

Record year

FY 2020/21 marks a record year in sales and a 7-year high in earnings. The announced Kauno Grudai (KG) acquisition price is attractive in our view, and we look forward to seeing it integrated into Linus Agro in 2021/22 forming the biggest company on the Baltic stock exchange in terms of sales.

All-time-high annual revenues

FY 2020/21 Sales grew 43% to a record high EUR 942m and the Net profit grew 56% to EUR 15.5m – the highest since 2013/14, resulting in a historical P/E ratio of 8.4x. Given that the Food segment (poultry) is still recovering from the pandemic, we regard the normalized Net profit potential to be even higher at around EUR 20-25m (excluding KG).

KG acquisition means another record year

We believe the KG acquisition assures another record sales year and forecast FY 2021/22 Sales to grow 59% to EUR 1.5bn while the Net profit is estimated to grow 64% to EUR 25.5m. The KG acquisition price of EUR 73m was in-line with our estimate of EUR 70m, and we regard this as an attractive price for Linus Agro shareholders (calculated EV/EBITDA acquisition multiple is 4.7x vs. Linus Agro pre-acquisition multiple of 7.9x).

Potential upside

We reiterate our Base case DCF FV of EUR 1.00/shr, even though a peer valuation indicates EUR 1.56/shr. We will review our Fair value in our next update, after the H1-21/22 report, when we should have two quarters of consolidated KG figures.

Key figures (MEUR)

	19/20	20/21	21/22E	22/23E	23/24E
Net sales	657.7	942.4	1,495.3	1,604.6	1,652.7
Net sales growth	-11.4%	43.3%	58.7%	7.3%	3.0%
EBITDA	25.9	35.1	65.5	75.7	77.5
EBITDA margin	3.9%	3.7%	4.4%	4.7%	4.7%
EBIT	14.8	21.2	33.2	40.4	44.6
EBIT margin	2.3%	2.3%	2.2%	2.5%	2.7%
EV/Sales	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	9.0	6.9	6.3	5.2	4.7
EV/EBIT	15.7	11.4	12.5	9.8	8.2
P/E adj.	9.8	8.4	6.1	5.0	4.4
P/BV	0.5	0.7	0.6	0.5	0.5
EPS adj.	0.06	0.10	0.16	0.19	0.21
EPS growth adj.	-338.02%	56.47%	56.71%	22.04%	12.17%
Div. per share	0.00	0.01	0.02	0.02	0.03
Dividend yield	0.00%	1.06%	2.13%	2.13%	3.19%

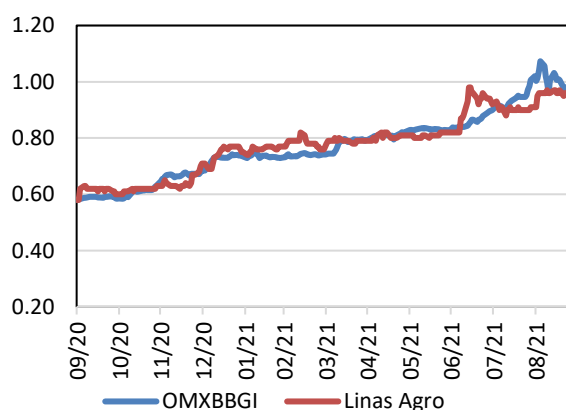
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 3.0%)	1.20
Base (term. EBIT marg. 2.5%)	1.00
Bear (term. EBIT marg. 2.0%)	0.80

Key Data

Price (EUR)	0.94
Ticker	LNA1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	148.68
Net debt (EURm)	108
Shares (m)	158
Free float	20.00 %



