


Relaxing Moments

HARVIA

Sauna & Spa

Natural Wellbeing



Harvia Plc Interim Report

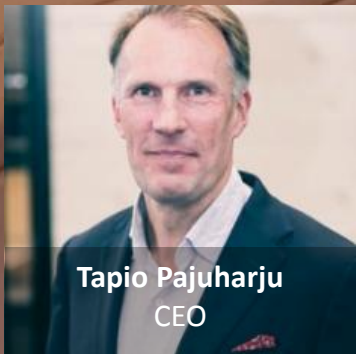
January–March 2019

7 May 2019 | Tapio Pajuharju, CEO | Ari Vesterinen, CFO



Content

1. January–March 2019 in brief
2. Harvia's strategy
3. Financials



- **Revenue** grew by 16.9% to EUR 19.3 million (16.5). At comparable exchange rates, revenue grew by 16.6% to EUR 19.2 million. Organic revenue growth was 7.5%.
- **Adjusted operating profit** was EUR 4.0 million (3.2) making up 20.6% (19.5) of the revenue. At comparable exchange rates, the adjusted operating profit grew by 20.4% to EUR 3.9 million (20.1% of the revenue).
- **Earnings per share (EPS)** at the comparable number of shares increased to EUR 0.14 (0.09).
- **Operating free cash flow** amounted to EUR 1.7 million (2.0).
- **Net debt** amounted to EUR 31.6 million (29.8) and leverage was 2.3 (2.4).
- **Equity ratio** increased to 55.7% (53.4).





The execution of strategy progressed as planned

Increasing the value of the average purchase

- New product launches; Glow, Cilindro Plus, The Wall and Sentio by Harvia products have been well received in the market
- The deliveries of the updated Harvia Pro 20 wood-burning heater began at the end of the quarter

Geographical expansion

- Taking over the operations of the US-based Almost Heaven Saunas has proceeded as planned

Productivity improvement

- Continuous optimization of processes and production as well as increasing the efficiency of procurement and logistics
- Investments in machinery to improve productivity





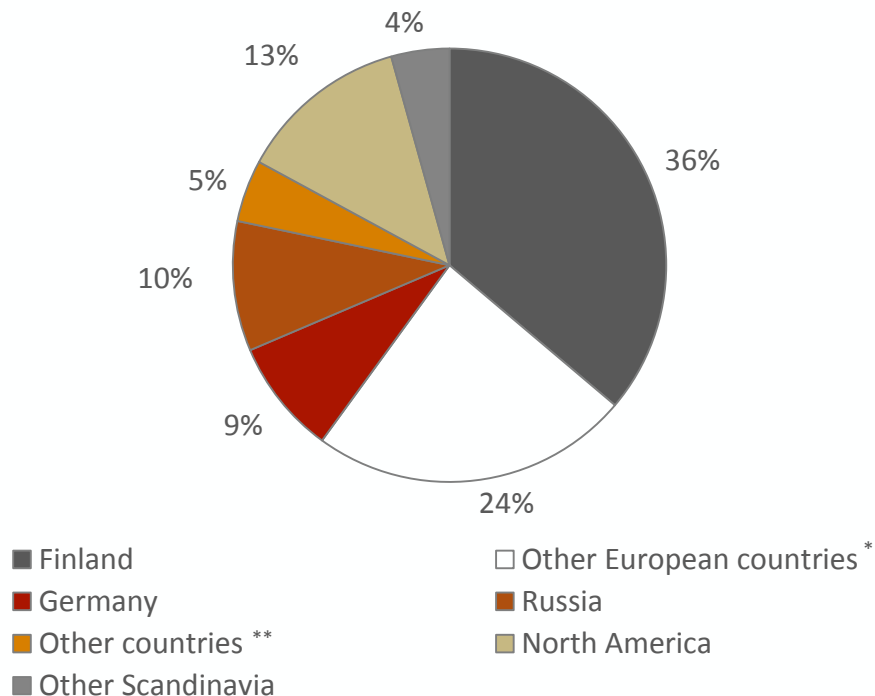
Taking over the operations of Almost Heaven Saunas proceeding as planned

- Renewal of Almost Heaven Saunas (AHS) product range, pricing as well as terms and conditions of purchases done
- Harvia's revenue in North America increased significantly in Q1, partly thanks to the acquisition of AHS
- After the end of the review period in April, Harvia acquired a production and storage facility in Renick West Virginia, US, from AHS prior owners. The value of the transaction was approximately EUR 0.7 million



