



# AB LINAS AGRO GROUP- VERTICALLY INTEGRATED AGRICULTURAL AND FOOD INDUSTRY GROUP



Tomas Tumėnas, Finance Director



**International vertically integrated agribusiness Group.**

**Runs business in Lithuania, Latvia, Estonia and Denmark.**

**Produce and trade agricultural commodities and food products, feedstuff and provide products for farming.**



39  
companies

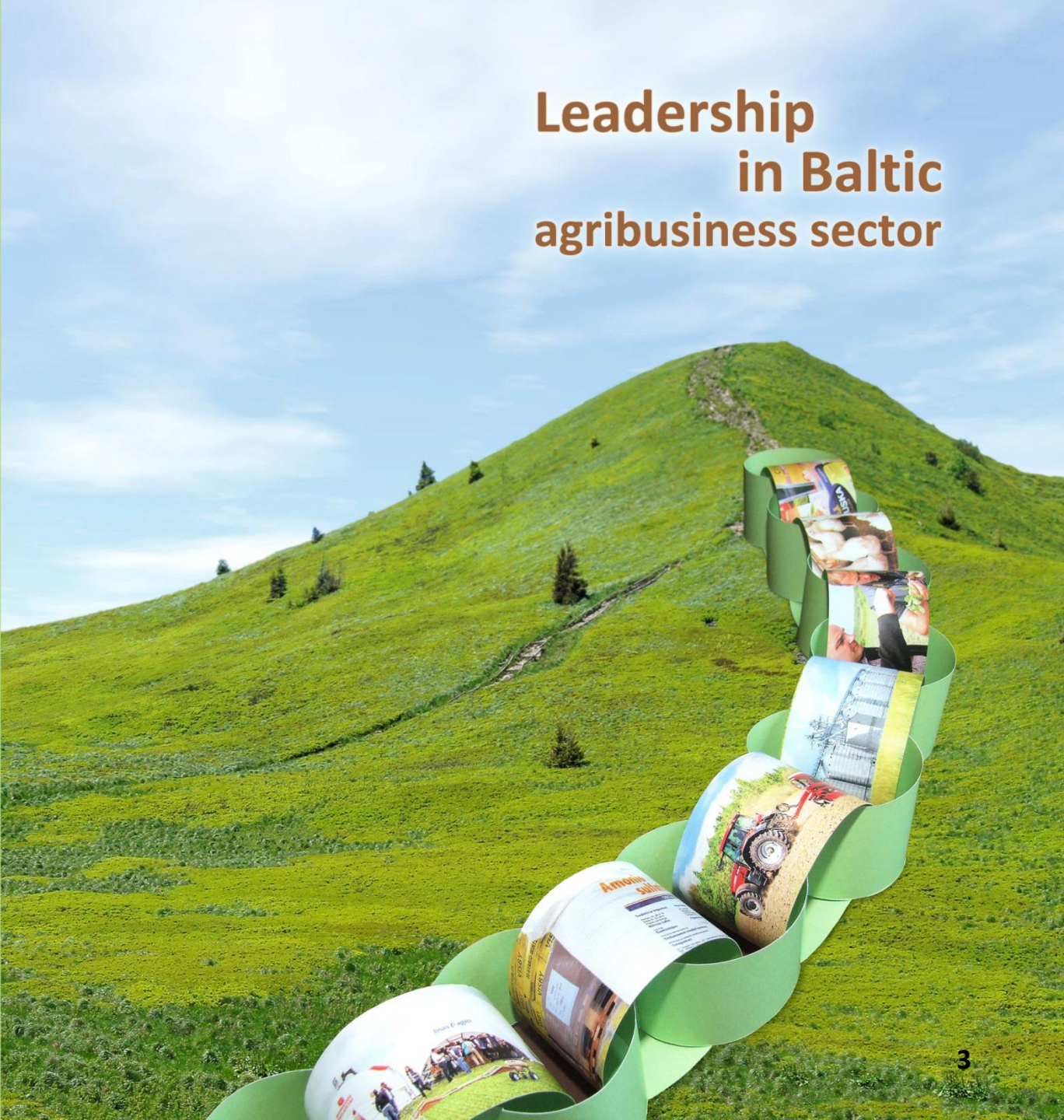
2,334  
employees



3 dormant companies not included



# Leadership in Baltic agribusiness sector



**FINANCIAL  
HIGHLIGHTS  
IN FY 2014/15**



Fiscal year  
of the company  
starts July 1st

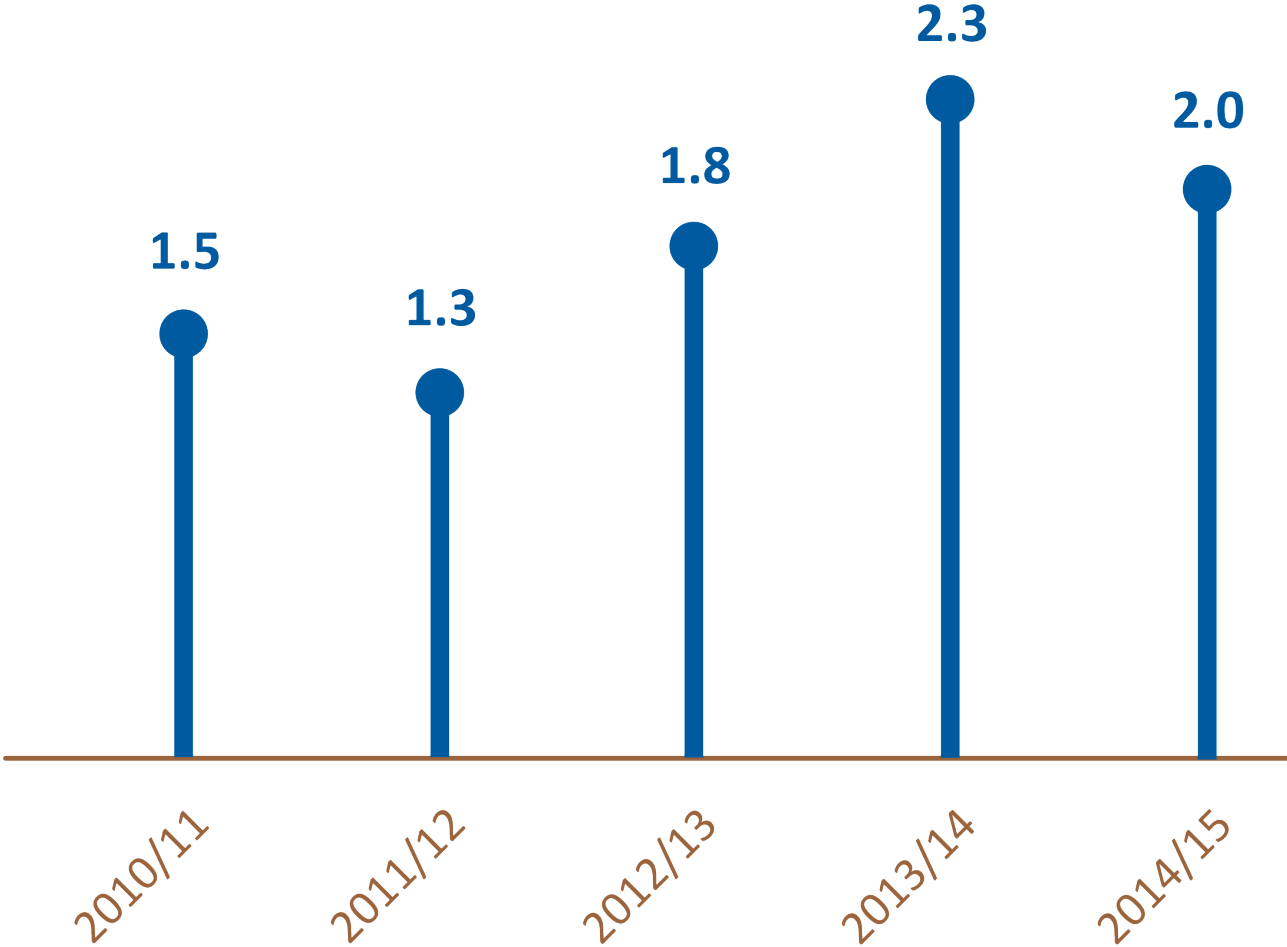
**Consolidated revenue was EUR 574 million.**

