

# AS STORENT INVESTMENTS INTERIM REPORT

**JULY – SEPTEMBER | 2018**



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# MANAGEMENT REPORT

OCTOBER 31, 2018

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in Baltics and Nordic countries. Today Storent group operates in 6 countries. Annual turnover for Storent group in 2017 was 42 million euros.

In **Q3** 2018 **Storent group** rent incomes increased by 11% compared to **Q2** 2018 and by 8% compared to **Q3** of 2017. Construction activities reach the highest level of the year in **Q3**, just before pre-winter slow down, and Storent group companies used the peak seasonal months in order to maximize incomes. New rental machinery is being added to existing equipment fleet in both Baltic and Nordic according to investment plan for 2018.

**+11%**

Income increase  
compared to Q2 of 2018

**+8%**

Income increase  
compared to Q3 of 2017

**Baltic** region operations in Q3 increased rent incomes by 15% compared to Q2 2018. Equipment rental market in Baltic states remained fairly active through Q3 2018. In general, region experienced rapid construction market growth, which started by two-digit growth in all Baltic countries during Q2. The biggest challenge for construction sector in Baltics has been shortage of skilled workers and rapid rise of expenses. Construction market in **Estonia** has grown by 22% in Q2 (vs Q2 2017). **Latvian** market has grown in Q2 by 31% (vs Q2 2017) and substantial growth has been visible during Q3. EU funded projects include insulation and reconstruction, as well as building of sports facilities and industrial projects. **Lithuanian** construction market grew by 21% in Q2, growth in Q3 is expected to be around 17%. European funding projects accelerate and stimulate construction market significantly. Unemployment rate is decreasing and influences rise of construction prices in Lithuania.

**Nordic** operations have increased by more than 35% compared to Q3 2017. High level of construction activities drive demand for rental machinery. According to Euroconstruct estimates, construction market will grow by 2.5% in **Sweden** in 2018. The Sveriges Byggindustrier predicts 2% growth for the Swedish construction market in 2018, according to their latest October estimate. Storent **Sweden** sales in the Q3 increased substantially by three-digit number vs Q3 2017. We look to continue with similar trend through Q4 of 2018. **Finnish** operation Leinolift sales increased by more than 10% compared to respective period of 2017. Construction market has been stable through Q2 and Q3 without substantial fluctuations. Sales and customer service teams expanded and additional machinery have been shipped from other Storent countries in order to meet market demand.

According to official statistics, **Kaliningrad** construction market has grown by 78% during first 6 months of 2018. Overall situation with customers' insolvency remains serious slowing factor and limits our growth in the region. Market will remain stimulated mostly by government financed projects.

# STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report July – September 2018 is true and complete. Consolidated financial statement gives a true and fair view of the actual financial position and results of operations.

Consolidated financial statements in the report for the period January – September 2018 is not yet audited.

A stylized signature in blue ink, consisting of several overlapping curved lines.

**Andris Bisnieks**  
Member of the Management Board

A stylized signature in black ink, featuring a large, sweeping initial 'A' followed by several loops and a long horizontal stroke.

