

NOWACO A/S  
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DK-9000 Aalborg  
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CVR: 6249 7718

# Summary of Annual Report 2018



Food for the world

[nowaco.com](http://nowaco.com)  
[linkedin.com/company/nowaco-as](https://linkedin.com/company/nowaco-as)



**EARNINGS  
BEFORE TAX  
DKK 25.5  
MILLION**

**GROSS  
MARGIN  
5.1%**

**REVENUE  
DKK 2,855.7  
MILLION**

**EQUITY  
DKK 267.7  
MILLION**

**GROSS  
PROFIT  
DKK 145.7  
MILLION**

# Financial Highlights And Key Ratios

	NOWACO Group DKK million				NOWACO Group EUR million	
	2015	2016	2017	2018	2017	2018
<b>Income statement</b>						
Revenue	2.935,0	2.738,3	3.050,8	2.855,7	410,1	383,2
Gross profit	153,2	151,5	155,2	145,7	20,9	19,5
Earnings before depr. and amortisation (EBITDA)	46,2	50,9	47,9	25,3	6,4	3,4
Depreciation and amortisation	-0,6	-1,4	-2,0	-2,1	-0,3	-0,3
Earnings before interest and tax (EBIT)	45,6	49,5	45,9	23,1	6,2	3,1
Financial items, net	9,9	6,7	6,5	2,3	0,9	0,3
Earnings on ordinary activities before tax (EBT)	55,4	56,2	52,4	25,5	7,0	3,4
<b>Profit for the year</b>	<b>43,0</b>	<b>43,8</b>	<b>40,9</b>	<b>19,8</b>	<b>5,5</b>	<b>2,7</b>
<b>Balance sheet</b>						
Non-current assets	62,3	61,7	7,7	4,4	1,0	0,6
Current assets	586,2	511,1	706,0	625,3	94,8	83,7
<b>Total assets</b>	<b>648,5</b>	<b>572,8</b>	<b>713,7</b>	<b>629,8</b>	<b>95,8</b>	<b>84,3</b>
Share capital	20,0	20,0	20,0	20,0	2,7	2,7
Retained earnings and proposed dividend	188,3	213,4	244,1	247,7	32,8	33,2
<b>Total shareholders' equity</b>	<b>208,3</b>	<b>233,4</b>	<b>264,1</b>	<b>267,7</b>	<b>35,5</b>	<b>35,9</b>
Provisions	0,0	0,8	1,1	0,9	0,1	0,1
Liabilities other than provisions	440,2	338,6	448,5	361,2	60,2	48,4
<b>Total shareholders' equity and liabilities</b>	<b>648,5</b>	<b>572,8</b>	<b>713,7</b>	<b>629,8</b>	<b>95,8</b>	<b>84,4</b>
<b>Cash flow statement</b>						
Cash flow, operating activities	88,6	143,5	-56,6	97,1	-7,6	13,0
Cash flow, investing activities	-3,0	-1,5	-2,0	-0,4	-0,3	-0,1
Free cash flow	85,6	142,0	-58,6	96,7	-7,9	13,0
Cash flow, financing activities	-15,0	-15,0	-15,0	-15,0	-2,0	-2,0
<b>Total net cash flow</b>	<b>70,6</b>	<b>127,0</b>	<b>-73,6</b>	<b>81,7</b>	<b>-9,9</b>	<b>11,0</b>
<b>Average number of employees</b>	<b>149</b>	<b>157</b>	<b>170</b>	<b>172</b>	<b>170</b>	<b>172</b>
<b>Key ratios (%)</b>						
Gross margin	5,2	5,5	5,1	5,1	5,1	5,1
EBIT margin	1,6	1,8	1,5	0,8	1,5	0,8
Net margin	1,5	1,6	1,3	0,7	1,3	0,7
Effective tax rate	22,5	22,1	22,1	22,1	22,1	22,1
Return on invested capital (ROIC)	7,1	8,5	7,5	3,5	7,5	3,5
Return on equity	22,1	19,8	16,4	7,5	16,4	7,5
Equity ratio	32,1	40,8	37,0	42,5	37,0	42,5

# NOWACO Executive Management



Tom Leth Jensen  
VP & COO

Katja Nowak Nielsen  
President & CEO

Peter Fisker Olesen  
EVP & COO

Peter H. Tuure  
CFO

# Management's review 2018

The financial year 2018 was effected by a decline in the activity level as well as very unstable markets. Compared to our 2017 turnover, 2018 shows a turnover down by 6.4%, which is a mixed consequence of reduced market prices and a small decline in the volume traded.

