

Company AS Harju Elekter Group
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Attachments:

- Vahear.III kv_2020-EST.pdf (<http://oam.fi.ee/en/download?id=4920>)
- HE_Interim_Report_3Q_2020-ENG.pdf (<http://oam.fi.ee/en/download?id=4922>)

Currency EUR - Euro
 Title Harju Elekter Group financial results, 1-9/2020

Revenue, Expenses, and Profit

Q3 and the nine-month period were still successful for Harju Elekter Group despite the prevailing global recession – the Group continued with the targeted improvement of its profitability. The measures taken helped to keep people healthy and maintain the normal level of production in all factories.

EUR '000	Q3 2020	Q3 2019	+/- Q/Q	9m 2020	9m 2019	+/- 9m/9m
Revenue	37,360	42,262	-11.6%	111,372	112,150	-0.7%
Gross profit	5,234	5,375	-2.6%	15,625	14,249	9.7%
EBITDA	2,913	2,446	19.1%	7,939	5,679	39.8%
Operating profit (EBIT)	2,002	1,561	28.3%	5,211	3,064	70.1%
Profit for the period	1,694	1,319	28.4%	4,369	2,313	88.9%
Incl. attributable to owners of the parent company	1,691	1,359	24.4%	4,398	2,384	84.5%
Earnings per share (EPS) (euros)	0.10	0.08	24.4%	0.25	0.13	84.5%

The consolidated revenue of the Group in Q3 of 2020 remained somewhat lower compared to the record volumes of the year before, while over the years still being a good result. The consolidated unaudited revenue for the reporting quarter was 37.4 (Q3 2019: 42.3) million euros and the consolidated revenue for the nine months was 111.4 (9m 2019: 112.2) million euros.

Operating expenses for the reporting quarter have decreased in all expense groups – a total of 5.2 million euros. Compared to Q3 2019, distribution costs



decreased by 24.1%, by 0.4 million to 1.2 million euros, because the coronavirus (COVID-19) is spreading around the world, most sales work was done virtually. The largest change compared to Q3 of 2019 was in cost of sales – a decrease of 4.8 million euros. Administrative expenses decreased by 3.1% to 2.2 million euros, compared to Q3 of 2019. Labour costs remained at the same level, being 6.6 million euros in year-on-year comparison.

The consolidated gross profit for the reporting quarter and for the nine months was 5,234 (Q3 2019: 5,375) and 15,625 (9m 2019: 14,249) thousand euros, respectively, and the gross margin for both periods was 14.0% (Q3 and 9m 2019: 12.7%). Consolidated operating profit (EBIT) was 2,002 (Q3 2019: 1,561) thousand euros and in the nine months 5,211 (9m 2019: 3,064) thousand euros. The operating margin increased by 1.7 percentage points to 5.4% in the reporting quarter and by 2.0 percentage points to 4.7% in nine months.

The consolidated net profit for the reporting quarter was 1,694 (Q3 2019: 1,319) thousand euros, and earnings per share were 0.10 (Q3 2019: 0.08) euros. Net profit for the nine months increased by 88.9% compared to the comparable period, reaching 4,369 (9m 2019: 2,313) thousand euros. Nine-month earnings per share were 0.25 (9m 2019: 0.13) euros.

Core Business and Markets

Harju Elekter's core business, production, accounted for 86% of the Group's consolidated revenue both in the reporting quarter and in nine months. The Group's three largest target markets are Estonia, Finland, and Sweden. Quarterly sales to the Estonian market increased by 3.0 million euros to 7.7 million euros in a year-on-year comparison and by 3.8 million euros to 17.0 million euros in a nine-month comparison. The main reason behind the sales growth was that deliveries under the framework procurement of Elektrilevi OÜ mostly remained in the third quarter.

Quarterly sales to the Finnish market decreased by 2.2 million euros to 16.5 million euros in a year-on-year comparison and it was mostly affected by the decrease in orders. The decline in orders in the last quarter also affected the 9-month result, where revenue to the Finnish market decreased by 2.1 million euros to 54.9 million euros.

