

Atria Plc

Interim Report

1 January - 31 December 2016

Juha Gröhn, CEO

14 February 2017

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Atria Group 1 January - 31 December 2016

EUR million	Q4	Q4	Q1-Q4	Q1-Q4
	2016	2015	2016	2015
Net sales	356.8	351.0	1,351.8	1,340.2
EBIT	10.8	4.8	31.8	28.9
EBIT %	3.0 %	1.4 %	2.3 %	2.2 %
Profit before taxes	9.8	2.8	26.1	20.1
Earnings per share, €	0.22	0.11	0.65	0.49
Adjusted EBIT	10.8	13.8	31.4	36.1

Atria executes a strategy of Healthy Growth - investments, acquisitions and new market areas

- Atria made two acquisitions in 2016. With the acquisition of the Lagerbergs poultry company, Atria entered the Swedish poultry market, and the acquisition of Well-Beef Ltd introduced new products into Atria's already strong beef offering.
- In October, Atria Finland received official confirmation that it had obtained a permit to export pork to China.
- The commissioning of the first phase of the new pig cutting plant started.
- EBIT growth was slowed by decreased sales prices, the costs of starting up the pig cutting plant and the costs incurred in taking over new businesses.

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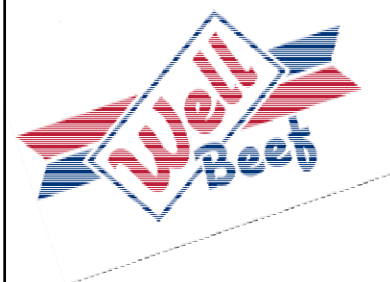
Atria Finland 1 January - 31 December 2016

EUR million	Q4	Q4	Q1-Q4	Q1-Q4
	2016	2015	2016	2015
Net sales	246.6	248.0	932.3	929.0
EBIT	10.8	13.7	24.2	29.8
EBIT %	4.4 %	5.5 %	2.6 %	3.2 %
Adjusted EBIT	10.8	13.7	24.2	29.8

- Atria Finland's increased sales volumes at the beginning of the year enabled net sales to grow.
- At the end of the year, growth slowed down due to tight price competition and decreased sales prices.
- Low sales prices and the costs of the transitional phase related to commissioning the new pig cutting plant had a negative effect on EBIT.
- The operations of Well-Beef Kaunismaa were consolidated into Atria as of the beginning of October.

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Atria Finland 1/4



- Atria acquired 70 percent of Well-Beef Kaunismaa's stock. The agreement between Atria and Well-Beef Kaunismaa to conclude the acquisition was confirmed on 3 October 2016. The transaction price was EUR 15.3 million.
- The company's annual net sales amount to around EUR 40 million. Well-Beef Kaunismaa has a production plant in Turku with approximately 50 employees.
- Well-Beef Kaunismaa's business focuses on beef processing and wholesaling.
- Well-Beef Kaunismaa holds a strong position in the Finnish market as a manufacturer of high-quality hamburger patties and kebab products. Well-Beef Kaunismaa's product range complements Atria's selections of beef products.

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Atria Finland 2/4

- In October, Atria Finland received official confirmation that it had obtained a permit to export pork to China.
- Initiating exports to China is a major step in the development and expansion of Atria's businesses.
- In January, Atria Finland signed a delivery agreement to export the first meat batch to China. Atria will deliver about three million kilograms of frozen pork products to its Chinese customers during 2017. The first delivery batch will be sent in the beginning of May.

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Atria Finland 3/4

- Once completed, Atria Finland's new pig cutting plant will be one of Europe's most modern cutting plants.
- The commissioning of the first phase of the cutting plant started in 2016. The entire project will be complete in 2017.
- The value of the investment is approximately EUR 36 million, and it is expected to generate annual cost savings of some EUR 8 million in the plant's operations. These savings will be realised in full as of the beginning of 2018.
- Employer-employee negotiations concerning the project have been concluded. Staffing was reduced by 80 person-years in the cutting plant.

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Atria Finland 4/4

- The market for the product groups represented by Atria in Finland showed an increase in value of about 2 percent in October-December.
- The largest market growth element was convenience food, but also poultry and cooking products grew slightly.
- Atria's producer market share in retail trade was slightly more than 23 percent.
- The total value of the market for the product groups represented by Atria increased by about one percent in 2016 as a whole. Atria's producer market share in retail trade was about 25 percent in the year as a whole.

