Bad weather but positive outlook

The Q3/21 report was below expectations due to unfavorable weather burdening the crop segment, making 2021 a "lost year". We regard 2022 as promising with hopes for normalized weather, sustained high crop prices, and launch of the Auga green tractor.

2021 weather has no impact on 2022

The record summer heat led to the second worst harvest in Auga's history prompting a EUR 7.9m negative FV adj. in Q3/21 resulting in an EBIT loss of EUR 11.2m. Hence, we lower our 2021 EBIT estimate to a loss of EUR 5.3m (from 6.7m profit). The unfavorable weather in 2021 has no impact on the 2022 harvest. Assuming normal weather, and sustained higher crop prices vs. 2021, we regard the 2022 outlook as positive with EBIT recovering to EUR 9.5m.

Commercial launch of green tractor

The planned launch of the Auga biomethane tractor in H2/21 contributes to our positive 2022 outlook. We are comforted by the agreement with a manufacturing partner that can scale up production (expected in 2023) without any need for large investments from Auga.

Base case FV virtually unchanged

Our Base case Fair value is lowered slightly to EUR 0.61/shr (0.63). Worth noting is that our forecast does not include any revenues from the green tractor. A successful launch could have a substantial impact on revenues starting from 2023.

Key figures (MEUR)

	2019	2020	2021E	2022E	2023E
Net sales	73.0	83.1	78.5	90.2	97.8
Net sales growth	33.4%	13.7%	-5.6%	14.9%	8.4%
EBITDA	15.7	20.8	10.2	25.7	28.7
EBITDA margin	21.5%	25.0%	13.0%	28.5%	29.3%
EBIT	-0.4	6.9	-5.3	9.5	12.6
EBIT margin	-0.6%	8.3%	-6.7%	10.6%	12.9%
EV/Sales	2.4	2.3	2.8	2.5	2.2
EV/EBITDA	11.0	9.3	21.5	8.7	7.5
EV/EBIT	-394.0	28.0	-41.5	23.4	17.1
P/E adj.	-17.7	57.0	-10.5	24.4	14.2
P/BV	0.9	1.1	1.4	1.3	1.2
EPS adj.	-0.02	0.01	-0.05	0.02	0.04
EPS growth adj.	na	na	na	na	71.79%
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%

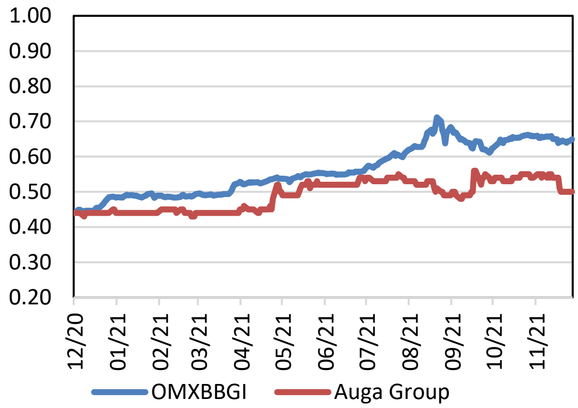
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 10%)	0.84
Base (term. EBIT marg. 8%)	0.61
Bear (term. EBIT marg. 6%)	0.38

Key Data

Price (EUR)	0.50
Ticker	AUG1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	113.71
Net debt (EURm)	105.02
Shares (m)	227
Free float	45.00 %



