



AB LINAS AGRO GROUP- VERTICALLY INTEGRATED AGRICULTURAL AND FOOD INDUSTRY GROUP



Tomas Tumėnas, Finance Director

**THE PLACE IN
FOOD CHAIN**



**International vertically integrated
agribusiness Group.**

**Runs business in Lithuania, Latvia,
Estonia and Denmark.**

**Produce and trade agricultural
commodities and food products,
feedstuff and provide products for
farming.**



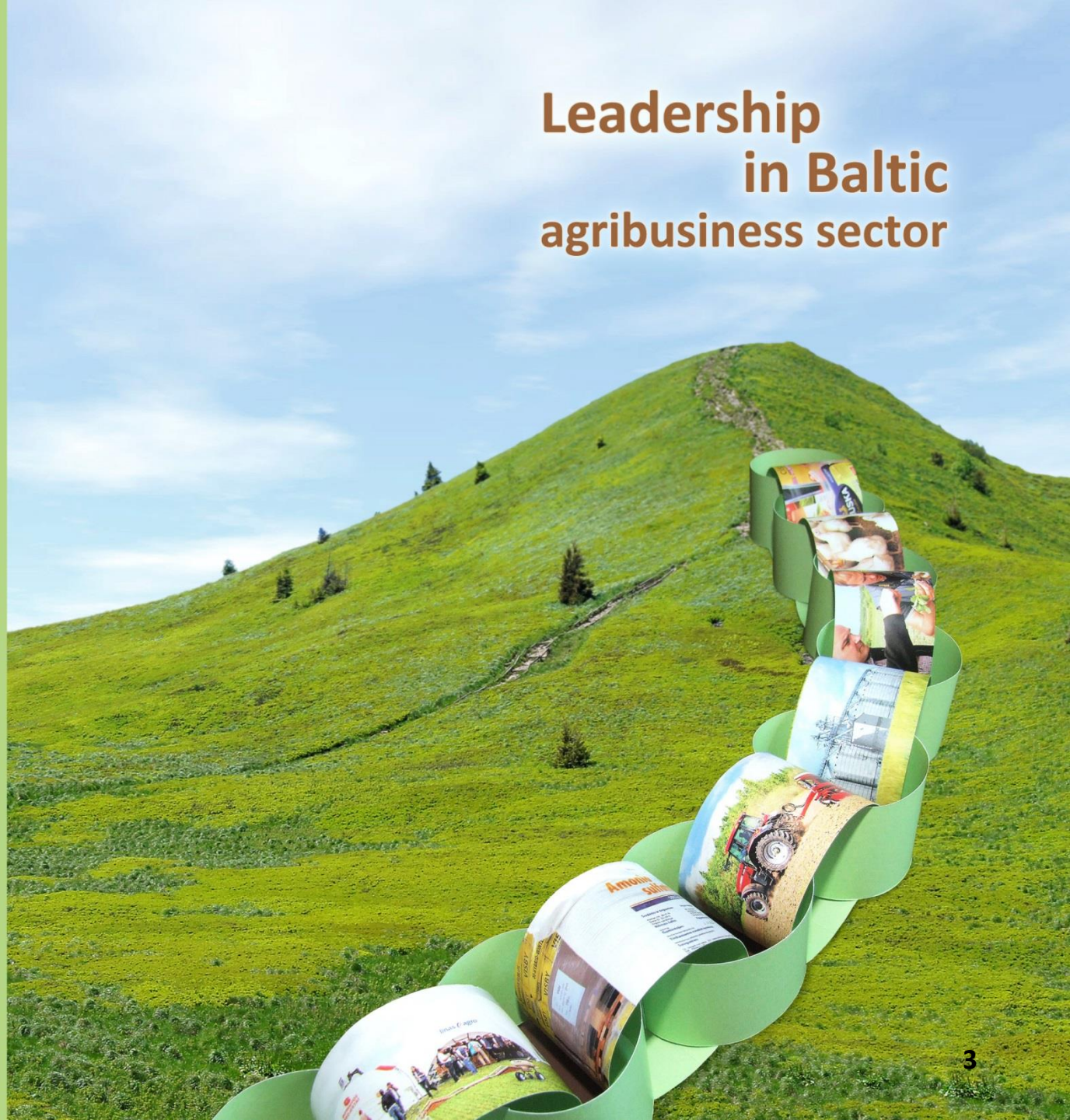
39
companies

2,334
employees



3 dormant companies not included

Leadership in Baltic agribusiness sector



**FINANCIAL
HIGHLIGHTS
IN FY 2014/15**



Fiscal year
of the company
starts July 1st

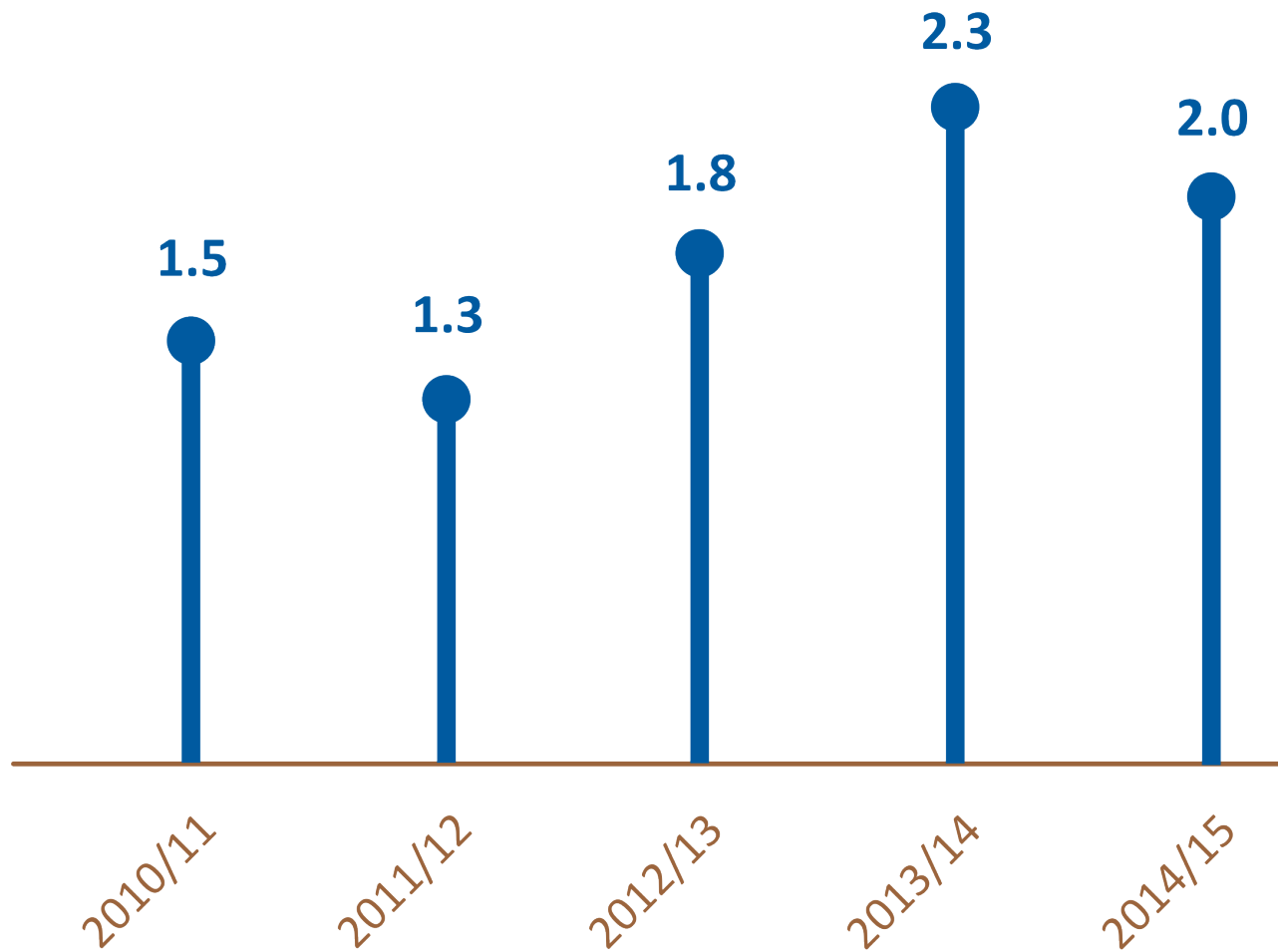
Consolidated revenue was EUR 574 million.

