

# The results of H1 2019



VILKYŠKIŲ PIENINĖ  
AB GROUP

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# MAIN EVENTS DURING H1 2019

## PRODUCT NEWS:

- VILKYŠKIŲ Black Cat curd cheeses line was complemented by two news - vanilla and salted caramel curd cheeses, which have many healthy benefits (compared to similar cheeses): even 40% less sugar, more curd - less chocolate putty.
- VILKYŠKIŲ Black Cat yogurt line was complemented by two new yogurts with high - value berries: yogurt with black currants and guarani extract and yogurt with black rowan and Guaran extract. Yogurts were flavored with natural jams!
- From now YOGA's functional yogurts are with less sugar. Also its package was renewed - brighter packaging with a clearly visualized taste and highlighted YOGA name. In addition, the taste of yogurt with pumpkin and quince has been renewed - enriched with valuable and popular amaranth seeds.
- The packages of VILKYŠKIŲ curd spreads were renewed – from now a red hearth shows up the most important competitive advantage of this product (compared to similar spreads) – even 97 % curd.



## EXHIBITIONS:

- In February, for the sixth consecutive years in a row Vilkyškių pieninė AB participated in the international exhibition of food industry “Gulfood 2019” in Dubai, The United Arab Emirates. The main focus was on cheese, cheese products and dry milk/whey products.

## CERTIFICATES:

- 2019 Modest AB, Kelmės pieninė AB Tauragės Devision, Vilkyškių pieninė AB have extended Halal certificate;
- 2019 The laboratory of Vilkyškių pieninė AB was granted approval by the ”Laboratory conformity permit of food proccesing subject”;
- 2019 Modest AB Surveillance audit according to the ISO 22000:2005/FSSC 22000 Certification Scheme;
- 2019 Kelmės pieninė AB re-certification audit according to the ISO 22000:2005/FSSC 22000 Certification Scheme.



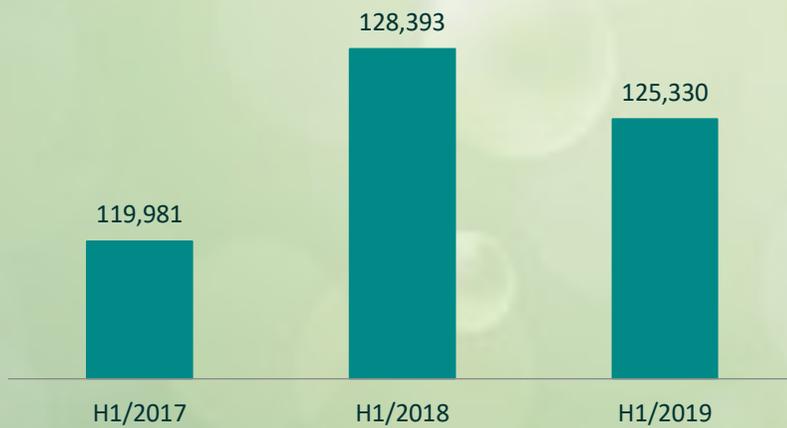
# MAIN FINANCIAL INDICATORS

|                                    | H1/2017 | H1/2018 | H1/2019 |
|------------------------------------|---------|---------|---------|
| Revenue (Thousands EUR)            | 56,870  | 47,467  | 53,581  |
| EBITDA (Thousands EUR)             | 5,913   | 2,447   | 1,208   |
| EBITDA margin (%)                  | 10.4%   | 5.2%    | 2.3%    |
| Net profit (loss) (Thousands EUR)  | 3,818   | 240     | -761    |
| Profit (loss) margin (%)           | 6.7%    | 0.5%    | -1.4%   |
| Quantity of purchased milk, t      | 119,981 | 128,393 | 125,330 |
| Profit (loss) per share (EUR)      | 0.32    | 0.02    | -0.06   |
| Net financial debt (Thousands EUR) | 30,412  | 32,987  | 29,198  |

