

Heat wave dampens crop yield

The Q2/21 Gross profit was above estimates but we lower our H2/21 outlook mainly due to the crop segment. Our Base case indicate an upside, but we do not foresee it will be realized until we see an improvement in the crop segment.

Hot July to affect yields

In Lithuania, July was the hottest summer since 1961, with an average temperature 3.8°C above the historical average. This resulted in smaller grain sizes which in turn results in a lower expected crop yield for H2/21. We lower our 2021 estimated yields by 5-8% depending on crop. Our H2/21 fair value gain is lowered from EUR 1.5m to zero, while our full-year 2021 Crop segment Gross profit is lowered by EUR 1.7m or 11% to EUR 13.7m.

Conservative 2021 outlook

While the Crop segment is pressured by lower yields, the Mushroom segment is negatively affected by the pandemic. This together with the Dairy segment having yet to realize the expected yield improvements from R&D activities, makes us adopt a conservative stance for the full-year 2021.

Long-term upside, but taking a breather

Our Base case DCF Fair value per share is lowered to EUR 0.63 (0.66), implying an upside around 29%. However, we believe the outlook needs to be improved before this upside can be realized. Significantly higher grain, and raw milk prices as well as a faster than expected pandemic recovery could trigger an outlook improvement. Until this happens, we believe the share will take a breather.

Key figures (MEUR)

	2019	2020	2021E	2022E	2023E
Net sales	73.0	83.1	85.8	95.6	103.7
Net sales growth	33.4%	13.7%	3.3%	11.4%	8.5%
EBITDA	15.7	20.8	22.0	26.1	29.2
EBITDA margin	21.5%	25.0%	25.7%	27.3%	28.1%
EBIT	-0.4	6.9	6.7	9.9	13.1
EBIT margin	-0.6%	8.3%	7.9%	10.3%	12.6%
EV/Sales	2.4	2.3	2.4	2.2	2.0
EV/EBITDA	11.0	9.3	9.4	8.1	6.9
EV/EBIT	-394.0	28.0	30.8	21.3	15.5
P/E adj.	-17.7	57.0	69.5	23.6	13.8
P/BV	0.9	1.1	1.2	1.1	1.0
EPS adj.	-0.02	0.01	0.01	0.02	0.04
EPS growth adj.	-34.67%	-137.89%	-9.50%	194.74%	70.61%
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%

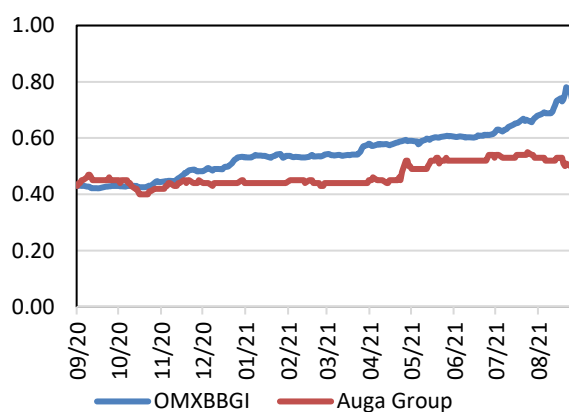
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 10%)	0.82
Base (term. EBIT marg. 8%)	0.63
Bear (term. EBIT marg. 6%)	0.38

Key Data

Price (EUR)	0.49
Ticker	AUG1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	111
Net debt (EURm)	94
Shares (m)	227
Free float	45%



