

Company AS TALLINNA VESI
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- TallinnaVe-10004000741-en.pdf (<http://oam.fi.ee/en/download?id=4774>)
- TallinnaVe-10004000743-et.pdf (<http://oam.fi.ee/en/download?id=4775>)

Currency

Title AS Tallinna Vesi's financial results for the 2nd quarter of 2020

Due to the new reduced tariffs and lower consumption, induced by the spread of coronavirus, the sales revenue of AS Tallinna Vesi in the 2(nd) quarter of 2020 was EUR12.09 million, i.e. 25.1% lower compared with the same period of 2019.

The sales revenue from private customers was EUR5.10 million, showing a decrease of 21.9% due to the new reduced tariffs. The tariffs impact was partly balanced by higher consumption of apartment blocks, which is the company's largest private customer segment, because large number of people were working from home due to the arrangements regarding coronavirus.

In the main service area, the sales revenue from commercial customers dropped by 45.1% year-on-year to EUR2.95 million, which was mainly attributable to 35% less consumption and lower tariffs as well. Consumption in commercial customer segment was adversely impacted by coronavirus, because very many companies were closed from mid-March to the end of May to prevent the spread of the virus.

The gross profit of the 2(nd) quarter of 2020 was EUR4.73 million, showing a 46.2% decrease mostly due to lower sales revenues. The operating profit was EUR4.59 million, lower by EUR2.01 million year-on-year. Besides changes in tariffs and consumption, the operating profit was also impacted by EUR1.20 million change in the provision for third-party claims and lower legal costs related to the tariff dispute.

The net profit for the 2(nd) quarter of 2020 was EUR0.15 million. It showed a 94.5% decrease compared to the same period last year and was additionally impacted by higher dividend tax payments and lower financial expenses.

Coronavirus also affected the sale of construction services, because the start of several new developments in Tallinn was postponed due to the emergency situation declared in Estonia and consequent effects. At the same time, the



subsidiary Watercom continued the works on several larger projects they had been awarded in 2019 in Tallinn and other areas of Estonia. The revenue from construction services decreased by 18.6% or EUR0.27 million year-on-year.

MAIN FINANCIAL INDICATORS

| EUR million, except key ratios | 2(nd) quarter | | | Change | | 6 months | | | Change |
|---|---------------|-------|-------|--------|------|----------|-------|-------|------------|
| | 2020 | 2019 | 2018 | 2020/ | 2019 | 2020 | 2019 | 2018 | 2020/ 2019 |
| Sales | 12.09 | 16.15 | 15.98 | -25.1% | | 25.27 | 30.81 | 30.06 | -18.0% |
| Gross profit | 4.73 | 8.79 | 8.90 | -46.2% | | 10.79 | 17.05 | 17.22 | -36.7% |
| Gross profit margin % | 39.16 | 54.44 | 55.68 | -28.1% | | 42.70 | 55.34 | 57.29 | -22.8% |
| Operating profit before depreciation and amortisation | 6.14 | 8.07 | 8.96 | -23.9% | | 13.32 | 16.46 | 17.18 | -19.1% |
| Operating profit before depreciation and amortisation margin % | 50.76 | 49.96 | 56.04 | 1.6% | | 52.70 | 53.43 | 57.15 | -1.4% |
| Operating profit | 4.59 | 6.60 | 7.54 | -30.4% | | 10.26 | 13.49 | 14.34 | -24.0% |
| Operating profit - main business | 4.32 | 6.40 | 7.35 | -32.6% | | 9.94 | 13.18 | 14.09 | -24.6% |
| Operating profit margin % | 37.99 | 40.88 | 47.18 | -7.1% | | 40.61 | 43.79 | 47.70 | -7.3% |
| Profit before taxes | 4.51 | 6.34 | 7.27 | -28.9% | | 10.06 | 13.02 | 13.80 | -22.7% |
| Profit before taxes margin % | 37.29 | 39.23 | 45.47 | -4.9% | | 39.82 | 42.25 | 45.91 | -5.8% |
| Net profit | 0.15 | 2.79 | 5.47 | -94.5% | | 5.71 | 9.48 | 12.00 | -39.8% |



