

## **Agrowill Group acquires the most modern milk farm in Estonia**

Agrowill Group, the largest agricultural investment and development group in Lithuania, has signed a deal to purchase Polva Agro, one of the largest and the most efficient milk farm in Estonia.

“We are implementing our aggressive expansion strategy in Lithuania as well as Eastern and Central Europe. The acquisition will enhance the position of Agrowill Group in the Baltic dairy sector. We are happy to enter Estonian milk market, which is more mature, consolidated, with more stable purchase prices as well as international players in the milk processing market, such as Finnish Valio. The company we have bought will serve as the basis for further expansion to Estonia,” says Valentas Šulskis, Agrowill Group CEO.

„Polva Agro will be part of international agricultural group and it brings about a number of advantages: better access to input market as part of a larger company and higher potential to penetrate new production markets. New ownership does not influence management and every day operating of the company“ said Jaak Hinrikus, the selling shareholder.

According to the audited data, Polva Agro had consolidated revenues of EUR 4.56 mln in 2007 and EBITDA reached EUR 1.97 mln, up by 43.2 per cent from EUR 1.36 mln in 2006. The company’s net profit amounted to EUR 1.59 mln in 2007, indicating an increase of 35 per cent year-on-year. In 2008, the company expects EUR 5.39 mln in total revenues.

According to Mr. Šulskis, the acquisition is probably the most modern milk production company in the Baltic states, featuring old traditions, globally trained specialists and the latest technical and IT solutions. “We will transfer the Estonian experience to our farms in Lithuania. Polva Agro runs an exceptionally productive cow breeding farm, which provides an opportunity to supply our group farms with quality heifers,” said the director general of Agrowill Group.

Polva Agro is the most productive dairy company in Estonia, milking an average of 10.7 tons of milk per cow – a total of 12,200 tons of milk over 2007. Polva Agro farm is also famous for its record-setting cow that produced 17.5 tons of milk last year, the highest amount in the dairy history of Estonia. Also, out of 16 currently most productive cows in Estinia, 12 are owned by Polva Agro. The company has 2,173 cattle including 1,175 milking cows. Polva Agro controls 2,325 hectares of land.

The acquisition of Polva Agro will be financed from own funds of Agrowill Group, successful issue of bonds as well as bank loans. Investment bank GILD was the Group’s financial adviser in the deal.

Agrowill Group’s consolidated net profit was EUR 9.2 mln in 2007 on total revenues of EUR 20 mln. Excluding the effect of revaluation of investment property, net profit for 2007 amounted to EUR 2.8 mln, while income from main operations stood at EUR 12.5 mln.

### **For further information:**

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