



# Q3 2023 Conference Call

NTG Nordic Transport Group

1 November 2023, 10:00 AM CET

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## Today's presenters

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**MICHAEL LARSEN**

Group CEO



**CHRISTIAN D. JAKOBSEN**

Group CFO

# AGENDA

Highlights

Financial review

Other key figures

Outlook & mid-term target

Q&A



# Q3 2023 highlights

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**PERSISTENTLY  
CHALLENGING MARKETS  
FOR BOTH DIVISIONS**



**VOLUMES UNDER  
CONTINUED  
PRESSURE**



**NO SIGNS OF  
IMPROVEMENT IN  
RATES**



**HEADWINDS AND  
UNCERTAINTY FROM  
MACRO**



**2023 GUIDANCE  
MAINTAINED**

# Financial review: Group (I/II)

DKKm	Q3			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	1,963	2,821	(30.4)%	6,337	7,728	(18.0)%
Gross profit	444	533	(16.7)%	1,403	1,494	(6.1)%
Adjusted EBIT	161	210	(23.3)%	459	586	(21.7)%
Gross margin	22.6%	18.9%	3.7 p.p.	22.1%	19.3%	2.8 p.p.
Operating margin	8.2%	7.4%	0.8 p.p.	7.2%	7.6%	(0.4) p.p.
Conversion ratio	36.3%	39.4%	(3.1) p.p.	32.7%	39.2%	(6.5) p.p.

## Net revenue growth components (year-on-year)

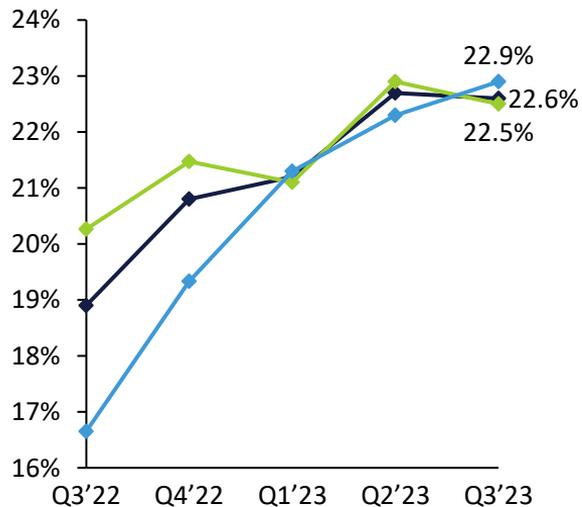
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q3 2023	0.0%	0.2%	(28.7)%	<b>(28.5)%</b>	0.3%	(2.2)%	<b>(30.4)%</b>
YTD 2023	0.0%	0.2%	(21.0)%	<b>(20.8)%</b>	4.8%	(2.0)%	<b>(18.0)%</b>

## COMMENTS

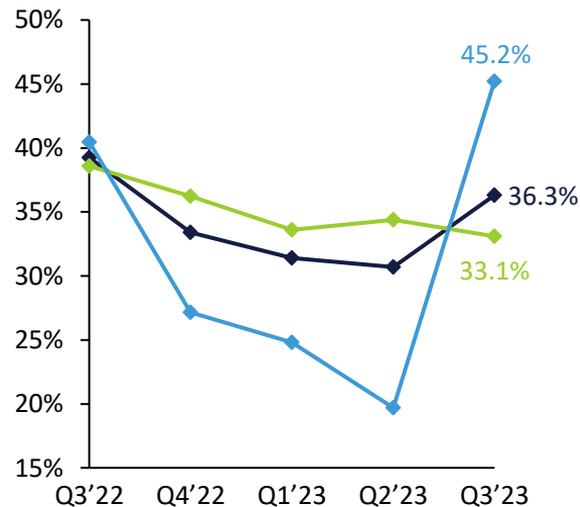
- Challenging market conditions persist for both divisions
- Macroeconomic factors continue to put pressure on both volumes and rates
- Strong cost focus has resulted in a relatively resilient operating margin
- Sustained investments in sales to counteract market challenges

