

New at the stores!
Apetit is now harvesting
organic! You'll find
organic potatoes and
onion mix from freezers
in November



Apetit

Apetit interim report Q3

January - September 2017

CEO Juha Vanhainen

Briefing for Analysts and Media
November 2nd, 2017 Scandic Simonkenttä, Helsinki

Interim report Q1-Q3/2017

Continuing operations Q1-Q3/2017

July-September 2017 (Q3)

- The net sales EUR 75.0 (77.8) million
- Operational EBITDA EUR 3.2 (2.8) million
- Operational EBIT EUR 1.8 (1.6) million
- The share of profit of the associated company Sucros EUR 0.1 (-0.1) million

January-September 2017 (Q1-Q3)

- The net sales EUR 226.9 (231.6) million
- Operational EBITDA EUR 4.7 (4.2) million
- Operational EBIT EUR 0.7 (0.7) million
- The share of profit of the associated company Sucros EUR -0.4 (-0.7) million

Continuing operations include Food Solutions, Oilseed Products and Grain Trade. Seafood is being reported as a discontinued operation.

Customer

We have solidified our position in the minds of consumers and retailers as a forerunner in vegetable-based eating

In our research, Finns tell that they continue to increase their consumption of vegetables

Profitability

The profitability of frozen and fresh products improved from comparison period

In Grain Trade and Oilseed Products results were at satisfactory level considering the delay of harvest in Finland

Growth

Sales volume in fresh products increased, especially in HoReCa-sector

Renewal

The share of new products in net sales has developed well

The R&D project in Oilseed Products to develop vegetable protein ingredient is moving on

Apetit Group, including discontinued operations Q1-Q3/2017

July-September 2017 (Q3)

Group, including discontinued operations (Seafood)

- Group's consolidated net sales EUR 89.9 (91.9) million
- Operational EBIT EUR 1.9 (1.4) million
- The profit for the period EUR 0.5 (1.8) million
- Earnings per share were EUR 0.09 (0.29)

January-September 2017 (Q1-Q3)

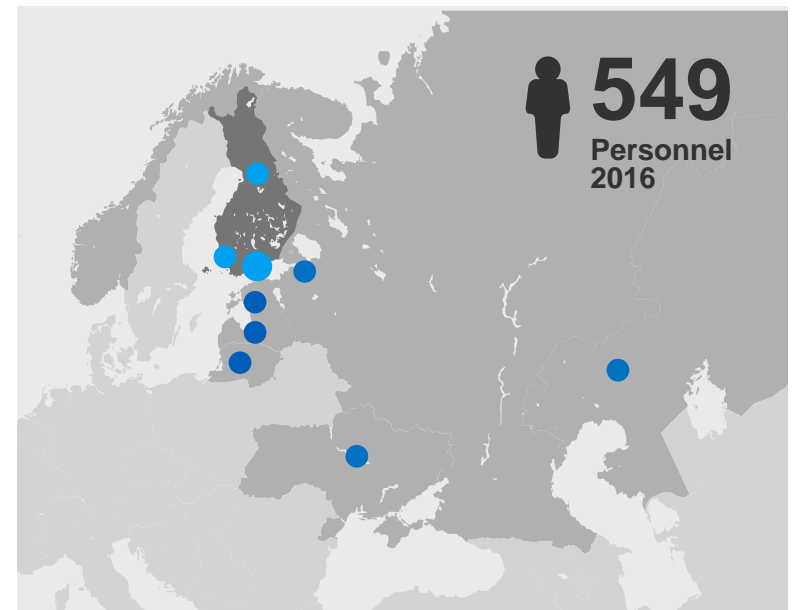
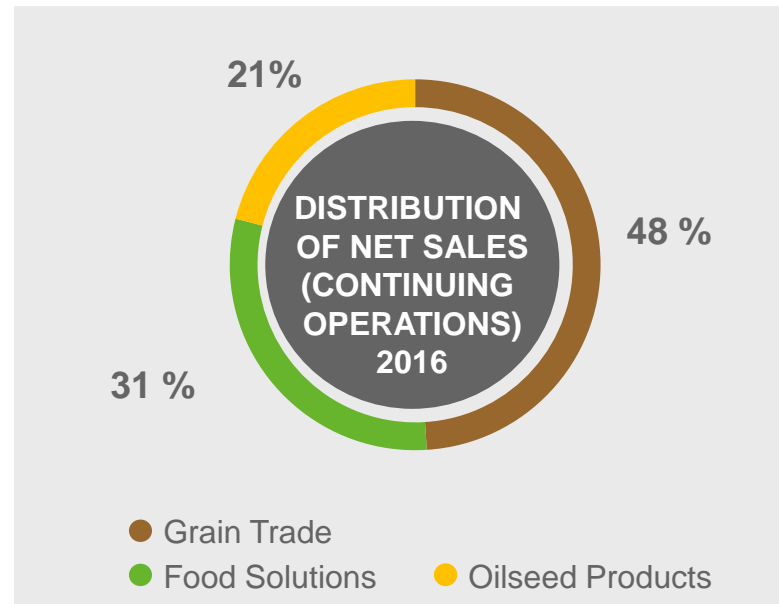
Group, including discontinued operations (Seafood)

