



ATRIA
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Interim Report

2018

Q3

Atria Group 1 January - 30 September 2018

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2017
	2018	2017	2018	2017	
Net sales	357.1	360.8	1,061.6	1,061.7	1 436.2
EBIT	12.7	16.2	21.5	27.5	40.9
EBIT %	3.5 %	4.5 %	2.0 %	2.6 %	2.8 %
Adjusted EBIT	12.7	16.2	21.5	27.5	39.6

- Atria Group's net sales were at the previous year's level.
- Market development has remained favourable in all the countries in our business areas. The poultry and convenience food product groups showed the largest growth.
- Atria Finland's net sales and market share continued to grow.
- The Group's net sales were brought down by the weakened Swedish krona and Russian rouble.
- The Group's EBIT was brought down by the poor profitability of Atria Sweden and Russia.
- Atria Sweden's sales of poultry products grew considerably during the summer.
- The business operations of Denmark & Estonia met their set earnings target.

Atria Finland 1 Jan - 30 September 2018

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2017
	2018	2017	2018	2017	
Net sales	250.1	245.0	750.7	725.7	986.4
EBIT	13.6	13.1	27.2	24.9	36.3
EBIT %	5.4 %	5.4 %	3.6 %	3.4 %	3.7 %
Adjusted EBIT	13.6	13.1	27.2	24.9	36.3

- Atria Finland's net sales and EBIT increased.
- The growth of EBIT was thanks to a better sales structure than during the corresponding period last year.
- Sales to retail and to Food Service customers has clearly improved from the year before.
- The poor harvest season of the past summer has raised production costs at Finnish meat farms during the autumn. This caused pressure to increase Atria's raw material prices during the third quarter.
- Atria Finland faces the rise in demand of poultry products and will invest a total of EUR 3.4 million in the Nurmo and Sahalahti production plants. The cutting capacity will be increased at both Nurmo and Sahalahti plant. The new production lines will be commissioned in spring 2019.

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Atria Finland

- In June-August, the retail market for product groups represented by Atria increased by 3 per cent in terms of value compared to the corresponding period last year.
- Atria's sales to retail increased faster than the market.
- Especially the sales trends of Atria's brand products were very strong, with a growth of 14 per cent year-on-year.
- Atria was the market leader in all product groups it represents apart from convenience food, where Atria is number two. Atria's supplier share was 26 per cent. For poultry, Atria's supplier share is over 50 per cent (Source: Atria).
- Atria's sales to Food Service customers has increased faster than the market throughout the beginning of the year. Atria's supplier share in the Food Service market was approximately 23 per cent. (Source: Atria)

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Atria's meat-free product range: Vegyu

- In August, Atria launched its new Vegyu brand, a 100 % meat-free product range. The products of the versatile range include convenience foods, cold cuts, and cooking products.
- Vegyu is aimed at consumers looking for alternatives to meat-based products or variation in their meal solutions.
- One important focus group is flexitarians: consumers who aim to reduce meat-eating but with a flexible approach.

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Atria Sweden 1 Jan - 30 September 2018

	Q3	Q3	Q1-Q3	Q1-Q3	
EUR million	2018	2017	2018	2017	2017
Net sales	72.5	78.6	213.8	229.5	307.2
EBIT	-1.0	0.7	-6.0	1.0	2.4
EBIT %	-1.3 %	0.9 %	-2.8 %	0.4 %	0.8 %
Items affecting comparability:					
- Divestment of subsidiary	-	-	-	-	1.4
Adjusted EBIT	-1.0	0.7	-6.0	1.0	1.0

- The decrease in Atria Sweden's net sales was caused by the weak Swedish krona and the divestment of the Nordic Fast Food business operations in December 2017. In the local currency, net sales were at the same level year-on-year.
- The sales of poultry products grew considerably during the summer, improving net sales.
- EBIT was weighed down by further increases in raw material costs, the poor profitability of poultry operations, and employee arrangements at the beginning of the year.
- Atria's supplier share in retail trade improved in cooking sausages and fresh poultry products, whereas the supplier share for cold cuts decreased slightly.