# Financial review: Group (II/II)

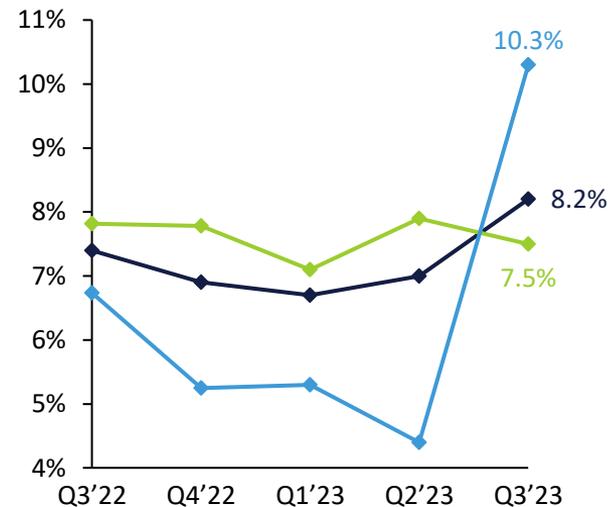
### Gross margin



### Conversion ratio



### Operating margin



◆ Group    ◆ Road & Logistics    ◆ Air & Ocean

# Financial review: Road & Logistics

DKKkm	Q3			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	1,459	1,752	(16.7)%	4,682	5,222	(10.3)%
Gross profit	329	355	(7.3)%	1,037	1,090	(4.9)%
Adjusted EBIT	109	137	(20.4)%	350	415	(15.7)%
Gross margin	22.5%	20.3%	2.2 p.p.	22.1%	20.9%	1.2 p.p.
Operating margin	7.5%	7.8%	(0.3) p.p.	7.5%	7.9%	(0.4) p.p.
Conversion ratio	33.1%	38.6%	(5.5) p.p.	33.8%	38.1%	(4.3) p.p.

## Net revenue growth components (year-on-year)

	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q3 2023	0.0%	0.2%	(15.3)%	<b>(15.1)%</b>	0.5%	(2.1)%	<b>(16.7)%</b>
YTD 2023	0.0%	0.2%	(9.0)%	<b>(8.8)%</b>	0.8%	(2.3)%	<b>(10.3)%</b>

## COMMENTS

- The market continued to weaken in Q3 2023, with pre-COVID industrial summer holiday season dynamics resurfacing
- The spot market remains soft with reduced volumes and lower rates
- Focused sales efforts are resulting in new customer wins
- Continuous cost adjustments

## Financial review: Air & Ocean

DKKm	Q3			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	503	1,069	(52.9)%	1,654	2,506	(34.0)%
Gross profit	115	178	(35.4)%	366	404	(9.4)%
Adjusted EBIT	52	72	(27.8)%	108	170	(36.5)%
Gross margin	22.9%	16.7%	6.2 p.p.	22.1%	16.1%	6.0 p.p.
Operating margin	10.3%	6.7%	3.6 p.p.	6.5%	6.8%	(0.3) p.p.
Conversion ratio	45.2%	40.4%	4.8 p.p.	29.5%	42.1%	(12.6) p.p.

### Net revenue growth components (year-on-year)

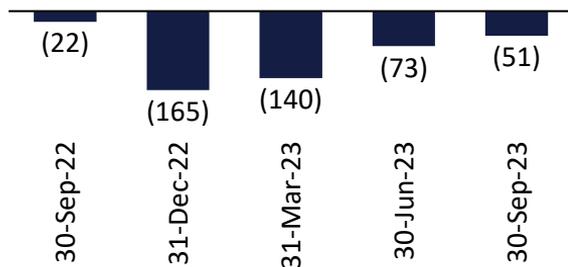
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q3 2023	0.0%	0.0%	(50.6)%	<b>(50.6)%</b>	0.0%	(2.3)%	<b>(52.9)%</b>
YTD 2023	0.0%	0.2%	(45.8)%	<b>(45.6)%</b>	13.1%	(1.5)%	<b>(34.0)%</b>

