
Financial Analysis Summary

31 August 2020

Issuer

Hili Finance Company p.l.c.

Guarantor

Hili Ventures Limited



MZ INVESTMENT SERVICES



MZ INVESTMENT SERVICES

The Directors
Hili Finance Company p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

31 August 2020

Dear Sirs

Hili Finance Company p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Finance Company p.l.c. (the “**Issuer**”) and Hili Ventures Limited (the “**Guarantor**” or “**Hili Ventures**” or “**Group**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2017 to 31 December 2019 has been extracted from audited consolidated financial statements of the Guarantor for the three years in question.
- (b) Historical financial data for the period 6 April 2018 to 31 December 2018 and for the year ended 31 December 2019 has been extracted from audited financial statements of the Issuer for the period/year in question.
- (c) The forecast data in relation to Hili Ventures for the year ending 31 December 2020 has been provided by management.
- (d) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided by management.



MZ INVESTMENT SERVICES

- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 7.
- (f) Relevant financial data in respect of the companies included in Part 6 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer or the Group and should not be interpreted as a recommendation to invest in any of the Issuer's or the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer's or Group's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR.....	2
1. Issuer’s Key Activities	2
2. Directors of the Issuer	2
3. Guarantor’s Key Activities.....	2
4. Directors of the Guarantor.....	3
5. Hili Ventures Organisational Structure	4
6. Overview of Hili Ventures’ Revenue Segments	5
7. Principal Investments	7
8. Business Development Strategy	9
9. Trend Information	9
PART 3 – GROUP PERFORMANCE REVIEW	10
10. Financial Information relating to the Issuer	10
11. Financial Information relating to the Guarantor	12
PART 4 - COMPARABLES	24
PART 5 - EXPLANATORY DEFINITIONS.....	26



PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER’S KEY ACTIVITIES

Hili Finance Company p.l.c. (the “**Issuer**”) was established on 6 April 2018 as a wholly-owned subsidiary of Hili Ventures Limited (the “**Guarantor**”) (the ultimate parent of Hili Ventures), save for 1 Ordinary share which is held by APM Holdings Limited (C 30527). The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Issuer’s intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

Carmelo <i>sive</i> Melo Hili	Non-Executive Chairman
Geoffrey Camilleri	Executive Director
Dorian Desira	Non-Executive Director
Jacqueline Camilleri	Independent Non-Executive Director
Mario Vella	Independent Non-Executive Director

3. GUARANTOR’S KEY ACTIVITIES

The Guarantor was established in 2012 and principally acts as the investment holding company of the Group to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

- **Premier Capital p.l.c.** is involved in the operations of McDonald’s restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c.** is primarily engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; transport and logistics in Malta and Poland; and the provision of ship-to-ship transfer services.
- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.



- **Motherwell Bridge Industries Limited** (“Motherwell Bridge”) is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.
- **Cobalt Leasing Ltd** was established in the UK on 5 February 2019 with company registration number 11808196. The company’s principal objective is to operate a container leasing business.
- **HV Hospitality Limited** was registered in Malta on 17 April 2019 with company registration number C 91217. The primary objective of the company is to operate and manage the hospitality business of Hili Ventures. The company is the holding entity of Kemmuna Limited which operated the hotel and bungalows on the island of Comino.

As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries.

4. DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board consisting of five directors entrusted with its overall direction and management, including the establishment of strategies for future development. In the execution of the strategic direction, investment and management oversight of the Group, the Board is assisted by the senior officers of the operating business entities within Hili Ventures.

The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

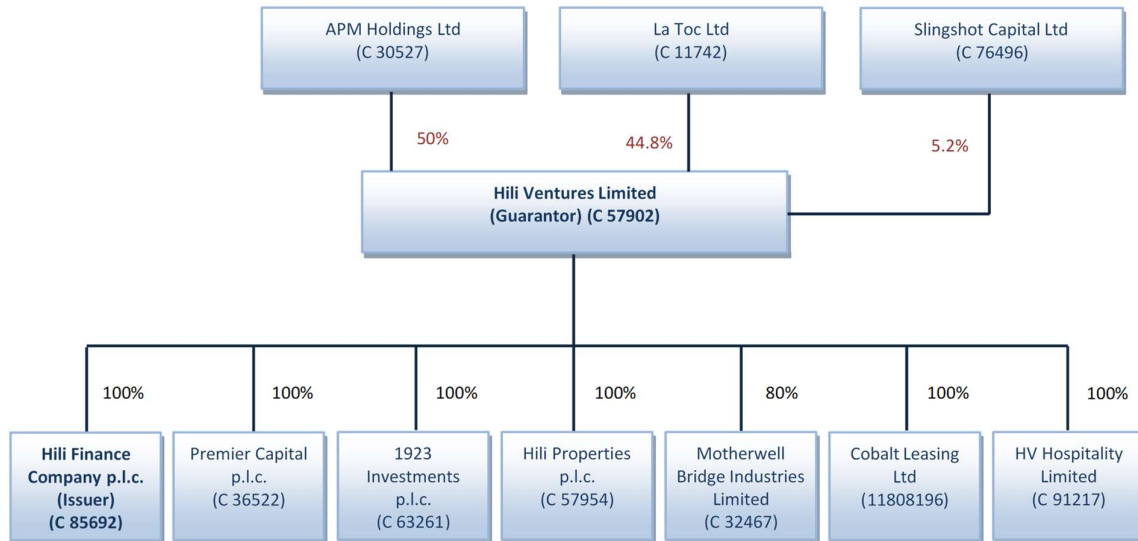
Steve Tarr	Chairman
Carmelo <i>sive</i> Melo Hili	Chief Executive Officer
Annabel Hili	Director
Victor Tedesco	Director
Jesmond Mizzi	Independent Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Group during FY2019 amounted to 9,537 persons (FY2018: 7,292 persons).



5. HILI VENTURES ORGANISATIONAL STRUCTURE

The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Group.



