

DELETE GROUP (Ax DEL1 Oy)Financial Statement Bulletin January-December 2017 (IFRS, pro forma¹⁾, unaudited)**RECOVERY IN THE SECOND HALF OF 2017 AFTER A CHALLENGING START****HIGHLIGHTS OF OCTOBER-DECEMBER 2017 (PRO FORMA)**

- Net sales increased by 5% to EUR 53.6 (Q4 2016: 51.1) million
- Adjusted EBITDA²⁾ increased by 16% to EUR 7.5 (6.5) million
- Net debt increased by 18% to EUR 90.0 (76.1) million
- Operative cash flow increased by EUR 1.0 million to EUR 8.6 (7.6) million
- To further strengthen its position in Finland, Delete acquired a group of industrial cleaning companies with a combined annual sales of EUR 20.0 million and EUR 4.5 million of adjusted EBITDA
- Tommi Kajasoja was appointed as the new CEO of Delete Group effective 1 February 2018

HIGHLIGHTS OF JANUARY–DECEMBER 2017 (PRO FORMA)

- Senior secured bond of EUR 85 million issued successfully
- Net sales increased by 1% to EUR 199.5 (197.1) million
- Adjusted EBITDA declined by 17% to EUR 20.8 (25.0) million
- Net debt increased by 18% to EUR 90.0 (76.1) million
- Operative cash flow decreased by EUR 7.1 to 5.7 (12.8) million
- The Board proposes that no dividend will be paid for the year 2017

KEY FIGURES

PRO FORMA	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Net sales, MEUR	53.6	51.1	5%	199.5	197.1	1%
Adjusted EBITDA, MEUR	7.5	6.5	16%	20.8	25.0	-17%
Adjusted EBITDA, % of sales	14.0%	12.7%	1.3 pts	10.4%	12.7%	-2.3 pts
Profit (-loss) for the period, MEUR	3.0	0.4	627%	-0.1	6.5	-102%

STATUTORY	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Net sales, MEUR	47.4	45.3	4%	177.3	167.0	6%
Adjusted EBITDA, MEUR	5.7	5.6	2%	16.1	20.4	-21%
Adjusted EBITDA, % of sales	12.1%	12.4%	-0.3 pts	9.1%	12.2%	-3.1 pts
Profit (-loss) for the period, MEUR	1.9	0.4	431%	-2.8	3.8	-174%

¹⁾ Pro forma definition: acquired (divested) businesses' reported results added (removed) for the current and comparison period in a comparable form.

²⁾ Adjustment definition: adjustments are material items outside the ordinary course of business affecting comparability, e.g. acquisition related expenses, restructuring related expenses and other material extraordinary costs.

OUTLOOK FOR 2018

Industrial Cleaning Services and Recycling Services are expected to continue to perform well and the recovery of Demolition Services to continue in 2018. Delete Group's profitability is expected to improve in 2018.

TOMMI KAJASOJA, CEO OF DELETE GROUP:

"The fourth quarter of 2017 turned out as expected with a strong performance from Industrial Cleaning and Recycling Services. Demolition Services continues to recover with sustainable profitability established after the weak Q2. Compared to the fourth quarter in 2016, Demolition Services' profitability improved despite a limited number of sizable projects in the Swedish market.

The sales volume and profitability in Industrial Cleaning continued strong compared to the previous year with a good service level and resource utilisation. In Recycling Services, profitability remained high in the fourth quarter, exceeding the previous year's level whilst the low demand of recycled fuel had an adverse impact on the margins.

During 2017 we took action to strengthen the management and controls in Demolition Services, especially in Sweden. This has had the intended favourable impact and we did not face any major project execution issues during the second half of the year. Going forward, the improvement programme for Demolition Services will emphasise strengthening sales efforts to secure large projects and efficiency to further improve the profitability.

