Atria Plc

Interim Report Q3

1.1.–30.9.2009

Company Announcement 27.10.2009

ATRIA PLC
Good food - better mood.

INTERIM REPORT OF ATRIA PLC 1 JANUARY - 30 SEPTEMBER 2009

RECESSION AFFECTING SALES VOLUMES, YET PERFORMANCE SATISFACTORY IN CURRENT MARKET CONDITIONS

- The Group's net sales since the beginning of the year decreased by 2% from last year's level
- Calculated in fixed currencies, the Group's net sales increased by 3%
- The Group's profitability is at a satisfactory level
- Atria Finland's EBIT represented 5.5% of net sales in the review period
- Atria Russia's earnings improvement accelerated during Q3
- Free cash flow is positive for the review period

Atria Group

EUR million	Q3/ 2009	Q3/ 2008	Q1-Q3 2009	Q1-Q3 2008	2008
Net sales	327.5	357.7	975.6	995.8	1,356.9
EBIT	16.9	17.2	23.6	34.6	38.4
EBIT %	5.2	4.8	2.4	3.5	2.8
Profit before taxes	14.4	14.0	13.3	25.1	16.7
Earnings per share, EUR	0.35	0.37	0.29	0.62	0.42

Review Q3/2009

Atria Group's Q3/2009 net sales showed an 8.4% decline year on year. Calculated in fixed currencies, the Group's net sales showed a year-on-year decrease of 4.8%. The recession has lowered demand in all of Atria's business areas. The Group's EBIT in Q3 was EUR 16.9 million, representing 5.2% of net sales.

As a result of successful management of product margins and costs, **Atria Finland's** EBIT improved slightly from the figure for the corresponding period in 2008. To ensure future competitiveness, an efficiency improvement programme was launched during the review period. The effects of the programme will begin emerging gradually at the end of the year and will be fully realised by Q3/2010.

Calculated in fixed currencies, **Atria Scandinavia's** comparable net sales (excluding the net sales of the Lätta Måltider unit) decreased by 4.9%. As a result of a more stable Swedish krona, better raw material prices, an improved sales structure, and efficiency improvements, Atria Scandinavia's profitability showed improvement since the beginning of the year.

Atria Russia's net sales increased by 26.4% year on year. The earnings improvement continues to develop positively. The operating loss of Campomos decreased markedly, and, because of the good profitability of Pit-Product, only a slight operational loss was posted. The integration and efficiency improvement of Campomos, which was acquired toward the end of last year, has progressed as planned.

The Group's free cash flow for Q3/2009 was positive, and interest-bearing debt fell by EUR 7.7 million.

Atria Finland, 1.1.–30.9.2009

EUR million	Q3/ 2009	Q3/ 2008	Q1-Q3 2009	Q1-Q3 2008	2008
Net sales	190.8	208.3	574.4	591.7	797.9
EBIT	13.9	13.3	31.7	22.1	33.9
EBIT %	7.3	6.4	5.5	3.7	4.2

Atria Finland's net sales over the review period fell short of last year's level. Atria estimates that its overall market share in the retail market has decreased slightly. This decrease has been the most notable in the area of retailers' private lable production. Atria Fresh, a new type of line of convenience food products, was successfully launched in early September. Sales of barbecue products over the summer were also a success.

Pig slaughtering volumes are lower than last year, which decreased Atria's export sales during the period under review. The production of pork decreased by 5.1% in Finland in comparison to the corresponding period in 2008 (source: Suomen Gallup Elintarviketieto Oy, October 2009). Atria's pork processing volumes decreased by some 4%. Thus, Atria was able to increase its procurement share of domestic pork.

The poultry slaughtering volume also has been adjusted in response to lower demand. The downward trend in sales of the Food Service products, which first emerged during the autumn of 2008, has also had an effect on the development of net sales.

The EBIT figure was somewhat better in Q3/2009 than in the previous year. The Q3/2009 EBIT was 7.3% of net sales, while the review period's EBIT was 5.5% of net sales. Atria Finland's performance improvement can be considered good under current market conditions. The positive development is due to successful management of product margins and costs and the discontinuation of unprofitable products.

