



# Interim Report 1 January - 30 June 2016

Juha Gröhn, CEO, 21 July 2016

**ATRIA**  
Good food – better mood.

## Atria Group 1 January - 30 June 2016

| EUR million           | Q2    |       | H1    |       | 2015    |
|-----------------------|-------|-------|-------|-------|---------|
|                       | 2016  | 2015  | 2016  | 2015  |         |
| Net sales             | 341.3 | 337.5 | 655.8 | 652.1 | 1,340.1 |
| EBIT                  | 6.1   | 8.4   | 7.8   | 9.1   | 28.9    |
| EBIT %                | 1.8 % | 2.5 % | 1.2 % | 1.4 % | 2.2 %   |
| Profit before taxes   | 4.8   | 6.0   | 4.5   | 4.4   | 20.1    |
| Earnings per share, € | 0.13  | 0.18  | 0.10  | 0.11  | 0.49    |
| Adjusted EBIT         | 5.7   | 6.5   | 7.4   | 7.2   | 36.1    |

- Atria Group's EBIT growth was slowed by decreased sales prices, the costs of starting up the pig cutting plant and the costs incurred in taking over new businesses.
- Atria invests in growth
  - Lagerberg i Norjeby AB's business operations were transferred to Atria as of the beginning of May.
  - Atria will acquire a majority stake in Well-Beef Kaunismaa Ltd subject to the approval of the Finnish Competition and Consumer Authority.
  - Atria Finland's new pig cutting plant has entered the start-up phase.
  - Atria sold a pig farm in Estonia and estates that it no longer needed in Estonia and Sweden.

**ATRIA**  
Good food – better mood.

## Atria Finland 1 January - 30 June 2016

| EUR million   | Q2    | Q2    | H1    | H1    | 2015  |
|---------------|-------|-------|-------|-------|-------|
|               | 2016  | 2015  | 2016  | 2015  |       |
| Net sales     | 233.9 | 233.7 | 458.6 | 445.9 | 929.0 |
| EBIT          | 3.0   | 4.7   | 4.7   | 6.6   | 29.8  |
| EBIT %        | 1.3 % | 2.0 % | 1.0 % | 1.5 % | 3.2 % |
| Adjusted EBIT | 3.0   | 4.7   | 4.7   | 6.6   | 29.8  |

- Atria Finland's proportion of exports, wholesale and industrial sales of total sales volume for April-June has increased. Sales to retail and Food Service customers decreased correspondingly, which resulted in decreased market share. Tough price competition in the retail sector and a weakened sales structure weighed down EBIT.
- Net sales for January-June grew by EUR 12.8 million year-on-year. Increased sales volumes at the beginning of the year enabled net sales to grow. Average sales prices have decreased on home markets in comparison with the equivalent period last year.
- Atria's most significant investment is the modernisation of the Nurmo pig cutting plant. Cutting will become more efficient and annual costs will decrease by approximately EUR 8 million in comparison with previous figures. Commissioning of the plant began in May. Commissioning of the plant is currently increasing cutting costs and additional costs will decrease as the commissioning gathers pace.

**ATRIA**  
Good food - better mood.

## Atria Finland 1/2

- The market for the product groups represented by Atria showed a slight year-on-year increase in Q2/2016. Atria lost some of its market share compared with the same period in the previous year. Atria refrained from decreasing grill sausage prices and lost some market share in grill sausages. (Source: Atria)
- Negotiations with the personnel concerning the investment project at the Nurmo pig cutting plant were concluded. As a result of these arrangements, staffing will be reduced by 80 person-years by the end of 2016. The first phase of the pig cutting plant will be commissioned this year.



**ATRIA**  
Good food - better mood.

## Atria Finland 2/2

- Atria Finland will purchase 70 per cent of Well-Beef Kaunismaa Ltd's share capital. Well-Beef's business focuses on beef processing and wholesale business. Atria's annual net sales are expected to increase by approximately EUR 40 million. Efforts will be made to conclude the transaction during the third quarter of this year.
- Altia Plc's feed business was consolidated into Atria as of 1 April 2016.
- Atria is planning to build Finland's largest solar power plant in the grounds of its Nurmo plant. Atria's project will be the first industrial-scale solar power plant in Finland, generating completely renewable, emission-free, Finnish solar power for the food industry.



