

New at the stores!
Apetit is now harvesting
organic! You'll find
organic peas from
freezers in September.

Apetit



Apetit half-year financial report

January - June 2017

CEO Juha Vanhainen

Briefing for Analysts and Media
August 11th 2017 Scandic Simonkenttä, Helsinki



Seafood business operations sale to Insula AS

Apetit to sell its seafood business operations in Finland, Sweden and Norway

Apetit focuses to vegetable-based food solutions according to its strategy

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, a Norwegian company specialising in seafood business operations.

- In Finland the business transfer comprises the fish processing operations in Kuopio
- In Norway and Sweden business transfer comprises manufacture of fish and shellfish products

Apetit has been seeking for a strong and developing partner to take responsibility of the seafood business, which can now get an opportunity to evolve to new level.

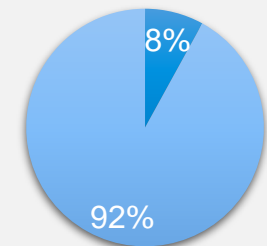
Insula AS doesn't have previous production or notable market share in Finland.



Group specialising in seafood business operations

- Group includes 15 seafood businesses in Norway, Sweden and Denmark
- Net sales 440 M€
- 16 factories
- 960 employees

Ownership



- Acting management
- Kverva AS



Seafood business operations sale to Insula AS

Sale execution and estimated effect on the profit

The transaction will be executed 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.

Seafood business operations will be reported as discontinued operations

The discontinued operations include the Seafood segment, which comprises the fish processing operations of Apetit Kala Ltd in Finland and the Maritim Food Group and its subsidiaries in Sweden and Norway.

In addition to the Seafood segment's business operations, the discontinued operations include its share of Group Administration's costs, in addition to expert costs related to the segment's structural development.

Profit for the period in April-June includes EUR -1.3 million in sales loss and expert costs related to the corporate transaction involving the Seafood business.

The effect on the profit will be further specified after the transaction has been completed, after the approval from the Norwegian competition authorities has been obtained. Approval is estimated to be obtained in third quarter of the year.

Half-year review Q1-Q2/2017

Continuing operations Q1-Q2/2017

April-June 2017 (Q2)

- The net sales of continuing operations EUR 77.3 (85.9) million
- Operational EBITDA EUR 1.0 (0.4) million
- Operational EBIT EUR -0.4 (-0.8) million
- The share of profit of the associated company Sucros EUR 0.2 (0.4) million

January-June 2017 (Q1-Q2)

- The net sales of continuing operations EUR 151.9 (153.8) million
- Operational EBITDA EUR 1.6 (1.4) million
- Operational EBIT EUR -1.1 (-0.9) million
- The share of profit of the associated company Sucros EUR -0.5 (-0.7) million

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

Customer

Development of sales in retail stores and food service sector has continued in good level

Both consumers and stores are interested in new vegetable-based products

Profitability

Food Solutions' growth enabled Group's improvement in profitability

Growth and innovations

Effect of new products to net sales of Food Solutions segment has grown from previous year

Efficiency

Improvement in operative effectiveness supported profitability of Seafood segment

Apetit Group, including discontinued operations Q1-Q2/2017

April-June 2017 (Q2)

Group, including discontinued operations (Seafood)

- Group's consolidated net sales EUR 94.3 (106.9) million
- Operational EBIT EUR -0.2 (-1.1) million
- The profit for the period EUR -1.7 (-0.8) million
- Earnings per share were EUR -0.27 (-0.13)

January-June 2017 (Q1-Q2)

