

Tulikivi Corporation

Interim report 1–9/2019: Net sales were at the previous year's level, profitability improves 1 November 2019 at 1 pm

- The Tulikivi Group's third-quarter net sales were EUR 6.6 million (EUR 6.4 million in July–September 2018). The Tulikivi Group's third-quarter operating result was EUR 0.1 (–0.3) million and EUR –0.1 (–0.5) million before taxes.
- The Tulikivi Group's net sales in January–September 2019 were EUR 19.9 million (EUR 19.9 million in January–September 2018), its operating result was EUR –0.3 (–0.5) million and its result before taxes was EUR –0.9 (–1.1) million.
- Net cash flow from operating activities was EUR –0.1 (0.4) million in the third quarter and EUR 0.5 (1.1) million in January–September 2019.
- Order books at the end of the review period stood at EUR 3.8 (3.9) million.
- The sales of the new Karelia and Pielinen fireplace collections grew by 17%.
- The project for the sale of the talc deposits in Suomussalmi is proceeding.
- Future outlook: Net sales are expected to increase in 2019, and the comparable operating profit is expected to be positive.

Key financial ratios

	1–9/19	1–9/18	Change, %	1–12/18	7–9/19	7–9/18	Change, %
Sales, MEUR	19.9	19.9	0.2 %	28.6	6.6	6.4	3.2 %
Operating profit/loss, MEUR	–0.3	–0.5	40.6 %	–1.0	0.1	–0.3	121.5 %
Operating profit/loss without impairment loss, MEUR	–0.3	–0.5	40.6 %	–0.5	0.1	–0.3	121.5 %
Profit before tax, MEUR	–0.9	–1.1	17.8 %	–1.8	–0.1	–0.5	83.0 %
Total comprehensive income for the period, MEUR	–0.9	–1.1	16.6 %	–1.8	–0.1	–0.5	82.3 %
Earnings per share, Euro	–0.01	–0.02		–0.03	0.00	–0.01	
Net cash flow from operating activities, MEUR	0.5	1.1		1.6	–0.1	0.4	
Equity ratio, %	24.7	28.1		27.4			
Net indebtedness ratio, %	170.5	146.4		156.6			
Return on investments, %	–1.5	–2.6		–3.8	0.4	–1.2	

Comments by Heikki Vauhkonen, Managing Director:

In the third quarter, our net sales developed favourably in terms of fireplace sales in Finland, as well as in our principal export markets, Germany and Russia.

In Finland, net sales of our fireplace sales grew as a result of higher renovation sales and previously implemented price increases. The sales of fireplaces for new buildings were slightly lower than in the previous year. We are continuing our efforts to enhance sales efficiency in Finland to further increase renovation sales. The sales of saunas developed favourably. The deliveries of interior stone products declined due to a lower number of deliveries to project sites.



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The good reception of our new Pielinen products among customers had a positive effect on our net sales in Germany. In Russia, our revamped collections have enabled a stronger focus in sales on the premium market.

Tulikivi's order books at the end of the review period amounted to EUR 3.8 (3.9) million. The company's incoming orders totalled EUR 7.2 (7.1) million in the third quarter.

Our sales margin improved in the third quarter due to profitability improvement measures. Fixed costs decreased as planned in the review period.

The new Karelia and Pielinen fireplace collections continued to significantly increase dealers' and consumers' interest in Tulikivi products in Central Europe and Russia. This has enabled us to open new dealer locations and reactivate old ones. Thanks to these collections, Tulikivi has further strengthened its market position in exports.

In the spring, a new Saramo model with a horizontal door was added to the Karelia collection, along with a Senso digital fireplace controller that makes it easier to use the fireplace and further reduces its already-low emissions. Deliveries of Lako and Juva – fireplace models with vertical sliding doors launched in the Pielinen collection – started in the second quarter, and the new models have been well received in the market.

The JORC study in connection with the Suomussalmi talc project was completed in August 2019. The mineral resource report shows that the deposit is significant on the European scale. Because of its extent and shape, the Haaponen deposit can be efficiently mined as an open pit. Open pit optimisation based on the mineral resource report and our cash flow models indicate that the deposit can be mined profitably. The process to sell the deposit has moved on to the next stage.

TULIKIVI CORPORATION

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Key media

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