

## PRESS RELEASE / 5 APRIL 2018

### KIRKBI Group achieved a satisfactory result for 2017

Billund, 5 April 2018 – KIRKBI A/S today published its annual report for 2017. The result for the year after tax was DKK 12.7 bn compared with DKK 13.3 bn in 2016. Net equity was DKK 76.3 bn at 31 December 2017, compared with DKK 66.4 bn in 2016. KIRKBI A/S' overall investment portfolio amounted to DKK 54 bn at year-end 2017, compared with DKK 44 bn at year-end 2016.

Commenting on the result, Søren Thorup Sørensen, KIRKBI CEO, says:

“The KIRKBI Group achieved a satisfactory result for 2017, based primarily on the good results delivered by the LEGO Group and a sound return from the KIRKBI Group's investment activities”.

The LEGO Group achieved good results, despite a challenging year. Sales declined by 8% to DKK 35 bn, compared with DKK 37.9 bn in 2016. The result for 2017 was DKK 7.8 bn, compared with DKK 9.4 bn in 2016. In 2017, the LEGO Group had strong operational cash flows of DKK 10.7 bn, compared with DKK 9.1 bn in 2016. Sales declined primarily as a consequence of stock reductions in the retail sector. The LEGO Group ended the year in a better position and expects to stabilise the business in 2018, and to invest in activities that will create further demand in the future.

Merlin Entertainments plc achieved an increase in the number of visitors in 2017 – totaling 66 m visitors, of whom more than 15.3 m visited the eight LEGOLAND® Parks. The company's revenue increased by 11.6% to GBP 1,594 m. Net operating profit (EBITDA) increased from GBP 451 m to GBP 474 m. In April 2017, a new LEGOLAND Park opened in Nagoya, Japan, and in 2017 the company published the plans for LEGOLAND New York, which is targeted for opening in 2020.

Investment activities in 2017 generated a very satisfactory result of DKK 4.0 bn, compared with DKK 3.0 bn in 2016.

Profit from investment activities was positively affected by strong returns from long-term equity investments, listed equities and private equity, while low earnings from Falck A/S and a declining USD exchange rate had a negative effect on the investment activities.

The total investment portfolio increased from DKK 44 bn in 2016 to DKK 54 bn at year-end 2017. In 2017, the KIRKBI Group among other things increased its ownership in ISS A/S to 12.6%, and in Nilfisk A/S to 13.5%, and entered into an agreement to acquire 49.8% of the Swedish R&D company, Vålinge. In addition, four property investments were made in Germany and Switzerland.

KIRKBI's investment strategy continues to focus on long-term equity investments with substantial minority positions in high-quality companies with long-term growth potential, and on investments in office and commercial properties in Copenhagen, London, Munich and the German-speaking region of Switzerland.

In 2017, LEGO Brand Group was established in the KIRKBI Group, with a chairmanship comprising of Jørgen Vig Knudstorp and Thomas Kirk Kristiansen. This establishment is an important step in the Kirk Kristiansen family's continued active and dedicated ownership of the LEGO Group. LEGO Brand Group will set the long-term strategic direction for the LEGO brand across the LEGO Group, the LEGO Foundation, LEGO Education, and Merlin Entertainments plc, which operates the LEGOLAND Parks.

**2020 sustainable energy target achieved three years earlier than planned**



In February 2016, KIRKBI signed an agreement to acquire 25% ownership of the Burbo Bank Extension offshore wind farm located off Liverpool on the west coast of England. Burbo Bank Extension has been constructed by Ørsted (formerly DONG Energy) and became fully operational in May 2017.

KIRKBI has also previously invested in the Borkum Riffgrund 1 wind farm in Germany and has now achieved the target of supporting the LEGO Group in balancing the company's global energy consumption with renewable energy. This target was achieved three years earlier than originally planned.

Søren Thorup Sørensen says:

"It is very satisfactory that through our investments in Burbo Bank Extension and Borkum Riffgrund, we have achieved our renewable energy target three years earlier than planned, so that the LEGO Group's global energy consumption is now 100% balanced by renewable energy."

#### **Expectations**

The KIRKBI Group has made a sound start to the year and expects a satisfactory result in 2018, and in view of the Group's financial strength is well-positioned to continue to support the development of the LEGO Group and engage in attractive investments.

Read KIRKBI's Annual Report 2017 [here](#).

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#### **About KIRKBI A/S**

KIRKBI A/S is the Kirk Kristiansen family's holding and investment company. The company's strategic activities include 75% ownership of the LEGO Group, 29.7% ownership of Merlin Entertainments plc, which operates the LEGOLAND Parks, and investments in renewable energy. KIRKBI has a long-term investment profile and the company's investment activities also include significant long-term investments in companies such as ISS, Falck and Nilfisk as well as real estate investments in Denmark, Switzerland, Germany and the UK. [www.KIRKBI.com](http://www.KIRKBI.com)