| | | | | | | | | |
|----------------------------------|-------|-------|-------|--------|-------|-------|-------|--------|
| Net profit margin % | 1.27 | 17.29 | 34.20 | -92.7% | 22.59 | 30.75 | 39.92 | -26.5% |
| ROA % | 0.06 | 1.09 | 2.32 | -94.6% | 2.22 | 3.78 | 5.16 | -41.2% |
| Debt to total capital employed % | 59.63 | 61.32 | 61.64 | -2.8% | 59.63 | 61.32 | 61.64 | -2.8% |
| ROE % | 0.14 | 2.70 | 5.97 | -94.9% | 5.27 | 9.48 | 13.60 | -44.4% |
| Current ratio | 3.23 | 3.90 | 5.00 | -17.2% | 3.23 | 3.90 | 5.00 | -17.2% |
| Quick ratio | 3.18 | 3.87 | 4.96 | -17.8% | 3.18 | 3.87 | 4.96 | -17.8% |
| Investments into fixed assets | 4.27 | 2.70 | 2.21 | 58.2% | 7.85 | 6.11 | 3.07 | 28.6% |
| Payout ratio % | na | 72.05 | 62.11 | | na | 72.05 | 62.11 | |

Gross profit margin - Gross profit / Net sales
 Operating profit before depreciation and amortisation - Operating profit + depreciation and amortisation
 Operating profit before depreciation and amortisation margin - Operating profit before depreciation and amortisation / Net sales
 Operating profit margin - Operating profit / Net sales
 Net profit margin - Net profit / Net sales
 ROA - Net profit / Average Total assets for the period
 Debt to Total capital employed - Total liabilities / Total capital employed
 ROE - Net profit / Average Total equity for the period
 Current ratio - Current assets / Current liabilities
 Quick ratio - (Current assets - Stocks) / Current liabilities
 Payout ratio - Total Dividends per annum/ Total Net Income per annum
 Main business - water services related activities, excl. connections profit and government grants, construction services, doubtful debt

| STATEMENT OF COMPREHENSIVE INCOME | 2(nd) quarter | 2(nd) quarter | 6 months | 6 months | 12 months |
|-----------------------------------|---------------|---------------|----------|----------|-----------|
| EUR thousand | 2020 | 2019 | 2020 | 2019 | 2019 |
| Revenue | 12,089 | 16,149 | 25,269 | 30,813 | 63,423 |



| | | | | | |
|--|--------|--------|---------|---------|---------|
| Cost of goods and services sold | -7,355 | -7,358 | -14,478 | -13,762 | -29,470 |
| GROSS PROFIT | 4,734 | 8,791 | 10,791 | 17,051 | 33,953 |
| Marketing expenses | -109 | -96 | -226 | -208 | -390 |
| General administration expenses | -1,213 | -2,026 | -2,508 | -3,288 | -5,689 |
| Other income (+)/ expenses (-) | 1,180 | -67 | 2,205 | -61 | 4,201 |
| OPERATING PROFIT | 4,592 | 6,602 | 10,262 | 13,494 | 32,075 |
| Financial income | 12 | 10 | 24 | 18 | 38 |
| Financial expenses | -96 | -276 | -223 | -491 | -809 |
| Other financial income (+)/ expenses (-) | 0 | 0 | 0 | 0 | 0 |
| PROFIT BEFORE TAXES | 4,508 | 6,336 | 10,063 | 13,021 | 31,304 |
| Income tax on dividends | -4,355 | -3,544 | -4,355 | -3,544 | -3,544 |
| NET PROFIT FOR THE PERIOD | 153 | 2,792 | 5,708 | 9,477 | 27,760 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 153 | 2,792 | 5,708 | 9,477 | 27,760 |
| Attributable profit to: | | | | | |
| Equity holders of A- | | | | | |



| | | | | | |
|------------------------------------|------|-------|-------|-------|--------|
| shares | 152 | 2,791 | 5,707 | 9,476 | 27,759 |
| B-share holder | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |
| Earnings per A share (in euros) | 0.01 | 0.14 | 0.29 | 0.47 | 1.39 |
| Earnings per B share (in euros) | 600 | 600 | 600 | 600 | 600 |

STATEMENT OF FINANCIAL POSITION

EUR thousand 30/06/2020 30/06/2019 31/12/2019

ASSETS

CURRENT ASSETS

| | | | |
|---|--------|--------|--------|
| Cash and cash equivalents | 48,826 | 58,895 | 64,775 |
| Trade receivables, accrued income and prepaid expenses | 6,081 | 8,278 | 7,239 |
| Inventories | 742 | 526 | 504 |
| TOTAL CURRENT ASSETS | 55,649 | 67,699 | 72,518 |

NON-CURRENT ASSETS

| | | | |
|-------------------------------|---------|---------|---------|
| Property, plant and equipment | 194,467 | 183,028 | 189,627 |
| Intangible assets | 629 | 645 | 710 |
| TOTAL NON-CURRENT ASSETS | 195,096 | 183,673 | 190,337 |

| | | | |
|--------------|---------|---------|---------|
| TOTAL ASSETS | 250,745 | 251,372 | 262,855 |
|--------------|---------|---------|---------|

