

Apetit Plc

Interim Report Q2/2015

Briefing for Analysts and Media 12 August 2015 at 10:00 a.m.
Scandic Simonkenttä, Helsinki

Juha Vanhainen, CEO
Eero Kinnunen, CFO



24/7

The pea harvesting in the fields of Apetit contract growers has begun in Satakunta.

Anu Ora

M.Sc., Economics and Business
Administration, born 1973

Director of the Apetit Group's Food
Business as of 17 August 2015

Apetit is strengthening the Food Business' management in order to enhance its competitiveness, as well as its customer and consumer orientation in a changing operating environment.

Anu Ora's previous position was at Suomen Lähikauppa Oy, where she worked as Vice President, Commercial. Previously, she worked in the same company in various management positions in category management, marketing and purchasing in 2010–2012, and in 1997–2010 in several management and consultant positions at Boston Consulting Group, the last being as Principal at its Helsinki office.



2 hours

The Apetit pea, straight from the field to the freezer.

KOTIMAINEN

CEO's Review
Q2/2015

Wellness from untainted farmland and waters

Apetit

Food Business

- Frozen vegetables and frozen ready meals
- Fresh fish and fish products
- Pre-prepared fresh fruit and vegetable products

Other Operatios

Associated company Sucros (20%) in sugar business.

SUCROS OY

AVENA

Grains and Oilseeds Business

- Trading of grains, oilseeds and feedstuffs
- Vegetable oils
- Feedstuffs

Oilseed products are sold to food and feed industries, HoReCa-sector and consumers.

In trading the main markets are Finland, the Baltic Region and the EU.

Profitability in challenging markets developed in two directions



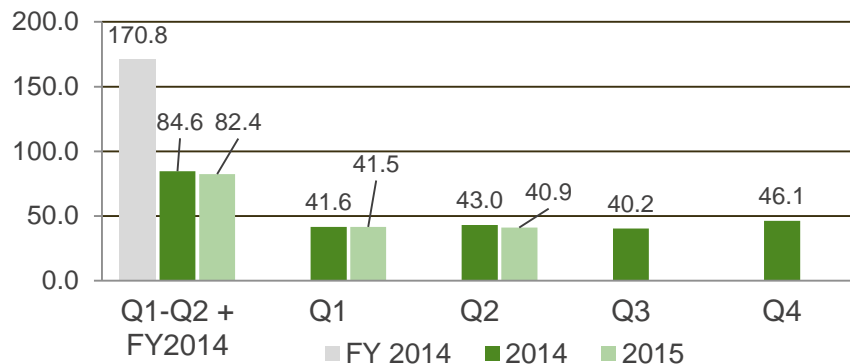
- The challenging market conditions of the Finnish retail trade and restaurant sectors were reflected in the sales and profitability of the Food Business.
- The large delivery volumes in the grain trade increased net sales and improved operating profit. The profitability of oilseed products was better than in the comparison period.
- Profitability programmes in the fish products and fresh products groups began to bear fruit, while the production structure was simplified in the fish products group.
- The low market price of sugar caused the result of the associate company, Sucros, to be negative.
- In April-June, the consolidated net sales were up and amounted to EUR 100.2 (98.1) million and the operating profit excluding non-recurring items decreased to EUR -0.7 (0.7) million.

Food Business

- The decline in net sales was caused by lower sales in the fish product group in Sweden and the effects of the poor economy in Finland.
- In the frozen foods sales to the retail trade decreased while sales to the professional food services and the food industry were somewhat higher.
- In the fish products group in Finland, sales were strongly focused on lower added value fillet products.
- In Finland, sales in the staff restaurants continued to decrease and this affected the sales of the fresh products group.

