

# GLX Holding

Second quarter results 2019

**General information GLX Holding AS (parent company)**

*GLX Holding AS is a special purpose vehicle incorporated 14<sup>th</sup> August 2017 by Triton to acquire Glamox AS which is the parent company of the Glamox Group. GLX Holding holds 76.16% of the shares in Glamox AS. GLX Holding consolidates 100% of the Glamox Group in its financial accounts from 11<sup>th</sup> December 2017.*



# Highlights 2<sup>nd</sup> quarter 2019

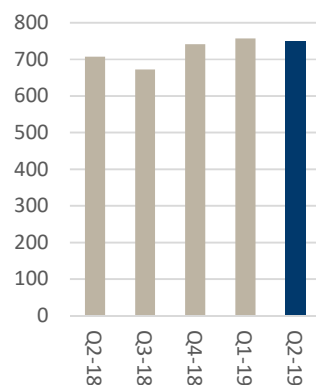
- **Order intake** ended at NOK 749m, down 8% from NOK 815m in the second quarter 2018.
- **Total revenues** ended at NOK 750m, up 6% from NOK 708m in the second quarter 2018.
- **Adjusted EBITDA** was NOK 107m, up 2% from NOK 105m in the second quarter 2018. The effect of IFRS16 reclassifications of financial lease agreements on EBITDA in Q2-2019 is NOK 8m. No adjustments have been made to historical figures.
- **Operating cash flow** was NOK -10m, down from NOK 50m in the second quarter 2018.
- **Acquisition of Luxonic Group Ltd.:** On 30th April Glamox AS completed the acquisition of 100% of the shares in Luxonic Group Ltd. (“Luxonic”) and its subsidiaries. The acquisition allows us to further strengthen our position in the UK with local manufacturing capacity, expanded product and system solutions offering and larger sales coverage. The integration of Luxonic is progressing well.

## Key figures

	Q2 2019	Q2 2018 <sup>2</sup>	YTD 2019	YTD 2018 <sup>2</sup>	FY 2018 <sup>2</sup>
Orders received	749	815	1,547	1,499	2,935
Total revenues	750	708	1,508	1,358	2,773
EBITDA	95	62	211	152	328
<i>EBITDA margin (%)</i>	<i>12.7 %</i>	<i>8.8 %</i>	<i>14.0 %</i>	<i>11.2 %</i>	<i>11.8 %</i>
Adjusted EBITDA	107	105	227	195	420
<i>Adjusted EBITDA margin (%)</i>	<i>14.3 %</i>	<i>14.8 %</i>	<i>15.0 %</i>	<i>14.4 %</i>	<i>15.1 %</i>
Adjusted EBIT	64	72	143	129	285
<i>Adjusted EBIT margin (%)</i>	<i>8.6 %</i>	<i>10.1 %</i>	<i>9.5 %</i>	<i>9.5 %</i>	<i>10.3 %</i>
Profit for the period, after tax	16	(2)	44	30	66
Net cash from operations	(10)	50	59	55	215
Net interest-bearing debt <sup>1</sup>	1,450	1,302	1,450	1,302	1,288

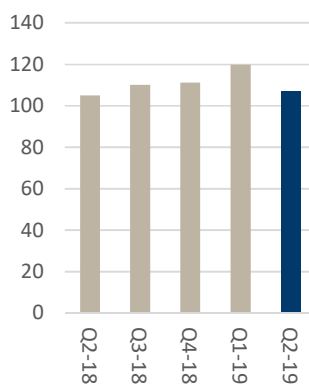
### Revenue development<sup>2</sup>

NOK million



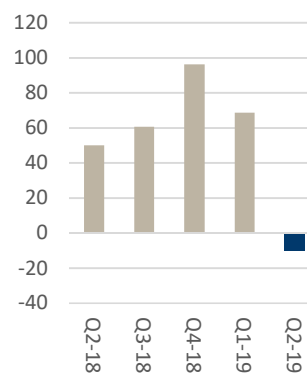
### Adjusted EBITDA<sup>2</sup>

NOK million



### CF from operations<sup>2</sup>

NOK million



<sup>1</sup> Excluding IFRS 16 effects and restricted cash

<sup>2</sup> No IFRS 16 adjustment made to 2018 figures

### **General information GLX Holding AS (parent company)**

*GLX Holding AS is a special purpose vehicle incorporated 14<sup>th</sup> August 2017 by Triton to acquire Glamox AS which is the parent company of the Glamox Group. GLX Holding holds 76.16% of the shares in Glamox AS. GLX Holding consolidates 100% of the Glamox Group in its financial accounts from 11<sup>th</sup> December 2017. Below are quarterly comments from Glamox CEO Rune Marthinussen.*

## Management comments

The Glamox Group experienced a quarter with lower order intake in both business areas compared to the same period last year. The total order intake in the second quarter ended at NOK 749m, 8% behind the second quarter last year or 12% behind on a comparable basis. This is partly explained by the Easter holiday being in April this year and March last year, but we are also facing a more challenging market in the PBS business area. Total revenues in the second quarter was NOK 750m, 6% above the same period last year or 1% above on a comparable basis.

