



Apetit Plc

Interim Report January-September 2017



Apetit Plc Interim Report, January–September 2017

Food Solutions improved its net sales and result, Grain Trade and Oilseed Products achieved a reasonable result despite challenging conditions

July-September, continuing operations

- The net sales of continuing operations were EUR 75.0 (77.8) million.
- Operational EBITDA was EUR 3.2 (2.8) million.
- Operational EBIT was EUR 1.8 (1.6) million.
- The profit for the period was EUR 2.7 (2.1) million, and earnings per share amounted to EUR 0.44 (0.34).

January-September, continuing operations

- The net sales of continuing operations were EUR 226.9 (231.6) million.
- Operational EBITDA was EUR 4.7 (4.2) million.
- Operational EBIT was EUR 0.7 (0.7) million.
- The profit for the period was EUR 1.0 (0.5) million, and earnings per share amounted to EUR 0.16 (0.08).

July-September, Group, including discontinued operations*

- Consolidated net sales amounted to EUR 89.9 (91.9) million.
- Operational EBIT was EUR 1.9 (1.4) million.
- The profit for the period was EUR 0.5 (1.8) million, and earnings per share amounted to EUR 0.09 (0.29).

January–September, Group, including discontinued operations*

- Consolidated net sales amounted to EUR 276.2 (286.4) million.
- Operational EBIT was EUR 0.4 (-0.7) million.
- The profit for the period was EUR -3.0 (-1.2) million, and earnings per share amounted to EUR -0.48 (-0.19).

** Discontinued operations: On 29 June 2017, Apetit Plc signed an agreement on selling its seafood business to the Norwegian company Insula AS. The transaction was completed as of 1 November 2017. The transferred business is reported as discontinued operations in this interim report.*

The information has not been audited. The figures in parentheses are the equivalent figures for the same period in 2016, and comparison period means the corresponding period of the previous year, unless otherwise stated.

The profit guidance remains unchanged. The Group's full-year operational EBIT is expected to improve year-on-year (EUR 0.9 million in 2016). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year.

Juha Vanhainen, CEO:

“The Apetit Group continued to focus strongly on vegetable-based food solutions. The sales of frozen and fresh products increased and profitability improved. We have solidified our position in the minds of consumers and retailers as a forerunner in vegetable-based eating. We continued to invest in product development in order to delight consumers and retailers with new products more frequently.

Customers’ expectations evolve and we seek to respond to these expectations proactively. In the summer we launched an organic programme, the goal of which is to substantially increase the proportion of organic products in our range in the coming years. During this harvest season, we brought our first Finnish organic products to stores and professional kitchens. We will increase research and development into organic products at our experimental farm and offer our knowledge on new farming methods to our contract growers who are interested in this information. This way we can ensure that we also have organic alternatives of high-quality produce available for our products and at the same time we can support the competitiveness of Finnish primary production.

The July-September operational EBIT improved year-on-year, boosted by Food Solutions. We have succeeded in making the sales of frozen products grow, ensuring the product group’s profitability. In fresh products we continued to change our operating model from direct retailer to professional kitchens to partner serving the retail trade and professional kitchens and as a result we achieved new, profitable net sales. In Grain Trade and Oilseed Products the delay in the domestic harvest reduced volumes in Finland, but the results were at a satisfactory level considering the challenging harvest conditions.

The sales of the fish processing business to Insula AS in Finland, Norway and Sweden, announced at the end of June, was completed at the end of October. Insula AS, the new owner of the seafood business, is a growing company with a strong position in its sector that offers new growth and development opportunities for both our transferring staff and for our customers.

According to a consumer survey that we commissioned in July, a third of Finns have increased their consumption of vegetables in the past year and more than half intend to continue increasing their consumption. This delights us at Apetit and inspires us to go forward. We actively renew our products and procedures to retain our position as number one in vegetables and to strengthen our position as our customers’ first choice.”

KEY FIGURES

EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Continuing operations								
Net sales	75.0	77.8	-4 %	226.9	231.6	-2 %	312.0	307.2
Operational EBITDA	3.2	2.8		4.7	4.2		6.3	6.8
Operational EBIT	1.8	1.6		0.7	0.7		1.5	1.5
Operating profit	1.8	1.6		0.5	0.7		1.5	1.3
Share of profit of associated company Sucros	0.1	-0.1		-0.4	-0.7		0.7	1.1
Profit for the period	2.7	2.1		1.0	0.5		2.5	3.1
Earnings per share, EUR	0.44	0.34		0.16	0.08		0.41	0.49
Working capital				39.5	49.7		43.9	40.1
Group (incl. discontinued operations)								
Net sales	89.9	91.9	-2 %	276.2	286.4	-4 %	386.5	376.8
Operational EBIT	1.9	1.4		0.4	-0.7		0.9	2.0
Operating profit	-0.7	1.4		-3.8	-0.7		0.6	-2.5
Profit for the period	0.5	1.8		-3.0	-1.2		1.2	-0.6
Earnings per share, EUR	0.09	0.29		-0.48	-0.19		0.19	-0.10
Equity per share, EUR				17.75	18.70		19.00	
Return on capital employed (ROCE), %							1.2%	2.5%
Net cash flow from operating activities				12.2	14.5		21.9	
Equity ratio				62.6%	64.3%		64.1%	
Gearing				8.8%	17.3%		12.4%	
Investment				4.4	7.9		9.7	

SEGMENT COMPARISON

The Apetit Group's reporting business segments are Food Solutions, Oilseed Products, Grain Trade and Seafood.

