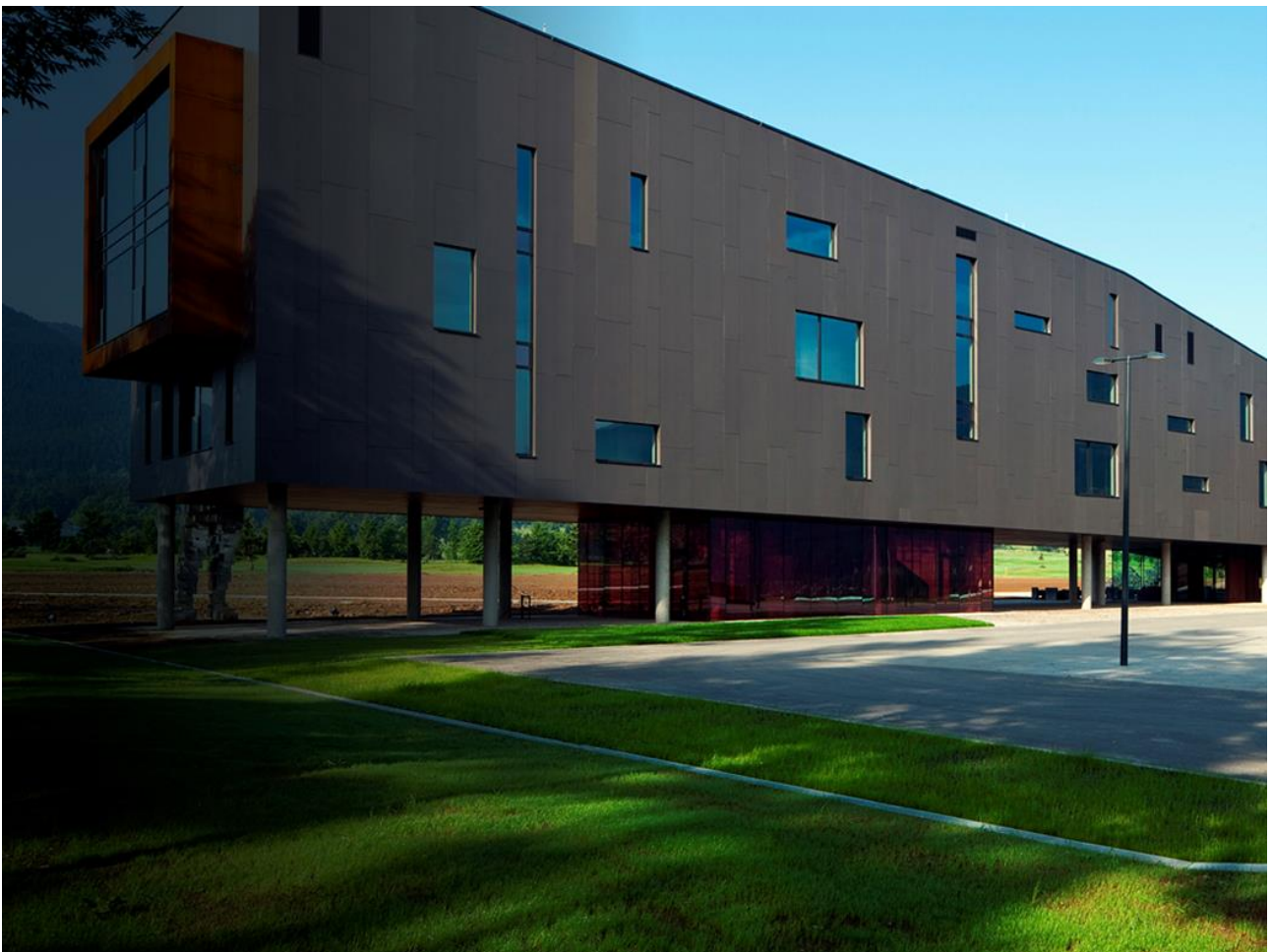


# CEMBRIT

## 2019

### Interim financial report – 3rd quarter



Cembrit Group A/S, Gasværksvej 24, 9000 Aalborg, Denmark  
Central Business Reg. No. 36477199  
[www.cembrit.com](http://www.cembrit.com)

*“For the first 9 months of 2019 Cembrit realised a like-for-like revenue growth of 2.4% and an improvement in EBITDA of DKKm 14 (not taken the new leasing accounting standard into account). Like-for-like revenue growth for full year 2019 is expected to come in just above year 2018. The outlook for 2019 is maintained in relation to a positive development in EBITDA (margin and amount), cash flow from operation and investments activities and net debt/EBITDA ratio development.”*

Jørn Mørkeberg Nielsen  
CEO

Other highlights:

- To better reflect the underlying financial performance of Cembrit, an adjusted Gross Profit and adjusted EBITDA has been introduced in the Financial Highlights table on page 3 and which is basis for managements commentary
- Gross margin developed positive in Q3 2019 to 29.6% from 26.8% in Q3 2018 (Q3 2019 adjusted 30.2%) and the EBITDA margin developed positive to 14.6% from 10.4% in Q3 2018 (Q3 2019 adjusted 15.4%)
- Available liquidity at the end of Q3 2019 was DKKm 49. The seasonality in working capital will improve cash flow and available liquidity in Q4 2019
- The Q4 2019 interim report will be published no later than at the end of February 2020

