

AX V Nissens ApS

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Interim financial report

Third quarter 2018/19

1 November 2018 - 31 January 2019

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Statement by Management on the interim report

Today, the Board of Directors and the Executive Board have discussed and approved the interim financial report of AX V Nissens Aps for the period ending 31 January 2019.

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In our opinion, the interim report gives a true and fair view of the financial position of the Company at 31 January 2019 and of the results of the Company's operations and cash flows for the period ending 31 January 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

Horsens, 21 February 2019

Executive Board:

Mikkel Krogslund Andersen
CEO

Jakob Backs
CFO

Board of Directors:

Niels Jacobsen
Chairman

Lars Cordt
Vice Chairman

Alan Nissen
Vice Chairman

Søren Klarskov Vilby

Christian Frigast

Marc de Jong

Manfred Wolf

Management's review

Financial highlights for the Group

Key figures

In DKK millions, except for per share data	Q3 2018/19	Q3 2017/18	YTD 2018/2019	YTD 2017/2018 (7 months)	Full year 2017/2018 (10 months)
Revenue	406.2	334.5	1,472.4	892.7	1,319.9
EBITDA before special items	32.2	22.6	188.7	82.1	122.6
Operating profit before special items	5.5	-3.6	108.4	21.1	35.4
Operating profit/loss after special items	3.0	-3.6	105.2	-4.8	4.8
Profit/loss before tax	-12.9	-20.2	52.7	-42.5	-48.9
Profit/loss for the period	-19.3	-19.7	29.8	-43.4	-55.1
Non-current assets			1,975.4	2,051.6	2,035.9
Current assets			1,074.5	774.0	856.1
Total assets			3,049.9	2,825.6	2,892.1
Equity			1,210.8	1,190.7	1,181.1
Non-current liabilities			1,296.8	1,299.6	1,301.6
Current liabilities			542.3	335.5	409.3
Cash flows from operating activities	50.3	-30.5	223.7	49.3	40.6
Cash flow from investing activities	-7.8	-4.7	-22.2	-2,117.0	-2,124.3
Cash flows from financing activities	-14.7	-31.4	-30.6	2,178.7	2,160.0
Total cash flows	27.8	-3.8	170.9	110.0	76.3
Financial ratios					
EBITDA before special items margin	7.9%	6.7%	12.8%	9.2%	9.3%
Operating margin before special items	1.4%	-1.1%	7.4%	2.4%	2.7%
Operating margin after special items	0.7%	-1.1%	7.1%	-0.5%	0.4%
Current ratio			198.1%	230.7%	209.2%
Equity ratio			39.7%	42.1%	40.8%
Return on equity			2.5%	-3.6%	-4.6%
Average number of full-time employees			1,375	1,345	1,333

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios".

Management commentary

AX V Nissens ApS was established on 17 May 2017 with the purpose of acquiring the shares in K. Nissen International A/S. This transaction was conducted 30 June 2017 from which date K. Nissen International A/S became a 100% owned subsidiary of AX V Nissens ApS.

Therefore please note that the financial statement for 2017/18 only constitutes seven months of YTD 2017/18 for K. Nissen International A/S, thus leaving out two months of the high season.

The consolidated financial statements for AX V Nissens ApS for YTD Q3 2018/19 show Revenue of 1,472.4 DKKm and an EBITDA before special items of 188.7 DKKm. The result is primarily driven by a strong sales performance in both divisions. The EBITDA margin before special items of 12.8% is positively affected mainly by the seasonality in the Automotive division in the first half year as well as a good sales performance in both divisions in Q3.

Net profit ended up at 29.8 DKKm, which is impacted by depreciations and amortization from Purchase Price allocations (PPA) of total 45.2 DKKm.

The consolidated balance sheet for AX V Nissens ApS includes intangible assets of 1,618 DKKm mainly relating to the acquisition of K. Nissen International A/S.

The wind industry is undergoing a period of strategic change challenging the performance of the Nissens Group's Wind segment.

The financial results of YTD 2018/19 are above expectations and management regards the result as satisfactory.

Outlook

The Nissens Group lifts its expectations in the financial year 2018/2019 from a Revenue above 1,800 DKKm and an EBITDA above 220 DKKm to a Revenue above 1,900 DKKm and an EBITDA above 230 DKKm, due to improved financial performance.

