

1 January – 30 September 2019

**SKAKO**

# INTERIM REPORT

SKAKO A/S

CVR 36 44 04 14

Bygmestervej 2, 5600 Faaborg

## IMPORTANT INFORMATION ABOUT THIS DOCUMENT

This document contains forward-looking statements. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, outlook, guidance, target and other words and terms of similar meaning in connection with any discussion of future operation of financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

# KEY FIGURES AND FINANCIAL RATIOS – DKK

<b>INCOME STATEMENT, DKK THOUSANDS</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Q1-Q3 2019</b>	<b>Q1-Q3 2018</b>	<b>Year 2018</b>
Revenue from contracts with customers	79,807	85,761	263,075	245,400	339,273
Gross profit	20,499	21,798	62,812	52,153	79,603
Operating profit (EBIT)	4,529	7,333	10,147	5,106	16,403
Net financial items	(845)	(667)	(2,154)	(2,194)	(3,445)
Profit before tax	3,684	6,667	7,993	2,912	12,958
Profit for the period	3,670	6,805	7,613	2,892	12,698
<b>BALANCE SHEET, DKK THOUSANDS</b>					
Non-current assets	46,762	39,482	46,762	39,482	40,787
Current assets	211,222	207,236	211,222	207,236	219,320
Assets	257,984	270,111	257,984	270,111	260,107
Equity	117,709	99,184	117,709	99,184	109,066
Non-current liabilities	6,069	3,361	6,069	3,361	4,099
Current liabilities	134,206	159,772	134,206	159,772	146,942
Net interest-bearing debt	8,505	20,122	8,505	20,122	5,522
Net working capital	98,478	86,982	98,478	86,982	90,453
<b>OTHER KEY FIGURES, DKK THOUSANDS</b>					
Investment in intangible assets	685	746	1,274	784	1,417
Investment in tangible assets	162	0	924	1,211	2,118
Cash flow from operating activities (CFFO)	9,737	4,080	4,220	9,118	8,907
Free cash flow	8,890	3,334	2,022	7,123	29,564
Average number of employees	206	201	206	201	197
<b>FINANCIAL RATIOS</b>					
Gross profit margin	25.7%	25.4%	23.9%	21.3%	23.5%
Profit margin (EBIT margin)	5.7%	8.6%	3.9%	2.1%	4.4%
Liquidity ratio	157.4%	129.7%	157.4%	129.7%	149.3%
Equity ratio	45.6%	36.7%	45.6%	36.7%	41.9%
Return on equity (last 12 months)	16.1%	(14.5%)	16.1%	(14.5%)	12.4%
Financial leverage	7.2%	20.3%	7.2%	20.3%	5.1%
NWC/revenue	27.6%	26.4%	27.6%	26.4%	26.7%
Earnings per share, DKK	1.19	2.21	2.47	0.94	4.12
Equity value per share, DKK	38.2	31.9	38.2	31.9	35.4
Share price, DKK	42.0	65.2	42.0	65.2	49.2
Price-book ratio	1.1	2.0	1.1	2.0	1.4
Market capitalisation, DKK thousands	130,470	202,538	130,470	202,538	151,725
<b>ADDITIONAL NUMBERS, DKK THOUSANDS</b>					
Order backlog	92,529	107,539	92,529	107,539	106,821

For calculation of financial ratios please see page 11. Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

## KEY FIGURES AND FINANCIAL RATIOS – EUR\*

<b>INCOME STATEMENT, EUR THOUSANDS</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Q1-Q3 2019</b>	<b>Q1-Q3 2018</b>	<b>Year 2018</b>
Revenue from contracts with customers	10,693	11,511	35,249	32,938	45,520
Gross profit	2,747	2,926	8,416	7,000	10,680
Operating profit (EBIT)	607	984	1,360	685	2,201
Net financial items	(113)	(90)	(289)	(294)	(462)
Profit before tax	494	895	1,071	(504)	(1,739)
Profit for the period	492	914	1,020	(525)	1,704
<b>BALANCE SHEET, EUR THOUSANDS</b>					
Non-current assets	6,263	5,295	6,263	5,295	5,462
Current assets	28,290	27,793	28,290	27,793	29,371
Assets	34,554	36,225	34,554	36,225	34,832
Equity	15,766	13,302	15,766	13,302	14,606
Non-current liabilities	813	451	813	451	549
Current liabilities	17,975	21,428	17,975	21,428	19,678
Net interest-bearing debt	1,139	2,699	1,139	2,699	740
Net working capital	13,190	11,665	13,190	11,665	12,113
<b>OTHER KEY FIGURES, EUR THOUSANDS</b>					
Investment in intangible and tangible assets	113	100	294	268	474
Cash flow from operating activities (CFFO)	1,304	547	565	1,223	1,193
Free cash flow	1,191	447	271	955	3,959
Average number of employees	206	201	206	201	197
<b>FINANCIAL RATIOS</b>					
Gross profit margin	25.7%	25.4%	23.9%	21.3%	23.5%
Profit margin (EBIT margin)	5.7%	8.6%	3.9%	2.1%	4.40%
Liquidity ratio	157.4%	129.7%	157.4%	129.7%	149.3%
Equity ratio	45.6%	36.7%	45.6%	36.7%	41.9%
Return on equity (last 12 months)	16.1%	(14.5%)	16.1%	(14.5%)	12.4%
Financial leverage	7.2%	20.3%	7.1%	20.3%	5.1%
NWC/revenue	27.6%	26.4%	27.6%	26.4%	26.7%
Earnings per share, EUR	0.16	0.3	0.33	(0.13)	0.55
Equity value per share, EUR	5.1	4.3	5.1	4.3	4.7
Share price, EUR	5.6	8.7	5.6	8.7	6.6
Price-book ratio	1.1	2.0	1.1	2.0	1.4
Market capitalisation, EUR thousands	17,475	27,163	17,475	27,163	20,319
<b>ADDITIONAL NUMBERS, EUR THOUSANDS</b>					
Order backlog	12,393	14,436	12,393	14,436	14,308

