

Agrowill Group AB revenues grew almost 20 percent

The biggest in the Baltic States agricultural investment and management company Agrowill Group AB consolidated revenues over the first half of year 2008 amounted to LTL 18,7 million – an 19 per cent increase as compared to the same period of 2007, when the revenues amounted to LTL 15,7 million.

“The growth of Agrowill Group revenues is connected mainly with our dairy sector expansion. Despite the price of raw milk being lower than we planned at the beginning of the year, the investments made into efficiency have already given positive results” – explained Valentas Šulskis, the general director of Agrowill Group. The revenues of dairy segment of the Group over the first half of the year, as compared to same period of 2007, grew by 26 per cent and amounted to LTL 14,9 million.

“It is worth noting, that over the first six months of 2008, Agrowill Group has incurred a lot of untypical, one-off expenses, which did not occur in the previous periods. These include the expenses of organizing the IPO and underwriting of emissions of bonds issued to support the expansion of the Group. If we subtract these untypical expenses, the EBITDA of Agrowill group over the six months of 2008 totaled LTL 7,3 million – an 18 per cent increase over the comparable period of 2007, - commented V. Šulskis. According to unaudited data, the Group experienced a LTL 2,8 million net loss in first half of 2008, while in 2007, a LTL 27,3 million net profit was earned.

“These figures can not be compared. In 2007, over LTL 26 million of profit was earned from the revaluation of investment property and release of negative goodwill, which occurred when acquiring the Žemės vystymo fondas group companies, to revenues. In 2008 – a lot of untypical, not connected with Group’s main business expenses were incurred. We analyze our performance by comparing the revenues and EBITDA figures of the Group, thus the increase in both operational figures ensures as that we are on the right path of Group’s operations development,” – explained CFO of Agrowill Group Domantas Savičius. According to him, one should compare the results without any one-off transactions. In such case the net profit for first half of 2008 amounts to LTL 0,1 million, while over the same period of 2007 groups profit reached LTL 1,0 million.

“We value these results as intermediate. Lower than 2007 net profit was influenced by the increased operating expenses, which occurred due to start of rapid expansion of the group. Even before the acquisitions started – an experienced and strong team of employees was formed, which is capable of managing 30 – 40 agricultural companies in the Baltic States. The net result of the Group was also influenced by our planned and carried out acquisitions – their financial, legal DD and consultant costs. At the same moment were preparing for future growth of the group – ambitious projects like animal breeding house and mega-farms were evaluated, their business plans, calculations and nature influence analysis were made and best specialists in the dairy industry in the world were consulted with, - informed Valentas Šulskis.

The consolidated sales from core activities, without newly acquired companies, of Agrowill Group is expected to grow 36 per cent this year to LTL 58 million; while the EBITDA is targeted to rise by almost 40 per cent, up to around LTL 18 million. The Company plans to meet the goals.

In the beginning of second half of 2008, Agrowill group acquired the most efficient Estonian dairy company – Polva Agro. The acquisition of one of the most advanced agricultural companies in Lithuania – Grūduva will be finalized the near future, while the Competition council decision is pending for agricultural entity Tetirvinai acquisition. The consolidated sales of these 3 companies in 2007 amounted to LTL 39 million, while their EBITDA reached LTL 17 million. “Taking into account these important acquisitions, we are planning to review our operational forecast for 2008, by adding the forecasted results of the new companies over the remaining part of the year,” – informed Mr. Šulskis. At the end of the year, the Company plans to present to the investors pro-forma accounts, which would represent the group’s financial position had the acquisitions taken place on 1 January 2008.

According to the general director of Agrowill Group, the rapid expansion will be continued in the near future. At the moment, we are negotiating over some companies acquisitions in Lithuania and Estonia. “The analysis of expansion possibilities in the black-earth region are also continuing: we are looking were thoroughly at a couple of potential targets in Russia, considering our first steps into Kazakhstan and Moldova,” – shared his views V. Šulskis.

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