



Lännen Tehtaat plc

INTERIM REPORT JANUARY – SEPTEMBER 2012

Briefing for Analysts and Media

9 November 2012 at 10.00

Matti Karppinen

CEO



Lännen Tehtaat Group

Business Segments



Frozen Foods



Seafood



Associated company:
Taimen Oy (30%)

Grains and Oilseeds



Other Operations

Lännen Tehtaat plc
Group management

Apetit Suomi Oy

Caternet Finland Oy

Associated companies:
Sucros Ltd (20%)
Ateriamestarit Oy (50%)



Lännen Tehtaat

Mission, vision and targets



Mission

To offer consumers healthy and tasty food products which are based on locally produced raw materials. We provide added value for our shareholders on a long-term basis.

Vision

To be one of the leading Finnish food companies operating across the northern Baltic Sea region.

Targets

- determined and profitable growth
- an operating profit of at least 5% of net sales
- an equity ratio of at least 40%
- a return on equity (ROE) of at least 12%



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Key figures



EUR million	Q3 2012	Q3 2011	Change	Q1-Q3 2012	Q1-Q3 2011	Change	2011
Net sales	92.7	77.6	19.5%	263.2	255.1	3.2 %	335.5
Operating profit, excl. non.-recurring items	3.9	2.3		3.7	5.3		9.8
Operating profit	3.8	2.3		3.4	3.6		8.7
Profit before taxes	3.8	2,0		3.0	2.4		7.5
Profit for the period	3.3	1.3		2,7	1.2		5.7
Earnings per share, EUR	0.52	0.20		0.43	0.23		0.92
Shareholders' equity per share, EUR				21.74	21.40		22.06
Equity ratio, %				55.9	71.8		74.9

