



**Magnetic**MRO

ANNUAL REPORT 2018





## CEO'S FOREWORD

The year 2018 was definitely not easy for airlines. It had a stressful impact on their returns, numerous airlines ceased their activities, and an even bigger number continued to struggle under the impact of increased fuel costs. As always, there were those who performed below average, those who contributed to a satisfactory degree, and those who flourished.

The MRO industry is, no doubt, directly linked to the wellbeing of airlines. At Magnetic MRO, we have knowingly strived to be above average. The best validation of this comes in the form of the facts and figures presented on the following pages. The year 2018 confirmed that a combination of our 'hunger for the best' and unique services offered enables us to seize opportunities in even the most distressing situations. That said, our joint venture, Magnetic Parts Trading Ltd., grew to 40 million USD last year via managing assets from ceased operations. It is a compliment to our strategy.

Why should our people, customers and investors stay with Magnetic, and those who are not here yet join? In 2018, 100 per cent of Magnetic MRO's shares were sold to a new investor. In the same year, we successfully listed bonds on Nasdaq First

North for completing the acquisition of a line maintenance organisation called Direct Maintenance. We established a cabin solutions company in Sichuan, China. These milestones took us to seven new countries and opened a gateway to the biggest markets in the industry. Magnetic MRO keeps offering stable returns via its traditional MRO business and rewarding opportunities via a growing asset management business line. The combination of the abovementioned factors will form the backbone of our future growth, and it positions us as a very strong aftermarket provider for airlines and asset owners, an exciting employer, and a rewarding partner for investors.

With growth come boundaries – we remain determined to cross these borders, to explore and innovate. We are ready for the next stage of global growth – we look forward to continuously serving our existing and new shareholders.

*Join us on the ride!*

CEO\_RISTO MÄEOTS







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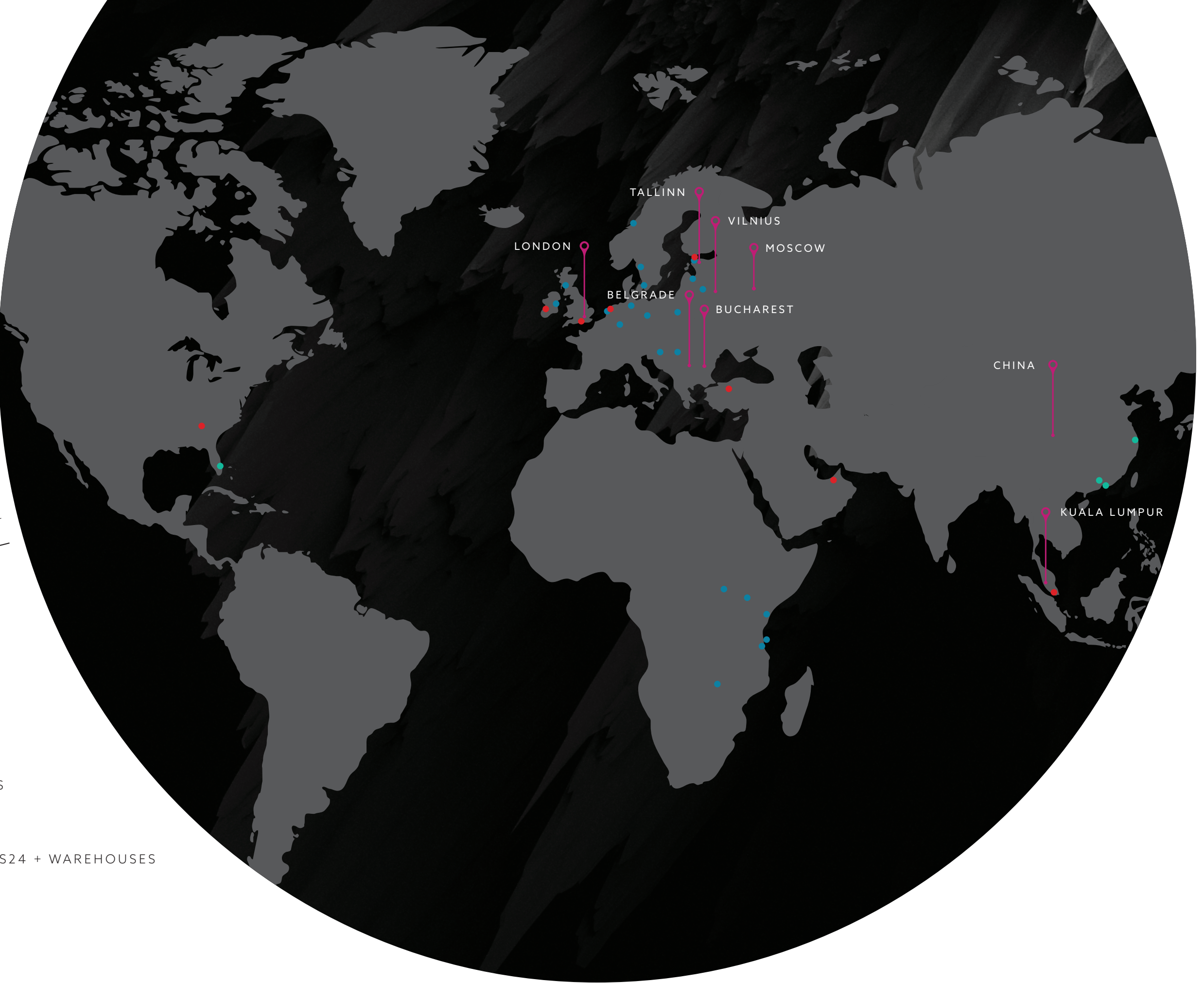
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GLOBAL REACH



