

CENBRIT

2019

Interim financial report – 2nd quarter



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“Like-for-like revenue growth of 1% for the first 6 months of 2019. While certain markets traded below expectation in Q2, the market is expected to improve in the remaining months of 2019. The outlook for 2019 is maintained in relation to a positive EBITDA, cash flow and net debt/EBITDA development and a positive like-for-like revenue development compared to 2018.”

Jørn Mørkeberg Nielsen
CEO

Other highlights:

- The performance of the plant in Hungary continues to be in line with plan
- Available liquidity at the end of Q2 2019 was DKKm 31. The peak sales season in Q3 2019 will improve cash flow and available liquidity
- The Q3 interim report will be published at the end of November 2019

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Financial highlights

	Q2 2019 DKK (000)	Q2 2018 DKK (000)	YTD 2019 DKK (000)	YTD 2018 DKK (000)	FY 2018 DKK (000)
INCOME STATEMENT					
Revenue	440,053	461,801	793,776	801,817	1,654,710
Gross profit	125,645	123,127	206,484	201,602	425,795
Earnings before interest, tax, depr. and amort. (EBITDA)	50,206	44,998	61,702	43,477	112,009
CASH FLOW					
Cash flow from operation before tax	39,567	18,999	(2,918)	(50,113)	89,626
Cash flow from investments	(13,436)	(5,412)	(23,520)	(11,774)	(62,214)
BALANCE SHEET					
Total assets			1,972,301	1,939,997	1,763,002
Equity			431,800	489,718	459,700
Working capital			257,942	308,528	198,482
Net Interest-bearing debt			890,599	867,953	806,407
FINANCIAL RATIOS					
Gross margin	28.6%	26.7%	26.0%	25.1%	25.7%
EBITDA margin	11.4%	9.7%	7.8%	5.4%	6.8%
Equity ratio			21.9%	25.2%	26.1%

Financial ratios are calculated as defined in the 2018 Annual Report.

IFRS 16, the new lease accounting standard, was implemented in 2019. The comparative figures for Q2 2018, YTD 2018 and FY 2018 in the above table have not been restated. Further information is provided in note 2.

Business review

Revenue fell in the quarter with like-for-like growth of -3.3% for Q2 2019 but increased by 1.4% when looking at the first 6 months of 2019. While we continue to win new customers in growth markets and have very strong business relationships with existing customers, particularly the revenue development for the UK and Sweden was below expectations for the first 6 months of 2019, and we are focused on improving that performance going forward.

Although nominally higher than the previous year, EBITDA for Q2 2019 of DKKm 50.2 (Q2 2018: DKKm 45.0) was below Management's expectations. Adjusted for the new lease accounting standard, EBITDA for Q2 2019 was down by DKKm 1.8 compared to Q2 2018 and up by DKKm 4.4 for the first 6 months. The positive development for the first 6 months of 2019 supports the outlook for 2019.

The performance of the plant in Hungary improved significantly during 2018, with improved yield (the percentage of products produced that are in line with the quality control measures established by Cembrit), more stable production and lower costs. By the end of 2018, the yield was on par with Cembrit's other plants, and the performance for the first 6 months of 2019 confirms the 2018 development. Fixed costs (sales and distribution costs and administrative costs) for the first 6 months of 2019 were DKKm 13.3 below the level realised in the first 6 months of 2018.

Management continues to expect a positive full-year 2019 revenue development like-for-like compared to 2018. Even though the revenue development has been below expectation, the outlook for EBITDA, cash flow and net debt/EBITDA is unchanged.

