

Atria Plc Financial Statements 2010

President and CEO
Matti Tikkakoski
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Atria Group Review 2010

€ Million	Q4 2010	Q4 2009	2010	2009
Net sales	346.7	340.4	1,300.9	1,316.0
EBIT	4.4	3.9	9.8	27.5
EBIT %	1.3	1.1	0.8	2.1
Profit before taxes	1.5	3.2	0.3	16.5
Earnings per share, €	0.01	-0.04	-0.18	0.25
ROCE, 12 months rolling			1.1	3.1

- **Atria Group's** net sales for the year were down by 1.1 per cent compared with the previous year
- In local currencies, year-on-year net sales fell by 4.9 per cent
- The Group's EBIT came to EUR 9.8 million, which includes a total of EUR 11.8 million of non-recurring costs (EUR 13.1 million)
- The profitability of Atria Finland and Atria Scandinavia was satisfactory
- Atria Russia reported a loss.

Atria Finland Review 2010

€ Million	Q4 2010	Q4 2009	2010	2009
Net sales	213.9	207.5	767.8	781.9
EBIT	7.8	11.2	30.7	42.9
EBIT %	3.6	5.4	4.0	5.5
ROCE, 12 months rolling			7.9	10.2

- The food industry strike and related lock-out in April–May weakened **Atria Finland's** volume and earnings development
- In the first half of 2010, net sales decreased by 6.7 per cent compared to the corresponding period the year before. Sales volumes approached their targets only in the last quarter, when net sales grew by approximately three per cent year-on-year
- Profitability weakened, especially during the early summer season when Atria's sales structure was unfavourable, for production reasons
- The decreased average price of the product range also reduced profitability
- The increase in feed prices along with the sweeping rise in the price of cereals and raw material for protein increased cost pressure.

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Atria Finland

- During the summer season, Atria was particularly successful within the poultry product group. In other product groups, recovery from the strike to normal levels will take longer
- The market for Food Service products is recovering from the recession, and sales took a turn for the better during the accounting period
- Christmas season sales, especially sales of ham, were brisk
- Atria invests approximately 26 million euros in building and renovating the Kauhajoki bovine slaughterhouse and cutting plant. It is estimated that the investment will be completed by the end of 2012. The annual cost savings are estimated at EUR 6 million
- Mika Ala-Fossi was appointed Managing Director of Atria Finland Ltd and he became a member of the management team on 1 February 2011
- Launching of a new product group, Atria Kulinaari, on the 1st of February 2011
- Atria will invest in organic products



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Atria Scandinavia

Review 2010

€ Million	Q4 2010	Q4 2009	2010	2009
Net sales	98.0	98.8	391.6	405.2
EBIT	5.6	3.4	13.9	10.0
EBIT %	5.7	3.4	3.5	2.5
ROCE, 12 months rolling			5.3	4.0

- **Atria Scandinavia's** 2010 net sales declined by 3.4 per cent year-on-year to EUR 391.6 million. Net sales in krona fell by 12.3 per cent
- Net sales decreased mainly as a result of the discontinuation of the production of consumer-packed meat and the sale of the salad and sandwich business
- Despite the decrease in net sales, the company's EBIT grew by 39 per cent to EUR 13.9 million
- The improvement in profitability was supported by the strengthening of the Swedish krona by more than 10 per cent against the euro
- However, the improved performance was decisively boosted by the reorganisation of production that the company used to slim down its cost structure and improve its cost-efficiency.

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Atria Scandinavia

- Atria Scandinavia's overall market position in Sweden remained almost unchanged and in Denmark it strengthened
- The sales of Ridderheims and Falbygdens products in Sweden declined slightly. However, the position of fresh delicatessen products as the market leader remained strong
- International growth of the Sibylla fast food concept continued to be particularly strong in Eastern European countries
- Right at the beginning of the year, Atria Scandinavia announced the discontinuation of the production of consumer-packed meat, and it shut down the Årsta production plant in Stockholm during the summer
- The Tyresö plant located in the Stockholm region was also shut down and production was transferred to the Skene plant. The production of delicatessen products was also transferred there from Gothenburg. The Gothenburg plant was turned into a distribution centre for delicatessen products