**Sales volume in tons – 2 millions.**

**Gross profit was more than EUR 41 million.**

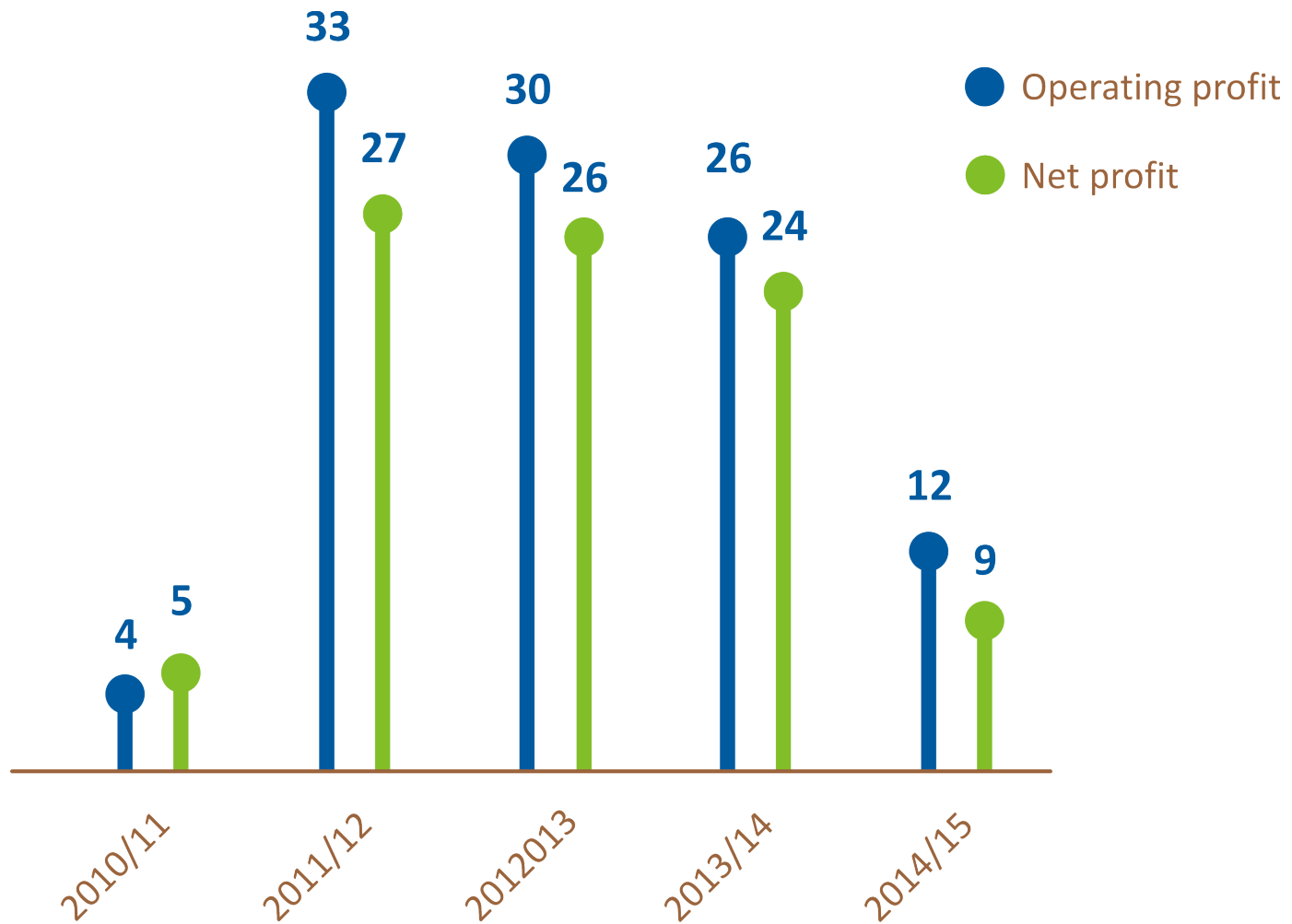
**EBITDA – EUR 22 million.**





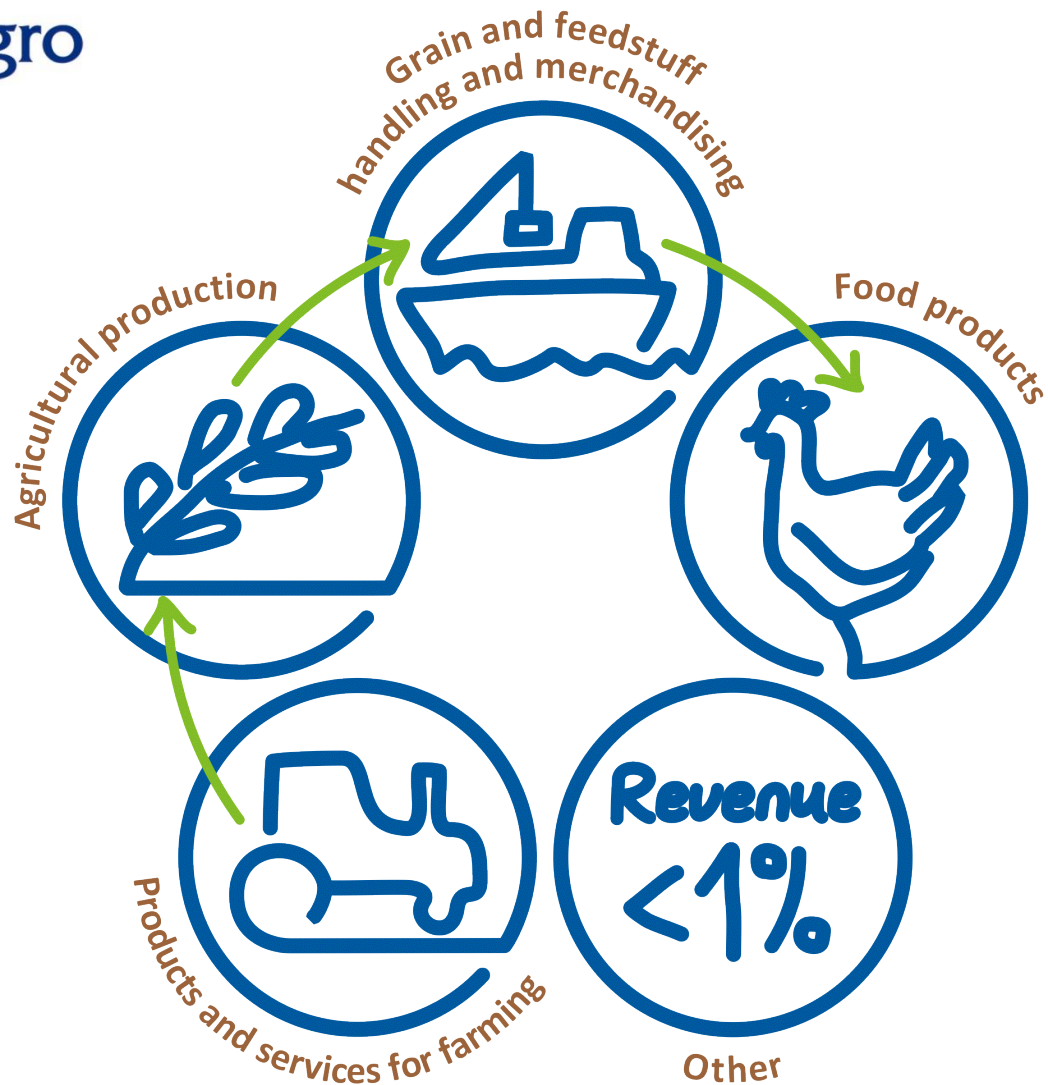
**SALES VOLUME IN TONS, MILLION MT**





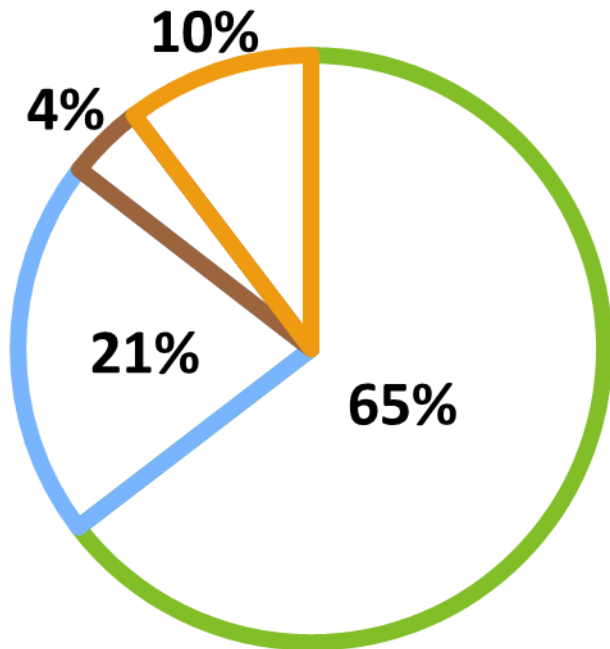
**OPERATING AND NET PROFIT, MILLION EUR**



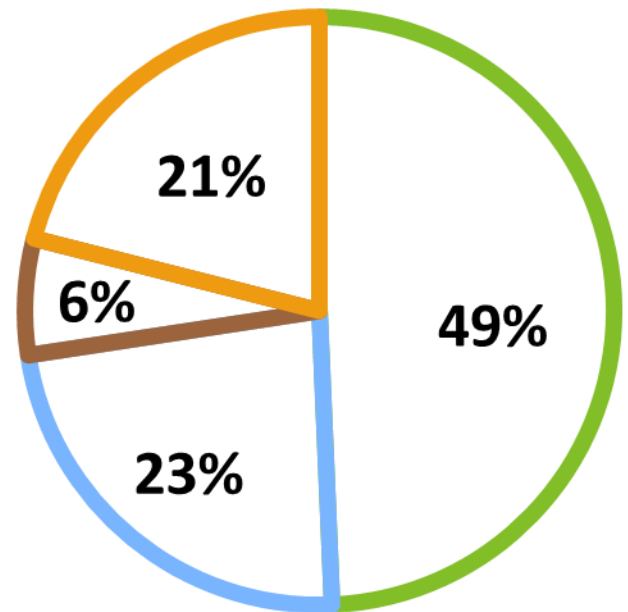




**INCOME STRUCTURE**



**OPERATING PROFIT STRUCTURE**



- Grain and feedstuff handling and merchandising
- Products and services for farming
- Agricultural production
- Food products

GRAIN AND  
FEEDSTUFF  
HANDLING  
AND  
MERCHANDISING



65%

