

Atria Plc

Interim Report

1 January – 31 December, 2015

CEO
Juha Gröhn
11 February, 2016

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Atria Group

1 January – 31 December, 2015

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net sales	351.0	363.4	1,340.2	1,426.1
EBIT	4.8	18.6	28.9	40.6
EBIT %	1.4 %	5.1 %	2.2 %	2.8 %
Profit before taxes	2.8	16.3	20.1	34.0
Earnings per share, €	0.11	0.48	0.49	0.93
Extraordinary items*	-9.1	1.6	-7.2	1.0

* Extraordinary items are included in the reported figures.

- The decrease of **Atria Group's** net sales was partly due to the sale of the Falbygdens cheese business and the weakening of the rouble. In addition, tough competition in the retail sector weighed down net sales.
- The challenging market environment in Estonia has weakened profit expectations for Atria Baltic's business. As a result of this, a goodwill impairment loss of EUR 9.1 million was recorded for Atria Baltic. The write-down affected EBIT but it had no effect on cash flow.
- Consolidated EBIT for the fourth quarter excluding non-recurring items was EUR 13.8 million (EUR 17.0 million).
- Full-year EBIT without non-recurring items was EUR 36.1 million (EUR 39.6 million).
- The Board of Directors proposes that a dividend of EUR 0.40 be paid for each share for the financial year 2015.

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Atria Finland

1 January – 31 December, 2015

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net sales	248.0	243.6	929.0	945.5
EBIT	13.7	15.6	29.8	33.6
EBIT %	5.5 %	6.4 %	3.2 %	3.6 %
Extraordinary items*	-	1.2	-	0.9

*Extraordinary items are included in the reported figures.

- **Atria Finland's** net sales for the fourth quarter grew by EUR 4.4 million year-on-year.
- The increase in net sales is due to successful sales during the Christmas season.
- Tough price competition in the retail sector and difficult conditions on the international meat market weighed down EBIT for the fourth quarter.
- Full-year net sales decreased by EUR 16.5 million in comparison with 2014. This decline was due to weaker consumer demand and decreased sales prices.
- EBIT trends have been weighed down by oversupply on the international meat market.
- Atria Finland has been able to adapt its own operations to the challenging market environment. Thanks to this, cost-efficiency is good and inventories of meat raw material are under control.
- In 2015, difficult conditions on the meat market depressed the prices that producers can charge for meat.

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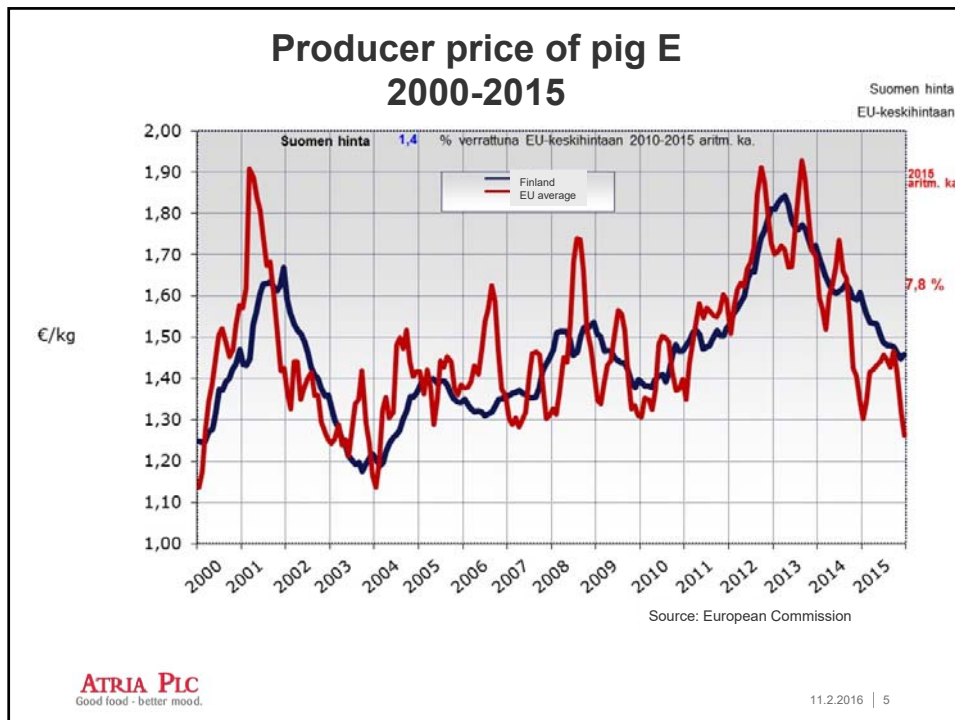
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Atria Finland