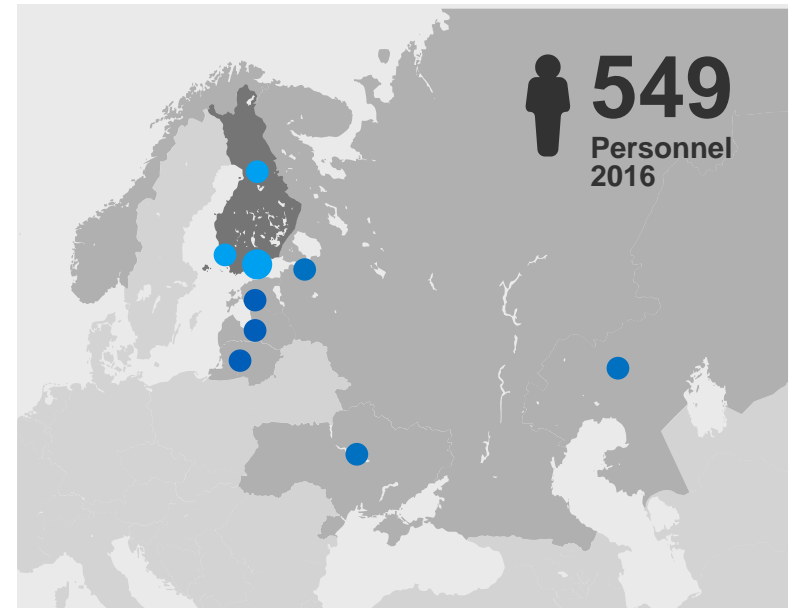
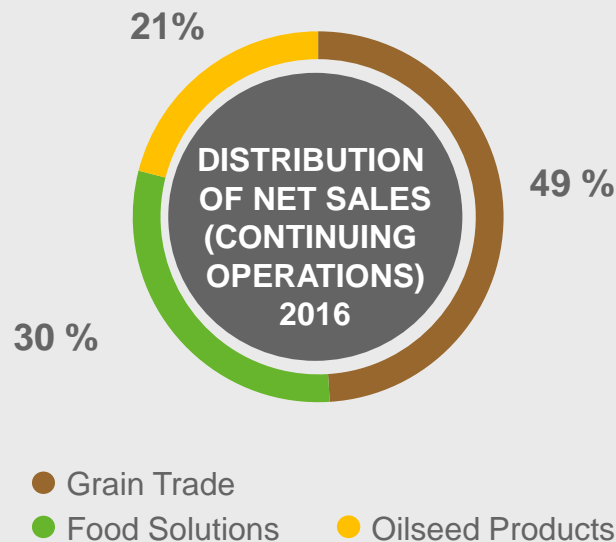
Group, including discontinued operations (Seafood)

- Group's consolidated net sales EUR 186.2 (194.5) million
- Operational EBIT EUR -1.5 (-2.1) million
- The profit for the period EUR -3.5 (-3.0) million
- Earnings per share were EUR -0.56 (-0.48)

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



Sales developed well in frozen products and fresh products

CONSUMER AND CUSTOMER

Sales in Finnish retail sector have developed well during early 2017. The sales development in Food Solutions is estimated to be faster than the general development.

Well improved visibility in media and social media has strengthened visibility among consumers interested in vegetable-based eating.

PROFITABILITY ON A GOOD TRACK, LEVEL STILL UNSATISFACTORY

- Segment's operational EBIT was EUR -1.2 (-1.6) million
- The profitability of the frozen foods group was at a good level
- Increased sales supported the profitability of the fresh products group, but profitability continued to be at an unsatisfactory level

GROWTH IN ALL PRODUCT GROUPS

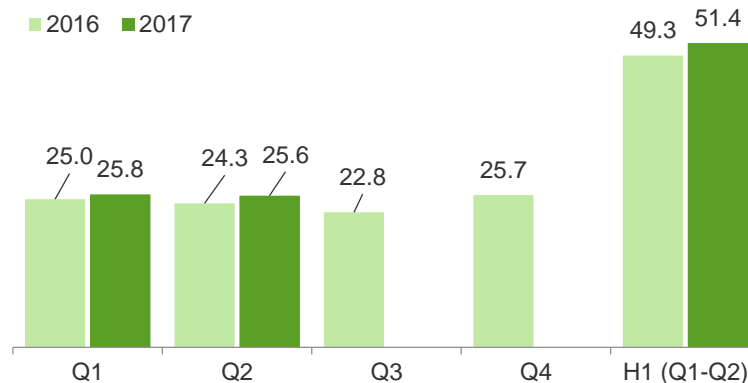
- Segment's net sales was EUR 25.6 (24.3) million
- Sales continued to develop favourably both in the frozen foods group and fresh products group, in both the retail and professional food service sector channels

INVESTMENT

- Investment in January-June totalled EUR 2.0 (3.8) million
- Investment focused mainly on developing production at the Säkylä frozen food factory

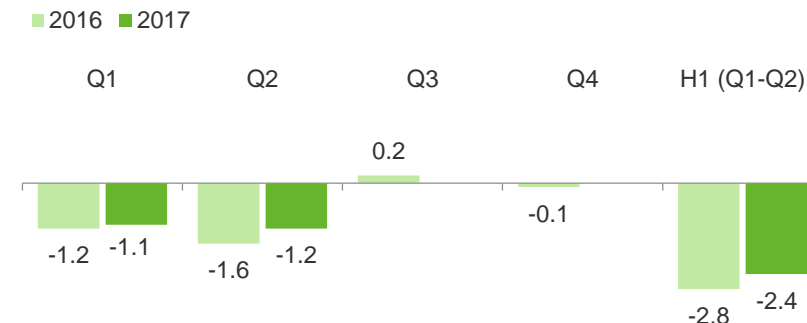
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016