- Group's consolidated net sales EUR 276.2 (286.4) million
- Operational EBIT EUR 0.4 (-0.7) million
- The profit for the period EUR -3.0 (-1.2) million
- Earnings per share were EUR -0.48 (-0.19)

Continuing operations include Food Solutions, Oilseed Oproducts and Grain Trade. Seafood is being reported as a discontinued operation.

Apetit Group Creating wellbeing with vegetables

- Apetit produces food solutions based on vegetables 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



Business segment review

Apetit Group's continuing operations




Strategic focus

Leading brand in
vegetable-based
food solutions


Product leader

The most reliable
partner with the
best services


Strategic objectives

 Net Sales

 EBITDA-%

 Share of added value
products

 EBITDA-%

 Trading Volumes

 ROCE-%

Sales increased and profit improved from last year

CONSUMER AND CUSTOMER

A third of Finns have increased their consumption of vegetables in the past year and more than half intend to continue increasing their consumption

Retail sales have improved from previous year and by estimates the sales of Apetit have increased faster than the general growth of the market has

GROWTH IN SALES IN ALL PRODUCT GROUPS

- Segment's net sales was EUR 23.6 (22.8) million
- Sales improved well in both frozen products and in fresh products
- The volume and value of sales increased in the retail and professional kitchen channels on the comparison period

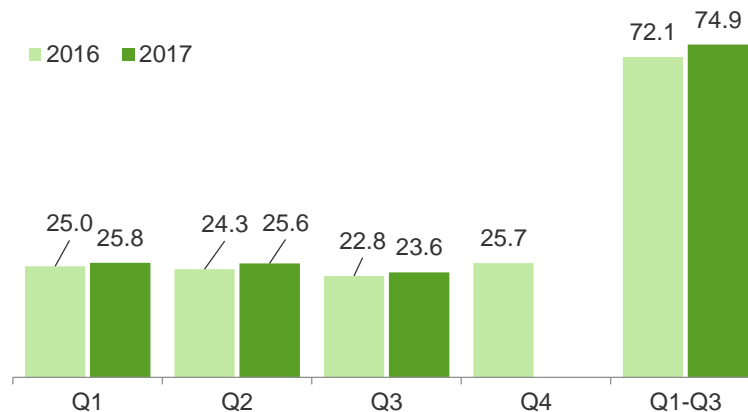
INVESTMENT

- Investment in January-September totalled EUR 2.8 (4.7) million
- Investment focused mainly on developing production at the Säkylä frozen food factory

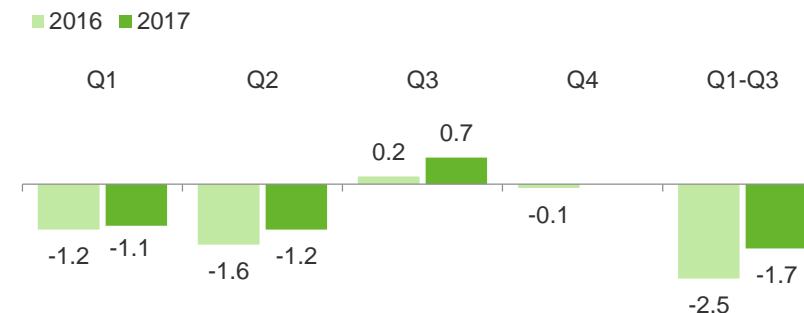
PROFITABILITY IMPROVED IN ALL PRODUCT GROUPS

- Segment's operational EBIT was EUR 0.7 (0.2) million
- The profitability improved in all product groups
- Due to the seasonal nature of business 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. The effect will be leveled in upcoming quarters

Net sales
EUR million, comparison 2017/2016



Operational EBIT
EUR million, comparison 2017/2016



Satisfactory results in weak harvest season

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

NET SALES DECLINED BY DELAYED DOMESTIC HARVEST

- Segment's net sales was EUR 16.5 (17.6) million
- The Segment's net sales and the oilseed products' delivery volume in tonnes were lower than comparison periods level
- The sales of packaged and special products represented 30.4 (31.6) per cent of the segment's net sales
- Exports represented 29 per cent of net sales

