

# Atria Plc Financial Statement 2011

CEO  
Juha Gröhn  
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## Atria Group Review 2011

€ Million	Q4		Q1-Q4	
	2011	2010	2011	2010
Net sales	338.7	346.7	1,301.9	1,300.9
EBIT	4.1	4.4	8.0	9.8
EBIT %	1.2	1.3	0.6	0.8
Profit before taxes	0.8	1.5	-4.7	0.3
Earnings per share, €	-0.02	0.01	-0.24	-0.18
Extraordinary items*	-2.3	0.0	-2.2	-11.8

\*Extraordinary items are included in the reported figures.

- Net sales for the year were at the previous year's level
- The Group's full-year EBIT was EUR 8.0 million (EUR 9.8 million), a decline of 18.6 per cent on the previous year. Full-year EBIT includes EUR -2.2 million (EUR -11.8 million) of non-recurring costs
- Atria Russia and Atria Baltic registered operating losses, which decreased significantly compared with the previous year
- The Group's equity ratio was 39.5 per cent (40.2%)
- Atria Finland's full-year EBIT weakened significantly
- Atria Scandinavia's EBIT was at the previous year's level
- The Group's Q4/2011 net sales decreased by 2.3 per cent, EBIT came to EUR 4.1 million (EUR 4.4 million)
- Dividend proposal of EUR 0.20 for each share (EUR 0.25)

## Atria Finland

### Review 2011

€ Million	Q4		Q1-Q4	
	2011	2010	2011	2010
Net sales	206.9	213.9	793.7	767.8
EBIT	7.1	7.8	19.3	30.7
EBIT %	3.4	3.6	2.4	4.0
Extraordinary items*	-1.8	0.0	-1.8	0.0

\*Extraordinary items are included in the reported figures.

- **Atria Finland's** full-year net sales increased by EUR 25.9 million to EUR 793.7 million (EUR 767.8 million)
- Full-year EBIT came to EUR 19.3 million (EUR 30.7 million), which decreased EUR 11.4 million year-on-year. The EBIT includes a non-recurring depreciation item in the amount of EUR -1.8 million on the value of the Forssa logistics site
- EBIT improved during the second half of 2011 following a weak first half. H1/2011 EBIT came to EUR 3.2 million (EUR 10.9 million) and in H2/2011, it was EUR 16.1 million (EUR 19.7 million)
- The development of EBIT during the second half of 2011 was significantly better than during the first half of the year. The reasons for this were tight cost control and the improvement of the demand in the meat market.

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## Atria Finland

- In terms of value, sales of the product groups represented by Atria grew by approximately 3 per cent in 2011. In terms of value, the market share of Atria's products was approximately 25 per cent
- In Q4/2011, Atria launched the Atria Family Farm Chicken product concept. From the beginning of 2012, Atria's fresh chicken packages state precisely which farm the chicken came from.
- Investment in the Kauhajoki bovine slaughtering plant is progressing according to the original schedule. With the extension and the renovation of the slaughtering line, the annual slaughtering capacity at Kauhajoki will increase from 26 million kilograms to approximately 40 million kilograms
- At the end of the year, Atria made a decision to invest EUR 6 million in an extension of the Seinäjoki chicken hatchery and new equipment
- Two efficiency improvement programmes were launched at Atria Finland during the early part of 2011: improvement of the efficiency of bovine slaughtering operations and a development programme at the Nurmo production plant. The total annual cost savings of these measures are approximately EUR 10 million.



Nyt tiedät  
mistä kana  
tulee.

Ensimmäistä kertaa broileri voidaan  
jättää tukunin perhefarmiin.  
Milloin sinun villi on?



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## Atria Scandinavia

### Review 2011

€ Million	Q4		Q1-Q4	
	2011	2010	2011	2010
Net sales	97.7	98.0	374.9	391.6
EBIT	4.2	5.6	13.8	13.9
EBIT %	4.3	5.7	3.7	3.5
Extraordinary items*	0.7	0.0	0.7	-2.3

\*Extraordinary items are included in the reported figures.