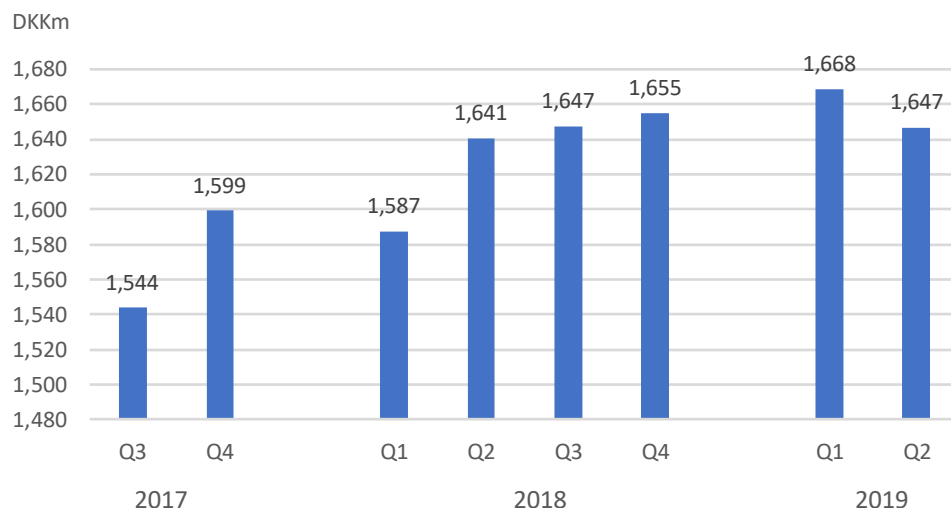
Revenue

Revenue for Q2 2019 amounted to DKKm 440.1 compared to DKKm 461.8 for Q2 2018. Revenue for Q2 2019 decreased nominally by DKKm 21.7 compared to Q2 2018 (first 6 months of 2019, a nominal decrease of DKKm -8.0). As communicated to the market, Cembrit phased out certain low-performing products and markets in 2018 to streamline operations and improve margins. Adjusted for these, the like-for-like revenue growth was -3.3% for Q2 2019. For the first 6 months of 2019, the like-for-like growth was 1.4%.

Details on the development of the product and geographic segment for Q2 2019 and the first 6 months of 2019 are included in note 5.

The sales pattern for Cembrit's products is seasonal. Revenue is traditionally highest in the second and third quarters and lowest in the first quarter. The graph below shows LTM (last 12 months) revenue on a quarterly basis, taking the seasonality in Cembrit's revenue into account.

Quarterly development in revenue, LTM



EBITDA

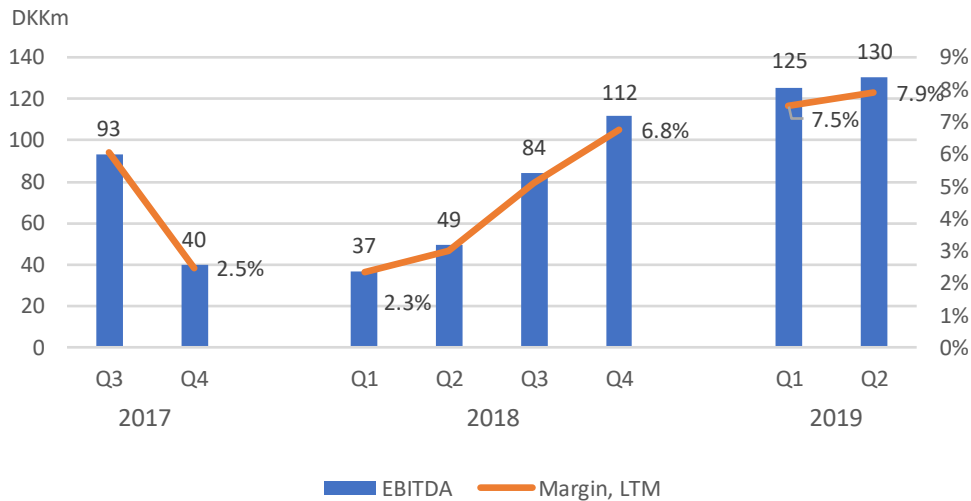
The decrease in revenue and the positive effect from the improved performance of the plant in Hungary, cost savings and the new lease accounting standard (further information in note 2) have improved EBITDA (net) from DKKm 45.0 in Q2 2018 to DKKm 50.2 in Q2 2019, with an equivalent improvement in the EBITDA ratio from 9.7% for Q2 2018 to 11.4% for Q2 2019. The effect of the new lease accounting standard amounts to DKKm 7.0 for Q2 2019 and adjusted for the impact, EBITDA decreased by DKKm 1.8.

