

Scan Bidco A/S

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

Interim Financial Report Fourth quarter 2018

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Financial highlights for the Scan Bidco Group	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Key figures (in DKK thousands):				
Income statement				
Revenue	945,942	947,480	3,520,600	3,391,185
Gross profit	158,483	126,502	591,836	505,887
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	28,005	-47	88,639	30,035
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	24,508	-2,430	77,012	21,139
Operating profit (EBIT) before special items	16,962	-12,298	47,537	-8,229
Special items	-27,406	-13,331	-34,955	-16,906
Operating profit (EBIT) after special items	-10,444	-25,629	12,582	-25,135
Net financial expenses	-18,424	-12,900	-59,601	-50,677
Profit/loss before tax	-28,868	-38,529	-47,019	-75,812
Profit/loss for the period	-33,706	-27,768	-55,386	-65,275
Cash flow				
Cash flows from operating activities before special items, interest & tax			112,561	1,728
Cash flows from operating activities			19,253	-75,023
Cash flows from investing activities			-39,344	-191,709
Free Cash flow			-20,092	-266,732
Cash flows from financing activities			129,920	136,773
Cash flow for the period			109,829	-129,959
Financial position				
Total equity			656,646	608,836
Total equity before impact of change in accounting policy, IFRS 9			-	609,917
Equity attributable to parent company			651,111	609,605
Net interest bearing debt (NIBD)			607,219	685,126
Total assets			2,702,767	2,576,813
Total assets before impact of change in accounting policy, IFRS 9			-	2,577,894
Financial ratios in %				
Gross margin	16.8	13.4	16.8	14.9
EBITDA margin*	3.0	0.0	2.5	0.9
EBIT margin*	1.8	-1.3	1.4	-0.2
Equity ratio	24.3	23.6	24.3	23.6
*before special items				
Number of full time employees at period end	1,000	925	1,000	925

Company details

Name	:	Scan Bidco A/S
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 Allan Dyrgaard Melgaard Claes Brønsgaard Pedersen Thomas Thellufsen Nørgaard Jørgen Agerbo Jessen
Executive Board	:	Claes Brønsgaard Pedersen
Parent company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvold 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	3,530,838	100%
Scan Global Logistics A/S	Denmark	DKK	1,901,649	100%
SGL Road ApS	Denmark	DKK	500,200	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 SA	Mali	XOF	10,000,000	55%
Macca Logistics Sarl	Senegal	XOF	1,000,000	100%
Macca Logistics Sarl	Cote d'Ivoire	XOF	1,000,000	100%

*Holding companies.

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 Global Logistics and other key agents worldwide.

Scan Bidco Group's business review

Profit for the period

The fourth quarter (Q4) 2018 consolidated financial statements describe the operating results of the Scan Global Logistics A/S Group, including the results of Kestrel and Macca Logistics Sarl, both of which were acquired in Q3 2018.

The Q4 2018 revenue was DKK 946 million generating EBITDA of DKK 28 million before special items, showing an improvement on a YoY basis compared to Q4 2017.

The consolidated Q4 2018 revenue was on par with Q4 2017 results. Air and Sea business in the Nordics, Hong Kong, and Japan were strong drivers of the company's results. The acquired activities in Kestrel and Macca Logistics contributed DKK 15 million to revenue in Q4. Scan Global Logistics restructured its Solution activities in Denmark, which had a negative impact on the overall revenue level. The project activities in Q4 2018 produced increased gross profit, yet lower gross revenue, compared to last year. Further, the company ceased its co-loading activities in Malaysia which historically generated low profit margins.

On a total Group basis, gross margins increased 340 basis points relative to LY, primarily driven by the Sea and Road activities in the Nordic region as well as project sales.

The Q4 EBITDA growth of DKK 28 million (vs DKK 0 million in Q4 2017) is primarily due to improved gross margins.

Special items of DKK 27 million include non-recurring costs related to a project as well as restructuring cost (redundancy cost for personnel) primarily related to our Solution business in Denmark and reorganisation in Sweden.

Net financial expenses of DKK 18 million in Q4 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.

Management's commentary

Cash Flows

The accumulated cash flow from operating activities before special items, interests and tax was DKK 113 million driven by improved EBITDA and improved working capital of DKK 25 million as a result of increased debtor payments.