\*On the translation of key figures and financial ratios from Danish kroner to euro, Danmarks Nationalbank's rate of exchange at 30 September 2019 of 746.62 has been used for balance sheet items, and the average rate of exchange of 746.34 has been used for income statement and cash flow items.

Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

# MANAGEMENT STATEMENT

We have considered and approved the interim report of SKAKO A/S for the period 1 January – 30 September 2019.

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 2018 of SKAKO A/S. Furthermore, the interim report for the period 1 January – 30 September 2019 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 on 30 September 2019 and of the results of the Group's operations and cash flows for the first nine months of 2019.

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. A description of the principal risks and uncertainties facing SKAKO can be found in the annual report for 2018.

Faaborg, 31 October 2019

## Executive Board

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

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

## Board of Directors

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

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

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

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

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

# HIGHLIGHTS

The EBIT result in Q1-Q3 2019 amounted to a profit of DKK 10.1m compared to an EBIT result of DKK 5.1m in Q1-Q3 2018. The improved EBIT is due to increased revenue in the Concrete Division and improved gross profit margins in both divisions. The positive results are generated in the Vibration Division, where an EBIT of DKK 11.8m was realised, while the Concrete Division realised an EBIT of DKK 0.0m. However, the Concrete Division generated a positive EBIT result of DKK 1.8m in Q3 2019.

At the beginning of Q4 2019 the order backlog amounts to DKK 92.5m, which is a decline of 14% compared to the beginning of Q4 2018, where the order backlog was DKK 107.6m. Order intake and backlog at the beginning of Q4 2018 was positively affected by one large order in the Concrete Division in May 2018. Order intake in Q1-Q3 2019 has primarily been generated in the Vibration Division. As a result, the Vibration Division has established a good order backlog for the rest of 2019, while the Concrete Division's backlog remains at a good level due to the high order intake in 2018. As announced in company announcement 11/2019 from 21 October 2019, SKAKO Vibration has received a Letter of Intent for an order of more than DKK 26m to supply equipment for a new slag recycling plant for the Finnish customer Tapojärvi. Until all conditions in the Letter of intent are met, the agreement will not be included in the order backlog.

The Vibration Division is generally showing a strong performance and we are looking to expand the business, both through organic growth and acquisitions. However, in Q3 2019 we have seen a decline in revenue from the German car manufacturing industry and the Moroccan mining industry. On the other hand, we are experiencing an increase in orders and revenue from the recycling industry. As announced in company announcement 23/4 2019, SKAKO Vibration has entered negotiations to acquire the Spanish company Dartek Proyectos y Maquinara S.L.L. and in April 2019 we signed a Letter of Intent for Dartek to join the Skako Group in 2019. We still expect to finalize the acquisition in 2019. Dartek is currently the sales representative of SKAKO Vibration in Spain but also develops and sells its own range of products for the recycling industry. SKAKO Vibration already markets some Dartek products for the recycling industry through its own sales network. The acquisition of Dartek is not expected to have a material impact on EBIT for 2019.

As a result of gross profit margins below the expected on plant orders, the EBIT result in the Concrete Division is not at a satisfying level. In 2017 and 2018, we have completed a restructuring, where production in France was closed and moved to sub-suppliers or SKAKO Concrete in Denmark. We have not yet seen the expected full effects on gross profit margins on plant orders from the restructuring. Therefore, Management has initiated project S2020 which aims to improve gross profit margins even further. Project S2020 initiatives include improved project execution, optimization of purchase prices and conditions, and cost reduction on own production. Through these initiatives, we expect SKAKO Concrete to deliver a positive result in 2019. The result in Q3 2019 shows that the initiatives have moved the Concrete Division in the right direction. However, we expect to see further improvements in Q4 2019 and 2020.

In Q1-Q3 2019, we have seen improvements in results from operations compared to Q1-Q3 2018. In Q4 2019, we expect to see an improvement in operating profit compared to the first three quarters of 2019. The expected improvement is generated by both increased revenue, gross profit margins and lower costs on exhibitions and employee costs compared to Q1-Q3 2019.

## **Guidance on earnings**

Based on the order backlog and the results in Q1-Q3 2019, we narrow our guidance to an operating profit (EBIT) of DKK 17-20m for 2019 (previous guidance DKK 17-22m).

