

Atria Plc

Interim Report

1 January – 30 September, 2014

CEO
Juha Gröhn
30 October, 2014

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Atria Group

1 January – 30 September, 2014

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Net sales	364.4	358.4	1,062.7	1,050.4	1,411.0
EBIT	16.2	-1.8	22.0	9.1	19.7
EBIT %	4.4	-0.5	2.1	0.9	1.4
Profit before taxes	13.6	-5.0	17.7	-0.2	6.9
Earnings per share, €	0.35	-0.54	0.45	-0.48	-0.15
Extraordinary items*	0.6	-16.3	-0.6	-15.2	-17.3

* Extraordinary items are included in the reported figures.

- **Atria Group's** third-quarter results developed positively despite difficult market conditions.
- Net sales for July–September grew by EUR 6.0 million year-on-year.
- EBIT for July–September without non-recurring items was EUR 15.6 million (EUR 14.5 million).
- Net sales for January–September grew by EUR 12.3 million year-on-year.
- EBIT for January–September without non-recurring items amounted to EUR 22.6 million (EUR 24.4 million).

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Atria Finland

1 January – 30 September, 2014

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Net sales	238.5	224.8	701.9	660.8	886.8
EBIT	11.8	9.8	18.0	23.8	32.9
EBIT %	5.0	4.4	2.6	3.6	3.7
Extraordinary items*	0.6	0.0	-0.2	1.1	1.1

*Extraordinary items are included in the reported figures.

- **Atria Finland's** net sales for July–September grew by EUR 13.7 million year-on-year.
- EBIT for July–September was EUR 2.0 million higher than the EBIT for the corresponding period last year. EBIT includes a non-recurring sales profit of EUR 0.6 million for the sale of real estate company shares. EBIT was increased by improved cost-efficiency.
- The increase of the net sales for January–September was due to the consolidation of the operations acquired from Saarioinen as of the beginning of February and the launch of poultry feed sales at the beginning of the year.
- EBIT for January–September decreased by EUR 5.8 million year-on-year. EBIT includes EUR 0.8 million of non-recurring costs related to the takeover of the operations acquired from Saarioinen and EUR 0.6 million of profit from the sale of real estate company shares. EBIT for the comparative period contains EUR 1.1 million of non-recurring profit.

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Atria Finland



- EBIT was weakened by tight price competition throughout the review period.
- The tightened competition is the result of the decline in consumers' purchasing power and the oversupply of meat in the EU meat market owing to Russia's import ban.
- Summer barbecue season sales were a success despite fierce price competition.
- Atria did well in the summer season and was the market leader in consumer-packed meat, poultry, cold cuts and cooking sausages. Atria was also a strong number two in the convenience food market.
- According to Atria's own estimate, its total market share in June–September was approximately 28 per cent.

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Atria Scandinavia

1 January – 30 September, 2014

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Net sales	93.3	99.7	277.0	292.0	395.0
EBIT	5.9	4.7	10.2	6.5	12.2
EBIT %	6.3	4.7	3.7	2.2	3.1
Extraordinary items*	0.0	-0.9	0.0	-0.9	-1.0

*Extraordinary items are included in the reported figures.

- **Atria Scandinavia's** net sales for July–September fell by 2.0 per cent year-on-year at comparable exchange rates.
- EBIT for July–September amounted to EUR 5.9 million (EUR 4.7 million).
- At comparable exchange rates, net sales for January–September fell by 1.1 per cent year-on-year.
- This decrease was affected by the slow growth of the total market and stronger market position of private labels.
- The positive development of EBIT is due to more stable raw material prices and improved cost-efficiency.

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Atria Scandinavia

- The market of the product groups represented by Atria has decreased in the Swedish retail trade from the beginning of the year. The cold cuts market has declined by 4.4 per cent and the cooking sausages market by 0.7 percent (Source: AC Nielsen).
- The share of private labels in the Swedish retail sector has continued to grow.
- During the ongoing year, Atria has made significant investments in marketing the Lithells brand.
- The international expansion of Atria Concept is progressing well: there are currently more than 4,000 Sibylla sales outlets in all.



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Atria Russia

1 January – 30 September, 2014

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Net sales	29.2	32.0	76.5	90.8	121.5
EBIT	-1.5	-16.4	-4.8	-19.1	-21.0
EBIT %	-5.3	-51.2	-6.3	-21.1	-17.3
Extraordinary items*	0.0	-15.4	0.0	-15.4	-17.4

*Extraordinary items are included in the reported figures.

