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**Secto Automotive Group
Financial Review Q3/2019**

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Summary

Key issues in Q3/2019

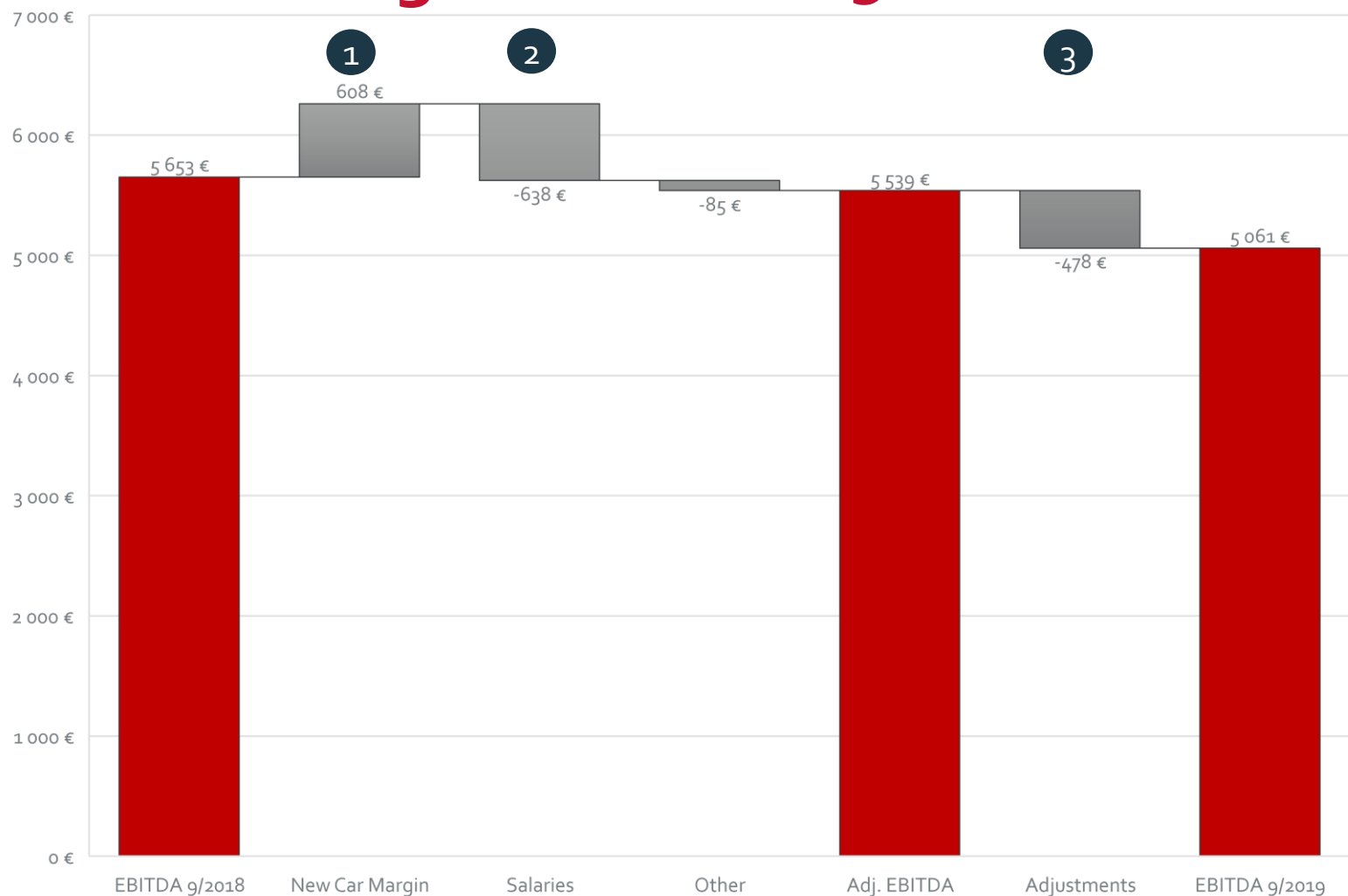
- The handover volumes increased according to expectations after the summer holidays.
- Founder and Board Member, Matias Henkola returned as Group CEO in September

g/2019	IB Debt	15 338 k€
Fleet size	9 143	IB Net debt
Cash	8 488 k€	IB Net Debt / EBITDA
		1,02

