

TCM Group Management's review

Interim report Q1 2019 (January 1 - March 31)

(All figures in brackets refer to the corresponding period in 2018)

A strong start of 2019 - Q1 with organic growth of 17%

Financial highlights Q1

- Revenue DKK 249.7 million (DKK 213.6 million) corresponding to an organic growth of 16.9%. The growth was supported by a higher number of production days in the quarter compared to last year due to the timing of Easter.
- Adjusted EBITA up DKK 4.5 million to DKK 32.9 million (DKK 28.4 million), corresponding to an increase of 15.7%. Adjusted EBITA margin was 13.2% (13.3%), negatively affected by the sales mix with a higher growth rate within the B2B market and a higher share of revenue from 3rd party products.
- EBIT up DKK 6.5 million to DKK 31.0 million (DKK 24.5 million), corresponding to an EBIT margin of 12.4% (11.5%). Non-recurring items had a negative impact of DKK 2.0 million in Q1 2018 due to costs related to the integration of Nettoline.
- Net profit up 29.8% to DKK 23.4 million (DKK 18.0 million).
- Free cash flow excl. acquisitions of operations was DKK 2.3 million (DKK 24.6 million). In Q1 2018 free cash flow included a positive effect from the sale of a production site of DKK 16.6 million.
- Cash conversion ratio was 94.3% (109.4%).
- We reiterate our full-year guidance for the financial year 2019 which is revenue in the range DKK 960-1,000 million, adjusted EBITA in the range DKK 155-165 million, and EBIT in the range DKK 145-155 million as announced in the 2018 annual report.

CEO Ole Lund Andersen:

“Q1 was a strong start of 2019 with an organic revenue growth of 17%, and similar strong growth in earnings. We are pleased that we continue to gain market share and at the same time are opening new stores across our brands. In Q1, we delivered strong growth especially within the B2B market, and we are pleased that our strategic focus and efforts are paying off. We continue to see good activity in the Danish market, and we confirm our full-year guidance.”

Contact

For further information, please contact:

CEO Ole Lund Andersen +45 97435200

CFO Mogens Elbrønd Pedersen +45 97435200

IR Contact - ir@tcmgroup.dk

Key figures and ratios

DKK million	Q1 2019*	Q1 2018	FY 2018
Income statement			
Revenue	249.7	213.6	899.9
Gross profit	63.4	55.9	262.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	36.0	28.4	153.6
Adjusted EBITDA	36.0	30.4	155.6
Earnings before interest, tax and amortisation (EBITA)	32.9	26.4	145.7
Adjusted EBITA	32.9	28.4	147.7
Operating profit (EBIT)	31.0	24.5	138.1
Profit before tax	29.9	22.7	132.3
Net profit for the period	23.4	18.0	103.7
Balance sheet			
Total assets	917.0	814.1	844.0
Net working capital (NWC)	(67.9)	(65.2)	(94.1)
Net interest-bearing debt (NIBD)	139.3	206.6	90.7
Equity	432.3	322.8	408.8
Cash Flow			
Free cash flow excl. acquisitions of operations	2.3	24.6	141.5
Cash conversion, %	94.3%	109.4%	102.6%
Growth ratios			
Revenue growth, %	16.9%		10.1%
Gross profit growth, %	13.4%		13.7%
Adjusted EBITA growth, %	15.7%		20.3%
EBIT growth, %	26.4%		70.7%
Net profit growth, %	29.8%		116.1%
Margins			
Gross margin, %	25.4%	26.2%	29.2%
EBITDA margin, %	14.4%	13.3%	17.1%
Adjusted EBITA margin, %	13.2%	13.3%	16.4%
EBIT margin, %	12.4%	11.5%	15.3%
Other ratios			
Solvency ratio, %	47.1%	39.7%	48.4%
Leverage ratio	0.85	1.50	0.58
NWC ratio, %	(7.3%)	(7.9%)	(10.5%)
Capex ratio excl. acquisitions, %	1.4%	0.4%	1.0%
Share information			
Earnings per share before dilution, DKK	2.34	1.8	10.37
Earnings per share after dilution, DKK	2.34	1.8	10.37

Reference is made to the consolidated financial statements for 2018 prepared in accordance with IFRS for definitions of key figures and ratios.

* As of 1 January 2019 IFRS 16 Leases is implemented without restating comparative figures, why Q1 is not directly comparable to previous periods. Reference is made to descripten in note 1. Accounting policies.

