



Apetit

Apetit Interim Report Q1

January - March 2017

CEO Juha Vanhainen

Briefing for Analysts and Media
May 5th 2017 Scandic Simonkenttä, Helsinki

Apetit Group Q1 (January-March 2017)

- Net sales 91.9 (87.5) M€
- Operational EBITDA 0.5 (0.6) M€
- Operational EBIT -1.2 (-1.0) M€
- The share of profit of the associated company Sucros -0.6 (-1.0) M€

**New products introduced –
work continues to improve
profitability**

Customer

Expansion to 100 % vegan,
plant-based ready meals

Financials

Group net sales rose year-on-
year, profit unsatisfactory

Growth

In fresh products group, net
sales improved both in retail
and wholesale markets

Efficiency

Seafood segment's efficiency
remained high despite the
challenging market situation

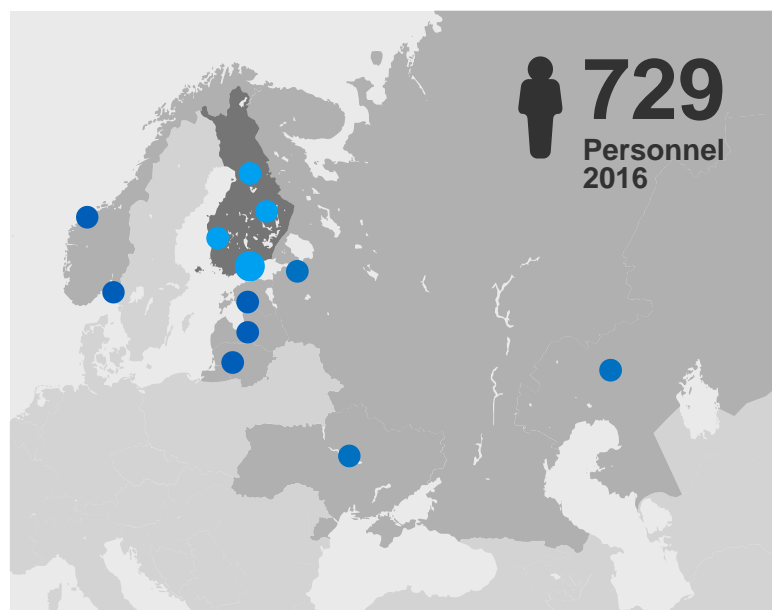
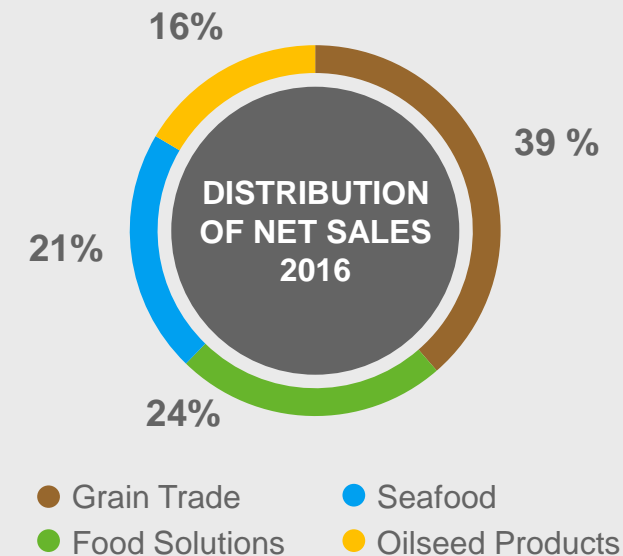
Innovation

New R&D project launched in
Oilseed Products to develop
advanced vegetable protein
from rapeseed



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**

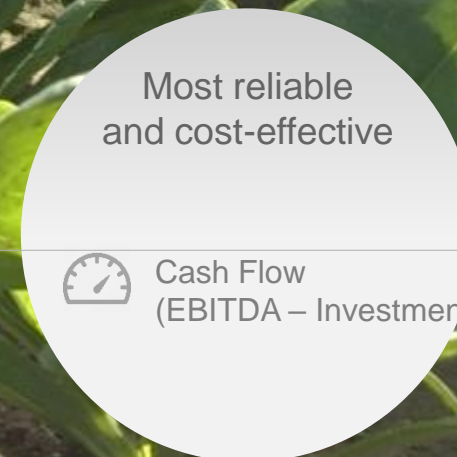
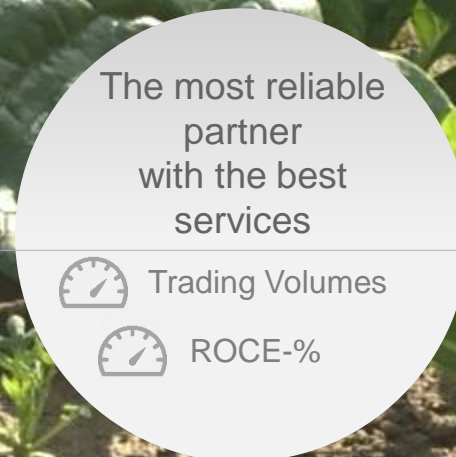
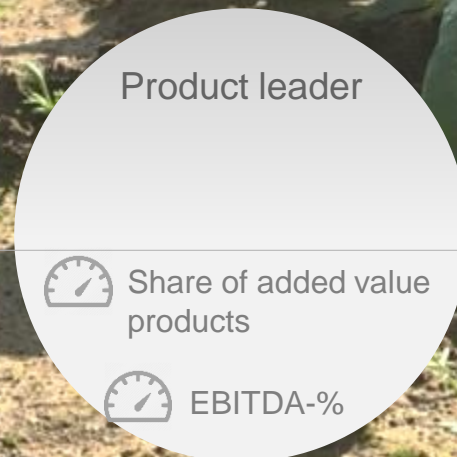
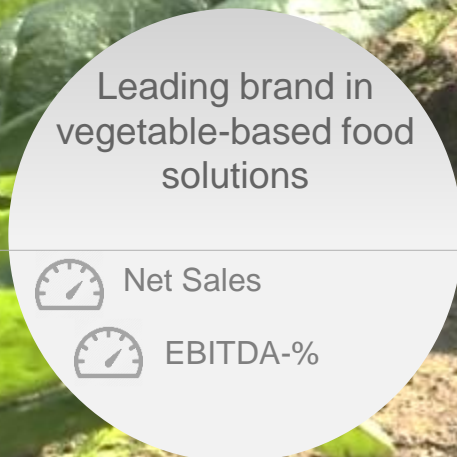
Business segment review



