

Apetit Q3/2016 Interim Report

Juha Vanhainen, CEO

Sami Saarnio, CFO

Briefing for Analysts and Media 3rd November 2016 at 10.00 a.m.
Scandic Simonkenttä, Helsinki





Sami Saarnio appointed as Apetit Plc's Chief Financial Officer

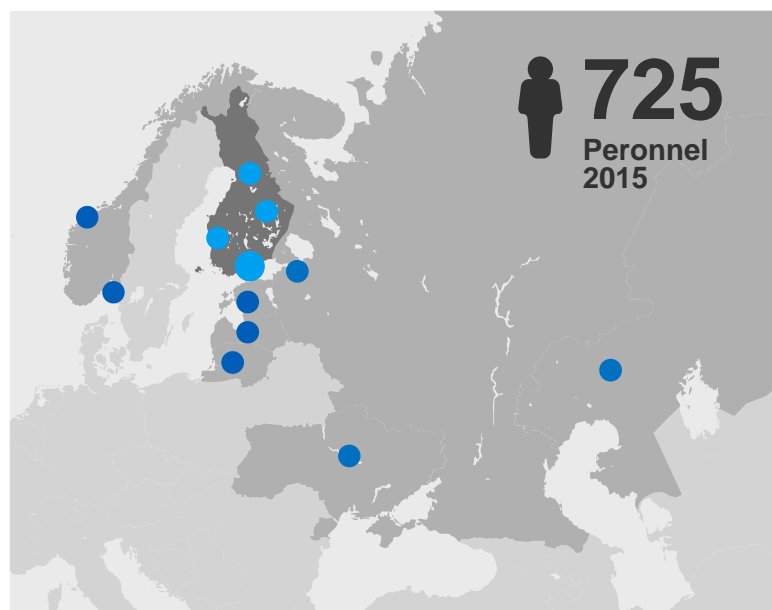
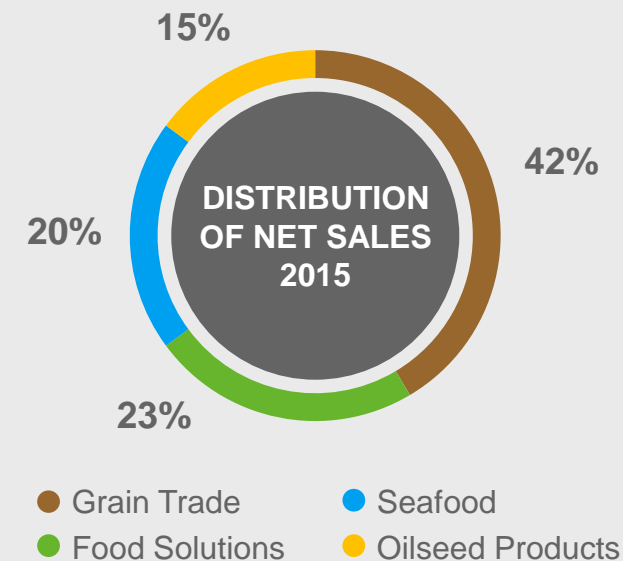
- **Sami Saarnio** M.Sc. (Econ. and Bus. Adm.) has been appointed as Apetit Plc's Chief Financial Officer (CFO) and member of its Corporate Management with responsibility for the company's financial administration and finance operations. Saarnio will report directly to Juha Vanhainen, CEO. He has assumed this post on 24 October 2016
- Sami Saarnio has solid and extensive experience of leading financial and ICT operations. Most recently, he held the post of Chief Financial Officer at Onninen Oy
- **Eero Kinnunen**, Apetit Plc's previous CFO, has taken up the position of Vice President, Strategic Projects. He will report directly to the CEO



Apetit

Creating Wellbeing with Vegetables

- Apetit produces food solutions based on vegetables, fish and vegetable oils
- Apetit is active in the trading of grains, oilseeds and raw materials for feeds in Finland and internationally
- Its customers include consumers, the retail trade, the HoReCa (hotel, restaurant, catering) sector and the food industry
- Founded in 1950
- Listed on Nasdaq Helsinki in 1989



Our vision 2018
**The leader in
vegetable-based
food solutions**



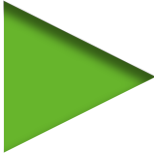
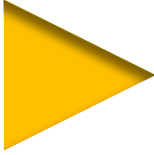
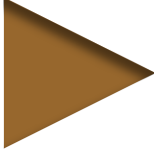

