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Half Year Financial Report

2018

## Atria Group 1 January - 30 June 2018

	Q2	Q2	H1	H1	
EUR million	2018	2017	2018	2017	2017
Net sales	359.1	368.4	704.6	701.0	1,436.2
EBIT	5.4	10.0	8.8	11.2	40.9
EBIT %	1.5 %	2.7 %	1.3 %	1.6 %	2.8 %
Adjusted EBIT	5.4	10.0	8.8	11.2	39.6

- Atria Group's net sales stable. The profits for the second quarter fell short of expectations.
- The weakened Swedish krona and Russian rouble brought down the Group's net sales in the second quarter.
- Atria Finland's net sales and EBIT increased at the beginning of the year.
- Atria Sweden's weak EBIT reduced the Group's EBIT during the first half of the year.
- Atria Plc lowered its EBIT and net sales forecast for 2018 after the end of the review period. The full-year EBIT of the Group is expected be lower than EBIT in 2017. Net sales are expected to remain at the 2017 level.

## Atria Finland 1 Jan - 30 June 2018

EUR million	Q2		H1		2017
	2018	2017	2018	2017	
Net sales	254.9	252.4	500.5	480.6	986.4
EBIT	6.9	7.7	13.6	11.8	36.3
EBIT %	2.7 %	3.1 %	2.7 %	2.5 %	3.7 %
Adjusted EBIT	6.9	7.7	13.6	11.8	36.3

- The half-year review indicates better profit level to Atria Finland, although profits weakened slightly in the second quarter year-on-year.
- EBIT was brought down by increased costs.
- Sales to retail and Food Service customers were up from the year before.
- Atria's sales to retail increased faster than the total market and especially the sales trends of Atria's brand products have been strong during the beginning of the year.
- Atria's supplier share at the beginning of the year was 25 per cent. Atria continues as the market leader in the poultry market with a market share of approximately 50 per cent. (Source: Atria)
- Finland's Food Service market grew by approximately 3 per cent during the first half of the year. Atria's sales increased faster than the market, and Atria's supplier share in the Food Service market was approx. 23 per cent. (Source: Atria)

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## Atria Finland

- Atria's Finnish grass-fed beef sirloin steak was selected world's best steak in the fourth annual World Steak Challenge competition held in London in July. Atria's Danish partner, JN Meat International, participated in the competition with Atria's beef products and came first place in as many as four categories out of six.
- The construction work at Atria's solar power park continued in April. Atria is building the largest solar power park in Finland at Atria's Nurmo production plant. The solar power park is estimated to be fully ready for commissioning in autumn 2018. Over 24,000 solar panels will be installed on roofs and at ground level on the factory site and they will generate 5,600 MWh of electricity annually.



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## Atria Sweden 1 Jan - 30 June 2018

EUR million	Q2		H1		2017
	2018	2017	2018	2017	
Net sales	71.7	78.4	141.3	151.0	307.2
EBIT	-1.8	0.9	-5.0	0.3	2.4
EBIT %	-2.5 %	1.2 %	-3.6 %	0.2 %	0.8 %
Items affecting comparability:					
- Divestment of subsidiary	-	-	-	-	1.4
Adjusted EBIT	-1.8	0.9	-5.0	0.3	1.0

- Atria Sweden's net sales for April-June were brought down by the weakened Swedish krona and decreased sales to retail.
- Profits were brought down by increased raw material costs, the poor profitability of poultry operations, and employee arrangements at the beginning of the year.
- The profitability of poultry operations weakened due to the price pressure caused by the sluggishness in the market at the beginning of the year and an unfavourable sales structure.
- The profits were also burdened by the commissioning costs of the new technology at the poultry plant.
- During the second quarter, the commissioning of the renewed poultry plant continued according to plan.

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## Atria Sweden

- Atria Sweden's supplier share in cold cuts and cooking sausages remains stable. The supplier share of poultry products in retail trade improved year-on-year.
- Atria launched several new products during the period under review. For example, the sales of chicken cold cuts under the Lönneberga brand and the sales of the new Lithells and Lagerbergs barbecue products got off to a good start.
- New packaging innovations were presented in packaging for cold cuts and cooking sausages.



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## Atria Denmark&Estonia 1 Jan - 30 June 2018

EUR million	Q2	Q2	H1	H1	2017
	2018	2017	2018	2017	
Net sales	24.3	25.2	47.4	48.6	98.9
EBIT	1.4	1.3	2.7	2.4	5.2
EBIT %	5.6 %	5.0 %	5.6 %	5.0 %	5.2 %
Adjusted EBIT	1.4	1.3	2.7	2.4	5.2

- The profits of Atria Denmark&Estonia business area was good.
- Atria Estonia's sales to retail increased throughout the first half of the year. In Denmark, sales have decreased slightly.
- EBIT of the whole business area increased slightly thanks to good cost management and a favourable sales structure.
- In Denmark, the sales of Aalbaek organic cold cuts has improved in all product categories.
- In Estonia, the sales of new products for the summer season has started well.

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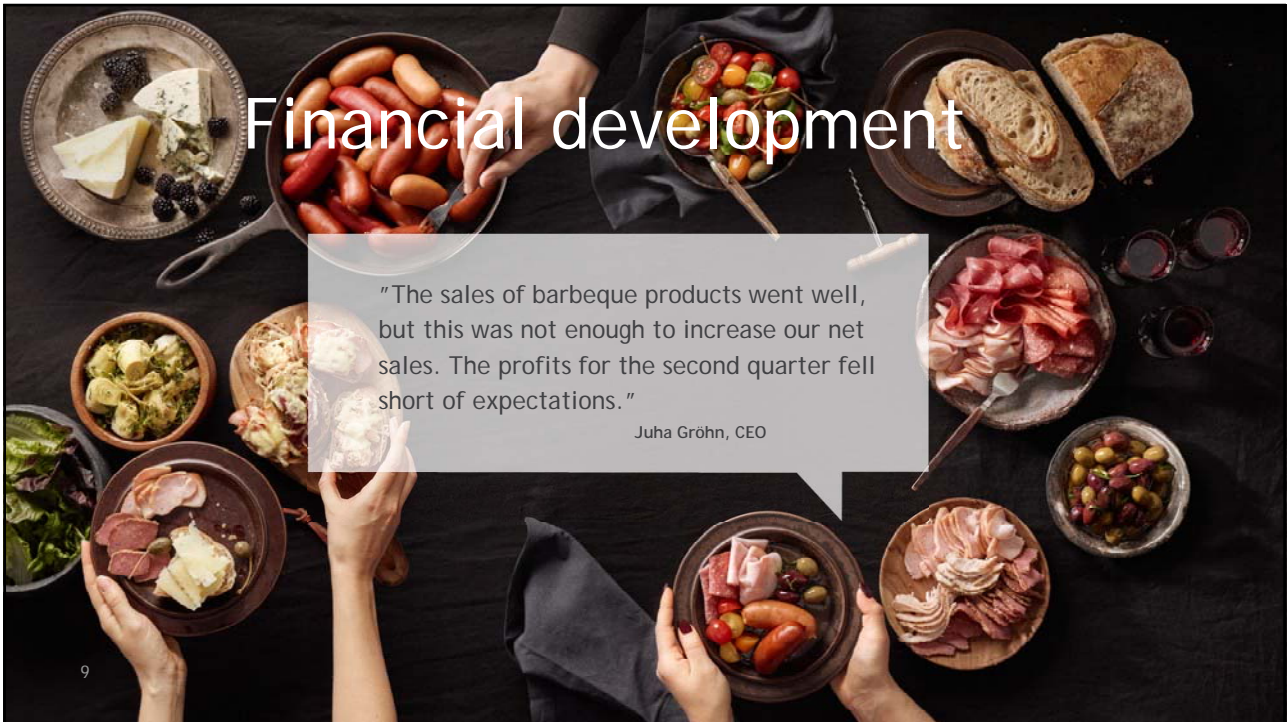
## Atria Russia 1 Jan - 30 June 2018

EUR million	Q2	Q2	H1	H1	2017
	2018	2017	2018	2017	
Net sales	18.5	22.9	35.8	41.6	85.7
EBIT	-0.1	0.5	-0.7	-1.2	0.8
EBIT %	-0.3 %	2.2 %	-1.9 %	-2.9 %	0.9 %
Adjusted EBIT	-0.1	0.5	-0.7	-1.2	0.8

