

Back in Black

After two years of Net losses, Auga lived up to expectations and swung to profits in 2020 (investors rewarded the turnaround with +22% share price gain). We foresee continued positive trend with double-digit earnings growth in 2021-23 driven by all segments.

Earnings growth ahead

Auga swung its 2019 Net loss of EUR 3.2m into a Net profit of EUR 0.9m in 2020. The Dairy segment stood for the biggest turnaround improving its Gross profit to EUR 0.4m in 2020 from a loss of EUR 1.9m in 2019. This year, we forecast Net profits to grow 4.8x to EUR 4.4m followed by a 57%, and 42% growth in 2022, and 2023, respectively.

Farming math indicate increasing Fair value

The low wheat avg. selling price in 2020 (due to large share of feed crops) must be applied to the FV formula in 2021. However, when wheat contracts are signed during 2021, the actual selling price is applied to the FV formula, which we estimate will lead to positive FV changes (due to larger share of food crops). We estimate EUR 5.1m in positive FV changes in 2021.

Valuation

Following the 2020 share price gain, Auga is valued in-line with peers. However, given our forecast double-digit earnings growth, a premium valuation could be motivated. Our Base case DCF indicate a Fair value of EUR 0.66 per share.

Key figures (MEUR)

	2019	2020	2021E	2022E	2023E
Net sales	71.1	83.1	93.3	104.7	113.9
Net sales growth	29.9%	16.8%	12.2%	12.2%	8.8%
EBITDA	15.7	21.1	24.9	27.3	30.0
EBITDA margin	22.0%	25.4%	26.7%	26.1%	26.3%
EBIT	-0.4	6.0	8.6	11.3	14.1
EBIT margin	-0.6%	7.2%	9.2%	10.8%	12.4%
EV/Sales	2.4	2.3	2.1	1.9	1.6
EV/EBITDA	11.1	9.2	7.8	7.2	6.2
EV/EBIT	na	32.1	22.7	17.3	13.2
P/E	na	110.0	22.4	14.3	10.0
P/BV	0.9	1.1	1.0	1.0	0.9
EPS	-0.02	0.00	0.02	0.03	0.04
EPS growth	na	na	375.79%	56.60%	42.38%
Div. per share	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

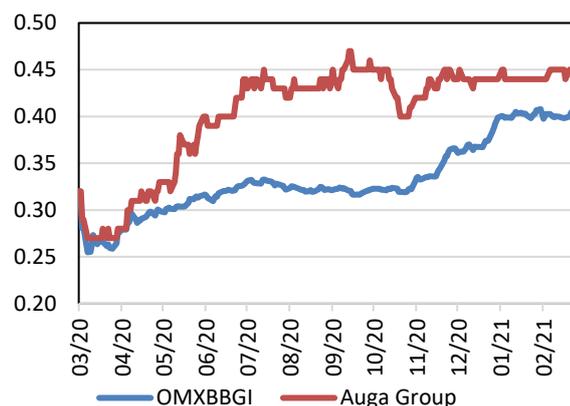
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 10%)	0.84
Base (term. EBIT marg. 8%)	0.66
Bear (term. EBIT marg. 6%)	0.40

Key Data

Price (EUR)	0.43
Ticker	AUG1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	97.79
Net debt (EURm)	96.06
Shares (m)	227
Free float	45.00 %



