavotec sites continued to maintain their work towards ISO 9001-2008 certification.

To go beyond these standards and continuously improve the safety and quality of our manufacturing processes, Cavotec Airports USA initiated the implementation of SQDEC (Safety Quality Delivery Employee Cost) dashboard. During a daily "Gemba walk", each manufacturing team leader assesses, reports and presents the status and incidents in his area related to safety, quality, delivery and resources. Acting with full transparency and with the aid of easy color codes, team leaders hang the dashboards visibly in the workshop. The updates are consolidated monthly to help work out corrective actions. The initiative was started in January 2017 and has already resulted in a strong improvement of manufacturing KPIs and employee safety.
A dedicated programme – Safety 2021 – was launched in November

to implement key initiatives identified thanks to the implementation of SQDEC. Following initial positive results, other Cavotec sites will progressively implement the SQDEC approach.

Cavotec acting for the community

Cavotec continued to support a wide variety of cultural and educational events in 2017.

Since its establishment in 2011, Cavotec has supported the Orchestra dei Popoli in Milan. The orchestra works for the social inclusion of Roma children living in Milan.

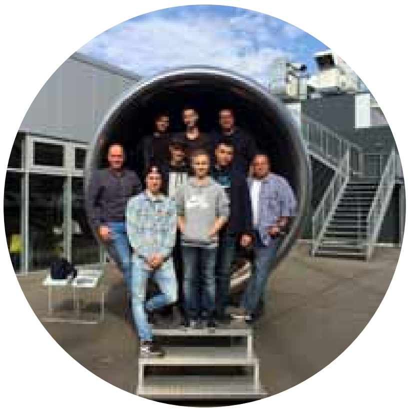
In 2017, Cavotec initiated Education Days in Germany to promote education and apprenticeships. The Education Day, which was organized in September, gathered 6 mechanical and electrical apprentices from Cavotec Industry Germany and Cavotec Airports Germany, as well as their trainers. The apprentices had the opportunity to learn more about Cavotec's business and understand Cavotec's training programme. Apprentices also enjoyed a visit to the Technik Museum Speyer, which features legendary aircrafts such as the supersonic Concorde and the Tupolev, among others. A good way to learn about technological trends impacting the Airport industry!

Cavotec acting for the environment

As part of efforts to support the Group's commitment to sustainable operations, the construction of the new Cavotec facility in Nova Milanese progressed in 2017, incorporating the latest standards and state-of-the-art technologies. The building insulation has been done in accordance with the latest environmental norms, and the facility includes 230kW of solar power generation as well as geothermal technology and LED lighting. Energy consumption is expected to fall by 44% from the previous facilities. The premises will be officially opened in the beginning of 2018.

Cavotec is also actively promoting its programme to make electric vehicle (EV) charging stations (of which the Group is a leading supplier) available at its offices and manufacturing sites. Charging stations are available at Cavotec Airports USA in Cypress, Cavotec UK in Stockton-On-Tees, along with three stations at Cavotec Industry in southern Sweden and one station in Cavotec Industry Germany. Cavotec Ports & Maritime Italy's new facility will also include charging stations for electric vehicles.

Daily presentation of SQDEC in Cavotec Airports USA workshop.



Cavotec apprentices visit Technik Museum in Speyer.

EV charging station in Cavotec UK.

Cavotec Ports & Maritime Italy's new facility under construction.

Human Resources

A RESPONSIBLE EMPLOYER

Cavotec offers challenging and rewarding careers in a fast-moving, diversified and global business. We hire exceptional, motivated individuals and invest in their future, building a culture of continuous learning through education and training.

Management continually works to develop employees' skills, and create an environment where our people are proud to do business with transparency and professionalism around the world on our behalf. We actively ensure employees' health and wellbeing by creating an inspirational work environment, and by encouraging a healthy balance between work and private life.

Cavotec is flexible and dynamic, yet never abandons its responsibilities and commitments. Our open working environment fosters the free exchange of ideas and mutual respect.

THINK GLOBAL, ACT LOCAL

Following the restructuring of Cavotec Corporate HR in early 2013, our focus was on implementing global, strategic projects and on supporting local, tactical needs. One of the many ways the Group has invested in HR is through structured projects that provide greater clarity to the Board and management about the global headcount, recruitment needs and the need for training programmes and competence development plans. Between 2015 and 2017, top managers were trained on executive topics (annual development interviews, team management and leadership). Our initiative to map key positions both in business and support functions has substantially improved the visibility of opportunities in the organisation, and our ability to match career paths with the aspirations of employees in line with the operational needs and expectations of the Group.

For these reasons we implemented recruitment and reporting processes to obtain a global view and support local deployment. The goal is to think as the global group that we are, and to act locally, taking into consideration our diversity and specific needs in given markets and locations.

The continued development of the HR support function at the corporate level is an important leverage point providing increased scope and visibility to our local companies through the implementation of support tools and structured processes.

In this continuous improvement perspective, we plan to work on new HR projects in 2018 with a "glocal" approach: empowering the Group to identify with global projects, and supporting our local companies to meet their specific needs.

Number of employees - HC & FTE (period end)

Headcount	2013	2014	2015	2016	2017
Internal*	916	923	962	953	940
External**	122	111	116	61	48
Total	1038	1034	1078	1014	988

Full Time Equivalent	2013	2014	2015	2016	2017
Internal*	883	911	949	942	925
External**	118	108	114	59	45
Total	1001	1019	1063	1001	970

* *Internal employees: hired directly in one of Cavotec entity with a permanent, temporary or apprentice contract.*

** *External Employees: Hired by a third company in outsourcing by Cavotec (people hired by temporary work agency).*

CAVOTEC'S DEMOGRAPHICS

The composition of the Cavotec team reflects the Group's international, multicultural and interdisciplinary character. At the end of 2017, Cavotec employed 940 people (not full-time equivalent and internally paid). More than 96 per cent of our staff are permanently employed. They come from more than 41 countries on five continents, and from a wide variety of backgrounds.

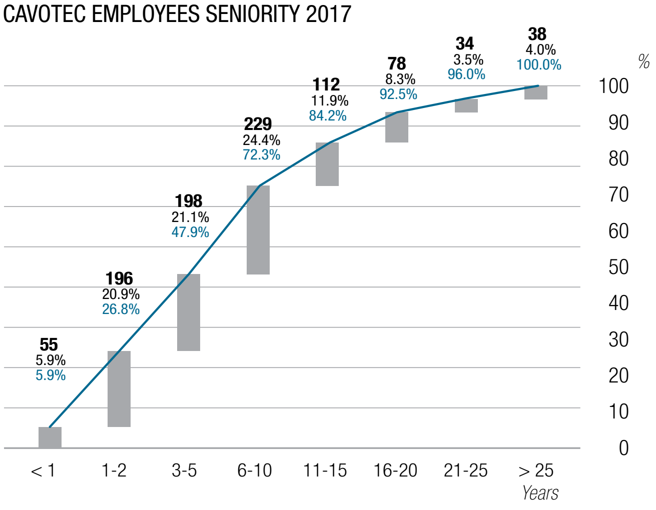
The majority are employed locally, with around 19 per cent being engineers. Almost one third of our employees have a university-level degree or higher.

Although there are still only a small number of women in executive roles within Cavotec, around 20 per cent of its staff are made up of women in support functions. Cavotec has a clear and long-established policy underlining its approach to hiring the best possible talent and embracing diversity. Over the past five years, the Group has grown approximately 3 per cent to meet the growing needs of the business and market in general.

Cavotec employees have a low average age, with more than 40 per cent of employees under the age of 40. Where possible, the Group seeks to ensure that younger members of staff benefit from more experienced employees' knowledge of the industry and history of the Group.

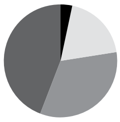
The average seniority in the Group is eight years, and approximately 27 per cent of employees started to work at the Group less than two years ago.

CAVOTEC EMPLOYEES SENIORITY 2017



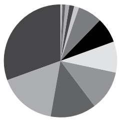
Number of employees and headcount in %
Cumulative headcount in %

EMPLOYEES 2017



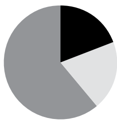
By Category

Top Managers(1)	3.1%
Managers	22.5%
Production Employees	30.0%
Office Employees	44.4%



By Job Family

General Management	0.2%
Administration & General Services	0.5%
Finance	7.0%
Group MARCOM & Strategy	0.7%
Human Resources	1.1%
Information Technology	1.3%
Legal	0.1%
SC Management & Administration	8.9%
Engineering & R&D	13.1%
Purchasing, Warehousing & Logistics	11.4%
Production	30.3%
Sales	16.6%
Service	7.2%
Project Management	1.6%



By Geographical Region

AMER	18.4%
APAC	20.0%
EMEA(2)	61.6%

(1)Including Group CEO and C-level managers
(2)Including Lugano Corporate office (2%)

MUTUAL RESPECT IN AN INTERNATIONAL TEAM

As a relatively small organisation, with a global presence, it is important that Cavotec has a strong, shared company culture. This helps us to align business goals, and creates a common vision for employees wherever they are based. Each Cavotec employee brings to the Group a diverse range of skill sets and individual characteristics that are valued and recognised by fellow colleagues, partners and customers. All employees are respected and encouraged to contribute to the Group's overall success.

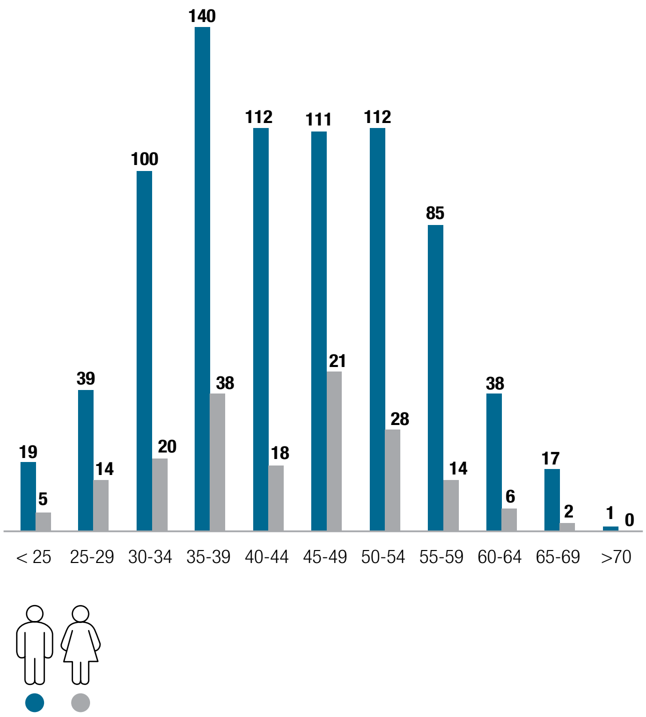
LOCAL PRESENCE

Generally, staff are employed locally which enables Cavotec to build long-term relationships with customers, suppliers, authorities and professional bodies. The Group is committed to being close to its customers, all over the world, and to live up to our goal of being "glocal".

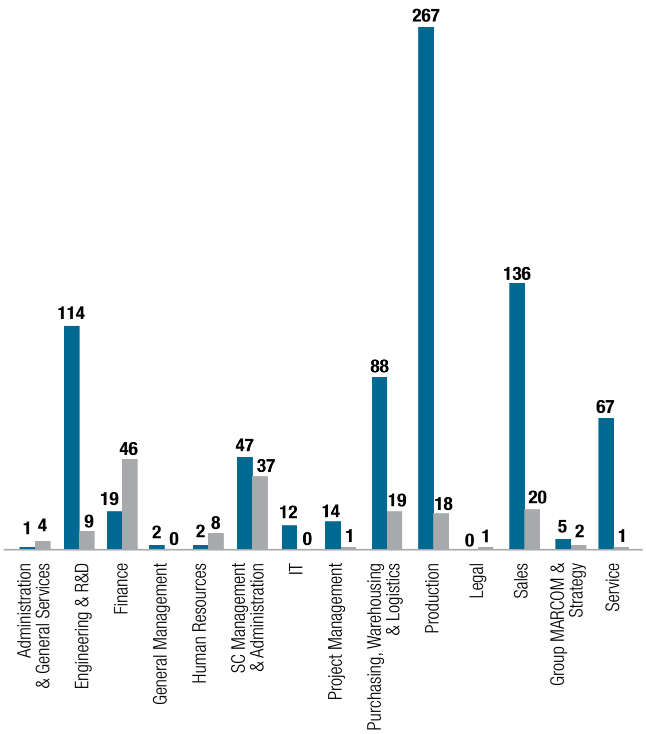
Our local strength enables us to work closely with our customers, gain a better understanding of their requirements and solve challenges they face more effectively. For partners and suppliers, the local presence and familiarity with local markets make Cavotec a valuable and intrinsically competent business partner. Knowledge of local realities on global issues makes the Group relevant for formulating regulatory norms and technical standards.

As a multinational group, it is of the utmost importance that Cavotec staff conduct their work with sensitivity and exemplary ethical behaviour at all times. All our employees are given a copy of the Cavotec Code of Conduct that provides detailed guidelines on ethical standards, cultural differences and business practices.

AGE PYRAMID 2017 (HEADCOUNT)



EMPLOYEES BY JOB FAMILIES AND GENDER 2017 (HEADCOUNT)



Compensation Report

Compensation Report

The Ordinance Against Excessive Compensation at Public Corporations (VegüV) requires listed companies incorporated in Switzerland to publish a Compensation Report. Cavotec SA (the "Company") is a Swiss Company listed on the NASDAQ in Stockholm, the Corporate Governance of Cavotec is based on Swiss and Swedish rules and regulations, such as Swiss Code of Obligations (the "CO") and the Swedish Code of Corporate Governance (Sw. Svensk kod for bolagsstyrning) (the "Code").

The Company having its seat in Lugano, Switzerland, also applies some Swiss Exchange ("SIX") rules regarding good Corporate Governance.

The Compensation Report describes our compensation system and philosophy, and provides details on the compensation payments to the Board of Directors and to the Chief Executive Officer in 2017.

COMPENSATION GUIDELINES

The remuneration programme for senior executives in the Cavotec Group (the "Group") consists of four components:

a) salary
b) annual non-equity cash compensation ("STIP")
c) equity based incentives ("LTIP")
d) pension benefits

The four components can be divided into fixed and performance based elements; the salary and the pension benefits are fixed, whereas the STIP and LTIP are performance based. Qualified international remuneration consultants from Willis Towers Watson have been consulted when the remuneration system was designed in order to ascertain that the remuneration system is competitive and in line with remuneration systems that exist in comparable companies.

Fixed pay	Variable pay
Salary	STIP
Pension benefits	LTIP
Based on: - functions and responsibilities - mandatory pension plans of the country of employment	For: - performance and results - participating in long term success

a) Salary

The salary for a senior executive of the Group is targeted at up to 120 per cent of the competitive market's median – where the competitive market is defined as general industry in the country of residence. In 2017, the benchmark analysis (or the competitive market analysis) has been made by using all companies listed in the general industry survey from Willis Towers Watson for the following countries: Australia, Canada, China, Finland, France, Germany, Hong Kong, India, Italy, the Netherlands, Norway, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, the UAE (Dubai), the UK and the USA.

The salary is revised once a year. The average yearly increase is historically below 5 per cent, but depends on the country of employment (where the inflation rate is an important factor for determining the increase). The salary can also be adjusted in the case of a change of responsibility or relocation. There is a contingency plan that can be implemented in the case of worldwide economic recession or worldwide financial crisis whereby salaries can be voluntarily reduced by up to 10 per cent or increases can be halted. In fact, following the economical unrest in late 2008, the measures of the contingency plan were implemented and salaries were reduced by 10 per cent for nine months of 2009 and salary increases were halted. These measures were withdrawn in 2010.

b) STIP

The STIP is a cash bonus that provides incentives for senior executives by providing them with a bonus based on Group profit before taxation. From 2012 EBIT is being used as the profit measure for the purpose of calculating the STIP, prior to 2012 EBT was used. The expected amount of the STIP each year is 10 to 35 per cent of the salary.

When the STIP is distributed, it is calculated as a percentage of the salary for each senior executive.

c) LTIP

The LTIP is a long-term incentive plan that is aimed at creating a managing shareholder culture by allowing selected key employees of the Group to become shareholders of Cavotec SA.

The Plan Participant has the possibility, but is not obligated to purchase Co-investment Shares at fair value on the stock-market during the Co-investment Period of the Respective Plan.

The amount of the Matching Incentive depends on the number of Co-investment Shares still held by the Plan Participant on the Matching Date, as well as, on the achievement of the Revenue Target and the EBIT Margin Target.

The incentive from the LTIP is expected to be a maximum of 25-30 per cent of the Total Direct Compensation (Total Direct Compensation = salary + STIP + LTIP). The incentive from the LTIP as a portion of Total Direct Compensation shall be higher for more senior executives as it is expected that the more senior the executives are, the more they influence the Group's result.

d) Pension benefits

The pension benefits are based on defined contributions that are determined based on the mandatory pension plans of the country of employment and other local conditions. In certain selected cases an extra pension benefit equal to 10 to 15 per cent of the salary can be agreed with key managers as an extra compensation. This extra compensation can be revised on a yearly basis.

COMPENSATION GOVERNANCE

a) Ordinary General Meeting

An ordinary general meeting of shareholders is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors.

General meetings of shareholders are presided over by the Chairman of the Board of Directors or, in his absence, by a chairman of the day to be elected by the general meeting of shareholders. The chairman appoints a secretary and some scrutinisers neither of whom need be shareholders.

The Ordinary General Meeting "OGM" of Cavotec SA was held in Lugano and chaired by Stefan Widegren in 2017.

The general meeting of shareholders has the following exclusive competences:

1. Amendments to the Articles of Association;
2. Approval of the annual report and, as the case may be, of the consolidated statements of accounts;
3. Approval of the annual financial statement as well as resolutions on the use of the balance sheet profits, in particular, the declaration of dividends and of profit sharing by directors in accordance with Art. 671 and Art. 677 CO;
4. Discharge of the members of the Board of Directors and of the Chief Executive Officer (CEO);
5. Election of the Board members, the chairman of the Board of Directors and the members of the Remuneration Committee;
6. Election of the independent proxy;
7. Election of the auditors;
8. Approval of the remuneration of the members of the Board of Directors and the CEO according to article 16b of the Articles of Association listed below:
   1) The general meeting of shareholders shall annually approve the maximum aggregate amount each of:
      a) the remuneration for the Board of Directors for the next business year;
      b) the remuneration for the CEO for the next business year.
   2) The aggregate amount shall cover the fixed remuneration, the STIP and the LTIP payable during the next business year.
   3) In the event the general meeting of shareholders does not approve

a proposal of the Board of Directors, the Board of Directors may submit another proposal at the same general meeting of shareholders or convene a new general meeting of shareholders to approve the remuneration;

4) The general meeting of shareholders may at any time approve a subsequent increase of an approved aggregate amount.

9. Resolutions on all other matters which, under the Articles of Association or according to the law, are in the exclusive competence of the general meeting of shareholders or which have been submitted to the meeting for its decision by the Board of Directors.

b) Board of Directors

The current members of the Board of Directors in Cavotec SA are Fabio Cannavale, Erik Lautmann, Heléne Mellquist, Ottonel Popesco, Helena Thrap-Olsen, Patrik Tigerschiöld and Stefan Widegren (Chairman).

The Board of Directors of Cavotec SA held eight board meetings in 2017.

By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

1. The determination of the strategy of the Company and the Group and the issuance of the necessary directives;
2. The establishment of a framework of the organisation;
3. The basic structuring of the accounting system, of a system of internal financial controls, and of the financial planning;
4. The approval of the appointment (and suspension) of the officers entrusted with the management of the Company or with its representation;
5. The supervision of management, in particular in relation to compliance with the law, the Articles and corporate regulations, charters and directives;
6. Decisions on the business report consisting of the annual financial statements, the annual report, and consolidated financial statements including interim published reports and determination of the accounting standard;
7. The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
8. Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO;
9. Preparation of the compensation report.

