

CENBRIT

2018

Interim financial report – 4th Quarter



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“2018 has been a year of change and significant progress for Cembrit. The improvements implemented at our factory in Hungary have started to pay off at the end of 2018 with improved yields, which are in line with our other plants. The warehouse setup in Denmark has been changed at the end of 2018 and has been fully implemented in the beginning of 2019, with costs savings going forward. A restructuring of the organisation has been in focus during the last 12 months, which has reduced the number of managers within Cembrit and increased the responsibilities of each employee.

The EBITDA for Q4 amounts to DKKm 21.7, which is an improvement of DKKm 28.1 compared to Q4 2017. For full year 2018 EBITDA amounts to DKKm 112.0 compared to DKKm 39.6 for 2017. Cash flow from operating activities for full year 2018 amounts to DKKm 15.1, which is an improvement of DKKm 227.9 compared to 2017”

Jørn Mørkeberg Nielsen
CEO

Other highlights:

- The Annual Report for 2018 will be published end April 2019
- Available Liquidity end Q4 2018 amounts to DKKm 108.5, which is DKKm 30.2 above end Q3 2018 and DKKm 28.4 above end Q4 2017.

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Financial highlights

	Q4 2018 DKK (000)	Q4 2017 DKK (000)	YTD 2018 DKK (000)	YTD 2017 DKK (000)
INCOME STATEMENT				
Revenue	402,416	394,914	1,654,710	1,599,103
Gross profit	103,563	79,223	425,795	367,281
Earnings before depr., amort. and impairm. (EBITDA)	21,689	(6,418)	112,009	39,626
CASH FLOW				
Cash flow from operating activities	90,134	32,224	15,077	(212,773)
Cash flow from investments	(44,733)	(16,087)	(62,214)	(74,510)
BALANCE SHEET				
Total assets			1,763,002	1,838,230
Equity			459,700	456,958
Working capital			198,482	230,872
Net Interest Bearing debt			806,397	857,907
FINANCIAL RATIOS				
Gross margin	25.7%	20.1%	25.7%	23.0%
EBITDA margin	5.4%	-1.6%	6.8%	2.5%
Equity ratio			26.1%	24.9%

Financial ratios are calculated as defined in the 2017 annual report.

Business review

The financial development for Q4 2018 with EBITDA of DKKm 21.7 (Q4 2017: DKKm -6.4) is in line with management's expectation. EBITDA for the full year 2018 amounts to DKKm 112.0, which is an improvement of DKKm 72.4 compared to 2017, which also is in line with management's expectation for full year 2018.

Focus has in 2018 been on improving performance of our plants and logistics setup, improving the service to our customers and cost reduction.

In 2018 a new façade product, Patina Rough, has been introduced. Cembrit has always focused on high quality products to our customers and accordingly the internal quality control measures are on a high level. The performance of the plant in Hungary has improved significantly, with improved yield (the percentage of products produced which are in line with the quality control measures established by Cembrit), more stable production and lower costs. The yield has end 2018 reached a level which is in line with Cembrit's other plants. Furthermore, the effect of 12 months with the current yield level will have a significant positive impact on Cembrit's income and cash flow going forward. To improve the logistics setup and furthermore support Cembrit's CSR agenda the warehouse in Aalborg, Denmark has been transferred to the southern part of Jutland, Denmark. Beside improving the service to our customers and reducing Cembrit's CO2 footprint the new logistics setup for the Nordics will reduce the logistics costs going forward. The fixed costs (sales and distribution costs and administrative costs) amounts to DKKm 314.0 for 2018, which have been reduced by DKKm 16 compared to 2017. The reduction amounts to 5%.

To further strengthen Cembrit a review of key parts of the organisation has been performed during 2018, which has reduced the number of managers within Cembrit and furthermore increased the responsibilities of each employee.

Cost with a special nature in relation to the activities of Cembrit have been presented as Special non-recurring items in the income statement. Special non-recurring items amounts to DKKm 30.8 for 2018 (2017: DKKm 4.5) and is specified in further detail in note 6.

Cash flow has been materially improved for full year 2018. Cash flow from operating activities amounts to DKKm 15.1 (2017: DKKm -212.7) and cash flow from operating and investment activities amounts to DKKm -47.1 compared to DKKm -287.3 for 2017. Initiatives to further improve working capital is in focus for 2019, which together with the planned income improvements for 2019 will ensure positive cash flow from operating and investment activities.