Price range

52-week high	0.55
52-week low	0.40

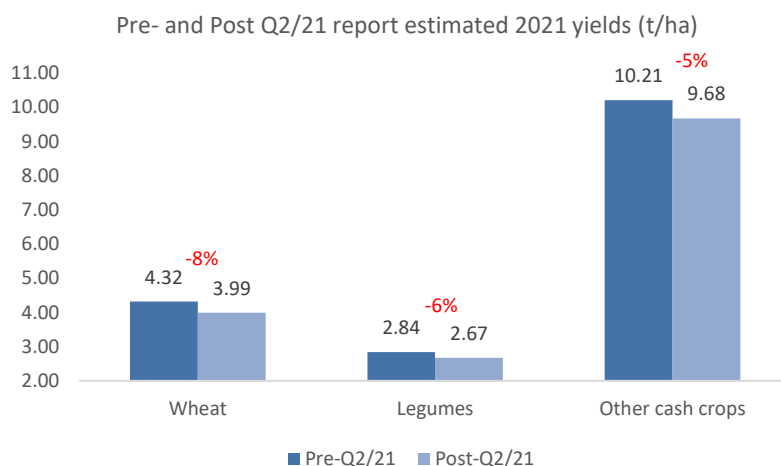
Analyst

ResearchTeam@enlightresearch.net

Key takeaways

Hot summer dampen yield outlook

According to meteo.lt, July this year was the hottest July in Lithuania since 1961 with an average temperature 3.8°C above the historical average. The hot summer resulted in 20-30% smaller grain size than normal. Consequently, we lower our estimated 2021 yield by 8% for wheat, 6% for legumes, and 5% for other cash crops. The lower expected yields prompt us to lower our expected H2/21 Fair value gain from EUR 1.5m to zero, which is the main reason for the Crop growing segment’s EUR 1.7m or 11% downward adjustment in the full-year 2021 Gross profit to EUR 13.7m from EUR 15.4m.



Source: Enlight Research

FMCG expected to pick up in 2021, but other segments could take longer

When it comes to a fast recovery in H2/21, the FMCG segment differs from the other segments in that we see a recovery to previous growth levels already in H2/21 as the growth slowdown was mainly due to timing of larger orders. While the slowdown seen in the other segments were due to long-term factors e.g., the Crop growing segment got hit by the hot weather, while the Mushroom growing segment was negatively affected by covid illnesses among the production personnel. Meanwhile, the planned R&D activities to increase productivity in the dairy segment has yet to affect yields positively. We hope to see an improvement in the Crop, Mushroom, and Dairy segment next year.

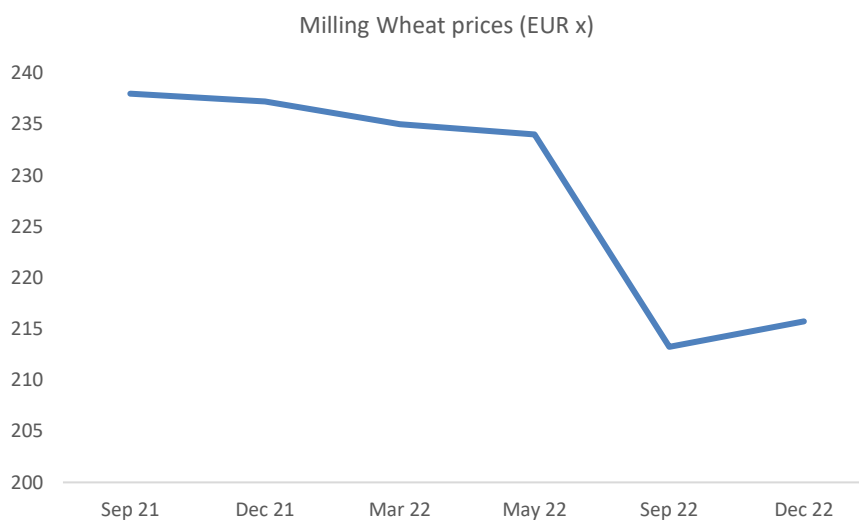
Segment	Negative factor	Expected recovery	2021 estimate impact
Crop growing	Hot weather in July dampens expected yield	Next year, but subject to weather.	Sales lowered 9.5% or EUR 3.7m Gross profit lowered 10.9% or EUR 1.7m
Mushroom growing	COVID illnesses among production personnel	Next year, as HORECA sector recovers, and Delta variant abate.	Sales lowered 3.3% or EUR 1.0m Gross profit lowered 35.7% or EUR 0.7m
Dairy farming	Expected R&D activities did not have positive effect on milk yields	Milk yields started to improve in June (+4% y-on-y), but significant effect expected next year.	Sales increased 4.0% or EUR 0.5m Gross profit lowered 58.9% or EUR 0.1m
FMCG	Higher logistics costs make clients order fewer times but bigger volumes	In second half of 2021 as big orders come in.	No change to estimates

