



Apetit 2017 Financial Statements Bulletin

CEO Juha Vanhainen

Apetit



Key events in 2017



Turnaround in the Food Solutions business, supported mainly by the increased sales of frozen and fresh products



Divestment of the Seafood business supports Apetit to specialise and grow as a leader in vegetable-based food solutions



Summer 2017 was cool throughout the growing season. The end of the growing season was rainy, which delayed and hindered the harvesting of grains, oilseeds and root vegetables



Working capital tied up in operations decreased by EUR 22.5 million during the financial year and the Group was debt-free at the end of the year



Apetit established its position as number one in vegetables which was supported by new product launches at a record pace and expansion into new product groups

Continuing operations Q1-Q4/2017

October-December 2017 (Q4)

- Net sales EUR 87.1 (80.4) million
- Operational EBITDA EUR 2.7 (2.0) million
- Operational EBIT EUR 1.2 (0.6) million
- Profit for the period EUR 2.3 (1.9) million
- The share of profit of the associated company Sucros EUR 1.4 (1.5) million

January-December 2017 (Q1-Q4)

- Net sales EUR 314.0 (312.0) million
- Operational EBITDA EUR 6.8 (5.8) million
- Operational EBIT EUR 1.3 (0.8) million
- Profit for the period EUR 2.9 (2.0) million
- The share of profit of the associated company Sucros 1.0 (0.7) million

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

Customer

Vegetable trend keeps to grow: well-being, taste, ease, organic and domestic food are essential elements

Finns intend to continue increasing their consumption of vegetables

Profitability

Profitability of fresh products improved from comparison period

Grain Trade and Oilseed Products were affected by the difficulties of harvest season

Growth

Frozen products and fresh products had strong growth of sales in all channels

The share of new products in sales has developed well

Renewal

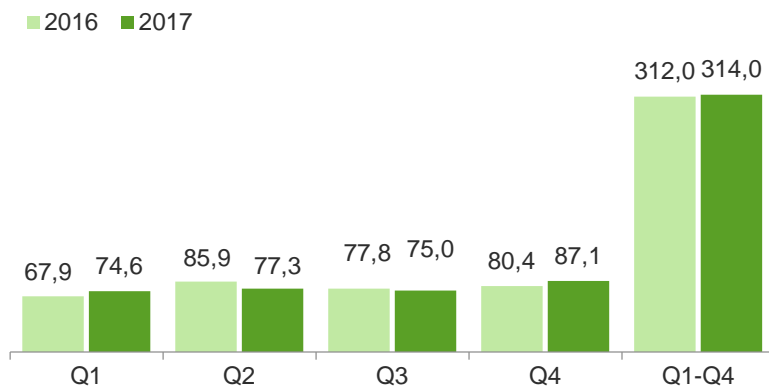
Record pace in launching new products

The R&D project in Oilseed Products to develop vegetable protein ingredient is proceeding as planned

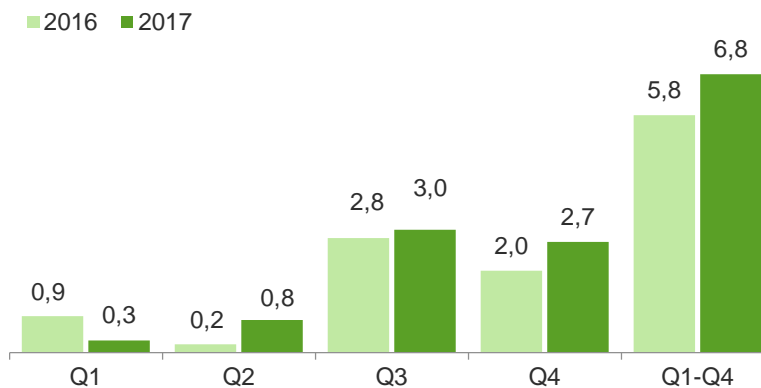


Net sales, operational EBITDA and operational EBIT of continuing operations Q1-Q4/2017

