

Atria Plc

Interim Report

1 January – 30 September, 2015

CEO
Juha Gröhn
29 October, 2015

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Atria Group

1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	337.1	364.4	989.2	1,062.7	1,426.0
EBIT	15.1	16.2	24.2	22.0	40.6
EBIT %	4.5 %	4.4 %	2.4 %	2.1%	2.8%
Profit before taxes	13.0	13.6	17.3	17.7	34.0
Earnings per share, €	0.27	0.35	0.38	0.45	0.93
Extraordinary items*	-	0.6	1.9	-0.6	1.0

* Extraordinary items are included in the reported figures.

- **Atria Group's** January-September comparable EBIT was at the previous years' level.
- The decrease of net sales was partly due to the sale of Falbygdens cheese business and the weakening of rouble. Additionally, net sales were brought down by lower-than-usual sales during the barbeque season and the intense competition.
- Atria Finland launched a project to improve the productivity of chicken production at the Sahalahti plant.
- Atria improves efficiency by reorganizing sales, marketing and logistics in Sweden.
- The construction project of expanding and modernising the pig cutting plant in Nurmo has progressed according to plan. The investment is worth around EUR 36 million.

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Atria Finland

1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	235.1	238.5	681.0	701.9	945.5
EBIT	9.5	11.8	16.1	18.0	33.6
EBIT %	4.0 %	5.0%	2.4 %	2.6%	3.6%
Extraordinary items*	-	0.6	-	-0.2	0.9

*Extraordinary items are included in the reported figures.

- **Atria Finland's** decline of net sales was due to weaker consumer demand and tougher competition. The sales of barbaque products were down from the year before.
- EBIT was brought down by a decrease in sales prices, which was due to the oversupply of meat in the international market and intense price competition.
- At the beginning of September, Atria Finland launched a project to improve the productivity of chicken production at the Sahalahti plant. Atria estimates that removing overlapping functions and improving efficiency will result in annual savings of about EUR 1.5 million, which will be realised as of the second quarter of 2016.
- The construction project of Nurmo pig cutting plant has progressed according to plan.

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Atria Finland



- In July–September, the total market of the product groups represented by Atria in the retail trade remained at the previous year's level, in terms of value. Atria is the market leader in these product groups, with a supplier share of approximately 27%. Atria has also retained its leadership in the Food Service market, with a share of around 24% in terms of value. (Source: Atria)
- The results of the stakeholder survey conducted as part of the Atria's Handprint programme were completed in the period under review. More than 3,000 respondents took part in the survey. Atria is seen as a reliable, experienced supplier with which customers, partners and employees want to keep working in the future as well. The qualities associated with food production and Atria's responsibility include Finnish origin, safe and healthy products, traceability, reliability and local production.

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Atria Scandinavia

1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	81.3	93.3	246.7	277.0	371.9
EBIT	5.2	5.9	9.6	10.2	14.9
EBIT %	6.4 %	6.3%	3.9 %	3.7%	4.0%
Extraordinary items*	-	-	-	-	-

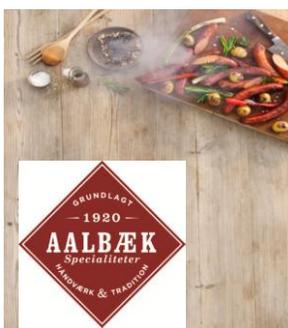
*Extraordinary items are included in the reported figures.

- **Atria Scandinavia's** decrease in net sales and EBIT of January-September was due to the sales of Falbygdens cheese business, completed on 1 April 2015.
- In May, Atria acquired the operations of Aalback Specialiteter, the consolidation of its operations into Atria has progressed well.
- In September, Atria Scandinavia initiated the reorganisation of its operations in Sweden. The reorganisation will affect sales, marketing and logistics. Atria estimates that the reorganisation and improved efficiency will result in annual savings of about EUR 1.8 million, most of which will be realised as of the the beginning of 2016.

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Atria Scandinavia



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- In January–September, the total market for sausages and cold cuts in the Swedish retail trade grew by 0.8%.
- In Sweden, the market share of Atria's cold cuts declined by about one percentage point, while the share of private labels strengthened.
- In the Danish retail sector, the total market for cold cuts shrank by about 0.5% in January–September. The market share of Atria's cold cuts increased. Atria is the market leader in Denmark in the cold cuts product groups that the company represents. (Source: AC Nielsen).
- In the period under review, several projects were under way within the Atria's Handprint programme. The key themes of Atria Scandinavia's responsibility programme are nutrition, healthy food and the environment.