- Food Solutions comprises the frozen foods group, fresh products group and service sales.
- The Oilseed Products business includes the processing and sale of vegetable oils and expeller meals.
- The Grain Trade business comprises the Finnish and international trade in grains, oilseeds, pulses and feed raw-materials.
- The Seafood segment's operations in Finland, Sweden and Norway were transferred to discontinued operations following a corporate transaction announced on 29 June 2017.

The associated company Sucros (holding 20%) has been reported after operating profit in the income statement since the beginning of 2016.

Development of net sales

Continuing operations

Net sales, EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Food Solutions	23.6	22.8	+3%	74.9	72.1	+4%	97.8	100.6
Oilseed Products	16.5	17.6	-6%	49.6	52.3	-5%	68.2	65.5
Grain Trade	41.1	38.9	+6%	113.5	119.9	-5%	159.7	153.3
Intra-segment net sales	-6.2	-1.5		-11.2	-12.7		-13.7	-12.1
Total	75.0	77.8	-4%	226.9	231.6	-2%	312.0	307.2

Discontinued operations

Net sales, EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Seafood	17.6	20.5	-14%	58.0	63.7	-9%	87.8	82.1
Intra-segment net sales	-2.5	-4.6		-8.3	-8.9		-12.6	-12.6
Total	15.1	15.8	-5%	49.7	54.8	-9%	75.2	69.5

Development of operational EBIT

Continuing operations

OPERATIONAL EBIT, EUR million	7-9 2017	7-9 2016	1-9 2017	1-9 2016	2016	Rolling 12 m
Food Solutions	0.7	0.2	-1.7	-2.5	-2.6	-1.8
Oilseed Products	0.5	0.8	1.4	2.1	2.7	2.0
Grain Trade	0.6	0.6	0.9	1.1	1.4	1.2
Total	1.8	1.6	0.7	0.7	1.5	1.5

Discontinued operations

OPERATIONAL EBIT, EUR million	7-9 2017	7-9 2016	1-9 2017	1-9 2016	2016	Rolling 12 m
Seafood	0.1	-0.2	-0.3	-1.4	-0.6	0.5

NET SALES AND PROFIT OF CONTINUING OPERATIONS

July–September

Net sales in the third quarter was EUR 75.0 (77.8) million. Net sales increased in Food Solutions and Grain Trade but decreased in Oilseed Products. Operational EBIT was EUR 1.8 (1.6) million. Reported operating profit was EUR 1.8 (1.6) million.

The share of the profit of the associated company Sucros was EUR 0.1 (-0.1) million.

The profit before taxes was EUR 1.7 (1.4) million, and taxes on the profit for the period came to EUR 1.0 (0.7) million. As a result of the corporate transaction concerning the seafood business, the Group's outlook on the usability of unrecognised deferred tax losses improved, and EUR 1.3 million was recognised in deferred tax assets. In the comparison period, Apetit recognised a total of EUR 1.1 million in deferred tax assets on previously not recognised taxable losses. The profit for the period was EUR 2.7 (2.1) million, and earnings per share amounted to EUR 0.44 (0.34).

January–September

The segment's net sales in January–September came to a total of EUR 226.9 (231.6) million. Operational EBIT was EUR 0.7 (0.7) million, and the reported operating profit was EUR 0.5 (0.7) million.

The share of the profit of the associated company Sucros was EUR -0.4 (-0.7) million in January–September.

Financial income and expenses were EUR -0.4 (-0.4) million. Financial expenses included EUR -0.4 (-0.4) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR -0.2 (-0.5) million, and taxes on the profit for the period came to EUR 1.2 (1.0) million, including the aforementioned deferred tax assets recognised for the third quarters. The profit for the period was EUR 1.0 (0.5) million, and earnings per share amounted to EUR 0.16 (0.08).

CASH FLOWS, FINANCING AND BALANCE SHEET

The Group's liquidity was good, and its financial position is strong.

The cash flow from operating activities after interest and taxes amounted to EUR 12.2 (14.5) million in January-September. The impact of the change in working capital was EUR 8.6 (13.6) million. The effect of seasonality on the change in working capital is presented below under 'Seasonality of operations'.

