



Lännen Tehtaat plc

Interim Report Q1 2010

6 May 2010

Scandic Marski

Matti Karppinen
CEO

Lännen Tehtaat



Frozen Foods



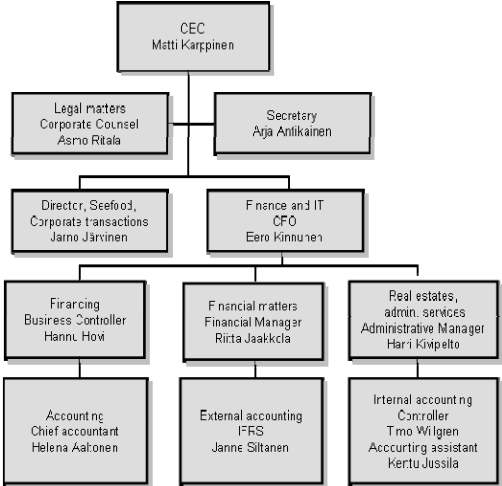
Seafood



Grains and Oilseeds



Other operations Lännen Tehtaat plc



Apetit Suomi Oy

**Associated companies:
Sucros Ltd (20%)
Ateriamestarit Oy (50%)**





Lännen Tehtaat

Interim Report Q1 2010



Matti Karppinen, CEO:

“The year began significantly better than last year. Consolidated net sales were up year-on-year thanks to growth in the Grains and Oilseeds business and the Seafood business. The operating profit also showed a year-on-year improvement, as expected.”

”The improved operating profit was significant in both the Grains and Oilseeds business and the Seafood business. In Frozen Foods and in Other Operations the result was almost at the previous year’s level.

”Market conditions have continued to be uncertain due to the weak economic circumstances. In the second quarter, the industrial action and the substantial price rises for salmon and rainbow trout are further challenges affecting our profit-earning capacity.”





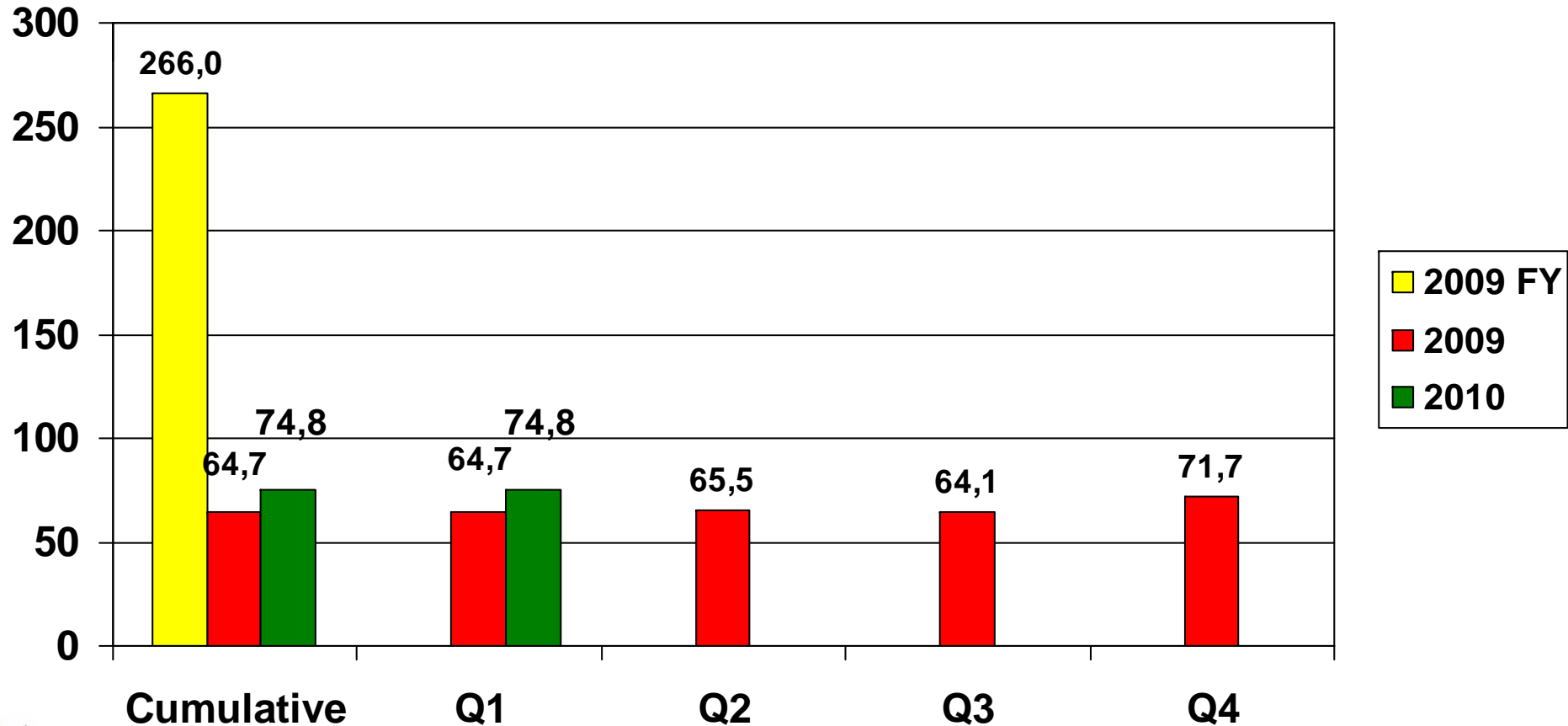
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Key figures Q1 2010

