



Atria Plc Half Year Financial Report

1 January – 30 June 2020

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Atria Group 1 January - 30 June 2020

	Q2	Q2	H1	H1	
EUR Million	2020	2019	2020	2019	2019
Net sales	366.3	368.9	723.0	705.3	1,451.3
EBIT	4.1	5.1	6.4	2.3	31.1
EBIT %	1.1 %	1.4 %	0.9 %	0.3 %	2.1 %

Atria's EBIT and net sales remained stable in the second quarter

- **In April-June** the coronavirus pandemic (COVID-19) affected Atria's business: sales to Food Service customers decreased in all business areas, but on the other hand, sales to retail grew.
- Atria Finland's improved operative efficiency strengthened EBIT, but net sales remained at the previous year's level.
- Atria Sweden's and Atria Russia's net sales and EBIT declined due to the reduced Food Service and fast food sales. Sales and EBIT improved at the end of the period under review.
- Atria Denmark & Estonia's net sales grew almost 15% due to increased sales to retail.
- Market conditions took a turn for the better in all of Atria's business areas in June.

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- **In January-June** Atria Group's EBIT was strengthened by Atria Finland's improved net sales and good operative efficiency.
- Atria Sweden's net sales grew by 3 per cent in the local currency, and operating loss decreased from the previous year. EBIT was weighed down by an unfavourable sales structure.
- Atria Denmark & Estonia's net sales improved due to increased sales volumes and higher prices.
- Atria Russia's EBIT was weighed down by exceptionally weak sales in April-May.
- Market disruption caused by the coronavirus pandemic reduces business predictability.

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Atria Finland 1 January - 30 June 2020

EUR Million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	263.0	263.7	515.6	504.7	1,033.8
EBIT	7.3	6.4	13.5	10.3	40.0
EBIT %	2.8 %	2.4 %	2.6 %	2.0 %	3.9 %

- **In April-June** sales to retail and for export grew year-on-year, but on the other hand, sales to Food Service customers declined. With the gradual easing of corona restrictions, Food Service sales began to revive towards the end of June.
- Pork exports to China increased, but the price level decreased in accordance with global price changes.
- Good operative efficiency in industrial operations and good management of seasons strengthened EBIT.
- The corona pandemic weakened the sales structure and caused additional costs, but their impact on earnings was mitigated by pension contribution (TyEL) reductions granted by the state.
- **In January-June** the increase in net sales was due to increased sales to retail and to export customers.
- Food Service product sales began to decline at the end of March but started to revive again in June.
- The growth in EBIT were due to growth in first quarter net sales and the better overall productivity prevailing for the entire beginning of the year.

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Atria Finland

- The effects of the coronavirus pandemic on business in Finland were apparent from the end of March.
- The retail market for the products represented by Atria grew by nearly 9 per cent in value in January-May. The product groups with the most growth were consumer-packed meat +12%, poultry products +14% and cooking products +12% (source: Atria).
- Atria's supplier share in retail was about 25 per cent in January-May.
- The consumption of Atria's product groups has moved from restaurants to households during the pandemic. In the Food Service market, the value of the product groups represented by Atria shrunk by approximately 30 per cent at the beginning of the year. (source: Atria).
- Atria Finland renews its Atria brand logo. The new logo will appear on packaging and in marketing materials starting August 2020. The brand image in the packaging will be also renewed: traceability to farms, responsibility and Finnish origins are more prominent in the packaging.

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Atria Sweden 1 January - 30 June 2020

EUR Million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	71.7	74.4	143.2	141.0	289.4
EBIT	-2.1	-1.5	-4.1	-5.6	-6.1
EBIT %	-2.9 %	-2.0 %	-2.9 %	-4.0 %	-2.1 %

- **In April-June** net sales were weighed down by the weakening of sales to Food Service and fast food customers.
- Poultry product sales to retail continued to grow during the second quarter.
- The drop in earnings was a result of the sharp weakening of sales to Food Service and fast food customers and unfavourable sales structures in retail.
- The sales of private labels increased in the period under review.
- The corona pandemic weakened the sales structure and caused additional costs, but their impact on earnings was mitigated by state compensation for sick leaves.
- Sales volumes and performance took a turn for the better in June.
- **In January-June** the increase in net sales was due to increased sales to retail. Net sales were boosted by strong sales of poultry products in particular.
- Earnings were weighed down by the weakened Swedish krona, increased raw material costs and reduced sales to Food Service customers in the second quarters. EBIT for the comparable period includes EUR 1.4 million of costs related to employee arrangements.