Price range

52-week high	0.56
52-week low	0.43

Analyst

ResearchTeam@enlightresearch.net

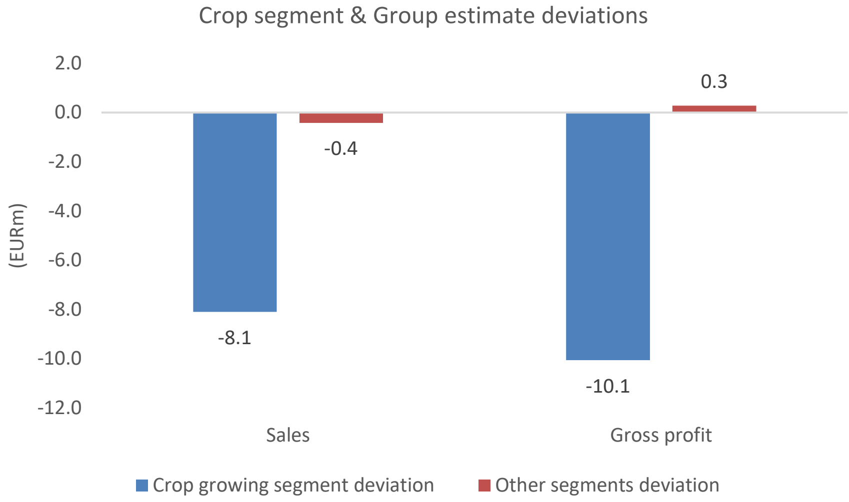
Coverage frequency

4x per year

Key takeaways

Crop growing segment cause estimate miss

The Q3/21 Gross profit for the Crop segment was negative EUR 8.0m compared to our estimated profit of EUR 2.1m. This EUR 10m negative deviation is equal to the negative Gross profit deviation at the Group level (loss of EUR 6.8m vs. estimate of profit EUR 3.0m) i.e., the Crop segment was the cause of the estimate miss for the whole Group (this is also true for revenues).



Source: Company reports, Enlight Research

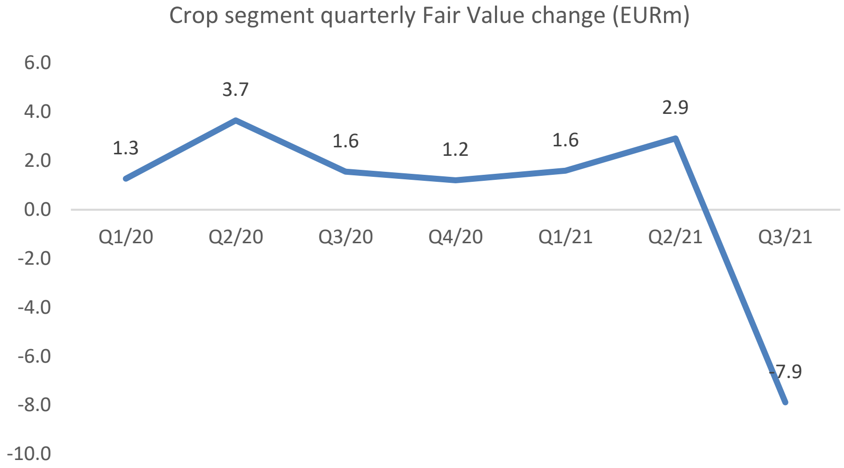
What happened?

At the end of the previous quarter (Q2/21), the Crop growing segment's reported Fair value of biological assets appeared "ok" with a gain of EUR 4.5m. Consequently, we were surprised by the negative EUR 7.9m Fair value adjustment in Q3/21, leaving a reported Fair value of biological assets of negative EUR 3.4m for the 9M/21 period. The following factors were behind the negative Fair value adjustment:

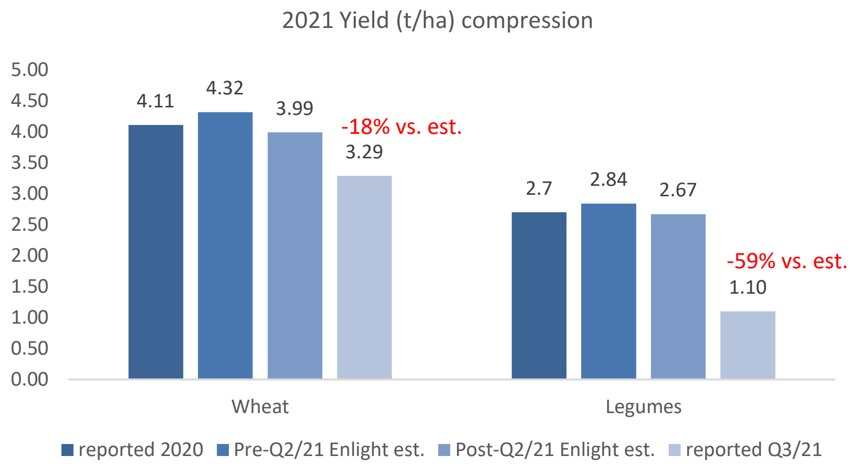
- The **hot summer** resulted in much larger **yield compression** than estimated. The 2021 summer was the hottest in over a decade in Lithuania with the average temperature 3.8°C above the historical average. The record heat was known already at the publication of the Q2/21 report however, we did not know the extent of the negative effect it would have on the crop yields. The reported crop yield in the Q3/21 report was 18% below our estimate for Wheat (3.29 t/ha vs. estimate of 3.99) and 59% below our estimate for legumes (1.10 t/ha vs. estimate of 2.67 t/ha). For the 9M/21 period, the reported decrease in yields was 24% y-on-y.

