Financial Analysis Summary

27 May 2020

Issuer

Mariner Finance p.l.c.

(C31514)

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Directors
Mariner Finance p.l.c.
37, Triq Censu Tabone
St. Julian's STJ 1018

27 May 2020

Dear Sirs

Mariner Finance p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the 2020 Financial Analysis Summary ("**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Mariner Finance p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2017 to 31 December 2019 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the year ending 31 December 2020 has been provided by management.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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Rabat RBT 1523,
Malta
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PART 1 – INFORMATION ABOUT THE COMPANY

1. KEY ACTIVITIES

The principal activity of the Mariner Finance p.l.c. (the "**Company**" or the "**Group**") is to act as an investment company within the Group and to engage in the investment, development and operation of sea terminals, namely in Riga, Latvia. Furthermore, the Company operates and rents to third parties owned real estate in Latvia.

2. DIRECTORS AND KEY EMPLOYEES

The Company is managed by a Board consisting of seven directors entrusted with its overall direction and management.

Board of Directors

Marin Hili	Chairman
Edward Hili	Chief Executive Officer
Michela Borg	Non-Executive Director
Kevin Saliba	Non-Executive Director and Company Secretary
Lawrence Zammit	Independent Non-Executive Director
Mark Vella	Independent Non-Executive Director
Anthony Busuttil	Independent Non-Executive Director

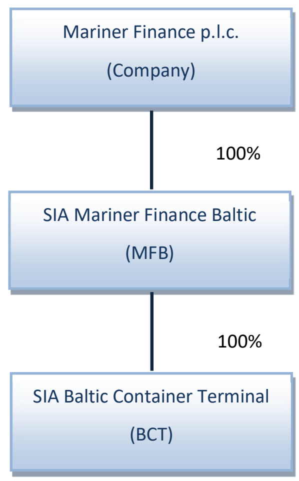
The Chief Executive Officer is responsible for the day-to-day management of the Group. In the execution of the strategic direction, investment and management oversight of the Group, he is assisted by members of senior management of the operating Group companies having the appropriate experience and knowledge required in particular cases arising from time to time. The aforesaid senior management as well as their principle roles are included hereunder:

Gerard Sammut	Chief Executive Officer (BCT and MFB)
Aldis Zieds	Deputy Chairman (BCT)
Dimitri Kiseljev	Chief Operating Officer (BCT)
Dzintars Vigulis	Operations (BCT)

3. MARINER GROUP

3.1 Organisational Structure

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating company. The organisational structure of the Group is illustrated in the diagram hereunder:



In February 2018, SIA Equinor Riga was merged into SIA Mariner Baltic Holdings. As a result of this merger, ownership of the commercial and office building in Latvia was transferred from SIA Equinor Riga to SIA Mariner Baltic Holdings.

In June 2019, SIA Mariner Baltic Holdings was merged into the Company. As a result of this merger, ownership of the investment property in Latvia was transferred from SIA Mariner Baltic Holdings to the Company.

SIA Mariner Finance Baltic ("**MFB**") is a private limited liability company incorporated and registered in Latvia. It has an authorised and issued share capital of the euro equivalent of €25,000,000 divided into 25,000,000 ordinary shares of €1 per share, fully paid up. The company was set up on 28 February 2013 principally to act as the immediate parent company of BCT and to provide financing to its subsidiary company.

A brief overview of **SIA Baltic Container Terminal ("BCT")** is provided in section 4 below.

3.2 Investment Property

3.2.1 Introduction

The Company owns and operates a commercial and office building located in Merkela Street, Riga, Latvia, consisting of a five storey building having *circa* 3,880m^2 of rentable space. The property is situated at a major intersection in the central part of Riga, within the main retail and commercial area of the city. In terms of a local grading system, the building is classified as Class B commercial/office space. Based on an independent certified expert's valuation report dated 31 December 2019, the property is valued at €5.0 million.

The Company has a lease agreement with McDonald's Latvia for an area measuring 626m^2. The lease expires in 2031 and rent receivable is based on a percentage of net annual sales. The remaining area is leased to nine other tenants for use as office space or commercial activity. Each of the aforesaid lease agreements specifies a fixed rental charge per square metre and the contractual period ranges from three to ten years.

Commercial & office building – Merkela Street, Riga, Latvia

In addition to the above-mentioned building, the Company owns a parcel of land in Latvia valued at €82,000. The fair value has been determined based on independent certified expert's valuation dated 30 January 2018.

3.2.2 Office market overview in Riga[1]

Completion of eight new office projects in 2019 added 55,800 sqm of office space to the market in Riga. Total office area at the end of 2019 stood at 749,200 sqm. Newly built projects raise the bar of modern office quality in general, so some older construction projects, built 15-20 years ago can no longer be considered as modern ones (A or B class).

The vacancy rate of modern offices in Riga increased from 4.5% to 8.5% in 2019. At the end of 2019, the vacancy rate for B class buildings was 9%, while the vacancy rate for A class buildings was 5%. High demand for modern office space led to a slight increase in rents during 2019.

Following the COVID-19 outbreak in March 2020, a number of recently finished projects in Riga are finding it more difficult to attract new tenants, which has led to an increase in the vacancy rate. Several companies are taking a conservative approach and have retracted from any expansion of workforce or plans to relocate to modern and larger office buildings. Furthermore, the pandemic has forced companies to review their existing digital solutions, thereby enabling more employees to work from home using virtual offices. Working remotely may continue even after the end of quarantine, which may have a negative impact on the office market generally.

In the course of 2020–2021, six new projects are scheduled to come to market in Riga, with a total office space of more than 70,000 sqm. However, property development might be delayed due to uncertainty of the current situation.

Despite the impact of the COVID-19 pandemic on the commercial property sector as explained hereinabove, the occupancy level at the Company's property has remained unaffected at *circa* 96%.

[1] Real Estate Market Report 2020, Baltic States Capitals (Ober Haus, part of Realia Group); Research & Forecast Report Q1 2020, Baltic States Property Snapshot (Colliers International).