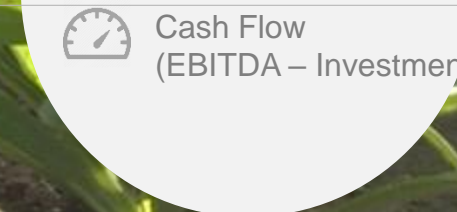
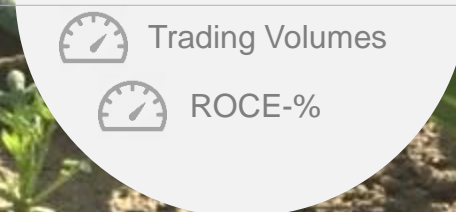
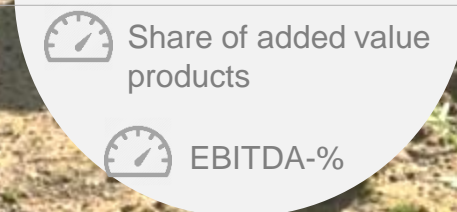
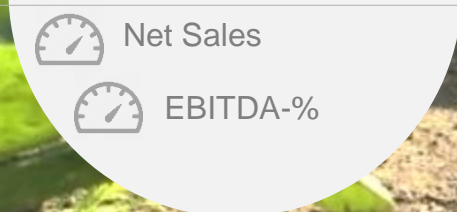
Business segments – strategic focuses and target positions



Strategic focus



Strategic objectives



Sales developed well in frozen products and fresh products

CONSUMER AND CUSTOMER

The strategic objective to increase frozen products' sales by developing and launching completely new products and concepts progressed

GROWTH IN ALL PRODUCT GROUPS

- Segment's net sales was 25,8 (25,0) M€
- In fresh products, sales developed well in retail stores and wholesale customers
- In the frozen foods group, good sales performance continued in all channels

PROFITABILITY OF FRESH PRODUCTS IN GOOD TRACK, LEVEL STILL UNSATISFACTORY

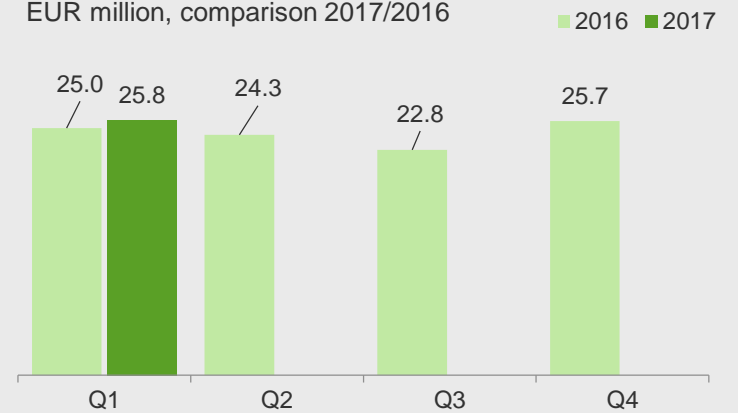
- Segment's operational EBIT was -1.1 (-1.2) M€
- The profitability of the frozen foods group was good

INVESTMENT

- Investment in January-March totalled 1.3 (2.5) M€
- Investment focused mainly on developing production at the Säkylä frozen food factory

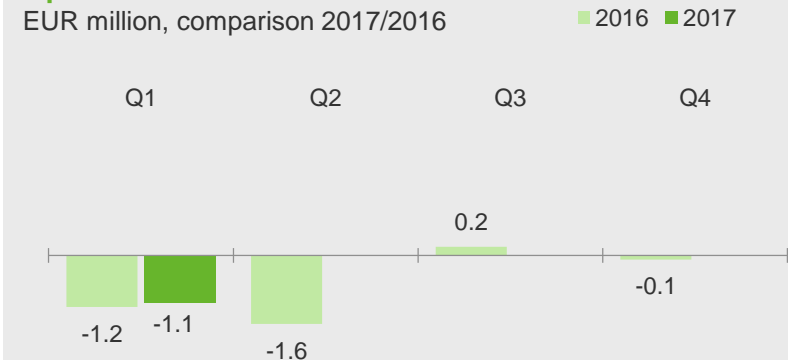
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016



