

AgroGeneration (+)

2015 results - company contact

Opinion	BUY
Target price	0,68€ vs 0,74€
Potential	+106%

Good resistance while waiting for a rebound in prices

AgroGeneration was confronted by particularly unfavourable conditions in 2015, with the economic situation in Ukraine continuing to have a negative impact on the local currency and agricultural commodity prices continuing to fall. In this difficult context, the company's 2015 results demonstrated the pertinence of its business model, with limited declines in revenues (-8.9%) and EBITDA (-3.9%). Concerning 2016, while the situation is stabilising in Ukraine, a rebound in agricultural commodity prices appears relatively unlikely, in contrast to what we had previously expected. We have consequently lowered our 2016 and 2017 forecasts. However, we have only slightly revised our target price to €0.68 (vs. the previous €0.74) due to the positive impact of the fall in long-term Ukrainian interest rates on our WACC and the improvement in operating leverage over the medium term. BUY rating maintained.

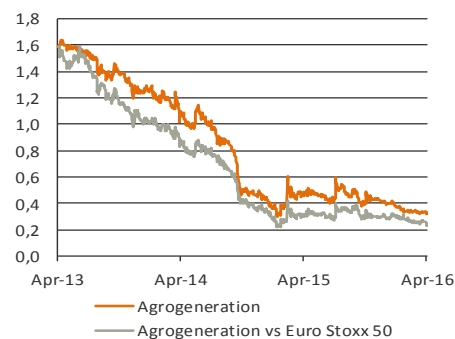
- Solid 2015 results in a very unfavourable context: agricultural commodity prices continued to fall and the local currency continued to weaken as a result of a still difficult economic situation in Ukraine. In this context, AgroGeneration's results remained solid, with limited declines in revenues (-8.9% to €58.9m) and EBITDA (-3.9% to €19.9m). The net loss fell from -€23.1m in 2014 to -€7.9m in 2015. This improvement was linked to a reduction in currency losses to €13.3m vs. €27.2m in 2014.
- These results demonstrate the group's ability to post satisfactory operating results in a difficult environment thanks to very strict cost control. This trend should continue, leading to substantial operating leverage that should support a significant rebound in results as soon as agricultural commodity prices turn back up again. Additionally, the balance sheet has been strengthened, with net debt of €35.5m at yearend 2015 and gearing reduced to 50%. \$35m in crop loans have been provided by Alfa Bank and the group has signed prepayment contracts for the 2016 harvest totalling up to \$12.5m.
- The situation in Ukraine is gradually stabilising: the IMF should continue to provide the country with financing, the local currency has stabilised, inflation is slowing and the World Bank is forecasting GDP growth of 1% this year following the steep 10% decline in 2015. In contrast, agricultural commodity prices should not rebound this year, with stocks at high levels following several years of good harvests throughout the world. However, the long-term trends argue in favour of a rebound in prices linked to world population and urbanisation trends.
- We have lowered our 2016 and 2017 forecasts to reflect continued depressed agricultural commodity prices. We now anticipate revenues of €58m (vs. €73.6m) in 2016 and €70m (vs. €93.7m) in 2017, EBITDA of €19.5m (vs. €27.6m) in 2016 and €23.5m (vs. €41.9m) in 2017 and EPS of €0.03 (vs. €0.09) in 2016 and €0.07 (vs. €0.16) in 2017.
- We have slightly lowered our target price (based on a DCF valuation) to €0.68/share vs. the previous €0.74/share. The change in our short-term forecasts does not put into question the operating leverage (which should improve further over the medium term) as soon as agricultural commodity prices turn back up again. Long-term interest rates in Ukraine have begun to fall, with a positive impact on our WACC, which has fallen from 22.85% to 20.22%. BUY rating maintained.

in € / share	2014	2015p	2016e	2017e
diluted EPS	-0,24	-0,01	0,03	0,07
Chg 1 year	n.s.	n.s.	n.s.	+119,1%
Revisions	n.s.	n.s.	-66,9%	-59,2%

ISIN	FR0010641449
Ticker	ALAGR:FPPA
DJ sector	Food Products Industry

Price	€0,33
Nb of shares (m)	98,5
diluted nb of shares (m)	212,1
Market cap (m€)	33
Float (m€)	13

