

The SKAKO logo is positioned in the top right corner of the page. It consists of the word "SKAKO" in a bold, yellow, sans-serif font. The background of the entire page is a photograph of several large, white, cylindrical industrial storage tanks. Each tank is topped with a metal walkway and a spiral staircase. The tanks are arranged in a row, and the image is taken from a low angle, looking up at the structures against a clear blue sky with some light clouds. The overall scene is industrial and clean.

**INTERIM**

**REPORT**

**First quarter 2017**

# KEY FIGURES AND FINANCIAL RATIOS – DKK

	Q1 2017	Q1 2016	Full year 2016
<b>INCOME STATEMENT, DKK THOUSANDS</b>			
Revenue	87,287	74,499	308,059
Gross profit	20,725	16,592	84,306
Operating profit (EBIT)	2,805	(1,069)	16,411
Net financial items	(642)	(864)	(3,265)
Profit before tax	2,163	(1,933)	13,146
Profit for the period	2,371	(860)	16,540
<b>BALANCE SHEET, DKK THOUSANDS</b>			
Non-current assets	69,290	63,111	68,470
Current assets	177,409	173,522	176,601
Assets	246,699	236,633	245,071
Equity	104,734	83,763	102,360
Non-current liabilities	12,978	14,189	13,545
Current liabilities	128,987	138,680	129,166
Net interest-bearing debt	25,238	36,338	16,870
Net working capital	88,591	81,709	81,058
<b>OTHER KEY FIGURES, DKK THOUSANDS</b>			
Investment in intangible and tangible assets	1,436	408	5,849
Cash flow from operating activities (CFFO)	(6,969)	(5,296)	16,853
Free cash flow	(8,405)	(5,704)	11,004
Average number of employees	185	182	183
<b>FINANCIAL RATIOS</b>			
Gross profit margin	23.7%	22.3%	27.4%
Profit margin (EBIT margin)	3.2%	-1.4%	5.3%
Liquidity ratio	137.5%	125.1%	136.7%
Equity ratio	42.5%	35.4%	41.8%
Return on equity	21.0%	19.4%	17.7%
Financial leverage	24.1%	43.4%	16.5%
NWC/revenue	27.6%	25.3%	26.3%
Earnings per share, DKK	0.77	-0.28	5.36
Equity value per share, DKK	33.7	27.0	33.0
Share price, DKK	73.5	49.6	92.5
Price-book ratio	2.2	1.8	2.8
Market capitalisation, DKK thousands	228,321	154,078	287,343

Financial ratios are calculated in accordance with "Recommendations and Financial Ratios 2015" from the Danish Society of Financial Analysts. Net working capital is calculated as Inventory, Trade receivables and Work in progress for third parties less Prepayments from customers and Trade payables.

# KEY FIGURES AND FINANCIAL RATIOS – EUR\*

	Q1 2017	Q1 2016	Full year 2016
<b>INCOME STATEMENT, EUR THOUSANDS</b>			
Revenue	11,740	10,020	41,433
Gross profit	2,787	2,232	11,339
Operating profit (EBIT)	377	(144)	2,207
Net financial items	(86)	(116)	(439)
Profit before tax	291	(260)	1,768
Profit for the period	319	(116)	2,225
<b>BALANCE SHEET, EUR THOUSANDS</b>			
Non-current assets	9,316	8,485	9,206
Current assets	23,852	23,329	23,743
Assets	33,168	31,814	32,949
Equity	14,081	11,262	13,762
Non-current liabilities	1,745	1,908	1,821
Current liabilities	17,342	18,645	17,366
Net interest-bearing debt	3,393	4,886	2,268
Net working capital	11,911	10,985	10,898
<b>OTHER KEY FIGURES, EUR THOUSANDS</b>			
Investment in intangible and tangible assets	193	55	786
Cash flow from operating activities (CFFO)	(937)	(712)	2,266
Free cash flow	(1,130)	(767)	1,479
Average number of employees	185	182	183
<b>FINANCIAL RATIOS</b>			
Gross profit margin	23.7%	22.3%	27.4%
Profit margin (EBIT margin)	3.2%	-1.4%	5.3%
Liquidity ratio	137.5%	125.1%	136.7%
Equity ratio	42.5%	35.4%	41.8%
Return on equity	21.0%	19.4%	17.7%
Financial leverage	24.1%	43.4%	16.5%
NWC/revenue	27.6%	25.3%	26.3%
Earnings per share, EUR	0.10	-0.04	0.72
Equity value per share, EUR	4.5	3.6	4.4
Share price, EUR	9.9	6.7	12.4
Price-book ratio	2.2	1.8	2.8
Market capitalisation, EUR thousands	30,697	20,715	38,632

