



Apetit Q1/2016 Interim Report

Juha Vanhainen, CEO

Eero Kinnunen, CFO

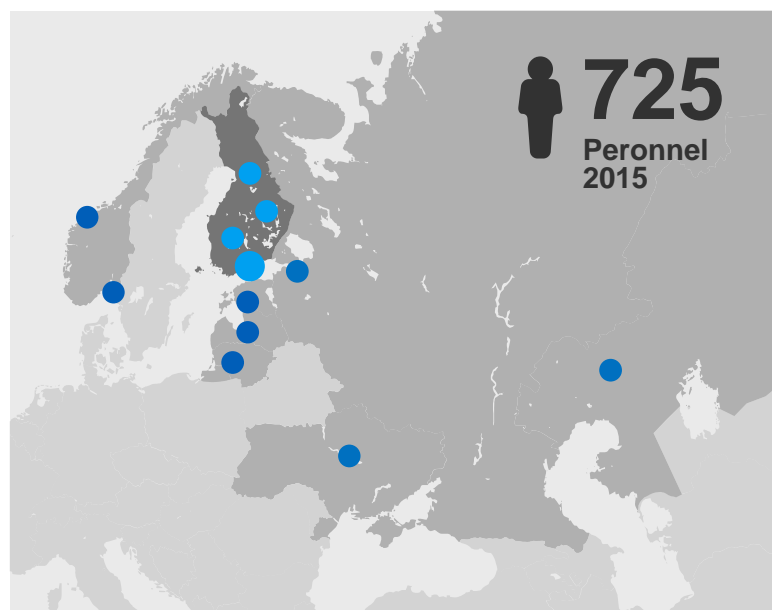
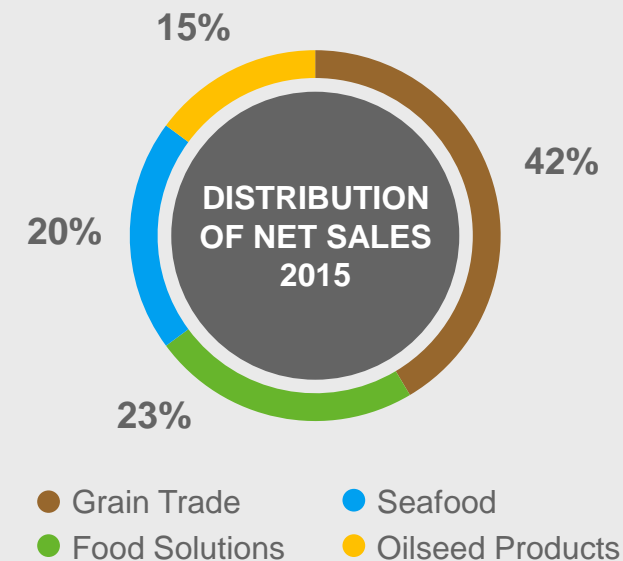
Briefing for Analysts and Media 12th May 2016 at 10.00 a.m.
Scandic Simonkenttä, Helsinki

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**



The new segment structure as of the beginning of 2016

Comparison
Figures for
2015



Food Solutions

NET SALES

EUR 96 million

OPERATIONAL
EBITDA

EUR 3.5 MILLION



Oilseed Products

NET SALES

EUR 61 million

OPERATIONAL
EBITDA

EUR 3.4 MILLION



Grain Trade

NET SALES

EUR 170 million

OPERATIONAL
EBITDA

EUR 4.0 MILLION



Seafood

NET SALES

EUR 83 million

OPERATIONAL
EBITDA

EUR -2.4 MILLION

Operational EBIT trend going in the right direction, but level is unsatisfactory

- Consolidated net sales declined from the comparison period on account of lower prices and volumes in the grain markets, and was EUR 87.5 (91.5) million
 - Supported by the Seafood business, the operational EBIT trend was going in a pleasing direction, but the level was still unsatisfactory at EUR -1.0 (-1.6) million
- ▶ Sales of the Food Solutions business increased thanks to the frozen foods group. The fresh products group prepared for the launch of a new consumer product, Tuorekset
 - ▶ In Oilseed Products net sales and profitability were at the previous year's level and capacity utilisation at the oil milling plant was high
 - ▶ The Grain Trade suffered from the low level of activity on the international grain markets, but relative profitability remained at a good level
 - ▶ In Seafood there was positive profit performance in all countries of operation. The profitability programmes are producing obvious results





Business segment review

January - March 2016

Apetit

Business segments – strategic focuses and target positions





Food Solutions Q1/2016

Net sales grew, room to improve profitability

OPERATIONAL ENVIRONMENT

- Grocery sales increased in Finland 1.5 per cent in January–March. Prices of food items and non-alcoholic beverages declined 1.8 per cent
- The net sales of restaurants increased. The growth was focused on food restaurants while staff restaurants continued to suffer from the decline in the number of diners

NET SALES GREW YEAR ON YEAR

- Net sales were 25.0 (23.9) M€
- In the frozen products group sales increased in all sales channels
- Sales of fresh products to staff restaurant and professional food service customers decreased
- Number of service counters in service sales grew, bringing in new sales
- The Easter was in March this year

