



**Atria Plc**  
Interim Report  
1 January – 30 June, 2015

CEO  
Juha Gröhn  
30 July, 2015

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## Atria Group

January 1 – June 30, 2015

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Net sales	337.5	371.4	652.1	698.4	1,426.1
EBIT	8.4	8.4	9.1	5.8	40.6
EBIT %	2.5	2.3	1.4	0.8	2.8
Profit before taxes	6.0	9.9	4.4	4.1	34.0
Earnings per share, €	0.18	0.28	0.11	0.09	0.93
Extraordinary items*	1.9	-0.4	1.9	-1.2	1.0

\* Extraordinary items are included in the reported figures.

- **Atria Group's** EBIT, without non-recurring items, is at the previous year's level. Net sales fell.
- The summer barbeque season started late. Oversupply in the international meat market decreased the meat prices.
- Atria acquired the operations of Aalbaek Specialiteter A/S, a Danish manufacturer of organic cold cuts.
- The sale of the Falbygdens cheese business was realized to Arla in Sweden on 1 April 2015.
- The Campofarm piggery real estate in Russia was sold.
- The investment of Atria Finland, worth around EUR 36 million, in renovating of pig cutting plant in Nurmo has progressed according to plan.

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## Atria Finland

January 1 – June 30, 2015

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Net sales	233.7	246.5	445.9	436.4	945.5
EBIT	4.7	5.9	6.6	6.2	33.6
EBIT %	2.0	2.4	1.5	1.3	3.6
Extraordinary items*	0.0	0.0	0.0	-0.8	0.9

\*Extraordinary items are included in the reported figures.

- **Atria Finland's** net sales for April–June declined because of the sluggish start of the barbecue season. The decline of the net sales at the beginning of the year was also due to the lower consumer demand.
- The development of EBIT was brought down by a decrease in meat prices, which was due to the oversupply of meat in the international market.
- Atria Finland's cost efficiency has remained at a good level.
- Atria has launched an investment worth around EUR 36 million in renovating its pig cutting plant in Nurmo.

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## Atria Finland

- The total market of product groups represented by Atria shrank by 2% in terms of value.
- Atria's share of production in April-June was 27%, which is slightly less than the year before. The main reason for this was the sluggish start of the barbecue season. Atria is the market leader in barbecue products. (Source: Atria)
- Extensive stakeholder dialogue was launched in the period under review as part of Atria's Handprint programme, to discuss the current state of Atria's responsibility and any need for improvement. The discussion will continue until the beginning of September at [www.parempimieli.fi](http://www.parempimieli.fi).

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## Atria Scandinavia

January 1 – June 30, 2015

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Net sales	80.3	95.4	165.4	183.8	371.9
EBIT	2.5	3.4	4.4	4.4	14.9
EBIT %	3.1	3.6	2.6	2.4	4.0
Extraordinary items*	0.0	0.0	0.0	0.0	0.0

\*Extraordinary items are included in the reported figures.

- **Atria Scandinavia** sold the Falbygden cheese business to Arla in Sweden on 1 April 2015. The sale will reduce Atria's annual net sales by EUR 52 million and EBIT by EUR 3 million.
- Atria acquired in May the operations of Aalbaek Specialiteter A/S, a Danish manufacturer of organic cold cuts, with annual net sales amount of EUR 10 million. Aalbaek is the top organic cold cuts brand in Denmark.
- Atria Scandinavia's net sales for April-June as well as the for the whole beginning of the year were roughly the same as in the corresponding period last year, when the changes arising from the sale of the Falbygden cheese business and the acquisition of Aalbaek are excluded.
- The decline of EBIT for April-June was mainly due to the sale of the Falbygden cheese business.

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## Atria Scandinavia



- In January-June, the total market for sausages in the Swedish retail trade shrank by 0.4% and the total market for cold cuts grew by 0.5% (source: AC Nielsen).
- In sausages, the market share of Atria brands remained unchanged and Atria's share of production increased.
- In the Danish retail sector, the total market for cold cuts shrank by about 1.0% during the period.
- In Denmark, the 3-Stjernet brand consolidated its market leadership (source: AC Nielsen).
- Sibylla continued its international expansion: there are currently 4,640 Sibylla points of sale in Europe.

