

AS STORENT INVESTMENTS INTERIM REPORT

OCTOBER – DECEMBER | 2018



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MANAGEMENT REPORT

January 31, 2019

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.



Total revenue for Storent group in 2018 was 45,5 million euros, which represents 9% of growth compared to 2017. Rent incomes increased for both, own and vendor equipment rentals. Incomes from services and repair & maintenance increased as well.

New fleet investment plan for 2018 has been almost fulfilled and machines have been delivered to designated markets. Day to day fleet management allowed for overall more efficient fleet usage by group companies, this includes equipment transfer not only within Baltics, but between Baltic and Nordic regions.

Baltic region operations increased rent incomes by a few percent with highest growth rate in Latvia, where Storent is equipment rental market leader. Baltic region accounts for 70% of group rent incomes and group management currently implements action plan, which will allow to strengthen group operations in Finland (under Leinolift name) and in Sweden.

Favorable construction markets triggered emerging of new competition in the region, which mostly have been winning customers with price dumping strategy. This fact slowed down our pace in Lithuania, where customers especially appreciate an opportunity of low-price offerings.

Nordic operations have increased by 27% compared to 2017. Local construction markets have shown modest growth of around two 2%.

Finnish operation (Leinolift) showed good growth dynamics and Swedish one continued with rapid rate through the year. We have started to evaluate geographical expansion opportunities in both countries. Our main focus has been on structuring sales process, enlarging sales teams and shipping additional fleet as these are important factors in order to continue to grow and enter new market segments.

Kaliningrad operation has seen revenues decrease. Although official sources report on construction market growth, most of construction activities were ensured mostly by state financed projects. Customers insolvencies remains to be one of key factors for reduced rent incomes. We see number of large construction projects started in December, which should serve as driver for rent incomes growth in 2019.

In 2019 management will continue to optimize internal processes and upgrade IT systems in order to decrease decision making time and increase reaction time to changes dictated by market conditions and customers preferences. Group will continue with started activities in order to increase Nordic share of overall Storent business.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report October – December 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 – December 2018 is not yet audited.



Andris Bisnieks
Member of the Management Board



Andris Pavlovs
Member of the Management Board

CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

DESCRIPTION	Q4 2018	Q4 2017 *	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017 *	01.01.2017 - 31.12.2017
REVENUE	11 670 085	11 332 100	45 590 147	41 995 096	38 860 971
NET REVENUE	11 606 371	11 293 070	45 453 178	41 726 521	38 670 555
OTHER OPERATING INCOME	63 714	39 029	136 969	268 575	190 416
EXPENSES	(8 518 464)	(7 804 652)	(32 916 806)	(29 134 328)	(27 040 840)
COSTS OF MATERIAL AND SERVICES RECEIVED	(4 180 964)	(3 651 970)	(15 812 273)	(13 503 742)	(12 734 509)
PERSONNEL EXPENSES	(1 931 951)	(2 152 479)	(8 321 642)	(7 843 090)	(8 555 743)
OTHER OPERATING EXPENSES	(2 405 549)	(2 000 204)	(8 782 891)	(7 787 496)	(5 750 588)
EBITDA	3 151 621	3 527 447	12 673 342	12 860 768	11 820 131
EBITDA %	27%	31%	28%	31%	30%
DEPRECIATION AND AMORTIZATION	(2 587 908)	(2 459 962)	(10 098 349)	(8 992 115)	(8 387 318)
EBIT	563 713	1 067 486	2 574 992	3 868 653	3 432 813
EBIT %	5%	9%	6%	9%	9%
OTHER INCOME AND EXPENSES	(645 006)	(854 813)	(2 952 924)	(3 252 467)	(3 190 931)
INTEREST AND SIMILAR INCOME	149 759	12 023	161 534	32 424	955
INTEREST AND SIMILAR EXPENSES	(794 764)	(866 837)	(3 114 459)	(3 284 891)	(3 191 886)
EBT	(81 293)	212 672	(377 932)	616 186	241 882
EBT %	-1%	2%	-1%	1%	1%
INCOME TAX EXPENSE	483 853	(173 574)	540 100	(232 924)	(181 908)
PROFIT / (LOSS) FOR THE YEAR	402 560 3%	39 098 0%	162 168 0%	383 262 1%	59 974 0%

*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	31.12.2018	31.12.2017
ASSETS TOTAL	80 365 110	84 824 802
NON-CURRENT ASSETS	68 993 749	71 312 763
INTANGIBLE ASSETS	16 503 986	16 193 363
PROPERTY, PLANT AND EQUIPMENT	52 489 762	55 119 400
OTHER NON-CURRENT FINANCIAL ASSETS	0	0
CURRENT ASSETS	11 371 361	13 512 039
INVENTORIES	1 325 174	1 042 870
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0
TRADE RECEIVABLES	5 316 084	6 065 352
DEFERRED INCOME TAX ASSETS	499 709	163 863
SHORT-TERM FINANCIAL INVESTMENT	0	0
CASH	4 230 394	6 239 954
LIABILITY TOTAL	80 365 110	84 824 802
EQUITY	27 031 408	26 873 876
SHARE CAPITAL	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	31 293	35 929
RESERVES	26 774	26 774
RETAINED EARNINGS	(6 342 937)	(6 505 105)
DEFERRED LIABILITIES	2 003 636	1 986 403
DEFERRED INCOME TAX LIABILITIES	366 929	572 260
PENSION ACCRUALS	0	0
OTHER PROVISIONS	1 636 707	1 414 143
LIABILITIES	51 330 067	55 964 523
NON-CURRENT LIABILITIES	32 966 326	36 478 726
CURRENT LIABILITIES	18 363 741	19 485 797

FINANCIAL COVENANTS

(unaudited) EUR

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

	31.12.2018
EBITDA 12 MONTHS	12 673 342
NET DEBT	41 389 540
NET DEBT / EBITDA RATIO	3.3
SHAREHOLDER EQUITY	27 031 408
TOTAL ASSETS	80 365 110
SHAREHOLDER EQUITY TO ASSETS	34%

STORENT

RENTAL EQUIPMENT EXPERTS



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