A description and analysis of the operational activities and performance of each of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. is included in their respective financial analysis reports. The said reports have been published and are available on their respective websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com

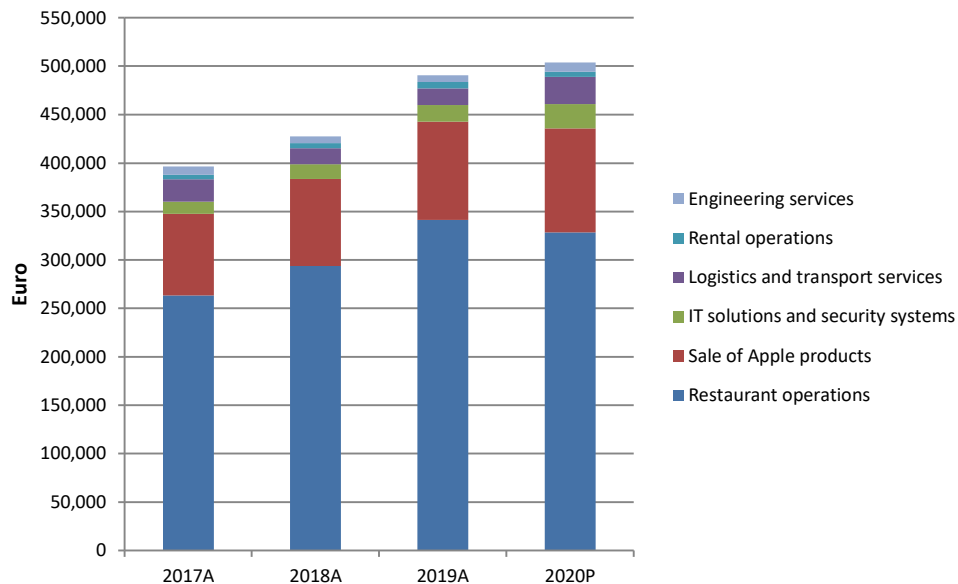


6. OVERVIEW OF HILI VENTURES' REVENUE SEGMENTS

The following historical information on Hili Ventures has been extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2017 to 2019, while the projections relating to FY2020 have been provided by management.

Hili Ventures Limited				
Group Revenue by Activity				
for the year ended 31 December				
	2017	2018	2019	2020
	Actual	Actual	Actual	Projection
	€'000	€'000	€'000	€'000
Restaurant operations	263,419	293,650	341,281	328,372
Sale of Apple products	83,974	89,793	101,469	107,433
IT solutions and security systems	12,765	15,482	16,999	25,129
Logistics and transport services	22,907	16,397	17,279	28,145
Rental operations	4,589	5,250	6,547	5,238
Engineering services	8,835	6,838	6,992	9,433
Total revenue	396,488	427,410	490,567	503,750

Hili Ventures Limited
Consolidated Revenue by Activity



‘Restaurant operations’ revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald’s restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. During the past 3 financial years (FY2017 – FY2019), the average number of restaurants increased from 140 restaurants in FY2017 to 156 restaurants. In FY2019, ‘restaurant operations’ revenue represented *circa* 70% of Hili Ventures’ total revenue (FY2018: 69%). In view of the business lost following the outbreak of the COVID-19 pandemic, revenue in FY2020 is projected to decline by €12.9 million or 4% (y-o-y) to €328.4 million.

Revenue activities entitled **‘Sale of Apple products’**, **‘IT solutions and security systems’** and **‘logistics and transport services’** principally relate to the business operations of iSpot Poland Sp. z.o.o., Harvest Technology p.l.c. and Hili Logistics Limited respectively. As from FY2020, ‘logistics and transport services’ also include STS Marine Solutions which provides ship-to-ship support services operations. The business was acquired from Teekay Tankers Limited in April 2020. The afore-mentioned companies are Subsidiaries of 1923 Investments p.l.c.

- **‘Sale of Apple products’** primarily refers to the business operations of iSpot Poland Sp. z.o.o. and its Subsidiary (“iSpot”), and in 2019 operated 25 stores involved in retailing Apple products in Poland under the iSpot brand (2018: 26 stores), together with a well-developed online proposition. Furthermore, iSpot stores offer an extensive range of third-party products and software. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product.

iSpot also operates, through a joint venture, 4 stores in Hungary under the iCentre brand. Up to Q1 2019, iSpot was also present in Bucharest, Romania, through the operation of 1 store. In April 2019, the business operation of iSpot Premium Romania SRL was sold to a third party.

Furthermore, iSpot is involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. As a certified Apple Authorised Training Centre, iSpot participates on an ongoing basis in various projects relating to the implementation of Apple technology in higher education.

- **‘IT solutions and security systems’** comprise the activities of Harvest Technology p.l.c. and its Subsidiaries (“Harvest”), which primarily focuses on delivering business solutions and e-commerce systems to diverse clients. Revenue generated by this segment is projected to increase by €8.1 million or 48% primarily on account of positive trends emanating from payment gateway operations.
- **‘Logistics and transport services’** refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland (“Hili Logistics”) and involves air, road and sea logistics services, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland, generated 71% of Hili Logistics’ revenue in FY2019 (FY2018: 70%). The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries.

In April 2020, 1923 Investments p.l.c. acquired from Teekay Tankers Limited its global ship-to-ship (STS) support services operations (“STS Mariner Solutions”). The acquired business is one of the world’s leading STS service provider companies with over 30 years’ experience involving the transfer of crude oil, refined petroleum products, LPG and LNG. Accordingly, as from FY2020, ‘logistics and transport services’ comprise Hili Logistics and STS Marine Solutions.



In FY2019, operations undertaken by 1923 Investments p.l.c. namely ‘Sale of Apple products’, ‘IT solutions and security systems’ and ‘logistics and transport services’ represented *circa* 28% of Hili Ventures’ total revenue (FY2018: 28%). In FY2020, revenue is projected to increase by €25.0 million or 18% (y-o-y) to €160.7 million, primarily on account of an increase in revenue at iSpot and Harvest, and the addition of STS Marine Solutions.

‘**Rental operations**’ revenue is generated by Hili Properties p.l.c. and its Subsidiaries (“Hili Properties”), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. As at the date of this report, Hili Properties owned 23 properties valued at €109.9 million.

In FY2019, income from leases to third parties (external to the Group) amounted to €6.5 million, an increase of €1.3 million when compared to the prior year (FY2018: €5.2 million). On 20 December 2019, Hili Properties disposed of Tower Business Centre in Swatar for the consideration of €7.1 million. Consequently, revenue from rental operations is projected to decrease in FY2020 by 20% to €5.2 million.