### COMMENTS

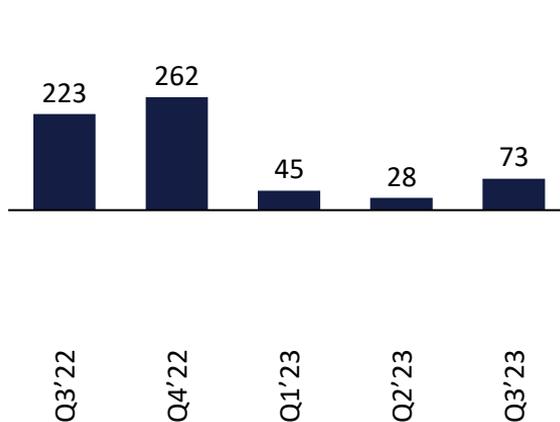
- Challenging market conditions with overcapacity leading to lower rates and higher competition
- Focus remains on sales, especially within the SME segment
- The cost base has been adjusted continuously with number of white-collar FTEs being 5.8% lower than at the same time last year

# Other key figures

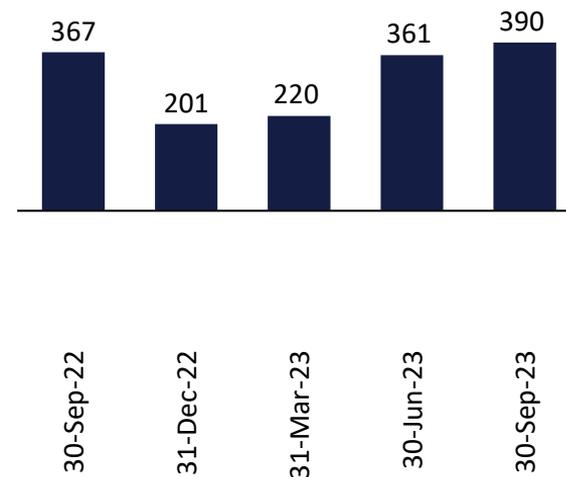
## Net working capital (DKKkM)



## Adjusted free cash flow<sup>1</sup> (DKKkM)



## Net interest-bearing debt<sup>2</sup> (DKKkM)



1) Cash flow from operating activities + cash flow from investing activities + special items (addback) – repayment of lease liabilities + acquisition of business activities (addback). 2) Excluding IFRS 16.

# Full-year outlook 2023

DKKm	2022 realised	2023 outlook
Adjusted EBIT	758	600 - 650

## Key assumptions

- The outlook assumes that activity will remain at the current level for the rest of the full-year.
- The full-year outlook includes the effect of an expected reversal of the provision for earn-out related to the acquisition of AGL, amounting to a total of DKK 42 million for 2023, of which DKK 21 million was reversed in Q3 2023.

