INTERIM FINANCIAL RESULTS FIRST THREE MONTHS OF 2021 Q1 2021

SGLT Holding II LP

17 MAY 2021

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL LOGISTICS

Group structure – SGLT Holding

Revenue

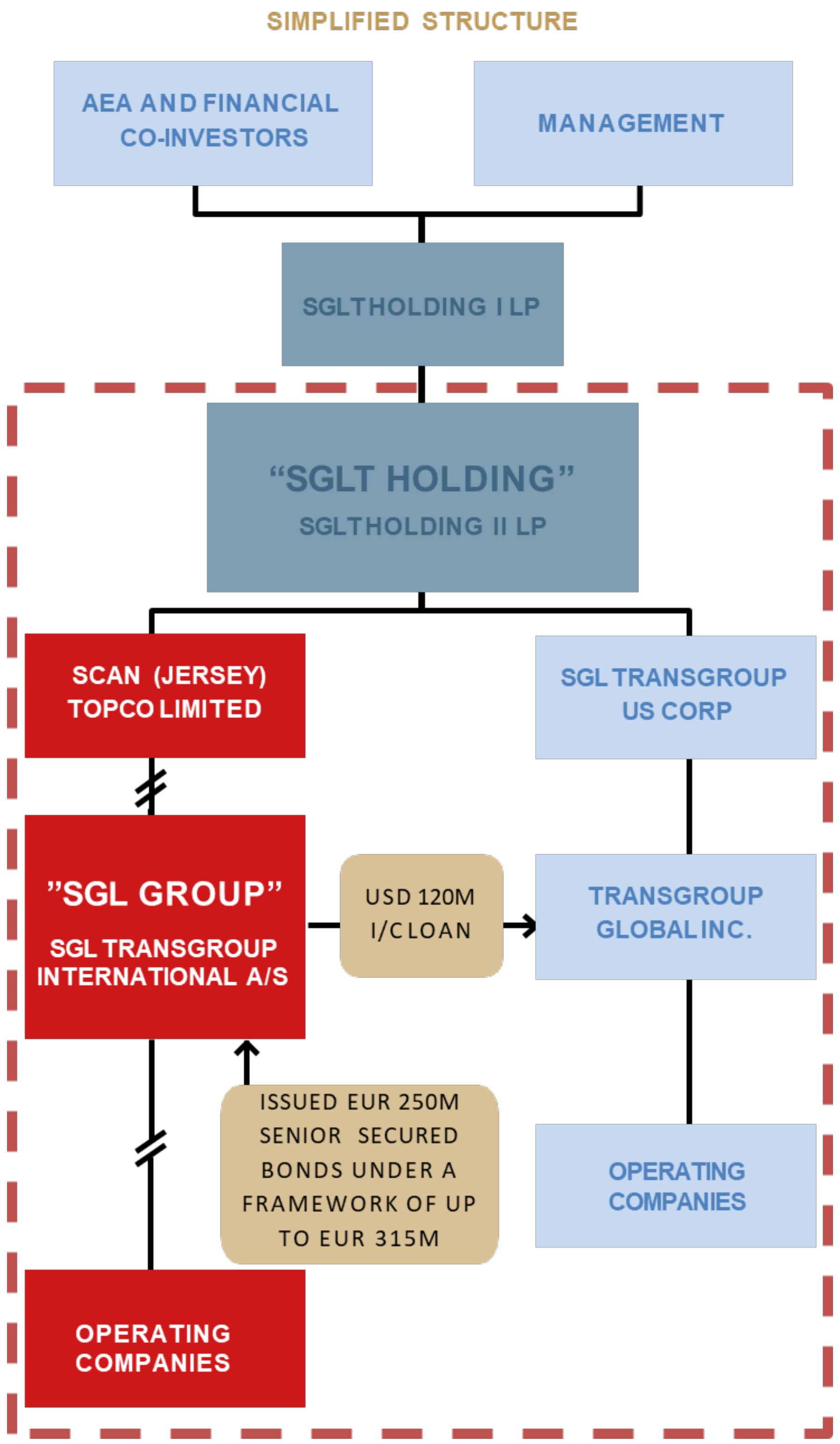
USD 381M

Adjusted EBITDA*

USD 9.2M

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

- The figures in this presentation 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.
  - In March 2021, new bonds of EUR 150m were secured under a framework of EUR 350m. The Bonds were settled 8 April 2021 and will be used to finance acquisitions, for general corporate purposes, and repaying some of the debt under the existing bonds.
- 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.
- SGLT Holding performed in 2021 its **best financial result to date for the first quarter. The adjusted EBITDA, totalling USD 9.2m** was achieved despite the impact on the global market due to the continuing consequences of the COVID-19 pandemic.
- Reporting currency for SGLT Holding is USD.



