

H1 2020 RESULTS

SGLT Holding II LP

20 August 2020

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SGL
TRANSGROUP

Group structure – SGLT Holding

Revenue

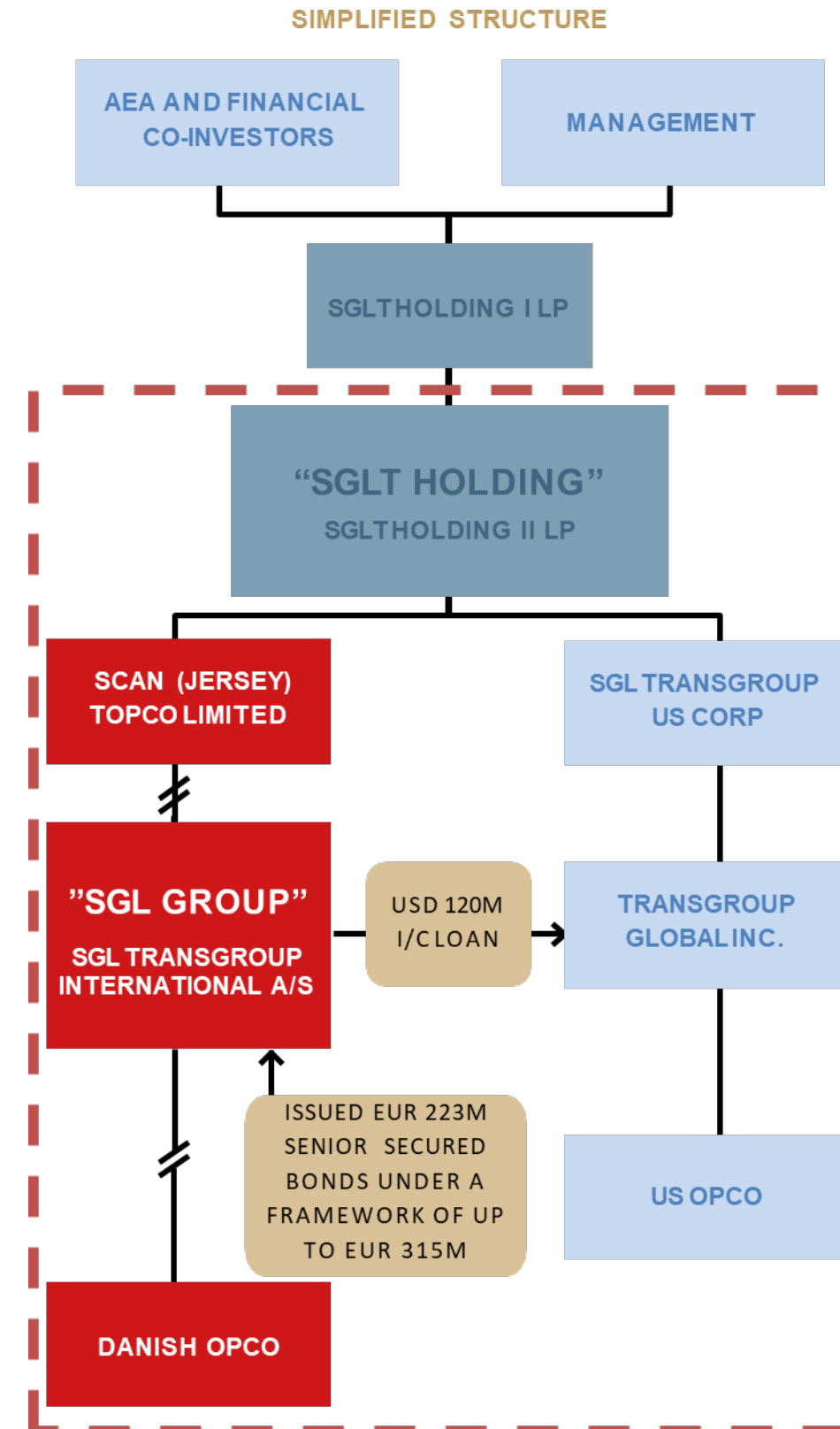
USD 556M

Adjusted EBITDA*

USD 22.9M

**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 senior secured floating-rate bonds with SGL TransGroup International A/S as the issuer in an aggregate amount of EUR 223m within a total framework amount of EUR 315m.
- 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 H1 2020

