



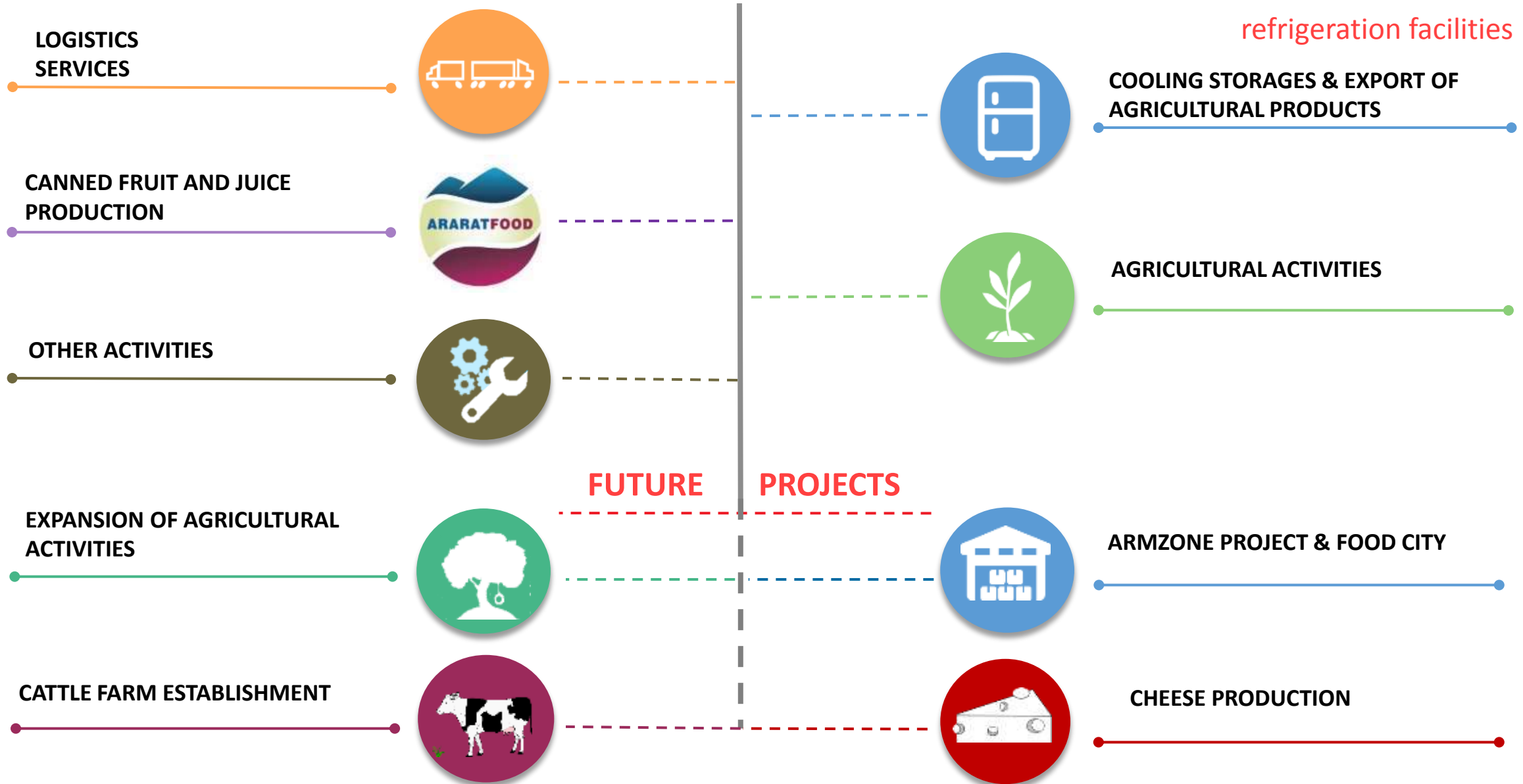
*"Seeking new heights and ready for global competition."*

**SPAYKA**

- Company Profile
  - Logistics services
  - Cooling storages & export of agricultural products
  - Agricultural activities
  - Canned fruit and Juice production
  - Other activities
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- Current and prospective markets
- Regional infrastructure
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- Our partners
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# Company Profile

**SPAYKA**



# Company Profile

**SPAYKA**



## LOGISTICS SERVICES

Leading international freight forwarder in South Caucasus.