STRATEGIC R&D

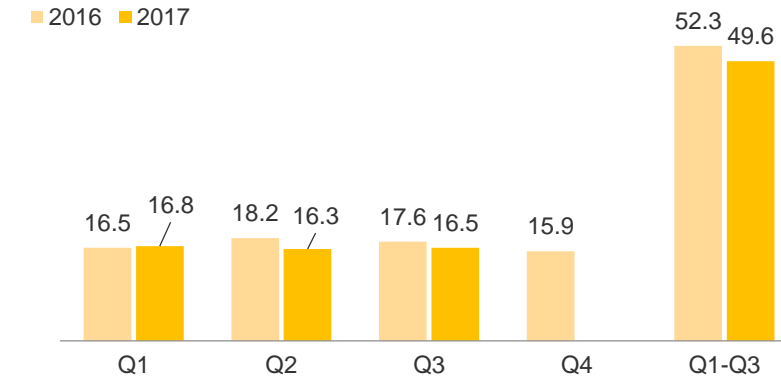
- Project connected to the processing potential of the rapeseed was continued during to period
- The target of the project is to develop a new functional vegetable protein ingredient from the rapeseed. Tekes has agreed to support the project during the period 2017-2018
- Investment in January-September totalled EUR 0.6 (1.5) million

PROFIT DECLINED YEAR-ON-YEAR

- Segment's 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

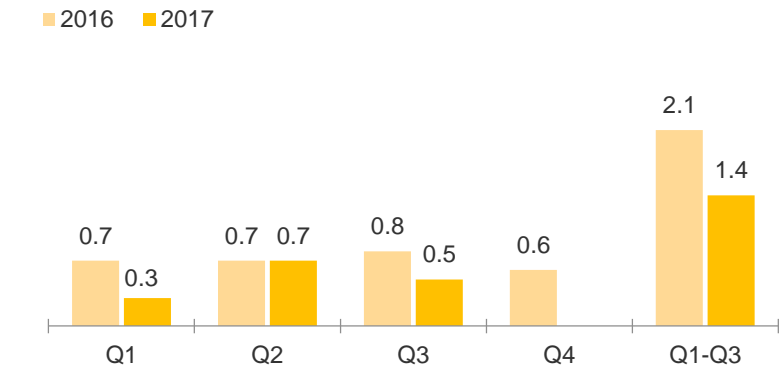
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Grain Trade

Sales increased, profit on same level with comparison period

OPERATING ENVIRONMENT

World grain stocks are at high levels as we enter the new harvest season and there is ample supply on the markets

International Grains Council IGC has estimated that the world's grain stock levels will reduce for the first time in five years. In Finland the grain harvest is estimated to decrease from comparison period

PROFIT AT THE SAME LEVEL WITH COMPARISON PERIOD

- Segment's operational EBIT was EUR 0.6 (0.6) million

SALES INCREASED, VOLUMES SAME LEVEL WITH COMPARISON PERIOD

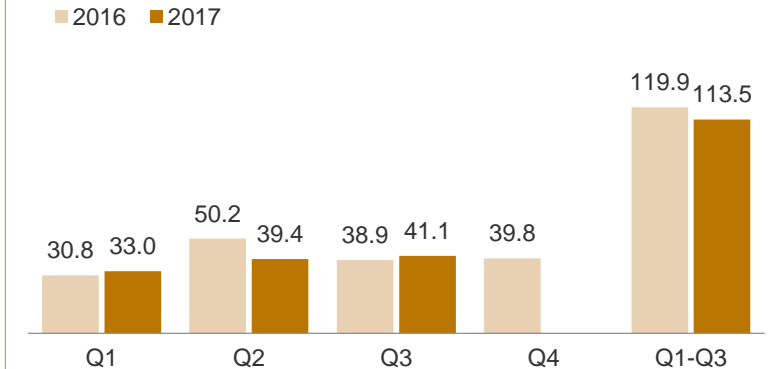
- Segment's net sales increased from the comparison period and was EUR 41.1 (38.9) million
- Delivery volumes of the period were 184 (186) thousand tonnes
- Exports accounted for about 27 per cent of net sales

OBJECTIVE: GROWTH IN FINLAND AND BALTIC COUNTRIES

- In Grain Trade, our goal is to increase our market share in the Finnish grain, oilseed and feed raw-materials market and to grow in the grain and oilseed sector in the Baltic countries in particular