- During H1 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 291.5m in Q2 2020 and USD 555.9m in H1 2020, representing an 8% increase compared to H1 2019, despite a negative impact by USD 9m due to FX translation.
 - Comparing to H1 2019, the revenue from acquisitions made have contributed by USD 35m, coming from BK Spedition, IC Group activities, SGL Spain, SGL Cambodia and Pioneer International Logistics.
 - The organic growth was 2%, normalised to exclude the negative impact of FX translation.
- Gross profit in H1 2020 amounted to USD 94.3m, equivalent to an increase of 13% compared to H1 2019; however, negatively impacted by FX translation of USD 2 million.
 - Compared to H1 2019, gross margins expanded by 0.8%-point to 17%.
- Adjusted EBITDA before special items excluding the impact of IFRS 16 *Leases* amounted to USD 22.9m and represents the underlying financial business performance in H1 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 costs related to Green field (start-up) activities, acquisition activities, and activities caused by COVID-19, and partly offset by gain from sale of entities.
- As of 30 June 2020, the equity ratio stood at 23.1% and the consolidated NIBD excluding lease liabilities (IFRS 16) amounted to USD 237m, resulting in an NIBD/EBITDA ratio of 4.6x (on a pro forma level excluding IFRS 16); down compared to 5.4x in H1 2019

Financial highlights	Q2 2020	Q2 2019	H1 2020	H1 2019
Income statement in USD'000				
Revenue	291,502	262,538	555,868	516,183
Gross profit	49,878	43,610	94,343	83,528
EBITDA before special items	19,737	11,637	30,088	22,122
EBITDA before special items excluding IFRS 16	15,232	8,540	21,682	15,540
Operating profit (EBIT) before special items	9,149	5,851	12,295	10,724
Special items, net	-3,407	-433	-5,432	-564
Operating profit (EBIT)	5,742	5,418	6,863	10,160
Financial items, net	-5,998	-5,999	-9,909	-9,832
Profit/loss for the period	-906	-677	-3,400	-771
Income statement (Business performance) ¹				
Adjusted EBITDA ^{1,2}	15,843	10,016	22,928	17,845
Financial position in USD'000				
Equity attributable to parent company (excl non-controlling interests)			134,870	153,550
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)			237,021	209,694
Total assets			597,365	553,714
Financial ratios in %				
Gross margin			17.0	16.2
EBITDA margin before special items			5.4	4.3
EBITDA margin before special items excluding IFRS 16			3.8	3.0
Adjusted EBITDA margin ^{1,2}			4.1	3.5
Equity ratio			23.1	28.0
Net leverage (proforma excluding IFRS 16)			4.6x	5.4x

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 has been sent home to stay self-isolated at their houses in certain countries where staff are back at the office with restrictions in other countries.
- » Heavily engaged in customer conversations to provide unique solutions to this extreme situation, unforeseen and unfortunate event.
- » During the second quarter of 2020 SGLT Holding has delivered a strong performance and solid financial position above previous expectations with a great momentum, and certainly proven that we remain committed to finding new ways to make the world a little less complicated, even through a COVID-19 pandemic.
- » 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.
- » As the global economy remains uncertain due to the COVID-19 virus and its continuing impact to volumes and freight rates, our expectations to financial performance in 2020 is naturally subject to a high degree of uncertainty.