# ABOUT SKAKO

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 applied across the complete spectrum of material handling and processing. Our main focus is on plant sales with a solid after sales department.

Our production facilities are located 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 are focusing on expanding in Morocco to support our significant growth within supplying to the phosphate mining sector. Further, we aim to be one of the leading global participants in the automotive industry, especially through European and US players.

We are starting to build up a stronger presence in the recycling segment, which is a market expected to develop positively in the years to come. We dedicate more resources and adapt our offerings to this sector. The acquisition of Dartek is a part of this strategy.

## **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 engineering, assembling and test facility is located in Faaborg in Denmark and the products are based on know-how and own developed technology. SKAKO Concrete does not have any production as all parts for our products are sourced through suppliers and assembled in Faaborg. The products are transported to customers either from our suppliers or from assembling in Faaborg.

The main markets are EU and North America. We aim to obtain a higher market share on existing markets without increasing the risk profile on the orders.

# MANAGEMENT COMMENTARY

## Performance review

DKK thousands	Q3 2019	Q3 2018	Change	Q1-Q3 2019	Q1-Q3 2018	Change
Revenue from contracts with customers	79,807	85,761	(6.9%)	263,075	245,400	7.2%
Production costs	(59,308)	(63,963)	(7.2%)	(200,263)	(193,247)	3.6%
<b>Gross profit</b>	<b>20,499</b>	<b>21,798</b>	<b>(6.0%)</b>	<b>62,812</b>	<b>52,153</b>	<b>20.4%</b>
<i>Gross profit margin</i>	<i>25.7%</i>	<i>25.4%</i>	<i>0.3pp</i>	<i>23.9%</i>	<i>21.3%</i>	<i>2.6pp</i>
Distribution costs	(8,929)	(8,175)	9.2%	(31,732)	(27,523)	15.3%
Administrative expenses	(7,041)	(6,290)	11.9%	(20,933)	(19,524)	7.2%
<b>Operating profit (EBIT)</b>	<b>4,529</b>	<b>7,333</b>	<b>(38.2%)</b>	<b>10,147</b>	<b>5,106</b>	<b>98.7%</b>
<i>Profit margin (EBIT margin)</i>	<i>5.7%</i>	<i>8.6%</i>	<i>(2.9pp)</i>	<i>3.9%</i>	<i>2.1%</i>	<i>1.8pp</i>
<b>Profit for the period</b>	<b>3,670</b>	<b>6,805</b>	<b>(46.1%)</b>	<b>7,613</b>	<b>2,892</b>	<b>163.2%</b>
Average number of employees	206	201	2.5%	206	201	2.5%
Order intake	69,140	70,835	(2.4%)	248,783	280,264	(11.2%)
<b>Order backlog end of period</b>	<b>92,529</b>	<b>107,539</b>	<b>(14.0%)</b>	<b>92,529</b>	<b>107,539</b>	<b>(14.0%)</b>

## Revenue

Revenue decreased by 6.9% in Q3 2019 but increased by 7.2% in Q1-Q3 2019 compared to the same periods last year. In Q1-Q3 2019 recurring revenue from Aftersales increased by 2.0% compared to Q1-Q3 2018. The increase in revenue in Q1-Q3 2019 is caused by an increase in the Concrete Division of 20.6%, while the Vibration Division realised a small decrease of 3.4%. The increase in revenue in the Concrete Division is primarily driven by the high order backlog entering 2019. In the Vibration Division we have seen a decrease in revenue from Aftersales by 4.8% and from Plants by 2.7% compared to the same period in 2018. The main drivers behind the negative development in revenue is a decline in revenue from the German car manufacturing industry and lower than expected revenue from the Moroccan mining industry in Q3 2019. This also impacts EBIT for the period negatively. We expect revenue from the Moroccan mining segment to normalise again, while there is still uncertainty around revenue from the German car manufacturing segment.

Revenue, DKK million	Concrete			Vibration			Group*		
	Q1-Q3 2019	Q1-Q3 2018	Change	Q1-Q3 2019	Q1-Q3 2018	Change	Q1-Q3 2019	Q1-Q3 2018	Change
Plants	67.0	49.1	36.5%	93.0	95.6	(2.7%)	158.8	143.1	11.0%
Aftersales	67.0	62.0	8.1%	39.6	41.5	(4.8%)	104.3	102.3	2.0%
<b>Total</b>	<b>134.0</b>	<b>111.1</b>	<b>20.6%</b>	<b>132.6</b>	<b>137.1</b>	<b>(3.4%)</b>	<b>263.1</b>	<b>245.4</b>	<b>7.2%</b>

\* After eliminations

## Gross profit

Revenue decreased by 6.9% in Q3 2019 while production costs decreased by 7.2%. This led to an increase in gross profit margin by 0.3 percentage points compared to same period last year. In the period Q1-Q3 we saw an increase in revenue by 7.2%, while production costs only increased by 3.6%, which led to an increase in gross profit margin by 2.6 percentage points compared to 2018. The increase in gross profit margin is mainly due to the higher revenue from Plant orders in the Concrete Division and product mix in the Vibration Division. However, gross profit margins in the Concrete Division are not yet at a satisfactory level and we still see possibilities of further improvement. See more under Operating profit.



