

The SKAKO logo is displayed in a bold, yellow, sans-serif font in the top right corner of the page. The background of the entire page is a photograph of several large, white, cylindrical industrial tanks or silos, viewed from a low angle looking up against a blue sky with scattered white clouds. The tanks are connected by a complex network of white pipes and metal walkways with railings.

SKAKO

1 January – 31 March 2020

**INTERIM
REPORT
Q1 2020**

SKAKO A/S

CVR 36 44 04 14

Bygmestervej 2, 5600 Faaborg

IMPORTANT INFORMATION ABOUT THIS DOCUMENT

This document contains forward-looking statements. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, outlook, guidance, target and other words and terms of similar meaning in connection with any discussion of future operation of financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

KEY FIGURES AND FINANCIAL RATIOS – DKK

INCOME STATEMENT, DKK THOUSANDS	Q1 2020	Q1 2019	Year 2019
Revenue from contracts with customers	97,782	88,884	354,192
Gross profit	23,894	20,734	86,092
Operating profit (EBIT)	5,584	3,370	18,005
Net financial items	(825)	(587)	(2,590)
Profit before tax	4,759	2,783	15,413
Profit for the period	4,549	2,412	14,246
BALANCE SHEET, DKK THOUSANDS			
Non-current assets	81,130	46,967	85,947
Current assets	234,276	211,725	236,383
Assets	315,407	258,692	322,330
Equity	128,942	111,955	124,417
Non-current liabilities	25,485	7,144	30,619
Current liabilities	160,979	139,593	167,294
Net debt	34,143	16,856	32,370
Net working capital	110,710	97,304	93,427
OTHER KEY FIGURES, DKK THOUSANDS			
Investment in intangible assets	225	379	2,703
Investment in tangible assets	332	177	9,415
Cash flow from operating activities (CFFO)	(5,113)	(4,931)	24,451
Free cash flow	(1,715)	(5,487)	(20,855)
Average number of employees	210	198	191
FINANCIAL RATIOS			
Gross profit margin	24.4%	23.3%	24.3%
Profit margin (EBIT margin)	5.7%	3.8%	5.1%
Liquidity ratio	145.5%	151.7%	141.3%
Equity ratio	40.9%	43.3%	38.6%
Return on equity	13.9%	18.1%	12.2%
Financial leverage	26.5%	15.1%	26.1%
NWC/revenue	30.7%	27.7%	26.4%
Earnings per share, DKK	1.48	0.78	4.62
Equity value per share, DKK	41.8	36.3	40.1
Share price, DKK	38.0	51.0	45.9
Price-book ratio	0.9	1.4	1.1
Market capitalisation, DKK thousands	118,044	158,427	142,584
ADDITIONAL NUMBERS, DKK THOUSANDS			
Order backlog	111,390	116,472	123,654

For calculation of financial ratios please see page 12. Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

KEY FIGURES AND FINANCIAL RATIOS – EUR*

INCOME STATEMENT, EUR THOUSANDS	Q1 2020	Q1 2019	Year 2019
Revenue from contracts with customers	13,087	11,909	47,415
Gross profit	3,198	2,778	11,525
Operating profit (EBIT)	747	452	2,410
Net financial items	(110)	(79)	(347)
Profit before tax	637	373	2,063
Profit for the period	609	323	1,907
BALANCE SHEET, EUR THOUSANDS			
Non-current assets	10,865	6,292	11,506
Current assets	31,373	28,362	31,644
Assets	42,238	34,653	43,150
Equity	17,267	14,997	16,655
Non-current liabilities	3,413	957	4,099
Current liabilities	21,558	18,699	22,395
Net interest-bearing debt	4,572	2,258	4,333
Net working capital	14,826	13,034	12,373
OTHER KEY FIGURES, EUR THOUSANDS			
Investment in intangible and tangible assets	75	74	1,622
Cash flow from operating activities (CFFO)	(685)	(661)	3,273
Free cash flow	(230)	(735)	(2,792)
Average number of employees	210	198	191
FINANCIAL RATIOS			
Gross profit margin	24.4%	23.3%	24.3%
Profit margin (EBIT margin)	5.7%	3.8%	5.1%
Liquidity ratio	145.5%	151.7%	141.3%
Equity ratio	40.9%	43.3%	38.6%
Return on equity	13.9%	18.1%	12.2%
Financial leverage	26.5%	15.1%	26.1%
NWC/revenue	30.7%	27.7%	26.4%
Earnings per share, EUR	0.2	0.1	0.62
Equity value per share, EUR	5,6	4.9	5.36
Share price, EUR	5,1	6.8	6.14
Price-book ratio	0.9	1,4	1.1
Market capitalisation, EUR thousands	21,222	21,222	19,088
ADDITIONAL NUMBERS, EUR THOUSANDS			
Order backlog	14,843	15,606	16,553

*On the translation of key figures and financial ratios from Danish kroner to euro, Danmarks Nationalbank's rate of exchange at 31 March 2020 of 746.74 has been used for balance sheet items, and the average rate of exchange of 747.15 has been used for income statement and cash flow items.

Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

MANAGEMENT STATEMENT

We have considered and approved the interim report of SKAKO A/S for the period 1 January – 31 March 2020.

The interim report, which has not been audited or reviewed by our auditors, has been prepared in accordance with IAS 34 *Interim financial reporting*, as adopted by the European Union and accounting policies set out in the annual report for 2019 of SKAKO A/S. Furthermore, the interim report for the period 1 January – 31 March 2020 has been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position on 31 March 2020 and of the results of the Group's operations and cash flows for the first three months of 2020.

We also believe that the Management commentary contains a fair review of the development in the Group's business and financial position, the results for the period and the Group's financial position as a whole as well as a description of the principal risks and uncertainties facing SKAKO.

Faaborg, 27 May 2020

Executive Board

Steffen Kremmer
Director

Lionel Girieud
Director

Board of Directors

Jens Wittrup Willumsen
Chairman

Christian Herskind Jørgensen
Deputy Chairman

Carsten Krogsgaard Thomsen

Lars Tveen

Sophie Louise Knauer

HIGHLIGHTS

Results and order intake

Operating profit (EBIT) for Q1 2020 amounted to DKK 5.6m compared to DKK 3.4m in Q1 2019. The higher operating profit (EBIT) in Q1 2020 compared to Q1 2019 is driven by increased revenue and gross profit margins as well as a decreasing capacity cost ratio. The positive results are generated in both divisions where the Concrete Division has realised an EBIT of DKK 1.9m in Q1 2020 compared to a negative EBIT of DKK 0.7m in Q1 2019 while the Vibration Division has realised an EBIT of DKK 4.1 in Q1 2020 compared to an EBIT of DKK 4.7m in Q1 2019.

Increased contribution margins and capacity cost savings following S2020 (see below) are driving the increase in EBIT in the Concrete Division while a change in the mix between revenue from Plant orders and Aftersales along with slightly increased capacity costs has resulted in the decrease in EBIT from the Vibration Division. Following our strategic acquisition of Dartek and the large order from Tapojärvi (company announcement 15/2019), revenue from the recycling segment in SKAKO Vibration has increased by 399% compared to Q1 2019.

While we expect to remain profitable through 2020, we also expect Q1 2020 to be the best quarter of 2020 as the consequences of Covid-19 are expected to grow in significance through Q2 and Q3 with an expected normalization through Q4 2020 going into 2021.

Order intake in Q1 2020 amounted to DKK 85.5m compared to DKK 98.6m in Q1 2019. The order backlog at the beginning of Q2 2020 amounts to DKK 111.4m which is a decline of 4.4% compared to the order backlog at the beginning of Q2 2019. Due to the high order backlog entering 2020, we still have a good order backlog going into Q2 2020. However, we expect to see a slowdown of order intake in Q2 due to Covid-19, especially in SKAKO Vibration and therefore we expect to have a lower order backlog going into Q3 2020.

In May 2020, SKAKO Concrete signed a Plant order contract of DKK 17m for a large US-based customer. With this order, the Plant order backlog is in place for SKAKO Concrete for the rest of 2020. In general, SKAKO Concrete is experiencing increased activity on the US market compared to prior years.

S2020 Profit Enhancement Programme

SKAKO Concrete has initiated the S2020 Profit Enhancement Programme where we have high focus on improved earnings as well as increased standardization and optimization of all key products. In addition, to improve our delivery performance we have continued our investment and strong focus in our sourcing and purchase project in order to maintain a high level of quality. In sales, the Lead Qualification System has been introduced to ensure a thorough and standardized approach to customers and quotations. Shorter delivery times and high-quality project execution are other areas that have our close attention. All these initiatives aim to improve profitability on Plant orders as we have also seen in Q1 2020. The project is not yet finished, and we expect to see further improvements in the rest of 2020 and in 2021.

The Covid-19 pandemic

The Covid-19 pandemic has had some impact on Q1 2020 results. In March we started seeing a decrease in revenue from Aftersales and our ability to perform on-site Plant installation was limited due to the lockdown, both of which had a negative impact on the results in Q1 2020. Especially our business units in France and Spain are affected by lockdown due to Covid-19. However, the impact was limited to a part of March and results for Q1 2020 are still at a good level. The impact from Covid-19 is expected to increase in significance in the rest of 2020 where revenue from Aftersales is expected to decrease even further in Q2 but normalise through H2, while the quarterly revenue from Plant orders is expected to remain at a lower level compared to Q1 2020 through the rest of 2020 due to the fact that we are unable to make on-site Plant installations in most of Q2 2020 and that we are seeing a slowdown in Plant order intake for execution in H2 2020.