**19 mln. USD** turnover  
**4000** trip per year

**215 VOLVO trucks**, incl.  
**100** purchased in 2016



Using of TIR CARNET international customs documentation system and **exclusive right to have separate CEMT** for each truck of the fleet

Transport services for retail companies in Russia (Magnit, Lenta)



# Company Profile

**SPAYKA**



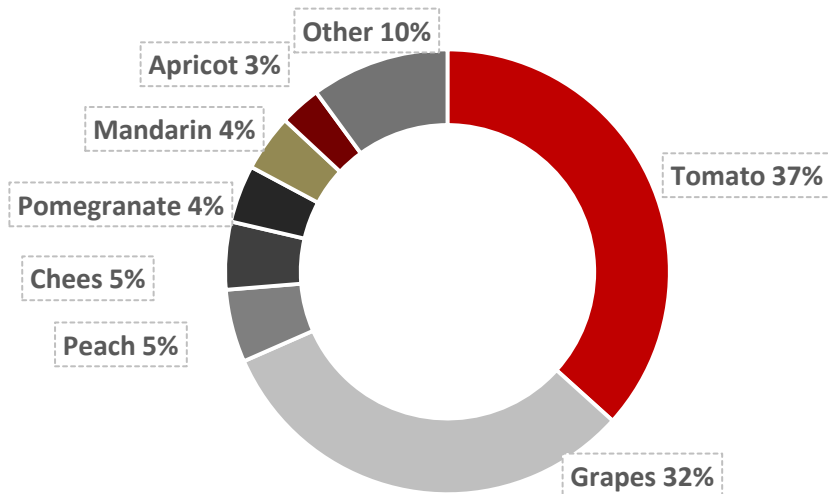
## COOLING STORAGES & EXPORT OF AGRICULTURAL PRODUCTS

Main exporter of fresh fruits and vegetables (65% share of total export) & dairy products from Armenia (80% share of export to RF)

Largest cooling stores in the South Caucasus (more **10.000 tons**)

Member of the Association of International Carriers of Armenia (AIRCA)  
The markets for exporting and trading fresh fruits and vegetables include Russia, CIS countries and Europe.

### Export Structure, 2016



**132 mln. USD** turnover  
**100K tons** export





## AGRICULTURAL ACTIVITIES

**70 ha orchards**, including 30 ha of **cherry**, 20 ha **apricot**, 4ha **plum** garden  
Shenik Community, Armavir Marz

**30 ha apple orchards**  
Alapars Community, Kotayk Marz

**35 ha tomato & cucumber greenhouse**  
Taperakan Community, Artashat Marz

**30 ha open ground radish**  
Taperakan Community, Artashat Marz



# Company Profile

**SPAYKA**



## CANNED FRUIT AND JUICE PRODUCTION

Modern Cannery in Yerevan (Brand- Ararat Food, annual capacity – 30ml jars)

SPAYKA launched the “Ararat Food” trademark; canned fruit preserves and juices, in compliance with international standards.



# Company Profile

**SPAYKA**



## OTHER ACTIVITIES



## PACKAGING BUSINESS LINE

- Production of polystyrene boxes for fruits and vegetables and fish industry that reduce the overall transportation costs up to 10%
- 95% of fishery industry in Armenia using packaging of Spayka Plastics

**1,8 mln.** boxes annual



## VOLVO CENTRE

- The Center is one of the VOLVO authorized service centers. It is equipped with cutting-edge automated hardware and provides following services:

Complex diagnostics, technical service and repair of Volvo trucks, Krone and Schmitz trailers and Carrier refrigeration units.