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Atria Sweden

- The corona virus pandemic affected the purchasing behaviour of consumers from the end of March to the beginning of June in particular.
- Sales to retail increased, while sales of Food Service products and fast food decreased. Of Atria's product selection, sales of daily foods (sausages, liver pâtés, black pudding and convenience foods) increased in particular.
- In Sweden, schools were not closed due to the pandemic, which kept up sales to public sector food service customers. The Food Service market began to revive again in June.
- During the review period, the retail market for product groups represented by Atria developed favourably. Atria's producer share in poultry products increased by 2.8 per cent, and in sausages, by 0.6 per cent. In cold cuts, the producer share decreased by 0.5 per cent. Atria's producer share in terms of value is 17.2% in poultry products, 18.8% in sausages, and 13.9% in cold cuts. (source: AC Nielsen)



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Atria Denmark & Estonia 1 January - 30 June 2020

EUR Million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	26.9	23.5	53.3	45.3	96.6
EBIT	1.1	1.0	1.4	1.6	4.4
EBIT %	4.1 %	4.3 %	2.7 %	3.6 %	4.5 %

- **In April-June** net sales grew almost 15% due to increased sales to retail.
- The share of Food Service sales of total sales in Estonia and Denmark is small, which is why the corona pandemic did not have much of a negative effect on the net sales of the business area.
- In Denmark drastically increased meat raw material costs and an unfavourable sales structure at the beginning of the year weakened the earnings improvement.
- **In January-June** the increase in net sales was due to increased sales to retail and prices raised in the spring in both Estonia and Denmark.
- At the beginning of the year EBIT was weighed down by increased raw material costs and an unfavourable sales structure in Denmark.

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Atria Denmark & Estonia 1 January - 30 June 2020

- The cold cut market in Denmark has remained stable during the entire beginning of the year. The sales of private labels increased in the second quarter.
- The effects of the coronavirus pandemic in Estonia and Denmark have targeted the Food Service market, where Atria's market share is small in both countries. Sales to retail temporarily rose to record numbers in March-April, and have remained at a higher level year-on-year for the entire period under review.



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Atria Russia 1 January - 30 June 2020

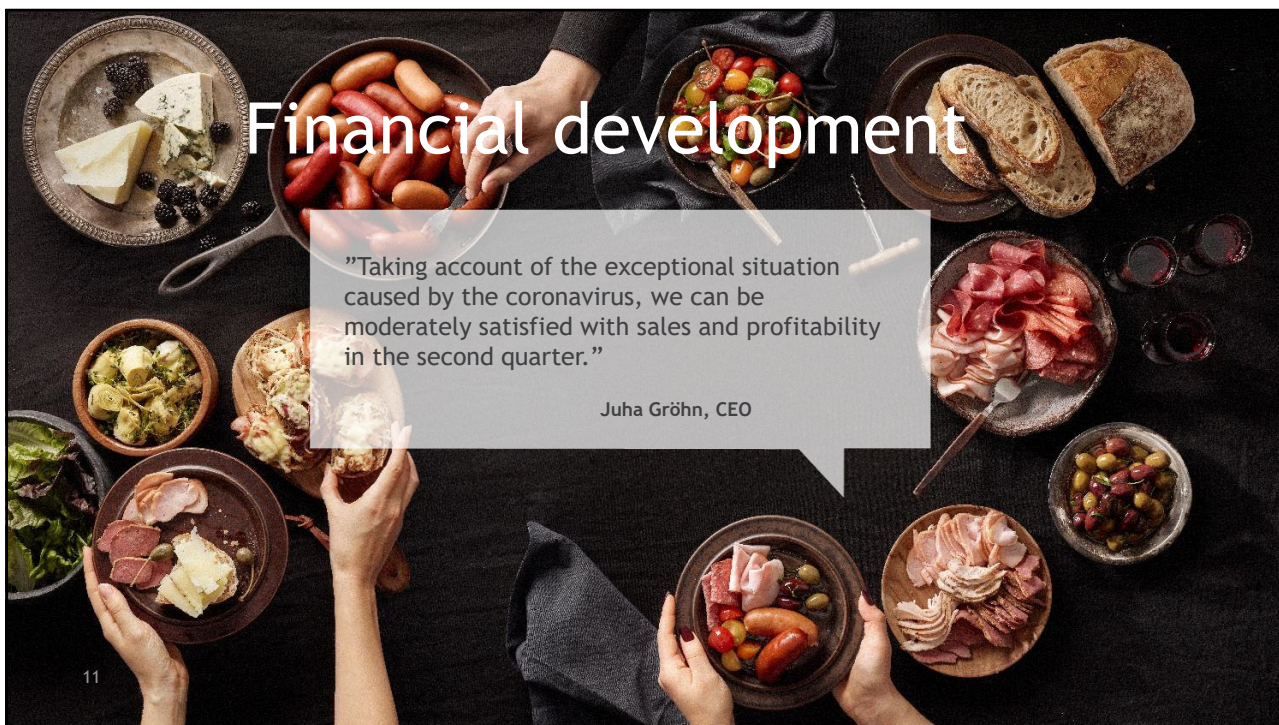
EUR Million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	13.3	18.5	29.4	34.2	73.8
EBIT	-1.4	-0.3	-2.8	-2.5	-4.0
EBIT %	-10.7 %	-1.6 %	-9.4 %	-7.2 %	-5.5 %

- **In April-June** sales to retail increased, with Casademont sales in particular being strong.
- Sales to Food Service and fast food customers decreased significantly in April, but began to recover at the end of May.
- In June sales of Sibylla products were already considerably better year-on-year.
- The drop in earnings was a result of weakening sales and unfavourable sales structures.
- Measures taken to prevent the spread of corona infections at production facilities caused some additional costs.
- **In January-June** net sales weakened year-on-year, which was due to the severe disruption caused by the coronavirus pandemic in the Food Service and fast food markets in April-May.
- The reduced sales volumes in the Food Service and fast food channels weighed down earnings.
- The effects of the coronavirus pandemic on Atria Russia's business environment were minor during the first quarter. The sales volumes in April-May fell considerably due to the pandemic as a result of the restrictions enacted. Sales numbers turned again to growth starting from the end of May.

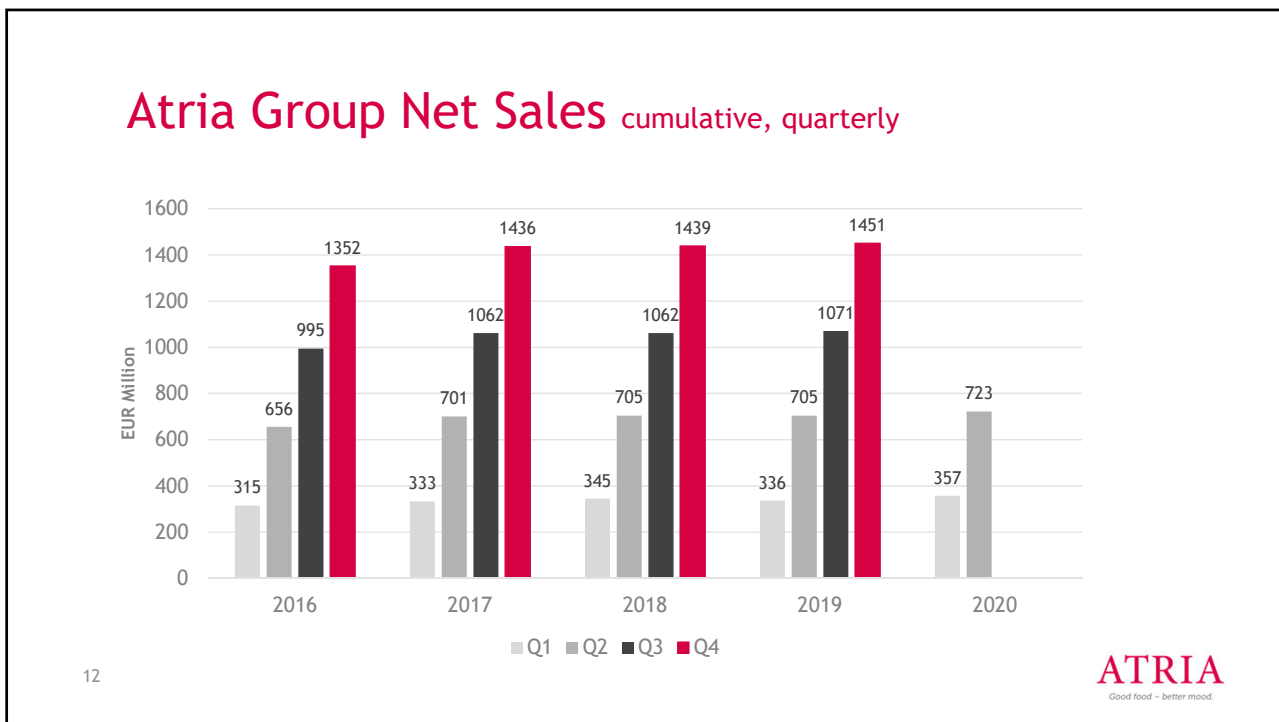
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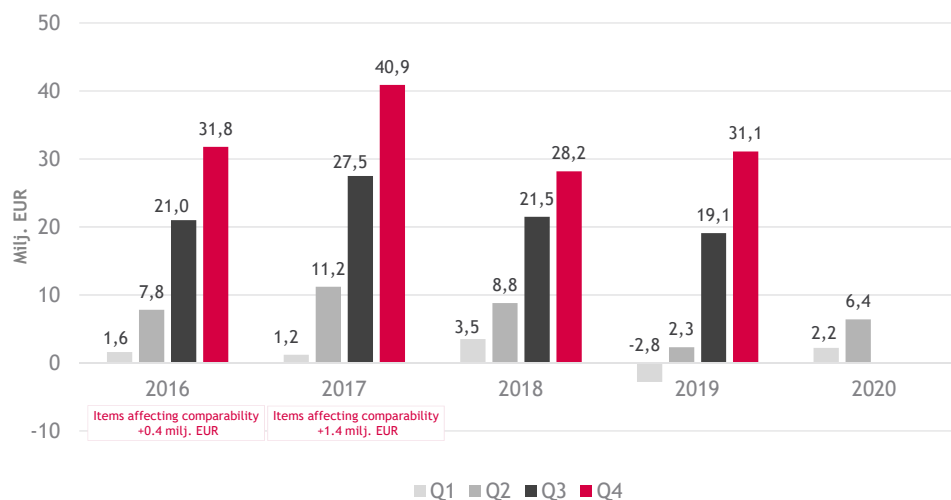


