



# Financial Statement Release 2019

Esa Mäki, CEO, Apetit Plc





# Key events

## Key events in 2019



A new ball and patty production line started gradually from August



The planning of the bioenergy plant started - will be completed by the end of 2020



The sale of the fresh cut products business to Greenfood was completed in September



Oilseed cultivation area was at its lowest for decades - reduced processing margin



Grain harvest returned to normal - difficulties in own operations weakened profitability





# A renewed management model to match current business

- Implemented changes in management roles and responsibilities
  - A management model corresponding to current operations
  - New Corporate Management Team
  - Combining certain responsibilities
  - Responsibility at the center







# Financial performance





# Net sales, operational EBITDA and operational profit

## Continuing operations

### October-December 2019

- Net sales EUR 105.4 (68.7) million
- Operational EBITDA EUR 0.8 (1.6) million
- Operational profit EUR -0.4 (0.6) million

### January-December 2019

- Net sales EUR 296.9 (259.9) million
- Operational EBITDA EUR 2.5 (5.6) million
- Operational profit EUR -3.0 (1.6) million

## Group, incl. discontinued operations

### October-December 2019

- Net sales EUR 105.4 (74.0) million
- Operational EBITDA EUR 0.7 (1.3) million
- Operational profit EUR -0.3 (-0.2) million

### January-December 2019

- Net sales EUR 312.6 (283.1) million
- Operational EBITDA EUR 2.5 (4.8) million
- Operational profit EUR -3.8 (-1.0) million



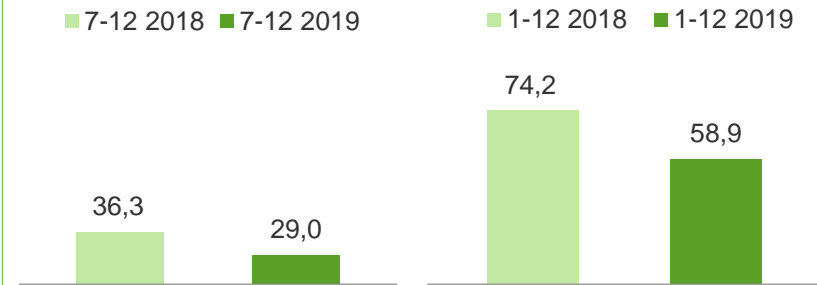
Food Solutions July-December 2019

# Sales of the frozen foods increased from the comparison period

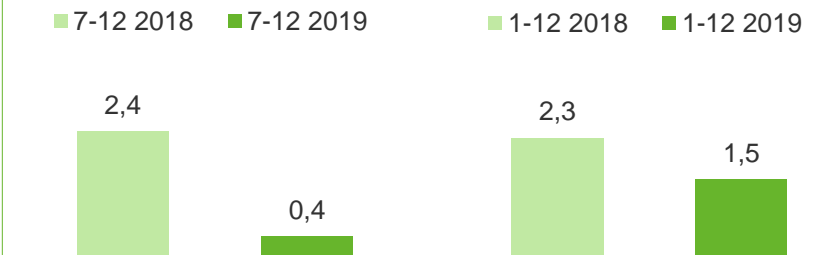


- Net sales were reduced 20% by the discontinuation of service sales operations
- The total net sales of the frozen food products category grew by 2%
  - Increase particularly in pea exports
- The result was weighed down by approximately EUR 1.5 million in restructuring costs
  - Non-recurring expenses related to the start of the new production line
  - Impairment
  - Expenses related to changes in personnel
- In the future, the focus will be on improving operational efficiency
  - Production efficiency
  - Order-supply chain
  - Material efficiency

