

The results of 3 months of 2016



VILKYŠKIŲ PIENINĖ AB
GROUP

SIGNIFICANT EVENTS IN 2016

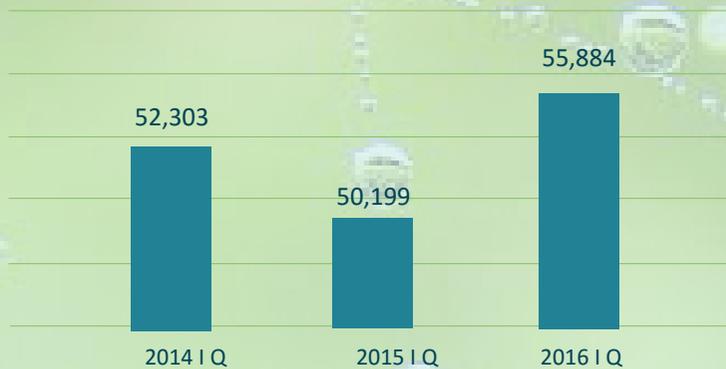
- The low level of pricing of dairies and fairly high prices of raw milk in 2016 Q1 influenced the profitability of dairy processors.
- Despite continuing pressures in the world dairy market, Vilkyškių pieninė AB retained stable volumes of the processing of raw milk.
- The markets on which the company has established itself guarantee stable sales volumes. Factors that helped to retain stable sales were exports to countries such as South Korea, Bulgaria, United Arab Emirates, Jordan etc.
- The decreasing price level determined a year-on-year drop in sales by 15% from EUR 19.6 mln. (2015 Q1) to EUR 16.7 mln. (2016 Q1).
- A whey processing project was launched. The total value of the project scheduled to end in 2017 Q1 is EUR 26 mln.

MAIN FINANCIAL INDICATORS

(Thousands EUR)	2014 I Q	2015 I Q	2016 I Q
Revenue	28,307	19,630	16,714
EBITDA	744	721	14
EBITDA margin (%)	3%	3.7%	0.1%
Net profit	70	108	-565
Profit margin (%)	0.2%	0.6%	-3.4%
Quantity of purchased milk, t	52,303	50,199	55,884
Profit (loss) per share (EUR)	0.01	0.01	-0.05
Net financial debt	17,812	17,911	24,263

The net financial debt of the company in 2016 Q1 increased year-on-year due to investments in the whey processing line project and working capital. In 2016, the corporate financial debt level is expected to rise to the extent related to the investment in the whey processing line.

QUANTITY OF PURCHASED MILK, T



REVENUE (THOUSANDS EUR)



NET PROFIT (THOUSANDS EUR)