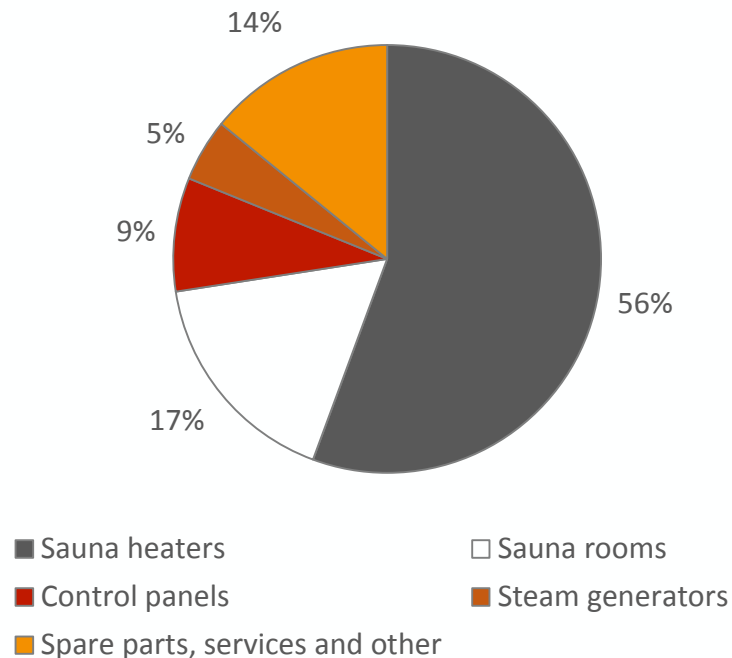
Q1 2019: Geographical split almost the same

Revenue by market area, %



- The revenue increase was mainly due to the acquisition of the business operations of Almost Heaven Saunas in the United States and the good development of the business operations in Finland

Revenue by product group, %



- Growth in all product groups except control units
- Sauna components have slightly better relative profitability compared to sauna rooms
- Control units important in export markets

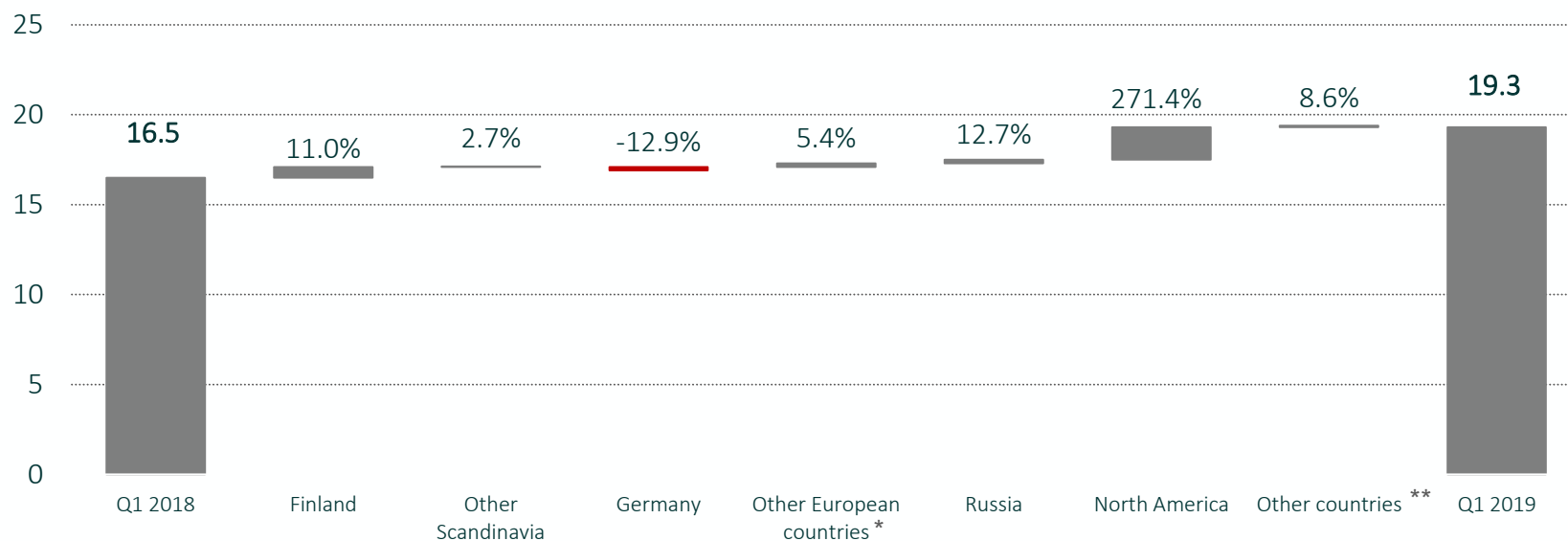
* "Other EU countries" market area has been replaced with "Other European countries" market area.

** The largest of which: Arab countries and Asia.

Q1 2019: Revenue grew by 16.9%

Revenue by market area Q1 2018–Q1 2019

EUR million



- The revenue increase was mainly due to the acquisition of the business operations of Almost Heaven Saunas in the United States and the good development of the business operations in Finland
- Revenue in Russia also showed positive development, particularly in the sales of wood-burning heaters
- At comparable exchange rates, revenue grew by 16.6% to EUR 19.2 million

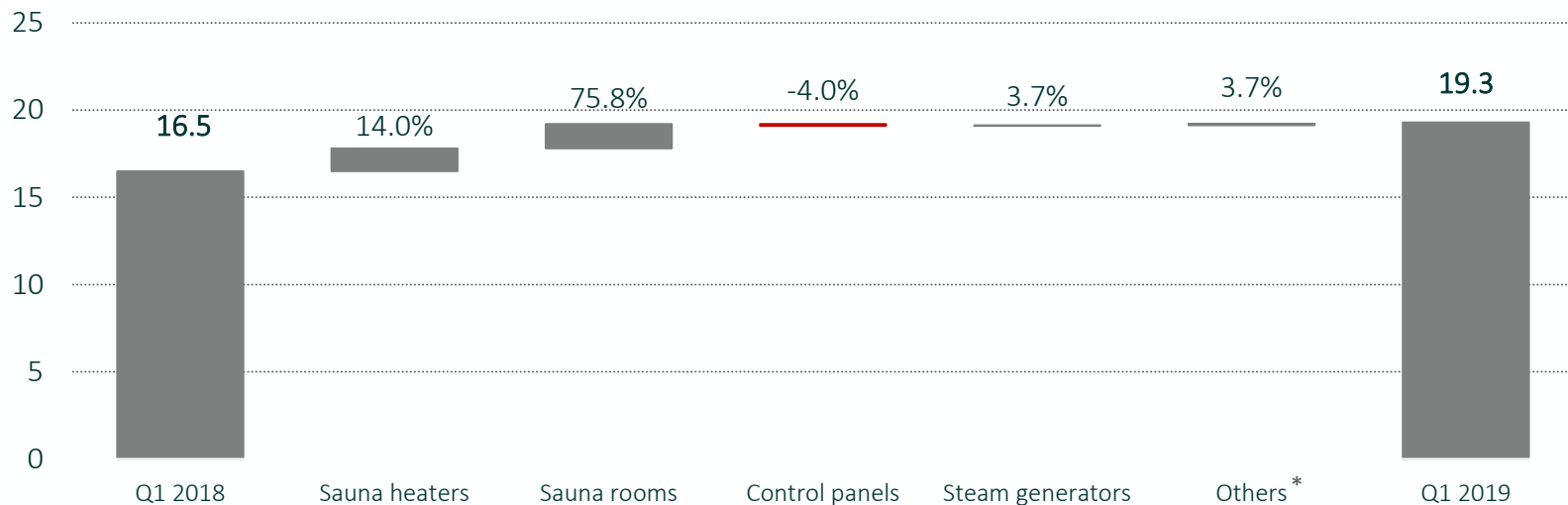
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Q1 2019: Growth in most product groups

Revenue by product group Q1 2018–Q1 2019

EUR million

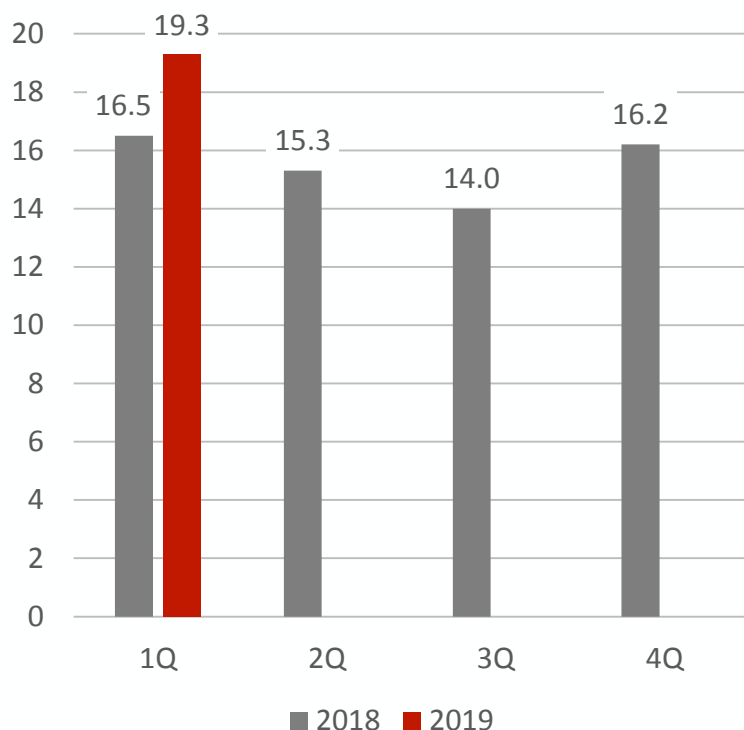


- Harvia's revenue increased in all product groups except control units
- Revenue in sauna rooms increased especially due to the acquisition of the business operations of Almost Heaven Saunas, as the rest of the sauna sales remained on the previous year's level
- Revenue grew also in sauna heaters as both electric heater and especially wood-burning heater sales increased strongly

Revenue and adjusted operating profit increased

Revenue

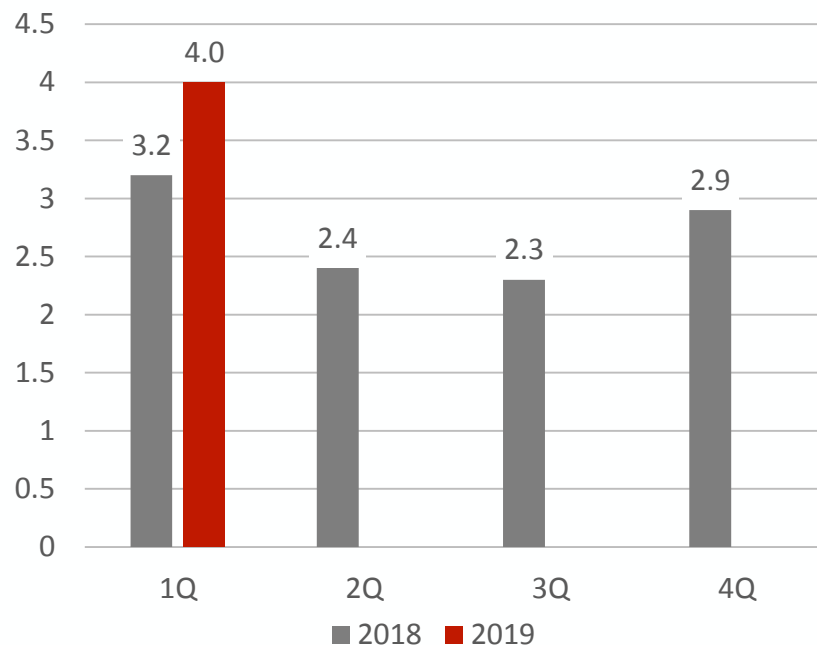
EUR million



- The revenue growth was strongest in Finland, In Russia and in North America
- At comparable exchange rates, revenue grew by 16.6% to EUR 19.2 million

Adjusted operating profit

EUR million



- Adjusted operating profit grew to EUR 4.0 (3.2) making up 20.6% (19.5) of the revenue
- At comparable exchange rates the adjusted operating profit margin was 20.1%



Harvia's diverse product offering covers all three sauna types and meets the needs of both private and professional customers



Harvia aims to be the leading player in the sauna and spa market

A close-up, low-angle shot of a sauna's interior, showing the wooden slatted walls and ceiling. The slats are arranged in a way that creates a sense of depth and perspective, leading the eye towards the center of the frame.

Increasing the value of the average purchase

A view from inside a sauna looking out through a large window. The window shows a city skyline across a body of water. The interior of the sauna has wooden benches and walls, with small lights visible along the top edge.

Geographical expansion

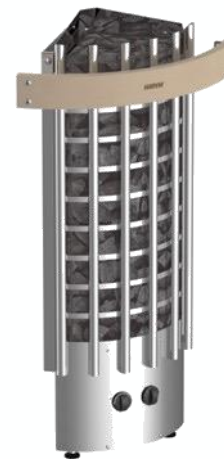
An aerial photograph of a large industrial or manufacturing facility. The facility features several large, interconnected buildings with light-colored roofs, surrounded by parking lots, roads, and green spaces with trees.

Productivity improvement



Q1: Increasing the value of the average purchase continued

- The implementation of Harvia's "one-stop shop" strategy in the sauna and spa business continued as planned
- New product launches;
 - Glow
 - Cilindro Plus
 - The Wall heater
 - Sentio by Harvia products
- The deliveries of the updated Harvia Pro 20 wood-burning heater began at the end of the quarter



Financials

Ari Vesterinen, CFO

Harvia's key figures in Q1 2019

EUR million	1-3/19	1-3/18	Change, %	2018
Revenue	19.3	16.5	16.9%	61.9
Adjusted EBITDA*	4.7	3.7	27.6%	13.0
% of revenue	24.5%	22.5%		21.0%
Adjusted operating profit*	4.0	3.2	23.5%	10.9
% of revenue	20.6%	19.5%		17.5%
Basic EPS (EUR)**	0.14	0.16	-11.0%	0.41
Operating free cash flow	1.7	2.0	-13.8%	10.0
Investments in tangible and intangible assets	-0.5	-0.6	-21.7%	-1.6
Net debt***	31.6	29.8	5.9%	30.3
Leverage	2.3	2.4		2.3
Net working capital	20.2	18.2	10.9%	17.5
Adjusted return on capital employed (ROCE)	30.9%	31.7%		31.6%
Equity ratio	55.7%	53.4%		56.3%
Number of employees at end of period	390	370	5.4%	400

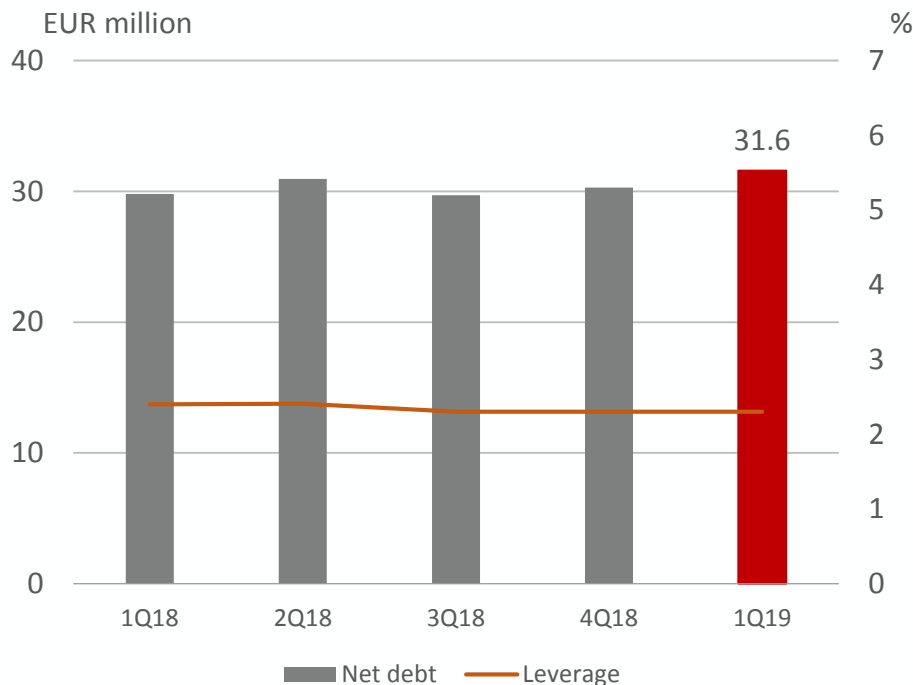
* Adjusted by items affecting comparability.

** Earnings per share (EPS) in January–March 2018 were EUR 0.09, calculated based on the number of shares after the listing.

*** Adoption of IFRS 16 Leases standard increased EBITDA by EUR 149 thousand and net debt by EUR 2.9 million at the end of March 2019.