Excluding acquisitions, investments in related group entities/activities, and release of earn-out payments, the investments during 2018 of DKK 27 million were comprised mainly of software and IT equipment.

Capital structure

The total equity was DKK 651 million with an equity ratio of 24.3% as of 31 December 2018.

That includes a capital increase of DKK 104 million in December prior to the acquisition of IQS Group in January 2019.

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 607 million. The debt is mainly due to the acquisitions of SGL Group, Airlog Group and Crosseurope. The net interest bearing debt decreased DKK 120 million during Q4 2018 due to improved working capital and the capital increase. The total liquidity reserve then increased to DKK 294 million by end of December 2018. Please see note 6 for further information.

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

Acquisitions in 2018

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

Please see note 9 for further information.

Events after the balance sheet date

Effective as of 2 January 2019 Scan Global Logistics A/S acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group). The acquisition was financed partly by a capital increase of DKK 104 million and partly by the present capital resources.

(DKKt)					Group
Notes	Consolidated income statement	Q4 2018	Q4 2017	YTD 2018	YTD 2017
1	Revenue	945,942	947,480	3,520,600	3,391,185
1	Cost of operation	-787,459	-820,978	-2,928,764	-2,885,298
	Gross profit	158,483	126,502	591,836	505,887
	Other external expenses	-33,991	-30,295	-124,956	-110,073
	Staff costs	-96,487	-96,254	-378,241	-365,779
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	28,005	-47	88,639	30,035
	Depreciation of software and tangible assets	-3,497	-2,383	-11,627	-8,896
	Earnings before Interest, Tax, Amortisation and special items	24,508	-2,430	77,012	21,139
	Amortisation of customer relations and trademarks	-7,546	-9,868	-29,475	-29,368
	Operating profit before special items	16,962	-12,298	47,537	-8,229
3	Special items, income	0	4,916	0	4,916
3	Special items, cost	-27,406	-18,247	-34,955	-21,822
	Operating profit (EBIT)	-10,444	-25,629	12,582	-25,135
4	Financial income	16,876	11,277	78,924	133,386
5	Financial expenses	-35,300	-24,177	-138,525	-184,063
	Loss before tax	-28,868	-38,529	-47,019	-75,812
	Tax on profit for the period	-4,838	10,761	-8,367	10,537
	Loss for the period	-33,706	-27,768	-55,386	-65,275
	Total income for the year attributable to				
	Owners of the parent	-33,955	-28,112	-55,593	-66,150
	Non-controlling interests	249	344	207	875
	Total	-33,706	-27,768	-55,386	-65,275

(DKKt)					Group
	Loss for the period	-33,706	-27,768	-55,386	-65,275
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	3,969	-16,969	-5,861	-19,185
	Other comprehensive income, net of tax	3,969	-16,969	-5,861	-19,185
	Total comprehensive income for the period	-29,737	-44,737	-61,247	-84,460
	Total comprehensive income for the period attributable to				
	Owners of the parent	-30,294	-45,038	-61,744	-85,292
	Non-controlling interests	557	301	497	832
	Total	-29,737	-44,737	-61,247	-84,460

(DKKt)		Group	
Notes	Consolidated balance sheet	31.12.2018	31.12.2017
ASSETS			
2	Goodwill	951,425	953,620
2	Customer relations	234,079	257,601
2	Trademarks	41,377	46,885
	Software	23,398	12,071
	Intangible assets	1,250,279	1,270,177
	Property, plant and equipment	24,192	15,728
7	Receivable from Transgroup Global Inc.	637,944	607,392
	Other receivables	7,936	8,135
	Deferred tax asset	4,757	5,203
	Financial assets	650,637	620,730
	Total non-current assets	1,925,108	1,906,635
	Trade receivables	505,662	559,320
	Receivables from group entities	5,420	3,050
	Income taxes receivable	3,073	1,817
	Other receivables	24,320	22,442
	Prepayments	13,968	9,930
6	Cash and cash equivalents	225,216	73,619
	Total current assets	777,659	670,178
	Total assets	2,702,767	2,576,813