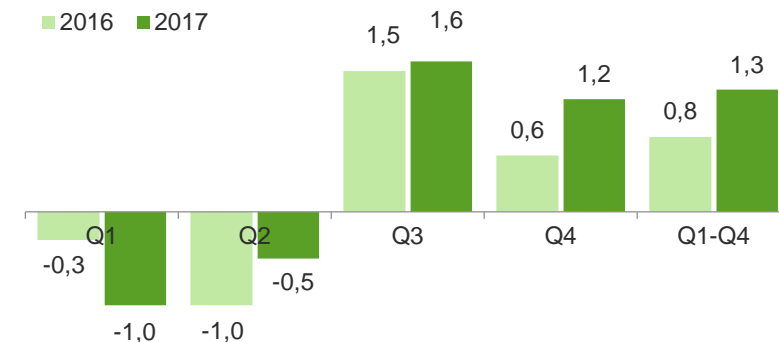
Net sales, EUR million



Operational EBITDA, EUR million



Operational EBIT, EUR million



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

Apetit Group, including discontinued operations Q1-Q4/2017

October-December 2017 (Q4)

- Group's consolidated net sales EUR 91.6 (100.1) million
- Operational EBIT EUR 1.3 (1.6) million
- The profit for the period EUR 2.4 (2.4) million
- Earnings per share were EUR 0.38 (0.31)

January-December 2017 (Q1-Q4)

- Group's consolidated net sales EUR 368.1 (386.5) million
- Operational EBIT EUR 1.7 (0.9) million
- The profit for the period EUR -0.6 (1.2) million
- Earnings per share were EUR -0.10 (0.19)

Continuing operations include Food Solutions, Oilseed Products and Grain Trade. Seafood is being reported as a discontinued operation. Group's consolidated net sales and profit for 2017 only include January-October period from Seafood operations.



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Business segment review, continuing operations

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. The sales of Apetit has increased faster than the general growth of the market.

GROWTH IN SALES IN ALL PRODUCT GROUPS

- Segment's net sales were EUR 27.5 (25.7) million
- Sales improved well in both frozen products and in fresh products
- The volume and value of sales increased in all channels

IMPROVEMENT OF PROFITABILITY SUPPORTED BY GROWTH IN SALES OF FRESH PRODUCTS

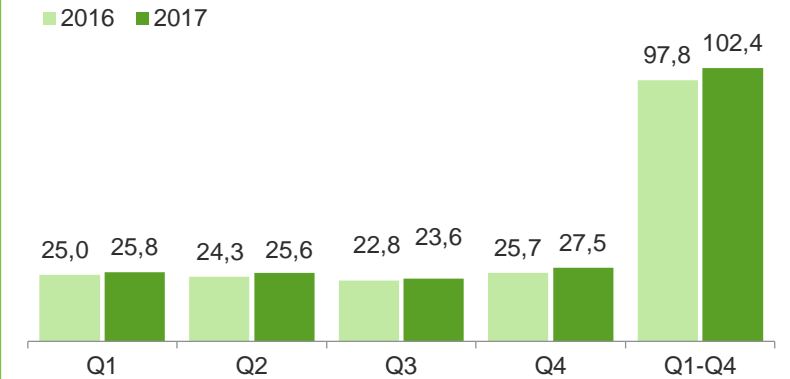
- Segment's operational EBIT was EUR 0.6 (-0.1) million
- Harvest-time production began later than in the previous year, and its volume was smaller. As a result of this, the capitalisation of fixed costs in inventories had an effect of EUR -0.2 million on the result in comparison with the previous year.

INVESTMENT

- Investment in January-December totalled EUR 3.7 (5.7) million
- Investment focused mainly on developing production at the Säkylä frozen food factory

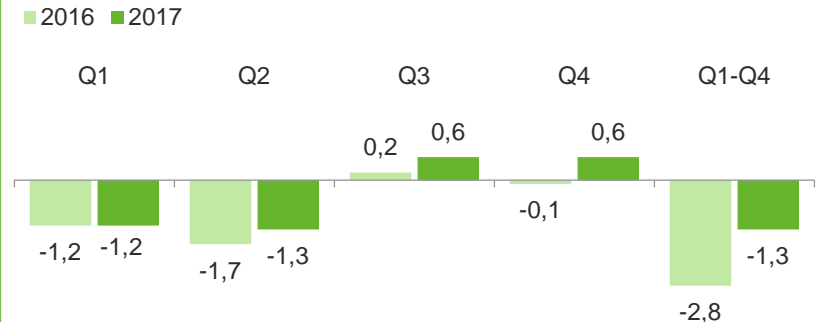
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016



