

# The results of 6 months of 2016



VILKYŠKIŲ PIENINĖ AB  
GROUP

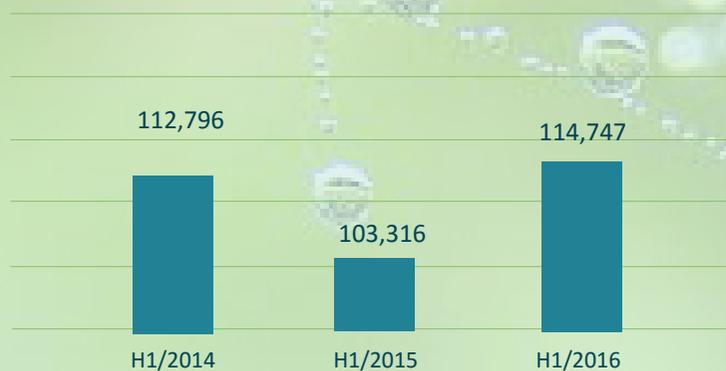
## SIGNIFICANT EVENTS IN H1 2016

- Low dairy product export price levels, overly large warehouse stockpiles of cheese and fairly high resource prices influenced the group's turnover and profitability during the first months of this year. However, the markets in which the company has experience guarantee stable sale numbers. The maintenance of stable sale volumes was helped by exports to markets like South Korea, Bulgaria, the United Arab Emirates, Jordan and others.
- Price level decrease led to profits decrease compared with 2015. Turnover fell by 4% from 39.1 million EUR (H1 2015) to 37.6 million EUR (H1 2016) while profits fell from 294,000 EUR (H1 2015) to losses of 536,000 EUR (H1 2016).  
In June of 2016, Vilkyškių pieninė participated in the Summer Fancy Food Show 2016 in New York, where a selection of the cheeses it produces was presented. The main purpose for participating in this project was to analyze the USA's retail market and form new business contacts.
- In May of 2016, Vilkyškių pieninė participated in the SIAL China 2016 exposition in Shanghai, China. This is the largest food innovation exposition in Asia. The company presented its cheese products, whey products. Valuable contacts were made with potential partners in China, Western Europe and Malaysia, and meetings with existing clients were held as well.
- In June of 2016, Kelmės pieninė and the National Paying Agency under the Ministry of Agriculture signed support contract No. 17PP-KS-15-2-07565-PR001, regarding the grant of 4 million EUR for the implementation of a whey processing project. The project is already being implemented and is scheduled to be completed in 2017. It will be worth up to 26 million EUR. The company will use its own funds and loans to implement the project.

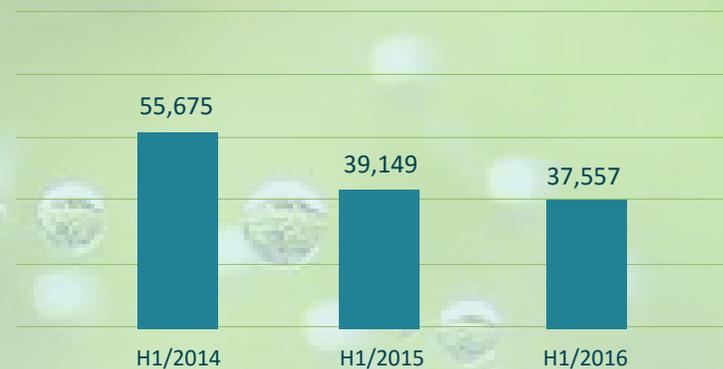
## MAIN FINANCIAL INDICATORS

(Thousands EUR)	H1/2014	H1/2015	H1/2016
Revenue	55,675	39,149	37,557
EBITDA	2,466	1,695	785
EBITDA margin (%)	4.4%	4.3%	2.1%
Net profit	1,113	294	-536
Profit margin (%)	2.0%	0.8%	-1.4%
Quantity of purchased milk, t	112,796	103,316	114,747
Profit (loss) per share (EUR)	0.09	0.02	-0.04
Net financial debt	18,557	23,207	31,337

