



AB VILNIAUS DEGTINĖ

Key performance indicators report
for the twelve-month period ended on the
31th December 2017

27 February 2018

Vilnius

AB Vilniaus degtinė

Company's code 120057287, Paneriu 47, Vilnius

Information about Company

Name of the company	AB Vilniaus degtinė
Legal form	Public stock company
Date and place of registration	23 November 1990, Vilnius branch of State Enterprise Centre of Registers
Code of company	120057287
Share capital	EUR 7,078,445 Eur
Registered office	Panerių 47, Vilnius, Lithuania
Telephone	+ 370 5 233 08 19
Fax	+ 370 231 5052
E-mail	vd@degtine.lt
Internet address	www.degtine.lt
Branch	Obeliai distillery
Branch address	Vienožinskio 3, Audronių I village, Rokiškis district, Lithuania
Telephone	+ 370 458 78723
Fax	+ 370 458 78723
E-mail	obeliai@degtine.lt
Main activities	Production of and trade in alcoholic beverages
Auditor	KPMG Baltics, UAB

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Overview of the Company for the twelve-month period ended on the 31th December 2017

Sales revenue excluding excise duty of AB Vilniaus degtinė amounted to EUR 25,030.3 thousand in January - December 2017 and increased by 10.91%, compared to the same time period last year (in 2016 – EUR 22,567.2 thousand).

Sales in the Lithuanian market made up the largest portion of the Company's sales – 65.35%. EU market sales increased by 9.35%, sales to third countries grew 103.46%. Sales to Poland, Latvia, Estonia and France made up the largest portion of the income from the EU market. Sales to Ukraine, Russian Federation, Belarus made up the largest portion of the income from third countries.

The Company's profit amounted to EUR 1,210.0 thousands in January - December 2017 and decreased by 39.58%, compared to the same time period last year (in 2016 – EUR 2,002.7 thousands).

EBITDA of the Company amounted to EUR 3,691.8 thousands in January - December 2017 and decreased by 7.18%, compared to the same time period last year (in January - December 2017 – EUR 3,977.0 thousands). EBITDA margin has decreased from 17.62% to 14.75% during the year.

Main Company Indicators

Indicators	Jan-Dec 2017	Jan-Dec 2016	Change
Sales revenue excl. Excise tax, EUR	25,030,323	22,567,161	10.91%
Gross profit, EUR	8,079,921	8,060,478	0.24%
Operating profit, EUR	1,715,633	2,431,579	-29.45%
Profit before tax, EUR	1,422,066	2,330,327	-38.98%
Profit for the period, EUR	1,210,046	2,002,652	-39.58%
Gross profit margin ratio, %	32.28%	35.72%	-3.44
Operating profit margin ratio, %	6.85%	12.16%	-5.31
Profit before tax margin ratio, %	5.68%	10.33%	-4.65
Profit for the period margin ratio, %	4.83%	8.87%	-4.04
EBITDA, EUR	3,691,812	3,977,008	-7.18%
EBITDA margin ratio, %	14.75%	17.62%	-2.87
ROE (return on equity), %	7.77%	14.35%	-6.58
ROA (return on assets), %	5.37%	8.01%	-2.64
Quick ratio	1.20	1.15	4.35%
Debt to equity ratio	0.79	0.83	-4.82%

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The sales performance during January – December 2017 was mainly influenced by general decline in the market. However due to new products launch and consumer preference change, AB Vilniaus degtinė sales revenue increased by +10.91% (excl. excise tax). AB Vilniaus degtinė vodka volume market share increased by +2,4 p.p. up to 24.9% vol., when all category volume decreased by -6% (full 2017 vs 2016, AC Nielsen).

Cogeneration plant, installed in Obeliai Distillery, is powered with biogas to generate electricity and heat using the internal combustion engines. Steam is used in generation process. Excess electric power is sold to AB Energijos skirstymo operatorius. This project reduced the costs of energy resources of the Branch as well as environmental pollution. Installed power is 1.5 MW. 9,446.0 MWh of electric power was generated in January - December 2017.

Obeliai Distillery produces distilled and rectified food grade ethyl alcohol from rye and tritcale. 9,807.5 thousand liters of absolute alcohol was produced in January - December 2017.

Alcoholic beverages produced

Name	Measurement unit	Jan-Dec, 2017	Jan-Dec, 2016	Change (+,-), percent
Alcoholic beverages	000s litres	10,650.1	13,520.9	-21.24%

During January-December 2017 compared to the last year, production of alcoholic drinks decreased by 21.24%,. It was driven by a general decline in the market and change in consumer preference.

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Comprehensive Income Statement

31 December

In EUR	Jan-Dec 2017	Jan-Dec 2016
Sales revenue	72,582,565	62,503,846
Excise duty	(47,552,242)	(39,936,686)
Sales revenue excluding excise duty	25,030,323	22,567,161
Cost of sales	(16,950,402)	(14,506,683)
Gross profit	8,079,921	8,060,478
Other income	351,453	367,839
Sales and distribution expenses	(2,602,514)	(2,447,340)
Administrative expenses	(4,106,431)	(3,542,165)
Other expenses	(6,796)	(7,233)
Result from operating activities	1,715,633	2,431,579
Financial income	8,671	78,270
Financial expenses	(302,238)	(179,521)
Profit (loss) before tax	1,422,066	2,330,327
Income tax	(212,020)	(327,676)
Profit (loss) for the period	1,210,046	2,002,652
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedges		
Fair value profit (losses) arising during the year	(1,152)	(8,682)
Reclassif. adjustments for amounts recognised in profit or loss	9,532	10,389
	8,380	1,707
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,257)	(256)
Other comprehensive income, net of income tax	7,123	1,451
TOTAL COMPREHENSIVE INCOME (EXPENSES)	1,217,169	2,004,103
Basic and diluted earnings per share	0.05	0.08

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Statement of Financial Position

In EUR	31 12 2017	31 12 2016
ASSETS		
Non-current assets		
Property, plant and equipment	12,143,489	12,588,549
Intangible assets	1,987,149	2,271,613
Financial assets	410,840	578,972
Total non-current assets	14,541,478	15,439,134
Current assets		
Inventories	2,738,487	2,305,019
Prepayment	153,855	173,377
Trade receivables	10,142,678	7,342,357
Other receivables	506,049	397,998
Cash and cash equivalents	604,838	1,761,520
Total current assets	14,145,907	11,980,271
TOTAL ASSETS	28,687,385	27,419,405
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	7,078,445	7,078,445
Legal reserve	706,917	706,917
Other reserves	(4,789)	(11,912)
Retained earnings	8,397,618	7,187,572
Total equity	16,178,191	14,961,022
Non-current liabilities		
Interest bearing loans and borrowings	1,280,321	2,060,431
Governmental grants	1,637,417	1,869,314
Deferred tax liability	216,313	263,162
Total non-current liabilities	3,134,051	4,192,907
Current liabilities		
Interest bearing loans and borrowings	1,212,060	1,119,492
Trade payables	2,703,672	2,681,538
Income tax payables	25,436	297,486
Other payables	5,433,975	4,166,960
Total current liabilities	9,375,143	8,265,476
Total liabilities	12,509,194	12,458,383
TOTAL EQUITY AND LIABILITIES	28,687,385	27,419,405