EUR million	Q1/2010	Q1/2009
Net sales	74.8	64.7
Operating profit	0.9	-0.7
Profit before taxes	1.2	-0.4
Profit for the period	0.8	-0.3
Earnings per share, EUR	0.13	-0.04

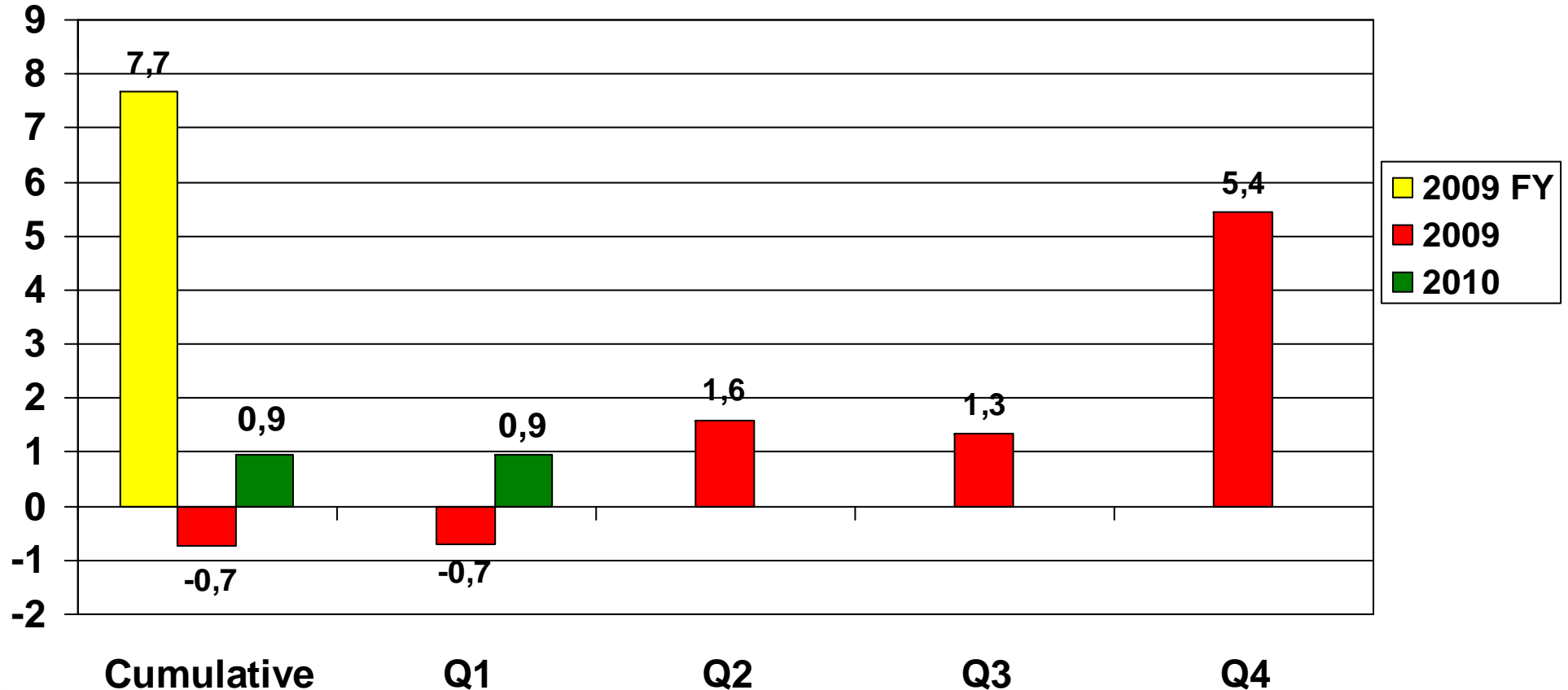
- **Net sales were up by 16 %.**
- **The first quarter operating profit rose by EUR 1.6 million year-on-year.**
- **There were no non-recurring items.**
- **The equity ratio was 77.0% (76.5%) and the Group is debt-free.**