Consolidated interim financial statements

Income statement

Note	DKKkM	Q3 2018/19	Q3 2017/18	YTD 2018/19	YTD 2017/18 (7 months)
3	Revenue	406.2	334.5	1,472.4	892.7
	Cost of raw materials and consumables	-199.1	-156.7	-751.3	-448.2
	Other operating income	1.9	2.6	6.2	5.7
	Other external costs	-79.1	-64.1	-242.3	-155.1
	Staff costs	-97.7	-93.7	-296.3	-213.0
	EBITDA before special items	32.2	22.6	188.7	82.1
	Depreciation and amortisation	-26.7	-26.2	-80.3	-61.0
	Operating profit before special items	5.5	-3.6	108.4	21.1
4	Special items	-2.5	-0.1	-3.2	-25.9
	Operating profit/loss after special items	3.0	-3.7	105.2	-4.8
	Finance income	0.1	0.0	0.2	0.7
	Finance costs	-16.0	-16.5	-52.7	-38.4
	Profit/loss before tax	-12.9	-20.2	52.7	-42.5
	Tax	-6.4	0.5	-22.9	-0.9
	Profit/loss for the period	-19.3	-19.7	29.8	-43.4
	Attributed to:				
	Equity holders of AX V Nissens ApS	-19.3	-19.7	29.8	-43.4
		-19.3	-19.7	29.8	-43.4

Consolidated interim financial statements

Statement of other comprehensive income

Note	Q3 2018/19	Q3 2017/18	YTD 2018/19	YTD 2017/18 (7 months)
DKKkm				
Profit/loss for the period	-19.1	-19.7	29.8	-43.4
Other comprehensive income				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	1.4	-1.3	0.0	-1.1
Unrealized gain on interest rate swap	-2.1	2.2	-3.9	-0.5
Other adjustments	0.0	-0.1	0.0	0.8
	-0.7	0.8	-3.9	-0.8
Income tax effect	0.3	-0.4	1.0	-0.1
Other comprehensive income/loss for the period, net of tax	-0.4	0.4	-2.9	-0.9
Total comprehensive income/loss	-19.5	-19.3	26.9	-44.3
Attributed to:				
Equity holders of AX V Nissens ApS	-19.5	-19.3	26.9	-44.3
	-19.5	-19.3	26.9	-44.3

Consolidated interim financial statements

Balance sheet

Note	DKK m	31 January 2019	30 April 2018	31 January 2018
	ASSETS			
	Non-current assets			
	Intangible assets	1,617.7	1,669.8	1,686.6
	Property, plant and equipment	351.4	359.8	362.6
	Investments in associates	0.1	0.1	0.1
	Deferred tax assets	4.7	4.8	0.7
	Deposits	1.5	1.4	1.6
	Total non-current assets	1,975.4	2,035.9	2,051.6
	Current assets			
	Inventory	449.6	441.5	407.1
	Trade and other receivables	377.7	338.3	255.9
	Cash and cash equivalents	247.2	76.3	111.0
	Total current assets	1,074.5	856.1	774.0
	TOTAL ASSETS	3,049.9	2,892.0	2,825.6
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	12.4	12.4	12.4
	Retained earnings	1,197.3	0.3	1,178.3
	Foreign currency translation reserve	1.1	1,168.4	0.0
	Total equity	1,210.8	1,181.1	1,190.7
	Non-current liabilities			
	Borrowings	1,110.9	1,104.7	1,103.2
	Deferred tax liabilities	178.9	191.7	191.2
	Provisions	7.0	5.2	5.2
	Total non-current liabilities	1,296.8	1,301.6	1,299.6
	Current liabilities			
	Prepayment from customers	45.1	0.0	0.0
	Trade and other payables	404.3	337.2	267.5
	Income tax payable	31.2	22.2	18.2
	Payable to group enterprises	58.0	44.9	44.0
	Provisions	3.7	5.0	5.6
	Total current liabilities	542.3	409.3	355.5
	Total liabilities	1,839.1	1,710.9	1,634.9
	TOTAL EQUITY AND LIABILITIES	3,049.9	2,892.0	2,825.6