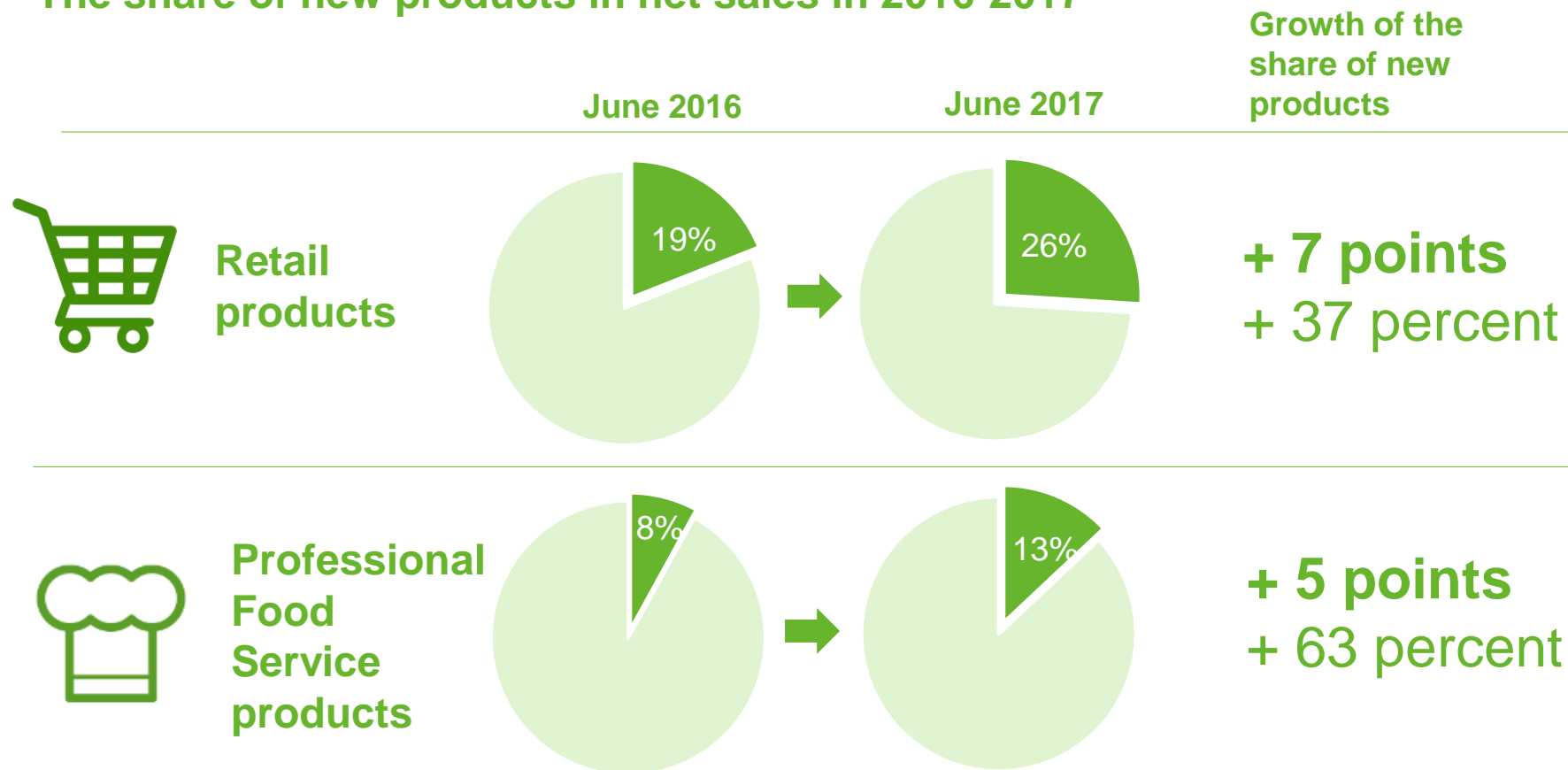




Strategic investment in renewal and product development

The share of new products has grown significantly

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



Examples of new retail products

Tuorekset
ready-to-use vegetables



Vegepops
100 % vegan icecream



Vegetable-rich
beef and patties



100 % vegan
Kasvisjauhis
beefs and patties



New product has been launched during last 24 months

OPERATING ENVIRONMENT

The oilseed harvest season has progressed as expected, and the crop outlooks in Finland are good.