4. SIA BALTIC CONTAINER TERMINAL

4.1 Introduction

BCT is a private limited liability company incorporated and registered in Latvia. The company was incorporated on 26 March 1996 and is principally engaged in the provision of port and related services at the port of Riga. BCT operates at the Riga Free Port No. 48 under a port concession license issued by the Riga Free Port Authority which expires on 22 March 2047. Apart from the license, the company had entered into a real estate purchase agreement on 30 April 2003 whereby the Riga Free Port Authority sold to BCT, which acquired, full ownership of all yards within the boundaries of the BCT terminal (excluding the quay), together with all underlying communications, warehousing facilities, parking and paved areas surrounding said warehouses, and covered rail ramps.

SIA Baltic Container Terminal

4.2 Market and Competition

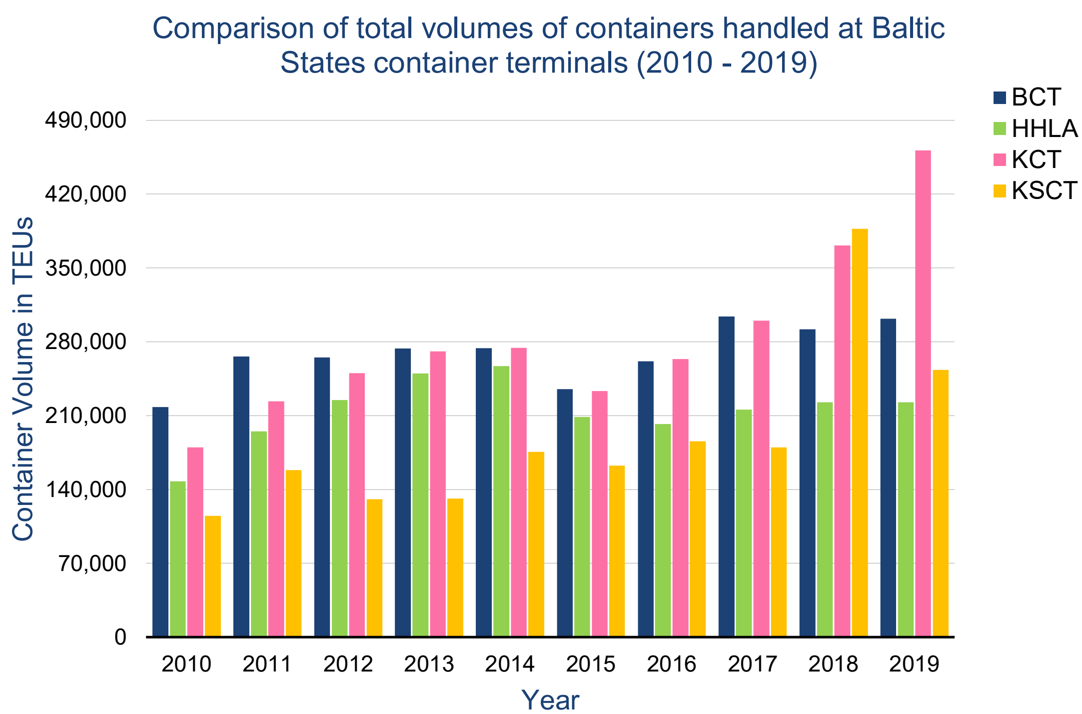
BCT is located at the mouth of the river Daugava which runs through the centre of Latvia's capital Riga. Its favourable geographical location and good, direct access via road and rail to its market hinterland make it strategically located to serve as a gateway to meet container traffic demand to and from the main industrial centres of Russia and other destinations including Moscow, Kaluga, Novgorod, St Petersburg, Minsk, Kiev, Vilnius, Tallinn, Almaty and Tashkent.

Latvia is a fast developing country located on the south-east coast of the Baltic Sea in the centre of the Baltic States (Lithuania, Latvia and Estonia). It represents the financial hub of the three nations and its favourable geopolitical environment provides excellent business opportunities for the four major growth markets bordering Latvia - Belarus, Estonia, Lithuania and Russia.

There are three main ports in Latvia - Venstpils, Riga and Liepaja - and these are mainly involved in transit cargo. The Freeport of Riga is by far the major container-handling port in Latvia. Moreover, BCT is the only specialised container terminal within the port. There are two other terminals - Riga Central Terminal (RCT) and Riga Universal Terminal (RUT) - which handle relatively small volumes of containerised cargo, though their main fields of activity are in the handling of general and bulk cargoes. As a specialised container terminal BCT is better equipped in terms of infrastructure, superstructure and workforce to efficiently and productively handle containers.

Although the RUT and RCT do constitute a form of competition, BCT's main competitors are other specialised container terminals which are located in the neighbouring Baltic States and other eastern Baltic countries. These include: Klaipeda Container Terminal (KCT) and Klaipeda Smelte Container Terminal (KSCT) in Klaipeda, Lithuania; HHLA Muuga (formerly Transiidikeskuse) (HHLA) in Tallinn, Estonia; the container terminals within the Port of St. Petersburg, Russia, and; Palokangas - EU Container Terminal and Mussalo Container Terminal within HaminaKotka Port, Finland.

KCT, KSCT and HHLA, located in the neighbouring Baltic States represent the most direct form of competition to BCT due to their similar geographical locations, hinterland markets, inland connections, geopolitical environment and general terminal facilities. Below is a comparison of BCT with its direct competitors for the financial years 2010 to 2019.



4.3 Principal Activities

BCT commenced activities on 1 May 1996, subsequent to the restructuring of a state-owned company, Riga Trade Port. It operates over an area of *circa* 557,000m^2. The BCT terminal has an annual container handling capacity of *circa* 450,000 TEUs[2], and offers the following services:

- **Quay-side operations** – including the berthing of vessels for the loading and/or unloading of containerised cargo using four ship-to-shore gantry cranes. A fifth ship-to-shore gantry crane has been ordered for delivery during 2020. Quay operations are supported by a variety of yard and interface equipment which includes reach stackers, rail-mounted gantries as well as various tractors, trailers and forklifts.
- **Yard operations** – the terminal has a container storage yard comprising a capacity of *circa* 20,000 TEUs. In addition, the yard has 500 reefer points, that is, electrical outlets for the storage of temperature-controlled containers.
- **Gate and rail operations** – including the transfer of containers between the container terminal and inland road and rail networks. BCT has direct access to both road and rail networks, and operates its own rail handling facility which can service up to 64 rail platforms simultaneously.
- **Warehousing** – the terminal has *circa* 20,400m^2 of covered warehousing space for the storage of general cargo. The warehouse facilities have direct access to the rail and road networks for more efficient distribution of cargo. In January 2020, BCT completed development of further warehouse facilities, thereby increasing capacity by an additional 11,000m^2.
- **Ancilliary activities** – a wide range of value-added services are provided at the container terminal due to an optimised integrated logistics chain. Through a container freight station, the terminal offers the service of, amongst others, stuffing and stripping of containers (packing/unpacking). In addition, BCT also provides engineering services for the repair of damaged containers.

