

# Nurminen Logistics Plc Half-Year Financial Report 1 January - 30 June 2023

Nurminen Logistics Plc

Half-Year Financial Report

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*This release is a summary of Nurminen Logistics' Half-Year Financial Report January-June 2023. The full report is attached to this stock exchange release and is available on Nurminen Logistics' website at <http://nurminenlogistics.com/investors/publications/>*

The reported operating profit of EUR 8.9 million for January–June was the best half-year result in the company's history and grew by 272 per cent on the comparison period (EUR 2.4 million). Net sales of EUR 56.7 million decreased by 21 per cent compared to the comparison period, but increased by 12 per cent compared to July–December 2022.

## JANUARY-JUNE 2023

- Net sales decreased by 21 per cent to EUR 56.7 million (EUR 71.7 mill.).
- The operating profit was EUR 8.9 million (EUR 2.4 mill.).
- The comparable operating profit was EUR 9.2 million (EUR 4.6 mill.).
- Diluted earnings per share was EUR 0.04 (EUR 0.01).
- The acquisition of North Rail Oy (former Operail Finland Oy) on 14 February 2023, the favourable development of the Baltic operations, investments in new customer services launched in 2022 resulting from the war in Ukraine and the ramp-up of the Trans-Caspian route gave good results.
- The absence of Chinese container train transports through Russia as a result of the war in Ukraine reduced the net sales compared to the reference period. Rail services net sales decreased by 47 per cent during the review period to EUR 11.3 million (EUR 21.5 million). Operating profitability improved substantially year-on-year.
- In Cargo business as a result of successfully expanding the customer base and comprehensive concept focusing on value added services, net sales increased by 12 per cent in January–June to EUR 10.9 million (EUR 9.7 million) and profitability improved over the comparison period.
- In Multimodal Forwarding business net sales for January–June decreased by 49 per cent to EUR 5.2 million (EUR 10.1 million), while profitability improved over the comparison period. The decrease in turnover was due to the lack of feed effect of direct Chinese trains as well as the termination of the Russian trade of the company's customers.
- Business in the Baltic countries continued to be stable. Net sales increased by 3 per cent to EUR 30.5 million (EUR 29.7 million) and operating profit increased from the comparison period.

## FINANCIAL GUIDANCE

New guidance: Nurminen Logistics expects net sales for 2023 to be EUR 132–148 million (2022: EUR 122.5 million), and comparable operating profit to be EUR 18–21 million (2022: EUR 6.9 million). Comparable EBITDA is expected to be EUR 23–26 million (2022: EUR 9.7 million).

According to the previous guidance, net sales for 2023 were EUR 136–148 million (2022: EUR 122.5 million), and operating profit EUR 17–20 million (2022: EUR 3.4 million). EBITDA was expected to be EUR 22–25 million (2022: EUR 6.2 million).

The basis for the guidance with regards to net sales is that the start of the direct China and Asia

container train traffic will most likely move forward to the coming year. Also the weakened outlook for the Finnish economy may influence the demand of value added services in Cargo operations.

The operating profit guidance is based on the strong development during the first half of the year and the expected efficiency improvements during the second half of the year. Nurminen Logistics has improved its efficiency and succeeded in customer acquisition. Good cost management and investments in international traffic will begin to be reflected in increasing volumes on new railway routes. The takeover of North Rail Oy (formerly Operail Finland Oy), acquired in February 2023, and the growth of its business have been more successful than expected.

## KEY FIGURES

Key figures	1-6/2023	1-6/2022	1 - 12/2022
Net sales, EUR 1,000	56,707	71,738	122,511
Change in net sales, %	- 21.0 %	13.9 %	-13.3 %
Operating profit (EBIT), EUR 1,000	8,933	2,402	3,408
% of net sales	15.8 %	3.3 %	2.8 %
Result for the financial year, EUR 1,000	6,033	1,767	1,472
% of net sales	10.6 %	2.5 %	1.2 %
Return on equity (ROE), %	22.5 %	8.8 %	5.9 %
Return on investment (ROI), %	10.6 %	4.7 %	6.9 %
Equity ratio, %	30.3 %	29.6 %	34.7 %
Gearing, %	162.5 %	112.4 %	119.8 %
Gearing % excluding IFRS 16	128.0 %	73.4 %	80.0 %
Interest-bearing net debt, EUR 1,000	47,744	28,012	28,928
Interest-bearing net debt excluding IFRS 16, EUR 1,000	37,713	18,337	19,431
Interest-bearing net debt/EBITDA (12 months, rolling)	3.54	2.49	4.65
Cash flow from operating activities, EUR 1,000	20,534	4,866	5,232
Gross investment on fixed assets, EUR 1,000	473	111	422
Average number of employees	189	139	141
Share price development			
Share price at the beginning of the period	0.60	2.01	2.01
Share price at the end of the period	0.97	0.78	0.60
Highest price	1.22	2.07	2.07
Lowest price	0.60	0.77	0.56
Equity per share, EUR	0.21	0.20	0.17
Earnings per share (EPS), EUR, undiluted	0.04	0.01	-0.01

