

# Atria Plc

## 1 January – 30 June 2012

CEO  
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26 July, 2012

# Atria Group

Review 1 January – 30 June 2012

| € Million             | Q2<br>2012 | Q2<br>2011 | H1<br>2012 | H1<br>2011 | 2011    |
|-----------------------|------------|------------|------------|------------|---------|
| Net sales             | 333.3      | 333.6      | 641.8      | 637.6      | 1,301.9 |
| EBIT                  | 5.7        | -0.9       | 5.8        | -5.2       | 8.0     |
| EBIT %                | 1.7        | -0.3       | 0.9        | -0.8       | 0.6     |
| Profit before taxes   | 2.8        | -4.4       | -0.2       | -10.9      | -4.7    |
| Earnings per share, € | 0.05       | -0.15      | -0.14      | -0.34      | -0.24   |
| Extraordinary items*  | 0.0        | 0.6        | 0.0        | 0.1        | -2.2    |

\*Extraordinary items are included in the reported figures.

- **Atria Group's** EBIT for H1 grew to EUR 5.8 million (EUR -5.2 million)
- Net sales amounted to EUR 641.8 million (EUR 637.6 million)
- Atria Finland's EBIT increased to EUR 13.0 million (EUR 3.2 million)
- Atria Scandinavia's EBIT fell to EUR 1.9 million (EUR 5.0 million)
- Atria Russia's EBIT improved to EUR -5.3 million (EUR -11.1 million)
- The Group's equity ratio was 39.1 per cent (31 December 2011: 39.5%)
- The new strategy focuses on strengthening core business and improving productivity

## Atria Finland

### Review 1 January – 30 June 2012

| € Million            | Q2<br>2012 | Q2<br>2011 | H1<br>2012 | H1<br>2011 | 2011  |
|----------------------|------------|------------|------------|------------|-------|
| Net sales            | 204.6      | 203.0      | 393.0      | 389.3      | 793.7 |
| EBIT                 | 7.8        | 2.6        | 13.0       | 3.2        | 19.3  |
| EBIT %               | 3.8        | 1.3        | 3.3        | 0.8        | 2.4   |
| Extraordinary items* | 0.0        | 0.0        | 0.0        | 0.0        | -1.8  |

\*Extraordinary items are included in the reported figures.

- **Atria Finland's** Q2/2012 net sales totalled EUR 204.6 million (EUR 203.0 million), showing growth of EUR 1.6 million year-on-year. The EUR 7.8 million EBIT (EUR 2.6 million) was EUR 5.2 million higher than the EBIT for the corresponding period last year.
- H1/2012 net sales increased by EUR 3.7 million to EUR 393.0 million (EUR 389.3 million). The EUR 13.0 million EBIT (EUR 3.2 million) for the period was EUR 9.8 million higher than the EBIT for the corresponding period last year.
- The growth of net sales was slowed down by a decrease in pork slaughter volumes. The substantial increase in EBIT in the first half of the year was due to an improved sales structure, implemented efficiency improvement measures and higher sales prices.

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## Atria Finland

- Taking into account all types of meat, prices of domestic meat as raw material were approximately 7 per cent higher than in the same period last year.
- According to Atria's own estimate, its market share in the retail trade was approximately 25 per cent in H1/2012. The sale of products under the new Family Farm Chicken concept was particularly successful.
- The modernisation of the Kauhajoki bovine slaughterhouse and cutting plant and the Seinäjoki chicken hatchery are progressing as planned.
- The new bovine slaughterhouse in Kauhajoki will enable to trace valuable parts of cattle all the way to the farm. In the first phase, traceability will cover beef and organic meat products. Packaging will contain information on the name and location of the farm.



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## Kauhajoki bovine slaughterhouse 2013



## Atria Scandinavia

Review 1 January – 30 June 2012

| € Million            | Q2<br>2012 | Q2<br>2011 | H1<br>2012 | H1<br>2011 | 2011  |
|----------------------|------------|------------|------------|------------|-------|
| Net sales            | 95.0       | 95.8       | 184.5      | 183.6      | 374.9 |
| EBIT                 | 1.8        | 2.7        | 1.9        | 5.0        | 13.8  |
| EBIT %               | 1.9        | 2.8        | 1.1        | 2.7        | 3.7   |
| Extraordinary items* | 0.0        | 0.0        | 0.0        | 0.0        | 0.7   |

\*Extraordinary items are included in the reported figures.