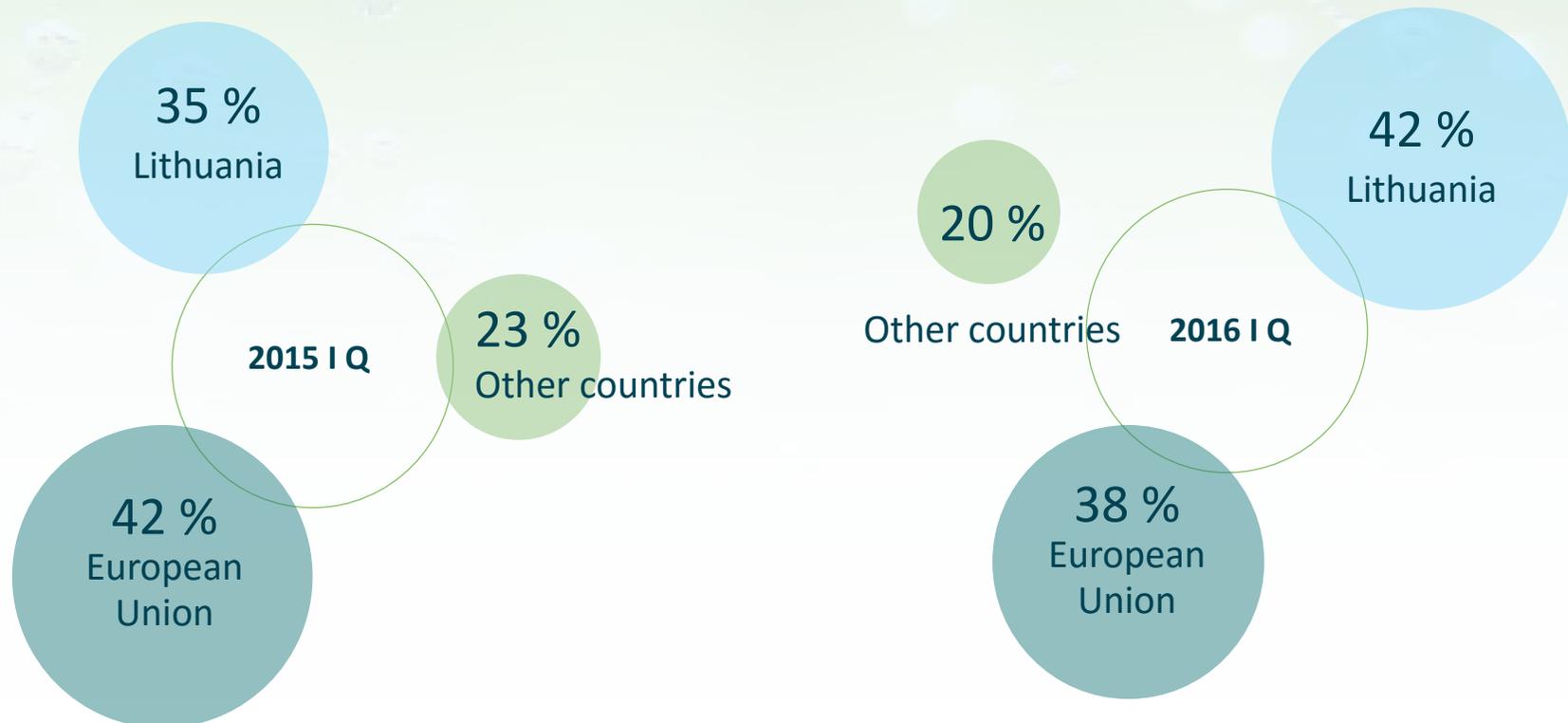


EBITDA (THOUSANDS EUR)



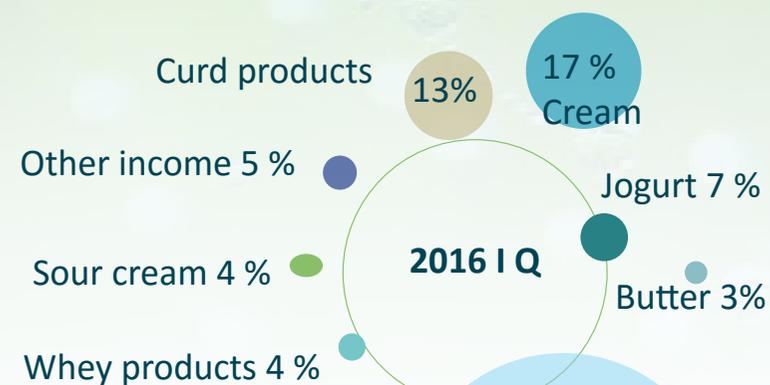
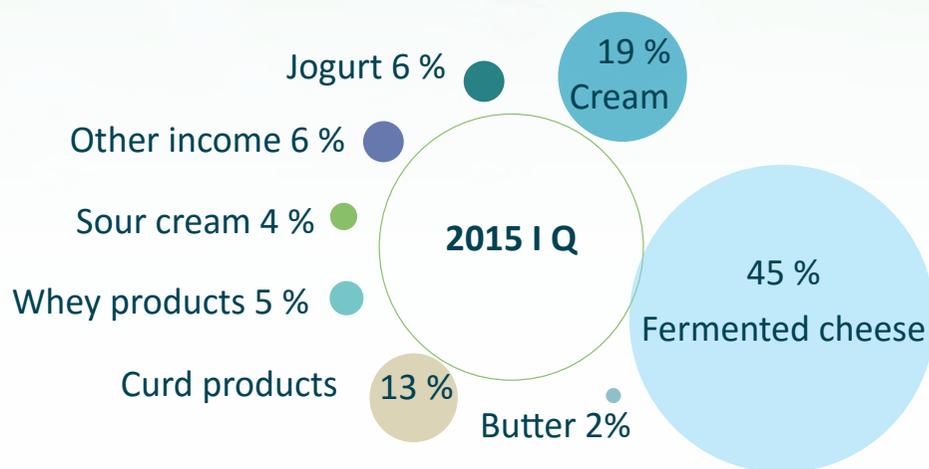
SALES MARKETS