Of the activities outlined above, the principal business at BCT is quay-side operations (the loading and unloading of containers), which in 2019 represented 69% (2018: 68%) of total revenue generated by the company.

As an important node within the region's logistics network, BCT's clients include shipping lines, freight forwarders, third party logistics service providers, liner agents, inland carriers (such as road haulage companies), as well as end-customers. The container terminal services some of the world's largest shipping lines which call directly at the terminal as well as other shipping lines that use common feeder services. These include Maersk Line, Compagnie Maritime d'Affretement – Campagnie Generale Maritime (CMA-CGM) and Mediterranean Shipping Company (MSC), Unifeeder and Team Lines, as well as Evergreen, China Shipping Container Lines (CSCL), Nippon Yusen Kaisha (NYK) and Orient Overseas Container Line (OOCL). BCT has strong relationships with all the major shipping lines and their local representatives, and strives to maintain good relations with both existing and potential clients.

[2] TEU is the abbreviation for twenty-foot equivalent unit, a standard measure for a container for transporting goods, used to calculate how many containers a ship can carry, or a port can deal with.

4.4 Operational Performance

The following table sets out the highlights of BCT's operating performance for the years indicated therein.

SIA Baltic Container Terminal **Statement of Comprehensive Income** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
Revenue	16,838	16,475	16,614	15,219
Net operating expenses	(7,196)	(7,955)	(8,056)	(7,677)
EBITDA	**9,642**	**8,520**	**8,558**	**7,542**
Depreciation and amortisation	(1,513)	(1,481)	(1,579)	(2,201)
Gain on disposal of subsidiary	-	-	-	-
Net interest income/(cost)	(420)	193	1	(41)
Profit before tax	**7,709**	**7,232**	**6,980**	**5,300**
Taxation	204	-	(70)	(218)
Profit after tax	**7,913**	**7,232**	**6,910**	**5,082**
Comprehensive income:				
Revaluation, net of deferred tax	-	-	6,017	-
Total comprehensive income	**7,913**	**7,232**	**12,927**	**5,082**

SIA Baltic Container Terminal **Earnings before interest, taxation, depreciation & amortisation (EBITDA)** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
EBITDA has been calculated as follows:				
Net profit before taxation	7,709	7,232	6,980	5,300
Adjustments:				
Interest and similar income	(98)	(327)	(287)	(270)
Interest and similar expense	518	134	286	311
Depreciation and amortisation	1,513	1,481	1,579	2,201
EBITDA	**9,642**	**8,520**	**8,558**	**7,542**

Key Accounting Ratios	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Forecast
Revenue growth *(Revenue FY1/revenue FY0)*	11%	-2%	1%	-8%
Operating profit margin *(EBITDA/revenue)*	57%	52%	52%	50%
Net profit margin *(Profit after tax/revenue)*	47%	44%	42%	33%

Source: MZ Investment Services Limited

In **FY2017**, BCT handled 303,864 TEUs as compared to 261,709 TEUs in 2016, an increase of 42,155 TEUs (+16.1%), which resulted in an increase in total revenue of €1.7 million (+11.1%) from €15.2 million in FY2016, to €16.8 million. The growth business was mainly attributed to an increase in economic activities in Latvia, driven by exports (particularly wood products and peat moss). Although all terminals operating in Latvia experienced an increase in volumes, BCT managed to increase market share by 2%. In December 2017, BCT attracted a new client having its own vessel, which previously transported cargo via a common feeder. Management believes that volumes from this client should increase substantially in the short to medium term.

Net operating expenses increased at a slighter level than revenue (+10.2%), resulting in EBITDA to increase by €1.0 million (+11.7%) compared to FY2016, to €9.6 million in FY2017. Depreciation and net interest cost in FY2017 remained constant when compared to FY2016 at €1.9 million. Due to changes in tax legislation in the reporting year, a release in deferred tax liability of €421,520 was accounted for, which resulted in a net tax credit of €293,757 (FY2016: tax expense of €200,335). Overall, the company registered a net profit of €7.9 million in FY2017, an increase of €1.4 million (+21.7%) when compared to the prior year (FY2016: €6.5 million).

In **FY2018**, BCT handled 292,206 TEUs, a decrease of 3.8% when compared to FY2017. As a result, revenue was marginally lower by €363,000 (-2.2%) when compared to a year earlier, from €16.8 million in FY2017 to €16.4 million. During the year, BCT initiated a development project to expand its warehouse facilities by a further 11,000m^2 to *circa* 31,400m^2.

Net operating costs increased by €759,000 (+10.5%) to €8.0 million, due to higher operational and administration costs (principally on account of higher utility costs), which increased by 7%. EBITDA for FY2018 was lower by €1.1 million from €9.6 million in FY2017 to €8.5 million, which is a reflection of the stable y-o-y revenue but higher y-o-y operating costs mentioned above. Profit after tax for FY2018 amounted to €7.2 million, a decrease of €681,000 when compared to the prior year (FY2017: €7.9 million).

During **FY2019**, BCT generated €16.6 million in revenue, a marginal increase of €139,000 (+0.8%) compared to the prior year (FY2018: €16.5 million). In terms of TEUs, the company handled 302,080 TEUs in FY2019, an increase of 3.3% over FY2018 (292,206 TEUs). Net operating expenses were fairly stable on a y-o-y basis and as such, EBITDA was broadly unchanged at €8.6 million (FY2018: €8.5 million) equivalent to an operating profit margin of 52% (FY2018: 52%).

