

# HKScan

HKScan seeks development benefits  
of EUR 30 million in Sweden

CEO Matti Perkonaja

Pressmeeting in Helsinki, 15 September 2009 at 11am

# Group structure

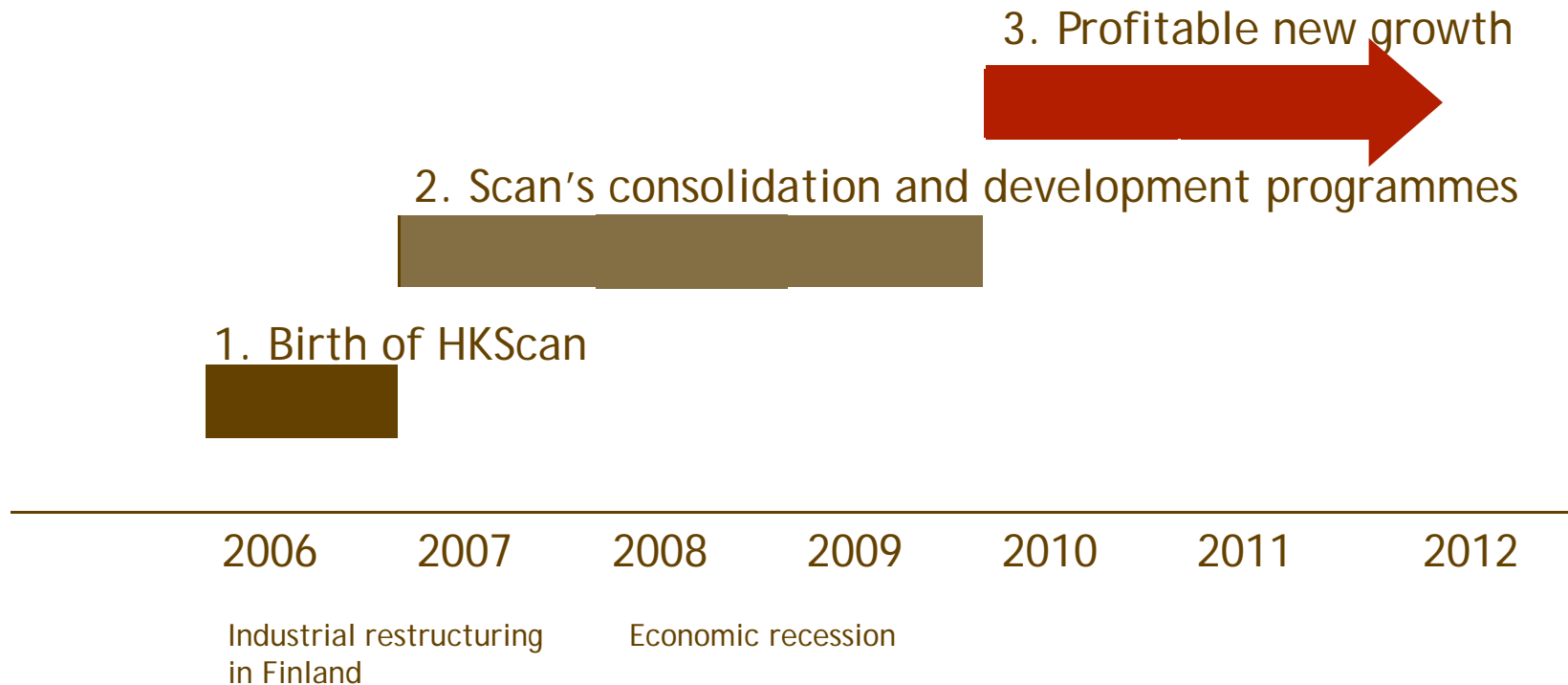
HKScan Corporation			
Net sales in 2008: EUR 2 294.6m, CEO Matti Perkonoja			
Finland	Sweden	Baltics	Poland
net sales in 2008: EUR 740.4m	net sales in 2008: EUR 1 179.3m	net sales in 2008: EUR 168.2m	net sales in 2008: EUR 270.9m**
<ul style="list-style-type: none"> <li>• HK Ruokatalo Oy</li> </ul> Managing director Jari Leija	<ul style="list-style-type: none"> <li>• Scan AB</li> </ul> Managing director Denis Mattsson	<ul style="list-style-type: none"> <li>• AS Rakvere</li> <li>• AS Tallegg</li> </ul> Lihakombinaat Managing director Anne Mere Managing director Teet Soorm	<ul style="list-style-type: none"> <li>• Saturn Nordic Holding AB</li> <li>→ Sokolów S.A.</li> </ul> Managing director Boguslaw Mischczuk