Business review

Revenue in Q1 2019 increased by 16.9% to DKK 249.7 million (DKK 213.6 million). The revenue growth was entirely organic and supported by a higher number of production days due to the timing of Easter, which will be off-set by fewer production days in Q2 2019 compared to last year.

TCM Group's primary market is Denmark with 90% of Group revenue in Q1 2019. Revenue in Denmark was DKK 225.6 million (DKK 190.3 million), with an organic growth of 18.6%. In Q1, growth was driven by the Svane Køkkenet and Tvis Køkkener branded stores primarily within the B2B market. The total market for kitchen and related products in Denmark developed positively during Q1 2019 compared to same period 2018 with an estimated market growth of 1-2%. TCM Group thus continues to gain market shares through our strong brands and continued product innovation.

Revenue in other countries was up 3.0% to DKK 24.1 million (DKK 23.4 million), primarily due to an increase in sales to the Norwegian market through branded stores. This was partly off-set by a decline in sale of non-branded DIY kitchens.

At the end of Q1 2019, the total number of Svane and Tvis branded stores was 66 (62). During Q1 2019, a new Svane Køkkenet store opened in Køge. Furthermore a new Svane Køkkenet store in Drammen, Norway, opened in April 2019. With this new store, the number of branded stores will increase to 67.

The 2019 introduction from Svane Køkkenet, S19, has been well received by the market. We have seen a positive reaction and a high demand for the new collection, which underlines the importance of our focus on innovation.

Total number of employees at the end of Q1 2019 was 468 (449). The increase in number of employees was primarily due to manning up in production to increase capacity to support the revenue growth in the last 12 months.

Other events in Q1 2019

Peter Jelkeby resigned from the Board of Directors of TCM Group as of 31 January 2019.

The Svane Køkkenet store in Aabenraa has been sold with effect from 1 February 2019. The divestment had no material impact on the Q1 result.

Events after the reporting period

The Annual General Meeting was held on 11 April 2019 and Danny Feltmann Espersen was appointed as new board member. Danny is CEO of MENU and has an extensive management career at KappAhl, Bang & Olufsen and Hennes & Mauritz. He brings to the Board of Directors experience within Nordic retail, digital execution and interior design. The Board of Directors hereafter consists of five independent board members, all elected by the annual general meeting.

Apart from the events recognized or disclosed in the consolidated interim financial statements, no other events have occurred after the reporting period of importance to the consolidated interim financial statements.

Financial outlook

We reiterate our full-year guidance for the financial year 2019 which is revenue in the range DKK 960-1,000 million, adjusted EBITA in the range DKK 155-165 million, and EBIT in the range DKK 145-155 million as announced in the 2018 annual report.

The guidance is based on the estimate that the Danish market is expected to grow by 1-2% in 2019.

Forward looking statements

This interim report contains statements relating to the future, including statements regarding TCM Group's future operating results, financial position, cash flows, business strategy and plans for the future. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond TCM Group's control, could mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.

Significant risks in the Group

TCM Group is exposed to strategic, operating and financial risks, which are described in the management review and note 2 of the 2018 Annual Report prepared in accordance with IFRS.

Financial review

Revenue

In Q1 2019 revenue grew organically by 16.9% to DKK 249.7 million (DKK 213.6 million).

Revenue in Denmark in Q1 2019 was up 18.6% to DKK 225.6 million (DKK 190.3 million) driven by growth in the Svane Køkkenet and Tvis Køkkener branded stores primarily within the B2B market. Revenue in other countries in Q1 2019 was up 3.0% to DKK 24.1 million (DKK 23.4 million).

Gross profit

Gross profit in Q1 2019 was DKK 63.4 million (DKK 55.9 million), corresponding to a gross margin of 25.4% (26.2%). The gross margin was negatively affected compared to Q1 2018 by the sales mix with a higher growth rate within the B2B market and a higher share of revenue from 3rd party products.

Operating expenses

Operating expenses in Q1 2019 were DKK 32.4 million (DKK 29.4 million). Operating expenses represented 13.0% of revenue in Q1 2019, which was a decrease of 0.8%-point compared to Q1 2018.

EBITDA

EBITDA in Q1 2019 was DKK 36.0 million (DKK 30.4 million), corresponding to an EBITDA margin of 14.4% (13.3%). The increase in EBITDA was primarily driven by revenue growth. EBITDA was positively affected by the implementation of IFRS 16 as of 1 January 2019 by DKK 1.2 million, corresponding to an impact on EBITDA margin of 0.5%-point.

