

The results of 12 months of 2017



VILKYŠKIŲ PIENINĖ AB
GROUP

SIGNIFICANT EVENTS IN 12 MONTHS OF 2017

- In the end of 2017 production of test batches was started in the new whey factory in Tauragė. Over the past two years the company invested about 28 million euro to this project. The project was funded by EU funds also (according to the Lithuanian Rural Development Program 2014-2020). 3 million euro have already been received at the end of the year. The new whey factory is currently the most modern one in the region, with a fully automated manufacturing process and a packaging line. The factory will produce dry whey-dairy products for customers of the EU and Asia. Most of them are used in the food industry.
- In the beginning of the year mozzarella cheese, which is produced in the company, became the first cheese made in Lithuania and exported to China.
- Fresh products line of “Kelmė” was updated. This brand is for the purpose to compete on the the market of traditional fresh dairy products by offering high quality and best price for customers. The line is for Lithuanian and Latvian markets.
- Vilkyškių pieninė AB also updated and expanded the range of products. The new curd spread with black pepper of “Vilkyškių” line and the new “Murr” line yoghurt drink of watermelon and mango - Arizona were introduced. Also the new yogurt of “Vilkyškių” line with blackberries and raspberry taste yogurt drink was introduced. Vilkyškių pieninė AB “Murr” slurry line added the new tastes of maple syrup and chocolate with poppy seeds, “Vilkyškių” line added the new taste of blackcurrant. New “Murr” line yoghurt desserts were also introduced: it’s the most favorite dessert tastes - bananas and especially recently discovered coconut water!

- New brand - GymON protein cocktails for athletes. Whey Protein Concentrate is widely used in the sports nutrition industry. Three flavors of cocktails were introduced: vanilla, strawberry and chocolate. Cocktails are intended for people who seek to grow muscle mass, restore strength after exercise or control their weight. Own website www.gymON.eu has been created so customers can purchase the product directly from the producer - Vilkyškių pieninė AB. For sales in Western Europe, the site is designed not only in Lithuanian but also in English and German. GymOn communication projects (on-line marketing, events sponsorship, product sampling) have been started. The main purpose is to build brand popularity.
- From June, trade of GymON products by Amazon platform was started. The products are sold through the Fulfilled by Amazon (FBA) system, when customer service is provided by Amazon. The target Market - Germany.
- In October, the strongest man in the world Žydrūnas Savickas became GymON ambassador and the face of advertise. Žydrūnas Savickas is also known as BigZ. He is the strongest man of all time with the highest titles and world records. This partnership gave strong promotional face for Lithuanian and foreign GymON markets.
- Vilkyškių pieninė AB has extended sponsorship agreement with basketball club "Žalgiris" for 2 years. This club has been sponsored since 2009.

ACHIEVEMENTS

- In March, VILKYŠKIŲ curd spread with greenery has been announced to be the most popular product in curd spreads category in competition "Most Popular Product 2016". 32 suppliers and producers took place in the competition. Winners have been selected by evaluating highest sales during 2016. Most popular product had to meet the additional - quality – criteria. State Food and Veterinary Service together with State Consumer Rights Protection Authority monitored if nominated product had not gained any penalties for quality or safety during the last 24 months.

- On April 21, Vilkyškių pieninė AB has been declared as the Lithuanian investor of the year 2016. The title has been gained for investing to the whey processing plant in Tau-rage, allocating 28 million eur to investments and creating new work places in region.

