

**Tresu Investment Holding A/S**

**Eegsvej 14**

**6091 Bjert**

**Company Reg. No. 37553727**

**Interim financial report**

**First quarter 2019**

## **Contents**

Statement by the Board of Directors and the Executive Board on the interim financial report .....	3
Management commentary .....	4
Consolidated statement of profit or loss and other comprehensive income .....	6
Consolidated statement of financial position - Assets.....	8
Consolidated statement of financial position– Equity and Liabilities .....	9
Consolidated statement of changes in equity .....	10
Consolidated statement of cash flows .....	11
Notes to consolidated interim financial statements .....	12

## **Statement by the Board of Directors and the Executive Board on the interim financial report**

The Board of Directors and the Executive Board have today considered and approved the interim financial report of Tresu Investment Holding A/S for the period from 1 January 2019 to 31 March 2019.

The interim financial report 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. The interim financial report has neither been audited nor reviewed.

In our opinion, the interim financial report gives a true and fair view of the Group's financial position as at 31 March 2019 and the results of their operations and cash flows for the period from 1 January 2019 to 31 March 2019.

In our opinion, the Management's Review includes a fair review of the development in the Group's business and financial matters, the results for the quarter and of the Group's financial position and the financial position as a whole for the entities included in the consolidated financial statements.

In addition to the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual report 2018.

Bjert, Denmark, 21 May 2019

### **Executive Board**

Heidi Thousgaard Jørgensen

### **Board of Directors**

Carsten Nygaard Knudsen

Chairman

Ola Harald Erics

Thomas Stegeager Kvorning

Anders Wilhjelm

Søren Dan Johansen

**Management commentary**

	Q1 2019	Q1 2018*	2018*	2017#
<b>Key figures (DKK'000)</b>				
Revenue	100.742	103.091	338.410	286.159
Gross profit/loss	5.876	(400)	(124.883)	26.120
Operating profit/loss	(19.750)	(22.184)	(324.235)	(32.847)
Net financials	(6.662)	(7.821)	(31.829)	(27.073)
Profit/loss for the year	(23.366)	(23.293)	(296.313)	(52.434)
Total assets	897.103	1.184.270	932.239	1.218.774
Investments in property, plant and equipment	1.457	837	1.061	2.495
Equity	48.414	215.732	70.583	238.471
<b>Ratios</b>				
Gross margin (%)	5,8	(0,4)	(36,9)	9,1
Net margin (%)	(23,2)	(23,2)	(87,6)	(18,3)
Return on equity (%)			(191,8)	(44,0)
Equity ratio (%)			7,6	19,6
Return of assets			(34,8)	(2,7)

**Ratios****Calculation formula**

Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Return of assets (%)	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$	Profit from invested capital

As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, which is owned by Tresu Group Holding A/S. Tresu Group Holding A/S is ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The statement of profit or loss and other comprehensive income for the financial year 2017 therefore only includes about 6 months of business activity.

Tresu Investment A/S was merged with Tresu A/S as of 1 January 2018.

\*) Financial figures for 2018 are not restated to reflect IFRS 16

## **Q1 2019**

Consolidated YTD Q1 2019 revenue is DKK 100,7m and Operating loss (EBIT) for Q1 2019 is DKK -19,8m. The result in the Group is impacted by amortization of surplus values capitalized as part of the purchase price allocation.

Cash flow from operating activities in Q 2019 amounted to DKK 12,3m and net investments in Property, plant and equipment equaled DKK 1,5m.

At the end of Q1 2019 total assets was DKK 897,1m and total equity amounted to DKK 48,4m.

The financial results of Q1 2019 are in line with expectations.

## **Outlook**

The outlook for the Group for 2019 is revenue growth in the area of 20-30% on 2018, and an EBITDA margin of 5-10% (adjusted for potential one-off effects).

