

The results of 9 months of 2016



VILKYŠKIŲ PIENINĖ AB
GROUP

SIGNIFICANT EVENTS IN 9 MONTHS OF 2016

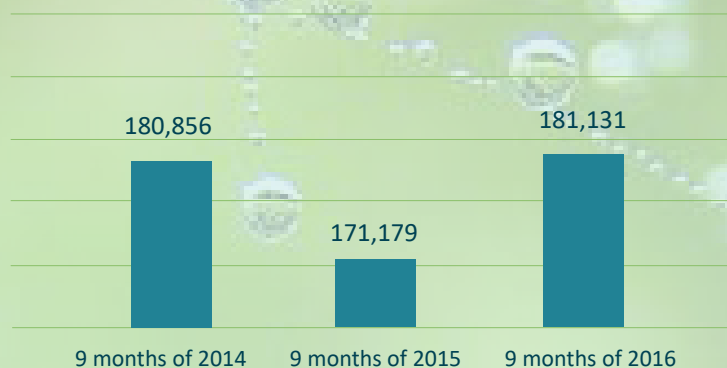
- At the beginning of the year, the group's turnover and profitability were affected by low export price levels for milk products and excessive cheese reserves in its warehouses. Since June this year demand and supply of dairy products have been balancing and as a result, price levels have risen on export markets; which led to turnover and profits increase compared with 2015. Turnover increased by 7% from 60.0 million EUR (9 months of 2015) to 64.4 million EUR (9 months of 2016). Profits increased from 0.6 million EUR (9 months of 2015) to 2.2 million EUR (9 months of 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, its whey protein concentrate (WPC 80) and its permeate. 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.

- Vilkyškių Pieninė presented the below new products in the third quarter: a new sweet yellow plum flavour for Vilkyškių brand glazed cheese curd snacks; a new globally popular coconut flavour for Murr glazed cheese curd snack brand; and a new series of spicy gourmet melted Memel Blue cheese with spicy peppers and cranberries.
- Vilkyškių Pieninė decided to renew its most popular brand's product line – Vilkyškių. The entire line of fresh milk products, which had been introduced to the market in 2009 featuring an original design with a black cat on the packaging, has been upgraded both in terms of ingredients and packaging design. Given consumers' efforts to eat more healthily and choose more nutritious food products, the entire line of products acquired a new shared descriptor – they can all now claim to be "Sources of Protein". The company renewed the visual presentation of the product packaging. The design has become cleaner, and special attention has been paid to the correct sorting of packages and to information in this field. The primary attributes of the Vilkyškių line have remained the same in an effort to maintain continuity and recognisability: the black cat character and the plaid tablecloth print are both intact.

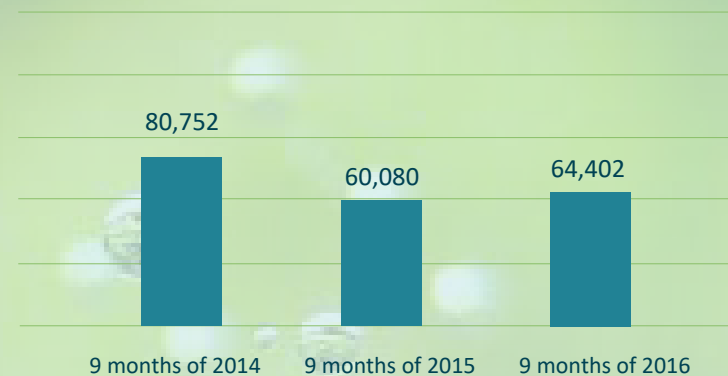
MAIN FINANCIAL INDICATORS

	9 months of 2014	9 months of 2015	9 months of 2016
Revenue, thousand EUR	80,752	60,080	64,402
EBITDA, thousand EUR	3,491	2,697	4,533
EBITDA margin (%)	4.3%	4.5%	7.0%
Net profit, thousand EUR	1,397	627	2,240
Profit margin (%)	1.7%	1.0%	3.5%
Quantity of purchased milk, t	180,856	171,179	181,131
Profit (loss) per share (EUR)	0.12	0.05	0.19
Net financial debt, thousand EUR	16,181	22,898	29,003