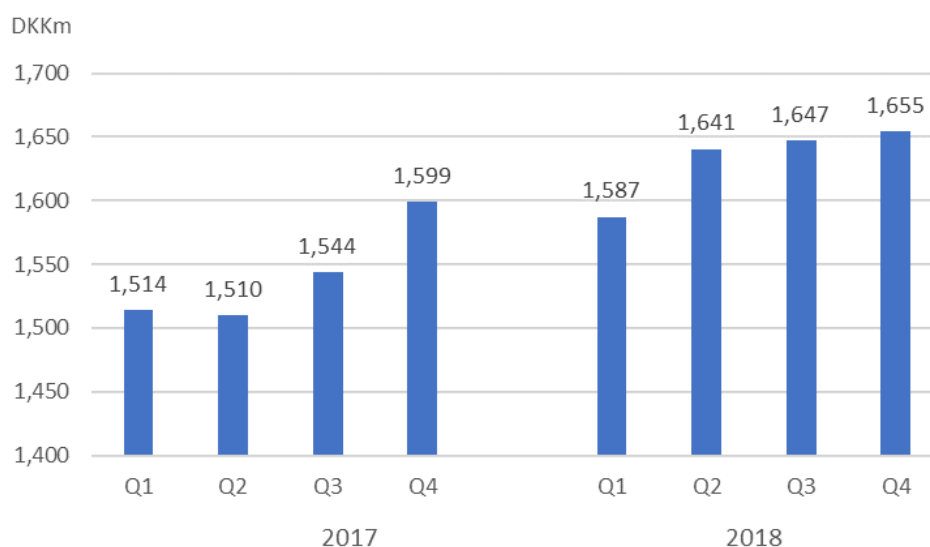
Revenue

Revenue grew slightly in Q4 2018 to DKKm 402.4 compared to DKKm 394.9 for Q4 2017, which corresponds to an increase of 2%. Cembrit has three segments; Façade/function boards, Roofing and Other. The Façade/function boards market and Other market in total increased by 5.5% in Q4 2018 compared to Q4 2017. The Roofing market decreased by 2.4% in Q4 2018 compared to Q4 2017.

Revenue for full year 2018 amounts to DKKm 1,654.7 which equals a revenue growth of DKKm 55.6 or 3.5% compared to 2017. Of the increase of DKKm 55.6 the main part is related to the Nordics with DKKm 17.1 and West Europe with DKKm 30.6. During 2018 Cembrit has phased out some products and adjusted the revenue growth is 8.9%. Markets with lower margins have furthermore been adjusted to improve earnings. These initiatives will going forward have a positive impact on EBITDA margin.

The sales pattern for Cembrit's products is seasonal. Revenue in the second and third quarters are traditionally the highest with the lowest revenue in the first quarter. LTM (last-12-month) revenue is shown on a quarterly basis in the below graph which takes the seasonality in Cembrit's revenue into account and shows Cembrit's stabile revenue growth over the last 2 years.