Apetit Group's July-September 2016

Operational EBIT was unsatisfactory – Seafood's performance continued to improve

- **July-September** (Q3/2016, EUR million)
 - Net sales 91.9 (75.3), driven by high volumes in grain markets
 - Operational EBITDA 3.1 (2.9)
 - Operational EBIT 1.4 (1.8*)
 - The share of profit of the associated company Sucros -0.1 (-0.3)
- **January-September** (Q1-Q3/2016, EUR million)
 - Net sales 286.4 (267.0)
 - Operational EBITDA 4.1 (4.0)
 - Operational EBIT -0.7 (-0.1**)

* The operational EBIT in the comparison period includes EUR 0.4 million in associated company profit from Taimen Oy

** The operational EBIT in the comparison period includes by EUR 0.7 million in profit made from the sale of a property in the Länsi-Säskylä industrial estate and EUR 0.4 million in associated company profit from Taimen Oy

-  **In Food Solutions** the positive trend in frozen products sales continued, whereas in fresh products declining volumes in professional food services weighed on profitability
-  **In Oilseed Products** volume growth led to an increase in net sales. The lower market prices of expeller affected the relative profitability
-  **Grain Trade** sales volumes grew significantly, but plentiful supply in the international grain markets lowered the marginals
-  **In Seafood** profit performance developed positively in all countries of operation. Operative cash flow improved significantly

Salonkorjuun
UUNIJUURES

25 MIN

KÄYTTÖVALMIIT

Tuorekset

- MAUSTA ESIM. HUNAJALLA JA ROSMARIINILLA
- MONIPUOLISESTI KASVIKSIA
- MAKOISAA BATAATTIA

Business segment review Q3/2016

New
harvest
season
Tuorekset-
varieties were
introduced in
October

KÄYTTÖVALMIIT
Tuorekset
Apetit

Business segments – strategic focuses and target positions





Food Solutions Q3/2016

Net sales and profitability improved in frozen foods

OPERATIONAL ENVIRONMENT Q1-Q3/2016

In Finland, value of grocery sales increased 0.4 per cent and volumes 1.2 per cent in January–September

NET SALES GREW IN FROZEN FOODS

- Net sales were 22.8 (22.8) M€
- Sales by the frozen food group increased to the retail trade, the professional food service sector and industry
- Sales of fresh products to the professional food service sector were lower than in the comparison period
- Sales by Service Sales grew year-on-year

PROFITABILITY AT THE PREVIOUS YEAR'S LEVEL

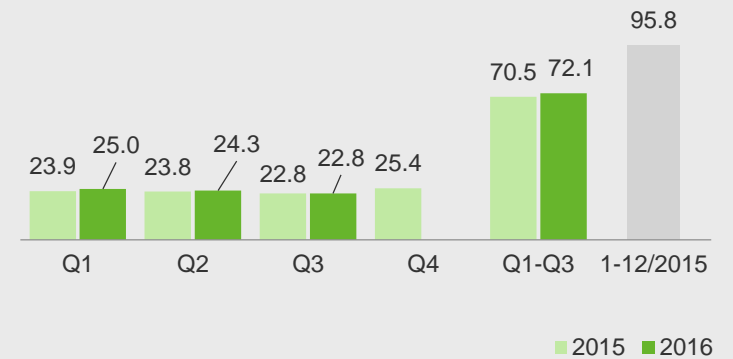
- Operational EBIT was 0.2 (0.3) M€
- Profitability improved in the frozen food. In fresh products, reduced sales volumes lowered the profitability of the entire segment
- The earlier start and greater volume of the harvest meant that the amount of fixed costs that were activated in inventories in July–September was EUR 0.6 million

INVESTMENT IN GROWTH

- Investment in January–September totalled 4.7 (3.2) M€
- Investment targeted mainly at creating production capacity at the fresh product plant in Helsinki for the consumer-packaged, pre-prepared Tuorekset products
- In addition, investment were targeted at the production equipment at the frozen food plant in Säkylä

Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Expansion into the fruit and vegetable section in retail

A good start in Tuorekset-sales



Store coverage



*The amount of grocery stores in Finland totalled approx. 4004 stores of various sizes in year 2015

Source: Nielsen / Finnish Grocery Trade Association PTY

** SuperCrush, Norstat-panel 22-23/9/016, N=406

Net sales grew, good profitability continued

OPERATIONAL ENVIRONMENT Q1-Q3/2016

The oilseed growing season was mostly favourable in Finland and the crops will be better than in the previous years. The total area under cultivation of rapeseed increased by 17 % and yield in tonnes by 15 %

The availability and quality of Finnish oilseeds is good in the current harvest season