	1m	3m	1 year
Absolute chg	-2,9%	-10,8%	-28,3%
Relative chg	-6,3%	-17,9%	-13,0%

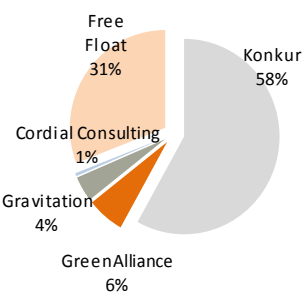


	déc-31	2014	2015p	2016e	2017e
PE	n.s.	n.s.	14,9x	6,8x	
EV/CA	1,9x	2,1x	1,8x	1,3x	
EV/EBITDA	6,0x	6,1x	5,4x	3,9x	
EV/EBITA	9,4x	9,5x	8,4x	5,5x	
FCF yield	0,2x	0,1x	0,1x	0,3x	
Yield	0,0x	0,0x	0,0x	0,0x	
Net debt/EBITDA	3,8x	1,7x	0,9x	0,1x	

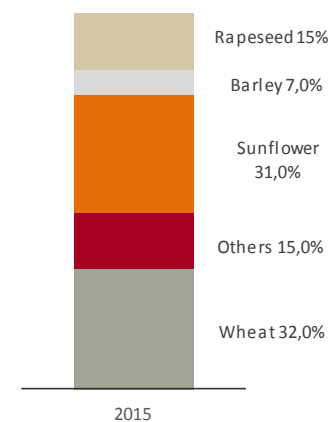
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Financial Data

Shareholders	
Konkur	58%
GreenAlliance	6%
Gravitation	4%
Cordial Consulting	1%
Free Float	31%



Harvests breakdown 2015	
Wheat	32,0%
Sunflower	31,0%
Barley	7,0%
Rapeseed	15,0%
Others	15,0%



Data per share	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
published EPS	n.a.	n.a.	-0,05	-0,24	-0,08	0,02	0,09	0,30	0,49
diluted EPS	n.a.	n.a.	-0,05	-0,24	-0,01	0,03	0,07	0,16	0,25
<i>Var/consensus</i>	n.a.	n.a.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Net asset	n.a.	n.a.	0,79	0,07	0,71	0,72	0,81	1,11	1,60
Dividend	n.a.	n.a.	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Valuation ratios	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
P/E	n.a.	n.a.	n.s.	n.s.	n.s.	14,9x	6,8x	2,7x	1,8x
VE/Revenue	n.a.	n.a.	3,6x	1,9x	2,1x	1,8x	1,3x	0,7x	0,3x
VE/EBITDA	n.a.	n.a.	n.s.	6,0x	6,1x	5,4x	3,9x	1,6x	0,5x
VE/EBITA adjusted	n.a.	n.a.	n.s.	9,4x	9,5x	8,4x	5,5x	1,9x	0,6x
op. before BFR FCF yield	n.a.	n.a.	n.s.	0,2x	0,1x	0,1x	0,3x	0,8x	1,2x
operational FCF yield	n.a.	n.a.	0,0x	0,3x	0,0x	0,1x	0,2x	0,5x	1,0x
Yield	n.a.	n.a.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

EV (€m)	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
Share price in €	n.a.	n.a.	1,5	0,9	0,4	0,4	0,4	0,4	0,4
Capitalization	n.a.	n.a.	123,3	46,0	42,4	42,4	42,4	42,4	42,4
Net debt (OSRANE incl.)	n.a.	n.a.	71,6	77,2	79,7	63,0	48,7	27,8	-11,0
Minorities	n.a.	n.a.	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	n.a.	n.a.	0,7	0,0	0,0	0,0	0,0	0,0	0,0
Others	n.a.	n.a.	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EV	n.a.	n.a.	195,5	123,2	122,1	105,4	91,1	70,2	31,4

