



# Quarterly Report Q1 / 2021

## Aves One AG

ISIN: DE000A168114

- **QUARTERLY SALES OF EUR 24.6 MILLION (PY: EUR 27.3 MILLION)**
- **EBITDA INCREASES TO EUR 17.8 MILLION (PY: EUR 17.2 MILLION)**
- **EBT (ADJUSTED) OF EUR 1.8 MILLION (PY: EUR 3.2 MILLION)**
- **PROFIT FROM CONTINUING OPERATIONS INCREASES TO EUR 10.3 MILLION (PY: EUR 1.9 MILLION)**

### FINANCIAL PERFORMANCE IN THE FIRST THREE MONTHS OF THE 2021 FINANCIAL YEAR

The Aves One Group (subsequently referred to as "Aves Group", "Aves" or the "Company"), a rapid growth owner of durable rail assets, continued the positive operating trend established in previous years.

By way of a contract dated 18 March 2021, virtually the entire sea container portfolio was sold to the investment Company OHA KY Investment 1, L.P. (Oak Hill) for a purchase price of approximately USD 182.5 million. Once the transaction has been closed, the sea container segment will thus be completely discontinued. This transaction falls within the scope of IFRS 5 in the first quarter of the current financial year 2021. As a result, the assets related to these discontinued operations are shown separately from other assets in the statement of financial position as of 31 March 2021. In contrast, the financial debt incurred in connection with the sea containers, which is to be repaid in full from the proceeds of the sale in the 2021 financial year, is, in accordance with IFRS 5, not part of discontinued operations and is therefore not reported separately. Moreover, the results of continuing operations and discontinued operations (sea containers) are shown separately from each other in the income statement and the prior year's reporting has been adjusted accordingly.

Sales in the first three months of the current financial year (subsequently referred to as the "reporting period") decreased to EUR 24,635 k (January to March 2020 (subsequently referred to as "prior year" or "PY" or "comparative period"): EUR 27,299 k). However, the comparative period's sales include EUR 3,394 k of proceeds from the sale of the storage park. Adjusted for these proceeds, sales in the reporting period increased by EUR 730 k. EBITDA increased to EUR 17,789 k (PY: EUR 17,217 k). The expanded asset portfolio and the resulting higher depreciation led to a decrease in EBIT to EUR 9,127 k (PY: EUR 9,979 k). Due to the EUR 4,959 k increase in exchange rate effects and the EUR 1,688 k increase in financial instrument measurement effects, EBT amounted to EUR 10,281 k (PY: EUR 3,233 k). Adjusted for the exchange rate effects shown in the financial result, the interest expenses of the sea container segment and the other financing costs, all of which were incurred in the discontinued sea container segment, and the financial instrument measurement effects, EBT amounted to EUR 1,775 k (PY: EUR 3,197 k).

Aves One Group incurred capital expenditure of EUR 15.2 million in the reporting period. Of this amount, EUR 14.6 million relates to the freight and tank wagon segment and EUR 0.5 million to the swap body segment.

### ACCOUNTING AND MEASUREMENT POLICIES

The standards and interpretations applicable in the EU since 1 January 2021 have been applied in the preparation of the interim consolidated financial statements. The accounting and measurement policies applied correspond to those of the audited and published IFRS consolidated financial statements for the 2020 financial year. The interim

report as of and for the period ended 31 March 2021 does not contain full interim financial statements in accordance with IAS 34 and should therefore be read in conjunction with the consolidated financial statements as of and for the year ended 31 December 2020. With regard to the possible effects of standards and interpretations that have already been approved but are only mandatory for future periods, we refer to the comments in the Notes to the Consolidated Financial Statements as of 31 December 2020.

## CHANGES IN THE SCOPE OF CONSOLIDATION

There have been no changes in the scope of consolidation of the Aves Group compared to 31 December 2020.