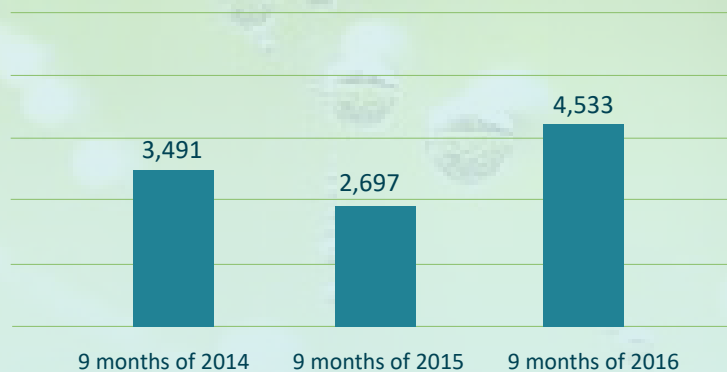
QUANTITY OF PURCHASED MILK, T



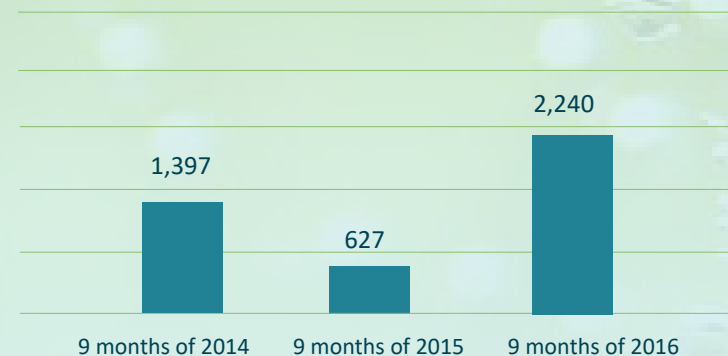
REVENUE, THOUSAND EUR



EBITDA, THOUSAND EUR

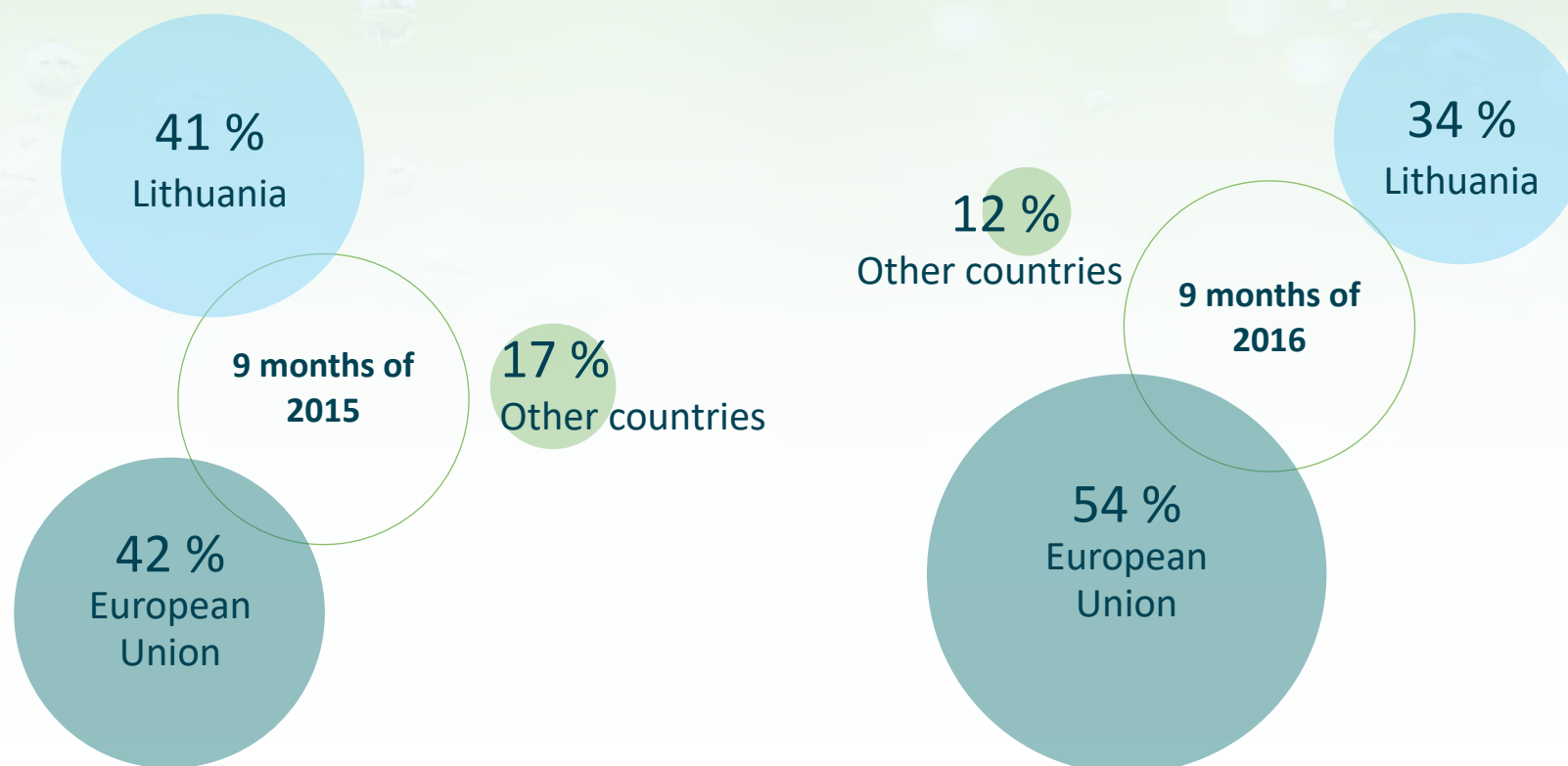


NET PROFIT (LOSS), THOUSAND EUR



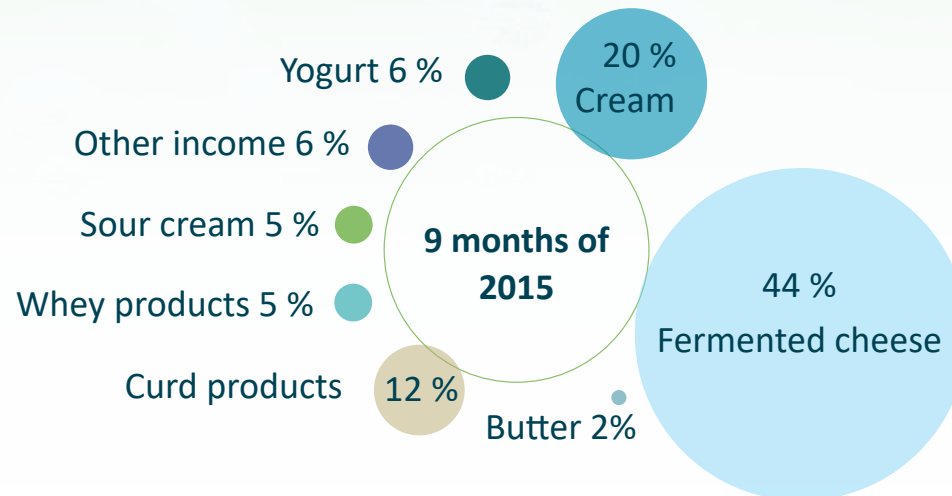
SALES REVENUE BY MARKETS

(Thousand EUR)	9 months of 2015		9 months of 2016	
Lithuania	24,864	41%	21,814	34%
European Union	25,373	42%	34,777	54%
Other countries	9,843	17%	7,811	12%
	60,080		64,402	



SALES REVENUE BY PRODUCTS

(Thousands EUR)	9 months of 2015		9 months of 2016	
Fermented cheese	26,507	44%	30,343	47%
Cream	12,306	20%	12,945	22%
Whey products	2,820	5%	3,449	5%
Sour cream	2,785	5%	2,135	3%
Curd products	7,397	12%	6,635	10%
Yogurt	3,627	6%	3,505	5%
Butter	1,390	2%	1,757	3%
Other income	3,248	6%	2,633	5%
Total income:	60,080		64,402	