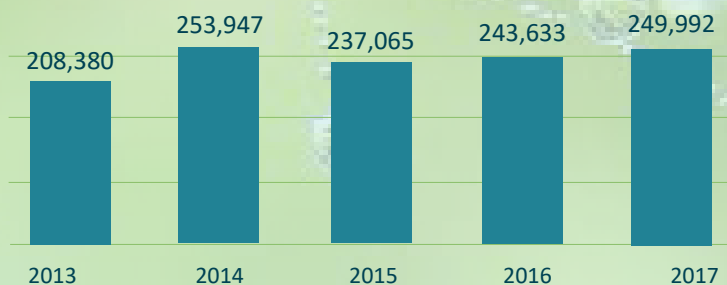
EXHIBITIONS

- In February, the company traditionally participated in the international exhibition in Dubai, Gulfood 2017, in the United Arab Emirates. At the exhibition hosted meetings with current and future customers, several new contracts were signed.
- On April 6-9 "GymON" products were presented at the international sports exhibition in Germany, Frankfurt - FIBO.
- On May 17 - 19 Vilkyškių pieninė AB participated in the largest Asian food exhibition in Shanghai "SIAL China 2017"
- On June 25-27, New York Summer Fancy Food Show, the largest food industry exhibi-tion in North America, was held in New York. During the exhibition, Vilkyškių pieninė AB introduced cheeses for the American market, had meetings with new possible cus-tomers.
- In October, the company participated in the largest international food products exhibi-tion "Anuga 2017" in Cologne, Germany.
- In December, Vilkyskiu pienine AB presented whey powder products in exhibition "Food ingredients" which was held in Frankfurt, Germany.

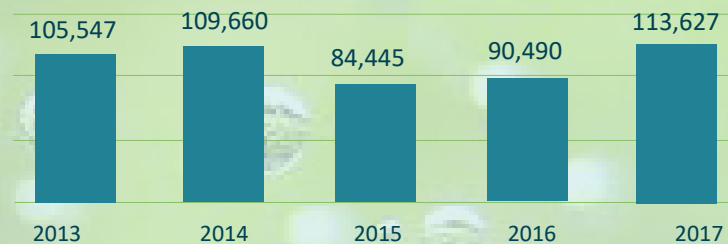
MAIN FINANCIAL INDICATORS

	2013	2014	2015	2016	2017
Revenue, thousand EUR	105,547	109,660	84,445	90,490	113,627
EBITDA, thousand EUR	6,978	6,218	3,876	8,413	10,633
EBITDA margin (%)	6.6%	5.7%	4.6%	9.3%	9.3%
Net profit, thousand EUR	3,768	3,207	1,168	4,455	6,443
Profit margin (%)	3.6%	2.9%	1.4%	4.9%	5.7%
Quantity of purchased milk, t	208,380	253,947	237,065	243,633	249,992
Profit (loss) per share (EUR)	0.32	0.27	0.10	0.37	0.54
Net financial debt, thousand EUR	15,787	16,181	22,215	30,308	28,097

