Quarterly Report Q3 / 2019
Aves One AG

ISIN: DE000A168114

- **NINE-MONTH RESULT CONFIRMS DYNAMIC GROWTH**
- **SIGNIFICANT INCREASE IN KEY REVENUE AND EARNINGS FIGURES**
- **CASH FLOW FROM OPERATING ACTIVITIES OF AROUND EUR 62.1MILLION**
- **EBT (ADJUSTED) OF EUR 8.9MILLION SIGNIFICANTLY IMPROVED**

BUSINESS TREND IN THE FIRST NINE 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 85.815 (January to September 2018 (hereinafter: "previous year") and EURk 50,408) in the first nine 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 and 2019.
In addition, the slight increase in capacity utilization in the Rail segment and improved rental rates in both segments contributed to the positive development of sales revenues. EBITDA increased significantly by 80.4 % to EURk 63,552 (previous year: EURk 35,223) compared to the same period of the previous year. The EBIT also increased disproportionately by EURk 17,772 to EURk 39,338. Adjusted for the exchange rate effects reported in the financial result, an EBT amounted to EURk 8,916 (EURk 2,606 in the previous year).

Aves One AG invested EUR 124.9 million in fixed assets and replacements in the reporting period. EUR 104.5 million of this relates to the Rail segment and EUR 20.4 million to the Container segment.

GENERAL MEETING

The annual financial statements and the consolidated financial statements for the 2018 financial year were presented and adopted at the Annual General Meeting on 13 August 2019. In addition, the actions of the members of the Management Board and Supervisory Board in respect of the 2018 financial year were approved and PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, was appointed as auditor for the 2019 financial year and for any review of interim financial reports.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

Since 1 January 2019, the Aves Group has applied the new rules on accounting for leases in accordance with IFRS 16. The new standard regulates the recognition, measurement, disclosure and disclosure requirements for leases. For the lessee, the standard provides for a single accounting model, the right-of-use model, under which a right of use is to be capitalized in the balance sheet for all leases and a lease liability in the amount of the present value of the future lease payments is to be recognized. For agreements with a term of up to twelve months and for independently usable assets with only a low value, IFRS 16 provides for simplifications to the effect that these agreements can continue to be off-balance sheet in accordance with the previous accounting treatment of operating lease agreements. The Aves Group has applied this simplification provision accordingly.

At the time of initial application, the Aves Group applied the modified retrospective method and refrained from retrospectively adjusting the comparative amounts for 2018. The initial recognition of these operating leases led to an increase in total assets of EURk 517. 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
- CH2 Datentreuhand GmbH, Hamburg
- Aves Schienenlogistik 1 GmbH & Co. KG, Hamburg
- Aves Eisenbahn 1 GmbH & Co. KG, Hamburg
- Aves Rail Junior III 2 GmbH & Co. KG, Hamburg
- Aves Rail Equipment V 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.

Compared to December 31, 2018, the following companies were eliminated from the scope of consolidation:

- Aves Rail Junior II GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg
- Aves LI VG1 Holding GmbH & Co. KG, Hamburg
- Aves LI VG1 Besitz GmbH & Co. KG, Hamburg

FINANCIAL POSITION, NET ASSETS AND RESULTS OF OPERATION

RESULTS OF OPERATIONS

In the first nine months of this year, the Aves Group generated revenues of EURk 85,815 (previous year: EURk 50,408) compared to the same period of the previous year. EURk 55,608 (previous year: EURk 23,067) of this relates to the Rail segment and EURk 27,717 (previous year: EURk 23,522) to the Container segment. The cost of materials increased from EURk 8,638 in the previous year to EURk 15,366 in the reporting period due to the significant increase in sales. The margin thus declined slightly to 82.1 % (previous year: 82.9 %), which, with an increase in the margin in the Rail segment, is mainly attributable to the Container segment.

The increase in absolute personnel expenses by EURk 505 to EURk 3,598 is mainly due to the increase in personnel required as a result of growth. On the other hand, relative personnel costs as a percentage of sales declined from 6.4 % in the previous year to 4.1 % in the reporting period. The decline in other income was more than offset by the reduction in other expenses.

The increase in EBITDA of EURk 28,329 is mainly attributable to the Rail segment in the amount of EURk 26,067. Compared to the same period last year, the EBITDA margin increased from 69.9 % to 74.1 %.