Adjusted EBITA

Adjusted EBITA in Q1 2019 was DKK 32.9 million (DKK 28.4 million), corresponding to an adjusted EBITA margin of 13.2% (13.3%). The increase in adjusted EBITA was primarily driven by revenue growth. Depreciations were DKK 3.1 million (DKK 2.0 million). The increase in depreciations was due to the implementation of IFRS 16, which increased depreciations by DKK 1.3 million.

Non-recurring items

TCM Group presents non-recurring items separately to ensure comparability. Non-recurring items consist of income and expenses that are special and of a nonrecurring nature and are specified below:

Non-recurring items, DKK m	Q1		12 months
	2019	2018	2018
Costs related to integration of Nettoline	0.0	2.0	2.0
Total	0.0	2.0	2.0

EBIT

EBIT in Q1 2019 increased to DKK 31.0 million (DKK 24.5 million). The increase was primarily due to the profit impact from the revenue growth and non-recurring items in Q1 2018. Amortizations were on par with Q1 2018. The implementation of IFRS 16 had no significant impact on EBIT.

Net profit

Net profit in Q1 2019 increased to DKK 23.4 million (DKK 18.0 million). The increase was primarily due to an increase in EBIT. Financial expenses had a positive impact on net profit of DKK 0.7 million primarily due to improved interest rate terms and lower debt. The implementation of IFRS 16 affected financial expenses negatively by DKK 0.1 million.

Free cash flow excl. acquisitions of operation and cash conversion

Free cash flow excl. acquisitions of operation in Q1 2019 was DKK 2.3 million (DKK 24.6 million). The decrease in cash flow in Q1 2019 compared to Q1 2018 was primarily due to sale of the production site in Horsens in Q1 2018 with a positive effect of DKK 16.6 million, change in net working capital of DKK (26.4) million (DKK (15.6) million) and higher investments in Q1 2018 of DKK 3.5 million (DKK 0.8 million). This was partly off-set by the higher operating profit. Cash conversion in Q1 2019 was 94.3% (109.4%).

Net working capital

Net working capital at the end of Q1 2019 was DKK -67.9 million (DKK -65.2 million). NWC ratio at the end of Q1 2019 was -7.3% (-7.9%).

DKK million	End of Q1	
	2019	2018
Inventory	37.8	40.1
Trade and other receivables	85.3	65.3
Trade and other payables	(190.9)	(170.6)
Net working capital	(67.9)	(65.2)
NWC ratio	(7.3%)	(7.9%)

The decrease in inventory of DKK 2.3 million was primarily due to improved inventory management.

Trade and other receivables increased by DKK 20.0 million was primarily due to the revenue growth and the timing of Easter holiday compared to last year at the end of Q1. Other receivables as of 31 March 2019 presented above is excluding the value of DKK 28.3 million, which relates to subleases due to the implementation of IFRS 16. This is not included in the net working capital.

The increase in trade and other payables of DKK 20.3 million was primarily due to the higher activity level.

Net interest-bearing debt

Net interest-bearing debt amounted to DKK 139.3 million at the end of Q1 2019 (DKK 206.6 million). Net interest-bearing debt increased by DKK 48.6 million in Q1 2019 primarily due to the implementation of IFRS 16, which had an impact on net interest-bearing debt of DKK 46.6 million at the end of Q1 2019. The leverage ratio measured as net interest bearing debt excluding tax liabilities divided by adjusted EBITDA LTM end of Q1 2019 was 0.85 (1.50).

Equity

Equity at the end of Q1 2019 amounted to DKK 432.3 million (DKK 322.8 million). The equity increased by DKK 23.5 million in Q1 2019, which was due to net profit for the period. No dividend has been distributed during the period. Following the annual general meeting on 11 April 2019, a dividend of DKK 4.75 per share, totalling DKK 47.5 million, has been distributed.

The solvency ratio was 47.1% at the end of Q1 2019 (39.7%). The solvency ratio is negatively affected by the implementation of IFRS 16 by 2.6%-points.

Additional information

Financial calendar

The financial year covers the period 1 January – 31 December, and the following dates have been fixed for releases etc. in the financial year 2019 and 2020:

14 August 2019	Interim report Q2 2019
6 November 2019	Interim report Q3 2019
26 February 2020	Interim report Q4 2019 and Annual report 2019
31 March 2020	Annual General Meeting

About TCM Group A/S

TCM Group is Scandinavia's third largest kitchen manufacturer, with the major part of its business concentrated in Denmark. The product offering includes cabinets, table tops and storage.