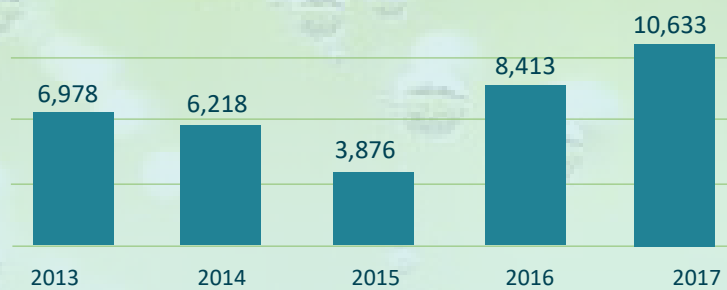
QUANTITY OF PURCHASED MILK, T



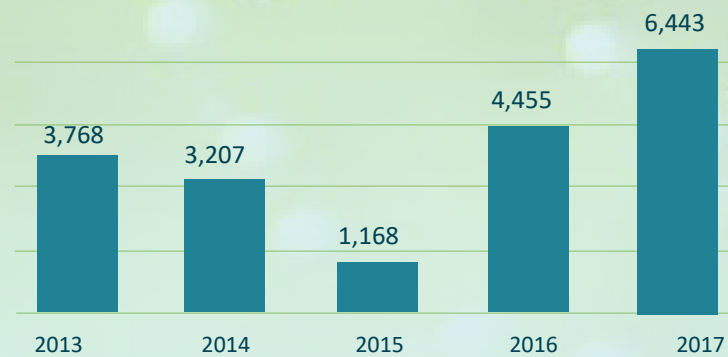
REVENUE, THOUSAND EUR



EBITDA, THOUSAND EUR

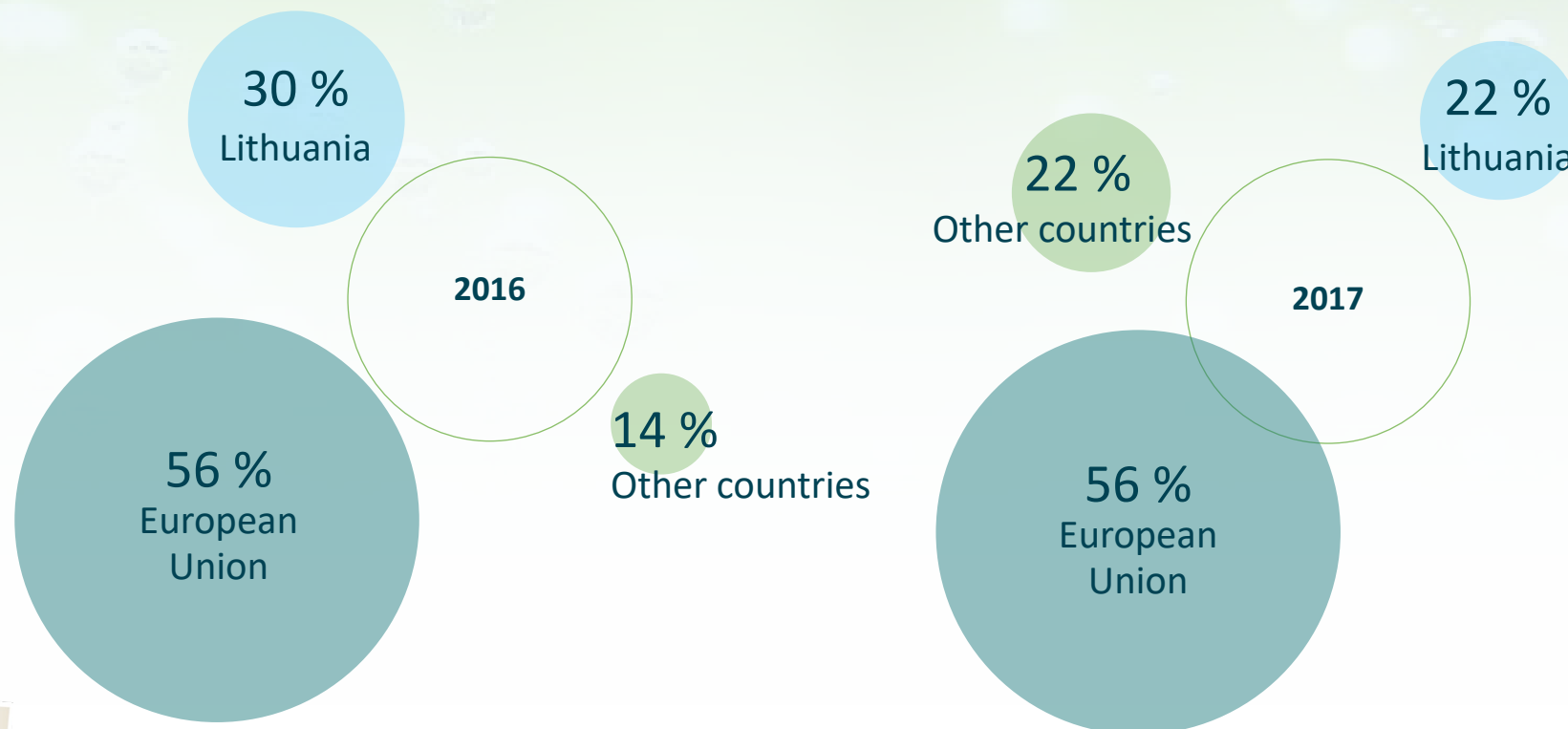


NET PROFIT (LOSS), THOUSAND EUR



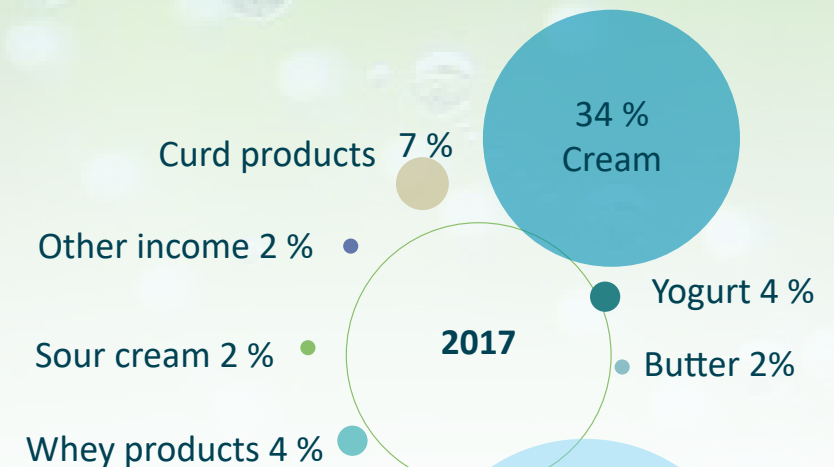
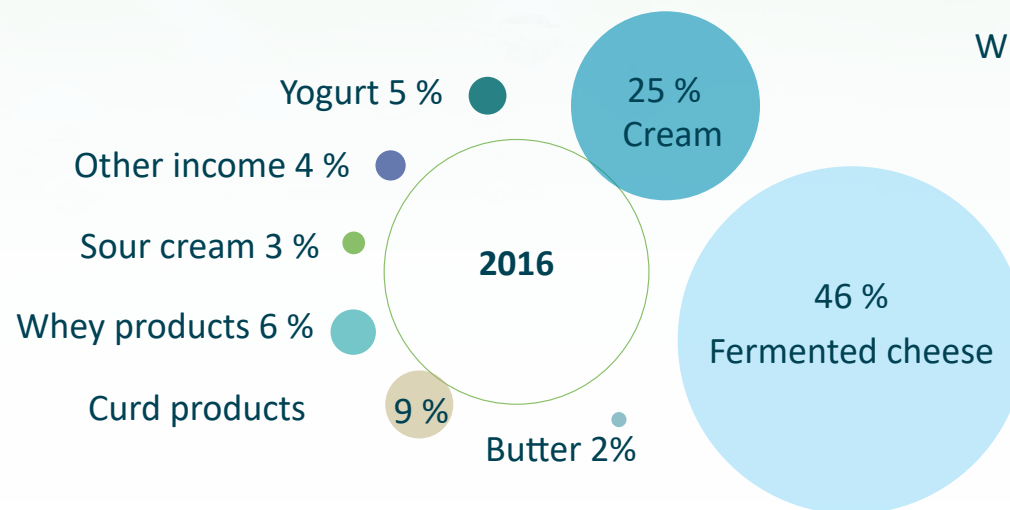
SALES REVENUE BY MARKETS (Thousand EUR)

	2016		2017	
Lithuania	26,934	30%	24,605	22%
European Union	50,545	56%	63,531	56%
Other countries	13,011	14%	25,491	22%
	90,490		113,627	



SALES REVENUE BY PRODUCTS (Thousand EUR)

	2016		2017	
Fermented cheese	41,705	46%	51,428	45%
Cream	22,558	25%	38,255	34%
Whey products	5,306	6%	5,105	4%
Sour cream	2,662	3%	1,999	2%
Curd products	8,411	9%	8,168	7%
Yogurt	4,461	5%	4,036	4%
Butter	2,186	2%	1,884	2%
Other income	3,201	4%	2,752	2%
Total income:	90,490		113,627	



