ATRIA

Good food – better mood.

Atria Plc

Financial Statement Release

1 January – 31 December 2018

ATRIA
Good food – better mood.

Atria Finland's growth was strong – the Group result was brought down by increased raw material costs

October-December 2018

- Consolidated net sales totalled EUR 376.9 million (EUR 374.4 million).
- Consolidated EBIT was EUR 6.7 million (EUR 13.4 million), or 1.8 per cent (3.6%) of net sales.
- Atria Finland's net sales kept growing, EBIT was weighed down by increased costs.
- Atria Sweden's and Russia's EBITs were weakened primarily by increased raw material costs.

January-December 2018

- Consolidated net sales totalled EUR 1,438.5 million (EUR 1,436.2 million). At comparable exchange rates, net sales grew by 2%.
- Consolidated EBIT was EUR 28.2 million (EUR 40.9 million), or 2.0 per cent (2.8%) of net sales.
- Atria Finland drives the Group's growth: net sales exceeded EUR 1 billion and EBIT grew from the previous year.
- The weakened Swedish krona and Russian rouble brought down the Group’s net sales.
- Atria Sweden's EBIT was weighed down by increased raw material costs and the unfavourable sales structure of poultry operations.
- Atria Finland decided to invest EUR 3.4 million in the poultry operations in Nurmo and Sahalahti.
- The Board of Directors proposes that a dividend of EUR 0.40 (EUR 0.50) be paid for each share for the 2018 financial period.

	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	**2018**	**2017**	**2018**	**2017**
Net sales				
Atria Finland	268.5	260.7	1,019.2	986.4
Atria Sweden	74.1	77.7	287.9	307.2
Atria Denmark & Estonia	25.4	25.3	97.4	98.9
Atria Russia	19.9	21.7	75.1	85.7
Eliminations	-11.1	-11.0	-41.1	-42.0
Total net sales	**376.9**	**374.4**	**1,438.5**	**1,436.2**
EBIT				
Atria Finland	9.5	11.4	36.7	36.3
Atria Sweden	-1.1	1.4	-7.1	2.4
Atria Denmark & Estonia	1.0	1.3	5.3	5.2
Atria Russia	-2.6	0.8	-4.0	0.8
Unallocated	-0.2	-1.4	-2.7	-3.7
EBIT, total	**6.7**	**13.4**	**28.2**	**40.9**
EBIT%	**1.8%**	**3.6%**	**2.0%**	**2.8%**
Profit before taxes	**5.6**	**12.2**	**22.3**	**35.5**
Earnings per share, EUR	**0.12**	**0.33**	**0.58**	**0.92**
Items affecting comparability of EBIT:				
Divestment of subsidiary	-	1.4	-	1.4
Adjusted EBIT	**6.7**	**12.1**	**28.2**	**39.6**

Juha Gröhn, CEO

“Atria's growth in Finland was strong and annual net sales exceeded EUR 1 billion for the first time. The Group’s net sales were at the same level as last year. The weakening of the Swedish krona and Russian rouble contracted our euro-denominated net sales in these markets. In Denmark & Estonia's business area, net sales were at the same level as last year.

EBIT was approximately EUR 28 million, which is smaller than last year. Finland's and Denmark & Estonia's results were as expected. The results of Sweden and Russia did not meet set targets. The increased costs of animal feed caused by the dry summer were transferred to meat raw material costs. The increase in costs has been the strongest in Russia, where the raw material costs increased especially towards the end of the year by more than 30% compared with the same period in the previous year.

Sweden's poultry plant investment programme was completed, and the plant is operating well. The development of sales volumes is as expected. The renewed plant enables the launching of new products in the market, balancing demand and supply. It is positive that also Swedish consumers are increasingly favouring fresh chicken.

In 2018, the value of inventories in our balance sheet increased, which weakened our operating cash flow. This development was affected in part by the increased costs of several raw materials and supplies.”

October-December 2018

Atria Group's net sales for the fourth quarter amounted to EUR 376.9 million (EUR 374.4 million). EBIT amounted to EUR 6.7 million (EUR 13.4 million). The net sales of Atria Finland grew by EUR 7.8 million from the previous year. In Finland, sales to retail and to Food Service customers continued to grow during the last quarter of the year. Atria Sweden's net sales were reduced by the divestment of the Nordic Fast Food business operations in December 2017 and the weak Swedish krona. In Sweden, sales to retail of poultry products continued to grow during the last quarter of the year. For Atria Denmark & Estonia, net sales remained roughly at the same level year-on-year. The decrease of Atria Russia's net sales was due to the weakened exchange rate.

Atria Finland's EBIT fell slightly year-on-year. The increased costs of raw materials, especially meat, and other production assets weighed down Finland's EBIT during the last quarter of the year. In addition, the Group's EBIT was burdened by increased raw material costs in Sweden and Russia as well as Atria Sweden's unfavourable sales structure of poultry operations. Atria Denmark & Estonia's EBIT weakened slightly year-on-year.

In November, Atria decided to increase the production of cattle, pig and poultry feeds in the Koskenkorva plant in Ilmajoki. A new poultry feed production line as well as cattle and pig feed storage silos will be built for the feed plant. The investment will be executed by Suurusrehu Oy and Oy Feedmix AB, the owners of the properties leased by A-Rehu Oy. Through the investment, the production capacity of the Koskenkorva feed plant will increase about 30% in all feed types: cattle, pig and poultry feed. The investments will also improve the delivery reliability of chicken feeds. The investment will be executed in 2019 and will be in production use in early 2020.

January–December 2018

Atria Group's net sales for January–December totalled EUR 1,438.5 million (EUR 1,436.2 million). At comparable exchange rates, the Group's net sales grew by 2%. EBIT amounted to EUR 28.2 million (EUR 40.9 million). The net sales of Atria Finland grew by EUR 32.8 million from the previous year, totalling over EUR 1 billion. In Finland, sales to retail and to Food Service customers continued to grow steadily throughout the year. The weakened Swedish krona and Russian rouble brought down the Group's net sales in January–December.

Atria Finland's and Denmark & Estonia's EBIT improved from last year. In Finland, the good result of the beginning of the year and the successful sales of the barbecue season strengthened EBIT. In Sweden, EBIT was weighed down by the poor profitability of poultry operations and increased raw material costs. In Russia, EBIT was brought down by significantly increased raw material costs.

In August, Atria successfully launched its new Vegyu brand, a 100% meat-free product range. The products of the versatile range include convenience foods, cold cuts, and cooking products. Vegyu is aimed at consumers looking for alternatives to meat-based products or variation in their meal solutions.

