

# AB Linas Agro Group

## Overview of activities & finance

for 9 months of FY 2021/2022

*1st of June 2022*



# 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.linasagrogroup.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

## **Mažvydas Šileika**

CFO & Contact for Investors

With AB Linas Agro Group since 2020

10 years professional experience including

Banking & Shipping industries

Master's degree in Shipping, Trade and Finance /

Cass Business School

Bachelor's degree in Management / University of Leeds



# International vertically integrated agribusiness & food group



*\*Consolidated revenue, EBITDA, sales volume, employees data – as of 31/03/2022, market capitalisation – as of 30/05/2022*

# Linus Agro Group at the end of the reporting period

## Agri-machinery & agri-innovation

**3** companies  
servicing & selling  
products to the farmers  
LT, LV, EE

**1** company  
creating smart-  
farming solutions  
LT

## Agricultural production

**7** companies  
farming (agricultural  
production,  
dairy cows, cattle)  
LT

**10** companies  
land holding  
LT

## Grain, feedstuff and Agro inputs

**13** companies  
trading / merchandising  
LT, LV, EE, UA, BY, RU, PL

**3** companies  
handling (elevators)  
LT, LV

**1** company  
supporting the Group in  
freight forwarding / LT

## Food

**19** companies  
breeding, slaughtering,  
production &  
merchandising of  
poultry;  
flour, instant foods,  
breadcrumb  
production  
LV, LT, NL

## Other

**5** companies  
producing pet food,  
disinfection, pest control  
preparation, servicing  
veterinary pharmacy,  
providing logistic  
services, owning assets  
LT, UK, RU, BY

**72**  
companies












*\*out of 72 companies, 3 are management companies (not shown), 10 dormant companies (not shown) and 1 under liquidation (not shown); 1 company has activity in three segments, 2 companies - in 2 segments*

### Within 9 months of FY2021/2022:

- consolidation of 3 elevator companies in Lithuania
- OOO GeoMiks was deregistered by merger with OOO VitOMEK
- UAB Zemvaldos Turto Konsultacijos deregistered by merger with UAB Linas Agro Konsultacijos
- Negotiating the sales of subsidiaries in RU and BY; Assets and Liabilities related with these entities are reclassified as Assets held for sale and Liabilities, related with assets held for sale

# Key segments



	Products & services for farming	Agricultural production	Grain, Oilseeds, Feed	Food products	Other
<b>Activity</b>	Sales of seeds, plant protection products, fertilizers, agricultural machinery and equipment and installation of agricultural facilities	Cultivation of cereals, oilseed rape, sugar beet and other crops, production of milk	Trade in grain, oilseeds and feedstuffs; production and sales of compound feed; grain storage and logistics services	A whole cycle poultry business; wholesale of flour, flour mixes, breadcrumbs and breeding mixes, manufacture and wholesale of instant foods	Goods and services: pests control, hygiene, veterinary pharmacies; Production and sales: pet food
<b>Key companies in the group</b>	  linas / agro	linas / agro	  	    	
<b>Geography of operation</b>	LT, LV, EE, BY	LT	LT, LV, EE, UA, BY, RU, PL	LV, LT, NL	LT, UK, RU, BY
<b>Revenue of reporting period / share of total</b>	EUR 262 m / 19%	EUR 32 m / 2%	EUR 854 m / 63%	EUR 244 m / 18%	EUR 28 m / 2%
<b>EBIT of reporting period / share of total</b>	EUR 37 m / 95%	EUR 0 m / 0%	EUR 11 m / 28%	EUR -7 m / -19%	EUR 0 m / 1%
<b>Key customers and geographies</b>	Farmers  LT, LV, EE, BY	Mostly Linas Agro Group companies  LT	Traders  LT, LV, EE	Retailers, HORECA  Baltics, Scandinavia, Poland, Russia, Middle East countries	B2B, retail chains, distributors  CIS, Africa, Europe, Scandinavia
<b>Key projects</b>	<ul style="list-style-type: none"> <li>Further development of intelligent farming (start-up GeoFace)</li> <li>Continuous effort towards agro machinery rent activity</li> </ul>	<ul style="list-style-type: none"> <li>Continuous modernisation of milk farms</li> <li>Active land portfolio management</li> <li>Biogas project</li> </ul>	<ul style="list-style-type: none"> <li>Synergies of combined activity by KGG &amp; Linas Agro Group (agricultural inputs business to be transferred to one company)</li> </ul>	<ul style="list-style-type: none"> <li>Robotisation in production and logistics; energy saving projects</li> <li>synergies of combined activity by KGG &amp; Linas Agro Group</li> </ul>	<ul style="list-style-type: none"> <li>Scaling of pet food business</li> </ul>