- **Atria Russia's** net sales for July–September grew by 0.6 per cent year-on-year at a comparable exchange rate. The weak growth of comparable net sales was due to the decline in consumers' purchasing power and in retail sales, together with the discontinuation of primary production at the end of last year.
- Comparable EBIT for July–September was EUR -1,5 million (EUR -0,9 million).
- Net sales for January–September decreased by EUR 14.3 million. At a comparable exchange rate, net sales fell by EUR 2.9 million year-on-year. The reason for this decrease in comparable net sales was the discontinuation of primary production at the end of last year and the decline in consumers' purchasing power and retail sales.
- Comparable EBIT for January–September was EUR -4.8 million (EUR -3,7 million).
- Reduced EBIT was caused by the steep rise in raw material prices, which could not be fully transferred to sales prices.

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Atria Russia



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- Russia's economy slowed down strongly in July–September (Source: The World Bank, Oct 2014).
- Retail sales and consumers' purchasing power have weakened and the market of the product groups represented by Atria has contracted.
- Atria has adapted its product range to the market situation by launching more inexpensive products.
- Russia's import ban on EU pork and the weakening of the rouble since last year have raised the price of pork in Russia by over 50 per cent from the beginning of the year (Source: Emeat). The prices of other types of meat have also taken an upward turn.

Atria Baltic

1 January – 30 September, 2014

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Net sales	9.0	8.5	26.0	25.0	32.9
EBIT	0.1	0.3	-0.2	-0.1	0.1
EBIT %	1.3	3.6	-0.6	-0.2	0.2
Extraordinary items*	0.0	0.0	-0.4	0.0	0.0

*Extraordinary items are included in the reported figures.

- **Atria Baltic's** net sales for July–September totalled EUR 9.0 million.
- Atria's own brands sold well during the summer barbecue season.
- EBIT amounted to EUR 0.1 million (EUR 0.3 million). EBIT was weakened by tight price competition.
- Net sales for January–September totalled EUR 26.0 million. EBIT for the period was EUR -0.2 million. In June, Atria sold a factory located in Vilnius, Lithuania. The deal resulted in a non-recurring sales loss of EUR 0.4 million.
- The positive performance was due to better cost-efficiency in production and the improved sales structure.
- In September, African swine fever (ASF) was detected in a wild boar in southern Estonia. No restrictions have been placed on pork trade, since production pig farms have been successfully protected from ASF.

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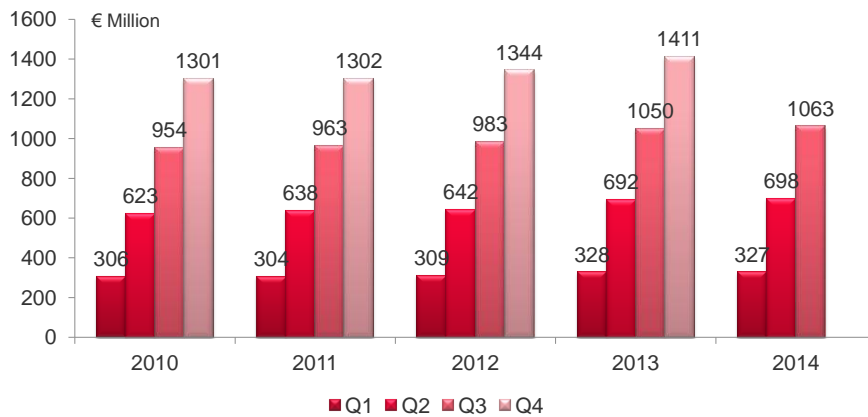
Financial Development

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Atria Group Net Sales

cumulative, quarterly

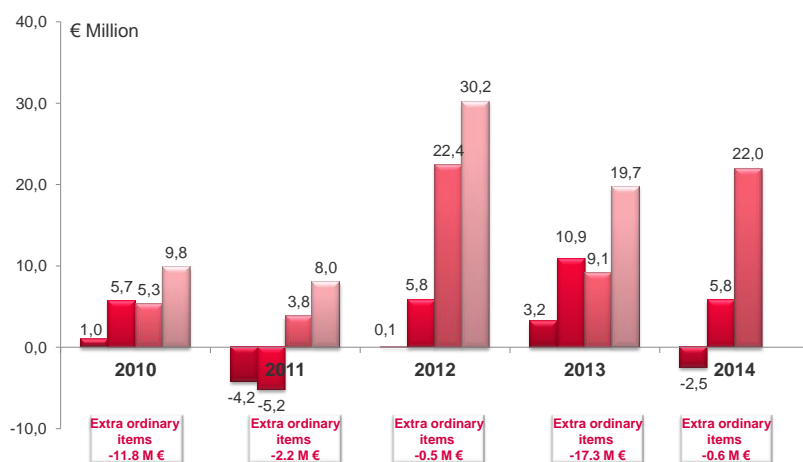


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Atria Group EBIT

cumulative, quarterly



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Atria Group Financial indicators

