



# **DSV Miljø Group A/S**

c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen

CVR no. 38 51 38 34

## **Interim Report**

**First Quarter 2019-20**

(1 May - 31 July 2019)



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## Financial highlights

mDKK	mDKK	mDKK
Q1	Q1	FY
2019-20	2018-19	2018-19

### Income statement

Revenue	1.081	1.049	4.342
Gross profit	212	166	660
Result before special items and other income (EBITDA before special items)	127	77	299
EBITDA before special items and IFRS16 impact **	78	77	299
Result for the period	1	2	5

### Cash flow

Cash flow from operating activities bf. net financials and tax	160	57	292
Cash flow from operating activities	124	29	135
Investments in property, plant, equipment and intangibles	-34	-18	-116
Cash flow for the period	53	99	56

### Financial position

Total equity	673	688	673
Net interest bearing debt (NIBD)	2.145	1.547	1.544
Net interest bearing debt before IFRS16 impact (NIBD)**	1.495	1.547	1.544
Total assets	4.068	3.491	3.437

### Financial ratios

Gross margin	19,6%	15,8%	15,2%
Profit Margin (EBITDA before special items margin)	11,7%	7,3%	6,9%
NIBD/EBITDA before special items* bf. IFRS 16 impact**	5,0	5,3	5,2
Solvency ratio	16,5%	19,7%	19,6%

\*) Accumulated EBITDA latest twelve months.

\*\*\*) Figures excl. IFRS16 impact are shown to facilitate better comparison between periods.



## Company information

Name	DSV Miljø Group A/S
Address, postal code, Town	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen
CVR no.	38 51 38 34
Registered office	Copenhagen
Financial year	May 1 - April 30
Website	<a href="http://www.dsvm.dk">www.dsvm.dk</a>
E-mail	<a href="mailto:post@dsvm.dk">post@dsvm.dk</a>
Contact details	Robin Basse, CFO
Board of Directors	Kent Arentoft, Chairman of the Board Peter Korsholm Robin Basse
Executive Board	Peter Korsholm
Parent company	DSVM Invest A/S
Bankers	Nordea Danmark
Auditors	Ernst & Young Godkendt Revisionspartnerselskab

## Legal entities in the DSV Miljø Group

Company name	Country	Currency	Nominal capital ('000)	Ownership share
DSV Miljø Group A/S				
Nymølle Stenindustrier A/S	Denmark	DKK	32.000	100%
DSV Transport A/S	Denmark	DKK	2.410	100%
RGS Nordic A/S	Denmark	DKK	98.807	100%
RGS Nordic AB	Sweden	SEK	1.000	100%
RGS Nordic AS	Norway	NOK	1.350	100%
RGS Nordic Ltd.	UK	GBP	0	100%
Stignæs Vandindvinding I/S	Denmark	DKK	-	31%
Totalleveranser Sverige AB	Sweden	SEK	50	100%
RGS90 Rönnarp AB	Sweden	SEK	100	100%
GDL Transport Holding AB	Sweden	SEK	400	100%
GDL Transport AB	Sweden	SEK	10.300	100%
Jalog AB	Sweden	SEK	200	51%
Industrisortering i Sydost AB	Sweden	SEK	1.000	100%
ÖF Fastigheter i Linköping AB	Sweden	SEK	100	100%
ÖF Fastigheter i Norrköping AB	Sweden	SEK	100	100%
GDL Transport Öst AB	Sweden	SEK	8.160	100%
C-R Utbildning AB	Sweden	SEK	110	100%
Rustebud 1:161 Fastighets AB	Sweden	SEK	50	100%

After the balance sheet date, RGS 90 Rönnarp AB was transferred to RGS Nordic AB.

## Management's commentary

The interim report for Q1 2019/20 is significantly affected by the implementation of IFRS16 (recognition of leases), which cause many line items of Q1 2019/20 to be not directly comparable to Q1 2018/19. Please see note 1 for further information.

Revenue for Q1 2019/20 was DKK 1.081m, which was an increase of 3% compared to Q1 2018/19. Gross margin was 19.6%. Gross margin before IFRS16 effect was 15.6% compared to 15.8% in Q1 2018/19.

EBITDA before special items for Q1 2019/20 was DKK 127m. EBITDA before special items and IFRS16 effect was DKK 78m compared to DKK 77m in Q1 2018/19. The period was characterised by strong performance in Soil, Waste and Water, where EBITDA grew by DKK 14m and Raw Materials on par with Q1 last year. However, the improvement was offset by weaker performance in Transportation where EBITDA fell by DKK 14m. Soil, Waste and water mainly saw strong performance in its Danish business including the Water business. The weaker performance in Transportation relates to the Swedish business, which was negatively affected by an unfavourable competitive environment in the Southern region, general slowdown in the construction industry and challenges in aligning capacity to activity fluctuations for own trucks.