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## Aalbaek

- Aalbaek is the top organic cold cuts brand in Denmark. There are a different premium cold cuts, liver pâtés and bacons in their product selection.
- The transaction will strengthen Atria's market-leading position in cold cuts in Denmark.
- Aalbaek's brands and business, including all agreements, were transferred to Atria as part of the deal, along with a charcuterie and production facilities in Farre.



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## Atria Russia

January 1 – June 30, 2015

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Net sales	21.5	25.9	37.3	47.3	98.8
EBIT	1.9	-1.1	-0.3	-3.2	-5.7
EBIT %	9.1	-4.1	-0.9	-6.9	-5.8
Extraordinary items*	1.9	0.0	1.9	0.0	0.5

\*Extraordinary items are included in the reported figures.

- Compared to the previous year, **Atria Russia's** net sales for April-June continued its growth of over 6% started at the beginning of the year, when compared to the previous year. The growth was due to price increases.
- The EBIT for April-June was improved due to price increases, the elimination of unprofitable products, and improved cost-efficiency in industrial operations. Atria has implemented all the planned structural reforms according to schedule, and the positive effect of these are now seen in the results. In the first half of the year, EBIT was brought down by an increase in raw material prices and lower consumer demand.
- EBIT includes a total of EUR +1.9 million of non-recurring items. Non-recurring costs of EUR 0.6 million were recognised for the sale of a Russian subsidiary. Additionally, translation differences accrued in equity improved earnings by EUR 2.5 million.

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## Atria Russia



- The Russian retail trade continued to develop slowly in the second quarter. Consumers' real earnings have fallen further, resulting in lower consumption of daily consumer goods.
- Atria has managed to bring more affordable products to the market.
- Sibylla has developed as planned in Russia.

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## Market dynamics in Russia

- GDP in June -4,5%
- Inflation for the last 12 months +15,3
- Retail net sales in January-June -8.4%
- Investments in June -8%
- Real income decreased in May -8,7%, in April -13,4%
- Food embargo prolonged till 1 August 2016.
- Internal private consumption has decreased by 9%, which is more than in 2009 and it is a deeper drop compared to even 1998.



Sources: Rosstat, Interfax, Reuters, Sberbank CIB investment research

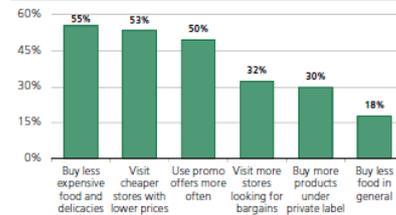
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## Market dynamics in Russia

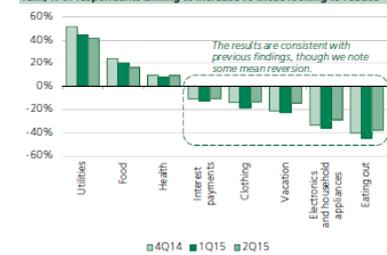
- However, Russian consumers are recovering fast from a panic earlier this year as the worst expectations have not realized.
- The consumer is acting quite rationally, shifting down.
- Expectations of inflation and the exchange rate have stabilized, but the labor market is tight with low hiring and a significant amount of non-full time work.

How the Ivanovs try to save on food



Source: Cnt, Sberbank CIB Investment Research

Household spending outlook across certain expenditures in the next 12m, % of respondents aiming to increase vs those looking to reduce\*