Price range

52-week high	0.98
52-week low	0.58

Analyst

ResearchTeam@enlightresearch.net

Coverage frequency

2x per year

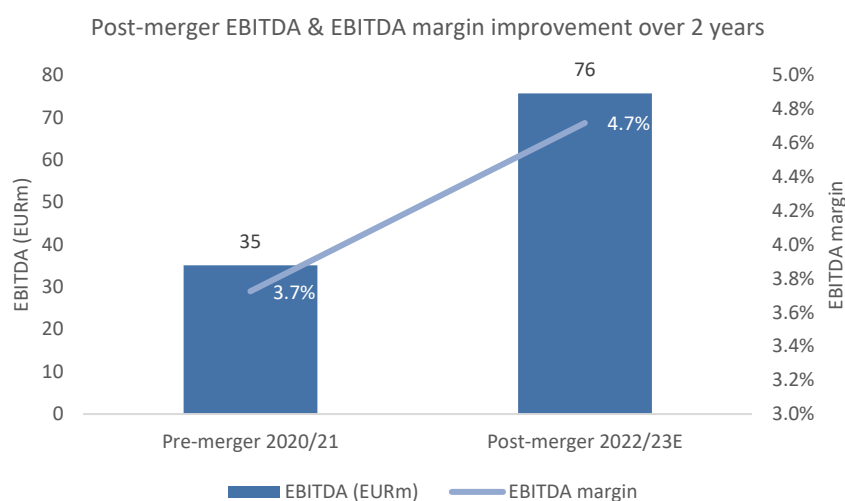
Key takeaways

KG Acquisition price attractive

The acquisition of Kauno Grudai (KG) was completed on 15 July 2021. In the Q4-20/21 report, the KG acquisition price of EUR 73.5m was published (previously unknown). The acquisition price is very close to our estimate of EUR 70.0m stated in our coverage initiation report on 12 July 2021. Based on the 2020 KG reported EBITDA and an assumed Net debt of EUR 69m (5-yr average), the indicated KG acquisition EV/EBITDA multiple is 4.7x, which we believe is attractive given Linas Agro's calendar year 2020 EV/EBITDA multiple of 7.9x. This indicates a 67% valuation premium to KG which could result in investors putting a higher multiple on KG's EBITDA once it becomes part of Linas Agro. On a pro-forma 2020 calendar year basis, Linas Agro (LNA) and Kauno Grudai (KG) combined would have had sales of around EUR 1.4bn which would make it the biggest company on the Nasdaq Baltic Stock Exchange in terms of sales. Perhaps more important, we expect the larger size to enable the Company to compete on a European scale as well as boost the margins through vertical integration and synergies. We forecast the post-merger EBITDA to improve by EUR 42m whereof EUR 31m comes from vertical integration (sales increase & sales mix) and EUR 11m from synergies. Our expected post-merger EBITDA margin improvement is 105 basis points (bps) whereof 78 bps comes from vertical integration and 28 bps from synergies.

Acquisition multiples based on 2020 figures	EV/EBITDA
Kauno Grudai	4.7
Linas Agro	7.9
Linas Agro premium valuation vs. Kauno Grudai	67%

Source: Company reports, Enlight Research, *5-yr average Net debt of EUR 69m assumed to calculate KG EV, **based on Calendar year 2020 reported EBITDA



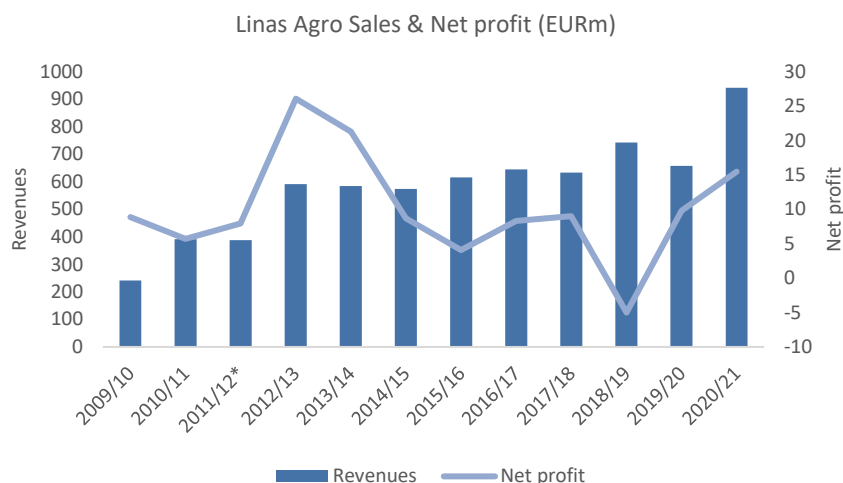
Source: Enlight Research

Forecast Post-merger EBITDA improvement by 2022/23	EBITDA (EURm)	EBITDA margin (bps)
Post-merger EBITDA improvement	42	105
whereof		
Vertical integration (Sales increase & Sales mix)	31	78
Synergies	11	28

Source: Enlight Research

FY 2020/21 marks record sales and 7-year high in earnings

The FY 2020/21 (end 30 Jun) Sales of EUR 942m is an all-time high for Linas Agro, while the Net profit of EUR 15.5m marks a 7-year high (KG acquisition is not included in these figures). We would have to go back to the period 2012/13-2013/14 to find underlying Net profits higher than the recently reported fiscal year (2011/12 was above EUR 20m due to a positive one-off). During 2012/13-2013/14, the Net profits were between EUR 21-26m, which we believe is a good indication of the earnings potential (excluding the KG acquisition) when the Food (poultry) segment recovers from the pandemic.