GOOD PROFITABILITY IN FROZEN PRODUCTS

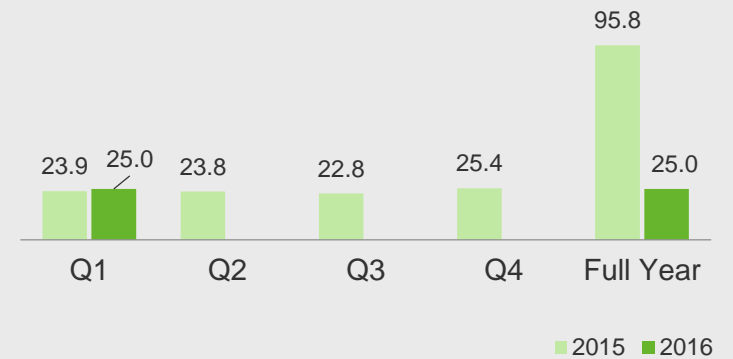
- Operational EBIT was -1.2 (-0.9) M€
- Profitability in the frozen products group was at the level of the comparison period. Profitability was adversely affected by the lower sales volumes in the fresh products group
- The seasonal nature of harvest production causes the profit of the frozen foods group to accumulate towards the second half of the year

INVESTMENT IN GROWTH

- Investment totalled 2.5 (1.0) 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

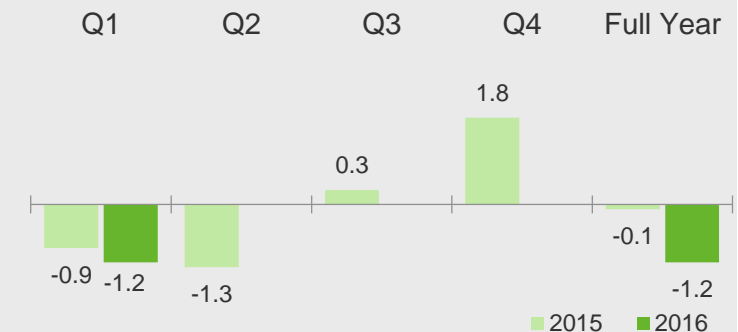
Net Sales

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

- Tuorekset are diverse, consumer-packaged, ready-to-use vegetables
- As they are pre-washed, peeled and chopped they are always ready for use in various dishes and meal preparation situations
- We have started piloting these products in over 70 shops in April
- In the development of the Tuorekset products we focused in particular on retaining freshness and on developing a packaging solution to support this. We have carried out more than 5,000 freshness tests
- Based on consumer research and preliminary feedback from shops we believe the new concept has strong sales potential

National product launch in early autumn 2016



case.



Oilseed Products Q1/2016

Profitability and net sales at the same level as in comparison period

OPERATIONAL ENVIRONMENT

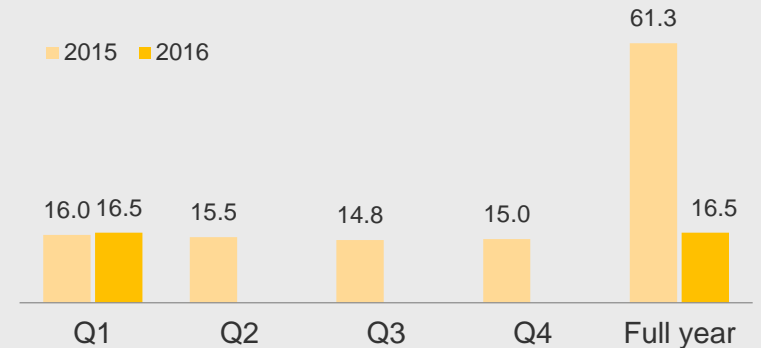
- Thanks to a successful rapeseed crop the availability of oilseeds was good and the quality of the seed high
- The availability of Finnish raw material in the coming crop season is expected to improve on the previous year

NET SALES GREW SLIGHTLY

- The sales of oilseed products and especially vegetable oils increased slightly
- Net sales amounted to 16.5 (16.0) M€
- Sales of packaged and special products was on the same level as in the comparison period
- Exports accounted for about 38% of net sales

Net Sales

EUR million, comparison 2016/2015



PROFITABILITY UNCHANGED

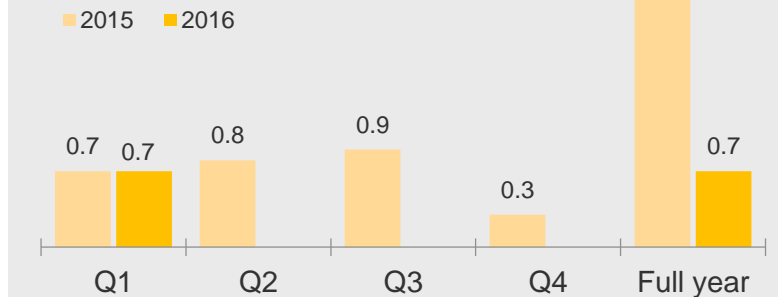
- Operational EBIT was 0.7 (0.7) M€
- Profitability was supported by high capacity utilisation at the Kirkkonummi oil milling plant

