

## EOLUS VIND – BULLISH PROJECT MARGIN CLUES

Eolus may be forgiven for stumbling a little bit in its reporting communication amidst the new IFRS standard implemented as of it's fiscal Q1 this year. Investors selling the stock without reading the notes may not.

### Not 8 Påverkan av IFRS 15

Påverkan koncernens resultaträkning	2019-03-01 - 2019-05-31			2018-09-01 - 2019-05-31		
	Rapporterat	Justering Totalt	Utan påverkan av IFRS 15	Rapporterat	Justering Totalt	Utan påverkan av IFRS 15
<b>KSEK</b>						
Nettoomsättning	520 295	-478 614	41 681	998 222	-729 351	268 871
Övriga rörelseintäkter	360		360	15 522		15 522
	<b>520 655</b>	<b>-478 614</b>	<b>42 041</b>	<b>1 013 744</b>	<b>-729 351</b>	<b>284 393</b>
<b>Rörelsens kostnader</b>						
Förändring av lager av vindkraftverk, vindkraftverk under uppförande och projekt under utveckling	-317 599		-317 599	-314 047		-314 047
Kostnad för varor och projektering	-145 139	430 471	285 332	-532 249	649 171	116 922
Övriga externa kostnader	-10 621		-10 621	-37 366		-37 366
Personalkostnader	-8 668		-8 668	-27 444		-27 444
Avskrivningar och nedskrivningar av materiella anläggningstillgångar	-1 305		-1 305	-3 893		-3 893
Övriga rörelsekostnader	-26 464		-26 464	-52 375		-52 375
<b>Rörelseresultat</b>	<b>10 859</b>	<b>-48 143</b>	<b>-37 284</b>	<b>46 370</b>	<b>-80 180</b>	<b>-33 810</b>
Resultat från finansiella poster	-861		-861	-3 026		-3 026
<b>Resultat före skatt</b>	<b>9 999</b>	<b>-48 143</b>	<b>-38 144</b>	<b>43 345</b>	<b>-80 180</b>	<b>-36 835</b>
Skatt på periodens resultat	2 160	3 742	5 902	8 494	6 317	14 811
<b>Periodens resultat</b>	<b>12 159</b>	<b>-44 401</b>	<b>-32 242</b>	<b>51 839</b>	<b>-73 863</b>	<b>-22 024</b>

Source: Eolus Vind

Reading the adjustment column gives investors a glimpse into managements best estimate on margins on the projects currently under construction. The Q3 margin implies 10% EBIT (that is AFTER adjusting Kråktorpet down. Importantly, Kråktorpet is still on track to be delivered in fiscal q1 19/20). Q1-Q3 shows a margin of 11%, however, also incl the adjustments in Q3. *That is 100bps better* than what I've used in my assumptions and proves that *management is targeting closer to 12pc* on it's current projects. That is what I was hoping for <https://harpooncapital.no/eolus-vind.php> but didn't dare to work into my assumptions.

That is plain bullish. I will be raising my margin assumptions after this, not lowering them. Investors ought to pay attention to the adjustment column, as it contains important information they will see only one more qtr before it's gone. Subcontractor delays in projects is business as usual for Eolus, and all of these will still show strong profitability - mgmt implicit margin assumptions ought to be the real news here.

Buying opportunity.

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