The net cash flow from investing activities was EUR -2.9 (-7.2) million. The cash flow from financing activities came to EUR -8.9 (-19.7) million, including EUR -4.3 (-4.3) million in dividend payments and EUR -4.6 (-20.4) million in loan repayments. In the comparison period, the cash flow from financing activities included a loan withdrawal of EUR 5 million.

At the end of the period, the continuing operations had EUR 13.2 (21.1) million in interest-bearing liabilities and EUR 4.9 (1.1) million in liquid assets. Net interest-bearing liabilities totalled EUR 8.3 (20.0) million.

The consolidated balance sheet total stood at EUR 175.7 (180.3) million. At the end of the review period, equity totalled EUR 110.1 (115.9) million. The equity ratio was 62.6% (64.3%), and gearing was 8.8% (17.3%). The Group's liquidity is secured with committed credit facilities, with EUR 40 (40) million available in credit at the end of the period. The total of commercial papers issued stood at EUR 8.0 (9.0) million.

INVESTMENT

The Group's gross investment in non-current assets came to EUR 4.4 (7.9) million and was divided as follows: investment in Food Solutions totalled EUR 2.8 (4.7) million, in Oilseed Products EUR 0.6 (1.5) million, in Grain Trade EUR 0.3 (0.1) million and in discontinued operations EUR 0.7 (1.5) million.

PERSONNEL

In January–September, the Apetit Group's continuing operations employed an average of 547 (542) people, and its discontinued operations employed an average of 171 (183) people. The Group's average total number of personnel was 717 (725) in January–September.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing on harvest time, raw materials are mainly processed into finished products during the final quarter of the year. This means that more fixed production overheads are recognised on the balance sheet in the fourth quarter than during the other quarters of the year. Due to this accounting practice, most of the Group's annual profit is accrued in the final quarter. The seasonal nature of profit accumulation is most marked in the frozen foods group of the Food Solutions segment and in the associated company Sucros, where production reflects the crop harvesting season.

Harvesting seasons also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in Grain Trade and Oilseeds Products is at its highest towards the end of the year and decreases to its lowest in the summer before the next harvest season. As the production of frozen products is also seasonal and follows the harvest period, the working capital tied up in operations is at its highest around the turn of the year in the Food Solutions segment.

In Finland, sales of fish products peak at weekends and in connection with public holidays. In the Seafood segment in Finland, a significant proportion of the full-year result depends on a successful Christmas season. Net sales in Grain Trade vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

Food Solutions

The Food Solutions segment comprises frozen vegetable products, frozen ready meals, fresh products and service sales.

EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Net sales	23.6	22.8	+3%	74.9	72.1	+4%	97.8	100.6
Operational EBITDA	1.8	1.2		1.6	0.3		1.2	2.6
Operational EBITDA, %	7.7%	5.3%		2.1%	0.4%		1.3%	2.6%
Operational EBIT	0.7	0.2		-1.7	-2.5		-2.6	-1.8
Operating profit	0.7	0.2		-1.8	-2.5		-2.6	-1.9

Financial and operational performance in July–September

The Food Solutions segment's net sales improved to EUR 23.6 (22.8) million in July–September. Sales improved well in both frozen and fresh products. The volume and value of sales increased in the retail and professional kitchen channels on the comparison period. New products, particularly the Apetit Kasvisjauhis vegetable patties and balls, were well received, and their sales are off to a good start. In fresh products, the growth in sales comes mainly from HoReCa-sector.

In Food Solutions, operational EBITDA was EUR 1.8 (1.2) million, and operational EBIT was EUR 0.7 (0.2) million. Profitability improved in all product groups. Increased sales in fresh products group supported segment's profitability improvement. The later start and smaller volume of the harvest compared with the previous year decreased the third-quarter operating profit by EUR 0.4 million, as fewer fixed production costs were activated in inventories than a year earlier. The reported operating profit was EUR 0.7 (0.2) million.

Summary of January–September

The Food Solutions segment's net sales increased to EUR 74.9 (72.1) million in January-September 2017. Sales increased in all product groups.

Food Solutions' operational EBITDA was EUR 1.6 (0.3) million in January-September 2017. Operational EBIT was EUR -1.7 (-2.5) million, and the reported operating profit was EUR -1.8 (-2.5) million.

Food Solutions' investment totalled EUR 2.8 (4.7) million and were mainly related to production development at the Säkylä frozen vegetables and frozen ready meals plant.

Implementation of strategic projects

The erosion of net sales of the frozen products segment has ceased and the segment's sales have continued to grow according to the strategy. Popular new products have strengthened our position as the product segment leader and have increased Apetit's opportunities to develop its entire frozen foods category together with retailers. As part of its digital service development, Apetit introduced its Kasvimaani.fi service during the harvest season, which enables consumers to order Finnish vegetables from Apetit contract growers and have them delivered directly to their door. In the process, the consumers will also learn about the vegetables and their growers.

Strategic focus areas of business

With regard to Food Solutions, Apetit aims to be a leading brand in vegetable-based food solutions and services. The most important product groups are frozen vegetable products, frozen ready meals, ready-to-use fresh vegetables and service sales. Renewal will be accelerated by investing in product development and completely new food solutions, and in service development by means of digitisation in particular.