Sales volume in tons – 2 millions.

Gross profit was more than EUR 41 million.

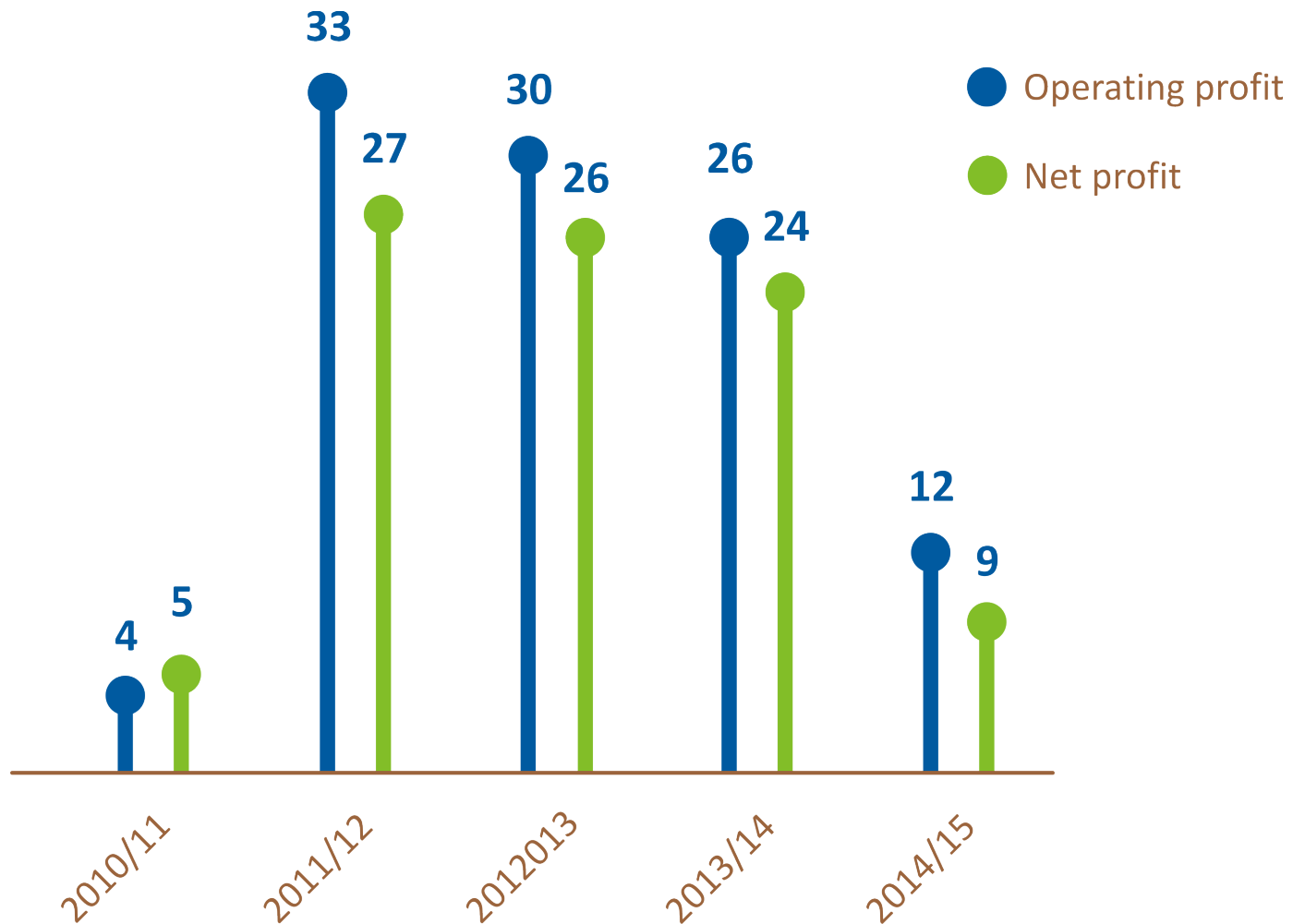
EBITDA – EUR 22 million.



