Atria Plc

Interim Report Q1

1.1.-31.3.20/ .

Company Announcement 28 April 20/ .

INTERIM REPORT OF ATRIA PLC 1 January – 31 March, 2010

ATRIA GROUP'S EBIT IMPROVED

- The Group's net sales decreased by 1.5% and EBIT improved by EUR 1.4 million year-on-year.
- The decrease in net sales was mainly due to discontinued business operations in Scandinavia.
- The Group's EBIT includes EUR 2.0 million of non-recurring costs (EUR 2.7 million) relating to the shutdown of the Årsta plant in Sweden.
- Atria Russia's EBIT improved significantly compared with Q1/2009.

Atria Group:

EUR million	Q1/ 2010	Q1/ 2009	2009
Net sales	305.9	310.7	1,316.0
EBIT	1.0	-0.4	27.5
EBIT %	0.3	-0.1	2.1
Profit before taxes	-1.8	-5.5	16.5
Earnings per share, EUR	-0.07	-0.14	0.25

Review Q1/2010

Atria Group's Q1/2010 net sales fell slightly short of the previous year's level. The discontinuation of the salad and sandwich business (Lätta Måltider) in June 2009 and decreased sales of consumer-packed meat in Sweden were the most important reasons for the slowing of the development of net sales. Despite the effects of the recession, net sales in Finland were nearly at the previous year's level. In Russia, net sales increased year-on-year, thanks to the strengthened rouble. Calculated in local currency, Atria Russia's net sales were at the previous year's level.

The Group's EBIT was EUR 1.0 million (EUR -0.4 million). Atria Finland posted EBIT of EUR 4.9 million (EBIT % 2.7), and Atria Scandinavia's EBIT without non-recurring items stood at EUR 2.6 million (EBIT % 2.7). These are satisfactory figures, because the lower sales volume that is typical for Q1 weakens profitability. In addition, higher energy costs and lower sales prices weighed down Atria's performance in Finland in Q1/2010.

Atria Scandinavia's result includes EUR 2.0 million of non-recurring costs relating to the shutdown of the Årsta plant in Sweden. During the review period, Atria Scandinavia launched an efficiency programme and decided to discontinue the production of consumer-packed meat and close the Årsta production plant in Stockholm.

Atria Russia's result developed as planned. The Q1/2010 EBIT, EUR -2.3 million, was clearly better than the Q1/2009 EBIT, EUR -4.3 million without non-recurring items. Atria Baltic's performance during the first part of the year was poor.

The Group's net debts increased in Q1 by EUR 22.9 million. This was partly due to the strengthening of the Swedish krona and Russian rouble against the euro.

Atria Finland 1 January – 31 March 2010

EUR million	Q1/ 2010	Q1/ 2009	2009
Net sales	179.1	181.9	781.9
EBIT	4.9	7.1	42.9
EBIT %	2.7	3.9	5.5

Atria Finland's Q1 net sales were nearly at the same level year-on-year. Because of the recession, the consumption and production of meat continued to decrease during the first months of the year (Source: Finland's TNS Gallup Agriculture Unit, January–February 2010). Atria Finland's net sales have developed satisfactorily in the declining market conditions.

EBIT for the first quarter of the year was lower compared with Q1/2009. The decrease was caused by higher energy costs and salary increases carried out in 2009. In addition, decreases in sales prices have weighed down the performance. Compared with Q1/2009, consumer prices of meat and meat products have fallen by 10 per cent on average. (Source: Finland's TNS Gallup Agriculture Unit, 2/2010).

In addition to the decline of demand, overall production of meat has been restrained by the decrease in producer prices. The number of slaughtered pigs has decreased by about 10 per cent year-on-year.

Atria has succeeded well in adapting its poultry production to the EU fresh meat directive. Inventory levels are well-balanced in relation to sales.

If the industrial action initiated in April in the food sector continues for a longer period, it will affect Atria Finland's sales and performance significantly in the second quarter of the year.

Atria Scandinavia 1 January – 31 March 2010

EUR million	Q1/ 2010	Q1/ 2009	2009
Net sales	95.0	98.8	405.2
EBIT	0.6	1.2	10.0
EBIT %	0.6	1.2	2.5

Atria Scandinavia's net sales fell by 3.8%. This was mainly caused by the discontinuation of the salad and sandwich business in June 2009 and decreased sales of consumer-packed meat.