\*As per results of financial year ended on 31/03/2022

# Financial highlights

for 9 months of FY 2021/2022

*Fiscal year of the Company starts on July 1st*

- Elevated sales (almost 2x) and restored profitability
- Modified sales structure (stronger food & products for farmers positions)
- BS - almost doubled in size
- Solid capital ratio – 26%
- Decreased leverage –3.4x

# Military action in Ukraine

- TOV Linas Agro UKRAINA (representative office) – assets, liabilities and sales (EUR 1.4m) – **not significant**, activity - ongoing
- AB Linas Agro Group is replanning its activities, the companies of the Group are **looking for alternative suppliers**
- As of 31-Mar-2022 (9 months):

	Russian entities	Belarusian entities
Sales revenue	EUR 91m (6.7% of total revenue)	EUR 25m (1.8% of total revenue)
Trade & other receivables from	EUR 0.7m	EUR 0.04m
Trade & other liabilities to	EUR 0.2m	EUR 0.4m

## Eastern Subsidiaries of the Group

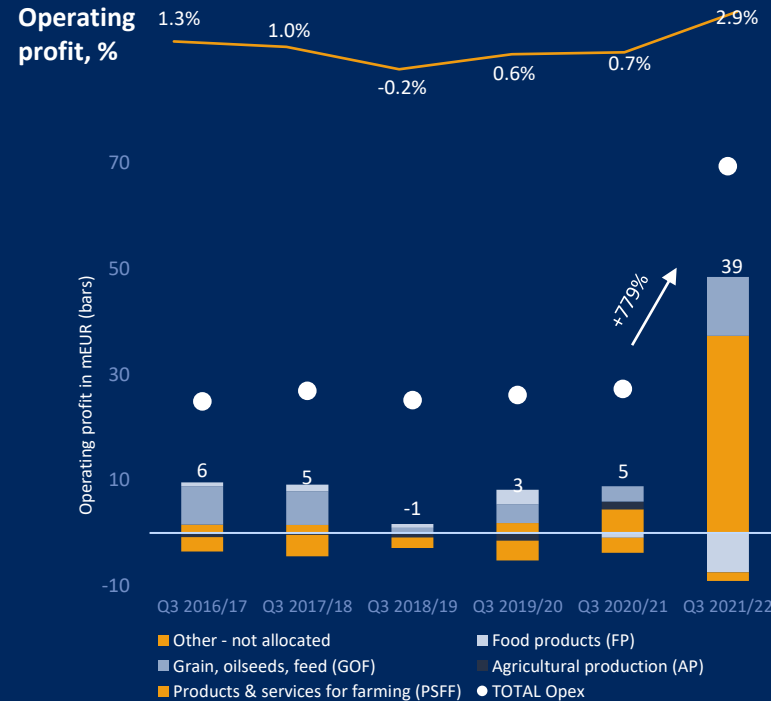
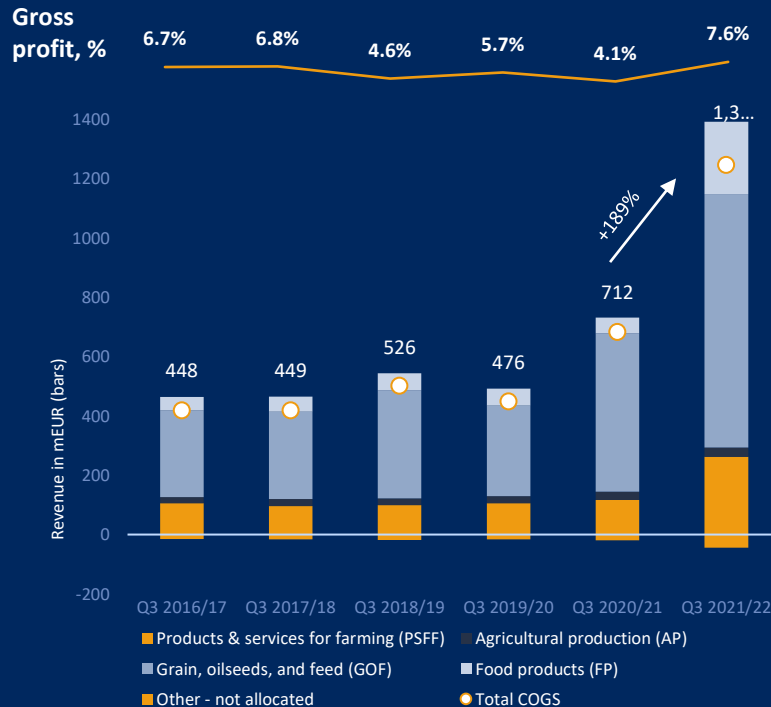
- By acquiring KG Group, AB Linas Agro Group also became the **owner of 4 companies in Russia and Belarus** (grain, oilseeds, feed materials and feed additives, inputs trading).
- During the reporting period Group's Management made a **decision to dispose** these entities in 12-month period, all assets and liabilities related with these entities are **reclassified as Assets held for sale (EUR 29.6m) and Liabilities, related with assets held for sale**
- Disposal is preliminary expected to bring **impairment loss of EUR 2.8m.**