(DKKt)		Group	
Notes	Consolidated balance sheet	31.12.2018	31.12.2017
	EQUITY AND LIABILITIES		
	Share capital	501	500
	Share premium	830,764	726,434
	Currency translation reserve	-25,936	-19,785
	Retained earnings	-154,218	-98,625
	Equity attributable to parent company	651,111	608,524
	Non-controlling interests	5,535	312
	Total Equity	656,646	608,836
8	Bond debt	1,264,236	1,229,436
	Earn-out provision	1,678	2,825
	Deferred tax liability	46,807	53,112
	Total non-current liabilities	1,312,721	1,285,373
6	Bank debt	79,342	37,574
	Earn-out provision	5,674	5,888
	Trade payables	425,569	446,224
	Payables to group entities	114,097	83,874
	Deferred income	6,136	19,530
	Corporation tax	17,707	13,271
	Other payables	84,876	76,243
	Total current liabilities	733,401	682,604
	Total liabilities	2,046,122	1,967,977
	Total equity and liabilities	2,702,767	2,576,813

(DKKt)		Group	
Notes	Consolidated cash flow statement	YTD 2018	YTD 2017
	Operating profit (EBIT) before special items	47,537	-8,229
	Depreciation, amortisation and impairment	41,102	38,264
	Exchange rate adjustments	-1,396	-4,256
	Change in working capital	25,318	-24,051
	Cash flows from operating activities before special items, interest & tax	112,561	1,728
	Special items	-29,478	-19,822
	Interest received	50,959	48,915
	Interest paid	-103,725	-97,598
	Tax paid	-11,064	-8,246
	Cash flows from operating activities	19,253	-75,023
	Purchase of software	-15,781	-5,931
	Purchase of property, plant and equipment	-10,964	-8,631
9	Investments in group entities and activities	-7,625	-175,147
	Special items, transactions cost acquisitions	-1,360	-2,000
	Earn-out paid	-3,613	0
	Cash flows from investing activities	-39,344	-191,709
	Free cash flow	-20,092	-266,732
	Capital increase	104,331	79,218
	Loan to/from Transgroup Global Inc.	27,636	0
	Payments to/from group entities	0	81,561
	Purchase of non-controlling interest	-2,047	-11,905
	Redemption of other acquisition debt	0	-12,101
	Cash flows from financing activities	129,920	136,773
	Change in cash and cash equivalents	109,829	-129,959
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	36,045	166,004
	Change in cash and cash equivalents	109,829	-129,959
6	Net cash and cash equivalents at 31 December	145,874	36,045

(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	
Equity at 1 January 2018	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	
Adjusted equity at 1 January 2018	500	726,434	-19,785	-98,625	608,524	312	608,836	
Profit for the period	0	0	0	-55,593	-55,593	207	-55,386	
Currency exchange adjustment	0	0	-6,151	0	-6,151	290	-5,861	
Other comprehensive income, net of tax	0	0	-6,151	0	-6,151	290	-5,861	
Total comprehensive income for the period	0	0	-6,151	-55,593	-61,744	497	-61,247	
Purchase of non-controlling interests	0	0	0	0	0	4,726	4,726	
Capital increase by cash payment	1	104,330	0	0	104,331	0	104,331	
Total transactions with owners	1	104,330	0	0	104,331	4,726	109,057	
Equity at 31 December 2018	501	830,764	-25,936	-154,218	651,111	5,535	656,646	

(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	
Equity at 1 January 2017	500	647,216	-643	-20,835	626,238	996	627,234	
Profit for the period	0	0	0	-66,150	-66,150	875	-65,275	
Currency exchange adjustment	0	0	-19,142	0	-19,142	-43	-19,185	
Other comprehensive income, net of tax	0	0	-19,142	0	-19,142	-43	-19,185	
Total comprehensive income for the period	0	0	-19,142	-66,150	-85,292	832	-84,460	
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	
Total transactions with owners	0	79,218	0	-10,559	68,659	-1,516	67,143	
Equity at 31 December 2017	500	726,434	-19,785	-97,544	609,605	312	609,917	

Note	(DKKt)										Group
1	Segment information										31.12.2018
	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)	1,658,386	1,486,123	1,750,464	1,697,006	580,194	549,112	120,762	129,923	4,109,806	3,862,165	
Intercompany revenue	-316,998	-272,137	-226,819	-147,862	-43,610	-48,606	-1,779	-2,375	-589,206	-470,980	
Net revenue (services)	1,341,388	1,213,986	1,523,645	1,549,144	536,584	500,506	118,983	127,548	3,520,600	3,391,185	
Cost of operation	-1,106,399	-1,015,938	-1,275,264	-1,339,372	-440,193	-414,034	-106,908	-115,955	-2,928,764	-2,885,298	
Gross profit	234,989	198,049	248,381	209,772	96,391	86,472	12,075	11,593	591,836	505,887	

