



Apetit

Financial Statements Release 2018

Juha Vanhainen, CEO, Apetit Plc



Key events in 2018



Nearly EUR 10 million investment in a new patty and ball production line



Investment in a bioenergy plant in Kantvik



Shareholding in the food business development company Foodwest



Production input and grain trade services under a new operating model



Two consecutive weak harvest seasons



Restructuring and continuous improvement of the food business

Grain trade was burdened by two consecutive weak harvest seasons

- The domestic grain harvest was the smallest in the millennium
 - the normal harvest in Finland is approx. 4 million tons
 - domestic use is approx. 3 million tons
 - the harvest in 2018 was approx. 2.7 million tons
- Two consecutive exceptionally weak harvest seasons in Finland
 - significantly reduced volumes of Grain Trade
 - trading is materially more challenging
- The significant decrease of opportunities to export Finnish grain and the imbalance of supply and demand in the Baltic market have reduced profitability.

Profit improvement due to good sales and efficiency measures in Food Solutions

- Frozen foods and fresh cut products grew faster than the market
 - growth with new products and new customers
- Growth continued especially in patty and ball products
 - the new patty and ball line investment will double the capacity
- The restructuring of Food Solutions continued
 - gradual divestment of service sales decreased sales and related costs strained the result during the first half of the year
 - remaining service sales operations will be divested during spring 2019
- New quick measures to improve profitability and efficiency in fresh cut products

Stable development of Oilseed Products creates the basis for further development

- Production volumes at the Kantvik oil milling plant were higher than ever before
 - strong demand for refined vegetable oil products
 - interruptions that reduce production were minimised
- Sourcing of rapeseed raw material was highly successful, thanks to well-timed international purchases
- The project to develop a rapeseed ingredient continued as planned
 - an application for novel food marketing authorisation for the rapeseed ingredient was filed on 31 December 2018.

The image is a collage of food-related photographs. The top half shows a whole beet on a wooden cutting board next to some chopped green herbs. The bottom half shows a white ceramic dish filled with a dark red, sautéed beet salad, garnished with fresh green herbs. A hand is visible on the right side of the dish, possibly garnishing it. A semi-transparent green horizontal band runs across the middle of the image, containing the text 'Q4 2018 result' in white.

Q4 2018 result

Net sales and profit 2018

October-December (Q4)

- Net sales EUR 74,0 (86,6) million
- Operational EBITDA EUR 2,0 (2,7) million
- Operational EBIT EUR 0,6 (1,2) million
- Share of profit of associated company Sucros EUR 0,3 (1,4) million

January-December 2018

- Net sales EUR 283,1 (311,8) million
- Operational EBITDA EUR 5,3 (6,8) million
- Operational EBIT EUR -0,5 (1,3) million
- Share of profit of associated company Sucros EUR -0,7 (1,0) million