OFFICES



LINE STATIONS



ENGINE STANDS 24 + WAREHOUSES



PARTNERS





## THE FUTURE OF MRO: LEAVE YOUR COMFORT ZONE OR LEAVE THE BUSINESS

Despite some turbulence in the aircraft market – including the grounding of the Boeing 737 MAX and the shutdown of the Airbus A380 project – and the fragility of a pre-recession global economy, the long-term projections for the aviation industry are as promising as ever. Thousands of new aircraft and millions of extra passengers will boost further development of global aviation thus driving airlines’ and lessors’ demands for MRO services – up to \$116b by 2029. However, MRO providers wishing to still be in the business by the end of the next decade need to start innovating – not only in terms of new technologies but new business models as well.

According to a report by Oliver Wyman, global spending on MRO services is set to grow by \$30b over the next 10 years. The component segment will be the fastest-growing of all, with a 4.3% CAGR. Amongst other factors, this segment’s growth will be fuelled by OEM’s strengthen-

ing control over the aftermarket and generally higher prices for new-generation aircraft parts.

Higher component expenditures will also be driven by scarcer availability of parts on the market, as both Boeing and Airbus scale up their production, putting more pressure on second- and third-tier OEMs – many of which today already fail to keep up with delivery schedules.

As a result, currently, almost all MROs and operators (97%) surveyed by Oliver Wyman for the 2018 report state to have suffered with growing material costs. Moreover, MROs also face the need to invest into new technologies, including robotics, additive manufacturing, predictive maintenance, VR (some of these technologies are already in use by Magnetic MRO) – everything to leverage for growing labour costs, decreasing availability of experienced staff, growing pressure on TAT and manhour prices, and extremely intense competition.



**ACCORDING TO A REPORT  
BY OLIVER WYMAN,  
GLOBAL SPENDING ON MRO  
SERVICES IS SET TO GROW  
BY \$30B OVER THE NEXT 10  
YEARS.**

The latter is particularly noticeable in Europe. A mature market with limited growth opportunities and volatile local economies will most likely lead to new bankruptcies and mergers in the airlines market, leaving local MRO companies with fewer customers to compete for.

We anticipate that in the next ten years the MRO landscape will change substantially. Acquisitions, insolvencies and other changes will particularly hit those businesses that stick to the repair-shop mindset too rigidly and do not expand beyond conventional clientele and products.

At Magnetic MRO we don't want to be chained to such prospects. That's why we diversify our business, invest in new products and develop new markets, one of which is technical asset management of mid-to-end-of-life aircraft.

**A SHIFT FROM SERVICE PROVIDER  
TO BUSINESS PARTNER**

As mentioned above, the component supply and maintenance mar-

ket is on the rise. But it's an opportunity not only for OEMs – it's for airlines and lessors as well.

Many aircraft owners, especially those in Asia, expect their assets to generate returns for 10–15 years and sell them afterwards on the secondary market. However, considering the growing demand for parts supply, as well as the scarcity of components for new-generation aircraft, mid-life airplanes can produce additional cash flow even if they are not operating in the air – as used serviceable materials removed and restored from a disassembled aircraft.

However, selecting the right aircraft, conducting the teardown, as well as restoring and marketing parts is a tricky process. With improper management of the process, the owner may end up having scrap instead of an income-generating asset.