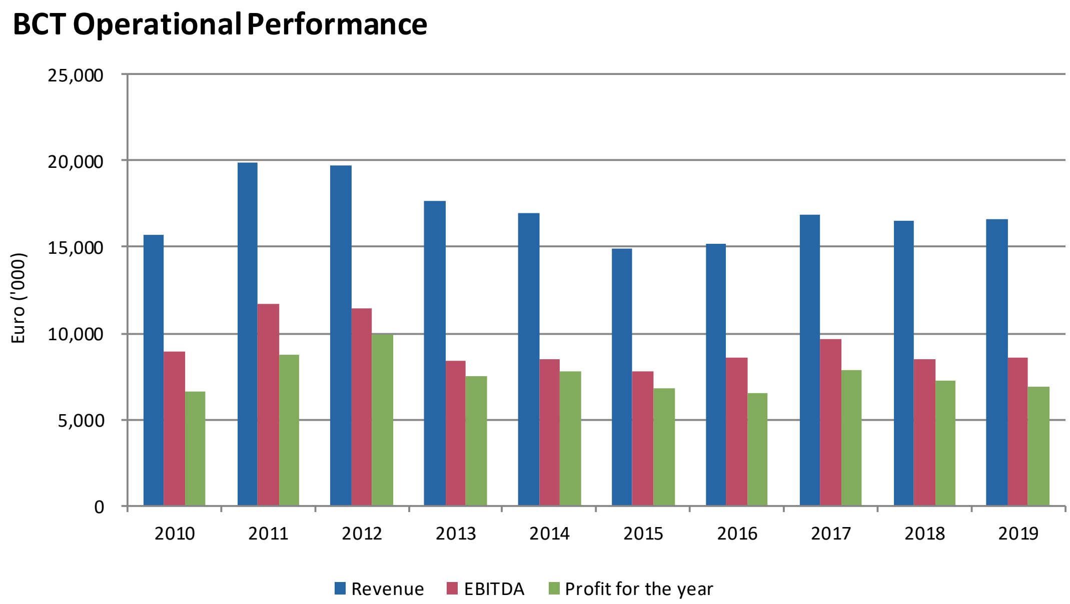
Depreciation and amortisation increased from €1.5 million in FY2018 to €1.6 million in FY2019, principally on account of the adoption of IFRS 16 (*vide* section 6 below for a more detailed explanation on IFRS 16 and the impact of this standard on the financial statements of the Group). Profit after tax in FY2019 was lower by €0.3 million from FY2018 and amounted to €6.9 million. Accordingly, the net profit margin decreased by 2 percentage points from 44% in FY2018 to 42% in FY2019.

The company has revalued property, comprising warehouses complex, administrative buildings, open areas for cargo storage, access roads to railway and warehouse building completed in January 2020, to an estimated fair value of €39.6 million as of 31 December 2019. The fair value was determined based on the independent certified expert's valuation dated 3 February 2020. In terms of this valuation report, the fair value of the said property increased (net of deferred tax) by €6.0 million and has been accounted for in comprehensive income. In FY2019, total comprehensive income amounted to €12.9 million compared to €7.2 million in FY2018.

Subsequent to the end of FY2019, the global economy is experiencing the impact of the COVID-19 pandemic. Such pandemic is unprecedented and therefore one is not in a position to accurately forecast the extent of the impact such events will have on the Group's operations. Nonetheless, to date, the Group has continued to operate normally irrespective of the pandemic. The Group's senior management team is constantly monitoring the situation and the impact this is having on the level of operations in comparison with the historic levels of operations. In fact, management has revised projections for the year ending 31 December 2020 to incorporate the potential impact of such pandemic and based these revisions on a stressed scenario. Under these revised projections, the Group is expected to continue operating at satisfactory profitable levels and also have sufficient liquidity and financial resources available to meet all its obligations.

Due to the global economic downturn caused by the pandemic, BCT's revenue in FY2020 is projected to decrease by €1.4 million (-8.4%), from €16.6 million in FY2019 to €15.2 million. On the cost side, net operating expenses is expected to decrease by €0.4 million (-4.7%) to €7.7 million, while depreciation, net interest expense and taxation are expected to increase in aggregate by €0.9 million, from €1.6 million in FY2019 to €2.5 million in FY2020. In particular, depreciation is expected to increase by €0.6 million primarily due to the new warehouses which were completed in January 2020. Overall, profit after tax is projected to decrease y-o-y by €1.8 million (-26%) and is expected to amount to €5.1 million. Accordingly, net profit margin is anticipated to decline by 9 percentage points to 33% (FY2019: 42%).

4.5 10-Year Operational Performance (2010 – 2019)



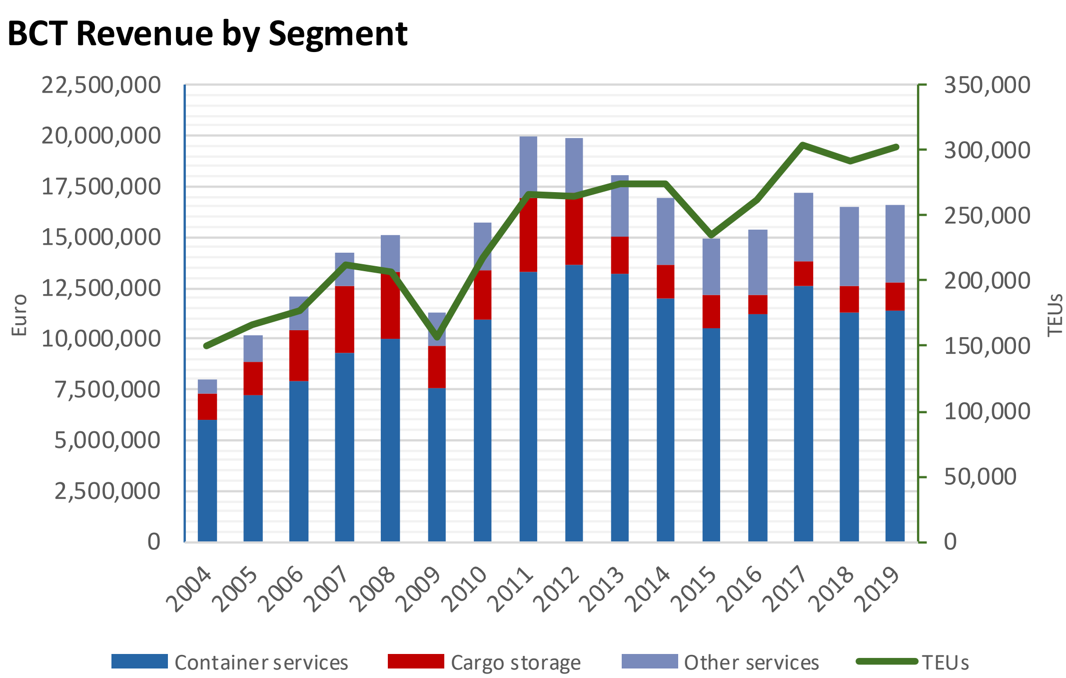
SIA Baltic Container Terminal for the year ended 31 December	2010 Actual €'000	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Actual €'000
Revenue	15,738	19,888	19,761	17,647	16,950	14,924	15,156	16,838	16,475	16,614
EBITDA	8,986	11,711	11,449	8,389	8,488	7,815	8,629	9,642	8,520	8,558
Profit for the year	6,612	8,783	9,884	7,495	7,818	6,770	6,501	7,913	7,232	6,910

