Quarterly Report Q1 / 2018
Aves One AG

ISIN DE000A168114

- **OPERATIONAL TURNAROUND COMPLETED**
- **SALES REVENUE AND EARNINGS FIGURES INCREASED SUBSTANTIALLY**
- **CASH FLOW FROM OPERATING ACTIVITIES OF AROUND EUR 6,7 MIO**

BUSINESS TREND IN THE FIRST THREE MONTHS OF THE 2018 BUSINESS YEAR

The Aves One Group (hereinafter: Aves Group) generated sales revenues amounting to k EUR 15,632 in the first three months of the current business year hereinafter the “Reporting Period” (January to March 2017 (hereinafter: “previous year”): k EUR 11,995) and was thus able to continue the positive trend. The substantial sales revenue in growth resulted mainly from investments in all business divisions during the year 2017 and already undertaken in the year under review. Furthermore, increased capacity utilisation and an improved rental mix in the container and rail segment contributed to a rise in sales revenues. Compared to the previous year’s period, the EBITDA rose more than proportionally to k EUR 9,876 (previous year: k EUR 5,486)[1]. With depreciations at the previous year’s level the achievable EBT, adjusted for the exchange rate effects shown in the financial result, was k EUR 212 (previous year: k EUR -3,463). The adjusted consolidated net profit amounts to k EUR 424 (previous year: consolidated net loss k EUR -4,373).

Aves One AG has ordered a total of 500 additional swap bodies with an investment volume of around EUR 4.6 million. All the load carriers are rented for 5 years to one of Germany’s leading parcel and freight services providers.

By acquiring a logistics real estate property with a volume of around EUR 10 million in the Alsdorf Business Park near Aachen, Aves One AG has achieved the announced entry into holding a portfolio of logistics real estate. The property, which was completed in 2017, involves a highly modern contract logistics building with a total rentable area of about 12,000 m^2. The long-term tenant of the entire property is a company providing assembly and logistics services in the electrical engineering area at this location. The vendor, Panattoni Europe, will also undertake property management for the property in the future.

CHANGES IN THE MANAGEMENT BOARD

The Supervisory Board of Aves One AG appointed Mr. Sven Meissner to serve as a member of the company’s Management Board for a period of three years with effect as from 1 February 2018.

ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods were retained basically in agreement with the information given in the 2017 annual financial statement.

Analogous to the consolidated financial statement, currency exchange rate effects resulting from financing activities in the reporting period are shown in the financial result. These effects were shown in other income and expenses in the previous year’s quarter. For the comparison with the previous year, exchange rate gains

[1] *Figures adjusted for other operating income, other operating expenses and financial result (see Section “Accounting and Valuation Methods”)*

amounting to k EUR 9,002 and exchange rate losses amounting k EUR -10,954 shown in other operating expenses were correspondingly reclassified into the financial result.

CHANGES IN THE CONSOLIDATION COMPANIES

With effect as of 28 March 2018, Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg, acquired a 94.9% shareholding in LU GE XIII S.a.r.l., Luxemburg, which is thus included fully consolidated in the consolidated financial statement for the first time.

FINANCIAL POSITION, NET ASSETS AND EARNINGS SITUATION

EARNINGS SITUATION

Compared to the period in the previous year, the Aves Group earned sales revenues amounting to k EUR 15,632 (previous year: k EUR 11,995) in the first three months of the current year. The cost of materials in the reporting period was reduced to k EUR 3,253 in spite of the substantial rise in sales of k EUR 3,410 in the previous year. Thus an improvement was achieved in the gross profit margin to 79.2% (previous year: 71.6%). The rise in personnel costs results essentially from CH2 AG, which had not yet been included fully consolidated in the consolidated financial statement in the comparison period.

Selected key financial figures in k EUR	**1 January to 31 March 2018**	**1 January to 31 March 2017**
Sales revenues	15,632	11,995
Cost of materials	-3,253	-3,410
Personnel costs	-1,052	-773
Other income *of which currency exchange rate gains*	617 *14*	335[1] *141*[1]
Other costs *of which currency exchange rate losses*	-2,068 *-132*	-2,661[1] *-396*[1]
EBITDA	**9,876**	**5,486**[1]
Depreciation and amortisation	-4,050	-4,057
EBIT	5,826	1,429[1]
Financial result *of which interest income* *of which exchange rate effects* *of which share issuance costs* *of which miscellaneous*	-10,697 -5,584 -5,083 -29 -1	-6,835[1] -4,892 -1,943[1] 0 0
EBT	-4,871	-5,406
EBT adjusted[2]	212	-3,463
Taxes on income and revenue	214	-910
Consolidated annual net loss	-4,659	-6,316
Consolidated net profit/loss adjusted[2]	424	-4,373

[1] 2017 figures adjusted for other operating income, other operating expenses and financial result, see above.
[2] EBT and consolidated annual net profit adjusted for currency exchange rate effects in the financial result.

