

Valuation gap to peers

Linus Agro's valuation discount to peers is substantial and we believe it could start to close once we see Grain trading profits and an improvement in the Food segment.

Valuation discount

Based on 2022/23E EV/EBITDA, Linus Agro is trading at a discount of ~30% to peers (5.9x vs. peer avg. 8.6x). Applying the peer avg. 8.6x to Linus Agro, indicates a share price of EUR 2.36. We do not believe this share price will be reached in the short-term but see a gradual appreciation once we see profits from the Grain trading segment (expected H2-21/22) and the Food segment (expected 2022/23).

Grain trading profits expected in H2

The Grain trading & Feedstuff segment posted an Operating loss of EUR 0.4m in H1-21/22 (ending Dec 31). At the webinar, management indicated the loss was mainly the result of cost accounting pushing the full-year profit into H2-21/22. Therefore, we estimate a profit of EUR 7.7m for the Grain trading & Feedstuff segment in H2-21/22.

DCF Fair value raised to EUR 1.21/shr

We raise our DCF Fair value to EUR 1.21/shr (prev. 1.00) as we have more comfort on the post-merger KG performance, even given the Food segment's challenge with higher input prices. Worth noting is that our estimated exposure to Russia, Ukraine, and Belarus is less than 5% of assets and less than 10% of sales and profits.

Key figures (MEUR)

	19/20	20/21	21/22E	22/23E	23/24E
Net sales	657.7	942.4	1,620.5	1,681.9	1,732.3
Net sales growth	-11.4%	43.3%	71.9%	3.8%	3.0%
EBITDA	25.9	33.5	82.9	82.5	84.2
EBITDA margin	3.9%	3.6%	5.1%	4.9%	4.9%
EBIT	14.8	19.6	46.5	45.8	46.8
EBIT margin	2.3%	2.1%	2.9%	2.7%	2.7%
EV/Sales	0.4	0.3	0.3	0.3	0.2
EV/EBITDA	9.0	7.2	5.8	5.6	5.1
EV/EBIT	15.7	12.3	10.3	10.0	9.1
P/E adj.	9.8	9.3	5.0	5.1	5.0
P/BV	0.5	0.7	0.7	0.6	0.5
EPS adj.	0.06	0.09	0.19	0.19	0.19
EPS growth adj.	-338.02%	41.83%	113.69%	-3.02%	2.65%
Div. per share	0.00	0.01	0.02	0.02	0.03
Dividend yield	0.00%	1.20%	2.11%	2.11%	3.16%

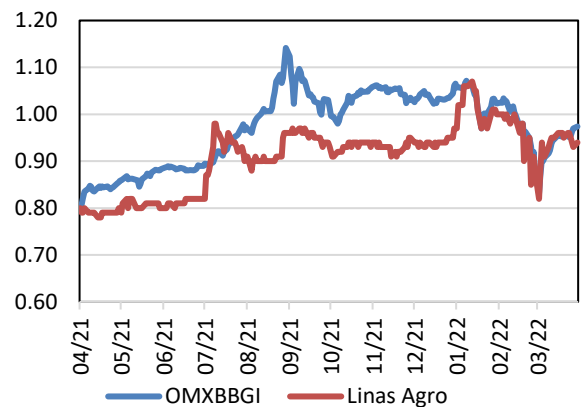
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 3.0%)	1.65
Base (term. EBIT marg. 2.5%)	1.21
Bear (term. EBIT marg. 2.0%)	0.77

Key Data

Price (EUR)	0.95
Ticker	LNA1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	151
Net debt (EURm)	339
Shares (m)	158.2
Free float	20%



