

SCAN
GLOBAL LOGISTICS

TRANSGROUP
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AEA SGLT Holding II LP

- Summary of the Q3 interim report 2018

Key market developments

Ocean, Air and Road freight market development

- The global airfreight volumes are currently trending upwards at a 4% annualized rate despite the fuel index continues to rise and is now at plus 36% compared to 12 months ago.
- Drivers are first and foremost coming from eCommerce, restocking of inventories, consumer confidence in global investments and speed to market before new imposed or increased tolls are taking effect, particularly on the China to USA trade-lanes.
- The global sea freight market is expected to increase by 3-4% and the European trucking market is expected to increase at a similar 3-4% rate annually.
- Generally, rates are expected to stabilize from the relative high surges in 2017 in particular on the airfreight segment.



Financial highlights

- Revenues amounted to USD 246.1 million in the third quarter, equal to a 21% increase over Q3 2017, mainly driven by domestic traffic while international traffic has been stable
- The gross margin expanded by 0.6 p.p. compared to Q3 2017 to 15.4%
- Continued high growth in EBITDA before special items, which grew by 78% YoY from USD 5.3 million in Q2 2017 to USD 9.5 million in Q3 2018
- SGA amounted to USD 28.5 million during the quarter which is in line with the Q2 2018 level
- As per end of June, the equity ratio was 30.1% and the consolidated NIBD amounted to USD 199 million resulting in an NIBD/EBITDA ratio of 6.7x (on a pro forma level)
 - Net leverage continues to decrease and is down from 7.7x as per end of June 2018
- Several smaller acquisitions were completed during the quarter including certain assets from the Canadian company CommFirst (effective from 2 July), and the Australian company Kestrel Freight & Customs and 55% of Macca Logistics, which are operating in Africa
 - The acquisitions had minor impacts on the Q3 results

TransGroup

- Strong revenues growth of 42% compared to Q3 2017, driven by domestic traffic
- Gross margin improved by 1.3 p.p. over Q3 2017, due mainly to the domestic market
 - The Canadian acquisition negatively impacted gross profit by ca. USD 1.2 million

Scan Global Logistics

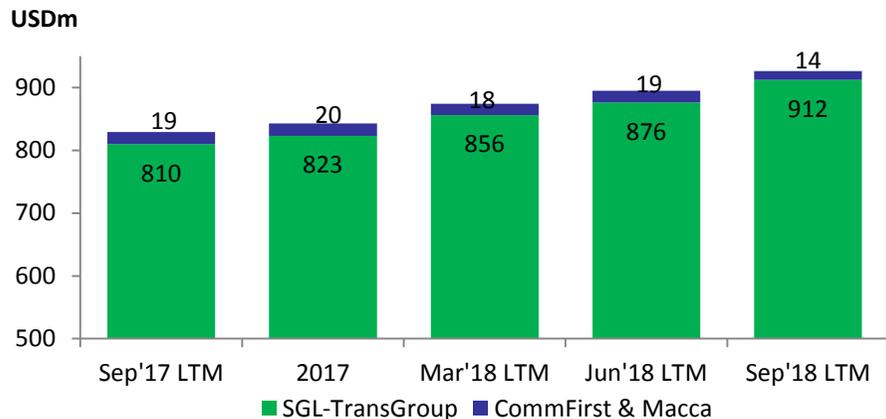
- The Q3 2018 revenue in SGL was USD 134 million generating EBITDA of USD 3.6 million before special items, showing an improvement on a YoY basis compared to Q3 2017
- Kestrel and Macca Logistics contributed USD 0.5 million to revenues in Q3 2018
- Scan Global Logistics restructured its Solution activities 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

Key financials

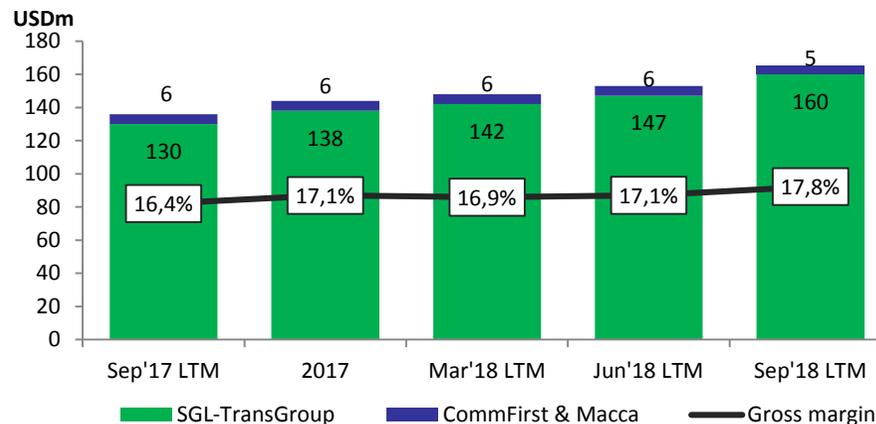
USD '000	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenue	246,132	202,773	696,714	593,753
Cost of operation	-208,191	-172,802	-589,781	-505,232
Gross profit	37,941	29,971	106,933	88,521
Other external expenses	-6,741	-3,895	-21,012	-17,452
Staff costs	-21,724	-20,758	-64,040	-56,427
EBITDA before special items	9,476	5,318	21,881	14,642
Depreciation of tangibles	-511	-340	-1,396	-1,005
Amortisation of intangibles	-2,500	-1,665	-6,769	-6,794
EBIT before special items	6,465	3,313	13,716	6,843
Special items	-1,592	-185	-2,143	-549
EBIT	4,873	3,128	11,573	6,294
Net financial items	-4,994	-3,827	-13,294	-11,817
Result before tax	-121	-699	-1,721	-5,523
Tax on profit	-469	-841	-907	-142
Result of the period	-590	-1,540	-2,628	-5,665
Gross margin*	15.4 %	14.8 %	15.3 %	14.9 %
EBITDA margin*	3.9 %	2.6 %	3.1 %	2.5 %
USDm	30 Sep. 2018	30 Sep. 2017		
Net interest bearing debt	199	203		
Net leverage (pro forma)	6.7x	8.2x		