Food Business net sales

EUR million, comparison 2015/2014

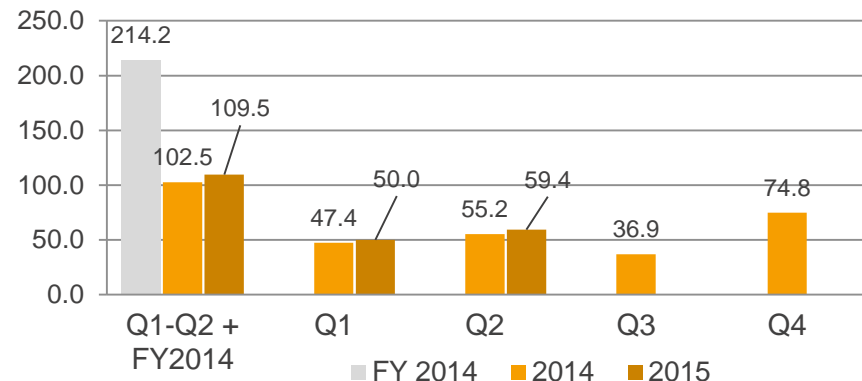


Grains and Oilseeds Business

- Net sales were boosted by the higher sales volume, which was some 20 per cent higher than in the comparison period when measures in tonnes. Nearly two thirds of the grain trade consisted of exports.
- The delivered tonnage of unpackaged oilseed products also grew on the previous year.
- Due to lower average prices than in the comparison period, the growth in the segment's net sales fell short of the volume growth.

Grains and Oilseeds Business net sales

EUR million, comparison 2015/2014



The sales of Apetit Kotimainen Domestic product range grew

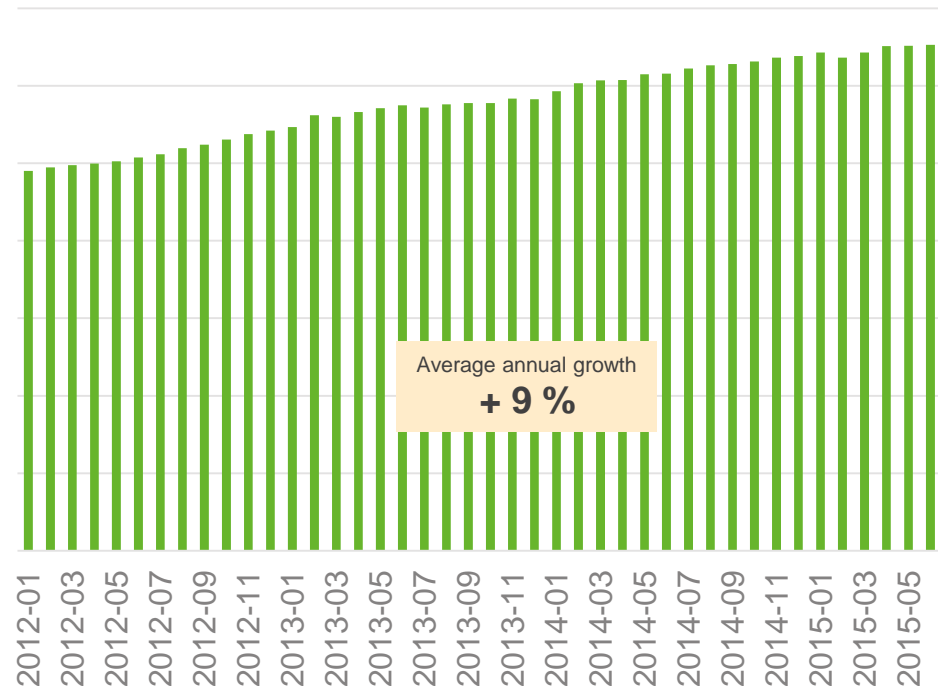
- Sales of the Apetit Kotimainen domestic product range in the frozen foods group grew by 3 per cent on the same period the previous year.
- The frozen food market in Finland has decreased approximately by 1 per cent during the last year.*

*Source: Nielsen Homescan, 52 weeks, ending 12 July 2015

Apetit Kotimainen domestic lactose-free mushroom soup was introduced to this soup season.



Apetit Kotimainen domestic frozen product range sales development
1/2012-6/2015, R12



Operating profit Excluding non-recurring items

Food Business EUR -2.5 (-0.1) million

- The profitability of the fish products group suffered from a sales focus on products with lower added value.
- In fresh products, a decline in sales volumes weakened profitability.
- In Norway and Sweden profitability improved thanks to an increase in customer prices.
- The profitability of the frozen foods group was good.
- The change in the fair value of currency hedges was EUR -0.4 (0.1) million.
- A EUR -0.3 million expense was incurred in the period from the repair of the treatment plant reactor at the Säkylä industrial estate.