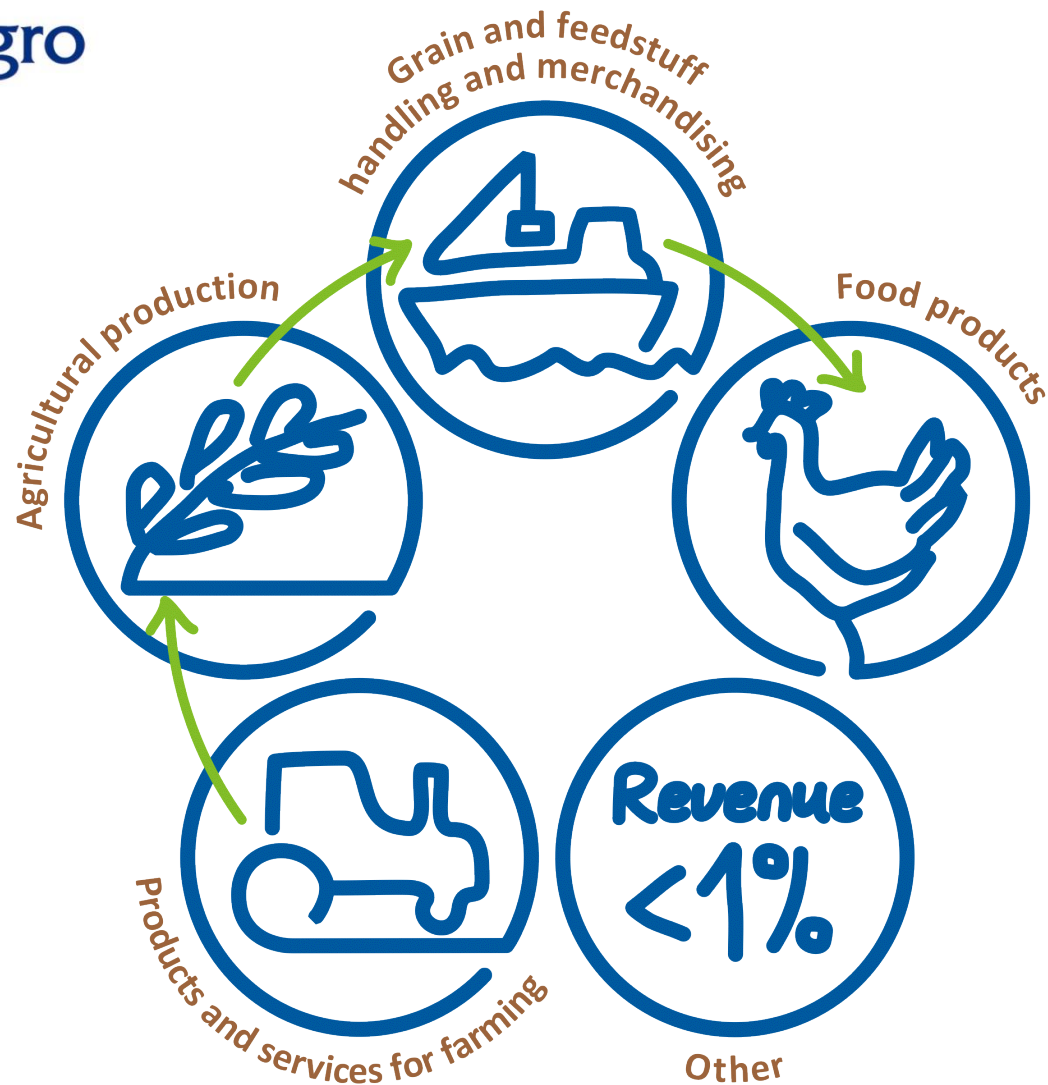


SALES VOLUME IN TONS, MILLION MT

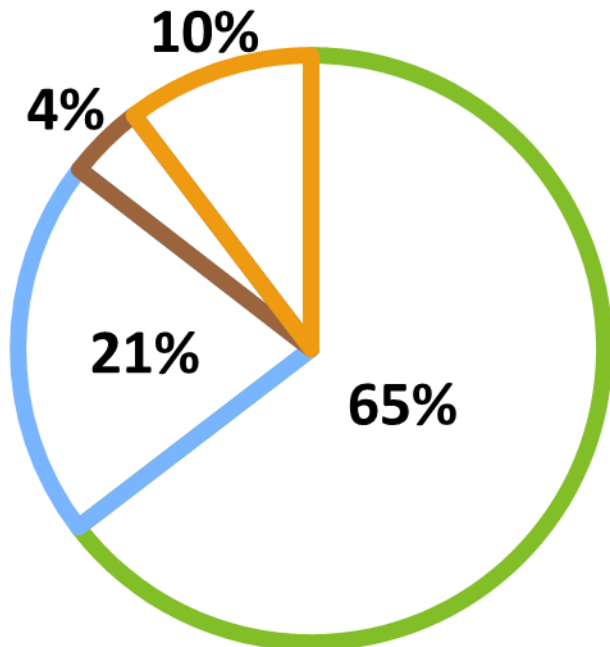




OPERATING AND NET PROFIT, MILLION EUR

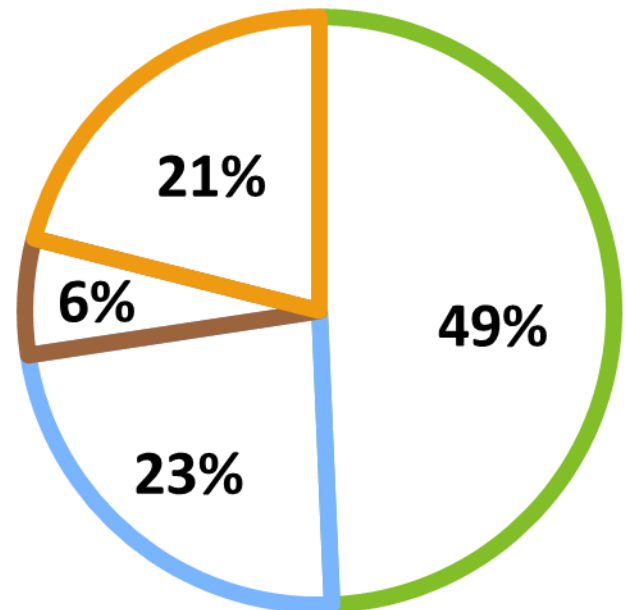


INCOME STRUCTURE



OPERATING PROFIT STRUCTURE

- Grain and feedstuff handling and merchandising
- Products and services for farming
- Agricultural production
- Food products



**GRAIN AND
FEEDSTUFF
HANDLING
AND
MERCHANDISING**



65%

**Grain
Oilseed
Feedstuff**

**Grain storage and preparation
Logistic services**



The Group remained one of the biggest grain exporters in the Baltic states.

Exported its production to more than 28 countries around the world.

1.8 million tons of cargo departed from the Baltic seaports.

75%

Revenue
received from
exports



Total storage
capacity 254
thousand mt



OWN GRAIN STORAGE FACILITIES

**GRAIN,
FERTILIZERS
AND
FEEDSTUFF
ARE STORED
IN GRAIN
ELEVATORS**



During the FY 2014/15, Group-owned grain storages took in 479 thousand tons of grain-16% more than a year before.

1.6 million tons of grain and feedstuff sold in total (the same as previous year).

Two grain elevators built in Lithuania and Latvia in 2015.





21%

Certified seed

Fertilizers

Plant protection products

Agricultural and forestry machinery

Grain storage facilities

Spare parts



**PRODUCTS
AND SERVICES
FOR FARMING**

The worsened situation of the farmers negatively affected the Group's operating results

Big challenges: absence of funding from the EU structural funds for purchase of agricultural machinery in all three Baltic countries, low grain prices and a strong decrease in milk purchase price.

914 units of new and used agricultural machinery and equipment sold in the Baltic States - almost the same as in previous year (920 units).