Source: Enlight Research

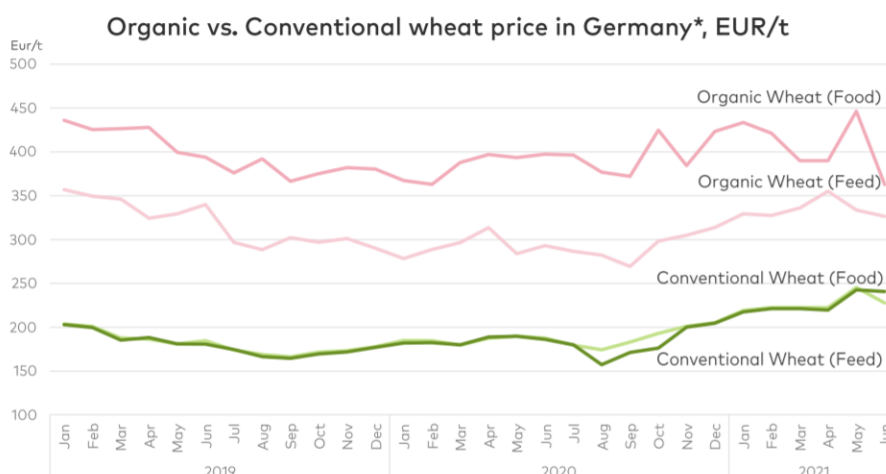
What to watch going forward

The main factors that could change our short-term outlook for the Crop, Mushroom, and Dairy segments are the following:

Organic wheat prices: A significant change in grain market prices could change our forecast for the Crop growing segment. As of 31 August 2021, Auga had signed contracts for 69% of the expected 2021 harvest at 16% higher average price compared to the 2020 average price (organic wheat). This means 31% of the expected harvest is exposed to a price increase/decrease in market prices for organic wheat. According to Euronext prices for conventional wheat (milling wheat), there are no major price movements expected for contracts with deliveries in the coming months. However, the pricing of organic wheat does not follow conventional wheat directly although there seem to be a correlation based on historical figures (see chart below).



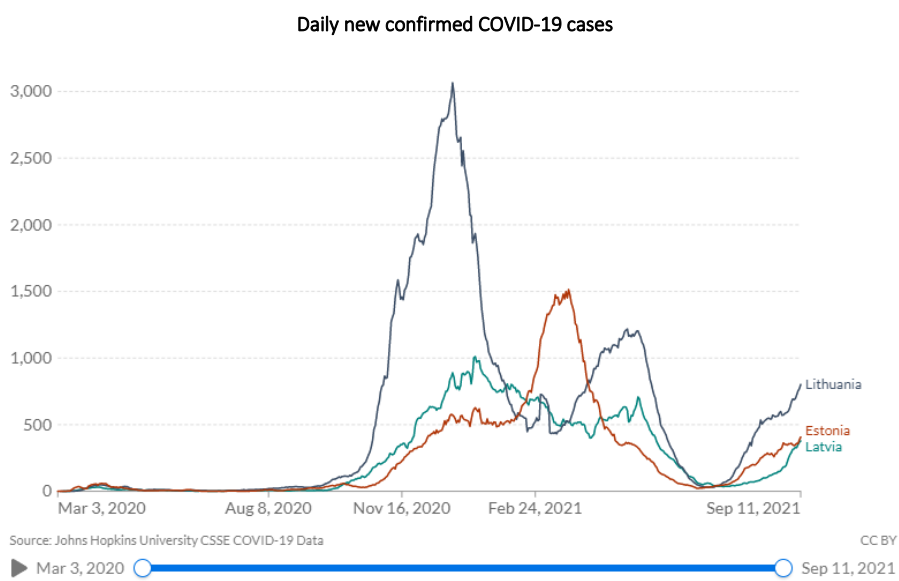
Source: Euronext on 13 Sep 2021



*Germany, the largest EU market, is a benchmark for major organic product prices.

Pandemic improvement: A significant improvement in the pace of the pandemic recovery could change our outlook for the Mushroom growing segment – even for H2/21, although this looks highly unlikely given that the Delta variant is still very much present. The pandemic is pressuring the Mushroom segment both from a supply and a demand perspective. The supply is affected by pickers suffering from COVID-19 leading to lower production (H1/21 production was 5% lower y-on-y), while the

demand is affected by the pandemic related slowdown in the HORECA sector. According to Our World in Data, the daily new confirmed COVID-19 cases in Lithuania are around 800 and looks to be increasing. According to the website <https://blasf1.github.io/VaccinatEU/> based on statistics from government statistics centres, Lithuania has 73 days left to full vaccination rate (70% of population). This can be compared to Estonia and Latvia, which have 165, and 236 days left to 70% full vaccination rate. Only six EU countries have reached full vaccination rate as of today (Malta, Portugal, Spain, Denmark, Belgium, Ireland). Given the severity of the Delta variant and the slow vaccination rate, we see small chances of improving conditions in H2/21 for the Mushroom segment.



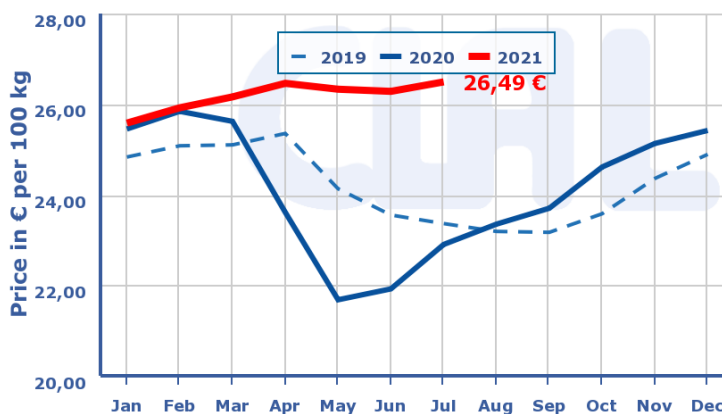
Source: Our World in Data, 7-day rolling average

Raw milk prices: A significant improvement in raw milk prices could change our forecast for the Dairy segment. According to the Company, the H1/21 average milk price was 4% higher than H1/20, and prices seem to have increased in the beginning of H2/21. According to CLAL.It, the farm-gate raw milk price (3.7% fat content) increased by 16% y-on-y in July. If this growth rate continues in the second half of 2021, our Milk segment forecast would most likely be revised upwards.

Lithuania - Average prices of farm-gate raw milk

3.7 fat content

Source: UE - DG Agri



Source: clal.it

DCF valuation indicate upside, but visible improvement needed

We lower our Base case DCF based Fair value by 4.5% to EUR 0.63 (0.66) which still indicates an upside of around 29% to the current share price. However, we do not expect this upside to be realized until we see a visible improvement in the Crop growing segment. Our Bear and Bull case indicate Fair values of EUR 0.38 and EUR 0.82, 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.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	5.9%	5.9%	5.9%
Terminal sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	6.0%	8.0%	10.0%
Fair Value per share	0.38	0.63	0.82

Source: Enlight Research

Based on EV/EBITDA 2021E, Auga is trading at a premium of 6% to peers. In our initiation report on 18 June 2020, Auga was trading at a discount of 25%. We believe the change from a discount to a premium shows that Auga's sustainable food focus has become appreciated by investors (share price is up 25% since initiation report).

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 A/S	FFARMS	DKK	67.20	509	3.1	2.9	2.68	2.64	15.8	13.0	12.2	11.5
Linas Agro	LNA1L	EUR	0.57	90	0.6	0.4	0.27	0.25	15.7	12.2	6.2	5.0
Kernel	KER	USD	14.86	1,249	0.5	0.4	0.38	0.38	4.7	2.9	3.3	4.2
Orior AG	ORON	CHF	93.70	609	1.2	1.2	1.17	1.14	14.1	11.6	11.5	11.0
Fodelia	FODA	EUR	8.18	61	3.0	1.9	1.61	1.43	40.6	23.0	15.3	12.5
Podravka D.D.	PODR	HRK	600	4202	1.1	1.1	1.03	1.00	8.8	8.3	8.1	7.5
Agroton Public	AGT	USD	2.06	45	0.5	1.0	0.61	0.60	1.1	3.8	3.8	3.4
ASTARTA Hold.	AST	EUR	10.79	262	0.9	0.8	0.78	0.81	3.1	2.2	2.6	3.2
Adecoagro	AGRO	USD	9.08	1,056	2.0	1.5	1.52	1.52	4.8	3.7	4.0	3.9
Bonduelle	BON	EUR	22.05	707	0.5	0.5	0.48	0.46	6.1	6.7	6.1	5.8
Average					1.3	1.2	1.1	1.0	11.5	8.7	7.3	6.8
Auga Group	AUG1L	EUR	0.49	111	2.5	2.4	2.2	2.0	9.8	9.3	7.8	7.0

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

Exciting R&D news expected

In H2/21, the investments reached EUR 6.2m compared to EUR 2.3m in H2/20. The increase in investments is mainly due to R&D projects into the following sustainability areas: 1) Biogas cycle infrastructure and vehicles, 2) Specialized feed technology, 3) Regenerative crop-rotation. In the Q2/21 report, management stated that progress has been made in the R&D projects. At the Q2/21 webinar, management referred to these R&D projects saying, "...we will be able to show and present those developments to the public in the nearest future." Consequently, we look forward to positive news flow regarding sustainability projects. For example, we believe it would be very positive for the company if a biogas tractor could be launched as this would significantly lower the operating costs of the crop growing segment as well as heighten the sustainability. According to the tractor manufacturer, New Holland, the running costs of their upcoming biogas tractor is up to 30% lower compared to a diesel tractor, with the same performance. We look for Auga to present a tractor that is more efficient and environmentally friendly.

Q2 report deviations

Deviation by segment

The Q2/21 Crop growing segment sales came in 63.4% or EUR 3.4m below our estimate (EUR 1.9m vs. 5.3m) due smaller portion of last year's harvest sold in the current first half of the year (37% vs. 49% year before). The Q2/21 Mushroom growing segment sales was EUR 0.7m or 8.7% below our estimate. Covid related issues, such as lower demand from the HORECA sector and lower production capacity due to covid cases among workers were the main reason for the lower than estimated Mushroom sales. The Q2/21 Sales for the Dairy segment were roughly in line with forecast, while FMCG segment Q2/21 sales was EUR 0.5m or 30.3% below estimate due change in customer order behavior (logistics challenges prompted customers to give fewer but larger orders implying larger orders should come in H2/21).

The Q2/21 Crop growing segment Gross profit was 39.7% above forecast (EUR 4.1m vs. estimate EUR 2.9m) due to higher than estimated Fair value gain from the revaluation of crops (EUR 2.9m vs. 1.1m est.). The Q2/21 Gross profit for the Mushroom growing segment and the Dairy segment were both EUR 0.4m below our estimate. The Q2/21 FMCG segment gross profit was in-line with our forecast of EUR 0.3m.

Sales by Segment (EURm)	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	%
Crop growing	5.3	1.9	-3.4	-63.4%
Mushroom growing	7.7	7.1	-0.7	-8.7%
Dairy farming	3.2	3.5	0.2	7.2%
End-Consumer packaged goods	1.7	1.2	-0.5	-30.3%
Group sales	18.0	13.6	-4.3	-24.1%

Sales growth	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	-8.7%	-66.5%	nm	-5787
Mushroom growing	-2.5%	-10.9%	nm	-845
Dairy farming	14.3%	22.5%	nm	824
End-Consumer packaged goods	55.0%	8.0%	nm	-4700
Group sales growth	1.7%	-22.8%	nm	-2446

Gross profit by Segment (EURm)	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	%
Crop growing	2.9	4.1	1.162	39.7%
Mushroom growing	0.5	0.1	-0.436	-82.5%
Dairy farming	0.0	-0.5	-0.432	1030.5%
End-Consumer packaged goods	0.3	0.3	0.015	5.7%
Group gross profit	3.7	4.0	0.310	8.4%

Gross margin by Segment	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	55.0%	209.7%	na	15471
Mushroom growing	6.8%	1.3%	na	-552
Dairy farming	-1.3%	-13.7%	na	-1243
End-Consumer packaged goods	16.0%	24.3%	na	828
Group gross margin	20.5%	29.3%	na	877

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

Group deviation

The Q2/21 Group revenues was 24.0% below our estimate. However, the Gross profit was 8.4% or EUR 0.3m above our forecast due to EUR 3.1m lower than expected Cost of sales and EUR 1.5m higher than expected Gain from Biological assets & Agri produce.