Source: Company reports, *2011/12 Net profit excluding EUR 18m one-off gain from sale of land

Q4-20/21 Sales and Earnings above forecast

The Q4-20/21 Group sales was 11% above forecast (EUR 231m vs. est. 209m) driven by better than expected sales for the Grains & Feedstuffs segment (EUR 145m vs. est. 133m), and Products & Services for farming segment (EUR 62m vs. est. 53m). The positive deviation was even higher at the EBIT level which was 37% above forecast (EUR 17.8m vs. est. 13.0m), as the Product & Services for farming was EUR 4.6m above estimates, and Agricultural production was EUR 4.1m above estimates. The only notable negative deviation was the Food (Poultry) segment that showed break-even at the EBIT level vs. our estimated profit of EUR 3.3m.

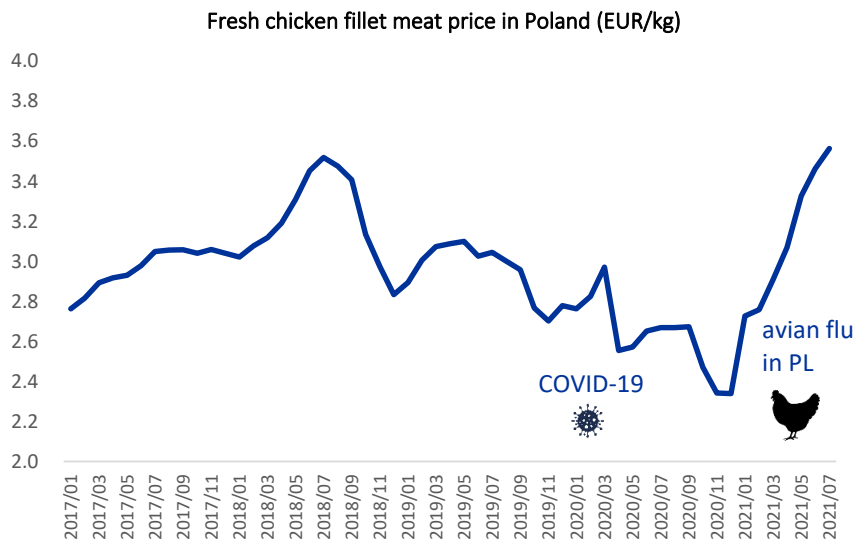
Q4-20/21 Estimate vs. Outcome

Revenue	Estimate	Actual	Diff. (EURm)	Diff. (%)
Grains & Feedstuffs	132.6	145.4	12.9	10%
Product & services for farming	52.8	61.6	8.8	17%
Agricultural production	3.7	4.1	0.4	11%
Food products	19.7	19.7	0.0	0%
Other products	0.1	0.0	-0.1	-100%
Total	208.7	230.8	22.08	11%
Operating profit (bef. elim.)	Estimate	Actual	Diff. (EURm)	Diff. (%)
Grains & Feedstuffs	3.9	3.4	-0.5	-13%
Product & services for farming	-0.2	4.4	4.6	-2571%
Agricultural production	5.9	10.0	4.1	69%
Food products	3.3	0.0	-3.3	-100%
Other products	0.0	-0.1	-0.1	-288%
Total	13.0	17.8	4.8	37%

Source: Enlight Research (estimates), Company report (Actual)

