

# Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup  
CVR no. 37 52 10 43  
(Formation date 4 March 2016)

## Interim Financial Report Second quarter 2018

## Contents

Page

Financial highlights	1
Company details	2
Legal entities in the Scan Bidco Group	3
Management's commentary	4
<b>Consolidated financial statements for the Scan Bidco Group</b>	
Consolidated income statement	6
Consolidated statement of comprehensive income	6
Consolidated balance sheet	7
Consolidated statement of changes in equity	9
Consolidated cash flow statement	10
<b>Notes to the consolidated financial statements</b>	
1 Segment information	11
2 Goodwill, customer relations and trademarks	11
3 Special items	12
4 Financial income	12
5 Financial expenses	12
6 Cash & Liquidity	12
7 Receivable from Transgroup Global Inc. (TGI US Bidco Corp)	13
8 Bond debt	13
9 Investments in Group entities	14
10 Accounting policies	17
Management's statement	19

**Financial highlights for the Scan Bidco Group**

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
<i>Key figures (in DKK thousands):</i>				
<b>Income statement</b>				
Revenue	874,307	846,602	1,715,726	1,582,932
<b>Gross profit</b>	<b>145,935</b>	<b>132,032</b>	<b>284,426</b>	<b>248,018</b>
<b>Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items</b>	<b>22,672</b>	<b>7,458</b>	<b>37,876</b>	<b>16,996</b>
<b>Earnings Before Interest, Tax, Amortisation (EBITA) and special items</b>	<b>19,864</b>	<b>5,076</b>	<b>32,593</b>	<b>12,581</b>
<b>Operating profit (EBIT) before special items</b>	<b>13,364</b>	<b>-1,424</b>	<b>19,593</b>	<b>-419</b>
Special items	-1,397	-2,407	-1,757	-2,407
<b>Operating profit (EBIT) after special items</b>	<b>11,967</b>	<b>-3,831</b>	<b>17,836</b>	<b>-2,826</b>
Net financial expenses	-15,104	-13,317	-28,600	-26,588
<b>Profit/loss before tax</b>	<b>-3,137</b>	<b>-17,148</b>	<b>-10,764</b>	<b>-29,414</b>
<b>Profit/loss for the period</b>	<b>-3,771</b>	<b>-16,576</b>	<b>-13,278</b>	<b>-28,095</b>
<b>Cash flow</b>				
<b>Cash flows from operating activities before special items, interest &amp; tax</b>			<b>40,323</b>	<b>-59,857</b>
<b>Cash flows from operating activities</b>			<b>5,308</b>	<b>-95,596</b>
<b>Cash flows from investing activities</b>			<b>-10,933</b>	<b>-183,976</b>
<b>Free Cash flow</b>			<b>-5,625</b>	<b>-279,572</b>
<b>Cash flows from financing activities</b>			<b>0</b>	<b>106,914</b>
<b>Cash flow for the period</b>			<b>-5,625</b>	<b>-172,658</b>
<b>Financial position</b>				
Total equity			596,520	664,774
Equity attributable to parent company			595,408	665,081
Net interest bearing debt (NIBD)			693,551	685,181
Total assets			2,563,814	2,536,883
<b>Financial ratios in %</b>				
Gross margin	16.7	15.6	16.6	15.7
EBITDA margin	2.6	0.9	2.2	1.1
EBIT margin*	1.5	-0.2	1.1	0.0
EBIT margin	1.4	-0.5	1.0	-0.2
Equity ratio			23.3	26.2
*before special items				
<b>Number of full time employees at period end</b>	<b>923</b>	<b>876</b>	<b>923</b>	<b>876</b>

## Company details

Name	:	<b>Scan Bidco A/S</b>
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR No.	:	37 52 10 43
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Henrik von Sydow, Chairman John Cozzi Alan Wilkinson
Executive Board	:	Claes Brønsgaard Pedersen
Parent company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	AEA SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvold Helmuhs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

