



# Half-Year Financial Report

1.1.2020–30.6.2020

Unofficial Summary

Viafin Service Oyj

Trusted partner in maintenance



## Viafin Service Oyj's net sales and earnings increased significantly despite the coronavirus pandemic

Viafin Service Oyj

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The numbers for the reporting period (1.1.2020—30.6.2020) are unaudited.

### January—June 2020 in brief

- Operating revenue was 28.3 MEUR (17.3), increasing by 63.2 percent.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA) was 2 621 TEUR (919).
- Operating profit excluding depreciation on goodwill (EBITA) increased to 2 331 TEUR (704) thus being 8,2 percent (4,1 percent) from operating revenue.
- Net profit excluding depreciation in goodwill was 1 727 TEUR (575).
- Despite the specific operating environment of the coronavirus pandemic, the company continued to grow profitably.
- The average number of employees during the period was 327 (approximately 293 accounting period of 2019).
- The Annual General Meeting decided, as proposed by the Board of Directors, that a dividend of EUR 0.16 per share was paid for the financial year of 2019 and an additional dividend of EUR 0.09 per share due to the extension of the financial year, i.e. a total of EUR 0.25 per share.

## Key figures

(1,000 euros)	Viafin Service 1—6/2020 6 kk	Viafin Service 1—6/2019 6 kk	Viafin Service 1—12/2019 <sup>1)</sup> 12 kk	Viafin Service 8/2018—12/2019 <sup>2)</sup> 17kk
Revenue	28 279	17 327	49 662	59 500
Earnings before interest, taxes, depreciation and amortization (EBITDA)	2 621	919	3 645	4 242
% from revenue	9,3 %	5,3 %	7,3 %	7,1 %
Adjusted (EBITA)	2 331	704	3 174	3 633
% from revenue	8,2 %	4,1 %	6,4 %	6,1 %
Operating profit (EBIT)	1 936	344	2 431	2 617
% from revenue	6,8 %	2,0 %	4,9 %	4,4 %
Profit for the period	1 332	194	1 759	899
Profit for the period, excluding depreciation in goodwill	1 727	554	2 502	1 914
Adjusted result for the period, excluding depreciation in goodwill	1 727	554	2 502	2 957
Equity ratio %	64,1 %	65,3 %	61,4 %	61,4 %
Cash and cash equivalents	14 608	10 781	13 124	13 124
Earnings per share, EUR	0,37	0,05	0,48	0,25
Adjusted earnings per share, EUR	0,37	0,05	0,48	0,53
Adjusted earnings per share, excluding depreciation in goodwill, EUR	0,48	0,15	0,69	0,81
Total assets	31 392	29 600	32 553	32 553

1) Viafin Service Group's unaudited figures for the period from 1 January 2019 to 31 December 2019 are part of the figures for the extended audited financial year from 1 August 2018 to 31 December 2019.

2) Audited.

## CEO Mika Riekkola comments on the H1's development: The company's net sales and earnings increased significantly despite the coronavirus pandemic

In early 2020, we entered the active market with a strong order backlog, as reported in the Financial Statements Bulletin published on February 10, 2020. However, during the spring of 2020, the operating environment changed significantly as the result of coronavirus pandemic spread, and various restrictions that affected our business.

The company's exceptionally strong first half of the year was affected by the implementation of a determined growth strategy. Despite the changes in the operating environment, we were able to continue our profitable growth over the past six months. The weighting of maintenance shutdowns and project contracts that continued over the last five months of the previous financial year in the first half of 2020 brought our net sales to an exceptionally high level, amounting to EUR 28.3 million. The company will continue its strategy for a selective approach to the conclusion of new project contracts, despite the temporary rise of project turnover in the first six months of the financial year. Net sales for the second six months of the financial year are expected to stabilize and the proportion of project business to return to a level of 25 %, with organic growth supported by the maintenance business. The company's operating profit excluding goodwill amortization (EBITA) was at a very good level over the past six months, despite the effects of the coronavirus pandemic. Operating profit excluding goodwill amortization (EBITA) for the review period was EUR 2,331 thousand, thus being 8.2 percent from net sales. The result of the review period shows the efficiency and agility of our management and operating model, even in a very challenging operating environment. The company's cash flow from operating activities was very strong during the review period. On June 30, 2020, the company's cash and cash equivalents amounted to EUR 14.6 million. This will provide us with a good basis for the future progress of our growth strategy.