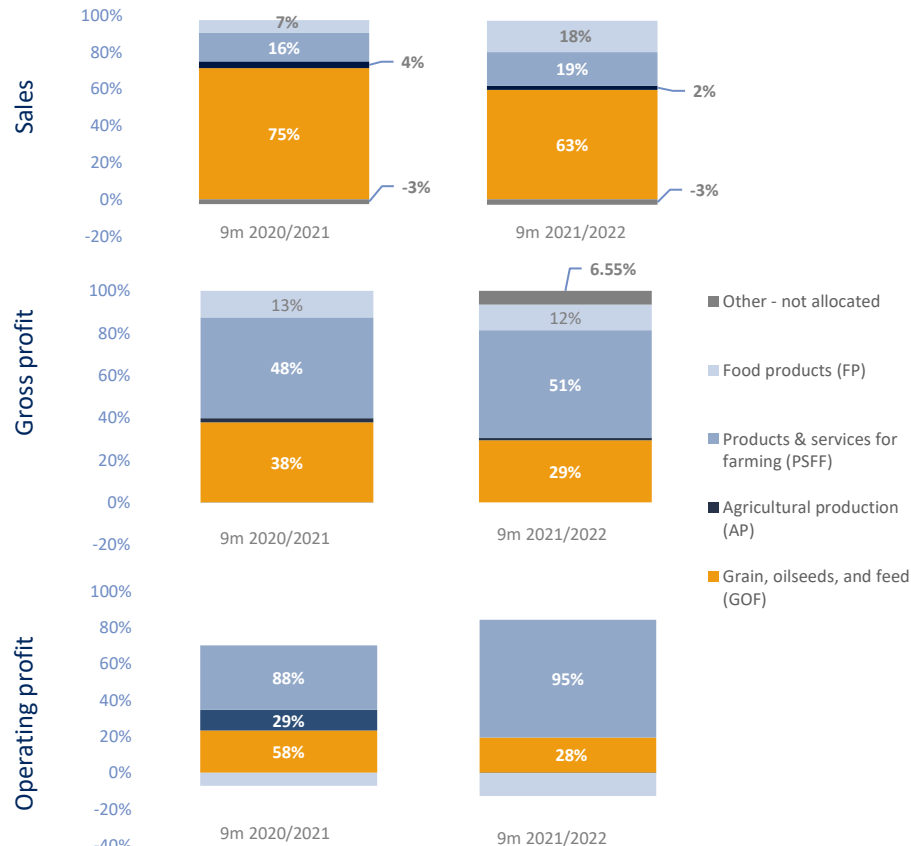
# Record high revenues

9 months of 2021/22

## Dynamics in profitability & revenue per segment



# Earnings' structure, 9 months 2021/22



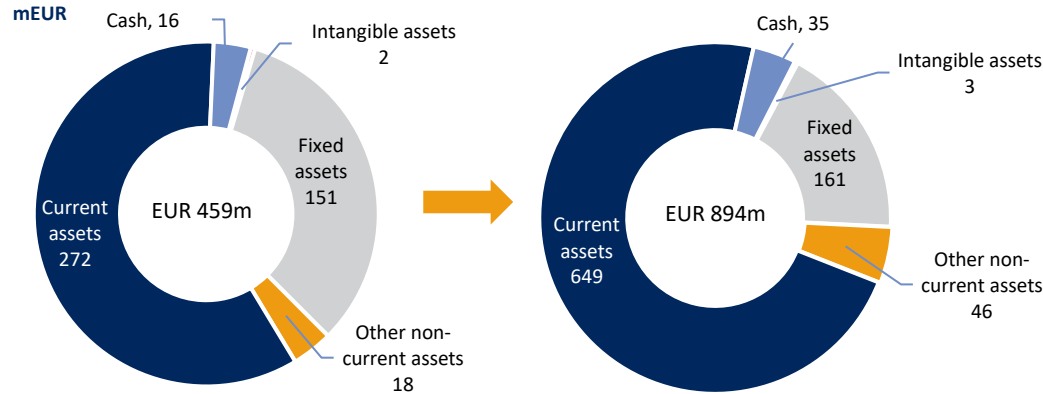
Key revenue generator remained **Grain, oilseed & feed segment**, however regardless of 60% higher sales, segment's share in sales structure diminished; due to favorable stocks positions during the 3Q trade profitability was restored, expecting further improvements towards the closing of the full financial year

