



# Atria Plc Interim Report

1 January - 31 March 2018

**ATRIA**

*Good food – better mood.*

## INTERIM REPORT OF ATRIA PLC 1 JANUARY - 31 MARCH 2018

### Atria's net sales grew and earnings improved - Atria Finland leads the growth

#### January-March 2018

- The Group's net sales were EUR 345.4 million (EUR 332.5 million).
- Consolidated EBIT was EUR 3.5 million (EUR 1.2 million), which is 1.0 per cent (0.4%) of net sales.
- The net sales of Atria Finland grew by EUR 17.4 million.
- The weakened Russian rouble and Swedish krona brought down the Group's net sales.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 (EUR 0.46) be paid per share.

EUR million	Q1	Q1	2017
	2018	2017	
<b>Net sales</b>			
Atria Finland	245.6	228.2	986.4
Atria Sweden	69.6	72.6	307.2
Atria Denmark & Estonia	23.1	23.4	98.9
Atria Russia	17.3	18.7	85.7
Eliminations	-10.2	-10.4	-42.0
<b>Total net sales</b>	<b>345.4</b>	<b>332.5</b>	<b>1,436.2</b>
<b>EBIT</b>			
Atria Finland	6.7	4.1	36.3
Atria Sweden	-3.2	-0.6	2.4
Atria Denmark & Estonia	1.3	1.2	5.2
Atria Russia	-0.6	-1.7	0.8
Unallocated	-0.7	-1.7	-3.7
<b>EBIT, total</b>	<b>3.5</b>	<b>1.2</b>	<b>40.9</b>
<b>EBIT%</b>	<b>1.0%</b>	<b>0.4%</b>	<b>2.8%</b>
<b>Profit before taxes</b>	<b>1.2</b>	<b>0.8</b>	<b>35.5</b>
<b>Earnings per share, EUR</b>	<b>0.00</b>	<b>-0.02</b>	<b>0.92</b>
<b>Items affecting comparability of EBIT:</b>			
Divestment of subsidiary	-	-	1.4
<b>Adjusted EBIT</b>	<b>3.5</b>	<b>1.2</b>	<b>39.6</b>

## Juha Gröhn, CEO

“Atria's net sales grew in the first quarter and EBIT improved. As the first quarter is the calmest business period of the year for the product groups represented by Atria, we can be satisfied with the growth in net sales. At the beginning of the year the EBIT level is usually below average as during this period sales are focused on products of low profitability. This year Easter was in March, which naturally reinvigorated sales and improved the sales structure.

In Finland, the year has started well both in terms of net sales and earnings. The operations of Estonia and Denmark have likewise met the targets. In Russia, earnings have increased since last year even though EBIT is negative. In Russia, the changes in seasonal demand are considerable as Russian consumers significantly focus their spending on Christmas but return to budget restrictive spending after the holiday season.

In Sweden, net sales in the local currency were at the same level as last year, but EBIT remained negative. EBIT was decreased by sluggishness in the poultry market, increased raw material prices and costs caused by employee arrangements.

The investment in the Nurmo pig cutting plant has been completed, and the investment in the poultry plant in Sweden has been implemented according to plan. A cutting line was inaugurated at the poultry plant in February.

The weakening of the Swedish krona and Russian rouble has been significant during the past months. The weakening of the currencies plays a part in the rising costs of imported materials.”

## January-March 2018

Atria Group's net sales for January-March amounted to EUR 345.4 million (EUR 332.5 million). EBIT amounted to EUR 3.5 million (EUR 1.2 million). The net sales of Atria Finland grew by EUR 17.4 million year-on-year. In Finland, the growth in net sales is due to increased sales in all sales channels. The net sales of Atria Russia and Atria Sweden were brought down by the weakened Russian rouble and Swedish krona.

The Group's EBIT improved from the previous year. Atria Finland's improved EBIT was due to increases in sales volumes and good sales structure. In Sweden, EBIT was brought down by sluggishness in the poultry market, increased raw material prices and costs caused by employee arrangements. For Atria Denmark & Estonia, EBIT remained roughly at the same level year-on-year.

Atria Group's operational structure and financial reporting were altered as of the beginning of 2018. Atria Scandinavia's organisation was simplified and a separate segment was created for the operations in Sweden. The businesses in Denmark and Estonia now constitute a single business area and reporting segment. The name of the new business area is Atria Denmark & Estonia. Atria Group's reporting segments as of 1 January 2018 are as follows: Atria Finland, Atria Sweden, Atria Russia and Atria Denmark & Estonia.