Unaudited

SCAN GLOBAL LOGISTICS

Financial highlights first 3 months of 2021

- SGLT Holding remained committed to its acquisition strategy combined with finding new ways to make the world a little less complicated through organic initiatives and through acquisitions. Latest resulting in
  - acquisition of the Air & Ocean activities of the U.S, Werner Enterprises, acquisition of Atlanta-based Trans ATL LLC, and acquisition of Boston-based Precision Worldwide Logistic, Inc, all during the first three months of 2021, and
  - acquisition of Grupo Contenosa in Spain and acquisition of Chicago-based Expedited Solutions, LLC, both in April 2021.
- **Revenue amounted to USD 381m** in Q1 2021, representing a **44% increase** compared to Q1 2020. The revenue increase is driven by higher activity levels and higher rates as part of Shanghai Containerized Freight Index has been at highest levels during the first three months of 2021. The increase in activity levels is mainly coming from Air and Ocean activities in the Nordics, Asia Pacific and North America
- **Gross profit amounted to USD 55m** in Q1 2021, representing an **increase of 23%** compared to Q1 2020. Increase in freight rates and capacity constraints during Q1 2021 resulted in a drop in gross margins by 3% compared to Q1 2020.
- **Adjusted EBITDA** amounted to **USD 9.2m** for Q1 2021; an **increase of 30%** compared to Q1 2020. The improved performance is driven both by organic growth and through acquisitions made.

Outlook 2021

- For 2021, we expect adjusted EBITDA[1] of USD 65-70m.

1) Adjusted EBITDA before special items (excluding the impact of IFRS 16), including acquisition of Groupo Contenosa and Werner Logistics

USDm	Q1 2021	Q1 2020	FY 2020
Income statement			
Revenue	380.7	264.4	1,210.2
Gross profit	54.6	44.5	202.7
EBITDA before special items	13.2	10.4	65.0
EBITDA before special items excluding IFRS 16[1]	8.5	6.5	47.5
Operating profit (EBIT) before special items	4.2	3.2	28.4
Special items, net	-0.7	-2.0	-17.2
Financial items, net	-2.1	-3.9	-34.7
Profit/Loss before tax	1.4	-2.7	-23.5
Profit/Loss for the period	-5.2	-2.4	-26.5
Income statement (Business Performance)[2]			
Adjusted EBITDA [3, 4]	9.2	7.1	50.4
Cash Flow			
Cash flows from operating activities before special items, interest and tax	-11.5	-12.0	83.2
Cash flows from operating activities	-19.3	-18.3	43.5
Cash flows from investing activities	-12.7	-9.0	-20.8
Free cash flow	-32.0	-27.3	22.6
Cash flows from financing activities	-9.0	-4.8	6.7
Cash flow for the period	-41.0	-32.1	29.4
Financial position			
Total Equity	117.4	136.4	121.9
Equity attributable to parent company	113.5	133.8	118.0
Net interest bearing debt (NIBD)	370.3	291.2	307.1
Net interest bearing debt (NIBD) excluding IFRS 16[1]	325.7	254.7	257.2
Total assets	674.8	574.0	681.0
Financial ratios in %			
Gross margin	14.3	16.8	16.8
EBITDA margin before special items	3.5	3.9	5.4
EBITDA margin before special items excluding IFRS 16[1]	2.2	2.4	3.9
EBIT margin before special items	1.1	1.2	2.3
Equity ratio	17.4	23.8	17.9

1) EBITDA presented before applying the accounting of IFRS 16 Leases, 2) Business performance represents the underlying financial performance of SGL 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. 3) Excluding the impact of IFRS 16 Leases; ref. note 6.4 Financial definitions 4) Before special items

Key market outlook

Air

After a very volatile 2020, a "new normal" is on the menu with both freight volumes and capacity increasing. The market is expected to continue a gradual recovery as the pandemic subsides. Rate levels remain at an all time high compared to previous years and are expected to stay volatile for a while.