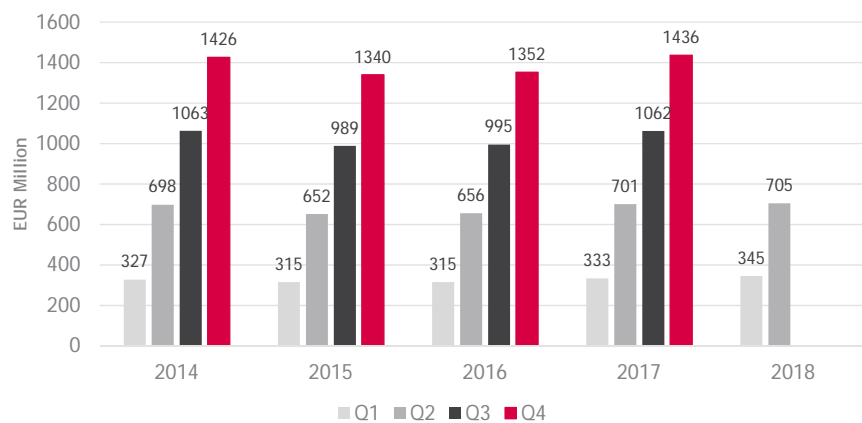
- The decrease in net sales of Atria Russia was caused by the weakening of the Russian rouble and decreased sales to retail.
- EBIT for April-June was brought down by decreased sales volumes to retail and increased raw material prices.
- EBIT for January-June was better than during the corresponding period last year thanks to improved sales structure and good cost efficiency.
- Ilari Hyrynen started as Director of the Atria Russia business area on 9 July 2018.

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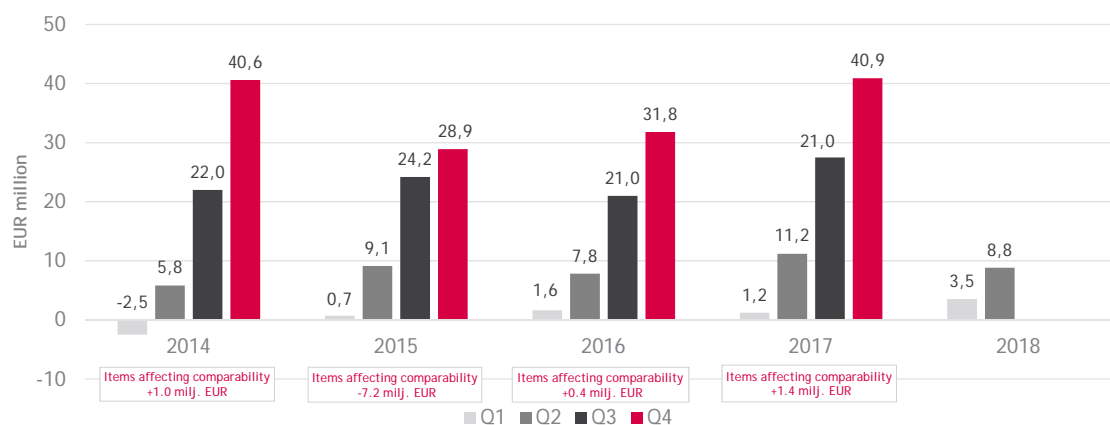
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## Atria Group Net Sales cumulative, quarterly



## Atria Group EBIT cumulative, quarterly



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## Atria Group Financial indicators 1 Jan - 30 June 2018

EUR million	30 June 2018	30 June 2017	2017
Shareholder's equity per share, EUR	14.35	14.17	14.81
Interest-bearing liabilities	251.4	251.2	214.3
Equity ratio, %	45.4 %	45.0 %	47.5 %
Net gearing, %	59.7 %	59.6 %	49.0 %
Gross investments	24.1	24.9	53.9
Gross investments, % of net sales	3.4 %	3.6 %	3.8 %
Average number of employees	4,500	4,505	4,449

- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -25.5 million (EUR -20.5 million).
- The Group's investments during the period totalled EUR 24.1 million (EUR 24.9 million).
- The total translation differences with the Swedish krona and the Russian rouble recognised in equity decreased equity by EUR 6.8 million (EUR -2.7 million) in January-June.
- The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 1 month (31 December 2017: 3 years 4 months).