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Atria Russia

1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	19.1	29.2	56.5	76.5	98.8
EBIT	0.5	-1.5	0.2	-4.8	-5.7
EBIT %	2.8 %	-5.3%	0.4 %	-6.3%	-5.8%
Extraordinary items*	-	-	1.9	-	0.5

*Extraordinary items are included in the reported figures.

- **Atria Russia's** net sales for July-September in euros fell mainly due to the weakening of the rouble. EBIT improved due to price increases, the elimination of unprofitable products, a successful summer season for the Sibylla business, and improved cost-efficiency in general.
- The net sales of January-September in euros fell due to the weakening of the rouble. Net sales in the local currency grew by 2.3% year-on-year.
- January-September comparable EBIT came to EUR -1.7 million (EUR -4.8 million). The positive performance was due to increases in sales prices and better cost-efficiency. Meanwhile, EBIT was brought down by an increase in raw material prices and lower consumer demand.

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Atria Russia



- Atria has implemented all the planned structural reforms, which have had a positive impact on the results.
- The Russian retail trade continued to develop slowly in the third quarter. Consumers' real earnings have fallen further, resulting in increased demand for lower-priced products.

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Atria Baltic

1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	8.4	9.0	24.9	26.0	34.5
EBIT	0.0	0.1	0.1	-0.2	-0.0
EBIT %	0.3 %	1.3%	0.4 %	-0.6%	-0.1%
Extraordinary items*	-	-	-	-0.4	-0.4

*Extraordinary items are included in the reported figures.

- The development of net sales and profitability of **Atria Baltic** has been affected by the prolonged oversupply in the international meat market and fierce price competition in the retail market. The sales of barbeque products were lower than last year due to the cold and rainy weather.
- In late summer, authorities imposed regional export and sales bans in order to prevent the spread of African swine fever, which reduces profitability and makes it more difficult to use local meat.

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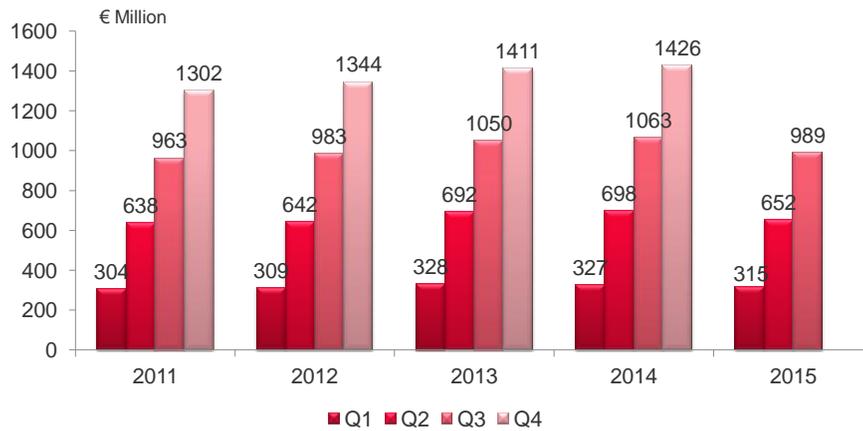
Financial Development

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Atria Group Net Sales

cumulative, quarterly

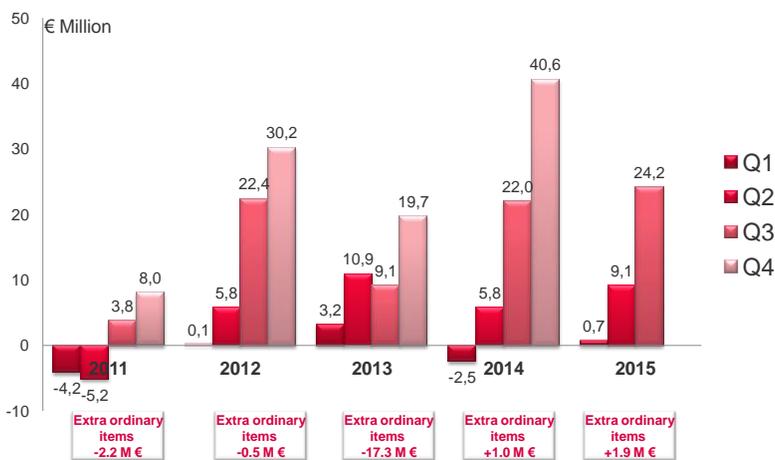


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Atria Group EBIT

cumulative, quarterly



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Atria Group Financial indicators

