

# Scan Bidco A/S

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

## Interim Financial Report Third quarter 2018

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Financial highlights for the Scan Bidco Group	Q3 2018	Q3 2017	YTD 2018	YTD 2017
<b>Key figures (in DKK thousands):</b>				
<b>Income statement</b>				
Revenue	858,932	860,773	2,574,658	2,443,705
<b>Gross profit</b>	<b>148,927</b>	<b>131,367</b>	<b>433,353</b>	<b>379,385</b>
<b>Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items</b>	<b>22,758</b>	<b>13,086</b>	<b>60,634</b>	<b>30,082</b>
<b>Earnings Before Interest, Tax, Amortisation (EBITA) and special items</b>	<b>19,911</b>	<b>10,988</b>	<b>52,504</b>	<b>23,569</b>
<b>Operating profit (EBIT) before special items</b>	<b>10,982</b>	<b>4,488</b>	<b>30,575</b>	<b>4,069</b>
Special items	-5,792	-1,168	-7,549	-3,575
<b>Operating profit (EBIT) after special items</b>	<b>5,190</b>	<b>3,320</b>	<b>23,026</b>	<b>494</b>
Net financial expenses	-12,577	-11,189	-41,177	-37,777
<b>Profit/loss before tax</b>	<b>-7,387</b>	<b>-7,869</b>	<b>-18,151</b>	<b>-37,283</b>
<b>Profit/loss for the period</b>	<b>-8,402</b>	<b>-9,412</b>	<b>-21,680</b>	<b>-37,507</b>
<b>Cash flow</b>				
Cash flows from operating activities before special items, interest & tax			39,127	-117,513
Cash flows from operating activities			-12,163	-166,581
Cash flows from investing activities			-22,974	-103,871
<b>Free Cash flow</b>			<b>-35,137</b>	<b>-270,451</b>
Cash flows from financing activities			-1,991	65,189
<b>Cash flow for the period</b>			<b>-37,128</b>	<b>-205,262</b>
<b>Financial position</b>				
Total equity			582,247	654,604
Equity attributable to parent company			577,074	654,643
Net interest bearing debt (NIBD)			726,889	676,745
Total assets			2,614,535	2,606,671
<b>Financial ratios in %</b>				
Gross margin	17.3	15.3	16.8	15.5
EBITDA margin*	2.6	1.5	2.4	1.2
EBIT margin*	1.3	0.5	1.2	0.2
Equity ratio	0.0	0.0	22.3	25.1
*before special items				
<b>Number of full time employees at period end</b>	<b>993</b>	<b>925</b>	<b>993</b>	<b>925</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	:	<a href="http://www.scangl.com">www.scangl.com</a>
E-mail	:	<a href="mailto:headoffice@scangl.com">headoffice@scangl.com</a>
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	:	Osvald Helmuths 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	100%
Scan Global Logistics GmbH	Germany	EUR	25,000	100%
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%
Crosseurope GmbH	Germany	EUR	25,000	100%
Airlog Group Holding AB*	Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB	Sweden	SEK	2,000,000	100%
AirLog Air Logistics AB	Sweden	SEK	100,000	100%
SGL 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%
Scan Global Logistics Sarl	Mali	XOF	1,000,000	55%
Macca Logistics SARLU	Senegal	XOF	1,000,000	100%
Macca Logistics SARLU	Cote d'Ivoire	XOF	1,000,000	100%

## Management's commentary

### Scan Bidco Group's business model

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 revenue originates from large customers contracted via corporate initiatives, primarily in the Nordic region. 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.

### Scan Bidco Group's business review

#### *Profit for the period*

The third quarter (Q3) 2018 consolidated financial statements describe the operating results of the Scan Global Logistics A/S Group, including the acquisitions of Kestrel and Macca Logistics Sarl acquired in Q3 2018.

The Q3 2018 revenue was DKK 859 million generating EBITDA of DKK 23 million before special items, showing an improvement on a YoY basis compared to Q3 2017.