Despite the small decline in the business in 2018, our foreign offices and most of our business areas had a positive development during the year, thus making a significant contribution to the Group's performance.

## The year's operations and profit development

The gross profit amounted to DKK 145.7 million in 2018, equal to a decline of DKK 9.5 million, or 6.1%, compared to 2017. In 2018 the Group realized a gross profit margin of 5.1%, and generated a pre-tax profit of DKK 25.5 million DKK. Based on previous years results, The Supervisory Board considers the profit performance unsatisfactory.

## Balance sheet

The balance sheet of the NOWACO A/S Group amounted to DKK 629.8 million at 31 December 2018 against DKK 713.7 million at 31 December 2017. The primary part of the reduction in the balance amount relates to trade receivables which has been reduced in the period. The years cashflow statement of the NOWACO Group shows a net cash flow for the year 2018 of DKK 81.7 million compared to DKK -73.6 million in 2017.

The equity amounted to DKK 267.7 million at 31 December 2018 relative to DKK 264.1 million at 31 December 2017.

The Group's solvency ratio stood at 42.5% at 31 December 2018 compared to 37.0% at 31 December 2017.

## Outlook for 2019

We faced many challenges on the competitive, global markets during 2018 and expect 2019 to be equally challenging. We expect a satisfactory growth in our strategic important markets and a satisfactory profit performance in 2019.

**“Despite the small decline in the business in 2018, our foreign offices and most of our business areas had a positive development during the year”**



# A year with global challenges

During the last 46 years NOWACO has been a company showing international growth and development, both in terms of business model and cultural engagement. Acting on the global stage has the effect that all international crises have to be handled both commercially and in terms of risk management. 2018 has been a difficult year with severe challenges in the global environment.

## Key points for the year

The most important key points for the year can be described as follows:

The global supply of meat has increased dramatically over the last years, some of the dominant net importing countries have boosted their local production, and hence shaken the supply and demand situation globally.

External political factors such as; Brexit, China / US trade conflicts, import restrictions and protectionism have furthermore contributed to an increased complexity when handling international business.

The protein supply chain as well as the sales channels have been extremely challenged by the continuous decline in prices during the year. Therefore, we have unfortunately suffered losses on three major debtors, which has impacted negatively on the result for 2018.

## Business platform and prospects

The business platform and strategy have developed according to our expectations, unfortunately the above mentioned market incidents mean that the result for 2018 has not been satisfying.

The prospects for NOWACO are positive, the financial strength combined with a dedicated international team, and local presence in all main markets, are still very much a competitive advantage in the global frozen food trading sector. We expect a satisfactory growth in volumes and profit for 2019.

**“The prospects for NOWACO are positive, the financial strength combined with a dedicated international team, and local presence in all main markets, are still very much a competitive advantage”**

# Statement by Supervisory Board and Executive Management

The Supervisory Board and Executive Management have today considered and adopted the Annual Report of NOWACO A/S for 2018.

The Annual Report has been prepared in compliance with the Danish Financial Statements Act.

We consider the accounting policies applied to be appropriate, and, in our opinion, the Annual Report gives a true and fair view of the Group's and the Company's financial position at 31 December 2018 and of the results of the Group's and the Company's

operations and consolidated cash flows for the financial year 1 January - 31 December 2018.

We recommend that the Annual Report is adopted at the Annual General Meeting.

Aalborg, 25 March 2019

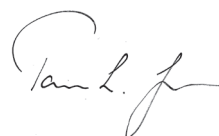
## Executive Management



Katja Nowak Nielsen  
President & CEO



Peter Fisker Olesen  
EVP & COO



Tom Leth Jensen  
VP & COO

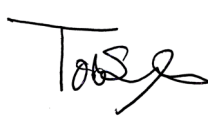


Peter H. Tuure  
CFO

## Supervisory Board



Per Søndergaard  
Chairman



Torben Ballegaard Sørensen  
Deputy Chairman



Juttine Nielsen



Peter Terkelsen



Katja Nowak Nielsen



# Independent auditors' report

The accompanying summary annual accounts, which comprise the summary balance sheet as at 31 December 2018, the summary profit and loss account, the summary cash flow statement for the year ended, are derived from the audited annual accounts of NOWACO A/S for the year ended 31 December 2018. We expressed an unmodified audit opinion on those annual accounts in our report dated 25 March 2019. Those annual accounts, and the summary annual accounts, do not reflect the effects of events that occurred subsequent to the date of our report on those annual accounts.