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## Financial highlights

|   | Q3 2019<br>DKK (000) | Q3 2018<br>DKK (000) | YTD 2019<br>DKK (000) | YTD 2018<br>DKK (000) | FY 2018<br>DKK (000) |
|---|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| <b>INCOME STATEMENT</b>   |                      |                      |                       |                       |                      |
| Revenue   | 438,860              | 450,477              | 1,232,637             | 1,252,294             | 1,654,710            |
| Adjusted Gross profit   | 132,468              | -                    | 350,152               | -                     | -                    |
| Gross profit  | 129,968              | 120,630              | 336,452               | 322,232               | 425,795              |
| Adjusted earnings before interest, tax, depr. and amort. (EBITDA) | 67,778               | -                    | 140,680               | -                     | -                    |
| Earnings before interest, tax, depr. and amort. (EBITDA)          | 63,952               | 46,843               | 125,654               | 90,320                | 112,009              |
| <b>CASH FLOW</b>  |                      |                      |                       |                       |                      |
| Cash flow from operation before tax                               | 57,644               | 32,288               | 54,726                | (17,825)              | 89,626               |
| Cash flow from investments  | (12,324)             | (5,707)              | (35,844)              | (17,481)              | (62,214)             |
| <b>BALANCE SHEET</b>  |                      |                      |                       |                       |                      |
| Total assets  |                      |                      | 1,963,315             | 1,906,644             | 1,763,002            |
| Equity  |                      |                      | 423,459               | 489,736               | 459,700              |
| Working capital   |                      |                      | 243,031               | 317,281               | 198,482              |
| Net interest-bearing debt, excluding lease                        |                      |                      | 881,175               | 853,922               | 806,407              |
| <b>FINANCIAL RATIOS</b>   |                      |                      |                       |                       |                      |
| Adjusted gross margin   | 30.2%                | -                    | 28.4%                 | -                     | -                    |
| Gross margin  | 29.6%                | 26.8%                | 27.3%                 | 25.7%                 | 25.7%                |
| Adjusted EBITDA margin  | 15.4%                | -                    | 11.4%                 | -                     | -                    |
| EBITDA margin   | 14.6%                | 10.4%                | 10.2%                 | 7.2%                  | 6.8%                 |
| Equity ratio  |                      |                      | 21.6%                 | 25.7%                 | 26.1%                |

Adjusted gross profit, Adjusted EBITDA and related ratios has been included in the Financial Highlights table above for Q3 2019 and YTD 2019 to better reflect the business performance for 2019.

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 Q3 2018, YTD 2018 and FY 2018 in the above table have not been restated. Further information is provided in note 2.

## Business review

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Revenue increased in the quarter with like-for-like growth of 3.8% for Q3 2019 and increased by 2.4% when looking at the first 9 months of 2019.

Adjusted EBITDA for Q3 2019 was DKKm 67.8, which was DKKm 20.9 above Q3 2018. Adjusted for the new lease accounting standard, Adjusted EBITDA for Q3 2019 was up by DKKm 13.2 compared to Q3 2018 and up by DKKm 28.9 for the first 9 months. The Adjusted EBITDA margin improved from 7.2% for the first 9 months of 2018 to 11.4% for the corresponding period for 2019 (9.7% adjusted for the new leasing accounting standard). The positive margin development for the first 9 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. The performance for the first 9 months of 2019 confirms the 2018 development.

Management continues to expect like-for-like revenue growth for full year 2019 just above 2018. The outlook for 2019 is maintained in relation to a positive development in EBITDA (margin and amount), cash flow from operation and investments activities and net debt/EBITDA ratio development.

### **Adjusted gross profit, Adjusted EBITDA and related ratios**

Adjusted gross profit, Adjusted EBITDA and related ratios has been introduced in the financial highlights table on page 3 to better reflect the business performance for 2019. In total DKKm 2.5 have been adjusted for Gross profit for Q3 2019 and DKKm 13.7 for YTD 2019. DKKm 3.8 and DKKm 15.0 have been adjusted for EBITDA. The adjustment in total DKKm 15 mainly related to restructuring of the business and reduced cost price for Façade boards. The production cost for Façade boards has been reduced in 2019, which ensures a more profitable Façade business. Gross profit for the first 6 months of 2019 has been negatively impacted by inventory end December 2018 at a higher cost price level than the improved production performance in 2019. Accordingly, the inventory end December 2018 sold in the first 6 months of 2019 ensured Cembrit a lower gross profit than for the products produced in 2019. The Adjusted EBITDA margin amounted to 15.4% for Q3 2019 and the EBITDA margin amounted 14.6% (Q3 2018: 10.4%).

### **Revenue**

Revenue for Q3 2019 amounted to DKKm 438.9 compared to DKKm 450.5 for Q3 2018. Revenue for Q3 2019 decreased nominally by DKKm 11.6 compared to Q3 2018 (first 9 months of 2019, a nominal decrease of DKKm 19.7). As communicated to the market, Cembrit phased out certain low-

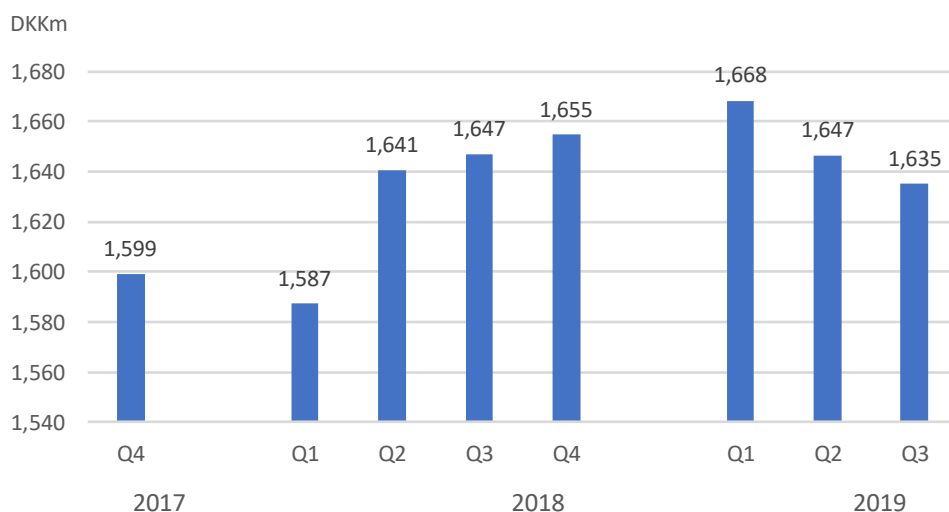
performing products and markets in 2018 to streamline operations and improve margins. Adjusted for these, the like-for-like revenue growth was 3.8% for Q3 2019. For the first 9 months of 2019, the like-for-like growth was 2.4%.

