



APETIT PLC

Interim Report for January – September 2013

Briefing for Analysts and Media
6th November 2013 at 10.00 am - Scandic Simonkenttä, Helsinki

Matti Karppinen
CEO, Apetit Plc

Apetit Group in brief

Apetit

Customers

Consumers, trade, professional food service sector, food industry.

Market position

Leading position in frozen foods and in food solutions to professional food service sector. One of the leading in fresh fish and seafood products. Major position in grains and oilseeds.

Main markets

Frozen foods, food solutions and vegetable oils in Finland, fish and seafood in Finland, Sweden and Norway and grains in international markets.

Products and Services

Frozen vegetables and frozen ready meals, fresh fish and seafood products, ready-to-use vegetable and fruit products, grains, vegetable oils and animal feedstuff.

Operating Segments



Frozen
Foods



Seafood



Other
Operations



Grains and
Oilseeds



Apetit group structure

Frozen Foods

Seafood

Grains and Oilseeds

Other Operations

Apetit Pakaste Oy

Apetit Kala Oy (70%)

Myrskylän Savustamo Oy

Associated company
Taimen Oy (30%)

Maritim Food AS

Maritim Food Sweden AB

Sandanger AS

Avena Nordic Grain Oy
(84,1 %)

Mildola Oy

ZAO Avena St. Petersburg
UAB Avena Nordic Grain
OÜ Avena Nordic Grain
TOO Avena Astana
OOO Avena-Ukraina

Apetit Plc

Apetit Suomi Oy

Caternet Finland Oy

Associated company
Sucros Oy (20%)



Apetit Group key figures

EUR million	7-9/ 2013	7-9/ 2012	Change	1-9/ 2013	1-9/ 2012	Change	1-12/ 2012
Net sales	91.6	92.7	- 1 %	290.0	263.2	+ 10 %	378.2
Operating profit, excl. Non-recurring items	3.1	3.9		6.8	3.7		8.8
Operating profit	1.0	3.8		4.3	3.4		8.5
Profit before taxes	2.7	3.8		4.7	3.0		7.5
Profit for the period	2.5	3.3		4.9	2.7		6.7
EPS, eur/share	0.48	0.52		0.91	0.43		1.07

Impairment testing of Finnish Seafood business

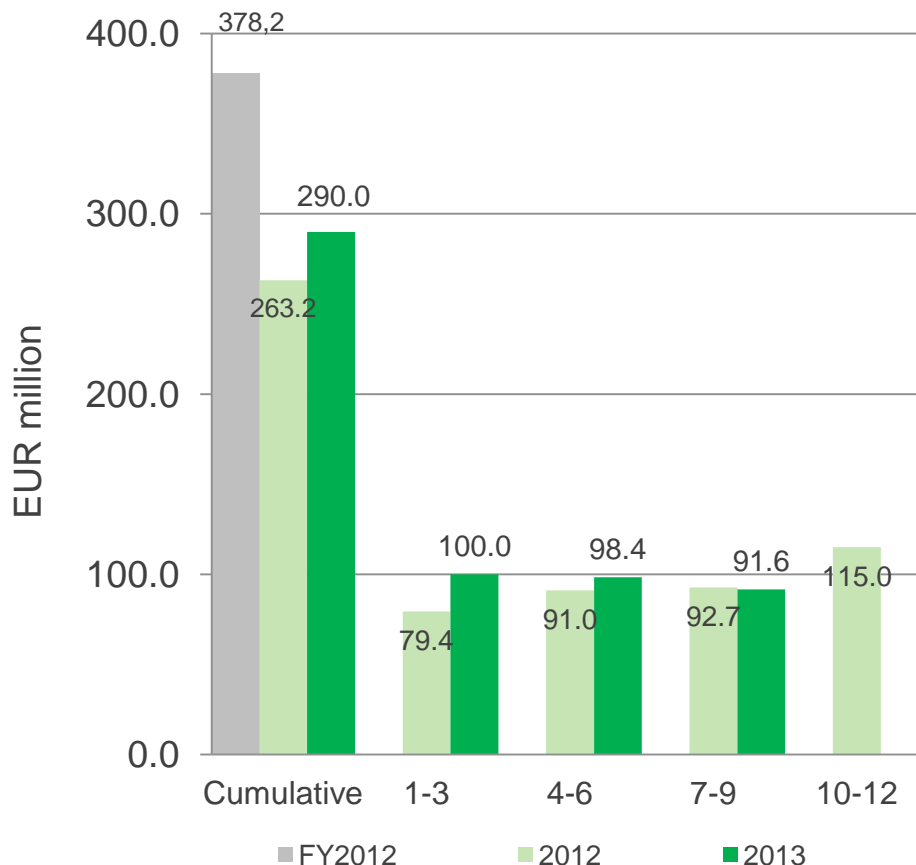
Actions during the period

- We updated our outlook regarding the future cash flow of the Finnish Seafood business based on the revitalising measures and objectives prepared for the strategy period.
- We carried out a EUR 2.0 million impairment during the period on the basis of goodwill testing.
- As a result of the impairment, the goodwill of the Finnish Seafood business, EUR 1.5 million, was impaired in full, in addition to which an impairment of EUR 0.4 million was recognised in tangible and intangible assets.

Implications to key figures

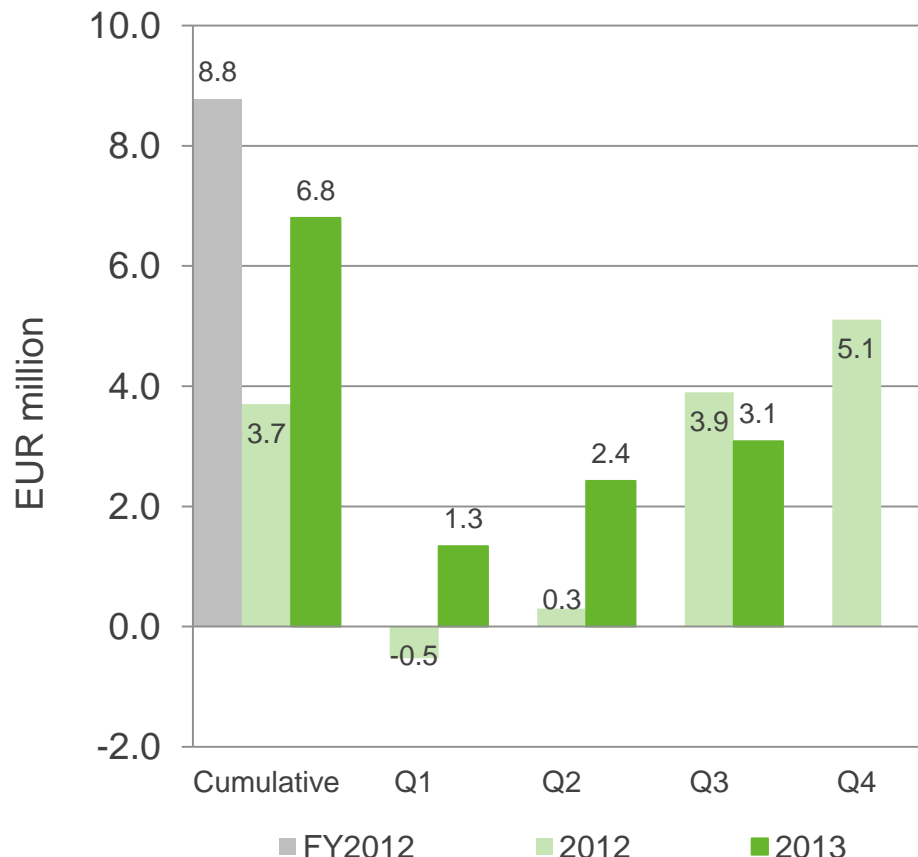
- The non-recurring items in the period were from the EUR -2.0 million impairment with no cash flow implications carried out in the Finnish Seafood business on the basis of goodwill testing.
- Financial income includes a EUR 2.2 million change in the fair value, with no cash flow implications, of the debt related to the redemption obligation in Apetit Kala Oy's minority holding.
- Earnings per share amounted to EUR 0.91 (0.43), which includes the effect of the impairment carried out on the basis of goodwill testing and the effect of the change of the debt related to the redemption obligation, totalling EUR 0.14 per share.

Net sales



- The third quarter net sales amounted to EUR 91.6 (92.7) million.
- The Group's third-quarter net sales were about the same as a year earlier.
 - Net sales increased in the Frozen Foods and Seafood businesses
 - Net sales decreased in the Grains and Oilseeds business and in the Other Operations segment.
- Net sales for January-September came to EUR 290.0 million, up by about 10 per cent compared with the same period a year earlier.

Operating profit, excl. non-recurring items



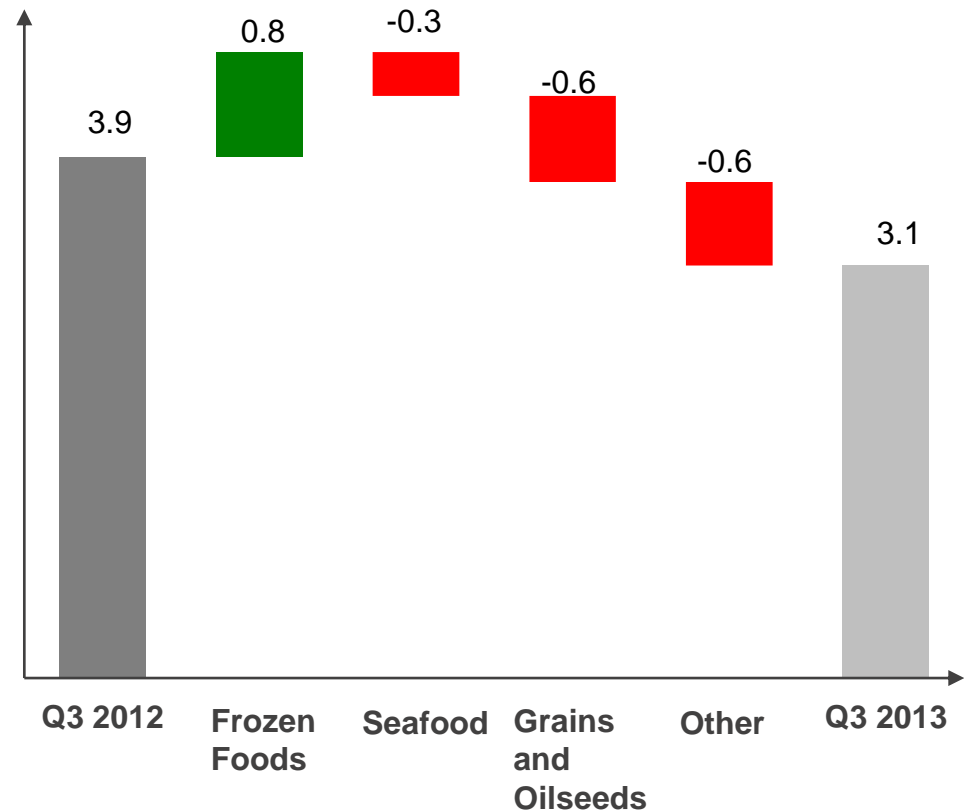
Operating profit, excluding non-recurring items, was EUR 3.1 million

