

## Harvest still looks good

**The Q2/22 was above our expectations due to strong performance from the crop and dairy segments. However, we lower our estimates on a cautious outlook for the crop segment and challenging environment for the Mushroom and FMCG segments.**

### FV gain above estimates, but cautious outlook

The Q2/22 Fair value (FV) gain from biological assets of EUR 3.8m was almost 3x our estimate of EUR 1.3m. This could trigger significantly raised estimates, but management gave a cautious H2/22 outlook at the results webinar. Hence, we forecast a Q3/22 FV reversal of EUR 0.6m and raise our Crop growing Gross profit estimate by “just” 2.1% in 2022.

### Dairy strong, Mushrooms and FMCG challenging

High raw milk prices prompt us to raise our Dairy segment 2022 Gross profit estimate by EUR 0.5m, while high energy prices make us lower our 2022 Mushroom segment Gross profit by EUR 0.8m. Our FMCG 2022 Gross profit estimate is lowered by EUR 0.9m due to supply chain challenges. Our 2022 Group Gross profit is lowered by 4.4% or EUR 0.9m.

### Base case Fair value EUR 0.56 per share

Our Base case Fair value (FV) per share is lowered somewhat to EUR 0.56 (prev. 0.59), due to an increased risk-free interest rate assumption to 3.0% from 2.5% (we do this for all companies i.e., it is not company specific). If nothing unforeseen happens in H2/22, this year should be significantly better than 2021.

### Key figures (MEUR)

	2020	2021	2022E	2023E	2024E
Net sales	83.1	71.7	84.6	90.7	94.9
Net sales growth	13.7%	-13.7%	18.0%	7.1%	4.7%
EBITDA	20.8	9.1	25.7	27.2	27.6
EBITDA margin	25.0%	12.7%	30.3%	30.0%	29.1%
EBIT	6.9	-9.8	8.7	9.6	10.5
EBIT margin	8.3%	-13.7%	10.3%	10.6%	11.1%
EV/Sales	2.3	3.0	2.5	2.3	2.2
EV/EBITDA	9.3	23.5	8.3	7.6	7.4
EV/EBIT	28.0	-21.8	24.6	21.5	19.5
P/E adj.	57.0	-7.3	47.2	35.4	26.0
P/BV	1.1	1.4	1.2	1.2	1.1
EPS adj.	0.01	-0.07	0.01	0.01	0.02
EPS growth adj.	-137.89%	-970.60%	-113.43%	33.28%	36.01%
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%

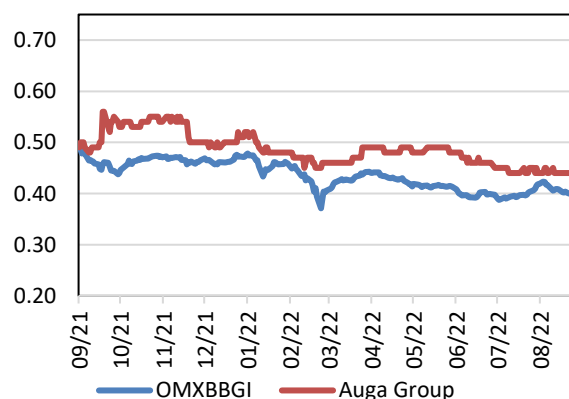
Source: Company data, Enlight Research estimates

### Fair value range (EUR)

Bull (term. EBIT marg. 9%)	0.71
Base (term. EBIT marg. 8%)	0.56
Bear (term. EBIT marg. 7%)	0.41

### Key Data

Price (EUR)	0.43
Ticker	AUG1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	98
Net debt (EURm)	102
Shares (m)	227
Free float	45%



