



APETIT PLC

## INTERIM REPORT FOR JANUARY – JUNE 2013

Briefing for Analysts and Media  
14 August 2013 at 10.00 am  
Scandic Simonkenttä

Matti Karppinen  
CEO



## Frozen Foods



## Seafood



**Associated company:  
Taimen Oy (30%)**

## Grains and Oilseeds



## Other Operations

**Lännen Tehtaat plc  
Group management**

**Apetit Suomi Oy**

**Caternet Finland Oy**

**Associated  
company:  
Sucros Ltd (20%)**

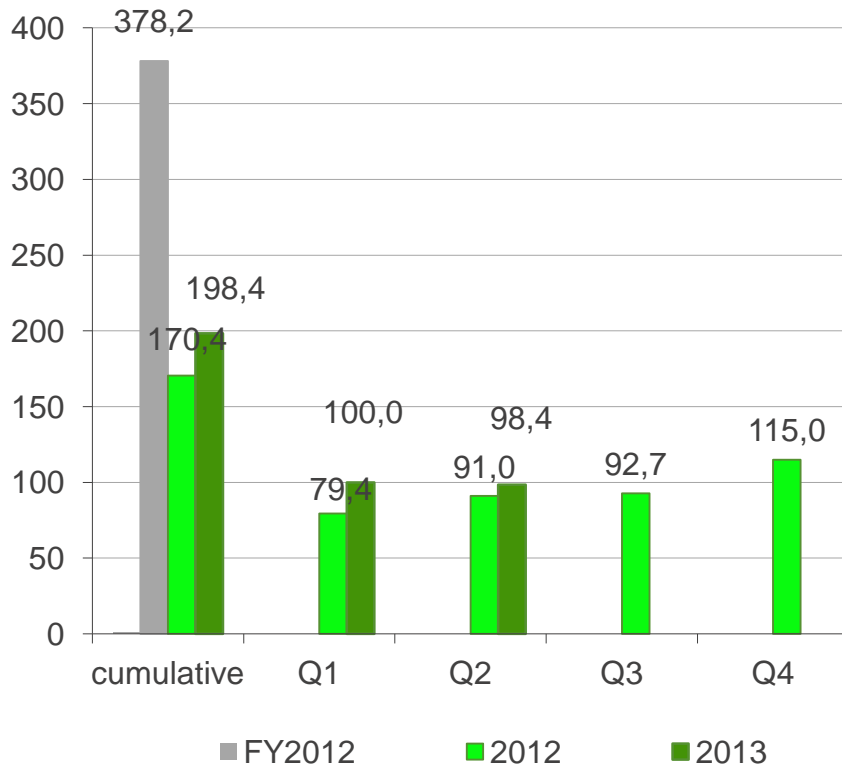


# APETIT GROUP

## Key figures

EUR million	4-6/ 2013	4-6/ 2012	Change	1-6/ 2013	1-6/ 2012	Change	2012
Net sales	98.4	91.0	8 %	198.4	170.5	16 %	378.2
Operating profit, excl.non-recurring items	2.4	0.3		3.8	-0.2		8.8
Operating profit	2.1	0.2		3.3	-0.4		8.5
Profit before taxes	1.3	-0.1		2.0	-0.8		7.5
Profit for the period	1.7	0.0		2.4	-0.6		6.7
EPS, €	0.28	0.01		0.44	-0.09		1.07
Equity ratio, %				73.1	71.3		60.6