Consolidated net sales, EUR million



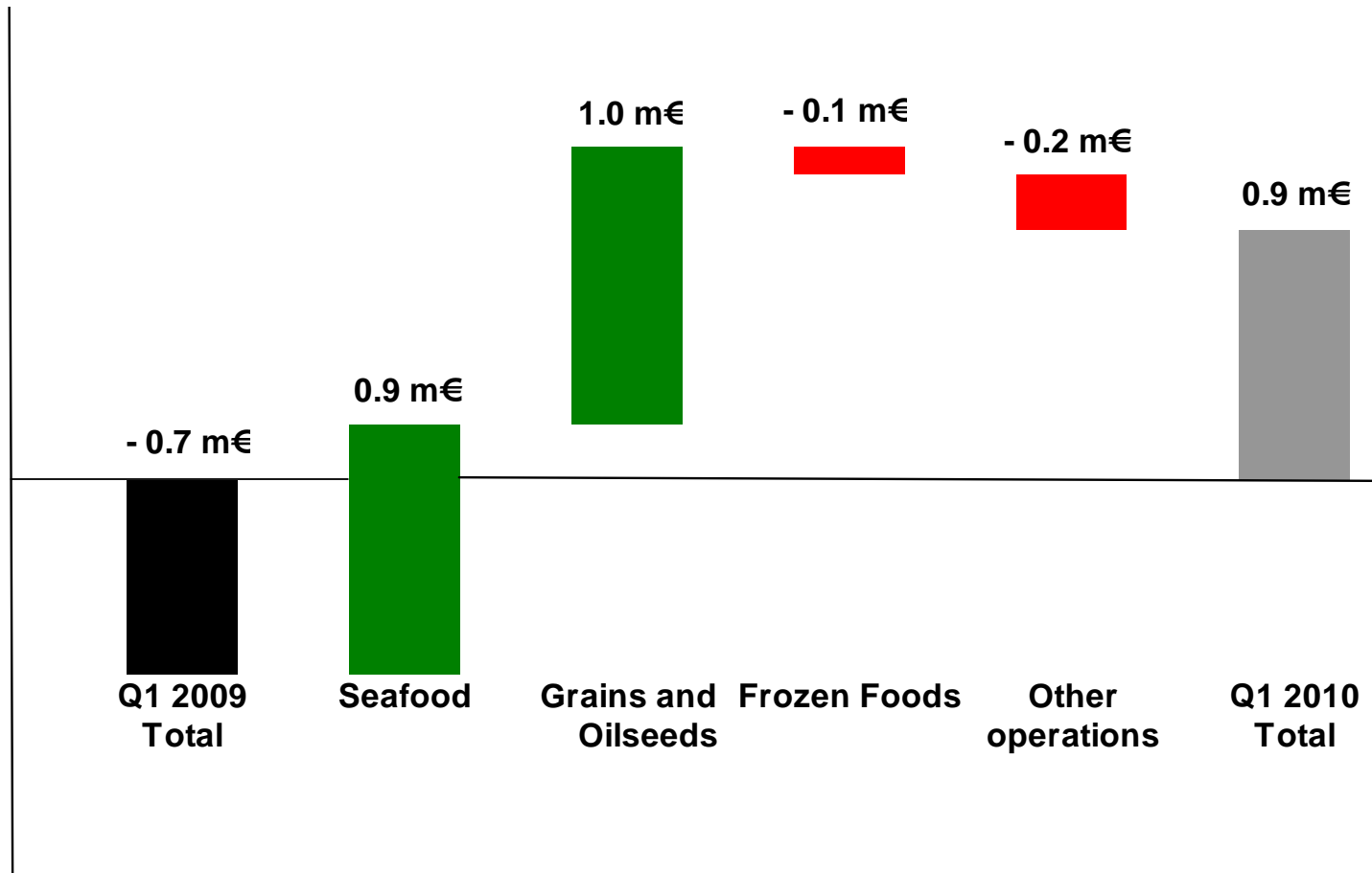
- Consolidated net sales were up by 16%.
- Most of this growth was in the Grains and Oilseeds business, where sales volume was above the previous year's level, also net sales of the Seafood business rose.
- The Group only consists of continuing operations.

Operating profit excluding non-recurring items, EUR million



- The Group's operating profit rose by EUR 1.6 million year-on-year.
- The improved operating profit was significant in both the Seafood business and the Grains and Oilseeds business.
- There were no non-recurring items in the first quarter of the year nor were there any in the same period the previous year.

Operating profit excluding non-recurring items Change in profits Q1 2010 vs Q1 2009 EUR million



• The Group's operating profit rose by EUR 1.6 million year-on-year.

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Frozen Foods Q1 2010



Frozen Foods			
EUR million	Q1/2010	Q1/2009	2009
Net sales	12.8	12.9	46.0
Operating profit, excluding non-recurring items	0.3	0.4	3.4

Net sales

- Sales of retail products were up by 2%.
- The growth was especially in basic products.
- The growth was also boosted by new products.
- Sales to the food industry were at the level of the same quarter in 2009.
- Sales to the HoReCa sector fell slightly, as did export sales.