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## Atria Group Income statement

EUR million	Q2		H1		
	2018	2017	2018	2017	2017
NET SALES	359.1	368.4	704.6	701.0	1,436.2
Cost of goods sold	-320.7	-322.8	-630.5	-619.3	-1,262.9
GROSS PROFIT	38.4	45.7	74.0	81.6	173.3
<i>% of Net sales</i>	10.7 %	12.4 %	10.5 %	11.6 %	12.1 %
Other income	1.2	0.8	2.0	1.6	5.7
Other expenses	-34.3	-36.5	-67.2	-72.0	-138.1
EBIT	5.4	10.0	8.8	11.2	40.9
<i>% of Net sales</i>	1.5 %	2.7 %	1.3 %	1.6 %	2.8 %
Financial income and expenses	-1.5	-2.1	-3.8	-3.5	-7.3
Income from jointventures and associates	0.1	0.4	0.1	1.4	1.9
PROFIT BEFORE TAXES	3.9	8.3	5.1	9.1	35.5
Income taxes	0.7	-1.3	0.2	-2.2	-7.1
PROFIT FOR THE PERIOD	4.6	7.0	5.4	6.9	28.4

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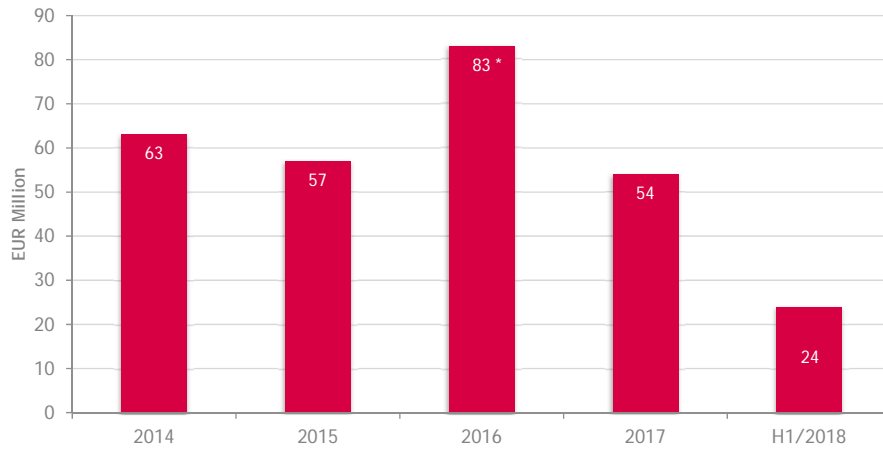
## Atria Group Cash flow statement

EUR million	H1	H1	2017
	2018	2017	
Cash flow from operating activities	5.3	13.0	82.3
Financial items and taxes	-7.1	-11.7	-17.8
NET CASH FLOW FROM OPERATING ACTIVITIES	-1.9	1.2	64.5
Investing activities, tangible and intangible assets	-24.1	-25.4	-53.1
Sold operations	-	-	4.0
Change in non-current receivables	-0.7	2.9	2.3
Dividends received from investments	0.2	0.7	0.8
Change in other investments	1.0	0.0	0.7
NET CASH USED IN INVESTING ACTIVITIES	-23.6	-21.8	-45.3
FREE CASH FLOW	-25.5	-20.5	19.2
Changes in interest-bearing liabilities	37.1	33.3	-3.5
Dividends paid	-14.8	-13.1	-13.1
NET CASH USED IN FINANCING ACTIVITIES	22.3	20.2	-16.6
CHANGE IN LIQUID FUNDS	-3.1	-0.4	2.6

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## Atria Group Gross investments