The GMO business area reported a decline in order intake of 12% compared to the same period last year. The decline is due to lower order intake in the Commercial Marine segment, all other segments reported order intake in line with or above the same period last year. The order intake in the GMO business area is normally more uneven than in our PBS business area. Although we experienced a year-on-year decline in order intake in the second quarter, we are glad to see order intake in GMO increase by 9% YTD 2019 compared to the same period last year. Total revenue in the GMO business area in the second quarter is 7% above the second quarter last year.

The PBS business area reports a year-on-year decline in order intake of 7% in the second quarter, 12% behind on a comparable basis. Total revenue in the PBS business area is 6% above the second quarter 2018, 1% behind on a comparable basis. Our largest geographical market, Norway, is negatively impacted by the Easter holiday while we see a mixed development across our other markets in Europe. YTD 2019 the PBS business area is behind last year on order intake, 6% on a comparable basis, while total revenue is 5% ahead of last year on a comparable basis.

The adjusted EBITDA in the Glamox Group is NOK 102m (excluding IFRS16 reclassification effects and overhead cost in GLX holding AS), this represents a decline of 4% from NOK 106m in the second quarter last year. Higher revenue in the quarter contributes positively, while a lower gross margin in the GMO business area has a negative effect. The lower gross margin can partly be attributed to product and project mix and partly to temporarily lower efficiency due to the ongoing restructuring activities in the GMO value chain. We expect to see the full effect of the restructuring from mid-2020.

During the second quarter we successfully completed the acquisition of Luxonic which allows us to strengthen our position in the UK with local manufacturing capacity, broader lighting solutions offering and larger sales coverage. In terms of revenue the UK market is now among the largest markets in the PBS business area. The integration of Luxonic Lighting is progressing well, and we see strong synergies between the companies going forward.

We are pleased that order intake and revenue in GMO is developing positively with strong year-on-year growth so far this year. Although we are experiencing weaker market conditions in our PBS business area, we continue investing in the Glamox' Groups strategy focusing on profitable growth and financial strength, making important investments to improve our long-term competitive position.

Rune Marthinussen

President & CEO Glamox AS

# Financial review

## Group results

### Quarter

The order intake in Q2-2019 ended at NOK 749m, representing a decline of 8% from NOK 815m in Q2-2018. Both the GMO business area and the PBS business area reported lower order intake. The GMO business area reported a decline in order intake of 12%, while the PBS business area reported order intake 7% behind Q2-2018. The Group and PBS business area are positively impacted by the acquisition of Luxonic, which contributed with 4% of Group order intake in the second quarter. Adjusted for the acquisition of Luxonic and currency effects, the Group had a comparable decline in order intake of 12% vs. the same period last year.

The Group reports total revenue of NOK 750m in Q2-2019, up 6% from NOK 708m in Q2-2018. On a comparable basis, total revenue increased by 1% vs. the same period last year.

The adjusted operating profit before depreciations and amortization (adjusted EBITDA) for GLX Holding ended at NOK 107m in Q2-2019, an increase of 2% compared to NOK 105m in Q2-2018. The adjusted EBITDA margin in the quarter is 14.3% vs. 14.8% in Q2-2018. Excluding the effect of IFRS16 reclassification, the adjusted EBITDA in the quarter is NOK 99m, 6% below the second quarter last year.

Non-recurring cost of NOK 11.5m was reported in the quarter of which NOK 4m is related to acquisition cost, while the remaining NOK 7m is related to the ongoing restructuring of the GMO value chain, the cancellation of orders to Russia and Iran following the decision to withdraw from these two markets, and a restructuring of the procurement organization.

In Q2-2019 the Group reports a net profit after tax of NOK 16m, an increase from a net loss of NOK 2m in Q2-2018.