PROFITABILITY ON PREVIOUS YEAR'S LEVEL

- Operational EBIT was 0.8 (0.9) M€
- The relative margin level was down due to the lower market prices of expeller
- Profitability was boosted by high capacity utilization in Kirkkonummi production plant

SALES GREW ESPECIALLY IN UNPROCESSED OIL

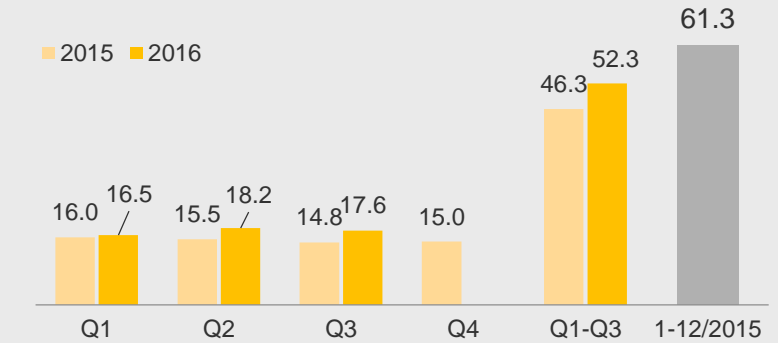
- Net sales were 17.6 (14.8) M€
- The delivery volume of oilseed products in tonnes was higher than in the comparison period
- The sales of packaged and special products exceeded those of the comparison period and made up 31.6 (27.8) per cent of the segment's net sales
- Exports' share of net sales was 31 per cent

STRATEGIC GROWTH PROJECTS

- The vegetable oil packaging plant extension that was opened in June quickly enabled to increase delivery volumes of packaged products in this quarter, particularly to the export markets
- Investment in January-September was 1.5 (0.5) M€

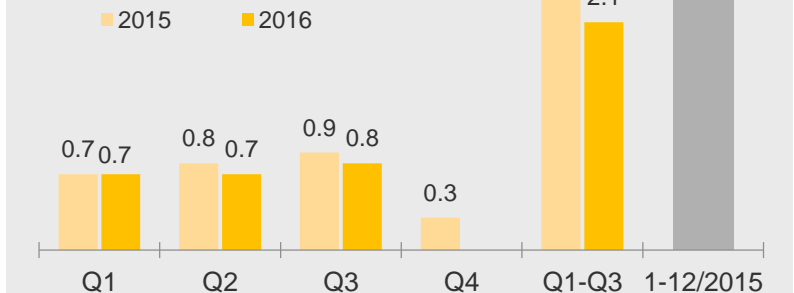
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Grain Trade Q3/2016

Low margins in international markets affected the Grain Trade

OPERATIONAL ENVIRONMENT Q1-Q3/2016

The price level on the international grain market was at a relatively low level on account of the high levels of grain stocks

The International Grains Council (IGC) did not change its forecast of the global wheat yield and estimated that grain stocks will increase as the current crop year progresses

PLENTIFUL SUPPLY AFFECTED THE PROFITABILITY

- Operational EBIT was 0.6 (0.7) M€
- Due to the lower price level and margins in grain markets, the relative profitability was lower than in previous year
- Our own stock levels and consequently the amount of tied capital were at a higher level throughout the period

NET SALES GREW SIGNIFICANTLY YEAR-ON-YEAR

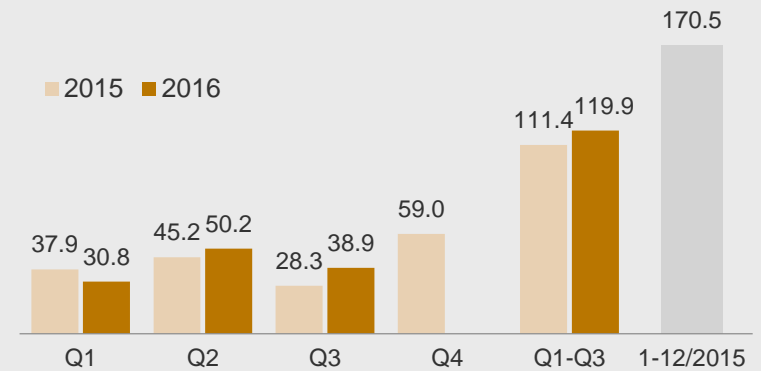
- Net Sales were 38.9 (28,3) M€
- Both the net sales and delivery volumes by tonne clearly exceeded those of the comparison period
- Sales volume was 186 (117) thousand tonnes

UTILISING GROWTH POTENTIAL IN BALTICS

- The new subsidiary SIA Avena Nordic Grain has successfully started purchases for the new harvest season in Latvia and signed the necessary logistics agreements with local ports