**Grain**

**Oilseed**

**Feedstuff**

**Grain storage and preparation**

**Logistic services**



**The Group remained one of the biggest grain exporters in the Baltic states.**

**Exported its production to more than 28 countries around the world.**

**1.8 million tons of cargo departed from the Baltic seaports.**

**75%**

Revenue  
received from  
exports



Total storage capacity 254 thousand mt



## OWN GRAIN STORAGE FACILITIES

GRAIN,  
FERTILIZERS  
AND  
FEEDSTUFF  
ARE STORED  
IN GRAIN  
ELEVATORS



**During the FY 2014/15, Group-owned grain storages took in 479 thousand tons of grain-16% more than a year before.**

**1.6 million tons of grain and feedstuff sold in total (the same as previous year).**

**Two grain elevators built in Lithuania and Latvia in 2015.**





21%

**Certified seed**

**Fertilizers**

**Plant protection products**

**Agricultural and forestry machinery**

**Grain storage facilities**

**Spare parts**



The worsened situation of the farmers negatively affected the Group's operating results

**Big challenges: absence of funding from the EU structural funds for purchase of agricultural machinery in all three Baltic countries, low grain prices and a strong decrease in milk purchase price.**

**914 units of new and used agricultural machinery and equipment sold in the Baltic States - almost the same as in previous year (920 units).**

