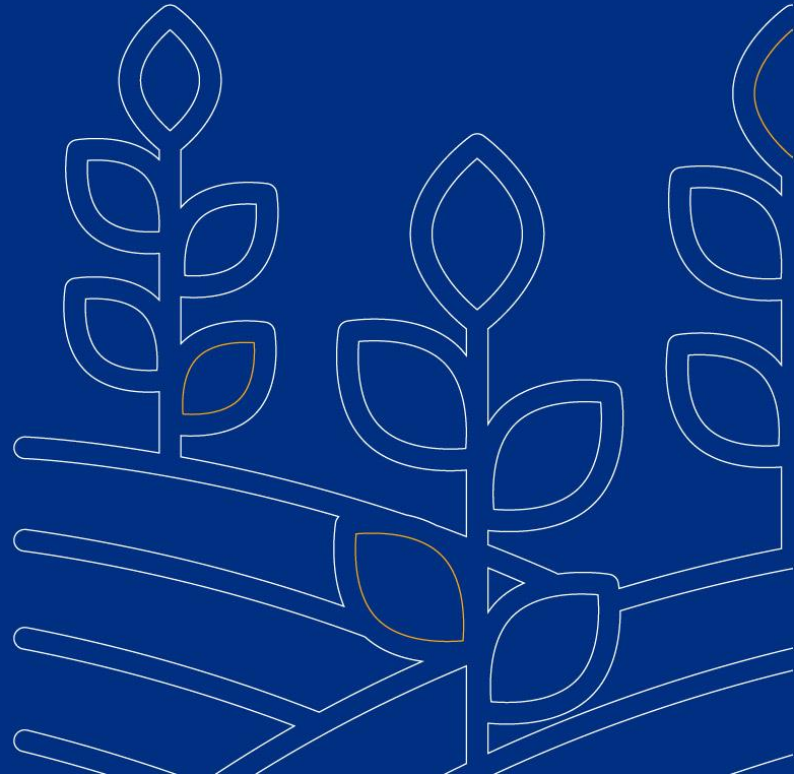


# AB Linas Agro Group

## Overview of activities and finance

for FY 2019/20 & 2020/21 Q1



# Today's presenter



## Mažvydas Šileika

### Finance Director & Contact for Investors

With 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



+370 619 19 403



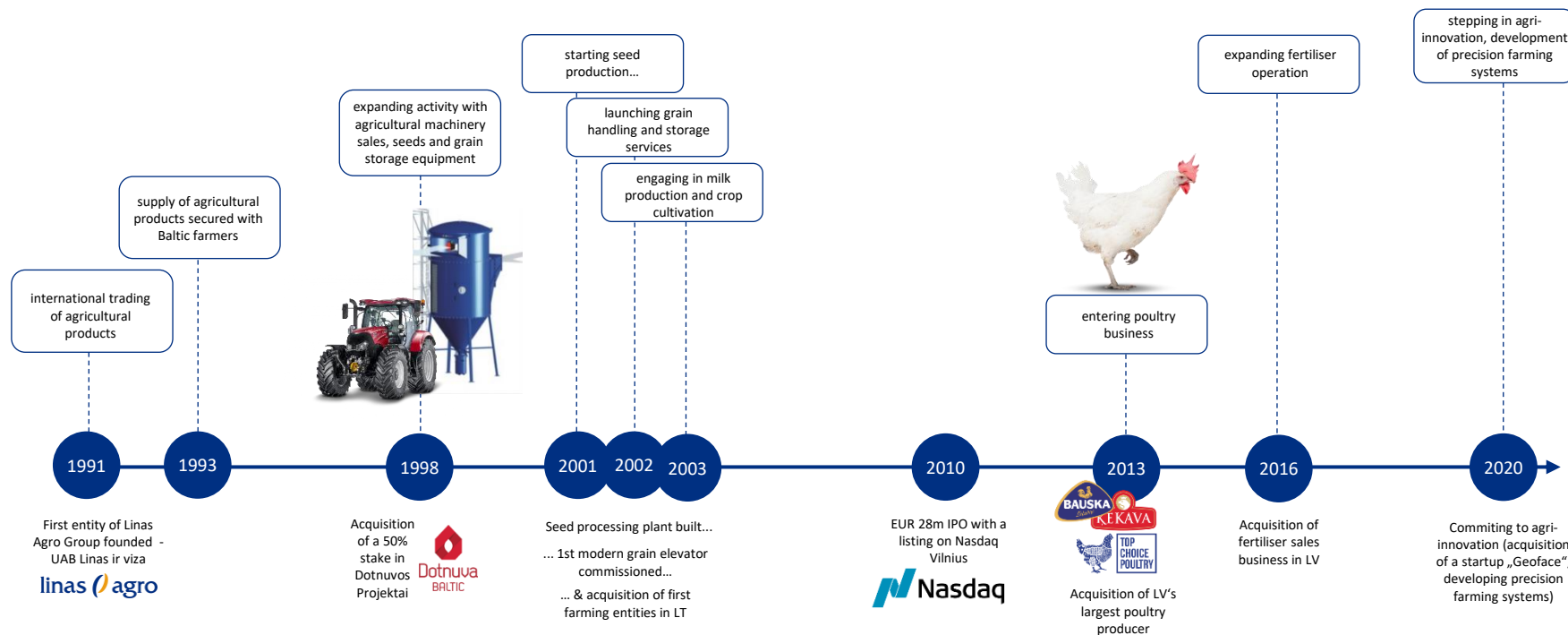
m.sileika@linasagro.lt

# We are international vertically integrated agribusiness and food Group



1991 Founded	2010 Listed since	2,103 employees
658 mEUR Consolidated revenue	25.9 mEUR Consolidated EBITDA	93.8 mEUR Market Capitalisation
331 ktons Grain storage capacity in own elevators	18.4 kha Arable land	2.23 m tons Sales volume

# Key milestones



# The Group we are today

AB „Linus Agro Group“ – controlling **39** companies\* in LT, LV, EE, UA.

## Grain, feedstuff and Agro inputs

**4** companies  
trading / merchandising  
LT, LV, EE, UA

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

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

## Agricultural production

**7** companies  
farming  
LT

**11** companies  
land holding  
LT

## Poultry

**6** companies  
breeding, slaughtering,  
production &  
merchandising  
LV, LT

## Agri-machinery & agri-innovation

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

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

After reporting period 30/06/2020:











- UAB Dotnuva Baltic acquired a startup, developing precision farming systems - UAB Geoface.

After reporting period 30/09/2020:

- Group established new subsidiary in Estonia - Linas Agro OU
- 21 land holding companies were sold

\*out of 39 companies, 2 are management companies; 3 dormant companies not included in the total

