

UMEGA AB

June 2016

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General Information (1/3)

Full name	Umega AB
Code	126334727
Address	Metalo str. 5, LT-28216 Utena, Lithuania
Legal form	Public limited liability company
Website	www.umega.lt www.snol.com www.vienybe.lt
Shareholders	Total number > 1,000 Baltvesta Group companies own 98% of the shares Umega owns 15,300 of its shares (0.2%)
Subsidiaries	Snol Term OOO, Russia SnolBel OOO, Belarus Snol Ukraina OOO, Ukraine Umega OOO, Russia Precision Energy Ltd, Ireland Umega Nordic UAB, Lithuania

- The Company was formed by merging 3 metal processing companies: Umega, Utenos elektrotechnika (SNOL) and Vienybe.
- In order to remain successful and grow, Umega continuously seeks to comply with its goals – highest quality, focus on innovative technology and product development to meet the end-user expectations and needs and short production terms.



Umega production site in Utena



SNOL production site in Narkunai, Utena district



Vienybe production site in Ukmerge

General information (2/3)

Umega has 4 strategical directions, which formed in 2015.

Main purpose of this directions are to ensure excellent working conditions for our workers, to work in high quality, to be reliable partner for our customers.

UMEGA PRODUCTION SYSTEM

Continuous improvement

Analyzing processes and making optimization
Defining core reasons of problems & solving them

Umega production system becomes a service for other companies

RELIABLE PARTNER

Umega develops “0” scrap culture

Continuously improving customer satisfaction

Professionals in all the processes

SYSTEM FOR INOVATIONS

Continuously developing and presenting innovative solutions to the market that suits customer demands

Innovative technologies and market knowledge allows to create demand for innovative products

DESIRED EMPLOYER

The creation of good working conditions for new employees

Continuously improving team that supports the respect for company's history.

General Information (3/3)



Umega launched the implementation of the LEAN manufacturing model in 2014.

13 employees are certified by Honsha organization according methodologies approved by Toyota.

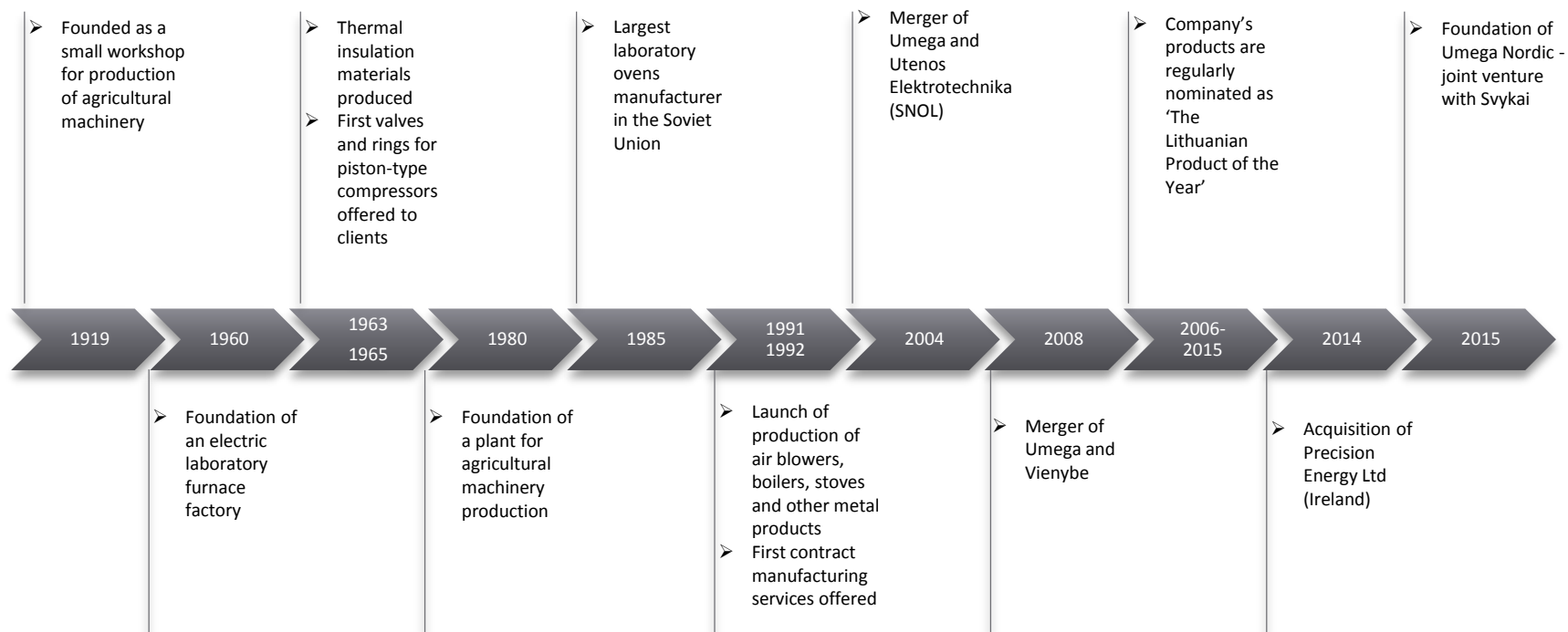
The Company already benefits from it, as manufacturing processes improve and become more efficient, time of order execution reduces and the quality of the products improves.