‘**Engineering services**’ revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries (“Motherwell Bridge”). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.

In FY2019, revenue generated by Motherwell Bridge amounted to €7.0 million, which was broadly stable when compared to the prior year (FY2018: €6.8 million). Management is projecting revenue in FY2020 to increase by €2.4 million (+35%) to €9.4 million, principally on account of a number of crane-assembly contracts being awarded to the company.

7. PRINCIPAL INVESTMENTS

The principal investments of Hili Ventures since 2017 to date are described hereunder:

(a) Premier Capital p.l.c.

During the past three financial years (FY2017 to FY2019), Premier Capital p.l.c. continued to grow its portfolio of McDonald’s restaurants and McCafe’s, and remodelled and upgraded the ambience and technology of a number of its existing restaurants. In view of the disruptions caused by the COVID-19 pandemic, the company has temporarily suspended its growth strategy and capital expenditure plans so as to preserve its liquidity and financial strength.

(b) Comino Hotel and Bungalows

In 2019, HV Hospitality Limited, a Subsidiary of the Guarantor, acquired 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows situated in the vicinity of San Niklaw Bay and Santa Marija Bay on the Island of Comino. The cash consideration for the said acquisition amounted to €55 million which excludes an amount paid as compensation for working capital balances.



Hili Ventures has initiated the design process to redevelop the existing properties into an exclusive five-star hotel and luxury serviced bungalows. The vision is to offer guests a one-of-a-kind experience through the creation of an eco-friendly secluded retreat, surrounded by pristine nature. The proposed project is subject to the issuance of necessary approvals and planning permits and having the required funding in place.

(c) STS Marine Solutions

In late April 2020, Carmelo Caruana Marine Solutions Limited (UK company number 12412396), a wholly owned subsidiary of 1923 Investments p.l.c., completed the acquisition from Teekay Tankers Limited of a portion of its oil and gas ship-to-ship transfer support business, which also provides LNG terminal management and LNG consulting services, for approximately \$26 million (“STS Marine Solutions”).

STS Marine Solutions is a world leading ship-to-ship service provider with over 30 years of experience in transferring crude oil, refined petroleum products, LPG and LNG. Its core activities comprise oil & gas and LNG support operations, LNG terminal management, emergency support services and consultancy. The business is headquartered in Sunderland, UK and operates out of 24 bases globally, across its two key brands: OILSTS and LNGSTS.

(d) Hili Properties p.l.c.

In May 2017, Hili Properties p.l.c. acquired the ART Business Centre 7 situated at 85A, Nicolae Caramfil Street, Bucharest, Romania, including the underlying land, for an aggregate consideration of €30.6 million. The property is located in the affluent Nordului neighbourhood in northern Bucharest. The nine-storey property has a footprint of 3,400m² and comprises *circa* 24,000m² of gross leasable area (*circa* 5,000m² of which is storage space). The three underground floors accommodate 407 parking spaces. The property is fully leased out and its anchor tenant is Ponderas Academic Hospital which forms part of the Regina Maria Private Healthcare Network (Romania’s largest private health care network).

In December 2018, Hili Properties p.l.c. acquired Dole Retail Centre, Maskavas Street 257, Riga, Latvia, which comprises 8,000m² of gross leasable area spread over 3 floors and has more than 60 tenants. The said property was acquired for an aggregate consideration of €8.9 million.

(e) Container Leasing Business Operation

Prior to the COVID-19 outbreak, the Group had plans to initiate a container leasing operation through Cobalt Leasing Ltd. An amount of €10 million from proceeds of the €80 million 3.8% unsecured bonds 2029 and *circa* an additional €10 million of bank borrowings were to be utilised to finance the acquisition of new containers, for leasing same to container shipping lines on a long term basis.

The pandemic has negatively impacted various industries across the business spectrum, causing a cutback in business operations across many sectors. Accordingly, due to the significant uncertainty in the market, the Group will not proceed with this investment until there is reasonable clarity on the market situation post COVID-19.



8. BUSINESS DEVELOPMENT STRATEGY

The Guarantor's business strategy focuses on two principal elements as described hereunder:

- (a) **Directional strategy** involves the oversight and evaluation by the Guarantor's Board of Directors of each of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
 - i. regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved; and
 - ii. forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- (b) **Acquisition strategy** involves the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

9. TREND INFORMATION

The spread of COVID-19 has severely impacted all economies worldwide, and given that the major operations of the Group have been affected, results expected to be registered during FY2020 are likely to be impacted with material adverse implications on the profitability of the Group. All restaurants either closed or reduced service to take away, McDrive and McDelivery only, iSpot retail stores in malls had to abide by closure protocols, while difficulties faced by third party tenants posed strains to rental income on investment property.

As a result of measures of costs containment and putting all uncommitted investments and capital expenditure plans on hold, the outcome of cash flow projections prepared by the Group under a pessimistic scenario, factoring significant strains on sales, the Directors still anticipate to retain the same level of liquidity as originally planned.

Save for the above, the Guarantor considers that generally it shall be subject to the normal business risks associated with the business in which Hili Ventures operates and does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of Hili Ventures and its business.

An analysis of the main trends affecting the principal Subsidiaries of Hili Ventures is included in the respective financial analysis report of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. The aforementioned reports can be downloaded from the following websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com



PART 3 – GROUP PERFORMANCE REVIEW

10. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The following financial information refers to the actual audited results of the Issuer for the period 6 April 2018 to 31 December 2018 and for the year ended 31 December 2019, and the projections of the Issuer for the financial year ending 31 December 2020. **The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

Hili Finance Company p.l.c.			
Statement of Comprehensive Income			
for the year ended 31 December			
	2018	2019	2020
	Actual	Actual	Projection
	€'000	€'000	€'000
Finance income	817	3,057	5,487
Finance costs	(686)	(2,631)	(4,676)
Gross profit	131	426	811
Administrative expenses	(30)	(42)	(39)
Profit before tax	101	384	772
Taxation	(46)	(145)	(284)
Total comprehensive income	55	239	488