The Q1/2010 EBIT includes EUR 2.0 million of non-recurring costs relating to the shutdown of the Årsta plant. EBIT without non-recurring costs is EUR 2.6 million (EUR 1.2 million). The favourable development is the result of higher margins. These in turn result from the strengthening of the Swedish krona and its effect on the prices of imported raw materials. In addition, the efficiency programmes initiated last year and a better sales mix have improved the performance.

During the review period, Atria Scandinavia launched an efficiency programme and is now focusing on manufacturing further processed products. Atria Scandinavia is discontinuing consumer-packed meat production and closing down the Årsta plant in Stockholm. The loss-making business will be discontinued and the plant closed by the end of October. The reorganisation will affect 49 employees at the Årsta plant.

The discontinuation of consumer-packed meat production will cut Atria Scandinavia's annual net sales by about EUR 45 million and improve its EBIT by about EUR 0.5 million a year. The shutdown of the production plant will cause non-recurrent costs of up to EUR 5 million in 2010, of which EUR 2 million are included in the figures for Q1/2010. Of the total amount, about EUR 1.5 million have an effect on cash flow. Atria Scandinavia will focus on its core business, including the manufacturing of cooking sausages, cold cuts,
convenience foods and delicatessen products.

The market shares of cold cuts and cooking sausages have remained stable in the retail trade. The size of the market in Food Service products has decreased. Overall market growth has still been sluggish in Sweden.

Atria Russia 1 January – 31 March 2010

EUR million	Q1/ 2010	Q1/ 2009	2009
Net sales	28.9	26.5	113.0
EBIT	-2.3	-7.0	-9.8
EBIT %	-8.0	-26.4	-8.7

Atria Russia's net sales increased in Q1 by 9.1% year-on-year. This was due to the strengthening of the Russian rouble against the euro. In the local currency, net sales were at the same level as in Q1/2009. The overall market began to decline last year, due to weakened sales of meat products in the Russian retail trade. The abovementioned market fell by about ten per cent in volume in 2009 both in St Petersburg and Moscow. In the first quarter of 2010, the market has still declined by about ten per cent (Source: Business Analytica 1.-2.2010).

Atria's market share in the St Petersburg area retail trade remained at a good level of about 20 per cent. The market share in Moscow was around two per cent (Source: Business Analytica 1-2.2010). The sales and marketing efforts related to Campomos products, initiated in 2009, have continued as planned. In Q2/2010, Atria will be launching re-closable Campomos cold cut packages in Moscow.

EBIT for the period was negative, EUR -2.3 million (EUR -4.3 million without non-recurring costs). This was the result of low sales volumes of Campomos products, marketing efforts promoting the Campomos brand and start-up costs relating to the Gorelovo plant.

If the rouble holds steady, there will be no significant pressure for raw material prices to increase. Atria Russia is investing heavily in the development of primary production. Atria and its Danish partners have started an important project in Russia to ensure the availability of local pork.

Atria Plc has signed a shareholder agreement with the Danish Dan Invest A/S, concerning pork production in Russia. Atria has a 26 per cent holding in the Russian company OOO Dan Invest, owner of two pig farms: one in Krasnodar and one in Tambov. The production will begin in 2010–2011, and the estimated annual production volume is 180,000 slaughter pigs by 2013. The value of the project is about EUR 40 million. Atria is investing EUR 3 million in the project now and a further EUR 2 million when an agreed production volume has been achieved. In order to guarantee the availability of locally produced pork, Atria has also signed a delivery agreement with OOO Dan Invest. All the agreements relating to the project were signed in March 2010.

The new Gorelovo production plant was inaugurated on 20 April 2010. Commercial sales of products will begin in May 2010. The new plant is the most modern meat product plant in Russia, and it will boost Atria Russia's competitiveness. The start-up of the new plant will make it possible to make more efficient use of the synergies of the St Petersburg and Moscow plants. The fixed costs of the new plant amount to approximately EUR 4 million a year. The start-up of production in the new plant will also cause some additional costs.

Atria Russia's full-year business result is not expected to be profitable yet in 2010.