Changes were made to Atria Plc's Management Team as of 1 January 2018. The CFO, Heikki Kyntäjä, retired and Tomas Back was nominated Atria Plc's CFO, Executive Vice President and Deputy CEO. He was also nominated director of Atria Denmark. Jarmo Lindholm transferred from the position of

Executive Vice President of the Atria Russia business area to become the Executive Vice President of the Atria Sweden business area. For the time being, the duties of the Executive Vice President of Atria Russia are being performed by Andrey Shkredov, Director of Finance, IT and Procurement. After the end of the review period, Atria announced that Ilari Hyrynen (MBA) has been nominated Executive Vice President of the Atria Russia business area. He will assume his position on 9 July 2018, at the latest.

During the review period, the focus of Atria Group's corporate responsibility programme was on improving occupational safety and the implementation of the Atria Way of Leading training programme.

## Key indicators

EUR million	31.3.18	31.3.17	31.12.17
Shareholders' equity per share EUR	14.70	14.59	14.81
Interest-bearing liabilities	247.0	250.3	214.3
Equity ratio, %	46.4 %	46.0 %	47.5 %
Net gearing, %	56.6 %	57.7 %	49.0 %
Gross investments in fixed assets	12.0	12.2	53.9
% of net sales	3.5 %	3.7 %	3.8 %
Average FTE	4,370	4,370	4,449

The principles for calculating key indicators were presented in the 2017 annual financial statements.

## Business development by area January-March 2018

### Atria Finland

EUR million	Q1	Q1	2017
	2018	2017	
Net sales	245.6	228.2	986.4
EBIT	6.7	4.1	36.3
EBIT, %	2.7%	1.8%	3.7%
Items affecting comparability:	-	-	-
Adjusted EBIT	6.7	4.1	36.3

Atria Finland's net sales for January-March totalled EUR 245.6 million (EUR 228.2 million). The growth in net sales was due to increased sales in all sales channels. The sales growth was especially positive in the poultry product group. EBIT amounted to EUR 6.7 million (EUR 4.1 million). The growth of EBIT was due to increases in sales volumes and good sales structure. The export of pork to China commenced a year ago has progressed according to plan.

In Finland, the sales to retail in meat, poultry, meat products and convenience food markets grew in January-March by approx. 7 per cent year-on-year. Atria's supplier share in retail trade was 25 per cent in the product groups represented by the company. Atria's sales to retail increased faster than the overall market. The most positive development was seen in the poultry market where Atria was the market leader with a supplier share of 51 per cent.

In terms of value, Finland's Food Service market grew approximately one percent during the first quarter. The development of Atria's sales has been faster than the market in general. Atria's supplier share in the Food Service market was approx. 23 per cent. (Source: Atria)

In February, Atria launched the antibiotic-free pork. All pork from Atria Family Farms is from pigs that have been reared entirely without antibiotics. The name of the Family Farm printed on the product package traces the origin of the meat all the way back to the farm.

Atria Plc donated EUR 40,000 to Seinäjoki University of Applied Sciences to promote education and research.

## Atria Sweden

EUR million	Q1	Q1	2017
	2018	2017	
Net sales	69.6	72.6	307.2
EBIT	-3.2	-0.6	2.4
EBIT, %	-4.6%	-0.8%	0.8%
Items affecting comparability:			
Divestment of subsidiary	-	-	1.4
Adjusted EBIT	-3.2	-0.6	1.0

Atria Sweden's net sales for January-March amounted to EUR 69.6 million (EUR 72.6 million). In the local currency, net sales grew slightly. EBIT was EUR -3.2 million (EUR -0.6 million). EBIT was brought down especially by the poor performance of poultry operations caused by the sluggishness of Swedish poultry markets and the expenses related to the inauguration of the new production plant investment. EBIT was brought down also by the increase in raw material prices and the weakened Swedish krona. The employee arrangements implemented during the review period resulted in some additional expenses.

Atria Sweden's market share in January-March in cold cuts, sausages and fresh chicken products remained at the same level year-on-year. (Source: AC Nielsen)

Demand for vegetarian products is increasing in Sweden. In January, Atria launched two new Pastejköket vegetable pâtés within its popular vegetarian product selection. Atria is strongly focused on developing chicken products and launched two new Lithells brand chicken sausages during the review period. The raw material for chicken products comes from Atria's own chicken rearing facility in Norjeby.