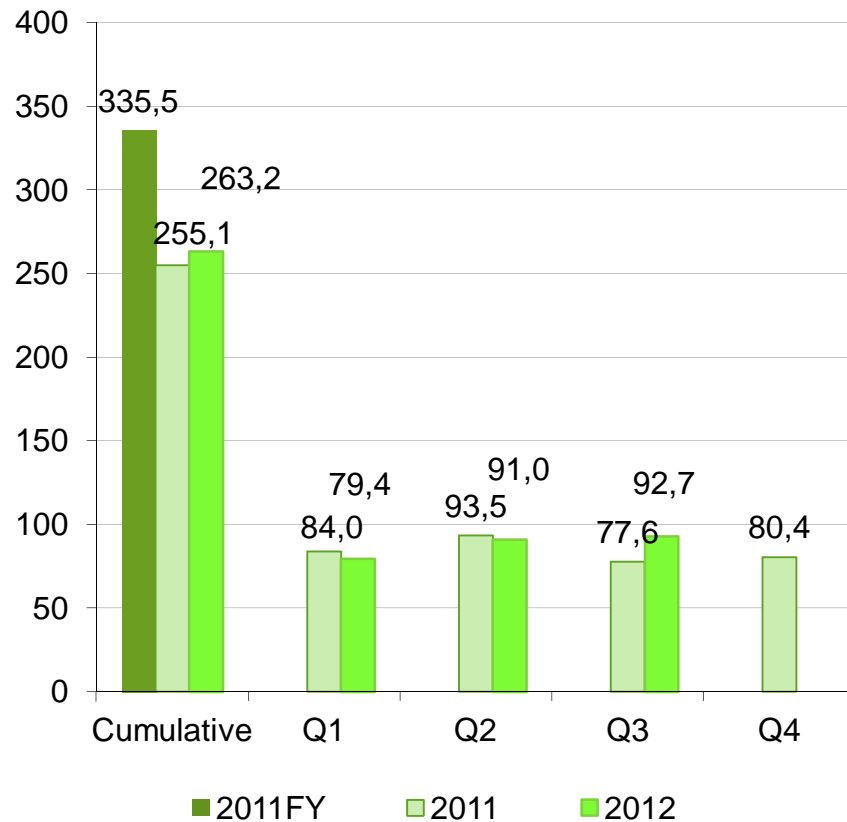


Lännen Tehtaat

Net sales



EUR million



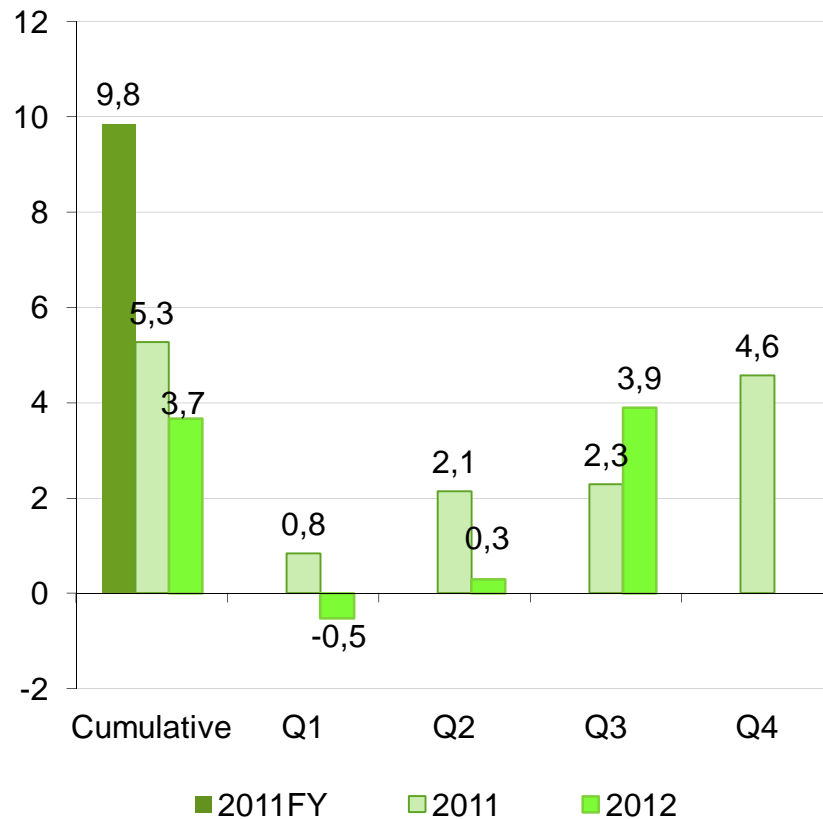
- The Group's third-quarter net sales were up by nearly 20 per cent year on year.
 - Net sales were up in all Business Segments.
- The net sales in January – September were slightly higher year on year.



Operating profit, excl. non-recurring items



EUR million

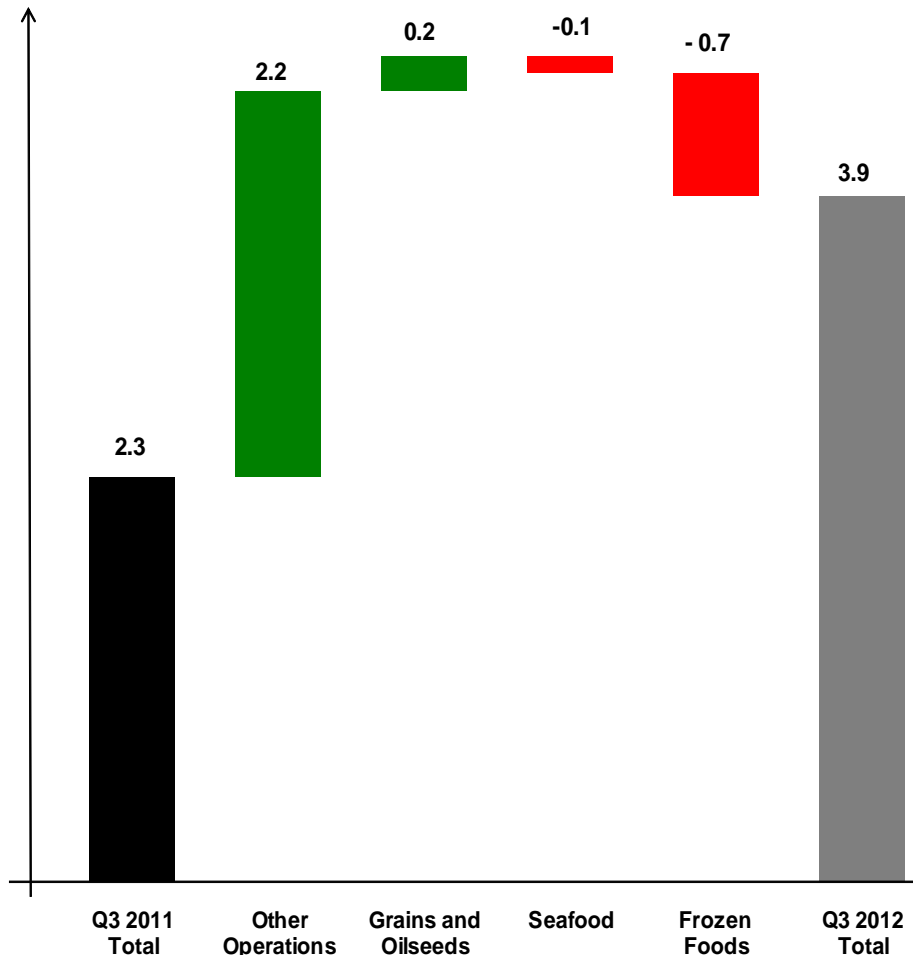


July – September operating profit, excluding non-recurring items, was clearly better than in the corresponding period last year.

