

AB Linas Agro Group

# **Overview of activities & finance**

## **For 12 months of FY 2022/2023** **(unaudited)**

4<sup>th</sup> of September, 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

(<https://www.linasagrogroupl.it/en/to-investors/company-reports/>).

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

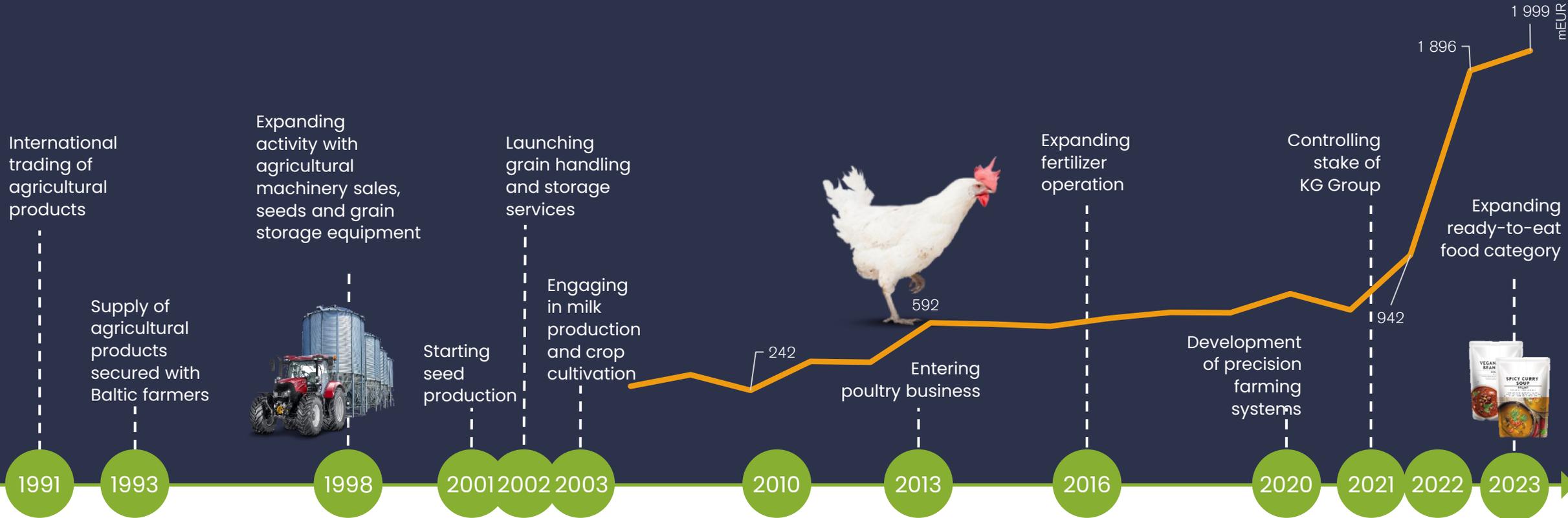


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CFO & Contact for Investors

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# Key Milestones



International trading of agricultural products

Supply of agricultural products secured with Baltic farmers

Expanding activity with agricultural machinery sales, seeds and grain storage equipment



Launching grain handling and storage services

Engaging in milk production and crop cultivation



Expanding fertilizer operation

Controlling stake of KG Group

Expanding ready-to-eat food category



1991

1993

1998

2001 2002 2003

2010

2013

2016

2020

2021

2022

2023

First entity of Linas Agro Group founded – UAB Linas ir viza

Acquisition of a 50% stake in Dotnuvos Projektai

Seed processing plant built...  
... 1st modern grain elevator commissioned...