Operating profit

- Relative profitability improved as a result of the product mix.
- Productivity has improved as planned.

Other

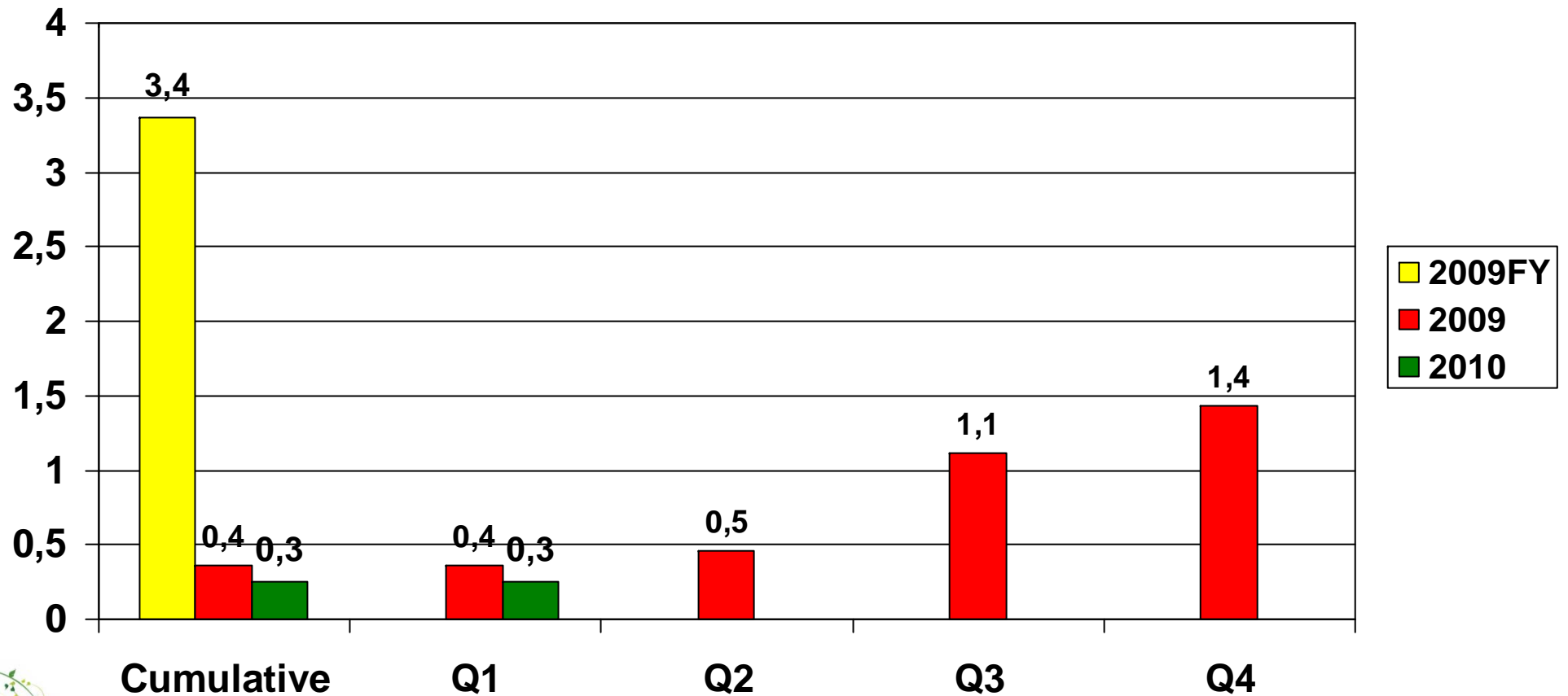
- Special themes in the marketing have been the domestic origin and the positive properties of frozen products.

- Net sales and profit were almost at the level of the previous year.



Tuorepakasteessa on kaikki tallella: maku, rakenne ja vitamiinit.

Operating profit excluding non-recurring items, Frozen Foods, EUR million



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Seafood Q1 2010



Seafood			
EUR million	Q1/2010	Q1/2009	2009
Net sales	19.0	18.5	75.9
Operating profit, excluding non-recurring items	-0.0	-0.9	-1.8

Net sales

- Net sales were up by 3%.
- **Domestic:** increase in average prices, Easter sales were partially in the first quarter
- **Foreign:** effects of exchange rates, discontinuation of an unprofitable product segment, strong growth in sales of dressings, shellfish and mackerel in Norway

Operating profit

- EUR 0.9 million better than a year earlier.
- Profit improved in both the Finnish and foreign operations.

