



FIRST 9 MONTHS OF 2020 RESULTS (INCL. Q3 2020)

SGLT Holding II LP

18 November 2020

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SGL TRANSGROUP

Group structure – SGLT Holding

Revenue

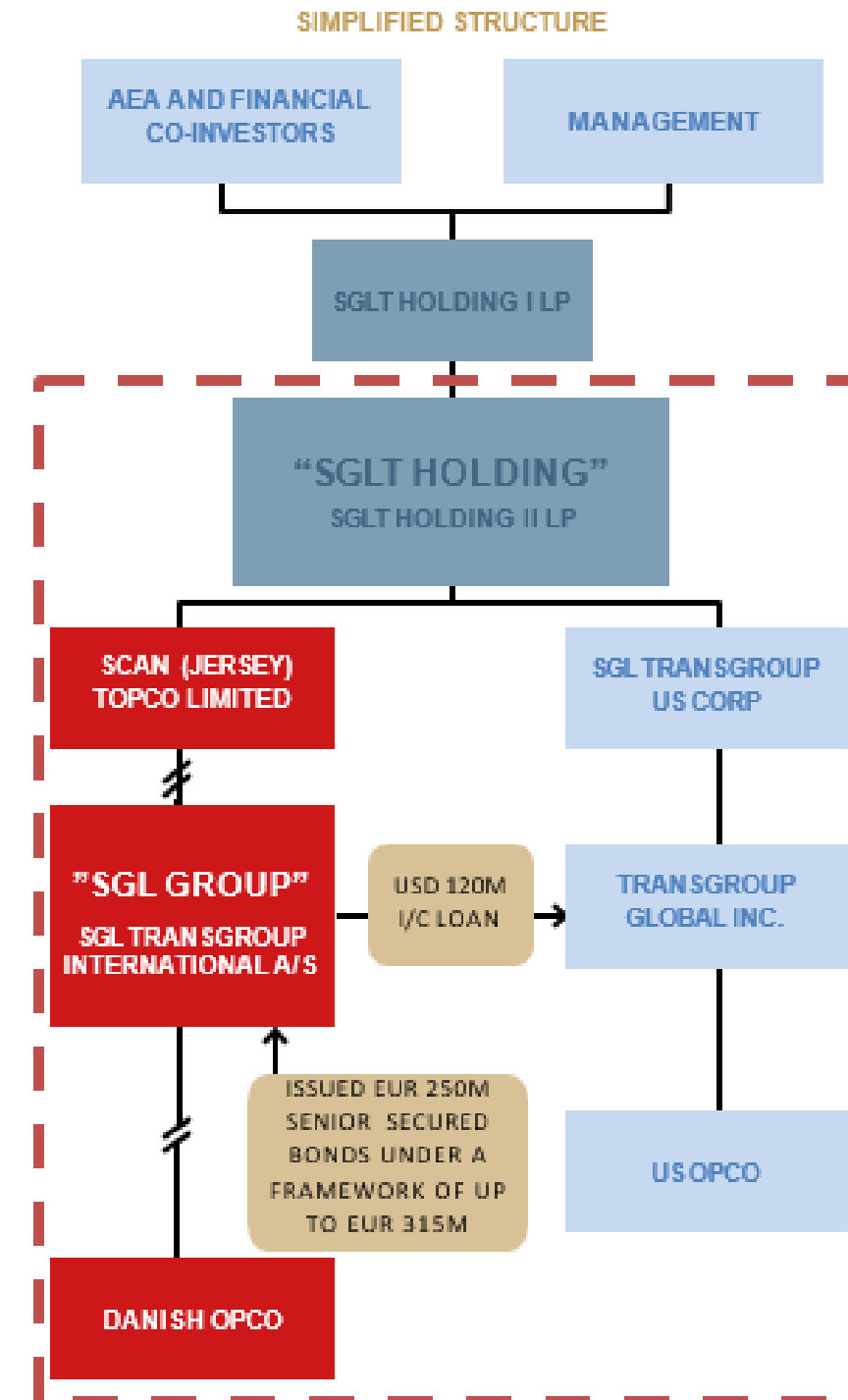
USD 867M

Adjusted EBITDA*

USD 39.1M

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

- The figures contained in this section are comprised of 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.
 - 25 September 2020 the Group successfully carried out a subsequent issue of bonds in an amount of EUR 27 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100% of the nominal amount. Following the subsequent issue, 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.