Over 400 people in a group trained to use different LEAN tools

- In order to expand the range of products and provide more value-added services to meet the customer needs for high quality in Western Europe, Umega invested more than EUR 3 million in modernisation of its technological / industrial base by the end of 2015.
- The Company has received a grant of EUR 1.46 million from the EU funds to finance modernisation.



Key Historic Milestones



Precision Energy Ltd



Umega owns 51% of the shares
Located in Co. Galway, Ireland
Main activity: manufacturing and trading of solid fuel boilers and roomheaters

Snol Term OOO



Umega owns 80% of the shares
Located in Tver, Russia
Main activity: trading of furnaces and ovens

Umega Nordic UAB



Joint venture with Svykai UAB
Located in Utena, Lithuania
Main activity: design, manufacturing, delivery and assembly of steel structures

Umega OOO



Umega owns 51% of the shares
Located in Smolensk, Russia
Main activity: manufacturing and trading of agricultural trailers and semi-trailers

SnolBel OOO

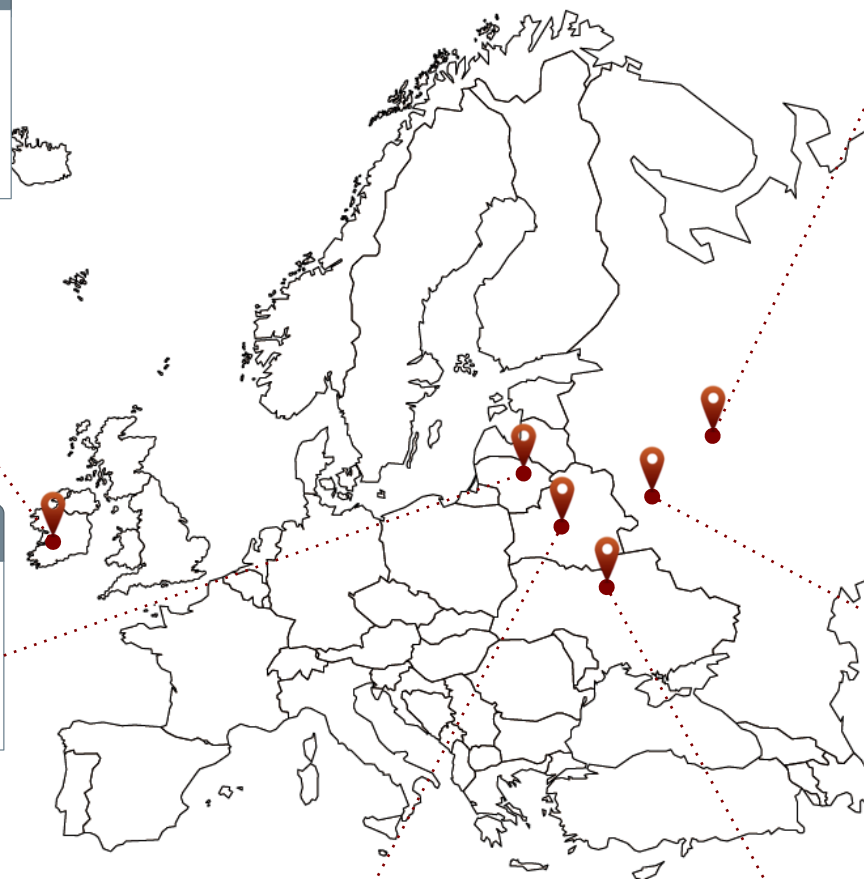


Umega owns 80% of the shares
Located in Borowlyany, Minsk District, Belarus
Main activity: trading of furnaces and ovens

Snol Ukraina OOO



Umega owns 100% of the shares
Located in Kiev, Ukraine
Main activity: trading of furnaces and ovens

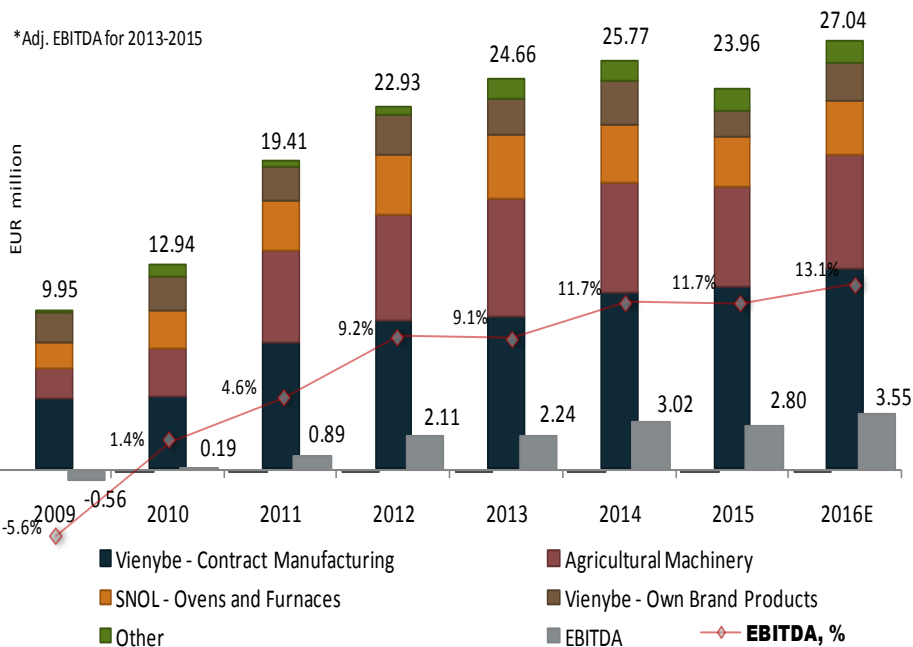


Business Units

Umega is organised in 4 main business units with 3 production sites and total production area of 61,000 sq.m.:

- ✓ Vienybe Department Contract Manufacturing
- ✓ Vienybe Department Own Brand Products
- ✓ Agricultural Machinery Department
- ✓ SNOL Furnaces and Ovens Department

Key Financials



Production Sites

SNOL

Furnaces and Ovens Department

Located in Narkunai, Utena District
 Production area: 15,000 sq.m.
 Sales: EUR 3.2 million (13%)
 Employees: 74

Agricultural Machinery Department

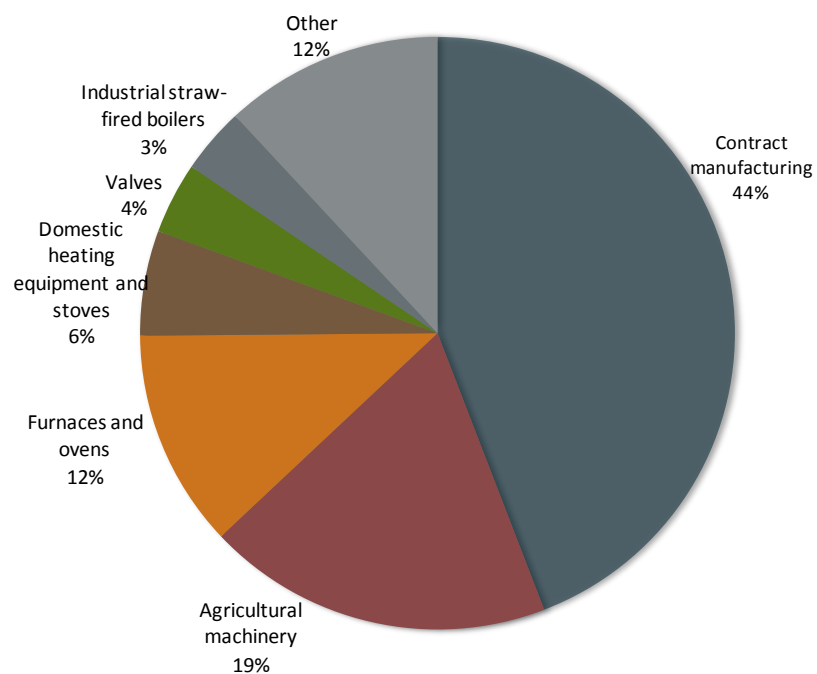
Located in Utena
 Production area: 16,000 sq.m.
 Sales: EUR 6.3 million (26%)
 Employees: 159



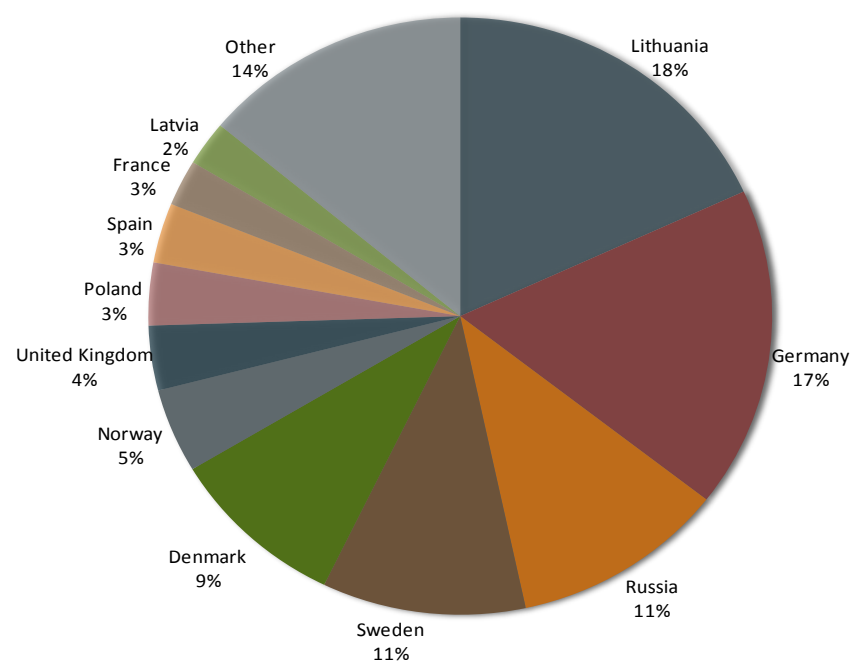
Vienybe Department

Located in Ukmerge
 Production area: 30,000 sq.m.
 Sales:
 - Contract Manufacturing EUR 11.5 million (48%)
 - Own Brand products EUR 1.7 million (7%)
 Employees: 443

