

COMPANY ANNOUNCEMENT AND PRESS RELEASE

Gabriel Holding A/S

Gabriel Holding A/S achieves 18% revenue growth and an increase of 12% in profit before tax

Selected financial ratios

- Revenue increased to DKK 708.2 million (DKK 601.1 million)
- Operating profit (EBIT) was DKK 61.9 million (DKK 55.0 million), an increase of 13%
- Operating margin was 8.7% (9.2%)
- Profit before tax was DKK 62.9 million (DKK 56.1 million), an increase of 12%
- Profit after tax was DKK 48.7 million (DKK 43.4 million)
- Return on invested capital (ROIC) before tax was 22.7% (28.1%)
- Earnings per share (EPS) increased to DKK 25.9 (DKK 23.0)
- Cash flows from operating activities in the period were DKK 43.8 million (DKK 40.2 million)
- The Board of Directors proposes a dividend of DKK 10.50 per DKK 20 share.

Summary

The Group's revenue increased by 18% to DKK 708.2 million in the financial year. Organic growth amounted to 11% and the acquired growth is attributable to the acquired businesses Grupo RYL, S. A. de C. V. in Mexico and UAB Baltijos Tekstilė in Lithuania.

The export share was 89% compared to 90% last year.

The growth achieved for the year derives from upholstery fabrics for contract furniture and from the business unit FurnMaster, which supplies products and services that belong to the next link in the value chain, e.g. cutting, sewing, upholstering and assembly of furniture components.

The 12% increase in profit before tax is a result of continued major growth in almost all the Group's business areas.

In the annual report for the 2017/18 financial year, management had expected an increase of 10-20% in profit before tax. These expectations were maintained throughout the year, however with the indication that the profit would ultimately lie in the upper end of the range indicated.

The development in profit in the Group has generally followed the increase in revenue for the year, but acquisition costs, continued start-up costs in the FurnMaster units in Lithuania and the USA and the purchase of Grupo RYL in Mexico mean that the growth in profit ultimately stands at 12%.

The Group's total profit after tax was DKK 49.0 million (DKK 43.4 million).

Subsequent events

On 6 November 2019 the subsidiary, Gabriel A/S, signed a provisional share purchase agreement with the owner of the German textile solutions manufacturer, Visiotex GmbH, under which 100% of the share capital will be taken over if the planned due diligence process is completed as expected.

Expectations for the future

The global market for contract furniture is expected to be stable to slightly decreasing in 2019/20. New products within all areas have been well received and momentum is generally good in the Group's business units.

Based on the Group's acquisitions and continued outreach activities, and its constantly increasing efforts in development and sales initiatives, revenue growth of the order of 15-20% is expected.

It should be noted that the expectations are based on a stable to slightly decreasing market and that the Group's expected revenue growth could be affected by economic fluctuations on the Group's primary markets.

Shifts in the product mix and continued start-up and adjustment costs mean that profit before tax is expected to increase by 10-15% in the financial year.

Management therefore expects growth in revenue of the order of 15-20% and an increase in profit before tax of the order of 10-15% for the 2019/20 financial year.

The Board of Directors recommends that the general meeting of Gabriel Holding A/S, to be held on 12 December 2019, should approve the following:

- to pay a dividend of DKK 10.50 per DKK 20 share;
- to re-appoint Jørgen Kjær Jacobsen, Hans O. Damgaard, Søren B. Lauritsen and Pernille Fabricius as board members appointed by the general meeting; and
- to re-appoint KPMG Statsautoriseret Revisionspartnerselskab as auditors.
- The annual report is recommended for adoption at the company's general meeting, to be held at the company's office in Aalborg at 2:00 p.m. on Thursday, 12 December 2019.

The official annual report is published on the company's website and the printed version of the report will be available by 3 December 2019 at the company's office.

FINANCIAL HIGHLIGHTS*	Unit	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue	mDKK	708.2	601.1	494.0	392.8	337.7
Growth	%	17.8	21.7	26.2	16.6	18.8
Of which exports	mDKK	633.3	540.1	449.2	355.0	301.5
Export percentage	%	89	90	91	90	89
Operating profit (EBIT)	mDKK	61.9	55.0	45.4	40.1	27.4
Net finance income and costs	mDKK	-1.3	-1.4	-2.8	-1.8	-0.1
Profit before tax	mDKK	62.9	56.1	45.7	42.8	27.3
Tax	mDKK	-13.9	-12.7	-10.4	-8.5	-5.8
Profit after tax	mDKK	49.0	43.4	35.3	34.3	21.5
Cash flows from:						
Operating activities	mDKK	43.8	40.2	26.6	34.8	19.7
Investing activities	mDKK	-80.2	-37.9	-49.6	-9.2	-30.9
Financing activities	mDKK	35.7	-10.4	18.1	-13.4	-3.6
Cash flows for the year	mDKK	-0.7	-8.1	-4.9	12.2	-14.8
Investments in property, plant and equipment	mDKK	25.2	19.1	16.0	8.3	27.4
Depreciation, amortisation and impairment losses	mDKK	19.2	17.8	13.2	10.0	9.9
Equity	mDKK	281.2	249.6	221.0	201.6	178.1
Statement of financial position total	mDKK	562.3	433.9	398.3	289.7	278.4
Invested capital	mDKK	349.1	204.4	195.0	122.3	233.5
Working capital	mDKK	166.3	135.1	100.5	81.6	73.9
Average number of employees	number	855	517	404	292	238
Revenue per employee	mDKK	0.8	1.2	1.2	1.3	1.4
FINANCIAL RATIOS						
Gross margin	%	40.1	39.5	41.5	41.0	40.3
Operating margin (EBIT margin)	%	8.7	9.2	9.2	10.2	8.1
Return on invested capital (ROIC) before tax	%	22.7	28.1	28.8	24.1	12.6
Return on invested capital (ROIC) after tax	%	17.7	21.7	22.2	19.3	9.9
Earnings per share (EPS)	DKK	25.9	23.0	18.7	18.2	11.4
Return on equity	%	18.5	18.4	16.7	18.1	12.5
Equity ratio	%	50.0	57.6	55.5	69.6	64.0
Book value per share at year end	DKK	149	132	117	107	94
Market price at year end	DKK	712	608	475	570	199
Price/book value	DKK	4.8	4.6	4.1	5.3	2.1
Price earnings (PE)	DKK	27.5	26.5	25.5	31.4	17.5
Price Cash Flow (PCF)	DKK	30.7	28.6	33.7	31.0	19.1
Proposed dividend per DKK 20 share	DKK	10.50	9.50	7.65	7.25	5.50
Dividend yield	%	1.5	1.6	1.6	1.3	2.8
Payout ratio	%	41	41	41	40	48

Financial ratios are calculated in accordance with CFA Society Denmark's "Recommendations & Financial Ratios 2015".

*) Financial ratios have been adjusted for discontinued operations.