

Q1 2019 Quarterly Results

TRESU Investment Holding A/S

21 May 2019



BRINGING FLEXOGRAPHIC TECHNOLOGY TO A HIGHER LEVEL

General information

- The interim financial report appended to this presentation is prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies
- IFRS 16 Leases standard are implemented as of January 2019. Figures from 2018 are not restated to reflect changes from standard
- The interim financial report has neither been audited nor reviewed
- The statement of profit or loss in this presentation is complemented with a bridge to Adjusted EBITDA for comparability with prior periods
- Please refer to the interim financial report, including the notes to the financial statements, for full details
- This presentation and report will be available at www.tresu.dk/investor-relations
- The total nominal amount of bonds held by Altor TG AB, a fully-owned subsidiary of Altor Fund IV, as at the publication date of this report is EUR 12,122,500

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Executive summary

1 Return to profitability with positive adj. EBITDA of DKK 4m in Q1

- Q1 '19 results negatively impacted by slower phasing of capital sales revenues
- Ancillary business performing in line with expectations
- Backlog projects under control but profitability still below expectations
- Q1 '19 order intake in line with expectations – quotation activity increasing
- 2019 revenue and EBITDA guidance maintained

2 Progress on turnaround plan

- Management team now in place with several key recruitments made during Q1 '19 incl. new CFO, new VP Solutions and new Supply Chain Manager
- Top 5 strategic initiatives progressing according to plan
- Relocation to new HQ / production facility in Q3 '19 on track

3 Liquidity and shareholder support

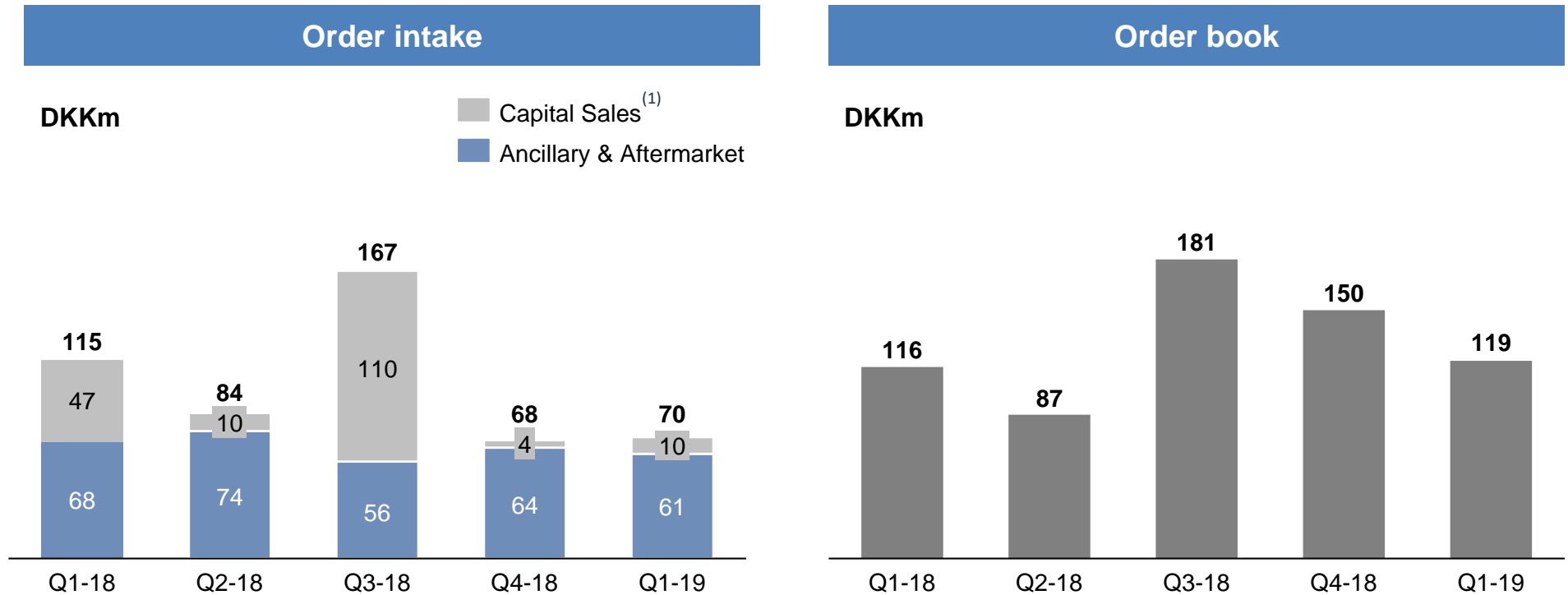
- NWC improvement driving net debt reduction from DKK 617m to DKK 605m in Q1 '19
- DKK 50m capital raising announced in February completed in April '19
- Investment of EUR 12m (nominal) in Tresu bonds by Altor Fund IV