Net financial expenses for Q1 2019/20 amounted to DKK 35m. Net financial expenses before IFRS 16 effect was DKK 26m compared to DKK 25m in Q1 2018/19. The majority of the expenses related to bond interest expenses.

Cash flow from operating activities before net financials and tax amounted to DKK 160m in Q1 2019/20. Cash flow from operating activities before net financials and tax before IFRS16 effect amounted to DKK 116m in Q1 2019/20 - an increase of DKK 59m compared to Q1 2018/19. Net cash flows amounted to DKK 53m in Q1 2019/20. Investments in Q1 2019/20 included the continuation of the construction of a distribution terminal in Karlstad, Sweden.

The net interest bearing debt to EBITDA ratio before IFRS16 effect decreased to 5.0 from 5.2 by end of 2018/19 and 5.3 by end of Q1 2018/19. The decrease is mainly driven by cash flow from operating activities.

The Group does not face particular significant risks besides risks generally impacting the business areas. However, the balance sheet is affected by accounting estimates, primarily on measurement of intangible assets and property, plant and equipment, provisions and deferred income regarding treated soil.

The Group performance is – among other things – affected by the general macroeconomic conditions including the level and timing of infrastructure projects and construction activity. For 2019/20, the Group continue to expect revenue to be between DKK 4.200m - 4.600m and EBITDA to be between DKK 300m - 320m (excluding effects from IFRS 16). The expectations are based on exchange rates similar to those realized in 2018/19.

As further described in note 1 to the Group's Annual Report, the implementation of IFRS 16 in the Group has significant impact on the Group's financial reporting for 2019/20 and onwards. With a view to the description in note 1 to the Group's Annual Report, the Group expects IFRS 16 to increase EBITDA for 2019/20 by DKK 160-200m.

On 20 May 2019, the Group announced its decision to initiate a strategic review in relation to its subsidiary RGS Nordic A/S (the Soil, Waste and Water segment), which may or may not lead to a divestment of RGS Nordic. As the strategic review is still in process, there can be no assurance of the outcome of the process, including if a divestment will occur, nor the timing thereof.

### Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the interim financial report.

Consolidated income statement	mDKK	mDKK	mDKK
	Q1	Q1	FY
	2019-20	2018-19	2018-19
Revenue	1.081	1.049	4.342
Direct expenses	-869	-883	-3.682
<b>Gross Profit</b>	212	166	660
Other external expenses	-20	-26	-102
Staff expenses	-65	-63	-259
<b>Result before special items and other income (EBITDA before special items)</b>	127	77	299
Other income	0	0	7
Special items	0	-3	-15
<b>Result before depreciation, amortization, impairment, net financials and tax</b>	127	74	291
Depreciation of right-of-use assets	-48	0	0
Depreciation of owned property, plant and equipment	-20	-27	-93
Amortisation of intangible assets	-17	-15	-70
<b>Result before net financials (EBIT)</b>	42	32	128
Financial expenses, lease liabilities	-9	0	0
Financial expenses, other net	-26	-25	-108
<b>Result before tax</b>	7	7	20
Tax for the period	-6	-5	-15
<b>Result for the period</b>	1	2	5

Consolidated statement of comprehensive income	mDKK	mDKK	mDKK
	Q1	Q1	FY
	2019-20	2018-19	2018-19
Result for the period	1	2	5
<i>Items that may be reclassified to the income statement:</i>			
Foreign exchange adjustments, foreign subsidiaries	-1	11	-5
Other comprehensive income after tax	-1	11	-5
Total comprehensive income for the period	0	13	0
Appropriation:			
Shareholders in DSV Miljø Group A/S	0	12	0
Non-controlling interests	0	1	0
Total	0	13	0