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Atria Group EBIT cumulative, quarterly



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Atria Group Financial indicators 1 January - 30 June 2020

EUR million	30.6.2020	30.6.2019	31.12.2019
Shareholder's equity per share, EUR	14.24	14.23	14.85
Interest-bearing liabilities	263.0	274.0	228.3
Equity ratio, %	43.8 %	43.8 %	46.9 %
Net gearing, %	59.7 %	65.7 %	51.6 %
Gross investments	23.4	22.5	40.1
Gross investments, % of net sales	3.2 %	3.2 %	2.8 %
Average number of employees	4,515	4,532	4,454

- The Group's interest-bearing liabilities increased more than net liabilities from the turn of the year, a total of EUR 34.7 million. The higher increase in interest-bearing liabilities resulted from the company's decision to increase cash funds due to financial market instability caused by the coronavirus pandemic.
- During the review period, consolidated free cash flow (operating cash flow - cash flow from investments) was EUR -4.9 million (EUR -0.3 million).
- The total translation differences with the Swedish krona and the Russian rouble recognised in equity decreased equity by EUR 5.4 million (EUR +3.0 million) in January-June.
- On 30 June 2020, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2019: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 2 years 7 months (31 December 2019: 3 years 2 months).

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Atria Group Income statement

EUR million	Q2		H1		
	2020	2019	2020	2019	2019
NET SALES	366.3	368.9	723.0	705.3	1,451.3
Cost of goods sold	-330.3	-330.4	-653.1	-636.5	-1,288.5
GROSS PROFIT	36.0	38.5	69.9	68.8	162.7
% of Net sales	9.8 %	10.4 %	9.7 %	9.8 %	11.2 %
Other income	0.7	1.0	1.7	1.6	3.2
Other expenses	-32.6	-34.4	-65.2	-68.1	-134.9
EBIT	4.1	5.1	6.4	2.3	31.1
% of Net sales	1.1 %	1.4 %	0.9 %	0.3 %	2.1 %
Financial income and expenses	-0.8	-1.3	-2.2	-2.5	-5.6
Income from joint ventures and associates	0.2	-0.3	0.6	-0.1	0.6
PROFIT BEFORE TAXES	3.6	3.5	4.7	-0.3	26.2
Income taxes	-1.3	-1.0	-1.7	-1.3	-9.2
PROFIT FOR THE PERIOD	2.3	2.4	3.0	-1.5	17.0

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Atria Group Cash flow statement