In the Food Solutions segment, the goal is to reach an organic growth rate of 20 per cent in net sales by the end of 2018 in comparison with 2015. In terms of profitability, the target is to achieve an operational EBITDA margin of 7.5 per cent in 2018.

Oilseed Products

The Oilseed Products business includes the processing and sale of vegetable oils and expeller meals.

EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Net sales	16.5	17.6	-6%	49.6	52.3	-5%	68.2	65.5
Operational EBITDA	0.7	1.0		2.0	2.7		3.5	2.8
Operational EBITDA, %	4.4%	5.5 %		4.1%	5.2%		5.1%	4.3%
Packaged and special products of net sales	30.4%	31.6%		32.8%	28.7%		29.5%	32.6%
Operational EBIT	0.5	0.8		1.4	2.1		2.7	2.0
Operating profit	0.5	0.8		1.4	2.1		2.7	2.0

Financial and operational performance in July–September

The Oilseed Products segment's net sales and delivery volumes in tonnes decreased year-on-year in July-September. The segment's net sales amounted to EUR 16.5 (17.6) million. The sales of packaged and special products represented 30.4 (31.6) per cent of the segment's net sales, marking a decrease on the comparison period. The main export markets were Norway and Sweden, with exports representing 29 per cent of net sales.

The July–September operational EBITDA was EUR 0.7 (1.0) million and operational EBIT was EUR 0.5 (0.8) million. Profitability declined from the comparison period due to weaker availability of domestic seeds and the proportion of rapeseed expeller of sales, which increased on the comparison period.

Summary of January–September

January–September net sales in the Oilseed Products segment amounted to EUR 49.6 (52.3) million. Operational EBITDA was EUR 2.0 (2.7) million, and operational EBIT was EUR 1.4 (2.1) million. Profitability in the first half of the year was weighed down by volumes that were lower than in the comparison period, increased competition, and raw material and production costs that were higher than in the comparison period.

Investments in the period were EUR 0.6 (1.5) million and were related mainly to maintenance at the Kirkkonummi oil milling plant.

Operating environment

Oilseed farming and harvesting conditions in Finland have, since late summer, become much weaker than they were in the comparison period. Apetit estimates that as a result of the cool growing season and late harvest, the 2017 oilseed harvest is likely to fall short of that of the comparison period. COCERAL, the European association representing the trade in cereals, is predicting slight growth for oilseed production in the EU.

Implementation of strategic projects

Oilseed Products continued to implement projects aiming at higher added value. The sales of the Apetit rapeseed oil, launched in retail stores in March this year, have continued to grow. The sales of premium rapeseed oils sold under the Neito brand improved on the comparison period.

The research and development project related to the processing potential of the rapeseed continued in the review period. The project aims to develop a new functional vegetable protein ingredient from the rapeseed. Tekes has agreed to support the project during the 2017–2018 period.

Strategic business objectives

In Oilseed Products, our goal is to be the first choice for customers who value high-quality vegetable oils and protein products. We will increase the level of added value in production by investing in product development and in-depth R&D.

Our goal in the Oilseeds Products's business is to increase the share of packaged and special products to 34.0 per cent of net sales in 2018. In terms of profitability, the target is to achieve an operational EBITDA margin of 7.5 per cent in 2018.

Grain Trade

The Grain Trade business comprises the Finnish and international trade in grains, oilseeds, pulses and feed raw-materials.

EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Net sales	41.1	38.9	+6%	113.5	119.9	-5%	159.7	153.3
Sales volume, 1000 tn	184	186		564	610		853	807
Return on capital employed (ROCE), % *)							4.1%	3.8%
Operational EBIT	0.6	0.6		0.9	1.1		1.4	1.2
Operating profit	0.6	0.6		0.9	1.1		1.4	1.2

*) Operational EBIT divided by the average capital employed for each quarter.

Financial and operational performance in July–September

The Grain Trade segment's net sales increased to EUR 41.1 (38.9) million in July-September 2017. Delivery volumes were at the comparison period's level. Grain exports from Finland accounted for 27 per cent of net sales.

Operational EBIT in the segment was at the level of the comparison period and amounted to EUR 0.6 (0.6) million. Own stocks and the amount of tied-up working capital were at a lower level at the end of September than in the comparison period.

Summary of January–September

January–September net sales in the Grain Trade segment amounted to EUR 113.5 (119.9) million. The decrease is explained by smaller delivery volumes in tonnes. Operational EBIT and the reported operating profit were EUR 0.9 (1.1) million in January–September.

The Grain Trade segment's investment totalled EUR 0.3 (0.1) million.

Operating environment

World grain stocks are at high levels at the beginning of the new harvest season, and with the new season, there is ample supply on the markets. At the end of September, the International Grains Council repeated its forecast that the world's grain stocks will decrease for the first time in five years due to increased demand. The Finnish grain harvest is expected to be lower than a year ago. With a wet and cool growing season, some 25% of grains were still in the field at the end of September.