Trading original spare parts from leading European producers Volvo, Carrier, Wabco, Knorr-Bremse, SAF Holland, BPW, CEI and others.



# Development challenges

SPAYKA

Y2017

ROQUEFORT CHEESE  
PRODUCTION

100 tons monthly

EXPANSION OF AGRICULTURAL ACTIVITIES

1,000 ha orchards  
20 ha greenhouse



CATTLE FARM ESTABLISHMENT

1,500 cows  
300 ha pasture

THE **ARMZONE ONLINE**  
**MARKET** PROJECT LAUNCH

Y2018

THE WHOLESALE MARKET FOR EXPORT

**Food City Armenia**



EXPANSION OF AGRICULTURAL ACTIVITIES

**500 ha orchards**  
**200 ha greenhouse**

EXPANSION OF FLEET

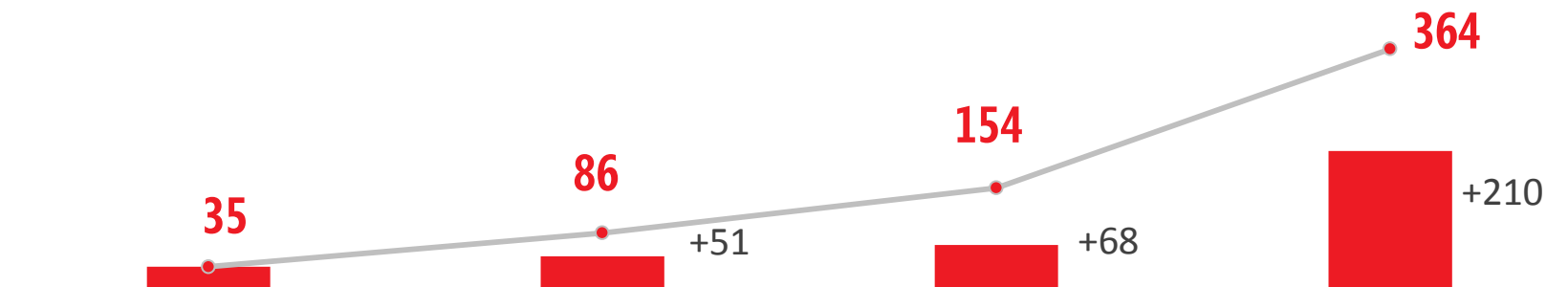
**+100 VOLVO trucks**  
**Own fleet of 315 trucks**