Details on the development of the geographic segments for Q3 2019 and the first 9 months of 2019 compared to 2018 are included in note 5. For Q3 2019 the development was positive for the segments Denmark, United Kingdom and Sweden. For the segments Nordic (excl. Denmark and Sweden) and Ireland, West Europe (excl. United Kingdom and Ireland) and Other the development was negative for Q3 2019 compared to Q3 2018.

On product group level the decrease in revenue for Q3 2019 compared to Q3 2018 DKKm 11.6 was related to a decrease in Façade/function boards by DKKm 18.3 (-9.6%) and an increase of DKKm 4.3 (2.1%) for the roofing segment and DKKm 2.4 (4.3%) for the Other segment. Details on the development of the products segment for Q3 2019 and for the first 9 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) nominal revenue on a quarterly basis, taking the seasonality in Cembrit's revenue into account.

Quarterly development in revenue, LTM



### Adjusted EBITDA

Adjusted EBITDA has improved to DKKm 67.8 in Q3 2019 from DKKm 46.8 in Q3 2018, with an equivalent improvement in the EBITDA ratio from 10.4% for Q3 2018 to 15.4% for Q3 2019. The effect of the new lease accounting standard amounts to DKKm 7.7 for Q3 2019 and adjusted for the impact, EBITDA increased by DKKm 13.3.

The Adjusted EBITDA development for Q3 2019 compared to Q3 2018 was mainly been impacted by a nominal decrease in revenue of DKKm 11.6, which was offset by improved Adjusted gross margin from 26.8% in Q3 2018 to 30.2% in Q3 2019. The Adjusted gross margin development has mainly been driven by Façade/function boards and roofing. Fixed cost (Sales and distribution costs and Administrative costs and net other operating income) for Q3 2019 was DKKm 66.0, which was an improvement of DKKm 7.7 compared to Q3 2018. The fixed cost in percentage of revenue for Q3 2019 was decreased to 15.0% from 16.4% for Q3 2018.

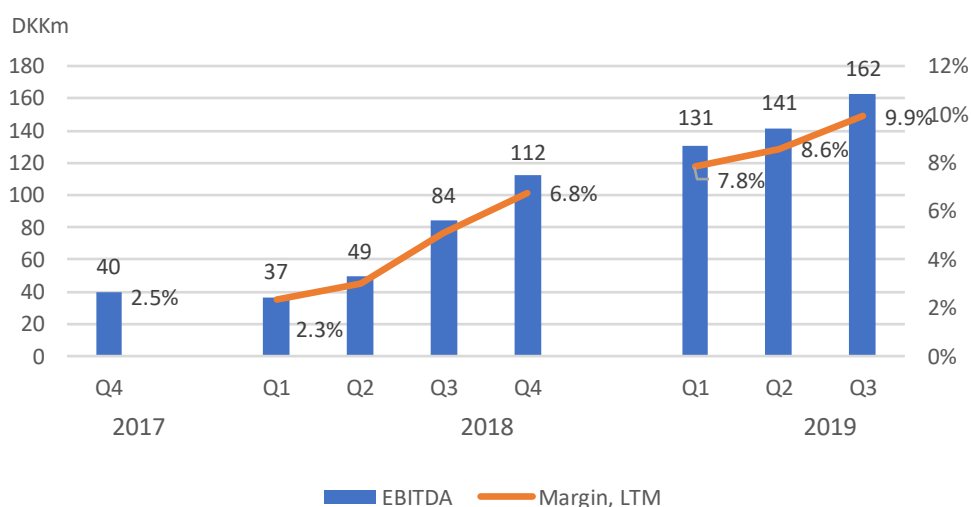
Adjusted EBITDA for the first 9 months of 2019 has increased to 140.7 compared to DKKm 90.3 for the first 9 months of 2018, which is an increase of DKKm 50.4. Adjusted for the effect of the new lease accounting standards amounted to an increase DKKm 28.9.

### 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 Q3 2018, YTD September 2018 and full-year 2018 figures have not been restated. Further information on IFRS 16 is included in note 2.

The graph below shows nominal EBITDA, LTM (Last 12 months) 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 above LTM graph have not been adjusted historically for the new leasing accounting standard – the reported nominal EBITDA for each quarter is the basis for the EBITDA, LTM.

The Adjusted EBITDA, LTM for Q3 2019 of DKKm 162 is an increase of DKKm 21 on Q2 2019. DKKm 7.7 of this increase relates to the new accounting standard. The Adjusted EBITDA, LTM ratio for Q3 2019 was 9.9%, an improvement of 1.3 percentage point compared to Q2 2019.

