

# Q2 2019 Interim Report



**Otiga Group**

## Q2'19 HIGHLIGHTS

### Revenue

**634.0 mnok**

### Revenue Growth

**24.6 %**

### Organic Revenue Growth

**4.1 %**

### EBITDA

**17.9 mnok**

Another quarter with solid growth in revenue, yielding an all-time-high

Continued organic growth in the second quarter

Increase in EBITDA compared to both previous quarter and last year

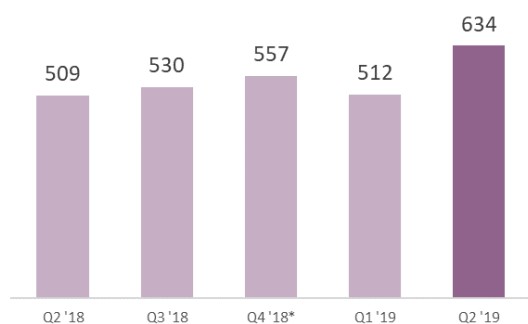
"We are pleased to see a continued positive development in both revenue and EBITDA in the second quarter."



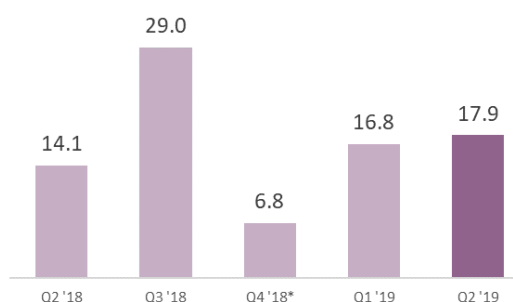
## KEY FIGURES

NOK millions	Q2'19	Q1'19	Q2'18	YTD 19	YTD 18
Total Revenue	634.0	511.8	508.7	1145.9	913.0
OPEX	616.1	495.0	494.6	1111.2	890.6
EBITDA	17.9	16.8	14.1	34.7	22.4
%	2.8 %	3.3 %	2.8 %	3.0 %	2.5 %

Revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



\* Q4 '18 adjusted and restated according to financial statement 2018

## PERFORMANCE IN Q2'19

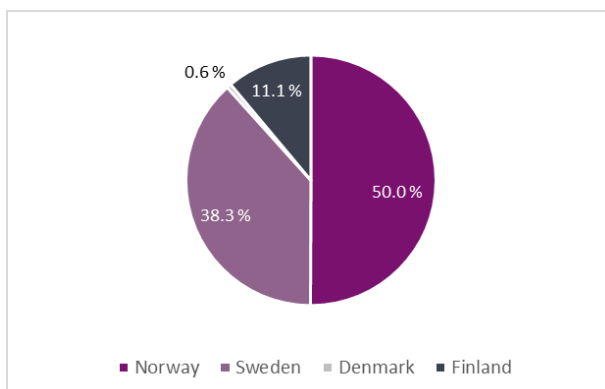
### Group Performance

The Group revenue ended at 634.0 MNOK in Q2'19 compared to 508.7 MNOK in Q2'18. The positive development is driven by a strong quarter in Norway, and partly the inclusion of Clockwork, Vinde TT and Premier in Q2'19. The underlying development in revenue remains positive with an organic revenue growth of 4.1%.

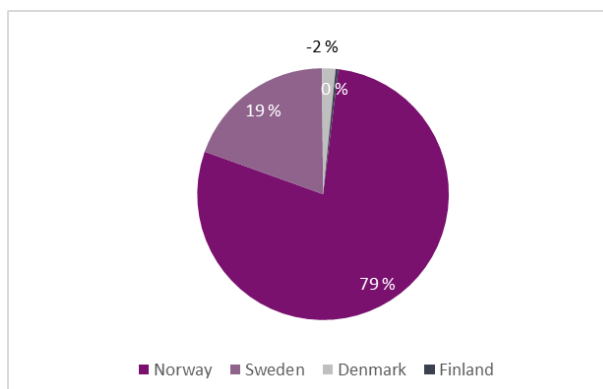
EBITDA for the Group amounted to 17.9 MNOK compared to 14.1 MNOK in Q2'18. The increase is mainly due to the organic growth in revenue and the inclusion of the acquired companies. The implementation of IFRS 16 also have an impact on the result when comparing to the previous year, giving a positive impact of 3.2 MNOK in Q2'19.