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand EUR	30 09 2016	31 12 2015
Assets		
Property, plant and equipment	59,967	35,263
Intangible assets	7,037	7,047
Long-term receivables	316	405
Deferred tax assets	-	-
Non-current assets	67,320	42,715
Inventories	8,491	12,047
Trade and other receivables	7,871	6,002
Prepayments	301	448
Cash and cash equivalents	326	154
Current assets	16,989	18,651
Total assets	84,309	61,366
Equity		
Share capital	3,463	3,463
Share premium	3,301	3,301
Reserves	5,094	5,157
Retained earnings	14,724	12,366
Total equity attributable to the shareholders of the Group	26,582	24,287
Non-controlling interest	45	46
Total equity	26,627	24,333
Liabilities		
Interest-bearing loans and lease liabilities	20,860	13,092
Derivative financial instruments	197	239
Government grants	2,860	3,134
Deferred tax liabilities	115	388
Non-current liabilities	24,032	16,853
Interest-bearing loans and lease liabilities	8,143	9,123
Current tax liabilities	-	8
Derivative financial instruments	112	125
Trade and other payables	25,395	10,924
Current liabilities	33,650	20,180
Total liabilities	57,682	37,033
Total equity and liabilities	84,309	61,366

CONSOLIDATED INCOME STATEMENT

Thousand EUR	01 01 2016- 30 09 2016	01 01 2015- 30 09 2015	01 07 2016- 30 09 2016	01 07 2015- 30 09 2015
Revenue	64,402	60,080	26,845	20,931
Cost of sales	-56,975	-53,548	-22,071	-18,520
Gross profit	7,427	6,532	4,744	2,411
Other operating income	190	267	60	79
Distribution expenses	-2,999	-4,145	-936	-1,468
Administrative expenses	-1,999	-1,862	-794	-646
Other operating costs	-133	-141	-40	-50
Result from operating activities	2,486	651	3,064	326
Finance income	6	32	1	18
Finance costs	-525	-448	-127	-125
Net finance expenses	-519	-416	-126	-107
Profit before income tax	1,967	235	2,938	219
Income tax expense	273	392	-162	114
Profit for the period	2,240	627	2,776	333
Attributable to:				
Shareholders of the Group	2,239	627	2,775	333
Non-controlling interest	1	0	1	0
Net profit (loss) for the year	2,240	627	2,776	333
Basic earnings per share (EUR)	0.19	0.05	0.23	0.03

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR

	01 01 2016- 30 09 2016	01 01 2015- 30 09 2015
Cash flows from operating activities		
Profit for the year	2,240	627
Adjustments:		
Depreciation of property, plant and equipment	2,287	2,352
Amortization of intangible assets	59	33
Amortization and write down of grants	-299	-339
Profit (loss) from disposal of property, plant and equipment	2	39
Income tax expense	-273	-392
Interest expenses, net	517	416
	4,533	2,736
Change in inventories	3,553	-2,817
Change in long-term receivables	89	82
Change in trade and other receivables and prepayments	-1,741	623
Change in trade and other payables	14,395	285
	20,829	909
Paid interest	-530	-359
Paid profit tax	-8	-11
Other financial expenses	-113	-
Net cash from operating activities	20,178	539
Cash flows from investing activities		
Acquisition of plant and equipment	-26,690	-6,971
Acquisition of intangible assets	-49	-136
Proceeds from sale of plant and equipment	1	21
Acquisition of the subsidiary's shares	-3	-
Loans granted	-	-12
Loans repaid	-	-
Interest received	-	-
Net cash flows used in investing activities	-26,741	-7,098
Cash flows from financing activities		
Loans received	22,803	11,186
Repayment of borrowings	-16,052	-4,469
Dividends paid	-41	-462
Government grants received	25	319
Net cash flows from financing activities	6,735	6,574
Increase (decrease) in cash and cash equivalents	172	15
Cash and cash equivalents at 1 January	154	115
Cash and cash equivalents at 30 September	326	130



ADDITIONAL INFORMATION



ABOUT THE COMPANY

Vilkyškių pieninė AB, was established in 1993.