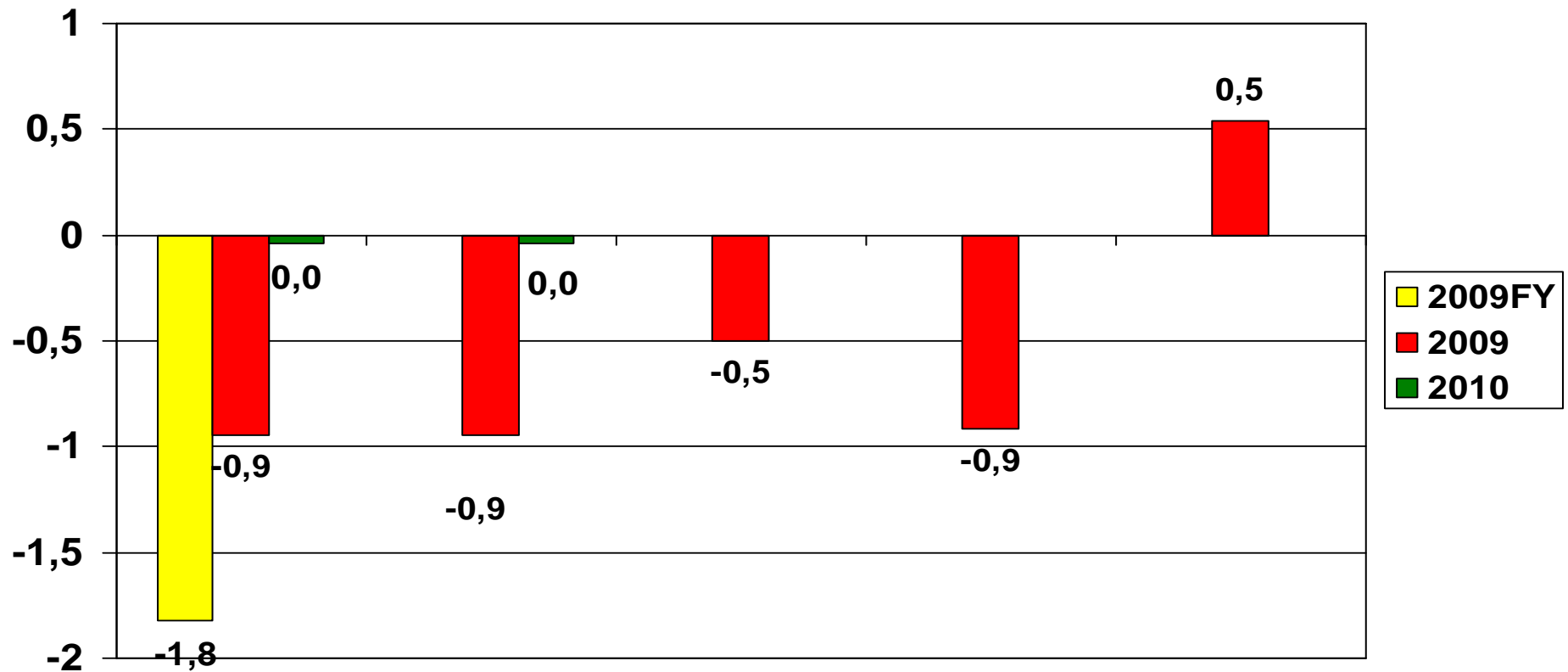
Other

- The execution of the strategy for the Finnish Seafood business continues as planned.
- The considerable rise in the raw material price of Norwegian salmon and of rainbow trout will continue to create pressures to increase product prices in Finland and Norway.
- The Maritim Food Group is going through a comprehensive, customer-driven product renewal process.
- Integration of Maritim Food AS and Sandanger has been executed as planned.



• Net sales were up and profit improved in both the Finnish and foreign operations of the Seafood business.

Operating profit excluding non-recurring items, Seafood, EUR million



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Grains and Oilseeds Q1 2010



Grains and Oilseeds

EUR million	Q1/2010	Q1/2009	2009
Net sales	43.0	33.2	143.4
Operating profit, excluding non-recurring items	2.0	0.9	7.4

Net sales

- Net sales were up by 29% year-on-year.
- The sales volume was significantly greater than a year earlier.
- Growth in trade within the EU.



Operating Profit

- Was considerably up on the previous year's first-quarter figure.
- The good result was a consequence of sales volumes being greater than a year earlier and of the good oil yield and high-quality Finnish rapeseed crop.