Price range

52-week high	0.47
52-week low	0.27

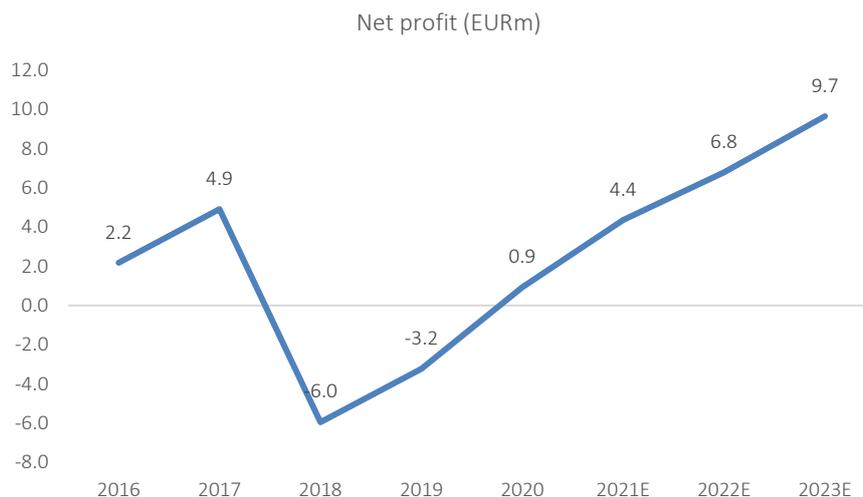
Analyst

ResearchTeam@enlightresearch.net

Q4 2020 Key takeaways

Back in Black

After two consecutive years of Net losses (mainly due to unfavourable weather), Auga posted a Net profit in 2020, and we predict the positive trend to continue. This year we forecast the Net profit to increase 4.8x to EUR 4.4m from EUR 0.9m in 2020 (still lower than 2017's level of EUR 4.9m). In 2022, and 2023, we forecast further Net profit improvement to EUR 6.8m, and EUR 9.7m, respectively, corresponding to a growth of around 40-60%.



Source: Company reports (outcome), Enlight Research (estimate)

All segments contribute

In addition to being the first year since 2017 with Net profits, the year 2020 was the first year since 2017 in which all segments were profitable at the Gross profit level as the Dairy segment swung from two consecutive years (2018-19) of losses into profits. The main reasons for the Dairy segment turnaround were improved cow productivity (milk yield +7 % y-on-y) and a higher share of milk sold at organic prices (94% in 2020 vs. 74% in 2019). We forecast all segments to continue to be profitable at the Gross profit level in our forecast period 2021-23.



Source: Company reports (outcome), Enlight Research (estimate)

Farming mathematics indicate increasing Fair value during 2021

According to the formula used to determine the Fair value of crops, the low 2020 wheat average selling price of EUR 208/t (decline 14% y-on-y) is applied when calculating the Fair value of crops for 2021, even though the wheat selling price is likely to come back up. Consequently, our 2021 estimated Fair value of crops is revised downwards resulting in a lowering of the Crop growing segment’s estimated 2021 Gross profit by EUR 2m from EUR 18m to EUR 16m. However, we see potential for positive crop Fair value adjustments during 2021 as once Auga start to sell its crops (on future contract basis), the contract price rather than the low 2020 average selling price can be applied in the Fair value calculation, which should lead to an upward Fair value adjustment once contracts are signed. The main driver behind a potentially higher contract price vs. 2020 average selling price is a higher share of food vs. feed wheat (in 2020, the share of lower priced feed wheat was 75% vs. the normal level of less than 50%).

Crop Fair value formula

The formula and assumptions used for crop fair value estimation are provided below:

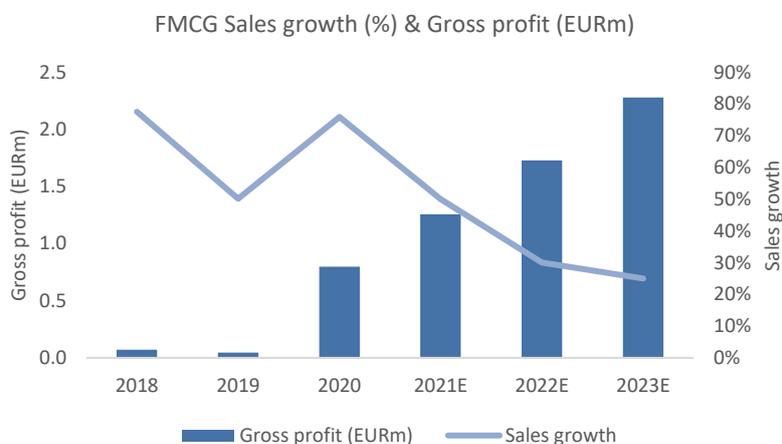
Fair value of the crop = Costs incurred + (Cultivated area in ha * forecasted average yield as tonnes per ha * forecasted grain price per tonne – cultivated area in ha * forecasted total cost per ha) * T * (1 - x), where:

- Cost incurred is cost actually incurred for particular crop during the season of 2019/2020 as of 31 December 2020.
- Cultivated area in ha is the area of particular crop seeded and expected to be harvested.
- Forecasted average yield in tonnes per ha is the expected yield for a particular crop based on the current season’s results.
- Forecasted grain price per tonne – average sales prices in contracts for the 2019/2020 season harvest. 96% of the current year’s harvest has been contracted at the date of this report’s publication.
- Forecasted total cost per ha. The current level of accumulated costs adjusted by average historical cost levels of 2018 - 2020 were used for fair value estimation. It is expected that costs will remain at a similar level as that recorded in the previous periods..
- T is the portion of time that has already passed from sowing date until the forecasted harvest date expressed as a percentage. As of 31 December 2020 the average completion percentage estimated was around 37% depending on the crop.
- X is an adjustment parameter for possible unexpected negative effects to the harvest. 20% was used in fair value estimations as of 31 December 2020.

Source: Company reports

Packaged food segment set to deliver +1m in Gross profit

Following the 2020 sales growth of 76% and the Gross profit growth of 17x to EUR 0.8m, we forecast the Fast-moving consumer goods (FMCG) segment to grow sales 50% this year with a Gross profit of EUR 1.3m, which means it is becoming a significant contributor to the Auga Group (from being insignificant in 2018-19). We believe 2022-23 will be additional years of double-digit sales growth and increasing Gross profits (up to EUR 1.7m in 2022 and EUR 2.3m in 2023). Our 2021 estimated Gross margin is 17.0% and is expected to increase by one percentage point in 2022, and 2023 i.e., be 19% in 2023.



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

DCF valuation indicate upside

Following strong performance in 2020 (+22%), the Auga share is valued in-line with peers based on EV/EBITDA, however, our DCF valuation indicate a Base case Fair value of EUR 0.66 per share, implying an upside of around 50%. Our Bear and Bull case indicate Fair values of EUR 0.40 and EUR 0.84, respectively. The difference between our three scenarios is the EBIT margin, which is 8% in our Base case, while it is 6% in our Bear case and 10% in our Bull case. We believe the market has yet to appreciate the long-term prospects of Auga's sustainable food focus, as well as the short-term earnings growth, and hence the short-term peer valuation indicates the share is fairly valued while the long-term DCF imply a substantial upside.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	6.3%	6.3%	6.3%
Terminal sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	6.0%	8.0%	10.0%
Fair Value per share	0.40	0.66	0.84

Source: Enlight Research

Auga peers

Company	Ticker	Ccy	Price (last)	Mcap (m)	EV/Sales 2019	EV/Sales 2020	EV/Sales 2021E	EV/Sales 2022E	EV/EBITDA 2019	EV/EBITDA 2020	EV/EBITDA 2021E	EV/EBITDA 2022E
FirstFarms A/S	FFARMS	DKK	63.80	482	2.8	2.8	2.7	2.69	10.5	10.1	10.3	10.3
Linas Agro	LNA1L	EUR	0.57	90	0.3	0.4	0.4	0.35	32.2	9.9	8.2	8.6
Kernel	KER	USD	13.86	1,164	0.5	0.5	0.4	0.39	6.2	4.8	3.5	4.0
Orior AG	ORON	CHF	76.60	499	1.1	1.1	1.1	1.06	10.9	12.8	10.7	10.2
Fodelia	FODA	EUR	7.60	54	3.0	2.6	1.8	1.49	25.1	35.3	16.2	14.1
Podravka D.D.	PODR	HRK	518	3622	1.0	1.0	1.0	0.95	8.6	8.3	8.1	8.0
Agroton Public	AGT	USD	1.69	37	0.8	0.8	0.8	0.80	20.2	4.1	5.1	4.6
ASTARTA Hold.	AST	EUR	9.52	231	0.9	1.1	0.9	0.94	5.5	4.1	3.0	3.2
Adecoagro	AGRO	USD	8.34	979	2.1	2.2	2.0	1.87	6.1	6.4	6.2	5.6
BF Spa	BFG	EUR	3.98	652	6.3	6.2	6.2	6.10	64.0	58.1	56.8	56.8
Bonduelle	BON	EUR	20.70	662	0.5	0.5	0.5	0.48	6.5	6.2	6.6	6.1
Average					1.8	1.7	1.6	1.6	17.8	14.6	12.2	11.9
Average excluding extremes					1.3	1.3	1.2	1.1	11.1	10.2	7.8	7.5
Auga Group	AUG1L	EUR	0.43	98	2.4	2.3	2.0	1.8	11.1	9.2	7.9	7.3

