

19 January, 2016

Swedbank acted as financial advisor to SIAF in conjunction with the admission to trading on Merkur Market

Initiating coverage

Sino Agro Food

Buy (reiterated)

Target price: USD 15.0

Target price: NOK 130

Share price: USD 9.00

Unparalleled profitable growth opportunities

- SIAF holds an attractive and profitable growth opportunity in China no one else will have available for many years to come.
- If SIAF exercises the option to take control of the Zhongshan Prawn megafarm and spins off the Aquaculture segment we believe it will create large values for shareholders.
- In our view, growth and attractive returns on investment could unlock a potential of 400% in the shares. There is a catch however? We believe SIAF needs to raise 80-100m USD.

Unparalleled growth opportunities in a fast growing market

China seafood consumption is expected to grow from 44m tons to 56m tons by 2030 driven by a growing middle class and increasing urbanization. SIAF has available to them necessary land-lease rights to produce 200,000t over the next 20 years (10,000t p.a.) and a proven and patented recirculation technology which is more sustainable and have cost advantages versus traditional Chinese open dam farming.

Attractive project returns and revaluation potential

We expect shrimp prices and margins to remain steady through 2020. Hence, we believe rolling out capacity the first years will yield an attractive 50% ROI (payback time 2-3 years). If each 10,000t adds USD~38m to EBIT it creates a revaluation potential of ~300m USD p.a.

50% upside in shares on current setup

Assuming no ownership in the megafarm and no spin off, we believe the company is worth 15 USD per share on a fully diluted basis. If SIAF raises capital, fast-tracks the development of the megafarm, and spins off Aquaculture as a separate entity, the upside is exceptional. We believe rolling out 50,000t capacity by 2020 will create more than 400% upside.

Initiating coverage with a BUY and target price 15 USD

Key figures (USDm)	2012	2013	2014	2015e	2016e	2017e
Net sales	139	261	404	432	457	568
EBITDA	63.8	96.2	119	96.3	82.6	114
EBITA	61.4	92.7	114	91.4	74.6	103
Earnings before tax	63.3	94.4	114	87.8	69.6	98.3
EPS (recurring)	7.49	5.81	5.27	2.78	1.76	1.98
EPS (earnings per share)	7.81	5.99	5.34	2.83	1.76	1.98
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.59
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%
Net sales-Growth	na	88.6%	54.7%	7.0%	5.7%	24.3%
EPS-Growth (recurring)	na	-22.5%	-9.3%	-47.2%	-36.7%	12.2%
EBITDA-margin	46.0%	36.8%	29.3%	22.3%	18.1%	20.1%
EBIT-margin	44.3%	35.4%	28.2%	21.1%	16.3%	18.2%
Net debt/EBITDA ratio	-0.08	0.03	0.01	-0.31	-0.21	0.00
EV/Sales	0.31	0.25	0.51	0.40	0.59	0.51
EV/EBITDA	0.7	0.7	1.7	1.8	3.3	2.5
EV/EBIT	0.7	0.7	1.8	1.9	3.6	2.8
P/E (recurring)	0.7	0.9	1.8	3.2	5.1	4.6
P/E	0.7	0.8	1.8	3.1	5.1	4.6
FCF-yield	75.3%	52.7%	-2.6%	10.4%	-6.2%	-6.0%
FCF / Net Profit	62.6%	45.2%	-5.8%	32.5%	-37.1%	-27.4%

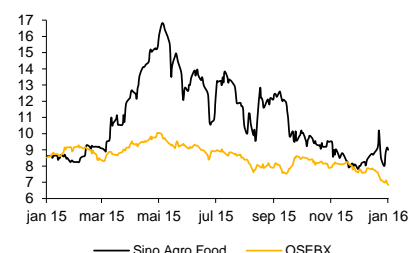
Note: EBIT, EBITDA is excl. income from associated comp and non recurring items.

Source: Swedbank Research, Factset and Sino Agro Food

Estimate changes

	2015e	2016e	2017e
Net sales	0.0%	0.0%	0.0%
EBITA	0.0%	0.0%	0.0%
EPS (recurring)	0.0%	-3.2%	-6.2%

Performance



	-1m	-3m	-12m
Absolute	9.8%	-10.4%	4.7%
vs. OSEBX	24.5%	14.4%	33.9%
Rel. peers	na	na	na
High	10.2	10.2	16.8
Low	8.01	7.80	7.80

Food & Beverage

Date for prices 18 jan 2016 17:30
Date for input-data 19 jan 2016
Next report 1 mars 2016

Reuters/Bloomberg SIAF.OB/SIAF US
No of shares (m) 23
Avg. turnover(USDm) 0.67
Free float (%) 92.6%

Mcap(USDm) 208
Mcap(EURm) 191
EV(USDm) 178

BV/share 2015e 30.83
P/BV 2015e 0.29

ROE 2015e 12.8%
ROCE 2015e 18.4%
ROIC 2015e 26.4%
Equity ratio 2015e 90.0%

CAGR Net sales 2014-17 12.0%
CAGR EBT 2014-17 -4.9%
CAGR EPS 2014-17 -27.9%

Source: Swedbank Research, Factset

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Unparalleled potential

We believe SIAF can reach a seafood production capacity of 50,000t by the end of 2020 and make a net profit of around 150m USD and become a share worth 1bn-dollar, representing 4-5x upside potential. The catch? We believe SIAF needs to raise 80-100m USD during 2016 in order to unlock and fast-track the potential. We initiate coverage with a BUY rating and a target price of 15 USD.

