DSV Miljø Group A/S

c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen
CVR no. 38 51 38 34

Interim Report

Fourth Quarter 2018-19

(Feb 1, 2019 - April 30, 2019)
And

Full Year 2018-19

(May 1, 2018 - April 30, 2019)

DSVM

Contents

Financial highlights	mDKK Q4 2018-19	mDKK Q4 2017-18	mDKK FY 2018-19	mDKK FY 2017-18
Income statement				
Revenue	1.121	1.005	4.342	4.143
Gross profit	159	155	660	650
Result before special items and				
other income (EBITDA before special items)	68	56	299	292
Result for the period	0	-16	5	9
Cash flow				
Cash flow from operating activities bf. net financials and tax	55	53	292	274
Cash flow from operating activities	31	28	135	170
Investments in property, plant, equipment and intangibles	-51	-37	-116	-228
Cash flow for the period	-28	-2	56	-7
Financial position				
Total equity	673	675	673	675
Net interest bearing debt	1.544	1.694	1.544	1.694
Total assets	3.437	3.537	3.437	3.537
Financial ratios				
Gross margin	14,2%	15,4%	15,2%	15,7%
Profit Margin (EBITDA before special items margin)	6,1%	5,6%	6,9%	7,0%
Net interest bearing debt/EBITDA before special items*	5,2	5,8	5,2	5,8
Solvency ratio	19,6%	19,1%	19,6%	19,1%

*) Accumulated EBITDA latest twelve months.

Company information

Name	DSV Miljø Group A/S
Adress, 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	www.dsvm.dk
E-mail	post@dsvm.dk
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)	Owner-ship 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%
Stigsnæs 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 Utbilding AB	Sweden	SEK	110	100%

During 2018/19 several companies under GDL Transport Holding AB were merged.

Management's commentary

Revenue for 2018-19 was DKK 4.342m, which was an increase of 5% compared to 2017-18. Gross profit was 15.2% compared to 15.7% in 2017-18. Revenue for Q4 was DKK 1.121m, which was an increase of 12% compared to Q4 2017-18. Gross profit for Q4 was 14.2% compared to 15.4% in Q4 2017-18.

EBITDA before special items for 2018-19 was DKK 299m, which was an increase of DKK 7m compared to 2017-18. EBITDA before special items for Q4 was DKK 68m, which was DKK 12m above Q4 2017-18 due to higher EBITDA in the Soil, Waste & Water segment as well as the Raw Materials segment. The Year was characterised by strong performance in Soil, Waste and Water, where EBITDA grew by DKK 30m corresponding to 23% and Raw Materials improving slightly. These improvements were offset by weaker performance in Transportation where EBITDA fell by DKK 25m corresponding to 29%. The business was impacted by decreased activity in the western part of Denmark compared to last year, shortage of drivers over the summer and largely absent winter causing limited activity in winter services. Furthermore, Transportation continues to be affected by increasing fuel costs and lower SEK/DKK exchange rate - the latter causing a Full Year DKK 3m EBITDA decrease.

Net financial expenses for 2018-19 amounted to DKK 108m, which mainly consisted of bond interest expenses. This compares to DKK 113m for 2017-18.

Cash flow from operating activities before net financials and tax amounted to DKK 292m in 2018-19 - an increase of DKK 18m compared to 2017/18. Net cash flows amounted to DKK 56m in 2018-19 and was positively affected by sale-and-lease-back with regard to assets which were part of the C-R Johanssons Åkeri AB acquisition and the sale of shares in GDL Fastigheter i Kristianstad AB. In Q4, CAPEX was impacted by Soil, Waste and Water investing in a new site in Odense, Denmark and Transportation commencing the construction of a distribution terminal in Karlstad, Sweden. When completed, a sale of the terminal will be pursued.

The net interest bearing debt to EBITDA ratio decreased to 5.2 from 5.8 by end of 2017-18. The decrease is mainly driven by cash flow from operating activities and the effect from the sale-and-lease-back mentioned above. Furthermore, the increased EBITDA impacts positively.
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 expects 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, the implementation of IFRS 16 in the Group will have significant impact on the Group's financial reporting for 2019/20 an onwards. With a view to the description in note 1, 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 the early stages, 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 Q4 2018-19	mDKK Q4 2017-18	mDKK FY 2018-19	mDKK FY 2017-18
Revenue	1.121	1.005	4.342	4.143
Direct expenses	-962	-850	-3.682	-3.493
Gross Profit	159	155	660	650
Other external expenses	-26	-27	-102	-98
Staff expenses	-65	-72	-259	-260
Result before special items and other income (EBITDA before special items)	68	56	299	292
Other income	5	0	7	4
Special items	-4	0	-15	-1
Result before depreciation, amortization, impairment, net financials and tax	69	56	291	295
Depreciation of property, plant and equipment	-17	-22	-93	-91
Amortisation of intangible assets	-24	-23	-70	-66
Result before net financials (EBIT)	28	11	128	138
Financial expenses, net	-27	-34	-108	-113
Result before tax	1	-23	20	25
Tax for the period	-1	7	-15	-16
Result for the period	0	-16	5	9

Consolidated statement of comprehensive income	mDKK Q4 2018-19	mDKK Q4 2017-18	mDKK FY 2018-19	mDKK FY 2017-18
Result for the period	0	-16	5	9
Items that may be reclassified to the income statement:				
Foreign exchange adjustments, foreign subsidiaries	-11	-38	-5	-48
Other comprehensive income after tax	-11	-38	-5	-48
Total comprehensive income for the period	-11	-54	0	-39
Appropriation:				
Shareholders in DSV Miljø Group A/S	-11	-53	0	-40
Non-controlling interests	0	-1	0	1
Total	-11	-54	0	-39

Consolidated balance sheet

	mDKK April 30, 2019	mDKK April 30, 2018
Assets		
Goodwill	1.035	1.031
Other intangible assets	949	1.010
Intangible assets	1.984	2.041
Land and buildings	369	360
Plant, equipment and machinery	181	225
Fixtures and fittings, tools and equipment	20	24
Property, plant and equipment under construction	20	0
Tangible fixed assets	590	609
Shares in associated companies	4	4
Other securities and investments	1	1
Other receivables	24	21
Financial assets	29	26
Total non-current assets	2.603	2.676
Inventories	27	25
Trade receivables	662	633
Other receivables	8	12
Deferred tax assets	0	5
Prepayments	81	87
Total receivables	751	737
Cash	56	0
Total current assets	834	762
Assets available for sale	0	99
Total assets	3.437	3.537

Consolidated balance sheet	mDKK April 30, 2019	mDKK April 30, 2018
Equity and liabilities		
Share capital	1	1
Share premium	712	712
Currency translation reserve	-54	-48
Retained earnings	13	8
Share of equity attributable to the shareholders in DSV Miljø Group A/S	672	673
Non-controlling interests	1	2
Total equity	673	675
Bond debt	1.528	1.549
Deferred tax liabilities	224	246
Vendor loan	21	21
Financial leases	34	47
Corporate income tax	22	17
Provisions	51	27
Total non-current liabilities	1.880	1.907
Provisions	6	20
Credit institutions	0	33
Vendor loan	1	2
Financial leases	16	33
Trade payables	637	603
Corporate income tax	26	52
Other payables	156	170
Deferred income	42	33
Total current liabilities	884	946
Liabilities related to assets available for sale	0	9
Total liabilities	2.764	2.862
Total equity and liabilities	3.437	3.537

Consolidated statement on changes in equity

	Share capital (mDKK)	Share premium (mDKK)	Currency translation reserve (mDKK)	Retained earnings (mDKK)	Equity attribu-table to Parent company (mDKK)	Non-controlling interests (mDKK)	Group Total equity (mDKK)
Equity at May 1, 2018	1,0	711,5	-47,6	7,7	672,6	1,8	674,4
Result for the period YTD 2018-19	0,0	0,0	0,0	5,0	5,0	-0,6	4,4
Foreign exchange adjustments, foreign subsidiaries	0,0	0,0	-5,2	0,0	-5,2	0,0	-5,2
Other comprehensive income, net of tax	0,0	0,0	-5,2	0,0	-5,2	0,0	-5,2
Total comprehensive income for the period	0,0	0,0	-5,2	5,0	-0,2	-0,6	-0,8
Total transactions with owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at April 30, 2019	1,0	711,5	-52,8	12,7	672,4	1,2	673,6
Equity at May 1, 2017	0,5	0,0	0,0	0,0	0,5	0,0	0,5
Result for the period YTD 2017-18	0,0	0,0	0,0	9,0	9,0	0,5	9,5
Foreign exchange adjustments, foreign subsidiaries	0,0	0,0	-47,6	0,0	-47,6	0,0	-47,6
Other comprehensive income, net of tax	0,0	0,0	-47,6	0,0	-47,6	0,0	-47,6
Total comprehensive income for the period	0,0	0,0	-47,6	9,0	-38,6	0,5	-38,1
Non controlling interest in business combinations	0,0	0,0	0,0	-1,3	-1,3	1,3	0,0
Capital increase by conversion of debt	0,5	711,5	0,0	0,0	712,0	0,0	712,0
Total transactions with owners	0,5	711,5	0,0	-1,3	710,7	1,3	712,0
Equity at April 30, 2018	1,0	711,5	-47,6	7,7	672,6	1,8	674,4

Consolidated cash flow statement

	mDKK Q4 2018-19	mDKK Q4 2017-18	mDKK FY 2018-19	mDKK FY 2017-18
Result before net financials (EBIT)	28	11	128	138
Depreciation and gains/losses on sold assets	11	20	89	86
Amortisation of intangible assets	24	23	70	66
Exchange rate adjustments	-1	-1	0	-2
Change in Working capital	-7	0	5	-14
Cash flow from operating activities before net financials and tax	55	53	292	274
Interest payments made and received, net	-23	-25	-100	-99
Payment of corporate income tax	-1	2	-57	-5
Cash flow from operating activities	31	28	135	170
Acquisition of property, plant, equipment and other intangibles	-51	-37	-116	-228
Disposal of property, plant, equipment	0	1	142	5
Acquisition of activities and group entities	-4	-1	-4	-1.111
Acquisition of receivable in group companies	0	0	0	-417
Cash flows from investing activities	-55	-37	22	-1.751
Proceeds from issuance of bonds	0	0	0	1.541
Bond repurchase	0	0	-28	0
Reductions/increases in credit institutions (debt)	0	7	-33	33
Other Reductions/increases in interest bearing debt, net	-4	-3	-40	0
Cash flows from financing activities	-4	7	-101	1.574
Change in cash and cash equivalents	-28	-2	56	-7
Cash and cash equivalents				
Cash and cash equivalents beginning of period	85	0	0	1
Net cash flows	-28	-2	56	-7
Value adjustment of cash and cash equivalents	-1	2	0	6
Cash and cash equivalents end of period	56	0	56	0

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.

Implementation of new and amended financial reporting standards

The interim report for period 1 May 2018 – 30 April 2019 is presented in conformity with the new and revised IFRS standards and new IFRIC interpretations endorsed by the EU, which apply to financial years beginning on January 1, 2018. The accounting policies have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures are not restated. DSV Miljø Group A/S has at 1 May 2018 adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" and all other new, amended or revised accounting standards and interpretations endorsed by the EU effective for the accounting period beginning as of January 1 2018. Comparative figures are not restated due to either no impact or insignificant impact on the consolidated financial statements.

IFRS 15

Adoption of IFRS 15 has been done using the modified retrospective application method. The most significant change resulting from IFRS 15 are:

The model for revenue recognition is changed from having been based on the transfer of risks and rewards of ownership of goods and services to being based on the transfer of control of goods and services transferred to the customer

The Group has assessed that the existing accounting policy for revenue recognition in all material aspects are consistent with the requirements in IFRS 15 and the implementation has therefore not had any impact on the retained earnings as of 1 May 2018.

IFRS 9

IFRS 9 introduces a new impairment loss model for financial assets by replacing IAS 39's "incurred loss model" approach with a more forward-looking "expected credit loss model". Under the new model it is no longer necessary that a credit event has occurred before a credit loss is recognized. For DSV Miljø Group A/S the new credit loss model primarily applies to trade receivables. Due to historically low credit losses on trade receivables and the fact that a large majority of the Group's trade receivables are covered by insurance the implementation of the new credit loss model has been insignificant and accordingly no impact on the retained earnings as of 1 May 2018 is recognized.

However, both IFRS 15 and IFRS 9 has led to further disclosure requirements and the accounting policy for revenue recognition and trade receivables has been reworded.

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 2018/19 interim report. The Group will adopt the standards and interpretations once they become mandatory.

IFRS 16 Leases

IFRS 16 Leases becomes effective 1 January 2019. All leases must be recognized in the balance sheet with a corresponding lease liability, except for short-term assets and low value assets. The Group will adopt IFRS 16 using the modified retrospective approach with optional practical expedients initially on 1 May, 2019.The cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 May 2019, with no restatement of comparative information.

The impact on the financial position as at 1 May 2019 is assessed to be as follows:

Right of use assets and the corresponding liabilities are assessed to increase by DKK 600-700 million.

The estimated impact of the adoption may be subject to change until the group presents its first financial statements under the new standard (Q1 2019). 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.

Presentation and functional currencies

The interim report is presented in DKK.

The functional currencies are DKK and SEK.

Consolidated financial statements

Consolidation practice

The consolidated financial statements comprise the Parent Company DSV Miljø Group A/S and entities in which the Parent Company directly or indirectly holds the majority of the voting rights or which the Parent Company controls through its shareholdings or otherwise. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, items of similar nature are aggregated. Intra-group income and expenses, shareholdings, dividends and balances as well as realised and unrealised intra-group gains and losses on intra-group transactions are eliminated.

The Parent Company's equity investments in consolidated subsidiaries are eliminated by the Parent Company's share of the subsidiaries' net asset values determined at the time when the group structure was established.

Business combinations

Acquisitions of subsidiaries and associates are accounted for using the purchase method, and on initial recognition, assets, liabilities and contingent liabilities acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable, and the fair value can be reliably measured. Deferred tax on fair value adjustments are recognised. Any remaining excess of the expense over the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets in the statement of financial position. Positive differences on acquisition of associates are recognised under equity investments in associates in the statement of financial position. Goodwill is not amortised but is tested annually for impairment.

Acquired entities are recognised in the consolidated financial statements from the acquisition date, whereas divested entities are recognised until the date of disposal.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the selling price less selling expenses and the carrying amount of net assets plus goodwill and accumulated value adjustments recognised in equity at the date of disposal.

Leases

Leases that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the statement of financial position at the lower of the fair value of the asset and the present value of the lease payments calculated using the interest implicit in the lease or an approximation thereof as the discount factor. Assets held under finance leases are depreciated and written down in accordance with the same practice as for the Company's other fixed assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement on a current basis over the term of the lease.

All other leases are considered operating leases. Payments under operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising from differences between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the reporting date are translated using the exchange rate at the reporting date. Differences between the exchange rate at the reporting date and the rate at the transaction date are recognised in the income statement as financial income or financial expenses.

For each of the Group's entities, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions. On consolidation of subsidiaries and associates with another functional currency than the Parent Company, the income statement is translated at the exchange rate at the transaction date or an approximate average exchange rate. Items in the statement of financial position are translated at closing rates. Foreign exchange adjustments arising on translation of the opening balance of equity and foreign exchange adjustments arising on translation of the closing rate income statement are recognised directly in equity under a separate reserve.

Income statement

Revenue

Revenue from sale of raw materials is recognised at a “point in time” equal to the date of delivery of the raw materials to the customer.

Revenue from soil processing is depending on the type of contract recognised either at a “point in time” or “over time”. Revenue from soil processing that is recognised “over time” is recognised based on the stage of completion (production method based on cost incurred) as the processing is carried out.

Revenue from transport services are recognised over time following the time where control is transferred and when each separate performance obligation is fulfilled.

Revenue is measured at fair value, excluding value added tax and after deduction of rebates.

Direct expenses

Production expenses comprise expenses used to generate the revenue for the year. Expense includes payment to carriers, other direct expenses, including wages and salaries and other primary expenses. Direct expenses also include staff costs relating to own staff used for fulfilling orders.

Other external expenses

Other external expenses comprise indirect production expenses and expenses for premises, sales and distribution as well as office supplies, etc.

The Company has no research activities. The Company's development expenses comprise improvement of production processes. Improvement of production processes is an ongoing process comprising a number of minor improvements that usually cannot be reliably determined. Therefore, all development expenses have been expensed under other external expenses as incurred up until now.

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Other income and expenses

Other operating income and expenses comprises items secondary to the primary activities of the company.

Special items

Special items include income and expenses of a special nature in terms of the Group's revenue generating operating activities that cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses include the cost of extensive restructuring of processes and fundamental structural adjustments.

Special items also include significant non-recurring items, including impairment of goodwill, gains and losses on the disposal of activities and associates and transaction costs in a business combination.

Special items are shown separately from the Group's ordinary operations, as this gives a truer and fairer view of the Group's operating profit.

Net financials

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of loan charges and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Taxation

The income tax expense comprises the current tax payable on the year's expected taxable income and any adjustment to deferred tax less the tax expense for the year relating to changes in equity.

Current and deferred tax relating to changes in equity is recognised directly in equity.

The Company is jointly taxed with its Danish group entities and its parent company and its other Danish subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption). Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the administration company based on the current rates applicable to interest allowances, and jointly taxed entities having paid too little tax pay, as a maximum, a surcharge based on the current rates applicable to interest surcharges to the administration company.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses.

Intangible assets excluding goodwill

Intangible assets excluding goodwill are measured at cost less accumulated amortisation and impairment losses. The intangible assets excluding goodwill comprises: customer relations; brands; technology and extraction rights.

Intangible assets excluding goodwill are amortised on a straight-line basis over the expected useful lives, which are as follows:

Customer relations: If no fixed-term agreement with the customer exists	10-20 years
Brands	5-20 years
Technology	5-10 years
Rights: Amortised as resources are extracted based on consumption	

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	20-40 years
Leasehold improvements	10 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years

Gravel pits are depreciated as raw material resources are extracted based on consumption. The residual value is reassessed annually. Land is not depreciated.

Write-down of non-current assets

Intangible assets and property, plant and equipment are tested for impairment when there is an indication of impairment of the assets other than the decrease in value reflected by amortisation or depreciation. Moreover, goodwill and other intangible assets with indefinite useful lives are tested annually for impairment.

Impairment is recognized if the recoverable amount is lower than the carrying amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. If it is not possible to determine the recoverable amount for individual assets, the assets are assessed jointly in the smallest identifiable group of assets to determine a reliable recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses recognised in respect of other assets are reversed in so far as the assumptions and estimates underlying the impairment losses have changed. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Other non-current assets

Other non-current assets include deposits of rent and long-term prepayments, which at initial recognition are recognised at fair value and subsequently measured at amortised cost.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not having control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group’s investments in its associate are accounted for using the equity method.

Inventories

Inventories are measured at cost in accordance with the FIFO method or at the net realisable value if this is lower.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Work in progress and finished goods are measured at manufacturing cost, which includes cost of raw materials, consumables and direct payroll expenses plus indirect production overheads.

Goods for resale are measured at cost, comprising purchase price plus delivery expenses.

Receivables

Receivables are measured at amortised cost. Impairment on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occur such as customer bankruptcy and uncertainty about the customers’ ability and/or willingness to pay, etc. In addition to this, allowances for expected lifetime credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments

Prepayments include prepaid expenses regarding extraction of raw materials, rent, insurance premiums, subscription fees and interest.

Assets held for sale

Assets held for sale include non-current assets held for sale. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are designated as “held for sale” when the carrying amount primarily is recovered by a sale within 12 months in accordance with a plan instead of through continued usage.

Assets held for sale are measured at the lower of the carrying amount at the date when the assets were classified as held for sale and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as “held for sale”.

Impairment losses occurring in connection with the initial classification as “assets held for sale” and gains or losses in relation to subsequent measurement at the lower of the carrying amount and fair value less costs to sell are recognised in the income statement under the items to which they relate.

Equity

Share premium

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholders in connection with capital increases and gains and losses from the disposal of treasury shares.

Gains and losses on the sale of treasury shares are recognised in "Share premium".

According to the articles of association, the share premium can be freely used for distribution of dividend and bonus share issue.

Dividend

Dividend proposed by Management to be distributed for the year is shown as a separate item under equity in accordance with Danish company legislation. Dividends are recognised as a liability at the date when they are adopted at the general meeting.

Currency translation reserve

The translation reserve comprises foreign currency differences arising upon the translation of financial statements of foreign enterprises from their functional currency to DKK. On realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Non-controlling interests

Non-controlling interests are recognised at their share of net assets. Non-controlling interests' share of group equity and results of operations is recognised separately and stated as separate items in equity and the consolidated income statement.

Provisions

Provisions comprise expected costs for restructuring, re-establishment of gravel pits, etc. Provisions are recognised when, as a result of events arising no later than the reporting date, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation. There is a legal or constructive obligation for restructuring when a decision in this respect has been made before or on the reporting date and it has been communicated to the parties involved.

When the Group is obligated to re-establish gravel pits, a liability corresponding to the present value of the anticipated future costs is recognised.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation. On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability.

Deferred tax assets and liabilities

Current tax receivable and payable is recognised in the statement of financial position at the amount that can be computed based on the anticipated taxable income for the year. Tax receivables and payables are presented as a set-off within the same legal entity.

Financial liabilities

Bond, loans and loans from credit institutions and other loans e.g. vendor loans, are recognised at the time of borrowing at the proceeds received, net of transaction costs incurred. On refinancing of existing loans, refinanced loans are recognised at fair value, and borrowing costs incurred are recognised in the income statement. In subsequent periods, the loans are measured at amortised cost.

Non-financial liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning revenue in subsequent reporting years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for changes in working capital and non-cash items such as amortisation, depreciation and impairment losses as well as interest paid and received, provisions and taxes paid. The working capital comprises current assets less current liabilities other than provisions excluding the items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to additions and disposals of intangible assets, plant and equipment and investments in activities and group entities.

Cash flows from financing activities

Cash flows from financing activities include cash flows from the raising and repayment of non-current liabilities and securities and payments to and from the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value and bank overdraft.

The cash flow statement cannot be derived exclusively from the published accounting records.

Definition of financial ratios, etc.

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Profit margin (EBITDA before special items)	$\frac{\text{EBITDA (before special items) x 100}}{\text{Revenue}}$
Net interest bearing debt/EBITDA bf. Sp. items	$\frac{\text{Net interest bearing debt}}{\text{EBITDA before special items}}$
Solvency ratio	$\frac{\text{Equity x 100}}{\text{Total assets}}$

2 Accounting estimates and judgements

When preparing the financial statements, Management make 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 estimates and assumptions applied are based on assumptions that Management finds reasonable but that are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties that may result in actual results differing from these estimates. We base our estimates and assessments on historical data and a number of other factors that, to the best of our knowledge, are reasonable under the given circumstances.

Special risks for the Group are described in the Management's review. Note disclosures have been made regarding assumptions relating to future events and other judgemental uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to a significant adjustment of the carrying amount of assets or liabilities in the next financial reporting period.

The Management of DSV Miljø Group A/S considers the following areas under the assets and liabilities in the interim report particularly affected by these risks:

- Acquisitions and disposals of entities and activities
- Intangible assets and property, plant and equipment
- Provisions, deferred income regarding non-processed soil and contingencies.

Acquisitions and disposals of entities and activities

On acquisition of entities, the acquired entity's assets and liabilities are recognised in accordance with the acquisition method, which requires that all assets and liabilities are measured at fair value. In connection with the measurement of the fair value of assets and liabilities, Management makes several estimates, of which some will be significant.

On disposal or close-down of entities and activities, usual management estimates are made for settlement of contractual obligations.

Intangible assets and property, plant and equipment

Goodwill and other rights are tested for impairment at least once a year. If special circumstances or events occur, these are used as a basis to assess whether a new impairment test should be performed. For a description of impairment testing of goodwill, reference is made to the information regarding the Group in the accounting policies and to note regarding Intangible assets.

The use, useful life and residual value of property, plant and equipment are assessed on an ongoing basis for any need for impairment testing or adjustment of the useful life.

Reference is made to the accounting policies regarding useful lives and to note regarding Property, plant and equipment.

Provisions, deferred income regarding non-processed soil and contingencies

Provisions and accrual of income regarding non-processed soil are measured based on empirical material for several years and on the Company's own knowledge on handling of these materials. This is compared to management estimates of future trends and makes up the final determination for recognition of provisions.

Moreover, reference is made to note regarding Provisions.

The Company's pending and potential future legal actions, tax matters, etc., are assessed on an ongoing basis. When assessing the likely outcome of significant legal actions, tax matters, etc., Management consults with external legal advisers.

Note 3: Segment information

mDKK

	Soil, Waste & Water	Transpor-tation	Raw materials	Intra Group/ Other	Total
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Revenue	1.028	3.138	265	-89	4.342
Direct costs	-776	-2.836	-159	89	-3.682
Gross profit	252	302	106	0	660
Other external expenses	-28	-65	-7	-2	-102
Staff costs	-64	-177	-17	-1	-259
EBITDA	160	60	82	-3	299

	Soil, Waste & Water	Transpor-tation	Raw materials	Intra Group/ Other	Total
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Non-current assets	1.603	625	356	19	2.603
Current assets	185	499	93	57	834
Total Assets	1.788	1.124	449	76	3.437
Non-current liabilities	150	68	47	1.615	1.880
Current liabilities	326	446	58	54	884
Total liabilities	476	514	105	1.669	2.764
Total Net assets	1.312	610	344	-1.593	673
Total investments	34	-92	32	0	-26

	Soil, Waste & Water	Transpor-tation	Raw materials	Intra Group/ Other	Total
	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18
Revenue	878	3.110	267	-112	4.143
Direct costs	-653	-2.789	-163	112	-3.493
Gross profit	225	321	104	0	650
Other external expenses	-29	-59	-8	-2	-98
Staff costs	-66	-177	-17	0	-260
EBITDA	130	85	79	-2	292

	Soil, Waste & Water	Transpor-tation	Raw materials	Intra Group/ Other	Total
	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18
Non-current assets	1.628	638	366	44	2.676
Current assets	151	530	77	103	861
Total Assets	1.779	1.168	443	147	3.537
Non-current liabilities	147	79	50	1.614	1.890
Current liabilities	285	453	63	171	972
Total liabilities	432	532	113	1.785	2.862
Total Net assets	1.347	636	330	-1.638	675
Total investments	54	119	50	0	223

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.

Note 3: Segment information

mDKK

	Soil, Waste & Water	Transpor-tation	Raw materials	Intra Group	Total
	Q4 2018-19	Q4 2018-19	Q4 2018-19	Q4 2018-19	Q4 2018-19
Revenue	260	814	67	-20	1.121
Direct costs	-192	-746	-44	20	-962
Gross profit	68	68	23	0	159
Other external expenses	-8	-17	-1	0	-26
Staff costs	-15	-45	-4	-1	-65
EBITDA	45	6	18	-1	68
Total investments	22	12	17	0	51
	Q4 2017-18	Q4 2017-18	Q4 2017-18	Q4 2017-18	Q4 2017-18
Revenue	214	751	62	-22	1.005
Direct costs	-159	-671	-42	22	-850
Gross profit	55	80	20	0	155
Other external expenses	-6	-17	-2	-2	-27
Staff costs	-15	-53	-4	0	-72
EBITDA	34	10	14	-2	56
Total investments	13	20	3	0	36

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.

Note 4: Cash & liquidity

	mDKK April 30, 2019	mDKK April 30, 2018
Cash	56	0
Bank credit institutions	0	-33
Credit facilities	50	100
Liquidity reserve	106	67

Note 5: Business combinations

No acquistions have taken place in the financial year 2018-19.

Acquisitions in the financial year 2017/18

DSVM-entities
On May 10, 2017, the Group (DSV Miljø A/S) acquired 100% of the voting shares of Totalleveranser Sverige AB, RGS Nordic A/S, Nymølle Stenindustrier A/S and DSV Transport A/S ("DSVM-entities"). The Group acquired the four companies as a part of a change in the legal group structure prior to issuing a corporate bond.

The purchase consideration of the shares in the DSVM entities was DKK 1,887 million of which DKK 1,175 million was paid by cash, and the DKK 712 million was financed as an intragroup loan. The total acquisition related costs comprised DKK 0 million in relation to the group internal change in the group structure.

Helsingborg Transport og Logistik AB
On May 1, 2017, the Group (GDL Transport AB) acquired further 60% of the shares of Helsingborg Transport og Logistik AB "HTL" and hereafter controlled HTL 80%. On April 27, 2018, the remaining 20% of HTL was acquired.
HTL is a Helsingborg based transport and logistic company, which in the past to a large extend has based its activity on transport and logistic activities performed in corporation with the GDL Group.

SCT Transport AB
On August 1, 2017, the Group (GDL Transport AB) acquired 100% of the activities in SCT Transport AB "SCT". SCT is a Gothenburg based company that specializes in transportation of goods, and in particular sea containers. The Group has acquired SCT Transport because it expands both its existing product portfolio and customer base.

C-R Johanssons Åkeri AB
On December 5, 2017, the Group (GDL Transport Holding AB) acquired 100% of the voting shares of C-R Johanssons Åkeri AB "CRJ", a Varberg based company that specialises in transportation of goods. The Group has acquired CRJ because it expands both its existing product portfolio, customer base and geographical presence.

All acquisitions have been accounted for using the acquisition method.

Note 6: Intangible assets

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

Note 7: Tangible fixed assets

Acquisitions and disposals
During Q1 2018-19 the Group entered into a sale-and-lease-back arrangement with regard to the assets which were part of the C-R Johanssons Åkeri AB. Further, the Group sold the shares in GDL Fastigheter i Kristianstad AB.

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 mDKK 26.

DSVM

Note 8: Bond debt

	mDKK April 30, 2019	mDKK April 30, 2018
Issued bond, EUR 210m, interest rate EURIBOR+5.9%	1.567	1.565
Repurchase	-28	0
Capitalized loan costs	-11	-16
Total bond debt	1.528	1.549

	mDKK April 30, 2019	mDKK April 30, 2019	mDKK April 30, 2018	mDKK April 30, 2018
	Cash flow *	***Carrying amount***	***Cash flow ****	***Carrying amount***
Interest payments falling due within 1 year	91	0	92	0
Bond debt and interests falling due between 1 and 3 years	1.652	1.539	184	0
Bond debt and interests falling due between 3 and 5 years	0	0	1.565	1.565
Bond debt and interests falling due after more than 5 years	0	0	0	0
Total bond debt	1.743	1.539	1.841	1.565

On May 10, 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 Q2/2018-19 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

	mDKK April 30, 2019	mDKK April 30, 2018
The Group has entered into external operating leases, primarily relating to equipment and premises:		
Minimum payments		
After 5 years	172	25
Between 1 and 5 years	392	220
Long-term portion	564	245
Short-term portion	178	137
Total minimum payments	742	382
Payment guarantees have been provided in respect of restoration of gravel pits and third party guarantees	216	186

DSVM

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 fourth quarter of 2018-19 ended April 30, 2019 and the period May 1 2018 - April 30 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 April 30, 2019 and of the results of the Group's operations and consolidated cash flows for the financial period May 1, 2018 - April 30, 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, June 28, 2019

Executive Management:

Peter Korsholm
CEO

Board of Directors:

Kent Arentoft
Chairman

Peter Korsholm

Robin Basse