In September, Atria Finland decided to invest a total of EUR 3.4 million in the Nurmo and Sahalahti poultry production plants. The cutting capacity will be increased at both Nurmo and Sahalahti plant.

Atria Group's operational structure and financial reporting were altered as of the beginning of 2018. Atria Group's reporting segments are as follows: Atria Finland, Atria Sweden, Atria Russia, and Atria Denmark & Estonia.

Responsibility

Atria Group's corporate responsibility projects proceeded according to plan during the review period.

Atria participates in the CARBO research project together with Valio, the Finnish Meteorological Institute, the Natural Resources Institute Finland, and the University of Eastern Finland. The goal of the project is to decrease the environmental impacts of the Finnish dairy and meat chain through data, new innovations and pilot farms based on the research project. At the same time, the export competitiveness of Finnish agriculture will be improved. The project has received a significant support of EUR 3.5 million from Business Finland. In its entirety, the project will span three years and total EUR 8 million.

As of the beginning of October, all of Atria Finland's beef and pork minced meats will be packed in new low-plastic minced meat packages. Some of Atria's minced meat products have been packed in this awarded packaging since the beginning of 2017. The new minced meat package contains 50% less plastic than traditional hard packages. On an annual level, this transition will decrease the amount of plastic waste by a total of 250,000 kg. The carbon footprint of the new package is 30% smaller than that of the traditional container package.

In Sweden, the Lönneberga cold cuts received an innovative and eco-friendly partly biomaterial-based packaging.

The solar power park in Nurmo was completed in September and the electricity produced by it replaces approximately 5% of the electricity required by the plant on an annual level. In connection with Nurmo's plant, Atria participates in the construction project of the biggest biogas plant in Finland. The biogas plant is constructed by Nurmon Bioenergia Oy, of which Atria owns 10%.

In February, Atria launched the antibiotic-free pork. All pork from Atria Family Farms is from pigs that have been reared entirely without antibiotics. The name of the Family Farm printed on the product package traces the origin of the meat all the way back to the farm.

The Atria Way of Leading training programme and the Safely Home From Atria occupational safety programme was implemented in all business areas.

Business development by area January-December 2018

Atria Finland

	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2018	2017	2018	2017
Net sales	268.5	260.7	1,019.2	986.4
EBIT	9.5	11.4	36.7	36.3
EBIT, %	3.6%	4.4%	3.6%	3.7%
Items affecting comparability	-	-	-	-
Adjusted EBIT	9.5	11.4	36.7	36.3

Atria Finland's net sales for October-December totalled EUR 268.5 million (EUR 260.7 million). Net sales increased by EUR 7.8 million. Sales to retail and to Food Service customers continued to grow from the previous year. EBIT amounted to EUR 9.5 million (EUR 11.4 million). The increased costs of raw materials, especially meat, and other production assets weighed down EBIT during the last quarter of the year.

Net sales for the year amounted to EUR 1,019.2 million (EUR 986.4 million). Net sales increased by EUR 32.8 million. The increase was a result of good sales to retail and to Food Service customers, which were clearly improved from the year before. EBIT amounted to EUR 36.7 million (EUR 36.3 million). The good result of the beginning of the year and the successful barbecue season strengthened EBIT. The increase of costs during the last quarter weighed down full-year EBIT.

The poor harvest season of the past summer raised production costs at Finnish meat farms during the latter part of the year. The prices of meat and other farm products increased during the last quarter.

In October-December, the retail market for product groups represented by Atria increased by 3% year-on-year. Atria's sales to retail increased faster than the market. Especially the increase in sales of Atria's brand products was strong. Atria's strong supplier share in poultry continued during the last quarter of the year, the supplier share being approximately 51%. In the Food Service market, Atria's sales increased faster than the market, the market share being approximately 23% (Source: Atria).

In January-December, the market for the product groups represented by Atria grew by 3.5% in retail and approximately 1% in Food Service. Atria's sales in the retail market grew very favourably, and the growth was faster than the market in all product groups. Especially the increase in sales of Atria's own brand products was strong, approximately 12% in January-December. Atria's supplier share in retail was around 25%. In the Food Service market, Atria's sales increased faster than the market in all product groups, and Atria's supplier share was approximately 23%. (Source: Atria)

Atria decided to increase the production of cattle, pig and poultry feeds in the Koskenkorva plant in Ilmajoki. A new poultry feed production line as well as cattle and pig feed storage silos will be built for the feed plant. The investment will be executed by Suurusrehu Oy and Oy Feedmix AB, the owners of the properties leased by A-Rehu Oy. Through the investment, the production capacity of the Koskenkorva feed plant will increase about 30% in all feed types: cattle, pig and poultry feed. The investments will also improve the delivery reliability of chicken feeds. The investment will be executed in 2019 and will be in production use in early 2020.

Atria Finland faces the rise in demand of poultry products by investing a total of EUR 3.4 million in the Nurmo and Sahalahti production plants. The cutting capacity will be increased at both Nurmo and Sahalahti plant. The new production lines will be commissioned in spring 2019.

In August, Atria launched its new Vegyu brand, a 100% meat-free product range. The Vegyu products selection includes convenience foods, cold cuts, and cooking products. Vegyu is aimed at consumers looking for alternatives to meat-based products or variation in their meal solutions.

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 won in as many as four categories out of six.

Atria Sweden

EUR million	Q4 2018	Q4 2017	Q1-Q4 2018	Q1-Q4 2017
Net sales	74.1	77.7	287.9	307.2
EBIT	-1.1	1.4	-7.1	2.4
EBIT, %	-1.5%	1.7%	-2.5%	0.8%
Items affecting comparability:				
Divestment of subsidiary	-	1.4	-	1.4
Adjusted EBIT	-1.1	0.0	-7.1	1.0

Atria Sweden's net sales for the fourth quarter amounted to EUR 74.1 million (EUR 77.7 million). In the local currency, net sales were at the same level as in the previous year. Sales of poultry products continued to grow during the last quarter of the year. Net sales were decreased by the divestment of the Nordic Fast Food business operations in December 2017 and the weakened Swedish krona. EBIT was EUR -1.1 million (EUR 1.4 million). EBIT for the comparable period includes a sales profit of EUR 1.4 million. EBIT was weighed down by increased raw material costs and the unfavourable sales structure of poultry operations.

Net sales for the year amounted to EUR 287.9 million (EUR 307.2 million). EBIT was EUR -7.1 million (EUR 2.4 million). The decrease in net sales was caused by the weak Swedish krona and the divestment of the Nordic Fast Food business operations in December 2017. In the local currency, net sales were at the same level as last year. The full-year result was weighed down by increased raw material costs, the poor profitability of poultry operations, and employee arrangements at the beginning of the year.