# Key indicators

SPAYKA



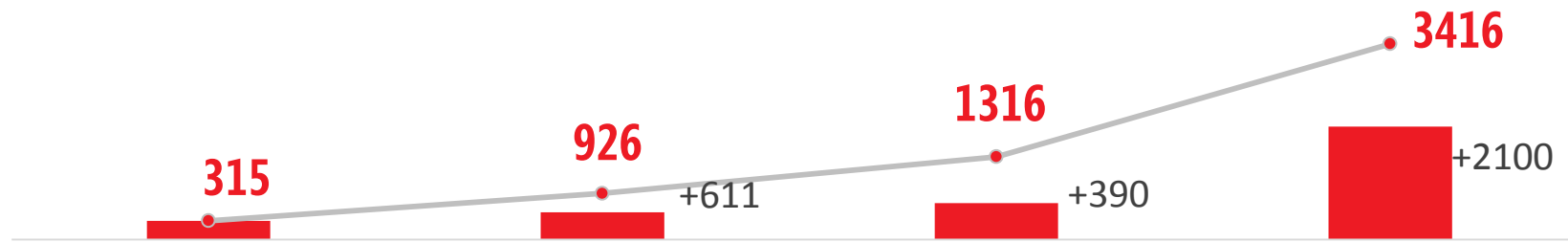
**INVESTMENTS**  
mln \$



**EXPORT OF AGRICULTURAL PRODUCTS**  
000 tons



**WORKPLACES**



Till  
Y2015

Y2016

Y2017  
planned

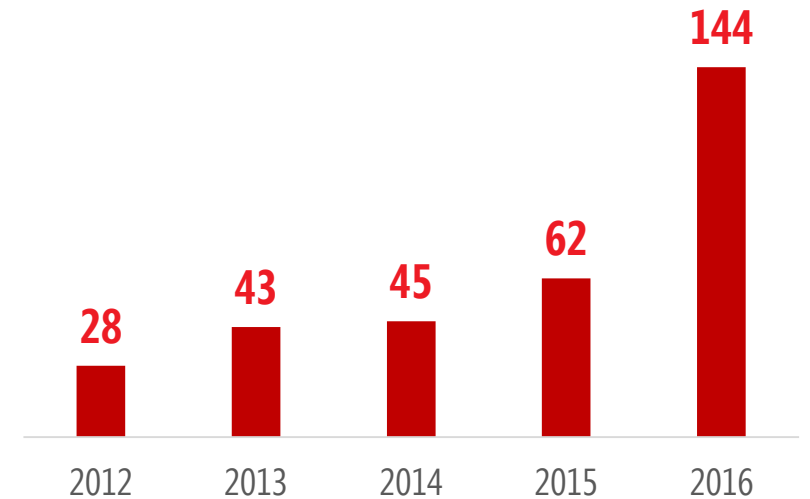
Y2018  
planned

# Current and prospective markets

SPAYKA



## SALES DYNAMICS mln \$



### Current markets

The Russian Federation  
and CIS countries

146 mln

total population



### Prospective markets

European countries

740 mln

total population



Arabian Gulf countries

53 mln

total population

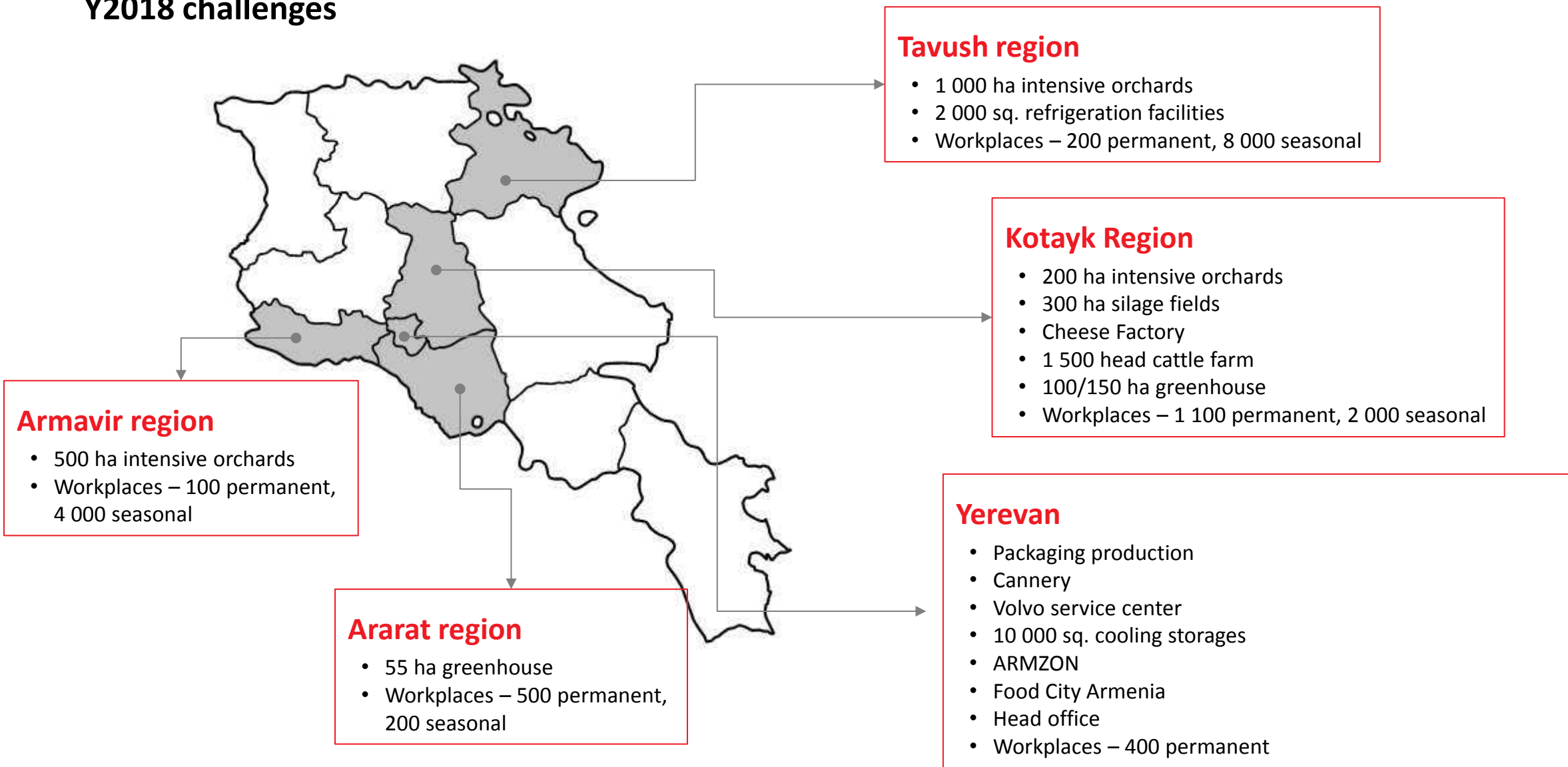


### The main partners in The Russian Federation



# Regional infrastructure

## Y2018 challenges



# What Spayka is looking for

SPAYKA



## EXPANSION OF AGRICULTURAL ACTIVITIES

Investment project: **1500 ha orchards**



**500 ha**



**150 ha**



**350 ha**



**300 ha**



**200 ha**

**Orchards type:** Intensive

**Location:** Hrazdan, Armavir and Tavush region

**Total area of the land:** 1500 ha

**Investment:** 50 mln USD

**Productivity:** 60,000 tons of fruits

**Start of construction:** Y2017

**Start of production:** end of 2021-2022

**Market:** Russia, Belarus, Kazakhstan

## Financing for

- Saplings
- Irrigation systems
- Anti-hail nets
- Agricultural machinery



## Debt Financing

### Investment Options

**Interest rate:** 3-4%

**Long term:** 6-7 years

**Grace period:** 1 year after construction ends

**Loan amount:** 85 % of project

**Pledge:** orchards

## Equity Investment

- Up to 80 % of share capital for the project
- Quarterly dividend distribution after 2 year
- Put options to sell shares back after 6 years