Quarterly development in revenue, LTM



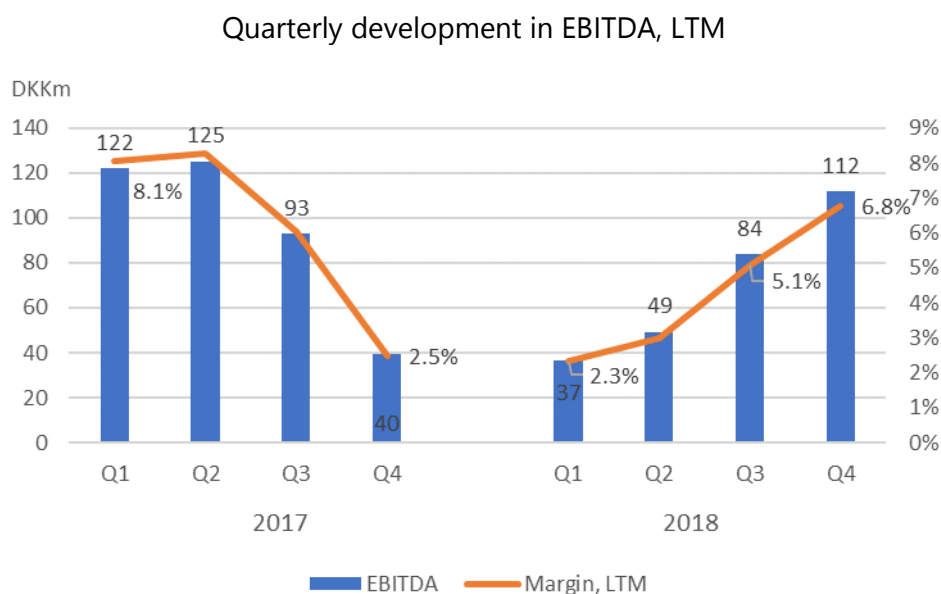
EBITDA

The increased performance of the plant in Hungary and other initiatives have increased the gross profit margin from 20.1% in Q4 2017 to 25.7% in Q4 2018.

The strong cost awareness focus in 2018 have in Q4 2018 reduced the Sales and Distribution and Administrative costs by DKKm 4.5 compared to Q4 2017. The Sales and Distribution costs and Administrative costs amounts in total to DKKm 81.9 for Q4 2018.

The EBITDA margin for Q4 2018 have increased to 5.4% from -1.6% in Q4 2017. Furthermore, has the EBITDA margin for 2018 improved from 2.5% for 2017 to 6.8% for 2018. EBITDA for Q4 2018 amounts to DKKm 21.7 and DKKm 112.0 for 2018 in total.

EBITDA, LTM (Last-12-Months) on a quarterly basis is specified in the below graph, which shows the strong development during 2018.



The EBITDA, LTM for Q4 2018 of DKKm 112, is an increase of DKKm 28 compared to LTM for Q3 2018.

Special non-recurring items, which are not included in EBITDA have increased to DKKm 30.8 for 2018 (2017: DKKm 4.5). Further details are included in note 6.

Loss for full year 2018 after tax amounts to DKKm 84.6 compared to a loss of DKKm 186.7 for full year 2017.

Cash flow

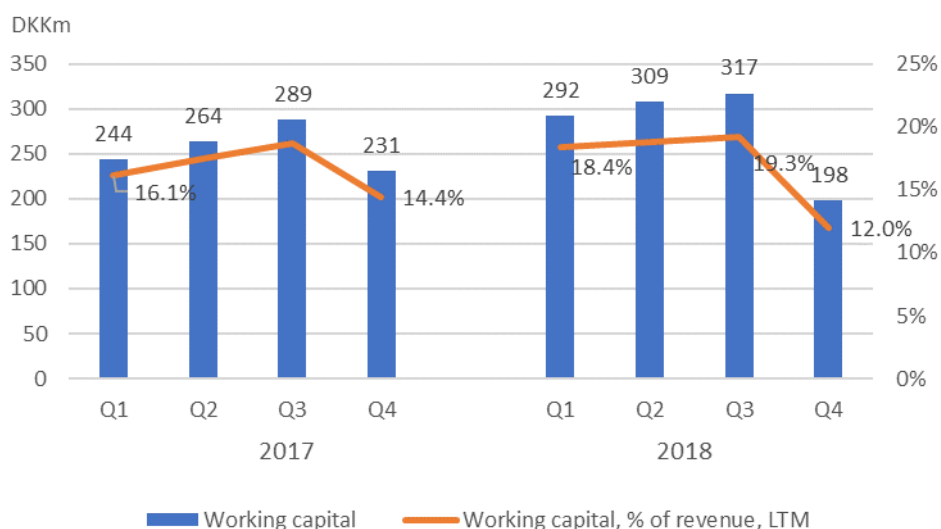
Cash flow for Q4 2018 and for full year 2018 has shown a strong improvement compared to 2017.

Cash flow from operating and investing activities amounts to DKKm 90.1 for Q4 2018 and have increased by DKKm 57.9 compared to Q4 2017. The increase is mainly related to the improved working capital performance. For full year 2018 cash flow from operating and investing activities amounts to DKKm -47.1, which is an improvement of DKKm 240.1 compared to 2017. The improvement is mainly related to improved working capital performance and improved earnings.

The main working capital focus is on inventory, accounts receivables and accounts payable. Compared to Q4 2017 Cembrit has reduced inventory by DKKm 53.2 and reduced accounts receivables by DKKm 9.9. Accounts payable has increased by DKKm 8.1. The initiatives implemented to reduce inventory has not yet shown the full effect and further improvements are expected going forward.

Below working capital in DKKm at quarter end and working capital in percentage of revenue, LTM (Last-12-Months) is specified.