### Price range

52-week high	0.56
52-week low	0.43

### Analyst

ResearchTeam@enlightresearch.net

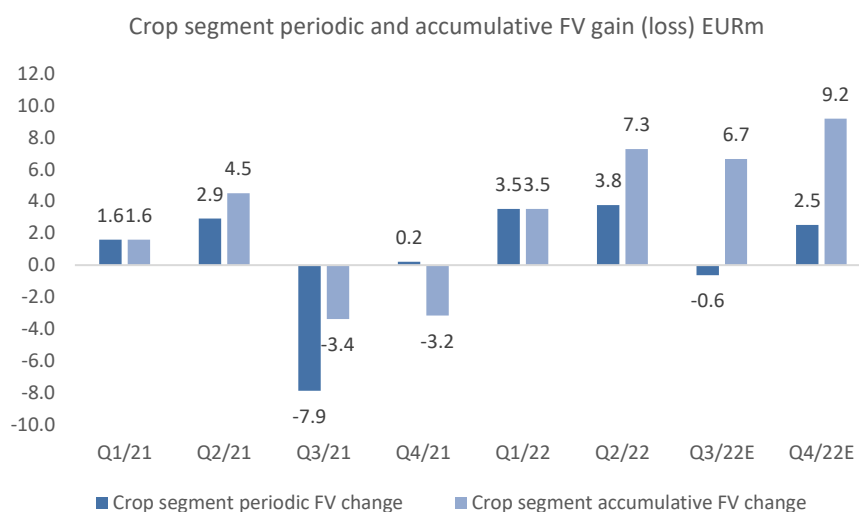
### Coverage frequency

4x per year

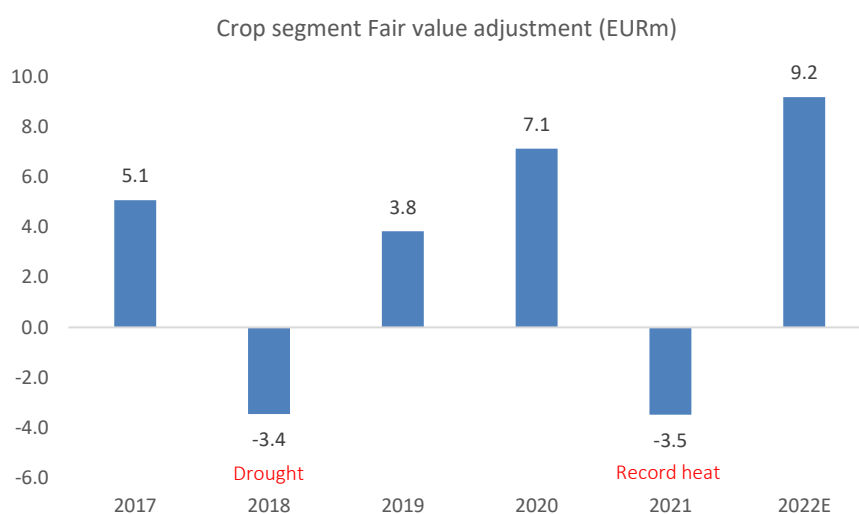
## Key takeaways

### Better than expected Q2/22 FV gain, but cautious H2/22 outlook

In Q2/22, the company reported a Fair value (FV) gain on biological assets of EUR 3.8m (excluding the EUR 2.3m reported in 2021), which was higher than our estimated FV gain of EUR 1.3m. This could prompt a FV estimate upgrade, however, in the Q2/22 webinar, management stated that unfavourable weather conditions and a stabilization of grain prices in Q3/22 will have a negative effect on the result, but the impact is likely to be much smaller than in 2021. Consequently, we forecast a FV gain reversal of EUR 0.6m in Q3/22, which is considerably smaller than last year’s EUR 3.2m reversal when we had record summer heat. For Q4/22, we forecast a FV gain of EUR 2.5m whereof EUR 2.3m is attributed to next year’s harvest. This means our estimated full-year 2022 FV gain on biological assets is raised slightly to EUR 9.2m (prev. EUR 8.9m), which is considerably better than last year’s FV loss of EUR 3.2m.



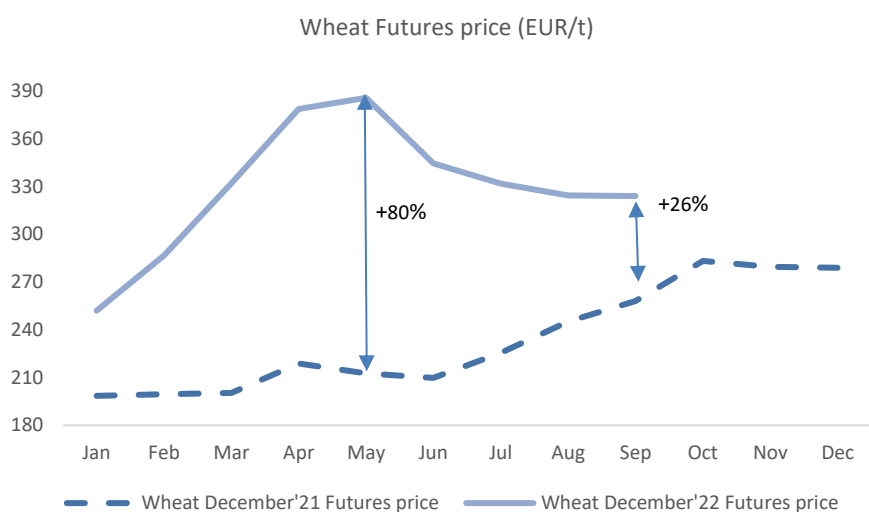
Source: Company report (historical), Enlight Research (estimates). FV gain adjusted for already taken gain in previous period.