Revenue per segment – Q2'19 (Percent)

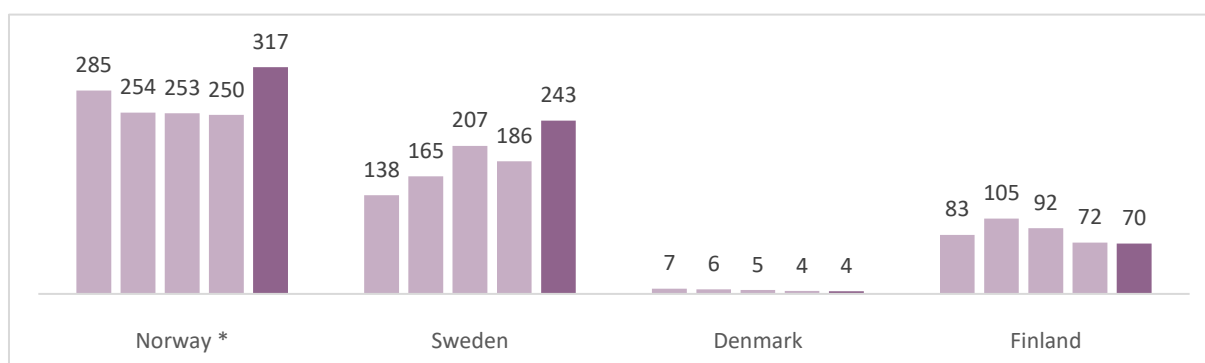


EBITDA per segment - Q2'19 (Percent)



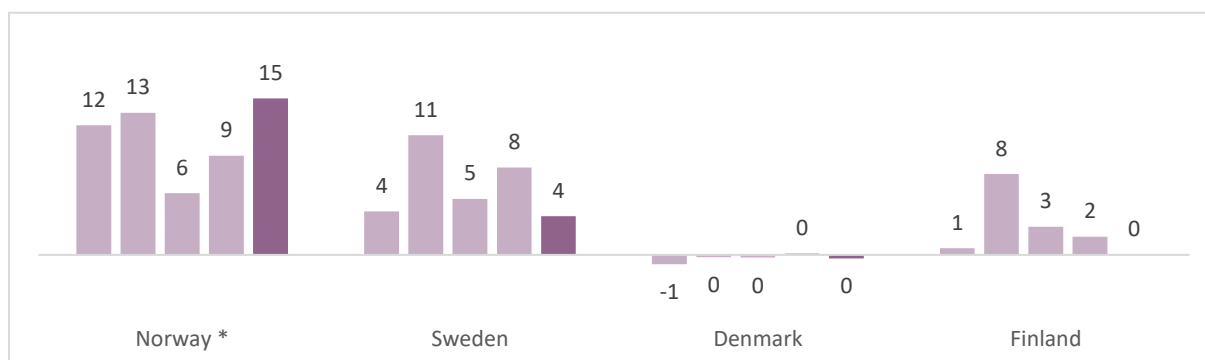
## Business segment performance

Revenue per segment, last five quarters (MNOK):



\* Restated according to IFRS guidelines

EBITDA per segment, last five quarters (MNOK):



\* Restated according to IFRS guidelines



#### Norway

The revenue in Norway amounted to 317.3 MNOK in Q2'19 compared to 250.4 MNOK in Q1'19 and 284.8 MNOK in Q2'18. A good organic revenue growth of 8.6 % continues the positive development for the segment in terms of revenue.

EBITDA in Q2'19 amounted to 14.7 MNOK compared to 9.3 MNOK in Q1'19 and 12.2 MNOK in Q2'18.

#### Sweden

The revenue in Sweden ended at 242.7 MNOK in Q2'19 compared to 185.7 MNOK in Q1'19 and 138.0 MNOK in Q2'18. The increase in revenue is driven by the inclusion of Clockwork AB and Premier AB, whereas the underlying organic growth is neutral.

EBITDA in Q2'19 amounted to 3.6 MNOK compared to 8.2 MNOK in Q1'19 and 4.1 MNOK in Q2'18. The downturn in EBITDA from previous quarter is impacted by the seasonal fluctuations in the second quarter.

