

**AS STORENT
INVESTMENTS
INTERIM REPORT
OCTOBER –
DECEMBER 2019**



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MANAGEMENT REPORT

JANUARY 31, 2020

Storent was established in 2008 in Latvia with the objective of becoming the most efficient construction equipment rental company in the Baltics and the Nordic countries. Today Storent group operates 30 rental depots in 6 countries, and its annual turnover reached EUR 48.1 million in 2019.

**STORENT
GROUP ANNUAL
TURNOVER
IN 2019**

**48
MILLION
EURO**

**TOTAL REVENUES
IN Q4 2019
GREW BY**



Total revenues for Storent group in Q4 2019 grew by 19% compared to Q4 2018. Operations in **the Baltics** increased their income from equipment rental in Q4 and accounted for 74% of the group's income from equipment rental. Sales in **Estonia** decreased slightly as the construction market shrank for the third quarter in a row. In Q3, it decreased by 1%. **Latvia** saw continued steady performance, achieving the same level of income as in Q4 2018. Income increased from large equipment groups. EU funded projects serve as a base for further growth in the country's capital region. The construction market in Latvia grew by 5.9% in Q3. **Lithuania** performed well, achieving double-digit growth in Q4 vs Q4 2018. Demand for construction equipment has been strong due to suitable weather conditions and a rush to finalize ongoing projects by the end of the year.

The construction market grew by 10% in Q3, a trend which is expected to repeat in Q4.

Nordic operations are working on diversifying the customer portfolio and entering new market segments. **Finland** maintained a good sales level in Q4, with only a slight decrease comparing to Q4 2018. The residential construction market has been declining, but the non-residential and infrastructure segments have provided a boost to our sales. **Sweden** in Q4 was slower than expected due to some projects suffering repeated delays. The customer portfolio has been increasing with the addition of larger construction companies. The construction market in Sweden has declined, especially within the residential segment.

The construction market in **Kaliningrad** saw a double-digit decrease in Q4 as state-financed projects faced a wave of insolvencies among general contractors. However, Storent revenues in Q4 increased by more than 10% compared to Q4 2018 due to various projects in which we managed to supply rental solutions.

Storent is changing internal rental processes to fit customers' requirements driven by the digital age. Use of digital signatures, such as Smart ID or Mobile ID, will improve the customer experience and increase the overall efficiency of organization. An action plan has been created for the further digital transformation of Storent group.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report for October – December 2019 is true and complete. The 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 of October – December 2019 have not yet been audited.



Andris Bisnieks
Member of the
Management Board



Andris Pavlovs
Member of the
Management Board

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

DESCRIPTION	Q 4 2019	Q 4 2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
REVENUE	13 882 709	11 676 010	48 096 402	45 595 831
NET REVENUE	13 806 187	11 606 371	47 842 597	45 364 616
OTHER OPERATING INCOME	76 522	69 639	253 806	231 215
EXPENSES	(9 652 368)	(8 449 095)	(34 070 786)	(32 841 302)
COSTS OF MATERIALS AND SERVICES RECEIVED	(5 235 695)	(4 180 964)	(17 464 203)	(15 816 913)
PERSONNEL EXPENSES	(2 388 025)	(1 931 950)	(8 795 883)	(10 347 035)
OTHER OPERATING EXPENSES	(2 028 648)	(2 336 181)	(7 810 700)	(6 677 355)
EBITDA	4 230 341	3 226 915	14 025 617	12 754 528
EBITDA %	30%	28%	29%	28%
DEPRECIATION AND AMORTIZATION	(2 735 600)	(2 587 908)	(11 092 889)	(10 096 060)
EBIT	1 494 741	639 006	2 932 728	2 658 468
EBIT %	11%	5%	6%	6%
OTHER INCOME AND EXPENSES	(833 118)	(645 752)	(3 381 558)	(2 961 814)
INTEREST AND SIMILAR INCOME	7 725	147 034	10 008	151 097
INTEREST AND SIMILAR EXPENSES	(840 843)	(792 787)	(3 391 566)	(3 112 911)
EBT	661 623	(6 746)	(448 830)	(303 345)
EBT %	5%	0%	-1%	-1%
INCOME TAX EXPENSE	470 192	389 830	468 578	446 073
PROFIT / (LOSS) FOR THE YEAR	1 131 815	383 083	19 748	142 728
PROFIT / (LOSS) FOR THE YEAR %	8%	3%	0%	0%

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

DESCRIPTION	31.12.2019	31.12.2018
TOTAL ASSETS	78 831 055	80 206 815
NON-CURRENT ASSETS	67 522 128	68 993 624
INTANGIBLE ASSETS	16 971 530	16 503 986
PROPERTY, PLANT AND EQUIPMENT	50 550 598	52 489 637
CURRENT ASSETS	11 308 927	11 213 191
INVENTORIES	1 213 407	1 325 174
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0
TRADE RECEIVABLES	5 508 537	5 157 397
DEFERRED INCOME TAX ASSETS	694 823	500 226
CASH	3 892 160	4 230 394
LIABILITY TOTAL	78 831 055	80 206 815
EQUITY	26 981 644	26 871 951
SHARE CAPITAL	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	26 657	31 293
RESERVES	83 448	(11 133)
RETAINED EARNINGS	(6 444 739)	(6 464 487)
DEFERRED LIABILITIES	1 559 863	2 098 177
DEFERRED INCOME TAX LIABILITIES	175 190	461 470
OTHER PROVISIONS	1 384 673	1 636 707
LIABILITIES	50 289 548	51 236 687
NON-CURRENT LIABILITIES	19 420 127	32 649 665
CURRENT LIABILITIES	30 869 421	18 587 022

FINANCIAL COVENANTS

(UNAUDITED)

Storent fulfilled both financial covenants at the end of December 2019.

DESCRIPTION	31.12.2019
EBITDA 12 MONTHS	14 025 617
NET DEBT	41 557 215
NET DEBT / EBITDA RATIO	3.0
SHAREHOLDER EQUITY	26 981 644
TOTAL ASSETS	78 831 055
SHAREHOLDER EQUITY TO ASSETS	34%



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