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousand EUR	2017.12.31	2016.12.31
ASSETS		
Property, plant and equipment	54,447	49,065
Intangible assets	6,951	7,020
Long-term receivables	252	342
Non-current assets	61,650	56,427
Inventories	10,873	10,373
Trade and other receivables	9,438	6,968
Prepayments	1,005	365
Cash and cash equivalents	319	229
Current assets	21,635	17,935
Total assets	83,285	74,362
EQUITY		
Share capital	3,463	3,463
Share premium	3,301	3,301
Reserves	5,105	5,129
Retained earnings	22,125	16,977
Total equity attributable to the shareholders of the Company	33,994	28,870
Non-controlling interest	51	45
Total equity	34,045	28,915
LIABILITIES		
Interest-bearing loans and lease liabilities	20,123	21,611
Derivative financial instruments	-	154
Government grants	5,686	2,942
Deferred tax liabilities	1,528	820
Non-current liabilities	27,337	25,527
Interest-bearing loans and lease liabilities	7,974	8,697
Current tax liabilities	121	71
Derivative financial instruments	118	83
Trade and other payables, including derivatives	13,690	11,069
Current liabilities	21,903	19,920
Total liabilities	49,240	45,447
Total equity and liabilities	83,285	74,362

CONSOLIDATED INCOME STATEMENT

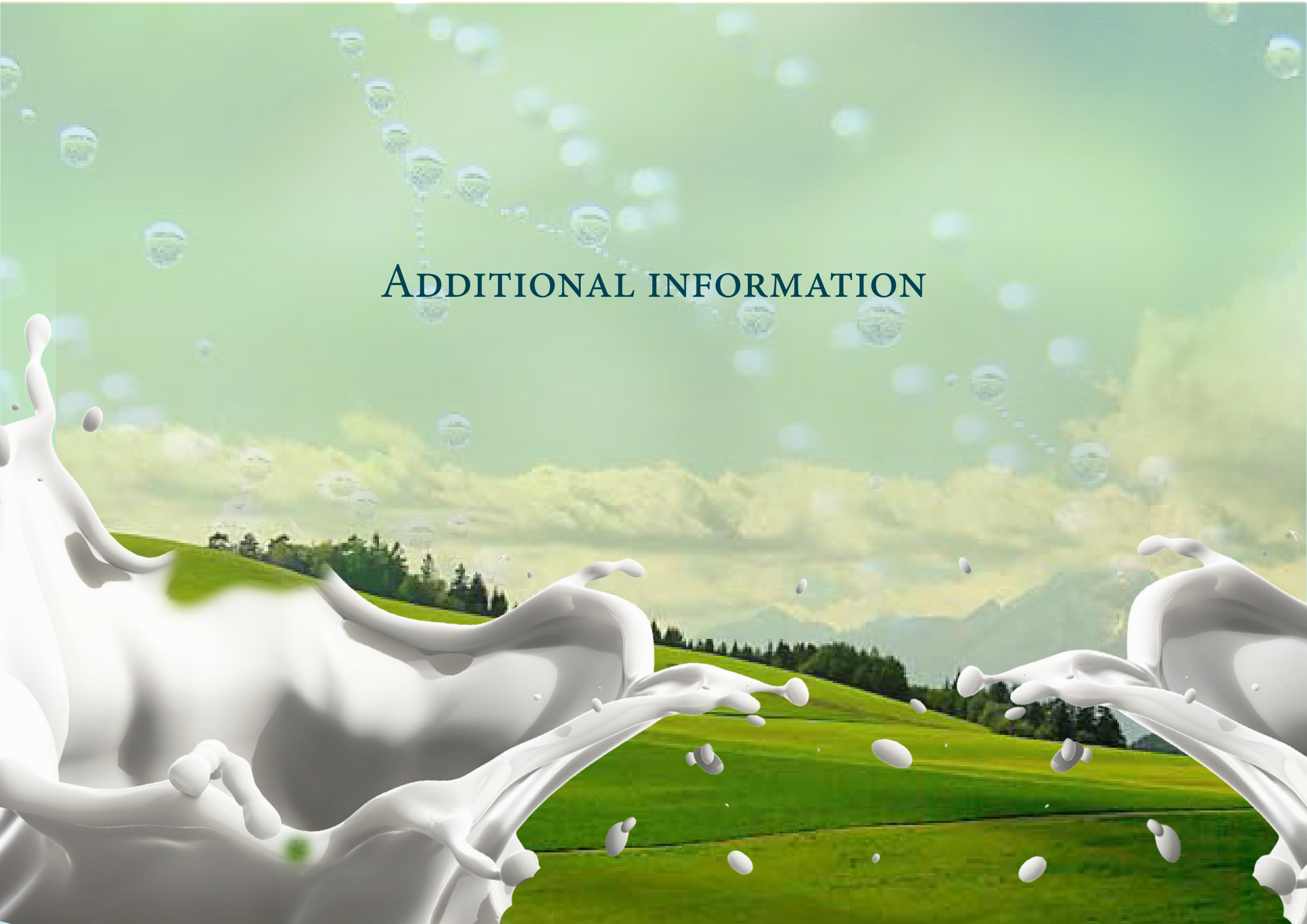
Thousand EUR	2017.01.01- 2017.12.31	2016.01.01- 2016.12.31	2017.10.01- 2017.12.31	2016.10.01- 2016.12.31
Revenue	113,627	90,490	26,552	26,088
Cost of sales	-96,440	-77,881	-24,539	-20,906
Gross profit	17,187	12,609	2,013	5,182
Other operating income	398	282	200	92
Distribution expenses	-4,098	-4,115	-661	-1,116
Administrative expenses	-5,379	-2,926	-1,031	-927
Other operating costs	-238	-167	-127	-34
Result from operating activities	7,870	5,683	394	3,197
Finance income	27	15	3	9
Finance costs	-580	-728	-163	-203
Net finance expenses	-553	-713	-160	-194
Profit before income tax	7,317	4,970	234	3,003
Income tax expense	-874	-515	-67	-788
Profit for the period	6,443	4,455	167	2,215
Attributable to:				
Shareholders of the Group	6,438	4,458	165	2,219
Non-controlling interest	5	-3	2	-4
Net profit (loss) for the year	6,443	4,455	167	2,215
Basic earnings per share (EUR)	0.54	0.37	0.01	0.19