\*On the translation of key figures and financial ratios from Danish kroner to euro, Danmarks Nationalbank's rate of exchange at 31 March 2017 of 743.79 has been used for balance sheet items, and the average rate of exchange of 743.51 has been used for income statement and cash flow items.

# MANAGEMENT STATEMENT

We have considered and approved the interim report of SKAKO A/S for the period 1 January – 31 March 2017.

The interim report, which has not been audited or reviewed by our auditors, has been prepared in accordance with IAS 34 *Interim financial reporting*, as adopted by the European Union and accounting policies set out in the annual report for 2016 of SKAKO A/S. Furthermore, the interim report for the period 1 January – 31 March 2017 has been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2017 and of the results of the Group's operations and cash flows for the first three months of 2017.

We also believe that the Management commentary contains a fair review of the development in the Group's business and financial position, the results for the period and the Group's financial position as a whole as well as a description of the principal risks and uncertainties facing SKAKO.

Faaborg, 23 May 2017

## Executive Board

\_\_\_\_\_  
Søren Pedersen  
Director

\_\_\_\_\_  
Lionel Girieud  
Director

\_\_\_\_\_  
Jakob Have  
CFO

## Board of Directors

\_\_\_\_\_  
Jens Wittrup Willumsen  
Chairman

\_\_\_\_\_  
Christian Herskind Jørgensen  
Deputy Chairman

\_\_\_\_\_  
Carsten Krogsgaard Thomsen

\_\_\_\_\_  
Lars Tveen

\_\_\_\_\_  
Samuel Waldorph Andreasen

# MANAGEMENT COMMENTARY

The SKAKO Group has two business areas:

- SKAKO Vibration: Vibratory feeding, conveying and screening equipment
- SKAKO Concrete: Concrete batching plants for ready-mix, precast and jobsite plants

## **SKAKO Vibration**

SKAKO Vibration develops, designs and sells high-end vibratory feeding, conveying, and screening equipment, used across the complete spectrum of material handling and processing. Our main focus is on plant sales with a solid after sales division.

Our production facilities are in Faaborg in Denmark and Strasbourg in France and the products are based on application know-how and own developed technology.

The global market is penetrated using a niche strategy with a sector-driven focus. We are strong within the automotive sector, the mining sector and especially the phosphate mining sector. The main markets are EU and North Africa. We have strong focus on expanding in Morocco to support our significant growth within supplying to the phosphate mining sector. Focus is also on becoming one of the leading global participants in the automotive industry.

## **SKAKO Concrete**

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. Our main focus is on plant sales with a strong after sales division.

Our production facility is in Lille in France and the products are based on own developed technology.