ATRIAN | AURINKO

**ATRIA**  
Good food - better mood.

## Atria Scandinavia 1 January - 30 June 2016

| EUR million                   | Q2    | Q2    | H1    | H1    | 2015  |
|-------------------------------|-------|-------|-------|-------|-------|
|                               | 2016  | 2015  | 2016  | 2015  |       |
| Net sales                     | 88.8  | 80.3  | 164.5 | 165.4 | 330.5 |
| EBIT                          | 3.5   | 2.5   | 4.2   | 4.4   | 12.8  |
| EBIT %                        | 4.0 % | 3.1 % | 2.5 % | 2.6 % | 3.9 % |
| Items affecting comparability |       |       |       |       |       |
| Sale of real estate company   | 1.4   | -     | 1.4   | -     | -     |
| Adjusted EBIT                 | 2.1   | 2.5   | 2.8   | 4.4   | 12.8  |

- Atria Scandinavia's net sales for April-June increased thanks to good sales trends in Sweden and the purchase of Lagerbergs.
- In the first half of the year, EBIT was weighed down by a weak sales structure.
- Atria centralised its logistics operations in Sweden by moving them from Gothenburg to the Malmö plant. The logistics centre in Gothenburg was sold for a profit of EUR 1.4 million.

**ATRIA**  
Good food - better mood.

## Atria Scandinavia

- The total market for sausages among Swedish retailers showed slight growth throughout the first half of the year. The total market for cold cuts contracted slightly. Atria's market share in sausages and cold cuts in terms of value in the Swedish retail trade decreased somewhat. In the Danish retail trade, Atria strengthened its position as the market leader in cold cuts. (Source: AC Nielsen)
- The Swedish Competition Authority and Consumer Agency unconditionally approved Atria's acquisition of the entire share capital of Lagerberg i Norjeby AB (Lagerbergs), a Swedish poultry company. Atria's annual net sales are expected to grow by about EUR 30 million. The transaction expands Atria's business into the Swedish poultry processing market.
- In June, Atria's Board of Directors approved a long-term investment programme worth EUR 14 million for the development of Lagerbergs' operations. The investments will be devoted to improving the entire production chain, from chicken rearing and industrial production to strengthening Lagerbergs' brand.



**ATRIA**  
Good food - better mood.

## Atria Russia 1 January - 30 June 2016

|                                | Q2    | Q2    | H1     | H1     |        |
|--------------------------------|-------|-------|--------|--------|--------|
| EUR million                    | 2016  | 2015  | 2016   | 2015   | 2015   |
| Net sales                      | 17.6  | 21.5  | 31.2   | 37.3   | 75.1   |
| EBIT                           | 0.1   | 1.9   | -0.6   | -0.3   | -0.2   |
| EBIT %                         | 0.8 % | 9.1 % | -1.8 % | -0.9 % | -0.3 % |
| Items affecting comparability: |       |       |        |        |        |
| Pig farm sale                  | -     | 1.9   | -      | 1.9    | 1.9    |
| Adjusted EBIT                  | 0.1   | 0.1   | -0.6   | -2.2   | -2.1   |

- Atria Russia's net sales for April-June grew in the local currency by 3 per cent. Adjusted EBIT was at the same level as last year.
- In the local currency, net sales for January-June grew by 1.3 per cent. EBIT improved thanks to efficiency improvement measures and a revamped product selection.

**ATRIA**  
Good food - better mood.

## Atria Russia

- The Atria brand was launched on Russian markets in May. The aim is to develop entirely new product segments and products under the Atria brand.
- The Sibylla concept is continuing to show good growth: there are currently more than 2,500 sales outlets in Russia.



**ATRIA**  
Good food - better mood.

## Atria Baltic 1 January - 30 June 2016

| EUR million                    | Q2     | Q2    | H1     | H1    | 2015    |
|--------------------------------|--------|-------|--------|-------|---------|
|                                | 2016   | 2015  | 2016   | 2015  |         |
| Net sales                      | 9.2    | 8.9   | 16.9   | 16.5  | 32.9    |
| EBIT                           | -0.3   | 0.2   | -0.5   | 0.1   | -9.0    |
| EBIT %                         | -3.1 % | 2.3 % | -2.8 % | 0.5 % | -27.3 % |
| Items affecting comparability: |        |       |        |       |         |
| Pig farm sale                  | -1.0   | -     | -1.0   | -     | -       |
| Goodwill impairment            | -      | -     | -      | -     | -9.1    |
| Adjusted EBIT                  | 0.7    | 0.2   | 0.5    | 0.1   | 0.1     |



- Atria Baltic's cost-efficiency has improved from the previous year.
- Atria's retail sales volumes showed positive development in the first half of the year. Sales of fresh and marinated meat showed particularly strong improvement.
- Atria centralised its industrial operations in Estonia at the Valga factory. Production of meat products was transferred from the Vastse-Kuuste factory to Valga and the real estate was sold. The sale had no impact on the company's results. The measures are expected to generate annual savings of approximately EUR 0.5 million.
- Atria sold the Linnamäe pig farm located in Northern Estonia. The sale of the Linnamäe pig farm gave rise to a sales loss of approximately EUR 1 million. The pig farm was transferred into new ownership on 29 April 2016.