Financial highlights first 9 months of 2020

- During the first 9 months of 2020 SGLT Holding acquired activities in Scan Global logistics Co. Ltd. (Cambodia) (acquired 1 January 2020), Pioneer Logistics (acquired 15 January 2020), and Utah Specialised Transportation, LLC (now owned 100% as TransGroup Global Inc.) acquired the remaining 49% shares from the minority shareholder in 2020.
- Revenue amounted to USD 310.9m in Q3 2020 and 866.7m in the first 9 months of 2020, representing a 7% increase compared to the first 9 months of 2019.
 - The acquisitions made in the first 9 months of 2020 have contributed by USD 26.7 million, coming from SGL Cambodia and Pioneer International Logistics.
- Gross profit in the first 9 months of 2020 amounted to USD 148.8m, equivalent to an increase of 14% compared to the first 9 months in 2019.
 - Compared to the first 9 months in 2019, gross margins expanded by 1.1 percentage points to 17.2%.
- Adjusted EBITDA before special items excluding the impact of IFRS 16 *Leases* amounted to USD 37.1m and represents the underlying financial business performance of the first 9 months 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.
- Special items are mainly related to Green field (start-up) activities, acquisition activities, and activities caused by COVID-19.
- As of 30 September 2020, the equity ratio stood at 20.9% and the consolidated NIBD excluding lease liabilities (IFRS 16) amounted to USD 246m, resulting in an NIBD/EBITDA ratio of 4.8x (on a pro forma level excluding IFRS 16); down from 5.3x as of 30 September 2019.

| Financial highlights | Q3 YTD 2020 | Q3 YTD 2019 |
|---|----------------|----------------|
| Income statement in USD'000 | | |
| Revenue | 866,732 | 807,728 |
| Gross profit | 148,792 | 130,318 |
| EBITDA before special items | 51,188 | 37,716 |
| EBITDA before special items excluding IFRS 16 | 37,133 | 27,224 |
| Operating profit (EBIT) before special items | 24,464 | 19,643 |
| Special items, net | -10,813 | -1,792 |
| Operating profit (EBIT) | 13,651 | 17,851 |
| Financial items, net | -23,544 | -14,986 |
| Profit/loss for the period | -10,881 | 733 |
| Income statement (Business performance) ¹ | | |
| Adjusted EBITDA ^{1, 2} | 39,067 | 30,650 |
| Financial position in USD'000 | | |
| Equity attributable to parent company (excl. non-controlling interests) | 129,736 | 149,483 |
| Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16) | 246,393 | 218,829 |
| Total assets | 631,494 | 551,022 |
| Financial ratios in % | | |
| Gross margin | 17.2 | 16.1 |
| EBITDA margin before special items | 5.9 | 4.7 |
| EBITDA margin before special items excluding IFRS 16 | 4.3 | 3.4 |
| Adjusted EBITDA margin ^{1, 2} | 4.5 | 3.8 |
| Equity ratio | 20.9 | 27.6 |
| Net leverage (proforma excluding IFRS 16) | 4.8x | 5.3x |

¹Business 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.

²Excluding the impact of IFRS 16 Leases

Key market developments

Key market drivers

Macroeconomic activity

- » Before the COVID-19 virus outbreak, analysts forecasted 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 in COVID-19 section.

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 logistic needs continues to rise.
- » Key drivers are focus on core business, cost optimisation, product risks and delivery time focus.

Corona Virus

COVID-19

- » Local staff were sent home to stay self-isolated at their houses.
- » Heavily engaged in customer conversations to provide unique solutions to this extreme situation, unforeseen and unfortunate event.
- » In such an environment SGLT Holding remains committed to finding new ways to make the world a little less complicated. The diversity of customers and partners combined with its financial structure and M&A track record will allow SGLT Holding to capitalise on growth opportunities where they exist.
- » Financial performance in 2020 is expected to be restricted by the macroeconomic development as a consequence of the COVID-19 virus.