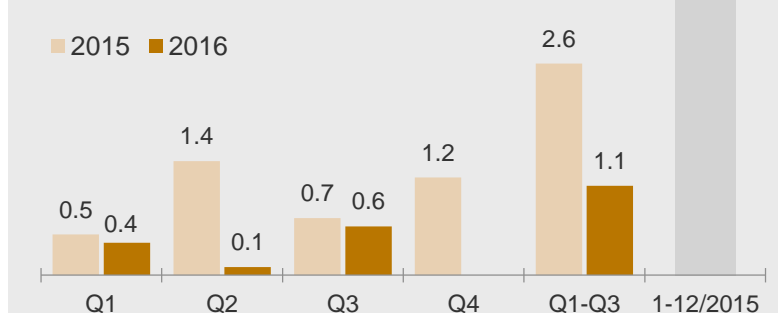
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

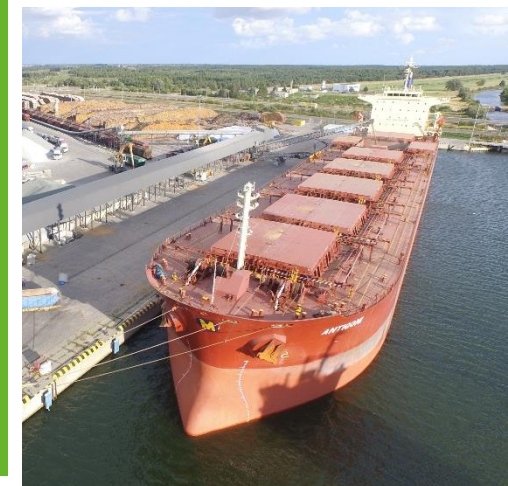
EUR million, comparison 2016/2015



The price level in grain market declining, price fluctuations have decreased



- The price of wheat on the international market has fallen over the last two harvest seasons
- The changes in wheat prices affect also other food and feed grain prices
- Market volatility has remained on relatively low lever over the last few years





Seafood Q3/2016

Operating cash flow improved significantly

OPERATIONAL ENVIRONMENT Q1-Q3/2016

The price of Norwegian salmon during 2016 has been at a higher level than that of the comparison period

In Finland, the price increase has significantly lowered sales volumes in retail stores

PRICES OF RAW MATERIAL KEPT NET SALES HIGH

- Net sales were 20.4 (20.4) M€
- The price of Norwegian salmon that was higher than in the comparison period slightly reduced the segment's sales in Finland
- In Norway, the trend in sales of higher-quality fishcakes and shellfish products was favourable

OPERATIONAL EFFICIENCY IMPROVED PROFITABILITY

- Operational EBIT was -0.2 (-0.1) M€. Comparison period includes 0.4 M€ associated company profit from Taimen Oy
- Operational EBITDA was 0.2 (-0.2) M€. The change in the fair value of currency hedges had an impact of EUR -0.2 (0.2) million on the operational EBITDA
- The efficiency boosting investments and improvements in processes in Kuopio have yielded good results
- In Norway the profitability developed favourably due to increased sales and good production efficiency

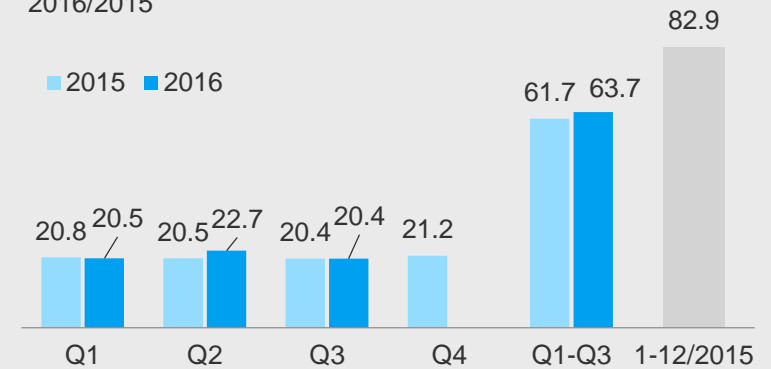
INVESTMENT PROGRAMME IN KUPIO COMPLETED – CASH FLOW IMPROVED

The completion of the profitability investment programme in Kuopio resulted in an improvement of operating cash flow to 0.1 (-0.7) M€ in July-September

Investment in January-September was 1.5 (1.2) M€ and focused mainly on equipment investments for the Kuopio to improve production efficiency