EUR million



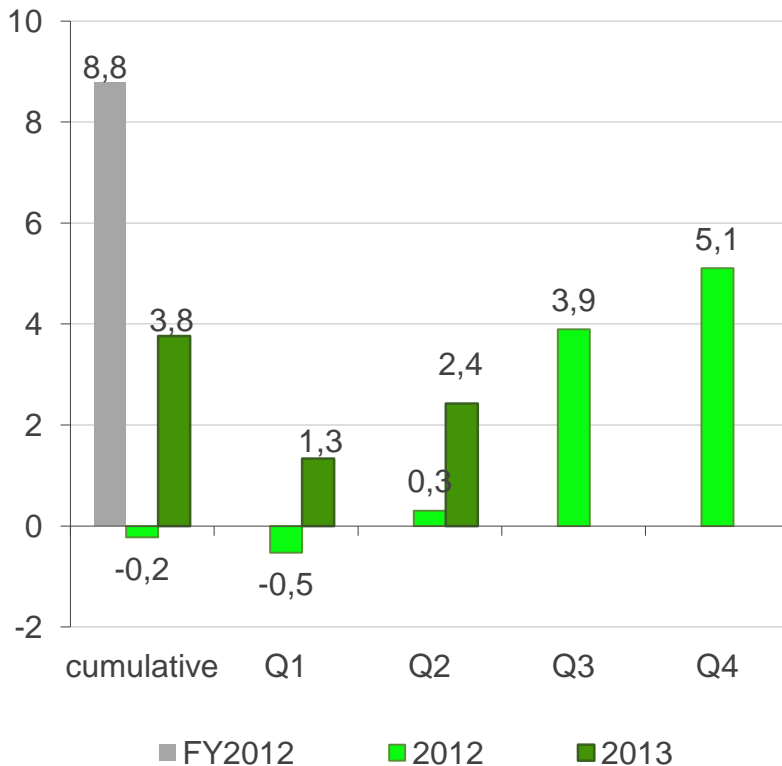
- Consolidated net sales amounted to EUR 98.4 million, up by about 8 per cent
- Net sales of Frozen Foods were at the same level.
- Net sales were up in the Seafood business and in the Grains and Oilseeds business.
- Net sales of Other Operations were down.
- Consolidated net sales for January June amounted to EUR 198.4 million, up by about 16 per cent.



## APETIT GROUP

### Operating profit, excl. non-recurring items, showed a significant year-on-year improvement

EUR million

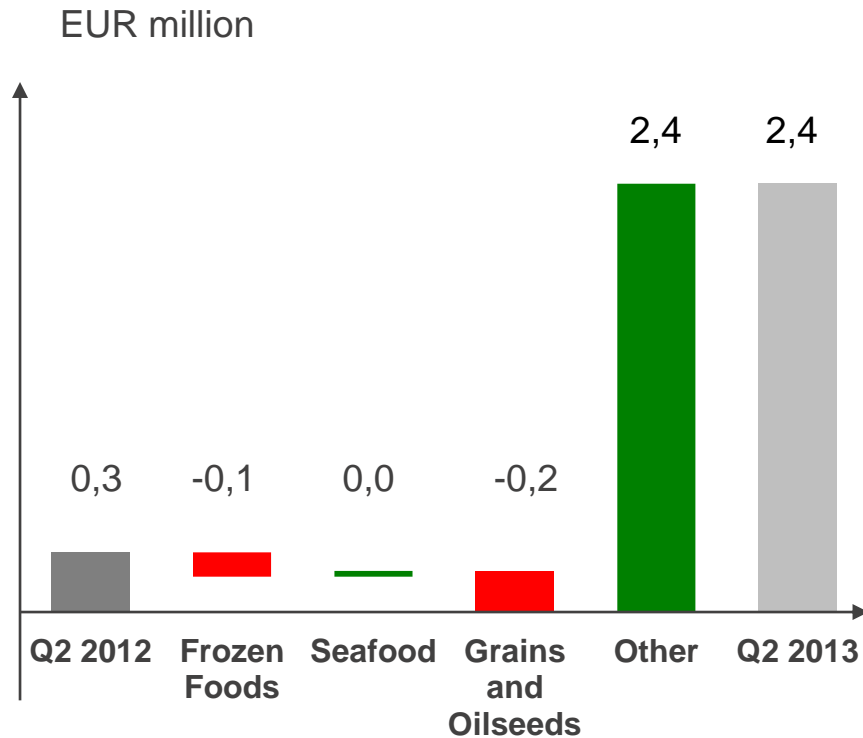


- April - June operating profit, excluding non-recurring items, was EUR 2.4 (0.3) million.
- Non-recurring items totalled EUR -0.3 (-0.2) million.
- EUR 1.9 (0.3) million as the share of the profits of associated companies
- EUR 1.5 (0.4) million as the reduction of the additional purchase price of Caternet Finland Oy recognised under other operating income.
- January - June operating profit, excluding non-recurring items, was EUR 3.8 (-0.2) million
- Non-recurring items totalled EUR -0.5 (-0.2) million.
- EUR 2.4 (0.6) million as the share of the profits of associated companies
- EUR 2.6 (0.4) million as the reduction of the additional purchase price of Caternet Finland Oy recognised under other operating income.