Jarmo Lindholm, MSc (Econ.), started as the Executive Vice President of the Atria Sweden business area in January. The revised management team began its operations in March.

The construction of new production premises at the poultry plant has progressed in accordance with the investment programme. The new cutting and packing facilities were commissioned during the review period. The commission of the poultry plant continues during the second quarter. In 2017, the demand for poultry in Sweden was weakened due to campylobacter infections. Demand for poultry turned positive during the review period.

During the review period, the focus of the responsibility programme was on the Group's joint projects as well as on the implementation of ISO 50001 energy management system at all production plants.

## Atria Denmark & Estonia

EUR million	Q1	Q1	2017
	2018	2017	
Net sales	23.1	23.4	98.9
EBIT	1.3	1.2	5.2
EBIT, %	5.6%	5.0%	5.2%
Items affecting comparability:	-	-	-
Adjusted EBIT	1.3	1.2	5.2

Atria Denmark & Estonia's net sales for January-March amounted to EUR 23.1 million (EUR 23.4 million). EBIT amounted to EUR 1.3 million (EUR 1.2 million). In Estonia, Atria grew its sales to retail by approx. 10 per cent in terms of value year-on-year. In Denmark, sales to retail decreased by approx. 4 per cent. EBIT remained roughly at the same level year-on-year.

In Denmark, Atria launched for retail a new kind of poultry based spread as well as meaty snacks under the Aalbaek brand. In Estonia, Atria has invested in increased brand awareness of the Maks & Moorits brand. The Estonian Food Industry Union selected Atria's new meatballs as the best meat product of 2017.

## Atria Russia

EUR million	Q1	Q1	2017
	2018	2017	
Net sales	17.3	18.7	85.7
EBIT	-0.6	-1.7	0.8
EBIT, %	-3.6%	-9.2%	0.9%
Items affecting comparability:	-	-	-
Adjusted EBIT	-0.6	-1.7	0.8

Atria Russia's net sales for January-March amounted to EUR 17.3 million (EUR 18.7 million). In the local currency, net sales grew by 3,4 per cent. EBIT was EUR -0.6 million (EUR -1.7 million). The growth in net sales is due to increased sales of Sibylla and Food Service products. The growth of EBIT was better thanks to sales structure improved from the previous year and good cost-efficiency.

During the first quarter, retail sales in Russia have remained positive. The raw material price of pork has been somewhat increasing. (Source: Rosstat database).

A repairs and investment project has been initiated in the Sinyavino meat production plant in order to increase the capacity for cured sausages. The cost estimate of the investment project is approx. EUR 0.8 million. The project is progressing according to the planned schedule.

## Average personnel (FTE)

Personnel by Business Area (FTE)	Q1 2018	Q1 2017	2017
Atria Finland	2,218	2,215	2,314
Atria Sweden	846	826	846
Atria Denmark and Estonia	422	430	429
Atria Russia	884	899	860
<b>Total</b>	<b>4,370</b>	<b>4,370</b>	<b>4,449</b>

## Financial position

In March, Atria Plc refinanced an overdue bond of EUR 50 million by taking out a new EUR 25 million five-year bank loan and EUR 25 million in commercial papers.

During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -32.3 million (EUR -32.5 million). Operating cash flow was EUR -18,9 million (EUR -22.2 million), and the cash flow from investments was EUR -13,4 million (EUR -12.5 million).

The Group's investments during the period totalled EUR 12.0 million (EUR 12.2 million).

The equity ratio was 46.4 per cent (31 December 2017: 47.5%). The total translation differences with the Swedish krona and the Russian rouble recognised in equity reduced equity by EUR 4.3 million (EUR +3.5 million) in January-March. Interest-bearing net liabilities amounted to EUR 242.2 million (31 December 2017: EUR 211.1 million). On 31 March 2018, the Group had undrawn committed credit facilities worth EUR 105.0 million (31 December 2017: EUR 105.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 3 months (31 December 2017: 3 years 4 months).

## Business risks in the review period and short-term 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 short-term risks in Atria's business environment. Price trends for raw materials, the general economic climate, market development and competitors' operations can give rise to uncertainty in terms of trends in the demand for Atria's products.

Other potential short-term uncertainties in Atria's operations are related to implementing the strategy and maintaining or improving the financial results of business areas.

African swine fever continues to cause disruption in Estonia. There is a risk of it spreading to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities, and strives to manage the risk.



Changes in the value of the Russian rouble and the Swedish krona are reflected in the Group's euro-denominated net sales, result and equity. A more detailed description of the risks related to the Group's operations was provided in the 2017 annual report.

