



Apetit H1/2016 Half year financial report

Juha Vanhainen, CEO

Eero Kinnunen, CFO

Briefing for Analysts and Media 16th August 2016 at 10.00 a.m.
Scandic Simonkenttä, Helsinki

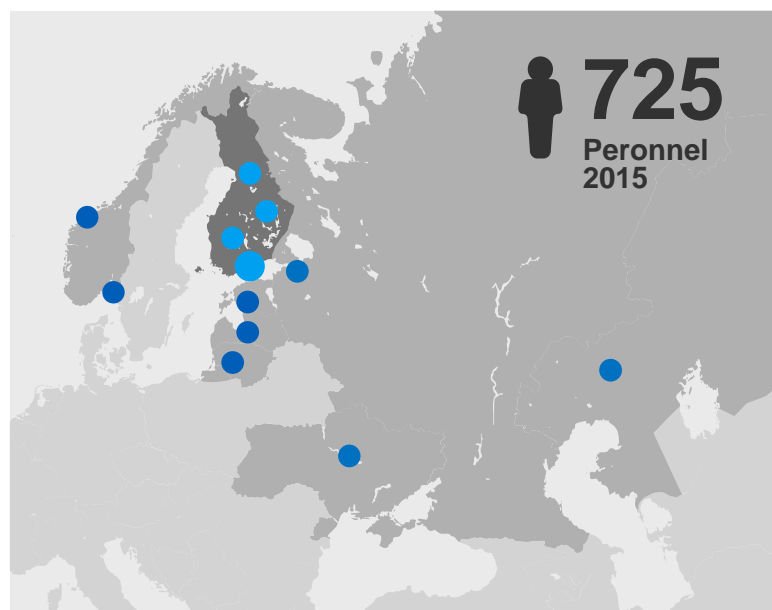
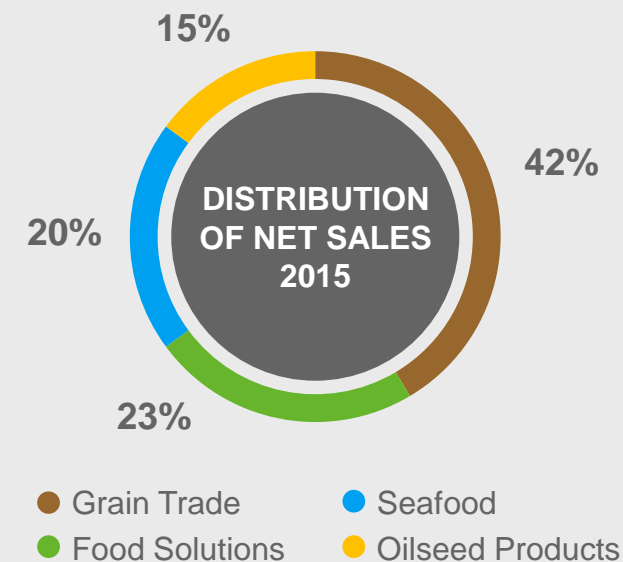


Apetit

Apetit

Creating Wellbeing with Vegetables

- Apetit produces food solutions based on vegetables, fish and vegetable oils
- Apetit is active in the trading of grains, oilseeds and raw materials for feeds in Finland and internationally
- Its customers include consumers, the retail trade, the HoReCa (hotel, restaurant, catering) sector and the food industry
- Founded in 1950
- Listed on Nasdaq Helsinki in 1989




Our vision 2018
**The leader in
vegetable-based
food solutions**

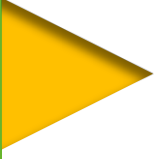
Profitability continued to improve in Seafood - Challenging quarter for Grain Trade

- **April-June (4-6/2016)**
 - Consolidated net sales grew 7 % to EUR 106.9 (100,2) million.
 - Operational EBIT was down to EUR -1,1 (-0,3*) million
 - The share of profit of the associated company Sucros improved and was EUR 0.4 (-0.4) million
- **First half of the year (1-6/2016)**
 - Consolidated net sales amounted to EUR 194.5 (191.7) million
 - Operational EBIT was EUR -2.1 (-1.9) million

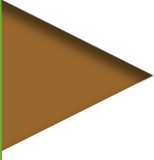
* The operational EBIT in the comparison period includes EUR 0.7 million from the sale of a property in the Länsi-Säskylä industrial estate.