Source: Enlight Research (Auga), MarketScreener, Prices as of 8 March 2021

Q3 report deviations

Deviation by segment

The Q4/20 Crop growing segment sales came in 7% or EUR 0.7m lower than our estimate (EUR 9.5m vs. 10.1m), as the wheat yield was lower than expected (4.11t/ha vs. 4.67t/ha). The Q4/20 Mushroom growing segment sales came EUR 1.6m or 19% below our estimate. The main reason for the lower than expected Mushroom sales was declining demand from the restaurant client group (covid). The Q4/20 Dairy segment sales of EUR 2.6m was in-line with our estimate, while the End-Consumer packaged goods segment came in slightly below our estimate in absolute numbers (EUR 0.3m below estimate).

The Q4/20 Crop growing segment Gross profit was 13% below forecast (EUR 2.7m vs. estimate EUR 3.1m) due to lower sales (Crop sales was also 7% below estimates). The Mushroom growing segment Q4/20 Gross profit was EUR 0.5m or 57% below our forecast. In addition to lower demand from the catering sector, an increased demand for packaged mushrooms (covid effect) increased cost of goods sold which reduced the gross margin to 5% (10% est.). The negative Gross profit deviations for the Crop growing and Mushroom growing segments was to a large extent offset by better than expected profits from the Dairy and End-consumer packaged goods segments. The Dairy segment Gross profit was EUR 0.3m higher than expected and the End-consumer packaged goods segment was EUR 0.2m better than expected.

Sales by Segment (EURm)	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	%
Crop growing	10.1	9.5	-0.7	-6.5%
Mushroom growing	8.7	7.1	-1.6	-18.6%
Dairy farming	2.6	2.6	0.0	1.4%
End-Consumer packaged goods	1.8	1.6	-0.3	-14.1%
Group sales	23.2	20.7	-2.5	-10.7%

Sales growth	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	-22.2%	-27.3%	nm	-508
Mushroom growing	14.7%	-6.6%	nm	-2129
Dairy farming	3.7%	5.1%	nm	143
End-Consumer packaged goods	87.2%	60.8%	nm	-2643
Group sales growth	-3.5%	-13.9%	nm	-1035

Gross profit by Segment (EURm)	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	%
Crop growing	3.1	2.7	-0.420	-13.4%
Mushroom growing	0.9	0.4	-0.494	-56.8%
Dairy farming	0.0	0.4	0.318	920.7%
End-Consumer packaged goods	0.3	0.5	0.229	81.5%
Group gross profit	4.3	3.9	-0.368	-8.5%

Gross margin by Segment	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	30.9%	28.6%	na	-227
Mushroom growing	10.0%	5.3%	na	-471
Dairy farming	1.3%	13.4%	na	1203
End-Consumer packaged goods	15.5%	32.8%	na	1727
Group gross margin	18.6%	19.0%	na	46

Source: Company reports (outcome), Enlight Research (estimate)

Group deviation

The Q4/20 Group revenues came in 11% below our forecast, which was more than offset by EUR 3.3m lower than estimated Cost of Sales (EUR 18m vs. est. 21m). However, lower than expected Gain from Fair value of biological assets and agri produce resulted in a slightly lower Gross profit (EUR 3.9m vs. forecast of EUR 4.3m).