- From January to December, the value of the market for the product groups sold by Atria decreased by about one per cent due to tough price competition. However, consumption increased by about one per cent in terms of volume.
- Atria was able to retain its position in the market: Atria's total share of manufacturing was about 26 per cent in terms of value (27% in 2014). (Source: Atria)
- In January, Atria Finland launched an investment worth around EUR 36 million in expanding and modernising its pig cutting plant in Nurmo. It is expected to generate annual cost savings of around EUR 8 million in the plant's operations. Cost savings will be realised gradually with full effect from the beginning of 2017. The construction project has progressed according to plan.
- At the beginning of September, Atria Finland launched a project to improve the productivity of chicken production at the Sahalahti plant. Removing overlapping functions and improving efficiency is expected to result in annual savings of about EUR 1.5 million, which will be realised from the second quarter of 2016.

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Atria Scandinavia

1 January – 31 December, 2015

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net sales	83.8	94.9	330.5	371.9
EBIT	3.2	4.7	12.8	14.9
EBIT %	3.8 %	5.0 %	3.9 %	4.0 %
Extraordinary items*	-	-	-	-

*Extraordinary items are included in the reported figures.

- The decrease in **Atria Scandinavia's** net sales and EBIT was due to the sale of the Falbygdens cheese business, completed on 1 April 2015. The sale will reduce Atria's annual net sales by EUR 52 million and EBIT by approximately EUR 3 million.
- In May, Atria acquired the operations of Aalbaek Specialiteter A/S, a Danish manufacturer of organic cold cuts, for EUR 5.5 million. Aalbaek's annual net sales amount to around EUR 10 million. The operations were consolidated into Atria from 11 May 2015. The consolidation of Aalbaek's operations into Atria proceeded as planned.
- In September, Atria Scandinavia initiated the reorganisation of its operations in Sweden. The reorganisation will affect sales, marketing and logistics. Atria expects operational restructuring and improved efficiency to result in annual savings of about EUR 1.8 million. These savings will be realised from the beginning of 2016.

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Atria Scandinavia



- In 2015, the total retail market in Sweden for Atria's core product groups, sausages and cold cuts, grew by 1.5 per cent.
- Atria strengthened its overall market share in the Swedish retail trade to 18 per cent. In cold cuts, the market share was around 17 per cent (Source: AC Nielsen).
- In Denmark, Atria was the market leader in cold cuts with a market share of 17 per cent (Source: AC Nielsen).
- Atria Concept, the fast-food business, continued its international expansion into South Korea and Belgium.

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Atria Russia

1 January – 31 December, 2015

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net sales	18.6	22.3	75.1	98.8
EBIT	-0.4	-0.9	-0.2	-5.7
EBIT %	-2.3 %	-4.2 %	-0.3 %	-5.8 %
Extraordinary items*	-	0.5	1.9	0.5

*Extraordinary items are included in the reported figures.