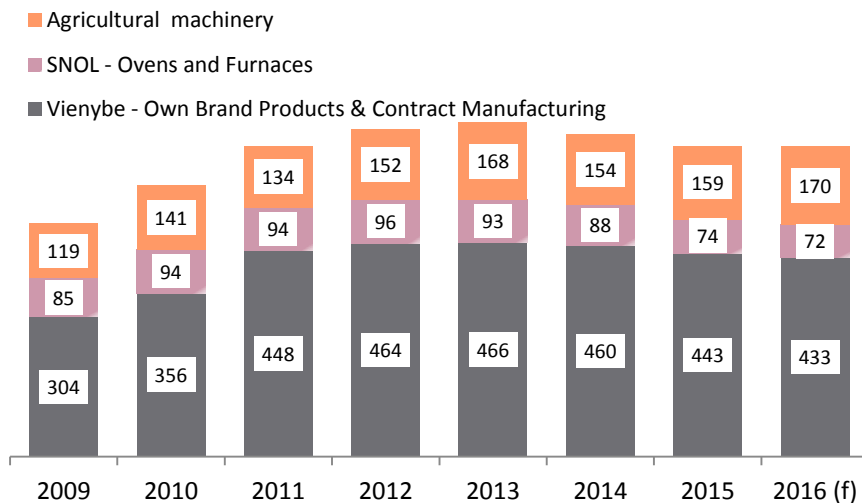
By product group



By country

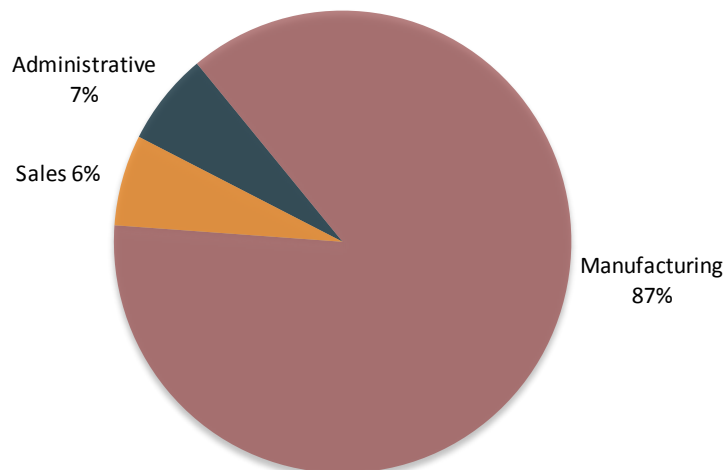


Employees by Department

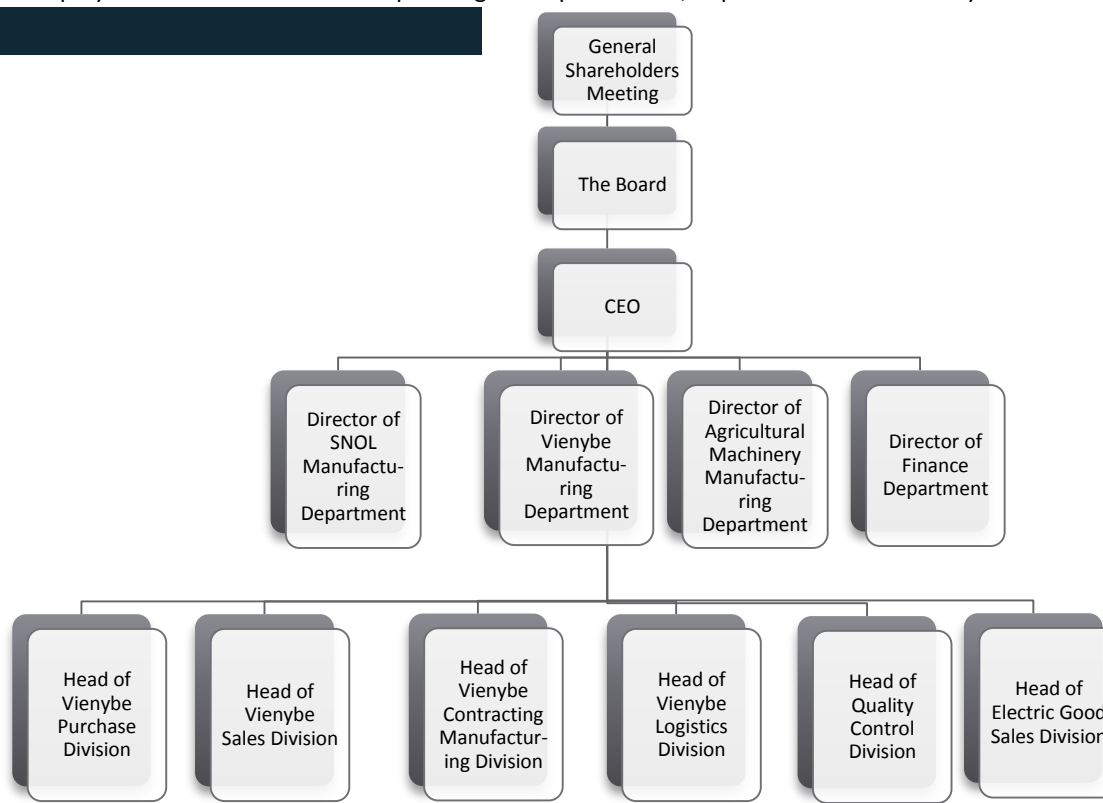


Since 2013 the total number of employees has decreases due to operating cost optimisation, improvement of efficiency and modernisation.