Atria Baltic 1 January – 31 March 2010

EUR million	Q1/ 2010	Q1/ 2009	2009
Net sales	7.6	8.8	37.5
EBIT	-1.2	-1.0	-12.6
EBIT %	-15.8	-11.4	-33.6

Atria's net sales in **Estonia** fell slightly short year-on-year. The development of net sales was weighed down by continually declining overall demand in Estonia during the first quarter. The decline of the Estonian overall market is expected to end during the first half of the year, and the purchasing power of consumers is expected to revive in the consumer goods retail sector in the latter half of the year. The performance of the Estonian operations was unsatisfactory. The losses resulted from weak sales and costs associated with efficiency improvement programmes.

Consumer-packed meat has considerably increased its market share, but Atria has lost some of its market share in meat products (Source: AC Nielsen).

In January 2010, Atria announced that it is launching an efficiency improvement programme in Estonia, seeking to achieve annual savings of approximately EUR 1 million in its cost structure. In order to achieve the savings, Atria is closing the Ahja plant and centralising the production to the Valga and Vastse-Kuuste production plants. Approximately 40 employees will be laid off from the Ahja plant. The measures relating to the centralisation of operations will be completed in May. Impairments of EUR 0.8 million for fixed assets were recorded for Q4/2009 relating to the shutdown of the Ahja plant.

In addition, an efficiency improvement programme was launched in Estonia that concerns the entire business process and aims for better cost-efficiency in all operations.

Rauno Väisänen was appointed Managing Director of Atria Estonia effective 1 February 2010.

Events occurring after the period

Atria Russia's new factory in Gorelovo was inaugurated on 20 April 2010.

Investments

The Group's investments during the period totalled EUR 15.9 million (EUR 8.6 million). Most of the investments are related to the completion of the new Gorelovo production plant.

Personnel

The Group had an average of 5,853 (6,532) employees during the period.

Personnel by business area:

Atria Finland	2,123 (2,181)
Atria Scandinavia	1,255 (1,635)
Atria Russia	2,000 (2,088)
Atria Baltic	475 (628)

Atria Plc's administration

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

Financing

The Group's financial position has continued to be strong. On 31 March 2010, the amount of undrawn committed credit facilities stood at EUR 147 million.

Short-term business risks

No significant changes have occurred in Atria Group's short-term business risks compared with the risks described in the financial statements for 2009.

If the industrial action in the Finnish food industry continues for a longer period, it can hamper deliveries and sales development of early summer season products.

Outlook for the future

Market conditions are expected to remain challenging in 2010. The industrial action in the Finnish food sector will affect Atria Finland's sales and performance in the second quarter of the year. In addition, the company's decision to discontinue production of consumer-packed meat in Sweden will cut Atria Scandinavia's annual net sales in the second half of the year. The Group's net sales in 2010 are therefore forecast to remain at the 2009 level. EBIT is expected to increase in 2010.

Board Authorisations

The General Meeting of 29 April 2009 authorised the Board of Directors to decide, on one or several occasions, on an issue of, at maximum, 12,800,000 new A shares or A shares that may be held by the company, through a share issue and/or by granting option rights or other special rights entitling one to shares as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation shall supersede all valid share issue authorisations, 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 and transfer of treasury shares and valid authorisations

The General Meeting of 29 April 2009 authorised the Board of Directors to decide on the purchase of up to 2,800,000 A shares of the company with the company's unrestricted equity. The maximum amount of the Series A shares to be acquired is less than 10 per cent of all the Company's shares. The authorisation shall be valid until the closing of the next Annual General Meeting, but no later than until 30 June 2010.

In 2008, based on the authorisation issued by the General Meeting of 29 April 2008, Atria Plc's Board of Directors decided to purchase up to 300,000 A shares of the company. In accordance with the authorisation, the shares to be purchased were intended to be used as consideration in possible company acquisitions or other arrangements relating to the company's business, for the financing of investments, for the implementation of the company's incentive programme, for improvement of the company's capital structure, or to be kept by the company, otherwise assigned or cancelled. The acquisition of treasury shares began on 29 September 2008 and ended on 3 February 2009.

As of 31 March 2010, Atria Plc held a total of 113,712 treasury shares.