- **Atria Russia's** net sales in euro terms fell mainly due to the weakening of the rouble. Net sales in the local currency were at the same level as in the previous year.
- Sales growth was weighed down by a further decrease in consumer purchasing power and consequent negative trends in retail.
- Comparable EBIT for the fourth quarter came to EUR -0.4 million (EUR -1.4 million).
- Full year comparable EBIT came to EUR -2.1 million (EUR -6.2 million).
- EBIT improved thanks to increased productivity and an optimised product selection.
- Day-to-day efficiency improvements at the Gorelovo plant and the use of local meat raw material also served to improve EBIT.

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Atria Russia



- In 2015, the Sibylla business continued to grow.
- Sales volumes in the retail business decreased and Atria lost some of its market share.
- Atria sold OOO Campoferma, a Russian subsidiary, on 24 June 2015 for EUR 4.5 million. The company owned a farm property near Moscow. Costs of EUR 0.6 million were recorded for the sale as non-recurring items. Additionally, translation differences accrued in equity improved earnings by EUR 2.5 million.

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Atria Baltic

1 January – 31 December, 2015

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
Net sales	8.0	8.5	32.9	34.5
EBIT	-9.1	0.1	-9.0	-0.0
EBIT %	-113.6 %	1.5 %	-27.3 %	-0.1 %
Extraordinary items*	-9.1	-	-9.1	-0.4

*Extraordinary items are included in the reported figures.

- The challenging market environment in Estonia has weakened profit expectations for **Atria Baltic's** business.
- As a result of this, a goodwill impairment loss of EUR 9.1 million was recorded for Atria Baltic. The write-down affected EBIT but it had no effect on cash flow.
- Comparable EBIT for the fourth quarter came to EUR -0.0 million (EUR 0.1 million).
- Comparable EBIT for the year 2015 was EUR 0.1 million (EUR 0.3 million).
- Profitability was weakened by slow sales in the summer season and measures taken to prevent the spread of African swine fever.
- Prolonged oversupply in the international meat market and fierce price competition in the retail market have brought down meat prices.



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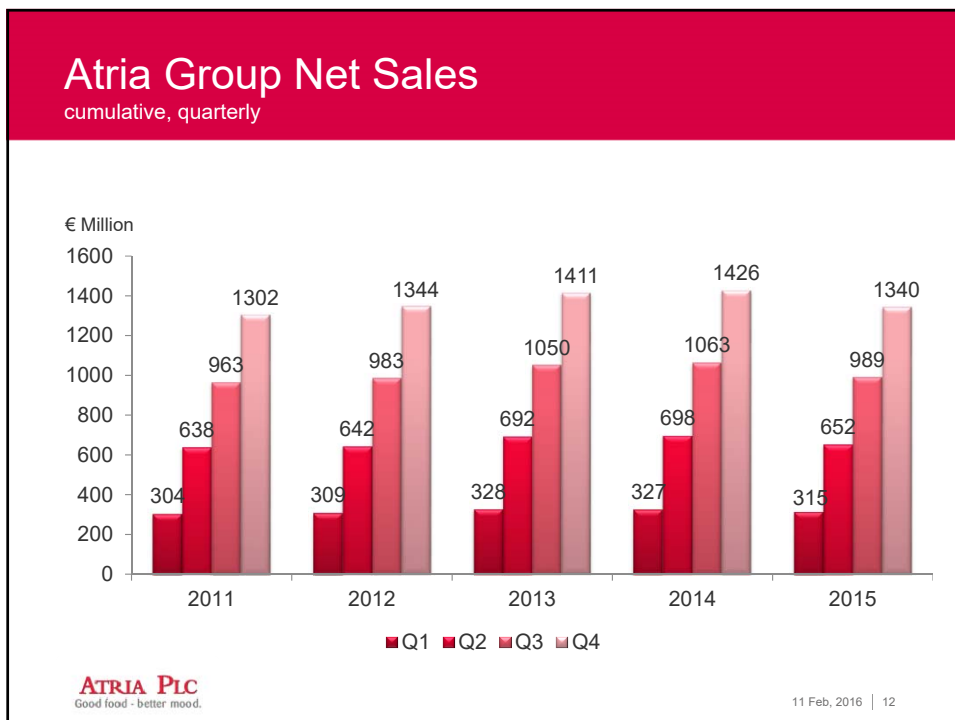
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Financial Development

