

Winner on higher grain prices

We foresee higher grain prices to boost the Crop growing segment's profits. Furthermore, a continued strong growth for the FMCG segment and a pandemic related recovery for the Mushroom segment could additionally improve the bottom line.

Grain price to boost profits

In 2020, the ICG Grains & Oilseeds Index (GOI) increased 31% and Auga's Crop growing segment Gross profit increased 14%. At the end of Q1/21, the y-on-y increase in the GOI index was 36%, while Auga's Crop growing segment Q1/21 gross profit increased 15%. Since Q1/21 the GOI index y-on-y increase has accelerated and hence, we forecast the Crop growing segment to increase its Gross profit by 19% this year.

FMCG, a star in the making

The FMCG segment (e.g., organic soups, porridges) increased its Q1/21 gross profit more than 6x compared to last year as the Gross margin increased to 26.6% from 6.5%. We believe the +20% Gross margin seen in Q1/21 is sustainable and forecast the FMCG segment to become the second largest segment by 2023.

Relative valuation fair, DCF indicate upside

Following a strong share performance (+35% 1-yr), Auga is valued in line with peers. Our Base case DCF Fair value is unchanged at EUR 0.66 per share indicating an upside of +25%. This implies that Auga should trade at a premium to peers which we believe is motivated given its focus on sustainability and fast growing FMCG segment.

Key figures (MEUR)

| | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------------|---------|-------|---------|--------|--------|
| Net sales | 73.0 | 83.1 | 88.6 | 99.1 | 107.5 |
| Net sales growth | 33.4% | 13.7% | 6.6% | 11.9% | 8.5% |
| EBITDA | 15.7 | 20.8 | 23.3 | 27.5 | 30.1 |
| EBITDA margin | 21.5% | 25.0% | 26.3% | 27.8% | 28.0% |
| EBIT | -0.4 | 6.9 | 8.7 | 11.2 | 13.9 |
| EBIT margin | -0.6% | 8.3% | 9.8% | 11.3% | 12.9% |
| EV/Sales | 2.4 | 2.3 | 2.4 | 2.2 | 1.9 |
| EV/EBITDA | 11.0 | 9.3 | 9.2 | 7.8 | 6.8 |
| EV/EBIT | -394.0 | 28.0 | 24.6 | 19.3 | 14.8 |
| P/E adj. | -17.7 | 57.0 | 29.8 | 18.8 | 12.6 |
| P/BV | 0.9 | 1.1 | 1.2 | 1.2 | 1.1 |
| EPS adj. | -0.02 | 0.01 | 0.02 | 0.03 | 0.04 |
| EPS growth adj. | -34.67% | nm | 123.93% | 58.50% | 49.39% |
| 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% |

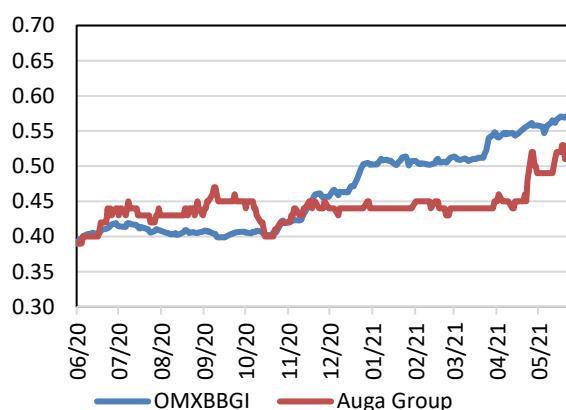
Source: Company data, Enlight Research estimates

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) | 0.52 |
| Ticker | AUG1L |
| Country | Lithuania |
| Listed | Vilnius (Lithuania) |
| Market Cap (EURm) | 118.26 |
| Net debt (EURm) | 95.29 |
| Shares (m) | 227 |
| Free float | 45.00 % |