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Atria Denmark & Estonia 1 Jan - 30 September 2018

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2017
	2018	2017	2018	2017	
Net sales	24.7	25.0	72.0	73.6	98.9
EBIT	1.6	1.4	4.3	3.9	5.2
EBIT %	6.7 %	5.7 %	6.0 %	5.2 %	5.2 %
Adjusted EBIT	1.6	1.4	4.3	3.9	5.2

- The business operations of **Atria Denmark & Estonia** met their set earnings target.
- In Estonia, Atria's sales to retail increased during January-September.
- In Denmark, the net sales decreased due to tight price competition.
- The EBIT of the business area increased slightly thanks to good cost management and a favourable sales structure.
- In Estonia, the African swine fever still occurs amongst wild boars, but no new cases have been found at pig farms.

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Atria Russia 1 Jan - 30 September 2018

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2017
	2018	2017	2018	2017	
Net sales	19.4	22.4	55.2	64.0	85.7
EBIT	-0.8	1.3	-1.4	0.1	0.8
EBIT %	-3.9 %	5.7 %	-2.6 %	0.1 %	0.9 %
Adjusted EBIT	-0.8	1.3	-1.4	0.1	0.8

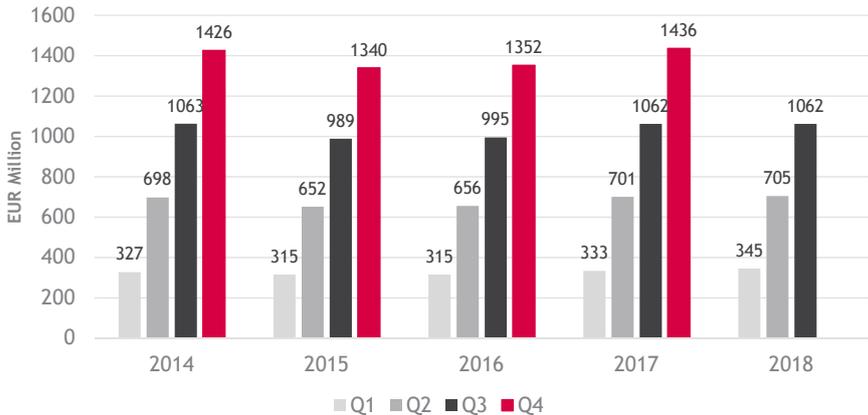
- **Atria Russia's** profit and net sales did not meet set targets.
- The decrease in net sales was the result of a weakened Russian rouble and decreased sales to retail customers.
- The sales of Sibylla and Food Service products strengthened compared to last year.
- EBIT was weakened by increased raw material prices and decreased sales volumes to retail.
- The investment project initiated in the Sinyavino cured sausage production plant has progressed according to plan. The investment enables the production of new types of cured sausage and whole meat products for retail customers. The total value of the project was approximately EUR 0.8 million.

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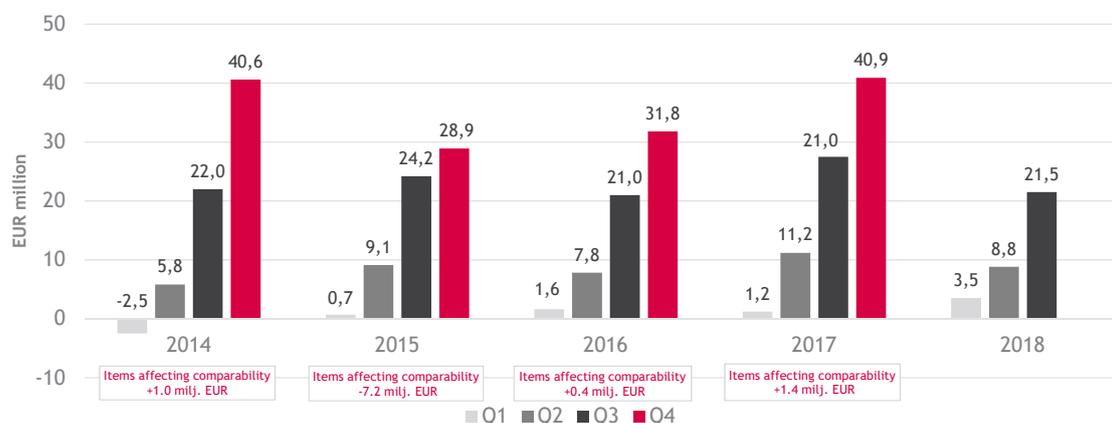
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Atria Group Net Sales cumulative. quarterly