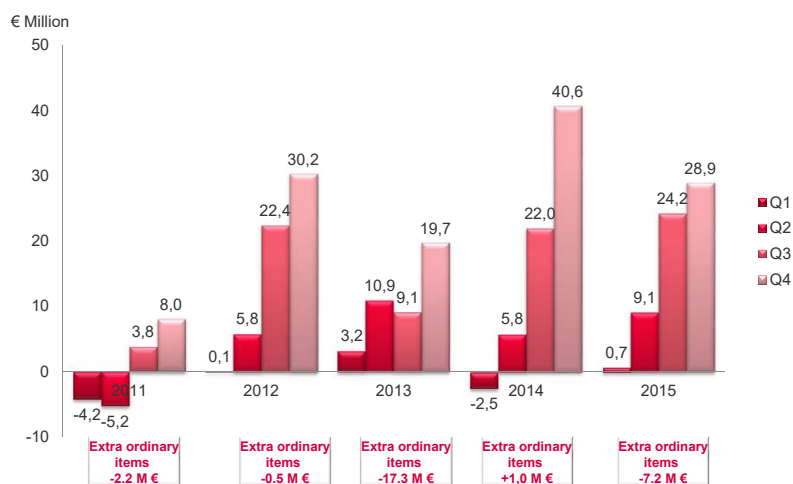
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Atria Group EBIT

cumulative, quarterly



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Atria Group Financial indicators

€ Million	31.12.2015	31.12.2014
Shareholders' equity per share, EUR	14.16	14.22
Interest-bearing liabilities	199.6	254.1
Equity ratio, %	47.4	44.0
Gearing, %	49.3	62.6
Net gearing, %	48.3	61.8
Gross investments in fixed assets	56.9	62.7
Gross investments, % of net sales	4.2	4.4
Average number of employees	4,271	4,715

- In June, Atria Plc refinanced a long-term bullet loan of EUR 30 million, which was due in February 2017. The maturity of the new loan is seven years.
- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR 68.4 million (EUR 44.3 million). The Group's investments during the period totalled EUR 56.9 million (EUR 62.7 million).
- Interest-bearing net liabilities amounted to EUR 195.5 million (31 December 2014: EUR 250.7 million). The equity ratio was 47.4 per cent (31 December 2014: 44.0%). Translation differences recognised in equity for the full year decreased equity by EUR 4.6 million (EUR 25.0 million) due to the weakening of the rouble.
- On 31 December 2015, the Group had undrawn committed credit facilities worth EUR 125.0 million (31 December 2014: EUR 110.6 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 1 month (31 December 2014: 3 years).

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Atria Group Income Statement

EUR million	Q4 2015	Q4 2014	Q1-Q4 2015	Q1-Q4 2014
NET SALES	351.0	363.4	1,340.2	1,426.1
Cost of goods sold	-303.0	-313.3	-1,176.9	-1,249.3
GROSS PROFIT	48.0	50.1	163.3	176.8
<i>% of Net sales</i>	13.7	13.8	12.2	12.4
Other income	0.7	4.1	5.5	6.7
Other expenses	-44.0	-35.6	-139.9	-142.9
EBIT	4.8	18.6	28.9	40.6
<i>% of Net sales</i>	1.4	5.1	2.2	2.8
Financial income and expenses	-1.9	-3.1	-9.2	-12.7
Income from joint-ventures and associates	-0.1	0.8	0.4	6.2
PROFIT BEFORE TAXES	2.8	16.3	20.1	34.0
Income taxes	0.6	-2.7	-5.5	-7.2
PROFIT FOR THE PERIOD	3.5	13.6	14.6	26.8
<i>% of Net sales</i>	1.0	3.8	1.1	1.9
Earnings/share, €	0.11	0.48	0.49	0.93