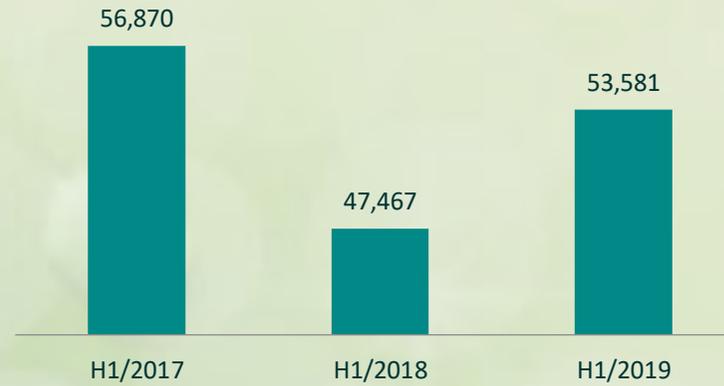
At first half of 2019, **sales revenue came** to EUR 53.6m (12.9 percent more than in 6 months of 2018). At reporting period **EBITDA** was EUR 1.2m or 2 times less than in previous year same period. At first half of 2019 **net profit** was EUR -0.76m or EUR 1m less than same period of 2018. In 6 months of 2019, a total of 125 tho tonnes of milk was purchased, and decrease by 2.4 percent as compared with 6 months of 2018.