Despite the Demolition Services setback related to execution issues in projects earlier in the year, our strategy execution is progressing well. We have taken action to support strong and profitable growth both organically and through add-on acquisitions. Delete Group will continue to invest in growth across all three business areas and harvest synergies between Finland and Sweden as well as across all business areas. In the fourth quarter, we acquired five industrial cleaning companies in Finland to strengthen the Group's position as the leading services provider, now also in the Pirkanmaa, Itä-Uusimaa and Kymenlaakso regions. These acquisitions support our strategic ambition to be a leading Nordic provider of, in particular, industrial cleaning, sewer and environmental services. As a result of these acquisitions, our footprint in industrial cleaning is now also significant on the Nordic level.

We expect the good development in Industrial Cleaning and Recycling Services to carry over to 2018. The demolition market outlook remains positive and the Swedish project tender pipeline and order intake have increased gradually since the summer. Our position and coverage in demolition services are strong and I expect both markets to develop well going forward.

I started as the CEO of Delete Group on 1 February 2018. I am particularly proud of our team that has made it possible to develop Delete Group rapidly into one of the leading environmental service providers in the Nordics. I look forward to continuing and enhancing the work we have started together with my colleagues in both Sweden and Finland."

OPERATING ENVIRONMENT

Industrial cleaning

The core demand for industrial cleaning services remains stable and the industrial customers' demand is as such expected to remain on a similar level as in 2017. The market continues, to an even greater extent, to demand that suppliers are able to handle increasingly complex projects with high-quality environmental, health and safety standards favouring large professional players.

Demolition services

The ongoing positive trend in the construction market also provides a favourable operating environment for demolition services. The current trend in both markets of new- and renovation construction supports both the Finnish and Swedish markets.

The ageing building stock in both countries also increases the demand for renovation demolition services, with buildings from the 1960s and early 1970s being renovated. In the public sector, especially municipality-owned real estate such as hospitals and schools require renovation.

Recycling services

Increased environmental awareness continues to drive improvements and new regulations in the recycling segment, such as the EU's 70% recycling target by 2020, landfill ban on C&D waste and new asbestos legislation. Regulatory development in both the EU Circular Economy Action plan and national legislation as well as generally increasing sustainability awareness continue to keep the demand for recycling services on a high level.

NET SALES (statutory)

In the fourth quarter, Delete Group's statutory net sales were EUR 47.4 (45.3) million growing by 4% from the previous year. Growing net sales in Industrial Cleaning and Recycling Services mitigated the declining project volumes in Demolition Services.

The Group's statutory sales from Industrial Cleaning were EUR 22.2 (20.4) million, representing an increase of 9%, driven by improved general demand and the mild early winter enabling continuing work at outdoor sites. Recycling Services statutory net sales grew by 27% to EUR 6.8 (5.3) million, achieved through organic growth which was supported by three new sorting stations that opened in 2016. Statutory net sales of Demolition Services were EUR 19.3 (21.5) million, showing a decrease of 10%, driven by a lack of large projects in Sweden during the fourth quarter.

The Group's statutory net sales in January–December totalled EUR 177.3 (167.0) million growing by 6%. The stagnant Demolition Services volume was mitigated by the solid performance in Industrial Cleaning (+5%) and Recycling Services (+30%).

The Group's organic net sales in January–December (excluding acquired businesses in Demolition Services during 2017) totalled EUR 174.5 million, growing by 5% from the previous year. The acquired Industrial Cleaning companies in late December did not contribute to net sales in 2017.

NET SALES BY SEGMENT (statutory)

MEUR	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Industrial Cleaning	22.2	20.4	9%	79.7	76.2	5%
Demolition Services	19.3	21.5	-10%	77.7	78.0	0%
Recycling Services	6.8	5.3	27%	22.8	17.6	30%
Eliminations	-0.9	-1.9	-55%	-2.9	-5.0	-41%
Group total	47.4	45.3	4%	177.3	167.0	6%

NET SALES BY SEGMENT (pro forma)

MEUR	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Industrial Cleaning	28.5	25.2	13%	100.1	93.9	7%
Demolition Services	19.3	23.2	-17%	80.8	92.8	-13%
Recycling Services	6.8	5.3	27%	22.8	17.6	30%
Eliminations	-1.0	-2.6	-62%	-4.1	-7.1	-42%
Group total	53.6	51.1	5%	199.5	197.1	1%

FINANCIAL PERFORMANCE (statutory)

The Group's adjusted statutory EBITDA during the fourth quarter of 2017 increased by 2% from the previous year to EUR 5.7 (5.6) million as a result of the increased net sales. Unadjusted EBITDA of EUR 5.5 (4.9) million increased by 12%.