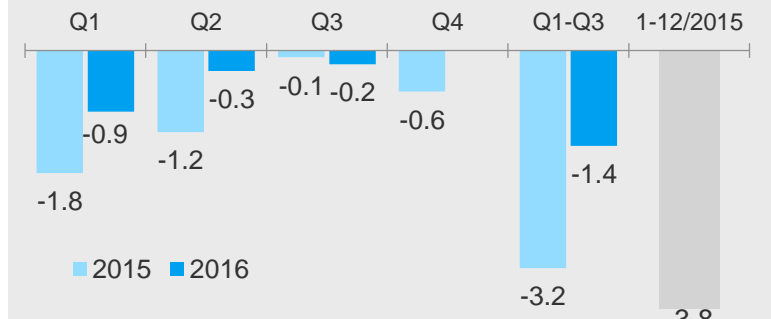
Net Sales

EUR million, comparison 2016/2015



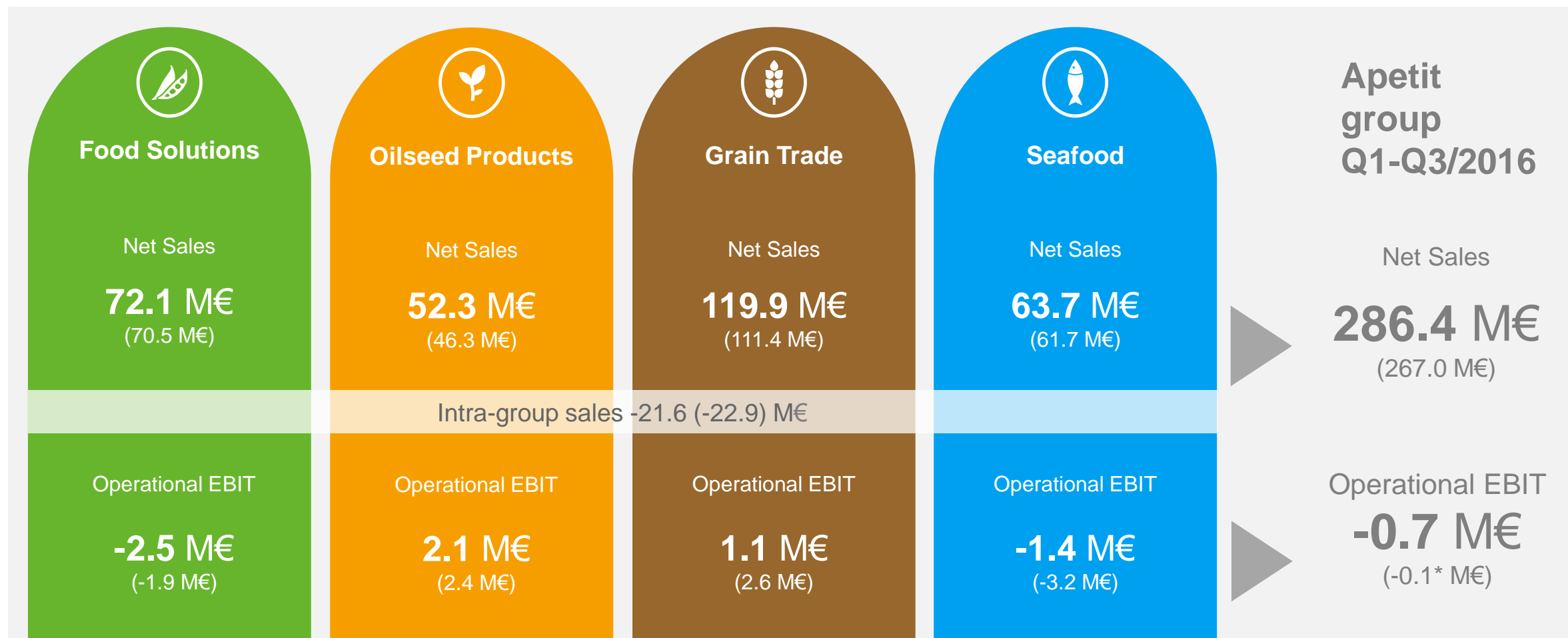
Operational EBIT

EUR million, comparison 2016/2015





Performance in January-September 2016 - by segment



* The operational EBIT in the comparison period includes by EUR 0.7 million in profit made from the sale of a property in the Länsi-Säskylä industrial estate and EUR 0.4 million in associated company profit from Taimen Oy

Apetit Outlook for 2016

The profit guidance was amended with a stock exchange release published on 19 October 2016.

The Group's operational EBIT* for the full year is estimated to be positive but to fall short of the comparison year's level (2015: EUR 2.6 million). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year.