# MANAGEMENT COMMENTARY - continued

## Capacity costs

Distribution costs increased by 9.2% in Q3 2019 and 15.3% in Q1-Q3 2019 compared to the same periods last year, and administrative expenses increased by 11.9 % in Q3 2019 and increased by 7.2% in Q1-Q3 2019 compared to 2018. The increase in distribution costs is mainly caused by the Concrete Division's participation in the triennial BAUMA exhibition in Munich in April 2019. The participation represents an investment of appr. DKK 2m which was not made in 2018 as the exhibition is only held every third year. The increase in administrative expenses is mainly due to cost for advisors in relation to the possible acquisition of Dartek.

## Operating profit

Operating profit (EBIT) for Q3 and Q1-Q3 2019 amounted to DKK 4.5m and DKK 10.1m compared to DKK 7.3m in Q3 2018 and 5.1m in Q1-Q3 2018.

The higher operating profit (EBIT) in Q1-Q3 2019 compared to Q1-Q3 2018 is primarily driven by the high order backlog going into 2019 and increased contribution margins in both divisions. The positive results are generated in the Vibration Division, where an EBIT of DKK 11.8m was realised, while the Concrete Division realised an EBIT of DKK 0.0 m. However, in Q3 2019 the Concrete division generated a positive EBIT result of DKK 1.8m.

As a result of gross profit margins below the expected on plant orders, the EBIT result in the Concrete Division is not at a satisfying level. In 2017 and 2018, we have completed a restructuring, where production in France was closed and moved to sub-suppliers or SKAKO Concrete in Denmark. We have not yet seen the expected full effects on gross profit margins on plant orders from the restructuring. Therefore, Management has initiated project S2020 which aims to improve gross profit margins even further. Project S2020 initiatives include improved project execution, optimization of purchase prices and conditions, and cost reduction on own production. Through these initiatives we expect SKAKO Concrete to deliver a positive result in 2019. The result in Q3 2019 show that the initiatives have moved the Concrete Division in the right direction. However, we expect to see further improvements in Q4 2019 and 2020.

We expect the financial performance to improve in both divisions through the rest of 2019. In Q4 2019, we expect to see an improvement in operating profit compared to Q1-Q3 2019. The expected improvement is generated by both increased revenue, gross profit margins and lower costs for exhibitions and employee costs compared to Q1-Q3 2019.

## Order intake and backlog

In Q3 2019, order intake amounted to DKK 69.1m, which is a decrease of 2.5% compared to the same period last year. Order intake in Q1-Q3 2019 amounted to DKK 248.8m compared to DKK 280.2m in Q1-Q3 2018.

Order intake in Q3 2019 for the Concrete Division amounted to DKK 38.5m compared to DKK 25.3m in Q3 2018 and order intake in Q1-Q3 2019 amounted to DKK 109.0m compared to 152.2m in Q1-Q3 2018. Order intake in Q3 2019 for the Vibration Division amounted to DKK 31.3m compared to DKK 46.4m in Q3 2018 and DKK 143.5m in Q1-Q3 2019 compared to DKK 130.8m in Q1-Q3 2018.

The order intake is primarily driven by a major project in the Vibration Division as announced in the company announcement 1/2019. Thus, the Vibration Division has established a good order backlog for the rest of 2019, while the Concrete Division's backlog remains at a good level due to the high order intake in 2018.

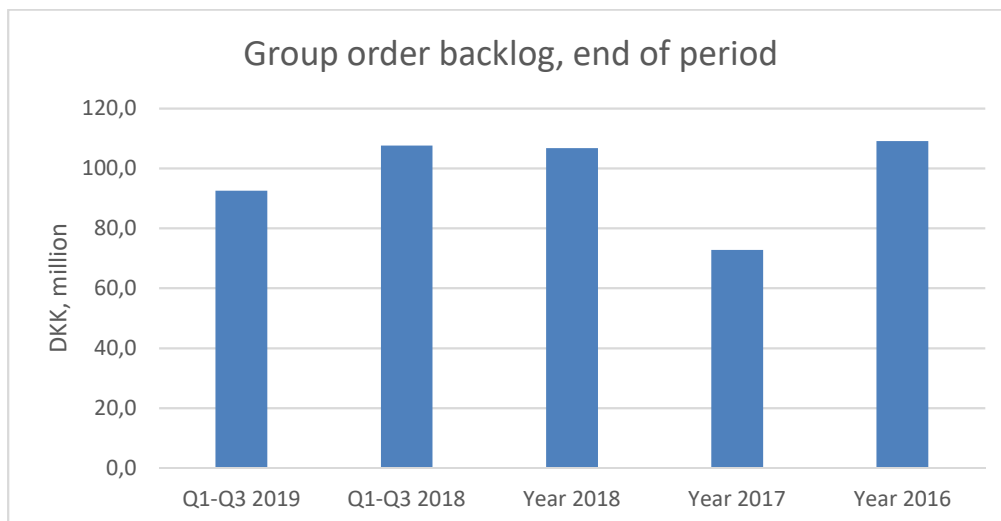
As announced in company announcement 11/2019 from 21 October 2019, SKAKO Vibration has received a Letter of Intent for an order of more than DKK 26m to supply equipment for a new slag recycling plant for the Finnish customer Tapojärvi. Until all conditions in the Letter of intent are met, the agreement will not be included in the order backlog.

