FULL YEAR 2020 RESULTS (INCL. Q4 2020)

SGLT Holding II LP

26 February 2020

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Group structure – SGLT Holding

Revenue

USD 1,210M

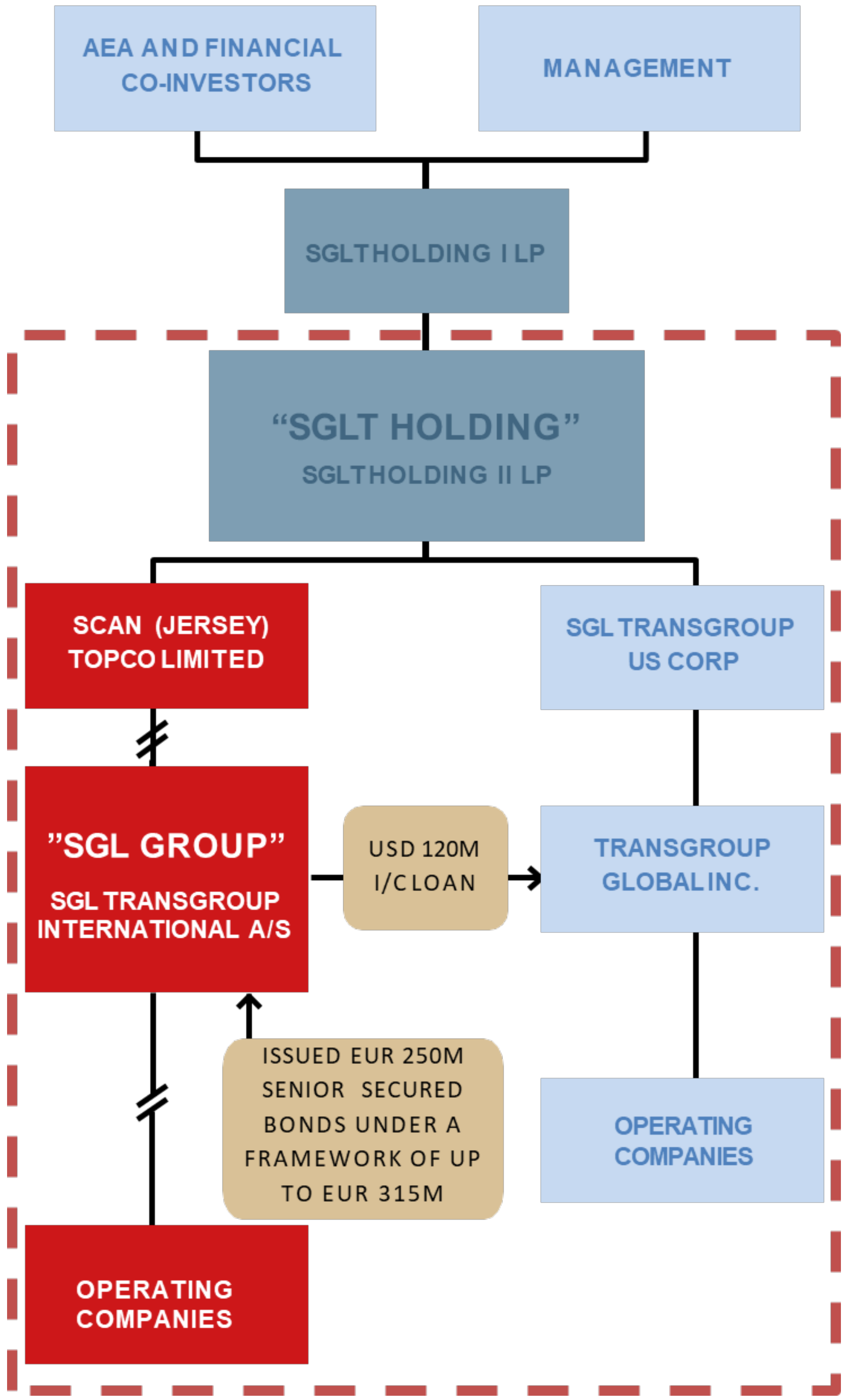
Adjusted EBITDA*

USD 50.4M

**Adjusted EBITDA (Business performance) excluding the impact of IFRS 16 leases*

- The figures in this section comprise the combined financial performance of SGL TransGroup International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP ("SGLT Holding").
- SGL TransGroup International A/S (together with TransGroup Global Inc. and their respective subsidiaries) has issued a senior secured floating-rate bond loan within a total framework amount of EUR 315 million.
  - As of 31 December 2020, the total amount outstanding under the Group's bond loan is EUR 250 million.
- The figures for SGLT Holding are presented because they highlight the performance to which attention should be given when understanding the current combined performance and predicting future combined performance supporting the issued senior secured bond through SGL TransGroup International A/S.
- Reporting currency for SGLT Holding is USD.

SIMPLIFIED STRUCTURE



 Unaudited

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Financial highlights full 12 months of 2020

- During 2020, SGLT Holding acquired activities in Scan Global Logistics Co. Ltd. (Cambodia), Pioneer Logistics, PostNord's Swedish Air & Ocean activities, and Utah Specialised Transportation, LLC (now owned 100% as acquired the remaining 49% shares from the minority shareholder). Certain Airlog companies were disposed 1 July 2020.
- **Revenue amounted to USD 1,210m** in 2020, representing a **13% increase** compared to 2019, including a positive impact of FX translation of approx. USD 14m.
- **Gross profit amounted to USD 202.7m**, representing an **increase of 12%** compared to 2019, positively impacted by FX translation of approx. USD 2m. Despite the significant increase in airfreight rates and capacity constraints, we have managed to keep gross margins on par at approx. 17% compared to the strong performance in 2019.