**Consolidated statement of profit or loss and other comprehensive income**

DKK'000	Note	Q1 2019	Q1 2018*	1/1-31/12 2018*	1/1-31/12# 2017
<b>Revenue</b>	4	100.742	103.091	338.410	286.159
Production costs <sup>A</sup>		(94.866)	(103.491)	(463.293)	(260.039)
<b>Gross profit/(loss)</b>		<b>5.876</b>	<b>(400)</b>	<b>(124.883)</b>	<b>26.120</b>
Research and development costs		(477)	(2.175)	(20.046)	(3.301)
Distribution costs		(11.491)	(9.456)	(50.484)	(19.187)
Administrative costs <sup>B</sup>		(13.758)	(10.153)	(126.749)	(36.479)
Other operating income		1.231	0	383	0
Other operating expenses		(1.131)	0	(2.456)	0
<b>Operating profit/(loss)</b>		<b>(19.750)</b>	<b>(22.184)</b>	<b>(324.235)</b>	<b>(32.847)</b>
Financial income		946	32	70	241
Financial expenses <sup>C</sup>		(7.608)	(7.853)	(31.899)	(27.314)
<b>Profit/(loss) before tax <sup>D</sup></b>		<b>(26.412)</b>	<b>(30.005)</b>	<b>(356.064)</b>	<b>(59.920)</b>
Tax on profit/(loss) for the period		3.046	6.712	59.751	7.486
<b>Profit/(loss) for the period</b>		<b>(23.366)</b>	<b>(23.293)</b>	<b>(296.313)</b>	<b>(52.434)</b>
Exchange rate adjustments, foreign companies		1.197	554	3.417	(1.316)
Tax on other comprehensive income		0	0	0	0
Other comprehensive income, net of tax		1.197	554	3.417	(1.316)
<b>Total comprehensive income/(loss) for the period</b>		<b>(22.169)</b>	<b>(22.739)</b>	<b>(292.896)</b>	<b>(53.750)</b>
Profit/(loss) for the period attributable to:					
Owners of the Company		(22.366)	(23.293)	(296.313)	(52.434)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		(22.169)	(22.739)	(292.896)	(53.750)

#As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity.

\*) Financial figures for 2018 are not restated to reflect IFRS 16

Amounts related to the acquisition of Tresu Investment A/S and other non-recurring items:

DKK'000	Q1 2019	Q1 2018	1/1-31/12 2018	1/1-31/12# 2017
<sup>A</sup> Increased depreciation on assets acquired (PPA)	12.188	18.309	60.156	36.039
<sup>A</sup> Impairment of Machines and buildings (PPA)	0	0	21.550	0
<sup>A</sup> Increased production costs from revaluation of inventory in PPA	0	0	0	6.200
<sup>B</sup> Other expenses 1)	7.145	2.715	14.950	16.181
<sup>B</sup> Impairment of goodwill (PPA)	0	0	75.000	0
<sup>C</sup> Borrowing costs	0	0	0	17.701
<sup>C</sup> Interest corporate bonds	6.601	0	26.391	6.587
<sup>D</sup> Tax regarding other expenses, borrowing costs and corporate bonds	0	0	(9.095)	(5.487)
<sup>D</sup> Adjustments deferred tax related to PPA	(2.681)	(4.028)	(18.722)	(9.239)
	23.253	16.996	170.977	67.982

1) Other expenses include costs acquisition, restructuring, listing of the bonds, relocation to new facility.

# As of 21 June 2017 the parent company of the legacy Tresu Group, Tresu Investment A/S was acquired by Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund Altor Fund IV Holding AB. The statement of profit or loss and other comprehensive income for YTD 2017 therefore only includes about 6 months of business activity.

