

COMPANY ANNOUNCEMENT AND PRESS RELEASE

Gabriel Holding A/S

Gabriel Holding A/S realises organic growth of 21% in revenue and an increase of 22% in profit before tax

Selected financial ratios

- Revenue increased to DKK 598.7 million (DKK 492.8 million).
- Operating profit (EBIT) from continuing operations was DKK 55.3 million (DKK 45.9 million), an increase of 20%.
- Operating margin was 9.2% (9.3%).
- Profit before tax from continuing operations was DKK 57.0 million (DKK 46.8 million), an increase of 22%.
- Profit after tax was DKK 45.2 million (DKK 35.3 million).
- Return on invested capital (ROIC) before tax was 28.6% (29.5%).
- Earnings per share (EPS) increased to DKK 23.4 (DKK 19.1).
- Cash flow from operating activities in the period was DKK 39.7 million (DKK 25.6 million).
- The Board of Directors proposes a dividend of DKK 9.50 per DKK 20 share.

Summary

In a mildly increasing market, growth has been a feature at Gabriel A/S this financial year. The organic revenue growth of 21% is a result of growth within all business units and in all geographical markets except the UK.

Screen Solutions Ltd, which we acquired in November 2016, continued to realise a decline in revenue compared to last year. This is a result of planned adjustments to the sales strategy. Revenue in Screen Solutions is expected to be stable in 2018/19 and identified potential is expected to be developed and realised in the years to come, both in the British company and the FurnMaster units.

The 22% improvement in profit is a result of revenue realised above expectations and of productivity improvements across the Group.

At the beginning of the year, management expected growth in revenue of the order of 10-15% and an equivalent increase in profit before tax. After the first six months, management adjusted its expectations upward, to growth in revenue and profit before tax of around 20%.

Shortly before the end of the financial year, the expectations were clarified to revenue of the order of DKK 598 million and profit before tax of DKK 57-58 million.

Subsequent events

On 12 October 2018, Gabriel Holding A/S signed a letter of intent with the pension group PenSam with a view to selling the entire share capital of its fully-owned subsidiary, Gabriel Ejendomme A/S.

The total sale price is DKK 150 million, from which interest-bearing debt and deferred tax of Gabriel Ejendomme A/S must be subtracted. The transaction transferring the property company to PenSam is expected to take place around 1 April 2020. The financial statements therefore continue to classify the subsidiary as discontinuing its activity.

On 4 October 2018, a conditional agreement was entered into for the acquisition of the entire share capital in UAB Baltijos Tekstilė in Lithuania. The agreed price is just over EUR 4 million. The transaction is conditional and expected to be completed by the end of 2018, following due diligence.

Expectations for the future

The global market for contract furniture is expected to increase slightly in 2018/19. New products within all areas have been well received and momentum is generally good in all business units.

We are already prepared for customs tariffs in the U.S. on goods from China and for Brexit, when completed, and expect to meet any challenges that arise.

Management judges that growth is possible in both revenue and earnings. Based on the Group's outreach activities, on its constantly increasing efforts in development and sales initiatives, and on the mildly increasing market, we expect revenue and earnings growth of the order of 10-20%.

The Board of Directors recommends that the general meeting of Gabriel Holding A/S, to be held on 13 December 2018, should approve the following:

- To pay a dividend of DKK 9.50 per DKK 20 share;
- To re-appoint directors Jørgen Kjær Jacobsen, Hans O. Damgaard and Søren B. Lauritsen and Group CFO Pernille Fabricius as board members appointed by the general meeting; and to re-appoint KPMG Statsautoriseret Revisionspartnerselskab as auditors.
- The annual report is recommended for adoption at the company's general meeting to be held at 2:00 p.m. on Thursday 13 December 2018 at the company's office in Aalborg.

The official annual report is published on the company's website and the printed version of the report will be available by 3 December 2018 at the company's office.

FINANCIAL HIGHLIGHTS	Unit	2017/18	2016/17	2015/16	2014/15	2013/14
Revenue	mDKK	598.7	492.8	390.4	334.8	281.8
Growth	%	21.5	26.2	16.6	18.8	6.4
of which exports	mDKK	540.1	449.2	335.0	301.5	251.2
Export percentage	%	90	91	91	90	89
Operating profit (EBIT) from continuing operations	mDKK	55.3	45.9	39.4	25.7	25.2
Net finance income and costs	mDKK	-0.7	-2.2	-1.2	-0.9	2.6
Profit before tax from continuing operations	mDKK	57.0	46.8	42.7	26.8	27.8
Tax	mDKK	-12.9	-10.7	-8.5	-5.6	-5.9
Profit after tax from continuing operations	mDKK	44.2	36.1	34.2	21.1	21.9
Profit after tax from discontinuing operations	mDKK	1.0	-0.9	0.1	0.4	-
Profit for the year	mDKK	45.2	35.3	34.3	21.5	21.9
Cash flows from:						
Operating activities	mDKK	39.7	25.6	33.5	18.2	24.5
Investing activities	mDKK	-37.3	-47.3	-6.7	-22.3	-5.9
Financing activities	mDKK	8.4	20.5	-11.0	-1.5	-15.7
Assets held for sale	mDKK	-2.1	-3.8	-3.6	-9.2	-
Cash flows for the year	mDKK	-8.1	-4.9	12.2	-14.8	2.9
Investments in property, plant and equipment	mDKK	18.5	13.7	5.7	18.7	13.5
Depreciation, amortisation and impairment losses	mDKK	15.5	10.9	8.0	8.3	7.0
Equity	mDKK	251.3	221.0	201.6	178.1	166.0
Statement of financial position total	mDKK	436.1	398.3	289.7	278.4	245.2
Invested capital	mDKK	204.4	195.0	122.3	233.5	202.6
Working capital	mDKK	135.1	100.5	81.6	73.9	62.0
Average number of employees	mDKK	517	404	292	238	142
Revenue per employee	mDKK	1.2	1.2	1.3	1.4	2.0
FINANCIAL RATIOS						
Gross margin	%	39.3	41.4	40.6	39.8	41.1
Operating margin (EBIT margin)	%	9.2	9.3	10.1	7.7	8.9
Return on invested capital (ROIC) before tax	%	28.6	29.5	19.6	12.3	12.7
Return on invested capital (ROIC) after tax	%	22.1	22.8	15.7	9.7	11.0
Earnings per share (EPS)	DKK	23.4	19.1	18.1	11.2	11.6
Return on equity	%	18.7	17.1	18.0	15.8	13.6
Equity ratio	%	57.6	55.5	69.6	64.0	67.7
Book value per share at year end	DKK	133	117	107	94	88
Market price at year end	DKK	608	475	570	199	185
Price/book value	DKK	4.6	4.1	3.3	2.1	2.1
Price earnings (PE)	DKK	26.0	24.8	31.5	17.8	16.0
Price cash flow (PCF)	DKK	29.0	35.0	32.2	20.7	14.3
Proposed dividend per DKK 20 share	DKK	9.50	7.65	7.25	5.50	5.25
Dividend yield	%	1.6	1.6	1.3	2.8	2.8
Payout ratio	%	40	41	40	49	45

Financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".

*) Financial ratios for 2014/15 and earlier have not been adjusted for discontinued operations.