The Covid-19 lockdown of societies all over the world has created a challenging situation, also for SKAKO. The biggest challenge is the uncertainties regarding the future. Operations in SKAKO have continued at a reasonable level through the Covid-19 lockdown. Administrative staff in both Denmark and France are, and have been, sent home while productions in both Denmark, France and Spain have continued through the lockdown. The Danish production in both divisions has been relatively untouched. Some subcontracting has been made difficult but in general the supply chains have worked. Danish and French sales staff have worked from home but have experienced some challenges especially with aftersales and service, since many customers have stopped their activities or postponed investment decisions. The French SKAKO Vibration Minerals division runs an almost fully outsourced business and has therefore not been affected. Subcontractors, primarily in Eastern Europe, have been able to deliver throughout the period. In Spain, Dartek has been subject to the rules of critical production and has therefore been in full operation throughout the period. Employees are on their way back to the offices the next few weeks and safe measures have been established at all facilities.

Guidance on earnings

We maintain our guidance as communicated in company announcement 7/2020 from 19 May 2020:

Based on the results in Q1 2020 and our expectation for revenue in the remaining part of 2020, we are guiding for an operating profit (EBIT) of DKK 10-15m for 2020. As the Covid-19 pandemic increases uncertainty in economies all over the world this guidance is also subject to significantly greater uncertainty than usual. The main uncertainties relate to the expected revenue:

- Revenue from Aftersales is expected to decrease further in Q2 2020 with an expected normalization through H2 2020. Revenue from aftersales is dependent on re-opening of companies' productions which is expected to happen at the end of Q2 2020. Due to higher margins, revenue from Aftersales has a material impact on SKAKO's results and therefore, deviations from the expected can have significant effect on the expected results.
- Revenue from Plant orders is expected to remain at a lower quarterly level compared to Q1 2020 for the rest of 2020. Revenue from Plant orders is dependent on our ability to perform on-site Plant installations. If the lockdown remains in place further into H2, this will have a negative impact on expected revenue and results. Further, we are expecting a low level of order intake for execution in H2 2020 due to Covid-19. If order intake is above our expectation and the lockdown is eased as expected, this could have a positive effect on expected revenue and results.

ABOUT SKAKO

The SKAKO Group has two business areas:

- SKAKO Vibration: Vibratory feeding, conveying and screening equipment
- SKAKO Concrete: Concrete batching plants for ready-mix, precast and jobsite plants

SKAKO Vibration

SKAKO Vibration develops, designs and sells high-end vibratory feeding, conveying, and screening equipment, used across the complete spectrum of material handling and processing. Our main focus is on plant sales with a solid after sales division.

Our engineering, assembly and test facilities are located in Faaborg in Denmark, Strasbourg in France and San Sebastian in Spain, and the products are based on application know-how and own developed technology. SKAKO Vibration does not have any production as all parts for our products are sourced through suppliers and assembled in Faaborg, Strasbourg or San Sebastian. The products are transported to customers either from our suppliers or from assembling in Strasbourg, Faaborg or San Sebastian.

The global market is penetrated using a niche strategy with a sector-driven focus. We are strong within the automotive sector, the mining sector and especially the phosphate mining sector. The main markets are EU and North Africa. We are focusing on expanding in Morocco to support our significant growth within supplying to the phosphate mining sector. Further, we aim to be one of the leading global participants in the automotive industry, especially through European and US players.

Through the acquisition of Dartek Proyectos y Maquinaria, S.L. (Dartek) in November 2019, we have strengthened our presence in the recycling sector which is a segment expected to develop positively in the years to come.

Following the acquisition of Dartek, the main sectors for SKAKO Vibration are now mining, automotive and recycling sectors, while the main markets remain the same.

SKAKO Concrete

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. Our main focus is on plant sales with a solid after sales division.

Our engineering, assembling and test facility is located in Faaborg in Denmark and the products are based on know-how and own developed technology. The products are transported to customers either from assembling in Faaborg or from our suppliers.

The main markets are EU and North America. We aim to obtain a higher market share on existing markets without increasing the risk profile on the orders.