#### Finland

The revenue in Finland ended at 70.4 MNOK in Q2'19 compared to 71.6 MNOK in Q1'19 and 82.7 MNOK in Q2'18.

EBITDA in Q2'19 amounted to 0.1 MNOK compared to 1.7 MNOK in Q1'19 and 0.6 MNOK in Q2'18. Corrective actions are in place to fulfil the segment potential.

#### Denmark

The revenue in Denmark ended at 3.6 MNOK in Q2'19 compared to 4.1 MNOK in Q1'19 and 7.3 MNOK in Q2'18.

EBITDA in Q2'19 amounted to -0.3 MNOK compared to 0.1 MNOK in Q1'19 and -0.9 MNOK in Q2'18.

## OUTLOOK

Q2'19 yielded a good result for the Group with a positive organic growth and all-time-high revenue. Going in to the next quarter, the Group expects a continued growth both in terms of revenue and EBITDA.

The Group continues its work on streamlining operations and achieving synergy effects across the organization. The Group will focus on providing central support and to further develop its multibrand strategy.



# COMMENTS TO FINANCIAL STATEMENTS

## Consolidation

In accordance with the Bond Agreement, the acquisitions of Clockwork AB, IMO Offshore AS, Premier AB and Vinde Tilkomstteknikk AS will be included in the pro forma LTM figures and used in covenant calculations.

## Liquidity and cash flow

The cash balance has increased from 101.7MNOK in Q1'19 to 136.9 MNOK in Q2'19. The Group has a working capital facility of 35.0 MNOK in Q2'19.

## Covenants

EBITDA has been adjusted on a *pro forma* basis to represent the relevant period of operations from the acquired entities. The Group is in compliance with all covenants as per 30.06.2019.

After the closing of Q2'19, the Group has redeemed its bond (PERH01) by issuing a new senior secured callable bond. The new bond agreement sets new covenants, which will be reported on a quarterly basis up until redemption. For Q2'19, reported covenants will be reported according to both the redeemed and the new bond agreements.

## Leverage ratio

<b>EBITDA</b>	
EBITDA from current operations	70.5
EBITDA adjustment for acquired entities	19.1
Adjustments for IFRS 16	-6.5
<b>Proforma EBITDA LTM Q2 '19</b>	<b>83.2</b>
<b>Net Debt</b>	
Bond loan	325.0
-Amortized cost	-0.4
Debt	324.6
Cash balance	101.9
<b>Net Debt</b>	<b>222.7</b>
<b>Leverage ratio</b>	<b>2.68</b>
Threshold maximum	3.50

## Interest cover ratio

Interest cost	31.0
<b>Interest cost ratio</b>	<b>2.68</b>
Min	2.00

## Minimum subordinated Capital

Subordinated Capital	245.2
Min	150.0



All covenant measures and thresholds set out below have been prepared in accordance with the new bond agreement using Q2'19 figures. EBITDA is adjusted on a pro forma basis to represent the relevant LTM figures for the acquired companies.

<b>EBITDA</b>		<b>Liquidity *</b>	
Net EBITDA	41.2	<b>Unrestricted Cash</b>	<b>101.9</b>
Pro Forma Adjustments to Net EBITDA	10.5	<i>Min</i>	<i>40.0</i>
<b>Pro Forma Net EBITDA LTM Q2'19</b>	<b>51.6</b>		
		<b>Leverage Ratio</b>	
<b>Coverage Ratio</b>		Bond Loan	324.6
Net Financing Cost LTM Q2'19	41.8	Leasing & Vendor Obligations	65.3
<b>Coverage Ratio</b>	<b>1.23</b>	Unrestricted Cash	101.9
<i>Min</i>	<i>1.10</i>	Net Interest Bearing Debt	288.0
		<b>Leverage Ratio</b>	<b>5.58</b>
		<i>Max</i>	<i>6.50</i>

*\*Calculated using Q2'19 debt. The Bond Loan used in the calculation is therefore the redeemed bond.*

## Main risk factors

The Group's business and operations are influenced by the general market climate. The Group monitors the development in each market on a continued basis to adapt the business to the fluctuations.

