DSV Miljø Group A/S

c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen

CVR no. 38 51 38 34

Interim Report

Second Quarter 2018-19

(May 1 - October 31, 2018)

Contents

Financial highlights

	mDKK Q2 2018-19	mDKK Q2 2017-18	mDKK YTD 2018-19	mDKK YTD 2017-18	mDKK FY 2017-18
Income statement					
Revenue	1.158	1.118	2.207	2.116	4.143
Gross profit	181	172	347	335	650
Result before special items and					
other income (EBITDA before special items)	92	92	169	170	292
Result for the period	9	19	11	30	9
Cash flow					
Cash flow from operating activities	64	89	94	120	170
Investments in property, plant, equipment and intangibles	-13	-64	-31	-91	-228
Cash flow for the period	11	19	144	87	-40
Financial position					
Total equity	690	733	690	733	675
Net interest bearing debt	1.495	1.548	1.495	1.548	1.694
Liquidity reserve	211	136	211	136	67
Total assets	3.560	3.530	3.560	3.530	3.537
Financial ratios					
Gross margin	15,6%	15,4%	15,7%	15,8%	15,7%
Profit Margin (EBITDA before special items margin)	7,9%	8,2%	7,7%	8,0%	7,0%
Net interest bearing debt/EBITDA before special items*	5,1	N/A	5,1	N/A	5,8
Solvency ratio	19,4%	20,8%	19,4%	20,8%	19,1%

*) Accumulated EBITDA latest twelve months.

Company information

Name	DSV Miljø Group A/S
Adress, postal code, Town	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen
CVR no.	38 51 38 34
Registered office	Copenhagen
Financial year	May 1 - April 30
Website	www.dsvm.dk
E-mail	post@dsvm.dk
Contact details	Robin Basse, CFO
Board of Directors	Kent Arentoft, Chairman of the Board
	Peter Korsholm
	Robin Basse
Executive Board	Peter Korsholm
Parent company	DSVM Invest A/S
Bankers	Nordea Danmark
Auditors	Ernst & Young
	Godkendt Revisionspartnerselskab

Legal entities in the DSV Miljø Group

Company name	Country	Currency	Nominal capital ('000)	Ownership share
DSV Miljø Group A/S				
Nymølle Stenindustrier A/S	Denmark	DKK	32.000	100%
DSV Transport A/S	Denmark	DKK	2.410	100%
RGS Nordic A/S	Denmark	DKK	98.807	100%
RGS Nordic AB	Sweden	SEK	1.000	100%
RGS Nordic AS	Norway	NOK	1.350	100%
Stigsnæs Vandindvinding I/S	Denmark	DKK	-	31%
Totalleveranser Sverige AB	Sweden	SEK	50	100%
RGS90 Rönnarp AB	Sweden	SEK	100	100%
GDL Transport Holding AB	Sweden	SEK	400	100%
GDL Transport AB	Sweden	SEK	10.300	100%
Helsingborgs Transport och Logistik AB	Sweden	SEK	500	100%
Svensk Logistikparter AB	Sweden	SEK	526	100%
Katrineholm Railpoint AB	Sweden	SEK	600	100%
Jalog AB	Sweden	SEK	200	51%
GDL Logistik AB	Sweden	SEK	105	100%
Industrisortering i Sydost AB	Sweden	SEK	1.000	100%
LBC-bolaget i nordöstra Götaland Fastighets AB	Sweden	SEK	150	100%
ÖF Fastigheter i Linköping AB	Sweden	SEK	100	100%
ÖF Fastigheter i Norrköping AB	Sweden	SEK	100	100%
GDL Transport Öst AB	Sweden	SEK	8.160	100%
C-R Johanssons Åkeri AB	Sweden	SEK	110	100%
Väröbacka Transport AB	Sweden	SEK	100	100%

Management's commentary

Overall the YTD 2018-19 performance was in line with expectations.