- Operating profit, excluding non-recurring items in July-September:
 - Was lower in Frozen Foods and in Seafood business
 - Was up in Grains and Oilseeds and in Other Operations

Operating profit, excl. non-recurring items

Change – Q3/2012 vs. Q3/2011



- The profit improvement of the Other Operations segment was due to the associated company Sucros's strong profit, which was affected by the good market conditions and larger-than-normal sugar export deals executed during the quarter. The segment's operating profit is also improved by that the income recognition of the additional purchase price related to the acquisition of Caternet Finland Oy that will not be realised in 2012.
- The operating profit of the Frozen Foods was affected by the delayed processing of frozen vegetable production, as fewer fixed costs from production have been activated in inventories than in the corresponding period of 2011.

Frozen Foods





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Frozen Foods



Apetit – Locally produced food, straight from the freezer.



Luonnollisesti hyvää
– suomalaiseseen makuun –

Apetit Pakaste Oy is the leading Finnish producer of frozen vegetables and frozen ready meals. Under its Apetit brand, it develops, produces, sells and markets frozen foods that are mainly produced using Finnish raw materials.

Apetit's expertise covers the entire chain, from field to table. Vegetable raw materials are sourced from Apetit's contract growers, which are committed to Apetit's quality targets.

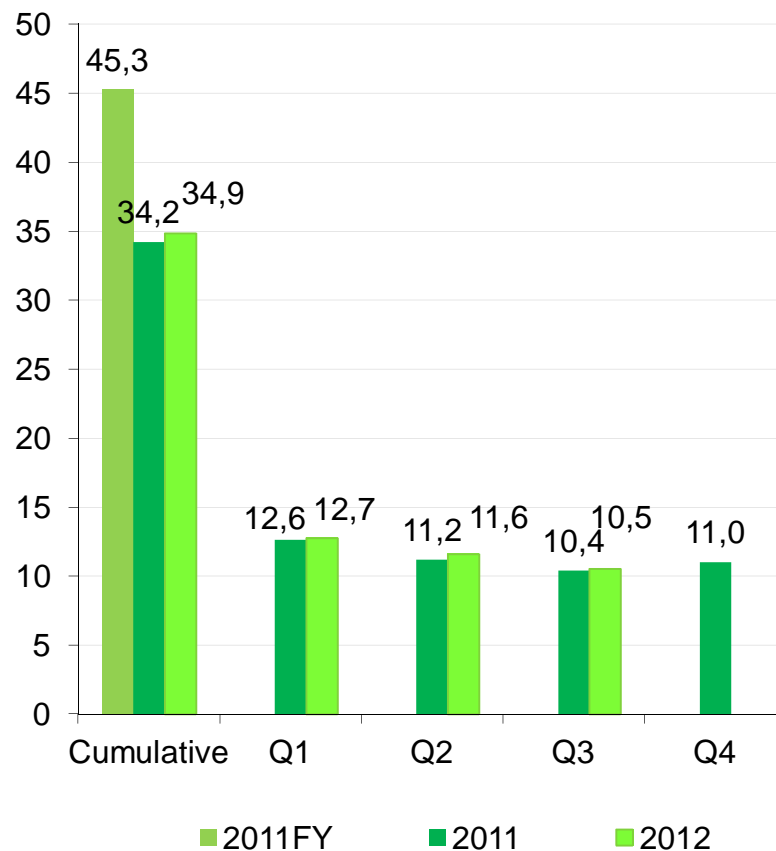
- Apetit offers consumers its Kotimaiset range of 100 per cent Finnish-grown vegetable products.
- Apetit is the best-known frozen foods brand in Finland.