## Legal entities in the Scan Bidco Group

Company name	Country	Currency	Nominal capital	Ownership interest
Scan Bidco A/S				
Scan Global Logistics Holding ApS*	Denmark	DKK	3,530,502	100%
Scan Global Logistics A/S	Denmark	DKK	1,902,000	100%
SGL Road ApS	Denmark	DKK	500,000	100%
SGL Road AB	Sweden	SEK	100,000	80%
Airlog Group Denmark A/S	Denmark	DKK	500,000	100%
ScanAm Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	100%
Airlog Group Holding AB*	Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB	Sweden	SEK	2,000,000	100%
Pro Logistics i Helsingborg AB	Sweden	SEK	100,000	100%
AirLog Air Logistics AB	Sweden	SEK	100,000	100%
Airlog Group Express AB	Sweden	SEK	1,000,000	100%
Airlog Group Fur OY	Finland	EUR	2,500	100%
Airlog Group AS	Norway	NOK	30,000	100%
Scan Global Logistics AS	Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2,523	100%
Scan Global Logistics K.K.	Japan	JPY	15,000,000	100%
Scan Global Logistics Ltd.	China	USD	1,650,000	100%
Scan Global Logistics (Wuxi) Ltd.	China	CNY	3,000,000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500,000	100%
Scan Global Logistics (Shanghai) Limited	Hong Kong	HKD	5,000,000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5,000,000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.	Philippines	PHP	4,000,000	40%
Scan Global Logistics Chile S.A.	Chile	CLP	179,872,000	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	USD	100,000	100%
Scan Global Logistics Ltd.	Indonesia	IDR	252,015,000	100%
Scan Global Logistics Pte Ltd. (Singapore)	Singapore	SGD	100,000	100%

\*Holding companies.

## Management's commentary

### The Scan Bidco Group's business model

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by air and sea, with supporting IT, logistics and road freight services. More than 80% of the revenue base originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The Scan Bidco Group primarily provides services to its customers via the SGL Group network of offices supported by its close partner and affiliated company TransGroup, USA, and other key agents worldwide.

### The Scan Bidco Group's business review

#### *Profit for the period*

The second quarter (Q2) 2018 consolidated financial statements describe the operating results of the Scan Global Logistics A/S Group, including the ownership of Airlog and Crosseurope acquired in H1 2017.

The Q2 2018 revenue was DKK 874 million and with an EBITDA result of DKK 23 million before special items, showing an improvement on a YoY basis compared to Q2 2017.

The Q2 2018 revenue increased YoY with 3%, or DKK 28 million over Q2 2017, which is equal to an organic growth rate of approx. 5%, excluding Airlog (for Jan/Feb) and Crosseurope. The increase is primarily coming from an increase in activity in the industrial project / ADP division, and also from Road activities in Sweden as well as Air and Sea transports in China.

The Scan Bidco Group had positive revenue growth throughout Q2 2018 driven by an increase in volumes within the main products (Air, Ocean and Road). The Aid, Development and Projects (ADP) division has experienced increased revenues compared to Q1 2018 mainly in the industrial project division as well as a strengthened pipeline in the other segments and no customer attrition.

The total Q2 gross profit was DKK 146 million, representing a gross margin of 16.7%. We see a positive development in the gross margins in the Sea and Solutions segment. Please see note 1 for further information.

On a total Group basis, the gross margin has increased 1.1% points relative to LY, primarily driven by the companies in the Nordic region.

The SG&A costs in Q2 are 1% lower than LY mainly due to the lower staff costs. , By excluding the acquisitions of Airlog and Crosseurope the SG&A costs are showing an increase of approx 3% to Q2 2017.

The Q2 EBITDA growth of DKK 15m (triple Q2 2017) is due to the revenue growth, especially the improved gross margin and the lower SG&A costs.

Net financial expenses of DKK 15 million in Q2 2018 are mainly comprised of interest on the bond debt. Please note that the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of TransGroup) is included. Please refer to note 4 and 5 for further information.

