



PRESS RELEASE

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The KIRKBI Group delivered a strong result for 2019

Billund, Denmark, 31 March 2020 – The KIRKBI Group today published its Annual Report for 2019. The result for the year after tax was DKK 16.8 bn, compared with DKK 8.7 bn in 2018. Net equity was DKK 102.5 bn at 31 December 2019, compared with DKK 88.1 bn in 2018. KIRKBI's overall investment portfolio amounted to DKK 71 bn at year-end 2019, compared with DKK 58 bn at year-end 2018.

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

"The world is currently in an extraordinary situation due to the global outbreak of COVID-19. KIRKBI's current focus is with our employees as well as societal health and safety whilst being a good and responsible owner for the companies that we own. For that reason, we focus on taking responsible and rational decisions during this uncertain period."

"The KIRKBI Group achieved a very satisfactory result for 2019. While we are pleased with the result, we are fully aware that today's reality – just three months into 2020 – is very different due to the prevailing lock-down as a consequence of COVID-19. The 2019 result and KIRKBI's financial robustness create a sound foundation for the KIRKBI Group's long-term ownership of LEGO A/S and Merlin Entertainments."

The 2019 result is primarily driven by growth in both revenue and earnings in LEGO A/S, and KIRKBI's investment portfolio also delivered a strong result. Significantly, KIRKBI increased its ownership share of Merlin Entertainments, which operates the LEGOLAND® parks and other attractions globally, to 50%.

LEGO A/S

In 2019, revenue increased by 6% to DKK 38.5 bn. All market areas delivered revenue growth, with particularly strong growth in China. Operating profit increased by 2% to DKK 10.8 bn after a number of significant investments to ensure sustained growth in the longer term. Cash flow from operating activities remained at a high level of DKK 9.6 bn in 2019.

MERLIN ENTERTAINMENTS

Merlin Entertainments achieved an increase in the number of visitors of 1.0%, totaling 67 million visitors, while revenue increased by 3.6% in 2019 to GBP 1,740 million. The revenue of the LEGOLAND parks increased by 5.1%. In 2019, Merlin announced plans for a new LEGOLAND Park in South Korea, expected to open in 2022. Merlin and KIRKBI A/S entered into a provisional agreement with Shanghai Jinshan District Government and CMC Inc. on the development and operation of a LEGOLAND Resort in Jinshan District in Shanghai, China.

INVESTMENT ACTIVITIES

The return from the investment portfolio was DKK 9.3 bn, compared with a loss of DKK 0.6 bn in 2018. The very satisfactory investment result was affected by strong financial markets after a challenging 2018. The return for 2019 was affected particularly by strong returns on investments in listed equities, private equity and real estate. The investment portfolio in KIRKBI increased to DKK 71 bn at the end of 2019.

In 2019, KIRKBI increased its ownership interests in Landis+Gyr AG, Nilfisk A/S and ISS A/S. In addition, KIRKBI entered into cooperation with PAI on the acquisition of Armacell S.A. and also increased its ownership interest in the company.

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In 2019, KIRKBI completed the purchase of the American solar energy developer Enerparc Inc., which develops, builds and operates solar power parks in the USA. This acquisition was a key step in KIRKBI's long-term investment strategy for renewable energy, which also includes ownership shares in the two offshore wind farms, Burbo Bank Extension and Borkum Riffgrund 1.

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.

The beginning of 2020

The beginning of 2020 has been influenced by the global COVID-19 outbreak, which affects the activities in the KIRKBI Group. At this time, it is not possible to state an expectation for the KIRKBI Group's activities for the year.

KIRKBI towards 2032

In 2019, KIRKBI completed a strategy process to determine the company's long-term direction towards 2032 – the year in which the LEGO Group will celebrate its 100th anniversary.

In 2019, KIRKBI became a signatory to the UN Global Compact – the world's largest corporate sustainability initiative. Consequently, KIRKBI publishes a 'COP' (Communication On Progress) report, as an integrated part of its annual report.

Søren Thorup Sørensen:

"KIRKBI's purpose is to build a sustainable future for the family ownership of the LEGO® brand through generations. To ensure this, KIRKBI focuses on long-term responsible value creation in all activities. We are also raising the level of ambition for sustainability and going forward KIRKBI will increase its focus on investments that contribute to sustainable development globally."

"At the same time, it is important to KIRKBI and the Kirk Kristiansen family to help children and families who are especially affected by the global COVID-19 outbreak via the family's enterprises and associated foundations. In Denmark, Ole Kirk's Fond is collaborating with several partners and organisations on special support for vulnerable families. Globally, the LEGO Foundation and The LEGO Group are engaged in ensuring that children and families affected by COVID-19 can still have essential playful, engaging and learning experiences during these uncertain times."

Read more about Ole Kirk's Fond [here](#).

Read more about the LEGO Foundation [here](#).

Read KIRKBI's Annual Report 2019 [here](#).

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About KIRKBI

KIRKBI A/S is the Kirk Kristiansen family's private holding and investment company founded to build a sustainable future for the family ownership of the LEGO® brand through generations. Our work is focused

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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 LEGO branded entities. We are committed to a long-term and responsible investment strategy to ensure a sound financial foundation for the owner family's activities as well as contributing to a sustainable development in the world. 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, 50% ownership of Merlin Entertainments. The company's investment activities also include investments in renewable energy, significant long-term investments in companies such as ISS, Nilfisk, Falck, Armacell, Völinge and Landis+Gyr as well as real estate investments in Denmark, Switzerland, Germany and the UK. www.KIRKBI.com