By Swiss law, the Board of Directors also has the following non-transferable responsibilities: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g CO (acknowledgement of capital increase) and art. 651 IV CO (increase of share capital in the case of authorised capital); decisions pursuant to art. 634a I CO (shares not fully paid in) and resolutions pursuant to the Swiss Merger Act.

c) Remuneration Committee

The current members of the Remuneration Committee in Cavotec SA are Helena Thrap-Olsen, Patrik Tigerschiöld and Erik Lautmann (Chairman).

The Remuneration Committee of Cavotec SA held four meetings in 2017.

The Remuneration Committee has the following duties and competences:

1. Reviewing and advising the Board of Directors on the terms of appointment of the CEO;
2. Reviewing working environments and succession planning for members of the management;
3. Reviewing the terms of the employment arrangements with members of the management so as to develop consistent group-wide employment practices subject to regional differences;
4. Reviewing of and making proposals to the Board of Directors on the remuneration of the members of the Board of Directors and of the Chief Executive Officer;
5. Reviewing the terms of the Company's short and long term incentive plans;
6. Submission of a draft of the remuneration report to the Board of Directors.

COMPENSATION COMPONENTS

The remuneration to the members of the Board of Directors in Cavotec SA, is, in deviation from the Code, resolved by the Board of Directors as set out in the Articles of Association. In addition, Board members may receive remuneration for consultancy services provided to the Company. None of the members of the Board of Directors are entitled to any benefits when resigning from the Board, in their capacity as Board members. However, Board members may be entitled to benefits according to employment or consultancy agreements that will continue even if the Board member would resign as Board member.

a) Elements of Remuneration and Additional Amount for new CEO

i. Elements of Remuneration (Articles of Association - Art. 16a)

1. The Board members and the CEO shall be appropriately compensated for their services in view of their functions and responsibilities;
2. Both the members of the Board of Directors and the CEO shall receive a fixed and, if applicable, a variable remuneration;
3. The fixed remuneration may consist of a salary plus social security contributions on the part of the employer, benefits and pension benefits;
4. The variable remuneration consists of annual compensation ("STIP") and/or long term incentives ("LTIP") plus social security contributions on the part of the employer and, if applicable, additional pension benefits;
5. The STIP is a variable compensation that provides incentives for senior executives by providing them with bonus based on Cavotec profitability;
6. The LTIP is a long-term incentive plan for senior executives which shall be aligned to the long-term value creation of the Company and may include or be based on shares and/or options;
7. The pension benefits are based on defined contributions, that are determined based on the mandatory and elective pension plans of the country of employment. Pension benefits may include retirement benefits (such as pensions, purchase of medical insurances etc.) outside of the scope of occupational pension benefit regulations and may amount to up to 50% of the last paid out fixed remuneration per year.

ii. Additional Amount for new CEO (Articles of Association - Art. 16c)

If a new CEO is appointed after the remuneration has been approved, the Board of Directors is authorised to use for a given year, in addition to any approved amount, an additional amount of 100% of the approved amount of the remuneration of the CEO to remunerate any such new CEO to the extent that the approved total remuneration for the CEO is not sufficient to remunerate the new CEO until the next general meeting of shareholders. This additional amount does not need to be approved by the general meeting of shareholders.

b) Other remuneration

i. Loans to members (Articles of Association - Art. 16j)

The Company does not grant loans or extend credit to the members of the Board of Directors and to the CEO.

ii. Pension benefits (Articles of Association - Art. 16j)

The Company may grant to the members of the Board of Directors and to the CEO pension benefits outside of the scope of occupational pension benefit regulations as provided in Article 16b, para 7.

iii. Contractual terms (Articles of Association - Art. 16e)

Indefinite contracts regulating remuneration with members of the Board of Directors or with the CEO shall have a notice period for such not exceeding 12 months.

Fixed-term contracts regulating remuneration with members of the Board of Directors, if applicable, or with the CEO are allowed to provide a duration of up to 12 months.

COMPENSATION FOR THE 2017 BUSINESS YEAR

a) Compensation paid to the members of the Board of Directors 2017

Year ended 31 December 2017

EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total 2017	Total 2016
Fabio Cannavale	33,750	-	-	-	33,750	35,000
Leena Essén[1]	8,750	113	243	-	9,106	36,717
Nicola Gerber[1]	7,500	255	379	-	8,134	32,652
Christer Granskog	-	-	-	-	-	13,009
Lakshmi Khanna	-	-	-	-	-	53,659
Erik Lautmann[2]	38,800	585	1,261	8,800	49,446	40,613
Heléne Mellquist	39,500	1,408	2,096	-	43,004	32,245
Ottonel Popesco	-	231,279	39,046	-	270,325	-
Helena Thrap-Olsen[3]	35,000	1,248	1,857	5,000	43,105	28,572
Patrik Tigerschiöld	40,000	1,426	2,122	-	43,548	43,537
Stefan Widegren (Chairman)[4]	110,000	90,162	-	66,313	266,475	379,964

Year ended 31 December 2017

CHF	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total 2017	Total 2016
Fabio Cannavale	37,519	-	-	-	37,519	38,155
Leena Essén[1]	9,727	126	270	-	10,123	40,027
Nicola Gerber[1]	8,338	283	421	-	9,042	35,596
Christer Granskog	-	-	-	-	-	14,182
Lakshmi Khanna	-	-	-	-	-	58,497
Erik Lautmann[2]	43,133	650	1,402	9,783	54,968	44,275
Heléne Mellquist	43,911	1,565	2,330	-	47,806	35,152
Ottonel Popesco	-	257,106	43,406	-	300,512	-
Helena Thrap-Olsen[3]	38,908	1,387	2,064	5,558	47,917	31,148
Patrik Tigerschiöld	44,467	1,585	2,359	-	48,411	47,462
Stefan Widegren (Chairman)[4]	122,284	100,230	-	73,718	296,232	414,220

NOTE:
[1] Lena Essen and Nicola Gerber did not stand for re-election as Board members at OGM March 2017.
[2] Erik Lautmann through Radela AB, has provided consulting services to the Group totalling EUR 9 thousands i.e. CHF 10 thousands.
[3] Helena Thrap-Olsen through H.O S.a.S, has provided consulting services to the Group totalling EUR 5 thousands i.e. CHF 6 thousands.
[4] Stefan Widegren through Soliden Sagl, has provided consulting services to the Group totalling EUR 66 thousands i.e. CHF 74 thousands.

b) Compensation paid to the Chief Executive Officer 2017

Year ended 31 December 2017

EUR	Salary	Short-term Incentive	LTI Matching Incentive	Social Security, Insurance and Pension Contributions	Total 2017	Total 2016
Mikael Norin	361,752	184,064	-	40,513	586,329	-
Ottonel Popesco	231,279	-	13,222	240,087	484,588	740,308

Year ended 31 December 2017

CHF	Salary	Short-term Incentive	LTI Matching Incentive	Social Security, Insurance and Pension Contributions	Total 2017	Total 2016
Mikael Norin	402,149	204,618	-	45,037	651,804	-
Ottonel Popesco	257,106	-	14,699	266,897	538,702	807,051

NOTE:
- *In FY2017 Ottonel Popesco covered the role of CEO from January to June, while he served as Board Member for the whole year. The remuneration he received as CEO has been included in the table above, while the remuneration he received in the following six months has been included in the Board of Directors table.*
- *Mikael Norin has been appointed CEO as of 1st July 2017. The remuneration shown applies for the period July - December 2017.*
- *The LTIP Matching incentive is based on a long term incentive plan. Each year the CEO has the possibility to purchase Co-investment shares at fair value in the stock market during the Co-investment period of the respective plan. In 2017, Ottonel Popesco has decided to receive his matching incentive for the plan 2014 in the form of shares i.e. 4,272 shares (when the shares were received the value of the share was SEK 30.40 and the exchange rate was SEK 1= EUR 0.1025).*
- *The Social Security, Insurance and Pension Contributions include employer contributions.*

Lugano, February 2018

Erik Lautmann
Chairman, Remuneration Committee

Report of the statutory auditor

to the General Meeting of Cavotec SA

Lugano

We have audited the accompanying compensation report of Cavotec SA on page 31 for the year ended 31 December 2017.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SA, via della Posta 7, casella postale, CH-6901 Lugano, Switzerland
Telefono: +41 58 792 65 00, Fax: +41 58 792 65 10, www.pwc.ch

Opinion
In our opinion, the compensation report of Cavotec SA for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Daniel Ketterer

Audit expert
Auditor in charge

Michele Aliprandi

Lugano, 23 February 2018

Board of Directors

The Cavotec Board consists of seven members. All Board members have extensive experience in global business and between them represent a broad variety of skill sets and backgrounds. We believe that strong leadership takes empathy, insight and a willingness to listen. All these characteristics personify our Board and Corporate Management's approach to ensuring the Cavotec Group continues to flourish.




Stefan Widegren *Chairman of the Board*	**Patrik Tigerschiöld** *Member of the Board*	**Ottonel Popesco** *Member of the Board*	**Fabio Cannavale** *Member of the Board*
Born 1950	Born 1964	Born 1957	Born 1965
Member since 2007[(1)]	Member since 2014	Member since 2007[(1)]	Member since 2010[(1)]
Stefan studied mechanical engineering, specialising in hydraulics and pneumatics, at the Royal Institute of Technology in Stockholm from 1970 to 1975. He joined Specimas Srl (Italy) in 1972 and co-founded Cavotec AB two years later, assuming the role of managing director. Cavotec acquired Specimas in 1984 and Stefan was appointed Chairman and CEO of the Cavotec Group in 1994. He was appointed Executive Chairman of Cavotec MSL in 2007 and Chairman of Cavotec SA in 2011. Stefan was Sweden's Honorary Consul in Ticino, Switzerland, from 2010 to 2016, and Board member of the Swedish Swiss Chamber of Commerce in Zürich 2009 - 2015. In 2013 Stefan was elected as member of IVA (Kungliga IngenjörsVetenskapsakademin). He was former President of Rotary Club Milano Sud Est 2003/2004 and also President of the Rotary Club Lugano Lago 2016/2017. Stefan has also served as Chairman of the Union of International Chambers of Commerce in Italy, and as Chairman of the Swedish Chamber of Commerce in Milan.	Patrik holds an M.Sc. in Business and Economics. Since 2013, he has been Chairman of Bure Equity AB, (a role he also held between 2004 and 2009), following his tenure as President and CEO of the company. He is also Chairman of Mycronic AB, The Swedish Association of Listed Companies and The Association for Generally Accepted Principles in the Securities Market. Among other assignments, he serves as a Board Member for Fondbolaget Fondita Ab and The Royal Swedish Academy of Engineering Sciences (IVA).	Ottonel holds an MSc in Economics from Bucharest Academy, an MBA from Sorbonne University, an Ingénieur professionnel de France-diploma from Societé Nationale des Ingenieurs Professionnels de France, and a Strategic Marketing Management-diploma from Harvard Business School. Prior to joining Cavotec in 1988, Ottonel spent five years as Sales and Marketing Manager at ABB France (CKB Manufacturing Division). He is non-executive Chairman of the Board of Directors of Lastminute.com, and President of the Port Equipment Manufacturers Association (PEMA) Belgium. Ottonel is a registered professional engineer in France and an Associate Member of the Engineering Committee of the American Association of Port Authorities, USA.	Fabio holds a diploma in engineering from Politecnico di Milano and holds an MBA from INSEAD, Fontainebleau, France. In 2004, he founded Volagratis.com with Marco Corradino and has acted as Chairman of the Bravofly Rumbo Group, now Lastminute.com group, since then. He started his career as a consultant, working between 1989 and 1996 for A. T. Kearney and for McKinsey & Company. Between 1996 and 1998, he launched The Floating Village in Venezuela, an innovative concept of a holiday village built on boats. Between 1999 and 2001, Fabio was a member of the management team of eDreams, an online travel start-up. Between 2001 and 2004, he worked for his family-owned businesses and collaborated with a not-for-profit entity. He is also a member of the Board of Directors of Cavotec SA, Nomina SA and Consortium Real Estate BV.
Stefan Widegren, together with related parties, holds 4,975,000 shares in Cavotec.	Patrik Tigerschiöld, together with related parties, holds 100,000 shares in Cavotec.	Ottonel Popesco, together with related parties, holds 1,727,897 shares in Cavotec.	Fabio Cannavale holds 7,298,046 shares in Cavotec, (through Nomina SA, in which Fabio, together with related parties, hold 100 per cent of the shares).

[(1)] Please note that the year refers to membership in the Board of Directors of Cavotec MSL

Erik Lautmann
Member of the Board

Born 1950

Member since 2007(1)

After obtaining a BSc from the Stockholm School of Economics, Erik's professional career has primarily been in logistics and consulting. He has served as managing director of DHL in Northern Europe, as managing director of Jetpak Group, and was managing director of Catella when the company was founded in 1987. Since 2007, Erik has been at Cavotec as a non-executive Board Director and industrial advisor. In addition, he chairs another listed company and chairs two other private equity and privately owned businesses. Erik is a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA).

Erik Lautmann holds 107,802 shares in Cavotec.

Heléne Mellquist
Member of the Board

Born 1964

Member since 2016

Heléne holds a BA in International Business Administration at the University of Gothenburg and completed the Executive Program IFL at Handelshögskolan in Stockholm. She is currently the senior vice president of Volvo Trucks International. Prior to this, Heléne was CEO of TransAtlantic AB, CFO of Rederi AB TransAtlantic and also CFO at Volvo Lastvagnars International division. She has also held a number of leading positions within Volvo Group. Heléne is also a Board Member of Thule Group AB.

Heléne Mellquist does not hold any shares or warrants in Cavotec.

Helena Thrap-Olsen
Member of the Board

Born 1954

Member since 2016

Helena holds a M.A. in Philosophy from Paris University and an International Marketing degree from INSEAD. She currently runs an independent management consulting company helping CAC 40 companies such as Veolia with the organisation of global pooling and outsourcing programmes: HRIS, Payroll and ATS International deployments, along with various corporate cross-functional HR projects. Helena was Country Director for a Bonnier-owned publishing company in France for 10 years, followed by many years as a Project Director / HR Change Management Internal Consultant for various consulting companies and global corporations.

Helena Thrap-Olsen does not hold any shares or warrants in Cavotec.

Executive Management Team (EMT)

The EMT is selected by the CEO and consists of eight members in all, combining Cavotec's senior operational and corporate functions.

The EMT fulfills the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions into Cavotec's global organisation and leads local management on key operational issues. The EMT defines and implements operational strategy, policies, technical and commercial developments, as well as new acquisitions in line with targets set by the Board of Directors.

Mikael Norin
Group CEO

Born 1963

Mikael Norin attended Lund University and obtained a B.Sc. in Business Administration and Economics with a specialisation in International Business. Prior to joining Cavotec, he served as President, Rolls-Royce Marine Services, a division of the Rolls-Royce group offering after-market services and parts to the group's marine and navy customers around the world. Before that, he was President of Recall Americas, a division of Brambles Ltd, a global industrial services group based in Sydney, Australia. Prior to joining Recall, Mikael Norin spent 14 years with global engineering group ABB in increasingly senior executive roles based in Asia and Europe, culminating as Senior Vice President and head of the group's Power Systems division in Sweden.

Mikael Norin holds 96,248 shares in Cavotec.

Kristiina Leppänen
Group Chief Financial Officer & Investor Relations

Born 1969

Kristiina holds a Master's of Business Administration in International Finance from the Helsinki School of Economics, and a Bachelor of Business Administration from the University of South Carolina. Prior to joining Cavotec she served as CFO of GS-Hydro, which is owned by Ratos, a NASDAQ OMX-listed private equity conglomerate. She also served as CFO of Marioff Corporation Oy, a United Technologies Corporation subsidiary and held various finance positions at companies including Nokia, Sonera and Samsung.

Kristiina Leppänen holds 10,000 shares in Cavotec.

Yann Duclot
Group Chief Marketing & Strategy Officer

Born 1975

Yann holds a degree in Business Administration from Grenoble Ecole de Management, France and is a French citizen. Yann joined Cavotec in 2007, where he has served as Middle East Aviation Division Manager until 2010 and then became Group Manager Sales & Marketing at our Corporate office. He was appointed Chief Marketing and Strategy Officer in 2015 and has been a member of the Executive Management Team since 2012. Prior to joining Cavotec, he worked at Nexans and Alcatel as Business Development Manager and Key Account Manager. Yann believes in the importance of new technologies and innovation to make our world more advanced and sustainable.

Yann Duclot holds 26,068 shares in Cavotec.

Giorgio Lingiardi
Group Chief Information Officer

Born 1958

Having obtained a degree in Mechanical Engineering from the University of Genoa, Giorgio worked for several years at a number of engineering companies. He then joined Ansaldo Industria as a project engineer for container and bulk handling equipment. He joined Cavotec in 1991, where has since held various positions, including Sales Director, General Manager and Managing Director of Cavotec Ports & Maritime Italy. He has been the Group's Chief Information Officer since 2008.

Giorgio Lingiardi holds 63,202 shares in Cavotec.

Gustavo Miller
Division President, Ports & Maritime

Born 1964

Gustavo holds a degree in Mechanical Engineering from the Catholic University of Cordoba, Argentina. Prior to joining Cavotec he served as Managing Director at Impsa Malaysia and as General Manager Tower Cranes Division at Lindores Group in Australia.

Gustavo Miller holds 79,595 shares in Cavotec.

Patrick Rosenwald
Group Chief Technical Officer

Born 1970

Patrick joined Cavotec in 1999, working in Australia for three years before transferring to Cavotec Ports & Maritime Italy where he held several roles, including nine years as Managing Director. He holds a Bachelor of Engineering (Mechanical), and a Graduate Diploma in Business from Curtin University, Western Australia, and is a Member of The Australian Institution of Engineers.

Patrick Rosenwald holds 139,859 shares in Cavotec.

Isabelle Scherer-Friedhoff
Group Legal Counsel & Group Compliance Officer

Born 1977

Isabelle Scherer-Friedhoff is attorney-at-law. She attended the University of Duesseldorf and was admitted to the Courts in Duesseldorf and obtained a Dr. iur. with a specialization in IP law. Prior to joining Cavotec, she worked in several positions as attorney-at-law both in private praxis as well as in-house. During this time, she worked for four years as Legal Counsel for Caterpillar (Turbine Machinery, Turbomach in Riazzino, Switzerland), and five years as Corporate Counsel for Clariant (Specialty Chemicals in Basel, Switzerland).

Isabelle Scherer-Friedhoff does not hold any shares or warrants in Cavotec.

Juergen Strommer
Division President, Airports & Industry

Born 1970

Juergen holds a degree in Mechanical Engineering from May Eyth TH, Kirchheim/Teck, and a degree in Business Management from GARP Stuttgart. He joined Cavotec in 2007 as Managing Director in the Middle East before becoming COO for EMEA. Prior to joining Cavotec, Juergen was at ThyssenKrupp for eight years where, among other positions, he served as a Director in the Middle East. He has also been a General Manager with the Al Futtaim Group.

Juergen Strommer holds 125,135 shares in Cavotec.

Corporate Governance

Corporate Governance

Since Cavotec is a Swiss Company listed on the NASDAQ OMX in Stockholm, the corporate governance of Cavotec is based on Swiss and Swedish rules and regulations, such as the Swiss Code of Obligations (the "CO") and the Swedish Code of Corporate Governance (Sw. Svensk kod för bolagsstyrning) (the "Code").

THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Code applies to all Swedish companies with shares listed on a regulated market in Sweden, and shall be fully applied at the first annual shareholders' meeting held during the year following market listing. The Company, although being a Swiss company, has decided to apply the Code, but need not follow all rules in the Code, but has options for selecting alternative solutions which it may deem to better suit its circumstances, provided that any non-compliances and the alternative solution are described and the reasons explained in the corporate governance report.

The Company has applied the Code from the time the shares have been listed on NASDAQ OMX Stockholm in October 2011. However, since it is a Swiss company subject to Swiss rules and regulations there are some deviations from the Code. Deviations that the Company is aware of have, as far as possible, been explained in the Company's corporate governance report.

SHAREHOLDERS' MEETINGS

General

Shareholders' rights to resolve on company matters are exercised at shareholders' meetings. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place as the Board of Directors shall determine. Since the Company is listed in Stockholm, the Board of Directors has the ambition to, as far as possible and as long as in compliance with Swiss rules and regulations and if no public deed issued by a Swiss notary is needed, to hold shareholders' meetings in Sweden. The shareholders' meetings, deviating from the Code, will be held in English and information and material will be available in English only. This is in accordance with an exemption granted by the Swedish Financial Supervisory Authority. The minutes from shareholders' meetings will be published on the Company's website.