€ Million	30.9.2015	30.9.2014	2014
Shareholders' equity per share, EUR	14.07	14.38	14.22
Interest-bearing liabilities	225.5	314.9	254.1
Equity ratio, %	46.0	42.1	44.0
Gearing, %	56.1	76.8	62.6
Net gearing, %	55.8	75.9	61.8
Gross investments in fixed assets	39.0	55.3	62.7
Gross investments, % of net sales	3.9	5.2	4.4
Average number of employees	4,304	4,773	4,715

- Atria Plc refinanced in June a long term bullet loan of EUR 30 million, which was due in February 2017. The maturity of the new loan is seven years.
- In the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR 38.2 million (EUR -5.4 million). The Group's investments during the period totalled EUR 39.0 million (EUR 55.3 million).
- Interest-bearing net liabilities amounted to EUR 224.3 million (31 December 2014: EUR 250.7 million). The equity ratio was 46.0% (31 December 2014: 44.0%). In January–September, translation differences recognised in equity decreased equity by EUR 2.9 million (EUR 8.1 million) due to the weakening of the rouble.
- On 30 September 2015, the amount of the Group's undrawn committed credit facilities stood at EUR 110.7 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 1 month (31 December 2014: 3 years).

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Atria Group Income Statement

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
NET SALES	337.1	364.4	989.2	1,062.7	1,426.1
Cost of goods sold	-293.6	-316.6	-873.9	-936.0	-1,249.3
GROSS PROFIT	43.5	47.8	115.3	126.7	176.8
% of Net sales	12.9	13.1	11.7	11.9	12.4
Other income	1.5	1.3	4.8	2.6	6.7
Other expenses	-29.9	-32.9	-95.9	-107.3	-142.9
EBIT	15.1	16.2	24.2	22.0	40.6
% of Net sales	4.5	4.4	2.4	2.1	2.8
Financial income and expenses	-2.6	-2.8	-7.4	-9.6	-12.7
Income from joint-ventures and associates	0.4	0.3	0.5	5.4	6.2
PROFIT BEFORE TAXES	13.0	13.6	17.3	17.7	34.0
Income taxes	-4.9	-3.3	-6.1	-4.6	-7.2
PROFIT FOR THE PERIOD	8.1	10.3	11.2	13.2	26.8
% of Net sales	2.4	2.8	1.1	1.2	1.9
Earnings/share, €	0.27	0.35	0.38	0.45	0.93

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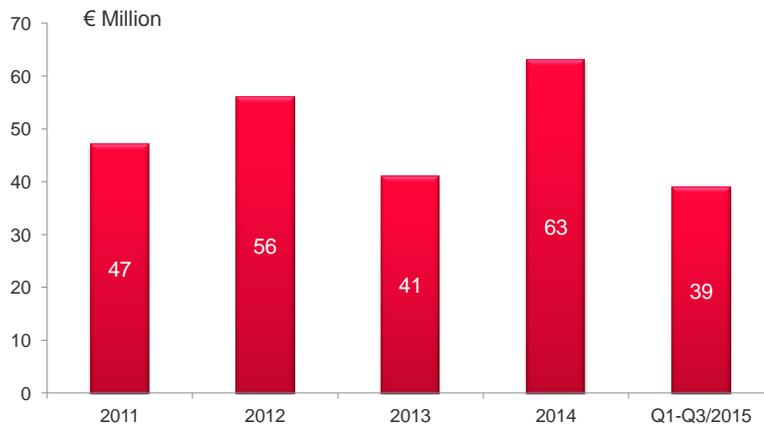
Atria Group Cash flow statement