\* Between segments EUR -64.3 million

\*\* Joint venture Saturn Nordic Holding AB owned 50/50 by HKScan and Danish Crown AB holds 100% of the shares of Sokolów. In 2008, half of Sokolów's net sales, i.e. EUR 270.9 million, was accounted for in the figures of the HKScan Group.



# Scan AB as a part of the HKScan Group



# Objectives of stage 2 of the road map in Sweden

## 1. Strengthening Scan's market standing

- Customers
- Suppliers

## 2. Bringing profitability up to 5%

- EUR 30 million in development benefits
- Adaptation of structure and operations to the changed market
- Introducing a leaner organisation
- Streamlined industrial structure
- Streamlined legal structure of subsidiary

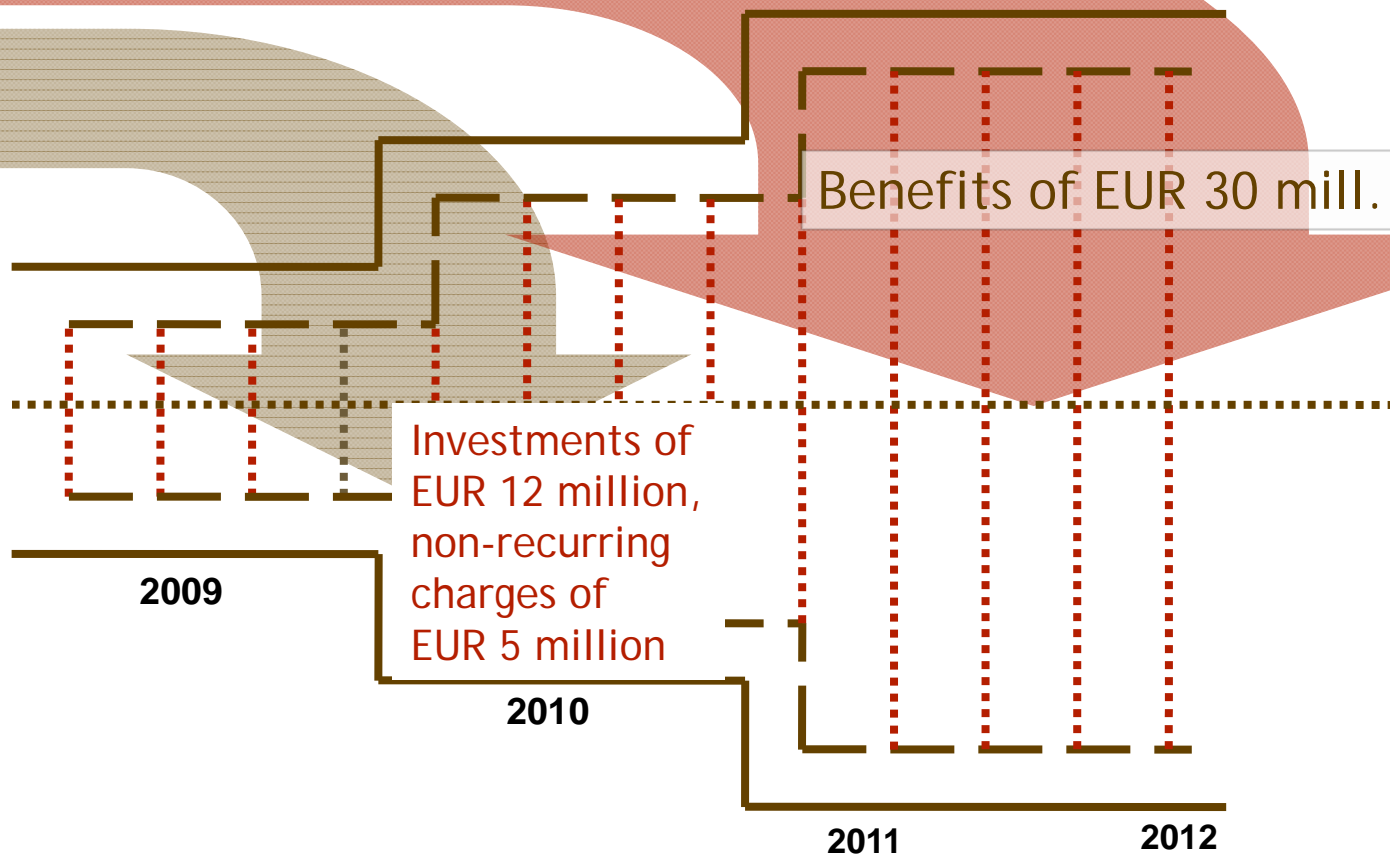
## 3. Creating the foundation for profitable future growth