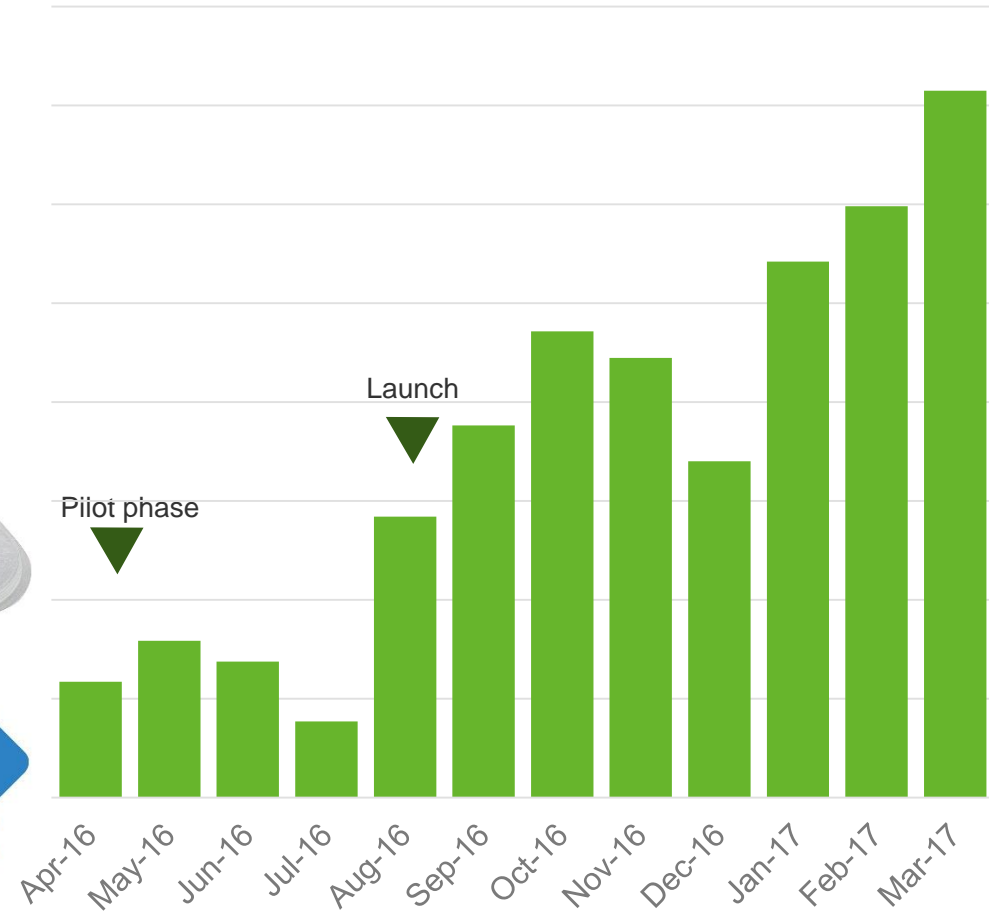
Tuorekset-sales picked up the speed

Tuorekset delivery volumes 4/2016-3/2017

- In the first quarter, Tuorekset-sales and visibility in retail stores increased significantly
- The new products launched in January have received good feedback and campaigns in retail chains have increased volume

Consumers have realised that Tuorekset also make life easier!

One of the Tuorekset products, Sienestäjän pannuvihannes, has made it to the final of the Finnish Food of the Year 2017 competition!



