



# Atria Capital Markets Day Atria Russia

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Когда еда – в радость.



# YTD 2018 results Atria Russia



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## Atria Russia 1 January - 30 September 2018

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2017
	2018	2017	2018	2017	
Net sales	19.4	22.4	55.2	64.0	85.7
EBIT	-0.8	1.3	-1.4	0.1	0.8
EBIT %	-3.9 %	5.7 %	-2.6 %	0.1 %	0.9 %
Adjusted EBIT	-0.8	1.3	-1.4	0.1	0.8



- In the local currency, Atria Russia's net sales for January-September declined by 2,4 per cent.
- The decline in net sales was caused by low performance in retail. Development of Food Service and Concept sales has been positive.
- Meat prices (pork and poultry) have increased significantly in Russia during the period.
- Macroeconomic indicators have developed moderately, nevertheless real disposable income continues decline.

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## Atria Russia

- The Sibylla concept has continued to show growth. The number of Sibylla sales outlets has increased to more than 3500.
- Foodservice sector has also developed positively during 2018.
- Russian retail development is shrinking after positive development in 2017.
  - Retail -3.2% / 9M 2018
  - Food Service +4% / 9M 2018
- 75% (<50% 2017) of sell-out of retail accounted by discounts and promo campaigns.



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## Russian market update

Atria®

Вит Рюстлер

КамноМос

Sibylla

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## Economic outlook for Russia 2011-2022

	2017	2018	2019	2020	2021	2022	2023	2024
GDP	1,5	1,8	1,3	2,0	3,1	3,2	3,3	3,3
Retail sales	1,3	2,9	1,7	2	2,6	2,6	2,7	2,8
Household spending	3,4	2,6	1,6	2,1	2,7	2,7	2,8	2,9
Real wages	2,9	6,9	1,4	1,9	2,5	2,8	2,7	2,9
Disposable income	-0,7	3,4	1,0	1,7	2,2	2,3	2,4	2,5
Inflation (year-end)	2,5	3,4	4,3	3,8	4,0	4,0	4,0	4,0
Unemployment rate	5,2	4,8	4,8	4,7	4,7	4,6	4,6	4,6
Gross fixed investment	4,4	2,9	3,1	7,6	6,9	6,6	6,4	6,1
Industrial output	2,1	3,0	2,4	2,7	3,1	3,1	3,2	3,3
FX reserves (\$bn) year-end	400	459	512	554	590	620	644	663
Rouble/\$ (year-end)	58,3	61,7	63,9	63,8	64,0	64,7	66,3	68,0
Rouble/EUR (year-end)	65,9	72,8	75,4	77,9	79,3	80,9	82,9	84,9
Budget balance (% of GDP)	-2,2	0,5	-0,7	-0,8	NA	NA	NA	NA
Current-account balance (% of GDP)	2,2	5,8	4,4	2,9	2,0	1,5	1,3	1,1

Source: CEEMEA Group Analysis

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**Atria Russia Strategy**  
**2018-2023**

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**ATRIA'S HEALTHY GROWTH**

**3** Three themes

- Commercial excellence  
Maintain and accelerates our growth
- Efficiency  
Improve productivity and profitability
- Atria Way of Work  
Ensures profitable, healthy growth over the long term

**7** Seven focus areas

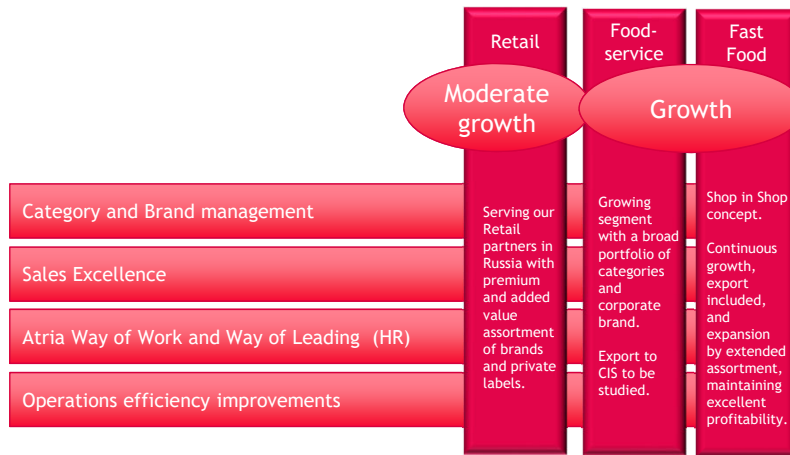
- Market insight
- Category and brand management
- Commercial excellence
- Daily operational efficiency
- Supply chain efficiency
- Resource optimisation
- Atria Way of Leading

Growth that does not compromise our profitability.

- New product segments
- New market areas
- Acquisitions
- Organic growth



## Atria Russia focus areas and growth drivers: Food Service and Fast Food Concept.



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## Retail market is challenging in the next years to come: Our strategic choice is differentiation

**Retail**

- Retail development began to decline after Q1 2018. Q1-Q3 retail market -3,2%; consumer disposable income continues to be weak.
- Our retail strategy focuses on differentiation from the local producers -added value segments (Pit-Product), premium products and brands (Atria, Casademont).
- Improve netsales and profitability by re-noved assortment.
- Supply chain efficiency improvements in progress to minimize delivery time to POS
- Systematic implementation of WoW and WoL principles in all parts of the organization.



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## Key current priorities in implementing strategy in Russia

### Topic:

1. To improve market position in Retail business; focus on differentiation with value-added products
2. Sibylla expansion, in Russia as well as the CIS markets
3. Foodservice business development with international and local key customers, export to CIS to be evaluated
4. Supply chain efficiency improvement (Delivery efficiency, raw material purchases optimization and recipe optimization continues)
5. Atria Way of Leading + Way of Work implementation in all levels of the organization

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## Summary

- Main focus on growing food service and fast food segments.
- Improve profitability on retail by differentiation.
- Generate positive cash-flow and EBIT with Atria Russia Business Area during the review period.


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Hyvä ruoka – parempi mieli.

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