1 000 €	Cumulative			
	9/2018 A	9/2019 A	Change	Change %
Net Sales	165 123 €	214 721 €	49 598 €	30,0 %
Net Sales Adjustment*	-49 143 €	-60 720 €	-11 577 €	23,6 %
Adj. Net Sales	115 980 €	154 001 €	38 021 €	32,8 %
Other revenues	122 €	85 €	-37 €	-30,3 %
Purchases + inventories	-153 014 €	-201 847 €	-48 833 €	31,9 %
Gross Margin	12 231 €	12 959 €	728 €	6,0 %
Personnel expenses	-4 554 €	-5 191 €	-637 €	14,0 %
Opex	-2 024 €	-2 229 €	-205 €	10,1 %
Adj. EBITDA	5 653 €	5 539 €	-114 €	-2,0 %
Non-recurring costs	0 €	-478 €	-478 €	#DIV/0!
EBITDA	5 653 €	5 061 €	-592 €	-10,5 %

09/2019	09/2018	09/2019	Diff
Gross margin / Adj. Net Sales	10,5 %	8,4 %	-2,1 pp
Adj. EBITDA / Adj. Net Sales	4,9 %	3,6 %	-1,3 pp
Adj. EBITDA / Gross Margin	46,2 %	42,7 %	-3,5 pp

Ebitda Bridge between 1-9/2018 actual and 1-9/2019 actual



- 1 New car and machinery handovers grew which increased new car margin.
- 2 Increase in personnel expenses due to investments in growth by recruiting eight new employees. The proportional provisions connected to new car margin also exceeded budgeted levels.
- 3 One-off Opex costs (eg. personnel training days, extra consulting costs, transaction costs and CEO and former COO resignation costs) including a one-off credit loss of 150k€ due to a process error

Outlook 2019 and 2020

- The company will renew its current 15 M€ bond with a larger 40 M€ bond during the end of 2019.
- Business outlook and the market looks stable. The company will focus on cost efficiency, cash conversion and sales growth.
- Investments are expected to decline due to reduced needs for IT development.

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 **Appendix**



Group consolidated Profit and loss statement

In '000 €	1-9 / 2018	1-9 / 2019	Diff
Net Sales	165 123,5	214 720,6	49 597,2
Net Sales Adjustments*	-49 142,8	-60 720,4	-11 577,6
Adjusted Net Sales	115 980,7	154 000,2	38 019,5
Other Income	121,8	84,8	-37,1
Purchases			
Purchases	-153 089,3	-200 781,1	-47 691,8
Change of inventories	78,4	-1 061,2	-1 139,6
External services	-2,6	-3,6	-1,0
<i>Materials and Services total</i>	-153 013,5	-201 845,9	-48 832,4
Personnel expenses			
Salaries	-3 707,5	-4 251,0	-543,5
Pension expenses	-756,9	-896,5	-139,5
Other personnel expenses	-89,1	-43,6	45,5
Personnel expenses total	-4 553,5	-5 191,1	-637,6
Other operative expenses (Opex)	-2 024,4	-2 229,0	-204,5
Adjusted EBITDA	5 653,8	5 539,4	-114,4
Adjustments	0,0	-478,4	-478,4
EBITDA	5 653,8	5 061,0	-592,8
Depreciations	-1 065,5	-1 298,8	-233,3
Goodwill amortizations	-1 443,3	-1 443,3	0,0
EBIT	3 145,0	2 318,9	-826,1
Financial items			
Financial income	51,9	84,4	32,5
Financial expenses	-1 249,5	-1 352,9	-103,4
Financial items total	-1 197,7	-1 268,5	-70,9
PROFIT BEFORE EXTRAORDINARY ITEMS	1 947,4	1 050,4	-897,0
Extraordinary Items	0,0	0,0	0,0
PROFIT BEFORE TAXES	1 947,4	1 050,4	-897,0
TAXES	-855,4	-671,0	184,3
Minority share of the profit	0,0	0,0	0,0
PROFIT	1 092,0	379,3	-712,7