Selected key financial figures in EURk	**9M 2019**	**9M 2018**		**Q3 2019**	**Q3 2018**
Revenue	85,815	50,408		30,258	18,042
Cost of material	-15,366	-8,638		-6,023	-2,835
Personnel cost	-3,598	-3,093		-1,260	-993
Other income	2,297	2,423		1,169	757
Other costs	-5,596	-5,877		-2,438	-1,714
EBITDA	**63,552**	**35,223**		**21,706**	**13,257**
Depreciations	-24,214	-13,657		-8,830	-4,938
EBIT	**39,338**	**21,566**		**12,876**	**8,319**
Financial result	-21,574	-13,026		-3,052	-6,005
thereof interest income	-29,497	-18,300		-10,432	-6,535
thereof exchange rate effects	8,848	5,934		7,681	844
thereof expenses from share issues	0	-29		0	0
thereof other	-925	-631		-301	-314
EBT	**17,764**	**8,540**		**9,824**	**2,314**
EBT adjusted[1]	**8,916**	**2,606**		**2,143**	**1,470**
Taxes on income and revenue	-3,998	-1,661		-1,107	-70
thereof current income tax	-3,016	-445		-1,240	-128
thereof deferred taxes	-982	-1,216		133	58
Consolidated net income for the period	**13,766**	**6,879**		**8,717**	**2,244**

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

The change in the financial result is mainly due to increased interest expenses of EURk 29,610 (EURk 18,890 in the previous year) due to borrowings to finance newly acquired assets.
The global container market is transacted in USD so that all companies operating in this market must be reported in USD, the functional currency. 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 at the reporting date, which resulted from the change in the EUR/USD exchange rate from EUR/USD 1.1450 on 31 December 2018 to EUR/USD 1.0889 on 30 September 2019.

Under consideration of the financial result, earnings before taxes (EBT) amount to EURk 17,764 (previous year: EURk 8,540).

Overall, the Aves Group generated EBT of EURk 8,916 (previous year: EURk 2,606) in the reporting period, adjusted for the exchange rate effects included in the financial result, thus continuing the positive trend of the previous quarters.

After taxes, the consolidated net income for the year amounts to EURk 13,766 (previous year: EURk 6,879).

FINANCIAL POSITION

Cash flow from operating activities in the reporting period amounted to EURk 62,132 compared to EURk 29,379 in the comparable period from 1 January 2018 to 30 September 2018 (previous year). The cash flow from investing activities in the reporting period amounted to EURk -105,400 (previous year: EUR -87,651k). In the first three quarters of 2019, payments of EURk 124,876 (previous year: EURk 92,901) 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 EURk 47,000 (EURk 153,767 in the previous year). This results from the raising and refinancing of liabilities that exceeded the repayments of financial liabilities and interest payments.

NET ASSETS

The assets side of the consolidated balance sheet as at 30 September 2019 was characterised by fixed assets amounting to EURk 917,649 (31.12.2018: EURk 820,932). The increase is mainly due to the investments made in the Rail segment and in intermodal load carriers.

Current assets are characterised by other assets amounting to EURk 31,896 (31.12.2018: EURk 30,587). Other assets include restricted cash of EURk 21,638, which is mainly to be deposited in connection with the acquisition and financing of freight cars. Current assets also include trade receivables of EURk 21,777 (31.12.2018: EURk 20,932) and cash and cash equivalents of EURk 19,795 (31.12.2018: EURk 17,148).

On the liabilities side, equity in the consolidated balance sheet increased from EURk 32,898 as of December 31, 2018 to EURk 44,889, mainly due to the development of earnings. Non-current liabilities increased from EURk 710,282 as of December 31, 2018 to EURk 783,711 as of September 31, 2019 as a result of investments made during the reporting period. Current liabilities increased from EURk 180,498 to EURk 192,643.

POST BALANCE SHEET DATE EVENTS

There were no significant events after the balance sheet date.

FORECAST REPORT 2019

The business model of the Aves Group is based on solid foundations, according to the Management Board. Growth in the Rail segment in particular will be the focus in the 2019 business year. The investments in the first nine months of the 2019 financial year and the outlook for the coming months show that the Aves Group has already been able to take advantage of interesting opportunities and that it can be assumed that such opportunities will also exist in the future.

Based on the measures currently being implemented, the Management Board expects to achieve a sales volume of more than EUR 110m in the current 2019 financial year as a result of the strong investment activity in the 2018 financial year. In addition teh Management Board expects the operating result (EBITDA) to increase further. The Management Board continues to forecast EBITDA of more than EUR 80 million for the 2019 financial year.

The financing costs will continue to increase in absolute terms due to the planned asset growth. However, as in 2018, the relative financing costs are expected to continue to decline due to the refinancing measures and the optimisation of the financing mix.

In the Rail segment and in the Container segment, the Management Board continues to expect a high level of capacity utilization.

As in the previous year, the Management Board notes that due to the fact that the Container segment and all related operations are settled in USD, although some of the financing is still demoniated in EUR, the consolidated financial statements can be strongly influenced by currency effects. In terms of the consolidated net income, a further increase is expected for the 2019 business year – before largely non-cash currency effects. As already commenced in 2017, the Management Board is working on the establishment of maturity matching for financing as well as the highest possible currency congruence. In other words, the aim is to obtain new funding for the purchase of containers in USD or to convert existing financing.

Hamburg, 28 November 2019

The Management Board

Tobias Aulich | Jürgen Bauer | Sven Meißner

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Contact
Aves One AG
Große Elbstraße 61
22767 Hamburg
P +49 (40) 696 528-350
F +49 (40) 696 528-359
www.avesone.com
info@avesone.com

WKN: A16811
ISIN: DE000A168114