**Consolidated statement of financial position - Assets**

DKK'000	Note	31 March 2019	31 March 2018***	31 December 2018
Goodwill		174.000	249.000	174.000
Completed development projects		30.795	54.375	33.344
Patents and licenses*		198.338	212.405	202.544
Brand		37.900	37.900	37.900
Customer relationship*		161.754	190.866	169.032
Order backlog*		0	6.375	0
<b>Intangible assets</b>		<b>602.787</b>	<b>750.921</b>	<b>616.820</b>
Land and buildings		3.636	26.973	3.675
Plant and machinery		44.151	31.622	40.172
Other fixtures and fittings, tools and equipment		2.457	5.533	4.032
Leasehold improvements		2.029	750	635
Finance lease	2	3.051	0	0
<b>Property, plant and equipment</b>		<b>55.324</b>	<b>64.878</b>	<b>48.514</b>
Deferred tax assets		0	1.240	0
Deposits		10.443	324	10.454
<b>Other non-current assets</b>		<b>10.443</b>	<b>1.564</b>	<b>10.454</b>
<b>Non-current assets</b>		<b>668.554</b>	<b>817.363</b>	<b>675.788</b>
Inventories**		76.559	125.132	87.245
Trade receivables		58.867	66.807	58.047
Contract work in progress**		64.222	151.726	77.659
Tax receivables		13	3.384	2.672
Other short-term receivables		8.203	9.227	6.717
Prepayments		1.589	3.909	1.950
<b>Receivables</b>		<b>209.453</b>	<b>360.185</b>	<b>234.290</b>
<b>Cash</b>		<b>5.040</b>	<b>6.722</b>	<b>6.073</b>
Assets as held for sale		13.000	0	16.088
Finance lease	2	1.056	0	0
<b>Current assets</b>		<b>214.493</b>	<b>366.907</b>	<b>256.451</b>
<b>Assets</b>		<b>897.103</b>	<b>1.184.270</b>	<b>932.239</b>

\*) Decrease due to recurring amortization

\*\*) Decrease due to normal operation

\*\*\*) Financial figures for 2018 are not restated to reflect IFRS 16



**Consolidated statement of financial position– Equity and Liabilities**

DKK'000	Notes	31 March 2019	31 March 2018	31 December 2018
Contributed capital		2.922	2.922	2.922
Other reserves		3.308	(762)	2.111
Retained earnings		42.184	213.572	65.550
<b>Equity</b>		<b>48.414</b>	<b>215.732</b>	<b>70.583</b>
Provisions for deferred tax		75.546	133.605	78.344
Other provisions		6.315	1.353	6.671
Corporate bonds		517.131	515.646	517.505
Finance lease liabilities	2	2.717	149	123
Other payables		7.348	7.086	6.631
<b>Non-current liabilities</b>		<b>609.057</b>	<b>657.839</b>	<b>609.274</b>
Current portion of long-term lease liabilities	2	1.612	40	45
Current portion of long-term other payables		0	1.071	896
Bank debt		87.726	97.587	100.581
Payable group company		0	360	325
Contract liabilities*		11.370	2.882	15.210
Trade payables**		93.168	166.244	90.377
Income tax payable		(377)	4.631	39
Other payables		46.133	37.884	44.909
<b>Current liabilities</b>		<b>239.632</b>	<b>310.669</b>	<b>252.382</b>
<b>Total liabilities</b>		<b>848.689</b>	<b>968.538</b>	<b>861.656</b>
<b>Equity and liabilities</b>		<b>897.103</b>	<b>1.184.270</b>	<b>932.239</b>

\*) Increase due to normal operation

\*\*\*) Decrease due to normal operation

\*\*\*\*) Financial figures for 2018 are not restated to reflect IFRS 16

**Consolidated statement of changes in equity****Consolidated statement of changes in equity**

DKK'000	<b>Contributed capital</b>	<b>Other reserves*</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2018</b>	2.922	(1.316)	236.865	238.471
Profit for the period	0	0	(23.293)	(23.293)
Other comprehensive income	0	554	0	554
<b>Equity at 31 March 2018</b>	<b>2.922</b>	<b>(762)</b>	<b>(213.572)</b>	<b>215.732</b>

**Consolidated statement of changes in equity**

DKK'000	<b>Contributed capital</b>	<b>Other reserves*</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2019</b>	2.922	2.111	65.550	70.583
Profit for the period	0	0	(23.366)	(23.366)
Other comprehensive income	0	1.197	0	(1.197)
<b>Equity at 31 March 2019</b>	<b>2.922</b>	<b>3.308</b>	<b>42.184</b>	<b>48.414</b>

\*) Other reserves consist of exchange differences on translating foreign companies.

