

## Gabriel Holding A/S delivers record financial results with 26% revenue growth and a 10% increase in profit before tax.

### Summary

Solid growth was the defining feature of this financial year, in a market showing modest improvement. The total growth of 26% in revenue is attributable to a combination of organic growth and the acquired company. The organic revenue growth of 14% (the equivalent of DKK 54.4 million) is a result of growth in all business areas and on all core markets. The share of growth that comes from the acquired company is DKK 48.0 million in the financial year.

At the beginning of the year, management expected a limited increase of 0-5% in profit before tax due to the following:

- the acquisition and integration costs associated with the purchase of Screen Solutions Ltd. in England, and
- the establishment of upholstery production in Grand Rapids, Michigan, USA.

After six months, management noted that the acquisition and production establishment were both running to plan, that organic revenue growth was bigger than expected, and that the expected operating profit was consequently also higher than expected. On this basis, management raised its revenue growth expectations to 20-25% and adjusted its forecast increase in profit before tax to around 10%.

The realised increase in operating profit (EBIT) was 16%, while profit before tax improved by 10%.

In March 2016, the sale of the subsidiary Gabriel Ejendomme A/S was initiated. The subsidiary is still for sale and therefore continues to be classified as a discontinuing operation in the financial statements.

Selected financial ratios:

- Revenue increased to DKK 492.8 million. (DKK 390.4 million), an increase of 26%.
- Operating profit (EBIT) from continuing operations was DKK 45.9 million (DKK 39.4 million), an increase of 16%.
- Operating margin was 9.3% (10.1%).
- Profit before tax from continuing operations was DKK 46.8 million (DKK 42.7 million), an increase of 10%.
- Profit after tax was DKK 35.3 million. (DKK 34.3 million).
- Return on invested capital (ROIC) before tax was 29.5% (35.8%).
- Earnings per share (EPS) increased to DKK 19.1 (DKK 18.1).
- Cash flow from operating activities in the period was DKK 25.6 million. (DKK 33.5 million),
- The Board of Directors proposes a dividend of DKK 7.65 per DKK 20 share.

The global market for contract furniture is expected to increase slightly in 2017/18 and management judges that growth is possible in both revenue and earnings. Based on the Group's outreach activities and constantly increasing investment in development and sales initiatives, revenue growth of 10-15% is expected.

The acquisition, Screen Solutions Ltd, was adapted structurally and strategically in 2016/17 and an expected fall in revenue was consequently realised. Focus in 2017/18 will be on integrating the company into the Group's strategy to create the basis for growth and earnings in subsequent financial years.

The establishment of upholstery production in Grand Rapids, Michigan, USA, is expected to contribute positively to the Group's growth but, as a result of continued start-up costs, the unit is expected to deliver a small operating loss which will affect the Group's earnings in 2017/18.

On the basis of planned productivity improvements in the remaining part of the business and continued investments in sales and development activities, management expects an increase in profit before tax of the order of 10-15%.

The expectations for the 2017/18 financial year are thus: growth in revenue of the order of 10-15%; and an equivalent increase in profit before tax.

The Board of Directors recommends that the general meeting of Gabriel Holding A/S, to be held on 14 December 2017, should approve the following:

- to pay a dividend of DKK 7.65 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 14 December 2017 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 on 3 December 2017 at the company's office.

---

Gabriel Holding A/S  
Hjulmagervej 55  
DK-9000 Aalborg

Contact: CEO Anders Hedegaard Petersen

## Financial highlights\* for the Group

KEY FIGURES	Unit	2016/17	2015/16	2014/15	2013/14	2012/13
Revenue	DKK million	<b>492.8</b>	390.4	334.8	281.8	264.9
Growth	%	<b>26.2</b>	16.6	18.8	6.4	7.0
of which exports	DKK million	<b>449.2</b>	355.0	301.5	251.2	240.2
Export percentage	%	<b>91</b>	91	90	89	91
Operating profit (EBIT) from continuing operations	DKK million	<b>45.9</b>	39.4	25.7	25.2	21.4
Net finance income and costs	DKK million	<b>-2.2</b>	-1.2	-0.9	2.6	1.1
Profit before tax from continuing operations	DKK million	<b>46.8</b>	42.7	26.8	27.8	22.5
Tax	DKK million	<b>-10.7</b>	-8.5	-5.6	-5.9	-4.5
Profit after tax from continuing operations	DKK million	<b>36.1</b>	34.2	21.1	21.9	18.0
Profit after tax from discontinuing operations	DKK million	<b>-0.9</b>	0.1	0.4	-	-
Profit for the year	DKK million	<b>35.3</b>	34.3	21.5	21.9	18.0
Cash flows from:						
Operating activities	DKK million	<b>25.6</b>	33.5	18.2	24.5	14.6
Investing activities	DKK million	<b>-47.3</b>	-6.7	-22.3	-5.9	-3.4
Financing activities	DKK million	<b>20.5</b>	-11.0	-1.5	-15.7	-11.9
Assets held for sale	DKK million	<b>-3.8</b>	-3.6	-9.2	-	-
Cash flows for the year	DKK million	<b>-4.9</b>	12.2	-14.8	2.9	-0.7
Investments in property, plant and equipment	DKK million	<b>13.7</b>	5.7	18.7	13.5	4.1
Depreciation, amortisation and impairment losses	DKK million	<b>10.9</b>	8.0	8.3	7.0	7.3
Equity	DKK million	<b>221.0</b>	201.6	178.1	166.0	155.8
Statement of financial position total	DKK million	<b>398.3</b>	289.7	278.4	245.2	230.2
Invested capital	DKK million	<b>195.0</b>	122.3	233.5	202.6	194.7
Working capital	DKK million	<b>100.5</b>	81.6	73.9	62.0	57.8
Number of employees	Number	<b>404</b>	292	238	142	106
Revenue per employee	DKK million	<b>1.2</b>	1.3	1.4	2.0	2.5
FINANCIAL RATIOS						
Gross margin	%	<b>41.4</b>	40.6	39.8	41.1	39.9
Operating margin (EBIT margin)	%	<b>9.3</b>	10.1	7.7	8.9	8.1
Return on invested capital (ROIC) before tax	%	<b>29.5</b>	35.8	12.3	12.7	11.1
Return on invested capital (ROIC) after tax	%	<b>22.8</b>	22.7	9.7	11.0	9.4
Earnings per share (EPS)	DKK	<b>19.1</b>	18.1	11.2	11.6	9.5
Return on equity	%	<b>17.1</b>	18.0	15.8	13.6	11.9
Equity ratio	%	<b>55.5</b>	69.6	64.0	67.7	67.7
Book value per share at year end	DKK	<b>117</b>	107	94	88	82
Market price at year end	DKK	<b>475</b>	570	199	185	137
Price/book value	DKK	<b>4.1</b>	5.3	2.1	2.1	1.7
Price earnings (PE)	DKK	<b>24.8</b>	31.5	17.8	16.0	14.4
Price cash flow (PCF)	DKK	<b>35.0</b>	32.2	20.7	14.3	17.7
Proposed dividend per DKK 20 share	DKK	<b>7.65</b>	7.25	5.50	5.25	4.75
Dividend yield	%	<b>1.6</b>	1.3	2.8	2.8	3.5
Payout ratio	%	<b>41</b>	40	49	45	50

Financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".  
Please see page 59 for definitions of financial ratios.

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