- **Atria Scandinavia's Q2/2012** net sales totalled EUR 95.0 million (EUR 95.8 million), representing a fall of EUR 0.8 million year-on-year. In the local currency, net sales decreased by 1.7 per cent compared to the previous year. The EUR 1.8 million EBIT (EUR 2.7 million) was EUR 0.9 million lower than in the comparison period.
- H1/2012 net sales increased by EUR 0.9 million to EUR 184.5 million (EUR 183.6 million). In the local currency, net sales were at the same level as last year. The EUR 1.9 million EBIT (EUR 5.0 million) for the period was EUR 3.1 million lower than in the comparison period.
- The reason for the decrease in EBIT was the higher price of meat raw material. Atria has not been able to pass on all of the increased raw material costs to sales prices.

## Atria Scandinavia

- A upward trend has been seen in the sale of Atria's own brands, but the sale of products sold under private labels has fallen.
- The market share of cold cut products strengthened in both Sweden and Denmark. The sale of Food Service products has increased markedly.
- Atria is investing approximately EUR 4.7 million in new production equipment for the Malmö plant. The manufacture of ham products and the slicing of cold cuts will be transferred from the Halmstad plant to the Malmö plant. The Halmstad plant will be closed down after the production transfer.
- The programme is expected to generate annual cost savings of approximately EUR 1.5 million. The savings will begin to materialise in 2012 and will be fully effective from the beginning of 2013.



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## Atria Russia

Review 1 January – 30 June 2012

| € Million            | Q2 2012 | Q2 2011 | H1 2012 | H1 2011 | 2011  |
|----------------------|---------|---------|---------|---------|-------|
| Net sales            | 31.3    | 32.5    | 59.6    | 60.8    | 123.0 |
| EBIT                 | -2.0    | -5.6    | -5.3    | -11.1   | -18.9 |
| EBIT %               | -6.4    | -17.1   | -9.0    | -18.3   | -15.4 |
| Extraordinary items* | 0.0     | 0.0     | 0.0     | 0.0     | 0.0   |

\*Extraordinary items are included in the reported figures.

- **Atria Russia's** Q2/2012 net sales amounted to EUR 31.3 million (EUR 32.5 million). In the local currency, net sales decreased by 3.5 per cent year-on-year. EBIT was EUR -2.0 million (EUR -5.6 million), showing an improvement of EUR 3.6 million over the comparative period.
- H1/2012 net sales decreased by EUR 1.2 million to EUR 59.6 million (EUR 60.8 million). H1/2012 EBIT was EUR -5.3 million (EUR -11.1 million), showing an improvement of EUR 5.8 million year-on-year.
- This substantial increase was due to implemented efficiency improvement measures, price increases and the streamlining of the product range. The development of net sales was slowed down by the reduction of the product range and the decrease in sales volumes in Moscow.

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## Atria Russia

- Atria is the market leader in the product groups it represents in St Petersburg.
- During the review period, a marketing programme was initiated in order to boost the sales of the revamped Campomos product range and new Campomos products.
- Atria Russia launched a programme aimed at improving productivity at the Sinyavino and Gorelovo plants in St Petersburg. These measures are expected to generate annual cost savings of around EUR 2.0 million, which will be fully realised from the beginning of 2013.