Manufacturing is generally carried out in-house and more than 90% is manufactures to a specific customer order. Production sites are located in Denmark, with three factories in Tvis and Aulum (outskirts of Holstebro).

The Group pursues a multi-brand strategy, under which the main brand is Svane Køkkenet and the secondary brands are Tvis Køkkener, Nettoline, kitchn and private label. Combined, the brands cater for the entire price spectrum. Products are mainly marketed through a network of franchise stores and independent kitchen retailers.

Company information

TCM Group A/S
Skautrupvej 16
DK-7500 Holstebro, Denmark
Business Registration No: 37 29 12 69

Phone: +45 97435200
Internet: www.tcmgroup.dk
E-mail: ir@tcmgroup.dk

Consolidated interim financial statements

Consolidated income statement

DKK m	Note	Q1		12 months
		2019	2018	2018
Revenue	2	249.7	213.6	899.9
Cost of goods sold		(186.3)	(157.7)	(637.1)
Gross profit		63.4	55.9	262.8
Selling expenses		(19.3)	(17.6)	(70.7)
Administrative expenses		(13.1)	(11.9)	(52.1)
Other operating income		0.0	0.0	0.1
Operating profit before non-recurring items		31.0	26.5	140.1
Non-recurring items	3	0.0	(2.0)	(2.0)
Operating profit		31.0	24.5	138.1
Financial income		0.0	0.1	0.1
Financial expenses		(1.1)	(1.8)	(5.9)
Profit before tax		29.9	22.7	132.3
Tax for the period		(6.5)	(4.7)	(28.6)
Net profit for the period		23.4	18.0	103.7
Earnings per share before dilution, DKK		2.34	1.80	10.37
Earnings per share after dilution, DKK		2.34	1.80	10.37

Consolidated statement of comprehensive income

DKK m	Q1		12 months
	2019	2018	2018
Net profit for the period	23.4	18.0	103.7
Other comprehensive income			
Items that are or may be reclassified subsequent to profit or loss			
Value adjustments of cash-flow hedges before tax	0.1	0.1	0.5
Tax on value adjustments of cash-flow hedges	(0.0)	(0.0)	(0.1)
Other comprehensive income for the period	0.1	0.1	0.4
Total comprehensive income for the period	23.5	18.1	104.1

Consolidated balance sheet

DKK m	<u>Note</u>	<u>End of Q1 2019</u>	<u>2018</u>	<u>End of 2018</u>
ASSETS				
Intangible assets				
Goodwill		369.8	369.8	369.8
Brand		172.0	172.0	172.0
Other intangible assets		15.6	24.6	17.8
		<u>557.4</u>	<u>566.4</u>	<u>559.6</u>
Tangible assets				
Land and buildings		89.0	69.7	70.8
Tangible assets under construction and prepayments		0.0	0.0	1.1
Machinery and other technical equipment		13.4	11.6	12.5
Equipment, tools, fixtures and fittings		5.0	2.8	3.1
		<u>107.4</u>	<u>84.1</u>	<u>87.5</u>
Financial assets		0.8	0.7	0.7
Total non-current assets		<u>665.6</u>	<u>651.2</u>	<u>647.9</u>
Inventories		<u>37.8</u>	<u>40.1</u>	<u>36.5</u>
Current receivables				
Trade receivables		75.2	58.8	41.2
Other receivables		38.3	4.9	13.9
Prepaid expenses and accrued income		0.1	1.6	3.0
		<u>113.6</u>	<u>65.3</u>	<u>58.1</u>
Cash and cash equivalents		100.1	57.5	100.9
Assets held for sale		0.0	0.0	0.7
Total current assets		<u>251.4</u>	<u>162.9</u>	<u>196.1</u>
Total assets		<u>917.0</u>	<u>814.1</u>	<u>844.0</u>

Consolidated balance sheet

DKK m	Note	End of Q1 2019	2018	End of 2018
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		1.0	1.0	1.0
Value adjustments of cash flow hedges		0.0	(0.4)	(0.1)
Retained earnings		383.8	322.2	360.4
Proposed dividend for the financial year		47.5	0.0	47.5
Total shareholders' equity		432.3	322.8	408.8
Deferred tax		54.4	56.2	54.8
Mortgage loans		35.6	38.3	36.2
Bank loans		128.0	196.0	129.0
Lease liabilities		47.5	0.0	0.0
Other liabilities		2.9	0.0	2.3
Total long-term liabilities		268.4	290.5	222.4
Mortgage loans		2.7	2.7	2.8
Bank loans		22.6	23.1	23.1
Lease liabilities		0.4	0.0	0.0
Prepayments from customers		3.2	4.1	2.3
Trade payables		134.7	111.4	133.2
Current tax liabilities		2.5	3.9	0.5
Derivative instruments		0.0	0.5	0.1
Other liabilities		50.2	55.0	51.0
Deferred income		0.0	0.2	0.0
Total short-term liabilities		216.3	200.8	212.8
Total shareholders' equity and liabilities		917.0	814.1	844.0

