

COMPANY ANNOUNCEMENT

No. 51/2020

Tvis, 26 February 2020

Interim report Q4 2019 (October 1 - December 31)

(All figures in brackets refer to the corresponding period in 2018)

Fourth quarter growth takes TCM Group above the DKK 1 billion revenue milestone

CEO Ole Lund Andersen:

"With a revenue growth of 4% in the fourth quarter, and an organic growth in Q4 of around 6%, TCM Group achieved the DKK 1 billion revenue milestone for the full year, corresponding to a full-year organic growth of 11.9%. Growth was driven by branded stores primarily within the B2B market, and we continued to gain market share in Denmark with a growth of 13.4%, but I am also pleased that sales through our branded stores in Norway rose. For 2020 we expect revenue to grow by 3-7% to be in the range of DKK 1,040-1,080 million. EBIT is expected to be in the range DKK 158-170 million corresponding to a growth of 3-11%."

Financial highlights Q4 2019:

- Revenue DKK 261.6 million (DKK 251.8 million) corresponding to a revenue growth of 3.9%, and an organic growth of around 6%.
- Adjusted EBITA down DKK 0.9 million to DKK 45.3 million (DKK 46.2 million), corresponding to a decrease of 1.9%. Adjusted EBITA margin was 17.3% (18.3%), reflecting a sales mix with a higher growth rate within the B2B market and a higher share of revenue from 3rd party products.
- Non-recurring items had a negative impact of DKK 4.0 million due to a production setback following a lightning strike at one of our 3 factories.
- EBIT down DKK 4.9 million to DKK 39.4 million (DKK 44.3 million), corresponding to an EBIT margin of 15.0% (17.6%).
- Net profit down 10.9% to DKK 29.8 million (DKK 33.5 million).
- Free cash flow excl. acquisitions of operations was DKK 44.7 million (DKK 53.6 million).
- Cash conversion ratio was 99.9% (102.6%) driven by a Net Working Capital ratio of -10.8% (-10.5%).

Financial highlights 2019:

- Revenue DKK 1,006.9 million (DKK 899.9 million) corresponding to an organic growth of 11.9%.
- Adjusted EBITA up DKK 13.5 million to DKK 161.1 million (DKK 147.7 million), corresponding to an increase of 9.1%. Adjusted EBITA margin was 16.0% (16.4%).
- Non-recurring items had a negative impact of DKK 7.0 million in 2019 due to a production setback following a lightning strike at one of our 3 factories.
- EBIT up DKK 8.4 million to DKK 146.6 million (DKK 138.1 million), corresponding to an increase of 6.1%. EBIT margin was 14.6% (15.3%).
- Net profit up 7.3% to DKK 111.3 million (DKK 103.7 million).
- Free cash flow excl. acquisitions of operations was DKK 132.2 million (DKK 141.5 million). The underlying free cash flow improved compared to 2018, as 2018 included a positive effect from the sale of a production site of DKK 16.6 million.
- Full-year guidance for the financial year 2020 is expected to be in the range DKK 1,040-1,080 million in revenue corresponding to a growth of 3-7%. EBIT is expected to be in the range DKK 158-170 million. Due to an exceptional strong first quarter last year, we expect the growth in 2020 to materialize in the last part of the year.

Conference call

A conference call for investors and analysts will be held today at 10:00 CET. The presentation for the conference call will be available on www.investor-en.tcmgroup.dk

Dial-in numbers for the conference call:

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About TCM Group

TCM Group is Scandinavia's third largest manufacturer of kitchens and furniture for bathrooms and storage. The products are Danish design, produced in Denmark and rooted in a proud tradition of good quality and good craftsmanship. TCM Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the other brands are Tvis Køkkener, Nettoline and kitchn. Combined, the brands cater for the entire price spectrum, and are sold through c. 135 dealers in Denmark and the rest of the Scandinavia. In addition, TCM Group sells private label kitchens through DIY stores in Denmark and independent kitchen stores in Norway. See www.tcmgroup.dk for more information.

This interim report contains statements relating to the future, including statements regarding the TCM Group's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on management's reasonable expectations and forecasts at the time of release of the interim report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond the TCM Group's control. This may have the effect that actual results may differ significantly from the expectations expressed in the interim report. Without being exhaustive, such factor include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues.