

SUNBORN



FINANCE



FINANCIAL STATEMENTS Q3 2018
30/11/2018

sunborn

Key Figures Issuer Sunborn Finance Oy

EUR thousand	1 Jul - 30 Sep 2018	1 Jan - 30 Sep 2018
Rental income	834	2 503
EBITDA	544	2 123
Spa Hotels		64 914
Total Equity		5 973
Bond		50 000

Key Figures Operator Sunborn Saga Oy

EUR thousand	1 Jul - 30 Sep 2018	1 Jul - 31 Sep 2017	1 Jan - 31 Sep 2018	1 Jan - 31 Sep 2017
Turnover	8 018	8 454	19 945	19 402
Turnover of divested business				882
EBITDA before rent	1 471	1 979	2 566	2 658

Chief Executive Director, Pekka Niemi

Sunborn Finance Oy results for Q3 were at expected levels reaching our budgeted income and cost targets. The hotels have been undergoing major renovations during 2017 and 2018, which will continue to positively impact ADR, occupancy and ratings of the hotels. Improvement works in the properties are continuing throughout 2018 and 2019.

General

Sunborn Finance Oy owns Naantali Spa hotel located in Naantali by the Baltic Sea and Ruissalo Spa Hotel located in Turku by the scenic archipelago. Both properties have been leased to hotel operator Sunborn Saga Oy. The hotel operations of the spa hotels are run by management company Sunborn Saga Oy under a lease contract. Naantali Spa Resort has 214 rooms and 40 ancillary time share apartments and Ruissalo Spa Hotel 171 rooms. Both hotels also offer various ancillary facilities and services, such as conference and ball room facilities, spa facilities with treatment rooms and a pool complex with saunas, fully equipped fitness center, rehabilitation facilities, restaurants, bars, cafes and lounges.

Sunborn Finance was established 1 November, 2017 the company's operations consist of acting as a lessor of the spa hotels and also providing property and IT related facility services. Sunborn Finance has four employees.

The company prepares its accounts and quarterly reporting according to Finnish GAAP until the Bond has been listed on NASDAQ Helsinki. After that the reporting will be prepared in accordance with IFRS and made available according to the rules and regulations of NASDAQ Helsinki.

Sunborn Finance Oy Financial summary 1 January – 30 September 2018

Sunborn Finance receives lease income from the operator. Lease income 1-9 2018 was 2,5 M€. The other services income refers to personnel costs for facility services and was a cost/income neutral line item.

The value of the Spa hotels is at Naantali Spa 54 M€ and at Ruissalo Spa 28,5 M€ (1/3 in Sunborn Finance assets) according the valuation reports.

Key Figures of the operator Sunborn Saga Oy Financial summary 1 January – 30 September 2018

Turnover 1-9 2018 was increased by 2,8 % to 19,95 M€ (19,40 M€). Turnover in 2017 included 0,88 M€ sales related to divested business, Pinella Restaurant in Turku and Saga Trade.

Exceptionally warm weather in July and August adversely affected the spa and hotel business in Finland in which sales are typically positively correlated with adverse weather and vice versa. Domestic customers preferred outdoor activities and spent time in their summer houses instead of spending time in the hotels and restaurants.

The increase of the corporate segment in August and September 2017 was high because of a local refinery project contributing corporate room nights. This year the demand has normalized in corporate segment.

In Naantali Spa, during July and August we had our full room capacity in use. In September the room capacity was decreased by 50 rooms for renovations, lowering September RevPar due unavailability of rooms on peak days.

Although Ruissalo leisure segment decreased during July and August, the rehabilitation segment in September increased by +10 % YoY.

In Q3 2018 vs Q3 2017 ADR increased in Naantali by +0,4 % and decreased in Ruissalo -4,4 %.

In Q3 2018 vs Q3 2017 RevPar decreased in Naantali by -9,5 % and in Ruissalo -15,4 %.

Operating costs are in line with previous year and room renovations in Naantali are expected to be completed prior to yearend.