**Consolidated statement of cash flows**

DKK'000	Note	<b>31 March 2019</b>	<b>31 March 2018</b>
Operating profit/loss		(19.750)	(22.184)
Amortisation, depreciation		15.460	20.499
Other provisions		(361)	(77)
Working capital changes		23.551	(23.376)
<b>Cash flows from ordinary operating activities</b>		<b>18.940</b>	<b>(25.138)</b>
Financial income received		47	32
Financial expenses paid		(6.708)	(7.853)
Income taxes refunded/paid		0	0
<b>Cash flows from operating activities</b>		<b>12.279</b>	<b>(32.959)</b>
Acquisition etc. of intangible assets		(238)	(32)
Acquisition etc. of property, plant and equipment		(226)	(837)
Acquisition etc. of financial fixed assets		7	0
<b>Cash flows from investing activities</b>		<b>(457)</b>	<b>(869)</b>
Loans raised		0	0
Instalments loan		0	-64
Overdraft facility		12.855	30.064
Capital increase		0	0
Corporate bonds		0	0
<b>Cash flows from financing activities</b>		<b>12.855</b>	<b>30.000</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(1.033)</b>	<b>(3.828)</b>
Cash and cash equivalents at the beginning of the period		6.073	10.550
<b>Cash and cash equivalents end of the period</b>		<b>5.040</b>	<b>6.722</b>
Cash and cash equivalents at period end are composed of:			
Cash		5.040	6.722
<b>Cash and cash equivalents end of the period</b>		<b>5.040</b>	<b>6.722</b>

## **Notes to consolidated interim financial statements**

### **Overview notes**

1. Basis of preparation .....	13
2. Changes in significant accounting policies .....	13
3. Use of estimates and judgement .....	15
4. Revenue .....	15
5. Assets held for sale .....	16
6. Financial instruments – Fair values and risk management .....	16
7. Commitments and contingencies .....	17
8. Related parties .....	17
9. Subsequent events .....	17
10. Accounting policies .....	17

## Notes

### 1. Basis of preparation

This interim financial report comprises condensed unaudited consolidated financial statements of Tresu Investment Holding A/S and its subsidiaries.

As of 21 June 2017 Tresu Investment Holding A/S, ultimately majority-owned by the private equity fund, Altor Fund IV Holding AB, acquired Tresu Investment A/S and its subsidiary companies through the purchase of the entire share capital of Tresu Investment A/S, also a Danish company.

The unaudited interim consolidated financial statements for Q1 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and additional Danish disclosure requirements for interim financial reports of listed companies, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

The consolidated financial statements are presented in Danish Kroner, which is the Parent Company's functional currency.

### 2. Changes in significant accounting policies

#### New standards, interpretations and amendments adopted by the Group

The Group has adopted all new or changed standards, interpretations and amendments to IFRS that are applicable with effect from 1 January 2019, among other:

- IFRS 16 Leases

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **IFRS 16, Leases**

Tresu Group has implemented IFRS 16 in the consolidated financial statements for the financial year beginning on 1 January 2019. Tresu Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

IFRS 16 replaces IAS 17 and changes the accounting treatment of lease contracts that were previously treated as operating lease contracts. The change in lease accounting requires capitalisation of operating lease contracts as right-of-use assets under property, plant and equipment with a related lease liability in liabilities.

Tresu Group assesses whether a contract is or contains a lease at inception of the contract. Tresu Group recognises a right-of-use assets and corresponding lease liabilities at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Tresu Group's incremental borrowing rate. Generally, Tresu Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if Tresu Group is reasonably certain to exercise the options; and
- amounts expected to be payable lease under residual value guarantees.

