Nurminen Logistics ▶▶▶

Nurminen Logistics Plc's Financial Statement Release for 1 Jan.— 31 Dec. 2023: The group achieved the best comparable operating result in its history, EUR 21.5 million

Nurminen Logistics Plc Financial Statement Release February 29, 2024, 9.00 a.m.

This release is a summary of Nurminen Logistics' Financial Statement Release January-December 2023. The full report is attached to this stock exchange release and is available on Nurminen Logistics' website at nurminenlogistics.com/investors/publications/

The year 2023 was a record-breaking year for the group. The net sales for 2023 amounted to EUR 128.0 million and comparable operating result to EUR 21.5 million. The group's relative profitability, measured by operating result of 16.8%, was one of the best in the industry.

July-December 2023 in brief:

- Net sales for July–December increased by 40 per cent to EUR 71.2 million year-on-year (7–12/2022: 50.8). The growth in net sales was a result of the increased volumes of the railway business and the Baltic operations.
- Comparable operating result amounted to EUR 12.3 million (2.2), i.e. 17.2% of net sales.
- The comparable operating margin increased slightly compared to January–June (16.3%).
- Cash flow from operating activities increased to EUR 4.8 million (0.4).

January-December 2023 in brief:

- Net sales for 2023 increased by 4 per cent to EUR 128.0 million (1–12/2022: 122.5). The net sales growth was greatest in the railway business, where volumes increased significantly due to the acquisition and new customer relationships, and in the Baltics, where especially raw material project deliveries from Central Asia increased net sales to a record level.
- Reported operating result for 2023 amounted to EUR 33.1 million (3.4), or 25.9% of net sales.
- Comparable operating result without non-recurring items amounted to EUR 21.5 million (6.9), or 16.8% of net sales.

Board of Directors' proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting repayment of equity from the reserve for invested unrestricted equity, at most EUR 0.06 per each of the company's 78 127 855 shares outstanding, totaling at most EUR 4 687 671.30. In addition, the Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide the date and the final amount of the repayment of equity from the reserve for invested unstricted equity.

Financial guidance

The group estimates that its net sales and comparable operating result for 2024 will increase compared to 2023. The projected growth in net sales and operating result is based on the growing rail operations in the group's market areas, energy raw material shipping and improved profitability of the Cargo business.

The full-year forecast is supported by our view of the development in net sales in the first quarter of 2024 compared to the comparison period, as well as our forecast of comparable operating result for the first quarter.

Nurminen Logistics will change its reporting in 2024 as follows: For the first and third quarters the group publishes a business review, and for the second and fourth quarters an interim report.

Key figures 1.1.-31.12.2023 EUR million	**1.1.-31.12.2023**	**1.1.-31.12.2022**
Net sales	128.0	122.5
Operating result	33.1	3.4
Operating result, %	25.9%	2.8%
Comparable operating result	21.5	6.9
Comparable operating result, %	16.8%	5.6%
Result for the period	23.3	1.5
Return on equity %	66.5%	5.9%
Gearing %	77.6%	119.8%
Interest-bearing net debt / EBITDA	0.93	4.65
Earnings per share, undiluted (€)	0.18	-0.01
Cash flow from operating activities	25.4	5.2

Key figures 1.7.-31.12.2023 EUR million	**1.7.-31.12.2023**	**1.7.-31.12.2022**
Net sales	71.2	50.8
Operating result	24.2	1.0
Operating result, %	33.9%	2.0%
Comparable operating result	12.3	2.2
Comparable operating result, %	17.2%	4.4%
Result for the period	17.2	-0.3
Cash flow from operating activities	4.8	0.4

Olli Pohjanvirta, President and CEO: The record result for 2023 is a demonstration of our group's expertise and excellent adaptability

Despite the challenging operating environment and geopolitical uncertainties in 2023, we continued to grow profitably. The group's net sales in July–December increased by 40% to EUR 71.2 million compared to the comparison period and the comparable operating result increased more than five-fold compared to the comparison period, amounting to EUR 12.3 million. The value creation of the group's operations is well demonstrated, despite the increased balance sheet, by the high return on equity, which was 66.5 % as well as the return on investment 42.8 %. The group's interest-bearing net liabilities in relation to EBITDA decreased to a ratio of 0.93 despite the significant increase of the group's balance sheet to EUR 114 million.