New lease accounting standard

IFRS 16, the new lease accounting standard, was implemented in the first quarter of 2019. IFRS 16 requires all leases – except for short-term leases and leases of low-value assets – to be recognised in the balance sheet as a right-of-use asset and a lease liability measured at the present value of future lease payments. The right-of-use asset is subsequently depreciated over the lease term in a similar way to other assets such as property, plant and equipment, and interest on the lease liability is calculated in a similar way to finance leases under IAS 17 Leases. The comparative Q2 2018, YTD June 2018 and full-year 2018 figures have not been restated. Further information on IFRS 16 is included in note 2.

The graph below shows EBITDA, LTM by quarter, taking the seasonality in Cembrit's business into account. The graph shows the positive development during 2018, which continued in 2019.

Quarterly development in EBITDA, LTM



The EBITDA, LTM for Q2 2019 of DKKm 130 is an increase of DKKm 5 on Q1 2019. DKKm 7.0 of this increase relates to the new accounting standard. The EBITDA, LTM ratio for Q2 2019 was 7.9%, an improvement of 0.4 percentage point compared to Q1 2019.

Costs of a special nature in relation to Cembrit's activities are shown as Special non-recurring items in the income statement. These costs amounted to DKKm 2.1 for Q2 2019 (Q2 2018: DKKm 1.6) and are specified in further detail in note 6.

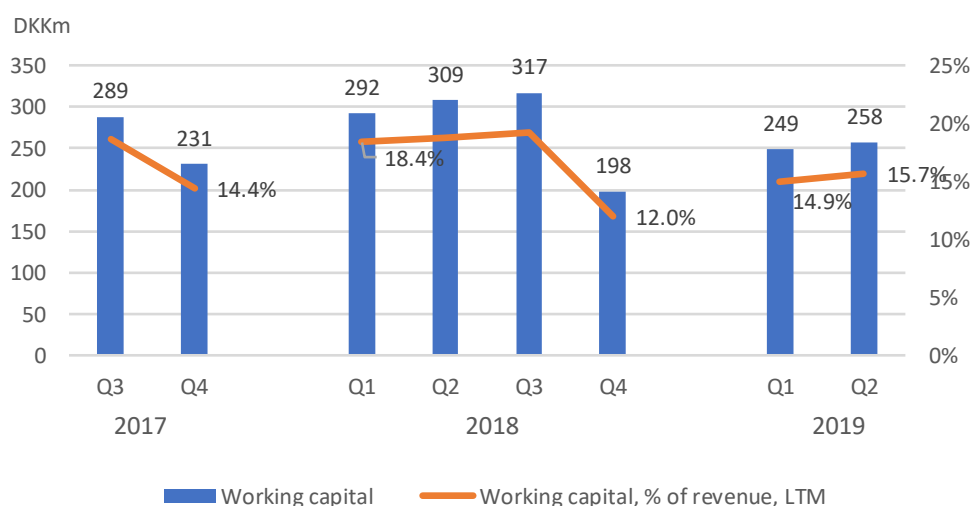
Profit after tax for Q2 2019 was DKKm 0.8, compared to a loss of DKKm 1.7 for Q2 2018.

Cash flow

Cash flow from operation before tax for Q2 2019 showed a strong year-on-year improvement of more than 100%, from DKKm 19.0 in Q2 2018 to DKKm 39.6 in Q2 2019 (adjusted for the change in lease accounting, the improvement amounted to DKKm 11.3 or 59%). The main part of the improvement is related to the working capital performance with improved cash flow of DKKm 10.8. Funds tied up in inventory and accounts receivable have been reduced with a positive impact on working capital whereas financing from accounts payable and other short-term liabilities has been reduced with a negative impact on working capital. Net inventory, accounts receivable, accounts payable and other short-term liabilities have a positive impact on the working capital performance for Q2 2019 compared to Q2 2018. Working capital will continue to be in focus in the quarters to come.