MANAGEMENT COMMENTARY

Performance review

DKK thousands	Q1 2020	Q1 2019	Change
Revenue from contracts with customers	97,782	88,884	10.0%
Production costs	(73,888)	(68,150)	8.4%
Gross profit	23,894	20,734	15.2%
<i>Gross profit margin</i>	<i>24.4%</i>	<i>23.3%</i>	<i>1.1pp</i>
Distribution costs	(11,033)	(10,684)	3.3%
Administrative expenses	(7,277)	(6,680)	8.9%
Operating profit (EBIT)	5,584	3,370	65.7%
<i>Profit margin (EBIT margin)</i>	<i>5.7%</i>	<i>3.8%</i>	<i>1.9pp</i>
Profit for the period	4,549	2,412	88.6%
Average number of employees	210	198	6.1%
Order intake	85,518	98,564	(13.2%)
Order backlog end of period	111,390	116,472	(4.4%)

Revenue

Revenue increased by 10.0% in Q1 2020 compared to the same period last year. The increase in Q1 2020 is caused by an increase in the Concrete Division of 10.7%, and an increase in the Vibration Division of 7.9%. The increase in revenue in the Concrete Division is primarily driven by high activity on Plant orders. The Vibration Division has realised an increase in revenue from the newly acquired Dartek, while the rest of the division has realised a small decrease in revenue. This is in accordance with our expectations for Q1 2020 where we expected a decrease in revenue from the German automotive industry. Organic revenue growth for the Group amounts to 2.0% in Q1 2020 compared to Q1 2019. Following our strategic acquisition of Dartek and the large order from Tapojärvi (company announcement 15/2019), revenue from the recycling segment in SKAKO Vibration has increased by 399% compared to Q1 2019. In both divisions we have seen a decrease in revenue from Aftersales following the lockdown from Covid-19. Due to the Covid-19 lockdown we expect a lower level of quarterly Plant revenue in the remaining part of 2020, while revenue from Aftersales is expected to decrease even further in Q2 and return to a normalised level through H2 2020 as productions are expected to re-open. The lower revenue from Plant orders in the rest of 2020 is due to the fact that we are currently unable to make on-site Plant installations and that we have seen a slowdown in Plant order intake for execution in H2 2020 due to uncertainties from Covid-19. No orders have been cancelled but final approvals have been delayed.

Revenue, DKK million	Concrete			Vibration			Group*		
	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change
Plants	28.4	21.7	30.1%	35.1	31.2	12.5%	63.1	52.4	20.4%
Aftersales	22.3	24.1	(8.1%)	12.9	13.3	(3.0%)	34.7	36.5	(4.9%)
Total	50.7	45.8	10.7%	48.0	44.5	7.9%	97.8	88.9	10.0%

* After eliminations

MANAGEMENT COMMENTARY - continued

Gross profit

While revenue increased by 10.0%, production costs only increased by 8.4% in Q1 2020 compared to the same period last year. This led to a gross profit margin of 24.4% in Q1 2020 (23.3% in Q1 2019) which represents an increase in gross profit margin of 1.1 percentage points compared to Q1 2019. The increase in gross profit margin is mainly due to an improvement of gross profit margin on Plant orders in the Concrete Division. This follows directly from the initiatives taken under S2020 (see page 6) which are also expected to increase the gross profit margins on Plant orders further through 2020. On the other hand, the increase in revenue from Plant orders and decrease in revenue from Aftersales on Group level has had a negative effect on the gross profit margins in Q1 2020 because revenue from Aftersales holds higher margins. While the effect is expected to continue through Q2 2020, we expect the mix between Plant and Aftersales revenue to even out through 2020 which is also expected to have a positive effect on the gross profit margins.

Capacity costs

Distribution costs increased by 3.3% in Q1 2020 compared to the same period last year, and administrative expenses increased by 8.9% in Q1 2020 compared to Q1 2019. The increase in administrative and distribution expenses in Q1 2020 is primarily due to the acquisition of Dartek. The Vibration Division has also made investments in the engineering capacity while the Concrete division has reduced its overall capacity cost base. Furthermore, the Vibration division has realised PPA costs of DKK 0.2m in Q1 2020 following the acquisition of Dartek in November 2019. Overall, capacity costs for the old business units remain at the same level as Q1 2019, and the capacity cost ratio is reduced to 18.7% in Q1 2020 compared to 19.5% in Q1 2019.

Operating profit

Operating profit (EBIT) for Q1 2020 amounted to DKK 5.6m compared to DKK 3.4m in Q1 2019. The higher operating profit (EBIT) in Q1 2020 compared to Q1 2019 is primarily driven by increased revenue and gross profit margins. The positive results are generated in both divisions where the Concrete Division has realised an EBIT of DKK 1.9m in Q1 2020 compared to a negative EBIT of DKK 0.7m in Q1 2019 while the Vibration Division has realised an EBIT of DKK 4.1 in Q1 2020 compared to an EBIT of DKK 4.7m in Q1 2019.