- July-September operating profit, excluding non-recurring items, was EUR 3.1 (3.9) million
 - Non-recurring items totalled EUR -2.1 (-0.1) million. EUR -2.0 million impairment with no cash flow implications carried out in the Finnish Seafood business.
 - The operating profit includes EUR 1.3 (1.2) million as the share of the profits of associated companies.
- January-September operating profit, excluding non-recurring items, was EUR 6.8 (3.7) million.
 - The non-recurring items in the period were EUR -2.5 (-0.3) million
 - Operating profit includes EUR 3.7 (1.8) million as the share of the profits of associated companies
 - Under other operating income is recognized EUR 2.6 (1.2) million as the reduction in the estimate of the additional purchase price of Caternet Finland Oy.

Operating profit, excl. non-recurring items, Q3/2012 vs Q3/2013

Comparison: Operating profit, excl. non-recurring items, Q3/2012 vs Q3/2013, EUR million

- Third quarter year-on-year operating profit improvement came from Frozen Foods.
- Third quarter profitability was down in the Seafood, Grains and Oilseeds and Other Operations.



A close-up photograph of several pieces of fresh salmon fillet resting on a wooden cutting board. The salmon has a vibrant orange-pink color and a visible white marbling. In the background, a lemon half is visible on the left, and some green herbs are on the right. The text "Overview of operating segments" is overlaid in white, bold, sans-serif font across the center of the image.

Overview of operating segments

A close-up photograph of frozen vegetables. The foreground is filled with bright green, round frozen peas. Above them are several large, orange, cube-shaped frozen carrot pieces. The text "Frozen Foods" is centered over the image in a white, bold, sans-serif font.

Frozen Foods



The best spinach soup in Finland

Apetit Kotimainen spinach soup was awarded to be the best in class in Finland. The testing was carried out by Foodwest and University of Turku in the summer 2013.

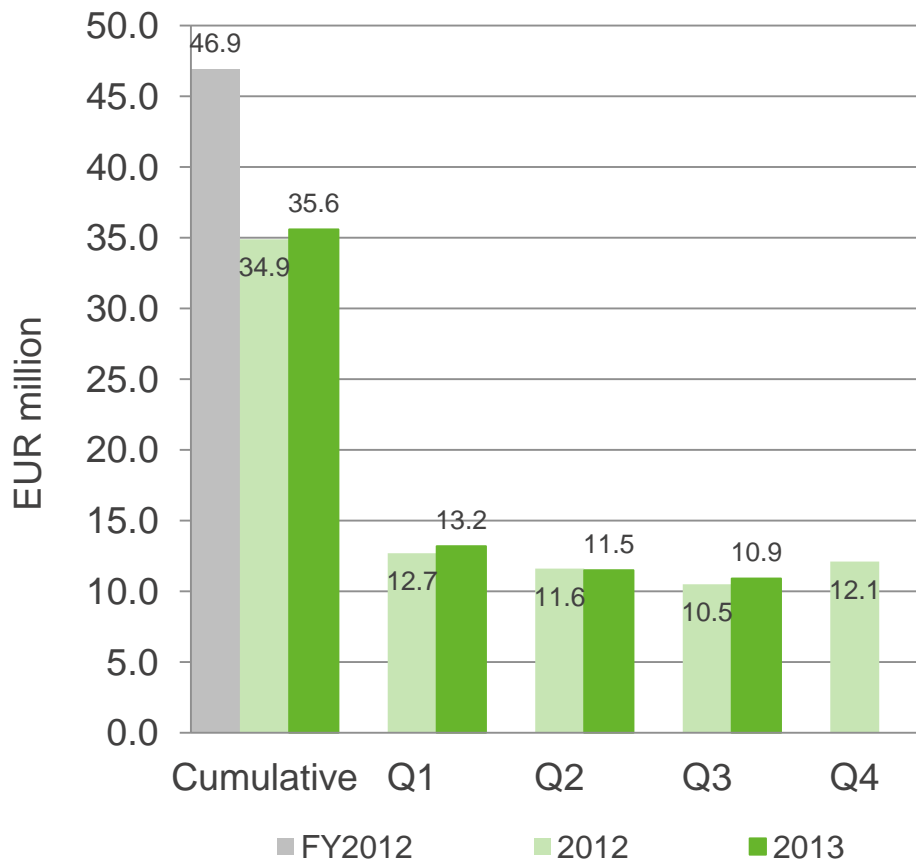
Locally produced food, straight from the freezer