### Year to date

The Group reports total order intake of NOK 1,547m YTD 2019, up 3% from NOK 1,499 in the same period last year, down 3% on a comparable basis. Total revenue YTD 2019 amounted to NOK 1,508m, up 11% from NOK 1,358m last year, 4% up on a comparable basis.

The adjusted EBITDA YTD 2019 is NOK 227m. Excluding operating cost in GLX Holding AS and IFRS16 reclassification effects, the adjusted EBITDA ended at NOK 215m YTD 2019, representing a 10% increase from NOK 196m in the same period last year.

## Cash flow

### Quarter

Cash flow from operations equaled NOK -10m in Q2-2019 compared to cash flow from operations of NOK 50m in Q2-2018. While operating profit is higher than last year, the lower cash flow from operations is explained by higher taxes paid and a negative effect from other operating changes. Other operating changes include provisions for holiday pay, accrued interest not paid and other provisions.

Net cash flow from investing activities in the quarter was NOK -78m of which NOK 62m is related to the acquisition of Luxonic and NOK 19m is related to investments in existing business.

Net cash flow from financing was NOK -33m in Q2-2019. The net increase of the Group's borrowing was NOK 38m, interest paid NOK 29m, lease payment on financial leases was NOK 8m, and dividend paid to minority shareholders was NOK 34m. Total cash flow for the period was NOK -121m decreasing the cash balance to NOK 229m.

### Year to date

Cash flow from operations amounted to NOK 59m YTD 2019, up from NOK 55m YTD 2018. Operating profit is higher than last year, this is partly offset by other operating changes which had a larger positive effect YTD 2018.

## Financial position

As of 30 June 2019, GLX Holding's equity amounts to NOK 1,980m. The equity ratio as of 30 June 2019 was 41%. Net interest-bearing debt as of 30 June 2019 is NOK 1,450m (adjusted for the IFRS 16 effect), which is up from NOK 1,288m as at 31 December 2018. Increased net interest-bearing debt is mainly explained by dividend payment and the acquisition of Luxonic.

The Groups borrowings consist of long-term senior secured notes of NOK 1,350m and a revolving credit facility (RCF) of NOK 1,000m of which NOK 339m is utilized. In June 2018 GLX Holding entered into a 3-year floating-to-fixed interest rate swap for the nominal amount of NOK 1,350 in order to remove interest rate risk on the senior secured notes.

## Segments

### Professional Building Solutions (PBS)

NOKm	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Order intake	552	592	1,104	1,094
Total revenues	554	524	1,105	982
Adjusted EBITDA*	96	94	194	169
Adjusted EBITDA margin*	17.4 %	18.0 %	17.5 %	17.2 %

\*Excluding IFRS 16 effects

### Quarter

The Professional Building Solutions (PBS) business areas reported total order intake of NOK 552m in Q2-2019, representing a decline of 7% from NOK 592m in Q2-2018. Total revenues in the business area ended at NOK 554m in Q2-2019, 6% above NOK 524m in Q2-2018. The Easter holiday, being in April this year and March last year, has a negative effect on both order intake and revenue while the acquisition of Luxonic in Q2-2019 contributes positively to both order intake and revenue in the quarter compared to last year. Luxonic contributed with NOK 27m in order intake and NOK 34m in revenues in Q2-2019. The comparable year-on-year order intake development shows a decline of 12%, while comparable revenue fell by 1%.

The adjusted EBITDA in Q2-2019 was NOK 96m, 2% ahead of NOK 94m in Q2-2018. The adjusted EBITDA margin ended at 17.4%, a decrease from 18.0% in Q2-2018. While the continuing price pressure in the PBS business area is offset by lower material cost, Luxonic Lighting has a slight negative effect on the EBITDA margin in the quarter compared to last year.

### Year to date

The PBS business area reported total order intake of NOK 1,104m YTD 2019, an increase of 1% from NOK 1,094m YTD 2018. Total revenue of NOK 1,105m YTD 2019 represents an increase of 13% from 982m YTD 2018. The comparable year-on-year order intake decreased by 6%, while comparable year-on-year revenue increased by 5%. Adjusted EBITDA is NOK 194m YTD 2019, 15% higher than NOK 169m YTD 2018 mainly due to higher revenue.