- **Adjusted EBITDA** before special items excluding the impact of IFRS 16 Leases amounted to **USD 50.4m** and represents the underlying financial business performance of the full year of 2020, 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 2020, the equity ratio stood at 19%, and the consolidated NIBD excluding lease liabilities (IFRS 16) amounted to USD 257.2m, resulting in a **NIBD/EBITDA ratio of 5.1x** (on a pro forma level excluding IFRS 16); down from 5.4x as of 31 December 2019.

Growth strategy

- In addition to growing the existing business, SGLT Holding continues to pursue its inorganic growth strategy, targeting acquisition opportunities with a good strategic fit to help scale the business, improve profitability, and drive deleveraging.
- As part of this strategy, SGLT Holding is evaluating debt financing alternatives, including subsequent or additional bonds issues, to be able to execute upon a number of potential acquisitions in the near term.

SGLT Holding Financial Highlights	Q4 2020	Q4 2019	FY 2020	FY 2019
	USDm	USDm	USDm	USDm
Income statement				
Revenue	343.4	266.5	1,210.2	1,074.3
Gross profit	53.9	50.8	202.7	181.2
EBITDA before special items	13.9	15.1	65.0	52.8
EBITDA before special items excluding IFRS 16	10.3	11.2	47.5	38.5
Operating profit (EBIT) before special items	3.9	7.7	28.4	27.3
Operating profit (EBIT)	-2.5	3.1	11.2	21.0
Financial items, net	-11.2	-17.3	-34.7	-32.3
Profit/loss for the period	-10.3	-12.5	-21.2	-11.8
Income statement (Business performance) [1]				
Adjusted EBITDA [1,2]	10.9	13.0	50.4	43.0
Financial position				
Equity attributable to parent company (excl. non-controlling interests)			127.4	143.5
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)			257.2	230.4
Total assets			681.0	580.0
Financial rations in %				
Gross margin	15.7	19.1	16.8	16.9
EBITDA margin before special items	4.0	5.7	5.4	4.9
EBITDA margin before special items excluding IFRS 16	3.0	4.2	3.9	3.6
Adjusted EBITDA margin [1,2]	3.2	4.9	4.2	4.0
Conversion ratio (Adjusted EBITDA to Gross profit)	20.2	25.6	24.9	23.7
Equity ratio			18.7	24.7
Net leverage (proforma excl. IFRS 16)			5.1	5.4

[1] Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results.

