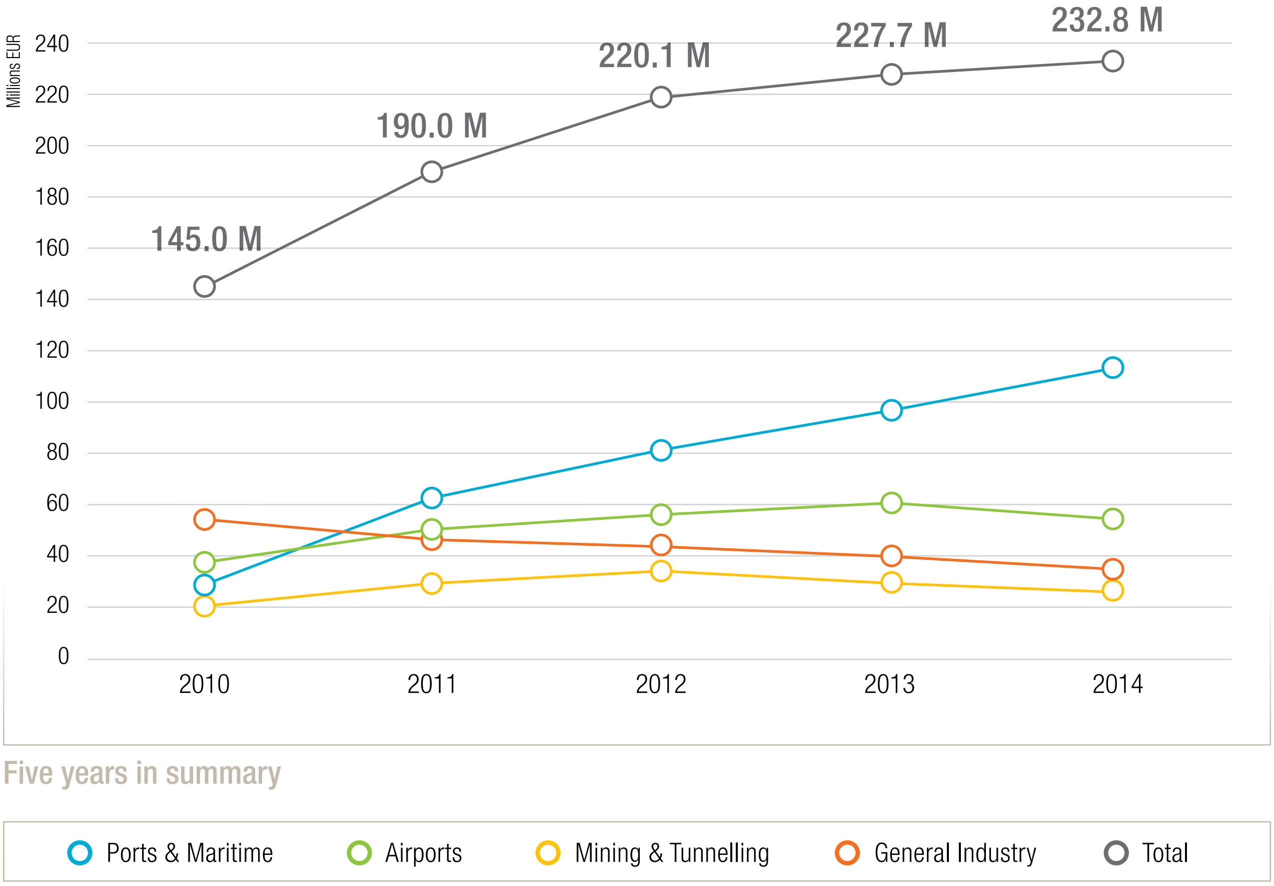
Annual Report 2014

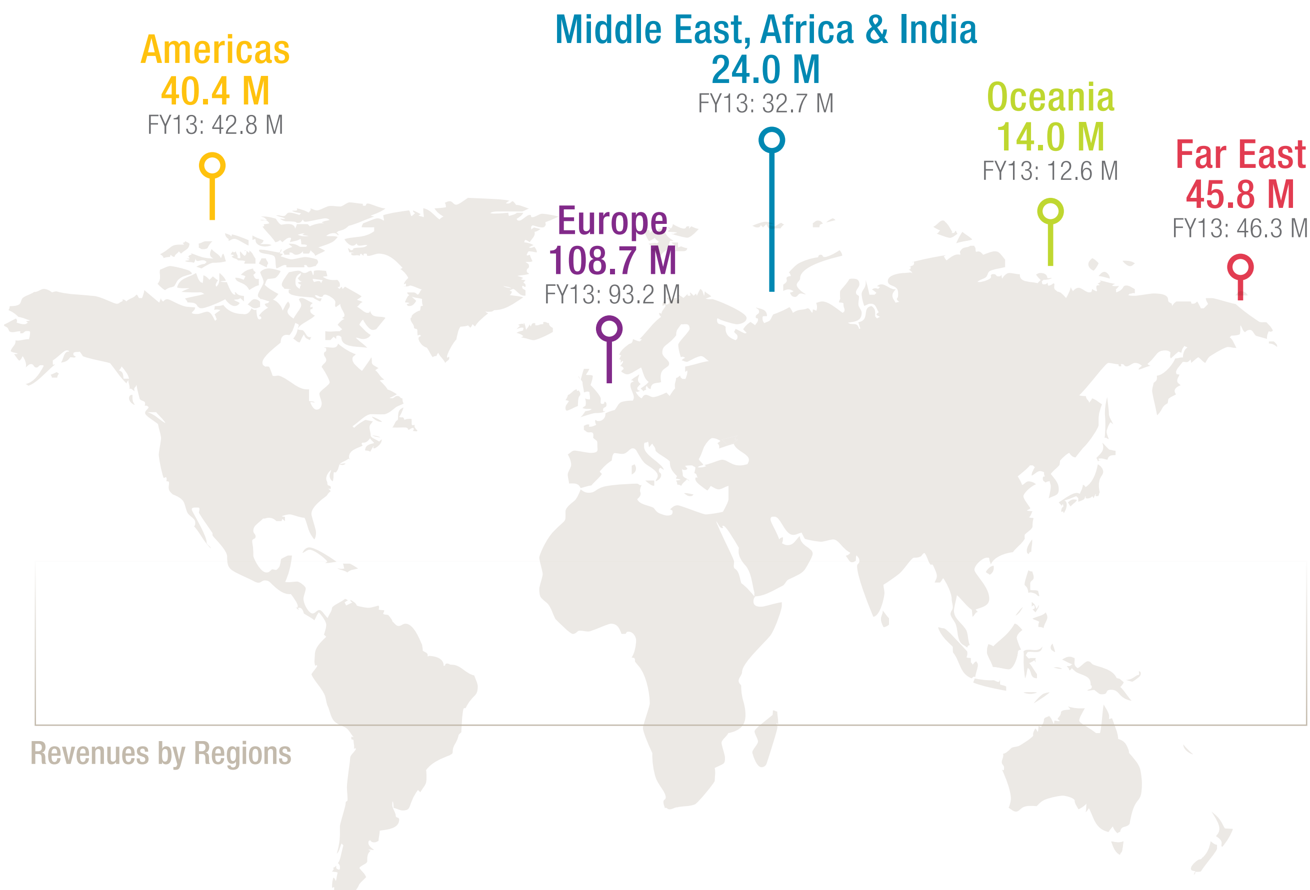
Inspired Engineering

Some highlights from 2014

Key figures on operations and an overview of our financial results over the past five years.
A summary of all that makes Cavotec tick, on just three pages.



Five years in summary



Revenues by Regions

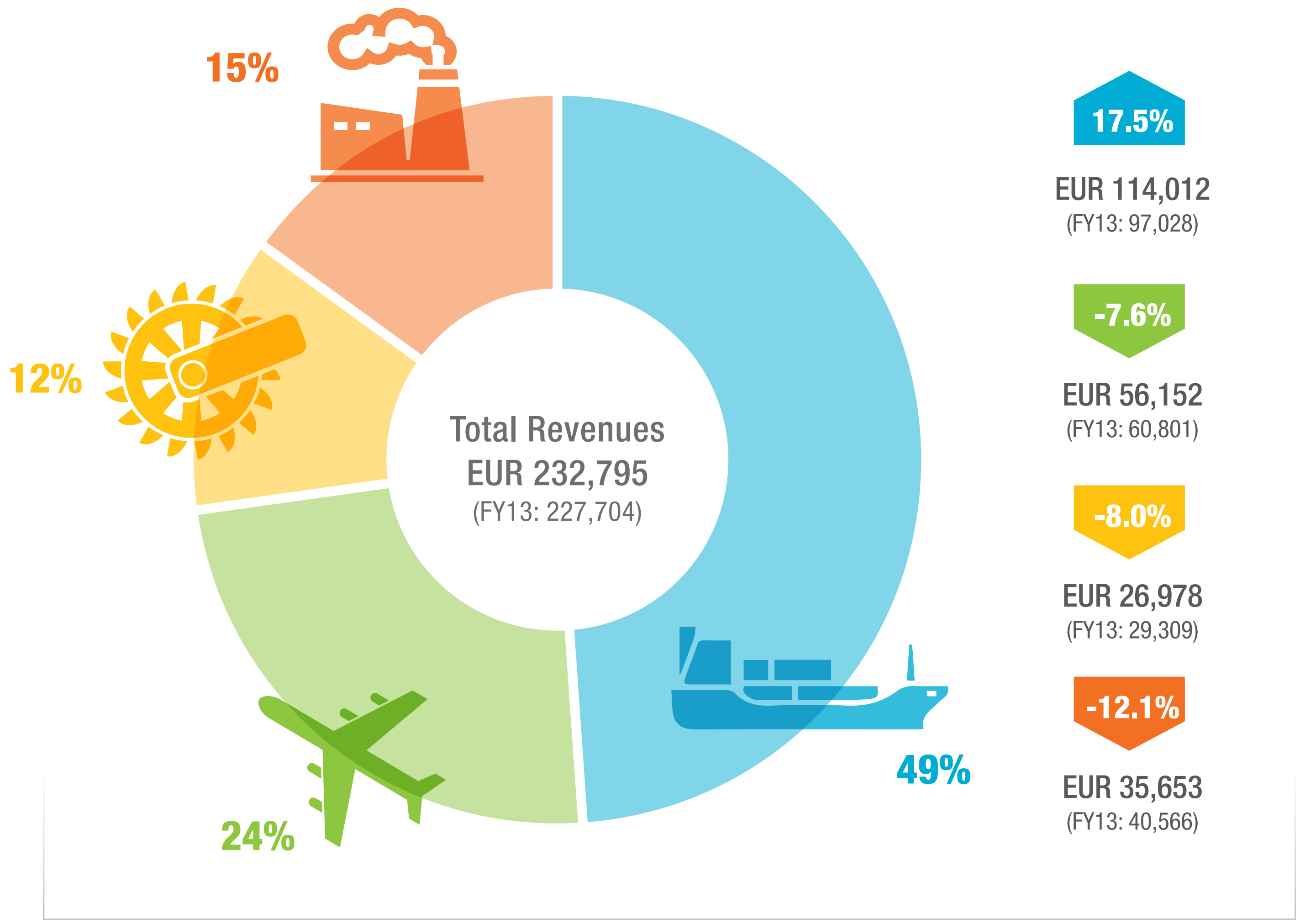

EVERGREEN
EVERGREEN
EVERGREEN
EVER SALUTE

Financial information in summary

Cavotec SA & Subsidiaries	2014	2013	2012	2011	2010
EUR 000's					
INCOME STATEMENT ITEMS					
Revenue from sales of goods	232,795	227,704	220,072	189,969	144,960
Gross Operating Result (EBITDA)	**17,029**	**15,027**	**21,736**	**17,191**	**15,763**
Operating Result (EBIT)	**12,561**	**10,506**	**17,978**	**12,684**	**12,387**
Profit for the year	**10,230**	**10,453**	**12,192**	**5,844**	**8,006**
Total comprehensive income	11,956	4,718	13,018	7,018	11,005
BALANCE SHEET ITEMS					
Non-current assets	113,453	108,696	106,141	98,027	72,885
of which Goodwill	63,801	60,479	61,646	61,930	44,784
Current assets	109,485	97,013	94,271	78,762	62,538
Assets held for sales	1,800	2,213	-	-	-
Cash and cash equivalents	17,071	13,928	10,313	12,952	12,203
Total assets	**241,809**	**219,637**	**210,725**	**189,741**	**147,626**
Total equity	(137,903)	(108,769)	(106,829)	(94,873)	(76,807)
Interest-bearing liabilities	(37,083)	(50,007)	(34,828)	(36,664)	(31,878)
Non-interest-bearing liabilities	(66,823)	(60,861)	(69,067)	(58,205)	(38,941)
Total equity and liabilities	**(241,809)**	**(219,637)**	**(210,725)**	**(189,741)**	**(147,626)**
CASH FLOW ITEMS					
Cash flow from operating activities	(755)	(713)	11,900	5,164	10,951
Cash flow from financial activities	3,047	14,056	(5,035)	2,712	2,568
Cash flow from investing activities	(2,844)	(5,103)	(12,183)	(6,707)	(8,545)
Cash flow for the year	**(552)**	**8,240**	**(5,318)**	**1,169**	**4,974**
PROFITABILITY AND PROFITABILITY-RELATED KEY FIGURES					
Order intake	220,706	245,961	224,984	215,876	144,181
Gross operating margin	7.3%	6.6%	9.9%	9.0%	10.9%
Operating margin	5.4%	4.6%	8.2%	6.7%	8.5%
Interest coverage	5.3x	8.6x	14.2x	8.1x	7.0x
Return on average capital employed (ROACE)	5.8%	6.3%	8.3%	4.6%	7.3%
Return on equity (ROE)	8.4%	9.7%	12.0%	6.9%	11.0%
CAPITAL STRUCTURE AND CAPITAL STRUCTURE-RELATED KEY FIGURES					
Net debt	(20,002)	(36,070)	(24,511)	(23,708)	(19,651)
Net debt/equity ratio	14.5%	33.2%	22.9%	25.0%	25.6%
Equity/assets ratio	57.0%	49.5%	50.7%	50.0%	52.0%
Leverage ratio	1.2x	2.4x	1.1x	1.4x	1.2x

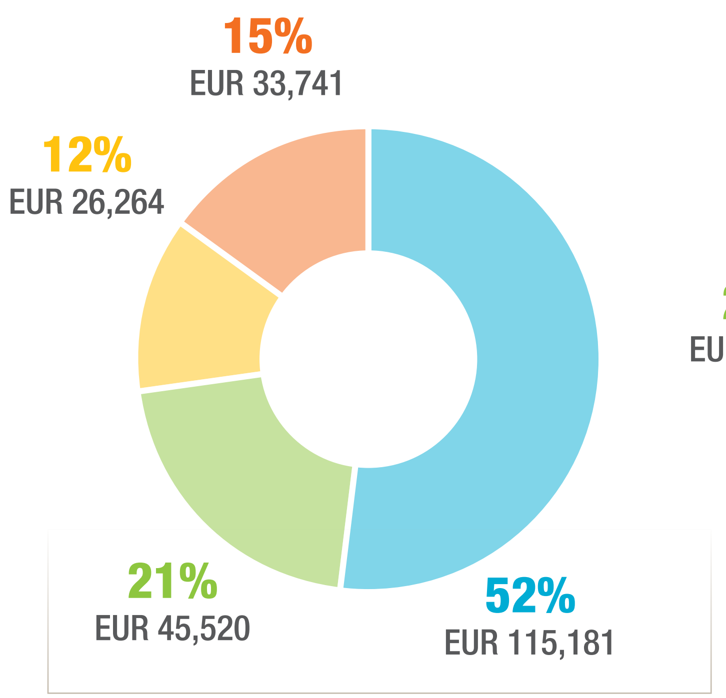
STOCK PERFORMANCE*						
Number of shares issued		78,536,000[2]	71,397,220	71,397,220	71,397,220	63,632,700
Closing price	SEK	26.00	31.40	24.00	13.75	-
Closing price[1]	EUR	2.77	3.54	2.80	1.54	1.95
Market cap[1] (million)	EUR	217.4	253.1	199.7	110.2	123.9
Dividend[1]	EUR	0.042	0.041	0.041	0.017	0.023
EPS[1]	EUR	0.140	0.147	0.173	0.089	0.125

(1) At end of the year prevailing exchange rate.
(2) In September 2014 the Company made a directed share issue of 7,138,780 shares.
** The Company was listed on the NZX from 2007-2011.*

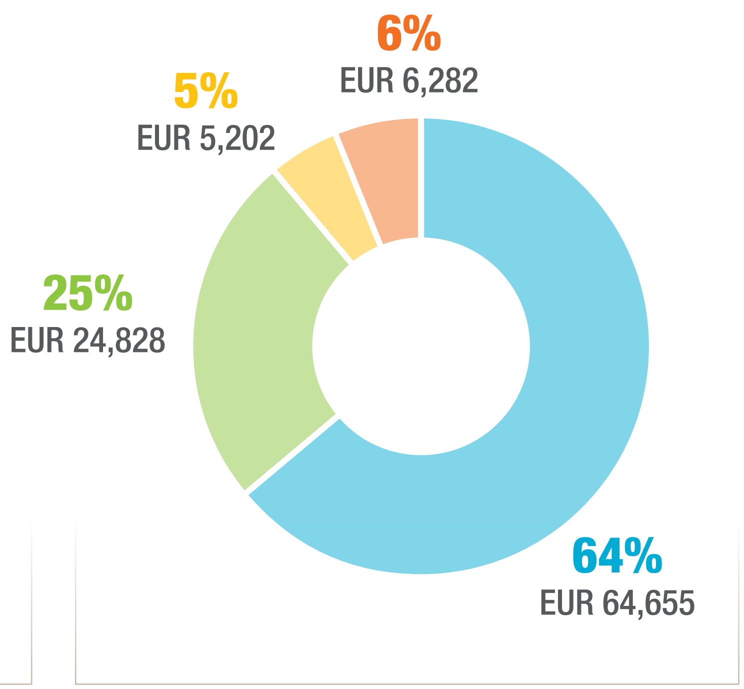


Accumulated Revenues (000's)

Ports & Maritime | Airports | Mining & Tunnelling | General Industry | Total



Accumulated Order Intake (000's)



Order Book (000's)

Business Model

CAVOTEC'S BUSINESS MODEL

Cavotec's business concept is to design, engineer and supply innovative products and systems that enable a wide variety of industry sectors to improve safety, efficiency and environmental sustainability.

STRUCTURE

The Group's structure is designed to ensure our customers receive the local support they need, backed by our global engineering experience and resources.

Cavotec Centres of Excellence

Cavotec's research, development and manufacturing activities are conducted at its Centres of Excellence (CoE), which are located at eight sites in Germany, Italy, New Zealand, Norway, Sweden and the US.

Cavotec sales companies

Cavotec now has an extensive network of local sales companies in some 40 countries all around the world. These companies ensure that we have the sales presence and technical know-how needed to provide our customers with outstanding service, further sustained by relationships developed over the long-term.

STRATEGY

Unrivalled customer service and engineering excellence

Our overriding focus is high quality service and advanced engineering. Our customers' operations are dependent on Cavotec's products fulfilling highly stringent service demands. Furthermore, our pricing capacity is determined by the high engineering content of our products. Thus, quality and engineering are our primary competitive advantages.

Attract and retain highly skilled and talented staff

Cavotec offers a positive and rewarding work environment for employees. We cultivate a friendly, professional working atmosphere where fresh thinking and a willingness to explore new approaches are encouraged. An open working environment, that fosters the free exchange of ideas and mutual respect between individuals, underpins our unique capabilities as a global engineering group.

Organic growth through innovative products, systems delivery and project management

Cavotec is targeting strong organic growth going forward. Throughout the Group's history, we have invested in innovative products including MoorMaster™ automated mooring systems, Alternative Maritime Power systems for ships, Pre-Conditioned Air systems (sub-freezing cooling of aircraft) and Azipod marine slip rings. We are constantly alert to new product areas and segments, two of the most recent being Human Operator Interface and Electric Vehicles. Such systems have achieved, or are expected to achieve, structural, above market growth. In addition, as part of our long-term growth strategy, we are actively growing our system servicing, project management and system integration offerings.

Acquisitions

Cavotec's management has identified some 10 to 15 possible future acquisition targets in Cavotec's business areas. All of these candidates are, Cavotec's management believes, leading players in their respective niches. They are well structured, profitable, reputable and of a manageable size.

Continued international expansion

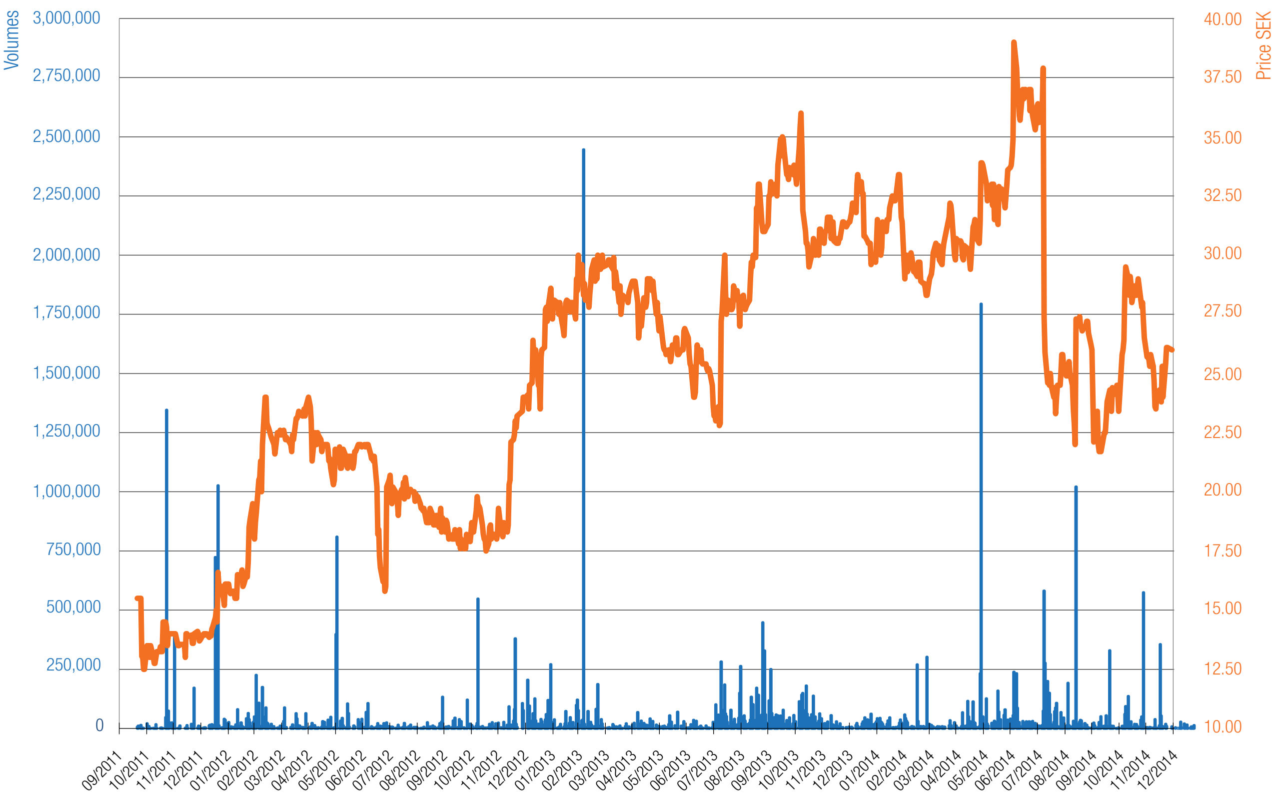
Cavotec aims to continue its successful international expansion, both organically and through acquisitions. We are active in, and continue to target regions and segments where we believe growth will be strong. Our global reach provides a compelling argument for customers worldwide to use our products.