Price range

| | |
|--------------|------|
| 52-week high | 0.53 |
| 52-week low | 0.39 |

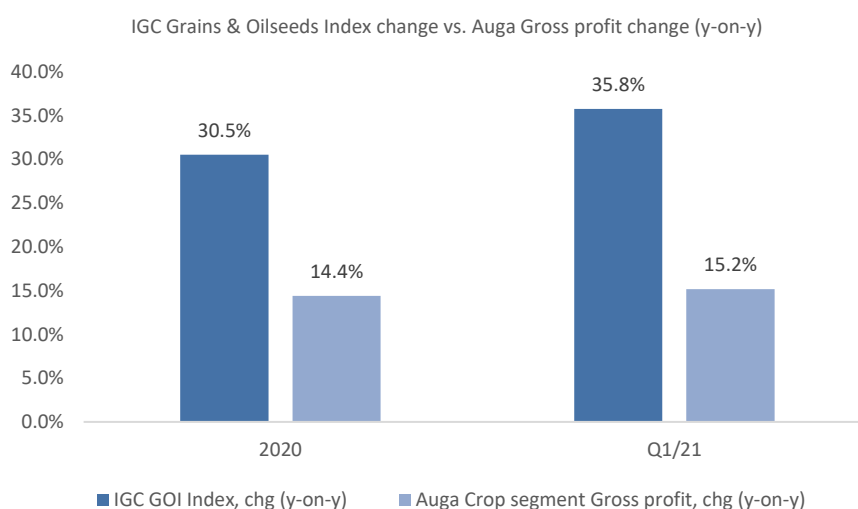
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Key takeaways

Grain prices tailwinds the Crop growing segment

We believe the International Grains Council's Grains & Oilseeds Index (GOI) is a good indicator for the direction of Auga's Gross profit. The GOI index consists of seven commodities whereof five are cultivated by Auga corresponding to 91% of the index in terms of weight (see table below). In 2020, the GOI index was up 30.5% which can be compared to Auga's 2020 Gross profit increase of 14.4%. At the end of Q1/21, the GOI index was up 35.8% y-on-y, while Auga's Q1/21 Gross profit increased by 15.2% y-on-y. The difference in the GOI index and Auga's Gross profit comes from other important factors such as e.g., crop yield, cost per hectare, and area of cultivated land. On the back of higher grain prices, we forecast the Crop growing segment's Gross profit to increase by 19% in 2021 to EUR 15.4m, followed by a 16%, and 15% increase in 2022, and 2023, respectively.



Source: IGC, Company reports

IGC Grains and Oilseeds Index (GOI)

| Commodity | GOI Weight (%) | Auga crop | Relevant Weight (%) |
|-----------------|----------------|-----------|---------------------|
| Wheat | 28.0 | yes | 28.0 |
| Maize | 22.7 | yes | 22.7 |
| Barley * | 4.7 | yes | 4.7 |
| Sorghum | 1.5 | no | n.a. |
| Rice | 7.4 | no | n.a. |
| Soyabeans ** | 33.1 | yes | 33.1 |
| Rapeseed/Canola | 2.6 | yes | 2.6 |
| TOTAL | 100.0 | | 91.1 |

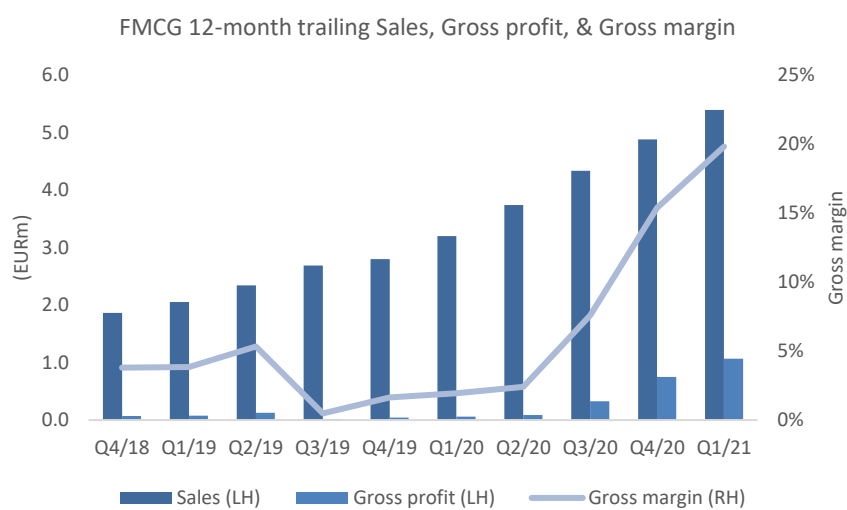
Source: IGC

| Crop Growing segment | 2020 | 2021E | 2022E | 2023E |
|-----------------------------|------|-------|-------|-------|
| Gross profit (EURm) | 12.9 | 15.4 | 17.8 | 20.5 |
| whereof change in FV (EURm) | 7.1 | 6.2 | 7.8 | 8.7 |
| Price per ton (EUR) | | | | |
| Wheat | 208 | 225 | 230 | 238 |
| Legumes | 353 | 355 | 357 | 360 |
| Other cash crops | 174 | 180 | 185 | 190 |
| Price per ton, chg | | | | |
| Wheat | -14% | 8% | 2% | 3% |
| Legumes | -1% | 1% | 1% | 1% |
| Other cash crops | -4% | 3% | 3% | 3% |