Quarterly development in working capital



Working capital in percentage of revenue LTM has been reduced to 12.0% compared to 19.3% end Q3 2018 and 14.4% end Q4 2017.

Available Liquidity amounts to DKKm 108.5 end Q4 2018 compared to DKKm 78.4 end Q3 2018.

Equity

In January 2018 Cembrit received an equity issue of DKKm 90 from its shareholders and equity end Q4 2018 amounts to DKKm 459.7, which equals an equity ratio of 26.1%.

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, trade, industry and agricultural buildings, offices as well as public buildings, including for both new build and renovation projects.

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

The fibre cement product category has historically been taking share as compared to rival building materials products.

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

Cembrit creates first class fibre-cement products. Cembrit's products and solutions add exciting new design opportunities for moulding attractive, durable settings for people's lives.

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 12-month period ended 31 December 2018.

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and 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 31 December 2018 and the results of the Group's activities and the cash flow for the period 1 January 2018 to 31 December 2018.

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

Copenhagen, 26 February 2019

Executive Board

Jørn Mørkeberg Nielsen
CEO

Karsten Riis Andersen
CFO

Board of Directors

Kent Arentoft
Chairman

Denis Viet Jacobsen

Jan Warrer

Johan Olof Cervin

Sigge Lennart Haraldsson

Consolidated income statement

	Q4 2018 DKK (000)	Q4 2017 DKK (000)	YTD 2018 DKK (000)	YTD 2017 DKK (000)
Revenue	402,416	394,914	1,654,710	1,599,103
Production costs	(298,853)	(315,691)	(1,228,915)	(1,231,822)
Gross profit	103,563	79,223	425,795	367,281
Sales and distribution costs	(64,539)	(66,479)	(240,458)	(250,677)
Administrative costs and net other operating income	(17,335)	(19,163)	(73,328)	(76,979)
Earnings before depr., amort. and impairm. (EBITDA)	21,689	(6,418)	112,009	39,626
Special non-recurring items	(18,324)	(2,203)	(30,803)	(4,497)
Depreciation and impairment of tangible assets	(20,712)	(22,344)	(85,806)	(92,057)
Earnings before amort. and impairm. of intangible assets (EBITA)	(17,347)	(30,965)	(4,600)	(56,928)
Amortisation and impairment of intangible assets	(4,723)	(1,907)	(18,690)	(16,133)
Earnings before interest and tax (EBIT)	(22,070)	(32,872)	(23,291)	(73,061)
Financial items, net	(29,114)	(15,008)	(75,797)	(93,904)
Earnings before tax (EBT)	(51,184)	(47,880)	(99,088)	(166,965)
Tax on profit/loss for the period	20,281	(35,712)	14,533	(19,670)
Profit/loss for the period	(30,903)	(83,593)	(84,555)	(186,635)

Consolidated statement of comprehensive income

	Q4 2018 DKK (000)	Q4 2017 DKK (000)	YTD 2018 DKK (000)	YTD 2017 DKK (000)
Profit/loss for the period	(30,903)	(83,593)	(84,555)	(186,635)
Other comprehensive income				
Items that can be reclassified to the income statement:				
Foreign exchange adjustment regarding foreign operations	(1,353)	6,908	(7,465)	27,498
Value adjustments of hedging instruments:				
Value adjustment for the period	2,794	1,600	(31)	4,804
Value adjustments transferred to revenue	(454)	(2,762)	(1,583)	(5,158)
Value adjustments transferred to production costs	(188)	2,321	1,630	3,223
Value adjustments transferred to balance sheet items	3,056	336	3,056	1,106
Tax on other comprehensive income	(159)	(230)	(449)	(526)
Other comprehensive income for the period after tax	3,695	10,200	(4,842)	32,974
Comprehensive income for the period	(27,208)	(73,393)	(89,397)	(153,661)
Comprehensive income for the period attributable to :				
Cembrit Group A/S shareholders' share of compreh. inc. for the period	(27,208)	(73,393)	(89,397)	(153,661)
	(27,208)	(73,393)	(89,397)	(153,661)