Order intake, DKK million	Concrete			Vibration			Group*		
	Q1-Q3 2019	Q1-Q3 2018	Year 2018	Q1-Q3 2019	Q1-Q3 2018	Year 2018	Q1-Q3 2019	Q1-Q3 2018	Year 2018
Order book, beginning	72.9	24.1	24.1	34.3	48.7	48.7	106.8	72.8	72.8
Order intake	109.0	152.2	209.5	143.5	130.8	168.2	248.8	280.2	373.3
Revenue	(134.0)	(111.1)	(160.7)	(132.6)	(137.1)	(182.6)	(263.1)	(245.4)	(339.3)
Order book, ending	47.9	65.2	72.9	45.2	42.4	34.3	92.5	107.6	106.8

\*After eliminations

## MANAGEMENT COMMENTARY - continued

The Group order backlog at the beginning of Q4 2019 amounts to DKK 92.5m which is a decline of 14.0% compared to the order backlog at the beginning of Q4 2018.



### Cash flow developments

In the first nine months of 2019, the Group generated cash flow from operating activities (CFFO) of DKK 4.2m compared to DKK 9.1m in Q1-Q3 2018. The reduction in CFFO is primarily caused by long payment terms on plant projects in Morocco and England, while the Group also received large prepayments from customers in Q1-Q3 2018. Delays caused by national monetary policies in Morocco still have negative influence on the Group's CFFO and net working capital. Also, work performed on prepayments from customers from the beginning of the period and increase in inventories have a negative impact on the CFFO for the period.

### 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.

With the below exception, the accounting policies used for the interim report are the same as the accounting policies used for Annual Report 2018 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 2019. We refer to the notes to the annual report for a description of material estimates and assumptions.

Compared with the description in Annual Report 2018, there have been no changes in the accounting estimates and assumptions made by Management in the preparation of the interim report. We refer to the notes to the annual Report 2018 for a description of significant estimates and assessments.

With effect from 1 January 2019, SKAKO A/S has implemented the following new or changed standards and interpretations:

- IFRS 16: Leases

IFRS 16 replaces IAS 17, Leases and related interpretations. IFRS 16 from a lessee viewpoint eliminates the classification of leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases under IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019.

IFRS 16 allows various implementation methods. The Group applies the simplified retrospective method, which implies that the accumulated effect is recognised in the equity beginning of the year. The cumulative effect of initially applying the standard as adjustment to the opening balance on retained earnings is DKK -0.1m. The impact of total assets is DKK 5.9m and the impact on the income statement is insignificant. Under this transitional phase, the 2018 comparable numbers presented in the 2019 reporting are not restated as if IFRS 16 was applied in 2018.

# MANAGEMENT COMMENTARY - continued

## Financial ratios

Financial ratios are calculated as follows:

- Gross profit margin =  $\text{Gross profit} \times 100 / \text{Revenue}$
- Profit margin =  $\text{EBIT} \times 100 / \text{Revenue}$
- Liquidity ratio =  $\text{Total current assets} \times 100 / \text{Total current liabilities}$
- Equity ratio =  $\text{Total equity} \times 100 / \text{Total assets}$
- Return on equity =  $\text{Profit for the period} \times 100 / (\text{Equity this year} + \text{equity prior year}) / 2^*$
- Financial leverage =  $\text{Net interest-bearing debt} \times 100 / \text{Equity}$
- NWC/Revenue =  $\text{Net working capital} \times 100 / \text{Revenue}^*$
- Earnings per share =  $\text{Profit for the period} / \text{Shares in free flow}$
- Equity value per share =  $\text{Equity} / \text{Total shares}$
- Share price = Share price at end of period
- Price-book ratio =  $\text{Share price} / \text{Equity per share}$
- Market capitalization =  $\text{Total number of share} \times \text{Share price}$

\*Measured over a 12-month period (1 October 2018 to 30 September 2019)

## Dividends

As a result of the investment in Dartek Proyectos y Maquinara S.L.L the Board of Directors have chosen not to pay interim dividends this time.

## Events after the balance sheet date

As announced in company announcement 11/2019 from 21 October 2019, SKAKO Vibration has received a Letter of Intent for an order of more than DKK 26m to supply equipment for a new slag recycling plant for the Finnish customer Tapojärvi. Until all conditions in the Letter of intent are met, the agreement will not be included in the order backlog.

## Outlook 2019

Based on the order backlog and the results in Q1-Q3 2019, we narrow our guidance to an operating profit (EBIT) of DKK 17-20m for 2019 (previous guidance DKK 17-22m).