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## Atria Russia - Strategy summary

### Vision

*The first choice for consumers and customers in fresh food in St. Petersburg region and profitable, continuously renewing supplier in chosen segments in Moscow region.*



### Strategy 2010 – 2013

1. Dramatically improve business actions in Moscow
2. Strengthen market position in St. Petersburg

### Strategic tools

- |  |  |  |
|--|--|--|
| 1. Achieving sustainable competitive advantage through product leadership. | 2. Total renewal of organisation structure, functions and management system. | 3. Developing raw material supply and management and receipt optimization (incl. quality). |
| 4. Profitable sales increasing outside modern retail.                      | 5. Aggressive growth of Sibylla business                                     | 6. Driving rapid profitability enhancement and reducing working capital.                   |

### Mission

*Good food – better mood*

## Atria Russia Change Program 2011-2013

| 3 Key Goals          | Schedule       |
|----------------------|----------------|
| 1) Positive EBITDA   | Year 2012      |
| 2) Positive EBIT     | During H2/2013 |
| 3) Profitable growth | 2013→          |

## Development Atria Russia is stable and sustainable

- Financial performance remained positive for four quarters in a row (Q3-4/2011, Q1-Q2/2012).
  - Financial development on schedule.
- New organization and management system change is implemented.
- Russia's retail trade is currently developing positively (+ 7% in H1/2012).
- Industrial restructuring will be implemented on schedule during 2012-2013 – the cost-effectiveness improvements are permanent.
- Gorelovo minced meat production line is certified according to FSSC 22 000 first in Russia. The whole plant is certified by the end of the year.
- Sibylla business shows strong development.



## Atria Russia: Opportunities and Threats

### Opportunities:

- Russian markets continues to grow.
- Positive development of sales volumes in Moscow retail trade (profitable portfolio).
- Market share growth in St. Petersburg & Moscow.
- New accounts (HoReCa and public sector).
- Industrial restructuring completed during 2012-2013.
- Growth of Sibylla business.



### Threats:

- Rapid increase in raw material prices.
- Strong depreciation of the ruble exchange rate.

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## Atria Baltic Review 1 January – 30 June 2012

| € Million            | Q2 2012 | Q2 2011 | H1 2012 | H1 2011 | 2011 |
|----------------------|---------|---------|---------|---------|------|
| Net sales            | 9.1     | 9.1     | 17.0    | 17.3    | 35.2 |
| EBIT                 | -0.4    | 0.2     | -0.9    | 0.0     | -2.2 |
| EBIT %               | -4.3    | 2.5     | -5.4    | 0.1     | -6.1 |
| Extraordinary items* | 0.0     | 0.6     | 0.0     | 0.9     | -0.3 |

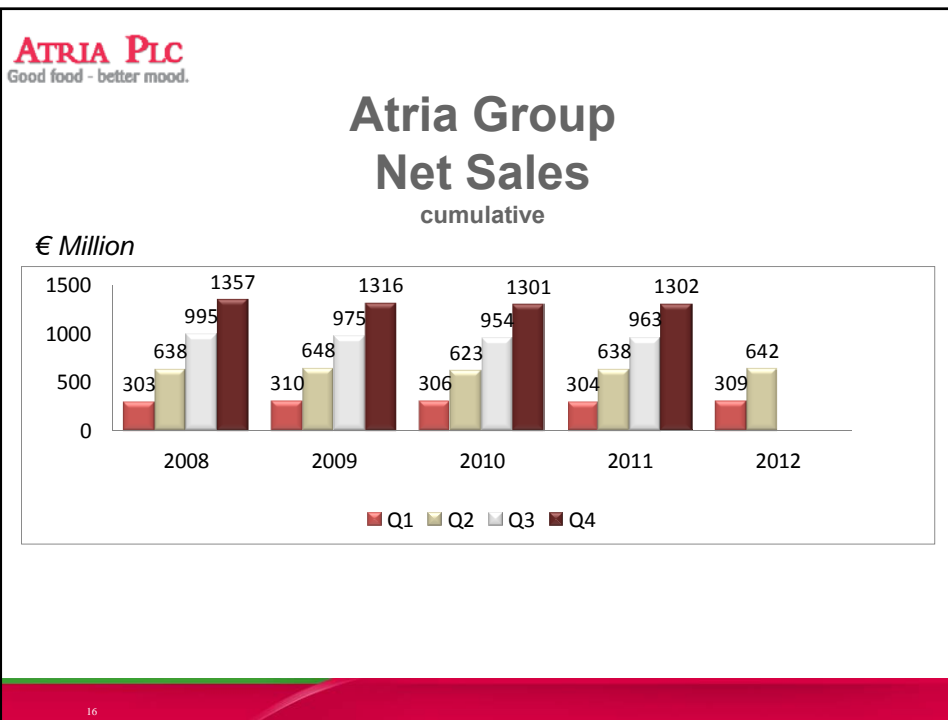
\*Extraordinary items are included in the reported figures.

