



AB Linas Agro Group

Overview of activities & finance

For 9 months of FY 2022/2023

1st of June, 2023

Disclaimer

This document might include directly or indirectly expressed forward-looking statements, reflecting assumptions or current view of the Company's management. Group's future performance and results highly depend on the market conditions, regulations, climate changes and other various external factors or risks, that could therefore cause actual results to differ materially from those stated or implied in this document, as well as to the historically attained ones. Company encourages the reader to critically examine these forward-looking statements, furthermore, invites to get acquainted with the scope of Group's risks and its management in the set of annual financial reports, available on Company's web-page

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For the more detailed representation of Group's results, this document might as well include non-audited alternative financial ratios or operating data. At all events, this alternative data shall not be viewed as a substitute for Company's IFRS based figures, but rather as broader or complementing illustration of the Group's financial performance and overall activity.

The Speaker

With AB Linas Agro Group since 2020
10 years professional experience including
Banking & Shipping industries
Master's degree in Shipping, Trade and Finance /
City University London Bayes Business School
Bachelor's degree in Management /
University of Leeds



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Financial highlights for 9 months 2022/2023

161,085,933*

Ordinary shares

256

MCap
mEUR

EBIT,%

2.7%

9m 22/23

2.9%

9m 21/22

P/E

2.91

9m 22/23

3.29

9m 21/22

ROCE,%

16.4%

9m 22/23

9.4%

9m 21/22

EPS, €

0.55 €

9m 22/23

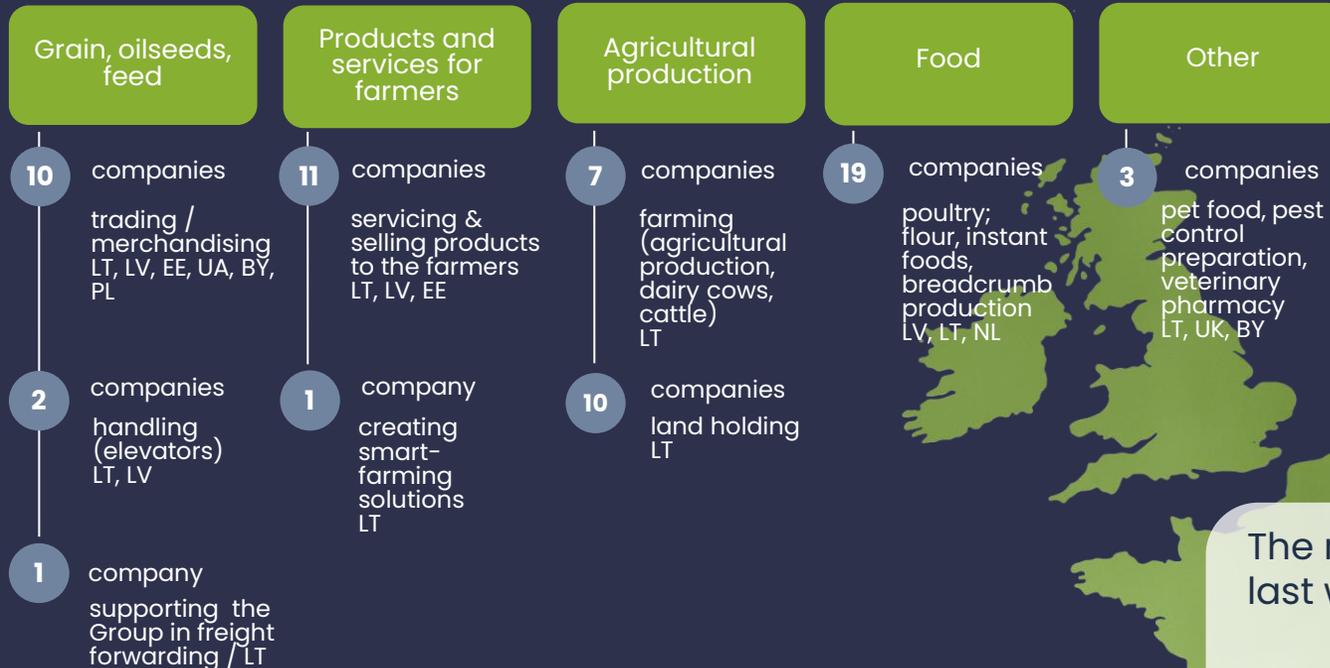
0.29 €

9m 21/22



Agribusiness & food group

69 Subsidiaries



The number of companies has not changed since last webinar, yet few amendments to note on:

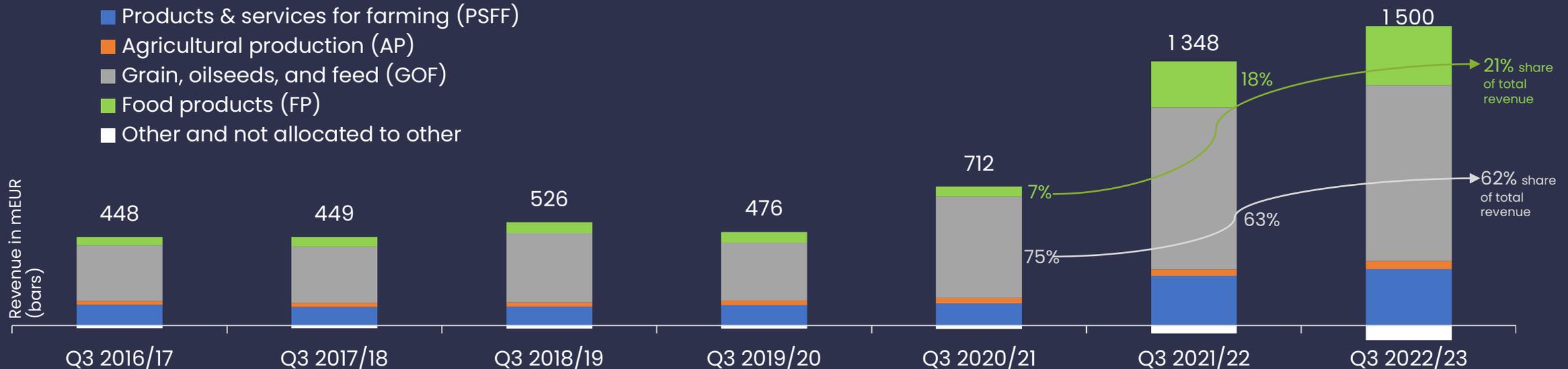
- Closure of Kauno grūdai ir partneriai, UAB
- Dotnuva Baltic UAB reorganisation, resulting in a spin-off (Dotnuva Seeds being established as a separate company)

*latest data available on webinar date
 out of 69 companies, not shown in the structure are: 3 management companies, 7 dormant companies, 3 under liquidation, 6 companies have activity in two segments, 1 company – in three segments

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Revenues – slowly maxing out

Segment dynamics



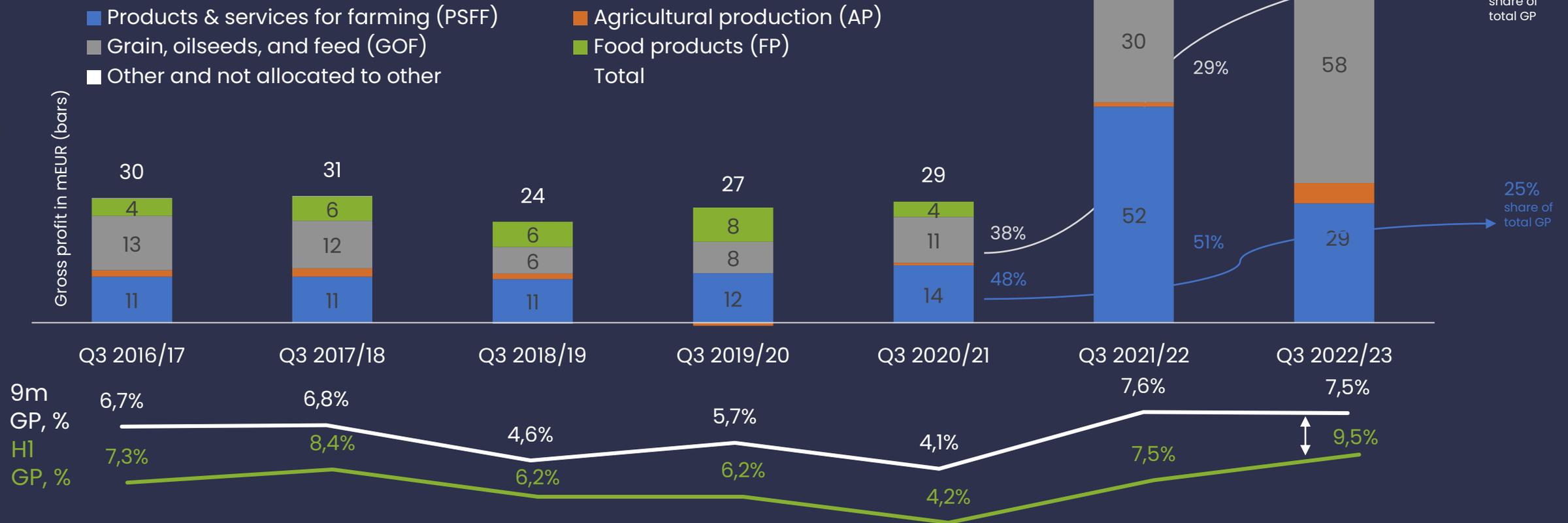
*except for segment "Other"