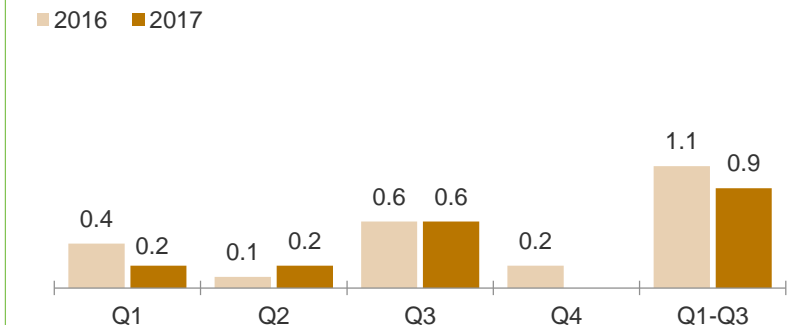
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016



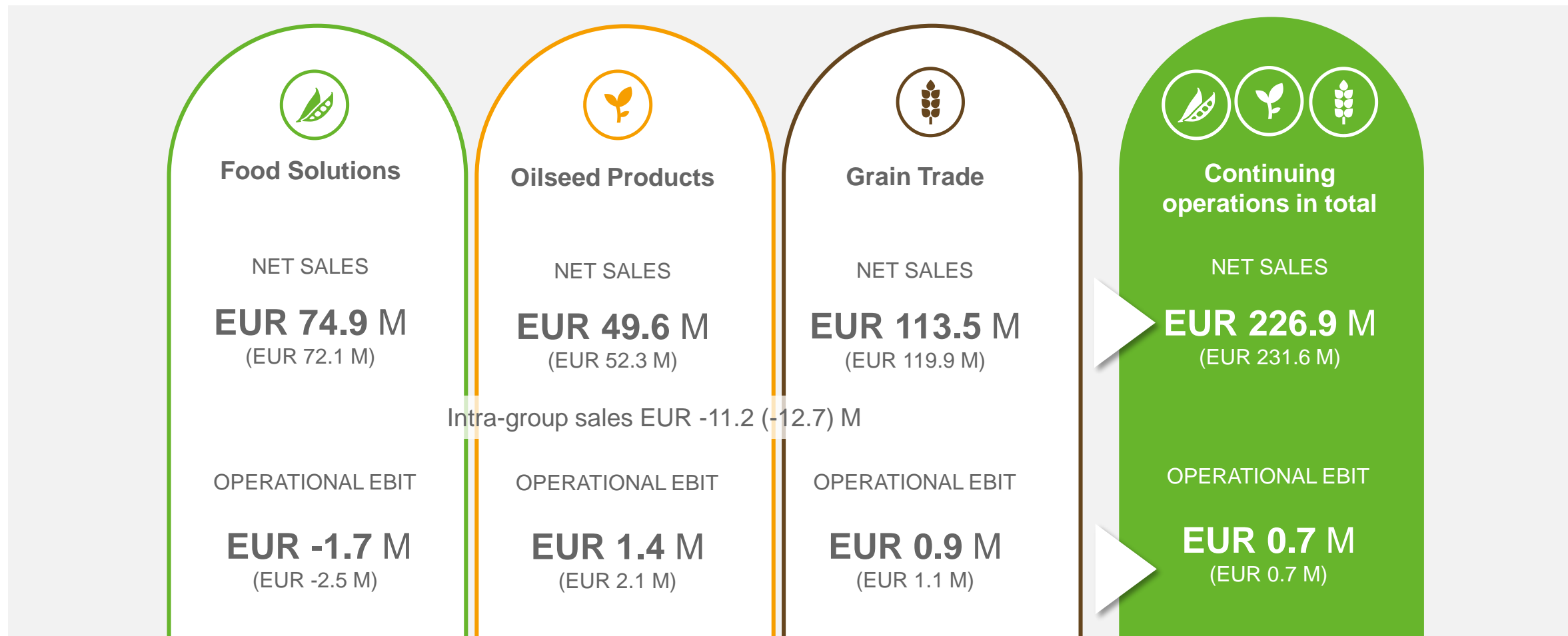
Low price level in grain market, price fluctuations have decreased



- The price of wheat on the international market has fallen over the last two harvest seasons
- The changes in wheat prices affect also other food and feed grain prices
- Market volatility has remained on relatively low level over the last few years

Continuing operations Q1-Q3/2017

Summary of January-September



Apetit

Discontinued operations Q1-Q3/2017

Seafood segment



Seafood business operations sale to Insula AS

Sale of the Seafood segment to Insula AS executed

Transaction announced on 29 June 2017 was completed as of 1 November 2017 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