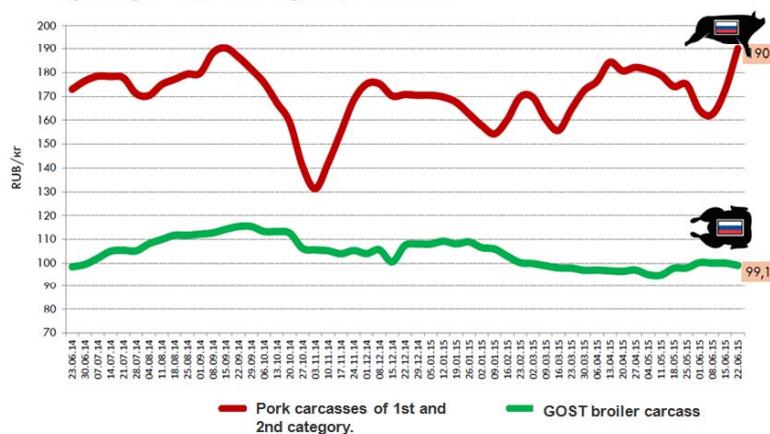
\* we calculate this as the difference between those who will increase spending and those who will cut it, meaning a positive number indicates a net share of those who will increase spending and a negative number means a net share of those who will reduce spending.  
Source: Cnt, Sberbank CIB Investment Research

Sources: Rosstat, Interfax, Reuters, Sberbank CIB investment research

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## Pork and poultry prices have continued to stay on a very high level in Russia

Comparative dynamics of local producers' prices for pork and poultry meat, including VAT, RUB/kilo.



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## Atria Baltic

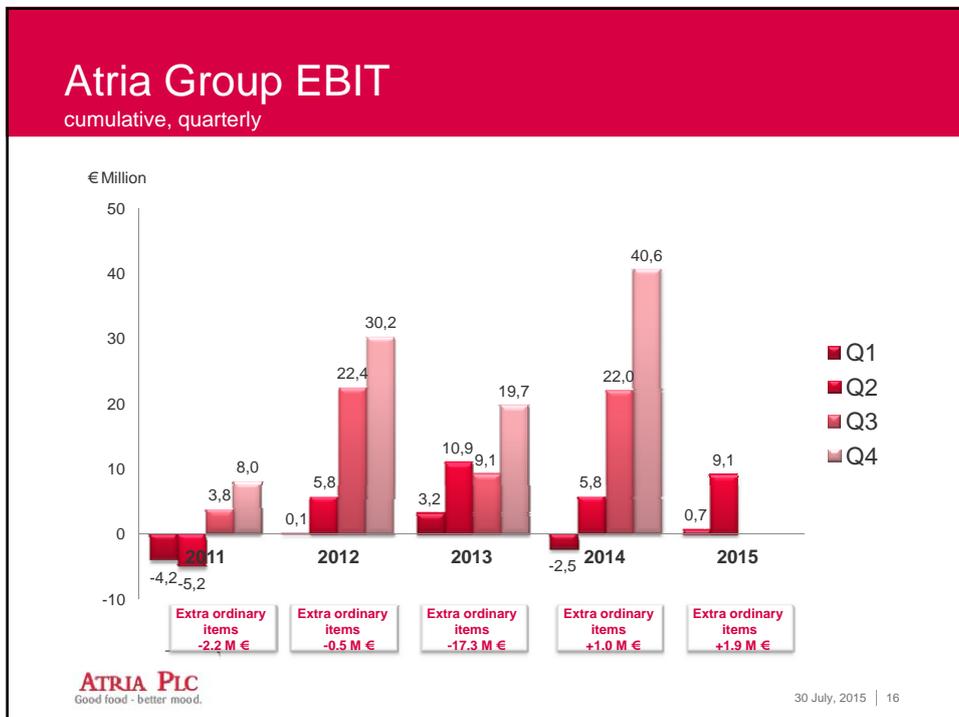
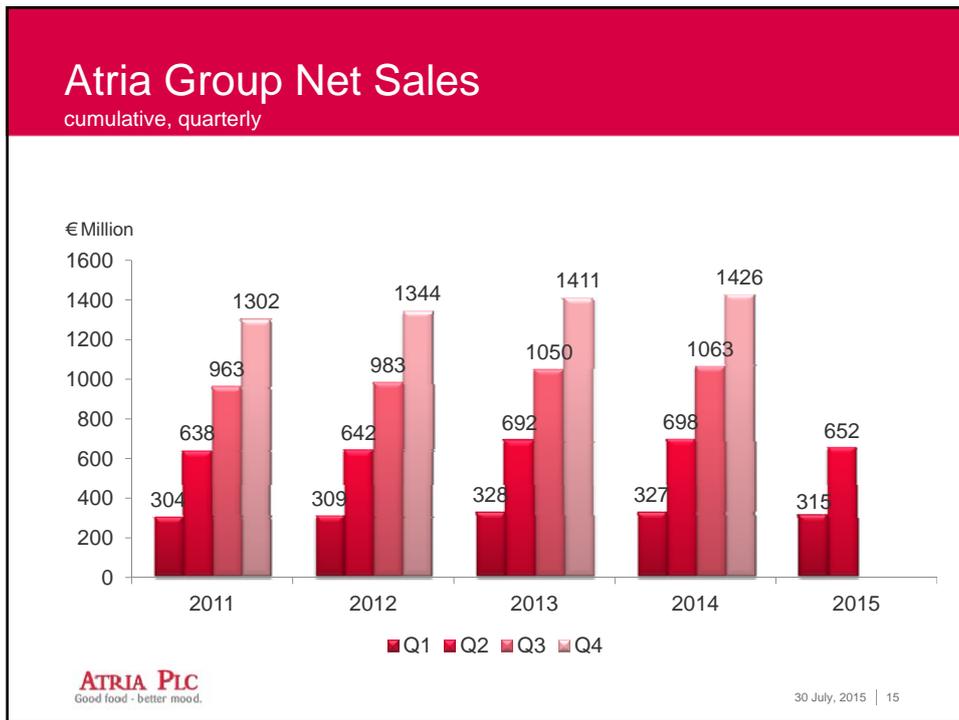
January 1 – June 30, 2015