Source: Company report (historical), Enlight Research (estimates). FV gain adjusted for already taken gain in previous period.

### Grain prices stabilizing at high levels

While management stated that stabilizing grain prices (as opposed to increasing), might weaken the FV outlook for the remainder of the year, we observe that the wheat price for conventional wheat with delivery in December 2022 is currently trading at 324 eur/t which implies a y-on-y increase of about 26% (Dec. 2021 futures price was 258 eur/t at this time last year). The wheat price increase is visible in Auga’s contracted harvest this year. At the end of Q2/22, Auga had contracted 76% of this year’s forecast harvest of which majority 69% were higher priced non long-term agreements with approximately 58% higher prices y-on-y i.e., around two thirds of this year’s harvest have already been contracted at 58% higher prices. To summarize, even though wheat prices have come down since their high in May, the price is still considerably higher than last year, which should benefit farmers, especially organic producers like Auga, who do not face a significant increase in the cost of fertilizers.



Source: Euronext, month end price (December futures prices)

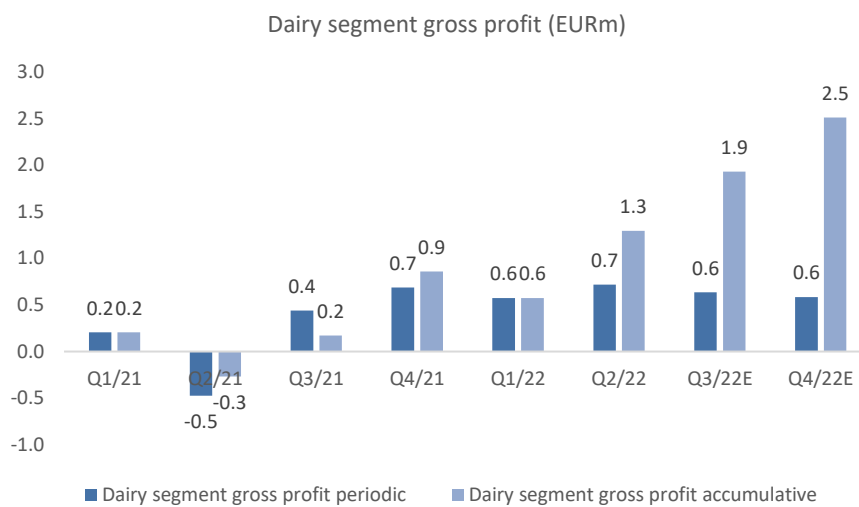
### Crop segment outlook update

Key components	Outlook
Price	In Q2/22 webinar management indicated 58% higher prices for contracted non long-term agreements. We believe key crops like wheat, could see at least a 30% price increase in 2022, potentially reaching an average price of 330eur/t (241 eur/t last year price).
Yield	Seeding for this year’s harvest was done on time. Winter provided with snow which protect plants from frost. Spring had moderate weather for crops. Summer was hotter than normal and could have negative impact of yield, but at much smaller extent than last year. We believe condition and yields of crops will be better this year compared to last year. Our 2022 wheat yield estimate is 3.92t/ha (3.27t/ha in 2021).
Costs	Costs are under control as the main crop – Wheat had even smaller cost/ha in H1/22 compared to H1/21. We expect costs to rise in 2022, but the increase would be offset by higher grain prices.
Contracted harvest	As of end of June 2022, 76% (Q1/22 report, 39%) of forecasted 2022 harvest was contracted of which ~69% (Q1/22 2022 report, 50%) were higher priced non long-term multi-year contracts.

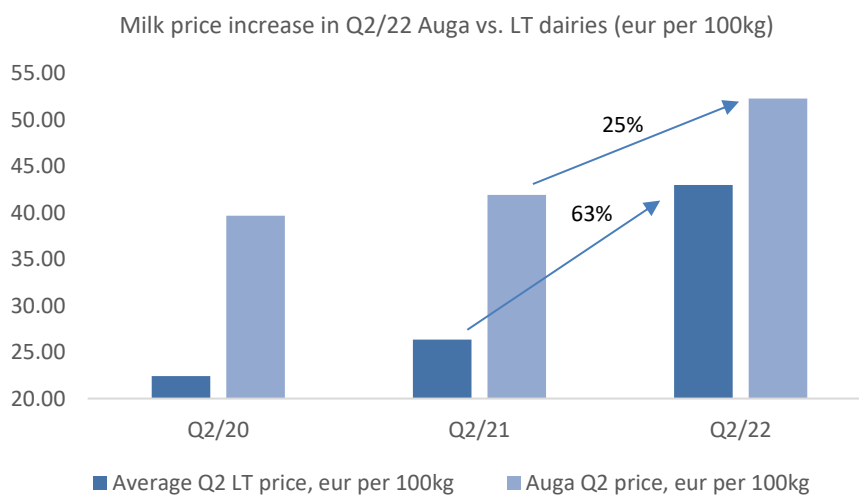
Source: Company report, Company presentation, Enlight Research