Revenue for YTD 2018-19 was DKK 2.207m, which was an increase of 4% compared to YTD 2017-18. Gross profit was 15.7% compared to 15.8% in YTD 2017-18.

EBITDA before special items for YTD 2018-19 was DKK 169m which was in line with YTD 2017-18. The YTD period was characterised by strong performance in Soil, Waste and Water, where EBITDA grew by DKK 11m corresponding to 18%, with the Swedish business delivering the majority of the improvement. The strong Soil, Waste and Water performance was offset by the two other business segments. In Raw materials EBITDA fell by DKK 2m, corresponding to 4%. In Transportation EBITDA fell by DKK 8m corresponding to 16%, the business was impacted by decreased activity in the western part of Denmark compared to last year, shortage of drivers over the summer and effects of increasing fuel costs along with lower comparative SEK/DKK exchange rate.

Net financial expenses for YTD 2018-19 amounted to DKK 54m, which mainly consisted of bond interest expenses.

Cash flow from operating activities amounted to DKK 94m in YTD 2018-19. Net cash flow for the period, DKK 144m, was positively affected by sale-and-lease-back with regard to assets which were part of the C-R Johanssons Åkeri AB acquisition and the sale of shares in GDL Fastigheter i Kristianstad AB.

During Q2 the Group repurchased bonds with a nominal value of EUR 3.8m (DKK 28m).

The Group does not face particular significant risks besides risks generally impacting the business areas. However, the balance sheet is affected by accounting estimates, primarily on measurement of intangible assets and property, plant and equipment, provisions and deferred income regarding treated soil.

The Group performance is – among other things – affected by the general macroeconomic conditions including the level and timing of infrastructure projects and construction activity. The market conditions are expected to be positive and for the financial year 2018-19 a slight increase in revenue and EBITDA is expected. The expectations are based on exchange rates similar to those realized in 2017/18.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the consolidated financial statements.

Consolidated income statement	mDKK Q2 2018-19	mDKK Q2 2017-18	mDKK YTD 2018-19	mDKK YTD 2017-18	mDKK FY 2017-18
Revenue	1.158	1.118	2.207	2.116	4.143
Direct expenses	-977	-946	-1.860	-1.781	-3.493
Gross Profit	181	172	347	335	650
Other external expenses	-26	-22	-52	-46	-98
Staff expenses	-63	-58	-126	-119	-260
Result before special items and other income (EBITDA before special items)	92	92	169	170	292
Other income	2	2	2	2	4
Special items	-8	0	-11	0	-1
Result before depreciation, amortization, impairment, net financials and tax	86	94	160	172	295
Depreciation of property, plant and equipment	-25	-20	-52	-42	-91
Amortisation of intangible assets	-16	-18	-31	-29	-66
Result before net financials (EBIT)	45	56	77	101	138
Financial expenses, net	-29	-26	-54	-51	-113
Result before tax	16	30	23	50	25
Tax for the period	-7	-11	-12	-20	-16
Result for the period	9	19	11	30	9

Consolidated statement of comprehensive income	mDKK Q2 2018-19	mDKK Q2 2017-18	mDKK YTD 2018-19	mDKK YTD 2017-18	mDKK FY 2017-18
Result for the period	9	19	11	30	9
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign subsidiaries	-7	-7	4	-9	-48
Other comprehensive income after tax	-7	-7	4	-9	-48
Total comprehensive income for the period	2	12	15	21	-39
Appropriation:					
Shareholders in DSV Miljø Group A/S	3	12	15	20	-40
Non-controlling interests	-1	0	0	1	1
Total	2	12	15	21	-39