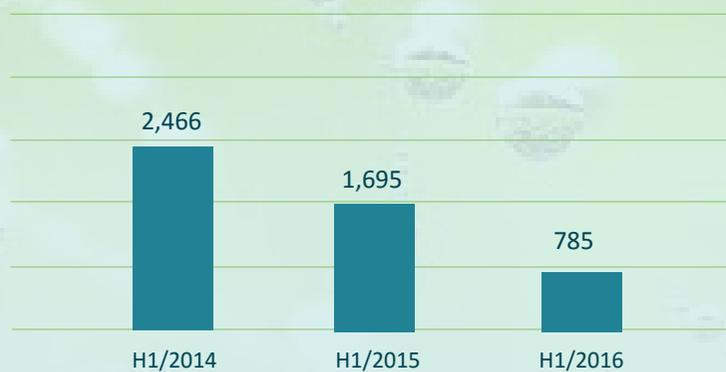
## QUANTITY OF PURCHASED MILK, T



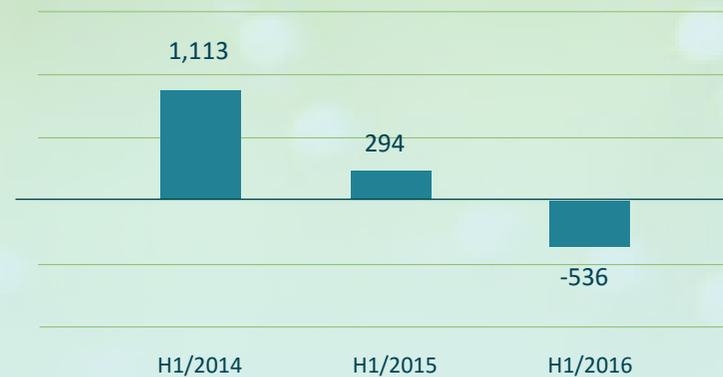
## REVENUE



## EBITDA

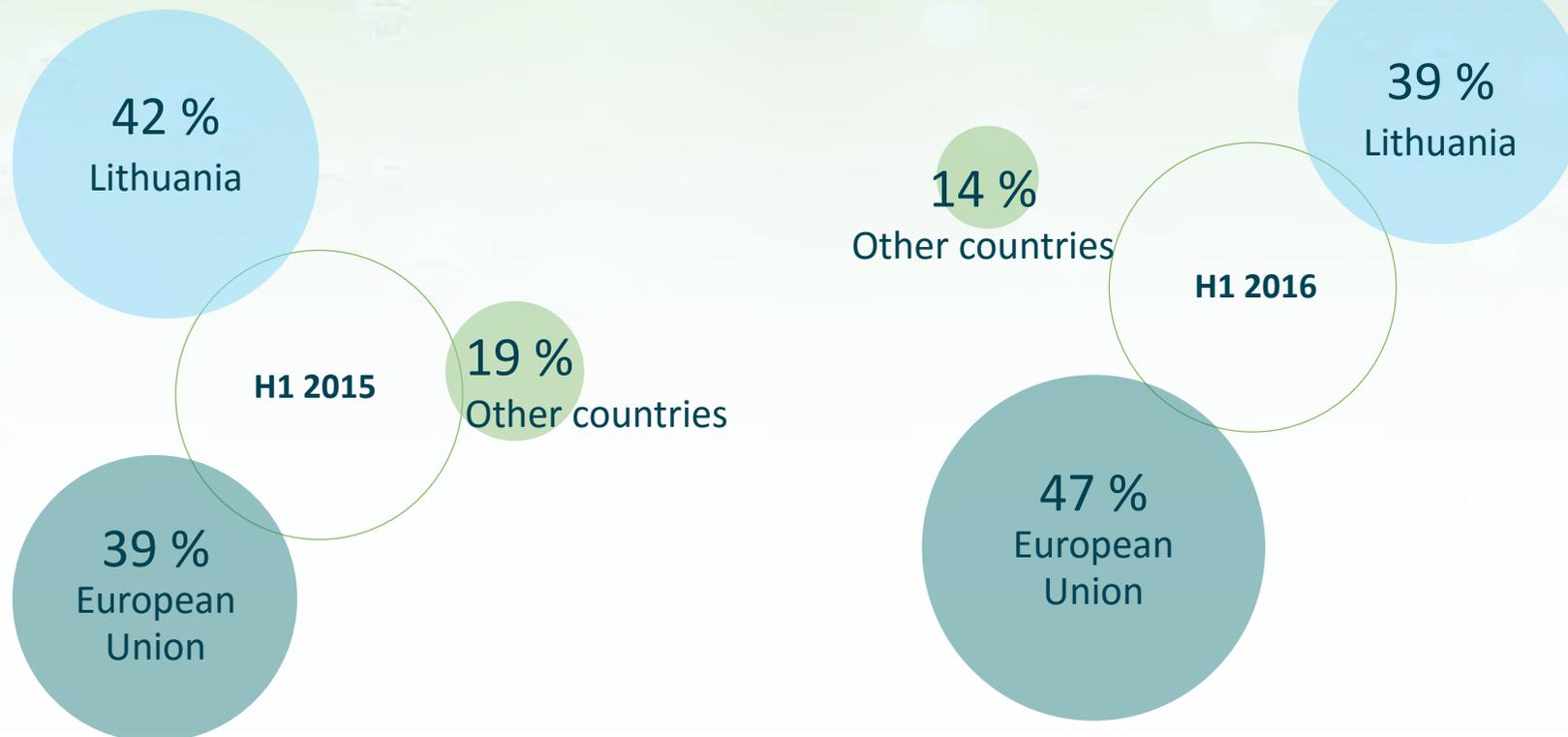


## NET PROFIT (LOSS)



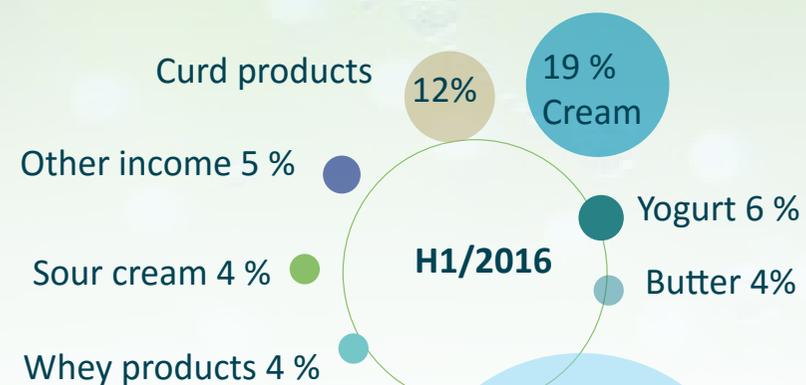
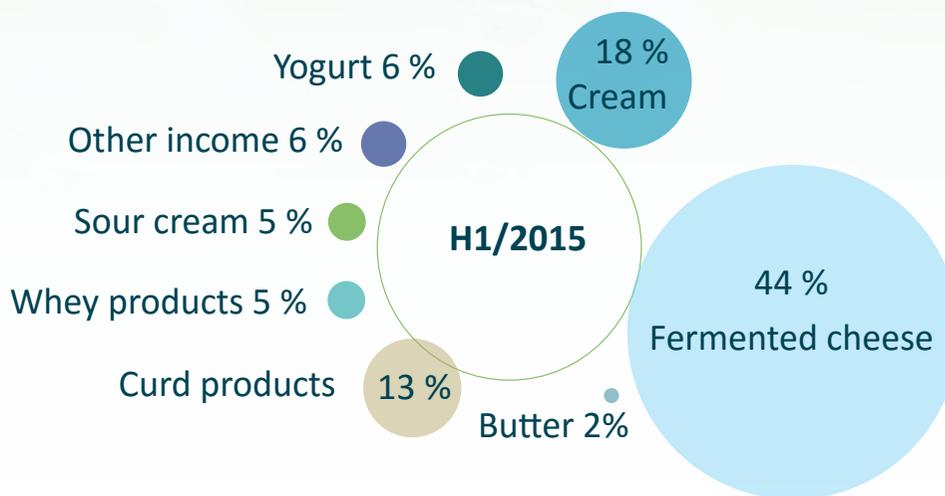
## SALES REVENUE BY MARKETS

(Thousands EUR)	H1/2015		H1/2016	
Lithuania	16,577	42%	14,729	39%
European Union	15,320	39%	17,555	47%
Other countries	7,252	19%	5,273	14%
	39,149		37,557	



# SALES REVENUE BY PRODUCTS

(Thousands EUR)	H1/2015		H1/2016	
Fermented cheese	17,405	44%	17,692	47%
Cream	7,167	18%	6,985	19%
Whey products	2,121	5%	1,426	4%
Sour cream	1,816	5%	1,468	4%
Curd products	5,023	13%	4,589	12%
Yogurt	2,380	6%	2,347	6%
Other income	2,340	6%	1,731	5%
Butter	897	2%	1,319	4%
<b>Total income:</b>	<b>39,149</b>		<b>37,557</b>	