Right to attend shareholders' meetings

All shareholders who are registered directly in Euroclear Sweden's and SIX Switzerland's share registers on April 3, 2018 and who notify the Company of their intention to attend the shareholders' meeting at the latest by the date specified in the convening letter, shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the Notice of Meeting.

Notice of shareholders' meetings and shareholder initiatives

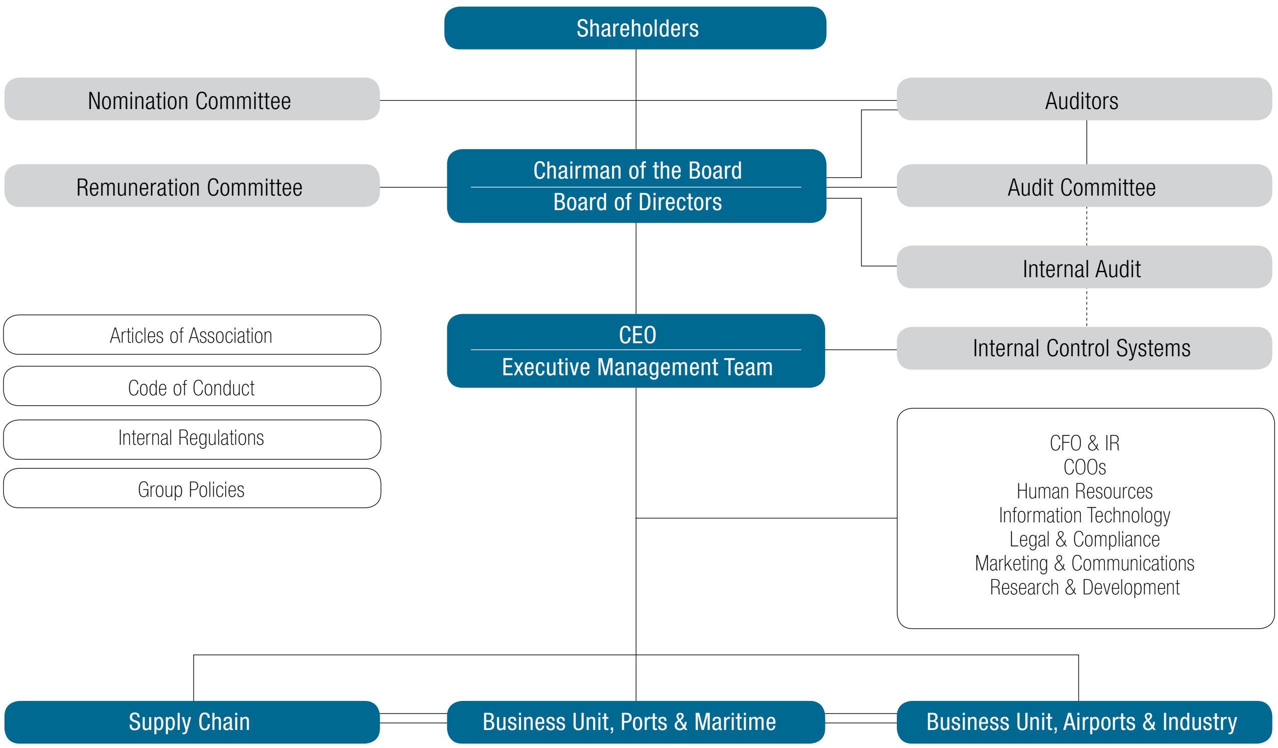
Notice of a shareholders' meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate the agenda and the motions. The notice will also be published on the Company's website.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least ten per cent of the share capital may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting within two weeks.

Nomination Process

The process for the nomination of Board members for Cavotec was revised in 2011 following the move from the NZX in New Zealand to NASDAQ OMX in Sweden. The objective has been to apply the Code, while still respecting Swiss

CAVOTEC CORPORATE GOVERNANCE STRUCTURE



laws and regulations applicable to a Swiss company. The ultimate goal has been to adopt a Nomination Process that is open and transparent to all shareholders and stakeholders.

The Nomination Committee was appointed on March 27, 2017 in accordance to the Articles of Association of the company. Please note, that while the Nomination Committee in a Swiss company is appointed by the Board of Directors, the composition of the Cavotec Nomination Committee will follow the recommendations of the Swedish Corporate Governance Code.

From March 28, 2017 the Nomination Committee members are Henrik Blomquist (representative for Bure Equity), Fabio Cannavale (representative for Nomina SA), Peter Brandel (representative for Management & Founder Shareholders) and Thomas Ehlin, replacing Per Colleen in September 2017 (representative for 4AP-fonden). As Chairman of Cavotec SA, Stefan Widegren will be invited to Nomination Committee meetings.

In October 2017 the Committee began preparing a proposal for the Board of Directors to be submitted to the Ordinary General Meeting. An evaluation of the work performed by the Board was completed in February 2018, a new evaluation is scheduled for 2019.

On January 18, 2018 the Nomination Committee had a meeting to discuss various proposals with major shareholders, (representing more than 40 per cent of the votes), and among other topics also discussed the proposals for the future composition of the Board of Directors. The Nomination Committee proposes that the Board of Directors shall comprise of six members.

After having received the support and approval by the Board on February 22, 2018 for its final proposal the Nomination Committee defined its final proposal as follows:

According to Art.13 of the current Articles of Association, as well as according to Art.3 of the Federal Ordinance on Excessive Compensation, the directors are elected each year to hold office until the following annual shareholders' meeting. Directors may be re-elected.

It is proposed that the Ordinary General Meeting in Lugano is to be chaired by Stefan Widegren.

Fabio Cannavale, Erik Lautmann, Heléne Mellquist, Helena Thrap-Olsen, and Patrik Tigerschiöld will stand for re-election, while Roberto Italia is proposed for election. Ottonel Popesco and Stefan Widegren will not stand for re-election.

The Nomination Committee proposes that Fabio Cannavale, Erik Lautmann, Heléne Mellquist, Helena Thrap-Olsen, and Patrik Tigerschiöld to be re-elected as Directors for a further one-year term of office expiring at the Ordinary General Meeting to be held in 2019.

The Nomination Committee proposes to elect Roberto Italia to the Board of Directors.

The Nomination Committee furthermore proposes to elect Patrik Tigerschiöld as Chairman of the Board of Directors.

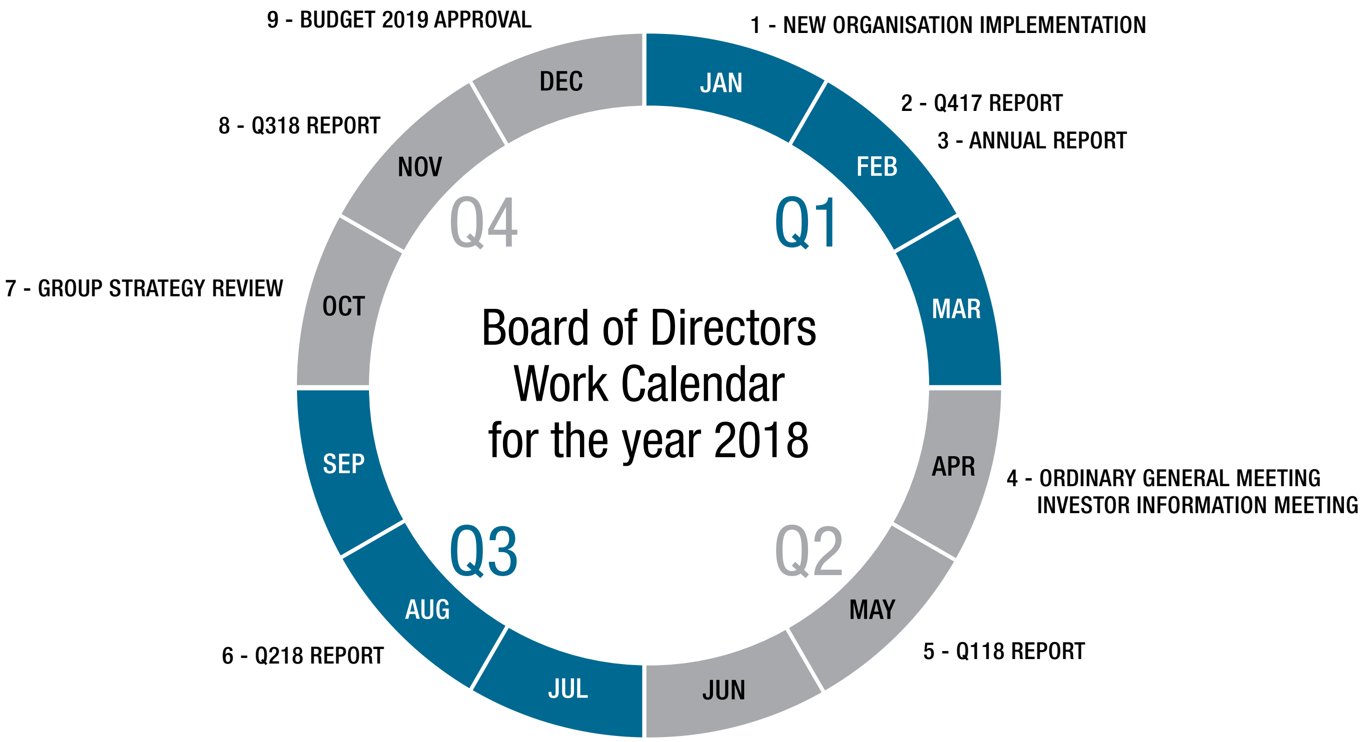
With respect to the requirements in the Code that a majority of the directors elected by the shareholders' meeting are to be independent of the company and its executive management and that at least two of this majority also are to be independent in relation to the company's major shareholders, the Nomination Committee has carried out the following assessment:

Fabio Cannavale, Roberto Italia, Erik Lautmann, Heléne Mellquist, Helena Thrap-Olsen and Patrik Tigerschiöld are all independent of the company and its executive management.

Roberto Italia, Erik Lautmann, Heléne Mellquist and Helena Thrap-Olsen are all also independent in relation to the company's major shareholders.

The Nomination Committee therefore concludes that all requirements of director independence as set out in the Code are met.

Shareholders representing more than 40 per cent of the votes support the above mentioned proposals made by the Nomination Committee.



Roberto Italia graduated cum laude in business and economics from LUISS, Rome (Italy) in 1990 and in 1994 received a MBA with distinction from INSEAD, Fontainebleau (France). After starting with the Telecom Italia group, Mr. Italia has been in private equity since 1994 and as a partner since 1999, initially with Warburg, Pincus, then Henderson Private Capital and more recently Cinven, with which he has had an association until 2018. In 2013 he founded Red Black Capital, his own investment group targeting investment in small- to medium-sized companies across Europe, co-founded Space Holding, a holding company promoting special purpose acquisition companies in public markets, and RedSeed Ventures, an investment partnership targeting venture capital and early-stage investments. Roberto is chairman of Avio (AVIO.MI), executive chairman of Space4 (SPA4.MI), member of the board of lastminute.com Group (LMN.SW) and of a number of private companies associated with his investment activities.

Finally, and in accordance to Art. 7 of the Federal Ordinance on Excessive Compensation and with the Internal Regulations, the Nomination Committee proposes to elect the following Board members to be part of the Remuneration Committee for the year 2018/2019:

Erik Lautmann, Helena Thrap-Olsen and Patrik Tigerschiöld.

With respect to the requirements in the Code that all members of the Remuneration Committee, apart from the chairman of the Remuneration Committee, are to be independent of the company and its executive management, the Nomination Committee has come to the conclusion that all candidates proposed by the Board of Directors are independent of the company and its executive management.

External auditor

At the Ordinary General Meeting 2018 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Ordinary General Meeting 2019. Daniel Anliker is the auditor in charge. He is taking over this function for the 2018 business year from his colleague Daniel Ketterer.

THE BOARD OF DIRECTORS

The composition of the Board of Directors is set out in section "Board of Directors" in the Cavotec Annual Report and the members of the Board are elected for the period until the end of the next ordinary meeting of shareholders. The Board of Directors constitutes itself, but the Chairman of the Board of Directors is elected by the shareholders' meeting as set out in the Articles of Association.

The members of the Nomination Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members. The Board of Directors has a Company Secretary that has the duties and competencies set out by Swiss law. Furthermore, the Secretary assists the Board, the Chairman and the Committees, to co-ordinate and fulfill their duties and assignments in accordance with the Board of Directors Internal Regulations (comparable to rules of procedures and adopted by the Board of Directors).

The Board of Directors is entrusted with the ultimate management of the Company, as well as with the supervision and control of the management. The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies.

The Board of Directors shall exercise its function as required by law, the Articles of Association and the Board of Directors' Internal Regulations. The Board shall be authorised to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles of Association or the Internal Regulations.

By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

a) The determination of the strategy of the Company and the Group and the issuance of the necessary directives;
b) The establishment of a framework of the organisation;
c) The basic structuring of the accounting system, of a system of internal financial controls, and of the financial planning;
d) The approval of the appointment (and suspension) of the officers entrusted with the management of the Company or with its representation;
e) The supervision of management, in particular in relation to compliance with the law, the Articles and corporate regulations, charters and directives;
f) Decisions on the business report consisting of the annual financial statements, the annual report, and consolidated financial statements including interim published reports and determination of the accounting standard;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO).
i) Preparation of the compensation report.

By Swiss law, the Board of Directors also has the following non-transferable responsibilities: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g CO (acknowledgement of capital increase) and art. 651

BOARD AND COMMITTEE MEETINGS IN CAVOTEC SA IN 2017

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Henrik Blomquist							3	3
Peter Brandel							3	3
Fabio Cannavale[(1)]	8	5	6	3			3	3
Per Colleen							3	1
Thomas Ehlin							3	2
Leena Essén[(2)]	8	2	6	2				
Nicola Gerber[(2)]	8	2						
Erik Lautmann	8	8			4	4		
Heléne Mellquist	8	7	6	6				
Ottonel Popesco	8	8						
Helena Thrap-Olsen	8	8			4	4		
Patrik Tigerschiöld	8	8	6	6	4	3		
Stefan Widegren	8	8						

(1) Joined Audit Committee in April 2017.
(2) Did not stand for re-election at the OGM 2017.

IV CO (increase of share capital in the case of authorised capital); decisions pursuant to art. 634a I CO (shares not fully paid in) and resolutions pursuant to the Swiss Merger Act.

The Board of Directors held eight Board meetings for Cavotec SA in 2017 and one in 2018.

BOARD COMMITTEES

The Board of Directors currently has three Board committees, the Nomination Committee, the Audit Committee and the Remuneration Committee and the composition and tasks of the Committees are regulated in the Board of Directors' Internal Regulations. Below is a brief description of the Committees as per the current Internal Regulations (which are continuously reviewed and if deemed appropriate by the Board of Directors amended).

Nomination Committee

The Nomination Committee shall be a committee established by the Board of Directors of the Company. This is in line with Swiss law but will constitute a deviation from the Code that prescribes that the Nomination Committee shall be determined by the shareholders. To follow the rules that apply to Swiss companies the Board of Directors has decided that Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall however be in line with the Code.

The Nomination Committee shall ensure that the Company has a formal and transparent method for the nomination and appointment of Board members. The objectives of the Nomination Committee are to regularly review and, when appropriate, recommend changes to the composition of the Board of Directors to ensure that the Company has, and maintains, the right composition of Board members to effectively govern and provide guidance to business, and identify and recommend to the Board of Directors individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgment and the ability to work with other Board members).

The Nomination Committee members are Henrik Blomquist (representative for Bure Equity), Fabio Cannavale (representative for Nomina SA), Stefan Widegren, replacing Peter Brandel in April 2018 (representative for Management & Founder Shareholders) and Thomas Ehlin, replacing Per Colleen in September 2017, (representative for 4AP-fonden).

Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory compliance. Members of the Audit Committee shall exclusively comprise of members of the Board appointed by the latter in accordance with the Code. The Audit Committee will comprise of not less than three members with a majority to be Independent Directors of the Board. One member must have a financial or accounting background.

The Audit Committee of Cavotec SA is involved in a wide range of activities including inter alia, the review of all quarterly, half - yearly and annual financial statements prior to their approval by the Board and release to the public. The Committee has periodic contact with the external auditors, PricewaterhouseCoopers, through the PwC engagement partner responsible for the Audit and through the principal engagement manager, to review any unusual matters and the effect of new accounting pronouncements. As a matter of policy, the Audit Committee meets with the PwC engagement partner without the presence of Management at least once every year. Further, the Committee reviews the annual audit plan, as prepared by the external auditors, including the adequacy of the scopes of the audits proposed for the principal locations and the proposed audit fees. The engagement of the Auditors for nonaudit services of significance is approved in advance by the Audit Committee.

The Group Internal Audit Function, which reports to the Chairman of the Board, has a direct line of communication with the Audit Committee, which receives all Internal Audit reports from the Director of Internal Audit as and when issued. The annual Internal Audit plan is reviewed by the Audit Committee and is approved by the Chairman of the Board.

At least once every year Management gives a presentation to the Audit Committee on the risk profile of the Group and on the procedures in place for the management of Risk. Risks related to the potential impairment of assets and the related provisions required for financial exposures are reviewed and discussed with Management at least once a year, normally in conjunction with the third quarter closing.

The Audit Committee of Cavotec SA met six times in 2017 and twice in 2018.

The current members of Audit Committee are Fabio Cannavale, Heléne Mellquist and Patrik Tigerschiöld.

Remuneration Committee

The Remuneration Committee has the following duties and responsibilities:

1. Reviewing and advising the Board of Directors on the terms of appointment of the CEO;
2. Reviewing working environments and succession planning for members of the management;
3. Reviewing the terms of the employment arrangements with members of the management, as well as to develop consistent group employment practices subject to regional differences;
4. Reviewing of and making proposals to the Board of Directors on the remuneration of the members of the Board of Directors and of the Chief Executive Officer;
5. Reviewing the terms of the Company's short and long term incentive plans;
6. Submission of a draft of the remuneration report to the Board of Directors.

The current members of the Remuneration Committee in Cavotec SA are Erik Lautmann (Chairman), Helena Thrap-Olsen and Patrik Tigerschiöld.

In accordance to Art. 7 of the Federal Ordinance on Excessive Compensation and with the Internal Regulations, the Nomination Committee proposes to elect the following Board members to be part of the Remuneration Committee for the year 2018/2019: Erik Lautmann, Helena Thrap-Olsen and Patrik Tigerschiöld.

The Remuneration Committee of Cavotec SA met four times in 2017.

Group Key Management

The composition of the Group Key Management is set out in the section "Executive Management Team" (EMT).

Cavotec's operational structure is reasonably flat in order to ensure that the Group's operations and decision-making processes are efficient and responsive. Strategic, Group-related operations are the responsibility of the CEO with the support of the CFO & IR, COOs and the EMT. All material decisions within the day-to-day operations of the Company are taken by the CEO.

Due to the inherent international character of the Group, the Managing Directors of local Cavotec companies – who are close to their customers, suppliers and staff in their respective time zones, cultural environment and geographical area – take day-to-day operational decisions. Managing Directors report to their respective COOs, who in turn report to the CEO. The Chairman, the CEO and CFO & IR all work out of Cavotec's corporate office in Switzerland. Cavotec has also located to the corporate office its functions for Corporate Marketing & Communications, ERP & Logistics, Finance, Human Resources, Investor Relations, Legal & Compliance, and other special advisory roles.

Executive Management Committee – EMT

The EMT is selected by the CEO and consists of eight members, combining Cavotec's senior operational and corporate functions.

The EMT fulfills the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions into Cavotec's global organisation and leads local management on key operational issues. The CEO with the EMT defines and implements operational strategy, policies, technical and commercial developments, as well as new acquisitions in line with targets set by the Cavotec's Board of Directors.

