

Interim Management Statement: January – March 2019

During the first quarter of 2019 the turnover of Rettig Group was approximately at the same level as previous year. The turnover of Rettig ICC increased and the turnover of Nordkalk decreased. The Group EBITDA was slightly lower than in the comparison period, and both Rettig ICC and Nordkalk showed lower profitability. In both companies, performance improvement programmes are progressing as planned. eQ, Terveystalo, Alandia and Anchor performed well.

Rettig Group's Chairman of the Board *Cyril von Rettig* stepped down and *Tomas von Rettig* replaced him as the company's Chairman of the Board. Consequently, *Matts Rosenberg* was appointed as CEO of Rettig Group, effective 1 March 2019.

Hannu Hautala left his duties as CEO of Nordkalk and *Marcel Gestranius* was appointed Acting CEO of Nordkalk in January 2019. Simultaneously a performance improvement programme was launched in the company, with the objective to elevate Nordkalk's operational performance and improve profitability. In March, *Paul Gustavsson* was appointed Chief Executive Officer of Nordkalk as of 29 April 2019.

	Q1/2019	Q1/2018	CHANGE	2018
EUR million				
Turnover	241	240	1%	983
EBITDA	26	27	-5%	103
EBITDA, %	10.6%	11.3%	-6%	10.5%
Comparable EBITDA	25	29	-14%	113
Non-recurring items	-2	0	556%	-8
EBIT	14	15	-6%	49
EBIT, %	5.9%	6.4%	-7%	5.0%
Net profit, <i>continuing operations</i>	11	11	2%	31
Free cash flow	-23	-40	-41%	-41
Return on equity, %	9.9%	9.2%	8%	6.8%
Net debt*	307	321	-5%	245
Equity ratio, %	34.7%	40.3%	-14%	36.4%
Net debt / EBITDA*	2.9	2.9	0%	2.4
Balance sheet total	1,287	1,194	8%	1,208

FINANCIAL HIGHLIGHTS

- Group turnover in the first quarter of 2019 was approximately at the same level as in the first quarter last year. Rettig ICC's turnover increased following increased sales in several countries, particularly in Brazil, Germany, Romania and the UK. The increase was also supported by the acquisition of Sigarth AB at the end of 2018. Nordkalk's turnover decreased due to a decrease in the market areas North East Europe and Scandinavia.
- Group EBITDA was slightly lower than in the comparison period. Both Rettig ICC and Nordkalk showed lower profitability. EBITDA of Rettig ICC decreased mostly due to increased operating expenses and unfavorable exchange rate fluctuations. EBITDA of Nordkalk decreased on lower sales. Rettig ICC's acquisition of Sigarth AB in December 2018 and the first-time adoption of IFRS 16 Leases starting 1 January 2019 had a positive impact on Group EBITDA.
- EBIT decreased slightly. The change in accounting treatment of the investments in eQ Plc and Terveystalo Plc contributed positively to EBIT and net profit.
- Free cash flow improved following favorable development in net working capital.
- Net debt and net debt / EBITDA increased on comparable terms*) compared to last year due to the additional investments in Terveystalo and eQ in the second quarter of 2018.

Rettig Group announces this Interim Management Statement for the period from 1 January to 31 March 2019. Unless otherwise stated, the figures refer to 1 January to 31 March 2019 and the corresponding period last year. All figures are unaudited and according to International Financial Reporting Standards (IFRS).

The accounting treatment of Rettig Group's investments in eQ Plc and Terveystalo Plc has been revised. Starting from 1 January 2019 Rettig Group will consolidate its investments in eQ Plc and Terveystalo Plc according to the equity method. Rettig Group assesses that it has significant influence over eQ Plc and Terveystalo Plc through its ownership interest of 15.25% and 16.52%, respectively, in addition to its representation in the board of directors of both companies. The impact of the change on Rettig Group's EBIT and net profit, continuing operations, in Q1/2019 was EUR 3.2 million.

**Including adjustments as defined in the senior loan terms & conditions. Said adjustments were amended in April 2018; if reported pursuant to the amended adjustments, Rettig Group's 'net debt' as of 31 March 2018 would have amounted to EUR 264 million and net debt / EBITDA to 2.4.*

THE OUTLOOK FOR 2019

The outlook for 2019 remains unchanged. Global economic uncertainty has increased and economic growth in Europe and Asia is expected to slow down in 2019. As a result, we do not expect economic conditions to materially help drive profitability in our private core investments. In 2019, we will focus on improving the cost competitiveness and growth prospects of these companies in order to support profitability and cash flow generation.

EVENTS AFTER REPORTING PERIOD

In April, a new role, Chief Investment Officer (CIO), was introduced in the management team to oversee all of Rettig Group's investment operations. *Matts Rosenberg* is, for the time being, managing the role of CIO in addition to functioning as CEO of Rettig Group. Rettig Group intends to further develop its family office services, and therefore, *Roger Lönnberg*, previously Head of Financial Investments, took up a new role as Head of Family Office focusing full-time on developing these services. In his new position, Roger is no longer a member of Rettig Group's management team.