INVESTMENT

- Investment was mainly on the expansion of the packaging plant at the Kirkkonummi vegetable oil mill
- The increase in packaging capacity will allow Apetit to increase the volume of packaged and special products
- Investment in the period totalled 0.6 (0.1) M€

Operational EBIT

EUR million, comparison 2016/2015





Grain Trade Q1/2016

Slow quarter in the grain markets

OPERATING ENVIRONMENT

The grain market was slower than usual at the beginning of the year and trading volumes were down from 2015

Following several successful crop years, grain stocks were at high level internationally and prices declined in the early part of this year

TRADE VOLUMES WERE DOWN

- Net sales were down from the comparison period and amounted to 30.8 (37.9) M€
- Delivery volumes by tonne declined as a result of the quiet market
- Sales volume was 150 (180) thousand tonnes

PROFITABILITY IN CHALLENGING MARKETS

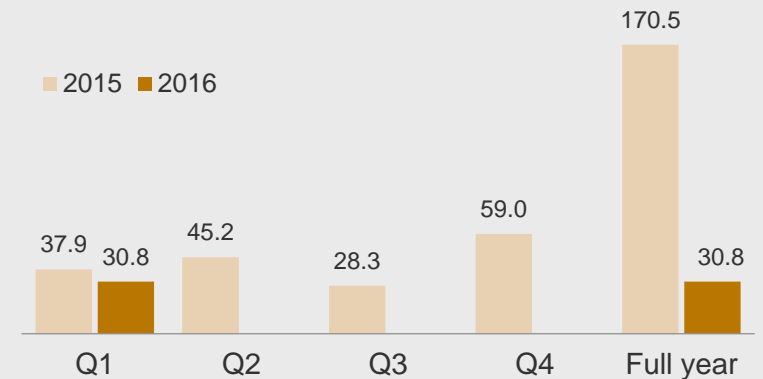
- Operational EBIT was 0.4 (0.5) M€
- The operating profit was reduced by smaller trading volumes

GRAIN TRADE'S STOCKS HIGH

- On average, Grain Trade stocks were 30 per cent higher in January–March than in the comparison period due to the timing of deliveries
- Return on capital employed was reduced by high working capital

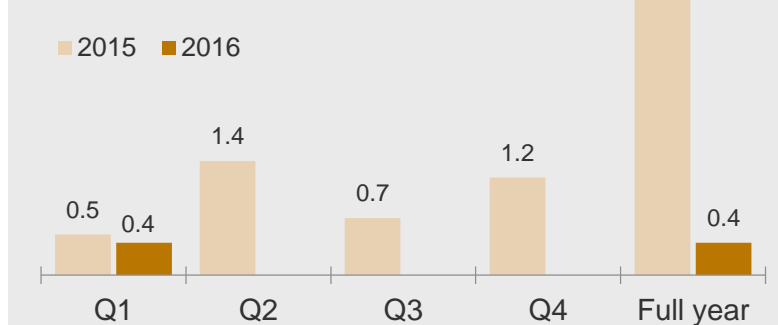
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Seafood Q1/2016

Seafood's good trend was a positive highlight

OPERATIONAL ENVIRONMENT

- The price level of Norwegian salmon continued to increase. The high price and price volatility was the result of globally growing demand for fish and the production problems at Chilean fish farms
- In Finland the price increase has significantly decreased price-driven campaigns in the retail sector

VOLUMES LOWERED IN FINLAND, INCREASED IN NORWAY

- As a result of the increased price level of salmon and fewer retail campaigns, sales volumes were lower in Finland
- In Norway the sales of fish products under retailers' private labels developed positively
- In Sweden, the sales volumes fell due to high price level of shellfish
- Easter sales took place in March this year

PROFITABILITY IMPROVED IN ALL OPERATING COUNTRIES

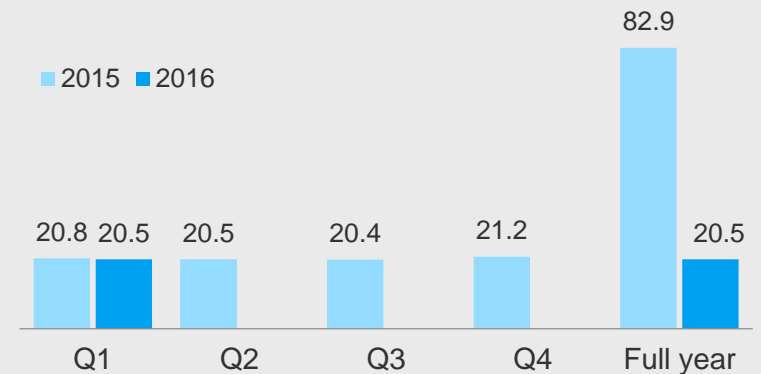
- Operational EBIT was -0.9 (-1.8) M€
- The investments in efficiency and process improvements made at the Kuopio fish processing plant at the end of 2015 have improved profitability.
- Due significant investments operative cash flow didn't improve in the reporting period and was -1.4 (-1.4) M€