€ Million	Q1-Q3		2014
	2015	2014	
Cash flow from operating activities	46.3	63.3	113.3
Financial items and taxes	-3.9	-14.4	-21.1
Net cash flow from operating activities	42.4	48.9	92.2
Investing activities, tangible and intangible assets	-32.0	-23.9	-33.9
Acquired operations	-5.5	-32.5	-32.5
Sold operations	34.1	-	11.9
Change in non-current receivables	0.2	0.1	-2.8
Dividends from investments	0.6	1.0	8.4
Changes in other investments	-1.6	0.9	1.1
Net cash used in investing activities	-4.2	-54.3	-47.8
FREE CASH FLOW	38.2	-5.4	44.3
Changes in interest-bearing loans	-29.0	-13.8	-63.4
Dividends paid	-11.3	-6.2	-6.2
Net cash used in financing activities	-40.3	-20.0	-69.6
CHANGE IN LIQUID FUNDS	-2.1	-25.4	-25.3

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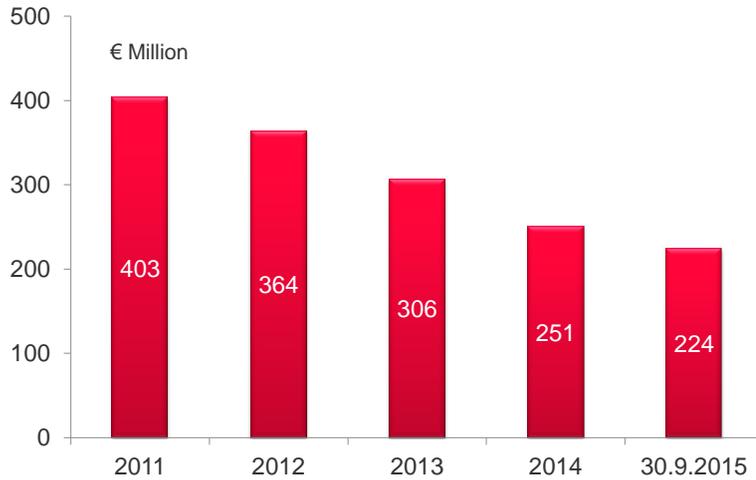
Atria Group Gross investments



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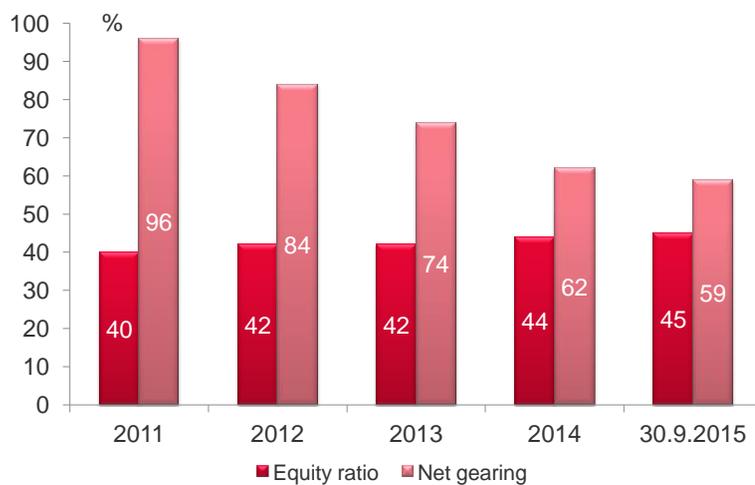
Atria Group Net debts



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Atria Group Equity ratio & Net gearing



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Events occurring after the period

- Negotiations with the personnel regarding the adjustment of operations at Atria's plant in Sahalahti, Finland, were initiated in September and completed in October. The negotiations resulted in a reduction of 19 man-years at the Sahalahti plant.

Short-term business 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. African swine fever is such an incident in Estonia. The risk of its spread is 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.
- Shifts in the balance between meat supply and demand in the global meat market pose a risk to Atria's business. Atria estimates that no significant changes have occurred in meat market uncertainties compared to the situation described in the Annual Report 2014. However, due to the prolonged imbalance between meat supply and demand, profitability is now harder to predict.
- Atria's exposure to the volatility of the Russian rouble and to the effects of Russia's import ban on EU meat continues.

Outlook for the future

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

The Atria logo features the word "Atria" in a red, cursive-style font with a registered trademark symbol (®) to its upper right. A green brushstroke underline is positioned beneath the letters.

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