## CONSOLIDATED INCOME STATEMENT

DKK thousands	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Year 2018
Revenue from contracts with customers	79,807	85,761	263,075	245,400	339,273
Production costs	(59,308)	(63,963)	(200,263)	(193,247)	(259,670)
<b>Gross profit</b>	<b>20,499</b>	<b>21,798</b>	<b>62,812</b>	<b>52,153</b>	<b>79,603</b>
Distribution costs	(8,929)	(8,175)	(31,732)	(27,523)	(37,454)
Administrative expenses	(7,041)	(6,290)	(20,933)	(19,524)	(27,077)
<b>Operating profit (EBIT) before special items</b>	<b>4,529</b>	<b>7,333</b>	<b>10,147</b>	<b>5,106</b>	<b>15,072</b>
Special items	-	-	-	-	1,331
<b>Operating profit (EBIT) after special items</b>	<b>4,529</b>	<b>7,333</b>	<b>10,147</b>	<b>5,106</b>	<b>16,403</b>
Financial income	-	33	-	83	60
Financial expenses	(845)	(700)	(2,154)	(2,277)	(3,505)
<b>Profit before tax</b>	<b>3,684</b>	<b>6,666</b>	<b>7,993</b>	<b>2,911</b>	<b>12,958</b>
Tax on profit for the period	(14)	139	(380)	(19)	(260)
<b>Profit for the period</b>	<b>3,670</b>	<b>6,805</b>	<b>7,613</b>	<b>2,892</b>	<b>12,698</b>
<b>Profit for the period attributable to SKAKO A/S shareholders</b>	<b>3,670</b>	<b>6,805</b>	<b>7,613</b>	<b>2,892</b>	<b>12,698</b>
Earnings per share (EPS), DKK	1.19	2.21	2.47	0.94	4.12
Diluted earnings per share (EPS), DKK	1.19	2.21	2.47	0.94	4.12

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK thousands	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Year 2018
<b>Profit for the period</b>	<b>3,670</b>	<b>6,805</b>	<b>7,613</b>	<b>2,892</b>	<b>12,698</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	252	601	334	9	253
Value adjustments of hedging instruments	(1)	50	(26)	12	(114)
<b>Other comprehensive income</b>	<b>251</b>	<b>651</b>	<b>308</b>	<b>21</b>	<b>139</b>
<b>Comprehensive income</b>	<b>3,921</b>	<b>7,456</b>	<b>7,921</b>	<b>2,913</b>	<b>12,837</b>
<b>Comprehensive income attributable to SKAKO A/S shareholders</b>	<b>3,921</b>	<b>7,456</b>	<b>7,921</b>	<b>2,913</b>	<b>12,837</b>

# CONSOLIDATED BALANCE SHEET

DKK thousands	30 September 2019	30 September 2018	31 Dec 2018
Other intangible assets	5,329	7,607	6,252
Intangible assets under development	3,510	346	2,258
<b>Intangible assets</b>	<b>8,839</b>	<b>7,953</b>	<b>8,510</b>
Land and buildings	5,054	4,786	5,036
Plant and machinery	583	158	266
Operating equipment, fixtures and fittings	6,995	1,761	1,727
Leasehold improvements	312	83	305
Tangible assets under construction	59	0	60
<b>Property, plant and equipment</b>	<b>13,003</b>	<b>6,788</b>	<b>7,394</b>
Other receivables	1,263	1,159	1,258
Deferred tax assets	23,657	23,581	23,625
<b>Other non-current assets</b>	<b>24,920</b>	<b>24,740</b>	<b>24,883</b>
<b>Total non-current assets</b>	<b>46,762</b>	<b>39,481</b>	<b>40,787</b>
Inventories	56,855	50,202	52,206
Trade receivables	61,893	77,519	86,884
Contract assets	62,338	63,078	55,042
Income tax	26	950	736
Other receivables	8,077	7,732	12,381
Prepaid expenses	3,777	1,705	1,326
Other investments	74	74	74
Cash	18,182	5,977	10,671
<b>Current assets</b>	<b>211,222</b>	<b>207,237</b>	<b>219,320</b>
Assets held for sale	-	23,393	-
<b>Assets</b>	<b>257,984</b>	<b>270,111</b>	<b>260,107</b>

# CONSOLIDATED BALANCE SHEET

DKK thousands	30 September 2019	30 September 2018	31 Dec 2018
Share capital	31,064	31,064	31,064
Foreign currency translation reserve	334	(384)	(140)
Hedging reserve	(26)	(22)	(148)
Retained earnings	86,337	68,526	78,290
<b>Total equity</b>	<b>117,709</b>	<b>99,184</b>	<b>109,066</b>
Leasing	2,539	-	-
Provisions	3,529	3,361	4,099
<b>Non-current liabilities</b>	<b>6,069</b>	<b>3,361</b>	<b>4,099</b>
Bank loans and credit facilities	21,629	26,049	16,193
Leasing	2,519	50	-
Provisions	2,178	4,625	2,460
Contracts liabilities	8,681	26,958	21,783
Trade payables	73,928	76,860	81,896
Income tax	-	-	81
Other liabilities	25,271	25,231	24,529
<b>Current liabilities</b>	<b>134,206</b>	<b>159,773</b>	<b>146,942</b>
Liabilities related to assets held for sale	-	7,793	-
<b>Liabilities</b>	<b>140,276</b>	<b>170,927</b>	<b>151,041</b>
<b>EQUITY AND LIABILITIES</b>	<b>257,984</b>	<b>270,111</b>	<b>260,107</b>