Increased contribution margins and capacity cost savings following S2020 are driving the increase in EBIT in the Concrete Division while the change in mix between revenue from Plant and Aftersales along with increased capacity costs has resulted in the decrease in EBIT from the Vibration Division.

While we expect to remain profitable through 2020, we also expect Q1 2020 to be the best quarter of 2020 as the consequences of Covid-19 are expected to grow in significance through Q2 and Q3 with an expected normalization through Q4 2020.

MANAGEMENT COMMENTARY - continued

Order intake and backlog

In Q1 2020, order intake amounted to DKK 85.5m which is a decrease of 13.2% compared to the same period last year. Order intake in Q1 2020 for the Concrete Division was DKK 31.6m compared to DKK 27.3m in Q1 2019 and order intake in Q1 2020 for the Vibration Division was DKK 54.2m compared to DKK 72.4m in Q1 2019.

The Group order backlog at the beginning of Q2 2020 amounts to DKK 111.4m which is a decline of 4.4% compared to the order backlog at the beginning of Q2 2019. Due to the high order backlog entering 2020, we still have a good order backlog going into Q2 2020. However, we expect to see a slowdown of order intake in Q2, especially in SKAKO Vibration, and therefore we expect to have a lower order backlog going into Q3 2020.

In May 2020, SKAKO Concrete signed a Plant order contract of DKK 17m for a large US-based customer. With this order, the order Plant order backlog is in place for SKAKO Concrete for the rest of 2020. In general, we are experiencing increased activity on the US market compared prior years.

Order intake, DKK million	Concrete			Vibration			Group*		
	Q1 2020	Q1 2019	Year 2019	Q1 2020	Q1 2019	Year 2019	Q1 2020	Q1 2019	Year 2019
Order book, beginning	64.6	72.9	72.9	60.0	34.3	34.3	123.6	106.8	106.8
Order intake	33.5	27.3	169.5	53.0	72.4	206.3	85.5	98.5	371.0
Revenue	(50.7)	(45.8)	(177.8)	(48.0)	(44.5)	(180.6)	(97.8)	(88.9)	(354.2)
Order book, ending	47.4	54.4	64.6	65.0	62.3	60.0	111.4	116.5	123.6

*After eliminations

Cash flow developments

In the first three months of 2020, the Group generated cash flow from operating activities (CFFO) of DKK -5.1m compared to DKK -4.9m in Q1 2019. The negative cash flow is primarily due to an increase in receivables from customer contracts that have not yet reached contractual milestones for invoicing. As we are currently not able to finish on-site Plant installations, this situation might continue in Q2 but is expected to normalise through Q3 as we expect to be able to make on-site installation from late Q2. Generally, our customers are fulfilling their payment obligations and the Group has a strong liquidity to see us through the current situation related to the lockdown from Covid-19. Furthermore, in April 2020 we have secured additional funds of DKK 16,4m as short-term bank loans.

Equity

The Group's equity amounted to DKK 128.9m on 31 March 2020 (DKK 112.0m on 31 March 2019) matching an equity ratio of 40.9% (43.3% on 31 March 2019). The increase in equity is mainly due to profit for the period of DKK 4.5m., while the decrease in equity ratio primarily is due to goodwill from the investment in Dartek in November 2019.

Balance sheet

As of 31 December 2019, the Group's assets totalled DKK 315.4m (DKK 258.7m on 31 March 2019). The increase in assets is primarily due to goodwill from the investment in Dartek in November 2019.

Non-current assets increased by DKK 34.2m and amounted to DKK 81.1m (DKK 46.9m on 31 March 2019), while current assets increased by DKK 22.6m to DKK 234.3m (DKK 211.7m on 31 March 2019). The increase in assets is primarily due to goodwill from the investment in Dartek in November 2019.

Net debt increased by DKK 17.2m and totalled DKK 34.1m on 31 December 2019 (DKK 16.9m on 31 March 2019). The increase in net debt is due to the payment structure in the Dartek acquisition where we owe a total of DKK 22.4m on 31 March 2020 and negative cash flow in Q1 2020.

Current liabilities amounted to DKK 161.0m (DKK 139.6m on 31 March 2019). The increase in current liabilities is due to the payment structure in the Dartek acquisition and negative cash flow in Q1 2020.

MANAGEMENT COMMENTARY - continued

Accounting policies as well as financial estimates and assumptions

The interim report has been prepared in accordance with IAS 34, *Interim financial reporting*, as adopted by the EU and further Danish disclosure requirements in respect of interim reports for listed companies.

With the below exception, the accounting policies used for the interim report are the same as the accounting policies used for Annual Report 2019 to which we refer for a full description. The Group has adopted all new, amended and revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2020. We refer to the notes to the annual report for a description of material estimates and assumptions.