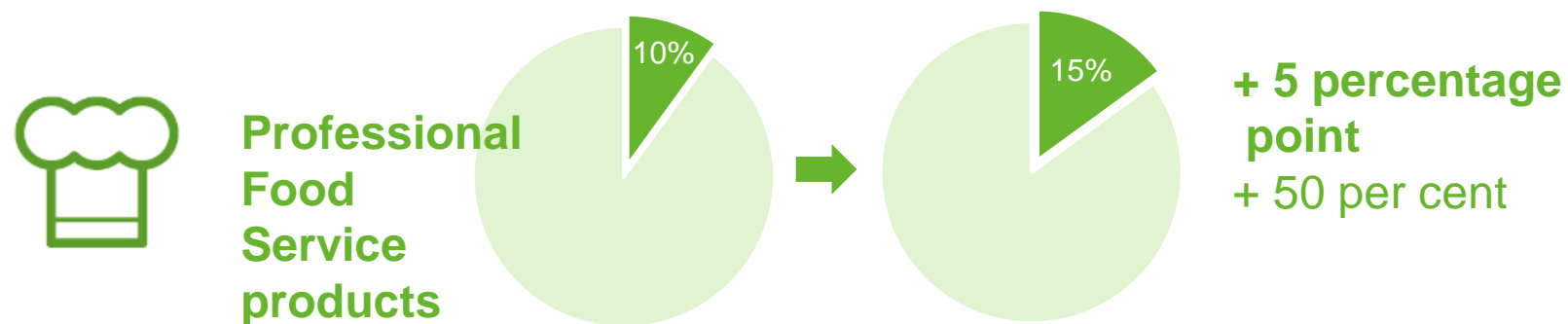
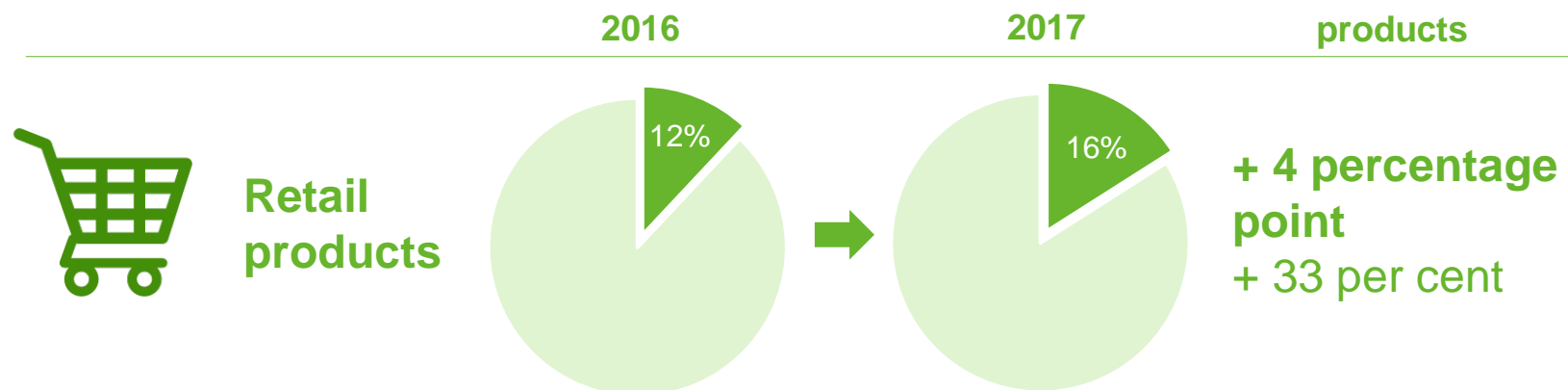


The share of new products continues to grow

The share of new products in net sales in 2016-2017

Growth of the share of new products

Examples of new retail products



Kasvisjauhis beef and patties



Organic products



New product has been launched during last 24 months



Studies show: Apetit is number one in vegetables

#1

- **Top-of-Mind – vegetable product manufacturers**
- **Spontaneous awareness – vegetable product manufacturers**
- **Aided awareness – vegetable product manufacturers**
- **Recommendation – vegetable product manufacturers**

Awareness of Apetit in comparison with other vegetable manufacturers was studied in February, May and October 2017. The study compared vegetable manufacturers that operate under their own brands in Finland and private labels. It was carried out by Supercrush Oy and the data was provided by Norstat Finland Oy.



