



CONSOLIDATED NON-AUDITED INTERIM REPORT FOR Q1 2019



TALLINN

GENERAL INFORMATION

Magnetic MRO is a Total Technical Care maintenance and asset management organization with a global presence and more than two decades of worldwide experience. The company has a well-established reputation in innovative aviation solutions and proven track record as a one-stop shop for airlines, asset owners, OEMs and operators. It offers a wide range of services varying from asset management and engineering, to line and base maintenance.

Q1 2019 OPERATIONS AND ACTIVITIES

- **The MRO Russia & CIS Award** ceremony is an event that celebrates the best of the best in the aviation maintenance industry each year. **Magnetic MRO wins an Achievement of the Year award** for being **the best international MRO provider in 2018**.
- **Acquisition of line maintenance company, Direct Maintenance**, completed on 1st of March. Direct Maintenance officially part of MMRO group: with this milestone total 50 different engine and aircraft type combinations brought to Magnetic MRO group capability, 11 new line maintenance stations, 120 staff members and 6 countries. Integration process ongoing according to plans.
NB! As PPA process is not finalized, Consolidated Financial Statements do not include Direct Maintenance results.
- **MAC Sichuan Aviation Technology Limited establishment completed** in January 2019, first deal worth of 5MRMB. The company is focusing on aircraft cabin repair, maintenance and production with an aim to be closer to the biggest and fastest growing aerospace market.
- Sub-brand **EngineStands 24 established engine stands rental hub in Dubai**. The first orders have been completed and service has received better loading than expected. Work is ongoing with the establishment of engine stands rental hub in China.
- **Training business unit opened its second training location in Malaysia, Kuala Lumpur**. Same location will also serve as Magnetic MRO sales office of aircraft spare parts and engines as well as asset trading. This marks as first physical move into the region by MMRO employees.
- **MMRO Signs first sizeable agreement with a Saudi Arabia based aviation maintenance and ground handling support provider called First Premium Support Services (FPSS)**. The arrangement between two organizations entails MMRO support in setting up a aircraft component maintenance facility (design and tooling sales) and develop jointly line maintenance services.

MagneticMRO

- First **12-months maintenance project** started with **Finnair ATR** fleet.
- Magnetic MRO **completes the 100th C-check on A320 type aircraft** on March 2019.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the interim report Q1 2019 is true and complete. The consolidated main financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the Group.

The consolidated financial statements in the report for the period Q1 2019 and Q1 2018 are not audited. The financial information in Interim Report is prepared in accordance with the Estonian financial reporting standards. The Estonian financial reporting standards is prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

Astrit Viisma-Kass

CFO, Member of the Management Board

Tallinn

Consolidated Financial Statements, kEUR

The financial statements are for the group: Magnetic MRO AS and its subsidiaries MAC Aero Interiors Ltd, MAC Sichuan and Arrowhead Assistance UAB

MAGNETIC MRO AS

PROFIT and LOSS STATEMENT CONSOLIDATED

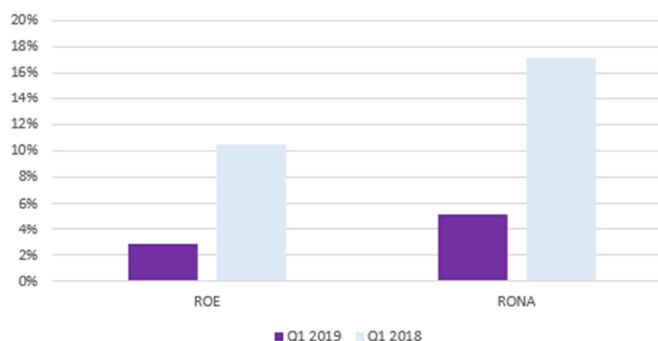
	Q1 2019	Q1 2018
Sales revenue	19,315	36,265
Variable direct costs	-15,506	-32,392
Fixed direct costs	-175	-127
Other operating income	198	289
Other operating expenses	-159	-73
GROSS PROFIT	3,673	3,961
Marketing expenses	-95	-97
Administrative costs	-1,644	-1,278
Personnel costs	-923	-798
EBITDA	1,011	1,788
Non-operating income and expenses	-595	-479
Minority interest	-60	
NET PROFIT	476	1,308

	Q1 2019	Q1 2018
ROE	3%	10%
RONA	5%	17%
Working Capital	2,458	2,033

ROE = Net Profit / Owners Equity

RONA = Net Profit / (Tangible Fixed Assets + Working Capital)

Financial Covenants



- Sales revenue and Variable Direct Costs in Q1 2018 includes extraordinary sale of aircrafts' spare parts and engines.
- Under finance income and expenses are reflected interest income and gain under equity method from JV company Magnetic Parts Trading Ltd (49,9%); interest expenses related to loan liabilities and bonds; FX gain and losses on assets and liabilities revaluation as of balance sheet date.

CASHFLOW CONSOLIDATED

	Q1 2019	Q1 2018
OPERATIONAL ACTIVITIES		
Operating profit	1,011	1,788
Change in receivables and prepayments	-2,296	-1,406
Change in inventories	190	-973
Change in liabilities and prepayments	5,710	-56
TOTAL from OPERATIONAL ACTIVITIES	5,149	-169
INVESTMENT ACTIVITIES		
TOTAL from INVESTMENT ACTIVITIES	-9,785	-1,012
FINANCING ACTIVITIES		
TOTAL from FINANCING ACTIVITIES	4,647	389
TOTAL CASHFLOW	11	-791

BALANCE SHEET CONSOLIDATED

	3.2019	3.2018
Cash and bank	940	319
Receivables	15,788	11,544
Inventory	9,115	8,612
Total current assets	25,842	20,474
Non-current assets		
LT Investments	15,839	4,324
Fixed Assets	6,822	5,710
Goodwill	557	628
Total non-current assets	23,219	10,662
TOTAL ASSETS	49,061	31,136
LIABILITIES AND OWNERS EQUITY		
Short term liabilities		
Loans	7,777	8,145
Payables	15,607	10,297
Total Short-term liabilities	23,384	18,441
Long-term liabilities		
Loans Long-Term	8,951	212
Total long-term liabilities	8,951	212
TOTAL LIABILITIES	32,335	18,653
Share capital	1,137	1,090
Share premium	6,619	6,619
Reserves	79	79
Unrealized FX BS	97	61
Minority Interest	-60	
Retained earnings	8,377	3,325
Profit for the period	476	1,308
Total Owners' equity	16,726	12,483
TOTAL LIABILITIES AND OWNERS EQUITY	49,061	31,136

Astrit Viisma-Kass

CFO

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