The global container market is transacted in USD, and consequently all the companies assigned to the Container business division keep their accounts in the USD functional currency. The currency effects, mainly non-cash-effective, included in the financial result represent earnings and expenses arising from the balance sheet valuation of EUR liabilities and accounts receivable in the container division due to the rise in the EUR/USD exchange rate from 1.1993 EUR/USD on 31 December 2017 to 1.2321 EUR/USD on 31 March 2018.

In addition to the interest result and the exchange rate effects described above, insofar as they relate to financing circumstances, the financial result also includes the non-cash-effective special effects related to the share issues. The latter are connected with the external capital conversions carried out through the issue of equity instruments. As a result of applying International Financial Reporting Interpretations Committee 19, and due to exchange rate fluctuations, this leads to non-cash-effective accounting losses that are shown in the financial results. These effects are non-recurring but, arising from comparable capital measures, cannot be excluded in the future either.

Overall, the Aves Group achieved a consolidated annual net profit in the period under review, adjusted for the currency effects contained in the financial result, of k EUR 424 (previous year: consolidated net annual loss of k EUR -4,373).

FINANCIAL POSITION

The cash flow from ongoing business activities in the period under review amounted to k EUR 6,681 following k EUR 4,477 in the comparison period 1 January 2017 to 31 March 2017 (previous year:). The cash flow from investment activity in the period under review was k EUR -12,765 (previous year: k EUR -2,030). Outgoing payments of k EUR 14,104 (previous year: k EUR 1,365) for investments in property, plant and equipment assets in the first three months of 2018 were significantly higher than in the previous year's period. Cash flow from financing activity amounted to k EUR 1,916 (previous year: k EUR -12,244). This resulted from taking up loans for, among other things, the newly acquired logistics property in Alsdorf, which exceed the repayments of financial liabilities and interest payments.

ASSETS SITUATION

The assets side of the consolidated balance sheet as of 31 March 2018 was characterised by fixed assets amounting to k EUR 454,964 (31 December 2017: k EUR 448,460). The increase results essentially from the acquisition of a logistics real estate property and investments in the Rail division.

Current assets are characterised by accounts receivable from trading amounting to k EUR 10,936 (31 December 2017: k EUR 10,388) and other assets amounting to k EUR 17,976 (31 December 2017: k EUR 17,059).

On the liabilities side, a reduction of k EUR 21,602 to k EUR 17,992 compared to 31 December 2017 is recorded for equity capital in the consolidated balance sheet, due mainly to the consolidated loss. Non-current debts decreased from k EUR 392,374 as of 31 December 2017 to k EUR 375,965 as of 31 March 2018. On the other hand, current debts rose from k EUR 105,522 to k EUR 129,081.

SUPPLEMENTARY STATEMENT

After the balance sheet date of 31 March 2018, the Aves Group further enlarged its swap bodies portfolio and acquired 631 transport containers with a volume of around EUR 2.0 million, all of which are leased to reputable parcel and freight services providers.

Furthermore, for the first time the Aves Group expanded its portfolio by investing around EUR 8.5 million in 117 new and used tank wagons, all being rented to reputable companies in the chemicals and petrochemicals sector.

The Aves Group acquired a portfolio of as-new containers for around USD 59.0 million. The portfolio comprises 20,400 containers, corresponding to 29,400 TEU (Twenty Foot Equivalent Units). The vendor of the assets is the leasing company UES International, who will continue to manage the portfolio for Aves in the future. All the containers are already on long-term leas to reputable shipping companies such as MSC or CMA GMG, the average term of lease being around 6 years.

OUTLOOK REPORT FOR 2018

In addition to higher sales revenues, the first quarter of 2018 also showed a more than proportionally higher EBITDA and EBIT. The expansion of as-new logistics assets and the acquisition of logistics real estate properties are aimed at further increases in sales revenues and an improved operating result.

Examination of various forms of non-current financing to finance the Aves Group's further growth will continue. In this connection, the Management Board will consistently continue the relatively reduction in financing costs by refinancing and other measures already begun in 2017. Absolute financing costs will rise further due to the planned growth in assets, but a decreasing trend in relative financing costs is expected as a result of strived optimising the financing mix.

Thus the Management Board confirms its forecast announced in its 2017 Management Report.

Hamburg, 31 May 2018

The Management Board

Jürgen Bauer | Peter Kampf | Sven Meissner

IMPRINT

Contact
Aves One AG
Grosse Elbstrasse 45
22767 Hamburg, Germany
Tel.: +49 (40) 696 528-350
Fax: +49 (40) 696 528-359
www.avesone.com
info@avesone.com

Securities Identification Number: A16811
International Securities Identification Number: DE000A168114

This Report contains future-oriented statements and forecasts based on assumptions and estimates made by the Management of Aves One AG. While we assume that the expectations of these forward-looking statements are realistic, we nevertheless cannot guarantee that the expectations will be realised. The assumptions may carry risks and uncertainties. These can lead to actual results differing from the forecast results. Factors that may cause such differences include changes in the economic and business environment, or changes in corporate strategy.