

+19% ytd = top performer in Baltics

The Linus Agro share is one of the best performers on the Baltic main list this year. Q2-22/23 was widely above forecast. We expect profits to normalize after the record 2021/22; however, the “new normal” is significantly higher following the KG acquisition. We see substantial long-term dividend potential. The Food segment present both challenges and opportunities. We raise our estimates and Fair value.

New normal 5x higher

It is no surprise to us nor the market that the record 2021/22 EUR 75m Net profit will normalize this year. However, the estimated “new normal” Net profit is 44-46m vs. EUR 7-8m before the KG acquisition i.e., around 5x higher.

Dividend potential substantial

The company is re-investing the Free Cash Flow which we believe is good given that the estimated ROE of 13-15% is likely higher than most investors can achieve. Assuming only maintenance investments of EUR 12-14m/year (forecast period total investments are EUR 35-50m/year), an additional EUR 0.13-0.24/shr. could be available for dividends (likely to happen 3-4 years from now).

Estimates and Fair value raised

We raise our Net profit estimate by 14% this year and leave them roughly unchanged for the coming two years. Our Base case DCF based Fair value is raised slightly to EUR 2.06/shr. (prev. 2.02).

Key figures (MEUR)

	20/21	21/22	22/23E	23/24E	24/25E
Net sales	942.4	1,895.7	2,116.7	2,008.8	2,005.4
Net sales growth	43.3%	101.1%	11.7%	-5.1%	-0.2%
EBITDA	33.5	132.2	98.4	98.8	101.2
EBITDA margin	3.6%	7.0%	4.7%	4.9%	5.1%
EBIT	19.6	103.6	71.4	65.7	66.1
EBIT margin	2.1%	5.5%	3.4%	3.3%	3.3%
EV/Sales	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	7.1	3.5	5.1	4.5	4.0
EV/EBIT	12.2	4.5	7.1	6.8	6.2
P/E adj.	9.1	2.4	5.8	5.9	5.6
P/BV	0.7	0.7	0.8	0.7	0.7
EPS adj.	0.09	0.47	0.27	0.27	0.29
EPS growth adj.	41.83%	422.41%	-41.38%	-1.78%	5.79%
Div. per share	0.00	0.03	0.04	0.05	0.06
Dividend yield	0.00%	2.75%	2.50%	3.13%	3.75%

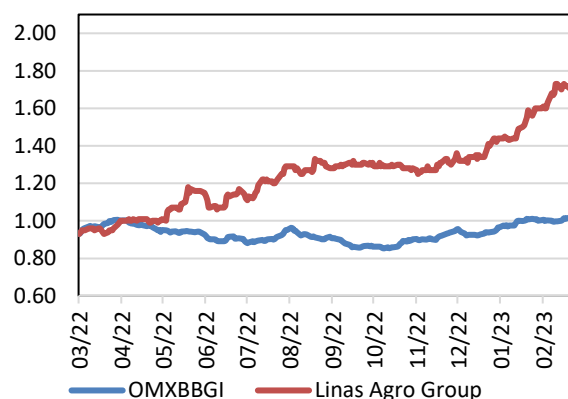
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 3.5%)	2.41
Base (term. EBIT marg. 3.0%)	2.06
Bear (term EBIT marg. 2.5%)	1.71

Key Data

Price (EUR)	1.60
Ticker	LNA1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	258
Net debt est. (EURm)	238
Shares (m)	161
Free float	20%



Price range

52-week high	1.73
52-week low	0.93

Analyst

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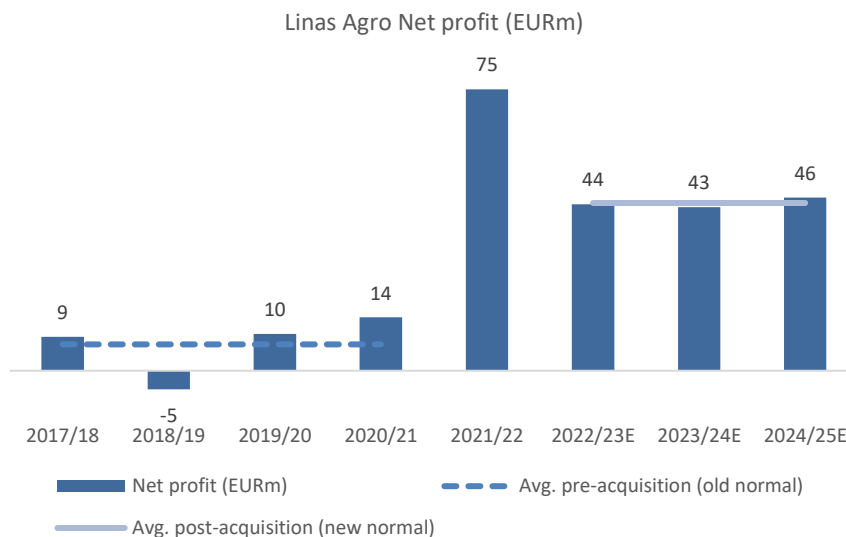
Coverage frequency