## APETIT GROUP

### Operating profit, excl. non-recurring items, Change Q2/2012 vs Q2/2013



- Second quarter year-on-year operating profit improvement came from Other Operations.

# Frozen Foods







## APETIT Frozen Foods

**Apetit – Locally produced food, straight from the freezer.**



Apetit Pakaste Oy is the leading Finnish producer of frozen vegetables and frozen ready meals. Under its Apetit brand, it develops, produces, sells and markets frozen foods that are mainly produced using Finnish raw materials.

Apetit's expertise covers the entire chain, from field to table. Vegetable raw materials are sourced from Apetit's contract growers, which are committed to Apetit's quality targets.

The journey from field to table is fast, as most of our 140 contract growers are only a short distance from Apetit's processing facilities.

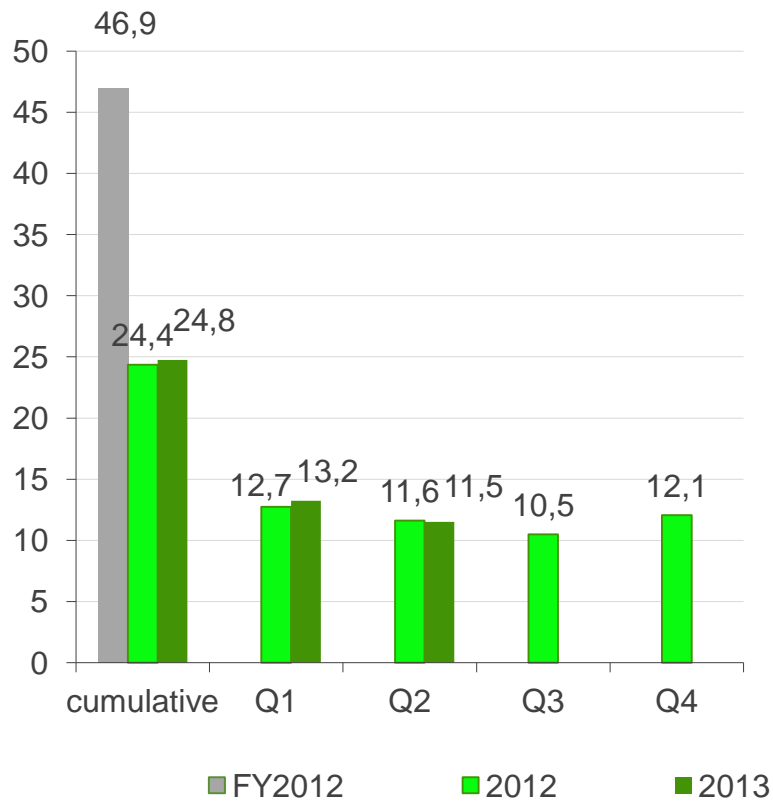




## Frozen Foods

The second-quarter net sales of Frozen Foods were at the same level as a year earlier.

EUR million



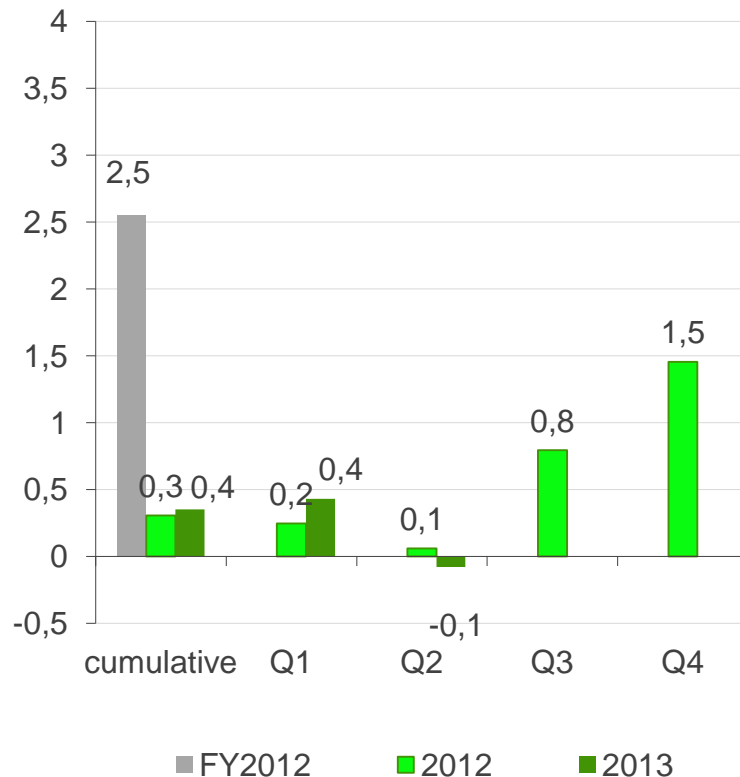
- Sales to retailers and the professional food service sector were almost unchanged, sales to the food industry were down slightly, and exports were up year on year.
- In frozen ready meals, year-on-year growth during first half year occurred particularly in sales of gratin products, vegetable patties and fish balls under the Apetit brand. Sales of Apetit frozen vegetables and frozen potato products also grew slightly, while sales of frozen pizzas were down.