In the fourth quarter, Industrial Cleaning adjusted statutory EBITDA-% was 18% (21%) declining from the previous year's level. Demolition Services adjusted statutory EBITDA-% increased to 12% (9%) driven by improved project controls. Recycling Services adjusted statutory EBITDA-% improved to 23% (18%), which was mainly achieved through increased incoming volumes in solid construction waste.

The Group's adjusted statutory EBITDA for January–December 2017 amounted to EUR 16.1 (20.4) million. The decline is mainly due to the weak second quarter suffering from execution issues in projects, all of which have been closed during 2017.

In January–December 2017, the Group's organic adjusted EBITDA (excluding acquired businesses in Demolition Services during 2017) totalled EUR 15.8 million, decreasing by 23% from the previous year. The acquired Industrial Cleaning companies in late December did not contribute to EBITDA in 2017.

The net financial expenses amounted to EUR -9.4 (-7.0) million in 2017. The increase was related to refinancing costs in the second quarter. Profit before taxes amounted to EUR -2.7 (4.9) million. Income taxes amounted to EUR -0.2 (-1.1) million. The statutory net result for the financial period amounted to EUR -2.8 (3.8) million.

EBITDA BY SEGMENT (statutory)

MEUR	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Industrial Cleaning	4.0	4.2	-4%	14.6	13.5	8%
Demolition Services	2.3	1.9	20%	3.6	8.9	-59%
Recycling Services	1.6	0.9	65%	5.4	4.5	20%
Administration	-2.2	-1.5	48%	-7.5	-6.5	15%
Group total	5.7	5.6	2%	16.1	20.4	-21%

EBITDA BY SEGMENT (pro forma)

MEUR	10-12/2017	10-12/2016	Change	1-12/2017	1-12/2016	Change
Industrial Cleaning	5.8	5.0	16%	19.1	17.0	13%
Demolition Services	2.3	2.0	15%	3.8	10.0	-62%
Recycling Services	1.6	0.9	65%	5.4	4.5	20%
Administration	-2.2	-1.5	48%	-7.5	-6.5	15%
Group total	7.5	6.5	16%	20.8	25.0	-17%

FINANCING AND FINANCIAL POSITION

In the fourth quarter, the cash flow from operating activities was EUR 8.6 (7.6) million, driven by increased EBITDA and efficient receivables collection.

Delete Group's cash and cash equivalents at the end of December 2017 were EUR 8.3 (4.3) million. In addition, the Group has committed undrawn revolving credit facilities of EUR 9.1 million to be used for general corporate purposes, acquisitions and capital expenditure. The Group's interest-bearing debt was EUR 98.3 (80.4) million, mainly consisting of a EUR 85.0 million secured bond and a EUR 9.0 million drawn revolving credit. The revolving credit facility's quarterly maintenance covenant for debt leverage was reached at the end of December.

Delete successfully issued a EUR 85 million senior secured bond in April 2017. The proceeds of the issue were used to repay existing financing facilities and for general corporate purposes, including growth acquisitions. The new bond is a 4 year floating rate note with 3 month Euribor + 500 bps margin and a 0% floor. According to the terms and conditions of the bond, Delete will, subject to certain restrictions, be able to tap the bond market for up to EUR 45 million of additional funds. The bond will be listed in April 2018 on Nasdaq Helsinki.