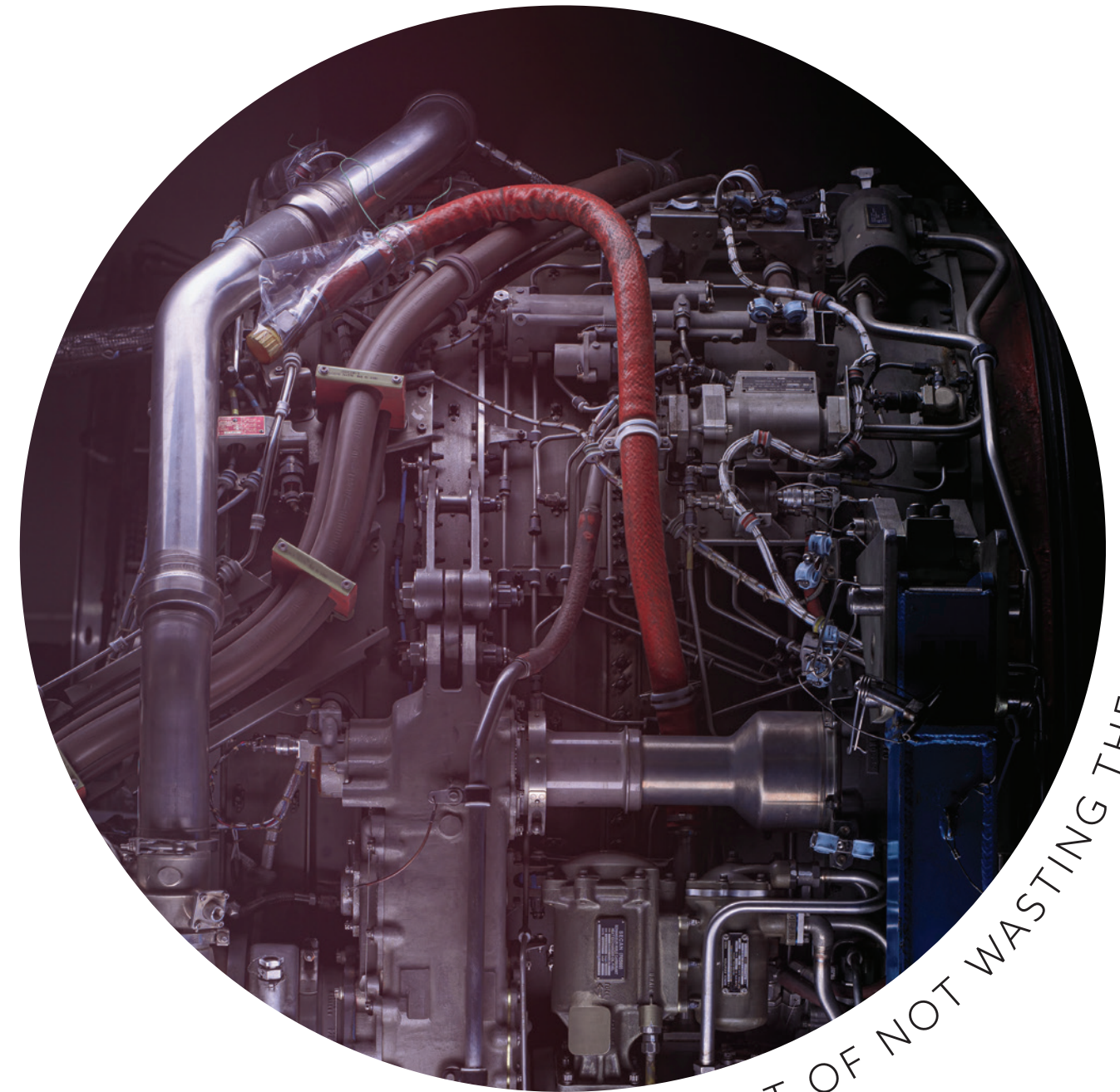
This is the moment where an MRO with a flexible mindset comes on the scene: expertise in engineering and maintenance planning, in-house and outsourced repair capabilities,

supplemented with an established logistics and clientele network – all of this opens new business opportunities for an MRO. By transforming from a mere repair shop into a fully fledged engineering partner, an MRO can help aircraft owners to maximize their yield on the asset.

**THE ART OF NOT WASTING THE  
WASTE**

Decommissioning and disassembling an aircraft is a complicated task, which some MRO players refer to as “the art of the aircraft tear-down”. Done properly, it enables many parts and components to be put back into operation, either by storing them in an airline's stock or marketing the parts on the open market via outright sales, exchange pools or leasing.

However, many aircraft owners still don't realize the value of stand-alone components, because they see the aircraft as a whole and usually don't hold enough expertise to micromanage the aircraft on a sub-assembly level. This eventually limits the airlines' and lessors' options



THE ART OF NOT WASTING THE WASTE





to maximize the yields on their end-of-life assets: options worth approx. \$4–5 million in extra revenue.

For instance, there is Magnetic MRO's 'Lego Project'. For example, an asset owner has four Airbus A320s that are due for decommissioning. One of these aircraft has high cycles on the airframe, so it needs to pass an extension programme on the fuselage. Another one has run out its LLPs (and a full overhaul is beyond economic repair). The third one might have landing gear problems, and the fourth may have APU issues.

To help a customer in a situation like this, we approach all four aircraft as a single "Lego" package. We take the fuselage which has enough life, refresh its livery, install a new cabin, install engines from the second aircraft and landing gears from the third one, and then we have a 'flyer'.

The customer receives a fully operating asset, which enables continued income generation for another 24 months until the next C-check is due. In the Airbus A320 case, this can generate an extra \$200,000 a month, or up to \$5 million over two years.