The investments of the 2-year-long development programme of the poultry unit were completed in the last part of the year. During the last part of the year, Atria has taken active measures to improve the commercial operations and supply chain cost-efficiency of its poultry unit.

Atria's supplier shares in the Swedish retail market were strengthened during the last part of the year. In cooking sausages, Atria’s market share grew by 0.6%, and in fresh poultry products, by 2.8%. In cold cuts, the supplier share decreased slightly.

The Sibylla business expanded to South Korea and the UK, when Atria founded subsidiaries in these countries in 2018.

Atria Denmark & Estonia

EUR million	Q4 2018	Q4 2017	Q1-Q4 2018	Q1-Q4 2017
Net sales	25.4	25.3	97.4	98.9
EBIT	1.0	1.3	5.3	5.2
EBIT, %	4.0%	5.2%	5.5%	5.2%
Items affecting comparability	-	-	-	-
Adjusted EBIT	1.0	1.3	5.3	5.2

Atria Denmark & Estonia's net sales for October-December totalled EUR 25.4 million (EUR 25.3 million). EBIT amounted to EUR 1.0 million (EUR 1.3 million). In Estonia, Atria's sales to retail increased by approximately 5% in terms of value. Atria’s market share in Estonian retail was 14% in the product groups represented by the company. In Denmark, net sales and EBIT remained roughly at the same level year-on-year. In Denmark, the total market for cold cuts shrank, but Atria was able to increase its market share by 0.3%. Atria is the market leader in cold cuts in Denmark with a market share of 19%.

Net sales for the year amounted to EUR 97.4 million (EUR 98.9 million). EBIT amounted to EUR 5.3 million (EUR 5.2 million). The Estonian market for meat products has increased by approximately 2% during 2018. Atria's sales to retail have increased stronger than market throughout the year. In Denmark, net sales have been brought down by tight price competition. The business area's EBIT increased slightly thanks to good cost management and a favourable sales structure.

Atria Russia

EUR million	Q4 2018	Q4 2017	Q1-Q4 2018	Q1-Q4 2017
Net sales	19.9	21.7	75.1	85.7
EBIT	-2.6	0.8	-4.0	0.8
EBIT, %	-13.0%	3.5%	-5.3%	0.9%
Items affecting comparability	-	-	-	-
Adjusted EBIT	-2.6	0.8	-4.0	0.8

Atria Russia’s net sales for the fourth quarter amounted to EUR 19.9 million (EUR 21.7 million). EBIT was EUR -2.6 million (EUR 0.8 million). The decrease in net sales was due to the weakening of the Russian rouble. In the local currency, net sales grew slightly. The sales of Food Service products, cured sausages and whole-meat products grew considerably from the previous year. During the last quarter of the year, meat raw material prices rose sharply, which weakened EBIT.

Net sales for the year amounted to EUR 75.1 million (EUR 85.7 million). EBIT was EUR -4.0 million (EUR 0.8 million). The decrease in net sales was caused by the weakening of the rouble and decreased sales to retail. In the local currency, net sales fell by approximately 1.5%. The prices of meat raw materials have continued to rise throughout the year.

The investment project initiated in the Sinyavino meat production plant has been completed. The investment enables the production of new types of cured sausage and whole meat products for retail customers. The total value of the project was approximately EUR 0.8 million.

Ilari Hyyrynen started as Director of the Atria Russia business area on 9 July 2018.

Average personnel (FTE)

Personnel by business area on average (FTE)	Q1-Q4 2018	Q1-Q4 2017
Atria Finland	2,321	2,314
Atria Sweden	847	846
Atria Denmark & Estonia	423	429
Atria Russia	869	860
Total	4,460	4,449

Financial position and taxes

During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR 2.0 million (EUR 19.2 million). Operating cash flow was EUR +47.2 million (EUR +64.5 million), and the cash flow from investments was EUR -45.2 million (EUR -45.3 million). Operating cash flow was weakened by an increase in working capital items. The amount of working capital tied up in inventories is EUR 12.9 million more than at the end of 2017.

The Group's investments during the period totalled EUR 44.5 million (EUR 53.9 million). The equity ratio was 47.7 per cent (31 December 2017: 47.5%). The total translation differences with the Swedish krona and the Russian rouble recognised in equity reduced equity by EUR 9.6 million (EUR -6.1 million) in January-December. Interest-bearing net liabilities amounted to EUR 223.2 million (31 December 2017: EUR 211.1 million). The Group's net financing costs fell to EUR 6.2 million (EUR 7.3 million). On 31 December 2018, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2017: EUR 105.0 million). In May, the company reduced its superfluous EUR 50 million committed credit facility by EUR 20 million, the new amount at the end of the review period being EUR 30 million. The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 2 months (31 December 2017: 3 years 4 months).

Sweden's gradually decreasing corporate tax rates have been taken into consideration in the deferred tax.

Events after the period under review

Atria Finland is planning the efficiency improvement and adjustment of its production operations at the Nurmo pig cutting plant. Through the planned measures, Atria aims to improve the profitability and competitiveness of its business operations. Related to this plan, Atria Finland has initiated a collective redundancy consultation, which concerns all personnel at the Nurmo pig cutting plant. Negotiations with the personnel concerning the reorganisation were initiated 15 January 2019. Atria estimates that the restructuring will result in annual savings of approximately EUR 1.5 million, realised from 2020 onwards. This would mean a reduction of 65 person-years in the volume of work. The goal is to implement the possible reduction in work through internal arrangements and transfers.

Atria Russia updates its strategy at the beginning of 2019. The key goal of the new strategy is the quick revitalisation of business operations in Russia, which means increasing sales and sales margin as well as turning performance positive. As part of the strategy project, Atria is also investigating possibilities of divesting Atria Russia business operations. At the same time, Atria is investigating the reorganisation of the administrative company structure and the strategic development of the Sibylla fast food operations.

Risks and business uncertainties

Risks related to the price, availability, quality and safety of raw materials and products are ordinary risks in the food production chain, from primary production to consumption. They have an impact on the profitability of Atria's operations. The poor harvest season this summer has raised production costs at meat farms during the autumn. This has caused pressure to increase raw material prices. In Estonia, African swine fever is a risk related to animal health. The swine fever can also spread to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities.