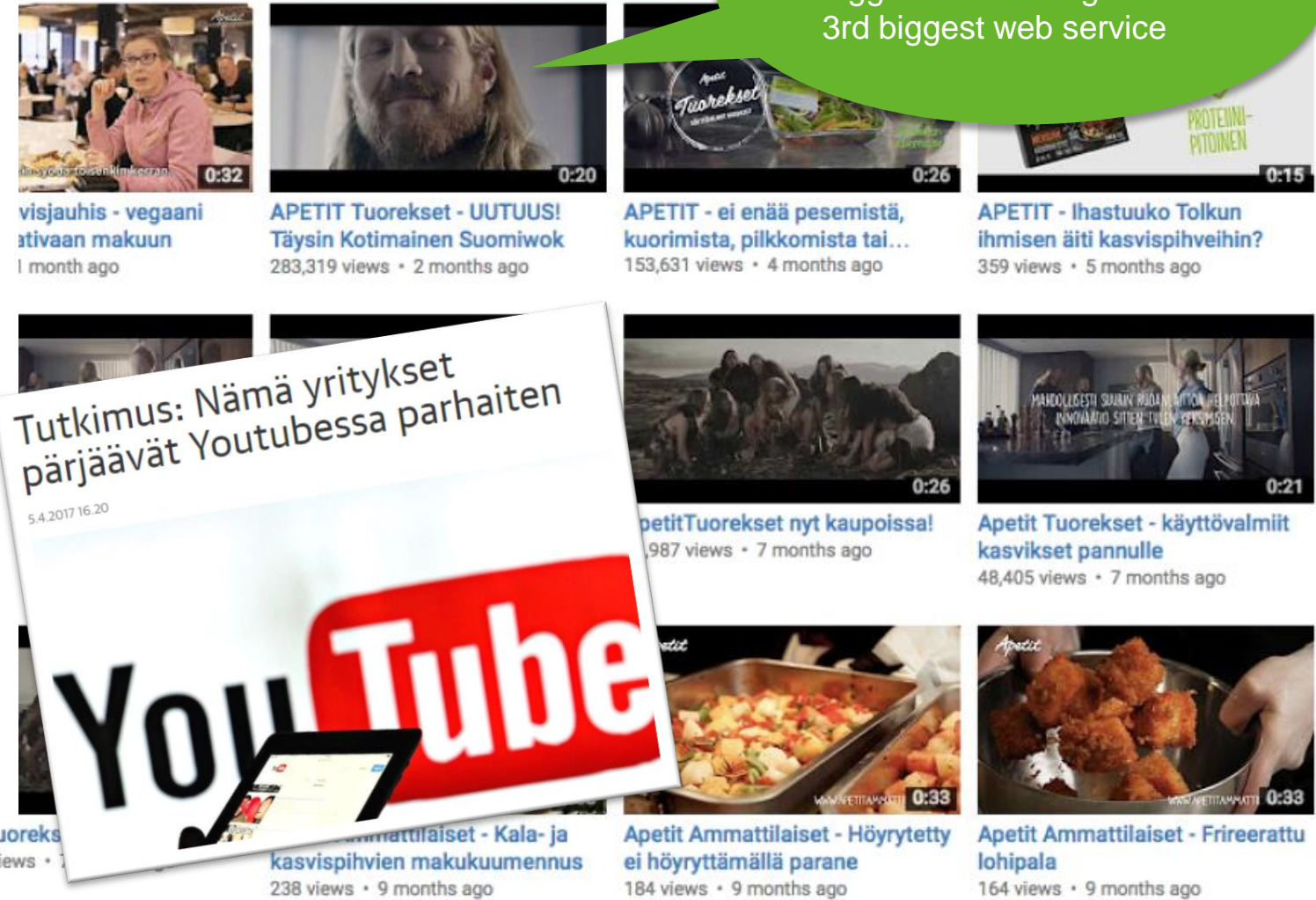
CHIMNEY'S YOUTOP100 FINLAND 2017

A STUDY OF FINISH COMPANIES' EFFICIENCY IN THE USE OF THEIR YOUTUBE CHANNEL

Study: Apetit is number 8 in Finland based on its YouTube use in marketing

- Swedish company Chimney Group studied the 500 largest companies in Finland to find out how efficiently they use YouTube
- The top ten companies in Finland were Lidl Suomi, Amer Sports, MTV, Finnair, Gigantti, Oulun Energia, Siemens, **Apetit**, Helen and Arla
- In the study, the companies' YouTube success was rated according to the number and length of views of the videos, discussion and interaction in the videos and on the number of channel orders

Globally, **Youtube** is 2nd biggest search engine and 3rd biggest web service





Oilseed Products

Net sales at the previous years' level

OPERATING ENVIRONMENT

The outlook for the forthcoming harvest season regarding oilseeds is good in Finland

According to COCERAL, the European association representing the trade in cereals, oilseed crops in the European Union will slightly increase

NET SALES ON SAME LEVEL YEAR-ON-YEAR

- Segment's net sales was 16,8 (16,5) M€
- The delivery volume in tonnes of was at the previous year's level
- The sales of packaged and special products were higher than in the comparison period and represented 34.8 (28.5) per cent of the segment's net sales
- Exports represented 33 per cent of net sales

LOWER MARGINS DURING THE PERIOD

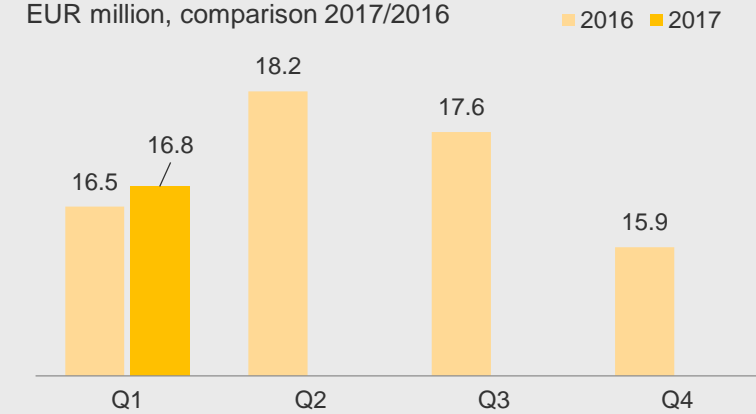
- Segment's operational EBIT was 0.3 (0.7) M€
- Profitability was reduced by the temporarily lower margins of the oil agreements delivered in the quarter
- Rapeseed expeller accounted for a large part of the sales and its price was reduced by the ample supply of alternative expeller meals

STRATEGIC R&D

- An R&D project connected with the processing potential of the rapeseed was launched in the 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 during the period totalled 0.1 (0.6) M€

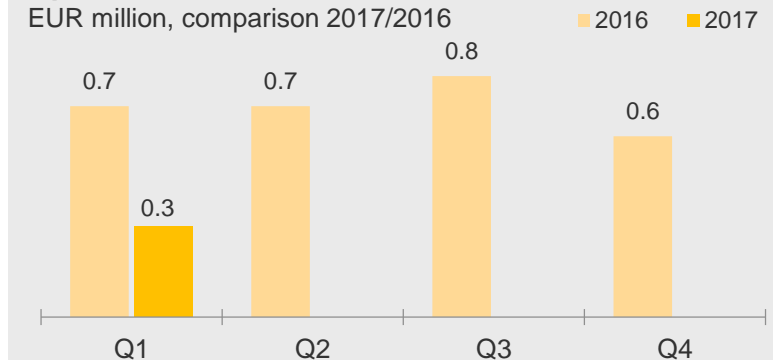
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Apetit