The plan for year 2018 assumes continued positive development of revenues, gradually improving gross margins from re-negotiated contracts, and full impact on SG&A from the organizational changes made by the end of 2017.

## Management's commentary

### *Cash Flows*

The cash flow from operating activities was DKK +5 million mainly due to the improved EBITDA covering the net interest payment of DKK -27 million. The change in working capital had a minor impact of DKK +3 million.

Investments were comprised mainly of software and IT equipment, and were DKK 7 million during the first half year of 2018.

### *Capital structure*

The equity attributable to the Parent company was DKK 595 million with an equity ratio of 23.3% as of 30 June 2018.

By the end of June 2018 the total liquidity reserve was equal to DKK 176 million and hence well in line with the covenant.

### *Net interest bearing debt (NIBD)*

Consolidated net interest bearing debt amounted to DKK 694 million. The debt is due to the acquisition of the SGL Group, the Airlog Group and Crosseurope.

The issued bonds of DKK 625 million and USD 100 million were listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

### **Group Structure**

In order to simplify the Group structure, the dormant holding companies, Anpartsselskabet af 1. november 2006, Nidovni HH ApS, TTGR Holding ApS and Connect Logistics ApS have been liquidated in May 2018. The liquidations did not have any significant impact on profit & loss or balances in Q2 2018.

### **Post balance sheet events**

Effective July 2nd 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired the Australian based freight forwarder Kestrel Freight & Customs Pty Ltd.

Kestrel is an Australian full-service freight forwarder that provides logistics support to projects in industries such as mining, construction, oil & gas and telecommunication.

Effective July 2nd, Scan Global Logistics A/S has acquired 55% of Macca Logistics SARL, Bamako, Mali – including operational offices in the ports of Dakar, Senegal and Abidjan, Cote d'Ivoire.

Scan Global Logistics and Macca have had a close partnership in many years and this acquisition strengthen SGL Group's presence in Western Africa serving the GO's and NGO's in the region.

(DKKt)		Group			
Notes	Consolidated income statement	Q2 2018	Q2 2017	YTD 2018	YTD 2017
1	Revenue	874,307	846,602	1,715,726	1,582,932
1	Cost of operation	-728,372	-714,570	-1,431,300	-1,334,914
	<b>Gross profit</b>	<b>145,935</b>	<b>132,032</b>	<b>284,426</b>	<b>248,018</b>
	Other external expenses	-29,428	-29,324	-59,641	-53,124
	Staff costs	-93,834	-95,249	-186,909	-177,898
	<b>Earnings before Interest, Tax, Depreciation, Amortisation and special items</b>	<b>22,672</b>	<b>7,458</b>	<b>37,876</b>	<b>16,996</b>
	Depreciation of software and tangible assets	-2,808	-2,383	-5,283	-4,415
	<b>Earnings before Interest, Tax, Amortisation and special items</b>	<b>19,864</b>	<b>5,076</b>	<b>32,593</b>	<b>12,581</b>
	Amortisation of customer relations and trademarks	-6,500	-6,500	-13,000	-13,000
	<b>Operating profit before special items</b>	<b>13,364</b>	<b>-1,424</b>	<b>19,593</b>	<b>-419</b>
3	Special items, income	0	0	0	0
3	Special items, cost	-1,397	-2,407	-1,757	-2,407
	<b>Operating profit (EBIT)</b>	<b>11,967</b>	<b>-3,831</b>	<b>17,836</b>	<b>-2,826</b>
4	Financial income	13,733	3,616	45,155	25,809
5	Financial expenses	-28,837	-16,933	-73,755	-52,397
	<b>Loss before tax</b>	<b>-3,137</b>	<b>-17,148</b>	<b>-10,764</b>	<b>-29,414</b>
	Tax on profit for the period	-634	572	-2,514	1,319
	<b>Loss for the period</b>	<b>-3,771</b>	<b>-16,576</b>	<b>-13,278</b>	<b>-28,095</b>
	<b>Total income for the year attributable to</b>				
	Owners of the parent	-4,277	-16,828	-14,110	-28,342
	Non-controlling interests	506	252	832	247
	<b>Total</b>	<b>-3,771</b>	<b>-16,576</b>	<b>-13,278</b>	<b>-28,095</b>