P&L (€m)	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
Revenue	n.a.	32,8	53,7	64,6	58,9	58,0	70,0	95,0	116,3
<i>chg.</i>	n.a.	n.s.	63,7%	20,3%	-8,9%	-1,5%	20,7%	35,7%	22,4%
EBITDA	n.a.	8,6	-9,8	20,4	19,9	19,5	23,5	43,9	62,2
EBITA adjusted	n.a.	-1,4	-16,8	13,1	12,9	12,5	16,5	36,9	55,2
<i>chg.</i>	<i>n.a.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>-2%</i>	<i>-3%</i>	<i>+32%</i>	<i>+123%</i>	<i>+50%</i>
EBIT	n.a.	-1,4	-16,8	13,1	12,9	12,5	16,5	36,9	55,2
Financial result	n.a.	-0,4	-3,5	-36,2	-19,6	-9,7	-7,5	-7,3	-7,3
Taxes	n.a.	-0,3	-0,2	0,0	0,2	0,0	0,0	0,0	0,0
Minorities	n.a.	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net profit	n.a.	-2,2	-20,5	-23,1	-6,4	2,8	9,1	29,6	47,9
Net profit corrected	n.a.	-2,2	-20,5	-23,1	-6,4	2,8	9,1	29,6	47,9
<i>chg.</i>	<i>n.a.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>+486%</i>	<i>+227%</i>	<i>+62%</i>

Cash flow statement (€m)	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
Net profit	n.a.	4,9	-22,6	-23,1	-7,9	1,5	9,1	29,6	47,9
Depreciations & amortization	n.a.	-3,7	-9,2	-7,3	-7,0	-3,4	-2,8	-2,9	-3,6
Other non cash items	n.a.	-5,7	2,6	27,0	6,5	0,0	0,0	0,0	0,0
op. before BFR FCF	n.a.	2,9	-10,8	11,2	5,6	4,9	11,9	32,6	51,6
Change in WCR	n.a.	-4,5	13,5	0,9	-4,2	0,3	-4,6	-9,6	-8,2
operational FCF	n.a.	-1,6	2,7	12,1	1,4	5,3	7,3	22,9	43,4
Acquisitions/cessions	n.a.	-0,4	-4,3	-3,0	-2,6	-2,1	-4,0	-5,0	-6,0
Capital increase	n.a.	5,0	0,1	0,1	1,9	0,0	0,0	0,0	0,0
Dividends	n.a.	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Others	n.a.	-0,5	-0,8	-11,0	-2,2	-0,6	-0,6	-0,6	-0,6
published FCF	n.a.	2,6	-2,3	-1,8	-1,5	2,6	2,7	17,4	36,8

Balance sheet (€m)	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
Current assets	n.a.	27,5	94,3	63,6	81,4	80,1	81,3	83,4	85,7
WCR	n.a.	21,7	45,0	22,2	43,1	41,3	42,5	44,5	46,9
Equity group share	n.a.	26,8	28,4	20,2	38,8	38,5	43,1	52,7	60,9
Minorities	n.a.	55,1	51,1	6,6	69,5	71,0	80,1	109,7	157,6
Provisions	n.a.	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net debt	n.a.	-1,0	71,6	77,2	34,4	17,7	3,4	-17,5	-56,3

Financial ratios (%)	2011	2012	2013	2014	2015p	2016e	2017e	2018e	2019e
EBITDA/Revenue	n.a.	26,3%	n.s.	31,6%	33,9%	33,6%	33,6%	46,2%	53,5%
EBITA/Revenue	n.a.	n.s.	n.s.	20,3%	21,9%	21,6%	23,6%	38,8%	47,4%
NR corrected/Revenue	n.a.	n.s.	n.s.	n.s.	n.s.	4,9%	13,0%	31,2%	41,2%
WCR/Revenue	n.a.	81,8%	53,0%	31,3%	66,0%	66,4%	61,6%	55,5%	52,4%
ROCE excl. Incorpor/ GW	n.a.	-4,3%	-21,6%	21,3%	16,7%	16,2%	20,2%	40,3%	55,3%
ROE corrected	n.a.	n.s.	n.s.	n.s.	n.s.	4,0%	11,3%	27,0%	30,4%
Net debt/Total equity	n.a.	-1,8%	140,2%	1175,0%	49,6%	25,0%	4,3%	-15,9%	-35,7%
Net debt/EBITDA (en x)	n.a.	-0,1x	n.s.	3,8x	1,7x	0,9x	0,1x	-0,4x	-0,9x

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Price change on 5 years (absolute ans relative)



CONFLICT SCREEN

	Corporate Finance	Treasury stocks holding	Prior communication	Analyst's personal interest	Liquidity contract	Listing Sponsor	Research contract
AgroGeneration	Yes	No	Yes	No	Yes	No	Yes

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