



Atria Capital Markets Day
Atria Russia
 Jarmo Lindholm, 3 December 2015

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1 January – 30 September, 2015

EUR million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Net sales	19.1	29.2	56.5	76.5	98.8
EBIT	0.5	-1.5	0.2	-4.8	-5.7
EBIT %	2.8 %	-5.3%	0.4 %	-6.3%	-5.8%
Extraordinary items*	-	-	1.9	-	0.5

*Extraordinary items are included in the reported figures.

- Atria Russia's** net sales for July-September in euros fell mainly due to the weakening of the rouble. EBIT improved due to price increases, the elimination of unprofitable products, a successful summer season for the Sibylla business, and improved cost-efficiency in general.
- The net sales of January-September in euros fell due to the weakening of the rouble. Net sales in the local currency grew by 2.3% year-on-year.
- January-September comparable EBIT came to EUR -1.7 million (EUR -4.8 million). The positive performance was due to increases in sales prices and better cost-efficiency. Meanwhile, EBIT was brought down by an increase in raw material prices and lower consumer demand.

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Atria Russia



- Atria has implemented all the planned structural reforms, which have had a positive impact on the results.
- The Russian retail trade continued to develop slowly in the third quarter. Consumers' real earnings have fallen further, resulting in increased demand for lower-priced products.
- It is difficult to make an exact estimation for the economic as well as consumers purchasing power development for the next year.

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Russian market review

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Top 10 Grocery Retail Markets

2006			2010			2012			2015			2020F		
Rank	Country	EUR, bn	Rank	Country	EUR, bn	Rank	Country	EUR, bn	Rank	Country	EUR, bn	Rank	Country	EUR, bn
1	US	612	1	US	666	1	US	1 082	1	China	1 119	1	China	1 491
2	China	328	2	China	597	2	China	940	2	USA	1 078	2	USA	1 305
3	Japan	210	3	Japan	272	3	Japan	408	3	India	503	3	India	901
4	France	206	4	India	265	4	India	375	4	Japan	457	4	Russia	557
5	India	190	5	Brazil	219	5	Brazil	329	5	Brazil	389	5	Brazil	547
6	UK	174	6	France	208	6	Russia	314	6	Russia	380	6	Japan	485
7	Germany	160	7	Russia	194	7	France	283	7	UK	310	7	UK	352
8	Italy	127	8	UK	162	8	Germany	271	8	Germany	304	8	Indonesia	351
9	Russia	116	9	Germany	162	9	UK	242	9	France	282	9	Mexico	341
10	Mexico	111	10	Italy	130	10	Indonesia	168	10	Mexico	245	10	Germany	340
		2 234			2 875			4 412			5 067			6 670

Source: IDG Retail Analysis (research and estimates)

Regarding IGD's estimation for 2015-2020: Most probably it is too positive, but Russia is to remain in the TOP 10 in Global Retail Markets.

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Macro economic estimations vary, and at the moment it is difficult to predict the exact economic outlook for Russia in 2016

Macro-economic data 2009-2019

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GDP	-7.9	4.3	4.3	3.4	1.3	0.6	-3.7	0.6	1.9	2.6	2.7
Retail sales	-5.5	6.3	7.2	5.7	3.9	2.5	-5.8	1.5	2.4	2.8	2.9
Household spending	-7.6	5.5	6.8	7.9	4.7	1.8	-6.3	1.0	2.1	2.8	3.0
Real wages	-2.8	4.4	4.9	8.2	5.2	1.9	-8.3	0.0	3.0	3.0	3.3
Disposable income	1.0	3.7	2.8	3.7	3.3	2.1	-3.3	1.0	2.4	2.9	3.1
Inflation (year-end)	8.8	8.7	6.1	6.6	6.5	11.4	12.5	7.7	6.6	6.3	5.9
Unemployment rate	7.9	7.6	6.5	5.3	5.5	5.3	5.9	5.8	5.7	5.5	5.4
Gross fixed investment	-17.9	5.6	9.8	6.0	-0.3	-4.8	-9.8	-1.2	3.2	4.2	3.9
Industrial output	-10.8	8.3	4.7	2.6	0.3	1.1	-3.0	0.7	2.4	3.0	3.1
FX reserves (\$bn) year-end	447	485	510	528	509	385	340	330	350	360	370.0
Rouble/\$ (year-end)	30.3	30.4	32.1	30.4	32.9	58.0	68.0	70.0	72.0	75.0	79.0
Rouble/Euro (year-end)	43.4	40.0	41.5	40.1	45.1	72.0	76.5	75.6	76.3	79.0	83.5
Budget balance (% of GDP)	-6.3	-3.5	-0.2	0.0	-0.5	-0.5	-3.2	-1.9	-1.0	-0.5	-0.2
Current-account balance (% of GDP)	3.8	4.9	4.9	3.6	1.6	2.7	3.6	3.3	2.8	2.2	1.0