Positive signs in Food segment but still challenges

The Food segment is experiencing two headwinds – below normal activity in the HORECA (hotel, restaurant, catering) sector, and rising prices for chicken feed. We believe the HORECA sector will continue to recover slowly as the pandemic calms down. Therefore, the key challenge for the profitability of the Food segment will be to pass on higher costs to the clients. Positive signs of pricing power have been visible in 2021 when according to the Polish Ministry of Agriculture and Rural Development, the price of fresh chicken fillet meat was back to 2018 year’s level of around EUR 3.6 per kilo, equal to an increase of around 50% from the bottom in 2020. The price increase was driven by increased demand from the HORECA sector and reduced supply as some suppliers suspended or reduced production. Furthermore, the avian influenza in Poland in the Spring, pushed prices higher. It is hard to find a unified index on animal feed, but according to an article in euractiv.com, Spain and other EU member states have complained about 25-60% increases this year. At the EU meeting of farming ministers in July this year, a Croatian delegation called for the European Commission to examine all options to stabilise animal feed prices. The European Commission tried to reassure countries saying that feed prices were likely to go down. Given the break-even result of the Food segment in Q4-20/21, Linas Agro need to raise prices, or the feed price needs to come down to reach profits in 2021/22. We forecast a full-year 2021/22 sales growth of 1% with an Operating profit of EUR 2.4m, which implies that feed prices will come down (excluding acquired Kauno Grudai figures).



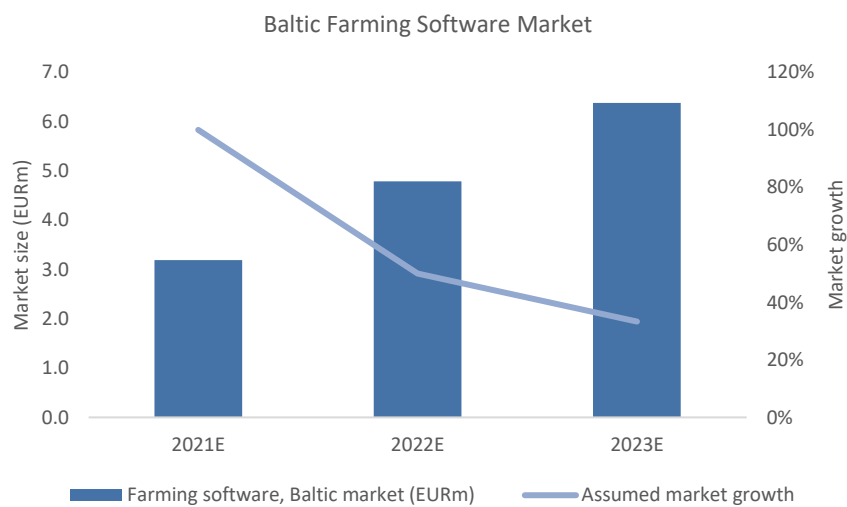
Source: Polish Ministry of Agriculture and Rural Development, Linas Agro Q4-20/21 report

Geoface - a nice complement to Products & Services to Farmers segment

The start-up, GeoFace, that was acquired in 2020, has launched its intelligent farming software in Lithuania and Latvia. The software helps farmers with e.g., forecasting the harvest, crop fertilization & spray mapping, as well as accounting. We believe GeoFace is a nice complement to the Products and Services for Farming segment, although we estimate the financial impact to be minimal in the forecast period. Assuming there are around 90K farms in the Baltics that are bigger than 5 ha, and a software adoption rate of around 10% (Enlight Research assumption), our rough estimate of the Baltic market size is around EUR 3m. Our estimated growth in the coming years is 30-50% coming from an increased adoption rate rather than an increase in the number of farms (number of farms expected to decrease by 2% per year). Applying GeoFace’s

price schedule which range between EUR 29-49 per month depending on farm size (ha), our estimated revenues for 2022 is around EUR 0.1m growing to EUR 0.2m in 2023 (no revenue is expected this year as farmers can try the software for free the first year). A successful roll-out into larger European countries like Poland could increase the financial contribution substantially, but we believe it too soon to factor this into our forecast.

From an equity value perspective, the GeoFace impact could be larger than the operational impact. According to Crunchbase, the Estonian company eAgronom OÜ, raised EUR 3m in 2018, and EUR 1.5m in 2020. We do not know at what valuation but most likely it is in the range of several millions. In 2020, eAgronom had revenues of EUR 0.4m, which is expected to increase to over EUR 1m this year, according to scorestorybook.ee.