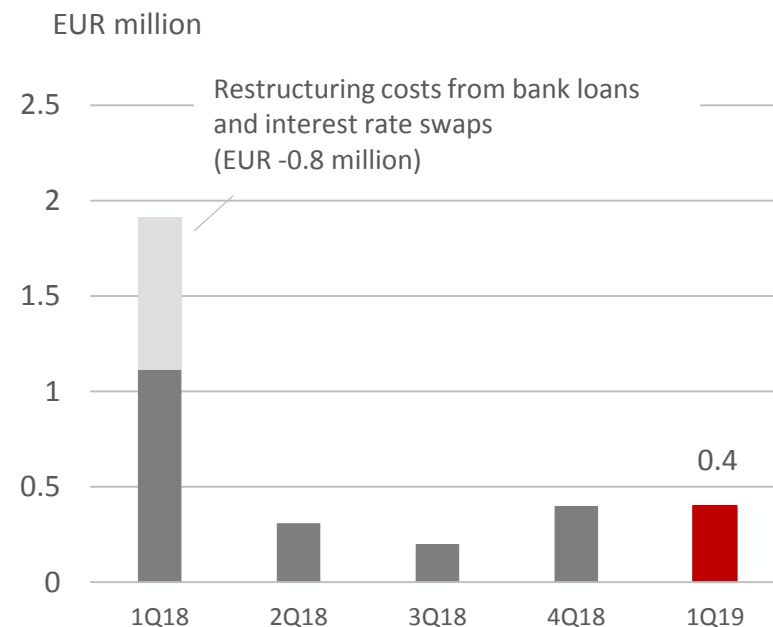
Net finance costs decreased significantly

Net debt (EUR million) and leverage (%)



- At the end of March 2019, the company's net debt amounted to EUR 31.6 million (30.3), of which EUR 38.9 million (36.4) consisted of long-term liabilities.