Oilseed products 10-12/2017

Oilseed harvest fell short from comparison period

OPERATING ENVIRONMENT

Oilseed farming and harvesting conditions were challenging due to rainy autumn

Domestic oilseed harvest in 2017 fell short from comparison period due to cool growing season and rainy harvest season

Availability of Finnish oilseed has been low

NET SALES CLOSE TO COMPARISON SEASON

- Segment's net sales were EUR 15.7 (15.9) million
- Segment's net sales and the oilseed products' delivery tonnes were slightly lower to comparison period
- The sales of packaged and special products represented 33.9 (32.2) per cent of the segment's net sales
- Exports represented 29 per cent of net sales

STRATEGIC R&D

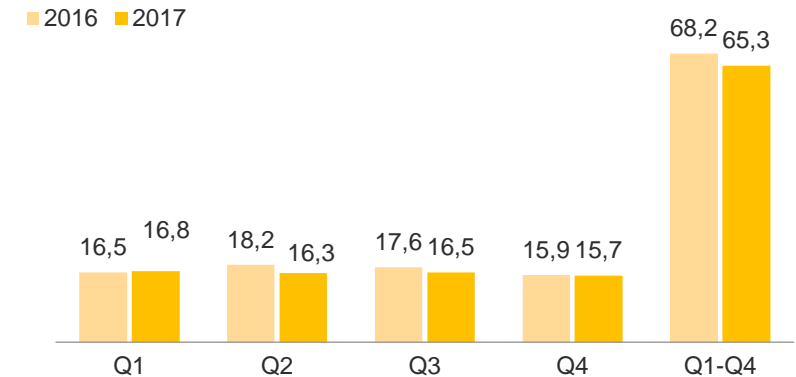
- Project connected to the processing potential of the rapeseed was continued during to period
- The target of the project is to develop a new functional vegetable protein ingredient from the rapeseed. Tekes has agreed to support the project during the period 2017-2018
- Investment in January-December totalled EUR 1.1 (1.9) million, mainly to Kirkkonummi's oil milling plant's maintenance costs

PROFIT ON SAME LEVEL TO COMPARISON SEASON

- Segment's operational EBIT was EUR 0.6 (0.5) million

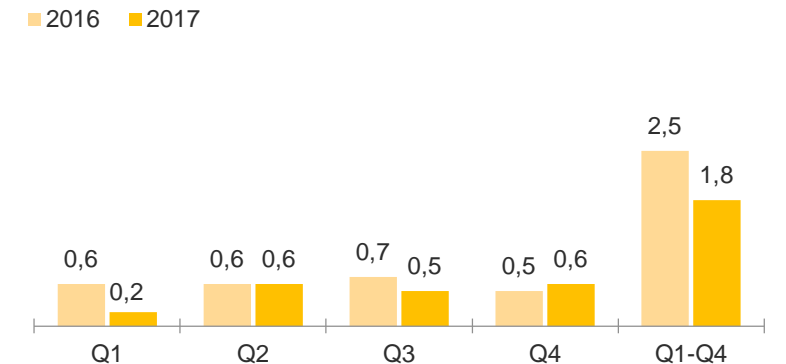
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Grain trade 10-12/2017

Domestic overall harvest volumes one of the lowest

OPERATING ENVIRONMENT

Global grain stocks are at high levels and there is ample supply on the markets

In Finland the overall harvest volumes were one of the lowest in 21st century: grain harvest was weakened by exceptionally large failure areas and decreased farming areas. This was a second bad harvest season in row.

Price level in Finland has risen slightly

PROFIT NEARLY AT THE SAME LEVEL WITH COMPARISON PERIOD

- Segment's operational EBIT was EUR 0.1 (0.2) million
- Poor harvest, both in quantity and quality, in our procurement area weakened gross profit

SALES AND VOLUMES INCREASED FROM COMPARISON PERIOD

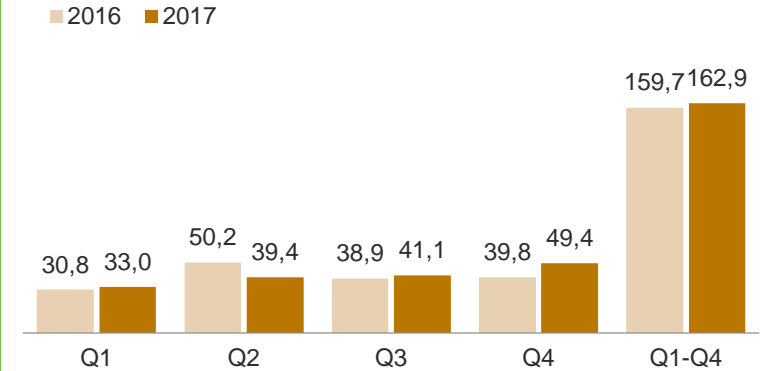
- Segment's net sales increased from comparison period and were EUR 49.4 (39,8) million
- Delivery volumes of the period were 261 (244) thousand tonnes
- Exports from Finland accounted only 13 per cent of net sales, surplus for exports were low due to the weak harvest volumes in Finland