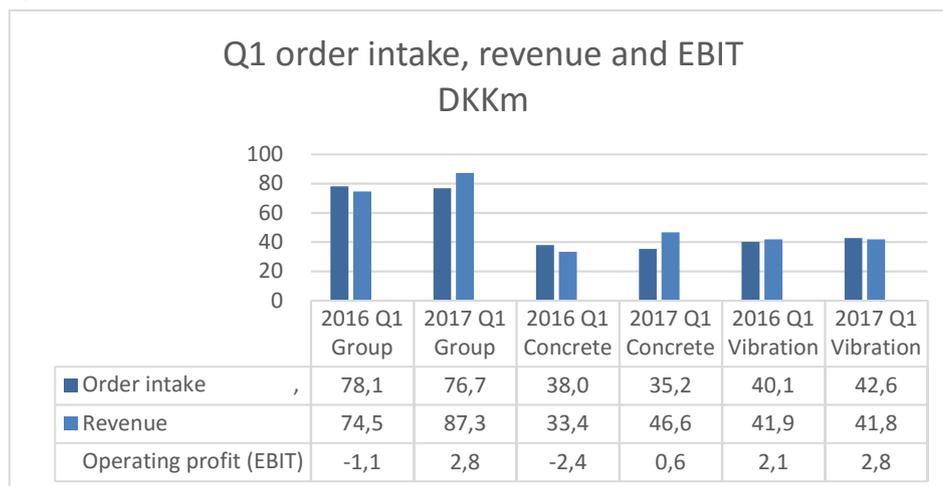
## MANAGEMENT COMMENTARY - continued

### Order intake, revenue and earnings

Order intake in first quarter of 2017 amounted to DKK 76.7m (Q1 2016: DKK 78.1m).

We entered 2017 with a higher back log compared to prior year, which contributed positively to revenue and earnings in first quarter of 2017. Revenue amounted to DKK 87.3m representing an increase of 17.2% (Q1 2016: DKK 74.5m).

The gross profit amounted to DKK 20.7m (Q1 2016: DKK 16.6m), corresponding to a gross profit margin of 23.7% (Q1 2016: 22.3%).



EBIT amounted to DKK 2.8m (Q1 2016: negative DKK -1.1m), corresponding to an EBIT margin of 3.2% (Q1 2016: -1.4%). Our financial performance has historically been worse in the first quarter than the remaining quarters.

EBIT in the first quarter has been negative in the previous four years and it is more than 10 years ago since SKAKO delivered a higher EBIT in first quarter.

Profit for the period amounted to DKK 2.4m (Q1 2016: negative DKK -0.9m).

### Quarterly cash flow developments

Cash flow from operating activities (CFFO) amounted to DKK -7.0m (Q1 2016: DKK -5.3m).

Free cash flow amounted to DKK -8.4m (Q1 2016: DKK -5.7m).

The order book contains several large projects, including the three large orders mentioned in company announcement 08/2016, 12/2016 and 13/2016. The cash flow of the period is impacted by the payment terms in these large contracts.

### Accounting policies as well as financial estimates and assumptions

The interim report has been prepared in accordance with IAS 34, *Interim financial reporting*, as adopted by the EU and further Danish disclosure requirements in respect of interim reports for listed companies.

The accounting policies used for the interim report are the same as the accounting policies used for Annual Report 2016 to which we refer for a full description. The Group has adopted all new, amended and revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2017. The implementation of such standards and interpretations has not had any significant impact on the consolidated financial statements for the first three months of 2017.

Compared with the description in Annual Report 2016, there have been no changes in the accounting estimates and assumptions made by Management in the preparation of the interim report.

### Events after the balance sheet date

There have been no events to change the assessment of the interim report after the balance sheet date until today.

## MANAGEMENT COMMENTARY - continued

### **Market and business conditions going forward**

EBIT for first quarter of 2017 was DKK 3.9m better than for the first quarter prior year. We are entering second quarter of 2017 with a slightly higher backlog compared to the beginning of second quarter prior year, which is expected to contribute positively to our financial performance in second quarter of 2017, when comparing to second quarter prior year.

The pipelines in both SKAKO Concrete and SKAKO Vibration are good. In recent years, we have annually announced up to four large orders and we expect to announce a similar level of large orders in 2017. For large orders, the usual time from contract signing to project handover is more than six months. The financial performance for the full year of 2017 is depending on timing of receipt of new large orders.

### **Outlook 2017**

We maintain our guidance for an operating profit (EBIT) of DKK 15-20m.

## CONSOLIDATED INCOME STATEMENT

DKK thousands	Q1 2107	Q1 2016	Full year 2016
Revenue	87,287	74,499	308,059
Production costs	(66,562)	(57,907)	(223,753)
<b>Gross profit</b>	<b>20,725</b>	<b>16,592</b>	<b>84,306</b>
Distribution costs	(10,621)	(10,638)	(39,418)
Administrative expenses	(7,299)	(7,023)	(28,477)
<b>Operating profit (EBIT)</b>	<b>2,805</b>	<b>(1,069)</b>	<b>16,411</b>
Financial income	7	12	58
Financial expenses	(649)	(876)	(3,323)
<b>Profit before tax</b>	<b>2,163</b>	<b>(1,933)</b>	<b>13,146</b>
Tax on profit for the period	208	1,073	3,394
<b>Profit for the period</b>	<b>2,371</b>	<b>(860)</b>	<b>16,540</b>
<b>Profit for the period attributable to SKAKO A/S shareholders</b>	<b>2,371</b>	<b>(860)</b>	<b>16,540</b>
Earnings per share (EPS), DKK	0.77	-0.28	5.36
Diluted earnings per share (EPS), DKK	0.77	-0.28	5.36

