

# Q2 2021 Conference Call

**NTG Nordic Transport Group**

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# Today's presenters

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**MICHAEL LARSEN**

Group CEO



**CHRISTIAN D. JAKOBSEN**

Group CFO

# AGENDA

Highlights

Financial review

Other key figures

Outlook

The acquisition of LGT

Q&A

# Highlights for Q2 2021



**HIGH ACTIVITY  
AND MARKET  
IMBALANCES**



**GROWTH  
TRAJECTORY  
CONTINUES**



**STRONG  
FINANCIAL  
RESULTS**



**ANNOUNCEMENT  
OF TWO  
ACQUISITIONS**



**FULL-YEAR  
OUTLOOK  
MAINTAINED**

# Financial review: Group (I/II)

DKKm	Q2			YTD		
	2021	2020	Δ	2021	2020	Δ
Net revenue	1,720	1,234	39.4%	3,261	2,545	28.1%
Gross profit	369	295	24.8%	704	571	23.3%
Adjusted EBIT	138	56	145.5%	239	101	136.5%
Gross margin	21.4%	23.9%	(2.5) p.p.	21.6%	22.4%	(0.8) p.p.
Operating margin	8.0%	4.5%	3.5 p.p.	7.3%	4.0%	3.3 p.p.
Conversion ratio	37.3%	19.0%	18.3 p.p.	33.9%	17.7%	16.2 p.p.

## Net revenue growth components (year-on-year)

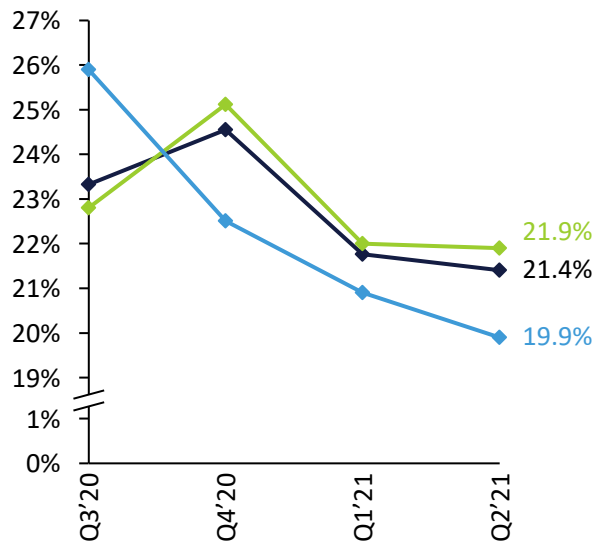
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2021	(1.8)%	1.5%	31.6%	<b>31.3%</b>	8.1%	-	<b>39.4%</b>
YTD 2021	(2.4)%	1.3%	21.8%	<b>20.7%</b>	8.0%	(0.6)%	<b>28.1%</b>

## COMMENTS

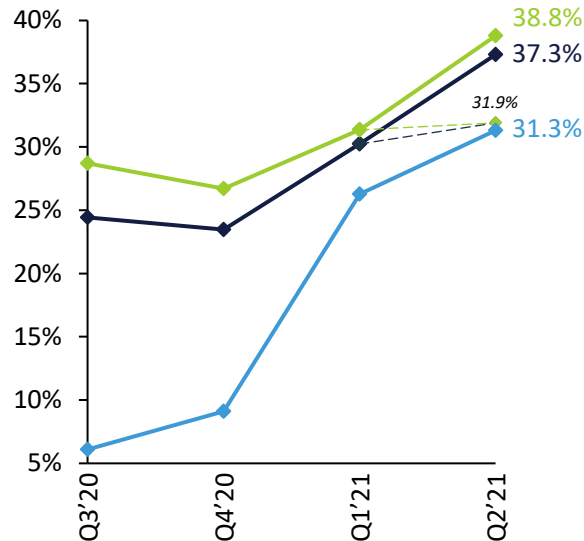
- Activity in Q2 2021 exceeded pre-pandemic levels.
- Double-digit organic growth and margin expansion in both divisions.
- Net positive one-off effect of DKK 20 million related to termination of a lease agreement.

# Financial review: Group (II/II)

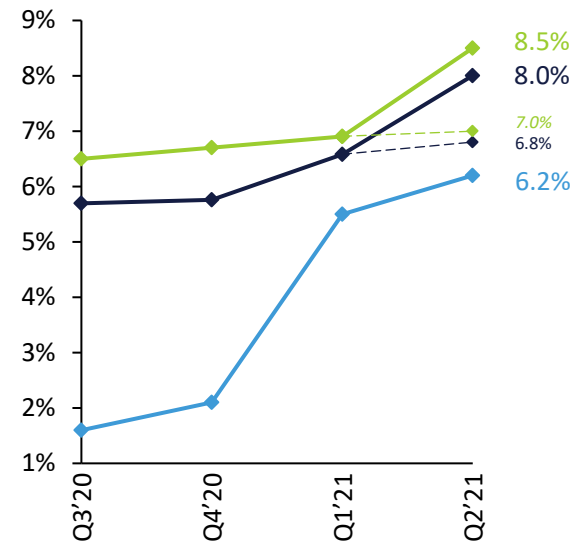
## Gross margin



## Conversion ratio



## Operating margin



◆ Group   
 ◆ Group (adj. for one-off)   
 ◆ Road & Logistics   
 ◆ Road & Logistics (adj. for one-off)   
 ◆ Air & Ocean