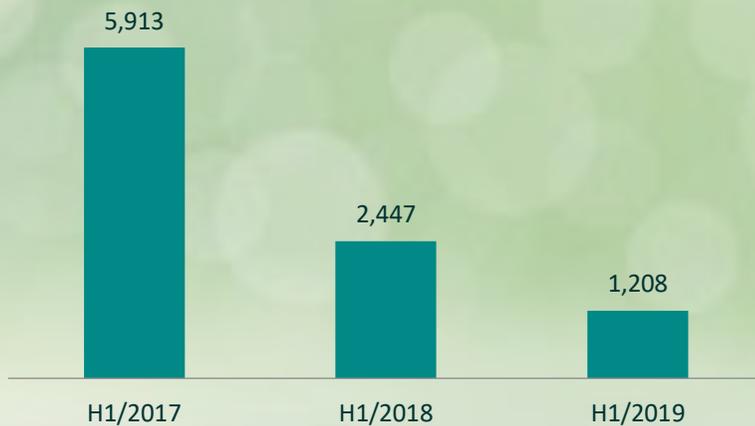
QUANTITY OF PURCHASED MILK, T



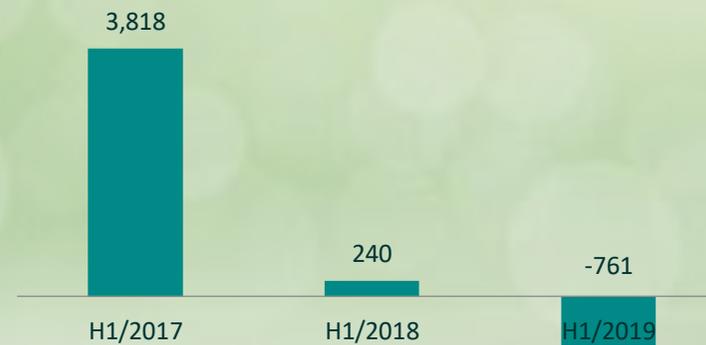
REVENUE, THOUSANDS EUR



EBITDA, THOUSANDS EUR

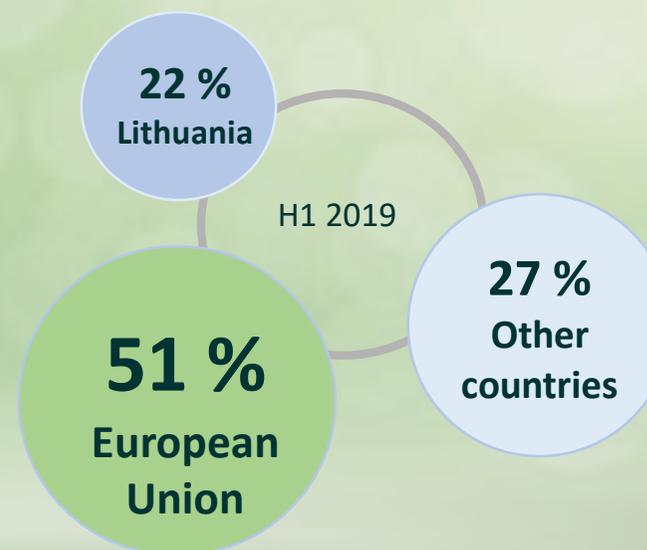
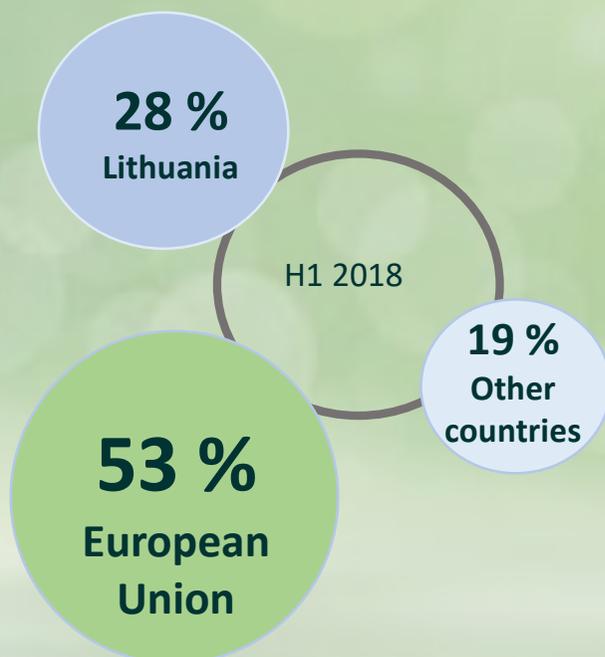


NET PROFIT (LOSS), THOUSANDS EUR



# SALES REVENUE BY MARKETS

| (Thousand EUR)        | H1 2018       |     | H1 2019       |     |
|-----------------------|---------------|-----|---------------|-----|
| Lithuania             | 13,124        | 28% | 11,776        | 22% |
| European Union        | 25,171        | 53% | 27,227        | 51% |
| Other countries       | 9,172         | 19% | 14,578        | 27% |
| <b>Total revenue:</b> | <b>47,467</b> |     | <b>53,581</b> |     |