Q1 '19 marks initial signs of turnaround with positive adj. EBITDA

DKKm	Q1 2019	Q4 2018	Comments
Revenue	100.7	87.2	
Production costs	(94.9)	(128.2)	
Gross profit/(loss)	5.9	(41.0)	<ul style="list-style-type: none"> Q1 turning around adj. EBITDA loss of 2018, with adj. EBITDA of DKK 4m <ul style="list-style-type: none"> Initial signs of turnaround with cost overruns on old projects kept to minimum Fixed costs savings at run-rate as of Q1 '19 following FTE right-sizing in H2 '18
R&D costs	(0.5)	(2.8)	
Distribution costs	(11.5)	(14.0)	
Administrative costs	(13.8)	(90.9)	
Other net operating expenses	0.1	(2.1)	
Operating profit / (loss)	(19.8)	(150.8)	<ul style="list-style-type: none"> Net interest bearing debt decreased from DKK 617m in Q4-18 to DKK 605m in Q1-19 mainly driven by NWC improvements
Adjustments			
D&A	3.3	5.1	
NRI	7.1	8.8	
PPA depreciation	12.2	9.6	
Impairment losses	-	78.8	
IFRS 16 depreciation on leases	0.9	NA	
Adjusted EBITDA (non-IFRS)	3.8	(48.5)	<ul style="list-style-type: none"> Moreover, liquidity has improved in line with expectations. On top of this comes the DKK 50m shareholder contribution made in April (previously announced in Q4-18 announcement)
NWC	58.8	81.1	
Net debt	604.7	617.2	
Available liquidity	19.8	6.4	






(1) IFRS 16 Leases standard implemented as of January 2019. Figures from 2018 not restated to reflect changes from standard.

Order intake and order book development in line with expectations



(1) Includes order intake from Digital segment.

Latest status: 5 strategic priorities for turnaround agenda

Strategic priorities	Latest status	Launch / P&L impact
 Right-Sizing lower break-even point	<ul style="list-style-type: none"> Savings from FTE right-sizing at run-rate as of Q1 '19 Constant monitoring of utilisation vs capacity to ensure fixed cost base in line with expected order intake 	Q4-18 / Q1-19
 Digital improve profitably	<ul style="list-style-type: none"> Ongoing talks with Digital OEMs on future terms to improve Digital segment profitability Development work on next generation model ongoing 	Q4-18 / H1-19
 Large Project Management secure margins	<ul style="list-style-type: none"> Project overruns narrowed significantly in Q1 '19 – remaining gap to be closed during 2019 New bids subject to stringent process via Bid Review Board Increase in quotation activity driven by more proactive sales approach 	Q4-18 / H2-19→
 Supply Chain transform and improve	<ul style="list-style-type: none"> New Supply Chain Manager hired (external recruit) responsible for transformation agenda and part of senior leadership Detailed plans near completion for relocation to new HQ / production facility in Q3 '19 	H1-19 / H1-20→
 Aftermarket grow installed base potential	<ul style="list-style-type: none"> Work continues on full Ancillary and Aftermarket strategy for proactive lifecycle management of the installed base and servicing OEMs more extensively Recruitment of additional aftermarket sales resources in progress 	Q2-19 / 2020→