The transaction is not estimated to have a significant effect on Apetit Group's full year operational EBIT

Apetit continues production and sales of fish foods in frozen foods category

Seafood business operations being sold comprises refinement of Norway salmon and rainbow trout in Kuopio and Maritim Food Group's production of fish and shellfish products in Norway and Sweden

Apetit continues the production of fish foods in Säkylä for frozen foods category as it has so far

Estimated profit impact

EUR -2.2 M

The estimated group-level profit impact of the transaction is EUR -2.2 million including the recognition in 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

The final group-level profit impact will be further specified after the transaction has been completed

Profitability of Seafood segment improved

Seafood segments operations has been transferred to Insula AS as of 1st of November 2017

Apetit will remain a minority holder in the seafood segment in Finland with under 20% of the shares

Transaction does not affect fish products in frozen food product group in Food Solutions

Seafood business operations being sold comprises processing of Norway salmon and rainbow trout in Kuopio, Finland and Maritim Food Group's production of fish and shellfish products in Norway and Sweden

Apetit continues to produce fish products in frozen food product group

NET SALES OF THE SEGMENT DECLINED

- Segment's net sales was EUR 17.6 (20.5) million
- Smaller sales volumes in Finland and Sweden lowered the net sales

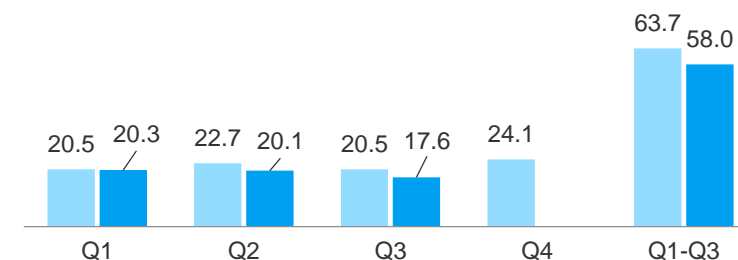
OPERATIONAL EBIT POSITIVE

- Operational EBIT was EUR 0.1 (-0.2) million

Net sales

EUR million, comparison 2017/2016

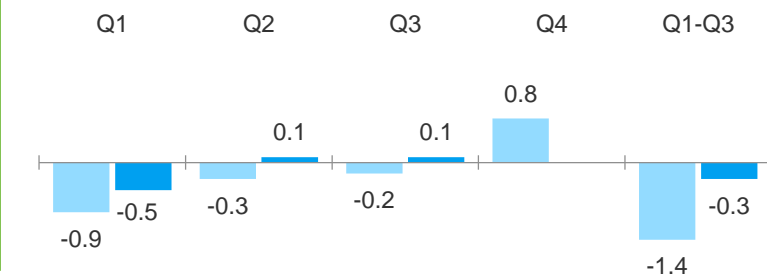
■ 2016 ■ 2017



Operational EBIT

EUR million, comparison 2017/2016

■ 2016 ■ 2017





Apetit Group in total, Q1-Q3/2017

Summary of January-September



Continuing
operations in total

NET SALES

EUR 226.9 M
(EUR 231.6M)

OPERATIONAL EBIT

EUR 0.7 M
(EUR 0.7 M)



Discontinued
operations, Seafood

NET SALES

EUR 58.0 M
(EUR 63.7 M)

OPERATIONAL EBIT

EUR -0.3 M
(EUR -1.4 M)

Apetit
Group
Q1-Q3/2017

NET SALES

▶ **EUR 276.2 M**
(EUR 286.4 M)

