



AB VILNIAUS DEGTINĖ

Key performance indicators report for the first quarter of 2017

31 May 2017

Vilnius

AB Vilniaus degtinė

Company's code 120057287, Paneriu 47, Vilnius

Information about Company

Name of the company	AB Vilniaus degtinė
Legal form	Public stock company
Date and place of registration	23 November 1990, Vilnius branch of State Enterprise Centre of Registers
Code of company	120057287
Share capital	EUR 7,078,445 Eur
Registered office	Panerių 47, Vilnius, Lithuania
Telephone	+ 370 5 233 08 19
Fax	+ 370 231 5052
E-mail	vd@degtine.lt
Internet address	www.degtine.lt
Branch	Obeliai distillery
Branch address	Vienožinskio 3, Audronių I village, Rokiškis district, Lithuania
Telephone	+ 370 458 78723
Fax	+ 370 458 78723
E-mail	obeliai@degtine.lt
Main activities	Production of and trade in alcoholic beverages
Auditor	KPMG Baltics, UAB

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Overview of the Company for the first quarter of 2017

Sales revenue excluding excise duty of AB Vilniaus degtinė amounted to EUR 5,708.0 thousand in the first quarter of 2017 and increased by 9.73%, compared to the same time period last year (in 2016 – EUR 5,349.9 thousand).

Sales in the Lithuanian market made up the largest portion of the Company's sales – 72.49%. EU market sales decreased by 3.07%, sales to third countries grew 19.00%. Sales to Poland, Latvia, Estonia and Denmark made up the largest portion of the income from the EU market. Sales to Ukraine, Russian Federation, Belarus made up the largest portion of the income from third countries.

The Company's profit amounted to EUR 392.3 thousands in the first quarter of 2017 and increased by 37.61%, compared to the same time period last year (in 2016 – EUR 285.1 thousands).

EBITDA of the Company amounted to EUR 956.7 thousands in January-March 2017 and increased by 69.09%, compared to the same time period last year (in January-March 2016 – EUR 565.8 thousands). EBITDA margin has increased from 10.58% to 16.76% during the year. EBITDA growth was mainly influenced by the efficiency improvement and additional investment made in 2016 in the only Lithuania Obeliai Distillery (branch of AB Vilniaus degtinė).

Main Company Indicators

Indicators	Jan-Mar 2017	Jan-Mar 2016	Change
Sales revenue excl. Excise tax, EUR	5,707,965	5,349,929	6.69%
Gross profit, EUR	2,023,460	1,719,523	17.67%
Operating profit, EUR	514,845	312,190	64.91%
Profit before tax, EUR	462,297	303,076	52.53%
Profit for the period, EUR	392,342	285,117	37.61%
Gross profit margin ratio, %	35.45%	32.14%	3.31
Operating profit margin ratio, %	9.02%	5.84%	3.18
Profit before tax margin ratio, %	8.10%	5.67%	2.43
Profit for the period margin ratio, %	6.87%	5.33%	1.54
EBITDA, EUR	956,687	565,769	69.09%
EBITDA margin ratio, %	16.76%	10.58%	6.18
ROE (return on equity), %	2.74%	2.28%	0.46
ROA (return on assets), %	1.46%	1.31%	0.15
Quick ratio	0.99	1.00	-1.00%
Debt to equity ratio	1.28	0.98	30.61%

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Overview of the Company for the first quarter of 2017

Better sales performance during 1Q 2017 was mainly influenced by export growth, introduction of renewed „Bajorų Klasikinė“ product line at the end of the year 2016. According to AC Nielsen, during 1Q 2017 “Bajorų“ vodka volume share in Lithuania reached 12.4% of total vodka market (or +2.3 pp vs LY), while the total vodka market decreased by -6%. Also, „William Peel“ whiskey became No.2 whiskey in Lithuania (AC Nielsen) and reached 12.4% of total whiskey market in 1Q 2017.

Cogeneration plant, installed in Obeliai Distillery, is powered with biogas to generate electricity and heat using the internal combustion engines. Steam is used in generation process. Excess electric power is sold to AB Energijos skirstymo operatorius. This project reduced the costs of energy resources of the Branch as well as environmental pollution. Installed power is 1.5 MW. 2,154.0 MWh of electric power was generated in 1Q 2017.

Obeliai Distillery produces distilled and rectified food grade ethyl alcohol from rye and triticale. 2,433.9 thousand liters of absolute alcohol was produced in January-March 2017.

Alcoholic beverages produced

Name	Measurement unit	Jan-Mar, 2017	Jan-Mar, 2016	Change (+,-), percent
Alcoholic beverages	000s litres	3,579.2	3,323.1	7.71%

In the first quarter of 2017 alcoholic beverages production increased by 7.71%, compared to the same time period last year. Growth of alcoholic beverages production has been caused expansion into foreign markets.

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Comprehensive Income Statement

31 March

In EUR	Jan-Mar 2017	Jan-Mar 2016
Sales revenue	16,974,187	14,601,335
Excise duty	(11,266,222)	(9,251,406)
Sales revenue excluding excise duty	5,707,965	5,349,929
Cost of sales	(3,684,505)	(3,630,405)
Gross profit	2,023,460	1,719,523
Other income	75,027	83,115
Sales and distribution expenses	(546,403)	(648,568)
Administrative expenses	(1,035,431)	(840,073)
Other expenses	(1,808)	(1,808)
Result from operating activities	514,845	312,190
Financial income	1,978	33,223
Financial expenses	(54,526)	(42,337)
Profit (loss) before tax	462,297	303,076
Income tax	(69,955)	(17,959)
Profit (loss) for the period	392,342	285,117
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges		
Fair value profit (losses) arising during the year	232	(8,219)
Reclassif. adjustments for amounts recognised in profit or loss	2,764	0
	2,996	(8,219)
Income tax relating to items that may be reclassified subsequently to profit or loss	(449)	1,233
Other comprehensive income, net of income tax	2,547	(6,986)
TOTAL COMPREHENSIVE INCOME (EXPENSES)	394,889	278,131
Basic and diluted earnings per share	0.02	0.01

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Statement of Financial Position

In EUR	31 03 2017	31 12 2016
ASSETS		
Non-current assets		
Property, plant and equipment	12,490,943	12,588,549
Intangible assets	2,204,810	2,271,613
Financial assets	411,692	578,972
Total non-current assets	15,107,445	15,439,134
Current assets		
Inventories	4,047,750	2,305,019
Prepayment	369,126	173,377
Trade receivables	5,767,167	7,342,357
Other receivables	9,664,968	397,998
Cash and cash equivalents	3,068	1,761,520
Total current assets	19,852,079	11,980,271
TOTAL ASSETS	34,959,524	27,419,405
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	7,078,445	7,078,445
Legal reserve	706,917	706,917
Other reserves	(9,365)	(11,912)
Retained earnings	7,579,915	7,187,572
Total equity	15,355,912	14,961,022
Non-current liabilities		
Interest bearing loans and borrowings	1,998,059	2,060,431
Governmental grants	1,811,340	1,869,314
Deferred tax liability	259,563	263,162
Total non-current liabilities	4,068,962	4,192,907
Current liabilities		
Interest bearing loans and borrowings	11,561,917	1,119,492
Trade payables	2,670,482	2,681,538
Income tax payables	371,489	297,486
Other payables	930,762	4,166,960
Total current liabilities	15,534,650	8,265,476
Total liabilities	19,603,612	12,458,383
TOTAL EQUITY AND LIABILITIES	34,959,524	27,419,405