

AS STORENT INVESTMENTS INTERIM REPORT

APRIL - JUNE | 2019



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MANAGEMENT REPORT

July 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 30 rental depots in 6 countries. Annual turnover for Storent group in 2018 was 45,5 million euros.

**STORENT
GROUP
TOTAL
REVENUE
IN 2018**

**45,5
MILLION
EUROS**



Total revenue for Storent group in Q2 2019 has shown small growth compared to Q2 2018 with various changes by countries. The main driver for rent incomes growth was the strong market position in Latvian and Lithuanian markets, which are the key income generating entities in Storent group.

Baltic region operations increased rent incomes by more than 9% with the highest growth rates in Latvia and Lithuania. Baltic region accounted for more than 70% of group rent incomes. Although no official data for Baltic construction market performance in Q2 has been published, we expect that performance trend has been very similar to Q1 2019, when Latvian market grew by 7,4%, Lithuanian by 24%, but Estonian decreased by 2%.

**BALTIC REGION
OPERATIONS
INCREASED RENT
INCOMES BY**



Rental incomes in **Latvia** grew noticeably in all product groups, despite the decline in construction market growth rate. Increase in construction activities in **Lithuania** have resulted in healthy growth of rental incomes in almost all country locations. **Estonia** showed steady performance compared to Q2 2018.

Nordic operations have decreased rent incomes in Q2 compared to Q2 2018 mostly due to a weaker performance in **Finland**. According to RT and Forecon, the Finnish market on residential buildings is decreasing. However, many ongoing non-residential projects, have mitigated its influence on our operations during Q2. **Storent Sweden** is focusing on developing a strong customer portfolio to work with in the future. The residential construction has been decreasing as there is large oversupply of residential facilities in Stockholm area.

Kaliningrad construction market decreased in Q2, because of the shortage of new projects. State financed projects account for most of construction activities. Customers insolvencies and private investors conservatism made it difficult to ensure any growth of rental incomes.

Overall **Storent group** has seen a good Q2 and the group management will continue to focus on regions that didn't show positive growth in that period. Outlook for Q3 looks positive in all countries, construction season has started and many large and mid-size projects have kicked off. Capex program for 2019 has started, existing fleet will be supplemented with new equipment items for our customer convenience.

STATEMENT OF THE MANAGEMENT BOARD

The financial and other additional information published in the Interim report April - June 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 April - June 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 2 2019	Q 2 2018	01.01.2019-30.06.2019	01.01.2018-30.06.2018	2018 total
REVENUE	12 079 195	12 055 570	20 740 178	20 551 396	45 595 831
NET REVENUE	11 973 700	12 039 257	20 601 930	20 505 992	45 364 616
OTHER OPERATING INCOME	105 495	16 313	138 247	45 404	231 215
EXPENSES	(8 267 242)	(8 479 734)	(15 539 539)	(15 477 933)	(32 841 302)
COSTS OF MATERIAL AND SERVICES RECEIVED	(4 275 724)	(4 089 881)	(7 589 215)	(7 118 073)	(15 816 913)
PERSONNEL EXPENSES	(2 193 717)	(2 144 620)	(4 215 374)	(4 112 101)	(10 347 035)
OTHER OPERATING EXPENSES	(1 797 801)	(2 245 233)	(3 734 949)	(4 247 758)	(6 677 355)
EBITDA	3 811 952	3 575 836	5 200 639	5 073 463	12 754 528
EBITDA %	32%	30%	25%	25%	28%
DEPRECIATION AND AMORTIZATION	(2 758 406)	(2 488 032)	(5 500 175)	(4 985 188)	(10 096 060)
EBIT	1 053 547	1 087 803	(299 536)	88 275	2 658 468
EBIT %	9%	9%	-1%	0%	6%
OTHER INCOME AND EXPENSES	(852 690)	(766 509)	(1 721 716)	(1 552 113)	(2 961 814)
INTEREST AND SIMILAR INCOME	4 985	6 187	16 300	7 533	151 097
INTEREST AND SIMILAR EXPENSES	(857 674)	(772 696)	(1 738 016)	(1 559 646)	(3 112 911)
EBT	200 857	321 294	(2 021 252)	(1 463 838)	(303 345)
EBT %	2%	3%	-10%	-7%	-1%
INCOME TAX EXPENSE	0	12 456	(360)	56 247	446 073
PROFIT / (LOSS) FOR THE YEAR	200 857	333 750	(2 021 612)	(1 407 591)	142 728
PROFIT / (LOSS) FOR THE YEAR %	2%	3%	-10%	-7%	0%

CONSOLIDATED BALANCE SHEET

(unaudited) EUR

DESCRIPTION	30.06.2019	30.06.2018	31.12.2018
ASSETS TOTAL	78 263 619	78 344 878	80 206 815
NON-CURRENT ASSETS	67 992 209	68 476 342	68 993 624
INTANGIBLE ASSETS	16 613 825	16 320 061	16 503 986
PROPERTY, PLANT AND EQUIPMENT	51 378 384	52 156 281	52 489 637
CURRENT ASSETS	10 271 410	9 868 536	11 213 191
INVENTORIES	2 055 291	1 163 890	1 325 174
LONG-TERM INVESTMENTS KEPT FOR SALE	0	0	0
TRADE RECEIVABLES	7 142 452	7 849 401	5 157 397
DEFERRED INCOME TAX ASSETS	490 657	166 172	500 226
CASH	583 010	689 073	4 230 394
LIABILITY TOTAL	78 263 619	78 344 878	80 206 815
EQUITY	24 919 868	25 462 662	26 871 951
SHARE CAPITAL	33 316 278	33 316 278	33 316 278
ASSETS REVALUATION RESERVES	28 975	33 611	31 293
RESERVES	60 714	25 469	(11 133)
RETAINED EARNINGS	(8 486 099)	(7 912 696)	(6 464 487)
DEFERRED LIABILITIES	1 527 784	1 616 375	2 098 177
DEFERRED INCOME TAX LIABILITIES	459 457	517 079	461 470
OTHER PROVISIONS	1 068 327	1 099 296	1 636 707
LIABILITIES	51 815 967	51 265 841	51 236 687
NON-CURRENT LIABILITIES	33 664 080	31 406 419	32 649 665
CURRENT LIABILITIES	18 151 887	19 859 422	18 587 022

FINANCIAL COVENANTS

(unaudited) EUR

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

	30.06.2019
EBITDA 12 MONTHS	12 881 704
NET DEBT	44 781 492
NET DEBT / EBITDA RATIO	3.5
SHAREHOLDER EQUITY	24 919 868
TOTAL ASSETS	78 263 619
SHAREHOLDER EQUITY TO ASSETS	32%



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