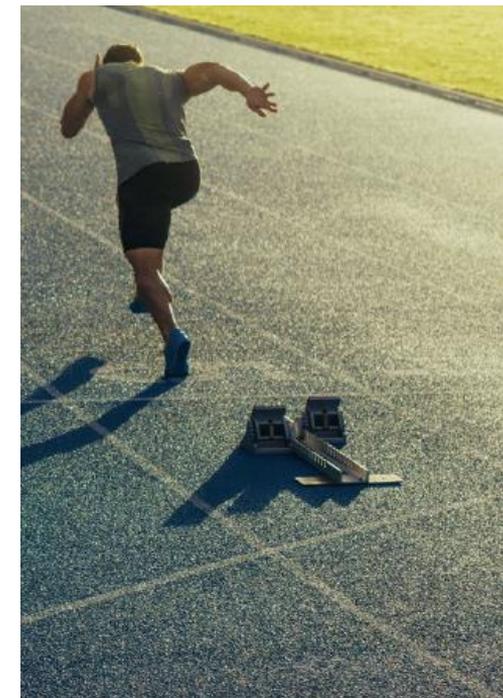


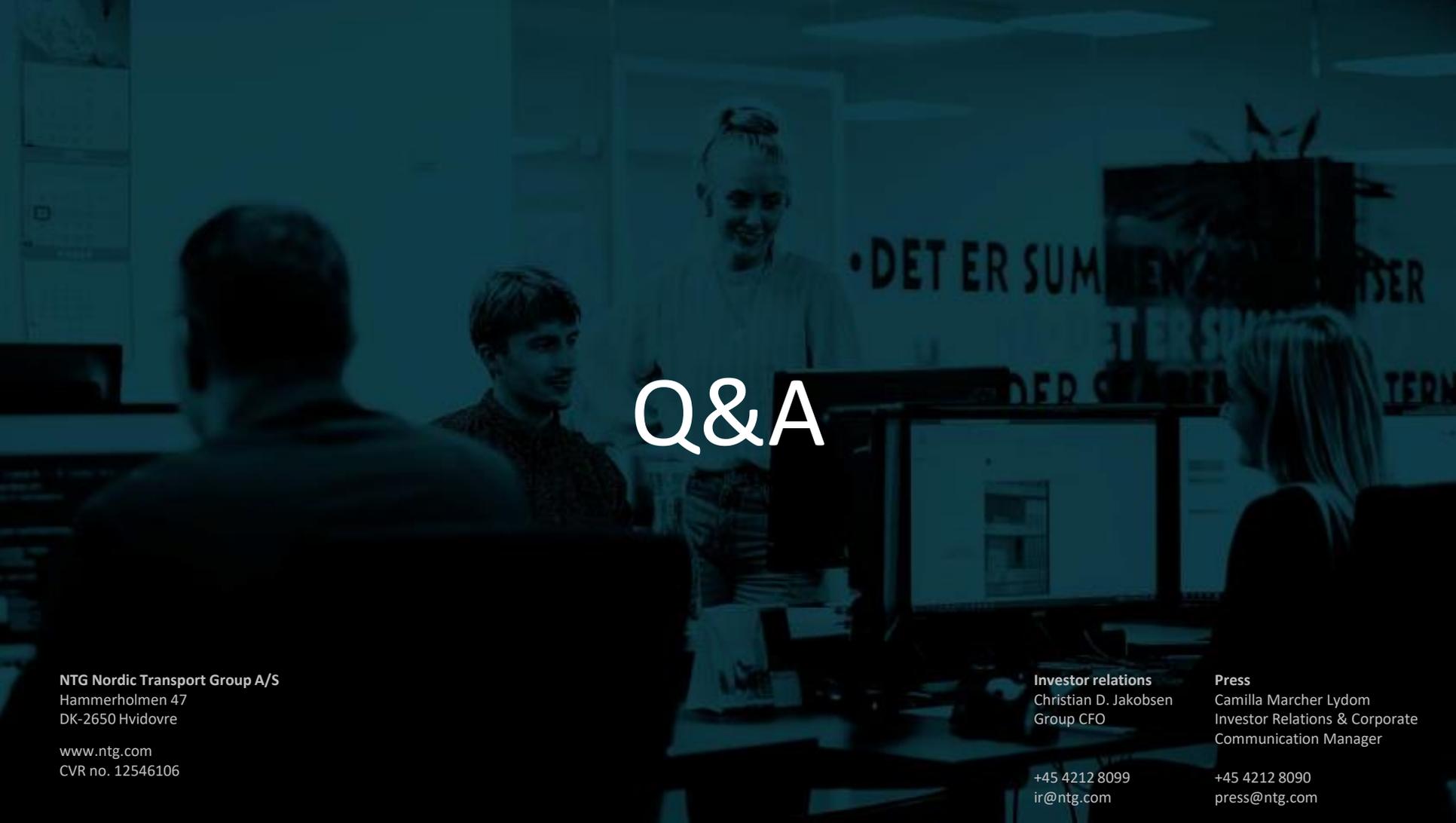
## Medium-term financial target

Target DKK **1 billion**  
in adjusted EBIT no later than 2027.

### Key assumptions

- NTG will strive to achieve the medium-term target with organic growth and M&A, financed by the cash flow and credit facilities of the company.
- Assumes a leverage ratio less than 3.0.
- No assumptions of capital raises, albeit NTG will continue to evaluate capital increases as a source of funding for larger acquisitions.
- Assumes no additional material adverse events affecting regional and global cargo volumes and trade patterns, and NTG continuing to develop the business, establish start-ups, and execute the M&A agenda.





# Q&A

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