The summary annual accounts do not contain all the disclosures required by the Danish Financial Statements Act. Reading the summary annual accounts, therefore, is not a substitute for reading the audited annual accounts of NOWACO A/S.

## Management's Responsibility for the Summary Annual Accounts

The management is responsible for the preparation of a summary of the audited annual accounts in accordance with the Danish Financial Statement Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the summary annual accounts based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements"

## Opinion

In our opinion, the summary annual accounts derived from the audited annual accounts of NOWACO A/S for the year ended 31 December 2018 are consistent, in all material respects, with those annual accounts, in accordance with the Danish Financial Statements Act.

Aalborg, 25 March 2019

### Redmark

CVR-NO:29442789



Per Nørgaard Laursen  
MNE - no. 9954

State Authorised Public Accountant



Jens Palsgård Nørgaard  
MNE - no. 34289

State Authorised Public Accountant

# Income statement

## - for the year ended

### 31 December 2018

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2018	2017	2018	2017
Revenue	2.855.701	3.050.759	383.151	410.120
Cost of sales	-2.710.020	-2.895.523	-363.605	-389.251
<b>Gross profit</b>	<b>145.681</b>	<b>155.236</b>	<b>19.546</b>	<b>20.869</b>
Other external expenses	-54.152	-44.159	-7.266	-5.936
Staff expenses	-66.267	-63.172	-8.891	-8.492
<b>Earnings before depreciation and amortisation (EBITDA)</b>	<b>25.262</b>	<b>47.905</b>	<b>3.389</b>	<b>6.440</b>
Depreciation and amortisation	-2.137	-1.986	-287	-267
<b>Earnings before interest and tax (EBIT)</b>	<b>23.125</b>	<b>45.919</b>	<b>3.103</b>	<b>6.173</b>
Financial income	9.086	12.421	1.219	1.670
Financial expenses	-6.752	-5.912	-906	-795
<b>Earnings on ordinary activities before tax (EBT)</b>	<b>25.459</b>	<b>52.428</b>	<b>3.416</b>	<b>7.048</b>
Tax on earnings on ordinary activities	-5.623	-11.564	-754	-1.555
<b>Profit for the year</b>	<b>19.836</b>	<b>40.864</b>	<b>2.661</b>	<b>5.493</b>

## Balance sheet

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2018	2017	2018	2017
<b>Assets</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Software	1.034	2.406	139	323
<b>Total intangible assets</b>	<b>1.034</b>	<b>2.406</b>	<b>139</b>	<b>323</b>
<b>Property, plant and equipment</b>				
Other fixtures and fittings, tools and equipment	2.357	2.743	316	368
<b>Total property, plant and equipment</b>	<b>2.357</b>	<b>2.743</b>	<b>316</b>	<b>368</b>
<b>Financial assets</b>				
Other receivables	1.051	2.560	141	344
<b>Total financial assets</b>	<b>1.051</b>	<b>2.560</b>	<b>141</b>	<b>344</b>
<b>Total non-current assets</b>	<b>4.442</b>	<b>7.709</b>	<b>595</b>	<b>1.035</b>
<b>Current assets</b>				
<b>Inventories</b>	<b>164.271</b>	<b>139.278</b>	<b>21.999</b>	<b>18.708</b>
<b>Receivables</b>				
Trade receivables	432.856	525.384	57.967	70.570
Other receivables	8.472	15.618	1.135	2.098
Prepayments	2.283	1.897	306	255
Deferred tax	623	713	83	96
Corporate income tax	3.829	8.399	513	1.128
<b>Total receivables</b>	<b>448.063</b>	<b>552.011</b>	<b>60.003</b>	<b>74.146</b>
<b>Cash and cash equivalents</b>	<b>13.014</b>	<b>14.721</b>	<b>1.743</b>	<b>1.977</b>
<b>Total current assets</b>	<b>625.348</b>	<b>706.010</b>	<b>83.745</b>	<b>94.831</b>
<b>Total assets</b>	<b>629.790</b>	<b>713.719</b>	<b>84.340</b>	<b>95.867</b>