In Food Solutions the positive trend in frozen products sales continued, whereas in fresh products declining sales and product development costs weighed on profitability



In Oilseed Products volume growth led to an increase in net sales and profitability was at a good level



Grain Trade sales volumes made a recovery following a slow early year, but high market supply led to narrower margins



In Seafood profit performance was positive in all countries of operation. The increase in raw materials prices for Norwegian salmon increased net sales

Business segment review

New veggie-burgers in stores in September



Apetit

Business segments – strategic focuses and target positions





Food Solutions Q2/2016

Net sales grew, room to improve profitability

OPERATIONAL ENVIRONMENT 1-6/2106

- Grocery sales increased in Finland 1.4 per cent. Prices of food items and non-alcoholic beverages declined 1.6 per cent
- The net sales of restaurants sector increased while staff restaurants continued to suffer

NET SALES GREW IN FROZEN PRODUCTS

- Net sales were 24.3 (23.8) M€
- In the frozen products group sales increased in all sales channels
- Sales of fresh products to professional food service customers decreased
- In service sales volumes increased, bringing in new sales.

PROFITABILITY IN FRESH PRODUCTS FELL

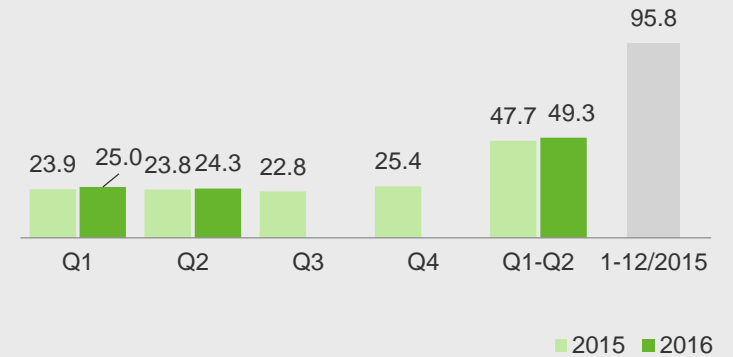
- Operational EBIT was -1.6 (-1.3) M€
- In fresh products, lower sales together with the development investments associated with the Tuorekset weakened profitability
- Profitability improved in the frozen foods group and service sales
- The seasonal nature of harvest production causes the profit of the frozen foods group to accumulate towards the second half of the year

INVESTOINNIT KASVUHANKKEISIIN

- Investment in January-June totalled 3.8 (2.2) M€
- Investment targeted mainly at creating production capacity at the fresh product plant in Helsinki for the consumer-packaged, pre-prepared Tuorekset products
- In addition, investment were targeted at the production equipment at the frozen food plant in Säkylä

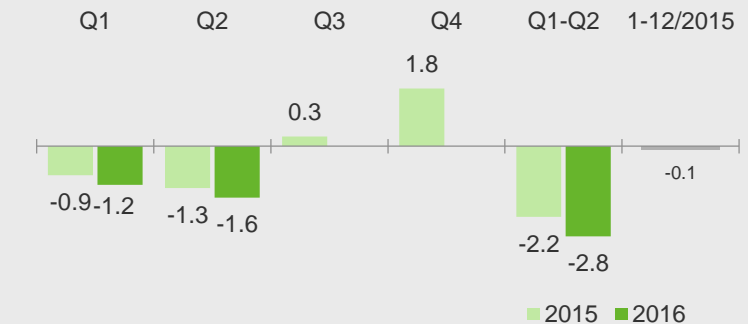
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015



Expansion into the fruit and vegetable section in retail

Tuorekset – completely new vegetable product category in retail stores

- The product development created a vegetable product solution that is uniquely easy to use, high in quality and with good preservation characteristics. It is a new answer to the needs of modern consumers
- Tuorekset vegetable products are ready-peeled, washed and chopped vegetable mixes that are ready to use and easy to cook while you prepare a meal
- The concept has been studied and tested together with the retail trade during the piloting stage, and solutions associated with production, product selection, pricing, the order-delivery chain and presentation have been perfected
- The product launch across Finland has started in mid-August 2016





Oilseed products Q2/2016

Net sales grew, good profitability continued

OPERATIONAL ENVIRONMENT 1-6/2016

The current oilseed growing season has been mostly favourable in Finland and the crops of Finnish rapeseeds look to be better than in the previous years

The availability and quality of Finnish oilseeds is expected to be good in the coming harvest season