To ensure future competitiveness, Atria Finland launched a comprehensive efficiency improvement programme with which it seeks to achieve annual savings of approximately EUR 5 million in its cost structure. The effects of the programme will emerge gradually, starting at the end of the year, and will be fully realised by Q3/2010.

Overall market development in 2010 is expected to be weaker than that for 2009. Both the employment situation and the pressure on food prices have an effect on the development of the food product market. To respond to the challenging market conditions, Atria aims to further reduce costs and improve efficiency.

Atria Scandinavia, 1.1.–30.9.2009

EUR million	Q3/ 2009	Q3/ 2008	Q1-Q3 2009	Q1-Q3 2008	2008
Net sales	104.4	124.5	306.4	342.8	455.2
EBIT	4.7	3.9	6.6	15.6	14.4
EBIT %	4.5	3.1	2.2	4.6	3.2

Atria Scandinavia's net sales for the period were down year on year, mostly due to the sales of the Lätta Måltider unit and the weakening of the Swedish krona. Calculated in fixed currencies, Q3/2009 comparable net sales (excluding the net sales of the Lätta Måltider unit) saw a decrease of 4.9%. The decline in sales of consumer-packed meat, Foodservice products, and cheeses has also had an effect in the weak development of net sales.

Atria Scandinavia's market shares have remained stable. Recession weakens demand, especially for the Foodservice products.

The review period's EBIT has decreased notably from last year's level. The fall is mainly a result of the weak Swedish krona and the loss-making salad and sandwich business, which was sold in Q2/2009. Atria Scandinavia purchases a large proportion of its raw materials from abroad, and the price of import goods has risen on account of the weaker krona. As a result of the more stable krona and raw material prices and the improved sales structure, profitability improved during Q3. The efficiency improvement programme launched in early 2009 also had a positive effect on the earnings for the period.

Atria Scandinavia has announced the launch of an extensive efficiency improvement programme to restructure its production and logistics in the Deli business unit. The net reduction in personnel will be about 77 employees.

Restructured business and centralised production and logistics will make for a stronger and sleeker Atria Deli product range and generate considerable cost savings. Market conditions and raw material prices are expected to remain stable in the last part of the year.

After Christer Åberg transferred to another employer, Michael Forsmark, 44, with a B.Sc. degree in business administration, was appointed as Executive Vice President Atria Scandinavia and a member of the Atria Group Management Team, effective from 1 October 2009.

Atria Russia, 1.1.–30.9.2009

EUR million	Q3/ 2009	Q3/ 2008	Q1-Q3 2009	Q1-Q3 2008	2008
Net sales	28.7	22.7	83.1	58.3	93.8
EBIT	-0.5	1.9	-9.4	2.3	-3.4
EBIT %	-1.7	8.4	-11.3	3.9	-3.6

Atria Russia's net sales for the period increased significantly year on year, which is mainly due to the consolidation of Campomos, acquired last autumn, into Atria. However, the weakening of the Russian rouble against the euro weighed down the growth in net sales.

The Q3/2009 improvement in EBIT in comparison to Q2/2009 was due to the successful integration of Pit-Product and Campomos. The Q3 operating loss of Campomos showed a significant decrease and, because of the good profitability of Pit-Product, only a slight operational loss was posted for Atria Russia. With the weak rouble, prices of imported raw materials remained high. If the rouble holds steady, there will be no significant pressure for the price of raw materials to increase in the final part of the year.

Atria's market share in modern retail trade in the St Petersburg region remains strong at 27%. The market share in Moscow also remains stable.

During the review period, Atria Russia continued to implement its efficiency improvement programme, aimed at improving the cost-efficiency of the Russian operations. The synergies of the St Petersburg and Moscow plants will be more effectively utilised, and products and accounts with poor profitability will be discontinued.

The revamping of Campomos marketing as regards the brand, productisation and advertising was initiated during the review period. The investment amounts to approximately EUR 1 million, the cost effect of which will mostly be seen in Q4/2009.

Atria aims to have Campomos EBIT back in the black during 2010.