## Frozen Foods

The second-quarter operating profit, excluding non-recurring items, was down year on year

EUR million



- Raw material costs were up due to higher transportation costs as a result of the slightly weak potato and carrot crop.
- The increases in product prices to compensate for the rise in costs will be made at a later date because of customers' long pricing periods.

# Frozen Foods

Sales of the Apetit Kotimainen range grew by 13 per cent



- Apetit has 14 products in its Kotimaiset product range at the moment.
- Domestic content appeals to consumers. Apetit's spinach soup has been a consumer favourite for 40 years. Since being added to the Kotimainen home-grown product range, its sales have seen a year-on-year increase of almost 50%.
- During the autumn, new products in the Apetit Kotimainen range will become available to consumers, and will include Kotimainen beetroot gratin, Kotimainen cream of fresh pea soup, and Kotimainen pea patties. Among existing products, lactose-free spinach soup and frozen root vegetables for soups will be added to the Kotimainen range.

# Seafood





## Seafood business segment focuses on tasty and fresh fish.

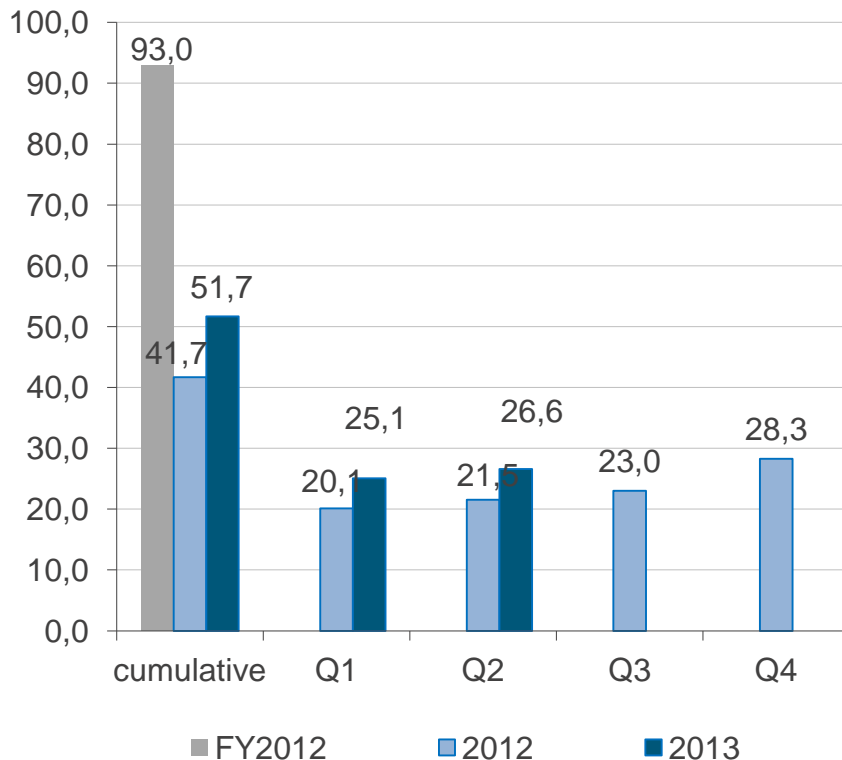


- Apetit's Seafood business operates in Finland, Norway and Sweden.
- Apetit Kala Oy and its subsidiary Myrskylän Savustamo are Finland's leading seafood companies. Apetit Kala sells fish, fish products and other fresh products through its own managed service counters under the shop-in-shop principle.
- The associated company Taimen Oy specialises in fish farming and fry and fingerling production.
- Maritim Food AS and its subsidiaries develop, produce and sell shellfish and fish products in Norway and Sweden.