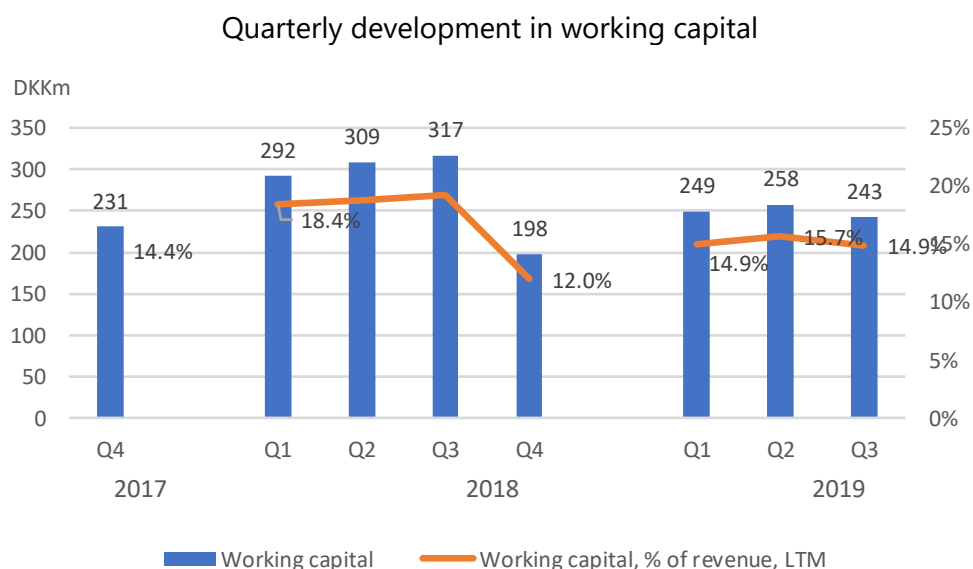
Costs of a special nature in relation to Cembrit’s activities are shown as Special non-recurring items in the income statement. These costs amounted to DKKm 2.4 for Q3 2019 (Q3 2018: DKKm 6.2) and are specified in further detail in note 6.

Profit after tax for Q3 2019 was positive by DKKm 4.4, compared to a loss of DKKm 10.6 for Q3 2018.

### Cash flow

Cash flow from operation before tax for Q3 2019 showed a strong year-on-year improvement from DKKm 32.3 in Q3 2018 to DKKm 57.6 in Q3 2019 (adjusted for the change in lease accounting, the improvement amounted to DKKm 15.2). The improvement is mainly related to increased earnings and improvement in funds tied up in working capital.

The graph below shows working capital in DKKm at quarter-end and working capital as a percentage of revenue, LTM (Last 12 months).



Working capital at the end of Q3 2019 was DKKm 243, an improvement of DKKm 74 on Q3 2018. Working capital as a percentage of revenue, LTM has fallen to 14.9% from 19.3% at the end of Q3 2018.

Investments for Q3 2019 amounted to DKKm 12.3, an increase of DKKm 6.6 from Q3 2018 and an increase of DKKm 18.4 for the first 9 months of 2019 to DKKm 35.8 compared to 2018.

Available liquidity at the end of Q3 2019 was DKKm 49.0, compared to DKKm 31.1 at the end of Q2 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. Available liquidity is expected to improve in Q4 2019.

### **Equity**

Equity at the end of Q3 2019 was DKKm 423.5, equivalent to an equity ratio of 21.6% (Q3 2018: 25.7% and Q2 2019: 21.9%).

### **Net interest-bearing debt**

Net interest-bearing debt at 30 September 2019 was DKKm 881.2. Including lease liabilities (long- and short-term) DKKm 97.9, net interest-bearing debt in total was DKKm 979.1 end September 2019.

#### **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. The solutions are specified in the below illustration.

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.

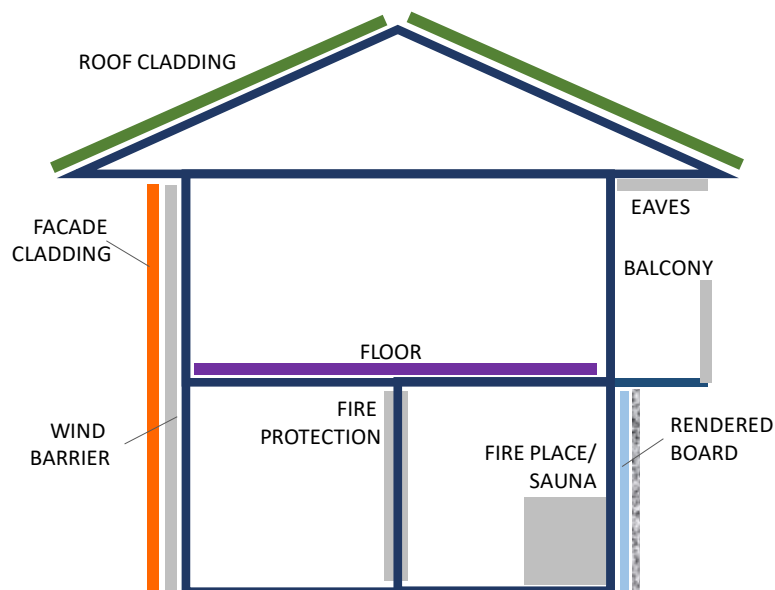
Fibre cement is a light, strong and flexible composite building and construction material in which cement is reinforced with cellulose fibres. It boasts several attractive product features, including low maintenance, high durability and a competitive price level.

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](http://www.cembrit.com).



