



SCAN
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TRANSGROUP
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SGLT Holding II LP

Summary of the interim financial report for Q4 2019

Key market developments

Key challenges

Corona Virus

- All local staff were sent home to stay self-isolated at their houses. None being infected with virus and no symptoms are recorded.
- We are heavily engaged in customer conversations to provide unique solutions to this extreme situation, unforeseen and unfortunate event.
- We expect the unfortunate situation will have a negative impact to the performance in the first quarter of 2020.
- For more information: <https://www.scangl.com/news/>

Key market drivers

Macroeconomic activity

- Analysts forecast the Global Freight Forwarding market to grow at the Highest CAGR during the forecast period 2019-2024.
- The global economy sets the pace for the transport and logistics market. In recent years, growth in global trade has been on a par with global GDP growth.

Risks

- Trade tariffs – mainly between USA and China
- UK Brexit aftermath
- Corona Virus as described in more detail above

Change of trade flows

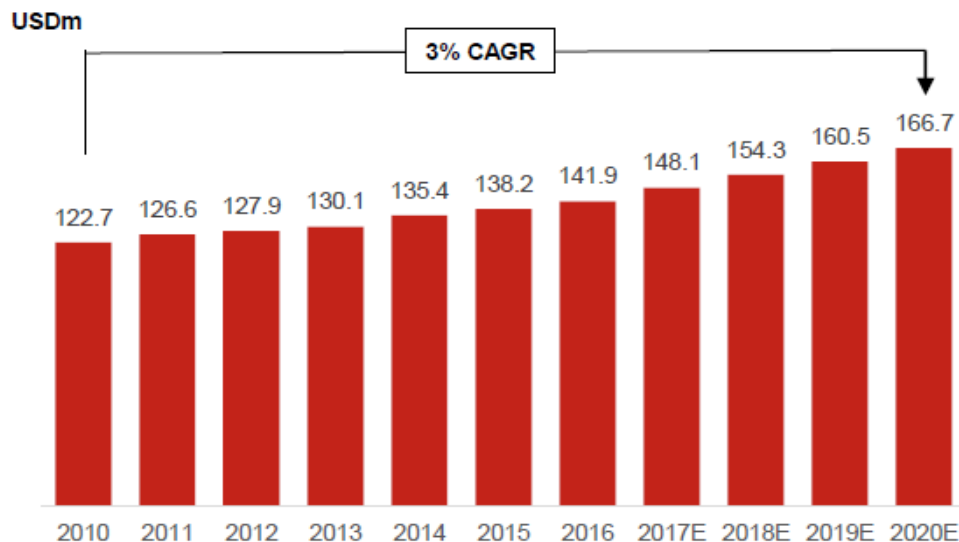
- Rising manufacturing costs in China shift production of consumer goods to markets like Myanmar, Cambodia, Laos, Vietnam, Bangladesh and Ethiopia
- Growth of China's economy and consumer market balances trade flows in and out of China
- Reorientation of trade flows drives need for logistics industry to expand global footprint

Propensity to use Freight forwarders

- Shippers' propensity to use freight forwarders for their logistics needs continues to rise
- Key drivers are focus on core business, cost optimisation, product risks and delivery time focus

Forecast development of the global freight forwarding market

GLOBAL FREIGHT FORWARDING REVENUES, 2010-2020E



Financial highlights

- Revenues amounted to USD 266.5m in Q4 2019, representing a 3% increase compared to Q4 2018
 - The revenue within SGL Group increased 9% in Q4 2019 compared to Q4 2018. The increase is mainly driven by businesses acquired (IQS, BK Spedition, IC Group activities and SGL Spain)
 - TransGroup experienced a 4% revenue growth in Q4 2019 versus Q4 2018, driven by increased sales in domestic traffic with existing customers as well as the business in Philadelphia acquired Q1 2019
 - In Q4 2019, organic revenue growth year-over-year SGL Group and TransGroup was 1% and 2%, respectively
- Compared to Q4 2018, gross margins expanded by 4.1 percentage points to 19.1% and overall gross profit grew by 31%
 - The gross margin increase is derived from increased US domestic activities together with increased Sea and Road activities in the Nordic region as well as by Road activities derived from acquired businesses relative to 2018
 - Continued improvement in EBITDA before special items, which grew by 55% from USD 9.3m in Q4 2018 to USD 15.1m in Q4 2019
 - Special items are mainly related to restructuring activities within the Danish Solutions business, other restructuring costs, start-up costs and acquisition costs
- Adjusted EBITDA excluding the impact of IFRS 16 *Leases* amounted to USD 13m and represents the underlying financial business performance of the Group in Q4 2019, as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items
- As of 31 December 2019, the equity ratio stood at 24.7% and the consolidated NIBD amounted to USD 230m, resulting in an NIBD/EBITDA ratio of 5.4x (on a pro forma level excluding IFRS 16); down from 5.5x in Q4 2018