(Source: Atria)

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Atria Scandinavia 1 January - 31 December 2016

EUR million	Q4	Q4	Q1-Q4	Q1-Q4
	2016	2015	2016	2015
Net sales	88.3	83.8	343.4	330.5
EBIT	0.7	3.2	8.4	12.8
EBIT %	0.8 %	3.8 %	2.4 %	3.9 %
Items affecting comparability				
Sale of real estate company	-	-	1.4	-
Adjusted EBIT	0.7	3.2	7.0	12.8

- In Atria Scandinavia, the increase in net sales was mainly due to the poultry business acquired in April 2016. EBIT was weighed down by increases in raw material costs, effects of the sales structure and the costs incurred in taking over the poultry operations.
- Atria centralised its logistics operations in Sweden by moving them from Gothenburg to the Malmö plant. The logistics centre in Gothenburg was sold for a profit of EUR 1.4 million.
- In October, Atria launched an efficiency improvement programme in Sweden and Denmark, aimed at improving the profitability of Atria Scandinavia business area. The efficiency improvement programme is targeted to generate annual savings of EUR 1.4 million.

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Atria Scandinavia 1/2

- Atria acquired the Lagerbergs poultry company at the end of April and the business operations were transferred to Atria as of the beginning of May. The purchase price was EUR 18.7 million.
- Atria's annual net sales are expected to grow by about EUR 30 million.
- In June, Atria's Board of Directors approved a long-term investment programme worth EUR 14 million for the development of the poultry business. The investments will be devoted to improving the entire production chain, from chicken rearing and industrial production to product marketing.



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Atria Scandinavia 2/2

- In 2016, the total retail market in Sweden for cold cuts decreased by 0.8 percent in value. In this market, Atria's market share was reduced compared to private labels.
- In Denmark, the market for cold cuts grew by 0.7 percent, and Atria strengthened its market share by about one percentage point.
- The Swedish retail market for sausages grew by 2.6 percent, and Atria strengthened its producer share. (Source: AC Nielsen)
- Demand for poultry and vegetarian products is increasing in Sweden. Atria meets the growing consumer demand with its Lagerbergs poultry product selection.
- Several new products were launched within Atria's TZAY vegetarian product selection.
- Atria launched organic cold cuts under the Arbogapastej, Pastejköket and Aalbaek brands.
- Lithells Signature, a new family of additive-free products, was developed for Food Service customers.



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Atria Russia 1 January - 31 December 2016

EUR million	Q4	Q4	Q1-Q4	Q1-Q4
	2016	2015	2016	2015
Net sales	21.1	18.6	71.8	75.1
EBIT	-0.6	-0.4	-0.7	-0.2
EBIT %	-2.7 %	-2.3 %	-0.9 %	-0.3 %
Items affecting comparability:				
Pig farm sale	-	-	-	1.9
Adjusted EBIT	-0.6	-0.4	-0.7	-2.1

- In Atria Russia, the Christmas and New Year season sale was a success.
- In October-December, the result was brought down by an increase in meat raw material costs and marketing costs.
- In the local currency, net sales grew by 4.2 percent during January-December.
- In 2016, sales of the Sibylla concept continued to grow. The number of outlets is now over 2,800.

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Atria Baltic 1 January - 31 December 2016

EUR million	Q4	Q4	Q1-Q4	Q1-Q4
	2016	2015	2016	2015
Net sales	8.8	8.0	34.4	32.9
EBIT	0.6	-9.1	0.7	-9.0
EBIT %	7.2 %	-113.6 %	2.0 %	-27.3 %
Items affecting comparability:				
Pig farm sale	-	-	-1.0	-
Goodwill impairment	-	-9.1	-	-9.1
Adjusted EBIT	0.6	0.0	1.7	0.1

- Atria Baltic's sales to retail increased in the first half of the year. The launching of new types of mince meat products in January increased sales and improved market share in retail.
- EBIT improved thanks to the productivity and cost efficiency of operations.
- Atria centralised its industrial operations in Estonia at the Valga factory. Production of meat products was transferred from the Vastse-Kuuste factory to Valga and the real estate was sold. The measures are expected to generate annual savings of approximately EUR 0.5 million.
- Atria sold the Linnamäe pig farm located in Northern Estonia in April. The sale of the Linnamäe pig farm gave rise to a sales loss of approximately EUR 1 million.

