

# AS STORENT INVESTMENTS INTERIM REPORT

**JULY - SEPTEMBER | 2019**



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# MANAGEMENT REPORT

**Oktober 31, 2019**

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in the Baltics and the Nordic countries. Today Storent group operates 30 rental depots in 6 countries. Annual turnover of Storent group reached 45,5 million euros in 2018.

**STORENT  
GROUP  
TOTAL  
REVENUE  
IN 2018**

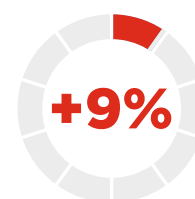
**45,5  
MILLION  
EUROS**



Total revenues for Storent group in Q3 2019 slightly increased compared to respective period of 2018, 9-month period demonstrated increase as well. Despite the fact that construction markets in the Baltics, Sweden and Finland are on a flat or slightly decreasing trend, we expect to continue to grow through Q4 compared to respective period in 2018. Latvia and Lithuania continue to be the leading revenue generating markets for us.

**The Baltic** operations increased their rent incomes by more than 5%. Overall, the Baltic region accounted for 75% of the group rent incomes. **Estonian** construction market in Q2 has decreased by 1% compared to Q2 of 2018, the same trend is anticipated to have taken place through Q3. Storent Estonia experienced some decrease of incomes in Q3. **Latvia** increased rent incomes in Q3 and demonstrated confident growth in all product groups. EU financed projects continue to be the main driver of construction activities in the country. In Q2 Latvian construction market showed modest growth of 1%, construction activities slowed down by the end of Q3. Construction market in **Lithuania** showed the highest market growth in Q2 in the Baltics, and organic growth in Q3, which affected Storent two-digit income growth compared to both Q3 of 2018 and Q2 of 2019.

**BALTIC REGION  
OPERATIONS  
INCREASED RENT  
INCOMES BY**



**Nordic** operations revenues have grown in Q3 compared to Q2, as it was expected during higher season months. Sales in **Finland** improved after a weaker first half of the year. At the moment Finland is reaching healthy level in sales of own rental fleet and other related services. The newly opened depot in Tampere and the broadened customer base is a great foundation for the sales growth. **Swedish** construction market declined in Q3, mostly in residential segment. Infrastructure and state financed projects are on a steady level. Storent Sweden has seen decrease in sales due to some substantial projects delays. In Q3 Swedish operation has grown its customer portfolio by more than 25%. This should generate positive sales growth in the near future.

**Kaliningrad** construction market didn't show signs of growth. Government financed projects remain to be the main cause for construction activities. However, Storent revenues in Q3 increased by more than half compared to Q2, due to specific construction projects where we managed to supply rental solutions.

Outlook for Q4 looks positive in all countries with expected results either above or at Q4 2018 level. Among other initiatives, management will continue to evaluate geographical expansion opportunities in Sweden and Finland.

# STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report July - September 2019 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 July - September 2019 is not yet audited.