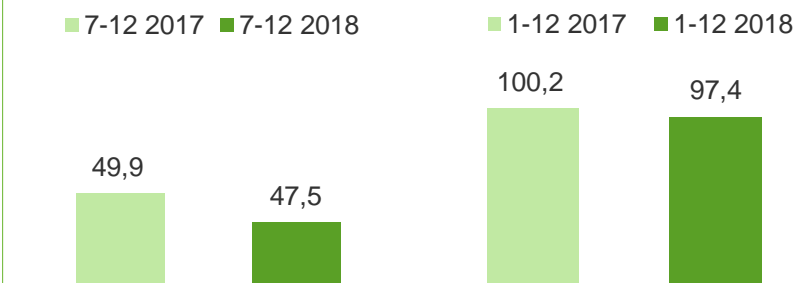


Frozen Foods grew faster than the market

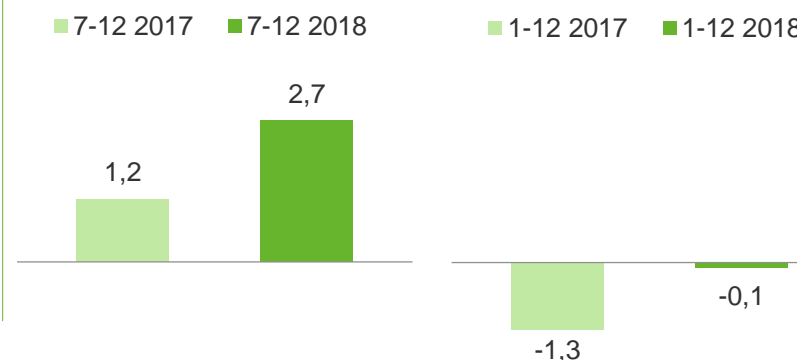


- The frozen foods grew clearly faster than the market, thanks to increased export and new products
- Growth was strongest in patty and ball products, pizzas, frozen vegetables, pre-prepared vegetables and salad meals
- The volume and value of sales increased in all sales channels
- Increased sales of frozen foods, as well as efficiency improvement measures started in spring 2018, had a positive effect on the result
- Apetit will divest its remaining service sales operations during early 2019
 - The divestment of the service sales operations is in line with Apetit's strategy of focusing on its core businesses and a natural continuation of the seafood business divestment in 2017

Net sales, EUR million



Operating profit, EUR million

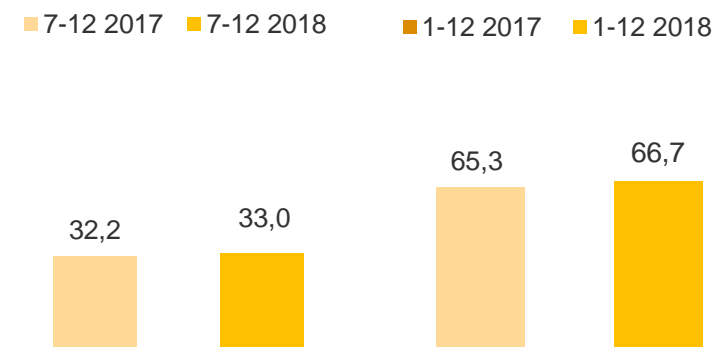


Increase in net sales and delivery volumes in tonnes

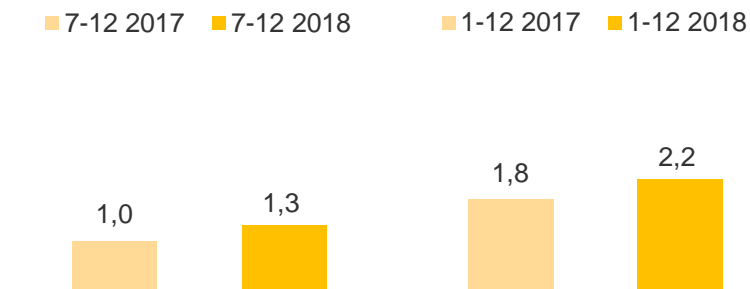


- Net sales increased from the comparison period due to an increase in delivery volumes in tonnes
 - The high utilisation rate of the production plant
 - Good demand for refined vegetable oil products
- Strong sales and the high share of refined vegetable oil products of all sales had a positive effect on the result
- Sourcing of rapeseed raw material was highly successful despite the challenging domestic harvest season, thanks to well-timed international purchases
- The project to develop a rapeseed ingredient continued as planned
 - An application for novel food marketing authorisation for the rapeseed ingredient was filed on 31 December 2018

Liikevaihto, miljoonaa euroa



Operatiivinen liiketulos, miljoonaa euroa

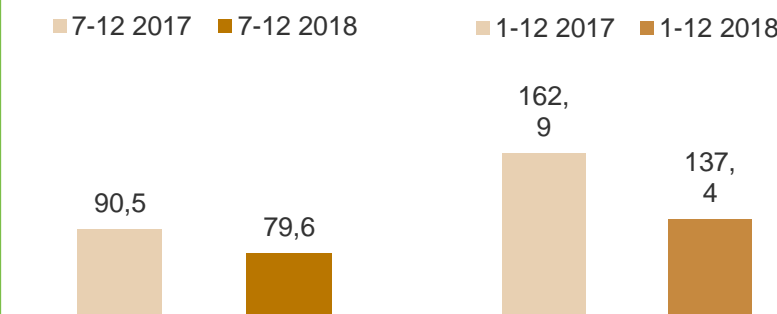


Weak harvest seasons in 2017 and 2018 decreased grain trade volumes significantly

