



HKScan Group 2012 Results

Hannu Kottonen, CEO

Investor and media briefing
15 February 2013



HKScan Group

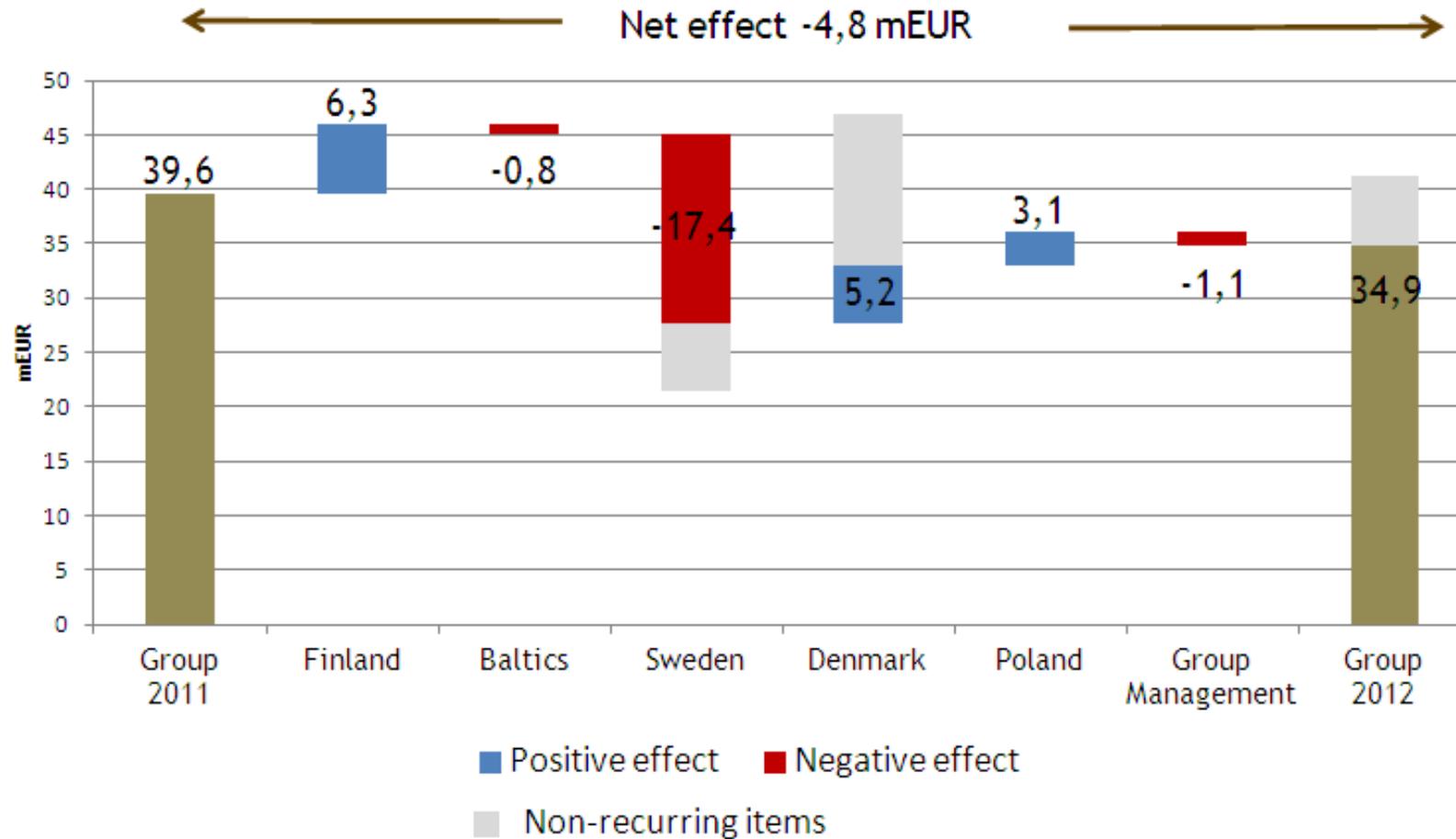
EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	673,5	649,8	3,6 %	2 546,8	2 491,3	2,2 %
EBIT	21,5	17,6	22,3 %	41,3	39,6	4,3 %
- EBIT %	3,2	2,7	18,0 %	1,6	1,6	2,0 %
Profit/loss before taxes	15,1	9,1	65,9 %	12,6	11,3	11,9 %
EPS, EUR	0,27	0,14	94,8 %	0,28	0,18	49,8 %
EBIT excl. non-recurring items	15,1	17,6	-14,2 %	34,9	39,6	-11,9 %
- EBIT %	2,2	2,7	-18,5 %	1,4	1,6	-12,5 %

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- Performance was below expectations, except in Poland.
- EBIT still weak, but cash flow improved
- The business was hit by higher feed prices after Q2; higher costs were gradually passed on to sales prices.
- Revised strategy, new operating model and organisation were launched.
 - Away from Home (AfH) Business and Technology & Operations Development (T&OD) Group Function were established.
 - Strengthening Group organisation to catch synergies
- Development programme to achieve profit improvement and improve cash flow was started; implementation continues in 2013.
 - Several restructuring projects especially in Sweden and Finland
 - Streamlining group legal structure
- Long-term refinancing agreement was signed in March.
- HKScan and LSO Osuuskunta are celebrating the 100th anniversary in 2013.