Pro forma development (rolling last twelve months)

Combined revenue development (LTM)

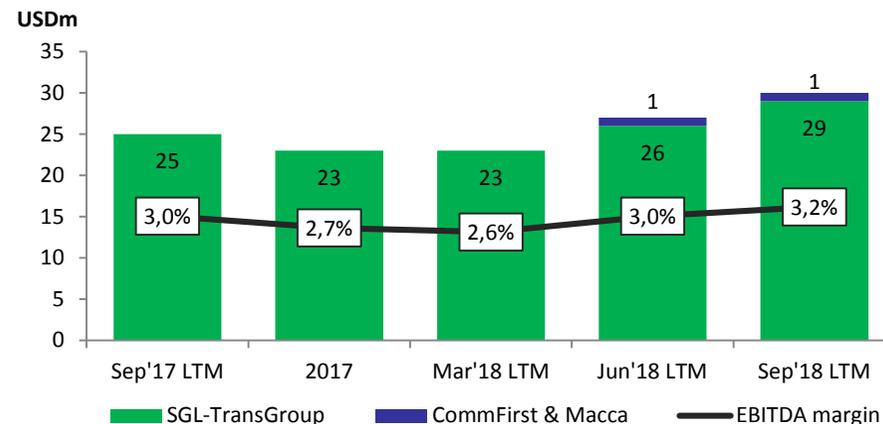


Combined gross profit development (LTM)

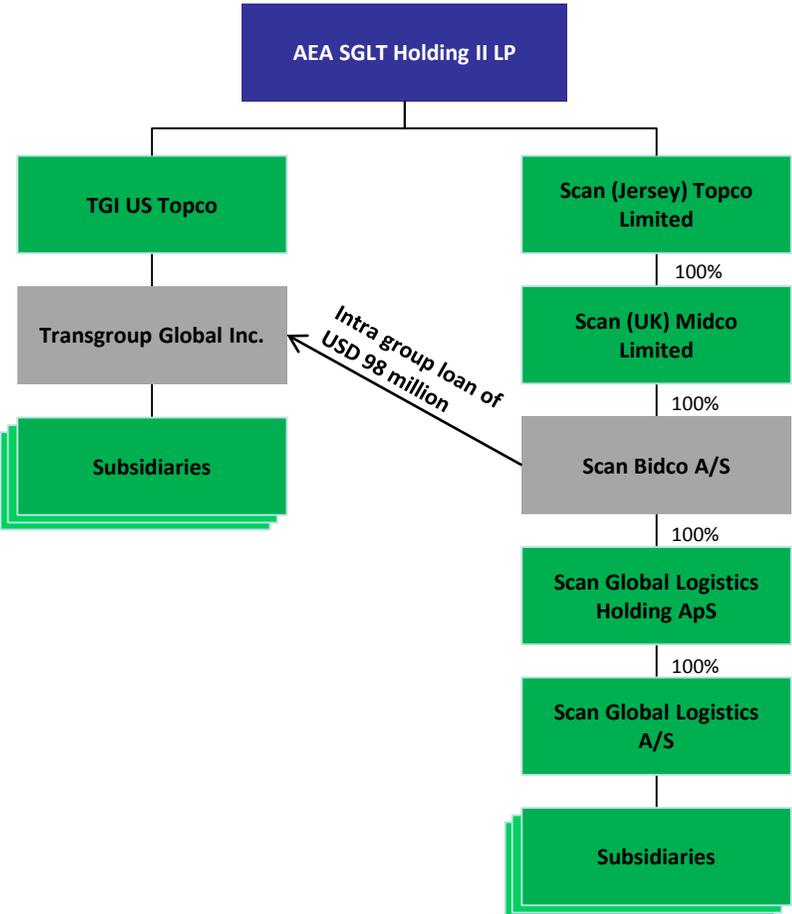


- On a pro forma level, the company generated revenues of USD 926 million in LTM September, equal to a 12% increase over September 2017
- LTM gross profit amounted to USD 165 million and grew for the fourth consecutive quarter. YoY, the gross profit increased by nearly 35%
 - Transgroup has experienced some pressure on gross margin in H1, but we have seen improvement in gross margins on the SGL side and in Q3 2018 also in TransGroup
- The positive trend in EBITDA continued during the third quarter and EBITDA increased by 11% in Q3'18 compared to Q2'18
- Adjusted pro forma EBITDA amounted to USD 30 million in LTM September, equal to a margin of 3.2%
 - The EBITDA margin expanded for the second consecutive quarter and compared to March 2018, the margin has expanded by 0.8 p.p.

Combined EBITDA development (LTM)



Group structure – AEA SGLT Holding II LP



Scan Bidco A/S is the Issuer of the outstanding bonds:

- ISIN: NO 0010768062
- ISIN: NO 0010768070