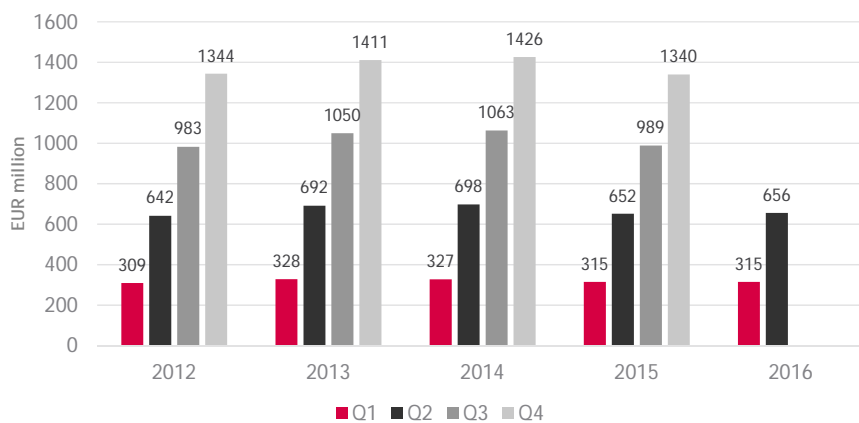
**ATRIA**  
Good food - better mood.

## Financial development

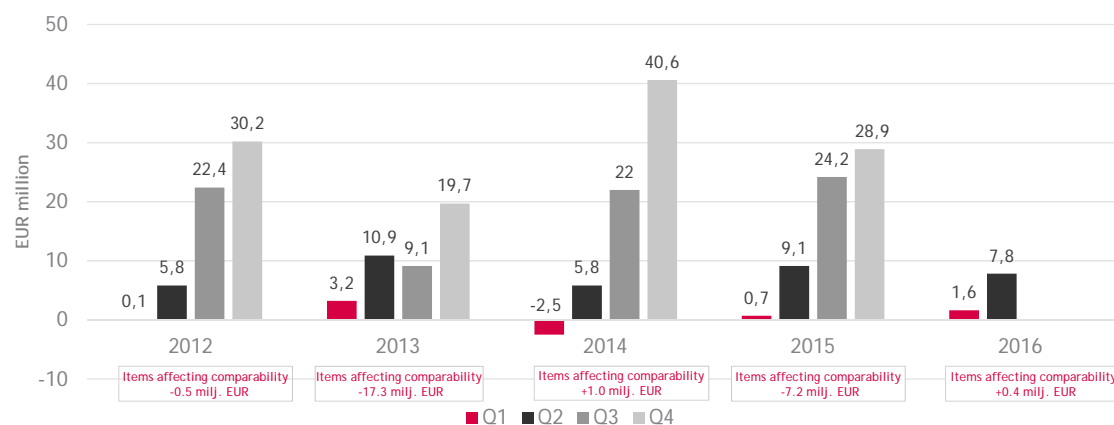
“During the first half of the year, Atria’s Healthy Growth strategy was implemented systematically. Atria is looking for growth, both organic growth and expansion through acquisitions.”

CEO Juha Gröhn

## Atria Group Net Sales cumulative, quarterly



## Atria Group EBIT cumulative, quarterly



**ATRIA**  
Good food - better mood.

## Atria Group Financial indicators 1 January - 30 June 2016

| EUR million                         | 30 June 2016 | 30 June 2015 | 2015  |
|-------------------------------------|--------------|--------------|-------|
| Shareholder's equity per share, EUR | 13.95        | 14.14        | 14.16 |
| Interest-bearing liabilities        | 235.9        | 240.1        | 199.6 |
| Equity ratio, %                     | 44.8 %       | 45.1         | 47.4  |
| Net gearing, %                      | 58.1 %       | 58.5         | 48.3  |
| Gross investments                   | 42.8         | 28.8         | 56.9  |
| Gross investments, % of net sales   | 6.5 %        | 4.4 %        | 4.2   |
| Average number of employees         | 4,340        | 4,399        | 4,271 |

- During the review period, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -21.8 million (EUR 24.8 million). Cash flow from investments includes divested businesses worth EUR 5.2 million (EUR 34.1 million).
- In the first half of the year, translation differences recognised in equity had an effect of EUR +2.8 million (EUR +6.1 million), mainly due to the strengthening of the rouble.
- On 30 June 2016, the Group had EUR 105.0 million in undrawn committed credit facilities (31 December 2015: EUR 125.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 4 months (31 December 2015: 3 years 1 month).