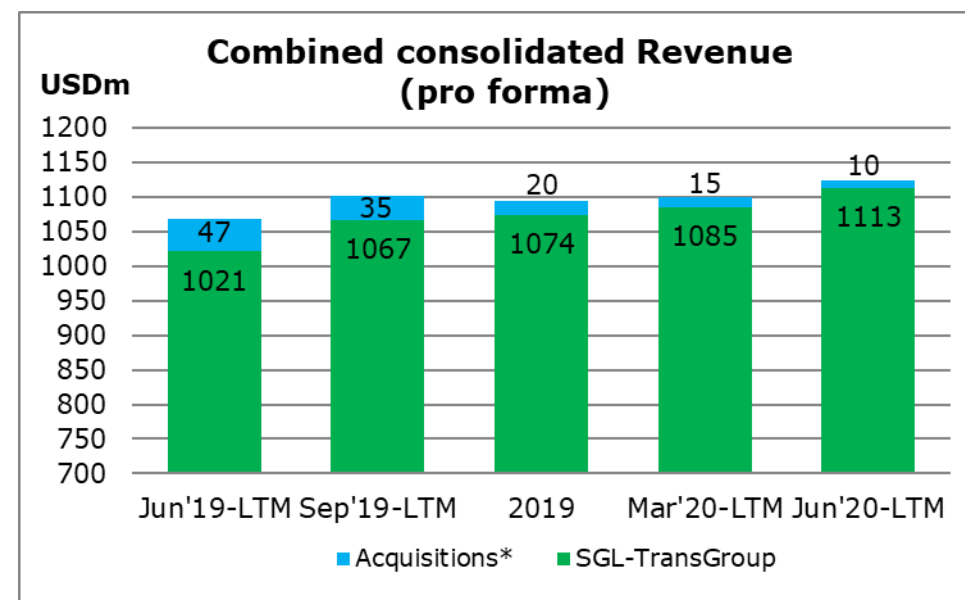
Market expectations

Volatile rates

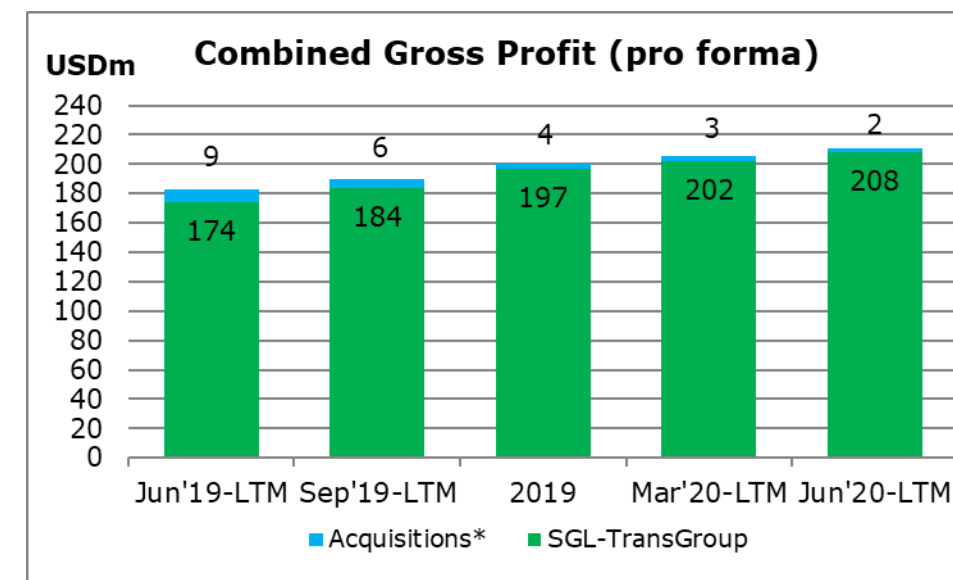
- » SGLT Holding has experienced a very volatile market environment in terms of rate development. With the situation on some transport modes (especially airfreight) changing hour by hour as a result of the COVID19 virus situation. SGLT Holding expects this to continue during 2020 as capacity becomes 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)

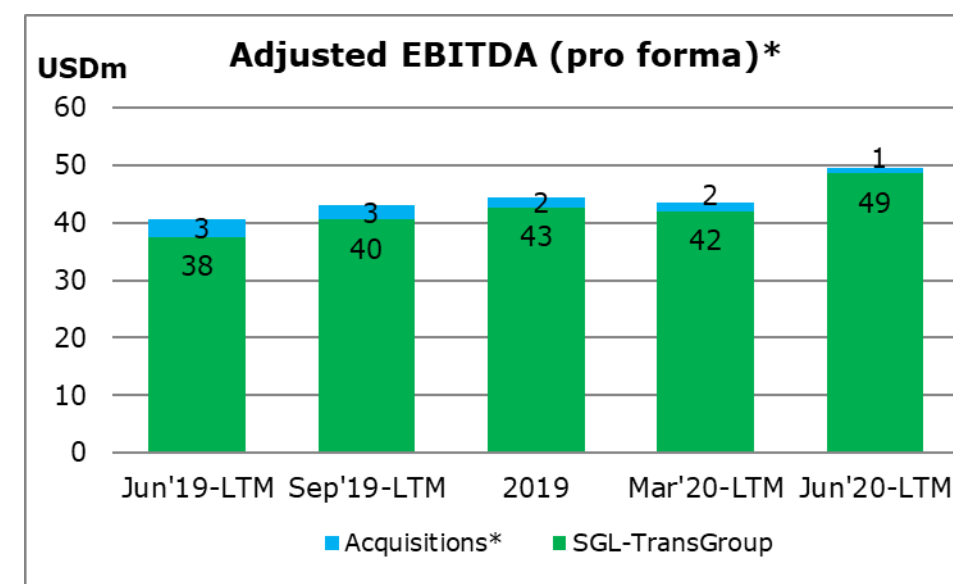


Gross profit development (pro forma LTM)



- 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 Pioneer Logistics Pty Ltd. which was acquired in Q1 2020, and Scan Global Logistics Co., Ltd. (Cambodia) which was 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 1,123m in the LTM H1 2020; however, negatively impacted by USD 9m due to FX exchange rate translation.
- Gross profit amounted to USD 210m in LTM H1 2020.
- Adjusted EBITDA (pro forma) amounted to USD 50m in LTM H1 2020, equal to a margin of 4.5%.

Adjusted EBITDA development (pro forma LTM)



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