

# **AX V Nissens ApS**

Ormhøjgårdvej 9, 8700 Horsens

CVR no. 38 64 75 71

Interim financial report

First quarter 2019/20

1 May - 31 July 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 July 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 July 2019 and of the results of the Company's operations and cash flows for the period ending 31 July 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 August 2019

Executive Board:

\_\_\_\_\_  
Mikkel Kroglund Andersen  
CEO

\_\_\_\_\_  
Jakob Backs  
CFO

Board of Directors:

\_\_\_\_\_  
Niels Jacobsen  
Chairman

\_\_\_\_\_  
Lars Cordt  
Vice Chairman

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Alan Nissen  
Vice Chairman

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Søren Klarskov Vilby

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Povl Christian Lütken Frigast

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Marc de Jong

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Manfred Wolf

## Management's review

### Financial highlights for the Group

#### Key figures

In DKK millions	Q1 2019/20	*Q1 2018/19	Full year *2018/2019
Revenue	593.0	560.6	1,982.8
EBITDA before special items	101.6	98.1	234.6
Operating profit before special items	71.2	71.5	127.3
Operating profit/loss after special items	71.2	71.5	124.2
Profit before tax	54.8	54.1	56.3
Profit for the period	36.3	37.8	28.9
Non-current assets	1,969.5	2,040.1	1,956.1
Current assets	1,205.7	947.1	1,152.8
Total assets	3,175.2	2,987.2	3,108.9
Equity	1,249.9	1,220.2	1,214.3
Non-current liabilities	1,307.7	1,320.5	1,292.6
Current liabilities	617.6	422.7	602.1
Cash flows from operating activities	96.5	83.6	170.7
Cash flow from investing activities	-10.0	-11.8	-28.3
Cash flows from financing activities	-17.2	-18.5	-39.4
Total cash flows	69.3	53.3	103.0
<b>Financial ratios</b>			
EBITDA before special items margin	17.1%	17.5%	11.8%
Operating margin before special items	12.0%	12.8%	6.4%
Operating margin after special items	12.0%	12.8%	6.3%
Current ratio	195.2%	224.1%	191.5%
Equity ratio	39.4%	40.8%	39.1%
Return on equity	2.9%	3.1%	2.4%
Average number of full-time employees	1,400	1,381	1,365

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

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

The consolidated financial statements for AX V Nissens ApS for Q1 2019/20 show Revenue of 593.0 DKKm compared to 560.8 DKKm in Q1 2018/19 mainly from growth in the Automotive division. EBITDA before special items is 101.6 DKKm compared to 98.1 DKKm in Q1 2018/19. The improved result is attributed to the implementation of IFRS 16 which impacts the result of Q1 2019/20 by 3.9 DKKm. In both divisions we experience a pressure on sales prices. The wind industry continues to be undergoing a period of strategic change challenging the performance of the Nissens Group's Wind segment.

The EBITDA margin before special items of 17.1% is positively affected mainly by the seasonality in the Automotive division, as Q1 is the most active period of the financial year.

Net profit ended up at 36.3 DKKm, which is impacted by depreciations and amortization from Purchase Price allocations (PPA) of total 19.1 DKKm.

The financial results of Q1 2019/20 are in line with expectations and management regards the result as satisfactory.

## Outlook

The Nissens Group maintains its expectations of an improved result in the financial year 2019/2020 compared to 2018/2019 with growth in Revenue to above 2,000 DKKm and an EBITDA above 235 DKKm. The current unpredictable financial global environment may develop into negative expectations for the financial year 2019/20.

## Consolidated interim financial statements

### Income statement

Note	DKK m	Q1 2019/20	Q1 2018/19*
3	Revenue	593.0	560.6
	Cost of raw materials and consumables	-313.2	-287.4
	Other operating income	2.1	2.1
	Other external costs	-70.2	-79.6
	Staff costs	-110.1	-97.6
	<b>EBITDA before special items</b>	101.6	98.1
	Depreciation and amortisation	-30.4	-26.6
	<b>Operating profit before special items</b>	71.2	71.5
	Special items	0.0	0.0
	<b>Operating profit after special items</b>	71.2	71.5
	Finance income	1.9	0.0
	Finance costs	-18.3	-17.4
	<b>Profit before tax</b>	54.8	54.1
	Tax	-18.5	-16.3
	<b>Profit for the period</b>	36.3	37.8
	Attributed to:		
	Equity holders of AX V Nissens ApS	36.3	37.8
		36.3	37.8

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

## Consolidated interim financial statements

### Statement of other comprehensive income

Note	DKK m	Q1 2019/20	Q1 2018/19*
	<b>Profit for the period</b>	<b>36.3</b>	<b>37.8</b>
	<b>Other comprehensive income</b>		
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
	Exchange differences on translation of foreign operations	-1.2	-1.0
	Unrealized change in fair value on interest rate swap	-0.1	0.0
			-1.0
	Income tax effect	0.0	0.0
	<b>Other comprehensive income/loss for the period, net of tax</b>	<b>-1.3</b>	<b>-1.0</b>
	<b>Total comprehensive income/loss</b>	<b>35.0</b>	<b>36.8</b>
	Attributed to:		
	Equity holders of AX V Nissens ApS	35.0	36.8
		35.0	36.8

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.