# Key segments

	 <b>Products &amp; services for farming</b>	 <b>Agricultural production</b>	 <b>Grain &amp; feedstuff handling &amp; merchandising</b>	 <b>Food products</b>
<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, as well as grain storage and logistics services	A whole cycle poultry business incl. chicken breeding, production and retail sale of chicken meat and its products, feed manufacturing
<b>Companies in the group</b>	 			 
<b>Geography of operation</b>	LT, LV, EE	LT	LT, LV, EE, UA	LT, LV
<b>Revenues</b>	156.1 mEUR / 24%	28.3 mEUR / 4%	418.9 mEUR / 64%	74.4 mEUR / 11%
<b>EBITDA</b>	4.8 mEUR / 19%	8.6 mEUR / 34%	9 mEUR / 35%	6.7 mEUR / 26%
<b>Total assets</b>	156.4 mEUR / 39%	89.7 mEUR / 22%	78.1 mEUR / 19%	62.4 mEUR / 15%
<b>Key customers and geographies</b>	Farmers  LT, LV, EE	Mostly Linas Agro Group companies  LT	Traders  LT, LV	Retailers, HORECA  LT, LV, Scandinavia
<b>Key projects</b>	<ul style="list-style-type: none"> <li>Development of intelligent farming system with the acquisition start-up GeoFace</li> <li>Investments into seed storage capacity expansion by Dotnuva Baltic</li> </ul>	<ul style="list-style-type: none"> <li>Modernisation of milk production in Labunava farming company</li> <li>Integration of Nemunas farming company</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Linas Agro subsidiary, expanding to Estonia with full package of agricultural products and services</li> </ul>	<ul style="list-style-type: none"> <li>Robotisation in production and logistics</li> <li>Energy saving projects</li> <li>Expansion of poultry production</li> </ul>

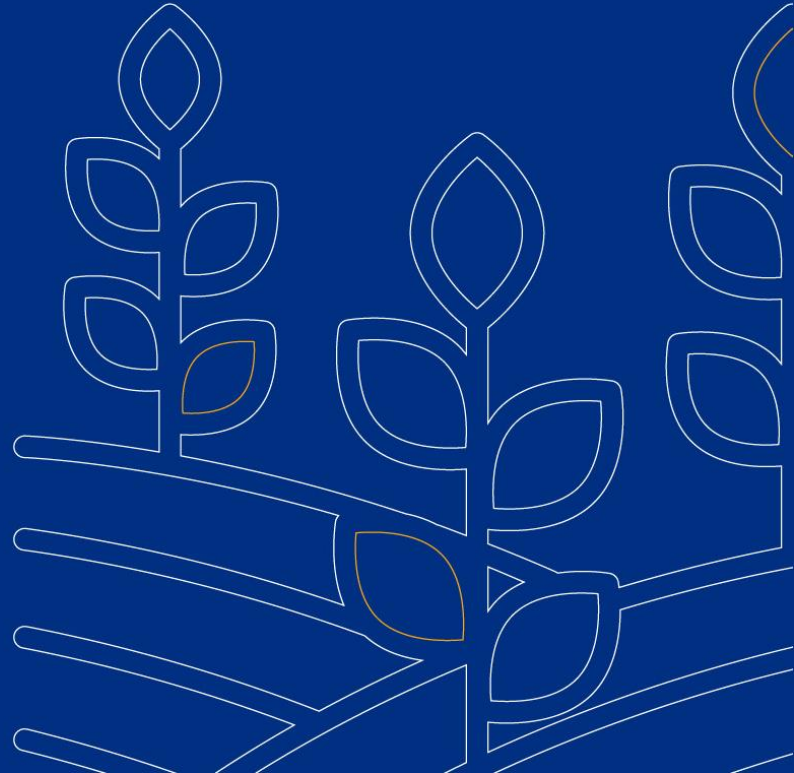
\*As per results of financial year ended on 30/06/2020