# SEAFOOD

The second-quarter net sales in the Seafood business were up substantially

EUR million

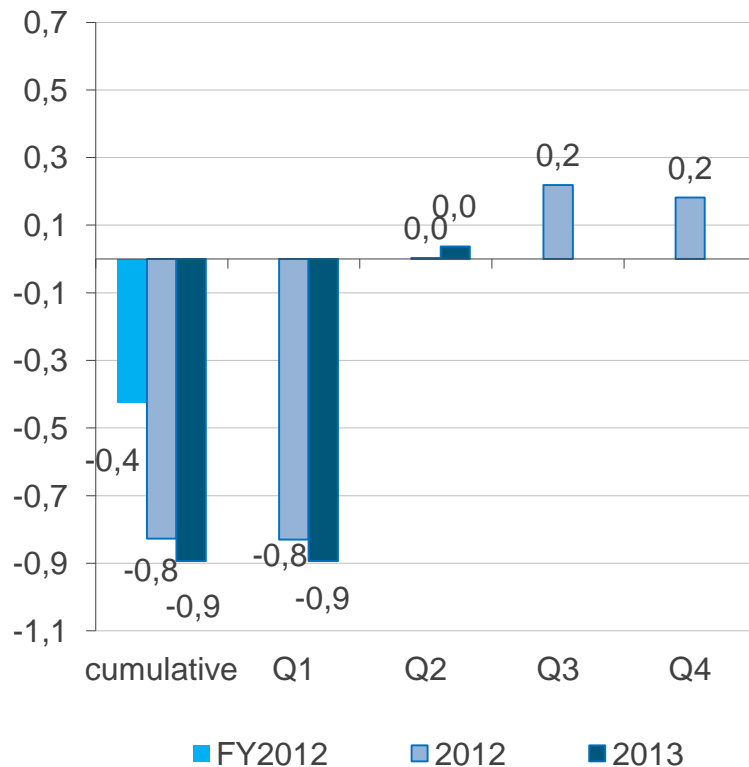


- Increase occurred in Finland and Sweden, while in Norway sales remained unchanged.
- The net sales increase of the Seafood business was attributable especially to the sale of fresh salmon products in Finland and the sale of shellfish products in Sweden.
- January-June net sales in the Seafood business were up in all markets.

# SEAFOOD

**Second-quarter operating profit, excluding non-recurring items, was about the same as a year earlier.**

EUR million



- The profitability of the Seafood business in Norway and Sweden continued to improve year on year in the second quarter.
- The unfavourable relationship between raw material prices and sales prices of end products, which had begun in the first quarter, continued during the second quarter of the year. Essential price increases will continue to be applied during the autumn.
- The share of the profit of associated company Taimen was EUR 0.3 (0.1) million.



# SEAFOOD

Fresh and delicious fish and other mouth-watering seafood



- The product development of the Seafood business segment is targeting to offer the finest flavours to consumers.
- In early September, the Apetit Perinteinen seafood product range for consumers will be launched. The products in this range are always prepared from fresh fish using traditional methods.
- Apetit Perinteinen raw pickled products and cold-smoked products are surface salted with sea salt, and the smoking process uses Finnish alder wood.
- Apetit Perinteinen seafood products are tested flavour winners.

# Grains and Oilseeds







Avena Nordic Grain is active in the trading of grains, oilseeds and animal feedstuffs in Finland and internationally.

It also markets and sells vegetable oils and expeller, which are produced at its Mildola oil milling plant in Kirkkonummi.



# GRAINS AND OILSEEDS

## Grain trading in many markets



- Avena Nordic Grain Oy has subsidiaries in Estonia, Lithuania, Russia, Ukraine, and Kazakhstan.
- Avena engages in the trading of grains, oilseeds and animal feedstuffs in numerous markets. Trading is especially active in the Baltic Sea region and in the rest of Europe.
- Grain flows vary from year to year, depending on crops and market conditions.
- Avena's strengths are its diverse grain trading expertise, individualised customer service and flexible operation in the rapidly changing markets.