REMUNERATION AND INCENTIVE PLANS

Remuneration of the Board of Directors

The remuneration to the members of the Board of Directors in Cavotec SA, is, in deviation from the Code, resolved by the Board of Directors as set out in the articles of association. In addition, Board members may receive remuneration for consultancy services provided to the Company. None of the members of the Board of Directors are entitled to any benefits when resigning from the Board, in their capacity as Board members. However, Board members may be entitled to benefits according to employment or consultancy agreements that will continue even if the Board member would resign as Board member.

Remuneration levels for Senior Executives

To ensure strong cohesion across the Group, some 15 years ago Cavotec introduced a system under which bonuses (STIP) for EMT members, Managing Directors and other Senior Executives are determined by overall, consolidated Group results.

Incentive plan for Senior Executives

Cavotec's Board of Directors has reviewed current remuneration practices in order to retain and attract talented Senior Executives as well as aligning Senior Executives' and shareholders' interests. As a result of the review, the Board of Directors recommended a share based long-term incentive plan with performance requirements, which was introduced in 2012 (LTIP 2012). The LTIP 2012 was approved by Cavotec's Ordinary General Meeting (OGM) in May 2012 and was subscribed to for over 90% by the selected management. This plan was successfully closed in 2015. Identical plans (LTIP 2013, 2014, 2015, and 2016) have been approved by the OGM in their respective years. The LTIP 2018 has been approved by the Board in February 2018. Like in 2017, the current LTIP will not be presented to the OGM 2018, since it will not require any new emission of shares.

INTERNAL CONTROL SYSTEM (ICS)

The Company has not established a separate department for internal control. This task is performed by the Audit Committee of the Board of Directors and the Board of Directors. Moreover, at Group level each Managing Director of a legal entity together with the legal and/or operational entity's finance department and the Director of Internal audit – reporting to the Chairman – is responsible for ensuring that the necessary controls are performed along with adequate monitoring.

Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

REMUNERATION OF THE BOARD OF DIRECTORS AND CEO IN 2017

Board of Directors EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	33,750	-	-	-	33,750
Leena Essén	8,750	113	243	-	9,106
Nicola Gerber	7,500	255	379	-	8,134
Erik Lautmann	38,800	585	1,261	8,800	49,446
Helené Mellquist	39,500	1,408	2,096	-	43,004
Ottonel Popesco	-	231,279	39,046	-	270,325
Helena Thrap-Olsen	35,000	1,248	1,857	5,000	43,105
Patrik Tigerschiöld	40,000	1,426	2,122	-	43,548
Stefan Widegren (Chairman)	110,000	90,162	-	66,313	266,475
Total remuneration	**313,300**	**326,476**	**47,004**	**80,113**	**766,893**

Chief Executive Officer EUR	Salary	Short-term incentive	LTI Matching Incentive	Social Security, Insurance and Pension Contributions	Total
Mikael Norin	361,752	184,064	-	40,513	586,329
Ottonel Popesco	231,279	-	13,222	240,087	484,588
Total remuneration	**593,031**	**184,064**	**13,222**	**280,600**	**1,070,917**

Please refer to Note 7 on page 81 for a detailed overview of the share ownership and refer to Compensation Report on page 31 for details.

Consolidated Financial Statements 2017

This report is dated 23 February 2018 and is signed on behalf of the Board and of the Management of Cavotec SA by

Stefan Widegren
Chairman

Mikael Norin
Chief Executive Officer

Please note that all reported amounts are in Euro.

Statement of Comprehensive Income

Cavotec SA & Subsidiaries

EUR 000's	Notes	2017	2016
Revenue from sales of goods and services		212,360	211,518
Other income	6	4,187	8,745
Cost of materials		(107,931)	(97,965)
Employee benefit costs	7	(65,866)	(64,964)
Operating expenses	8	(36,428)	(39,959)
Gross Operating Result		**6,322**	**17,375**
Depreciation and amortisation		(4,334)	(5,094)
Impairment losses	4,9,16,17	(19,986)	-
Operating Result		**(17,998)**	**12,281**
Interest income	10	259	764
Interest expenses	10	(1,702)	(1,850)
Currency exchange differences - net	10	(3,409)	77
Other financial item		(242)	-
Profit /(Loss) before income tax		**(23,092)**	**11,272**
Income taxes	11,19,24	(8,679)	(4,788)
Profit /(Loss) for the period		**(31,771)**	**6,484**
Other comprehensive income:			
Remeasurements of post employment benefit obbligations	27	18	122
Items that will not be reclassified to profit or loss		**18**	**122**
Currency translation differences		(6,084)	1,168
Items that may be subsequently reclassified to profit/(loss)		**(6,084)**	**1,168**
Other comprehensive income for the year, net of tax		**(6,066)**	**1,290**
Total comprehensive income for the year		**(37,837)**	**7,774**
Total comprehensive income attributable to:			
Equity holders of the Group		(37,833)	7,773
Non-controlling interest		(4)	1
Total		**(37,837)**	**7,774**
Profit attributed to:			
Equity holders of the Group		(31,771)	6,484
Total		**(31,771)**	**6,484**
Basic and diluted earnings per share attributed to the equity holders of the Group (EUR/Share)	30	(0.405)	0.083
Average number of shares		78,415,902	78,443,019

The notes on pages 49 to 67 are an integral part of these Consolidated Financial Statements.

Balance Sheet

Cavotec SA & Subsidiaries

Assets EUR 000's	Notes	2017	2016
Current assets			
Cash and cash equivalents		28,718	14,982
Trade receivables	12	40,958	51,585
Tax assets	13	914	1,096
Other current receivables	5,14	10,630	6,086
Inventories	15	36,819	40,213
Assets held for sale	16	4,815	3,953
Total current assets		**122,854**	**117,915**
Non-current assets			
Property, plant and equipment	16	18,168	22,060
Intangible assets	17	52,971	75,124
Non-current financial assets	18	264	299
Deferred tax assets	19	9,294	20,425
Other non-current receivables	20	7,134	7,763
Total non-current assets		**87,831**	**125,671**
Total assets		**210,685**	**243,586**

Equity and Liabilities EUR 000's	Notes	2017	2016
Current liabilities			
Current financial liabilities	21	(2,873)	(3,801)
Trade payables	22	(33,585)	(30,047)
Tax liabilities	23	(1,110)	(3,630)
Provision for risk and charges, current	26	(5,362)	(6,123)
Other current liabilities	24	(9,676)	(11,109)
Total current liabilities		**(52,606)**	**(54,710)**
Non-current liabilities			
Non-current financial liabilities	21	(45,627)	(32,952)
Deferred tax liabilities	25	(2,813)	(6,854)
Other non-current liabilities		(777)	(351)
Provision for risk and charges, non-current	26	(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	28,29	(104,448)	(145,418)
Non-controlling interests		(27)	(32)
Total equity		**(104,475)**	**(145,450)**
Total equity and liabilities		**(210,685)**	**(243,586)**

The notes on pages 49 to 67 are an integral part of these Consolidated Financial Statements.

Statement of Changes in Equity

Cavotec SA & Subsidiaries

EUR 000's	Notes	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
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 obbligations	27	-	(122)	-	**(122)**	-	**(122)**
Total comprehensive income and expenses		**-**	**(1,288)**	**(6,484)**	**(7,773)**	**(1)**	**(7,774)**
Capital reduction	28	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)**
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 obbligations	27	-	(18)	-	**(18)**	-	**(18)**
Total comprehensive income and expenses		**-**	**6,062**	**31,771**	**37,833**	**4**	**37,837**
Capital reduction	28	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)**

The line related to Issues of Treasury shares to employees shows the payment of the LTIP plan.

The notes on pages 49 to 67 are an integral part of these Consolidated Financial Statements.

Statement of Cash Flows - Indirect Method

Cavotec SA & Subsidiaries

EUR 000's	2017	2016
Profit /(Loss) for the year	**(31,771)**	**6,484**
Adjustments for:		
Net interest expenses	1,123	763
Current taxes	2,438	5,403
Depreciation and amortisation	4,334	5,093
Impairment losses	19,986	-
Deferred tax	6,241	(615)
Provision for risks and charges	1,613	(268)
Capital gain or loss on assets	(119)	(153)
Other items not involving cash flows	3,410	(643)
Interest paid	(1,110)	(742)
Taxes paid	(4,874)	(5,845)
	33,042	**2,993**
Cash flow before change in working capital	**1,271**	**9,477**
Impact of changes in working capital		
Inventories	1,372	2,356
Trade receivables	11,309	11,095
Other current receivables	(4,595)	893
Trade payables	3,630	(7,980)
Other current liabilities	(1,143)	(3,883)
Long term receivables and liabilities	1,017	(1,828)
Impact of changes involving working capital	**11,590**	**653**
Net cash inflow /(outflow) from operating activities	**12,861**	**10,130**
Financial activities		
Proceeds of loans and borrowings	16,063	345
(Repayments) of loans and borrowings	(2,649)	(10,252)
Capital reduction	(3,539)	(2,156)
Purchase of own shares	-	(347)
Net cash inflow /(outflow) from financial activities	**9,875**	**(12,410)**
Investing activities		
Investments in property, plant and equipment	(2,112)	(2,409)
Investments in intangible assets	(1,585)	(1,859)
Disposal of assets	207	287
Net cash outflow from investing activities	**(3,490)**	**(3,981)**
Cash at the beginning of the year	14,982	20,610
Cash flow for the year	19,246	(6,261)
Currency exchange differences	(5,510)	633
Cash at the end of the year	**28,718**	**14,982**
Cash comprises:		
Cash and cash equivalents	28,718	14,982
Total	**28,718**	**14,982**

The notes on pages 49 to 67 are an integral part of these Consolidated Financial Statements.

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

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

The information in this section reflects the fact that Cavotec was in FY17 organized in two Business Units supported by a common Supply Chain organization. A Division structure with three Divisions was implemented effective on 1 January 2018.

The Financial Statements of the Cavotec Group for 2017 reflect the business activities of Cavotec SA.

Cavotec SA is the ultimate Parent company of the Cavotec Group, its registered office is Via Serafino Balestra 27, CH-6900 Lugano, Switzerland. Cavotec SA shares are listed on NASDAQ OMX in Stockholm, Sweden.

These Financial Statements were approved by the Board of Directors on 23 February 2018. The report is subject to approval by the Ordinary General Meeting on 12 April 2018.

NOTE 2. BASIS OF PREPARATION

The consolidated Financial Statements of the Cavotec Group are prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the IASB.

Historical Cost Convention

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities at fair value through statement of comprehensive income.

Adoption of new standards and interpretations

The group has applied the following clarifications, annual improvements and amendments for the first time for their annual reporting period commencing 1 January 2017:
• Recognition of deferred tax assets for unrealised losses – Amendments to IAS 12
• Annual improvements 2014 – 2016 cycle IFRS 12
• Disclosure initiative – amendments to IAS 7
The adoption of new or amended standards and interpretations that are effective for the financial year beginning on January 1, 2017, did not have a material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations not yet adopted

The Group is currently assessing the potential impacts of other new and revised standards and interpretations that will be effective from 1 January 2017 and beyond. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 15, 'Revenue from contracts with customers', is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The group will adopt the new standard from 1 January 2018. The standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Under the modified retrospective approach, which Cavotec will apply, the Group will recognize 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', addresses the classification, measurement and recognition of financial assets and financial liabilities. 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. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses, as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Looking at the bad debts history incurred related to the sales the Group do not foresee a significant impact on its loss allowance for trade receivables.

IFRS 16, 'Leases' substantially changes the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets on the balance sheet. The standard replaces IAS 17 Leases and is effective January 1, 2019. Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. The Group is currently assessing the impact of adopting IFRS 16.

Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 4.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2017 and 2016.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the related entity operates ('the functional currency'). The Financial Statements are presented in Euros, which is the Group's presentation currency and Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet
- Income and expenses for each Income Statement position are translated at average exchange rates of that period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions
- All resulting exchange differences are recognised as a separate component of equity
- The Consolidated Statements of Cash Flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period

Exchange differences arising from the translation of any net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Contingent consideration is valued based on the probability that the consideration will be paid and changes in the fair value are recognised in profit or loss. Acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

(ii) Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Scope of Consolidation

The consolidated Financial Statements include the statements at 31 December 2017 of the companies included in the scope of consolidation, which have been prepared in accordance with IFRS adopted by the Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by Cavotec SA:

Name	Registered office	Type of Business	Controlled through	% Group ownership	
				Direct	Indirect
Cavotec (Swiss) SA	Switzerland	Services	Cavotec SA	100%	
Cavotec Australia Pty Ltd	Australia	Sales company	Cavotec Group Holdings NV		100%
Cavotec Brasil Comercio de Sistemas Industriais Ltda.	Brazil	Sales company	Cavotec Group Holdings NV		100%
Cavotec Canada Inc.	Canada	Sales company	Cavotec Group Holdings NV		100%
Cavotec Connectors AB	Sweden	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Dabico US Inc.	United States of America	Centre of Excellence	Cavotec US Holdings Inc		100%
Cavotec Danmark AS	Denmark	Sales company	Cavotec Group Holdings NV		100%
Cavotec Germany GmbH	Germany	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Finland OY	Finland	Sales company	Cavotec Group Holdings NV		100%
Cavotec France RMS SA	France	Sales company	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	The Netherlands	Holding	Cavotec MoorMaster Ltd		100%
Cavotec Hong Kong Ltd	China	Sales company	Cavotec Group Holdings NV		100%
Cavotec Iberica S.L.	Spain	Sales company	Cavotec Group Holdings NV		100%
Cavotec India Ltd	India	Sales company	Cavotec Group Holdings NV		100%
Cavotec Inet US Inc.	United States of America	Centre of Excellence	Cavotec US Holdings Inc		100%
Cavotec International Ltd	United Kingdom	Services	Cavotec Group Holdings NV		100%
Cavotec Korea Ltd	Korea	Sales company	Cavotec Group Holdings NV		100%
Cavotec Latin America	Argentina	Sales company	Cavotec Group Holdings NV & Ipalco BV		100%
Cavotec Micro-control AS	Norway	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Middle East FZE	U.A.E.	Sales company	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	New Zealand	Engineering	Cavotec SA	100%	
Cavotec Nederland BV	The Netherlands	Sales company	Cavotec Group Holdings NV		100%
Cavotec Middle East Trading & Contracting WLL	State of Qatar	Sales company	Cavotec Group Holdings NV		40%
Cavotec Realty France SCI	France	Services	Ipalco BV		100%
Cavotec Realty Germany BV	The Netherlands	Services	Ipalco BV		100%
Cavotec Realty Norway AS	Norway	Services	Ipalco BV		100%
Cavotec Realty USA LLC	Unites States of America	Services	Ipalco BV		100%
Cavotec Russia OOO	Russia	Sales company	Cavotec Group Holdings NV		100%
Cavotec SA	Switzerland	Holding	-	-	
Cavotec Sonjiang	China	Sales company	Cavotec Shanghai Ltd	100%	
Cavotec Shanghai Ltd	China	Sales company	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Singapore	Sales company	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd	South Africa	Sales company	Cavotec Group Holdings NV		100%
Cavotec Specimas SpA	Italy	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Sweden	Sales company	Cavotec Group Holdings NV		100%
Cavotec UK Ltd	United Kingdom	Sales company	Cavotec International Ltd		100%
Cavotec US Holdings Inc.	United States of America	Holding	Cavotec SA	100%	
Cavotec USA Inc.	Unites States of America	Sales company	Cavotec US Holdings Inc		100%
Ipalco BV	The Netherlands	Holding/Services	Cavotec Group Holdings NV		100%

During the year the consolidation area had the following variations:

- Cavotec Norge AS and Cavotec Micro – Control AS have been merged as of 1st October 2017 with effective date 1st January 2017
- Cavotec Engineering Services Ltd and Cavotec India Ltd have been merged as of 1st October 2017 with effective date 1st January 2017

Being both entities controlled at 100%, no effect from these transactions on consolidation.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer jointly supported and assisted by the Executive Management Team.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using a straight line method so as to expense the cost of the assets over their useful lives. The rates are as follows:

	Annual Percentage
Industrial buildings	4
Building improvements	20
Plant and machinery	10 to 20
Laboratory equipment and miscellaneous tools	20
Furniture and office machines	20
Motor vehicles	20
Computer hardware	33

Capital work in progress is not depreciated until commissioned. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Leasehold improvements are depreciated over their estimated useful life or over the lease term, if shorter.

LEASES

Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets.

Goodwill is not amortised. Instead goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. It must also be probable that the intangible asset will generate future economic benefits and that it is clearly identifiable and allocable to a specific product.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from three to five years.

(iii) Patents

Patents acquired in a business combination are recognised at fair value at acquisition date. Patents are amortised on a straight line basis over the period over which they are valid (not exceeding 20 years) or their estimated useful life if shorter.

(iv) Marketing and customer related intangible assets

Marketing and customer related intangibles such as customer relations and other similar items acquired in a business combination are recognised at fair value at acquisition date. They are amortised on a straight line basis over the period over which they are valid or their estimated useful life if shorter.

INVENTORIES

Inventories are measured at the lower of acquisition cost, (generally the weighted average cost), or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, direct engineering, production and tooling and other non-recurring costs and production related overheads, (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated variable costs necessary to make the sale.

Inventoried costs include amounts relating to programmes and contracts with long-term production cycles, a portion of which is not expected to be realised within one year.

Cavotec MoorMaster and Micro-control inventories include deferred production costs that represent actual costs incurred for production of early units that exceed the estimated average cost of all units in the programme accounting quantity. Units produced early in a program require substantially more effort, (labour and other resources), than units produced later in a programme because of volume efficiencies and the effects of learning. The deferred costs are expected to be fully recovered when all units included in the accounting quantity are delivered as the expected unit cost for later deliveries is below the estimated average cost of all units in the programme.

Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that such inventory can be reused, provisions are reversed with inventory being revalued up to the lower of its net realisable value or original cost. Unsaleable inventory is fully written off.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognised on issuance of invoices. Liabilities are recognised when the other party has performed and there is a contractual obligation to pay.

Derecognition, (fully or partially), of a financial asset occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been removed from the Group. The Group derecognises, (fully or partially), a financial liability when the obligation specified in the contract is discharged or otherwise expires.

A financial asset and a financial liability is offset and the net amount presented in the Balance Sheet when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Measurement and classification

Financial instruments are, at initial recognition, measured at fair value with addition or deduction of transaction costs in the case of a financial asset or a financial liability not measured at fair value through statement of comprehensive income. Financial instruments, upon initial recognition, are classified in accordance with the categories in IAS 39 based on the purpose of the acquisition of the instrument. The financial instruments are classified as follows:

- Financial instruments are designated at fair value through statement of comprehensive income if the Group manages such investments and makes purchase and sale decisions based on their fair value. They are included in "Current or non-current financial assets". Financial instruments at fair value through profit and loss are measured at fair value and changes therein are recognised in profit and loss.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in "trade receivables", "other current & non-current receivables", and "non-current financial assets" in the Balance Sheet. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables, and on a prudent basis, on past due accounts. The amount of the provision is the difference between the asset's carrying amount and realisable value. The amount of the change in provision is recognised in the Statement of Comprehensive Income. The fair value of loans and receivables is the same as the carrying amount since they are not discounted given the short expected time to payment.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held to maturity investments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale. Subsequent to initial recognition, they are measured at fair value and changes are recognised in other comprehensive income except for impairment losses which are recognised in profit and loss. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit and loss.

Impairment of financial assets

Financial assets, except for such assets classified at fair value through profit and loss, are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. In respect of an available for sale financial asset, impairment is recognised in the profit and loss in case of significant and prolonged decrease of fair value. If the reasons for write-down should cease to exist, the value of the asset is restored up to the value it would have if no impairment had been recognised, except for equity instruments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of an undrawn loan facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liabilities for at least 12 months after the Balance Sheet date.

BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised is the best estimate of the cost required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Provisions for restructuring cover expenses that arise directly from restructuring measures, are necessary for restructuring and are not related to future business operations. Such expenses include severance payments to employees and compensation payments in respect of rented property that can no longer be used. Restructuring measures may include the sale or termination of business units, site closures, relocations of business activities or fundamental reorganisations of business units. The respective provisions are established when a detailed restructuring plan has been drawn up, resolved upon by the responsible decision-making level of management and communicated to the employees and / or their representatives.

