

Astarta reports strong 1Q17 earnings on export growth

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KYIV, May 12, 2017 - Net revenue at Ukrainian sugar producer and farmer Astarta (AST PW) doubled on a yoy basis to EUR 148 mln in 1Q17, Concorde Capital informed its clients based on an interim report released on May 11. The growth was fueled by a 136% yoy rise in sugar segment sales (to EUR 69 mln) backed by strong export sales and a 2.6x surge in sales in its crop production segment (to EUR 49 mln). The company's soybean crushing segment revenue grew 40% yoy to EUR 21 mln on the back of both boosted sales volumes and higher selling prices. Astarta also reported a record-high share of export revenue in the quarter, which reached 73% of all sales. The company's EBITDA improved 2% yoy to EUR 51 mln in 1Q17. Astarta's net income surged 64% yoy to EUR 31 mln as the company reported 5.5x yoy lower finance costs in 1Q17. Its net debt/LTM EBITDA ratio strengthened to 0.48x as of end-1Q17, from 1.02x a year ago. Its cash flow from operations swelled 122% yoy to EUR 84.3 mln. Concorde analyst Igor Zholonkivskyi added: "We shared the wide expectation for a surge in the company's revenue as Astarta earlier reported exceptionally strong 1Q17 operating results. The company's EBITDA only marginally improved as its 1Q17 VAT subsidies almost entirely vanished (compared to EUR 13.5 mln a year ago). Despite a correction in global sugar prices during 1H17, Astarta managed to significantly boost its export sugar sales volumes. The company is now among the least leveraged in the Ukrainian equity universe, which will be important in case the agri-land market is launched in Ukraine, prompting a boost in spending. We maintain our positive view of AST PW stock. ###

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