According to estimation made by Natural Resources Institute Finland, the harvest of rapeseed and field mustard will be a quarter bigger compared to last year

NET SALES AND TONNES DOWN FROM THE COMPARISON PERIOD

- Segment's net sales was EUR 16.3 (18.2) million
- The oilseed products' delivery volume in tonnes was lower than comparison periods level
- The sales of packaged and special products were higher than in the comparison period and represented 33.0 (26.1) per cent of the segment's net sales
- Exports represented 26 per cent of net sales

STRATEGIC R&D

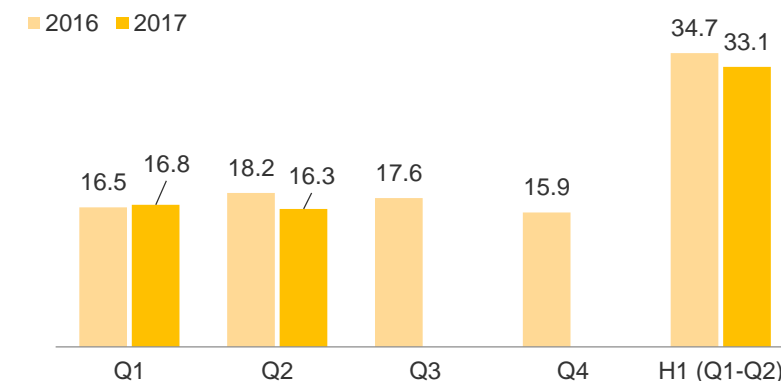
- Project connected to the processing potential of the rapeseed was continued during to period
- The target of the project is to develop a new functional vegetable protein ingredient from the rapeseed. Tekes has agreed to support the project during the period 2017-2018
- Investment in January-June totalled EUR 0.4 (1.4) million

INCOME LEVEL AT THE SAME LEVEL DURING THE PERIOD

- Segment's operational EBIT was EUR 0.7 (0.7) million

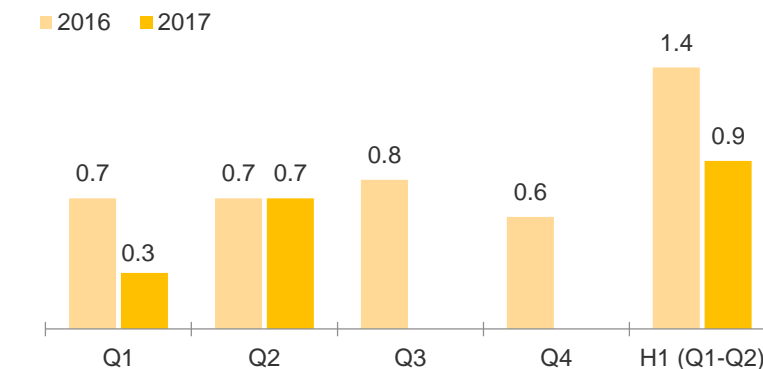
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Grain Trade

Profitability on previous year's level

OPERATING ENVIRONMENT

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

Harvest forecasts to the new season have been decreased both internationally and in EU area. As the global demand for grain is still growing, it has been estimated that the world's grain stock levels will reduce for the first time in five years

PROFIT AT THE SAME LEVEL YEAR-ON-YEAR

- Segment's operational EBIT was EUR 0.2 (0.1) million
- Operational EBIT improved slightly despite smaller delivery volumes

VOLUMES DECREASED YEAR-ON-YEAR

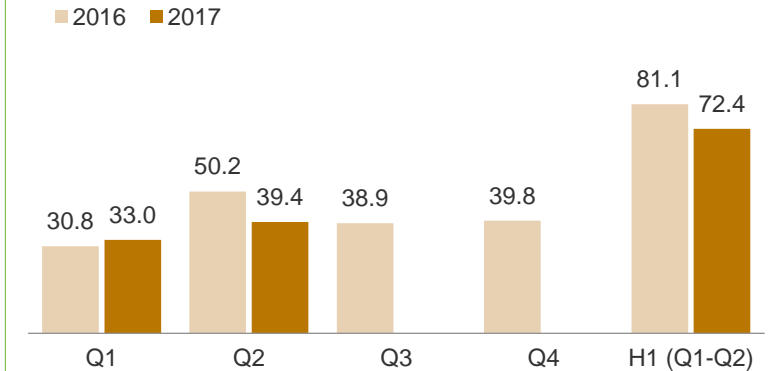
- Segment's net sales came down from the comparison period and was EUR 39.4 (50.2) million
- Delivery volumes of the period were 194 (271) thousand tonnes
- Exports accounted for about 28 per cent of net sales

