

Atria Plc

Interim Report

1 January – 30 June, 2014

CEO
Juha Gröhn
24 July, 2014

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Atria Group

January 1 – June 30, 2014

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Net sales	371.4	363.6	698.4	692.0	1,411.0
EBIT	8.4	7.7	5.8	10.9	19.7
EBIT %	2.3	2.1	0.8	1.6	1.4
Profit before taxes	9.9	4.1	4.1	4.8	6.9
Earnings per share, €	0.28	0.10	0.09	0.06	-0,15
Extraordinary items*	-0.4	0.0	-1.2	1.1	-17,3

* Extraordinary items are included in the reported figures.

- Atria Group's net sales and EBIT grew in the second quarter.
- This increase was made by Atria Finland. It was due to the consolidation of the operations acquired from Saarioinen and the launch poultry feed sales at the beginning of the year.
- Atria lowered its EBIT forecast in April. The 2014 EBIT is expected to be clearly smaller than the previous year's operative EBIT of EUR 37.0 million.
- EBIT includes a total of EUR 1.2 million of non-recurring costs.

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Atria Finland

January 1 – June 30, 2014

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Net sales	246.5	230.9	463.4	436.0	886.8
EBIT	5.9	7.4	6.2	14.1	32.9
EBIT %	2.4	3.2	1.3	3.2	3.7
Extraordinary items*	0.0	0.0	-0.8	1.1	1.1

*Extraordinary items are included in the reported figures.

- The increase in net sales of Atria Finland was due to the consolidation of the operations acquired from Saarioinen and the launch poultry feed sales at the beginning of the year. Sales to the retail sector and Food Service customers have remained stable.
- EBIT for the beginning of the year was weakened by tight price competition. EBIT includes EUR 0.8 million of non-recurring costs related to the takeover of the operations acquired from Saarioinen. EBIT for the comparative period contains EUR 1.1 million of non-recurring profit.
- The price of meat raw material has decreased compared to the previous year.

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Atria Finland



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- The total market in Finland has decreased by about 3 per cent in terms of both value and volume.
- Atria's total market share in the retail market was about 27 per cent in terms of value.
- Atria acquired Saarioinen's procurement, slaughtering and cutting operations for beef, pork and chicken. The operations were consolidated into Atria as of 1 February 2014. The purchase price was EUR 29.2 million.
- Atria launched a project in Jyväskylä to improve the profitability with annual savings of about EUR 5 million from the beginning of 2015.
- Saarioinen Oy terminated an agreement concerning meat packing at the Jyväskylä production plant as of 1 February 2015.
- Adoption of the "Laatuvastuu" label for pork on product packages starting in April.

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Atria Scandinavia

January 1 – June 30, 2014

EUR million	Q2	Q2	H1	H1	
	2014	2013	2014	2013	2013
Net sales	95.4	98.1	183.8	192.3	395.0
EBIT	3.4	1.8	4.4	1.8	12.2
EBIT %	3.6	1.8	2.4	0.9	3.1
Extraordinary items*	0.0	0.0	0.0	0.0	-1.0

*Extraordinary items are included in the reported figures.

- **Atria Scandinavia's** net sales development was slowed down by the increased market share of private labels in the Swedish retail sector in the product groups represented by Atria, especially in cooking sausages and cold cuts.
- Better cost efficiency and more stable meat raw material prices strengthened EBIT.
- At comparable exchange rates, net sales fell by 0.6 per cent year-on-year.

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Atria Scandinavia



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- In the Danish retail sector, the market share of 3-Stjernet cold cuts strengthened to about 16 per cent (ACNielsen).
- At the beginning of the year, Atria's marketing focused on strengthening private labels (e.g., Lithells, 3-Stjernet and Sibylla) and increasing recognition.
- The international expansion of the Sibylla product concept has progressed well. At the moment, there are over 4,000 Sibylla sales outlets. During the period under review, new Sibylla sales outlets were opened for example in Belarus.

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Atria Russia

January 1 – June 30, 2014

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Net sales	25.9	31.5	47.3	58.9	121.5
EBIT	-1.1	0.4	-3.2	-2.8	-21.0
EBIT %	-4.1	1.2	-6.9	-4.7	-17.3
Extraordinary items*	0.0	0.0	0.0	0.0	-17.4

*Extraordinary items are included in the reported figures.

- **Atria Russia's** net sales for April–June sales fell by 7.9 per cent year-on-year. The decrease in comparable net sales was due to the discontinuation of primary production at the end of last year and the continuous weakening of the consumers' purchasing power.
- For April–June EBIT was EUR -1.1 million (EUR 0.4 million). The weakening of EBIT was due to an increase of over 30 per cent in meat raw material prices throughout the first part of the year.
- Atria estimates that sales of meat products have begun to decrease. Customers choose cheaper products to buy.