GOOD PROFITABILITY CONTINUED

- Operational EBIT was 0.7 (0.8) M€
- Sales were more focused on unprocessed oil, which has a lower margin, than in the comparison period
- Profitability was boosted by high capacity utilisation and higher production volumes at the Kirkkonummi oil milling plant

SALES GREW ESPECIALLY IN UNPROCESSED OIL

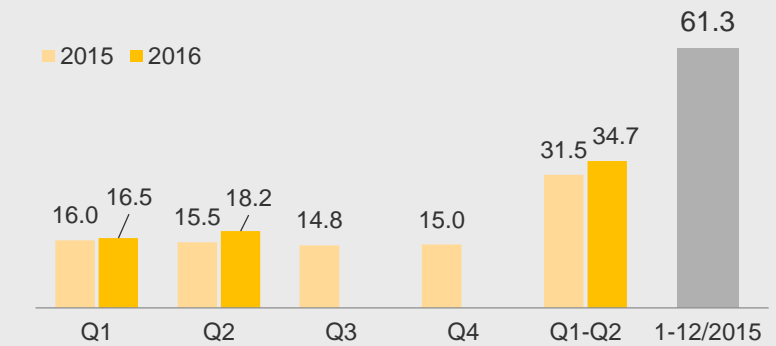
- Net sales grew to 18.2 (15.5) M€
- The delivery volumes of oilseed products grew to a record level, especially sales grew in unprocessed oil
- Also the sales of packaged and special products exceeded that of the comparison period
- Exports accounted for about 33% of net sales

INVESTMENT IN GROWTH

- The extension of the oil milling plant at the Kirkkonummi packaging plant was completed at the end of June
- Investment in January-June totalled 1.2 (0.3) M€

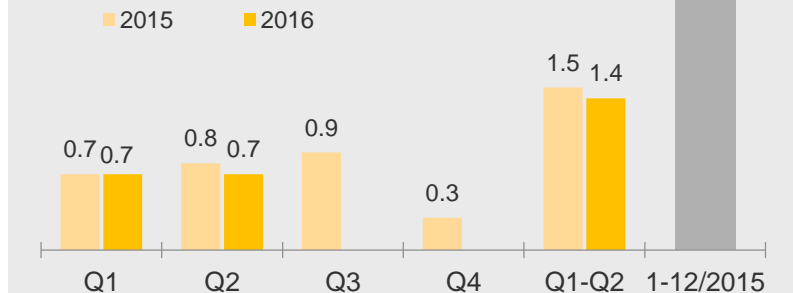
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Investment in growth

The extension of the packaging plant in Kirkkonummi oil milling plant completed in June

- The new packaging capacity will support growth in Finland and in export markets allowing the increase in the volumes of packaged and special products
- In addition, with longer production runs, production efficiency and flexibility can be improved.
- The new warehouse has capacity of 1,500 square meters consisting of 1,400 pallet slots for bottles, cans and containers



Grain Trade Q2/2016

Challenging quarter for Grain Trade

OPERATING ENVIRONMENT 1-6/2016

The price level on the international grain market remained at a relatively low level in the first half year as there are ample stores of grain and the outlook for the coming harvest season is good

MARGINALS AFFECTED DUE TO THE PLENTIFUL SUPPLY

- Operational EBIT was 0.1 (1.4) M€
- The price level and margins on the global grain market decreased due to the plentiful supply of grains
- Our own stock levels and consequently the amount of tied capital were at a high level throughout the period and hence resulted in a lower return on capital employed than in the comparison period

SALES INCREASED AFTER QUIET BEGINNING OF THE YEAR

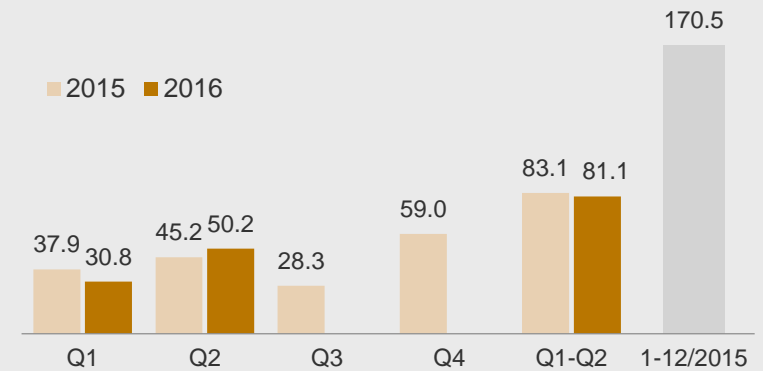
- Net sales grew year on year and were 50.2 (45.2) M€
- Both the net sales and delivery volumes by tonne increased on the comparison period after the quiet market at the beginning of the year
- Sales volumes grew to 271 (236) thousand tonnes