**ATRIA**  
Good food - better mood.

## Atria Group Income Statement

| EUR million                               | Q2 2016       | Q2 2015       | H1 2016       | H1 2015       | 2015          |
|---|---------------|---------------|---------------|---------------|---------------|
| NET SALES                                 | 341.3         | 337.5         | 655.8         | 652.1         | 1,340.2       |
| Cost of goods sold                        | -300.3        | -297.8        | -581.4        | -580.3        | -1,176.9      |
| GROSS PROFIT                              | 40.9          | 39.8          | 74.3          | 71.8          | 163.3         |
| <i>% of Net sales</i>                     | <i>12.0 %</i> | <i>11.8 %</i> | <i>11.3 %</i> | <i>11.0 %</i> | <i>12.2 %</i> |
| Other income                              | 2.0           | 2.6           | 2.6           | 3.2           | 5.5           |
| Other expenses                            | -36.8         | -34.0         | -69.1         | -66.0         | -139.9        |
| EBIT                                      | 6.1           | 8.4           | 7.8           | 9.1           | 28.9          |
| <i>% of Net sales</i>                     | <i>1.8 %</i>  | <i>2.5 %</i>  | <i>1.2 %</i>  | <i>1.4 %</i>  | <i>2.2 %</i>  |
| Financial income and expenses             | -1.4          | -2.5          | -2.8          | -4.8          | -9.2          |
| Income from joint-ventures and associates | 0.1           | 0.1           | -0.5          | 0.1           | 0.4           |
| PROFIT BEFORE TAXES                       | 4.8           | 6.0           | 4.5           | 4.4           | 20.1          |
| Income taxes                              | -0.8          | -0.8          | -1.3          | -1.3          | -5.5          |
| PROFIT FOR THE PERIOD                     | 4.0           | 5.1           | 3.2           | 3.1           | 14.6          |
| <i>% of Net sales</i>                     | <i>1.2 %</i>  | <i>1.5 %</i>  | <i>0.5 %</i>  | <i>0.5 %</i>  | <i>1.1 %</i>  |
| Earnings/share, €                         | 0.13          | 0.18          | 0.10          | 0.11          | 0.49          |

**ATRIA**  
Good food - better mood.

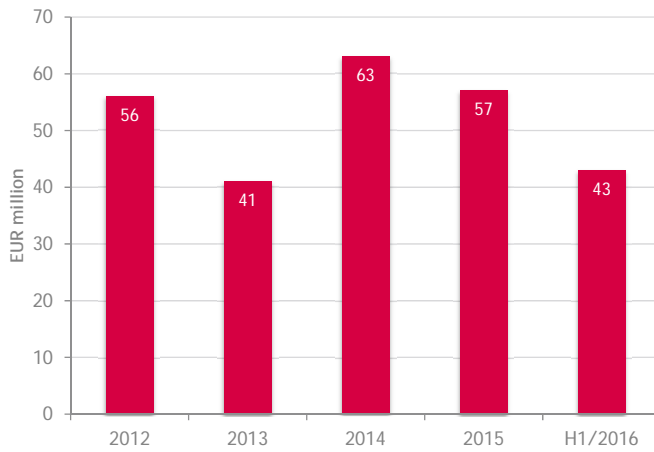
## Atria Group Cash flow statement

| EUR million  | H1 2016 | H1 2015 | 2015  |
|--|---------|---------|-------|
| Cash flow from operating activities                  | 17.1    | 24.0    | 96.4  |
| Financial items and taxes                            | -7.4    | -5.5    | -8.2  |
| NET CASH FLOW FROM OPERATING ACTIVITIES              | 9.7     | 18.5    | 88.2  |
| Investing activities, tangible and intangible assets | -21.9   | -22.0   | -50.2 |
| Acquired operations                                  | -15.5   | -5.5    | -5.5  |
| Sold operations                                      | 5.2     | 34.1    | 33.7  |
| Change in non-current receivables                    | 1.1     | 0.1     | 0.2   |
| Dividends received from investments                  | 0.1     | 0.6     | 0.6   |
| Change in other investments                          | -0.6    | -1.1    | -1.1  |
| NET CASH USED IN INVESTING ACTIVITIES                | -31.5   | 6.3     | -22.3 |
| FREE CASH FLOW                                       | -21.8   | 24.8    | 65.9  |
| Changes in interest-bearing liabilities              | 33.3    | -13.9   | -54.9 |
| Dividends paid                                       | -11.3   | -11.3   | -11.3 |
| NET CASH USED IN FINANCING ACTIVITIES                | 22.1    | -25.2   | -66.2 |
| CHANGE IN LIQUID FUNDS                               | 0.3     | -0.4    | -0.3  |