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Atria Russia Review 2010

€ Million	Q4 2010	Q4 2009	2010	2009
Net sales	32.2	29.8	129.2	113.0
EBIT	-7.6	-0.4	-27.9	-9.8
EBIT %	-23.6	-1.3	-21.6	-8.7
ROCE, 12 months rolling			-16.9	-6.9

- **Atria Russia's** net sales increased by 14.3 per cent to EUR 129.2 million. Growth was boosted by increased sales, strengthening of the Russian rouble and price increases implemented at the end of the year. In the local currency, the growth was 3.9 per cent
- Atria Russia's profitability was weak and the result was very much in the red
- The impacts of the economic recession on the food business weakened the earnings potential decisively
- The steep rise in the price of meat raw material that started during the second half of the year eroded Atria Russia's profitability and its competitiveness. The price rose from its starting level at the beginning of the year by approximately 26 per cent. Atria Russia's performance was also significantly impacted by increased marketing costs
- As a result of goodwill impairment testing in Atria Russia, the company decided to record an impairment totalling EUR 10.8 million allocated to goodwill.

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Atria Russia

- The market share of the CampoMos brand in Moscow's consumer goods retail trade rose to approximately four per cent. Atria's market position in the St Petersburg region remained strong. In terms of value, its market share in St Petersburg's entire consumer goods retail trade rose to over 20 per cent, making it the clear market leader in its product groups
- Atria Russia's investment of approximately EUR 70 million in a logistics centre and production plant was finalised when the new meat product plant was taken into use in early summer in Gorelovo, St Petersburg
- To improve its cost-efficiency, Atria Russia decided at the end of the year to centralise the production of meat products of the Moscow and Sinyavino plants to the new Gorelovo plant in St Petersburg. The annual cost savings are estimated at EUR 6 million, which will materialise fully by spring 2012



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Atria Baltic

Review 2010

€ Million	Q4 2010	Q4 2009	2010	2009
Net sales	8.7	9.0	35.0	37.5
EBIT	-0.7	-9.1	-3.7	-12.6
EBIT %	-8.0	-101.1	-10.5	-33.6
ROCE, 12 months rolling			-9.6	-26.5

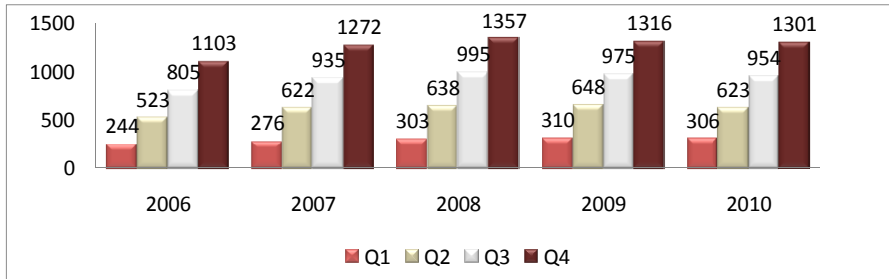
- The decrease of **Atria Baltic's** net sales was mainly due to weakened overall demand and a decrease in the market share of meat products
- Atria Baltic improved its profitability significantly during 2010. The operating loss (excluding impairment losses for goodwill) decreased by 31.5 per cent to EUR 3.7 million
- In order to improve its competitiveness and profitability, Atria Baltic carried out an efficiency improvement programme, which slimmed down the company's cost structure and measurably improved operational cost-efficiency
- However, Atria Baltic's profitability is not yet on a satisfactory level. The main reason for the weak profitability was the decreased price level. The price level was weighed down by the decreased overall demand and the resulting stiff price competition.