Provisions for warranties are recognised at the time the products are sold based on the estimated cost using historical data for level of repairs and replacements.

Provisions for onerous contracts are recognised when the expected economic benefits to be derived from a contract are lower than the cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value added taxes, goods and service tax (GST), rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

The Group offers multiple element arrangements to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation, commissioning and training) and the delivery and/or performance may occur at different points in time or over different periods. Deliverables of such multiple element arrangements are evaluated to estimate the selling price that reflects at inception the Group's best estimate of what the selling price would be if the elements were sold on a stand-alone basis. Such arrangements generally include industry-specific performance and termination provisions, such as in the event of substantial delays or non-delivery.

(i) Sales of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which in most cases occurs in connection with delivery. When the products are sold subject to installation and this constitutes a significant portion of the contract, revenue is recognised when the installation is completed.

(ii) Sales of services

Service revenue reflects revenues earned from the Group's activities in providing services to customers primarily subsequent to the sale and delivery of a products or complete systems. Such revenues consist of maintenance-type contracts, field service activities that include personnel and accompanying spare parts, and installation and commissioning of products as a stand-alone service or as part of a service contract. Revenue from service transactions is recognised as services are performed. For long-term service contracts, revenue is recognised on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are provided or accepted.

(iii) Long-term contracts

Contract revenues and related costs from contracts involving complete construction project solutions achieved through system integration are recognised on the percentage of completion method when the outcome of the contract can be measured reliably. Completion is generally measured by reference to the cost incurred to date as a percentage of the estimated total project costs. The milestone output method is applied when the nature of the individual projects indicates that a milestone method is the most applicable measure of progress.

Billings that exceed revenues recognised under percentage of completion are recorded as advances from customers. Revenues recognised under percentage of completion method that exceed billings are booked as unbilled receivables.

Recognised revenues and profits are subject to revisions during the project life span in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period when such revisions become known and measurable. Losses on projects are recognised immediately when known and measurable.

Claims for extra work or change in scope of work may be included in contract revenues when collection is highly probable.

VALUE ADDED TAX (VAT) AND GOODS AND SERVICES TAX (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of VAT or GST. All items in the Balance Sheet are also stated net of VAT or GST, with the exception of receivables and payables, which include VAT or GST invoiced.

EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(i) Pension obligations
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Cavotec SA and Cavotec (Swiss) SA operate a pension scheme via the employee benefits foundation and are affiliated with the Swiss Life Collective BVG Foundation based in Zurich. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd within the framework of the corresponding contract and determined by actuarial calculations. These schemes are defined benefit plans due to the fact that Cavotec can be requested to pay restructuring contributions in the case of a shortfall.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

(ii) Share-based payments
The Group has share-based incentive programs, which have been offered annually to certain employees based on position and performance, consisting of a performance component and a retention component. The accumulated expense recognised equals the expected cash amount to be paid at settlement (or liability amount transferred to equity when employees have a choice and choose to settle in shares).

DIVIDENDS AND OTHER DISTRIBUTIONS
Distributions to the shareholders are recognised as a liability in the Group's Financial Statements in the period in which they are approved by the Ordinary General Meeting.

TREASURY SHARES
Treasury shares are deducted from consolidated equity at the acquisition value. Differences between this amount and the amount received for disposing of treasury shares are recorded in consolidated retained earnings.

INCOME TAX
The income tax expense for the period is the tax payable on the current years taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit and loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity or in OCI are also recognised directly in equity or in OCI respectively.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Critical accounting policies and estimates in the period relate to the valuation of deferred tax assets, the estimation of the outcome of legal proceeding and the assumptions used in the goodwill impairment test. As of the Balance Sheet dates the Group has no other significant estimates and assumptions that have a significant risk of causing a material adjustment to causing a material adjustment to the carrying amount of assets and liabilities within the foreseeable future.

DEFERRED TAXES
Deferred tax assets are recognised for temporary differences between the carrying amounts for financial reporting purposes of assets and liabilities and the amounts used for taxation purposes and for tax loss carry-forwards. The Group records deferred tax assets based upon management's estimates of future taxable profit in different tax jurisdictions. The estimations of the recoverability of deferred tax assets on losses carried forward are based on business plans, and include the taxable profits that are more probable than not until the expire of tax losses, this results in lower estimates for years in the distant future. The actual results may differ from these estimates, due to changes in the business climate and changes in tax legislation or by variances from the business plans used on the models. See notes 19 and 25 for additional information.

LEGAL PROCEEDINGS

The Group recognises a liability when it has an obligation from a past event involving the transfer of economic benefits and when a reasonable estimate can be made of what the transfer might be. The Group reviews outstanding legal cases regularly in order to assess the need for provisions in the Financial Statements. These reviews consider the factors of the specific case through the use of outside legal counsel and advisors when necessary. To the extent that management's assessment of the factors considered are not reflected in subsequent developments, the Financial Statements could be affected. See note 34 for additional information.

GOODWILL IMPAIRMENT TEST

The Group allocates the goodwill to the cash-generating units (CGU's) identified and reported according to the table below. Following the introduction of the new organizational structure and the review of the operations at the end of 2017 (see note 31), based on the changed approach to market airport related products and services, the former Airports CGU was split into 2 CGUs: Powering & Cooling and Airport Ground Connection (AGC) & Fuelling. Goodwill has been splitted between the two CGUs based on the relative products. The reallocation of goodwill to the new CGUs triggered the performance of an impairment test, which resulted in the recognition of an impairment for the full amount of goodwill allocated to the CGU Airports, Powering & Cooling. Furthermore the previous operating segments General Industry and Mining & Tunnelling have been merged into one segment (see note 31). The goodwill previously allocated to the CGU Mining & Tunnelling was reallocated to the CGU industry, as it was assessed that the cash inflows of these previous 2 CGUs are not independent anymore.

EUR 000's	Net book value as of 31/12/2016	Translation differences and other	Reallocation	Impairment	Net book value as of 31/12/2017
Ports & Maritime	23,466	(191)	-	-	**23,275**
Airports	36,849	(3,568)	(33,281)	-	**-**
Airports, Powering & Cooling	-	-	18,319	(18,319)	**-**
Airports, AGC & Fuelling	-	-	14,962	-	**14,962**
Industry	-	-	6,949	-	**6,949**
Mining & Tunnelling	530	-	(530)	-	**-**
General Industry	6,428	(9)	(6,419)	-	**-**
Total	**67,273**	**(3,768)**	**-**	**(18,319)**	**45,186**

The Ports & Maritime CGU is related to the segment Ports & Maritime while the remaining CGUs are related to Airports & Industry.

The recoverable amount of the CGUs is determined by reference to the value in use of each CGU, based on discounted estimates of the future cash flows, which were projected for the next five years based on past experiences, actual orders received, budgets, strategic plan, and management's best estimate about future developments and market assumptions. In line with the new organizational structure and strategy from the CEO, the Group has updated last year's five-year Strategic Plan that defines a new organisational structure and a roadmap for the Company up to 2022. This includes a detailed forecast of revenues and profitability for each CGU. These forecasts have been used in preparing the impairment model. The value in use is mainly driven by the terminal value, which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Terminal value growth rates are related to industry specific trends with the support of external macroeconomic sources of data and an assessment as to the ability of the Company to take advantage of these market developments taking into account orders received, commercial negotiations currently in place and future expectations.
The following table presents the key assumptions used to determine the value in use for impairment test purposes:

	Terminal value growth rate		WACC	
	2017	2016	2017	2016
Ports & Maritime	2.00%	2.00%	8.88%	8.61%
Airports	-	2.25%	-	8.93%
Airports, Powering & Cooling	2.25%	-	9.20%	-
Airports, AGC & Fuellling	2.25%	-	9.20%	-
Industry	1.50%	-	8.24%	-
Mining & Tunnelling	-	1.50%	-	7.96%
General Industry	-	1.25%	-	7.64%

The pre-tax weighted average cost of capital used for impairment test purposes are slightly different in the CGUs as a result of the different risks in those markets. The two CGUs identified within the operating segment Airports share the same WACC and terminal growth rate as they share the same risks. Based on the estimated cash flows the CGU Airports, AGC & Fuelling is expected to generate from its businesses, discounted back to the present value using the above mentioned discount rate, management concluded that goodwill allocated to this CGU remains recoverable at 31 December 2017.

Airports, Powering & Cooling goodwill

During 2017, the group had to adjust the estimates taken regarding growth and profitability of Airports, Powering & Cooling CGU. Due to the reductions in estimates, the goodwill of EUR 18.3 million allocated to this CGU had to be impaired in full. No other assets of this CGU had to be impaired. The impaired goodwill is fully related to the operating segment Airports & Industry.

Airports, AGC & Fuelling goodwill

The goodwill allocated to CGU Airports, AGC & Fuelling remains sensitive to changes in estimates. In accordance with the group's strategic plan, revenues are forecasted to grow at 2.6% per year over the next five years. Maintaining the other assumptions constant, a reduction in revenue growth of 4.9% (-2.3% instead of 2.6%) would eliminate the headroom. The sensitivity analysis also shows that, maintaining the other assumptions constant, a reduction in gross margin of 8.4% would remove the remaining headroom. Reasonably possible changes in WACC or terminal growth rate assumptions would not cause the recoverable amount of the CGU to fall below the carrying amount.

Ports & Maritime goodwill

The goodwill allocated to CGU Ports & Maritime remains sensitive to changes in estimates. In accordance with the group's strategic plan, revenues are forecasted to grow at 14.5% per year over the next five years. Maintaining the other assumptions constant, a reduction in revenue growth of 6% (8.5% instead of 14.5%) would eliminate the headroom. The sensitivity analysis also shows that, maintaining the other assumptions constant, a reduction in gross margin of 5.4% would remove the remaining headroom. Reasonably possible changes in WACC or terminal growth rate assumptions would not cause the recoverable amount of the CGU to fall below the carrying amount.

Industry goodwill

The Board of Directors has considered and assessed reasonably possible changes for key assumptions for the CGU and have not identified any instances that would cause the recoverable amount of the CGU to fall below the carrying amount.

NOTE 5. LONG TERM CONTRACTS

EUR 000's	2017	2016
Revenues recognised	28,787	8,130
Cost incurred and recognised	(17,975)	(4,163)
Unbilled work in progress	5,229	668

At 31 December, 2017 all costs sustained have been recognised as an expense. The unbilled work in progress has been included in the other current receivables.

NOTE 6. OTHER INCOME

EUR 000's	2017	2016
Carriage, insurance and freight	2,593	2,917
Own work capitalised	-	582
Exchange gains and losses	277	(372)
Other miscellaneous income	1,317	5,618
Total	**4,187**	**8,745**

Comparative figures for FY2016 "Other miscellaneous income" includes the legal fee settlement from Mike Colaco, see note 34.

NOTE 7. EMPLOYEE BENEFIT COSTS

EUR 000's	2017	2016
Salaries and wages	(50,693)	(50,973)
Social security contributions	(7,688)	(7,688)
Other employee benefits	(7,485)	(6,303)
Total	**(65,866)**	**(64,964)**

The employee benefit costs are based on an average workforce during the year, ended at 970* full time equivalents (2016: 1001). The decrease in the number of employees derives mainly from organisational restructuring at Cavotec businesses in several countries, including Sweden and the US.

Since 2012 the Company has implemented on a yearly basis a Long Term Incentive Plan ("LTIP") for selected employees of the Group in the form of annually offered share matching plan. The purpose of the LTIP is to provide selected key employees with an opportunity to become shareholders of Cavotec. The plan is implemented, centrally administered and maintained by Board of Directors and the Remuneration Committee is responsible for its structuring and operation.

A participant in the LTIP (the "Participant") has the possibility, but is not obligated, to purchase shares at fair value in the stock-market ("Co-investment Shares") during a defined period for the respective plan. The maximum number of shares that can qualify as Co-investment Shares are determined by the Board of Directors at its sole discretion, but is capped at 10 per cent of the Participant's annual salary.

The Co-investment Shares purchased under the plan are subject to a holding period of approximately 3 years (the date when the holding period ends will be known as the "Matching Date"). The Participant is entitled to obtain a bonus (the "Matching Incentive") according to the terms and conditions of the plan, provided that the Participant is employed in the Group on the Matching Date. Cavotec SA shall make available the required amount in cash and the required number of shares for the Matching Incentive, which the Participants may acquire, based on the plan.

The amount of the Matching Incentive depends on the number of Co-investment Shares still held by the Plan Participant on the Matching Date, as well as, on the achievement of the Revenue Target and the EBIT Margin Target. The Group accounts reflect the plan's costs based on the assessment of the probability of reaching each level of targets for all plans, the number of shares outstanding and the shares market price. The plan is accoounted as cash-settled on the assumption that all employees will require cash at the matching date.

At inception, the maximum number of shares granted to employees in Cavotec as a result of each plan is one per cent.

The cost for the Group for all plans (excluding social security payments) was EUR 286 thousands (2016: 271), the total outstanding shares were 473,320 shares (2016: 445,240).

NOTE 8. OPERATING EXPENSES

EUR 000's	2017	2016
Transportation expenses	(2,219)	(2,062)
External services	(11,066)	(10,065)
Travelling expenses	(5,802)	(4,867)
General expenses	(7,790)	(8,758)
Rent and leasing	(5,108)	(5,741)
Credit losses	(16)	(2,682)
Warranty costs	(4,427)	(5,784)
Total	**(36,428)**	**(39,959)**

** Number of full-time equivalent employees including externals.*

NOTE 9. NON-RECURRING ITEMS

EUR 000's	2017	2016
Restructuring costs	(1,486)	(1,444)
Litigation costs	(317)	(560)
Non-recurring income	500	4,820
Non-recurring financial items	-	547
Other non-recurring	(26,282)	(2,613)
Total	**(27,585)**	**750**

Non-recurring items totalled costs of EUR -27,585 thousands (2016: 750). Restructuring costs are related to reorganization in the Group and other non-recurring costs are mainly related to extra ordinary provision for warranty, write-down of assets and goodwill impairment. For the details of goodwill impairment test please refer to note 4. Non-recurring items are presented in order to give a better view of the operational result.

NOTE 10. NET FINANCIAL COSTS

EUR 000's	2017	2016
Interest income	259	764
Interest expense	(1,382)	(1,527)
Change of derivatives fair value	14	16
Amortisation of issuance costs	(334)	(339)
Interest expenses - net	**(1,443)**	**(1,086)**
Currency exchange difference - net	**(3,409)**	**77**
Total	**(4,852)**	**(1,009)**

NOTE 11. INCOME TAXES

EUR 000's	2017	2016
Current tax	(2,218)	(5,459)
Deferred tax	(6,241)	615
Other taxes	(220)	56
Total	**(8,679)**	**(4,788)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

EUR 000's		2017		2016
Tax on consolidated pre-tax income at group rate	**24.5%**	**5,651**	**25.1%**	**(2,826)**
Tax effect of loss-making subsidiaries		(3,032)		(2,845)
Tax effect of non-taxable income included in profit before tax		549		448
Tax on non-deductible expenses or not related to income		(4,745)		(1,370)
Write-down of previously recognised DTAs		(3,842)		-
Impact of change in US Corporate Tax rate		(2,798)		-
Tax on Controlled Foreign Corporation		-		(416)
Utilisation of previously unrecognised DTA		51		81
Effects of different tax rates in countries in which the group operates		(513)		2,140
Total	**37.6%**	**(8,679)**	**42.5%**	**(4,788)**

The Group operates in many jurisdictions where statutory tax rates vary from 0% to 35%. The weighted average applicable tax rate was 24.5% (2016: 25.1%).

In FY2017 income taxes have been impacted by a non cash charge of EUR 6.6 million as a result of write down of deferred taxes: EUR 2.8 million is due to the change in the US tax rate, while EUR 3.8 million is related to changes in the estimated recoverability of DTAs on losses carried forward in US. Please refer to note 19.

NOTE 12. TRADE RECEIVABLES

EUR 000's	2017	2016
Trade receivables	46,104	57,509
Provision for doubtful debts	(5,146)	(5,924)
Trade receivables, net	**40,958**	**51,585**

The movement of the provision for doubtful debts is summarised below:		
Opening balance	**(5,924)**	**(6,168)**
Provision recorded in the year	(1,937)	(3,172)
Provision used in the year	1,097	2,954
Provision reversed not used in the year	1,116	541
Currency exchange difference	503	(79)
Closing balance	**(5,145)**	**(5,924)**

NOTE 13. TAX ASSETS

EUR 000's	2017	2016
Tax assets	117	271
VAT recoverable	797	825
Total	**914**	**1,096**

NOTE 14. OTHER CURRENT RECEIVABLES

EUR 000's	2017	2016
Short term investments	80	83
Deposits	1,066	248
Prepayments	2,654	2,041
Other receivables	6,830	3,714
Total	**10,630**	**6,086**

Other receivables include EUR 5,229 thousands (2016: 668) of unbilled work in progress in relation to long term contract revenue recognized under percentage of completion. Please refer to Note 5.

NOTE 15. INVENTORIES

EUR 000's	2017	2016
Raw materials	6,782	7,667
Work in progress	1,534	1,917
Finished goods	34,700	34,811
Provision for slow moving inventories	(6,197)	(4,182)
Total	**36,819**	**40,213**

The movement of the provision for slow moving inventories is summarised below:

EUR 000's	2017	2016
Opening balance	**(4,182)**	**(3,604)**
Provision used during the year	1,448	721
Provision recorded in the year	(4,942)	(1,371)
Provision reversed not used in the year	1,109	99
Currency exchange difference	370	(27)
Closing balance	**(6,197)**	**(4,182)**

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

EUR 000's	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2016				
Opening net book value	16,951	5,150	4,636	26,736
Additions	338	1,492	563	2,394
Disposals	(226)	(112)	-	(338)
Reclassification, asset held for sales	(3,515)	-	(438)	(3,953)
Depreciation	(643)	(1,598)	(910)	(3,151)
Currency exchange differences	235	24	113	372
Closing net book value	**13,140**	**4,956**	**3,964**	**22,060**
At 31 December 2016				
Cost	17,610	19,498	8,661	45,769
Accumulated depreciation	(4,470)	(14,542)	(4,697)	(23,708)
Net book amount	**13,140**	**4,956**	**3,964**	**22,060**
Year ended 31 December 2017				
Opening net book value	13,140	4,956	3,964	22,060
Additions	1,161	1,362	405	2,928
Disposals	-	(301)	(10)	(311)
Impairment	-	(622)	(450)	(1,072)
Reclassification, asset held for sales	(1,689)	(14)	(24)	(1,727)
Depreciation	(483)	(1,545)	(746)	(2,774)
Currency exchange differences	(410)	(201)	(325)	(936)
Closing net book value	**11,719**	**3,635**	**2,814**	**18,168**
At 31 December 2017				
Cost	16,008	18,018	7,807	41,833
Accumulated depreciation	(4,289)	(14,383)	(4,993)	(23,665)
Net book amount	**11,719**	**3,635**	**2,814**	**18,168**

During 2017, in reclassification is included Cavotec Connectors building (EUR 1,727 thousands) in Staffantorp (Sweden). The building was reclassified to assets held for sales together with the Trondheim building (Norway) that was reclassified last year for a total value of EUR 4,816 thousands. In the current year, the building in Norway has been written down EUR 592 thousands to EUR 3,089 thousands, the difference with previous year is due to exchange difference.

NOTE 17. INTANGIBLE ASSETS

EUR 000's	Goodwill	Patents & trademarks	R&D and other	Total
Year ended 31 December 2016				
Opening net book value	66,834	2,474	2,226	71,534
Additions	-	7	2,492	2,498
Disposals	-	-	(32)	(32)
Reclassification	-	-	2,225	2,225
Amortisation	-	(438)	(1,278)	(1,716)
Currency exchange differences	439	20	156	615
Closing net book value	**67,273**	**2,063**	**5,789**	**75,125**
At 31 December 2016				
Cost	67,273	7,182	9,791	84,245
Accumulated amortisation	-	(5,119)	(4,002)	(9,121)
Net book amount	**67,273**	**2,063**	**5,789**	**75,125**
Year ended 31 December 2017				
Opening net book value	67,273	2,063	5,789	75,125
Additions	-	10	1,972	1,982
Disposals	-	-	-	-
Impairment	(18,319)	-	-	(18,319)
Amortisation	-	(416)	(1,169)	(1,585)
Currency exchange differences	(3,768)	(41)	(423)	(4,232)
Closing net book value	**45,186**	**1,616**	**6,169**	**52,971**
At 31 December 2017				
Cost	45,186	7,083	10,790	63,059
Accumulated amortisation	-	(5,467)	(4,621)	(10,088)
Net book amount	**45,186**	**1,616**	**6,169**	**52,971**

For more details on goodwill impairment please refer to note 4.