- **Atria Baltic's** Q2/2012 net sales amounted to EUR 9.1 million (EUR 9.1 million). EBIT was EUR -0.4 million (EUR 0.2 million), which is EUR 0.6 million weaker than in the same period last year. The results for the comparative period contain EUR 0.6 million of non-recurring profit.
- H1/2012 net sales decreased by EUR 0.3 million to EUR 17.0 million (EUR 17.3 million). The H1/2012 EBIT was EUR -0.9 million (EUR 0.0 million). The results for the comparative period contain EUR 0.9 million of non-recurring profit.
- The development of net sales was slowed down by lower sales of primary production. The sluggish development in EBIT was caused by the increase in raw material prices, which could not be fully transferred to sales prices.



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## Financial Development



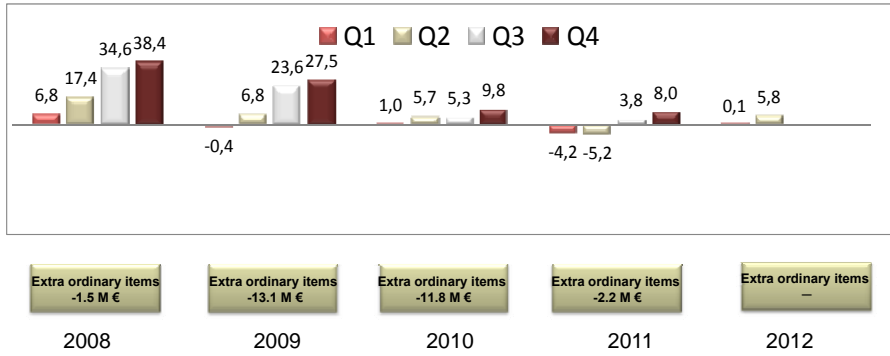


## Atria Group

### EBIT

cumulative

€ Million



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## Atria Group Financial indicators

| € Million                           | 30.6.12 | 30.6.11 | 31.12.11 |
|-------------------------------------|---------|---------|----------|
| Shareholders' equity per share, EUR | 14.59   | 15.02   | 14.81    |
| Interest-bearing liabilities        | 425.1   | 432.7   | 409.4    |
| Equity ratio, %                     | 39.1    | 40.0    | 39.5     |
| Gearing, %                          | 102.3   | 101.3   | 97.1     |
| Net gearing, %                      | 101.0   | 99.3    | 95.5     |
| Gross investments in fixed assets   | 25.7    | 24.4    | 47.0     |
| Gross investments, % of net sales   | 4.0     | 3.8     | 3.6      |
| Average number of employees         | 5,038   | 5,642   | 5,467    |

- At the end of the review period, the amount of undrawn committed credit facilities stood at EUR 151.2 million (Dec 31, 2011: EUR 152.5 million).
- The average maturity of loans and committed credit limits at the end of the review period was 2 years 10 months (Dec 31, 2011: 3 years 1 month).

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## Atria Group Income Statement