# Aims of the road map

Bringing performance to a Nordic standard

Direct savings



# HKScan

Sweden

Sweden



Scan AB managing director Denis Mattsson  
Pressmeeting in Helsinki, 15 September 2009 at 11am

# Scan AB in brief



- Largest meat industry company in Sweden with a history going back more than 100 years, to 1899
- Formed in January 2007 when the business of Swedish Meats cooperative was incorporated into Scan AB
- Net sales in 2008 were EUR 1 179.3 million.
- 3 000 employees and 11 production plants: in Sweden (9), Denmark (1) and Poland (1)
- Meat industry market leader in Sweden
- Scan is a market leader and one of the most well-known consumer brands in Sweden and part of the national identity.
- Products include sandwich meats, sausages, bacon and packaged meats



# Scan brands

	Scan product groups	Brands
Sandwich meats		
Sausages		
Convenience foods		
Pre-packaged meats		
Bacon		

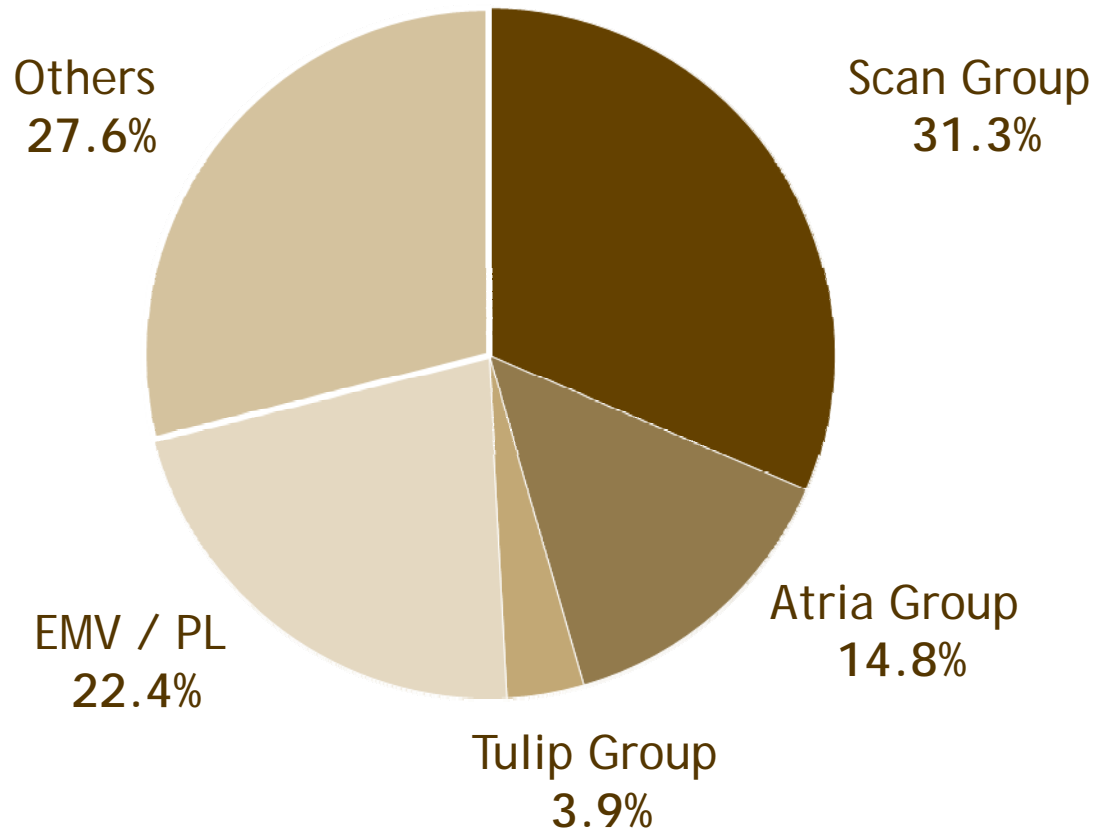
Denis Mattsson 15.9.2009

8

Source: AC. Nielsen, cumulative 2009, of retail value



# Market position in the Swedish retail sector



Source: AC. Nielsen, cumulative 2009, of value

# Stage 1 development measures 2007-2008

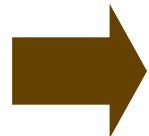


- **Investments:**
  - Expansion of bacon plant in Swinoujscie, Poland
  - National distribution centre in Linköping, online in 2010
- **Discontinued operations:**
  - Visby and Uppsala meat cutting
  - Uppsala and Skellefteå slaughterhouses
  - Production in Helsingborg, Malmö and Kävlinge

# Reasons for introducing the new road map



- Bringing EBIT to 5% by 2012
- Changes in the industry:
  - increased imports
  - competitive situation
- Changes in meat consumption
  - red meat
  - white meat
  - processed meats