Price range

52-week high	1.07
52-week low	0.78

Analyst

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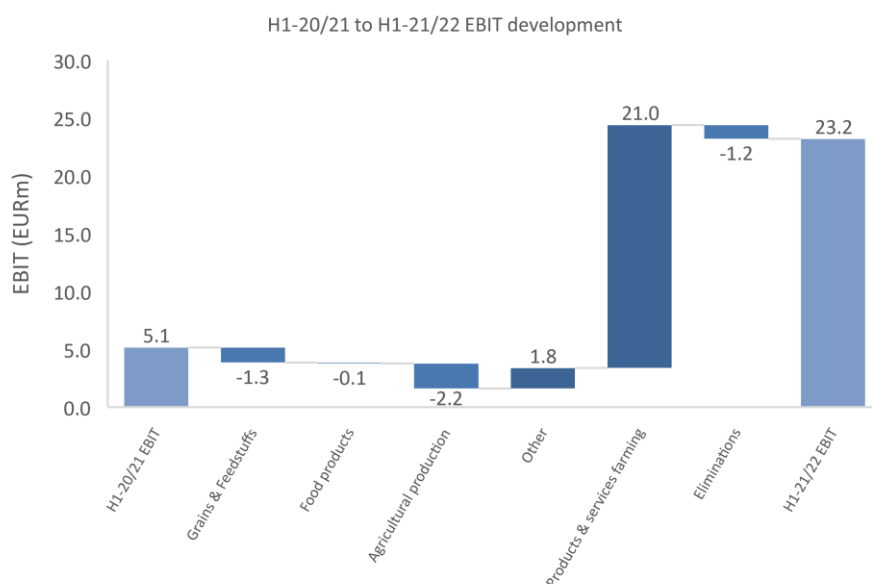
Coverage frequency

2x per year

Key takeaways

H1 EBIT boosted by Products & Services for Farming

The H1-21/22 Group EBIT increased 4.5x or EUR 18m to EUR 23.2m from EUR 5.1m in the same period last year (driven by the KG acquisition in general and the Products & services for farming segment in particular). The acquired KG was consolidated on 15 July 2021 i.e., in the beginning of the financial H1-21/22 reporting period. The Products & Services for farming segment posted a y-on-y EBIT improvement of EUR 21.0m in H1-21/22, which together with the EUR 1.8m improvement for the Other segment more than made up for the EUR 3.5m EBIT decline for the Grains & Feedstuffs, the Food products, and the Agricultural production segments. All product categories within the Product & services for farming segment showed healthy growth with the largest category, fertilizers, growing volume, and revenue by 54%, and 133%, respectively. Worth noting is that Plan care products posted a healthy H1-21/22 revenue growth of 57% y-on-y, even excluding the KG acquisition (See below table for growth per product category).



Source: Company reports

Main drivers for Product & services for farming

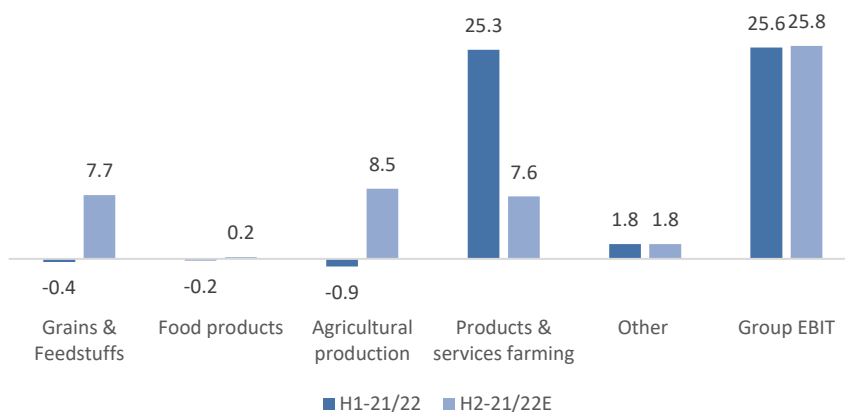
Product category	H1-21/22 Volume growth	H1-21/22 Revenue growth	Comment
Seed	+28% y-on-y	+108% y-on-y	Revenue growth significantly exceeded the volume growth reflecting price increases
Fertilizers	+54% y-on-y	+133% y-on-y to EUR 83m	Growth driven by KG acquisition (volumes declined excluding KG).
Plant care products	Not given	+273% y-on-y to EUR 38m 57% y-on-y excluding KG acquisition	Revenue grew even excluding KG acquisition
Agri machinery, parts & service	n.a.	+25% y-on-y to EUR 31m Spare parts & service revenue +13%	Lithuanian tractor market declined 10% y-on-y High-margin spare parts & service revenues grew