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					31.12.2018
	Air	Sea	Road	Solution	Total	
Balance at 31 December 2017	546,318	657,291	50,210	4,288	1,258,106	
Exchange rate adjustment	-5,468	-1,564	-1,666	-2	-8,699	
Additions 2018	0	4,990	1,959	0	6,949	
Amortisation during the year	-11,872	-15,936	-1,562	-105	-29,475	
Balance at 31 December 2018	528,978	644,781	48,941	4,181	1,226,881	

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.

Goodwill, customer relations and trademarks were tested for impairment at 31 December 2018.

The basis for the calculation is a 3 year projection with targets for year 2021; "Scan Global Logistics Vision 2021".

The 3 year plan is covering each focus area bringing loss making units into profitable businesses, plan for the organic growth and the project business. Furthermore new and potential contract wins have been factored into the plan affecting several business segments and companies within the Group.

The test did not result in any impairment of the carrying amount of goodwill allocated to each business segment. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow would have led to any impairment losses being recognised. The analysis showed that probable changes in the future cash flow would not indicate a need for an impairment of goodwill.

Note	(DKKt)	Group	Group
3	Special items	YTD 2018	YTD 2017
	Restructuring cost (Redundancy cost for personnel and closing of offices), acquisitions etc.	-33,595	-19,823
	Transaction costs in connection with acquisitions	-1,360	-2,000
	Adjustment to earn-out business combination	0	4,917
	Total special items	-34,955	-16,906

Note	(DKKt)	Group	Group
4	Financial income	YTD 2018	YTD 2017
	Interest income from Transgroup Global Inc.	47,872	49,196
	Other financial income (primarily exchange gain on loan to Transgroup Global Inc.)	31,052	84,190
	Total financial income	78,924	133,386

Note	(DKKt)	Group	Group
5	Financial expenses	YTD 2018	YTD 2017
	Interest expenses	-91,446	-93,100
	Capitalized loan costs	-3,630	-3,630
	Other financial expenses (primarily exchange loss on loan to Transgroup Global Inc.)	-47,079	-87,333
	Total financial expenses	-138,525	-184,063

Note	(DKKt)	Group		
6	Cash & Liquidity	31.12.2018		
		Net Cash (+ = deposit)	Credit facilities	Liquidity reserve
	Scan Bidco Group	145,874	148,515	294,389

Scan Bidco Group holds net bank liquidity of DKK 145,874 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 294,389 thousand.

Cash & Liquidity		31.12.2017		
		Net Cash (+ = deposit)	Credit facilities	Liquidity reserve
	Scan Bidco Group	36,045	148,476	184,521

The Scan Bidco Group holds net bank liquidity of DKK 36,045 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 184,521 thousand.

Note (DKKt)		31.12.2018	Group 31.12.2017
7	Receivable from Transgroup Global Inc.		
	Principal, USD 98,019 thousand, interest rate 7.70%	639,025	608,473
	Expected loss, IFRS 9	-1,081	-1,081
	Total receivable from Transgroup Global Inc.	637,944	607,392
		Carrying amount	Carrying amount
	Cash flow*		
	Receivable falling due between 1 and 5 years (2022)	811,938	608,473
	Total non-current receivable from Transgroup Global Inc.	811,938	608,473
	Current portion of the receivable	49,205	0

* 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
Adjusted receivable from Transgroup Global Inc. 1 January 2018	607,392
Exchange rate adjustments	30,552
Total receivable from Transgroup Global Inc., 31 December 2018	637,944

8	Bond debt	31.12.2018	31.12.2017
	Issued bonds, DKK tranche, interest rate 6.80%	625,000	625,000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	651,940	620,770
		1,276,940	1,245,770
	Capitalised loan costs	-12,704	-16,334
	Total bond debt	1,264,236	1,229,436
		Carrying amount	Carrying amount
	Cash flow*		
	Bond debt falling due between 1 and 5 years (2022)	1,604,735	1,245,770
	Total non-current financial liabilities	1,604,735	1,245,770
	Current portion of financial liabilities	92,699	0