Compared with the description in Annual Report 2019, there have been no changes in the accounting estimates and assumptions made by Management in the preparation of the interim report.

Financial ratios

Financial ratios are calculated as follows:

- Gross profit margin = $\text{Gross profit} \times 100 / \text{Revenue}$
- Profit margin = $\text{EBIT} \times 100 / \text{Revenue}$
- Liquidity ratio = $\text{Total current assets} \times 100 / \text{Total current liabilities}$
- Equity ratio = $\text{Total equity} \times 100 / \text{Total assets}$
- Return on equity = $\text{Profit for the period} \times 100 / (\text{Equity this year} + \text{equity prior year}) / 2^*$
- Financial leverage = $\text{Net interest-bearing debt} \times 100 / \text{Equity}$
- NWC/Revenue = $\text{Net working capital} \times 100 / \text{Revenue}^*$
- Earnings per share = $\text{Profit for the period} / \text{Shares in free flow}$
- Equity value per share = $\text{Equity} / \text{Total shares}$
- Share price = Share price at end of period
- Price-book ratio = $\text{Share price} / \text{Equity per share}$
- Market capitalization = $\text{Total number of share} \times \text{Share price}$

*Measured over a 12-month period (1 April 2019 to 31 March 2020)

Events after the balance sheet date

There have been no events to change the assessment of the interim report after the balance sheet date until today.

Outlook 2020

We maintain our guidance as communicated in company announcement 7/2020 from 19 May 2020:

Based on the results in Q1 2020 and our expectation for revenue in the remaining part of 2020, we are guiding for an operating profit (EBIT) of DKK 10-15m for 2020. As the Covid-19 pandemic increases uncertainty in economies all over the world this guidance is also subject to significantly greater uncertainty than usual. The main uncertainties relate to the expected revenue:

- Aftersales revenue is expected to decrease further in Q2 2020 with an expected normalization through H2 2020. Revenue from aftersales is dependent on re-opening of companies' productions which is expected to happen at the end of Q2 2020. Due to higher margins, revenue from Aftersales has a material impact on SKAKO's results and therefore, deviations from the expected can have significant effect on the expected results.
- Revenue from Plant orders is expected to remain at a lower quarterly level compared to Q1 2020 for the rest of 2020. Revenue from Plant orders is dependent on our ability to perform on-site Plant installations. If the lockdown remains in place further into H2, this will have a negative impact on expected revenue and results. Further, we are expecting a low level of order intake for execution in H2 2020 due to Covid-19. If order intake is above our expectation and the lockdown is eased as expected, this could have a positive effect on expected revenue and results.

CONSOLIDATED INCOME STATEMENT

DKK thousands	Q1 2020	Q1 2019	Year 2019
Revenue from contracts with customers	97,782	88,884	354,192
Production costs	(73,888)	(68,150)	(268,100)
Gross profit	23,894	20,734	86,092
Distribution costs	(11,033)	(10,684)	(39,796)
Administrative expenses	(7,277)	(6,680)	(28,291)
Operating profit (EBIT)	5,584	3,370	18,005
Financial income	3	6	248
Financial expenses	(828)	(593)	(2,838)
Profit before tax	4,759	2,783	15,415
Tax on profit for the period	(210)	(371)	(1,169)
Profit for the period	4,549	2,412	14,246
Profit for the period attributable to SKAKO A/S shareholders	4,549	2,412	14,246
Earnings per share (EPS), DKK	1.48	0.78	4.62
Diluted earnings per share (EPS), DKK	1.48	0.78	4.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK thousands	Q1 2020	Q1 2019	Year 2019
Profit for the year	4,549	2,412	14,246
Other comprehensive income:			
Items that have been or may subsequently be reclassified to the income statement:			
Foreign currency translation, subsidiaries	(183)	347	369
Value adjustments of hedging instruments	35	40	186
Other comprehensive income	(148)	387	555
Comprehensive income	4,401	2,799	14,801
Comprehensive income attributable to SKAKO A/S shareholders	4,401	2,799	14,801

CONSOLIDATED BALANCE SHEET

DKK thousands	31 Mar 2020	31 Mar 2019	31 Dec 2019
Other intangible assets	33,656	5,485	37,733
Intangible assets under development	5,049	3,181	4,830
Intangible assets	38,705	8,666	42,563
Leased assets	9,499	-	10,423
Land and buildings	5,674	4,992	5,644
Plant and machinery	494	552	510
Operating equipment, fixtures and fittings	3,209	7,330	3,442
Leasehold improvements	296	327	268
Tangible assets under construction	56	59	60
Property, plant and equipment	19,228	13,260	20,347
Other receivables	1,442	1,412	1,267
Deferred tax assets	21,754	23,629	21,770
Other non-current assets	23,196	25,041	23,037
Total non-current assets	81,129	46,967	85,947
Inventories	60,251	56,225	59,804
Trade receivables	63,986	73,131	64,884
Contract assets	83,944	58,688	72,708
Income tax	797	637	1,266
Other receivables	6,026	7,819	7,274
Prepaid expenses	4,134	6,416	3,887
Other investments	74	74	74
Cash	15,065	8,735	26,486
Current assets	234,277	211,725	236,383
Assets	315,406	258,692	322,330