*Cembrit offers a wide range of products and solutions for roofing as well as exterior and interior cladding.*

## Statement by Management

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The Board of Directors and the Executive Board have considered and adopted the interim financial Report of Cembrit Group A/S for the 9-month period ended 30 September 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 September 2019 and the results of the Group's activities and cash flow for the period 1 January to 30 September 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, 28 November 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

|   | <b>Q3 2019</b> | <b>Q3 2018</b>  | <b>YTD 2019</b> | <b>YTD 2018</b> | <b>FY 2018</b>  |
|---|----------------|-----------------|-----------------|-----------------|-----------------|
|   | DKK (000)      | DKK (000)       | DKK (000)       | DKK (000)       | DKK (000)       |
| Revenue   | 438,860        | 450,477         | 1,232,637       | 1,252,294       | 1,654,710       |
| Cost of goods sold  | (308,892)      | (329,847)       | (896,185)       | (930,062)       | (1,228,915)     |
| <b>Gross profit</b>   | <b>129,968</b> | <b>120,630</b>  | <b>336,452</b>  | <b>322,232</b>  | <b>425,795</b>  |
| Sales and distribution costs  | (52,483)       | (56,199)        | (160,906)       | (175,919)       | (240,458)       |
| Administrative costs and net other operating income                     | (13,533)       | (17,588)        | (49,892)        | (55,994)        | (73,328)        |
| <b>Earnings before interest, tax, depr. and amort. (EBITDA)</b>         | <b>63,952</b>  | <b>46,843</b>   | <b>125,654</b>  | <b>90,320</b>   | <b>112,009</b>  |
| Special non-recurring items   | (2,410)        | (5,103)         | (6,238)         | (12,479)        | (30,803)        |
| Depreciation and impairment of tangible assets                          | (25,757)       | (21,319)        | (75,098)        | (65,094)        | (85,806)        |
| <b>Earnings before amort. and impairm. of intangible assets (EBITA)</b> | <b>35,785</b>  | <b>20,421</b>   | <b>44,318</b>   | <b>12,747</b>   | <b>(4,600)</b>  |
| Amortisation and impairment of intangible assets                        | (4,658)        | (4,644)         | (14,113)        | (13,967)        | (18,690)        |
| <b>Earnings before interest and tax (EBIT)</b>                          | <b>31,127</b>  | <b>15,777</b>   | <b>30,205</b>   | <b>(1,220)</b>  | <b>(23,290)</b> |
| Financial items, net  | (21,139)       | (16,010)        | (56,702)        | (46,683)        | (75,797)        |
| <b>Earnings before tax (EBT)</b>  | <b>9,988</b>   | <b>(233)</b>    | <b>(26,497)</b> | <b>(47,904)</b> | <b>(99,088)</b> |
| Tax on profit/loss for the period                                       | (5,567)        | (10,369)        | (2,161)         | (5,748)         | 14,533          |
| <b>Profit/loss for the period</b>                                       | <b>4,421</b>   | <b>(10,602)</b> | <b>(28,658)</b> | <b>(53,652)</b> | <b>(84,555)</b> |

## Consolidated statement of comprehensive income

|  | <b>Q3 2019</b><br>DKK (000) | <b>Q3 2018</b><br>DKK (000) | <b>YTD 2019</b><br>DKK (000) | <b>YTD 2018</b><br>DKK (000) | <b>FY 2018</b><br>DKK (000) |
|--|-----------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Profit/loss for the period</b>                              | <b>4,421</b>                | <b>(10,602)</b>             | <b>(28,658)</b>              | <b>(53,652)</b>              | <b>(84,555)</b>             |
| <b>Other comprehensive income</b>                              |                             |                             |                              |                              |                             |
| <b>Items that can be reclassified to the income statement:</b> |                             |                             |                              |                              |                             |
| Foreign exchange adjustment regarding foreign operations       | (9,617)                     | 7,437                       | (4,146)                      | (6,128)                      | (7,465)                     |
| Value adjustments of hedging instruments:                      |                             |                             |                              |                              |                             |
| Value adjustment for the period                                | 3,661                       | 2,845                       | 1,642                        | 20                           | (31)                        |
| Value adjustments transferred to revenue                       | (657)                       | 427                         | (749)                        | (1,129)                      | (1,583)                     |
| Value adjustments transferred to production costs              | (407)                       | (53)                        | (824)                        | 1,818                        | 1,630                       |
| Value adjustments transferred to balance sheet items           | (6,314)                     | 0                           | (3,979)                      | 0                            | 3,056                       |
| Tax on other comprehensive income                              | 574                         | (424)                       | 190                          | (290)                        | (449)                       |
| <b>Other comprehensive income for the period after tax</b>     | <b>(12,761)</b>             | <b>10,231</b>               | <b>(7,864)</b>               | <b>(5,708)</b>               | <b>(4,843)</b>              |
| <b>Comprehensive income for the period</b>                     | <b>(8,340)</b>              | <b>(371)</b>                | <b>(36,523)</b>              | <b>(59,360)</b>              | <b>(89,398)</b>             |
| Comprehensive income for the period attributable to:           |                             |                             |                              |                              |                             |
| Shareholders in Cembrit Group A/S                              | (8,340)                     | (371)                       | (36,523)                     | (59,360)                     | (89,398)                    |
|  | <b>(8,340)</b>              | <b>(371)</b>                | <b>(36,523)</b>              | <b>(59,360)</b>              | <b>(89,398)</b>             |