The graph below shows working capital in DKKm at quarter-end and working capital as a percentage of revenue, LTM.

Quarterly development in working capital



Working capital at the end of Q2 2019 was DKKm 258, an improvement of DKKm 51 on Q2 2018. Working capital as a percentage of revenue, LTM has fallen to 15.7% from 18.8% at the end of Q2 2018.

Investments for Q2 2019 amount to DKKm 13.4, an increase of DKKm 8.0 from Q2 2018.

Available liquidity at the end of Q2 2019 was DKKm 31.1, compared to DKKm 27.2 at the end of Q1 2019. This development was mainly the result of increased earnings and improved working capital performance as mentioned above and was in line with Management's expectations. The peak sales season in Q3 2019 will improve cash flow and available liquidity going forward.

Equity

Equity at the end of Q2 2019 was DKKm 429.4, equivalent to an equity ratio of 21.8% (Q2 2018: 25.2% and Q1 2019: 22.1%).

Net interest-bearing debt

Net interest-bearing debt at 30 June 2019 was DKKm 890.6 and including lease liabilities (long- and short-term) DKKm 106.9. Net interest-bearing debt in total was DKKm 997.5. At end March 2019, net interest-bearing debt including lease liabilities in total was DKKm 1,005.1.

DISCLAIMER

This interim financial report contains forward-looking statements. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of Cembrit Group A/S, may cause actual developments and results to differ materially from the expectations expressed in this report.

Presentation of the Group

Cembrit is a leading European manufacturer and distributor of fibre-cement products and offers a wide range of products and solutions for roofing as well as exterior and interior cladding.

Besides delivering building materials, Cembrit provides complete installation systems as well as technical solutions for residential houses, holiday cottages, commercial, industrial and agricultural buildings, offices and public buildings, including for both new build and renovation projects.

Fibre cement is a light, strong and flexible composite building and construction material in which cement is reinforced with cellulose fibres. It boasts several attractive product features, including low maintenance, high durability and a competitive price level.

The fibre-cement product category has historically been gaining market share relative to rival building materials products.

The Group operates production facilities in the Czech Republic, Finland, Hungary and Poland. In addition to manufacturing facilities, the Group has warehouses in Europe and covers the majority of Western and Eastern Europe through its sales entities or indirect sales.

Cembrit produces first-class fibre-cement products. Cembrit's products and solutions offer exciting new design opportunities for creating attractive, durable settings for people's lives.

Further details are included in the 2018 Annual Report and on Cembrit's website, www.cembrit.com.

Statement by Management

The Board of Directors and the Executive Board have considered and adopted the interim financial Report of Cembrit Group A/S for the 6-month period ended 30 June 2019.

The interim financial report, which has not been audited or reviewed by the Company's auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of Cembrit Group A/S's assets, equity, liabilities and financial position at 30 June 2019 and the results of the Group's activities and cash flow for the period 1 January to 30 June 2019.

We also find that the business review, together with the notes, provides a fair statement of developments in the activities and financial situation of the Group, the financial results for the period, the general financial position of the Group, and a description of the major risks and elements of uncertainty faced by the Group.