EUR 28m IPO with a listing on Nasdaq Vilnius

Acquisition of LV's largest poultry producer

Acquisition of fertilizer sales business in LV

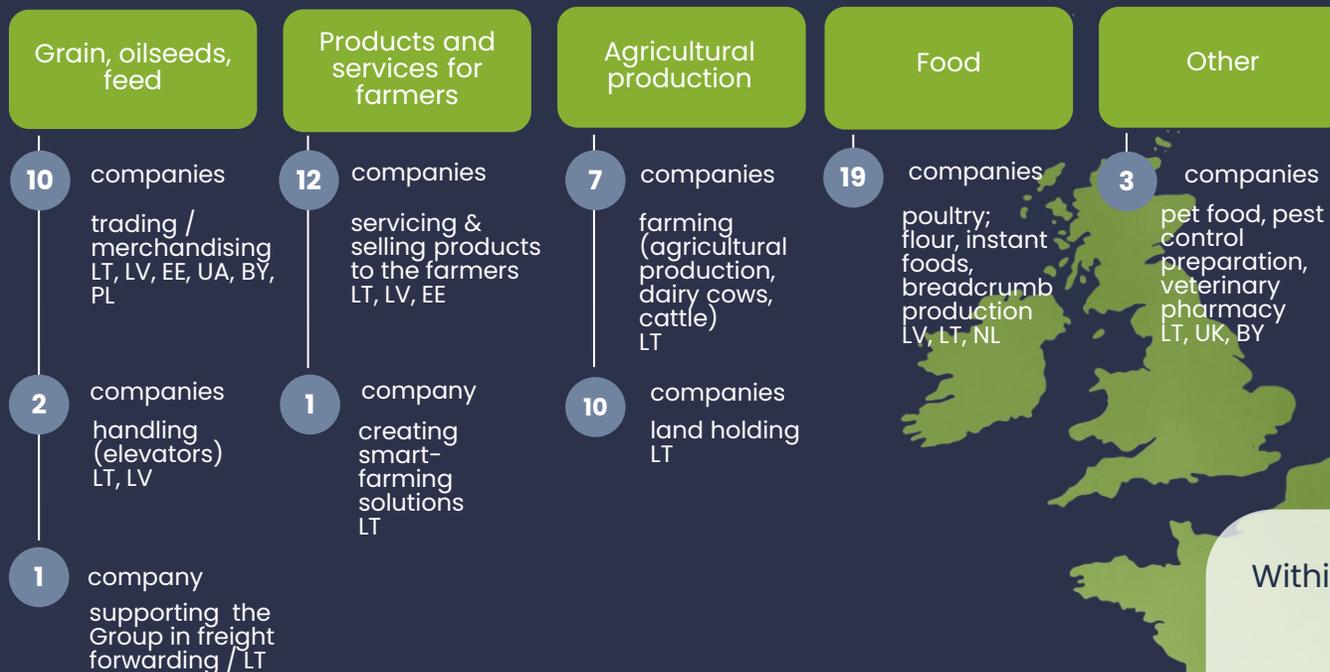
Acquisition of a startup GeoFace

Kauno Grūdai  
Vilniaus Paukštynas

Divestment of subsidiaries in Russia and Belarus

# Agribusiness & food group

68 Subsidiaries



\*latest data available on webinar date  
 out of 68 companies, not shown in the structure are: 4 management companies, 7 dormant companies, 1 under liquidation, 5 companies have activity in two segments, 2 companies – in three segments

Within the last quarter of 2022/2023:

- Dotnuva Baltic UAB reorganisation, resulting in a spin-off (UAB Dotnuva Seeds (LT) being established as a separate company)
- Establishment of new company – SIA Dotnuva Seeds (LV)
- UAB Kaisiadoriu skerdykla, UAB KG Group LT – removed from register of Legal entities

# Key messages

## Trends

1. Global price transition
2. Poor quality grain trade
3. Dry weather conditions in 4Q
4. Rebounding poultry operations
5. Strong grain based food and agri machinery segment performance

## Challenges & opportunities FY 23/24

- **Traders** – working in sufficient trade capacity (solid world harvests, restoring input supply), yet dealing with lower quality grain deliveries and older stock in deflating inputs market
- **Farmer's** resilience might be challenged this year, testing who have accumulated the buffers from the years before; [lower commodity and milk prices vs inputs costs remaining above average]
- **Agri technologies** – potentially more cautious investment decisions by farmers; adjusting to changes in EU support schemes, delivering best machinery service quality, manoeuvring with product portfolio diversification (for instance strengthening rent portfolio)
- **Food** – capitalising on trending instant foods and aiming for improved efficiencies with sensitive cost base, especially in poultry segment