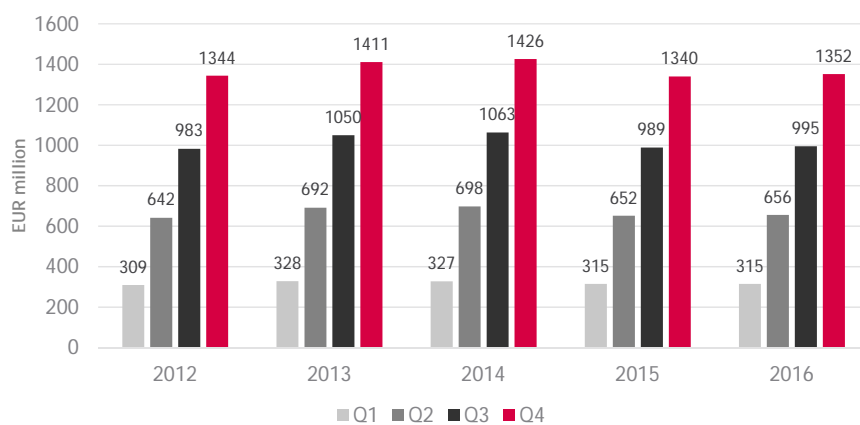
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Financial development

"Atria's Healthy Growth strategy calls for active measures in product development, in the strengthening of brands and in finding new markets. Acquisitions are also an important part of growth."

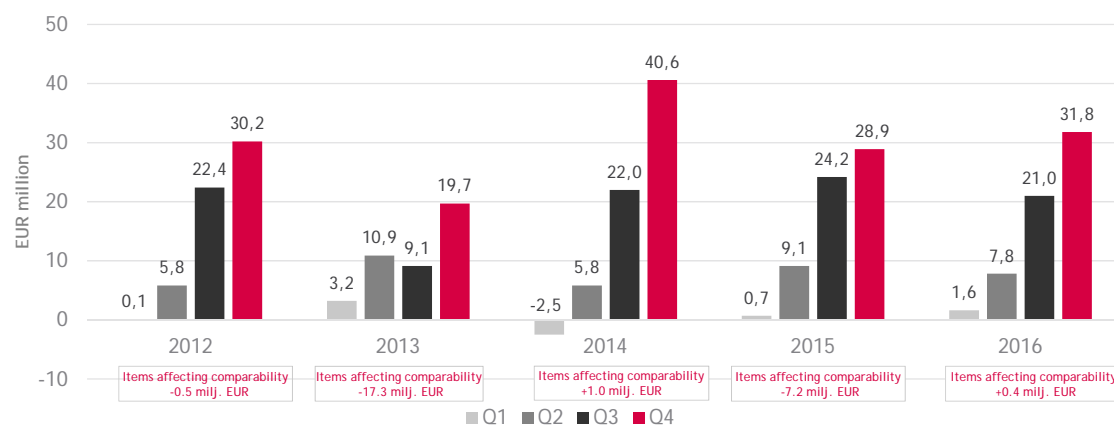
CEO Juha Gröhn

Atria Group Net Sales cumulative, quarterly



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Atria Group EBIT cumulative, quarterly



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Atria Group Financial indicators 1 January - 31 December 2016

EUR million	31 Dec 2016	31 Dec 2015
Shareholder's equity per share, EUR	14.49	14.16
Interest-bearing liabilities	217.8	199.6
Equity ratio, %	46.5 %	47.4 %
Net gearing, %	50.5 %	48.3 %
Gross investments	82.9	56.9
Gross investments, % of net sales	6.1 %	4.2 %
Average number of employees	4,315	4,271

- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -2.5 million (EUR +65.9 million). The cash flow from investments includes sold operations of EUR 5.2 million (EUR 33.7 million), and acquired operations of EUR -30.2 million (EUR -5.5 million).
- Netted translation differences with the Russian rouble and the Swedish krona recognised under equity increased equity by EUR +6.6 million (EUR -4.6 million) in the period from January to December.
- On 31 December 2016, the amount of the Group's undrawn committed credit facilities stood at EUR 105.0 million (31 December 2015: EUR 125.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 9 months (31 December 2015: 3 years 1 month).