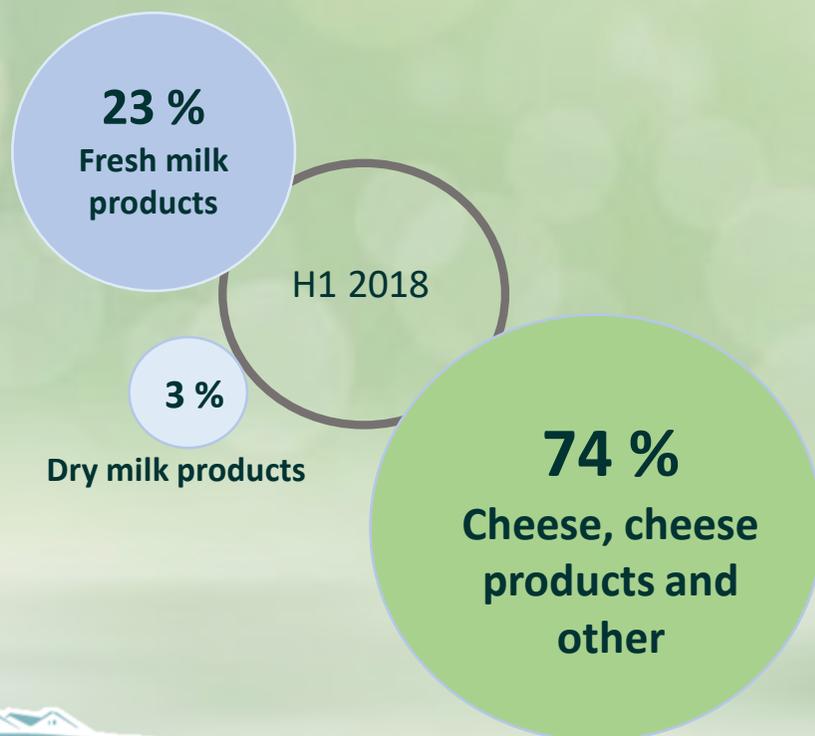


# SALES REVENUE BY OPERATING SEGMENTS

| (Thousand EUR)                    | H1 2018       |      | H1 2019       |     |
|-----------------------------------|---------------|------|---------------|-----|
| Cheese, cheese products and other | 35,021        | 74%  | 37,265        | 70% |
| Dry milk products                 | 1,537         | 3 %  | 6,492         | 12% |
| Fresh milk products               | 10,909        | 23 % | 9,824         | 18% |
| <b>Total:</b>                     | <b>47,467</b> |      | <b>53,581</b> |     |

## THE SEGMENT COMPRISES:

- **Cheese, cheese products and other.** Cheese, cheese products, cream, and liquid whey that stays during the process of cheese production.
- **Dry milk products.** WPC, skimmed-milk, permeate and whey powder produced by the subsidiaries.
- **Fresh milk products.** Fresh milk products produced by the subsidiaries (milk, kephir, yoghurt, sour milk, butter, curd products).



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Thousand EUR  | 2019.06.30    | 2018.12.31    |
|---|---------------|---------------|
| <b>ASSETS</b>   |               |               |
| Property, plant and equipment                             | 50,805        | 51,310        |
| Intangible assets   | 6,927         | 6,933         |
| Non-current amounts receivable                            | 305           | 314           |
| <b>Non-current assets</b>                                 | <b>58,037</b> | <b>58,557</b> |
| Inventories   | 14,642        | 15,228        |
| Trade and other receivable                                | 9,234         | 7,347         |
| Prepayments   | 406           | 746           |
| Cash and cash equivalents                                 | 365           | 407           |
| <b>Current assets</b>                                     | <b>24,647</b> | <b>23,728</b> |
| <b>Total assets</b>                                       | <b>82,684</b> | <b>82,285</b> |
| <b>EQUITY</b>   |               |               |
| Share capital   | 3,463         | 3,463         |
| Share premium   | 3,301         | 3,301         |
| Reserves  | 2,517         | 2,579         |
| Retained earnings   | 21,455        | 22,153        |
| <b>Total equity attributable to owners of the Company</b> | <b>30,736</b> | <b>31,496</b> |
| <b>Non-controlling interest</b>                           | <b>50</b>     | <b>51</b>     |
| <b>Total equity</b>                                       | <b>30,786</b> | <b>31,547</b> |
| <b>LIABILITIES</b>  |               |               |
| Borrowings and financial lease liabilities                | 14,435        | 14,900        |
| Government grants   | 5,532         | 5,824         |
| Deferred income tax liability                             | 348           | 844           |
| <b>Non-current liabilities</b>                            | <b>20,315</b> | <b>21,568</b> |
| Borrowings and financial lease liabilities                | 14,763        | 12,924        |
| Income tax payable  | -             | -             |
| Trade and other payables                                  | 16,820        | 16,246        |
| <b>Current liabilities</b>                                | <b>31,583</b> | <b>29,170</b> |
| <b>Total liabilities</b>                                  | <b>51,898</b> | <b>50,738</b> |
| <b>Total equity and liabilities</b>                       | <b>82,684</b> | <b>82,285</b> |