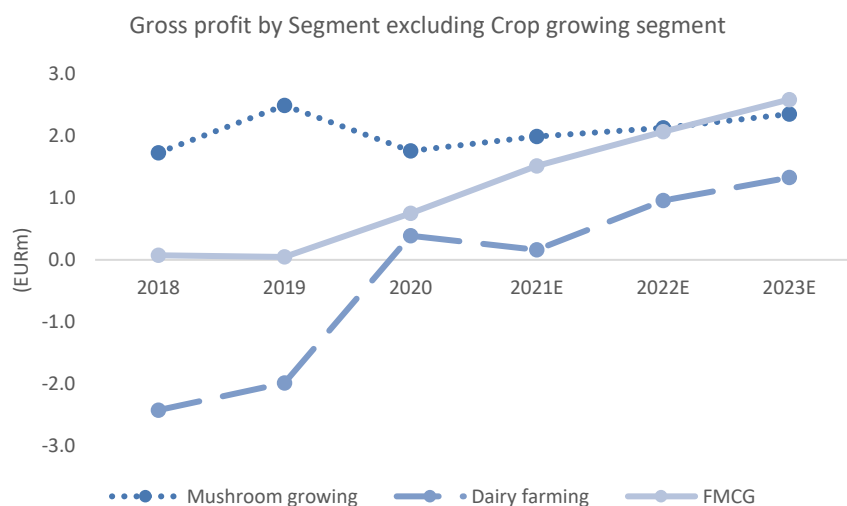
Source: Company reports, Enlight Research

FMCG, a rising star

We believe the FMCG (fast moving consumer goods) segment is on its way to reach critical mass in terms of sales which is starting to have a positive effect on margins. In Q1/21, the FMCG segment posted a sales increase of 56% y-on-y with an even higher Gross margin increase of 540% y-on-y as the Gross margin expanded to 26.6% from 6.5%. For the full-year 2021, we forecast the FMCG segment to improve its Gross margin to 20.0% from 15.4% in 2020, and further improve to 21.0% in 2022-23. At the webinar, management mentioned that the large orders received last year are likely to continue this year and might even increase as the larger clients are rolling out Auga’s products to more regions. By 2023, we foresee the FMCG segment to surpass the Mushroom segment in terms of Gross profit and become the second largest segment in the group following the Crop growing segment. In our view, the FMCG segment is the rising star of Auga Group.