Consolidated balance sheet	mDKK October 31, 2018	mDKK October 31, 2017	mDKK April 30, 2018
Assets			
Goodwill	1.036	1.203	1.031
Other intangible assets	984	868	1.010
Intangible assets	2.020	2.071	2.041
Land and buildings	348	416	360
Plant, equipment and machinery	186	157	225
Fixtures and fittings, tools and equipment	21	25	24
Tangible fixed assets	555	598	609
Shares in associated companies	4	4	4
Other securities and investments	2	1	1
Other receivables	21	0	21
Financial assets	27	5	26
Total non-current assets	2.602	2.674	2.676
Inventories	27	26	25
Trade receivables	712	644	633
Other receivables	18	69	12
Tax assets	7	0	5
Prepayments	83	31	87
Total receivables	820	744	737
Cash	111	86	0
Total current assets	958	856	762
Assets available for sale	0	0	99
Total assets	3.560	3.530	3.537

Consolidated balance sheet	mDKK October 31, 2018	mDKK October 31, 2017	mDKK April 30, 2018
Equity and liabilities			
Share capital	1	1	1
Share premium	712	712	712
Currency translation reserve	-44	-10	-48
Retained earnings	19	28	8
Share of equity attributable to the shareholders in DSV Miljø Group A/S	688	731	673
Non-controlling interests	2	2	2
Total equity	690	733	675
Bond debt	1.525	1.545	1.549
Deferred tax liability	240	230	246
Vendor loan	22	8	21
Financial leases	38	49	47
Provisions	26	47	27
Total non-current liabilities	1.851	1.879	1.890
Provisions	18	0	18
Credit institutions	0	0	33
Vendor loan	2	0	2
Financial leases	19	32	33
Trade payables	515	501	475
Corporate income tax	84	63	69
Other payables	339	287	300
Deferred income	42	35	33
Total current liabilities	1.019	918	963
Liabilities related to assets available for sale	0	0	9
Total liabilities	2.870	2.797	2.862
Total equity and liabilities	3.560	3.530	3.537

Consolidated statement on changes in equity

	Share capital mDKK	Share premium mDKK	Currency translation reserve mDKK	Retained earnings mDKK	Equity attributable to Parent company mDKK	Non-controlling interests mDKK	Group Total equity mDKK
Equity at May 1, 2018	1,0	711,5	-47,7	7,7	672,5	1,8	674,3
Result for the period YTD 2018-19	0,0	0,0	0,0	11,7	11,7	-0,2	11,5
Foreign exchange adjustments, foreign subsidiaries	0,0	0,0	3,8	0,0	3,8	0,0	3,8
Other comprehensive income, net of tax	0,0	0,0	3,8	0,0	3,8	0,0	3,8
Total comprehensive income for the period	0,0	0,0	3,8	11,7	15,5	-0,2	15,3
Non controlling interest in business combinations	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Capital increase by conversion of debt	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total transactions with owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at October 31, 2018	1,0	711,5	-43,9	19,4	688,0	1,6	689,6
Equity at May 1, 2017	0,5	0,0	0,0	0,0	0,5	0,0	0,5
Result for the period YTD 2017-18	0,0	0,0	0,0	28,0	28,0	2,2	30,2
Foreign exchange adjustments, foreign subsidiaries	0,0	0,0	-9,3	0,0	-9,3	0,0	-9,3
Other comprehensive income, net of tax	0,0	0,0	-9,3	0,0	-9,3	0,0	-9,3
Total comprehensive income for the period	0,0	0,0	-9,3	28,0	18,7	2,2	20,9
Capital increase by conversion of debt	0,5	711,5	0,0	0,0	712,0	0,0	712,0
Total transactions with owners	0,5	711,5	0,0	0,0	712,0	0,0	712,0
Equity at October 31, 2017	1,0	711,5	-9,3	28,0	731,2	2,2	733,4

