

# Atria Plc

## 1 January – 30 June 2010

President and CEO  
Matti Tikkakoski  
29 July, 2010

## Atria Group

### Review Q2

| € Million               | Q2<br>2010 | Q2<br>2009 | H1<br>2010 | H1<br>2009 | 2009    |
|-------------------------|------------|------------|------------|------------|---------|
| Net sales               | 317.0      | 337.4      | 622.9      | 648.1      | 1,316.0 |
| EBIT                    | 4.7        | 7.1        | 5.7        | 6.8        | 27.5    |
| EBIT %                  | 1.5        | 2.1        | 0.9        | 1.0        | 2.1     |
| Profit before taxes     | 3.5        | 4.4        | 1.7        | -1.1       | 16.5    |
| Earnings per share, €   | 0.10       | 0.09       | 0.03       | -0.06      | 0.25    |
| ROCE, 12 months rolling |            |            | 3.0        | 3.1        | 3.1     |

- Disputes relating to collective bargaining weighed down Atria Finland's Q2 net sales and EBIT
- Atria Scandinavia's Q2 EBIT improved significantly
- despite the sluggish market development of meat products in Russia, Atria Russia's net sales over the first half of the year increased by more than 16 per cent, but the full-year operating loss is predicted to increase from last year
- The full-year EBIT of the Group in 2010 is expected to remain at the 2009 EBIT level

## Atria Finland Review Q2

| € Million               | Q2<br>2010 | Q2<br>2009 | H1<br>2010 | H1<br>2009 | 2009  |
|-------------------------|------------|------------|------------|------------|-------|
| Net sales               | 178.9      | 201.6      | 358.0      | 383.6      | 781.9 |
| EBIT                    | 6.0        | 10.7       | 10.9       | 17.8       | 42.9  |
| EBIT %                  | 3.4        | 5.3        | 3.0        | 4.6        | 5.5   |
| ROCE, 12 months rolling |            |            | 8.9        | 9.9        | 10.2  |

- Atria Finland's Q2 net sales fell year-on-year by 11.3 per cent
- In April and May, Atria's production came to a halt for a total of 10 days due to disputes relating to collective bargaining, which was the main reason for the decline in net sales
- The overtime ban in force until the end of the strike also weakened the development of net sales
- Q2/2010 EBIT weakened due to low production and sales volumes caused mainly by the strike
- Cost-efficiency has remained at a good level throughout the first half of the year due to earlier efficiency improvements
- Given the circumstances, profitability has been satisfactory

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## Atria Finland

- Market shares of the Atria product groups remained nearly at the previous year's level during the early part of year, and Atria has been able to maintain its market share in food markets
- According to Atria's estimates the market share of Atria products in retail trade was approximately 25 per cent
- Raw material prices have remained stable



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## Atria Scandinavia

### Review Q2

| € Million               | Q2<br>2010 | Q2<br>2009 | H1<br>2010 | H1<br>2009 | 2009  |
|-------------------------|------------|------------|------------|------------|-------|
| Net sales               | 99.7       | 103.3      | 194.7      | 202.0      | 405.2 |
| EBIT                    | 3.3        | 0.6        | 4.0        | 1.9        | 10.0  |
| EBIT %                  | 3.3        | 0.6        | 2.1        | 0.9        | 2.5   |
| ROCE, 12 months rolling |            |            | 4.7        | 1.8        | 4.0   |

- Atria Scandinavia's Q2/2010 net sales fell year-on-year by 3.5 per cent. This was mainly caused by the discontinuation of the salad and sandwich business in June 2009 and decreased sales of consumer-packed meat. On the other hand, the strengthening of the Swedish krona improved net sales over the previous year
- The Q2/2010 EBIT showed a clear year-on-year increase. The Q2/2009 EBIT included EUR 2.9 million of non-recurring costs associated with the discontinuation of the salad and sandwich business
- Despite the decreased sales volume, the operative EBIT was at the previous year's level