**Operating profit shrunk by 46%.**

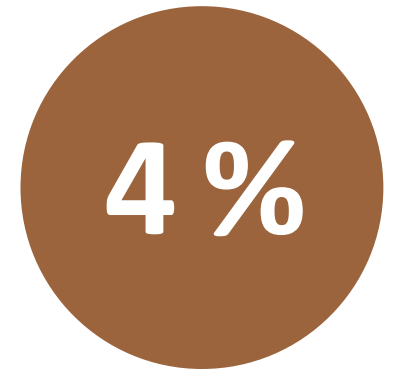


**Trade in fertilizers grew from EUR 51.8 million to EUR 52 million.**

**Trade in plant protection products went up from EUR 11.8 million to EUR 14.9 million.**

**Although the demand for seeds was lower in spring, seeds sales remained almost unchanged - EUR 14.4 million (EUR 14.6 million in FY 2013/14).**





- Cereals growing
- Rapeseed growing
- Sugar beet growing
- Dairy production
- Meat production





MEDEIKIŲ  
ŽEMĖS ŪKIO BENDROVĖ



SIDABRAVO  
ŽEMĖS ŪKIO BENDROVĖ



UŽUPĖS  
ŽEMĖS ŪKIO BENDROVĖ



LABŪNAVOS  
ŽEMĖS ŪKIO BENDROVĖ



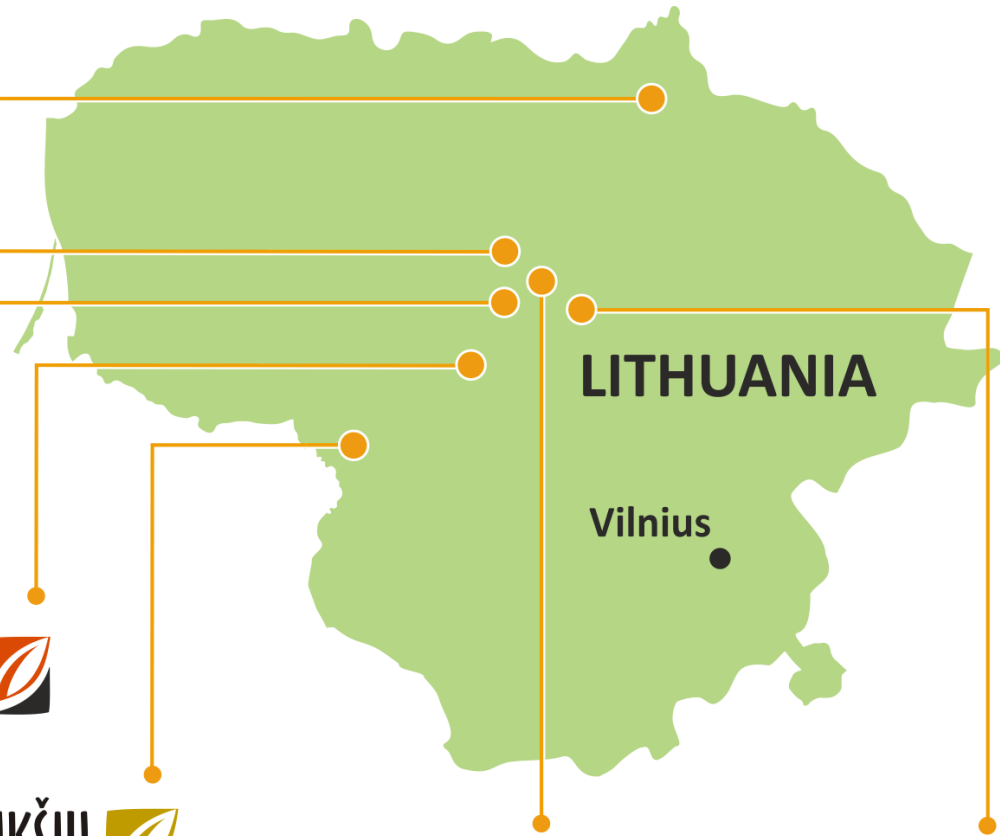
LUKŠIŲ  
ŽEMĖS ŪKIO BENDROVĖ



ŽIBARTONIŲ  
ŽEMĖS ŪKIO BENDROVĖ



AUKŠTADVARIO  
ŽEMĖS ŪKIO BENDROVĖ



LITHUANIA

Vilnius

7

farming  
companies





**The area of arable land is  
>16,900 ha, ~6,744 ha own.**

**Agricultural production ~80,000 tons:  
wheat – 43 thousand mt, malting barley  
– 18 thousand mt, sugar beet 13  
thousand mt, rapeseed – 10 thousand  
mt.**