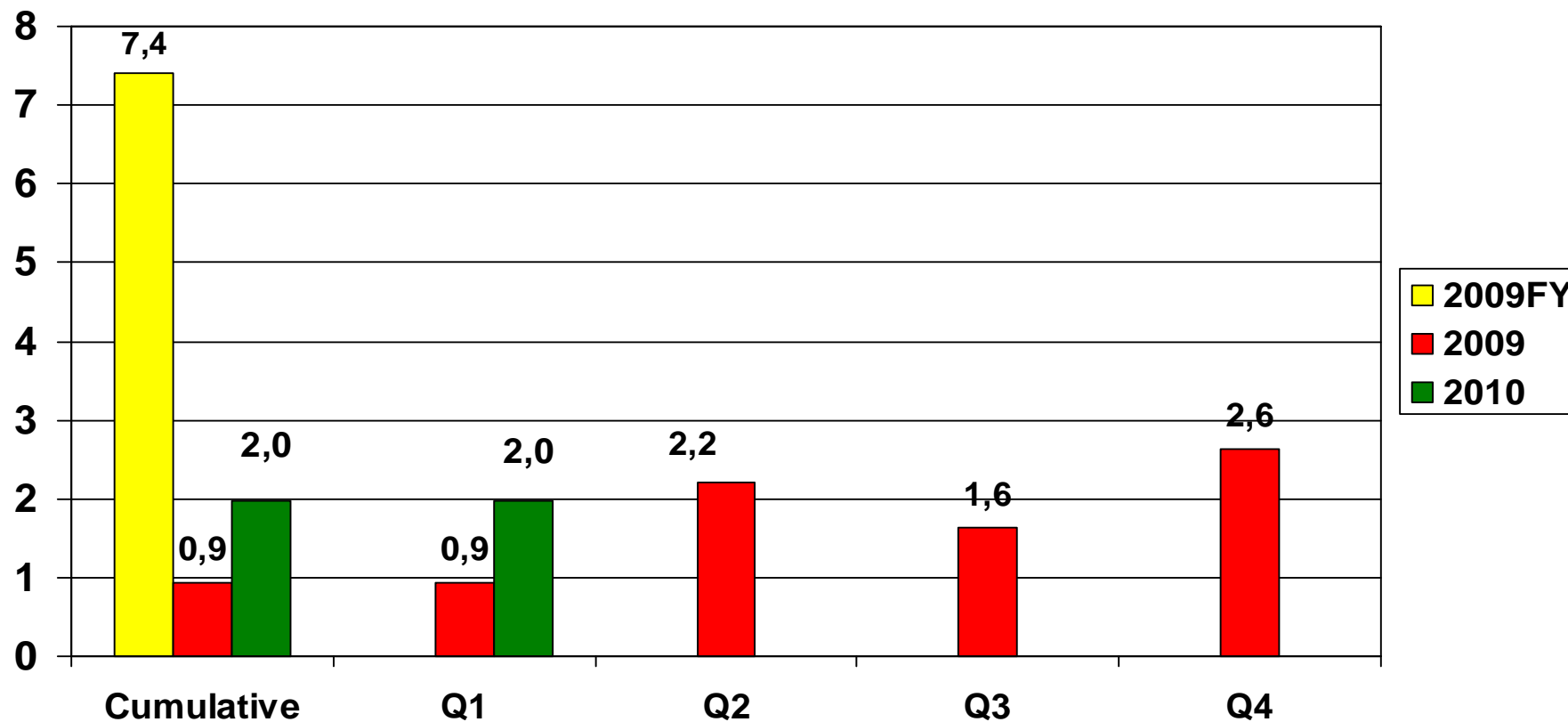
Other

- There was a plentiful supply of grain and low market prices, a busy market for rapeseed.
- The purchase, sales and administration functions of Avena and Mildola has been integrated.
- From the start of the year Mildola has continued its oil milling operation as a production unit of Avena.



- Net sales were up and profit improved.

Operating profit excluding non-recurring items, Grains and Oilseeds, EUR million



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Other Operations Q1 2010



Other Operations			
EUR million	Q1/2010	Q1/2009	2009
Net sales	0.4	0.4	2.4
Operating profit, excluding non-recurring items	-1.2	-1.1	-1.3

The Other Operations segment comprises the service company Apetit Suomi Oy, Group Administration, items not allocated under any of the business segments, and the associated companies Sucros Ltd (20%) and Ateriamestarit Oy (50%).