UTILISING GROWTH POTENTIAL IN BALTICS

- The new subsidiary SIA Avena Nordic Grain has successfully started purchases for the new harvest season in Latvia and signed the necessary logistics agreements with the ports in Liepāja and Riga

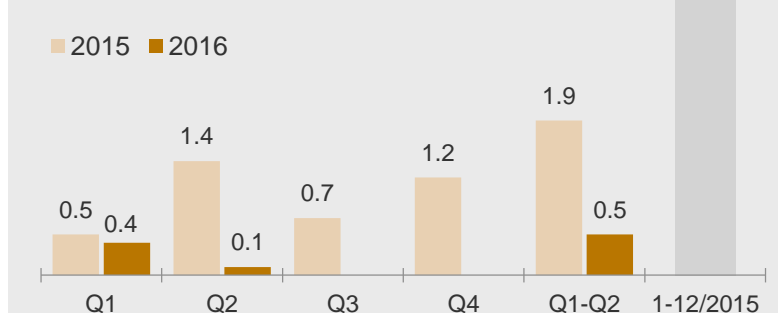
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015



Good profitability continued

OPERATING ENVIRONMENT 1-6/2016

- The price of Norwegian salmon has been at a historically high level during the first half of the year
- In Finland the price increase has significantly decreased campaigns and lowered sales volumes

RISE IN RAW MATERIAL PRICES AFFECTED NET SALES

- Net sales were 22.7 (20.5) M€
- As a result of the increased prices of Norwegian salmon, net sales exceeded the figure for the comparison period, while in Norway and Sweden the increase was the result of solid sales growth
- In Norway the sales of more high-quality fishcakes and new shellfish products developed favourably
- Easter sales are important for the product group and took place in March this year

PROFITABILITY IMPROVED IN ALL COUNTRIES

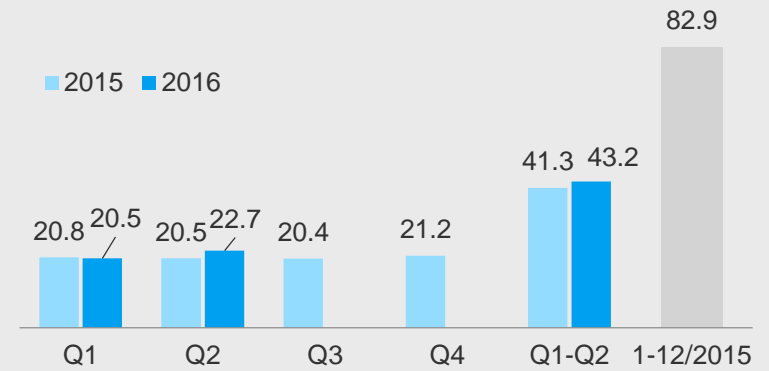
- Operational EBIT was -0.3 (-1.2) M€
- The biggest improvement was in Finland where the efficiency investments are beginning to show results
- In Norway the profitability developed favourably due to increased sales and good production efficiency
- Due to investment operational cash flow was negative -0,3 (-1.5) M€ but stronger than in comparison period

INVESTMENT IN PRODUCTIVITY AND EFFICIENCY CONTINUED

- The investment program to boost efficiency in Finland was completed in May
- Investment in January-June were EUR 1.4 (0.7) million and focused on equipment investments for the Kuopio fish processing plant to improve its production efficiency