Source: Enlight Research

Estimate vs. Outcome

Group

Q4-20/21 Sales was 11% above forecast driven by the Grains & Feedstuffs and the Product & Services for Farmers segments. The Q4-20/21 Gross profit was 14% below forecast, mainly due to higher than expected input costs in the Food products segment. Lower than expected Operating expenses (EUR 10.6m vs. est. 15.6m) more than offset the higher than expected Cost of Sales resulting in an Operating profit that was 33% above forecast (EUR 16.1m vs. est. 12.1m).

Q4-20/21 Estimate vs. Outcome (EURm)

P&L	Q4-20/21 Estimate	Q4-20/21 Actual	Difference EURm	%
Total Sales	208.7	230.8	22.1	11%
Cost of sales	-181.8	-207.7	-25.9	14%
Gross profit	26.9	23.1	-3.8	-14%
Operating expense	-15.6	-10.6	4.9	-32%
Other income	1.6	2.7	1.1	68%
Other expenses	-0.8	0.9	1.8	-212%
Operating profit	12.1	16.1	4.0	33%
Financial income	-0.7	0.1	0.8	-111%
Financial expenses	-0.2	-0.8	-0.6	390%
<i>Financial net</i>	<i>-0.8</i>	<i>-0.7</i>	<i>0.1</i>	<i>-14%</i>
Pre-tax profit	11.3	15.4	4.1	37%
Tax	-2.1	-2.3	-0.2	11%
Net profit	9.2	13.1	3.9	42%
Other adjustments	0.0	0.0	0.0	na
Net profit after adj.	9.2	13.1	3.9	42%
Minority	-0.1	-0.2	-0.2	368%
Net profit to shr holders	9.2	12.9	3.7	40%

Forecast

We expect the KG acquisition to be consolidated sometime in the current quarter (Q1-21/22). We assume this report will include the KG figures distributed into Linas Agro's current reporting segments. We will publish our Linas Agro segment forecast including KG following the half-year report (H1-21/22) in-line with our plan to write full-year and half-year Updates on Linas Agro. Below is our Group forecast published in our Linas Agro Initiation of coverage report on 12 July 2021. No estimate changes have been made since then (the only difference is that 2020/21 is now a historical year).

(EURm)	jul-sep Q1-21/22E	oct-dec Q2-21/22E	jan-mar Q3-21/22E	apr-jun Q4-21/22E	1 jul-30 jun 2019/20	1 jul-30 jun 2020/21	1 jul-30 jun 2021/22E	1 jul-30 jun 2022/23E
LNA pre-merger Sales	243.015	239.137	240.167	216.739	657.700	942.442	939.058	958.146
KG Sales	103.819	155.729	160.401	136.262			556.211	646.416
Total Sales	346.835	394.866	400.568	353.001	657.700	942.442	1,495.269	1,604.562
Cost of sales	-322.556	-367.226	-372.528	-335.767	-612.036	-890.133	-1,398.077	-1,495.452
Gross profit	24.278	27.641	28.040	17.234	45.664	52.309	97.193	109.110
Operating expense	-19.076	-21.718	-22.031	-7.453	-35.040	-37.897	-70.278	-75.414
Other income	1.734	1.974	2.003	5.504	5.706	8.007	11.215	12.034
Other expenses	-1.387	-1.579	-1.602	-0.365	-1.503	-1.254	-4.934	-5.295
Operating profit	5.549	6.318	6.409	14.919	14.827	21.165	33.195	40.435
Financial income				0.000	0.817	0.756		
Financial expenses	-0.800	-0.800	-0.800	-0.800	-3.713	-3.551	-3.200	-3.469
<i>Financial net</i>	<i>-0.800</i>	<i>-0.800</i>	<i>-0.800</i>	<i>-0.800</i>	<i>-2.896</i>	<i>-2.795</i>	<i>-3.200</i>	<i>-3.469</i>
Pre-tax profit	4.749	5.518	5.609	14.119	11.931	18.370	29.995	36.966
Tax	-0.601	0.400	-0.828	-4.437	-1.927	-2.717	-5.466	-6.736
Net profit	4.148	5.918	4.781	9.682	10.004	15.653	24.529	30.230
Other adjustments								
Net profit after adj.	4.148	5.918	4.781	9.682	10.004	15.653	24.529	30.230
Minority	0.043	0.023	0.000	-0.366	-0.252	-0.144	-0.300	-0.300
Net profit to shr holders	4.191	5.941	4.781	9.316	9.752	15.509	24.229	29.930
Depreciation	8.074	8.074	8.074	8.074	11.096	13.934	32.297	35.260
EBITDA	13.624	14.392	14.483	22.993	25.923	35.099	65.492	75.695
Sales growth	Q1-21/22E	Q2-21/22E	Q3-21/22E	Q4-21/22E	2019/20	2020/21	2021/22E	2022/23E
LNA pre-merger	5.3%	-1.6%	0.4%	-9.8%	-11.4%	43.3%	-0.4%	2.0%
KG Sales	na	na	na	na	na	na	na	16.2%
Total Sales	44.9%	67.6%	69.2%	52.9%	-11.4%	43.3%	58.7%	7.3%
Margins	Q1-21/22E	Q2-21/22E	Q3-21/22E	Q4-21/22E	2019/20	2020/21	2021/22E	2022/23E
EBITDA margin	3.9%	3.6%	3.6%	6.5%	4.0%	3.7%	4.4%	4.7%
Gross margin	7.0%	7.0%	7.0%	4.9%	6.9%	5.6%	6.5%	6.8%
Operating margin	1.6%	1.6%	1.6%	4.2%	2.3%	2.2%	2.2%	2.5%
PTP margin	1.4%	1.4%	1.4%	4.0%	1.8%	1.9%	2.0%	2.3%
Net profit margin	1.2%	1.5%	1.2%	2.6%	1.5%	1.6%	1.6%	1.9%
Tax rate	12.7%	-7.2%	14.8%	31.4%	16.2%	14.8%	18.2%	18.2%