NOTE 18. NON-CURRENT FINANCIAL ASSETS

EUR 000's	2017	2016
Financial receivables	226	261
Financial assets at fair value	38	38
Total	**264**	**299**

NOTE 19. DEFERRED TAX ASSETS

EUR 000's	2017	2016
Deferred tax assets to be recovered within 12 months	3,883	5,214
Deferred tax assets to be recovered after more than 12 months	5,411	15,211
Total	**9,294**	**20,425**

EUR 000's	2017	2016
Provisions for warranty, doubtful accounts and others	1,574	2,262
Losses carried forward	4,389	13,858
Inventory	1,755	1,986
PPE and intangible assets	474	438
Accrued expenses not currently deductible	680	735
Others temporary differences	422	1,146
Total	**9,294**	**20,425**

The deferred tax assets arose as a consequence of the recognition of temporary differences on provisions relative to doubtful accounts, slow moving inventories and warranties, which are not tax deductible currently and become deductible for tax purposes when utilised, as well as to tax losses. The losses carried forward never expire in Germany. In the US, since the implementation of the new tax reform, losses carried forward accumulated until 2017 still expire in 20 years, while starting from 2018, they never expire but they will only be offsettable up to 80%. The Group did not recognise deferred income tax assets on losses carried forward of EUR 59,865 thousands (2016: 31,487), and in the current year has been writing down DTAs recognised in US due to changes in the estimated recoverability of them and to the change in the US corporate tax rate.

NOTE 20. OTHER NON-CURRENT RECEIVABLES

Other non-current receivables include, in accordance with US Legislation, advance payments of opponent's legal costs related to the Mike Colaco litigation EUR 5,522 thousands (2016: 6,120).

NOTE 21. LOANS AND BORROWINGS

EUR 000's	2017	2016
Other current financial liabilities	(2,873)	(3,801)
Credit facility non-current portion	(45,691)	(32,345)
Other non-current financial liabilities	(674)	(1,631)
Unamortised issuance costs	738	1,024
Total	**(48,500)**	**(36,753)**

Cavotec SA entered into EUR 95 million financing facility in July 2015. The agreement incorporates a committed EUR 70 million senior revolving credit facility, and EUR 25 million senior revolving bank guarantee facility, which can be extended to EUR 100 million and EUR 30 million respectively. Syndication costs and upfront fees of EUR 1,477 thousands were paid during FY 2015 and will be amortized over the extended duration of the facility. Please refer to Risk Management on page 68.

EUR 000's	2017	2016
Bank overdrafts	1.00%	1.00%
Short term debt	1.55%	2.21%
Long term debt	2.44%	2.45%
Interest bearing liabilities	**2.38%**	**2.42%**

The average cost of the interest bearing liabilities at the end of 2017 was lower compared to the previous year due to the reimbursement of Cavotec Germany's mortgage on the building.

NOTE 22. TRADE PAYABLES

EUR 000's	2017	2016
Trade payables	(26,704)	(22,799)
Advances from customers	(6,881)	(7,248)
Total	**(33,585)**	**(30,047)**

NOTE 23. TAX LIABILITIES

EUR 000's	2017	2016
Tax liabilities	-	(1,298)
VAT payable	(1,110)	(2,332)
Total	**(1,110)**	**(3,630)**

NOTE 24. OTHER CURRENT LIABILITIES

EUR 000's	2017	2016
Employee entitlements	(5,909)	(6,055)
Accrued expenses and other	(3,767)	(5,054)
Total	**(9,676)**	**(11,109)**

Employee entitlements include mainly accrued wages and salaries, holidays and other personnel liabilities.

NOTE 25. DEFERRED TAX LIABILITIES

EUR 000's	2017	2016
Deferred tax liabilities to be released within 12 months	(417)	(201)
Deferred tax liabilities to be released after more than 12 months	(2,396)	(6,653)
Total	**(2,813)**	**(6,854)**

EUR 000's	2017	2016
PPE and intangible assets	(1,712)	(5,725)
Unrealised exchange differences	(52)	(52)
Untaxed reserves	(683)	(928)
Other	(366)	(149)
Total	**(2,813)**	**(6,854)**

For more details, please refer to note 19.

NOTE 26. PROVISION FOR RISKS AND CHARGES

EUR 000's	2017	2016
Provision for risk and charges, current	(5,362)	(6,123)
Provision for risk and charges, non-current	(4,387)	(3,269)
Total	**(9,749)**	**(9,392)**

EUR 000's	Dec 31, 2016	Recorded	Used	Reversed not used	Exchange diff	Dec 31, 2017
Provision for pensions	(2,897)	(227)	182	-	181	(2,761)
Provision for warranty	(5,695)	(6,031)	3,215	1,680	231	(6,602)
Provision for litigation	(47)	(45)	89	-	3	-
Provision for restructuring	(95)	(823)	519	-	13	(386)
Other provisions	(658)	-	613	-	45	-
Total	**(9,392)**	**(7,126)**	**4,618**	**1,680**	**471**	**(9,749)**

Provision for pensions refers to compensation payable to employees upon termination of employment for any reason. A major part of this provision, in the normal course of events, is long term in nature. The warranty provision reflects historic experience of the cost to repair or replace defective products, as well as certain information regarding product failure experienced during production, installation or testing of products. Provision for restructuring primarily includes actions taken as part of Cavotec's cost reduction programme started last year.

An amount of EUR 5,362 thousands is expected to be used within twelve months.

NOTE 27. PENSION PLAN

The Group operates defined benefit pension plans in Switzerland and, starting from FY 2014, also in Italy and Middle East.

The Swiss entities, Cavotec SA and Cavotec (Swiss) SA, are affiliated to the the Swiss Life Collective BVG Foundation based in Zurich.
This pension solution fully reinsures also the risks of disability, death and longevity.
Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee.
Certain features of Swiss pension plans required by law preclude the plans being categorized as defined contribution plans.

In Italy, the provisions for benefits upon termination of employment, accrued for employee retirement, are determined using actuarial techniques and regulated by the Italian Civil Code. The benefit is paid upon retirement as a lump sum, the amount of which corresponds to the total of the provisions accrued during the employees' service period based on payroll costs as revalued until retirement.

In U.A.E., the Service Gratuity Plan is a defined benefit plan. Benefits under these plans are paid upon termination of employement and consist of payments based on seniority.

EUR 000's	2017				2016
	Switzerland	Italy	U.A.E.	Total	Total
Present value of defined benefit obligation (DBO)	(1,607)			**(1,607)**	**(1,799)**
Fair value of plan assets	1,093	-	-	**1,093**	**1,231**
Deficit of funded plans	**(514)**	**-**	**-**	**(514)**	**(568)**
Present value of unfunded obligations	-	(1,028)	(985)	**(2,013)**	**(2,124)**
Liability in the Balance Sheet	**(514)**	**(1,028)**	**(985)**	**(2,527)**	**(2,692)**

In addition the Group has liabilities from defined contribution plan for an amount of EUR 235 thousands.

The movement in the defined benefit obligation over the year is as follows:

EUR 000's	2017				2016
	Switzerland	Italy	U.A.E.	Total	Total
At 1 January	(1,799)	(1,072)	(1,052)	(3,923)	(3,956)
Reclassification of pension scheme	-	-	-	**-**	**-**
Service cost:					
- Current service cost	(83)	-	(109)	**(192)**	**(261)**
- Past service cost	-	-	-	**-**	**55**
Interest expenses	(7)	(16)	(32)	**(55)**	**(68)**
Cash flow:					
- Benefit payments from plan assets	191	-	-	**191**	**(34)**
- Benefit payments from employer	-	56	113	**169**	**146**
- Participant contributions	(101)	-	-	**(101)**	**(87)**
- Insurance premium for risk benefits	16	-	-	**16**	**14**
Remeasurements:					
- Effect of changes in demographic assumptions	-	-	-	**-**	**(24)**
- Effect of changes in financial assumptions	61	(14)	(25)	**22**	**54**
- Effect of experience adjustments	(31)	18	(19)	**(32)**	**296**
Exchange differences	146	-	139	**285**	**(57)**
At 31 December	**(1,607)**	**(1,028)**	**(985)**	**(3,620)**	**(3,923)**

The movement in the fair value of plan assets over the year is as follows:

EUR 000's	2017				2016
	Switzerland	Italy	U.A.E.	Total	Total
At 1 January	**1,231**	**-**	**-**	**1,231**	**1,198**
Interest expenses	5	-	-	**5**	**9**
Cash flow:					
- Employer contributions	101	56	113	**270**	**274**
- Participant contributions	101	-	-	**101**	**87**
- Benefit payments to plan	(191)	-	-	**(191)**	**34**
- Benefit payments from employer	-	(56)	(113)	**(169)**	**(187)**
- Administrative expenses paid from plan assets	(14)	-	-	**(14)**	**(12)**
- Insurance premium for risk benefits	(16)	-	-	**(16)**	**(14)**
Remeasurements:					
- Return on plan assets (excluding interest income)	(24)	-	-	**(24)**	**(169)**
Exchange differences	(100)	-	-	**(100)**	**11**
At 31 December	**1,093**	**-**	**-**	**1,093**	**1,231**

The amount recognised in the income statement and other comprehensive income are as follows:

EUR 000's	2017				2016
	Switzerland	Italy	U.A.E.	Total	Total
Service cost:					
- Current service cost	83	-	109	**192**	**261**
- Past service cost	-	-	-	**-**	**(55)**
Total Service cost	**83**	**-**	**109**	**192**	**206**
Net interest cost:					
- Interest expense on DBO	7	16	32	**55**	**68**
- Interest (income) on plan assets	(5)	-	-	**(5)**	**(9)**
Total net interest cost	**2**	**16**	**32**	**50**	**60**
Administrative expenses and/or taxes (not reserved within DBO)	12	-	-	**12**	**13**
Defined benefit cost included in the Income Statement	**97**	**16**	**141**	**254**	**278**
Effect of changes in demographic assumptions	-	-	-	**-**	**24**
Effect of changes in financial assumptions	(61)	14	25	**(22)**	**(54)**
Effect of experience adjustments	31	(18)	19	**32**	**(296)**
Return on plan assets (excluding interest income)	24	-	-	**24**	**169**
Exchange Differences	(37)	-	(11)	**(48)**	**5**
Effect of deferred taxes	(4)	-	-	**(4)**	**29**
Total remeasurements included in Other Comprehensive Income	**(47)**	**(4)**	**33**	**(18)**	**(122)**

The Group expects to pay EUR 211 thousands in contribution to defined benifit plans in 2018 (EUR 236 thousands was the expectation in 2016 concerning the amount to be paid in 2017).

The principal actuarial assumptions were as follows:

	2017			2016		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Discount rate	0.70%	1.35%	3.25%	0.40%	1.50%	3.60%
Salary increases	1.00%	n/a	3.00%	1.00%	n/a	3.00%
Inflation	0.00%	1.50%	n/a	0.00%	1.50%	n/a

The principal demographic assumptions were as follows:

	2017			2016		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Life expectancy	n/a	n/a	n/a	n/a	n/a	n/a
Retirement age	M65/F64	66 all employees	normal (maximum) retirement age of 60	M65/F64	66 all employees	normal (maximum) retirement age of 60
Benefit at retirement	60% pension / 40% lump sum	n/a	-	60% pension / 40% lump sum	n/a	-
Voluntary turnover	-	-	6.00%	-	-	6.00%
Involuntary turnover (including death and disability)	-	-	1.00%	-	-	1.00%

The following table presents a sensitivity analysis showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity applies to the defined benefit obligation only, and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

	2017			2016		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Discount rate +0.25%	-	(1,005)	-	-	1,046	-
Discount rate -0.25%	-	(1,051)	-	-	(1,099)	-
Discount rate +0.50%	(1,561)	-	(943)	(1,659)	-	(963)
Discount rate -0.50%	(1,664)	-	(1,005)	(1,926)	-	(1,026)

NOTE 28. SHARE CAPITAL

The table below set forth the changes occurred in the share capital of the Group.

EUR 000's	No of ordinary shares (Fully paid)	Share capital
Balance at 1 January 2017	**78,536,000**	**(86,842)**
Capital reduction		3,216
Balance at 31 December 2017	**78,536,000**	**(83,626)**

The Ordinary General Meeting held on 29 March, 2017 approved the reduction of the nominal value of the registered shares from CHF 1.35 to CHF 1.30.

NOTE 29. OTHER RESERVES

EUR 000's	2017	2016
Currency translation reserves	6,753	671
Share premium reserve	(13,565)	(13,565)
Own shares reserve	196	278
Actuarial reserve	506	523
Total	**(6,110)**	**(12,094)**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations into Euro. The movement of currency translation reserve was due to the strenghtening of the Euro against all major currencies.

The share premium reserve was created following the Contribution Agreement dated 3 October 2011 between Cavotec SA and the former shareholders of Cavotec MSL.

The own shares reserve was created in 2011 when Cavotec SA bought back its shares from the former Parent company Cavotec MSL. The movement of the year was due to the transfer of shares to employees matching the LTIP plan 2014.

NOTE 30. EARNINGS PER SHARE

Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec SA & Subsidiaries as the numerator.

EUR 000's	2017	2016
Profit for the year	(31,771)	6,484
Attributable to:		
Equity holders of the Group	(31,771)	6,484
Total	**(31,771)**	**6,484**
Weighted-average number of shares outstanding	78,415,902	78,443,019
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.405)	0.083

There are no instruments in place to dilute the current shares. Therefore basic and diluted shares are the same.

NOTE 31. 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 CODM to make strategic decisions.

In FY16 the Group organization 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 organizational structure based on two Business Units: "Ports & Maritime" and "Airports & Industry". These two business units will also be the new operating segments.

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

Information by operating segment for the year ended 31 December, 2017 for each operating segment is summarised below:

Year ended 31 December, 2017 EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Revenue from sales of goods and services	79,715	132,645	-	212,360
Other income	1,868	2,319	-	4,187
Operating expenses before depreciation and amortisation	(80,769)	(123,110)	(6,346)	(210,225)
Gross Operating Result	**814**	**11,854**	**(6,346)**	**6,322**

Information by operating segment for the year ended 31 December, 2016 for each operating segment is summarised below:

Year ended 31 December, 2016 EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Revenue from sales of goods and services	95,094	116,424	-	211,518
Other income	1,685	2,240	4,820	8,745
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**

The CODM assesses the performance of the operating segments based on gross operating result EBITDA. A reconciliation of gross operating result to profit before income tax is provided as follows:

EUR 000's	2017	2016
Gross operating result for operating segments	6,322	17,374
Goodwill impairment & other operational write - downs	(19,986)	(226)
Depreciation	(2,754)	(3,151)
Amortisation	(1,579)	(1,716)
Financial costs - net	(4,852)	(1,009)
Other financial items	(243)	-
Profit before income tax	**(23,092)**	**11,272**

Third party revenues for each operating segment analysed by significant geographical segment is summarised below:

Year ended 31 December 2017 EUR 000's	AMER	EMEA	APAC	Total
Ports & Maritime	14,074	37,822	27,819	**79,715**
Airports & Industry	20,728	83,661	28,256	**132,645**
Total	**34,802**	**121,483**	**56,075**	**212,360**

Year ended 31 December 2016 EUR 000's	AMER	EMEA	APAC	Total
Ports & Maritime	19,804	38,378	36,912	**95,094**
Airports & Industry	27,074	63,256	26,094	**116,424**
Total	**46,878**	**101,634**	**63,006**	**211,518**

The consolidated revenues of the Group are generated principally outside of Switzerland, where the company is domiciled, and operations in Switzerland are relatively insignificant. Due to the nature of the business, no single country represents a significant percentage of Group revenues.

NOTE 32. RELATED PARTY DISCLOSURE

Cavotec SA is the legal parent of the Group. Details of Cavotec SA subsidiaries can be found in note 3.

The Group's key management personnel comprises the Chief Executive Officer and the members of Executive Management Team (EMT). Their total remuneration, including salary and other short term benefits, amounted to a total of EUR 3,566 thousands (2016: 3,105). The total compensation also includes compensation to EMT members' related parties.

Please refer to the Compensation Report at page 31 for the remuneration of the Board Members and page 29 for the description of the long-term incentive plan.

Year ended 31 December 2017					
EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer*	777	281	-	13	1,071
Executive Management Team	2,250	138	-	107	2,495
Total remuneration	**3,027**	**419**	**-**	**120**	**3,566**

*The CEO remuneration shows the cumulative amounts for Mikael Norin and Ottonel Popesco. For further details, please refer to the Compensation Report on page 31.

Year ended 31 December 2016					
EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer	469	262	-	9	740
Executive Management Team	2,151	119	-	95	2,365
Total remuneration	**2,620**	**381**	**-**	**104**	**3,105**

The following table summarises the Group's transactions with its related parties, which are controlled or influenced by some Board members:

EUR 000's					Revenues		Costs	
Company	Country	Receivables	Payables	Guarantees	Goods and services	Others	Goods and services	Others
HO Sas	France	-	-	-	-	-	5	-
Lastminute.com group NV	Netherlands	30	-	-	(24)	-	-	-
Port Equipment Manufacturing Association(PEMA)	Belgium	-	-	-	-	-	2	-
Radela AB	Sweden	-	-	-	-	-	9	-
Soliden Sagl	Switzerland	-	-	-	-	-	60	-
Total		**30**	**-**	**-**	**(24)**	**-**	**76**	**-**

NOTE 33. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.

EUR 000's	2017	2016
Audit services		
PricewaterhouseCoopers	598	632
Other audit firms	127	122
Total	**725**	**754**
Other assurance services:		
Taxation		
PricewaterhouseCoopers	84	94
Other audit firms	57	55
Total	**141**	**149**
Other assurance services*		
PricewaterhouseCoopers	11	10
Other audit firms	2	4
Total	**13**	**14**
Total	**154**	**163**

* Other assurance services includes legal services, transfer pricing and EU VAT consultancy fees.

NOTE 34. LEGAL RISKS

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and tax assessments. The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.

Legal proceedings currently considered to involve material risks are outlined below.

Mike Colaco litigation

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 of the lawsuit to late 2018.

NOTE 35. CONTINGENCIES

EUR 000's	2017	2016
Bonds	12,900	10,772
Financial guarantees	2,159	2,159
Other guarantees	1,853	1,646
Total	**16,912**	**14,577**

The items listed under Contingencies are mainly performance and advance payment bonds to customers in the Middle East region, India and China. On the total of contingencies EUR 7,568 thousands will expire within one year. Based on the historical experience there isn't any expectation to have any significant cash outflow from these bonds.

NOTE 36. COMMITMENTS

The following details commitments associated with Cavotec SA & Subsidiaries.

EUR 000's	2017	2016
Rental commitments		
Within one year	3,652	4,258
Later than one, not later than two years	2,677	2,488
Later than two, not later than five years	4,584	5,848
Later than five years	1,237	2,755
Total	**12,150**	**15,349**
Operating lease commitments		
Within one year	377	352
Later than one, not later than two years	291	249
Later than two, not later than five years	176	237
Later than five years	-	-
Total	**844**	**838**
Capital commitments		
Within one year	1,463	1,250
Later than one, not later than two years	1,467	-
Later than two, not later than five years	4,400	2,705
Later than five years	10,271	9,795
Total	**17,601**	**13,750**

The Group leases various properties under non-cancellable lease agreements. These lease terms are generally between one and six years. Later than five years commitments include the lease agreement of 12 years signed in 2016 by Cavotec Specimas SpA for the purchase of the land and the construction of the new warehouse located in Nova Milanese (Italy). The building is under construction, the lease will be recognised when the building will be made available to Cavotec. Cavotec SA has provided to Cavotec Specimas SpA a parent guarantee to banks of EUR 13,750 thousands regarding this leasing agreement.

