

Addendum to the Financial Analysis Summary dated 14 June 2019 in relation to United Finance p.l.c. (“FAS2019”)

Following the publication of the FAS2019, we wish to bring the following clarifications, additions and/or corrections to the attention of the general public:

Section 9 – Financial Information – The Group

- The liquidity ratio has been included as follows:

| | 31 Dec'16 | 31 Dec'17 | 31 Dec'18 | 31 Dec'19 |
|--|-----------|-----------|-----------|-----------|
| | Actual | Actual | Actual | Forecast |
| Liquidity ratio (times) <i>(Current assets/current liabilities)</i> | 0.95 | 0.87 | 0.75 | 0.46 |
| Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i> | 70% | 69% | 63% | 69% |

Source: Charts (a division of MeDirect Bank (Malta) plc)

- A variance analysis of the actual cash flow results for FY2018 compared to the forecast included in last year's report (FAS2018) of the Company and the United Group is provided hereunder:

| United Finance p.l.c. Cash Flow Statement (€'000) | FY2018 Actual | FY2018 Forecast | Variance |
|---|------------------|--------------------|------------|
| Net cash from operating activities | 560 | 39 | 521 |
| Net cash from investing activities | 28 | 16 | 12 |
| Net cash from financing activities | (431) | (277) | (154) |
| Net movement in cash and cash equivalents | 157 | (222) | 379 |

The primary reason for the variances in net cash from operating activities and net cash from financing activities is due to a change in repayment period from current to non-current balances in relation to amounts due from group companies. Accordingly, this change resulted in an increase in net cash from operating activities and a decrease in cash from financial activities. Overall, actual net movement in cash and cash equivalents was positive in 2018 by €157,000 (2019 FAS), compared to a forecast adverse net movement of €222,000 (2018 FAS).

| United Group Limited | | | |
|--|---------------|-----------------|-----------------|
| Cash Flow Statement | FY2018 | FY2018 | |
| (€'000) | Actual | Forecast | Variance |
| Net cash from operating activities | 965 | 31 | 934 |
| Net cash from investing activities | (2,058) | (514) | (1,544) |
| Net cash from financing activities | 1,481 | 24 | 1,457 |
| Net movement in cash and cash equivalents | 388 | (459) | 847 |

Actual 2018 net cash from operating activities was higher than forecasted by €934,000 for the following reasons: (i) the Group purchased more PPE items than forecasted (mainly in the Rent-A-Car and Lease business fleet) due to business growth, which resulted in higher than expected depreciation charge – as such, the actual adjustment of depreciation in the cash flow statement (being a non-cash item) was higher than projected; and (ii) a higher than expected increase in trade and other payables for 2018 over 2017, primarily due to an increase in trade activities in the retail sector and more than expected vehicle purchases on HP terms by United Garage Limited.

Actual net cash used in investing activities was higher than forecasted by €1,544,000 due to a timing variance in the development of the Qormi property. In consequence, net cash from financing activities was higher than expected by €1,457,000 due to acceleration in bank loan drawdowns in relation to the afore-mentioned project.

Part 3 – Comparables

3. The 'comparables' table has been replaced as follows:

| Comparative Analysis | Nominal Value (€) | Yield to Maturity (%) | Interest Cover (times) | Total Assets (€'000) | Net Asset Value (€'000) | Gearing Ratio (%) |
|--|----------------------|--------------------------|---------------------------|-------------------------|----------------------------|----------------------|
| 5.50% Pendergardens Dev. plc Secured € 2020 Series I | 14,711,300 | 3.36 | 1.23 | 80,052 | 25,712 | 48.95 |
| 6.00% Pendergardens Dev. plc Secured € 2022 Series II | 26,921,200 | 2.60 | 1.23 | 80,052 | 25,712 | 48.95 |
| 4.25% Gap Group plc Secured € 2023 | 19,931,000 | 3.48 | 4.45 | 55,237 | 9,869 | 71.82 |
| 5.30% United Finance Plc Unsecured € Bonds 2023 | 8,500,000 | 4.53 | 0.76 | 27,159 | 6,916 | 62.72 |
| 6.00% AX Investments Plc Unsecured € 2024 | 40,000,000 | 1.98 | 6.97 | 325,243 | 214,590 | 18.66 |
| 5.30% Mariner Finance plc Unsecured € 2024 | 35,000,000 | 4.84 | 5.33 | 83,223 | 44,177 | 43.99 |
| 5.00% Hal Mann Vella Group plc Secured Bonds € 2024 | 30,000,000 | 3.35 | 2.29 | 112,006 | 43,514 | 51.65 |
| 4.25% Best Deal Properties Holding plc Secured 2024 | 16,000,000 | 3.50 | 4.02 | 25,986 | 3,432 | 82.64 |
| 5.10% 1923 Investments plc Unsecured € 2024 | 36,000,000 | 4.41 | 1.41 | 120,794 | 38,318 | 52.41 |
| 4.50% Hili Properties plc Unsecured € 2025 | 37,000,000 | 4.02 | 1.55 | 154,742 | 52,242 | 61.72 |
| 5.10% 6PM Holdings plc Unsecured € 2025 | 13,000,000 | 4.81 | 2.09 | 5,499 | 19,741 | - |
| 4.25% Corinthia Finance plc Unsecured € 2026 | 40,000,000 | 3.91 | 2.59 | 1,765,072 | 901,595 | 40.43 |
| 4.00% International Hotel Invest. plc Secured € 2026 | 55,000,000 | 3.43 | 3.27 | 1,617,853 | 877,620 | 36.63 |
| 4.00% International Hotel Invest. plc Unsecured € 2026 | 40,000,000 | 3.63 | 3.27 | 1,617,853 | 877,620 | 36.63 |
| 4.00% MIDI plc Secured € 2026 | 50,000,000 | 3.30 | 9.80 | 220,613 | 97,440 | 31.83 |
| 3.75% Premier Capital plc € Unsecured Bonds 2026 | 65,000,000 | 3.59 | 12.63 | 179,451 | 48,701 | 54.42 |
| 4.35% Hudson Malta plc Unsecured 2026 | 12,000,000 | 3.86 | 10.08 | 28,166 | 6,135 | 60.96 |
| 4.35% SD Finance plc € Unsecured Bonds 2027 | 65,000,000 | 3.75 | 5.93 | 229,882 | 63,771 | 50.15 |
| 4.00% Eden Finance plc Unsecured 2027 | 40,000,000 | 3.27 | 5.68 | 185,717 | 103,511 | 31.82 |
| 4.00% Stivala Group Finance plc Secured 2027 | 45,000,000 | 3.32 | 3.73 | 202,425 | 115,827 | 32.23 |
| 3.85% Hili Finance Company plc Unsecured 2028 | 40,000,000 | 3.63 | 3.44 | 455,113 | 86,390 | 73.98 |

10 June '19

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts | A division of MeDirect Bank (Malta) plc

4. The following statement has been included below the chart entitled 'Bond yield to maturity':

The Issuer's bonds are presently trading at a yield of 4.53%, which is *circa* 193 basis points higher than other corporate bonds maturing a year earlier and *circa* 31 basis points lower than other corporate bonds maturing within one year from date of redemption of the United Finance bonds. The premium over FY2023 Malta Government Stock is 444 basis points.



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