Source: Company reports, Enlight Research

Valuation

Pre- and post- merger valuation

Given the current (pre-merger) Market cap and Enterprise Value (EV) of Linas Agro (LNA) of EUR 131m, and 239m, respectively, the calendar year* 2020 EV/EBITDA multiple is 7.9x. We estimate the KG acquisition to have been done at an EV/EBITDA 2020 multiple of 4.7x, which is based on a KG market cap (equity value) of EUR 73m (announced in Q4-20/21 report) plus Net debt of EUR 69m i.e., an EV of EUR 142m. The Net debt of EUR 69m is the reported 5-year average 2016-20 Net debt. Including our estimated synergies of EUR 11m and additional acquisition debt of 51m, our forecast post-merger 2020 EV/EBITDA multiple is 7.5x (8.8x excluding synergies). Worth noting is that both the KG acquisition multiple and the post-merger NewCo (LNA+KG) multiple is lower than the current pre-merger LNA multiple, which indicates that the merger is beneficial for LNA shareholders.

Motivated multiple	LNA 2020	KG 2020E	Acquisition debt (EURm)	LNA+KG	Synergies	LNA+KG NewCo
Market value	131	73.00		280		281
Net debt	108	69	51	248		248
EV	239	142		528		529
EBITDA	30	30		60	11	71
Implied EV/EBITDA	7.9	4.7		8.8		7.5

Source: Company reports (LNA 2020, KG 2020), Enlight Research (Acquisition debt, LNA + KG NewCo).

*LNA's 2019/20-2020/21 quarters adjusted into Calendar year

Peer valuation

Our Linas Agro peer group is trading at a 2020 EV/EBITDA of 10.6x, implying that Linas Agro is trading at a 4% discount (10.2x vs. 10.6x) on a pre-merger basis and a 17% discount (8.7x vs. 10.6x) on a post-merger basis (before synergies). Applying the peer 2023 EV/EBITDA average of 7.0x to our estimated fully consolidated (12 months) combined (LNA+KG) calendar year 2023 EBITDA of EUR 71m (including synergies) indicates a share price of EUR 1.56. We recognise the significant upside implicated by the peer valuation but our Base case Fair value per share is EUR 1.00, according to our DCF valuation. (see below DCF Valuation section)