### Global Marine & Offshore (GMO)

NOKm	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Order intake	197	224	442	405
Total revenues	196	184	403	377
Adjusted EBITDA*	6	11	21	27
Adjusted EBITDA margin*	2.9 %	6.2 %	5.2 %	7.2 %

\*Excluding IFRS 16 effects

## **Quarter**

The Global Marine & Offshore (GMO) business area reported total order intake of NOK 197m in Q2-2019, representing a 12% decline from NOK 224m in Q2-2018. The decline in order intake is explained by lower order intake within the Commercial Marine segment. All other segments are in line or above last year. Total revenues ended at NOK 196m in Q2-2019, 7% above NOK 184m in Q2-2018. The Commercial Marine, Offshore Energy and Onshore Energy segment reports an increase in revenue while remaining segments reports revenue below Q2-2018.

The adjusted EBITDA was NOK 6m, 50% behind NOK 11m in Q2-2018. The adjusted EBITDA margin in Q2-2019 was 2.9% compared to 6.2% in Q2-2018. The margin decline compared to the same period last year is due to a combination of negative product and project mix effects and temporarily lower productivity due to the ongoing restructuring of the GMO value chain.

## **Year to date**

The GMO business area had total order intake of NOK 442m YTD 2019, up 9% from NOK 405m YTD 2018. Total revenue ended at NOK 403m YTD 2019, up 7% from 377m YTD 2018. The adjusted EBITDA is NOK 21m YTD 2019, 23% behind NOK 27m YTD 2018.

## **Outlook**

The Glamox Group is continuing its investments in new products and systems, as well as increasing the capacity and competence in the organisation in order to make Glamox lighting solutions even more competitive.

# Condensed consolidated interim financial statements

## GLX Holding Group consolidated statement of profit and loss (unaudited)

NOK 1000	Q2		YTD		FY
	2019	2018	2019	2018	2018
Revenue	738 151	696 219	1 483 730	1 338 065	2 731 296
Other operating income	12 302	11 555	24 343	20 224	41 422
<b>Total revenues</b>	<b>750 453</b>	<b>707 774</b>	<b>1 508 073</b>	<b>1 358 289</b>	<b>2 772 718</b>
Raw materials	(345 843)	(326 443)	(694 297)	(618 105)	(1 285 180)
Payroll and related cost	(236 746)	(234 735)	(463 994)	(455 535)	(879 380)
Other operating expenses	(72 375)	(84 148)	(138 789)	(132 198)	(280 025)
<b>EBITDA</b>	<b>95 489</b>	<b>62 448</b>	<b>210 993</b>	<b>152 451</b>	<b>328 134</b>
Depreciation	(21 395)	(13 185)	(41 606)	(25 801)	(52 680)
Amortization	(21 480)	(20 374)	(42 650)	(40 485)	(82 406)
<b>Operating profit / EBIT</b>	<b>52 613</b>	<b>28 889</b>	<b>126 736</b>	<b>86 165</b>	<b>193 048</b>
Net financial items	(27 523)	(26 117)	(56 160)	(45 520)	(97 620)
<b>Profit before tax</b>	<b>25 090</b>	<b>2 772</b>	<b>70 576</b>	<b>40 644</b>	<b>95 428</b>
Taxes	(9 420)	(4 765)	(26 686)	(10 643)	(28 967)
<b>Profit for the period</b>	<b>15 670</b>	<b>(1 994)</b>	<b>43 890</b>	<b>30 001</b>	<b>66 461</b>
Profit/loss attributable to owners	5 369	(7 423)	20 967	10 948	25 558
Profit/loss attributable to non-controlling interest	10 301	5 429	22 923	19 054	40 903

## GLX Holding Group consolidated statement of other comprehensive income (unaudited)

NOK 1000	Q2		YTD		FY
	2019	2018	2019	2018	2018
<b>Profit for the period</b>	<b>15 670</b>	<b>(1 994)</b>	<b>43 890</b>	<b>30 001</b>	<b>66 461</b>
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>					
Gain/loss from re-measurement on defined benefit plans	-	-	-	-	(781)
Tax effect on re-measurements on defined benefit plans	-	-	-	-	(244)
Total items that subsequently will not be reclassified to profit or loss	-	-	-	-	(1 025)
<i>Other comprehensive income that may be reclassified to profit or loss:</i>					
Currency translation differences	36 712	2 973	16 848	(17 532)	19 556
Net gain/loss on hedge of foreign subsidiaries	(37 375)	(1 102)	(17 134)	15 862	(18 963)
Tax effect from hedge of foreign subsidiaries	(886)	423	3 769	(3 648)	4 361
Total items that subsequently may be reclassified to profit or loss	(1 549)	2 294	3 484	(5 318)	4 954
<b>Other comprehensive income for the period</b>	<b>(1 549)</b>	<b>2 294</b>	<b>3 484</b>	<b>(5 318)</b>	<b>3 929</b>
<b>Total comprehensive income for the period</b>	<b>14 121</b>	<b>300</b>	<b>47 374</b>	<b>24 684</b>	<b>70 390</b>
Total comprehensive income attributable to owners	4 189	(5 697)	23 620	6 946	28 550
Total comprehensive income attributable to Non-Controlling interest	9 932	5 997	23 753	17 737	41 840



