



Rovsing

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Rovsing A/S releases its Annual Report 2017/18

The Board of Directors of Rovsing A/S (Rovsing), has today approved the Annual Report for the financial year 2017/18.

The fiscal year 2017/18 has been a challenging year for Rovsing and in some respect disappointing, with a revenue amounting to DKK 25.1 million, compared to a revenue of DKK 38.9 million in 2016/17 corresponding to a change of DKK –13.8 million. The decrease in revenue was partly due to delays in a number of large projects, a general slowdown of activity in the Rovsing's ESA related business and delays in customer procurement decisions.

The EBITDA amounted to DKK –4.5 million, corresponding to a change of DKK –5.8 million compared to 2016/17. The lower EBITDA was primarily due to the lower revenue and high costs regarding project finalization and deliveries concerning orders from the previous year. Furthermore, there have been replacements in the organization, which also added various non-recurring costs.

During 2017/18, Rovsing delivered a broad array of test- and simulation systems to support ESA missions as well as product deliveries in both the EU and the USA. The year can be characterized by many deliveries within already existing orders and customers returning to order more material or refurbishment of older systems as well as stabilization of the service business with prolongation of activities in Kourou and Bremen.

Following the appointment of a new Board of Directors at the General Assembly in October 2017, a “360 degree assessment” of the Company was initiated, which resulted in a new strategy presented in December 2017 with the working title – *Restore profitability*.

Part of the strategy was to strengthen the Company's future capital structure and to remove expensive loans from related parties from the balance sheet. As a result, two capital emissions in October and December 2017 were executed, where a total amount of DKK 9.8 million was raised of which DKK 2.8 million by conversion of debt. Also, refinancing of short-term loans with new bond loans of DKK 4 million and a new credit line of DKK 7.5 million in March 2018, were secured. In total DKK 16.3 million has been raised as equity or refinanced debt, resulting in an improved liquidity position.

Søren Rasmussen resigned from the Board of Directors in December 2017. Then in January 2018, Michael Hove took over as Chairman in order to drive the Company's turnaround. In the same month, the CEO, Christian Bank, announced his departure from Rovsing. The Board decided to offer the position to Rovsing's Head of Systems & Services, Hjalti Pall Thorvardarson, who took over as new CEO of the Company in March 2018. Together with CFO, Sigurd Hundrup, who started in September 2017, the Company now has a strong Management team.

The employees are vital for Rovsing's ability to succeed and grow, so in order to secure the best competences in Rovsing, a 3-year warrant programme was implemented in December 2017 as part of the new strategy, which included the Board, Management and key employees. The Board has evaluated the strategy from December 2017 together with the new Management, including its long-term financial targets, which will be



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replaced by the annual guidance at any given time. A full update of the strategy page is included in the annual report, see page 9 and 10.

Management with the Boards hands-on support executed a sourcing process as part of the strategy, where all major rental and supplier agreements were renegotiated or substituted.

The organization was furthermore reduced with 7 FTE in March 2018, due to the lower activity level.

The total yearly savings of the sourcing process and the rental changes amounts to DKK 0.75 million, which the Company together with the reduction in staff will take full benefit from in the fiscal year 2018/19.

Net cash flows from operating activities amounted to DKK -11.0 million in 2017/18 compared to DKK -5,0 in 2016/17.

In conclusion, the financial performance in 2017/18 was disappointing but this was also a year where the Board of Directors and Management have executed many initiatives in order to create a healthier financial and organizational foundation for the future of Rovsing, in order to regain profitability and support growth.

The revenue outlook for 2018/19 is guided to be in the range of DKK 28 to 32 million with an EBITDA of DKK -1 to DKK 1 million.

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