€ Million	30.9.2014	30.9.2013	2013
Shareholders' equity per share, EUR	14.38	14.26	14.45
Interest-bearing liabilities	311.5	361.0	334.7
Equity ratio, %	42.1	40.9	42.2
Gearing, %	76.8	88.7	81.3
Net gearing, %	75.9	84.5	74.3
Gross investments in fixed assets	55.3	29.2	41.1
Gross investments, % of net sales	5.2	2.8	2.9
Average number of employees	4,773	4,688	4,669

- In September, Atria discontinued a committed credit facility of EUR 40 million due in September 2017.
- On 30 September 2014, the Group had undrawn committed credit facilities worth EUR 109.5 million (31 December 2013: EUR 148.2 million). The average maturity of loans and committed credit facilities at the end of the period under review was 2 years 10 months (31 December 2013: 3 years 4 months).
- The Group's operating cash flow was EUR 48.9 million (EUR 44.8 million) and cash flow from investments was EUR -54.3 million (EUR -24.1 million).
- During the review period, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -5.4 million (EUR 20.7 million).

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Atria Group Income Statement

EUR million	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
NET SALES	364.4	358.4	1,062.7	1,050.4	1,411.0
Cost of goods sold	-316.6	-311.3	-936.0	-921.2	-1,237.1
GROSS PROFIT	47.8	47.1	126.7	129.2	173.9
% of Net sales	13.1	13.1	11.9	12.3	12.3
Other income	1.3	0.8	2.6	3.0	6.1
Other expenses	-32.9	-49.7	-107.3	-123.2	-160.3
EBIT	16.2	-1.8	22.0	9.1	19.7
% of Net sales	4.4	-0.5	2.1	0.9	1.4
Financial income and expenses	-2.8	-3.6	-9.6	-11.2	-15.2
Income from joint-ventures and associates	0.3	0.4	5.4	1.9	2.3
PROFIT BEFORE TAXES	13.6	-5.0	17.7	-0.2	6.9
Income taxes	-3.3	-10.1	-4.6	-13.0	-11.2
PROFIT FOR THE PERIOD	10.3	-15.1	13.2	-13.2	-4.3
% of Net sales	2.8	-4.2	1.2	-1.3	-0.3
Earnings/share, €	0.35	-0.54	0.45	-0.48	-0.15

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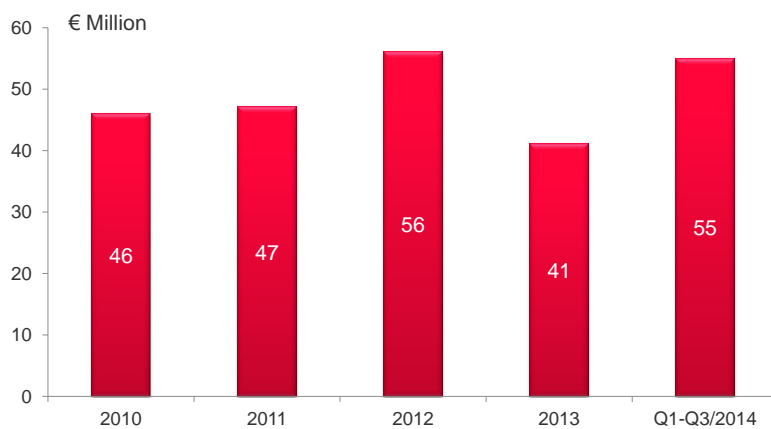
Atria Group Cash flow statement

€ Million	Q1-Q3		2013
	2014	2013	
Cash flow from operating activities	63.3	59.6	110.6
Financial items and taxes	-14.4	-14.7	-21.7
Net cash flow from operating activities	48.9	44.8	88.9
Investing activities, tangible and intangible assets	-23.9	-27.4	-38.7
Acquired operations	-32.5		
Change in non-current receivables	0.1	-0.1	2.1
Investments	2.0	3.3	1.8
Net cash used in investing activities	-54.3	-24.1	-34.8
FREE CASH FLOW	-5.4	20.7	54.1
Proceeds from non-current borrowings		50.0	50.0
Repayments of non-current loans	-47.8	-53.5	-62.3
Changes in current loans	34.0	0.0	-13.0
Dividends paid	-6.2	-6.2	-6.2
Net cash used in financing activities	-20.0	-9.7	-31.5
CHANGE IN LIQUID FUNDS	-25.4	11.0	22.6