(DKKt)		Group			
	Consolidated statement of comprehensive income	Q2 2018	Q2 2017	YTD 2018	YTD 2017
	<b>Loss for the period</b>	<b>-3,771</b>	<b>-16,576</b>	<b>-9,507</b>	<b>-28,095</b>
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	3,145	-2,044	-3,264	-1,508
	<b>Other comprehensive income, net of tax</b>	<b>3,145</b>	<b>-2,044</b>	<b>-3,264</b>	<b>-1,508</b>
	<b>Total comprehensive income for the period</b>	<b>-626</b>	<b>-18,620</b>	<b>-12,771</b>	<b>-29,603</b>
	<b>Total comprehensive income for the year attributable to</b>				
	Owners of the parent	-12,271	-18,838	-13,397	-29,816
	Non-controlling interests	291	218	800	213
	<b>Total</b>	<b>-11,980</b>	<b>-18,620</b>	<b>-12,597</b>	<b>-29,603</b>



(DKKt)				Group
Notes	Consolidated balance sheet	30.06.2018	30.06.2017	31.12.2017
	<b>ASSETS</b>			
2	Goodwill	953,620	1,001,347	953,620
2	Customer relations	247,221	232,750	257,601
2	Trademarks	44,385	45,450	46,885
	Software	10,922	12,634	12,071
	<b>Intangible assets</b>	<b>1,256,148</b>	<b>1,292,181</b>	<b>1,270,177</b>
	<b>Property, plant and equipment</b>	<b>18,843</b>	<b>13,543</b>	<b>15,728</b>
7	Receivable from Transgroup Global Inc.	626,596	638,738	608,473
	Other receivables	8,141	9,499	8,135
	Deferred tax asset	2,933	3,040	5,203
	<b>Financial assets</b>	<b>637,670</b>	<b>651,277</b>	<b>621,811</b>
	<b>Total non-current assets</b>	<b>1,912,661</b>	<b>1,957,000</b>	<b>1,907,716</b>
	Trade receivables	531,848	493,407	559,320
	Receivables from group entities	6,425	847	3,050
	Income taxes receivable	3,060	2,847	1,817
	Other receivables	12,734	32,408	22,442
	Prepayments	12,869	15,232	9,930
6	Cash and cash equivalents	84,217	35,142	73,619
	<b>Total current assets</b>	<b>651,153</b>	<b>579,883</b>	<b>670,178</b>
	<b>Total assets</b>	<b>2,563,814</b>	<b>2,536,883</b>	<b>2,577,894</b>

(DKKt) Notes	Consolidated balance sheet	30.06.2018	Group 30.06.2017	Group 31.12.2017
<b>EQUITY AND LIABILITIES</b>				
	Share capital	500	500	500
	Share premium	726,434	726,434	726,434
	Currency translation reserve	-19,872	-2,117	-19,785
	Retained earnings	-111,654	-59,736	-97,544
	<b>Equity attributable to parent company</b>	<b>595,408</b>	<b>665,081</b>	<b>609,605</b>
	Non-controlling interests	1,112	-307	312
	<b>Total Equity</b>	<b>596,520</b>	<b>664,774</b>	<b>609,917</b>
8	Bond debt	1,249,741	1,258,503	1,229,436
	Earn-out provision	0	11,700	2,825
	Deferred tax liability	50,252	56,822	53,112
	<b>Total non-current liabilities</b>	<b>1,299,993</b>	<b>1,327,025</b>	<b>1,285,373</b>
6	Bank debt	53,797	41,796	37,574
	Earn-out provision	5,149	0	5,888
	Trade payables	397,159	344,109	446,224
	Payables to group entities	86,307	39,707	83,874
	Deferred income	9,345	27,447	19,530
	Corporation tax	11,720	9,004	13,271
	Other payables	103,825	83,021	76,243
	<b>Total current liabilities</b>	<b>667,302</b>	<b>545,084</b>	<b>682,604</b>
	<b>Total liabilities</b>	<b>1,967,295</b>	<b>1,872,109</b>	<b>1,967,977</b>
	<b>Total equity and liabilities</b>	<b>2,563,814</b>	<b>2,536,883</b>	<b>2,577,894</b>