- **Potentially maxing out with limited expectations for further growth;**
- all the segments* delivering **revenue growth in interval of 9–37%** (comparing the results of 9m 22/23 with 9m 21/22),
- yet stand-alone **Q3 showing signs of slowing down in growth pace** (GOF, PSFF)

- After acquisition of KGG, portfolio **re-positioning was continuously visible** - increased share of Food segment income (7% to 21%)
- Key drivers remained - internal post-acquisition synergies and inflation, rather than uptick in volume (**total production volume contracted by 7%** comparing the results of 9m 22/23 with 9m 21/22)

Is the party over?

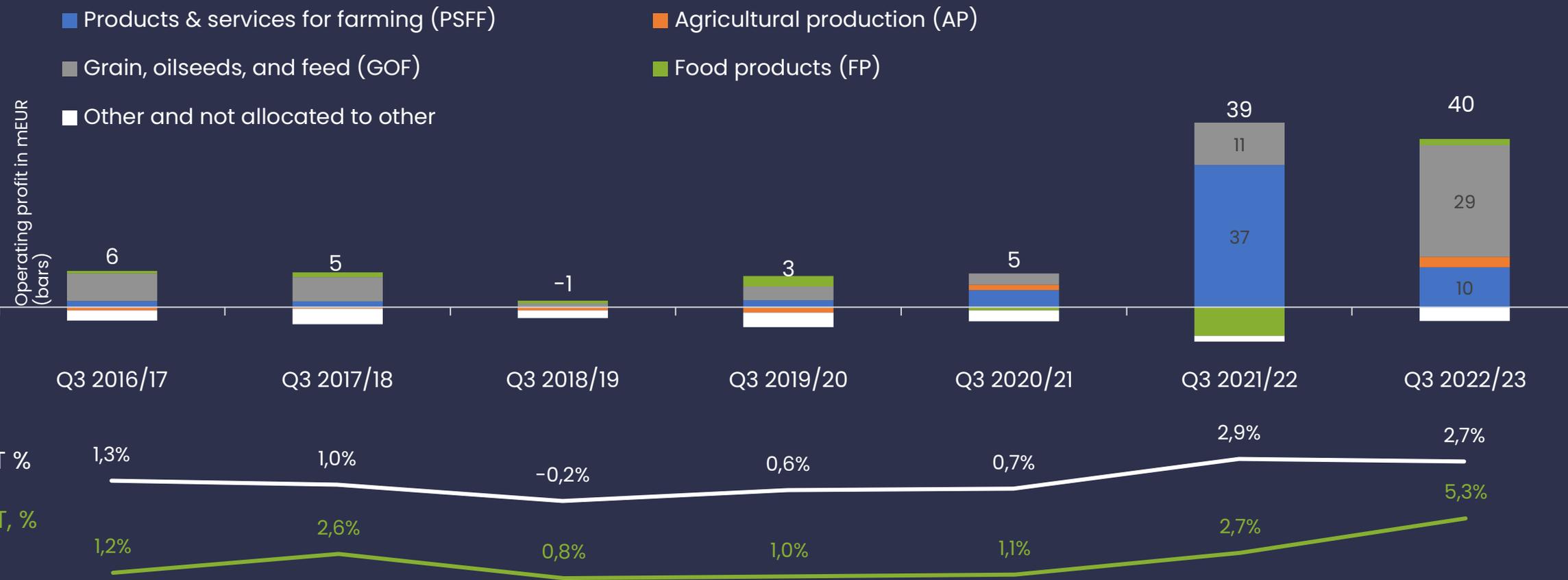
Gross profit / Segments



- Historically (with exception in 21/22), the **gross margin of 9m used to drop behind the profitability of H1**, with 22/23 9m result following the usual trend; illustrating both:
 - higher than typical **Q3 adjustments** – revaluation of biological assets, trailing logistics costs, also additionally this year – rev. FV of fertilizers
 - as well as **transitioning market** (1) decreased uncertainty closes the window of record profitability; 2) the effect of “lagging” inflated COGS (compound feed, fertilizers, poultry))

Or just a slower song?

Operating profit / Segments



- Same being true when analysing EBIT dynamics, regardless of the change in direction – the overall profitability margin still considered strong compared to the pre-acquisition EBIT% - 5Y avg. 0,7%



Grain, oilseeds, feed

- Grain storage and preparation
- Ecologic grain and oilseeds
- Compound feed, feedstuff
- Grain
- Oilseed
- Logistic services

lower elevator chain collected grain quantities related with **grain purchase price being not in line with farmer's expectations**; Q1 - increased service rates and amended calculation methodology