(Thousands EUR)	2015 I Q		2016 I Q	
Lithuania	6,923	35%	6,992	42%
European Union	8,247	42%	6,420	38%
Other countries	4,460	23%	3,302	20%
	19,630		16,714	



INCOME FROM SOLD PRODUCTION

(Thousands EUR)	2015 I Q		2016 m. I Q	
Fermented cheese	8,827	45%	7,850	47%
Cream	3,676	19%	2,863	17%
Whey products	966	5%	648	4%
Sour cream	834	4%	685	4%
Curd products	2,532	13%	2,221	13%
Jogurt	1,176	6%	1,154	7%
Other income	1,140	6%	817	5%
Butter	479	2%	476	3%
	19,630		16,714	



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand EUR	31 03 2016	31 12 2015
ASSETS		
Property, plant and equipment	35.771	35.263
Intangible assets	7.056	7.047
Long-term receivables	316	405
Non-current assets	43.143	42.715
Inventories	13.439	12.047
Trade and other receivables	4.676	6.002
Prepayments	317	448
Cash and cash equivalents	154	154
Current assets	18.586	18.651
Total assets	61.729	61.366
EQUITY		
Share capital	3.463	3.463
Share premium	3.301	3.301
Reserves	5.109	5.157
Retained earnings	11.840	12.366
Total equity attributable to the shareholders of the Company	23.713	24.287
Non-controlling interest	46	46
Total equity	23.759	24.333
LIABILITIES		
Interest-bearing loans and lease liabilities	12.567	13.092
Derivative financial instruments	229	239
Government grants	3.034	3.134
Deferred tax liabilities	124	388
Non-current liabilities	15.954	16.853
Interest-bearing loans and lease liabilities	11.696	9.123
Current tax liabilities	6	8
Derivative financial instruments	144	125
Trade and other payables, including derivatives	10.170	10.924
Current liabilities	22.016	20.180
Total liabilities	37.970	37.033
Total equity and liabilities	61.729	61.366