# Our partners

SPAYKA



## OUR PARTNERS



## COOPERATION IN PIPELINE



Asian Development Bank



# **Annex: Financials**

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# Balance Sheet, USD



| Item                                                | 2012              | 2013              | 2014              | 2015              | 2016               |
|-----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Assets</b>                                       |                   |                   |                   |                   |                    |
| <b>Non-current Assets</b>                           |                   |                   |                   |                   |                    |
| Property, plant and equipment                       | 42,350,523        | 44,636,343        | 48,163,770        | 48,937,631        | 70,279,165         |
| Intangible assets                                   | 59,423            | 52,697            | 39,518            | 33,414            | 31,089             |
| Deferred tax assets                                 | 146,412           | 185,640           | 203,954           | 217,648           | 1,154,230          |
| Trade and other receivables                         | 4,414,904         | 1,154,292         | 1,256,652         | 581,894           | 3,131,213          |
| <b>Total non-current assets</b>                     | <b>46,971,262</b> | <b>46,028,972</b> | <b>49,663,895</b> | <b>49,770,586</b> | <b>74,595,696</b>  |
| <b>Current Assets</b>                               |                   |                   |                   |                   |                    |
| Inventories                                         | 2,096,608         | 1,841,059         | 3,896,928         | 3,508,558         | 4,856,769          |
| Cash and cash equivalents                           | 32,326            | 10,825            | 292,124           | 583,830           | 600,674            |
| Trade and other receivables                         | 2,579,159         | 1,462,267         | 6,048,190         | 13,551,175        | 11,887,168         |
| Loans receivable                                    | 105,352           | 128,560           | 93,901            | 2,154,125         | 8,062,012          |
| <b>Total Current Assets</b>                         | <b>4,813,445</b>  | <b>3,442,710</b>  | <b>10,331,143</b> | <b>19,797,689</b> | <b>25,406,623</b>  |
| <b>Total Assets</b>                                 | <b>51,787,707</b> | <b>49,471,682</b> | <b>59,995,038</b> | <b>69,568,275</b> | <b>100,002,318</b> |
| <b>Equity and Liabilities</b>                       |                   |                   |                   |                   |                    |
| <b>Equity</b>                                       |                   |                   |                   |                   |                    |
| Share capital                                       | 15,348,057        | 15,270,114        | 13,041,179        | 12,804,484        | 12,799,457         |
| Revaluation reserve                                 | -                 | -                 | 46,908            | 91,287            | 64,834             |
| Retained earnings                                   | 6,524,201         | 6,756,464         | 8,033,781         | 9,193,505         | 30,451,920         |
| <b>Total Equity</b>                                 | <b>21,872,258</b> | <b>22,026,578</b> | <b>21,121,869</b> | <b>22,089,275</b> | <b>43,314,210</b>  |
| <b>Non-current Liabilities Loans and borrowings</b> |                   |                   |                   |                   |                    |
| Loans and borrowings                                | 23,757,453        | 22,275,902        | 26,659,650        | 24,664,930        | 38,869,112         |
| <b>Total Non-Current Liabilities</b>                | <b>23,757,453</b> | <b>22,275,902</b> | <b>26,659,650</b> | <b>24,664,930</b> | <b>38,869,112</b>  |
| <b>Current Liabilities</b>                          |                   |                   |                   |                   |                    |
| Loans and borrowings                                | 2,081,250         | 3,198,950         | 10,091,315        | 16,123,171        | 10,817,885         |
| Trade and other payables                            | 4,073,745         | 1,970,252         | 2,122,204         | 6,670,454         | 6,637,577          |
| Tax liability                                       | -                 | -                 | -                 | 20,444            | 363,535            |
| <b>Total Current Liabilities</b>                    | <b>6,154,995</b>  | <b>5,169,202</b>  | <b>12,213,519</b> | <b>22,814,069</b> | <b>17,818,997</b>  |
| <b>Total Equity and Liabilities</b>                 | <b>51,784,707</b> | <b>49,471,682</b> | <b>59,995,038</b> | <b>69,568,275</b> | <b>100,002,320</b> |