The group achieved in 2023 the best comparable operating result in its history, EUR 21.5 million. The start-up of the new domestic railway business together with the aqcuisition of North Rail Oy was a key factor in the growth of operating result. Thanks to the record-high operating result and the EUR 12.3 million gain from the bargain purchase during the review period, the group’s key figure targets according to the group’s strategy were achieved ahead of time, which will enable the group to actively develop and grow also in the future.

The growth in net sales and operating result is based on the increased volumes of the rail business and Baltic operations, fast and targeted organisational efficiency measures, successful sales efforts and increased international recognition. In addition to the strong competence and commitment of the employees, their implementation capacity has been particularly important.

At the beginning of the review period, the group strengthened its position as a comprehensive player and developer of the railway business by acquiring North Rail Oy (formerly Operail Finland Oy) having a railway license in Finland. With the acquisition and new customers of Nurminen railway business, the group became biggest private railway operator in Finland. North Rail Oy’s transports based on long-term customer contracts have been possible to start on a fast schedule, and we have received a lot of praise from customers for high-quality service.

In addition to a significant increase of North Rail Oy's business, the most significant highlights in 2023 were the continued good development of the Baltic operations and increased project deliveries as well as the stabilisation of traffic between Central Asia and Europe on the Trans-Caspian route. Our investments in the railway business continued outside Finland, in Central Europe and the Nordic countries, where we are seeking growth this year. During H1/2024, we will open a new important railway route in the Nordic countries, serving, among other things, Finnish industrial and commercial customers.

Towards the end of the year, the escalation of the situation in the Red Sea and the resulting difficulties in sea freight were immediately visible as an increase in the demand for rail freight, to which our office in China has responded successfully.

The Cargo and Multimodal Forwarding business volumes decreased in the second half of the year due to the decline in the Finnish economy and the resulting slowdown in imports and exports. The complex licensing processes related to the deliveries of energy raw material were completed across Europe and we started trial deliveries towards the end of the year. We expect to see clear growth and demand for these deliveries in the current year.

In 2024, our strategy-based investments in digitalisation and sustainability will continue. During H1, we will open a customer portal, which will increase transparency and efficiency for our customers and, thereby, improve the overall customer experience. Digitalisation also supports our group's green transition.

In rail logistics, we will continue to grow in Finland, the Nordic countries and Central Asia. We are developing the rail market between Europe and Asia by expanding our co-operation network and performing active sales efforts, as we strongly believe in the future of rail market.

Although geopolitical uncertainties weaken the outlook for global economic growth, they increase the need for more functional logistics and alternative modes of transport during crisis and disruptions. Also growing logistics emission reporting requirements increase the need for companies to transfer cargo to lower-emission rail transports. We believe in sustainable growth in the demand for rail logistics and related multimodal transport, as efficient, flexible and environmentally friendly logistics have a major impact on companies' competitiveness in international trade.

I believe that in the current market situation, we can best increase equity value by paying attention to profitability and cash flow. Thus, we are ready, as the market picks up, for strong growth, both organically and by acquisitions.

I am very happy about our achievements in 2023 in the challenging market. I would like to express my gratitude to our dedicated employees for their excellent input and thank our customers for their support and trust.

Outlook

Nurminen Logistics estimates that the development of the logistics market relevant to the group will strengthen during the second half of 2024 and the measures taken by the group in 2023 will facilitate the positive development of the group's business in 2024.

We believe that the demand for rail freight will increase in the group's target market, which is supported by the increase of the importance of environmental values in decision-making. Continued high interest rates and scarce financing will support the customers' need for faster turnover of working capital and more accurate planning of deliveries, which will contribute to the demand for Nurminen Logistics' services.