INVESTMENT IN PRODUCTIVITY AND EFFICIENCY CONTINUED

- Investment were 1.0 (0.3) M€ and focused on equipment investment for the Kuopio fish processing plant to improve its production efficiency
- The final production investments to improve efficiency that were decided at the end of 2015 will be put into operation during the second quarter of this year

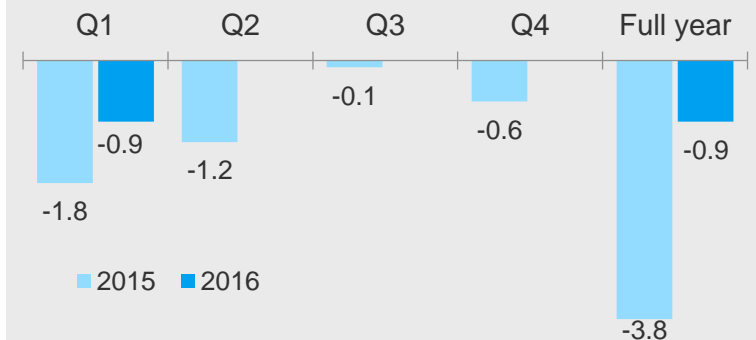
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

EUR million, comparison 2016/2015





Profitability improvement in Seafood **Investment in efficiency in Kuopio**

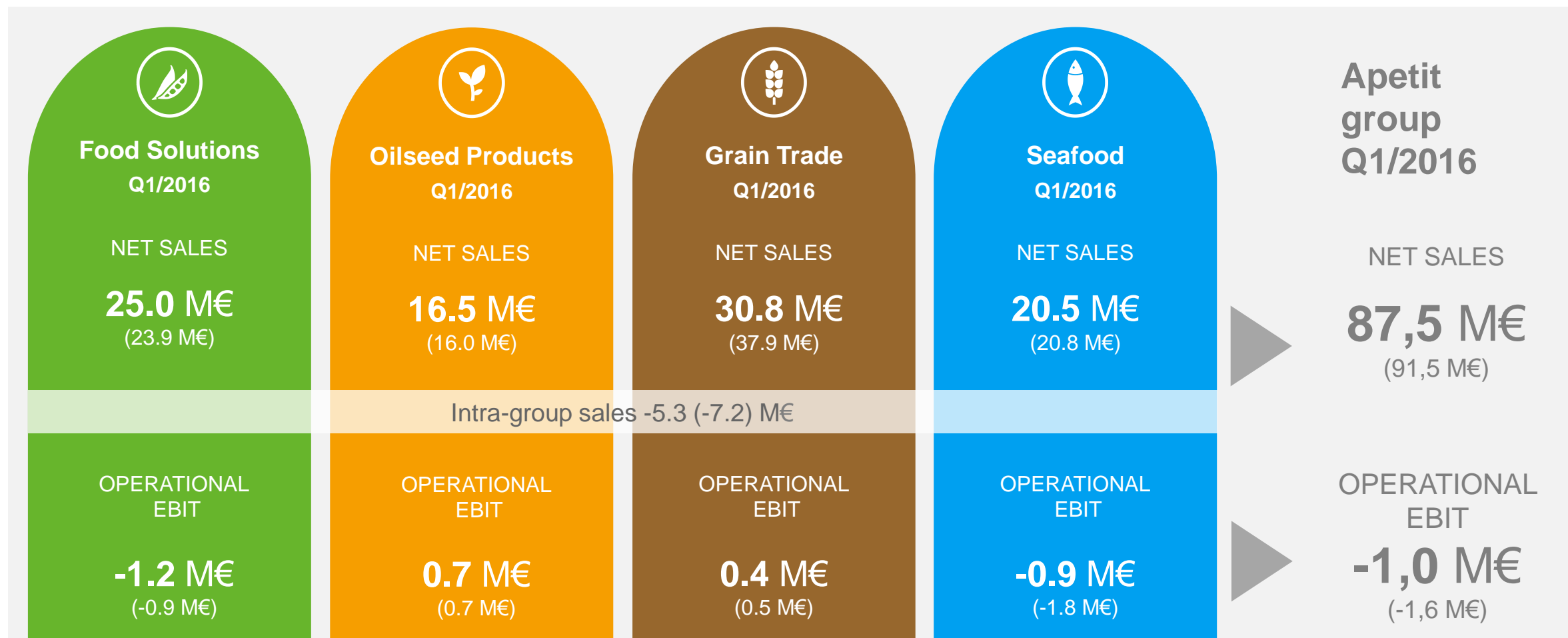
- Fish processing operations were centralised in Kuopio in 2015
- In late 2015, investment decisions were made to improve process efficiency in Kuopio
- Investment has increased automation and improved operational efficiency rapidly
- The final production investments to improve efficiency will be put into operation during the second quarter of this year



case.