Frozen Foods

July-September net sales at the same level year on year

EUR million



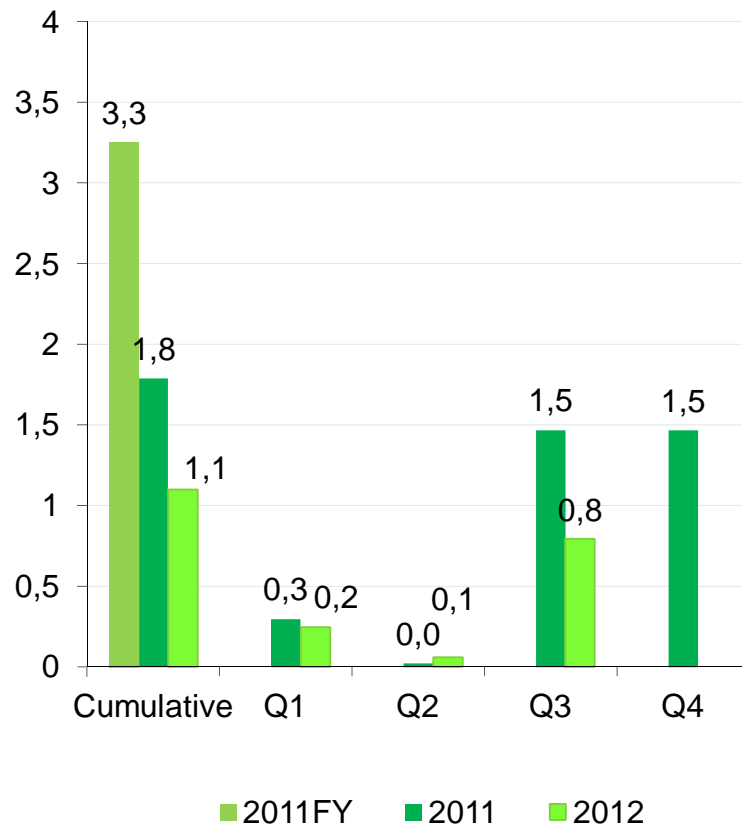
- Sales to retail sector, professional kitchen sector and to the food industry grew slightly year on year, and exports declined.
- Sales of the Apetit Kotimaiset range grew by 18 per cent (1-9/2012) compared with the same period a year earlier.
- Apetit's new gratinated products launched in the early autumn, were well received, which is reflected in increased sales of gratinated products. Sales of soups have grown well in comparison with the same period a year earlier.



Frozen Foods

July-September operating profit, excl. non-recurring items, was lower than a year earlier

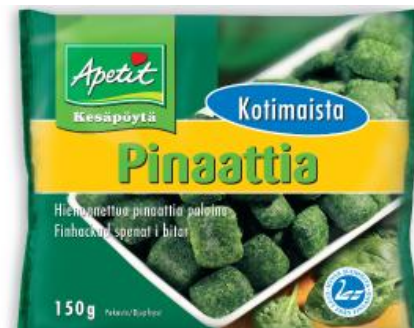
EUR million



- The third-quarter operating profit was lowered by EUR 0.5 million in comparison with the previous year due to the delayed processing of frozen vegetable production, as fewer fixed costs from production have been activated in inventories than in the corresponding period of 2011.
- We will not be able to get all the potatoes we need from our own contract growers. We will make up the shortfall by procuring potatoes from elsewhere in Finland, thus ensuring that our potatoes are home-grown. Some carrots will have to be imported from abroad, which will result in price increases. Finnish carrots will cover the needs of the Apetit Kotimaiset range in 2013.

Frozen Foods

Apetit Kotimaiset range will grow



- Apetit currently has 11 products in its Kotimaiset product range.
- At the start of 2013, the soup selection will be supplemented with Kotimaiset soups when Apetit Kotimainen carrot soup is launched and Apetit's spinach soup, which is already 40 years old, is introduced to the Apetit Kotimainen range.
- Home-grown content is the guiding principle throughout the “field to table” chain. Finnish leek and cauliflower were new crops this summer. The objective is that the popular Apetit potatoes and chopped vegetables for soups will be introduced along with Finnish leek to the Kotimaiset range at the beginning of 2013.



Frozen Foods

Consumers have received well our new gratinated products - sales increased significantly



Seafood





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Seafood



Seafood segment focuses on tasty and fresh fish and other seafood.

Lännen Tehtaat's Seafood business operates in Finland, Norway and Sweden.

Apetit Kala Oy and its subsidiary Myrskylän Savustamo are Finland's leading seafood companies. Apetit Kala sells fish, fish products and other fresh products through its own managed service counters under the shop-in-shop principle. The associated company Taimen Oy specialises in fish farming and fry and fingerling production.

Maritim Food AS and its subsidiaries develop, produce and sell shellfish and fish products in Norway and Sweden.