Consolidated Q3 2018 revenue was on par with Q3 2017 results. Improved performance was primarily driven by an increase in activities in Air and Sea transports in China, Sweden, and Norway, as well as the Road activities in Sweden. Kestrel and Macca Logistics contributed USD 0.5 million to revenue in Q3. Scan Global Logistics restructured its Solution activities in Denmark, and ceased low margin co-loading activities in Malaysia, all of which had a negative impact on the overall revenue level, but not directly on gross profits.

On a total Group basis, gross margins increased 200 basis points relative to LY, primarily driven by the Sea and Road activities in the Nordic region as well as project sales.

The Q3 EBITDA growth of DKK 10 million (+74% to Q3 2017) is primarily due to the improved gross margins.

Special items of DKK 6 million include restructuring cost (redundancy cost for personnel) related primarily to our Solution business and costs related to acquisitions.

Net financial expenses of DKK 13 million in Q3 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.

In line with Q3 the Group expects positive development in revenue and results in the rest of 2018.

## Management's commentary

### *Cash Flows*

The accumulated cash flow from operating activities before special items, interests and tax was DKK 39 driven by improved EBITDA, yet working against a headwind of DKK -20 million as a result of rising working capital as the company continues to grow.

Investments during the first 9 months of 2018 of DKK 13 million were comprised mainly of software and IT equipment.

### *Capital structure*

The equity attributable to the Parent company was DKK 577 million with an equity ratio of 22.3% as of 30 September 2018.

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 were paid in 2016 and will be amortized until 2022.

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

Consolidated net interest bearing debt amounted to DKK 727 million. The debt is mainly due to the acquisitions of SGL Group, 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 were liquidated in May 2018. The liquidations did not have any significant impact on profit & loss or balances in Q2 2018.

### **Acquisitions in Q3 2018**

Effective July 2nd 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired activities in 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 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 for many years and this acquisition strengthens SGL Group's presence in Western Africa serving the GO's and NGO's in the region.

### **Events after the balance sheet date**

Effective of 1 January 2019 Scan Global Logistics A/S has acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group).

(DKKt)					Group
Notes	Consolidated income statement	Q3 2018	Q3 2017	YTD 2018	YTD 2017
1	Revenue	858,932	860,773	2,574,658	2,443,705
1	Cost of operation	-710,005	-729,406	-2,141,305	-2,064,320
	<b>Gross profit</b>	<b>148,927</b>	<b>131,367</b>	<b>433,353</b>	<b>379,385</b>
	Other external expenses	-31,324	-26,654	-90,965	-79,778
	Staff costs	-94,845	-91,627	-281,754	-269,525
	<b>Earnings before Interest, Tax, Depreciation, Amortisation and special items</b>	<b>22,758</b>	<b>13,086</b>	<b>60,634</b>	<b>30,082</b>
	Depreciation of software and tangible assets	-2,847	-2,098	-8,130	-6,513
	<b>Earnings before Interest, Tax, Amortisation and special items</b>	<b>19,911</b>	<b>10,988</b>	<b>52,504</b>	<b>23,569</b>
	Amortisation of customer relations and trademarks	-8,929	-6,500	-21,929	-19,500
	<b>Operating profit before special items</b>	<b>10,982</b>	<b>4,488</b>	<b>30,575</b>	<b>4,069</b>
3	Special items, cost	-5,792	-1,168	-7,549	-3,575
	<b>Operating profit (EBIT)</b>	<b>5,190</b>	<b>3,320</b>	<b>23,026</b>	<b>494</b>
4	Financial income	16,893	13,464	62,048	114,173
5	Financial expenses	-29,470	-24,653	-103,225	-151,950
	<b>Loss before tax</b>	<b>-7,387</b>	<b>-7,869</b>	<b>-18,151</b>	<b>-37,283</b>
	Tax on profit for the period	-1,015	-1,543	-3,529	-224
	<b>Loss for the period</b>	<b>-8,402</b>	<b>-9,412</b>	<b>-21,680</b>	<b>-37,507</b>
	<b>Total income for the year attributable to</b>				
	Owners of the parent	-7,528	-9,696	-21,638	-38,038
	Non-controlling interests	-874	284	-42	531
	<b>Total</b>	<b>-8,402</b>	<b>-9,412</b>	<b>-21,680</b>	<b>-37,507</b>