**Andris Pavlovs**  
Member of the Management Board

# CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

DESCRIPTION	Q3 2018	Q3 2017 *	01.01.2018 - 30.09.2018	01.01.2017 - 30.09.2017 *	2017 TOTAL	2017 TOTAL*
REVENUE	13 368 667	12 399 738	33 920 063	30 662 996	38 860 971	41 995 096
NET REVENUE	13 340 816	12 327 739	33 846 808	30 433 450	38 670 555	41 673 431
OTHER OPERATING INCOME	27 851	71 999	73 255	229 546	190 416	321 665
EXPENSES	(8 920 567)	(7 706 435)	(24 398 509)	(21 329 676)	(27 040 840)	(29 133 804)
COSTS OF MATERIAL AND SERVICES RECEIVED	(4 513 399)	(3 698 128)	(11 631 480)	(9 851 772)	(12 734 509)	(13 508 478)
PERSONNEL EXPENSES	(2 277 590)	(1 985 902)	(6 389 691)	(5 690 611)	(8 555 743)	(9 175 935)
OTHER OPERATING EXPENSES	(2 129 579)	(2 022 405)	(6 377 338)	(5 787 292)	(5 750 588)	(6 449 391)
EBITDA	4 448 100	4 693 303	9 521 554	9 333 320	11 820 131	12 861 292
EBITDA %	33%	38%	28%	30%	30%	31%
DEPRECIATION AND AMORTIZATION	(2 525 245)	(2 159 649)	(7 510 433)	(6 532 153)	(8 387 318)	(8 992 917)
EBIT	1 922 855	2 533 654	2 011 121	2 801 167	3 432 813	3 868 375
EBIT %	14%	20%	6%	9%	9%	9%
OTHER INCOME AND EXPENSES	(754 680)	(678 577)	(2 308 088)	(2 397 654)	(3 190 931)	(3 236 053)
INTEREST AND SIMILAR INCOME	4 235	11 740	11 776	20 400	955	5 008
INTEREST AND SIMILAR EXPENSES	(758 914)	(690 316)	(2 319 863)	(2 418 054)	(3 191 886)	(3 241 061)
EBT	1 168 176	1 855 078	(296 967)	403 513	241 882	632 322
EBT %	9%	15%	-1%	1%	1%	2%
INCOME TAX EXPENSE	0	(42 940)	56 247	(59 350)	(181 908)	(232 923)
PROFIT / (LOSS) FOR THE YEAR	1 168 176 9%	1 812 137 15%	(240 720) -1%	344 164 1%	59 974 0%	399 399 1%

\*The consolidated result includes the results of SIA Cramo un OOO Cramo starting from 01.01.2017, although the acquisition of these companies took place on 01.08.2017. The Group's management believes that such a presentation provides comparable information about the Group's financial results.

# CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	30.09.2018	31.12.2017
<b>ASSETS TOTAL</b>	79 259 811	84 824 802
<b>NON-CURRENT ASSETS</b>	68 405 263	71 312 763
<b>INTANGIBLE ASSETS</b>	16 415 461	16 193 363
<b>PROPERTY, PLANT AND EQUIPMENT</b>	51 989 802	55 119 400
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>	0	0
<b>CURRENT ASSETS</b>	10 854 548	13 512 039
<b>INVENTORIES</b>	1 748 727	1 042 870
<b>LONG-TERM INVESTMENTS KEPT FOR SALE</b>	0	0
<b>TRADE RECEIVABLES</b>	7 615 641	6 065 352
<b>DEFERRED INCOME TAX ASSETS</b>	166 027	163 863
<b>SHORT-TERM FINANCIAL INVESTMENT</b>	0	0
<b>CASH</b>	1 324 153	6 239 954
<b>LIABILITY TOTAL</b>	79 259 811	84 824 802
<b>EQUITY</b>	26 629 679	26 873 876
<b>SHARE CAPITAL</b>	33 316 278	33 316 278
<b>ASSETS REVALUATION RESERVES</b>	32 452	35 929
<b>RESERVES</b>	26 774	26 774
<b>RETAINED EARNINGS</b>	(6 745 825)	(6 505 105)
<b>DEFERRED LIABILITIES</b>	1 811 229	1 986 403
<b>DEFERRED INCOME TAX LIABILITIES</b>	517 013	572 260
<b>PENSION ACCRUALS</b>	0	0
<b>OTHER PROVISIONS</b>	1 294 216	1 414 143
<b>LIABILITIES</b>	50 818 903	55 964 523
<b>NON-CURRENT LIABILITIES</b>	32 170 231	36 478 726
<b>CURRENT LIABILITIES</b>	18 648 672	19 485 797

# FINANCIAL COVENANTS

## (unaudited) EUR

Storent has fulfilled both financial covenants at the end of September 2018.

	30.09.2018
EBITDA 12 MONTHS	13 049 525
NET DEBT	42 232 284
NET DEBT / EBITDA RATIO	3.2
SHAREHOLDER EQUITY	26 629 679
TOTAL ASSETS	79 259 811
SHAREHOLDER EQUITY TO ASSETS	34%



# STORENT

RENTAL EQUIPMENT EXPERTS



[www.storent.com](http://www.storent.com)