# CONSOLIDATED INCOME STATEMENT

| Thousand EUR                           | 2019.01.01-<br>2019.06.30 | 2018.01.01-<br>2018.06.30 | 2019.04.01-<br>2019.06.30 | 2018.04.01-<br>2018.06.30 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenue                                | 53,581                    | 47,467                    | 26,167                    | 26,492                    |
| Cost of sales                          | -50,909                   | -43,538                   | -24,301                   | -24,343                   |
| <b>Gross profit (loss)</b>             | <b>2,672</b>              | <b>3,929</b>              | <b>1,866</b>              | <b>2,149</b>              |
| Other operating income                 | 195                       | 145                       | 75                        | 69                        |
| Distribution costs                     | -2,155                    | -2,317                    | -1,035                    | -1,267                    |
| Administrative expenses                | -1,345                    | -1,240                    | -689                      | -761                      |
| Other operating expenses               | -79                       | -80                       | -37                       | -43                       |
| <b>Results of operating activities</b> | <b>-712</b>               | <b>437</b>                | <b>180</b>                | <b>147</b>                |
| Finance income                         | 15                        | 2                         | 5                         | 1                         |
| Finance costs                          | -559                      | -495                      | -286                      | -286                      |
| <b>Net finance costs</b>               | <b>-544</b>               | <b>-493</b>               | <b>-281</b>               | <b>-285</b>               |
| <b>Profit before income tax</b>        | <b>-1,256</b>             | <b>-56</b>                | <b>-101</b>               | <b>-138</b>               |
| Income tax expenses                    | 495                       | 296                       | 160                       | 254                       |
| <b>Profit (loss) for the period</b>    | <b>-761</b>               | <b>240</b>                | <b>59</b>                 | <b>116</b>                |
| Attributable to:                       |                           |                           |                           |                           |
| Owners of the Company                  | -760                      | 238                       | 59                        | 114                       |
| Non-controlling interest               | -1                        | 2                         | 0                         | 2                         |
| <b>Profit (loss) for the year</b>      | <b>-761</b>               | <b>240</b>                | <b>59</b>                 | <b>116</b>                |
| Basic earnings per share ( EUR)        | -0.06                     | 0.02                      | 0.00                      | 0.01                      |



# CONCOLIDATED STATEMENT OF CASH FLOW

| Thousand EUR  | 2019.01.01-<br>2019.06.30 | 2018.01.01-<br>2018.06.30 |
|---|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                 |                           |                           |
| Profit (loss) for the year                                  | -761                      | 240                       |
| Adjustments for:  |                           |                           |
| Depreciation of property, plant and equipment               | 2,206                     | 2,274                     |
| Amortisation of intangible assets                           | 6                         | 25                        |
| Amortisation and write-off of grants                        | -292                      | -289                      |
| Gain (loss) from disposal of property, plant and equipment  | -54                       | -1                        |
| Income tax expenses   | -495                      | -296                      |
| Interest expenses, net                                      | 544                       | 493                       |
|   | <b>1,154</b>              | <b>2,446</b>              |
| Change in inventories                                       | 582                       | -5,585                    |
| Change in non-current amounts receivable                    | 9                         | 19                        |
| Change in trade and other receivables and prepayments       | -2,056                    | -1,078                    |
| Change in trade and other payables                          | 334                       | 1,355                     |
|   | <b>23</b>                 | <b>-2,843</b>             |
| Interest paid   | -340                      | -384                      |
| Income tax paid   | -8                        | -24                       |
| <b>Net cash flows generated from operating activities</b>   | <b>-325</b>               | <b>-3,251</b>             |
| <b>Cash flows from investing activities</b>                 |                           |                           |
| Payments for acquisition of plant and equipment             | -1,416                    | -359                      |
| Payments for acquisition of intangible assets               | -                         | -3                        |
| Proceeds from sale of plant and equipment                   | 113                       | 25                        |
| Government grants received                                  | 376                       | 6                         |
| Loans recovered   | 103                       | -                         |
| <b>Net cash flows used in investing activities</b>          | <b>-824</b>               | <b>-331</b>               |
| <b>Cash flows from financing activities</b>                 |                           |                           |
| Loans received  | 4,654                     | 6,936                     |
| Repayments of borrowings                                    | -3,547                    | -2,645                    |
| Funds for payment of dividends                              | -                         | -922                      |
| <b>Net cash flows generated from financing activities</b>   | <b>1,107</b>              | <b>3,369</b>              |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>-42</b>                | <b>-213</b>               |
| Cash and cash equivalents at 1 January                      | 407                       | 317                       |
| <b>Cash and cash equivalents at 30 June</b>                 | <b>365</b>                | <b>104</b>                |



# ADDITIONAL INFORMATION



# ABOUT THE COMPANY

Vilkyškių pieninė AB, was established in 1993

On the 30th of June 2019 the Group had 873 employees

The production of Dairy products is the core of Group business

Company's share capital amounts to 3.5 million Eur

The Company's issue is included in the Official List of AB NASDAQ OMX Vilnius.