Consolidated interim financial statements

Cash flow statement

Note	DKKm	YTD 2018/19	Full year 2017/18 (10 months)	YTD 2017/18 (4 months)
	Operating activities			
	Profit/Loss before tax for the period	52.7	-48.9	-42.5
	Depreciation and amortisation	80.3	87.2	61.0
	Net foreign exchange differences	2.6	0.8	-1.5
	Movements in provisions	45.6	-0.6	-0.2
	Finance income	-0.2	-2.4	-0.7
	Finance expenses	52.7	56.2	38.4
	Share-based payment expense	2.8	5.4	4.2
	Changes in working capital	19.6	-19.8	23.3
		256.1	77.9	82.0
	Income tax paid/received	-32.4	-37.3	-32.7
	Net cash flows from operating activities	223.7	40.6	49.3
	Investing activities			
	Purchase of intangible assets	0.0	-2.1	-2.1
	Development expenditures capitalised	-0.4	-1.1	-0.5
	Purchase of property, plant and equipment	-20.4	-24.0	-17.2
	Proceeds from sale of property, plant and equipment	0.0	0.2	0.2
	Change in deposits	-0.1	0.2	0.2
	Investments in subsidiaries	-1.3	-2,097.6	-2,097.6
	Net cash flows used in investing activities	-22.2	-2,124.3	-2,117.0
	Financing activities			
	Capital injection and capital increases	0.0	1,230.7	1,230.7
	Proceeds from borrowings	0.0	934.9	936.0
	Repayment of borrowings	0.0	-2.7	-2.7
	Proceeds from loan with Group companies	13.1	44.9	44.0
	Interest paid	-43.7	-47.8	-29.3
	Net cash flows from financing activities	-30.6	2,160.0	2,178.7
	Cash flow for the period	170.9	76.3	111.0
	Cash and cash equivalents at 1 May	76.3	0.0	0.0
	Cash and cash equivalents at 31 January	247.2	76.3	111.0

Consolidated interim financial statements

Statement of changes in equity

DKK m	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Equity 17 May 2017	0.0	0.0	0.0	0.0	0.0
Total comprehensive income 31 January 2018					
Loss for the period				-43.4	-43.4
Other comprehensive income					
Unrealised loss on interest rate swap				-0.5	-0.5
Exchange differences on translation of foreign operations				-1.1	-1.1
Other adjustments				0.8	0.8
Tax on other comprehensive income				-0.1	-0.1
Total other comprehensive income	0.0	0.0	0.0	-0.9	-0.9
Total comprehensive income for the period	0.0	0.0	0.0	-44.3	-44.3
Transactions with owners					
Capital injection	0.1				0.1
Increase share capital	12.3	1,218.4			1,230.7
Transfer		-1,218.4		1,218.4	0.0
Equity-settled share-based payments				4.2	4.2
Total transactions with owners	12.4	0.0	0.0	1,222.6	1,235.0
Equity 31 January 2018	12.4	0.0	0.0	1,178.3	1,190.7

DKK m	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Equity 1 May 2018	12.4	0.0	0.3	1,168.4	1,181.1
Total comprehensive income 31 January 2019					
Profit for the period				29.8	29.8
Other comprehensive income					
Unrealized loss on interest rate swap				-3.9	-3.9
Exchange differences on translation of foreign operations			0.8	-0.8	0.0
Tax on other comprehensive income				1.0	1.0
Total other comprehensive income	0.0	0.0	0.8	-3.7	-2.9
Total comprehensive income for the period	0.0	0.0	0.8	26.1	26.9
Transactions with owners					
Equity-settled share-based payments				2.8	2.8
Total transactions with owners	12.4	0.0	1.1	2.8	2.8
Equity 31 January 2019	12.4	0.0	1.1	1,197.3	1,210.8

Consolidated interim financial statements

Notes

1 Accounting policies

This unaudited interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU.

Accounting policies applied in preparing the interim financial report are consistent with those applied in preparing AX V Nissens ApS's consolidated financial statement for the period 17 May - 30 April 2018. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 January 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Board of Directors and the Executive Board have on 21 February 2019 discussed and approved the interim report for AX V Nissens ApS for the period ending 31 January 2019.

2 Significant accounting judgements, estimates and assumptions

In preparing the interim financial report, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of AX V Nissens ApS's assets and liabilities. All significant accounting estimates and judgements are consistent with the description in the annual report for 17 May 2017 – 30 April 2018. Refer to descriptions in the individual notes to the consolidated financial statement in the annual report page 25 - 35.

3 Seasonality of operations

Due to the seasonal nature of the product range in both the Automotive and the Cooling Solution divisions Q1 is historical the quarter of the year with the highest share of revenue.

4 Special items

Special items include significant income and expenses of a special nature in terms of the Group's revenue-generating operating activities that cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses includes transaction costs in a business combination.

DKK m	1 May – 31 January 2019	17 May – 31 January 2018
Transaction costs directly related to acquisition of K Nissen International A/S.	3.2	24.8
Cost related to transformation of Group accounts into IFRS	0.0	1.0
Other special items	0.0	0.1
	<u>3.2</u>	<u>25.9</u>