Consolidated cash flow statement

	Q4 2018 DKK (000)	Q4 2017 DKK (000)	YTD 2018 DKK (000)	YTD 2017 DKK (000)
EBIT from P&L	(22,071)	(32,872)	(23,291)	(73,061)
Depreciations and impairments of tangible assets	20,712	22,343	85,806	92,057
Amortizations and impairments of intangible assets	4,723	1,907	18,690	16,133
Gain, loss on sold assets and other adjustments	126	1,922	(243)	3,267
Total adjusted EBITDA	3,490	(6,700)	80,962	38,396
Change in provisions	(4,370)	(6,398)	(5,782)	(13,172)
Change in working capital	108,330	55,452	14,445	(133,772)
Financial payments received and made	(20,135)	(9,769)	(62,014)	(91,683)
Corporation tax paid	2,819	(362)	(12,534)	(12,542)
Cash flow from operating activities	90,134	32,224	15,077	(212,773)
Investments in intangible assets	(2,106)	(8,408)	(8,787)	(35,596)
Investments in tangible assets	(42,118)	(7,984)	(52,796)	(38,963)
Total investments	(44,224)	(16,392)	(61,583)	(74,559)
Disposal of intangible assets	0	(2,902)	0	0
Disposal of tangible assets	87	2,917	318	58
Total disposals	87	15	318	58
Change in other financial assets	(596)	290	(949)	(9)
Cash flow from investments	(44,733)	(16,087)	(62,214)	(74,510)
Cash flow from operating and investing activities	45,401	16,137	(47,137)	(287,283)
Dividend	(4)	(1)	(4)	0
Capital increases	0	(813)	92,139	1,500
External banks	(2,502)	3,727	(2,413)	(14,022)
Leasing	(75)	(134)	(291)	(599)
Changes in NIBD	(14,766)	16,530	(12,450)	289,485
Cash flow from financing activities	(17,343)	19,310	76,985	276,364
Change in cash funds	28,054	35,446	29,844	(10,919)
Cash and cash pool balance at beg. of the period	6,918	(28,697)	6,785	16,975
Foreign exchange adjustments	(394)	693	(2,051)	729
Change in cash funds	28,054	35,446	29,844	(10,919)
Cash and cash pool balance at the end of the period	34,578	7,442	34,578	6,785

Consolidated balance sheet – Assets

	31.12.2018 DKK (000)	31.12.2017 DKK (000)
Intangible assets	168,652	178,619
Tangible assets	919,894	955,630
Other fin. assets	1,304	352
Deferred tax assets	108,747	86,308
Total non-current assets	1,198,598	1,220,910
Inventories	297,370	350,532
Accounts receivable	185,954	195,875
Prepaid expenses	20,823	11,017
Other receivables	25,680	41,495
Cash	34,578	18,401
Total current assets	564,404	617,321
Total assets	1,763,002	1,838,230

Consolidated balance sheet – Equity and Liabilities

	31.12.2018 DKK (000)	31.12.2017 DKK (000)
Share capital	71,524	41,860
Reserves	388,176	415,098
Total shareholders equity	459,700	456,958
Deferred tax liabilities	61,284	65,552
Provisions	49,153	54,218
Pension liabilities and other liabilities	2,441	2,181
Bond issued	837,681	850,131
Finance lease	441	551
Long-term liabilities	951,000	972,633
Pension liabilities and other liabilities	231	289
Finance lease	314	491
Other provisions	16,501	18,360
External banks	1,807	15,857
Accounts payable	172,887	164,822
Current tax liabilities	8,851	8,412
Prepayments from customers	217	634
Other short-term liabilities	151,494	199,774
Short-term liabilities	352,301	408,639
Total liabilities	1,303,302	1,381,273
Total equity and liabilities	1,763,002	1,838,230