Appendix

Statement of profit or loss

DKKm	Q1 2019	Q4 2018
Revenue	100.7	87.2
Production costs	(94.9)	(128.2)
Gross profit/(loss)	5.9	(41.0)
R&D costs	(0.5)	(2.8)
Distribution costs	(11.5)	(14.0)
Administrative costs	(13.8)	(90.9)
Other net operating expenses	0.1	(2.1)
Operating profit/(loss)	(19.8)	(150.8)
Net financial expenses	8.6	(8.5)
Profit/(loss) before tax	(26.4)	(159.3)
Tax on profit/(loss) for the period	3.0	15.6
Profit/(loss) for the period	(23.4)	(143.8)

Comments

- Q1 turning around adj. EBITDA loss of 2018, with adj. EBITDA of DKK 4m
 - Initial signs of turnaround with cost overruns on old projects kept to minimum
 - Fixed costs savings at run-rate as of Q1 '19 following FTE right-sizing in H2 '18

Statement of financial position

DKKm	Mar-19	Dec-18
Intangible assets	602.8	616.8
Property, plant and equipment	55.3	48.5
Other non-current assets	10.4	10.5
Non-current assets	668.6	675.8
Inventories	76.6	87.2
Trade receivables	58.9	58.0
Contract work in progress	64.2	77.7
Tax receivables	0.0	2.7
Other short-term receivables	8.2	6.7
Prepayments	1.6	2.0
Receivables	209.5	234.3
Cash	5.0	6.1
Assets as held for sale	13.0	16.1
Financial lease	1.1	NA
Current assets	228.5	256.5
Assets	897.1	932.2
Contributed capital	2.9	2.9
Other reserves	3.3	2.1
Retained earnings	42.2	65.6
Equity	48.4	70.6
Provisions for deferred tax	75.5	78.3
Other provisions	6.3	6.7
Corporate bonds ⁽¹⁾	517.1	517.5
Finance lease liabilities	2.7	0.1
Other payables	7.3	6.6
Non-current liabilities	609.1	609.3
Current portion of long-term lease liabilities	1.6	0.0
Current portion of long-term other payables	-	0.9
Bank debt	87.7	100.6
Payable group company	-	0.3
Contract liabilities	11.4	15.2
Trade payables	93.2	90.4
Income tax payable	(0.4)	0.0
Other payables	46.1	44.9
Current liabilities	239.6	252.4
Total liabilities	848.7	861.7
Equity and liabilities	897.1	932.2

Comments

- Net interest bearing debt decreased from DKK 617m in Q4-18 to DKK 605m in Q1-19 mainly driven by NWC improvements
- NWC decreased from DKK 81m in Q4-18 to DKK 59m in Q1-19

(1) Gross corporate bonds of DKK 522.0m excluding capitalised financing fees.

Statement of cash flows

DKKm	Q1 2019	Q4 2018
Operating profit/loss	(19.8)	(150.8)
Amortisation, depreciation and impairment losses	15.5	14.4
Impairment losses	-	78.7
Other provisions	(0.4)	1.8
Working capital changes	23.6	24.4
Cash flows from ordinary operating activities	18.9	(31.5)
Financial income received	0.0	0.0
Financial expenses paid	(6.7)	(7.1)
Income taxes refunded/(paid)	-	(4.5)
Cash flows from operating activities	12.3	(11.7)
Acquisition etc. of intangible assets	(0.2)	(6.3)
Acquisition etc. of property, plant and equipment	(0.2)	2.0
Acquisition etc. of financial fixed assets	0.0	(5.8)
Acquisition etc. of companies	-	-
Cash flows from investing activities	(0.5)	(10.1)
Loans raised	-	-
Instalments loan	-	0.2
Overdraft facility	(12.9)	52.0
Capital increase	-	-
Corporate bonds	-	(1.6)
Cash flows from financing activities	(12.9)	50.6
Increase/decrease in cash and cash equivalents	(1.0)	(2.7)
Cash and cash equivalents BoP	6.1	8.8
Cash and cash equivalents EoP	5.0	6.1

Comments

- Liquidity has improved in line with expectations. On top of this comes the DKK 50m shareholder contribution made in April (previously announced in Q4-18 announcement)