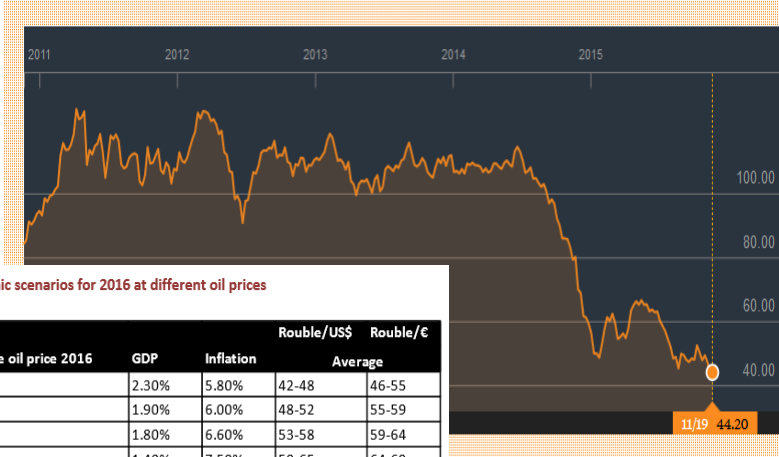
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Source: CEEMEA Group Analysis 2015

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Price of oil – it is still the biggest individual factor effecting the Russian economy

1D | 1M | 1Y | 5Y | Time Frame | Add Comparison + | Indicators v



Economic scenarios for 2016 at different oil prices

Average oil price 2016	GDP	Inflation	Rouble/US\$ Rouble/€	
			Average	Average
\$80-85	2.30%	5.80%	42-48	46-55
\$70-80	1.90%	6.00%	48-52	55-59
\$60-70	1.80%	6.60%	53-58	59-64
\$55-60	1.40%	7.50%	58-65	64-69
\$50-55	0.20%	9.00%	65-72	69-75
\$45-50	-1.50%	13.00%	72-75	75-82

Source: Bloomberg, price of Brent Crude oil, CEEMEA Group Analysis 2015

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Development of Ruble vs. Euro

Latest (19 November 2015): EUR 1 = RUB 69.4086 +0.0390 (+0.1%)

Date range: 1m | 3m | 6m | 1y | 2y | 5y | 10y | All

See EUR vs. RUB

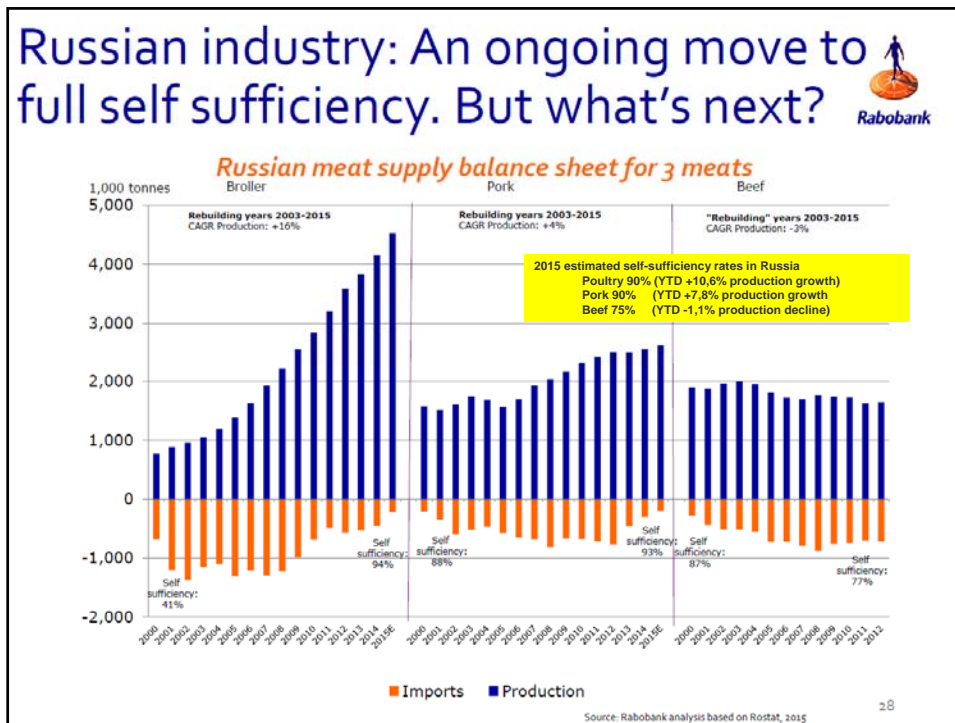
Change from 19 November 2013 to 19 November 2015 +25.2463 (+57.2%)

Minimum (19 November 2013): 44.1623 - Maximum (16 December 2014): 91.5200 - Average: 57.8337