Net sales

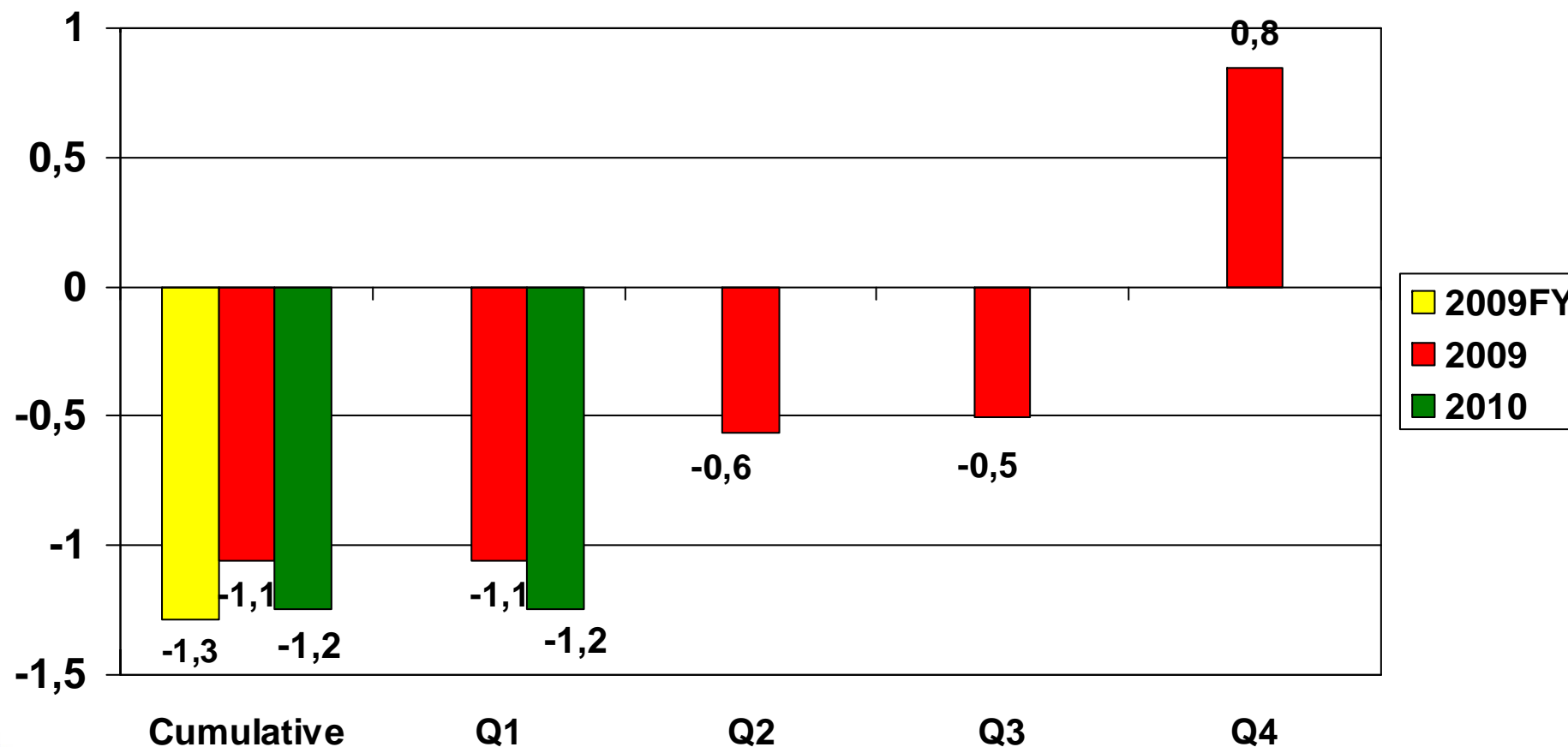
- Comprise service sales to operating segments.
- Does not have any material importance.

Operating profit

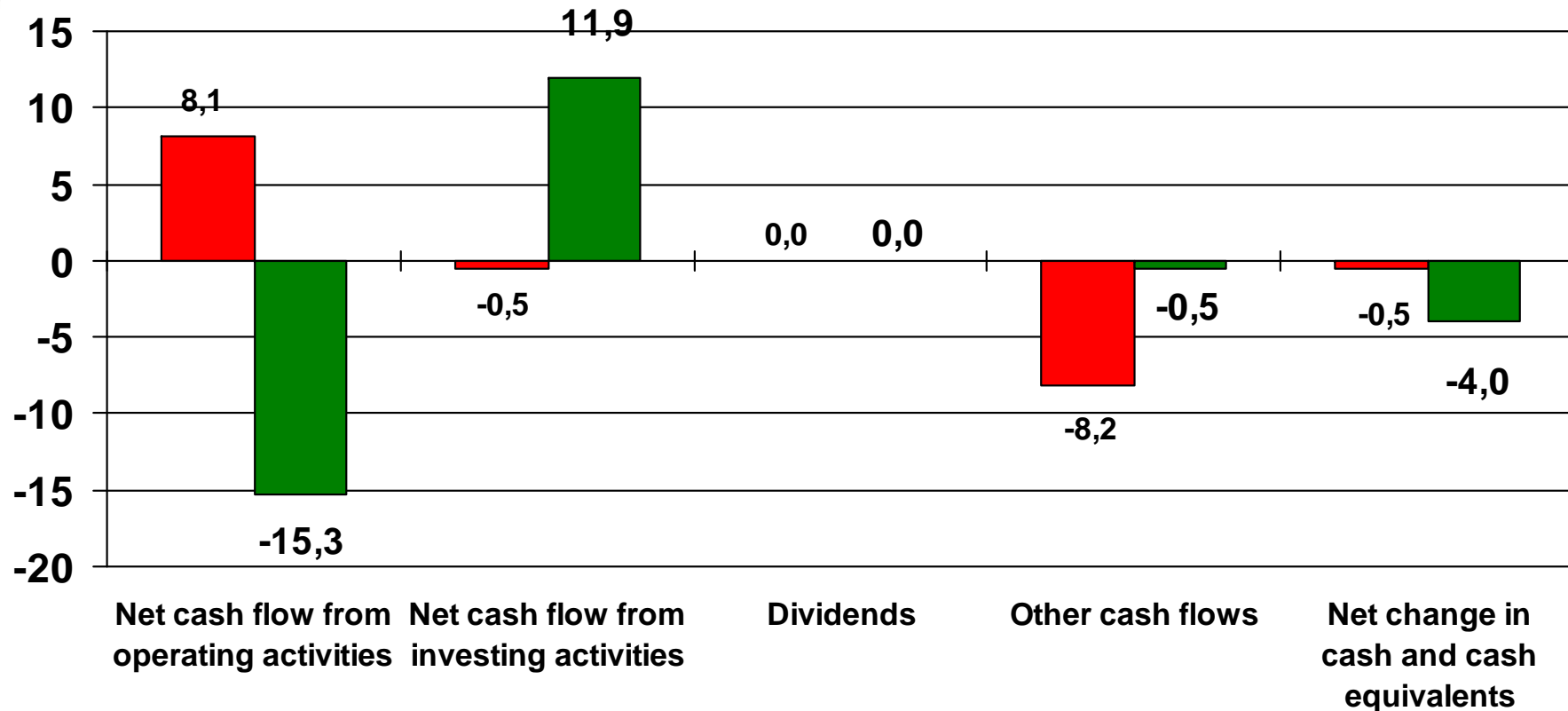
- Comprises the Group administration, costs not allocated to the operating segments and the share of profits of the associated companies.
- The operating profit includes EUR -0.1 (0.0) million as the share of profits of associated companies.