The general economic climate, geopolitical tensions, significant changes in exchange rates, the development of the meat and consumer product markets, and the competitive environment cause uncertainties in the development of demand. This is reflected in the implementation of Atria's strategy and the maintaining and improving of the financial results of business areas. During the review period, changes in the value of the Russian rouble and the Swedish krona are visible in the Group’s euro-denominated net sales, result and equity.

The availability of skilled and motivated personnel is a risk in terms of strategy implementation and goal achievement. Atria invests in the well-being of its personnel and offers plenty of training opportunities. During the review period, the Atria Way of Leading programme continued and the Safely Home From Atria occupational safety programme was implemented.

Through the design and update of a continuity plan and the specification of insurance programmes, Atria has also continued to eliminate financial effects and to prevent various risks that could result in damage.

A more detailed description of the risks related to the company's operations is provided in the annual report.

Outlook for the future

Consolidated EBIT in 2018 was EUR 28.2 million. In 2019, EBIT is expected to be better than in 2018. At comparative exchange rates, the net sales for 2019 are expected to grow compared to the 2018.

Board of Directors' proposal for profit distribution

The Board of Directors proposes that a dividend of EUR 0.40 be paid for each share for the financial year 2018.

Financial calendar 2019

The annual report for 2018, the Board of Directors' annual report and the report on the governance and control systems will be published in week 13/2019.

Atria Plc will publish two interim reports and one half-year report in 2019:
- interim report January–March on 26 April 2019 at approximately 8:00 am
- half-year report January–June on 18 July 2019 at approximately 8:00 am
- interim report January–September on 23 October 2019 at approximately 8:00 am

Financial releases can also be viewed on the company's website at www.atria.com immediately after their release.

Annual General Meeting 2019

Atria Plc's Annual General Meeting will be held in Helsinki on 26 April 2019. Under the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so demands in writing from the Board of Directors well in advance of the meeting so that the matter can be mentioned in the notice. The Board of Directors must be notified of the demand by 22 February 2019 in order for it to be dealt with at the General Meeting. The demand, with accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, Läkkisepäntie 23, FI-00620 Helsinki.

Shares

Atria Plc's share capital consists of a total of 28,267,728 shares, divided into 19,063,747 series A shares and 9,203,981 series KII shares. Each series A share entitles its holder to one (1) vote and each series KII share to ten (10) votes at a General Meeting. Therefore, Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 111,312 series A treasury shares.

Proposals of the Nomination Committee for the Annual General Meeting

The Nomination Committee proposes to the General Meeting that a total of eight members be elected to the Board of Directors.

The Nomination Committee proposes to the General Meeting that Nella Ginman-Tjeder, Pasi Korhonen and Jyrki Rantsi, who are due to resign, be re-elected as members of the Board of Directors.

The Nomination Board proposes to the General Meeting that the remuneration of the members of the Board of Directors be kept at the same level as in 2018. Remuneration and compensation for meeting expenses shall be as follows:

- Meeting compensation: EUR 300/meeting
- Compensation for loss of working time: EUR 300 for meeting and proceeding dates
- Fee of the chairman of the Board of Directors: EUR 4,700/month
- Fee of the deputy chairman: EUR 2,500/month
- Fee of a member of the Board of Directors: EUR 2,000/month
- Travel allowance according to the company's travel policy

The Nomination Board proposes to the General Meeting that the remuneration of the members of the Supervisory Board be kept at the same level as in 2018. Remuneration and compensation for meeting expenses shall be as follows:

- Meeting compensation: EUR 250/meeting
- Compensation for loss of working time: EUR 250 for meeting and proceeding dates
- Fee of the chairman of the Supervisory Board: EUR 1,500/month
- Fee of the deputy chairman: EUR 750/month
- Travel allowance according to the company's travel policy

Decisions of Atria Plc's Annual General Meeting 26 April 2018

The General Meeting approved the financial statements and the consolidated financial statements for the financial year from 1 January to 31 December 2017, and discharged the members of the Supervisory Board and the Board of Directors as well as the CEO from liability for the financial year that ended on 31 December 2017.

The AGM decided that a dividend of EUR 0.50 will be paid for each share for the financial year that ended on 31 December 2017. Dividends were paid to shareholders who on the record date for the payment of dividends were recorded in the company's shareholder register, maintained by Euroclear Finland Oy. The record date was 30 April 2018 and the date of payment was 8 May 2018.

Composition and remuneration of the Supervisory Board

The Annual General Meeting decided that the composition of the Supervisory Board will be as follows:

Member	**Term ends**
Juho Anttikoski	2019
Mika Asunmaa	2019
Reijo Flink	2020
Lassi-Antti Haarala	2021
Jussi Hantula	2021
Hannu Hyry	2019
Veli Hyttinen	2020
Pasi Ingalsuo	2020
Jussi Joki-Erkkilä	2021
Marja-Liisa Juuse	2021
Jukka Kaikkonen	2019
Juha Kiviniemi	2020

Ari Lajunen	2021
Juha Nikkola	2019
Mika Niku	2021
Pekka Ojala	2020
Heikki Panula	2019
Risto Sairanen	2020
Ola Sandberg	2021
Timo Tuhkasaari	2020
A total of 20 members	

The General Meeting decided that the remuneration of the members of the Supervisory Board would remain the same as in 2017. The remuneration is: compensation for meetings: EUR 250 per meeting; compensation for loss of working time for meeting and proceeding days: EUR 250; fee payable to the Chairman of the Supervisory Board: EUR 1,500 per month; and fee payable to the Deputy Chairman: EUR 750 per month, with compensation for travel expenses in accordance with the company's travel policy.

Composition and remuneration of the Board of Directors

The AGM decided that the number of the members of the Board of Directors will be eight (8). Kjell-Göran Paxal and Harri Sivula, who were due to resign, were re-elected as members and Ahti Ritola was elected as a new member for the next three-year term.

It was noted that Nella Ginman-Tjeder, Pasi Korhonen, Jukka Moisio, Seppo Paavola and Jyrki Rantsi would continue as members of Board. The terms of Nella Ginman-Tjeder, Pasi Korhonen and Jyrki Rantsi will expire at the closing of the 2019 Annual General Meeting and those of Seppo Paavola and Jukka Moisio will expire at the closing of the 2020 Annual General Meeting.

The General Meeting decided that the remuneration of the members of Board would remain the same as in 2017. The remuneration is: compensation for meetings: EUR 300 per meeting; compensation for loss of working time for meeting and proceeding days; EUR 300; fee payable to the Chairman of the Board of Directors: EUR 4,700 per month; fee payable to the Deputy Chairman: EUR 2,500 per month; and fee payable to members of the Board of Directors: EUR 2,000 per month, with travel expense compensation in accordance with the company's travel policy.

