



Apetit Plc's Business Review 1 January – 31 March 2019

Apetit's operational EBIT improved thanks to Food Solutions; poor harvest still influencing Grain Trade profitability

Apetit Plc, Stock Exchange Release, 8 May 2019 at 8.30 a.m.

JANUARY–MARCH 2019 IN BRIEF

January–March 2019

- Net sales amounted to EUR 76.4 (59.7) million
- Operational EBITDA was EUR 1.8 (0.6) million
- Operational EBIT was EUR 0.3 (-0.8) million

The information is unaudited. The figures in parentheses are the equivalent figures for the same period in 2018, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

Juha Vanhainen, CEO:

“Performance at the beginning of the year continued to be held back by the weakest harvest of the millennium. Thanks to the adjustment and efficiency measures carried out last year and the continued brisk sales in frozen foods we were able to achieve a food-driven result improvement. At the beginning of the year we announced new adjustment and efficiency measures which will focus especially on the fresh cut products. We also made some changes to the company's management with the main purpose of further strengthening the company's growing business and rapidly improving underperforming operations.

The Group's net sales grew on the comparison period thanks to the improved net sales of the Grain Trade. In early 2018 we delivered the exceptionally high grain stocks that had built up due to the imbalance of supply and demand in the Baltic countries. The net sales of Food Solutions declined due to the discontinuation of service sales but profitability improved substantially, however. We can be very satisfied with this performance and the success of our own actions. The profit performance of the Oilseed business continued on a steady track.

As the number one in vegetables, Apetit seeks to continuously introduce new products that interest consumers in line with its strategy. New products launched this spring have expanded the offering of modern vegetable products. These new products are all delicious and made with interesting raw materials. In addition to quick-paced product development, Apetit is carrying out a significant research project to increase the added value of rapeseed. The company submitted an application for a novel food marketing authorisation for a rapeseed protein ingredient at the end of 2018. We have received confirmation that the composition and manufacturing method can be patented, and the patent will be granted later this year in Finland.

We will continue our unrelenting work to improve profitability and create growth in accordance with the Group's strategic focuses of renewal, efficiency improvement and internationalisation.”

KEY FIGURES

EUR million	1-3 2019	1-3 2018	Change	2018
Net sales	76.4	59.7	28%	283.1
Operational EBITDA	1.8	0.6		4.8
Operational EBIT	0.3	-0.8		-1.0
Operating profit	-0.6	-1.4		-6.9
Share of profit of associated company Sucros	-0.5	-0.5		-0.7
Profit for the period	-1,1	-1.7		-6.6
Earnings per share, EUR	-0.17	-0.27		-1.06
Working capital, end of period	45.1	30.2		57.2
Investment	2.5	0.7		6.7
Equity per share, EUR	15.72	17.19		16.29
Operational return on capital employed R12 (ROCE-%)	-0.6%	2.3%		-1.7%
Net cash flow from operating activities	10.9	-4.5		-23.5
Equity ratio	63.7%	73.6%		61.4%
Gearing	20.5%	-5.4%		21.5%

FINANCIAL PERFORMANCE IN JANUARY–MARCH

Comparable net sales increased by 28 per cent to EUR 76.4 (59.7) million. In Food Solutions net sales declined as a result of a shrinking service sales network. Grain Trade net sales grew markedly as the high stock levels were discharged at the turn of the year. Oilseed Products' net sales remained at the comparison period's level.

Operational EBIT was EUR 0.3 (-0.8) million. In Food Solutions profitability improved markedly thanks to the adjustment and efficiency measures carried out in 2018 and the continued brisk sales of frozen foods. The profitability of Grain Trade was impaired by a record-poor harvest and the resulting low export potential for Finnish grain and, in the case of the Baltic countries, an imbalance in supply and demand. Oilseed Products' profitability remained at the comparison period's level.

The Group's liquidity was good, and its financial position is strong. The equity ratio was 63.7 (73.6) per cent, and gearing was 20.5 (-5.4) per cent. Consolidated cash flow from operating activities after interest and taxes amounted to EUR 10.9 (-4.5) million in January-March mainly due to the decrease in grain stocks.

APETIT TO UPDATE OPERATIONAL INDICATORS

Apetit is updating its operational indicators and in the future the company will present operational indicators without the IAS-2 Inventories -standard capitalisation of fixed costs at inventory value. Due to harvest-time production, the IAS-2 accounting practice means that most of the profit is accrued in the last two quarters of the year, which weakens the result for the first two quarters and causes seasonal variation. As a result of this change, the information made available to investors will also better match the information used by company management to monitor and guide operations.



Comparison data has been published today in a separate stock exchange release on the new operational indicators.

IMPLEMENTATION OF THE IFRS 16 LEASES STANDARD

Apetit is applying the IFRS 16 Leases standard as of 1 January 2019. Apetit uses the exemption allowed by the standard regarding recognition and will not apply the standard to short-term leases or contracts where the target asset has minor value. A simplified procedure has been applied to the transition and the figures for the year preceding implementation have not been adjusted.

The Group's most important leases are associated with long-term land and grain storage leases. As a result of the implementation, an additional EUR 6.0 million in right of use assets, EUR 5.0 million in non-current debt and EUR 1.2 million in current debt have been recognised in the closing balance sheet of the first quarter. EUR -0.1 million was recognised in equity in the year-opening balance sheet. Correspondingly, in the income statement for the first quarter, other costs declined by EUR 0.3 million, depreciation grew EUR -0.3 million and interest expenses grew EUR 0.0 million.

PROFIT GUIDANCE FOR 2019 UNCHANGED

The Group's full-year operational EBIT is expected to improve year-on-year (EUR -1.0 million in 2018). 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 in supply and demand poses challenges in the grain trade in the Baltic countries.

Apetit Plc

For further information, please contact:

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Apetit is number one in vegetables. It is a food industry company firmly rooted in Finnish primary production. We create well-being with vegetables by offering healthy and tasty food solutions that make daily life easier. We also produce high-quality vegetable oils and rapeseed expellers for feeding stuff, and trade grain on the international markets. Apetit seeks to lead the way in vegetable-based food solutions. Apetit Plc's shares are listed on Nasdaq Helsinki. In 2018, the company's net sales were EUR 283 million. Read more at www.apetit.fi.