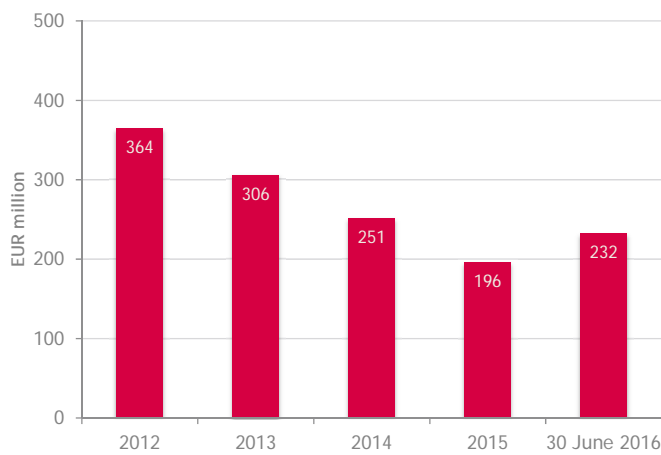
**ATRIA**  
Good food - better mood.



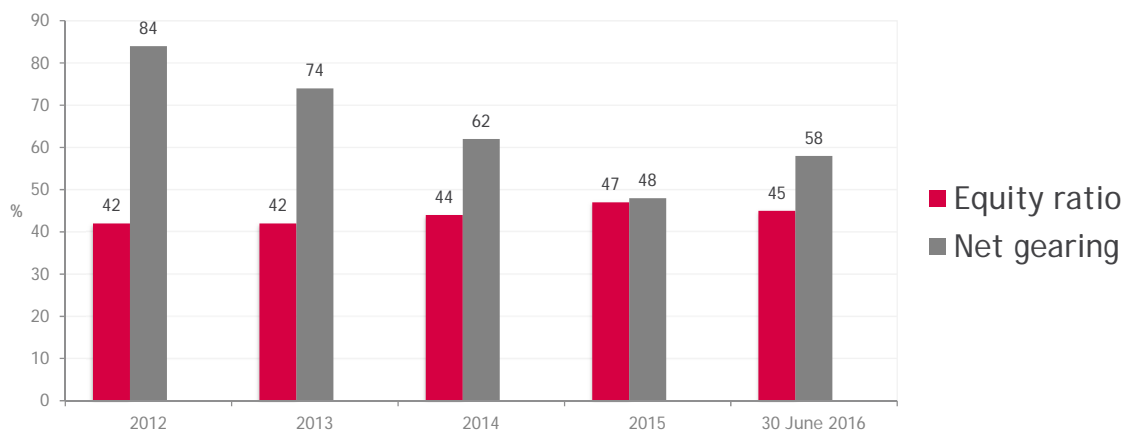
## Atria Group investment



## Atria Group Net debts



## Atria Group Equity ratio & Net gearing



**ATRIA**  
Good food - better mood.

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

- Unplanned and unforeseen incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, constitute a potential risk to Atria's operations. African swine fever continues to cause disruption in Estonia. It has a high risk of spreading. Atria has introduced several precautions in order to prevent the disease from spreading into its production facilities, and is thereby managing the existing risk.
- Shifts in the balance between meat supply and demand in the global meat market pose a risk to Atria's business. Atria estimates that no significant changes have occurred in the uncertainties of the meat market compared to the situation described in the Annual Report 2015. Atria's exposure to the volatility of the Russian rouble and to the effects of Russia's import ban on EU meat continues. Additionally, weakening consumer purchasing power in Russia represents a risk in terms of net sales and EBIT trends.

**ATRIA**  
Good food - better mood.

## Outlook for the future

- Consolidated EBIT was EUR 28.9 million in 2015. In 2016, EBIT is expected to be better than in 2015. In 2016, net sales are expected to grow.

**ATRIA**  
Good food - better mood.

## Thank you

- Q3/2016 will be published on 27 October 2016