A foothold in the fastest growing seafood market

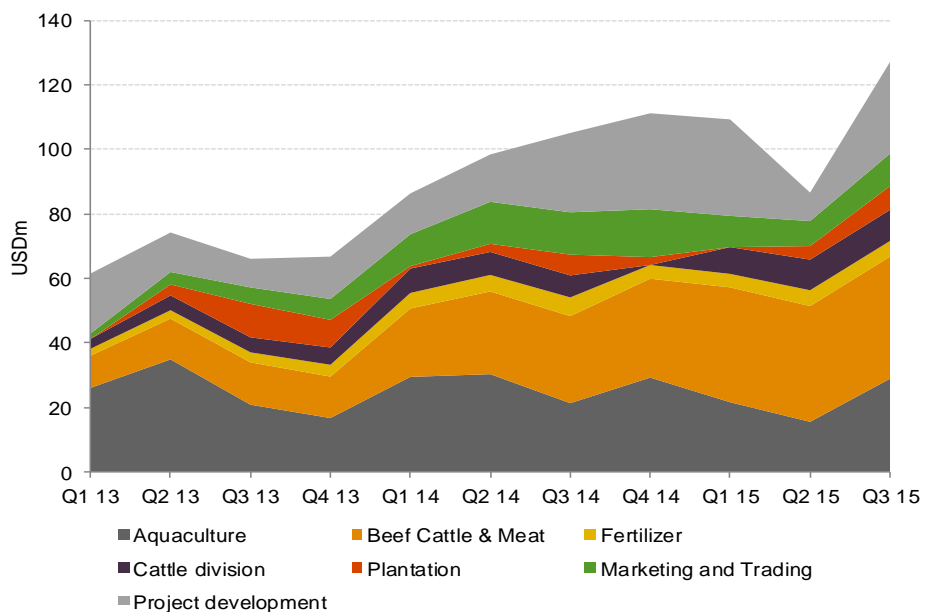
Sino Agro Food (SIAF) is a US company (has been listed for years on the OTC market in the US), but with operations in China as an agriculture technology and food holding company.

SIAF is a conglomerate like, vertically integrated company, controlling the value chain from pre-wholesale operations and production through design/build of wholesale facilities, to distribution and retail sales.



Currently, the company is generating quarterly revenues of around 110m USD from the different business segments.

Revenue development per segment



In our view, SIAF's main and most scalable segments are the indoor seafood production farms. In aquaculture, SIAF uses its proprietary recirculating aquaculture system (RAS):

- configurable indoor tanks using pure water that recirculates 60 to 120 times per hour
- fresh or salt water tanks as required by species
- controlled feed and growth environments
- no use of hormones, antibiotics, or other drugs or chemicals
- 3-4 production cycles per year and 5-10% mortality rates

The main species produced in aquaculture are shrimp, eel and sleepy cod. In addition, the production of other species is being tried out.

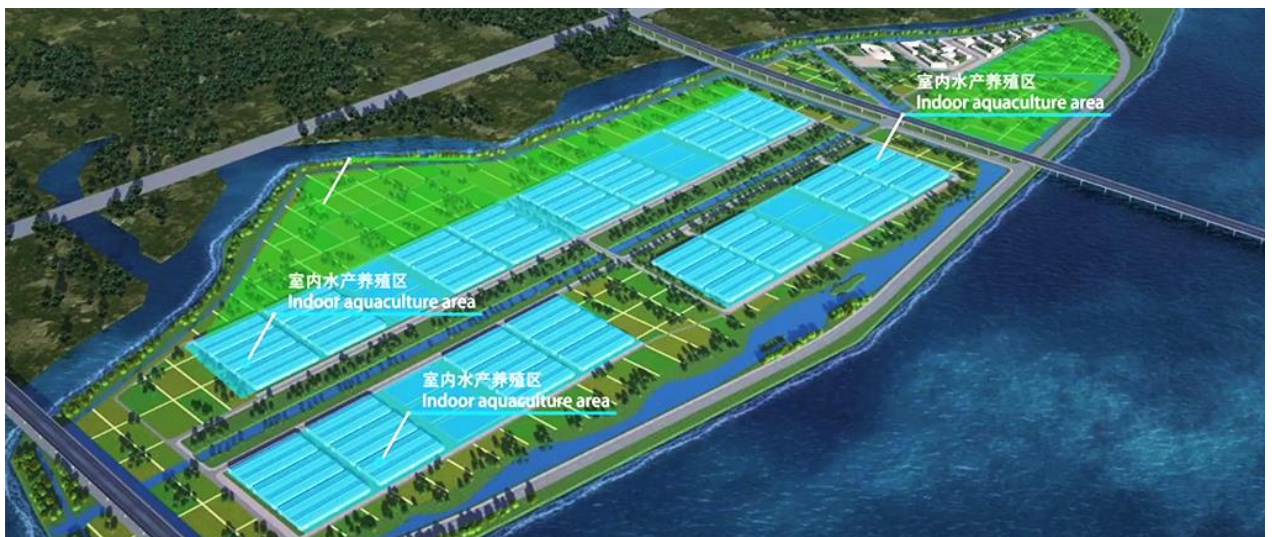


Below are some pictures from the existing fish farms developed and operated by SIAF. We have visited these facilities (pictures are from the company's website).





However, most important for SIAF is the Zhongshan Prawn Project (200,000 tons production capacity over the next 20 years), which is illustrated next.



The below picture is from the megafarm, the Zhongshan Prawn Project showing progress up to early September where roofing was installed.



We were there in December and then much of the mechanical equipment was installed and some of the tanks were filled with water, but not stocked yet.



Unparalleled potential no one else has...

We believe SIAF holds an investment growth opportunity that no other company has available and will not have for many years to come.

- China, the fastest growing seafood market in the world which means that SIAF is expected to benefit from a growing middle class and increasing urbanization. Keep in mind that SIAF is close to the large markets in Hong

Kong and the Guangdong province (which hosts the 3rd largest city in China with more than 100 million citizens).

- SIAF has access to necessary land-lease rights to produce 200,000t of seafood (which is ~50% of MHG annual production) over the next 20 years. We believe SIAF is the world's largest operator of recirculation farms and that their proven technology is more sustainable and have superior advantages versus traditional open dam farming in China.
- We believe the returns on investment look highly attractive. Previous fish farms (named Fish Farm 1) generated returns on investment in excess of 30% from 2012-14, but we think the larger scale, a more refined production model and lower capex (per unit) at the megafarm will drive returns higher. The company will in our view be able to roll out 10,000t capacity each year on the megafarm (the first 10,000t is almost finished and will start producing shrimps in H1 2016). We believe each 10,000t will cost approximately 60m USD in capex, but with return on investment of more than 50% (fully operational) and with a payback time of 2-3 years, we see significant value creation potential over the next 5-10 years.