Proven mission-critical products and system integration

Since its foundation, we have focused on providing high quality products with an increasing degree of engineering content. Our consistent approach in this respect has won the Group a solid reputation that we strive to maintain and capitalise on.

The majority of our products are considered key components in equipment produced by OEM customers or by end customers. In many cases our products make up a relatively small portion of the total cost of a final product or system, while the income lost from disruptions could be significant for end-customers. Thus, Cavotec has strong negotiating and pricing powers, and is shielded from cost cutting initiatives. In addition to the above, we continue to build our role as a systems integrator, and have demonstrated our capacity to manage projects valued at more than EUR 30 million.

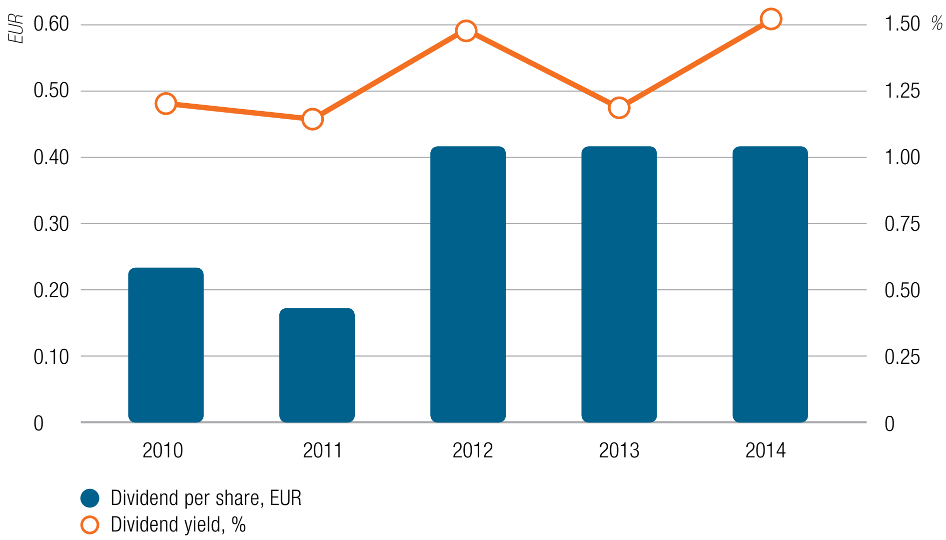
Stock performance - Nasdaq OMX



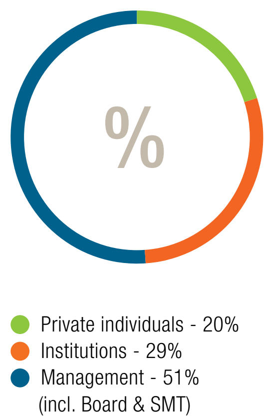
Cavotec SA – five largest shareholders

Year ended 31 December 2014			
Shareholders		**Number of shares held**	**%**
Bure Equity AB	Financial institution	8,248,970	10.5%
Michael Colaco	Shareholder	7,703,844	9.8%
LCL International Life Assurance Ltd	Financial institution	7,200,000	9.2%
Stefan Widegren & family	Chairman & Founder shareholder	6,954,264	8.9%
Fabio Cannavale (Nomina SA)	Board member	6,948,046	8.8%
Total		**37,055,124**	**47.2%**

Dividend per share, yield[(1)(2)]



Ownership structure



(1) At end of the year prevailing exchange rate.
(2) In September 2014 the Company made a directed share issue of 7,138,780 shares.

Cover photograph:
Lysekil, Sweden
Photographer: Pär Ohlson

Table of contents

The Chairman's Perspective

"Investing in new markets and innovative technologies is one of our core principles, and something we have prioritised throughout the history of the Group."

Despite its difficulties, 2014 was a year in which we were able to reap the rewards of our long-term investment in innovation. Notwithstanding operational challenges earlier in the year, proactive measures taken by our management have resulted in the second best year in Cavotec's history and a significant improvement on 2013.

For Cavotec, innovation is key and I'm pleased to see that in 2014 our established core innovations, MoorMaster™ and Alternative Maritime Power (AMP), became large volume product lines representing nearly 20% of total revenues. This is an excellent result, following 10 years of continued investment in bringing these breakthrough technologies to market, and is a testament to the viability of our long-term strategy.

OVERCOMING DIFFICULTIES

The main challenges we faced last year can be summarised as follows: an uptick in larger projects, softer day-to-day business, and the on-going litigation and restructuring of operations in the US.

Management has worked diligently to resolve these issues, strengthening our global market position and making significant improvements in key areas such as project management and after sales service capabilities. We have also made tangible improvements at Cavotec INET, which will result in stronger operations and better results going forward. Hopefully, we will also be able to conclude the litigation in the USA within the first half of 2015.

CAPITALISING ON OUR UNDERLYING STRENGTH

Historically, Cavotec has always been growth-oriented, with a CAGR exceeding 10% over most of the Group's lifetime. I strongly believe in Cavotec's potential, and it has been frustrating to see the Group hovering around the EUR 230 million mark these past two years. Nevertheless, these years have continued to show the underlying strength of Cavotec's business model and innovation focus.

I believe 2015 will bring moderate growth, with our innovative technologies and new market development leading the way. Our day-to-day activities are also set to strengthen over the coming period, bringing us back in line with our historical growth figures. To bolster these developments, and to further improve efficiency, we will continue to rely on our organisational strengths and actions.

MOVING FORWARD WITH CONTINUED CONFIDENCE

Operating across the globe in diverse niche markets brings many types of opportunities to expand our business. There are, however, three main factors determining our overall development and growth:

1) Continued investment in new technologies and markets.
2) Our M&A programme.
3) The general investment climate.

Investing in new markets and innovative technologies is one of our core principles and something we have prioritised throughout the history of the Group. We have maintained this long-standing commitment during the past seven years as a publicly listed company, and we are well prepared to capitalise on growth opportunities in these new areas.

We fully recognise the value and benefits of an active M&A programme. Although we have not made any acquisitions recently, we are constantly reviewing opportunities and taking stock of potential

“Operating across the globe in diverse niche markets brings many types of opportunities.”

targets. Once the restructuring of Cavotec INET has been completed, we will be in an excellent position to restart our M&A activities.

In September 2014, the Cavotec Board of Directors reached an agreement with Bure Equity AB (Bure) regarding a directed share issue of 7,138,780 shares, making them the new largest shareholder of Cavotec SA. Later, at our EGM in November, Patrik Tigerschiöld, Bure's Chairman, was elected to the Board of Directors. The entry of Bure is a significant milestone for Cavotec and I am very confident that Patrik, together with his experienced management team, will be a strong support for Cavotec and an active contributor to our future development.

Throughout the year, as the share of large industrial contracts and projects has increased, we have seen a noticeable increase in hesitation and delays in negotiations. This developing trend has made the ability to make timely and accurate forecasts even more critical to our business. It has also made us rethink the way we provide our guidance to the market, bringing it more in line with our own business model while meeting the expectations of the financial community.

I personally believe, together with the Board and management, that we are well positioned to achieve our financial targets and foresee moderate growth for 2015, followed by a higher growth period in the coming years.

Lugano, February 2015

Stefan Widegren
Chairman

The CEO's Report

"I expect to see a steady improvement in gross margins, especially as our established core innovations mature."

In the soft macro-economic climate of 2014, Cavotec was able to maintain its overall position in the market. We won several major orders in the Ports & Maritime segment, including our largest MoorMaster™ automated mooring project to date, and achieved important breakthroughs in the Airports segment.

Over the past year, we focused on streamlining our organisation in order to reduce our operating costs, and we will continue to do so going forward. We have also looked to further complete our product range and expand in important emerging markets. These steps are readying us for the next stage in our business cycle: to improve margins and to capitalise on Cavotec's significant potential for growth.

KEY FIGURES

Group revenues increased 2.2% to EUR 233 million (EUR 228 million). Organic growth increased 3.9%, while the effect of exchange rate fluctuations accounted for 1.7%.

Adjusted operating result was EUR 17.8 million or 7.6% EBIT (EUR 12.5 million or 5.5% EBIT). Non-Recurring costs were EUR 5.2 million, in part due to continued litigation in the USA. Operating result was EUR 12.6 million. Profit for the year before income tax was favourably affected by exchange differences of EUR 6.0 million, compared to an adverse effect of EUR 0.3 million last year.

Order Intake in 2014 declined by 10.3% to EUR 221 million (EUR 246 million), largely due to the postponement of several significant projects for the Airports Market Unit (MU) and the continued softening in the mining and general industry segments.

MOVING BEYOND MARKET SHARE

Greater technical complexity of larger projects, tighter budgets and re-design costs all impacted production schedules in 2014. This resulted in a significant shift of orders, with the last four to five months of the year seeing exceptional delivery volumes.

Despite this unprecedented strain on our manufacturing capacity, our employees rose to the challenge and we were able to live up to our customers' expectations. We delivered 62 MoorMaster™ units throughout the year – far more than ever before – and our Airports MU delivered some 100 Cavotec INET PCA units between July and October. This was achieved during a period when we relocated the Cavotec INET manufacturing facility, and introduced new management and processes within the Group.

We also continued to develop new markets for technologies that are now gaining traction. These include our Automatic Plug-in System (APS) for ports, for which we received our first two orders in 4Q14, from customers in Portugal and Turkey.

BRINGING PROFITABILITY INTO LINE

While macro-economic conditions remain uncertain, we will continue to focus on internal rationalisation to improve profitability throughout 2015. Cavotec's profit improvement plan, announced in 3Q14, is an important step in re-dimensioning overall cost structures across the Group. We continue to assess how to best allocate resources, for example by prioritising our engineering capacity to ensure it continues to play a critical role in developing our current and future innovations. I am confident that we will achieve substantial gains from the implementation of this plan during 2015 and beyond.

25.7%

"Core innovations are now a significant part of total revenues."

“Innovation is key to our continued development.”

Furthermore, I expect to see a steady improvement in gross margins, especially as our established core innovations mature, positively impacting our profitability.

SET FOR GROWTH

An important part of our company’s continued growth is strong financial management. Therefore, I’m delighted that Kristiina Leppänen has been appointed as our new Group CFO, bringing the necessary experience and skills to support Cavotec’s growth in the years ahead. Kristiina will assume her position on 1 May 2015, taking over from interim CFO Leena Essén. I would like to take this opportunity to thank Leena for the excellent work she has done, and continues to do, during her term as interim CFO.

The newly created Senior Management Team (SMT) is an important step in our new organisational structure. The SMT replaces the former Executive Management Committee, and is empowered to lead local management on operational issues, shape technical and commercial developments, as well as new acquisitions, in line with targets set by the Board.

Innovation is key to our continued development, as exemplified by our industry benchmark innovations such as the MoorMaster™ automated mooring units, Alternative Maritime Power (AMP) systems, and Azipod marine propulsion sliprings. Thanks to significant advances made by our engineers at Cavotec INET, we introduced a new electrical converter and new Sub-freezing DX-boost technology, further strengthening our comprehensive product range for the Airports MU. Our Human Operator Interface (HOI) and APS technologies are further examples of innovative engineering that expand our reach in both new and existing markets.

We are also moving ahead with modernising our global IT infrastructure. Last month we successfully concluded the first implementation of the new Navision ERP system at Cavotec Specimas. This is an important achievement and we intend to transition all Cavotec companies to this new platform over the coming years.

An important part of our continued effort to develop Cavotec is our ability to communicate clearly and effectively with all our stakeholders. Through several measures within areas such as Corporate Governance, Investor Relations and Corporate Communications we have a clear plan to further improve our level of transparency.

For 2015 I expect a moderate growth in revenues coupled with a strengthening EBIT margin towards the second part of the year. We also stand ready to resume our M&A activities as soon as we have fully completed the INET integration, which I believe will happen by the end of this year. Looking ahead at the coming period and our longer-term financial targets, I feel confident to reiterate our financial goals of an organic growth of 10% CAGR and an EBIT margin of 12% over the coming years.

Lugano, February 2015

Ottonel Popesco
Chief Executive Officer

Cavotec year by year

Since starting in Sweden in 1974, Cavotec has grown steadily to become a leading global engineering group supplying customers worldwide. Here's a snapshot of that progress.

70s

1974 - Incorporation of Specimas AB in Sweden.

1976 - Specimas AB renamed Cavotec AB.

80s

1984 - Incorporation of Cavotec sales company in Finland.

Acquisition of Specimas SpA in Italy.

1986 - Incorporation of Cavotec sales company in the United Kingdom.

1988 - Incorporation of Cavotec sales companies in Canada, Italy and Norway.

1989 - Incorporation of Cavotec Group Holdings NV in the Netherlands.

90s

1990 - Incorporation of Cavotec sales companies in the Netherlands and of ET Power Connectors AB in Sweden.

1991 - Incorporation of Cavotec sales companies in Australia, France and the US.

10s

2008 - Acquisition of the Dabico Group in US and UK.

Acquisition of Meyerinck GmbH in Germany.

Divestment of Gantrex operations.

2009 - Milestone order received for PCAir for Bahrain International Airport.

2011 - Announcement of Scheme of Arrangement and listing of a Swiss holding company on NASDAQ OMX.

Incorporation of Cavotes sales company in Spain.

Incorporation of Cavotec sales company in Brazil.

Acquisition of INET Group in the US.

Cavotec SA listed on NASDAQ OMX Stockholm.

2012 - Acquisition of Combibox in Sweden.

1st Anniversary of the listing on NASDAQ OMX.

2013 - Cavotec wins largest MoorMaster™ automated mooring order to date in South Africa.

2014

Q1

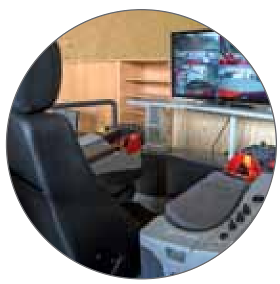
Cavotec wins largest MoorMaster™ order to date for the St. Lawrence Seaway.

Cavotec INET converters and PCA units installed at Dubai International Airport (Concourse 4).

Q2

Cavotec enters burgeoning HOI market.

Cavotec awarded contract to supply PCA units and converters for new Airbus A320 assembly line in Alabama, US.



1993 - Incorporation of Cavotec sales companies in Germany and the UAE.

1995 - Incorporation of Cavotec sales companies in China and Hong Kong.

1996 - Incorporation of Cavotec sales company in Argentina.

1997 - Acquisition of Alfo Apparatebau GmbH in Germany.

Incorporation of Cavotec sales company in Singapore.

1999 - Acquisition of Metool Pty Ltd. in Australia and Cavotec sales company in Denmark.

00s

2002 - Acquisition of Gantrex Group in Canada, South Africa and the US.

2004 - Acquisition of Fladung GmbH in Germany.

Cavotec Group and Mooring Systems Ltd. sign sales agreement.

Acquisition of Micro-control AS in Norway.

Cavotec marks 30-year anniversary.

2005 - Incorporation of Cavotec sales company in India.

2007 - Listing of Cavotec MSL on the New Zealand Stock Exchange.

Group Corporate Office is established in Switzerland.

Reverse acquisition with MSL.

Incorporation of Cavotec sales company in Russia.

Q3

Installation work on the Group's largest oil and gas project: upgrading Statoil's Gulfaks B drilling platform off Norway.

Cavotec's automated mooring and shorepower system wins Electric & Hybrid World Expo Innovation of the Year Award.

Q4

Cavotec wins order to supply eight MoorMaster™ units for the Port of Salalah.

Cavotec wins first orders for its Automatic Plug-in System in Turkey and Portugal.

AN ESSENTIAL LINK

HOW CAVOTEC DRIVES INNOVATION, PRODUCTIVITY AND SAFETY, AND REDUCES ENVIRONMENTAL IMPACT.

MoorMaster™ units at Port of Narvik, Norway

In this section, we look at how Cavotec's engineering expertise and innovative technologies provide customers with services that are critical to their success.

We work closely with our customers, official bodies within our industries and the wider community to improve safety and productivity and reduce environmental impact.

And we continually invest in new technologies – as we have since we started four decades ago – to ensure that our customers, and Cavotec itself, continue to grow.

Innovation

Productivity

Safety

Environment

Innovation

“We’re passionate about finding new and better ways of doing things.”

Breaking new ground

With extensive engineering experience drawn from a wide variety of sectors, Cavotec has a proven track record in innovation. Through our Centres of Excellence, and across the Group, we constantly develop new systems, improve existing technologies, and ensure Cavotec products lead our markets – expanding the limits of how the world's industries operate.

Our Airports market unit helps streamline aircraft servicing with its range of integrated in-ground utility systems, such as PCA converters.

At the world's mining and tunnelling applications, we work with customers to enable the switch to electrically powered equipment from diesel-driven systems.

In the General Industry sector, we support a wide variety of industrial applications with our innovations in product areas such as slip ring columns, cable chains, motorised and spring driven cable reels, Radio Remote Controls (RRC) and rotating electrical connectors.

Our Human Operator Interface (HOI) systems – which we launched in 2014 – are providing operators the ability to see and receive information about system status, as well as control machinery remotely.

Cavotec's Chief Technical Officer, Patrick Rosenwald, provides a more in-depth look at some of the technologies the Group is developing in the Ports & Maritime segment, as well as an idea of how Cavotec plans to maintain its innovative edge in this sector.

"One of the key products that we continued to develop in 2014 was our Automated Plug-in System, (APS), which automates the connection and disconnection of electrical power to mobile equipment such as cranes and ships.

APS enables the electrification of Rubber Tyred Gantry cranes (RTG), a process that has, and will, make an important contribution to many ports in terms of environmental performance and operational efficiency.

The automated connection to electrical power that APS makes possible – conventional systems require crane operators to do this – generates significant infrastructure and operational advantages for operators."

APS has several unique characteristics. For example, it is the first cable connection system that allows cranes fitted with cable reels to automatically connect to the electrical power source. Alternative technologies continue to rely on infrastructure-intensive conductor bars to supply electrical power. As far as Cavotec is concerned, APS provides the Group with a crucial advantage over our competitors.

APS FOR SHIPS

"APS is ideal for any operator that wants to implement a quick, automated and reliable electrical connection to cranes or ships – this is an important development.

Patrick Rosenwald
Cavotec's Chief Technical Officer

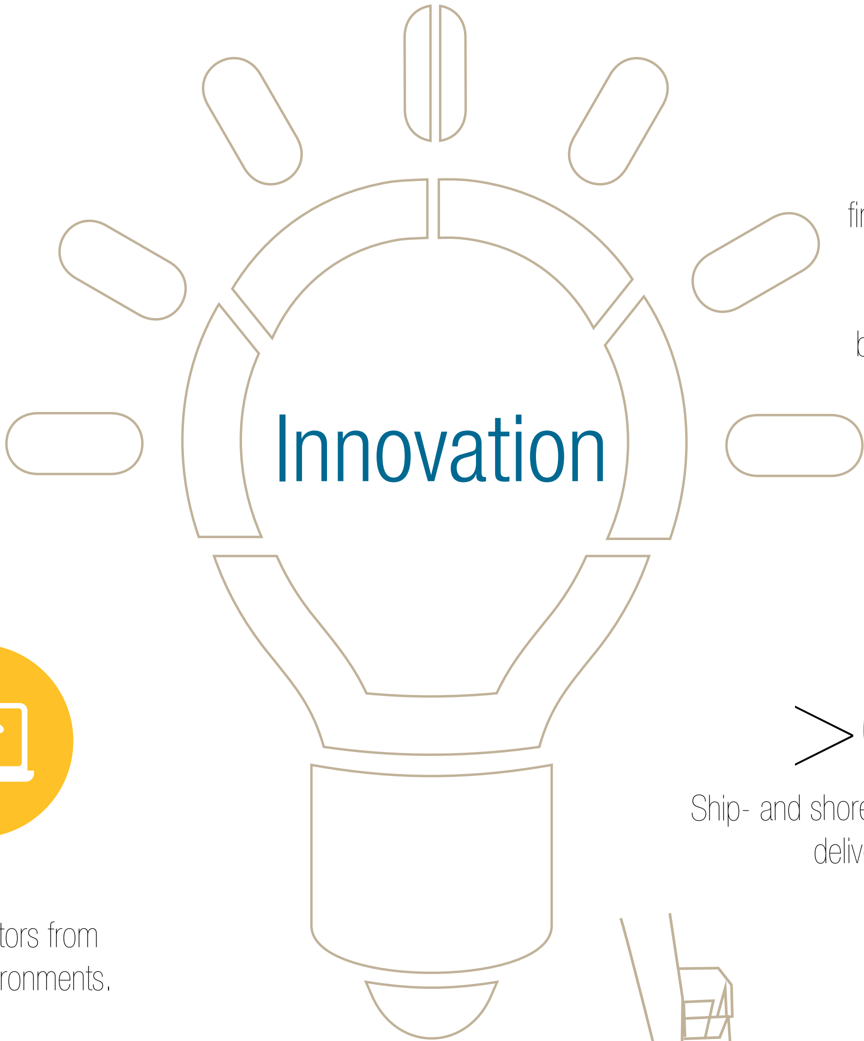
105,000

Number of moorings completed by MoorMaster™ to date.

Sub-freezing
PCA DX-Boost cools
the world's largest aircraft.

APS is the world's
first automated cable reel
power connection
for RTGs and
battery-powered ferries.

Slip ring systems
ensure safe data
and power connection.

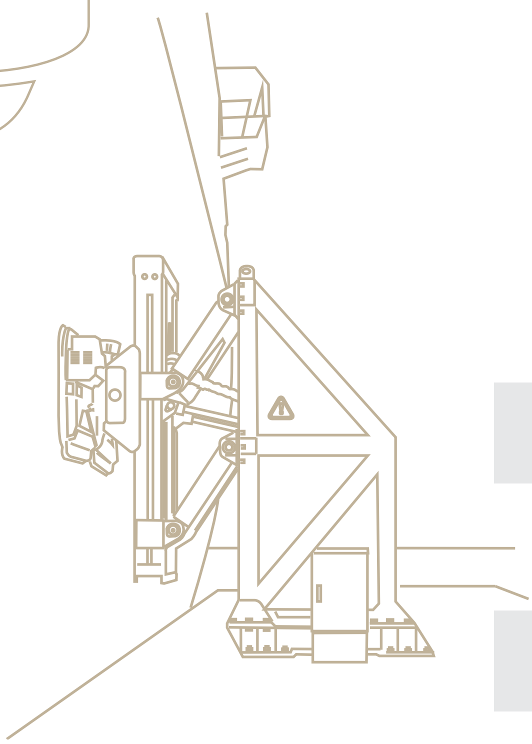


>650

Ship- and shore-based AMP applications
delivered worldwide.

HOI
removes operators from
hazardous environments.

Innovation, and the new technologies that flow from it, lie at the heart of Cavotec's ability to improve our customers' operations at diverse applications worldwide.



**See some new acronyms? Check our glossary on page 106.*

In Norway, we installed our APS and MoorMaster™ automated mooring system at two passenger ferry berths.

This project really breaks new ground - it's the first of its kind: a new technology and a new concept to automatically connect and disconnect three power cables to an 80m-long battery operated ferry. We conducted exhaustive testing, looking closely at how to make this system entirely reliable.