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Atria Group Income statement

EUR million	Q4 2016	Q4 2015	Q1-Q4 2016	Q1-Q4 2015
NET SALES	356.8	351.0	1,351.8	1,340.2
Cost of goods sold	-310.6	-303.0	-1,187.4	-1,176.9
GROSS PROFIT	46.2	48.0	164.4	163.3
<i>% of Net sales</i>	13.0 %	13.7	12.2 %	12.2 %
Other income	1.3	0.7	4.6	5.5
Other expences	-36.7	-44.0	-137.2	-139.9
EBIT	10.8	4.8	31.8	28.9
<i>% of Net sales</i>	3.0 %	1.4	2.3 %	2.2 %
Financial income and expences	-1.6	-1.9	-6.3	-9.2
Income from joint-ventures and associates	0.7	-0.1	0.7	0.4
PROFIT BEFORE TAXES	9.8	2.8	26.1	20.1
Income taxes	-3.1	0.6	-6.6	-5.5
PROFIT FOR THE PERIOD	6.7	3.5	19.6	14.6
<i>% of Net sales</i>	1.9 %	1.0	1.4 %	1.1 %
Earnings/share, €	0.22	0.11	0.65	0.49

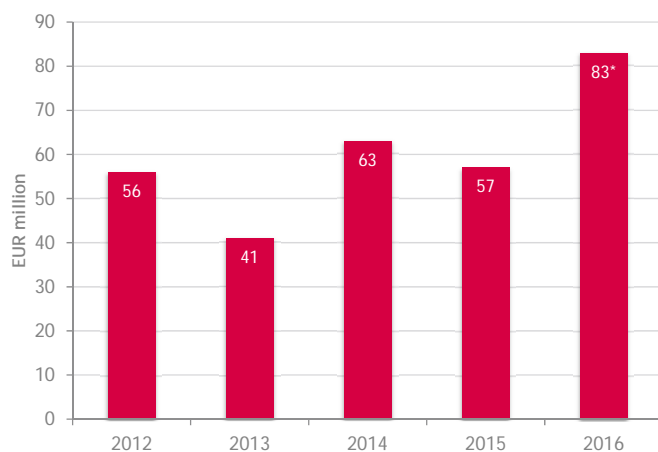
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Atria Group Cash flow statement

EUR million	Q1-Q4	
	2016	2015
Cash flow from operating activities	74.4	96.4
Financial items and taxes	-9.6	-8.2
NET CASH FLOW FROM OPERATING ACTIVITIES	64.8	88.2
Investing activities, tangible and intangible assets	-42.6	-50.2
Acquired operations	-30.2	-5.5
Sold operations	5.2	33.7
Change in non-current receivables	1.4	0.2
Dividends received from investments	0.1	0.6
Change in other investments	-1.3	-1.1
NET CASH USED IN INVESTING ACTIVITIES	-67.3	-22.3
FREE CASH FLOW	-2.5	65.9
Changes in interest-bearing liabilities	15.4	-54.9
Dividends paid	-11.3	-11.3
NET CASH USED IN FINANCING ACTIVITIES	4.1	-66.2
CHANGE IN LIQUID FUNDS	1.7	-0.3

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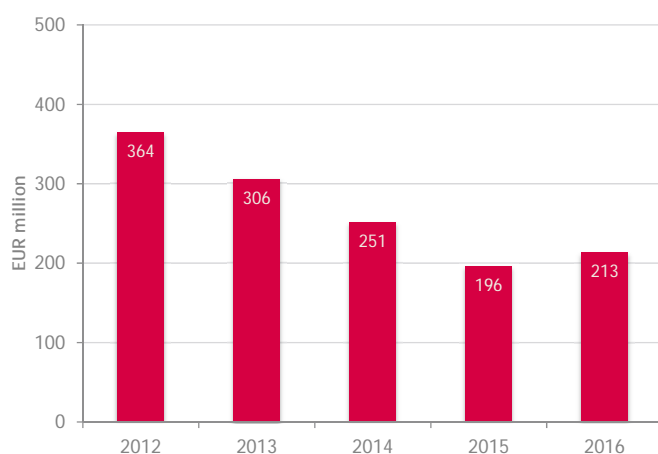
Atria Group Gross investments



- In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.