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

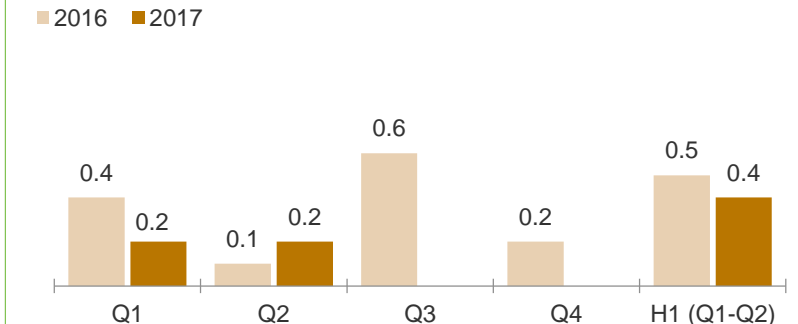
Net sales

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

Profitability of Seafood segment improved

Seafood segments operations will be transferred 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, a Norwegian company specialising in seafood business operations

Sale 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

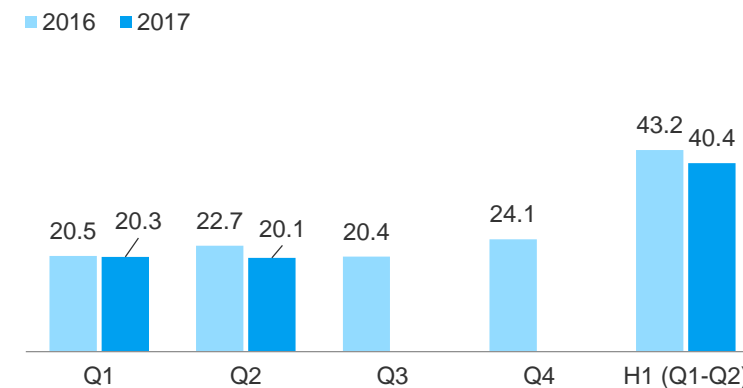
- Segment's net sales was EUR 20.1 (22.7) million
- Smaller sales volumes in Finland and Sweden lowered the net sales

OPERATIONAL EBIT POSITIVE

- Operational EBIT was EUR 0,1 (-0.3) million
- The reported operating profit was EUR -1.2 (-0.3) million, including EUR -1.3 million in sales loss and expert costs related to the corporate transaction involving the Seafood business.