2x per year

Key takeaways

New normal looks attractive

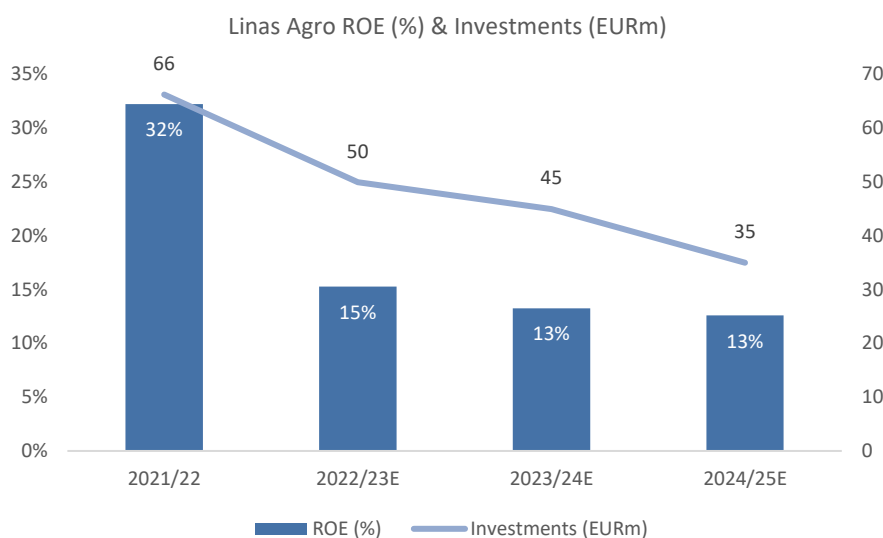
We do not expect a repeat of last FY record Net profit of EUR 75m, which was driven by extremely good grain trading conditions and unusually strong demand for products and services for farming. Nevertheless, our forecast Net profit of EUR 44m this FY 2022/23 is still attractive in our view as it is around 5x higher than the EUR 7-8m normal net profit seen before 2021/22 record net profit. The implied PE ratio on our normalized net profit is around 6x, which is compelling in our view. Worth noting is that we assume slightly lower net profit (43m) next fiscal year, which is mainly a result of lower grain prices (affecting grain trading and product & services for farmers). Our 2024/25 estimated net profit improvement to EUR 46m is mainly based on the new instant food plant coming online. To summarize, our forecast “new normal” net profit (44-46m) is considerably higher than the “old normal” (7-8m).



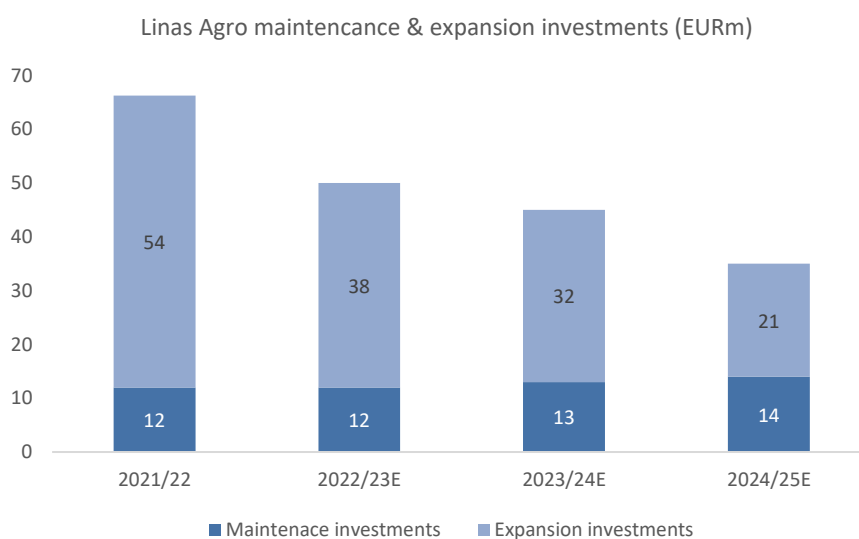
Source: Company (historical), Enlight Research (estimates)