Statement of changes in equity

DKK (000)	Share capital	Foreign exchange adjustment	Value adjustment of hedging	Non distributable reserves	Retained earnings	Proposed dividend	Total
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					(84,555)		(84,555)
Other comprehensive income							
Foreign exchange adjustments regarding foreign operations		(7,465)					(7,465)
Value adjustments of hedging instruments:							
Value adjustments for the period			(31)				(31)
Value adjustments transferred to revenue			(1,583)				(1,583)
Value adjustments transferred to production costs			1,630				1,630
Value adjustments transferred to balance sheet items			3,056				3,056
Tax on other comprehensive income			(449)				(449)
Other comprehensive income total	<u>0</u>	<u>(7,465)</u>	<u>2,623</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,842)</u>
Comprehensive income for the year	<u>0</u>	<u>(7,465)</u>	<u>2,623</u>	<u>0</u>	<u>(84,555)</u>	<u>0</u>	<u>(89,397)</u>
Capital increase	29,664				62,475		92,139
Equity at 31 December 2018	<u>71,524</u>	<u>11,835</u>	<u>452</u>	<u>5,382</u>	<u>370,507</u>	<u>0</u>	<u>459,700</u>
Equity at 1 January 2017	41,761	(8,198)	(7,647)	3,543	579,660	0	609,119
Comprehensive income for the period							
Profit/loss for the period					(186,635)		(186,635)
Other comprehensive income							
Foreign exchange adjustments regarding foreign operations		27,498					27,498
Value adjustments for the period			4,804				4,804
Value adjustments transferred to revenue			(5,158)				(5,158)
Value adjustments transferred to production costs			3,223				3,223
Value adjustments transferred to financial income and costs			2,027				2,027
Value adjustments transferred to balance sheet items			1,106				1,106
Tax on other comprehensive income			(526)				(526)
Other comprehensive income total	<u>0</u>	<u>27,498</u>	<u>5,475</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,974</u>
Comprehensive income for the year	<u>0</u>	<u>27,498</u>	<u>5,475</u>	<u>0</u>	<u>(186,635)</u>	<u>0</u>	<u>(153,661)</u>
Dividend distributed							0
Dividend treasury shares							0
Capital increase	99				1,562		1,661
Proposed dividend							0
Disposal treasury shares							0
Acquisition treasury shares					(2,000)		(2,000)
Acquisition minority interests							0
Share-based payment, share options				1,839			1,839
Equity at 31 December 2017	<u>41,860</u>	<u>19,300</u>	<u>(2,172)</u>	<u>5,382</u>	<u>392,587</u>	<u>0</u>	<u>456,958</u>

Notes

1 Update of material risk factors and events after reporting period

No significant changes in risk factors have been identified which will affect the Group through the coming quarter. For additional explanations regarding risks and uncertainties, please refer to the Risk Management description in the Annual report for 2017 for Cembrit Group. The Annual Report for 2018 including updated explanations regarding risks and uncertainties will be made available by end April 2019.

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 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 2017 Annual Report. The 2017 Annual Report provides a full description of Group accounting policies.

The Interim Financial Report has not been audited or subject to a review by the auditors.

Changes in accounting policies

Cembrit Group A/S has from 1 January 2018 implemented the following new reporting standards (IFRS) and amendments (IFRIC):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15
- IFRIS 22 Foreign Currency Transactions and Advance Consideration

Implementation of the new standards, amendments and interpretations have not had any material impact on the Group's financial statements.

New IFRSs which have been issued but not yet become effective

IASB has issued several new amended standards (IFRSs) and interpretations (IFRIS), which have been endorsed by the EU.

IFRS 16 Leases will become effective 1 January 2019. IFRS 16 Leases will replace IAS 17 Leases currently in force and is effective for annual periods beginning on or after 1 January 2019. The new standard is expected to have a material impact on Cembrit Group as a lessee, as all leases (except for short-term leases and leases of low-value assets) must be recognized in the balance sheet as a right-of-use asset and lease liability measured at the present value of future lease payments. The

right-and-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. Consequently, the change will also impact the presentation of the income statement and key performance indicators such as EBITDA and EBIT as well as balance sheet related ratios NIBD and solvency. Leases for the Cembrit Group primarily comprise forklift trucks, cars and rental of warehouses and premises.

The assessment of the impact of implementation of IFRS 16 will be presented in the Annual Report for 2018. A positive impact on EBITDA as well as an increase of the balance sheet is expected. Due to higher total assets solvency will be affected negatively.

3 Significant estimates and assessments by Management

The preparation of the Interim Financial Report requires that the Management makes estimates and assumptions, which might not equal the actual results, that affect the reported amounts and disclosures in the statements and in the notes to the financial statements.

Management bases its estimates on historical experience and other assumptions considered relevant at the time. These estimates and assumptions form the basis for the recognized 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

	31.12.2018 DKK (000)	31.12.2017 DKK (000)
Bond issued	837,681	850,131
Credit facilities	82,025	82,025
Total facilities	919,706	932,156
Cash	34,578	18,401
Utilised	-845,778	-870,502
Available liquidity	108,506	80,055

The bond amount to be repaid equals DKKm 855.6 (EURm 115) and the transaction costs, which is amortised amounts to DKKm 18.5 end 2018 (end 2017: DKKm 5.5). The accounting value of the bond loan accordingly amounts to DKKm 837.7 end 2018 and DKKm 850.1 end 2017.

