Webinar Presentation

Performance in 2016

4 General Information

5 Year 2016

6 Cremations

7 Financial Overview

8 Important Events

9 Q&A Session

Speaker

KĖDAINIŲ KLT KREMATORIUMAS

Vytenis Labanauskas

CEO

General Information

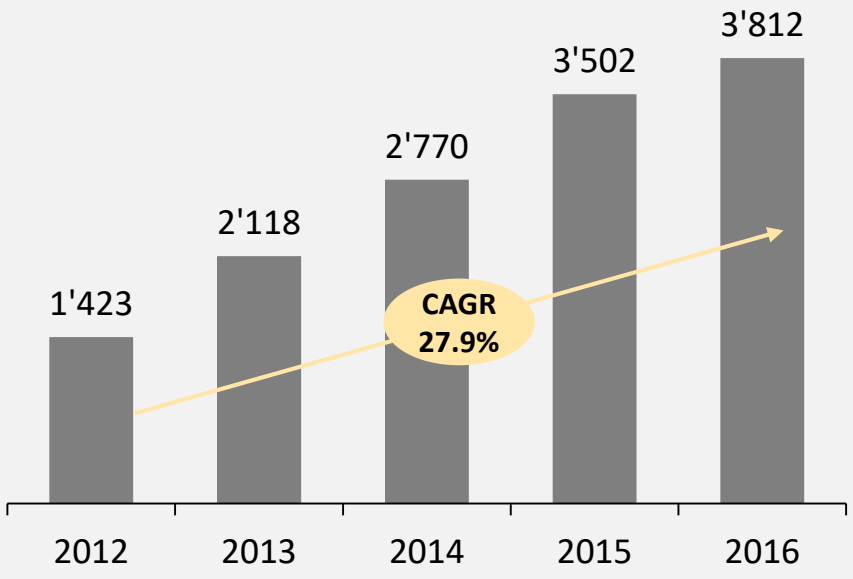
KĖDAINIŲ K2 LT KREMATORIUMAS

About

- Established in 2008, K2 LT is **the first and only** licensed crematorium operator in Lithuania.
- Situated in the centre of Lithuania, Kėdainiai city, K2 LT has close proximity to all of the major country's cities.
- Due to lengthy bureaucratic procedures, the first cremation was performed only at the end of 2011.
- Since then, the company has been rapidly growing, with more than **3'800 cremations in 2016.**
- In Jan 2016, K2 LT launched the 2nd cremation line, **doubling its capacity** of cremations to 8'000 cremations per year.