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Atria Russia



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- Because of the tight market situation, Atria Russia has not been able to pass on the rapidly increased raw material costs in full to sales prices.
- Retail sales in Russia slowed down at the beginning of the year. Atria estimates that sales of meat products have begun to decrease.
- Atria has adapted its product range to the market situation by launching cheaper products.
- Atria estimates that its market share has remained stable in St Petersburg, where it is the market leader in the product groups it represents.

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Atria Baltic

January 1 – June 30, 2014

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Net sales	9.6	9.3	17.0	16.6	34.9
EBIT	-0.1	0.0	-0.3	-0.4	0.1
EBIT %	-0.9	-0.2	-1.7	-2.2	0.2
Extraordinary items*	-0.4	0.0	-0.4	0.0	0.0

*Extraordinary items are included in the reported figures.

- **Atria Baltic's** sales volumes rose slightly in April-June. The sales of private labels strengthened, but meat wholesale volumes decreased somewhat.
- Comparable EBIT improved slightly due to the better sales structure and the improved cost efficiency of production.
- In the period of April-June, Atria sold a factory located in Vilnius, Lithuania. The deal resulted in a non-recurring sales loss of EUR 0.4 million.

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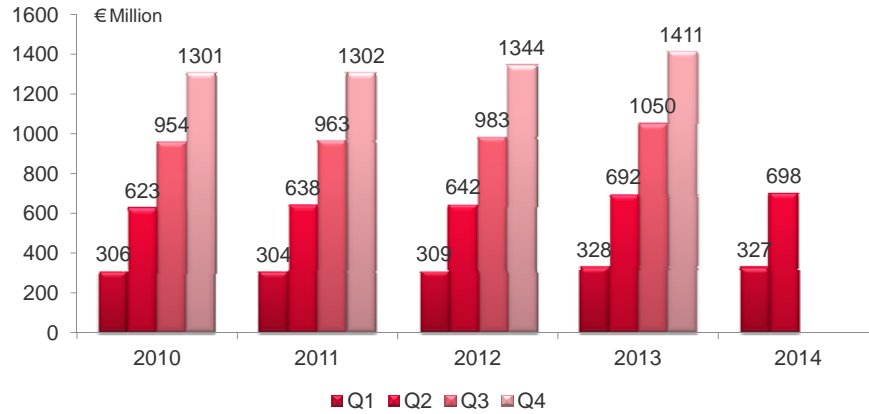
Financial Development

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Atria Group Net Sales

cumulative, quarterly

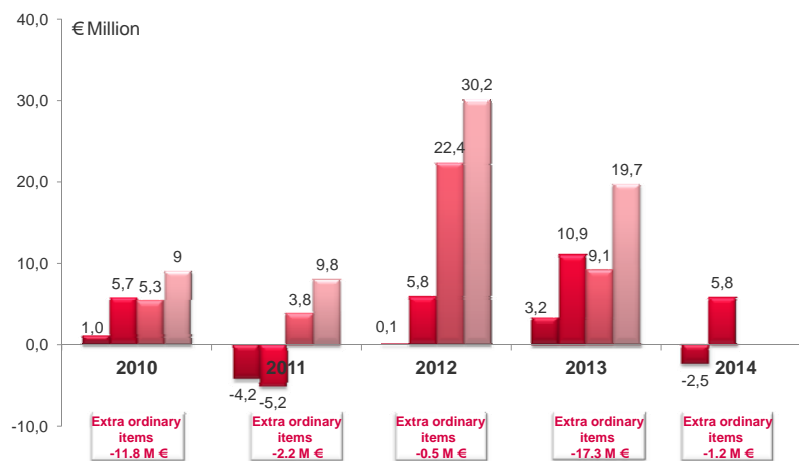


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Atria Group EBIT

cumulative, quarterly



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Atria Group Financial indicators

€ Million	30.6.2014	30.6.2013	2013
Shareholders' equity per share, EUR	14.19	14.78	14.45
Interest-bearing liabilities	324.0	382.6	334.7
Equity ratio, %	40.9	40.6	42.2
Gearing, %	80.1	90.8	81.3
Net gearing, %	79.0	86.5	74.3
Gross investments in fixed assets	48.9	20.7	41.1
Gross investments, % of net sales	7.0	3.0	2.9
Average number of employees	4,845	4,749	4,669

- On 30 June 2014, the Group had undrawn committed credit facilities worth EUR 149.7 million (31 December 2013: EUR 148.2 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years (31 December 2013: 3 years 4 months).
- The Group's operating cash flow was EUR 32.7 million (EUR 16.9 million) and cash flow from investments was EUR -45.5 million (EUR -17.9 million). A decrease in working capital improved the operating cash flow.
- The Group's free cash flow for the period (operating cash flow - cash flow from investments) was EUR -12.8 million (EUR -1.0 million) and net liabilities were EUR 319.5 million (31 December 2013: EUR 305.9 million).