## Events after the period under review

Ilari Hyyrynen (MBA) has been nominated Executive Vice President of the Atria Russia business area. He will assume his position on 9 July 2018, at the latest. Ilari Hyyrynen has a broad work experience in leading positions. He has previously worked as Country Director of Russia at Tikkurila Oyj. Ilari Hyyrynen is a member of Atria Group's management team and will report to CEO Juha Gröhn.

## Outlook for the future

Consolidated EBIT was EUR 40.9 million in 2017. In 2018, EBIT is expected to be better than in 2017. In 2018, net sales are expected to grow.

## Board of Directors' proposal for profit distribution

The Board of Directors proposes that a dividend of EUR 0.50 be paid for each share for the 2017 financial period.

## Financial calendar 2018

In 2018, Atria Plc will publish the following reports:

- Half-year report January-June: 19 July 2018 at approximately 8:00 am
- Interim report January-September: 25 October 2018 at approximately 8:00 am

Financial releases can be viewed on the company's website at [www.atria.com](http://www.atria.com) immediately after their release.

## Annual General Meeting 2018

Atria Plc's Annual General Meeting will be held in Helsinki on 26 April 2018. The agenda includes matters that are to be discussed by the Annual General Meeting in accordance with Article 14 of the Articles of Association.

## Shares

Atria Plc's share capital consists of a total of 28,267,728 shares, divided into 19,063,747 series A shares and 9,203,981 series KII shares. Each series A share entitles its holder to one (1) vote and each series KII share to ten (10) votes at a General Meeting. Therefore, Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 111,312 series A treasury shares.

### **Valid authorisations to purchase or issue shares, grant special rights and make donations**

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

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the company in public trading arranged by Nasdaq Helsinki Ltd at the market price at the moment of acquisition. The shares shall be acquired and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors was authorised to decide on the acquisition of the company's own shares in all other respects.

The authorisation shall supersede the authorisation granted by the Annual General Meeting on 28 April 2016 to the Board of Directors to decide on the acquisition of the company's own shares and be valid until the closing of the next Annual General Meeting or until 30 June 2018, whichever is first.

The General Meeting authorised the Board of Directors to decide, on one or more occasions, on an issue of a maximum of 5,500,000 new series A shares or on the disposal of any series 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 Limited Liability Companies Act. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive plan or for other purposes at the Board's discretion.

The Board of Directors is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that currently 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 Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company.

The authorisation supersedes the share issue authorisation granted by the Annual General Meeting on 28 April 2016 to the Board of Directors, and is valid until the closing of the next Annual General Meeting or until 30 June 2018, whichever is first.

The General Meeting authorised the Board of Directors to decide on the donation of a maximum of EUR 100,000 to universities or other educational institutions.

## Corporate governance principles

Atria's corporate governance principles and deviations from the Finnish Corporate Governance Code are published on the company's website at [www.atria.com](http://www.atria.com).

## ATRIA GROUP

### CONSOLIDATED INCOME STATEMENT

EUR million	1-3/18	1-3/17	1-12/17
Net sales	345.4	332.5	1 436.2
Costs of goods sold	-309.8	-296.6	-1 262.9
<b>Gross profit</b>	<b>35.6</b>	<b>36.0</b>	<b>173.3</b>
Sales and marketing expenses	-20.3	-23.7	-92.4
Administrative expenses	-10.9	-11.0	-42.7
Other operating income	0.8	0.8	5.7
Other operating expenses	-1.7	-0.7	-3.0
<b>EBIT</b>	<b>3.5</b>	<b>1.2</b>	<b>40.9</b>
Finance income and costs	-2.3	-1.4	-7.3
Income from joint ventures and associates	0.0	1.0	1.9
<b>Profit before taxes</b>	<b>1.2</b>	<b>0.8</b>	<b>35.5</b>
Income taxes	-0.5	-0.8	-7.1
<b>Profit for the period</b>	<b>0.7</b>	<b>0.0</b>	<b>28.4</b>
<b>Profit attributable to:</b>			
Owners of the parent	0.1	-0.6	25.9
Non-controlling interests	0.6	0.6	2.5
<b>Total</b>	<b>0.7</b>	<b>0.0</b>	<b>28.4</b>
Basic earnings per share, EUR	0.00	-0.02	0.92
Diluted earnings per share, EUR	0.00	-0.02	0.92