Apetit launched rapeseed oil milled from 100% Finnish rapeseeds

- Apetit rapeseed oil naturally contains large quantities of essential fatty acids and the antioxidant vitamin E
- The product's fresh and neutral flavour makes it ideal for food preparation and baking



Grain Trade

Significant increase in volumes

Grain Trade Q1/2017

OPERATING ENVIRONMENT

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

The International Grains Council is expecting grain production in the 2016–2017 harvest season to rise to its highest ever level and is expecting stock levels to increase further

LOW MARGINS IN GRAIN MARKETS

- Segment's operational EBIT was 0.2 (0.4) M€
- The increased net sales and volumes didn't fully compensate the lower margins in grain markets

NET SALES AND VOLUME ROSE YEAR-ON-YEAR

- Segment's net sales were up on the comparison period to 33.0 (30.8) M€
- Delivery volumes in tonnes increased on the comparison period to 187 (153) thousand tonnes
- Exports accounted for about 41 per cent of net sales

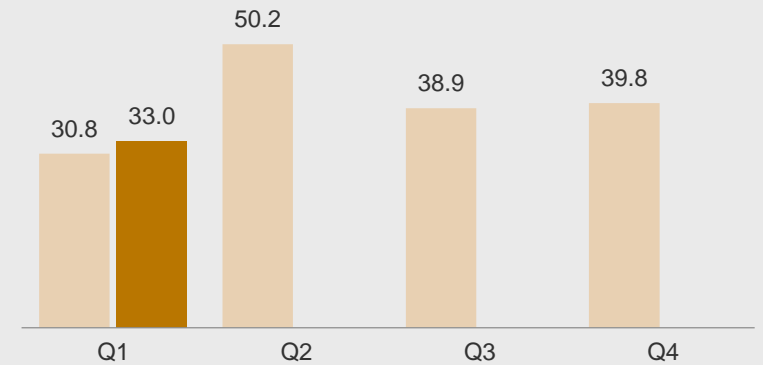
OBJECTIVE: GROWTH IN FINLAND AND BALTIC COUNTRIES

- 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

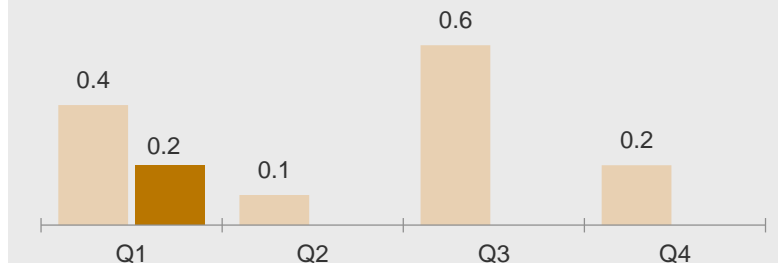
2016 2017



Operational EBIT

EUR million, comparison 2017/2016

2016 2017



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



Seafood

Positive sales trend continued in challenging market situation

OPERATING ENVIRONMENT

The high price level of Norwegian salmon higher decreased the demand

Demand of rainbow trout has increased and this has weakened the supply and increased the price of rainbow trout

OPERATIONAL EFFICIENCY SUPPORTED PROFITABILITY

- Segment's operational EBIT was -0.5 (-0.9) M€
- The segment's operating efficiency in Finland was higher than in the comparison period and overhead costs were lower

HIGH PRICE LEVEL LOWERED VOLUMES

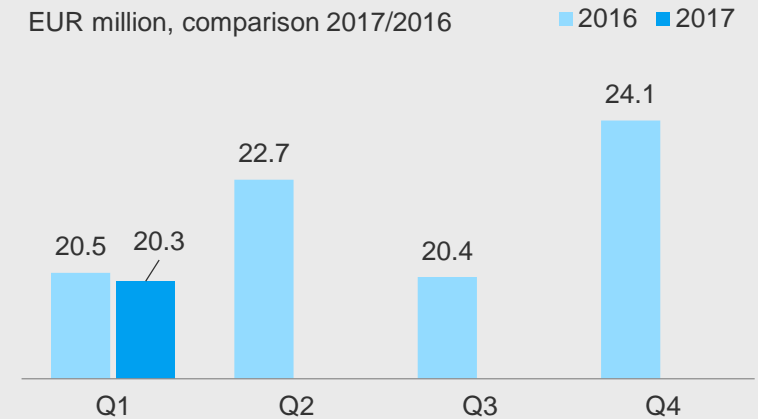
- Segment's net sales was 20.5 (20.3) M€
- The high price of Norwegian salmon and the reduced availability of rainbow trout lowered sales volumes in Finland
- In Norway, sales of fishcakes and shellfish products were good, but in Sweden, sales declined as a result of the high prices of shellfish products

OPERATIONAL CASH FLOW IMPROVED

- Operating cash flow increased as a result of the improved operational efficiency and was -0.3 (-1.4) M€ in January-March
- Investment in non-current assets was 0.2 (1.0) M€