- The decline of EUR of 16.7 million in **Atria Scandinavia's** full-year net sales is mainly due to the discontinuation of the production of consumer-packed meat in the summer of 2010
- EBIT for 2011 was EUR 13.8 million (EUR 13.9 million). The figure for the reference year includes EUR -2.3 million of non-recurring costs relating to the shutdown of the Årsta plant. EBIT for the financial period includes a non-recurring sales profit of EUR 0.7 million following the sale of a factory in Saltsjö-Boo
- The result improved toward the end of the year. H1/2011 EBIT came to EUR 5.0 million (EUR 4.0 million), whereas in H2/2011, EBIT rose to EUR 8.9 million (EUR 9.9 million)
- The performance during the latter part of the year was weighed down by the rise in meat raw material prices.

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## Atria Scandinavia

- In early 2011, Atria moved its black pudding production from Saltsjö-Boo in Stockholm to its Tranås plant
- Sales of Atria Scandinavia's own brands improved during the last quarter in 2011
- The market shares of Atria's cold cuts have strengthened in both Sweden and Denmark
- Christmas sales of delicatessen products increased significantly compared with the previous year
- In marketing, Atria Scandinavia followed its strategy and focused on strong proprietary brands and value-added products
- In the increasingly price-competitive cooking sausages segment, Atria lost some market share as it gave up product groups with low profitability



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## Atria Russia

### Review 2011

€ Million	Q4		Q1-Q4	
	2011	2010	2011	2010
Net sales	31.1	32.2	123.0	129.2
EBIT	-4.5	-7.6	-18.9	-27.9
EBIT %	-14.3	-23.6	-15.4	-21.6
Extraordinary items*	0.0	0.0	0.0	-9.5

\*Extraordinary items are included in the reported figures.

- **Atria Russia's** full-year net sales fell by EUR 6.2 million, which was caused by sales decreasing in Moscow and by weakened Russian rouble
- 2011 EBIT increased by EUR 9.0 million to EUR -18.9 million (EUR -27.9 million). EBIT for the reference period includes a total of EUR -9.5 million of non-recurring costs
- Operating loss decreased during the last two quarters. The H1/2011 result was EUR -11.1 million (EUR -4.9 million) and the result in H2/2011 was EUR -7.8 million (EUR -23.0 million)
- The reasons for the performance improvement in the latter part of the year were improved cost-efficiency and streamlining of the product range.

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## Atria Russia

- In Atria's own estimates Russian retail trade grew in accordance with the general economic development
- According to Atria's own estimate, its market share in the St Petersburg retail trade has remained stable. With its 20 per cent market share, Atria is the clear market leader in St Petersburg. In Moscow, Atria's market share is around 2 per cent
- Meat products are now produced at the Gorelovo and Sinyavino plants in St Petersburg. In Moscow there are pizza production and a logistics centre. The annual cost savings are estimated at EUR 7.5 million
- The performance of the Campofarm pork farm owned by Atria was impaired by feed costs, which remained high. Pork farm projects implemented in cooperation with Dan-Invest progressed according to plan. The first pigs were slaughtered at the end of the year.



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## Atria Baltic Review 2011



€ Million	Q4		Q1-Q4	
	2011	2010	2011	2010
Net sales	8.9	8.7	35.2	35.0
EBIT	-1.7	-0.7	-2.2	-3.7
EBIT %	-19.6	-8.0	-6.1	-10.5
Extraordinary items*	-1.2	0.0	-0.3	0.0

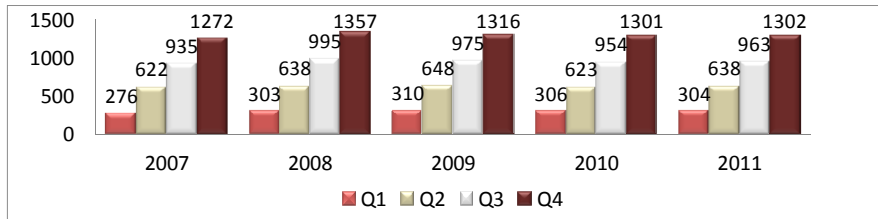
\*Extraordinary items are included in the reported figures.

- **Atria Baltic's** 2011 net sales of EUR 35.2 million (EUR 35.0 million) improved by EUR 0.2 million
- Full-year EBIT improved by EUR 1.5 million to EUR -2.2 million (EUR -3.7 million). It includes a total of EUR -0.3 million of non-recurring costs: a sales profit of EUR 0.9 million resulting from business restructuring and a loss resulting from the sale of a factory in Lithuania of EUR -1.2 million
- Atria estimates that its market shares in different product groups have remained stable. An extensive campaign to re-launch the Maks&Moorits brand was implemented during Q4/2011. The investment was particularly evident in improved sales of consumer-packed meat.