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousand EUR	2017.01.01- 2017.12.31	2016.01.01- 2016.12.31
Cash flows from operating activities		
Profit for the year	6,443	4,455
Adjustments:		
Depreciation of property, plant and equipment	3,120	3,047
Amortization of intangible assets	79	81
Amortization and write down of grants	-436	-398
Profit (loss) from disposal of property, plant and equipment	-34	5
Income tax expense	874	515
Interest expenses, net	553	713
	10,599	8,418
Change in inventories	-500	1,667
Change in long-term receivables	90	63
Change in trade and other receivables and prepayments	-3,111	-908
Change in trade and other payables	2,323	39
	9,401	9,279
Paid interest	-786	-756
Paid profit tax	-115	-20
Other financial expenses	-54	-141
Net cash from operating activities	8,446	8,362
Cash flows from investing activities		
Acquisition of plant and equipment	-7,009	-16,443
Acquisition of intangible assets	-10	-53
Proceeds from sale of plant and equipment	100	6
Acquisition of the subsidiary's shares	-	-3
Loans granted	-	-
Loans repaid	-	-
Interest received	-	-
Net cash flows used in investing activities	-6,919	-16,493
Cash flows from financing activities		
Loans received	5,345	24,708
Repayment of borrowings	-8,529	-16,651
Dividends paid	-1,433	-57
Government grants received	3,180	206
Net cash flows from financing activities	-1,437	8,206
Increase (decrease) in cash and cash equivalents	90	75
Cash and cash equivalents at 1 January	229	154
Cash and cash equivalents at 31 December	319	229



ADDITIONAL INFORMATION



ABOUT THE COMPANY

Vilkyškių pieninė AB was established in 1993 m.