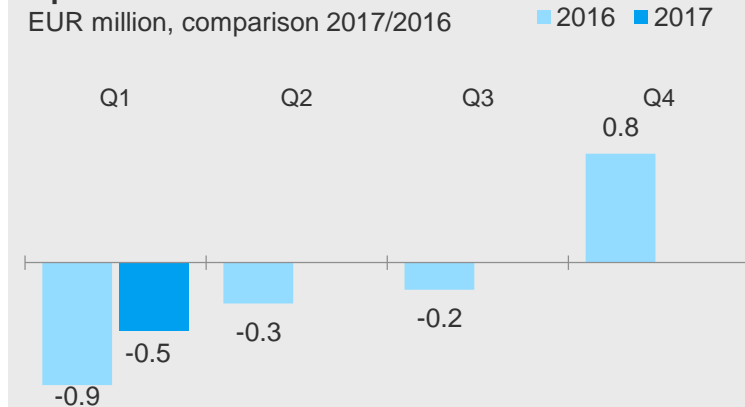
Net sales

EUR million, comparison 2017/2016



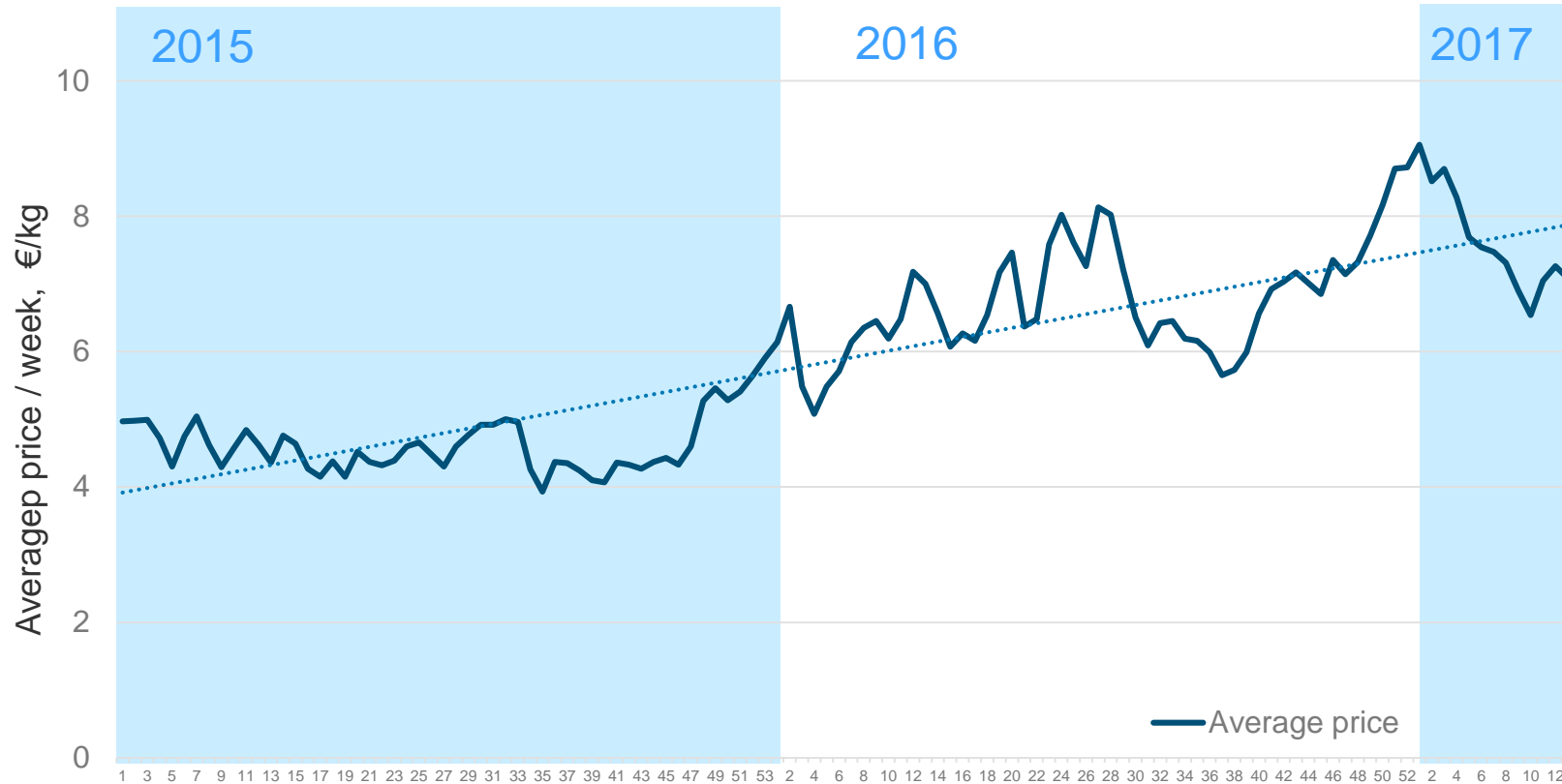
Operational EBIT

EUR million, comparison 2017/2016



Norwegian salmon price increased significantly in 2016

Salmon price development 2015-2017
(Nasdaq Salmon Index)