Atria Group EBIT cumulative. quarterly



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Atria Group Financial indicators 1 Jan - 30 September 2018

EUR million	30 September	30 September	2017
	2018	2017	
Shareholder's equity per share, EUR	14.61	14.55	14.81
Interest-bearing liabilities	255.1	244.9	214.3
Equity ratio, %	45.8 %	46.0 %	47.5 %
Net gearing, %	59.7 %	56.6 %	49.0 %
Gross investments	33.1	38.5	53.9
Gross investments, % of net sales	3.1 %	3.6 %	3.8 %
Average number of employees	4,446	4,447	4,449

- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -29.1 million (EUR -14.8 million).
- The Group's investments during the period totalled EUR 33.1 million (EUR 38.5 million).
- The total translation differences with the Swedish krona and the Russian rouble recognised in equity reduced equity by EUR 7.3 million (EUR -3.4 million) in January-September.
- On 30 September 2018, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2017: EUR 105.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years (31 December 2017: 3 years 4 months).

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Atria Group Income statement

EUR million	Q3		Q1-Q3		2017
	2018	2017	2018	2017	
NET SALES	357.1	360.8	1,061.6	1,061.7	1,436.2
Cost of goods sold	-316.4	-314.8	-946.9	-934.2	-1,262.9
GROSS PROFIT	40.7	45.9	114.7	127.6	173.3
<i>% of Net sales</i>	11.4 %	12.7 %	10.8 %	12.0 %	12.1 %
Other income	1.2	0.9	3.2	2.5	5.7
Other expenses	-29.2	-30.6	-96.4	-102.6	-138.1
EBIT	12.7	16.2	21.5	27.5	40.9
<i>% of Net sales</i>	3.5 %	4.5 %	2.0 %	2.6 %	2.8 %
Financial income and expenses	-1.2	-2.1	-5.0	-5.6	-7.3
Income from jointventures and associates	0.2	0.1	0.3	1.4	1.9
PROFIT BEFORE TAXES	11.6	14.3	16.8	23.3	35.5
Income taxes	-2.9	-2.9	-2.6	-5.1	-7.1
PROFIT FOR THE PERIOD	8.8	11.3	14.1	18.2	28.4

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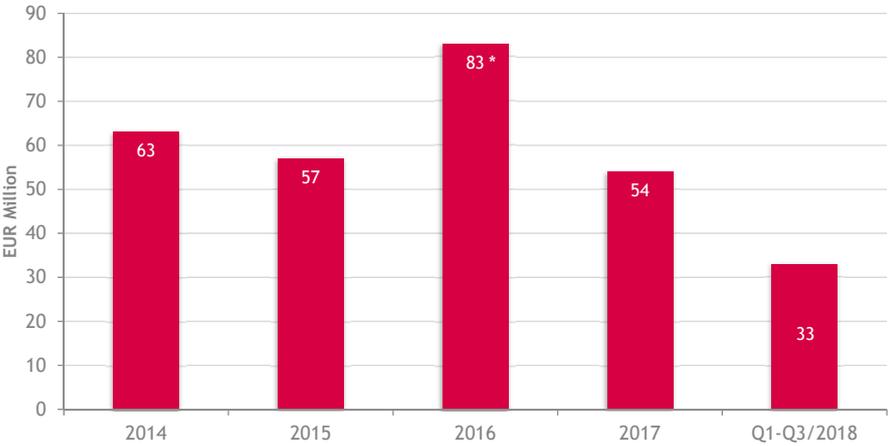
Atria Group Cash flow statement

EUR million	Q3	Q1-Q3	2017
	2018	2017	
Cash flow from operating activities	9.8	36.8	82.3
Financial items and taxes	-6.0	-15.2	-17.8
NET CASH FLOW FROM OPERATING ACTIVITIES	3.8	21.6	64.5
Investing activities, tangible and intangible assets	-32.8	-38.8	-53.1
Sold operations	-	-	4.0
Change in non-current receivables	-0.8	1.9	2.3
Dividends received from investments	0.2	0.7	0.8
Change in other investments	0.4	-0.3	0.7
NET CASH USED IN INVESTING ACTIVITIES	-33.0	-36.4	-45.3
FREE CASH FLOW	-29.1	-14.8	19.2
Changes in interest-bearing liabilities	40.6	27.1	-3.5
Dividends paid	-14.8	-13.1	-13.1
NET CASH USED IN FINANCING ACTIVITIES	25.9	13.9	-16.6
CHANGE IN LIQUID FUNDS	-3.3	-0.9	2.6