## Consolidated interim financial statements

### Balance sheet

Note	DKKmn	31 July 2019	30 April 2019*	31 July 2018*
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Intangible assets	1,586.6	1,603.4	1,667.8
	Property, plant and equipment	376.5	344.7	370.9
	Deferred tax assets	4.8	6.2	0.0
	Deposits	1.6	1.6	1.4
	<b>Total non-current assets</b>	<b>1,969.5</b>	<b>1,956.1</b>	<b>2,040.1</b>
<b>Current assets</b>				
	Inventory	505.8	534.3	400.2
	Trade and other receivables	451.3	439.2	417.3
	Cash and cash equivalents	248.6	179.3	129.6
	<b>Total current assets</b>	<b>1,205.7</b>	<b>1,152.8</b>	<b>947.1</b>
	<b>TOTAL ASSETS</b>	<b>3,175.2</b>	<b>3,108.9</b>	<b>2,987.2</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
	Share capital	12.4	12.4	12.4
	Foreign currency translation reserve	3.0	4.2	-0.7
	Reserve for financial instruments	-4.7	-4.6	-1.3
	Retained earnings	1,239.2	1,202.3	1,209.8
	<b>Total equity</b>	<b>1,249.9</b>	<b>1,214.3</b>	<b>1,220.2</b>
<b>Non-current liabilities</b>				
	Borrowings	1,114.7	1,112.8	1,105.7
	Deferred tax liabilities	170.3	174.5	208.8
	Provisions	5.2	5.2	6.0
4	Lease liabilities	17.5	0.0	0.0
	<b>Total non-current liabilities</b>	<b>1,307.7</b>	<b>1,292.5</b>	<b>1,320.5</b>
<b>Current liabilities</b>				
	Contract liabilities	43.2	46.9	0.0
	Trade and other payables	445.1	456.9	357.2
	Income tax payable	49.1	31.6	38.8
	Payable to group enterprises	63.1	63.3	44.7
	Provisions	3.4	3.4	5.8
4	Lease liabilities	13.7	0.0	0.0
	<b>Total current liabilities</b>	<b>617.6</b>	<b>602.1</b>	<b>446.5</b>
	<b>Total liabilities</b>	<b>1,925.3</b>	<b>1,894.6</b>	<b>1,767.0</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,175.2</b>	<b>3,108.9</b>	<b>2,987.2</b>

\* Comparatives figures are not adjusted to the impact of implementation of IFRS 16.



## Consolidated interim financial statements

### Cash flow statement

Note	DKK m	Q1 2019/20	Full year 2018/2019	Q1 2018/19
	<b>Operating activities</b>			
	Profit before tax for the period	54.8	56.3	54.1
	Depreciation and amortisation	30.4	107.3	26.6
	Net foreign exchange differences	-0.9	6.0	1.4
	Movements in provisions	0.0	-0.2	1.8
	Finance income	-1.9	-7.9	0.0
	Finance expenses	16.2	75.8	17.4
	Share-based payment expense	0.6	3.7	2.3
	Changes in working capital	-2.6	-33.2	-17.7
		100.7	207.8	85.9
	Finance income, received	0.4	1.2	0.0
	Finance expenses, paid	-0.7	-2.6	0.0
	Income tax paid	-3.9	-35.7	-2.3
	<b>Net cash flows from operating activities</b>	<b>96.5</b>	<b>170.7</b>	<b>83.6</b>
	<b>Investing activities</b>			
	Purchase of intangible assets	-0.4	-1.9	0.0
	Development expenditures capitalised	-0.4	-1.6	-0.4
	Purchase of property, plant and equipment	-9.2	-24.9	-11.4
	Proceeds from sale of property, plant and equipment	0.0	0.2	0.0
	Change in deposits	0.0	-0.1	0.0
	<b>Net cash flows used in investing activities</b>	<b>-10.0</b>	<b>-28.3</b>	<b>-11.8</b>
	<b>Financing activities</b>			
	Repayment of lease liabilities	-3.7	0.0	0.0
	Net interest paid, borrowings	-13.5	-57.8	-14.7
	Proceeds from loan with Group companies	0.0	18.4	-3.8
	<b>Net cash flows from financing activities</b>	<b>-17.2</b>	<b>-39.4</b>	<b>-18.5</b>
	<b>Cash flow for the period</b>	<b>69.3</b>	<b>103.0</b>	<b>53.3</b>
	Cash and cash equivalents at 1 May	179.3	76.3	76.3
	<b>Cash and cash equivalents at 31 July</b>	<b>248.6</b>	<b>179.3</b>	<b>129.6</b>

The Group has unused credit facilities amounting to 125.0 DKKm.