## GLX Holding Group statement of financial position (unaudited)

<b>NOK 1000</b>	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>31.12.2018</b>
<b>ASSETS</b>			
Intangible non-current assets	2 987 032	2 856 209	2 931 207
Tangible non-current assets	503 127	317 646	324 402
Other non-current assets	50 127	18 456	52 567
<b>Total non-current assets</b>	<b>3 540 287</b>	<b>3 192 311</b>	<b>3 308 176</b>
Inventory	502 252	437 767	462 384
Receivables	544 883	472 084	451 088
Cash and cash equivalents	229 155	274 383	318 346
<b>Total current assets</b>	<b>1 276 290</b>	<b>1 184 235</b>	<b>1 231 817</b>
<b>TOTAL ASSETS</b>	<b>4 816 577</b>	<b>4 376 546</b>	<b>4 539 994</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1 596 838	1 551 615	1 573 218
Non-controlling interests	382 711	360 003	392 586
<b>Total equity</b>	<b>1 979 549</b>	<b>1 911 618</b>	<b>1 965 804</b>
Deferred tax liabilities	323 057	288 938	344 627
Long-term interest-bearing liabilities	1 720 552	1 551 581	1 562 145
Long-term provision and other liabilities	83 203	64 648	92 509
<b>Total non-current liabilities</b>	<b>2 126 812</b>	<b>1 905 168</b>	<b>1 999 281</b>
Trade payables	249 503	168 698	203 949
Tax payable	37 537	28 534	35 847
Short-term interest-bearing liabilities	52 757	-	-
Other short-term liabilities	370 418	362 529	335 113
<b>Total current liabilities</b>	<b>710 215</b>	<b>559 760</b>	<b>574 910</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 816 577</b>	<b>4 376 546</b>	<b>4 539 994</b>

## GLX Holding Group consolidated statement of changes in equity (unaudited)

<b>NOK 1000</b>	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Retained earnings</b>	<b>Total shareholders' equity</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Balance as of 31 December 2018</b>	<b>1 000</b>	<b>1 599 346</b>	<b>(27 125)</b>	<b>1 573 220</b>	<b>392 585</b>	<b>1 965 805</b>
Current period profit and loss			20 967	20 967	22 923	43 890
Other comprehensive income (loss)			2 653	2 653	831	3 484
Total comprehensive income (loss)			23 620	23 620	23 753	47 374
Dividends					(33 628)	(33 628)
<b>Balance as of 30 June 2019</b>	<b>1 000</b>	<b>1 599 346</b>	<b>(3 505)</b>	<b>1 596 838</b>	<b>382 711</b>	<b>1 979 549</b>



## GLX Holding Group consolidated statement of cash flow (unaudited)

NOK 1000	Q2		YTD		FY
	2019	2018	2019	2018	2018
Profit before tax	25 090	2 772	70 576	40 645	95 428
Taxes paid	(38 478)	(8 801)	(55 351)	(60 923)	(82 163)
Depreciation and amortization	42 876	33 559	84 257	66 286	135 086
Changes in working capital	(12 790)	(52 771)	(41 676)	(80 876)	(31 985)
Other operating changes	(26 529)	75 320	1 150	90 123	98 384
<b>Net cash flow from operating activities</b>	<b>(9 832)</b>	<b>50 078</b>	<b>58 956</b>	<b>55 254</b>	<b>214 750</b>
Cash flow from (purchase)/sales of shares in subsidiaries	(62 480)	(93 039)	(62 480)	(96 415)	(129 915)
Purchase of tangible fixed assets and intangible assets	(19 065)	(16 434)	(32 520)	(29 316)	(67 098)
Other cash flow from investments	3 405	587	6 160	3 471	4 790
<b>Net cash flow from investing activities</b>	<b>(78 140)</b>	<b>(108 886)</b>	<b>(88 840)</b>	<b>(122 260)</b>	<b>(192 223)</b>
Down payment	(11 715)	-	(11 715)	-	-
Lease payment	(8 411)	-	(16 054)	-	-
Proceeds from borrowings	50 000	112 680	50 000	112 680	112 680
Dividend paid	(33 622)	(30 700)	(33 622)	(30 700)	(30 700)
Interest paid	(29 372)	(25 497)	(56 409)	(49 253)	(104 871)
<b>Net cash flow from financing activities</b>	<b>(33 119)</b>	<b>56 484</b>	<b>(67 800)</b>	<b>32 727</b>	<b>(22 890)</b>
<b>Total cash flow for the period</b>	<b>(121 091)</b>	<b>(2 324)</b>	<b>(97 685)</b>	<b>(34 279)</b>	<b>(363)</b>
Effect of change in exchange rate	4 739	2 435	8 494	1 598	11 645
Cash and cash equivalents, beginning of period	345 507	274 273	318 346	307 064	307 064
<b>Cash and cash equivalents, end of period</b>	<b>229 155</b>	<b>274 383</b>	<b>229 155</b>	<b>274 383</b>	<b>318 346</b>