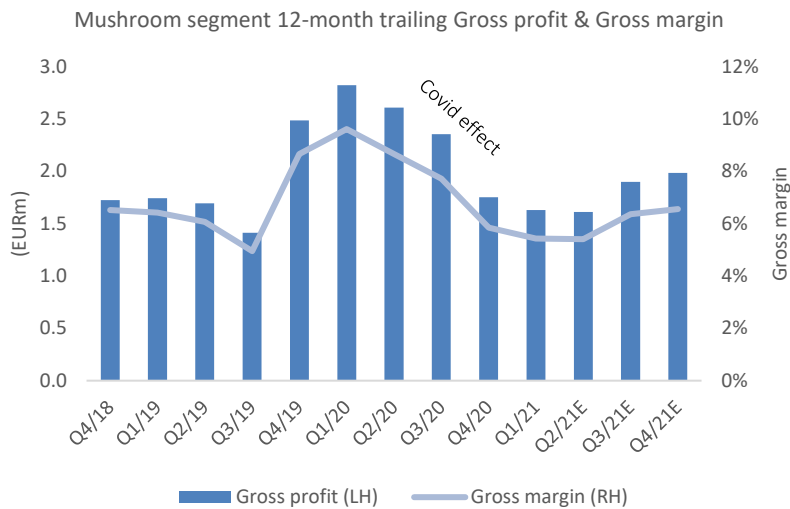
Source: Company reports



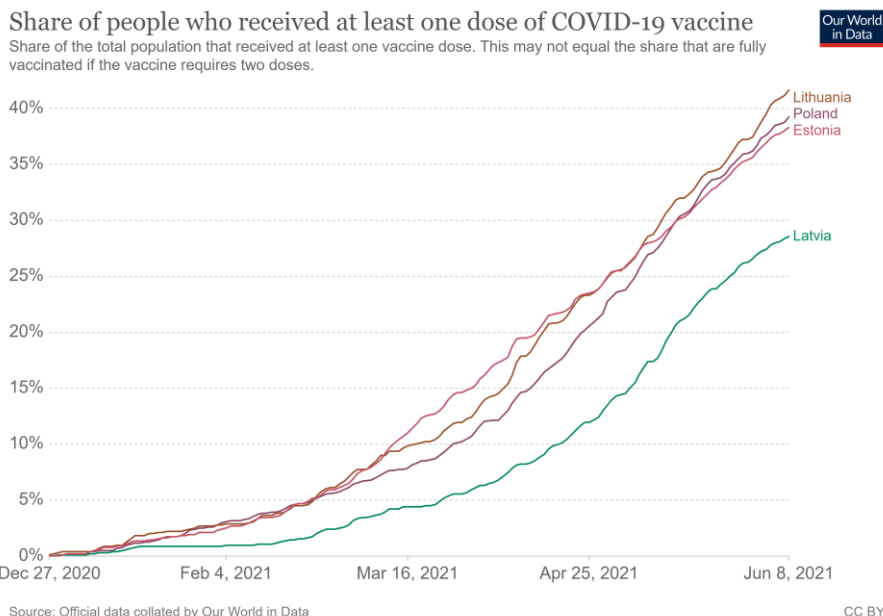
Source: Company reports

The Mushroom segment is staging a turnaround

With a 12-month trailing Gross profit increase of 62% y-on-y in Q1 last year, the Mushroom segment was in a strong positive trend before the pandemic. However, since the start of the pandemic, the 12-month trailing Gross profit has deteriorated to EUR 1.6m as of Q1/21, corresponding to a y-on-y decline of 42%. This drop is mainly due to Covid-related shutdowns in the HORECA (hotels, restaurants, cafes) sector. In our view, the gradual re-opening of the economies should lead to a recovery of the HORECA sector. According to the latest Lithuanian regulation updated on 1 June 2021, restaurants, cafes, bars, and restaurants where food and drinks are consumed outside, can now be open from 7.00 to 24.00. Given that Lithuania’s vaccination rate (percentage of population that received at least one dose of Covid-19 vaccine) is around 40% and that the daily number of new cases have dropped dramatically recently (see chart on next page), we forecast a recovery of the Mushroom segment’s Gross profit in Q3/21 with a sequential increase of 18% followed by a sequential increase of 5% in Q4/21.



Source: Company reports, Enlight Research

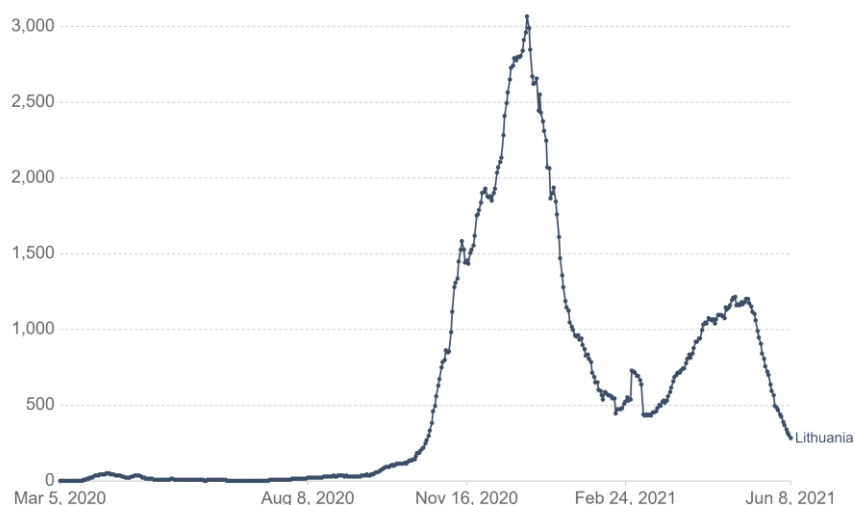


Source: Official data collated by Our World in Data

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Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



Source: Johns Hopkins University CSSE COVID-19 Data

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DCF valuation indicate upside

Following the strong share price performance in 2020 (+22%) and year-to-date (+19%), 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 25%. 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 and hence the short-term peer valuation indicates the share is fairly valued while the long-term DCF imply a substantial upside. In addition, we do not believe the long-term potential of the FMCG segment is reflected in the relative valuation.