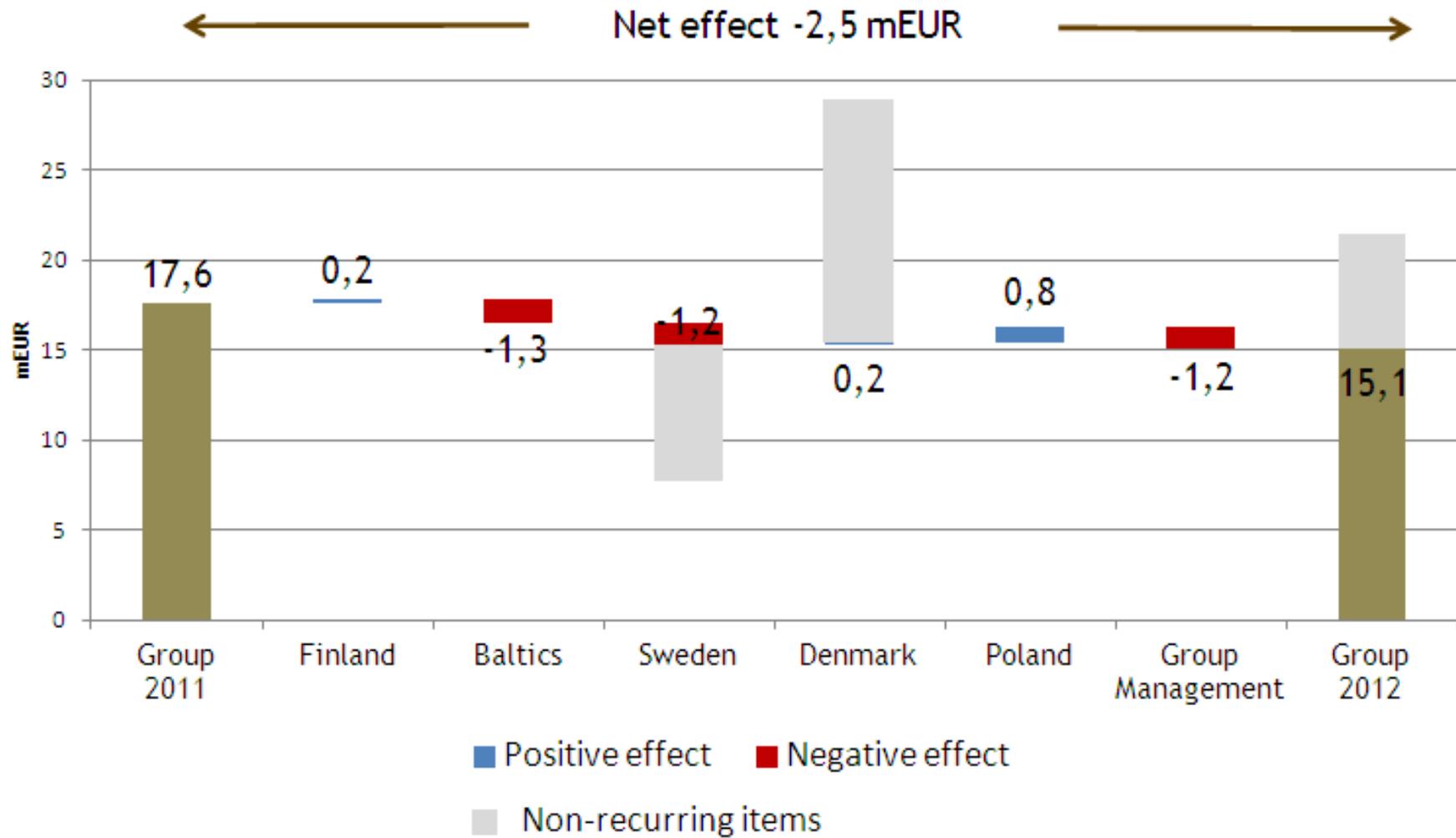
Group EBIT

Q1-Q4 /2011 vs. Q1-Q4/2012



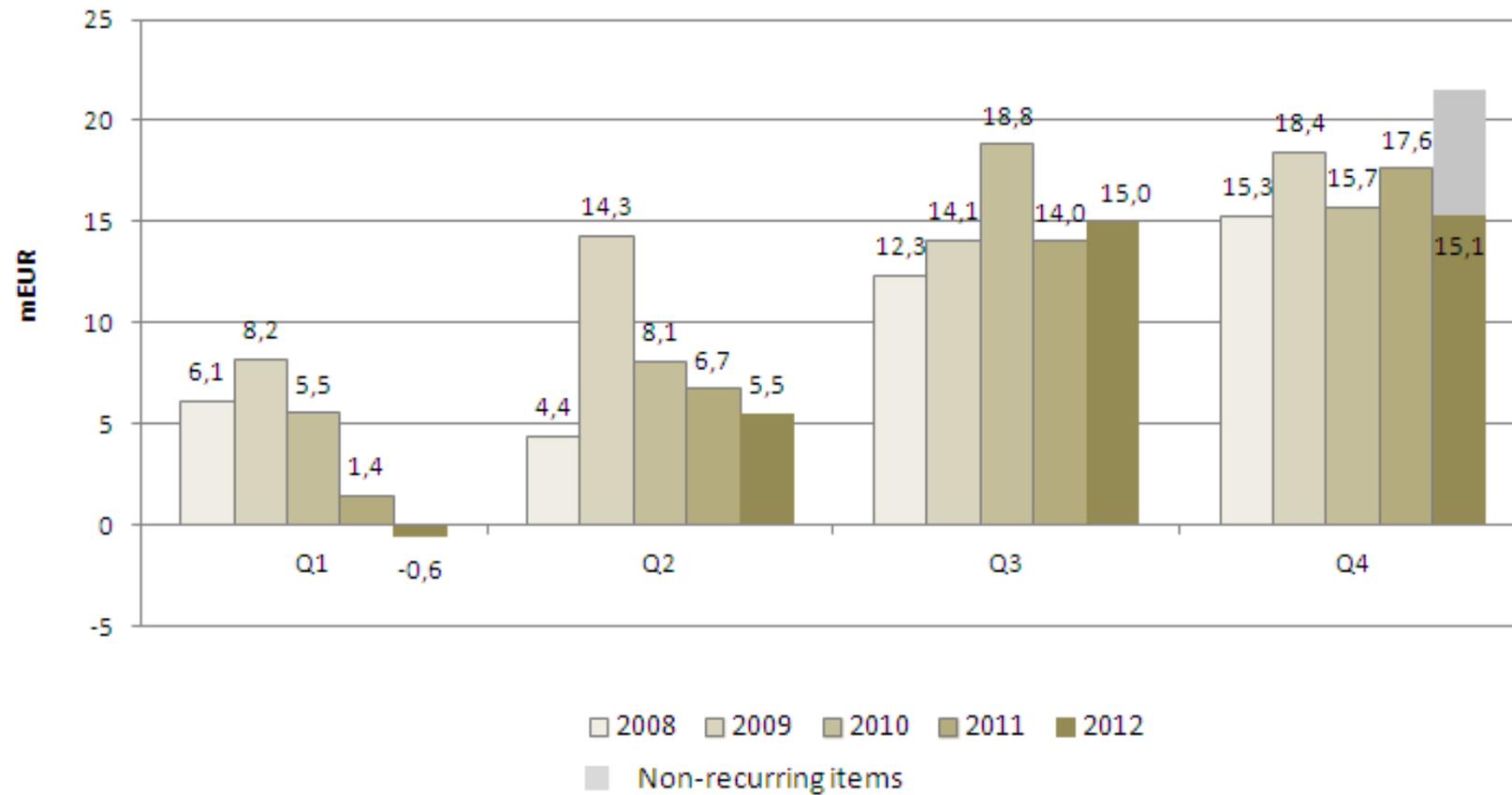
Group EBIT

Q4 /2011 vs. Q4 /2012

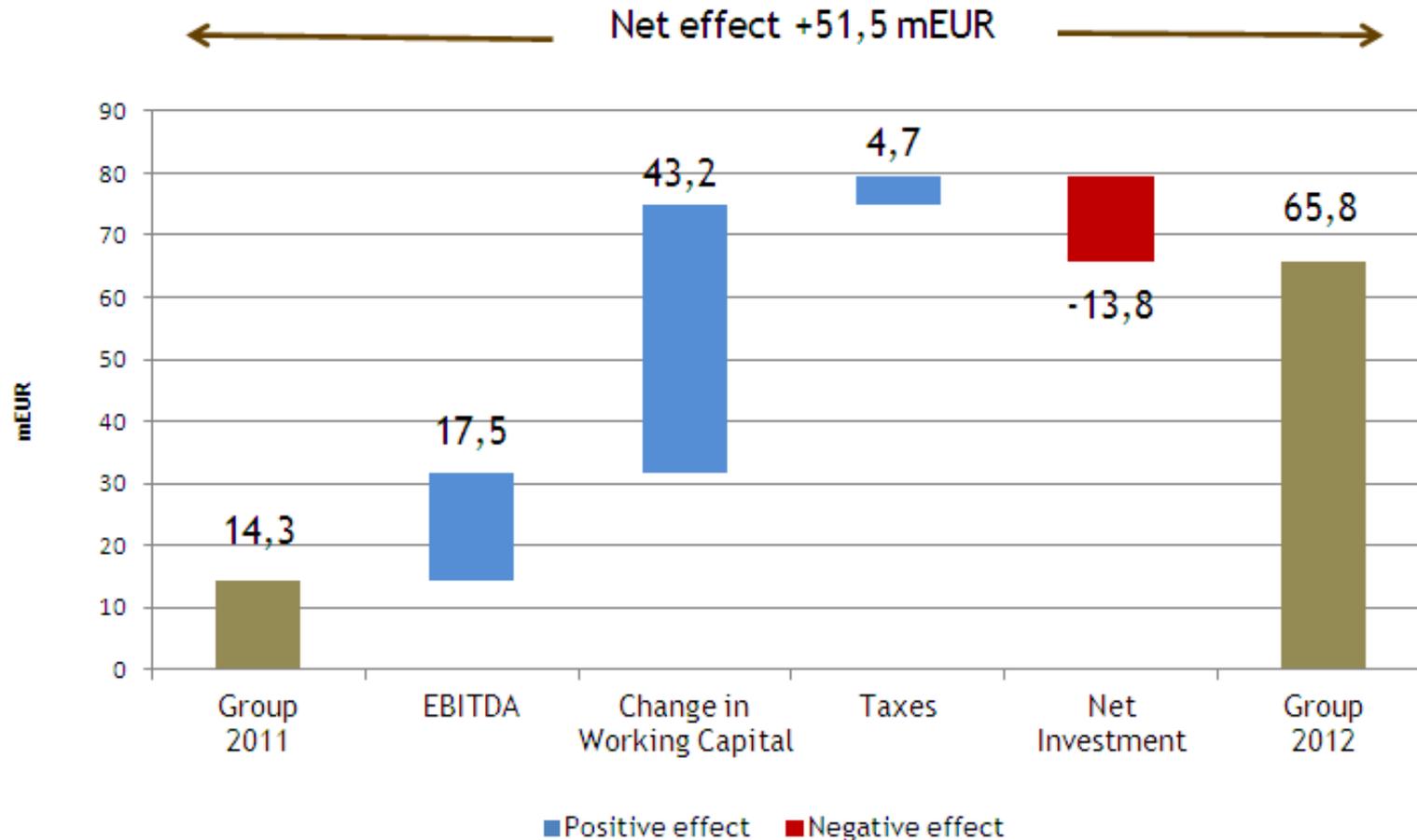


Group EBIT

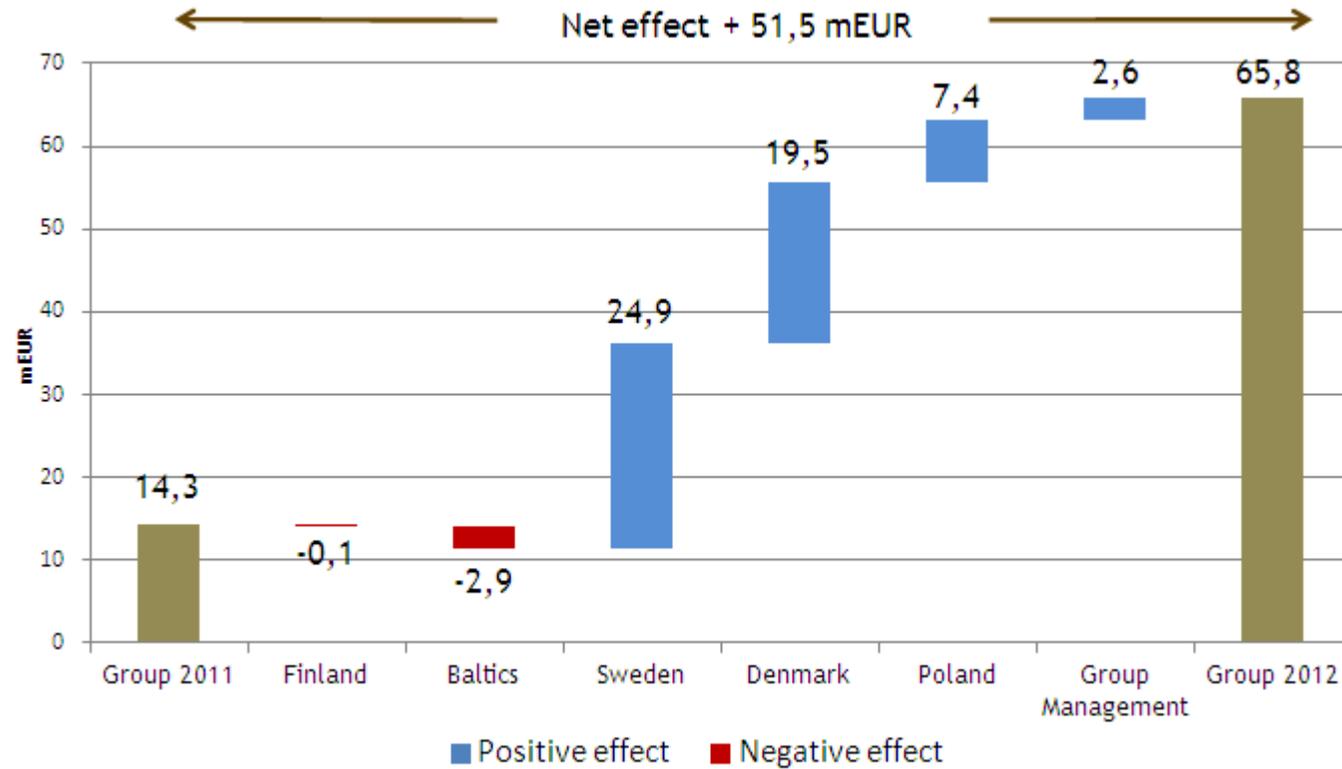
Q1-Q4/2008-2012



Group Cash Flow before Debt Service Q1-Q4 /2011 vs. Q1-Q4/2012



Group Cash Flow before Debt Service Q1-Q4/2011 vs. Q1-Q4/2012