Long-term dividend potential is substantial

The company is currently in an investment phase which means most of the free cash flow is re-invested into growing the business rather than paid out as dividends. One example is the EUR 32m investment into a new instant food plant which is expected to almost double the capacity. While the company’s expected return on equity (ROE) is higher than investors’ expected ROE, we believe it is better to re-invest free cash flow rather than pay out dividends. Given the current environment, we believe investors’ expected ROE is 6-10% which is lower than Linus Agros’ forecast ROE of 13-15% i.e., the company should re-invest the majority of the free cash flow generated. However, as the expansion possibilities taper off (Linus Agro is already dominating its home markets), we expect more of the free cash flow to be paid out as dividends. If we exclude our estimated expansion investments from the total estimated investments, an additional EUR 0.13 to EUR 0.24 per share would be available for dividends (assuming maintenance investments of EUR 12-14m per year). To summarize, our expected expansion investments mean the true dividend capability of Linus Agro is not visible in our forecast period 2022/23 to 2024/25 (estimated yield is 2-3%). However, beyond our forecast period, we believe the yield could go to 6-8% based on the current share price.



Source: Company (historical), Enlight Research (estimates)



Source: Company (historical), Enlight Research (estimates)

Linus Agro Free Cash Flow & Dividends	2021/22	2022/23E	2023/24E	2024/25E
FCF/share incl. expansion investments (EUR)	-1.00	0.43	0.50	0.35
FCF/share excl. expansion investments (EUR)	-0.51	0.67	0.70	0.48
Difference incl. and excl. expansion investments (EUR)	0.49	0.24	0.20	0.13
Paid/forecast dividend per share (EUR)	0.03	0.04	0.05	0.06
Payout ratio	7%	15%	19%	21%
Dividend yield	1.8%	2.3%	2.9%	3.5%
Net dividend yield	1.5%	2.0%	2.5%	3.0%

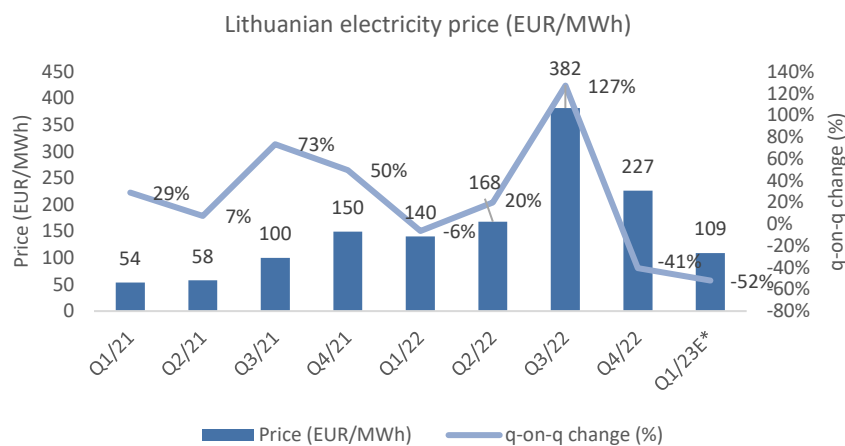
Source: Company (historical), Enlight Research (estimates)