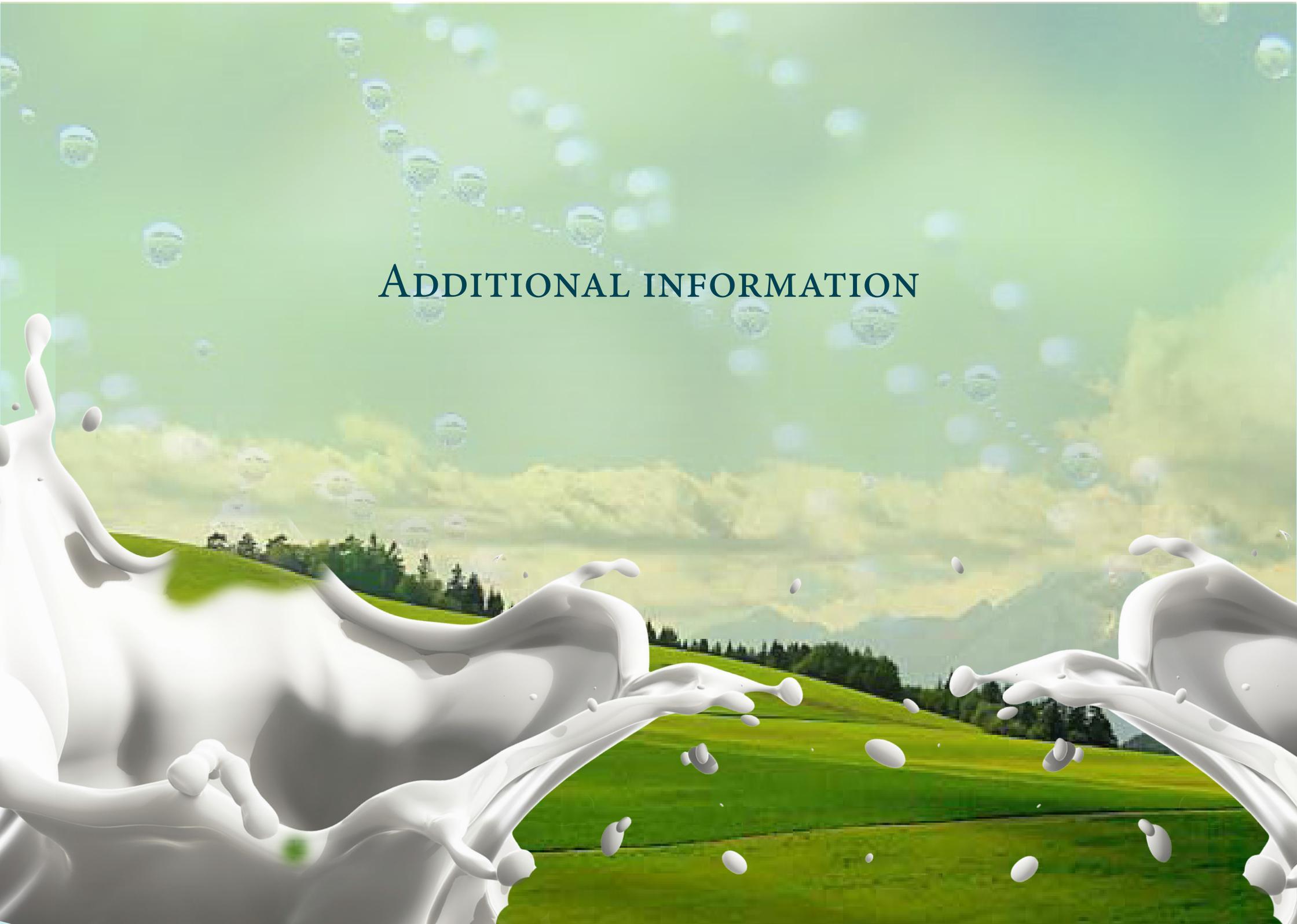
CONSOLIDATED INCOME STATEMENT

Thousand EUR	2016 01 01 – 2016 03 31	2015 01 01 – 2015 03 31
Revenue	16.714	19.630
Cost of sales	-15.817	-17.878
Gross profit	897	1.752
Other operating income	60	103
Distribution expenses	-993	-1.206
Administrative expenses	-593	-548
Other operating costs	-41	-59
Result from operating activities	-670	42
Finance income	2	7
Finance costs	-160	-113
Net finance expenses	-158	-106
Profit before income tax	-828	-64
Income tax expense	263	172
Profit for the period	-565	108
Attributable to:		
Shareholders of the Group	-565	109
Non-controlling interest	0	-1
Net profit (loss) for the year	-565	108
Basic earnings per share (EUR)	-0,05	0,01
Decreased net profit (loss) of 1 share	-0,05	0,01

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR	2016 01 01 - 2016 03 31	2015 01 01 - 2015 03 31
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	-565	108
Adjustments:		
Depreciation of property, plant and equipment	781	768
Amortization of intangible assets	3	4
Amortization and write down of grants	-100	-93
(Profit) loss on disposal of property, plant and equipment	2	1
Income tax expense	-263	-172
Interest expenses, net	158	102
	16	718
Change in inventories	-1.392	186
Change in long-term receivables	89	82
Change in trade and other receivables and prepayments	1.450	754
Change in trade and other payables	-817	-2.839
	-654	-1.099
Paid interest	-104	-103
Net cash from operating activities	-758	-1.202
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-1.262	-348
Acquisition of intangible assets	-12	-117
Proceeds from sale of property, plant and equipment	1	1
Recovery of the loans	-	-12
Interest received	-	-
Net cash from investing activities	-1.273	-476
Cash flows from financing activities		
Loans received	2.968	2.473
Repayment of borrowings	-937	-743
Dividends paid	-	-74
Net cash used in financing activities	2.031	1.656
Increase (decrease) in cash and cash equivalents	0	-22
Cash and cash equivalents at 1 January	154	115
Cash and cash equivalents at 31 March	154	93

ADDITIONAL INFORMATION



ABOUT THE COMPANY

Vilkyškių pieninė AB, was established in 1993 m.