This project shows what we can achieve, and has substantial potential for similar applications all over the world.

DEFENCE SECTOR BREAKTHROUGH

The year also saw two major innovations for MoorMaster™. First, our ship-to-ship system for the US Navy went into production, with trials scheduled for later this year. The potential for ship-to-ship automated mooring is considerable, with a variety of different sectors showing an interest in its development.

We also completed work on the MoorMaster™ MM200E[15] unit, which features a single vacuum pad, and a telescopic boom to attach the pad to ships. We have developed these units specifically for the ferry market, but they can be used for other applications as well.

Given the size of the market, growing interest in automated mooring and our work on pricing, we consider the MM200E[15] to be a positive next step for the MoorMaster™ product range."

DRIVING OUR MARKETS

"We continue to prioritise innovation across the Group: we're passionate about finding new and better ways of doing things, and it's a key way for us to drive future growth.

As far as where innovation in our various sectors will go in the years ahead, we're really trying to drive the market, rather than follow it, but it's clear that automation will continue to grow in importance: we're receiving ever increasing numbers of enquiries related to this subject.

In the Ports & Maritime sector, we'll be focusing on developing cost effective solutions to make electrification of ships more financially viable.

We're also working on two entirely new cable reeling technologies, one for larger cranes, the other for low-end applications, designed to reduce operating costs and deliver improved operational performance."

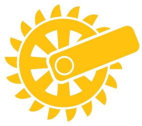
Productivity

"We're improving operational efficiency and expanding market share for our customers."

Maximising efficiency to maximise value

Cavotec supports customers all over the world to improve their operational efficiency and to reduce waste; thereby creating value that drives economic activity. Reduced downtime, optimised equipment use – our systems ensure that these critical needs are met.

At bulk and container ports, our crane control technologies ensure faster, more efficient cargo handling, ensuring faster turnarounds for ships, in turn generating value for our customers.



Our cable reels, cable chains, slip ring columns, power connectors and Radio Remote Controls (RRC) are helping our customers to increase the efficiency with which electrical power, minerals and fluids are managed and transported at applications worldwide.

And our Human Operator Interface (HOI) systems reduce downtime by enabling multiple machines to be operated simultaneously.

In this section, we hear from Marcelo Gonzalez, Managing Director of Cavotec Canada about how our MoorMaster™ automated mooring technology is improving operational efficiency and opening up new markets for the St. Lawrence Seaway in Canada.

Considered to be one of the greatest engineering feats of the 20th century, the 600km-long Seaway is made up of 15 locks, two in the US and 13 in Canada. It is an essential trade route between the Atlantic Ocean and the Great Lakes at the heart of North America.

Several MoorMaster™ units have been trialled at the Seaway for a number of years. These specially adapted units hold vessels securely through variations in water level of up to 14m. Early in 2014, the St. Lawrence Seaway Management Corporation (SLSMC) ordered 39 MoorMaster™ units for 13 locks. The St. Lawrence Seaway is the world's first inland waterway to introduce automated mooring.

MoorMaster™ is a vacuum-based automated mooring technology that eliminates the need for conventional mooring lines. Remote controlled vacuum pads recessed in, or mounted on the quayside or pontoons, moor and release vessels in seconds.

"On top of the clear safety benefits of removing mooring lines from the mooring process, one of the main reasons the SLSMC is introducing MoorMaster™ is that it cuts transit times through each lock by between seven and eight minutes. This may not sound all that much, but when you combine this through 13 locks, you're

Marcelo Gonzalez
Managing Director of Cavotec Canada

Productivity

50%

Our PCA systems can increase cooling performance by 50% compared to conventional equipment.

1.2 billion

Projected number of shipping containers transiting the world's ports in 2024.

(Source: Clarkson Research Services).

PCA and our E3 Gate systems ensure fast, efficient aircraft servicing.

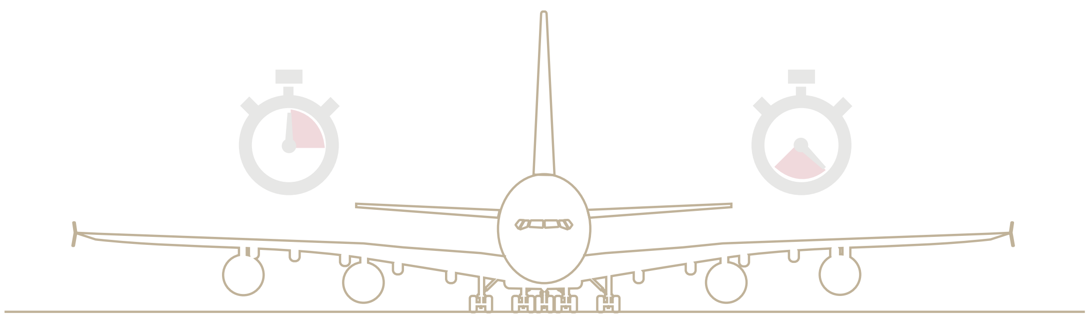
HOI systems enable safer, more effective remote control of machinery.

$15 million

Estimated annual savings airlines could make using PCA to cool aircraft at Zurich International Airport.

(Source: Airbus, Fast Magazine #52).

40 seconds
Time taken for auto connection/ disconnection of ERTGs to APS.



**See some new acronyms? Check our glossary on page 106.*

looking at a significant time saving.

Shipping lines are happy about this because it means they are able to deliver their goods a lot faster than is the case with conventional mooring techniques.

Another key consideration for the SLSMC is to make the Seaway a more attractive route to shipping lines. With conventional mooring, ships using the Seaway need to be fitted with mooring winches, thereby limiting the number of vessels using the locks. With MoorMaster™, ships do not need to be modified in any way.

This automatically broadens the SLSMC's customer base to shipping lines in, for example, Europe, which will now have more direct access to North American logistic hubs.

Crucially, this complex, long-term project is based on a partnership with the customer. I can't emphasise this enough. We don't just sell and forget. We've been working closely with the SLSMC for almost 10 years – we really feel that we're part of the same team.

We solve problems together. This is a sophisticated product, and customers have to be willing to make a commitment to a long-term process to realise the substantial benefits that the system generates in terms of safety and productivity.

It's a rewarding experience to build that relationship and see customers believe in the product. This is especially true at the St. Lawrence, where MoorMaster™ is improving operational efficiency and even expanding potential market share for our customer."

GAINING MARKET ACCEPTANCE

Away from the St. Lawrence, MoorMaster™ is delivering productivity gains to a growing number of customers at a variety of applications. To date, the technology has completed more than 105,000 mooring operations at bulk and container handling applications, at RoRo berths and locks worldwide.

For example, at a dredging application in Australia, eight specially adapted MoorMaster™ units are saving our customer approximately 60 to 90 minutes per day in terms of reduced mooring times.

As this unique technology contains to gain acceptance in the market, and is adapted for use with more diverse applications – such as ship-to-ship mooring – we expect that these sorts of substantive productivity gains to be enjoyed by a growing number of customers.

Safety

“We’re enabling people to do their jobs safely and effectively.”

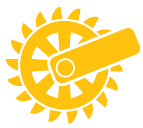
A safe, secure working environment

We help our customers to provide safe and secure working environments for their staff, and for those who use their products. Cavotec delivers the peace of mind that our customers need by ensuring that their equipment functions as it should, thereby minimising risk to people and capital assets.

Peter Grönholm
Managing Director of Cavotec Micro-control

In ports and lock systems, our MoorMaster™ automated mooring removes mooring lines from the mooring process altogether, thereby entirely eliminating the risk of serious injury, making ports safer for people on shore and on board ships.

At airports all over the world, our ingenious in-ground utility systems reduce the amount of service vehicles and personnel required around aircraft, therefore substantially reducing the risk of personal injury and equipment damage.



For the mining and tunnelling sectors, the oil and gas industry and a variety of general industry applications, our Radio Remote Control (RRC) systems and Human Operator Interface (HOI) technologies – all of which meet the highest international safety standards – enable people to do their jobs safely and effectively.

Our Automatic Quick Connection (AQC) system ensures the safe, remote connection of machinery to electrical power in hazardous applications such as steel mills.

Here, Peter Grönholm, Managing Director for Cavotec Micro-control, one of our companies specialising in the development of RRC and HOI systems, outlines how Cavotec's expertise in RRC, and now HOI, is helping to make industrial sites all over the world safer, and working at them less demanding.

SAFER AND MORE EFFICIENT

"Our systems enable the control of machines from a safe distance, thereby reducing the risk of physical injury or loss of life. We're active in the mining and tunnelling sector, offshore energy, construction, forestry and a variety of other areas.

In the RRC segment, although every sector and every region has their own safety standards, our systems have more supplier approvals and safety compliances than any other manufacturer on the market.

And in HOI – a segment which we launched in 2014 – we're giving operators the ability to accurately see operations in real time and receive information about system status, as well as control machinery remotely.

340 million

The International Labour Organisation (ILO) estimates that there are around 340 million work-related accidents every year.

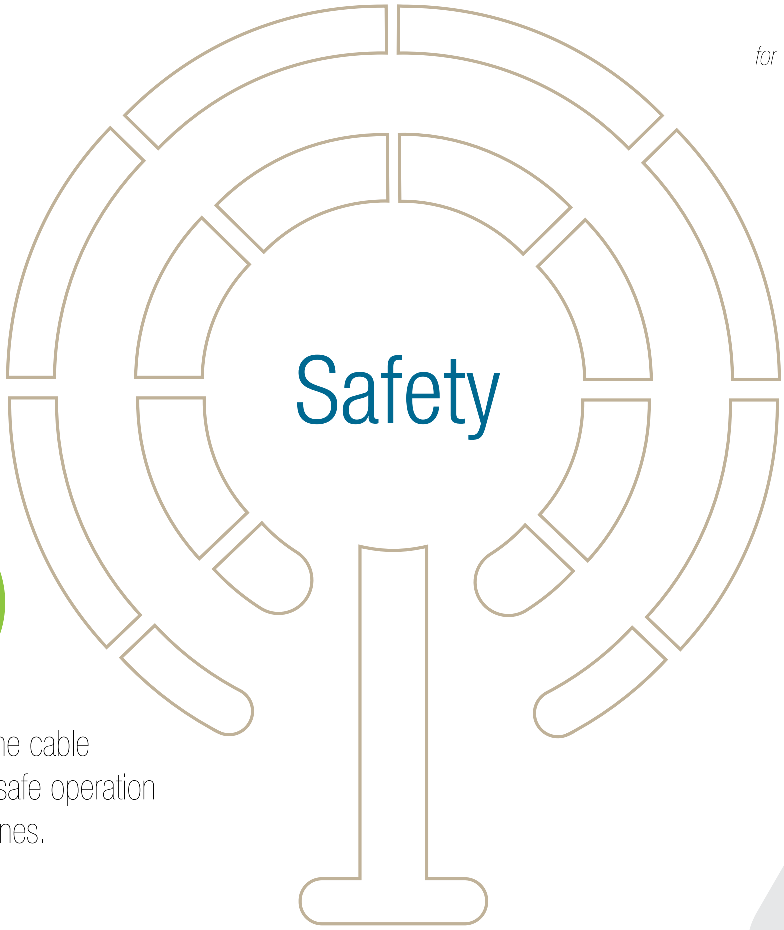
MoorMaster™ eliminates hazardous mooring lines from mooring operations.

80%

Approximate fall in workplace fatalities in the US between 1913 and 2013.

(Source: National Institute for Occupational Safety and Health).

Our explosion-proof RRCs enable the safe operation of heavy machinery.

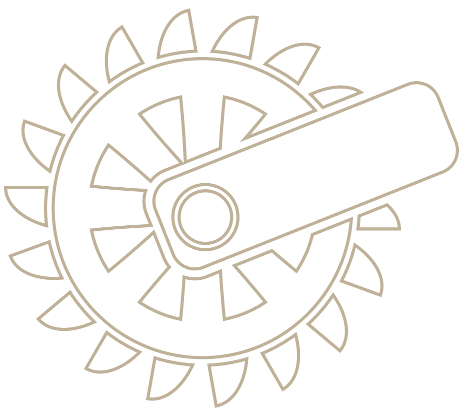


Cavotec self-retracting cable management systems make connections safe and fast, and keep cables tidy.

Cavotec's Panzerbelt crane cable protection system ensures the safe operation of quay and yard cranes.

2.3 million

According to the ILO, 2.3 million fatalities per year are caused by accidents and disease at work.



*See some new acronyms? Check our glossary on page 106.

We're combining what's already known about RRC, with the extended capabilities of HOI: we're adding vision to control, the perfect combination of conventional RRC and cutting edge HOI.

Implementing our RRC and HOI systems also reduces workers' exposure to extreme ambient conditions, as well as hazardous environments such as mines, steel mills or nuclear reactors. Instead, they are safe and comfortable in perhaps an air conditioned office located many kilometres away.

While our primary goal is reducing the risk of physical injury, or worse, our HOI systems also provide ergonomic benefits. Because operators operate machinery remotely, they are able to sit, thereby reducing back strain.

This also feeds through into reduced sick leave for employees, thereby further reducing operating costs for employers."

FIRE-FIGHTING ROBOTS THAT CAN SEE

"A project that we worked on in 2014 was a robot fitted with an HOI system that relays video imagery, and is fitted with sensors that are able to identify where people are located in burning buildings.

While the robot vehicle is not new, what does represent a step-change in fire-fighting capabilities is our capacity to accurately relay additional information from the robot to fire crews. These units can also be used to extinguish fires and even change the path of fires with the use of fans.

Our systems also reduce equipment damage. We've fitted remote controlled machinery with proximity sensors to ensure machines avoid collisions with other objects, thereby reducing downtime and maintenance costs."

BEYOND SAFETY

"Cavotec's HOI systems enable a single operator to control several machines at once. Conventional control systems often create substantial amounts of downtime for operators that can be avoided using our HOI technologies. A good example of this is in the drilling sector where, with HOI, one operator is able to control a number of drilling rigs simultaneously.

Looking ahead, we believe that the potential for HOI is enormous. The benefits HOI systems bring in terms of improved safety, operational efficiency and ergonomics can be applied to any industry where heavy-duty machinery is used.

Whether it's offshore energy or highland forestry: it's about putting the right value on human safety. We find it enormously rewarding to implement these technologies and make people's daily lives safer."

Environment

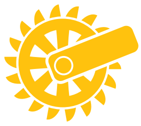
"Our systems help customers reduce their environmental impact at applications worldwide."

Making a cleaner world a reality

Cavotec systems are helping our customers in a wide variety of sectors reduce their environmental impact and comply with a growing amount of legislation related to the environment. Whether we're helping customers reduce emissions, through greater efficiency, or eliminate emissions altogether with the introduction of electrically powered machinery, Cavotec is there, working with customers to make a cleaner world a reality.

In the Ports & Maritime sector, our extensive range of shore power systems enable ships to switch off their engines and connect to land-produced electrical supply, thereby reducing NOx, SOx and particulate matter emissions by 90%.[(1)]

Cavotec is also a leading designer and manufacturer of power supply management systems for electric vehicle charging stations, thereby helping to make motoring more environmentally friendly.



In mining and tunnelling and general industry applications, our electrical power supply systems substantially reduce the use of diesel-driven equipment, contributing to a reduction in emissions.

Siva Anand
Divisional Manager (Aviation)
at Cavotec Middle East FZE

The Group also manufactures integrated systems for airports that deliver improvements in environmental performance, in terms of reduced emissions and noise pollution, as well as reducing the risk of fuel leaks.

To gain a more detailed insight into these systems, and how we are helping airports and airlines minimise their environmental impact, we spoke to Siva Anand, Divisional Manager (Aviation) at Cavotec Middle East, about three applications the Group recently completed at Dubai International Airport.

"Last year, we executed key projects at Concourse 4, Terminal 2 and the Expo Remote Parking Stand at Dubai International Airport. The systems that we have supplied reduce emissions, reduce noise pollution and reduce the risk of fuel leaks.

For these three applications, we supplied and installed a combined total of 43 Pre-conditioned Air (PCA) units, 41 400Hz 90kVA converters and more than 100 PCA and 400Hz pop-up pits.

These systems cool and power aircraft respectively. Cooling aircraft, especially the new generation of larger planes, is a key concern of airports and airlines in the Middle East, where ambient temperatures regularly reach 45 degrees Celsius.

Connecting aircraft to these systems once they've arrived at the gate enables Auxiliary Power Units (APU) on aircraft to be switched off. Not only does this reduce emissions, it reduces fuel consumption, and makes for a quieter and indeed less cluttered, and therefore safer apron.

[(1)] *Source Entec UK Ltd.*

30%

The amount the Environmental Protection Agency (EPA) in the US has proposed cutting CO_2 emissions from coal plants by 2030. *(Source: EPA).*

5.9%

Rise in demand for global passenger traffic in 2014. *(Source: IATA).*

Electrically powered machinery reduces reliance on diesel.

Our PCA and 400Hz systems reduce the use of APUs and GPUs.

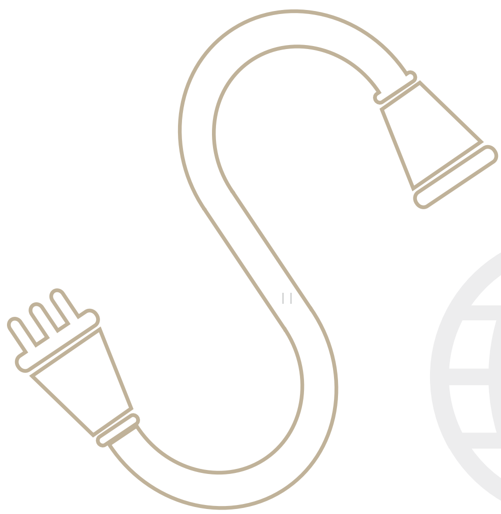
Our cable management systems promote the use of EVs.

AMP enables ships in port to switch off their generators.

Sulphur content permitted in marine fuels by 2020 under EU legislation. *(Source: European Commission).*

90%

Connecting to shore power reduces NOx, SOx and particulate matter emissions by 90%. *(Source: Entec UK Ltd).*



**See some new acronyms? Check our glossary on page 106.*

The specially designed PCA units we supplied for these projects are entirely electrical: they have no diesel systems. This alone results in a major reduction in environmental impact.

These systems also help to improve the turnaround time for each aircraft by providing quick and efficient services. At Dubai, 400Hz power, PCA and potable water services are connected to aircraft within five minutes of arrival. Pilots are not required to wait for mobile Ground Power Units or PCA to service the aircraft.

From an engineering standpoint, what's especially interesting is that the PCA units at this application are fitted with multiple outlets allowing connection to different aircraft types: from smaller Boeing 737 and Airbus A320 aircraft to large Class F aircraft such as the Airbus A380 superjumbo.

Operators at these stands simply have to select the aircraft type and then use any available PCA hose. As soon as the start button is pressed, the PCA unit automatically identifies the hose and opens the respective control valve(s) to control airflow accordingly.

The unit also automatically adjusts the outlet air temperature, airflow and pressure. Conventional systems require specific hoses to be used with specific aircraft types.

This system is currently unique to Dubai, but airports across the region are likely to be interested in its unique capabilities, and we're already working on similar solutions for several other airports."

INNOVATIONS TO COME

"We continue to develop new systems designed to meet the increasing power and cooling requirements of newer, larger aircraft.

Our new Sub-freezing DX-Boost PCA water-driven cooling system will deliver considerable advantages in terms of operational efficiency and environmental impact because it does not rely on condenser fans to generate cool air. This also reduces noise levels dramatically.

Our DAB-24 Environmental Fuel Hydrant pit assembly prevents fuel leaks into the ground and onto the apron. It also removes the need for fuel trucks on the apron, thereby reducing risks associated with their use around aircraft.

Working closely with our customers, we're helping airports and airlines limit the use of APUs and mobile GSE, thereby reducing air and noise pollution and the risk of fuel leaks: all good news for the environment."

MARKET UNITS

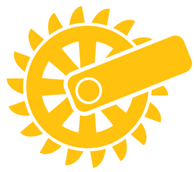
WHERE WE DELIVER OUR EXPERTISE SO CUSTOMERS' IDEAS TAKE FLIGHT

This section provides an overview of our four market units - Ports & Maritime, Airports, Mining & Tunnelling and General Industry - and the innovative systems that they supply to customers worldwide.

From the world's busiest ports, to niche industrial applications, these diverse units supply a wide variety of sectors and markets with the innovative technologies they need to operate more effectively.

Ports & Maritime

Airports



Mining & Tunnelling

General Industry

PORTS & MARITIME
A key enabler of global trade

FY14 Revenues
EUR 114,012 thousands

FY13 Revenues
EUR 97,028 thousands

+17.5%

49%

Accumulated Revenues
EUR 114,012 thousands

52%

Accumulated Order Intake
EUR 115,181 thousands

64%

Order Book
EUR 64,655 thousands

Our Ports & Maritime Market Unit is a key supplier of automation and electrification technologies for the global ports and shipping sectors.

The unit develops systems that enable ports and shipping lines to improve operational efficiency and minimise environmental impact.

This unit's primary areas of activity are automation for mooring ships and powering quay and yard cranes, and shore power systems.

CUSTOMERS IN THIS MARKET UNIT:

ABB • Aker • Cargotec • DP World • Konecranes • Max Streicher • MSC • Narvik • National Oilwell Varco
Port of Los Angeles • Port of Long Beach • PSA • Schneider Electric • SLSMC • Transnet National Ports Authority (TNPA)
ZPMC

AIRPORTS
Full system integration

FY14 Revenues
EUR 56,152 thousands

FY13 Revenues
EUR 60,801 thousands

-7.6%

24%

Accumulated Revenues
EUR 56,152 thousands

21%

Accumulated Order Intake
EUR 45,520 thousands

25%

Order Book
EUR 24,828 thousands

Cavotec is a leading system integrator and OEM for the global airports sector.

Working closely with airports, airlines and industry bodies, our systems enable fast, efficient and cost-effective aircraft servicing at airports worldwide.

Key product areas include PCA, 400Hz power supply, fuelling and in-ground systems.

CUSTOMERS IN THIS MARKET UNIT:

Airbus • Boeing Corporation • Bombardier • Dubai Airport • Emirates Airline • Frankfurt Airport • Heathrow International Airport Hong-Kong Int'l Airport • Lufthansa • Munich Airport • Noi Bai Airport • Paris CDG Airport • Shaanxi Aircraft Company Shanghai Airport • ThyssenKrupp • US Air Force

MINING & TUNNELLING
Powering the world's toughest sites

FY14 Revenues
EUR 26,978 thousands

-8.0%

FY13 Revenues
EUR 29,309 thousands

12%

Accumulated Revenues
EUR 26,978 thousands

12%

Accumulated Order Intake
EUR 26,264 thousands

5%

Order Book
EUR 5,202 thousands

Cavotec's Mining & Tunnelling Market Unit supplies leading mining, tunnelling and construction groups with innovative systems that ensure the world's most challenging working environments are safe, efficient and keep environmental impact to a minimum.

Product categories for this segment include Radio Remote Controls, motorised cable reels, power connectors and spring driven cable reels.

CUSTOMERS IN THIS MARKET UNIT:

Atlas Copco • BHP Billiton • Caterpillar • DHI • FAM • FMG • Herrenknecht • LKAB • Normet • Rambooms
Rio Tinto • Robbins • Sandvik • Tenova TAKRAF • ThyssenKrupp • Vale

GENERAL INDUSTRY
Technologies for global industry

FY14 Revenues
EUR 35,653 thousands

-12.1%

FY13 Revenues
EUR 40,566 thousands

15%

Accumulated Revenues
EUR 35,653 thousands

15%

Accumulated Order Intake
EUR 33,741 thousands

6%

Order Book
EUR 6,282 thousands

Cavotec's General Industry Market Unit is our most product- and sector-diverse, and serves as a key supplier of niche technologies to customers all over the world.