Net sales, EUR million



Operational profit, EUR million





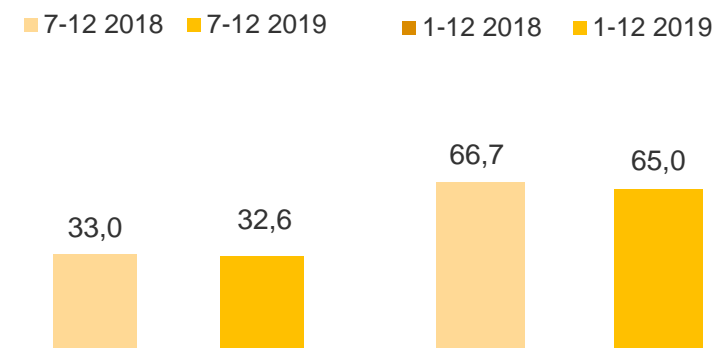
Oilseed Products July-December 2019

# Challenges in the availability of raw materials weakened profitability

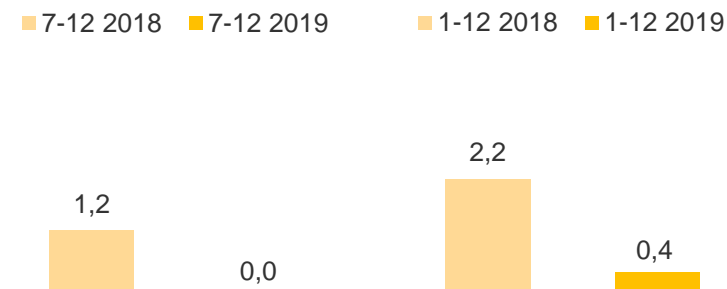


- Net sales were on par with the comparison period
- The lower EBIT was particularly attributable to
  - difficulties with the availability of raw material in Finland
  - the low market price and weaker sales of rapeseed meal
- The domestic harvest in 2019 was substantially lower than in the comparison year
  - a significant decrease in the area under cultivation and an exceptionally large number of pests
- A project aimed at the development of a rapeseed protein ingredient as planned
  - A patent was granted in Finland for its formula and production method at the beginning of August.
  - The expert opinion on the matter is expected to be completed in spring 2020
  - A new fund to expand the ingredient family
- We will promote the cultivation of domestic rapeseed in closer cooperation with farmers