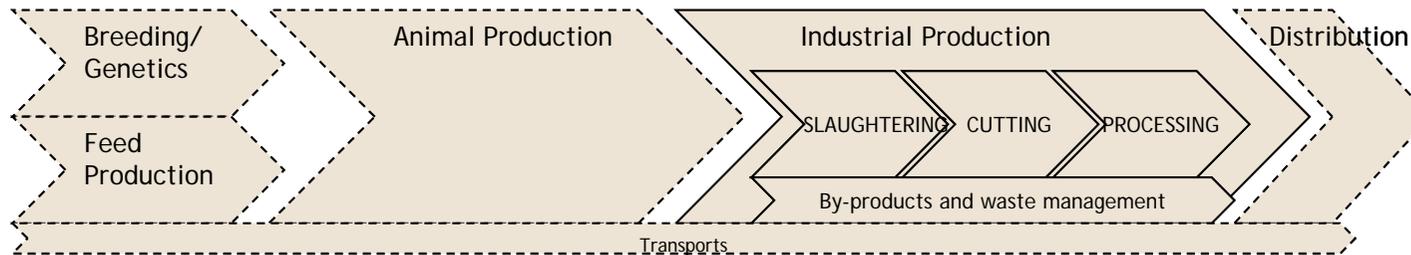


HKScan Meat Value Chain

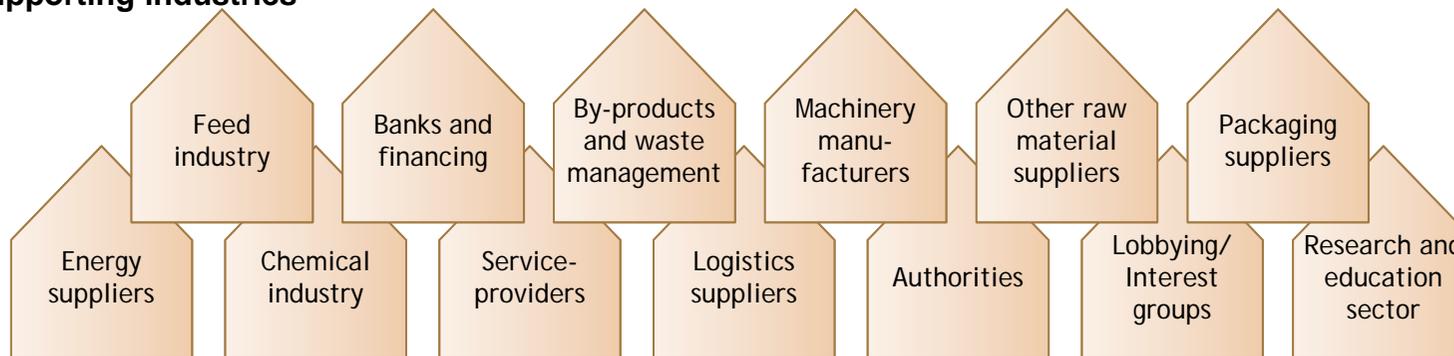
Value-added activities



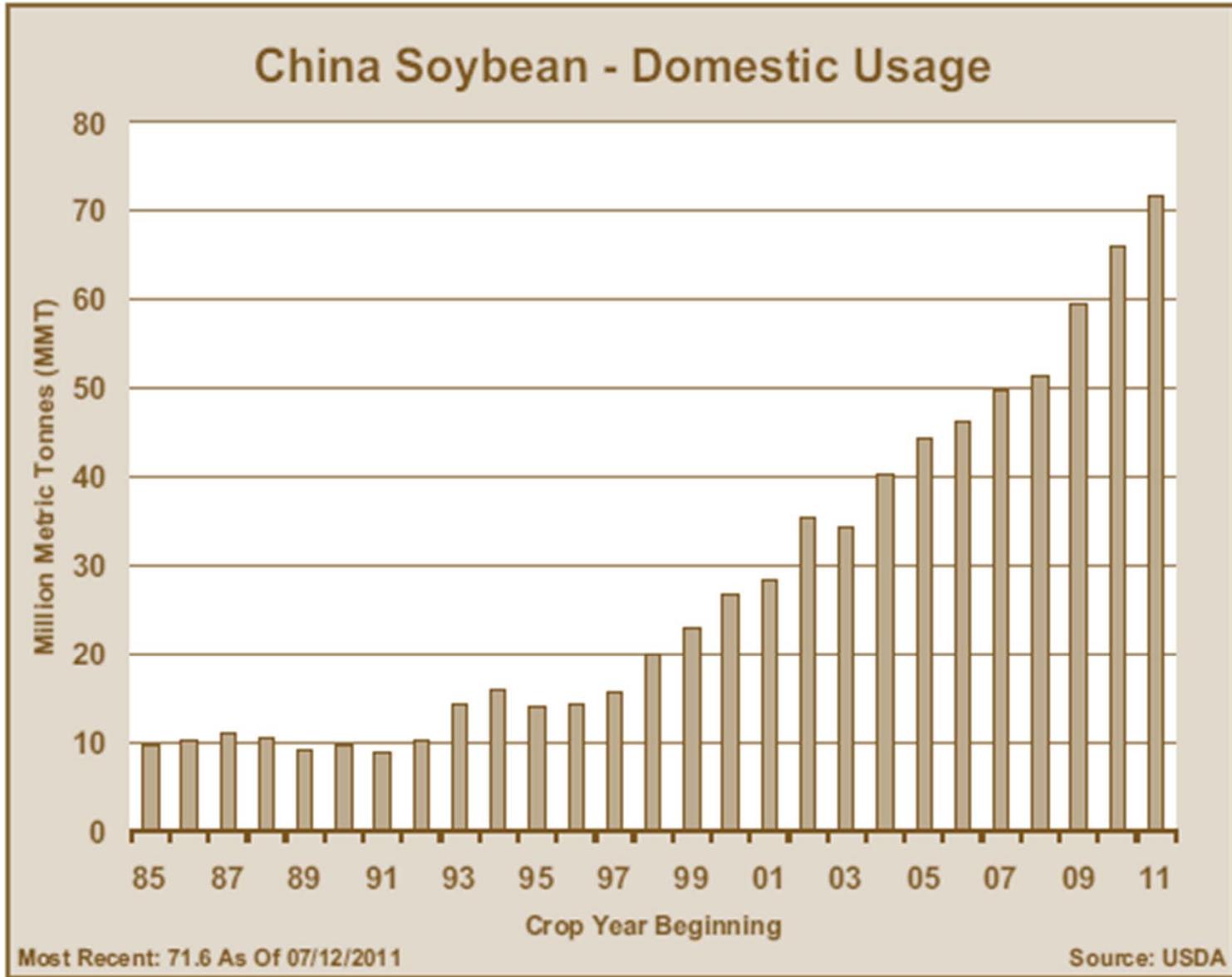
Meat supply chain (pork, poultry, beef, lamb)



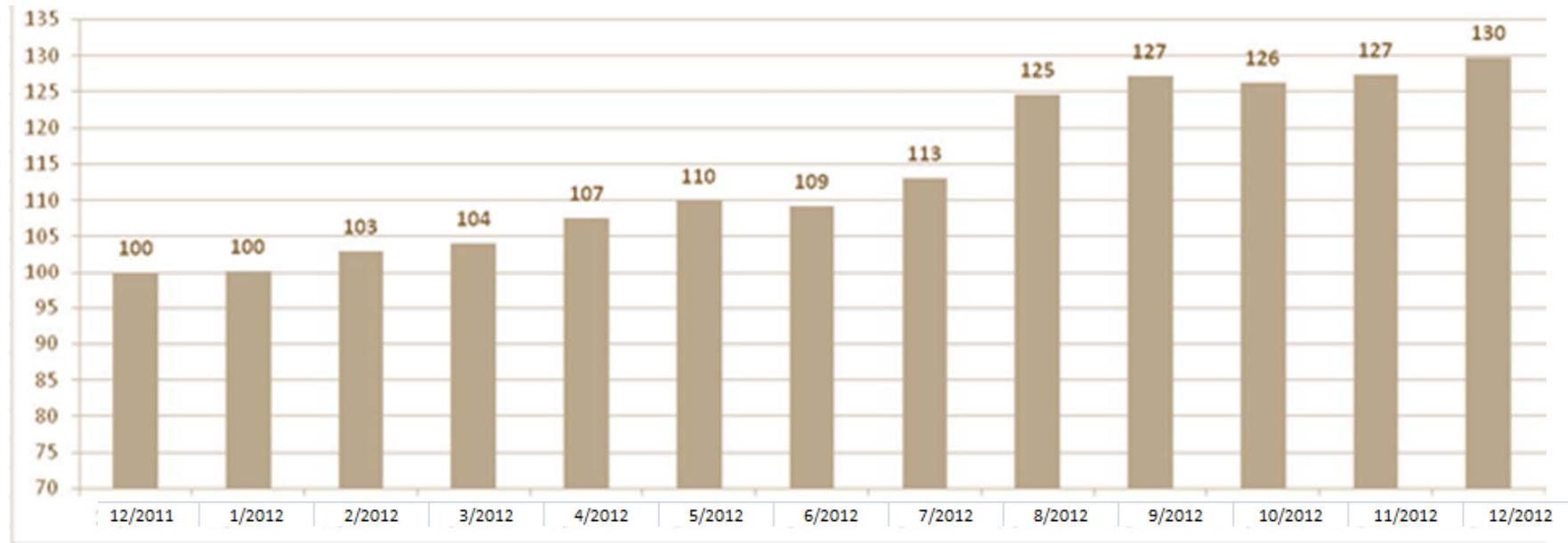
Supporting industries



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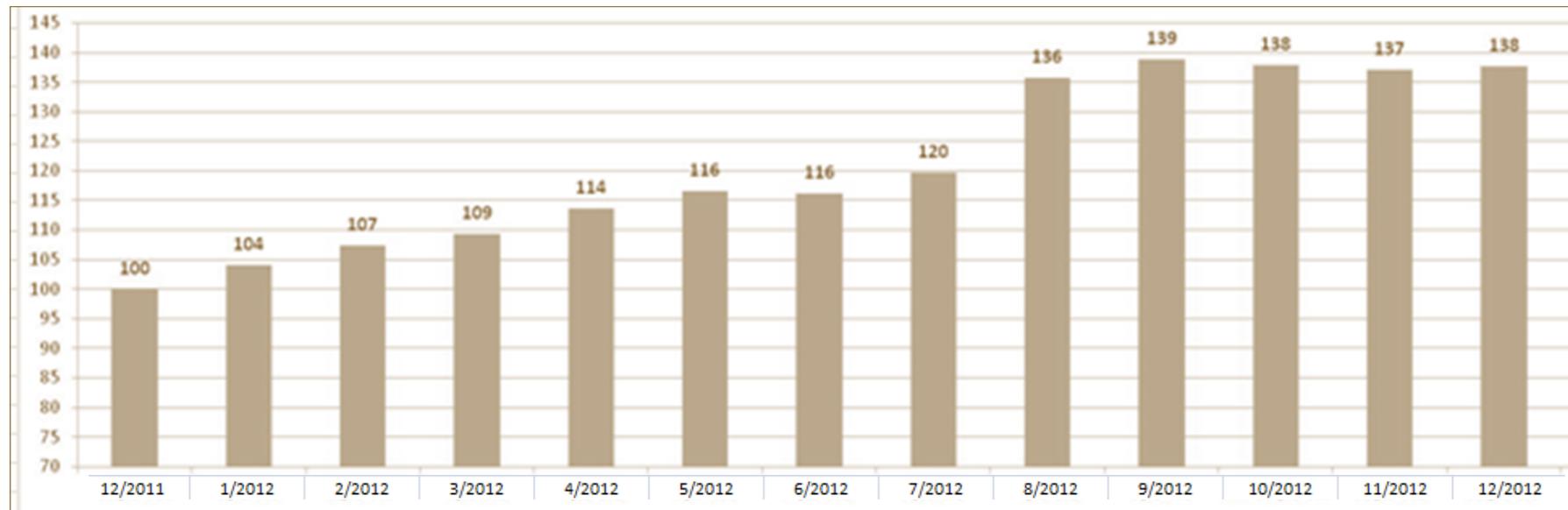