Hili Finance Company p.l.c.**Balance Sheet**

as at 31 December

	2018	2019	2020
	Actual	Actual	Projection
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Loans owed by parent company	41,931	121,931	121,931
	41,931	121,931	121,931
Current assets			
Trade and other receivables	829	2,405	2,486
Cash and cash equivalents	60	18	539
	889	2,423	3,025
Total assets	42,820	124,354	124,956
EQUITY			
Equity and reserves	2,055	2,294	2,781
LIABILITIES			
Non-current liabilities			
Debt securities	40,000	120,000	120,000
Current liabilities			
Trade and other payables	765	2,060	2,175
	40,765	122,060	122,175
Total equity and liabilities	42,820	124,354	124,956

Hili Finance Company p.l.c.**Cash flow Statement**

for the year ended 31 December

	2018	2019	2020
	Actual	Actual	Projection
	€'000	€'000	€'000
Net cash from operating activities	(9)	(273)	(299)
Net cash from investing activities	(41,931)	(78,355)	5,400
Net cash from financing activities	42,000	78,586	(4,580)
Net movement in cash and cash equivalents	60	(42)	521
Cash and cash equivalents at beginning of period	-	60	18
Cash and cash equivalents at end of period	60	18	539

During the period 6 April 2018 to 31 December 2018, the Issuer reported a gross profit of €131,000, being the difference between finance income receivable from the Guarantor of €817,000 and finance costs amounting to €686,000 in relation to the €40 million 3.85% unsecured bonds 2028 issued in July 2018. After accounting for administrative expenses and taxation, the Issuer declared total comprehensive income amounting to €55,000.



Finance income in FY2019 amounted to €3.1 million on account of interest receivable from the Guarantor for a full financial year on a €40 million loan and *circa* 4 months on an €80 million loan. On the other hand, interest payable to holders of the 2 outstanding bonds (having an aggregate nominal value of €120 million) amounted to €2.6 million. Accordingly, gross profit amounted to €426,000 and total comprehensive income amounted to €239,000.

Gross profit for FY2020 is projected at €811,000, reflecting net interest income from interest receivable generated from €120 million loans to the Guarantor less interest payable on €120 million worth of outstanding bonds. After factoring in administrative expenses and taxation, total comprehensive income in FY2020 is projected to increase from €239,000 in FY2019 to €488,000.

The balance sheet as at 31 December 2019 mainly comprises loans owed by parent company of €121.9 million (in total assets) and debt securities amounting to €120.0 million (in total liabilities). No material changes to the balance sheet are envisaged in FY2020.

11. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The financial information provided hereunder is extracted from the audited consolidated financial statements of Hili Ventures Limited for each of the years ended 31 December 2017 to 31 December 2019, while the projected financial information for the year ending 31 December 2020 has been provided by management of the Company.

The projected financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.

Following the outbreak of the COVID-19 pandemic, the Directors are monitoring the situation and planning for immediate action to safeguard the interests of the Group and its stakeholders. Every Subsidiary in the Group has monitoring processes and action plans in place to cater for business during and after the pandemic.

As the Group confronts the unprecedented challenges brought about by the global pandemic, it has taken all available measures to contain and manage the financial impact on the Group. Companies within the Group have applied for such fiscal assistance as it available under the programmes announced by government, and as a precautionary cash conservation measure, the Group has applied for temporary banking facilities. Other operational efficiency and cost containment initiatives have also been implemented.

The Directors are of the opinion that it is premature to comment on the consequences of the events that are still unfolding and that they cannot make an estimate of the financial effect that these events will have on the Group. These events are expected to have an impact on the short-term performance and financial position of the Group and its subsidiaries. It is unlikely that business lost throughout the disruption, and the eventual recovery process, will be regained by end of year and therefore it is expected that the initially set targets for 2020 will not be fully achieved. The impact on the future performance and financial position of the Group is dependent on various macro-economic considerations interrelated to the COVID-19 pandemic but the geographic and industry diversification of the Group mitigates risks and increases opportunities. The Group has also put on hold major uncommitted capital expenditure and investments and is prioritising cash preservation and management to optimise investment return and to maximise honouring stakeholder expectations.



Hili Ventures Limited				
Consolidated Statement of Comprehensive Income				
for the year ended 31 December				
	2017	2018	2019	2020
	Actual	Actual	Actual	Projection
	€'000	€'000	€'000	€'000
Revenue	396,488	427,410	490,567	503,750
Cost of sales	(320,344)	(343,430)	(384,443)	(384,298)
Gross profit	76,144	83,980	106,124	119,452
Net operating expenses	(36,606)	(41,126)	(41,501)	(57,617)
EBITDA	39,538	42,854	64,623	61,835
Depreciation and amortisation	(14,148)	(15,731)	(27,210)	(33,582)
Operating profit	25,390	27,123	37,413	28,253
Net investment income/(loss)	(3,928)	644	5,765	840
Net finance costs	(12,102)	(11,996)	(16,701)	(15,759)
Profit before tax	9,360	15,771	26,477	13,334
Taxation	(2,461)	(3,959)	(3,887)	(3,230)
Profit for the year (continuing operations)	6,899	11,812	22,590	10,104
Loss from discontinued operations	(5)	-	-	-
Profit for the year	6,894	11,812	22,590	10,104
Other comprehensive income				
Movement on available-for-sale investments	(361)	(39)	(16)	-
Exchange differences - foreign operations	1,313	(2,311)	(793)	(3,225)
Gain on revaluation of assets	3,127	4,244	8,176	981
	4,079	1,894	7,367	(2,244)
Total comprehensive income	10,973	13,706	29,957	7,860



Key Accounting Ratios	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Projection
EBITDA margin (EBITDA/revenue)	10%	10%	13%	12%
Interest cover (times) (EBITDA/net finance cost)	3.27	3.57	3.87	3.92
Net profit margin (Profit after tax/revenue)	2%	3%	5%	2%
Earnings per share (€) (Profit after tax/number of shares)	6.89	11.81	22.59	10.10
Return on equity (Profit after tax/shareholders' equity)	8%	14%	21%	10%
Return on capital employed (EBITDA/total assets less current liabilities)	12%	12%	13%	11%
Return on assets (Profit after tax/total assets)	2%	3%	4%	2%

Source: MZ Investment Services Ltd

Revenue generated in **FY2017** amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- turnover from 'Sale of Apple products' increased by €8.4 million (+11%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- an increase of 27% or €2.7 million was registered in 'IT solutions and security systems', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;



- income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

EBITDA for the year under review amounted to €39.5 million, an increase of 8% from a year earlier (FY2016: €36.7 million). Premier Capital's portion of EBITDA amounted to €35.1 million (FY2016: €32.7 million), representing 89% of aggregate EBITDA in FY2017 (FY2016: 89%). Depreciation and amortisation amounted to €14.1 million in each of FY2016 and FY2017. Net finance costs, on the other hand, increased by €1.0 million from €11.1 million in FY2016 to €12.1 million. In FY2017, Hili Ventures reported a net investment loss of €3.9 million, primarily as a consequence of goodwill write-offs amounting to €5.2 million, which was partly mitigated by an increase in fair value of investment property of €2.0 million. Taxation was considerably lower in FY2017 at €2.5 million when compared to the FY2016 tax charge of €8.0 million. After accounting for exchange differences and revaluation gains, the Group reported total comprehensive income amounting to €11 million as compared to €3.5 million registered in FY2016.