Operating profit shrunk by 46%.



Trade in fertilizers grew from EUR 51.8 million to EUR 52 million.

Trade in plant protection products went up from EUR 11.8 million to EUR 14.9 million.

Although the demand for seeds was lower in spring, seeds sales remained almost unchanged - EUR 14.4 million (EUR 14.6 million in FY 2013/14).

**AGRICULTURAL
PRODUCTION**



4 %

Cereals growing
Rapeseed growing
Sugar beet growing
Dairy production
Meat production





MEDEIKIŲ
ŽEMĖS ŪKIO BENDROVĖ



SIDABRAVO
ŽEMĖS ŪKIO BENDROVĖ



UŽUPĖS
ŽEMĖS ŪKIO BENDROVĖ



LABŪNAVOS
ŽEMĖS ŪKIO BENDROVĖ



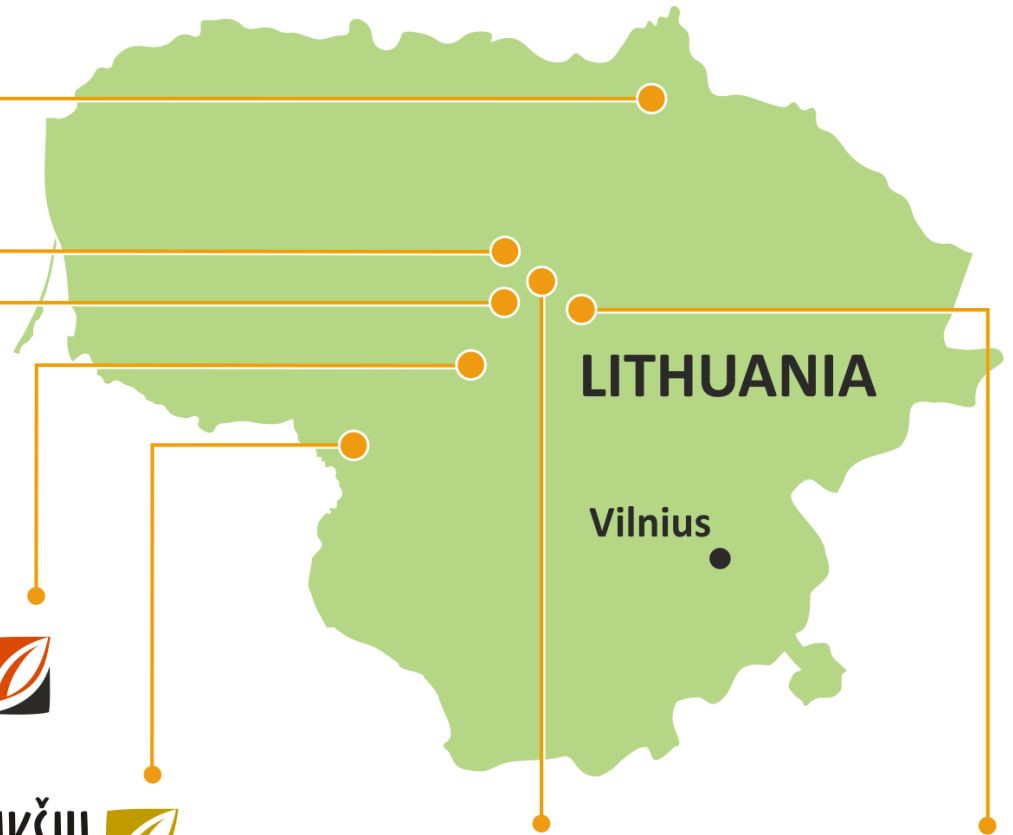
LUKŠIŲ
ŽEMĖS ŪKIO BENDROVĖ



ŽIBARTONIŲ
ŽEMĖS ŪKIO BENDROVĖ



AUKŠTADVARIŲ
ŽEMĖS ŪKIO BENDROVĖ



7

farming
companies



**The area of arable land is
>16,900 ha, ~6,744 ha own.**

**Agricultural production ~80,000 tons:
wheat – 43 thousand mt, malting barley
– 18 thousand mt, sugar beet 13
thousand mt, rapeseed – 10 thousand
mt.**