not only **geopolitical reasons**, but also **collection of very different quality and class grain** made trade complicated, yet highly profitable

feedstuffs - ample supply and slowing consumption (even though complicated oil trade and lately chaotic deliveries through Poland); **compound feed** - **high competition, expensive production** till "old" inventories run out

Gross profit, mEUR



- elevator services and logistics
- feed
- grain, oilseeds

GP%	21/22 9m	22/23 9m
■	51%	91%
■	-1%	4%
■	8%	7%

Key facts

- Main export commodity is Lithuanian and Latvian wheat
- 595 thousand tons total capacity of grain storage
- 301 thousand tons storage Capacity at ports
- 240 ktons of annual compound feed production capacity
- 6 ktons of annual premixes production capacity
- 12 feed retail stores



Products & services for farming

- Agricultural machinery
- Grain storage facilities and farm equipment
- Spare parts and service
- Smart farming system
- Certified seed
- Fertilizers
- Plant protection products, micronutrients

agrimachinery – challenges going forward

- downward trend in milk and grain purchase prices,
- “lagging” effect of expensive COGS
- rising financing costs

Inputs – deterioration mainly caused by long fertilizer position in falling market

Gross profit, mEUR



- equipment for dairy farms and grain elevators, other
- machinery and equipment, rent, service
- inputs

GP%	21/22 9m	22/23 9m
■	16%	13%
■	14%	16%
■	25%	10%

Key facts

-  30 thousand tons total capacity of seed production plant
-  185 thousand tons total capacity for warehousing seeds, fertilizers, plant care products
-  15 sales outlets
-  12 service centers



Food products

- Manufacture and wholesale of flour, flour mixes, breadcrumbs, breading mixes, instant foods
- Full poultry manufacturing cycle

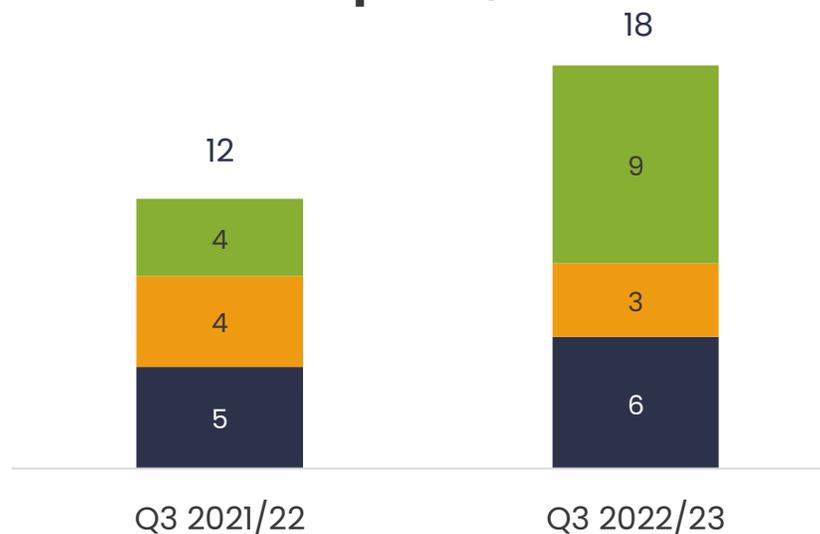
poultry business:

- positive effect of cheaper energy components - likely to be felt with a delay, though warmer weather tend to decrease production cost
- Selling prices stabilizing/restoring lately (summer demand, pork meat price spill over effect)

Instant foods:

- demand exceeding capacities
- investments for FY 23/24

Gross profit, mEUR



- poultry
- flour, breadcrumbs
- instant food products

GP%	21/22 9m	22/23 9m
■	9%	14%
■	17%	11%
■	2,6%	2,8%

Key facts

 Top poultry producer in LV and LT

 Major flour producer in Lithuania

 Sole producer of instant noodles in the region

 20 Retail shops (SIA PFK Trader)

 101 thousand tons of live weight meat (9m of 22/23)

 Private label contractor

 75% antibiotics free birds in Lithuania
100% antibiotics free birds in Latvia



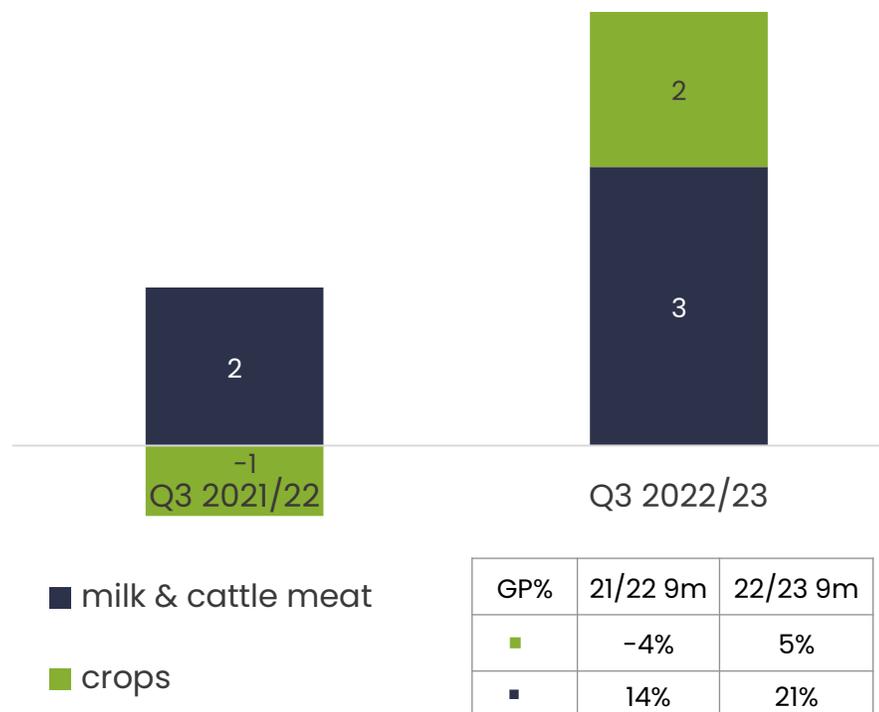
Agricultural production

- Cereals growing
- Rapeseed growing
- Sugar beet growing
- Milk production
- Beef cattle rearing

more than **18k hectares** of arable land **sown for the harvest of 2023**, all the **crops insured**, crop quality - very good or good; already **sold approximately 45%** of the forthcoming harvest;

bigger quantities of milk sold (+9%), yet latest quarter **close to break-even** (since the autumn of 2022 decreasing) **purchase prices of raw milk**