# Financial highlights

'2019/20

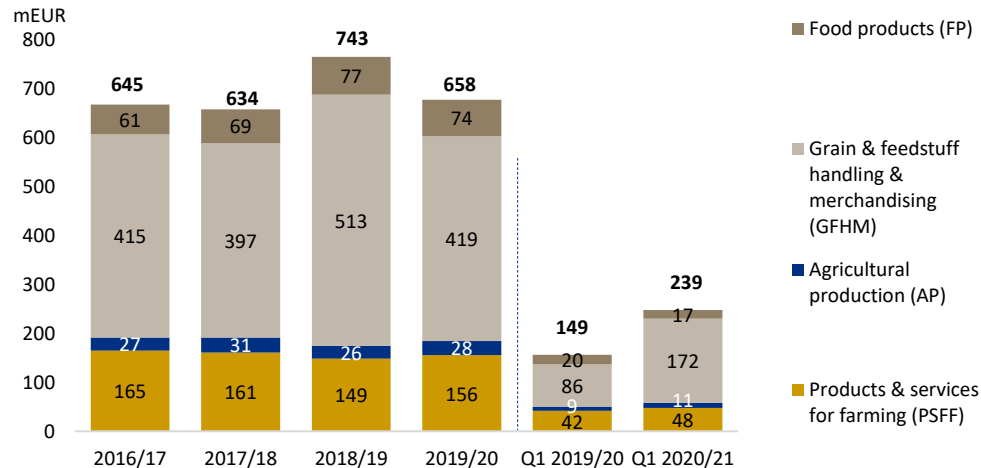
'2020/21 Q1

Fiscal year of the company starts on July 1st

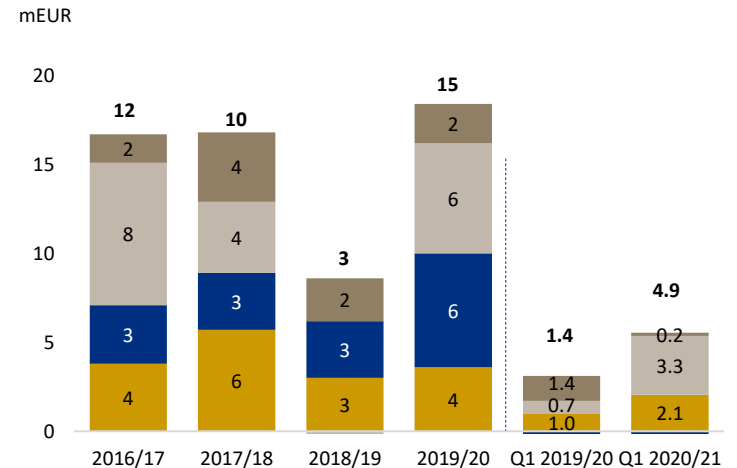


# Strong revenues and rebounding operating profit

## Revenue per segment



## Operating profit per segment



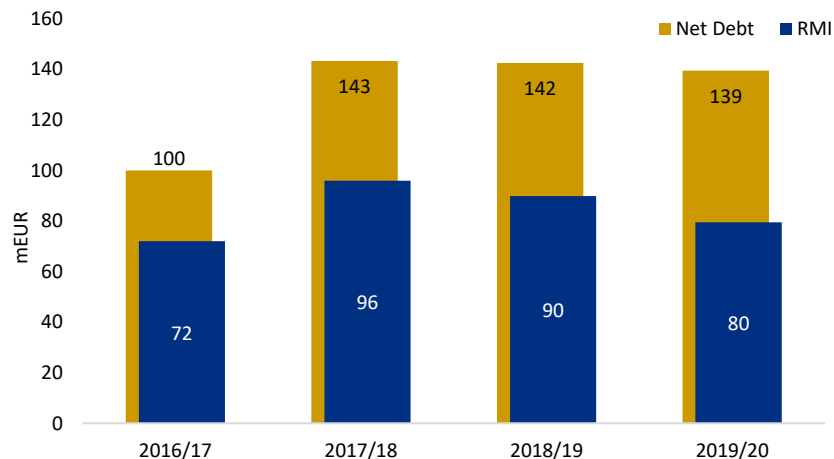
- Revenues rebounded for „PSFF“ and „AP“ segments during FY19/20, Q1 of FY 20/21 continues on the same note.
- „GFHM“ revenue represent active start of the year supported by strong harvest in the Baltics.
- Operating profit for Y19/20 showed positive developments through all the segments, trading activity rebounded from negative results last year.
- Q1 operating profit suggests that farmers financial situation became more stable, trading activity supported by record harvest.