# Financial highlights for 12 months 2022/2023

**161,085,933\***  
Ordinary shares

**221**  
MCap  
mEUR

## EBIT, %

**2.06%**      **5.47%**  
FY 22/23      FY 21/22  
*5Y avg 2.17%*

## P/E

**8.72**      **2.01**  
FY 22/23      FY 21/22  
*5Y avg 3.39*

## ROCE, %

**6.98%**      **18.23%**  
FY 22/23      FY 21/22  
*5Y avg 6.19%*

## EPS, €

**0.16 €**      **0.57 €**  
FY 22/23      FY 21/22  
*5Y avg 0.15 €*

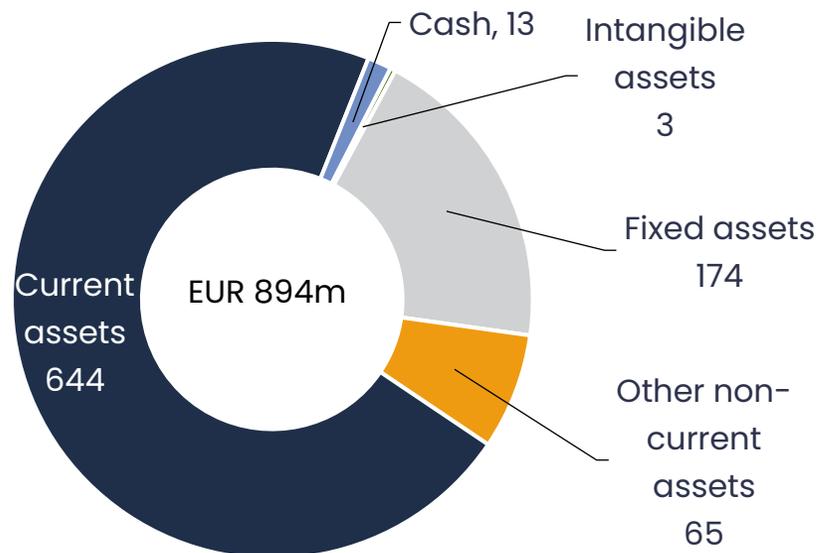


NOTE: ROCE, EPS - as 12 months rolling basis result / Market capitalisation - 30-June-2023 / \*160,394,398 ordinary shares at 30-June-2022