#### **GUIDING LESSORS THROUGH THEIR ASSETS' END OF LIFE**

Larger airlines have well-established engineering teams who can help them find the best solutions for end-of-life aircraft. However, leasing companies, banks, and other asset owners have limited or no engineering capacity at all. That's why many of them prefer to sell their mid-life aviation assets instead of maximizing the gains all the way to the end.

Having worked with multiple asset owners both in Europe and other

world regions, Magnetic MRO has learned to approach an aircraft not only as a technical vehicle, but also as a financial asset. With approx. 900 planes being retired each year, we see substantial market opportunities for technical asset management and teardown projects.

At the same time, Magnetic MRO brings risk-and-reward-sharing solutions to airlines. The risk/rewards sharing projects allow co-acquisition of assets that otherwise wouldn't be available for either partner if they acted individually. We take on the full management of the acquired assets and, in certain cases, we are even ready to commit with minimum ROI. The parts are being either sold or leased to both the partnering airline and other market players, thus reducing the cost of stock management and potentially generating extra revenue for all partnering parties.

Moreover, these risk/rewards sharing partnerships can often provide additional long-term value – advance access to off-market assets. It's an exceptional opportunity, particularly in rather closed markets such as China.

#### **SETTING THE BEST PRACTICE AND CHAMPIONING SUSTAINABILITY**

Teardown projects are complex processes, not only in terms of technical challenges, but also due to environmental risks. The overall teardown process is rather underregulated and mostly managed by local authorities. With no global benchmark or best practice to follow, some teardown projects may lead to significant environmental damage, as well as impose import-export risks related to mismanaged documentation of reusable parts.

Luckily, things have starting to improve since IATA has put together the Aircraft Decommissioning Industry Group (ADIG). This group, which we're honoured to be members of, has put together guidelines and developed the best practices to manage aircraft decommissioning as a controlled process, with all due safety, economic and environmental considerations.

#### **MRO: MANAGEMENT AND REPAIR ORGANIZATION**

We are convinced that our approach to exploring new markets and changing the mindset, including in terms of end-of-life asset management, puts Magnetic MRO on the way to becoming a next-gen MRO company. From a small shop we grew to a total technical care provider, and now we have grown all the way through the third transformation stage – raising

capital and investing in asset management projects, alongside traditional services.

From an OPEX company we have transformed into a CAPEX one – we not only deliver new services, but we also share the risks with our partner – airlines, leasing companies, and other asset owners.

Magnetic MRO is not a mere repair company, but rather a repair and management partner. We share the knowledge, we share the gains, we share the risks with our partners. Because that's what our customers are – partners.



**GLOBAL MARKET**  
HEALTH  
INDICATORS BY  
NUMBERS.

**GLOBAL  
PASSENGER  
TRAFFIC**  
WILL GROW  
PER YEAR  
(ACCORDING  
TO BOEING)

**4.6%**

**NUMBER OF  
AIR PASSEN-  
GERS** IATA  
EXPECTS PER  
YEAR BY 2036

**7.8BN**

**ANNUAL  
GROWTH**  
OF THE MRO  
SEGMENT  
FROM NOW  
TO 2038

**4.0%**

**ESTIMATED  
MRO MARKET  
GROWTH**  
FROM NOW  
TO 2029

**34.0BN**







## OUR STORY

It all started in 1995 when the ancestor of today's Magnetic MRO started operation as the maintenance department of Estonian Air. The story of Estonian Air, the former Estonian flag carrier airline, which was founded at the beginning of the 1990s, is a miracle of its own, but even more phenomenal was the team that took care of the airline's two brand new Boeing 737-500s. A team of just 16 people, who had never laid their hands on a B737 before, took care of the whole maintenance unit. As testament to the phenomenal job they managed to do, the team got nicknamed the "Boeing Group". We know these 16 pioneers as the foundation of what Magnetic MRO is today.

### IN PEOPLE WE TRUST

After operating as a maintenance branch of a larger entity for 19

years, the company was rebranded into what we now call Magnetic MRO. By 2014, Magnetic MRO had grown from a simple third-party maintenance provider into a true total technical care partner. Ever since its visual and infrastructural transformation, the company has confidently marched towards new markets and service expansions; successfully proved itself in asset management and whole lifecycle solutions; and expanded the brand to become a group company with many sub-entities, full of diverse aviation solutions.

Some of the founding "Boeing Group" people still work here, long after the maintenance department of Estonian Air was transformed into Maersk Air Maintenance Estonia, then Air Maintenance Estonia, and finally into Magnetic MRO. It is in these people that our legacy lives





on. And our people are the vessel that will carry on our story. Every new chapter in our story starts with people, and we have let our people run wild with their imagination, ideas and ambition, which has led Magnetic MRO to be one of the most innovative and fastest-growing players in the field.

#### **UPGRADING THE WHOLE PLAYGROUND**

Ever since rebranding 5 years ago, Magnetic MRO has successfully launched new business units and added new capabilities to sup-

port its “total technical care positioning” to compete with the global players. In doing this, we have launched painting services, increased capabilities and gained new approvals in design and production fields, expanded into asset management services, and launched new stations all around Europe.

