

22 April, 2016

AB Linas Agro Group

Notification about material event

AB Linas Agro Group acquires fertilizers trading business in Latvia

AB Linas Agro Group received the permission of the Competition Council of the Republic of Latvia to acquire fertilizers trading business in Latvia. The subsidiary of AB Linas Agro Group, UAB Linas Agro Grūdų centras KŪB acquires SIA Paleo, company that runs warehousing business, while SIA Linas Agro take over the fertilizer trade business and trademark from SIA Latfert. It is planned to spend in total EUR 4.59 million on acquisition. The transaction is scheduled to end in October 2017.

SIA Paleo is a fertilizer warehouse managing company with 4 branches in different regions of Latvia - Tukumse, Skrunda, Iecava and Rezekne, where fertilizers are being stored and packed. In total warehouses cover over 21 thousand square meters in almost 20 ha area. SIA Latfert is a fertilizer trading company. In 2015 revenue of the company was EUR 14 million. In 2015 the companies sold nearly 62 thousand tons of fertilizers in total.

"We are running business in Latvia since 2003, and markedly expanding in this country during the last five years: we acquired the poultry companies in 2013 and 2014, and opened a grain elevator in Jekabpils city in 2015. There is no reason to stop expanding further. Over 2015/16 financial year, ending in June, we plan to sell about 200 thousand tons of fertilizers, including 40 thousand tons in Latvia. Expansion in this business without acquisitions is limited because the market is practically not growing Lithuania and in Latvia it is planned to grow no more than 2 percent per year.

Acquisition of warehouses and professional team of fertilizer traders as well as of well-known trademark in Latvia, *Latfert* is a natural step to expand fertilizer sales in the Baltic area. We expect that this acquisition will make us the third-largest seller of fertilizers in Latvia", says Darius Zubas, Managing Director of AB Linas Agro Group.

After acquisition fertilizer traders will change their workplace from SIA Latfert to SIA Linas Agro.

AB Linas Agro Group expects that annual fertilizers sales in Latvia will reach 90 thousand tons already the second year after the business is taken over.

About AB Linas Agro Group

AB Linas Agro Group is a parent company with subsidiaries that produce, handle and merchandise agricultural and food products, also provide products and services for farming. The Group operates in four countries – Lithuania, Latvia, Estonia and Denmark. The core produced and traded products are grain, oilseed, feedstuff, poultry and poultry products, also agricultural inputs (certified seeds, plant protection products, fertilizers, agricultural machinery and equipment). The Group is the leading exporter of grain and owns network of modern grain storage facilities in Lithuania, also recently opened grain elevator in Latvia. Also the Group is a major milk producer in Lithuania and poultry producer in Latvia. The Group employs 2,250 people.

The financial year of the company begins on 1 July. Consolidated revenue of AB Linas Agro Group in the first half of 2015/16 financial year totaled EUR 367 million and EBITDA was EUR 13.6 million.

From 17 February 2010 AB Linas Agro Group is included in the main list of companies of Nasdaq Vilnius stock exchange.

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