NOTE 37. SECURITIES AND COLLATERALS

Real estate related loans amounting to EUR 1,413 thousands at 31 December, 2017 (2016: 3,160) are secured by mortgages on land and buildings in Italy, Germany, Norway, Sweden and France. The decrease of the year is due to the repayment of the current portion of the loans.

NOTE 38. SUBSEQUENT EVENTS

There have been no events subsequent to the Balance Sheet date which require adjustment of, or disclosure in, the Financial Statements or notes.

Risk management

The Group's activities expose it to a variety of financial risks: market risk, (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board sets the policy for the Group's centralised treasury operation and its activities are subject to a set of controls commensurate with the magnitude of the borrowings and investments and group wide exposures under its management. The Group treasury's primary role is to manage liquidity, funding, investments and counterparty credit risk arising with financial institutions. It also manages the Group's market risk exposures, including risks arising from volatility in currency and interest rates. The treasury function is not a profit centre and the objective is to manage risk at optimum cost.

The financial risk is managed at the Group and regional level through a series of policies and procedures set and reviewed by the CFO. The Group treasury applies these policies together with the Presidents of the Divisions and the local finance managers. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of interest rate risk and currency risk while ageing analyses of receivables is used to assess credit risk.

MARKET RISK

Currency risk

Generally, the Group offers customers the option of paying in local currencies through our global sales organisation. As a result, the Group is continuously exposed to currency risks in accounts receivables denominated in foreign currency and in future sales to foreign customers. This issue of international pricing is under constant attention at the highest levels of management. As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities.

The exchange rates listed here below are used to prepare the Financial Statements. In 2017, the EUR strengthened against all the major currencies due to the improved economic environment in the Eurozone. The appreciation against the USD was higher than 14%.

Currency	Average rate	Year end rate
AED	0,24089	0,22684
ARS	0,05336	0,04481
AUD	0,67881	0,65164
BRL	0,27736	0,25171
CAD	0,68272	0,66494
CHF	0,89954	0,85455
DKK	0,13443	0,13432
EUR	1,00000	1,00000
GBP	1,14067	1,12710
HKD	0,11358	0,10670
INR	0,01360	0,01305
KRW	0,00078	0,00078
NOK	0,10722	0,10162
NZD	0,62907	0,59347
RMB	0,13108	0,12813
RUB	0,01517	0,01441
SEK	0,10379	0,10159
SGD	0,64151	0,62406
USD	0,88521	0,83382
ZAR	0,06645	0,06754
RUB	0.01517	0.01441
SAR	0.23593	0.22220
SEK	0.10379	0.10159
SGD	0.64151	0.62406
USD	0.88521	0.83382
ZAR	0.06645	0.06754

At 31 December 2017, had the Euro weakened/strengthened by 10 per cent against foreign currencies to which the Group is exposed, with all other variables held constant, profit for the year and equity would have been EUR 1,232 thousands higher/lower (2016: 1,312 thousands). This is mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non-Euro jurisdictions for financial assets and liabilities not in their local currency.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future moves. In order to assess the potential impact on the Income Statement assets and liabilities in the same currency used by the relevant entity in its reporting were excluded from the sensitivity analysis.

	2017		2016	
EUR 000's	EUR -10%	EUR +10%	EUR -10%	EUR +10%
Receivables	113	(113)	93	(93)
Payables	(153)	153	(129)	129
Financial assets	3,441	(3,441)	2,629	(2,629)
Financial liabilities	(2,168)	2,168	(1,281)	1,281
Total increase / (decrease)	**1,233**	**(1,233)**	**1,312**	**(1,312)**

The carrying amounts of the Group's trade receivables and trade payables are held in the following currencies:

	2017		2016	
EUR 000's	Receivables	Payables	Receivables	Payables
EUR	20,627	(19,806)	20,014	(16,073)
USD	3,846	(3,369)	5,761	(4,618)
RMB	4,824	(3,360)	7,147	(2,951)
AED	2,503	(2,258)	2,013	(785)
GBP	575	(1,105)	1,660	(992)
SEK	453	(621)	521	(650)
NOK	1,093	(172)	586	(224)
AUD	2,404	(1,587)	5,392	(2,140)
CHF	-	(267)	-	(241)
HKD	968	(47)	1,065	(93)
CAD	620	(140)	4,588	(313)
INR	619	(206)	1,335	(340)
RUB	-	(211)	21	(141)
Other	2,426	(436)	1,481	(487)
Total	**40,958**	**(33,585)**	**51,585**	**(30,047)**

Financial assets and financial liabilities held at year end are held in the following currencies:

	2017		2016	
EUR 000's	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
EUR	11,441	(26,070)	4,908	(23,060)
USD	3,940	(21,693)	2,762	(12,822)
RMB	2,046	-	601	-
AED	4,795	-	273	-
GBP	1,049	-	337	-
SEK	598	(700)	283	(809)
NOK	187	-	625	-
AUD	1,100	-	698	-
CHF	337	-	427	-
HKD	37	-	58	-
CAD	853	-	1,145	-
INR	565	(13)	951	-
RUB	1,216	-	538	-
Other	554	(24)	1,375	(62)
Total	**28,718**	**(48,500)**	**14,982**	**(36,753)**

Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimising borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2017 97% of the Net Debt was floating rate (2016: 91%). In 2017, the Euribor rates were stable with very low volatility during the year. On the other hand, the Libor rates experienced a sustained increase due to the higher official rates set by the American Federal Reserve.

The impact of a 1 per cent increase /(decrease) in interest rates will result in a decrease/increase of interest expenses and equity for the year of EUR 476 thousands (2016: 363 thousands).

Trade payables, trade receivables and other financial instruments do not present a material exposure to interest rate volatility.

Fair value estimation

Financial assets and liabilities recorded at fair value in the Consolidated Financial Statements are categorised based upon the level of judgement associated with the inputs used to measure their fair value. There are three hierarchical levels, based on an increasing amount of subjectivity associated with the inputs to derive fair valuation for these assets and liabilities, which are as follows:

- Level 1: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable
- Level 3: Determination of fair value based on valuation models with inputs for the asset or liability that are not based on observable market data

The following tables present the Group's financial instruments that are measured at fair value by valuation method at 31 December, 2017 and 31 December, 2016:

	2017			
EUR 000's	Level 1	Level 2	Level 3	Total
Assets				
Current financial assets	80	-	-	80
Non-current financial assets	-	-	37	37
Assets held for sale	-	-	4,815	4,815
Total assets	**80**	**-**	**4,852**	**4,932**
Liabilities				
Non-current trading derivatives	-	(20)	-	(20)
Total liabilities	**-**	**(20)**	**-**	**(20)**

	2016			
EUR 000's	Level 1	Level 2	Level 3	Total
Assets				
Current financial assets	83	-	-	83
Non-current financial assets	-	-	38	38
Assets held for sale	-	-	3,953	3,953
Total assets	**83**	**-**	**3,991**	**4,074**
Liabilities				
Non-current trading derivatives	-	(34)	-	(34)
Total liabilities	**-**	**(34)**	**-**	**(34)**

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

For the building in Trondheim (Norway) an independent updated valuation of the assets held for sale was performed by ÅF Advansia AS, as at 31 December 2017. A discounted cash flow method was used to calculate market value assuming a perpetual annual rent net of expenses and capex of about NOK 2,916 million with an estimated yield of 9.5%. The valuation as at 31 December 2017 is equal to EUR 3,089 (2016: EUR 3,953).

For the building located in Staffantorp (Sweden) the value (EUR 1,726) has been calculated according to the preliminary contract signed. The main key input is the price for square meter.

Please refer to note 16 for more disclosure on the reclassification of assets held for sale that are measured at fair value.

CREDIT RISK

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions and it is managed on a Group basis. A fundamental tenet of the Group's policy of managing credit risk is customer selectivity. The Group has a large number of customers in its various geographies and therefore there is no concentration of credit. The Group's largest customers are prominent international companies and, while none of these represent a material percentage of total sales, outstanding receivables from these are regularly monitored and contained within reasonable limits. Large value sales require customers to pay a deposit or pay in advance, and are authorised by the Presidents of the Divisions or the CEO. The Group has a credit policy which is used to manage this credit exposure ensuring minimal credit losses in past years.

After the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms. As at 31 December, 2017 total past due trade receivables showed a decrease due to the collection of the overdue receivables.

EUR 000's	2017	2016
Not yet due	28,263	33,730
Overdue up to 30 days	7,113	11,786
Overdue up to 30 and 60 days	3,388	3,430
Overdue up to 60 and 90 days	1,133	1,185
Overdue up to 90 and 120 days	1,010	527
Overdue up to 120 and 150 days	353	1,332
Overdue more than 150 days	4,846	5,540
Total	**46,106**	**57,530**

At 31 December, 2017 EUR 5,146 thousands (2016: 5,924) has been provisioned against impaired financial receivables, relating to receivables overdue up to 120 and 150 days and more than 150 days. The amount of written-off receivables recognised in 2017 was EUR 132 thousands (2016: 272).

NET DEBT

Net Debt is defined as financial liabilities minus cash and cash equivalents and current financial assets. Cash and cash equivalents are mainly held at Skandinaviska Enskilda Banken AB (Frankfurt Branch) (Moody's Rating: Aa3; S&P Rating: A+).

EUR 000's	2017	2016
Cash and cash equivalents	28,718	14,982
Current financial assets	80	83
Bank overdraft	-	-
Short-term debt	(2,873)	(3,801)
Long-term debt	(46,365)	(33,977)
Total	**(20,440)**	**(22,713)**

Note that long-term debt excludes issuance costs. See note 21.

EUR 000's	Cash and cash equivalents	Current financial assets	Bank overdraft	Short-term debt	Long-term debt	Total
Opening balance	14,982	83	-	(3,801)	(33,977)	(22,713)
Cash flows	19,246	-	-	1,530	(14,944)	5,832
Currency exchange differences	(5,510)	(3)	-	1	1,953	(3,559)
Other non-cash movements	-	-	-	(603)	603	-
Closing balance	**28,718**	**80**	**-**	**(2,873)**	**(46,365)**	**(20,440)**

LIQUIDITY RISK

Liquidity risk is managed by the Group treasury, which ensures adequate coverage of cash needs by entering into short, medium and long-term financial instruments to support operational and other funding requirements. The Board reviews and approves the maximum long-term funding of the Group and on an on-going basis considers any related matters on at least an annual basis. Short- and medium-term requirements are regularly reviewed and managed by the centralised treasury operation within the parameters set by the Board.

The Group's liquidity and funding management process includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining a diverse range of funding sources and back-up facilities. The Board reviews Group forecasts, including cash flow forecasts, on a quarterly basis. The Group treasury collects cash forecasts from group companies more frequently to assess the short and medium-term Group's requirements. Group treasury works closely with local finance managers in order to identify and monitor relevant cash items with the goal to assure a promptly collection of receivables. These assessments ensure the Group responds to possible future cash constraints in a timely manner. Operating finance requirements of group companies are managed by the Group treasury which is also responsible for investing liquid surplus assets not immediately required by operating companies. In July 2015 the Group signed its EUR 95 million financing facility agreement and maturing in 2020. The agreement incorporates a committed EUR 70 million senior revolving credit facility, and EUR 25 million senior revolving bank guarantee facility, which can be extended to EUR 100 million and EUR 30 million respectively.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR/LIBOR plus a variable margin which will be adjusted every quarter to reflect any changes in the ratio of net debt to consolidated EBITDA as determined on a rolling basis, with a minimum margin of 1.35% per annum. The loans are subject to certain restrictive covenants, including, but not limited to, additional borrowing, certain financial ratios, limitations on acquisitions and disposals of assets. If the financial covenants are not met and their breach is not remedied within a certain period or the lenders do not waive the covenants, there may grounds for termination under the conditions of the credit facility. The Group is in compliance with all existing loan covenants as of December 31, 2017.

As of December 31, 2017, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to other credit facilities with local banks, amounted to EUR 72.9 million, of which EUR 49.2 million was utilised. The table below analyses the Group's financial liabilities, excluding trade payables, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date against the cash and cash equivalent balances.

As of December 31, 2017, the Group has also bank guaranties facilities amount to EUR 25.0 million of which EUR 5.8 million was utilised.

	2017			
EUR 000's	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Bank overdrafts and short-term debt	(2,873)	-	-	-
Long-term debt	-	(48,814)	(126)	(184)
Total	**(2,873)**	**(48,814)**	**(126)**	**(184)**
Cash and cash equivalents	28.718	-	-	-

The long term debt includes the maturity analysis based on the contractual undiscounted cashflow. The interests are included into category "one to three years" using an average interest rate of 2.38%.

	2016			
EUR 000's	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Bank overdrafts and short-term debt	(3,801)	-	-	-
Long-term debt	-	(2,406)	(33,705)	(221)
Total	**(3,801)**	**(2,406)**	**(33,705)**	**(221)**
Cash and cash equivalents	14,982	-	-	-

	Credit facilities		
EUR 000's	**Total**	**Used**	**Used GH**
Bank overdrafts	(6,376)	-	-
Current financial liabilities	(2,873)	(2,873)	-
Non-current financial liabilities	(63,699)	(46,365)	(45,679)
Total	**(72,948)**	**(49,238)**	**(45,679)**

The Group does not have collateral or credit enhancements that would influence its credit exposure. The maximum exposure to credit risk is the carrying amount of each class of financial asset.

CAPITAL RISK MANAGEMENT

The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of its debt to equity ratio calculated by comparing Net Debt to Total equity. In monitoring the level of indebtness, on-going attention is also given by management to the level of senior net debt, interest cover, leverage ratio and assets to equity ratio calculated in accordance to the Groups financing facility.

The ratios at 31 December, 2017 and 31 December, 2016 were as follows:

EUR 000's	**2017**	**2016**
Total interest bearing liabilities	(49,238)	(37,778)
Cash and cash equivalents	(28,718)	14,982
Current financial assets	80	83
Net debt	**(20,440)**	**(22,713)**
Senior net debt	**(20,501)**	**(22,762)**
Total equity	**(104,475)**	**(145,450)**
Net debt/equity ratio	19.6%	15.6%
Equity/asset ratio	49.6%	59.7%
Interest cover	6.58	9.2
Leverage ratio	1.47x	1.34x

Report of the statutory auditor

to the General Meeting of Cavotec SA

Lugano

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Cavotec SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 45 to 71) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: EUR 2 million, which represents about 1% of revenue.

We completed full scope audit work at 21 reporting units in 16 countries

Our audit scope covered 80% of the Group's revenue and 83% of total assets

In addition, review procedures were performed on a further 11 reporting units in 10 countries, representing a further 17% of the Group's revenue and 15% of total assets

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As key audit matters the following areas of focus have been identified:

Goodwill – allocation and impairment assessment

Deferred tax assets on losses carried forward in the USA

Litigation in the USA

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

From January 2017, the Group is primarily structured in two Business Units: "Ports & Maritime" and "Airports & Industry". In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, by component auditors from PwC network firms and by component auditors from other firms operating under our instructions. We concluded full scope audit work at 21 reporting units in 16 countries. In addition, review procedures were performed on a further 11 reporting units in 11 countries. The Group consolidation, financial statement disclosures and goodwill are audited by the Group engagement team.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Our Group engagement team's involvement included various site visits and conference calls with component auditors. During the year, we visited Cavotec Shanghai, Cavotec Specimas Spa and Cavotec Germany.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 2 million
How we determined it	1% of revenue
Rationale for the materiality benchmark applied	We chose revenue as benchmark as we consider that revenue provides us with a consistent year-on-year basis to determine materiality, reflecting group's growth and investment plans and low levels of profitability.

We agreed with the Audit Committee that we would report to them misstatements above EUR 0.1 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill – allocation and impairment assessment

Key audit matter	*How our audit addressed the key audit matter*
Refer to page 56 (Note 4: Critical accounting estimates and judgements). The goodwill impairment assessment is considered as a key audit matter due to the size of the goodwill balance (EUR 45.2 million as of 31 December 2017; EUR 67.3 million as of 31 December 2016) as well as the considerable judgement required by Group management in making their assessment on allocation to cash generating units and on the impairment test. The reallocation of goodwill to the new cash generating unit Airports, Powering & Cooling triggered the performance of impairment testing, which did indicate a requirement to recognize impairment losses of EUR 18.3 million. Our focus in this area was on Group management's assessment of splitting the former Airports cash generating unit and the 'value in use' assessment of the group's new cash generating units, which involves judgements principally about the future results of the business and the discount rates applied.	We evaluated Group management's assumptions as described on page 56 (Note 4) of the financial statements, and discussed these with the Audit Committee and Business Units' Presidents. We evaluated Group management's assumptions that lead to the split of Airports cash generating unit and related goodwill allocation and we found them to be consistent with the introduction of the new organizational structure and your review of the operations at the end of 2017. We challenged management on the inclusion of all appropriate assets and liabilities in the cash-generating units. In relation to the value in use, we performed the following: We evaluated Group management's assumptions of long-term growth rates (terminal value), by comparing them with economic and industry forecasts. We also evaluated, with the support of our Valuation specialists, Group management's discount rates by assessing the cost of capital for the company and comparable organisations, including specific factors such as peer group Beta factors and small cap premium.

	We compared Group management's expectations of revenue growth and margins, included in the FY18 budget and the five-year plan included in the impairment model, with the company's strategic plan and the projects in the pipeline, and we found them to be consistent. We applied professional scepticism when reviewing the forecasts for the market units by stress testing key assumptions, assessing the impact on the sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered. We found the key assumptions of revenue growth and margins used by Group management could be supported and are within an acceptable range. Based on our procedures we assess management's goodwill impairment assessment as adequate to support the value of the goodwill after the impairment recorded.

Deferred tax assets on losses carried forward in the USA

Key audit matter	*How our audit addressed the key audit matter*
Refer to page 55 (Note 4: Critical accounting estimates and judgements) and note 11/19. Following the USA Tax reform and the review of the result and the forecasts of the USA operations, Group management reflected the change in tax rate and recorded a write down of previously recognised deferred tax assets totalling EUR 6.6 million. We considered this as a key audit matter because of the inherent risk of a high degree of estimation uncertainty about the company's future taxable profits within the maximum offset period as well as the magnitude of changes recorded for the deferred tax balances.	Our audit approach included an assessment of the company's assumptions underlying the estimated future tax profits for their reasonableness and consistency with internal budgets and the strategic plan as well as discussions with group management and the Audit Committee. For the US, we assessed and reviewed the work of the company's local tax specialists, who performed a review of the deferred tax model, focusing on the US tax law aspects, such as expected future tax rates on each component and the expiry of the losses carried forward. Overall, the work we carried out and described above gave us sufficient audit evidence to address the aforementioned risks relating to deferred tax assets write down.

Litigation in the USA

Key audit matter	*How our audit addressed the key audit matter*
Refer to page 56 (Note 4: Critical accounting estimates and judgements), note 20 and note 34. In accordance with US legislation, advance payments of the opponent's legal costs related to the litigation have been made for a total amount of	Our audit approach included an analysis of the balances and disclosures in the financial statements referring to the legal case. In relation to the asset recorded for the advance payments of opponent's legal costs related to the

USD 6.6 million (EUR 5.5 million) as of 31 December 2017. The company has recorded an asset in relation to these advances because, based on the lawyer's advice, the management assesses the chances of recovery as excellent. We considered this as a key audit matter because of the judgements used by Group management in assessing the balances and the ongoing nature and magnitude of the litigation.	litigation, we based our conclusion on discussions with the Group management, members of the Audit Committee, selected members of the Board of Directors and the consideration of the position of external legal counsel.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Cavotec SA and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Daniel Ketterer	Michele Aliprandi
Audit expert Auditor in charge	

Lugano, 23 February 2018

Statutory Financial Statements 2017

Please note that all reported amounts are in CHF.