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/18	1-3/17	1-12/17
<b>Profit for the period</b>	<b>0.7</b>	<b>0.0</b>	<b>28.4</b>
<b>Other comprehensive income after tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial losses from benefit-based pension obligations	-	-	-0.1
<b>Items reclassified to profit or loss when specific conditions are met</b>			
Cash flow hedges	1.1	0.0	2.1
Currency translation differences	-4.3	3.5	-6.1
<b>Total comprehensive income for the period</b>	<b>-2.4</b>	<b>3.4</b>	<b>24.3</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	-3.1	2.8	21.9
Non-controlling interests	0.7	0.6	2.4
<b>Total</b>	<b>-2.4</b>	<b>3.4</b>	<b>24.3</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**Assets**

EUR million	31.3.18	31.3.17	31.12.17
<b>Non-current assets</b>			
Property, plant and equipment	406.6	407.9	408.7
Biological assets	0.6	0.6	0.6
Goodwill	162.4	170.2	166.8
Other intangible assets	86.2	92.9	89.1
Investments in joint ventures and associates	14.7	14.6	14.7
Other financial assets	1.2	1.1	1.2
Loans and other receivables	9.6	8.9	9.2
Deferred tax assets	6.6	7.2	6.0
<b>Total</b>	<b>688.0</b>	<b>703.3</b>	<b>696.3</b>
<b>Current assets</b>			
Inventories	95.8	96.0	93.0
Biological assets	3.5	3.0	3.1
Trade and other receivables	131.7	120.1	114.2
Cash and cash equivalents	4.7	4.7	3.1
<b>Total</b>	<b>235.8</b>	<b>223.8</b>	<b>213.5</b>
<b>Total assets</b>	<b>923.7</b>	<b>927.1</b>	<b>909.8</b>

**Equity and liabilities**

EUR million	31.3.18	31.3.17	31.12.17
<b>Equity attributable to the shareholders of the parent company</b>			
	415.6	412.6	418.6
<b>Non-controlling interests</b>			
	12.7	13.0	12.1
<b>Total equity</b>	<b>428.3</b>	<b>425.5</b>	<b>430.7</b>
<b>Non-current liabilities</b>			
Interest-bearing financial liabilities	157.6	127.0	122.4
Deferred tax liabilities	46.5	49.2	47.2
Pension obligations	6.1	7.2	6.3
Other non-interest-bearing liabilities	7.6	10.5	8.1
<b>Total</b>	<b>217.8</b>	<b>193.8</b>	<b>184.0</b>
<b>Current liabilities</b>			
Interest-bearing financial liabilities	89.4	123.4	91.9
Trade and other payables	188.2	184.4	203.2
<b>Total</b>	<b>277.6</b>	<b>307.8</b>	<b>295.1</b>
<b>Total liabilities</b>	<b>495.4</b>	<b>501.5</b>	<b>479.1</b>
<b>Total equity and liabilities</b>	<b>923.7</b>	<b>927.1</b>	<b>909.8</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to the shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Other funds	Inv. non-rest. equity fund	Trans lation diff.	Retained earnings	Total		
<b>Equity 1.1.17</b>	48.1	-1.3	-2.5	249.1	-44.7	161.2	409.7	12.4	422.2
Profit for the period						-0.6	-0.6	0.6	0.0
Other comprehensive income									
Cash flow hedges			0.0				0.0		0.0
Currency translation differences					3.5		3.5	0.0	3.5
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
<b>Equity 31.3.17</b>	48.1	-1.3	-2.6	249.1	-41.3	160.6	412.6	13.0	425.5
<b>Equity 1.1.18</b>	48.1	-1.3	-0.4	249.1	-50.8	173.9	418.6	12.1	430.7
Profit for the period						0.1	0.1	0.6	0.7
Other comprehensive income									
Cash flow hedges			1.1				1.1		1.1
Currency translation differences					-4.3		-4.3		-4.3
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.1			0.1		0.1
<b>Equity 31.3.18</b>	48.1	-1.3	0.7	249.1	-55.1	174.0	415.6	12.7	428.3