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
<b>Equity at 1 January 2018</b>	500	726,434	-19,785	-97,544	609,605	312	609,917
<b>Profit for the period</b>	0	0	0	-14,110	-14,110	832	-13,278
Currency exchange adjustment	0	0	-87	0	-87	-32	-119
<b>Other comprehensive income, net of tax</b>	0	0	-87	0	-87	-32	-119
<b>Total comprehensive income for the period</b>	0	0	-87	-14,110	-14,197	800	-13,397
Purchase of non-controlling interests	0	0	0	0	0	0	0
Capital increase by cash payment	0	0	0	0	0	0	0
<b>Total transactions with owners</b>	0	0	0	0	0	0	0
<b>Equity at 30 June 2018</b>	500	726,434	-19,872	-111,654	595,406	1,112	596,520

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
<b>Equity at 1 January 2017</b>	500	647,216	-643	-20,835	626,238	996	627,234
<b>Profit for the period</b>	0	0	0	-28,342	-28,342	247	-28,095
Currency exchange adjustment	0	0	-1,474	0	-1,474	-34	-1,508
<b>Other comprehensive income, net of tax</b>	0	0	-1,474	0	-1,474	-34	-1,508
<b>Total comprehensive income for the period</b>	0	0	-1,474	-28,342	-29,816	213	-29,603
Purchase of non-controlling interests	0	0	0	-10,559	-10,559	-1,516	-12,075
Capital increase by cash payment	0	79,218	0	0	79,218	0	79,218
<b>Total transactions with owners</b>	0	79,218	0	-10,559	68,659	-1,516	67,143
<b>Equity at 30 June 2017</b>	500	726,434	-2,117	-59,736	665,081	-307	664,774

(DKKt)	Group	
Notes	YTD 2018	YTD 2017
<b>Consolidated cash flow statement</b>		
	19,593	-419
Operating profit (EBIT) before special items	18,283	17,415
Depreciation, amortisation and impairment	-119	-1,085
Exchange rate adjustments	2,566	-75,768
Change in working capital	<b>40,323</b>	<b>-59,857</b>
<b>Cash flows from operating activities before special items, interest &amp; tax</b>	-1,757	-2,407
Special items	26,090	25,809
Interest received	-53,450	-51,867
Interest paid	-5,898	-7,274
Tax paid	<b>5,308</b>	<b>-95,596</b>
<b>Cash flows from operating activities</b>	-1,089	-4,575
Purchase of software	-6,280	-4,254
Purchase of property, plant and equipment	0	-175,147
9 Investments in group entities	-3,564	0
Release of earn-out	<b>-10,933</b>	<b>-183,976</b>
<b>Cash flows from investing activities</b>	-5,625	-279,572
<b>Free cash flow</b>	0	79,218
Capital increase	0	-11,905
Purchase of non-controlling interest	0	39,601
Payments to/from group entities	<b>0</b>	<b>106,914</b>
<b>Cash flows from financing activities</b>	-5,625	-172,658
<b>Change in cash and cash equivalents</b>	36,045	166,004
Cash and cash equivalents at the beginning of the period	-5,625	-172,658
Change in cash and cash equivalents	<b>30,420</b>	<b>-6,654</b>
6 <b>Net cash and cash equivalents at 30 June</b>		