Scan's fundamental dilemma: excess capacity and lack of cost competitiveness



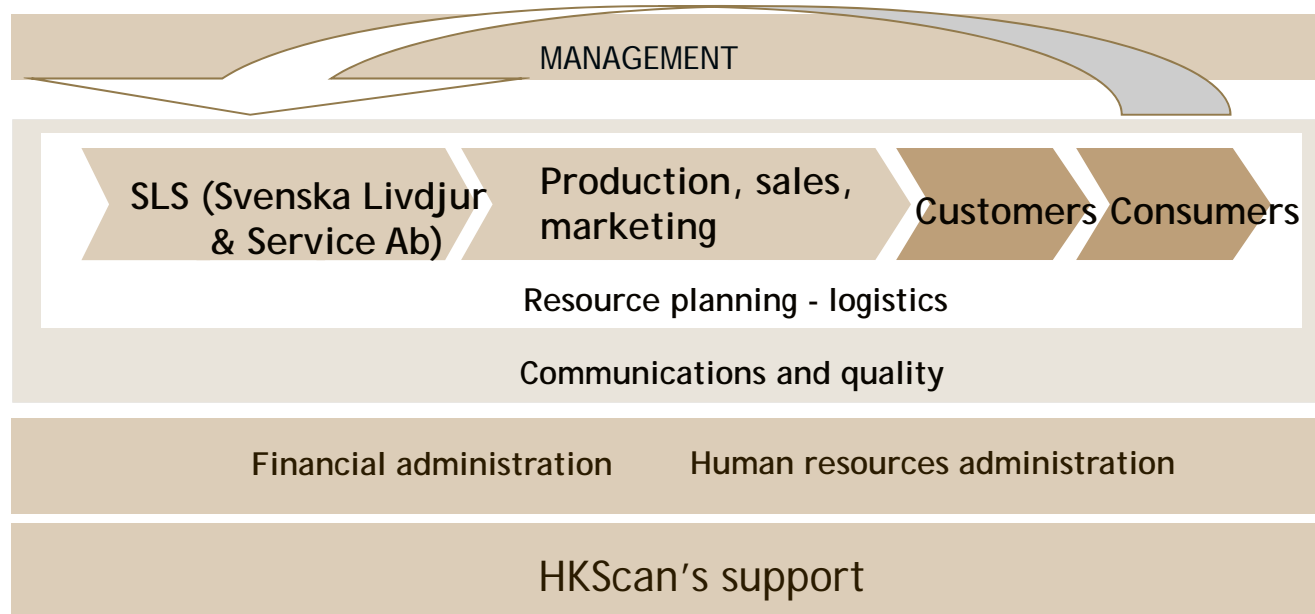
# Stage 2 of the road map, 2009

1. Management reorganisation and new management system
2. Second-stage development programme planning in accordance with objectives set by the Board of Directors of HKScan