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## Atria Scandinavia

- During the period, Atria Scandinavia announced an investment of a total of EUR 1.6 million in the automation of the cold cut production line at the Halmstad plant and in the automation of meat product and hamburger production at the Sköllersta plant
- The investments will be carried out during the second half of 2010, and annual cost savings will amount to EUR 0.9 million
- Atria Scandinavia's brands have kept their market shares
- The food market in the Swedish retail trade has not developed as well as last year
- The development of the foodservice market has been negative year-on-year



**Sibylla**

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## Atria Russia Review Q2

| € Million               | Q2<br>2010 | Q2<br>2009 | H1<br>2010 | H1<br>2009 | 2009  |
|-------------------------|------------|------------|------------|------------|-------|
| Net sales               | 34.4       | 27.9       | 63.3       | 54.4       | 113.0 |
| EBIT                    | -2.7       | -1.9       | -4.9       | -8.9       | -9.8  |
| EBIT %                  | -7.8       | -6.8       | -7.7       | -16.4      | -8.7  |
| ROCE, 12 months rolling |            |            | -3.8       | -9.3       | -6.9  |

- Atria Russia's Q2 net sales grew by 23 per cent in comparison to the previous year. The growth was partly due to the strengthening of the Russian rouble against the euro and partly to the increased sales both in St Petersburg and in Moscow
- The Q2 EBIT was negative EUR 2.7 million (Q2/2009 EUR -1.9 million). The performance is a result of sluggish market demand, weakened margins and start-up costs relating to the new Gorelovo plant
- Atria's market share increased slightly in the St Petersburg area retail trade over the period January-April 2010 and was at the level of about 20 per cent. The market share strengthened also in Moscow and was around 3 per cent

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## Atria Russia

- The sales of reclosable cold cut products has commenced in Moscow. The products are sold under the Campomos trademark, and they are equivalent to cold cuts that have been sold successfully for a long period in St Petersburg under the Pit-Product trademark
- New, cooked minced meat products (meat balls, hamburger steaks and kebabs) will be launched during Q4/2010. These will be completely new types of products in the Russian market. The launch will strengthen Atria Russia's position as a producer of fresh convenience foods
- The inauguration of the new Gorelovo production plant was held on 20 April 2010, and commercial sales of the products have begun

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## Atria Baltic

### Review Q2

| € Million               | Q2<br>2010 | Q2<br>2009 | H1<br>2010 | H1<br>2009 | 2009  |
|-------------------------|------------|------------|------------|------------|-------|
| Net sales               | 9.8        | 10.5       | 17.5       | 19.3       | 37.5  |
| EBIT                    | -0.8       | -1.5       | -2.1       | -2.5       | -12.6 |
| EBIT %                  | -8.2       | -14.3      | -12.0      | -13.0      | -33.6 |
| ROCE, 12 months rolling |            |            | -28.6      | -8.0       | -26.5 |

- Atria's year-on-year net sales in Estonia fell by 6.7 per cent. Compared to Q1/2010, net sales increased by almost 30 per cent, which is due to the increase in the sales of consumer-packed meat and in the sales volumes of the summer season
- The year-on-year EBIT has improved but is still at an unsatisfactory level
- The efficiency improvement programmes launched at the end of last year and beginning of this year have generated cost savings. Closing of the Ahja plant and centralising the production to the Valga and Vastse-Kuuste production plants proceeded according to the plan and the generated savings will have an impact as of June 2010
- Atria's market shares in Estonia have remained stable. In cold cuts, the market share is around 18 per cent. The market share of grill sausages has grown during the summer season