Operating profit of „Grain & feedstuff handling & merchandising“ segment was negative in FY 1018/19  
 Operating profit of „Agricultural production“ segment was negative on Q1 of FY 2018/19 and FY 2019/20



# Firm Balance Sheet

## Debt portfolio



## Liquidity position

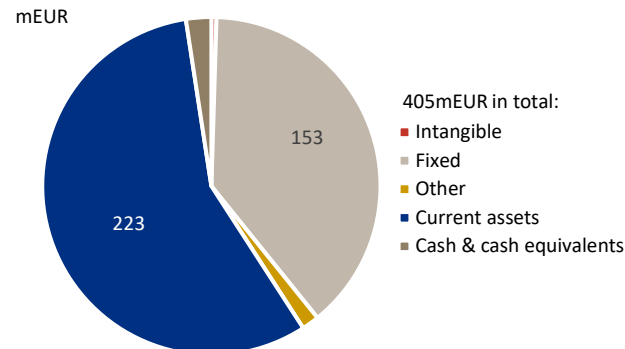
>160

mEUR total committed credit lines were available under contracts with the banks

RMI – Readily Marketable Inventories

\* Total assets as per 30/06/2020 dated Statements of financial position

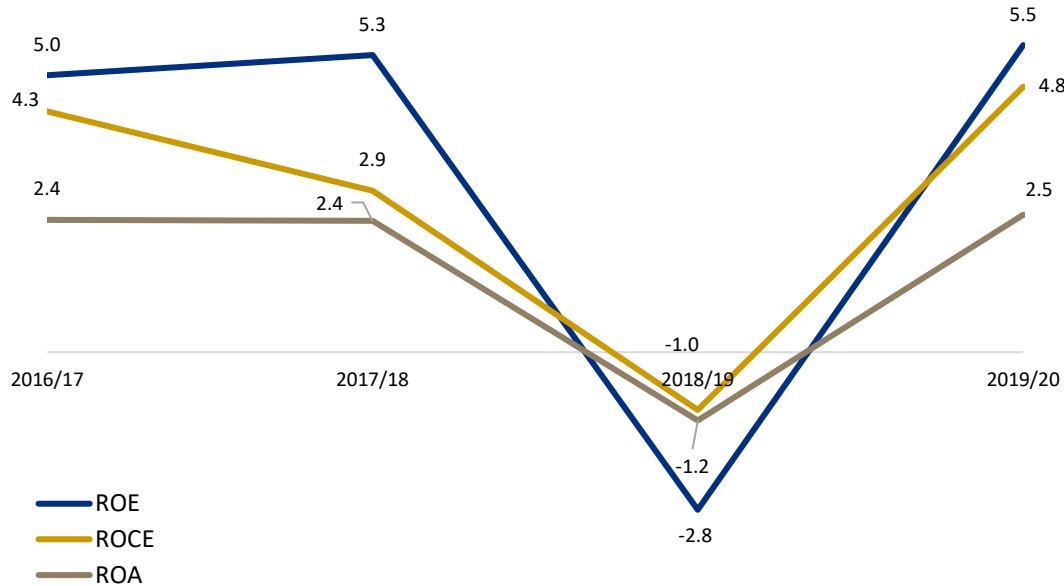
## Total assets\*



- 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 company: 181m EUR, Capital ratio 44%.
- Net financial debt/EBITDA – 5.4x (incl. IFRS16)

# Creating value to shareholders

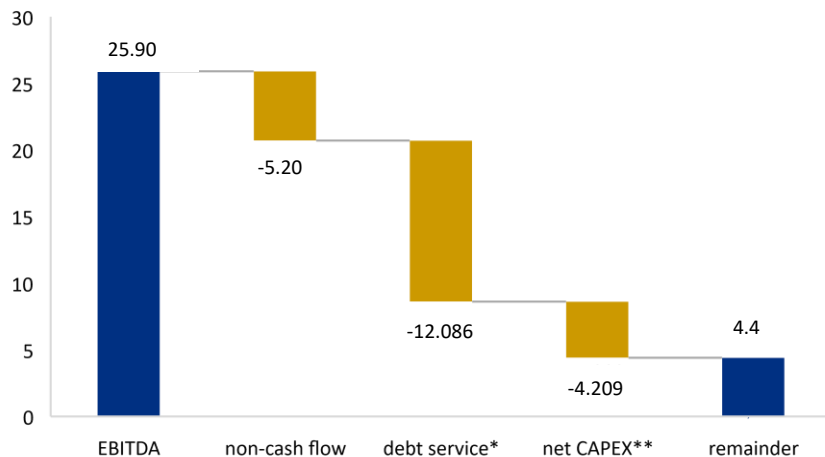
ROA, ROE, ROCE, %



- After loss making year the ratios rebounded closer to historical figures
- 5Y average: ROA 1.4%, ROE 3.1%, ROCE 2.8%.
- High focus of management for the return driven ratios, specific and comparable targets set