Copenhagen, 29 August 2019

Executive Board

Jørn Mørkeberg Nielsen
CEO

Karsten Riis Andersen
CFO

Board of Directors

Kent Arentoft
Chairman

Denis Viet-Jacobsen

Jan Warrer

Johan Cervin

Sigge Haraldsson

Consolidated income statement

	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	DKK (000)	DKK (000)	DKK (000)	DKK (000)	DKK (000)
Revenue	440,053	461,801	793,776	801,817	1,654,710
Cost of goods sold	(314,408)	(338,674)	(587,292)	(600,215)	(1,228,915)
Gross profit	125,645	123,127	206,484	201,602	425,795
Sales and distribution costs	(56,235)	(60,699)	(108,423)	(119,720)	(240,458)
Administrative costs and net other operating income	(19,204)	(17,430)	(36,359)	(38,406)	(73,328)
Earnings before interest, tax, depr. and amort. (EBITDA)	50,206	44,998	61,702	43,477	112,009
Special non-recurring items	(2,050)	(1,551)	(3,828)	(7,376)	(30,803)
Depreciation and impairment of tangible assets	(25,698)	(21,524)	(49,341)	(43,775)	(85,806)
Earnings before amort. and impairm. of intangible assets (EBITA)	22,458	21,923	8,534	(7,675)	(4,600)
Amortisation and impairment of intangible assets	(4,723)	(4,662)	(9,455)	(9,323)	(18,690)
Earnings before interest and tax (EBIT)	17,734	17,262	(922)	(16,998)	(23,290)
Financial items, net	(16,852)	(16,552)	(35,564)	(30,672)	(75,797)
Earnings before tax (EBT)	882	710	(36,485)	(47,671)	(99,088)
Tax on profit/loss for the period	(110)	(2,418)	3,406	4,621	14,533
Profit/loss for the period	772	(1,709)	(33,080)	(43,050)	(84,555)

Consolidated statement of comprehensive income

	Q2 2019 DKK (000)	Q2 2018 DKK (000)	YTD 2019 DKK (000)	YTD 2018 DKK (000)	FY 2018 DKK (000)
Profit/loss for the period	772	(1,709)	(33,080)	(43,050)	(84,555)
Other comprehensive income					
Items that can be reclassified to the income statement:					
Foreign exchange adjustment regarding foreign operations	8,853	(13,227)	5,472	(13,565)	(7,465)
Value adjustments of hedging instruments:					
Value adjustment for the period	(2,053)	1,915	(2,019)	(2,825)	(31)
Value adjustments transferred to revenue	98	(660)	(92)	(1,555)	(1,583)
Value adjustments transferred to production costs	(232)	1,331	(416)	1,871	1,630
Value adjustments transferred to balance sheet items	3,273	0	2,335	0	3,056
Tax on other comprehensive income	(584)	(345)	(383)	133	(449)
Other comprehensive income for the period after tax	9,354	(10,986)	4,897	(15,941)	(4,843)
Comprehensive income for the period	10,126	(12,694)	(28,183)	(58,990)	(89,398)
Comprehensive income for the period attributable to:					
Shareholders in Cembrit Group A/S	10,126	(12,694)	(28,183)	(58,990)	(89,398)
	10,126	(12,694)	(28,183)	(58,990)	(89,398)