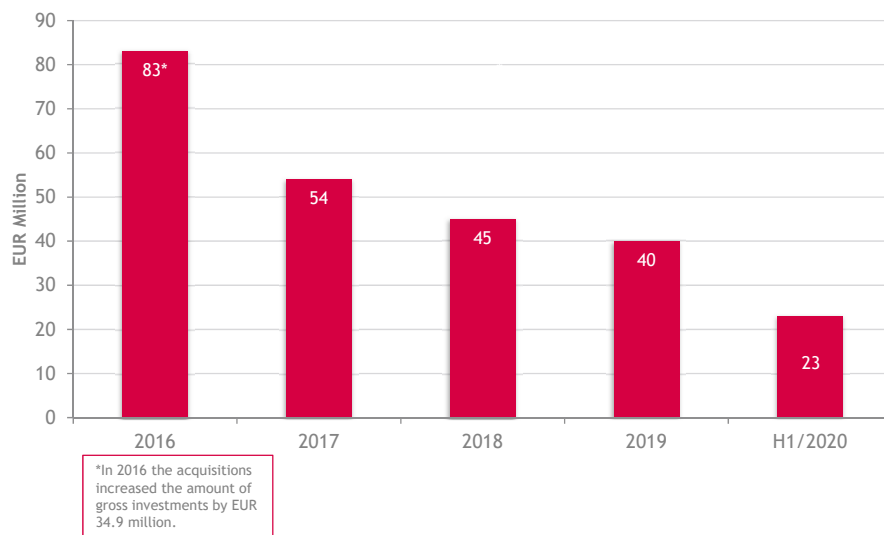
EUR million	H1		
	2020	2019	2019
Cash flow from operating activities	21.5	29.1	102.9
Financial items and taxes	-4.2	-6.7	-14.4
NET CASH FLOW FROM OPERATING ACTIVITIES	17.2	22.3	88.5
Investing activities to tangible and intangible assets	-22.8	-22.9	-39.4
Change in non-current receivables	0.5	0.4	2.3
Dividends	0.4	0.1	0.1
Change in current receivables	-0.2	-0.2	-0.1
NET CASH USED IN INVESTING ACTIVITIES	-22.1	-22.6	-37.1
FREE CASH FLOW	-4.9	-0.3	51.4
Changes in interest-bearing liabilities	26.2	8.0	-39.9
Dividends paid	-11.9	-11.6	-11.6
NET CASH USED IN FINANCING ACTIVITIES	14.3	-3.6	-51.5
CHANGE IN LIQUID FUNDS	9.4	-3.8	-0.1

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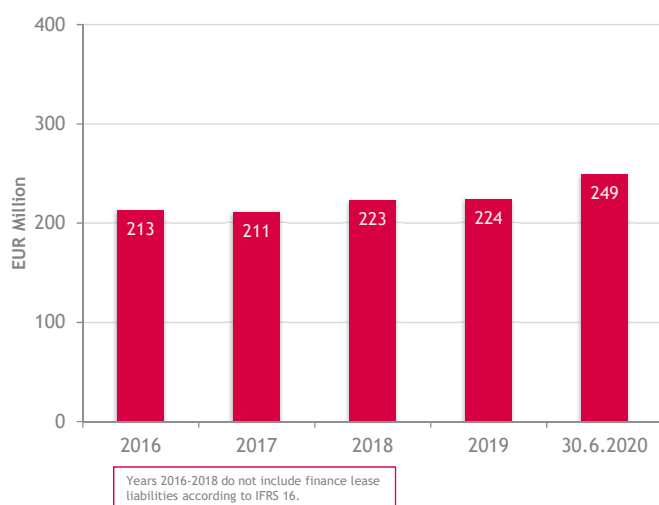
Atria Group Gross investments