CONSOLIDATED BALANCE SHEET

DKK thousands	31 Mar 2020	31 Mar 2019	31 Dec 2019
Share capital	31,064	31,064	31,064
Foreign currency translation reserve	46	207	229
Hedging reserve	73	(108)	38
Retained earnings	97,759	80,792	93,086
Total equity	128,942	111,955	124,417
Leasing	6,418	3,243	7,712
Loans and borrowings	15,383	-	19,366
Provisions	3,685	3,901	3,541
Non-current liabilities	25,486	7,144	30,619
Loans and borrowings	8,595	-	8,640
Bank loans and credit facilities	15,634	19,756	20,377
Leasing	3,179	2,593	2,832
Provisions	1,986	2,343	2,025
Contracts liabilities	18,075	11,772	16,517
Trade payables	79,395	78,968	87,528
Income tax	247	85	37
Other liabilities	33,867	24,076	29,338
Current liabilities	160,978	139,593	167,294
Liabilities	186,464	146,737	197,913
EQUITY AND LIABILITIES	315,406	258,692	322,330

CONSOLIDATED CASH FLOW STATEMENT

DKK thousands	Q1 2020	Q1 2019	Year 2019
Profit before tax	4,759	2,783	15,415
Adjustments	2,487	755	7,165
Change in receivables, etc.	(9,511)	9,426	20,348
Change in inventories	(447)	(4,019)	(7,822)
Change in trade payables and other liabilities, etc.	(2,045)	(13,391)	(8,635)
Cash flow from operating activities before financial items and tax	(4,757)	(4,446)	26,470
Financial items received and paid	(825)	(587)	(2,591)
Taxes paid	469	102	570
Cash flow from operating activities	(5,113)	(4,931)	24,450
Investment in intangible assets	(225)	(379)	(2,703)
Investment in tangible assets	(332)	(177)	(9,415)
Acquisition of entities	3,955	-	(33,188)
Cash flow from investing activities	3,398	(566)	(45,306)
Change in borrowings	(3,623)	-	35,557
Instalment on borrowings and loans	(1,353)	-	(3,150)
Change in short-term bank facilities	(4,743)	3,563	4,184
Cash flow from financing activities	(9,719)	3,565	36,591
Change in cash and cash equivalents	(11,434)	(1,924)	15,735
Cash and cash equivalents beginning of period	26,559	10,744	10,744
Foreign exchange adjustment, cash and cash equivalents	13	(11)	81
Cash and cash equivalents at end of period	15,138	8,809	26,560
Breakdown of cash and cash equivalents at the end of the year:			
Cash and other investments	15,138	8,809	26,560
Cash and cash equivalents at the end of the year:	15,138	8,809	26,560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 01 January 2020	31,064	229	38	93,086	124,417
Comprehensive income in Q1 2020:					
Profit for the period				4,549	4,549
Other comprehensive income:					
Foreign currency translation adjustments, subsidiaries		(183)			(183)
Value adjustments of hedging instruments			35		35
Other comprehensive income	-	(183)	35	-	(148)
Comprehensive income, period	-	(183)	35	4,549	4,401
Share-based payment, warrants				124	124
Equity at end of period	31,064	46	73	97,759	128,942

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 01 January 2019	31,064	(140)	(148)	78,290	109,066
Change in accounting policy (IFRS 16)				(118)	(118)
Restated total equity at the beginning of the financial year	31,064	(140)	(148)	78,172	108,948
Comprehensive income in Q1 2019:					
Profit for the period				2,412	2,412
Other comprehensive income:					
Foreign currency translation adjustments, subsidiaries		347			347
Value adjustments of hedging instruments			40		40
Other comprehensive income	-	347	40	-	387
Comprehensive income, period	-	347	40	2,412	2,799
Share-based payment, warrants				208	208
Equity at end of period	31,064	207	(108)	80,792	111,955

