



**Cembrit Group - Q3 2017**

Unaudited interim report

Content

1. Management comments
2. Profit & loss
3. Balance sheet
4. Cash flow

**Management comments**  
**Q3 2017**

Q3 2017 was below management expectations.

In Q3 revenue was 8.2% higher than Q3 2016 and 5.4% above YTD 2016.

Gross profit was DKKm 13.8 (12.3%) lower in Q3 2017 versus Q3 2016 due to continuous issues with production yield in the new Hungarian factory, partly offset by positive performance at the other production sites. In the short term, the Hungarian factory ramp-up has failed to deliver on production yield targets, resulting in high materials cost per own produced board. Also, one-off costs for extra staff has been required in Hungary. The situation is improving, but production yield is still not yet where it should be. Furthermore inventory write-downs and one-offs related to severance pay impacted gross profit negatively.

EBITDA was influenced by increased supply chain costs and increased freight costs, partly due to the introduction of new markets, but primarily due to extra handling relating to the Hungarian factory situation. SG&A costs were below planned level. Note also that Q3 2016 was positively influenced by reclassification of costs. The EBITDA ratio was 2.8% in Q3 2017, reflecting that EBITDA was DKKm 33.1 below Q3 2016.

Depreciations and amortizations was higher in Q3 2017 due to higher fixed asset base, following investments in capacity expansion and investments in the new ERP system.

Net working capital was impacted by a significant increase in inventory level, primarily due to follow-on effects from Hungary resulting in excessive inventory build-up as well as the strategic shift towards own branded planks. With the lower yield from the Hungarian factory set to continue into Q1 2018, inventory levels will remain at an excessive level until peak season in the second half of next year.

The balance sheet was influenced by the issue of company bonds in Q1 2017.

**Cembrit Group**  
**Profit and loss**  
**Q3 2017**

	Quarter		YTD	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
All amounts in DKK (000)				
<b>Net sales</b>	<b>443.946</b>	<b>410.443</b>	<b>1.204.189</b>	<b>1.142.277</b>
<b>Gross profit</b>	<b>98.541</b>	<b>112.425</b>	<b>288.058</b>	<b>305.164</b>
Gross profit ratio	22,2%	27,4%	23,9%	26,7%
<b>EBITDA</b>	<b>12.304</b>	<b>44.411</b>	<b>46.044</b>	<b>73.454</b>
EBITDA ratio	2,8%	10,8%	3,8%	6,4%
Depreciations and write downs of tangible assets	26.832	19.684	69.714	58.282
Special non-recurring items	580	6.022	2.294	11.732
<b>EBITA</b>	<b>-15.108</b>	<b>18.705</b>	<b>-25.963</b>	<b>3.440</b>
EBITA ratio	-3,4%	4,6%	-2,2%	0,3%
Amortizations and write downs of intangible assets	6.514	3.481	20.166	8.672
<b>EBIT</b>	<b>-21.622</b>	<b>15.223</b>	<b>-46.129</b>	<b>-5.231</b>
EBIT ratio	-4,9%	3,7%	-3,8%	-0,5%
Net financial items	-14.981	-13.113	-78.896	-45.882
<b>EBT</b>	<b>-36.603</b>	<b>2.111</b>	<b>-125.025</b>	<b>-51.113</b>
EBT ratio	-8,2%	0,5%	-10,4%	-4,5%
Tax for the period	7.724	-8.766	-17.350	-19.063
<b>EAT</b>	<b>-44.327</b>	<b>10.877</b>	<b>-107.675</b>	<b>-32.050</b>
EAT ratio	-10,0%	2,6%	-8,9%	-2,8%

**Cembrit Group**  
**Balance sheet**  
**Q3 2017**

All amounts in DKK (000)	Q3 2017	Q3 2016
Intangible assets	164.728	151.941
Tangible fixed assets	963.278	958.108
Financial fixed assets	131.022	107.469
<b>Total non-current assets</b>	<b>1.259.028</b>	<b>1.217.518</b>
Inventory	405.785	269.935
Accounts receivable	307.822	287.347
Total tax receivables	18.134	18.950
Other receivables and prepayments	35.356	41.400
Cash	374.520	260.126
<b>Total current assets</b>	<b>1.141.618</b>	<b>877.759</b>
<b>Total assets</b>	<b>2.400.646</b>	<b>2.095.277</b>
<b>Equity</b>	<b>523.218</b>	<b>651.556</b>
Provisions	57.628	70.322
Bank loans/bonds	829.195	546.959
Other long-term liabilities	69.578	71.390
<b>Total long-term liabilities</b>	<b>956.401</b>	<b>688.672</b>
Current part of long term debt	816	46.132
Provisions	20.110	19.951
Cashpool and external banks	407.994	267.560
Accounts payable	235.680	209.776
Total tax payables	25.407	21.986
Other short-term liabilities and prepayments	231.020	189.644
<b>Total short-term liabilities</b>	<b>921.026</b>	<b>755.049</b>
<b>Total liabilities</b>	<b>1.877.427</b>	<b>1.443.721</b>
<b>Total equity and liabilities</b>	<b>2.400.646</b>	<b>2.095.277</b>
Net working capital	288.520	192.939
Solvency ratio*	21,8%	31,1%
Net interest bearing debt	870.100	595.151

\*Equity compared to balance

**Cembrit Group**  
**Cash flow**  
**Q3 2017**

All amounts in DKK (000)	YTD			
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
EBIT from P&L	-21.623	15.224	-46.129	-5.231
Depreciations and write downs of tangible assets	26.833	19.685	69.714	58.282
Amortizations and write downs of intangible assets	6.514	3.482	20.166	8.672
Gain, loss on sold assets and other adjustments	-883	-1.482	1.345	-1.013
<b>Total adjusted EBITDA</b>	<b>10.841</b>	<b>36.909</b>	<b>45.096</b>	<b>60.710</b>
<b>Change in provisions</b>	<b>-1.686</b>	<b>-2.449</b>	<b>-6.774</b>	<b>-15.158</b>
<b>Change in working capital</b>	<b>-23.958</b>	<b>4.536</b>	<b>-173.082</b>	<b>62.269</b>
Financial payments received and made	-14.980	-25.390	-78.895	-40.243
Corporation tax paid	-2.848	-2.166	-12.180	42.204
<b>Cash flow from operating activities</b>	<b>-32.631</b>	<b>11.440</b>	<b>-225.835</b>	<b>109.782</b>
<b>Total investments</b>	<b>-16.296</b>	<b>-26.992</b>	<b>-58.167</b>	<b>-89.503</b>
<b>Total disposals</b>	<b>-8</b>	<b>-</b>	<b>43</b>	<b>87</b>
<b>Total other investments</b>	<b>-</b>	<b>-336</b>	<b>-299</b>	<b>-335</b>
<b>Cash flow from investments</b>	<b>-16.304</b>	<b>-27.328</b>	<b>-58.423</b>	<b>-89.751</b>
<b>Cash flow from operating and investing activities</b>	<b>-48.935</b>	<b>-15.888</b>	<b>-284.258</b>	<b>20.031</b>
Dividend	1	-	1	1
Acquisition of own shares	-	-	-	-
Capital increases	2.188	-313	2.313	862
External banks	29.903	-117	41.879	17.858
Leasing	-134	-64	-465	-347
Changes in NIBD	8.409	22.552	253.793	-50.638
<b>Change in cash funds</b>	<b>-8.568</b>	<b>6.170</b>	<b>13.263</b>	<b>-12.233</b>