## Consolidated cash flow statement

|  | Q3 2019<br>DKK (000) | Q3 2018<br>DKK (000) | YTD 2019<br>DKK (000) | YTD 2018<br>DKK (000) | FY 2018<br>DKK (000) |
|--|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| EBIT from income statement                               | 31,127               | 15,777               | 30,205                | (1,220)               | (23,290)             |
| Depreciation and impairment of tangible assets           | 25,757               | 21,319               | 75,098                | 65,094                | 85,806               |
| Amortisation and impairment of intangible assets         | 4,658                | 4,644                | 14,113                | 13,967                | 18,690               |
| Gain/loss on sold assets and other adjustments           | (1,010)              | 235                  | (1,965)               | (369)                 | (243)                |
| <b>Total adjusted EBITDA</b>                             | <b>60,532</b>        | <b>41,975</b>        | <b>117,451</b>        | <b>77,472</b>         | <b>80,963</b>        |
| Change in provisions                                     | (2,914)              | 876                  | (3,287)               | (1,412)               | (5,782)              |
| Change in working capital                                | 26                   | (10,563)             | (59,438)              | (93,885)              | 14,445               |
| <b>Cash flow from operation before tax</b>               | <b>57,644</b>        | <b>32,288</b>        | <b>54,726</b>         | <b>(17,825)</b>       | <b>89,626</b>        |
| Corporation tax paid                                     | (1,240)              | (5,066)              | (13,844)              | (15,353)              | (12,534)             |
| <b>Cash flow from operating activities</b>               | <b>56,404</b>        | <b>27,222</b>        | <b>40,882</b>         | <b>(33,178)</b>       | <b>77,092</b>        |
| Investments in intangible assets                         | (2,262)              | (1,656)              | (4,145)               | (6,681)               | (8,787)              |
| Investments in tangible assets                           | (10,063)             | (4,272)              | (31,664)              | (10,678)              | (52,796)             |
| <b>Total investments</b>                                 | <b>(12,325)</b>      | <b>(5,928)</b>       | <b>(35,809)</b>       | <b>(17,359)</b>       | <b>(61,583)</b>      |
| Disposal of intangible assets                            | 0                    | 0                    | 0                     | 0                     | 0                    |
| Disposal of tangible assets                              | 0                    | 220                  | 9                     | 231                   | 318                  |
| <b>Total disposals</b>                                   | <b>0</b>             | <b>220</b>           | <b>9</b>              | <b>231</b>            | <b>318</b>           |
| Change in other financial assets                         | 1                    | 1                    | (44)                  | (353)                 | (949)                |
| <b>Cash flow from investments</b>                        | <b>(12,324)</b>      | <b>(5,707)</b>       | <b>(35,844)</b>       | <b>(17,481)</b>       | <b>(62,214)</b>      |
| <b>Cash flow from operating and investing activities</b> | <b>44,080</b>        | <b>21,515</b>        | <b>5,038</b>          | <b>(50,659)</b>       | <b>14,878</b>        |
| Other  | 0                    | 0                    | 0                     | 0                     | (4)                  |
| Capital increases  | 0                    | 389                  | 282                   | 92,139                | 92,139               |
| Financial payments received and made                     | (14,319)             | (13,182)             | (47,984)              | (41,879)              | (62,014)             |
| Leasing  | (10,120)             | (67)                 | (29,857)              | (216)                 | (291)                |
| Changes in NIBD  | 2,054                | 710                  | 6,161                 | 2,316                 | (12,450)             |
| <b>Cash flow from financing activities</b>               | <b>(22,385)</b>      | <b>(12,150)</b>      | <b>(71,398)</b>       | <b>52,360</b>         | <b>17,380</b>        |
| <b>Change in cash funds</b>                              | <b>21,695</b>        | <b>9,365</b>         | <b>(66,360)</b>       | <b>1,701</b>          | <b>32,258</b>        |
| Cash and cash pool balance at beg. of the period         | (50,916)             | (8,717)              | 32,771                | 2,564                 | 2,564                |
| Foreign exchange adjustments                             | (3,765)              | 1,978                | 603                   | (1,639)               | (2,051)              |
| Change in cash funds                                     | 21,695               | 9,365                | (66,360)              | 1,701                 | 32,258               |
| Cash and cash pool balance at the end of the period      | <b>(32,985)</b>      | <b>2,626</b>         | <b>(32,985)</b>       | <b>2,626</b>          | <b>32,771</b>        |

## Consolidated balance sheet – Assets

|                                 | <b>30.09.2019</b><br>DKK (000) | <b>30.09.2018</b><br>DKK (000) | <b>31.12.2018</b><br>DKK (000) |
|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Intangible assets               | 158,484                        | 171,402                        | 168,652                        |
| Property, plant and equipment   | 999,424                        | 898,427                        | 919,894                        |
| Other financial assets          | 1,348                          | 706                            | 1,304                          |
| Deferred tax assets             | 138,302                        | 104,257                        | 108,747                        |
| <b>Total non-current assets</b> | <b>1,297,558</b>               | <b>1,174,792</b>               | <b>1,198,598</b>               |
| <br>                            |                                |                                |                                |
| Inventories                     | 297,595                        | 351,278                        | 297,370                        |
| Accounts receivable             | 287,279                        | 308,025                        | 185,954                        |
| Prepaid expenses                | 12,234                         | 12,056                         | 20,823                         |
| Other receivables               | 50,573                         | 42,910                         | 25,680                         |
| Cash                            | 18,076                         | 17,581                         | 34,578                         |
| <b>Total current assets</b>     | <b>665,757</b>                 | <b>731,852</b>                 | <b>564,404</b>                 |
| <br>                            |                                |                                |                                |
| <b>Total assets</b>             | <b>1,963,315</b>               | <b>1,906,644</b>               | <b>1,763,002</b>               |