Feed Basket - Pork



Source: HKScan

Feed Basket - Poultry



Source: HKScan

Market Area Finland



EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	226,6	217,6	4,2 %	842,6	812,4	3,7 %
EBIT	7,4	7,2	2,7 %	18,4	12,1	51,8 %
- EBIT %	3,3	3,3	-1,4 %	2,2	1,5	46,4 %

- Profitability at modest level, but slightly up
- Rising raw material prices and other cost increases
- Public Health Award 2012
- Rypsiporsas[®] (“Rapeseed Pork”) success
- Legal structure streamlined, several changes in organisation
- Plans to restructure functions and operations announced in Jan. 2013
 - Target to develop productivity and efficiency, EUR 5 million annual profit improvement
 - Labour negotiations initiated in January 2013



National Institute for Health and Welfare
(THL)

Public Health Award 2012

to HK Ruokatalo
for promotion of cardiac health



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Market Area Baltics



EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	45,1	44,9	0,4 %	176,7	173,3	2,0 %
EBIT	1,5	2,8	-46,3 %	8,9	9,8	-8,5 %
- EBIT %	3,3	6,2	-46,5 %	5,1	5,6	-10,3 %

- Stable sales development and strong local brand sales
- Improved performance in Estonia and Latvia, declined profitability in Lithuania. Challenges in exports.
- Several projects to improve efficiency;
 - Organisational streamlining towards “one company”
 - Reorganisation of sales, logistics and call-centre functions
 - Renovation for meat processing, and centralisation of logistics & warehousing
 - Energy-saving projects in both pig primary production and meat production

Market Area Sweden



EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	278,0	275,6	0,9 %	1 040,6	1 045,7	-0,5 %
EBIT	-1,2	7,4	-115,5 %	-7,6	17,2	-144,6 %
- EBIT %	-0,4	2,7	-115,4 %	-0,7	1,6	-144,8 %
EBIT excl. non-recurring items	6,2	7,4	-16,0 %	-0,2	17,2	-101,4 %
- EBIT %	2,2	2,7	-16,8 %	0,0	1,6	-101,4 %

- Initial stabilisation of business after a very bad H1
- Higher sales prices improved the profitability during H2
- High raw material prices and lower availability of domestic beef and pork
- Rapsgris ("Rapeseed Pork") launched to AfH and retail
- Strong sales of Pärsons-branded cold cuts
- Plans concerning restructuring of the business announced in Q3 and Q4
 - Target to improve annual profit by EUR 10 million
- Strategic review continues

Market Area Denmark



EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	50,9	54,3	-6,1 %	211,7	228,1	-7,2 %
EBIT	12,7	-1,3	1079,6 %	15,4	-3,7	518,2 %
- EBIT %	24,9	-2,4	1143,7 %	7,3	-1,6	550,6 %
EBIT excl. non-recurring items	-1,1	-1,3	12,7 %	1,5	-3,7	141,3 %
- EBIT %	-2,2	-2,4	7,0 %	0,7	-1,6	144,5 %

- Good development of business in H1 hit by the fire in Vinderup in June
- Recovery programme managed with success. Positive momentum in fresh poultry business to be gained back.
- Launches of new poultry products
- Non-recurring items related to the fire;
 - property insurance compensation income (EUR 19.3 million)
 - write-off of destroyed assets (EUR 5.5 million)
 - insurance case will continue in 2013
- Increased raw material prices and other costs passed on to sales prices with some delay during H2

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Market Area Poland



EUR million *)	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	87,7	73,9	18,6 %	343,7	298,9	15,0 %
EBIT	4,3	3,5	22,6 %	15,8	12,7	24,5 %
- EBIT %	4,9	4,7	3,3 %	4,6	4,2	8,3 %

*) Figures refer to the share of HKScan (50%) of the Sokolów group figures.

- Good sales development throughout the year
 - Strong sales of processed products, successful new product launches and high brand recognition
- Strong export sales, strengthened Polish currency reduced margins
- Difficult year for meat industry. Primary production weakens and consolidates.
- Fierce price competition in retail. Private label product share strengthening.
- Sokolów operations improvements by technology investments and offering extensions.

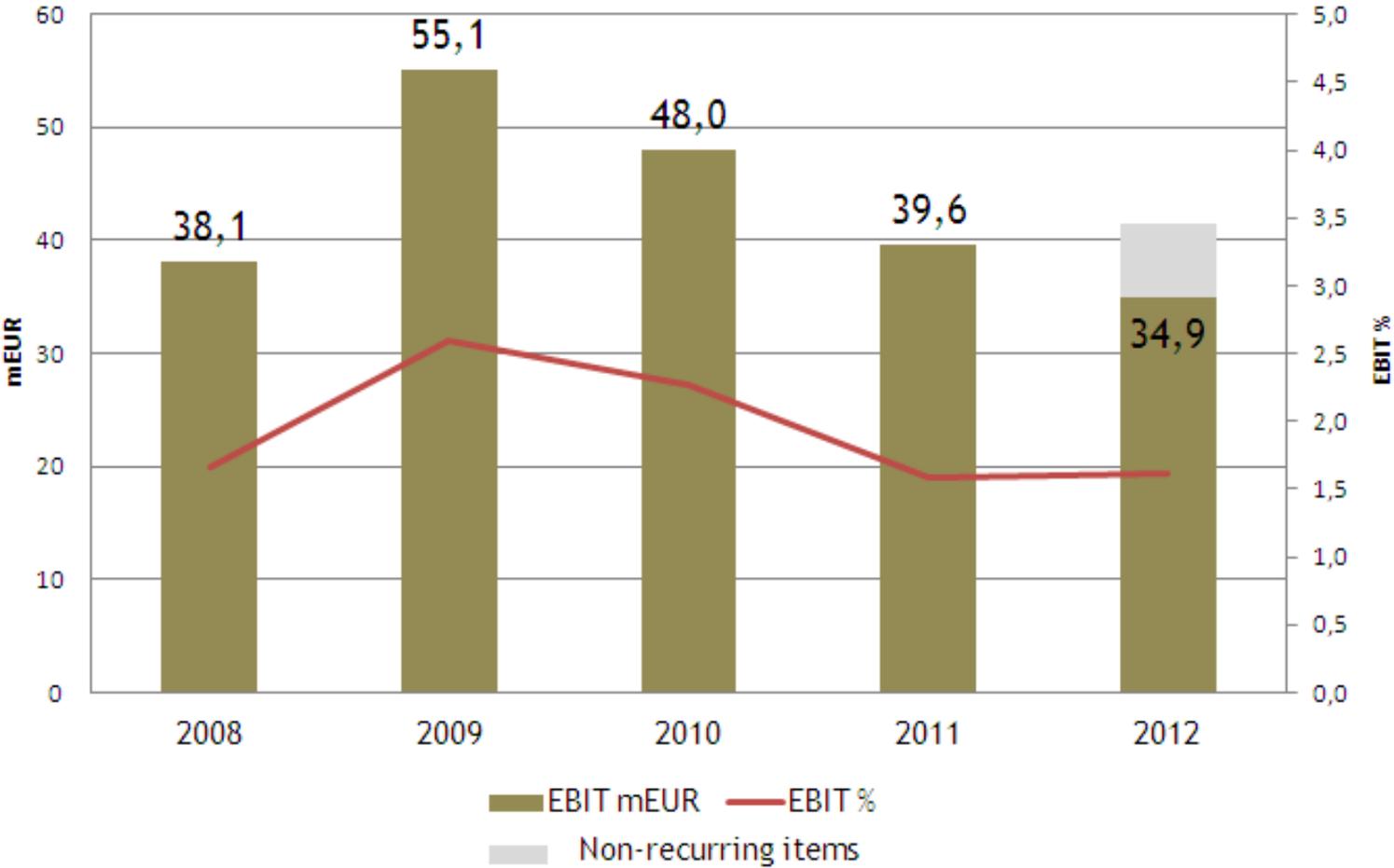
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Key figures