3. Establishment of sourcing company and re-positioning of meat sourcing
4. Launch of road map implementation

# Scan's operating model



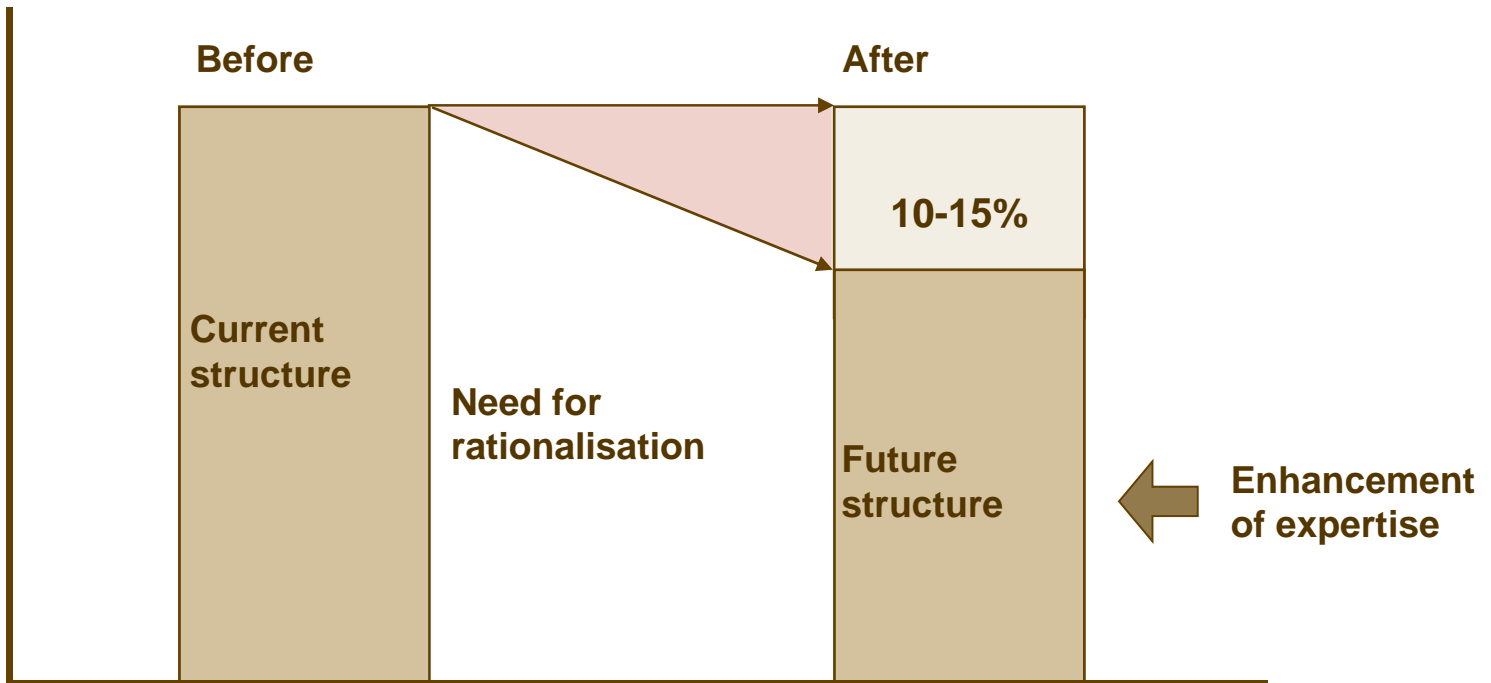
- customer-driven resource planning and adaptation of sourcing and production



