

PRESS RELEASE / 26 MARCH 2019

## The KIRKBI Group achieved a satisfactory result for 2018

Billund, Denmark, 26 March 2019 – The KIRKBI Group today published its Annual Report for 2018. The result for the year after tax was DKK 8.7 bn, compared with DKK 12.7 bn in 2017. Net equity was DKK 82.5 bn at 31 December 2018, compared with DKK 76.3 bn in 2017. KIRKBI's overall investment portfolio amounted to DKK 58 bn at year-end 2018, compared with DKK 54 bn at year-end 2017.

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

“The KIRKBI Group achieved a satisfactory result for 2018, primarily driven by a good result in LEGO A/S, which in 2018 achieved growth in both revenue and earnings. KIRKBI's investment activities were affected by significant declines in the global equity markets at the end of the year, which resulted in a negative return in 2018. The investment portfolio is global and well-diversified and has had a good start in 2019.”

### *LEGO A/S*

In 2018, LEGO A/S increased its market share in all core markets. Revenue increased by 4% to DKK 36.4 bn. Sales to consumers increased by 3% in 2018, compared with 2017. Operating profit increased by 4% to DKK 10.8 bn. The net profit was DKK 8.1 bn – an increase of 3.5% from 2017. Cash flow from operating activities remained at a high level of DKK 9.8 bn.

### *Merlin Entertainments*

Merlin Entertainments plc achieved an increase in the number of visitors in 2018 of 1.4%, totaling 67 m visitors, of whom more than 15.6 m visited the eight LEGOLAND® parks. The company's revenue increased by 5.9% to GBP 1.688 m. Net operating profit (EBITDA) increased from GBP 474 m to GBP 490 m. The strategy of establishing new LEGOLAND parks continued. The construction of LEGOLAND park no. 9, in New York, started in 2018, with planned opening in 2020. An agreement was also entered for the establishment of LEGOLAND Korea, with planned opening in 2022.

### *Renewables*

The two wind farms, Burbo Bank Extension and Borkum Riffgrund 1, delivered stable financial returns in 2018, despite less wind than expected during the year. Overall, KIRKBI's share of the wind farms produced electricity equivalent to the electricity consumption of more than 114,000 households.

### *Investment activities*

The return from the investment portfolio was negative of DKK 0.9 bn, compared with a return of DKK 4.0 bn in 2017. The investment result was

negatively impacted by volatility in the financial markets – in particular listed equities and Long-Term Equity investments. Investments in Private Equity and Real Estate achieved strong returns.

The investment portfolio in KIRKBI increased to DKK 58 bn at the end of 2018, from DKK 54 bn at the end of 2017. The investment activities have had a good start in 2019.

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

### **Active family ownership**

KIRKBI, LEGO Brand Group and the Kirk Kristiansen family continued to work on the future family ownership and the strategic direction of the LEGO brand.

The smooth handover to the next generation between the third and fourth generations of the Kirk Kristiansen family progressed according to plan. The family is now taking the next natural step. Kjeld Kirk Kristiansen will step down from LEGO A/S' Board of Directors in April 2019 – see the separate press release [here](#).

### **KIRKBI signed up for the UN Global Compact**

In January 2019, the KIRKBI Group signed up for the UN Global Compact's ten principles for corporate sustainability. KIRKBI is hereby committed to working for improvements with regard to human rights, labour rights, environmental improvement and anti-corruption.

Søren Thorup Sørensen:

"KIRKBI is managed according to a strong set of values that are rooted in the Kirk Kristiansen family across generations, and which are centered around play, learning, creativity and taking responsibility in relation to all of the stakeholders we are in contact with – with children as the most important of all."

"As KIRKBI grows, we wish to increase transparency in relation to our stakeholders, in terms of how we progress on raising the bar further on responsible business operations. This is why we are now signing up for the UN Global Compact."

### **Expectations**

The KIRKBI Group has had a good start to the year and expects a higher result in 2019. Based on its financial strength, the KIRKBI Group is well-

positioned to continue to support the development of activities related to the LEGO brand, and to take part in attractive investments.

Read KIRKBI's Annual Report 2018 [here](#).

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

KIRKBI is the Kirk Kristiansen family's private holding and investment company founded to promote a sustainable future for the family ownership of the LEGO brand through generations. Our work is focused on three fundamental tasks all contributing to enabling the Kirk Kristiansen family to succeed with the mission *to inspire and develop the builders of tomorrow*: We work to protect, develop and leverage the LEGO brand across all the family entities. We are committed to a long-term and responsible investment strategy to ensure a sound financial foundation for the family's activities. And, we are dedicated to support the family members as they prepare for future generations to continue the active and engaged ownership as well as supporting their private activities, companies and philanthropic work.

KIRKBI's strategic activities include 75% ownership of the LEGO Group, 29.6% ownership of Merlin Entertainments plc and investments in renewable energy. The company's investment activities also include significant long-term investments in companies such as ISS, Nilfisk, Falck, Vålinge and Ladis+Gyr as well as real estate investments in Denmark, Switzerland, Germany and the UK. [www.KIRKBI.com](http://www.KIRKBI.com)

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