Linus Agro peer valuation

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (last)	EV/EBITDA 2020	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBITDA 2023E
FirstFarms A/S	FFARMS	DKK	66.60	504	973	15.7	13.0	12.2	11.9
Auga	AUG1L	EUR	0.49	112	204	9.8	9.2	7.8	7.0
Kernel	KER	USD	15.71	1,320	2,163	4.9	3.0	3.4	4.3
Orior AG	ORON	CHF	91.00	592	727	13.8	11.4	11.2	10.7
Fodelia	FODA OYJ	EUR	7.70	57	65	38.5	21.8	14.5	11.9
Podravka D.D.	PODR	HRK	606	4244	4805	8.8	8.3	8.2	7.6
Agroton Public	AGT	USD	2.05	45	34	1.0	3.8	3.8	3.4
ASTARTA Holding NV	AST	EUR	10.45	254	339	3.0	2.2	2.6	3.1
Adecoagro	AGRO	USD	9.19	1,069	1,669	4.9	3.7	4.0	3.9
Bonduelle	BON	EUR	21.30	683	650	6.0	6.5	6.0	5.7
Average						10.6	8.3	7.4	7.0

Source: MarketScreener, Enlight Research (Auga)

DCF Valuation

We reiterate our Base case DCF Fair value per share of EUR 1.00, equal to an upside of 5% (was 14% in our initiation report in July but share price has appreciated from EUR 0.88 to EUR 0.95 since then). Our Base case DCF model assumes a terminal Sales growth and EBIT margin of 2.0%, and 2.5%, respectively. Our Bear and Bull case DCF Fair values per share are EUR 0.80, and EUR 1.20, respectively. The only difference between our Bear and Bull cases is the assumed terminal EBIT margin that is 2.0% in our Bear case and 3.0% in our Bull case. See below tables for the DCF Fair value at our different scenarios.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	7.0%	7.0%	7.0%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.0%	2.5%	3.0%
Fair Value per share	0.80	1.00	1.20

Source: Enlight Research

Risk factors

Below risk factors are not a complete list of risks related to Linas Agro, but rather a list of risks that we view as the most important to highlight given the current environment. For examples of additional risks, we recommend reading the Company's Annual Reports.

Large acquisition

Large acquisitions entail challenges such as e.g., merging operations and corporate culture. There is no guarantee that the Kauno Grudai acquisition will be successful. If unsuccessful, our forecast is most likely too optimistic.

Financial leverage

Following the Kauno Grudai acquisition, our estimated Net debt to EBITDA multiple is above 4x, which could be regarded as high, although not uncommon following an acquisition. Worth noting is that LNA's pre-acquisition Net debt to EBITDA multiple has been higher than 4x so from this perspective it might be regarded as less of a risk factor.

Dividend policy

The company does not have an official dividend policy. This does not mean that dividends cannot be paid out. However, we believe a stated dividend policy increases the confidence that dividends will be paid when there are funds available.

COVID-19

A setback in the COVID-19 recovery could affect the Food segment (poultry) negatively due to its exposure to the HORECA sector.

Supervisory structure

The absence of a Supervisory Board and lack of independent Management Board Members might result in a worsened corporate governance compared to companies who have a Supervisory Board and independent members on their board.

Counterparty risk

The Group enters forward contracts with farmers who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

Livestock

The risk of a severe animal disease is not factored into our estimates. If one of Linas Agro's poultry or dairy farms is hit by a severe animal disease, our estimates will most likely have to be adjusted downwards.

Share liquidity

The low free float of 20% means the liquidity in the share is lower relative to most similar sized companies. We would welcome a distribution from the main shareholders in order to increase the share liquidity and thereby lower the risk in the share.

Income Statement	19/2	20/21	21/22	22/23	23/24
Net sales	658	942	1495	1605	1653
Total operating costs	-632	-907	-1430	-1529	-1575
EBITDA	26	35	65	76	78
Depr. & Amort.	-11	-14	-32	-35	-33
One-off EBIT items	0	0	0	0	0
EBIT	15	21	33	40	45
Financial net	-3	-3	-3	-3	-3
Pre-tax profit	12	18	30	37	41
Taxes	-2	-3	-5	-7	-8
Minority interest	0	0	0	0	0
Other items	0	0	0	0	0
Net profit	10	16	25	30	34