[2] Excluding the impact of IFRS 16 Leases

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Key market outlook

Air

After a very volatile Q2 and Q3 in 2020, it seems a "new normal" occurs; freight volumes and capacity are rising. The market is suspected of recovering gradually, driven by increased freighter capacity. Though rate levels are high compared to previous years and are expected to stay volatile for a while, the industry anticipates the market to stabilise over time. During the early stages of the pandemic, returning to traditional airfreight market conditions was not expected as soon as Q1, 2021, which is now the case.

Rates

- Rates will develop stable during 2021, only the distribution of COVID-19 vaccines can impact rate levels in a significant manner. Overall, rate levels excl. Asia, are still some 150 % higher compared to the same period last year, and a return to pre-pandemic levels is not expected any time soon.

Capacity

- Due to the reduction in passenger flights, 2020 saw a natural and upward trend in freighter volumes vs. belly-hold capacity. The lift of global restrictions expected throughout 2021 will add additional belly-hold capacity to the supply chain and keep pressure off airfreight cargo deliveries. Therefore, expectations are that though the international distribution of COVID-19 vaccines is picking up speed, it will not affect the airfreight cargo industry as significantly as previously expected. The question is if the market will continue to prefer freighter services over belly-hold to reduce passenger flight development dependency. It is still too early to predict; however, the freight/belly-hold ratio continues in favour of the market playing it safe.

Ocean

The ocean freight market wrote headlines in 2020, suffering from challenging Q3 and Q4 2020 setbacks that still affect shippers and customers on more or less all trades. Now, the overall situation seems slightly improving as short-term rate levels will return to a more sustainable level. However, a time of volatility and significant landside infrastructural challenges will further pose a challenge. Overall schedule reliability remains historically low due to port congestion and blank sailings, but the beginning of a turn back to normal is within sight.

Rates

- After significant and sustained increases, the SCFI short-term rate levels topped in Q4 2020 and remain at this level in Q1 2021. The increase in capacity and demand will drive a rate correction, though not a dramatic drop. The full-year 2021 contract season is well underway, and indications are that long-term rates are locked-in at significantly lower levels than current spot rates. Especially larger customers do so to achieve some form of stability ahead of a very unpredictable year, despite contract rates being significantly higher compared to previous years. Overall, long-term rates stabilise at a level considerably higher than the negotiated 2020-rates offering an indication of a more stable 2021. This development is considered healthy for ocean carriers.

Capacity and equipment

- Overall, the container equipment situation remains critical. Two factors contribute to explaining the lack of capacity seen throughout Q4 2020; massive port congestion, especially in the US, and a continued and surprising surge in demand. It remains unclear how the general GDP development will affect 2021 volumes, as 2020 saw a little correlation with consumers turning to physical goods and less so towards the service industry.
- All major ocean carriers, except for Maersk, have placed orders after a long period of empty order books for commercial vessels. Hope is that the supply chaos seen in 2020 will not happen in 2021.

Key market outlook

Road

The global impact of the COVID-19 virus and the subsequent lockdowns has caused a drop in road freight volumes globally. Despite small spikes in freight volumes, overall tendencies point towards a general stop in new product development for OEMs and a complete halt in the automotive industry. Road freight volumes in Europe remain lower than pre-pandemic levels and will probably continue to do so throughout most of Q1 in 2021. The amassment of goods will likely cause a catch-up effect once the restrictions within and between countries are lifted as an effect of the postponement of projects and goods that would otherwise have utilised road transportation.

Rates

- Currently, market-rate levels remain on pre-pandemic levels. However, various factors such as capacity constraints will affect the cost side in the coming months, and for many, such increases will have to be carried by the customer. A major factor likely to affect the Danish market is the early adoption of the cabotage part of the EU Mobility package in Denmark. Foreign drivers will be required to document a Danish paid salary when driving between two domestic points in Denmark. Such regulation will affect foreign haulage companies and incur an extra cost.

Capacity

- Domestically, the new cabotage rules will be 100% enforced from 1 April 2021, which will affect the domestic capacity as several subcontractors have chosen to stop their operations in Denmark. Effects will be higher costs and less flexibility as cargo will have to be moved onto Danish trucks. As previously mentioned, the accumulation of goods in Europe is expected to affect the capacity demand, driving prices up. It is uncertain when rate levels will re-stabilise and at what level.