Food products challenges and opportunities

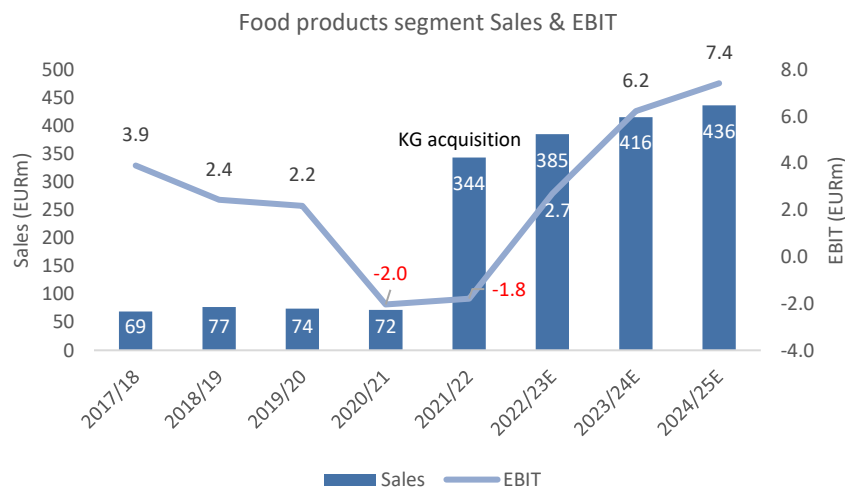
The poultry operations are still facing challenges in the form of high energy prices price pressure from polish producers. Furthermore, some consumers switch to substitutes such as e.g., pork to save money. In Q1-22/23, the reported operating profit for the Food segment was EUR 3.4m followed by a loss of EUR 1.9m in Q2-22/23 (H1-22/23 profit EUR 1.5m). The operating profit is not reported for poultry separately, but we believe the Food product segment’s Q2-22/23 loss is mainly from the poultry segment. We expect the poultry segment profits to improve in H2-22/23 due to lower energy prices as well as lower energy consumption (Dec to Mar are the most energy intensive months when it comes to production).

Contrary to the poultry operation, the Instant food products has a strong positive momentum. In H1-22/23, the Gross profit for the Instant food products doubled to EUR 4m compared to H1-21/22 (the poultry segment Gross profit declined to EUR 8m from EUR 9m during the same periods). The existing instant food plant is running at full capacity and the demand is strong, which is why the company plans to invest EUR 32m to almost double the capacity from 265m units to 505m units.

Overall, we forecast the Food products segment to post a H2-22/23 Operating profit of EUR 1.2m for a full-year 2022/23 profit of EUR 2.7m, equal to a margin of 0.7%. We expect a substantial Operating profit improvement in 2023/24 to EUR 6.2m, followed by a more modest improvement to EUR 7.4m in 2024/25. These improvements are driven by expected lower energy prices and the expansion of the instant food plant.



Source: EMBER, *Q1/23 to until 2 March 2023



Source: Company (historic), Enlight Research (estimates)

Valuation

Peer valuation

We have excluded the Ukrainian companies Astarta and Agroton from our peer universe. Below peer table includes Linus Agro Group with KG from 15 July 2021, and hence the multiples appear high for 2021 as we use the current Market cap and EV. The year 2022 is the first year KG is consolidated for a full year. Based on estimated EV/EBITDA 2023 (LNA's current forecast fiscal year 2022/23), LNA is trading at discount of around 40% to the peer group (5.0x vs. peer avg. of 8.3x). In our view, LNA's increased focus on food products (following KG acquisition) could motivate a premium to peers as shown by Fodelia's and Raisio's premium multiples.

Linus Agro peer valuation

Company	Ticker	Ccy	Price (last)	Mcap (m)	EV (last)	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E
FirstFarms A/S	FFARMS	DKK	86.20	678	1,092	9.6	7.5	8.4	8.4
Auga	AUG1L	EUR	0.47	108	220	24.2	9.6	7.5	6.8
Orior AG	ORON	CHF	75.00	490	629	9.8	9.8	9.5	9.0
Fodelia	FODA OYJ	EUR	4.32	35	48	19.9	16.7	12.0	9.4
Raisio Oyj K	RAIKV	EUR	2.38	376	377	12.4	13.3	11.1	9.5
Podravka D.D.	PODR	HRK	703.84	4937	5405	9.1	7.6	9.2	8.4
Adecoagro	AGRO	USD	7.80	854	1,494	3.4	3.3	3.3	2.9
Bonduelle	BON	EUR	12.68	407	363	3.7	3.7	5.4	5.1
Average						11.5	8.9	8.3	7.5
Linus Agro Group	LNA1L	EUR	1.60	258	496	14.8	3.8	5.0	5.0

Source: MarketScreener (all peers excl. Auga), Enlight Research (Auga), 2021 including KG as of 15 July, share prices on 13 March 2023