Summary of the financial development in Q1





Outlook for 2016

- In Finland, the market situation in the retail sector is expected to remain challenging. The growth outlook of the Finnish economy is weak. The decline in grain price levels in the early part of the year reduced activity on the international grain market and the market situation is not expected to materially change before better information becomes available on the new crop year.
- 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.
- Positive profit performance will be supported by improved cost-efficiency in the Seafood and Food Solutions businesses compared to the previous year and by the renewal of the product selection and increased processing value. The situation in the international grain market is expected to cause uncertainty in the Grain Trade's segment profit performance in the second quarter.
- 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 forthcoming 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 sunlight filtering through foliage.

Financial Review Q1

CFO Eero Kinnunen

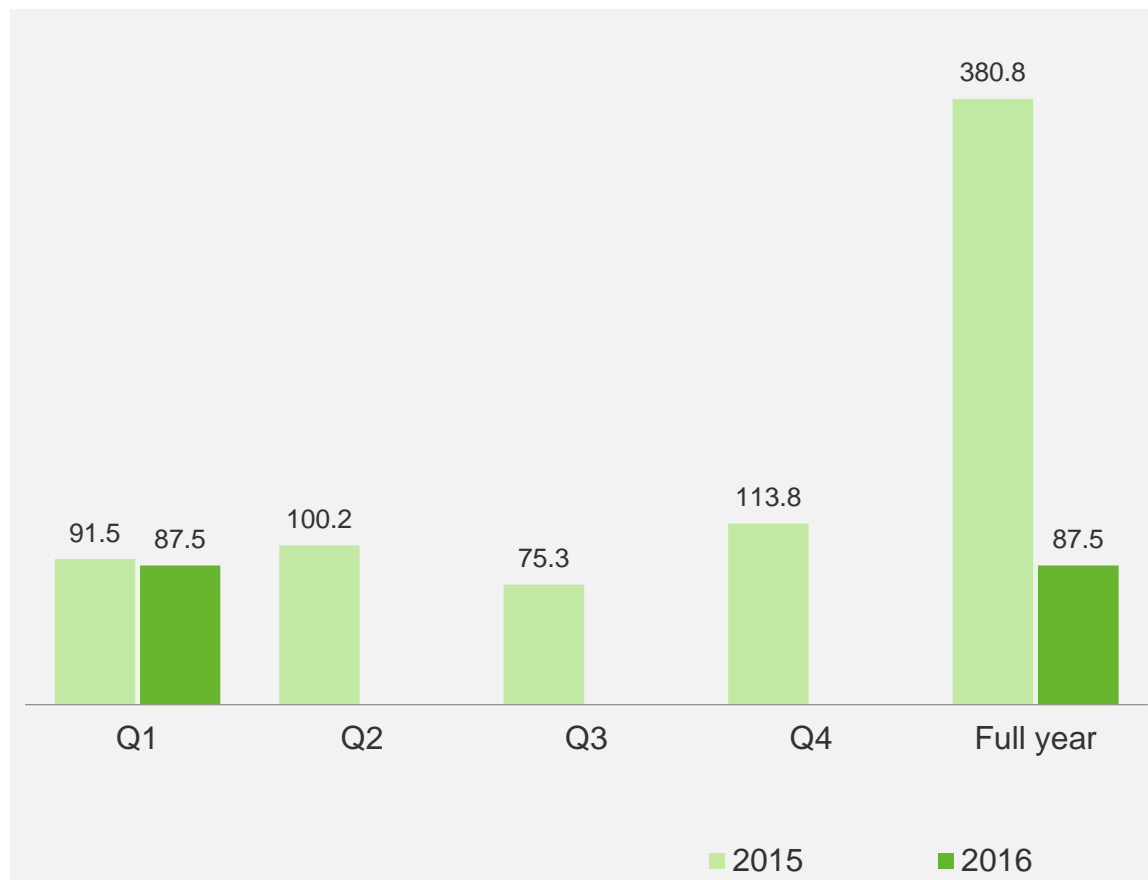




Group net sales and operational EBIT in Q1/2016

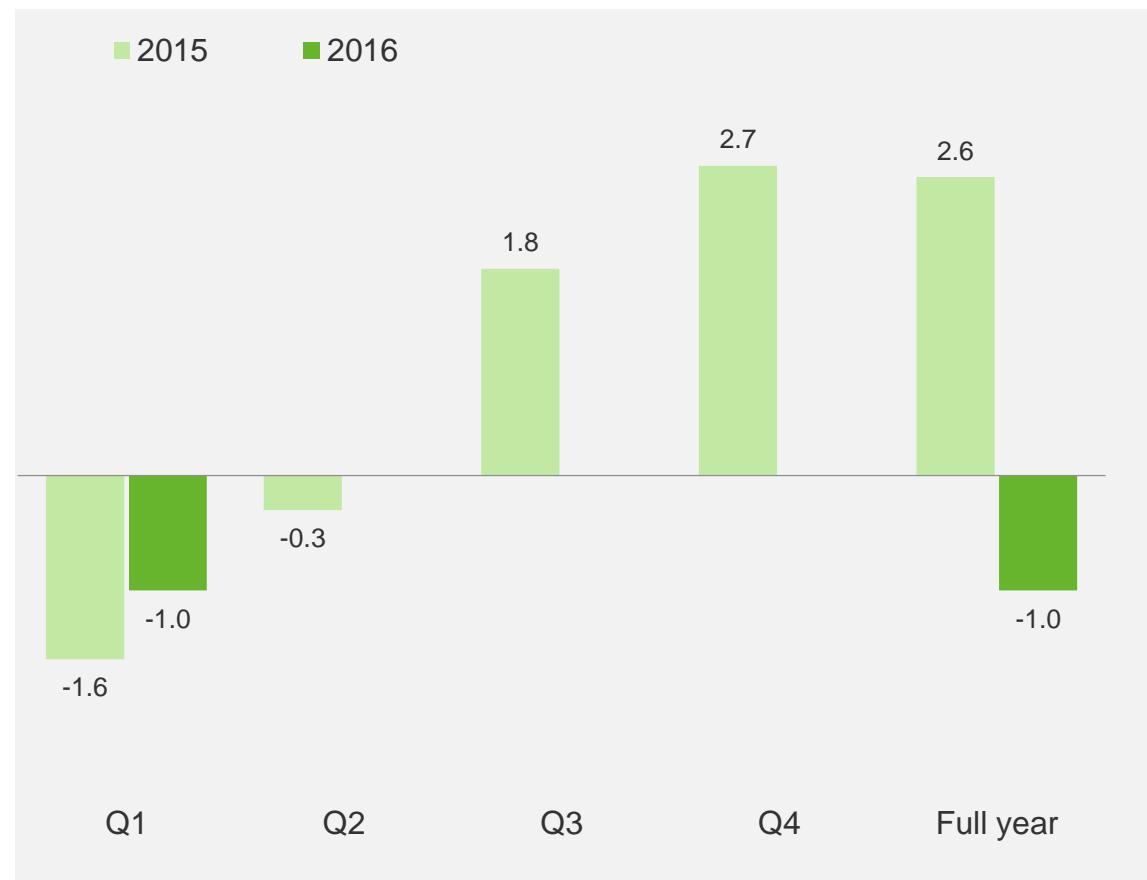
Net Sales

EUR million, comparison 2016/2015



Operational EBIT

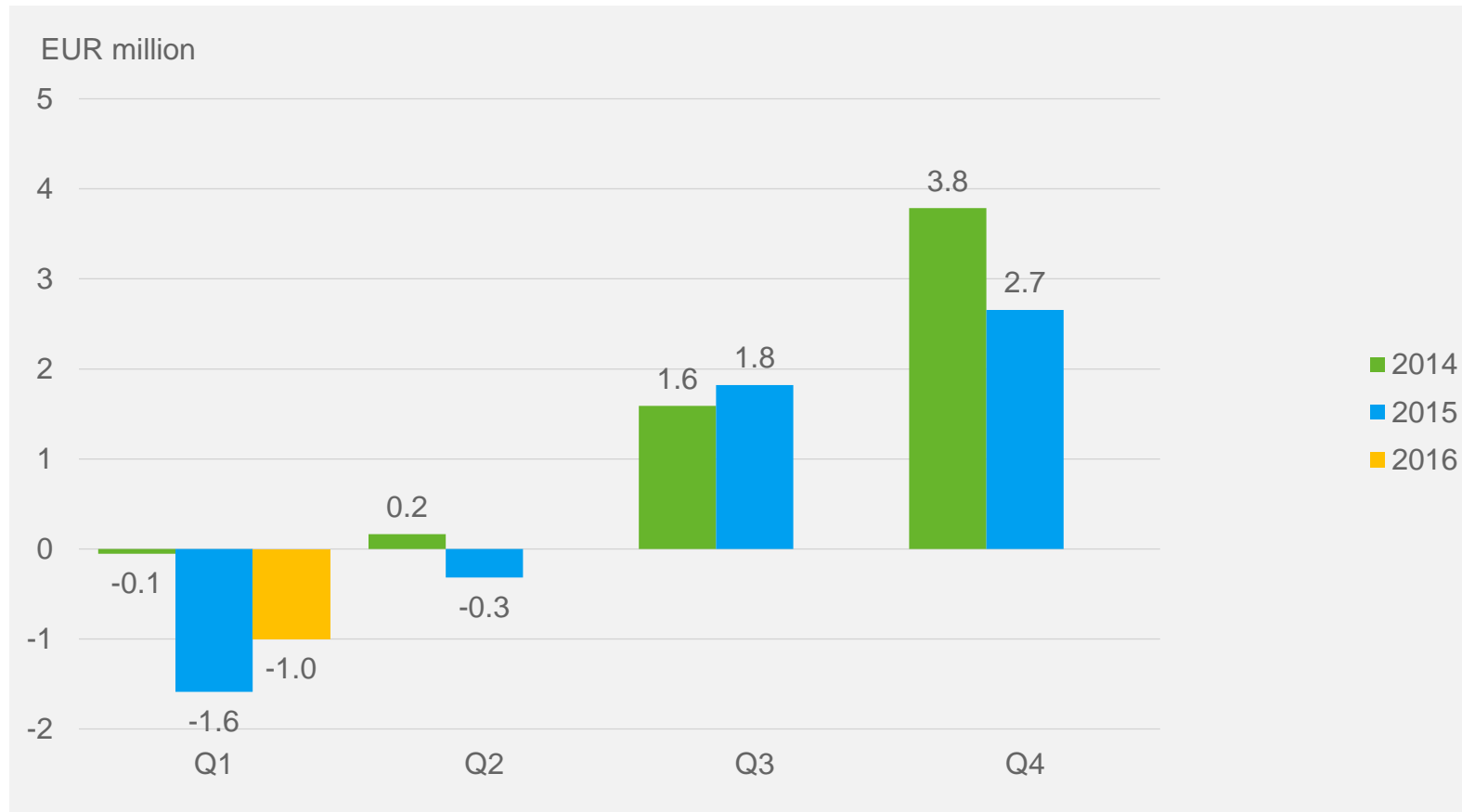
EUR million, comparison 2016/2015





Seasonal variation is clearly evident in the Group's operational EBIT

Operational EBIT for 2014–2016 by quarter, EUR million



- The recognition of the fixed production overheads included in historical cost as an expense item is deferred until the time of sale
- For this reason, most of the Group's annual profit is accrued in the final quarter
- The seasonal nature of operations is most marked in the Food Solutions' frozen foods group, due to the link between production and the crop harvesting season
- In Seafood, the Christmas season improves profitability for Q4



Group-level key figures

EUR million	Q1/2016	Q1/2015	Change	2015	Rolling 12 m
Net sales	87.5	91.5	- 4%	380.8	376.9
Operational EBITDA	0.6	0.2		8.5	8.9