**Dairy keeps going strong**

For the second quarter in a row, the Dairy segment’s Gross profit surprised positively with a Q2/22 Gross profit of EUR 0.7m, which was 72% or EUR 0.3m better than our estimate. It also signifies a substantial improvement from the EUR 0.5m loss in Q2/21. The main reason for the strong performance is a higher raw milk price. In Q2/22, Auga’s raw milk selling price increased by 25% y-on-y, and we believe there could be a further price increase in H2/22 as the Lithuanian conventional raw milk selling price increased even more at 63% y-on-y in Q2/22 (organic raw milk price is usually lagging). Hence, our H2/22 raw milk price growth estimate of 23% y-on-y could be considered conservative. We expect a Gross profit of EUR 0.6m in each quarter Q3/22 and Q4/22 for a full-year 2022 Dairy segment Gross profit of EUR 2.5m (nearly 3x 2021 Gross profit of EUR 0.9m). Worth noting is that the Dairy segment’s H1/22 Cost of Sales increased 7%, which is significantly less than the H1/22 Sales increase of 21%.



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



Source: Company reports, clal.it

### Mushrooms facing energy challenge

The Mushroom segment's Q2/22 Gross profit was negative EUR 0.2m vs. our positive EUR 0.3m forecast. Higher energy prices were the main reason for the lower than expected gross profit (energy and transport account for 17% of total cost of goods sold). In Q2/22, the Cost of Goods Sold increased by 7% y-on-y while the average sales price increased by only 3% y-on-y. We believe it is challenging to raise prices to clients (mainly large retail chains) as competitors in other countries e.g., Poland, might benefit from lower energy prices. Consequently, we lower our Mushroom segment 2022 estimated Gross profit to EUR 0.2m from EUR 1.1m.

#### 2022E Mushroom segment estimate changes

	Old Estimate	New Estimate	Change, EUR or bps	Change, %
Sales (EURm)	30.299	29.828	-0.471	-1.6
Gross profit (EURm)	1.094	0.246	-0.849	-77.5
Gross profit margin, %	3.6%	0.8%	280	na

Source: Company reports, Enlight Research (estimates)

### FMCG facing outsourcing challenge

The FMCG segment's Q2/22 Gross profit was negative EUR 0.1m vs. our positive EUR 0.6m forecast. The main reasons for the negative deviation were (a) higher costs could not fully be passed on to clients – pricing should improve in Q3/22 according to the company, (b) sales is becoming more seasonal, especially to the largest export market USA, and (c) dairy product line missing due issues with outsourcing partner – a relaunch of the dairy product basket is expected in H2/22. While we expect these issues to be resolved, we do not believe it can be done fast enough to make up for the forecast deviation. Therefore, we lower our 2022 FMCG Gross profit estimate by 47% or EUR 0.9m to EUR 1.0m from EUR 1.9m.

#### 2022E FMCG segment estimate changes

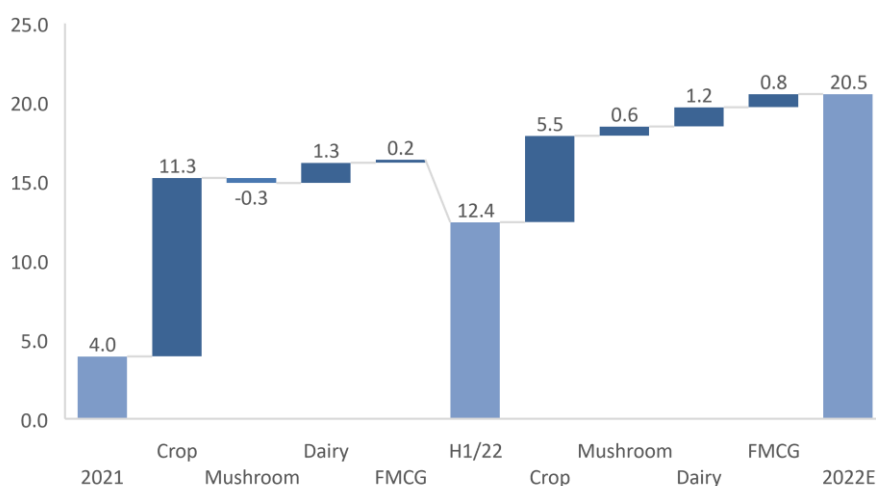
	Old Estimate	New Estimate	Change, EUR or bps	Change, %
Sales (EURm)	7.739	6.810	-0.929	-12.0
Gross profit (EURm)	1.935	1.022	-0.913	-47.2
Gross profit margin, %	25.0%	15.0%	1,000	na

Source: Company reports, Enlight Research (estimates)

### Positives offset negatives

Despite challenging times for the Mushroom and the FMCG segment, we forecast a significant increase in the 2022 Gross profit compared to 2021, mainly due to a substantial improvement in the Crop segment. Our estimated 2022 Gross profit is EUR 20.5m which is 5x higher than the 2021 Gross profit of EUR 4.0m.