- 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 net sales

Net sales

Frozen Foods, comparison 2013/2012



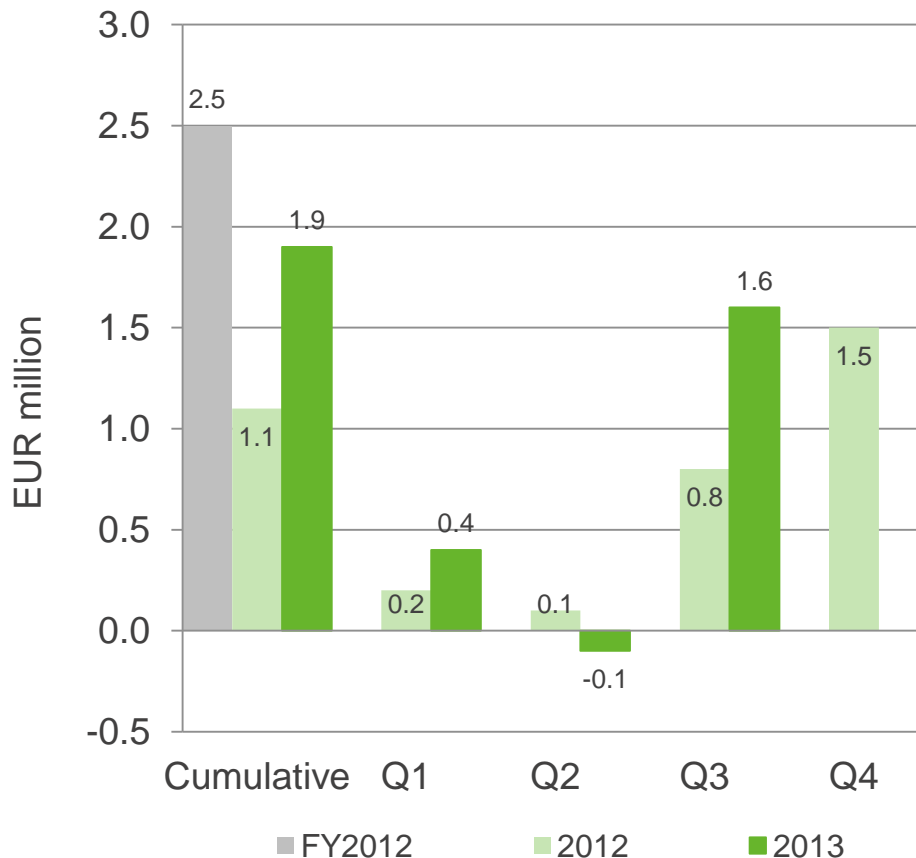
The third-quarter net sales of Frozen Foods were up by 3 % year on year

- July-September net sales were EUR 10.9 (10.5) million.
 - Sales to retailers and the professional food service sector were up
 - Sales to the food industry were down
 - Sales to exports were up
- In January-September, by product group, sales of frozen ready meals grew the most.
- In frozen ready meals, sales of Apetit Kotimainen spinach soup and Apetit gratin products grew, in particular
- Sales of Apetit frozen vegetables and pizzas were also up year on year.

Frozen Foods operating profit, excluding non-recurring items

Operating profit

Frozen Foods, excl. non-recurring items, 2013/2012



The third-quarter operating profit, excluding non-recurring items, was up year on year

- July-September operating profit, excl. non-recurring items was EUR 1.6 (0.8) million.
- This year, frozen vegetable production was started earlier than in 2012, and production volumes during the period were clearly up on the previous year.
- The earlier start and greater volume of the frozen vegetable production compared with the previous year raised the third-quarter operating profit by EUR 0.5 million, as more fixed production costs were recognised in inventories than a year earlier.

Sales of the Apetit Kotimainen range grew



The significance of domestic content in purchasing decisions has increased further

- Sales of the Apetit Kotimainen range grew by 9 per cent in January-September compared to previous year.
- For consumers, Apetit has 17 frozen food products and 10 fish products in its Kotimainen product range.
- For professional cuisines there are 18 frozen food products and in service sales 10 fish products in Kotimainen –range.
- Kotimainen beetroot gratin, Kotimainen cream of fresh pea soup, and Kotimainen pea patties were launched at the end of September as new products in the Kotimainen range.
- Lactose-free spinach soup and frozen root vegetables for soups will be added to the Kotimainen range before the end of the year.