Revenue generated in **FY2018** amounted to €427.4 million, an increase of €30.9 million (+8%) when compared to the prior year (FY2017: €396.5 million). The growth in revenue was predominantly achieved from the business expansion at Premier Capital. At the operating level, EBITDA increased by 8% (similar to revenue) and amounted to €42.9 million (FY2017: €39.5 million), of which, 90% was derived from the operations of Premier Capital (2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

IFRS 16 - Leases

The Group has adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated.

Accordingly, as of FY2019, the Group will need to recognise a right-of-use asset and a lease liability in the Consolidated Balance Sheet for the lease of premises and land currently treated as operating leases. With regard to the impact in the Consolidated Income Statement, the nature of the relevant expense will change from being an operating lease expense (above EBITDA line) to depreciation and interest expense (below EBITDA line).

Hili Ventures reported a turnover of €490.6 million in **FY2019**, representing an increase of €63.2 million (+15%) over the prior year (FY2018: €427.4 million). Revenue from 'restaurant operations' increased by €47.6 million (+16%), from €293.7 million in FY2018 to €341.3 million in FY2019. Apart from increasing 10 McDonald's restaurants during the year to 156 outlets, all markets have registered an increase in turnover compared to FY2019. Revenue from the 'sale of Apple products' also increased on a y-o-y basis by €11.7 million (+13%) to €101.5 million (FY2019: €89.8 million). The number of clients in 2019 increase by 12.5% over 2018 and the conversion rate increased to 9.6% in 2019 from 8.8% in 2018. The other revenue segments of the Group reported y-o-y improvements and in aggregate, increased revenue by €3.9 million (+9%) to €47.8 million.



EBITDA increased by €21.8 million (+51%) over the comparative year to €64.6 million (FY2018: €42.9 million). Approximately half of the said increase was due to the effect of IFRS 16, whereby operating lease expenses (previously accounted for in net operating expenses) are reflected in depreciation and net finance costs (both being below EBITDA level). The EBITDA generated by Premier Capital accounted for *circa* 87% of the Group's aggregate EBITDA (FY2018: 87%).

Depreciation and amortisation was higher in FY2019 by €11.5 million primarily due to the impact of IFRS 16, while net finance costs increased by €4.7 million (y-o-y) on account of IFRS 16 (as to €3.0 million) and higher bond interest payable following the issuance of new bonds to the general public.

Net investment income in FY2019 amounted to €5.8 million (FY2018: €0.6 million). The principal items of investment income comprised a gain on disposal of shares in Harvest Technology p.l.c. amounting to €5.8 million and increases in fair value of property of €2.7 million. Investment losses included the full impairment of the Apple store in Romania of €0.3 million and an impairment loss of €3.5 million arising on the logistics business.

The Group registered a profit after tax of €22.6 million in FY2019, an increase of €10.8 million (+91%) when compared to €11.8 million reported in FY2018. After accounting for other comprehensive income of €7.4 million (mainly made up of uplifts in fair value of property, plant and equipment), the Group's total comprehensive income amounted to €30.0 million (FY2018: €13.7 million).

Despite the disruptions caused by the COVID-19 pandemic in **FY2020**, Hili Ventures is forecasting an increase in revenue of €13.2 million (+2%) from the previous year to €503.8 million (FY2019: €490.6 million). The IT and logistics related sectors are expected to increase aggregate revenue by €25.0 million (of which, €11.8 million is expected to be derived from the newly acquired STS Marine Solutions business), while revenue from restaurant operations is projected to decline by €12.9 million. The balance of €1.1 million is expected from a y-o-y increase of €2.4 million in engineering services and a decrease of €1.3 million in rental income following the sale in December 2019 of an office block located in Swatar, Malta.

EBITDA is expected to decrease by €2.8 million (-4%) from the comparative year, while profit before tax is projected to decline by €13.1 million (-50%) to €13.3 million. (FY2019: €26.5 million). The y-o-y difference primarily emanates from an increase in depreciation and amortisation of €6.4 million and an adverse variance in net investment income of €4.9 million.

Total comprehensive income is projected to decrease from €30.0 million in FY2019 to €7.9 million in FY2020. In the forecast year, an increase of €1.0 million in fair value of assets has been assumed compared to €8.2 million in FY2019. Furthermore, adverse exchange differences on translation of foreign operations of €3.2 million have been factored into the projections compared to adverse exchange differences of €0.8 million in the prior year.

Key accounting ratios – EBITDA margin improved in FY2019 (from 10% in FY2018 to 13%) in part due to the adoption of IFRS 16. This margin is expected to decrease by 1 percentage point to 12% in FY2020. For same reason, the interest cover was higher in FY2019, from 3.57 times in FY2018 to 3.87 times, and is projected to improve further to 3.92 times in FY2020. In FY2019, the Group reported a net profit margin of 5%, which was significantly higher when compared to prior years, but should decline to 2% in the projected year.



