



AS Storent Investments Interim report

April – June 2018

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Management report

July 31, 2018

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 in 6 countries. Annual turnover for Storent group in 2017 was 42 million euros.

In Q2 2018 **Storent group** rent incomes increased by 42% compared to Q1 2018 and by 15% compared to Q2 of 2017. Sales teams continue to be strengthened in regions with higher rental market potentials. In general, price policy is being adjusted according to rapidly increasing demand for earthmoving and access machinery as well as scaffolding.

Baltic region operations have generated almost 10% higher rent incomes than in respective period of 2017. Market conditions in Estonia and Latvia have driven incomes growth, where in Lithuania competition price pressure slowed down growth curve in the beginning of the season. Latvian construction market grew in Q1 by more than 30% and it continues to grow in all segments. A particular demand increase is observed in scaffolding group, driven by EU financed energy efficiency projects. Lithuanian construction market grew by 17% in Q1, same growth rate expected to be in Q2, except for residential segment, where slowdown in activities is obvious. Estonia construction market grew by 29% in Q1 and favourable conditions continue for rental market operators.

Nordic operations have increased by more than 20% compared to Q2 2017. High level of construction activities drive demand for rental machinery. Construction market outlook for the year 2018 is positive for Storent **Sweden**. Sales grew substantially compared to Q1 2018. Continuous growth is expected through the year. According to available estimates, construction market will grow by 3.5% and equipment rental market will grow by 3% in 2018. The main drivers for income increase in Finnish subsidiary **Leinolift** were additional fleet of Storent machinery and local construction market growth.

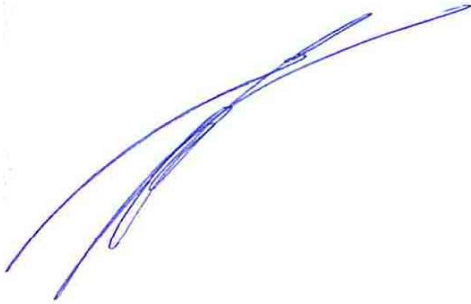
Construction market in **Kaliningrad** region decreased by 19% in Q1, it stays dependent mostly from government financed projects. As a consequence, Storent revenue decreased as well. High impact on the result was caused by insolvency of some key customers and freeze of new construction activities from late April till July due to FIFA championship.

Since June 29 2018 AS Storent Investments bonds issued 30.06.2017 have been listed on the Nasdaq Baltic Bond List. In the future, Company hope to raise more funds on the capital markets in the form of bonds or shares to help us reach our long-term goals. Storent is dedicated already now to using best corporate governance practices and opening itself to a more diverse investor base.

Statement of the management board

The financial and other additional information published in the Interim report April – June 2018 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 January – June 2018 is not yet audited.



Andris Bisnieks

Member of the Management Board



Andris Pavlovs

Member of the Management Board

Consolidated income statement (unaudited) EUR

Description	Q2 2018	Q2 2017 *	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017 *	2017 total	2017 total*
REVENUE	12 054 334	10 484 799	20 550 162	18 263 259	38 860 971	41 995 096
Net revenue	12 048 786	10 413 063	20 504 758	18 105 712	38 670 555	41 673 431
Other operating income	5 548	71 736	45 404	157 547	190 416	321 665
EXPENSES	(8 476 357)	(7 401 286)	(15 477 941)	(13 623 241)	(27 040 840)	(29 133 804)
Costs of material and services received	(4 089 890)	(3 489 308)	(7 118 081)	(6 153 644)	(12 734 509)	(13 508 478)
Personnel expenses	(2 141 234)	(2 025 060)	(4 112 101)	(3 704 710)	(8 555 743)	(9 175 935)
Other operating expenses	(2 245 233)	(1 886 918)	(4 247 758)	(3 764 888)	(5 750 588)	(6 449 391)
EBITDA	3 577 978	3 083 513	5 072 221	4 640 017	11 820 131	12 861 292
EBITDA %	30%	29%	25%	25%	30%	31%
Depreciation and amortization	(2 488 032)	(2 176 201)	(4 985 188)	(4 372 504)	(8 387 318)	(8 992 917)
EBIT	1 089 945	907 313	87 033	267 513	3 432 813	3 868 375
EBIT %	9%	9%	0%	1%	9%	9%
OTHER INCOME AND EXPENSES	(766 544)	(1 152 408)	(1 552 175)	(1 719 077)	(3 190 931)	(3 236 053)
Interest and similar income	2 416	5 288	3 004	8 661	955	5 008
Interest and similar expenses	(768 960)	(1 157 697)	(1 555 180)	(1 727 738)	(3 191 886)	(3 241 061)
EBT	323 402	(245 096)	(1 465 143)	(1 451 564)	241 882	632 322
EBT %	3%	-2%	-7%	-8%	1%	2%
Income tax expense	12 456	2 636	56 246	(16 410)	(181 908)	(232 923)
Profit / (loss) for the year	335 858	(242 459)	(1 408 896)	(1 467 974)	59 974	399 399
	3%	-2%	-7%	-8%	0%	1%

*The consolidated result includes the results of SIA Cramo un OOO Cramo starting from 01.01.2017, although the acquisition of these companies took place on 01.08.2017. The Group's management believes that such a presentation provides comparable information about the Group's financial results.

Consolidated Balance sheet (unaudited) EUR

Description	30.06.2018	31.12.2017
ASSETS TOTAL	78 293 704	84 824 802
NON-CURRENT ASSETS	68 476 341	71 312 763
Intangible assets	16 320 061	16 193 363
Property, plant and equipment	52 156 280	55 119 400
Other non-current financial assets	0	0
CURRENT ASSETS	9 817 363	13 512 039
Inventories	1 163 890	1 042 870
Long-term investments kept for sale	0	0
Trade receivables	7 798 227	6 065 352
Deferred income tax assets	166 173	163 863
Short-term financial investment	0	0
Cash	689 073	6 239 954
LIABILITY TOTAL	78 293 704	84 824 802
Equity	25 477 043	26 873 876
Share capital	33 316 278	33 316 278
Assets revaluation reserves	33 611	35 929
Reserves	26 774	26 774
Retained earnings	(7 899 620)	(6 505 105)
DEFERRED LIABILITIES	1 616 375	1 986 403
Deferred income tax liabilities	517 079	572 260
Pension accruals	0	0
Other provisions	1 099 296	1 414 143
LIABILITIES	51 200 286	55 964 523
Non-current liabilities	31 333 172	36 478 726
Current liabilities	19 867 114	19 485 797

Financial covenants (unaudited)

Storent has fulfilled both financial covenants at the end of June 2018.

	30.06.2018
EBITDA 12 monts	13 293 495
Net debt	42 594 316
Net Debt / EBITDA Ratio	3.2
Shareholder equity	25 477 043
Total assets	78 293 704
Shareholder equity to Assets	33%