EFFECTIVITY
OF CROP
PRODUCTION

Group

**Average for
Lithuania**

7 t/ha

Wheat

4.3 t/ha

3.3 t/ha

Rapeseed

2.3 t/ha

6.4 t/ha

**Malting
barley**

3.8 t/ha



**EFFECTIVITY
OF MILK
PRODUCTION**

The
purchase
price of
raw milk
fell by
21%

**3,209 dairy cows (9% increase);
Total 31 thousand tons of milk per year
(17% more than previous year);
The average milk yield per cow 8.62 t/y
or 27% more than the average in Lithuania.
Farming company Šakiai district Lukšiu
ŽŪB was announced the most efficient
Lithuanian milk producer in 2014 and the
most advanced livestock farm in Lithuania
in 2015.**



10%

**AS Putnu Fabrika Kekava" -
Latvian poultry producer No 1.**

**SIA Lielzeltini - Latvian poultry
producer No 2.**

SIA Broileks grow and sell live chicken.

**SIA Cerova incubate eggs and sell day-
old chicks.**

WHY POULTRY



Pork and beef production was not profitable in Lithuania . Edible oil production margin was fluctuating.

Poultry consumption tends to grow. The company was partly familiar with poultry business from previous egg production business evaluation.

Since 1991 Linas Agro has been trading feedstuffs : synergy was expected.

The opportunity to sell a broad range of products and get better margins was attractive.



AS Putnu Fabrika Kekava (PFK) was carrying restructuring process.

SIA Lielzeltini was profitable, PFK was making loss.

The companies were competing and had different owners.

None of the companies had full production cycle.





Full poultry manufacturing cycle: from egg incubation to production of fresh poultry and processed products.

The brand "Kekava" took the 3rd place among food products for the third year in a row in Latvia.

25 retail shops.

Sold 18,890 tons of poultry meat - a little bit more than a year before (18,755 tons).

**LIELZELTINI
BROILEKS
CEROVA**



SIA Lielzeltini has an incomplete production cycle consisting of broiler breeding, production of fresh poultry and processed products sold under the brand name “Bauska”, as well as production of compound feed.

Sold 12,308 tons of poultry meat or 14% more than during the corresponding period of previous year (10,760 tons).

SIA Broileks produced over 1,336 tons of live weight of broilers over the respective period.

SIA Cerova produced almost 6.5 million day-old chicks or 2.5 % more than previous year (6.3 million).

ADVANTAGES FOR POULTRY COMPANIES



a part of linas agro group

Since former competitors have *de facto* become one producer, the poultry companies use advantage from mutual cooperation and also integration within the Group.

Acting together they become a more competitive and sizeable poultry industry player in the Baltic market.

***PFK+Lielzeltini* EBITDA :**

2012 – EUR 2 million

2014 – EUR 8 million

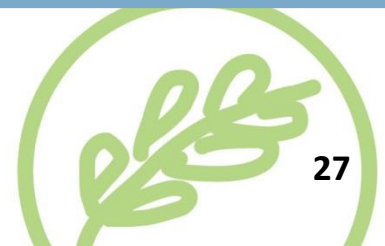


**IMPROVING THE
COMPETITIVENESS
OF POULTRY**



Upgrading production lines to produce more and a wider variety of poultry products.

Merging the sales and accounting departments, laboratories and slaughterhouses to avoid the duplication of functions and make product cost lower.



**STRATEGIC
OBJECTIVES OF
THE COMPANY**



The main objective is sustainable growth.

To strengthen position in the Baltic and Scandinavian markets.

To expand operations in Central European countries.

**LONG-TERM
OBJECTIVES OF
THE COMPANY**



Expansion of grain trade in the Baltics, by opening new grain elevators and strengthening warehousing positions in the ports.

Expansion of fertilizer trade business in Lithuania, Latvia, Poland and other CE countries.

Implementation of investment program in poultry companies, going from mio 62 Eur to mio 90 Eur sales within 3 years period.

Increasing productivity of agricultural companies.



and the last, but not the least



**Build the largest and best serving
network of agricultural machinery
services in the Baltics.**