FINANCIAL CALENDAR 2019

Rettig Group will publish the January-June interim report on 26 August 2019 and the January-September Interim Management Statement on 5 November 2018.

INCOME STATEMENT

	Q1/2019	Q1/2018	2018
EUR thousand			
Turnover	241,239	239,994	982,898
Cost of sales	-192,170	-190,198	-788,428
GROSS PROFIT	49,069	49,796	194,470
Sales and marketing expenses	-18,446	-17,753	-69,971
Administrative & ICT expenses	-17,941	-15,981	-63,956
Research and development expenses	-1,845	-2,051	-8,138
Impairment loss on trade receivables and contract assets	-120	-193	-510
Other income	3,193	3,110	16,753
Other expenses	-4,296	-2,104	-19,993
Share of profit (-loss) of equity-accounted investees, net of tax	4,694	435	74
EBIT	14,308	15,260	48,728
Finance income	9,850	8,318	26,407
Finance expense	-9,481	-8,891	-33,399
NET FINANCIAL ITEMS	369	-573	-6,992
PROFIT BEFORE TAX	14,677	14,687	41,736
Income tax expense	-3,257	-3,454	-10,918
PROFIT	11,421	11,232	30,818
PROFIT ATTRIBUTABLE TO:			
Owners of the company	10,721	10,571	27,796
Non-controlling interest	700	662	3,023

BALANCE SHEET

	30 MARCH 2019	30 MARCH 2018	2018
EUR thousand			
ASSETS			
Consolidated goodwill	159,194	156,084	159,237
Other intangible assets	17,748	18,100	18,386
Property, plant and equipment	349,378	302,443	309,490
Equity accounted investees	252,441	39,966	36,709
Other investments	792	174,702	215,540
Trade and other receivables, including derivatives	13,199	17,030	14,455
Deferred tax assets	24,405	26,092	23,826
Employee benefits	724	656	523
TOTAL NON-CURRENT ASSETS	817,881	735,074	778,166
Inventories	157,490	165,337	154,371
Trade and other receivables, including derivatives	213,075	209,460	165,582
Other investments	55,802	57,944	51,212
Current tax asset	2,071	1,711	2,749
Cash and Cash equivalents	40,936	24,346	56,082
TOTAL CURRENT ASSETS	469,375	458,799	429,995
TOTAL ASSETS	1,287,256	1,193,872	1,208,162

	30 MARCH 2019	30 MARCH 2018	2018
EUR thousand			
EQUITY			
Share capital	3,011	3,011	3,011
Fund of invested unrestricted equity	44,219	5,500	8,921
Reserves	-9,870	2,314	-38,790
Retained earnings	399,144	459,807	454,202
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	436,504	470,632	427,344
Non-controlling interests	10,224	9,887	12,625
TOTAL EQUITY	446,727	480,519	439,969
LIABILITIES			
Loans and borrowings	403,646	287,259	368,263
Employee benefits	29,366	31,194	29,236
Trade and other payables, including derivatives	1,617	1,690	1,516
Provisions	14,690	13,844	13,562
Deferred tax liabilities	20,885	21,272	20,841
TOTAL NON-CURRENT LIABILITIES	470,204	355,259	433,417
Loans and borrowings	143,637	147,257	124,598
Trade and other payables, including derivatives	223,342	206,994	208,202
Current tax liabilities	3,345	3,845	1,975
TOTAL CURRENT LIABILITIES	370,325	358,096	334,775
TOTAL LIABILITIES	840,529	713,354	768,193
TOTAL EQUITY AND LIABILITIES	1,287,256	1,193,873	1,208,162

CALCULATION OF FINANCIAL RATIOS

Free cash flow	=	EBITDA +/- change in NWC - investments + divestments - financial leasing + minority dividends +/- adjustments
Equity ratio %	=	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}}$
Return on equity (ROE) %	=	$\frac{\text{Profit from continuing operations (12 months rolling)}}{\text{Total equity, annual average}}$
Net debt to EBITDA *	=	$\frac{\text{Interest-bearing liabilities - interest-bearing assets}}{\text{EBITDA}}$

ABOUT RETTIG GROUP

Rettig Group is a Finnish family held investment company that creates value for generations through active and responsible ownership. Our investments include Rettig ICC (indoor climate comfort), Nordkalk (limestone), Alandia (insurance), Terveystalo (healthcare), eQ (asset management and corporate finance) and Anchor (financial investments). Through these businesses Rettig Group is active in about 28 countries globally and employs over 4,000 people.

RETTIG GROUP

www.rettig.fi

TERVEYSTALO

www.terveystalo.com

RETTIG ICC

www.rettigicc.com

eQ

www.eq.fi

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