Solution

Overall, 2020 was a record high year in terms of change in consumer buying behaviors. Facing more changes in the last 12 months than the previous five years – seen from a global consumer spend perspective, this has put a lot of pressure on the fulfillment & distribution activities due to new ways of operating and supporting customers.

The pandemic has forced the retail industry to quickly find new and alternative ways of reaching their consumers due to the extensive store closures, which have happened for several months during the calendar year of 2020. Generally, B2C sales have grown significantly while the B2B sales have dropped by up to 80% in certain markets. It is expected that once traditional retail opens again, a catch-up effect of B2B sales is expected as brands and retailers will need to get rid of their stock as quickly as possible.

Looking into 2021, retailers and brands are finding ways of supporting both the online and offline sales channels, which is changing the formats of needed fulfillment and distribution solutions.

Fulfilment capacity

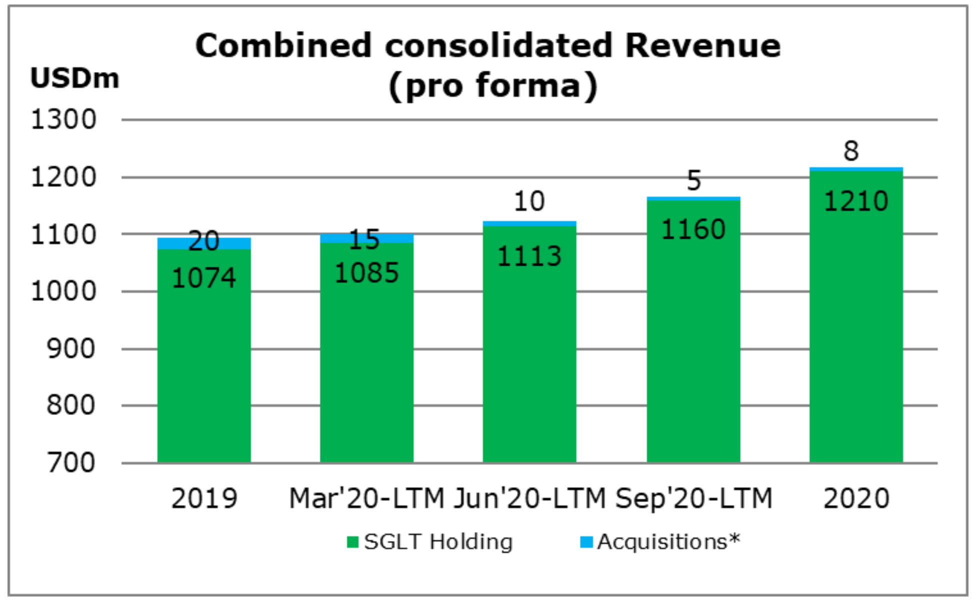
- An increased need for more fulfillment operations to support B2B and B2C sales is expected. We expect that outsourcing warehouse operations to 3PLs will be a high priority for many key players to support the growth in online sales. Therefore, the demand for fulfillment operations at multiple locations across the globe will see an increase.