The lease liabilities are subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if Tresu Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

### **IFRS 16 impact to financial statements**

On transition to IFRS 16, Tresu Group recognised DKK 5m of right-of-use assets and lease liabilities. The lease liabilities were measured at the present value of the remaining lease payments, discounted using Tresu Group's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to these lease liabilities was 3.10 percent on 1 January 2019. Right-of-use assets are calculated at transition date and equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

Tresu Group's leases properties, vehicles and equipment. Lease contracts are typically made for fixed periods but may have extension options included in the lease term. Lease terms are negotiated on an individual basis and contain different terms and conditions including payment terms, terminations rights, maintenance, deposits and guarantees etc.

Right-of-use assets amounts to DKK 4,1m as at 31 March 2019. Lease liabilities are included in Financial debts and amount to DKK 3,3 million.

Interest related to the lease liabilities and depreciation related to the right-of-use assets are recognised in income statement and amounts to DKK 0,1m.

Tresu Group has not applied any practical expedients in the transition to IFRS 16.

### 3. Use of estimates and judgement

Management of the Company has made a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in the preparation of these consolidated interim financial statements in conformity with IFRS. Actual results could differ from those estimates.

Impairment test includes estimated future cash flow and discounting rate.

The estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

### 4. Revenue

DKK'000	Q1 2019	Q1 2018	1/1-31/12 2018	1/1-31/12 2017
Sale of goods	62.664	40.096	174.976	95.502
Sale of service	2.033	5.633	23.152	4.590
Income from contract work in progress (turnkey projects)	36.045	57.361	140.282	186.067
<b>Revenue</b>	<b>100.742</b>	<b>103.132</b>	<b>338.410</b>	<b>286.159</b>

### Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines, geographical market and timing of revenue recognition. As mentioned in Note 2 effects of IFRS 15 have been analysed and it has been concluded that the standard only has an insignificant effect on recognition and measurement concerning revenue.

Reportable segment DKK'000	Revenue external customer			
	Q1 2019	Q1 2018	1/1-31/12 2018	1/1-31/12 2017
<b>Primary geographical markets</b>				
Denmark	1.850	1.873	6.605	16.256
Europe	42.244	41.693	174.299	127.271
USA	8.203	18.494	90.513	67.604
Middle East and Africa	11.445	19.607	41.938	44.162
Other markets	37.000	21.423	25.055	30.866
	<b>100.742</b>	<b>103.091</b>	<b>338.410</b>	<b>286.159</b>

**Major products/service lines**

In-line flexo printing machines	65.638	68.451	213.281	214.506
Ancillary products	35.104	34.640	125.129	71.653
	<u>100.742</u>	<u>103.091</u>	<u>338.410</u>	<u>286.159</u>

**Timing of revenue recognition**

Products and services transferred at a point in time	64.697	45.730	198.128	100.092
Products transferred over time	36.045	57.361	140.282	186.067
	<u>100.742</u>	<u>103.091</u>	<u>338.410</u>	<u>286.159</u>

**5. Asset held for sale**

In June 2018, the Company decided to sell the corporate building, as the Company will vacate the current building and move into a new domicile in 2019. Accordingly, the corporate building is presented as asset held for sale. Efforts to sell these assets have started.

**6. Financial instruments – Fair values and risk management**

DKK'000	31 March 2019	31 March 2018
<b>Categories of financial instruments</b>		
Deposits	10.443	324
Trade receivables	58.867	66.807
Other short-term receivables	8.203	9.227
Prepayments	1.589	3.909
Cash	4.655	6.722
<b>Assets at amortized costs</b>	<b>83.757</b>	<b>86.989</b>
Corporate bonds	517.131	515.656
Finance lease liabilities	1.612	149
Non-current other payables	0	8.275
Bank debt	87.341	67.523
Trade payables	22.964	202.301
Other payables	116.337	37.654
<b>Financial liabilities measured at amortized cost</b>	<b>745.385</b>	<b>831.558</b>

**Financial risks**

Financial risks, including market, currency, interest, liquidity and credit risks are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.



## **7. Commitments and contingencies**

The Group has entered into an agreement to lease a new company facility site at Venusvej in Kolding. The new company site will be constructed by a property developer and subsequently leased to Tresu Group. The construction is expected to be finalized in summer 2019.