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

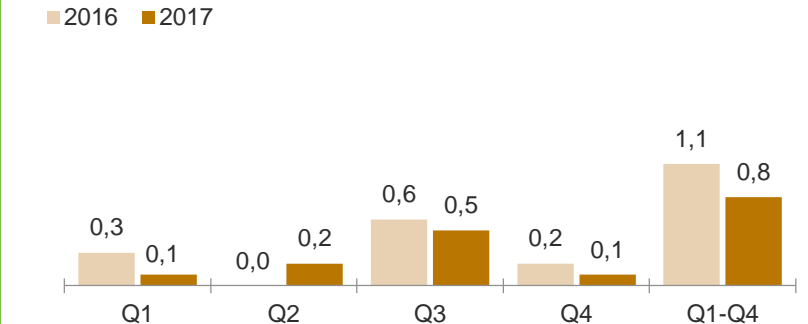
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Low price level in grain market, price fluctuations have decreased

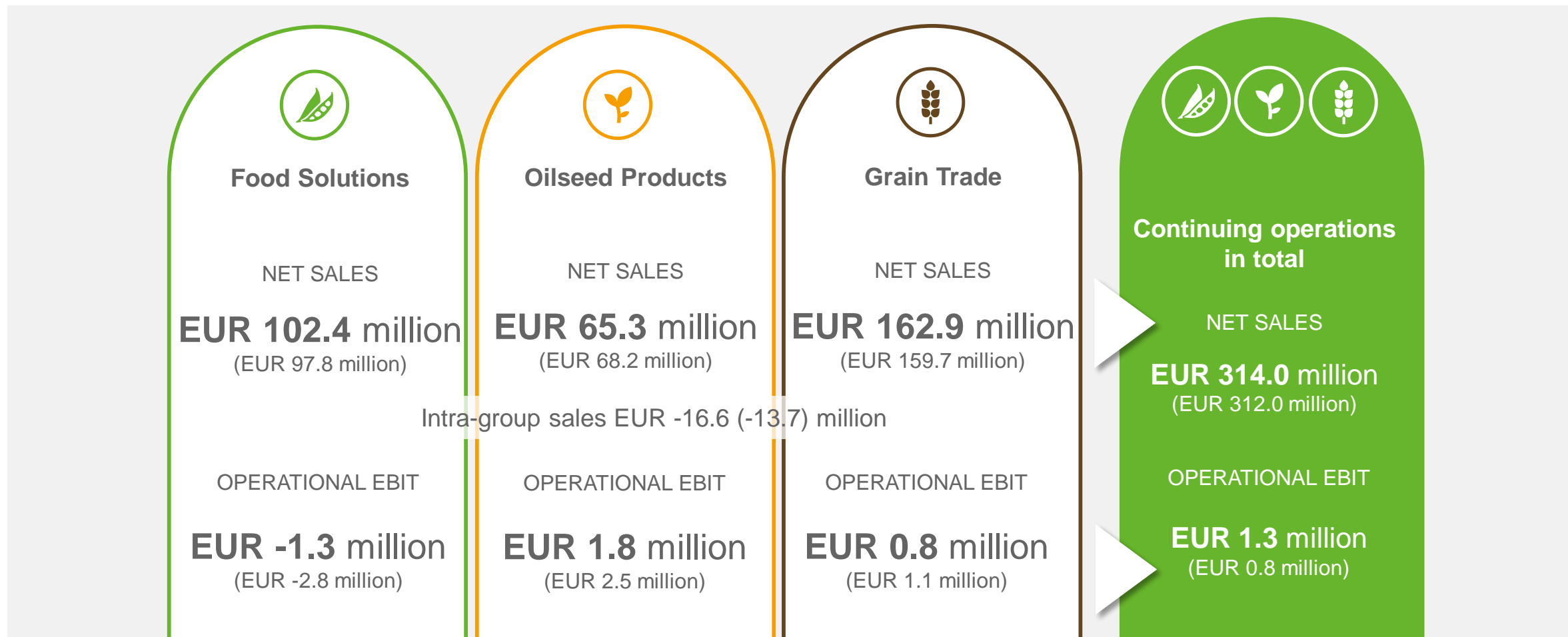


Source: Euronext

- Wheat price on the international market has fallen over the last two harvest seasons
- The changes in wheat prices reflect also other food and feed grain prices
- Market volatility has remained at relatively low level over the last few years
- In Finland, exceptionally, there is a shortage of high quality bread wheat, which is mainly due to failed quality of the harvest. Due to that the bread wheat quotations in Finland are almost the highest in Europe.