Strategic business objectives

In Grain Trade the goal is to increase market share in the Finnish grain, oilseeds and animal feedstuffs markets and to grow especially in the Baltic grain and oilseeds trade. In this capital-intensive business, we will pay special attention to the effective use of capital. We seek to gain a competitive edge by offering the best service and tools for the sellers and buyers of grains.

In the Grain Trade segment, the target is to increase sales volumes to more than 1 million tonnes per year in 2018. The targeted ROCE percentage for 2018 is 14.0%*).

*¹) Operational EBIT divided by the opening and closing balance sheet average values of the approved financial statements.

Discontinued operations (Seafood segment)

Discontinued operations comprise the operations of the fish products segment in Finland, Sweden and Norway.

EUR million	7-9 2017	7-9 2016	Change	1-9 2017	1-9 2016	Change	2016	Rolling 12 m
Net sales	17.6	20.5	-14%	58.0	63.7	-9%	87.8	82.1
Operational EBIT	0.1	-0.2		-0.3	-1.4		-0.6	0.5
Operating profit	-2.5	-0.2		-4.3	-1.4		-0.9	-3.8

Corporate transaction between Apetit Plc and Insula AS concerning the seafood business

On 29 June 2017, Apetit Plc announced that it had signed an agreement on selling its seafood business in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in the seafood business. The transaction was completed as of 1 November 2017. Apetit will remain a minority holder in the seafood segment in Finland with under 20% of the shares.

Discontinued operations include the Seafood segment, which comprises the fish processing operations of Apetit Kala Ltd in Finland and the Maritim Food Group and its subsidiaries in Sweden and Norway. In addition to the Seafood segment's business operations, the discontinued operations include its share of Group Administration's costs, in addition to expert costs related to the segment's structural development.

The estimated group-level profit impact of the transaction is EUR -2.2 million including the recognition of deferred tax assets. The recognition of the deferred tax assets is based on the Group's improved outlook on the usability of unrecognised deferred tax losses as a result of the corporate transaction.

Financial and operational performance in July–September

The Seafood segment's net sales decreased to EUR 17.6 (20.5) million in July-September. The change in the fair value of currency hedges had an impact of EUR 0.0 (-0,2) million on the operational EBITDA. Operational EBIT was EUR 0.1 (-0.2) million. The reported operating profit totalled EUR -2.5 (-0.2) million.

Summary of January–September

The Seafood segment's net sales decreased to EUR 58.0 (63.7) million in January-September. Net sales increased in Norway, but decreased in Sweden and Finland due to smaller sales volumes. Operational EBIT was EUR -0.3 (-1.4) million, and the reported operating profit was EUR -4.3 (-1.4) million.

TREASURY SHARES

At the end of the review period, the company had in its possession a total of 115,561 of its own shares acquired during previous years. These treasury shares represent 1.8 per cent of the company's total number of shares and votes. The treasury shares carry no voting or dividend rights.

SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the review period was 634,034 (316 665), representing 10.0 (5.0) per cent of the total number of shares. The highest share price quoted was EUR 14.36 (13.79) and the lowest EUR 12.91 (11.64). The average price of shares traded was EUR 13.65 (12.78). The share turnover for the year was EUR 8.7 (4.0) million. At the end of the period, the market capitalisation was EUR 86.5 (85.9) million.

MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 16 October 2017, Apetit Plc announced that Norwegian Competition Authority has approved the transaction in which Apetit sells its seafood business in Finland, Norway and Sweden to the Norwegian based seafood group Insula AS.

On 1 November 2017, Apetit Plc announced that it has closed the sale of fish business to Insula AS.

SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Apetit Group are related to the management of raw-materials price changes and currency risks, the availability of raw materials, the solvency of customers, the delivery performance of suppliers and service providers, and changes in the Group's business sectors and customer relationships.

PROFIT GUIDANCE FOR 2017

Sales in the Finnish retail sector and professional food service sector are expected to pick up in comparison to the previous year, but the price competition is expected to remain intensive. Ample supply is expected to continue to prevail in the global grains market, keeping prices and margins at a low level. This situation is not expected to change significantly during the rest of the year.

The Group's full-year operational EBIT is expected to improve year-on-year (EUR 0.9 million in 2016). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year.

With regard to profitability, favourable development will be supported by higher added value and positive sales development in Food Solutions and improved operational efficiency in Seafood segment.

Due to the substantial effect of international grain market price fluctuations on the Group's net sales, Apetit will not issue any estimates of its expected full-year net sales.