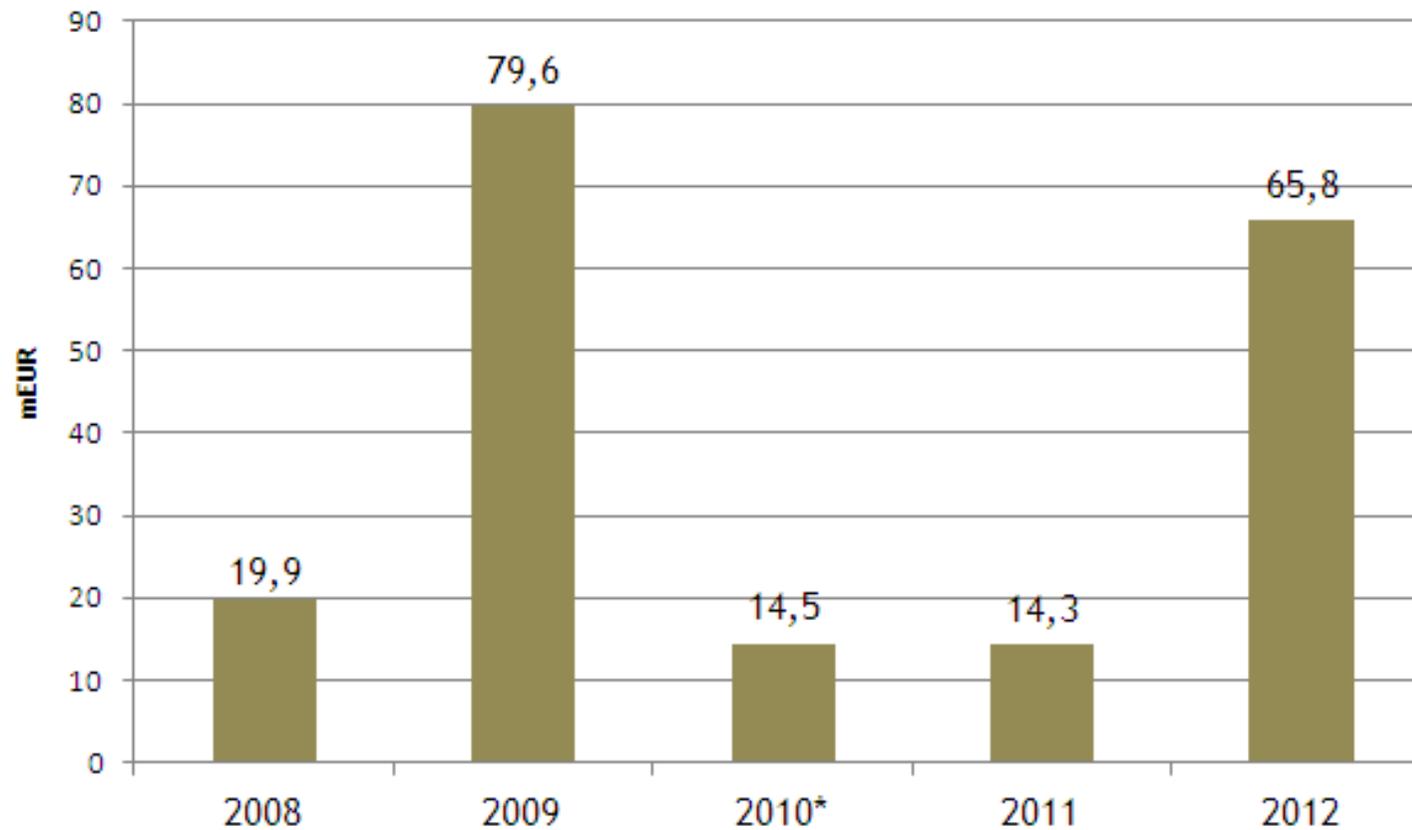


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Group EBIT Development 2008-2012

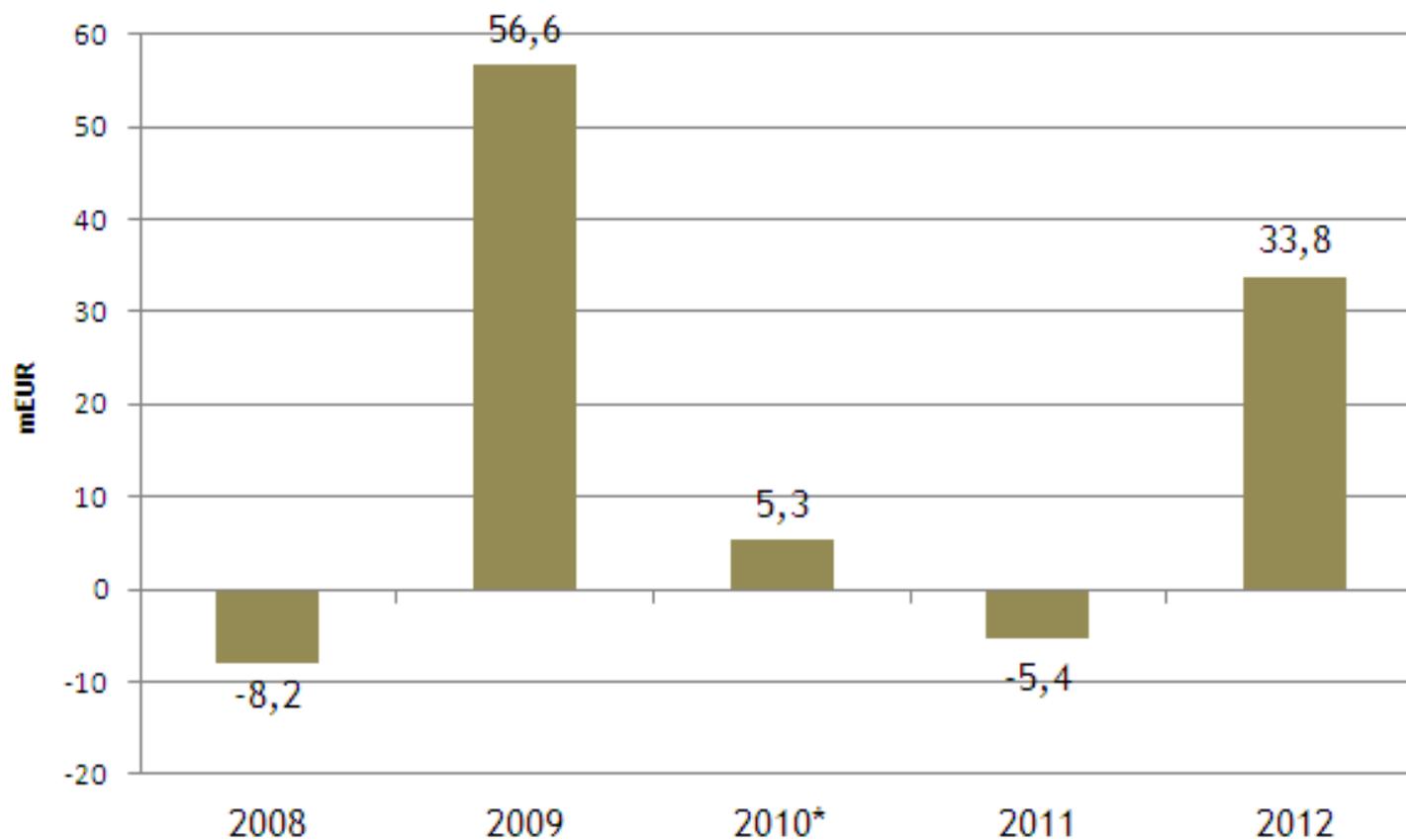


Group Cash Flow before Debt Service



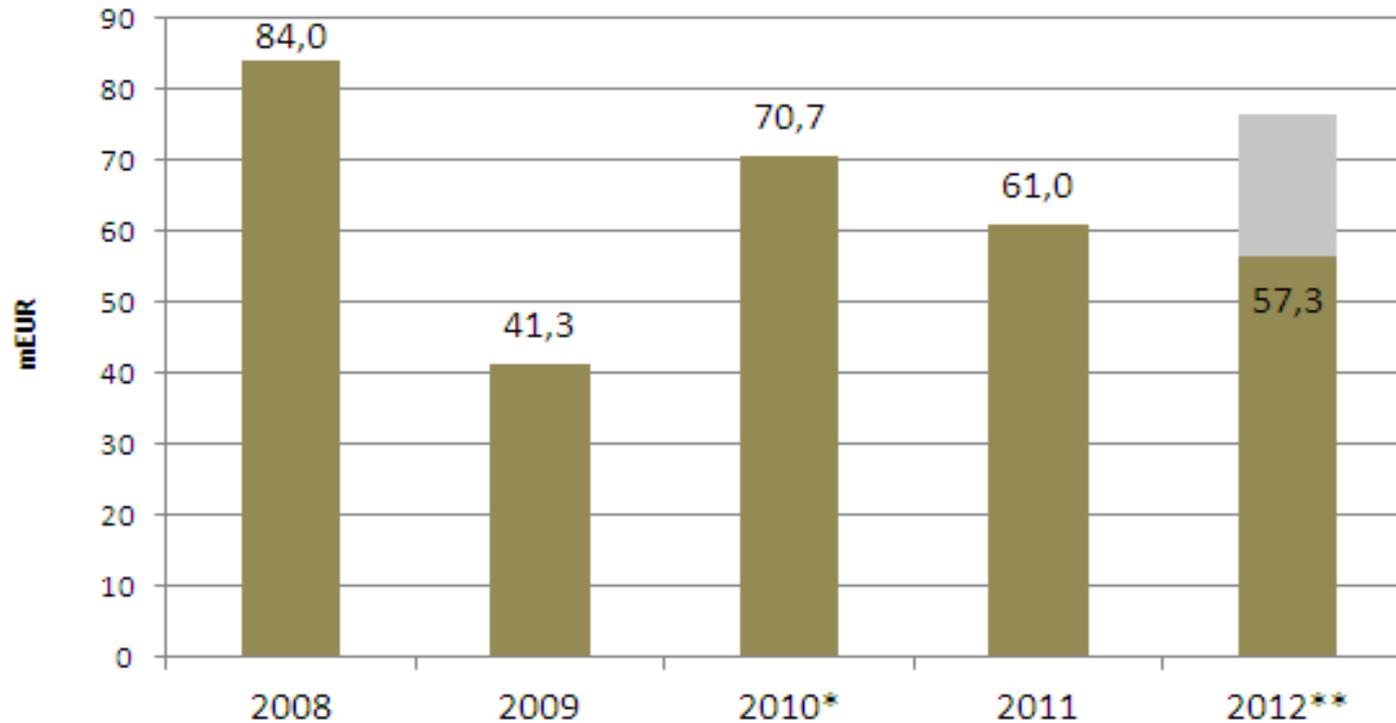
* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