Earnings per share (EPS), EUR, diluted	0.04	0.01	-0.01
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## **OLLI POHJANVIRTA, PRESIDENT AND CEO:**

The reported operating profit of EUR 8.9 million for January– June was the best half-year result in the company’s history and grew by 272 per cent on the comparison period (EUR 2.4 million). Net sales of EUR 56.7 million decreased by 21 per cent compared to the comparison period, but increased by 12 per cent compared to July–December 2022.

The comparable operating profit adjusted for non-recurring items was EUR 9.2 million (EUR 4.6 million)\*. The high operating profit of 16 per cent was due to improved results in all business operations as well as strict cost control. The share of in-house production increased, which contributed significantly to the operating margin. The lack of direct China and Asia container trains decreased the net sales.

The acquisition of North Rail Oy (former Operail Finland Oy) on 14 February 2023, the favourable development of the Baltic operations, investments in new customer services launched in 2022 resulting from the war in Ukraine and the ramp-up of the Trans-Caspian route gave good results. The results of the businesses improved towards the end of the review period, which, together with new customers starting towards the end of the year, provides good conditions for further improvement of performance during the rest of the year. Strikes in Finland during the first half of the year had a negative impact on the result for the review period.

Our good profitability, together with our increased market knowledge, allows us to expand our business in the Nordic countries through acquisitions as well. At the same time, we will increase the supply of logistics services between Central Europe and Central Asia. We are present in China in order to be able to quickly restart the container train business in accordance with the demand situation.

I am proud of our employees’ agility and ability to create competitive logistics solutions for the changing needs of our customers. The good results of the spring 2023 customer satisfaction survey and quality audit prove the competence, commitment and willingness of the personnel to make meaningful logistics.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

Any weakening in world trade and in Finnish exports and imports, as well as the weakening of trade between Central Europe and China and a general decrease in purchasing power due to high inflation from the current situation can have a negative impact on the demand for the services and the result of Nurminen Logistics.

In the railway business, food supply-related fertilisers critical to the world or metals required for the green transition being subjected to Western sanctions would have a negative impact on the business of the acquired company North Rail Oy (former Operail Finland Oy).

## **FUTURE OUTLOOK**

The slowdown in the macro economy and the persistence of core inflation at a higher level than usual affect the demand for services. Nurminen Logistics estimates that business volumes will, on average, remain at a good level. The increase in international traffic offsets the decrease in domestic volumes.

The demand for services is supported by global megatrends, such as environmental awareness, re-evaluation of supply chains and the need for more efficiency in working capital and delivery reliability, which are highlighted by the increasing inflation and interest pressures.

In rail transport, the demand outlook for industries important to the company is good for both fertilisers and the metals and minerals needed for the green transition.

In late spring, a clear general slowdown in trade began to be seen in Finland, which the company believes will continue and weaken the volumes of terminals and domestic forwarding towards the end of the year. The company can offset the impact of the overall volume decrease with the active acquisition of new customers, new service solutions and the new delivery agreements already signed.

Nurminen Logistics expects railway transport delivery volumes to increase both between the Nordic countries and in traffic between Europe and Asia. Trade between Central Asian countries is growing and is more easily accessible from Europe via the Trans-Caspian route.

The company continues to invest in international sales and the development of a partnership and subcontracting network in Central Europe. The use of rail services will grow globally faster than other transport segments due to its low environmental impact.

## **WEBCAST**

A webcast for analysts, investors, and media will be held on 3.8.2023 starting at 11.00 a.m. CEO Olli Pohjanvirta and CFO Kai Simberg will present the company's results. The webcast will be in Finnish and can be followed at <http://nurminenlogistics.videosync.fi/q3-2023>, both live and as a recording after the event. A webcast and presentation material recording will be available the same day at <http://nurminenlogistics.com/investors/>.

Nurminen Logistics Plc

Board of Directors

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*Nurminen Logistics is a Finnish listed company founded in 1886 that offers high-quality railway transport and terminal and multimodal solutions between Asia and Europe, in the Nordic countries, and in the Baltic countries.*