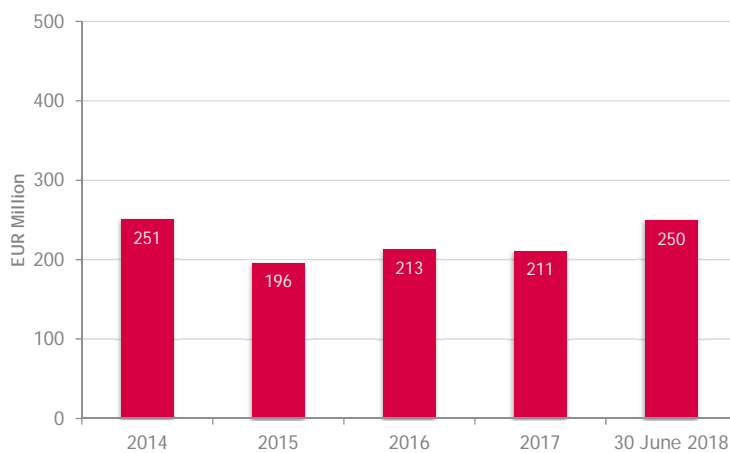


\* In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.

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## Atria Group Net debts

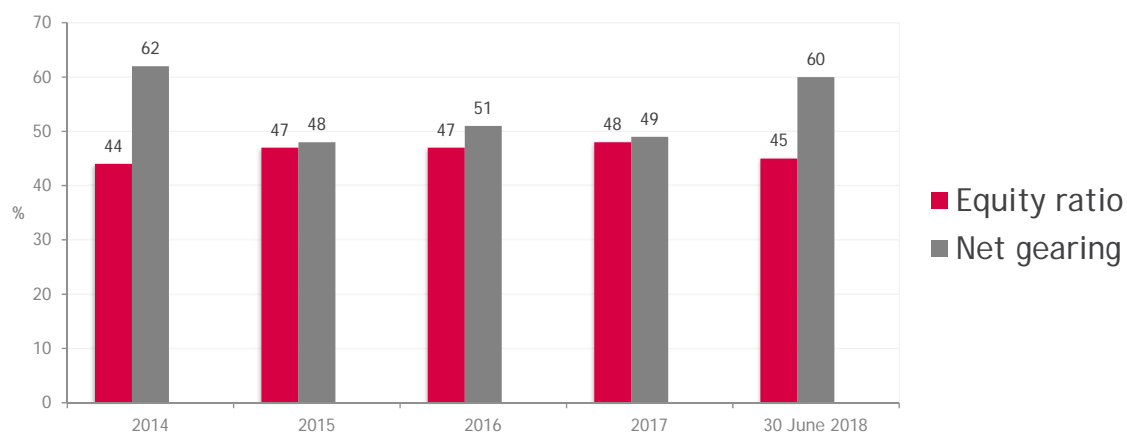


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## Atria Group Equity ratio & Net gearing



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## Events after the period under review

- Atria Plc lowered its EBIT and net sales forecast for 2018. The company predicts the full-year EBIT of the Group to be lower than EBIT in 2017. Net sales are expected to remain at the 2017 level.
- According to Atria's earlier forecast, "The Group's EBIT was EUR 40.9 million in 2017. In 2018, EBIT is expected to be better than in 2017. In 2018, net sales are expected to grow."
- The reason for the adjustment of the EBIT forecast is Atria's Sweden's profits during the beginning of the year, which were weaker than expected. The weakened Swedish krona and Russian rouble are weakening the Group's net sales.

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## Business risks in the period under review and short-term risks

- Incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, are ordinary short-term risks in Atria's business environment. Price trends for raw materials, the general economic climate, market development and competitors' operations can give rise to uncertainty in terms of trends in the demand for Atria's products.
- Other potential short-term uncertainties in Atria's operations are related to implementing the strategy and maintaining or improving the financial results of business areas. African swine fever continues to cause disruption in Estonia. There is a risk of it spreading to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities, and strives to manage the risk.
- Changes in the value of the Russian rouble and the Swedish krona are reflected in the Group's euro-denominated net sales, result and equity. A more detailed description of the risks related to the Group's operations was provided in the 2017 annual report.

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## Outlook for the future

- The consolidated EBIT in 2017 was EUR 40.9 million. In 2018, EBIT is expected to be lower than in 2017. In 2018, net sales are expected to remain at the 2017 level.

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