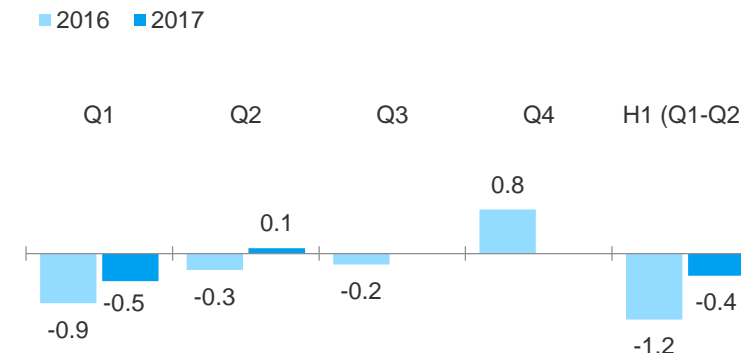
Net sales

EUR million, comparison 2017/2016



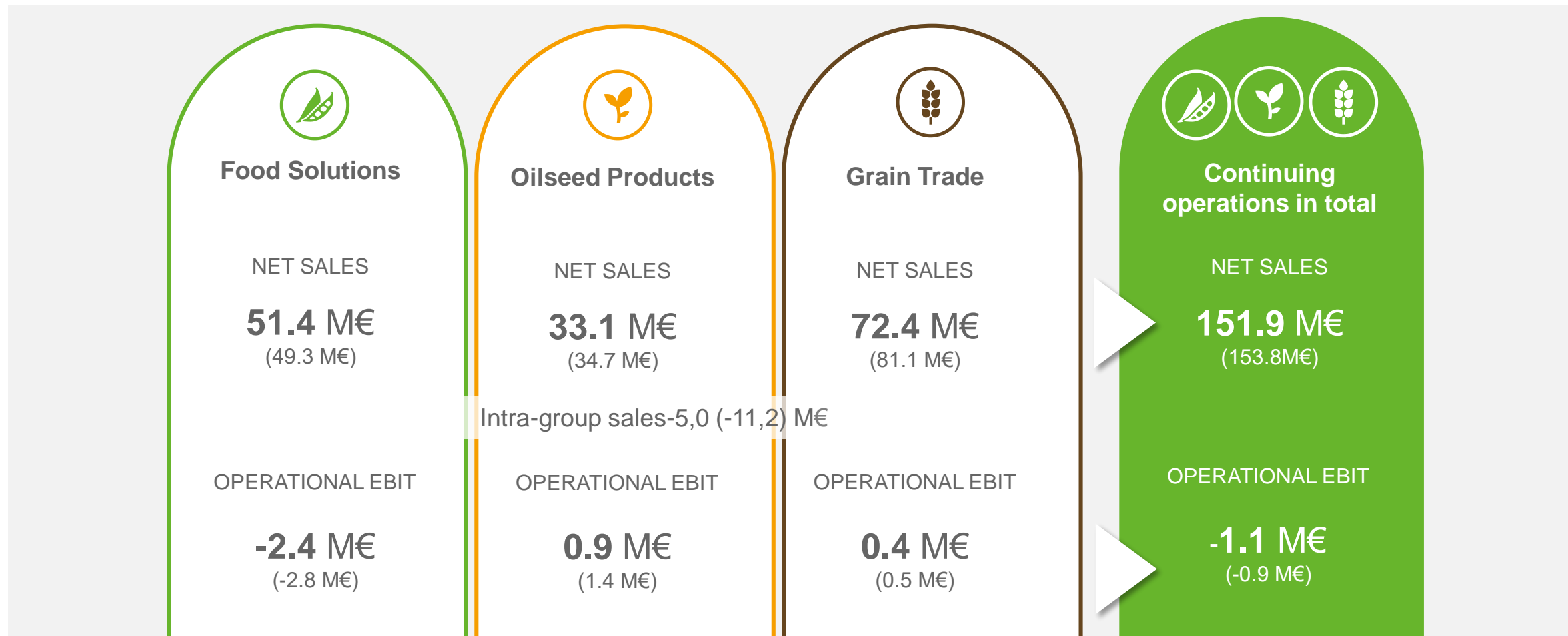
Operational EBIT

EUR million, comparison 2017/2016



Continuing operations Q1-Q2/2017

Summary of the first half year





Apetit Group in total, Q1-Q2/2017

Summary of the first half year



Continuing operations in total

NET SALES

151.9 M€
(153.8M€)

OPERATIONAL EBIT

-1.1 M€
(-0.9 M€)



Discontinued operations, Seafood

NET SALES

40.4 M€
(43.2 M€)

OPERATIONAL EBIT

-0.4 M€
(-1.2 M€)

