



Ropo Capital

**Business Review
October-December 2018**

ROPOHOLD OYJ BUSINESS REVIEW 1.10. – 31.12.2018

October - December 2018 in brief

The Group's business operations developed as expected during the fourth quarter. Group's EBITDA was reduced by non-recurring advisory expenses of EUR 0.5 million, which were mainly related to Company's strategy work. Net sales in October-December increased by 16% and adjusted EBITDA excluding non-recurring expenses increased by 22% compared to previous year. Fourth-quarter net sales and EBITDA growth were mainly due to the completion of the life cycle service deployment projects for several operating customers during the second quarter of the year. Ropo reached a production stage with several new life cycle service customers also in the fourth quarter including utility company Lassila & Tikanoja and health care provider Mehiläinen. The company expects that the new lifecycle service contracts signed in 2018 will have a positive impact on 2019 EBITDA which is expected to increase from 2018 level.

The company's principal shareholder, the funds managed by Sentica Partners Oy, announced in October that it had initiated a strategic review to ensure the continuity of Ropo Capital's strong domestic growth and the Company's internationalisation in the near future. One possible outcome of this work is that the ownership of Ropo Capital will expand or change. The company will provide information on the results after the strategic review has been completed.

- Net sales amounted to EUR 11,3 million (9,8): growth of 16 %.
- EBITDA totalled EUR 2,4 million (2,3): growth of 2 %.
- Operating profit was EUR 1,3 million (1,2): growth of 3 %.
- Net profit came to EUR 0,2 million (0,4): growth of -55 %.
- The equity ratio was 4 per cent (17 %).

Reported EBITDA was decreased by non-recurring costs of EUR 0.5 million.

Financial statements, interim reports and business reviews are available on the company's investor website at www.ropocapital.fi/en/company/investors/financial-publications/.

Notable: This is not an interim report as specified in the IAS 34 standard. The company complies with semi annual reporting frequency according to the Finnish Securities Markets Act and additionally discloses quarterly business reviews in accordance with the terms relating its bond issue in December 2017. The figures in the review are unaudited.

In Kuopio 22 February 2019

The Board of Directors of RopoHold Oyj

ROPOHOLD OYJ – GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income Statement, IFRS				
EUR, thousand	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Net Sales	11 341,0	9 768,0	45 796,2	37 141,3
Other operating income	180,7	180,7	698,2	445,9
Purchases during the period	-0,9	-19,8	-70,4	-91,7
Changes in inventory	-1,7	2,2	-1,7	2,2
External services	-5 388,4	-4 833,5	-21 762,0	-19 023,0
Sales margin	6 130,7	5 097,6	24 660,4	18 474,6
Employee benefit expenses	-2 278,3	-1 843,1	-8 649,1	-6 783,1
Other operating expenses	-1 481,8	-939,8	-4 717,2	-4 328,3
EBITDA	2 370,7	2 314,8	11 294,0	7 363,2
Depreciation	-1 116,2	-1 097,1	-4 390,1	-4 089,2
EBIT	1 254,5	1 217,7	6 904,0	3 274,0
Financial income	8,0	8,3	39,9	15,9
Financial expenses	-1 139,0	-728,5	-4 229,4	-2 220,6
Profit before taxes and appropriations	123,4	497,5	2 714,5	1 069,3
Appropriations	0,0	-0,8	0,0	0,0
Income taxes	38,0	-139,5	-457,8	-381,7
Profit for the period	161,5	357,2	2 256,7	687,6

CONSOLIDATED BALANCE SHEET

Balance Sheet			
EUR, thousands		31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Goodwill		28 795,9	28 795,9
Other intangible assets		18 849,7	22 571,0
Property, plant and equipment		823,4	1 177,2
Other receivables		20,8	22,2
Deferred tax assets		0,0	421,0
Current assets			
Inventories		3,3	5,0
Trade and other receivables		9 476,0	9 437,1
Shares and equity		0,0	197,4
Deferred tax assets		0,0	59,6
Tax receivables based on income for the financial year		360,9	118,3
Cash and cash equivalents		5 418,5	11 155,6
Total assets		63 748,5	73 960,3
EQUITY AND LIABILITIES			
Equity			
Share capital		80,0	2,5
Reserve for invested unrestricted equity		825,6	12 903,1
Retained earnings		1 949,8	-238,7
Total equity		2 855,3	12 666,8
Non-current liabilities			
Financial liabilities		49 369,8	49 481,3
Accounts payable and other liabilities		0,0	9,8
Deferred tax liabilities		3 716,1	4 448,8
Provisions		0,0	7,0
Current liabilities			
Financial liabilities		440,2	405,7
Accounts payable and other liabilities		1 174,6	2 042,4
Tax liabilities based on income for the financial year		102,9	847,4
Other liabilities		6 089,5	4 051,0
Total liabilities		60 893,1	61 293,5
Total equity and liabilities		63 748,5	73 960,3

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow statement	Q4	Q4
EUR, thousands	10-12/2018	10-12/2017
Profit(loss) before appropriations and taxes	161,5	357,2
Adjustments	2 081,1	-973,6
Net working capital change	-1 964,4	-164,7
Paid and received interests	-937,2	-1 606,3
Income taxes paid	-676,4	-427,4
Cash flow from operating activities	-1 335,4	-2 814,8
Purchase of tangible and intangible assets	-95,0	2 710,1
Purchase of investments	0,4	-2,2
Loans granted	1 000,0	-465,4
Cash flow from investing activities	905,5	2 242,5
Changes in equity, net	0,0	1 000,0
Purchase of own shares	0,0	-355,6
Net change in external loans	-800,0	15 603,6
Dividends and other distribution of profit	0,0	-11 976,3
Cash flow from financing activities	-800,0	4 271,8
Net increase (+)/decrease (-) in cash and cash equivalents	-1 230,0	3 699,5
Cash and cash equivalents at beginning of period	6 648,5	7 653,6
Cash and cash equivalents at end of period	5 418,5	11 353,1