



## Capital Markets Day Atria Baltic

Executive Vice President Olle Horm  
30 Nov, 2016

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Elyvä ruoka – parempi mieli.

## Atria Estonia

- Full cycle meat company - from primary production to fresh meat and meat products
- Atria is still the second biggest pork producer in Estonia
- Atria is not involved in grain farming, cost of grain and feed has significant impact on company's financial results
- Marketshare in Cold Cuts ca 13 % and in Meal Sausages 17 % (Aug/Sept17, AC Nielsen)
- Main market is Estonia with some export of meat

**Meie kaubamärgid**



**Maks & Mooris** pakub klassikalist kvaliteetset toorainet lihatooteid. Maks & Mooris liha on tarkijala on „Isa Hõimul Hõimul tootud“. Meie tootjad on alati väärte ning suure hulgaga valmistatud ning me teeme kikk veidi. Maks & Mooris karutab hea oma loomad, sõltub teid ise ja valmistab ning pakendab ise. See tähendab, et meil on kaitstud liha etapi üle ja saame seeläbi ette hõimul tootuda oma toote kvaliteeti veel.



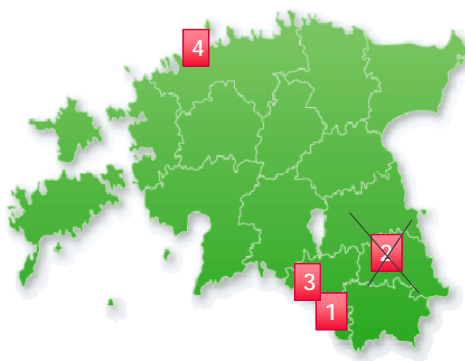
Woro märgi tooteid ära ära tootud hea kvaliteedi ja tekkimise hinnaga lihatooteid. Woro tootmine „hõimul ja hõimul“, rikub tooteid hõimulist pärtsu. Woro tootmine ja tootmine tootmine saad liha liha veidi, mis on soodne ja hõimul.



Vastu-Kaaste on tootmine vasti mille alla on loomadud kõrge lihatooteid ja eriti muudatunud pakuvad tooteid.

## Atria in Estonia

1. Valga factory and office
- ~~2. Vastse-Kuuste factory~~
3. Hummuli rendering plant
4. Tallinn sales and marketing office



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- Farms are located at Palamuse, Savikoti, Teedla, Saverna ja ~~Linnamäe~~
- Annually appr 63 000 (75 000) fattener pigs are produced

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## Atria Baltic

Review 1 January - 30 September 2016



EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2015
	2016	2015	2016	2015	
Net sales	8.7	8.4	25.6	24.9	32.9
EBIT	0.5	0.0	0.1	0.1	-9.0
EBIT %	6.2 %	0.3 %	0.2 %	0.4 %	-27.3 %
Items affecting comparability:					
Pig farm sale	-	-	-1.0	-	-
Goodwill impairment	-	-	-	-	-9.1
Adjusted EBIT	0.5	0.0	1.1	0.1	0.1

- Atria turnover has increased in spite of less input from own tube and single production unit
- Structural changes have resulted in some extra costs, both operational & one-off
- Growing pork prices have increased the value of biological stock
- Due to ASF operations are still limited

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## Macro Economics 2015 - 2017

ESTONIA		2015 act	2016 fc	2017 fc
GDP, real	yoy %	1,5	1,3	2,4
GDP, nominal	yoy %	2,5	3,2	4,9
GDP, nominal	bln EUR	20,2	20,9	21,9
Private consumption, real	yoy %	4,8	3,8	3,0
Investments, real	yoy %	-3,7	2,0	6,5
Total exports, real	yoy %	-0,6	2,6	3,6
CPI	yoy %	-0,5	0,1	2,6
incl food	yoy %	-0,5	-0,1	1
incl transport	yoy %	-6,8	-3,1	6,5
Global crude oil	USD	52	45	61
Unemployment rate	%	6,2	6,9	7,2
Employment	yoy %	2,6	0,9	-0,2
Wages, nominal	yoy %	6	7,5	5
Wages, gross real	yoy %	6,5	7,4	2,3
Wages, net real	yoy %	8,0	7,5	2,5
Current account balance	% of GDP	2,2	1,1	0,2
FDI inflow	% of GDP	-2,9	3,8	3,7

- During previous 5 years total salary inflation has been 40%, clearly exceeding GDP growth