Overall, we assess the airfreight market as stable and capacity can be found for all volumes, albeit alternative solutions need to be applied in some cases due to COVID-19 restrictions

Rates

- Rates are expected to remain fairly stable during 2021, only the distribution of COVID-19 vaccines can impact rate levels in a significant manner, however, early indications is that this will not have a material effect on the supply and demand situation. Rate levels excl. Asia, are still some 150 % higher compared to same period last year. A return to pre-pandemic levels is not expected any time soon. This in turn means that some companies actively try to reduce airfreight volumes, as this is the most expensive transport mode. However, the demand keeps pushing the need for airfreight with consumer spending being at an all time high.

Capacity

- Due to reduction in passenger flights (belly-hold capacity), 2020 saw a natural and upward trend in freighter volumes vs. belly-hold capacity. The continued lift of global COVID-19 restrictions throughout 2021 will add additional belly-hold capacity supporting an expected high demand to the supply chain and keep pressure off airfreight cargo deliveries.

- Throughout the pandemic freighter services has enjoyed a revival in comparison with belly-hold capacity, however at this point too early to assess if this will be a permanent shift in favour of freighter capacity.

Ocean

The ocean freight market experienced historic volatility throughout 2020 which can essentially be described as the perfect storm. Lack of capacity fuelled by an array of blank sailings from carrier side (defensive move to control supply/demand) has turned into an all-time historic shipping crisis. We observe historic low schedule reliability, dropping to around 50 %, coupled with unprecedented rate increases, surpassing the 12.000/40´mark on some trades.

Shippers' associations and governmental institutions both in US and Asia, have expressed deep concerns over alleged exploitation of the situation from carrier side, however outlook remains that 2020 rate levels will remain in place for a very long period.

Overall, we assess an extremely turbulent and chaotic 2021 on, more or less, all trades with no immediate sign of normalisation. This has prompted many larger customers to accept long term agreements at historic high levels simply to get some form of stability in their supply chains.

Rates

- Rate levels remain high on almost all trades, which is expected to continue throughout 2021 with most analyses predicting it to continue well into 2022. Back-haul routes from Europe and US to Asia are expected to return back to normal, first. Whereas head-haul routes to US and Europe remain in red alert. Especially US rate are experiencing extreme volatility with this also being connected to infrastructural port challenges on, especially, the West Coast.

Capacity and equipment

- The equipment deficit situation is critical assisting in maintaining rate levels at an all-time high. Most carriers have placed new orders for container equipment, but only short-/mid-term. This is a little too late and the situation is not expected to improve in 2021 on this front, or other trades either.

- All major ocean carriers, except for Maersk, have also placed new vessel orders after a long period of empty order books for commercial vessels, however as on the equipment from it will take considerable time for this to have an impact and no material change is expected in 2021.

Key market outlook

Road

Going out of Q1 2021, it appears that some industries and countries are slowly recovering, and volumes are coming back.

As the effects of the Covid-19 pandemic hopefully starts to weaken, focus will re-shift to the new EU mobility package, dictating new legislations for cabotage driving and salary levels for chauffeurs.

Rates

- Rate levels are still at the same as they have been for the past 18 months, but there seems to be some light at the end of the tunnel. In the last part of Q3, saw volumes starting to increase, and a few of the larger domestic players warned their customers of rate increases, arguing that cabotage rules have influenced their costs. No cross-border operator has yet announced rate increases but we are certain that the market will have to accept higher prices sooner or later, if the volumes keep increasing.

Capacity

- The mix of increased cargo volumes, and the new cabotage rules have made it increasingly difficult to find and keep capacity. The trucking companies have more flexibility in choosing hauling opportunities, and capacity will likely be a key competitive edge as the world returns to normal.

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.

UNCOMPLICATE YOUR WORLD »