The start-up of the new production plant in Gorelovo is expected to take place in the beginning of 2010, having been postponed because of lack of water and drain connections. The start-up of the Gorelovo plant will increase fixed costs by approximately EUR 4 million annually from the beginning of 2010.

Atria Baltic, 1.1.–30.9.2009

EUR million	Q3/ 2009	Q3/ 2008	Q1-Q3/ 2009	Q1-Q3/ 2008	2008
Net sales	9.3	9.6	28.6	21.5	32.3
EBIT	-0.9	-0.9	-3.4	-3.1	-3.8
EBIT %	-9.7	-9.4	-11.9	-14.4	-11.8

Atria Group's Q3/2009 net sales in Estonia remain at the same level as that seen last year. Atria's performance in Estonia in Q3/2009 was unsatisfactory but somewhat better than in Q2/2009. The Q3 result includes EUR 0.2 million in costs related to the efficiency improvement programme.

The overall demand in the Estonian market remains weak. Retail sector volumes have decreased by 16% in comparison to 2008. At the same time, the price of food has decreased by 5.1% (source: Estonian Statistical Board, August 2008 – August 2009). A rapid increase of demand is not likely.

Atria introduced poultry products as a new product group in October. The initial sales figures are promising. Atria has renewed the product range with key customers to make it more consumer-oriented. In comparison to the summer, Atria's position in terms of the range of products offered in stores has improved during the autumn. The market share of Atria Baltic's brands was 22% for cold cuts (source: AC Nielsen).

Atria Baltic's efficiency improvement programme will generate cost savings of approximately EUR 1.5 million in 2010. Staffing will be reduced by approximately 100 employees.

Investments

The Group's investments totalled EUR 5.0 million in Q3 and EUR 21.6 million since the beginning of the year.

Personnel

The Group had an average of 6,313 (5,840) employees during the period.

Personnel by business area

	Q1–Q3/2009	Q1–Q3/2008
Atria Finland	2,243	2,382
Atria Scandinavia	1,445	1,681
Atria Russia	1,992	1,291
Atria Baltic	633	486

Atria Plc's administration

The Atria Plc Board of Directors now has the following membership: Chairman Martti Selin; Vice Chairman Timo Komulainen; and members Tuomo Heikkilä, Esa Kaarto, Runar Lillandt, Harri Sivula, and Matti Tikkakoski.

Financing

Atria Plc's financial position remains strong. On 30 September 2009, the amount of undrawn committed credit facilities stood at EUR 166 million.

During the Q3 period, as in Q1 and Q2, compensation in the amount of EUR 1.5 million for the delay of the meat product plant in Gorelovo, St Petersburg, was recorded under interest income.

Short-term business risks

There were no significant changes in Atria's short-term risks during the first three quarters. The recession lowers demand in all of the Group's business areas, which puts pressure on food prices.

The Gorelovo meat product plant is expected to be completed in the beginning of the next year, and the aim is to minimise the risks related to the start of production.

Because of the financial crisis, credit risks are higher than a year ago.

Outlook for the future

The slowing of economic growth and the resultant weaker consumer demand will have an effect on Atria's sales volumes. Moreover, the discontinuation of the salad and sandwich business in Sweden and of business with unprofitable customers in Russia, as well as the weaker Swedish krona and Russian rouble, will result in the Group's full-year net sales remaining somewhat lower than in 2008.

As a consequence of improved operational effectiveness and more stable currency rates, Atria Russia and Atria Scandinavia are expected to see improved Q4 results year on year. However, as a result of weak performance near the beginning of 2009, full-year earnings in Russia and Scandinavia will remain below last year's level. Atria Finland's full-year EBIT is expected to grow year on year, but the Group's full-year EBIT is predicted to fall slightly in comparison to 2008.

The Board's authorisation for share issues and the granting of special rights

The General Meeting of 29 April 2009 authorised the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 12,800,000 new A shares or on any A shares held by the company through a share issue and/or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation may be exercised for the financing or execution of any acquisitions or other arrangements or investments related to the company's business, for the implementation of the company's incentive programme, or for other purposes subject to the Board's decision.