On the 30th of September 2016 the Group had 980 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 NASDAQ OMX 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

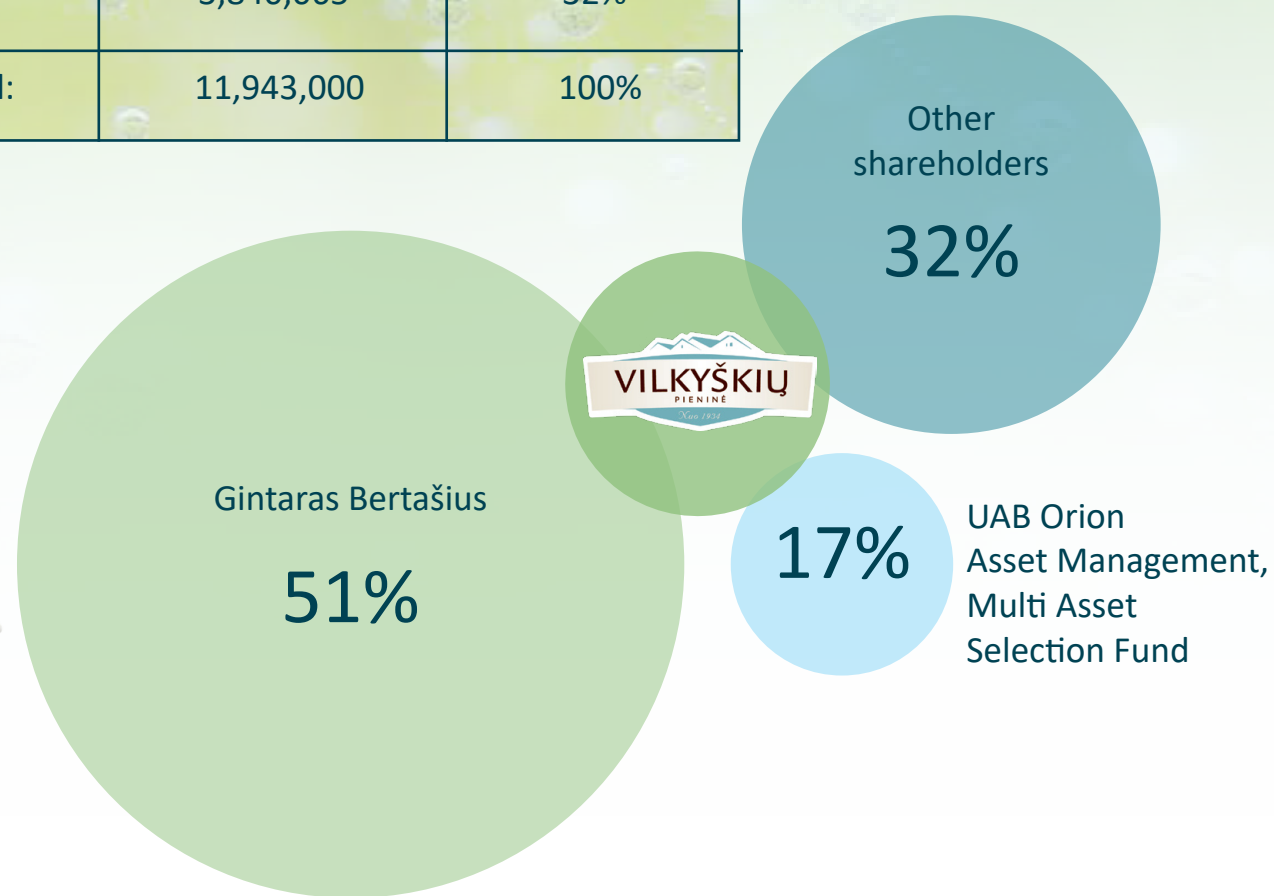
Main activities: Rent of buildings

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 Vilkyskiai.
- 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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