Consolidated balance sheet	mDKK 31 July 2019	mDKK 31 July 2018	mDKK 30 April 2019
<b>Assets</b>			
Goodwill	1.033	1.039	1.035
Other intangible assets	933	1.000	949
<b>Intangible assets</b>	<b>1.966</b>	<b>2.039</b>	<b>1.984</b>
Right-of-use assets	702	0	0
Land and buildings	349	354	369
Plant, equipment and machinery	149	196	181
Fixtures and fittings, tools and equipment	16	23	20
Property, plant and equipment under construction	31	0	20
<b>Tangible fixed assets</b>	<b>1.247</b>	<b>573</b>	<b>590</b>
Shares in associated companies	4	4	4
Other securities and investments	1	2	1
Other receivables	24	21	24
<b>Financial assets</b>	<b>29</b>	<b>27</b>	<b>29</b>
<b>Total non-current assets</b>	<b>3.242</b>	<b>2.639</b>	<b>2.603</b>
Inventories	27	26	27
Trade receivables	608	610	662
Other receivables	4	15	8
Deferred tax assets	0	7	0
Prepayments	78	95	81
<b>Total receivables</b>	<b>690</b>	<b>727</b>	<b>751</b>
Cash	109	99	56
<b>Total current assets</b>	<b>826</b>	<b>852</b>	<b>834</b>
<b>Total assets</b>	<b>4.068</b>	<b>3.491</b>	<b>3.437</b>



## Consolidated balance sheet

	mDKK 31 July 2019	mDKK 31 July 2018	mDKK 30 April 2019
<b>Equity and liabilities</b>			
Share capital	1	1	1
Share premium	712	712	712
Currency translation reserve	-55	-37	-54
Retained earnings	14	10	13
<b>Share of equity attributable to the shareholders in DSV Miljø Group A/S</b>	672	686	672
Non-controlling interests	1	2	1
<b>Total equity</b>	673	688	673
Bond debt	1.530	1.549	1.528
Deferred tax liabilities	219	245	224
Vendor loan	22	22	21
Lease liabilities	506	43	34
Corporate income tax	28	23	22
Provisions	51	28	51
<b>Total non-current liabilities</b>	2.356	1.910	1.880
Provisions	6	18	6
Vendor loan	1	2	1
Lease liabilities	195	31	16
Trade payables	589	558	637
Corporate income tax	26	52	26
Other payables	183	192	156
Deferred income	39	40	42
<b>Total current liabilities</b>	1.039	893	884
<b>Total liabilities</b>	3.395	2.803	2.764
<b>Total equity and liabilities</b>	4.068	3.491	3.437

	mDKK	mDKK	mDKK	mDKK	mDKK	mDKK	mDKK
<b>Consolidated statement on changes in equity</b>	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to Parent company	Non-controlling interests	Group Total equity
<b>Equity at 1 May 2019</b>	1	712	-54	13	672	1	673
<b>Result for the period YTD 2019/20</b>	0	0	0	1	1	0	1
Foreign exchange adjustments, foreign subsidiaries	0	0	-1	0	-1	0	-1
<b>Total comprehensive income for the period</b>	0	0	-1	1	0	0	0
<b>Total transactions with owners</b>	0	0	0	0	0	0	0
<b>Equity at 31 July 2019</b>	1	712	-55	14	672	1	673
<b>Equity at 1 May 2018</b>	1	712	-48	8	673	2	675
<b>Result for the period YTD 2018/19</b>	0	0	0	2	2	0	2
Foreign exchange adjustments, foreign subsidiaries	0	0	11	0	11	0	11
<b>Total comprehensive income for the period</b>	0	0	11	2	13	0	13
<b>Total transactions with owners</b>	0	0	0	0	0	0	0
<b>Equity at 31 July 2018</b>	1	712	-37	10	686	2	688

Consolidated cash flow statement	mDKK	mDKK	mDKK
	Q1 2019-20	Q1 2018-19	FY 2018-19
<b>Result before net financials (EBIT)</b>	42	32	128
Depreciation and gains/losses on sold assets	68	30	89
Amortisation of intangible assets	17	15	70
Exchange rate adjustments	0	-1	0
Change in Working capital	33	-19	5
<b>Cash flow from operating activities before net financials and tax</b>	160	57	292
Interest payments made and received, net	-25	-26	-100
Interest paid on lease liabilities	-9	0	0
Payment of corporate income tax	-2	-2	-57
<b>Cash flow from operating activities</b>	124	29	135
Acquisition of property, plant, equipment and other intangibles	-34	-18	-116
Disposal of property, plant, equipment	0	135	142
Acquisition of activities and group entities	0	0	-4
<b>Cash flows from investing activities</b>	-34	117	22
Bond repurchase	0	0	-28
Reductions/increases in credit institutions (debt)	0	-33	-33
Repayment of lease liabilities	-37	0	0
Other Reductions/increases in interest bearing debt, net	0	-14	-40
<b>Cash flows from financing activities</b>	-37	-47	-101
<b>Change in cash and cash equivalents</b>	53	99	56
<b>Cash and cash equivalents</b>			
Cash and cash equivalents beginning of period	56	0	0
Net cash flows	53	99	56
<b>Cash and cash equivalents end of period</b>	109	99	56

## Notes

### 1 Accounting policies

DSV Miljø Group A/S is a public limited company with its registered office in Denmark.