- **Limited benefit** from **wheat market price increase** as organic wheat must be sold using longer contracts compared to conventional wheat that has a much more liquid spot market. This means the company contracted the majority of its wheat before the major upward move in market prices that started in July (the Euronext conventional wheat December 2021 futures contract increased from 200 EUR/t in July to more than 300 EUR/t in November).

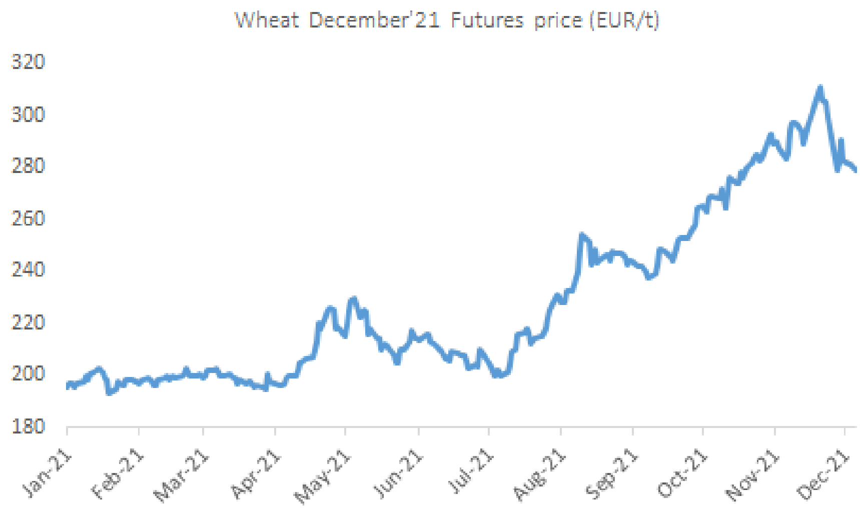
- Lower than expected harvest means the **share of contracted crops** became **larger than planned**. We estimate the company planned to contract around 50% of the planned wheat harvest by the end of H1/21. However, as the harvest became smaller than planned due to lower yield, the actual share of wheat contracted was around 60% according to our estimate (a result of around 20% lower than expected harvest). The effect was even larger for legumes).



Source: Company reports



Source: Company reports, Enlight Research

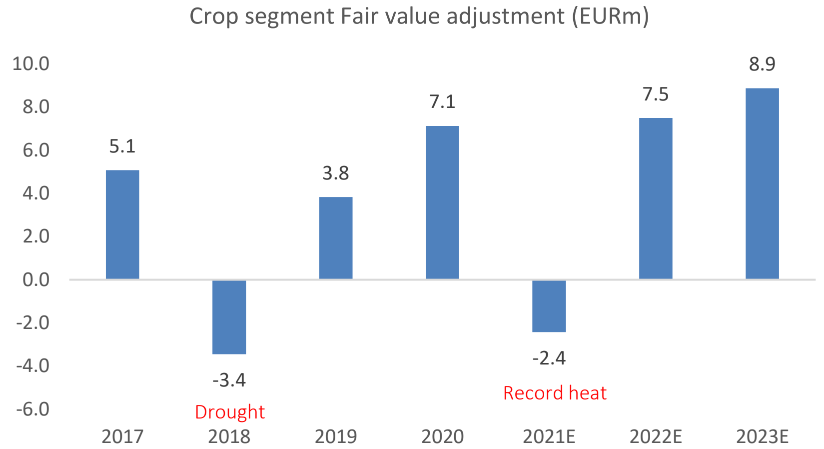


Source: Euronext

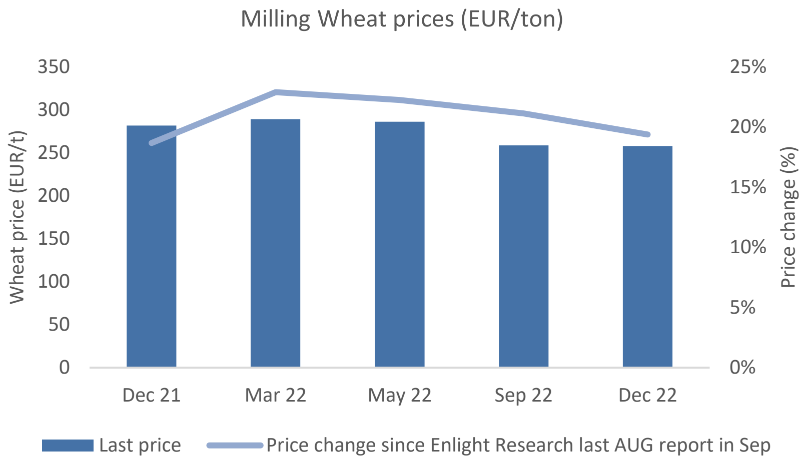
What about the future?