Cash Flow before Financing Activities



* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

Investments



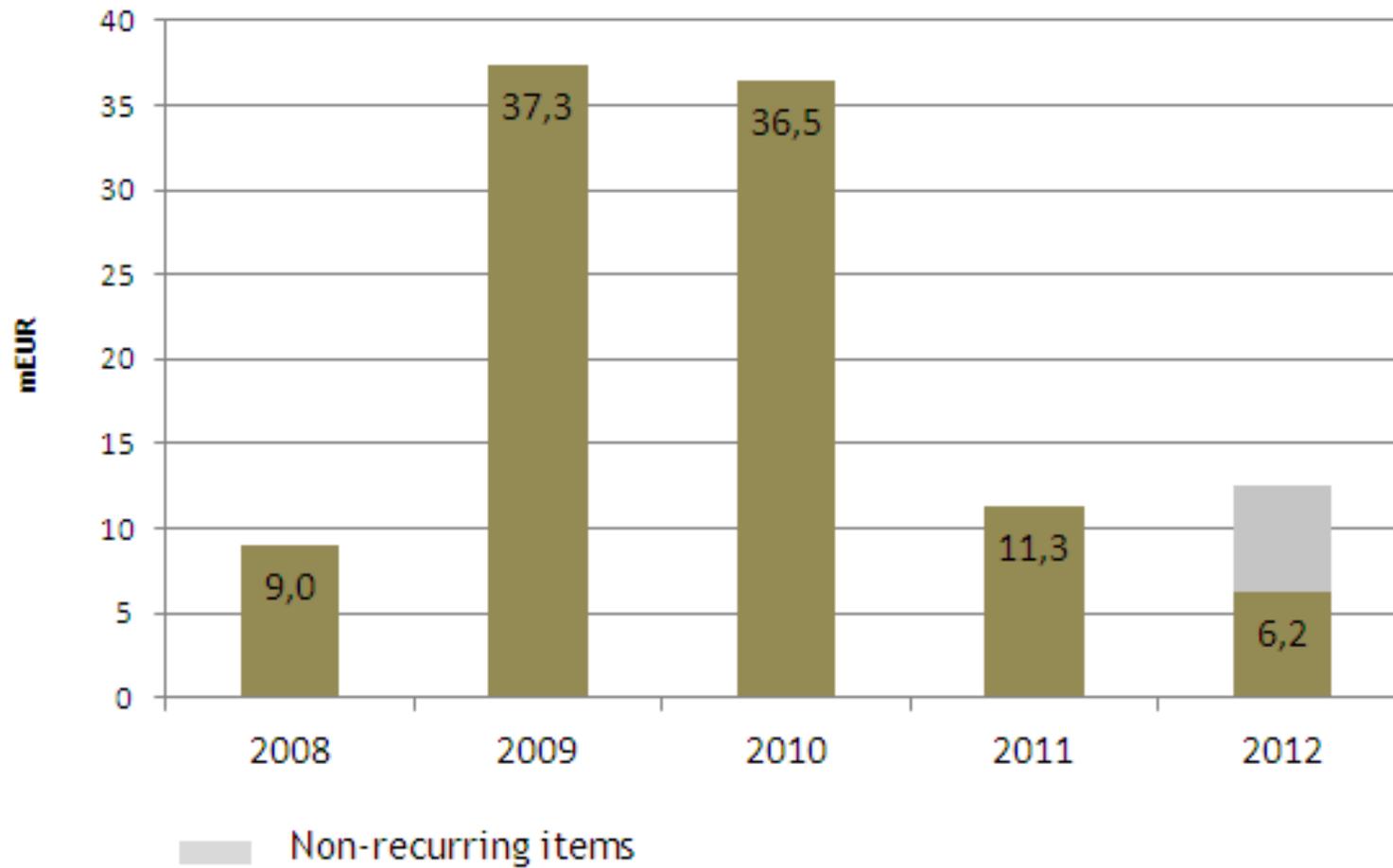
■ Non-recurring items

* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

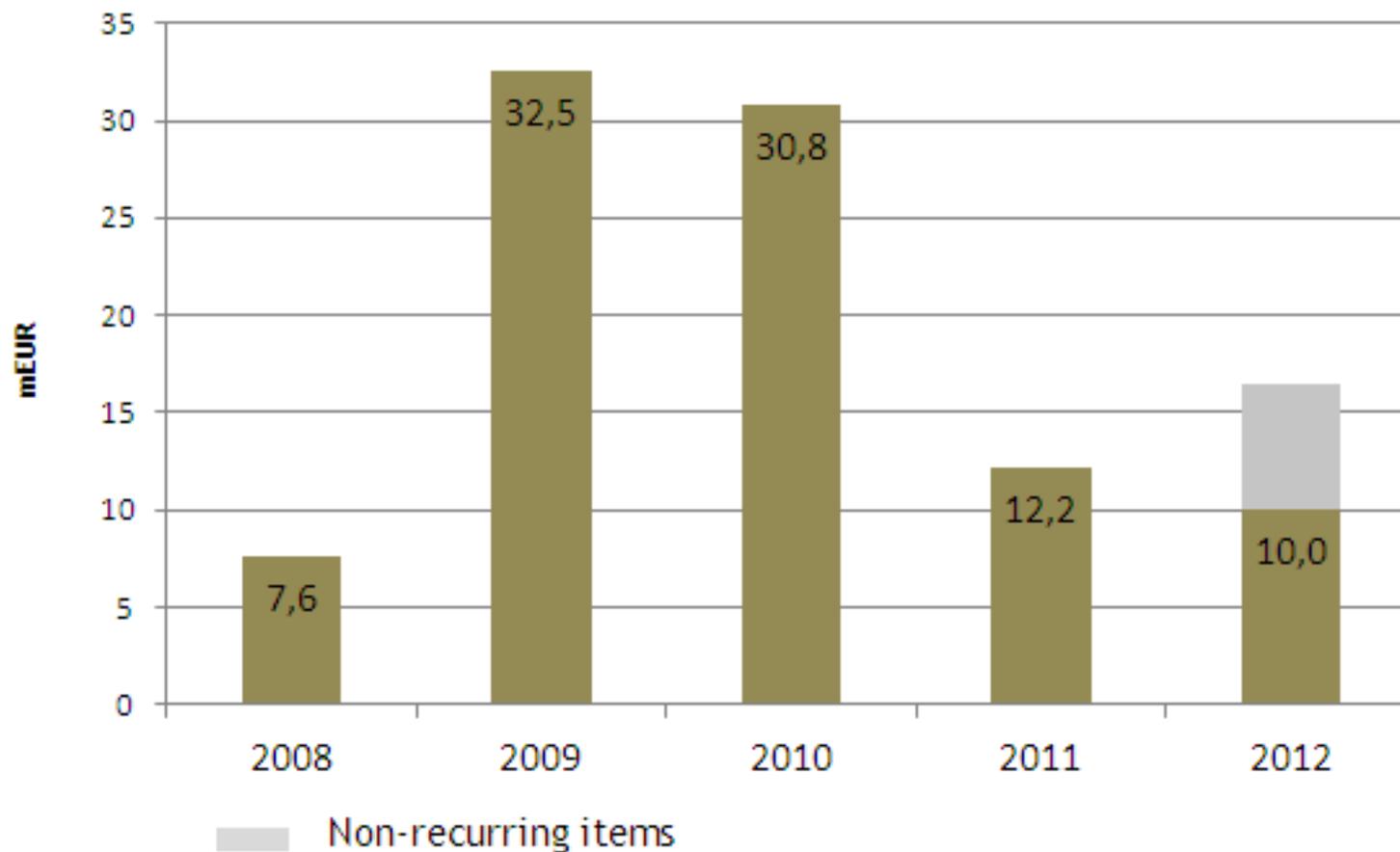
** 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million

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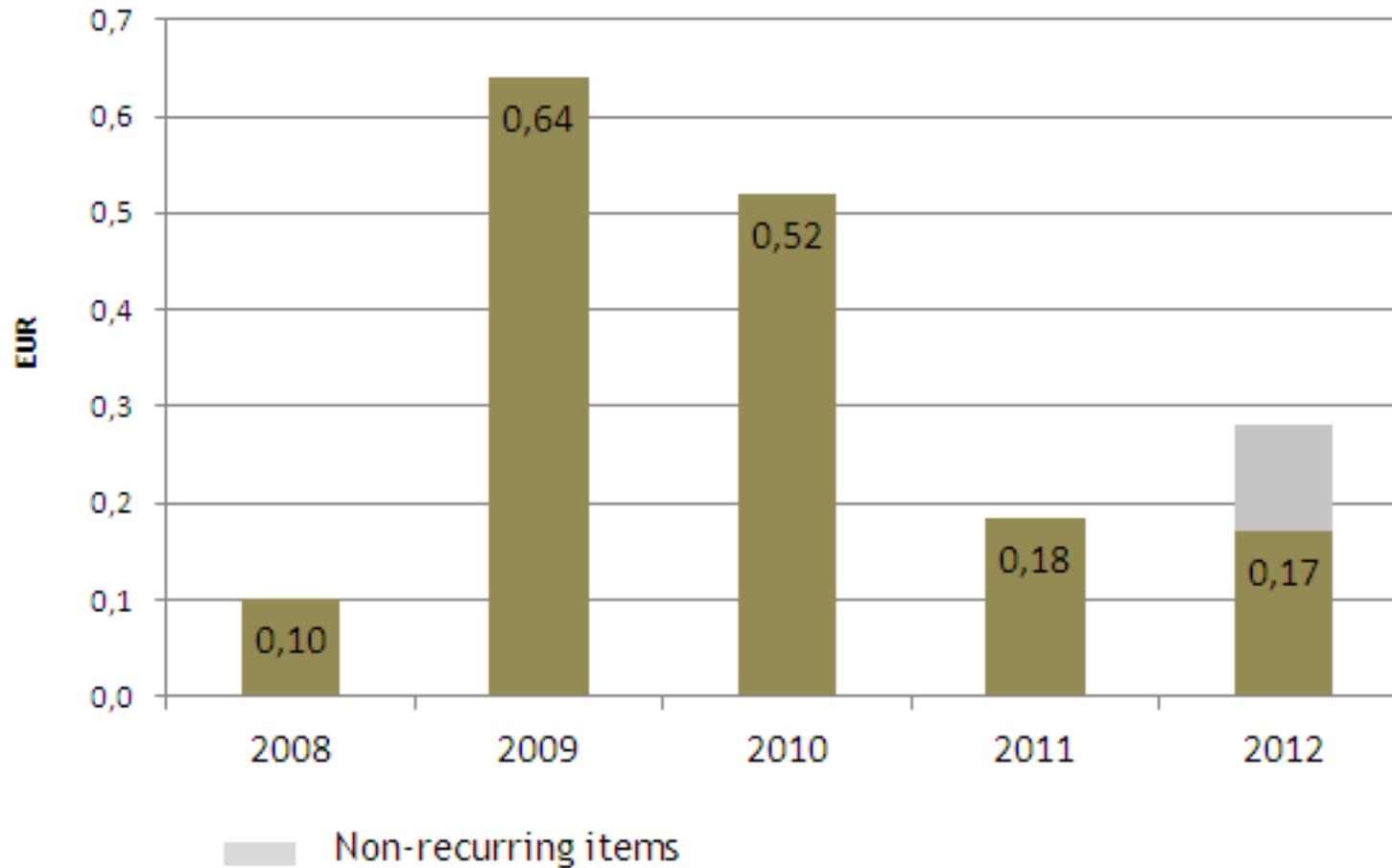
Profit before Taxes