Seafood

Fresh and delicious fish, and mouth-watering seafood



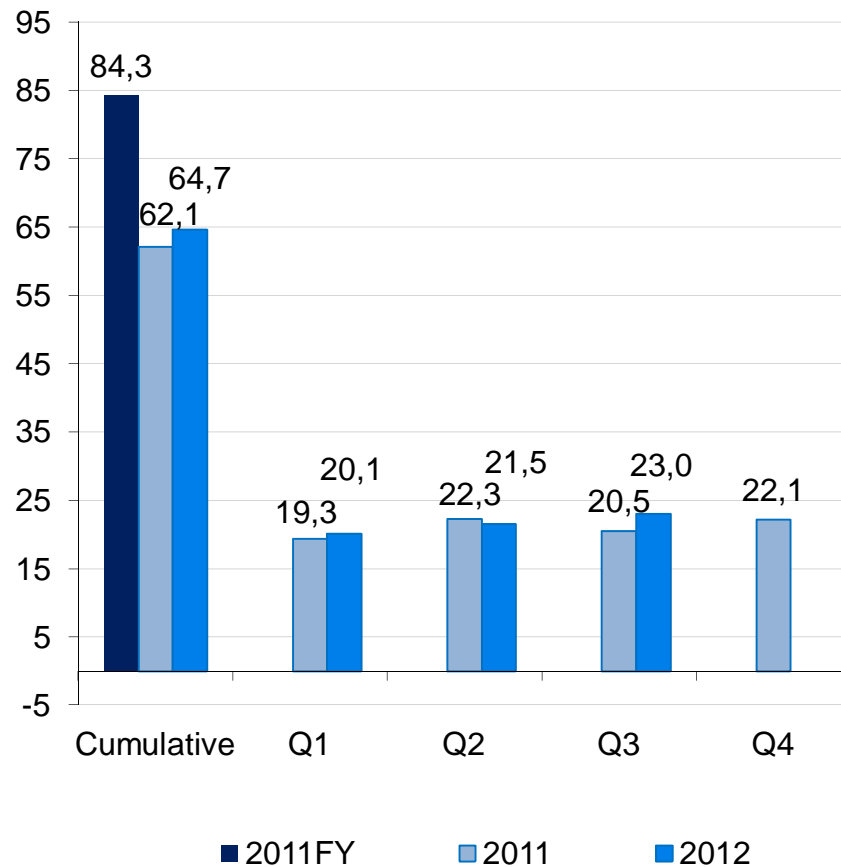
- The product development of Apetit Kala, Myrskylän Savustamo and Maritim Food is targeting to offer the finest flavours to consumers.
- Finnish origin is another competitive advantage that is steering Apetit Kala's operations. The first products in Kotimaiset product range will be available shortly. Kotimaiset product range will expand to rainbow trout products during next year.



Seafood

Net sales increased in Finland and in Sweden, and decreased in Norway in July-September

EUR million



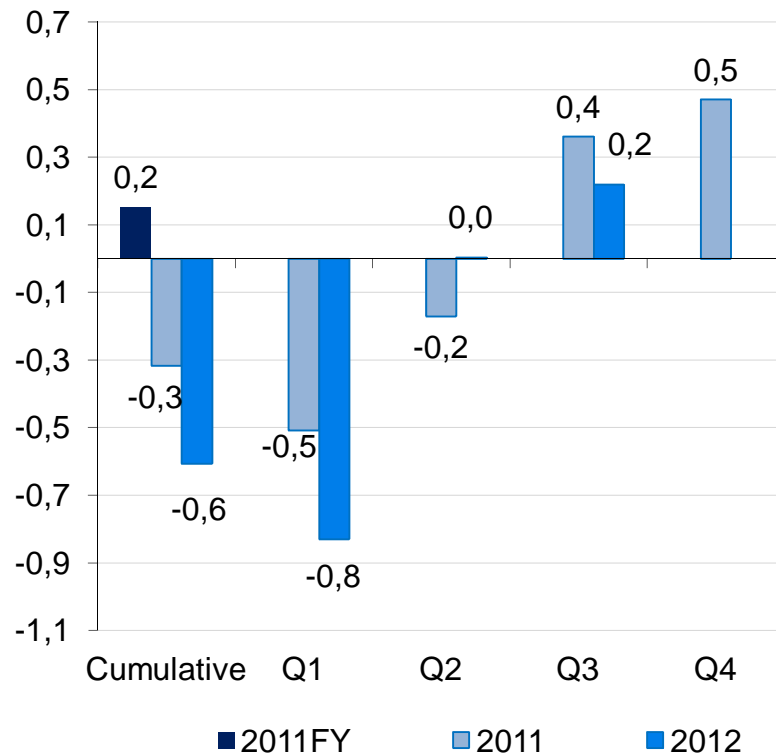
- Despite of the lower market price level of salmon compared to year 2011, the net sales improved in July-September.
- The new logistics model introduced in June resulted in a significant increase in sales of fresh salmon products in Finland.
- In Sweden, sales of shellfish in brine continued to grow, with new customer accounts being obtained. In Norway, net sales declined due to weaker sales of shellfish in brine and fish products.