| € Million                     | Q2<br>2012 | Q2<br>2011 | H1<br>2012 | H1<br>2011 | 2011     |
|-------------------------------|------------|------------|------------|------------|----------|
| NET SALES                     | 333.3      | 333.6      | 641.8      | 637.6      | 1 301.9  |
| Cost of goods sold            | -290.4     | -298.0     | -565.7     | -573.8     | -1 162.7 |
| GROSS PROFIT                  | 42.9       | 35.6       | 76.1       | 63.8       | 139.2    |
| <i>% of Net sales</i>         | 12.9       | 10.7       | 11.9       | 10.0       | 10.7     |
| Other income                  | 0.6        | 2.2        | 1.2        | 3.6        | 8.4      |
| Other expenses                | -37.9      | -38.7      | -71.5      | -72.6      | -139.7   |
| EBIT                          | 5.7        | -0.9       | 5.8        | -5.2       | 8.0      |
| <i>% of Net sales</i>         | 1.7        | -0.3       | 0.9        | -0.8       | 0.6      |
| Financial income and expenses | -3.8       | -3.6       | -7.3       | -6.5       | -14.1    |
| Income from associates        | 0.9        | 0.1        | 1.3        | 0.7        | 1.4      |
| PROFIT BEFORE TAXES           | 2.8        | -4.4       | -0.2       | -10.9      | -4.7     |
| Income taxes                  | -1.5       | 0.1        | -3.8       | 1.2        | -1.9     |
| PROFIT FOR THE PERIOD         | 1.3        | -4.3       | -4.0       | -9.8       | -6.6     |
| <i>% of Net sales</i>         | 0.4        | -1.3       | -0.6       | -1.5       | -0.5     |
| Earnings/share, €             | 0.05       | -0.15      | -0.14      | -0.34      | -0.24    |

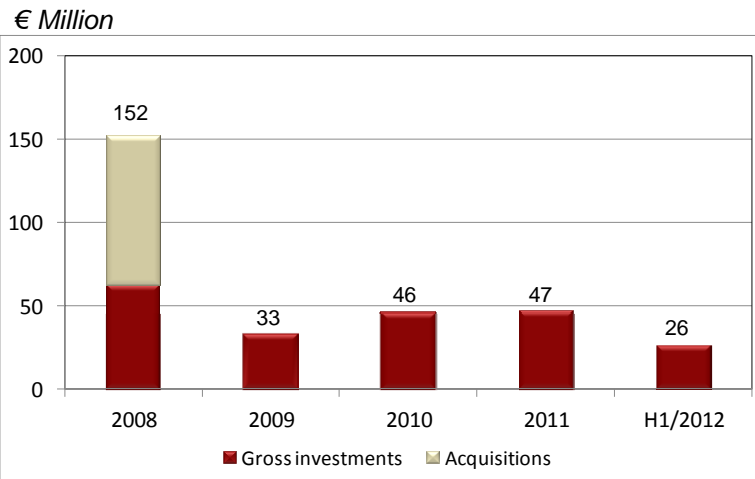
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## Atria Group Cash flow statement

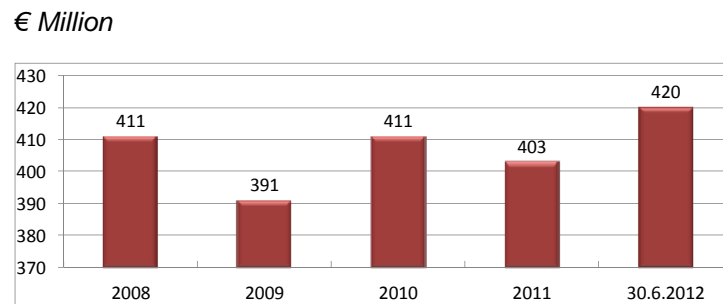
| € Million  | H1<br>2012  | H1<br>2011  | 2011       |
|--|-------------|-------------|------------|
| Cash flow from operating activities                          | 17.3        | 14.7        | 61.0       |
| Financial items and taxes                                    | -4.6        | -5.9        | -10.7      |
| Net cash flow from operating activities                      | 12.7        | 8.8         | 50.3       |
| Investing activities, tangible and intangible assets         | -24.6       | -13.7       | -34.2      |
| Disposal of subsidiary                                       | 0.0         | 2.0         | 2.0        |
| Bought subsidiary  | 0.0         | -6.1        | -6.1       |
| Investments  | 2.3         | 0.3         | -2.5       |
| Net cash used in investing activities                        | -22.3       | -17.5       | -40.8      |
| <b>FREE CASH FLOW</b>  | <b>-9.6</b> | <b>-8.7</b> | <b>9.5</b> |
| Proceeds from non-current borrowings                         | 30.0        | 50.0        | 50.0       |
| Repayments of non-current loans and changes in current loans | -16.3       | -44.3       | -64.2      |
| Dividends paid   | -5.6        | -7.0        | -7.0       |
| Net cash used in financing activities                        | 8.1         | -1.4        | -21.2      |
| CHANGE IN LIQUID FUNDS                                       | -1.5        | -10.1       | -11.7      |