Financial Development

Atria Group Net Sales

cumulative

€ Million

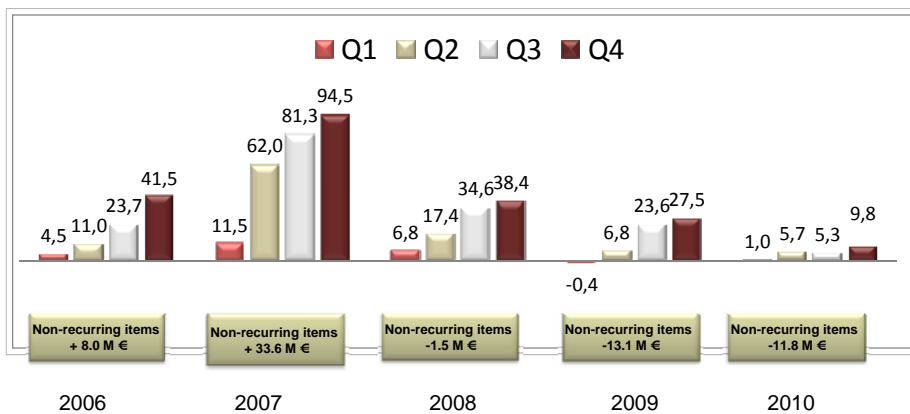


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Atria Group EBIT

cumulative

€ Million



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Atria Group Financial indicators

€ Million	31 December 2010	31 December 2009
Interest-bearing liabilities, M€	429.9	425.8
Total assets, M€	1,111.6	1,101.3
Equity ratio, %	40.2	39.7
Shareholders' equity per share, €	15.68	15.39
Personnel (average)	5,812	6,214

- The Group's debt has remained on the level of previous year. Strengthened Swedish krona against euro increased the Group's interest-bearing liabilities. Approximately 40% of the Group's debt is denominated in Swedish krona
- Efficiency programmes and the discontinuation of businesses reduced the average number of employees in Finland, Scandinavia and in the Baltic Countries in 2010

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Atria Group Income Statement

€ Million	Q4		Q4	
	2010	2009	2010	2009
NET SALES	346.7	340.4	1,300.9	1,316.0
Cost of goods sold	-308.3	-297.2	-1,149.1	-1,151.0
GROSS PROFIT	38.4	43.2	151.8	165.0
% of Net sales	11.1	12.7	11.7	12.5
Other income	1.4	1.6	7.7	4.6
Other expenses	-35.4	-40.9	-149.7	-142.1
EBIT	4.4	3.9	9.8	27.5
% of Net sales	1.3	1.1	0.8	2.1
Financial income and expenses	-3.2	-1.2	-11.2	-12.4
Income from associates	0.3	0.5	1.7	1.4
PROFIT BEFORE TAXES	1.5	3.2	0.3	16.5
Income taxes	-1.4	-4.6	-4.5	-9.1
PROFIT FOR THE PERIOD	0.1	-1.4	-4.2	7.4
% of Net sales	0.0	-0.4	-0.3	0.6
Earnings/share, €	0.01	-0.04	-0.18	0.25

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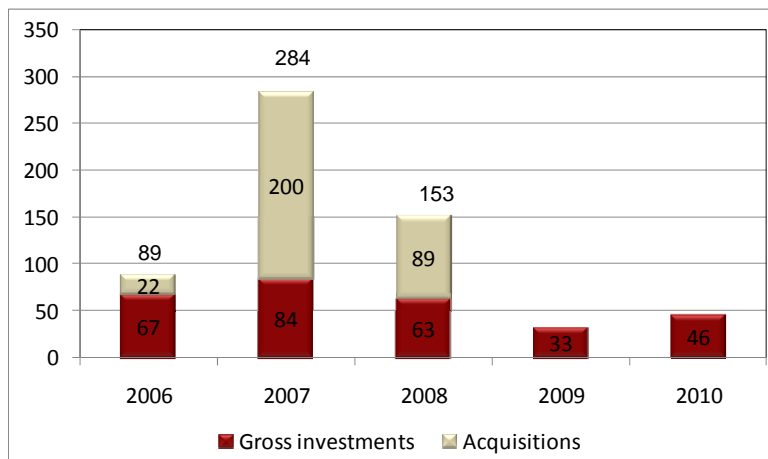
Atria Group Cash flow statement