# Generating cash flow to drive value

## Generated cash flow



## & alternatives for it's allocation

- 1 Improving credit metrics
- 2 Investments
- 3 Dividends

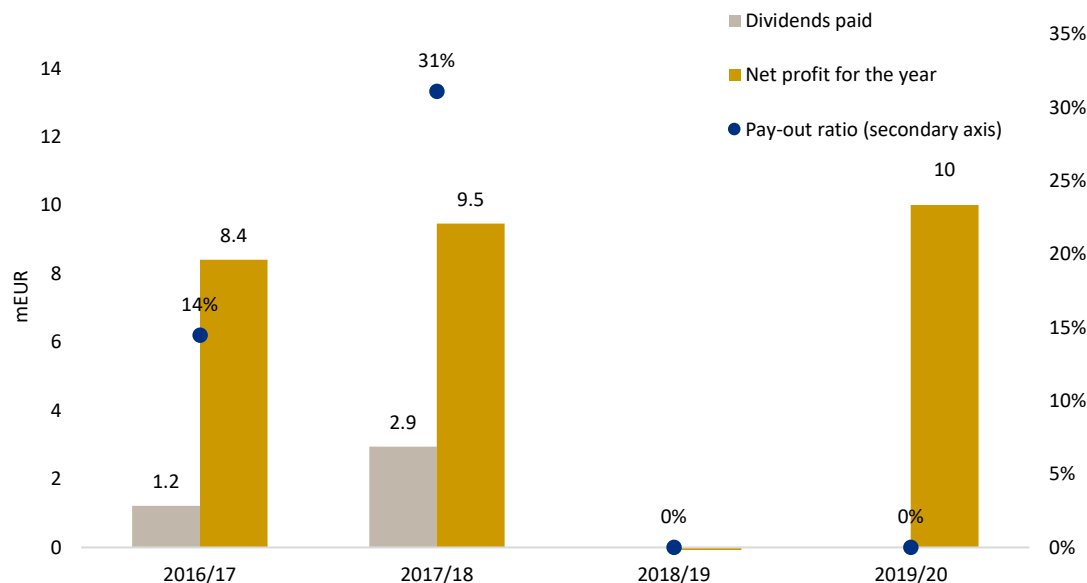
- 12.7 mEUR of investments were performed, out of which 8.5 mEUR were financed with new loans from the banks
- Financial cost flat y-o-y, financing margins increased marginally.
- Generated cash flow improving after 3 difficult years in Baltic agri sector.

\*debt service includes regular instalments and interest costs

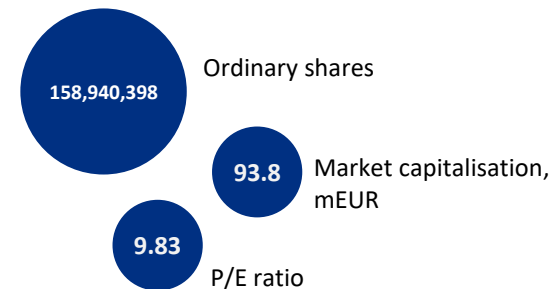
\*\*CAPEX financed with loans is not included

# Generated returns to shareholders

## Historically paid dividends and pay-out ratios



## The share of the company



- Two years in a row without dividends - for 2018/19 due to poor performance, this year due to Kauno Grūdai group acquisition preparation
- 5Y pay-out average – 16%