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Atria Group Net debts

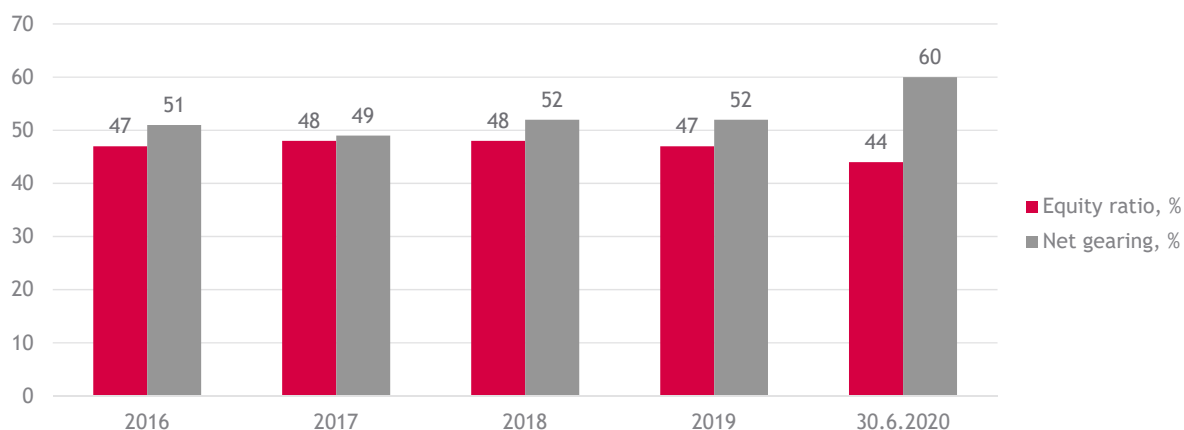


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Atria Group Equity ratio & Net gearing



Years 2016-2018 do not include finance lease liabilities according to IFRS 16.

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Business risks in the review period and short-term risks 1/2

- The coronavirus pandemic (COVID-19) of the first half and the measures taken to prevent it were Atria's most significant risk event. The closures and restrictions implemented in different countries, the uncertainty about the duration of the pandemic, the geopolitical uncertainties, the effects on the national economy and market for food stuffs, and rapid changes in the financial markets showed themselves more clearly as risk factors in April-June. The instability of the business environment has required flexible operations from Atria to adjust to guidelines, closures and restrictions from the authorities in each business area.
- At Atria the most significant coronavirus risks are related to the health of personnel and to Atria's sales, earnings and cash flow. In the period under review, Atria has focus on safeguarding the health and working capacity of personnel by using PPE and hand washing hygiene, information and guidance, recommending remote working, and promoting social distancing in all premises and situations. Visits and travelling have been limited.
- Maintaining delivery reliability of products has been important in the entire Group. Production has been adjusted to demand, and new operation methods have always been adopted when needed. There are cost risks associated with the rapid adjustments made to production. Capacity adjustments, overtime, maintaining occupational safety, and increased hygiene requirements have increased costs. Risk evaluation of purchasing pipelines for procurement and stockpiling practices have prevented shortages in raw materials and supplies.

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Business risks in the review period and short-term risks 2/2

- The earnings risk associated with the sales structure was realised in the half when Food Service sales shrank in multiple business areas. Potential risks of a pandemic in the near future include credit losses for Food Service customers. Atria's financing position and cash flow have remained good in the review period. States have revitalised the economy by providing support and stimulus packages during the pandemic. For Atria, the most significant support package has been the 2.6 per cent reduction in the employer's pension contribution (TyEL) in Finland for the period covering 1 May to 31 December 2020. The key support model in Sweden has been the removal of the sick leave waiting period and the compensation paid by the state during sick leaves.
- Uncertainty factors for the sales and earnings of the end of the year include travel restrictions, changes in domestic demand and the possible prolongation of this exceptional situation. Uncertainty factors in long term forecasting include the duration of the economic downturn and the unemployment level. The above risks occur in all of Atria's business areas, but their emphasis may vary depending on how sales have previously been distributed across different sales channels and how long and to what extent the restrictions of COVID-19 will be in force in each country.
- The corona pandemic has not ruled out other usual risks in Atria's operations, such as a significant animal disease, product quality and safety or various hazard risks. These risks are managed and risk-related precautionary measures are taken, even in the midst of the crisis.

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Outlook for the future

- In 2020, Atria Group's EBIT is estimated to be higher than in 2019 (EUR 31.1 million).
- Atria operates mainly in the retail and Food Service markets in Finland and Sweden. The strong and rapid changes in the global meat market will have a greater impact on the company's development and reduce predictability.
- Consumption of poultry meat is expected to continue to increase, while consumption of red meat is expected to decline slightly. Atria has increased its meat exports, and pork exports to China, for example, are expected to increase during 2020.
- The coronavirus pandemic that began in early 2020 has caused strong and rapid changes in the business environment in the food industry. This has further hindered the predictability of the company's development. Immediate effects related to Atria's business include national restrictions on restaurant operations and public food services, which reduce sales to Food Service customers. During the coronavirus epidemic, the importance of daily food is expected to strengthen.
- The possible weakening of consumer purchasing power will also affect food purchases and may shift the sales structure of Atria's products into an unfavorable direction.

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