Cable chains, motorised cable reels, Radio Remote Controls (RRC), slip ring columns and spring driven cable reels are just some of our product highlights in this segment.

CUSTOMERS IN THIS MARKET UNIT:

ABB • Arcelor – Mittal • Gulf Piping • GE • IER Bollore •Italgru • Konecranes • Liebherr • Manitowoc • Palfinger
Sany • Sennebogen • Tadano Faun •Terex • Zoomlion

Human Resources

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.

'GLOCAL: THINK GLOBAL, ACT LOCAL'

Following the restructuring of Cavotec Corporate HR in early 2013, the focus was on both 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. 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, during 2013 and 2014 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 2015 with a "glocal" approach: empowering the Group to identity with global projects, and supporting our local companies to meet their specific needs.

Number of employees (end of period)

	2009	2010	2011	2012	2013	2014
Total	677	719	890	866*	916*	923*

**Headcount: internal payroll not full time equivalent. Please note that Cavotec employed 1,019 FTE employees, including external employees, in 2014.*

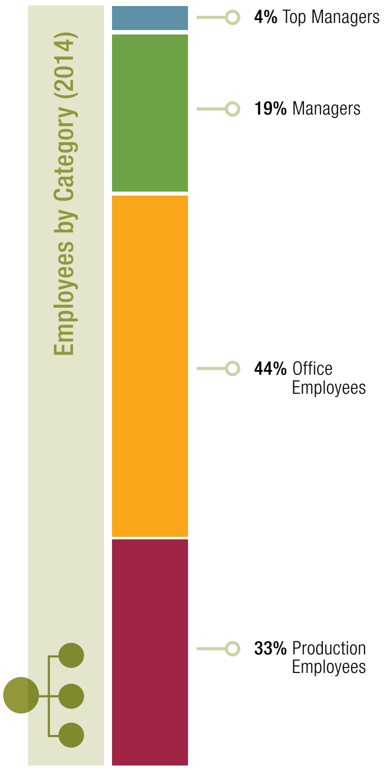
CAVOTEC'S DEMOGRAPHICS

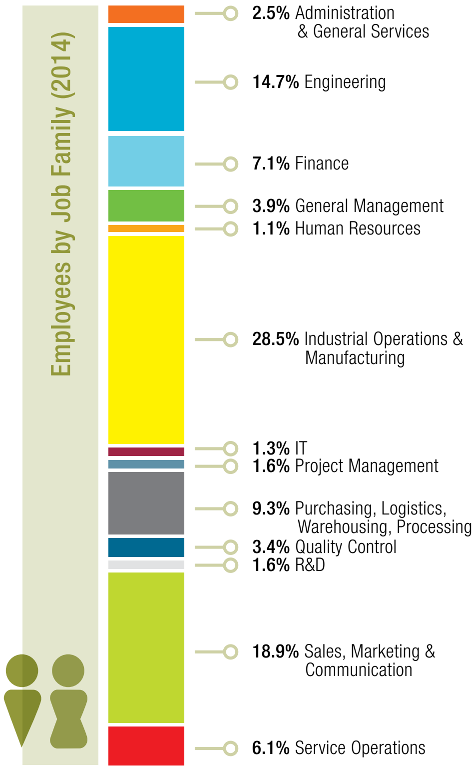
The composition of the Cavotec team reflects the group's international, multicultural and interdisciplinary character. At the end of 2014, Cavotec employed 923 people (not full time equivalent and internally paid). More than 96% of our staff are permanently employed. They come from more than 40 countries on five continents, and from a wide variety of backgrounds. The majority are employed locally, with around 15% being engineers. Almost one third of our employees have a university-level degree or higher.

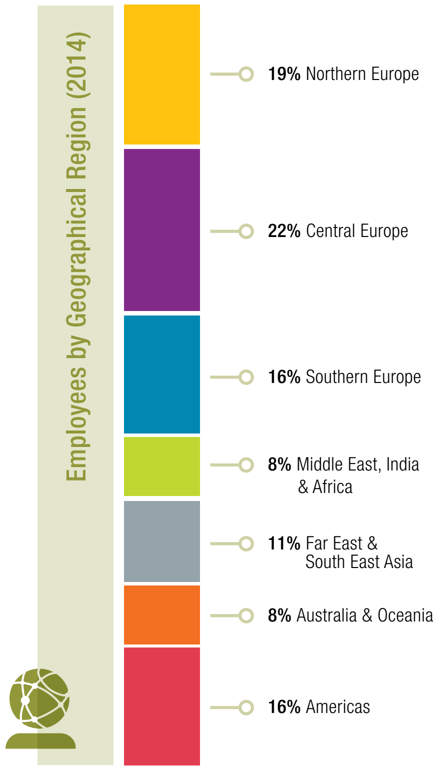
Although there is still only a small number of women in executive roles within Cavotec, around 18% of its staff are made up of women in support functions. Cavotec has a clear and long-established policy underlining its approach to hiring the best possible talent and embracing diversity. Over the past five years the Group has grown approximately 35% to meet the growing needs of the business and market in general.

Cavotec employees have a low average age, with more than 48% of employees under 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 seven years, and around 34% of employees started to work at the Group less than two years ago.







MUTUAL RESPECT IN AN INTERNATIONAL TEAM

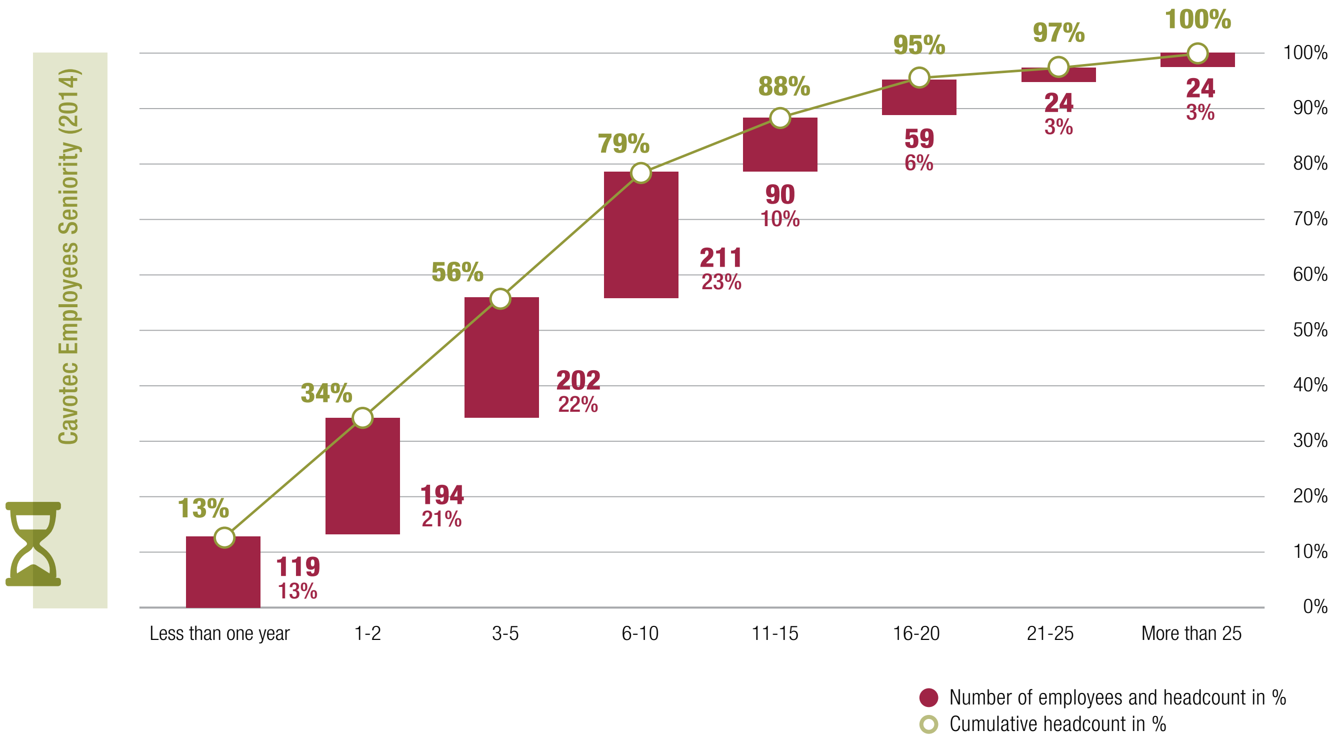
As a relatively small organisation, with a global presence, it is important that Cavotec has a strong, shared company culture. This helps us to align business goals, and creates a common vision for employees wherever they are based. Each Cavotec employee brings to the Group a diverse range of skill sets 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.

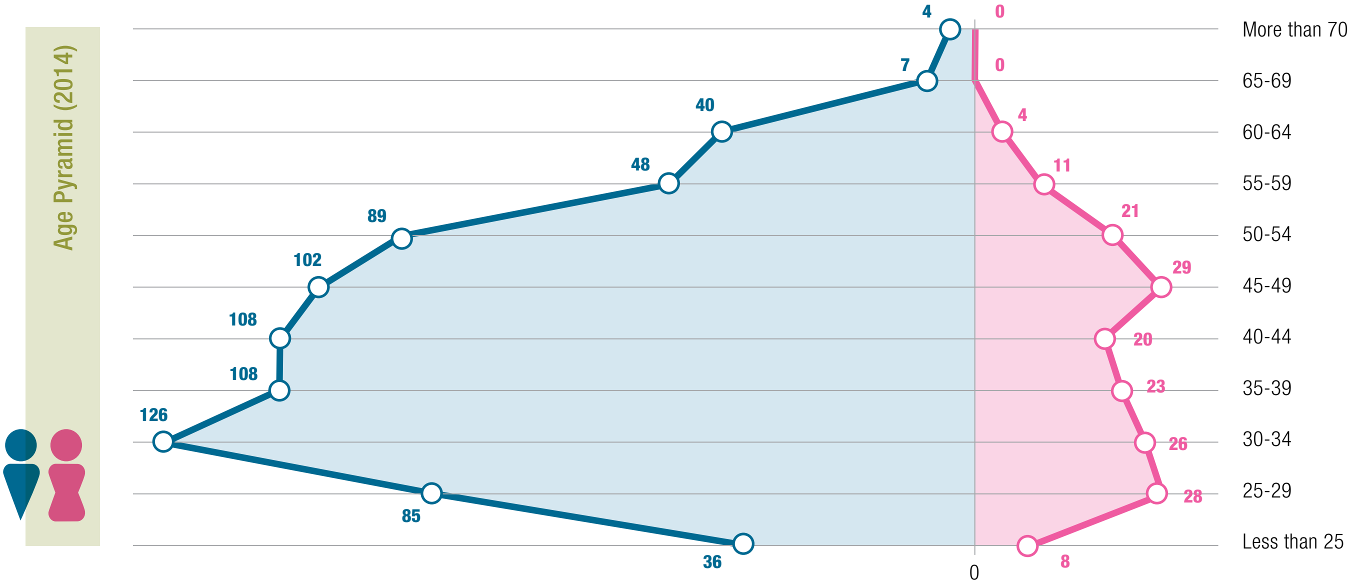
LOCAL PRESENCE

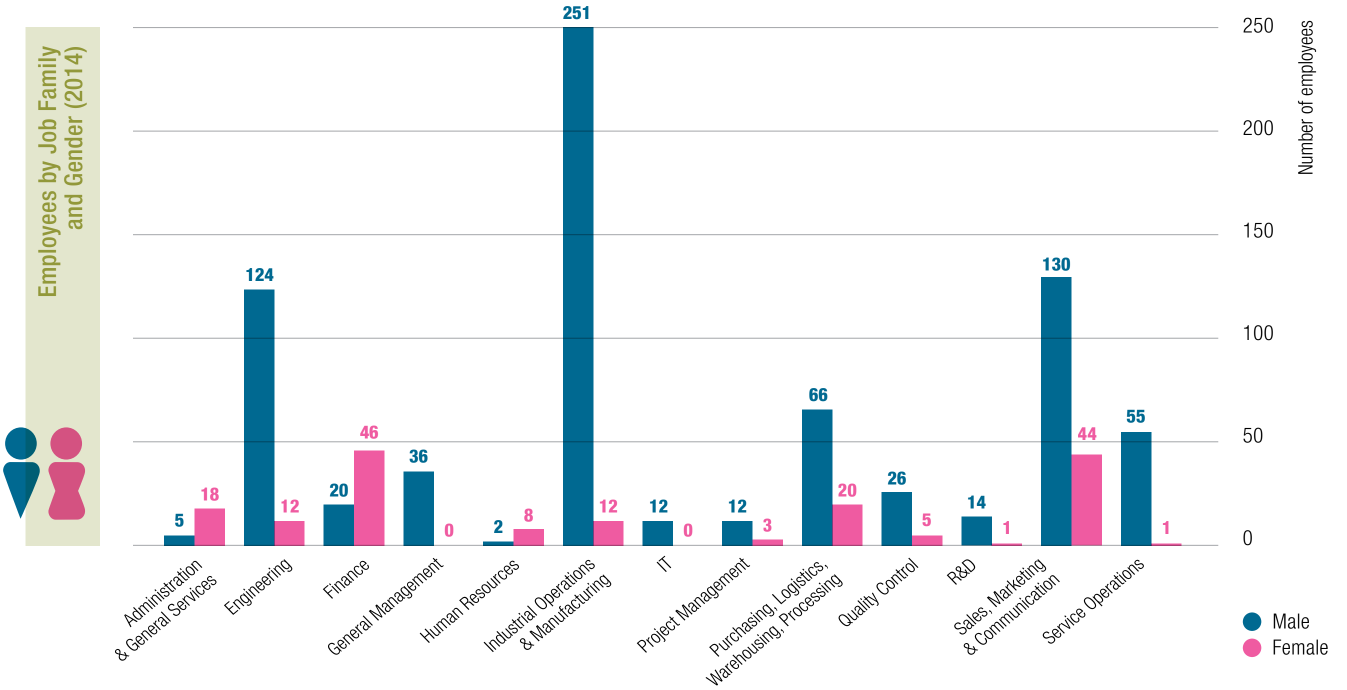
Generally, staff are employed locally which enables Cavotec to build long-term relationships with customers, suppliers, authorities and professional bodies. The Group is committed to being close to its customers, all over the world, and to live up to our goal of being "glocal".

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 issued with the Cavotec Code of Conduct that provides detailed guidelines on ethical standards, cultural differences and business practices.




Age Pyramid (2014)
4
0
7
0
40
4
48
11
89
21
102
29
108
20
108
23
126
26
85
28
36
8
0
More than 70
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
Less than 25


Employees by Job Family and Gender (2014)
Number of employees
250
200
150
100
50
0
5
18
124
12
20
46
36
0
2
8
251
12
12
0
12
3
66
20
26
5
14
1
130
44
55
1
Administration & General Services
Engineering
Finance
General Management
Human Resources
Industrial Operations & Manufacturing
IT
Project Management
Purchasing, Logistics, Warehousing, Processing
Quality Control
R&D
Sales, Marketing & Communication
Service Operations
Male
Female

COMPENSATION REPORT

This 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 2014.

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 2014.

COMPENSATION GUIDELINES

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

a) base 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 base salary and the pension benefits are fixed, whereas the STIP and LTIP are performance based. Qualified international remuneration consultants from 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.

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

a) Base salary

The base 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 2014, the benchmark analysis (or the competitive market analysis) has been made by using all companies listed in the general industry survey from Towers Watson for the following countries: Australia, Brazil, Canada, China, Denmark, 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 base 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 base 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 base salary.

When the STIP is distributed, it is calculated as a percentage of the base 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 in 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 = base 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 base 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 2014.

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, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi Khanna, Erik Lautmann, Ottonel Popesco, Patrik Tigerschiöld and Stefan Widegren (Chairman).

The Board of Directors of Cavotec SA held eleven board meetings in 2014.

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 Christer Granskog, Lakshmi Khanna and Erik Lautmann (Chairman).

The Remuneration Committee of Cavotec SA met three times in 2014.

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 base 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 2014 BUSINESS YEAR

a) Compensation paid to the members of the Board of Directors 2014

Year ended 31 December 2014						
EUR	**Board fees**	**Short-term employee benefits**	**Post-employment benefits**	**Consultancy**	**Total 2014**	**Total 2013**
Fabio Cannavale	30,000	1,066	1,598	-	32,664	32,612
Leena Essén	35,000	1,235	1,851	115,481	153,567	156,542
Nicola Gerber	30,000	1,059	1,586	-	32,645	32,615
Christer Granskog	40,000	636	1,382	-	42,018	42,006
Lakshmi Khanna	44,500	760	1,652	75,000	121,912	123,875
Erik Lautmann	38,800	1,369	2,052	-	42,221	42,182
Joe Pope	-	-	-	-	-	21,004
Patrik Tigerschiöld	8,750	306	459	-	9,515	-
Stefan Widegren (Chairman)	115,000	247,512	-	174,705	537,217	622,322

Year ended 31 December 2014						
CHF	**Board fees**	**Short-term employee benefits**	**Post-employment benefits**	**Consultancy**	**Total 2014**	**Total 2013**
Fabio Cannavale	36,439	1,295	1,941	-	39,674	40,148
Leena Essén	42,512	1,500	2,248	140,266	186,526	192,712
Nicola Gerber	36,439	1,286	1,926	-	39,651	40,151
Christer Granskog	48,585	772	1,679	-	51,036	51,712
Lakshmi Khanna	54,051	923	2,007	91,097	148,077	152,497
Erik Lautmann	47,127	1,663	2,492	-	51,282	51,929
Joe Pope	-	-	-	-	-	25,857
Patrik Tigerschiöld	10,628	372	558	-	11,557	-
Stefan Widegren (Chairman)	139,681	300,633	-	212,200	652,514	766,116

NOTE:

- *Leena Essén is no longer employed at Cavotec since December 31, 2013, Leena has provided through AVIOT AB consulting services to the Group totalling EUR 115 thousands i.e. CHF 140 thousands.*
- *Lakshmi Khanna has provided consulting services to Cavotec International totalling EUR 75 thousands i.e. CHF 91 thousands*
- *Joe Pope didn't stand for re-election at the 2013 AGM.*
- *Patrik Tigerschiöld was elected to the Board of Directors on November 11, 2014.*
- *Stefan Widegren through Soliden Sagl, has provided consulting services to the Group totalling EUR 175 thousands i.e. CHF 212 thousands.*

b) Compensation paid to the Chief Executive Officer 2014

Year ended 31 December 2014						
EUR	**Base Salary**	**Short-term Incentive**	**LTI Matching Incentive**	**Social Security, Insurance and Pension Contributions**	**Total 2014**	**Total 2013**
Ottonel Popesco	438,694	95,332	13,706	55,085	602,817	726,261

Year ended 31 December 2014						
CHF	**Base Salary**	**Short-term Incentive**	**LTI Matching Incentive**	**Social Security, Insurance and Pension Contributions**	**Total 2014**	**Total 2013**
Ottonel Popesco	532,847	115,792	16,647	66,907	732,193	894,071

NOTE:

- *The Short Term Incentive is a variable compensation (cash bonus) relative to 2013 paid in 2014.*
- *The LTI 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 2014, the CEO bought 3,844 Co-investment shares at SEK 32.472477 i.e. SEK 124,824.20 (when the shares were bought the exchange rate was SEK 1 = EUR 0.1098). In 2013, the CEO bought 3,844 Co-investment shares at SEK 31.00 i.e. SEK 119,164.00 (when the shares were bought the exchange rate was SEK 1 = EUR 0.1156). We estimate that the matching incentive in 3 years should be equal to 1 X value of Share at Matching Date.*
- *The Social Security, Insurance and Pension Contributions include employer contributions.*

Lugano, February 2015

Erik Lautmann
Chairman, Remuneration Committee

Report of the statutory auditor
to the General Meeting
Cavotec SA
Lugano

We have audited the accompanying compensation report of Cavotec SA on page 41 for the year ended 31 December 2014.

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.

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pwc

Opinion

In our opinion, the compensation report of Cavotec SA for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Daniel Ketterer	Efrem Dell'Era
Audit expert Auditor in charge	Audit expert

Lugano, 26 February 2015

Board of Directors

The Cavotec Board consists of nine 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.

Name	Position	Year of birth	Member since[1]	Nationality	Residence
Fabio Cannavale	Member	1965	2010	Italian	Switzerland
Leena Essén	Member	1952	2010	Swedish	Sweden
Nicola Gerber	Member	1977	2010	German	New Zealand
Christer Granskog	Member	1947	2008	Finnish	Finland
Lakshmi Khanna	Member	1941	2007	Italian	Italy
Erik Lautmann	Member	1950	2007	Swedish	Sweden
Ottonel Popesco	Member and CEO	1957	2007	French	Switzerland
Patrik Tigerschiöld	Member	1964	2014	Swedish	Sweden
Stefan Widegren	Chairman	1950	2007	Swedish	Switzerland

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

From left to right: Christer Granskog, Lakshmi Khanna, Stefan Widegren, Erik Lautmann, Nicola Gerber, Fabio Cannavale, Leena Essén, Ottonel Popesco.
Not shown in photograph: Patrik Tigerschiöld.

FABIO CANNAVALE
Member of the Board

Fabio holds a MSc in Engineering from the Politechnic University of Milan and an MBA from INSEAD. He has served as a strategy consultant at McKinsey & Co and AT Kearney. He is chairman of Bravofly Group and member of the Board of Directors of Nomina SA, Consortium Real Estate BV.

In the past five years, Fabio Cannavale has been, but is no longer, a Board member of Roam, Pies and Mont SpA.

Fabio Cannavale holds 6,948,046 shares in Cavotec, (through Nomina SA, in which Fabio, together with related parties, hold 100 per cent of the shares).

LEENA ESSÉN
Member of the Board

Leena holds a BSc in Economics and Business from the Stockholm School of Economics. Following her studies and prior to joining Cavotec in 1990, Leena worked as CFO for several Swedish companies, most notably Gylling AB and PA Consulting Group. She has been with Cavotec for nearly 20 years, first as Group Financial Director until 2005, and then as Group Controller overseeing the implementation of new financial reporting systems and creating a transparent and proper financial structure for the Group.

Leena Essén holds 558,686 shares in Cavotec personally, 1,445,821 shares through Anelea Holdings Ltd. (of which Leena holds 10 per cent of the shares), and 185,100 shares through Anelea Sverige AB (a wholly-owned subsidiary of Anelea Holdings Ltd.).

NICOLA GERBER
Member of the Board

Nicola holds a BA (Hons) in Business Management from the University of Westminster. She is a Regional Director for strategy and business development in the IT sector and is currently working for Cisco Systems Ltd. Prior to her role with Cisco, Nicola held sales executive roles at start-ups in EMEA, most notably with FineGround Networks, which was acquired by Cisco in 2005. Nicola has specialised in business development & strategy across European markets and since 2008 across Asia Pacific markets based in New Zealand.

Nicola Gerber does not hold any shares or warrants in Cavotec.