# Products and services for farming

Since 1993



Certified seed



Fertilizers



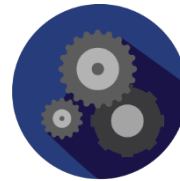
Plant protection



Grain storage facilities and farm equipment



Agricultural machinery

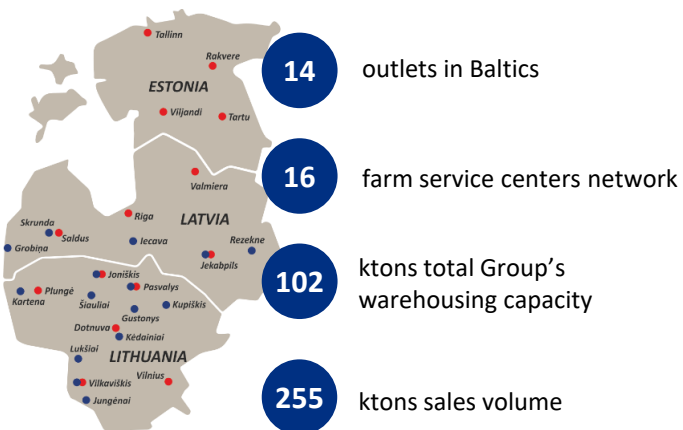


Spare parts and service

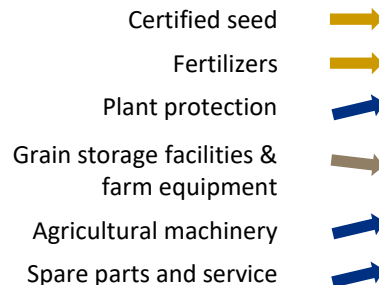
# Key data and latest developments

- New farmers service center in Ozolnieki (LV) opened
- New cooperation and representation agreements with “Innvigo”, “Mandam”, “Agrisem” & “MacDon” brands (Polish, French & Canadian producers in plant protection, agri machinery/equipment); initiated distribution of the latest generation BASF fungicides.
- Cooperation with UAB Ekodrena, agreeing to jointly develop regulated drainage business in the Baltics
- Higher activity in new equipment rent, planning intensive development of this line for the next financial year as well.
- **During Q1** of FY 2020/21: a) acquisition of start-up GeoFace b) construction of seed warehouse started c) 12.9 ktons of seeds were sold (+28.9%\*), volume of sold fertilizers and plant protection products increased as well (+5.1%\* and +27.4%\* respectively); sales of new and used agricultural machinery improved (+15%\* in LT, 50%\* in LV and 91%\* in EE).
- **Management expects:** operational profit of the segment for the FY 2020/21 to improve by 20% compared to FY 2019/20.

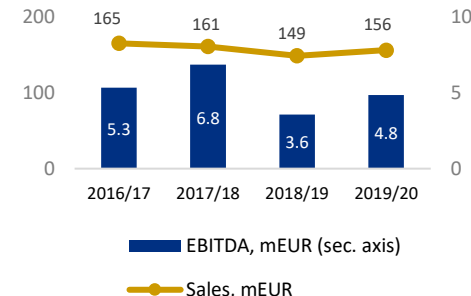
On 30/06/2020:



Key trends in sales of FY 2019/20:



Growing sales and rebounding earnings:



\*Compared to Q1 results of previous financial year ended on 30/06/2020  
UAB Ekodrena- manufacturer of drainage systems

# Agricultural production

Since 2003



Cereals growing



Rapeseed growing



Sugar beet  
growing



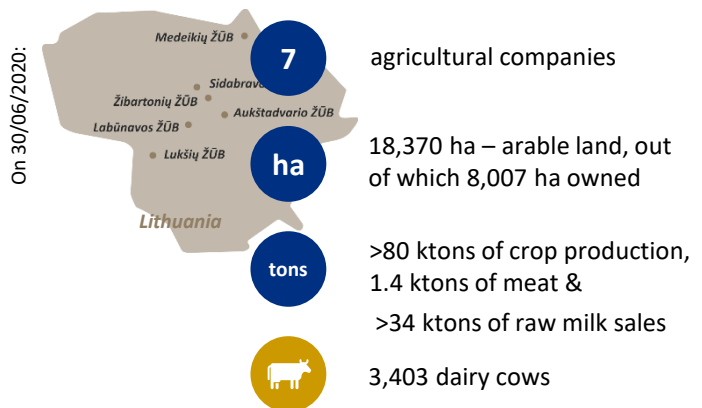
Milk  
production



Beef cattle  
rearing

# Key data and latest developments

- Agricultural company „Nemunas“ has been acquired during the reporting period.
- Milk production in agricultural company „Labūnava“ modernisation and robotisation.
- **During Q1** of FY 2020/21:
  - a) 96.5 ktons of plant production harvested (+40%\*), 8.8 ktons of milk produced (+8%\*);
  - b) for the harvest of FY 2020/21 over 10 thousand hectares were sown, reporting very good condition of most of the crops at the end of the reporting period;
  - c) milk purchase price slightly rebounded (+1%\*).
- **Management expects:** operational profit of the segment for the FY 2020/21 to improve by 20% compared to FY 2019/20.

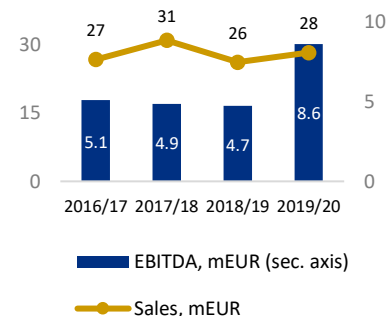


Key trends in sales of FY 2019/20:

- Crop production
- Milk production
- Beef cattle rearing



Fluctuating sales and improving earnings:



\* Compared to Q1 results of previous financial year ended on 30/06/2020



# Grain & feedstuff handling and merchandising

Since 1991



Grain



Oilseed



Feedstuff



Ecologic grain  
and oilseeds



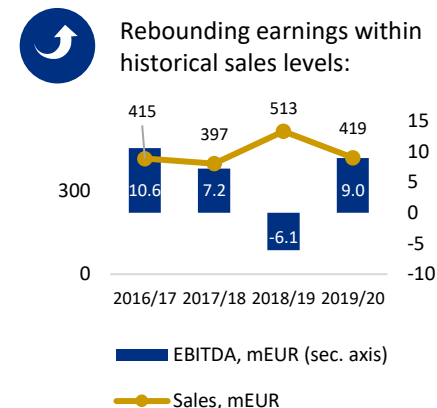
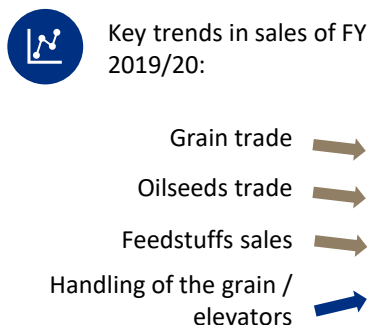
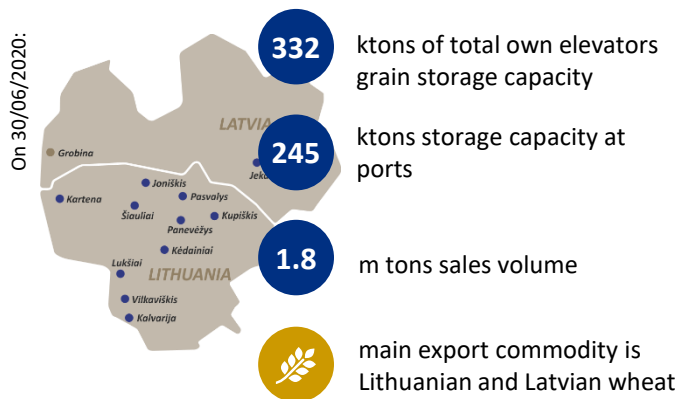
Grain storage and  
preparation



Logistic services

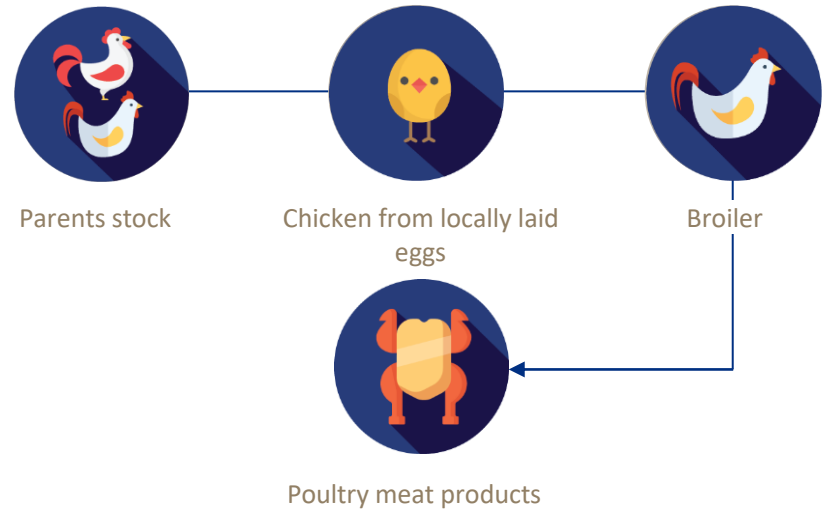
# Key data and latest developments

- Trade activity has been affected by the **COVID-19** pandemic as the countries closed their borders and value of some unsold stock has declined.
- Strict quarantine in Uzbekistan and Azerbaijan at the end of the season has temporarily slowed down the production of poultry and, simultaneously, soybean meal imports to these countries. As the global economy stopped, bioethanol consumption declined forming a surplus of maize in the global market. As a consequence, the EU introduced a customs duty on maize imports for a period of 3 months, resulting in small loss to the Group.
- **During Q1** of FY 2020/21: a) almost 513 ktons of grain were prepared for export in own group elevators (+37%\*); b) trade volume of traditional crops grew up to 538 ktons (+112%\*), volume of feedstuffs – up to 109 ktons (+36%\*).
- **Management expects:** operational profit of the segment for the FY 2020/21 to improve by 20% compared to FY 2019/20.



\* Compared to IQ results of previous financial year ended on 30/06/2020

Full manufacturing cycle



# Food products

Since 2013

# Key data and latest developments

- Due to the **COVID-19** and the quarantine introduced in various countries, poultry industry faced a production surplus and sharp fall in the price of it's individual parts. Adjusting to new environment, the Group reduced trade in fresh poultry meat and started producing more higher value-added products: new types of sausages, smoked products, salami sticks and a line of ready-to-cook marinated products on skewers.
- **During Q1** of FY 2020/21:
  - a) over 11 ktons of live weight poultry produced (0%\*), almost 8 ktons of poultry and its products sold(-4%\*);
  - b) average price of poultry meat sold by the Group decreased by 8% due to unfavorable situation on the domestic and main export markets (COVID-19 related).
- **Management expects:** operational profit of the segment for the FY 2020/21 to deteriorate by 15% compared to FY 2019/20.

