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Press release
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LOGSTOR continued to deliver on its turnaround plan in 2015

LOGSTOR continued to deliver on its turnaround plan in 2015, increasing operating results, strengthening the balance sheet and delivering strong cash flow.

LOGSTOR maintained the group's market share and generated revenue of DKK 1,674 million in 2015 (DKK 1,798 million) following a period of lower sector investments and market activity, a temporary shortage of raw material (polyethylene) for producing pre-insulated pipes and sharpening of LOGSTOR's focus on profitability. Despite the decline in revenue, EBITDA was maintained at DKK 121 million (DKK 120 million), entailing an increase in the EBITDA margin to 7.2% (6.7%) as results from LOGSTOR's transformation program materialised.

Yves Paletta, President & CEO of LOGSTOR said: "2015 was a challenging year for the District Energy industry and we alleviated the impact through a number of tough decisions in order to improve efficiency and maintain our market position. Revenue was affected by the challenging market conditions with a temporary raw material shortage and postponement of District Energy network investments by energy companies and municipalities facing low electricity prices and stiff competition with other sources of heat in most European countries. While the prevailing oil price impeded investments with most National and International Oil Companies, our Oil & Gas business did well in 2015 with major projects executed onshore and offshore. The Oil & Gas market will remain highly volatile in the coming years. With promising new product launches and major projects to be sanctioned onshore, offshore and for downstream applications, we remain confident in the oulook for LOGSTOR. We will continue our turnaround efforts in 2016 to build a stronger business and lay the foundation for sustainable growth."

Depreciations were DKK 54 million (DKK 48 million), and net financial expenses came to DKK 29 million in 2015 (DKK 31 million). The on-going transformation of the group entailed divestment of LOGSTOR's two Chinese production facilities during 2015 to focus the business while maintaining the strong Chinese foothold with one fully-owned subsidiary and a licensing agreement with our existing local partner. LOGSTOR incurred non-recurring costs of DKK 19 million (DKK 45 million) from restructuring related to the turnaround and a planned acquisition of Swedish-based Powerpipe Systems. The group posted income before tax of DKK 19 million in 2015 (loss of DKK 5 million). Free Cash Flow was DKK 41 million (DKK -20 million) with cash flow from operating activites improving by DKK 42 million and cash flow from investing activities improving by DKK 19 million compared to 2014.

Henning Bejer Beck, CFO of LOGSTOR said: “We have focused the business, but there is still room for improvement and we remain committed to enhancing efficiency, optimising processes and reducing costs to reach our goals. In early 2016, we thus initiated the next phase of the efficiency improvement plan, which entailed a reduction of our White Collar workforce across most of our sites, financial restraint in our various compensation schemes for employees and continuous standardization of internal processes, in order to adjust LOGSTOR’s fixed cost structure to market conditions.”

The planned acquisition of Swedish-based Powerpipe Systems is subject to objection by the Swedish Competition Authority (SCA) as previously announced on 12 February 2016. However, LOGSTOR and the seller disagree with the SCA and have decided to jointly seek approval for the transaction at the Stockholm City Court, which will take another six to eight months to obtain clearance.

Management expects profitability to increase in 2016 as a consequence of performance enhancements completed in 2015 and continued in 2016 under LOGSTOR’s transformation program.

For additional information, please contact

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Selected key figures and ratios

DKKm	2015	2014*)
Revenue	1,674	1,798
EBITDA	121	120
EBITDA margin, %	7.2	6.7
Non-recurring items	-19	-45
Net financial expenses	-29	-32
Income before tax	19	-5
Net income	0.4	-27.7
Book equity	117	113
Free Cash Flow	41	-20
Net interest-bearing debt	601	619
Balance sheet total	1,113	1,184

*) Comparative figures for the 2014 income statement have been adjusted in order to reflect that discontinuing operations have been separated.

About LOGSTOR

LOGSTOR is a leading supplier of pre-insulated pipe systems for energy-efficient transportation of liquids and gases for district heating and cooling as well as industrial purposes and oil and gas pipelines. The systems consist of flexible and rigid pipes, joints, fittings and surveillance. Inventing the pre-insulated pipe technology more than 50 years ago, LOGSTOR has delivered more than 185,000 km of pre-insulated pipes. Headquartered in Løgstør, Denmark, LOGSTOR has subsidiaries in Austria, China, Finland, France, Germany, Italy, Lithuania, the Netherlands, Poland, Romania, Russia, Sweden and Switzerland as well as a network of agents and sales offices. The group's eight production facilities are situated in Denmark, Poland, Sweden, Finland and Romania, with supplementary mobile production currently set up in Canada. The group employs more than 1,200 people.

LOGSTOR is owned by Triton Fund III. Triton is a private equity investment firm investing in medium-sized businesses in northern Europe, Italy and Spain. Triton focuses on companies with the potential to create sustainable, long-term value through changing economic cycles and works closely with management to achieve that. Triton funds are currently invested in companies in Austria, Denmark, Finland, Germany, Italy, Norway, Spain, Sweden and Switzerland, with combined sales of around EUR 13.3 billion and more than 59,000 employees.

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