CONSOLIDATED INCOME STATEMENT

EUR million

	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
	2017	2016	2017	2016	2016
Net sales	75.0	77.8	226.9	231.6	312.0
Other operating income	0.2	0.3	0.5	0.8	1.5
Operating expenses	-72.0	-75.1	-222.8	-228.1	-307.1
Depreciation	-1.4	-1.2	-4.1	-3.5	-4.8
Impairments	0.0	0.0	0.0	0.0	0.0
Operating profit	1.8	1.6	0.5	0.7	1.5
Share of profits of associated companies	0.1	-0.1	-0.4	-0.7	0.7
Financial income and expenses	-0.1	-0.1	-0.4	-0.4	-0.6
Profit before taxes	1.7	1.4	-0.2	-0.5	1.6
Income taxes	1.0	0.7	1.2	1.0	0.9
Profit for the period, continuing operations	2.7	2.1	1.0	0.5	2.5
Profit for the period, discontinued operations	-2.2	-0.3	-4.0	-1.7	-1.4
Profit for the period, equity holders of the parent	0.5	1.8	-3.0	-1.2	1.2
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR,					
Continuing operations	0.44	0.34	0.16	0.08	0.41
Discontinued operations	-0.36	-0.05	-0.65	-0.27	-0.22
To the shareholders of the parent company	0.09	0.29	-0.48	-0.19	0.19

STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
	2017	2016	2017	2016	2016
Profit for the period	0.5	1.8	-3.0	-1.2	1.2
Other comprehensive income					
Items which may be reclassified subsequently to profit or loss:					
Cash flow hedges	-0.9	0.5	-0.2	0.3	-0.2
Taxes related to cash flow hedges	0.2	-0.1	0.0	-0.1	0.0
Translation differences	-0.1	0.0	-0.2	0.0	0.1
Total comprehensive income	-0.3	2.2	-3.4	-1.0	1.1
Total comprehensive income, continuing operations	2.0	2.5	0.9	0.8	2.4
Total comprehensive income, discontinued operations	-2.3	-0.3	-4.2	-1.7	-1.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 Sept 2017	30 Sept 2016	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	6.2	7.8	7.7
Goodwill	0.4	0.4	0.4
Tangible assets	37.9	47.6	47.7
Investment in associated companies	21.5	21.7	23.1
Available-for-sale financial assets	0.1	0.0	0.1
Receivables	0.4	1.2	0.3
Deferred tax assets	5.5	4.6	4.3
Non-current assets total	71.9	83.5	83.6
Current assets			
Inventories	52.0	64.5	65.3
Trade receivables and other receivables	26.8	30.3	30.1
Income tax receivable	0.2	0.9	0.1
Cash and cash equivalents	4.9	1.1	4.6
Current assets total	83.8	96.8	100.1
Assets of disposal group classified as held-for-sale	20.0		
Total assets	175.7	180.3	183.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 Sept 2017	30 Sept 2016	31 Dec 2016
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent	110.1	115.9	117.7
Total equity	110.1	115.9	117.7
Non-current liabilities			
Deferred tax liabilities	2.9	4.2	3.7
Long-term financial liabilities	4.0	5.6	4.9
Non-current provisions	0.2	0.1	0.3
Other non-current liabilities	0.2	0.2	0.2
Non-current liabilities total	7.3	10.1	9.0
Current liabilities			
Short-term financial liabilities	9.3	15.5	14.2
Income tax payable	0.3	0.0	0.0
Trade payables and other liabilities	39.3	38.5	42.5
Short-term provisions	0.0	0.3	0.2
Current liabilities total	48.9	54.3	57.0
Liabilities directly associated with disposal group classified as held-for-sale	9.4		
Total liabilities	65.6	64.4	66.0
Total equity and liabilities	175.7	180.3	183.7

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q3 2017	Q1-Q3 2016	Q1-Q4 2016
Net profit for the period	-3.0	-1.2	1.2
Adjustments, total	7.8	4.9	5.7
Change in net working capital	8.6	13.6	17.5
Interests paid	-0.9	-1.5	-1.7
Interests received	0.0	0.1	0.1
Taxes paid	-0.3	-1.3	-0.9
Net cash flow from operating activities	12.2	14.5	21.9
Investments in tangible and intangible assets	-4.4	-7.9	-9.7
Proceeds from sales of tangible and intangible assets	0.1	0.0	0.0
Acquisition of associated companies	-0.1		
Proceeds from sales of associated companies	0.2		
Proceeds from sales of other investments		0.3	0.3
Dividends received from investing activities	1.3	0.3	0.3
Net cash flow from investing activities	-2.9	-7.2	-9.0
Proceeds from and repayments of short-term loans	-3.9	-19.8	-21.0
Proceeds of long-term loans	0.1	5.0	5.0
Repayments of long-term loans	-0.7	-0.6	-1.3
Dividends paid	-4.3	-4.3	-4.3
Cash flows from financing activities	-8.9	-19.7	-21.6
Net change in cash and cash equivalents	0.4	-12.3	-8.8
Cash and cash equivalents at the beginning of the period	4.6	13.4	13.4
Cash and cash equivalents at the end of the period	5.0	1.1	4.6