## FINANCIAL POSITION, NET ASSETS AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

In the first three months of this year, the Aves Group generated **sales** of EUR 24,635 k (PY: EUR 27,299 k). Compared to the same period of the prior year, sales of the core segment Rail increased by 4.7 % to EUR 21,691 k. This is mainly due to the investments made in the prior and the current business years. Compared to the same period of the prior year, the Covid 19 pandemic led to a deterioration in asset utilisation, so that the percentage increase in sales was lower than that of the asset portfolio in the last twelve months. Container segment sales relate solely to swap bodies. EUR 3,394 k of the decrease in sales at the level of the holding Company is mainly due to the disposal of the self-storage park in the comparative period.

Adjusted for the effects from this disposal of the self-storage park, sales increased by 3.1 % compared to the prior year.

Sales in EUR k	3M 2021	3M 2020
Rail	21,691	20,727
Container	2,757	2,774
Holding	200	5,413
Consolidation	-13	-1,615
<b>Total</b>	<b>24,635</b>	<b>27,299</b>

The margin ((sales less cost of materials)/sales) of the core Rail segment increased from 79.5% in the comparative period to 82.5% in the reporting period. In the Container segment, the margin increased slightly from 75.7% to 77.2%.

The Aves Group's **cost of materials** can be broken down over the segments as follows:

Cost of materials in EUR k	3M 2021	3M 2020
Rail	3,802	4,246
Container	630	674
Holding	-1	0
Consolidation	8	58
<b>Total</b>	<b>4,439</b>	<b>4,978</b>

At EUR 1,297 k, personnel expenses are virtually at the prior year's level. The decrease in other income of EUR 682 k relates mainly to income from the reversal of accrued liabilities recorded in the comparative period, not matched by comparable income in the first quarter of the current financial year. Aves Group succeeded in reducing other expenses by EUR 324 k to EUR 1,151 k.

The **EBITDA** of the Aves Group increased slightly from EUR 17,217 k to EUR 17,789 k. Adjusted for the one-off proceeds from the disposal of the logistics property in the comparative period, at 72.2% the EBITDA margin is almost at the prior year's level of 72.0%.

<b>EBITDA</b> in EUR k	<b>3M 2021</b>	<b>3M 2020</b>
Rail	17,442	15,068
Container	2,101	1,923
Holding	-1,756	200
Consolidation	2	26
<b>Total</b>	<b>17,789</b>	<b>17,217</b>

The Rail segment succeeded in improving its EBITDA by EUR 2,374 k to EUR 17,442 k. Hence, the EBITDA margin was 80.4 % in the reporting period. Despite slight declines compared to the prior year, the asset utilisation in the core Rail segment is still at a favourable level. Average rental rates, on the other hand, improved compared to the comparative period.

For the container segment, EBITDA increased by EUR 178 k to EUR 2,101 k and the EBITDA margin from 69.3 % to 76.2 %. At 92.6 % (PY: 92.7 %), capacity utilisation was at the same level as in the same period of the prior year.

The decline in the holding Company's EBITDA relates mainly to the intra-Group recharge of services performed in the comparative period and which had led to a positive EBITDA.

As a result of the high capital expenditure in the past twelve months, depreciation increased by EUR 1,424 k to EUR 8,662 k.

<b>Selected key financial figures</b>		
in EUR k	<b>3M 2021</b>	<b>3M 2020</b>
Sales	24,635	27,299
Changes in inventories <sup>1</sup>	0	-3,063
Cost of materials	-4,439	-4,978
Personnel expenses	-1,297	-1,289
Other income	41	723
Other expenses	-1,151	-1,475
<b>EBITDA</b>	<b>17,789</b>	<b>17,217</b>
Depreciation	-8,662	-7,238
<b>EBIT</b>	<b>9,127</b>	<b>9,979</b>
Financial result	1,154	-6,746
<i>whereof interest result</i>	-9,345	-10,585
<i>whereof sea containers</i>	-1,993	-3,803
<i>whereof exchange rate effects</i>	9,119	4,160
<i>whereof measurement of financial instruments</i>	1,688	0
<i>whereof other financing costs</i>	-308	-321
<b>EBT</b>	<b>10,281</b>	<b>3,233</b>
<b>EBT adjusted<sup>2</sup></b>	<b>1,775</b>	<b>3,197</b>
Taxes	-25	-1,337
<i>whereof current income taxes</i>	-18	-477
<i>whereof deferred taxes</i>	-7	-860
<b>Results from continuing operations</b>	<b>10,256</b>	<b>1,896</b>
<b>Results from discontinued operations</b>	<b>-854</b>	<b>1,968</b>