# Financial review: Road & Logistics

DKKm	Q2			YTD		
	2021	2020	Δ	2021	2020	Δ
Net revenue	1,326	975	36.0%	2,504	2,043	22.6%
Gross profit	290	233	24.8%	550	445	23.6%
Adjusted EBIT	113	53	114.1%	194	99	95.7%
Gross margin	21.9%	23.9%	(2.0) p.p.	22.0%	21.8%	0.2 p.p.
Operating margin	8.5%	5.4%	3.1 p.p.	7.7%	4.9%	2.8 p.p.
Conversion ratio	38.8%	22.6%	16.2 p.p.	35.3%	22.3%	13.0 p.p.

## Net revenue growth components (year-on-year)

	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2021	(0.8)%	-	26.0%	<b>25.2%</b>	10.3%	0.5%	<b>36.0%</b>
YTD 2021	(1.3)%	0.5%	13.4%	<b>12.6%</b>	10.0%	-	<b>22.6%</b>

## COMMENTS

- Growth across all key geographies in Q2 2021.
- Mounting price pressure due to capacity shortages.
- Net positive one-off effect of DKK 20 million in Q2 2021.
- Operating margin adjusted for net one-off effect of 7.0% in Q2 2021.



## Financial review: Air & Ocean

DKKkm	Q2			YTD		
	2021	2020	Δ	2021	2020	Δ
Net revenue	394	259	52.2%	756	501	50.8%
Gross profit	78	63	24.8%	154	126	22.5%
Adjusted EBIT	25	2	1,013.6%	44	2	2,304.9%
Gross margin	19.9%	24.3%	(4.4) p.p.	20.4%	25.1%	(4.7) p.p.
Operating margin	6.2%	0.9%	5.3 p.p.	5.9%	0.4%	5.5 p.p.
Conversion ratio	31.3%	3.5%	27.8 p.p.	28.8%	1.5%	27.3 p.p.

### Net revenue growth components (year-on-year)

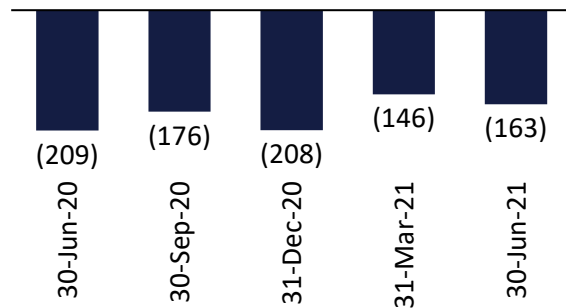
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2021	(5.3)%	7.2%	52.3%	<b>54.2%</b>	-	(2.0)%	<b>52.2%</b>
YTD 2021	(6.6)%	4.4%	55.9%	<b>53.7%</b>	-	(2.9)%	<b>50.8%</b>

### COMMENTS

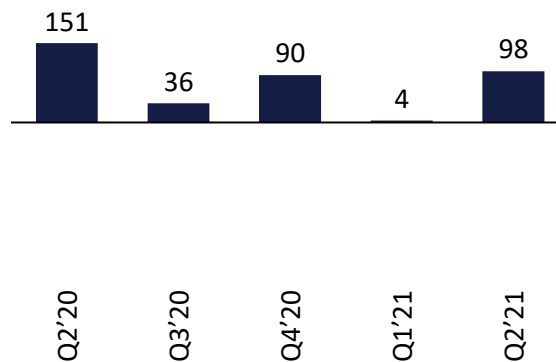
- Extraordinary market conditions continued to affect supply chains in Q2 2021.
- Organic growth driven by higher freight rates and activity increases.
- Operating margin increase driven by conversion ratio improvement.

# Other key figures

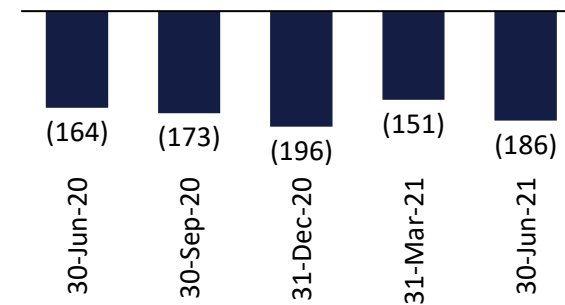
## Net working capital (DKKm)



## Adjusted free cash flow<sup>1</sup> (DKKm)



## Net interest-bearing debt<sup>2</sup> (DKKm)



- Payment terms in the Air & Ocean division affected by the current market situation.

