



ERNST RUSS AG

QUARTERLY REPORT

Q1 2020

COURSE OF BUSINESS

The Shipping segment is the mainstay of our business activities. The Ernst Russ Group focuses on the further expansion of a profitable and stable asset portfolio of ships in the container, bulker and tanker classes, as well as on the asset and investment management of vessels. In addition to our business activities in the Shipping segment, we are also active in fund and asset management in the asset classes, Shipping, Real Estate and Alternative Investments. As of 31 March 2020, the Ernst Russ Group managed a fleet of 72 container ships, tankers and bulker ships as well as other vessels. 42 of these vessels are fund ships for which fund and asset management or other services are provided.

Break-even earnings before tax were achieved in the first quarter of the 2020 financial year (comparative period in the previous year: EUR 1.8 million). Operating earnings of EUR 0.4 million were higher than in the comparative period in the previous year (EUR 0.1 million). Revenue was up EUR 3.6 million to EUR 14.6 million due to the expansion of the ship fleet in the previous year. Total equity and liabilities remained almost constant at EUR 148.8 million representing an equity ratio of 45.6% as of 31 March 2020 (31 December 2019: 46.2%).

Following the initially positive market prospects for 2020, the spread of the COVID-19 pandemic has had an increas-

ingly significant impact on the volume of global trade over the course of the first quarter. At first, this development was restricted to a lack of freight volume from China, since all production facilities there had been closed since the beginning of the year. The lockdown measures that were subsequently introduced in the western industrialised countries to contain the pandemic led to a massive slump in demand for goods produced in Asia. The slight upturn in production in China at this time did not immediately lead to a significant increase in freight volumes.

As with all other modes of transport, shipping was seriously affected by these developments with an increasing number of ships lying idle and declining charter rates. In our opinion, the market will not begin to recover until the end of Q3 2020 at the earliest.

As already indicated in the recently published 2019 Annual Report, the impact of the COVID-19 pandemic on the Ernst Russ Group still cannot be reliably quantified and consequently we are mapping our expectations in various scenarios that we update constantly based on the latest findings. At present, the financial impact is limited and for that reason we are still comfortably within the range set out in the Annual Report and we expect to be able to report positive operating earnings in the low single-figure millions for the first half of the year.

KEY FIGURES AS OF 31 MARCH 2020

EARNINGS	UNIT	1 JANUARY – 31 MARCH 2020	1 JANUARY – 31 MARCH 2019
Revenue	EUR million	14.6	11.0
Operating earnings (EBIT)	EUR million	0.4	0.1
Earnings before taxes (EBT)	EUR million	0.0	1.8
Consolidated net income for the period after non-controlling interests	EUR million	0.3	1.1
BALANCE SHEET	UNIT	31 MARCH 2020	31 DECEMBER 2019
Equity	EUR million	67.9	68.7
Equity ratio	%	45.6	46.2
Ship assets shown on the balance sheet	EUR million	102.6	103.9
Cash at hand and bank balances	EUR million	9.1	10.0
EMPLOYEES	UNIT	1 JANUARY – 31 MARCH 2020	1 JANUARY – 31 MARCH 2019
Average employee capacity	Full-time equivalent	67	142

SHARE AND INVESTOR RELATIONS

PERFORMANCE OF THE SHARE IN Q1 2020

In Q1 2020, the national and international share markets posted sharp falls as a result of the COVID-19 pandemic. While the DAX still registered over 13,000 points at the beginning of the year, it reached a low of 8,400 points on 18 March 2020. This was followed by a slight recovery, but the figures seen at the beginning of the year are still a long way off.

The 2020 opening price of the Ernst Russ share was EUR 0.78. The share reached its high of EUR 0.83 in February and its low of EUR 0.45 in March. The closing price at the end of the quarter was EUR 0.54. Since then, the share price has been climbing slowly.

KEY DATA FOR THE ERNST RUSS SHARE

	31 MARCH 2020	31 DECEMBER 2019
Number of shares	32,434,030	32,434,030
Share capital in EUR	32,434,030	32,434,030
Market capitalisation in EUR million	17.5	25.3
	1 JANUARY – 31 MARCH 2020	1 JANUARY – 31 DECEMBER 2019
High in EUR	0.83	0.94
Low in EUR	0.45	0.62
Earnings per share (undiluted) in EUR	0.01	0.05
Earnings per share (diluted) in EUR	0.01	0.05
Dividend per share in EUR	-	-

BASIC DATA FOR THE ERNST RUSS SHARE

Share type	No-par registered shares (bearer shares)
Market segment	Scale (Frankfurt Stock Exchange), Mittelstandsbörse Deutschland (Hanseatic Stock Exchange Hamburg)
ISIN / WKN	DE000A161077 / A16107
Stock exchange code	HXCK

DATES IN 2020*

19 JUNE

2020 Annual General Meeting (virtual)

14 SEPTEMBER

Publication of 2020 Half-Year Report

4 DECEMBER

Publication of Quarterly Report Q3 2020

* Ernst Russ AG reserves the right to change or add dates where appropriate.

DISCLAIMER

These documents include forward-looking statements and information about future developments that are based on the convictions of the Executive Board of Ernst Russ AG and on assumptions and information currently available to Ernst Russ AG. Words such as 'expect', 'estimate', 'assume', 'intend', 'plan', 'should', 'could', 'project' and similar terms referring to the company are intended to indicate forward-looking statements which are subject to uncertainties.

There are many contributing factors which may cause the actual results of the ER Group to be significantly different from the forecasts made in these forward-looking statements.

Ernst Russ AG accepts no responsibility towards the public to update or correct forward-looking statements. All forward-looking statements are subject to various risks and uncertainties, which may mean that the actual results differ numerically from expectations. The forward-looking statements reflect the views at the time at which they were made.

In accordance with Section 317 HGB (German Commercial Code), the Quarterly Report not been audited or reviewed by an auditor.

LEGAL INFORMATION

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Photo: Martina van Kann