SEGMENT INFORMATION

DKK thousands	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
Q1 2020					
Revenue, external	50,657	47,125	-	-	97,782
Revenue, internal	3	833	-	(836)	-
Total revenue	50,660	47,958	-	(836)	97,782
Depreciation	(564)	(741)	-	-	(1,305)
Operating profit (EBIT)	1,871	4,125	(412)	-	5,584
Result before tax	1,512	3,721	(474)	-	4,759
Tax on profit for the period	(39)	(171)	-	-	(210)
Profit for the period	1,473	3,550	(474)	-	4,549
Order backlog, beginning	64,571	60,014	-	(931)	123,654
Order intake	33,454	52,946	-	(882)	85,518
Order backlog, ending	47,365	65,002	-	(977)	111,390
Segment non-current assets	30,698	46,402	4,029	-	81,129
Segment assets	123,422	192,558	4,536	(5,110)	315,406
Segment liabilities	53,356	133,753	4,991	(5,110)	190,419
Investment in intangible and tangible assets	391	166	-	-	557
Average number of employees	96	114	-	-	210

DKK thousands	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
Q1 2019					
Revenue, external	45,769	43,115	-	-	88,884
Revenue, internal	1	1,345	-	(1,346)	-
Total revenue	45,770	44,460	-	(1,346)	88,884
Depreciation	(576)	(411)	-	-	(987)
Operating profit (EBIT)	(669)	4,686	(647)	-	3,370
Result before tax	(1,027)	4,475	(665)	-	2,783
Tax on profit for the period	130	(501)	-	-	(371)
Profit for the period	(897)	3,974	(665)	-	2,412
Order backlog, beginning	72,884	34,343	-	(406)	106,821
Order intake	27,258	72,402	-	(1,125)	98,535
Order backlog, ending	54,444	62,291	-	(263)	116,472
Segment non-current assets	29,098	13,786	4,083	-	46,967
Segment assets	107,866	153,633	4,216	(7,023)	258,692
Segment liabilities	47,620	101,363	4,778	(7,023)	146,738
Investment in intangible and tangible assets	301	255	-	-	556
Average number of employees	101	97	-	-	198

QUARTERLY KEY FIGURES AND FINANCIAL RATIOS

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full year 2019
INCOME STATEMENT, DKK THOUSANDS						
Revenue	97,782	91,117	79,807	94,384	88,884	354,192
Gross profit	23,894	23,253	20,499	21,578	20,734	86,092
Operating profit (EBIT)	5,584	7,831	4,529	2,248	3,370	18,005
Net financial items	(825)	(436)	(845)	(722)	(587)	(2,590)
Profit before tax	4,759	7,395	3,684	1,526	2,783	15,415
Profit for the period	4,549	6,265	3,670	1,531	2,412	14,246
BALANCE SHEET, DKK THOUSANDS						
Non-current assets	81,130	85,947	46,762	46,907	46,967	85,947
Current assets	234,276	236,383	211,222	225,977	211,725	236,383
Assets	315,407	322,330	257,984	272,884	258,692	322,330
Equity	128,942	124,417	117,709	113,654	111,955	124,417
Non-current liabilities	25,485	30,619	6,069	6,379	7,144	30,619
Current liabilities	160,979	167,294	134,206	152,851	139,593	167,294
Net interest-bearing debt	34,143	32,370	8,505	18,016	16,856	32,370
Net working capital	110,710	110,710	98,478	103,082	97,304	110,710
OTHER KEY FIGURES, DKK THOUSANDS						
Investment in intangible and tangible assets	557	9,920	847	795	556	12,118
Cash flow from operating activities (CFFO)	(5,113)	20,231	9,737	(586)	(4,931)	24,451
Free cash flow	(1,715)	(22,877)	8,890	(1,380)	(5,487)	(20,855)
Average number of employees	210	191	206	206	198	191
FINANCIAL RATIOS						
Gross profit margin	24.4%	25.5%	25.7%	22.9%	23.3%	24.3%
Profit margin (EBIT margin)	5.7%	8.6%	5.7%	2.4%	3.8%	5.1%
Liquidity ratio	145.5%	141.3%	157.4%	147.8%	151.7%	141.3%
Equity ratio	40.9%	38.6%	45.6%	41.6%	43.3%	38.6%
Return on equity	13.6%	12.2%	16.1%	20.0%	18.1%	12.2%
Financial leverage	26.5%	26.1%	7.2%	15.9%	15.1%	26.1%
NWC/revenue	30.7%	26.4%	27.6%	28.4%	27.7%	26.4%
Earnings per share, DKK	1.48	2.15	1.19	0.50	0.78	4.62
Equity value per share, DKK	41.8	40.1	38.2	36.9	36.3	40.1
Share price, DKK	38.0	45.9	42.0	49.2	51.0	45.9
Price-book ratio	0.9	1.1	1.1	1.3	1.4	1.1
Market capitalisation, DKK thousands	118,044	142,584	130,470	152,836	158,427	142,584