Seafood

Operating profit excl. non-recurring items was weaker in July-September than a year ago

EUR million



- The operating profit takes into account a change in the fair value of currency hedges, amounting to EUR -0.2 (0.5) million.
- The profitability of the Seafood business, excluding the change in fair value, improved year on year in all market areas
- The share of the profit of associated companies was EUR 0.3 (0.3) million.

Grains and Oilseeds





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Grains and Oilseeds



Avena Nordic Grain is active in the trading of grains, oilseeds and animal feedstuffs in Finland and internationally.



It also markets and sells vegetable oils and expeller, which are produced at its Mildola oil milling plant in Kirkkonummi.

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Grains and Oilseeds

Grain trading in many markets



- Avena Nordic Grain Oy has subsidiaries in Estonia, Lithuania, Russia, Ukraine, and Kazakhstan.
- Avena engages in the trading of grains, oilseeds and animal feedstuffs in numerous markets. Trading is especially active in the Baltic Sea region and in the rest of Europe.
- Grain flows vary from year to year, depending on crops and market conditions.
- Avena's strengths are its diverse grain trading expertise, individualised customer service and flexible operation in the rapidly changing markets.



Grains and Oilseeds

Mildola extracts vegetable oil and expeller from rapeseed



- Mildola's main raw material is Finnish rapeseed.
- Mildola's production process is environmentally friendly and chemical free, therefore the healthy microcomponents of the rapeseeds remain in the oil. Over 99.9% of the seed is used in the process.
- Vegetable oil is used by the food industry, food service sector and consumers.
- Protein feed created in the refining process is a valuable ingredient in farm animal feed.

