



SCAN
GLOBAL LOGISTICS

TRANSGROUP
GLOBAL LOGISTICS

SGLT Holding II LP

- Summary of the Q4 interim report 2018

Key market developments

Ocean, Air and Road freight market development

- The global airfreight volumes are currently trending upwards at a 4% annualized rate despite the fuel index continues to rise and is now at plus 36% compared to 12 months ago.
- Drivers are first and foremost coming from eCommerce, restocking of inventories, consumer confidence in global investments and speed to market before new imposed or increased tolls are taking effect, particularly on the China to USA trade-lanes.
- The global sea freight market is expected to increase by 3-4% and the European trucking market is expected to increase at a similar 3-4% rate annually.
- Generally, rates are expected to stabilize from the relative high surges in 2017 in particular on the airfreight segment.



Financial highlights

- Revenues amounted to USD 258.6 million in the fourth quarter, equal to a 17% increase over Q4 2017, mainly driven by Transgroup's domestic traffic including new customers
- The gross margin expanded by 0.8 p.p. compared to Q4 2017 to 15.0% and gross margin for the full year amounted to 15.3% (14.7%)
- Continued growth in EBITDA before special items, which grew by 63% YoY from USD 5.7 million in Q4 2017 to USD 9.3 million in Q4 2018
 - Full year 2018 EBITDA came in at USD 31.2 million; an increase of 53% over 2017
 - Special items are mainly related to non-recurring costs related to restructuring cost (redundancy cost for personnel) primarily within the Solution business in Denmark and reorganisation in Sweden
- The equity ratio is 31.1% and the consolidated NIBD amounted to USD 184 million, resulting in an NIBD/EBITDA ratio of 5.5x (on a pro forma level); down from 8.5x at the end of 2017
- In January 2019, Scan Global Logistics acquired 100% of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group)

TransGroup

- Strong revenue growth of 38% over Q4 2017, driven by domestic traffic and partly the Canadian acquisition
- Gross margin was negatively impacted by onboarding larger customers and higher transportation costs; average gross margin was down 0.7 p.p. compared to Q4'17

Scan Global Logistics

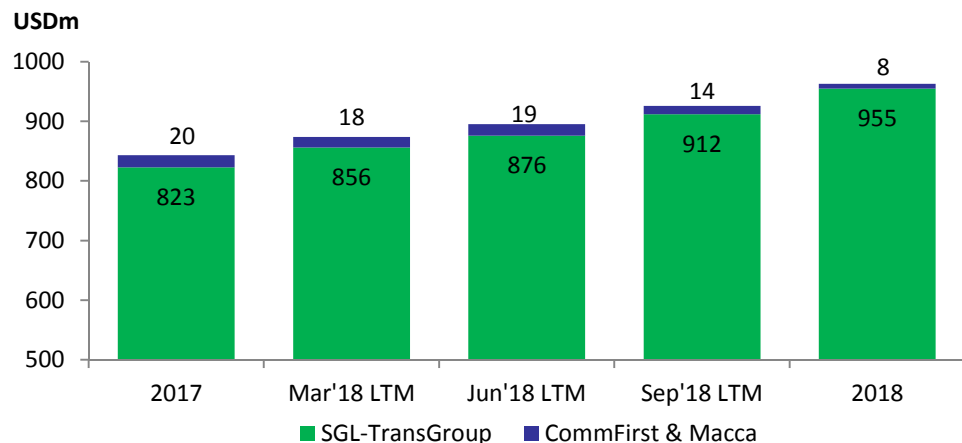
- Q4 2018 revenue of USD 144 million generating EBITDA of USD 4.3 million before special items, showing an improvement on a YoY basis compared to Q4 2017
- Gross margin improved significantly in Q4 mainly driven by Air and Sea business in Nordics, Hong Kong and Japan and the company has ceased its low margin co-loading activities in Malaysia
- The restructuring of its Solution activities in Denmark has impacted the overall revenue level