Clearly, the hot summer resulted in significantly lower yields than expected leading to the second worst harvest in Auga's history. We believe the negative effects of the low yields were fully visible in the 9M/21 report i.e., we do not see further negative Fair value of biological assets effects in the upcoming quarters. On the contrary, we see a EUR 0.9m upward revision of the Fair value in Q4/21 as the unsold crops is sold at much higher prices compared to the contracted prices reported in the 9M/21 report. Although positive, the expected upward Q4/21 Fair value revision is not enough to make 2021 a good year (our full-year 2021 estimated Fair value adjustment is negative EUR 2.4m).

For 2022, we expect a significant pick-up in the Crop segment's Gross profit – driven by (1) normalized yields, which assumes normal weather conditions, (2) higher crop prices compared to last year – if prices stay around current levels, the 2022 wheat price will be around 20% higher compared to 2021. In the Q3/21 investor presentation, the Company wrote that they already have preliminary offers for next year's harvest at 2-65% higher prices. For 2022, we forecast a positive Fair value of biological assets of EUR 7.5m, which is around the same level seen in 2020. To summarize, the poor harvest in 2021 has no effect on the 2022 harvest – normalized weather and sustained crop prices imply a significant improvement (in our Base case forecast).



Source: Company reports, Enlight Research (estimates)



Source: Euronext

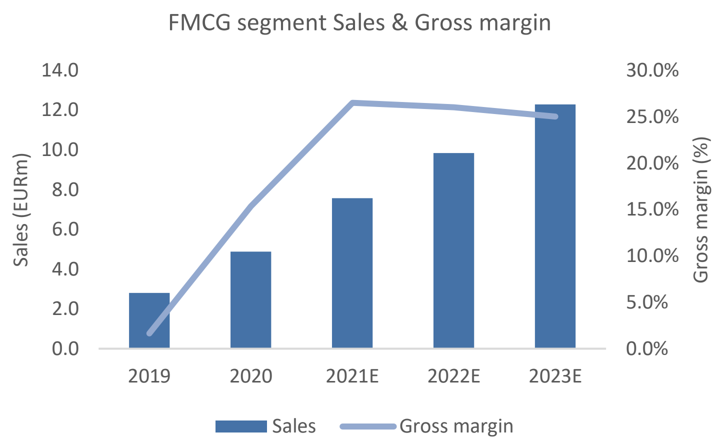
Crop segment outlook

Key components	Outlook
Price	Management sees interest from clients to pay 2-60% more than last year for different crops. We believe key crops like wheat, could see at least 20% price increase.
Yield	Seeding for next year's harvest has been done on time. Winter has come with snow which protect plants from frost. We believe condition of crops are satisfactory.
Costs	Costs are under control as Wheat cost/ha has decreased by 11% and Legumes by 5% y-on-y. We expect costs to rise in 2022, but the increase would be offset by higher grain prices.

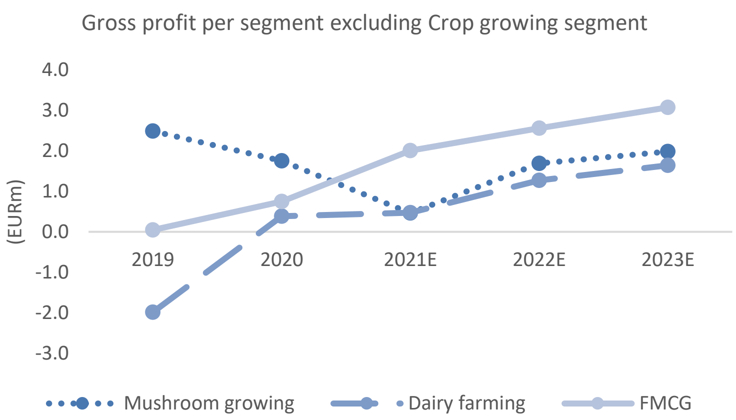
Source: Company report, Company presentation, Enlight Research

FMCG, a rising star

The FMCG segment (soups, canned beans etc.) was back at +50% y-on-y sales growth rate after the "slow" 8% Q2/21 growth. This confirms clients changed behavior of placing fewer but larger orders resulting in increased lumpiness of sales between quarters. Even more impressive than the recovered sales growth rate, was the Q3/21 Gross margin of 35.2% (up from 24.3% in the previous quarter), which prompts us to increase our full-year 2021 FMCG estimated Gross margin from 20.0% to 26.5%. The FMCG segment is now by far the second biggest segment in the Group with an estimated 2021 Gross profit of EUR 2m, and we expect this to be the case in the coming years as well.