Source: Company reports

Grain trading and Agri production should contribute to H2 EBIT

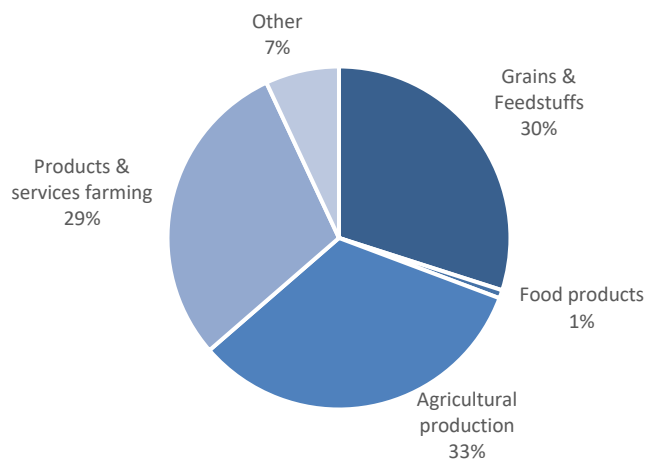
After having shown a small EBIT loss of EUR 0.4m in H1-21/22, we look for the Grain trading segment to post a EUR 7.7m EBIT in H2-21/22. At the post-report webinar, management indicated that the H1-21/22 loss was mainly a result of cost accounting procedures that pushed the full-year profit to H2-21/22. We forecast the Agri production segment to post an EBIT of EUR 8.5m in H2-21/22, after having shown an EBIT loss of EUR 0.9m in H1-21/22 (supported by high grain and raw milk prices). For the Products & services for farming segment, we expect a slowdown in H2-21/22 with an EBIT of EUR 7.6m following the exceptional H1-21/22 EBIT of EUR 25.3m. We do not forecast a significant H2 improvement for the Food products segment or the Other segment (we expect high poultry feed prices to continue to burden the Food products margins). To summarize, we estimate almost the same Group EBIT before eliminations in H2-21/22 (EUR 25.8m) as in H1-21/22 (EUR 25.6m), but with a more even contribution among segments with Product & services for farming making up 29% of Group EBIT vs. almost all the Group EBIT in H1-21/22.

H1 vs. H2 2021/22 EBIT bef. eliminations (EURm)



Source: Company report (H1-21/22 reported), Enlight Research (H2-21/22 estimate)

H2-21/22 estimated Group EBIT bef. elim. distribution by segment



Source: Enlight Research (H2-21/22 estimate)

Russia – Ukraine – Belarus exposure

Lina Agro's direct exposure to Russia, Belarus, and Ukraine consist of the following:

- Assets in Russia and Belarus through ownership of two companies each in Russia and Belarus. We estimate the value of the Property Plant & Equipment of these companies to be around EUR 4.4m (before the Russian invasion of Ukraine).
- Feed production through the ownership of the companies in Russia and Belarus. About 16% (~49K tons out of 295K tons) of the total compound feed production is in Russia and Belarus.
- Sourcing of grain, feedstuffs, and fertilizers from Russia, Belarus, and Ukraine to be used in the trading operation. We estimate these countries to make up less than 10% of the grains and other elements sourced.
- Foreign currency exposure to Russia, Belarus, and Ukraine. The main FX exposure comes from the feed production in Russia and Belarus. In our view, the effects are neutral to negative as most of the production costs and revenues are in RUB (neutral), while some cost of goods sold are in foreign currency (negative). We estimate the pre-war exposure to the RUB, BYN, and UAH to be less than 10% of sales and profits. Since the day before the Russian invasion (23 Feb.), the Belarusian BYN has lost 15% against the euro while the official Russian RUB/EUR rate is roughly unchanged. The RUB rate is likely significantly weaker than the official rate. The Ukrainian UAH is 3% higher compared to the day before the invasion.

On 28 February, Linas Agro announced that they will stop trading with Russian and Belarusian entities. This means that the grain and other elements sourced from Russia, and Belarus will be zero. We believe it will take some time to find alternative markets to source from i.e., the volume of traded grain and other elements could be up to 10% lower, all else equal.