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK thousands	Q1 2107	Q1 2016	Full year 2016
<b>Profit for the year</b>	<b>2,371</b>	<b>(860)</b>	<b>16,540</b>
<b>Other comprehensive income:</b>			
<b>Items that have been or may subsequently be reclassified to the income statement:</b>			
Foreign currency translation, subsidiaries	(104)	(226)	496
Value adjustments of hedging instruments	(16)	52	153
<b>Other comprehensive income</b>	<b>(120)</b>	<b>(174)</b>	<b>649</b>
<b>Comprehensive income</b>	<b>2,251</b>	<b>(1,034)</b>	<b>17,189</b>
<b>Comprehensive income attributable to SKAKO A/S shareholders</b>	<b>2,251</b>	<b>(1,034)</b>	<b>17,189</b>

# CONSOLIDATED BALANCE SHEET

DKK thousands	Q1 2107	Q1 2016	Full year 2016
Other intangible assets	5,061	2,437	5,356
Intangible assets under development	1,469	0	542
<b>Intangible assets</b>	<b>6,530</b>	<b>2,437</b>	<b>5,898</b>
Land and buildings	34,097	35,405	34,488
Plant and machinery	2,795	3,720	2,727
Operating equipment, fixtures and fittings	945	1,809	1,116
Leasehold improvements	115	40	58
Tangible assets under construction	716	53	453
<b>Property, plant and equipment</b>	<b>38,668</b>	<b>41,027</b>	<b>38,842</b>
Other receivables	1,147	1,129	1,145
Deferred tax assets	22,945	18,518	22,585
<b>Other non-current assets</b>	<b>24,092</b>	<b>19,647</b>	<b>23,730</b>
<b>Total non-current assets</b>	<b>69,290</b>	<b>63,111</b>	<b>68,470</b>
Inventories	44,109	51,302	43,425
Trade receivables	60,280	60,095	65,521
Work in progress for third parties	58,790	43,848	48,830
Income tax	220	1,065	185
Other receivables	6,863	9,412	7,593
Prepaid expenses	1,341	1,492	1,586
Other investments	74	74	74
Cash	5,732	6,234	9,387
<b>Current assets</b>	<b>177,409</b>	<b>173,522</b>	<b>176,601</b>
<b>Assets</b>	<b>246,699</b>	<b>236,633</b>	<b>245,071</b>

# CONSOLIDATED BALANCE SHEET

DKK thousands	Q1 2107	Q1 2016	Full year 2016
Share capital	31,064	31,064	31,064
Foreign currency translation reserve	643	25	747
Hedging reserve	29	(56)	45
Retained earnings	72,998	52,730	70,504
<b>Total equity</b>	<b>104,734</b>	<b>83,763</b>	<b>102,360</b>
Bank loans and credit facilities	9,339	11,537	9,724
Financial leasing	237	389	237
Provisions	3,402	2,263	3,584
<b>Non-current liabilities</b>	<b>12,978</b>	<b>14,189</b>	<b>13,545</b>
Bank loans and credit facilities	21,204	28,009	16,014
Financial leasing	191	2,637	282
Provisions	8,570	5,268	8,714
Prepayments from customers	8,522	16,901	9,847
Trade payables	66,066	56,636	66,872
Income tax	267	347	743
Other liabilities	23,401	27,922	24,812
Deferred income	766	961	1,882
<b>Current liabilities</b>	<b>128,987</b>	<b>138,681</b>	<b>129,166</b>
<b>Liabilities</b>	<b>141,965</b>	<b>152,870</b>	<b>142,711</b>
<b>EQUITY AND LIABILITIES</b>	<b>246,699</b>	<b>236,633</b>	<b>245,071</b>