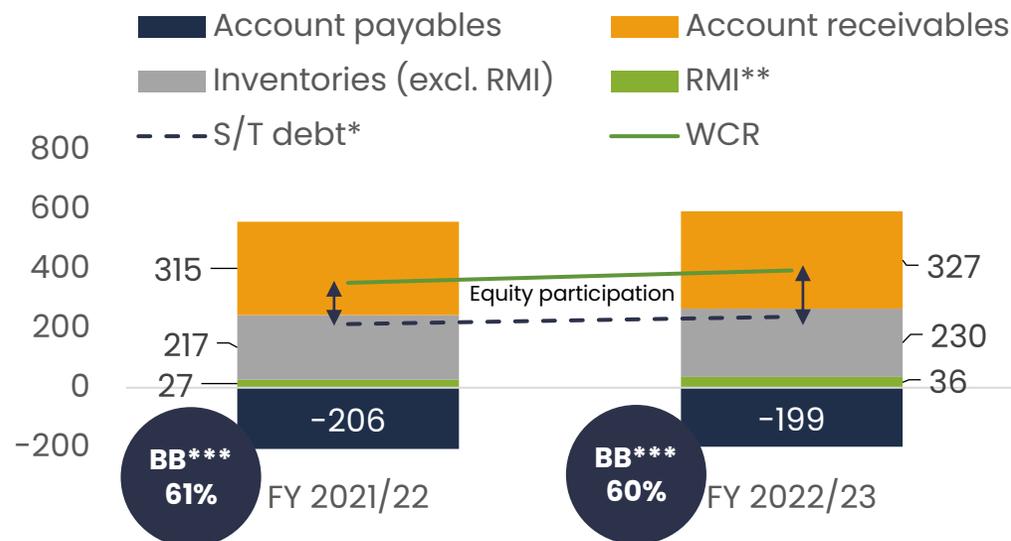
# Balance Sheet

Total assets 30-Jun-2023

mEUR



## S/T debt portfolio



### Liquidity position

**~550** mEUR – at the day of the webinar

**~30** mEUR – capex

### Debt composition

**28%** L/T debt, including leases

**328** mEUR total debt, including leases

### Capital employed

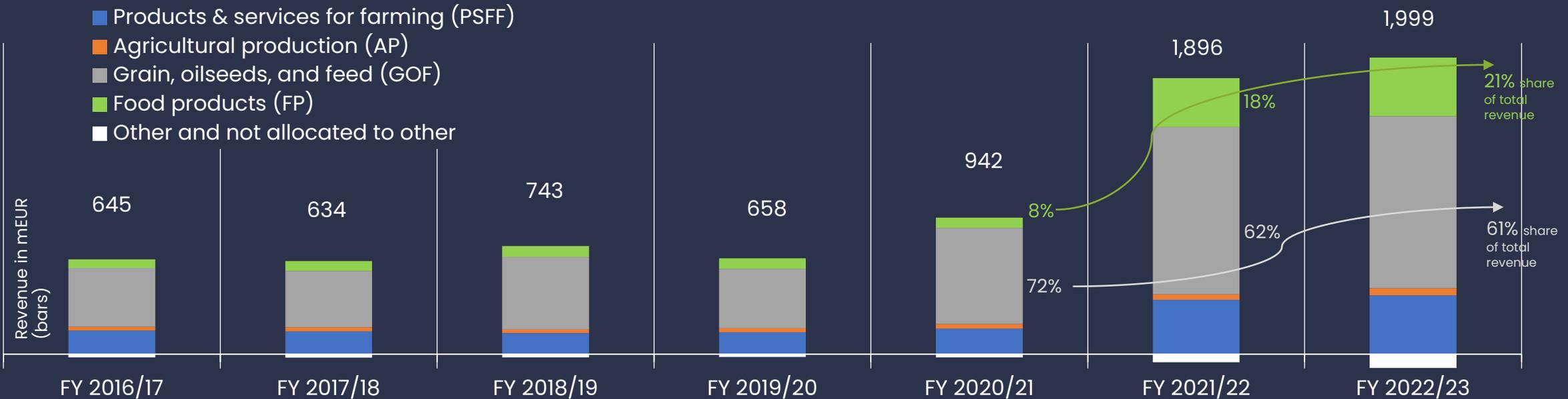
**~297** mEUR – equity position of the Group; **Capital ratio** remains solid – **33%**

mEUR 12 months rolling EBITDA  
**Net Debt / EBITDA: 4.71x**  
**Net RMI adj. Debt / EBITDA: 4.2x**  
 (vs l/t strategic target </= 4.0)