Income statement

Cavotec SA

CHF	Notes	2017	2016
Net proceeds of services		2,900,636	2,543,810
Staff cost		(1,502,055)	(833,594)
Transportation expenses		-	(31)
External services		(1,146,726)	(1,258,022)
Travelling expenses		(35,393)	(44,210)
General expenses		(214,710)	(245,343)
Valuation adjustment on investments	3	(21,436,420)	-
Operating result		**(21,434,667)**	**162,610**
Finance costs - net		(29,566)	(28,657)
Foreign exchange - net		(465,647)	(306,839)
Translation differences		-	(655,129)
Loss before taxes		**(21,929,881)**	**(828,015)**
Income taxes		(205,760)	(71,278)
Loss for the year		**(22,135,641)**	**(899,293)**

Balance Sheet

Cavotec SA

Assets CHF	Notes	2017	2016
Current assets			
Cash and cash equivalents		22,566	78,599
Other short-term receivables		1,491,910	1,050,778
from third parties		*-*	*5,750*
from group companies		*1,491,910*	*1,045,028*
Accrued income and prepaid expenses		63,064	28,145
Total current assets		**1,577,540**	**1,157,522**
Non-current assets			
Investments in subsidiary companies	3	160,672,098	167,122,152
Total non-current assets		**160,672,098**	**167,122,152**
Total assets		**162,249,638**	**168,279,674**

Liabilities CHF	Notes	2017	2016
Short-term liabilities			
Other short-term liabilities		(576,437)	(712,274)
to third parties		*(232,430)*	*(242,159)*
to group companies		*(344,007)*	*(470,115)*
Short-term interest-bearing liabilities	8	(74,842,185)	(64,628,599)
due to investments		*(74,842,185)*	*(64,628,599)*
Accruals and deferred income		(96,795)	(76,467)
Accruals and deferred income		*(84,779)*	*(61,323)*
Tax provision		*(12,016)*	*(15,144)*
Other liabilities		(61,611)	(42,159)
Translation provision		(9,353,680)	-
Total short-term liabilities		**(84,930,708)**	**(65,459,499)**
Other Long-term liabilities		(472,737)	-
to related parties		*(472,737)*	*-*
Total long-term liabilities		**(472,737)**	**-**
Total liabilities		**(85,403,445)**	**(65,459,499)**

Equity CHF	Notes	2017	2016
Share capital	4	(102,096,800)	(106,023,600)
Share premium reserve		(16,709,216)	(16,709,216)
Loss brought forward	4	19,612,363	18,713,070
Result for the period	4	22,135,641	899,293
Treasury shares	4,5	211,819	300,278
Total equity		**(76,846,193)**	**(102,820,175)**
Total equity and liabilities		**(162,249,638)**	**(168,279,674)**

Notes to Statutory Financial Statements

NOTE 1. GENERAL

Cavotec SA (the "Company") is the ultimate parent company of the Cavotec Group.

Cavotec is a global engineering Group that manufactures power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining & Tunnelling and General Industry sectors. All engineering and most manufacturing of Cavotec's products and systems take place at eight specialised engineering Centres of Excellence in Germany (two), Sweden, Norway, Italy, the United States (two) and New Zealand. Cavotec has fully owned sales companies spread across the world which monitor local markets and cooperate with Cavotec's Centres of Excellence. Cavotec SA is listed on NASDAQ OMX in Stockholm, Sweden.

The Consolidated Financial Statements are of overriding importance for the purpose of the economic and financial assessment of the Company. The unconsolidated Statutory Financial Statements of the Company are prepared in accordance with Swiss law, the Code of Obligations (SCO), and serve as complementary information to the Consolidated Financial Statements.

NOTE 2. ACCOUNTING PRINCIPLES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Exchange rate differences – The Company keeps its accounting records in Euro and translates them into Swiss Francs (CHF) for statutory reporting purposes.
The Euro Statutory Financial Statements have been translated into Swiss Francs as follows:

Assets and liabilities	closing rate
Own shares and shareholders' equity	historical rate
Income and expenses	average rate
Impairment charges	spot rate

Translation gains are deferred and translation losses are included in the determination of net income.
Current assets and liabilities – Current assets and liabilities are recorded at cost less adjustments for impairment of value.
Financial assets – Financial assets are recorded at acquisition cost less adjustments for impairment of value.
Treasury shares – Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of resale, the gain or loss is allocated or charged to equity.
Revenue from sale of goods and services – Revenue from services is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.

NOTE 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company name	Purpose	Domicile	Ownership interest	Curr.	Share Capital
Cavotec (Swiss) SA	Services Company	Switzerland	100%	CHF	200,000
Cavotec MoorMaster Ltd	Holding & engineering	New Zealand	100%	NZD	10,000,000
Cavotec US Holdings Inc	Holding	USA	100%	USD	68,000,000

Following the goodwill impairment booked at consolidation level for the CGU Airports, Powering & Cooling, which is related to US operations, an impairment of CHF 21,436 thousands has been booked on the investment in Cavotec US Holdings inc.

NOTE 4. SHAREHOLDERS' EQUITY

Description	Date	Shares	Share capital (CHF)
Incorporation	14 June 2011	100,000	100,000
Consolidation of shares - step 1	29 September 2011	100,006	100,006
Consolidation of shares - step 2	3 October 2011	64,520	100,006
Scheme of Arrangement	3 October 2011	71,397,220	110,665,691
Listing on NASDAQ OMX Stockholm	19 October 2011	71,397,220	110,665,691
Reduction share capital	4 May 2012	71,397,220	109,237,747
Reduction share capital	23 April 2013	71,397,220	105,667,886
Reduction share capital	23 April 2014	71,397,220	102,098,025
Increase share capital	19 September 2014	78,536,000	112,306,480
Reduction share capital	22 April 2015	78,536,000	108,379,680
Reduction share capital	22 April 2016	78,536,000	106,023,600
Reduction share capital	29 March 2017	78,536,000	102,096,800

The share capital as of 31 December 2017 is divided into 78,536,000 shares at a par value CHF 1.30 each.

CHF	Share Capital	Legal Reserve Treasury shares	Share Premium Reserve	Prior Year Retained Earnings	Result for the period	Total Shareholder's equity
Opening balance at January 1, 2016	**108,379,680**	**(16,590)**	**16,709,216**	**(7,645,835)**	**(11,067,235)**	**106,359,237**
Purchase of Treasury shares	-	(374,765)	-	-	-	**(374,765)**
Sales of Treasury shares	-	86,216	-	-	-	**86,216**
Reduction share capital	(2,356,080)	4,861	-	-	-	**(2,351,219)**
Result of the period	-	-	-	-	(899,293)	**(899,293)**
Allocation prior year result	-	-	-	(11,067,235)	11,067,235	**-**
Balance at December 31, 2016	**106,023,600**	**(300,278)**	**16,709,216**	**(18,713,070)**	**(899,293)**	**102,820,175**
Opening balance at January 1, 2017	**106,023,600**	**(300,278)**	**16,709,216**	**(18,713,070)**	**(899,293)**	**102,820,175**
Purchase of Treasury shares	-	-	-	-	-	**-**
Sales of Treasury shares	-	78,846	-	-	-	**78,846**
Reduction share capital	(3,926,800)	9,613	-	-	-	**(3,917,183)**
Result of the period	-	-	-	-	(22,135,641)	**(22,135,641)**
Allocation prior year result	-	-	-	(899,293)	899,293	**-**
Balance at December 31, 2017	**102,096,800**	**(211,819)**	**16,709,216**	**(19,612,363)**	**(22,135,641)**	**76,846,193**

The 2016 OGM held on 29 March, 2017 approved the creation of a contingent share capital of 713,972 shares, in connection with employees' participation to 2017 Long Term Incentive Plan (LTIP). The total amount of contingent shares refers to 2015, 2016 and 2017 Long Term Incentive Plan (LTIP). The balance of authorised shares, approved by 2016 OGM, will expire on 22 April 2018.

Share capital as of December 31, 2017	No of registered shares	Par value (CHF)	Total (CHF)
Issued shares	78,536,000	1.30	102,096,800
Contingent shares	2,284,692	1.30	2,970,100
Authorised shares	15,707,200	1.30	20,419,360

NOTE 5. TREASURY SHARES

Treasury shares held at 31 December were 87,585, equal to 0.11% of the total share capital. A reserve for own shares of CHF 212 thousands equal to 87,585 share at CHF 2.42 has been established. During the year, according to the LTIP 2014 plan, 32,602 shares were allocated to the employees of Cavotec Group. The average selling price was EUR 3.12 each.

NOTE 6. SIGNIFICANT SHAREHOLDERS

The end of the year and based on the available information, five main shareholders are:

Year ended 31 December 2017			
Bure Equity AB	Financial institution	15,759,837	20.1%
Fjärde AP-Fonden	Investment Fund	7,608,721	9.7%
Fabio Cannavale (Nomina SA)	Board member	7,298,046	9.3%
Lars Hellman (LCL life & Pension)	Founder shareholder	5,200,000	6.6%
Stefan Widegren & family(1)	Chairman & Founder shareholder	4,975,000	6.3%
Total		**40,841,604**	**45.7%**

Year ended 31 December 2016			
Bure Equity AB	Financial institution	12,988,970	16.5%
Fjärde AP-Fonden	Investment Fund	7,608,721	9.7%
Fabio Cannavale (Nomina SA)	Board member	7,298,046	9.3%
Stefan Widegren & family(1)	Chairman & Founder shareholder	5,800,867	7.4%
Lars Hellman (LCL life & Pension)	Founder shareholder	5,200,000	6.6%
Total		**38,896,604**	**49.5%**

(1) The amount includes the shares owned by Stefan Widegren, Lotten Widegren and Kristina Widegren.

NOTE 7. SHARE OWNERSHIP – BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

Based on publicly available information, the ownership by members of the Board and Executive Management Team is as follow:

Shareholders as of 31 December 2017		Number	%
Fabio Cannavale (Nomina SA)	Board member	7,298,046	9.3%
Stefan Widegren & family(1)	Chairman & Founder shareholder	4,975,000	6.3%
Ottonel Popesco & family	Board member	1,727,897	2.2%
Juergen Strommer	EMT member	125,135	0.2%
Patrick Rosenwald	EMT member	119,258	0.2%
Erik Lautmann	Board member	107,802	0.1%
Mikael Norin	CEO	96,248	0.1%
Gustavo Miller	EMT member	79,595	0.1%
Giorgio Lingiardi	EMT member	63,202	0.1%
Yann Duclot	EMT member	26,068	0.0%
Kristiina Leppänen	EMT member	10,000	0.0%
Total		**14,628,251**	**18.6%**

(1) The amount includes the shares owned by Stefan Widegren, Lotten Widegren and Kristina Widegren.

NOTE 8. SHORT-TERM INTEREST BEARING LIABILITIES

Cavotec SA is the borrower under certain debt securities including the Group syndicated credit facilities signed with UBS Switzerland AG, Banca dello Stato del Cantone Ticino, Bank Coop AG, Intesa Sanpaolo S.p.A, SEB AG and HSBC Bank plc and the credit facility signed with Cornér Bank. As of year-end the main amount, CHF 72,554 thousands, was related to the Group Cash Pooling balance, and CHF 2,288 thousands was the utilisation of Corner bank facilities.

NOTE 9. GUARANTEES AND COMMITMENTS

Cavotec SA is a guarantor for the existing EUR 95 million syndicated credit facility. More over during the year a parent guarantee of EUR 13.75 Million was given to third party for the lease of the building for Cavotec Specimas Spa.

Cavotec SA carries joint liability in respect of the federal tax authorities for value added tax liabilities of its Swiss subsidiary.

NOTE 10. RISK ASSESSMENT DISCLOSURE

Cavotec SA, as the ultimate parent company of Cavotec Group, is fully integrated into the Company-wide internal risk assessment process.

The Company-wide internal risk assessment process consists of regular reporting to the Board of Directors of Cavotec SA on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by specific corporate functions as well as by the operating companies of the Group. It also adopted and deployed Group-wide the Internal Control System ("ICS").

The ICS is designed to identify, communicate, and mitigate risks in order to minimise their potential impact on the Group. A risk assessment analysis was performed by the Board of Directors. This analysis provided a high-level mapping of risks to allow Group Management to make appropriate decisions on the future of the Group. This map identified the following main areas of risks related to:

- Information and Consolidated Reporting
- Engaging the Group, Protecting its Assets, Compliance
- The Group's Industry
- The Group's Business
- Information, Subsidiary Reporting, Social Security and Tax
- Engaging Subsidiaries, Protecting their Assets, Local Compliance.

Financial risks management is described in more detail in the Risk Management note of the Consolidated Financial Statements.

NOTE 11. RELATED PARTY TRANSACTIONS

As of 31 December 2017, the company has granted no loans, advances, borrowings or guarantees in favour of member of the Board of Directors and members of the Executive Management Team or parties closely related to such persons.

NOTE 12. SIGNIFICANT EVENTS

There are no significant events after the Balance Sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

NOTE 13. LEGAL RISKS

The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings. Legal proceedings currently considered to involve material risks are outlined below.

Mike Colaco litigation

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 of the lawsuit to late 2018.

NOTE 14. FULL TIME EQUIVALENTS

The number of full-time equivalents, as well as the previous year, did not exceed 10 on an annual average basis.

CAVOTEC SA

Proposed appropriation of available earnings

The Board of Directors proposes to the shareholders the following appropriation:

CHF	31 December 2017	31 December 2016
Loss brought forward	(19,612,363)	(18,713,070)
Loss for the year	(22,135,641)	(899,293)
Total earnings	**(41,748,004)**	**(19,612,363)**
Appropriation to general statutory reserves (retained earnings)	-	-
Appropriation to other reserves	-	-
Proposed balance to be carried forward	**(41,748,004)**	**(19,612,363)**

In lieu of a dividend the Board of Directors will propose to the Ordinary General Meeting, to be held on 12 April 2018, a reduction in par value of the shares by CHF 0.02 to CHF 1.28.

Report of the statutory auditor

to the General Meeting of Cavotec SA

Lugano

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cavotec SA, which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 79 to 82) as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 230'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Risk of impairment of investments in subsidiaries

PricewaterhouseCoopers SA, via della Posta 7, casella postale, CH-6901 Lugano, Switzerland
Telefono: +41 58 792 65 00, Fax: +41 58 792 65 10, www.pwc.ch

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 230'000
How we determined it	Consistent with the level of materiality used as part of the group audit
Rationale for the materiality benchmark applied	We initially chose total assets as the benchmark because, in our view, it is the relevant benchmark for a holding company that mainly holds investments and it is a generally accepted benchmark. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards. This calculation resulted in an overall materiality of CHF 1'600'000 (rounded). However, because the materiality allocated as part of the group audit (CHF 230'000) was lower, the audit was performed using this lower materiality threshold.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk of impairment of investments in subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
At 31 December 2017, the carrying value of the company's investments amounts to CHF 160.7 million (2016: CHF 167.1 million). We focused our audit on these assets because of the large value of	We have tested management's assessment of the recoverability of investments as follows:

the account balances and the judgment involved in the assessment of recoverability of these assets. Following the goodwill impairment charge in the consolidated group Financial Statements, management has assessed the recoverability of the investment in Cavotec US Holdings Inc. and recorded a valuation adjustment of CHF 21.4 million (Refer to Note 3, page 80). This impairment assessment involves significant judgments. It is based on an analysis of the respective equity of the subsidiaries at balance sheet date, budget and five years business forecasts.	• We analysed and challenged management's assessment of the businesses' future results, as reflected in the corresponding budgets and strategic plan of the Group; • We have reconciled the information used in the tests to the one used by the group management for the assessment of the goodwill and deferred tax assets; • We challenged management's assumptions of long-term growth rates and discount rate by comparing them with economic and industry forecasts; Based on our audit work we assess management's impairment test as adequate to support the value of the investments after the valuation adjustment recorded.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Daniel Ketterer
Audit expert
Auditor in charge

Michele Aliprandi

Lugano, 23 February 2018

Financial Definitions

Financial figures

Dividend yield Dividend as a percentage of the market price.

Dividend per share (DPS) Dividend for the period divided by the total number of shares outstanding.

Earnings per share Profit/loss attributable to equity holders of the Group divided by the average number of shares for the period.

Equity/asset ratio Total equity as a percentage of total assets.

FY Full Year.

Leverage ratio Senior net debt divided by operating result before depreciation and amortisation, adjusted for non-recurring items.

LTM Last Twelve Months.

Net debt Borrowings plus other financial liabilities, less cash and cash equivalents and current financial investments.

Net debt/equity ratio Net debt as a percentage of total equity.

Return on equity (ROE) Net profit after tax (rolling 12 months) divided by total equity less minority interests calculated on the average of quarterly values.

Senior net debt All interest bearing indebtedness that is not subordinated, minus liquid assets.

Total equity Shareholders' equity including minority interests.

Operating figures

Adjusted EBITDA EBITDA excluding Non-Recurring items.

Average capital employed Total assets less current liabilities calculated on their average of quarterly values for the period.

Average number of employees Average number of employees during the year based on hours worked. Does not include consultancy staff.

EBITDA Operating result excluding depreciation and amortisation of PPE and intangible assets, net interest and income tax.

EBITDA margin EBITDA excluding profit from participations in joint venture/associated companies as a percentage of net sales.

Gross operating margin Operating result before depreciation and amortisation as a percentage of the period's revenue from sales of goods.

Interest coverage Operating result, adjusted for non-recurring items divided by net interest expenses.

Net debt/EBITDA Net debt divided by EBITDA.

Non-Recurring Items any material items which represent gains or losses arising from: restructuring of the activities of an entity and reversal of any provisions for the costs of restructuring as defined under IFRS, disposal of non current assets, disposal of assets associated with discontinued operations, extraordinary provisions and litigation.

Number of employees at year-end Including insourced staff and temporary employees.

Operating cash flow EBITDA excluding non-cash items, capital expenditures, divested PPE and changes in working capital, but excluding cash flow pertaining to restructuring.

Operating margin Operating result after depreciation and amortisation as a percentage of the period's revenue from sales of goods.

Operating result EBIT as stated in the income statement.

Order intake Value of orders received during the period.

PPE Property, plant and equipment.

Profit before income tax margin Profit/loss before income tax as a percentage of the period's revenue from sales of goods.

Return on average capital employed (ROACE) Net operating profit after tax (rolling 12 months) divided by average capital employed.

Glossary

Shore Power Shore Power refers to Cavotec's range of shore power connection systems. Shore power allows vessels to switch off their engines while in port, thus reducing emissions and improving air quality. Also known as shore-to-ship power or 'cold ironing', a term used since the 1950s to describe US Navy vessels connected to shore power.

APAC Asia-Pacific or Asia Pacific is the part of the world in or near the Western Pacific Ocean. The region varies in size depending on context, but it typically includes much of East Asia, South Asia, Southeast Asia, and Oceania.

ATEX ATEX consists of two EU directives on equipment and working environments for applications at risk of explosion. ATEX is derived from the French: Appareils destinés à être utilisés en Atmosphéres Explosibles.

EMEA Europe, the Middle East and Africa, usually abbreviated as EMEA, is a regional designation used for government, marketing and business purposes. It is particularly common amongst North American companies.

EMT Executive Management Team

E-RTG Electrically-powered Rubber Tyred Gantry cranes are mobile quay and terminal container cranes that are electrically powered as opposed to conventional diesel-driven RTG cranes.

HOI Human Operator Interface systems enable the remote control of machinery with real time video links and system status information.

IATA The International Air Transport Association is an international trade body, representing 269 airlines, airport operators and suppliers. Cavotec joined the organisation as a Strategic Partner in 2008.

IEC The International Electrotechnical Commission develops and publishes standards for all electrical and related technologies. Where applicable, Cavotec equipment is IEC rated.

IMO The International Maritime Organisation is the United Nations agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships.

IoT Internet of Things.

IP CODE International Protection ratings are electrical safety ratings defined by the IEC, (see above), that classify the degrees of protection against objects, dust and water in electrical enclosures.

PCA Pre-conditioned Air refers to air that is cooled and then supplied to aircraft cabins. Fitted to mobile caddies or to in-ground supply units, Cavotec's PCA systems mean pilots can shut off aircraft engines sooner, thus helping to reduce emissions at airports.

RRC Radio Remote Controls are used in a large variety of industrial applications. Cavotec supplies a comprehensive range of RRC units, some of which are designed for complex operations, others for basic tasks, but all are durable and easy to use.

Credits

Project co-ordination:
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For more information visit
cavotec.com

Cavotec SA is listed on the
NASDAQ OMX