Operational EBIT	-1.0	-1.6		2.6	3.2
Operating profit	-1.0	-1.6		-1.0	-0.4
Profit for the period	-2.2	-2.3		-4.6	-4.5
Earnings per share, EUR	-0.35	-0.31		-0.69	-0.73
Equity per share, EUR	18.52	19.63		19.53	
Working capital	62.2	42.5		69.6	52.7
Operational return on capital employed, (ROCE %)				1.2%	1.4%
Net cash flow from operating activities	3.2	0.1		-17.1	
Equity ratio	62.3%	68.0%		61.1 %	
Gearing	20.6%	-0.3%		19.0 %	
Investment	4.1	1.9		9.1	



Balance sheet

ASSETS	March 31, 2016	March 31, 2015
Tangible assets	46.4	41.6
Investments in associated companies	21.7	33.9
Inventories	64.6	49.6
Receivables	35.2	33.6
Other assets	16.4	21.4
Total assets	184.2	180.1
EQUITY AND LIABILITIES		
Equity	114.8	122.5
Financial liabilities	26.4	8.0
Trade payables and other liabilities	37.6	40.7
Other liabilities	5.5	8.9
Total equity and liabilities	184.2	180.1





Summary

Apetit



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

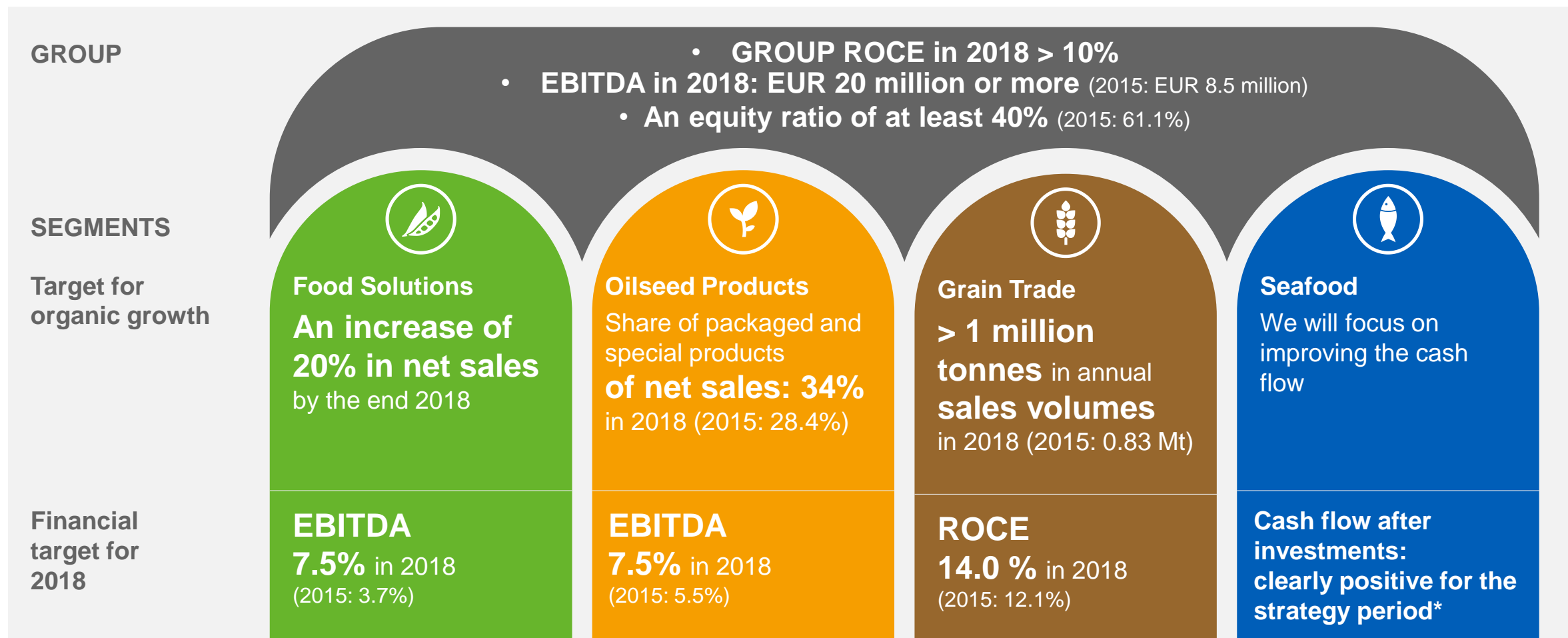
Continuous improvement and development of competitiveness