DCF valuation

Our Base case DCF Fair value per share is raised slightly to EUR 2.06 (prev. 2.02), which implies an upside around 20%. Our Base cases assumes a terminal sales growth rate of 2.0% and a terminal EBIT margin of 3.0%. Our Bear and Bull case Fair value per share is EUR 1.71, and EUR 2.41, respectively. The only difference between our different scenarios is the assumed terminal EBIT margin, which is 2.5% for our Bear case and 3.5% for our Bull case. See below table for DCF value sensitivity to different parameters.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	9.9%	9.9%	9.9%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.5%	3.0%	3.5%
Fair Value per share	1.71	2.06	2.41
Upside/Downside (last price)	-1%	20%	40%

Source: Enlight Research

Sensitivity parameters	Base case		Test values & Results										
	Step												
Equity beta	1.20	0.10	0.70	0.80	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70
Fair value (DCF)	2.06		2.66	2.52	2.39	2.27	2.16	2.06	1.96	1.86	1.78	1.69	1.61
Target debt ratio*	45.0 %	3.0 %	30%	33%	36%	39%	42%	45%	48%	51%	54%	57%	60%
Fair value (DCF)	2.06		1.59	1.67	1.76	1.85	1.95	2.06	2.17	2.29	2.42	2.55	2.70
Risk-free IR	3.5 %	0.2 %	2.5 %	2.7 %	2.9 %	3.1 %	3.3 %	3.5 %	3.7 %	3.9 %	4.1 %	4.3 %	4.5 %
Fair value (DCF)	2.06		2.30	2.25	2.20	2.15	2.10	2.06	2.01	1.97	1.93	1.88	1.84

Source: Enlight Research, *Debt/(Debt + Equity)

Estimate deviations

By segment

The Q2-22/23 Grain, Oilseeds, and Feed segment revenues came in 21% or EUR 56.4m above forecast as grain trading benefited from high grain prices (although a decline has started to be seen). The Product & services for farming reported 4% or EUR 4.7m lower than expected revenues in Q2-22/23, which was offset by the Food products segment, which came 5% or EUR 5.0m above forecast. The Q2-22/23 Agricultural production was 43% or EUR 3m above estimate, while the Other product segment was roughly in-line with estimates in euro terms. At the operating profit level, the Grain, Oilseeds, and Feed segment posted a Q2-22/23 profit of EUR 12.2m vs. our expected loss of EUR 1.4m. The Product & services for farming reported a Q2-22/23 EBIT of EUR 14.5m which was 2x higher than forecast. The Food segment was the only segment coming in below our EBIT estimate with a loss of EUR 1.9m vs. estimated profit of EUR 0.8m.

Quarterly Segment deviations

Revenue	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%
Grain, Oilseeds, and Feed	272.0	328.4	56.4	21%
Product & services for farming	104.8	100.1	-4.7	-4%
Agricultural production	7.0	9.9	3.0	43%
Food products	95.0	100.0	5.0	5%
Other products	5.7	5.4	-0.3	-5%
Total	484.5	543.9	59.4	12%

Revenue growth	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%-pts
Grain, Oilseeds, and Feed	20.0%	44.9%	na	24.9
Product & services for farming	15.0%	9.9%	na	-5.1
Agricultural production	18.0%	68.3%	na	50.3
Food products	15.0%	21.0%	na	6.0
Other products	-40.0%	-42.9%	na	nm
Total	16.5%	30.8%		14.3

Operating profit (bef. elim.)	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%
Grain, Oilseeds, and Feed	-1.4	12.2	13.6	nm
Product & services for farming	7.3	14.5	7.2	98%
Agricultural production	0.3	0.4	0.0	5%
Food products	0.8	-1.9	-2.7	nm
Other products	-0.1	1.6	1.6	nm
Total	7.0	26.7	19.7	281%

Operating margin (bef. elim.)	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%-pts
Grain, Oilseeds, and Feed	-0.5%	3.7%	na	4.2
Product & services for farming	7.0%	14.5%	na	7.5
Agricultural production	5.0%	3.7%	na	-1.3
Food products	0.8%	-1.9%	na	-2.7
Other products	-1.0%	28.9%	na	29.9
Total	1.4%	4.9%	na	3.5

Source: Company reports, Enlight Research

Group

The Q2-22/23 Sales was 12% or EUR 59.4m better than expected. Despite an 8% higher than expected Cost of sales, the Gross profit was 71% or EUR 21.3m above forecast. The Q2-22/23 Operating profit was 287% or EUR 15.9m better than expected (this is Operating profit after eliminations, hence the difference to the previous Segment deviation table). The Q2-22/23 Net profit was 13x or EUR 15.3m above our EUR 1.3m estimate.