## Balance sheet

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2018	2017	2018	2017
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Share capital	20.000	20.000	2.678	2.686
Retained earnings	247.702	244.124	33.172	32.791
<b>Total shareholders' equity</b>	<b>267.702</b>	<b>264.124</b>	<b>35.850</b>	<b>35.477</b>
<b>Provisions</b>				
Provision for deferred tax	860	1.104	115	148
<b>Total provisions</b>	<b>860</b>	<b>1.104</b>	<b>115</b>	<b>148</b>
<b>Liabilities other than provisions</b>				
<b>Short-term liabilities</b>				
Credit institutions	66.571	149.747	8.915	20.114
Trade payables	173.988	186.917	23.300	25.107
Debts to related companies	78.000	75.500	10.446	10.141
Prepayments from customers	17.320	21.532	2.319	2.892
Corporate income tax	111	107	15	14
Other payables	25.238	14.688	3.380	1.973
<b>Total liabilities other than provisions</b>	<b>361.228</b>	<b>448.491</b>	<b>48.375</b>	<b>60.241</b>
<b>Total shareholders' equity and liabilities</b>	<b>629.790</b>	<b>713.719</b>	<b>84.340</b>	<b>95.867</b>

# Cash flow statement

## - for the year ended

### 31 December 2018

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2018	2017	2018	2017
Revenue	2.855.701	3.050.759	383.151	410.120
Cost of operating activities	-2.830.439	-3.002.854	-379.762	-403.680
<b>Cash flow, operating activities before change in working capital</b>	<b>25.262</b>	<b>47.905</b>	<b>3.389</b>	<b>6.440</b>
Change in inventories	-24.993	-63.882	-3.353	-8.588
Change in receivables	100.888	-90.813	13.536	-12.208
Change in trade payables and other payables, etc.	-4.091	55.508	-549	7.462
<b>Cash flow, operating activities</b>	<b>97.066</b>	<b>-51.282</b>	<b>13.023</b>	<b>-6.894</b>
Net financial items	2.334	6.509	313	875
Other financing, exchange-rate adjustments taken to shareholder's equity etc.	-1.339	6.743	-180	906
Corporate income tax paid	-963	-18.595	-129	-2.500
<b>Net cash flow, operating activities</b>	<b>97.098</b>	<b>-56.625</b>	<b>13.027</b>	<b>-7.612</b>
Acquisition of intangible assets	-194	-811	-26	-109
Acquisition of property, plant and equipment	-368	-1.363	-49	-183
Sale of property, plant and equipment	173	225	23	30
<b>Cash flow, investing activities</b>	<b>-389</b>	<b>-1.949</b>	<b>-52</b>	<b>-262</b>
<b>Free cash flow</b>	<b>96.709</b>	<b>-58.574</b>	<b>12.975</b>	<b>-7.874</b>
Shareholders:				
Dividends paid	-15.000	-15.000	-2.013	-2.016
<b>Cash flow, financing activities</b>	<b>-15.000</b>	<b>-15.000</b>	<b>-2.013</b>	<b>-2.016</b>
<b>Net cash flow, from operating investing and financing activities</b>	<b>81.709</b>	<b>-73.574</b>	<b>10.962</b>	<b>-9.891</b>
<b>Cash and cash equivalents and bank loans at 1 January</b>	<b>-135.026</b>	<b>-60.824</b>	<b>-18.117</b>	<b>-8.177</b>
Unrealized currency adjustments	-240	-628	-17	-69
<b>Cash and cash equivalents and bank loans at 31 December</b>	<b>-53.557</b>	<b>-135.026</b>	<b>-7.172</b>	<b>-18.137</b>
<b>Breakdown of cash and cash equivalents and bank loans at 31 December:</b>				
Cash and cash equivalents	13.014	14.721	1.743	1.977
Bank loans	-66.571	-149.747	-8.915	-20.114
<b>Cash and cash equivalents and bank loans at 31 December</b>	<b>-53.557</b>	<b>-135.026</b>	<b>-7.172</b>	<b>-18.137</b>