The Q2/21 EBITDA was EUR 0.2m above our estimate, while the Operating profit was roughly in-line with our forecast. The +50% negative deviation looks dramatic but the absolute deviation in euro terms in minimal (EUR 0.1m).

P&L (EURm)	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	%
Revenues	18.0	13.6	-4.3	-24.0%
Cost of sales	-14.4	-11.3	3.1	-21.5%
Gain(loss) FV Bio. assets & Agri. Produce	0.1	1.7	1.5	1105.1%
Gross profit	3.7	4.0	0.3	8.4%
Operating expenses	-2.2	-2.6	-0.4	16.7%
Other income	0.1	0.1	0.0	19.2%
Operating profit	1.6	1.5	0.0	-2.7%
Finance cost	-1.4	-1.4	0.0	2.7%
Share of associates	0.0	0.0	0.0	
Pre-tax Profit	0.2	0.1	-0.1	-50.1%
Income tax	0.0	0.0	0.0	
Non-controlling interest	0.0	0.0	0.0	-93.3%
Net profit	0.2	0.1	-0.1	-53.8%
Depreciation, Amortisation, Impairment	3.6	3.9	0.2	6.7%
EBITDA	5.2	5.4	0.2	3.1%

Growth	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	Bps
Sales	1.7%	-22.7%	0.0%	-2441

Margins	Q2/21	Q2/21	Difference	
	Estimate	Outcome	EURm	Bps
EBITDA margin	29.2%	39.6%	nm	1040
Gross margin	20.5%	29.2%	nm	874
Operating margin	8.7%	11.1%	nm	244
Pre-tax Profit margin	0.9%	0.6%	nm	-31
Net margin	1.0%	0.6%	nm	-38

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

Estimate changes

Our Sales estimates are adjusted downward by 5% in the forecast period 2021-23E, as we lower our Crop growing segment sales by EUR around 10% for 2021-23E. Our Gross profit estimate is lowered by 13% in 2021E and 6-10% in 2022-23E, due to a downward adjustment for all segments except the FMCG segment where we keep our Sales and Gross profit estimates unchanged. Our EBIT forecast is lowered by 22.6% for 2021, 12.9% for 2022 and 7.4% for 2023. Our EPS forecast is lowered by EUR 0.01 for each year 2021-23, which in percentage terms looks quite dramatic, but is less so in euro terms.

Sales (EURm)	2021E	2022E	2023E
Old estimate	90.0	100.7	109.3
New estimate	85.8	95.6	103.7
Change	-4.2	-5.1	-5.6
Change (pct)	-4.7%	-5.1%	-5.1%

Gross profit (EURm)	2021E	2022E	2023E
Old estimate	19.0	22.9	26.7
New estimate	16.5	20.9	25.0
Change	-2.5	-2.1	-1.7
Change (pct)	-13.0%	-9.1%	-6.4%

EBIT (EURm)	2021E	2022E	2023E
Old estimate	8.7	11.3	14.1
New estimate	6.7	9.9	13.1
Change	-2.0	-1.5	-1.0
Change (pct)	-22.6%	-12.9%	-7.4%

EPS (EUR)	2021E	2022E	2023E
Old estimate	0.017	0.028	0.042
New estimate	0.009	0.021	0.037
Change	-0.01	-0.01	-0.01
Change (pct)	-49.5%	-25.0%	-12.7%

Dividend (EUR)	2021E	2022E	2023E
Old estimate	0.000	0.000	0.000
New estimate	0.000	0.000	0.000
Change	0.00	0.00	0.00
Change (pct)	na	na	na

Source: Enlight Research

Risk factors

COVID-19

A slower than expected recovery from the pandemic would delay the recovery of the HORECA sector. Furthermore, it could hamper the production capacity due to COVID-19 related illnesses among personnel.