# Notes to the condensed consolidated interim financial statements

## Note 1 - General information and accounting principles

GLX Holding AS is a company incorporated and domiciled in Norway. GLX Holding AS is a holding company and has no other activities or investments than the ownership of 76,16% of Glamox AS. The registered address is c/o Triton Advisors (Norway) AS, Kronprinsesse Märthas plass 1, 0161 OSLO. The ultimate parent of GLX Holding AS is Triton Fund IV, located at Jersey.

This interim report has been prepared in accordance with IAS34 for interim financial reporting. GLX Holding AS has applied the same accounting policies as in the IFRS consolidated financial statement for 2018, except for the implementation of IFRS 16 Leases (see note 7 below). The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the IFRS consolidated financial statement for 2018. The quarterly report has not been audited.

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates and judgements made by management in preparing these condensed consolidated interim financial statements, in applying the Group's accounting policies and key sources of estimation of uncertainty, were based on the same underlying principles as those applied to the IFRS consolidated financial statement for 2018.

## Note 2 - Operating segments

The Group operates with two different business areas, Professional Building Solution (PBS) and Global Marine & Offshore (GMO). These two business areas have to a large extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. PBS offers products to office, industry, health, education, retail, hotels and restaurants mainly in Europe. Their main sales channels are direct to customer and wholesalers. GMO offers its products in the global market within commercial marine, oil and gas (offshore and onshore), navy, recreational, cruise and ferry. The customer base of GMO consists of vessel owners, yards, electrical installers, engineering companies and oil companies.

To be able to monitor and follow up the profitability of these two business areas, the Group has an operating segment reporting where PBS and GMO each represents a complete value chain. Glamox Group functions are distributed between the two operation segments based on allocation keys. GLX Holding AS functions and cost are not allocated to the operating segments.

	PBS Q2-2019	GMO Q2-2019	Other Q2-2019	Group Q2-2019
Revenues	554	196		750
EBITDA	89	1	5	95
in %	16.1 %	0.7 %		12.7 %

	PBS YTD-2019	GMO YTD-2019	Other YTD-2019	Group YTD-2019
Revenues	1 105	403		1,508
EBITDA	185	13	13	211
in %	16.8 %	3.1 %		14.0 %

## Note 3 - Items affecting comparability

In Q2-2019 the Group recorded non-recurring cost of NOK 11.5m. NOK 4m is related to acquisition cost, NOK 3m is related to the ongoing restructuring of the GMO value chain and NOK 0.5m is related to the cancellation of orders to Russia and Iran. Due to the sanction regime against Russia and Iran requiring severe compliance procedures on deliveries and banks not forwarding payments from US sanctioned parties, the Group has decided to withdraw from these two markets. NOK 4m is related to focused activities within procurement and logistics

including a restructuring of the organization. YTD 2019, an additional cost of NOK 1m in Q1-2019 related to these activities has been reclassified as non-recurring cost.

First half year 2018 recorded non-recurring cost of NOK 43m. Of this NOK 39m was related to restructuring in GMO and NOK 3m was transaction cost related to acquisition of Küttel.

From 2019 the Group has changed the routines related to accruals for extraordinary bonuses to all employees. A discretionary bonus has normally been granted to all employees in years where operational results have been in line with or above targets. While the cost has been accrued towards the end of the year historically, from 2019 the cost is accrued on a monthly basis. YTD 2019 this amounts to NOK 8m.

#### **Note 4 - Dividend**

In June 2019, Glamox AS distributed dividend of total NOK 141.1m (NOK 2.138 per share). Of this, NOK 107.4m was distributed to the parent company GLX Holding AS, and NOK 33.7m to non-controlling interests.