Auga Gross profit development 2021 to 2022E (EURm)



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

## Valuation

### DCF valuation

We lower our Base case DCF based Fair value to EUR 0.56 (prev. 0.59) per share, indicating around 27% upside. The main reason for the lowered Fair value is lower estimates for the Mushroom and the FMCG segment. Our Bear and Bull case indicate Fair values of EUR 0.41 (prev. 0.43) and EUR 0.71 (prev. 75), respectively. The difference between our three scenarios is the EBIT margin, which is 8% in our Base case, while it is 7% in our Bear case and 9% in our Bull case.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	5.0%	5.0%	5.0%
Terminal sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	7.0%	8.0%	9.0%
Fair Value per share	0.41	0.56	0.71
Upside/Downside (last price)	-7%	27%	61%

Source: Enlight Research, Based on share price EUR 0.44

### Peer valuation

In our view, Auga's 2021 multiples are not relevant due to the exceptionally poor Lithuanian harvest. We also deem the 2022E multiples irrelevant for Kernel, Agroton, and Astarta as they have more than 50% exposure to Ukraine. Therefore, we exclude them from our peer table (these shares have lost 30-50% since the outbreak of the Russia – Ukraine war). Based on 2022E EV/EBITDA Auga is trading at a premium to the peer group (8.4x vs. 7.8x peer average). We believe Auga deserves a premium vs. peers due to its focus on organic food and its vertically integrated “from farm to fork” business (FMCG). Historically, Auga has also traded at a premium to peers.

#### Auga peer valuation

Company	Ticker	Ccy	Price (last)	Mcap (m)	EV/Sales 2021	EV/Sales 2022	EV/Sales 2023E	EV/Sales 2024E	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E
FirstFarms A/S	FFARMS	DKK	77.20	584	2.4	2.5	2.4	2.3	7.9	9.0	7.5	7.5
Linus Agro	LNA1L	EUR	1.31	90	0.5	0.3	0.3	0.2	14.4	3.6	6.3	6.1
Orior AG	ORON	CHF	74.00	483	1.0	1.0	0.9	0.9	9.7	9.7	9.4	8.9
Fodelia	FODA	EUR	4.66	35	1.4	1.1	1.0	0.8	19.6	14.7	10.0	7.9
Podravka D.D.	PODR	HRK	568	3983	1.0	1.0	0.9	0.9	7.7	8.6	7.9	7.2
Adecoagro	AGRO	USD	8.89	988	1.5	1.2	1.2	1.2	3.8	3.4	3.3	3.7
Bonduelle	BON	EUR	12.52	402	0.4	0.4	0.4	0.4	5.0	5.2	5.7	5.4
<b>Average</b>					<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>9.7</b>	<b>7.8</b>	<b>7.2</b>	<b>6.7</b>
Auga Group	AUG1L	EUR	0.44	110	3.0	2.6	2.3	2.2	23.5	8.4	7.7	7.5

Source: Enlight Research (Auga), MarketScreener, Prices as of 6 September 2022

## Q2/22 report deviations

### Deviation by segment

The Q2/22 Crop growing segment sales came in 143.4% or EUR 2.2m above our estimate (EUR 3.8m vs. 1.5m). The Q2/22 Mushroom segment and Dairy segment sales of EUR 7.3m and EUR 4.1m respectively, was in-line with our estimate. The FMCG segment Q2/22 sales was 36.2%, or 0.7m below estimate as the management expects sales drop in Q2/22 would be somewhat compensated in Q3/22.

The Q2/22 Crop growing segment Gross profit was nearly double or EUR 3.1m above our forecast (EUR 6.3m vs. estimate of EUR 3.3m). The main reason for the positive deviation was a EUR 2.5m higher positive effect from the Fair value adjustment of biological assets. The Q2/22 Gross profit for the Mushroom segment and the FMCG segment was EUR 0.2m and EUR 0.1m, respectively below our forecast. On the positive side, the Dairy segment continued to post higher than expected Gross profit of EUR 0.7m which was 71.9% or EUR 0.3m above estimate

Sales by Segment (EURm)	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	%
Crop growing	1.5	3.8	2.2	143.4%
Mushroom growing	7.2	7.3	0.0	0.4%
Dairy farming	3.9	4.1	0.1	3.8%
End-Consumer packaged goods	2.1	1.3	-0.7	-36.2%
<b>Group sales</b>	<b>14.8</b>	<b>16.4</b>	<b>1.6</b>	<b>11.1%</b>

Sales growth	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	-20.8%	92.7%	nm	11355
Mushroom growing	2.3%	2.7%	nm	38
Dairy farming	14.4%	18.7%	nm	429
End-Consumer packaged goods	75.0%	11.6%	nm	-6338
<b>Group sales growth</b>	<b>8.3%</b>	<b>20.5%</b>	<b>nm</b>	<b>1222</b>

Gross profit by Segment (EURm)	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	%
Crop growing	3.3	6.3	3.086	94.6%
Mushroom growing	0.3	-0.2	-0.552	-159.5%
Dairy farming	0.4	0.7	0.301	71.9%
End-Consumer packaged goods	0.6	-0.1	-0.721	-113.4%
<b>Group gross profit</b>	<b>4.7</b>	<b>6.8</b>	<b>2.114</b>	<b>45.3%</b>

Gross margin by Segment	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	Bps
Crop growing	211.4%	169.0%	na	-4242
Mushroom growing	4.8%	-2.8%	na	-763
Dairy farming	10.6%	17.6%	na	697
End-Consumer packaged goods	31.0%	-6.5%	na	-3750
<b>Group gross margin</b>	<b>31.6%</b>	<b>41.3%</b>	<b>na</b>	<b>971</b>

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

**Group deviation**

The Q2/22 Group revenues was 11.3% or EUR 1.7m above our estimate. The Q2/22 Group Gross profit was 45.4% or EUR 2.1m above forecast, mainly because of a higher than expected FV gain on crops (EUR 3.8m vs. EUR 1.3m estimate). The positive deviation in euro terms followed down to the Operating profit and the Net profit line as other costs were in-line with expectations.

P&L (EURm)	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	%
Revenues	14.8	16.4	1.7	11.3%
Cost of sales	-10.7	-13.0	-2.3	22.0%
Gain(loss) FV Bio. assets & Agri. Produce	0.5	3.3	2.8	511.1%
<b>Gross profit</b>	<b>4.7</b>	<b>6.8</b>	<b>2.1</b>	<b>45.4%</b>
Operating expenses	-2.8	-2.8	0.0	1.2%
Other income	0.1	0.2	0.1	77.8%
<b>Operating profit</b>	<b>2.0</b>	<b>4.2</b>	<b>2.2</b>	<b>109.9%</b>
Finance cost	-1.7	-1.7	-0.1	3.6%
Share of associates	0.0	0.0	0.0	
<b>Pre-tax Profit</b>	<b>0.3</b>	<b>2.4</b>	<b>2.1</b>	<b>679.8%</b>
Income tax	0.0	0.0	0.0	
Non-controlling interest	0.0	0.0	0.0	
<b>Net profit</b>	<b>0.3</b>	<b>2.4</b>	<b>2.1</b>	<b>677.0%</b>
Depreciation, Amortization, Impairment	4.3	4.2	-0.1	-3.3%
<b>EBITDA</b>	<b>6.3</b>	<b>8.3</b>	<b>2.0</b>	<b>32.5%</b>

Growth	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	Bps
Sales	8.3%	20.5%	0.0%	1222

Margins	Q2/22	Q2/22	Difference	
	Estimate	Outcome	EURm	Bps
EBITDA margin	42.6%	50.7%	nm	814
Gross margin	31.6%	41.3%	nm	969
Operating margin	13.5%	25.5%	nm	1196
Pre-tax Profit margin	2.1%	14.9%	nm	1275
Net margin	2.1%	14.8%	nm	1269

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



## Estimate changes

Our Sales estimates for 2022-23 is raised by EUR 1.2m each year to EUR 84.6m and EUR 90.7m respectively, while for 2024E we expect a 4.7% growth to EUR 94.9m (95.7m prev.). Our 2022 Gross profit is lowered by 4.4% to EUR 20.5m due lower than expected result from the mushroom and FMCG segment. For 2023-24E we expect gross profit to increase to EUR 22.2m and EUR 23.6m, yet slight decrease of 1-3% compared to our previous estimate. Our 2022 EBIT is lowered by EUR 1.1m to EUR 8.7m as further negative impact from high energy price could impact Group's profitability. Our 2022 EPS forecast is lowered from EUR 0.012 to EUR 0.009, followed by 2023-24 EPS estimate of EUR 0.012 and EUR 0.017, respectively.

