

Company AS MERKO EHITUS
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Attachments:

- Merko_Ehitus_2024_3M_interim_report.pdf (<http://oam.fi.ee/en/download?id=8452>)
- Merko_Ehitus_2024_3k_vahearuanne.pdf (<http://oam.fi.ee/en/download?id=8453>)

Currency

Title 2024 3 months consolidated unaudited interim report

COMMENTARY FROM MANAGEMENT

Merko Ehitus revenue was EUR 81.2 million in Q1 2024, representing 7.2% growth compared to the same period a year ago. Net profit for the quarter was EUR 4.4 million. Merko delivered 59 apartments and 7 commercial units to buyers in 3 months this year.

According to the management of Merko Ehitus, the apartment market behaved as expected in the first quarter and Merko group figures for first sales reflected that and there is no basis for expecting results comparable to 2023 in real estate development. In the new and different market situation, Merko has successfully refocused its activities and been able to compensate the drop in volumes from residential development with construction service sales. Merko Ehitus net profit decreased, but the result was better than anticipated based on the changes in the proportion of our core business.

In Q1 2024, the group companies entered into new construction contracts worth EUR 10.5 million and the balance of secured order-book was EUR 419 million at quarter's end. In the first three months of the year, construction service business area accounted for 83.7% of the group's revenue. Private sector clients have grown somewhat more active on the construction services market, apparently accustomed to new building price levels, and are again contemplating expansion of their business. Contracts for defence facilities and energy infrastructure are active and hopefully the next Rail Baltica projects will come up for procurement soon. Merko's secured order book is strong and in April, a noteworthy energy infrastructure contract in Latvia and a contract for additional work on the NATO training centre in Lithuania were added.

In Q1, Merko delivered 59 apartments and 7 commercial units to buyers, invested a total of EUR 11.6 million into development projects, and launched construction



and sales of 112 new apartments in three new development projects: Õielehe in Jüri, the new phase of Erminurme in Tartu and Lucavsala in Riga. As of the end of Q1, the group companies had 450 apartments under construction, 9% of which were covered by preliminary sale contracts. The largest projects in progress were Uus-Veerenni, Noblessneri and Lahekalda in Tallinn, Erminurme in Tartu, Viesturdrzs, Mezhpils?ta and Magnolijas in Riga and Vilnel?s Skverai in Vilnius.

In Q1 of 2024, the largest sites under construction in Estonia were Hampton by Hilton and Hyatt hotel buildings, Arter Quarter, the logistics centre for TKM Group, barracks at the Defence Forces' Ämari base, the Rail Baltica road viaducts in Harjumaa, a tram line between Old City Harbour and Rail Baltica Ülemiste passenger terminal, as well the first phase of Ülemiste terminal. Projects in Lithuania were wind farm infrastructure works in Kelme and Pag?giai regions, and various buildings and infrastructure for NATO training centres.

OVERVIEW OF THE 3 MONTHS RESULTS

PROFITABILITY

2024 3 months' pre-tax profit was EUR 5.2 million (3M 2023: EUR 6.1 million), which brought the pre-tax profit margin to 6.4% (3M 2023: 8.0%). Net profit attributable to shareholders for 3 months 2024 was EUR 4.4 million (3M 2023: EUR 5.9 million) and 3 months net profit margin was 5.5% (3M 2023: 7.8%).

REVENUE

2024 3 months' revenue was EUR 81.2 million (3M 2023: EUR 75.8 million). 3 months' revenue increased by 7.2% compared to same period last year. The share of revenue earned outside Estonia in 3 months 2024 was 62.3% (3M 2023: 46.7%).

SECURED ORDER BOOK

As of 31 March 2024, the group's secured order book was EUR 419.0 million (31 March 2023: EUR 412.2 million). In 3 months 2024, group companies signed contracts in the amount of EUR 10.5 million (3M 2023: EUR 170.3 million).

REAL ESTATE DEVELOPMENT

In 3 months 2024, the group sold a total of 59 apartments; in 3 months 2023, the group sold 145 apartments. The group earned a revenue of EUR 10.8 million from sale of own developed apartments in 3 months 2024 and EUR 19.4 million in 3 months 2023.

