

Q4 2019 Quarterly Results

TRESU Investment Holding A/S

31 March 2020



BRINGING FLEXOGRAPHIC TECHNOLOGY TO A HIGHER LEVEL

General information

- The interim financial report appended to this presentation is prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies
- IFRS 16 Leases standard are implemented as of January 2019. Figures from 2018 are not restated to reflect effects from the standard
- The interim financial report has neither been audited nor reviewed
- The statement of profit or loss in this presentation is complemented with a bridge to Adjusted EBITDA for comparability with prior periods
- Please refer to the interim financial report, including the notes to the financial statements, for full details
- This presentation and report will be available at www.tresu.dk/investor-relations
- The total nominal amount of bonds held by Altor TG AB, a fully-owned subsidiary of Altor Fund IV, as at the publication date of this report is EUR 12,122,500

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Chief Financial Officer

Executive summary

1 Progress on turnaround plan

- Good progress on top 5 strategic initiatives
- Ancillary and aftermarket sales pick-up slower than expected, resulting in a launch of further actions to improve growth and profitability

2 2019: Return to profitability with improving trajectory throughout the year

- Tresu returned to profitability in H2, with EBITDA of DKK 7.1m in Q3 and DKK 10.2m in Q4
- Large orders received in H2 '19 driving revenue growth; H2 '19 orders will continue to contribute to revenues and earnings in H1 '20
- Old projects under control; margin on new projects considerably higher
- Total cost reduction of DKK ~52m (37% of FTEs) since Q4 '18, including DKK ~6m in Q4 (FY effect)
- 2019 revenue and EBITDA of DKK 388.7m and DKK 21.2m, respectively

3 2020: Increasing profitability and order intake

- Healthy order book and pipeline – Order intake expected to grow faster than revenues in 2020
- Continued focus on profitable growth and cost structure
- Sustainability increasingly a key topic in customers' major investment decisions

4 Medium-term leverage guidance seems difficult to achieve, but current forecast still supports refinancing at par value

5 Liquidity remains healthy and supportive of the turnaround plan

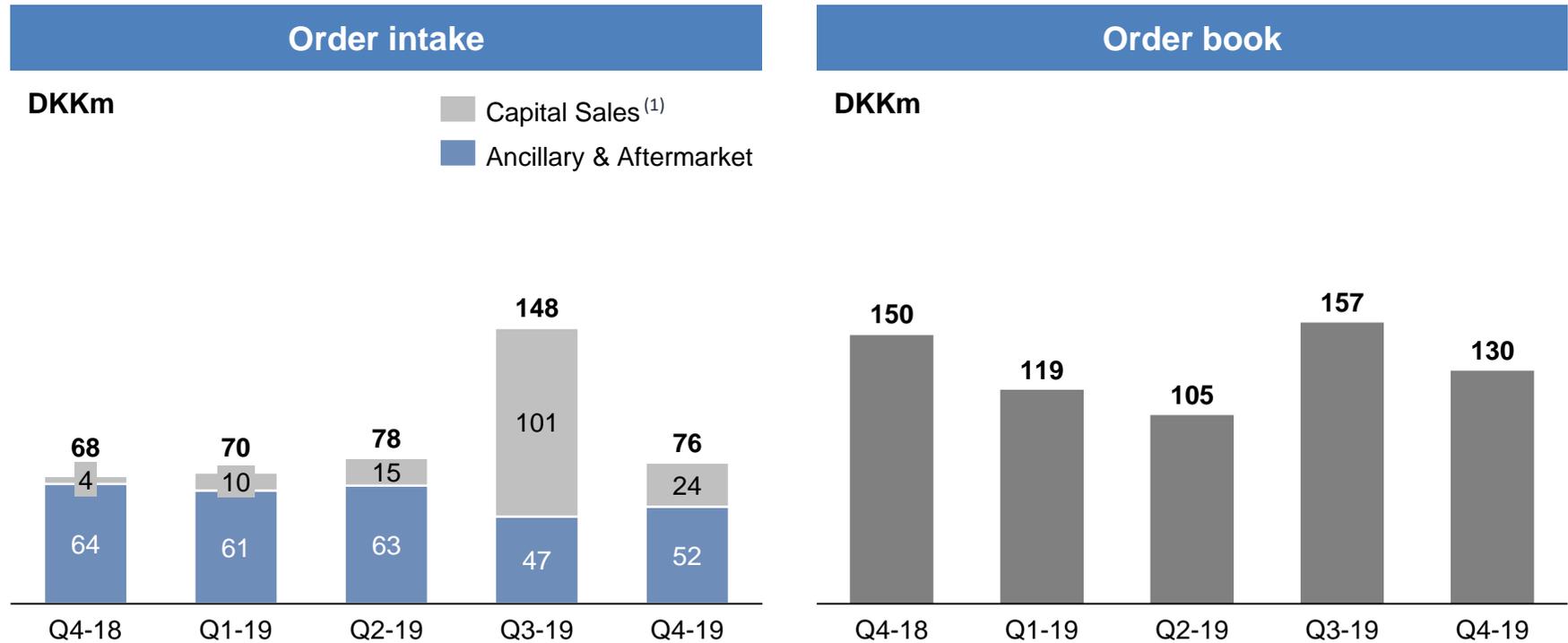
Latest status: 5 strategic priorities for turnaround agenda