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

All business operations must be profitable over the long term



Apetit Group's financial targets for 2018

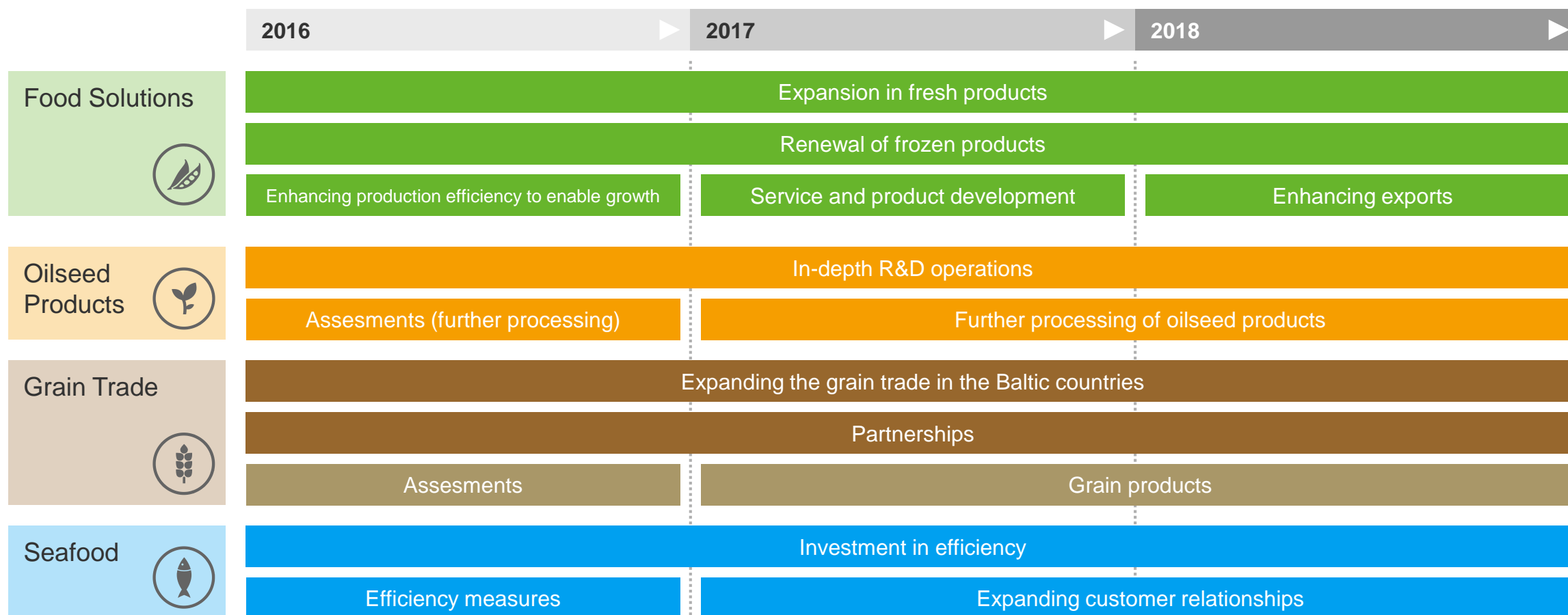


* EBITDA – investments

12 May 2016



Implementation schedule for the most important measures for the strategy period





Highlights in the period

Operational EBIT trend was going in the right direction.

The profit level must be improved significantly.

Seafood's performance was a positive highlight.

The results of investments in efficiency could be seen.

The new Tuorekset product concept was introduced to the market.

Over 70 shops are participating in the piloting stage.

We launched the "Digital services for food" innovation project.

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

Our frozen foods campaign at the beginning of the year significantly improved the top-of-mind awareness of the Apetit brand and changed the impressions associated with it.

The company's strategy for 2018 was presented at a Capital Market Day held at the beginning of March.

View the event's presentations on our website!

* Finnish Funding Agency for Innovation (Tekes)

Apetit

thank you.