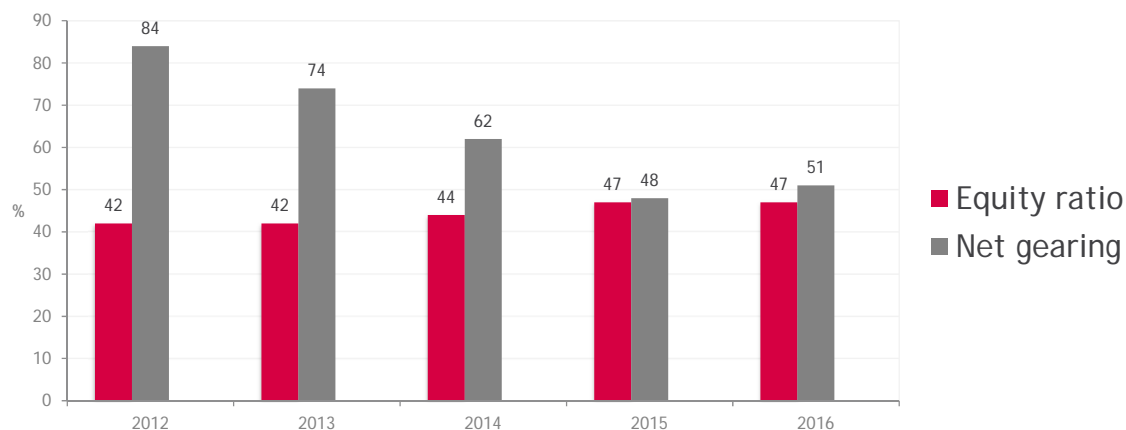
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Atria Group Net debts



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Atria Group Equity ratio & Net gearing



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Events after the period under review

- The Danish Competition and Consumer Authority (Konkurrence- og Forbrugerstyrelsen) ended the investigation concerning Atria Scandinavia's subsidiary, Atria Danmark A/S. The start of the investigation was announced in a press release on 23 June 2016. The authorities found no grounds for the continuation of the investigation.
- In January, Atria Finland Ltd signed a delivery agreement to export the first meat batch to China. Atria will deliver about three million kilograms of frozen pork products to its Chinese customers during 2017. The delivery includes all products derived from a pig's carcass. The first delivery batch will be sent in the beginning of May.
- Together with Nurmon Aurinko Oy, Atria will build the largest solar power plant in Finland next to the Nurmo production plant. The project will produce the first industrial-scale solar power plant in Finland, generating completely renewable, emission-free, Finnish solar power for the food industry. The planning phase of the project will begin right away. The largest solar power plant in Finland will be built in phases within the next two years and the first solar panel fields will be deployed already in the summer of 2017. The Ministry of Economic Affairs and Employment has granted Atria Finland's solar power plant project a EUR 2.7 million investment grant. The total value of the project is EUR 6.8 million. Established for the purpose of the project, Nurmon Aurinko Oy will execute the investment and be responsible for equipment maintenance.

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Business risks in the period under review and short-term risks

- Possible risks in Atria's operations are related to the implementation of strategy, maintaining or improving the financial results of business areas as well as the integration of businesses. The general economic climate, market development and competitors' operations also have an impact on Atria's risks.
- Incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, are ordinary risks in Atria's operational environment.
- African swine fever continues to cause disruption in Estonia. The risk is that African swine fever will spread to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities, and strives to manage the risk.
- Fluctuations in the value of the rouble are reflected in Atria Russia's rouble-denominated net sales and result. As a risk-management measure, Atria Russia uses increasing amounts of local raw materials.



Outlook for the future

- Consolidated EBIT was EUR 31.8 million in 2016. In 2017, EBIT is expected to be better than in 2016. In 2017, net sales are expected to grow.



Board of Directors' proposal for profit distribution

- The Board of Directors proposes that a dividend of EUR 0.46 be paid for each share for the financial year 2016.

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Thank you

- Q1/2017 will be published on 27 April 2017