Hili Ventures Limited				
Consolidated Statement of Financial Position				
as at 31 December				
	2017	2018	2019	2020
	Actual	Actual	Actual	Projection
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Goodwill and intangible assets	104,545	101,432	98,174	108,557
Property, plant and equipment	111,948	124,760	202,171	215,576
Investment property	73,802	86,132	76,379	75,254
Right-of-use assets	-	-	80,918	76,360
Investments and financial assets	2,199	1,840	2,049	2,493
Deposit on acquisition of investments	24,500	26,800	24,500	24,500
Loans and receivables	10,897	13,928	5,113	5,945
Deferred tax asset and restricted cash	2,606	3,546	4,364	4,984
	330,497	358,438	493,668	513,669
Current assets				
Inventory	17,845	22,684	19,040	20,092
Trade and other receivables	22,469	20,751	22,929	30,126
Other assets	10,109	12,885	27,041	23,801
Cash and cash equivalents	27,284	40,354	66,238	58,594
	77,707	96,674	135,248	132,613
Total assets	408,204	455,112	628,916	646,282
EQUITY				
Equity and reserves	82,870	86,390	110,128	104,706
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	225,888	265,937	327,619	358,930
Lease liabilities	-	-	71,948	69,901
Other non-current liabilities	8,489	8,399	6,863	5,614
	234,377	274,336	406,430	434,445
Current liabilities				
Bank overdrafts	3,577	6,522	6,793	11,726
Borrowings	26,465	13,491	19,663	17,900
Lease liabilities	-	-	11,111	11,310
Other current liabilities	60,915	74,373	74,791	66,195
	90,957	94,386	112,358	107,131
	325,334	368,722	518,788	541,576
Total equity and liabilities	408,204	455,112	628,916	646,282



Key Accounting Ratios	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Projection
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	73%	74%	77%	80%
Net debt to EBITDA (years) <i>(Net debt/EBITDA)</i>	5.78	5.73	5.74	6.65
Net assets per share (€) <i>(Net asset value/number of shares)</i>	82.87	86.39	110.13	104.71
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	0.85	1.02	1.20	1.24

Source: MZ Investment Services Ltd

Total assets in FY2019 amounted to €628.9 million, an increase of €173.8 million when compared to FY2018. During the year, the Group acquired the hotel and bungalows on the island of Comino for *circa* €55 million and disposed of the Tower Business Centre, Swatar for €7.1 million. Capital expenditure incurred by Premier Capital p.l.c. in relation to the development and upgrade of McDonald's restaurants during the year amounted to €20.2 million (FY2018: €20.5 million). Furthermore, due to the adoption of IFRS 16, the Group recognised right-of-use assets amounting to €80.9 million.

In FY2020, non-current assets will be mainly impacted by the acquisition of STS Marine Solutions from Teekay Tankers Limited for the amount of \$26 million.

Liabilities in FY2019 amounted to €518.8 million compared to €368.7 million in the previous year. During the year, the Group raised a further €80 million in unsecured bonds primarily to finance the acquisition of the Comino property. Moreover, due to IFRS 16, the Group recognised lease liabilities of €83.0 million. In FY2020, total borrowings (including a proposed new bond issue amounting to €20 million) are expected to increase by €34.5 million which will impact the gearing ratio by 3 percentage points, from 77% in FY2019 to 80%. Net debt to EBITDA is projected to deteriorate from 5.74 years in FY2019 to 6.65 years.



Hili Ventures Limited**Consolidated Cash Flow Statement****for the year ended 31 December**

	2017	2018	2019	2020
	Actual	Actual	Actual	Projection
	€'000	€'000	€'000	€'000
Net cash from operating activities	10,875	36,261	48,645	29,641
Net cash from investing activities	(56,813)	(34,516)	(65,911)	(44,707)
Net cash from financing activities	2,582	8,484	42,152	2,489
Net movement in cash and cash equivalents	(43,356)	10,229	24,886	(12,577)
Cash and cash equivalents at beginning of year	67,544	23,707	33,832	59,445
Effect of movements in exchange	(481)	(104)	727	-
Cash and cash equivalents at end of year	23,707	33,832	59,445	46,868

Net cash flows from operating activities in FY2017, as presented in the statements of cash flows for the year ended 31 December 2017, amounted to €10.9 million as compared to €27.8 million in the prior year. The adverse variance of €16.9 million mainly resulted from a positive movement in operating profit amounting to €8.3 million, which was offset by net cash outflows in working capital movements and interest and tax payments.

In FY2017, Hili Ventures used €56.8 million in investment activities, as compared to €71.4 million in FY2016, primarily to acquire investment property, property, plant and equipment, and other assets. Net cash flows from financing activities amounted to €2.6 million (FY2016: €105.0 million), which comprised cash inflows from banks and related parties of €66.0 million and repayment of bank loans, bonds and payment of dividends of €63.4 million. Cash and cash equivalents at the end of 2017 amounted to €23.7 million, a decrease of €43.8 million from a year earlier (FY2016: €67.5 million).

Net cash from operating activities in FY2018 amounted to €36.3 million compared to €10.9 million generated in the prior year. A further assessment shows that net cash flows from operations decreased by €1.5 million (y-o-y) to €43.9 million, working capital movements were favourable from a cash flow perspective by €36.9 million compared to a favourable movement in FY2017 of €16.6 million, while interest and taxation paid in FY2018 amounted to €14.6 million (FY2017: €17.9 million).

In FY2018, the Group used €36.2 million to acquire assets compared to €60.8 million a year earlier, while the amount of €1.3 million was received from disposal of assets in FY2018 compared to €4.4 million received in FY2017. As for financing activities during FY2018, the Group's cash inflows from bank borrowings, bonds and other parties amounted to €68.9 million (FY2017: €66.0 million), while it repaid bank and related party loans amounting to €50.3 million (FY2017: €61.5 million). Furthermore, the Group paid dividends of €9.0 million in FY2018 and €1.5 million in the prior year.

Net cash from operating activities amounted to €48.6 million in FY2019 compared to €36.3 million in the prior year. The positive variance emanates for the y-o-y increase in business activities and a reclassification of lease payments from operating activities to financing activities. Due to the COVID-19 crisis, net cash from operating activities is expected to decrease to €29.6 million in FY2020.



Net cash outflows from investing activities in FY2019 amounted to €65.9 million and mainly comprised:

- payments to acquire properties and capital expenditure of €87.6 million (including the payment of €55 million to acquire the Comino Hotel and expenditure by Premier Capital of €20.2 million);
- proceeds from sale of Swatar property (€7.1 million) and disposal of shares of Harvest Technology p.l.c. (€10.7 million);
- proceeds from sale of investment properties and other assets amounting to €4.3 million.
- payment of €850,000 to acquire Gozo Express Services Ltd.