Seafood

Focus on tasty and fresh fish



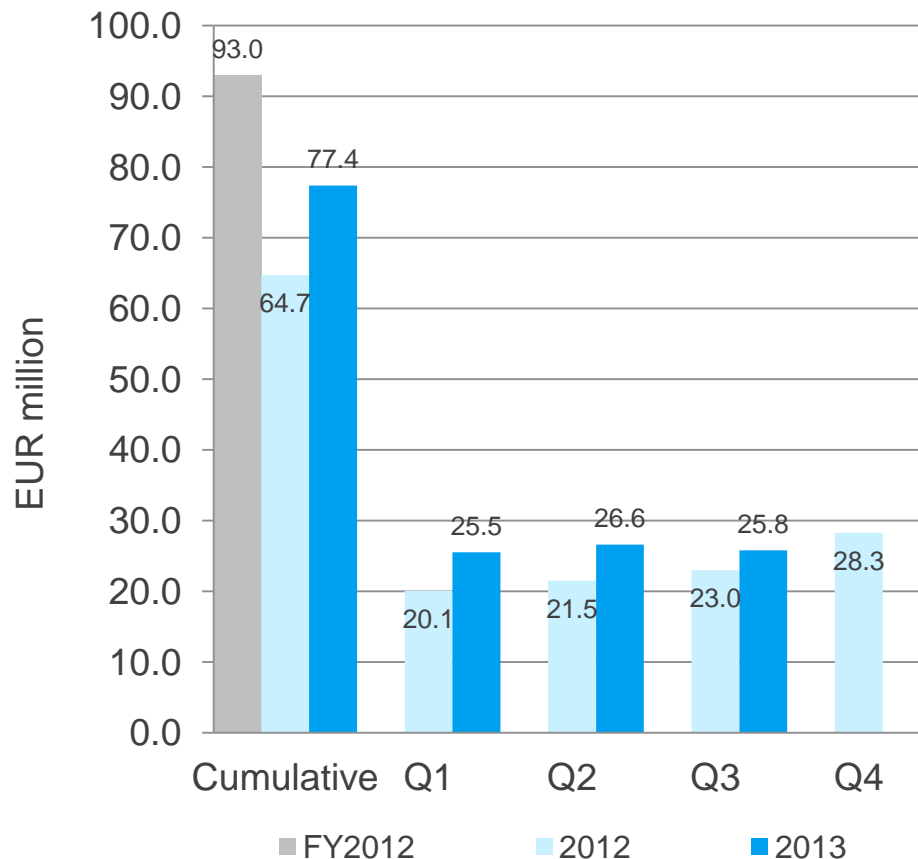
- Apetit's Seafood business operates in Finland, Norway and Sweden.
- Apetit Kala Oy and its subsidiary Myrskylän Savustamo are Finland's leading seafood companies.
- Apetit Kala sells fish, fish products and other fresh products through its own managed service counters under the shop-in-shop principle.
- 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 net sales

Net sales

Seafood, comparison 2013/2012



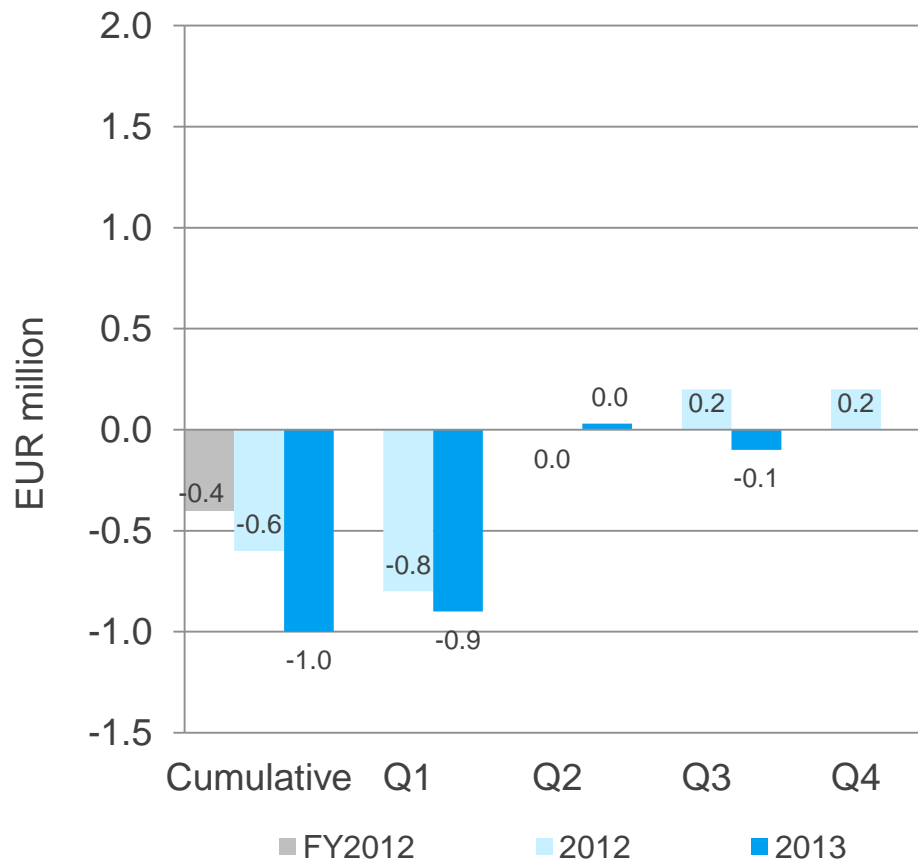
The third-quarter net sales showed a substantial 12 % year-on-year improvement

- July-September net sales were EUR 25.8 (23.0) million.
 - The net sales of the Seafood business were up in all markets, i.e. Finland, Norway and Sweden.
 - 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 in Sweden.
- January-September net sales in the Seafood business were up considerably year on year.

Seafood operating profit, excluding non-recurring items

Operating profit

Seafood, excl. Non-recurring items, year 2013/2012



Third-quarter operating profit, excluding non-recurring items, was down year on year.

- July-September operating profit excl. non-recurring items was EUR -0.1 (0.2) million.
- The profitability of the Finnish Seafood business declined on the previous year as the unfavourable relationship between raw material prices and sales prices of end products continued during the third quarter.
- Necessary price increases were applied to improve profitability. They have also resulted in losing some listings.
- The profitability of the Seafood business in Norway and Sweden continued to improve year on year in the third quarter.
- The share of the profit of associated companies was EUR 0.3 (0.3) million.

Traditional and domestic flavours to suit Finns' taste



Fresh and delicious fish in a traditional way

- 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 was 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 best in class flavours.