Group deviations

P&L	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%
Total Sales	484.5	543.9	59.4	12%
Cost of sales	-454.4	-492.6	-38.1	8%
Gross profit	30.0	51.3	21.3	71%
Operating expense	-26.6	-25.4	1.3	-5%
Other income	3.6	0.3	-3.3	-91%
Other expenses	-1.5	-4.8	-3.3	223%
Operating profit	5.6	21.5	15.9	287%
<i>Financial net</i>	<i>-4.0</i>	<i>-1.0</i>	<i>3.0</i>	<i>-74%</i>
Pre-tax profit	1.6	20.5	18.9	1220%
Tax	-0.3	-3.9	-3.6	1300%
Net profit	1.3	16.6	15.3	1202%
Depreciation	7.5	6.5	-1.0	-13%
EBITDA	13.0	28.0	15.0	115%

Revenue growth	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%-pts
Total sales y-on-y	16.5%	30.8%	na	14.3

Margins	Q2-22/23	Q2-22/23	Difference	
	Estimate	Actual	EURm	%-pts
Gross margin	6.2%	9.4%	na	3.2
EBITDA margin	2.7%	5.1%	na	2.5
Operating margin	1.1%	4.0%	na	2.8
Pre-tax margin	0.3%	3.8%	na	3.4
Net margin	0.3%	3.0%	na	2.8

Source: Company reports, Enlight Research

Estimate changes

Our Sales estimates are roughly unchanged in the forecast period 2022/23-2024/25. Our EBIT estimate is raised by 7% for the current fiscal year and lowered by around 5% for the coming two fiscal years (gives us some margin for error in case of declining commodity prices). The Net profit is raised by 14% this fiscal year and roughly unchanged for the coming two fiscal years. Our Dividend per share is unchanged for this and the next fiscal year at EUR 0.04, and EUR 0.05, respectively. For 2024/25, the dividend per share is lowered to EUR 0.06 (prev. 0.07) to factor in another year of expansion investments. Worth noting is that we expect a significantly higher dividend level beyond the forecast period when the expansion investment phase is over (meanwhile, the estimated dividend yield of 2-3% is ok in our view).

Group estimate changes

Sales (EURm)	2022/23E	2023/24E	2024/25E
Old estimate	2,102	2,023	2,025
New estimate	2,117	2,009	2,005
Change	15	-14	-19
Change (pct)	0.7%	-0.7%	-1.0%

EBIT (EURm)	2022/23E	2023/24E	2024/25E
Old estimate	66.6	68.7	69.9
New estimate	71.4	65.7	66.1
Change	4.8	-3.0	-3.9
Change (pct)	7.2%	-4.4%	-5.5%

Pre-tax Profit (EURm)	2022/23E	2023/24E	2024/25E
Old estimate	49.2	50.7	53.7
New estimate	58.0	54.0	56.9
Change	8.8	3.3	3.2
Change (pct)	17.8%	6.5%	6.0%

Net profit (EURm)	2022/23E	2023/24E	2024/25E
Old estimate	38.9	43.2	45.8
New estimate	44.3	43.5	46.0
Change	5.4	0.2	0.2
Change (pct)	13.8%	0.6%	0.4%

Dividend (EUR)	2022/23E	2023/24E	2024/25E
Old estimate	0.04	0.05	0.07
New estimate	0.04	0.05	0.06
Change	0.00	0.00	-0.01
Change (pct)	0.0%	0.0%	-8.2%

Source: Enlight Research

Forecast

Grains, Oilseeds, and Feed

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenue (external)	343.5	328.4	298.8	294.6	1119.7	1265.3
Revenue growth y-on-y	33.1%	44.9%	-7.0%	-6.1%	65.2%	13.0%
Operating profit	25.0	12.2	3.0	1.6	51.3	41.8
Operating margin	7.3%	3.7%	1.0%	0.5%	4.6%	3.3%

Product & services for farming

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenue (external)	127.8	100.1	82.5	100.1	374.9	410.5
Revenue growth y-on-y	42.8%	9.9%	10.0%	-16.1%	116.4%	9.5%
Operating profit	10.2	14.5	4.1	2.0	45.3	30.8
Operating margin	8.0%	14.5%	5.0%	2.0%	12.1%	7.5%