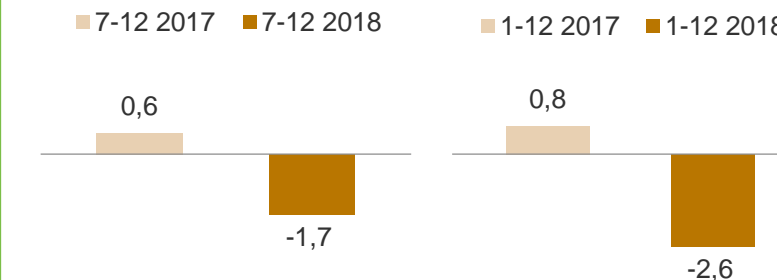


- Net sales decreased due to a decline in delivery volumes from the comparison period
- Due to the weak crop, grain exports from Finland were low for the second consecutive harvest season
 - Mainly oats were exported from Finland
- The significant decrease of opportunities to export Finnish grain and the imbalance of supply and demand in the Baltic market have reduced profitability
- Working capital increased significantly as a result of a substantial increase in the world market prices for grains and a temporary increase in grain stock levels in the Baltic countries

Net sales, EUR million



Operating profit, EUR million





Solid financial position

EUR million

31.12.2018

31.12.2017

Working capital, continuing operations	57.2	30.0
Group's net cash flow from operating activities	-23.5	20.0
Group's total equity	101.1	112.1
Group's net debt	24.4	4.9
Group's Equity ratio, %	61.4 %	72.6 %
Group's Gearing, %	21.5 %	-9.6 %
Group's Operational return on capital employed, R12 (ROCE-%)	-1.2 %	2.4 %

A close-up photograph of a person's arm reaching into a field of golden wheat. The person is wearing a light-colored, short-sleeved shirt. The wheat is ripe and has a warm, golden-brown hue. A semi-transparent green banner is overlaid across the middle of the image, containing white text.

Starting point for 2019 and profit guidance



Short-term measures to improve profit

- Changes in Group management were announced at the beginning of the year
 - further strengthening of the growing business
 - additional measures to develop business segments with an unsatisfactory profit level
- Profit improvement in fresh cut products category
 - Adjustment measures to improve profitability, such as working time planning, and working methods that improve efficiency and reduce the need for temporary work
 - The target is an annual total impact of about EUR 1 million
- In Grain Trade, only limited possibilities for adaptation before the new harvest season
 - Active utilization of potential import opportunities in Finland
 - Proficient use of trading opportunities especially in the Baltic countries
 - Tight cost control



Profit guidance for 2019

- The Group's full-year operational EBIT is expected to improve year-on-year (EUR -0.5 million in 2018). 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 profit outlook for early 2019 is burdened by the weak grain crop of 2018. Opportunities to export Finnish grain are limited, and an imbalance of supply and demand is posing challenges in the grain trade in the Baltic countries.



Growth with vegetables



- Consumption of vegetables is increasing
- Many have added up vegetables and different vegetable options to their diet
- Consumer appreciate well-being, taste, easiness, organic foods and domesticity
 - Taste is still crucial factor!
 - Vegetables are seen as a key factor in increasing well-being, but more and more they represent a choice for sustainable development
- Substantially increased selection of vegetable-based foods in markets tells about high demand
 - Consumers have found new products to part of their diet
 - There are notable interest for different kind of vegetable-based solutions also in HoReCa sector