A combine harvester is shown in the middle ground, harvesting a vast field of golden grain. The harvester is red and white, moving from right to left. The field is divided into sections by dark, curved lines, likely from previous passes or different crop types. In the background, a lush green field transitions into a dense forest of tall evergreen trees on a hillside. The sky is a clear, bright blue with a few wispy clouds. The overall scene is a peaceful depiction of agricultural work in a rural landscape.

Grains and Oilseeds

Grains and Oilseeds

The leading trading company in grains, oilseeds and feeding stuffs in Finland

- 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.



Grain trading in many markets



The expert operating in domestic and international markets

- 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 Nordic Grain Oy has subsidiaries in Estonia, Lithuania, Russia, Ukraine, and Kazakhstan.
- Avena's strengths are its diverse grain trading expertise, individualised customer service and flexible operation in the rapidly changing markets.

Mildola extracts vegetable oil and expeller from rapeseed



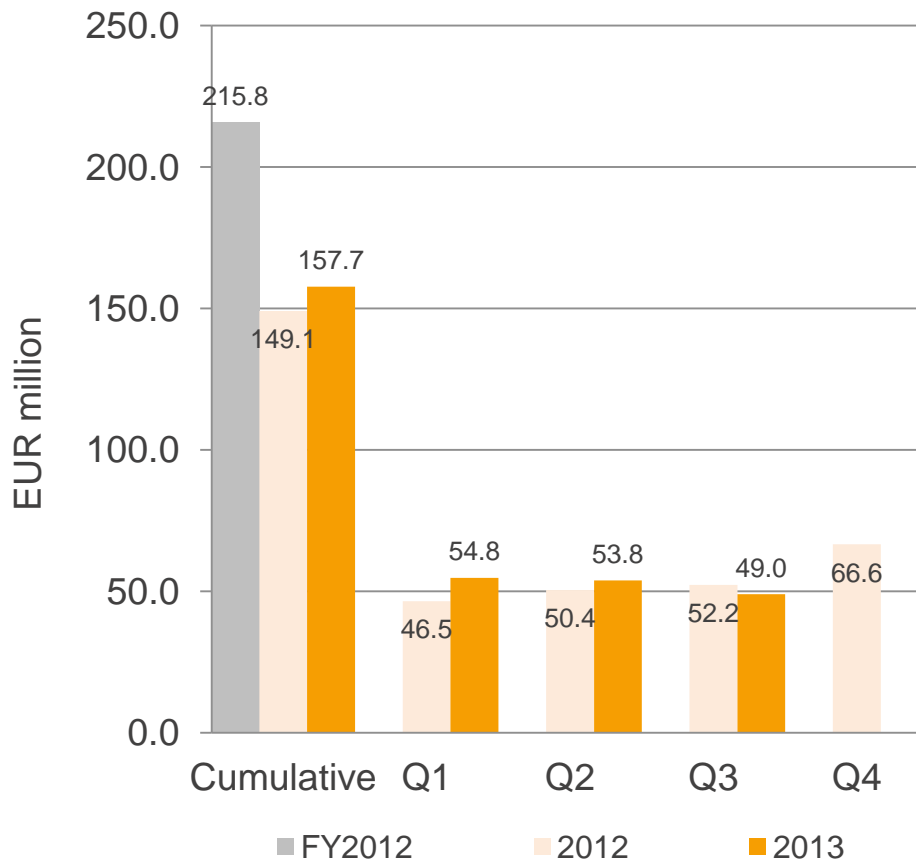
Healthy and great tasting vegetable oils

- 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 net sales

Net sales

Grains and Oilseeds, comparison 2013/2012



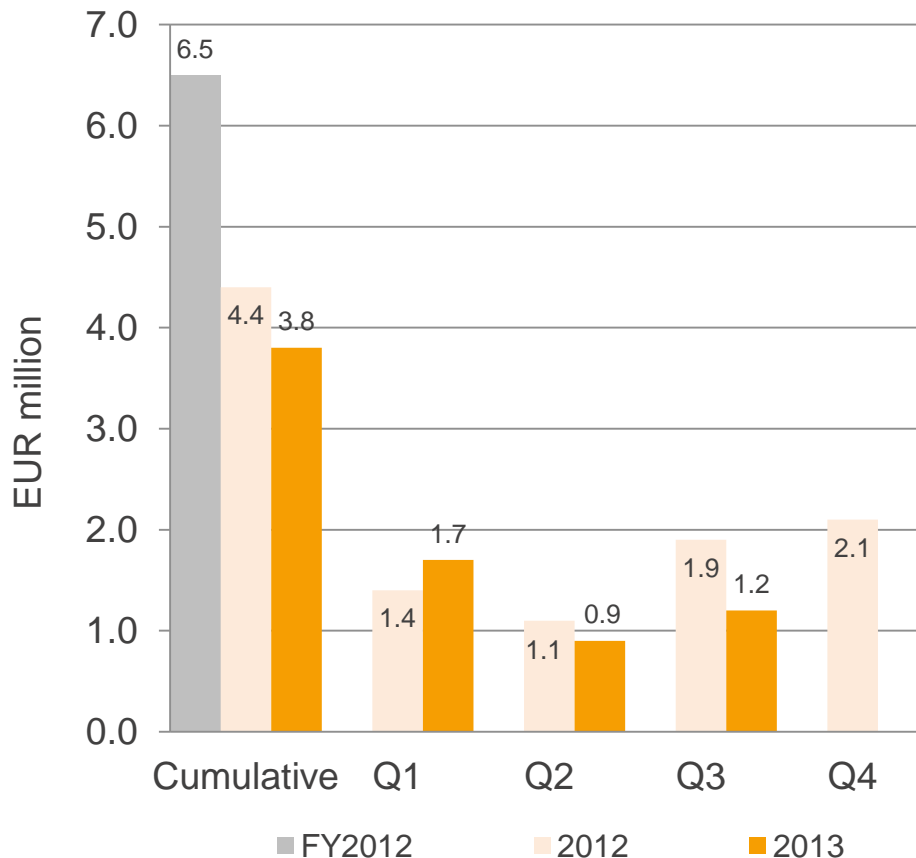
Third-quarter net sales were down due to the lower market prices