KEY INDICATORS

EUR million	1-3/10	1-3/09	1-12/09
Shareholders´ equity per share, EUR	15.60	14.86	15.39
Interest-bearing liabilities	430.2	453.8	425.8
Equity ratio, %	40.2	39.1	39.7
Gearing, %	97.1	107.6	97.5
Net gearing, %	93.3	103.2	89.4
Gross investments to fixed assets	15.9	8.6	33.0
% of Net sales	5.2	2.8	2.5
Average FTE	5 853	6 532	6 214

Accounting principles

This interim report was prepared in accordance with the IAS 34 Interim Financial Reporting standard. In preparing this interim report, Atria has applied the same principles as in preparing the 2009 annual financial statements. However, as of January 2010, the Group has adopted the new and revised standards published by the IASB that are included in the accounting principles for the 2009 annual financial statements and have not had any material impact on the figures presented for the period.

The principles and formulae for the calculation of key indicators have not changed, and they are presented in the 2009 annual financial statements.

The figures given in the interim report are unaudited.

ATRIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR million	**31-3-10**	**31-3-09**	**31-12-09**
Non-current assets			
Property, plant and equipment	482.2	479.5	469.1
Goodwill	165.0	150.4	157.8
Other intangible assets	72.6	69.0	70.0
Investments in joint ventures and associates	10.1	6.3	7.4
Other financial assets	2.3	2.3	2.3
Loans and other receivables	20.7	15.1	14.5
Deferred tax assets	7.5	4.8	6.7
Total	**760.4**	**727.4**	**727.8**
Current assets			
Inventories	108.9	114.9	115.6
Trade and other receivables	207.2	207.8	212.6
Cash and cash equivalents	16.8	18.9	35.3
Total	332.9	341.6	363.5
Non-current assets held for sale	10.2	11.1	10.0
Total assets	**1 103.5**	**1 080.1**	**1 101.3**

Equity and liabilities

EUR million	**31-3-10**	**31-3-09**	**31-12-09**
Equity	443.0	421.6	436.9
Non-current liabilities			
Interest-bearing financial liabilities	316.6	338.1	318.9
Deferred tax liabilities	42.3	41.6	41.2
Other non-interest-bearing liabilities	1.8	0.5	1.3
Total	360.7	380.2	361.4
Current liabilities			
Interest-bearing financial liabilities	113.6	115.6	106.9
Trade and other payables	186.2	162.7	196.1
Total	299.8	278.3	303.0
Total liabilities	660.5	658.5	664.4
Total equity and liabilities	**1 103.5**	**1 080.1**	**1 101.3**

CONSOLIDATED INCOME STATEMENT

EUR million	1-3/10	1-3/09	1-12/09
Net sales	305.9	310.7	1 316.0
Cost of goods sold	-271.8	-279.0	-1 151.0
Gross profit	34.1	31.7	165.0
* of Net sales	11.1	10.2	12.5
Sales and marketing costs	-18.6	-17.1	-77.7
Administration costs	-12.3	-13.9	-47.7
Other income	0.8	1.0	4.6
Other expenses	-3.0	-2.1	-16.7
EBIT	1.0	-0.4	27.5
* of Net sales	0.3	-0.1	2.1
Finance income and costs	-3.4	-5.3	-12.4
Share of the result of associates	0.6	0.2	1.4
Profit before tax	-1.8	-5.5	16.5
* of Net sales	-0.6	-1.8	1.3
Income tax expense		1.5	-9.1
Profit for the period	-1.8	-4.0	7.4
* of Net sales	-0.6	-1.3	0.6
Profit attributable to:			
Owners of the parent	-2.0	-4.1	7.0
Non-controlling interests	0.2	0.1	0.4
Total	-1.8	-4.0	7.4
Basic earnings/ share, EUR	-0.07	-0.14	0.25
Diluted earnings/ share, EUR	-0.07	-0.14	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/10	1-3/09	1-12/09
Profit for the period	-1,8	-4,0	7,4
Other comprehensive income after tax:			
Cash flow hedging	-0.6		-1.4
Equity hedging			-0.3
Translation differences	8.5	-8.8	2.5
Total comprehensive income for the period	6.1	-12.8	8.2
Total comprehensive income attributable to:			
Owners of the parent	5.9	-12.9	7.8
Non-controlling interests	0.2	0.1	0.4
Total	6.1	-12.8	8.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity belonging to the shareholders of the parent company								Non-controlling interests	Equity total
	Share capital	Share premium	Other reserves	Inv-non-rest-equity fund	Own shares	Translation diff-	Retained earnings	Total		
Equity 1-1-2009	48.1	138.5	0.1	110.3	-0.5	-33.4	170.5	433.5	1.4	434.9
Periods comprehensive income						-8.8	-4.1	-12.9	0.1	-12.8
Share-based payment				0.2				0.2		0.2
Acquired treasure shares					-0.7			-0.7		-0.7
Equity 31-3-2009	48.1	138.5	0.1	110.5	-1.2	-42.3	166.4	420.1	1.5	421.6
Equity 1-1-2010	48.1	138.5	-1.7	110.6	-1.3	-31.0	171.9	435.1	1.8	436.9
Periods comprehensive income			-0.6			8.5	-2.0	5.9	0.2	6.1
Equity 31-3-2010	48.1	138.5	-2.3	110.6	-1.3	-22.5	169.9	441.0	2.0	443.0