OPERATIONAL EBIT

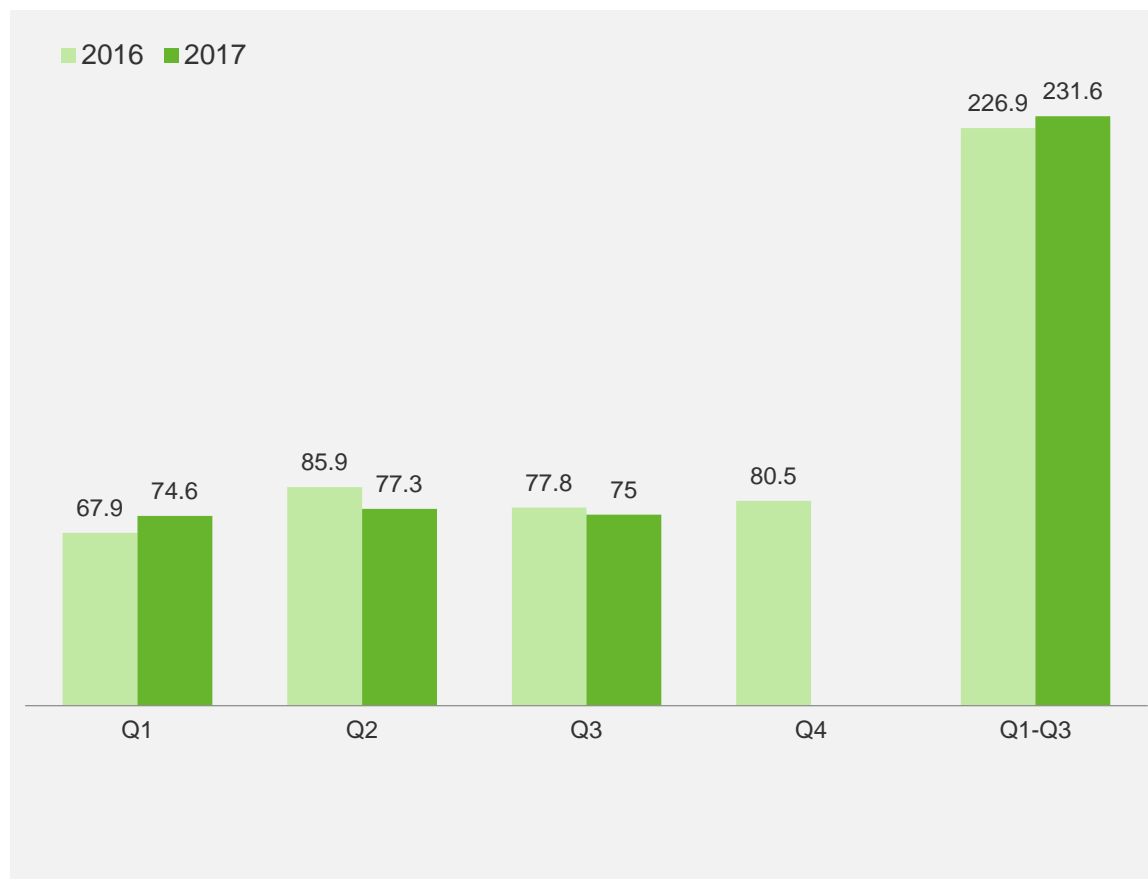
▶ **EUR 0.4 M**
(EUR -0.7 M)



Net sales and operational EBIT of continuing operations Q1-Q3/2017

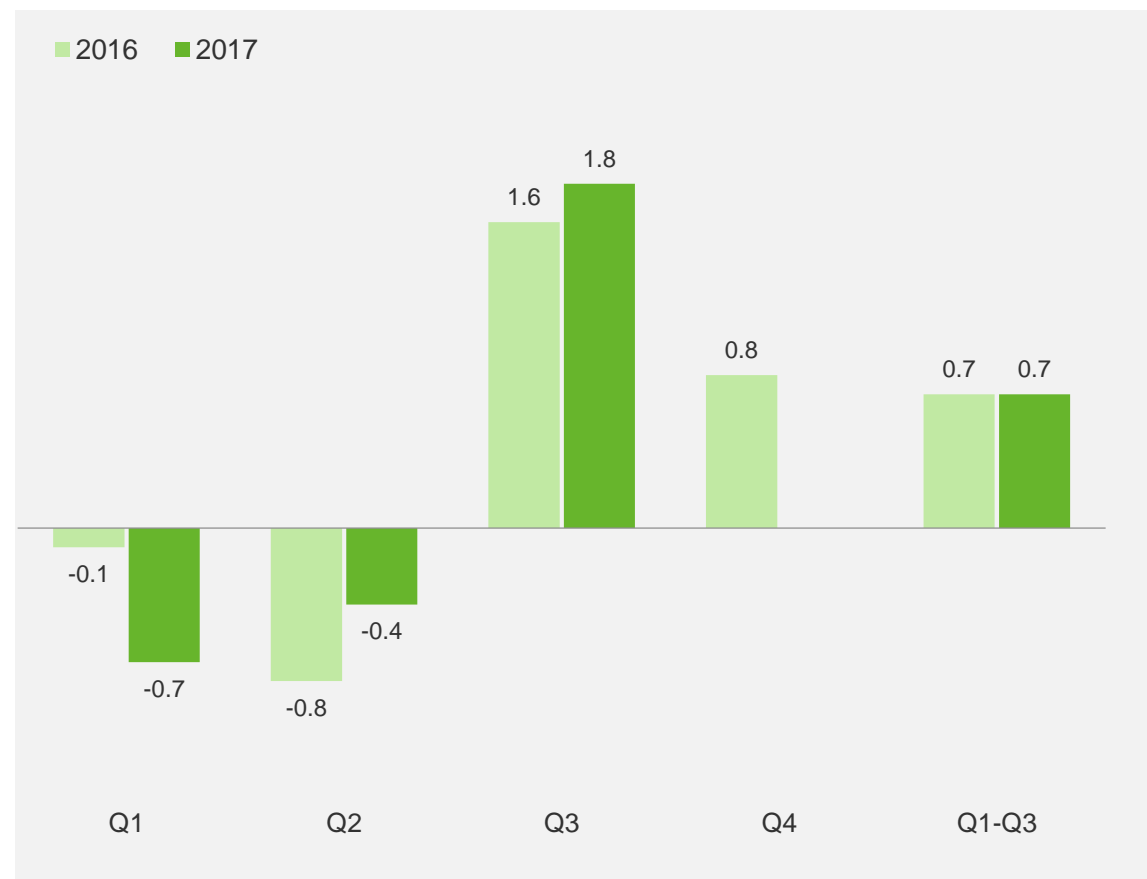
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Solid financial position