The new harvest season has clarified the Grain Trade segment's outlook for the remaining part of the year. Supply is plentiful, which is expected to keep the price level and margins in international grain markets at a low level.

The profitability of the Food Solutions segment has not improved as expected. The outlook for the remainder of the year is weakened by lower-than-expected volume of fresh product sales to the professional food service sector.

The improved operating efficiency of the Seafood segment is estimated to continue to support the improvement of the segment's profitability in the remaining part of 2016.

The Oilseed Products segment's outlook for the rest of 2016 is estimated to be stable.

**) Due to the new amendments to the regulations of the European Securities and Markets Authority (ESMA), Apetit has replaced the key figure "operating profit excluding non-recurring items" with the key figure "operational EBIT" as of 2016. Operational EBIT does not include restructuring expenses, any significant impairment on goodwill or other balance-sheet items or reversal of impairment, the profit of the associated company Sucros or other extraordinary and material items.*

Financial Review Q3

CFO Sami Saarnio



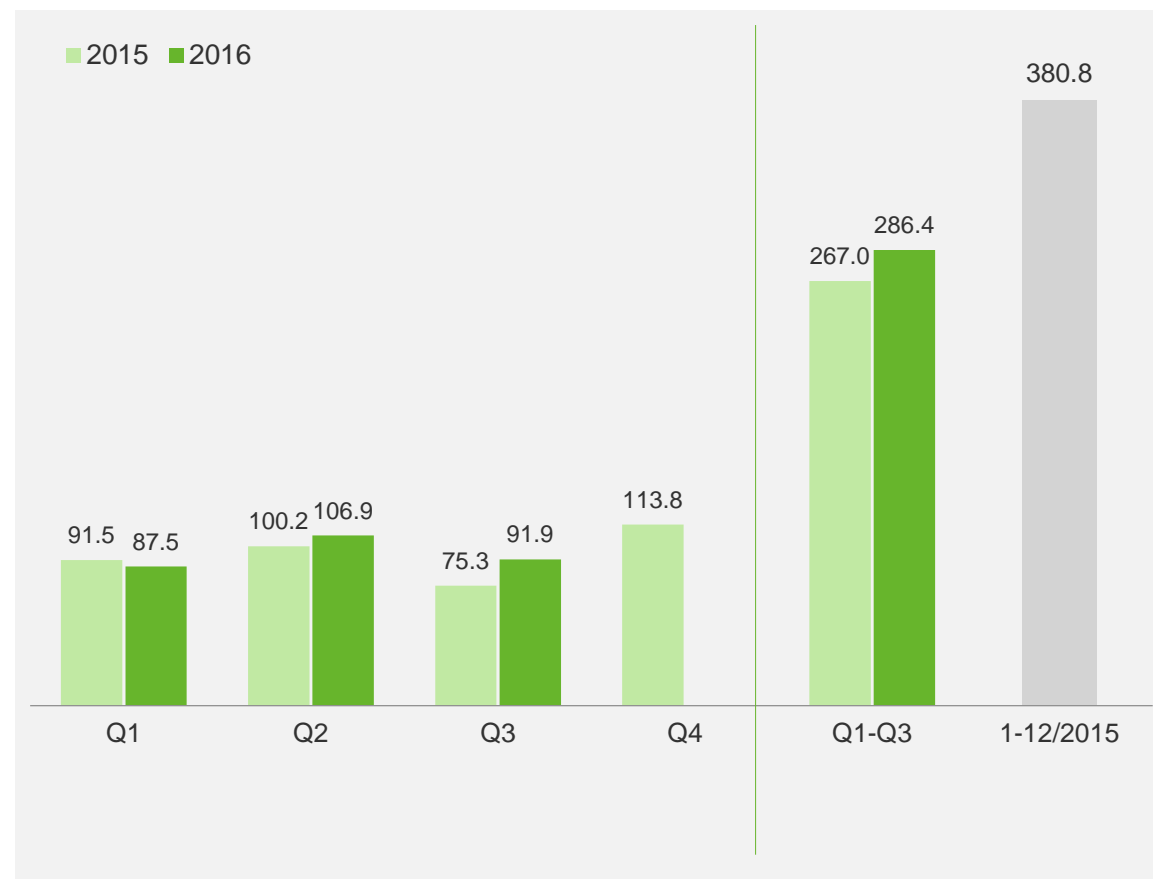
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Apetit Group's Net Sales and Operational EBIT Q1-Q3/2016