CHRISTER GRANSKOG
Member of the Board

Christer holds an MSc in Industrial Management and Information Systems from Helsinki University of Technology. Christer is former president and CEO of Kalmar Industries (1998–2007). He has also worked as senior executive vice president of Partek Corporation and president of Partek Cargotek AB (1997–1998), president and CEO of Sisu Corporation (1994–1997) and president and CEO of Valmet Automation Oy (1990–1994). He currently serves as Chairman and CEO of Oy Piceum Ab, of Patria Oyj, ARCTIA SHIPPNG OY and Lännen MCE Oy, while also serving as Deputy Chairman of VR Group Oy. He is also a member of the Board of Directors of Sarlin Oy, HECTOR RAIL AB and SCANWALK LTD, and is a senior industrial adviser for EQT Partners and a member of the Academy of Technical Sciences in Finland.

In the past five years, Christer Granskog has been, but is no longer, Deputy Chairman of the Board of Directors of Rautaruukki Oyi, and a member of the Board of Directors of Kalmar Industries AB.

Christer Granskog holds 25,000 shares in Cavotec, (through his wholly-owned holding company oy Piceum AB).

LAKSHMI C. KHANNA

Member of the Board

Lakshmi holds a BA in Mathematics from Punjab University. He is a Chartered Accountant and is a Member (FCA) of the Institute of Chartered Accountants in England and Wales. Lakshmi is respectively a member of the Non-Executive Directors Special Interest Group, a member of the Valuations Special Interest Group and a member of the Financial Reporting Faculty of this Institute. He is also an Associate Member (ACA) of the Institute of Chartered Accountants of India.

Lakshmi worked at Price Waterhouse and subsequently at PricewaterhouseCoopers (PwC) in Italy, from 1966 to his retirement, as a Partner, in 2001. During his distinguished career, he was responsible for client services for the Italian operations of multinational groups such as Exxon, General Foods, IBM, Ingersoll Rand, Trust Houses Forte and United Technologies amongst others. Lakshmi has also chaired Price Waterhouse Management Consultants in Italy.

Lakshmi has been President of the Rotary Club of Milan Sud Est, and President of the World Community Service Commission of Rotary (Lombardy). He has also been an advisor to the Joint Task Force Confederation of Italian Industry, and the Confederation of Indian Industry. He is President of the Board of Statutory Auditors of Progetti Industriali SpA, Milan.

Lakshmi conducts limited consulting services for the Group.

Lakshmi Khanna holds 263,406 shares in Cavotec.

ERIK LAUTMANN

Member of the Board

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 five private equity and privately owned businesses.

Erik is a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA), Chairman of the Board of IVA's Business Executives Council, and sits on the IVA Board.

Erik Lautmann holds 107,802 shares in Cavotec.

OTTONEL POPESCO

Member of the Board & CEO

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 a Board Member of Bravofly Group Switzerland, 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.

Ottonel Popesco, together with related parties, holds 2,442,252 shares in Cavotec.

PATRIK TIGERSCHIÖLD
Member of the Board

Patrik Tigerschiöld, born 1964, holds an M.Sc. in Business and Economics. Since April 2013, he has been Chairman of Bure Equity AB, (a role he also held between 2004 and 2009), following his tenure as President & 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. He serves as a Board Member for Mercuri International AB and Stockholm University.

Patrik Tigerschiöld does not hold any shares or warrants in Cavotec.

STEFAN WIDEGREN
Chairman of the Board

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 is Sweden's Honorary Consul in Ticino, Switzerland, a Board member of the Swedish Chamber of Commerce in Zurich, Switzerland, and a member of the Rotary Club Lugano Lago. 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.

Stefan Widegren, together with related parties, holds 6,954,264 shares in Cavotec.

Senior Management Team (SMT)

The SMT fulfills the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions across Cavotec's global organisation, and leads local management on key operational issues.

Name	Position	Year of birth
Ester Cadau	Group Director, Human Resources	1975
Yann Duclot	Chief Marketing Officer	1975
Kristiina Leppänen*	Chief Financial Officer	1969
Giorgio Lingiardi	Chief Information Officer	1958
Gustavo Miller	Chief Operating Officer APAC	1964
Patrick Rosenwald	Chief Technical Officer	1970
Michael Scheepers	Group Director, Investor Relations & Corporate Communications	1978
Juergen Strommer	Chief Operating Officer EMEA	1970

**Kristiina will assume the position of CFO on 1 May 2015. Leena Essén is interim CFO from 1 December 2014 to 30 April 2015.*

From left to right: Michael Scheepers, Juergen Strommer, Patrick Rosenwald, Ester Cadau, Giorgio Lingiardi, Ottonel Popesco, Yann Duclot, Gustavo Miller.

ESTER CADAU
Group Director, Human Resources

Ester holds a Business Administration Degree and a Master's Degree in Human Resources Management from the Institut Superieur de Gestion (ISG) in Paris, and a Political Sciences degree from the University of Cagliari. Before joining Cavotec, Ester was an International Human Resources Manager in various public listed companies such as Ingenico, Legris Industries Groupe, venteprivee.com and HR Project Manager at Air France.

Ester Cadau holds 9,727 shares in Cavotec.

YANN DUCLOT
Chief Marketing Officer

Yann holds a degree in Business Administration from the Ecole Superieure de Commerce de Grenoble, France. Before joining Cavotec in 2007, where he has served as Middle East Aviation Division Manager until 2010, Yann was a Business Development and Key Account Manager at Nexans, France and European Market Manager at Alcatel France.

Yann Duclot holds 15,762 shares in Cavotec.

KRISTIINA LEPPÄNEN*
Chief Financial Officer

Kristiina holds a Bachelor of Business Administration and an MBA in International Finance from the Helsinki School of Economics. 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, Masterfoods, Sonera and Samsung.

Kristiina Leppänen does not hold any shares or warrants in Cavotec.

GIORGIO LINGIARDI
Chief Information Officer

Giorgio studied Mechanical Engineering at the University of Genoa where he obtained a degree in Engineering. Following his studies, he worked for several years at private engineering companies before taking a position at a government-related company, Ansaldo Industria, as 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 Specimas in Italy. He has been the Group's Chief Information Officer since 2008.

Giorgio Lingiardi holds 33,727 shares in Cavotec.

GUSTAVO MILLER
Chief Operating Officer APAC

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 22,277 shares in Cavotec.

PATRICK ROSENWALD
Chief Technical Officer

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

Patrick Rosenwald holds 58,818 shares in Cavotec.

MICHAEL SCHEEPERS
Group Director, Investor Relations & Corporate Communications

Michael studied Corporate Communications & Public Relations at FONTYS University for Applied Sciences in the Netherlands. After his studies, he joined Cavotec in 2002, where he has since held several positions, including Communications Manager and Group Manager, Corporate Communications. He is a member of the Investor Relations Society in the United Kingdom, and a member of the European Association of Communication Directors.

Michael Scheepers holds 41,974 shares in Cavotec.

JUERGEN STROMMER
Chief Operating Officer EMEA

Juergen holds a degree in Mechanical Engineering from May Eyth TH, Kirchheim/Teck, and a degree in Business Management from GARP Stuttgart. He has served at ThyssenKrupp as a Director in the Middle East for eight years among other positions, and has been a General Manager with the Al Futtaim Group.

Juergen Strommer holds 34,305 shares in Cavotec.


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CAVOTEC

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 to its circumstances, provided that any non-compliances and the alternative solution are described and the reasons explained in the corporate governance report.

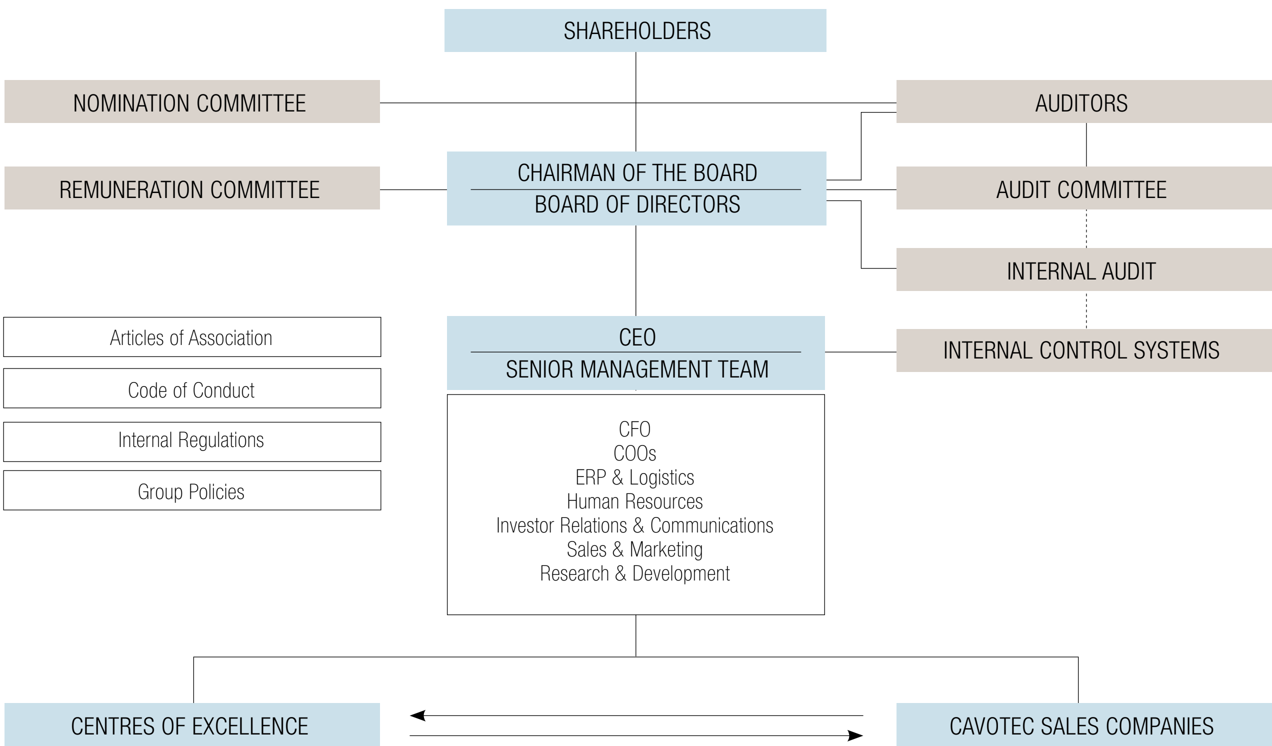
The Company has applied the Code from the time the shares have been listed on NASDAQ OMX Stockholm in October 2011. However, since it is a Swiss company subject to Swiss rules and regulations there are some deviations from the Code. Deviations that the Company is aware of have, as far as possible, been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

SHAREHOLDERS' MEETINGS

General

The shareholders' rights to resolve on company matters are exercised at the shareholders' meeting. 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

Cavotec Corporate Governance structure



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 13, 2014 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 Swedish Corporate Governance Code, while still respecting the Swiss 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 April 23, 2014 in accordance to the Articles of Association of the company. Patrik Tigerschiöld and Fabio Cannavale were appointed in December 2014 and February 2015 respectively. 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.

The Nomination Committee proposes that the Board of Directors shall comprise of nine members. The appointed Nomination Committee members are:

Lars Hellman, Committee Chairman and Founder shareholder
Fabio Cannavale, Board Member
Peter Brandel, Founder shareholder
Patrik Tigerschiöld, Board Member
Stefan Widegren, Chairman of Cavotec SA and Founder shareholder

The members of the Nomination Committee represent over 40% of all votes in the company. A way of contact with the Nomination Committee has been established through the company website.

In December 2014 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 2015, a new evaluation is scheduled for 2016.

On December 16, 2014 the Nomination Committee met in Lugano, Switzerland in order to discuss various proposals with major shareholders (representing more than 45% of the votes) and among other topics also discussed the proposals for the future composition of the Board of Directors.

After having received the support and approval by the Board on February 26, 2015 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 the Ordinary General Meeting in Lugano to be chaired by Fabio Cannavale, while Stefan Widegren will preside the Information Meeting in Stockholm.

Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco, Patrik Tigerschiöld and Stefan Widegren will stand for re-election.

The Nomination Committee proposes that Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco, Patrik Tigerschiöld and Stefan Widegren

be re-elected as Directors for a further one-year term of office expiring at our ordinary general meeting to be held in 2016.

The Nomination Committee furthermore proposes to elect Stefan Widegren as Chairman of the Board of Directors.

With respect to the requirements in the Swedish Corporate Governance Code (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, Nicola Gerber, Christer Granskog, Lakshmi Khanna, Erik Lautmann and Patrik Tigerschiöld are all independent of the company and its executive management.

Nicola Gerber, Christer Granskog, Lakshmi Khanna and Erik Lautmann 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 45% of the votes support the above mentioned proposals made by the Nomination Committee.

External auditor

At the Ordinary General Meeting 2015 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Ordinary General Meeting 2016. Daniel Ketterer is the auditor in charge. He took over this function for the business year 2011.

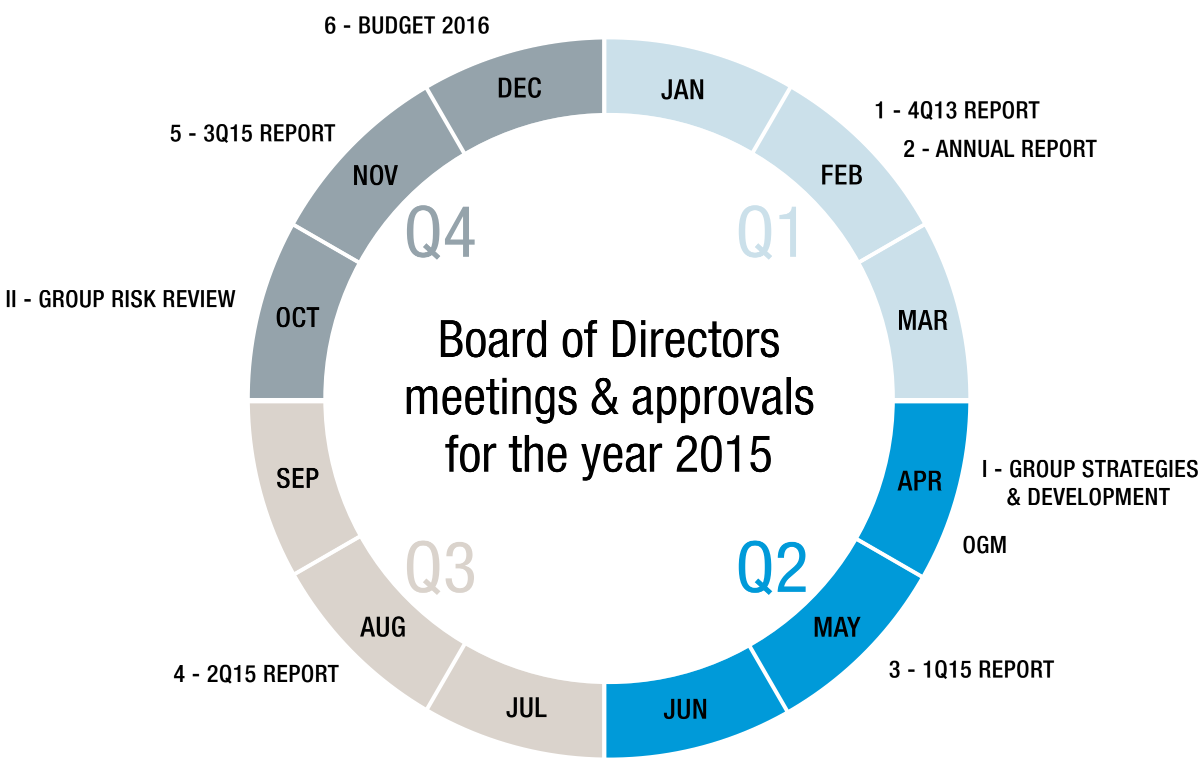
THE BOARD OF DIRECTORS

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

Cavotec Board of Directors Work Calendar



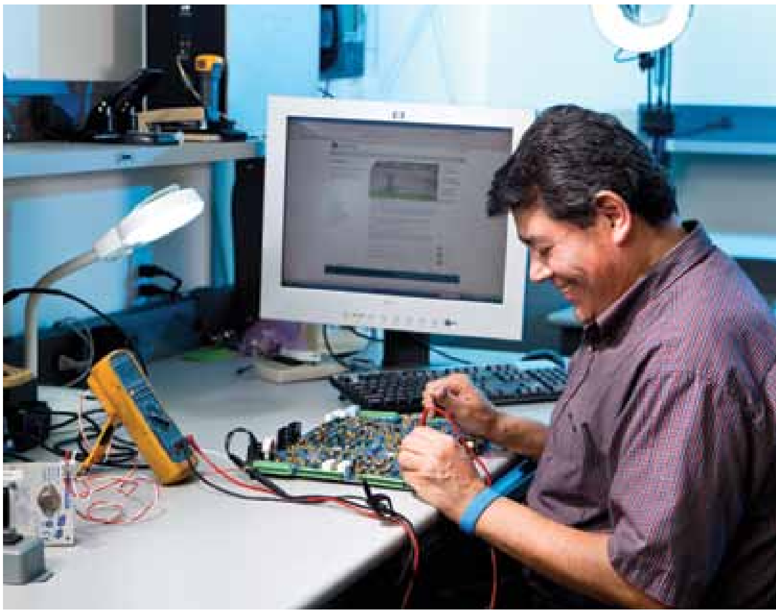
of the Company and shall determine the principles of the business strategy and policies.

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.

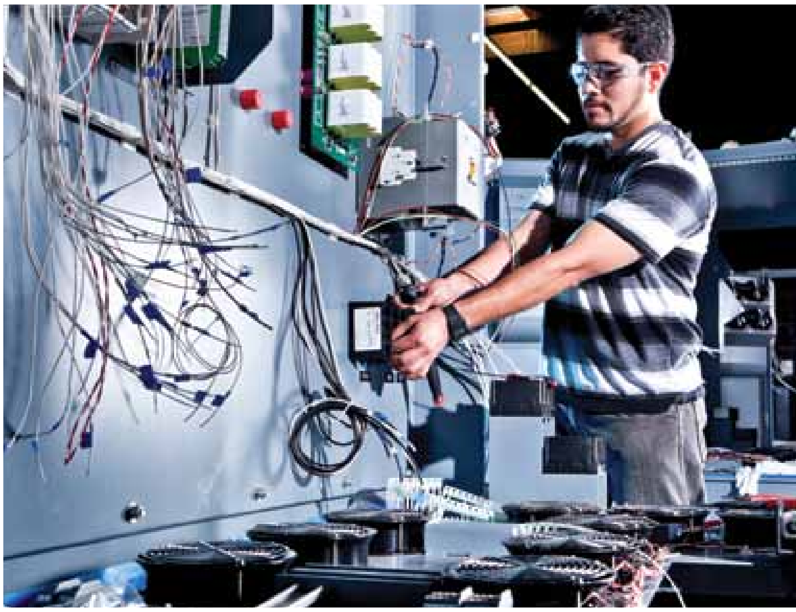
By Swiss law, the Board of Directors also has the following non-transferable responsibilities: Decisions in connection with capital



Board and Committee meetings in Cavotec SA in 2014

	Board		Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fabio Cannavale	11	8						
Peter Brandel							3	3
Leena Essén	11	11	8	8				
Nicola Gerber	11	11						
Christer Granskog	11	11	8	8	3	3		
Lars Hellman							3	3
Lakshmi Khanna	11	11	8	8	3	3		
Erik Lautmann	11	11			3	3		
Ottonel Popesco	11	11						
Patrik Tigerschiöld (1)	11	1					3	1
Stefan Widegren	11	11					3	3

(1) Patrik Tigerschiöld was appointed to the Board of Directors in November 2014.



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.

The Board of Directors held eleven Board meetings as Cavotec SA in 2014.

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

Board of Directors EUR	Board fees	Short-term employee benefits	Post-employment benefits	Consultancy	Total
Fabio Cannavale	30,000	1,066	1,598	-	32,664
Leena Essén	35,000	1,235	1,851	115,481	153,567
Nicola Gerber	30,000	1,059	1,586	-	32,645
Christer Granskog	40,000	363	1,382	-	41,745
Lakshmi Khanna	44,500	760	1,652	75,000	121,912
Erik Lautmann	38,800	1,369	2,052	-	42,221
Patrik Tigerschiöld	8,750	306	459	-	9,515
Stefan Widegren (Chairman)	115,000	247,512	-	174,705	537,217
Total remuneration	**342,050**	**253,670**	**10,580**	**365,186**	**971,486**

Chief Executive Officer EUR	Base salary	Short-term incentive	LTI Matching Incentive	Social Security, Insurance and Pension Contributions	Total
Ottonel Popesco	438,694	95,332	13,706	55,085	602,817

Please refer to Note 7 on page 100 for a detailed overview of the share ownership and refer to Compensation Report on page 38 for details.

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 current members of the Nomination Committee in Cavotec SA are Peter Brandel, Fabio Cannavale, Lars Hellman (Committee Chairman), Patrik Tigerschiöld and Stefan Widegren. The Nomination Committee has met three times in 2014. At the date of this Annual Report the Nomination Committee of Cavotec SA has met once in 2015.

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 non-audit 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 current members of the Audit Committee of Cavotec SA are

Lakshmi C. Khanna (Chairman), Leena Essén and Christer Granskog. During her temporary tenure as interim CFO for the period from 1 December 2014 to 30 April 2015, Leena Essén did not have an active role in the Audit Committee.

Currently all the all the members are financially experienced and have relevant finance and/or auditing experience; one of then, namely Lakshmi C. Khanna is a Chartered Accountant.

The Audit Committee of Cavotec SA met eight times in 2014 and once in 2015.

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 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.

The current members of the Remuneration Committee in Cavotec SA are Christer Granskog, Lakshmi Khanna and Erik Lautmann (Chairman).

The Remuneration Committee of Cavotec SA met three times in 2014.

Group Key Management

The composition of the Group Key Management is set out in the section “Senior Management Team” (SMT).

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, COOs and the SMT. 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 all work out of Cavotec’s corporate office in Switzerland. Cavotec has also located to the corporate office its functions for Corporate Communications, ERP & Logistics, Finance, Human Resources, Investor Relations, Sales & Marketing and other special advisory roles.

Senior Management Committee – SMT

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

The SMT 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 SMT 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 SMT members, Managing Directors and other Senior Executives are determined by overall, consolidated Group results. This “one bottom-line” policy works well and has been instrumental to the Group becoming a genuinely global player.

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 the AGM in May 2012 and was subscribed to for over 90% by the selected management. An identical plan (LTIP 2013) was approved by Cavotec’s Annual General Meeting in 2013 while the LTIP 2014 was approved by the OGM in 2014. Another plan (LTIP 2015) will be proposed to Cavotec’s Ordinary General Meeting in 2015 for shareholder approval.

INTERNAL CONTROL SYSTEM (ICS)

The Company has not established a separate department for internal control. This task is performed by 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.


CAVOTEC

THE BOARD OF DIRECTORS OF CAVOTEC SA IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2014

This report is dated 26 February 2015 and is signed on behalf of the Board of Cavotec SA by

Stefan Widegren
Chairman

Ottonel Popesco
Chief Executive Officer

Please note that all reported amounts in this report are in Euro.