Economics 10,000t capacity roll out	Year 0	Year 1	Year 2	Year 3	Year 4
Ebitda	0	16	41	41	41
Net Financials	0	0	0	0	0
Taxes	0	-2	-6	-6	-6
Capex	-50	-10	-1	-1	-1
Changes in Working Capital	0	0	0	0	0
FCF	-50	4	34	34	34
Accumulated FCF	-50	-46	-12	23	57
Capacity installed (tons)	0	4000	10000	10000	10000

.....but there is a catch

Today, SIAF does not own the megafarm. It is only engaged as the builder, operator and seller of the products to be produced on the megafarm. Hence, SIAF does not control how fast this project can be developed.

However, in line with SIAF business model, SIAF has an option to take a maximum 75% stake in the projects they build, including the Zhongshan megafarm and thereby take the destiny of this project in its own hands (according to law a Chinese investor needs to hold a minimum of 25%). We believe this option can be exercised at around 80-100m USD.

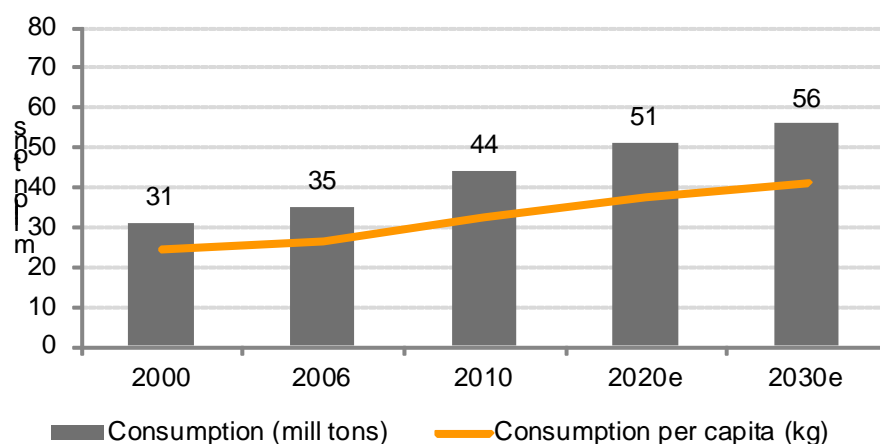
Important to note, though, is that even if we in our estimates have assumed that SIAF will exercise the option in 2016, consolidate the megafarm and that it will be financed with equity only, SIAF has not said if or when they will exercise the option and at what cost it would be, or how it will be financed, so these assumptions are our own.

Keep in mind, however, that the first 10,000t capacity at the megafarm is almost completed and ready to be stocked during H1 2016, so when exercising the option, cash flow should come rather fast.

Key assumptions and estimates

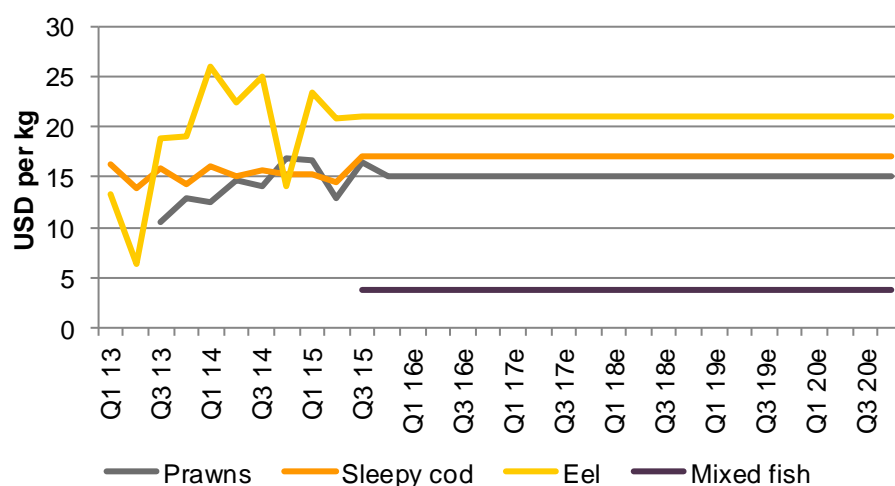
We believe Chinese seafood consumption will grow rapidly over the next decade, driven by a growing middle class and increasing urbanization. Hence, China offers unparalleled potential for further growth. The below figures are made by FAO, saying that seafood consumption will grow by 12 million tons from 2010-2030.

Chinese seafood consumption



With respect to achieved and realized prices for the seafood species produced and sold by SIAF, we do not have a long history of data. However, compared to what prices have been recently, we assume fairly stable prices going forward.

Expected seafood prices



Furthermore, when making our 2015-20e, we have assumed the following:

- Fully diluted number of shares (23m), which includes dilution from the convertible bond. The convertible bond is still a part of our NIBD estimate. Hence, we use a different number of shares compared to SIAF's own reporting (18m) when we calculate EPS.
- We have also assumed 9m new shares to be issued in 2016 in relation to exercising the option to acquire 75% in the megafarm project. However, the company has not stated if or when they will exercise the option or how they will finance an acquisition of the option.
- Even if the company is benefiting from tax-exemption today, we have assumed 15% tax for aquaculture going forward in our estimates.
- SIAF will exercise the option to take a 75% majority in the megafarm project during 2016, which we believe will fast track the project development (10,000t to be rolled out every year) and have a positive impact on margins. If they do not exercise the option, then we have overstated the margin and volume assumptions in our estimates.

As illustrated next, we expect a rather flat development in all segments except for aquaculture.

Gross profit segment	2013	2014	2015e	2016e	2017e	2018e	2019e	2020e
Aquaculture	22	24	16	35	85	130	175	220
SJAP Qinghai Beef Cattle & Meat	24	32	36	33	33	33	33	33
HSA Hunan Beef Cattle & Fertilizer	4	9	8	7	7	7	7	7
MEJI Guangdong Beef Cattle	5	1	2	2	2	2	2	2
JHST Plantation	12	8	10	10	10	10	10	10
SIAF Corporate	2	6	4	3	3	3	3	3
Project development	32	37	30	12	0	0	0	0
Other/ eliminations	0	0	0	0	0	0	0	0
Total Gross Profit	102	118	106	103	140	185	230	275

Below are our key estimates. As can be seen, EBIT is expected to grow around 40m USD per year from 2017, mainly attributable to the development of the megafarm.

SIAF key estimates	2010	2011	2012	2013	2014	2015e	2016e	2017e	2018e	2019e	2020e
Revenues	41	52	139	261	404	432	457	568	718	868	1 018
EBITDA	21	21	64	96	119	96	83	114	155	196	237
EBIT	19	20	61	93	114	91	75	103	141	179	217
Net profit	13	21	63	94	114	88	66	88	120	153	187
SIAF share of profit	9	16	58	74	92	65	49	64	86	109	134
Margin											
Gross profit	60 %	49 %	51 %	39 %	32 %	26 %	22 %	25 %	26 %	27 %	27 %
EBITDA	52 %	41 %	46 %	37 %	29 %	22 %	18 %	20 %	22 %	23 %	23 %
Net profit	47 %	38 %	44 %	35 %	28 %	21 %	16 %	18 %	20 %	21 %	21 %
EPS											
Number of shares	6	7	9	13	17	18	18	18	18	18	18
- dilution from convertibl	0	0	0	0	5	5	5	5	5	5	5
- dilution from equity rais	0	0	0	0	0	0	9	9	9	9	9
Fully diluted # of shares	6	7	9	13	22	23	32	32	32	32	32
Fully diluted EPS	1.7	2.5	7.8	6.0	5.3	2.8	1.8	2.0	2.7	3.4	4.2

Balance sheet											
Equity	101	135	217	332	461	559	711	799	909	1047	1215
Cash	4	1	8	1	3	35	22	5	11	47	168
Debt	4	0	3	6	24	43	43	43	43	43	43
NIBD	0	-1	-5	5	21	8	20	38	32	-4	-125
NIBD/Total assets	0 %	-1 %	-2 %	1 %	4 %	1 %	3 %	4 %	3 %	0 %	-9 %

Although no focus yet, we highlight our 2020e, assuming that SIAF has ramped up capacity to 50,000t by year end. On these earnings, we believe the SIAF shares could be worth around 1 billion USD.

Key estimate risk

In our estimates (mainly 2016-20e) we have assumed that SIAF will take control of the megafarm in 2016 which explains most of the margin improvement and earnings growth going forward. However, we believe the company needs additional financing to expand the business. Hence, we assumed that SIAF will be able to

raise the additional capital through a share issue although this has not been anticipated by the company.

In our estimates, we have assumed 15% tax on earnings in aquaculture going forward. This is based on discussions with various SIAF stakeholders. Note, though that SIAF as a producer in the agriculture industry is largely exempt from income tax, enjoying current Chinese policies.

Due to lack of good data and low visibility of the market in China (in contrast to weekly salmon volumes and prices in Europe) we assume a market in balance and stable prices. However, the products sold are commodities and the markets for the products sold by SIAF are both competitive and price sensitive.

Even if SIAF sells in RMB and have costs in RMB we have modelled our estimates in USD which is the reporting currency of SIAF.

In our estimates, we have assumed stable production costs going forward, supported by SIAF's history of low mortality, low costs related to disease and 4 production cycles per year. However, we highlight that financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes which are unpredictable and outside of SIAF's control.

In our estimates, we have assumed that SIAF, through its RAS technology will keep its strong competitive advantage in the years to come. However, competitors could develop new technologies that compete with the products on achieving a lower unit price. If a competitor develops superior technology or cost-effective alternatives to the products and services, the business could be seriously harmed as they may achieve a lower price for the same quality.

In our estimates, we have not assumed that aquaculture will be spun off as an own segment. However, on November 11, 2015, SIAF announced its plan to spin-off and seek a separate listing of its aquaculture operations. A detailed plan remains to be announced by the company. A spin-off of the company could result in new demand for capital.

All in all – the growth and break-up story is appealing

On the basis of recurring earnings and a 30-50% valuation discount to traded peers in the different segments we start off with a target price of 15 USD (we find few Asia and offshore-listed Chinese companies with estimates in Factset, hence most comps are non-Asian). This is highlighted in the grey column next.

Sino Agro Foods Segment	Recur. EBIT '15e	Recur. EBIT '16e	Trading comps	China Discount	Adj. Multiple	EV	Excl. MF per fully diluted # shares	Incl. MF per fully diluted # shares
Aquaculture	14	17	11x	30 %	8x	110	5	3
SJAP (Qinghai Beef Cattle & Meat)	30	27	11x	50 %	6x	164	7	5
MEJI (Guangdong Beef Cattle)	0	1	12x	50 %	6x	2	0	0
HSA (Hunan Beef Cattle & Fertilizer)	7	6	11x	50 %	6x	37	2	1
JHST (Plantation)	9	9	10x	50 %	5x	47	2	1
SIAF Corporate (trading and imports)	3	2	5x	50 %	3x	7	0	0
EBIT ex project segment	64	62						
EV "as is" excl megafarm and project development					6x	369	16	12
NIBD Q3 15						33	1	1
SOTP Equity						336	15	10
Fully diluted number of shares							23m	32m
Megafarm (50,000t in 2020) - 2020e	168		11x	50 %	6x	921		29
SOTP Equity						1257		39

In the recurring earnings in the above table, we have not assumed SIAF ownership in the megafarm and a no further development of the megafarm beyond the (soon) existing capacity of 10,000t. Hence, we have also assumed no more earnings for the project development segment, which has been a large contributor to earnings up until now. Finally, we have assumed full dilution (23m shares).