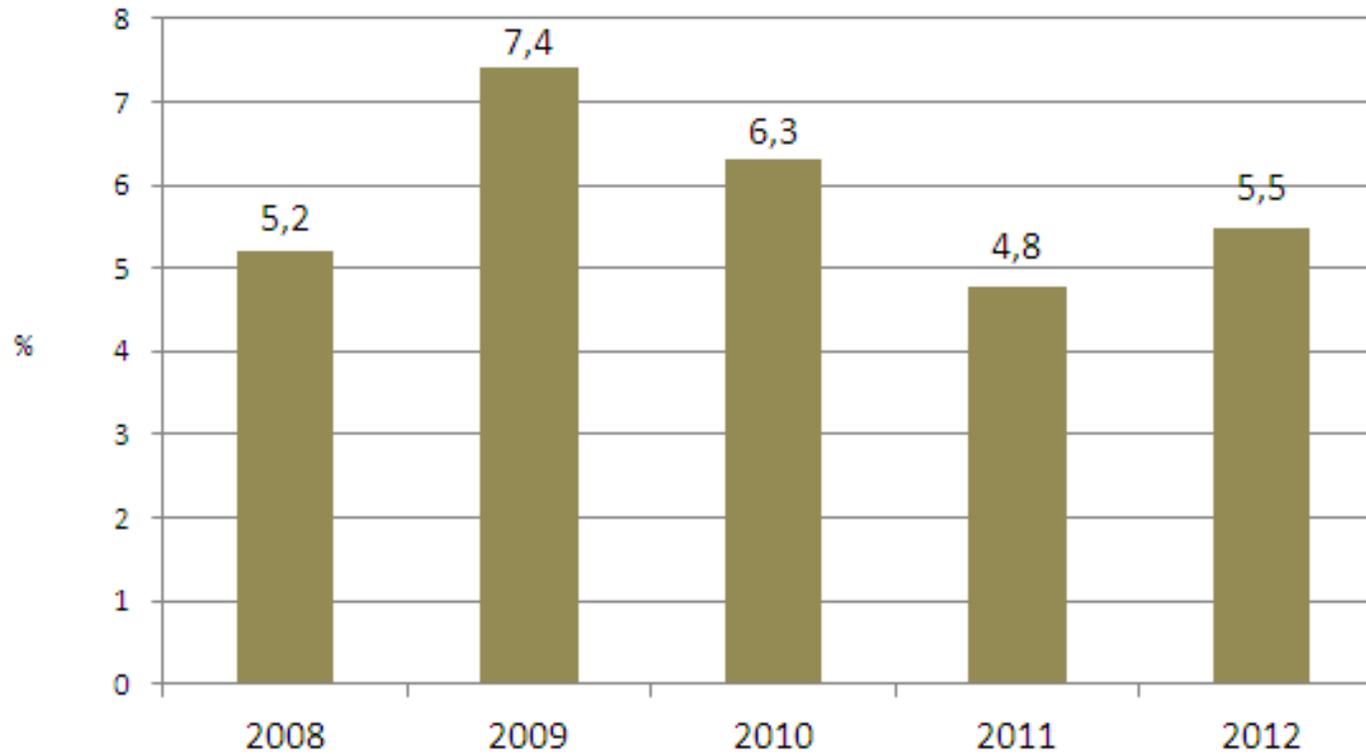
Profit for the Period



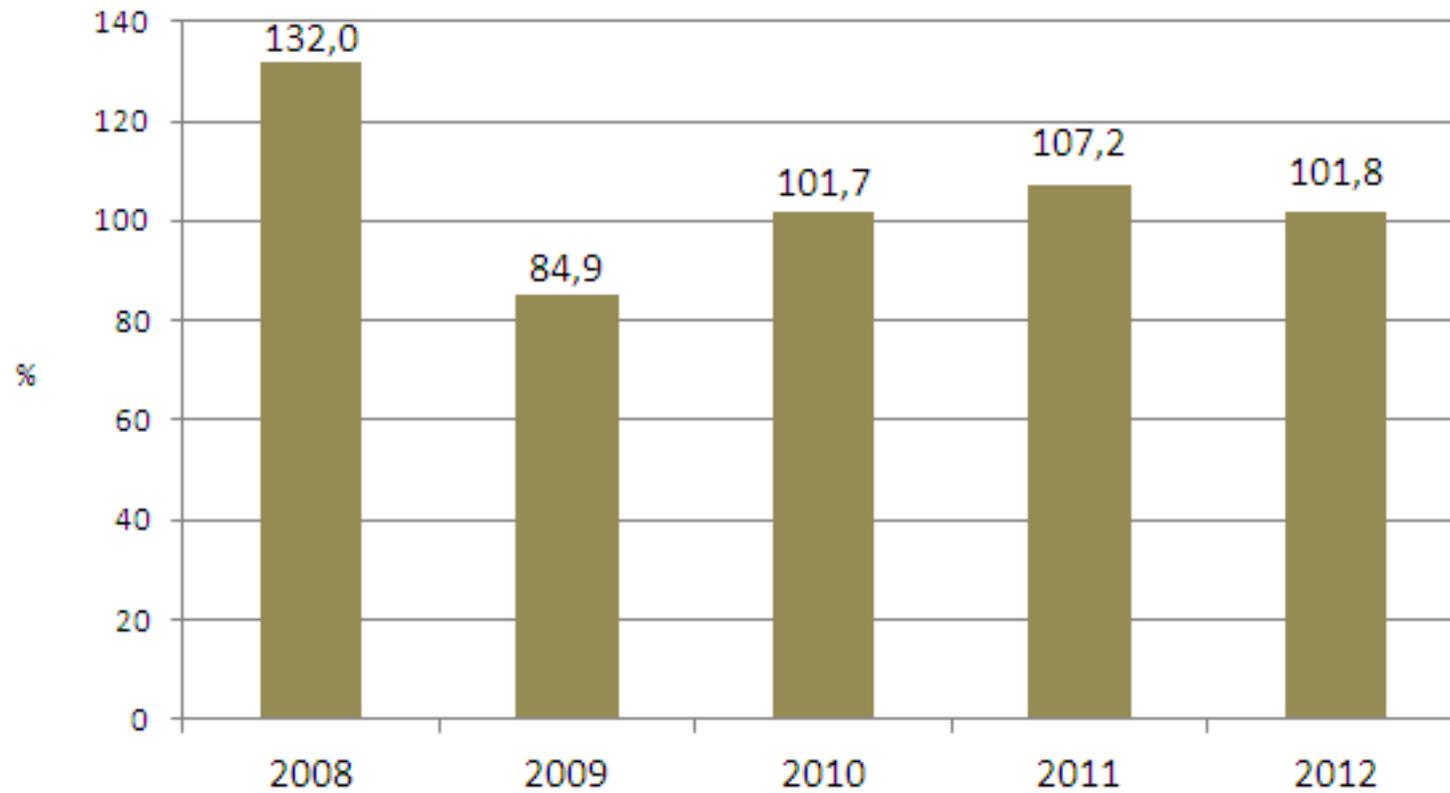
Earnings per Share (EPS)



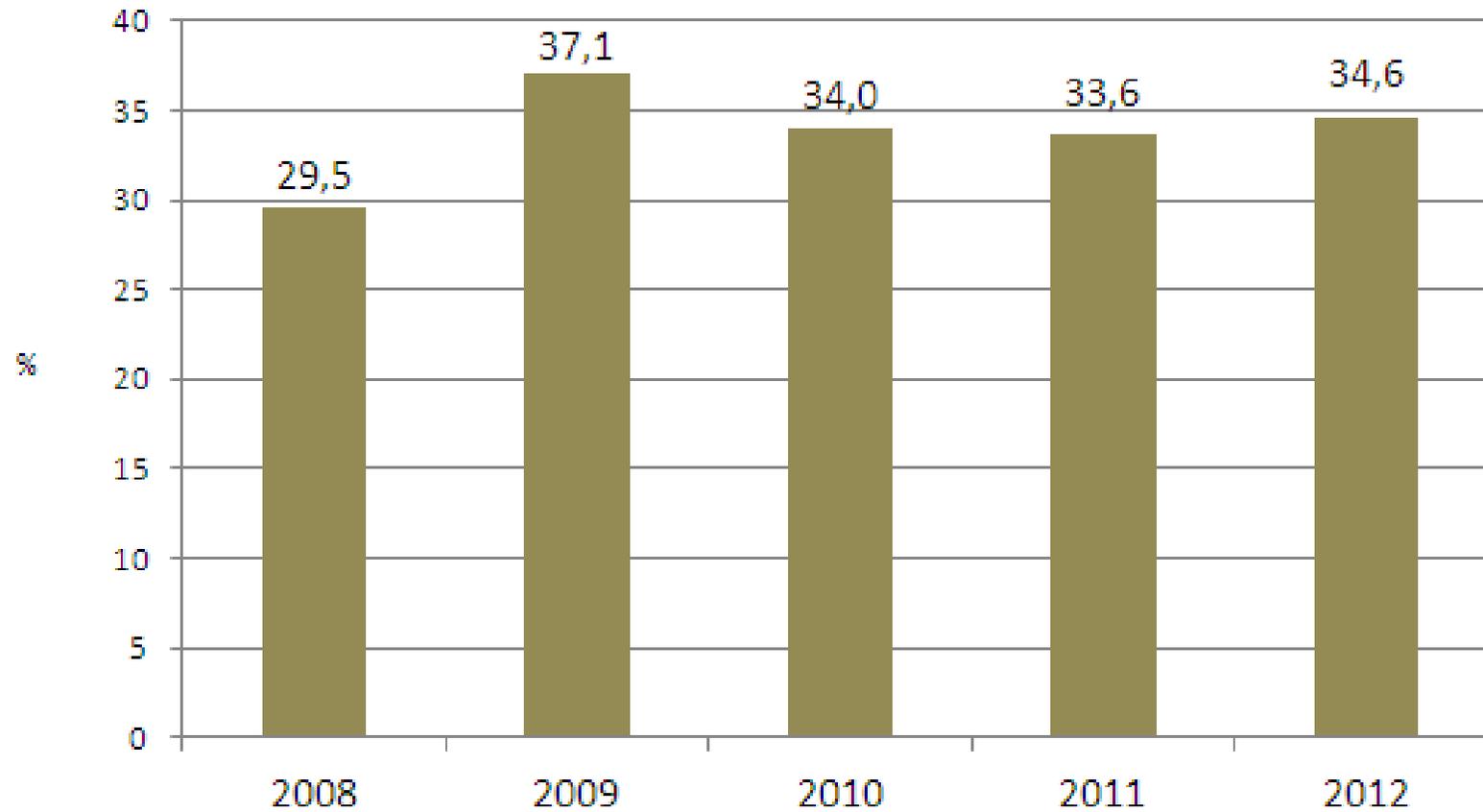
Return on Capital Employed (ROCE)