The Group operates within the Nordics and is therefore exposed to fluctuations in exchange rates within the Nordic currencies. The risk is considered limited.



## Use of Alternative Performance Measures (APM)

Alternative performance measures are performance measures not within the applicable financial reporting framework (IFRS). Financial APMs are intended to enhance comparability of financial performance over time and are frequently used by analysts and investors. APMs may also be used internally as basis for performance related remuneration.

The Group uses the following APMs:

**EBITDA** is operating profit before depreciation, amortization and impairment charges.

**EBITDA %** is EBITDA divided by revenue.

**EBIT** is operating profit after depreciation, amortization and impairment charges.

**Organic Revenue Growth** is revenue growth achieved internally and not included takeovers, acquisitions or mergers.

**Net EBITDA** is EBITDA, adjusted for subsidiary ownership.

**Net Finance Cost** is finance cost adjusted for subsidiary ownership.





## Statement from the Board of Directors

The financial statements are, to the best of our knowledge and based on our best opinion, presented in accordance with generally accepted accounting principles and the information provided in the financial statements give a true and fair view of the company and the Group's assets, liabilities, financial position and result. The financial report provides an accurate view of the development, performance and financial position of the Group.

Oslo, 23 August 2019

Fredrik Thafvelin  
Chairman

Kristian Adolfsen  
Board member

Roger Adolfsen  
Board member

Anita Bemer Korsvold  
Board member

Karl Høie  
Board member

Ane Nordahl Carlsen  
Board Member

## For more information:

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Group CFO

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# GROUP FINANCIAL STATEMENT

## CONDENCED CONSOLIDATED INCOME STATEMENT (Unaudited)

		2019		2018	
All figures in NOK '000	Notes	Q2 '19	YTD 19	Q2 '18	YTD 18
OPERATING INCOME					
Revenue		634 034	1 145 868	508 723	912 977
<b>Total operating income</b>		<b>634 034</b>	<b>1 145 868</b>	<b>508 723</b>	<b>912 977</b>
OPERATING EXPENSES					
Cost of goods sold		6 986	24 382	-4 816	36 800
Personnel expenses		556 381	1 006 514	461 386	784 505
Other operating expenses		52 750	80 265	38 005	69 263
<b>EBITDA</b>		<b>17 917</b>	<b>34 708</b>	<b>14 149</b>	<b>22 409</b>
Depreciation of fixed assets	1	4 752	8 372	519	1 207
Amortization	1	5 684	11 532	3 693	8 412
<b>EBIT</b>		<b>7 482</b>	<b>14 804</b>	<b>9 937</b>	<b>12 790</b>
FINANCE					
Net interest	2	-6 631	-14 261	-6 761	-12 859
Other financial items	2,9	15 726	13 087	-3 215	-4 332
<b>Net result before tax</b>		<b>16 576</b>	<b>13 630</b>	<b>-39</b>	<b>-4 401</b>
Income tax	4	3 647	2 999	-9	-1 012
<b>Net result for the period</b>		<b>12 930</b>	<b>10 631</b>	<b>-30</b>	<b>-3 389</b>
OTHER COMPREHENSIVE INCOME					
Currency translation differences		-1 181	-8 127	-3 232	-9 819
<b>Total other comprehensive income</b>		<b>-1 181</b>	<b>-8 127</b>	<b>-3 232</b>	<b>-9 819</b>
<b>Total comprehensive income</b>		<b>11 748</b>	<b>2 504</b>	<b>-3 262</b>	<b>-13 208</b>
ATTRIBUTABLE TO					
Equity holders of the parent company		1 042	-13 430	-14 304	-28 728
Non-controlling interest		10 706	15 933	11 043	15 521
<b>Total</b>		<b>11 748</b>	<b>2 504</b>	<b>-3 262</b>	<b>-13 208</b>