Change in consolidated shareholders' equity

	Share capital DKK m	Value ad- just- ments of Cash flow hedges after tax DKK m	Retained earnings DKK m	Propo- sed divi- dend DKK m	Total DKK m
Opening balance 01.01.2018	1.0	(0.4)	304.2	0.0	304.8
Net profit for the period	0.0	0.0	18.0	0.0	18.0
Other comprehensive income for the period	0.0	0.1	0.0	0.0	0.1
Total comprehensive income for the period	0.0	0.1	18.0	0.0	18.1
Closing balance 31.03.2018	1.0	(0.4)	322.2	0.0	322.8
Opening balance 01.01.2019	1.0	(0.1)	360.4	47.5	408.8
Net profit for the period	0.0	0.1	23.4	0.0	23.5
Other comprehensive income for the period	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.1	23.4	0.0	23.5
Closing balance 31.03.2019	1.0	0.0	383.8	47.5	432.3

Consolidated cash flow statement

DKK m	Note	Q1 2019	2018	12 months 2018
Operating activities				
Operating profit		31.0	24.5	138.0
Depreciation and amortization		5.0	3.9	15.4
Share-based payments		0.0	0.0	0.0
Income tax paid		(4.9)	(4.0)	(32.6)
Change in net working capital		(26.4)	(15.6)	13.1
Cash flow from operating activities		4.7	8.8	133.9
Investing activities				
Investments in fixed assets		(3.5)	(0.8)	(9.2)
Sale of fixed assets		0.1	16.6	16.7
Acquisition of operations		0.0	0.0	(0.5)
Divestment of operations		1.0	0.0	0.0
Cash flow from investing activities		(2.4)	15.8	7.1
Financing activities				
Interest paid		(1.0)	(1.6)	(5.3)
Proceeds from loans		0.0	0.0	1.0
Repayments of loans		(0.7)	(14.6)	(85.0)
Repayments of lease liabilities		(1.3)	0.0	0.0
Cash flow from financing activities		(3.0)	(16.2)	(89.3)
Cash flow for the period		(0.8)	8.4	51.7
Cash and cash equivalents at the beginning of the period				
		100.9	49.2	49.2
Cash flow for the period		(0.8)	8.4	51.7
Cash and cash equivalents at the end of the period		100.1	57.5	100.9

Notes to the consolidated interim financial statements

1. Accounting policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. TCM Group has applied the same accounting policies in this interim report as were applied in the consolidated financial statements for 2018 prepared in accordance with IFRS, why reference is made to note 1 of these financial statements for accounting policies and for definitions of key figures and ratios on pages 43-50 and 72.

Impact from new IFRS standards

TCM Group A/S has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union.

Of the new standards and amendments implemented the most significant is IFRS 16, which is described below.

IFRS 16 Leases replaced IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease and related rules with application from 1 January 2019. The new standard entails for lessees that all leases that meet the definition in the standard of a lease are to be recognized as an asset and liability in the balance sheet, with depreciation and interest expense recognized in profit or loss.

As of 1 January 2019, TCM Group has recognized additional lease liabilities of DKK 49.1 million, right-of-use assets of DKK 19.4 million and other receivables regarding subleases of DKK 29.7 million. In Q1 2019 the implementation of IFRS 16 has affected EBITDA positively with 1.2 million and profit before tax negatively by DKK 0.1 million. There is no significant impact on EBITA margin with a negative impact of less than 0.1%-points. Solvency ratio is negatively affected with 2.6%-points.

Transition and exemption rules

TCM Group has applied the modified retrospective approach. This means that the accumulated effect of IFRS 16 is recognized in profit brought forward in the opening balance for 1 January 2019 without restating comparative figures. TCM Group has measured the right-of-use (the asset) at the amount corresponding to the lease liability (before adjustment for advance payments), which entails that the accumulated effect in profit brought forward in the opening balance does not arise.