Consolidated cash flow statement	mDKK Q2 2018-19	mDKK Q2 2017-18	mDKK YTD 2018-19	mDKK YTD 2017-18	mDKK FY 2017-18
Result before net financials (EBIT)	45	56	77	101	138
Depreciation and gains/losses on sold assets	24	18	54	40	86
Amortisation of intangible assets	16	19	31	29	66
Exchange rate adjustments	0	-2	0	-2	-2
Change in Working capital	7	25	-12	5	-14
Cash flow from operating activities before net financials	92	116	150	173	274
Interest payments made and received, net	-25	-25	-51	-48	-99
Payment of corporate income tax	-3	-2	-5	-5	-5
Cash flow from operating activities	64	89	94	120	170
Acquisition of property, plant, equipment and other intangibles	-13	-64	-31	-91	-228
Disposal of equipment	2	2	137	2	5
Acquisition of activities and group entities	0	-15	0	-1.074	-1.111
Acquisition of receivable in group companies	0	0	0	-417	-417
Cash flows from investing activities	-11	-77	106	-1.580	-1.751
Proceeds from issuance of bonds	0	0	0	1.541	1.541
Bond repurchase	-28	0	-28	0	0
Other Reductions/increases in interest bearing debt, net	-14	7	-28	6	0
Cash flows from financing activities	-42	7	-56	1.547	1.541
Change in cash and cash equivalents	11	19	144	87	-40
Cash and cash equivalents, net					
Cash and cash equivalents beginning of period	99	70	-33	1	1
Net cash flows	11	19	144	87	-40
Value adjustment of cash and cash equivalents	1	-3	0	-2	6
Cash and cash equivalents end of period, net	111	86	111	86	-33

Notes

1 Accounting policies

DSV Miljø Group A/S is a public limited company with its registered office in Denmark.

The interim financial report has been prepared in accordance with IAS 34 on interim reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies.

The accounting policies are described in the annual report 1 May 2017 – 30 April 2018 (page 21 to page 29).

Certain reclassifications have been made to the comparative 2017-18 numbers to align presentation to the annual report.

CHANGES IN ACCOUNTING POLICIES

From 1 May 2018, the Group has adopted the below standards with no significant impact on recognition and measurement:

• IFRS 15 "Revenue from Contracts with Customers"
• IFRS 9 "Financial Instruments"

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" using the cumulative effect method, however, the impact is considered immaterial to the condensed consolidated interim financial statements and no effect has been recognised in equity at 1 May 2018. The comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The main principle is that revenue is recognised when control of goods or services transfers to a customer, i.e. when the performance obligation is satisfied.

The Group has adopted IFRS 9 “Financial Instruments”, which introduces a new expected credit loss (ECL) model, which requires recognition of impairment based on ECL rather than incurred losses as was the case under IAS 39. The impact of the adoption of IFRS 9 is considered immaterial to the condensed consolidated interim financial statements and no effect has been recognised in equity at 1 May 2018.

2 Accounting estimates and judgements

When preparing the financial statements, Management makes assumptions and estimates affecting the recognised assets and liabilities, including information on contingent liabilities. Such estimates comprise assessments based on the latest information available at the time of the financial reporting.

The estimates and assumptions applied are based on assumptions that Management finds reasonable but that are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties that may result in actual results differing from these estimates. We base our estimates and assessments on historical data and a number of other factors that, to the best of our knowledge, are reasonable under the given circumstances.

Special risks for the Group are described in the Management's review. Note disclosures have been made regarding assumptions relating to future events and other judgemental uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to a significant adjustment of the carrying amount of assets or liabilities in the next financial reporting period.

The Management of DSV Miljø Group A/S considers the following areas under the assets and liabilities in the financial statements particularly affected by these risks:

- Acquisitions and disposals of entities and activities
- Intangible assets and property, plant and equipment
- Provisions, deferred income regarding non-processed soil and contingencies.

Acquisitions and disposals of entities and activities

On acquisition of entities, the acquired entity's assets and liabilities are recognised in accordance with the acquisition method, which requires that all assets and liabilities are measured at fair value. In connection with the measurement of the fair value of assets and liabilities, Management makes several estimates, of which some will be significant.

On disposal or close-down of entities and activities, usual management estimates are made for settlement of contractual obligations.

