

AGRICULTURAL COOPERATIVE

Code 302773568, VAT payer's code 100007202616.

Office address: Sirvintos area, village of Skruzdeles, LT- 19100 Sirvintos.

PRESENTATION OF ACTIVITIES

January 24, 2018

Vilnius

SHORT HISTORY

- The activity began in 2002. At that time, the founder of the Cooperative Jonas Jagminas completed construction of the first complex on breeding of meat broiler chicks and started their breeding and sale.
- Over the next few months the same founder established other companies that later merged into a group of companies – ACC (Agricultural Cooperative) “AgroAves group”. The main activity of the Cooperative was breeding of broilers.
- The companies of the Cooperative bought old farms of Lithuania, performed their reconstruction and built new farms. The most modern equipment was installed on all farms for growing meat chicks (“Big Duchman”, Germany). Thus, all the farms have been changed into modern complexes for broiler chicks growing.

COMPLEXES ON CHICKS GROWING

- Today the companies of the Cooperative manage **7 complexes on growing broiler chicks**, located in Lithuania:
 - Siauliai area – 12 450 sq.m
 - Varena area – 13 500 sq.m
 - Sirvintos area – 7 600 sq.m
 - Lazdijai area – 15 500 sq.m
 - Moletai area – 10 000 sq.m
 - Varena area – 12 800 sq.m
- Raseiniai area 16 000 sq.m (the design works are carried out yet in this complex).
- Meat, produced at these complexes, is sold to local and foreign meat processors. Currently ACC “AgroAves group” grows and sells approx. 26 000 tons of chicks (“live weight”) per year. It is approx. 20-22% of all broiler chicks grown in Lithuania.
- By the construction of new farms, as well as the purchase of old farms and their renovation into modern complexes on breeding of broiler chicks, it is planned to increase the sales of the Cooperative up to 30 000 tons of chicks (“live weight”) per year in the next 3-4 years.

INCUBATOR FOR CHICKS

- For the purpose of self-sufficiency of one-day old chicks a new company JSC “Agroinkubacija” was established in 2014. It will manage the **one-day old chicks incubator**. This is an important part of the business of growing and sale of broiler chicks. Hitherto ACC “AgroAves group” purchased one-day old chicks from the external suppliers.
- It is constructed building for the incubator (approx. 3 000 sq.m) and the negotiations are completed for the supply of the most modernized equipment by leading Belgian producer “Petersime”. The planned capacity of the incubator is approx. 40 million one-day old chicks per year. These chicks are intended for complexes of ACC “AgroAves group”, growing broiler chicks, and for other breeders.



The construction of the incubator (in Lazdijai area); an incubation of about 40 million chicks per year is planned

COMPOUND FEED PLANT

- We began design works of **compound feed plant** in 2014. The plot of land in Ariogala (Raseiniai area) with buildings, fit for reconstruction, is acquired for production purposes. The plant will produce qualitative feed intended solely for growing meat broiler chicks and layers. This will further reduce the dependence of the ACC “AgroAves group” on external suppliers and will allow the Cooperative to achieve higher savings in chicks growing.
- The planned capacity of the plant is approx. 100 000 tons of compound feed per year. It will satisfy the domestic needs of the Cooperative (approx. 53 000 tons per year), as part of the feed will be sold to other breeders of meat chicks and layers.



Opening of Compound feed plant in Ariogala (Raseiniai area) in 2017.