### Group estimate changes

Sales (EURm)	2022E	2023E	2024E
Old estimate	83.4	89.5	95.7
New estimate	84.6	90.7	94.9
Change	1.2	1.2	-0.8
Change (pct)	1.4%	1.3%	-0.9%

Gross profit (EURm)	2022E	2023E	2024E
Old estimate	21.5	22.9	23.8
New estimate	20.5	22.2	23.6
Change	-0.9	-0.7	-0.2
Change (pct)	-4.4%	-3.0%	-1.0%

EBIT (EURm)	2022E	2023E	2024E
Old estimate	9.8	10.9	10.9
New estimate	8.7	9.6	10.5
Change	-1.1	-1.3	-0.4
Change (pct)	-11.1%	-11.9%	-3.8%

EPS (EUR)	2022E	2023E	2024E
Old estimate	0.012	0.017	0.019
New estimate	0.009	0.012	0.017
Change	-0.003	-0.005	-0.002
Change (pct)	-26.9%	-30.2%	-11.0%

Dividend (EUR)	2022E	2023E	2024E
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.

### Russia – Ukraine war

Auga has limited exposure to Russia, Ukraine, and Belarus (less than 0.5% of sales in 2021). The sales of mushroom compost to Russia was stopped already in Q4/20 (before the Russia – Ukraine war) due to covid restrictions.

### 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.

### Interest rates

Interest rates have been increasing throughout the 2022, as 12M EURIBOR is around 1.90% (was negative since 2016) level at the time of the report. The Company has around EUR 35-40m of debt with floating rate, which indicates additional cost to finance existing debt.

### Energy prices

High energy prices could significantly affect the production costs of the mushroom segment resulting in a lower than expected gross profit.

Income Statement	2020	2021	2022E	2023E	2024E
Net sales	83	72	85	91	95
Total operating costs	-62	-63	-59	-63	-67
<b>EBITDA</b>	<b>21</b>	<b>9</b>	<b>26</b>	<b>27</b>	<b>28</b>
Depr. & Amort.	-14	-19	-17	-18	-17
One-off EBIT items	0	0	0	0	0
<b>EBIT</b>	<b>7</b>	<b>-10</b>	<b>9</b>	<b>10</b>	<b>11</b>
Financial net	-6	-6	-7	-6	-6
<b>Pre-tax profit</b>	<b>1</b>	<b>-16</b>	<b>2</b>	<b>3</b>	<b>4</b>
Taxes	0	1	0	0	-1
Minority interest	0	0	0	0	0
Other items	0	0	0	0	0
<b>Net profit</b>	<b>2</b>	<b>-15</b>	<b>2</b>	<b>3</b>	<b>4</b>

Balance Sheet	2020	2021	2022E	2023E	2024E
Cash and cash equivalent	3	2	3	3	3
Receivables	16	11	18	19	20
Inventories	30	24	38	41	43
Other current assets	17	20	20	20	20
<b>Total current assets</b>	<b>66</b>	<b>57</b>	<b>78</b>	<b>83</b>	<b>86</b>
Tangible assets	97	100	98	95	93
Goodwill & intangible assets	5	6	6	6	7
Lease & Investment properties	36	39	43	47	51
Long-term Investments	0	0	0	0	0
Associated companies	0	0	0	0	0
Other long-term assets	10	10	10	10	10
<b>Total fixed assets</b>	<b>148</b>	<b>155</b>	<b>158</b>	<b>159</b>	<b>161</b>
<b>Total Assets</b>	<b>214</b>	<b>212</b>	<b>236</b>	<b>242</b>	<b>247</b>
Accounts payable	16	19	25	36	38
Short-term IB debt	20	19	22	19	17
Other current liabilities	5	6	6	6	6
<b>Total current liabilities</b>	<b>42</b>	<b>45</b>	<b>54</b>	<b>61</b>	<b>62</b>
Long-term IB debt	40	46	53	45	42
Convertibles & Lease liab.	34	38	43	47	51
Deferred tax liab.	1	2	2	2	2
Provisions	0	0	0	0	0
Other long-term liab.	3	3	3	3	3
<b>Total long-term liab.</b>	<b>79</b>	<b>88</b>	<b>101</b>	<b>97</b>	<b>97</b>
<b>Total Liabilities</b>	<b>121</b>	<b>134</b>	<b>155</b>	<b>158</b>	<b>159</b>
Minority interest	0	0	0	0	0
Shareholders' equity	92	79	81	83	87
<b>Total liabilities and equity</b>	<b>214</b>	<b>212</b>	<b>236</b>	<b>242</b>	<b>247</b>