\*Special items regarding investments

Note (DKKt)	Group									
1 Segment information	30.06.2018									
	Air		Sea		Road		Solution		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Revenue (services)	769,381	649,119	861,477	821,481	284,071	243,615	84,739	58,810	1,999,668	1,773,025
Intercompany revenue	-136,681	-77,075	-118,851	-85,480	-27,231	-27,538	-1,179	0	-283,943	-190,093
Net revenue (services)	632,699	572,044	742,626	736,001	256,840	216,077	83,560	58,810	1,715,726	1,582,932
Cost of operation	-526,015	-476,819	-621,717	-627,448	-212,150	-176,470	-71,418	-54,177	-1,431,300	-1,334,914
<b>Gross profit</b>	<b>106,684</b>	<b>95,225</b>	<b>120,910</b>	<b>108,553</b>	<b>44,690</b>	<b>39,607</b>	<b>12,142</b>	<b>4,633</b>	<b>284,426</b>	<b>248,018</b>

Segments are monitored at gross profit level. The four segments are all using the Group's capacity, including headquarter costs.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners (the arm's length principle).

Note (DKKt)	Group				
2 Goodwill, customer relations and trademarks	30.06.2018				
	Air	Sea	Road	Solution	Total
Balance at 31 December 2017	546,318	657,291	50,210	4,288	1,258,106
Amortisation during the year	-5,129	-7,693	-125	-53	-13,000
<b>Balance at 30 June 2018</b>	<b>541,189</b>	<b>649,597</b>	<b>50,085</b>	<b>4,235</b>	<b>1,245,106</b>

It is not possible to reliably to allocate assets (excluding goodwill, trademarks and customer relations) and liabilities to the four segments identified, as these assets and liabilities serve all segments.

The core business of the SGL Group is within the Air and Sea segments, whereas the Road and Solutions business areas are relatively small in a group context and within a limited geographical area (Denmark & Sweden). The project business of the SGL Group is also within the Air and Sea segments. Consequently, goodwill, customer relations and trademarks are primarily allocated to the Air and Sea segments.



Note (DKKt)		30.06.2018
<b>7</b>	<b>Receivable from Transgroup Global Inc.</b>	
	Principal, USD 98,019 thousand, interest rate 7.70%	626,596
	<b>Total receivable from Transgroup Global Inc.</b>	<b>626,596</b>
		<b>Carrying amount</b>
	<b>Cash flow*</b>	
	Receivable falling due between 1 and 5 years (2022)	626,596
	Receivable falling due after more than 5 years	0
	<b>Total non-current receivable from Transgroup Global Inc.</b>	<b>626,596</b>
	<b>Current portion of the receivable</b>	<b>0</b>

\* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup effective from 1 October 2016, TGI US Bidco has borrowed USD 98 million from Scan Bidco A/S.

Interest of 7.70% is paid quarterly and repayments are voluntary but the receivable has to be repaid in June 2022 at the latest.

If no repayments occur before June 2022 the cash flow will evolve as stated in the above note.

8	Bond debt	30.06.2018
	Issued bonds, DKK tranche, interest rate 6.80%	625,000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	639,260
		<b>1,264,260</b>
	Capitalised loan costs	-14,519
	<b>Total bond debt</b>	<b>1,249,741</b>
		<b>Carrying amount</b>
	<b>Cash flow*</b>	
	Bond debt falling due between 1 and 5 years (2022)	1,264,260
	Bond debt falling due after more than 5 years	0
	<b>Total non-current financial liabilities</b>	<b>1,264,260</b>
	<b>Current portion of financial liabilities</b>	<b>0</b>

\* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an interest rate of 6.80% and USD 100 million with an interest rate of 7.70%. Borrowing costs of DKK 21 million are paid in 2016 and amortised until 2022.

Interest is paid quarterly and the bond debt has to be repaid in June 2022.

For the issued bond certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrence test.