* 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 YTD 2018	Group YTD 2017
9 Investments in group entities		
Provisional fair value at date of acquisition:		
ASSETS		
Property, plant and equipment	4,676	370
Trade receivables	4,868	69,429
Income taxes receivable	0	1,097
Other receivables	337	3,750
Prepayments	433	4,837
Cash and cash equivalents	2,190	17,097
Total assets	12,504	96,580
LIABILITIES		
Trade payables	609	38,725
Corporation tax	240	8,061
Other payables	1,846	39,145
Total liabilities	2,696	85,931
Non-controlling interests' share of acquired net assets	4,690	0
Acquired net assets	5,118	10,649
Goodwill, trademarks and customer relations less of deferred tax	6,949	195,224
Fair value of total consideration	12,068	205,873
Earn-out provision	2,252	13,629
Cash consideration	9,816	192,244
Adjustment for cash and cash equivalents taken over	-2,190	-17,097
Cash consideration for the acquisitions	7,625	175,147
Transaction costs for acquisitions	1,360	0
Investments in group entities	8,986	175,147

9 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 500 thousand. In addition, earn-out payments depending on future EBITDA were agreed upon. The provision of the earn-out has been determined at year end 2018 and based on the prognosis of the 5 year period after the effective date. After year-end of 2018 no earn-out payment has to be paid. The main assets acquired relates to tangible assets and customer relations have been identified.

Transaction costs amounted to DKK 674 thousand, which have been expensed and recognized as special items in 2018.

Purchase of shares in Macca Logistics 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 for 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 which was paid in January 2019. Except for tangibles assets, 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.

Event after the balance sheet date: Purchase of shares in IQS Group

Effective as of 2 January 2019 Scan Global Logistics A/S acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group).

The acquisition provides Scan Global Logistics with an extended service platform within the automotive industry, now taking a leading role in Germany as well as internationally.

IQS Group currently operates 5 offices in Germany, the US and Dubai. The company was founded in 1998 and has built a strong reputation for themselves ever since.

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 has been 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 2018.

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.

The earn out has been calculated based on conditions that certain Crosseurope AB customers will meet specified sales targets and will be paid in 2019.

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.

New accounting regulation not yet adopted

The IASB has issued new standards and amendments not yet in effect of the 2018 consolidated financial statements. The most significant of these is IFRS 16 described below.

IFRS 16 Leases

The group will apply the standard from its mandatory adoption date of 1 January 2019. IFRS 16 will be implemented using the simple modified retrospective approach with the cumulative effect of applying the standard recognised in the opening balance of retained earnings.

On implementation of IFRS 16, the Group will recognise a lease liability and a corresponding right-of-use asset measured at the net present value of future lease payments discounted using an applicable incremental borrowing rate at the date of initial application. comparative figures are not restated.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a material impact on SGL’s financial statements, as off-balance operating leases will be capitalized and accounted for similar to the current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and interest expenses. The impact on profit for the year will be neutral over time, but a timing effect will occur due to frontloading of 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.

Major accounting policy choices made in implementing the standard includes:

- only to apply IFRS 16 to contracts previously identified as containing a lease;
- not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less;
- not to recognise right-of-use assets and lease liabilities for low-value lease assets;
- not to include non-lease components – e.g. service elements – as part of the right-of-use assets and lease liabilities recognised. These are accounted for separately;
- not to recognise right-of-use assets and lease liabilities for long-term lease contracts where the lease term ends within 12 months from 1 January 2019.

Assuming that the 2018 year-end lease portfolio remains unchanged for 2019, implementation of the standard is estimated to impact the 2019 opening balance and full-year income statement as outlined below (based on exchange rates as of 31 December 2018).

IFRS 16 - 2019 opening balance and estimated full-year effect (DKK million)

	31 Dec 2018	Increase + Decrease -	Change
<i>Balance sheet - 2019 opening balance effect:</i>	0	+	125 - 160
<i>Earnings before Interest, Tax, Depreciation, Amortisation and special items (EBITDA):</i>		+	47 - 63

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 fourth quarter of 2018 ended December 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 31 December 2018 and operations and cash flow for the period 1 January - 31 December 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, February 2019

Executive Management:

Claes Brønsgaard Pedersen

Board of Directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbo Jessen