Key financials

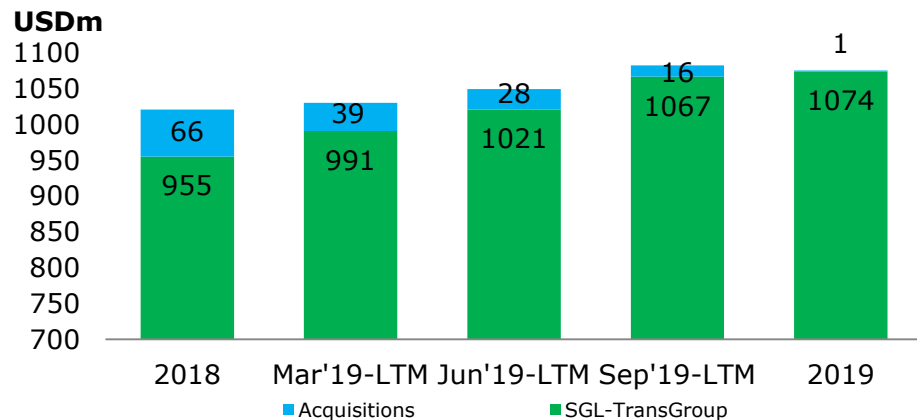
USD in thousands	Q4 2019	Q4 2018 (Not IFRS 16 adjusted)
Revenue	266,526	258,552
Cost of operation	-215,692	-219,790
Gross profit	50,834	38,762
Other external expenses	-8,538	-7,799
Staff costs	-27,179	-21,676
EBITDA before special items	15,117	9,287
Depreciation of tangibles	-3,832	-573
Amortisation of intangibles	-3,578	-2,207
EBIT before special items	7,707	6,507
Special items	-4,585	-4,806
EBIT	3,122	1,701
Net financial items	-17,285	-4,471
Result before tax	-14,163	-2,770
Tax on profit	1,632	-2,457
Result of the period	-12,531	-5,227
Gross margin*	19.1 %	15.0 %
EBITDA margin*	5.7 %	3.6 %

USDm

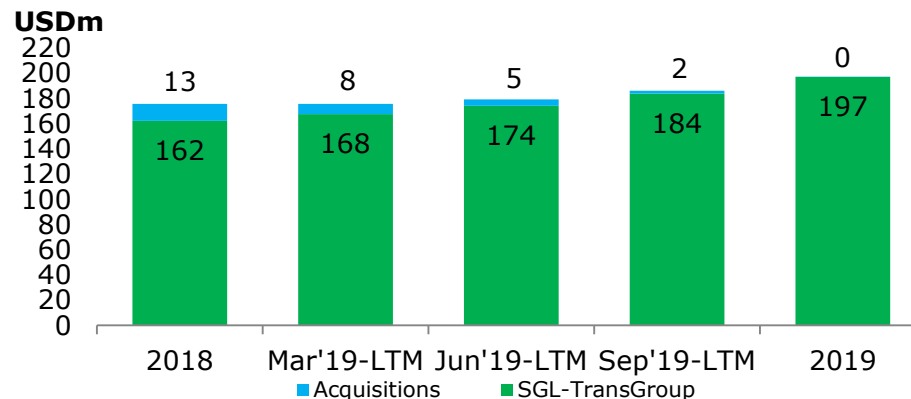
Net interest bearing debt (excl. IFRS 16)	230,370	184,430
Net leverage (pro forma excl. IFRS 16)	5.4x	5.5x

Pro forma development (rolling last twelve months)

Combined revenue development (pro forma LTM)