Russia, Belarus, Ukraine exposure

Type of exposure	Estimated exposure	Worst case negative effect
Asset	EUR ~4.4m in PP&E from two companies in Russia and two companies in Belarus	Asset write-down of EUR ~4.4m
Production	~16%, or 49K tons out of 295K tons of feed production located in Russia and Belarus	Annual Feed production sales decline by ~5% or EUR ~26m, equal to ~1.6% of Group sales
Sourcing of grain, feedstuffs, and fertilizers	Less than 10% of grains are sourced from Russia, Belarus, and Ukraine	Annual sales and operating profit up to 10% lower i.e., sales up to EUR 27m lower equal to ~1.6% of Group sales
FX exposure	~3% of Total assets ~16% feed production <10% grain sourcing	Negative effect on assets from potential RUB and BYN devaluation against EUR (same as asset exposure) Negative Cost of Goods effect from production in Russian and Belarusian plants.

Source: Enlight Research, Company reports

Significant discount to peers

We have excluded the Ukrainian companies Astarta and Agroton from our peer universe. Below peer table includes Linus Agro including KG from 15 July 2021, and hence the multiples appear high for 2020 and 2021 (we use current Market cap and EV). The year 2022 is the first year KG is consolidated for a full-year. Based on estimated EV/EBTDA 2022 (Linus Agro's fiscal year 2021/22), Linus Agro is trading at discount of around 40% to the peer group (5.9x vs. peer avg. of 10.1x). Worth noting is that Linus Agro's historical EV/EBITDA multiples appear high as the KG acquisition is not included for about half of 2021, and the whole of 2020. Applying the peer average EV/EBITDA 2022E implies a share price over EUR 2 per share. We do not foresee this to happen anytime soon but it shows the potential if management is successful in integrating the KG acquisition.

Linus Agro peer valuation

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (last)	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022E	EV/EBITDA 2023E
FirstFarms A/S	FFARMS	DKK	88.00	666	1,056	10.5	9.3	10.6	8.8
Auga	AUG1L	EUR	0.47	107	208	10.0	23.0	8.5	7.8
Orior AG	ORON	CHF	90.70	592	730	13.8	11.4	11.3	10.8
Fodelia	FODA OYJ	EUR	6.86	51	61	36.0	25.3	16.1	11.1
Raisio Oyj K	RAIKV	EUR	2.80	462	470	13.9	15.4	15.2	13.1
Podravka D.D.	PODR	HRK	630	4419	4880	9.0	8.0	8.7	7.9
Adecoagro	AGRO	USD	11.77	1,308	1,815	5.3	4.2	4.4	4.2
Bonduelle	BON	EUR	16.56	532	669	5.4	5.7	5.8	5.4
Average						13.0	12.8	10.1	8.6
Linus Agro	LNA1L	EUR	0.95	150	489	18.9	14.7	5.9	5.9

Source: MarketScreener (all peers excluding Auga), Enlight Research (Auga), *2020 excluding KG, 2021 including KG as of 15 July, share prices on 5 April 2022

Our Base case DCF valuation assume a terminal sales growth of 2.0% and a terminal EBIT margin of 2.5%, resulting in a Fair value of EUR 1.21 per share (upside of around 30%). Our Bear and Bull case Fair value per share is EUR 0.77, and EUR 1.65, respectively. The only difference between our different scenarios is the assumed terminal EBIT margin, which is 2.0% for our Bear case and 3.0% for our Bull case. See below table for DCF value sensitivity to different parameters.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	8.3%	8.3%	8.3%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.0%	2.5%	3.0%
Fair Value per share	0.77	1.21	1.65

Source: Enlight Research

Sensitivity parameters	Base case		Test values & Results										
	Base case	Step	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.45
Equity beta	1.20	0.05	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.45
Fair value (DCF)	1.21		1.54	1.47	1.40	1.34	1.27	1.21	1.15	1.10	1.05	0.99	0.94
Target debt ratio*	40.0 %	2.0 %	30%	32%	34%	36%	38%	40%	42%	44%	46%	48%	50%
Fair value (DCF)	1.21		0.87	0.93	1.00	1.06	1.14	1.21	1.29	1.38	1.47	1.57	1.67
Risk-free IR	2.5 %	0.2 %	1.5 %	1.7 %	1.9 %	2.1 %	2.3 %	2.5 %	2.7 %	2.9 %	3.1 %	3.3 %	3.5 %
Fair value (DCF)	1.21		1.50	1.44	1.38	1.32	1.27	1.21	1.16	1.11	1.06	1.02	0.97