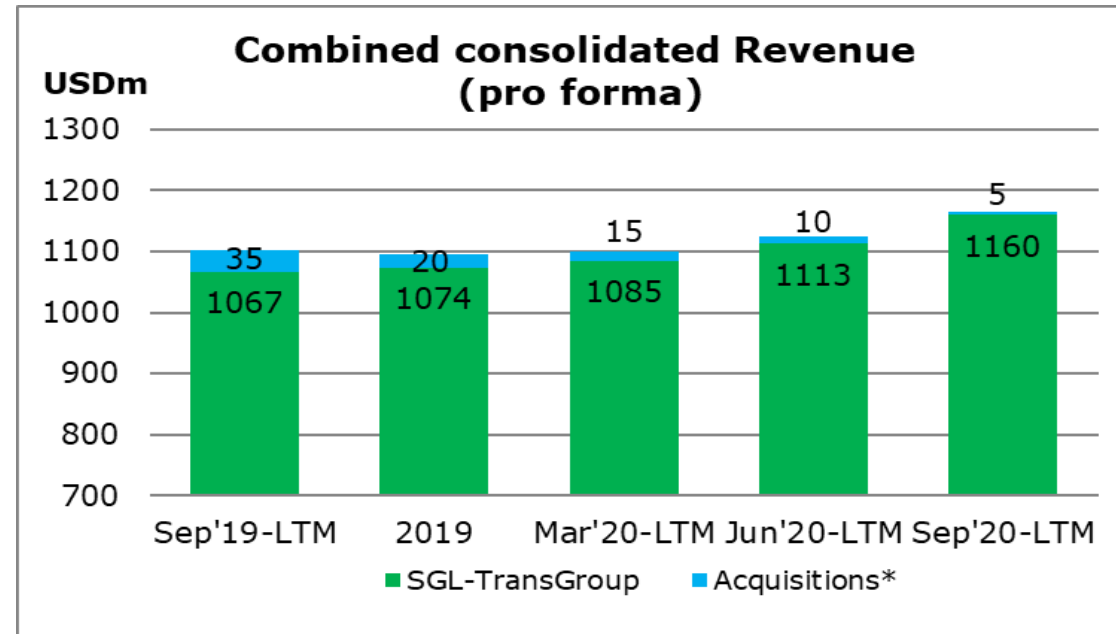
Market expectations

Volatile rates

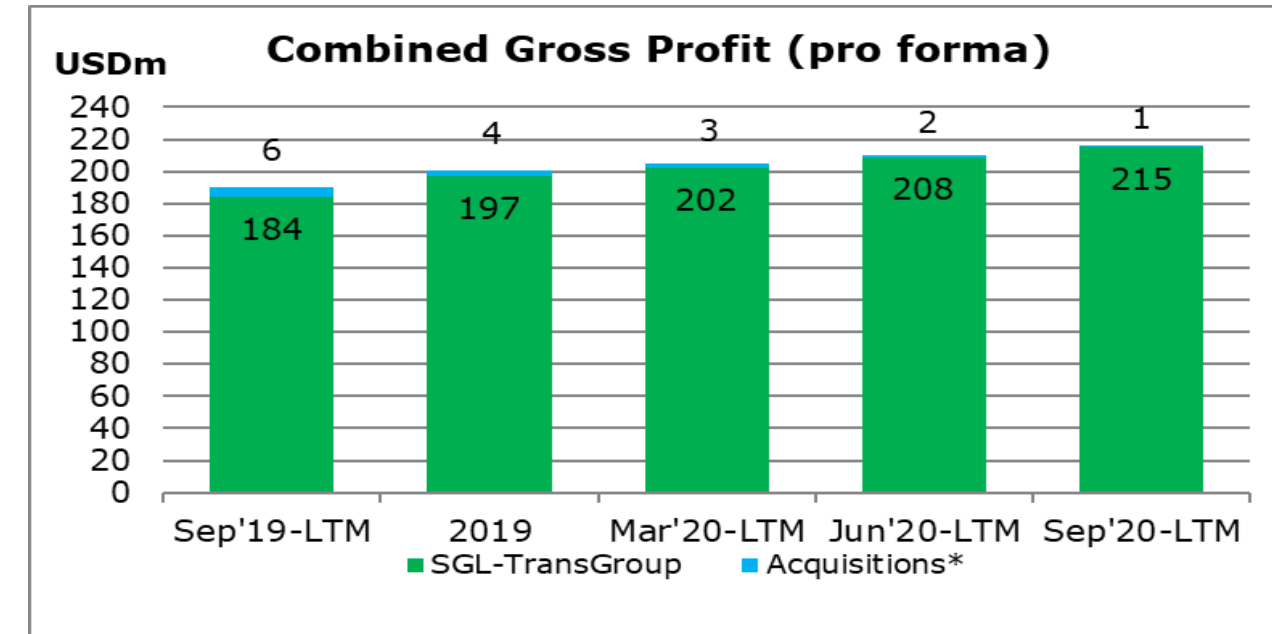
- » SGLT Holding has experienced a very volatile market environment in terms of rate development. With the situation on some transport modes (especially airfreight) changing hour by hour as a result of the COVID19 virus situation. SGLT Holding expects this to continue during 2020 as capacity becomes available or removed.
- » SGLT Holding expects the implementation of surcharges on Road freight in Europe and Ocean freight for exports to Asia and US .