At year end, the Group's net debt³⁾ amounted to EUR 90.0 (76.1) million, increasing mainly due to the utilisation of the revolving credit facility for acquisition financing in Q4, and net working capital⁴⁾ to -2.0 (8.5) million. The 2017 year-end net working capital liabilities include an accrual for final purchase price settlement for the acquired companies in December 2017.

The balance sheet total at the end of December 2017 was EUR 215.6 (187.5) million. Property, plant and equipment totalled EUR 41.3 (38.3) million. Equity ratio⁵⁾ was 33.1% (39.8%).

The purchase price allocation for the acquired companies in December will be finalised based on verified acquisition closing accounts in 2018, hence the value of the acquired assets and liabilities are preliminary at year end.

The average number of personnel in Delete Group 2017 was 818 (739).

Key figures	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Return on Equity, %	2.7%	0.5%	-3.9%	5.3%
Net debt, MEUR	90.0	76.1	90.0	76.1
Equity ratio	33.1%	39.8%	33.1%	39.8%

CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

Capital expenditure in intangible and tangible assets including acquisitions in the fourth quarter 2017 were EUR 10.7 (4.1) million. Capital expenditure for January-December 2017 was EUR 16.9 (17.4) million including acquisitions.

During the reporting period, Delete Group acquired 100% of the shares in a group of industrial cleaning and sewer service companies in Finland: Uudenmaan Erikoispuhdistus Oy, T&K Karppanen Oy and Kaivopumppu M Kulmala Oy with its subsidiaries Teknopushto Oy and Sertech Oy. The sellers are Porvoon Huoltomiehet Oy and the minority owners. This strategic acquisition aims to further strengthen Delete Group's position as the leading provider of environmental services in the Nordic countries.

The combined 2017 pro forma sales of the acquired companies is EUR 20.0 million. The parties have agreed not to disclose the acquisition price.

R&D EXPENDITURE

The R&D related expenditure was immaterial in 2017 and related minor development of processes and tools.

CHANGES IN MANAGEMENT/MANAGEMENT

Tommi Kajasoja was appointed the CEO of Delete Group effective 1 February 2018. Tommi Kajasoja succeeds Jussi Niemelä who stepped down on 31 January 2018. Jussi Niemelä will continue to serve Delete Group as an adviser to the Board of Directors.

OTHER KEY EVENTS AFTER THE REPORTING PERIOD

There were no major events after the reporting period.

SIGNIFICANT RISKS AND RISK MANAGEMENT

Delete Group carries out an extensive annual risk assessment analysis as a result of which the risk management capabilities are constantly updated and reviewed and approved by the Board of Directors.

The Group's key risks are divided into strategic, operative and financing risks.

Operational risks are mainly related to project execution and integration of acquired businesses both quality-wise and financially. The internal control environment is under constant development to improve preventative measures.

Financing risks are mainly related to interest rates, credit and liquidity.

Other uncertainties are related to the market environment as well as the successful implementation of the Group's growth strategy and related corporate acquisitions and the integration of the acquired companies, personnel and recruitments.

The Group confirms that there are no relevant changes that influence the business, given the risks mentioned above, during the fourth quarter in 2017.

SHARES AND SHAREHOLDERS

The Ax DEL1 Oy Group has share capital of EUR 2,500. The number of registered shares is 10,858,595 P-shares and 3,089,649 C-shares. All shares have one vote each. The Group is owned by Ax DEL Oy (86% of the shares) and a group of key employees and other minority investors (14%).

The Group does not hold any own shares.

ANNUAL GENERAL MEETING AND BOARD AUTHORISATIONS IN EFFECT

The Annual General Meeting of Shareholders of AxDEL1 Oy held on 18 May 2017 adopted the Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 1 January-31 December 2016. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2016.

The Annual General Meeting resolved to elect the members of the Board of Directors: Åsa Söderström Jerring (Chair), Vilhelm Sundström, Ronnie Neva-aho, Holger Hansen and Kasper Olesen as a deputy member.

Authorised Public Accounting firm KPMG Oy Ab was elected as the Auditor of the company and Teemu Suoniemi, Authorised Public Accountant, will act as the Principal Auditor.