Source: Enlight Research

Forecast vs. Outcome

By segment

The Q2-21/22 Grains & Feedstuffs segment revenues came in 9% or EUR 24m below forecast, however, this was more than offset by the other segments, especially, the Product & services for farming that reported 47% or EUR 29m higher than expected revenues. The Group revenues were 4% or EUR 17m above forecast. At the operating profit level, the Grain & Feedstuffs, Agri production, Food products, and Other products segments all came in below forecast. However, the total negative deviation from these segments of EUR 13.5m was more than offset by the Product & services for farming segment that posted EUR 13.8m higher than expected operating profit, resulting in a Q2-21/22 Group operating profit in-line with forecast.

Quarterly Segment deviations

Revenue	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%
Grains & Feedstuffs	250.1	226.7	-23.5	-9%
Product & services for farming	61.8	91.1	29.3	47%
Agricultural production	5.6	5.9	0.3	5%
Food products	74.4	82.6	8.3	11%
Other products	7.4	9.5	2.2	29%
Total	399.3	415.8	16.6	4%

Revenue growth	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%-pts
Grains & Feedstuffs	40.0%	26.9%	na	-13.1
Product & services for farming	80.0%	165.3%	na	85.3
Agricultural production	6.0%	11.8%	na	5.8
Food products	330.0%	377.7%	na	47.7
Other products	nm	nm	na	nm
Total	69.4%	76.5%		7.0

Operating profit (bef. elim.)	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%
Grains & Feedstuffs	2.5	-3.4	-5.9	-234%
Product & services for farming	3.7	17.5	13.8	372%
Agricultural production	-0.3	-0.5	-0.2	63%
Food products	2.3	-3.4	-5.7	-248%
Other products	1.2	-0.6	-1.8	-151%
Total	9.4	9.7	0.2	3%

Operating margin (bef. elim.)	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%-pts
Grains & Feedstuffs	1.0%	-1.5%	na	-2.5
Product & services for farming	6.0%	19.2%	na	13.2
Agricultural production	-5.0%	-7.7%	na	-2.7
Food products	3.1%	-4.1%	na	-7.2
Other products	16.0%	-6.3%	na	-22.3
Total	2.4%	2.3%	na	0.0

Source: Company reports, Enlight Research

Group

The Q2-21/22 Sales was 4% or EUR 17m better than expected, but 6% higher than expected Cost of sales resulted in the Gross profit being 21% or EUR 7m below forecast. The negative deviation at the Gross profit line was reversed at the Operating profit line that was 15% or EUR 1m better than expected (this is Operating profit after eliminations, hence the difference to previous segment deviation table) due to lower than estimated Operating expenses. The Q2-21/22 Pre-tax profit was in-line with forecast while higher taxes lead to a 13% lower than estimated Net profit.

Group deviations

P&L	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%
Total Sales	399.3	415.8	16.6	4%
Cost of sales	-365.3	-389.1	-23.7	6%
Gross profit	33.9	26.8	-7.2	-21%
Operating expense	-26.4	-21.9	4.5	-17%
Other income	2.8	4.7	1.9	69%
Other expenses	-2.8	-0.8	1.9	-70%
Operating profit	7.6	8.8	1.1	15%
<i>Financial net</i>	-1.6	-2.7	-1.1	70%
Pre-tax profit	6.0	6.0	0.0	0%
Tax	-1.2	-1.8	-0.6	52%
Net profit	4.8	4.2	-0.6	-13%
Depreciation	9.2	8.8	-0.4	-5%
EBITDA	16.8	17.5	0.7	4%

Revenue growth	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%-pts
Total sales y-on-y	69.4%	76.5%	na	7.0