Intangible assets and property, plant and equipment

Goodwill and other rights are tested for impairment at least once a year. If special circumstances or events occur, these are used as a basis to assess whether a new impairment test should be performed.

The use, useful life and residual value of property, plant and equipment are assessed on an ongoing basis for any need for impairment testing or adjustment of the useful life.

Provisions, deferred income regarding non-processed soil and contingencies

Provisions and accrual of income regarding non-processed soil are measured based on empirical material for several years and on the Company's own knowledge on handling of these materials. This is compared to management estimates of future trends and makes up the final determination for recognition of provisions.

The Company's pending and potential future legal actions, tax matters, etc., are assessed on an ongoing basis. When assessing the likely outcome of significant legal actions, tax matters, etc., Management consults with external legal advisers.

Note 3: Segment information

mDKK

	Soil, Waste & Water	Transportation	Raw materials	Intra Group	Total
	2018-19	2018-19	2018-19	2018-19	2018-19
Revenue	521	1.597	138	-49	2.207
Direct costs	-397	-1.434	-78	49	-1.860
Gross profit	124	163	60	0	347
Staff costs	-32	-86	-8	0	-126
Other external expenses	-14	-32	-4	-2	-52
EBITDA	78	45	48	-2	169

	Soil, Waste & Water	Transportation	Raw materials	Intra Group	Total
	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18	YTD 2017-18
Revenue	444	1.591	144	-63	2.116
Direct costs	-330	-1.432	-82	63	-1.781
Gross profit	114	159	62	0	335
Staff costs	-33	-78	-8	0	-119
Other external expenses	-14	-28	-4	0	-46
EBITDA	67	53	50	0	170

Segments are monitored at EBITDA level (EBITDA before special items). Intra Group transactions are priced applying the same principles as transactions with external customers (the arm's length principle). Intra Group figures include intra group transactions and group costs.

Note 4: Cash & liquidity	mDKK October 31, 2018	mDKK October 31, 2017	mDKK April 30, 2018
Cash	111	86	0
Bank credit institutions	0	0	-33
Credit facilities	100	50	100
Liquidity reserve	211	136	67

Note 5: Business combinations

In August 2018, the remaining 33% of Katrineholm Railpoint AB (KR) was acquired and the Group now controls KR 100%. No further acquistions have taken place during the first six months of the financial year 2018-19.

Acquisitions in the financial year 2017/18

DSVM-entities
On May 10, 2017, the Group (DSV Miljø A/S) acquired 100% of the voting shares of Totalleveranser Sverige AB, RGS Nordic A/S, Nymølle Stenindustrier A/S and DSV Transport A/S ("DSVM-entities"). The Group acquired the four companies as a part of a change in the legal group structure prior to issuing a corporate bond.

The purchase consideration of the shares in the DSVM entities was DKK 1,887 million of which DKK 1,175 million was paid by cash, and the DKK 712 million was financed as an intragroup loan. The total acquisition related costs comprised DKK 0 million in relation to the group internal change in the group structure.

Helsingborg Transport og Logistik AB
On May 1, 2017, the Group (GDL Transport AB) acquired further 60% of the shares of Helsingborg Transport og Logistik AB "HTL" and hereafter controlled HTL 80%. On April 27, 2018, the remaining 20% of HTL was acquired.
HTL is a Helsingborg based transport and logistic company, which in the past to a large extend has based its activity on transport and logistic activities performed in corporation with the GDL Group.

SCT Transport AB
On August 1, 2017, the Group (GDL Transport AB) acquired 100% of the activities in SCT Transport AB "SCT". SCT is a Gothenburg based company that specializes in transportation of goods, and in particular sea containers. The Group has acquired SCT Transport because it expands both its existing product portfolio and customer base.