Net sales, EUR million



Operational profit, EUR million







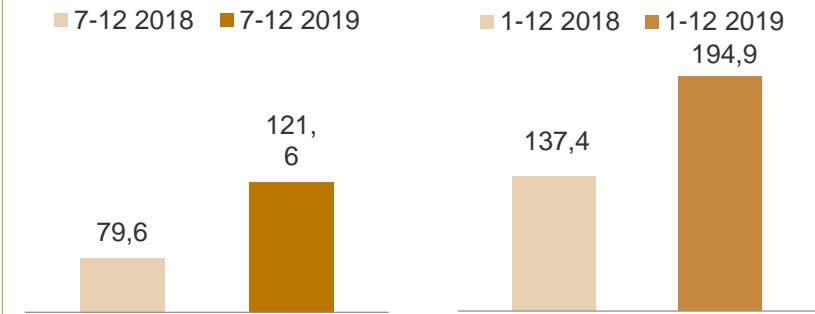
Grain Trade July-December 2019

# Net sales increased, weakening of operating result a big disappointment

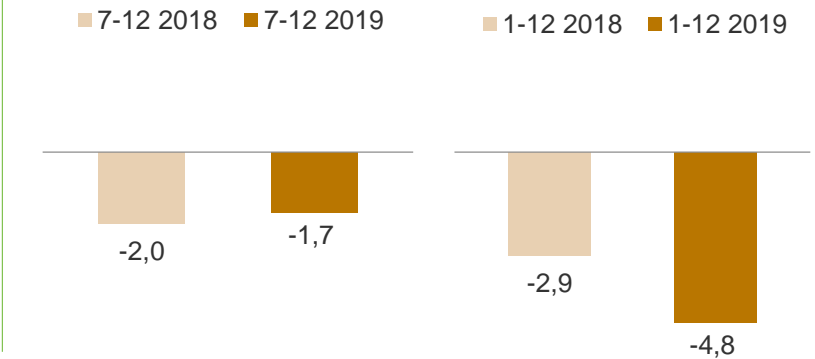


- Net sales grew due to increased delivery volumes
  - Crop levels normalised and were moderate in all areas of supply
  - The international demand for grain was good in the in the fourth quarter
- The weak operational EBIT was attributable to
  - a credit loss involving an international supplier
  - failures in the planning of purchases and sales during the harvest season
  - the substantially lower-than-anticipated profitability of operations in Lithuania and Latvia
- Key goal is to restore our ability to trade successfully regardless of harvest levels

Net sales, EUR million



Operational profit, EUR million





# Strong financial position

Milj. euroa

31.12.2019

31.12.2018

Working capital, continuing operations	<b>64.0</b>	57.2
Group's net cash flow from operating activities	<b>-5.9</b>	-23.5
Group's total equity	<b>93.9</b>	101.1
Group's net debt	<b>33.7</b>	21.8
Group's Equity ratio, %	<b>55.0 %</b>	61.4 %
Group's Gearing, %	<b>35.9 %</b>	21.5 %
Group's Operational return on capital employed, (ROCE-%)	<b>-4.0 %</b>	-1.7 %

Apetit is applying the IFRS 16 Leases standard as of 1 January 2019. A simplified procedure has been applied to the transition and the figures for the year preceding implementation have not been adjusted. This affects especially the comparability of operational EBITDA, the equity ration and gearing. Interest-bearing liabilities of EUR 5.7 million have been recognized in the balance sheet at the end of June as a result of the adoption of the standard.



A photograph of a person's arm and hand holding a bundle of wheat in a field. The background is a vast field of golden wheat under bright sunlight. A semi-transparent green banner is overlaid across the middle of the image, containing the text "Profit guidance for 2020" in white. The person's arm is visible on the right side, wearing a grey t-shirt. The hand is holding a small amount of wheat, with some grains falling. The overall scene is a close-up of the wheat and the person's hand, with the field extending into the distance.

# Profit guidance for 2020



# Measures to improve profit in 2020

## Food Solutions

- Operational and material efficiency
- Order-supply chain management
- Pricing strategy
- Increasing international trade

## Oilseed Products

- Promotion of oilseed cultivation by the renewed contract cultivation model
- Completion of the bioenergy plant in the end of 2020
- Expanding the rapeseed customer base

## Grain Trade

- Skillful use of trading opportunities
- Business reorganization and new management model

Strategy update for 2020-2022 ongoing, publishing during spring 2020.





## Profit guidance for 2020

- The full-year operational EBIT is expected to improve year-on-year (EUR -3.0 million in 2019) and to show a profit.





# Dividend proposal





# Divident proposal for 2019

- Dividend
  - The aim of the Board of Directors of Apetit Plc is that the company's shares should provide shareholders with a good return on investment and retain their value.
  - The company will distribute at least 50% of the profit for the financial year in dividends.
- Divident proposal for finalcial year 2019
  - The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.45 per share be paid.

# Sustainable actions





# Key areas of corporate responsibility at Apetit

Development of  
growing  
methods

Climate and  
environmental  
impact of  
operations

Material and raw  
material  
efficiency

Sustainable  
packaging  
solutions

Pesponsible  
production of  
plant-based  
products

Minimization of  
food waste

Safety at work





# Target based responsibility work in all operations

- The share of total emissions from food production (CO<sub>2</sub>) is about 27% of all climate emissions in Finland
  - The major part (75%) comes from agriculture
  - The rest (25%) relates to the storage, transport, processing and distribution of raw materials and products
- Apetit has significant potential to influence the climate and environmental impact of the food system
  - Impact on the efficiency of our own operations (material, energy and raw material efficiency)
  - New innovations and business opportunities (new crop-based products, circular economy and carbon farming)



*Apetit*