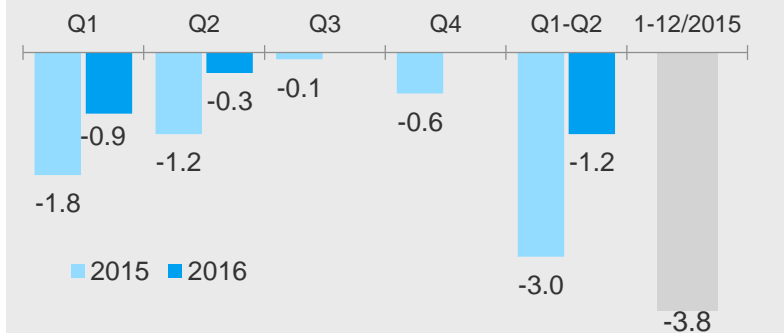
Net Sales

EUR million, comparison 2016/2015

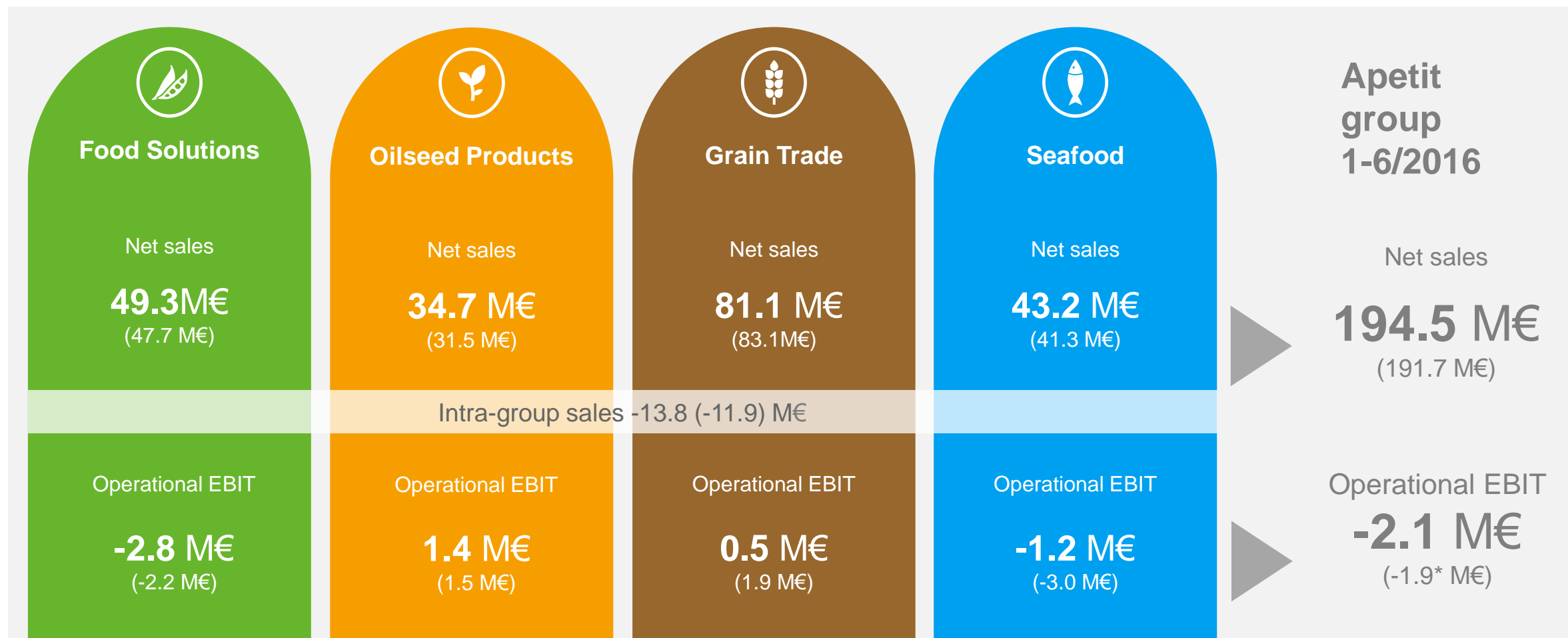


Operational EBIT

EUR million, comparison 2016/2015



Performance in January-June 2016, by segment



* The operational EBIT in the comparison period includes EUR 0.7 million from the sale of a property in the Länsi-Säkylä industrial estate.



Outlook for 2016

- The outlook of the Finnish grocery sector is expected to remain weak and the growth in net sales in retail trade low. Prices on the international grain market are anticipated to remain at a relatively low level due to ample grain stores, at least during the first part of the new harvest season.
- The Group's full-year operational EBIT *) is expected to improve year-on-year (2015: EUR 2.6 million). Due to the seasonal nature of the Group's operations, a high proportion of the annual profit is accrued in the second half of the year. The improvement of the Seafood segment's profitability supports the improvement of the Group's operational EBIT in the comparison period.
- Due to the significant effect of international grain market price fluctuations on the entire Group's net sales, Apetit will not issue any estimates of the expected full-year net sales.