On the 31th of December 2017 the Group had 930 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 Official List of AB NASDAQ OMX Vilnius

Standards: ISO 22000:2005 and FSSC 22000

COMPANIES OF THE GROUP

Vilkyškių pieninė AB

Parent Company
Established in 1993

The production of
cheese, cream, whey

“Modest” AB

The subsidiary
Company
Established in 1992

The production of
melted smoked
cheese, cheese with
mould, mozzarella,
other kinds of cheese

Kelmės pieninė AB

The subsidiary
Company
Established in 1993

The production
of fresh dairy
products

“Pieno logistika” AB

The subsidiary
Company
Established in 2013

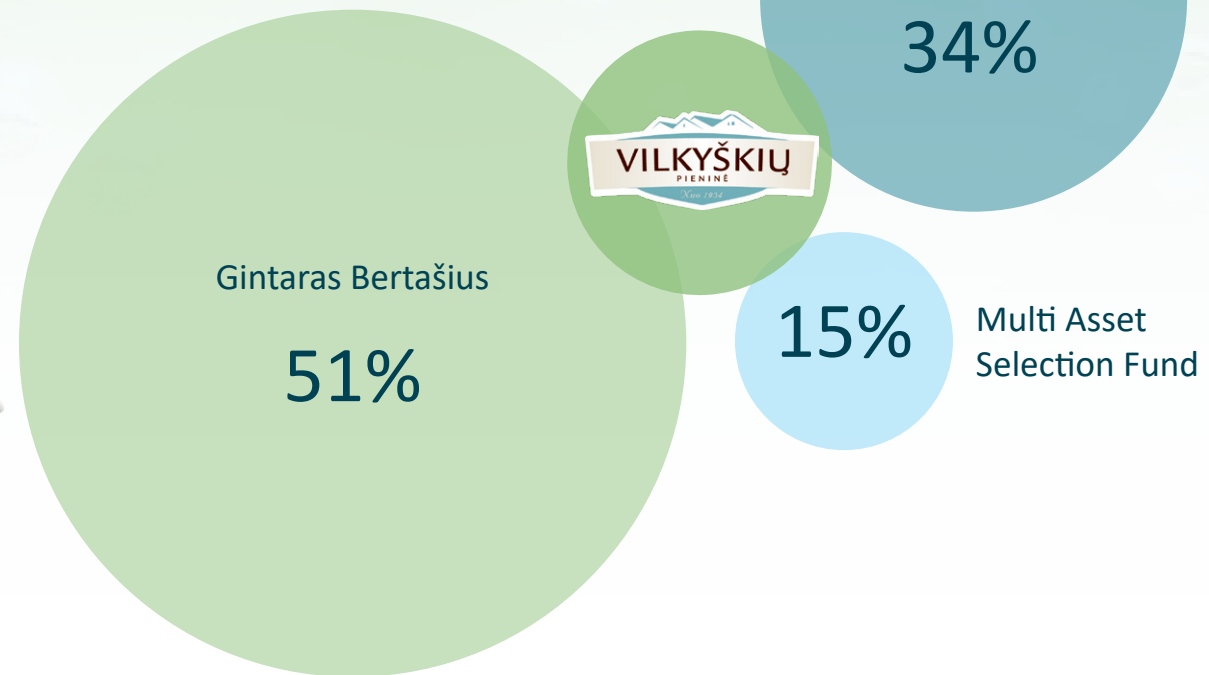
Rental of buildings

SHORT HISTORY OF THE COMPANY



SHAREHOLDERS

Shareholder	Shares	Ownership interest
Gintaras Bertašius	6,067,206	51%
Multi Asset Selection Fund	1,765,459	15%
Other shareholders	4,110,335	34%
Capital in total:	11,943,000	100%



VILKYŠKIŲ PIENINĖ AB SHARE PRICE VARIATION AND OMX VILNIUS INDEXES COMPARING 2017 JANUARY - 2017 DECEMBER





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