#### **Note 5 – Interest bearing liabilities to financial institutions**

The Group holds a long-term senior secured notes of NOK 1,350m and a revolving facility. The revolving facility has a credit limit of NOK 1,000m and as of June 30, 2019 the utilized amount was NOK 339m.

Net interest-bearing debt according to new accounting principles is NOK 1,576m. Adjusted for the IFRS 16 effect of NOK 126m, net interest-bearing debt according to old accounting principles is NOK 1,450m as of 30.06.2019.

#### **Note 6 - Related party transactions**

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. All transactions within the Group or with other related parties are based on the principle of arm's length.

GLX Holding AS has agreements with Triton Advisers Limited and West Park Management Services Limited for counseling. During first half 2019 the company has expensed NOK 2.0m.

#### **Note 7 - Changes in accounting policies 2019 - IFRS 16 Leases**

The Group implemented IFRS 16 Leases from 1 January 2019. The new accounting standard has replaced IAS 17 Leases and covers the recognition, measurement and presentation of leases and related disclosures in the financial statement. IFRS 16 requires that all leases, except from short term leases and leases of low value assets are reflected in the balance sheet of a lessee as a lease liability and a Right of use (RoU) asset. The GLX Holding Group has implemented the standard according to the modified retrospective method with no restatement of comparable figures for 2018, which are still presented in accordance with IAS 17.

Reference is made to note 10.3 in GLX Holding Group's annual financial statement 2018 for detailed description of accounting principles, implementation effects and method for implementation. There have been no changes to these elements compared to the description in the 2018 annual financial statements, and the 2018 note on implementation of IFRS 16 Leases therefore describes the accounting policy applied for balances and transactions in 2019.

The tables below show impact from IFRS 16 on lines in condensed profit and loss statement and condensed cash flow statement for 1H 2019, and on condensed balance sheet per 30 June 2019.

## Condensed profit and loss

NOK 1000	Old principles 30.06.2019	Effects from IFRS 16	New principles 30.06.2019
<b>Total revenues</b>	<b>1 508 073</b>		<b>1 508 073</b>
Raw materials	694 297		694 297
Payroll and related cost	463 994		463 994
Other operating expenses	154 843	-16 054	138 789
<b>EBITDA</b>	<b>194 939</b>		<b>210 993</b>
Depreciation	27 019	14 587	41 606
Amortization	42 650		42 650
<b>Operating profit / EBIT</b>	<b>125 269</b>	<b>1 467</b>	<b>126 736</b>
Net financial items	54 448	1 712	56 160
<b>Profit before tax</b>	<b>70 821</b>	<b>-245</b>	<b>70 576</b>
Taxes	26 740	-54	26 686
<b>Profit for the period</b>	<b>44 081</b>	<b>-191</b>	<b>43 890</b>

## Condensed balance sheet lines

NOK 1000	Old principles 30.06.2019	Effects from IFRS 16	New principles 30.06.2019
Tangible non-current assets	377 271	125 857	503 127
Other non-current assets	50 073	54	50 127
<b>Total non-current assets</b>	<b>3 414 376</b>	<b>125 911</b>	<b>3 540 287</b>
Receivables	544 952	-69	544 883
<b>Total current assets</b>	<b>1 276 359</b>	<b>-69</b>	<b>1 276 290</b>
<b>TOTAL ASSETS</b>	<b>4 690 736</b>	<b>125 841</b>	<b>4 816 577</b>
Equity	1 596 985	-147	1 596 838
Non-controlling interests	382 757	-46	382 711
<b>Total equity</b>	<b>1 979 741</b>	<b>-192</b>	<b>1 979 549</b>
Long-term interest-bearing liabilities	1 627 465	93 087	1 720 552
<b>Total non-current liabilities</b>	<b>2 033 725</b>	<b>93 087</b>	<b>2 126 812</b>
Short-term interest-bearing liabilities	19 811	32 946	52 757
<b>Total current liabilities</b>	<b>677 269</b>	<b>32 946</b>	<b>710 215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 690 736</b>	<b>125 841</b>	<b>4 816 577</b>

## Condensed cash flow statement

NOK 1000	Old principles 30.06.2019	Effects from IFRS 16	New principles 30.06.2019
Net cash flow from operating activities	20 052	16 054	36 106
Net cash flow from investing activities	-88 840		-88 840
Net cash flow from financing activities	-28 896	-16 054	-44 950
<b>Total cash flow for the period</b>	<b>-97 685</b>		<b>-97 685</b>
Effect of change in exchange rate	8 494		8 494
Cash and cash equivalents, beginning of period	318 346		318 346
<b>Cash and cash equivalents, end of period</b>	<b>229 155</b>		<b>229 155</b>

## Note 8 – Acquisition of Luxonic

On 30 April 2019, Glamox AS acquired 100% of the shares in Luxonic Lighting Ltd. The company was established in 1986 and is a UK based lighting company with a strong brand and its own manufacturing plant located in Basingstoke, UK. Luxonic Group had revenues of GBP 16.7m in 2018 and GBP 17.5m in 2017.