Source: Company reports, Enlight Research (estimates)



Source: Company reports, Enlight Research (estimates)

Green tractor commercial launch planned next year

Auga M1 Biomethane – EV Tractor

Source: Auga, picture of M1 tractor: 12 hours runtime, 500 equivalent hp, biomethane gas – electric drive system, changeable biomethane gas cartridges (2-3 min to change)

At the Q3 webinar, the Company revealed plans for a commercial launch of the Auga M1 Biomethane tractor in the second half of next year with a significant production ramp-up in 2023. The company has an agreement with a manufacturing partner who is ready to mass-produce the tractor i.e., Auga will not invest/build its own manufacturing plant.

The tractor is the most important tool on a farm used for a wide variety of tasks such as e.g., preparing land, seeding, and feeding. A typical medium sized farm (200-500 ha) has 3-6 tractors. According to Auga, the fuel used by agricultural machinery accounts for almost one third of all emissions on farms, whereof most comes from tractors. Therefore, Auga's green tractor could be an environmental game changer for the farming industry (one Auga green tractor cuts the emissions equal to 100 electric cars) – especially for the European organic farming industry, where Auga is the largest player with 39,000 ha of organic farmland.

Farmers have been reluctant to adopt green tractors as the performance has been significantly below conventional diesel tractors, especially when it comes to runtime and horsepower. However, Auga's green M1 tractor's performance is on par or better than competitors' heavy-load "professional use" conventional tractors. For example, the 500 equivalent horsepower and 12 hour runtime can be compared to New Hollands' conventional heavy-load T8.410 tractor horsepower and runtime of 409 and 12.75 hours, respectively.

	Green tractors				Fossil fuel
	Auga M1	Monarch 4-wheel drive	Soletrac e70N	New Holland T6.180	New Holland T8.410
Target market	Heavy load	Light load	Light load	Light load	Heavy load
Energy source	Biomethane	Electricity	Electricity	Biomethane, LNG	Diesel
Runtime per tank/charge	12 hrs	10 hrs	4-8 hrs	8-14 hrs	12.75
Charging time	na	4-5 hrs	6-8 hrs	na	na
Battery life	na	10 years	10 years	na	na
Horsepower (speed)	500 HP equivalent	70 HP equivalent	70 HP equivalent	180 HP equivalent	409
Price		USD 58-68K	USD 75-85K	USD 122-133K	USD 350K

Source: Company websites

In our view, if the market has yet to appreciate the value of the Auga green tractor, as well as other innovations like e.g., within feed technology. If this remains the case, we believe the innovations could be put in separate start-up entities, which would more clearly reveal the value as well as open the possibility for external investors. One example of this is the US EV tractor manufacturer, Monarch, which let the global tractor manufacturer CNH and auto parts manufacturer Musashi in as owners in their latest investment round. Our current forecast does not include any tractor revenues. This means a successful launch could have a substantial positive impact on our forecast and most likely the share price.

DCF valuation indicate upside, but visible improvement needed

We lower our Base case DCF based Fair value slightly to EUR 0.61 (0.63) per share, which still indicates over 20% upside. 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 0.84, 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.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	5.8%	5.8%	5.8%
Terminal sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	6.0%	8.0%	10.0%
Fair Value per share	0.38	0.61	0.84
Upside/Downside (last price*)	-24%	23%	69%

Source: Enlight Research, *based on last price EUR 0.497

Based on EV/EBITDA 2022E (2021 multiples not relevant due to the exceptionally poor harvest in 2021), Auga is trading at a premium of 22% 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 show that Auga's sustainable food focus has become appreciated by investors (share price is up 28% since initiation report).