CASH POSITION

At the end of the reporting period, the group had EUR 88.4 million in cash and cash equivalents, and equity of EUR 216.6 million (50.8% of total assets). Comparable figures as of 31 March 2023 were EUR 14.3 million and EUR 190.1 million (50.0% of total assets), respectively. As of 31 March 2024, the group's net debt was negative EUR 39.6 million (31 March 2023: EUR 72.8 million).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited



in thousand euros

	2024 3 months	2023 3 months	2023 12 months
Revenue	81,185	75,751	466,304
Cost of goods sold	(72,301)	(65,776)	(401,267)
Gross profit	8,884	9,975	65,037
Marketing expenses	(1,068)	(1,077)	(4,312)
General and administrative expenses	(4,142)	(3,965)	(19,423)
Other operating income	1,324	817	4,171
Other operating expenses	(953)	(62)	(991)
Operating profit	4,045	5,688	44,482
Finance income/costs	1,157	391	7,500
incl. finance income/costs from joint ventures	1,568	1,280	10,220
interest expense	(655)	(655)	(2,697)
foreign exchange gain (loss)	(190)	(210)	(153)
other financial income (expenses)	434	(24)	130
Profit before tax	5,202	6,079	51,982
Corporate income tax expense	(818)	(292)	(6,081)
Net profit for financial year	4,384	5,787	45,901
incl. net profit attributable to equity holders of the parent	4,427	5,880	46,048
net profit attributable to non-controlling			



interest	(43)	(93)	(147)
Other comprehensive income, which can subsequently be classified in the income statement			
Currency translation differences of foreign entities	106	53	(41)
Comprehensive income for the period	4,490	5,840	45,860
incl. net profit attributable to equity holders of the parent	4,526	5,910	45,993
net profit attributable to non-controlling interest	(36)	(70)	(133)
Earnings per share for profit attributable to equity holders of the parent (basic and diluted, in EUR)	0.25	0.33	2.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
unaudited
in thousand euros

	31.03.2024	31.03.2023	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	88,353	14,295	77,330
Trade and other receivables	58,929	54,206	68,754
Prepaid corporate income tax	6	89	2
Inventories	196,518	244,549	195,435
	343,806	313,139	341,521
Non-current assets			
Investments in joint ventures	23,483	14,175	21,915
Other shares and securities	80	-	80
Other long-term loans and receivables	20,427	22,685	24,490



Deferred income tax assets	4,998	873	3,298
Investment property	16,740	11,460	16,823
Property, plant and equipment	16,093	17,287	16,613
Intangible assets	487	564	520
	82,308	67,044	83,739
 TOTAL ASSETS	 426,114	 380,183	 425,260
 LIABILITIES			
Current liabilities			
Borrowings	12,909	59,753	19,673
Payables and prepayments	134,216	88,907	133,898
Income tax liability	6,335	1,290	4,260
Short-term provisions	10,551	8,973	10,451
	164,011	158,923	168,282
Non-current liabilities			
Long-term borrowings	35,882	27,347	35,142
Deferred income tax liability	4,489	2,327	4,441
Other long-term payables	5,342	2,054	5,495
	45,713	31,728	45,078
 TOTAL LIABILITIES	 209,724	 190,651	 213,360
 EQUITY			



Non-controlling interests	(191)	(565)	(155)
Equity attributable to equity holders of the parent			
Share capital	7,929	7,929	7,929
Statutory reserve capital	793	793	793
Currency translation differences	(739)	(753)	(838)
Retained earnings	208,598	182,128	204,171
	216,581	190,097	212,055
TOTAL EQUITY	216,390	189,532	211,900
TOTAL LIABILITIES AND EQUITY	426,114	380,183	425,260

Interim report is attached to the announcement and is also published on NASDAQ Tallinn and Merko's web page (group.merko.ee (<https://group.merko.ee/en/>)).

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AS Merko Ehitus (group.merko.ee (<https://group.merko.ee/en/>)) group companies develop real estate and construct buildings and infrastructure. We create a better living environment and build the future. We operate in Estonia, Latvia, Lithuania and Norway. As at the end of 2023, the group employed 635 people, and the group's revenue for 2023 was EUR 466 million.