# Right Size Company

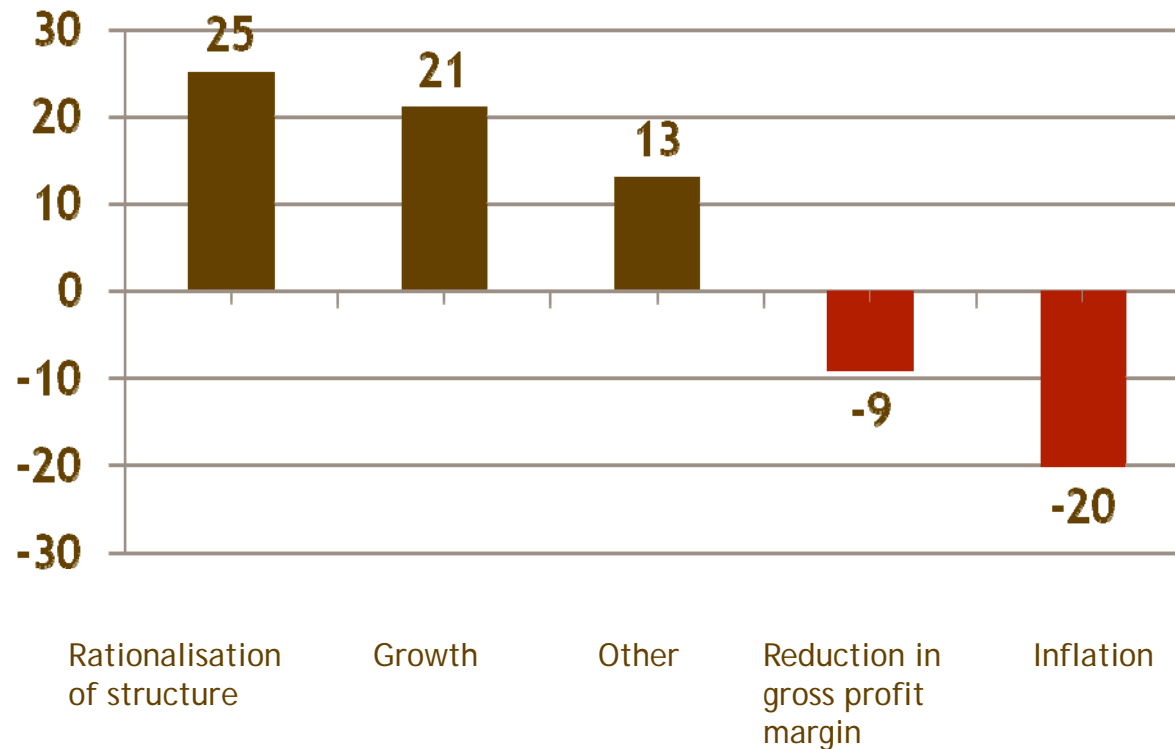


Resources





## Development benefits EUR +30 million



# Scan production plants



## Road map, stage 2:

- production would cease:
  - in Uppsala
  - at Kreatina in Denmark
  - at Esca in Linköping
- production would be scaled back:
  - in Skara
- production would be centralised:
  - to Linköping: slaughter and cutting of beef and lamb, production of consumer packed meat
  - to Kristianstad: slaughter and cutting of pork
  - to Skara: ground meat products
- Collaboration would be explored in respect of operations in Visby.



# Potential job impacts of stage 2 of the road map



Scan AB	Workforce today	Cuts envisaged
Skara	700	300
Uppsala	70	70
Kreatina, Denmark (production)	50	50
White-collar employees		95 (already announced, concerns all production locales)

- Total workforce ca. 500 employees (white-collar included)
- Jobs may be available to some
  - in Kristianstad
  - in Linköping
  - in Kreatina, Poland