Auga peer valuation

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	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	65.00	492	2.8	2.6	2.4	2.3	8.7	8.7	10.9	10.2
Linas Agro	LNA1L	EUR	0.93	90	0.4	0.3	0.2	0.2	11.9	5.1	5.1	5.0
Kernel	KER	USD	14.26	1,199	0.5	0.4	0.3	0.3	4.6	2.2	3.0	3.9
Orior AG	ORON	CHF	88.10	575	1.2	1.2	1.1	1.1	13.4	11.1	10.9	10.4
Fodelia	FODA	EUR	7.68	57	2.8	1.8	1.5	1.4	38.4	26.1	14.5	11.8
Podravka D.D.	PODR	HRK	624	4377	1.1	1.1	1.1	1.0	9.1	8.6	8.4	7.8
Agroton Public	AGT	USD	1.65	36	0.4	0.4	0.5	0.5	0.9	1.0	3.3	3.0
ASTARTA Hold.	AST	EUR	9.15	222	0.8	0.7	0.8	0.8	2.9	2.3	2.8	3.3
Adecoagro	AGRO	USD	8.03	905	1.9	1.4	1.3	1.4	4.5	3.4	3.3	3.5
Bonduelle	BON	EUR	20.30	652	0.5	0.5	0.5	0.4	5.8	6.2	5.9	5.6
Average					**1.2**	**1.0**	**1.0**	**1.0**	**10.0**	**7.5**	**6.8**	**6.5**
Auga Group	AUG1L	EUR	0.50	113	2.3	2.8	2.4	2.1	9.3	21.5	8.3	7.2

Source: Enlight Research (Auga), MarketScreener, Prices as of 9 December 2021

Q3 report deviations

Deviation by segment

The Q3/21 Crop growing segment sales came in 47.6% or EUR 8.1m below our estimate (EUR 8.9m vs. 17.0m) due lower crop yields caused by the hot summer. The Q3/21 Mushroom growing segment sales was EUR 0.6m or 7.4% below our estimate. The lingering negative effect from Covid related issues, such as low demand from the HORECA sector and lower production capacity due to covid cases among workers were the main reasons for the lower than estimated Mushroom sales. The Q3/21 Sales for the Dairy segment were in line with our forecast, while the FMCG segment Q3/21 sales was EUR 7.2%, or 0.2m above estimate.

The Q3/21 Crop growing segment Gross profit was negative EUR 8.0m vs. our estimated profit of EUR 2.1m. The main reason for the negative deviation was the EUR 7.9m negative Fair value adjustment of biological assets. The remainder of the EUR 10.1m negative Fair value deviation was due to a EUR 1.7m write-off of forage crops. The Q3/21 Gross profit for the Mushroom growing segment was EUR 0.4m below estimate. The FMCG Q3/21 Gross profit was 0.4m or 89% above our estimate (EUR 0.8m vs. 0.4m est.). The Dairy segment Gross profit was EUR 0.3m above our estimate, mainly as due to 6% higher milk prices compared to Q3/20.

Sales by Segment (EURm)	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	%
Crop growing	17.0	8.9	-8.1	-47.6%
Mushroom growing	7.7	7.1	-0.6	-7.4%
Dairy farming	3.4	3.4	0.0	-0.1%
End-Consumer packaged goods	2.1	2.3	0.2	7.2%
Group sales	**30.3**	**21.8**	**-8.5**	**-28.1%**

Sales growth	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	Bps
Crop growing	6.4%	-44.2%	nm	-5060
Mushroom growing	-0.2%	-7.6%	nm	-734
Dairy farming	7.1%	6.9%	nm	-15
End-Consumer packaged goods	55.0%	66.2%	nm	1118
Group sales growth	**7.0%**	**-23.1%**	**nm**	-3009

Gross profit by Segment (EURm)	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	%
Crop growing	2.1	-8.0	-10.065	-489.3%
Mushroom growing	0.3	0.0	-0.361	-109.7%
Dairy farming	0.2	0.4	0.261	146.5%
End-Consumer packaged goods	0.4	0.8	0.379	88.9%
Group gross profit	**3.0**	**-6.8**	**-9.786**	**-327.3%**

Gross margin by Segment	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	Bps
Crop growing	12.1%	-89.7%	na	-10179
Mushroom growing	4.3%	-0.4%	na	-471
Dairy farming	5.2%	12.8%	na	762
End-Consumer packaged goods	20.0%	35.2%	na	1523
Group gross margin	**9.9%**	**-31.2%**	**na**	**-4108**

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

Group deviation

The Q3/21 Group revenues was EUR 8.5m or 28.1% below our estimate. The negative deviation expanded at the Gross profit line to EUR 9.8m, even with Cost of sales being EUR 6.7m lower than estimated. The main reason for lower than expected result at the Gross profit line was the negative Fair value adjustment in biological assets. The negative Gross profit deviation of EUR 9.8m continued down to the Net profit line.