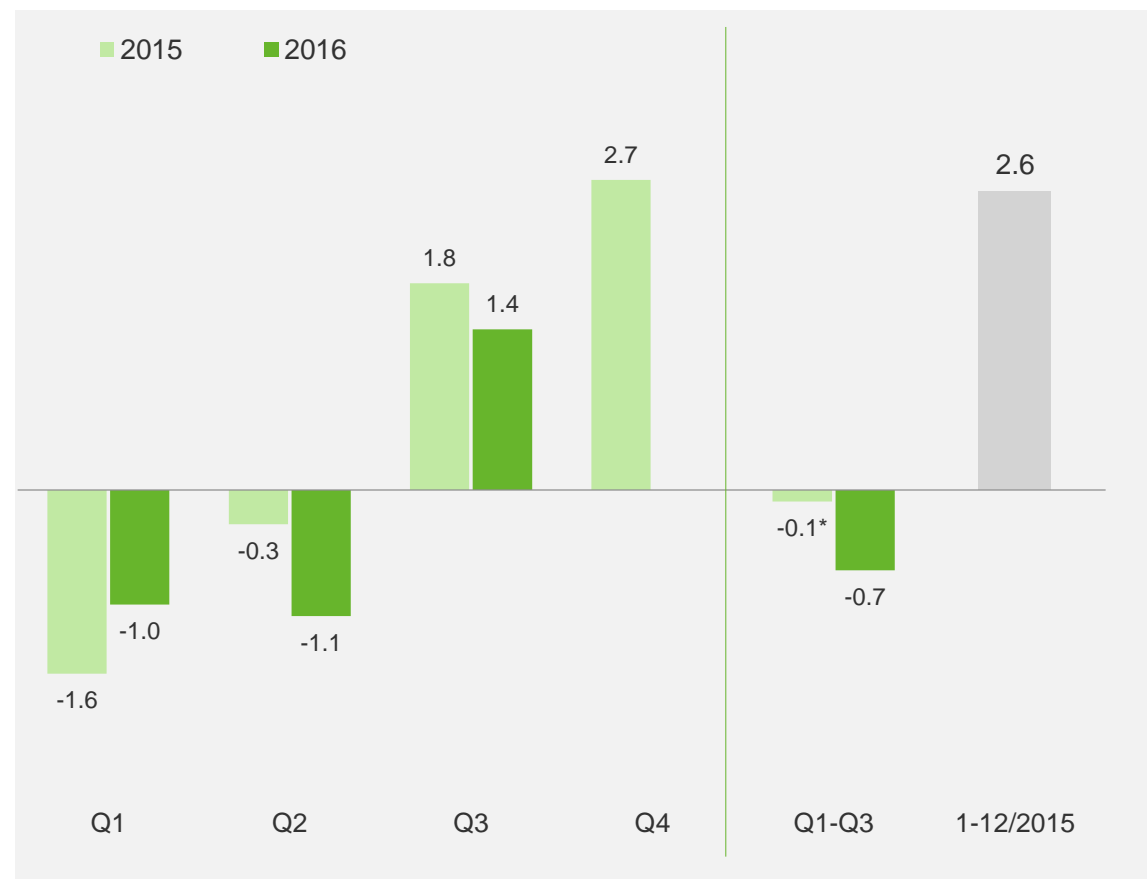
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Group-level key figures Q1-Q3/2016

EUR million	Q3 2016	Q3 2015	Change	Q1-Q3 2016	Q1-Q3 2015	Change	2015	Rolling 12m
Net sales	91.9	75.3	+22 %	286.4	267.0	+7 %	380.8	400.2
Operational EBITDA	3.1	2.9		4.1	4.0		8.5	8.6
Operational EBIT	1.4	1.8		-0.7	-0.1		2.6	2.0
Operating profit	1.4	-2.5		-0.7	-3.7		-1.0	2.0
Share of profit of associated company Sucros	-0.1	-0.3		-0.7	-1.4		-1.0	-0.3
Profit for the period	1.8	-4.0		-1.2	-6.8		-4.6	1.0
Earnings per share, EUR	0.29	-0.64		-0.19	-1.05		-0.69	0.17
Equity per share, EUR				18.70	19.07		19.53	
Working capital				56.3	57.1		69.6	58.3
Operational return on capital employed, (ROCE %)							1.2 %	1.2 %
Net cash flow from operating activities				14.5	-8.4		-17.1	
Equity ratio				64.3 %	60.2 %		61.1 %	
Gearing				17.3 %	13.0 %		19.0 %	
Investment				7.9	7.1		9.1	

3/11/2016



Balance sheet

EUR million

ASSETS	Sept 30, 2016	Sept 30, 2015
Tangible assets	47.6	43.5
Investments in associated companies	21.7	22.1
Inventories	64.5	67.1
Receivables	30.3	34.0
Other assets	16.0	25.5
Total assets	180.3	196.1
EQUITY AND LIABILITIES		
Equity	115.9	118.0
Financial liabilities	21.1	28.3
Trade payables and other liabilities	38.5	44.0
Other liabilities	4.8	5.8
Total equity and liabilities	180.3	196.1



Wrap up



Apetit veggie
burgers are
here!