Nurminen Logistics is in a strong position in traffic along the Trans-Caspian route between Central Asia and Europe, because Nurminen is one of the few internationally known companies operating on the route. We are also ready to quickly start direct rail transport between China and Finland to serve the Nordic market. There are clear signs of a growing need for the service on the market, due to the significant competitive advantage it offers.

The strong Cargo business will be developed further, and we see opportunities for growth in both Finland and the Nordic countries in 2024.

Nurminen Logistics is now strongly investing in railway services in Finland and in the Nordic countries, seeking clear growth. The group's long-term agreements with several customers ensure stable profitability for the next few years. We see major opportunities in developing the offering in the Nordic countries, as Nurminen Logistics provides a completely new kind of customer insight as a railway company, combining its terminal and multimodal expertise with the customer needs. Strengthened balance sheet structure also enables acquisitions.

Group’s key figures

Key figures for business	2023	2022
Net sales, EUR 1,000	127,951	122,511
Change in net sales, %	4.4%	-13.3 %
Operating result (EBIT) EUR 1,000	33,091	3,408
% of net sales	25.9%	2.8 %
Result before taxes, EUR 1,000	29,342	1,925
% of net sales	22.9%	1.6 %
Result for the financial year, EUR 1,000	23,273	1,472
% of net sales	18.2%	1.2 %
Return on equity (ROE), %	66.5%	5.9 %
Return on investment (ROI), %	42.8%	6.9 %
Equity ratio, %	41.8%	34.7 %
Gearing, %	77.6%	119.8 %
Gearing % excluding IFRS 16	56.5%	80.0 %
Interest-bearing net debt, EUR 1,000	35,599	28,928
Interest-bearing net debt excluding IFRS 16, EUR 1,000	25,989	19,431
Interest-bearing net debt/EBITDA (12-month, rolling)	0.93	4.65
Cash flow from operating activities, EUR 1,000	25,373	5,232
Gross investment on fixed assets, EUR 1,000	1,121	422
% of net sales	0.9%	0.3%
Balance sheet total, EUR 1,000	113,771	69,678
Average number of employees	196	141
Wages and salaries paid, EUR 1,000	13,571	8,262
Share key figures		
Earnings per share (EPS), EUR, undiluted	0.18	-0.01
Earnings per share (EPS), EUR, diluted	0.18	-0.01
Equity per share, EUR	0.35	0.17
Dividend per share, EUR	0.00*	0.00
Dividend to earnings ratio, %	0.0%	0.0%
Effective dividend yield, %	0.0%	0.0%
Repayment of equity per share, EUR	0.00	0.00
Price per earnings (P/E)	-60	-60
Number of shares adjusted for share issue (diluted), weighted average	78,076,485	77,961,285
Number of shares adjusted for share issue (diluted), at end of financial year	78,127,855	78,036,392
Number of shares adjusted for share issue (undiluted), weighted average	78,076,485	77,863,691
Number of shares adjusted for share issue (undiluted), at end of financial year	78,127,855	78,036,392
Share price development		
Share price development		
– highest price	1.26	2.07
– lowest price	0.60	0.56
– average price	0.91	0.99
– closing share price at balance sheet date	1.26	0.60

Market capitalisation, MEUR	98.1	46.9
Number of shares traded	12,770,526	11,002,725
Shares traded, % of total number of shares	16.3 %	14.1 %
Number of shareholders	5,585	4,791

* The Board of Directors proposes to the Annual General Meeting repayment of equity from the reserve for invested unrestricted equity, at most EUR 0.06 per each of the company’s 78 127 855 shares outstanding, totaling at most EUR 4 687 671.30.

Nurminen Logistics Plc

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Nurminen Logistics is a Finnish listed company established in 1886. The company offers high-quality rail transport, terminal, and multimodal solutions between Asia and Europe and in the Nordic and Baltic countries.