In order to differentiate ourselves from our competitors, Magnetic MRO has also chased innovative developments in the aviation market and launched software for 3D-visioning of aircraft interiors,

before introducing a 3D-printing solution for aviation-approved parts. In 2016, we developed a tailor-made virtual-reality corner dedicated to our interior workshop clients. This was followed by new augmented reality solutions, which have resulted in allowing the company’s clients to visualize new liveries on an aircraft before proceeding to the painting stage. Within the last few years, we have invested in pioneering technologies and sub-brands in the industry to become more competitive and significantly innovative. In 2016, Magnetic MRO launched EngineStands24, the

very first e-platform in the aviation market for leasing, purchasing and transporting aircraft engine stands, aiming to provide an easy and fast solution for airlines, MROs, engine shops, engine manufacturers, leasing companies as well as freight forwarders. In the same year, we acquired MAC Aero Interiors, a UK-based aircraft interiors company, to upgrade the group’s interior market and product scope globally, while adding a revenue stream in the VIP market.

In 2017, Magnetic MRO and US-based Crestline Investors estab-

lished a joint venture for aviation asset investments. The newly established company, Magnetic Parts Trading Limited, has been focusing on acquiring aircraft and engines for immediate part-out, or short-term lease and subsequent part-out.

#### **STRENGTHENING OUR GLOBAL PRESENCE**

Meanwhile, Magnetic MRO has kept focusing on strengthening the backbone of the business and entered into new markets to reinforce the company’s line and base maintenance business, opened a new paint

hangar, extended engine repair capabilities, and increased investments into sales, marketing, and PR activities to develop a strong brand presence in the global aviation industry.

By the beginning of 2018, Magnetic MRO had shown itself to the world as a technologically advanced, innovative, know-how-and-capital-driven service and asset management organization, which meant that it was time for a new chapter in the company’s success story. In January 2018, 100% of Magnetic MRO’s shares were sold to a new strategic





**DIGITALIZING OUR MAINTENANCE ACTIVITIES**  
 IN 2018, WE (TOOK A STEP TOWARDS A SECURE AND PAPERLESS ENVIRONMENT AND) LAUNCHED A DIGITAL FINGER-PRINT SYSTEM FOR ALL MAINTENANCE-RELATED DOCUMENTS.

investor, China-based Guangzhou Hangxin Aviation Technology; this has given us a chance to expand our business into Asia, the fastest-growing market in aviation, with the goal of strengthening our global presence and enhancing our service portfolio.

2018 was also the year in which Magnetic MRO signed a three-year contract for PBH support with Enter Air, Poland's largest and Eastern Europe's second-largest charter carrier; a contract with Scandinavian Airlines to become their heavy maintenance partner for A320Neo aircraft; entered into the wide-body line maintenance market; opened a dedicated training facility in Tallinn and introduced an innovative RFID system to its facilities. This was also a year for us to take another step in digitalizing our maintenance activities and moving towards a paperless environment by launching a digital fingerprint signature system for maintenance-related documents.

**ENTERING NASDAQ**

The year 2018 wasn't just a good year for the Magnetic MRO group's mother company. In the last quarter of 2018, MAC Aero Interiors entered the Chinese aircraft cabin interiors market by establishing MAC Sichuan, a joint venture with Benbiao Aviation, which is focused on providing total cabin technical care support to Chinese aircraft owners and operators.

To close the year with another important milestone, the company started issuing bonds for listing on the Nasdaq Tallinn trading facility First North. By then, Magnetic MRO had seen rapid growth fueled by banks and private equity funds, which meant that it only made sense

to turn to capital markets as the next strategic step in securing funding for the company's next milestones. The bonds were listed on First North in February 2019.

**PUSHING BOUNDARIES IN THE PURSUIT OF BECOMING LIMITLESS**

The capital that was raised was used to complete the acquisition of Direct Maintenance, an Amsterdam-based independent line maintenance provider for narrow- and wide-body aircraft. The acquisition was finalized in March 2019. This deal, which added a number of new wide-body

**IN FEBRUARY 2019**  
**MAGNETIC MRO BONDS WERE LISTED ON THE NASDAQ TALLINN TRADING FACILITY FIRST NORTH.**



aircraft types to the company's capability list, new line stations in Europe and Africa on our map, and 140 new employees to the group, has strengthened our position as a strong maintenance provider and a global company for whom the sky is, in fact, not the limit. Just as there are no limits to how much further we could expand.

Today, Magnetic MRO is a total technical care and asset management organization with a global presence and two decades of worldwide experience. The company has a well-established reputation in innovative solutions in digitalized MRO services and a proven track record as a one-stop total technical care organization for airlines, asset owners, OEMs and operators. We have come a long way from the "Boeing Group", yet we're still that same team of bright-eyed aviation specialists with a passion for those big steel birds. We care. We care about our global family, our customers, partners and the industry that we're all part of. We care enough to keep pushing the boundaries of not only our own domain, but the whole aviation industry. After all, we are in this for the long run.