Strategic guidelines



Growth through higher value-added products and an attractive brand



Increased agility, with a focus on the production and commercial scale



New opportunities and industrial symbioses for the food chain from the bioeconomy



Primary production in partnership networks through closer cooperation



Investment in services and international sales



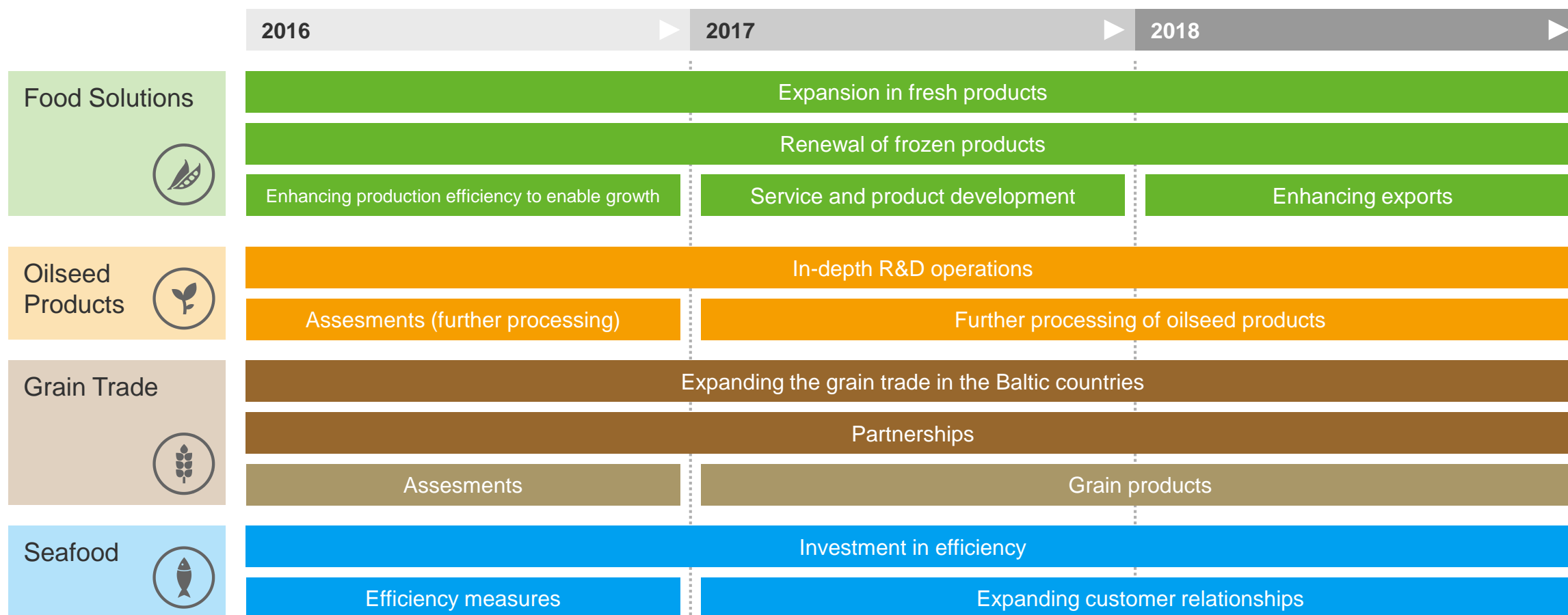
Leader of digitalisation in primary production and the consumer interface

Continuous improvement and development of competitiveness

We are open to sector solutions that are suitable for our strategy

All business operations must be profitable over the long term

Implementation schedule for the most important measures for the strategy period





January-September in a nutshell

Operational EBIT was unsatisfactory

In Seafood, good profitability trend continued

In Seafood, the operative cash flow improved significantly

The efficiency boosting investments and improvements in processes carried out in Kuopio have achieved the expected results

In fresh products, reduced sales volumes lowered the profitability of the entire segment

In frozen food, net sales grew profitably

The launch in Tuorekset was a success and store coverage allows the volumes to grow

50 per cent of consumer already recognise Tuorekset based on its name or visual appearance

The delivery volumes in Oilseed Products grew year-on-year

The profitability was affected by the low market price level of expeller

The grain prices and margins remained low and this weakened the profitability of Grain Trade

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thank you.