The Chair of the Board will be paid EUR 40,000 and the Board members EUR 22,000 as remuneration for 2017. The appointed members of the Audit Committee and the Project Committee will be paid EUR 4,000 as additional remuneration and the appointed members of the Remuneration Committee EUR 2,000. Axcel Management's Vilhelm Sundström and Kasper Olesen will not be paid remuneration. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's reasonable invoice.

BOARD OF DIRECTORS AND AUDITORS

The members of the Board of Directors are Vilhelm Sundström, Holger Hansen, Ronnie Neva-aho and Åsa Söderström Jerring who serves as Chair. Kasper Olesen serves as a deputy member.

KPMG Oy Ab, Authorised Public Accountants, serves as the company's Auditors, with Teemu Suoniemi, Authorised Public Accountant, as Principal Auditor.

THE BOARD'S PROPOSAL TO THE ANNUAL GENERAL MEETING

The consolidated net profit for the year 2017 totalled EUR -2.8 million, and the net profit of the parent company was EUR -1.3 million. The parent company's distributable funds on 31 December 2017 totalled EUR 68.4 million.

The Board of Directors will propose to the Annual General Meeting on 21 March 2018 that no dividend will be paid.

STATEMENT OF ACCOUNTING POLICIES FOR FINANCIAL BULLETIN

The financial statement bulletin has been prepared in compliance with IAS 34 Interim Financial Reporting.

FINANCIAL CALENDAR 2018

Delete Group will publish the 2018 first quarter report on 31 May 2018, the Half Year Interim Report of 2018 on 31 August 2018 and the third quarter report on 30 November.

TABLE SECTION

Amounts in thousands of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales	47 378	45 350	177 311	166 955
Other operating income	177	203	707	584
Materials and services	-21 028	-22 480	-87 054	-80 088
Employee benefit expenses	-15 133	-12 454	-55 143	-49 560
Other expenses	-5 656	-4 990	-19 697	-17 474
Adjusted EBITDA	5 738	5 629	16 124	20 417
Adjustments	-288	-764	-1 358	-1 277
EBITDA	5 451	4 865	14 766	19 140
Depreciation, amortisation and impairment	-1 675	-1 890	-8 076	-7 206
Operating profit	3 776	2 974	6 690	11 935
Financial income	17	187	539	605
Financial expenses	-1 825	-1 679	-9 925	-7 623
Net financial expenses	-1 808	-1 492	-9 386	-7 018
Profit (-loss) before taxes	1 968	1 482	-2 696	4 917
Income taxes	-36	-1 119	-152	-1 095
Profit (-loss) for the financial period	1 931	364	-2 848	3 822
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation difference	-96	25	-115	-354
Other comprehensive income (-loss), net of tax				
Total comprehensive income (-loss) for the year	1 836	389	-2 963	3 468

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Goodwill	122 851	104 563
Intangible assets	1 320	2 636
Property, plant and equipment	41 328	38 282
Investments	150	299
Other financial assets		618
Deferred tax assets	52	59
Total non-current assets	165 700	146 456
Current assets		
Inventories	1 271	1 404
Trade and other receivables	40 314	35 366
Other financial assets	78	174
Cash and cash equivalents	8 242	4 093
Total current assets	49 906	41 037
Total assets	215 606	187 493
TEUR	31.12.2017	31.12.2016
EQUITY AND LIABILITIES		
Equity		
Share capital	3	3
Reserve for invested non-restricted equity	69 739	69 739
Retained earnings	4 908	1 086
Profit and loss for the year	-2 848	3 822
Translation difference	-626	-511
Total equity	71 176	74 138
Liabilities		
Non-current liabilities		
Interest-bearing financial liabilities	84 226	68 636
Finance lease liabilities	885	714
Installment credit	2 127	3 197
Derivative liabilities	252	507
Deferred tax liabilities	2 192	3 977
Provisions	82	180
Current liabilities		
Interest-bearing financial liabilities	9 300	6 300
Finance lease liabilities	687	599
Prepayments	525	982
Trade payables	12 439	12 512
Installment credit	1 055	927
Other payables	12 975	2 456
Accrued expenses	17 684	12 367
Total liabilities	144 430	113 355
Total equity and liabilities	215 606	187 493