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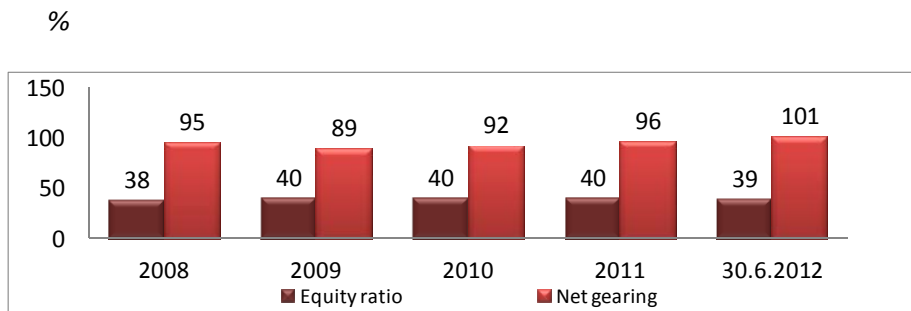
## Atria Group Gross investments



## Atria Group Net debts



## Atria Group Equity ratio & Net gearing



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## Outlook for the future

- The Group's EBIT was EUR 8.0 million in 2011. A considerably higher EBIT is anticipated for 2012. Some growth in net sales is expected for 2012.

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## Strategy 2015

### Atria's ambition

- **Atria is a market leader in selected markets with commercial and industrial excellence in cold cuts and sausages.**

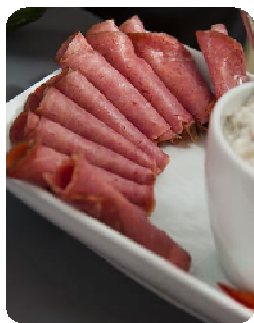


## How do we reach our future ambition?



- 1** Excel in defined core business.
- 2** Commercial success through category leadership.
- 3** Improve margins by operational efficiency.
- 4** Unify the Way We Work and create bold high performance culture.

## Number 1 or strong 2 in all our markets

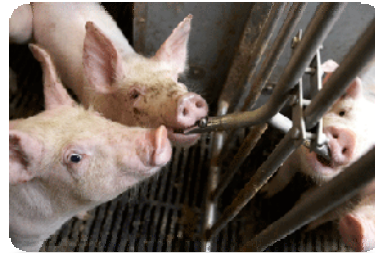


### Why cold cuts and sausages

- High volume and value potential.
- Strong expertise in recipes and production.
- Flexibility in sourcing.
- Strong categories in more or less all countries. Opportunity to cross-country synergies.
- State-of-the-Art product portfolio.

## Is primary production in core?

- In Finland slaughtering and cutting is core business.
- In other business areas primary production is not considered as a core business.



## Commercial success through category leadership

- Best branded products in defined categories.
- Industry leading consumer understanding and segmenting.
- Preferred business partner through winning key account management.
- Creativity and will to make the market.



## Improve margins by operational efficiency



- Industry best processes in region.
- Well managed R&D, productivity, utilization and procurement processes.
- Transparent and controlled upstream activities (established farmer model).

## Unify the Way We Work and create bold high performance culture

- Strategy supportive leadership and corporate values and culture.
- Governance model enabling us to utilize expertise and resources with clear share of roles between HQ and BAs.
- Knowledge exchange and synergies utilized across organization.
- Positive, encouraging atmosphere. No fear for failures!





## Summary

**Number 1 or strong 2 in defined categories  
across our markets**

### Our ambition

Atria is a market leader in selected markets with commercial and industrial excellence in cold cuts and sausages.

### Strategic Focus

Excel in defined core business.

Commercial success through category leadership.

Improve margins by operational efficiency.

Unify the Way We Work and create high performance culture.

**Strategic Work Streams**



**Good food, better mood.**