The total purchase consideration was NOK 124.4m, consisting of cash consideration paid of NOK 67.0m and contingent consideration of NOK 57.4m. The contingent consideration relates to future financial key figures. Total transaction cost related to the acquisition was NOK 3m and is expensed as other operating expenses.

### Preliminary Purchase Price Allocation

NOK million	Carrying amount	Fair value Adj	Fair value
Goodwill		53.6	53.6
Other intangible non-current assets		34.4	34.4
Tangible non-current assets	64.8		64.8
Inventories	23.0		23.0
Receivables	44.2		44.2
Cash and cash equivalents	4.5		4.5
Long term liabilities	-18.0		-18.0
Deferred tax	-3.9	-6.5	-10.4
Current liabilities	-71.6		-71.6
<b>Total</b>	<b>43.0</b>	<b>81.4</b>	<b>124.4</b>
<b>Purchase consideration</b>			
Cash consideration paid			67.0
Contingent consideration liability			57.4
<b>Total consideration for the shares</b>			<b>124.4</b>
<b>Net cash flow</b>			
Cash consideration paid			67.0
Cash acquired			4.5
<b>Net cash flow from acquisition</b>			<b>62.5</b>

The activities of Luxonic are reported as a part of the business segment; Professional Building Solution (PBS). Luxonic contributed with NOK 33m in revenue in Q2-2019.

#### Note 9 - Significant risk and uncertainties

For information regarding the most significant risks and uncertainty factors, please read the description in the annual report for 2018. The company does not consider that there have been any material changes during the reporting period in the risks and uncertainty factors presented in the annual report.

#### Note 10 - Forward-looking statements / Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

## Statement by the board of directors

Today, the board of directors reviewed and approved the half-yearly board of directors' report and the unaudited condensed consolidated half-yearly financial statements for GLX Holding AS as of 30 June 2019 and for the six-month period ended 30 June 2019 (half-yearly financial report 2019). The half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the Norwegian additional requirements in the Securities Trading Act.

To the best of our knowledge

- the half-yearly financial statements for 2019 have been prepared in accordance with applicable financial reporting standards
- the half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit (or loss) as a whole as of 30 June 2019.
- the half-yearly board of directors' report includes a fair review of
  - important events that have occurred during the first six months of the financial year and their impact on the half-yearly financial statements
  - the principal risks and uncertainties for the remaining six months of the financial year
  - major related party transactions

29 August 2019

Gustaf Backemar  
(sign)  
Chairman

Joachim Espen  
(sign)  
Board member

Carl Johan Renvall  
(sign)  
Board member

Torfinn Kildal  
(sign)  
Board member

## Definitions

GLX Holding presents certain financial performance measures that are not defined in the interim report in accordance with IFRS or other generally accepted accounting principles and should not be considered as a substitute for measures of performance in accordance with IFRS. GLX Holding believe that these measures provide useful supplemental information to investors and the company's management when they allow evaluations of trends and the performance of the company. As companies calculate the performance measures differently, these are not always comparable to similar titled measures used by other companies.

This report has not been subject to audit.

Order intake	Orders received measured at gross value before deduction of commissions and other sales reductions
Total revenue	Revenue and other operating income net of commissions and other sales reductions
Comparable growth	Growth adjusted for acquisitions, Non-Recurring Items and currency effects
EBITDA	Earnings before interest, tax, depreciation and amortization
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortization and exceptional items
EBITDA-margin	EBITDA as a percentage of total revenue
Adjusted EBITDA-margin	Adjusted EBITDA as a percentage of total revenue
Net financial expenses	Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities
Net debt	Interest-bearing debt minus cash and cash equivalents
Non-Recurring Items	Any items (positive or negative) of a one off, non-recurring, unusual, non-operational or exceptional nature including restructuring expenses
LED	Light-emitting diode
LMS	Light Management Systems





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