Key financials

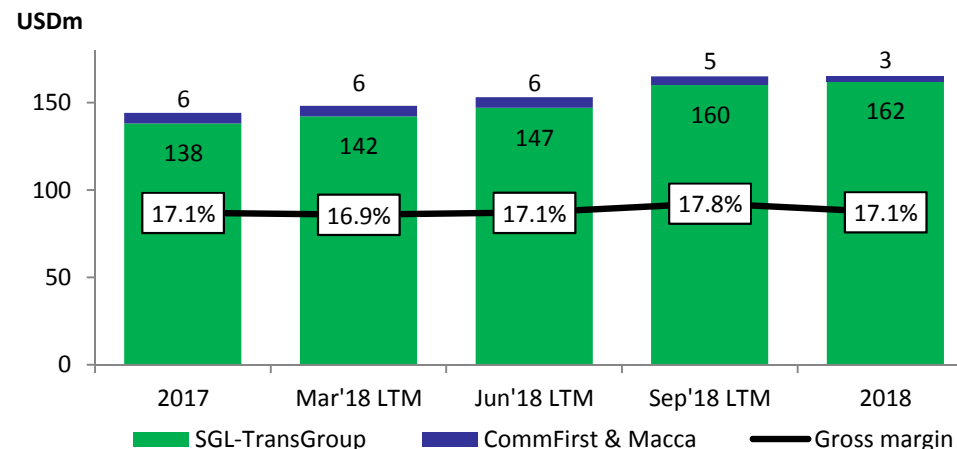
| USD '000 | Q4 2018 | Q4 2017 | 2018 | 2017 |
|------------------------------------|---------------------|---------------------|----------------|----------------|
| Revenue | 258,552 | 220,443 | 955,266 | 814,196 |
| Cost of operation | -219,790 | -189,230 | -809,571 | -694,462 |
| Gross profit | 38,762 | 31,213 | 145,695 | 119,734 |
| Other external expenses | -7,799 | -4,494 | -28,811 | -21,946 |
| Staff costs | -21,676 | -21,022 | -85,716 | -77,449 |
| EBITDA before special items | 9,287 | 5,697 | 31,168 | 20,339 |
| Depreciation of tangibles | -573 | -412 | -1,969 | -1,417 |
| Amortisation of intangibles | -2,207 | -2,448 | -8,976 | -9,242 |
| EBIT before special items | 6,507 | 2,837 | 20,223 | 9,680 |
| Special items | -4,806 | -2,805 | -6,949 | -3,354 |
| EBIT | 1,701 | 32 | 13,274 | 6,326 |
| Net financial items | -4,471 | -3,267 | -17,765 | -15,084 |
| Result before tax | -2,770 | -3,235 | -4,491 | -8,758 |
| Tax on profit | -2,457 | 2,662 | -3,365 | 2,520 |
| Result of the period | -5,227 | -573 | -7,856 | -6,238 |
| Gross margin* | 15.0 % | 14.2 % | 15.3 % | 14.7 % |
| EBITDA margin* | 3.6 % | 2.6 % | 3.3 % | 2.5 % |
| USDm | 31 Dec. 2018 | 31 Dec. 2017 | | |
| Net interest bearing debt | 184 | 193 | | |
| Net leverage (pro forma) | 5.5x | 8.5x | | |

Pro forma development (rolling last twelve months)

Combined revenue development (LTM)

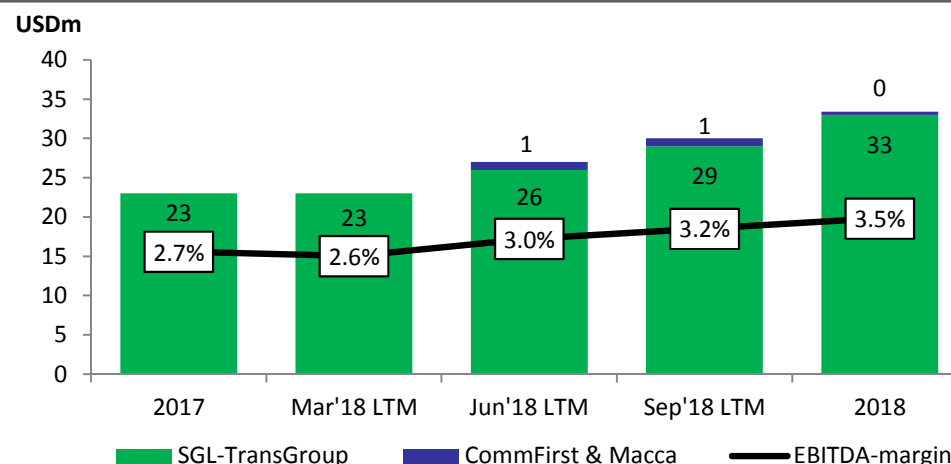


Combined gross profit development (LTM)

