# Quarterly Report Q1 / 2019
# Aves One AG

ISIN: DE000A168114

- **THREE-MONTH RESULT CONFIRMS DYNAMIC GROWTH**
- **SIGNIFICANT INCREASE IN KEY REVENUE AND EARNINGS FIGURES**
- **CASH FLOW FROM OPERATING ACTIVITIES OF AROUND EUR 31.5M**
- **EBT (ADJUSTED) OF EUR 3.4M SIGNIFICANTLY IMPROVED**

## BUSINESS TREND IN THE FIRST THREE MONTHS OF THE 2019 BUSINESS YEAR

The Aves One Group (hereinafter: "Aves Group"), a strongly growing portfolio holder in the logistics assets segment, generated revenues of EURk 27,192 (January to March 2018 (hereinafter: "previous year") and EURk 15,632) in the first three months of the current fiscal year (hereinafter: "reporting period"), thus continuing the positive trend. The significant sales growth is mainly due to the investments made in the course of 2018. In addition, higher capacity utilisation and improved rental rates in the Rail and Container divisions contributed to an increase in revenues. EBITDA more than doubled to EURk 20,646 (previous year: EURk 9,876) compared to the same period of the previous year. The EBIT also increased disproportionately by EURk 7,349 to EURk 13,175. Adjusted for the exchange rate effects reported in the financial result, an EBT amounted to EURk 3,378 (EURk 212 in the previous year).

Aves One AG invested EUR 23.2m in fixed assets in the reporting period. Of this amount, EUR 16.7m relates to freight and tank wagons and EUR 6.5m to intermodal load carriers.

## ACCOUNTING PRINCIPLES AND VALUATION METHODS

Since 1 January 2019, the Aves Group has applied the new standard on accounting for leases in accordance with IFRS 16. According to this new standard, lessees must generally recognize a right of use and a lease liability for all leases in accordance with the right-of-use model. At the time of initial application, the recognition of these operating leases led to an increase in total assets of EURk 517. In accordance with the transitional provisions of IFRS 16, the comparative amounts for 2018 will not be adjusted retrospectively. With the exception of the mandatory application of IFRS 16, the accounting policies applied correspond to those of the consolidated financial statements for the 2018 financial year.

## CHANGES IN THE SCOPE OF CONSOLIDATION

Compared to December 31, 2018, the following companies have been included in the scope of consolidation for the first time:

- Aves Rail Rent Verwaltungs GmbH, Hamburg
- Aves Transport 1 GmbH & Co. KG, Hamburg
- Aves Special Equipment VI GmbH & Co. KG, Hamburg

In all cases, these are fully consolidated subsidiaries, each with a shareholding of 100%. The former Aves Rail Rent GmbH, Hamburg, was renamed as Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg, with effect from 25 March 2019. H2S Holzhafen Service GmbH, Hamburg, in which the Aves Group acquired a 25% stake, was founded by contract dated 6 March 2019. Since this date, this company has been included at equity in the consolidation of the Aves Group.

## FINANCIAL POSITION, NET ASSETS AND RESULTS OF OPERATION

### RESULTS OF OPERATIONS

In the first three months of this year, the Aves Group generated revenues of EURk 27,192 (previous year: EURk 15,632) compared to the same period of the previous year. EURk 17,501 (PY: EURk 7,027) of this relates to the Rail division and EURk 8,756 (PY: EURk 6,834) to the Container segment. Despite the significant increase in sales, the cost of materials increased only disproportionately from EURk 3,253 in the previous year to EURk 4,654 in the reporting period. As a result, the margin improved to 82.9% (previous year: 79.2%). Personnel expenses of EURk 1,160 (previous year: EURk 1,052) were slightly higher than in the previous year. On the other hand, other expenses decreased by EURk 926 to EURk 1,142. The increase in EBITDA of EURk 10,770 (EURk 8,542) is mainly attributable to the Rail segment. The Container segment contributed EURk 2,218 to the increase in EBITDA.

| **Selected key financial figures**<br>in EURk | **3M 2019** | **3M 2018** |
|---|---:|---:|
| Revenue | 27,192 | 15,632 |
| Cost of material | -4,654 | -3,253 |
| Personnel cost | -1,160 | -1,052 |
| Other income | 410 | 617 |
| Other costs | -1,142 | -2,068 |
| **EBITDA** | **20,646** | **9,876** |
| Depreciations | -7,471 | -4,050 |
| **EBIT** | **13,175** | **5,826** |
| Financial result | -6,507 | -10,697 |
| *thereof interest income* | -9,443 | -5,584 |
| *thereof exchange rate effects* | 3,290 | -5,083 |
| *thereof expenses fraom share issues* | 0 | -29 |
| *thereof other* | -354 | -1 |
| **EBT** | **6,668** | **-4,871** |
| **EBT adjusted[1]** | **3,378** | **212** |
| Taxes on income and revenue | -5 | 214 |
| *thereof current income tax* | -62 | -135 |
| *thereof deferred taxes* | 57 | 349 |
| **Consolidated net income/loss for the period** | **6,663** | **-4,659** |

*[1] EBT adjusted for currency exchange rate effects in financial result*

The global container market is transacted in USD so that all companies operating in this market report in the functional currency USD. The mainly non-cash exchange rate effects included in the financial result represent income and expenses from the balance sheet date valuation of EUR liabilities and receivables in the Container division, which resulted from the change in the EUR/USD exchange rate from EUR/USD 1.1450 on 31 December 2018 to EUR/USD 1.1235 on 31 March 2019.