* Sales where pass-through kind of items are eliminated

Balance sheet 31.12.2018 / 30.9.2019

In '000 €	31.12.2018	30.9.2019	Change
ASSETS			
<i>Current Assets</i>			
<i>Intangible assets</i>			
Goodwill	1425,1 €	1376,1 €	-49,0 €
Group Goodwill	9939,4 €	8496,1 €	-1443,3 €
<i>Tangible Assets</i>			
Machinery and Equipment	2453,2 €	2476,7 €	23,5 €
Currents Assets Total	13817,7 €	12349,0 €	-1468,8 €
<i>Non-Current Assets</i>			
Inventories	4415,5 €	3354,3 €	-1061,2 €
<i>Receivables</i>			
Long term receivables	32,4 €	42,7 €	10,3 €
Short term receivables			
Sales Receivables	22120,9 €	26541,3 €	4420,3 €
Loan receivables	86,7 €	89,3 €	2,7 €
Other Receivables	1179,0 €	1884,8 €	705,8 €
Accrued receivables	1431,1 €	1716,4 €	285,3 €
Short term receivables total	24817,7 €	30231,8 €	5414,2 €
Cash at bank	12407,2 €	8488,3 €	-3918,9 €
<i>Non-Current Assets</i>			
Total	41672,7 €	42117,1 €	444,4 €
ASSETS TOTAL	55490,4 €	54466,0 €	-1024,4 €

In '000 €	31.12.2018	30.9.2019	Change
LIABILITIES			
<i>Equity</i>			
Share capital	2,5 €	2,5 €	,0 €
Non-restricted equity	7630,4 €	7630,4 €	,0 €
Retained earnings	-1855,5 €	-2471,7 €	-616,1 €
Dividends	-1550,0 €	-2400,0 €	-850,0 €
Other	-5,7 €	-10,2 €	-4,5 €
Own shares	,0 €	,0 €	,0 €
Profit of the financial period	563,8 €	379,3 €	-184,5 €
Equity total	4785,4 €	3130,3 €	-1655,1 €
Minorities	,0 €	,0 €	,0 €
<i>Liabilities</i>			
Long term loans	,0 €	24,0 €	24,0 €
Short term loans			
Loans from financial institutions	13,4 €	9,9 €	-3,5 €
Bond loan	15000,0 €	15000,0 €	,0 €
Prepayments	15717,0 €	17649,6 €	1932,6 €
Purchase payables	16111,6 €	14301,5 €	-1810,1 €
Other payables	1968,0 €	2498,7 €	530,7 €
Accrued payables	1895,0 €	1852,0 €	-42,9 €
Short term loans total	50705,0 €	51311,7 €	606,7 €
Liabilities total	50705,0 €	51335,7 €	630,7 €
LIABILITIES TOTAL	55490,4 €	54466,0 €	-1024,4 €

Group consolidated cashflow

000€	1-9/2018	1-9/2019	Change
EBITDA	5 654 €	5 061 €	-593 €
Change of NWC	-462 € ¹	-3 707 €	-3 246 €
Investments	-1 703 € ²	-1 273 €	430 €
Operative cashflow	3 489 €	81 €	-3 409 €
Taxes	-855 €	-671 €	184 €
Loan repayments (recurring)	0	0	0
Bond interest payments	-506 €	-506 €	0
Dividends	-1 550 €	-2 400 €	-850 €
Purchase of own shares	0	-2 €	-2 €
Operative finance items	-355 € ³	-426 €	-71 €
Other	-97 €	6 €	102 €
Cashflow total	126 €	-3 919 €	-4 045 €
Cash in the beginning	10 501 €	12 407 €	1 906 €
Cash in the end	10 627 €	8 488 €	-2 139 €
Change in cash	126 €	-3 919 €	-4 045 €

- ¹ The main reason for a slower cash conversion was the increase in machinery finance where the process build-up hasn't matched the volumes and thus making the cash cycle time slower.

Management has started measures to improve the refinancing process and enhance cash conversion.
- ² Investments in IT-systems and fast cycling rental cars.
- ³ Including operative financing costs (eg. consignment stock and factoring instalments).

