



## **AB VILNIAUS DEGTINĖ**

### Key performance indicators report for the fourth quarter of 2016

28 February 2017

Vilnius

## **AB Vilniaus degtinė**

Company's code 120057287, Paneriu 47, Vilnius

### **Information about Company**

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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

## AB Vilniaus degtinė

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### Overview of the Company for the fourth quarter of 2016

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Sales revenue excluding excise duty of AB Vilniaus degtinė amounted to EUR 22,567.2 thousand in 2016 and increased by 7.37%, compared to the same time period last year (in 2015 – EUR 21,017.7 thousand).

Sales in the Lithuanian market made up the largest portion of the Company's sales - 70%. EU market sales increased by 29.12%, sales to third countries grew 49.58%. Sales to Poland, Latvia, Estonia and Bulgaria made up the largest portion of the income from the EU market. Sales to Ukraine, Russian Federation, Armenia made up the largest portion of the income from third countries.

The Company's profit amounted to EUR 2,002.7 thousands in 2016 and increased by 49.86%, compared to the same time period last year (in 2015 – EUR 1,336.3 thousands).

EBITDA of the Company amounted to EUR 3,971.3 thousands in January-December 2016 and increased by 69.06%, compared to the same time period last year (in January-December 2015 – EUR 2,349.1 thousands). EBITDA margin has increased from 11.18% to 17.60% during the year. EBITDA growth was mainly influenced by the efficiency improvement and additional investment in the only Lithuania Obeliai Distillery (branch of AB Vilniaus degtinė).

#### Main Company Indicators

Indicators	Jan-Dec 2016	Jan-Dec 2015	Change
Sales revenue excl. Excise tax, EUR	22,567,161	21,017,698	7.37%
Gross profit, EUR	8,060,478	6,556,937	22.93%
Operating profit, EUR	2,745,193	1,414,653	94.05%
Profit before tax, EUR	2,330,327	1,427,188	63.28%
Profit for the period, EUR	2,002,652	1,336,313	49.86%
Gross profit margin ratio, %	35.72%	31.20%	4.52
Operating profit margin ratio, %	12.16%	6.73%	5.43
Profit before tax margin ratio, %	10.33%	6.79%	3.54
Profit for the period margin ratio, %	8.87%	6.36%	2.51
EBITDA, EUR	3,971,307	2,349,055	69.06%
EBITDA margin ratio, %	17.60%	11.18%	6.42
ROE (return on equity), %	15.08%	10.89%	4.19
ROA (return on assets), %	8.03%	5.53%	2.50
Quick ratio	1.15	1.01	13.86%
Debt to equity ratio	0.92	1.09	-15.60%

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Better sales performance during 4Q 2016 was mainly influenced by export growth, introduction of new products and renewed „Bajorų Klasikinė“ and brandy “Renaissance” product lines. According to AC Nielsen, during 2016 “Bajorų“ vodka volume share in Lithuania reached 11.1% of total vodka market ( or +2.3 pp vs LY), while the total vodka market decreased by -4%.

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. 9,200.0 MWh of electric power was generated in 2016.

Obeliai Distillery produces distilled and rectified food grade ethyl alcohol from rye and triticale. 7,139.1 thousand liters of absolute alcohol was produced in January-December 2016.

#### Alcoholic beverages produced

Name	Measurement unit	Jan-Dec, 2016	Jan-Dec, 2015	Change (+,-), percent
Alcoholic beverages	000s litres	13,520.9	12,821.9	5.45%

In 2016 alcoholic beverages production increased by 5.45%, 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 December

In EUR	Jan-Dec 2016	Jan-Dec 2015
<b>Sales revenue</b>	<b>62,503,846</b>	<b>58,945,406</b>
Excise duty	(39,936,686)	(37,927,708)
<b>Sales revenue excluding excise duty</b>	<b>22,567,161</b>	<b>21,017,698</b>
Cost of sales	(14,506,683)	(14,460,764)
<b>Gross profit</b>	<b>8,060,478</b>	<b>6,556,934</b>
Other income	367,839	325,391
Sales and distribution expenses	(2,447,340)	(2,272,699)
Administrative expenses	(3,228,551)	(3,187,379)
Other expenses	(7,233)	(7,595)
<b>Result from operating activities</b>	<b>2,745,193</b>	<b>1,414,653</b>
Financial income	(235,344)	151,462
Financial expenses	(179,521)	(138,927)
<b>Profit (loss) before tax</b>	<b>2,330,327</b>	<b>1,427,188</b>
Income tax	(327,676)	(90,875)
<b>Profit (loss) for the period</b>	<b>2,002,652</b>	<b>1,336,313</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges		
Fair value losses arising during the year	(8,682)	(15,721)
Reclassif. adjustments for amounts recognised in profit or loss	10,389	0
	1,707	(15,721)
Income tax relating to items that may be reclassified subsequently to profit or loss	(256)	2,358
Other comprehensive income, net of income tax	1,451	(13,363)
<b>TOTAL COMPREHENSIVE INCOME (EXPENSES)</b>	<b>2,004,103</b>	<b>1,322,950</b>
Basic and diluted earnings per share	0.08	0.05

## AB Vilniaus degtinė

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### Statement of Financial Position

In EUR	31 12 2016	31 12 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12,588,549	10,375,864
Intangible assets	2,271,613	2,519,391
Financial assets	578,972	1,657,168
<b>Total non-current assets</b>	<b>15,439,134</b>	<b>14,552,423</b>
<b>Current assets</b>		
Inventories	2,305,019	2,177,567
Prepayment	173,377	156,213
Trade receivables	7,342,357	8,509,587
Other receivables	397,998	372,652
Cash and cash equivalents	1,761,520	1,311,242
<b>Total current assets</b>	<b>11,980,271</b>	<b>12,527,262</b>
<b>TOTAL ASSETS</b>	<b>27,419,405</b>	<b>27,079,685</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	7,078,445	7,078,445
Legal reserve	706,917	706,917
Other reserves	(11,912)	(13,363)
Retained earnings	7,187,572	5,184,921
<b>Total equity</b>	<b>14,961,022</b>	<b>12,956,920</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	2,060,431	1,600,694
Governmental grants	1,869,314	2,101,211
Deferred tax liability	263,162	289,147
<b>Total non-current liabilities</b>	<b>4,192,907</b>	<b>3,991,052</b>
<b>Current liabilities</b>		
Interest bearing loans and borrowings	1,119,492	2,024,013
Trade payables	2,681,538	3,644,668
Income tax payables	297,486	110,237
Other payables	4,166,960	4,352,794
<b>Total current liabilities</b>	<b>8,265,476</b>	<b>10,131,712</b>
<b>Total liabilities</b>	<b>12,458,383</b>	<b>14,122,765</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,419,405</b>	<b>27,079,685</b>