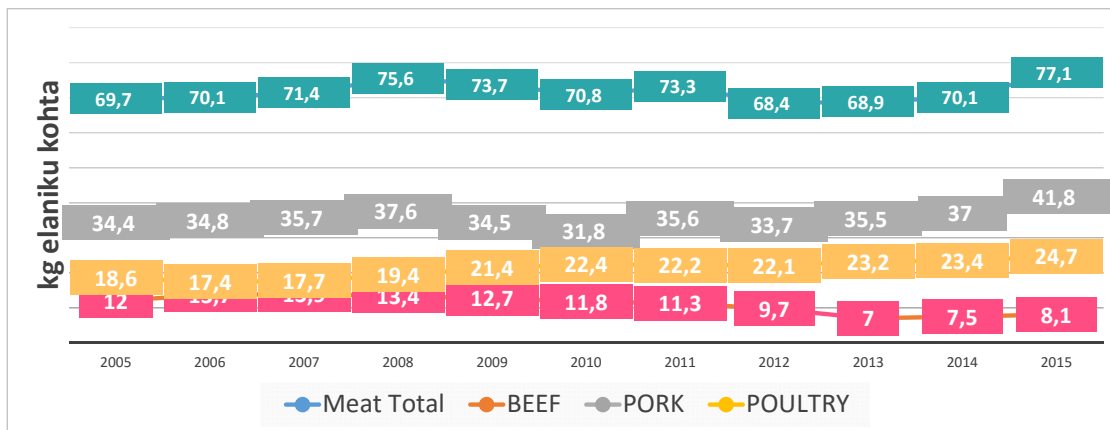
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Source: Swedbank Estonia, Economic Outlook

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## Consumption of meat in Estonia



Source: Statistics Estonia

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## Dynamics of Estonian meat products retail market, bimonthly, 12 months ( Nielsen)

- Retail market of meat products is practically at standstill
- Growth is present at more expensive and split product segment
- Classical sausage groups are declining

	CHANGE IN VOLUME, % LY						
	AS 2015	ON 2015	DJ 2016	FM 2016	AM 2016	JJ 2016	AS 2016
<b>MEAT PRODUCTS TOTAL</b>	3,8	2,0	2,1	3,1	2,3	0,0	-0,2
<b>HAMS</b>	0,8	1,9	1,5	1,0	-0,6	1,9	4,1
<b>MEAT JELLIES</b>	1,8	4,4	7,2	2,7	1,8	5,7	3,3
<b>PATES</b>	1,1	2,4	4,0	4,5	-1,6	-0,6	3,0
<b>MINCED MEAT PRODUCTS</b>	8,4	7,2	7,5	5,2	8,9	4,5	3,0
<b>GRILL SAUSAGES</b>	0,0	-1,3	5,5	8,8	0,7	-5,5	0,9
<b>SMOKED SAUSAGES</b>	-0,5	-4,9	1,4	2,5	-0,7	1,0	0,6
<b>FRANKFURTERS</b>	-0,9	2,8	0,3	-3,9	-4,8	-1,8	-0,6
<b>BOILED SAUSAGES</b>	-3,8	-5,3	-5,0	-3,4	-7,5	-3,9	-3,0
<b>PARIS SAUSAGES</b>	9,1	-0,5	-11,7	-4,4	1,8	-6,2	-3,6
<b>MARINATED MEAT</b>	18,8	17,2	14,5	21,1	15,7	2,9	-4,6
<b>BLODD SAUSAGES</b>	31,8	1,9	0,5	44,7	0,3	3,0	-8,9

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## Meat Market Development

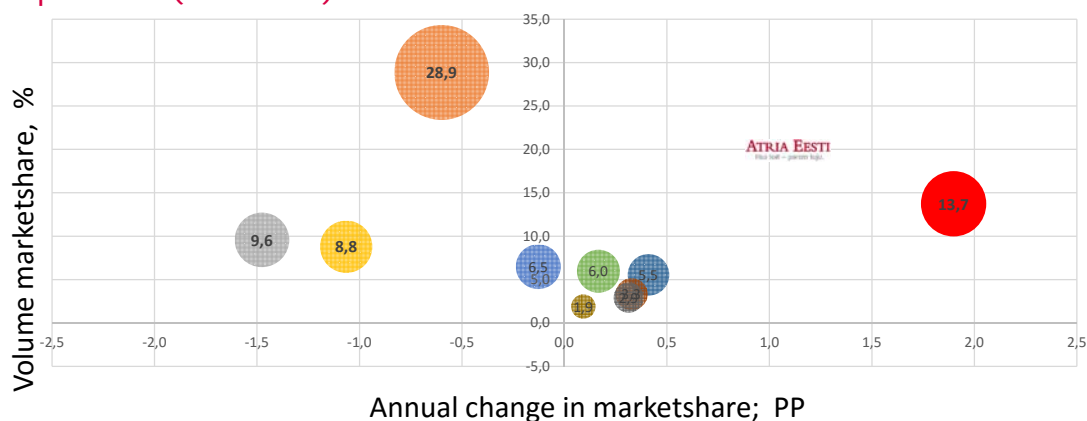
- There is remarkable gap between total meat consumption and retail volume development
- "Off retail" - butcher shops, hand to hand, open market, etc. - meat sales has increased rapidly
- Spike in pork consumption has been caused mainly by low price levels and redirection of some export to local market
- Zero inflation combined with boosting salaries leaves more cash with consumers
- Better income drives consumption in higher priced segments; at the same time campaign volumes increase