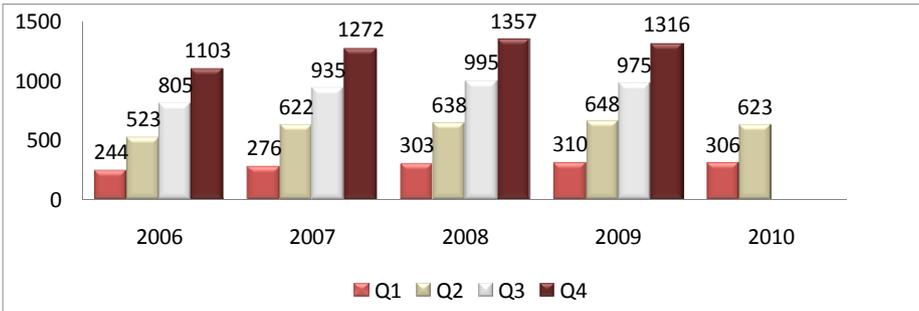
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## Financial development

## Atria Group Net Sales

cumulative

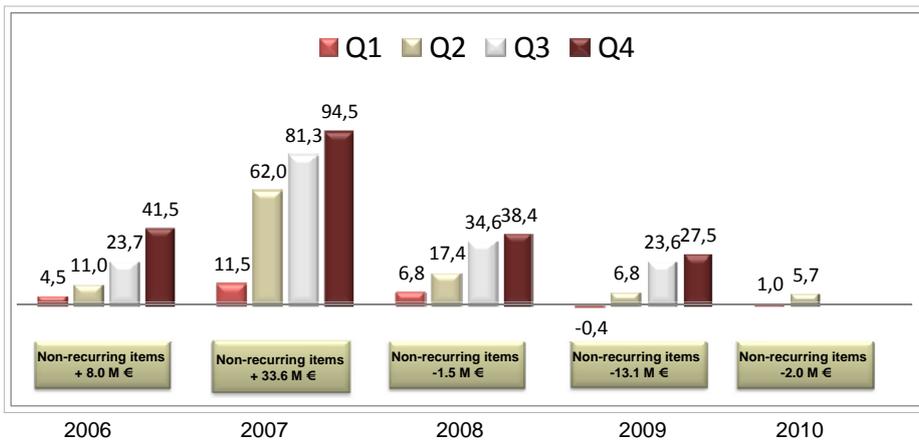
€ Million



## Atria Group EBIT

cumulative

€ Million



## Atria Group Financial indicators

| € Million                         | 30 June, 2010 | 30 June, 2009 | 31 Dec, 2009 |
|-----------------------------------|---------------|---------------|--------------|
| Interest-bearing liabilities, M€  | 444.1         | 448.8         | 425.8        |
| Total assets, M€                  | 1,118.8       | 1,091.1       | 1,101.3      |
| Equity ratio, %                   | 40.4          | 38.7          | 39.7         |
| Shareholders' equity per share, € | 15.90         | 14.89         | 15.39        |
| Personnel (average)               | 5,812         | 6,546         | 6,214        |

- Strengthened Russian rouble and Swedish krona increased the Group's euro-denominated liabilities and the total assets
- Efficiency programmes and the discontinuation of businesses reduced the amount of the personnel

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## Atria Group Income Statement

| € Million                     | Q2     |        | H1     |        | H1 2009  |
|-------------------------------|--------|--------|--------|--------|----------|
|                               | 2010   | 2009   | 2010   | 2009   |          |
| NET SALES                     | 317.0  | 337.4  | 622.9  | 648.1  | 1,316.0  |
| Cost of goods sold            | -279.0 | -294.6 | -550.8 | -573.5 | -1,151.0 |
| GROSS PROFIT                  | 38.0   | 42.8   | 72.1   | 74.6   | 165.0    |
| % of Net sales                | 12.0   | 12.7   | 11.6   | 11.5   | 12.5     |
| Other income                  | 1.4    | 1.0    | 2.2    | 2.0    | 4.6      |
| Other expenses                | -34.7  | -36.7  | -68.6  | -69.8  | -142.1   |
| EBIT                          | 4.7    | 7.1    | 5.7    | 6.8    | 27.5     |
| % of Net sales                | 1.5    | 2.1    | 0.9    | 1.0    | 2.1      |
| Financial income and expenses | -1.6   | -3.2   | -5.0   | -8.5   | -12.4    |
| Income from associates        | 0.4    | 0.5    | 1.0    | 0.6    | 1.4      |
| PROFIT BEFORE TAXES           | 3.5    | 4.4    | 1.7    | -1.1   | 16.5     |
| Income taxes                  | -0.3   | -1.8   | -0.3   | -0.3   | -9.1     |
| PROFIT FOR THE PERIOD         | 3.2    | 2.6    | 1.4    | -1.4   | 7.4      |
| % of Net sales                | 1.0    | 0.8    | 0.2    | -0.2   | 0.6      |
| Earnings/share,€              | 0.10   | 0.09   | 0.03   | -0.06  | 0.25     |