At the end of 2019, we established a regional unit in Oulu, and during the first quarter, we started active sales work in the unit's area of operation. During the review period, we managed to build a stable order book for the new unit, to lay the foundations for growth and to provide local, customer-oriented service in the Oulu region.

Our unit, Viafin Industrial Service Oy, which focuses on continuous maintenance services for industrial production equipment, opened its first service center in Riihimäki in March 2020. I am pleased to note that during the spring we have achieved a significant role as



a local operator. In June, we signed the first externalization agreement for maintenance with a major Pirkanmaa food production plant. This agreement provides us with a good basis for growing our business in the Pirkanmaa region.

As of March, the coronavirus pandemic has significantly changed our operating environment and the market situation when several maintenance stands were canceled or postponed. Our various customer industries have been affected by coronavirus pandemic in very different ways so that our diverse customer base contributed to offset the effects by the coronavirus pandemic on our business. Parts of our regional maintenance business have been able to grow even during the pandemic. Although geographical and customer industry differences are high, the negative effects of the pandemic on our business remained limited over the past six months.

The result of the review period shows that we are determined to move towards our strategic goals. So far, the effects of the coronavirus pandemic have been limited in our business and in some respects also increased the demand for our services but the progress of the pandemic and its impact on our customer industries can have a significant impact on the demand for both maintenance services and projects. As a result, estimating the market situation for the rest of 2020 is very challenging.

In the long term, we believe that demand for maintenance services will develop favorably and the continued consolidation of the market will make customers tender contracts and seek alternative solutions for old operators. We see growth opportunities here and will continue to strengthen our ability to provide our customers with local, comprehensive maintenance services. In our opinion, the project business is supported by major industrial investment projects, and we will continue to develop our project business in line with our strategy.

During the coronavirus pandemic, the most important thing for us is to take care of the health and safety of our personnel, customers, and partners, as well as the continuity of our customers' production. We have done well so far, and I would like to thank our personnel, our customers, and our partners for their professionalism, flexibility, and adaptability in exceptional circumstances. We will continue to be close to the customer and strive to be the most efficient and customer-oriented player on the market.

## Economic development

In January –June 2020, net sales increased by 63.2 percent, thus being EUR 28.3 million. The increase in net sales was mainly due to the significant projects that continued from the previous financial year to the first half of 2020, which temporarily increased the proportion of project turnover in total turnover. On the other hand, the net sales of the project business in the comparison period were exceptionally low. In addition to this, several significant maintenance shutdowns occurred during the review period. Operating profit excluding depreciation in goodwill (EBITA) increased to EUR 2,331 thousand, representing 8.2 percent of net sales. The net profit for the period, EUR 1,322 thousand was not subject to non-recurring expenses. Profit for the period, excluding depreciation in goodwill, was EUR 1,727 thousand, increasing by 211.7 percent compared to the comparison period. This increase was mainly due to the focus on maintenance shutdowns and project contracts that continued from the previous financial year to the first half of 2020. Earnings per share were EUR 0.37 and earnings per share excluding depreciation in goodwill were EUR 0.48 during the review period.

Viafin Service Oyj's equity ratio at the end of the period was 64.1 percent, including a minority shareholding equity EUR 19.8 million. At the end of the review period, the company's balance sheet total was EUR 31.4 million, with cash and bank receivables amounting to EUR 14.6 million. Cash flow from the operations before financial items and taxes for the period under review was EUR 3.8 million (1.4).

## Financial targets

The company aims to achieve a turnover of EUR 100 million by 2022. The growth is expected to be achieved both through organic growth and through acquisitions. In the medium term, the company's goal is to maintain an average operating margin of approximately 5–7 percent, adjusted by goodwill amortization (EBITA). Addition the company aims to distribute a dividend of at least 30–50 percent of the result for the period, adjusted for goodwill amortization. The company does not provide a profit forecast for the financial year beginning of January 1, 2020.