The interim financial report has been prepared in accordance with IAS 34 on interim reporting as adopted by the European Union and additional Danish disclosure requirements for interim financial reports of listed companies.

Certain reclassifications have been made to the comparative 2017-18 figures to align presentation. The reclassifications have not had any effect on the income statement, equity or balance sheet total.

Except for the changes below, the consolidated interim financial statements have been prepared using the same accounting policies as set out in note 1 of the 2018/19 Annual Report which contains a full description of the accounting policies for the Group and the parent company.

#### Changes in accounting policies

Effective 1 May 2019, DSV Miljø Group has adopted IFRS16 leases using the modified retrospective method.

#### IFRS 16 Leases

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective approach the comparative information in this interim financial report has not been restated. Comparative figures are presented according to IAS 17. The right-of-use assets are depreciated over the lease period, i.e. up to 15 years.

The impact on the income statement for 1 May 2019 – 30 April 2020 is estimated to be:

- an increase in EBITDA of DKK 160 – 200 million.
- an increase in amortization of DKK 140 – 170 million.
- an increase in financial costs of DKK 20 – 30 million.
- an increase in positive cash flow from operating activities of DKK 140 – 170 million.
- An increase in negative cash flow from financing activities of DKK 140 – 170 million.

### 2 Accounting estimates and judgements

When preparing the financial statements, Management makes assumptions and estimates affecting the recognised assets and liabilities, including information on contingent liabilities. Such estimates comprise assessments based on the latest information available at the time of the financial reporting.

The significant accounting judgements, estimates and assumptions applied in these consolidated interim financial statements are the same as disclosed in note 2 of the 2018/19 Annual Report which contains a full description of significant accounting judgements, estimates and assumptions.

### Note 3: Segment information

	Soil, Waste & Water	Transportation	Raw materials	Intra Group/ Other	Total
	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20
Revenue	288	746	74	-27	1.081
Direct costs	-197	-660	-39	27	-869
<b>Gross profit</b>	<u>91</u>	<u>86</u>	<u>35</u>	<u>0</u>	<u>212</u>
Other external expenses	-7	-11	-2	0	-20
Staff costs	-18	-42	-5	0	-65
<b>EBITDA</b>	<u>66</u>	<u>33</u>	<u>28</u>	<u>0</u>	<u>127</u>
	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20
Non-current assets	1.919	884	412	27	3.242
Current assets	175	465	85	101	826
<b>Total Assets</b>	<u>2.094</u>	<u>1.349</u>	<u>497</u>	<u>128</u>	<u>4.068</u>
Non-current liabilities	406	242	87	1.621	2.356
Current liabilities	410	509	69	51	1.039
<b>Total liabilities</b>	<u>816</u>	<u>751</u>	<u>156</u>	<u>1.672</u>	<u>3.395</u>
<b>Total Net assets</b>	<u>1.278</u>	<u>598</u>	<u>341</u>	<u>-1.544</u>	<u>673</u>
Total investments	<u>11</u>	<u>10</u>	<u>13</u>	<u>0</u>	<u>34</u>
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Revenue	241	767	67	-26	1.049
Direct costs	-184	-688	-37	26	-883
<b>Gross profit</b>	<u>57</u>	<u>79</u>	<u>30</u>	<u>0</u>	<u>166</u>
Other external expenses	-7	-16	-2	-1	-26
Staff costs	-16	-43	-4	0	-63
<b>EBITDA</b>	<u>34</u>	<u>20</u>	<u>24</u>	<u>-1</u>	<u>77</u>
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Non-current assets	1.622	654	352	11	2.639
Current assets	153	504	86	109	852
<b>Total Assets</b>	<u>1.775</u>	<u>1.158</u>	<u>438</u>	<u>120</u>	<u>3.491</u>
Non-current liabilities	145	76	67	1.622	1.910
Current liabilities	295	432	40	126	893
<b>Total liabilities</b>	<u>440</u>	<u>508</u>	<u>107</u>	<u>1.748</u>	<u>2.803</u>
<b>Total Net assets</b>	<u>1.335</u>	<u>650</u>	<u>331</u>	<u>-1.628</u>	<u>688</u>
Total investments	<u>4</u>	<u>-126</u>	<u>5</u>	<u>0</u>	<u>-117</u>

Segments are monitored at EBITDA level (EBITDA before special items). Intra Group transactions are priced applying the same principles as transactions with external customers (the arm's length principle). Intra Group figures include intra group transactions and group costs.

Due to the implementation of IFRS16 in 2019/20, the above tables are not comparable between years.

#### Note 4: Cash & liquidity

	mDKK	mDKK	mDKK
	July 31, 2019	July 31, 2018	April 30, 2019
Cash	109	99	56
Credit facilities	50	100	50
Liquidity reserve	<u>159</u>	<u>199</u>	<u>106</u>

#### Note 5: Business combinations

No acquisitions have taken place in the financial years 2018/19 and 2019/20.

## Note 6: Intangible assets

### ***Impairment***

Impairment test for goodwill has been carried out at 30 April 2019. The test revealed no impairment needs on goodwill and other intangible assets with indefinite life.

At 31 July 2019, management has assessed no indications of impairment on goodwill or other intangible assets with indefinite life. Therefore, no impairment test on these segments is performed at 31 July 2019.

## Note 7: Tangible fixed assets

### ***Investment commitments***

Nymølle Stenindustrier A/S has agreed to buy land with related payment due when the permit for excavation of gravel on the land is obtained. The total commitment is DKK 26m.

### Note 8: Bond debt

	mDKK 31 July 2019	mDKK 31 July 2018	mDKK April 30 2019
Issued bond, EUR 210m, interest rate EURIBOR+5.9%	1.568	1.564	1.567
Repurchase	-28	0	-28
Capitalized loan costs	-10	-15	-11
<b>Total bond debt</b>	<b>1.530</b>	<b>1.549</b>	<b>1.528</b>

	mDKK 31 July 2019	mDKK 31 July 2019	mDKK 31 July 2018	mDKK 31 July 2018	mDKK April 30 2019	mDKK April 30 2019
<i>Cash flow *</i>						
<i>Carrying amount</i>						
Interest payments falling due within 1 year	91	0	92	0	91	0
Bond debt and interests falling due between 1 and 3 years	1.631	1.540	1.749	1.564	1.652	1.539
Bond debt and interests falling due between 3 and 5 years	0	0	0	0	0	0
Bond debt and interests falling due after more than 5 years	0	0	0	0	0	0
<b>Total bond debt</b>	<b>1.722</b>	<b>1.540</b>	<b>1.841</b>	<b>1.564</b>	<b>1.743</b>	<b>1.539</b>

On 10 May 2017 DSV Miljø Group A/S issued senior secured floating rate bonds of EUR 210 million at an interest rate of EURIBOR+5.9%. Borrowing costs of DKK 21 million were paid in 2017 and are amortized until 2021. In Q2 2019/20, the Group repurchased EUR 3.8m of the total EUR 210m company bonds.

Interests are paid quarterly and the bond debt must be repaid in May 2021. For the issued bonds 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 May 2018.

\*) Based on current interest level.

### Note 9: Contingencies and other financial commitments

*The Group has entered into external agreements:*

#### *Minimum payments*

	mDKK 31 July 2019	mDKK 31 July 2018	mDKK April 30 2019
After 5 years	0	68	172
Between 1 and 5 years	1	287	392
Long-term portion	1	355	564
Short-term portion	1	150	178
<b>Total minimum payments</b>	<b>2</b>	<b>505</b>	<b>742</b>

Payment guarantees have been provided in respect of restoration of gravel pits and third party guarantees

	242	208	216
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For 2019-20, IFRS16 incur that most agreements previously disclosed above are now recognised in the Group's balance sheet.



## Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of DSV Miljø Group A/S for the first quarter of 2019/20 ended 31 July 2019 and the period 1 May - 31 July 2019.

The financial report has been prepared in accordance with IAS 34 on interim reporting as adopted by the European Union and additional Danish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed by the Company's auditor.

In our opinion the interim financial report give a true and fair view of the Group's assets, liabilities and financial position at 31 July 2019 and of the results of the Group's operations and consolidated cash flows for the financial period 1 May - 31 July 2019.

Further, in our opinion we find that the Management's commentary describes the significant risks and uncertainties faced by the Group and gives a fair review of the development and performance of the Group's activities and of the Group's results for the period and the financial position taken as a whole.

Copenhagen, 26 September 2019

### Executive Management:

A blue ink signature of Peter Korsholm, consisting of several loops and a long horizontal stroke.

Peter Korsholm

*CEO*

### Board of Directors:

A blue ink signature of Kent Arentoft, written in a cursive style.

Kent Arentoft  
*Chairman*

A blue ink signature of Peter Korsholm, identical to the one above.

Peter Korsholm

A blue ink signature of Robin Basse, written in a cursive style.

Robin Basse