# GRAINS AND OILSEEDS

## Mildola extracts vegetable oil and expeller from rapeseed



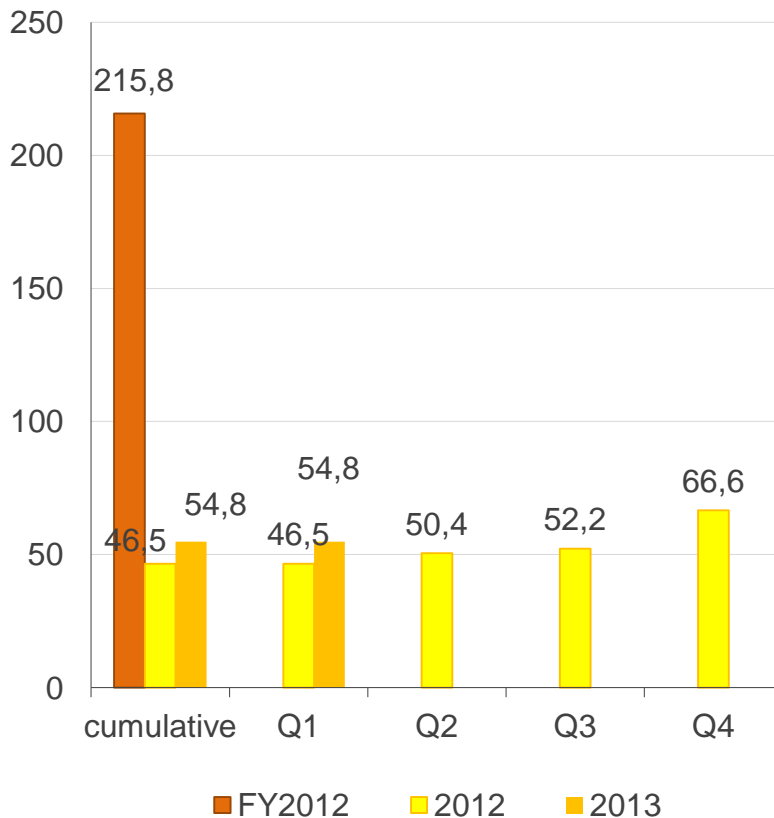
- Mildola's main raw material is Finnish rapeseed.
- Mildola's production process is environmentally friendly and chemical free, therefore the healthy microcomponents of the rapeseeds remain in the oil. Over 99.9% of the seed is used in the process.
- Vegetable oil is used by the food industry, food service sector and consumers.
- Protein feed created in the refining process is a valuable ingredient in farm animal feed.



# GRAINS AND OILSEEDS

## The second-quarter net sales were up

EUR million

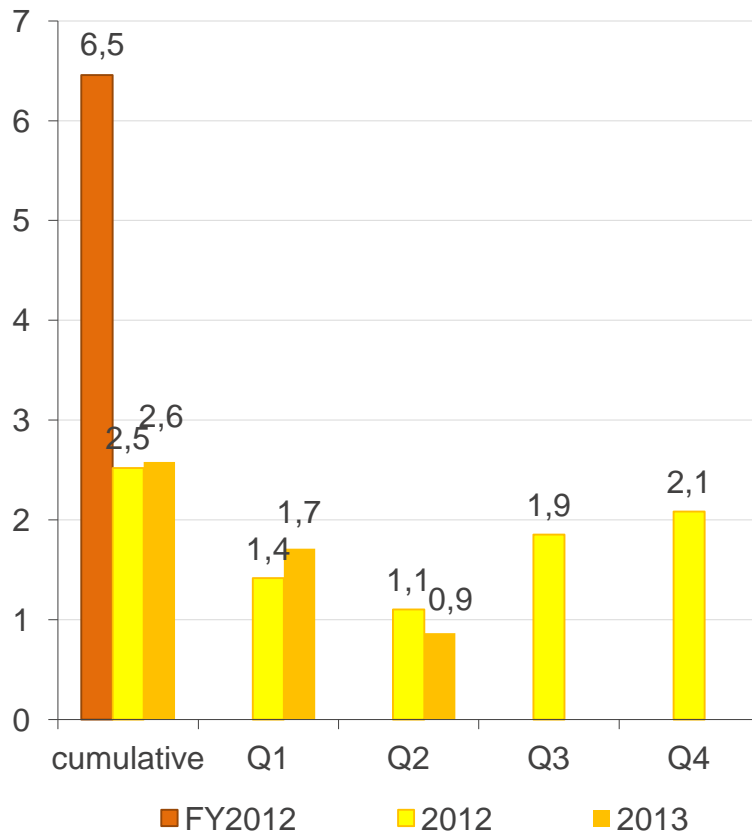


- Less grain was delivered, but at a higher price compared with the same period a year earlier. The lacklustre sales volume of the grain trade was mainly due to the subdued nature of the international grain market owing to the expectations of good new crops and falling market prices in various parts of the world.
- The sales volume of vegetable oil products was up year on year. Sales of packaged vegetable oils, in particular, were up during the second quarter.