Quarterly sales to the Swedish market increased by 1.2 million euros to 6.6 million euros in the year-on-year comparison. The Swedish market's revenue increased by 2.7 million euros to 17.5 million euros in a nine-month comparison, being the second largest market overall. The growth in the Swedish market was secured by an increase in the sale of substations, manufactured in Estonia, to the Swedish market as well as the general increase in orders.

Investments

In the reporting period, the Group invested a total of 4.1 (9m 2019: 4.4) million euros in non-current assets, incl. 2.1 (9m 2019: 0.7) million euros in



investment properties, 1.8 (9m 2019: 3.4) million euros in property, plant and equipment and 0.2 (9m 2019: 0.3) million euros in intangible assets.

The largest development project in Q3 was the start of the construction of the fourth stage of the expansion of the production and office building in Lithuania. Investments aimed at the expansion of the plant will enable Harju Elekter UAB to double the plant's revenues. In addition, investments were made in the construction of a production facility in the Allika Industrial Park, and plots of land were purchased.

Share

The company's shares closed at 4.44 euros on the last trading day of the reporting quarter on the Nasdaq Tallinn stock exchange. As at 30 September 2020, AS Harju Elekter has 4,831 shareholders. The number of shareholders has increased by 261 over the reporting quarter.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Unaudited

EUR '000	30 September 2020	31 December 2019
ASSETS		
Currents assets		
Cash and cash equivalents	3,367	4,878
Trade and other receivables	26,464	22,958
Prepayments	1,048	1,166
Inventories	21,213	19,010
Total current assets	52,092	48,012
Non-current assets		
Deferred income tax assets	513	472
Non-current financial investments	8,146	10,494
Investment properties	22,758	21,259
Property, plant, and equipment	20,330	20,402
Intangible assets	7,200	7,260
Total non-current assets	58,947	59,887
TOTAL ASSETS	111,039	107,899

LIABILITIES AND EQUITY



Liabilities		
Borrowings	8,871	11,305
Prepayments from customers	3,947	2,212
Trade and other payables	19,264	16,448
Tax liabilities	2,555	2,959
Current provisions	35	34
Total current liabilities	34,672	32,958
Borrowings	7,901	7,901
Other non-current liabilities	95	64
Total non-current liabilities	7,996	7,965
TOTAL LIABILITIES	42,668	40,923
Equity		
Share capital	11,176	11,176
Share premium	804	804
Reserves	2,842	3,412
Retained earnings	53,693	51,699
Total equity attributable to the owners of the parent company	68,515	67,091
Non-controlling interests	-144	-115
Total equity	68,371	66,976
TOTAL LIABILITIES AND EQUITY	111,039	107,899

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
Unaudited

EUR'000	Q3 2020	Q3 2019	9m 2020	9m 2019
Revenue	37,360	42,262	111,372	112,150
Cost of sales	-32,126	-36,887	-95,747	-97,901
Gross profit	5,234	5,375	15,625	14,249
Distribution costs	-1,150	-1,516	-3,639	-4,198
Administrative expenses	-2,225	-2,296	-7,119	-6,929
Other income	167	39	494	171
Other expenses	-24	-41	-150	-229



Operating profit	2,002	1,561	5,211	3,064
Finance income	8	25	116	147
Finance costs	-122	-77	-269	-179
Profit before tax	1,888	1,509	5,058	3,032
Income tax	-194	-190	-689	-719
Profit for the period	1,694	1,319	4,369	2,313
Profit attributable to:				
Owners of the parent company	1,691	1,359	4,398	2,384
Non-controlling interests	3	-40	-29	-71
Earnings per share				
Basic earnings per share (EUR)	0.10	0.08	0.25	0.13
Diluted earnings per share (EUR)	0.10	0.08	0.25	0.13

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