**CONSOLIDATED CASH FLOW STATEMENT**

EUR million	1-3/18	1-3/17	1-12/17
<b>Cash flow from operating activities</b>			
Operating activities before financial items and taxes	-15.4	-15.4	82.3
Financial items and taxes	-3.6	-6.8	-17.8
<b>Net cash flow from operating activities</b>	<b>-18.9</b>	<b>-22.2</b>	<b>64.5</b>
<b>Cash flow from investing activities</b>			
Tangible and intangible assets	-12.3	-12.5	-53.1
Sold operations	-	-	4.0
Non-current receivables	-0.6	0.0	2.3
Dividends and repayment of capital	-	-	0.8
Current receivables	-0.5	2.2	0.7
<b>Net cash used in investing activities</b>	<b>-13.4</b>	<b>-10.3</b>	<b>-45.3</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings	35.0	0.1	-
Repayment of long-term borrowings	-50.9	-0.9	-5.5
Changes in short-term borrowings	48.5	33.4	2.0
Dividends paid	-	-	-13.1
<b>Net cash used in financing activities</b>	<b>32.6</b>	<b>32.5</b>	<b>-16.6</b>
<b>Change in liquid funds</b>	<b>0.3</b>	<b>0.1</b>	<b>2.6</b>
Cash and cash equivalents at beginning of year	3.1	4.6	4.6
Effect of exchange rate changes	1.3	0.1	-4.0
<b>Cash and cash equivalents at the end of period</b>	<b>4.7</b>	<b>4.7</b>	<b>3.1</b>

## INTERIM REPORT ACCOUNTING PRINCIPLES

This interim report was prepared 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 2017 annual financial statements. However, since 1 January 2018, the Group has adopted the new or revised standards and IFRIC interpretations published by the IASB included in the accounting principles of the annual financial statements of 2017.

Atria applies the following new standards for its interim report for the first time:

- IFRS 15, Revenue from Contracts with Customers
- IFRS 9, Financial Instruments

The standards came into force 1 January 2018.

### IFRS 15

Atria Group has assessed the effects of IFRS 15 on revenue recognition practices over the course of 2017. The matter is described in more detail in financial statements accounting principles. The entry into force of the new IFRS 15 standard has not required changes in Atria's revenue recognition practices. As such, it has no effect on Atria Group's income statement, balance sheet or cash flow.

Atria sells food products, feed, animals and services. The sales are based on written or oral customer contracts where performance obligations, prices, payment terms and the rights of the parties have been specified. As a rule, Atria delivers the sold products to the customer within 24 hours, the performance obligation is satisfied at a point in time, and the transfer of control and invoicing occur at the time of delivery. Sales discounts and rebates are recognised for the delivery month.

As part of segment information, Atria presents sales divided into consumer product sales and revenue from primary production, the latter of which includes sales of traded animals and feed. Atria sees these two net sales flows are the most fundamental for understanding the nature of the revenues and cash flows from customer contracts.

Consumer product customers are primarily large central organisations. The amount of expected credit losses is small. In primary production, credit loss provision is calculated for each company based on past, general and customer-specific forecasts.

### IFRS 9

IFRS 9, Financial Instruments, defines the classification and measurement of financial assets and liabilities, the determination of impairments on such instruments, and the principles applied to hedge accounting.

The new standard did not bring about changes in Atria's opening balance for 2018. The majority of the Group's financial assets are trade receivables, loan receivables and other types of receivable. They are measured at amortised cost. In accordance with the business model, these investments are held until their due date, and the cash flows based on the contract accrue from principal payments and interest. The profit or loss realised on the sale of financial assets valued at fair value through other items of comprehensive income is no longer recognised through profit and loss at the time of sale. Changes in fair value are transferred to retained earnings through comprehensive income. In line with the new impairment model, an impairment is recognised for foreseeable credit losses. In recent



years, the amount of realised credit losses sustained by the Group has been insubstantial, and the amount of foreseeable credit losses is presumed to remain insubstantial, so no major changes to the amount recognised as a credit loss provision were made. The accounting treatment of financial liabilities was not changed.

The effects of the standard for Atria Group apply mainly to hedge accounting. The new hedge accounting rules brought hedge accounting closer to the Group's risk management practices. The system-priced risk and regional price difference risk for electricity hedge accounting can be treated separately in hedge accounting.

## **IFRS 16**

Atria continues to assess the effects of the IFRS 16 Leases standard in accordance with its financial statements accounting principles.

## **REPORTING SEGMENTS**

As of the beginning of 2018, Atria Group's operational structure and financial reporting were altered. Atria Scandinavia's organisation was simplified and a separate segment was created for the operations in Sweden. The businesses in Denmark and Estonia now constitute a single business area and reporting segment. The name of the new business area is Atria Denmark & Estonia. Atria Finland and Atria Russia business areas will continue to be reported as independent segments.

