

Company	AS PRFoods
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	- PRFoods-10002966111-en.pdf (http://oam.fi.ee/en/download?id=4191)
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Currency	
Title	PRF: Consolidated Unaudited Interim Report of AS PRFoods for the 1st quarter and 3 months

OVERVIEW OF ECONOMIC ACTIVITIES

PRFoods' sales of 1st quarter 2019/2020 financial year was 19.3 million euros. Net profit 0.57 million euros, four times higher than Q3/2018. EBITDA 1.47 million euros, growth 31%.

MANAGEMENT COMMENTARY

We are happy to announce that based on the first quarter of the financial year (3rd quarter of 2019) the restructuring processes commenced within the Group during the last financial year, are demonstrating positive results.

The reporting period was characterized by a general decline in the prices of raw materials of fishery products, resulting in a fall in the prices of fish, fish fillets and smoked products. In spite of the approximately 5% price drop of the Group's main products, we were able to keep the total sales practically at the level of the last year. The third quarter sales for 2019 totalled 19.33 million euros (Q3 2018: 19.39 million euros).

The Group's consolidated EBITDA for the reporting period was 1.47 million euros, an increase of 31% compared to the same period last year, which was mainly affected by the gain from revaluation of biological assets by 0.85 million euros. Operating EBITDA (i.e. excluding one-offs and fish stock revaluation) was 0.73 million euros (Q3 2018: 1.06 million euros). Net profit was 0.57 million euros, almost four times higher than the net profit for the same period last year (Q3 2018: 0.14 million euros).

The Group's manufacturing and sales companies (Heimon Kala, John Ross Jr., Coln Valley Smokery, Trio Trading, Vettel) significantly improved their operational results compared to the same quarter last year; incl. exceeding the planned ones



by ca 0.3 million euros in total. The decline in operating EBITDA compared to the previous year was attributable to the weaker performance of the Swedish fish farming unit (Överumans Fisk) due to the decline in the market price of fish, the recovery of which from its lowest level in the last three years is already noticeable.

We are optimistic about getting additional farming licences already in 2020. We will continue to make necessary preparations to increase the farming capacity which in turn would increase the quality raw material supply from our own Estonian fish farms.

PRFoods' focus has been on improving cash flow from operating activities, which is reflected in Q3 2019 positive cash flow from operating activities in the amount of 1.3 million euros compared to 0.1 million euros in the same period last year. The Company's net debt was 19.9 million euros as at 30.09.2019 (30.09.2018: 21.9 million euros), which will decrease at the end of the year by repayments of investment loans and higher cash balance due to Christmas sales. As at 30.09.2019, the Group's working capital was negative by 3.0 million euros as current liabilities include liabilities to related parties in the amount of 4.1 million euros, which by their nature are long-term but due to accounting principles shall be reported as current.

We will continue to merge the business operations of the Estonian and Finnish companies and to create synergies, especially in product development and sales both in the domestic and export markets. The merger of the Finnish subsidiaries into one company is proceeding according to plan and Trio Trading Oy and Heimon Kala Oy will be merged into one company, which will continue under the name Heimon Kala Oy. In Estonia we have launched a Finnish-Estonian joint brand - Heimon Kala and for the first time in history we have successfully entered the local retail market with trout farmed in Saaremaa, Estonia.

Regarding the outbreak of listeria that hit the Estonian fishing industry, we can confirm that PRFoods companies have passed all additional controls successfully. The biggest role here is played by our internal quality and food safety controls in our companies, including the day-to-day controls in our own laboratories from the purchase of raw fish to the dispatch of the product from the factory.

The launch of John Ross Jr.'s renewed brand started at the end of the quarter and we expect significant growth in the UK market in the coming quarters.

In order to achieve our goals in the coming periods, the Group has engaged a strengthened management team of professionals. PRFoods team has done excellent job in developing our business and profitability. PRFoods' balance sheet, production and customer base are strong, and we look optimistically towards future.

Big changes are always challenging for people in the company and I am very thankful that our team has enthusiastically embraced the changes and given their



best.

KEY RATIOS

INCOME STATEMENT

mIn EUR	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Sales	19,3	21.5	18.1	26.7	19.4	22.1	22.7
Gross profit	2,6	2.1	2.1	4.7	3.0	1.8	2.4
EBITDA from operations	0,7	0.3	0.2	2.4	1.1	-0.2	0.7
EBITDA	1,5	0.3	-0.5	0.8	1.1	0.3	0.6
EBIT	1,0	-0.3	-1.0	0.2	0.6	-0.2	0.1
EBT	0,8	-0.4	-1.2	0.0	0.4	-0.5	-0.2
Net profit (-loss)	0,6	-0.6	-1.2	0.2	0.1	-1.1	-0.2
Gross margin	13,4%	9.8%	11.7%	17.7%	15.2%	7.9%	10.6%
Operational EBITDA margin	3,8%	1.4%	1.1%	9.1%	5.4%	-1.1%	3.1%
EBITDA margin	7,6%	1.4%	-2.5%	2.9%	5.8%	1.2%	2.5%
EBIT margin	5,0%	-1.2%	-5.6%	0.9%	3.0%	-1.1%	0.2%
EBT margin	3,9%	-2.0%	-6.5%	0.1%	1.8%	-2.3%	-0.9%
Net margin	2,9%	-3.0%	-6.6%	0.8%	0.7%	-5.1%	-1.0%
Operating expense ratio	13,4%	11.7%	14.1%	11.2%	13.5%	12.0%	10.5%