# P&L Statement & Ratios, USD



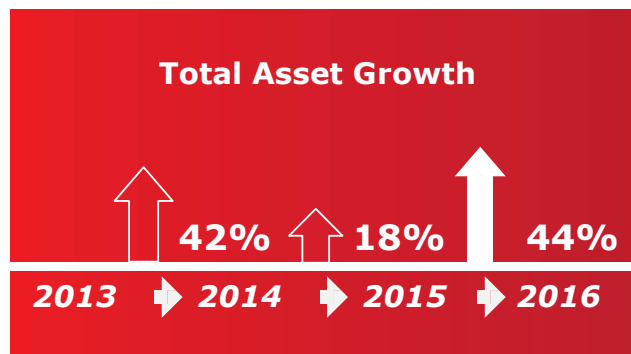
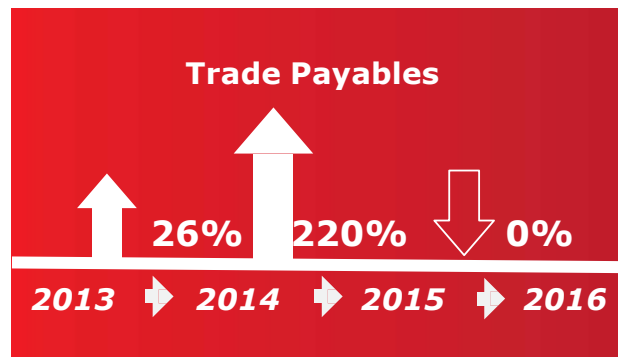
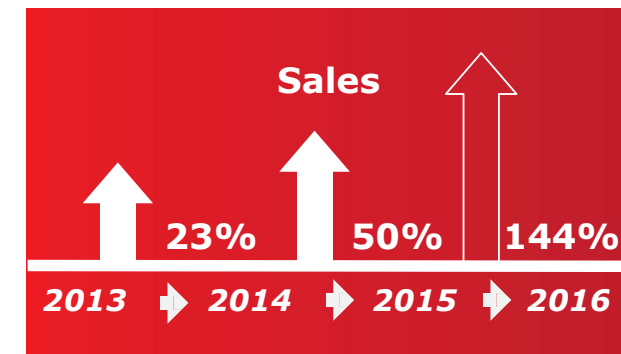
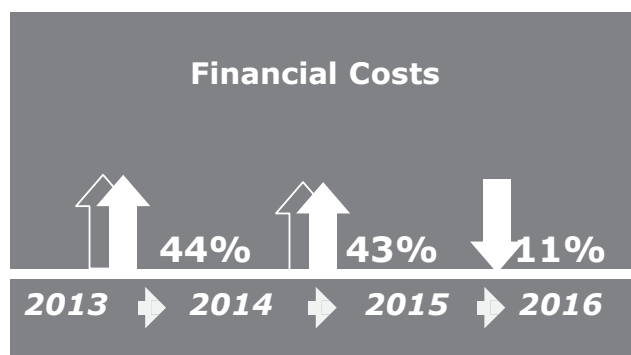
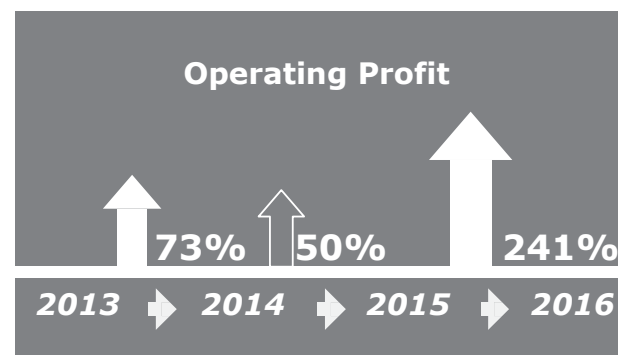
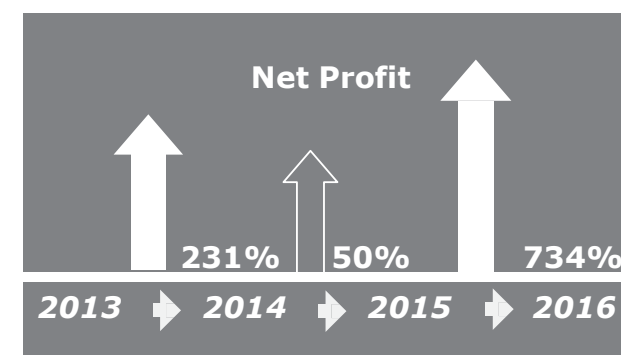
| Item                              | 2012              | 2013              | 2014              | 2015              | 2016              |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue                           | 27,658,913        | 42,788,330        | 44,978,022        | 61,707,202        | 143,869,211       |
| Cost of Sales                     | (17,331,463)      | (30,608,561)      | (31,492,410)      | (42,503,591)      | (99,387,887)      |
| <b>Gross Profit</b>               | <b>10,327,449</b> | <b>12,179,769</b> | <b>13,485,612</b> | <b>19,203,411</b> | <b>44,481,324</b> |
| Selling and distribution expenses | (3,398,370)       | (3,569,114)       | (3,879,493)       | (5,995,799)       | (7,954,372)       |
| Administrative Expenses           | (2,732,955)       | (3,309,116)       | (1,751,807)       | (2,132,219)       | (2,568,296)       |
| Other Income                      | 286,139           | 778,437           | 431,834           | 1,287,564         | 251,215           |
| Other expenditures                | (1,024,041)       | (1,528,804)       | (1,570,322)       | (2,459,419)       | (443,224)         |
| <b>Operating profit</b>           | <b>3,458,223</b>  | <b>4,551,171</b>  | <b>6,715,822</b>  | <b>9,903,537</b>  | <b>33,766,647</b> |
| Net Finance Costs                 | (3,109,408)       | (3,563,670)       | (4,369,985)       | (6,119,531)       | (5,446,944)       |
| <b>Profit before tax</b>          | <b>348,815</b>    | <b>987,501</b>    | <b>2,345,837</b>  | <b>3,784,006</b>  | <b>28,319,703</b> |
| Income Tax Expenses               | (82,066)          | (185,662)         | (82,298)          | (458,706)         | (604,203)         |
| <b>Profit for the year</b>        | <b>266,749</b>    | <b>801,839</b>    | <b>2,263,539</b>  | <b>3,325,300</b>  | <b>27,715,500</b> |