<sup>1</sup> Relates in full to the disposal of the storage park

<sup>2</sup> EBT adjusted for effects in financial result: financial instrument measurement effects and effects from the sea container business (interest result sea container, exchange rate effects and other financing costs)

#### **Exchange rate effects:**

The global container market uses USD as its transaction currency, so that all the companies of the Aves Group operating in this market report in the functional currency USD. The exchange rate effects included in the financial result, which are mainly non-cash, represent income and expenses from the closing rate valuation of EUR liabilities and receivables in the Container segment. These effects arose due to the movement in the EUR/USD exchange rate from 1.2271 EUR/USD on 31 December 2020 to 1.1725 EUR/USD on 31 March 2021.

As already mentioned, in accordance with IFRS 5, the financial debt related to the sea container portfolio is not part of the discontinued sea container operations, so that interest expenses, exchange rate effects and other financing costs must still be reported in the results from continuing operations.

The income from the valuation of financial instruments of EUR 1,688 k (PY: EUR 0 k) relates in full to the closing date valuation of termination options retained by the Aves Group as part of the bond issue.

The EBT of the Aves Group adjusted for the effects from the sea container business (interest result sea containers, exchange rate effects and other financing costs) and the financial instrument valuation effects amounted to EUR 1,775 k (PY: EUR 3,197 k).

After tax, the results of the continuing operations of the Aves Group amount to EUR 10,256 k (PY: EUR 1,896 k).

#### **FINANCIAL POSITION**

**Cash flow from operating activities** amounted to EUR 17,657 k in the reporting period, compared to EUR 22,048 k in the comparative period from 1 January 2020 to 31 March 2020 (prior year). Of this amount, EUR 15,904 k (PY: EUR 16,943 k) is attributable to continuing operations.

In the first three months of 2021, further investments of EUR 13,566 k (PY: EUR 23,918 k) were made to expand the asset portfolio. In the reporting period, the resulting **cash flow from investing activities** amounted to EUR -13,027 k (PY: EUR -15,959 k).

**Cash flow from financing activities** amounted to EUR -12,310 k (PY: EUR -14,973 k). The Company entered into liabilities of EUR 28,451 k (PY: EUR 35,667 k), mainly for the financing of freight wagons, tank wagons and swap bodies. In addition, interest payments of EUR -7,844 k (PY: EUR -8,786 k) were made. Financial debt repayments amounted to EUR -32,216 k (PY: EUR -40,948 k). The Aves Group was at all times able to meet its payment obligations as they fell due.

#### **NET ASSETS**

The asset side of the consolidated statement of financial position as of 31 March 2021 is marked by property, plant and equipment of EUR 795,268 k (31.12.2020: EUR 935,455 k). The decrease mainly results from the reclassification of sea containers to assets held for sale, which was carried out in accordance with IFRS 5. The asset volume comprises mainly rail assets (EUR 746,824 k) and swap bodies (EUR 47,076 k).

Current assets of EUR 51,824 k (31.12.2020: EUR 60,623 k) include other assets of EUR 23,491 k (31.12.2020: EUR 24,730 k). Other assets relate largely to restricted cash of EUR 16,530 k (31.12.2020: EUR 16,034 k) (reserve accounts for future maintenance and capital services), which were mainly set up as part of the financing of rail portfolios. Current assets also include trade receivables of EUR 14,060 k (31.12.2020: EUR 17,023 k) and cash and cash equivalents of EUR 9,634 k (31.12.2020: EUR 17,283 k).

The asset side of the consolidated statement of financial position as of 31 March 2021 shows assets held for sale of EUR 157,467 k (31.12.2020: EUR 0 k).