P&L (EURm)	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	Difference %
Revenues	30.3	21.8	-8.5	-28.1%
Cost of sales	-26.7	-20.0	6.7	-25.0%
Gain(loss) FV Bio. assets & Agri. Produce	-0.6	-8.5	-7.9	1331.0%
Gross profit	**3.0**	**-6.8**	**-9.8**	**-327.2%**
Operating expenses	-3.2	-3.1	0.1	-3.4%
Other income	0.1	0.2	0.1	69.6%
Operating profit	**-0.1**	**-9.7**	**-9.6**	**14627.2%**
Finance cost	-1.4	-1.5	-0.1	8.8%
Share of associates	0.0	0.0	0.0	
Pre-tax Profit	**-1.5**	**-11.2**	**-9.7**	**662.6%**
Income tax	0.0	0.0	0.0	
Non-controlling interest	0.0	0.0	0.0	37.5%
Net profit	**-1.4**	**-11.2**	**-9.7**	**669.5%**
Depreciation, Amortisation, Impairment	3.9	4.0	0.1	2.1%
EBITDA	**0.0**	**-5.7**	**-5.7**	

Growth	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	Difference Bps
Sales	7.0%	-23.1%	0.0%	-3009

Margins	Q3/21 Estimate	Q3/21 Outcome	Difference EURm	Difference Bps
EBITDA margin	0.0%	-26.1%	nm	-2613
Gross margin	9.9%	-31.2%	nm	-4107
Operating margin	-0.2%	-44.3%	nm	-4412
Pre-tax Profit margin	-4.8%	-51.3%	nm	-4649
Net margin	-4.8%	-51.2%	nm	-4644

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

Estimate changes

Our Sales estimate for 2021 is adjusted down by 8.6%, or EUR 7.4m because of smaller than expected yields for the 2021 harvest. In the forecast period 2022-23E, we make a 5.7% downward adjustment each year. Our 2021 Gross profit estimate is lowered by 69.6%, or EUR 11.5m, mainly due to the negative Fair value adjustment in Q3/21. For 2022-23E we have slightly increased the Gross profit estimate by EUR 0.8m each year, on the back of improving harvests. Our 2021 EBIT is lowered by EUR 12m to negative EUR 5m, while our 2022, and 2023 EBIT is lowered by 3.6%. Our EPS forecast is lowered by EUR 0.05 this year. For 2022, and 2023, the EPS is lowered by 1.6%, and 0.9%, respectively (the change is miniscule in euro terms).

Sales (EURm)	2021E	2022E	2023E
Old estimate	85.8	95.6	103.7
New estimate	78.5	90.2	97.8
Change	-7.4	-5.4	-5.9
Change (pct)	-8.6%	-5.7%	-5.7%

Gross profit (EURm)	2021E	2022E	2023E
Old estimate	16.5	20.9	25.0
New estimate	5.0	21.7	25.8
Change	-11.5	0.8	0.8
Change (pct)	-69.6%	3.8%	3.1%

EBIT (EURm)	2021E	2022E	2023E
Old estimate	6.7	9.9	13.1
New estimate	-5.3	9.5	12.6
Change	-12.0	-0.4	-0.5
Change (pct)	-178.2%	-3.6%	-3.6%

EPS (EUR)	2021E	2022E	2023E
Old estimate	0.007	0.021	0.035
New estimate	-0.048	0.020	0.035
Change	-0.055	0.000	0.000
Change (pct)	-774.5%	-1.6%	-0.9%

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

Source: Enlight Research

Risk factors

Below is a list of risk factors that we believe are important to highlight given the current environment. It should not be regarded as a complete list of risk factors. Additional risk factors can be found in the listing prospectus and annual reports.