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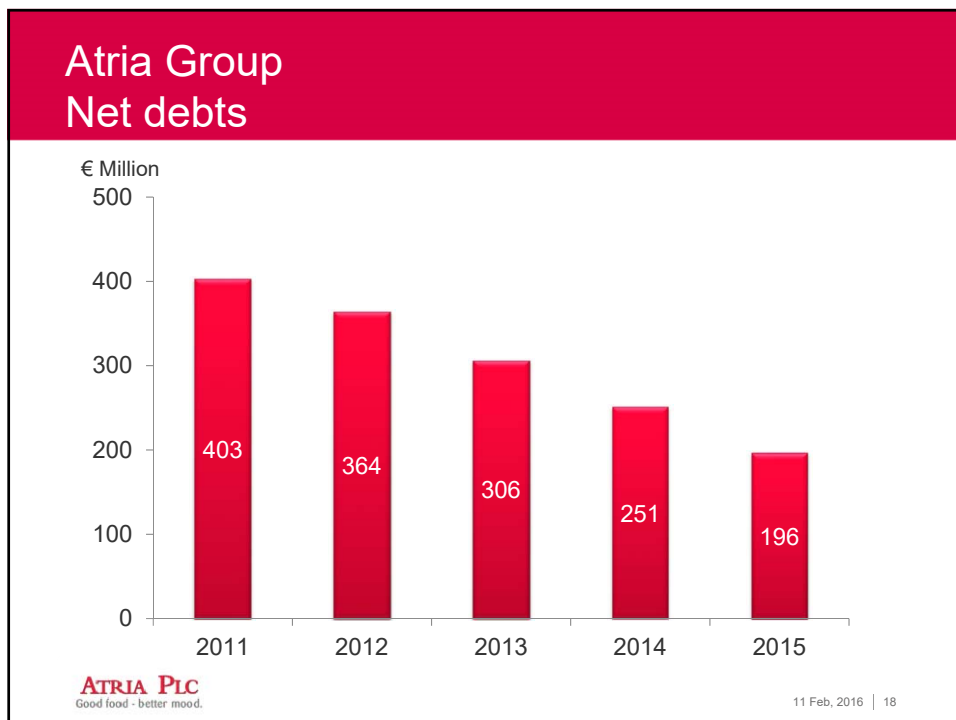
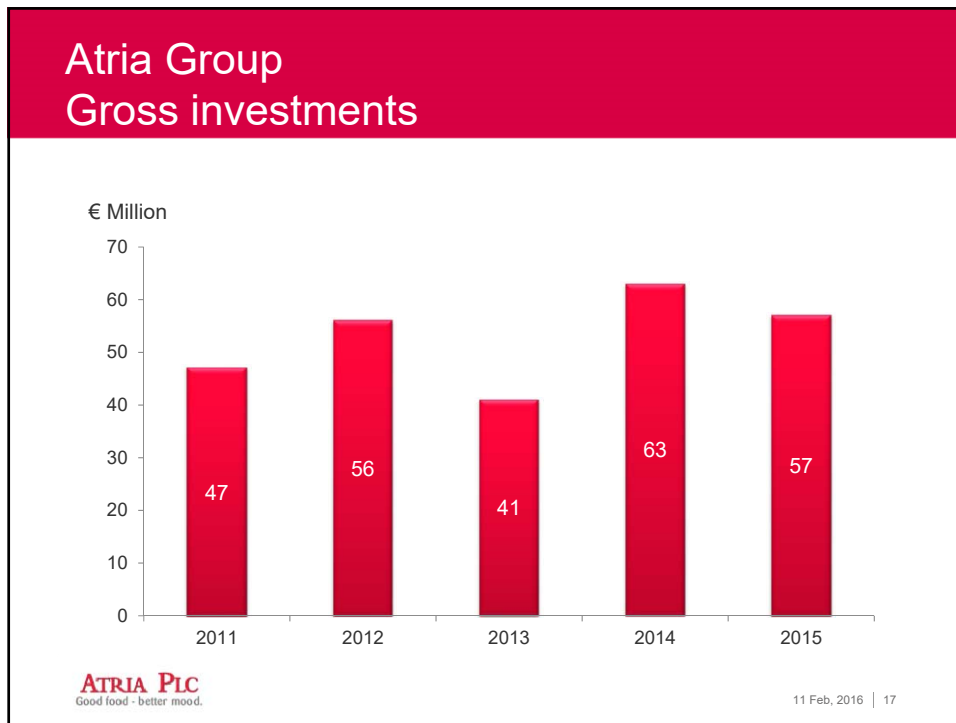
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Atria Group Cash flow statement