What's next for Magnetic MRO, you might ask. It's fairly simple: to keep growing and expanding our business, to keep shaping the industry through our own innovation, to keep offering our customers the best total technical care service that they can find on the market, and – most importantly – to keep loving what we do. We don't stop too long to look back and reminisce over the fruits of our past hard work. We get our thrill from moving forward and continuing to write our story. All of our engines are running. Now the only way is up.



# MAGNETIC MRO STRUCTURE



# MAGNETIC MRO SERVICES

## FOR AIRLINES

- HEAVY MAINTENANCE
- LINE MAINTENANCE
- ENGINE FLEET MANAGEMENT
- SPARE PARTS & COMPONENTS
- INTEGRATED ENGINEERING SERVICES
- DESIGN & PRODUCTION
- INTERIOR WORKSHOP
- FULL AIRCRAFT PAINTING
- TECHNICAL TRAINING COURSES
- INTERIOR WORKSHOPS
- ENGINESTANDS24

## FOR ASSET OWNERS

- ASSET ACQUISITIONS & MANAGEMENT
- TECHNICAL SUPPORT DURING LEASES
- END-OF-LIFE ASSET MANAGEMENT
- TRANSITIONS BETWEEN LESSEES
- TECHNICAL SUPPORT DURING LEASES
- RISKS/REWARDS SHARING PROJECTS







## CFO'S FOREWORD

Another year full of rapid development and growth has passed. During the past year, Magnetic MRO expanded by establishing a 100% subsidiary in Lithuania and started negotiations regarding the acquisition of the Direct Maintenance Group, a line maintenance provider in the Netherlands. These negotiations were successfully completed and the transaction was closed by the end of February 2019. With this acquisition, the Magnetic MRO grew by seven companies: three of them located in Europe and four of them in airports of Eastern Africa. The financing of this acquisition was made through the issuance of 8 million EUR of bonds, which were listed on the First North alternative market on February 14th, 2019. The past year was a year of expansion for Magnetic MRO's subsidiaries as well. MAC Aero Interiors, a Magnetic MRO AS company, established MAC Sichuan Ltd, a subsidiary in China with a 64.7059% ownership. The goal of such acquisitions and establishments has been to expand current business lines geographically and to start entering the Asian market.

The year 2018 was also impressively successful for Magnetic MRO's joint venture company Magnetic Parts Trading Ltd, which was established on the Isle of Man at the end of 2017 and in which Magnetic MRO AS acts as manager and owns 49.9% of the shares. The revenue of Magnetic Parts Trading Ltd reached 42 Million USD during the first full year of operation; the operating profit was 9 Million USD and the net profit 4.7 Million USD. The ownership of Magnetic Parts Trading Ltd has been accounted according to the equity method and therefore is visible only below the EBITDA line.

Plans for 2019 include the fast integration of acquired subsidiaries, development of established companies of the Magnetic MRO, stable growth of existing business lines, and strengthening the group's presence in new markets.

CFO\_ASTRIT VIISMA-KASS







## MAGNETIC MRO 2018 KEY FIGURES

## TO ASSESS THE PROFITS EARNED BY MAGNETIC PARTS TRADING LIMITED (MPTL) THE EQUITY METHOD OF ACCOUNTING IS APPLIED.

MAGNETIC MRO OWNS 49.9% OF MPTL'S SHARES.

	2018 (EUR MILLION)	2017 (EUR MILLION)
REVENUE	87.1	90.9
EBITDA	4.7	6.4
<b>ADJUSTED EBITDA*</b>	<b>5.5</b>	<b>6.5</b>
<b>COMBINED GROUP EBITDA**</b>	<b>9.3</b>	<b>6.5</b>
NET PROFIT	5.1	4.0
NET PROFIT MARGIN	6%	4%
ROAA	14%	13%
ROAE	37%	43%
<b>BALANCE SHEET TOTAL</b>	<b>39.3</b>	<b>30.9</b>
WORKING CAPITAL	7.5	0.8
EQUITY	16.3	11.2
NET FINANCIAL DEBT	10.8	6.9

\* ONE-OFF EXPENSES EXCL  
 \*\*COMBINED GROUP EBITDA IS THE 49.9% EBITDA OF MPTL AND MMRO'S ADJUSTED EBITDA

Magnetic Parts Trading Limited (MPTL) was established by Magnetic MRO and Crestline Investors as a joint venture in 2017 in order to focus on aviation asset investments. While Crestline Investors is furnishing Magnetic

Parts Trading Limited with the majority of its capital needs, Magnetic MRO gets to focus on project management, part-out and the value realization process. Magnetic Parts Trading Limited will focus on acquiring aircraft and engines for immediate

part-out, or short-term lease and subsequent part-out. It aims to invest in the most popular narrow-body aircraft types, such as the A320 and B737 families and their corresponding engines.