COVID-19

A slower than expected recovery form 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	78	90	98
Total operating costs	-57	-62	-68	-64	-69
EBITDA	16	21	10	26	29
Depr. & Amort.	-16	-14	-15	-16	-16
One-off EBIT items	0	0	0	0	0
EBIT	0	7	-5	10	13
Financial net	-5	-6	-6	-5	-5
Pre-tax profit	-5	1	-11	4	7
Taxes	1	0	0	1	1
Minority interest	0	0	0	0	0
Other items	0	0	0	0	0
Net profit	-5	2	-11	5	8

Balance Sheet	2019	2020	2021E	2022E	2023E
Cash and cash equivalent	4	3	2	3	3
Receivables	13	16	16	19	21
Inventories	29	30	33	41	44
Other current assets	16	17	17	17	17
Total current assets	**62**	**66**	**68**	**79**	**85**
Tangible assets	92	97	93	89	88
Goodwill & Intangible assets	1	5	5	5	5
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**	**156**	**163**
Total assets	**207**	**214**	**219**	**236**	**248**
Accounts payable	13	16	20	27	39
Short-term IB debt	37	20	21	20	15
Other current liabilities	5	5	5	5	5
Total current liabilities	**55**	**42**	**46**	**53**	**59**
Long-term IB debt	21	40	43	40	30
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**	**91**	**96**	**94**
Total liabilities	**117**	**121**	**137**	**149**	**153**
Minority interest	0	0	0	0	0
Shareholders' equity	90	92	82	86	94
Total liabilities and Equity	**207**	**214**	**219**	**236**	**248**

Free Cash Flow	2019	2020	2021E	2022E	2023E
Operating profit	0	7	-5	10	13
Depreciation	16	14	15	16	16
Working capital chg	-2	-2	1	-3	7
Other operating CF items	0	1	0	1	1
Operating Cash Flow	**14**	**20**	**12**	**23**	**37**
Net investments	-13	-17	-11	-13	-15
Other items	0	-1	0	0	0
Free Cash Flow	**1**	**1**	**1**	**10**	**21**

Capital structure	2019	2020	2021E	2022E	2023E
Equity ratio	43.6%	43.4%	37.4%	36.8%	38.2%
Debt / Equity ratio	104.8%	102.3%	131.6%	129.6%	110.6%
Gearing %	100.2%	99.1%	128.1%	125.9%	107.0%
Net debt/EBITDA	5.7	4.4	10.3	4.2	3.5

Profitability	2019	2020	2021E	2022E	2023E
ROE	-5.2%	2.0%	-12.4%	5.5%	8.9%
FCF yield	1.0%	1.3%	0.6%	8.7%	18.8%
EBITDA margin	21.5%	25.0%	13.0%	28.5%	29.3%
EBIT margin	-0.6%	8.3%	-6.7%	10.6%	12.9%
PTP margin	-7.5%	1.6%	-14.4%	4.6%	7.6%
Net margin	-6.4%	2.1%	-13.8%	5.2%	8.2%

Valuation	2019	2020	2021E	2022E	2023E
P/E	-17.7	57.0	-10.5	24.4	14.2
P/E adjusted	-17.7	57.0	-10.5	24.4	14.2
P/Sales	1.1	1.2	1.4	1.3	1.2
EV/Sales	2.4	2.3	2.8	2.5	2.2
EV/EBITDA	11.0	9.3	21.5	8.7	7.5
EV/EBIT	-394.0	28.0	-41.5	23.4	17.1
P/BV	0.9	1.1	1.4	1.3	1.2
P/BV tangible	0.9	1.2	1.5	1.4	1.3

Per share ratios	2019	2020	2021E	2022E	2023E
EPS	-0.02	0.01	-0.05	0.02	0.04
EPS, adjusted	-0.02	0.01	-0.05	0.02	0.04
Operating CF/share	0.06	0.09	0.05	0.10	0.16
Free Cash Flow/share	0.00	0.01	0.00	0.04	0.09
BV/share	0.39	0.41	0.36	0.38	0.41
Tangible BV/share	0.39	0.41	0.36	0.38	0.41
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%

DCF valuation		Cash flow, mEUR	
WACC (%)	5.34 %	NPV FCF (2020-2022)	29
Assumptions 2020-2026 (%)		NPV FCF (2023-2029)	53
Average sales growth	6.66 %	NPV FCF (2030-)	150
EBIT margin	7.67 %	Non-operating assets	2
Fair value per share (EUR)	0.61	Interest-bearing debt	-95
Share price (EUR)	0.50	Fair value estimate	139

Shareholders	Capital	Votes
UAB Baltic Champs Group	62.585	55.04 %
European Bank for Reconstruction and Development	9.904	8.71 %
UAB ME Investicija	9.517	8.37 %
Žilvinas Marcinkevičius	7.960	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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ResearchTeam@enlightresearch.net

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Contact information

ResearchTeam@EnlightResearch.net