**) Due to the new amendments to the regulations of the European Securities and Markets Authority (ESMA), Apetit has replaced the key figure "operating profit excluding non-recurring items" with the key figure "operational EBIT" as of 2016. Operational EBIT does not include restructuring expenses, any significant impairment on goodwill or other balance-sheet items or reversal of impairment, the profit of the associated company Sucros or other extraordinary and material items.*

A photograph of several small green seedlings with two leaves each, growing out of dark, rich soil. The background is a soft, out-of-focus green with circular bokeh light patterns, suggesting a natural, sunlit environment.

Financial Review Q2

CFO Eero Kinnunen

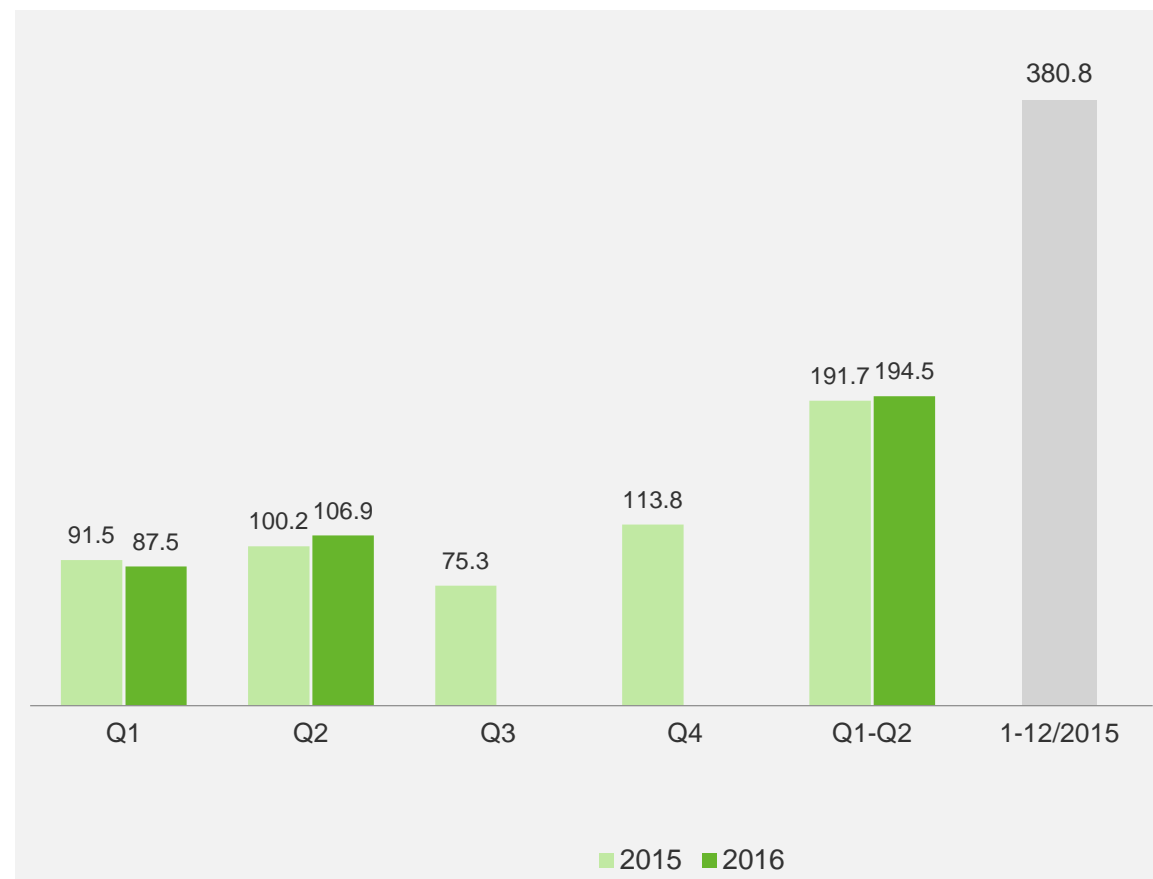




Apetit Group's net sales and Operational EBIT Q1-Q2/2016

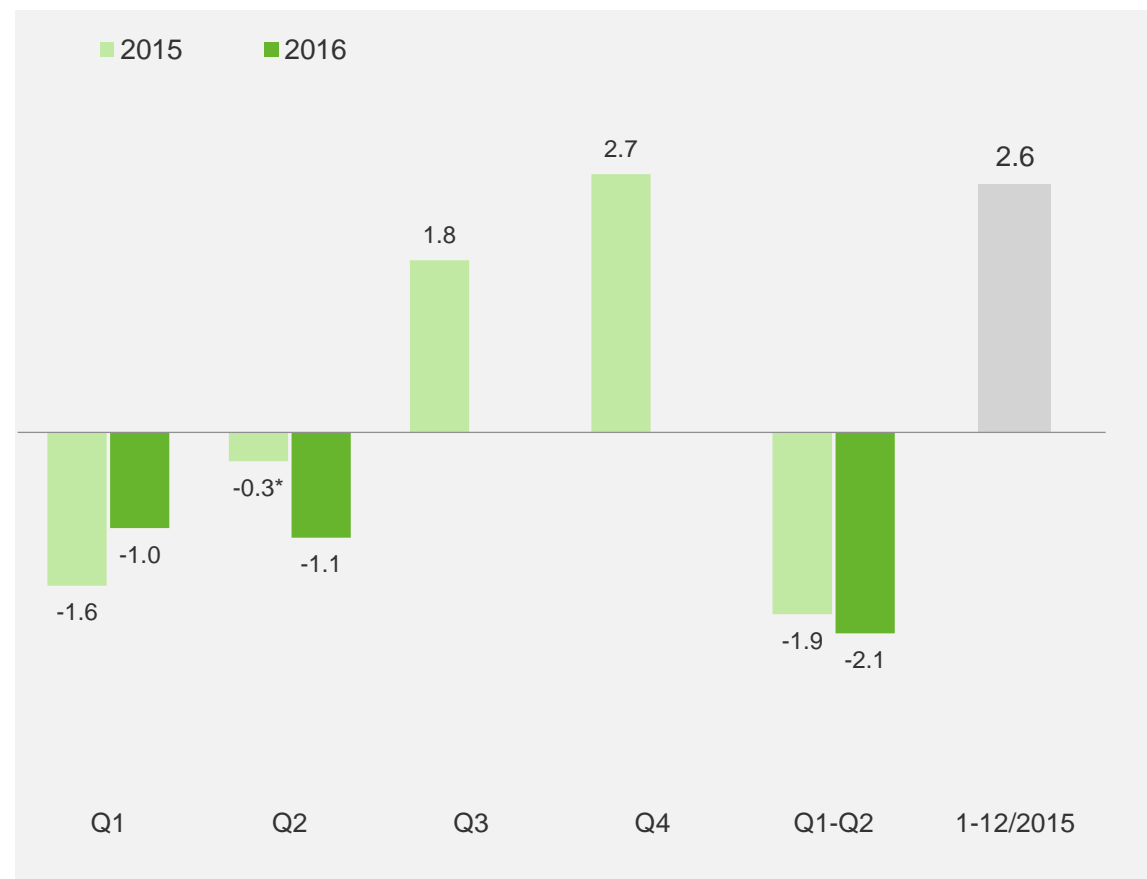
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015



* The operational EBIT in the comparison period includes EUR 0.7 million from the sale of a property in the Länsi-Säkyä industrial estate.



Group-level key figures Q1-Q2/2016