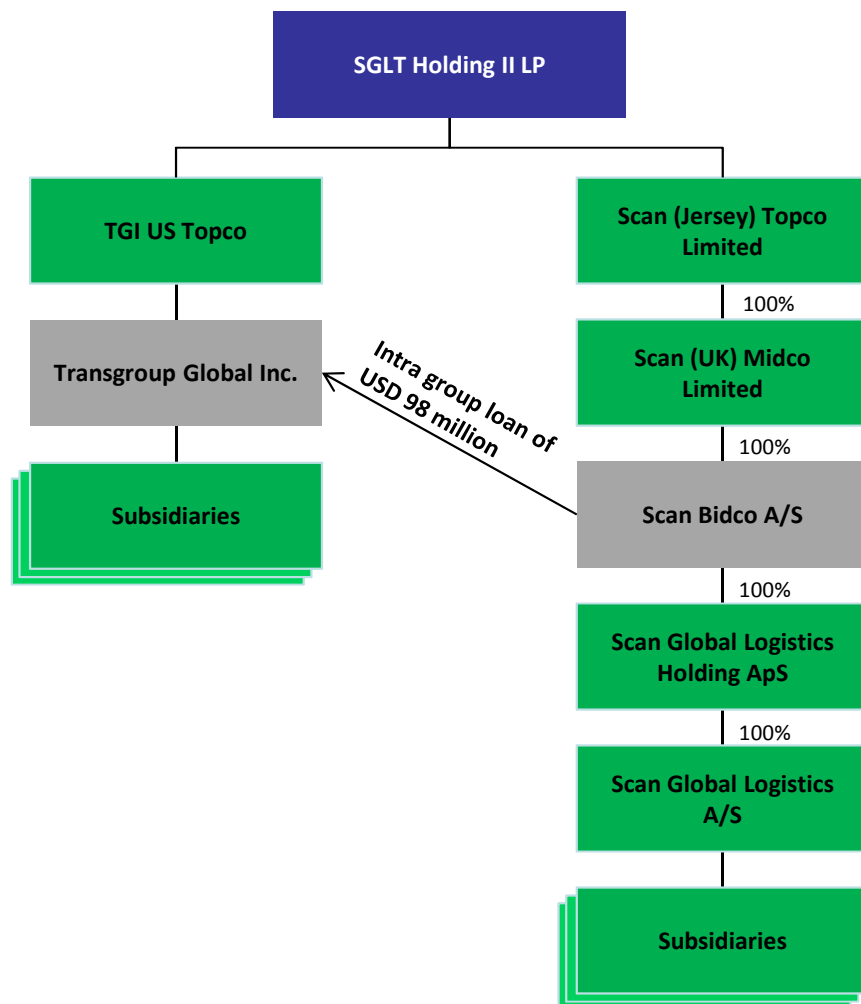


- On a pro forma basis, the combined group has had positive development in revenue and gross profit over the last several quarters
- The company generated revenues of USD 963 million 2018, equal to a 14% increase over 2017
- Gross profit amounted to USD 165 million and the YoY increase is nearly 15%
 - Transgroup experienced some pressure on gross margin in the first 6 months and in Q4, but we have seen improvement in gross margins on the SGL side
- The positive trend in EBITDA continued during the fourth quarter and EBITDA increased by 11% in Q4'18 compared to Q3'18
- Adjusted pro forma EBITDA amounted to USD 33 million in 2018, equal to a margin of 3.5%
 - The EBITDA margin expanded for the third consecutive quarter and has increased by 0.8p.p. since the bottom in March at 2.6%

Combined EBITDA development (LTM)



Group structure – SGLT Holding II LP



Scan Bidco A/S is the Issuer of the outstanding bonds:

- ISIN: NO 0010768062
- ISIN: NO 0010768070