The Board is also authorised to decide on all terms and conditions of the share issue and for the granting of special rights as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation thus includes the right also to issue shares in deviation from the proportion of the shares held by the shareholders under the conditions provided by law, the right to issue shares against or without payment, and the right to decide on a share issue to the company itself without payment – subject to the provisions of the Companies Act regarding the maximum number of treasury shares to be held by a company.

The authorisation shall supersede all other share issue authorisations in force, including authorisation for a reserve increase, and be valid until the closing of the next Annual General Meeting, but no later than until 30 June 2010.

Purchase of treasury shares and valid authorisations

The General Meeting authorised the Board of Directors to decide, on one or several occasions, on the acquisition of a maximum of 2,800,000 of the company's own A shares with funds belonging to the company's unrestricted equity, subject to the provisions of the Companies Act regarding the maximum number of treasury shares to be held by a company. Shares in the company's A series may be acquired for use as consideration in any acquisitions or other arrangements related to the company's business; to finance investments; as part of the company's incentive scheme; to develop the company's capital structure; and to be otherwise further transferred, retained by the company, or cancelled.

The Board of Directors may also decide to acquire A shares in deviation from the proportion of the shares held by the shareholders. The shares shall be acquired in public trading arranged by NASDAQ OMX Helsinki Ltd at the market price at the time of acquisition. The shares shall be acquired and paid for in accordance with the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Oy.

The General Meeting authorised the Board of Directors to decide on the acquisition of treasury shares in all other respects.

The authorisation shall be valid until the closing of the next Annual General Meeting, but no later than until 30 June 2010.

KEY FIGURES

EUR million	**1-9/09**	**1-9/08**	**1-12/08**
Shareholders´ equity per share, EUR	15.38	16.73	15.34
Interest-bearing liabilities	441.1	407.4	448.4
Equity ratio, %	39.9	43.2	38.4
Gearing, %	101.0	87.2	103.1
Net gearing, %	95.4	81.6	94.6
Gross investments to fixed assets	21.6	91.3	152.6
% of Net sales	2.2	9.1	11.2
Average FTE	6 313	5 840	6 135

Accounting principles

This interim report has been compiled in accordance with the IAS 34 Interim Financial Reporting standard. Atria has applied the same principles in preparing this interim report as in preparing the 2008 annual financial statements. However, with effect from 1 January 2009, the Group has adopted the following standards published by the IASB, included in the accounting principles for the 2008 annual financial statements:

- IAS 1, Presentation of Financial Statements. The aim of the revision is to improve the ability of users to analyse and compare the data provided in financial statements by separating changes in equity related to transactions with company owners from other changes in equity. The revision will also lead to comprehensive modifications of the terminology used in other standards and to changes in the titles of some financial statements.

- IFRS 8, Segment Reporting. The standard replaces IAS 14. The new standard requires segment information to be presented according to the 'management approach', which means that data shall be presented in the same way as in internal reporting. The new standard will not affect the segments to be reported upon, nor will it significantly affect the information provided on them, since the segment information previously published by the Group has been based on internal reporting.

- The other standards published by the IASB, included in the accounting principles for the 2008 annual financial statements and adopted with effect from 1 January 2009, have not had a significant effect on the figures presented for the period under review.

Function-specific income statement

From 1 January 2009, Atria's external reporting has applied the function-specific income statement model that is also used in the company's internal reporting.

The comparative figures for 2008 presented in the interim report have been adjusted to correspond to the function-specific income statement model. The function-specific income statements for 2008 by quarter and total figures for 2008 are presented in the interim report published on 28 April 2009.

The figures given in the interim report are unaudited.

ATRIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR million	**30-9-09**	**30-9-08**	**31-12-08**
Non-current assets			
Property, plant and equipment	473.9	486.8	493.5
Goodwill	158.8	162.8	151.1
Other intangible assets	70.9	75.7	70.5
Investments in joint ventures and associates	6.9	6.3	6.1
Available-for-sale financial assets	2.3	2.2	2.1
Loans and receivables	13.9	10.1	15.5
Deferred tax assets	5.6	1.3	2.2
Total	**732.3**	**745.2**	**741.0**
Current assets			
Inventories	114.6	104.8	113.3
Trade and other receivables	212.8	205.7	231.8
Cash and cash equivalents	24.5	25.7	37.1
Total	**351.9**	**336.2**	**382.2**
Non-current assets held for sale	11.0		11.3
Total assets	**1 095.2**	**1 081.4**	**1 134.5**

Equity and liabilities

EUR million	**30-9-09**	**30-9-08**	**31-12-08**
Equity			
Equity belonging to the shareholders of the parent company	434.7	465.7	433.5
Minority interest	2.0	1.8	1.4
Total equity	436.7	467.5	434.9
Non-current liabilities			
Interest-bearing financial liabilities	314.0	165.4	320.8
Deferred tax liabilities	41.5	45.0	42.4
Other non-interest-bearing liabilities	0.5	1.1	0.2
Total	356.0	211.5	363.4
Current liabilities			
Interest-bearing financial liabilities	127.1	242.0	127.6
Trade and other payables	175.4	160.4	208.6
Total	302.5	402.4	336.2
Total liabilities	658.5	613.9	699.6
Total equity and liabilities	**1 095.2**	**1 081.4**	**1 134.5**

CONSOLIDATED INCOME STATEMENT

EUR million	**7-9/09**	**7-9/08**	**1-9/09**	**1-9/08**	**1-12/08**
Net sales	**327.5**	**357.7**	**975.6**	**995.8**	**1 356.9**
Cost of goods sold	-280.4	-310.5	-854.0	-873.0	-1 198.4
Gross profit	47.1	47.2	121.6	122.8	158.5
* of Net sales	14.4	13.2	12.5	12.3	11.7
Sales and marketing costs	-18.4	-18.2	-56.5	-54.4	-73.6
Administration costs	-10.4	-10.4	-35.5	-33.7	-47.3
Other income	1.0	0.8	3.0	2.4	3.7
Other expenses	-2.4	-2.2	-9.0	-2.5	-2.9
EBIT	16.9	17.2	23.6	34.6	38.4
* of Net sales	5.2	4.8	2.4	3.5	2.8
Finance income and costs	-2.8	-3.7	-11.2	-10.1	-22.3
Share of the result of associates	0.3	0.5	0.9	0.6	0.6
Profit before tax	14.4	14.0	13.3	25.1	16.7
* of Net sales	4.4	3.9	1.4	2.5	1.2
Income tax expense	-4.3	-3.5	-4.5	-7.5	-5.3
Profit for the period	10.1	10.5	8.8	17.6	11.4
* of Net sales	3.1	2.9	0.9	1.8	0.8
Profit attributable to:					
Owners of the parent	9.8	10.5	8.2	17.6	11.8
Minority interest	0.3		0.6		-0.4
Total	10.1	10.5	8.8	17.6	11.4
Basic earnings/ share, EUR	0.35	0.37	0.29	0.62	0.42
Diluted earnings/ share, EUR	0.35	0.37	0.29	0.62	0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
Profit for the period	10.1	10.5	8.8	17.6	11.4
Other comprehensive income after tax:					
Available-for-sale financial assets	-0.1		-0.1	-1.8	-1.8
Translation differences	4.2	-3.9	-0.7	-4.6	-30.0
Total comprehensive income for the period	14.2	6.6	8.0	11.2	-20.4
Total comprehensive income attributable to:					
Owners of the parent	13.9	6.6	7.4	11.2	-20.0
Minority interest	0.3		0.6		-0.4
Total	14.2	6.6	8.0	11.2	-20.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity belonging to the shareholders of the parent company								Minority	Equity total
	Share capital	Share premium	Fair value fond	Inv-non-rest-equity fond	Own shares	Translation diff-	Retained earnings	Total		
Equity 1-1-2008	48.1	138.5	1.9	110.5		-3.4	178.5	474.1	1.9	476.0
Periods comprehensive income			-1.8			-4.6	17.6	11.2	-0.1	11.1
Share-based payment				0.2				0.2		0.2
Distribution of dividends							-19.8	-19.8		-19.8
Equity 30-9-2008	48.1	138.5	0.1	110.7		-8.0	176.3	465.7	1.8	467.5
Equity 1-1-2009	48.1	138.5	0.1	110.3	-0.5	-33.5	170.5	433.5	1.4	434.9
Periods comprehensive income			-0.1			-0.7	8.2	7.4	0.6	8.0
Share-based payment				0.2				0.2		0.2
Acquired treasure shares					-0.7			-0.7		-0.7
Distribution of dividends							-5.7	-5.7		-5.7
Equity 30-9-2009	48.1	138.5	0.0	110.5	-1.2	-34.2	173.0	434.7	2.0	436.7