Consolidated Financial Statements

CAVOTEC SA & SUBSIDIARIES

Statement of Comprehensive Income

EUR 000's	Notes	2014	2013
Revenue from sales of goods		232,795	227,704
Other income	6	8,108	5,892
Cost of materials		(115,964)	(119,010)
Employee benefit costs	7	(67,900)	(62,336)
Operating expenses	8	(40,010)	(37,223)
Gross Operating Result		**17,029**	**15,027**
Depreciation and amortisation		(4,468)	(4,521)
Operating Result		**12,561**	**10,506**
Interest income	10	49	60
Interest expenses		(2,410)	(1,280)
Currency exchange differences - net	10	6,018	(347)
Profit/(Loss) before income tax		**16,218**	**8,940**
Income taxes	11,19,24	(5,988)	1,513
Profit for the period		**10,230**	**10,453**
Other comprehensive income:			
Remeasurements of post employment benefit obbligations		(215)	(43)
Items that will not be reclassified to profit or loss		**(215)**	**(43)**
Currency translation differences		1,942	(5,692)
Items that may be subsequently reclassified to profit/(loss)		**1,942**	**(5,692)**
Other comprehensive income for the year, net of tax		**1,727**	**(5,735)**
Total comprehensive income for the year		**11,956**	**4,718**
Total comprehensive income attributable to:			
Equity holders of the Group		11,985	4,751
Non-controlling interest		(29)	(33)
Total		**11,956**	**4,718**
Profit attributed to:			
Equity holders of the Group		10,258	10,494
Non-controlling interest		(29)	(41)
Total		**10,230**	**10,453**
Basic and diluted earnings per share attributed to the equity holders of the Group	29	0.140	0.147
Average number of shares		73,444,997	71,332,700

The notes on pages 66 to 93 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Balance Sheet

Assets EUR 000's	Notes	2014	2013
Current assets			
Cash and cash equivalents		17,071	13,928
Trade receivables	12	60,988	48,705
Tax assets	13	991	1,253
Other current receivables	5,14	6,722	4,732
Inventories	15	40,784	40,110
Total current assets		**126,556**	**108,728**
Non-current assets			
Property, plant and equipment	16	26,326	26,861
Intangible assets	17	69,154	66,251
Non-current financial assets	18	264	57
Deferred tax assets	19	17,196	13,501
Other non-current receivables		513	2,026
Total non-current assets		**113,453**	**108,696**
Assets held for sale		1,800	2,213
Total assets		**241,809**	**219,637**

Equity and Liabilities EUR 000's	Notes	2014	2013
Current liabilities			
Current financial liabilities	20	(1,738)	(4,654)
Trade payables	21	(32,831)	(31,526)
Tax liabilities	22	(3,065)	(2,724)
Provision for risk and charges, current	25	(5,359)	-
Other current liabilities	23	(14,382)	(11,834)
Total current liabilities		**(57,375)**	**(50,738)**
Non-current liabilities			
Non-current financial liabilities	20	(35,345)	(45,353)
Deferred tax liabilities	24	(5,731)	(4,298)
Other non-current liabilities		(264)	(704)
Provision for risk and charges, non-current	25	(5,191)	(9,775)
Total non-current liabilities		**(46,531)**	**(60,130)**
Total liabilities		**(103,906)**	**(110,868)**
Equity			
Equity attributable to owners of the parent	27,28	(137,876)	(108,773)
Non-controlling interests		(27)	4
Total equity		**(137,903)**	**(108,769)**
Total equity and liabilities		**(241,809)**	**(219,637)**

The notes on pages 66 to 93 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

CAVOTEC SA & SUBSIDIARIES
Statement of Changes in Equity

EUR 000's	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2013	(89,386)	(4,292)	(13,263)	**(106,940)**	110	**(106,830)**
Profit/(Loss) for the period	-	-	(10,494)	**(10,494)**	41	**(10,453)**
Currency translation differences	-	5,700	-	**5,700**	(8)	**5,692**
Remeasurements of post employment benefit obbligations	-	43	-	**43**	-	**43**
Total comprehensive income and expenses	**-**	**5,743**	**(10,494)**	**(4,751)**	**33**	**(4,718)**
Capital reduction	2,921	(3)	-	**2,918**	-	**2,918**
Capital increase	-	-	-	**-**	(139)	**(139)**
Transactions with shareholders	**2,921**	**(3)**	**-**	**2,918**	**(139)**	**2,779**
Balance as at 31 December 2013	**(86,464)**	**1,448**	**(23,757)**	**(108,773)**	**4**	**(108,769)**
Balance as at 1 January 2014	(86,464)	1,448	(23,757)	**(108,773)**	4	**(108,769)**
Profit/(Loss) for the period	-	-	(10,258)	**(10,258)**	29	**(10,230)**
Currency translation differences	-	(1,942)	-	**(1,942)**	-	**(1,942)**
Remeasurements of post employment benefit obbligations	-	215	-	**215**	-	**215**
Total comprehensive income and expenses	**-**	**(1,727)**	**(10,258)**	**(11,985)**	**29**	**(11,956)**
Capital reduction	2,921	(3)	-	**2,918**	-	**2,918**
Capital increase	(8,447)	(11,814)	-	**(20,261)**	-	**(20,261)**
Reduction in non-controlling interest	-	-	-	**-**	(33)	**(33)**
Acquisistion of subsidiary involving changes to non-controlling interest	-	-	225	**225**	(27)	**198**
Transactions with shareholders	**(5,526)**	**(11,817)**	**225**	**(17,118)**	**(60)**	**(17,178)**
Balance as at 31 December 2014	**(91,990)**	**(12,096)**	**(33,790)**	**(137,876)**	**(27)**	**(137,903)**

The notes on pages 66 to 93 are an integral part of these Consolidated Financial Statements.

CAVOTEC SA & SUBSIDIARIES
Statement of Cash Flows - Indirect Method

EUR 000's	2014	2013
Profit for the year	**10,230**	**10,453**
Adjustments for:		
Net interest expenses	1,536	1,013
Current taxes	7,208	5,253
Depreciation and amortisation	4,468	4,521
Deferred tax	(1,219)	(6,767)
Provision for risks and charges	1,211	2,155
Capital gain or loss on assets	(121)	46
Other items not involving cash flows	(5,028)	(23)
Interest paid	(1,546)	(970)
Taxes paid	(6,435)	(8,520)
	74	**(3,292)**
Cash flow before change in working capital	**10,304**	**7,161**
Impact of changes in working capital		
Inventories	(1,355)	(164)
Trade receivables	(12,222)	2,154
Other current receivables	(2,027)	(1,137)
Trade payables	1,221	(6,389)
Other current liabilities	2,246	(2,657)
Long term receivables	1,078	319
Impact of changes involving working capital	**(11,059)**	**(7,874)**
Net cash inflow /(outflow) from operating activities	**(755)**	**(713)**
Financial activities		
Preceeds of loans and borrowings	454	33,502
(Repayments) of loans and borrowings	(14,491)	(16,528)
Capital increase	20,260	-
Capital reduction	(2,918)	(2,918)
Acquisition of non controlling interest	(232)	-
Increase of loans to non controlling interest	(26)	-
Net cash inflow /(outflow) from financial activities	**3,047**	**14,056**
Investing activities		
Investments in property, plant and equipment	(2,155)	(4,162)
Investments in intangible assets	(1,010)	(1,113)
Sales of non-current financial assets	18	96
Disposal of assets	303	76
Net cash outflow from investing activities	**(2,844)**	**(5,103)**
Cash at the beginning of the year	13,928	8,484
Cash flow for the year	(552)	8,240
Currency exchange differences	3,695	(2,796)
Cash at the end of the year	**17,071**	**13,928**
Cash comprises:		
Cash and cash equivalents	17,071	13,928
Total	**17,071**	**13,928**

The notes on pages 66 to 93 are an integral part of these Consolidated Financial Statements.

Notes to the Financial Statements

NOTE 1. GENERAL INFORMATION

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 co-operate with Cavotec's Centres of Excellence.

The Financial Statements of the Cavotec Group for 2014 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 26 February 2015. The report is subject to approval by the Ordinary General Meeting on 22 April 2015.

NOTE 2. BASIS OF PREPARATION

The consolidated Financial Statements of Cavotec Group are prepared in accordance with International Financial Reporting Standard (IFRS).

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 following standards and amendments and interpretations have been adopted by Cavotec for the first time for the financial year beginning on 1 January 2014 but have had no significant impact on the Group's consolidated financial statements:

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to levies and in consequence this interpretation has no impact.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. The amendment did not have any effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. This amendment did not have any effect on the Financial Statements and related disclosures.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting.The Group is not using hedge accounting, so the amendment had no impact.

Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities also had no impact for the Group.

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 2015 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' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is currently assessing the impact of IFRS 15 on its Financial Statements going forward.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess the possible impact of IFRS 9 going forward.

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 2014 and 2013.

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 Statement of Comprehensive Income are translated at average exchange rates.
- 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.

Notes to the Financial Statements

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies by the Group.

(iv) Scope of Consolidation

The consolidated Financial Statements include the statements at 31 December 2014 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 Engineering Services Ltd	India	Engineering	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		90%
Cavotec Latin America	Argentina	Sales company	Ipalco BV		10%
Cavotec Micro-control AS	Norway	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Micro-control GmbH	Germany	Centre of Excellence	Cavotec Germany GmbH		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 Norge AS	Norway	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	-	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	Centre of Excellence	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 Belgium was liquidated;
• the ownership of Cavotec India has been increased from 85% to 100%;
• Cavote Middle East Trading & Contracting WLL. Was incorporated in October 2014. The shareholders agreements give full control to Cavotec.

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 Senior Management Team.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
Fixed assets held for sale and operations that are being closed down are reported as Non-current Assets Held for Sale and Discontinued Operations if their value, within one year, will be recovered through a sale and not through continued use in the operations. On the reclassification date, fixed assets held for sale are stated at the lower of fair value less selling expenses and the carrying amount and, following reclassification, the assets are no longer depreciated.

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.

Notes to the Financial Statements

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 on acquisitions of associates is included in investments in associates.

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. Goodwill is monitored at the Market Unit level.

(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 3 to 5 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 programs and contracts with long-term production cycles, a portion of which is not expected to be realized 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 program accounting quantity. Units produced early in a program require substantially more effort (labour and other resources) than units produced later in a program 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 program.

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 realizable value or original cost. Unsalable 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 for 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 realize 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 therein 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.

- Derivative instruments are measured at fair value. For derivatives which are not part of hedge accounting (classified as financial assets or liabilities held for trading), changes in fair value are reported as operating or financial income or expense based on the purpose of the use of the derivatives and whether the instruments relate to operational or financial items. Fair value changes on derivatives are recognised in statement of comprehensive income unless the derivatives are designated as hedging instruments in cash flow or net investment hedges (see section below about hedge accounting).

Hedge accounting

In order to qualify for hedge accounting according to IAS 39, the hedging relationship must be designated, the hedge expected to be highly effective and the hedge relationship documented. The Group assesses, evaluates and documents effectiveness both at hedge inception and on an on-going basis. The method of recognising a gain or loss resulting from hedging instruments is dependent on the type of hedge relationship, i.e. which type of risk exposure that is secured by the hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. These changes in the fair value of the hedged asset or liability are recognised in profit and loss to offset the effect of gain or loss on the hedging instrument.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent that the hedge is effective and the accumulated changes in fair value are recognised as a separate component in equity. To the extent that the hedge is ineffective, changes in fair value are recognised in profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity via other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity via other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity via other comprehensive income is transferred to profit and loss in the same period that the hedged item affects profit and loss.

Gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. Gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Gains and losses accumulated in other comprehensive income are included in profit and loss on disposal of foreign operations.

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 for the first time as of 31 December 2011. 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. Although these schemes are defined benefit plans, defined contribution accounting was applied to the schemes in prior years due to materiality reasons. Starting as of 31 December 2011 the accounting was changed to defined benefit accounting.

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 and associates 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 respectly.

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 24 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 by internal legal counsel and 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 33 for additional information.

GOODWILL IMPAIRMENT TEST

The Group allocates the Goodwill to the cash-generating units (CGU's) identified according to the Market Units.

EUR 000's	Net book value as of 31/12/2013	Translation differences and other	Acquisitions and dispositions	Impairment	Net book value as of 31/12/2014
Ports & Maritime	23,283	138	-	-	23,421
Airports	30,218	3,200	-	-	33,418
Mining & Tunnelling	530	-	-	-	530
General Industry	6,448	(16)	-	-	6,432
Total	**60,479**	**3,322**	**-**	**-**	**63,801**

For the purpose of estimating the value in use of the MUs, cash flows were projected for the next five years based on past experiences, actual operating results, budgets, business plans, and management's best estimate about future developments and market assumptions. In Ports & Maritime MU, most of the goodwill is related to the Europe operating segment while in the Airports MU most of it relates to the America, Europe and Middle East operating segments.

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 markets 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	2014	2013
Ports & Maritime	2.0%	2.0%
Airports	2.0%	2.0%
Mining & Tunnelling	1.0%	1.0%
General Industry	1.5%	1.5%

The pre-tax weighted average cost of capital used for impairement test purpose was 8.1% (2013: 9.7%). The change was due to the decrease in the interest rate in the financial markets.

Based on the estimated cash flows these MUs are expected to generate from their businesses, discounted back to their present value using the above mentioned discount rate, management concluded that goodwill allocated to these MUs remained recoverable at 31 December 2014.

In its review of the carrying amounts of goodwill of year-end 2014, management specifically considered the goodwill allocated to the Airports MU due to the sensitivity to the estimations. The business plan forecasts a significant growth of the revenue in the Airport MU over the next 5 years.

The sensitivity analysis shows that a reduction in gross margin of 4.7% or a rise of the discount rate to 12.8% would remove the remaining headroom.

NOTE 5. LONG TERM CONTRACTS

EUR 000's	2014	2013
Revenues recognised	3,737	-
Cost incurred and recognised	(2,383)	-
Unbilled work in progress	2,039	-

At 31 December, 2014 all costs sustained have been recognized as an expense. Progress billing has been included in the other current receivables.

NOTE 6. OTHER INCOME

EUR 000's	2014	2013
Carriage, insurance and freight	3,395	2,965
Commissions and royalties	77	53
Engineering services	809	1,434
Service and maintenance	1,775	227
Other miscellaneous income	2,052	1,213
Total	**8,108**	**5,892**

Other income increased by EUR 2,216 thousands mainly due to the increase of service and maintenance.

Notes to the Financial Statements

NOTE 7. EMPLOYEE BENEFIT COSTS

EUR 000's	2014	2013
Salaries and wages	(54,523)	(49,490)
Social security contributions	(7,523)	(7,295)
Other employee benefits	(5,854)	(5,551)
Total	**(67,900)**	**(62,336)**

The employee benefit costs are based on an average workforce of 1,019 full time equivalents (2013: 1,001). The increase in the average number of employees derives mainly from strengthening the production capabilities in the Americas operating segment.

The increase of employee benefit cost is partially due to restructuring cost, see note 9.

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 base 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.

At inception, the maximum dilution for shareholders in Cavotec as a result of each plan is one per cent or 713,972 shares per year.

The cost for the Group for all plans (excluding social security payments) was EUR 196 thousands (2013: 175), the total outstanding shares were 336,622 shares (2013: 250,661).

NOTE 8. OPERATING EXPENSES

EUR 000's	2014	2013
Transportation expenses	(2,537)	(2,616)
External services	(12,891)	(10,814)
Travelling expenses	(5,694)	(5,486)
General expenses	(9,349)	(9,453)
Rent and leasing	(5,087)	(5,154)
Credit losses	(242)	(123)
Warranty costs	(4,210)	(3,577)
Total	**(40,010)**	**(37,223)**

NOTE 9. NON-RECURRING ITEMS

EUR 000's	2014	2013
Restructuring costs	1,673	-
Litigation costs	3,522	2,003
Total operating costs	**5,195**	**2,003**

Non recurring items totalling EUR 5,195 thousands (2013: 2,003). Restructuring costs are included in employee benefit cost, this refers to cost reduction program and reorganisation of the Meyerinck production line. Litigation costs are included in Operating Expenses and relate primarily to the on-going litigation with Mike Colaco, see note 33.

NOTE 10. NET FINANCIAL COSTS

EUR 000's	2014	2013
Interest income	49	61
Interest expense	(1,585)	(1,073)
Change of derivatives fair value	(5)	27
Amortisation of issuance costs	(820)	(234)
Interest expenses - net	**(2,361)**	**(1,219)**
Currency exchange difference - net	**6,018**	**(347)**
Total	**3,657**	**(1,566)**

NOTE 11. INCOME TAXES

EUR 000's	2014	2013
Current tax	(6,777)	(5,254)
Deferred tax	1,219	6,767
Other taxes	(430)	-
Total	**(5,988)**	**1,513**

The computation of the average tax rate applicable to the Group has been modified to better reflect the relative weight of the profits/losses made in the various tax jurisdictions. The amount relating to 2013 have been appropriately modified accordingly.

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		2014		2013
Taxes on consolidated pre-tax income at group rate	**24.5%**	**(3,977)**	**24.3%**	**(2,171)**
Taxes effect of losses included in consolidated pre-tax income		(4,808)		(6,519)
Tax effect of non-taxable income included in profit before tax		369		438
Tax on non-deductible expenses or not related to income		(628)		(948)
Tax on Controlled Foreign Corporation		(638)		-
Effects of tax losses/credits utilised		545		-
Utilization of previously unrecognised DTA		1,285		255
Effects of different tax rates in countries in which the group operates		1,075		3,691
Total	**41.8%**	**(6,777)**	**58.8%**	**(5,254)**

The Group operates in many jurisdictions where statutory tax rates vary from 0% to 40%. The weighted average applicable tax rate was 24.5% (2013: 24.3%).

Of the amount of EUR 3,599 representing the tax effect of losses included in consolidated pre-tax income, EUR 3,166 thousands (2013: 4,187) were recognised as deferred tax assets on losses carried forward in the US.

NOTE 12. TRADE RECEIVABLES

EUR 000's	2014	2013
Trade receivables	64,824	52,215
Provision for doubtful debts	(3,836)	(3,510)
Trade receivables, net	**60,988**	**48,705**

The movement of the provision for doubtful debts is summarised below:

Opening balance	**(3,510)**	**(3,786)**
Provision recorded in the year	(467)	(393)
Provision used in the year	287	516
Provision reversed not used in the year	245	-
Currency exchange difference	(391)	153
Closing balance	**(3,836)**	**(3,510)**

Notes to the Financial Statements

NOTE 13. TAX ASSETS

EUR 000's	2014	2013
Tax assets	554	852
VAT recoverable	437	401
Total	**991**	**1,253**

NOTE 14. OTHER CURRENT RECEIVABLES

EUR 000's	2014	2013
Short term investments	11	9
Deposits	324	1,013
Prepayments	2,427	2,116
Other receivables	3,960	1,594
Total	**6,722**	**4,732**

NOTE 15. INVENTORIES

EUR 000's	2014	2013
Raw materials	3,550	3,677
Work in progress	2,554	4,193
Finished goods	37,181	34,246
Provision for slow moving inventories	(2,501)	(2,006)
Total	**40,784**	**40,110**

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

EUR 000's	2014	2013
Opening balance	(2,006)	(2,158)
Provision written off during the year	1,923	191
Provision recorded in the year	(2,376)	(133)
Provision reversed not used in the year	30	-
Currency exchange difference	(73)	94
Closing balance	**(2,502)**	**(2,006)**

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

EUR 000's	Land & buildings	Plant & equipment	Fixtures & fittings	Total
Year ended 31 December 2013				
Opening net book value	21,359	5,027	2,454	28,840
Additions	78	1,915	3,110	5,103
Disposals	(2,218)	(92)	(25)	(2,335)
Depreciation	(799)	(1,690)	(987)	(3,476)
Currency exchange differences	(825)	(169)	(277)	(1,271)
Closing net book value	**17,595**	**4,991**	**4,275**	**26,861**
At 31 December 2013				
Cost	21,036	18,599	7,459	47,094
Accumulated depreciation	(3,441)	(13,608)	(3,184)	(20,233)
Net book amount	**17,595**	**4,991**	**4,275**	**26,861**
Year ended 31 December 2014				
Opening net book value	17,595	4,991	4,275	26,861
Additions	593	1,564	130	2,287
Disposals	-	(125)	(1)	(126)
Depreciation	(641)	(1,661)	(719)	(3,022)
Currency exchange differences	(71)	115	282	326
Closing net book value	**17,476**	**4,884**	**3,967**	**26,326**
At 31 December 2014				
Cost	21,358	18,685	7,256	47,298
Accumulated depreciation	(3,882)	(13,801)	(3,289)	(20,972)
Net book amount	**17,476**	**4,884**	**3,967**	**26,326**

The investment in land and buildings refers primarily to the extension of Cavotec Connectors AB, premises in Staffanstorp, Sweden.

Information related to assets held for sale are summarised below:

EUR 000's	2014	2013
Property, plant and equipment	1,800	2,213
Losses of the year for assets held for sale	221	-
Cash-flow from assets held for sale	215	-

In accordance with IFRS 5, the assets held for sale, related to EMEA operating segment, were aligned to their fair value less cost to sell of EUR 1,800. This is a non-recurring fair value based on an independent appraisal performed by an experienced real estate specialist, the difference between the carrying amount and the fair value less costs to sell, recognised to profit and loss, was EUR 282. The level of fair value of the assets is level 2, and has been derived using the sales comparison approach. The most significant input into this valuation approach is the price per square meter. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes. During 2014, the sale of the building in Statesville was completed with a capital gain recognised in profit and loss equal to EUR 61.

NOTE 17. INTANGIBLE ASSETS

EUR 000's	Goodwill	Patents & trademarks	R&D and other	Total
Year ended 31 December 2013				
Opening net book value	61,646	3,912	2,151	67,709
Additions	-	22	759	781
Disposals	-	-	-	-
Amortisation	-	(497)	(548)	(1,045)
Currency exchange differences	(1,167)	(26)	(1)	(1,194)
Closing net book value	**60,479**	**3,411**	**2,361**	**66,251**
At 31 December 2013				
Cost	60,479	7,080	4,174	71,733
Accumulated amortisation	-	(3,669)	(1,813)	(5,482)
Net book amount	**60,479**	**3,411**	**2,361**	**66,251**
Year ended 31 December 2014				
Opening net book value	60,479	3,411	2,361	66,251
Additions	-	8	683	691
Disposals	-	(56)	-	(56)
Amortisation	-	(488)	(676)	(1,164)
Currency exchange differences	3,322	41	68	3,432
Closing net book value	**63,801**	**2,917**	**2,436**	**69,154**
At 31 December 2014				
Cost	63,801	7,110	4,926	75,837
Accumulated amortisation	-	(4,193)	(2,490)	(6,683)
Net book amount	**63,801**	**2,917**	**2,436**	**69,154**

The goodwill impairment test has been considered in note 4.

NOTE 18. NON-CURRENT FINANCIAL ASSETS

EUR 000's	2014	2013
Financial receivables	225	18
Financial assets at fair value	39	40
Total	**264**	**57**

NOTE 19. DEFERRED TAX ASSETS

EUR 000's	2014	2013
Deferred tax assets to be recovered within 12 months	3,664	3,666
Deferred tax assets to be recovered after more than 12 months	13,532	9,835
Closing balance	**17,196**	**13,501**

Notes to the Financial Statements

EUR 000's	2014	2013
Provisions for warranty, inventory, doubtful accounts and others	2,323	2,986
Losses carried forward	12,216	7,877
Depreciation and amortisation	236	269
Unrealized exchange differences	4	7
Accrued expenses not currently deductible	840	466
Mark-to-market on derivatives	18	16
Others temporary differences	1,559	1,880
Total	**17,196**	**13,501**

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 main increase is due to deferred tax assets recognised on losses carried forward generated in the US and Germany. They expire in 20 years in the US and never expire in Germany and New Zealand. The Group did not recognise deferred income tax assets on losses carried forward of EUR 10,565 thousands (2013: 7,237). Further explanation on the estimations of the recoverability of deferred tax assets on losses carried forward are given on note 4.