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Atria Group Income Statement

EUR million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
NET SALES	371.4	363.6	698.4	629.0	1,411.0
Cost of goods sold	-325.8	-318.0	-619.4	-609.8	-1,237.1
GROSS PROFIT	45.6	45.6	79.0	82.1	173.9
% of Net sales	12.3	12.5	11.3	11.9	12.3
Other income	0.7	0.6	1.3	2.2	6.1
Other expenses	-37.9	-38.5	-74.4	-73.4	-160.3
EBIT	8.4	7.7	5.8	10.9	19.7
% of Net sales	2.3	2.1	0.8	1.6	1.4
Financial income and expenses	-3.2	-4.1	-6.8	-7.6	-15.2
Income from joint-ventures and associates	4.7	0.5	5.1	1.5	2.3
PROFIT BEFORE TAXES	9.9	4.1	4.1	4.8	6.9
Income taxes	-1.7	-1.3	-1.2	-2.9	-11.2
PROFIT FOR THE PERIOD	8.2	2.8	2.9	1.9	4.3
% of Net sales	2.2	0.8	0.4	0.3	-0.3
Earnings/share, €	0.28	0.10	0.09	0.06	-0.15

Atria's share of the April-June income from joint ventures and associates was EUR 4.7 million (EUR 0.5 million). Atria's joint venture, the Finnish Meat Research Institute LTK Co-operative, sold its subsidiary Maustepalvelu Oy. For the deal, LTK recognised a sales profit that increased Atria's share in LTK's net assets.

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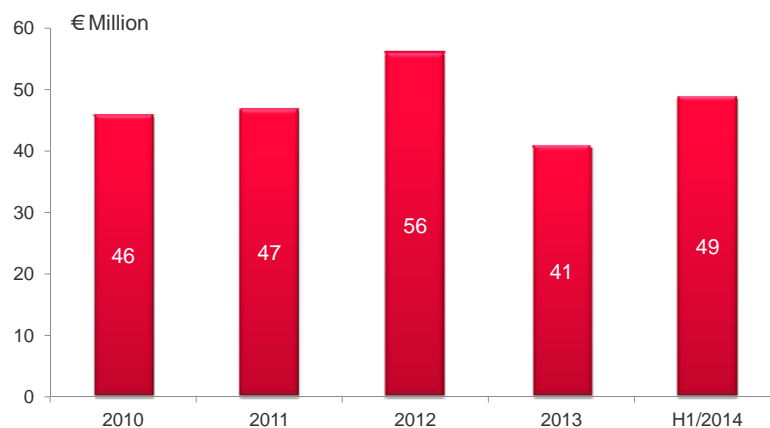
Atria Group Cash flow statement

€ Million	H1		2013
	2014	2013	
Cash flow from operating activities	44.3	29.3	110.6
Financial items and taxes	-11.6	-12.4	-21.7
Net cash flow from operating activities	32.7	16.9	88.9
Investing activities, tangible and intangible assets	-20.3	-19.7	-38.7
Acquired subsidiary shares	-26.3	0.0	0.0
Change in non-current receivables	-0.9	-0,2	2.1
Investments	2.0	1.9	1.8
Net cash used in investing activities	-45.5	-17.9	-34.8
FREE CASH FLOW	-12.8	-1.0	54.1
Proceeds from non-current borrowings	0.0	50.0	50.0
Repayments of non-current loans	-46.8	-11.1	-62.3
Changes in current loans	41.6	-19.8	-13.0
Dividends paid	-6.2	-6,2	-6.2
Net cash used in financing activities	11.4	12.9	-31.5
CHANGE IN LIQUID FUNDS	-24.2	11.9	22.6