DCF valuation	Cash flow, mEUR		
WACC (%)	5.01 %	NPV FCF (2022-2024)	21
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)	51
Sales CAGR	4.42 %	NPV FCF (2032-)	156
Avg. EBIT margin	10.48 %	Non-operating assets	2
Fair value per share (EUR)	0.56	Interest-bearing debt	-103
Share price (EUR)	0.43	Fair value estimate	128

Free Cash Flow	2020	2021	2022E	2023E	2024E
Operating profit	7	-10	9	10	11
Depreciation	14	19	17	18	17
Working capital chg	-2	13	-15	7	-1
Other Operating CF items	1	0	1	-1	-2
<b>Operating Cash Flow</b>	<b>20</b>	<b>22</b>	<b>12</b>	<b>33</b>	<b>25</b>
Net investments	-17	-22	-16	-15	-15
Other items	-1	0	0	0	0
<b>Free Cash Flow</b>	<b>1</b>	<b>0</b>	<b>-4</b>	<b>17</b>	<b>10</b>

Capital structure	2020	2021	2022E	2023E	2024E
Equity ratio	43.4%	37.2%	34.3%	34.6%	35.5%
Debt / Equity ratio	102.3%	131.0%	147.2%	132.8%	126.4%
Gearing %	99.1%	127.3%	143.0%	128.6%	122.2%
Net debt/EBITDA	4.4	11.0	4.5	4.0	3.9

Profitability	2020	2021	2022E	2023E	2024E
ROE	2.0%	-18.0%	2.6%	3.4%	4.4%
FCF yield	1.3%	-0.2%	-3.6%	17.7%	10.0%
EBITDA margin	25.0%	12.7%	30.3%	30.0%	29.1%
EBIT margin	8.3%	-13.7%	10.3%	10.6%	11.1%
PTP margin	1.6%	-22.7%	2.1%	3.6%	4.7%
Net margin	2.1%	-21.5%	2.5%	3.1%	4.0%

Valuation	2020	2021	2022E	2023E	2024E
P/E	57.0	-7.3	47.2	35.4	26.0
P/E adjusted	57.0	-7.3	47.2	35.4	26.0
P/Sales	1.2	1.6	1.2	1.1	1.0
EV/Sales	2.3	3.0	2.5	2.3	2.2
EV/EBITDA	9.3	23.5	8.3	7.6	7.4
EV/EBIT	28.0	-21.8	24.6	21.5	19.5
P/BV	1.1	1.4	1.2	1.2	1.1
P/BV tangible	1.2	1.6	1.3	1.3	1.2

Per share ratios	2020	2021	2022E	2023E	2024E
EPS	0.01	-0.07	0.01	0.01	0.02
EPS, adjusted	0.01	-0.07	0.01	0.01	0.02
Operating CF/share	0.09	0.10	0.05	0.14	0.11
Free Cash Flow/share	0.01	0.00	-0.02	0.08	0.04
BV/share	0.41	0.35	0.35	0.37	0.38
Tangible BV/share	0.41	0.35	0.35	0.37	0.38
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	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

<b>P/E</b>  $\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>  $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
<b>P/Sales</b>  $\frac{\text{Market cap}}{\text{Sales}}$	<b>DPS</b>  Dividend for financial period per share
<b>P/BV</b>  $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	<b>CEPS</b>  $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
<b>P/CF</b>  $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	<b>EV/Share</b>  $\frac{\text{Enterprise value}}{\text{Number of shares}}$
<b>EV (Enterprise value)</b>  Market cap + Net debt + Minority interest at market value – share of associated companies at market value	<b>Sales/Share</b>  $\frac{\text{Sales}}{\text{Number of shares}}$
<b>Net debt</b>  Interest-bearing debt – financial assets	<b>EBITDA/Share</b>  $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
<b>EV/Sales</b>  $\frac{\text{Enterprise value}}{\text{Sales}}$	<b>EBIT/Share</b>  $\frac{\text{Operating profit}}{\text{Number of shares}}$
<b>EV/EBITDA</b>  $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<b>EAFI/Share</b>  $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
<b>EV/EBIT</b>  $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<b>Capital employed/Share</b>  $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
<b>Div yield, %</b>  $\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Total assets</b>  Balance sheet total
<b>Payout ratio, %</b>  $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	<b>Interest coverage (x)</b>  $\frac{\text{Operating profit}}{\text{Financial items}}$
<b>Net cash/Share</b>  $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	<b>Asset turnover (x)</b>  $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
<b>ROA, %</b>  $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	<b>Debt/Equity, %</b>  $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
<b>ROCE, %</b>  $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	<b>Equity ratio, %</b>  $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
<b>ROE, %</b>  $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	<b>CAGR, %</b>  Cumulative annual growth rate = Average growth rate per year

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