Continuing operations 1-12/2017

Summary of January-December



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**Discontinued
operations**





Sale of the Seafood segment to Insula AS

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.

The transaction of Seafood business was completed as of 1 November 2017.

Apetit will remain a minority shareholder of the seafood business, with a holding of less than 20 per cent.



INSULA

Insula AS is a strong group of specialized seafood companies operating in Norway, Sweden and Denmark. It had no previous business activities in Finland.

Apetit continues the production of fish foods for frozen foods category.



Discontinued operations | Seafood business 10-12/2017

Sale of the Seafood segment

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 a frozen food product group

NET SALES

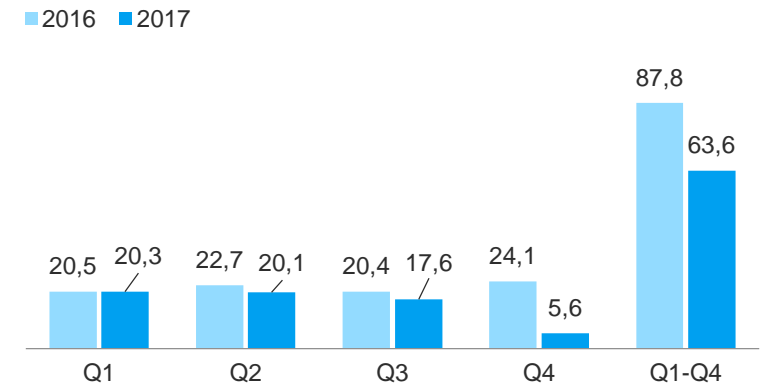
- Segment's net sales were EUR 5.6 (24.1) million

OPERATIONAL EBIT

- Segment's operational EBIT was EUR 0.1 (1.0) million

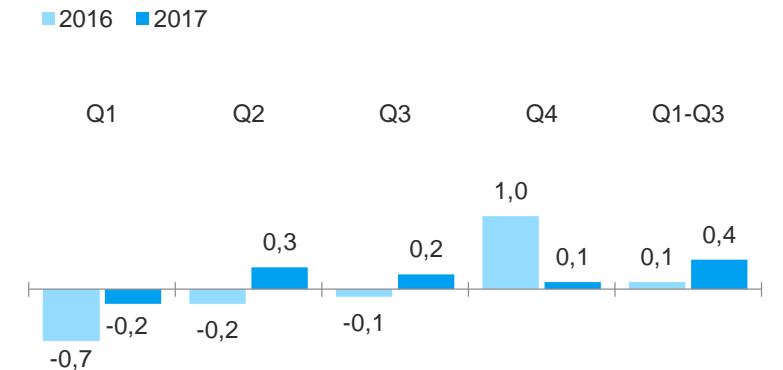
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Apetit Group in total, 1-12/2017

Summary of January-December



Continuing operations
in total

NET SALES

EUR 314.0 million
(EUR 312.0 million)

OPERATIONAL EBIT

EUR 1.3 million
(EUR 0.8 million)



Discontinued
operations,
Seafood

NET SALES

EUR 63.6 million
(EUR 87.8 million)

OPERATIONAL EBIT

EUR 0.4 million
(EUR 0.1 million)

Apetit
Group
Q1-Q4/2017

NET SALES

EUR 368.1 million
(EUR 386.5 million)

OPERATIONAL EBIT

EUR 1.7 million
(EUR 0.9 million)



Solid financial position

EUR million	December 31st, 2017	December 31st, 2016
Working capital, <i>continuing operations</i>	30.0	52.9
Group's net cash flow from operating activities Q1-Q4/2017	20.0	21.9
Group's total equity	112.3	117.7
Group's net debt	-10.8	14.5
Group's Equity ratio, %	72.6 %	64.1 %
Group's Gearing, %	-9.6 %	12.4 %
Group's Operational return on capital employed, R12 (ROCE-%)	2.4 %	1.2 %