Secto Automotive Group Oy

Profit and loss statement

In '000 €	1-9 / 2018	1-9 / 2019	Diff
Net Sales	594,0	720,0	126,0
Net Sales Adjustments*			0,0
Adj. Net Sales	594,0	720,0	126,0
Other Income	0,0	0,0	0,0
Purchases			
Purchases	0,0	0,0	0,0
Change of inventories	0,0	0,0	0,0
External services	0,0	0,0	0,0
<i>Materials and Services total</i>	0,0	0,0	0,0
Personnel expenses			
Salaries	-344,1	-379,2	-35,0
Pension expenses	-65,8	-75,2	-9,4
Other personnel expenses	2,3	7,7	5,4
<u>Personnel expenses total</u>	-407,6	-446,7	-39,1
<u>Other operative expenses (Opex)</u>	-127,7	-152,0	-24,3
Adjusted EBITDA	58,7	121,3	62,6
<u>Adjustments</u>	0,0	-10,0	-10,0
EBITDA	58,7	111,3	52,6
Depreciations	0,0	0,0	0,0
Goodwill amortizations	0,0	0,0	0,0
EBIT	58,7	111,3	52,6
Financial items			
Financial income	0,0	0,1	0,1
Financial expenses	-884,6	-901,0	-16,4
<u>Financial items total</u>	-884,6	-900,9	-16,3
PROFIT BEFORE EXTRAORDINARY ITEMS	-826,0	-789,6	36,3
Extraordinary Items	0,0	0,0	0,0
PROFIT BEFORE TAXES	-826,0	-789,6	36,3
TAXES	-3,0	-18,9	-15,9
Minority share of the profit	0,0	0,0	0,0
PROFIT	-829,0	-808,6	20,4

* Sales where pass-through kind of items are eliminated

Secto Automotive Group Oy

Balance sheet 30.9.2019

In '000 €	31.12.2018	30.9.2019	Diff
ASSETS			
<i>Current Assets</i>			
Intangible assets			
Goodwill	0		
Group Goodwill	0		
Tangible Assets			
Machinery and Equipment	0		0
Investments	24 075,90	24 075,90	0,00
Currents Assets Total	24 075,90	24 075,90	0,00
<i>Non-Current Assets</i>			
Inventories	0		0
Receivables			
Long term receivables	3,4	3,4	0
Short term receivables			
Sales Receivables	284,5	284,5	0
Loan receivables	0	0	0
Other Receivables	208,1	327,2	119,1
Accrued receivables	9,4	8,6	-0,8
Short term receivables total	502,0	623,7	118,3
Cash at bank	27,5	68,3	40,8
Non-Current Assets Total	532,9	692,0	159,1
ASSETS TOTAL	24 608,80	24 767,90	159,10

In '000 €	31.12.2018	30.9.2019	Diff
LIABILITIES			
<i>Equity</i>			
Share capital	2,5	2,5	0
Non-restricted equity	7 630,40	7 630,40	0,00
Retained earnings	59,70	1 674,00	1 614,30
Own shares	-3,3	-4,9	-1,6
Other	0	0	0
Dividends	0	-2400	-2400
Profit of the financial period	1614,2	-808,6	-2422,8
Equity total	9 303,50	6 093,40	-3 210,10
Minorities	0		0
<i>Liabilities</i>			
Long term loans	0,00	0,00	0,00
Other loans	0	0	0
Short term loans			
Loans from financial institutions	15000	15000	0
Prepayments	45,3	0	-45,3
Purchase payables	2,4	35,6	33,2
Other payables	78,6	3517,2	3438,6
Accrued payables	179	121,7	-57,3
Short term loans total	15305,3	18674,5	3369,2
Liabilities total	15 305,30	18 674,50	3 369,20
LIABILITIES TOTAL	24 608,80	24 767,90	159,10

Secto Automotive Group Oy cashflow

000€	1-9/2018	1-9/2019	Change
EBITDA	59 €	111 €	53 €
Change of NWC	2 625 €	3 251 €	626 €
Investments	414 €	- €	414 €
Operative cashflow	2 269 €	3 362 €	1 093 €
Taxes	3 €	19 €	16 €
Other finance items	378 €	395 €	16 €
Bond interest payments	506 €	506 €	- €
Share subscriptions	- €	- €	- €
Dividends	1 550 €	2 400 €	850 €
Purchase of own shares	- €	- €	- €
Other	89 €	2 €	91 €
Cashflow total	79 €	41 €	120 €
Cash in the beginning	119 €	27 €	91 €
Cash in the end	40 €	68 €	29 €
Change in cash	79 €	41 €	120 €