	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual
TEUs ('000)	218	266	265	274	274	235	262	304	292	302
Total revenue per TEU (€)	72	75	75	64	62	64	58	55	56	55
EBITDA per TEU (€)	41	44	43	31	31	33	33	32	29	28
TEUs growth *(TEUs FY1/TEUs FY0)*	40%	22%	0%	3%	0%	-14%	11%	16%	-4%	3%
Revenue growth *(Revenue FY1/revenue FY0)*	40%	26%	-1%	-11%	-4%	-12%	2%	11%	-2%	1%
Operating profit margin *(EBITDA/revenue)*	57%	59%	58%	48%	50%	52%	57%	57%	52%	52%
Net profit margin *(Profit after tax/revenue)*	42%	44%	50%	42%	46%	45%	43%	47%	44%	42%

Source: MZ Investment Services Limited

Over the past 10 years, BCT's performance has been fairly consistent on y-o-y basis, whereby average revenue and average EBITDA for the said period amounted to €17.0 million and €9.2 million respectively. Compared to the last published financial information, actual revenue (FY2019: €16.6 million) was lower than average by 2.3%, while actual EBITDA (FY2019: €8.6 million) was lower than average by 7.2%. Volumes handled by BCT in the reviewed period increased from *circa* 218,000 TEUs in FY2010 to *circa* 302,000 TEUs in FY2019 (the peak year in terms of volume was in FY2017 with 304,000 TEUs).

Competition has increased considerably in a decade, which resulted in lower revenue and EBITDA per TEU being generated by BCT. In FY2019, the terminal generated total revenue and EBITDA per TEU of €55 and €28 respectively, compared to €72 and €41 respectively in FY2010. In the best performing year (FY2011), the terminal generated total revenue and EBITDA per TEU of €75 and €44 respectively. Notwithstanding increased competition, management has undertaken various measures to ensure that the company's EBITDA and profit margins are safeguarded through ongoing capital investment at the terminal (infrastructure, equipment, software, etc.) and implementation of operational efficiencies.



As depicted in the above chart, BCT is principally involved in the handling of containers (loading and unloading). Furthermore, revenue generated from this activity (blue bar) is largely correlated to the volume of containers (TEUs) that pass through the terminal (green line). Growth in container services at BCT has been constant over the ten-year period, except for the impact of the economic crisis in FY2009. Furthermore, in FY2015, the provision of container services declined by 14% principally due to the adverse effect of the geopolitical situation in Russia and the depressed price of oil, which recovered to some extent in the next two financial years (FY2016 and FY2017).

Throughput volume during the last three years (FY2017 – FY2019) was fairly stable at *circa* 300,000 TEUs. Similarly, revenue per TEU was also stable from FY2017 to FY2019 at *circa* €55.

4.6 Optimisation of Terminal Operations

In order to maintain its competitive edge in the market, BCT's management reviews operation methodologies and performance on an on-going basis, monitors developments in the industry and ensures that it maintains excellent relations with its clients. Through this gathering of information, BCT is able to plan timely and strategic investments at the terminal to maintain its competitiveness.

It is expected that BCT will continue to optimise its operations by increasing productivity, further investing in equipment, technological processes and infrastructure, and enhancing its customer service to consolidate customer relationships.

5. BALTIC SEA REGION CONTAINER MARKET

The global major and minor shipping routes form a complex transportation network which links the worlds' ports and terminals. The latter are often classified into groups of ports/terminals - port systems - which serve as maritime/land interfaces to specific hinterland markets. The Baltic Sea Region is one such port system and is considered as one of the major European transport gateways.

The Baltic Sea Region (BSR) comprises eleven nations with 100 million inhabitants, eight of which are EU members. These include the Baltic states (Estonia, Latvia and Lithuania), the Nordic countries (Denmark, Iceland, Finland, Norway and Sweden), Northern Germany, Northern Poland and Russia's Northwestern region, including Kaliningrad. Individually, the constituent nations are diverse in terms of politics, geography, demography and economics. The region, however, is characterised by stable democracies, institutional structures favourable to business, proximity of markets, good infrastructure, high levels of education, strong industrial traditions and a shared history of co-operation and trade.

The BSR port system is versatile and multifunctional which features well-established large ports and a whole range of medium-sized and smaller ports, each with its individual characteristics in terms of hinterland markets served, cargo handled and unique location features. This exceptional blend of different port types and sizes combined with a vast economic hinterland shapes port significance and competition in the region.

PART 2 – GROUP PERFORMANCE REVIEW

6. FINANCIAL HIGHLIGHTS

The following financial information is extracted from the consolidated financial statements of Mariner Finance p.l.c. (the "**Group**") for the years ended 31 December 2017 to 31 December 2019. The financial information for the year ending 31 December 2020 has been provided by management of the Company.

Adoption of IFRS 16 (leases) as from 1 January 2019

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Group:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented with financing activities) and interest (presented within operating activities) in the cash flow statement.

In FY2019, the Group has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and by requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The date of initial application is 1 January 2019. The disclosure requirements in IFRS 16 have not generally been applied to comparative information.

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of €2,631,555 and lease liabilities of €2,631,555. The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

The impact on the income statement in the reporting period is a reduction of the operating expenses by €163,000 and increases of depreciation and interest expense by €93,000 and €115,000 respectively.

The projected financial statements relate to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between projected and actual results may be material.