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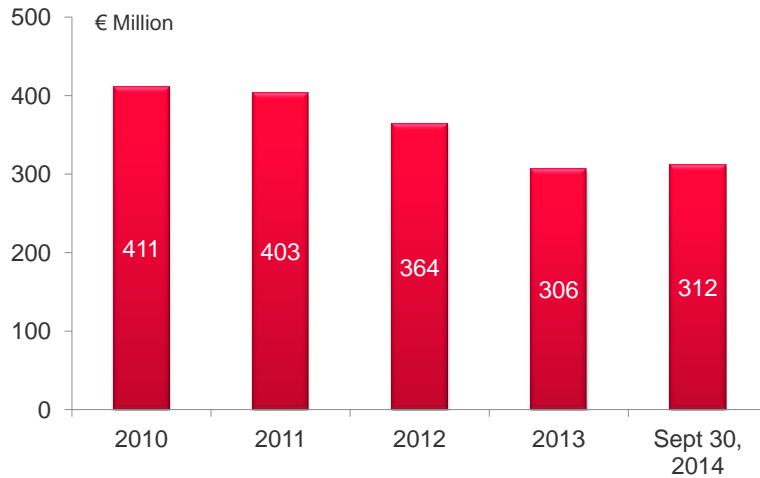
Atria Group Gross investments



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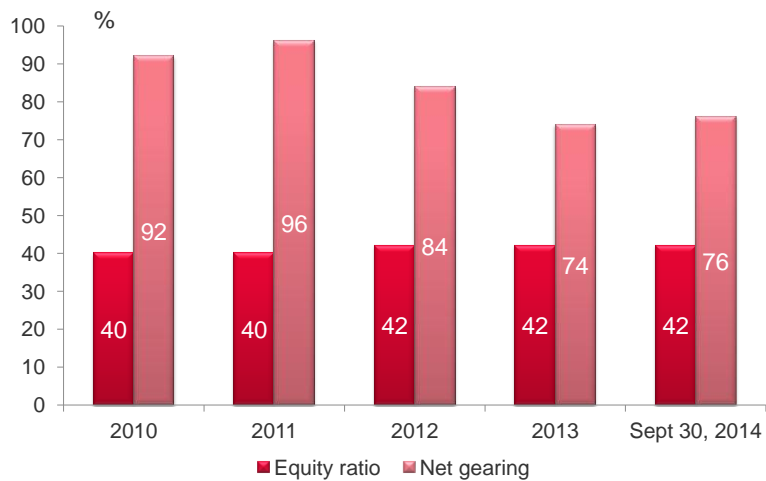
Atria Group Net debts



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Atria Group Equity ratio & Net gearing



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Events occurring after the period

- As part of the efficiency improvement programme for the Moscow operations, Atria sold the real estate company in Moscow in October for EUR 12 million. Atria will continue to lease the real estate in Moscow until the end of 2014. The deal will have no impact on the company's performance. In late 2013, Atria launched an efficiency improvement programme in Moscow and decided to discontinue industrial production and the operation of the logistics unit by the end of 2014.
- In Sweden, Atria concluded an agreement in October for the sale of the Falbygdens cheese business to Arla Foods AB, with a view to focusing on its core business. The sale includes the transfer of the following to Arla: the Falbygdens cheese business and its employees, the production plant in Falköping and the Falbygdens brand. The number of transferred employees is about 100. The sale will reduce Atria's annual net sales by approximately EUR 52 million and EBIT by some EUR 3 million. The deal is subject to the approval of the Swedish Competition Authority and Consumer Agency. It is expected to go through in early 2015.

Short-term business risks

- Short-term business risks associated with the Russian business environment have increased.
- Animal disease risk has increased due to the case of African swine fever detected in a wild boar in Estonia.
- Otherwise, no significant changes have occurred in Atria Group's short-term business risks compared with the risks described in the financial statements for 2013.

Outlook for the future

- The company expects the 2014 EBIT without non-recurring items to be clearly lower than the previous year's EBIT of EUR 37.0 million.
- Net sales are expected to grow in 2014.

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