In FY2020, net cash outflows from investing activities are estimated to amount to €44.7 million. Cash inflows are projected to amount to €8.4 million and shall comprise proceeds from the disposal of the remaining ordinary shares of Harvest Technology p.l.c. which were initially placed on offer in terms of the prospectus dated 18 November 2019, and other proceeds from sale of investments and property. Cash outflows are estimated at €53.1 million and include the acquisition of STS Marine Solutions from Teekay Tankers Limited; the acquisition of the remaining 10% shareholding in Premier Capital SRL (McDonald's Romania); and ongoing capital expenditure.

Net cash inflows from financing activities amounted to €42.2 million in FY2019, made up of net proceeds from a bond issue amounting to €79.0 million, less net repayment of bank loans and payments to related parties of €14.4 million, payments and interest on lease obligations amounting to €11.6 million and dividend payments of €10.8 million.

In FY2020, net cash inflows from financing activities is expected to amount to €2.5 million. Projected cash inflows shall comprise the proceeds from a proposed new bond issue of €20 million, while projected cash outflows are expected to include net movements in bank and other borrowings and interests of €2.9 million, lease payment obligations of €9.1 million, and net dividends payable of €5.5 million.



VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 December 2019 included in the prior year's Financial Analysis Summary dated 28 June 2019 and the audited consolidated financial statements for the year ended 31 December 2019.

Hili Ventures Limited			
Consolidated Statement of Comprehensive Income			
for the year ended 31 December 2019			
	Actual	Projection	Variance
	€'000	€'000	€'000
Revenue	490,567	481,002	9,565
Cost of sales	(384,443)	(361,327)	(23,116)
Gross profit	106,124	119,675	(13,551)
Net operating expenses	(41,501)	(52,010)	10,509
EBITDA	64,623	67,665	(3,042)
Depreciation and amortisation	(27,210)	(30,076)	2,866
Operating profit	37,413	37,589	(176)
Net investment income/(loss)	5,765	308	5,457
Net finance costs	(16,701)	(13,603)	(3,098)
Profit before tax	26,477	24,294	2,183
Taxation	(3,887)	(7,950)	4,063
Profit for the year	22,590	16,344	6,246
Other comprehensive income			
Movement on available-for-sale investments	(16)	-	(16)
Exchange differences - foreign operations	(793)	(782)	(11)
Gain on revaluation of assets	8,176	-	8,176
	7,367	(782)	8,149
Total comprehensive income	29,957	15,562	14,395

As presented in the above table, the Group's revenue for FY2019 was higher than forecasted by €9.6 million, principally due to higher than expected revenue generated from restaurant operations, sale of Apple products and engineering services. Notwithstanding the higher income, operating profit was broadly unchanged at €37.4 million.

Profit for the year was higher than expected by €6.2 million. Net investment income of €5.8 million was largely not reflected in the projections, which was partly offset by higher than expected net finance costs of €3.1 million. Furthermore, actual tax charge amounted to €3.9 million compared to forecast amount of €8.0 million, resulting in a favourable variance of €4.1 million.

Gains on revaluation of assets amounting to €8.2 million was not accounted for in the projections. Accordingly, the positive variance between actual and projected total comprehensive income amounted to €14.4 million.



Hili Ventures Limited			
Consolidated Statement of Financial Position			
as at 31 December 2019			
	Actual	Projection	Variance
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Goodwill and intangible assets	98,174	174,055	(75,881)
Property, plant and equipment	202,171	154,405	47,766
Investment property	76,379	166,964	(90,585)
Right-of-use assets	80,918	-	80,918
Investments and financial assets	2,049	1,037	1,012
Deposit on acquisition of investments	24,500	-	24,500
Loans and receivables	5,113	16,848	(11,735)
Deferred tax asset and restricted cash	4,364	7,001	(2,637)
	493,668	520,310	(26,642)
Current assets			
Inventory	19,040	17,969	1,071
Trade and other receivables	22,929	24,046	(1,117)
Other assets	27,041	7,840	19,201
Cash and cash equivalents	66,238	28,362	37,876
	135,248	78,217	57,031
Total assets	628,916	598,527	30,389
EQUITY			
Equity and reserves	110,128	91,000	19,128
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	327,619	341,651	(14,032)
Lease liabilities	71,948	-	71,948
Other non-current liabilities	6,863	78,952	(72,089)
	406,430	420,603	(14,173)
Current liabilities			
Bank overdrafts	6,793	5,609	1,184
Borrowings	19,663	14,494	5,169
Lease liabilities	11,111	-	11,111
Other current liabilities	74,791	66,821	7,970
	112,358	86,924	25,434
	518,788	507,527	11,261
Total equity and liabilities	628,916	598,527	30,389



Total assets were higher than expected by €30.4 million, mainly on account of higher cash balances and loans & receivables of €37.9 million and €7.5 million respectively, partly offset by lower than expected investment in non-current assets of €12.3 million.

In liabilities, borrowings were lower than projected by €7.7 million. On the other hand, lease liabilities and trade & other payables were higher than expected by €11.1 million and €8.0 million respectively.

Hili Ventures Limited			
Consolidated Cash Flow Statement			
for the year ended 31 December 2019			
	Actual	Projection	Variance
	€'000	€'000	€'000
Net cash from operating activities	48,645	47,548	1,097
Net cash from investing activities	(65,911)	(108,295)	42,384
Net cash from financing activities	42,152	49,164	(7,012)
Net movement in cash and cash equivalents	24,886	(11,583)	36,469
Cash and cash equivalents at beginning of year	33,832	33,832	-
Effect of movements in exchange	727	504	223
Cash and cash equivalents at end of year	59,445	22,753	36,692

Actual net movement in cash and cash equivalents amounted to €24.9 million compared to a projected adverse balance of €11.6 million (positive variance of €36.5 million). The variance in net cash from operating activities was minimal at €1.1 million, however a positive variance of €42.4 million was registered in net cash from investing activities.

During the year, the Group utilised 75% of the proceeds of the €80 million bond issue namely on the planned acquisition of Kemmuna Ltd. The additional €10 million intended for further investment in the container leasing business, and the €10 million for other investment opportunities had not yet been deployed. These new lines of business will be initiated as and when macro-economic situations are again conducive to investment outlays. Furthermore, the Group received the amount of €22.0 million representing proceeds from the sale of subsidiaries and investment properties. Such inflows were not included in the projections.