As intended with the purchase of KG Group, **Food segment share became more visible in total sales portfolio**; yet, due to loss-making poultry business, the sales share (73% of segment income), did not translate itself into corresponding operating profit share; **new food additions** (flour, breadcrumbs, instant foods – **27% of segment income**) **partially compensated the negative effects of meat production**

**Products and services for farmers** were dominating the scene; while sales increased by 125% (stronger or moderate growth in all sub-categories), the operating profit scored 7x more, mostly thanks to higher profitability in fertilizer, plant protection products sales.

# Boosted Balance Sheet

Total assets 31-Mar-2021 vs 31-Mar-2022



- Balance sheet mainly comprises of Current assets and S/T liabilities that reflect inventory from trading activity and farmer financing
- Majority of S/T debt is used to finance RMI, the second largest part is receivables from farmers
- Equity position of the Group: 230m EUR; **Capital ratio** remains solid - **26%**
- 12 months adj. pro - forma adj. EBITDA\*: 88.5mEUR, **NetDebt/EBITDA: 3.4x**

## Liquidity position

~350

mEUR total committed factoring and credit lines were available on 31/03/2022 under contracts with the banks

## Investments

14.5

mEUR total investments within 9 months 2021/2022

# Products and services for farming

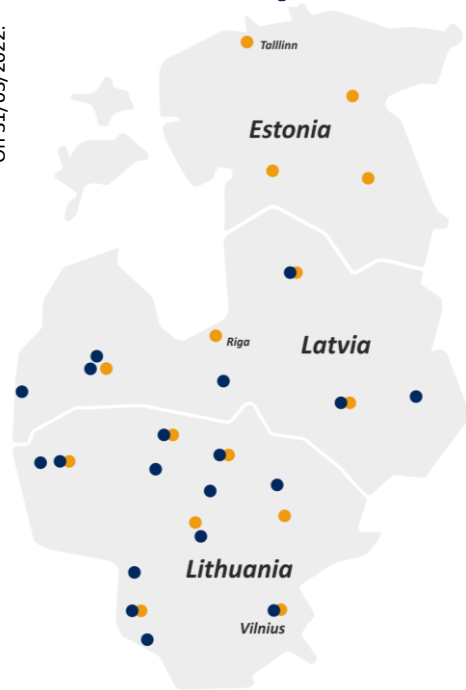
*Since 1993*



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

# Key data and latest developments

On 31/03/2022:



Seed production plant

19+15

19 outlets in Baltics &  
15 service centers network

185

ktons total Group's  
warehousing capacity

19

% of total Group's revenue  
(9 months)



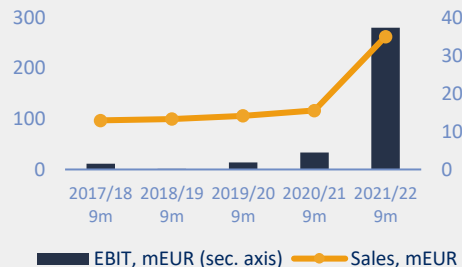
Key trends in sales of  
9 months 2021/2022\*:



\*Compared to  
results of the  
previous financial  
year



9 months 2021/2022 was a  
show time for the segment:



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

# Agricultural production

*Since 2003*



# Key data and latest developments

On 31/03/2022:

Medeikių ŽŪB

Sidabravo ŽŪB

Žibartonių ŽŪB

Labūnavos ŽŪB

Lukšių ŽŪB

Lithuania

7

agricultural companies

ha

18,258 ha – arable land, out of which 5,944 ha owned



3,236 dairy cows

2

% of total Group's revenue (9m 2021/2022)



Key trends in sales of 9m 2021/2022\*:

Crop production

+7%

Milk production

+32%

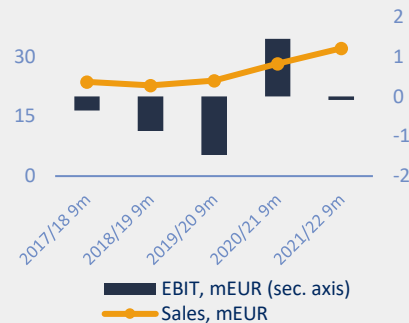
Beef cattle rearing

-11%

\*Compared to results of the previous financial year



Strong “milk” performance and high grain prices vs the impact of lower harvest & inflating COGS



# Grain, oilseeds, feed

*Since 1991*

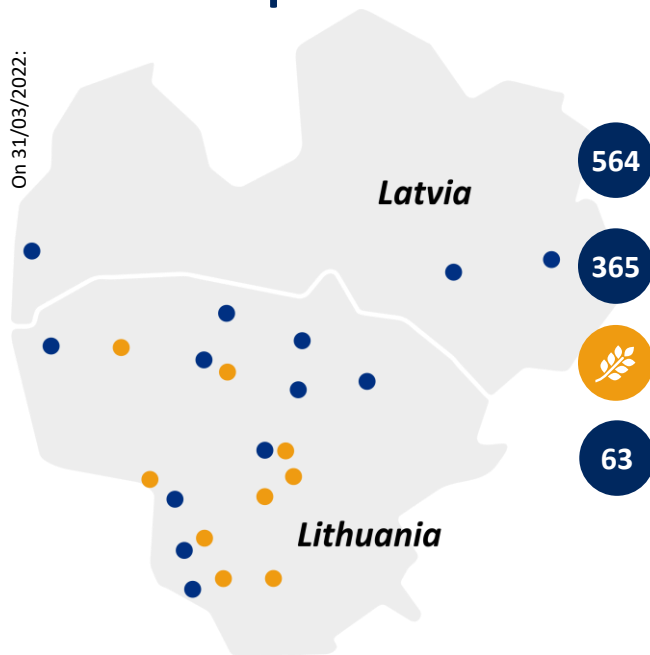


- Grain storage and preparation
- Logistic services
- Feedstuff
- Grain
- Oilseed
- Ecologic grain and oilseeds




# Key data and latest developments

On 31/03/2022:



**564** ktons of total own elevators grain storage capacity

**365** ktons storage capacity at ports

 main export commodity is Lithuanian and Latvian wheat

**63** % of total Group's revenue (9m 2021/2022)



Key trends in sales of 9m 2021/2022\*:

Grain & oilseeds trade **+18%**

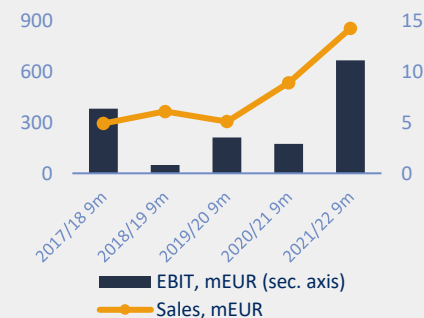
Compound feed, feedstuff sales **+200%**

Handling of the grain / Elevators, logistics **+38%**

*\*Compared to results of the previous financial year*



Scaling-up & restoring profitability



- Full poultry manufacturing cycle:
  - Feed mill plant
  - Parent flocks
  - Chicken from locally laid eggs
  - Broiler
  - Poultry meat products
- Manufacture and wholesale of flour, flour mixes, breadcrumbs, breeding mixes, instant foods

# Food products

*Since 2013*



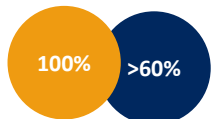
# Key data and latest developments



Key positions among poultry producers in LV and LT



flour, breadcrumbs, instant foods



Poultry raised without antibiotics in LV  
Poultry raised without antibiotics in LT



% of total Group's revenue (9m 2021/2022)



Key trends in sales of 9m 2021/2022\*:

Poultry meat products

+250%

Flour, flour mixes, breadcrumbs

NEW

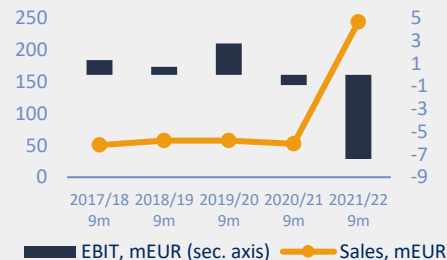
Instant foods

NEW

\*Compared to results of the previous financial year



EBIT goes down as a result of increasing expense & continuous overproduction in Europe



# Inspired by land and food

[LinasAgroGroup.it](https://linasagrogroup.it)