Consolidated cash flow statement

	Q2 2019 DKK (000)	Q2 2018 DKK (000)	YTD 2019 DKK (000)	YTD 2018 DKK (000)	FY 2018 DKK (000)
EBIT from income statement	17,734	17,262	(922)	(16,998)	(23,290)
Depreciation and impairment of tangible assets	25,698	21,524	49,341	43,775	85,806
Amortisation and impairment of intangible assets	4,723	4,662	9,455	9,323	18,690
Gain/loss on sold assets and other adjustments	3,192	(924)	(955)	(604)	(243)
Total adjusted EBITDA	51,348	42,524	56,919	35,496	80,963
Change in provisions	189	(719)	(373)	(2,288)	(5,782)
Change in working capital	(11,970)	(22,806)	(59,464)	(83,322)	14,445
Cash flow from operation before tax	39,567	18,999	(2,918)	(50,113)	89,626
Corporation tax paid	(5,614)	(2,547)	(12,604)	(10,287)	(12,534)
Cash flow from operating activities	33,953	16,452	(15,522)	(60,400)	77,092
Investments in intangible assets	(1,101)	(1,471)	(1,883)	(5,025)	(8,787)
Investments in tangible assets	(12,299)	(3,940)	(21,601)	(6,406)	(52,796)
Total investments	(13,400)	(5,411)	(23,484)	(11,431)	(61,583)
Disposal of intangible assets	0	0	0	0	0
Disposal of tangible assets	9	(1)	9	11	318
Total disposals	9	(1)	9	11	318
Change in other financial assets	(45)	0	(45)	(354)	(949)
Cash flow from investments	(13,436)	(5,412)	(23,520)	(11,774)	(62,214)
Cash flow from operating and investing activities	20,517	11,040	(39,042)	(72,174)	14,878
Other	0	0	0	0	(4)
Capital increases	282	1,750	282	91,750	92,139
Financial payments received and made	(13,892)	(13,482)	(33,665)	(28,697)	(62,014)
Leasing	(9,383)	(74)	(19,737)	(149)	(291)
Changes in NIBD	2,053	773	4,107	1,606	(12,450)
Cash flow from financing activities	(20,940)	(11,033)	(49,013)	64,510	17,380
Change in cash funds	(423)	7	(88,055)	(7,665)	32,258
Cash and cash pool balance at beg. of the period	(54,830)	(6,191)	32,771	2,564	2,564
Foreign exchange adjustments	4,337	(2,533)	4,368	(3,617)	(2,051)
Change in cash funds	(423)	7	(88,055)	(7,665)	32,258
Cash and cash pool balance at the end of the period	(50,916)	(8,717)	(50,916)	(8,717)	32,771

Consolidated balance sheet – Assets

	30.06.2019	30.06.2018	31.12.2018
	DKK (000)	DKK (000)	DKK (000)
Intangible assets	161,178	174,253	168,652
Property, plant and equipment	1,018,209	911,071	919,894
Other financial assets	1,349	706	1,304
Deferred tax assets	128,877	104,228	108,747
Total non-current assets	1,309,613	1,190,257	1,198,598
Inventories	299,255	357,418	297,370
Accounts receivable	294,358	324,877	185,954
Prepaid expenses	12,479	13,011	20,823
Other receivables	44,603	41,214	25,680
Cash	11,993	13,220	34,578
Total current assets	662,688	749,739	564,404
Total assets	1,972,301	1,939,997	1,763,002

Consolidated balance sheet – Equity and liabilities

	30.06.2019	30.06.2018	31.12.2018
	DKK (000)	DKK (000)	DKK (000)
Share capital	71,524	71,524	71,524
Reserves	360,276	418,194	388,176
Total shareholders' equity	431,800	489,718	459,700
Deferred tax liabilities	59,477	63,954	61,284
Provisions	52,582	56,167	49,153
Pension liabilities and other liabilities	2,468	2,096	2,441
Bond issued	841,788	851,737	837,681
Lease liability	78,837	581	441
Long-term liabilities	1,035,152	974,534	951,000
Pension liabilities and other liabilities	234	276	231
Lease liability	28,080	313	314
Other provisions	13,455	12,601	16,501
External banks	62,909	21,937	1,807
Accounts payable	194,668	202,802	172,887
Current tax liabilities	22,079	22,668	8,851
Prepayments from customers	617	498	217
Other short-term liabilities	180,867	214,648	151,494
Short-term liabilities	502,909	475,744	352,301
Total liabilities	1,538,061	1,450,279	1,303,302
Total equity and liabilities	1,969,861	1,939,997	1,763,002