## Financial Development

## Atria Group Net Sales cumulative

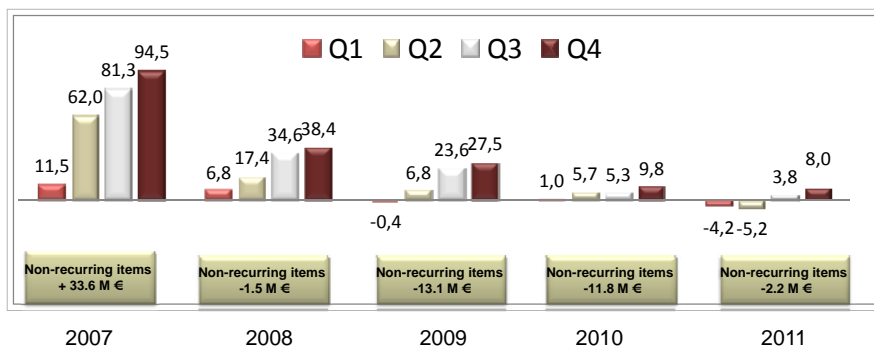
€ Million



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## Atria Group EBIT cumulative

€ Million



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## Atria Group Financial indicators

Milj. €	31.12.2011	31.12.2010
Shareholders' equity per share, EUR	14.81	15.68
Interest-bearing liabilities	409.4	429.9
Equity ratio, %	39.5	40.2
Gearing, %	97.1	96.4
Net gearing, %	95.5	92.2
Gross investments in fixed assets	47.0	46.2
Gross investments, % of net sales	3.6	3.5
Average number of employees (FTE)	5,467	5,812

- Equity ratio on the target level
- At the end of the review period, the amount of undrawn committed credit facilities stood at EUR 152.5 million (EUR 125.5 million)
- The average maturity of loans and committed credit limits at the end of the review period was 3 years 1 month (3 years 5 months).

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## Atria Group Income Statement

€ Million	Q4		2011	2010
	2011	2010		
NET SALES	338.7	346.7	1,301.9	1,300.9
Cost of goods sold	-300.6	-308.3	-1,162.7	-1,149.1
GROSS PROFIT	38.2	38.4	139.2	151.8
% of Net sales	11.3	11.1	10.7	11.7
Other income	3.5	1.4	8.4	7.7
Other expenses	-37.5	-35.4	-139.7	-149.7
EBIT	4.1	4.4	8.0	9.8
% of Net sales	1.2	1.3	0.6	0.7
Financial income and expenses	-3.8	-3.2	-14.1	-11.1
Income from associates	0.5	0.3	1.4	1.7
PROFIT BEFORE TAXES	0.8	1.5	-4.7	0.3
Income taxes	-1.5	-1.4	-1.9	-4.5
PROFIT FOR THE PERIOD	-0.7	0.1	-6.6	-4.2
% of Net sales	-0.2	0.0	-0.5	-0.3
Earnings/share, €	-0.02	0.01	-0.24	-0.18

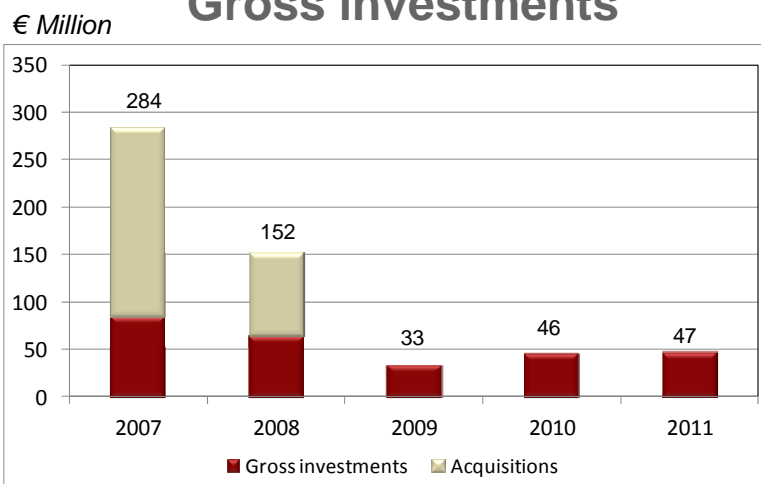
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## Atria Group Cash flow statement