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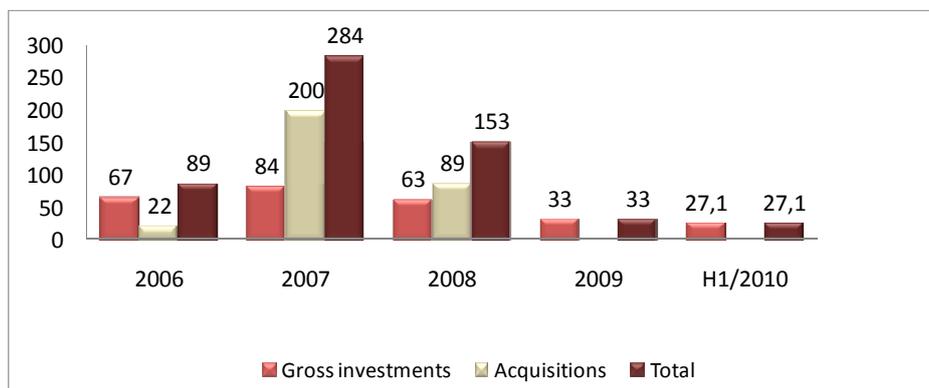
### Atria Group Cash flow statement

| € Million  | H1<br>2010   | H1<br>2009   | 2009         |
|--|--------------|--------------|--------------|
| Cash flow from operating activities                  | 20.2         | 24.9         | 92.7         |
| Financial items and taxes                            | -16.6        | -15.0        | -31.0        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>           | <b>3.6</b>   | <b>9.9</b>   | <b>61.7</b>  |
| Investing activities, tangible and intangible assets | -24.1        | -15.7        | -32.3        |
| Investments  | -4.7         | -2.2         | -1.8         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>           | <b>-28.8</b> | <b>-17.9</b> | <b>-34.1</b> |
| <b>FREE CASH FLOW</b>                                | <b>-25.2</b> | <b>-8.0</b>  | <b>27.6</b>  |
| Loans drawn down                                     | 29.5         | 28.4         | 41.8         |
| Loans repaid   | -22.5        | -26.2        | -64.8        |
| Dividends paid                                       | -7.1         | -5.7         | -5.7         |
| Acquired treasury shares                             |              | -0.7         | -0.7         |
| <b>CASH FLOW FROM FINANCING, TOTAL</b>               | <b>-0.1</b>  | <b>-4.2</b>  | <b>-29.4</b> |
| <b>CHANGE IN LIQUID FUNDS</b>                        | <b>-25.3</b> | <b>-12.2</b> | <b>-1.8</b>  |

- Increased investments and changes in exchange rates decreased the H1/2010 cash flow year-on-year