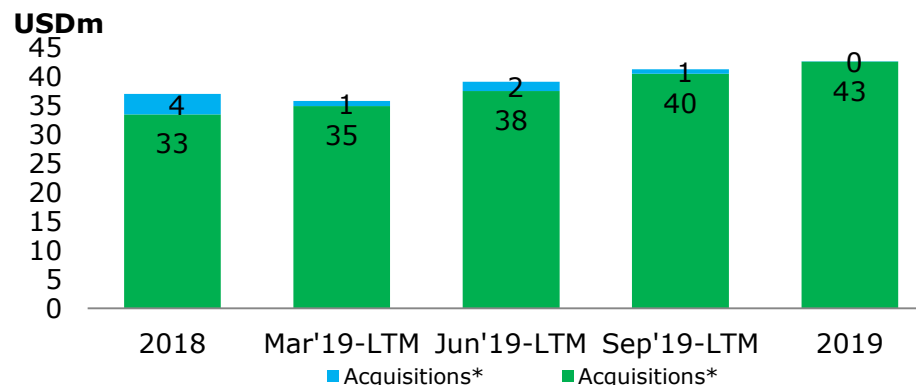


Combined gross profit development (pro forma LTM)

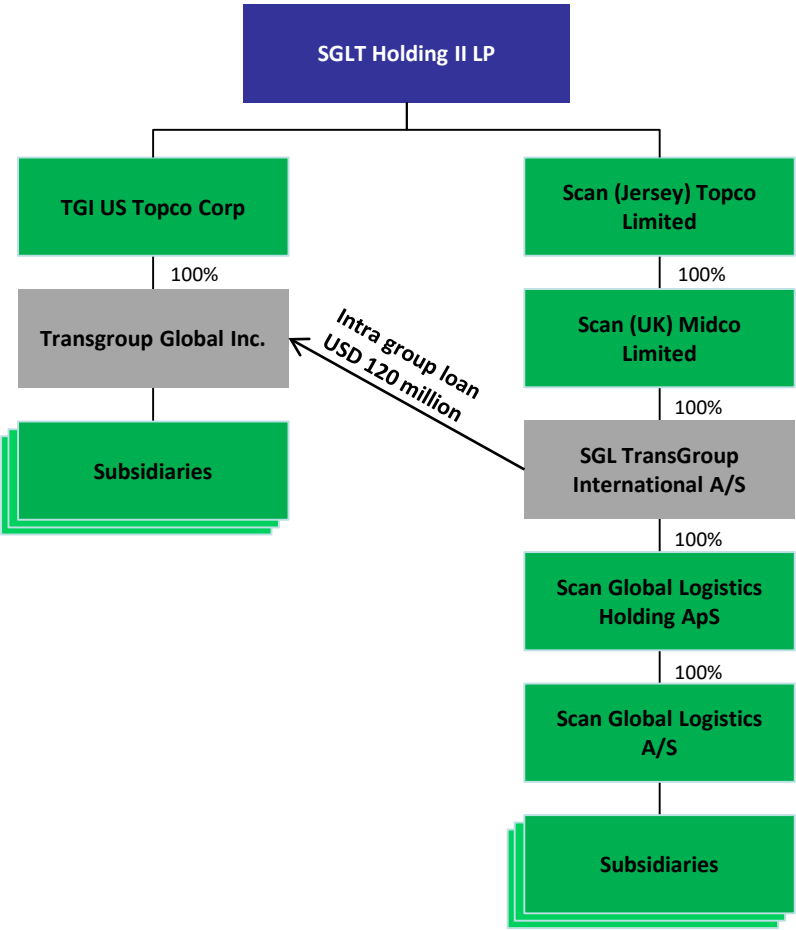


- “Acquisitions” includes activities in CommFirst, acquired in Q2 2018 (now TransGroup Canada Logistics, Inc.), Macca Logistics SA (now Scan Global Logistics SA), Mali, acquired in Q3 2018 and IQS Group acquired in Q1 2019, activities from IC Group A/S and BK-International Speditions GmbH, both of which were acquired in Q2 2019 as well as SGL Spain acquired in Q4 2019
- The pro forma graphs exclude the positive impact from the adoption of IFRS 16
- On a pro forma basis, the combined Group has experienced a positive development in revenue and gross profit over the last quarters
- The Group generated revenue of USD 1,074m in the LTM Q4 2019; however, negatively impacted by USD 35m due to FX exchange rate translation
- Gross profit amounted to USD 197m in LTM Q4 2019
- Adjusted EBITDA (pro forma) amounted to USD 43m in LTM Q4 2019, equal to a margin of 4%

Combined Adjusted EBITDA development (pro forma LTM)



Group structure – SGLT Holding II LP



SGL TransGroup International A/S is the Issuer of the outstanding bond:

- ISIN: SE0013101219 (Issue date: November 4 2019)
EUR 223 million