## Acquisitions

No acquisitions were accomplished during the period under review.

## Personnel and management

Viafin Service's personnel increased by 34 during the review period, averaging 327. The increase in the number of employees was mainly due to the establishment of subsidiaries, Viafin Industrial Service Oy and Viafin Oulu Piping Oy. All the personnel worked in Finland. On March 5, 2020, Miikka Aho was appointed as the Director of Project Business at Viafin Service, and a member of the Management Team. On March 16, 2020, Tuomas Tuomela, Executive Vice President, Member of the Management Team, and the CEO of Viafin Process Piping Oy announced that he would be joining another employer and leave his current post on March 31, 2020. The duties of The CEO of Viafin Process Piping Oy were transferred to Mika Riekkola, CEO of Viafin Service, as of March 16, 2020. As of March 16, 2020, the current Management Team will include Mika Riekkola, CEO of Viafin Service, CFO Patrik Hämälä, CEO of Viafin GAS Oy Jarno Anttalainen, and Miikka Aho, Director of Project Business.

## Annual general meeting

Viafin Service Oyj's Annual General Meeting was held in Espoo on April 21, 2020. The Annual General Meeting approved Viafin Service's financial statements for the financial year of August 1, 2018 – December 31, 2019, and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting decided, as proposed by the Board of Directors, to receive a dividend of EUR 0.16 per share and an additional dividend of EUR 0.09 per share, i.e. a total of EUR 0.25 per share, as a result of the extension of the financial year. The record date for the dividend payment was April 23, 2020, and the dividend was paid on April 30, 2020.

The Annual General Meeting decided, following the shareholders' proposal, that the number of members of the Board of Directors would remain five and that Heikki Pesu, Tapani Potka, Marko Sipola, and Terhi Kauppi and Ilkka Tykkyläinen were elected to the Board of Directors.

Timo Helle (Grant Thornton), Authorized Public Accountant, was elected as the company's auditor and Revico Grant Thornton Oy, an audit firm, with Joakim Rehn, APA, as the principal auditor.

The Annual General Meeting decided, following the proposal of the Board of Directors, on the authorization to acquire and dispose of the company's shares, the authorization to issue shares, and the authorization for donations of general interest. The Annual General Meeting decided to authorize the Board of Directors to decide on the repurchase of the company's shares in one or more installments with the company's unrestricted equity as follows; The total number of own shares to be repurchased shall not exceed 360,000 shares, which corresponds to approximately 10 percent of all the shares in the company. However, the decision to acquire its shares cannot be taken in such a way that the aggregate number of the company and its subsidiary shares held or pledged exceeds 10 % of all the shares in the company.

The Annual General Meeting decided to authorize the Board of Directors to decide on the transfer of the company's shares in one or more tranches as follows: The total number of shares to be transferred does not exceed 360,000 shares, which corresponds to approximately 10 percent of all the shares in the company. The Board of Directors may also decide on the transfer of shares in a directed manner, i.e. in derogation from the shareholders' pre-emptive subscription right. The Board of Directors was authorized to decide on other conditions for surrender. Own shares may be transferred, inter alia, to develop the company's capital structure, to be transferred in connection with possible acquisitions, to be used in the company's incentive schemes, to the commitment of the company's key personnel, to pay, cancel any share rewards of the members of the Board of Directors, to be canceled or for other purposes.

The Annual General Meeting decided to authorize the Board of Directors to decide on the issuance of shares in one or more tranches as follows; based on the authorization, a maximum of 360,000 new shares or shares held by the company, which correspond to approximately 10 percent of all the shares in the company, may be issued. The Board of Directors may also decide on the issuance of shares in a directed manner, i.e. in derogation from the shareholders' pre-emptive subscription right. The Board of Directors was authorized to decide on other terms and conditions of the share issue. The authorization may be used, inter alia, to implement incentive schemes, to carry out acquisitions, to engage key personnel of the company, to pay any share rewards of the members of the Board of Directors, and for other purposes.