Statement of changes in equity

DKK (000)	Share capital	Foreign exchange adjustment	Value adjustment of hedging	Non distribut- able reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2019	71,524	11,835	452	5,382	370,507	0	459,700
Comprehensive income for the period							
Profit/loss for the period					(33,080)		(33,080)
Other comprehensive income							
Foreign exchange adjustments regarding foreign operations		5,472					5,472
Value adjustments of hedging instruments:							
Value adjustments for the period			(2,019)				(2,019)
Value adjustments transferred to revenue			(92)				(92)
Value adjustments transferred to production costs			(416)				(416)
Value adjustments transferred to balance sheet items			2,335				2,335
Tax on other comprehensive income			(383)				(383)
Other comprehensive income, total	0	5,472	(575)	0	0	0	4,897
Comprehensive income for the year	0	5,472	(575)	0	(33,080)	0	(28,183)
Capital increase					283		283
Equity at 30 June 2019	71,524	17,307	(123)	5,382	337,710	0	431,800
Equity at 1 January 2018	41,860	19,300	(2,171)	5,382	392,587	0	456,958
Comprehensive income for the period							
Profit/loss for the period					(43,050)		(43,050)
Other comprehensive income							
Foreign exchange adjustments regarding foreign operations		(13,565)					(13,565)
Value adjustments for the period			(2,825)				(2,825)
Value adjustments transferred to revenue			(1,555)				(1,555)
Value adjustments transferred to production costs			1,871				1,871
Value adjustments transferred to balance sheet items			0				0
Tax on other comprehensive income			133				133
Other comprehensive income, total	0	(13,565)	(2,376)	0	0	0	(15,940)
Comprehensive income for the year	0	(13,565)	(2,376)	0	(43,050)	0	(58,989)
Capital increase	29,664				62,086		91,750
Equity at 30 June 2018	71,524	5,735	(4,547)	5,382	411,623	0	489,719

Notes

1 Update of material risk factors

No significant changes in risk factors have been identified that will affect the Group in the coming quarter. Risk will always play an important part in our business, and identifying, mitigating and managing risk are in focus in our day-to-day work. The key risks are: safety, market, production, raw materials and energy, foreign exchange rates and human resources. Detailed descriptions of these risks are provided in the 2018 Annual Report.

The sales pattern is seasonal, with revenue highest in the second and third quarters and lowest in the first quarter. Further information is included in the business review.

2 Accounting policies

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and additional Danish disclosure requirements for listed companies.

Except as stated below, the recognition and measurement principles applied in preparing the interim financial report are consistent with those applied in preparing the 2018 Annual Report. The 2018 Annual Report provides a full description of the accounting policies.

The Q2 2019 interim financial report has not been audited or subject to a review by the auditors.

Changes in accounting policies

Cembrit has adopted all new or revised and amended International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) issued by the IASB and endorsed by the EU effective for the financial year 2019. The new lease accounting standard (IFRS 16) was implemented for the first quarter. This requires all leases – except for short-term leases and leases of low-value assets – to be recognised in the balance sheet as a right-of-use asset and a lease liability measured at the present value of future lease payments. The right-of-use asset is subsequently depreciated over the lease term in a similar way to other assets such as property, plant and equipment, and interest on the lease liability is calculated in a similar way to finance leases under IAS 17 Leases.

For Q2 2019, the implementation of IFRS 16 has positively impacted EBITDA by DKKm 7.0, EBIT by DKKm 1.7 and operating cash flow by DKKm 6.1. For the first 6 months of 2019, the impact is DKKm 13.8, DKKm 3.3 and DKKm 11.9, respectively. Non-current assets at 30 June 2019 have increased by DKKm 117 and net interest-bearing debt by DKKm 107. The impact is in line with the expectations disclosed in the 2018 Annual Report.

The Cembrit Group's leases primarily comprise forklift trucks, cars, and rental of warehouses and premises.

The comparative figures for Q1 2018 and full-year 2018 have not been restated and follow IAS 17 instead of IFRS 16.

3 Significant estimates and assessments by Management

Preparation of the interim financial report requires Management to make estimates and assumptions – which might deviate from actual results – that affect the reported amounts and disclosures in the financial statements and in the notes.

Management bases its estimates on historical experience and other assumptions considered relevant at the time. These estimates and assumptions form the basis for the recognised carrying amounts of assets and liabilities and the derived effects on the income statement and other comprehensive income. The actual result may deviate over time.

The estimates made and the underlying assumptions are reconsidered on an ongoing basis.