On the 31th of March 2016 the Group had 983 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

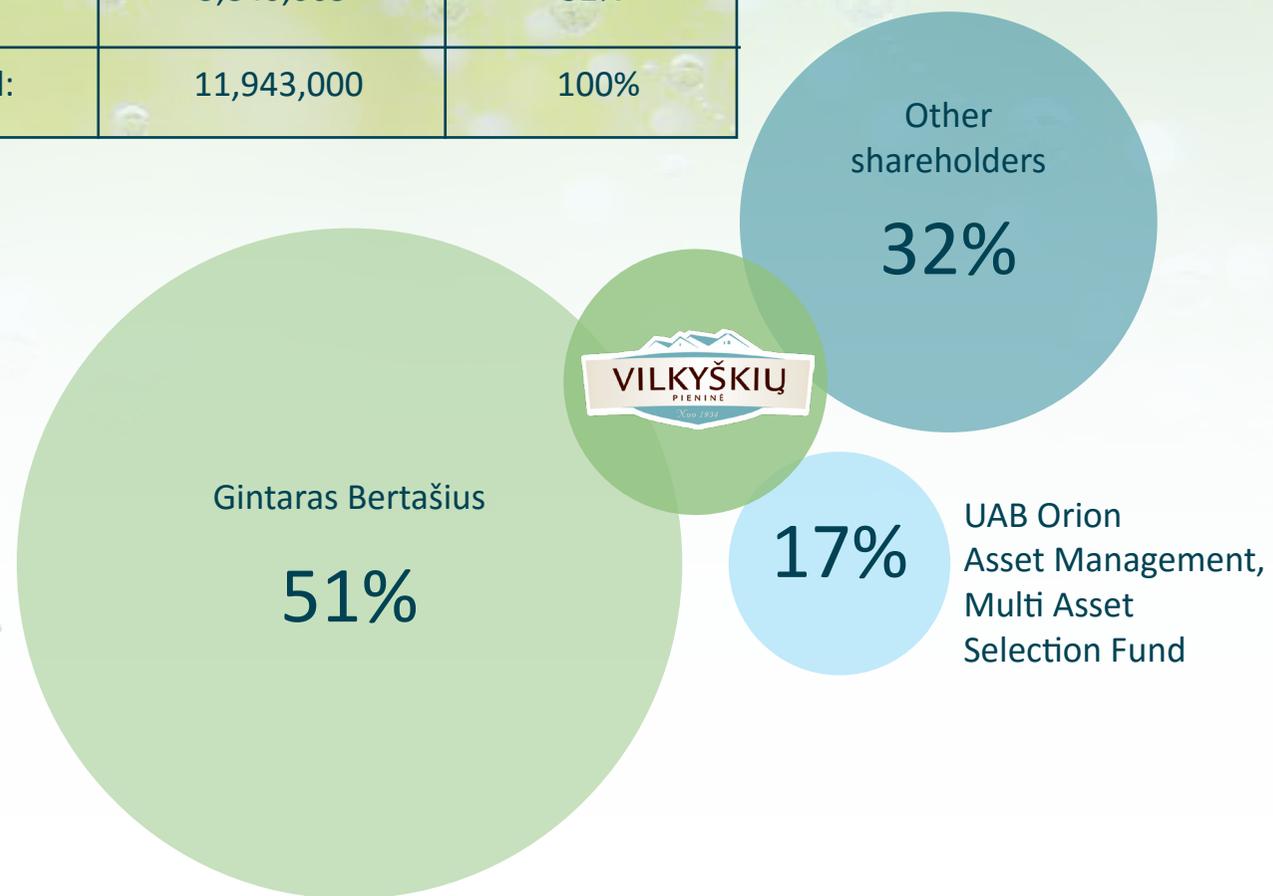
Main activities: Rent of buildings

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%





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