The expected lease commencement date is August 2019 and the Group is providing a payment guarantee of DKK 8.350 thousand that will be written down in lockstep with quarterly lease payments made in July 2019, October 2019, January 2020 and March 2020. The Group has paid an initial amount of DKK 10.000 thousand in deposit.

The lease contract includes a non-termination period of 14,3 years and the future minimum payments according to the contract is DKK 119m for this period.

## **8. Related parties**

The following parties have a controlling interest:

- Altor Fund IV Holding AB, Stockholm, shareholder, ultimate owner
- Tresu Group Holding A/S, CVR-no. 37752088, Bjert, shareholder, parent

## **9. Subsequent events**

In Q2 2019 the Group has received DKK 50.000 thousand from the Group's parent company, Tresu Group Holding A/S, as a tax exempt contribution.

## **10. Accounting policies**

Except as described in note 2, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

# 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](http://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

**Questions can be directed by phone +45 76 32 36 36 to:**

Heidi Thousgaard Jørgensen  
CEO & Interim CFO, Tresu Group

Carsten Knudsen  
Chairman, Tresu Group

# 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

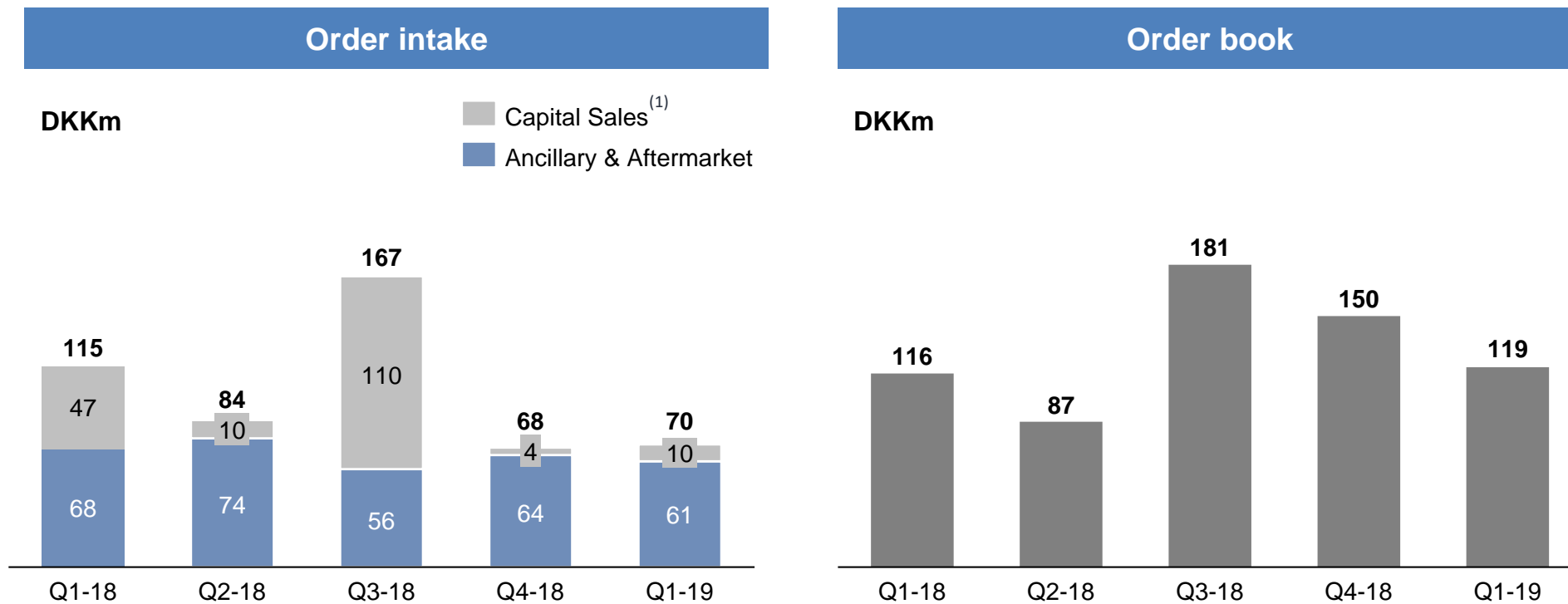
# Q1 '19 marks initial signs of turnaround with positive adj. EBITDA