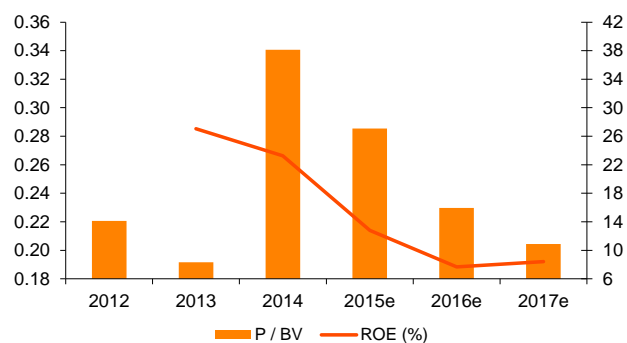
However, the large upside potential is in spinning off and to create a more pure play aquaculture segment. This could also result in a future revaluation of the segment. Second, we see large value creation in taking control of the megafarm project and roll out the planned 10,000t per year over the next 10-20 years.

Assuming SIAF issues 9m new shares and exercises the option to take control of the megafarm and reaches 50,000t capacity by the end of 2020, we see 400% upside in the share price from current levels, as illustrated in the yellow column in the above table.

We start off coverage of SIAF with BUY rating and target price of 15 USD. However, we urge the company to unlock the value potential (exercising the option, do the spin off, or both) which is significant, both for the company and for shareholders.

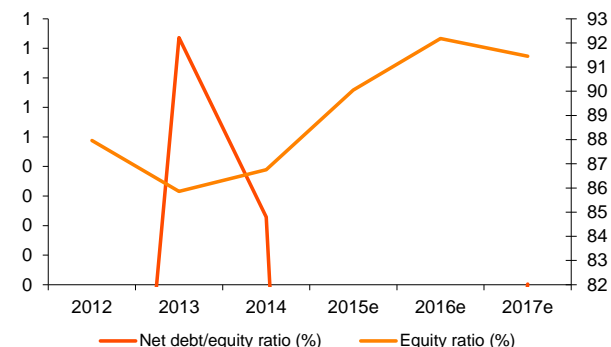
Company description

ROE vs. P/BV



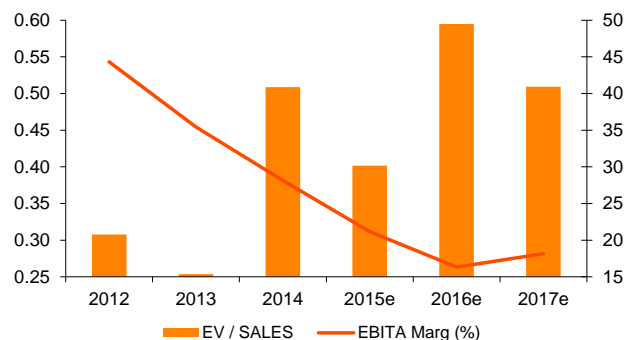
Source: Swedbank Research and Sino Agro Food

Net debt/equity ratio vs. equity/assets ratio



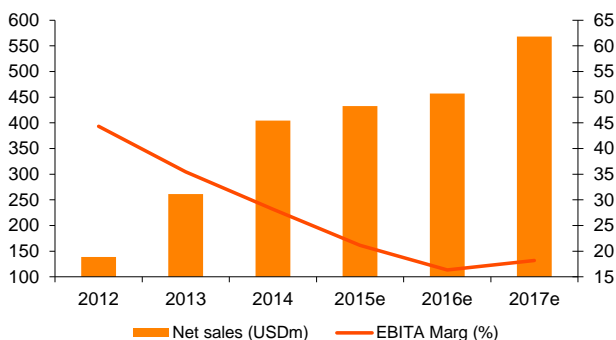
Source: Swedbank Research and Sino Agro Food

EBITA-margin vs. EV/Net sales



Source: Swedbank Research and Sino Agro Food

Net sales and EBITA-margin



Source: Swedbank Research and Sino Agro Food

Other company information

CEO	na
CFO	na
IR	na
Homepage	na
Phone	na
Address	na

Source: Sino Agro Food

Shareholders

	Votes	Capital
Avanza	12.2%	12.2%
Nordnet	9.2%	9.2%
Solomon Lee	7.4%	7.4%
Nils Erik Sandberg	2.5%	2.5%
Unknown 1	1.0%	1.0%
Unknown 2	0.5%	0.5%
Gustavia Fonder	0.3%	0.3%
Foreign shareholders	92.6%	92.6%
Free float	92.6%	92.6%
Votes/Share - A/B	0	na

Source: Arena, Oslo Børs VPS and Sino Agro Food

Quarterly data

Quarterly data (USDm)	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015e	Q1 2016e	Q2 2016e	Q3 2016e
Net Sales	109	115	90.9	125	101	93.0	117	131
EBITDA	28.3	32.3	17.9	29.3	16.8	13.5	20.9	25.7
EBITA	28.0	31.0	16.5	28.3	15.6	11.5	18.9	23.7
EBIT	28.0	31.0	16.5	28.3	15.6	11.5	18.9	23.7
Non recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating earning	28.0	31.0	16.5	28.3	15.6	11.5	18.9	23.7
Earnings from shares in associated comp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	0.2	-0.6	-1.2	-0.6	-1.2	-1.2	-1.2	-1.2
Earnings before tax (reported)	28.3	30.4	15.4	27.7	14.3	10.2	17.6	22.5
Earnings before tax (recurring)	27.8	30.2	15.2	27.0	14.3	10.2	17.6	22.5
Tax	0.0	0.0	0.0	0.0	0.0	0.2	-0.7	-1.4
Minority share in net earnings	-4.5	-6.6	-6.1	-6.2	-3.6	-2.6	-4.4	-5.6
Net earnings (reported)	23.8	23.8	9.3	21.5	10.8	7.9	12.5	15.5
Net earnings (recurring)	23.3	23.6	9.2	20.8	10.8	7.7	13.2	16.8
Net earnings (adjusted excl. goodwill depr.)	23.3	23.6	9.2	20.8	10.8	7.7	13.2	16.8
EPS (recurring)	1.08	1.02	0.40	0.90	0.46	0.34	0.54	0.48
EPS (reported)	1.10	1.03	0.40	0.93	0.46	0.34	0.54	0.48
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	-1.8%	3.9%	6.1%
Growth	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015e	Q1 2016e	Q2 2016e	Q3 2016e
Net sales	34.4%	27.0%	-6.4%	16.3%	-7.1%	-19.5%	28.7%	4.9%
EBITDA	-13.1%	20.0%	-42.6%	-8.9%	-40.5%	-58.3%	16.3%	-12.1%
EBITA	-10.9%	19.8%	-43.0%	-8.4%	-44.4%	-63.0%	14.0%	-16.2%
EBIT	-10.9%	19.8%	-43.0%	-8.4%	-44.4%	-63.0%	14.0%	-16.2%
Earnings before tax (recurring)	-11.7%	17.2%	-47.4%	-12.0%	-48.3%	-66.2%	15.8%	-16.7%
EPS (recurring)	-43.4%	-25.7%	-71.7%	-36.4%	-57.0%	-66.8%	36.7%	-46.3%
EPS (reported)	-43.3%	-25.8%	-71.7%	-34.8%	-57.9%	-67.0%	34.5%	-48.2%