PLANNED / SEEKING INVESTMENT: SLAUGHTERHOUSE

- There are only two slaughterhouses in Lithuania intended for slaughter of broiler chicks. Both belong to the same company, so the market of the final product of broiler chicks is a monopolistic. No doubt, there is a place even though for one or more new players in this market. This will expand the variety of products that will provide the needs of the market and consumers. It would be useful for breeders of broiler chicks in the region also, as extended the possibility of their products sales. In addition, it should be emphasized that the last stage in the business of growing and sales of broiler chicks - slaughterhouse and sale of products to the final consumer - is the most profitable, generating the highest added value.
- ACC “AgroAves group” is currently looking for an **investor for poultry slaughterhouse**. Production of it could reach approx. 6 500 chicks per hour. This will allow to produce annually approx. 40-45 thousand tons of chicks meat, intended for sales, and it will provide an annual income of 80-85 million euros at least.
- Chicks will be supplied to the slaughterhouse from the complexes of ACC “AgroAves group” growing broiler chicks (approx. 30 000 tons of chicks per year) and from other breeders of Lithuania, which are currently expanding operations and will grow approx. 20-25 thousand tons of chicks per year in the next 3-4 years. This will ensure sufficient supply of raw materials to achieve the goals set for the slaughterhouse.
- The construction of the slaughterhouse would require an investment of approx. 15 million euros. It is quite an expensive project for local breeders, but it is possible to plan a complete pay-back for a fairly short period of time - in 2-4 years. Assessing the common practice in the region, the net profit of the poultry slaughterhouse is 12-15% (of turnover) at least.
- The markets provided for the sales of the final product are: Lithuania, other countries of EU, Russia, China, US market, recently opened for Lithuanian meat producers.
- ACC “AgroAves group” might be a small shareholder in the project of slaughterhouse and would provide the basic investor with entire infrastructure, important in breeding of broiler chicks: the breeding and supply of chicks, incubator, compound feed plant. After the construction of slaughterhouse all stages of the business of the chicks breeding and sale, a specific closed cycle (see **Attachment: scheme of companies managed by the Cooperative**) will be under the common supervision with the investor, that would achieve savings, higher earnings at each stage of business and would ensure an uninterrupted supply of raw materials to the slaughterhouse and also the quality of the final product.
- ACC “AgroAves group” had already acquired a land plot of 4.2 hectares for the planned slaughterhouse in a very convenient location - next to the central motorway of Lithuania, linking three largest cities in the country (Vilnius, Kaunas and Klaipeda), almost in the centre of Lithuania. All the communication networks, electricity, gas, sewerage, necessary for slaughterhouse, are located close to the acquired site.



„AgroAves group“ Cooperative Chairman Jonas Jagminas in Vydeniai complex on chicks growing (Varena area)



Opening of Krikstonys complex (Lazdijai area) in 2012: front, from the right – Prime Minister of Lithuania Andrius Kubilius, Minister of Agriculture Kazys Starkevičius, cooperative Chairman Jonas Jagminas with his wife, farmer's wife Jagne Jagminiene



Renovated farms on chicks growing in Krikstonys complex (Lazdijai area)



Opening of Antagaluone complex (Moletai area) in 2014: front, second from the right – Jonas Jagminas, next - the Minister of Agriculture of the Republic of Lithuania Virginija Baltraitiene, Mayor of Moletai area Stasys Zvinys



Opening of the Melekonyns complex (Varena area) in 2015: third from the left – member of the Seimas of the Republic of Lithuania Vidas Mikalauskas, next – the Chairman of the cooperative Jonas Jagminas, second from the right – Donatas Jonauskas, the Head of the State Food and Veterinary Service of Varena



Antagaluone complex on chicks growing in Moletai area

**AGRICULTURAL COOPERATIVE
"AGROAVES GROUP"**

Incubator for incubation of one-day old chicks
40 million of one-day old chicks per year
The investment is not necessary
Under construction currently

The poultry slaughterhouse with deep meat processing and refrigerating equipment
Slaughter is 6 500 pcs per 1 h
Investment approx. 15 mln EUR + 3 mln EUR of current assets for beginning of activity

Compound feed plant providing compound feed for meat chicks and elevator for grain exports and feed additives, feed capacity is 100 000 tons per year
The investment is not necessary

Meat chicks growing complexes, belonging to the cooperative of "AgroAves group", currently growing 6,5-7 batches per year or approx. 26 000 tons of live weight per year
The investment is not necessary

Skruzdeles complex
Sirvintos area 7 600 sq.m
2 000 tons of live weight per year

Micaiciai complex Siauliai
area 12 450 sq.m
3 920 tons of live weight per year

Vydeniai complex Varena
area 13 500 sq.m
4 250 tons of live weight per year

Krikstonis complex Lazdijai area 15 500 sq.m
4 900 tons of live weight per year

Antagaluone complex Moletai area 10000 sq.m
3 150 tons of live weight per year

Melekonys complex Varena area 12 800 sq.m
3 940 tons of live weight per year

Girkalnis complex approx. 16 000 sq.m
5 000 tons of live weight per year