CONSOLIDATED CASH FLOW STATEMENT

EUR million	**1-3/10**	**1-3/09**	**1-12/09**
Cash flow from operating activities			
Operating activities	2.7	-8.7	92.7
Financial items and taxes	-6.8	-7.0	-31.0
Net cash flow from operating activities	-4.1	-15.7	61.7
Cash flow from investing activities			
Tangible and intangible assets	-12.4	-8.5	-32.3
Investments	-1.2	-1.7	-1.8
Net cash used in investing activities	-13.6	-10.2	-34.1
Cash flow from financing activities			
Loans drawn down	2.7	27.3	41.8
Loans repaid	-3.5	-19.0	-64.8
Dividends paid			-5.7
Acquired treasury shares		-0.7	-0.7
Net cash used in financing activities	-0.8	7.6	-29.4
Change in liquid funds	-18.5	-18.3	-1.8

OPERATING SEGMENTS

EUR million	1-3/10	1-3/09	1-12/09
Net sales			
Finland	179.1	181.9	781.9
Scandinavia	95.0	98.8	405.2
Russia	28.9	26.5	113.0
Baltics	7.6	8.8	37.5
Eliminations	-4.7	-5.3	-21.6
Total	305.9	310.7	1 316.0
EBIT			
Finland	4.9	7.1	42.9
Scandinavia	0.6	1.2	10.0
Russia	-2.3	-7.0	-9.8
Baltics	-1.2	-1.0	-12.6
Unallocated	-1.0	-0.7	-3.0
Total	1.0	-0.4	27.5
ROCE *			
Finland	9.9 %	8.9 %	10.2 %
Scandinavia	3.7 %	3.7 %	4.0 %
Russia	-3.5 %	-9.1 %	-6.9 %
Baltics	-28.5 %	-8.2 %	-26.5 %
Group	3.3 %	3.6 %	3.1 %

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

Investments			
Finland	2.2	2.9	14.2
Scandinavia	1.8	1.2	5.3
Russia	11.8	3.9	11.9
Baltics	0.1	0.6	1.6
Total	15.9	8.6	33.0
Depreciations			
Finland	7.3	7.5	29.7
Scandinavia	2.9	2.6	12.0
Russia	1.7	1.6	6.4
Baltics	0.8	0.8	10.5
Total	12.7	12.5	58.6

CONTINGENT LIABILITIES

EUR million	31-3-10	31-3-09	31-12-09
Debts with mortgages or other collateral given as security			
Loans from financial institutions	5.5	8.0	6.0
Pension fund loans	4.5	3.9	4.2
Total	10.0	11.9	10.2
Mortgages and other securities given as comprehensive security			
Real estate mortgages	6.7	6.7	6.7
Corporate mortgages	1.2	4.6	3.1
Total	7.9	11.3	9.8
Guarantee engagements not included in the balance sheet			
Guarantees	0.8	12.9	0.8

ATRIA PLC
Board of Directors

For further information, please contact Matti Tikkakoski, President and CEO, tel. +358 50 2582.

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