Mariner Finance p.l.c. **Statement of Total Comprehensive Income** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
Revenue	16,838	16,475	16,614	15,219
Rental income and other net operating income	559	556	588	417
Net operating expenses	(7,938)	(8,507)	(8,618)	(8,066)
EBITDA	**9,459**	**8,524**	**8,584**	**7,570**
Depreciation & amortisation	(1,513)	(1,481)	(1,579)	(2,201)
Net finance costs	(1,983)	(1,545)	(1,785)	(1,888)
Profit before tax	**5,963**	**5,498**	**5,220**	**3,481**
Taxation	130	(21)	(316)	(233)
Profit after tax	**6,093**	**5,477**	**4,904**	**3,248**
Other comprehensive income:				
Reversal of deferred tax on revaluation of property, plant and equipment upon change in tax law	2,227	-	-	-
Revaluation, net of deferred tax	-	-	6,017	-
Total comprehensive income	**8,320**	**5,477**	**10,921**	**3,248**

Mariner Finance p.l.c. **Earnings before interest, taxation, depreciation & amortisation (EBITDA)** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
EBITDA has been calculated as follows:				
Operating profit	7,946	7,043	7,005	5,369
Adjustments:				
Depreciation and amortisation	1,513	1,481	1,579	2,201
EBITDA	**9,459**	**8,524**	**8,584**	**7,570**

Key Accounting Ratios	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Forecast
Operating profit margin *(EBITDA/revenue)*	54%	50%	50%	48%
Interest cover (times) *(EBITDA/net finance cost)*	4.77	5.52	4.81	4.01
Net profit margin *(Profit after tax/revenue)*	35%	32%	29%	21%
Earnings per share (€) *(Profit after tax/number of shares)*	121.86	109.54	98.08	64.96
Return on equity *(Profit after tax/shareholders' equity)*	16%	12%	10%	6%
Return on capital employed *(EBITDA/total assets less current liabilities)*	13%	11%	10%	8%
Return on assets *(Profit after tax/total assets)*	8%	7%	5%	3%

Source: MZ Investment Services Limited

In **FY2018**, revenue generated from the operations of BCT amounted to €16.5 million compared to €16.8 million in FY2017 (-2.2% y-o-y). Furthermore, rental income from the Group's investment property (see section 3.2 above) and other net operating income was unchanged on a y-o-y basis and amounted to €0.6 million. Operating profit margin deteriorated by 4 percentage points to 50% in FY2018 due to lower revenues and higher operating expenses. The impact on EBITDA was of €0.9 million (-9.9% y-o-y), from €9.5 million in FY2017 to €8.5 million in FY2018.

Profit after tax in FY2018 amounted to €5.5 million, a decrease of €0.6 million (-10.1% y-o-y) from FY2017 (€6.1 million), mainly due to lower EBITDA which was partly mitigated by a reduction of €0.4 million in net finance costs. During the year, interest cover improved from 4.77 times in FY2017 to 5.52 times in FY2018, but net profit margin declined by 3 percentage points to 32% in FY2018.

In **FY2019**, revenue was broadly unchanged on a y-o-y basis as BCT generated €16.6 million in FY2019 compared to €16.5 million in FY2018, whilst rental and other income amounted to €0.6 million in FY2019 (FY2018: €0.6 million). Net operating expenses was also stable at €8.6 million and as such operating profit margin was unchanged at 50%.

Profit after tax in FY2019 amounted to €4.9 million, €0.6 million (-10.5%) lower when compared to FY2018 (€5.5 million), mainly due to €98,000 increase in depreciation & amortisation, €240,000 increase in net finance costs and €295,000 increase in taxation. The increase in depreciation & amortisation is on account of the adoption of IFRS 16 explained above. As a consequence, net profit margin declined from 32% in FY2018 to 29%.

The Group has revalued property, comprising warehouses complex, administrative buildings, open areas for cargo storage, access roads to railway and warehouse building completed in January 2020, to an estimated fair value of €39.6 million as of 31 December 2019. The fair value was determined based on the independent certified expert's valuation dated 3 February 2020. In terms of this valuation report, the fair value of the said property increased (net of deferred tax) by €6.0 million and has been accounted for in comprehensive income. In FY2019, total comprehensive income amounted to €10.9 million compared to €5.5 million in FY2018.

Subsequent to the end of FY2019, the global economy is experiencing the impact of the COVID-19 pandemic. Such pandemic is unprecedented and therefore one is not in a position to accurately forecast the extent of the impact such events will have on the Group's operations. Nonetheless, to date, the Group has continued to operate normally irrespective of the pandemic. The Group's senior management team is constantly monitoring the situation and the impact this is having on the level of operations in comparison with the historic levels of operations. In fact, management has revised projections for the year ending 31 December 2020 to incorporate the potential impact of such pandemic and based these revisions on a stressed scenario. Under these revised projections, the Group is expected to continue operating at satisfactory profitable levels and also have sufficient liquidity and financial resources available to meet all its obligations.

In view of the pandemic and its impact on the global economy, the Group's revenue in FY2020 is projected to decrease from €17.2 million in FY2019 to €15.6 million (-9.1%), while EBITDA is expected to be adversely impacted by 11.8% or €1.0 million, to amount to €7.6 million (FY2019: €8.6 million). As such, operating profit margin is anticipated to decrease by 2 percentage points to 48%, while interest cover is expected to decline y-o-y but remain relatively strong at 4.01 times (FY2019: 4.81 times). After accounting for depreciation, net finance costs and taxation, profit after tax is projected to amount to €3.2 million, a decrease of €1.7 million (-33.8%) from the prior year (FY2019: €4.9 million).

Mariner Finance p.l.c. **Statement of Cash Flows** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
Net cash from operating activities	6,009	7,464	5,600	5,870
Net cash from investing activities	(5,367)	(9,698)	(13,192)	(6,615)
Net cash from financing activities	(302)	(304)	7,044	1,243
Net movement in cash and cash equivalents	**340**	**(2,538)**	**(548)**	**498**
Cash and cash equivalents at beginning of year	3,361	3,701	1,163	615
Cash and cash equivalents at end of year	**3,701**	**1,163**	**615**	**1,113**

Net cash inflow from operating activities in FY2019 was lower on a comparable basis by €1.9 million to €5.6 million (FY2018: €7.5 million), mainly on account of an adverse movement in trade and other payables (-€1.8 million).