Overall, the Aves Group generated EBT of EURk 3,378 (previous year: EURk 212) in the reporting period, adjusted for the exchange rate effects included in the financial result, and was thus able to continue the positive trend of the previous quarters and further increase profitability.

After taxes, the consolidated net profit for the year amounts to EURk 6,663 (previous year: consolidated net loss for the year EURk -4,659).

#### FINANCIAL POSITION

Cash flow from operating activities in the reporting period amounted to EURk 31,464 after EURk 6,681 in the comparable period from 1 January 2018 to 30 March 2018 (previous year). Cash flow from investing activities in the reporting period amounted to EURk -20,545 (previous year: EURk -12,765). In the first three months of 2019, payments of EURk 23,224 (previous year: EURk 14,104) were made for investments in property, plant and equipment. Cash flow from financing activities amounted to EURk -4,429 (previous year: EURk 1,916). This resulted from the repayment of financial liabilities and interest payments, which exceeded the raising and refinancing of financial liabilities.

#### NET ASSETS

The assets side of the consolidated balance sheet as at 31 March 2019 was characterised by fixes assets (including investment property) amounting to EURk 837,130 (31.12.2018: EURk 820,932). The increase is mainly due to the investments made in the Rail segment and intermodal load carriers.

Current assets are characterised by other assets amounting to EURk 31,606 (31.12.2018: EURk 30,587). Other assets include EURk 24,751 in restricted cash, which mainly had to be deposited in connection with the acquisition of freight cars. Cash and cash equivalents of EURk 19,297 (31.12.2018: EURk 17,148) and trade receivables of EURk 15,871 (31.12.2018: EURk 20,932) are also reported under current assets.

On the liabilities side, equity in the consolidated balance sheet increased from EURk 32,898 to EURk 36,662, mainly due to the development of earnings compared to 31 December 2018. Non-current liabilities increased slightly from EURk 710,282 as of December 31, 2018 to EURk 719,563 as of March 31, 2019. Current liabilities developed almost constantly from EURk 180,498 to EURk 180,198.

### SUPPLEMENTARY REPORT

On 16 April 2019, an oral hearing took place at the Hanseatic Higher Regional Court in Hamburg in connection with a purchase agreement concluded in 2013 for sea containers with a volume of more than USD 110m. The Senate had requested information by 30 April 2019 as to whether a non-contentious settlement was possible and had scheduled a date for the announcement of the decision for 28 May 2019.

Efforts to reach a settlement with SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg, did not lead to success.

On the basis of the results of the oral hearing and after evaluating all the documents available to the Management Board and the estimates of the attorneys responsible for these legal disputes, provisions of EUR 2.7m were recognized as of December 31, 2018 to cover the risks and costs arising from these legal disputes.

The Senate's decision on the legal disputes scheduled for 28 May 2019 has been postponed to 4 June 2019.

## FORECAST 2019

In the opinion of the Management Board, the business model of the Aves Group is based on its business segments on a solid foundation. The Rail segment in particular, but also the Container segment, will be the focus in the 2019 business year. The investments made in the first three months of 2019 and the outlook for the coming months show that the Aves Group has already seized interesting opportunities and will do so in the future.

Based on the measures currently being implemented and the full-year effect of the strong investment activity in the 2018 financial year, the Management Board again expects higher revenues and a further improvement in operating profit for the current 2019 financial year.

In order to finance further growth and the acquisition of portfolios of mobile logistics assets, various forms of financing will continue to be examined, and the reduction in relative financing costs already initiated in previous years will be systematically continued by the Management Board through refinancing and other capital measures.

The Management Board is forecasting an increase in revenues to over EUR 110m, which will result from investments already made and logistics assets still to be acquired. For the same reason, the operating result is expected to increase further. The Management Board forecasts EBITDA of over EUR 80m for the current 2019 financial year.

In the Rail segment, the Management Board expects capacity utilization to remain at a high level. The capacity utilization rate in the container segment is also expected to remain at a high level.

As in the previous year, the Management Board would like to point out that, due to the fact that the Container Segment and all related operations are conducted in USD, but some of the financing was concluded in EUR, the consolidated financial statements may be strongly influenced by currency effects. In this context, the Management Board is not only working to achieve matching maturities for financing transactions but also to achieve the highest possible currency matching, i.e. the aim is to conclude as many new financing transactions as possible for containers in USD or to convert financing transactions into USD. In relation to the consolidated result, a further increase is expected for the 2019 financial year before these largely non-cash currency effects.

Hamburg, 29 May 2019

The Management Board

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This report contains forward-looking statements and forecasts based on assumptions and estimates made by the management of Aves One AG. While we believe that the expectations contained in these forward-looking statements are realistic, we nevertheless cannot guarantee that they will be realized. The assumptions may involve risks and uncertainties. These can lead to actual results that deviate from the forecast results. Factors that may cause such deviations include changes in the economic and business environment or changes in corporate strategy.