



## Quarterly Report Q3-2018

### Aves One AG

ISIN DE000A168114

- **NINE-MONTH RESULTS CONFIRM DYNAMIC GROWTH**
- **SIGNIFICANT INCREASE IN KEY REVENUE AND EARNINGS FIGURES**
- **ADDITIONAL SALES AND EARNINGS GROWTH DUE TO THE NACCO TRANSACTION EXPECTED FROM Q4-2018 ONWARDS**
- **FORECAST FOR THE BUSINESS YEAR 2018: REVENUES BETWEEN EUR 75M AND EUR 78M.; EBITDA IS EXPECTED TO BE BETWEEN EUR 53M AND EUR 55M.**

#### **BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF FISCAL YEAR 2018**

In the first nine months of the current fiscal year (hereinafter referred to as the "reporting period"), the Aves One Group (hereinafter referred to as the "Aves Group") generated revenues of kEUR 50,408 (January to September 2017 (hereinafter referred to as the "previous year") kEUR 39,639), thus continuing and expanding the positive trend. The significant sales growth is mainly due to the investments made in 2017 as well as in the reporting period across all business divisions. In addition, higher capacity utilisation in the Rail and Container divisions and improved rental rates in the Container division contributed to an increase in revenues. EBITDA increased more than proportionately by 65.8% to kEUR 35,223 (kEUR 21,248 in the previous year). EBIT also increased more than proportionately by kEUR 12,244 to kEUR 21,566. Adjusted for the exchange rate effects reported in the financial result, EBT amounted to kEUR 2,606 (kEUR -10,250 in the previous year).

In the reporting period, Aves One AG invested USD 59 million and EUR 43 million in fixed assets. Of this amount, USD 59 million and EUR 6 million relate to intermodal load carriers and around EUR 27 million to freight wagons. In addition, a logistics property was acquired for around EUR 10 million.

#### **CHANGES IN THE MANAGEMENT BOARD**

On 1 February 2018, the Supervisory Board of Aves One AG appointed Mr. Sven Meißner to the Management Board of the Company for a period of three years. Mr. Peter Kampf resigned from his position as member of the Management Board of Aves One AG with effect from 30 June 2018. Since 1 July 2018, the Management Board of Aves One AG consists of Jürgen Bauer and Sven Meißner.

#### **ANNUAL GENERAL MEETING**

At the Annual General Meeting on 21 August 2018, in addition to the presentation of the annual financial statements and the consolidated financial statements, the actions of the Management Board and the Supervisory Board for the 2017 financial year as well as the election of the auditors, Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, for the 2018 financial year and for reviews of interim financial statements for 2018 and 2019, respectively were resolved.

It was resolved to cancel the remaining Authorized Capital 2017 (Section 4 (5) of the Articles of Association) and to create a new Authorized Capital 2018 with the option of excluding subscription rights and to amend the Articles of Association accordingly.

This was followed by the resolution on the authorization to issue convertible bonds, bonds with warrants and profit-sharing rights with or without conversion or subscription rights and to exclude subscription rights.

The cancellation of the existing Contingent Capital 2016 and the creation of a new Contingent Capital 2018 as well as corresponding amendments to the Articles of Association were also resolved.

In addition, a resolution was passed authorizing the Company to purchase and sell its own shares, excluding shareholders' subscription and tender rights.

The authorization to use derivatives in connection with the acquisition and sale of treasury shares in accordance with section 71 (1) no. 8 of the AktG, excluding shareholders' subscription rights and tender rights, was also resolved.

## **ACCOUNTING PRINCIPLES AND VALUATION METHODS**

The accounting and valuation methods were retained in accordance with the disclosures made in the 2017 annual financial statements. In the reporting period, exchange rate effects resulting from financing activities are reported in the financial result in the same way as in the consolidated financial statements.

## **CHANGES IN THE SCOPE OF CONSOLIDATION**

Compared to 31 December 2017, the following companies have been included in the scope of consolidation for the first time:

- BSI Logistics IX GmbH & Co KG, Hamburg
- Aves LI Alsdorf Betriebs GmbH, Hamburg
- Aves Rail Equipment IV GmbH & Co. KG, Hamburg
- Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg
- Aves Eins GmbH, Vienna
- Aves Rail Rent GmbH, Vienna

In all cases, these are fully consolidated subsidiaries. All investments, with the exception of the investment in Aves LI Alsdorf Betriebs GmbH, are 100% investments. At the Aves LI Alsdorf Betriebs GmbH is a minority shareholder with a 5.1% interest.