€ Million	2010	2009
Cash flow from operating activities	85.5	92.7
Financial items and taxes	-40.9	-31.0
CASH FLOW FROM OPERATING ACTIVITIES	44.6	61.7
Investing activities, tangible and intangible assets	-39.6	-32.3
Investments	-0.6	-1.8
CASH FLOW FROM INVESTING ACTIVITIES	-40.2	-34.1
FREE CASH FLOW	4.4	27.6
Loans drawn down	40.8	41.8
Loans repaid	-56.2	-64.8
Dividends paid	-7.0	-5.7
Acquired treasury shares	-0.7	-0.7
CASH FLOW FROM FINANCING, TOTAL	-22.4	-29.4
CHANGE IN LIQUID FUNDS	-18.0	-1.8

- The Group's cash flow was strongly positive during the last quarter of the year and, due to this, the free cash flow for the entire year amounted to EUR 4.4 million

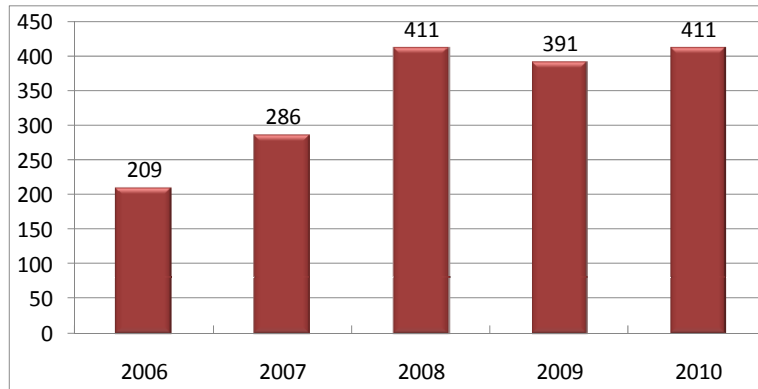
Atria Group Gross investments

€ Million



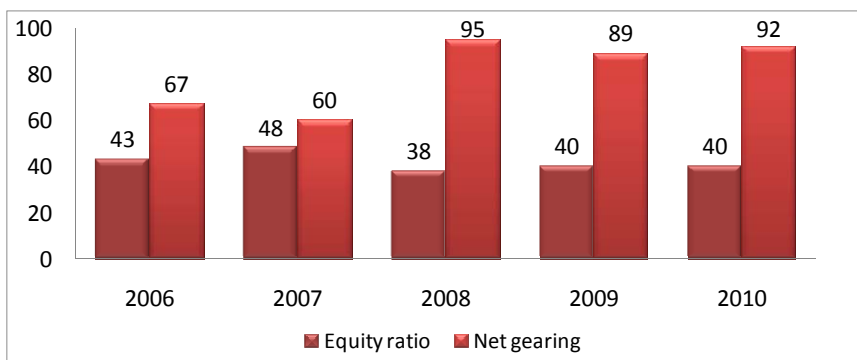
Atria Group Net debts

€ Million



Atria Group Equity ratio & Net gearing

€ Million



Outlook for the future

- Market conditions are expected to remain challenging in 2011. Consumption of food is expected to grow slightly in Finland, Sweden, Denmark and Estonia. In Russia, overall demand for meat products has decreased in 2010 and, according to Atria's estimate, increase in demand will be slow during 2011. Atria Group's net sales are expected to grow somewhat in 2011. The growth of net sales is weighed down particularly by the difficult market situation in Russia and the discontinuation of consumer-packed meat production in Sweden
- The Group's EBIT excluding non-recurring costs stood at EUR 21.6 million in 2010. In 2011, the Group's EBIT is expected to be higher than this. The key sources for uncertainty in terms of earnings development are the rising prices of cereal, feed and other raw materials as well as Russia's difficult market situation. Rising cereal and feed prices cause pressure to increase meat prices.