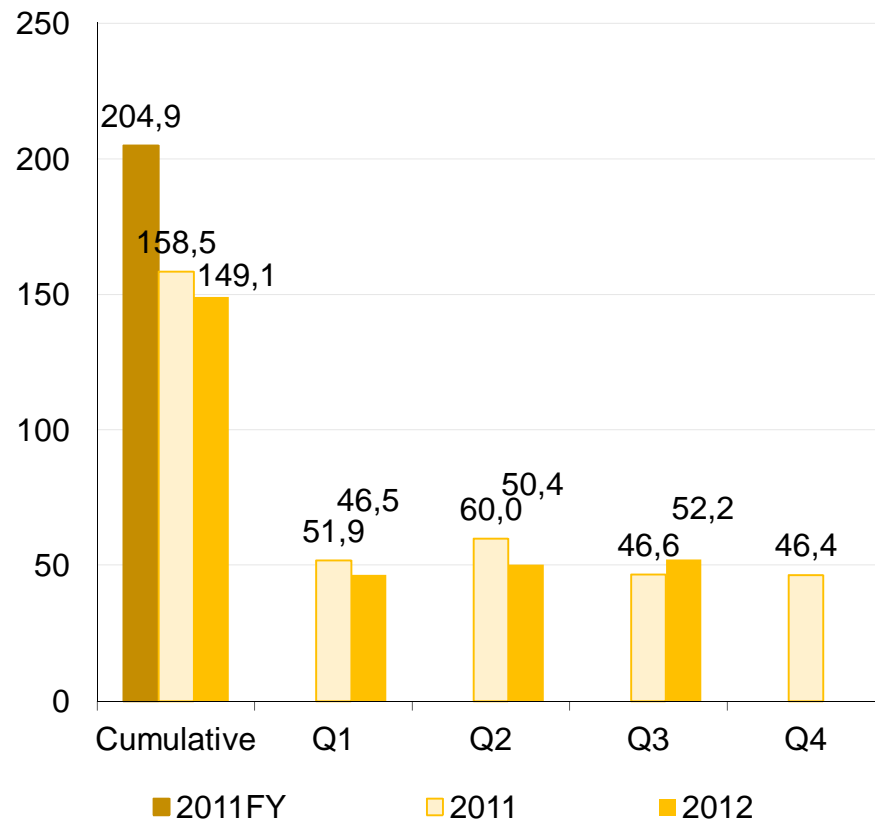




Grains and Oilseeds

The net sales in July-September were up year on year

EUR million



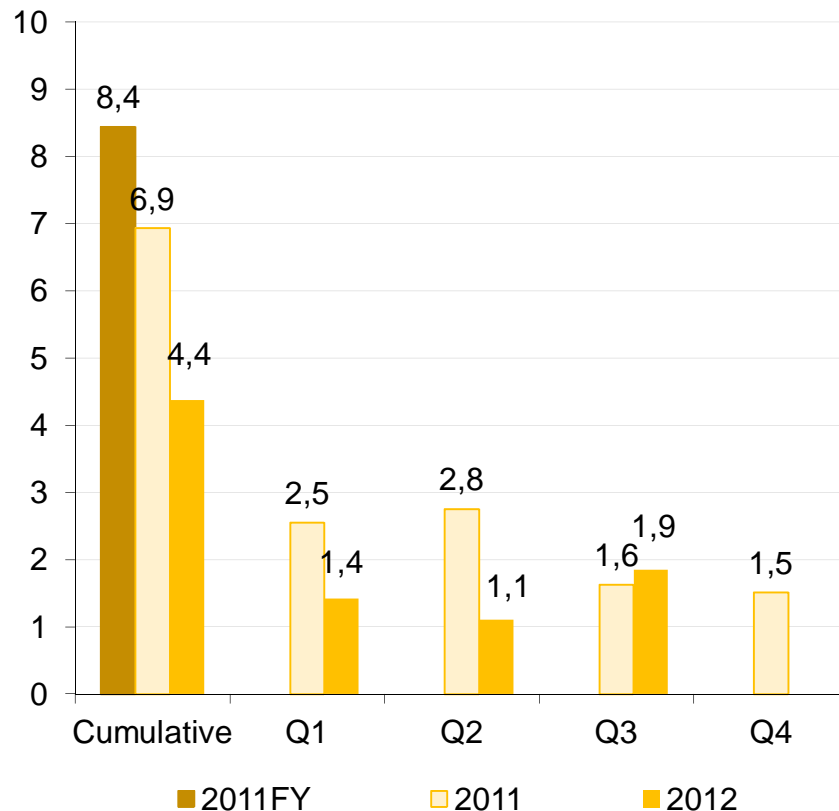
- Delivery volumes were at the same level and grain prices were significantly higher in comparison with the same quarter a year earlier.
- Sales of packaged vegetable oils from Avena's vegetable oil packaging plant have continued to grow substantially.



Grains and Oilseeds

Operating profit improved in July-September in comparison with a year earlier

EUR million



- The profitability of oilseed products was adversely affected by the imbalance in market prices between raw materials and oil.
- The delay in the rapeseed crop reduced the availability of Finnish raw materials during the quarter.
- More working capital was tied up in the Grains and Oilseeds business than in the same period a year earlier due to the high market price level.



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Other Operations



SUCROS OY



The parent company, **Lännen Tehtaat plc**, is responsible for Group administration, development of the Group structure and management of shareholdings and real estate.

Apetit Suomi Oy is responsible for marketing Appetit products. In addition, Appetit Suomi produces personnel, IT and financial administration services for the companies of the Lännen Tehtaat Group, and environmental administration services for all operators at the Säkylä industrial estate.

Caternet Finland Oy produces ready-to-use fresh vegetable and fruit products and fresh, smoked and frozen fish for professional kitchen sector.

The associated company **Sucros Ltd** (20%) produces, sells and markets sugar products for the food industry and the retail trade, and for export.

Ateriamestarit (50 %) is a partner for professional kitchen sector.