| 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 peer valuation

| Company | Ticker | Ccy | Price (last) | Mcap (m) | EV/Sales 2020 | EV/Sales 2021E | EV/Sales 2022E | EV/Sales 2023E | EV/EBITDA 2020 | EV/EBITDA 2021E | EV/EBITDA 2022E | EV/EBITDA 2023E |
|----------------|--------|-----|--------------|----------|---------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| FirstFarms | FFARMS | DKK | 72.20 | 546 | 3.2 | 3.0 | 2.78 | 2.74 | 16.4 | 13.5 | 12.7 | 11.9 |
| Linas Agro | LNA1L | EUR | 0.57 | 90 | 0.4 | 0.4 | 0.36 | 0.36 | 11.0 | 9.1 | 9.4 | 9.3 |
| Kernel | KER | USD | 15.47 | 1,300 | 0.6 | 0.5 | 0.41 | 0.41 | 5.1 | 2.9 | 3.8 | 4.5 |
| Orior AG | ORON | CHF | 82.60 | 537 | 1.1 | 1.1 | 1.08 | 1.06 | 12.9 | 11.2 | 10.5 | 10.1 |
| Fodelia | FODA | EUR | 7.72 | 54 | 2.6 | 1.7 | 1.37 | 1.27 | 35.9 | 16.4 | 11.9 | 11.1 |
| Podravka | PODR | HRK | 592 | 4139 | 1.0 | 1.0 | 1.02 | 1.01 | 8.7 | 8.7 | 8.6 | 8.5 |
| Agroton | AGT | USD | 2.14 | 46 | 0.5 | 1.1 | 0.65 | 0.63 | 1.1 | 4.0 | 4.0 | 3.6 |
| ASTARTA NV | AST | EUR | 11.47 | 279 | 1.1 | 1.0 | 0.98 | 1.01 | 3.7 | 2.9 | 3.3 | 4.0 |
| Adecoagro | AGRO | USD | 11.43 | 1,341 | 2.5 | 2.7 | 2.43 | 2.23 | 7.3 | 7.7 | 7.4 | 6.7 |
| Bonduelle | BON | EUR | 21.90 | 700 | 0.5 | 0.5 | 0.50 | 0.48 | 6.3 | 6.8 | 6.3 | 5.9 |
| Average | | | | | 1.4 | 1.3 | 1.2 | 1.1 | 10.8 | 8.3 | 7.8 | 7.6 |
| Auga Group | AUG1L | EUR | 0.52 | 119 | 2.6 | 2.4 | 2.2 | 2.0 | 10.2 | 9.1 | 7.7 | 7.1 |

Source: Enlight Research (Auga), MarketScreener, Prices as of 11 June 2021

Q3 report deviations

Deviation by segment

The Q1/21 Crop growing segment sales came in 15.3% or EUR 1.0m above our estimate (EUR 7.5m vs. 6.5m), supported by increasing grain prices. The Q1/21 Mushroom growing segment sales came in EUR 0.7m or 8.7% below our estimate. The main reason for the lower than expected Mushroom sales are Covid related issues in the HORECA sector and the Russian market. The Q1/21 Sales for the Dairy segment and the FMCG segment were roughly in line with forecast.

The Q1/21 Crop growing segment Gross profit was 24% below forecast (EUR 3.4m vs. estimate EUR 4.5m) due to higher than estimated legumes costs. The Q1/21 Gross profit for the Mushroom growing segment and the Dairy segment were in line with our forecast in absolute numbers, while the FMCG segment came in EUR 0.3m above forecast.

| Sales by Segment (EURm) | Q1/21 | Q1/21 | Difference | |
|-------------------------|-------------|-------------|------------|-------------|
| | Estimate | Outcome | EURm | % |
| Crop growing | 6.5 | 7.5 | 1.0 | 15.3% |
| Mushroom growing | 8.0 | 7.3 | -0.7 | -8.7% |
| Dairy farming | 3.2 | 3.3 | 0.1 | 2.6% |
| FMCG | 1.5 | 1.4 | 0.0 | -2.3% |
| Group sales | 19.1 | 19.5 | 0.4 | 1.8% |

| Sales growth | Q1/21 | Q1/21 | Difference | |
|---------------------------|--------------|--------------|------------|------------|
| | Estimate | Outcome | EURm | Bps |
| Crop growing | 7.5% | 24.0% | nm | 1649 |
| Mushroom growing | 9.3% | -0.3% | nm | -955 |
| Dairy farming | 15.3% | 18.3% | nm | 294 |
| FMCG | 60.0% | 56.3% | nm | -371 |
| Group sales growth | 12.3% | 14.4% | nm | 208 |