EFFECTIVITY  
OF CROP  
PRODUCTION



**Group**

**Average for  
Lithuania**

**7 t/ha**

**Wheat**

**4.3 t/ha**

**3.3 t/ha**

**Rapeseed**

**2.3 t/ha**

**6.4 t/ha**

**Malting  
barley**

**3.8 t/ha**



**EFFECTIVITY  
OF MILK  
PRODUCTION**

The  
purchase  
price of  
raw milk  
fell by  
21%

**3,209 dairy cows (9% increase);  
Total 31 thousand tons of milk per year  
(17% more than previous year);  
The average milk yield per cow 8.62 t/y  
or 27% more than the average in Lithuania.  
Farming company Šakiai district Lukšiu  
ŽŪB was announced the most efficient  
Lithuanian milk producer in 2014 and the  
most advanced livestock farm in Lithuania  
in 2015.**



10%

**AS Putnu Fabrika Kekava“ -  
Latvian poultry producer No 1.**

**SIA Lielzeltini - Latvian poultry  
producer No 2.**

**SIA Broileks grow and sell live chicken.**

**SIA Cerova incubate eggs and sell day-  
old chicks.**



**Pork and beef production was not profitable in Lithuania . Edible oil production margin was fluctuating.**

**Poultry consumption tends to grow. The company was partly familiar with poultry business from previous egg production business evaluation.**

**Since 1991 Linas Agro has been trading feedstuffs : synergy was expected.**

**The opportunity to sell a broad range of products and get better margins was attractive.**



**AS Putnu Fabrika Kekava (PFK) was carrying restructuring process.**

**SIA Lielzeltini was profitable, PFK was making loss.**

**The companies were competing and had different owners.**

**None of the companies had full production cycle.**







**Full poultry manufacturing cycle: from egg incubation to production of fresh poultry and processed products.**

**The brand "Kekava" took the 3rd place among food products for the third year in a row in Latvia.**

**25 retail shops.**

**Sold 18,890 tons of poultry meat - a little bit more than a year before (18,755 tons).**

LIELZELTINI  
BROILEKS  
CEROVA



**SIA Lielzeltini has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name “Bauska”, as well as production of compound feed.**

**Sold 12,308 tons of poultry meat or 14% more than during the corresponding period of previous year (10,760 tons).**

**SIA Broileks produced over 1,336 tons of live weight of broilers over the respective period.**

**SIA Cerova produced almost 6.5 million day-old chicks or 2.5 % more than previous year (6.3 million).**

## ADVANTAGES FOR POULTRY COMPANIES



a part of linas agro group

Since former competitors have *de facto* become one producer, the poultry companies use advantage from mutual cooperation and also integration within the Group.

Acting together they become a more competitive and sizeable poultry industry player in the Baltic market.

***PFK+Lielzeltini* EBITDA :**

**2012 – EUR 2 million**

**2014 – EUR 8 million**



**IMPROVING THE  
COMPETITIVENESS  
OF POULTRY**



**Upgrading production lines to produce more and a wider variety of poultry products.**

**Merging the sales and accounting departments, laboratories and slaughterhouses to avoid the duplication of functions and make product cost lower.**



**STRATEGIC  
OBJECTIVES OF  
THE COMPANY**



**The main objective is sustainable growth.**

**To strengthen position in the Baltic and Scandinavian markets.**

**To expand operations in Central European countries.**

**LONG-TERM  
OBJECTIVES OF  
THE COMPANY**



**Expansion of grain trade in the Baltics, by opening new grain elevators and strengthening warehousing positions in the ports.**

**Expansion of fertilizer trade business in Lithuania, Latvia, Poland and other CE countries.**

**Implementation of investment program in poultry companies, going from mio 62 Eur to mio 90 Eur sales within 3 years period.**

**Increasing productivity of agricultural companies.**



**and the last, but not the least**



**Build the largest and best serving  
network of agricultural machinery  
services in the Baltics.**