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	86	96	104
Total operating costs	-57	-62	-64	-70	-75
EBITDA	16	21	22	26	29
Depr. & Amort.	-16	-14	-15	-16	-16
One-off EBIT items	0	0	0	0	0
EBIT	0	7	7	10	13
Financial net	-5	-6	-6	-6	-5
Pre-tax profit	-5	1	1	4	8
Taxes	1	0	0	0	0
Minority interest	0	0	0	0	0
Other items	0	0	0	0	0
Net profit	-5	2	2	5	8

Balance Sheet	2019	2020	2021E	2022E	2023E
Cash and cash equivalent	4	3	3	3	3
Receivables	13	16	17	20	22
Inventories	29	30	36	43	47
Other current assets	16	17	17	17	17
Total current assets	62	66	73	83	89
Tangible assets	92	97	93	90	88
Goodwill & Intangible assets	1	5	5	5	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	151	157	164
Total assets	207	214	224	240	253
Accounts payable	13	16	21	29	41
Short-term IB debt	37	20	18	17	11
Other current liabilities	5	5	5	5	5
Total current liabilities	55	42	45	51	58
Long-term IB debt	21	40	37	33	23
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	90	87
Total liabilities	117	121	130	141	145
Minority interest	0	0	0	0	0
Shareholders' equity	90	92	94	99	107
Total liabilities and Equity	207	214	224	240	253

DCF valuation		Cash flow, mEUR	
WACC (%)	5.89 %	NPV FCF (2020-2022)	38
Assumptions 2020-2026 (%)		NPV FCF (2023-2029)	64
Average sales growth	6.11 %	NPV FCF (2030-)	132
EBIT margin	9.68 %	Non-operating assets	2
Fair value per share (EUR)	0.63	Interest-bearing debt	-95
Share price (EUR)	0.49	Fair value estimate	141

Free Cash Flow	2019	2020	2021E	2022E	2023E
Operating profit	0	7	7	10	13
Depreciation	16	14	15	16	16
Working capital chg	-2	-2	-2	-3	7
Other operating CF items	0	1	0	1	1
Operating Cash Flow	14	20	20	24	37
Net investments	-13	-17	-11	-13	-15
Other items	0	-1	0	0	0
Free Cash Flow	1	1	9	11	22

Capital structure	2019	2020	2021E	2022E	2023E
Equity ratio	43.6%	43.4%	42.1%	41.4%	42.5%
Debt / Equity ratio	104.8%	102.3%	104.6%	103.1%	87.8%
Gearing %	100.2%	99.1%	101.5%	99.8%	84.5%
Net debt/EBITDA	5.7	4.4	4.3	3.8	3.1

Profitability	2019	2020	2021E	2022E	2023E
ROE	-5.2%	2.0%	1.7%	4.9%	7.8%
FCF yield	1.0%	1.3%	8.0%	9.7%	19.7%
EBITDA margin	21.5%	25.0%	25.7%	27.3%	28.1%
EBIT margin	-0.6%	8.3%	7.9%	10.3%	12.6%
PTP margin	-7.5%	1.6%	1.3%	4.6%	7.4%
Net margin	-6.4%	2.1%	1.9%	4.9%	7.8%

Valuation	2019	2020	2021E	2022E	2023E
P/E	-17.7	57.0	69.5	23.6	13.8
P/E adjusted	-17.7	57.0	69.5	23.6	13.8
P/Sales	1.1	1.2	1.3	1.2	1.1
EV/Sales	2.4	2.3	2.4	2.2	2.0
EV/EBITDA	11.0	9.3	9.4	8.1	6.9
EV/EBIT	-394.0	28.0	30.8	21.3	15.5
P/BV	0.9	1.1	1.2	1.1	1.0
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	0.01	0.02	0.04
EPS, adjusted	-0.02	0.01	0.01	0.02	0.04
Operating CF/share	0.06	0.09	0.09	0.11	0.16
Free Cash Flow/share	0.00	0.01	0.04	0.05	0.10
BV/share	0.39	0.41	0.41	0.43	0.47
Tangible BV/share	0.39	0.41	0.41	0.43	0.47
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	61.333	55.04 %
European Bank for Reconstruction and Development	9.706	8.71 %
UAB ME Investicija	9.327	8.37 %
Žilvinas Marcinkevičius	7.800	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: No

The analyst(s) responsible for this report are not allowed to trade in any financial instruments of the company in this report until 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