Apetit Group Q1-Q2/2017

NET SALES

186.2 M€
(194.5 M€)

OPERATIONAL
EBIT

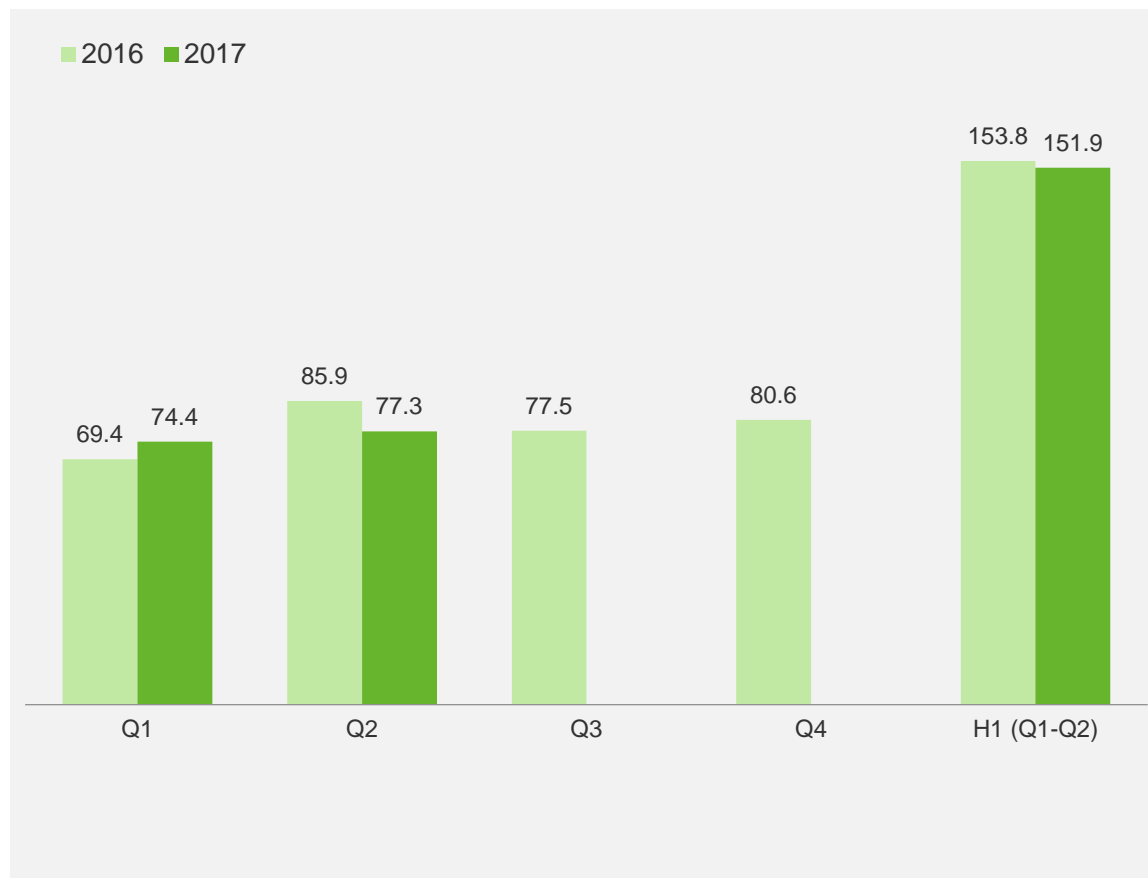
- 1.5 M€
(-2.1 M€)



