alphinox

Harju Elekter AS

HAE1T.TL

2Q'20: So far resilient from COVID-19 created turbulence

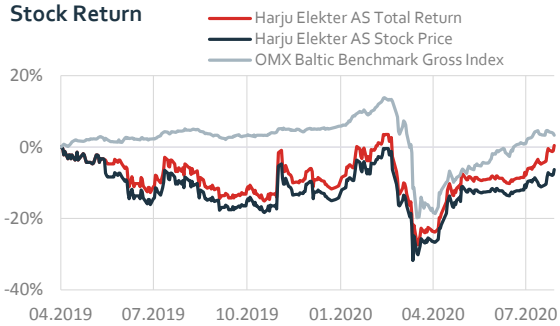
Industrials | Estonia

Manufacturer of electric and engineering devices such as electric power distribution systems and control equipment, etc. Company has exposure to Norther European countries as main export markets. HAE also operates industrial real estate.

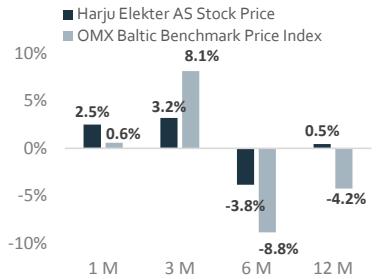
Market data

Price (€)	**4.51**
Market cap (mn €)	**80.5**
Free float (%)	**58.7**
Avg. daily volume - 30 days (mn €)	**0.0046**

Stock Return

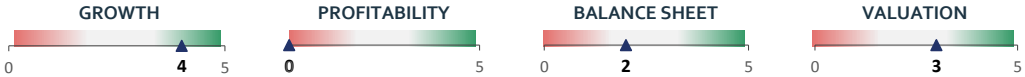


Stock Price Performance



Alphinox Quantitative score

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



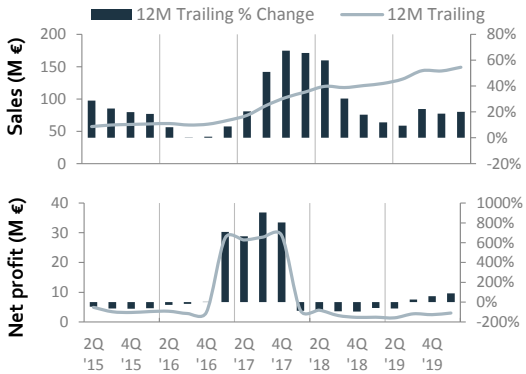
Company Update

Harju Elekter reported Q2'20 results, which show that the company has succesfully sailed through COVID-19 created turmoil with supply chain and production process being almost uninturupted so customers' orders were fulfilled on time. Q2'20 revenues fell slightly to EUR 39mn (down by 3.9%), while 6M'20 revenue had grown to EUR 74mn (up by 5.9%). Fall in Q2'20 revenue is partially explained by the delays of materials and components, which caused completion to be finished next quarter. Despite lower revenue in Q2'20 Harju Elekter has substantially improved profitability: gross profit up by 7.5%, operating profit by 80.4% and reaching net profit of EUR 1.9mn (up by 138%) as reduction has been done in all operating expense groups (down by 6%). Company's management stays cautios about the future outlook.

Growth

Sales	last Q	LTM	2019	2018
Company (M €)	39.0	148	143	121
Company	-3.9%	13%	19%	18%
Sector*	-6.6%	-1.6%	0%	-0.5%
Baltic Market	-6.8%	2.3%	2.4%	8.8%

Profit	last Q	LTM	2019	2018
Company (M €)	2.0	4.1	2.5	1.5
Company	135%	198%	59%	-95%
Sector*	-1%	-20%	-2%	-45%
Baltic Market	-30%	-17%	-35%	10%

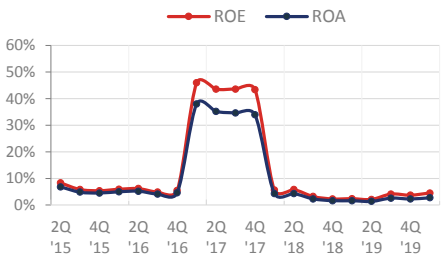


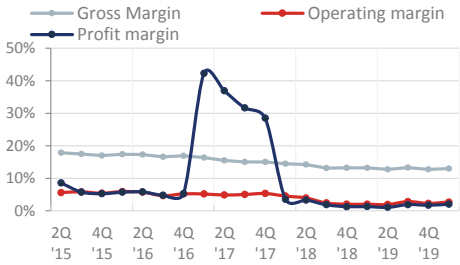
Key performance indicators

	2Q '20	2Q '19	LTM
Average nr. of employees	789 *+1%*	779	797
Distribution cost to revenue, %	3.0 *-17%*	3.6	3.8
Labour cost to revenue,%	17.3 *+2%*	16.9	18.5

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	6.2%	3.7%	13.4%	3.4%	2.8%
Sector*	4.4%	2.2%	31.0%	2.7%	2.3%
Baltic Market	7.5%	2.4%	25.8%	4.6%	4.2%
3y average	**ROE**	**ROA**	**GM**	**OPM**	**PM**
Company	17.3%	13.8%	14.7%	3.9%	13.5%
Sector*	4.7%	2.4%	31.7%	3.5%	1.6%
Baltic Market	7.5%	2.9%	18.8%	4.0%	2.8%





Balance sheet & Cash flow

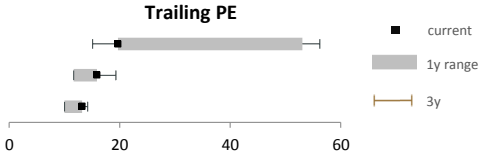
	last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	59%	60%	62%	59%	60%	62%	68%
Debt / Equity ratio	23%	24%	29%	30%	26%	29%	18%
Cash ratio	0.10	0.11	0.15	0.10	0.12	0.15	0.12

	last	Q-1	Q-2	Q-3	LTM	2019	2018
Cash Flow to Debt	0.56	0.52	0.32	0.38	0.44	0.32	-0.28
CAPEX / Sales	2%	2%	1%	3%	2%	1%	7%
FCF/OCF	69%	51%	10%	2%	33%	10%	265%

Valuation

	Last	1y avg	3y avg
P/E	19.7	31.0	27.6
EV/EBITDA	12.0	14.6	15.4
P/S	0.55	0.53	0.73

	last	1y avg	3y avg
P/B	1.22	1.14	1.24
P/CF	7.55	15.30	-66.7
Dvd yield	3.0%	3.8%	4.1%



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

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