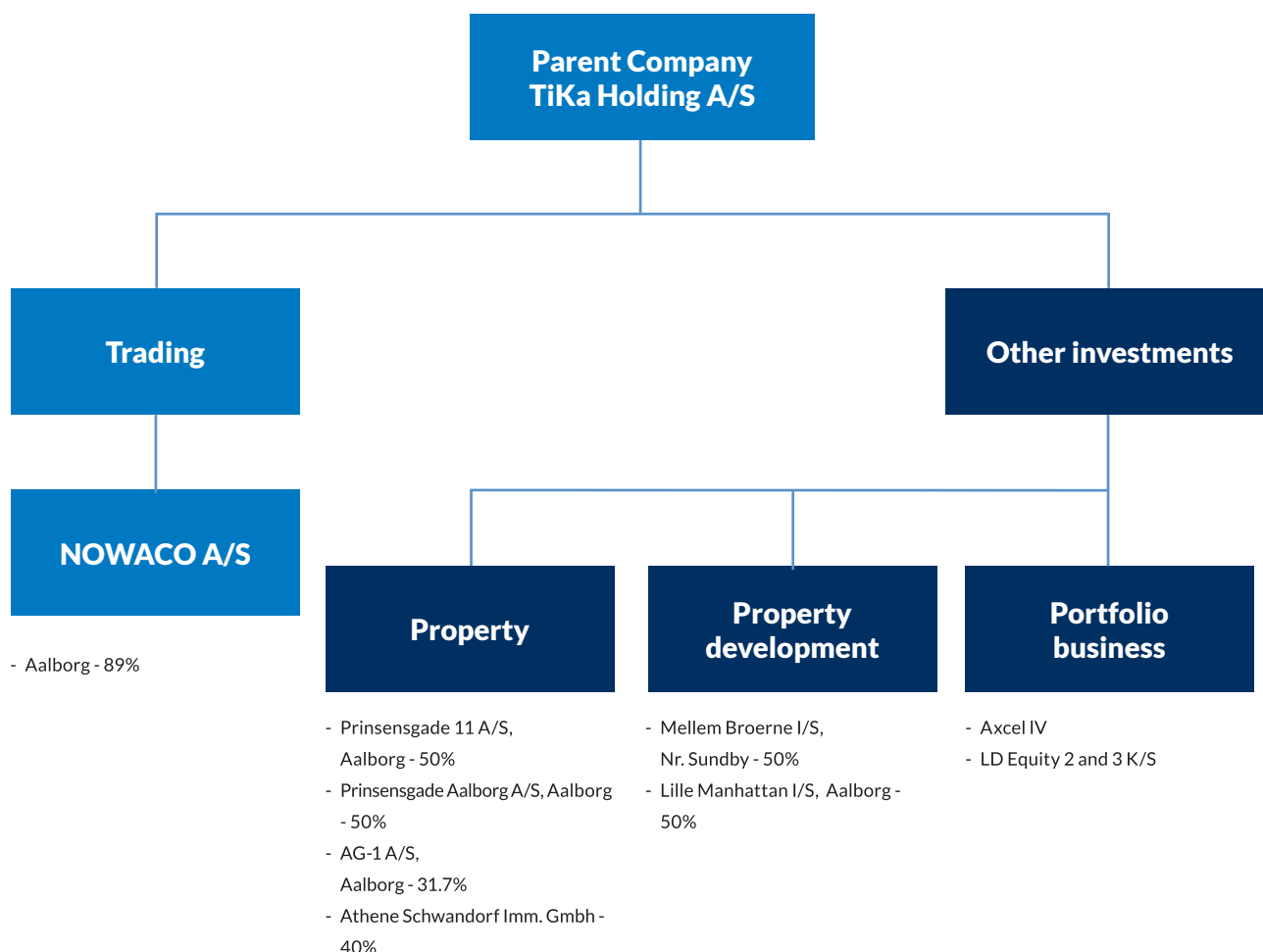


# NOWACO is part of the TiKa Holding Group

TiKa Holding A/S holds a 89% stake in NOWACO A/S. The remaining shareholders are members of the management group.

In addition to investing in the food business, TiKa Holding A/S invests in property, property development, portfolio business, and securities.

## Group structure



The total equity for TiKa Holding A/S is more than DKK 900 million.

# NOWACO world map





# NOWACO's exhibition programme 2019

NOWACO is represented at several of the world's leading food exhibitions throughout the year. Here we meet our customers and establish new business relations with some of the world's suppliers of food and foodstuffs. Please see our exhibition programme below:



14 - 21 February 2019



EXPO CARNES  
Y LÁCTEOS 2019

26 - 28 February 2019



24 - 26 April 2019



7 - 9 May 2019



21 - 24 May 2019



4 - 7 September 2019



5 - 9 October 2019