Employees by Area of Operations



Organisational Structure



UMEGA'S BUSINESS AREAS



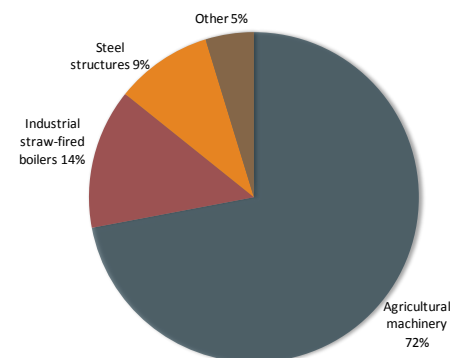
Products	Agricultural trailers, semi-trailers, steel constructions, industrial straw-fired boilers, metal jerry cans
Customers by industry	Agricultural, Automotive, Construction
Competitors	Western fabrications, Pronar, Metal – Fach, Metal Tech, Zaslaw, Wielton, Fliegl, Joskin

Overview

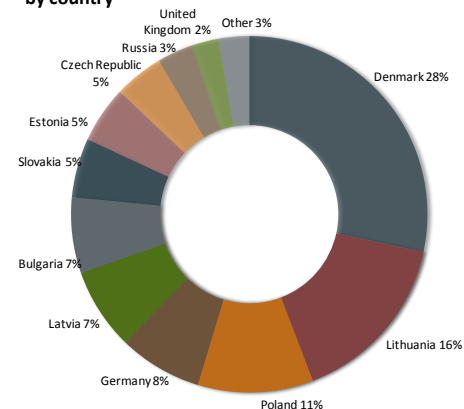
- **Focus.** Premium quality, reliability and durability, technical support and after-sales service ensure long-lasting, loyal relationships with customers.
- **Product portfolio.** In 2015 agricultural trailers and semi-trailers accounted for the largest share of the department sales (>72%). On average, Umega sells 600 trailers and semi-trailers, lifting capacity 3.5-30 tones, per year. In 2015 the sales of trailers and semi-trailers declined 8% as EU grants for the purchases of agricultural machinery did not commence on time. Russia's sanctions on EU agricultural products also influenced sales of agricultural machinery. The sales of steel structures decreased and totaled to 10%, whereas the sales of industrial boilers grew reaching 14% of total department sales.
- **Export.** In 2015 export share grew 6% and equaled to 84%. Company significantly increased sales to Germany, Slovakia, United Kingdom, Bulgaria.
- **Customers.** In 2015 the share of TOP 10 customers decreased by 2% and accounted for 70%. The share of TOP 3 customers declined 5% (from 37% in 2014 to 32% in 2015).

Sales Structure, 2015

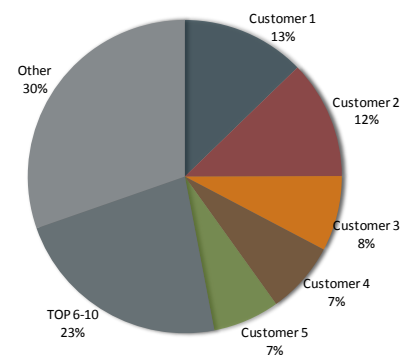
by product group



by country



by customer





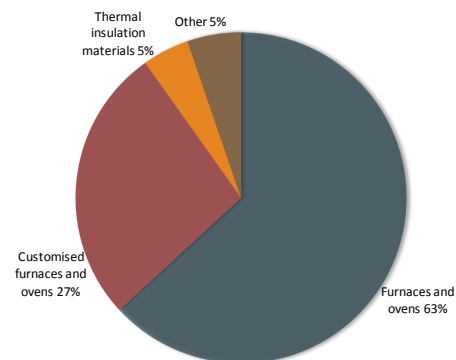
Products	Laboratory ovens and furnaces, industrial ovens and furnaces, thermal insulation material
Customers by industry	Metal Processing, Automotive, Education Institutions, Laboratories, Aircraft Industry, Pharmaceutical
Competitors	Memmert, Binder, Carbolite, Nabertherm, LAC, Nakal, Loib

Overview

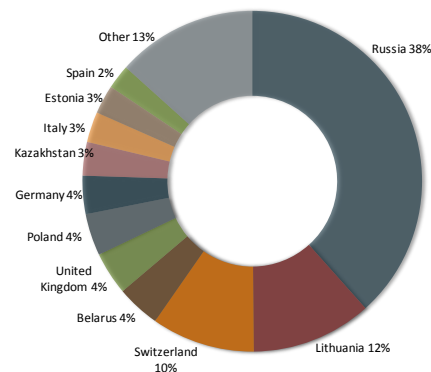
- **Focus.** Product development by using advanced technologies and scientific processes in order to meet individual user needs, qualified personnel and premium materials result in high quality, reliability, and durability of SNOL manufactured products.
- **Product portfolio.** Product portfolio is comprised of over 70 models of laboratory furnaces/ovens and over 90 models of industrial furnaces/ovens.
- **Export.** Particular attention is paid towards the diversification of sales and further expansion to new markets. In 2015 the Company's manufactured products were exported to 42 countries, export amounted to 88% of sales. The Company's products were sold not only in Europe but also in Asia, Middle East, Africa, North and South America. In 2015 the sales declined 14%, mainly as a result of further decreasing sales to CIS countries (>20%) and Lithuania. Sales to CIS countries since 2013 declined by 40% and now account for 48%, in 2013 the share equaled to 64%. However, the sales drop was partially compensated by a significant increase of sales to Switzerland, Germany, United Kingdom, Poland, Italy, Singapore, Israel, Estonia.
- **Customers.** TOP 10 customers in 2015 accounted for 58% of total department sales (64% in 2014); the sales to TOP 3 customers decreased from 47% in 2014 to 44% in 2015.