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Source: Bank of Finland 3 December 2015



Russia has the possibility to build into a net exporter of meat in the strategy period

Industry uncertainty, but long term potential remains

Building up an export position: an integrated approach necessary

Russia's key strengths	Agriculture development focus	Availability of land and grains	Distance to Asia's growth markets	Recent RUR depreciation
Developing an export strategy:	Low cost production/availability low cost cuts			
A joint government and industry approach	Veterinary/sanitary level – Nationwide/region			
	Industry production standards			
	Market access			
	Distribution network			

Source: Rabobank analysis, 2015

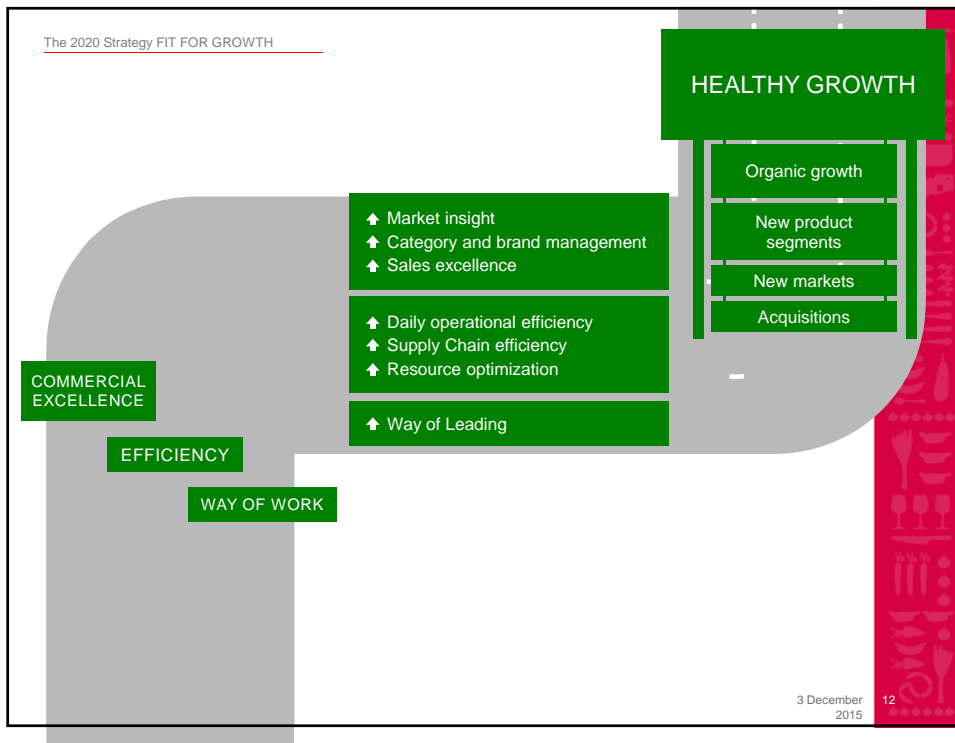


Atria Russia strategy
2015-2020

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The slide features a red background with a repeating pattern of white kitchen icons. A white box in the center contains the title. The Atria PLC logo and tagline are at the bottom left, and the date and slide number are at the bottom right.



Atria Russia has balanced portfolio with three elements of business in Russia: Retail, Food Service and Sibylla

Retail	Sibylla	Food Service
		<p>Local and International Food Chains operating in Russia</p> 

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Commercial excellence as a driver of topline growth

1 COMMERCIAL EXCELLENCE

- Sibylla business leads as spearhead of sales growth in Russia and other CIS markets.
- Organic growth in the retail chains is currently challenging - consumer disposable income continues to be weak short-term, situation is expected to improve towards 2017.
- Our retail strategy focuses on differentiation from the local producers – e.g. Casademont (import substitution) is one example.
- Revised brand strategy for Atria Russia.
- Strong new concept and product development for the local markets – adaptation to consumer purchasing power development.
- Co-operation with local and international HoReCa chains offers a way to increase sales in the coming years.

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Operational efficiency to improve margins

1 EFFICIENCY

- Exploit the full industrial potential of Gorelovo: The most modern processed meats factory in Russia.
- Increasing self-sufficiency levels of raw meat and other materials decreases the currency risk related to the business.
- From industrial production re-structuring the focus moves towards full value supply-chain optimization, and operational daily efficiency improvements.
- Streamlining the full value-chain still offers cost savings opportunities.

Unify the way we work and implement Atria Way of leading to all levels of the organization

1 ATRIA WAY OF WORK

- Strong Leadership and management system development.
- Streamlined organization structure after completion of structural divestments.
- Adaptation to changing legislation requirements.
- Implementing the Way Of Leading principles within the whole organization is a key task for 2016-2017.

WAY OF LEADING

COMMUNICATE INVOLVE DEVELOP ACT



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