**Andris Bisnieks**

Member of the Management Board



**Andris Pavlovs**

Member of the Management Board

# CONSOLIDATED INCOME STATEMENT

(unaudited) EUR

DESCRIPTION	Q 3 2019	Q 3 2018	01.01.2019-30.09.2019	01.01.2018-30.09.2018	2018 total
REVENUE	13 473 516	13 368 667	34 213 694	33 920 063	45 595 831
NET REVENUE	13 434 480	13 340 816	34 036 410	33 846 808	45 364 616
OTHER OPERATING INCOME	39 036	27 851	177 284	73 255	231 215
EXPENSES	(8 878 909)	(8 920 567)	(24 418 448)	(24 398 509)	(32 841 302)
COSTS OF MATERIAL AND SERVICES RECEIVED	(4 639 323)	(4 513 399)	(12 228 538)	(11 631 480)	(15 816 913)
PERSONNEL EXPENSES	(2 192 484)	(2 277 590)	(6 407 858)	(6 389 691)	(10 347 035)
OTHER OPERATING EXPENSES	(2 047 102)	(2 129 579)	(5 782 051)	(6 377 338)	(6 677 355)
EBITDA	4 594 607	4 448 100	9 795 245	9 521 554	12 754 528
EBITDA %	34%	33%	29%	28%	28%
DEPRECIATION AND AMORTIZATION	(2 857 103)	(2 525 245)	(8 357 278)	(7 510 433)	(10 096 060)
EBIT	1 737 503	1 922 855	1 437 968	2 011 121	2 658 468
EBIT %	13%	14%	4%	6%	6%
OTHER INCOME AND EXPENSES	(826 728)	(754 680)	(2 548 445)	(2 308 088)	(2 961 814)
INTEREST AND SIMILAR INCOME	8 678	4 235	28 504	11 776	151 097
INTEREST AND SIMILAR EXPENSES	(835 406)	(758 914)	(2 576 949)	(2 319 863)	(3 112 911)
EBT	910 775	1 168 176	(1 110 478)	(296 967)	(303 345)
EBT %	7%	9%	-3%	-1%	-1%
INCOME TAX EXPENSE	(1 255)	0	(1 614)	56 247	446 073
PROFIT / (LOSS) FOR THE YEAR	909 520	1 168 176	(1 112 092)	(240 720)	142 728
PROFIT / (LOSS) FOR THE YEAR %	7%	9%	-3%	-1%	0%

# CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	30.09.2019	30.09.2018	31.12.2018
<b>ASSETS TOTAL</b>	80 594 776	79 259 811	80 206 815
<b>NON-CURRENT ASSETS</b>	68 675 003	68 405 263	68 993 624
<b>INTANGIBLE ASSETS</b>	16 616 747	16 415 461	16 503 986
<b>PROPERTY, PLANT AND EQUIPMENT</b>	52 058 256	51 989 802	52 489 637
<b>CURRENT ASSETS</b>	11 919 773	10 854 548	11 213 191
<b>INVENTORIES</b>	2 114 912	1 748 727	1 325 174
<b>LONG-TERM INVESTMENTS KEPT FOR SALE</b>	0	0	0
<b>TRADE RECEIVABLES</b>	7 390 086	7 615 641	5 157 397
<b>DEFERRED INCOME TAX ASSETS</b>	487 551	166 027	500 226
<b>CASH</b>	1 927 224	1 324 153	4 230 394
<b>LIABILITY TOTAL</b>	80 594 776	79 259 811	80 206 815
<b>EQUITY</b>	25 833 129	26 629 679	26 871 951
<b>SHARE CAPITAL</b>	33 316 278	33 316 278	33 316 278
<b>ASSETS REVALUATION RESERVES</b>	27 816	32 452	31 293
<b>RESERVES</b>	65 614	26 774	(11 133)
<b>RETAINED EARNINGS</b>	(7 576 579)	(6 745 825)	(6 464 487)
<b>DEFERRED LIABILITIES</b>	1 658 484	1 811 229	2 098 177
<b>DEFERRED INCOME TAX LIABILITIES</b>	459 451	517 013	461 470
<b>OTHER PROVISIONS</b>	1 199 033	1 294 216	1 636 707
<b>LIABILITIES</b>	53 103 163	50 818 903	51 236 687
<b>NON-CURRENT LIABILITIES</b>	25 474 597	32 170 231	32 649 665
<b>CURRENT LIABILITIES</b>	27 628 566	18 648 672	18 587 022

# FINANCIAL COVENANTS

(unaudited) EUR

Storent has fulfilled both financial covenants at the end of September 2019.

	<b>30.09.2019</b>
<b>EBITDA 12 MONTHS</b>	13 028 220
<b>NET DEBT</b>	45 529 413
<b>NET DEBT / EBITDA RATIO</b>	3.5
<b>SHAREHOLDER EQUITY</b>	25 833 129
<b>TOTAL ASSETS</b>	80 594 776
<b>SHAREHOLDER EQUITY TO ASSETS</b>	32%





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