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 06 2016	31 12 2015
<b>Assets</b>		
Property, plant and equipment	44,578	35,263
Intangible assets	7,039	7,047
Long-term receivables	383	405
Deferred tax assets	48	-
<b>Non-current assets</b>	<b>52,048</b>	<b>42,715</b>
Inventories	11,737	12,047
Trade and other receivables	5,778	6,002
Prepayments	324	448
Cash and cash equivalents	149	154
<b>Current assets</b>	<b>17,988</b>	<b>18,651</b>
<b>Total assets</b>	<b>70,036</b>	<b>61,366</b>
<b>Equity</b>		
Share capital	3,463	3,463
Share premium	3,301	3,301
Reserves	5,125	5,157
Retained earnings	11,910	12,366
<b>Total equity attributable to the shareholders of the Group</b>	<b>23,799</b>	<b>24,287</b>
<b>Non-controlling interest</b>	<b>43</b>	<b>46</b>
<b>Total equity</b>	<b>23,842</b>	<b>24,333</b>
<b>Liabilities</b>		
Interest-bearing loans and lease liabilities	17,515	13,092
Derivative financial instruments	197	239
Government grants	2,959	3,134
Deferred tax liabilities	-	388
<b>Non-current liabilities</b>	<b>20,671</b>	<b>16,853</b>
Interest-bearing loans and lease liabilities	13,822	9,123
Current tax liabilities	-	8
Derivative financial instruments	119	125
Trade and other payables	11,582	10,924
<b>Current liabilities</b>	<b>25,523</b>	<b>20,180</b>
<b>Total liabilities</b>	<b>46,194</b>	<b>37,033</b>
<b>Total equity and liabilities</b>	<b>70,036</b>	<b>61,366</b>

# CONSOLIDATED INCOME STATEMENT

Thousand EUR	01 01 2016- 30 06 2016	01 01 2015- 30 06 2015	01 04 2016- 30 06 2016	01 04 2015- 30 06 2015
Revenue	37,557	39,149	20,843	19,519
Cost of sales	-34,904	-35,028	-19,087	-17,150
<b>Gross profit</b>	<b>2,653</b>	<b>4,121</b>	<b>1,756</b>	<b>2,369</b>
Other operating income	130	188	70	85
Distribution expenses	-2,063	-2,677	-1,070	-1,471
Administrative expenses	-1,205	-1,216	-612	-668
Other operating costs	-93	-91	-52	-32
<b>Result from operating activities</b>	<b>-578</b>	<b>325</b>	<b>92</b>	<b>283</b>
Finance income	5	14	3	7
Finance costs	-398	-323	-238	-210
<b>Net finance expenses</b>	<b>-393</b>	<b>-309</b>	<b>-235</b>	<b>-203</b>
<b>Profit before income tax</b>	<b>-971</b>	<b>16</b>	<b>-143</b>	<b>80</b>
Income tax expense	435	278	172	106
<b>Profit for the period</b>	<b>-536</b>	<b>294</b>	<b>29</b>	<b>186</b>
Attributable to:				
Shareholders of the Group	-536	294	29	185
Non-controlling interest	0	0	0	1
<b>Net profit (loss) for the year</b>	<b>-536</b>	<b>294</b>	<b>29</b>	<b>186</b>
Basic earnings per share (EUR)	-0.04	0.02	0	0.02

# CONSOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR	2016.01.01- 2016.06.30	2015.01.01- 2015.06.30
<b>Cash flows from operating activities</b>		
Profit for the year	-536	294
Adjustments:		
Depreciation of property, plant and equipment	1,526	1,556
Amortization of intangible assets	37	18
Amortization and write down of grants	-200	-204
Profit (loss) from disposal of property, plant and equipment	2	8
Income tax expense	-435	-278
Interest expenses, net	391	309
	<b>785</b>	<b>1,703</b>
Change in inventories	306	-491
Change in long-term receivables	22	21
Change in trade and other receivables and prepayments	328	-260
Change in trade and other payables	628	-1,044
	<b>2,069</b>	<b>-71</b>
Paid interest	-352	-253
Paid profit tax	-75	-11
<b>Net cash from operating activities</b>	<b>1,634</b>	<b>-335</b>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	-10,678	-6,275
Acquisition of intangible assets	-29	-119
Proceeds from sale of plant and equipment	1	4
Acquisition of the subsidiary's shares	-3	-
Loans granted	-	-12
Loans repaid	-	-
Interest received	-	-
<b>Net cash flows used in investing activities</b>	<b>-10,709</b>	<b>-6,402</b>
<b>Cash flows from financing activities</b>		
Loans received	-9,951	-1,828
Repayment of borrowings	-41	-680
Dividends paid	25	147
Government grants received	-	-
<b>Net cash flows from financing activities</b>	<b>9,070</b>	<b>1,645</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-5</b>	<b>103</b>
Cash and cash equivalents at 1 January	154	70
<b>Cash and cash equivalents at 30 June</b>	<b>149</b>	<b>173</b>