	2018 (EUR MILLION)	2017 (EUR MILLION)
REVENUE	35.7	-
EBITDA	7.6	-
NET PROFIT	4.0	-
NET PROFIT MARGIN	11%	-
ROA	11%	-
NET CASH FLOWS	2.5	-
<b>BALANCE SHEET TOTAL</b>	<b>36.0</b>	<b>-</b>
WORKING CAPITAL	16.6	-
EQUITY	3.8	-
NET FINANCIAL DEBT	16.9	-





## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements are prepared in accordance with the Estonian financial reporting standards. The Estonian

financial reporting standards are prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

## MAGNETIC MRO CONSOLIDATED INCOME STATEMENT

	2018 (EUR MILLION)	2017 (EUR MILLION)
REVENUE	87,1	90,9
COST OF SALES	-74,9	-79,0
<b>GROSS PROFIT (LOSS)</b>	<b>12,2</b>	<b>11,9</b>
DISTRIBUTION COSTS	-0,6	-0,5
ADMINISTRATIVE EXPENSE	-9,2	-8,7
OTHER INCOME	0,7	1,7
OTHER EXPENSE	-0,1	0
<b>OPERATING PROFIT (LOSS)</b>	<b>3,0</b>	<b>4,4</b>
PROFIT (LOSS) FROM ASSOCIATES	1,7	0
INTEREST INCOME	0,6	0,1
INTEREST EXPENSES	-0,2	-0,2
OTHER FINANCIAL INCOME AND EXPENSE	0	-0,3
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>5,1</b>	<b>4,0</b>
INCOME TAX EXPENSE	0	0
<b>ANNUAL PERIOD PROFIT (LOSS)</b>	<b>5,1</b>	<b>4,0</b>
PROFIT (LOSS) FROM SHAREHOLDERS AND PARTNERS IN PARENT COMPANY	5,1	4,0

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 (EUR MILLION)	2017 (EUR MILLION)
ANNUAL PERIOD PROFIT (LOSS)	5,1	4,0
OTHER COMPREHENSIVE INCOME (EXPENSE):		
EFFECT ON UNREALISED EXCHANGE RATE CHANGES	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>0</b>	<b>0</b>
<b>ANNUAL PERIOD COMPREHENSIVE INCOME (EXPENSE)</b>	<b>5,1</b>	<b>4,0</b>
COMPREHENSIVE PROFIT (LOSS) FROM SHAREHOLDERS AND PARTNERS IN PARENT COMPANY	5,1	4,0

## MAGNETIC MRO BALANCE SHEET CONSOLIDATED

	2018 (EUR MILLION)	2017 (EUR MILLION)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
CASH AND CASH EQUIVALENTS	0,9	1,1
RECEIVABLES AND PREPAYMENTS	17,4	10,7
INVENTORIES	7,4	8,5
<b>TOTAL CURRENT ASSETS</b>	<b>25,8</b>	<b>20,3</b>
<b>NON-CURRENT ASSETS</b>		
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	1,7	0
RECEIVABLES AND PREPAYMENTS	4,9	4,4
PROPERTY, PLANT AND EQUIPMENT	6,2	5,4
INTANGIBLE ASSETS	0,7	0,8
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13,6</b>	<b>10,6</b>
<b>TOTAL ASSETS</b>	<b>39,3</b>	<b>30,9</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
LOAN LIABILITIES	6,9	7,8
PAYABLES AND PREPAYMENTS	11,4	11,8
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,2</b>	<b>19,6</b>
<b>NON-CURRENT LIABILITIES</b>		
LOAN LIABILITIES	4,8	0,2
PAYABLES AND PREPAYMENTS	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,8</b>	<b>0,2</b>
<b>TOTAL LIABILITIES</b>	<b>23,1</b>	<b>19,8</b>
<b>EQUITY</b>		
<b>EQUITY HELD BY SHAREHOLDERS AND PARTNERS IN PARENT COMPANY</b>		
ISSUED CAPITAL	1,1	11
SHARE PREMIUM	6,6	6,6
STATUTORY RESERVE CAPITAL	0,1	0,1
UNREALISED EXCHANGE RATE	-0,1	-0,1
RETAINED EARNINGS (LOSS)	3,4	-0,5
ANNUAL PERIOD PROFIT (LOSS)	5,1	4,0
<b>TOTAL EQUITY HELD BY SHAREHOLDERS AND PARTNERS IN PARENT COMPANY</b>	<b>16,3</b>	<b>11,2</b>
<b>TOTAL EQUITY</b>	<b>16,3</b>	<b>11,2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>39,3</b>	<b>30,9</b>