Grains and Oilseeds Business EUR 2.1 (1.3) million

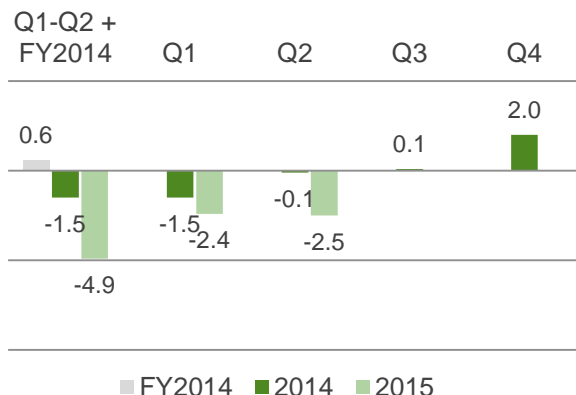
- The good profit performance was particularly due to the strong grain trade volume growth and sales growth.
- The profitability of oilseed products was also up on the comparison period.

Other Operations EUR -0.3 (-0.6) million

- The share of the profit of the associated company Sucros was EUR -0.4 (0.5) million.
- The result for the Sucros was adversely affected by the low price of sugar.
- A EUR 0.7 million profit was recognised in the period from the sale of industrial property in Säkylä.

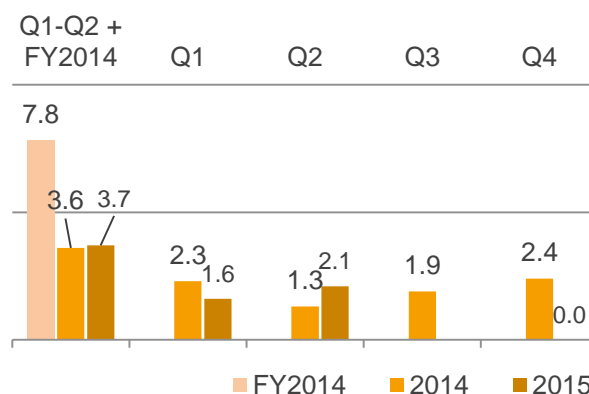
Food Business

Operating Profit, excluding non-recurring items, EUR million



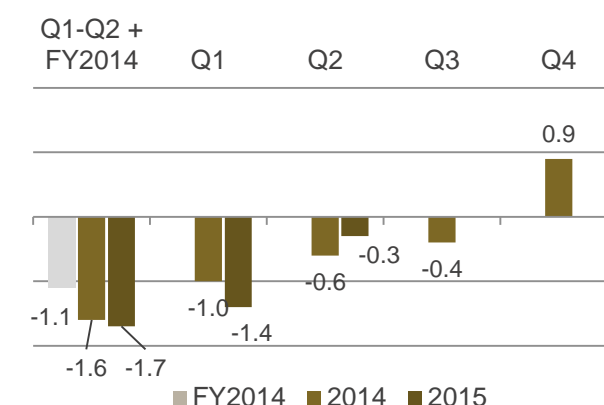
Grains and Oilseeds Business

Operating Profit, excluding non-recurring items, EUR million



Other Operations

Operating Profit, excluding non-recurring items, EUR million



Profitability programmes progressed

- In the first six months in the fish products group, processing operations were focused in Kuopio and Helsinki and the facilities in Kustavi and Myrskylä have been sold.
 - The production of high-volume fish products for the retail trade and the professional food service will be transferred from Helsinki to Kuopio as of the beginning of September.
 - The measures to align purchasing with our new operating unit structure have been started.
-
- The aim of the programmes is to achieve a reduction of EUR 4.5 million in annual costs going forward.
 - In January-June, the impact of these programmes on the cost level of the Food Business was EUR -0.9 million year-on-year.

Profitability programmes

Fish products group, Finland

Fresh products group, Finland

The measures affect

- Sourcing
- Supply Chain
- Production structures
- Sales and product portfolio

**Measures to be carried out in
2014 - 2015**

**Positive effects will start to
realize gradually in 2015**

The new grain port in Inkoo inaugurated in August



- **Avena Nordic Grain Oy, invests EUR 1.8 million in the development of grain reception, storage and export facilities at the Inkoo deepwater port.**
- Three bulk dry stores with a combined total area of 6,120 m².
- Makes grain loading possible into even the largest Panamax-class ships.
- At the initial stage the targeted annual volume is approximately 50,000 tonnes of grain, of which about 80% will be new export volume.
- Centrally located Inkoo will improve the efficiency of grain exporting by allowing direct grain deliveries from farm to port and reducing the need for intermediate storage.
- The grain reception starts from the autumn harvest.