EUR million	September 30th, 2017	September 30th, 2016
Working capital, <i>continuing operations</i>	39.5	49.7
Net cash flow from operating activities Q1-Q2/2017	12.2	14.5
Total equity	110.1	115.9
Net debt, <i>continuing operations</i>	8.3	20.0
Equity ratio, %	62.6 %	64.3 %
Gearing, %	8.8 %	17.3 %
Operational return on capital employed, R12 (ROCE-%)	2.5 %	1.2 %

Freed-up
working capital

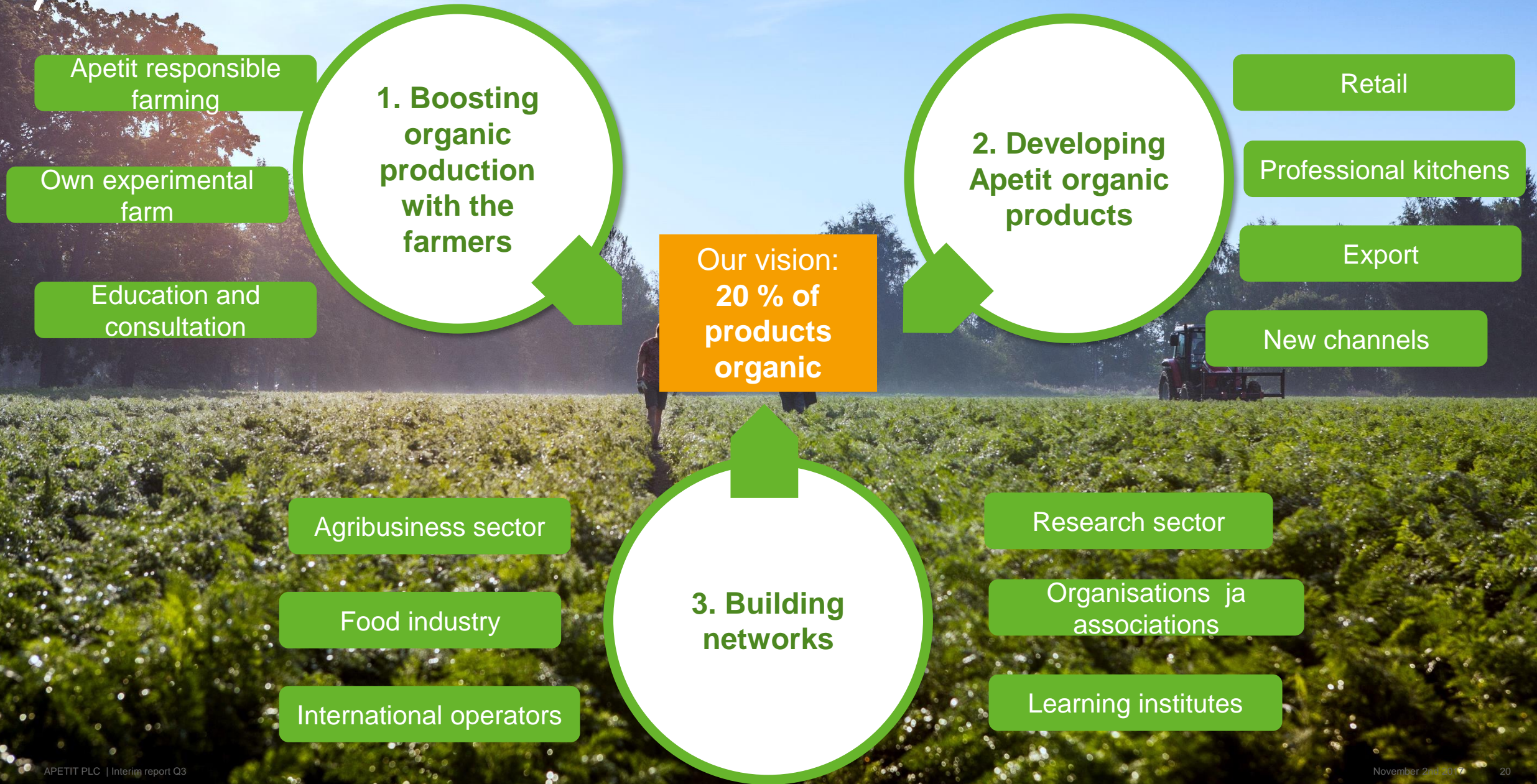
Return on capital employed
increased



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Apetit organic programme

Our mission: To take organic in vegetables to new level

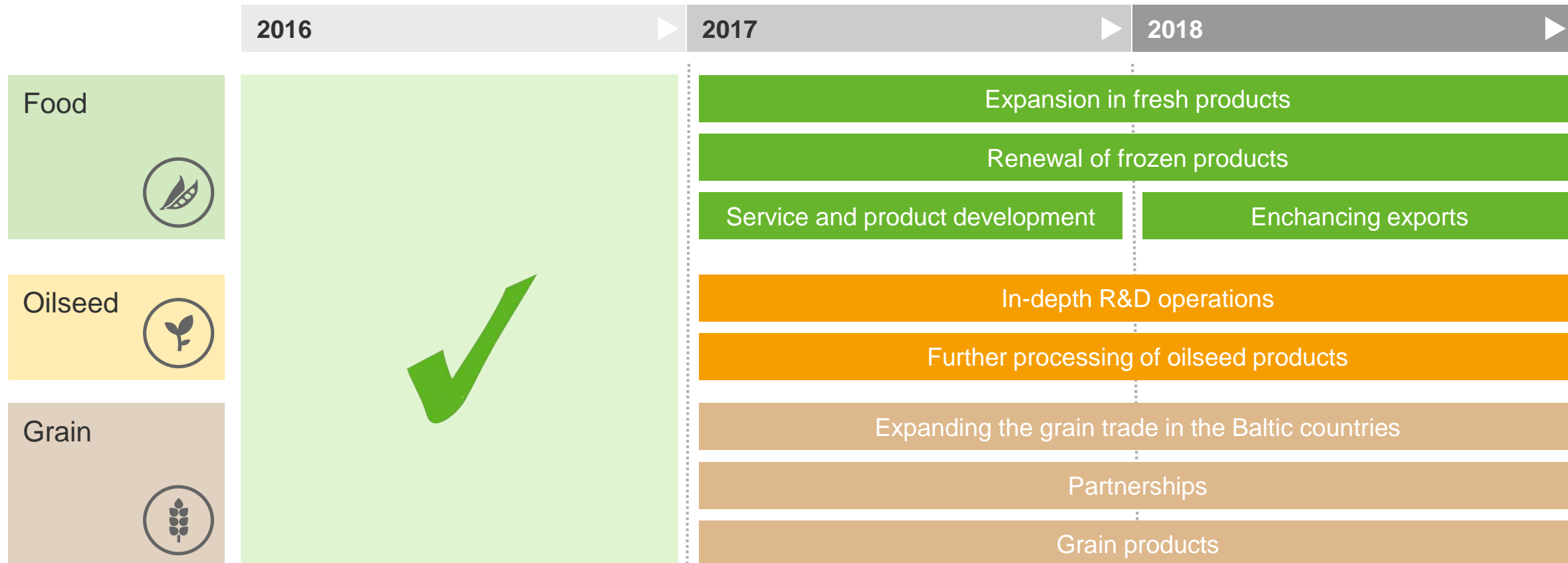


Implementing strategy

KASVIMAANI
Apetit



We advance in becoming the leaders in vegetable-based food solutions, according to our strategy





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



Investments 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

Apetit Outlook 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

Apetit

2017:
Apetit
develops
and innovates
eating

#kasvisjauhis



#neito

NEITO



#apetitluomu



#vege

#tuorekset



#vegebuumi



Visio 2018
The leader in
vegetable-based
food solutions

#puolikiloapäivässä



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thank you.