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Net sales	8.9	9.6	16.5	17.0	34.5
EBIT	0.2	-0.1	0.1	-0.3	-0.0
EBIT %	2.3	-0.9	0.5	-1.7	-0.1
Extraordinary items*	0.0	0.4	0.0	-0.4	-0.4

\*Extraordinary items are included in the reported figures.

- **Atria Baltic's** net sales for April–June declined because the cold weather in the early summer reduced the sale of barbecue products.
- Prolonged oversupply in the international meat market and the fierce price competition in the retail market have brought down meat prices. As a result, the consumption of fresh meat has increased while that of meat products have fallen.
- Low prices have reduced the profitability of sales.

## Financial Development



## Atria Group Financial indicators

€ Million	30.6.2015	31.3.2014	31.12.2014
Shareholders' equity per share, EUR	<b>14.14</b>	14.19	14.22
Interest-bearing liabilities	<b>240.1</b>	324.0	254.1
Equity ratio, %	<b>45.1</b>	40.9	44.0
Gearing, %	<b>59.5</b>	80.1	62.6
Net gearing, %	<b>58.8</b>	79.0	61.8
Gross investments in fixed assets	<b>28.8</b>	48.9	62.7
Gross investments, % of net sales	<b>4.4</b>	7.0	4.4
Average number of employees	<b>4,399</b>	4,845	4,715

- During the period under review, the Group's free cash flow (operating cash flow – cash flow from investments) was EUR 28.5 million (EUR -12.8 million).
- On 30 June 2015, the Group's undrawn committed credit facilities amounted to EUR 109.8 million (31 December 2014: EUR 110.6 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 2 months (31 December 2014: 3 years).

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## Atria Group Income Statement

EUR million	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
NET SALES	337.5	371.4	652.1	698.4	1,426.1
Cost of goods sold	-297.8	-325.8	-580.3	-619.4	-1,249.3
GROSS PROFIT	39.8	45.6	71.8	79.0	176.8
% of Net sales	11.8	12.3	11.0	11.3	12.4
Other income	2.6	0.7	3.2	1.3	6.7
Other expenses	-34.0	-37.9	-66.0	-74.4	-142.9
EBIT	8.4	8.4	9.1	5.8	40.6
% of Net sales	2.5	2.3	1.4	0.8	2.8
Financial income and expenses	-2.5	-3.2	-4.8	-6.8	-12.7
Income from joint-ventures and associates	0.1	4.7	0.1	5.1	6.2
PROFIT BEFORE TAXES	6.0	9.9	4.4	4.1	34.0
Income taxes	-0.8	-1.7	-1.3	-1.2	-7.2
PROFIT FOR THE PERIOD	5.1	8.2	3.1	2.9	26.8
% of Net sales	1.5	2.2	0.5	0.4	1.9
Earnings/share, €	0.18	0.28	0.11	0.09	0.93