On 30/06/2020:



Latvian poultry producer:  
**#1** - AS Putnu Fabrika Kekava  
**#2** - SIA Lielzeltini



46 ktons live weight of poultry produced, 32 ktons of meat and its products sold



raised without antibiotics



Latvian poultry market share

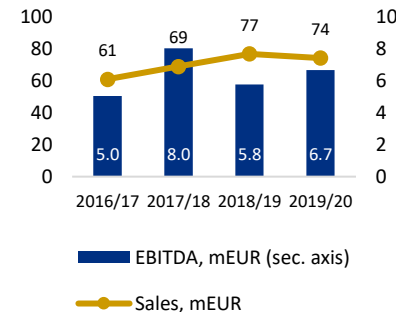


Key trends in sales of FY 2019/20:

Poultry meat products →



Stable sales and improving profitability:



\* Compared to Q1 results of previous financial year ended on 30/06/2020

# Drivers for coming year...

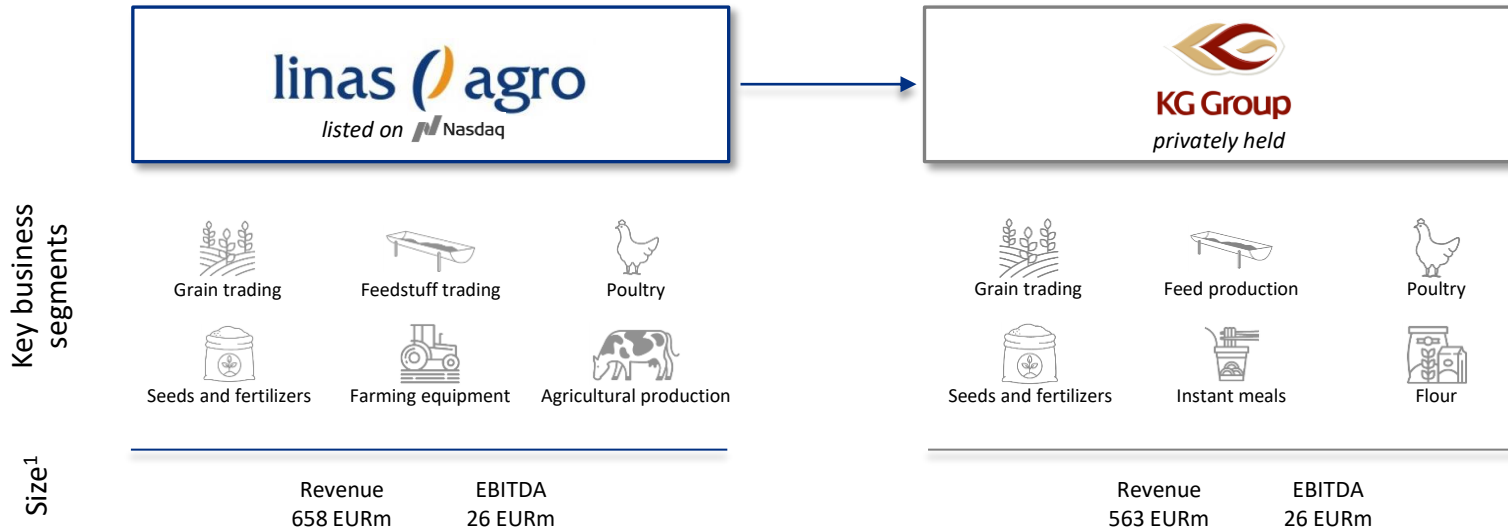
- EUR 13.8m investments are planned for FY 2020/21, allocated to:
  - Food 5.4 mEUR
  - Agri production 5.2 mEUR
  - Products and Services for farming 1.7 mEUR
  - Grain trade and merchandising 1.4 mEUR
- Launch of Geoface activity in upcoming Spring (LT, LV)

# ... & key developments after reporting

- A subsidiary company LINAS AGRO OU was founded expanding business in EE.
- Agreement with INVL Sustainable Timberland and Farmland Fund II was signed, agreeing to sell 100% shares of the companies, owning almost 2,002 ha of agricultural land plots in central Lithuania. The total amount of the transaction exceeded 13.6 EURm.
- Share purchase and sale agreements with the shareholders of AB Kauno Grūdai, AB Kaišiadorių Paukštynas and AB Vilniaus Paukštynas were signed, aiming to acquire the block stock of shares of these and related companies.

# Linus Agro Group is considering to acquire KG Group

KG Group - one of the largest privately held Baltic food & agriculture companies. The acquisition would solidify Linus Agro Group as the indisputable market leader with increased profitability



<sup>1</sup>For the last financial year: Linus Agro Group financial year ended on 2020 Jun 30, KG Group – 2019 Dec 31.

An aerial photograph of agricultural fields, showing various shades of brown and tan, indicating different crops or stages of harvest. A large, solid blue circle is overlaid in the center of the image. The text "Thank You" is written in white, sans-serif font within the blue circle. In the bottom left corner, there is a strip of green trees and a road.

Thank You