Auditors

The General Meeting elected PricewaterhouseCoopers Oy as the company's auditor for the term ending at the closing of the next Annual General Meeting. According to the firm, the auditor in charge is Authorised Public Accountant Samuli Perälä. The Annual General Meeting decided that the auditor's fee will be paid against an invoice approved by the company.

Amendment of the Articles of Association

The AGM decided to change the Articles of Association according to the Board of Directors' proposal. The new Articles of Association have been published on the company's website at:
www.atria.fi/en/group/investors/corporate-governance/companys-articles/

Valid authorisations to purchase or issue shares, grant special rights and make donations

The General Meeting authorised the Board of Directors to decide on the acquisition of a maximum of 2,800,000 of the company's own A shares, in one or several tranches, with funds belonging to the company's unrestricted equity, subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company. The company's own series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the company's business, to finance investments, as part of the company's incentive programmes, to develop the company's capital structure, to be otherwise further transferred, to be retained by the company or to be cancelled.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the company in public trading arranged by Nasdaq Helsinki Ltd at the market price at the moment of acquisition. The shares shall be acquired and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Oy. The Board of Directors was authorised to decide on the acquisition of the company's own shares in all other respects.

The authorisation shall supersede the authorisation granted by the Annual General Meeting on 27 April 2017 to the Board of Directors to decide on the acquisition of the company's own shares and be valid until the closing of the next Annual General Meeting or until 30 June 2019, whichever is first.

The General Meeting authorised the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 5,500,000 new series A shares or on the disposal of any series A shares held by the company through a share issue and/or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive plan or for other purposes at the Board's discretion.

The Board of Directors is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that currently held by the shareholders under the conditions provided by law, the right to issue shares against or without payment and the right to decide on a share issue to the company itself without payment – subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company.

The authorisation shall supersede the share issue authorisation granted by the Annual General Meeting on 27 April 2017 to the Board of Directors, and is valid until the closing of the next Annual General Meeting or until 30 June 2019, whichever is first.

The General Meeting authorised the Board of Directors to decide on the donation of a maximum of EUR 100,000 to universities or other educational institutions.

Corporate Governance Principles

Atria’s corporate governance principles and deviations from the Finnish Corporate Governance Code are published on the company’s website at www.atria.com.

Incentive programmes for management and key personnel

Long-term share incentive plan
Atria Group Plc's Board of Directors decided on the long-term incentive programme for key personnel for the period 2018–2020. The aim of the share incentive programme is to encourage Atria's senior management to acquire shares in the company and to take action and make decisions that will increase the company's long-term value.

The programme based on share and cash incentives is divided into three year-long earning periods, the first earning period having started 1 January 2018 and expired 31 December 2018. The bonuses payable under the programme are based on the company's earnings per share (70%) and organic growth (30%). The bonuses for 2018 will be paid in three equal instalments in 2019, 2020 and 2021, partly in the form of shares in the company and partly in cash. The cash sum is intended to cover the taxes and tax-like fees arising from the bonus. If a person's employment relationship ends before the payment of the bonus, the bonus will not usually be paid. The target group for the share incentive programme can contain a maximum of 40 people.

The ended long-term incentive plan
All payments from the earning period implemented in 2015–2017 were based on the Group’s earnings per share (EPS) excluding non-recurring items. Cash bonuses payable under the plan for the entire 2015–2017 earning period was capped at EUR 4.5 million. The plan expired on 31 December 2017, and it covered a maximum of 45 people. The CEO as well as members of the Group’s Management Team and the Management Teams of Business Areas are covered by the programme. For the entire 2015–2017 earning period, bonuses worth EUR 2.1 million were accrued.

Short-term incentive plan
The maximum amount of merit pay under the short-term incentive plan is 25 to 50% of the annual salary, depending on the effect on the results and the level of competence required for the role. The criteria in the merit pay scheme are the performance requirements and net sales at Group level and in the area of responsibility of the person concerned. In addition to the CEO and other members of the Management Team, Atria Plc's merit pay schemes cover approximately 40 people.

Major shareholders

Largest shareholders on 31 December 2018

	KII	A	Total	%
Itikka Co-operative	4,914,281	3,537,652	8,451,933	29.90
Lihakunta	4,020,200	3,848,073	7,868,273	27.83
Mandatum Life		761,749	761,749	2.69
Pohjanmaan Liha Cooperative	269,500	480,038	749,538	2.65
Varma Mutual Pension Insurance Company		524,640	524,640	1.86
Oy Etra Invest Ab		200,000	200,000	0.71
Elo Mutual Pension Insurance Company		126,289	126,289	0.45
The von Julin Sofia Margareta Estate		112,000	112,000	0.40
Atria Oyj		111,312	111,312	0.39
OP Life Insurance Ltd		108,717	108,717	0.38

Largest shareholders in terms of voting rights on 31 December 2018

	KII	A	Total	%
Itikka Co-operative	49,142,810	3,537,652	52,680,462	47.42
Lihakunta	40,202,000	3,848,073	44,050,073	39.65
Pohjanmaan Liha Cooperative	2,695,000	480,038	3,175,038	2.86
Mandatum Life		761,749	761,749	0.69
Varma Mutual Pension Insurance Company		524,640	524,640	0.47
Oy Etra Invest Ab		200,000	200,000	0.18
Elo Mutual Pension Insurance Company		126,289	126,289	0.11
The von Julin Sofia Margareta Estate		112,000	112,000	0.10
Atria Oyj		111,312	111,312	0.10
OP Life Insurance Ltd		108,717	108,717	0.10

FINANCIAL INDICATORS mill. EUR	31.12.18	31.12.17	31.12.16	31.12.15	31.12.14
Net sales	1,438.5	1,436.2	1,351.8	1,340.2	1,426.1
EBIT	28.2	40.9	31.8	28.9	40.6
% of net sales	2.0	2.8	2.3	2.2	2.8
Financial income and expenses	-6.2	-7.3	-6.3	-9.2	-12.7
% of net sales	-0.4	-0.5	-0.5	-0.7	-0.9
Profit before tax	22.3	35.5	26.1	20.1	34.0
% of net sales	1.6	2.5	1.9	1.5	2.4
Return of equity (ROE), %	4.1	6.7	4.7	3.6	6.6
Return of investment (ROI), %	5.0	7.3	5.9	5.6	8.3
Equity ratio, %	47.7	47.5	46.5	47.4	44.0
Interest-bearing liabilities	227.2	214.3	217.8	199.6	254.1
Gearing, %	53.1	49.8	51.6	49.3	62.6
Net gearing, %	52.1	49.0	50.5	48.3	61.8
Gross investments in fixed assets	44.5	53.9	82.9	56.9	62.7
% of net sales	3.1	3.8	6.1	4.2	4.4
Average FTE	4,460	4,449	4,315	4,271	4,715
R&D costs	13.7	12.9	13.1	12.4	13.9
% of net sales *	1.0	0.9	1.0	0.9	1.0
Volume of orders **	-	-	-	-	-