Sales Structure, 2015

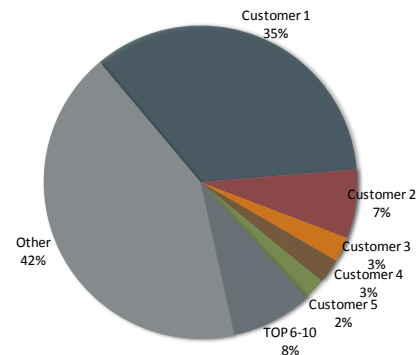
by product group



by country



by customer





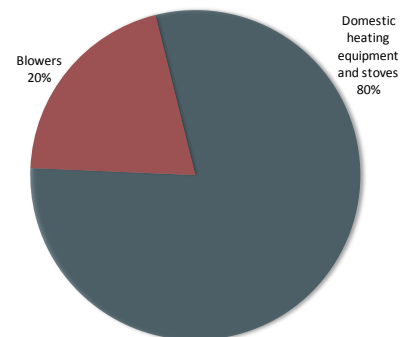
Products	Solid fuel domestic heating equipment (boilers, wood cookers, sauna stoves, stoves), blowers
Customers by industry	Domestic Heating, Water Treatment
Competitors	Kalvis, other heating equipment manufacturing companies in Poland, Turkey, Croatia

Overview

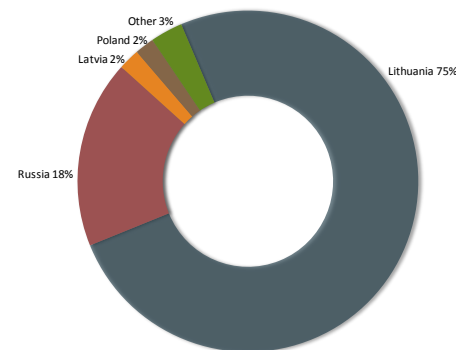
- **Focus.** Wide range of heating equipment and product's functionality ensure the meeting of the needs and expectations of end-users.
- **Product portfolio.** In 2015 the sales of heating equipment accounted for 80% of the department sales. The largest share (90%) of heating equipment was sold in Lithuania. Therefore, the changes in the local market considerably influenced the performance of the department. In 2015 declining gas prices resulted in the increase of gas boilers sales by 50%, whereas the solid fuel heating equipment market decreased 30%. Consequently, the company, as a producer of solid fuel boilers and stoves, experienced the drop of its product sales by 34%. Taken this into account, the company is reviewing its pricing policy, positioning of its products in retail centres and expects the significant sales growth in 2016.
- **Export.** Department's export share totaled to 25%. The Company exported its products to Russia, Poland, Ukraine, Baltic countries. Special attention is paid to further sales expansion to Western Europe.
- **Customers.** Share of TOP 10 customers amounted to 75% in 2015.

Sales Structure, 2015

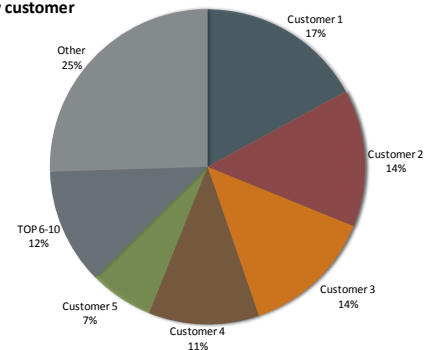
by product group



by country



by customer





Services

- Sheet metal processing
- Mechanical processing
- Tubes processing
- Welding
- Surface preparation and coating
- Casting
- Thermal treatment
- Designing and tool production
- Assembling

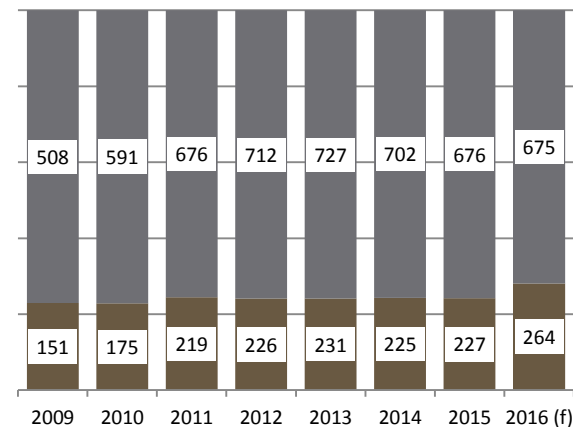


Customers by industry

Furniture, Automotive, Heating, Machinery, Shopfittings, Waste Recycling, Safety systems, Telecommunication, Construction, Railway