The ISIN code of the securities: LT0000127508, Ticker symbol: VLP1L.

Standards: ISO 22000:2005 and FSSC 22000



# COMPANIES OF THE GROUP

## **VILKYŠKIŲ PIENINĖ AB**

Established in  
1993

The production of  
fermented cheese,  
cream, whey  
products

## **“MODEST“ AB**

Established in  
1992

The production of  
melt, smoked cheese,  
mould cheese,  
mozzarella, other  
cheese products

## **KELMĖS PIENINĖ AB**

Established in  
1993

The production of  
fresh dairy products  
and dry milk products  
(WPC, SMP,  
permeate, whey  
powder)

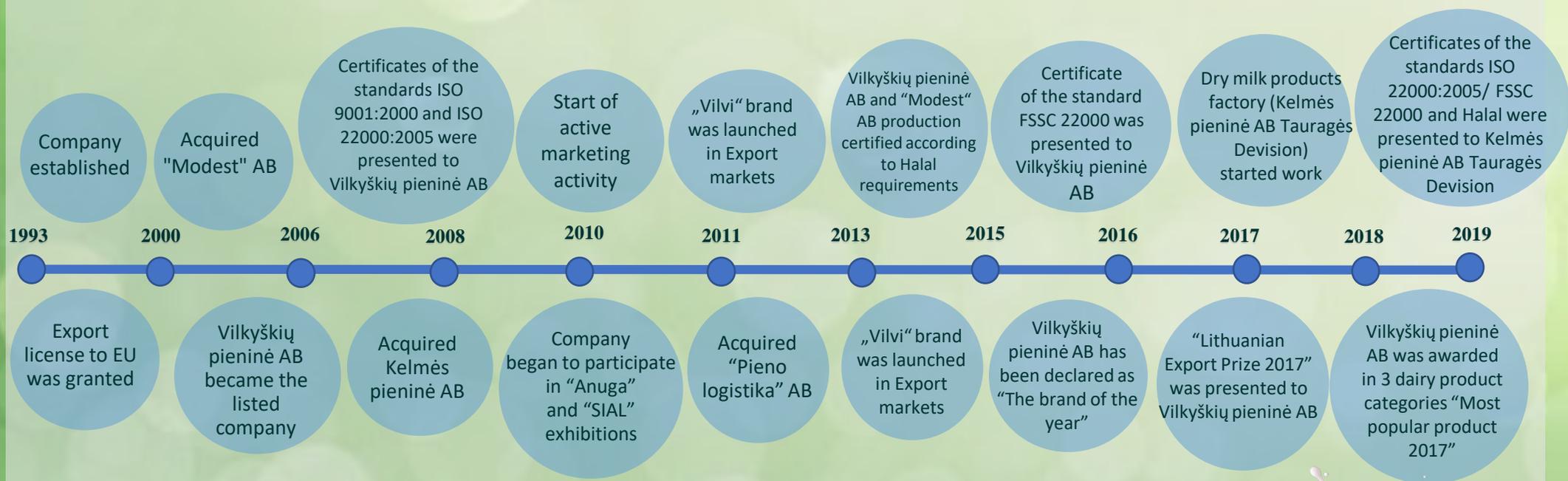
## **“PIENO LOGISTIKA“ AB**

Established in  
2013

Rental of buildings



# SHORT HISTORY OF THE COMPANY



# SHAREHOLDERS

| Shareholder  | Shares            | Ownership interest |
|--|-------------------|--------------------|
| Swisspartners Versicherung AG<br>Zweigniederlassung Österreich | 6.067.206         | 51%                |
| Multi Asset Selection Fund                                     | 2.035.729         | 17%                |
| Other shareholders   | 3.840.065         | 32%                |
| <b>Capital in total:</b>                                       | <b>11.943.000</b> | <b>100%</b>        |