NOTE 20. LOANS AND BORROWINGS

EUR 000's	2014	2013
Credit facility current portion	-	(2,000)
Other current financial liabilities	(1,738)	(2,654)
Credit facility non-current portion	(31,453)	(41,626)
Other non-current financial liabilities	(3,892)	(4,298)
Unamortised issuance costs	-	571
Total	**(37,083)**	**(50,007)**

During the year, the Group reimbursed EUR 6,000 thousands of the syndicated credit facility.

Negative mark-to-market on derivatives for EUR 5 thousands is included in other non-current liabilities. Financial leasing liabilities for EUR 82 thousands (2013: 47) are included in other current liabilities and EUR 83 thousands (2013: 59) in other non-current liabilities.

EUR 000's	2014	2013
Bank overdrafts	-	-
Short term debt	2.33%	1.85%
Long term debt	1.44%	1.66%
Interest bearing liabilities	**1.49%**	**1.68%**

The average cost of the interest bearing liabilities at the end of 2014 was lower compared to the previous year because of the reduced base rate.

NOTE 21. TRADE PAYABLES

EUR 000's	2014	2013
Trade payables	(29,428)	(23,517)
Advances from customers	(3,403)	(8,009)
Total	**(32,831)**	**(31,526)**

NOTE 22. TAX LIABILITIES

EUR 000's	2014	2013
Tax liabilities	(1,753)	(1,219)
VAT payable	(1,312)	(1,506)
Total	**(3,065)**	**(2,724)**

NOTE 23. OTHER CURRENT LIABILITIES

EUR 000's	2014	2013
Employee entitlements	(8,855)	(7,016)
Accrued expenses and other	(5,527)	(4,818)
Total	**(14,382)**	**(11,834)**

NOTE 24. DEFERRED TAX LIABILITIES

EUR 000's	2014	2013
Deferred tax liabilities to be released within 12 months	(395)	(197)
Deferred tax liabilities to be released after more than 12 months	(5,336)	(4,101)
Closing balance	**(5,731)**	**(4,298)**

EUR 000's	2014	2013
Depreciation and amortisation	(4,392)	(3,103)
Unrealized exchange differences	(214)	(6)
Pensions	(4)	(9)
Untaxed reserves	(939)	(988)
Other	(182)	(192)
Total	**(5,731)**	**(4,298)**

NOTE 25. PROVISION FOR RISKS AND CHARGES

EUR 000's	2014	2013
Provision for risk and charges, current	(5,359)	-
Provision for risk and charges, non-current	(5,191)	(9,775)
Total	**(10,550)**	**(9,775)**
Provision for pensions	(2,513)	(2,015)
Provision for warranty	(4,182)	(4,248)
Provision for litigation	(70)	(10)
Provision for restructuring	(1,297)	(82)
Provision for taxation	(513)	(622)
Other provisions	(1,975)	(2,798)
Total	**(10,550)**	**(9,775)**

EUR 000's	Dec 31, 2013	Recorded	Used	Reversed not used	Exchange Diff	Dec 31, 2014
Provision for pensions	(2,015)	(511)	111	-	(98)	(2,513)
Provision for warranty	(4,248)	(2,458)	2,211	580	(267)	(4,182)
Provision for litigation	(10)	(60)	-	-	-	(70)
Provision for restructuring	(82)	(1,302)	82	-	5	(1,297)
Provision for taxation	(622)	-	170	-	(61)	(513)
Other provisions	(2,798)	(270)	1,370	-	(277)	(1,975)
Total	**(9,775)**	**(4,601)**	**3,944**	**580**	**(698)**	**(10,550)**

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 but also comprises severance payments and actions taken to tailor our product range to reflect shifts in some markets, as well as other expenses related to the actions taken in Germany to streamline production capacity. Other provisions includes mainly the provisions for one of onerous contracts in US.

An amount of EUR 5,359 thousands is expected to be used within twelve months.

NOTE 26. 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 categorised as defined contribution plans.

During the year, after changes in local legislation, were also included the defined benefit pension plans in Italian subsidiary, Cavotec Specimas S.p.A., and U.A.E. Subsidiary, Cavotec Middle East FZE.

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.

Notes to the Financial Statements

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	2014				2013
	Switzerland	Italy	U.A.E.	Total	Total
Present value of defined benefit obligation	(1,810)	-	-	**(1,810)**	**(1,384)**
Fair value of plan assets	1,311	-	-	**1,311**	**996**
Deficit of funded plans	**(499)**	**-**	**-**	**(499)**	**(388)**
Present value of unfunded obligations	-	(1,070)	(808)	**(1,878)**	**-**
Liability in the Balance Sheet	**(499)**	**(1,070)**	**(808)**	**(2,377)**	**(388)**

In addition the Group has liabilities from defined contribution plan for an amount EUR 136 thousands.

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

EUR 000's	2014				2013
	Switzerland	Italy	U.A.E.	Total	Total
At 1 January 2014	**(1,384)**	**-**	**-**	**(1,384)**	**(1,106)**
Reclassification of pension scheme	-	(920)	(571)	**(1,491)**	**-**
Service cost:					
- Current service cost	(136)	-	(85)	**(221)**	**(121)**
- Past service cost	-	-	(102)	**(102)**	**-**
Interest expenses	(28)	(29)	(22)	**(79)**	**(19)**
Cash flow:					
- Benefit payments from plan assets	(55)	-	-	**(55)**	**(6)**
- Benefit payments from employer	-	24	86	**110**	**-**
- Participant contributions	(118)	-	-	**(118)**	**(112)**
- Insurance premium for risk benefits	20	-	-	**20**	**-**
Remeasurements:					
- Effect of changes in financial assumptions	(232)	(145)	-	**(378)**	**39**
- Effect of experience adjustements	157	-	(42)	**115**	**(78)**
Exchange differences	(34)	-	(72)	**(105)**	**19**
At 31 December 2014	**(1,810)**	**(1,070)**	**(808)**	**(3,688)**	**(1,384)**

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

EUR 000's	2014				2013
	Switzerland	Italy	U.A.E.	Total	Total
At 1 January	**996**	**-**	**-**	**996**	**766**
Interest expenses	20	-	-	**20**	**13**
Cash flow:					
- Employer contributions	118	-	-	**118**	**112**
- Participant contributions	118	-	-	**118**	**112**
- Benefit payments from plan	55	-	-	**55**	**6**
- Administrative expenses paid from plan assets	(13)	-	-	**(13)**	**-**
- Insurance premium for risk benefits	(20)	-	-	**(20)**	**-**
Remeasurements:					
- Return on plan assets (excluding interest income)	12	-	-	**12**	**-**
Exchange differences	25	-	-	**25**	**(13)**
At 31 December	**1,311**	**-**	**-**	**1,311**	**996**

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

EUR 000's	2014				2013
	Switzerland	Italy	U.A.E.	Total	Total
Service cost:					
- Current service cost	136	-	85	**221**	**121**
- Past service cost	-	-	102	**102**	**-**
Total Service cost	**136**	**-**	**187**	**323**	**121**
Net interest cost:					
- Interest expense on DBO	28	29	22	**79**	**19**
- Interest (income) on plan assets	(20)	-	-	**(20)**	**(13)**
Total net interest cost	**8**	**29**	**22**	**59**	**6**
Defined benefit cost included in the Income Statement	**144**	**29**	**209**	**382**	**127**
Effect of changes in financial assumptions	232	102	-	**334**	**(29)**
Effect of experience adjustments	(157)	-	47	**(110)**	**-**
Return on plan assets (excluding interest income)	(12)	-	-	**(12)**	**-**
Effect of deferred taxes	2	-	-	**2**	**-**
Total remeasurements included in Other Comprehensive Income	**65**	**102**	**47**	**215**	**(29)**

The principal actuarial assumptions were as follows:

	2014			2013
	Switzerland	Italy	U.A.E.	Switzerland
Discount rate	1.10%	1.70%	3.75%	2.00%
Salary increases	1.50%	n/a	3.00%	1.50%
Inflation	0.00%	2.00%	n/a	1.00%

The principal demographic assumptions were as follows:

	2014			2013
	Switzerland	Italy	U.A.E.	Switzerland
Life expectancy	M21.08/F23.56	n/a	n/a	BVG 2010 GT
Retirement age	M65/F64	66 all employees	normal (maximum) retirment age of 60	100% M65/F64
Benefit at retirement	60% pension / 40% lump sum	n/a	-	40%
Voluntary turnover	-	-	6.00%	-
Involuntary turnover (including death and disability)	-	-	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.

	2014			2013
	Switzerland	Italy	U.A.E.	Switzerland
Discount rate +0.25%	-	(1,044)	(724)	-
Discount rate -0.25%	-	(1,098)	(748)	-
Discount rate +0.50%	(1,672)	-	-	(1,313)
Discount rate -0.50%	(1,968)	-	-	(1,465)

NOTE 27. 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 2014	**71,397,220**	**(86,464)**
Capital increase	7,138,780	(8,447)
Capital reduction	-	2,921
Balance at 31 December 2014	**78,536,000**	**(91,990)**

The Ordinary General Meeting held on 23 April, 2014 approved the reduction of the nominal value of the registered shares from CHF 1.48 to CHF 1.43.

Notes to the Financial Statements

NOTE 28. OTHER RESERVES

EUR 000's	2014	2013
Currency translation reserves	860	2,803
Share premium reserve	(13,565)	(1,751)
Own shares reserve	75	78
Actuarial reserve	533	318
Total	**(12,097)**	**1,448**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations into Euro. The value of the currency reserve decreased during the year due to the general strengthening of the Euro against the currencies of the countries where the Group operates.

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 change was due to the capital increase made in 2014.

The own shares reserve was created in 2011 when Cavotec SA bought back its shares from the former Parent company Cavotec MSL.

NOTE 29. 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	2014	2013
Profit for the year	10,230	10,453
Attributable to:		
Equity holders of the Group	10,258	10,494
Non-controlling interest	(29)	(41)
Total	**10,230**	**10,453**
Weighted-average number of shares outstanding	73,444,997	71,332,700
Basic and diluted earnings per share attributed to the equity holders of the Group	0.140	0.147

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

NOTE 30. SEGMENT INFORMATION

Operating segments have been determined on the basis of the Group management structure in place and on the management information and reports received and used by the CODM to make strategic and management decisions.

The Group organisation is based on geographic regions and each region is headed by a Regional Manager. The principal regional groupings which constitute operating segments are:

Americas: This region includes the US, Canada, Mexico, Central and South America
Europe & Africa: This region includes all of Europe, including Russia, and Africa
Middle East & India: This region includes Egypt, Gulf states, India, Lebanon, Oman, Saudi Arabia, Turkey, and the United Arab Emirates
Far East: This region includes China, Hong Kong, Japan and South Korea
Australasia and South East Asia: This region includes South East Asia including Singapore, Australia and New Zealand
HQ: This segment includes the Parent, the sub-holdings and the service companies

While the primary focus of the CODM in managing the business is directed at geographic regions, attention is also directed at the level of product penetration and third party revenues generated in the various regions for the various product groupings. In addition, the CODM organises the marketing effort and evaluates new acquisitions under four MUs: Ports & Maritime, Airports, Mining & Tunnelling and General Industry. Third party revenues, by product grouping, for each operating segment are summarised later in this note.

Information by operating segment for the year ended 31 December, 2014 for each operating segment is summarised below:

Year ended 31 December, 2014 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Revenue from sales of goods	50,496	183,530	23,968	54,034	15,162	-	(94,395)	**232,795**
Other income	1,790	7,557	1,879	1,220	6,070	2,393	(12,802)	**8,108**
Operating expenses before depreciation and amortisation	(60,327)	(173,380)	(24,615)	(50,221)	(18,732)	(2,493)	105,894	**(223,874)**
Gross Operating Result	**(8,041)**	**17,707**	**1,232**	**5,034**	**2,500**	**(100)**	**(1,303)**	**17,029**

Information by operating segment for the year ended 31 December, 2013 for each operating segment is summarised below:

Year ended 31 December, 2013 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Revenue from sales of goods	52,042	174,036	32,740	51,198	17,639	-	(99,951)	**227,704**
Other income	2,160	6,630	(71)	37	4,885	1,507	(9,255)	**5,892**
Operating expenses before depreciation and amortisation	(62,667)	(164,829)	(31,541)	(45,655)	(22,124)	(1,968)	110,215	**(218,569)**
Gross Operating Result	**(8,465)**	**15,837**	**1,128**	**5,580**	**400**	**(461)**	**1,009**	**15,027**

The CODM assesses the performance of the operating segments based on adjusted gross operating result. This measurement basis excludes the effects of non-recurring expenditure from operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated non-recurring event.

A reconciliation of adjusted gross operating result to profit before income tax is provided as follows:

EUR 000's	2014	2013
Gross operating result for operating segments	18,331	14,018
Inter-Group elimination	(1,302)	1,009
Depreciation	(3,022)	(3,476)
Amortisation	(1,164)	(1,045)
Assets held for sales	(282)	-
Financial costs - net	3,657	(1,566)
Profit before income tax	**16,218**	**8,940**

Assets at 31 December 2014 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current assets	31,136	74,203	15,035	27,067	20,470	81,573	(122,927)	**126,556**
Intangible assets	26,888	16,410	530	3	24,982	341	-	**69,154**
Total non-current assets	16,346	22,292	1,806	999	969	5,518	(3,630)	**44,299**
Asset held for sale	-	1,800	-	-	-	-	-	**1,800**
Total assets	**74,370**	**114,704**	**17,371**	**28,068**	**46,421**	**87,432**	**(126,557)**	**241,809**

Assets at 31 December 2013 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current assets	24,612	65,568	19,962	25,189	19,053	55,228	(100,882)	**108,728**
Intangible assets	23,933	17,199	-	-	24,640	479	-	**66,251**
Total non-current assets	13,306	22,058	2,641	1,012	1,584	5,859	(4,016)	**42,445**
Asset held for sale	130	2,083	-	-	-	-	-	**2,213**
Total assets	**61,981**	**106,908**	**22,603**	**26,201**	**45,277**	**61,566**	**(104,899)**	**219,637**

Operating segments' assets are reconciled to total assets as follows:

EUR 000's	2014	2013
Segment assets for operating segments	368,366	324,536
Inter-Group elimination	(126,557)	(104,899)
Total assets	**241,809**	**219,637**

The amounts provided to the CODM with respect to total liabilities are measured in a manner consistent with that of the Financial Statements. These liabilities are allocated based on the operations of the segment. The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the treasury function.

Liabilities at 31 December 2014 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current liabilities	(80,528)	(62,820)	(6,389)	(14,036)	(4,707)	(6,056)	117,161	**(57,375)**
Total non-current liabilities	(4,800)	(11,425)	(1,279)	(732)	(935)	(32,396)	5,037	**(46,531)**
Total liabilities	**(85,328)**	**(74,245)**	**(7,668)**	**(14,768)**	**(5,643)**	**(38,452)**	**122,198**	**(103,906)**

Liabilities at 31 December 2013 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
Total current liabilities	(53,768)	(58,546)	(9,718)	(12,753)	(3,592)	(7,339)	94,978	**(50,738)**
Total non-current liabilities	(6,432)	(14,195)	(947)	(773)	(1,515)	(41,754)	5,487	**(60,130)**
Total liabilities	**(60,200)**	**(72,741)**	**(10,665)**	**(13,526)**	**(5,107)**	**(49,093)**	**100,465**	**(110,868)**

Notes to the Financial Statements

Operating segments' liabilities are reconciled to total liabilities as follows:

EUR 000's	2014	2013
Segment liabilities for operating segments	(226,104)	(211,333)
Inter-Group elimination	122,198	100,465
Total liabilities	**(103,906)**	**(110,868)**

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

Year ended 31 December 2014 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	Total
Ports & Maritime	17,985	56,685	4,937	29,546	4,858	**114,012**
Airports	17,333	17,128	14,643	6,782	267	**56,152**
Mining & Tunnelling	2,155	12,722	353	5,044	6,704	**26,978**
General Industry	2,891	22,122	4,034	4,420	2,185	**35,653**
Total	**40,364**	**108,658**	**23,967**	**45,792**	**14,014**	**232,795**

Year ended 31 December 2013 EUR 000's	Americas	Europe	Middle East, Africa & India	Far East	Oceania	Total
Ports & Maritime	13,313	34,897	15,069	29,809	3,940	**97,028**
Airports	23,165	17,680	12,018	7,204	734	**60,801**
Mining & Tunnelling	2,938	16,904	215	4,070	5,182	**29,309**
General Industry	3,405	23,737	5,420	5,214	2,791	**40,566**
Total	**42,821**	**93,218**	**32,722**	**46,297**	**12,647**	**227,704**

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.

On 1 January 2015, Cavotec's new organisation came into effect. The regional framework was replaced by three larger areas of responsibility. Far East and Oceania were merged into APAC (Asia Pacific). Europe and Middle East, Africa & India became EMEA (Europe, Middle East & Africa), while Americas remained the same (AMER). A pro forma summary of 2014 reflecting these changes is set out below:

Year ended 31 December, 2014 EUR 000's	AMER	EMEA	APAC	HQ	InterCompany	Total
Revenue from sales of goods	50,496	207,498	69,196	-	(94,395)	**232,795**
Other income	1,790	9,436	7,290	2,393	(12,802)	**8,108**
Operating expenses before depreciation and amortisation	(60,327)	(197,995)	(68,953)	(2,493)	105,894	**(223,874)**
Gross Operating Result	**(8,041)**	**18,939**	**7,533**	**(100)**	**(1,303)**	**17,029**

Assets at 31 December 2014 EUR 000's	AMER	EMEA	APAC	HQ	InterCompany	Total
Total current assets	31,136	86,408	47,536	81,573	(120,098)	**126,556**
Intangible assets	26,888	16,940	24,985	341	-	**69,154**
Total non-current assets	16,346	24,098	1,968	5,518	(3,630)	**44,299**
Asset held for sale	-	1,800	-	-	-	**1,800**
Total assets	**74,370**	**129,246**	**74,489**	**87,432**	**(123,728)**	**241,809**

Liabilities at 31 December 2014 EUR 000's	AMER	EMEA	APAC	HQ	InterCompany	Total
Total current liabilities	(80,528)	(66,380)	(18,743)	(6,056)	114,332	**(57,375)**
Total non-current liabilities	(4,800)	(12,704)	(1,668)	(32,396)	5,037	**(46,531)**
Total liabilities	**(85,328)**	**(79,084)**	**(20,411)**	**(38,452)**	**119,369**	**(103,906)**

NOTE 31. RELATED PARTY DISCLOSURE

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

The Group's key management personnel comprises the Chief Executive Officer and the members of Senior Management Team (SMT). Following the creation of the Senior Management Team (SMT), effectively replacing the previous Executive Management Committee (EMC), the number of SMT members totalled 7 as of December 2014. Their total remuneration, including salary and other short term benefits, amounted to a total of EUR 2,419 thousands (2013: 4,582). The total compensation also includes compensation from SMT members' related parties.

Please refer to the Compensation Report at page 41 for the remuneration of the Board Members and page 38 for the description of the long-term incentive plan.

Year ended 31 December 2014					
EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer	564	25	-	-	589
Executive Management	1,726	104	-	-	1,830
Total remuneration	**2,290**	**129**	**-**	**-**	**2,419**

Year ended 31 December 2013					
EUR 000's	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Share-based payment	Total
Chief Executive Officer	718	25	-	-	743
Executive Management	3,635	205	-	-	3,840
Total remuneration	**4,353**	**230**	**-**	**-**	**4,582**

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
Aivot AB	Sweden	-	(22)	-	-	-	(120)	-
Port Equipment Manufacturing Association (PEMA)	Belgium	-	-	-	-	-	-	(7)
Soliden Sagl	Switzerland	-	-	-	-	-	(175)	-
VR Group Oy	Finland	-	-	-	38	-	-	-
Subtotal		**-**	**(22)**	**-**	**38**	**-**	**(294)**	**(7)**

NOTE 32. 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	2014	2013
Audit services		
PricewaterhouseCoopers	599	578
Other auditor firms	119	127
Total	**718**	**705**
Other assurance services:		
Taxation		
PricewaterhouseCoopers	60	115
Other auditor firms	11	7
Total	**71**	**122**
Other assurance services*		
PricewaterhouseCoopers	18	59
Other auditor firms	3	5
Total	**21**	**64**
Total	**92**	**186**

* Other assurance services include legal services, transfer pricing, EU VAT consultancy fees and the fees for share capital changes in Switzerland.

Notes to the Financial Statements

NOTE 33. 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 an internal investigation at Cavotec's US-based INET operations in September 2012, Mike Colaco was suspended from all management positions in Cavotec INET and other US affiliates of the Cavotec. Colaco subsequently filed a lawsuit against Cavotec. Cavotec denies any wrongdoing and has filed a counter-suit against Colaco and others. The lawsuit is moving forward and the discovery process was concluded recently. The start of the trial has been postponed to 13 April 2015. The assessment of the Board of Directors is that the claims made by Colaco are without substantial basis or foundation and are not likely to result in any material financial exposure to Cavotec, which has not already been provided for in the accounts. As the litigation is on-going the Group withholds from further comment at this time.

NOTE 34. CONTINGENCIES

EUR 000's	2014	2013
Bonds	17,322	20,763
Financial guarantees	245	769
Other guarantees	2,876	601
Total	**20,443**	**22,133**

The items listed under Contingencies are mainly performance bonds to customers in Hong Kong, Middle East, South Africa and the US, of which EUR 14,222 thousands will expire within one year. Based on historical experience there isn't any expectation to have significant cash outflow from these bonds.

NOTE 35. COMMITMENTS

The following details commitments associated with Cavotec SA & Subsidiaries.

EUR 000's	2014	2013
Rental commitments		
Within one year	3,128	3,105
Later than one, not later than two years	2,638	2,259
Later than two, not later than five years	5,737	4,782
Later than five years	4,543	5,224
Total	**16,046**	**15,370**

The Group leases various properties under non-cancellable lease agreements. These lease terms are generally between one and six years.

Operating lease commitments		
Within one year	248	316
Later than one, not later than two years	187	163
Later than two, not later than five years	79	114
Later than five years	-	-
Total	**514**	**593**

Capital commitments		
Within one year	-	-
Later than one, not later than two years	-	-
Total commitments	**-**	**-**

NOTE 36. SECURITIES AND COLLATERALS

Real estate related loans amounting to EUR 4,392 thousands at 31 December, 2014 (2013: 4,839) 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 37. 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 treasury function'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 management of exposures arising from trading related financial instruments, primarily trade receivables and trade payables, is managed at the Group and regional level through a series of set policies and procedures. Regional managers apply these policies and procedures and perform review processes. 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

The Group generally offers customers the possibility to pay in their own currencies through the 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 risk is mitigated by the fact that the Group's major competitors are also mainly located in Euro jurisdictions and, consequently, it is possible to adjust sales prices to negate the adverse effect of the change. 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. An area of potential risk arises from the fact that only 26.6% (24.5%) of the Group's revenues are denominated in Euro as the major manufacturing units, except for the operations of Cavotec INET, Dabico and Micro-control Norway, are located in Euro currency based jurisdictions and furthermore significant sales are also made in territories where the US dollar historically has had a significant influence (apart from the US, this would include the UAE, China, Hong Kong and Singapore amounting to 40.3% of the Group's total sales from 48.0% in 2013).