Guest satisfaction continues to be good in Naantali reflected by Booking.com rating of 8.0/10, Hotels.com rating of 8.2/10, Expedia.com 4.1/5 and in Ruissalo by Booking.com rating of 7.8/10, Hotels.com rating of 7.6/10, Expedia.com 3.7/5.

Business environment

No notable changes in the business environment.

Issuer is a SPV with no other purpose than owning the Naantali and Ruissalo spa hotel properties. The hotels are leased out to Sunborn Saga Oy through a lease agreement. Sunborn Saga Oy pays Sunborn Finance Oy a fixed sum of 278 152€ per month in lease.

Estimated future development

The company estimates that its financial performance and debt service capacity will remain stable.

Short-term risks and uncertainties

The Company's financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk and refinancing risk.

Floating interest rate risk has not been hedged.

Financial risk management carried out by the management of the Company aims to protect the Company against unfavorable developments in the financial markets and ensure the performance. The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

SUNBORN FINANCE OY
INCOME STATEMENT, EUR

1.1.-30.9.2018
9 months

TURNOVER		2 503 368
Other income from business operations		181 648
Personnel expenses		
Wages and salaries	193 954	
Pension costs	36 795	
Other social security costs	4 561	235 311
Other operating charges		326 880
EBITDA		=====
		2 122 825
Depreciation		
Depreciation according to the plan		761 004
Financial income and expenses		
Interest expenses related to the previous financing *	-590 714	
Other financial expenses *	-1 320 850	
Transactions costs	-243 262	
Interest expenses bond	-1 569 622	-3 724 448
		=====
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		-2 362 627
		=====
PROFIT FOR THE PERIOD		-2 362 627
		=====

* Interest costs and one off fees relating to the previous financial structure.

SUNBORN FINANCE OY
BALANCE SHEET, EUR

30.09.2018

ASSETS

	1518	
FIXED ASSETS		
Intangible assets		
Other capitalised long term expenditure	7 090	7 090
Tangible assets		
Land and waters	320 511	
Buildings	63 071 555	
Construction in process	1 522 068	64 914 134
CURRENT ASSETS		
Receivables		
Current receivables		
Prepayments related to transaction cost:	1 083 621	
Accounts receivable	1 189 672	
Other receivables		
Prepaid expenses and accrued income	17 180	2 290 473
Cash and bank receivables		2 307 015
TOTAL ASSETS		69 518 713

LIABILITIES

30.09.2018

SHAREHOLDERS' EQUITY		
Revaluation reserve	9 082 148	
Retained earnings	-746 348	
Profit for the period	-2 362 627	5 973 173
APPROPRIATIONS		
Cumulative accelerated depreciation	5 149 969	5 149 969
LIABILITIES		
Non-current liabilities		
Bond	50 000 000	50 000 000
Current liabilities		
Short-term accounts payable	112 177	
Other liabilities	12 232	
Deferred tax liability	7 920 884	
Accrued liabilities and deferred income	350 278	8 395 571
TOTAL LIABILITIES		69 518 713

SUNBORN FINANCE OY
CASH FLOW STATEMENT, EUR

1.1.-30.9.2018

Cash flow from operations	
Profit before adjustment items and taxes	-2 362 627
Depreciation and amortization	761 004
Interests and other financial expenses	3 481 186
Income taxes	0
Change in current receivables	-281 779
Change in current non-interest-bearing liabilities	38 590
Cash flow from operations (A)	1 636 374
Investing activities	
Change in tangible and intangible assets	-1 519 133
Cash flow from investing activities (B)	-1 519 133
Financing activities	
Change in non-current receivables	
Interests and financial costs	-3 481 186
Transaction costs	-1 326 882
Change in long-term borrowings	5 971 652
Cash flow from financing activities (C)	1 163 584
Change in cash and cash equivalents (A+B+C)	1 280 825
Cash and cash equivalents at beginning of period	1 026 190
Cash and cash equivalents at end of period	2 307 015