## CONDENCED CONSOLIDATED BALANCE SHEET STATEMENT (Unaudited)

All figures in NOK '000		Q2 '19	FY 18
<b>ASSETS</b>			
Intangible assets	3	728 845	696 122
Property, plant & equipment	5	32 518	6 403
Other investments		1 091	3 716
Other long term receivables		14 652	10 372
<b>Total non-current assets</b>		<b>777 106</b>	<b>716 613</b>
Accounts receivables	6	323 871	244 309
Receivables from related parties		-	1 953
Other short-term receivables		36 643	39 988
Cash and cash equivalents		136 944	140 380
<b>Total current assets</b>		<b>497 459</b>	<b>426 630</b>
<b>Total assets</b>		<b>1 274 565</b>	<b>1 143 243</b>
<b>EQUITY</b>			
Share capital		1 728	1 728
Other paid-in capital		291 531	291 531
Retained earnings		-223 495	-211 381
<b>Equity attributable to owners of the parent</b>		<b>69 764</b>	<b>81 878</b>
Non-controlling interests	7	175 388	160 254
<b>Total equity</b>		<b>245 152</b>	<b>242 131</b>
<b>LIABILITIES</b>			
Deferred tax liability		64 519	65 934
Other non-current liabilities		66 844	29 906
<b>Total non-current liabilities</b>		<b>131 363</b>	<b>95 840</b>
Accounts payable		46 832	27 261
Loans and borrowings	8	376 788	384 537
Taxes payable	4	-	10 407
Other current liabilities		474 431	383 066
<b>Total current liabilities</b>		<b>898 050</b>	<b>805 271</b>
<b>Total liabilities</b>		<b>1 029 413</b>	<b>901 112</b>
<b>Total equity &amp; liabilities</b>		<b>1 274 565</b>	<b>1 143 243</b>



## CONSOLIDATED STATEMENT OF CASH FLOW (Unaudited)

All figures in NOK '000	Q2 '19	YTD 19	YTD 18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>EBITDA</b>	<b>17 917</b>	<b>34 708</b>	<b>22 409</b>
Taxes paid	-	-10 407	-8 935
Change in net working capital	25 799	31 657	42 898
<b>Net cash flow from operating activities</b>	<b>43 716</b>	<b>21 250</b>	<b>56 372</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Gain/loss from sale of assets	14 590	14 590	-
Net investment in property, plant and equipment	-3 194	-4 952	-1 025
Net change in financial receivables	-5 217	-4 280	-300
<b>Net cash flow from investing activities</b>	<b>-8 412</b>	<b>-9 232</b>	<b>-1 325</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net cash from acquisition	13 160	4 968	-
Repayment of interest-bearing debt	-5 000	-12 220	-10 000
Net interest paid and other financial items	-6 631	-14 261	-12 859
Dividends paid	-	-22 369	-17 925
<b>Net cash flow from financing activities</b>	<b>1 529</b>	<b>-43 883</b>	<b>-40 784</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>			
<b>Net change in cash and cash equivalents</b>	<b>36 833</b>	<b>-31 865</b>	<b>14 263</b>
Effects of changes in exchange rates on cash	-1 553	-6 279	-7 483
Cash and cash equivalents at the beginning of period	101 664	140 381	108 568
<b>Cash and cash equivalents at end of period</b>	<b>136 944</b>	<b>136 944</b>	<b>115 347</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

All figures in NOK '000	Share Capital	Retained Earnings	Translation Effects	Total equity of the parent	Non-contr. Interest	Total Equity
Balance as at 31 December 2018	1 728	69 733	10 417	81 878	160 254	242 131
Adjustment on initial application of IFRS 16		1 317		1 317	-249	1 067
Adjusted balance at 1. January 2019	1 728	71 050	10 417	83 194	160 004	243 199
Profit for the period		-7 308		-7 308	17 938	10 632
Other comprehensive income			-6 122	-6 122	-2 005	-8 127
<b>Total comprehensive income</b>		<b>-7 308</b>	<b>-6 122</b>	<b>-13 430</b>	<b>15 933</b>	<b>2 504</b>
Payment of dividends					-22 369	-22 369
<b>Total contributions and distributions</b>					<b>-22 369</b>	<b>-22 369</b>
Effect from acquisition of subsidiary					21 819	21 819
<b>Balance as at 30 June 2019</b>	<b>1 728</b>	<b>63 742</b>	<b>4 294</b>	<b>69 764</b>	<b>175 388</b>	<b>245 152</b>



## General

The consolidated financial statements of OTIGA Group comprise of the Company and its subsidiaries, including AB Söder & Co Förvaltning, Assessit Holding AS, IMO Offshore AS, Aaltovoima OY, Aaltovoima Logistiikka OY, On Off Bemanning AS, Mojob Norge AS, Clockwork Holding AB, Vinde Tilkomstteknikk AS and Agito E-helse AS collectively referred to as the Group.