Atria Group's reporting segments as of 1 January 2018 are as follows:

- Atria Finland
- Atria Sweden
- Atria Denmark & Estonia
- Atria Russia

Comparative figures for 2017 are presented for the renewed segments at the end of the report.

The principles for calculating the indicators were set out in the 2017 financial statements. In the company's view, the indicators presented serve to clarify the view provided by the income statement and balance sheet of the operational result and financial position of the business.

The figures presented in the release are rounded to EUR million, so the combined total of individual figures may differ from the total sum presented. The figures in this interim report are unaudited.

## OPERATING SEGMENTS

EUR million	1-3/18	1-3/17	1-12/17
<b>Revenue from Consumer goods</b>			
Atria Finland	190.1	176.3	767.0
Atria Sweden	69.6	72.6	307.2
Atria Denmark and Estonia	22.4	22.5	95.6
Atria Russia	17.3	18.7	85.7
Eliminations	-10.2	-10.4	-42.0
<b>Total</b>	<b>289.3</b>	<b>279.7</b>	<b>1,213.5</b>
<b>Revenue from primary products</b>			
Atria Finland	55.6	52.0	219.4
Atria Sweden	-	-	-
Atria Denmark and Estonia	0.6	0.8	3.3
Atria Russia	-	-	-
<b>Total</b>	<b>56.2</b>	<b>52.8</b>	<b>222.7</b>
<b>Total net sales</b>	<b>345.4</b>	<b>332.5</b>	<b>1,436.2</b>
<b>EBIT</b>			
Atria Finland	6.7	4.1	36.3
Atria Sweden	-3.2	-0.6	2.4
Atria Denmark and Estonia	1.3	1.2	5.2
Atria Russia	-0.6	-1.7	0.8
Unallocated	-0.7	-1.7	-3.7
<b>Total</b>	<b>3.5</b>	<b>1.2</b>	<b>40.9</b>
<b>Investments</b>			
Atria Finland	5.6	5.4	23.4
Atria Sweden	4.5	4.5	22.8
Atria Denmark and Estonia	0.8	1.6	4.8
Atria Russia	1.2	0.7	2.9
<b>Total</b>	<b>12.0</b>	<b>12.2</b>	<b>53.9</b>
<b>Depreciation and write-offs</b>			
Atria Finland	6.7	6.8	26.5
Atria Sweden	2.5	2.7	10.5
Atria Denmark and Estonia	1.0	1.0	4.4
Atria Russia	1.1	1.3	4.7
<b>Total</b>	<b>11.3</b>	<b>11.8</b>	<b>46.1</b>

Comparative financial data for 2017 of the new operating segments has been published at the end of the bulletin.

**FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES**

EUR milloin

<b>Balance sheet items</b>	<b>31.3.18</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	5.9		5.9	
<b>Total</b>	<b>7.1</b>	<b>0.0</b>	<b>5.9</b>	<b>1.2</b>
<b>Liabilities</b>				
Derivative financial instruments	1.1		1.1	
<b>Total</b>	<b>1.1</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>

<b>Balance sheet items</b>	<b>31.12.17</b>	<b>Level 1</b>	<b>Level 2</b>	<b>2017</b>
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	2.9		2.9	
<b>Total</b>	<b>4.1</b>	<b>0.0</b>	<b>2.9</b>	<b>1.2</b>
<b>Liabilities</b>				
Bonds	50.0		50.0	
Derivative financial instruments	1.9		1.9	
<b>Total</b>	<b>51.9</b>	<b>0.0</b>	<b>51.9</b>	<b>0.0</b>

There were no transfers between Levels 1 and 2 during the period.

Level 1: Prices listed on active markets for identical assets and liabilities.

Level 2: Fair values can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair values are not based on verifiable market prices.

Fair values of financial instruments do not deviate significantly from balance sheet values.

**RELATED PARTY TRANSACTIONS**

EUR million

The following transactions were completed with related parties:

	<b>1-3/18</b>	<b>1-3/17</b>	<b>1-12/17</b>
Sales of goods and services	4.3	2.4	15.1
Purchases of goods and services	22.4	19.4	87.2
	<b>31.3.18</b>	<b>31.3.17</b>	<b>31.12.17</b>
Receivables	1.1	1.3	0.9
Liabilities	14.3	4.4	6.6