| Gross profit by Segment (EURm) | Q1/21 | Q1/21 | Difference | |
|--------------------------------|------------|------------|---------------|---------------|
| | Estimate | Outcome | EURm | % |
| Crop growing | 4.5 | 3.4 | -1.088 | -24.1% |
| Mushroom growing | 0.5 | 0.5 | -0.037 | -7.0% |
| Dairy farming | 0.3 | 0.2 | -0.044 | -17.6% |
| FMCG | 0.1 | 0.4 | 0.247 | 188.7% |
| Group gross profit | 5.4 | 4.5 | -0.923 | -17.0% |

| Gross margin by Segment | Q1/21 | Q1/21 | Difference | |
|---------------------------|--------------|--------------|------------|-------------|
| | Estimate | Outcome | EURm | Bps |
| Crop growing | 69.2% | 45.5% | na | -2365 |
| Mushroom growing | 6.7% | 6.8% | na | 13 |
| Dairy farming | 7.8% | 6.3% | na | -154 |
| FMCG | 9.0% | 26.6% | na | 1760 |
| Group gross margin | 28.4% | 23.1% | na | -525 |

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

Group deviation

The Q1/21 Group revenues was 1.8% above our estimate. However, the Gross profit was 17% or EUR 0.9m below our forecast due to EUR 0.8m higher than expected Cost of sales and EUR 0.5m lower than expected Gain from Biological assets & Agri produce.

The Q1/21 EBITDA was EUR 1.0m or 15.1% below our estimate, while the Operating profit was EUR 0.6m lower than forecast. The EUR 0.6m Operating profit deviation followed through to the Net profit line that was EUR 0.7m below our estimate. In percentage terms, the 50% negative deviation at the Net profit line seems dramatic, however, in absolute euro terms, the EUR 0.7m deviation appears less dramatic. Nevertheless, we lower our EPS forecast following the report (see below Estimate changes section).

| P&L (EURm) | Q1/21 | Q1/21 | Difference | |
|---|--------------|--------------|-------------|---------------|
| | Estimate | Outcome | EURm | % |
| Revenues | 19.138 | 19.483 | 0.3 | 1.8% |
| Cost of sales | -15.253 | -16.019 | -0.8 | 5.0% |
| Gain(loss) FV Bio. assets & Agri. Produce | 1.547 | 1.043 | -0.5 | -32.6% |
| Gross profit | 5.432 | 4.507 | -0.9 | -17.0% |
| Operating expenses | -2.871 | -2.526 | 0.3 | -12.0% |
| Other income | 0.125 | 0.121 | 0.0 | -3.2% |
| Operating profit | 2.686 | 2.102 | -0.6 | -21.7% |
| Finance cost | -1.250 | -1.435 | -0.2 | 14.8% |
| Share of associates | 0.000 | 0.000 | 0.0 | |
| Pre-tax Profit | 1.436 | 0.667 | -0.8 | -53.6% |
| Income tax | -0.085 | 0.000 | 0.1 | -100.0% |
| Non-controlling interest | 0.000 | 0.011 | 0.0 | |
| Net profit | 1.352 | 0.678 | -0.7 | -49.8% |
| Depreciation, Amortisation, Impairment | 4.078 | 3.638 | -0.4 | -10.8% |
| EBITDA | 6.764 | 5.740 | -1.0 | -15.1% |

| Growth | Q1/21 | Q1/21 | Difference | |
|--------|----------|---------|------------|-----|
| | Estimate | Outcome | EURm | Bps |
| Sales | 12.3% | 14.4% | 8.5% | 203 |

| Margins | Q1/21 | Q1/21 | Difference | |
|-----------------------|----------|---------|------------|------|
| | Estimate | Outcome | EURm | Bps |
| EBITDA margin | 35.3% | 29.5% | nm | -588 |
| Gross margin | 28.4% | 23.1% | nm | -525 |
| Operating margin | 14.0% | 10.8% | nm | -325 |
| Pre-tax Profit margin | 7.5% | 3.4% | nm | -408 |
| Net margin | 7.1% | 3.5% | nm | -358 |

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

Estimate changes

Our Sales estimates are adjusted downward by 3-4% in the forecast period 2021-23E, as we lower our Mushroom segment sales by around 13%. Our Gross profit estimate is lowered by 6-7% in the forecast period, due to a downward adjustment for all segments except the FMCG segment where we raise our sales forecast by 2.5%. Our EBIT forecast is roughly unchanged as lower Operating expenses offset the downward adjustment at the Gross profit line. However, higher assumed finance costs means our EPS forecast is lowered by 9% for this year, 8% for 2022, and 4% for 2023.