Atria Plc Efficiency Improvement Programmes 2009 – 2010

Atria Finland 2009 – 2010

Efficiency Improvement Programmes

- **In 2008 restructure operations in Finland**
 - Restructure operations affected Liha-Pouttu, Forssa, A-Farmers and A-Rehu
 - Annual cost savings of 4 million euros
 - Reduction of approx. 230 employees
- **In 2009 an efficiency improvement programme for all the Atria operations**
 - Annual cost savings of 5 million euros
 - Reduction of 125 man-years
- **In 2010 – 2012 concentrating of bovine slaughtering in Kauhajoki**
 - Investing of 26 million euros in Kauhajoki
 - Annual cost savings of 6 million euros
 - Reduction of 120 men-years in Kuopio
- **Development of personnel amount (in average):**
 - In 2008 = 2378
 - In 2010 = 2089

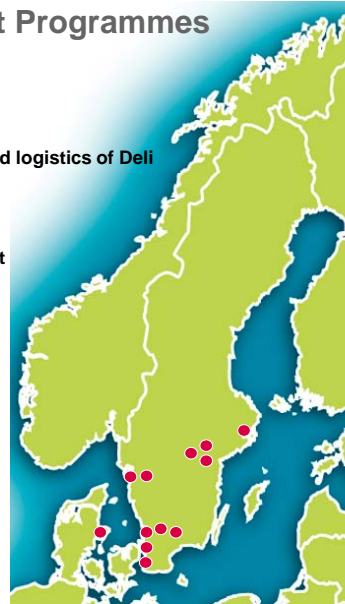


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Atria Scandinavia 2009 – 2010

Efficiency Improvement Programmes

- **In 2009**
 - **Atria sells the loss-making salad and sandwich business**
 - Reduction of 124 employees
 - **Investment of 5 million euros in streamlining production and logistics of Deli business**
 - Reduction of 77 employees
- **In 2010**
 - **Atria discontinues the production of consumer packed meat**
 - Re-arrangements affect 49 employees
 - **Investments in automation of cold-cuts, meat products and hamburger production process, 1.6 million euros**
 - Reduction of 30 employees
 - Annual cost savings of about 0.9 million euros
- **In 2011**
 - **Automating the production process of black pudding**
 - Investment of 2.2 million euros.
 - Closing of the Saltsjö-Boo plant
 - Annual cost savings of one million euros
- **Development of personnel amount (in average):**
 - In 2008 = 1691
 - In 2010 = 1205



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Atria Russia 2009 – 2010 Efficiency Improvement Programmes

- **In 2009 efficiency programme for all operations**
 - Utilising of the synergies of the St. Petersburg and Moskow plants
 - Cutting of overlapping operations: annual cost savings of 4 million euros
 - Reduction of 150 employees
- **In 2010**
 - The start-up of the new production plant in Gorelovo
 - Shifting of the meat product production from the Sinyavino and Moskow plants to the Gorelovo plant
 - Annual cost savings of 6 million euros starting Q2/2012
 - Reduction of 300 employees
- **Development of personnel amount (in average):**
 - In Q4/2008 = 2199
 - In 2010 = 2048



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Atria Baltic 2009 – 2010 Efficiency Improvement Programmes

- **In 2009 concentration of production**
 - Slaughtering, cutting and meat-processing to the Valga plant
 - Annual cost savings of 1.4 million euros
 - Reduction of 100 employees
- **In 2010 the closing of the Ahja plant**
 - Atria closes the Ahja plant and centralises the production to the Valga and Vastse-Kuuste production plants , reduction of 40 employees
 - Launching of an efficiency improvement programme for the whole business process
 - Annual cost savings of one million euros
- **Development of personnel amount (in average):**
 - In Q4/2008 = 706
 - In 2010 = 470



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Strategy 2010 - 2013

Vision

The first choice for consumers and customers in fresh food in the Baltic Sea region and European Part of Russia



Strategy 2010 – 2013

1. Dramatically improve international profitability
2. Strengthen market position and grow organically

Strategic tools

- | | | |
|--|---|--|
| 1. Achieve sustainable competitive advantage through product leadership (incl. Brands) | 2. Focus on Atria brands and profitability (incl. structure) in Finland | 3. Create category and brand strategy and implement the production network optimisation in Scandinavia |
| 4. Drive rapid profitability enhancement in Russia | 5. Revenue enhancement and implementation of comprehensive turn-around program in Estonia | 6. Reduce working capital |

Mission

Good food – Better mood

Good food, better mood.