- Net sales and profit were almost at the level of the previous year.

Operating profit excluding non-recurring items, Other Operations, EUR million



Cash flow from operations, EUR million



■ 2009 Q1 ■ 2010 Q1

- Changes in the net working capital is the most significant item in the net cash flow from operating activities.
- Net cash flow from investing activities includes also changes in fund investments.
- Other cash flows include proceeds from loans and repayments of loans.



Lännen Tehtaat

Mission, vision and targets




MISSION

To offer consumers healthy and tasty food products which are based on locally produced raw materials. We provide added value for our shareholders on a long-term basis.

VISION

To be one of the leading Finnish food companies operating across the northern Baltic Sea region.

TARGETS

- determined and profitable growth
 - an operating profit of at least 5% of net sales
 - an equity ratio of at least 40%
 - a return on equity (ROE) of at least 12%
- 



Lännen Tehtaat

Long-term growth target



Determined and profitable growth in the Group's business.

- **Lännen Tehtaat Group is debt-free.**
- **The equity ratio is 77.0%.**
- **The company's financing over the next few years has been secured with committed credit facilities.**

→ Our strong balance sheet and financial position give us excellent change to benefit from new emerging opportunities for corporate arrangements.



Principal shareholders on 30 April 2010



	%
Scanfil plc	8.6
Skagen Funds, total	6.3
Esko Eela	6.2
Nordea Nordic Small CapFund	5.5
Valio Ltd	5.2
EM Group Oy	4.8
Mutual Insurance Company Pension Fennia	2.5
Ilmarinen Mutual Pension Insurance Company	2.4
Central Union of Agricultural Producers and Forest Owners (MTK)	2.0
Special Mutual Fund Fourton Fokus Finland	1.7
Valio's Pension Fund	1.4
Norvestia plc	1.2
Sijoitusrahasto Arvo Finland Value	1.0
Säästöpankki Kotimaa Mutual Fund	1.0
Säkylän Municipality	0.9
City of Turku	0.6
Foundation for Economic Education	0.6
Placeringsfonden SEB Gyllenberg Small Firm	0.5
Suomen Outperform Oy	0.5
Jyrki Hilli	0.5
Nominee registered shares	2.8
Shares owned by the company	2.1
Other shareholders	41.7
	100.0

Top10 = 45,2 %

FUTURE OUTLOOK

The Group's net sales will be affected particularly by the market activity and by changes in the price level of grains and oilseeds.

Thanks to the development measures undertaken in the Group's businesses, the full-year operating profit, excluding non-recurring items, is expected to be at least at the level of 2009. Profit accrual is expected to be weighted heavily towards the latter part of the year, as in 2009. The profit performance in the second half of the year will be influenced substantially by the extent of activity in the grain and oilseed markets, which at this stage of the year is still difficult to assess.

The profit outlook for the second quarter is more challenging than a year ago. If the industrial action in the food industry were to be prolonged, this would affect net sales and profits in all the Group's Finnish businesses. The profit performance in the Seafood business will be affected by the sharp rise seen in salmon and rainbow trout raw material costs and by the success with which these higher costs can be transferred to sales prices.



Lännen Tehtaat

Determined and profitable growth in the Group's business.