Estimate changes

| Sales | 2021E | 2022E | 2023E |
|--------------|-------|-------|-------|
| Old estimate | 93.3 | 104.7 | 113.9 |
| New estimate | 90.0 | 100.7 | 109.3 |
| Change | -3.2 | -4.0 | -4.7 |
| Change (pct) | -3.5% | -3.8% | -4.1% |

| Gross profit | 2021E | 2022E | 2023E |
|--------------|-------|-------|-------|
| Old estimate | 20.3 | 24.6 | 28.6 |
| New estimate | 19.0 | 22.9 | 26.7 |
| Change | -1.3 | -1.7 | -1.9 |
| Change (pct) | -6.4% | -6.9% | -6.5% |

| EBIT | 2021E | 2022E | 2023E |
|--------------|-------|-------|-------|
| Old estimate | 8.6 | 11.3 | 14.1 |
| New estimate | 8.7 | 11.3 | 14.1 |
| Change | 0.2 | 0.0 | 0.0 |
| Change (pct) | 1.8% | 0.3% | 0.1% |

| EPS | 2021E | 2022E | 2023E |
|--------------|-------|-------|-------|
| Old estimate | 0.019 | 0.030 | 0.043 |
| New estimate | 0.017 | 0.028 | 0.041 |
| Change | 0.00 | 0.00 | 0.00 |
| Change (pct) | -9.2% | -8.0% | -3.5% |

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

Risk factors

COVID-19

The pandemic related shutdowns of hotels, restaurants, and cafes (HORECA sectors) has resulted in lower Sales and Gross profit for the Mushroom growing segment. Our forecast assumes a gradual recovery of the HORECA sectors starting from the second half of 2021. If this does not happen, perhaps due to a worsening pandemic situation, our forecast for the Mushroom growing segment and hence the Group is most likely too optimistic.

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 EU's 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 | 73 | 83 | 89 | 99 | 107 |
| Total operating costs | -57 | -62 | -65 | -72 | -77 |
| EBITDA | 16 | 21 | 23 | 28 | 30 |
| Depr. & Amort. | -16 | -14 | -15 | -16 | -16 |
| One-off EBIT items | 0 | 0 | 0 | 0 | 0 |
| EBIT | 0 | 7 | 9 | 11 | 14 |
| Financial net | -5 | -6 | -6 | -5 | -5 |
| Pre-tax profit | -5 | 1 | 3 | 6 | 9 |
| Taxes | 1 | 0 | 1 | 1 | 1 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Net profit | -5 | 2 | 4 | 6 | 9 |

| Balance Sheet | 2019 | 2020 | 2021E | 2022E | 2023E |
|-------------------------------------|------------|------------|------------|------------|------------|
| Cash and cash equivalent | 4 | 3 | 3 | 3 | 3 |
| Receivables | 13 | 16 | 18 | 21 | 23 |
| Inventories | 29 | 30 | 37 | 45 | 48 |
| Other current assets | 16 | 17 | 17 | 17 | 17 |
| Total current assets | 62 | 66 | 75 | 85 | 91 |
| Tangible assets | 92 | 97 | 93 | 90 | 89 |
| Goodwill & Intangible assets | 1 | 5 | 5 | 6 | 6 |
| Lease & Investment properties | 36 | 36 | 44 | 52 | 60 |
| Long-term Investments | 0 | 0 | 0 | 0 | 0 |
| Associated companies | 0 | 0 | 0 | 0 | 0 |
| Other long-term assets | 15 | 10 | 10 | 10 | 10 |
| Total fixed assets | 145 | 148 | 152 | 157 | 164 |
| Total assets | 207 | 214 | 227 | 243 | 256 |
| Accounts payable | 13 | 16 | 22 | 30 | 43 |
| Short-term IB debt | 37 | 20 | 18 | 16 | 10 |
| Other current liabilities | 5 | 5 | 5 | 5 | 5 |
| Total current liabilities | 55 | 42 | 46 | 51 | 59 |
| Long-term IB debt | 21 | 40 | 36 | 32 | 20 |
| Convertibles & Lease liab. | 36 | 34 | 44 | 52 | 60 |
| Deferred tax liab. | 0 | 1 | 1 | 1 | 1 |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Other long-term liab. | 5 | 3 | 3 | 3 | 3 |
| Total long-term liab | 61 | 79 | 85 | 89 | 85 |
| Total liabilities | 117 | 121 | 130 | 140 | 143 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Shareholders' equity | 90 | 92 | 96 | 103 | 112 |
| Total liabilities and Equity | 207 | 214 | 227 | 243 | 256 |