Agricultural production

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenue (external)	10.3	9.9	7.9	6.2	26.4	34.3
Revenue growth y-on-y	77.6%	68.3%	-3.0%	-5.7%	36.6%	30.0%
Operating profit	1.8	0.4	0.9	3.4	15.1	6.5
Operating margin	17.6%	3.7%	12.0%	54.8%	57.2%	19.0%

Food products

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenue (external)	105.4	100.0	88.7	90.8	343.6	384.9
Revenue growth y-on-y	34%	21%	10%	-11%	377%	12%
Operating profit	3.4	-1.9	0.5	0.7	-1.8	2.7
Operating margin	3.2%	-1.9%	0.6%	0.8%	-0.5%	0.7%

Other products

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenue (external)	3.1	5.4	6.0	7.2	31.1	21.7
Revenue growth y-on-y	na	na	na	na	32259%	-30%
Operating profit	-0.3	1.6	-0.3	-0.7	-2.0	0.2
Operating margin	-10.4%	28.9%	-5.0%	-10.1%	-6.3%	1.0%

Income statement

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenues	590.1	543.9	483.9	498.9	1,895.7	2,116.7
Cost of sales	-534.0	-492.6	-452.4	-455.7	-1,706.8	-1,934.6
Gross profit	56.1	51.3	31.5	43.2	188.9	182.0
Operating expense	-22.4	-25.4	-26.6	-28.3	-96.4	-102.7
Other income	6.3	0.3	3.4	3.8	22.7	13.8
Other expenses	-1.8	-4.8	-4.2	-11.0	-8.4	-21.8
Operating profit	38.2	21.5	4.0	7.7	103.6	71.4
<i>Financial net</i>	-5.4	-1.0	-3.0	-4.0	-12.8	-13.4
Pre-tax profit	32.8	20.5	1.0	3.7	90.8	58.0
Tax	-4.7	-3.9	-0.1	-0.5	-13.6	-9.2
Minority	-3.4	-0.4	-0.4	-0.4	-2.4	-4.5
Net profit	24.8	16.2	0.5	2.8	74.8	44.3
Depreciation	7.5	6.5	6.5	6.5	28.6	27.0
EBITDA	45.7	28.0	10.5	14.2	132.2	98.4

Growth

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Revenues y-on-y	34.1%	30.8%	-1.7%	-8.9%	101.1%	11.7%

Margins

	Q1-22/23	Q2-22/23	Q3-22/23E	Q4-22/23E	2021/22	2022/23E
Gross profit margin	9.5%	9.4%	6.5%	8.7%	10.0%	8.6%
EBITDA margin	7.7%	5.1%	2.2%	2.9%	7.0%	4.6%
Operating profit margin	6.5%	4.0%	0.8%	1.5%	5.5%	3.4%
Pre-tax profit margin	5.6%	3.8%	0.2%	0.7%	4.8%	2.7%
Net profit margin	4.2%	3.0%	0.1%	0.6%	3.9%	2.1%

Source: Company reports (historic), Enlight Research (estimates)

Risk factors

Below risk factors are not a complete list of risks related to Linas Agro Group, 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.

Dividend policy

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

COVID-19

COVID-19 restrictions could affect the Food segment (poultry) negatively due to its exposure to the HORECA sector.

Livestock

The risk of a severe animal disease is not factored into our estimates. If one of Linas Agro Group'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 increase the share liquidity and thereby lower the risk in the share.

Russia – Ukraine risk

The company managed to sell 3 out of 4 companies in Russia and Belarus, therefore limiting the geopolitical risk. The main challenge is to replace goods previously supplied from Russia and Belarus.

Income Statement	20/21	21/22	22/23E	23/24E	24/25E
Net sales	942	1896	2117	2009	2005
Total operating costs	-909	-1763	-2018	-1910	-1904
EBITDA	34	132	98	99	101
Depr. & Amort.	-14	-29	-27	-33	-35
One-off EBIT items	0	0	0	0	0
EBIT	20	104	71	66	66
Financial net	-3	-13	-13	-12	-9
Pre-tax profit	17	91	58	54	57
Taxes	-3	-14	-9	-8	-9
Minority interest	0	-2	-5	-2	-2
Other items	0	0	0	0	0
Net profit	14	75	44	43	46