# GRAINS AND OILSEEDS

The second-quarter operating profit, excluding non-recurring items, was down year on year

EUR million



- The relative profitability of the grain trade fell short of the same period a year earlier.
- The improvement in the price ratio between vegetable oil raw materials and expeller, which began during the first quarter, enhanced the profitability of oilseed products in the second quarter as well.
- The crop outlook is good in Europe and elsewhere in the world. The grain and oilseeds crops of the EU 28 countries are forecast to be larger than in 2012. Crops are expected to be larger in Russia and Ukraine as well.





## APETIT Other Operations

The parent company, **Apetit Plc**, is responsible for Group administration, development of the Group structure and management of shareholdings and real estate.

**Apetit Suomi Oy** is responsible for marketing Apetit products. In addition, Apetit Suomi produces personnel, IT and financial administration services for the companies of the Apetit Group, and environmental administration services for all operators at the Säkylä industrial estate.



**Caternet Finland Oy** produces ready-to-use fresh vegetable and fruit products for professional kitchen sector.

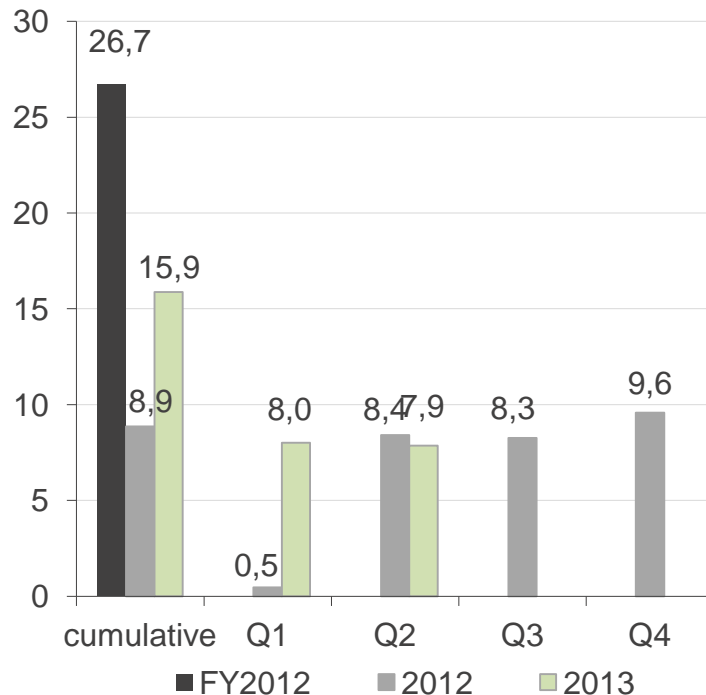


The associated company **Sucros Ltd** (20%) produces, sells and markets sugar products for the food industry and the retail trade, and for export.