(DKKt)					Group
	<b>Loss for the period</b>	<b>-8,402</b>	<b>-9,412</b>	<b>-21,680</b>	<b>-37,507</b>
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	-9,711	-708	-9,830	-2,216
	<b>Other comprehensive income, net of tax</b>	<b>-9,711</b>	<b>-708</b>	<b>-9,830</b>	<b>-2,216</b>
	<b>Total comprehensive income for the period</b>	<b>-18,113</b>	<b>-10,120</b>	<b>-31,510</b>	<b>-39,723</b>
	<b>Total comprehensive income for the period attributable to</b>				
	Owners of the parent	-17,253	-10,438	-31,450	-40,254
	Non-controlling interests	-860	318	-60	531
	<b>Total</b>	<b>-18,113</b>	<b>-10,120</b>	<b>-31,510</b>	<b>-39,723</b>



(DKKt)		Group		
Notes	Consolidated balance sheet	30.09.2018	30.09.2017	31.12.2017
<b>ASSETS</b>				
2	Goodwill	948,428	1,001,347	953,620
2	Customer relations	240,630	227,500	257,601
2	Trademarks	42,705	44,200	46,885
	Software	12,895	12,643	12,071
	<b>Intangible assets</b>	<b>1,244,658</b>	<b>1,285,690</b>	<b>1,270,177</b>
	<b>Property, plant and equipment</b>	<b>23,282</b>	<b>13,224</b>	<b>15,728</b>
7	Receivable from Transgroup Global Inc.	629,875	617,892	608,473
	Other receivables	8,013	9,478	8,135
	Deferred tax asset	2,613	3,189	5,203
	<b>Financial assets</b>	<b>640,501</b>	<b>630,559</b>	<b>621,811</b>
	<b>Total non-current assets</b>	<b>1,908,441</b>	<b>1,929,473</b>	<b>1,907,716</b>
	Trade receivables	591,486	570,469	559,320
	Receivables from group entities	6,379	2,863	3,050
	Income taxes receivable	2,736	1,802	1,817
	Other receivables	15,593	56,055	22,442
	Prepayments	18,763	12,329	9,930
6	Cash and cash equivalents	71,137	33,680	73,619
	<b>Total current assets</b>	<b>706,094</b>	<b>677,198</b>	<b>670,178</b>
	<b>Total assets</b>	<b>2,614,535</b>	<b>2,606,671</b>	<b>2,577,894</b>

(DKKt)			Group	Group
Notes	Consolidated balance sheet	30.09.2018	30.09.2017	31.12.2017
	<b>EQUITY AND LIABILITIES</b>			
	Share capital	500	500	500
	Share premium	726,434	726,434	726,434
	Currency translation reserve	-29,597	-2,859	-19,785
	Retained earnings	-120,263	-69,432	-97,544
	<b>Equity attributable to parent company</b>	<b>577,074</b>	<b>654,643</b>	<b>609,605</b>
	Non-controlling interests	5,173	-39	312
	<b>Total Equity</b>	<b>582,247</b>	<b>654,604</b>	<b>609,917</b>
8	Bond debt	1,255,519	1,238,139	1,229,436
	Earn-out provision	0	11,700	2,825
	Deferred tax liability	50,153	55,392	53,112
	<b>Total non-current liabilities</b>	<b>1,305,672</b>	<b>1,305,231</b>	<b>1,285,373</b>
6	Bank debt	72,220	72,938	37,574
	Earn-out provision	5,149	0	5,888
	Trade payables	420,841	346,582	446,224
	Payables to group entities	86,551	81,894	83,874
	Deferred income	7,350	53,297	19,530
	Corporation tax	11,295	9,295	13,271
	Other payables	123,211	82,830	76,243
	<b>Total current liabilities</b>	<b>726,617</b>	<b>646,836</b>	<b>682,604</b>
	<b>Total liabilities</b>	<b>2,032,289</b>	<b>1,952,067</b>	<b>1,967,977</b>
	<b>Total equity and liabilities</b>	<b>2,614,535</b>	<b>2,606,671</b>	<b>2,577,894</b>