* Booked in total as expenditure for the financial year
** Not a significant indicator, as orders are generally delivered on the day following the order being placed

SHARE-ISSUE ADJUSTED PER-SHARE INDICATORS	31.12.18	31.12.17	31.12.16	31.12.15	31.12.14
Earnings per share (EPS), EUR	0.58	0.92	0.65	0.49	0.93
Shareholders' equity per share, EUR	14.69	14.81	14.49	14.16	14.22
Dividend per share, EUR*	0.40	0.50	0.46	0.40	0.40
Dividend per profit, %*	68.8	54.4	71.2	81.9	43.0
Effective dividend yield *	6.1	4.1	4.0	4.4	6.0
Price per earnings (P/E)	11.3	13.2	17.8	18.5	7.1
Market capitalisation	186.0	342.3	324.8	255.8	187.1
Market capitalisation, series A	125.4	230.9	219.0	172.5	126.2
Share turnover per 1 000 shares, series A	5,696	3,381	3,313	5,443	3,035
Share turnover %, series A	29.9	17.7	17.4	28.6	15.9
Number of shares, million, total	28.3	28.3	28.3	28.3	28.3
Number of shares, series A	19.1	19.1	19.1	19.1	19.1
Number of shares, series KII	9.2	9.2	9.2	9.2	9.2
Share issue-adjusted average number of shares	28.3	28.3	28.3	28.3	28.3
Share issue-adjusted number of shares on 31 December	28.3	28.3	28.3	28.3	28.3

*The Board of Directors proposal from year 2018 for the Annual Meeting to be held on April 26, 2019

Share price development, series A (EUR)					
Lowest of period, series A	6.42	10.11	7.61	6.62	6.43
Highest of period, series A	13.48	12.96	12.22	10.50	8.89
At end of period, series A	6.58	12.11	11.49	9.05	6.62
Average price for period, series A	9.58	11.47	9.49	9.03	7.46

ATRIA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/18	10-12/17	1-12/18	1-12/17
Net sales	**376.9**	**374.4**	**1,438.5**	**1,436.2**
Costs of goods sold	-338.7	-328.7	-1 285.7	-1 262.9
Gross profit	**38.1**	**45.7**	**152.9**	**173.3**
Sales and marketing expenses	-21.1	-23.0	-81.9	-92.4
Administrative expenses	-9.9	-11.7	-41.4	-42.7
Other operating income	0.6	3.2	3.9	5.7
Other operating expenses	-1.1	-0.7	-5.3	-3.0
EBIT	**6.7**	**13.4**	**28.2**	**40.9**
Finance income and costs	-1.2	-1.7	-6.2	-7.3
Income from joint ventures and associates	0.1	0.5	0.4	1.9
Profit before taxes	**5.6**	**12.2**	**22.3**	**35.5**
Income taxes	-1.9	-2.1	-4.5	-7.1
Profit for the period	**3.7**	**10.1**	**17.8**	**28.4**
Profit attributable to:				
Owners of the parent	3.5	9.4	16.4	25.9
Non-controlling interests	0.2	0.7	1.4	2.5
Total	**3.7**	**10.1**	**17.8**	**28.4**
Basic earnings per share, EUR	0.12	0.33	0.58	0.92
Diluted earnings per share, EUR	0.12	0.33	0.58	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/18	10-12/17	1-12/18	1-12/17
Profit for the period	**3.7**	**10.1**	**17.8**	**28.4**
Other comprehensive income after tax:				
Items that will not be reclassified to profit or loss				
Actuarial losses from benefit-based pension obligations	-0.2	-0.1	-0.2	-0.1
Items reclassified to profit or loss when specific conditions are met				
Cash flow hedges	1.3	0.6	4.2	2.1
Currency translation differences	-2.3	-2.7	-9.6	-6.1
Total comprehensive income for the period	**2.5**	**8.0**	**12.1**	**24.3**
Total comprehensive income attributable to:				
Owners of the parent	2.3	7.3	10.7	21.9
Non-controlling interests	0.2	0.7	1.4	2.4
Total	**2.5**	**8.0**	**12.1**	**24.3**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets EUR million	31.12.18	31.12.17
Non-current assets		
Property, plant and equipment	400.5	408.7
Biological assets	0.6	0.6
Goodwill	162.6	166.8
Other intangible assets	86.7	89.1
Investments in joint ventures and associates	14.5	14.7
Other financial assets	1.2	1.2
Loans and other receivables	9.8	9.2
Deferred tax assets	5.1	6.0
Total	**681.1**	**696.3**
Current assets		
Inventories	105.9	93.0
Biological assets	3.4	3.1
Trade and other receivables	105.3	114.2
Cash and cash equivalents	4.0	3.1
Total	**218.5**	**213.5**
Total assets	**899.6**	**909.8**

Equity and liabilities EUR million	31.12.18	31.12.17
Equity attributable to the shareholders of the parent company	415.3	418.6
Non-controlling interests	12.9	12.1
Total equity	**428.2**	**430.7**
Non-current liabilities		
Interest-bearing financial liabilities	152.8	122.4
Deferred tax liabilities	42.7	47.2
Pension obligations	6.3	6.3
Other non-interest-bearing liabilities	7.4	8.1
Total	**209.2**	**184.0**
Current liabilities		
Interest-bearing financial liabilities	74.5	91.9
Trade and other payables	187.8	203.2
Total	**262.2**	**295.1**
Total liabilities	**471.4**	**479.1**
Total equity and liabilities	**899.6**	**909.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	**Equity attributable to the shareholders of the parent company**							**Non-controlling interests**	**Total equity**
	Share capital	Treasury shares	Other funds	Inv. non-rest. equity fund	Translation diff.	Retained earnings	Total		
Equity 1.1.17	**48.1**	**-1.3**	**-2.5**	**249.1**	**-44.7**	**161.2**	**409.7**	**12.4**	**422.2**
Profit for the period						25.9	25.9	2.5	28.4
Other comprehensive income									
Cash flow hedges			2.1				2.1		2.1
Acturial losses from pension liabilities						-0.1	-0.1		-0.1
Currency translation differences					-6.1		-6.1	-0.1	-6.1
Share of non-controlling interest related to acquisition of subsidiary						-0.1	-0.1		-0.1
Share of non-controlling interest of sold subsidiary								-2.6	-2.6
Dividends						-13.0	-13.0	-0.2	-13.1
Equity 31.12.17	**48.1**	**-1.3**	**-0.4**	**249.1**	**-50.8**	**173.9**	**418.6**	**12.1**	**430.7**
Profit for the period						16.4	16.4	1.4	17.8
Other comprehensive income									
Cash flow hedges			4.2				4.2		4.2
Acturial losses from pension liabilities						-0.2	-0.2		-0.2
Currency translation differences					-9.6		-9.6		-9.6
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.1			0.1		0.1
Dividends						-14.1	-14.1	-0.7	-14.8
Equity 31.12.18	**48.1**	**-1.3**	**3.7**	**249.2**	**-60.4**	**176.0**	**415.3**	**12.9**	**428.2**