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

# Revenues – signs of flattening out

## Segment dynamics

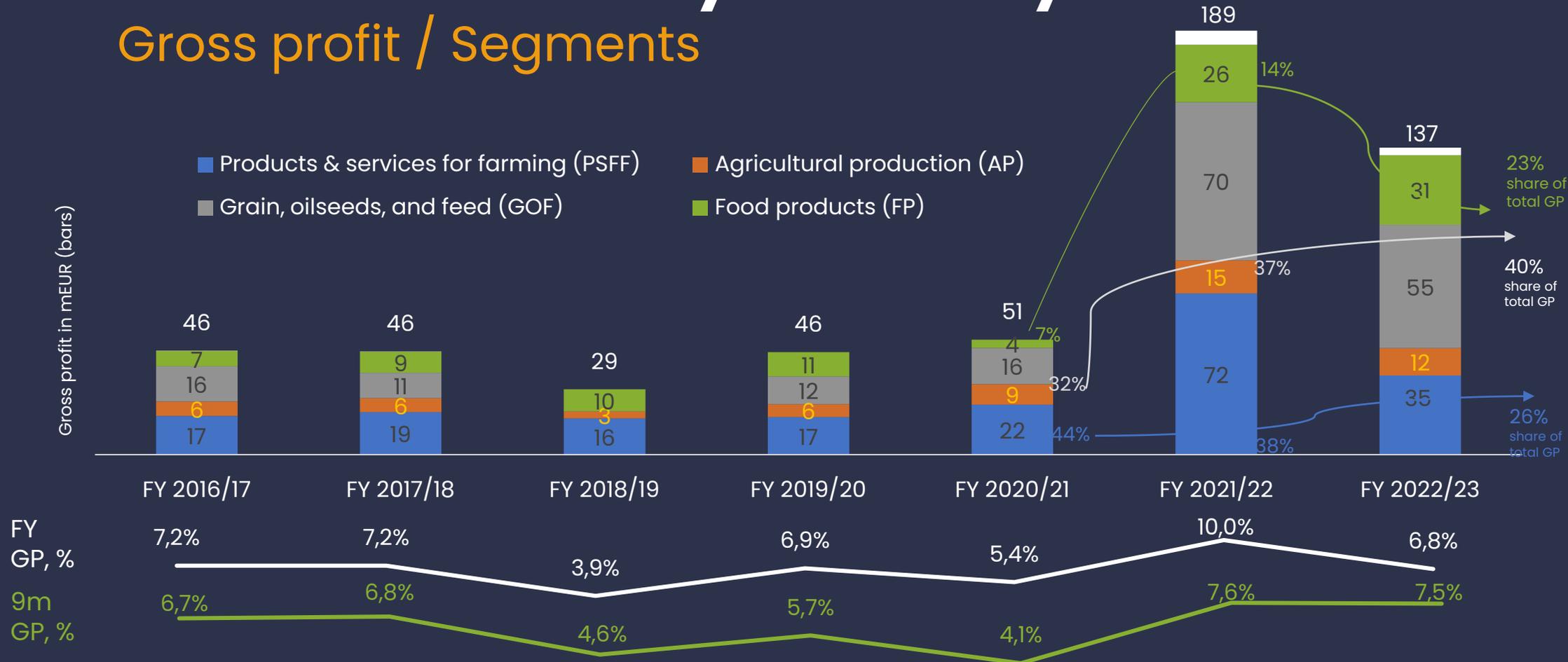


- Despite strong deflationary moods in the 2<sup>nd</sup> half of the FY, all the **segments** delivered annual **revenue growth (in the range of 3-28%)** (comparing the results of FY 22/23 with FY 21/22);
- Graph illustrates **still more expensive weighted average product basket price**, with consolidated production **volume (tons) remaining +/- flat** (even though fluctuating segment by segment)

- After acquisition of KGG, portfolio **re-positioning was continuously visible** - increased share of Food segment income (10% to 21%)
- Fun fact: less than 1mEUR in sales missing to make it **"proud number of 2bnEUR"**