Distribution

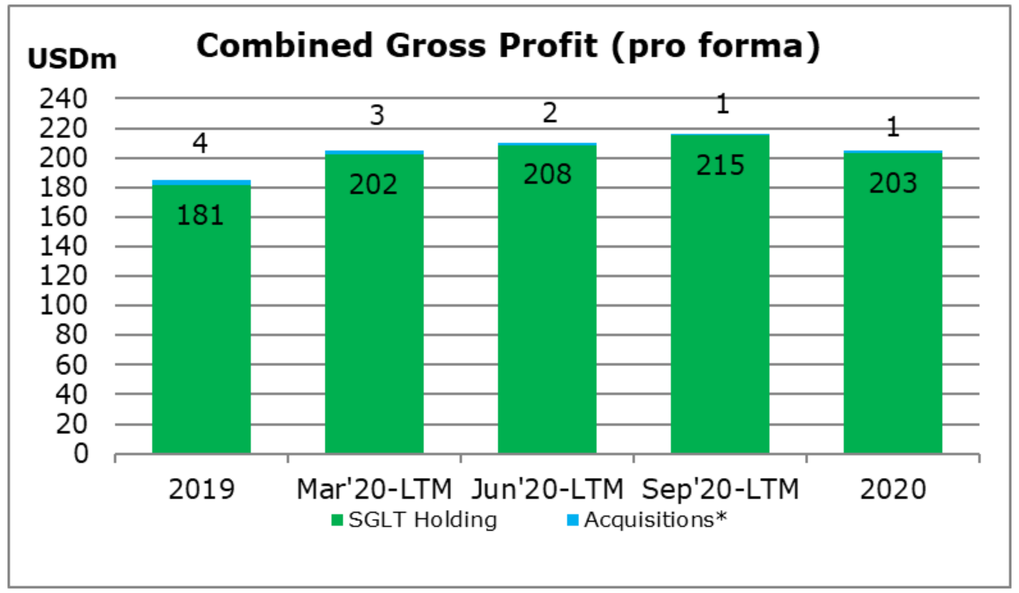
- Due to the increase in the variety of online consumer types, we can expect to see a need for new and different types of last-mile and distributions solutions. Flexibility to choose is key for many.

Pro forma development (rolling last twelve months)

Revenue development (pro forma LTM)

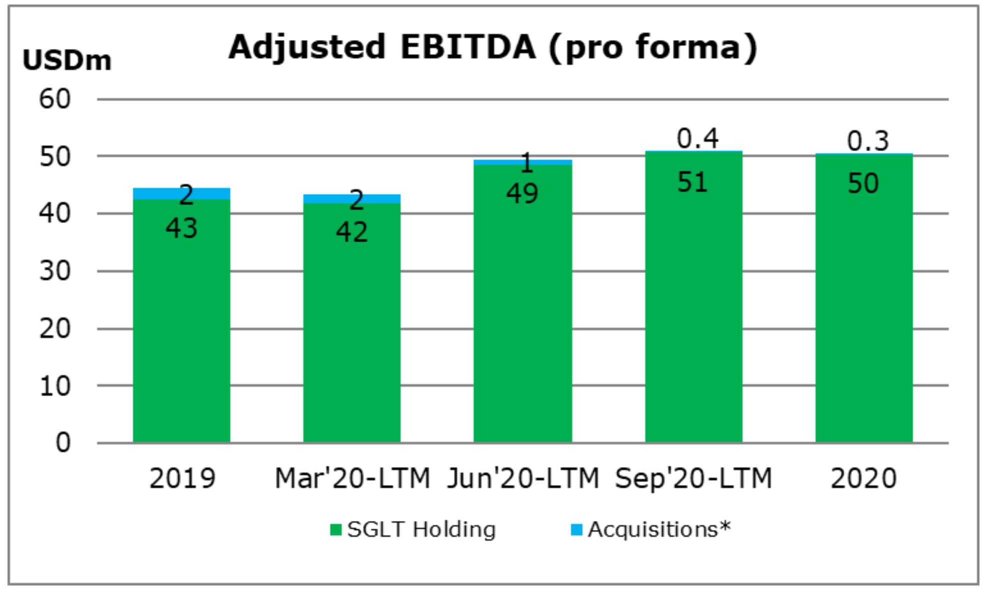


Gross profit development (pro forma LTM)



- On a pro forma basis, if the acquisitions had been effective for the last twelve months (LTM), we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include all acquisitions made.
  - *Acquisitions include PostNord's Swedish Air & Ocean activities (acquired 1 October 2020).
- The pro forma graphs exclude the impact of IFRS 16, which has a positive impact on EBITDA.
- On a pro forma basis, the SGLT Holding combined Group has experienced a positive development in revenue and EBITDA profit over the last quarters.
- Adjusted EBITDA (pro forma) amounted to USD 50.7m in 2020, equal to a margin of 4.2%

Adjusted EBITDA development (pro forma LTM)



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