Source: Swedbank Research, Factset and Sino Agro Food

Income statement

Income Statement (USDm)	2012	2013	2014	2015e	2016e	2017e
Net Sales	139	261	404	432	457	568
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Operating expenses	-74.8	-165	-286	-336	-374	-454
Cost of goods sold	-68.2	-159	-273	-319	-354	-428
R&D expenses	0.0	0.0	0.0	0.0	0.0	0.0
Sales expenses	0.0	0.0	0.0	0.0	0.0	0.0
Administration expenses	-6.6	-6.6	-12.5	-17.3	-20.0	-26.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	63.8	96.2	119	96.3	82.6	114
Depreciation (tangible fixed assets)	-2.4	-3.5	-4.7	-4.9	-8.0	-11.0
EBITA	61.4	92.7	114	91.4	74.6	103
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0
Development and amortization	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	61.4	92.7	114	91.4	74.6	103
Write-downs	0.0	0.0	0.0	0.0	0.0	0.0
Capital gain	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring expenses and provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
Operating earning	61.4	92.7	114	91.4	74.6	103
Earnings from shares in associated comp.	0.0	0.0	0.0	0.0	0.0	0.0
Net interest income	-0.3	-0.4	-0.8	-4.7	-5.0	-5.0
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	-0.3	-0.4	-0.8	-4.7	-5.0	-5.0
Other financial income and expenses	2.1	2.2	1.3	1.0	0.0	0.0
Earnings before tax (reported)	63.3	94.4	114	87.8	69.6	98.3
Earnings before tax (recurring)	61.1	92.3	113	86.8	69.6	98.3
Tax on earnings for the year	0.0	0.0	0.0	0.0	-3.6	-10.2
Minority share in net earnings	-5.7	-20.2	-22.1	-22.5	-17.4	-24.6
Net earnings (reported)	57.5	74.2	92.2	65.3	48.7	63.5
Adjustments	-2.1	-2.2	-1.3	-1.0	0.0	0.0
Net earnings (recurring)	55.4	72.0	90.9	64.3	48.7	63.5
Net earnings (adjusted excl. goodwill depr.)	55.4	72.0	90.9	64.3	48.7	63.5
EPS (recurring)	7.49	5.81	5.27	2.78	1.76	1.98
EPS (reported)	7.81	5.99	5.34	2.83	1.76	1.98
Tax rate	0.0%	0.0%	0.0%	0.0%	5.1%	10.4%

Source: Swedbank Research, Factset and Sino Agro Food

Balance sheet & Cash flow

Balance sheet (USDm)	2012	2013	2014	2015e	2016e	2017e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible fixed assets	8.8	12.8	12.2	11.7	11.7	11.7
Tangible fixed assets	100	166	197	233	387	459
Shares in associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Other financial fixed assets	0.0	41.1	41.9	41.9	41.9	41.9
Other fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Total fixed assets	109	220	251	287	441	513
Inventories	17.1	8.1	46.0	51.1	51.1	51.1
Current receivables	52.9	82.1	105	110	124	164
cash and short term investments	8.4	1.3	3.0	34.7	22.2	4.8
Total current assets	126	143	228	280	283	305
Total assets	235	363	479	568	724	818
Shareholders' equity	217	332	461	559	711	799
Minority holdings	0.0	0.0	0.0	0.0	0.0	0.0
Convertible debt	0.0	0.0	0.0	0.0	0.0	0.0
Long term interest bearing liabilities	0.0	0.0	0.0	4.8	4.8	4.8
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Tax provisions	3.1	0.0	0.0	0.0	0.0	0.0
Other provisions	0.2	0.2	2.6	2.2	2.2	2.2
Current interest bearing liabilities	3.2	4.1	4.1	0.0	0.0	0.0
Accounts payable	5.8	11.1	22.1	15.9	20.4	26.8
Other liabilities	11.0	15.7	16.0	14.0	14.0	14.0
Total shareholder's eq. and liabilities	240	363	506	596	752	847
Net debt	-5.2	2.8	1.1	-29.9	-17.4	0.0
Capital employed	212	334	462	529	693	799
Invested capital	162	242	319	374	538	643
Invested capital (excl Goodwill)	162	242	319	374	538	643
Change interest-bearing net debt	na	8.0	-1.7	-31.0	12.6	17.4
Net debt/equity ratio	-2.4%	0.8%	0.2%	-5.4%	-2.4%	0.0%
Equity ratio	88.0%	85.9%	86.8%	90.0%	92.2%	91.5%
Cash flow (USDm)	2012	2013	2014	2015e	2016e	2017e
Operating earnings	61.4	92.7	114	91.4	74.6	103
Depreciation	2.4	3.5	4.7	4.9	8.0	11.0
Non cash items	2.7	1.3	2.4	5.8	0.0	0.0
Net Financial items	-0.3	-0.4	-0.8	-4.7	-5.0	-5.0
Tax paid	0.0	0.0	0.0	0.0	-3.6	-10.2
Cash flow before chg in working cap	66.2	97.1	120	97.5	74.1	99.1
Change in working capital	-21.8	-12.8	-98.0	-30.1	-10.1	-33.5
Cash flow from ongoing operations	44.4	84.2	22.2	67.4	63.9	65.6
Investments in tangible fixed assets	-6.9	-51.2	-26.7	-41.1	-62.0	-63.0
Investments in intangible fixed assets	-1.5	0.5	-0.8	-5.0	-20.0	-20.0
Divestitures of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	36.0	33.5	-5.4	21.3	-18.1	-17.4
Divestitures of financial fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Investments and disposals net	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow after investments	36.0	33.5	-5.4	21.3	-18.1	-17.4
Dividends to shareholders	-0.1	-1.0	0.0	-3.1	0.0	0.0
New shares issues and repurchases	16.6	17.5	16.7	1.9	85.5	0.0
change in interest bearing debt	3.4	1.9	10.0	12.8	0.0	0.0
Other sales	-12.8	-16.5	-15.6	2.8	0.0	0.0
Change in liquid assets	43.0	35.5	5.7	35.7	67.4	-17.4
Cash flow drivers	2012	2013	2014	2015e	2016e	2017e
D+A / Sales	1.7%	1.3%	1.2%	1.1%	1.8%	1.9%
Capex / Sales	6.1%	19.4%	6.8%	10.7%	17.9%	14.6%
Working capital / Sales	46.4%	30.3%	31.7%	33.5%	33.9%	33.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	5.1%	10.4%