## MAGNETIC MRO CASH FLOW CONSOLIDATED

	2018 (EUR MILLION)	2017 (EUR MILLION)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
OPERATING PROFIT (LOSS)	3,0	4,4
<b>ADJUSTMENTS</b>		
DEPRECIATION AND IMPAIRMENT LOSS (REVERSAL)	1,7	2,1
PROFIT (LOSS) FROM SALE OF NON-CURRENT ASSETS	-0,3	-1,4
<b>TOTAL ADJUSTMENTS</b>	<b>1,3</b>	<b>0,7</b>
CHANGES IN RECEIVABLES AND PREPAYMENTS RELATED TO OPERATING ACTIVITIES	-6,4	-1,2
CHANGES IN INVENTORIES	1,1	-1,6
CHANGES IN PAYABLES AND PREPAYMENTS RELATED TO OPERATING ACTIVITIES	-0,5	-5,5
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-1,4</b>	<b>-3,4</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	-2,9	-7,7
PROCEEDS FROM SALES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	1,1	5,1
OTHER CASH PAYMENTS TO ACQUIRE SUBSIDIARIES	-0,3	-4,2
LOANS GIVEN	0	
<b>TOTAL CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-2,1</b>	<b>-6,8</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
LOANS RECEIVED	7,2	-
REPAYMENTS OF LOANS RECEIVED	-0,1	-1,9
PROCEEDS FROM OVERDRAFT	-3,5	5,8
PROCEEDS FROM FINANCE LEASE	-0,2	-0,2
INTEREST PAID	-0,2	-0,2
PROCEEDS FROM GOVERNMENT GRANTS	0,1	-
<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>3,3</b>	<b>3,5</b>
<b>TOTAL CASH FLOW</b>	<b>-0,2</b>	<b>-6,7</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,1	8,1
CHANGE IN CASH AND CASH EQUIVALENTS EFFECT ON EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-0,2	-6,7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	0,9	1,1

## MAGNETIC MRO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL	SHARE PREMIUM	STATUTORY RESERVE CAPITAL	UNREALISED EXCHANGE RATE	RETAINED EARNINGS (LOSS)	TOTAL (EUR MILLION)
<b>31.12.2016</b>	1,1	6,6	0,1	0	-0,5	<b>7,2</b>
ANNUAL PERIOD PROFIT (LOSS)				0	4,0	<b>4,0</b>
<b>31.12.2017</b>	1,1	6,6	0,1	-0,1	3,4	<b>11,2</b>
ANNUAL PERIOD PROFIT (LOSS)				0	5,1	<b>5,1</b>
<b>31.12.2018</b>	<b>1,1</b>	<b>6,6</b>	<b>0,1</b>	<b>-0,1</b>	<b>8,5</b>	<b>16,3</b>







## AWARDS

**BEST INTERNATIONAL PROVIDER**  
AIR TRANSPORT OBSERVER  
MAGAZINE 2018

**DEAL OF THE YEAR**  
BALTIC M&A AND PRIVATE EQUITY  
AWARDS 2018

**COMPANY OF THE YEAR**  
BEST ESTONIAN ENTERPRISES 2017

**EXPORTER OF THE YEAR**  
BEST ESTONIAN ENTERPRISES 2017

**BEST INTEGRATED MRO  
SPECIALISTS IN EUROPE**  
AIR TRANSPORT AWARDS 2017

**AWARD FOR EXCELLENCE IN  
ENGINE MANAGEMENT  
SERVICES IN EUROPE**  
AIR TRANSPORT AWARDS 2017

**RUBAN D'HONNEUR RECIPIENT  
FOR THE BUSINESS OF THE  
YEAR AWARD**  
ESTONIAN BUSINESS  
AWARDS 2016-17



## TESTIMONIALS

**NORWEGIAN AIR SHUTTLE, 2018**  
"AN ON-TIME AIRCRAFT DELIVERY,  
DUE TO THE PROJECT MANAGERS  
AND DIFFERENT BUSINESS UNITS  
WORKING TOGETHER, TO SOLVE  
PROBLEMS IN A TIMELY MAN-  
NER. OUTSTANDING PAINT LIV-  
ERY WORK, WHICH EXCEEDED THE  
LEASE COMPANY AND NEW OPER-  
ATORS EXPECTATIONS."

**ALROSA AERO, 2018**  
"HIGH LEVEL OF SERVICE AND  
PROMPT RESPONSE TO CUSTOMER  
REQUESTS ARE THE HALLMARK OF  
MAGNETIC MRO."

**SAS, 2018**  
"EXCELLENT EXPERIENCE!"

**ASL AIRLINES, 2017**  
"I AM VERY IMPRESSED WITH THE  
QUALITY AND EXCELLENCE OF THE  
MAGNETIC MRO PAINTING  
DEPARTMENT."

**THOMAS COOK AIRLINES, 2017**  
"MAGNETIC MRO IS A VERY PRO-  
FESSIONAL ORGANIZATION, LONG  
MAY IT CONTINUE!"

**AUSTRIAN AIRLINES, 2016**  
"I CONSIDER MAGNETIC MRO AS  
RELIABLE AND HIGHLY QUALIFIED  
PARTNER FOR NOW AND FOR THE  
FUTURE."