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## Marketshare development of Estonian meat industries; volume; aug-sept 2016 (source Nielsen)



- Atria had the biggest increase PA; Aug.-Sept 2016 vs 2015 +1,9PP
- The other major competitors have lost shares
- Smaller companies have been able to increase share

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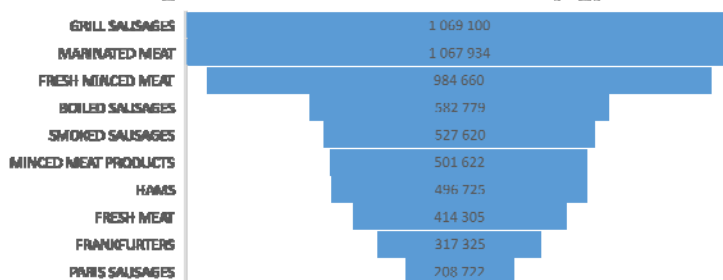
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## Retail sales mix of Atria Estonia

- Q1-Q3 2016 vs 2015 Atria Eesti retail sales increased by 8,1%, Q3 2016 vs 2015 +8%.
- The biggest segments are grill sausages and marinated meat. Atria is the strongest producer of summer grill products.

Segment volumes Q1-Q3 2016 (kg)



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## Main brand facelift - Q4/2015



### Insight

Brand stopped growing.

Main reason – historic burden of low quality perception



### Action plan

By working with production and stable quality of our products, we needed to attract new customers and also old ones to give us a chance.

Therefore we decided to have bigger differentiation in brand image as our products were as good as competitors ones but lacked of differentiation. A sausage is a sausage.

Our emotional value and promise are strongly different and therefore gaining also lot of attention.



### Today

Today our core values and promises are built upon our real location & values:

Our history – Valga meat factory was established already in 1910

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## Brand development Q4/2015

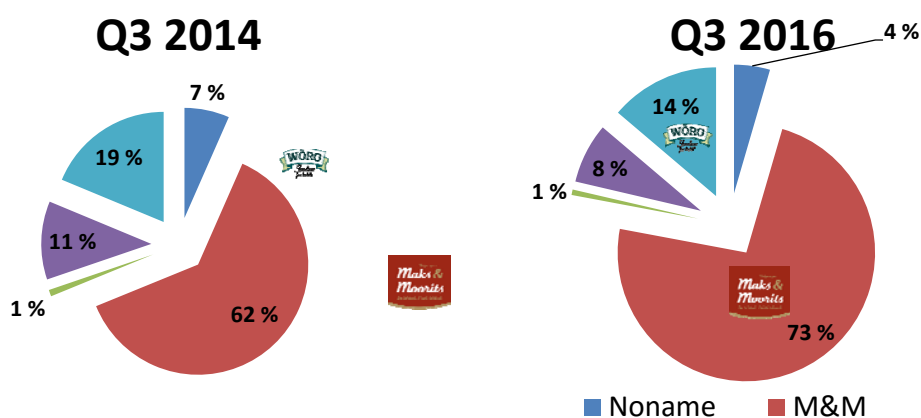


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## Brand mix development in retail sales (by turnover)

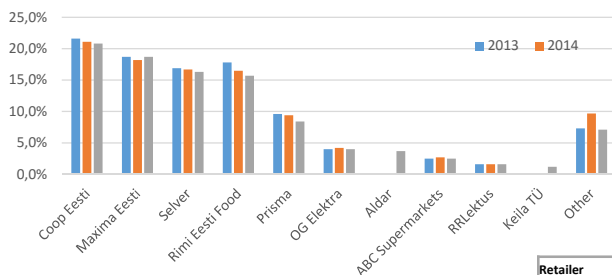


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## Retail market of Estonia, development and shares



- 5 biggest retailchains have a total marketshare of 80%
- The number of shopping centers increases rapidly, local countryside shops disappear
- Growth of avg salary combined with 0 inflation increase private consumption

Retailer	2013	2014	2015
Coop Eesti	21,6%	21,1%	20,8%
Maxima Eesti	18,7%	18,2%	18,7%
Selver	16,9%	16,7%	16,3%
Rimi Eesti Food	17,8%	16,5%	15,7%
Prisma	9,6%	9,4%	8,4%
OG Elektra	4,0%	4,2%	4,0%
Aldar			3,7%
ABC Supermarkets	2,5%	2,7%	2,5%
RRLektus	1,6%	1,6%	1,6%
Keila Tü			1,2%
Other	7,3%	9,7%	7,1%

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