Strategic priorities	Latest status	Current Status
 Profitable growth	<ul style="list-style-type: none"> • Cap sales: Pipeline rebuild ongoing and key account teams being established • Work continues on full Ancillary and Aftermarket strategy for proactive lifecycle management of the installed base and servicing OEMs more extensively 	Ongoing
 Project Management secure margins	<ul style="list-style-type: none"> • Old projects under control and nearing completion • Contract and Project Review Boards running 	On Track
 Digital improve profitably	<ul style="list-style-type: none"> • Good momentum on development work for next generation model with existing key account starting to yield results 	On Track
 Supply Chain transform and improve	<ul style="list-style-type: none"> • New HQ / production facility operational since Aug '19 • Transformation agenda now set in motion, with continued focus on ensuring partnership with the right suppliers to ensure high quality and cost savings 	On Track
 Right-Sizing lower break-even point	<ul style="list-style-type: none"> • US production closure in Sep '19 • Further right-sizing in Tresu Denmark in Nov '19 	On Track

Q4 '19 reconfirms turnaround effort

DKKm	Q4 2019	Q3 2019	YTD 2019	Comments
Revenue	98,7	97,1	388,7	• Q4 '19 revenue and adj. EBITDA of DKK 98.7m and DKK 10.2m (10.4% margin), respectively, driven by growth and margin improvement across most business units
Production costs	(85,7)	(89,0)	(355,7)	
Gross profit/(loss)	13,1	8,1	33,0	• 2019 revenue and adj. EBITDA of DKK 388.7m and DKK 21.2m (5.5% margin), respectively
Research and development costs	(3,0)	(1,5)	(6,3)	
Distribution costs	(10,9)	(10,4)	(41,6)	
Administrative costs	(16,0)	(13,5)	(60,3)	
Other operating income	0,0	0,0	3,1	
Other operating expenses	(7,5)	(0,1)	(10,6)	
Operating profit/(loss)	(24,2)	(17,4)	(82,7)	
Adjustments				• Net debt of DKK 580.7m by end of Q4' 19 (DKK 583.0m by end of Q3 '19); however, positive cash flow from operating activities in Q4 '19
D&A	7,1	3,7	18,1	
NRI	9,3	6,7	27,6	
PPA depreciations	10,7	12,2	47,3	
Impairment losses	5,0	0,0	5,0	
IFRS 16 depreciations on leases	2,3	1,9	5,9	• Liquidity remains healthy and supportive of turnaround plan
Adjusted EBITDA (non IFRS)	10,2	7,1	21,2	
NWC	31,3	52,3	31,3	
Net debt	580,7	583,0	580,7	
Available liquidity	46,2	44,8	46,2	

Order intake and order book development



(1) Includes order intake from Digital segment.

Outlook still supports refinancing of bond at par value

Previous medium-term leverage guidance of <4x by 2021 seems difficult to achieve...