## Consolidated balance sheet – Equity and liabilities

|   | <b>30.09.2019</b> | <b>30.09.2018</b> | <b>31.12.2018</b> |
|---|-------------------|-------------------|-------------------|
|   | DKK (000)         | DKK (000)         | DKK (000)         |
| Share capital                             | 71,524            | 71,874            | 71,524            |
| Reserves                                  | 351,935           | 417,862           | 388,176           |
| <b>Total shareholders' equity</b>         | <b>423,459</b>    | <b>489,736</b>    | <b>459,700</b>    |
| Deferred tax liabilities                  | 58,580            | 63,646            | 61,284            |
| Provisions                                | 51,539            | 58,504            | 49,153            |
| Pension liabilities and other liabilities | 2,402             | 2,139             | 2,441             |
| Bond issued                               | 843,842           | 852,457           | 837,681           |
| Lease liability                           | 69,575            | 514               | 441               |
| <b>Long-term liabilities</b>              | <b>1,025,938</b>  | <b>977,259</b>    | <b>951,000</b>    |
| Pension liabilities and other liabilities | 227               | 282               | 231               |
| Lease liability                           | 28,312            | 313               | 314               |
| Other provisions                          | 10,492            | 11,987            | 16,501            |
| External banks                            | 51,062            | 14,956            | 1,807             |
| Accounts payable                          | 185,331           | 169,949           | 172,887           |
| Current tax liabilities                   | 33,473            | 31,694            | 8,851             |
| Prepayments from customers                | 1,432             | 398               | 217               |
| Other short-term liabilities              | 203,590           | 210,069           | 151,494           |
| <b>Short-term liabilities</b>             | <b>513,918</b>    | <b>439,648</b>    | <b>352,301</b>    |
| <b>Total liabilities</b>                  | <b>1,539,856</b>  | <b>1,416,907</b>  | <b>1,303,302</b>  |
| <b>Total equity and liabilities</b>       | <b>1,963,315</b>  | <b>1,906,644</b>  | <b>1,763,002</b>  |

## Statement of changes in equity

| DKK (000)   | Share<br>capital | Foreign<br>exchange<br>adjustment | Value<br>adjustment<br>of hedging | Non<br>distribut-<br>able<br>reserves | Retained<br>earnings | Proposed<br>dividend | Total           |
|---|------------------|-----------------------------------|-----------------------------------|---------------------------------------|----------------------|----------------------|-----------------|
| <b>Equity at 1 January 2019</b>                           | 71,524           | 11,835                            | 452                               | 5,382                                 | 370,507              | 0                    | 459,700         |
| <b>Comprehensive income for the period</b>                |                  |                                   |                                   |                                       |                      |                      |                 |
| Profit/loss for the period                                |                  |                                   |                                   |                                       | (28,658)             |                      | (28,658)        |
| <b>Other comprehensive income</b>                         |                  |                                   |                                   |                                       |                      |                      |                 |
| Foreign exchange adjustments regarding foreign operations |                  | (4,146)                           |                                   |                                       |                      |                      | (4,146)         |
| Value adjustments of hedging instruments:                 |                  |                                   |                                   |                                       |                      |                      |                 |
| Value adjustments for the period                          |                  |                                   | 1,642                             |                                       |                      |                      | 1,642           |
| Value adjustments transferred to revenue                  |                  |                                   | (749)                             |                                       |                      |                      | (749)           |
| Value adjustments transferred to production costs         |                  |                                   | (824)                             |                                       |                      |                      | (824)           |
| Value adjustments transferred to balance sheet items      |                  |                                   | (3,979)                           |                                       |                      |                      | (3,979)         |
| Tax on other comprehensive income                         |                  |                                   | 190                               |                                       |                      |                      | 190             |
| Other comprehensive income, total                         | <u>0</u>         | <u>(4,146)</u>                    | <u>(3,719)</u>                    | <u>0</u>                              | <u>0</u>             | <u>0</u>             | <u>(7,864)</u>  |
| <b>Comprehensive income for the year</b>                  | <u>0</u>         | <u>(4,146)</u>                    | <u>(3,719)</u>                    | <u>0</u>                              | <u>(28,658)</u>      | <u>0</u>             | <u>(36,523)</u> |
| Capital increase  |                  |                                   |                                   |                                       | 282                  |                      | 282             |
| <b>Equity at 30 September 2019</b>                        | <u>71,524</u>    | <u>7,689</u>                      | <u>(3,267)</u>                    | <u>5,382</u>                          | <u>342,131</u>       | <u>0</u>             | <u>423,459</u>  |
| <br>  |                  |                                   |                                   |                                       |                      |                      |                 |
| <b>Equity at 1 January 2018</b>                           | 41,860           | 19,300                            | (2,171)                           | 5,382                                 | 392,587              | 0                    | 456,958         |
| <b>Comprehensive income for the period</b>                |                  |                                   |                                   |                                       |                      |                      |                 |
| Profit/loss for the period                                |                  |                                   |                                   |                                       | (53,652)             |                      | (53,652)        |
| <b>Other comprehensive income</b>                         |                  |                                   |                                   |                                       |                      |                      |                 |
| Foreign exchange adjustments regarding foreign operations |                  | (6,128)                           |                                   |                                       |                      |                      | (6,128)         |
| Value adjustments for the period                          |                  |                                   | 20                                |                                       |                      |                      | 20              |
| Value adjustments transferred to revenue                  |                  |                                   | (1,129)                           |                                       |                      |                      | (1,129)         |
| Value adjustments transferred to production costs         |                  |                                   | 1,818                             |                                       |                      |                      | 1,818           |
| Value adjustments transferred to balance sheet items      |                  |                                   | 0                                 |                                       |                      |                      | 0               |
| Tax on other comprehensive income                         |                  |                                   | (290)                             |                                       |                      |                      | (290)           |
| Other comprehensive income, total                         | <u>0</u>         | <u>(6,128)</u>                    | <u>420</u>                        | <u>0</u>                              | <u>0</u>             | <u>0</u>             | <u>(5,707)</u>  |
| <b>Comprehensive income for the year</b>                  | <u>0</u>         | <u>(6,128)</u>                    | <u>420</u>                        | <u>0</u>                              | <u>(53,652)</u>      | <u>0</u>             | <u>(59,359)</u> |
| Capital increase  | 29,664           |                                   |                                   |                                       | 62,474               |                      | 92,138          |
| <b>Equity at 30 September 2018</b>                        | <u>71,524</u>    | <u>13,172</u>                     | <u>(1,751)</u>                    | <u>5,382</u>                          | <u>401,409</u>       | <u>0</u>             | <u>489,737</u>  |