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12m
Net sales	106.9	100.2	+7 %	194.5	191.7	+1 %	380.8	383.5
Operational EBITDA	0.4	0.9		1.0	1.1		8.5	8.5
Operational EBIT	-1.1	-0.3		-2.1	-1.9		2.6	2.4
Operating profit	-1.1	0.4		-2.1	-1.2		-1.0	-1.9
Share of profit of associated company Sucros	0.4	-0.4		-0.7	-1.0		-1.0	-0.6
Profit for the period	-0.8	-0.6		-3.0	-2.9		-4.6	-4.7
Earnings per share, EUR	-0.13	-0.10		-0.48	-0.41		-0.69	-0.77
Equity per share, EUR				18.35	19.70		19.53	
Working capital				46.1	32.0		69.6	53.4
Operational return on capital employed, (ROCE %)							1.2 %	1.4 %
Net cash flow from operating activities				22.7	14.1		-17.1	
Equity ratio				67.8 %	75.8 %		61.1 %	
Gearing				9.3 %	-6.7 %		19.0 %	
Investment				6.5	4.9		9.1	



Balance sheet

ASSETS	June 30, 2016	June 30, 2015
Tangible assets	47.3	43.0
Investments in associated companies	21.8	31.8
Inventories	44.6	29.5
Receivables	38.1	36.0
Other assets	15.8	20.4
Total assets	167.6	160.8
EQUITY AND LIABILITIES		
Equity	113.7	121.9
Financial liabilities	17.5	3.3
Trade payables and other liabilities	31.7	29.9
Other liabilities	4.6	5.6
Total equity and liabilities	167.6	160.8