(DKKt)	Consolidated statement of changes in equity							Group
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity	
<b>Equity at 1 January 2018</b>	500	726,434	-19,785	-97,544	609,605	312	609,917	
Effect of changes in accounting policies, IFRS	0	0	0	-1,081	-1,081	0	-1,081	
<b>Adjusted equity at 1 January 2018</b>	500	726,434	-19,785	-98,625	608,524	312	608,836	
<b>Profit for the period</b>	0	0	0	-21,638	-21,638	-42	-21,680	
Currency exchange adjustment	0	0	-9,812	0	-9,812	-18	-9,830	
<b>Other comprehensive income, net of tax</b>	0	0	-9,812	0	-9,812	-18	-9,830	
<b>Total comprehensive income for the period</b>	0	0	-9,812	-21,638	-31,450	-60	-31,510	
Purchase of non-controlling interests	0	0	0	0	0	4,921	4,921	
<b>Total transactions with owners</b>	0	0	0	0	0	4,921	4,921	
<b>Equity at 30 September 2018</b>	500	726,434	-29,597	-120,263	577,074	5,173	582,247	

(DKKt)	Consolidated statement of changes in equity							Group
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	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	-38,038	-38,038	531	-37,507	
Currency exchange adjustment	0	0	-2,216	0	-2,216	-50	-2,266	
<b>Other comprehensive income, net of tax</b>	0	0	-2,216	0	-2,216	-50	-2,266	
<b>Total comprehensive income for the period</b>	0	0	-2,216	-38,038	-40,254	481	-39,773	
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 September 2017</b>	500	726,434	-2,859	-69,432	654,643	-39	654,604	

(DKKt)		Group	
Notes	Consolidated cash flow statement	YTD 2018	YTD 2017
	Operating profit (EBIT) before special items	30,575	4,069
	Depreciation, amortisation and impairment	30,059	26,013
	Effect of changes in accounting policies	1,081	0
	Exchange rate adjustments	-2,902	-107
	Change in working capital	-19,686	-147,488
	<b>Cash flows from operating activities before special items, interest &amp; tax</b>	<b>39,127</b>	<b>-117,513</b>
	Special items	-6,193	-3,575
	Interest received	38,913	37,896
	Interest paid	-77,142	-74,328
	Tax paid	-6,868	-9,060
	<b>Cash flows from operating activities</b>	<b>-12,163</b>	<b>-166,581</b>
	Purchase of software	-4,156	-5,464
	Purchase of property, plant and equipment	-8,633	-5,153
9	Investments in group entities	-5,266	-175,147
	Special items, transactions cost acquisitions	-1,356	0
	Release of earn-out	-3,564	0
	Loan to/from Transgroup Global Inc.	0	81,893
	<b>Cash flows from investing activities</b>	<b>-22,974</b>	<b>-103,871</b>
	<b>Free cash flow</b>	<b>-35,137</b>	<b>-270,451</b>
	Capital increase	0	79,218
	Purchase of non-controlling interest	-1,991	-11,905
	Payments to/from group entities	0	-2,124
	<b>Cash flows from financing activities</b>	<b>-1,991</b>	<b>65,189</b>
	<b>Change in cash and cash equivalents</b>	<b>-37,128</b>	<b>-205,262</b>
	<b>Cash and cash equivalents</b>		
	Cash and cash equivalents at the beginning of the period	36,045	166,004
	Change in cash and cash equivalents	-37,128	-205,262
6	<b>Net cash and cash equivalents at 30 September</b>	<b>-1,083</b>	<b>-39,258</b>