# Not an ordinary end of year

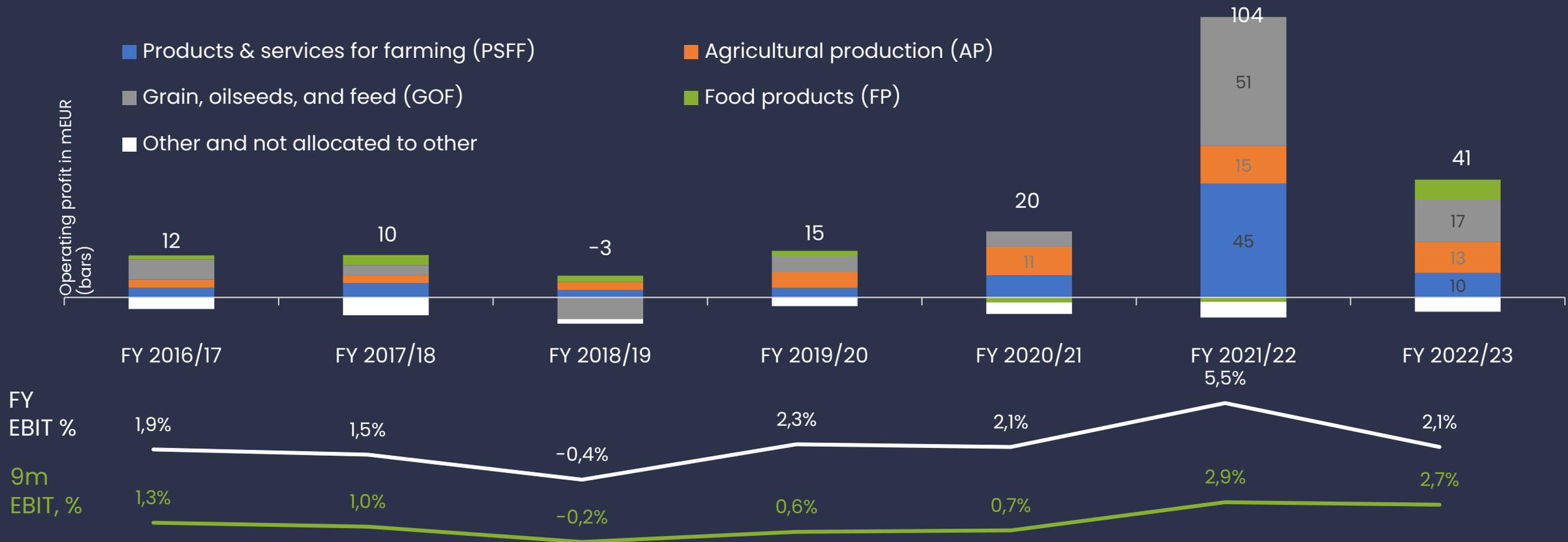
## Gross profit / Segments



- Historically the **gross margin of 12m used to improve compared to results of 9m**, yet the 22/23 12m GP% deteriorates further, outlining changes in market trends: (1) decreased uncertainty closes the window of record profitability; 2) the effect of “lagging” inflated COGS (compound feed, fertilizers, poultry))
- GP% **5Y average: 6.7%**

# Is 22/23 illustrating “new normal”?

## Operating profit / Segments



- Same being true when analysing EBIT dynamics, regardless of the change in direction – the overall profitability margin considered strong average of the historical EBIT% levels – **5Y avg. 2.2%**
- Worth noting that thanks to solid performance of ready to eat foods, **Food segment finally delivered positive operating profit result**, offsetting continuously loss making poultry operation
- Based on l/t strategic EBITDA target (EUR 70-90mEUR), 22/23 EBIT result **illustrates normalised EBITDA on the lower end of the indicated range**

# Grain, oilseeds, feed

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

Q1 – **improved service rates** and amended calculation methodology; **Q4 – somewhat more active** as farmers were preparing storages for the reception of the new harvest; quite poor quality of Q4 deliveries meant higher income of the elevator companies (longer storage, cleaning)

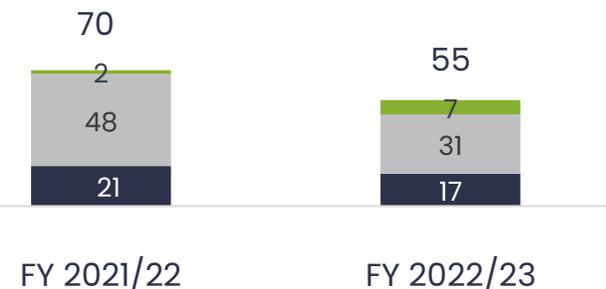
**deflationary moods** in 2<sup>nd</sup> half of FY, high competition (**severe discounting by some players**) at the same time, trade of very **different quality and class grain** meant significant premium cuts (decreasing margin)