# Notes

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## **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 Q3 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 Q3 2019, the implementation of IFRS 16 has positively impacted EBITDA by DKKm 7.7, EBIT by DKKm 2.4 and operating cash flow by DKKm 6.7. For the first 9 months of 2019, the impact is DKKm 21.5, DKKm 5.7 and DKKm 18.6, respectively. Non-current assets at 30 September 2019 have increased by DKKm 112 and net interest-bearing debt by DKKm 98. 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 Q3 2018, YTD September 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

|                     | <b>Q3 2019</b><br>DKK (000) | <b>Q3 2018</b><br>DKK (000) | <b>FY 2018</b><br>DKK (000) |
|---------------------|-----------------------------|-----------------------------|-----------------------------|
| Bond issued         | 843,842                     | 852,457                     | 837,681                     |
| Credit facilities   | 82,025                      | 82,025                      | 82,025                      |
| Total facilities    | <b>925,867</b>              | <b>934,482</b>              | <b>919,706</b>              |
| Cash                | 18,076                      | 17,581                      | 34,578                      |
| Utilised            | -894,904                    | -873,713                    | -845,777                    |
| Available liquidity | <b>49,040</b>               | <b>78,350</b>               | <b>108,506</b>              |

The bond amount to be repaid was DKKm 855.6 (EURm 115) at the end of Q3 2019, and the transaction costs, which are amortised, were DKKm 11.8. Accordingly, the carrying amount of the bond loan was DKKm 843.8 at the end of Q3 2019 (Q2 2019: DKKm 841.8).

Available liquidity increased by DKKm 17.9 in Q3 2019 mainly as a result of the improved earnings, lower level of funds tied up in working capital and increased investments. Funds tied up in working capital is expected to decrease in Q4, which will improve available liquidity in Q4 2019 compared to Q3 2019.

## 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.

|   | <b>Q3 2019</b> | <b>Q3 2018</b> | <b>YTD 2019</b>  | <b>YTD 2018</b>  | <b>FY 2018</b>   |
|---|----------------|----------------|------------------|------------------|------------------|
|   | DKK (000)      | DKK (000)      | DKK (000)        | DKK (000)        | DKK (000)        |
| <b>Revenue by geographical area</b>               |                |                |                  |                  |                  |
| Denmark   | 151,513        | 139,758        | 387,998          | 369,810          | 484,178          |
| United Kingdom                                    | 63,950         | 61,075         | 165,939          | 177,737          | 236,907          |
| Sweden  | 41,072         | 39,816         | 121,082          | 130,290          | 174,568          |
| Nordic (excl. Denmark and Sweden) and Ireland     | 103,445        | 120,297        | 293,153          | 324,030          | 423,559          |
| Western Europe (excl. United Kingdom and Ireland) | 45,470         | 53,145         | 160,273          | 158,662          | 211,320          |
| Other   | 33,410         | 36,387         | 104,192          | 91,767           | 124,178          |
|   | <b>438,860</b> | <b>450,477</b> | <b>1,232,637</b> | <b>1,252,294</b> | <b>1,654,710</b> |
| <b>Revenue by product group</b>                   |                |                |                  |                  |                  |
| Roofing   | 206,685        | 202,398        | 562,138          | 561,393          | 737,522          |
| Façade/function boards                            | 173,464        | 191,794        | 515,005          | 536,165          | 712,364          |
| Other   | 58,712         | 56,286         | 155,494          | 154,736          | 204,824          |
|   | <b>438,860</b> | <b>450,477</b> | <b>1,232,637</b> | <b>1,252,294</b> | <b>1,654,710</b> |
| <b>Assets by geographical area</b>                |                |                |                  |                  |                  |
| Denmark   |                |                | 155,491          | 73,450           | 102,259          |
| Nordic (excl. Denmark), the UK and Ireland        |                |                | 283,395          | 239,833          | 235,513          |
| Easten Europe                                     |                |                | 704,042          | 723,664          | 718,423          |
| Other   |                |                | 14,980           | 32,882           | 32,351           |
|   |                |                | <b>1,157,908</b> | <b>1,069,829</b> | <b>1,088,546</b> |

The adoption of IFRS 16 Leases has increased assets by geographical area for Q3 2019 specified above by DKKm 112. 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 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:

|                  | <b>Q3 2019</b>       | <b>Q3 2018</b>       | <b>YTD 2019</b>      | <b>YTD 2018</b>       | <b>FY 2018</b>        |
|------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
|                  | <u>DKK (000)</u>     | <u>DKK (000)</u>     | <u>DKK (000)</u>     | <u>DKK (000)</u>      | <u>DKK (000)</u>      |
| Sales activities | 0                    | 0                    | 0                    | -3,263                | -10,000               |
| M&A activities   | 0                    | 0                    | 0                    | 0                     | -5,727                |
| Restructuring    | -2,410               | -5,103               | -6,238               | -9,216                | -15,076               |
|                  | <b><u>-2,410</u></b> | <b><u>-5,103</u></b> | <b><u>-6,238</u></b> | <b><u>-12,479</u></b> | <b><u>-30,803</u></b> |

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 9 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.