€ Million	2011	2010
Cash flow from operating activities	61.0	85.5
Financial items and taxes	-10.7	-40.9
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>50.3</b>	<b>44.6</b>
Investing activities, tangible and intangible assets	-34.2	-39.6
Sold subsidiary	2.0	
Bought subsidiary	-6.1	
Investments	-2.5	-0.6
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-40.8</b>	<b>-40.2</b>
<b>FREE CASH FLOW</b>	<b>9.5</b>	<b>4.4</b>
Loans drawn down	50.0	40.8
Loans repaid	-64.2	-56.2
Dividends paid	-7.0	-7.0
<b>CASH FLOW FROM FINANCING, TOTAL</b>	<b>-21.2</b>	<b>-22.4</b>
<b>CHANGE IN LIQUID FUNDS</b>	<b>-11.7</b>	<b>-18.0</b>

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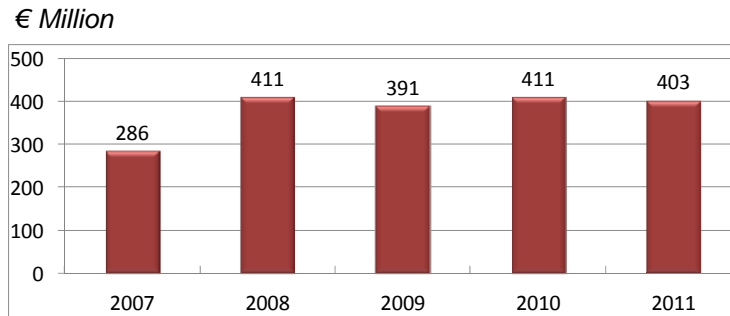
## Atria Group Gross investments



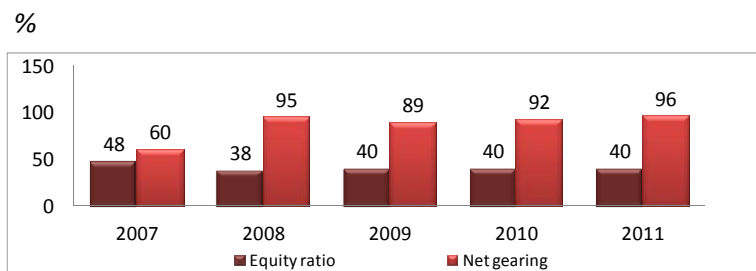
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## Atria Group Net debts



## Atria Group Equity ratio & Net gearing



## Events occurring after the period

- Atria Scandinavia announced its plans to launch an action plan focussing on improving profitability. The programme aims to streamline and automate the production process of ham products and the slicing of cold cuts. Negotiations with labour market organisations have begun so that the planning of the programme can be started. According to preliminary calculations, if the programme is implemented, an approximate amount of EUR 4.7 million will be invested in production equipment at the Malmö plant and the Halmstad plant will be shut down. The programme is expected to generate annual cost savings of approximately EUR 1.5 million
- Atria Plc's Board of Directors decided to terminate the share-based incentive programme for Atria Group's key personnel and to adopt a new long-term merit pay system. Cash rewards payable under the programme throughout the course of its earning period, between 2012 and 2014, are capped at EUR 4.5 million. The new long-term reward programme covers 40 of Atria Group's key employees.

## Outlook for the future

- Atria estimates that uncertainty in the global economy will continue in 2012. Also in Atria's business areas economic growth and development of markets are subject to uncertainty.
- Possibly weakening purchasing power has less impact on the food sector than on the purchases of consumer durables.
- The demand of meat market improved during the latter part of 2011. At the moment, the balance of demand and supply is clearly better than a year ago. Frozen stocks are small. As a user of Finnish raw material, Atria Finland benefits from this market situation. In Atria's other business areas, where raw materials are acquired quickly on fluctuating global markets, a rise in raw material costs may cause problems.
- Approximately EUR 10 million of the cost savings from the previously launched efficiency programmes will be realised during 2012.
- During 2011 Atria has made significant new product launches that are expected to have positive impact on sales and profit in all market areas.
- The Group's EBIT was EUR 8.0 million in 2011. EBIT is expected to be essentially higher in 2012, as result improvement will focus on the latter part of the year. Some growth in net sales is expected for 2012.

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