**feedstuffs** – complicated oil trade and lately chaotic deliveries through Poland; **compound feed** – **expensive production till “old” inventories run out; new production line in Alytus**

Volume, mt & value, mEUR



Gross profit, mEUR



- elevator services and logistics
- feed
- grain, oilseeds

GP%	21/22 FY	22/23 FY
■	33%	71%
■	3.1%	2.3%
■	9%	7%
Total	<b>6%</b>	<b>5%</b>

## 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
- 288 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 – strong sales and stable profitability** with some cautiousness anticipated for the coming period

**Inputs** – deterioration mainly caused by long fertilizer position in falling prices market; profitability of seeds, micronutrients and plant care products remained similar

**Volume, mt & value, mEUR**



**Gross profit, mEUR**

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

GP%	21/22 FY	22/23 FY
■	17%	20%
■	16%	15%
■	24%	10%
<b>Total</b>	<b>19%</b>	<b>8%</b>

## Key facts

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



# Food products

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

## poultry business:

- positive effect of cheaper energy components - likely to be felt with a delay, though decreased warmer weather production cost was already seen during the Q4;
- Selling prices stabilizing lately (summer demand, pork meat price spill over effect)

## Other foods:

- **IF** - demand exceeding capacity
- investments for FY 23/24 (**noodle prod. expansion**)
- **Grybai LT acquisition** in Jul-23 (expanding ready-to-eat food portfolio)
- **Coating systems expansion investments** in the nearest agenda as well

Volume, mt & value, mEUR

Gross profit, mEUR



- poultry
- flour, breadcrumbs
- instant food products

GP%	21/22 FY	22/23 FY
■	10.2%	13.9%
■	12.0%	12.5%
■	6.3%	5.0%
<b>Total</b>	<b>7.4%</b>	<b>7.5%</b>

## 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)
- 118 thousand tons of live weight meat produced (12m of 22/23)
- Private label contractor
- 75% antibiotics free birds in Lithuania  
100% antibiotics free birds in Latvia



# Agricultural production

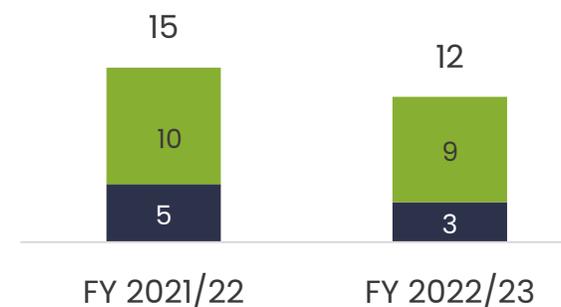
- Cereals growing
- Rapeseed growing
- Sugar beet growing
- Milk production
- Beef cattle rearing

more than **18k hectares** of arable land **sown for the harvest of 2023**, regardless of weather factor – quite solid preliminary yields, especially of winter crops; based on initial harvest indications – already sold **55% of wheat, 70% of rapeseed; bigger quantities of milk sold (+7%)**, yet in the 2<sup>nd</sup> half of the FY **close to break-even production**, since the autumn of 2022 decreasing purchase prices of raw milk

Volume, mt & value, mEUR



Gross profit, mEUR



- milk & cattle meat
- crops

GP%	21/22 FY	22/23 FY
■	47%	29%
■	27%	17%
<b>Total</b>	<b>38%</b>	<b>24%</b>

## Key facts

19,229 ha – arable land, out of which 6,074 ha owned

3,264 dairy cows

37.3 thousand tons of raw milk (12m 22/23)

104 thousand tons of crop harvest (12m 22/23)

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An aerial photograph of a vast, vibrant green agricultural field. The field is divided into numerous curved, parallel rows, creating a rhythmic pattern across the landscape. In the center-right of the frame, a single, mature tree with a thick trunk and a full, rounded canopy of green leaves stands out prominently. The lighting is soft, suggesting a late afternoon or early morning setting, with long shadows cast across the rows of crops.

Inspired by  
land and food

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