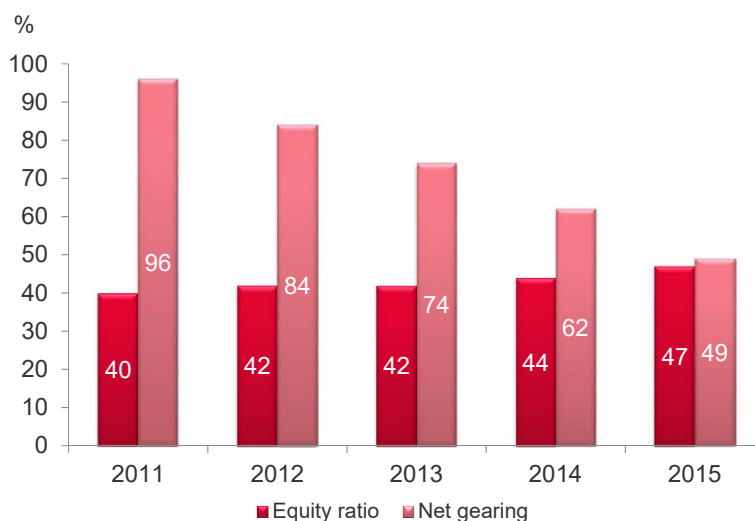
Milj. EUR	Q1-Q4 2015	Q1-Q4 2014
Cash flow from operating activities	96.3	113.3
Financial items and taxes	-6.0	-21.1
NET CASH FLOW FROM OPERATING ACTIVITIES	90.3	92.2
Investing activities, tangible and intangible assets	-50.2	-33.9
Acquired operations	-5.5	-32.5
Sold operations	34.1	11.9
Change in non-current receivables	0.2	-2.8
Dividends received from investments	0.6	8.4
Change in other investments	-1.1	1.1
NET CASH USED IN INVESTING ACTIVITIES	-21.9	-47.8
FREE CASH FLOW	68.4	44.3
Changes in interest-bearing liabilities	-56.3	-63.4
Dividends paid	-11.3	-6.2
NET CASH USED IN FINANCING ACTIVITIES	-67.6	-69.6
CHANGE IN LIQUID FUNDS	0.8	-25.3

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Atria Group Equity ratio & Net gearing



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

- Unplanned and unforeseen incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, constitute a potential risk to Atria's operations. African swine fever is such an incident in Estonia. It has a high risk of spreading. Atria has introduced several precautions in order to prevent the disease from spreading into its production facilities, and is thereby managing the existing risk.
- Shifts in the balance between meat supply and demand in the global meat market pose a risk to Atria's business. Atria estimates that no significant changes have occurred in the uncertainties of the meat market compared to the situation described in the Annual Report 2014. Atria's exposure to the volatility of the Russian rouble and to the effects of Russia's import ban on EU meat continues. Additionally, weakening consumer purchasing power in Russia represents a risk in terms of net sales and EBIT trends.

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Outlook for the future

- Consolidated EBIT was EUR 28.9 million in 2015. In 2016, EBIT is expected to be better than in 2015.
- In 2016, net sales are expected to grow.

Board of Directors' proposal for profit distribution

- The Board of Directors proposes that a dividend of EUR 0.40 be paid for each share for the financial year 2015.



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