# ADDITIONAL INFORMATION



## ABOUT THE COMPANY

Vilkyškių pieninė AB, was established in 1993 m.

On the 30 of June 2016 the Group had 988 employees

The production of Dairy products is the core of Group business

Company's share capital amounts to 3.5 million EUR

Shares issued by the Company have been included into the Current Trade List of Vilnius

Stock Exchange. The shares are listed in the Official List

Standards: ISO 9001:2000 and ISO 22000:2000

## COMPANIES OF THE GROUP

### **Vilkyškių pieninė AB**

Parent Company

Established in 1993

Main activities: The production of cheese, cream, whey

### **“Modest” AB**

The subsidiary Company

Established in 1992

Main activities: The production of melted smoked cheese, cheese with mould, Mozzarella, other kinds of cheese

### **Kelmės pieninė AB**

The subsidiary Company

Established in 1993 m.

Main activities: The production of fresh dairy products.

### **“Pieno logistika” AB**

The subsidiary Company

Established in 2013

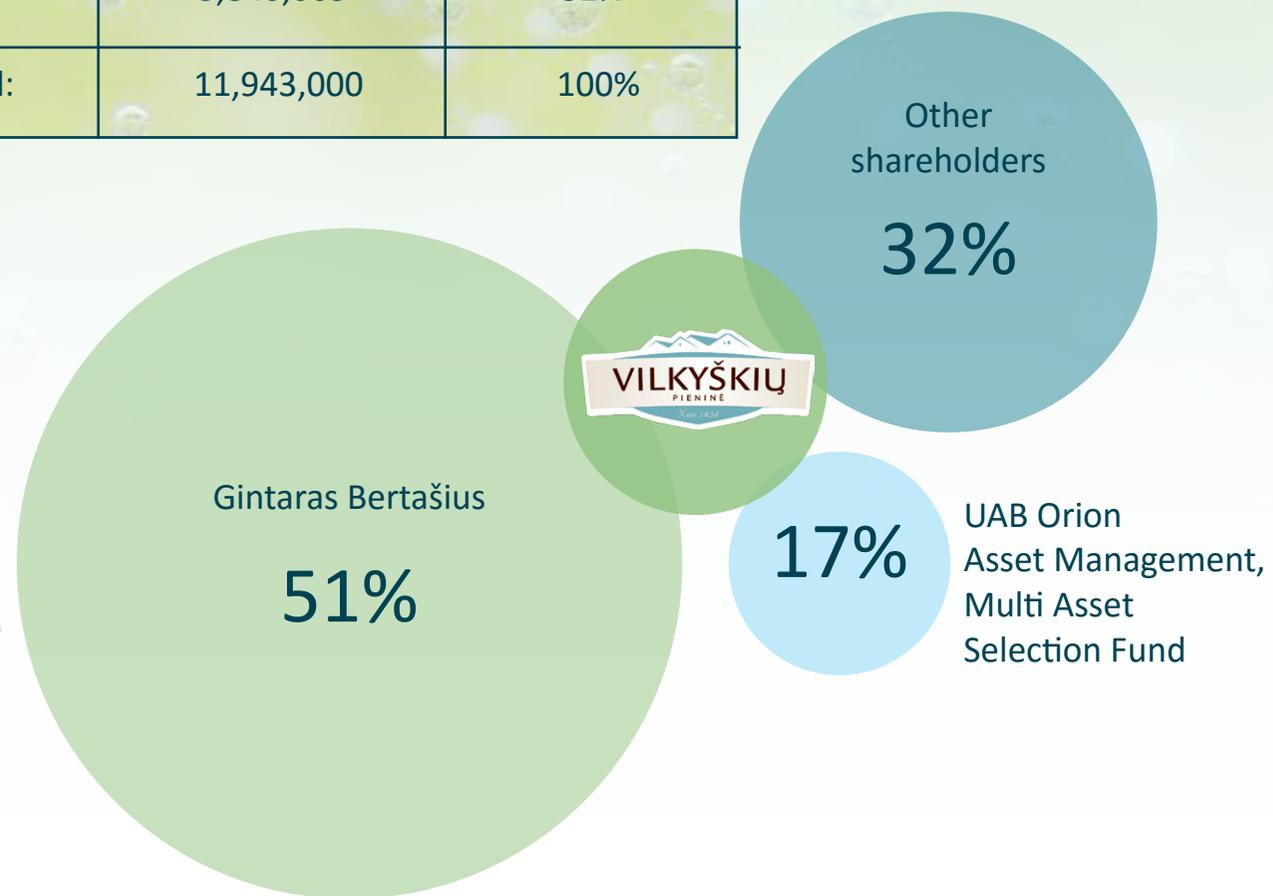
Main activities: Rent of buildings

## SHORT HISTORY OF THE COMPANY

- 1993 Company established
- 1999-2000 the fully automated technological line of cheese production started to work in Vilkyškiai
- 2001 company acquired Taurage workshop form Mažeikiai subsidiary of Pieno Žvaigždės AB
- 2006 acquired “Modest” AB
- 2006 the Company have been included into the Current Trade List of Vilnius Stock Exchange
- 2007 implement development of main technological line of cheese production in Vilkyškiai
- 2008 acquired Kelmės pieninė
- 2008 installed the whey processing shop in Vilkyškiai
- 2008 These certificates of the standards ISO 9001:2000 and ISO 22000:2000 were presented to Vilkyškių pieninė AB
- 2011 the company began to participate in one of the largest food exhibitions: “Anuga” in Germany and “SIAL” in France
- 2011 brand of the company was changed. Vilvi trademark began to used in Export markets
- 2012 the second cheese plant development was implemented in Vilkyškiai.