On the liabilities side, equity in the consolidated statement of financial position increased from EUR 14,042 k to EUR 19,131 k compared to 31 December 2020. Non-current liabilities decreased from EUR 886,860 k as of 31 December 2020 to EUR 804,884 k as of 31 March 2021. Reversely, current liabilities increased from EUR 120,670 k to EUR 204,024 k.

#### **EVENTS AFTER THE CLOSING DATE**

At the Supervisory Board meeting on 10 May 2021, the appointment terms of Mr Sven Meißner and Mr Tobias Aulich as members of the Management Board of the Company were extended ahead of schedule to 31 January 2024 and 31 January 2025 respectively.

As part of the disposal of the sea container portfolio and the associated reduction of the related financial debt, EUR 77,095 k have to date been repaid to banks and institutional lenders. In addition, liabilities to direct investors of EUR 41,830 k have been repaid from the disposal proceeds. This leaves the Aves Group with only minor liabilities to direct investors of EUR 9,716 k, of which EUR 5,979 k are to be repaid by the end of the year. This is in line with the strategy of generally moving away from financing via direct investments with the consequence of a further reduction in average interest costs.

There were no other significant events after the closing date.

## **RISK AND OPPORTUNITY REPORT**

The main risks and opportunities to which the Aves Group is exposed were presented in detail in the Group Management Report for the 2020 financial year. No significant changes were identified in the reporting period.

## **FORECAST 2021**

In the opinion of the Management Board, Aves Group's business model has been built on a sound foundation. In the 2021 financial year, the Group will focus on the Rail segment in particular, but also on investments in the swap body portfolio. With the disposal of the sea container portfolio in March 2021, which has already been almost fully completed, the Management Board has finalised the transition to focus on the core Rail segment. Aves One AG's Management Board decided to carry out this transaction in order to concentrate in future on the sustainable Rail segment.

The investments in the Rail segment in the first quarter of 2021 and the well-filled pipeline show that the Company is continuing to grow substantially, particularly as far as new-build wagons are concerned, and that the pace of growth can be maintained at a high level. The general economic conditions appear to be brightening up and stabilising, with the result that in recent weeks there has been an upturn in demand with accompanying increases in asset utilisation in the Rail division. In the view of the Management Board, this will also be reflected in increasing key figures for sales and results. In the swap body segment, capacity utilisation is also expected to remain at a high level or to increase slightly.

Based on the measures currently being implemented and the full-year effect from the investment activities in the previous financial year 2020, the Management Board is confident about the future for the current financial year 2021.

In order to finance the further growth of the Aves Group and further acquisitions, and to strengthen the ratios in the statement of financial position, the Management Board is still considering various forms of financing. This includes equity measures as well as other investments by investors. Furthermore, in this context, the reduction of financing costs and the optimisation of the financing mix already started in prior years will be systematically pursued by the Management Board.

Despite the complete discontinuation of the sea container segment, as in the first quarter, the results of continuing operations will still be impacted in the second quarter and to a lesser extent in the third quarter by interest expenses from sea container financing and ancillary interest and financing costs resulting from the complete repayment of this financial debt. The Management Board points out that despite the discontinuation of the sea container business and the related repayment of financial debt entered into to finance the sea containers, there will still be currency effects in the current financial year 2021 that will impact the results of continuing operations.

Overall, the Management Board expects sales to exceed EUR 100 million in 2021. The Rail segment is to contribute sales of more than EUR 92 million and the Container segment with its remaining swap bodies more than EUR 8 million. The Management Board forecasts total EBITDA of more than EUR 70 million. Expectations lie at EBITDA in excess of EUR 64 million for the Rail segment and in excess of EUR 6 million for the Container segment.

Hamburg, 31 May 2021

Management Board

Tobias Aulich

Sven Meißner

## **IMPRESSUM**

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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 assume that the expectations underlying these forward-looking statements are realistic, we cannot guarantee that the expectations will be met. The assumptions may harbour risks and uncertainties, which may lead to actual results that differ from those forecasted. Factors that may cause such deviations include changes in the economic and business environment or changes in corporate strategy.