- Year-on-year development driven by normalisation in net working capital.

- Additional committed credit facility of up to DKK 500 million.

1) Cash flow from operating activities + cash flow from investing activities + special items (addback) – repayment of lease liabilities + acquisition of business activities (addback). 2) Excluding IFRS 16.

# Full-year outlook 2021

DKKm	2020 realised	2021 outlook
Net revenue	5,332.2	6,300 – 6,700
Adjusted EBIT	260.7	450 – 490

Guidance includes:

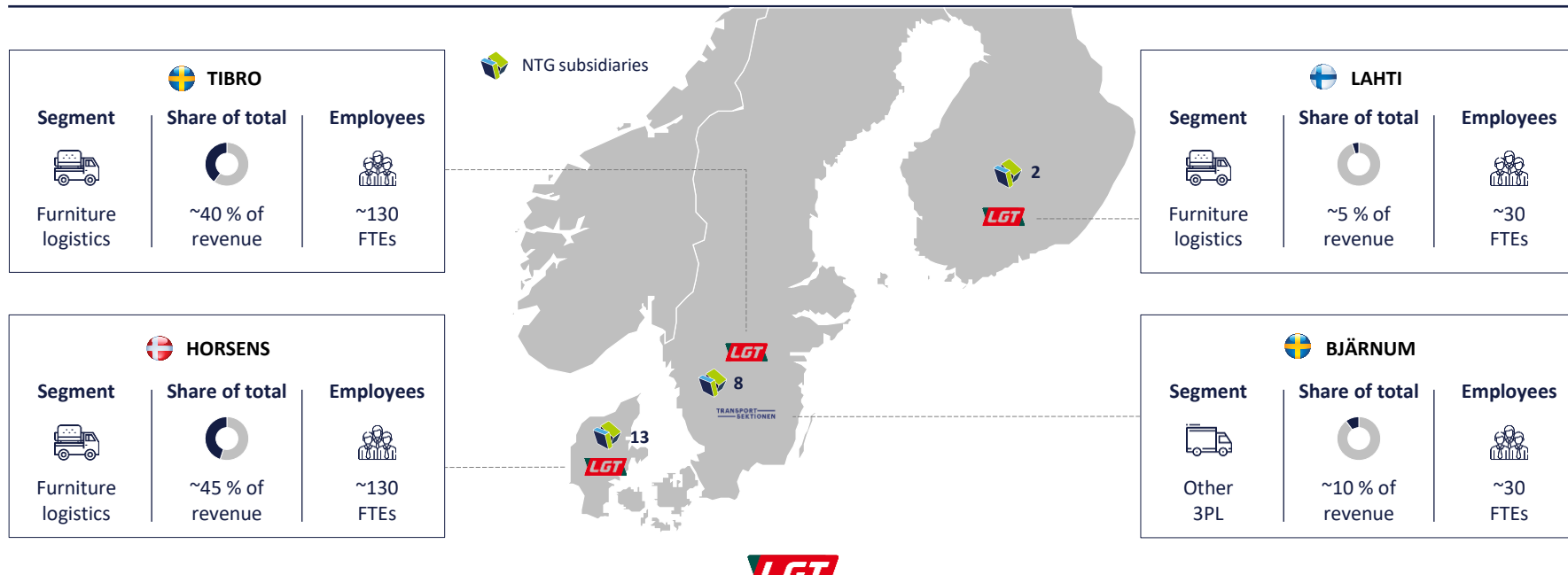
- Total one-off effect from contract termination of DKK 20.0 million regarding the early termination of an office and logistics facility in Switzerland.
- Expected effects from acquisitions closed.

## Principal assumptions

- The prevailing market conditions will persist throughout 2021.
- The current balance between supply and demand for transport services will not develop adversely.



# Acquisition of LGT Group AB (I/II)



**Four**  
Operating entities

**+600,000**  
Annual furniture consignments



**SEK c. 830m**  
Reported revenue 2020

**~320**  
Employees

# Acquisition of LGT Group AB (II/II)

## Strategic rationale



**NEW NICHE AND  
 COMPETENCIES**



**SCALE  
 ADVANTAGES**



**NETWORK  
 EFFECTS**



**GROWTH  
 PLATFORM**

## Transaction details

### VALUATION

- SEK 375 million on a cash and debt free basis (excluding IFRS 16).
- Financing with available cash and existing credit facilities.

### CONDITIONS

- Subject to approval by relevant competition authorities.
- Closing expected in Q3 2021.

### OTHER

- Incentive structures to be aligned with NTG's partnership model.



# Q&A

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