## OTHER OPERATIONS

**Net sales in the second quarter were down year on year**

EUR million

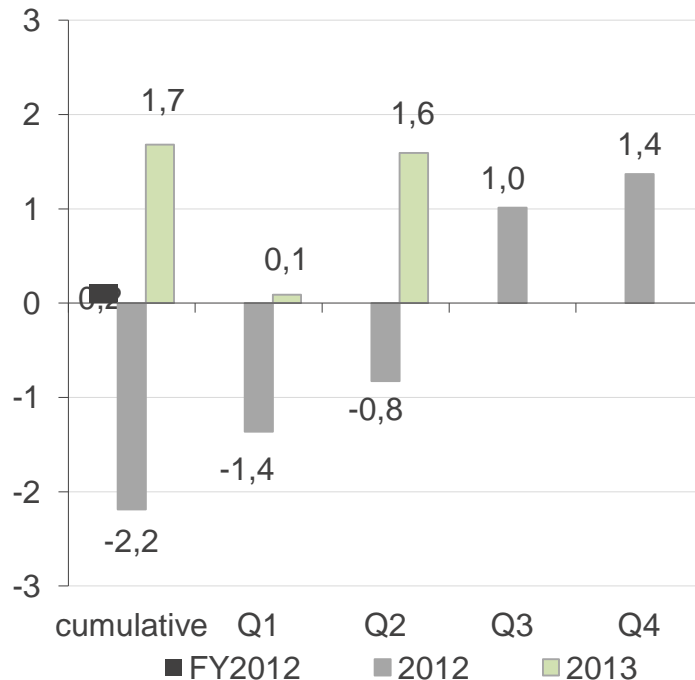


- Caternet's net sales were lower than in the same period of 2012.
- According to statistics collected by the food service sector, the number of portions sold in staff restaurants in the first three months of the year declined by nearly 10 per cent compared with the same period a year earlier, which correspondingly affects the delivery volumes of professional food service partners, such as Caternet.

## OTHER OPERATIONS

The second-quarter operating profit, excluding non-recurring items, was an improvement on the same period a year earlier.

EUR million



- The share of the profits of associated companies was EUR 1.5 (0.2) million.
- Caternet's profitability was negatively affected by the decline in sales, high raw material prices and problems as regards to availability of vegetable raw materials.
- A sum of EUR 1.5 (0,4) million for the 2013 reduction in the estimate of the additional purchase price tied to the operating profit under the terms of the acquisition of Caternet Finland Oy was recognised as other income from business activities in the operating profit for Other Operations.
- According to the updated estimate, the additional purchase price is not expected to be realised on the basis of the operating profit for 2013.
- In January – June the share of the profits of associated companies amounted to EUR 2.3 (0.6) million.



## APETIT

### Outlook for 2013

- Net sales for 2013 are expected to show a year-on-year increase as a result of the acquisition made in 2012 and achievement of organic growth. The Group's net sales will be affected particularly by the level of activity in the grain and oilseed markets and by changes in the price level of grains and oilseeds.
- The 2013 consolidated operating profit, excluding non-recurring items, is expected to show an improvement on the 2012 figure. The third-quarter operating profit, excluding non-recurring items, is not expected to reach the level of the exceptionally strong corresponding period in 2012, due to the more moderate profit expectations for the Grains and Oilseeds business and for the associated company Sucros.
- The 2013 result could also be affected significantly by the outcome of the shareholder agreement dispute concerning Sucros, if a solution is reached during 2013.

## Shareholder agreement dispute between Apetit and Nordic Sugar



- According to Apetit Plc, Nordic Sugar has committed 3 breaches against the agreement.
- According to the terms and conditions of the shareholder agreement, one proven breach will incur a contractual penalty totalling EUR 8.9 million per breach. Therefore the penalty could total a maximum of close to EUR 27 million.
- In return, Nordic Sugar has called for a contractual penalty of EUR 4.5 million to be imposed on Apetit Plc for a breach of shareholder agreement in connection with the dismissal of Sucros's managing director.
- Both parties have denied the breaches of agreement claimed by the other party.
- More detailed information has been given in Financial Statements Bulletin (16 February 2012), Interim Report January-March (4 May 2012) and Interim Report January – June (15 August 2012) and in their Briefing material.
- Because of the timetable for the process, the decision of the arbitration court in the case will be obtained no sooner than at the end of 2013.

## APETIT OYJ

### Restructuring of the business structure continues



- The restructuring project will look at combining into an integrated entity the company's present Finnish-based consumer businesses
- The restructuring project aims at boosting growth and enhancing profitability.
- By revising the structure and operating procedures of the consumer businesses, the aim is to further boost Apetit's standing among consumers in selected product groups as their preferred food solution and to be the preferred partner for our customers.
- The new business structure is expected to be ready by the end of 2013.



# Apetit business

## Goals set for the restructuring



### BOOSTING PROFITABLE GROWTH:

Apetit wants to:

- be the number one expert on meal situations and on emotions in eating
  - become a service and solution provider and market innovator
  - be a visionary partner for all stakeholders
  - substantially improve the quality of operations: processes, competence, leadership
  - improve cost efficiency: effective use of resources
  - considerably enhance the desirability of the brand
- GOAL: “APETIT IS THE PREFERRED FOOD SOLUTION FOR CONSUMERS AND THE PREFERRED PARTNER FOR OUR CUSTOMERS”**







**Thank you.**