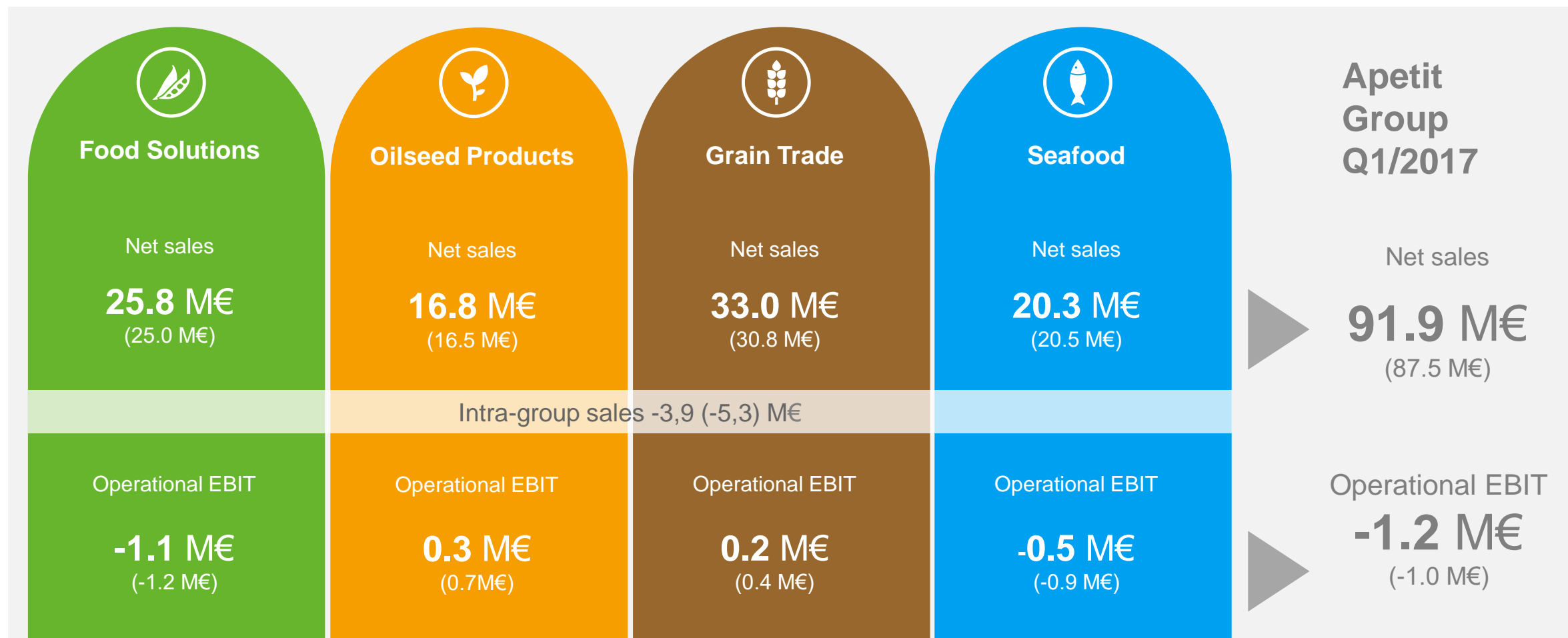


Nasdaq Salmon Index

The Nasdaq Salmon Index is the weighted average of weekly reported sales prices reported to Nasdaq Commodities by a panel of Norwegian salmon exporters and salmon producers with export license. Nasdaq Salmon Index is an exporters selling price.

- Throughout 2016, the price level of Norwegian salmon was higher than in the previous year
- The high price of salmon is the result of the globally growing demand for fish and production problems at Chilean fish farms, which have reduced supply
- The increase in the price of Norwegian salmon was also reflected in the price of rainbow trout. In Finland, the price increase has significantly reduced sales volumes in retail stores