Pro forma development (rolling last twelve months)

Revenue development (pro forma LTM)

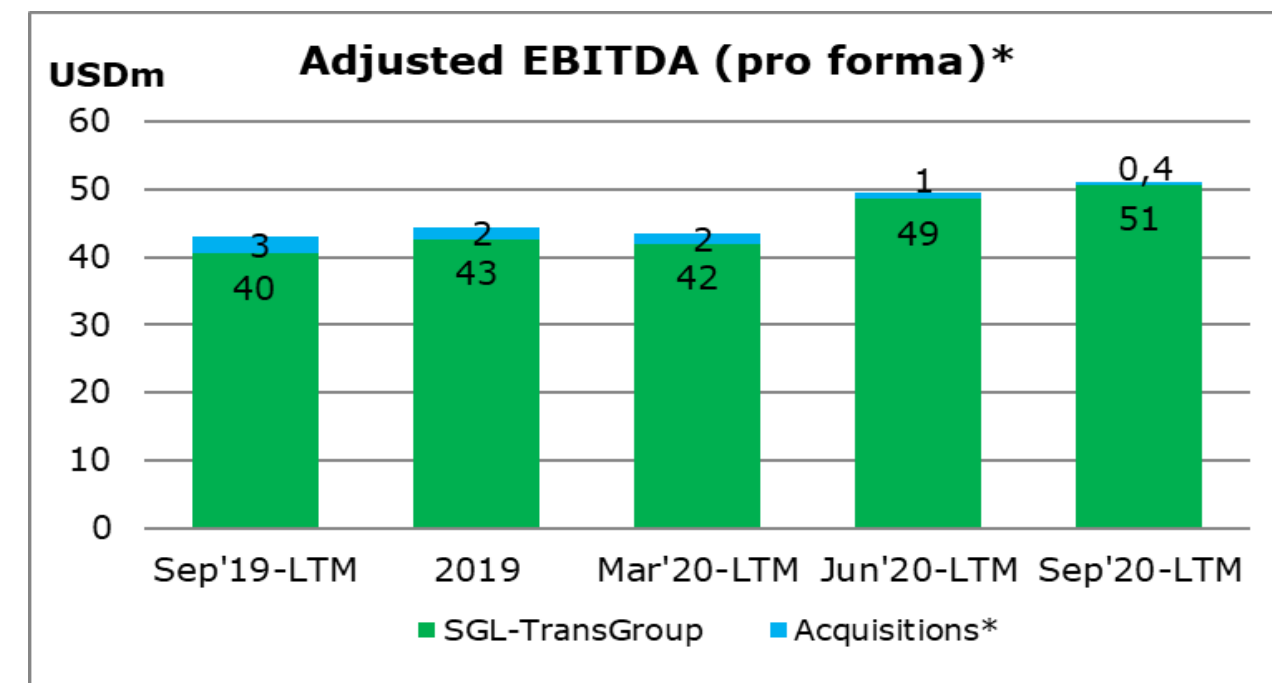


Gross profit development (pro forma LTM)



- 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 SGL Spain acquired in Q4 2019 together with Pioneer Logistics Pty Ltd. and Scan Global logistics Co. Ltd. (Cambodia) both acquired in Q1 2020.
- The pro forma graphs exclude the impact of IFRS 16 which has a positive impact to EBITDA
- On a pro forma basis, the SGLT Holding, combined Group, has experienced a positive development in revenue and gross profit over the last quarters
- The Group generated revenue of USD 1,160m in the LTM September 2020.
- Gross profit amounted to USD 215m in LTM September 2020
- Adjusted EBITDA (pro forma) amounted to USD 51m in LTM September 2020, equal to a margin of 4.4%

Adjusted EBITDA development (pro forma LTM)



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