LIABILITIES AND EQUITY



CURRENT LIABILITIES

| | | | |
|--|---------------|---------------|---------------|
| Current portion of long-term lease liabilities | 493 | 388 | 352 |
| Current portion of long-term loans | 3,630 | 3,632 | 3,631 |
| Trade and other payables | 10,828 | 10,124 | 6,718 |
| Derivatives | 70 | 247 | 221 |
| Prepayments | 2,233 | 2,961 | 2,323 |
| TOTAL CURRENT LIABILITIES | 17,254 | 17,352 | 13,245 |

NON-CURRENT LIABILITIES

| | | | |
|---|----------------|----------------|----------------|
| Deferred income from connection fees | 32,865 | 27,017 | 31,070 |
| Leases | 1,552 | 1,048 | 964 |
| Loans | 85,785 | 89,486 | 87,592 |
| Derivatives | 0 | 115 | 0 |
| Provision for possible third party claims | 12,035 | 19,068 | 14,442 |
| Other payables | 23 | 45 | 18 |
| TOTAL NON-CURRENT LIABILITIES | 132,260 | 136,779 | 134,086 |
| TOTAL LIABILITIES | 149,514 | 154,131 | 147,331 |

EQUITY

| | | | |
|-------------------------|--------|--------|--------|
| Share capital | 12,000 | 12,000 | 12,000 |
| Share premium | 24,734 | 24,734 | 24,734 |
| Statutory legal reserve | 1,278 | 1,278 | 1,278 |
| Retained earnings | 63,219 | 59,229 | 77,512 |



| | | | |
|--------------|---------|--------|---------|
| TOTAL EQUITY | 101,231 | 97,241 | 115,524 |
|--------------|---------|--------|---------|

| | | | |
|------------------------------|---------|---------|---------|
| TOTAL LIABILITIES AND EQUITY | 250,745 | 251,372 | 262,855 |
|------------------------------|---------|---------|---------|

| | | | |
|----------------------|----------|----------|-----------|
| CASH FLOWS STATEMENT | 6 months | 6 months | 12 months |
| EUR thousand | 2020 | 2019 | 2019 |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | | |
|--|--------|--------|--------|
| Operating profit | 10,262 | 13,494 | 32,075 |
| Adjustment for depreciation/amortisation | 3,054 | 2,969 | 6,109 |
| Adjustment for revenues from connection fees | -225 | -179 | -389 |
| Other non-cash adjustments | -2,407 | 0 | -4,624 |
| Profit/loss(+) from sale and write off of property, plant and equipment, and intangible assets | -11 | -5 | 138 |
| Change in current assets involved in operating activities | 938 | -663 | 391 |
| Change in liabilities involved in operating activities | -481 | 570 | 318 |
| TOTAL CASH FLOWS FROM OPERATING ACTIVITIES | 11,130 | 16,186 | 34,018 |

CASH FLOWS USED IN INVESTING ACTIVITIES

Acquisition of property, plant and



| | | | |
|--|---------|---------|---------|
| equipment, and intangible assets | -5,450 | -3,093 | -10,441 |
| Compensations received for construction of pipelines, incl connection fees | 718 | 1,668 | 3,010 |
| Proceeds from sales of property, plant and equipment and intangible assets | 28 | 7 | 24 |
| Interest received | 30 | 15 | 36 |
| <hr/> | | | |
| TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES | -4,674 | -1,403 | -7,371 |
| <hr/> | | | |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | | |
| <hr/> | | | |
| Interest paid and loan financing costs, incl swap interests | -367 | -509 | -1,056 |
| Lease payments | -259 | -209 | -404 |
| Received loans | 0 | 0 | 37,500 |
| Repayment of loans | -1,818 | -1,818 | -41,136 |
| Dividends paid | -19,888 | -14,965 | -14,965 |
| Withheld income tax paid on dividends | 0 | 0 | -36 |
| Income tax paid on dividends | -73 | -156 | -3,544 |
| <hr/> | | | |
| TOTAL CASH FLOW USED IN FINANCING ACTIVITIES | -22,405 | -17,657 | -23,641 |
| <hr/> | | | |
| CHANGE IN CASH AND CASH EQUIVALENTS | -15,949 | -2,874 | 3,006 |
| <hr/> | | | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 64,775 | 61,769 | 61,769 |
| <hr/> | | | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 48,826 | 58,895 | 64,775 |



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