SUNBORN SAGA OY
INCOME STATEMENT, EUR

	1.1.-30.9.2018		1.1.-30.9.2017	
	9 months		9 months	
TURNOVER		19 831 208		19 143 760
TURNOVER from divested business		0		882 228
Other income from business operations		113 544		258 067
Materials and services				
Materials, supplies and goods				
Purchases during the financial period	2 846 254		3 448 331	
Change in inventories	28 716		-4 730	
External services	2 473 740	5 348 711	773 596	4 217 197
Personnel expenses				
Wages and salaries	4 664 703		5 535 581	
Mandatory pension costs	786 823		990 306	
Other social security costs	160 871	5 612 398	237 490	6 763 376
Other operating charges		6 417 767		6 645 491
Rents paid to Sunborn Finance Oy		2 503 368		2 503 368
		=====		=====
EBITDA		62 509		154 622
Depreciation				
Depreciation according to the plan		0		0
Financial income and expenses				
Interest income and financial income	144		1 145	
Interest expenses and financial expenses	-1 090	-946	-4 327	-3 182
		=====		=====
PROFIT BEFORE ADJUSTMENT ITEMS AND TAXES		61 563		151 440
Adjustment items				
Group contribution received(+) / paid(-)		0		0
Increase(-) / decrease(+) in depreciation difference		0		0
Income taxes		-7 707		-12 012
		=====		=====
PROFIT FOR THE PERIOD		53 857		139 427
		=====		=====

SUNBORN SAGA OY
BALANCE SHEET, EUR

	30.09.2018		30.09.2017	
ASSETS				
FIXED ASSETS	2 933 240			
Intangible assets				
Intangible rights	12 261		19 202	
Other capitalised long term expenditure	2 464 106	2 476 367	2 756 089	2 775 291
Tangible assets				
Machinery and equipment	456 874		523 504	
Construction in process	167 164	624 038	946 017	1 469 521
Investments				
Other shares and similar rights of ownership		290		290
CURRENT ASSETS				
Inventories				
Raw materials and supplies	182 938		199 176	
Goods	282 681	465 620	319 623	518 798
Receivables				
Non-current receivables				
Receivables from group companies	4 164 105		3 813 729	
Other receivables		4 164 105		3 813 729
Current receivables				
Receivables from group companies	189 589		284 521	
Accounts receivable	3 399 071		1 281 565	
Other receivables	163 341		170 847	
Prepaid expenses and accrued income	179 282	3 931 283	42 714	1 779 647
Cash and bank receivables		116 195		205 523
TOTAL ASSETS	11 777 896		10 562 799	

	30.09.2018		30.09.2017	
LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	2 523		2 523	
Reserve for invested non-restricted equity	100 000		100 000	
Retained earnings	28 679		29 164	
Profit for the period	53 857	185 058	139 427	271 114
LIABILITIES				
Non-current liabilities				
Debt to group companies	122 000		628 357	
Other liabilities	5 156 429	5 278 429	5 207 453	5 835 810
Current liabilities				
Debt to group companies	160 810		725 295	
Short-term advance payments	2 800 838		930 613	
Short-term accounts payable	1 366 364		1 621 238	
Other liabilities	1 121 843		227 310	
Accrued liabilities and deferred income	864 554	6 314 410	951 419	4 455 876
TOTAL LIABILITIES	11 777 896		10 562 799	

SUNBORN SAGA OY
CASH FLOW STATEMENT, EUR

1.1.-30.9.2018 1.1.-30.9.2017

Cash flow from operations		
Profit before adjustment items and taxes	61 563	151 440
Depreciation and amortization	0	0
Income taxes	-7 707	-12 012
Change in current receivables	-1 960 896	207 069
Change in inventories	28 716	686 988
Change in current non-interest-bearing liabilities	716 142	-359 922
Cash flow from operations (A)	-1 162 182	673 562
Investing activities		
Change in tangible and intangible assets	516 910	-908 226
Cash flow from investing activities (B)	516 910	-908 226
Financing activities		
Change in non-current receivables	-242 070	-946 977
Change in long-term borrowings	573 833	1 061 827
Cash flow from financing activities (C)	331 762	114 850
Change in cash and cash equivalents (A+B+C)	-313 509	-119 815
Cash and cash equivalents at beginning of period	429 704	325 338
Cash and cash equivalents at end of period	116 195	205 523