Competitors Other metal processing companies

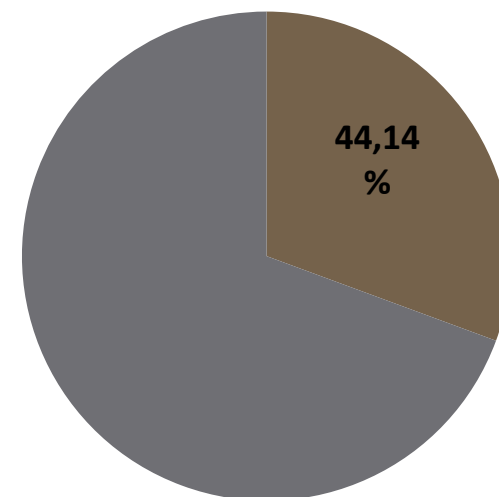
Number of employees



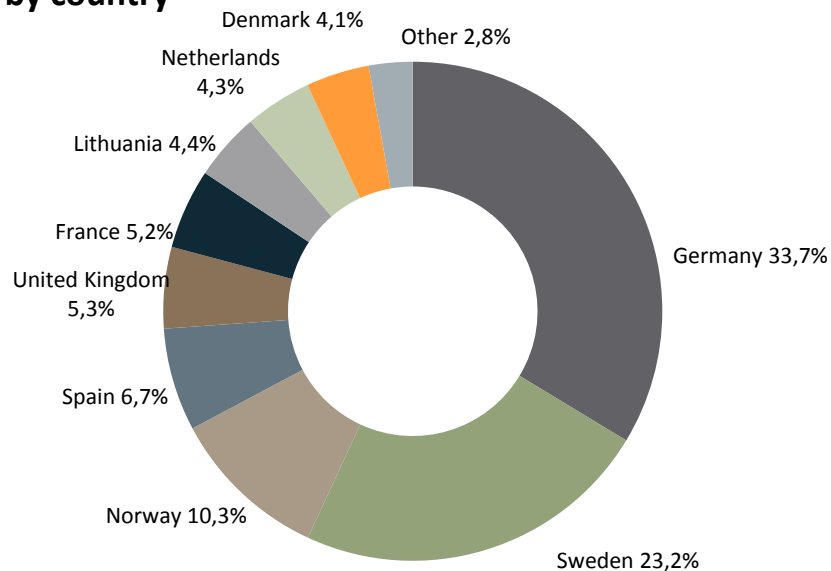
Overview

- **Focus.** Long-lasting experience and sustainable cooperation with customers and partners ensure that the services of the Company are used by a wide range of industries across Western Europe, Nordic countries.
- **Customers.** Customers of the department include the world's leading corporations. In 2015 TOP 10 customers accounted for 72% of the sales, while the share of TOP 3 customers equaled to 37%, compared to 50% in 2013.