Summary





Strategic guidelines



Growth through higher value-added products and an attractive brand



Increased agility, with a focus on the production and commercial scale



New opportunities and industrial symbioses for the food chain from the bioeconomy



Primary production in partnership networks through closer cooperation



Investment in services and international sales



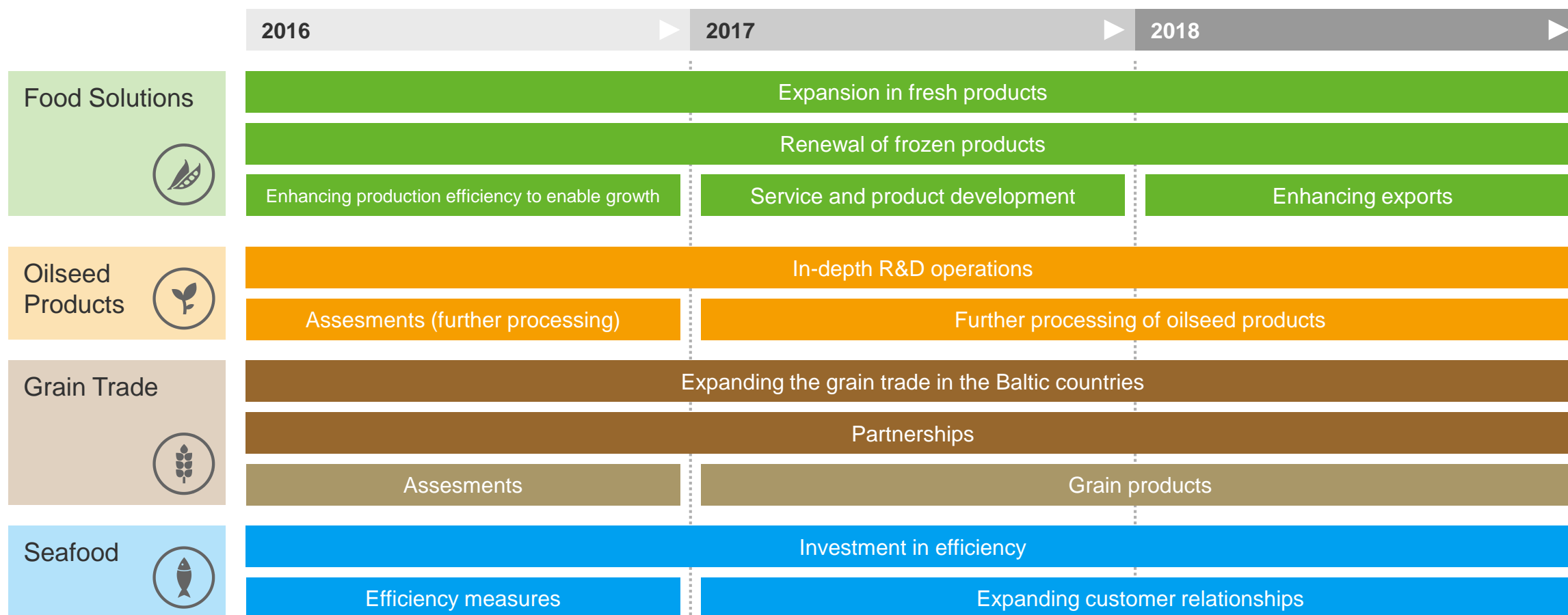
Leader of digitalisation in primary production and the consumer interface

Continuous improvement and development of competitiveness

We are open to sector solutions that are suitable for our strategy

All business operations must be profitable over the long term

Implementation schedule for the most important measures for the strategy period





January-June in a nutshell

Operational EBIT was unsatisfactory.

In Grain Trade we had a challenging quarter.

In Seafood, good profitability trend continued.

Efficiency investments are beginning to show results.

The performance in frozen product group is developing well, however, we are not satisfied with the overall results in Food Solutions segment.

The piloting stage of major new product concept, the Tuorekset, was succesful.

Commercial launch has begun in mid-august.

The extension project of vegetable oil packanging plant was completed in June, bringing in new growth opportunities.

We launched the “Digital services for food” innovation project.

Tekes* is providing a significant contribution to the project funding.

* Finnish Funding Agency for Innovation (Tekes)

Apetit

thank you.