\*Special items regarding investments

Note (DKKt)	Group									
1 Segment information	30.09.2018									
	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)	1,164,897	1,040,325	1,299,686	1,259,353	420,202	370,083	131,573	96,327	3,016,358	2,766,088
Intercompany revenue	-231,055	-177,965	-175,305	-109,901	-33,767	-32,703	-1,573	-1,814	-441,700	-322,383
Net revenue (services)	933,842	862,360	1,124,381	1,149,452	386,435	337,380	130,000	94,513	2,574,658	2,443,705
Cost of operation	-768,165	-707,844	-943,217	-988,243	-318,712	-339,129	-111,211	-29,104	-2,141,305	-2,064,320
<b>Gross profit</b>	<b>165,677</b>	<b>154,516</b>	<b>181,164</b>	<b>161,209</b>	<b>67,723</b>	<b>-1,749</b>	<b>18,789</b>	<b>65,409</b>	<b>433,353</b>	<b>379,385</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	30.09.2018				
	Air	Sea	Road	Solution	Total
Balance at 31 December 2017	546,318	657,291	50,210	4,288	1,258,106
Exchange rate adjustment	-3,317	-5,152	-81	-34	-8,584
Additions 2018	0	2,323	1,847	0	4,170
Amortisation during the year	-8,652	-12,978	-211	-89	-21,929
<b>Balance at 30 September 2018</b>	<b>534,349</b>	<b>641,484</b>	<b>51,765</b>	<b>4,165</b>	<b>1,231,763</b>

It is not possible 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 SGL Group is within the Air and Sea segments, whereas the Road and Solutions business units are relatively small in a group context and are primarily within a limited geographical area (Denmark & Sweden). The project business of 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)	Group
3	<b>Special items</b>	<b>YTD 2018</b>
	Restructuring cost (Redundancy cost for personnel and closing of offices, acquisitions etc.)	-7,549
	<b>Total special items</b>	<b>-7,549</b>

Note	(DKKt)	Group
4	<b>Financial income</b>	<b>YTD 2018</b>
	Financial income from Transgroup Global Inc.	35,676
	Other financial income (primarily exchange gain on bond loan)	26,372
	<b>Total financial income</b>	<b>62,048</b>

Note	(DKKt)	Group
5	<b>Financial expenses</b>	<b>YTD 2018</b>
	Financial expenses	-77,895
	Other financial expenses (primarily exchange loss on loan to Transgroup Global Inc.)	-25,330
	<b>Total financial income</b>	<b>-103,225</b>

Note	(DKKt)	Group		
6	<b>Cash &amp; Liquidity</b>	<b>30.09.2018</b>		
		<b>Net Cash (+ = deposit)</b>	<b>Credit facilities</b>	<b>Liquidity reserve</b>
	<b>Scan Bidco Group</b>	-1,083	148,400	147,317

Scan Bidco Group holds net bank liquidity of DKK -1,083 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 147,317 thousand.

Note	(DKKt)		30.09.2018
<b>7</b>		<b>Receivable from Transgroup Global Inc.</b>	
		Principal, USD 98,019 thousand, interest rate 7.70%	631,370
		Expected loss, IFRS 9	-1,081
		<b>Total receivable from Transgroup Global Inc.</b>	<b>630,289</b>
			<b>Carrying amount</b>
		<b>Cash flow*</b>	
		Receivable falling due between 1 and 5 years (2022)	814,622
		Receivable falling due after more than 5 years	0
		<b>Total non-current receivable from Transgroup Global Inc.</b>	<b>814,622</b>
		<b>Current portion of the receivable</b>	<b>48,615</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.

After implementing IFRS 9 the receivable from Transgroup has been restated. The impact of the change in accounting policies is shown below:

Total receivable from Transgroup Global Inc., 31 December 2017	608,473
Effect of changes in accounting policies, IFRS 9	-1,081
<b>Adjusted receivable from Transgroup Global Inc. 1 January 2018</b>	<b>607,392</b>
Exchangerate adjustments	22,897
<b>Total receivable from Transgroup Global Inc., 30 September 2018</b>	<b>630,289</b>

<b>8</b>	<b>Bond debt</b>		30.09.2018
	Issued bonds, DKK tranche, interest rate 6.80%		625,000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%		644,130
			<b>1,269,130</b>
	Capitalised loan costs		-13,611
	<b>Total bond debt</b>		<b>1,255,519</b>
			<b>Carrying amount</b>
		<b>Cash flow*</b>	
	Bond debt falling due between 1 and 5 years (2022)	1,618,335	1,269,130
	Bond debt falling due after more than 5 years	0	0
	<b>Total non-current financial liabilities</b>	<b>1,618,335</b>	<b>1,269,130</b>
	<b>Current portion of financial liabilities</b>	<b>92,098</b>	<b>0</b>

\* Total cash flows including interest.