Share in group sales 2015

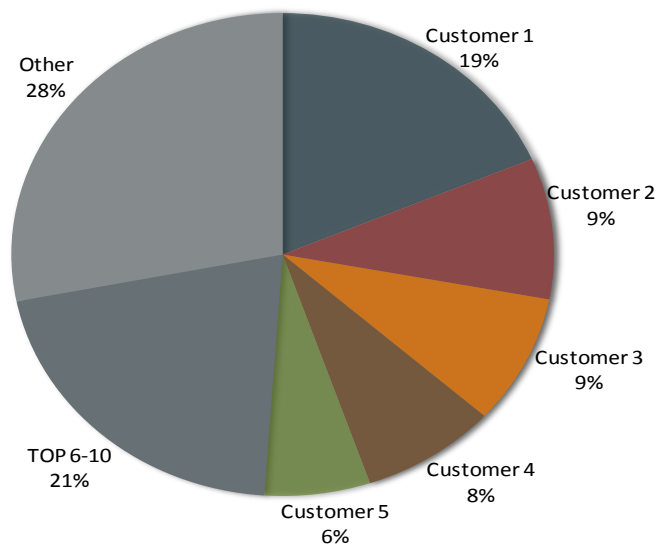


by country

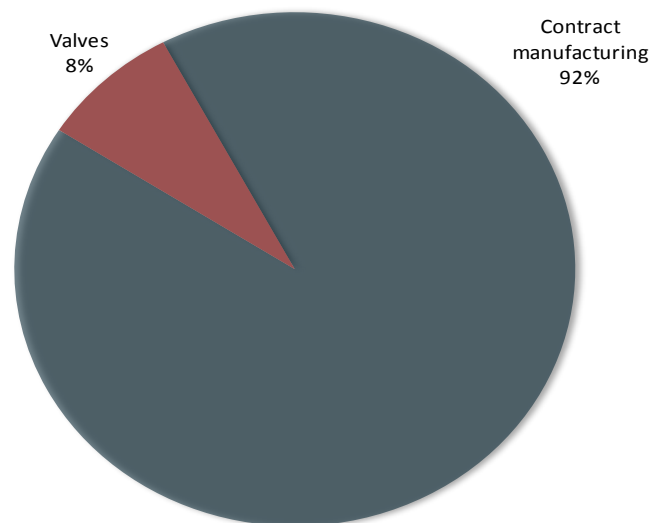


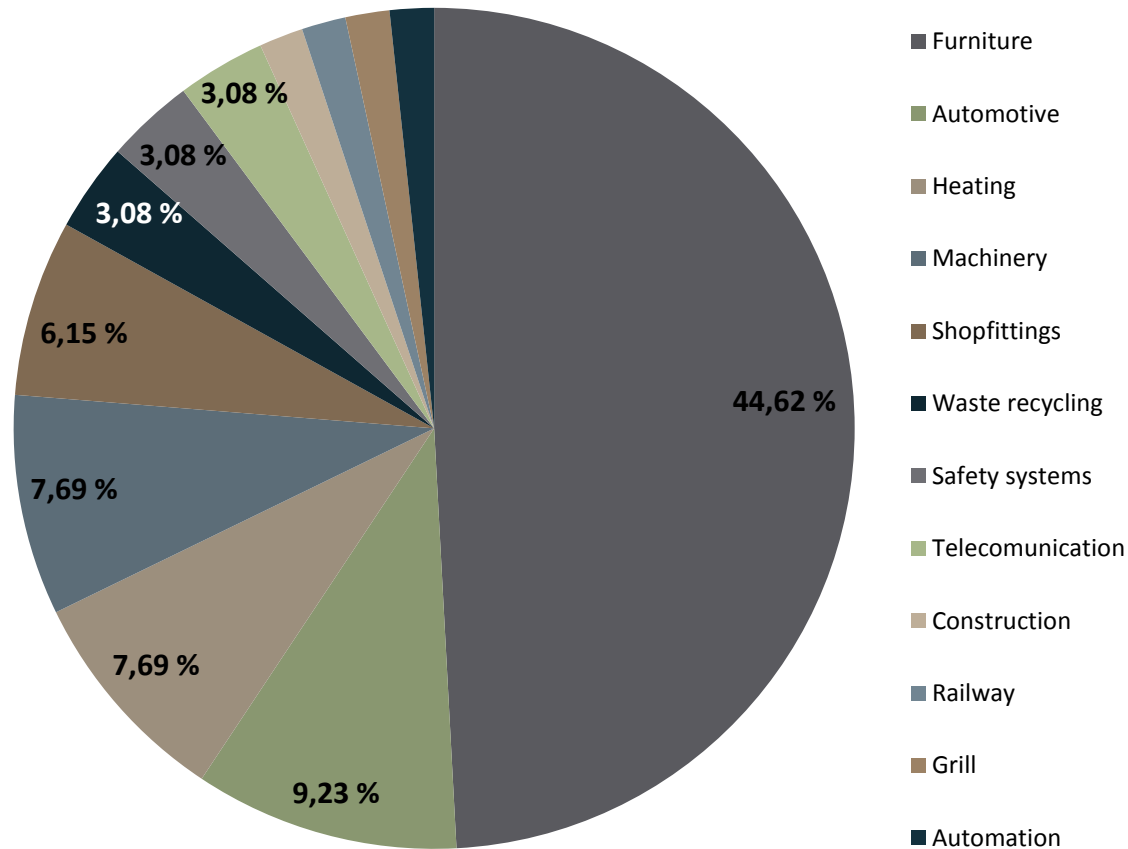
- **Export.** In 2015 the export of the department grew 7% and exceeded 95%. Sales to Germany amounted to 31% (increased 3%). Since 2013 the department's sales grew 19%, in spite of more than a 50% decline in the sales of valves to Russia. In 2015 the company further grew its sales to Nordic countries: sales to Norway increased 39%, Denmark – 14%, Sweden – 7%. The company's sales to Spain nearly doubled and accounted for 6% of total department sales (in 2014 - 3%). Significantly grew sales to the Netherlands, its share in company's sales increased till 4% (2014 – 1%).

by customer



by product group





Sheet metal processing

- Laser, plasma cutting
- Shearing
- CNC Punching
- CNC Bending
- Stamping
- Rolling

Tubes processing

- Cutting
- Bending

Mechanical processing

- CNC milling
- CNC turning
- Boring, Threading
- Grinding

Surface preparation

- Shot blasting
- Tumbling

Surface coating

- Powder coating
- Wet painting
- Electro-galvanic coating

Welding

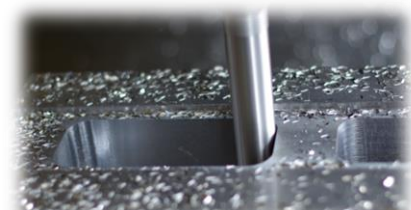
- Robot welding MIG/MAG
- Manual welding MIG/MAG/TIG
- Spot welding

Casting

Thermal treatment

Designing and producing tooling

Equipment



Consulting



CAD



Preparing production processes



Organising/Planning



Upstream value

Customised attitude to the client and planning of resources

Blank manufacturing

Sheet metal processing

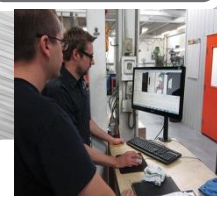
Tubes processing

Welding

Mechanical processing

Designing and Processing tooling

Equipment



Production related value

Production with wide service of metal works, using different technologies

Surface treatment

Assembly

Quality control

Logistics



Downstream value

Guarantee of high quality, reliability and short order fulfillment time

Quality

Umega is committed to quality management. The company has implemented Quality Management System ISO 9001 and Environmental Management System ISO 14001.

Quality Management Certification ISO 9001



Certification in Environmental Management ISO 14001



Technical requirements for execution of steel structures EN 10901 certification



Quality requirements for fusion welding ISO 3834-3 certification