Net Gearing



Equity Ratio



Key Figures

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- EBIT %	2,2	2,7	-18,5 %	1,4	1,6	-12,5 %
Profit before taxes	15,1	9,1	65,9 %	12,6	11,3	11,9 %
Profit for the review period	15,0	8,3	79,2 %	16,4	12,2	33,7 %
EPS, EUR	0,27	0,14	94,8 %	0,28	0,18	49,8 %
Dividend per share, EUR				0,10*	0,17	-47,1 %
Cash flow before debt service				65,8	14,3	360,1 %
Cash flow before financing activities				33,8	-5,4	725,9 %
ROCE before taxes, %				5,5	4,8	14,6 %
Net debt				440,9	455,8	-3,3 %
Net gearing, %				101,8	107,2	-5,1 %
Personnel at the end of the period				7475	7882	-5,2 %

* Based on the Board of Directors' proposal

Outlook



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Outlook

- Business environment continues to remain tough as both animal supply and consumer purchasing power are estimated to tighten further.
- Demand for meat in general is expected to develop steadily.
- The Group focuses on managing future business dynamics by
 - tight control on costs and capital spending
 - balancing demand and supply and
 - being more proactive in sales pricing.
- Revised strategy, new operating model and organisation will contribute to profit improvement.
- Financial benefits of the development programmes are estimated to accelerate the profit aggregation towards the latter part of the year 2013 and onwards.
- Group EBIT for the entire year is estimated to improve from 2012.



100 YEARS OF FINNISH FAVOURITES



HKscan

HKScan strategy 2012-2015

Vision

Meat Industry Shaper

Strategy

Delivering Profitable Performance

We improve our performance by more efficient and transparent Group-wide business processes, competences, leadership and communication. We increase our profitability by developing brands, offerings and cutting nonperforming activities. Every action we do is sustainable and brings value to our business, stakeholders and consumers. We focus especially on our home markets and create competitive edge by firm strategy implementation.

Must-Win Battles

1. Building Brand Value and Demand

3. Managing Actively Future Business Dynamics

2. Upgrading Group Operational Efficiency

4. Improving Capital Structure and Group Reporting

Mission and Values

Meat and More

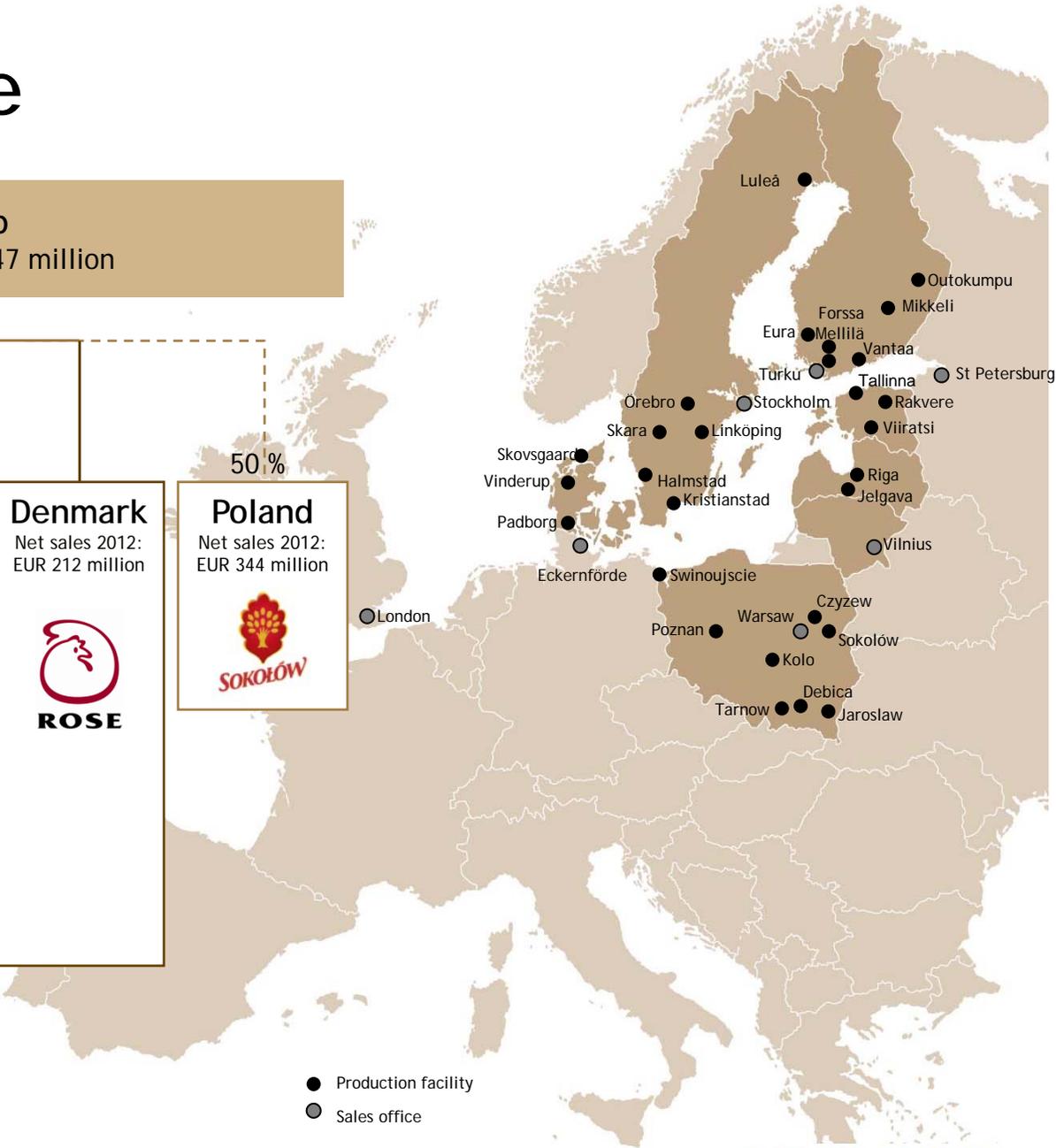
Success, Teamwork, Trust, Responsibility, Respect



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Group structure

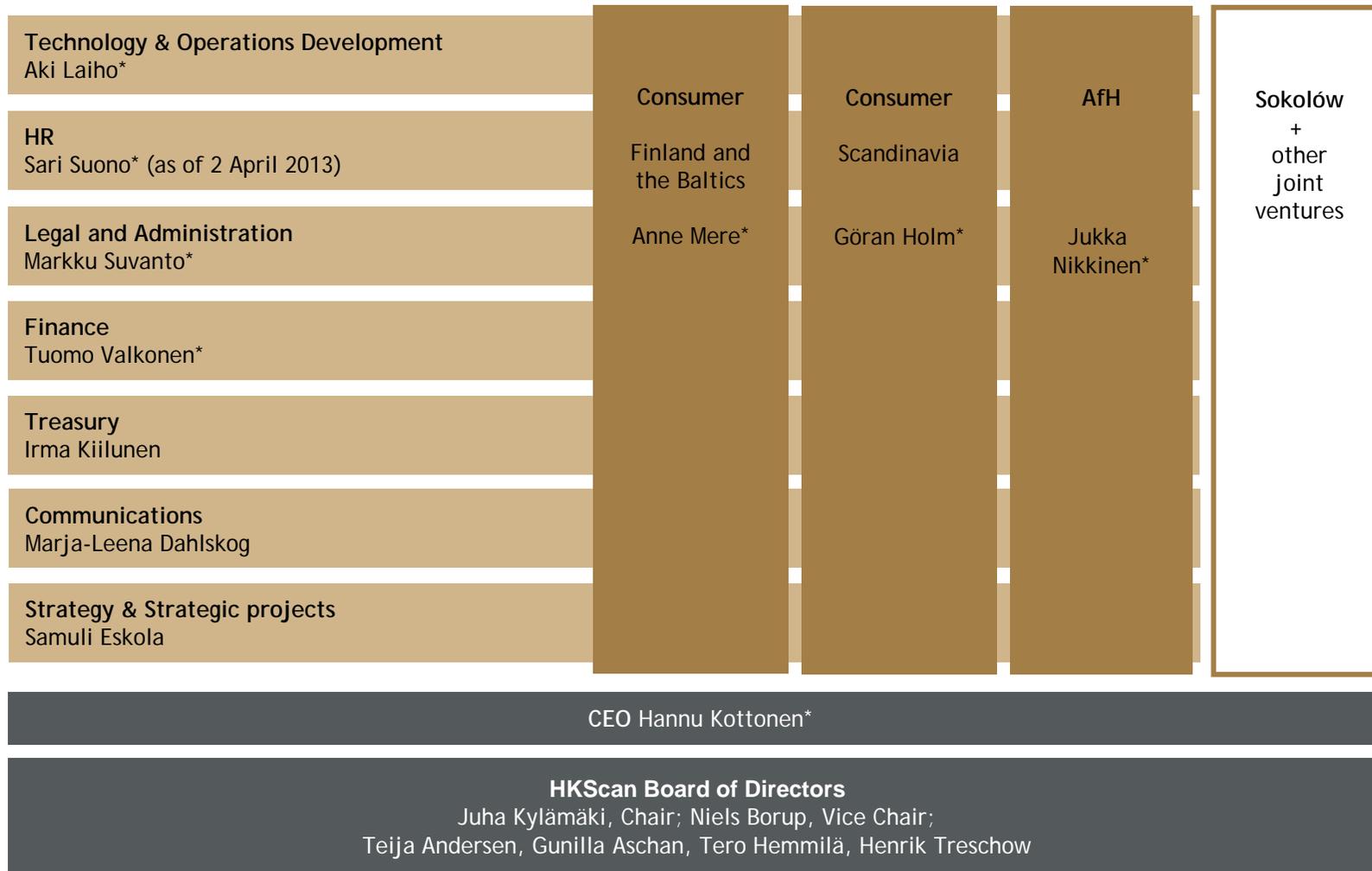
HKScan Group
 Net sales 2012: EUR 2 547 million



- Production facility
- Sales office



HKScan Operating Model



* Management Team member

HKScan



HKScan 100 years