The company Bond was listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

Note (DKKt)	Group	
9 Investments in group entities	YTD 2018	YTD 2017
<b>Provisional fair value at date of acquisition:</b>		
<b>ASSETS</b>		
Property, plant and equipment	0	370
Trade receivables (Gross DKK 69,831. Bad debt provision DKK 402)	0	69,429
Income taxes receivable	0	1,097
Other receivables	0	3,750
Prepayments	0	4,837
Cash and cash equivalents	0	17,097
<b>Total assets</b>	<b>0</b>	<b>96,580</b>
<b>LIABILITIES</b>		
Trade payables	0	38,725
Corporation tax	0	8,061
Other payables	0	39,145
<b>Total liabilities</b>	<b>0</b>	<b>85,931</b>
Non-controlling interests' share of acquired net assets	0	0
<b>Acquired net assets</b>	<b>0</b>	<b>10,649</b>
Goodwill	0	136,690
Customer relations	0	23,540
Trademarks	0	3,418
Deferred tax on customer relations and trademarks	0	-5,931
<b>Fair value of total consideration</b>	<b>0</b>	<b>168,366</b>
Earn-out provision	0	13,629
<b>Cash consideration</b>	<b>0</b>	<b>154,737</b>
Adjustment for cash and cash equivalents taken over	0	-17,097
<b>Cash consideration for the acquisitions</b>	<b>0</b>	<b>137,640</b>
Transaction costs for acquisitions in 2017	0	150
<b>Investments in group entities</b>	<b>0</b>	<b>137,790</b>



## 9 Investments in group entities

### Acquisition of Airlog Group AB

Scan Global Logistics A/S on the 6 of March 2017 acquired 100% of the shares in Sweden-based freight forwarder Airlog Group AB.

The acquisition was completed in order to strengthen Scan Global Logistics Group's position, particularly in the air segment.

Airlog is a full-service freight forwarder with offices in Sweden and Denmark focusing on small to mid-sized customers. Airlog had established a solid position in air and ocean freight in Denmark and Sweden by leveraging its extensive network of global partners.

In 2016, Airlog generated sales of DKK 360 million (SEK 451 million) and a profit after tax of DKK 3 million (SEK 4 million).

After the acquisition the Swedish and Danish Airlog traditional freight forwarding activity has been fully integrated in the Scan Global Logistics freight forwarding activity. Therefore, it is not possible to disclose financial information regarding the specific Airlog activity after the acquisition, including information regarding the Airlog performance recognized in the Scan Global Logistics consolidation after acquisition.

Under the terms of the agreement, the Airlog Group was acquired for a total cash consideration of SEK 200 million. In addition, an earn-out with a maximum of SEK 15 million was agreed upon. At the date of the transaction it is expected that the earn-out will be paid 100%. Total consideration amounts to DKK 168 million.

Transaction costs amounted to DKK 4.4 million, which has been expensed and recognized as special items amounting to DKK 4.2 million in 2016 and DKK 0.2 million in 2017.

The earn out will be paid based on certain conditions regarding targets for gross profit for the acquired Airlog agent business. Final calculation and payment of the earn out will be paid after end of the financial year 2017 and 2018 respectively.

Based on events in Q4 2017, a subsequent measurement of the earn out has been made. This measurement has resulted in a reduced contingent liability and recognition of a special item (income) amounting to DKK 4.9 million.

Acquired net assets before identification of intangible assets including goodwill amounts to DKK 10 million. The Airlog carrying amount on the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculation of a fair market value of trademark. A customer attrition model has been used for calculation of the fair market value of customer relations. The purchase price allocation has been finalized in Q4 2017.

After recognition of identified assets and liabilities at fair value, goodwill has been recognized at an amount of DKK 136.7 million. Goodwill represents the values of the expected significant cost synergies and other synergies from combining the two businesses including value of the Airlog Group employees and related knowledge Goodwill is non-deductible for tax purposes.

### Acquisition of Crosseurope Aktiebolag

Scan Global Logistics A/S on 29 of June 2017 acquired 100% of the shares in the Sweden-based freight forwarder Crosseurope AB.

The acquisition was made in order to strengthen Scan Global Logistics Group's position especially in the road segment.

Crosseurope AB is a freight forwarder based in Trelleborg, Sweden focusing on small to mid-size customers. Since 1993, Crosseurope has established a solid position in the road freight business in Sweden.