TCM Group has applied the exemption rule of “grandfathering” the former definition of leases existing at transition. This means that the Group has applied IFRS 16 on all leases signed before 1 January 2019 and that were identified as leases according to IAS 17 and IFRIC 4. TCM Group has also applied the exemption rule of using the same discount rate for a portfolio of leases with dimilar characteristics.

TCM Group has also applied the exemption rule of not including long-term leases whose remaining lease term is less than 12 months from the date of initial application. The Group has no short-term leases (leases with a term of maximum 12 months) or any leases of a low value (assets valued at about DKK 33.000 in new condition). If such leases occurs, they will not be included in the lease liability.

Notes to the interim consolidated financial statements

2. Revenue and segment information

The Group's business activities are managed within a single operating segment that is producing and selling kitchens, bathrooms and storage. Kitchens and related products cover products for kitchen. The result of the operating segment is monitored by the Group's management to evaluate it and to allocate resources.

Revenue by region, DKK m	Q1		12 months
	2019	2018	2018
Denmark	225.6	190.3	809.9
Other countries	24.1	23.4	90.0
	249.7	213.6	899.9

Revenue consists of sale of goods and services.

3. Non-recurring items

Non-recurring items, DKK m	Q1		12 months
	2019	2018	2018
Costs related to integration of Nettoline	0.0	2.0	2.0
Total	0.0	2.0	2.0

4. Financial instruments – fair value

Interest rate swaps have expired in Q1 2019 and therefore have a value of DKK 0.0 million (DKK (0.5) million). Interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to carrying amount, due to the short maturity of financial assets and the floating rate of the financial liabilities.

5. Related party transactions

Except for remuneration to senior executives and Board of Directors, there were no other transactions with related parties.

Notes to the interim consolidated financial statements

6. Events after the reporting period

The Annual General Meeting was held on 11 April 2019 and Danny Feltmann Espersen was appointed as new board member. Danny is CEO of MENU and has an extensive management career at KappAhl, Bang & Olufsen and Hennes & Mauritz. He brings to the the Board of Directors experience within Nordic retail, digital execution and interior design. The Board of Directors hereafter consists of five independent board members, all elected by the annual general meeting.

Apart from the events recognized or disclosed in the consolidated interim financial statements, no other events have occurred after the reporting period of importance to the consolidated interim financial statements.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of TCM Group A/S for the period 1 January 2019 – 31 March 2019.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 31 March 2019 and of the results of the Group's operations and cash flows for the period 1 January to 31 March 2019.

Furthermore, in our opinion, the management review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Tvis, 7 May, 2019

Executive Management

Ole Lund Andersen
CEO

Mogens Elbrønd Pedersen
CFO

Board of Directors

Sanna Mari Suvanto-Harsaae
Chairman

Anders Tormod Skole-Sørensen
Deputy Chairman

Søren Mygind Eskildsen

Carsten Bjerg

Danny Feltmann Espersen

Supplementary financial disclosure

Quarterly overview

DKK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Income statement					
Revenue	213.6	232.1	202.4	251.8	249.7
Gross profit	55.9	69.1	59.8	77.9	63.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	28.4	42.7	34.5	48.0	36.0
Adjusted EBITDA	30.4	42.7	34.5	48.0	36.0
Earnings before interest, tax and amortisation (EBITA)	26.4	40.6	32.5	46.2	32.9
Adjusted EBITA	28.4	40.6	32.5	46.2	32.9
Operating profit (EBIT)	24.5	38.7	30.6	44.3	31.0
Profit before tax	22.7	37.3	29.4	42.9	29.9
Net profit for the period	18.0	29.2	23.0	33.5	23.4
Balance sheet					
Total assets	814.1	791.5	821.8	844.0	917.0
Net working capital	(65.2)	(51.3)	(55.2)	(94.1)	(67.9)
Net interest-bearing debt (NIBD)	206.6	188.9	161.9	90.7	139.3
Equity	322.8	352.2	375.3	408.8	432.3
Cash Flow					
Free cash flow excl. acquisitions of operations	24.6	28.2	35.1	53.6	2.3
Margins					
Gross margin, %	26.2%	29.8%	29.6%	30.9%	25.4%
EBITDA margin, %	13.3%	18.4%	17.1%	19.0%	14.4%
Adjusted EBITA margin, %	13.3%	17.5%	16.1%	18.3%	13.2%
EBIT margin, %	11.5%	16.7%	15.1%	17.6%	12.4%
Other ratios					
Solvency ratio, %	39.7%	44.5%	45.7%	48.4%	47.1%