- 2013 The building of milk truck washes, garage, warehouse, workshop with household and auxiliary facilities, administrative offices, engineering networks, parks and access was put into operation. This building was the largest construction project in recent years.
- Whey products plant extension was completed and that allowed to process up to 600 tons recycled product per day. Vilkyškių brand won a nomination of “Brand of the Year 2013” as the most successful brand in Lithuania
- 2014 the whey ultrafiltration project was implemented.
- 2015 With a view to improving treatment efficiency, in 2015 Vilkyškių pieninė AB completed the modernisation of its wastewater treatment plant. The results of this project will have an impact on the water quality of the Jūra River in the first place, and will also contribute to the improvement of the water quality in the Nemunas, the Curonian Lagoon and the Baltic Sea. AB Vilkyškių pieninė has signed a contract on connection to a gas distribution system with AB Lietuvos dujos. Gas supply to the dairy farm is expected since Q4 2016.
- In December 2015, Kelmės pieninė AB prepared an investment project “Increasing the competitiveness of the company’s productive activities” which was submitted to the National Paying Agency in order to obtain EU support. The requested amount of support constitutes EUR 4 mln. The project implementation period is 2016–2017. The key aim of the project is to increase the competitiveness of the company through the modernisation and enlargement of the production base and the introduction of innovative technologies and solutions.

## SHAREHOLDERS

Shareholder	Shares	Ownership interest
Gintaras Bertašius	6,067,206	51%
UAB Orion Asset Management, Multi Asset Selection Fund	2,035,729	17%
Other shareholders	3,840,065	32%
Capital in total:	11,943,000	100%





## VILKYŠKIŲ PIENINĖ AB

Vilkyškiai, Pagėgių sav.

277160980

tel. +370 441 55330

fax. +370 441 55242

[info@vilkyskiu.lt](mailto:info@vilkyskiu.lt)

[www.vilkyskiu.lt](http://www.vilkyskiu.lt)

### Contacts

Gintaras Bertašius

Director General

tel. +370 441 55330

[gintaras@cheese.lt](mailto:gintaras@cheese.lt)

Vilija Milaševičiutė

Economics and Finance Director

tel. +370 441 55102

[vilija@cheese.lt](mailto:vilija@cheese.lt)