- Strong overall progress on turnaround, however Ancillary and aftermarket sales pick-up slower than expected
- Lower than expected cash proceeds from sale of own real estate
- Slightly higher than expected restructuring costs in turnaround

...however, current forecast still supports refinancing at par value

- Further actions centred around optimization of sales strategy and cost structure

Capital Markets Day in June 2020

- Management to host a Capital Markets Day at Tresu's new facility in Kolding on June 3rd, 2020 following publication of Q1 '20 financials
- Details to follow

Appendix

Statement of profit or loss

DKKm	Q4 2019	YTD 2019
Revenue	98,7	388,7
Production costs	(85,7)	(355,7)
Gross profit/(loss)	13,1	33,0
Research and development costs	(3,0)	(6,3)
Distribution costs	(10,9)	(41,6)
Administrative costs	(16,0)	(60,3)
Other operating income	0,0	3,1
Other operating expenses	(7,5)	(10,6)
Operating profit/(loss)	(24,2)	(82,7)
Financial income	0,2	0,2
Financial expenses	(8,9)	(32,9)
Profit/(loss) before tax	(33,0)	(115,4)
Tax on profit/(loss) for the period	11,2	24,2
Profit/(loss) for the period	(21,8)	(91,2)

Statement of financial position

DKKm	Dec-19	Sep-19
Goodwill	174,0	174,0
Completed development projects	32,2	27,9
Patents and licenses*	185,3	189,5
Brand	37,9	37,9
Customer relationship*	139,9	147,2
Intangible assets	569,3	576,5
Land and buildings	0,0	5,7
Plant and machinery	43,1	39,1
Other fixtures and fittings, tools and equipment	6,0	5,1
Leasehold improvements	4,5	8,7
Finance lease - NC	98,0	99,2
Property, plant and equipment	151,6	157,8
Deferred tax assets	0,0	0,0
Deposits	10,1	10,3
Other non-current assets	10,1	10,3
Non-current assets	731,1	744,6
Inventories**	60,3	83,1
Trade receivables	35,3	50,5
Contract work in progress**	40,8	39,1
Tax receivables	3,7	5,2
Other short-term receivables	6,9	10,3
Prepayments	1,2	4,9
Receivables	148,3	193,1
Cash	9,1	6,7
Assets as held for sale	11,5	13,0
Finance lease - C	0,0	0,2
Current assets	168,9	213,0
Assets	900,0	957,6

DKKm	Dec-19	Sep-19
Contributed capital	2,9	2,9
Other reserves	5,0	4,7
Retained earnings	24,3	46,1
Equity	32,3	53,7
Provisions for deferred tax	55,3	70,2
Other provisions	4,7	5,5
Corporate bonds	519,1	518,5
Finance lease liabilities	88,8	99,3
Other payables	6,0	6,9
Non-current liabilities	673,8	700,5
Current portion of long-term lease liabilities	9,9	0,5
Current portion of long-term other payables	0,9	0,0
Bank debt	70,8	67,0
Payable group company	8,0	0,3
Contract liabilities*	6,8	15,9
Trade payables**	64,6	73,4
Other payables C	33,0	46,4
Current liabilities	194,0	203,4
Total liabilities	867,8	903,9
Equity and liabilities	900,0	957,6

Statement of cash flows

DKKm	Q4 2019	YTD 2019
Operating profit/loss	(24,2)	(82,7)
Amortisation, depreciation	20,1	71,2
Impairment losses	5,0	5,0
Other provisions	(1,4)	(2,6)
Working capital changes	21,2	48,9
Cash flows from ordinary operating activities	20,7	39,9
Financial income received	0,1	0,1
Financial expenses paid	(4,5)	(28,5)
Income taxes refunded/paid	0,0	0,0
Cash flows from operating activities	16,2	11,5
Acquisition etc. of intangible assets	(4,2)	(6,4)
Acquisition etc. of property, plant and equipment	(11,7)	(20,9)
Acquisition etc. of financial fixed assets	0,0	0,0
Proceeds from disposal of financial fixed assets	0,1	0,3
Disposal of property, plant and equipment	5,1	5,2
Cash flows from investing activities	(10,7)	(21,8)
Proceeds from (repayments of) related party borrowings	(0,3)	(0,3)
Leasing	(6,5)	(6,5)
Repayment of bank debt	3,7	(29,8)
Tax exempt contribution received from parent	0,0	50,0
Corporate bonds	0,0	0,0
Cash flows from financing activities	(3,1)	13,4
Increase/decrease in cash and cash equivalents	2,4	3,0
Cash and cash equivalents at the beginning of the period	6,7	6,1
Cash and cash equivalents end of the period	9,1	9,1
Cash and cash equivalents at period end are composed of:		
Cash	9,1	9,1
Cash and cash equivalents end of the period	9,1	9,1