Gross profit, mEUR



Key facts

 19,229 ha – arable land, out of which 5,962 ha owned

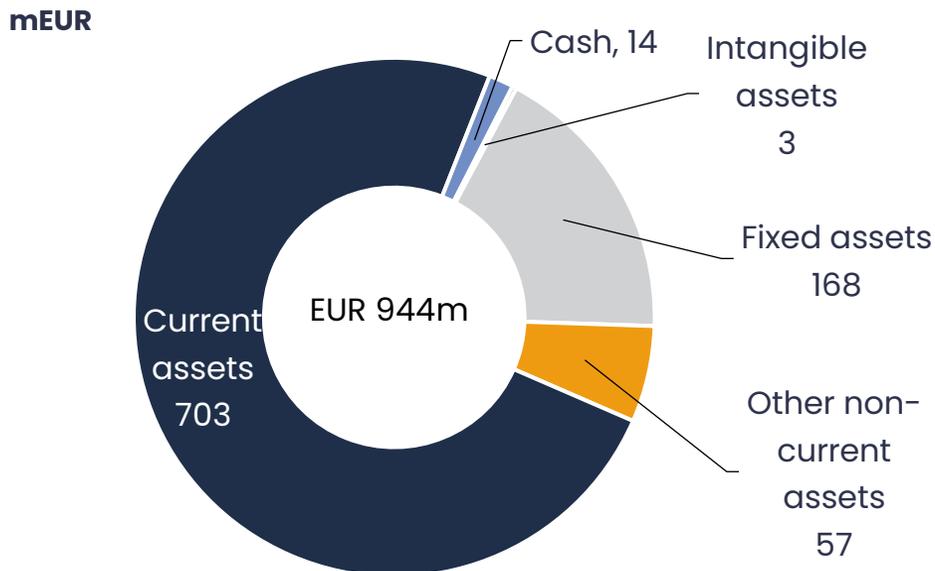
 3,289 dairy cows

 27.7 thousand tons of raw milk (9m 22/23)

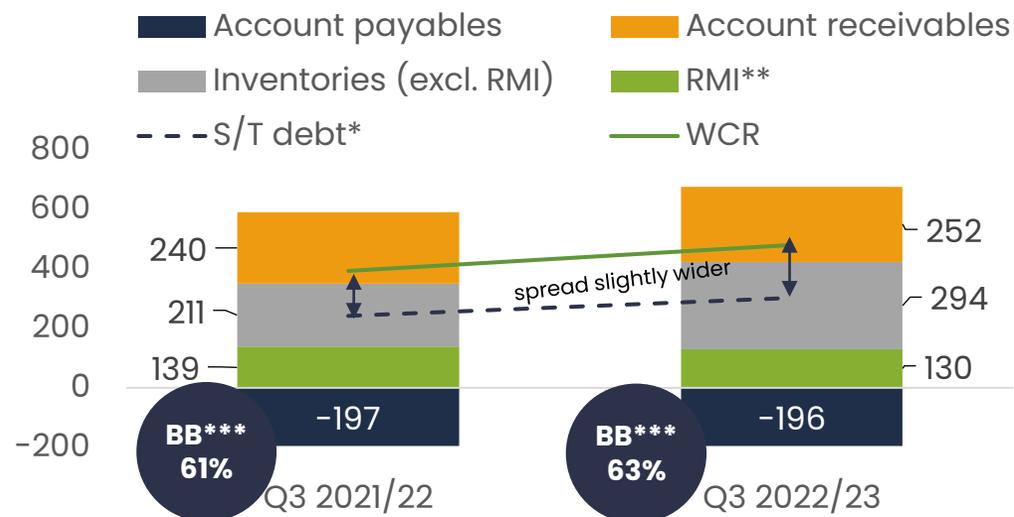
 97 thousand tons of crop harvest (9m 22/23)

Balance Sheet

Total assets 31-Mar-2023



S/T debt portfolio



Liquidity position

~550 mEUR – at the day of the webinar

~19 mEUR – capex

Debt composition

19% L/T debt, including leases

371 mEUR **total debt**, including leases

Capital employed

~301 mEUR – equity position of the Group; **Capital ratio** remains solid – **32%**

mEUR 12 months rolling EBITDA (excl. IFRS16)
Net Debt / EBITDA: 2.8x
Net RMI adj. Debt / EBITDA: 1.9x

* S/T debt does not include current portion of L/T debt / **RMI - Readily Marketable Inventories / ***BB - borrowing base ratio

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