Source: Swedbank Research, Factset and Sino Agro Food

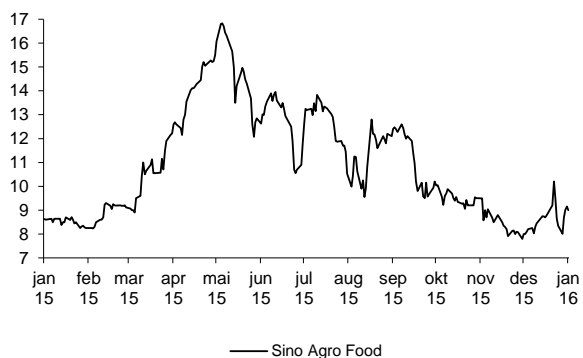
Key ratios and share data

Key figures (USD)	2012	2013	2014	2015e	2016e	2017e
EPS (recurring)	7.49	5.81	5.27	2.78	1.76	1.98
EPS (reported)	7.81	5.99	5.34	2.83	1.76	1.98
Cash flow from operations	6.0	6.8	1.3	2.9	2.3	2.0
Free cash flow	4.9	2.7	-0.3	0.9	-0.7	-0.5
Enterprise value (EV)	42.6	66.3	206	174	272	289
Book value (BV)	23.6	26.1	27.9	30.8	39.2	44.0
Book value (excl. goodwill)	23.6	26.1	21.4	24.2	22.1	24.9
Dividend	0.00	0.00	0.00	0.00	0.00	0.59
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%
Share data (USD)	2012	2013	2014	2015e	2016e	2017e
End year price	5.20	5.00	9.49	8.80	9.00	9.00
Price year high	9.70	6.63	10.6	16.8	10.2	na
Price year low	3.37	3.42	3.74	7.80	8.01	na
No of shares (fully diluted, millions)	9.2	12.7	21.6	23.1	32.1	32.1
No of shares (average, millions)	7.3	12.4	17.5	23.1	27.6	32.1
Valuation	2012	2013	2014	2015e	2016e	2017e
EV/Sales	0.3	0.3	0.5	0.4	0.6	0.5
EV/EBITDA	0.7	0.7	1.7	1.8	3.3	2.5
EV/EBIT	0.7	0.7	1.8	1.9	3.6	2.8
P/E (adjusted, end of period)	0.7	0.9	1.8	3.2	5.1	4.6
P/E (adjusted, high)	1.3	1.1	2.0	6.0	5.8	na
P/E (adjusted, low)	0.4	0.6	0.7	2.8	4.5	na
P/E	0.7	0.8	1.8	3.1	5.1	4.6
P/BV	0.22	0.19	0.34	0.29	0.23	0.20
P/BV (excl. goodwill)	0.22	0.19	0.44	0.36	0.41	0.36
FCF-yield	75.3%	52.7%	-2.6%	10.4%	-6.2%	-6.0%
Growth	2012	2013	2014	2015e	2016e	2017e
Net sales	na	88.6%	54.7%	7.0%	5.7%	24.3%
EBITDA	na	50.7%	23.2%	-18.7%	-14.3%	38.3%
EBIT	na	50.9%	22.9%	-19.7%	-18.4%	38.4%
Pre tax profit (recurring)	na	50.9%	22.5%	-23.3%	-19.7%	41.1%
EPS	na	-23.3%	-10.8%	-47.1%	-37.7%	12.2%
EPS (recurring)	na	-22.5%	-9.3%	-47.2%	-36.7%	12.2%
P&L Drivers	2012	2013	2014	2015e	2016e	2017e
Gross margin	50.8%	39.3%	32.4%	26.3%	22.4%	24.7%
EBITDA margin	46.0%	36.8%	29.3%	22.3%	18.1%	20.1%
EBIT margin	44.3%	35.4%	28.2%	21.1%	16.3%	18.2%
Pre tax margin	45.6%	36.1%	28.3%	20.3%	15.2%	17.3%
Net margin	41.5%	28.4%	22.8%	15.1%	10.6%	11.2%
Net margin (recurring)	40.0%	27.6%	22.5%	14.9%	10.6%	11.2%
Cash flow drivers	2012	2013	2014	2015e	2016e	2017e
D+A / Sales	1.7%	1.3%	1.2%	1.1%	1.8%	1.9%
Capex / Sales	6.1%	19.4%	6.8%	10.7%	17.9%	14.6%
Working capital / Sales	46.4%	30.3%	31.7%	33.5%	33.9%	33.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	5.1%	10.4%
Capital Efficiency	2012	2013	2014	2015e	2016e	2017e
FCF/Sales	26.0%	12.8%	-1.3%	4.9%	-4.0%	-3.1%
ROA	25.6%	25.6%	22.5%	15.3%	9.9%	12.2%
ROCE	na	33.9%	28.6%	18.4%	12.2%	13.8%
ROIC	na	45.8%	40.6%	26.4%	16.4%	17.5%
ROE	na	27.0%	23.3%	12.8%	7.7%	8.4%
ROE (recurring)	na	26.3%	22.9%	12.6%	7.7%	8.4%
Balance sheet (USDm)	2012	2013	2014	2015e	2016e	2017e
Net debt	-5.2	2.8	1.1	-29.9	-17.4	0.0
Capital employed	212	334	462	529	693	799
Invested capital	162	242	319	374	538	643
Net debt/equity ratio	-2.4%	0.8%	0.2%	-5.4%	-2.4%	0.0%
Net debt/EBITDA ratio	-0.08	0.03	0.01	-0.31	-0.21	0.00
Equity ratio	88.0%	85.9%	86.8%	90.0%	92.2%	91.5%
Net interest cover	217.6	235.5	149.5	19.5	15.0	20.8