The Annual General Meeting decided to authorize the Board of Directors to decide on donations of up to EUR 2,000 for non-profit or equivalent purposes, as well as to decide on the recipients, use, and other terms of donations.



The authorizations shall be valid until the next Annual General Meeting of the Company, as will the maximum number of authorizations until April 30, 2021.

## Shares and shareholders

The number of Shares in Viafin Service Oyj at the end of the period and the average number of shares in Viafin Service Oyj during the review period was 3,628,795. The table presents 10 of the largest shareholders on June 30, 2020, and changes in holdings during the comparison period. The number of shareholders at the end of the period under review was 887.

Shareholders	Number of shares	% of shares	Change on 31 Dec 2019, Pcs
1 Skillhouse Oy	408 049	11,25 %	209 147
2 Luhtala Kari Pekka	326 905	9,01 %	160 891
3 Suomen Teollisuussijoitus Oy	285 714	7,87 %	0
4 MSK Group Oy	257 273	7,09 %	126 375
5 Baj Oy	223 808	6,17 %	114 714
6 Kilpeläinen Toni Olavi	166 315	4,58 %	85 245
7 Takoa Invest	126 755	3,49 %	0
8 Keskinäinen työeläkevakuutusyhtiö Varma	120 000	3,31 %	0
9 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	114 286	3,15 %	0
10 Rantala Esa Eino Gaabriel	113 033	3,12 %	57 833
<b>10 largest shareholders total</b>	<b>2 142 138</b>	<b>59,03 %</b>	<b>754 205</b>
<b>All shares in total</b>	<b>3 628 795</b>	<b>100,00 %</b>	

On May 27, 2020, Viafin Services Oyj's largest owner Viafin Oy (nowadays ViaCap Oy), announced to Viafin Service Oyj that it has decided on the distribution of dividends, according to which it distributed to its owners a significant number of its shares of Viafin Service Oyj. The decision focused on a total number of 1,078,187 shares of Viafin Service Oyj, which accounted for approximately 29.71 percent of all shares of Viafin Service Oyj. The number of shares of Viafin Service Oyj did not change as a result of changes in ownership.

## Significant short-term risks and uncertainties

The company's management view is that the risks in the near future have not changed essentially during the period under review. Already accomplished and potential new acquisitions, integrations, and employee engagements are the key factors to support Viafin Service growth and profitability.

The market situation is expected to remain favorable to the company, but different kinds of market disruptions are not excluded. The company believes that it will be able to adapt to changing circumstances with its flexible business model.

The spread of the coronavirus pandemic may also affect the company's operating environment, for example in the form of delays in ongoing projects and changes to the projects, or at worst, by temporarily paralyzing society. The company is actively working to reduce the risk posed by the coronavirus, both in its personnel and in the supplier field, by updating the working methods and guidelines of the personnel. The company also believes that it will be able to adapt to changing circumstances through its flexible and diversified business model.

## Relevant events after the reporting period

Following the decision of the Annual General Meeting, Viafin Oy, formerly the largest owner, has made a name change approved in the Trade Register and registered on 8 June 2020. With the new business name, ViaCap Oy, the company will abandon the use of the name Viafin. Viafin - name remains for use by the Viafin service group only.

## Financial information

The company will publish its Financial Statements Bulletin on February 8, 2021.



## Principles for preparing the half-yearly report

The figures in the half-year financial report are unaudited and have been prepared following national law (FAS). The figures presented are rounded from the exact figure.

### More information

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### Viafin Service Oyj in brief:

Viafin Service Oyj is a company specializing in the maintenance and installation of pipelines, equipment, and gas systems. Viafin Service's wide range of services also includes maintenance and system deliveries of LNG and biogas systems, gas networks, and gas filling stations. Viafin Service operates mainly in Finland and its customers include several major companies active in the pulp, energy, chemical, and metals industries. The company has eighteen regional service units in fourteen locations across Finland. The company employs approximately 330 people. The shares of Viafin Service Oyj are listed on the Nasdaq First North Growth Market Finland marketplace operated by Nasdaq Helsinki Oy, the ticker symbol is VIAFIN.

[www.viafinservice.fi](http://www.viafinservice.fi)