# CONSOLIDATED CASH FLOW STATEMENT

DKK thousands	Q1 2107	Q1 2016	Full year 2016
Profit before tax	2,163	(1,933)	13,146
Adjustments	1,625	405	10,136
Changes in receivables, etc.	(4,429)	3,516	(5,182)
Change in inventories	(684)	(3,044)	4,833
Change in trade payables and other liabilities, etc.	(4,659)	(3,158)	(2,166)
<b>Cash flow from operating activities before financial items and tax</b>	<b>(5,984)</b>	<b>(4,214)</b>	<b>20,767</b>
Financial items received and paid	(642)	(864)	(3,265)
Taxes paid	(343)	(218)	(649)
<b>Cash flow from operating activities</b>	<b>(6,969)</b>	<b>(5,296)</b>	<b>16,853</b>
Investment in intangible assets	(880)	(209)	(5,030)
Investment in tangible assets	(556)	(199)	(819)
<b>Cash flow from investing activities</b>	<b>(1,436)</b>	<b>(408)</b>	<b>(5,849)</b>
Change in borrowings	(386)	(709)	(2,392)
<b>Cash flow from financing activities</b>	<b>(386)</b>	<b>(709)</b>	<b>(2,392)</b>
Change in cash and cash equivalents	(8,791)	(6,413)	8,612
Cash and cash equivalents at 1 January	(6,553)	(15,094)	(15,094)
Foreign exchange adjustment, cash and cash equivalents	(54)	(195)	(71)
<b>Cash and cash equivalents at end of period</b>	<b>(15,398)</b>	<b>(21,702)</b>	<b>(6,553)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 01 January 2017	31,064	747	45	70,504	102,360
<b>Comprehensive income in Q1 2016:</b>					
Profit for the period				2,371	2,371
<b>Other comprehensive income:</b>					
Foreign currency translation adjustments, subsidiaries		(104)			(104)
Value adjustments of hedging instruments			(16)		(16)
Other comprehensive income	-	(104)	(16)	-	(120)
<b>Comprehensive income, period</b>	<b>-</b>	<b>(104)</b>	<b>(16)</b>	<b>2,371</b>	<b>2,251</b>
Share-based payment, warrants				123	123
<b>Equity at end of period</b>	<b>31,064</b>	<b>643</b>	<b>29</b>	<b>72,998</b>	<b>104,734</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 01 January 2016	31,064	251	(108)	53,590	84,797
<b>Comprehensive income in Q1 2016:</b>					
Profit for the period				(860)	(860)
<b>Other comprehensive income:</b>					
Foreign currency translation adjustments, subsidiaries		(226)			(226)
Value adjustments of hedging instruments			52		52
Other comprehensive income	-	(226)	52	-	(174)
<b>Comprehensive income, period</b>	-	<b>(226)</b>	<b>52</b>	<b>(860)</b>	<b>(1,034)</b>
<b>Equity at end of period</b>	<b>31,064</b>	<b>25</b>	<b>(56)</b>	<b>52,730</b>	<b>83,763</b>

## SEGMENT INFORMATION

<b>DKK thousands</b> <b>Q1 2017</b>	<b>Concrete</b>	<b>Vibration</b>	<b>Not distributed including parent company</b>	<b>Eliminations</b>	<b>Group total</b>
External revenue	46,431	40,856	-	-	87,287
Internal revenue	157	938	-	(1,095)	-
Total revenue	46,588	41,794	-	(1,095)	87,287
Depreciations	(753)	(178)	(164)	-	(1,095)
Operating profit (EBIT)	630	2,783	(608)	-	2,805
Financial income	81	6	-	(81)	6
Financial expenses	(405)	(252)	(73)	81	(649)
Result before tax	306	2,538	(681)	-	2,163
Tax on profit for the period	83	123	2	-	208
Profit for the period	389	2,661	(679)	-	2,371
Segment non-current assets	60,982	5,925	2,383	-	69,290
Segment assets	122,245	118,452	6,306	(304)	246,699
Segment liabilities	58,124	78,686	5,458	(304)	141,964
Investments in intangible and tangible asset	997	439	-	-	1,436
Average number of employees	100	85	-	-	185