The Group operates within markets that involve certain operational risk factors. The Group is further exposed to risk that arise from its use of financial instruments. The various companies within the Group are systematically working to mitigate and manage risk on all levels. The annual report for 2018 offers additional description of the Group's objectives, policies and processes for managing those risk elements and the methods used to measure them.

## Basis for preparation

The interim financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB). The interim report does not include all the information required for complete annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for 2018. Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements (the policy for recognizing and measuring income taxes in the interim period is described in note 4). The interim financial report has been prepared based on the principles of IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

## Change in significant accounting policies

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019. The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. Short-term leases (with a duration of less than 12 months) and leases relating to low-value assets are exempt from the balance-sheet recognition requirement. In the profit and loss account, the effect of the change in accounting principle entails an increase in depreciation and interest costs and a reduction in other operating costs, thus improving EBITDA compared to accounts prepared under the old principle.



## Revenue and EBITDA by segment

The Group has identified operation segments in accordance with the reporting requirements in IFRS 8. Based on the internal reporting the operations in the different Nordic countries are identified as separate operating segments. The reportable segments are the different countries Norway, Sweden, Denmark and Finland. The operating segment provides staffing services in their different countries.

### Segment Figures

NOK millions	Q2 '19	Q1 '19	Q2 '18	YTD 19	YTD 18
Revenue					
Norway	317.3	250.4	284.8	567.8	477.4
Sweden	242.7	185.7	138.0	428.3	270.9
Denmark	3.6	4.1	7.3	7.7	14.6
Finland	70.4	71.6	82.7	142.1	152.8
Group Eliminations	-	-	-4.0	-	-2.7
Total	634.1	511.8	508.7	1 145.9	913.0

NOK millions	Q2 '19	Q1 '19	Q2 '18	YTD 19	YTD 18
EBITDA					
Norway	14.7	9.3	12.2	24.0	16.9
Sweden	3.6	8.2	4.1	11.8	9.1
Denmark	-0.3	0.1	-0.9	-0.2	-2.0
Finland	0.1	1.7	0.6	1.8	1.9
Group Eliminations	-0.2	-2.6	-1.8	-2.7	-3.4
Total	17.9	16.8	14.1	34.7	22.4

### Note 1 – Depreciation and amortization

Depreciation mainly relates to IT related equipment and property. Amortization relates to amortization of excess value of non-contractual customer relationship identified in acquisitions.

### Note 2 – Financial items

Costs allocated to Net Interest are mainly related to the Bond Loan 2014/2019.

Financial items consist of leasing cost, bank fees and currency effects.

### Note 3 – Intangible assets

Intangible assets consist of goodwill and excess value post acquisitions. The excess value from the acquisition of Clockwork, Vinde Tilkomsteknikk AS, Premier AB and Agito E-helse AS has not been allocated at the time the Q2'19 interim report was approved by the Board and has been classified as goodwill.



#### Note 4 – Income Tax

Income tax has been stipulated and is potentially subject to change during the Annual Financial Report 2019.

#### Note 5 – Property, plant & equipment

This amount mainly consists of IT equipment/systems and property.

#### Note 6 – Accounts receivable

Accounts receivable amounted to 323.9 MNOK (244.3). The increase is mainly due to increased activity from previous quarters.

#### Note 7 – Non-controlling interest

The non-controlling interest in the Q2'19 financials is a result of the acquisition of AB Söder & Co Förvaltning, Assessit Holding AS, On Off Bemanning AS, Mojob Norge AS, Clockwork Holding AB and Vinde Tilkomstteknikk AS.

#### Note 8 – Loans and Borrowings

NOK millions	Q2'19
Bond Loan (Long-term)	305.0
Bond Loan (Short-term)	20.0
Accrued expense bond	-0.4
Total book value	324.6

The company has successfully redeemed its PERH01 bond after the closing date of Q2'19 by issuing a new senior secured callable bond.

#### Note 9 – Assets sold

IMO Offshore AS was sold on June 26<sup>th</sup> and a gain of MNOK 10.6 has been included in net financial items.







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