Net cash outflow from investing activities increased from €9.7 million in FY2018 to €13.2 million in FY2019. During the year, the Group's investment in property, plant and equipment amounted to €7.1 million (FY2018: €3.9 million), while net amounts advanced to parent company and related parties amounted to €6.1 million compared to €5.8 million in FY2018.

Net cash inflow from financing activities in FY2019 amounted to €7.0 million and comprised net drawdown of bank loans. In FY2018, the only movement in financing activities related to repayment of bank loans amounting to €0.3 million.

Cash and cash equivalents as at 31 December 2019 amounted to €0.6 million compared to €1.2 million in FY2018.

In FY2020, net movement in cash and cash equivalents is projected to amount to €0.5 million compared to -€0.5 million in FY2019. The Group is projecting net cash from operating activities to amount to €5.9 million, being €0.3 million higher from the prior year. In terms of investing activities, capital expenditure is expected to amount to €6.6 million, a y-o-y decline of €6.6 million from €13.2 million in FY2019. The principal acquisition during FY2020 will consist of a ship-to-shore gantry crane for BCT. Net cash from financing activities (mainly being net drawdowns from bank and other loan facilities) are projected to decrease y-o-y by €5.8 million to €1.2 million (FY2019: €7.0 million).

Mariner Finance p.l.c. **Statement of Financial Position** **as at 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Actual** **€'000**	**2020** **Forecast** **€'000**
ASSETS				
Non-current assets				
Intangible assets	13,897	13,863	13,800	13,731
Property, plant and equipment	34,447	37,102	48,737	50,757
Investment property	5,115	5,115	5,115	5,115
Right-of-use assets	-	-	2,538	2,445
Loans and receivables	16,192	22,464	20,583	23,139
	69,651	78,544	90,773	95,187
Current assets				
Inventories	371	381	465	488
Trade and other receivables	3,365	3,135	3,397	2,648
Taxation	-	-	60	-
Cash and cash equivalents	3,701	1,163	615	1,113
	7,437	4,679	4,537	4,249
Total assets	**77,088**	**83,223**	**95,310**	**99,436**
EQUITY				
Equity and reserves				
Called up share capital	500	500	500	500
Other equity and reserves	11,452	11,452	17,470	17,470
Retained earnings	26,749	32,225	29,130	32,378
	38,701	**44,177**	**47,100**	**50,348**
LIABILITIES				
Non-current liabilities				
Bank loans	-	963	2,041	7,743
Bonds	34,522	34,583	34,648	34,717
Lease liability	-	-	2,535	2,429
Other non-current liabilities	65	54	274	224
	34,587	35,600	39,498	45,113
Current liabilities				
Bank loans	1,577	309	6,323	1,864
Lease liability	-	-	49	49
Other current liabilities	2,223	3,137	2,340	2,062
	3,800	3,446	8,712	3,975
	38,387	**39,046**	**48,210**	**49,088**
Total equity and liabilities	**77,088**	**83,223**	**95,310**	**99,436**

Key Accounting Ratios	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Forecast**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	46%	44%	49%	48%
Net debt to EBITDA (years) *(Net debt/EBITDA)*	3.43	4.07	5.24	6.04
Net assets per share (€) *(Net asset value/number of shares)*	774.02	883.54	942.00	1,006.96
Liquidity ratio (times) *(Current assets/current liabilities)*	1.96	1.36	0.52	1.07

Source: MZ Investment Services Limited

Total assets as at 31 December 2019 amounted to €95.3 million, an increase of €12.1 million from a year earlier. The principal movement was in property, plant and equipment on account of ongoing development works on the new warehouse facilities and uplift in fair value. Also, pursuant to the adoption of IFRS 16, right-of-use assets amounting to €2.5 million was recognised in FY2019. In contrast, loan to parent was reduced from €22.5 million in FY2018 to €20.6 million in FY2019.

Total liabilities as at 31 December 2019 increased by €9.1 million (y-o-y), from €39.0 million in FY2018 to €48.2 million. During the year, bank loans increased y-o-y by €7.1 million to €8.4 million. Furthermore, a lease liability of €2.5 million was recognised on the adoption of IFRS 16. As a result of increased bank borrowings and the inclusion of the lease liability, the gearing ratio weakened by 5 percentage points, from 44% in FY2018 to 49% in FY2019. An alternative to assessing leverage is the net debt to EBITDA ratio, which deteriorated from 4.07 years in FY2018 to 5.24 years in FY2019. The additional borrowings have been directed towards capital expenditure at BCT, thereby enabling the Group to generate higher operating cashflows in the years to come.

The bank funding raised during FY2019 was in the form of an overdraft and thus accounted for in current liabilities. In consequence, the liquidity ratio declined from 1.36 times in FY2018 to 0.52 times. This overdraft will be refinanced via a new loan agreement entered into by a subsidiary company with a bank for the amount of €6 million. The repayment date of this loan is 3 September 2023. As at 31 December 2019, the loan had not been drawn down.

For the year ending 31 December 2020, the Group does not anticipate any major changes to its financial position. Total assets are projected to amount to €99.4 million (FY2019: €95.3 million) mainly on account of an increase in property, plant and equipment due to the addition of a fifth ship-to-shore gantry crane (net of an increase in depreciation following the completion of new warehouses in January 2020) and a €2.6 million increase in loans and receivables. Total liabilities are expected to remain broadly unchanged at €49.0 million, of which, an amount of €46.8 million includes debt securities, bank borrowings and lease liability (FY2019: €45.6 million). As such, the gearing ratio of the Group is anticipated to decrease y-o-y by 1 percentage point to 48%.

7. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 December 2019 included in the prior year's Financial Analysis Summary dated 24 May 2019 and the audited consolidated financial statements for the year ended 31 December 2019.

