

MEDIA RELEASE

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THE BOARD OF DIRECTORS OF CAVOTEC SA PROPOSES THE CONTINUATION OF THE LONG-TERM INCENTIVE PROGRAMME.

Purpose and Background

At the 2015 OGM the Board of Directors of Cavotec SA (“Cavotec”) resolved to implement a long-term incentive plan for selected employees of the Cavotec group in the form of an annually offered share-matching plan (the “Plan”). The purpose of the Plan is to provide selected key employees with an opportunity to become shareholders of Cavotec and to participate in the future long-term value creation of Cavotec; thus fostering a managing shareholder culture. Furthermore, it is intended that the Plan will attract, motivate and retain key employees, as well as, rewarding them for their contribution to business success.

The Plan shall be implemented, centrally administered and maintained by the Board of Directors. The Board of Directors may appoint a plan administrator who is responsible for the administration of the Plan. The Remuneration Committee shall be responsible for the structuring and operation of the Plan (including addressing and/or resolving all questions arising under the Plan).

Eligible employees

The eligible employees will consist of the members of the Senior Management Team and selected other senior management persons. From the eligible employees, the Board of Directors, in its sole discretion and after consultation with the CEO of Cavotec, will each year separately determine who shall be entitled to participate in the Plan. The right to participate in the Plan in a particular financial year is limited to those employees who have been formally invited.

Co-investment Shares

A participant in the Plan (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. Shares that are not purchased during the determined period or that are purchased during the determined period but exceed the maximum number of the individually allowed Co-investment Shares will not qualify as Co-investment Shares.

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 Board of Directors defines the exact Matching Date.

The Participant has full share ownership rights over the Co-investment Shares and they may be disposed of, sold, donated, pledged or transferred in any way during the holding period. The participant is, however, obliged to notify the plan administrator of any changes.



The size of the Matching Bonus

The Participant is entitled to obtain a bonus (the “Matching Bonus”) according to the terms and conditions of the Plan, provided that the Participant is employed in the Cavotec Group on the Matching Date.

The amount of the Matching Bonus depends on the number of Co-investment Shares still held by the Participant on the Matching Date, as well as, on the achievement of the predetermined target for revenue (the “Revenue Target”) and the predetermined target for the EBIT margin (the “EBIT Margin Target”); where the minimum amount of the Matching Bonus will be equal to the average closing price of the shares during the last 10 trading days before the Matching Date (the “Value of Share at Matching Date”) multiplied by the number of Co-investment Shares held on the Matching Date (irrespective of the Revenue Target or the EBIT Margin Target achievement results). The maximum amount of the Matching Bonus will be equal to four times the Value of Share at Matching Date multiplied with the number of Co-investment Shares held on the Matching Date. The verification of whether the Revenue Target and EBIT Margin Target have been achieved is based on the reported and approved numbers of the respective financial years.

Form of the Matching Bonus

The Participant can elect for a pay-out of the Matching Bonus as a cash pay-out that equals the amount of the Matching Bonus or a pay-out in the form of shares (“Matching Shares”). For a pay-out in the form of shares the following calculation shall be used:

Number of Matching Shares = (Matching Bonus / (0.9 x Value of Share at Matching Date))

where the number of Matching Shares allocated to the Participant will be rounded up to the next full number in the case that the calculation does not result in a full number of shares. Thus, the value of the Matching Shares equals approximately 1.11 times the value of the Matching Bonus.

Funding of the Matching Bonus

Cavotec shall make available the required amount in cash and the required number of shares for the Matching Bonus, which the Participants may acquire, based on the Plan. However, Cavotec will not segregate any cash or any shares, which may at any time, be needed under the Plan, and the Plan shall constitute an unfunded plan of Cavotec. However, please refer to Item 5 in the Notice of the Ordinary General Meeting 2016 for more information regarding the creation of contingent share capital in relation to the Plan.

Shares not allocated to the Participants

In case not all of the shares that the Board of Directors has made available for the Matching Bonus are allocated to the Participants, the Board of Directors can decide in its sole discretion at the request of the Remuneration Committee to offer the remaining Matching Shares on a pro-quota basis to the Participants who have been allocated their Matching Bonus in the form of Matching Shares under the respective Plan. The pro-quota number of offered remaining Matching Shares is calculated as follows:



Number of remaining Matching Shares = (Total number of remaining Matching Shares x number of Matching Shares allocated to Participant) / Total number of Matching Shares allocated in form of Matching Bonus)

In case the calculation does not result in a full number of shares, then the number of offered remaining Matching Shares will be rounded down to the next full number. The Participant has the possibility but is not obligated to purchase the offered remaining Matching Shares from Cavotec at the Value of Share at Matching Date less a discount of ten per cent.

All offered remaining Matching Shares that have not been purchased by the Participants, will not be offered a second time as remaining Matching Shares to the Participants under the Respective Plan.

Costs for the Plan and dilution

The maximum dilution for shareholders in Cavotec as a result of the Plan is 1% (one per cent). This is related to the creation of contingent share capital in Cavotec. Please refer to Item 5 in the Notice of the Ordinary General Meeting 2016 for more information on the exact figures for the creation of the contingent share capital.

The maximum cost for Cavotec for the duration of the Plan (excluding social security payments), based on the assumptions that all targets are met, that all participants in the Plan elect for a pay-out of their Matching Bonus in the form of shares and on a share price of SEK 24.90, will be approximately EUR 2.054 million (which equals approximately SEK 19.555 million, based on an exchange rate of EUR/SEK of 9.52). The Plan will not be hedged.

The plan is supposed to be offered each year, both to the initial incumbents and to new managers as suggested by the CEO and agreed upon by the Board, after consultation with the remuneration committee. Such consultations and decisions will take place prior to the 2016 OGM.

The 2016 plan will follow the same rules as the 2015 plan.

ENDS

For more information please contact:
Michael Scheepers
Group Director, IR & Corporate Communications
michael.scheepers@cavotec.com or +41795024010