Balance Sheet	19/20	20/21	21/22E	22/23E	23/24E
Cash and cash equivalent	10	18	29	31	32
Receivables	116	114	264	283	292
Inventories	79	89	179	193	198
Other current assets	28	30	30	30	30
Total current assets	233	252	502	536	551
Tangible assets	152	151	324	313	306
Goodwill & Intangible assets	5	5	5	5	5
Lease & Investment properties	0	0	7	11	17
Long-term Investments	3	3	3	3	3
Associated companies	0	0	0	0	0
Other long-term assets	11	11	11	11	11
Total fixed assets	172	171	351	345	342
Total assets	405	423	853	881	894
Accounts payable	48	64	194	209	215
Short-term IB debt	106	86	155	144	125
Other current liabilities	24	25	45	45	45
Total current liabilities	178	175	395	398	385
Long-term IB debt	19	13	84	78	67
Convertibles & Lease liab.	20	27	7	11	17
Deferred tax liab.	1	1	2	2	2
Provisions	0	0	0	0	0
Other long-term liab.	8	9	9	9	9
Total long-term liab	47	50	105	103	98
Total liabilities	225	225	499	500	483
Minority interest	0	2	88	88	88
Shareholders' equity	180	195	266	292	323
Total liabilities and Equity	405	423	853	881	894

DCF valuation		Cash flow, mEUR	
WACC (%)	6.83 %	NPV FCF (2020-2022)	-162
Assumptions 2020-2026 (%)		NPV FCF (2023-2029)	179
Average sales growth	3.03 %	NPV FCF (2030-)	299
EBIT margin	2.56 %	Non-operating assets	-31
Fair value per share (EUR)	1.00	Interest-bearing debt	-126
Share price (EUR)	0.94	Fair value estimate	159

Free Cash Flow	19/20	20/21	21/22E	22/23E	23/24E
Operating profit	15	21	33	40	45
Depreciation	11	14	32	35	33
Working capital chg	15	7	-89	-18	-8
Other operating CF items	-5	-3	-5	-7	-8
Operating Cash Flow	36	39	-29	50	61
Net investments	-31	-13	-205	-25	-25
Other items	2	1	3	0	0
Free Cash Flow	7	27	-231	25	36

Capital structure	19/20	20/21	21/22E	22/23E	23/24E
Equity ratio	44.5%	46.8%	41.5%	43.2%	46.0%
Debt / Equity ratio	80.0%	64.5%	92.6%	79.7%	64.8%
Gearing %	74.7%	54.6%	61.5%	53.2%	43.2%
Net debt/EBITDA	5.2	3.1	3.3	2.7	2.3

Profitability	19/20	20/21	21/22E	22/23E	23/24E
ROE	5.7%	8.3%	10.6%	10.7%	10.9%
FCF yield	7.6%	20.6%	-155.4%	16.9%	24.4%
EBITDA margin	3.9%	3.7%	4.4%	4.7%	4.7%
EBIT margin	2.3%	2.3%	2.2%	2.5%	2.7%
PTP margin	1.8%	2.0%	2.0%	2.3%	2.5%
Net margin	1.5%	1.7%	1.6%	1.9%	2.0%

Valuation	19/20	20/21	21/22E	22/23E	23/24E
P/E	9.8	8.4	6.1	5.0	4.4
P/E adjusted	9.8	8.4	6.1	5.0	4.4
P/Sales	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.4	0.3	0.3	0.2	0.2
EV/EBITDA	9.0	6.9	6.3	5.2	4.7
EV/EBIT	15.7	11.4	12.5	9.8	8.2
P/BV	0.5	0.7	0.6	0.5	0.5
P/BV tangible	0.6	0.7	0.6	0.5	0.5

Per share ratios	19/20	20/21	21/22E	22/23E	23/24E
EPS	0.06	0.10	0.16	0.19	0.21
EPS, adjusted	0.06	0.10	0.16	0.19	0.21
Operating CF/share	0.23	0.25	-0.18	0.32	0.39
Free Cash Flow/share	0.05	0.17	-1.46	0.16	0.23
BV/share	1.14	1.24	1.68	1.85	2.04
Tangible BV/share	1.13	1.22	1.67	1.84	2.03
Div. per share	0.00	0.01	0.02	0.02	0.03
Div. payout ratio	0.0%	10.1%	12.9%	10.6%	14.1%
Dividend yield	0.0%	1.1%	2.1%	2.1%	3.2%

Shareholders	Capital	Votes
Akola ApS (Denmark)	102.810	69.15 %
Darius Zubas	15.953	10.73 %
UAB INVL Asset Management	8.460	5.69 %

Key people	
CEO	Darius Zubas
CFO	Mazvydas Sileika
IR	Dovile Jakucione
Chairman	

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest-bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share	$\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest-free short-term debt} - \text{long-term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth rate per year

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