Mariner Finance p.l.c. **Statement of Total Comprehensive Income** **for the year ended 31 December 2019**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Revenue	16,614	17,331	(717)
Rental income and other net operating income	588	399	189
Net operating expenses	(8,618)	(8,549)	(69)
EBITDA	**8,584**	**9,181**	**(597)**
Depreciation & amortisation	(1,579)	(1,550)	(29)
Net finance costs	(1,785)	(1,992)	207
Profit before tax	**5,220**	**5,639**	**(419)**
Taxation	(316)	(329)	13
Profit after tax	**4,904**	**5,310**	**(406)**
Other comprehensive income:			
Revaluation, net of deferred tax	6,017	-	6,017
Total comprehensive income	**10,921**	**5,310**	**5,611**

As presented in the above table, the Group's revenue for FY2019 was lower than forecasted by €528,000 million (-3.0%), principally due to weaker than expected revenue generated from BCT. A positive variance in net finance costs of €207,000 reduced the adverse variance in profit after tax by €406,000. Actual results reflect an uplift in fair value of property amounting to €6.0 million which was not included in the projected statement of total comprehensive income.

Mariner Finance p.l.c. **Statement of Cash Flows** **for the year ended 31 December 2019**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Net cash from operating activities	5,600	6,371	(771)
Net cash from investing activities	(13,192)	(11,154)	(2,038)
Net cash from financing activities	7,044	8,131	(1,087)
Net movement in cash and cash equivalents	**(548)**	**3,348**	**(3,896)**
Cash and cash equivalents at beginning of year	1,163	1,163	-
Cash and cash equivalents at end of year	**615**	**4,511**	**(3,896)**

Actual net movement in cash and cash equivalents was lower than projected by €3.9 million, as net operating cashflow was lower than expected by €0.8 million, while capital expenditure was higher than anticipated by €2.0 million. As for financing activities, drawdowns from bank facilities was lower than expected by €1.1 million.

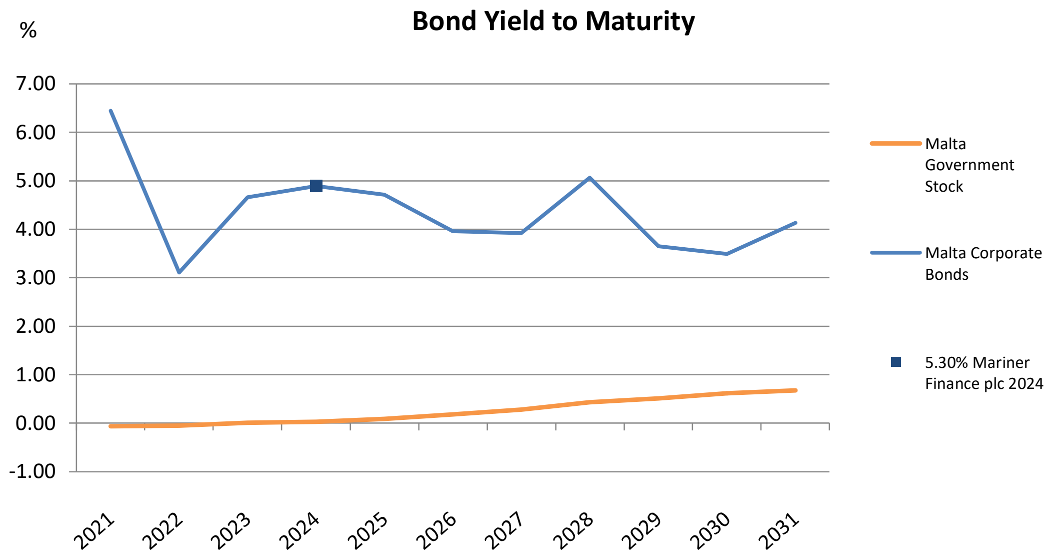
PART 3 – COMPARABLES

The table below compares the Group and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
5.50% Pendergardens Developments plc Secured € 2020 Series	14,711,300	0.00	3.75	81,524	28,343	37.45
5.80% International Hotel Investments plc 2021	20,000,000	6.44	3.27	1,617,853	877,620	36.63
3.65% GAP Group plc Secured € 2022	37,298,500	3.11	4.45	55,237	9,869	71.82
6.00% Pendergardens Developments plc Secured € 2022 Series	26,921,200	4.43	3.75	81,524	28,343	37.45
4.25% GAP Group plc Secured € 2023	19,643,000	3.89	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.66	0.76	27,159	6,916	62.72
5.80% International Hotel Investments plc 2023	10,000,000	5.79	3.27	1,617,853	877,620	36.63
6.00% AX Investments Plc € 2024	40,000,000	5.11	5.55	342,395	226,115	19.63
6.00% International Hotel Investments plc € 2024	35,000,000	5.71	3.27	1,617,853	877,620	36.63
5.30% Mariner Finance plc Unsecured € 2024	**35,000,000**	**4.89**	**4.81**	**95,310**	**47,100**	**48.85**
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	4.37	2.67	117,625	45,146	53.77
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	5.47	3.30	137,275	45,063	30.57
4.25% Best Deal Properties Holding plc Secured € 2024	16,000,000	4.24	-	27,455	3,366	85.88
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.52	3.27	1,617,853	877,620	36.63
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.18	4.03	4,066	- 18,883	-
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.71	1.65	150,478	57,635	57.73
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.96	13.74	28,166	6,135	60.96
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.35	2.74	1,784,681	908,883	40.11
4.00% International Hotel Investments plc Secured € 2026	55,000,000	4.09	3.27	1,617,853	877,620	36.63
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.75	8.99	273,233	57,082	60.43
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.35	3.27	1,617,853	877,620	36.63
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	5.55	341,785	227,069	19.11
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	8.48	316,563	132,582	31.98
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.92	6.42	199,265	113,124	26.87
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.00	4.92	225,284	123,107	38.32
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	5.06	3.44	455,113	86,390	73.98
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.65	4.92	225,284	123,107	38.32
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.47	3.44	455,113	86,390	73.98
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.69	5.55	341,785	227,069	19.11

05-May-20

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 5 May 2020

To date, there are no corporate bonds which have a redemption date beyond 2031.

The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta. The Group's bonds are trading at a yield of 4.89%, which is at same level compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 486 basis points.

Due to the global economic fallout from the coronavirus outbreak, the difference between corporate bond yields and benchmark Malta Government Stock yields has widened across the entire yield curve. This unprecedented event has brought about an economic slowdown, which will likely adversely affect operational results of companies generally and weaken issuers' ability to service outstanding debt securities and repay same on maturity.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, the operations of BCT and EQR
Operating expenses	Operating expenses include the cost of terminal operations and management expenses in maintaining the investment property of EQR.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.

Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.