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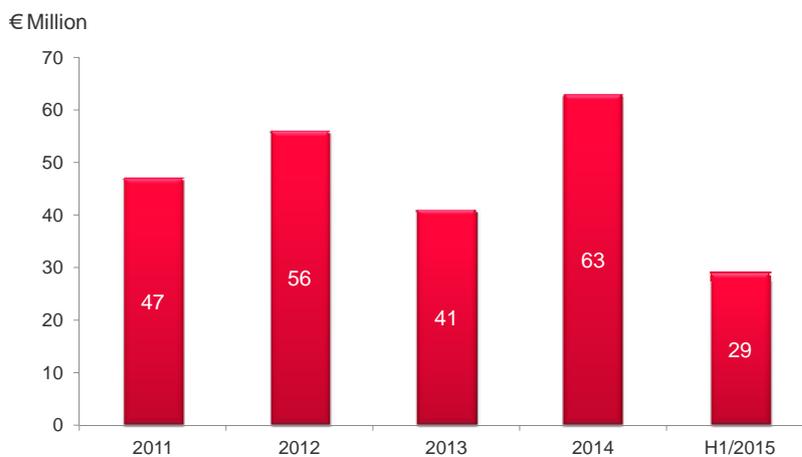
## Atria Group Cash flow statement

€ Million	H1		
	2015	2014	2014
Cash flow from operating activities	23.8	44.3	113.3
Financial items and taxes	-1.6	-11.6	-21.1
Net cash flow from operating activities	22.2	32.7	92.2
Investing activities, tangible and intangible assets	-22.0	-20.3	-33.9
Acquired operations	-5.5	-26.3	-32.5
Sold operations	34.1		11.9
Change in non-current receivables	0.1	-0.9	-2.8
Dividends from investments	0.6	1.0	8.4
Changes in other investments	-1.1	1.0	1.1
Net cash used in investing activities	6.3	-45.5	-47.8
<b>FREE CASH FLOW</b>	<b>28.5</b>	<b>-12.8</b>	<b>44.3</b>
Changes in interest-bearing loans	-17.8	-5.2	-63.4
Dividends paid	-11.3	-6.2	-6.2
Net cash used in financing activities	-29.1	11.4	-69.6
CHANGE IN LIQUID FUNDS	-6.6	-24.2	-25.3