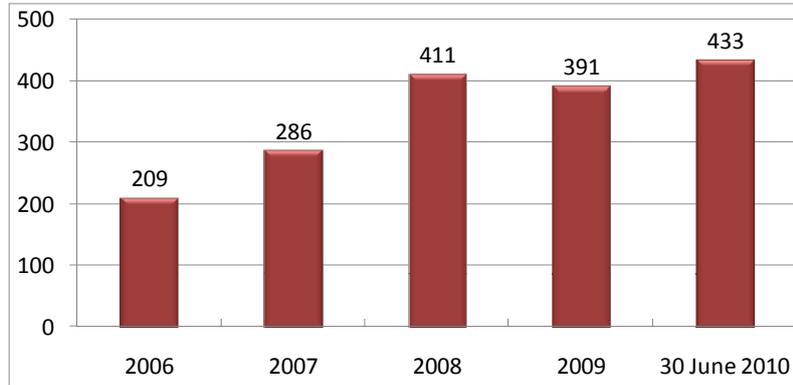
### Atria Group Gross investments

€ Million



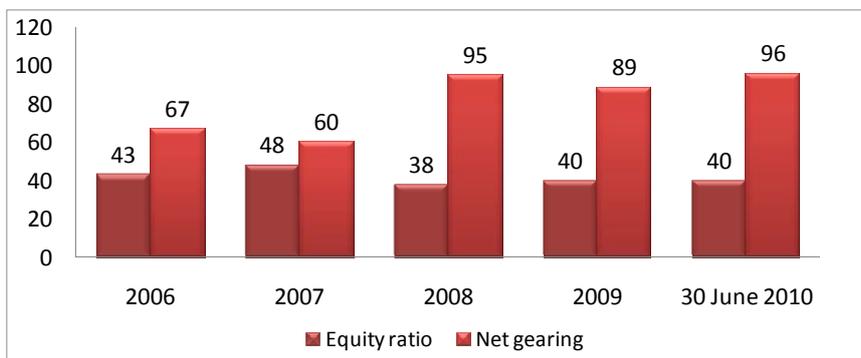
## Atria Group Net debts

€ Million



## Atria Group Equity ratio & Net gearing

€ Million



## Events occurring after the review period

- Atria Finland Ltd's Managing Director Juha Gröhn, M.Sc. (Food Sc.) will be appointed Managing Director of Atria Scandinavia AB's effective 1 September 2010. Mr Gröhn will continue as Atria Plc's Vice President and Deputy CEO. Furthermore, he will be responsible for Primary Production and Meat Raw Material Procurement
- The President and CEO of Atria Plc, Matti Tikkakoski, B.Sc. (Econ.), will be appointed Atria Finland Ltd's Managing Director effective 1 September 2010. He will continue as Atria Plc's President and CEO
- Atria Plc's CFO Tomas Back, M.Sc. (Econ.), will be appointed Atria Baltic's Business Area Director as of 1 September 2010. He will also continue as Atria Plc's CFO



## Outlook for the future

- The industrial action in the Finnish food sector affected Atria's sales and performance in the second quarter of the year and may still hamper the Q3 sales development. If the sluggishness in the meat product market continues in Russia, it will weaken the increase in Atria Russia's sales volumes. In addition, the company's decision to discontinue production of consumer-packed meat in Sweden will cut Atria Scandinavia's annual net sales in the second half of the year. On the other hand, the strengthening of the Russian rouble and Swedish krona has increased the Group's euro-denominated net sales. The Group's net sales in 2010 are therefore forecast to remain at the 2009 level.
- As an exception to earlier guidance, the Group's EBIT in 2010 is predicted to remain at the 2009 EBIT level
- The main reason for the weakening of the predicted EBIT is Atria Russia's weakened result forecast for the remainder of the year. Atria Russia's full-year operating loss is expected to grow from last year. Negative market development and tightened competition have made it more difficult to implement price increases in Russia and, therefore, it has not been possible to pass on the increased raw material prices to the sales prices. This year's performance is also burdened by the costs of the new plant and increased investments in marketing. Atria Russia's euro-denominated loss is also increased by the strengthened rate of the Russian rouble
- The industrial actions in the second quarter and their impact on orders during the summer season may still weaken the Q3 result of Atria Finland

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