Margins	Q2-21/22	Q2-21/22	Difference	
	Estimate	Actual	EURm	%-pts
Gross margin	8.5%	6.4%	na	-2.1
EBITDA margin	4.2%	4.2%	na	0.0
Operating margin	1.9%	2.1%	na	0.2
Pre-tax margin	1.5%	1.4%	na	-0.1
Net margin	1.2%	1.0%	na	-0.2

Source: Company reports, Enlight Research

Estimate changes

Our Group sales is raised by around 2-4% in the forecast period 2021/22 to 2023/24, which is a result of a 5%-8% increase of sales estimates for the Product & services for farming and Food products segment estimates. Our Pre-tax profit estimates are raised by 4.5% for 2021/22 and lowered by 0.9% for 2022/23 and 9.2% for 2023/24. The increase in estimates for the current year is due to better than expected result from the Product & services for farming segment, while the lower estimates for the coming years are mainly due to lower estimates for Food products (headwinds from lower input costs). Our dividend forecast is left unchanged.

Sales (EURm)	2021/22E	2022/23E	2023/24E
Old estimate	1,594	1,625	1,673
New estimate	1,620	1,682	1,732
Change	26	57	59
Change (pct)	1.6%	3.5%	3.5%

EBIT (EURm)	2021/22E	2022/23E	2023/24E
Old estimate	41.1	42.1	45.2
New estimate	46.5	45.8	46.8
Change	5.4	3.7	1.6
Change (pct)	13.1%	8.7%	3.5%

Pre-tax Profit (EURm)	2021/22E	2022/23E	2023/24E
Old estimate	34.6	35.4	39.7
New estimate	36.2	35.1	36.0
Change	1.6	-0.3	-3.7
Change (pct)	4.5%	-0.9%	-9.2%

Net profit (EURm)	2021/22E	2022/23E	2023/24E
Old estimate	28.2	29.8	33.4
New estimate	30.3	29.4	30.2
Change	2.1	-0.4	-3.3
Change (pct)	7.5%	-1.3%	-9.7%

Dividend (EUR)	2021/22E	2022/23E	2023/24E
Old estimate	0.02	0.02	0.03
New estimate	0.02	0.02	0.03
Change	0.00	0.00	0.00
Change (pct)	0.0%	0.0%	0.0%

Source: Enlight Research

Forecast**Grains & Feedstuffs**

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenue (external)	258.1	226.7	236.8	193.5	677.8	915.1
Revenue growth y-on-y	50.4%	26.9%	30.0%	33.1%	63.1%	35.0%
Operating profit	3.0	-3.4	2.4	5.4	6.4	7.3
Operating margin	1.1%	-1.5%	1.0%	2.8%	0.9%	0.8%

Product & services for farming

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenue (external)	89.5	91.1	69.5	79.0	173.2	329.1
Revenue growth y-on-y	95.9%	165.3%	120.0%	28.2%	15.9%	90.0%
Operating profit	7.8	17.5	3.1	4.5	8.9	32.9
Operating margin	8.8%	19.2%	4.5%	5.6%	5.1%	10.0%

Agricultural production

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenue (external)	5.8	5.9	5.5	4.4	19.3	21.6
Revenue growth y-on-y	20.2%	11.8%	8.0%	7.6%	5.2%	12.0%
Operating profit	-0.5	-0.5	0.3	8.2	11.4	7.6
Operating margin	-8.1%	-7.7%	5.0%	185.8%	59.3%	35.0%

Food products

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenue (external)	78.6	82.6	79.2	80.1	72.0	320.6
Revenue growth y-on-y	355%	378%	345%	307%	-3%	345%
Operating profit	3.2	-3.4	0.0	0.2	-0.9	0.0
Operating margin	4.1%	-4.1%	0.0%	0.3%	-1.3%	0.0%

Other products

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenue (external)	8.0	9.5	8.4	8.2	0.1	34.2
Revenue growth y-on-y	61485%	22030%	21000%	na	465%	35500%
Operating profit	2.4	-0.6	0.8	0.9	-0.1	3.6
Operating margin	29.9%	-6.3%	10.0%	11.6%	-78.1%	10.5%