The 33.33% interest in the ERR European Rail Rent GmbH, Duisburg, which had previously been accounted for using the equity method, was sold by agreement dated 16 July 2018 and has thus been removed from the consolidation of the Aves Group.

## **FINANCIAL POSITION, NET ASSETS AND RESULTS OF OPERATIONS**

### **RESULTS OF OPERATIONS**

In the first nine months of this year, the Aves Group generated revenues of KEUR 50,408 (first nine months of the previous year: KEUR 39,639). Revenue is generated almost equally between the Rail division (EUR 23,067 thousand; previous year: EUR 19,541 thousand) and the Container division (EUR 23,522 thousand; previous year: EUR 17,751 thousand). The cost of materials could be reduced from KEUR 9,730 in the previous year to KEUR 8,638 in the reporting period despite the significant increase in sales, although the number of assets continued to grow. The margin thus improved to 82.9% (previous year 75.5%). At EUR 3,093 thousand (previous year: EUR 3,122 thousand), personnel expenses remained on the previous year's level. Other income includes, among other factors, EUR 413k from the gain on the sale of the investment in ERR European Rail Rent GmbH, Duisburg.

<b>Selected key financial figures</b>				
in kEUR	<b>9M 2018</b>	<b>9M 2017</b>	<b>Q3 2018</b>	<b>Q3 2017</b>
Sales proceeds	50,408	39,639	18,042	15,180
Cost of materials	-8,638	-9,730	-2,835	-3,228
Personnel expenditure	-3,093	-3,122	-993	-1,581
Other income	2,423	3,384	757	1,494
Other expenses	-5,877	-8,922	-1,714	-3,354
<b>EBITDA</b>	<b>35,223</b>	<b>21,248</b>	<b>13,257</b>	<b>8,509</b>
Depreciations	-13,657	-11,926	-4,938	-4,074
<b>EBIT</b>	<b>21,566</b>	<b>9,322</b>	<b>8,319</b>	<b>4,435</b>
Financial results	-13,026	-37,735	-6,005	-13,665
<i>thereof net interest</i>	-18,300	-14,841	-6,535	-4,992
<i>thereof exchange rate effects</i>	5,934	-18,163	844	-5,748
<i>thereof expenses from share issues</i>	-29	-3,305	0	-1,499
<i>thereof other</i>	-631	-1,427	-314	-1,427
<b>EBT</b>	<b>8,540</b>	<b>-28,413</b>	<b>2,314</b>	<b>-9,230</b>
<b>EBT adjusted<sup>1</sup></b>	<b>2,606</b>	<b>-10,250</b>	<b>1,470</b>	<b>-3,482</b>
Taxes on income and earnings	-1,661	3,255	-70	-312
<i>thereof current income taxes</i>	-445	-348	-128	-389
<i>thereof deferred taxes</i>	-1,216	3,603	58	77
<b>Consolidated net income/loss for the period</b>	<b>6,879</b>	<b>-25,158</b>	<b>2,244</b>	<b>-9,542</b>

<sup>1</sup> EBT adjusted for exchange rate effects in financial result

The global container market is carried out 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 valuation of EUR liabilities and receivables in the Container Division at the reporting date, which resulted from the increase in the EUR/USD exchange rate from 1.1993 EUR/USD on 31 December 2017 to 1.1576 EUR/USD on 30 September 2018.

In addition to net interest income and the exchange rate effects described above, the financial result also includes, to the extent that they relate to financing matters, the non-cash extraordinary effect in connection with the share issues. Those are related to the debt conversions carried out by issuing equity instruments. The application of IFRIC 19 resulted in non-cash book losses due to price fluctuations on the market, which are shown in the financial result. Those effects are not recurring, but cannot be excluded from comparable capital measures in the future either.

Overall, the Aves Group generated EBT of kEUR 2,606 (previous year: kEUR -10,250) in the reporting period, adjusted for the exchange rate effects included in the financial result. In the third quarter of the current fiscal year, an adjusted EBT of kEUR 1,470 (third quarter 2017: kEUR -3,482) was achieved, thus continuing the positive trend of the previous quarters.

After taxes, there is a consolidated net income of KEUR 6,879 (previous year: consolidated net loss of KEUR -25,158).