The exchange rates listed here below are used to prepare the Financial Statements:

Currency	Average rate	Year end rate
AED	0.20494	0.22504
ARS	0.09283	0.09762
AUD	0.67940	0.67435
BRL	0.32040	0.31049
CAD	0.68206	0.71109
CHF	0.82330	0.83167
DKK	0.13414	0.13431
EUR	1.00000	1.00000
GBP	1.24051	1.28386
HKD	0.09706	0.10619
INR	0.01234	0.01303
KRW	0.00072	0.00075
NOK	0.11970	0.11060
NZD	0.62518	0.64412
RMB	0.12216	0.13270
RUB	0.01963	0.01382
SEK	0.10991	0.10646
SGD	0.59442	0.62274
USD	0.75273	0.82366
ZAR	0.06943	0.07125

At 31 December 2014, had the Euro weakened/strengthened by 10% 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 5,609 thousands higher/lower (2013: 3,666 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% 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.

	2014		2013	
EUR 000's	**EUR -10%**	**EUR +10%**	**EUR -10%**	**EUR +10%**
Receivables	196	(196)	48	(48)
Payables	(86)	86	(64)	64
Financial assets	6,240	(6,240)	3,682	(3,682)
Financial liabilities	(741)	741	-	-
Total increase / (decrease)	**5,609**	**(5,609)**	**3,666**	**(3,666)**

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

	2014		2013	
EUR 000's	**Financial Assets**	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
EUR	8,534	(28,680)	6,928	(49,171)
USD	3,450	(7,413)	1,415	-
RMB	335	-	951	-
AED	790	-	841	-
GBP	130	-	91	-
SEK	289	(894)	407	(665)
NOK	628	-	696	(60)
AUD	1,210	(61)	287	(106)
CHF	211	-	134	-
HKD	11	-	418	-
Other	1,483	(35)	1,760	(5)
Total	**17,071**	**(37,083)**	**13,928**	**(50,007)**

Other financial assets totalling EUR 275 thousands and financial liabilities totalling EUR 63 thousands were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

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

	2014		2013	
EUR 000's	**Receivables**	**Payables**	**Receivables**	**Payables**
EUR	18,253	(21,538)	16,314	(18,393)
USD	17,589	(4,693)	10,808	(5,405)
RMB	8,099	(1,617)	6,387	(1,460)
AED	4,265	(729)	904	(1,334)
GBP	535	(487)	915	(775)
SEK	486	(296)	378	(368)
NOK	2,973	(502)	2,447	(658)
AUD	3,199	(2,030)	3,923	(1,127)
CHF	-	(197)	-	(279)
HKD	1,031	(218)	2,265	(730)
Other	4,558	(524)	4,364	(997)
Total	**60,988**	**(32,831)**	**48,705**	**(31,526)**

Other non-current assets totalling EUR 2,513 thousands (2012: 2,025) were excluded from the sensitivity analysis as these were in the same currency used by the relevant entity in its reporting.

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 in accordance with the Group's financial risk management policy approved by the Board. 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, 2014 87% of the Net Debt was floating rate (2013: 90%).

The impact of a 1% increase/decrease in interest rates will result in a decrease/increase of interest expenses for the year of EUR 323 thousands (2013: 449 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 table presents the Group's financial instruments that are measured at fair value by valuation method including those measured at amortised cost or at cost at 31 December, 2014:

EUR 000's	Level 1	Level 2	Level 3	Valued at amortised cost	Total
Assets					
Current financial assets	11	-	-	-	11
Non-current financial assets	-	-	39	-	39
Long-term loans	-	-	-	225	225
Total assets	**11**	**-**	**39**	**225**	**275**
Liabilities					
Current trading derivatives	-	-	-	-	-
Non-current trading derivatives	-	(63)	-	-	(63)
Total Liabilities	**-**	**(63)**	**-**	**-**	**(63)**

There is no change in the valuation of level 3 assets.

See note 16 for disclusures on the disposal of assets held for sales 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 COOs 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, 2014 total past due trade receivables were lower than at the end of 2013. The ageing of the trade receivables is as follows:

EUR 000's	2014	2013
Overdue up to 30 days	11,772	12,923
Overdue up to 30 and 60 days	4,942	1,926
Overdue up to 60 and 90 days	2,014	4,708
Overdue up to 90 and 120 days	2,082	1,454
Overdue up to 120 and 150 days	284	205
Overdue more than 150 days	9,060	9,773
Total	**30,154**	**30,989**

At 31 December, 2014 EUR 3,836 thousands (2013: 3,510) has been provisioned against impaired financial receivables. The amount of written-off receivables recognised in 2014 was EUR 208 thousands (2013: 240).

Provision for impaired financial receivables by operating segment

EUR 000's	2014	2013
Americas	(2,762)	(2,354)
Europe & Africa	(222)	(496)
Middle East & India	(322)	(406)
Far East	(222)	(254)
Australasia SE Asia	(308)	-
Total	**(3,836)**	**(3,510)**

NET DEBT

Net Debt is defined as financial liabilities minus cash and cash equivalents and current financial assets.

EUR 000's	2014	2013
Cash and cash equivalents	17,071	13,928
Current financial assets	11	9
Bank overdraft	-	-
Short-term debt	(1,738)	(4,654)
Long-term debt	(35,345)	(45,353)
Total	**(20,002)**	**(36,070)**

LIQUIDITY RISK

Liquidity risk is managed by the Group Treasury unit, 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 centralised treasury operation reviews cash flows more frequently to assess the short and medium-term requirements. These assessments ensure the Group responds to possible future cash constraints in a timely manner. Operating finance requirements of group companies are met, whenever possible, from the centralised treasury which is responsible for investing liquid asset surplus's which are not immediately required by operating companies.

In August 2011 the Group renewed its EUR 50.0 million syndicated loan facility agreement signed in 2009 and maturing in 2012. This agreement extends the maturity to August 2016 at improved pricing and includes an option to increase the facility up to EUR 80 million. During 2013 and 2014, the Group secured a EUR 30.0 million increase of the facility at the same conditions.

The facility is available in two parts, the amortising term loan ("Facility A") and the revolving credit line ("Facility B"). Facility A was fully repaid at the end of the year and the draw-down of Facility B amounted to EUR 37.8 million, of which EUR 31.4 million on the revolving credit facility itself and EUR 6.4 million on the ancillary credit line for guarantees. See note 20 for additional information.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR 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 1.15% 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, 2014.

As of December 31, 2014, 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 79.8 million, of which EUR 42.6 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.

	2014		2013	
EUR 000's	**Less than 1 year**	**1 and 5 years**	**Less than 1 year**	**1 and 5 years**
Bank overdrafts and short-term debt	(1,738)	-	(4,654)	-
Long-term debt	-	(35,345)	-	(45,353)
Total	**(1,738)**	**(35,345)**	**(4,654)**	**(45,353)**
Cash and cash equivalents	17,071		13,928	-

	Credit facilities	
EUR 000's	**Total**	**Used**
Bank overdrafts	(5,058)	-
Current financial liabilities	(1,738)	(1,738)
Non-current financial liabilities	(73,041)	(35,345)
Total utilisation for cash	**(79,837)**	**(37,083)**
Guarantees	-	(5,500)
Total	**(79,837)**	**(42,583)**

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. During 2014, the Group's strategy, which was unchanged, compared to previous years, was to maintain a debt to equity ratio of no more than 75%, consistent with the Company's financial covenant requirement under its long-term financing arrangements. In monitoring the level of indebtness, on-going attention is also given by management to the level of interest cover calculated as Operating Result divided by Net Financial Costs and to the leverage ratio defined as Net Debt divided by Gross Operating Result (EBITDA).

The debt equity ratios, interest cover and leverage ratio at 31 December, 2014 and 31 December, 2013 were as follows:

EUR 000's	2014	2013
Total interest bearing liabilities	(37,083)	(50,007)
Cash and cash equivalents	17,071	13,928
Current financial assets	11	9
Net debt	**(20,002)**	**(36,070)**
Total equity	**(137,903)**	**(108,769)**
Debt equity ratio	14.5%	33.2%
Interest cover	5.3	8.6
Leverage ratio	1.17	2.40

Report of the statutory auditor
to the General Meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Cavotec SA, which comprise the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 62 to 93), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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	Efrem Dell'Era
Audit expert Auditor in charge	Audit expert

Lugano, 26 February 2015

STATUTORY FINANCIAL STATEMENTS

For the period ended 31 December 2014

Please note that all reported amounts in this report are in CHF.

STATUTORY FINANCIAL STATEMENTS

CAVOTEC SA
Income statement

CHF	2014	2013
Revenue and income	1,767,571	1,267,102
Employee benefit costs	(1,397,908)	(729,366)
External services	(1,189,640)	(986,541)
Travelling expenses	(41,067)	(43,392)
General expenses	(362,972)	(146,462)
Operating Result	**(1,224,016)**	**(638,659)**
Finance costs - net	(27,587)	(32,196)
Foreign exchange - net	(30,913)	33,276
Translation differences	(408,723)	-
Loss before income tax	**(1,691,239)**	**(637,579)**
Taxes	(32,881)	(27,023)
Loss for the year	**(1,724,120)**	**(664,602)**

CAVOTEC SA
Balance Sheet

Assets CHF	Notes	2014	2013
Current assets			
Cash and cash equivalents		3,550,185	59,807
Trade accounts receivable, Group		1,479,937	697,780
Prepaid exp. and accrued income		13,791	3,784
Tax assets		27,140	25,618
Total current assets		**5,071,053**	**786,989**
Non-current assets			
Investments in subsidiary companies	3	118,372,874	120,853,741
Own shares	5	92,264	95,490
Total non-current assets		**118,465,138**	**120,949,231**
Total assets		**123,536,191**	**121,736,220**

Liabilities	Notes	2014	2013
Current liabilities			
Bank overdrafts	8	-	(15,544,224)
Current financial liabilities	8	(1,124,244)	(2,264,922)
Accounts payable		(201,736)	(139,072)
Accounts payable with Group Companies		(6,220)	-
Accruals and deferred income		(180,039)	(106,517)
Tax provision		(17,965)	(12,074)
Other liabilities		(319,834)	(7,570)
Total current liabilities		**(1,850,038)**	**(18,074,379)**
Non-current liabilities			
Other non-current liabilities		(316,291)	-
Provision for translation reserve		-	(1,780,205)
Total non-current liabilities		**(316,291)**	**(1,780,205)**
Total liabilities		**(2,166,329)**	**(19,854,584)**

Equity	Notes	2014	2013
Share capital	4	(112,306,480)	(105,667,886)
Legal reserves:			
- Reserve for own shares	4,5	(92,264)	(95,490)
Share premium reserve	4	(16,616,953)	(2,039,975)
Prior year retained earnings	4	5,921,715	5,257,113
Result for the period	4	1,724,120	664,602
Total equity		**(121,369,862)**	**(101,881,636)**
Total equity and liabilities		**(123,536,191)**	**(121,736,220)**

CAVOTEC SA
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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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

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.

Own shares – Own shares are valued at the lower of cost and realisable value at the Balance Sheet date. The reserve for the own shares included in shareholders' equity corresponds to the historical purchase cost of the own shares.

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	6,000,000

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 of Share Capital	4 May 2012	71,397,220	109,237,747
Reduction of Share Capital	23 April 2013	71,397,220	105,667,886
Reduction of Share Capital	23 April 2014	71,397,220	102,098,025
Increase share capital	19 September 2014	78,536,000	112,306,480

Cavotec SA was established by Cavotec MSL in Lugano, Switzerland on 14 June 2011 with an initial share capital of CHF 100,000 fully paid up and divided into 100,000 registered shares. The shares' par value was CHF 1.00.

Prior to the Scheme of Arrangement, Cavotec SA's outstanding shares were consolidated into 64,520 shares and the shares' par value was increased to CHF 1.55. The consolidation process induced a share capital increase of CHF 6.00.

Cavotec SA, as of Contribution Agreement dated 3 October 2011, assumed from the shareholders in Cavotec MSL, the option right in 71,332,700 registered shares of Cavotec MoorMaster, for a total amount of CHF 112,705,666 and accepted by the Company for this amount. This capital increase was registered with the relevant Swiss authority on 3 October 2011. CHF 110,565,685 has been imputed on the share capital, whereas CHF 2,139,981 as share premium reserve, for an equivalent to the contributor of 71,332,700 fully paid up registered shares with a par value of CHF 1.55 each of the Company.

The AGM held on 4 May, 2012 approved a reduction of the nominal value of the registered shares from CHF 1.55 to CHF 1.53. The nominal value reduction was used for the repayment to the shareholders.

The AGM held on 23 April, 2013 approved a reduction of the nominal value of the registered shares from CHF 1.53 to CHF 1.48. The nominal value reduction was used for the repayment to the shareholders.

The OGM held on 23 April, 2014 approved a reduction of the nominal value of the registered shares from CHF 1.48 to CHF 1.43. The nominal value reduction was used for the repayment to the shareholders.

The Board of Directors meeting held on 15 September, 2014 approved an increase of share capital of CHF 10,208,455, through the insurance of 7,138,780 shares and an increase of Share Premium Reserve by CHF 14,573,752. The share capital as of 31 December 2014 is divided into 78,536,000 shares at a par value CHF 1.43 each.

CHF	Share Capital	Legal Reserve Reserve for own shares	Share Premium Reserve	Prior Year Retained Earnings	Result for the period	Total Shareholder's equity
Opening balance at January 1, 2013	109,237,747	98,716	2,039,975	(3,686,530)	(1,570,583)	106,119,324
Allocation prior year result	-	-	-	(1,570,583)	1,570,583	-
Reduction share capital	(3,569,861)	(3,226)	-	-	-	(3,573,087)
Result of the period	-	-	-	-	(664,602)	(664,602)
Balance at December 31, 2013	**105,667,886**	**95,490**	**2,039,975**	**(5,257,113)**	**(664,602)**	**101,881,635**
Opening balance at January 1, 2014	**105,667,886**	**95,490**	**2,039,975**	**(5,257,113)**	**(664,602)**	**101,881,635**
Allocation prior year result	-	-	-	(664,602)	664,602	-
Reduction share capital	(3,569,861)	(3,226)	3,226	-	-	(3,569,861)
Increase share capital	10,208,455	-	14,573,752	-	-	24,782,207
Result of the period	-	-	-	-	(1,724,120)	(1,724,120)
Balance at December 31, 2014	**112,306,480**	**92,264**	**16,616,953**	**(5,921,715)**	**(1,724,120)**	**121,369,862**

The 2014 OGM approved the creation of a contingent share capital of 713,972 shares, in connection with employees' participation to 2014 Long Term Incentive Plan (LTIP). The total amount of contingent shares refers to 2012, 2013 and 2014 Long Term Incentive Plan (LTIP). The balance of authorised shares, approved by 2013 AGM, will expire on 23 April 2016.

Share capital as of December 31, 2014	No of registered shares	Par value	Total (CHF)
Issued shares	78,536,000	CHF 1.43	112,306,480
Contingent shares	2,141,916	CHF 1.43	3,062,940
Authorised shares	7,140,664	CHF 1.43	10,211,150

NOTE 5. OWN SHARES

The own shares held at 31 December were 64,520, equal to 0.08% of the total share capital.
A reserve for own shares of CHF 92 thousands equal to 64,520 share at CHF 1.43 has been established.

NOTE 6. SIGNIFICANT SHAREHOLDERS

The end of the year and based on the available information, the shareholders with holdings in excess of 5% of the shares are:

Year ended 31 December 2014 Shareholders		Number	%
Bure Equity AB	Financial institution	8,248,970	10.5%
Michael Colaco	Shareholder	7,703,844	9.8%
LCL International Life Assurance Ltd[(1)]	Financial institution	7,200,000	9.2%
Stefan Widegren & family[(2)]	Chairman & Founder shareholder	6,954,264	8.9%
Fabio Cannavale (Nomina SA)	Board member	6,948,046	8.8%
Total		**37,055,124**	**47.2%**

Year ended 31 December 2013 Shareholders		Number	%
Michael Colaco	Shareholder	7,703,844	10.8%
Lars Hellman (through Nordea Life & Pension)[(1)]	Founder	7,512,551	10.5%
Stefan Widegren & family[(2)]	Chairman & Founder	7,254,264	10.2%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	9.7%
Total		**29,418,705**	**41.2%**

[(1)] *In November 2014 LCL International Life Assurance Company Ltd completed the acquisition of Nordea Life & Pensions Ltd, Isle of Man, thereby assuming custody of the Cavotec shares held previously by Nordea Life & Pensions Ltd.*

[(2)] *The amount includes the shares owned by Stefan Widegren, Lotten Widegren, Kristina Widegren and Thomas Widegren.*

CAVOTEC SA
Notes to Statutory Financial Statements

NOTE 7. SHARE OWNERSHIP – BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM
Based on publicly available information, the ownership by members of the Board and Senior Management Team is as follow:

Shareholders as of 31 December 2014		Number	%
Stefan Widegren & family*	Chairman & Founder	6,954,264	8.9%
Fabio Cannavale (through Nomina SA & other)	Board member	6,948,046	8.8%
Ottonel Popesco & family	CEO	2,442,252	3.1%
Leena Essén (through Anelea Holdings & other)	Board member	2,189,607	2.8%
Lakshmi Khanna	Board member	263,406	0.3%
Erik Lautmann	Board member	107,802	0.1%
Patrick Rosenwald	SMT member	58,818	0.1%
Michael Scheepers	SMT member	41,974	0.1%
Juergen Strommer	SMT member	34,305	0.0%
Giorgio Lingiardi	SMT member	33,727	0.0%
Christer Granskog (through Oy Piceum Ab)	Board member	25,000	0.0%
Gustavo Miller	SMT member	22,277	0.0%
Yann Duclot	SMT member	15,762	0.0%
Ester Cadau	SMT member	9,727	0.0%
Total		**19,146,967**	**24.2%**

** The amount includes the shares owned by Stefan Widegren, Lotten Widegren, Kristina Widegren and Thomas Widegren.*

NOTE 8. CREDIT FACILITY AGREEMENTS
Cavotec SA is the borrower under certain debt securities including the Group syndacated credit facilities signed with SEB AG and Banca IMI and the credit facility signed with Cornér Bank. As of year-end the total utilisation was CHF 1,124 thousands.

NOTE 9. GUARANTEES AND COMMITMENTS
Cavotec SA is a guarantor for the existing EUR 70 million syndicated credit facility.

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

The following table provides quantitative data regarding the Company's third-party guarantees.

CHF	31 December 2014	31 December 2013
Advance payment bonds	1,772,764	-
Performance bond	1,462,670	1,815,544
Letter of credits	-	-
Other guarantees	-	19,419
Total	**3,235,434**	**1,834,963**

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 2014, the company has granted no loans, advances, borrowings or guarantees in favour of member of the Board of Directors and members of the Senior Management Team or parties closely related to such persons.

NOTE 12. 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.

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

The lawsuit against Mike Colaco is progressing and discovery is concluded. The start of the trial has been set for April 2015.

NOTE 14. OTHER INDICATIONS REQUIRED BY THE LAW

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

CAVOTEC SA

Proposed appropriation of available earnings

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

CHF	31 December 2014	31 December 2013
Carried forward from previous years	(5,921,715)	(5,257,113)
Loss for the financial year	(1,724,120)	(664,602)
Total earnings available	**(7,645,835)**	**(5,921,715)**
Appropriation to general statutory reserves (retained earnings)	-	-
Appropriation to other reserves	-	-
Proposed balance to be carried forward	**(7,645,835)**	**(5,921,715)**

In lieu of a dividend the Board of Directors will propose to the Ordinary General Meeting, to be held on 22 April 2015, a reduction in par value of the shares by CHF 0.05 to CHF 1.38.

Report of the statutory auditor
to the General Meeting of
Cavotec SA
Lugano

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Cavotec SA, which comprise the balance sheet, income statement and notes (pages 97 to 101), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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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	Efrem Dell'Era
Audit expert Auditor in charge	Audit expert

Lugano, 26 February 2015

Where our companies are located*

Argentina
Australia
Bahrain
Belgium
Brazil
Canada
China
Denmark
Finland
France
Germany
Hong Kong
India
Italy
The Netherlands
New Zealand
Norway
Russia
Singapore
South Africa
South Korea
Spain
Sweden
Switzerland
UAE
UK
USA

Cavotec's Centres of Excellence

CAVOTEC ALFO
Overath, Germany

CAVOTEC CONNECTORS
Staffanstorp, Sweden

CAVOTEC FLADUNG
Dietzenbach, Germany

CAVOTEC DABICO/INET
Cypress, CA, USA

CAVOTEC MICRO-CONTROL
Hell, Norway

CAVOTEC MOORMASTER
Kaiapoi, New Zealand

CAVOTEC SPECIMAS
Nova Milanese, Italy

Sales offices

Centres of Excellence

* **Branch offices and agents are not included on this map.**

Headquarters

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Financial definitions

Financial key 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/assets ratio Total equity as a percentage of total assets.

FY FY stands for Full Year.

Leverage ratio Net debt divided by operating result before depreciation and amortisation.

LTM LTM stands for Last Twelve Months.

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

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.

Total equity Shareholders' equity including minority interests.

Operating key figures

Average capital employed Total assets minus current liabilities calculated on their average of quarterly values.

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

EBITDA Operating result excluding depreciation and amortisation of PPE and intangible assets.

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 divided by net interest expenses.

Net debt/EBITDA Net debt divided by EBITDA.

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.

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

AMP Alternative Maritime Power, is Cavotec's version of shore-to-ship electrical power that allows vessels in port to switch off their engines that run on board services, thus cutting emissions and improving air quality in ports. More generally known as shore-to-ship power or 'cold ironing', a term coined in 1950s when US Navy vessels that plugged into shore side electrical power were described as 'cold irons'.

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: Apparails destinés à être utilisés en Atmosphéres Explosibles.

DX-Boost Direct Expansion (DX-Boost) is a system for cooling aircraft at the gate using a liquid-chilled first stage followed by 2 or 3 refrigerated cooling stages with the aid of a high pressure centrifugal blower and compressors that are fully controlled by variable frequency drives and liquid chilled condensers.

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.

E-RTGs Electrically Powered Rubber-tyred Gantry cranes, a specialty of Cavotec's Ports & Maritime Market Unit, are increasingly widely adopted at ports, as operators seek to power more and more equipment electrically, rather than using diesel engines, motors and generators that tend to create more greenhouse gas emissions than electricity produced by power stations.

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 some 230 airlines, airport operators and suppliers. Cavotec joined the organisation as a Strategic Partner in 2008.

IEC The International Electrotechnical Commission is the world's leading organisation that prepares and publishes standards for all electrical and related technologies. Cavotec equipment, where applicable hold IEC rating.

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.

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

MWT Cavotec's Multi Way Technology connector pins are components of Cavotec heavyduty power connectors and sockets. They provide high electrical current capacity and are used at ports, airports, in the mining, tunnelling, steel and aluminium sectors, general and automation industries and the energy and offshore sectors.

NOx Nitrogen oxide – one of the primary pollutants associated with ship emissions. See also SOx.

PCA Pre-conditioned Air refers to air generated by Cavotec's systems that cools air for aircraft. 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.

PEMA The Port Equipment Manufacturers Association provides a forum and public voice for the global port equipment and technology sectors, reflecting their critical role in enabling safe, secure, sustainable and productive ports and thereby supporting world maritime trade. Cavotec CEO, Ottonel Popesco, currently serves as President of the Association.

RRC Radio Remote Controls are used in a vast variety of applications across the Ports & Maritime, Mining & Tunnelling and General Industry sectors. Cavotec supplies a comprehensive range of RRC units: some are designed for complex operations, others for basic tasks – all are durable and easy to use.

SOx Sulphur oxide – one of the primary pollutants associated with ship emissions from the burning of HFO. See also NOx.

Notes

Colophon

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