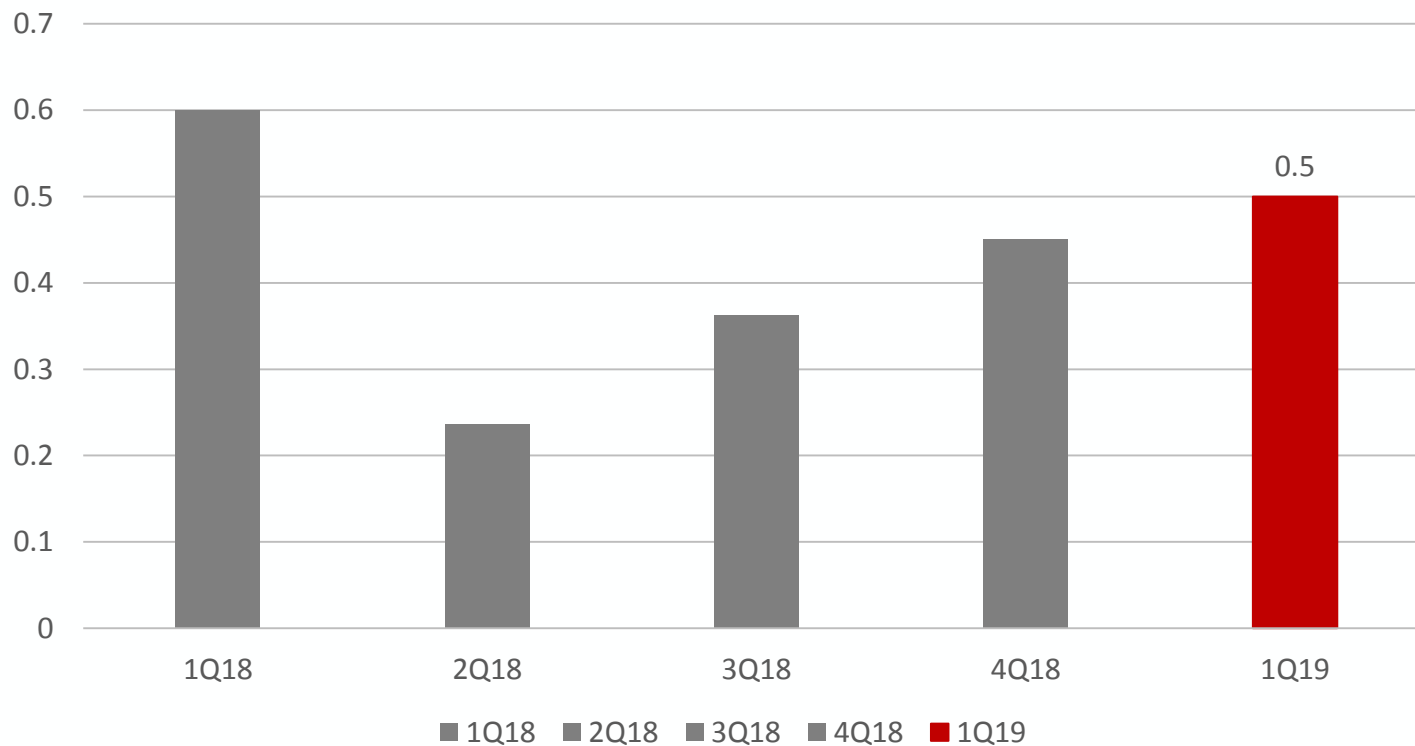
Net finance costs, EUR million



- The decrease in financing expenses resulted from the restructuring of financing in conjunction with the listing in March 2018.

Investments in tangible and intangible assets, EUR million

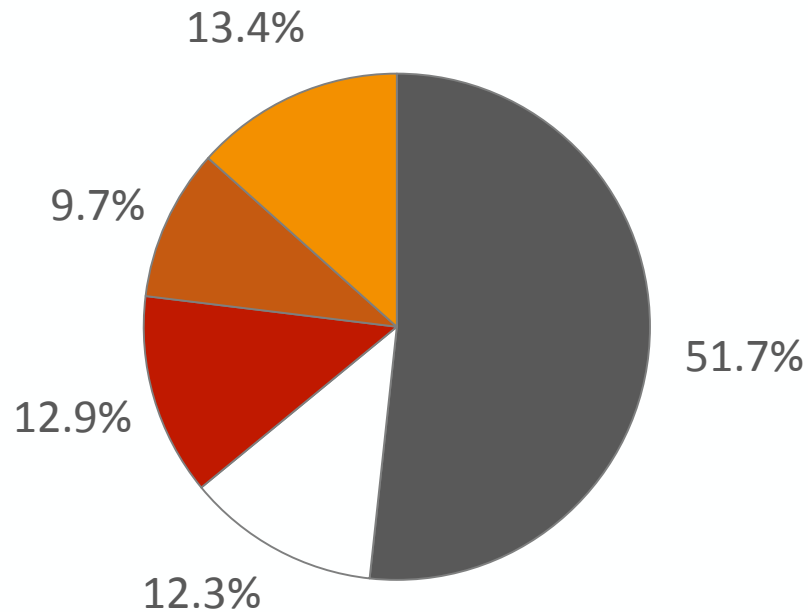
EUR million



- Machinery investments at the factory in China, smaller equipment purchases and renewed in-store furniture in Finland.



The distribution of Harvia's shareholders by segment (31 March 2019)



- In the IPO, Harvia gained approximately 2,000 new shareholders.
- At the end of March 2019, the number of shareholders totaled in 3,671 (including nominee registered).

■ Nominee registered and outside Finland □ CapMan funds
■ Banks and insurance companies ■ Private corporations
■ Households



Dividend resolution and authorization

Harvia targets a regularly increasing dividend with a bi-annual dividend payout of at least 60 percent of net income, in total.

Based on the proposal by the Board of Directors, Harvia Plc's Annual General Meeting resolved on April 4, 2019 that a dividend of EUR 0.18 per share (totaling EUR 3,364,962.48) be distributed based on the approved Financial Statements for 2018. The dividend was paid to shareholders registered in the shareholders' register maintained by Euroclear Finland Oy on the dividend's date of record, April 8, 2019. The dividend was paid on April 15, 2019.

The Annual General Meeting decided to authorize the Board of Directors to resolve, at its discretion, on distributing an extra dividend amounting to a maximum of EUR 0.19 per share.



Financial targets and outlook

Growth:

Annual revenue growth above five per cent on average

Profitability:

Adjusted operating profit margin of 20 per cent⁽¹⁾

Leverage ratio:

Net debt per adjusted EBITDA in the range of 1.5x–2.5x⁽²⁾

Harvia does not publish short-term outlook.

1) Operating profit before items affecting comparability

2) Not accounting for the future effects of changes in IFRS standards

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