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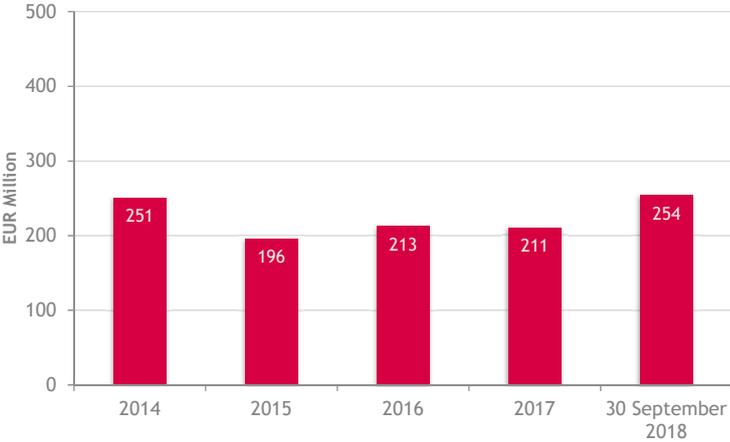
Atria Group Gross investments



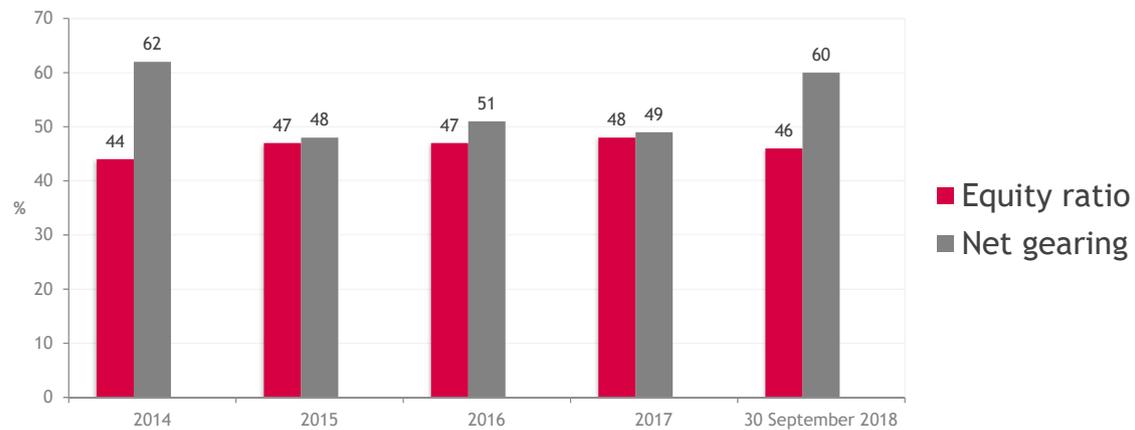
* In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.



Atria Group Net debts



Atria Group Equity ratio & Net gearing



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Business risks in the period under review and short-term risks

- Incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, are ordinary short-term risks in Atria's business environment. Price trends for raw materials, the general economic climate, market development and competitors' operations can give rise to uncertainty in terms of trends in the demand for Atria's products.
- The poor harvest season this summer has raised production costs at meat farms during the autumn. This causes pressure to increase raw material prices.
- Other potential short-term uncertainties in Atria's operations are related to implementing the strategy and maintaining or improving the financial results of business areas. African swine fever continues to cause disruption in Estonia. There is a risk of it spreading to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities, and strives to manage the risk.
- Changes in the value of the Russian rouble and the Swedish krona are reflected in the Group's euro-denominated net sales, result and equity. A more detailed description of the risks related to the Group's operations was provided in the 2017 annual report.

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Outlook for the future

- The consolidated EBIT in 2017 was EUR 40.9 million. In 2018, EBIT is expected to be lower than in 2017. In 2018, net sales are expected to remain at the 2017 level.