Swisspartners Versicherung AG  
Zweigniederlassung Österreich

**51 %**

Other  
shareholders

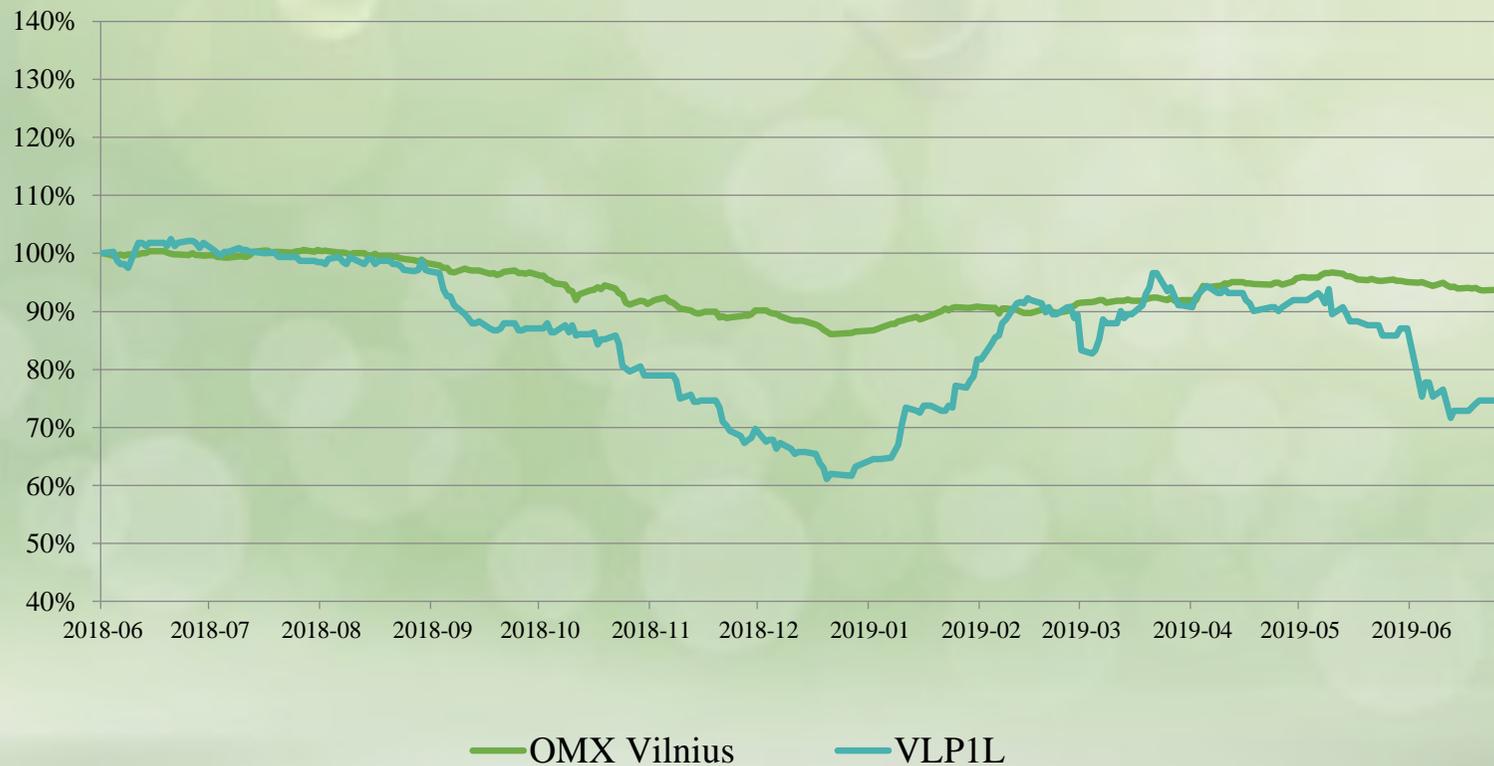
**32%**

**17 %**

Multi Asset  
Selection Fund



## Vilkyškių pieninė AB share price and OMX Vilnius indexes comparison 2018 June - 2019 June





## VILKYŠKIŲ PIENINĖ AB

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