<b>DKK thousands</b> <b>Q1 2016</b>	<b>Concrete</b>	<b>Vibration</b>	<b>Not distributed including parent company</b>	<b>Eliminations</b>	<b>Group total</b>
External revenue	33,356	41,143	-	-	74,499
Internal revenue	64	710	-	(774)	-
Total revenue	33,420	41,853	-	(774)	74,499
Depreciations	(742)	(222)	(238)	-	(1,202)
Operating profit (EBIT)	(2,358)	2,080	(791)	-	(1,069)
Financial income	81	10	-	(79)	12
Financial expenses	(328)	(430)	(197)	79	(876)
Result before tax	(2,605)	1,660	(988)	-	(1,933)
Tax on profit for the period	1,488	(415)	-	-	1,073
Profit for the period	(1,117)	1,245	(988)	-	(860)
Segment non-current assets	54,063	4,270	4,778	-	63,111
Segment assets	128,122	104,518	10,800	(6,807)	236,633
Segment liabilities	59,337	78,750	21,590	(6,807)	152,870
Investments in intangible and tangible asset	234	174	-	-	408
Average number of employees	99	83	-	-	182

# QUARTERLY KEY FIGURES AND FINANCIAL RATIOS

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2017
<b>INCOME STATEMENT, DKK THOUSANDS</b>						
Revenue	74,499	79,354	68,953	85,253	308,059	87,287
Gross profit	16,592	24,303	18,001	25,410	84,306	20,725
Operating profit (EBIT)	(1,069)	6,131	3,767	7,582	16,411	2,805
Net financial items	(864)	(587)	(570)	(1,244)	(3,265)	(642)
Profit before tax	(1,933)	5,544	3,197	6,338	13,146	2,163
Profit for the period	(860)	6,210	3,788	7,402	16,540	2,371
<b>BALANCE SHEET, DKK THOUSANDS</b>						
Non-current assets	63,111	63,721	63,672	68,470	68,470	69,290
Current assets	173,522	178,021	171,217	176,601	176,601	177,409
Assets	236,633	241,742	234,889	245,071	245,071	246,699
Equity	83,763	90,129	93,499	102,360	102,360	104,734
Non-current liabilities	14,189	12,868	11,622	13,545	13,545	12,978
Current liabilities	138,680	138,746	129,771	129,166	129,166	128,987
Net interest-bearing debt	36,338	38,228	36,828	16,870	16,870	25,238
Net working capital	81,709	92,693	90,637	81,058	81,058	88,591
<b>OTHER KEY FIGURES, DKK THOUSANDS</b>						
Investment in intangible and tangible assets	408	1,316	1,352	2,773	5,849	1,436
Cash flow from operating activities (CFFO)	(5,296)	(601)	2,209	20,541	16,853	(6,969)
Free cash flow	(5,704)	(1,916)	857	17,767	11,004	(8,405)
Average number of employees	182	183	183	183	183	185
<b>FINANCIAL RATIOS</b>						
Gross profit margin	22.3%	30.6%	26.1%	29.8%	27.4%	23.7%
Profit margin (EBIT margin)	(1.4%)	7.7%	5.5%	8.9%	5.3%	3.2%
Liquidity ratio	125.1%	128.3%	131.9%	136.7%	136.7%	137.5%
Equity ratio	35.4%	37.3%	39.8%	41.8%	41.8%	42.5%
Return on equity	19.4%	20.8%	18.9%	17.7%	17.7%	21.0%
Financial leverage	43.4%	42.4%	39.4%	16.5%	16.5%	24.1%
NWC/revenue	25.3%	29.2%	29.3%	26.3%	26.3%	27.6%
Earnings per share, DKK	-0.28	2.01	1.23	2.40	5.36	0.77
Equity value per share, DKK	27.0	29.0	30.1	33.0	33.0	33.7
Share price, DKK	49.6	62	81	92.5	92.5	73.5
Price-book ratio	1.8	2.1	2.7	2.8	2.8	2.2
Market capitalisation, DKK thousands	154,078	192,597	251,619	287,343	287,343	228,321