## Ratios

| Item                                     | 2012   | 2013   | 2014   | 2015   | 2016   |
|------------------------------------------|--------|--------|--------|--------|--------|
| Total Adjusted Debt-Capitalization Ratio | 54.16% | 53.63% | 63.50% | 64.87% | 53.43% |
| Total Debt/EBITDA                        | 7.47   | 5.60   | 5.47   | 4.12   | 1.47   |
| EBITDA/Interest                          | 1.11   | 1.28   | 1.54   | 1.62   | 6.20   |
| Current Ratio                            | 0.78   | 0.67   | 0.85   | 0.87   | 1.43   |



# Changes, %



- During the previous years the Company demonstrated growth in financial indicators
- 2016 was the year of significant achievements. The changes of the main financial indicators demonstrated significant changes compared to the previous period's level.
- The average growth of Total Assets of the Company for 2013-2016 was 25%.
- Trade receivables decreased by 12% in 2016, while the Trade payables remained on the same level of 2015 for the same period, which has a positive impact on the Company's working capital need.
- Debt-to-Operating profit ratio has demonstrated tendency of improvement over the reviewing period: from 2.49 in 2015 to 1.15 in 2016.

# Ratio Analysis



## Financial Ratios

| Item                           | 2012  | 2013  | 2014  | 2015  | 2016  |
|--------------------------------|-------|-------|-------|-------|-------|
| Current Ratio                  | 0.78  | 0.67  | 0.85  | 0.87  | 1.43  |
| Receivables Period             | 58.26 | 9.85  | 10.20 | 3.44  | 7.94  |
| Inventory Period               | 44.15 | 21.95 | 45.17 | 30.13 | 17.84 |
| Payables Period                | 85.79 | 23.49 | 24.60 | 57.28 | 24.38 |
| Debt to Operating Profit Ratio | 6.87  | 4.89  | 3.97  | 2.49  | 1.15  |
| Operating Gearing              | 2.99  | 2.68  | 2.01  | 1.94  | 1.32  |
| Fixed Assets Turnover Ratio    | 0.65  | 0.96  | 0.93  | 1.26  | 2.05  |
| Return on Total Assets         | 0.01  | 0.02  | 0.04  | 0.05  | 0.28  |

## Profitability Margins

| Item                    | 2012   | 2013   | 2014   | 2015   | 2016   |
|-------------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin     | 37.34% | 28.47% | 29.98% | 31.12% | 30.92% |
| Operating Profit Margin | 12.50% | 10.64% | 14.93% | 16.05% | 23.47% |
| Net Profit Margin       | 0.96%  | 1.87%  | 5.03%  | 5.39%  | 19.26% |



*Overall for the period of 2013 – 2016 the profitability margins of the business had growing trends, which is a result of effective management of the business processes and negotiations with the partners and clients.*

**Thank you!**