

Arco Vara AS

Strong sales recovery in 3Q 2020

ARC1T.TL

Real Estate | Estonia

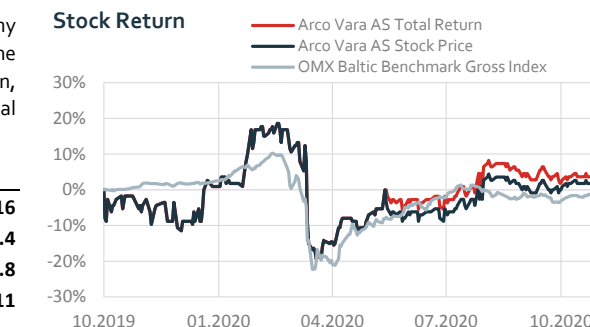
Arco Vara AS is an Estonia-based company active within the property industry. The Company focuses on the building construction, civil engineering, special engineering and real estate services.

Market data

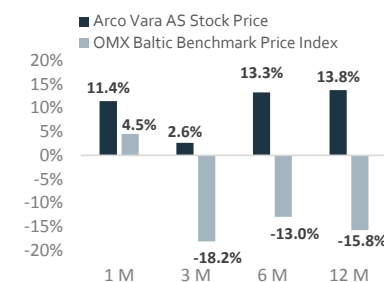
Price (€)	1.16
Market cap (mn €)	10.4
Free float (%)	38.8
Avg. daily volume - 30 days (mn €)	0.0011

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance



Company Update

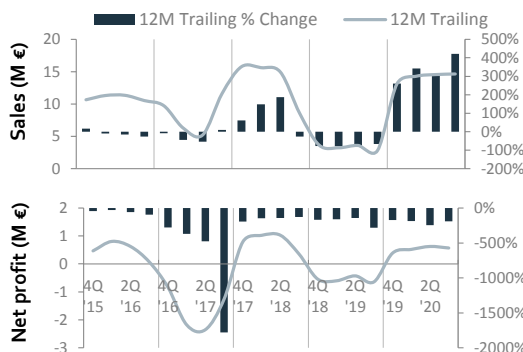
The revenue of the group totalled 569 thousand euros in Q3 2020 (+19% y/y) and 3,758 thousand euros in 9 months 2020 (+69% y/y), including revenue from the sale of properties in the group's own development projects in the amount of 337 thousand euros in Q3 (+50%) and 3,114 thousand euros in 9 months 2020 (+109% y/y).

The most significant shift in the Q3 2020 may be considered the change of the Bulgarian manager as of 30 July. The main tasks of the new manager are to complete the usage permit's process for Iztok Parkside and to initiate the development of at least two new residential properties in the first half of 2021. The Q2 of 2020 and Covid-19 brought changes in the economic situation of tenants. Several tenants have been replaced during the last months, but surprisingly in a more favourable direction for Arco Vara, that is why starting from the autumn 2020 all retail and office spaces are rented out.

Growth

Sales	last Q	LTM	2019	2018
Company (M €)	0.6	14.6	13.1	3.6
Company	19.5%	422%	261%	-76.9%
Sector*	6.8%	5.1%	9%	21.7%
Baltic Market	0.0%	-4.0%	2.7%	7.7%

Profit	last Q	LTM	2019	2018
Company (M €)	-0.2	0.6	0.4	-0.5
Company	31%	-189%	-171%	-169%
Sector*	-7%	30.8%	6%	17%
Baltic Market	-23%	-14%	-34%	5%

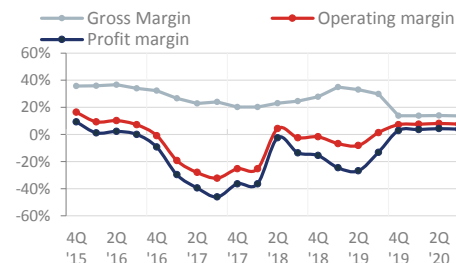
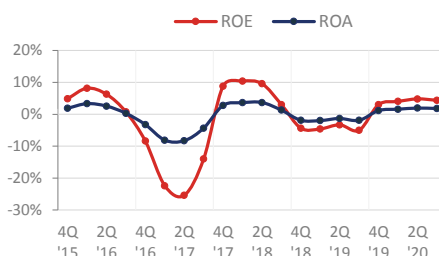


Key performance indicators

	3Q '20	3Q '19	LTM
Active projects, are of plots, m2	84012	84280	84146
	+0%		
Revenue from the sale of properties, th eur	337	224	3445
	+50%		

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	4.4%	1.8%	13.7%	7.6%	3.9%
Sector*	11.0%	3.1%	64.1%	58.8%	11.2%
Baltic Market	9.7%	1.9%	34.0%	4.5%	3.2%
3y average	ROE	ROA	GM	OPM	PM
Company	-4.6%	-1.6%	26.6%	-12.0%	-24.4%
Sector*	8.0%	3.3%	68.8%	52.2%	15.7%
Baltic Market	8.0%	3.1%	21.7%	3.1%	1.9%

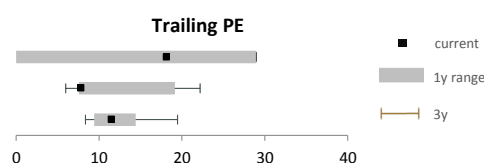


Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2019	2018		last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	40%	43%	44%	46%	43%	46%	39%	Cash Flow to Debt	-0.09	-0.09	-0.08	-0.12	-0.09	-0.12	-0.26
Debt / Equity ratio	123%	110%	98%	93%	106%	93%	127%	CAPEX / Sales	0.4%	0.4%	0.1%	-0.9%	0.0%	-0.9%	-65%
Cash ratio	0.04	0.07	0.11	0.09	0.08	0.09	0.14	FCF/OCF	118%	123%	129%	113%	121%	113%	170%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg	
P/E	18.1	10.3	#####	P/B	0.79	0.77	#####	Company
EV/EBITDA	21.3	-28.9	#####	P/CF	-7.16	-6.44	#####	Sector
P/S	0.71	#####	#####	Dvd yield	3.5%	3.0%	#####	Market



*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

Disclaimer: This document may contain confidential information that is not intended for third parties. If you are not the intended recipient of this document, you must not publish or pass on its content in any way. This document is for information purposes only and constitutes neither an offer nor a recommendation to undertake any type of transaction or to buy or sell securities or financial products in the broadest sense. Alphinox Quality AS offers no guarantee of the completeness, correctness or security of this document. Alphinox Quality AS accepts no liability claims that might arise from the use or non-use of the content of this document. The Thomson Reuters information may only be used for your internal use. Neither Thomson Reuters nor its affiliates nor subsidiaries shall be liable for any errors, inaccuracies or delays in any content, or for any actions taken by you in reliance of the content. You expressly agree that your use of the content is at your sole risk. To the fullest extent permitted by applicable law, Thomson Reuters expressly disclaim any representation or warranties, express or implied, including without limitation any representations or warranties of performance, merchantability, fitness for a particular purpose, accuracy, completeness, reliability and non-infringement. To the fullest extent permitted by applicable law, Thomson Reuters disclaim all responsibility for any loss, injury claim, liability, or damage of any kind resulting from or related to access, use or the unavailability of the content (or any part thereof).