- July-September net sales were EUR 49.0 (52.2) million.
 - Tonnage sales were at the same level as in the same quarter a year earlier.
 - Due to the good crop year, international grain trading remained slow in the third quarter.
 - The delivery volume of packaged vegetable oil products rose to a new high during the period.
- January-September net sales in the Grains and Oilseeds business were up year on year.

Grains and Oilseeds operating profit, excluding non-recurring items

Operating profit

Grains and Oilseeds, excl. non-recurring items, 2013/2012



Profitability was adversely affected by lower margins in the grain trade

- July-September operating profit, excl. non-recurring items was EUR 1.2 (1.9) million.
 - Profitability was adversely affected by lower margins in the grain trade than in the same quarter of the previous year.
 - In the oilseeds business, profitability was enhanced by the successful purchase of rapeseed through Baltic subsidiaries, and the favourable profitability of expeller.
- As the crop year progresses, estimates of world grain production have been raised further, and grain stocks are expected to grow compared with the previous year.

The continuation and development of rapeseed growing in Finland

EU to ban temporarily the use of seed treatments containing neonicotinoids. Neonicotinoids are claimed to be harmful to bees.

- The conditions for rapeseed growing in Finland may be changing due to a decision by the EU to ban the use of seed treatments containing neonicotinoids for two years as of 1 December 2013.
- The availability of Finnish rapeseed is an important factor for the Apetit Group's Grains and Oilseeds business, which is why we are closely monitoring the conditions for growing oilseeds in Finland in the future.
- To manage the purchasing risks associated with Finnish rapeseed, the Apetit Group's Grains and Oilseeds business has pursued a strategy that aims to ensure profitable growth by investing in production with a very high utilisation rate in the refining of oilseeds, and by focusing on expertise in refining and purchasing.
- This will allow us to engage in profitable vegetable oil milling with greater volumes of imported rapeseed than at present, if necessary.



Other Operations

Other Operations

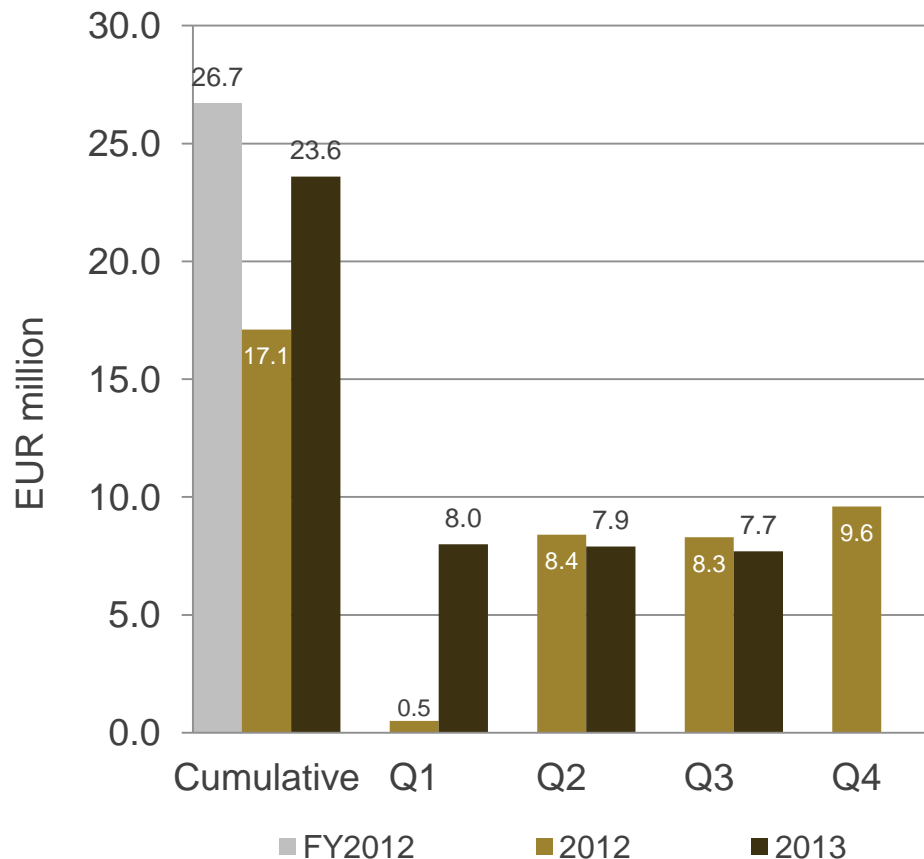
- The parent company, **Apetit Plc**, is responsible for Group administration, development of the Group structure and management of shareholdings and real estate.
- **Apetit Suomi Oy** is responsible for marketing Apetit products. In addition, Apetit Suomi produces personnel, IT and financial administration 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.