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

Certain terms and conditions apply for the issued bonds 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 2017

**Provisional fair value at date of acquisition:**
**ASSETS**

Property, plant and equipment	370
Trade receivables	69,429
Income taxes receivable	1,097
Other receivables	3,750
Prepayments	4,837
Cash and cash equivalents	17,097
<b>Total assets</b>	<b>96,580</b>

**LIABILITIES**

Trade payables	38,725
Corporation tax	8,061
Other payables	39,145
<b>Total liabilities</b>	<b>85,931</b>

<b>Acquired net assets</b>	<b>10,649</b>
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Goodwill, trademarks and customer relations less of deferred tax	195,224
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<b>Fair value of total consideration</b>	<b>205,873</b>
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Earn-out provision	13,629
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<b>Cash consideration</b>	<b>192,244</b>
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Adjustment for cash and cash equivalents taken over	-17,097
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<b>Cash consideration for the acquisitions</b>	<b>175,147</b>
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Transaction costs for acquisitions	0
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<b>Investments in group entities</b>	<b>175,147</b>
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## 1 Investments in group entities

### **Purchase of activities from Kestrel Freight & Customs Pty Ltd.**

Effective July 2nd 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired activities from 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.

Under the terms of the agreement, the Kestrel activities was acquired for a total cash consideration of AUD 500k. In addition, earn-out payments depending on future EBITDA were agreed upon. The provision of the earn-out will be determined at year end 2018 and based on the prognosis of the 5 year period after the effective date. The earn-out will be paid after end of the financial year-end 2018 through 2023, if applicable. No significant assets have been acquired and no intangible assets other than customer relations have been identified.

Transaction costs amounted to DKKt 670, which have been expensed and recognized as special items in 2018.

### **Purchase of shares in Macca Logisitics Sarl**

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 strengthens SGL Group's presence in Western Africa serving the GO's and NGO's in the region.

Under the terms of the agreement, Macca Logistics Sarl was acquired for a total cash consideration of EUR 1 million, EUR 500 thousand paid at closing date and EUR 500 thousand are to be paid in Q4 2018. No significant assets have been acquired and no significant intangible assets have been identified.

Transaction costs amounted to DKK 686 thousand, which have been expensed and recognized as special items in 2018.

In 2017 the Macca Logistics Sarl generated sales of DKK 67,613 thousand and profit after tax of DKK 3,131 thousand.

**9 Investments in group entities**
**Acquisition of Airlog Group AB**

On March 6th 2017, Scan Global Logistics A/S 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 into Scan Global Logistics freight forwarding activities. 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, 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 years 2017 and 2018, respectively.

The earn-out measurement was provided in Q4 2017. 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 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 of a fair market value of the trademark. A customer attrition model has been used for calculation of the fair market value of customer relations. The purchase price allocation was 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.

**9 Investments in group entities**
**Acquisition of Crosseurope Aktiebolag**

On June 29th, 2017 Scan Global Logistics A/S 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 particularly in the road segment.

Crosseurope AB is a freight forwarder based in Trelleborg, Sweden that is focused on small to mid-size customers. Since 1993, Crosseurope has established a strong 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 meet specified sales targets in 2017.

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

Pro forma 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 reported financials.

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 was 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.

## 10 Accounting policies

### Basis of preparation

The interim financial report, comprising the consolidated financial statement, 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.

**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 third quarter of 2018 ended September 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 assets and liabilities and financial position at 30 September 2018 and operations and cash flow for the period 1 January - 30 September 2018.

Further, in our opinion we find that the management commentary contains a true and fair statement of the development in the Group'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.

Kastrup, November 2018

### **Executive Management:**

Claes Brønsgaard Pedersen

### **Board of Directors:**

Henrik von Sydow  
*Chairman*

John Cozzi

Alan Wilkinson