# CONSOLIDATED CASH FLOW STATEMENT

DKK thousands	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	Year 2018
Profit before tax	3,684	6,667	7,993	2,912	12,958
Adjustments	1,590	(1,174)	3,184	(1,622)	(2,147)
Change in receivables, etc.	18,376	(5,026)	19,543	766	(5,020)
Change in inventories	(1,937)	(1,029)	(4,649)	(4,540)	(6,544)
Change in trade payables and other liabilities, etc.	(11,191)	5,290	(20,327)	14,238	13,399
<b>Cash flow from operating activities before financial items and tax</b>	<b>10,522</b>	<b>4,728</b>	<b>5,744</b>	<b>11,754</b>	<b>12,646</b>
Financial items received and paid	(845)	(667)	(2,154)	(2,194)	(3,446)
Taxes paid	60	19	629	(442)	(293)
<b>Cash flow from operating activities</b>	<b>9,737</b>	<b>4,080</b>	<b>4,220</b>	<b>9,118</b>	<b>8,907</b>
Investment in intangible assets	(162)	(444)	(924)	(634)	(1,417)
Investment in tangible assets	(685)	(302)	(1,274)	(1,361)	(2,118)
Sale of tangible assets	-	-	-	-	24,192
<b>Cash flow from investing activities</b>	<b>(847)</b>	<b>(746)</b>	<b>(2,198)</b>	<b>(1,995)</b>	<b>20,657</b>
Change in borrowings	-	(503)	-	(1,543)	(9,336)
Change in short-term bank facilities	(7,116)	(1,818)	5,436	(2,628)	(12,350)
<b>Cash flow from financing activities</b>	<b>(7,116)</b>	<b>(2,321)</b>	<b>5,436</b>	<b>(4,171)</b>	<b>(21,686)</b>
Change in cash and cash equivalents	1,774	1,013	7,458	2,952	7,878
Cash and cash equivalents beginning of period	16,429	4,933	10,744	3,031	3,031
Foreign exchange adjustment, cash and cash equivalents	53	105	53	68	(165)
<b>Cash and cash equivalents at end of period</b>	<b>18,255</b>	<b>6,051</b>	<b>18,255</b>	<b>6,051</b>	<b>10,744</b>
Breakdown of cash and cash equivalents at the end of the year:					
Cash and other investments	18,255	6,051	18,255	6,051	10,744
<b>Cash and cash equivalents at the end of the period:</b>	<b>18,255</b>	<b>6,051</b>	<b>18,255</b>	<b>6,051</b>	<b>10,744</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2019	31,064	(140)	(148)	78,290	109,066
Change in accounting policy (IFRS 16)				(118)	(118)
<b>Restated total equity at the beginning of the financial year</b>	<b>31,064</b>	<b>(140)</b>	<b>(148)</b>	<b>78,172</b>	<b>108,948</b>
<b>Comprehensive income in Q1-Q3 2019:</b>					
Profit for the period				7,613	<b>7,613</b>
<b>Other comprehensive income:</b>					
Foreign currency translation adjustments, subsidiaries		474			474
Value adjustments of hedging instruments			122		122
Other comprehensive income	-	474	122	-	596
<b>Comprehensive income, period</b>	<b>-</b>	<b>474</b>	<b>122</b>	<b>7,613</b>	<b>8,209</b>
Share-based payment, warrants				551	551
<b>Equity at 30 September 2019</b>	<b>31,064</b>	<b>334</b>	<b>(26)</b>	<b>86,336</b>	<b>117,709</b>

DKK thousands	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2018	31,064	(393)	(34)	65,064	95,701
<b>Comprehensive income in Q1-Q3 2018:</b>					
Profit for the period				2,892	2,892
<b>Other comprehensive income:</b>					
Foreign currency translation adjustments, subsidiaries		9			9
Value adjustments of hedging instruments			12		12
Other comprehensive income	-	9	12	-	21
<b>Comprehensive income, period</b>	<b>-</b>	<b>9</b>	<b>12</b>	<b>2,892</b>	<b>2,913</b>
Share-based payment, warrants				570	570
<b>Equity at 30 September 2018</b>	<b>31,064</b>	<b>(385)</b>	<b>(22)</b>	<b>68,526</b>	<b>99,184</b>



## SEGMENT INFORMATION

DKK thousands	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
<b>Q1-Q3 2019</b>					
Revenue, external	134,000	129,075	-	-	263,075
Revenue, internal	-	3,497	-	(3,497)	-
<b>Total revenue</b>	<b>134,000</b>	<b>132,572</b>	<b>-</b>	<b>(3,497)</b>	<b>263,075</b>
Depreciation	(1,669)	(1,148)	-	-	(2,817)
<b>Operating profit (EBIT)</b>	<b>25</b>	<b>11,769</b>	<b>(1,647)</b>	<b>-</b>	<b>10,147</b>
<b>Result before tax</b>	<b>(1,240)</b>	<b>10,948</b>	<b>(1,715)</b>	<b>-</b>	<b>7,993</b>
Tax on profit for the period	121	(501)	-	-	(380)
<b>Profit for the period</b>	<b>(1,120)</b>	<b>10,448</b>	<b>(1,715)</b>	<b>-</b>	<b>7,613</b>
Order backlog, beginning	72,884	34,334	-	(397)	106,821
Order intake	108,978	143,491	-	(3,686)	248,783
<b>Order backlog, ending</b>	<b>47,862</b>	<b>45,253</b>	<b>-</b>	<b>(586)</b>	<b>92,529</b>
Segment non-current assets	28,721	13,958	4,083	-	46,762
Segment assets	109,593	152,089	4,536	(8,234)	257,984
Segment liabilities	45,994	97,525	4,990	(8,234)	140,275
Investment in intangible and tangible assets	1,241	957	-	-	2,198
Average number of employees	105	101	-	-	206