Income statement

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenues	440.0	415.8	399.4	365.2	942.4	1,620.5
Cost of sales	-402.4	-389.1	-371.5	-337.7	-891.2	-1,500.6
Gross profit	37.6	26.8	28.0	27.6	51.2	119.9
Operating expense	-24.0	-21.9	-22.4	-20.9	-38.4	-89.1
Other income	3.0	4.7	4.0	4.5	8.0	16.2
Other expenses	-2.2	-0.8	-4.2	6.7	-1.3	-0.5
Operating profit	14.4	8.8	5.4	17.9	19.6	46.5
<i>Financial net</i>	-1.6	-2.7	-3.0	-3.0	-2.8	-10.3
Pre-tax profit	12.8	6.0	2.5	14.9	16.8	36.2
Tax	-1.2	-1.8	-0.4	-2.1	-2.6	-5.6
Minority	-1.2	0.0	0.0	0.9	0.0	-0.3
Net profit	10.3	4.2	2.0	13.7	14.2	30.3
Depreciation	9.2	8.8	9.2	9.2	12.3	36.4
EBITDA	23.6	17.5	14.6	27.1	33.3	82.9

Growth

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Revenues y-on-y	83.8%	76.5%	68.8%	58.2%	43.3%	71.9%

Margins

	Q1-21/22	Q2-21/22	Q3-21/22E	Q4-21/22E	2020/21	2021/22E
Gross profit margin	8.5%	6.4%	7.0%	7.6%	5.4%	7.4%
EBITDA margin	5.4%	4.2%	3.7%	7.4%	3.5%	5.1%
Operating profit margin	3.3%	2.1%	1.4%	4.9%	2.1%	2.9%
Pre-tax profit margin	2.9%	1.4%	0.6%	4.1%	1.8%	2.2%
Net profit margin	2.3%	1.0%	0.5%	3.8%	1.5%	1.9%

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

Risk factors

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

Large acquisition

Large acquisitions entail challenges such as e.g., merging operations and corporate culture. There is no guarantee that the Kauno Grudai acquisition will be successful. If unsuccessful, our forecast is most likely too optimistic.

Financial leverage

Following the Kauno Grudai acquisition, our estimated Net debt to EBITDA multiple is above 4x, which could be regarded as high, although not uncommon following an acquisition. Worth noting is that LNA's pre-acquisition Net debt to EBITDA multiple has been higher than 4x so from this perspective it might be regarded as less of a risk factor.

Dividend policy

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

COVID-19

A setback in the COVID-19 recovery could affect the Food segment (poultry) negatively due to its exposure to the HORECA sector.

Supervisory structure

The absence of a Supervisory Board and lack of independent Management Board Members might result in a worsened corporate governance compared to companies who have a Supervisory Board and independent members on their board.

Counterparty risk

The Group enters forward contracts with farmers who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

Livestock

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

Russia – Ukraine risk

The company has relatively limited direct exposure to Russia, Ukraine, and Belarus (less than 10% by most metrics). However, negative indirect effects cannot be excluded.

Income Statement	19/20	20/21	21/22E	22/23E	23/24E
Net sales	658	942	1620	1682	1732
Total operating costs	-632	-909	-1538	-1599	-1648
EBITDA	26	34	83	82	84
Depr. & Amort.	-11	-14	-36	-37	-37
One-off EBIT items	0	0	0	0	0
EBIT	15	20	47	46	47
Financial net	-3	-3	-10	-11	-11
Pre-tax profit	12	17	36	35	36
Taxes	-2	-3	-6	-5	-6
Minority interest	0	0	0	0	0
Other items	0	0	0	0	0
Net profit	10	14	30	29	30