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-12/18	1-12/17
Cash flow from operating activities		
Operating activities before financial items and taxes	53.9	82.3
Financial items and taxes	-6.7	-17.8
Net cash flow from operating activities	**47.2**	**64.5**
Cash flow from investing activities		
Tangible and intangible assets	-44.5	-53.1
Sold operations	-	4.0
Non-current receivables	-0.9	2.3
Dividends received	0.6	0.8
Current receivables	-0.5	0.7
Net cash used in investing activities	**-45.2**	**-45.3**
Cash flow from financing activities		
Proceeds from long-term borrowings	35.0	-
Repayment of long-term borrowings	-56.3	-5.5
Changes in short-term borrowings	33.9	2.0
Dividends paid	-14.8	-13.1
Net cash used in financing activities	**-2.2**	**-16.6**
Change in liquid funds	**-0.2**	**2.6**
Cash and cash equivalents at beginning of year	3.1	4.6
Effect of exchange rate changes	1.0	-4.0
Cash and cash equivalents at the end of period	**4.0**	**3.1**

Notes to the financial statement release

Principles applied in preparing the financial statements

This financial statement release was prepared in accordance with the IAS 34 Interim Financial Reporting standard. Atria has applied the same principles in preparing this financial statement release as in preparing the 2017 annual financial statements. However, since 1 January 2018, the Group has adopted the new or revised standards and IFRIC interpretations published by the IASB included in the accounting principles of the annual financial statements of 2017.

Atria has applied the following new standards since the beginning of 2018:

- IFRS 15, Revenue from Contracts with Customers
- IFRS 9, Financial Instruments

IFRS 15

The entry into force of the new IFRS 15 standard has not required changes in Atria's revenue recognition practices. As such, it has no effect on Atria Group's income statement, balance sheet or cash flow.

Atria sells food products, feed, traded animals and services. Revenue is recognised based on contracts with customers. The contracts identify performance obligations which have their identifiable prices. Atria does not have combined or over-time performance obligations, prepayments or warranty commitments.

Atria recognises both revenue and receivables when control over goods or services is transferred to the customer. Domestic delivery is usually made within 24 hours, and control and risks are transferred upon delivery. In export, the moment of transferring control to the customer, determined by the delivery terms and delivery time, is estimated by the company on a case-by-case basis. The sales prices are not adjusted to account for the time value of money, because the time between the transferal of the products and the customer's payment is less than a year long. At Atria, discounts and rebates are recognised always for the delivery month, taking into consideration the customer's full-year volume.

For sales revenue recognition, Atria has identified two customer groups: consumer product customers and primary production customers. Atria presents sales divided into these two net sales flows as part of its segment information. Atria considers these two customer groups to be the most fundamental for understanding the nature of the revenues and cash flows from customer contracts. The majority of the Group's contracts with customers concern the sales of consumer products. Consumer product customers are primarily central organisations. In addition, Atria sells traded animals and feeds to primary production customers.

IFRS 9

The new standard did not cause significant changes in Atria's opening balance for 2018. The majority of the Group's financial assets are trade receivables, loan receivables and other types of receivable. They are classified either at amortised cost or at fair value through comprehensive income, depending on the business model for managing financial assets.

In accordance with the business model, receivables classified as measured at amortised cost are held until their due date, and the cash flows based on the contract accrue from principal payments and interest. In accordance with the business model, items classified and measured at fair value through other comprehensive income are held according to the business model for either collecting or selling contractual cash flows. The Group makes the decision of whether or not it will sell these receivables. These financial assets will be measured at fair value through comprehensive income. Interest incomes and realised sales profits and losses as well as impairment losses are recognised through profit or loss.

Equity investments are classified as financial assets to be measured at fair value through comprehensive income. The profit or loss realised on the sale of these financial assets is no longer recognised through profit and loss at the time of sale. Changes in fair value are transferred within equity from the fair value fund to retained earnings through comprehensive income.

In line with the new impairment model, an impairment is recognised for expected credit losses of receivables. For impairment provisions of trade receivables, a simplified approach is applied. The calculation model for expected credit losses depends on whether or not credit risk has increased significantly. The new impairment model has not caused significant changes.

The accounting treatment of financial liabilities has not changed.

The effects of the standard for Atria Group apply mainly to hedge accounting. The new hedge accounting rules brought hedge accounting closer to the Group's risk management practices and allow the hedging of asset components. The system-priced risk and regional price difference risk for electricity hedge accounting can be treated separately in hedge accounting.

New standards 1 January 2019:

IFRS 16

IFRS 16 changes the accounting of the lessee as all leases must be recognised in the balance sheet. The standard abandons the current separation into operating leases and finance leases. According to the standard, lessees should in practice recognise asset items (right-of-use asset) and the financial liability related to the lease payment obligation for all their lease agreements. Agreements pertaining to short-term and low-value assets can be subject to exemption. The standard will also affect the income statement, because total costs are typically higher during the first half of the term of the lease and lower towards the end. In addition, the lease expenses currently included in operating expenses will be replaced by interest and depreciation.

The operating cash flows are higher than before because proportion of the lease liability assets from the payments is classified as cash flow from financing. Only the interest element will continue to be presented in the operating cash flows. The new instructions concerning the definition of a lease causes changes to the current state. According to IFRS 16, an agreement is a lease or contains a lease if the agreement conveys the right to use an identified asset for an agreed period of time in return for a payment.

