

HKSCAN

THE NORDIC MEAT EXPERTS

**HKSCAN GROUP
INTERIM REPORT
Q1-Q3/2015
4 NOVEMBER 2015**



**HKSCAN GROUP'S INTERIM REPORT FOR 1 JANUARY–30 SEPTEMBER 2015:
THIRD QUARTER EBIT ON PAR WITH PREVIOUS YEAR – STRATEGIC POULTRY INVESTMENT
APPROVED**

- * Net sales were EUR 1 415.6 (1 465.6) million for January–September, and EUR 474.9 (498.4) million in the third quarter.
- * EBIT for January–September was EUR 10.2 (48.3) million. EBIT excluding non-recurring income and expenses was EUR 10.2 (-1.0) million. The corresponding EBIT margin was 0.7 (-0.1) per cent.
- * For the third quarter, EBIT was EUR 7.3 (7.3) million, and EBIT margin was 1.5 (1.5) per cent.
- * Cash flow before debt service was EUR 23.4 (173.5) million for January–September, and EUR 4.3 (16.3) million for the third quarter.
- * Profit before taxes was EUR 4.5 (46.9) million for January–September, and EUR 6.4 (5.8) million in the third quarter.
- * EPS was EUR 0.05 (0.97) for January–September, and EUR 0.09 (0.10) in the third quarter.
- * Net financial expenses were EUR -6.9 (-11.8) million for January–September, and EUR -2.1 (-2.1) million in the third quarter.
- * Net debt was EUR 147.0 (170.9) million and net gearing 34.6 (38.1) per cent.
- * The outlook for 2015 (unchanged): HKScan expects operating profit (EBIT) excluding non-recurring items to improve from 2014, and anticipates the last quarter to be the strongest.

HANNU KOTTONEN, HKSCAN'S CEO, COMMENTS ON THE THIRD QUARTER OF 2015:

“The Group’s net sales in the third quarter were lower than in the corresponding quarter last year. Finland exceeded the prior year’s net sales but other market areas lagged behind. Group operating profit for the quarter was on a par with the previous year. Sweden continued on a good track improving its performance from the previous year. In Finland, operating profit was eroded by illegal strikes and pork oversupply. Denmark continued to suffer from a tough market situation, as did the Baltics, where also risks related to African Swine Fever started to materialize.

The operating environment remained challenging, and global economic and political uncertainties continued to plague the industry throughout the quarter. Price competition remained fierce especially in the food retail market in Finland. The Russian ban on meat import continued, and permits for direct pork meat imports to China did not materialize as anticipated. However, HKScan sales operations advanced in Hong Kong.

Implementation of the Group’s strategy for profitable growth advanced. On 1 October, HKScan announced that Rauma, Finland will be the location of its new poultry production facility. This strategic growth investment is valued at EUR 80 million. In July, HKScan announced the acquisition of a 50 per cent stake in Paimion Teurastamo. The beef slaughterhouse became an associated company of the Group.”



KEY FIGURES, Q3

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales	474.9	498.4	1 415.6	1 465.6	1 988.7
EBIT	7.3	7.3	10.2	48.3	55.5
- % of net sales	1.5	1.5	0.7	3.3	2.8
Profit/loss before taxes	6.4	5.8	4.5	46.9	51.2
- % of net sales	1.3	1.2	0.3	3.2	2.6
Profit/loss for the period	5.1	5.6	3.3	52.0	57.1
- % of net sales	1.1	1.1	0.2	3.5	2.9
EBIT, excluding non-recurring income and expenses	7.3	7.3	10.2	-1.0	12.4
- % of net sales	1.5	1.5	0.7	-0.1	0.6
Profit/loss before taxes, excluding non-recurring income and expenses	6.4	5.8	4.5	-2.4	8.2
- % of net sales	1.3	1.2	0.3	-0.2	0.4
EPS, EUR	0.09	0.10	0.05	0.97	1.05
Cash flow before debt service	4.3	16.3	23.4	173.5	201.7
Cash flow before financing activities	2.8	14.0	21.1	166.8	198.9
Return on capital employed (ROCE) before taxes, %			3.4	10.3	9.7
Net debt			147.0	170.9	141.5
Gearing %			37.8	41.8	35.5
Net Gearing %			34.6	38.1	31.8

JANUARY–SEPTEMBER 2015

The Group's net sales for January–September declined on the corresponding period the previous year. A decline in sales was seen in Sweden and Denmark, mainly because of planned restructuring, but also due to lower sales prices in Denmark and a weaker value of SEK. The Group's comparable operating profit, however, improved from the corresponding period the previous year. Sweden and Finland were the market areas that improved, whereas Denmark and the Baltics were behind the previous year. Comparable cash flow improved in all market areas.

The balance sheet improved further and financial expenses declined. Inventories and the meat balance were managed efficiently, except the frozen pork stock in Finland. Animal raw material costs for both pork and poultry were below the previous year but higher for beef.

Global economic and political uncertainties continued, and price competition was fierce. Fierce retail discount campaigns increased price competition in Finland. The Russian ban on meat imports caused oversupply and price pressure on pork both on the home and export markets. African Swine Fever (ASF) was spreading in Estonia, which caused risks and required additional workload.

The Group continued to make good progress with the implementation of the Group's strategy for profitable growth. On 1 October, the Group announced its forthcoming greenfield investment in a new poultry production facility to be built in Rauma, Finland. Also Group's investments in innovation, brand and category work continued.



MARKET AREA: FINLAND

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales	196.4	194.7	585.4	573.4	787.2
EBIT	2.8	3.0	10.2	-11.2	-4.5
- EBIT margin, %	1.4	1.5	1.7	-1.9	-0.6
EBIT excluding non-recurring items	2.8	3.0	10.2	0.8	8.9
- EBIT margin, %	1.4	1.5	1.7	0.1	1.1

In Finland, net sales were EUR 585.4 (573.4) million for January–September and EUR 196.4 (194.7) million in the third quarter. Comparable EBIT excluding non-recurring expenses totalled EUR 10.2 (0.8) for January–September and EUR 2.8 (3.0) million in the third quarter.

In the third quarter, net sales and operating profit were approximately at the same level as the previous year. