



DSV Miljø Group A/S

c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen

CVR no. 38 51 38 34

Interim Report

Third Quarter 2019-20

(1 November 2019 - 31 January 2020)

And

9 months 2019-20

(1 May 2019 - 31 January 2020)

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Financial highlights

	mDKK	mDKK	mDKK	mDKK	mDKK
	Q3	Q3	YTD	YTD	FY
	2019-20	2018-19	2019-20	2018-19	2018-19
Income statement					
Revenue	1.014	1.014	3.211	3.221	4.342
Gross profit	207	154	657	501	660
Result before special items and other income (EBITDA before special items)	117	62	398	231	299
EBITDA before special items and IFRS16 impact **	60	62	231	231	299
Result for the period	-25	-6	-18	5	5
Cash flow					
Cash flow from operating activities bf. net financials and tax	145	88	438	238	292
Cash flow from operating activities	79	11	301	105	135
Investments in property, plant, equipment and intangibles	-17	-34	-75	-65	-116
Cash flow for the period	13	-26	85	85	56
Financial position					
Total equity	653	685	653	685	673
Net interest bearing debt (NIBD)	2.112	1.513	2.112	1.513	1.544
Net interest bearing debt before IFRS16 impact (NIBD)**	1.464	1.513	1.464	1.513	1.544
Total assets	3.977	3.368	3.977	3.368	3.437
Financial ratios					
Gross margin	20,4%	15,2%	20,5%	15,6%	15,2%
Profit Margin (EBITDA before special items margin)	11,5%	6,1%	12,4%	7,2%	6,9%
NIBD/EBITDA before special items* bf. IFRS 16 impact**	4,9	5,3	4,9	5,3	5,2
Solvency ratio	16,4%	20,3%	16,4%	20,3%	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	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)	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%
RGS90 Rönnarp AB	Sweden	SEK	100	100%
Stignæs Vandindvinding I/S	Denmark	DKK	-	31%
Totalleveranser Sverige AB	Sweden	SEK	50	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, Rustebud 1:161 Fastighets AB was sold to a third party.

Management's commentary

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

Revenue for YTD 2019/20 was DKK 3.211m, which was in line with YTD 2018/19. Gross margin was 20.5%. Gross margin before IFRS16 effect was 15.8% compared to 15.6% in YTD 2018/19. Q3 revenue was DKK 1.014m and in line with Q3 2018/19.

EBITDA before special items for YTD 2019/20 was DKK 398m. EBITDA before special items and IFRS16 effect was DKK 231m compared to DKK 231m YTD 2018/19. Q3 EBITDA before special items and IFRS16 effect was DKK 60m compared to DKK 62m in Q3 2018/19. The YTD period was characterised by strong performance in Soil, Waste and Water, where EBITDA grew by DKK 23m. However, the improvement was offset by weaker performance in Transportation where EBITDA fell by DKK 20m. Soil, Waste and water mainly saw strong performance in its Danish business including the Water business. The weaker performance in Transportation mainly relates to Q1 and 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. Raw Materials decreased slightly compared to last year.

Special items for YTD 2019/20 amounted to DKK 30m compared to DKK 11m YTD 2018/19. The expenses mainly relate to the strategic review of the Soil, Waste and Water segment and restructuring cost related to Transportation.

Net financial expenses for YTD 2019/20 amounted to DKK 107m. Net financial expenses before IFRS 16 effect was DKK 80m compared to DKK 81m in YTD 2018/19. The majority of the expenses relate to bond interest expenses.

Cash flow from operating activities before net financials and tax amounted to DKK 438m YTD 2019/20. Cash flow from operating activities before net financials and tax before IFRS16 effect amounted to DKK 270m YTD 2019/20 - an increase of DKK 32m compared to YTD 2018/19. Net cash flows amounted to DKK 85m YTD 2019/20. Investments YTD 2019/20 include the completion of the construction of a distribution terminal in Karlstad, Sweden.

The net interest bearing debt to EBITDA ratio before IFRS16 effect decreased to 4.9 from 5.2 by end of 2018/19 and 5.3 by end of Q3 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 for 2018/19, 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 for 2018/19, the Group expects IFRS 16 to increase EBITDA for 2019/20 by DKK 210-250m.

The strategic review of RGS Nordic A/S announced 20 May 2019 has now concluded and will not lead to any changes of DSV Miljø Group A/S.

Events after the balance sheet date

After the balance sheet, the Group has sold its entity Rustebud 1:161 Fastighets AB. The entity contains the newly completed distribution terminal in Karlstad, Sweden.

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

Consolidated income statement

	mDKK Q3 2019-20	mDKK Q3 2018-19	mDKK YTD 2019-20	mDKK YTD 2018-19	mDKK FY 2018-19
Revenue	1.014	1.014	3.211	3.221	4.342
Direct expenses	-807	-860	-2.554	-2.720	-3.682
Gross Profit	207	154	657	501	660
Other external expenses	-23	-24	-61	-76	-102
Staff expenses	-67	-68	-198	-194	-259
Result before special items and other income (EBITDA before special items)	117	62	398	231	299
Other income	1	0	3	2	7
Special items	-19	0	-30	-11	-15
Result before depreciation, amortization, impairment, net financials and tax	99	62	371	222	291
Depreciation of right-of-use assets	-54	0	-159	0	0
Depreciation of owned property, plant and equipment	-20	-24	-61	-76	-93
Amortisation of intangible assets	-18	-15	-53	-46	-70
Result before net financials (EBIT)	7	23	98	100	128
Financial expenses, lease liabilities	-8	0	-27	0	0
Financial expenses, other net	-27	-27	-80	-81	-108
Result before tax	-28	-4	-9	19	20
Tax for the period	3	-2	-9	-14	-15
Result for the period	-25	-6	-18	5	5

Consolidated statement of comprehensive income

	mDKK Q3 2019-20	mDKK Q3 2018-19	mDKK YTD 2019-20	mDKK YTD 2018-19	mDKK FY 2018-19
Result for the period	-25	-6	-18	5	5
<i>Items that may be reclassified to the income statement:</i>					
Foreign exchange adjustments, foreign subsidiaries	3	2	-2	6	-5
Other comprehensive income after tax	3	2	-2	6	-5
Total comprehensive income for the period	-22	-4	-20	11	0
Appropriation:					
Shareholders in DSV Miljø Group A/S	-22	-4	-20	11	0
Non-controlling interests	0	0	0	-1	0
Total	-22	-4	-20	10	0

Consolidated balance sheet

	mDKK 31 January 2020	mDKK 31 January 2019	mDKK 30 April 2019
Assets			
Goodwill	1.033	1.039	1.035
Other intangible assets	906	971	949
Intangible assets	1.939	2.010	1.984
Right-of-use assets	691	0	0
Land and buildings	361	355	369
Plant, equipment and machinery	155	183	181
Fixtures and fittings, tools and equipment	14	19	20
Property, plant and equipment under construction	6	0	20
Tangible fixed assets	1.227	557	590
Shares in associated companies	4	4	4
Other securities and investments	1	1	1
Other receivables	20	24	24
Financial assets	25	29	29
Total non-current assets	3.191	2.596	2.603
Inventories	24	27	27
Trade receivables	549	544	662
Other receivables	4	14	8
Deferred tax assets	0	7	0
Prepayments	68	95	81
Total receivables	621	660	751
Cash	141	85	56
Total current assets	786	772	834
Total assets	3.977	3.368	3.437

Consolidated balance sheet

	mDKK 31 January 2020	mDKK 31 January 2019	mDKK 30 April 2019
Equity and liabilities			
Share capital	1	1	1
Share premium	712	712	712
Currency translation reserve	-56	-43	-54
Retained earnings	-5	14	13
Share of equity attributable to the shareholders in DSV Miljø Group A/S	652	684	672
Non-controlling interests	1	1	1
Total equity	653	685	673
Bond debt	1.534	1.527	1.528
Deferred tax liabilities	211	236	224
Vendor loan	22	22	21
Lease liabilities	503	35	34
Corporate income tax	8	11	22
Provisions	52	26	51
Total non-current liabilities	2.330	1.857	1.880
Provisions	3	18	6
Vendor loan	1	0	1
Lease liabilities	193	14	16
Trade payables	542	567	637
Corporate income tax	25	30	26
Other payables	189	154	156
Deferred income	41	43	42
Total current liabilities	994	826	884
Total liabilities	3.324	2.683	2.764
Total equity and liabilities	3.977	3.368	3.437

	mDKK	mDKK	mDKK	mDKK	mDKK	mDKK	mDKK
Consolidated statement on changes in equity	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to Parent company	Non-controlling interests	Group Total equity
Equity at 1 May 2019	1	712	-54	13	672	1	673
Result for the period YTD 2019/20	0	0	0	-18	-18	0	-18
Foreign exchange adjustments, foreign subsidiaries	0	0	-2	0	-2	0	-2
Total comprehensive income for the period	0	0	-2	-18	-20	0	-20
Total transactions with owners	0	0	0	0	0	0	0
Equity at 31 January 2020	1	712	-56	-5	652	1	653
Equity at 1 May 2018	1	712	-48	8	673	2	675
Result for the period YTD 2018/19	0	0	0	6	6	-1	5
Foreign exchange adjustments, foreign subsidiaries	0	0	5	0	5	0	5
Total comprehensive income for the period	0	0	5	6	11	-1	10
Total transactions with owners	0	0	0	0	0	0	0
Equity at 31 January 2019	1	712	-43	14	684	1	685

Consolidated cash flow statement	mDKK	mDKK	mDKK	mDKK	mDKK
	Q3	Q3	YTD	YTD	FY
	2019-20	2018-19	2019-20	2018-19	2018-19
Result before net financials (EBIT)	7	23	98	100	128
Depreciation and gains/losses on sold assets	73	24	217	78	89
Amortisation of intangible assets	18	15	53	46	70
Exchange rate adjustments	0	2	0	2	0
Change in Working capital	47	24	70	12	5
Cash flow from operating activities before net financials and tax	145	88	438	238	292
Interest payments made and received, net	-27	-26	-76	-77	-100
Interest paid on lease liabilities	-8	0	-27	0	0
Payment of corporate income tax	-31	-51	-34	-56	-57
Cash flow from operating activities	79	11	301	105	135
Acquisition of property, plant, equipment and other intangibles	-17	-34	-75	-65	-116
Disposal of property, plant, equipment	3	5	5	142	142
Acquisition of activities and group entities	0	0	0	0	-4
Cash flows from investing activities	-14	-29	-70	77	22
Bond repurchase	0	0	0	-28	-28
Reductions/increases in credit institutions (debt)	0	0	0	-33	-33
Repayment of lease liabilities	-50	0	-142	0	0
Other Reductions/increases in interest bearing debt, net	-2	-8	-4	-36	-40
Cash flows from financing activities	-52	-8	-146	-97	-101
Change in cash and cash equivalents	13	-26	85	85	56
Cash and cash equivalents					
Cash and cash equivalents beginning of period	128	111	56	0	0
Net cash flows	13	-26	85	85	56
Cash and cash equivalents end of period	141	85	141	85	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 2018-19 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.

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	Transpor- tation	Raw materials	Intra Group/ Other	Total
	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20
Revenue	834	2.238	209	-70	3.211
Direct costs	-552	-1.957	-115	70	-2.554
Gross profit	282	281	94	0	657
Other external expenses	-19	-34	-6	-2	-61
Staff costs	-56	-128	-13	-1	-198
EBITDA	207	119	75	-3	398
	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20	YTD 2019-20
Non-current assets	1.868	890	395	38	3.191
Current assets	179	393	81	133	786
Total Assets	2.047	1.283	476	171	3.977
Non-current liabilities	379	250	80	1.621	2.330
Current liabilities	403	472	67	52	994
Total liabilities	782	722	147	1.673	3.324
Total Net assets	1.265	561	329	-1.502	653
Total investments	24	30	16	0	70
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Revenue	768	2.324	198	-69	3.221
Direct costs	-584	-2.090	-115	69	-2.720
Gross profit	184	234	83	0	501
Other external expenses	-20	-48	-6	-2	-76
Staff costs	-49	-132	-13	0	-194
EBITDA	115	54	64	-2	231
	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19	YTD 2018-19
Non-current assets	1.595	638	346	17	2.596
Current assets	131	458	90	93	772
Total Assets	1.726	1.096	436	110	3.368
Non-current liabilities	139	73	48	1.597	1.857
Current liabilities	294	408	54	70	826
Total liabilities	433	481	102	1.667	2.683
Total Net assets	1.293	615	334	-1.557	685
Total investments	13	-106	16	0	-77

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 3: Segment information

	Soil, Waste & Water	Transpor- tation	Raw materials	Intra Group	Total
	Q3 2019-20	Q3 2019-20	Q3 2019-20	Q3 2019-20	Q3 2019-20
Revenue	271	702	60	-19	1.014
Direct costs	-182	-610	-34	19	-807
Gross profit	89	92	26	0	207
Other external expenses	-6	-14	-2	-1	-23
Staff costs	-20	-42	-4	-1	-67
EBITDA	63	36	20	-2	117
Total investments	7	7	0	0	14
	Q3 2018-19	Q3 2018-19	Q3 2018-19	Q3 2018-19	Q3 2018-19
Revenue	247	727	60	-20	1.014
Direct costs	-187	-656	-37	20	-860
Gross profit	60	71	23	0	154
Other external expenses	-6	-16	-2	0	-24
Staff costs	-17	-46	-5	0	-68
EBITDA	37	9	16	0	62
Total investments	4	15	10	0	29

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.

	mDKK	mDKK	mDKK
Note 4: Cash & liquidity	January 31, 2020	January 31, 2019	30 April 2019
Cash	141	85	56
Credit facilities	50	100	50
Liquidity reserve	<u>191</u>	<u>185</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 January 2020, 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 January 2020.

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 24m.

Note 8: Bond debt

	mDKK 31 January 2020	mDKK 31 January 2019	mDKK 30 April 2019
Issued bond, EUR 210m, interest rate EURIBOR+5.9%	1.569	1.568	1.567
Repurchase	-28	-28	-28
Capitalized loan costs	-7	-13	-11
Total bond debt	1.534	1.527	1.528

	mDKK 31 January 2020	mDKK 31 January 2020	mDKK 31 January 2019	mDKK 31 January 2019	mDKK 30 April 2019	mDKK 30 April 2019
	<i>Cash flow *</i>	<i>Carrying amount</i>	<i>Cash flow *</i>	<i>Carrying amount</i>	<i>Cash flow *</i>	<i>Carrying amount</i>
Interest payments falling due within 1 year	91	0	91	0	91	0
Bond debt and interests falling due between 1 and 3 years	1.586	1.541	1.676	1.540	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
Total bond debt	1.677	1.541	1.767	1.540	1.743	1.539

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 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

The Group has entered into external agreements:

Minimum payments

	mDKK 31 January 2020	mDKK 31 January 2019	mDKK 30 April 2019
After 5 years	0	77	172
Between 1 and 5 years	1	274	392
Long-term portion	1	351	564
Short-term portion	1	147	178
Total minimum payments	2	498	742

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

	<u>272</u>	<u>217</u>	<u>216</u>
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For 2019/20, IFRS16 incurs 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 third quarter of 2019/20 ended 31 January 2020 and the period 1 May 2019 - 31 January 2020.

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 January 2020 and of the results of the Group's operations and consolidated cash flows for the financial period 1 May 2019 - 31 January 2020.

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, 10 March 2020

Executive Management:

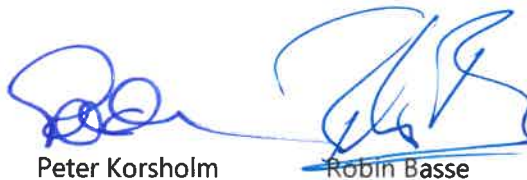
A blue ink signature of Peter Korsholm, consisting of a stylized 'P' and 'K' followed by a long horizontal stroke.

Peter Korsholm
CEO

Board of Directors:

A blue ink signature of Kent Arentoft, featuring a stylized 'K' and 'A'.

Kent Arentoft
Chairman

Two blue ink signatures. The first is Peter Korsholm's signature, and the second is Robin Basse's signature, which is more stylized and includes a horizontal line at the end.

Peter Korsholm

Robin Basse