| DCF valuation | | Cash flow, mEUR | |
|----------------------------|---------|------------------------|-----|
| WACC (%) | 5.95 % | NPV FCF (2020-2022) | 41 |
| Assumptions 2020-2026 (%) | | NPV FCF (2023-2029) | 74 |
| Average sales growth | 5.93 % | NPV FCF (2030-) | 129 |
| EBIT margin | 11.79 % | Non-operating assets | 2 |
| Fair value per share (EUR) | 0.66 | Interest-bearing debt | -95 |
| Share price (EUR) | 0.52 | Fair value estimate | 151 |

| Free Cash Flow | 2019 | 2020 | 2021E | 2022E | 2023E |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Operating profit | 0 | 7 | 9 | 11 | 14 |
| Depreciation | 16 | 14 | 15 | 16 | 16 |
| Working capital chg | -2 | -2 | -3 | -3 | 8 |
| Other operating CF items | 0 | 1 | 0 | 1 | 1 |
| Operating Cash Flow | 14 | 20 | 21 | 26 | 39 |
| Net investments | -13 | -17 | -11 | -13 | -15 |
| Other items | 0 | -1 | 0 | 0 | 0 |
| Free Cash Flow | 1 | 1 | 9 | 12 | 24 |

| Capital structure | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------|--------|--------|--------|-------|-------|
| Equity ratio | 43.6% | 43.4% | 42.7% | 42.5% | 44.0% |
| Debt/Equity ratio | 104.8% | 102.3% | 101.6% | 97.4% | 80.6% |
| Net debt/Equity ratio | 100.2% | 99.1% | 98.5% | 94.1% | 77.4% |
| Net debt/EBITDA ratio | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Profitability | 2019 | 2020 | 2021E | 2022E | 2023E |
|----------------------|-------|-------|-------|-------|-------|
| ROE | -5.2% | 2.0% | 4.2% | 6.3% | 8.8% |
| FCF yield | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 |
| EBITDA margin | 21.5% | 25.0% | 26.3% | 27.8% | 28.0% |
| EBIT margin | -0.6% | 8.3% | 9.8% | 11.3% | 12.9% |
| PTP margin | -0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Net margin | -6.4% | 2.1% | 4.5% | 6.4% | 8.7% |

| Valuation | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------------|--------|------|-------|-------|-------|
| P/E | -17.7 | 57.0 | 29.8 | 18.8 | 12.6 |
| P/E adjusted | -17.7 | 57.0 | 29.8 | 18.8 | 12.6 |
| P/Sales | 1.1 | 1.2 | 1.3 | 1.2 | 1.1 |
| EV/Sales | 2.4 | 2.3 | 2.4 | 2.2 | 1.9 |
| EV/EBITDA | 11.0 | 9.3 | 9.2 | 7.8 | 6.8 |
| EV/EBIT | -394.0 | 28.0 | 24.6 | 19.3 | 14.8 |
| P/BV | 0.9 | 1.1 | 1.2 | 1.2 | 1.1 |
| P/BV tangible | 0.9 | 1.2 | 1.3 | 1.2 | 1.1 |

| Per share ratios | 2019 | 2020 | 2021E | 2022E | 2023E |
|-------------------------|-------|------|-------|-------|-------|
| EPS | -0.02 | 0.01 | 0.02 | 0.03 | 0.04 |
| EPS, adjusted | -0.02 | 0.01 | 0.02 | 0.03 | 0.04 |
| Operating CF/share | 0.06 | 0.09 | 0.09 | 0.11 | 0.17 |
| Free Cash Flow/share | 0.00 | 0.01 | 0.04 | 0.05 | 0.10 |
| BV/share | 0.39 | 0.41 | 0.42 | 0.45 | 0.49 |
| Tangible BV/share | 0.39 | 0.41 | 0.42 | 0.45 | 0.49 |
| Div. per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Div. payout ratio | 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 | 65.088 | 55.04 % |
| European Bank for Reconstruction and Development | 10.300 | 8.71 % |
| UAB ME Investicija | 9.898 | 8.37 % |
| Žilvinas Marcinkevičius | 8.278 | 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 |

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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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