The Apetit logo is written in a green, cursive script.The Caternet logo features a stylized icon of three vertical bars in blue, green, and yellow, followed by the word "CATERNET" in bold blue capital letters.The Sucros Oy logo consists of the words "SUCROS OY" in bold black capital letters.

Other Operations net sales

Net sales

Other operations, comparison 2013/2012



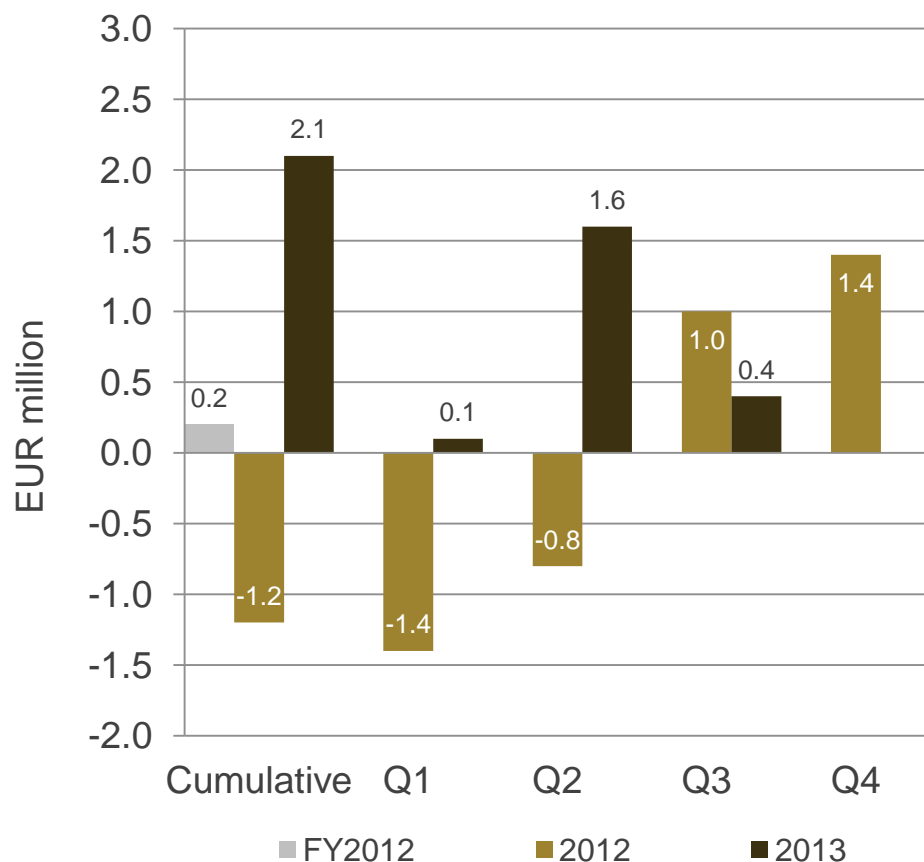
Third-quarter net sales in the segment were down year on year

- July-September net sales were EUR 7.7 (8.3) million.
 - Caternet Finland Oy's net sales were lower than in the same period of 2012.
 - Finland's poor economic situation continues to be reflected in the professional food service sector
 - According to estimates collected from wholesalers, the market of the professional food service sector contracted by 10 per cent in August compared with the same period a year earlier due to a reduction in the number of diners in staff restaurants.
- January-September net sales in the Other Operations segment were up year on year. The net sales of Caternet Finland Oy in the previous year are only given from the second quarter onwards.

Other Operations operating profit, excluding non-recurring items

Operating Profit

Other Operations, excl. non-recurring items, 2013/2012



Third-quarter operating profit, excluding non-recurring items, was down year on year.

- July-September operating profit, excl. Non-recurring items was EUR 0.4 (1.0) million.
 - The sales of Caternet Finland Oy were adversely affected by high raw material purchase prices and the decline in demand in the professional food service sector.
 - The operating profit includes EUR 1.0 (1.0) million as the share of the profits of associated companies.
- The January-September operating profit, excluding non-recurring items, was significantly better than a year earlier.
 - The share of the profits of associated companies amounted to EUR 3.3 (1.6) million
 - The operating profit takes into account EUR 2.6 (1.2) million recognised as income in association with the reduction in the estimate of the additional purchase price of Caternet Finland Oy.
 - According to the estimate, the additional purchase price is not expected to be realised on the basis of the operating profit for 2013.



Outlook for 2013

Outlook for 2013

Net sales for 2013 are expected to show a year-on-year increase as a result of the Caternet 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 especially due to the good profitability of the Frozen Foods business and the good result posted by the Other Operations segment.

A decision in the shareholder agreement dispute regarding Sucros is expected to be obtained in 2014. This will not affect the profit for the 2013 financial year, with the exception of non-recurring expert costs.



Current Topics

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 is not expected to be obtained until 2014.

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.

Boosting the profitable growth with restructuring



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

**... BECOME THE PREFERRED FOOD SOLUTION FOR CONSUMERS
AND THE PREFERRED PARTNER FOR OUR CUSTOMERS.**

Apetit



Thank you!

Please visit us at apetitgroup.fi/en