C-R Johanssons Åkeri AB
On December 5, 2017, the Group (GDL Transport Holding AB) acquired 100% of the voting shares of C-R Johanssons Åkeri AB "CRJ", a Varberg based company that specialises in transportation of goods. The Group has acquired CRJ because it expands both its existing product portfolio, customer base and geographical presence.

All acquisitions have been accounted for using the acquisition method.

Note 6: Intangible assets

Impairment

Impairment test for goodwill has been carried out at April 30, 2018. The test revealed no impairment needs on goodwill and other intangible assets with undefinite life. At October 31, 2018 management has assessed no indications of impairment on goodwill and other intangible assets with undefinete life, and therefore no impairment test are performed at October 31, 2018.

Note 7: Tangible fixed assets

Acquisitions and disposals

During Q1 2018-19 the Group entered into a sale-and-lease-back arrangement with regard to the assets which were part of the C-R Johanssons Åkeri AB. Further, the Group sold the shares in GDL Fastigheter i Kristianstad AB.

Investment commitments

Nymølle Stenindustrier A/S has agreed to buy land with related payment due when the permit for excavation of gravel on the land is obtained. The total commitment is mDKK 26.

Note 8: Bond debt

	mDKK October 31, 2018	mDKK October 31, 2017	mDKK April 30, 2018
Issued bond, EUR 210m, interest rate EURIBOR+5.9%	1.567	1.563	1.565
Repurchase	-28	0	0
Capitalized loan costs	-14	-18	-16
Total bond debt	1.525	1.545	1.549

	mDKK October 31, 2018	mDKK October 31, 2018	mDKK October 31, 2017	mDKK October 31, 2017	mDKK April 30, 2018	mDKK April 30, 2018
	*Cash flow **	*Carrying amount*	*Cash flow **	*Carrying amount*	*Cash flow **	*Carrying amount*
Interest payments falling due within 1 year	91	0	92	0	92	0
Bond debt and interests falling due between 1 and 3 years	1.697	1.539	184	0	184	0
Bond debt and interests falling due between 3 and 5 years	0	0	1.632	1.563	1.565	1.565
Bond debt and interests falling due after more than 5 years	0	0	0	0	0	0
Total bond debt	1.788	1.539	1.908	1.563	1.841	1.565

On May 10, 2017 DSV Miljø Group A/S issued senior secured floating rate bonds of EUR 210 million at an interest rate of EURIBOR+5.9%: Borrowing costs of DKK 21 million were paid in 2017 and are amortized until 2021. In Q2/2018-19 the Group repurchased EUR 3.8m of the total EUR 210m company bonds.

Interests are paid quarterly and the bond debt has to be repaid in May 2021. For the issued bond certain terms and conditions apply regarding negative pledge redemption, change of control and incurrence test.

*) Based on current interest level.

Note 9: Contingencies and other financial commitments

	mDKK October 31, 2018	mDKK October 31, 2017	mDKK April 30, 2018
The Group has entered into external operating leases, primarily relating to equipment and premises:			
Minimum payments			
After 5 years	66	43	25
Between 1 and 5 years	271	221	220
Long-term portion	337	264	245
Short-term portion	147	119	137
Total minimum payments	484	383	382
Payment guarantees have been provided in respect of restoration of gravel pits and third party guarantees	228	183	186

Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of DSV Miljø Group A/S for the second quarter of 2018-19 ended October 31, 2018.

The financial report has been prepared in accordance with IAS 34 on interim reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed.

In our opinion the interim financial report give a true and fair view of the Group's assets, liabilities and financial position at October 31, 2018 and of the results of the Group's operations and consolidated cash flows for the financial period May 1, 2018 - October 31, 2018.

Further, in our opinion we find that the Management's commentary describes the significant risks and uncertainties faced by the Group and gives a fair review of the development and performance of the Group's activities and of the Group's results for the period and the financial position taken as a whole.

Copenhagen, December 11, 2018

Executive Management:

Peter Korsholm
CEO

Board of Directors:

Kent Arentoft
Chairman

Peter Korsholm

Robin Basse