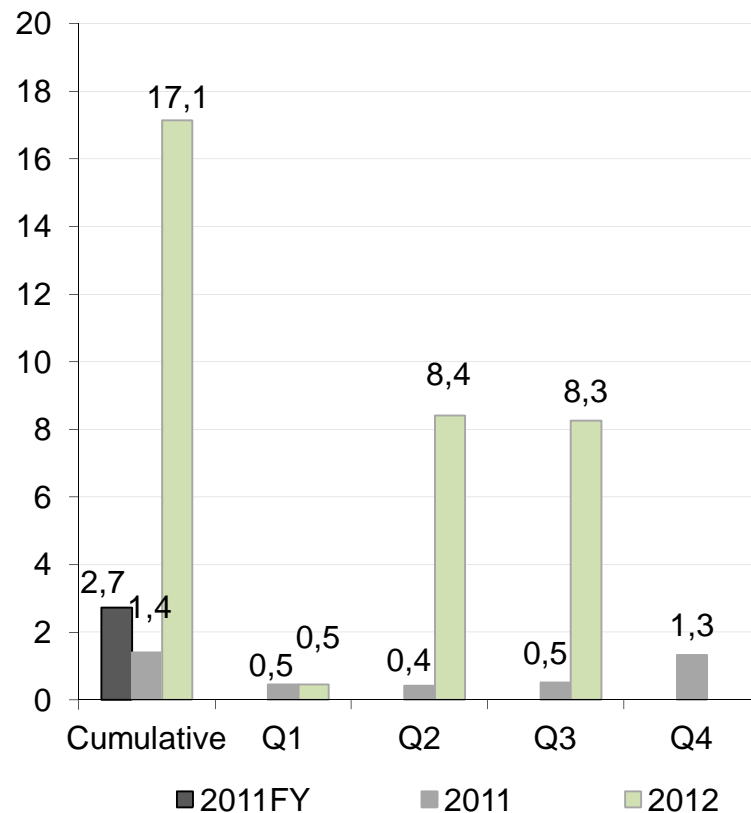


Other Operations

Other Operations' net sales boosted by Caternet



EUR million

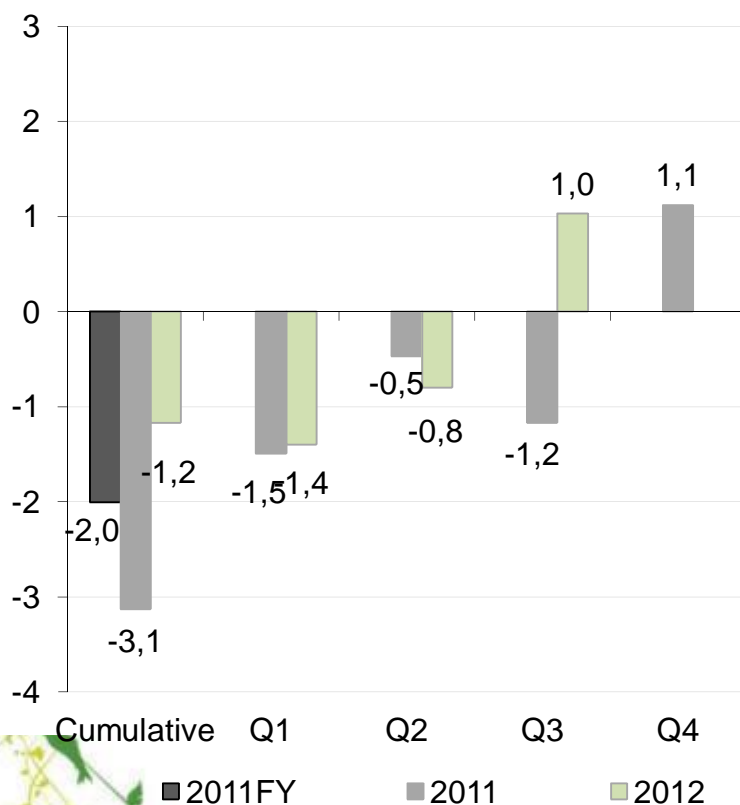


- The like-for-like growth in Caternet's net sales was 26 per cent in the third quarter compared with the same period a year earlier. Growth was most pronounced in pre-prepared fruit and vegetable products.
- Caternet's order-delivery process is currently being developed with the objective of ensuring controlled growth.
- At the start of 2013, responsibility for Apetit Pakaste Oy's and Apetit Kala Oy's professional kitchen sector product sales will be transferred to Caternet Finland.

Other Operations

July-September operating profit, excluding non-recurring items, was significantly better year on year

EUR million



- The associated company Sucros's strong profit was affected by the good market conditions and larger-than-normal sugar export deals executed during the quarter.
- The operating profit includes EUR 1.0 (-0.5) million as the share of the profits of associated companies.
- The segment's operating profit was improved by EUR 0.8 million income recognition of the additional purchase price related to the acquisition of Caternet Finland Oy that will not be realised in 2012.



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Assessment of expected future developments

Net sales for the full year are expected to show an increase on the previous year, due to the acquisition made and the achievement of organic growth.

As a consequence of the more moderate profit expectation of the Grains and Oilseeds business following its record performance in 2011, the full-year operating profit, excluding non-recurring items, will be no higher than the level reached in 2011.

The fourth-quarter operating profit, excluding non-recurring items, is expected to be higher than the previous year's level.





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Shareholder agreement dispute between Lännen Tehtaat and Nordic Sugar



According to Lännen Tehtaat, Nordic Sugar has committed 3 breaches against the agreement. According to the terms and conditions of the shareholder agreement, one proven breach will incur a contractual penalty totalling EUR 8.9 million per breach. Therefore the penalty could total a maximum of close to EUR 27 million.

In return, Nordic Sugar has called for a contractual penalty of EUR 4.5 million to be imposed on Lännen Tehtaat for a breach of shareholder agreement in connection with the dismissal of Sucros's managing director.

More detailed information has been given in Financial Statements Bulletin (16 February 2012), Interim Report January-March (4 May 2012) and Interim Report January – June (15 August 2012) and in their Briefing material.

The arbitration proceedings are expected to continue well into 2013.



Thank you.