Net sales and operational EBIT of continuing operations Q1-Q2/2017

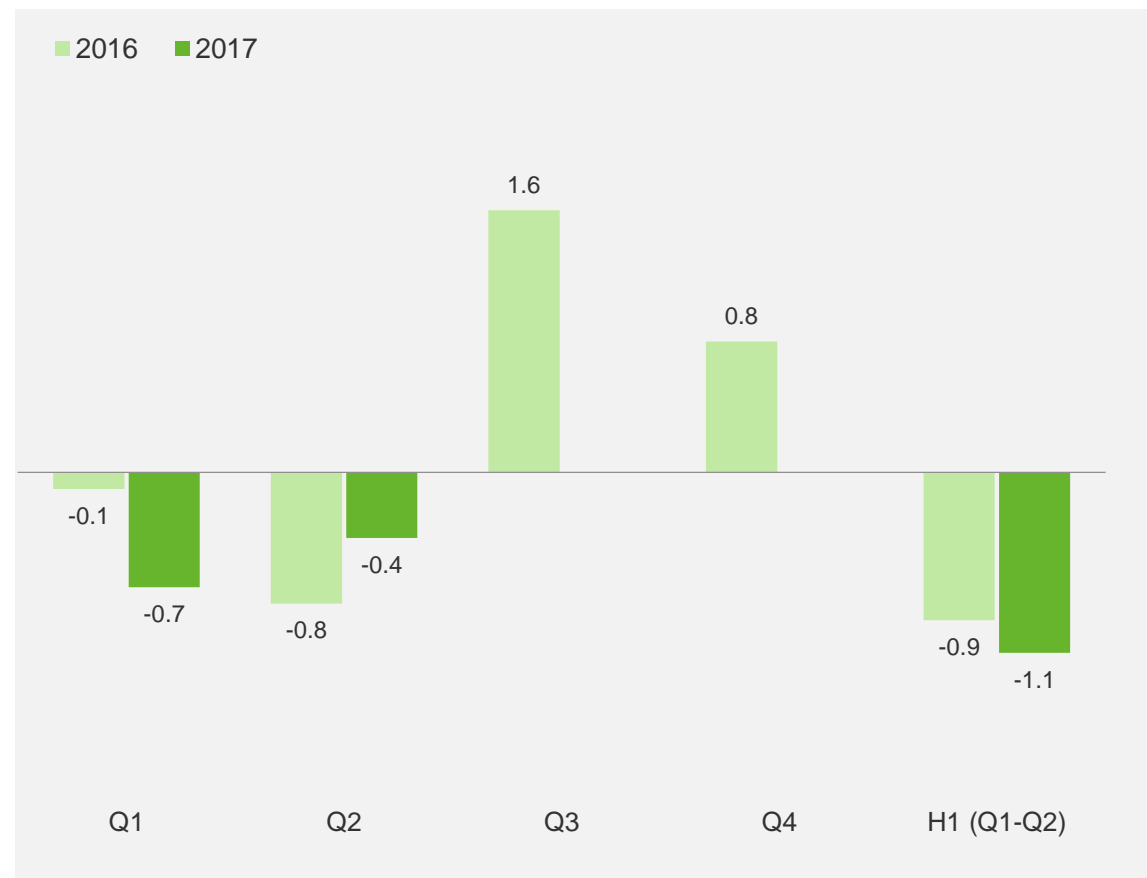
Net sales

EUR million, comparison 2017/2016



Operational EBIT

EUR million, comparison 2017/2016





Solid financial position

EUR million

June 30, 2017

June 30, 2016

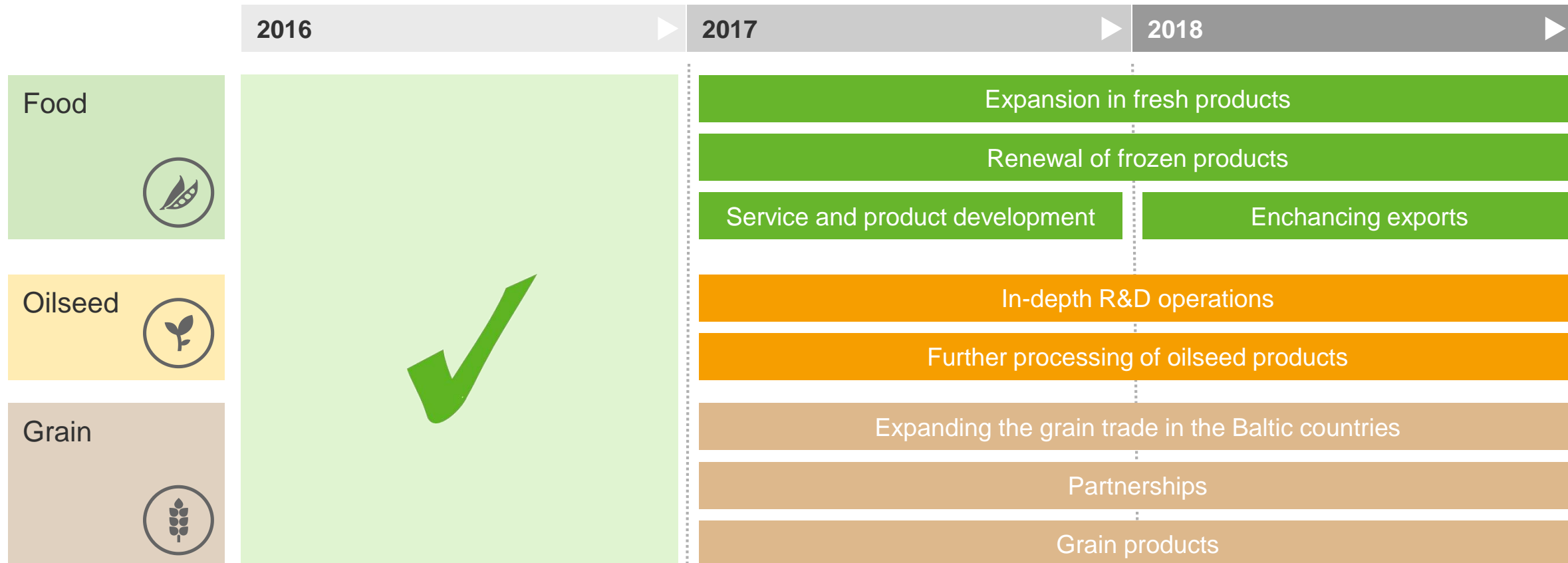
Working capital, <i>continuing operations</i>	25.3	38.5
Net cash flow from operating activities Q1-Q2/2017	23.1	22.7
Total equity	109.0	113.7
Net debt, <i>continuing operations</i>	-3.6	10.6
Equity ratio, %	71.1 %	67.8 %
Gearing, %	-1.5 %	9.3 %
Operational return on capital employed, R12 (ROCE-%)	1.2 %	1.9 %

Freed-up
working capital

Strategy review



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 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



#kotimaista



#vege

#tuorekset



#vegebuumi



#puolikiloapäivässä

Visio 2018
The leader in
vegetable-based
food solutions

Apetit

kiitos.