The slightly negative deviation of EUR 0.4m at the Gross and Operating profit lines turned into a positive deviation of EUR 0.2m at the Pre-tax profit line as the financing costs were EUR 0.6m lower than forecast (EUR 1.0m vs est. 1.6m). The main reason for the lower finance costs was the re-financing of bank loans totaling EUR 38m made in Q3/20. A positive income tax increased the positive deviation at the Net profit line to EUR 0.7m meaning the Q4/20 Net profit was EUR 0.5m vs. our estimated loss of EUR 0.2m.

P&L (EURm)	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	%
Revenues	23.228	20.736	-2.5	-10.7%
Cost of sales	-21.055	-17.770	3.3	-15.6%
Gain(loss) FV Bio. assets & Agri. Produce	2.144	0.982	-1.2	-54.2%
Gross profit	4.316	3.948	-0.4	-8.5%
Operating expenses	-3.011	-2.950	0.1	-2.0%
Other income	0.151	0.054	-0.1	-64.2%
Operating profit	1.456	1.052	-0.4	-27.7%
Finance cost	-1.600	-0.990	0.6	-38.1%
Share of associates	0.000	0.001	0.0	
Pre-tax Profit	-0.144	0.063	0.2	-143.7%
Income tax	0.000	0.442	0.4	
Non-controlling interest	-0.032	-0.007	0.0	-78.1%
Net profit	-0.176	0.498	0.7	-382.7%
Depreciation, Amortisation, Impairment	3.728	4.078	0.4	9.4%
EBITDA	5.185	5.130	-0.1	-1.1%

Growth	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	Bps
Sales	-3.5%	-13.9%	44.2%	-1035

Margins	Q4/20	Q4/20	Difference	
	Estimate	Outcome	EURm	Bps
EBITDA margin	22.3%	24.7%	nm	242
Gross margin	18.6%	19.0%	nm	46
Operating margin	6.3%	5.1%	nm	-119
Pre-tax Profit margin	-0.6%	0.3%	nm	92
Net margin	-0.8%	2.4%	nm	316

Source: Company reports (outcome), Enlight Research (estimate)

Estimate changes

Our sales estimates are adjusted downward by 7-9% in the forecast period 2021-23E. Our Gross profit estimate is lowered by 8-9% in the forecast period, mainly to reflect a lower assumed wheat price, however, as stated in the Key takeaways, there is potential upside to our Crop growing Gross profit estimates if the share of food grade wheat returns to normal levels above 50% (resulting in an increased average selling price). Our EBIT forecast is lowered by 17-22% in the forecast period due to higher operating costs, while the EPS is lowered by EUR 0.01 each year 2021-23.

Estimate changes

Sales	2021E	2022E	2023E
Old estimate	100.4	113.6	125.2
New estimate	93.3	104.7	113.9
Change	-7.1	-8.9	-11.2
Change (pct)	-7.1%	-7.9%	-9.0%

Gross profit	2021E	2022E	2023E
Old estimate	22.2	27.2	31.4
New estimate	20.3	24.6	28.6
Change	-1.9	-2.6	-2.9
Change (pct)	-8.5%	-9.4%	-9.1%

EBIT	2021E	2022E	2023E
Old estimate	10.6	14.4	16.9
New estimate	8.6	11.3	14.1
Change	-2.1	-3.1	-2.8
Change (pct)	-19.4%	-21.5%	-16.7%

EPS	2021E	2022E	2023E
Old estimate	0.02	0.04	0.05
New estimate	0.02	0.03	0.04
Change	-0.01	-0.01	-0.01
Change (pct)	-21.1%	-23.2%	-10.7%

Source: Company reports (outcome), Enlight Research (estimate)

Risk factors

COVID-19

COVID-19 and similar pandemics pose a risk to the supply chain rather than the demand for food. For example, if employees get sick, the ability to produce needed quantities could be affected. Also, disturbances in the ability to deliver goods across borders could affect the ability to transport goods to clients.

Weather

The risk of adverse meteorological conditions may significantly affect the yield of agricultural products and thereby negatively affect the financial result.