Freed-up
working capital

Group was free of net debt
at the end of the year

Apetit Outlook for 2018

- The Group's full-year operational EBIT from continuing operations is expected to improve year-on-year (EUR 1.3 million in 2017). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. Sales volumes and the profit outlook for early 2018 are burdened by the weak harvest of 2017.
- In comparison with the previous year, favourable profitability development is supported by an increase in the volume of fresh products in Food Solutions, as well as new products and growth in exports. Full-year favourable performance development is supported by an increase in volumes in Grain Trade and Oilseed Products, provided that the forthcoming crop is average.
- 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.

Trends of eating

Apetit

Well-being

Ease

Taste

Organic food

Based on
vegetables

Transparency

Ethically and
ecologically

Domestic

**Trends of eating are
on our side**





56%

of Finns would like to **increase**
their consumption of
vegetables

** 66 % of women*

** 64 % of the young (age of 15-24)*

31%

of Finns have replaced meat
with **vegetable-based**
products



86%

of Finns think that it is somewhat
important or **very**
important that their
vegetables are from
Finland

Apetit 2017: IROResearch August/2017: Finland-Sweden vegetable research



Apetit

Updated strategy 2018-2020

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

IMPROVED
EFFICIENCY

INTERNA-
TIONALISATION

I also want
to eat
organic foods

I want
a healthy diet
and to
feel good

Convenience
is important

Responsibility
matters
to me

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

I'm interested
in vegetable
protein

I like eating
more
vegetables

Values



RESPONSIBLE OPERATIONS



BOLD RENEWAL



SUCCESS THROUGH COOPERATION



Strategic goals 2018-2020



Renewing and attractive brand



Internationalisation in all business operations



Flexible with regard to manufacturing and commercial scale



Primary production partnerships and deepening collaboration



Digital services for primary production and consumers

We continuously improve our competitiveness

We are open to corporate transactions that are in line with our strategy




In the long term, we only accept profitable business operations



Trends in eating support the strategy

- The trends in eating firmly support Apetit's chosen strategy and majority of choices made in the last strategic period
 - Apetit aims to be a leader in vegetable based eating
 - Focus areas of the new strategic period continue the work reaching and further strengthening the target
- Updated strategy adds focus on stronger internationalisation, new product and service innovations and efficiency improvement
 - Increasing international food trade and mapping potential areas of supply in grain trade while strengthening its presence in the Baltics
 - Continuous flow of new and interesting products in food solutions and development of vegetable protein ingredient in oilseed products
 - Improving efficiency in existing production and business processes in all segments

Plan for timing of principle measures during the strategy period

	2018	2019	2020
<div>Food</div> <div></div>	Expansion in fresh products	Building economies of scale in fresh products	
	Renewing frozen foods	Strengthening iconic products and renewing frozen foods	
	Strengthening international sales		
<div>Oilseeds</div> <div></div>	Thorough R&D activity to increase added value	Piloting of rapeseed ingredient	Launch of rapeseed ingredient
	Launch of measures to enhance production efficiency	Increasing production capacity	Cost competitive production factors
<div>Grain</div> <div></div>	Strong value chain partnerships in Finland	Activation of value chain benefits	Specification of the Baltic Sea strategy
	Expansion of Baltic grain trade and infrastructure	Baltic logistics solutions to support growth	



Financial targets and dividend policy

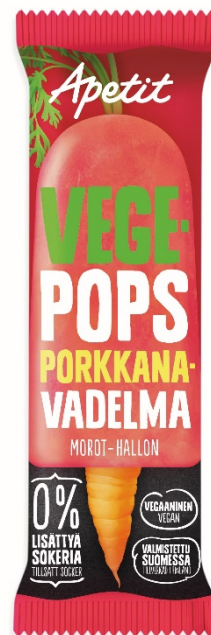
- Apetit's financial targets for 2020
 - At least to double operational EBITDA (2017: EUR 6.8 million in continuing operations)
 - Operational return on capital employed (ROCE%) > 8% (2017: 2.4%)
- Updated dividend policy
 - The aim of the Board of Directors of Apetit Plc is that the company's shares 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.

Apetit

2018:
Apetit
develops
and innovates
eating



#sustainability



#FoodFromFinland



#vege



#ReadyToEat