DKK thousands	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
<b>Q1-Q3 2018</b>					
Revenue, external	111,059	134,341	-	-	245,400
Revenue, internal	35	2,765	-	(2,800)	-
<b>Total revenue</b>	<b>111,094</b>	<b>137,106</b>	<b>-</b>	<b>(2,800)</b>	<b>245,400</b>
Depreciation	(178)	(485)	-	-	(663)
<b>Operating profit (EBIT)</b>	<b>(4,260)</b>	<b>10,740</b>	<b>(1,373)</b>	<b>-</b>	<b>5,106</b>
<b>Result before tax</b>	<b>(5,489)</b>	<b>9,792</b>	<b>(1,392)</b>	<b>-</b>	<b>2,912</b>
Tax on profit for the period	(19)	-	-	-	(19)
<b>Profit for the year</b>	<b>(5,508)</b>	<b>9,795</b>	<b>(1,392)</b>	<b>-</b>	<b>2,892</b>
Order backlog, beginning	24,052	48,723	-	-	72,775
Order intake	152,174	130,795	-	(2,805)	280,164
<b>Order backlog, ending</b>	<b>65,132</b>	<b>42,412</b>	<b>-</b>	<b>(5)</b>	<b>107,539</b>
Segment non-current assets	27,612	9,781	2,089	-	39,482
Segment assets	128,734	143,925	2,278	(4,826)	270,111
Segment liabilities	81,630	88,741	5,382	(4,826)	170,927
Investment in intangible and tangible assets	746	-	-	-	746
Average number of employees	102	99	-	-	201

## QUARTERLY KEY FIGURES AND FINANCIAL RATIOS

<b>INCOME STATEMENT, DKK THOUSANDS</b>	<b>Q3 2019</b>	<b>Q2 2019</b>	<b>Q1 2019</b>	<b>Q4 2018</b>	<b>Q3 2018</b>	<b>Full year 2018</b>
Revenue	79,807	94,384	88,884	93,873	85,761	339,273
Gross profit	20,499	21,578	20,734	27,450	47,394	79,603
Operating profit (EBIT)	4,529	2,248	3,370	11,297	7,334	15,072
Net financial items	(845)	(722)	(587)	(1,251)	(667)	(3,445)
Profit before tax	3,684	1,526	2,783	10,046	6,667	12,958
Profit for the period	3,670	1,531	2,412	9,805	6,806	12,958
<b>BALANCE SHEET, DKK THOUSANDS</b>						
Non-current assets	46,762	46,907	46,967	40,787	39,482	40,787
Current assets	211,222	225,977	211,725	219,320	207,236	219,320
Assets	257,984	272,884	258,692	260,107	270,111	260,107
Equity	117,709	113,654	111,955	109,066	99,184	109,066
Non-current liabilities	6,069	6,379	7,144	4,099	3,361	4,099
Current liabilities	134,206	152,851	139,593	146,942	159,772	146,942
Net interest-bearing debt	8,505	18,016	16,856	5,522	20,122	5,522
Net working capital	98,478	103,082	97,304	90,453	86,982	90,453
<b>OTHER KEY FIGURES, DKK THOUSANDS</b>						
Investment in intangible and tangible assets	847	795	556	1,540	746	3,535
Cash flow from operating activities (CFFO)	9,737	(586)	(4,931)	(212)	4,080	8,907
Free cash flow	8,890	(1,380)	(5,487)	22,440	3,334	29,564
Average number of employees	206	206	201	197	201	201
<b>FINANCIAL RATIOS</b>						
Gross profit margin	25.7%	22.9%	23.3%	29.2%	25.4%	23.5%
Profit margin (EBIT margin)	5.7%	2.4%	3.8%	10.6%	8.6%	4.40%
Liquidity ratio	157.4%	147.8%	151.7%	149.3%	129.7%	149.30%
Equity ratio	45.6%	41.6%	43.3%	41.9%	36.7%	41.9%
Return on equity (last 12 months)	16.1%	20.0%	18.1%	12.4%	(14.5%)	10.8%
Financial leverage	7.2%	15.9%	15.1%	5.1%	20.3%	5.1%
NWC/revenue	27.6%	28.4%	27.7%	26.7%	26.4%	26.7%
Earnings per share, DKK	1.19	0.50	0.78	3.17	2.21	4.11
Equity value per share, DKK	38.2	36.9	36.3	35.1	31.9	35.1
Share price, DKK	42.0	49.2	51.0	49.2	65.2	49.2
Price-book ratio	1.1	1.3	1.4	1.4	2.0	1.4
Market capitalisation, DKK thousands	130,470	152,836	158,427	152,836	202,538	152,836