The standard will be adopted for the financial period beginning 1 January 2019. Atria will utilise the concession on recognition allowed by the standard, and will not apply the standard to short-term leases or contracts where the underlying asset is of low value. The aim is to apply a simplified approach to the transition, and the comparable figures for the year preceding adoption will not be adjusted. According to the current IAS 17 standard, the value of the operating leases on 31 December 2018 was approximately EUR 20 million. Due to the definition of a lease period and the different treatment of lease extension and termination options, the financial liability related to the lease payment obligation to be recognised in the balance sheet will be approximately EUR 40 million.

OPERATING SEGMENTS

EUR million	10-12/18	10-12/17	1-12/18	1-12/17
Revenue from Consumer goods				
Atria Finland	205.1	201.5	787.1	767.0
Atria Sweden	74.1	77.7	287.9	307.2
Atria Denmark & Estonia	24.7	24.6	94.8	95.6
Atria Russia	19.9	21.7	75.1	85.7
Eliminations	-11.1	-11.0	-41.1	-42.0
Total	**312.7**	**314.5**	**1 203.8**	**1 213.5**
Revenue from primary products				
Atria Finland	63.5	59.3	232.1	219.4
Atria Sweden	-	-	-	-
Atria Denmark & Estonia	0.7	0.7	2.6	3.3
Atria Russia	-	-	-	-
Total	**64.2**	**59.9**	**234.7**	**222.7**
Total net sales	**376.9**	**374.4**	**1 438.5**	**1 436.2**
EBIT				
Atria Finland	9.5	11.4	36.7	36.3
Atria Sweden	-1.1	1.4	-7.1	2.4
Atria Denmark & Estonia	1.0	1.3	5.3	5.2
Atria Russia	-2.6	0.8	-4.0	0.8
Unallocated	-0.2	-1.4	-2.7	-3.7
Total	**6.7**	**13.4**	**28.2**	**40.9**
Investments				
Atria Finland	5.6	6.0	20.6	23.4
Atria Sweden	4.2	7.2	15.4	22.8
Atria Denmark & Estonia	1.1	0.9	4.4	4.8
Atria Russia	0.5	1.3	4.1	2.9
Total	**11.5**	**15.5**	**44.5**	**53.9**
Depreciation and write-offs				
Atria Finland	6.9	6.6	26.9	26.5
Atria Sweden	2.5	2.5	10.1	10.5
Atria Denmark & Estonia	1.2	1.3	4.2	4.4
Atria Russia	1.1	1.1	4.2	4.7
Total	**11.6**	**11.6**	**45.4**	**46.1**

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

EUR milloin

Balance sheet items	**31.12.18**	**Level 1**	**Level 2**	**Level 3**
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	6.6		6.6	
Total	**7.8**	**0.0**	**6.6**	**1.2**
Liabilities				
Derivative financial instruments	2.5		2.5	
Total	**2.5**	**0.0**	**2.5**	**0.0**

Balance sheet items	**31.12.17**	**Level 1**	**Level 2**	**Level 3**
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	2.9		2.9	
Total	**4.1**	**0.0**	**2.9**	**1.2**
Liabilities				
Bonds	50.0		50.0	
Derivative financial instruments	1.9		1.9	
Total	**51.9**	**0.0**	**51.9**	**0.0**

There were no transfers between Levels 1 and 2 during the period.
Level 1: Prices listed on active markets for identical assets and liabilities.
Level 2: Fair values can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Fair values are not based on verifiable market prices.
Fair values of financial instruments do not deviate significantly from balance sheet values.

RELATED PARTY TRANSACTIONS

EUR million

The following transactions were completed with related parties:

	10-12/18	**10-12/17**	**1-12/18**	**1-12/17**
Sales of goods and services	5.1	4.2	18.7	15.1
Purchases of goods and services	26.3	30.9	92.7	87.2

	31.12.18	**31.12.17**
Receivables	1.3	0.9
Liabilities	14.6	6.6

CONTINGENT LIABILITIES

EUR million	**31.12.18**	**31.12.17**
Debts with mortgages given as security		
Loans from financial institutions	1.5	1.6
Pension fund loans	4.3	4.4
Total	**5.8**	**6.0**
Mortgages given as comprehensive security		
Real estate mortgages	2.5	2.7
Corporate mortgages	1.1	1.1
Total	**3.6**	**3.8**
Guarantee engagements not included in the balance sheet		
Guarantees	0.1	0.2

THE MAIN EXCHANGE RATES

	Income statement		Balance sheet	
	1-12/18	1-12/17	31.12.2018	31.12.2017
SEK	10.2567	9.6369	10.2548	9.8438
DKK	7.4532	7.4387	7.4673	7.4449
RUB	74.0551	65.8877	79.7153	69.3920

PRINCIPLES FOR CALCULATING FINANCIAL INDICATORS

Adjusted EBIT		In addition to reporting EBIT, the company publishes an adjusted EBIT indicator to describe the actual financial development of the business and to improve comparability between different periods. The adjusted EBIT is determined by adjusting the EBIT recognized in the income statement for items that affect comparability. These may include events that are not part of the ordinary business activities, such as the restructuring of operations, capital gains and losses attributable to the sale of operations, impairment, and the costs of discontinuing significant operations.
Gross investments		Investments in tangible and intangible assets, including acquired businesses
FTE	=	$\frac{\text{Hours worked during the review period}}{\text{Number of working days during the review period * normal working hours per day}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the accounting period}}{\text{Equity (average)}} * 100$
Return on investment (%)	=	$\frac{\text{Profit/loss before tax + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities (average)}} * 100$
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total – advance payments received}} * 100$
Gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities}}{\text{Equity}} * 100$
Net interest-bearing liabilities	=	Interest-bearing financial liabilities – cash and cash equivalents
Net gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities – cash and cash equivalents}}{\text{Equity}} * 100$
Earnings/share (basic)	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average of outstanding shares}}$
Equity/share	=	$\frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend/share	=	$\frac{\text{Dividend distribution during the accounting period}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend/profit (%)	=	$\frac{\text{Dividend/share}}{\text{Earnings per share (EPS)}} * 100$
Effective dividend yield (%)	=	$\frac{\text{Dividend/share}}{\text{Closing price at the end of the accounting period}} * 100$
Price/earnings (P/E)	=	$\frac{\text{Closing price at the end of the accounting period}}{\text{Earnings per share}}$
Average price	=	$\frac{\text{Overall share turnover (EUR)}}{\text{Undiluted average number of shares traded during the accounting period}}$
Market capitalisation	=	Number of shares at the end of the accounting period * closing price on 31 Dec
Share turnover (%)	=	$\frac{\text{Number of shares traded during the accounting period}}{\text{Undiluted average number of shares}} * 100$

ATRIA PLC
Board of Directors

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