Balance Sheet	19/20	20/21	21/22E	22/23E	23/24E
Cash & equivalent	10	18	24	22	23
Receivables	116	114	194	202	208
Inventories	79	89	308	320	320
Other current assets	28	30	30	30	30
Total current assets	233	252	557	573	581
Tangible assets	152	151	220	208	199
Goodwill & Intg.	5	5	5	5	5
Lease & Inv. Prop.	0	0	24	29	33
Long-term Invest.	3	3	3	3	3
Associated comp.	0	0	0	0	0
Other LT assets	11	11	11	11	11
Total fixed assets	172	171	264	256	252
Total Assets	405	423	820	830	833
Accounts payable	48	64	178	185	191
Short-term IB debt	106	86	206	190	168
Other current liabilities	24	25	45	45	45
Total current liabilities	178	175	430	420	404
Long-term IB debt	19	13	111	103	91
Conv. & Lease liab.	20	27	28	29	33
Deferred tax liab.	1	1	1	1	1
Provisions	0	0	0	0	0
Other long-term liab.	8	9	9	9	9
Total long-term liab.	47	50	152	144	137
Total Liabilities	225	225	582	565	541
Minority interest	0	2	14	14	14
Shareholders' equity	180	195	225	251	278
Total liab. and equity	405	423	820	830	833

DCF valuation	Cash flow, mEUR		
WACC (%)	8.38 %	NPV FCF (2022-2024)	-109
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)	184
Sales CAGR	2.46 %	NPV FCF (2032-)	234
Avg. EBIT margin	2.68 %	Non-operating assets	7
Fair value per share (EUR)	1.21	Interest-bearing debt	-126
Share price (EUR)	0.95	Fair value estimate	191

Free Cash Flow	19/20	20/21	21/22E	22/23E	23/24E
Operating profit	15	20	47	46	47
Depreciation	11	14	36	37	37
Working capital chg	15	7	-164	-12	-1
Other CF items	-5	-2	-7	-7	-7
Operating Cash Flow	36	38	-88	63	76
Net investments	-31	-13	-105	-25	-29
Other items	2	1	3	0	0
Free Cash Flow	7	26	-190	38	47

Capital structure	19/20	20/21	21/22E	22/23E	23/24E
Equity ratio	44.5%	46.8%	29.1%	31.9%	35.1%
Debt / Equity ratio	80.0%	64.5%	153.8%	128.2%	105.1%
Gearing %	74.7%	54.6%	134.5%	113.1%	92.3%
Net debt/EBITDA	5.2	3.2	3.9	3.6	3.2

Profitability	19/20	20/21	21/22E	22/23E	23/24E
ROE	5.7%	7.6%	14.4%	12.4%	11.4%
FCF yield	7.6%	19.5%	-126.6%	25.4%	31.2%
EBITDA margin	3.9%	3.6%	5.1%	4.9%	4.9%
EBIT margin	2.3%	2.1%	2.9%	2.7%	2.7%
PTP margin	1.8%	1.8%	2.2%	2.1%	2.1%
Net margin	1.5%	1.5%	1.9%	1.8%	1.7%

Valuation	19/20	20/21	21/22E	22/23E	23/24E
P/E	9.8	9.3	5.0	5.1	5.0
P/E adjusted	9.8	9.3	5.0	5.1	5.0
P/Sales	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.4	0.3	0.3	0.3	0.2
EV/EBITDA	9.0	7.2	5.8	5.6	5.1
EV/EBIT	15.7	12.3	10.3	10.0	9.1
P/BV	0.5	0.7	0.7	0.6	0.5
P/BV tangible	0.6	0.7	0.7	0.6	0.6

Per share ratios	19/20	20/21	21/22E	22/23E	23/24E
EPS	0.06	0.09	0.19	0.19	0.19
EPS, adjusted	0.06	0.09	0.19	0.19	0.19
Operating CF/share	0.23	0.24	-0.56	0.40	0.48
Free Cash Flow/share	0.05	0.16	-1.20	0.24	0.30
BV/share	1.14	1.24	1.42	1.59	1.76
Tangible BV/share	1.13	1.22	1.41	1.57	1.74
Div. per share	0.00	0.01	0.02	0.02	0.03
Div. payout ratio	0.0%	11.2%	10.4%	10.8%	15.7%
Dividend yield	0.0%	1.2%	2.1%	2.1%	3.2%

Shareholders	Capital	Votes
Akola ApS (Denmark)	103.904	69.15 %
Darius Zupas	16.123	10.73 %
UAB INVL Asset Management	8.475	5.64 %

Key people	
CEO	Darius Zupas
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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Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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