## FINANCIAL POSITION

The cash flow from operating activities amounted to KEUR 29,379 in the reporting period after KEUR 22,468 in the comparable period from 1 January 2017 to 30 September 2017 (previous year). The cash flow from investing activities in the reporting period amounted to KEUR -87,651 (previous year: KEUR -29,538). In the first nine months of 2018, payments of KEUR 92,901 (previous year: KEUR 32,672) were made for investments in property, plant and equipment, which were significantly higher than in the same period of the previous year. The cash flow from financing activities amounted to KEUR 153,767 (KEUR -20,463 in the previous year). This results from the raising and refinancing of financial liabilities which exceeded the repayments of financial liabilities and interest payments.

## NET ASSETS

The assets side of the consolidated balance sheet as at 30 September 2018 was characterised by property, plant and equipment (including investment property) amounting to KEUR 530,269 (31.12.2017: KEUR 448,460). The increase is mainly due to the investments made in the Rail and Container segments but also to the acquisition of a logistics property.

Current assets are characterised by other assets amounting to KEUR 118,335 (31.12.2017: KEUR 17,059). Other assets include KEUR 88,933 of restricted cash raised in the course of the Nacco transaction for the purchase of freight cars and KEUR 15,931 of trade receivables (31.12.2017: KEUR 10,388).

On the equity/liabilities side, equity in the consolidated balance sheet increased from EUR 21,602 thousand as of 31 December 2017 to EUR 28,703 thousand due to the development of earnings. Non-current liabilities increased from KEUR 392,374 as of 31 December 2017 to KEUR 506,698 as of 30 September 2018. Current liabilities increased from KEUR 105,522 to KEUR 157,425.

## SUPPLEMENTARY REPORT

On 1 October 2018, Aves One AG completed the closing of the NACCO/CIT Group transaction by acquiring 100% of NACCO Luxembourg S.a.r.l. with approximately 4,400 freight cars. The freight car portfolio will contribute to a significant improvement in the Aves Group's key financial figures for the current 2018 financial year, as the assets from the NACCO acquisition will be fully consolidated in the fourth quarter of 2018. In the first full year after closing, the transaction is expected to generate an annual revenue contribution of around EUR 37 million and an EBITDA contribution of around EUR 28 million.

In March 2018, the relevant antitrust authorities approved the acquisition of CIT Rail Holdings (Europe) SAS, the owner of the NACCO Group, by VTG AG, subject to the condition that around 30 percent of the freight wagon fleet be sold to a third party. The Swiss freight car lessor Wascosa AG will take over the management of the approximately 4,400 newly acquired freight and tank cars on behalf of the Aves Group and integrate them into their fleet.

With the acquisition of 30% of the NACCO portfolio, the Aves Group has more than doubled the asset volume of its own freight car portfolio to over EUR 500 million and has already significantly overachieved the planned asset volume of EUR 750 Mio.

On 29 November 2018, the Supervisory Board of Aves One AG appointed Mr. Tobias Aulich to the Management Board of the company for a period of four years. Since 29 November 2018, the Management Board of Aves One AG consists of Jürgen Bauer, Sven Meißner and Tobias Aulich.

## FORECAST 2018

In the Management Board's opinion, the business model of the Aves Group is based on its business segments on a solid foundation. The Rail segment will be the main focus in future. The investments made in the first nine months of 2018 and the outlook for the coming months show that the Company is able to seize interesting opportunities and will continue to do so in the future.

Based on the positive operating development and the acquisitions made, the Management Board expects sales of around EUR 75 million to EUR 78 million for 2018 as a whole. In addition to the investments made in the first three quarters of the 2018 financial year, this is to be achieved primarily through the acquisition of the NACCO fleet. For the same reason, the operating result (EBITDA) is expected to increase further. In the Rail segment, the Executive Board anticipates stable capacity utilization at a high level, while the rate of utilization of intermodal load carriers is expected to continue to rise moderately following the strong increase at the beginning of the year.

In the case of existing financings, a further reduction of the average financing interest rate via refinancings/refinancing is aimed at. In this context, relative financing costs are expected to continue to decline as in 2017 as a result of the refinancing measures and optimisation of the financing mix.

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 financing transactions are still concluded in EUR, the consolidated financial statements may be strongly influenced by currency effects.

Hamburg, 30 November 2018

The Management Board

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## IMPRINT

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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 cannot guarantee that they will be realized. The assumptions may involve risks and uncertainties. These may lead to actual results that differ from the forecast results. Factors that could cause such deviations include, among others, changes in the economic and business environment or changes in corporate strategy.