Source: Swedbank Research, Factset and Sino Agro Food

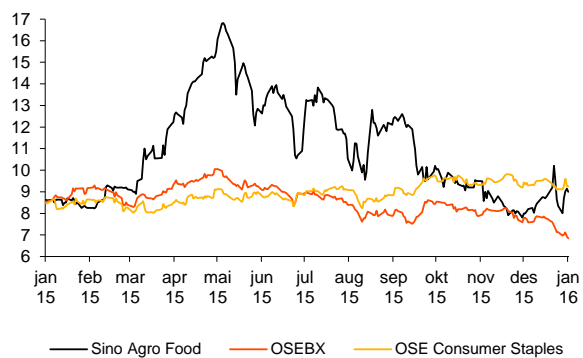
Source: Swedbank Research, Factset

Company vs. peers (USD)



Source: Swedbank Research, Factset

Company vs. benchmarks (USD)



Source: Swedbank Research, Factset

Company specific disclaimer

Price target methodology and risks;

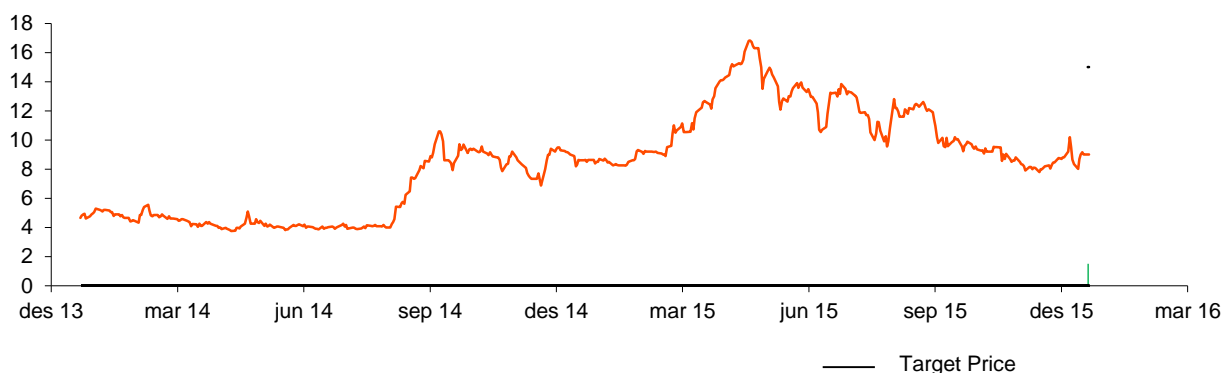
Critical assumptions;

Planned updates;

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Share price, rating history and target price 12 m fwd (USD)



Sources of information;

The sources have been;

- Annual reports from the company
- Quarterly reports from the company
- Presentation from the company
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Reduce:	The absolute return is estimated between 5% and -10%
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Share price target	All share price targets are based on a 12 month horizon

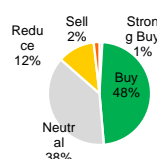
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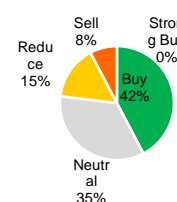
Recommendation at the 19 januar 2016

	No of shares	Part of total	Part of MCAP
Strong Buy	1	1 %	0 %
Buy	53	48 %	35 %
Neutral	42	38 %	50 %
Reduce	13	12 %	7 %
Sell	2	2 %	0 %

Total distribution of recommendations



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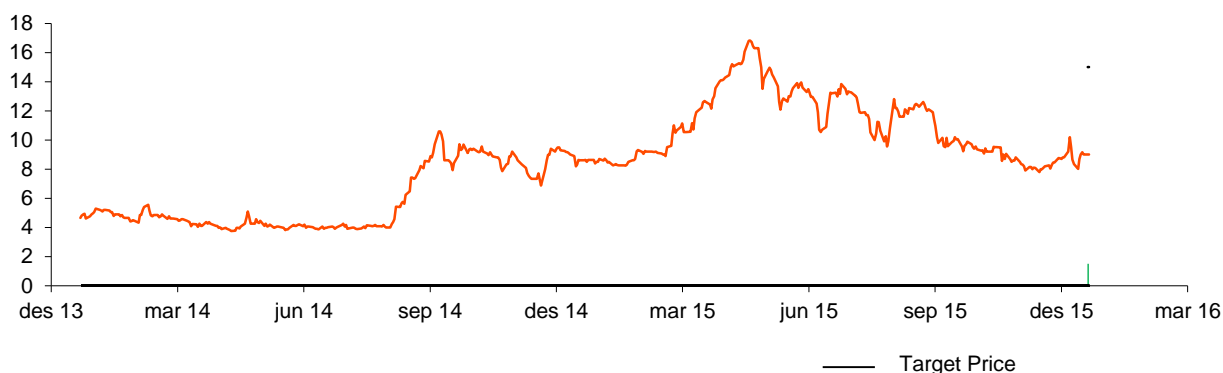
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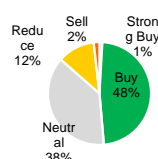
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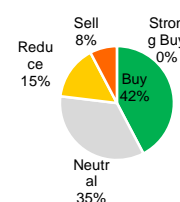
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