BALANCE SHEET

mIn EUR	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Net debt	19,9	20.5	18.7	20.0	21.9	18.1	16.7
Equity	22,8	21.9	23.3	24.2	24.1	23.3	24.3



Working capital	-3,0	-3.1	-1.6	1.0	2.0	2.8	4.6
Assets	62,4	62.5	63.5	65.5	64.5	65.5	66.4
Liquidity ratio	0,9x	0.9x	0.9x	1.0x	1.1x	1.1x	1.2x
Equity ratio	36,5%	35.0%	36.7%	37.0%	37.4%	35.6%	36.6%
Gearing ratio	46,6%	48.3%	44.5%	45.2%	47.6%	43.7%	40.7%
Debt to total assets	0,6x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
Net debt to EBITDA	5,4x	5.1x	5.4x	5.1x	3.8x	3.1x	2.6x
ROE	-4,5%	-6.5%	-8.2%	-4.0%	0.1%	0.2%	8.6%
ROA	-1,6%	-2.3%	-3.0%	-1.5%	0.0%	0.1%	4.1%

Consolidated Statement of Financial Position

Thousand euros	30.09.2019	30.09.2018	30.06.2019
ASSETS			
Cash and cash equivalents	2 327	2 788	2 583
Receivables and prepayments	3 941	4 219	5 300
Inventories	11 035	11 782	11 980
Biological assets	7 047	7 825	4 924
Total current assets	24 350	26 614	24 787
Deferred income tax	58	26	41
Long-term financial investments	202	134	202



Tangible fixed assets	14 536	14 528	14 535
+-----+	+-----+	+-----+	+-----+
Intangible assets	23 261	23 195	22 969
+-----+	+-----+	+-----+	+-----+
Total non-current assets	38 057	37 883	37 747
+-----+	+-----+	+-----+	+-----+
TOTAL ASSETS	62 407	64 497	62 534
+-----+	+-----+	+-----+	+-----+
+-----+	+-----+	+-----+	+-----+
EQUITY AND LIABILITIES			
+-----+	+-----+	+-----+	+-----+
Loans and borrowings	13 467	13 242	13 502
+-----+	+-----+	+-----+	+-----+
Payables	13 796	11 179	14 105
+-----+	+-----+	+-----+	+-----+
Government grants	126	242	234
+-----+	+-----+	+-----+	+-----+
Total current liabilities	27 389	24 663	27 841
+-----+	+-----+	+-----+	+-----+
+-----+	+-----+	+-----+	+-----+
Loans and borrowings	8 745	11 480	9 540
+-----+	+-----+	+-----+	+-----+
Payables	190	519	190
+-----+	+-----+	+-----+	+-----+
Deferred tax liabilities	2 192	2 426	2 010
+-----+	+-----+	+-----+	+-----+
Government grants	1 140	1 306	1 087
+-----+	+-----+	+-----+	+-----+
Total non-current liabilities	12 267	15 731	12 827
+-----+	+-----+	+-----+	+-----+
TOTAL LIABILITIES	39 656	40 394	40 668
+-----+	+-----+	+-----+	+-----+
+-----+	+-----+	+-----+	+-----+
Share capital	7 737	7 737	7 737
+-----+	+-----+	+-----+	+-----+
Share premium	14 007	14 007	14 007
+-----+	+-----+	+-----+	+-----+
Treasury shares	-390	-390	-390
+-----+	+-----+	+-----+	+-----+
Statutory capital reserve	51	48	51
+-----+	+-----+	+-----+	+-----+
Currency translation reserve	30	31	-214
+-----+	+-----+	+-----+	+-----+
Retained profit (-loss)	636	2 004	66
+-----+	+-----+	+-----+	+-----+
Equity attributable to parent	22 071	23 437	21 257



Non-controlling interest	680	666	609
TOTAL EQUITY	22 751	24 103	21 866
TOTAL EQUITY AND LIABILITIES	62 407	64 497	62 534

Consolidated Statement of Profit or Loss And Other Comprehensive Income

Thousand euros	3Q 2019	3Q 2018	12m 2018/2019	12m 2017/2018
Sales	19 329	19 393	85,727	94,871
Cost of goods sold	-16 747	-16 437	-73,830	-81,694
Gross profit	2 582	2 956	11,897	13,177
Operating expenses	-2 598	-2 623	-10,702	-10,007
Selling and distribution expenses	-1 792	-1 843	-7,499	-7,125
Administrative expenses	-806	-780	-3,203	-2,882
Other income / expense	128	167	83	-162
Fair value adjustment on biological assets	846	73	-1,744	-674
Operating profit (loss)	958	573	-466	2,334
Financial income/-expenses	-203	-222	-776	-936
Profit (loss) before tax	755	351	-1,242	1,398
Income tax	-185	-209	-230	-399
Net profit (loss) for the period	570	142	-1,472	999
Net profit (loss) attributable to:				
Owners of the company	513	99	-1 458	1,001



Non-controlling interests		57	43	-14	-2
Total net profit (loss)		570	142	-1,472	999
Other comprehensive income (loss) that may subsequently be classified to profit or loss:					
Foreign currency translation differences		315	24	-221	-410
Total comprehensive income (expense)		885	166	-1,693	589
Total comprehensive income (expense) attributable to:					
Owners of the Company		828	123	-1 679	591
Non-controlling interests		57	43	-14	-2
Total comprehensive income (expense) for the period		885	166	-1 693	589
Profit (loss) per share (EUR)		0,02	0,00	-0,04	0,02
Diluted profit (loss) per share (EUR)		0,02	0,00	-0,04	0,02

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