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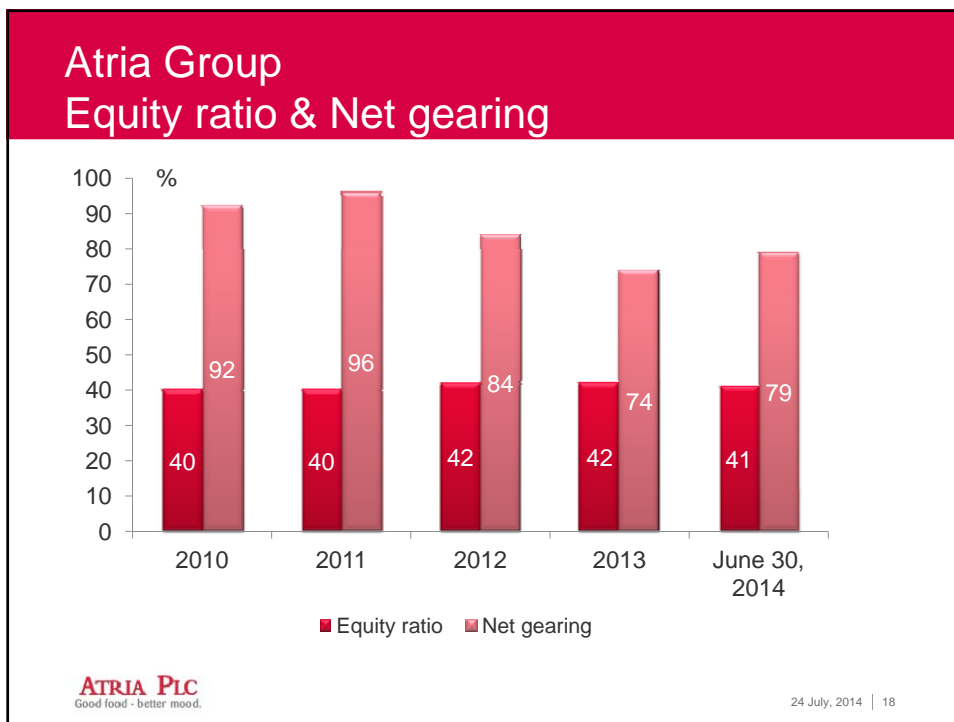
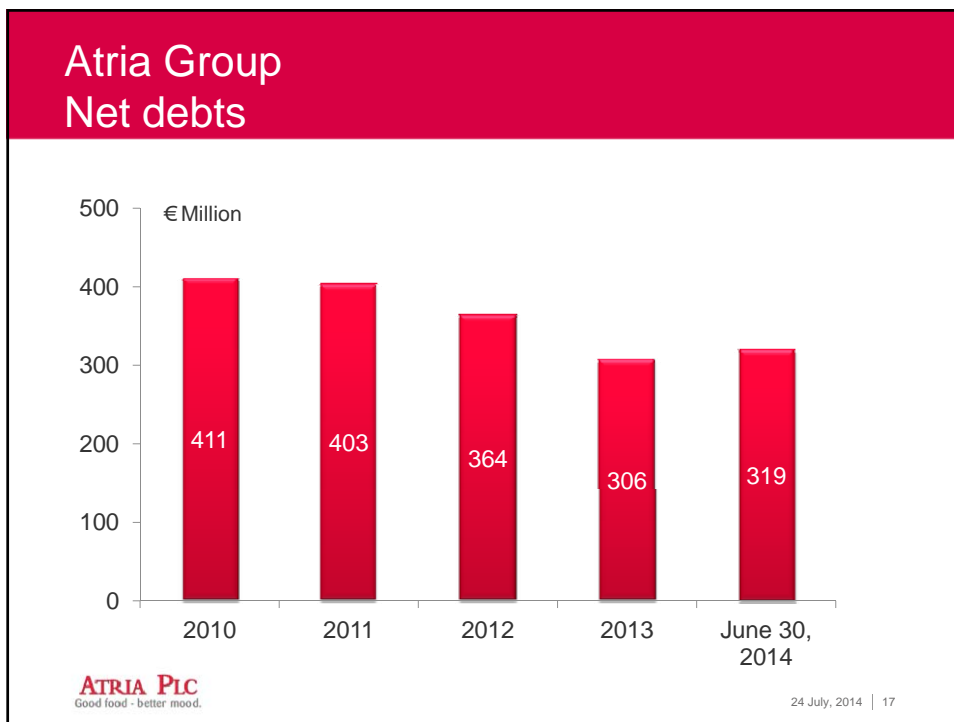
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Atria Group Gross investments



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Events occurring after the period

- Saarioinen Oy terminated an agreement concerning meat packing at the Jyväskylä production plant as of 1 February 2015. As a result, Atria decided to adjust the production capacity and organisation at the Jyväskylä plant to correspond to the changes in subcontracting production of consumer-packed meat. Negotiations with the personnel concerning the adjustment of operations were initiated in May and were completed on 23 July 2014. As a result of the negotiations, 48 of the Jyväskylä plant's employees were laid off. All laid-off employees were offered a job at Atria's other plants.

Short-term business risks

- Short-term risks associated with business environment in Russia have increased from earlier.
- Otherwise, no significant changes have occurred in Atria Group's short-term business risks compared to the risks described in the financial statements for 2013.

Outlook for the future

- The company expects the 2014 EBIT without non-recurring items to be clearly lower than the previous year's EBIT of EUR 37.0 million.
- Net sales are expected to grow in 2014.

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