DKKm	Q1 2019	Q4 2018	Comments
<b>Revenue</b>	100.7	87.2	
Production costs	(94.9)	(128.2)	
<b>Gross profit/(loss)</b>	<b>5.9</b>	<b>(41.0)</b>	
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)	
<b>Operating profit / (loss)</b>	<b>(19.8)</b>	<b>(150.8)</b>	
<b>Adjustments</b>			
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	
<b>Adjusted EBITDA (non-IFRS)</b>	<b>3.8</b>	<b>(48.5)</b>	
<b>NWC</b>	<b>58.8</b>	<b>81.1</b>	
<b>Net debt</b>	<b>604.7</b>	<b>617.2</b>	
<b>Available liquidity</b>	<b>19.8</b>	<b>6.4</b>	

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






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

## Appendix



# Statement of profit or loss

DKKm	Q1 2019	Q4 2018
Revenue	100.7	87.2
Production costs	(94.9)	(128.2)
<b>Gross profit/(loss)</b>	<b>5.9</b>	<b>(41.0)</b>
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)
<b>Operating profit/(loss)</b>	<b>(19.8)</b>	<b>(150.8)</b>
Net financial expenses	8.6	(8.5)
<b>Profit/(loss) before tax</b>	<b>(26.4)</b>	<b>(159.3)</b>
Tax on profit/(loss) for the period	3.0	15.6
<b>Profit/(loss) for the period</b>	<b>(23.4)</b>	<b>(143.8)</b>

## 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
<b>Non-current assets</b>	<b>668.6</b>	<b>675.8</b>
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
<b>Receivables</b>	<b>209.5</b>	<b>234.3</b>
<b>Cash</b>	<b>5.0</b>	<b>6.1</b>
Assets as held for sale	13.0	16.1
Financial lease	1.1	NA
<b>Current assets</b>	<b>228.5</b>	<b>256.5</b>
<b>Assets</b>	<b>897.1</b>	<b>932.2</b>
Contributed capital	2.9	2.9
Other reserves	3.3	2.1
Retained earnings	42.2	65.6
<b>Equity</b>	<b>48.4</b>	<b>70.6</b>
Provisions for deferred tax	75.5	78.3
Other provisions	6.3	6.7
Corporate bonds <sup>(1)</sup>	517.1	517.5
Finance lease liabilities	2.7	0.1
Other payables	7.3	6.6
<b>Non-current liabilities</b>	<b>609.1</b>	<b>609.3</b>
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
<b>Current liabilities</b>	<b>239.6</b>	<b>252.4</b>
<b>Total liabilities</b>	<b>848.7</b>	<b>861.7</b>
<b>Equity and liabilities</b>	<b>897.1</b>	<b>932.2</b>

## 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
<b>Cash flows from ordinary operating activities</b>	<b>18.9</b>	<b>(31.5)</b>
Financial income received	0.0	0.0
Financial expenses paid	(6.7)	(7.1)
Income taxes refunded/(paid)	-	(4.5)
<b>Cash flows from operating activities</b>	<b>12.3</b>	<b>(11.7)</b>
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	-	-
<b>Cash flows from investing activities</b>	<b>(0.5)</b>	<b>(10.1)</b>
Loans raised	-	-
Instalments loan	-	0.2
Overdraft facility	(12.9)	52.0
Capital increase	-	-
Corporate bonds	-	(1.6)
<b>Cash flows from financing activities</b>	<b>(12.9)</b>	<b>50.6</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>(1.0)</b>	<b>(2.7)</b>
Cash and cash equivalents BoP	6.1	8.8
<b>Cash and cash equivalents EoP</b>	<b>5.0</b>	<b>6.1</b>

## 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)