Quality of harvest

In addition to the harvest yield, the quality of the harvest is important as lower quality usually means lower prices. For example, if the share of feed wheat exceeds 50%, then our forecast is most likely too optimistic under our Base and Bull case scenarios.

Demand

A prolonged economic downturn could affect the prices and hence demand for organic food products, which most likely would affect the company's result.

EU subsidies

The Group receives significant income from EU subsidies and if these were to be lowered or taken away, the result of the group would be negatively affected. Given the recently announced EU Fork to Farm Strategy, the subsidy risk has decreased in our view.

Livestock

The risk of a severe animal disease is not factored into our estimates. If one of Auga's dairy farms is hit by a severe animal disease, our dairy segment estimates, will most likely have to be adjusted downwards.

Income Statement	2019	2020	2021E	2022E	2023E
Net sales	71	83	93	105	114
Total operating costs	-55	-62	-68	-77	-84
EBITDA	16	21	25	27	30
Depreciation	-16	-15	-16	-16	-16
Amortizations (total)	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	0	6	9	11	14
Associated companies' profit/loss	0	0	0	0	0
Net financial items	-5	-6	-4	-4	-4
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	-5	1	5	7	10
Net earnings	-5	1	4	7	10

Balance Sheet	2019	2020	2021E	2022E	2023E
Assets					
Cash and cash equivalent	4	3	3	3	3
Receivables	13	15	19	22	24
Inventories	29	31	39	47	51
Other current assets	16	17	17	17	17
Current assets	62	65	77	89	95
Tangible assets	92	97	91	88	88
Associated Companies	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
O intangible rights	0	3	3	3	4
O non-current assets	15	11	11	11	11
Total non-current assets	144	146	149	155	162
Deferred tax assets	1	1	1	1	1
Total (assets)	207	212	228	245	259
Liabilities					
Short-term debt	37	20	19	17	10
Non-ib current liabilities	13	16	23	31	46
O current liabilities	5	5	5	5	5
Current liabilities	55	42	47	53	61
Long-term debt	21	40	37	33	21
Lease liabilities	36	34	44	52	60
O long-term liabilities	5	3	3	3	3
Convertibles	0	0	0	0	0
Total Liabilities	81	85	87	89	85
Deferred tax liabilities	0	1	1	1	1
Provisions	0	0	0	0	0
Shareholders' equity	90	91	96	103	112
Minority interest (BS)	0	0	0	0	0
Minority and equity	90	92	96	103	113
Total (liabilities)	207	212	228	245	259

DCF valuation		Cash flow, mEUR	
WACC (%)	6.05 %	NPV FCF (2020-2022)	35.05
		NPV FCF (2023-2029)	71.38
		NPV FCF (2030-)	129.86
		Non-operating assets	2.16
		Interest-bearing debt	-94.53
		Fair value estimate	143.92
Assumptions 2020-2026 (%)			
Average sales growth	6.04 %	Fair value e. per share (EUR)	0.66
EBIT margin	11.55 %	Share price (EUR)	0.43

Free Cash Flow	2019	2020	2021E	2022E	2023E
Net sales	71	83	93	105	114
Total operating costs	-55	-62	-68	-77	-84
Depreciations total	-16	-15	-16	-16	-16
EBIT	0	6	9	11	14
Taxes on EBIT	0	-1	0	-1	-1
NOPLAT	0	5	8	11	13
Depreciation (neg.)	16	15	16	16	16
Gross cash flow	16	20	24	27	29
Change in wc	-2	-1	-5	-3	8
Gross capex (neg.)	-3	-7	-11	-13	-15
Free cash flow	3	4	8	10	22

Capital structure	2019	2020	2021E	2022E	2023E
Equity ratio	43.6%	43.3%	42.2%	42.1%	43.6%
Debt / Equity ratio	104.8%	103.3%	103.2%	98.3%	80.8%
Capital invested	144.2	150.2	148.7	149.3	140.6
Capital turnover rate	0.3	0.4	0.4	0.4	0.4