In 2016, Crosseurope generated sales of DKK 77 million (SEK 98 million) and a profit after tax of DKK 5.6 million (SEK 7 million).

Under the terms of the agreement, Crosseurope was acquired for a total cash consideration of SEK 47.5 million. In addition, an earn-out agreement with an agreed-upon maximum of SEK 2.5 million has been put in place. At the date of acquisition, it is expected that the earn out will be paid 100%. Total amounts hereafter amount to DKK 38 million.

Payment of the earn out is based on conditions that certain Crosseurope AB customers will generate a certain level of revenue in 2017.

Transaction cost amounts to DKK 1.9 million, which has been expensed and recognized as special items in 2017.

Proforma revenue and EBITDA for Crosseurope AB for 2017 was DKK 83 million and DKK 7.5 million, respectively. Crosseurope results have been consolidated into the Scan Bidco Group consolidation.

Acquired net assets before identification of intangible assets including goodwill amounts to DKK 0.1 million. The Crosseurope carrying amount at the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculation a fair market value of trademark. A customer relationship attrition model has been used for calculation of the fair market value of customer relationships.

The purchase price allocation has been finalized in Q4 2017.

After recognition of identified assets and liabilities at fair value, goodwill has been recognized at DKK 24.9 million. Goodwill represents the values of the expected cost synergies and other synergies from combining the two businesses including the takeover of the Crosseurope employees and related knowledge. Goodwill is non-deductible for tax purposes.

Note

10 Accounting policies

**Basis of preparation**

The interim financial report, comprising the consolidated financial statement and financial statement for the parent, has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and Swedish disclosure requirements for interim reports of listed companies.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2017 Annual Report. The 2017 Annual Report provides a full description of Group accounting policies.

**Changes in accounting policies**

Scan Bidco A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union.

Implementation of the standards and amendments have not had any material impact on the Group’s Financial Statements and are likewise not expected to have any significant future impact.

Of the new standards and amendments implemented the most significant are as follows:

*IFRS 9 Financial Instruments*

IFRS 9 introduces several changes to IAS 39 - including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

The standard has resulted in only minor changes to existing accounting practices, mainly affecting credit loss and impairment models applied. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on IFRS 9’s expected credit-loss model where previously an incurred-loss model was applied. This revised approach has not resulted in any materially different impairment assessment of trade receivables compared to prior practices. Additionally, the new standard has not carried any significant changes to classifications of financial assets or financial liabilities.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period.

*IFRS 15 Revenue from contracts with customers*

IFRS 15 introduces a new framework for revenue recognition and measurement.

IFRS 15 has been applied following the modified retrospective approach with any cumulative effects recognised in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

## Note

**10 Accounting policies****New accounting regulations**

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2018 interim financial statements.

The most significant of these is IFRS 16 Leases which would be implemented 1 January 2019.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a minor impact on SGL's financial statements, as off-balance operating leases will be capitalized and accounted for similar to our current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and interest expenses. Reported cash flow from operating activities will increase but be offset by an increase cash outflow from financing activities, and, accordingly, there will be no change in the underlying cash flow for the year.

The expected impact of implementing the standard on the Scan Bidco financial statements remains unchanged from the assessment disclosed in Scan Bidco Annual Report 2017.

## Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of Scan Bidco A/S for the second quarter of 2018 ended June 2018.

The interim financial report has been prepared in accordance with IAS 34 interim financial reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has not been reviewed or audited by the company auditor.

In our opinion the the interim financial report gives a true and fair view of the Group's and Parent's assets and liabilities and financial position at 30 June 2018 and operations and cash flow for the period 1 January - 30 June 2018.

Further, in our opinion we find that the management commentary contains a true and fair statement of the development in the Group's and Parent's activities and financial situation, the result for the period and financial position and that the Management's commentary describes the significant risks and uncertainties faced by the Group and Parent.

Kastrup, August 2018

### Executive Management:



Claes Brønsgaard Pedersen

### Board of Directors:



Henrik von Sydow  
Chairman



John Cozzi



Alan Wilkinson