Available liquidity has improved by DKKm 30.1 from end Q3 2018 to end Q4 2018.

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 established to reflect and report on the global functional responsibility setup at Cembrit. This setup consolidates functions by type, and Management reviews the results of the Group to assess performance. Thus, there is only one operating segment.

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

Accounting policy

Revenue includes sales of goods and related services, less goods returned and volume and cash discounts. Sales are recognized at the time of risk transfer relating to the goods sold, provided that the revenue can be measured on a reliable basis and payment is expected to be received. A liability is recognized when it is contractually agreed that goods can be returned, and this is likely.

	Q4 2018	Q4 2017	YTD 2018	YTD 2017
	DKK (000)	DKK (000)	DKK (000)	DKK (000)
Revenue by geographical area				
Nordic	317,346	319,548	1,319,212	1,302,160
West Europe	52,658	42,894	211,320	180,676
Other	32,412	32,472	124,178	116,267
	402,416	394,914	1,654,710	1,599,103
Revenue by product group				
Roofing	176,129	180,482	737,522	748,623
Façade/function boards	176,199	167,014	712,364	665,047
Other	50,088	47,418	204,824	185,433
	402,416	394,914	1,654,710	1,599,103
Assets by geographical area				
Nordic			337,772	336,890
East Europe			718,423	761,970
Other			32,352	35,389
			1,088,547	1,134,249

6 Special non-recurring items

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

In the classification of special non-recurring items, a high level of Management attention is applied to ensure that only exceptional items not associated with the ordinary operations of the Group are included. The same classification is used for the internal reporting to the Board of Directors.

Special non-recurring items are disclosed on the face of the income statement. Special non-recurring items consists of income and costs and is specified below:

	Q4 2018	Q4 2017	YTD 2018	YTD 2017
	DKK (000)	DKK (000)	DKK (000)	DKK (000)
Inventory write-down	10.000	0	10.000	0
M&A activities	5.727	2.203	5.727	4.497
Restructuring and other	2.597	0	15.076	0
	18.324	2.203	30.803	4.497

The inventory write-down of DKKm 10 included in special non-recurring items is related to products from one of Cembrit's factories, with errors in production materially above the level which could be expected. At the end of 2018 the level of errors in production have been reduced to a level which is within the expectations. In measuring the write-down, a high level of management attention has been applied to ensure that only exceptional items not associated with the ordinary operations are included. Accordingly, a prudent approach has been applied to measuring the write-down which is not related to the ordinary operation.

Special non-recurring items reconcile to the income statement line items as follows:

	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
	YTD 2018	YTD 2018	YTD 2018	YTD 2017	YTD 2017	YTD 2017
	DKK (000)	DKK (000)	DKK (000)	DKK (000)	DKK (000)	DKK (000)
Revenue	1,654,710	0	1,654,710	1,599,103	0	1,599,103
Production costs	(1,228,915)	(14,576)	(1,243,491)	(1,231,822)	0	(1,231,822)
Gross profit	0	(14,576)	411,219	367,281	0	367,281
Sales and distribution costs	(240,458)	(13,469)	(253,927)	(250,677)	0	(250,677)
Administrative costs and net other operating income	(73,328)	(2,758)	(76,086)	(76,979)	(4,497)	(81,476)
Earnings before depr., amort. and impairm. (EBITDA)	0	(30,803)	81,206	39,626	(4,497)	35,129
Special non-recurring items	(30,803)	30,803	0	(4,497)	4,497	0
Depreciation and impairment of tangible assets	(85,806)	-	(85,806)	(92,057)	-	(92,057)
Earnings before amort. and impairm. of intangible assets (EBITA)	(4,600)	-	(4,600)	(56,928)	-	(56,928)
Amortisation and impairment of intangible assets	(18,690)	-	(18,690)	(16,133)	-	(16,133)
Earnings before interest and tax (EBIT)	(23,291)	-	(23,291)	(73,061)	-	(73,061)
Financial items, net	(75,797)	-	(75,797)	(93,904)	-	(93,904)
Earnings before tax (EBT)	(99,088)	-	(99,088)	(166,965)	-	(166,965)
Tax on profit/loss for the period	14,533	-	14,533	(19,670)	-	(19,670)
Profit/loss for the period	(84,555)	-	(84,555)	(186,635)	-	(186,635)

7 Events after the balance sheet date

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