Profitability	2019	2020	2021E	2022E	2023E
ROE %	-5.2%	1.0%	4.7%	6.9%	9.1%
ROCE%	-0.3%	3.3%	4.5%	5.7%	6.9%
ROC%	-0.3%	3.6%	5.4%	7.1%	9.0%
EBITDA %	22.0%	25.4%	26.7%	26.1%	26.3%
EBIT %	-0.6%	7.2%	9.2%	10.8%	12.4%
Net Margin	-6.6%	1.1%	4.7%	6.5%	8.6%

Valuation	2019	2020	2021E	2022E	2023E
EV	173.4	193.4	194.2	195.9	185.5
P/E	-17.7	110.0	22.4	14.3	10.0
P/E diluted	-17.7	110.0	22.4	14.3	10.0
P/Sales	1.2	1.2	1.0	0.9	0.9
EV/Sales	2.4	2.3	2.1	1.9	1.6
EV/EBITDA	11.1	9.2	7.8	7.2	6.2
EV/EBIT	-394.0	32.1	22.7	17.3	13.2
P/BV	0.9	1.1	1.0	1.0	0.9

Per share measures	2019	2020	2021E	2022E	2023E
EPS	-0.02	0.00	0.02	0.03	0.04
EPS, adjusted	-0.02	0.00	0.02	0.03	0.04
CEPS	0.05	0.08	0.09	0.10	0.11
Operating CF/share	0.06	0.09	0.08	0.10	0.16
Capital empl./share	0.63	0.66	0.65	0.66	0.62
BV/share	0.39	0.40	0.42	0.45	0.49
Tangible BV/share	0.39	0.40	0.42	0.45	0.49
Div. per share	0.00	0.00	0.00	0.00	0.00
Payout	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Shareholders	Capital	Votes
UAB Baltic Champs Group	53.823	55.04 %
European Bank for Reconstruction and Development	8.517	8.71 %
UAB ME Investicija	8.185	8.37 %
Žilvinas Marcinkevičius	6.845	7.00 %

Key people

CEO	Kestutis Juscius
CFO	Mindaugas Ambrasas
IR	Mindaugas Ambrasas
Chairman	Dalius Misiunas

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

Disclaimer

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).

This report is commissioned by the company covered in this report which means Enlight Research OÜ receives compensation to write research on the company. The compensation is pre-determined and does not depend on the content in the report. This report is not to be considered investment research under MiFID regulations. Enlight Research OÜ does not issue investment recommendations or advice.

This report is for informational purposes only i.e. it should not be considered as an offer to sell or buy. Investors are encouraged to make their own research and not rely solely on this report when making their investment decisions. The decision to invest or not to invest is fully the responsibility of the investor i.e. Enlight Research OÜ takes no responsibility nor gives any guarantees with regards to investment decisions made by investors. Investing in equities entails risk e.g. the price of an equity decreases. Past performance is not a guarantee for future performance.

This report is based on information and sources that Enlight Research OÜ deemed to be reliable. However, Enlight Research OÜ cannot guarantee the accuracy or completeness of the information. All forward-looking statements and financial forecasts entail uncertainty and are subject to change without notice. Enlight Research OÜ accept no liability for any loss or damage resulting from the use of this report.

The analyst(s) writing this report own shares in the company in this report: Yes

The analyst(s) responsible for this report are not allowed to trade in any financial instruments of the company in this report until one trading day after the analyst report has been published, or if other conflict of interest exist e.g. advisory related.

Investors should assume that Enlight Research OÜ is seeking, or is performing, or have performed advisory services or other revenue generating services for the company in this report. An analyst's compensation is never directly related to advisory projects. An analyst working on advisory projects will be taken over the "Chinese wall" as soon as relevant regulations and/or guidelines require this.

The document may not be copied, reproduced, distributed, or published to physical or legal entities that are citizens of or domiciled in any country where relevant laws and/or regulations prohibit this.

This report may not be copied, reproduced, distributed, or published other than for personal reasons without written permission by Enlight Research OÜ. To apply for permission, send an email to below address:

ResearchTeam@enlightresearch.net

© Copyright 2019 Enlight Research OÜ



Follow on Twitter

@ResearchEnlight

Contact information

ResearchTeam@EnlightResearch.net