The adverse variance in net cash from financing activities amounted to €7.0 million and mainly refers to payments for lease obligations with third parties accounted for in the projections under operating activities. Due to the adoption of IFRS 16, such payments are now reclassified from operating activities to financing activities.



DEBT SECURITIES ISSUED BY GROUP COMPANIES

Security ISIN	Security Name	Amount Listed	Currency
MT0000841206	5.1% 1923 Investments plc Unsecured Bonds 2024	36,000,000	EUR
MT0000941204	4.5% Hili Properties plc Unsecured Bonds 2025	37,000,000	EUR
MT0000511213	3.75% Premier Capital plc Unsecured Bonds 2026	65,000,000	EUR
MT0001891200	3.85% Hili Finance Company p.l.c. Unsecured Bonds 2028	40,000,000	EUR
MT0001891218	3.80% Hili Finance Company p.l.c. Unsecured Bonds 2029	80,000,000	EUR

PART 4 - COMPARABLES

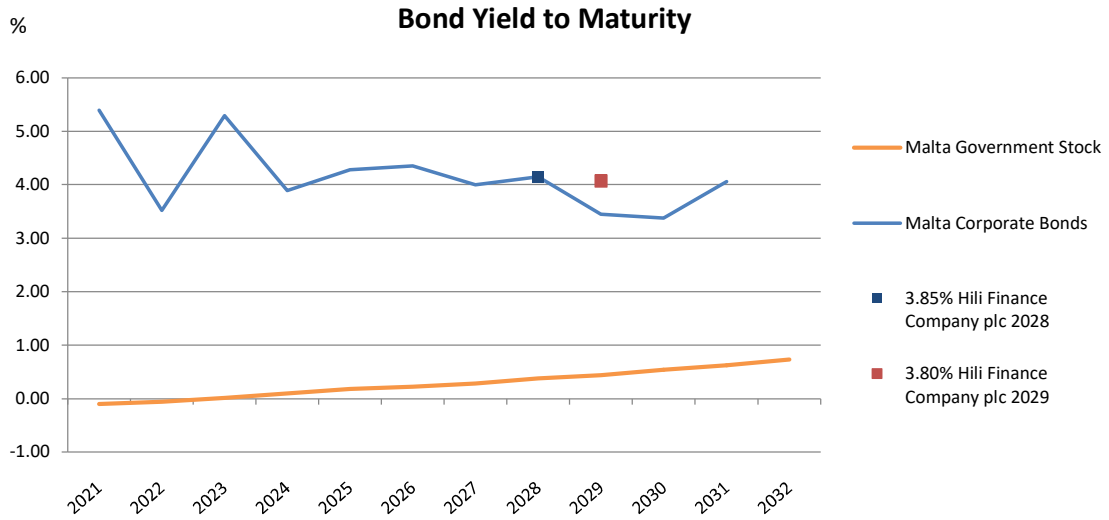
The table below compares Hili Ventures and the bonds issued by Hili Finance Company p.l.c. to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.80% International Hotel Investments plc 2021	20,000,000	5.39	3.01	1,687,198	897,147	37.31
3.65% GAP Group plc Secured € 2022	36,736,700	3.52	2.22	87,886	11,155	77.98
6.00% Pendergardens Developments plc Secured € 2022 Series	26,781,200	3.36	3.75	81,524	28,343	37.45
4.25% GAP Group plc Secured € 2023	19,394,000	3.87	2.22	87,886	11,155	77.98
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	5.29	0.76	27,159	6,916	62.72
5.80% International Hotel Investments plc 2023	10,000,000	5.11	3.01	1,687,198	897,147	37.31
6.00% AX Investments Plc € 2024	40,000,000	4.45	5.55	342,395	226,115	19.63
6.00% International Hotel Investments plc € 2024	35,000,000	5.36	3.01	1,687,198	897,147	37.31
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.89	4.81	95,310	47,100	48.85
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.46	2.67	117,625	45,146	53.77
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	5.11	3.30	137,275	45,063	48.20
4.25% Best Deal Properties Holding plc Secured € 2024	16,000,000	3.49	-	27,455	3,366	85.88
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.50	3.01	1,687,198	897,147	37.31
5.10% GPM Holdings plc Unsecured € 2025	13,000,000	5.10	4.03	4,066	18,883	-
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.28	1.65	150,478	57,635	56.47
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	6.47	48,019	6,405	81.08
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.43	2.74	1,784,681	908,883	40.11
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.88	3.01	1,687,198	897,147	37.31
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.47	8.99	273,233	57,082	60.43
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.73	3.01	1,687,198	897,147	37.31
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	5.55	341,785	227,069	19.11
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	8.48	316,563	132,582	31.98
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.00	6.42	199,265	113,124	28.12
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.76	4.92	225,284	123,107	38.32
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	4.15	3.87	628,916	110,128	77.11
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.45	4.92	225,284	123,107	38.32
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.07	3.87	628,916	110,128	77.11
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.68	5.55	341,785	227,069	19.11

03-Aug-20

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd





Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd

3 August 2020

To date, there are no corporate bonds which have a redemption date beyond 2032. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The 3.85% 2028 bonds are trading at a yield of 4.15%, which is at par when compared to other corporate bonds maturing in the same year. The premium over FY2028 Malta Government Stock is 377 basis points.

The 3.80% 2029 bonds are trading at a yield of 4.07%, which is 62 percentage points higher when compared to other corporate bonds maturing in the same year. The premium over FY2029 Malta Government Stock is 363 basis points.

Due to the global economic fallout from the coronavirus outbreak, the difference between corporate bond yields and benchmark Malta Government Stock yields has widened across the entire yield curve. This unprecedented event has brought about an economic slowdown, which will likely adversely affect operational results of a number of companies.



PART 5 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including restaurant operations, IT retail operations, software and payment services, rental operations, logistics and transport services, and engineering services.
Cost of sales	Direct costs attributable to the production of the goods and supply of services by Hili Ventures.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, fair value provisions and other operating costs.
Operating expenses	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.



Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include intangible assets, investment properties, property, plant & equipment, and loans and receivables.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and deferred tax liabilities.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.



Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company's resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.