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-9/09	1-9/08	1-12/08
Cash flow from operating activities			
Operating activities	50.3	45.7	69.9
Financial items and taxes	-27.4	-23.5	-32.3
Net cash flow from operating activities	22.9	22.2	37.6
Cash flow from investing activities			
Tangible and intangible assets	-20.2	-60.8	-65.5
Investments	-1.6	-0.4	3.6
Bought shares in subsidiaries		-35.5	-41.3
Net cash used in investing activities	-21.8	-96.7	-103.2
Cash flow from financing activities			
Loans drawn down	30.4	130.7	171.7
Loans repaid	-37.8	-46.4	-86.0
Dividends paid	-5.7	-19.8	-19.8
Acquired treasury shares	-0.7		-0.9
Net cash used in financing activities	-13.8	64.5	65.0
Change in liquid funds	-12.7	-10.0	-0.6

OPERATING SEGMENTS

EUR million	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
Net sales					
Finland	190.8	208.3	574.4	591.7	797.9
Scandinavia	104.4	124.5	306.4	342.8	455.2
Russia	28.7	22.7	83.1	58.3	93.8
Baltics	9.3	9.6	28.6	21.5	32.3
Eliminations	-5.7	-7.4	-16.9	-18.5	-22.3
Total	327.5	357.7	975.6	995.8	1 356.9
EBIT					
Finland	13.9	13.3	31.7	22.1	33.9
Scandinavia	4.7	3.9	6.6	15.6	14.4
Russia	-0.5	1.9	-9.4	2.3	-3.4
Baltics	-0.9	-0.9	-3.4	-3.1	-3.8
Unallocated	-0.3	-1.0	-1.9	-2.3	-2.7
Total	16.9	17.2	23.6	34.6	38.4
ROCE *					
Finland			10.1 %	7.5 %	7.9 %
Scandinavia			2.1 %	7.8 %	5.4 %
Russia			-10.0 %	3.5 %	-3.3 %
Baltics			-8.1 %	-12.7 %	-9.1 %
Group			3.1 %	5.8 %	4.5 %

* ROCE % =
EBIT, 12mr / Capital employed, 12 mr avg *100

Investments					
Finland	3.2	6.3	10.1	20.0	23.8
Scandinavia	0.9	21.6	2.9	25.0	41.8
Russia	0.8	13.2	7.4	30.0	68.6
Baltics	0.1	14.4	1.2	16.3	18.4
Total	5.0	55.5	21.6	91.3	152.6
Depreciations					
Finland	7.3	7.4	22.4	22.5	29.8
Scandinavia	2.8	2.9	8.5	9.3	11.7
Russia	1.7	0.8	4.6	2.2	3.2
Baltics	0.6	0.7	2.4	1.9	2.8
Total	12.4	11.8	37.9	35.9	47.5

CONTINGENT LIABILITIES

EUR million	30-9-09	30-9-08	31-12-08
Debts with mortgages or other collateral given as security			
Loans from financial institutions	6.1	6.0	9.6
Pension fund loans	4.2	4.2	3.9
Total	10.3	10.2	13.5
Mortgages and other securities given as comprehensive security			
Real estate mortgages	7.0	6.0	6.7
Corporate mortgages	5.6	6.3	7.9
Total	12.6	12.3	14.6
Guarantee engagements not included in the balance sheet			
Guarantees	7.9	6.5	0.9

ATRIA PLC
Board of Directors

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Atria Plc

Good food - better mood.