Expansion of vegetable oil packaging plant

NEITO



- Avena Nordic Grain invests EUR 1.3 million in the expansion of Mildola's vegetable oil packaging plant in Kirkkonummi.
- The expansion will allow further growth in the sales of packaged vegetable oil products and will enable the range of these products to be broadened.
- The higher total capacity at the packaging plant will also improve the utilisation rate of both the production process and the oil milling plant, and thus the overall efficiency of operations.
- Apetit's goal is to become a more important producer of packaged and bulk vegetable oil products in the Baltic region.
- The construction work starts this fall and the packaging plant will be ready in spring 2016.

Outlook for 2015

The Group's full-year operating profit excluding non-recurring items is expected to fall short of the previous year's level.

Owing to the extremely challenging situation in the sugar market, the associated company Sucros, which is part of the Other Operations segment, is anticipated to make a loss this year.

In Finland, the market situation in the food sector is expected to remain challenging, which is estimated to affect the profitability of the Food Business in 2015 more than was earlier projected. The aim of the long-term profitability programmes in the Food Business is to improve profitability and competitiveness. The impact of these programmes on the operating profit is expected to be felt in stages during the year as the measures are implemented.

In the Grains and Oilseeds Business, no major change is expected in the prospects for profitability in 2015 compared with the previous year.

Due to the substantial 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.