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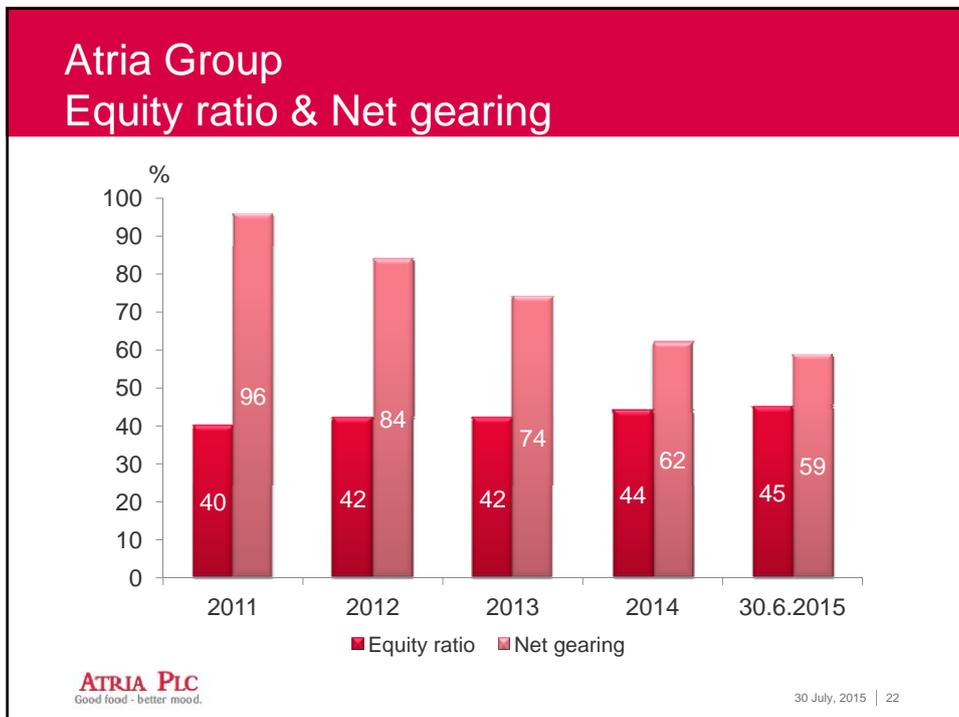
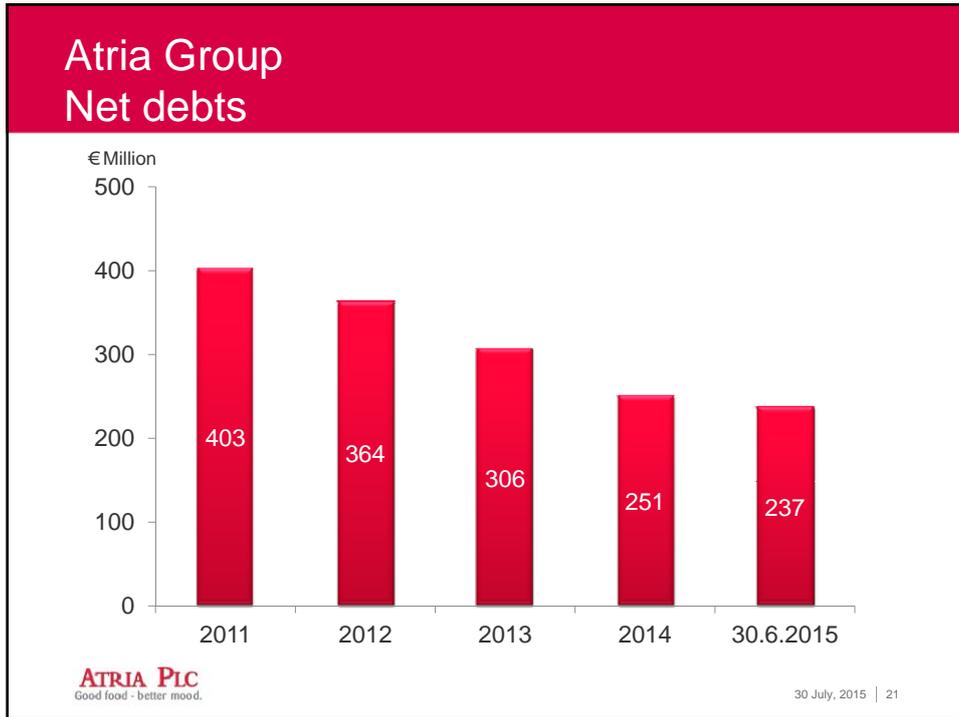
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## Atria Group Gross investments



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

- Unplanned and unforeseen incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, constitute a potential risk in Atria's operations. Also, shifts in the balance between meat supply and demand in global meat markets pose a risk to Atria's business.
- Atria estimates that no significant changes have occurred in risks associated with raw materials and in meat market uncertainties compared to the situation described in the Annual Report 2014.
- Atria's exposure to the volatility of the Russian rouble and to the effects of Russia's import ban on EU meat continues.
- The risk of the spread of African swine fever in Estonia is still high. Atria has introduced several precautions in order to prevent the disease from spreading into its production facilities, and is thereby managing the existing risk.

## Outlook for the future

- In 2014, consolidated EBIT without non-recurring items was EUR 39.6 million.
- In 2015, EBIT is projected to be at the same level and net sales are expected to decrease.



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