Balance Sheet	20/21	21/22	22/23E	23/24E	24/25E
			E	E	E
Cash and cash equivalent	18	21	28	26	26
Receivables	114	315	296	261	261
Inventories	89	244	254	241	241
Other current assets	30	53	53	53	53
Total current assets	252	633	631	582	581
Tangible assets	129	166	189	201	201
Goodwill & intgbl. assets	5	10	10	10	10
Lease & Invest. properties	23	25	36	38	40
Long-term Investments	3	2	2	2	2
Associated companies	0	0	0	0	0
Other long-term assets	10	37	37	37	37
Total fixed assets	169	240	275	289	290
Total Assets	421	873	906	870	871
Accounts payable	64	206	230	218	218
Short-term IB debt	80	234	210	152	117
Other current liabilities	25	79	79	79	79
Total current liabilities	169	518	518	449	413
Long-term IB debt	13	22	20	14	11
Convertibles & Lease liab.	33	40	36	38	40
Deferred tax liab.	1	2	2	2	2
Provisions	0	0	0	0	0
Other long-term liab.	9	11	11	11	11
Total long-term liab.	56	75	69	65	64
Total Liabilities	225	593	587	514	477
Minority interest	2	10	10	10	10
Shareholders' equity	194	270	309	346	384
Total liabilities and equity	421	873	906	870	871

DCF valuation	Cash flow, mEUR		
WACC (%)	9.94 %	NPV FCF (2022-2024)	175
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)	204
Sales CAGR	0.12 %	NPV FCF (2032-)	241
Avg. EBIT margin	3.28 %	Non-operating assets	7
Fair value per share (EUR)	2.06	Interest-bearing debt	-296
Share price (EUR)	1.60	Fair value estimate	332

Free Cash Flow	20/21	21/22	22/23E	23/24E	24/25E
Operating profit	20	104	71	66	66
Depreciation	14	29	27	33	35
Working capital chg	7	-183	32	36	0
Other Operating CF items	-2	-19	-11	-10	-10
Operating Cash Flow	38	-70	119	125	92
Net investments	11	-93	-50	-45	-35
Other items	1	2	0	0	0
Free Cash Flow	50	-161	69	80	57

Capital structure	20/21	21/22	22/23E	23/24E	24/25E
Equity ratio	46.6%	32.1%	35.2%	40.9%	45.3%
Debt / Equity ratio	64.9%	109.7%	85.9%	59.2%	43.8%
Gearing %	55.0%	98.3%	74.6%	50.2%	36.0%
Net debt/EBITDA	3.2	2.1	2.4	1.8	1.4

Profitability	20/21	21/22	22/23E	23/24E	24/25E
ROE	7.6%	32.3%	15.3%	13.3%	12.6%
FCF yield	38.2%	-88.3%	26.9%	31.2%	22.1%
EBITDA margin	3.6%	7.0%	4.7%	4.9%	5.1%
EBIT margin	2.1%	5.5%	3.4%	3.3%	3.3%
PTP margin	1.8%	4.8%	2.7%	2.7%	2.8%
Net margin	1.5%	4.0%	2.1%	2.2%	2.3%

Valuation	20/21	21/22	22/23E	23/24E	24/25E
P/E	9.1	2.4	5.8	5.9	5.6
P/E adjusted	9.1	2.4	5.8	5.9	5.6
P/Sales	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	7.1	3.5	5.1	4.5	4.0
EV/EBIT	12.2	4.5	7.1	6.8	6.2
P/BV	0.7	0.7	0.8	0.7	0.7
P/BV tangible	0.7	0.7	0.9	0.8	0.7

Per share ratios	20/21	21/22	22/23E	23/24E	24/25E
EPS	0.09	0.47	0.27	0.27	0.29
EPS, adjusted	0.09	0.47	0.27	0.27	0.29
Operating CF/share	0.24	-0.44	0.74	0.78	0.57
Free Cash Flow/share	0.31	-1.01	0.43	0.50	0.35
BV/share	1.23	1.69	1.92	2.15	2.38
Tangible BV/share	1.21	1.67	1.90	2.13	2.37
Div. per share	0.00	0.03	0.04	0.05	0.06
Div. payout ratio	0.0%	6.7%	14.6%	18.5%	21.0%
Dividend yield	0.0%	2.8%	2.5%	3.1%	3.8%

Shareholders	Capital	Votes
Akola ApS (Denmark)	176.602	68.52 %
Darius Zubas	27.397	10.63 %
UAB INVL Asset Management	14.562	5.65 %

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

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

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