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company					
	Share capital	Unregistered share capital	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	Total
TEUR						
Equity at 1 January 2017	3	0	69 739	-511	4 908	74 138
Comprehensive income						
Profit for the reporting period	0	0	0	0	-2 848	-2 848
Other comprehensive income						
Translation differences	0	0	0	-115	0	-115
Total comprehensive income	0	0	0	-115	-2 848	-2 963
Equity at 31 December 2017	3	0	69 739	-626	2 061	71 176
Equity at 1 January 2016	3	0	69 739	-157	1 086	70 670
Comprehensive income						
Profit for the reporting period	0	0	0	0	3 822	3 822
Other comprehensive income						
Translation differences	0	0	0	-354	0	-354
Total comprehensive income	0	0	0	-354	3 822	3 468
Equity at 31 December 2016	3	0	69 739	-511	4 908	74 138

CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Q4 2017	Q4 2016	Q1-4 2017	Q1-4 2016
Cash flows from operating activities				
Net profit (loss) before taxes	1 968	1 482	-2 696	4 917
Adjustments:				
Depreciation and amortisation	1 675	1 890	8 076	7 206
Financial income and expenses	1 808	1 272	9 386	6 284
Other adjustments	77	151	127	433
Change in net working capital	4 186	2 939	2	-1 323
Change in voluntary provisions	-95	0	-95	0
Net financial items	-1 187	-441	-7 701	-3 622
Income taxes paid	211	338	-1 377	-1 083
Cash flows from operating activities (A)	8 642	7 631	5 721	12 812
Cash flows from investing activities				
Investments and divestments in fixed assets	-1 692	-3 512	-7 345	-8 096
Investments in other investments (subsidiary acquisition)	-9 200	-550	-9 674	-9 279
Change in other receivables	156	0	156	2
Cash flows from investing activities (B)	-10 736	-4 062	-16 863	-17 373
Cash flows from financing activities				
Proceeds from loans and borrowings	0	59	85 000	10 816
Repayments of loans and borrowings	-191	-3 198	-78 112	-7 246
Change in long- and short-term liabilities	8 442	-3 744	8 310	-1 389
Cash flows from financing activities (C)	8 251	-6 883	15 198	2 181
Change in cash flows (A+B+C)	6 157	-3 314	4 057	-2 381
Cash and cash equivalents at the beginning of the reporting period	2 165	7 581	4 267	6 658
Exchange rate differences	-1	0	-3	-11
Cash and cash equivalents at the end of the reporting period	8 320	4 267	8 320	4 267
Change	6 156	-3 314	4 053	-2 391

FORMULAS

1) Pro forma definition: acquired (divested) businesses' reported results added (removed) for the current and comparison period in a comparable form.

2) Adjustment definition: adjustments are material items outside the ordinary course of business affecting comparability, e.g. acquisition related expenses, restructuring related expenses and other material extraordinary costs.

3) Net debt = cash and cash equivalent assets – interest bearing liabilities, finance lease liabilities and instalment credit liabilities

4) Net working capital = other than cash and cash equivalent current assets – other than net debt related current liabilities

5) Equity ratio = equity/(assets-prepayments)]

FOR FURTHER INFORMATION

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DELETE GROUP IN BRIEF

Delete Group is a leading environmental full-service provider that offers specialist competences and specialised equipment through three business areas: Industrial Cleaning, Demolition Services and Recycling Services. Delete was formed in 2010 through the combination of Toivonen Yhtiöt and Tehoc and was acquired by private equity investor Axcel in 2013. Since 2011, Delete has made over 35 acquisitions within the industrial cleaning and demolition segments.

The Group is headquartered in Helsinki and employs approx. 1,000 professionals at over 35 locations in Finland and Sweden.