4 Credit facilities and available liquidity

	Q2 2019 DKK (000)	Q2 2018 DKK (000)	FY 2018 DKK (000)
Bond issued	841,788	851,737	837,681
Credit facilities	82,025	82,025	82,025
Total facilities	923,813	933,762	919,706
Cash	11,993	13,220	34,578
Utilised	904,697	873,674	-845,777
Available liquidity	31,109	73,308	108,506

The bond amount to be repaid was DKKm 855.6 (EURm 115) at the end of Q2 2019, and the transaction costs, which are amortised, were DKKm 13.8. Accordingly, the carrying amount of the bond loan was DKKm 841.8 at the end of Q2 2019 (Q1 2019: DKKm 839.7).

Available liquidity increased by DKKm 3.9 in Q2 2019 mainly as a result of the improved earnings, a lower level of funds tied up in working capital and increased investments. Increased demand in Q3 will decrease working capital and improve available liquidity going forward.

5 Segment information

The internal reporting framework used for reporting on revenue and expenses to the General Management Team and the Board of Directors has been chosen to reflect Cembrit's global

functional responsibility setup. This setup consolidates functions by type, and Management reviews the Group's results to assess performance. Thus, there is only one operating segment, which is unchanged from year-end 2018.

The Group operates primarily in the European market. The geographical distribution of revenue is based on the country in which the goods are delivered.

	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	DKK (000)	DKK (000)	DKK (000)	DKK (000)	DKK (000)
Revenue by geographical area					
Denmark	142,268	147,299	236,485	230,051	484,178
United Kingdom	55,895	61,354	101,988	116,662	236,907
Sweden	41,158	46,624	80,010	90,474	174,568
Nordic (excl. Denmark and Sweden) and Ireland	98,249	113,909	189,708	203,733	423,559
Western Europe (excl. United Kingdom and Ireland)	58,669	57,062	114,803	105,517	211,320
Other	43,814	35,554	70,781	55,380	124,178
	440,053	461,801	793,776	801,817	1,654,710
Revenue by product group					
Roofing	202,075	210,848	355,368	358,996	737,522
Façade/function boards	183,396	193,325	341,664	344,374	712,364
Other	54,582	57,628	96,745	98,448	204,824
	440,053	461,801	793,776	801,817	1,654,710
Assets by geographical area					
Denmark			154,251	76,580	102,259
Nordic (excl. Denmark), the UK and Ireland			293,719	267,753	235,513
Easten Europe			716,015	730,017	718,423
Other			15,402	10,974	32,351
			1,179,386	1,085,324	1,088,546

The adoption of IFRS 16 Leases has increased assets by geographical area for Q2 2019 specified above by DKKm 117. Further information about IFRS 16 is included in note 2.

6 Special non-recurring items

Special non-recurring items are used in connection with presentation of the income statement to distinguish consolidated EBITDA from exceptional items so as to give a true and fair view of the Group's operational activities.

A high level of Management attention is applied to ensure that only exceptional items not associated with the ordinary operations of the Group are classified as special non-recurring items. The same classification is used for the internal reporting to the Board of Directors. Special non-recurring items provide insight into the running of the business and how the business is monitored by Management.

Special non-recurring items are disclosed in the income statement. They comprise income and costs and are specified below:

	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	<u>DKK (000)</u>	<u>DKK (000)</u>	<u>DKK (000)</u>	<u>DKK (000)</u>	<u>DKK (000)</u>
Sales activities	0	3		-3,263	-10,000
M&A activities	0	0			-5,727
Restructuring	-2,050	-1,554	-3,828	-4,113	-15,076
	<u>-2,050</u>	<u>-1,551</u>	<u>-3,828</u>	<u>-7,376</u>	<u>-30,803</u>

In the 2018 Annual Report, inventory write-down totalling DKKm 10 was recognised in special non-recurring items (further details are included in note 5 in the 2018 Annual Report). There were no material changes to the inventory write-down for the first 6 months of 2019.

7 Financial risks and derivative financial instruments

Cembrit's financial risk exposure is unchanged compared to the disclosure in the consolidated financial statements in the 2018 Annual Report.

8 Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material impact on the parent company's or the Cembrit Group's financial position.