## Consolidated interim financial statements

### Statement of changes in equity

DKKm	Share capital	Foreign currency translation reserve	Reserve for financial instruments	Retained earnings	Total equity
<b>Equity 1 May 2018</b>	<b>12.4</b>	<b>0.3</b>	<b>-1.3</b>	<b>1,169.7</b>	<b>1,181.1</b>
<b>Total comprehensive income 31 July 2018</b>					
Profit for the period				37.8	37.8
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		-1.0			-1.0
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>37.8</b>	<b>36.8</b>
<b>Transactions with owners</b>					
Equity-settled share-based payments				2.3	2.3
Total transactions with owners	0.0	0.0	0.0	2.3	2.3
<b>Equity 31 July 2018</b>	<b>12.4</b>	<b>-0.7</b>	<b>-1.3</b>	<b>1,209.8</b>	<b>1,220.2</b>
<b>DKKm</b>	<b>Share capital</b>	<b>Foreign currency translation reserve</b>	<b>Reserve for financial instruments</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Equity 1 May 2019</b>	<b>12.4</b>	<b>4.2</b>	<b>-4.6</b>	<b>1,202.3</b>	<b>1,214.3</b>
<b>Total comprehensive income 31 July 2019</b>					
Profit for the period				36.3	36.3
<b>Other comprehensive income</b>					
Unrealized loss on interest rate swap			-0.1		-0.1
Exchange differences on translation of foreign operations		-1.2			-1.2
<b>Total other comprehensive income</b>		<b>-1.2</b>	<b>-0.1</b>		<b>-1.3</b>
<b>Total comprehensive income for the period</b>		<b>-1.2</b>	<b>-4.7</b>	<b>36.3</b>	<b>35.0</b>
<b>Transactions with owners</b>					
Equity-settled share-based payments				0.6	0.6
Total transactions with owners				0.6	0.6
<b>Equity 31 July 2019</b>	<b>12.4</b>	<b>3.0</b>	<b>-4.7</b>	<b>1,239.2</b>	<b>1,249.9</b>

## 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 interim report for the period 1 May - 31 July 2019. The consolidated interim financial statements for AX V Nissens ApS for the period 1 May - 31 July 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

##### *Impact of implementation of IFRS 16, Leases*

The Group has adopted IFRS 16 be implemented using the modified retrospective transition method with no restatement of comparative information. The effect of applying IFRS 16 will have a zero impact on opening equity on 1 May 2019.

Nissens has entered into lease contracts, which primarily comprise leases regarding buildings, equipment and vehicles. Nissens has elected not to capitalize lease contracts with the lease term of 12 months or less and low value contracts. The leasing period is assessed based on the period of contractual commitment. When no such period exists and the lease is not expected to be terminated, the period is assessed based on the period of the Group's current business plan, ending in 2020/21.

Lease assets is depreciated on straight-line basis based on period of contractual commitment or expected termination period. Right-of-use assets are presented as part of property, plant and equipment in the balance sheet.

For calculation of the discounted lease commitment an interest rate of 2.0 % is applied for buildings and 3.5 % is applied for equipment and vehicles. The interest rates are estimated based on expected alternative loan rates of the specific asset.

Please refer to Note 4 for further details.

The Board of Directors and the Executive Board have on 22 August 2019 discussed and approved the interim report for AX V Nissens ApS for the period ending 31 July 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 1 May 2018 – 30 April 2019. Refer to descriptions in the individual notes to the consolidated financial statement in the annual report page 28 - 40.

#### 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 IFRS 16, Leases

In Q1 2019 the implementation of IFRS 16 has increased EBITDA with DKK 3.9m, total assets with DKK 31.0m and net interest-bearing debt with DKK 31.2m.

DKKm	EBITDA before special items	Total assets	Net interest -bearing debt
Reported figures	101.6	3,175.2	897.3
IFRS 16 impact	3.9	31.0	31.2
Figures before IFRS 16 impact	97.7	3,144.2	866.1

DKKm	Q1 2019
Depreciations for right-of-use assets recognised in income statement	3.8
Interest on lease liabilities recognised in income statement	0.2