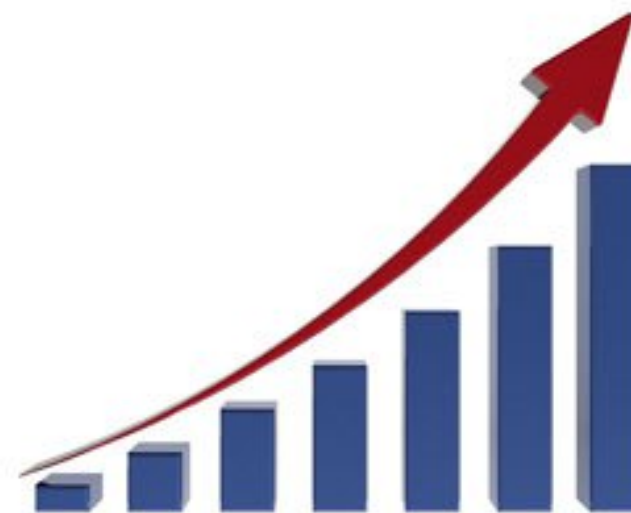


R&D investments deliver results through the development of net sales and brand value

Strengthen the brand and the position of number one in vegetables



Create opportunities for profitable growth



Novelties about 20% of net sales in Food Solutions

Significant strategic investments in product development

Research project of rapeseed ingredient

The purpose is to develop an ingredient with high nutritional content for the international food market. An application for novel food marketing authorisation was filed on 31 December 2018.



Patty and ball line investment in Säkylä

Apetit invests EUR 9.7 million to double the capacity of patties and balls. The line will be ramped up gradually in the summer of 2019.



Shareholding in Foodwest

The opportunity to utilize the development and production services of Foodwest as part of the development and launch of new products.





Growth with plant-based main course products

- Patties and balls are interesting in all sales channels
 - We respond to consumers' desire to increase plant-based eating without changing their usual meal behavior
 - Customer-specific product development especially with export and HoReCa customers
 - We take into account the needs of different customer groups in our product groups (vegan, Heart Symbol, Nordic Swan Ecolabel, organic)
 - We will continue to invest in responsible domestic fish in our products
 - Kasvisjauhis product group have risen rapidly after launch to one of the best-selling products in its category at retail



Implementation of the strategy

APETIT - NUMBER ONE IN VEGETABLES

Mission

WE CREATE WELL-BEING
WITH VEGETABLES

Vision

WE LEAD THE WAY
IN VEGETABLE-BASED
FOOD SOLUTIONS

CLOSE INTEGRATION
WITH FINNISH
PRIMARY PRODUCTION

HIGH-QUALITY
RAW MATERIALS
AND APETIT'S
RESPONSIBLE
FARMING METHOD

INVESTMENT
IN RESEARCH AND
DEVELOPMENT

PRODUCT SAFETY AND
RESPONSIBILITY ARE
THE FOUNDATION
OF PRODUCTION

FOOD SOLUTIONS THAT
INCREASE WELL-BEING,
ARE HEALTHY AND TASTY,
AND MAKE DAILY LIFE EASIER

I also want
to eat
organic foods

I want
a healthy diet
and to feel good

Convenience
is important

IMPROVED
EFFICIENCY

Responsibility
matters
to me

Meals and
snacks that are
ready to eat and
easy to take
with me make
life easier

INTERNATIONALISATION

I'm interested
in vegetable
protein

I like eating
more
vegetables

Values



RESPONSIBLE OPERATIONS



BOLD RENEWAL



SUCCESS THROUGH COOPERATION

Strategic focus areas RENEWAL, INTERNATIONALISATION and EFFICIENCY IMPROVEMENT

Investment in a patty and ball production line at the Säkylä plant

Investment decision of the bioenergy plant in Kirkkonummi

Shareholding in the development company Foodwest

A new type of operating model Viljelijän Avena Berner

Increasing the share of international food sales

The restructuring of the food business

The strategy measures implemented in 2018 strengthen Apetit's position as the number one in vegetables and build a foundation for further development of the businesses.



Dividend proposal



Dividend proposal for financial year 2018

- Divident policy
 - 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 2018
 - The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.40 per share be paid

Apetit

Apetit jatkaa
kasvipohjaisen
syömisen
uudistamista



#convenience



#more
vegetables



#sustainability

#for children

#veggie

#grill steak