KOTIMAINEN

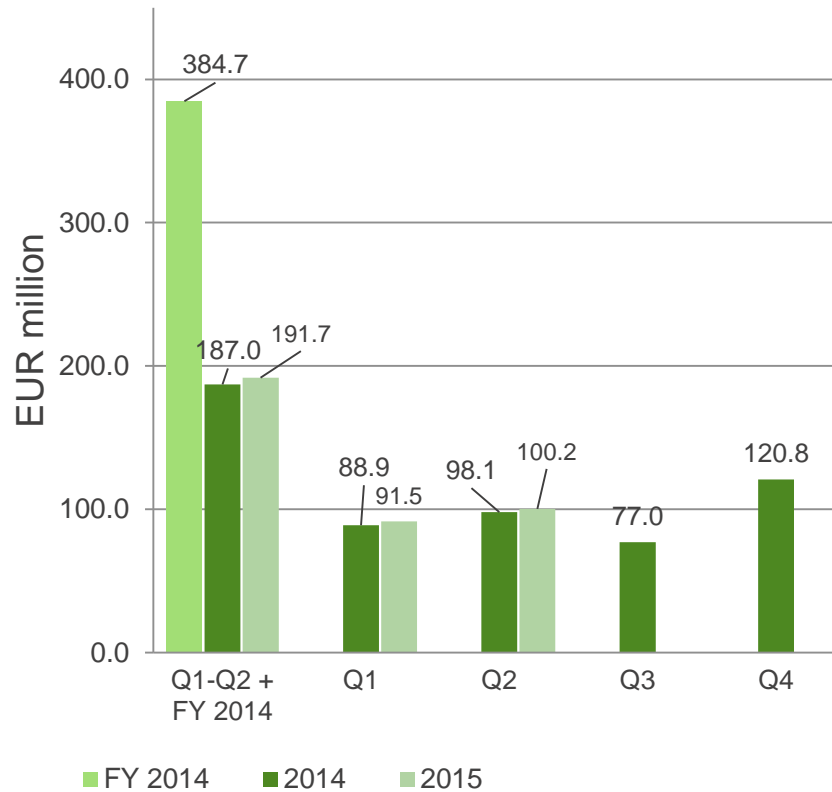


**Financials
Q2/2015**

Apetit Group's net sales and operating profit excluding non-recurring items

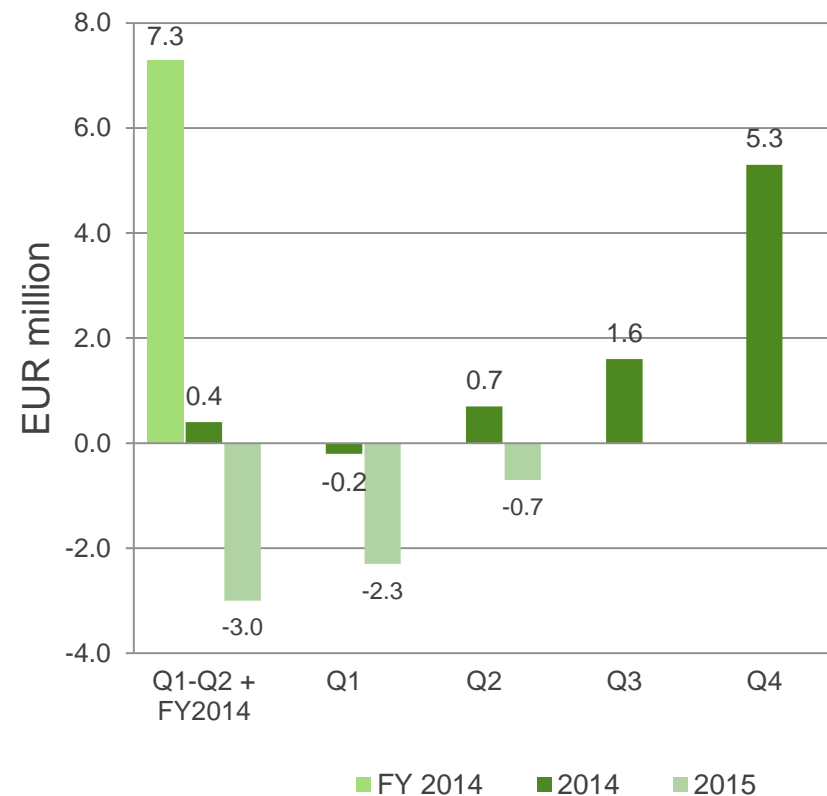
Net sales

Apetit Group, comparison 2015/2014



Operating profit excluding non-recurring items

Apetit Group, comparison 2015/2014



Key Figures

Q2/2015

EUR million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	FY 2014
Net sales	100.2	98.1	191.7	187.0	384.7
Operating profit excluding non- recurring items	-0.7	0.7	-3.0	0.4	7.3
Operating profit	0.0	0.6	-2.2	-0.1	-5.9
Profit before taxes	-0.3	0.0	-2.6	-1.0	-8.1
Profit for the period	-0.6	0.1	-2.9	-1.1	-8.7
Profit for the period, excluding non-recurring items	-1.3	0.1	-3.6	-0.7	3.7
Earnings per share, EUR	-0.10	0.02	-0.41	-0.12	-1.29
Earnings per share, excluding non-recurring items, EUR	-0.21	0.03	-0.52	-0.06	0.72
Equity per share, EUR			19.70	21.71	20.70
Equity ratio, %			75.8	76.7	69.7
Net cash flow from operating activities			14.1	28.7	18.1

Renewal of credit limit and loan agreements



- Apetit Plc has agreed upon the reorganisation of its long-term credit facilities.
- The new binding and collateral-free credit facilities totalling EUR 40 million and intended for working capital financing replaced the old credit facility agreements worth EUR 25 million in total.
- The maturity of the credit facilities has been spread out to the years 2018 and 2020.
- The current EUR 50 million commercial paper programme will continue unchanged.
- In addition to these, Apetit Plc has agreed upon a EUR 5 million investment loan that is undrawn and will mature in 2022.
- The counterparties of the financing agreements are Pohjola Bank and Nordea.

A combine harvester is shown from a low angle, moving through a field of golden wheat. The harvester is white with red accents on the header. A person in an orange shirt is visible in the cab. The background is a soft, hazy sunset over a line of trees.

Summary

Apetit's priorities for this year

We will implement our profitability improvement programmes and develop the Food Business in response to market challenges.

We will invest in the development and growth of the profitable Grains and Oilseeds Business.

We will create a new strategy to ensure profitable growth, efficiency and a greater focus on customer and consumer orientation.



Herkullista. Kotimaista.
Pakastealtaasta.



Tuoretta kalaa
herkkupöytiin.



Asiantuntevaa vilja- ja
öljykasvikauppaa.



Hyvän aterian ainekset
ammattikeittiöille.

Thank you for your interest!

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