**CONTINGENT LIABILITIES**

<b>EUR million</b>	<b>31.3.18</b>	<b>31.3.17</b>	<b>31.12.17</b>
<b>Debts with mortgages given as security</b>			
Loans from financial institutions	1.6	1.7	1.6
Pension fund loans	4.3	5.3	4.4
<b>Total</b>	<b>5.9</b>	<b>7.0</b>	<b>6.0</b>
<b>Mortgages given as comprehensive security</b>			
Real estate mortgages	2.6	2.8	2.7
Corporate mortgages	1.1	3.9	1.1
<b>Total</b>	<b>3.7</b>	<b>6.7</b>	<b>3.8</b>
<b>Guarantee engagements not included in the balance sheet</b>			
Guarantees	0.2	0.3	0.2

## COMPARATIVE FINANCIAL DATA OF THE NEW OPERATING SEGMENTS FOR 2017

Starting from 1st of January the reporting segments of Atria Group are Atria Finland, Atria Sweden, Atria Denmark & Estonia and Atria Russia. Below comparative data of the new operating segments.

Information presented in the interim reports:

EUR million	Q1	Q2	Q3	Q4	2017
	2017	2017	2017	2017	
<b>Net sales</b>					
Atria Finland	228.2	252.4	245.0	260.7	986.4
Atria Sweden	72.6	78.4	78.6	77.7	307.2
Atria Denmark and Estonia	23.4	25.2	25.0	25.3	98.9
Atria Russia	18.7	22.9	22.4	21.7	85.7
Eliminations	-10.4	-10.5	-10.2	-11.0	-42.0
<b>Total</b>	<b>332.5</b>	<b>368.4</b>	<b>360.8</b>	<b>374.4</b>	<b>1,436.2</b>
<b>EBIT</b>					
Atria Finland	4.1	7.7	13.1	11.4	36.3
Atria Sweden	-0.6	0.9	0.7	1.4	2.4
Atria Denmark and Estonia	1.2	1.3	1.4	1.3	5.2
Atria Russia	-1.7	0.5	1.3	0.8	0.8
Unallocated	-1.7	-0.4	-0.3	-1.4	-3.7
<b>Total</b>	<b>1.2</b>	<b>10.0</b>	<b>16.2</b>	<b>13.4</b>	<b>40.9</b>
<b>Investments</b>					
Atria Finland	5.4	6.5	5.3	6.0	23.4
Atria Sweden	4.5	4.8	6.3	7.2	22.8
Atria Denmark and Estonia	1.6	1.0	1.3	0.9	4.8
Atria Russia	0.7	0.4	0.5	1.3	2.9
<b>Total</b>	<b>12.2</b>	<b>12.7</b>	<b>13.5</b>	<b>15.5</b>	<b>53.9</b>
<b>Depreciation and write-offs</b>					
Atria Finland	6.8	6.6	6.5	6.6	26.5
Atria Sweden	2.7	2.6	2.7	2.5	10.5
Atria Denmark and Estonia	1.0	1.0	1.0	1.3	4.4
Atria Russia	1.3	1.2	1.1	1.1	4.7
<b>Total</b>	<b>11.8</b>	<b>11.5</b>	<b>11.2</b>	<b>11.6</b>	<b>46.1</b>

## Information presented in the Financial Statement 2017:

Operating segments	Atria					Un-allocated	Eliminations	Group
	Atria Finland	Atria Sweden	Atria Denmark & Estonia	Atria Russia				
<b>Net sales</b>								
External	969.4	286.8	94.3	85.7				1,436.2
Internal	17.0	20.4	4.6				-42.0	0.0
<b>Total net sales</b>	<b>986.4</b>	<b>307.2</b>	<b>98.9</b>	<b>85.7</b>	<b>0.0</b>		<b>-42.0</b>	<b>1,436.2</b>
<b>EBIT</b>	<b>36.3</b>	<b>2.4</b>	<b>5.2</b>	<b>0.8</b>	<b>-3.7</b>			<b>40.9</b>
Non-recurring items affecting comparability		1.4						1.4
<b>Adjusted EBIT</b>	<b>36.3</b>	<b>1.0</b>	<b>5.2</b>	<b>0.8</b>	<b>-3.7</b>	<b>0.0</b>		<b>39.6</b>
<b>Assets</b>	<b>480.7</b>	<b>264.9</b>	<b>106.8</b>	<b>66.0</b>			<b>-8.7</b>	<b>909.8</b>
<b>Liabilities</b>	<b>234.5</b>	<b>186.8</b>	<b>30.4</b>	<b>36.1</b>			<b>-8.7</b>	<b>479.1</b>

ATRIA PLC  
Board of Directors

For more information, please contact Juha Gröhn, CEO, Atria Plc, tel. +358 400 684 224.

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