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Shareholders' equity at 1 January
 B = Dividend distribution
 C = Other changes
 D = Total comprehensive income
 E = Shareholders' equity at 30 September

January - September 2017

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.1			-0.1	-0.1
Other reserves	7.2				7.2
Own shares	-1.6		0.0		-1.6
Translation differences	-0.3			-0.2	-0.5
Retained earnings	76.3	-4.3	0.0	-3.0	68.9
Attributable to equity holders of the parent	117.7	-4.3	0.0	-3.4	110.1

January - September 2016

EUR million

	A	B	C	D	E
Share capital	12.6				12.6
Share premium account	23.4				23.4
Net unrealised gains	0.2			0.3	0.5
Other reserves	7.2				7.2
Own shares	-1.7		0.1		-1.6
Translation differences	-0.4			0.0	-0.4
Retained earnings	79.5	-4.3	0.2	-1.2	74.1
Attributable to equity holders of the parent	121.0	-4.3	0.2	-1.0	115.9

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2016. New standards and interpretations adopted in 2017 have not had material effect to the interim report.

RECONCILIATION OF OPERATIONAL EBIT AND OPERATING PROFIT

EUR million	Q1-Q3 2017	Q1-Q3 2016	Q1-Q4 2016
Continuing operations			
Operational EBIT	0.7	0.7	1.5
Brand dispute concerning frozen pizzas	-0.2		
Operating profit, Continuing operations	0.5	0.7	1.5
Discontinued operations, Seafood segment			
Operational EBIT	-0.3	-1.4	-0.6
Estimated loss from sale of business operations and expert fees related to development of the business structure	-4.0		-0.3
Operating profit, Discontinued operations	-4.3	-1.4	-0.9
Operating profit, Group total	-3.8	-0.7	0.6

DISCONTINUED OPERATIONS, SEAFOOD SEGMENT

Apetit Plc has signed an agreement on selling its seafood business in Finland, Sweden and Norway to Insula AS, a Norwegian company specialising in seafood business operations. The transaction was executed as a business transfer in Finland and as a share transaction of Maritim Food Group in Norway and Sweden. In Finland, Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.

Discontinued operations comprises Apetit Kala Oy fish processing business in Finland and Maritim Food Group in Norway and Sweden. Apetit Kala is one of the major manufacturers of salmon and rainbow trout fish products in Finland. Maritim Food Group produces high quality fish and shellfish products in Norway and in Sweden. In 2016, the net sales of Apetit's Seafood segment's operations were EUR 87.8 million and the operational EBIT was EUR -0.6 million. Apetit's Seafood operations employ 82 persons in Finland, 71 in Norway and 15 in Sweden.

EUR million	Q1-Q3 2017	Q1-Q3 2016	Q1-Q4 2016
Net sales	58.0	63.7	87.8
Expenses	-62.3	-65.1	-88.7
Operating profit	-4.3	-1.4	-0.9
Financial income and expenses	-0.3	-0.3	-0.4
Profit before taxes	-4.6	-1.7	-1.3
Income taxes	0.6	0.0	-0.1
Profit for the period, discontinued operations	-4.0	-1.7	-1.4

The January-September 2017 profit includes an estimate of the loss from the sale of the seafood business and expert costs related to the transaction and tax effects, totalling EUR -3.6 million. As a result of the transaction, the Group's outlook on the usability of previously unrecognised deferred tax losses improved. EUR 1.3 million was recognized in deferred tax assets under continuing operations. The Group estimates that the total profit impact is EUR -2.2 million. The final profit impact will be known when the transaction has been concluded.

Cash flows

EUR million	Q1-Q3 2017	Q1-Q3 2016	Q1-Q4 2016
Net cash flow from operating activities	0.3	2.9	3.2
Net cash flow from investing activities	-0.7	-1.5	-2.0
Cash flows from financing activities	0.4	-1.4	-1.3
Net change in cash and cash equivalents	0.0	0.0	0.0

The change in the net working capital has a significant impact on the operating cash flows.

Details of the assets and liabilities in discontinued operations classified as held-for-sale

EUR million	30 Sept 2017
Tangible and intangible assets and non-current receivables	5.7
Deferred tax assets	1.1
Inventories	7.7
Trade receivables and other receivables	5.5
Cash and cash equivalents	0.0
Total assets	20.0
Non-current liabilities	0.7
Current liabilities	8.7
Total liabilities	9.4

Assets classified as held-for-sale does not include common group assets allocations to the discontinued operations.

