

Equity Research | AGTIRA: Bulking up for an eventful 2024

With the upcoming 88% guaranteed SEK 80m rights issue, plus SEK 23m in credit, Agtira is gearing up to accelerate roll-out in 2024. Several high value firm deals are on track to be operational by H2'24, indicating ARR of SEK 97m. This suggests that next year will be crucial for testing the profitability of the company's Farming-as-a-Service business model on a large scale. While the future looks bright, the dilution from the upcoming rights issue affects our fair value range, and we now find support post a fully subscribed issue for a range of SEK 14-16 per share (SEK 23-29).

SEK 80m rights issue + SEK 23m in credit

As we had anticipated, Agtira will proceed with a rights issue to secure funding for the construction of the Agtira Greens facility in Haninge, investments in its own facility in Härnösand, debt settlement, and to bolster its working capital. Of the SEK 80 million, SEK 70 million (88%) has already been guaranteed, with SEK 29 million guaranteed by existing owners and board members. The total of SEK 103 million exceeds our initial expectations, but is justified given the substantial CAPEX requirements associated with capturing the growth prospects ahead, and should give new CEO Erik Jonuks room to operate.

High value deals underway

Agtira has renewed its LOI with Coop Nord, regarding a 3000 square metres Greens-system in Umeå, with an associated Farming as a Service-agreement, valuing the deal to SEK 160m over 10 years. A suitable property is already in place, and the target is to finalize the deal before year end and to harvest the first cucumbers in H2'24. Combining the firm deals from Coop Nord in Umeå, Greenfood in Boden, Greenfood/ICA Maxi in Haninge, the Greenfood off-take agreement from Härnösand and already operating systems, our model shows that Agtira will generate about SEK 97m in annual recurring revenues from H2'24 and onwards. Adding to this, the framework agreement signed with NP3 Fastigheter regarding up to 15,000 square metres of cultivation area, will speed up the establishment of future deals.

Ready for a pivotal 2024

As the fully subscribed rights issue of SEK 80 million at SEK 5.5 per share is set to introduce 14.5 million new shares, it will result in a 48.5% dilution for non-participating shareholders. Additionally, another 2.7 million shares will be issued in 2024 if associated warrants are exercised at a strike price of 70% of the volume-weighted average trading price during the period 2/9-24 through 13/9-24. As we slightly lower our sales estimate for FY'23 to SEK 40m (SEK 44m) due to a weaker Q2 and factoring in the dilution from the upcoming rights issue, our combined DCF and target multiple approach now supports a fair value range of SEK 14-16 per share (SEK 23-29) in 12-24 months. Nonetheless, we find Agtira to be in a promising position, boasting robust financials, with LOIs encompassing an additional 8 systems beyond those who already have been concretized, a real estate partnership with NP3 Fastigheter, and strong ownership commitment demonstrated through active participation in the rights issue.



Read the full report here https://www.emergers.se/agtira_p/

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