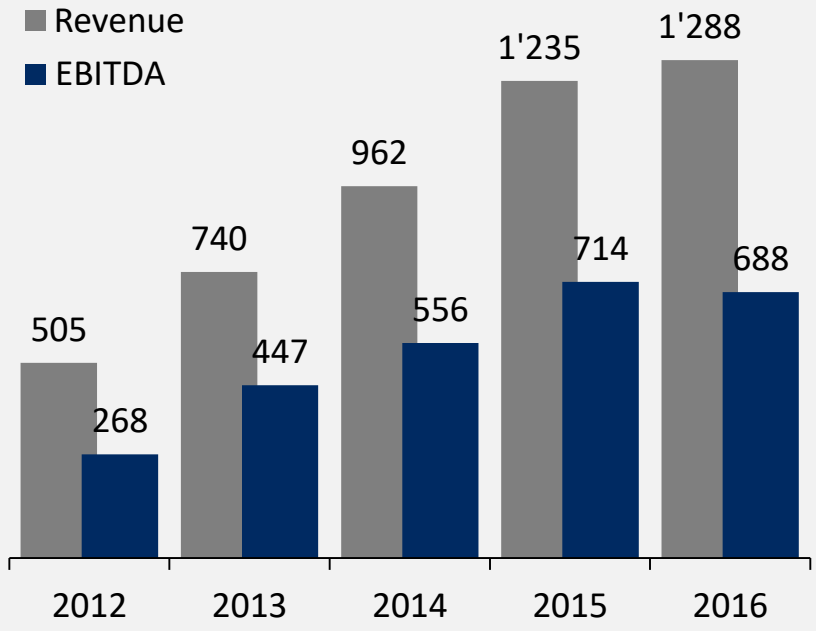
Year 2016

Cremations



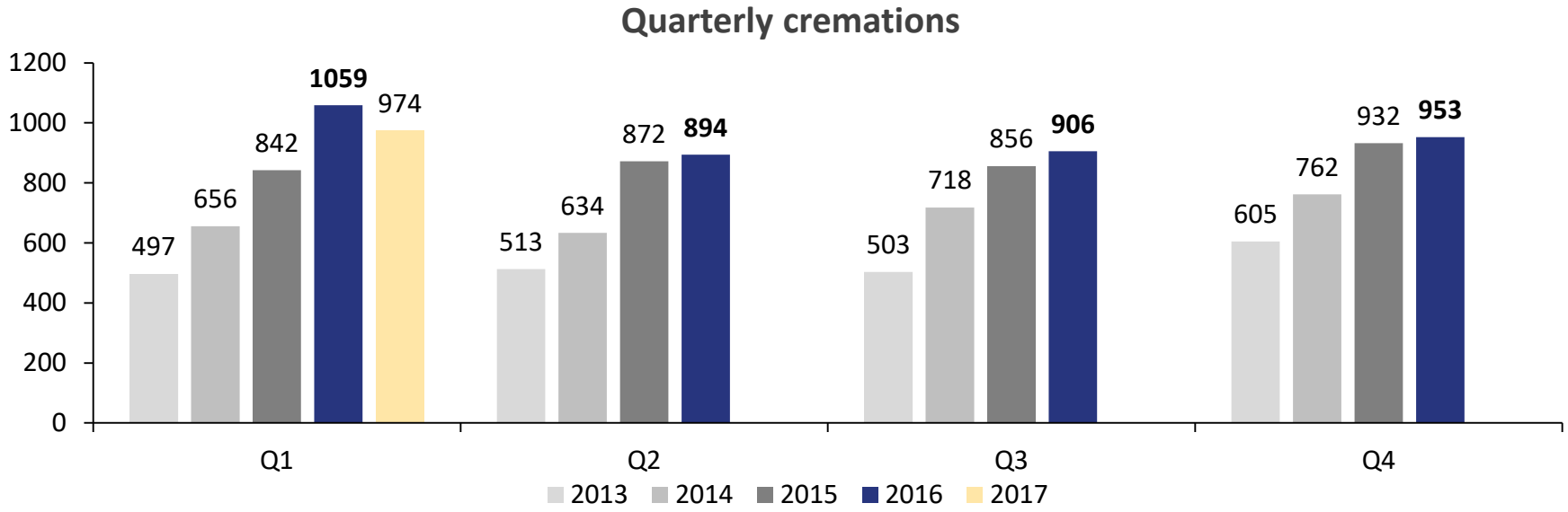
- Number of cremations in 2016 increased by 8.9% compared to 2015.
- Although the market is stabilising, K2 LT sees further potential to be capitalised on.

Financial Performance



- Revenue in 2016 reached €1'288 thousand, posting a growth of 4.4% on a year-over-year basis.
- EBITDA slightly fell to €688 thousand. EBITDA margin contracted from 57.8% to 53.4%.

Cremations



- Cremations in 2016 surpassed levels of 2015 in every quarter of the year.
- Total number of performed cremations reached 3'812, or an increase of 8.9% compared to 2015.
- Distinctively successful was the 1st quarter, when cremations increased by a record 25.7%, the highest quarterly gain in the Company's history.
- Q1 2017, on the other hand, saw number of cremations falling for the first time. During the quarter K2 LT performed 974 cremations, or 8.0% less than in the same period in 2016.
- Nevertheless, it is still the 2nd best quarterly result ever recorded.

Financial Overview

KĖDAINIŲ K2 LT KREMATORIUMAS

Comments

- Growing number of cremations has supported the Company's top line during 2016, with revenue growing by 4.4%.
- Due to higher equipment maintenance costs, however, the Company's profitability slightly weakened in 2016.
- It is expected that K2 LT will continue growing in 2017, with revenue reaching €1580 thousand.
- The growth is expected to be fueled by further strengthening popularity of cremation services as well as the Company's decision to expand its offered services.

Financial Information

EUR'000	2014	2015	2016	2017P
Revenue	962	1'235	1'288	1'580
COGS	(179)	(195)	(268)	(259)
Gross Profit	783	1'040	1'020	1'321
margin	*81.4%*	*84.2%*	*79.2%*	*83.6%*
Operating Expenses	(307)	(415)	(466)	(734)
EBITDA	556	714	688	726
margin	*57.8%*	*57.8%*	*53.4%*	*45.9%*
EBIT	476	625	554	587
margin	*49.5%*	*50.6%*	*43.0%*	*37.2%*
Net Profit	349	502	502	526
margin	*36.3%*	*40.7%*	*39.0%*	*33.3%*

Important Events

- 31 March 2017 – the Board of K2 LT approved the expansion of offered services by K2 LT. According to the resolution, new services will include transportation of the deceased as well as other additional services.
- 17 March 2016 – The Parliament of Lithuania adopted amendments to the burial law, introducing proper regulation on transportation of human remains outside the territory of Lithuania. Transportation of remains outside Lithuania will now require special permits issued by authorised governmental bodies. Adopted regulation should reduce the number of undocumented cremations as well as will bring more transparency into the market.
- 15 March 2016 – K2 LT introduced new pricing of non-urgent cremations. According to the new policy, 50% discount is applied to non-urgent cremations which are performed within 72 hours.
- 21 January 2016 – K2 LT launched its second cremation line, doubling the Company's cremation capacity to 8 000 cremations per year.
- The municipality of Vilnius has confirmed five site areas suitable for construction of a crematorium. However, none of the confirmed site areas include the territory that K2 LT started environmental impact assessment procedures on. Therefore, the Company is currently reconsidering all five sites for their suitability.

Q&A Session