

COMPANY ANNOUNCEMENT AND PRESS RELEASE

Gabriel Holding A/S

Gabriel Holding A/S: Challenging market conditions were a defining feature of the 2022/23 financial year, which delivered revenue of DKK 931 million and operating profit (EBIT) of DKK 15.9 million

Summary

In the annual report for the 2021/22 financial year, management expected revenue of the order of DKK 1,000 million – 1,100 million for the 2022/23 financial year. Management advised in the annual report that its expectations were affected by a higher than normal level of uncertainty, resulting primarily from geopolitical challenges.

After six months of the 2022/23 financial year, revenue realised stood at the lower end of the previous expectations and prospects for the remainder of the year were increasingly uncertain. On this basis, management adjusted revenue expectations for the full year to the range DKK 950 – 1,050 million. In June, after eight months of the financial year, the range was narrowed to DKK 950 – 975 million and in August downwardly adjusted to the DKK 930 – 940 million range.

Revenue in the 2022/23 financial year was DKK 931 million (DKK 1,065 million), a decrease of 13%. The share of revenue realised outside Denmark was unchanged at 83%.

In the annual report for the 2021/22 financial year, management expected profit for the 2022/23 financial year in the range DKK 50 – 60 million before tax. After six months, operating profit realised stood at the lower end of the previous expectations and prospects for the remainder of the year were increasingly uncertain. On this basis, management adjusted expectations for the full year to operating profit (EBIT) in the range DKK 35 – 50 million. In June, after eight months of the financial year, expectations for operating profit were further reduced to the DKK 20 – 30 million range, followed by a downward adjustment in August to the DKK 17 – 19 million range.

Earnings before depreciation, amortisation and impairment losses (EBITDA) were DKK 64.3 million (107.5 million). The EBITDA margin was 6.9% (10.1%). Operating profit (EBIT) was DKK 15.9 million (DKK 64.9 million). The EBIT margin was 1.7% (6.1%). Profit before tax was DKK 2.6 million (DKK 80.6 million).

The result after tax was DKK -4.3 million (DKK 58.2 million).

As a result of the development in the year, including edging towards recession, management has adjusted the execution of the Group's strategy. This also means that the Group has, temporarily, departed from the growth strategy and is implementing a strategy of consolidation in preference to the prioritisation of increasing efforts. It also means that the Group's cost base has been reduced continually to improve the Group's gross profit and reduce external costs and staff costs. Similarly, initiatives are being taken to improve the Group's cash flow through restrictive investing activities and reduction of the Group's working capital, etc.

Expectations for the future

Management expects that the challenging market conditions will continue in the 2023/24 financial year and therefore expects revenue of DKK 850 – 900 million, a revenue decrease of 3 – 9%.

Adaptation of the Group's cost base will continue and operating profit (EBIT) of DKK 0 – 10 million is expected for the 2023/24 financial year. Finance income and costs will continue to be negative in 2023/24 and a negative result before tax is thus anticipated. A positive cash flow is expected.

Under normal market conditions, the Group's financial target is to realise at least an average 15% increase in revenue, operating profit (EBIT) and return on invested capital and to deliver an increasing operating margin (EBIT margin). Management believes that the Group's financial targets can be achieved in the coming years as economic conditions return to normal.

A high level of uncertainty surrounds the expectations for the year, primarily as a result of the continued geopolitical challenges.

The Board of Directors recommends the following to the general meeting of Gabriel Holding A/S, to be held on 14 December 2023:

- Approval of the annual report for 2022/23
- Submission of the remuneration report for an advisory vote
- That no dividend be distributed
- Approval of the remuneration of the Board of Directors for the current financial year
- Re-appointment of Jørgen Kjær Jacobsen, Søren Mygind Eskildsen, Hans O. Damgaard, Søren B. Lauritsen and Randi Toftlund Pedersen as board members appointed by the general meeting.
- Re-appointment of KPMG Statsautoriseret Revisionspartnerselskab as auditors.

The official annual report is published on the company's website. As a result of the Group's sustainability efforts, there will be no printed version of the report.

FINANCIAL HIGHLIGHTS	Unit	2022/23	2021/22	2020/21	2019/20	2018/19*
Revenue	DKK million		1065,0	809,7	727,3	708,2
Growth	%		31,5	11,3	2,7	17,8
of which exports	DKK million		884,6	688,0	629,0	633,3
Export percentage	%		83	85	86	89
Earnings before depreciation, amortisation and impairment losses (EBITDA)	DKK million		107,5	96,5	80,3	81,1
Operating profit (EBIT)	DKK million		64,9	58,6	41,9	61,9
Net finance income and costs	DKK million		15,5	-2,8	-12,8	-1,3
Profit before tax	DKK million		80,6	58,8	32,0	62,9
Tax	DKK million		-22,4	-12,6	-7,0	-13,9
Result after tax	DKK million		58,2	46,2	25,0	49,0
Cash flows from:						
Operating activities	DKK million		9,1	39,4	57,2	43,8
Investing activities	DKK million		-41,1	-36,6	-30,5	-80,2
Financing activities	DKK million		-45,2	-32,0	-18,1	35,7
Cash flows for the year	DKK million		-77,2	-29,2	8,6	-0,7
Investments in property, plant and equipment	DKK million		32,2	27,8	22,7	25,2
Depreciation, amortisation and impairment losses	DKK million		42,6	37,9	38,4	19,2
Equity	DKK million		358,7	322,1	283,4	281,2
Statement of financial position total	DKK million		868,5	731,2	645,5	562,3
Invested capital	DKK million		580,8	474,7	411,3	349,1
Working capital	DKK million		311,3	223,8	172,3	166,3
Average number of employees	Number		1.358	1.163	1.151	855
Revenue per employee	DKK million		0,8	0,7	0,6	0,8
FINANCIAL RATIOS						
Gross margin	%		32,5	36,4	37,6	40,1
EBITDA margin	%		10,1	11,9	11,0	11,5
EBIT margin	%		6,1	7,2	5,8	8,7
Return on invested capital (ROIC) before tax	%		15,3	13,3	8,4	22,7
Return on invested capital (ROIC) after tax	%		11,0	10,4	6,6	17,7
Earnings per share (EPS)	DKK		30,8	24,4	13,2	25,9
Return on equity	%		17,1	15,3	8,9	18,5
Equity ratio	%		41,3	44,1	43,9	50,0
Book value per share at year end	DKK		190	170	150	149
Market price at year end	DKK	306	515	630	690	712
Price/book value	DKK		2,7	3,7	4,6	4,8
Price earnings (PE)	DKK		16,7	25,8	52,2	27,5
Price cash flow (PCF)	DKK		107,1	30,3	22,8	30,7
Proposed dividend per DKK 20 share	DKK	0,00	10,75	9,75	5,00	10,50
Dividend yield	%		2,1	1,5	0,7	1,5
Payout ratio	%		35	40	38	41

Please see page 78 for definitions of financial ratios.

* Financial ratios for 2018/19 and 2017/18 have not been adjusted for the implementation of IFRS 16.