

Linus Agro Group AB

2Q'20/21 Results: Despite excellent sales, net loss is reported

LNA1L.VL

Consumer Staples | Lithuania

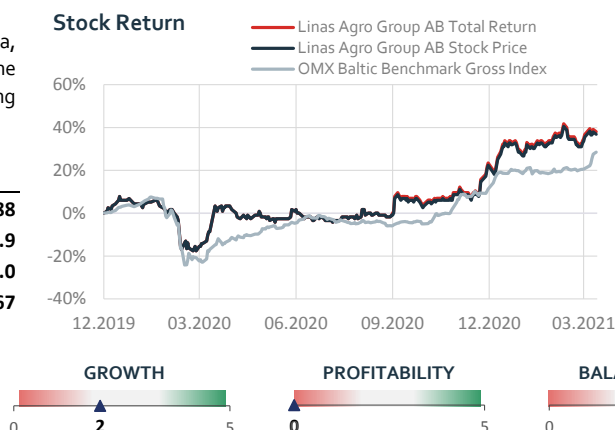
Linus Agro, having 39 subsidiaries in Lithuania, Latvia, Estonia and Ukraine, is active in the agricultural sector, exporting grain, producing milk and poultry.

Market data

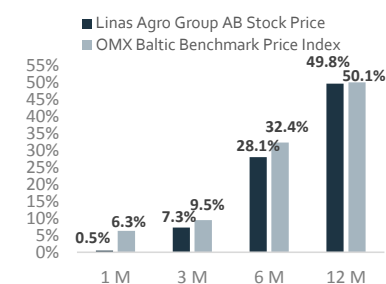
Price (€)	0.788
Market cap (mn €)	124.9
Free float (%)	17.0
Avg. daily volume - 30 days (mn €)	0.0267

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance

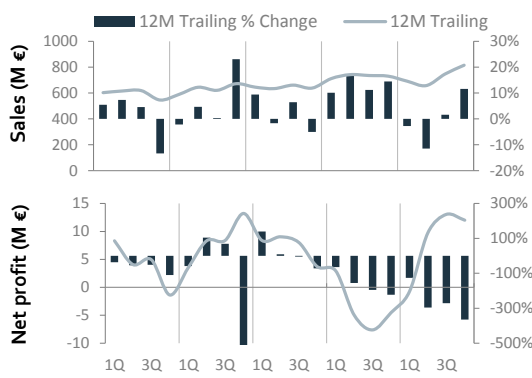


Company Update

2Q'20/21 sales of the company were up by 40% and to a great extent driven by exceptionally good harvest. However, the profitability was a stumbling point due to a number of reasons (the company reported 87% drop in operating profit and net loss): 1) the specifics of grain trading business as costs related to the transactions are booked this quarter, while the income is going to be recorded next quarter; 2) lower profitability in the food segment (poultry primarily) as the costs of raw materials increased while product prices were under pressure due to COVID. Currently Linus Agro is engaged in the M&A process, intending to acquire Lithuanian agro-company KG Group that supplies poultry and grain. The deal is expected to be financed with 30% in cash, but the financing details will be provided after regulatory approvals are received. The weather conditions look favourable for this year harvest.

Growth

Sales	last Q	LTM	2019	2018
Company (M €)	235.6	815.5	730.8	638.6
Company	40.4%	11.6%	14.4%	-5.0%
Sector*	-22.8%	0.2%	-7%	-3.4%
Baltic Market	-6.2%	-6.2%	4.6%	7.7%



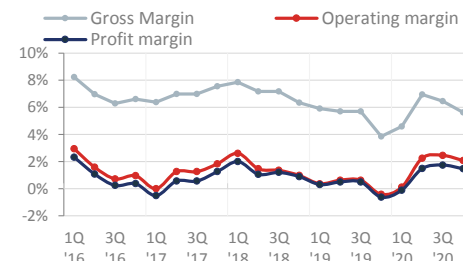
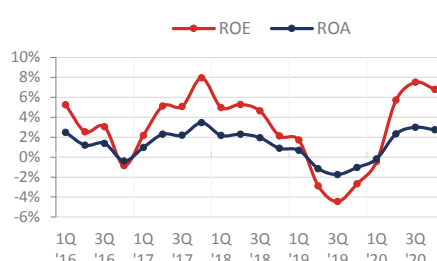
Key performance indicators

	4Q '20	4Q '19	LTM
Sales volume, mn tonnes	1.70	1.10	1.59
	+55%		
Number of employees	2129	2042	2111
	+4%		

Profit	last Q	LTM	2019	2018
Company (M €)	-0.1	12.0	-4.5	3.7
Company	-	-	-	-
Sector*	5.6%	-14%	-116%	-120%
Baltic Market	-2.2%	-31%	-40%	5.4%

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	6.8%	2.7%	5.6%	2.1%	1.5%
Sector*	0.4%	0.2%	14.1%	6.8%	4.0%
Baltic Market	8.9%	3.5%	25.7%	4.6%	4.1%
3y average	ROE	ROA	GM	OPM	PM
Company	2.4%	1.1%	6.5%	1.0%	0.6%
Sector*	-1.5%	-0.9%	11.2%	5.9%	2.6%
Baltic Market	5.5%	2.5%	20.9%	3.0%	2.4%



Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2019	2018		last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	41%	39%	44%	40%	41%	38%	37%	Cash Flow to Debt	0.15	0.13	0.26	0.30	0.21	0.56	(0.24)
Debt / Equity ratio	97%	98%	83%	112%	97%	116%	130%	CAPEX / Sales	1%	2%	3%	4%	2%	1%	2%
Cash ratio	0.07	0.05	0.06	0.05	0.06	0.06	0.04	FCF/OCF	127%	71%	86%	91%	94%	92%	131%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg		Trailing PE		
P/E	10.50	-	-	P/B	0.71	0.60	0.59	Company	[Bar chart showing current, 1y range, 3y range]		
EV/EBITDA	9.50	12.56	22.21	P/CF	4.88	3.45	-19.9	Sector	[Bar chart showing current, 1y range, 3y range]		
P/S	0.15	0.14	0.14	Dvd yield	0.0%	0.0%	1.2%	Market	[Bar chart showing current, 1y range, 3y range]		

*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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