SEGMENT INFORMATION

A = Food Solutions
 B = Oilseed Products
 C = Grain Trade
 D = Continuing operations
 E = Discontinued operations, Seafood segment
 F = Total

Operating segments, January - September 2017

EUR million

	A	B	C	D	E	F
Total segment sales	74.9	49.6	113.5	238.1	58.0	296.1
Intra-group sales	-0.1	-0.2	-10.9	-11.2	-8.3	-19.9
Net sales	74.8	49.4	102.7	226.9	49.7	276.2
Operating profit	-1.8	1.4	0.9	0.5	-4.3	-3.8
Gross investments in non-current assets	2.8	0.6	0.3	3.7	0.7	4.4
Corporate acquisitions and other share purchases			0.1	0.1		0.1
Depreciations	3.3	0.6	0.2	4.1	0.9	5.0
Impairments	0.0	0.0	0.0	0.0	4.5	4.5
Personnel	443	44	60	547	171	717

Operating segments, January - September 2016

EUR million

	A	B	C	D	E	F
Total segment sales	72.1	52.3	119.9	244.3	63.7	308.0
Intra-group sales	-0.7	-0.2	-11.9	-12.7	-8.3	-21.6
Net sales	71.4	52.1	108.0	231.6	55.4	286.4
Operating profit	-2.5	2.1	1.1	0.7	-1.4	-0.7
Gross investments in non-current assets	4.7	1.5	0.1	6.3	1.5	7.9
Corporate acquisitions and other share purchases			0.0			0.0
Depreciations	2.8	0.6	0.2	3.5	1.3	4.8
Impairments	0.0	0.0	0.0	0.0	0.0	0.0
Average number of personnel	446	42	55	542	183	725

Operating segments,
January - December 2016
EUR million

	A	B	C	D	E	F
Total segment sales	97.8	68.2	159.7	325.7	87.8	413.5
Intra-group sales	-0.9	-0.2	-13.3	-13.7	-12.6	-27.0
Net sales	96.9	68.0	146.4	312.0	75.2	386.5
Operating profit	-2.6	2.7	1.4	1.5	-0.9	0.6
Gross investments in non-current assets	5.7	1.9	0.1	7.7	2.0	9.7
Corporate acquisitions and other share purchases			0.0	0.0	0.0	0.0
Depreciations	3.8	0.8	0.2	4.8	1.7	6.6
Impairments	0.0	0.0	0.0	0.0	0.0	0.0
Average number of personnel	452	42	55	549	180	729

KEY INDICATORS

	30 Sept 2017	30 Sept 2016	31 Dec 2016
Shareholders' equity per share, EUR	17.75	18.70	19.00
Equity ratio, %	62.6	64.3	64.1
Gearing, %	8.8	17.3	12.4
Gross investments in non-current assets, EUR million	4.4	7.9	9.7
Corporate acquisitions and other share purchases, EUR million	0.1	0.0	0.0
Average number of personnel	717	725	729
Average number of shares, 1,000 pcs	6201	6196	6198

The key figures in this Interim Report are calculated with same accounting principles than presented in the 2016 annual financial statements.

**COLLATERALS, CONTINGENT LIABILITIES,
CONTINGENT ASSETS AND OTHER COMMITMENTS**

EUR million

	30 Sept 2017	30 Sept 2016	31 Dec 2016
Mortgages given for debts			
Real estate and corporate mortgages	2.5	2.4	2.5
Guarantees	11.3	11.3	11.6
Non-cancellable other leases, minimum lease payments			
Real estate leases	8.8	10.1	9.6
Other leases	1.0	0.8	1.0
DERIVATIVE INSTRUMENTS			
Outstanding nominal values of derivate instruments			
Interest rate swaps	4.8	6.0	5.4
Forward currency contracts	9.4	7.3	8.1
Commodity derivative instruments	29.4	31.1	14.9
CONTINGENT ASSETS			
The present value of proceeds from the sale of shares in the joint entry account			
	0.7	0.7	0.7
INVESTMENT COMMITMENTS			
Food Solutions	0.5	1.4	1.0
Oilseed Products	0.3		
Seafood		0.1	

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 16 October 2017, Apetit Plc announced that Norwegian Competition Authority has approved the transaction in which Apetit sells its seafood business in Finland, Norway and Sweden to the Norwegian based seafood group Insula AS.

On 1 November 2017, Apetit Plc announced that it has closed the sale of fish business to Insula AS.

CHANGES IN TANGIBLE ASSETS

EUR million

	30 Sept 2017	30 Sept 2016	31 Dec 2016
Book value at the beginning of the period	47.7	43.8	43.8
Additions	3.7	7.6	8.9
Disposals	-0.3	0.0	0.0
Depreciations and impairments	-8.5	-3.9	-5.3
Other changes	-0.3	0.1	0.3
Book value at the end of the period	42.3	47.6	47.7

**TRANSACTIONS WITH ASSOCIATED COMPANIES AND
JOINT VENTURES**

EUR million

	Q1-Q3 2017	Q1-Q3 2016	Q1-Q4 2016
Sales to associated companies	0.3	0.3	0.8
Purchases from associated companies	2.0	2.1	3.0
Trade receivables and other receivables from associated companies	0.0	0.0	0.1
Trade payables and other liabilities to associated companies	0.4	0.3	0.3

In Helsinki, 2 November 2017

APETIT PLC

Board of Directors