Performance in Q1/2017, by segment

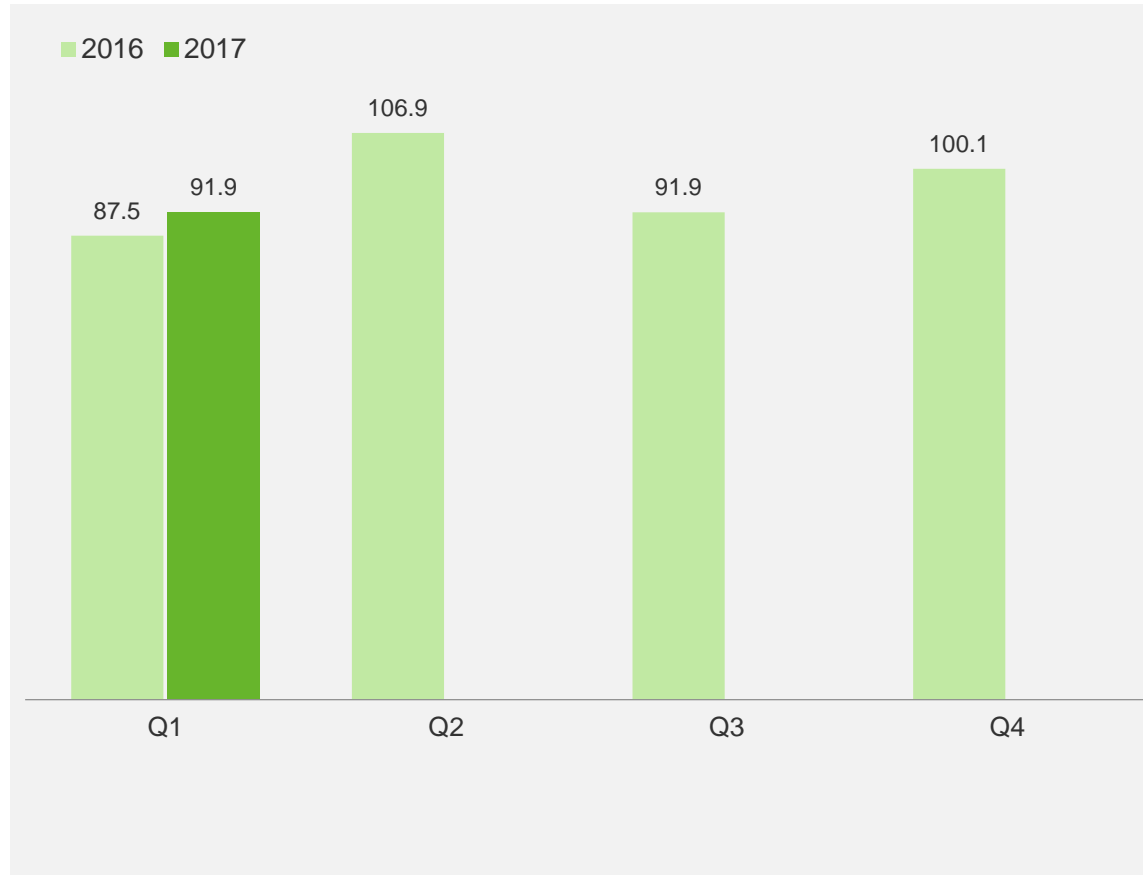




Apetit Group net sales and operational EBIT Q1/2017

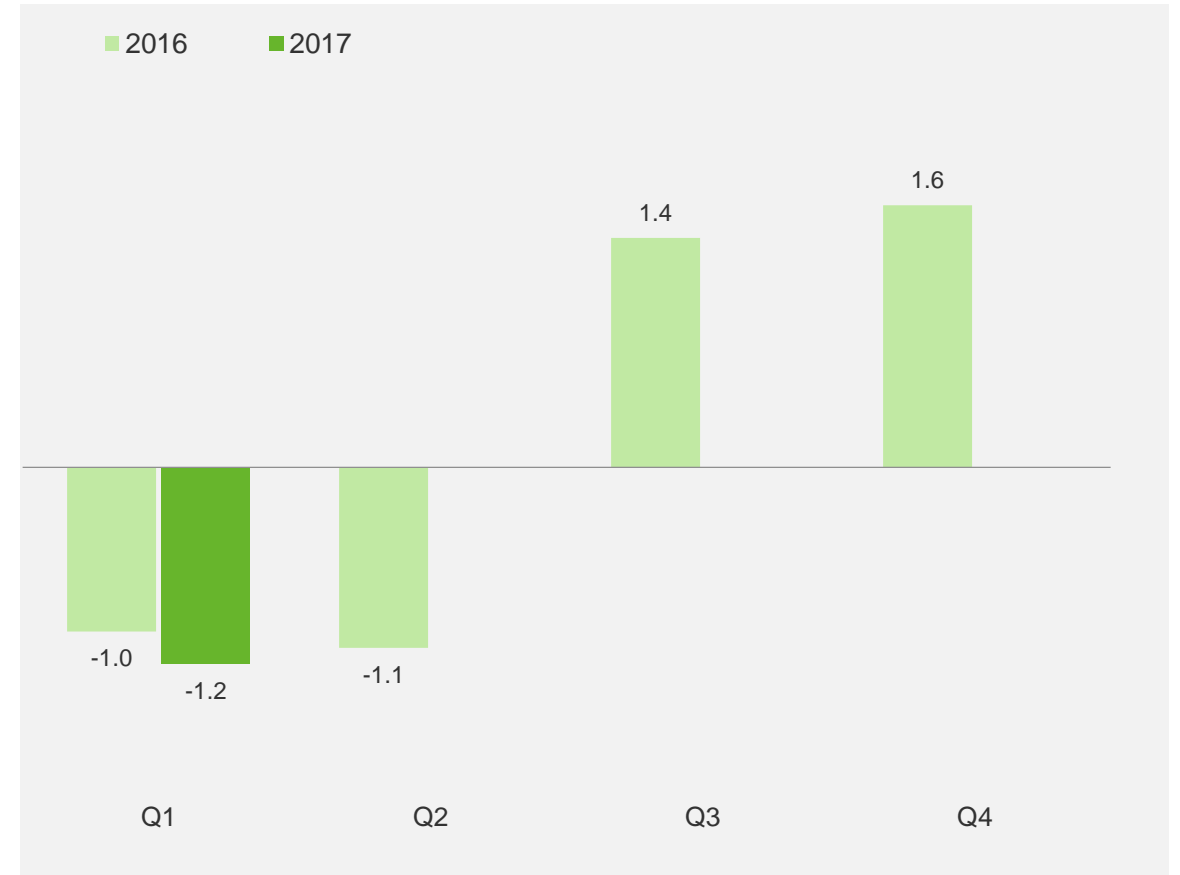
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Solid financial position

EUR, million

31 March 2017

31 March 2016

Working capital	50.1	62.2
Net cash flow from operating activities	-0.5	3.2
Net debt	112.1	114.8
Equity ratio, %	16.7	23.7
Gearing, %	62.2 %	62.3 %
Operational return on capital employed (ROCE-%)	14.9 %	20.6 %
Return on capital employed (ROCE-%)	1.3 %	1.4 %

Freed-up
working capital

Strategy review



Apetit's strategic aim is to be the leader in vegetable-based food solutions





The leader in vegetable-based food solutions

Significant new product launches

Nutritional oils for pets



Ready-to-use vegetables Tuorekset



Protein & vegetable rich patties and rissoles



100% Vegan, vegetable protein products



Vegepops ice lollies



Apetit vegetable oil



2016 >—

2017 >—



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

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 before a more specific outlook is available for the new harvest season.

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, improved operational efficiency in Seafood and increased sales volumes in Grain Trade in comparison to the previous year.

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



#vegepops



#apetit



#vege

#tuorekset



#vegebuumi



Visio 2018
The leader in
vegetable-based
food solutions

#puolikiloapäivässä



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Thank you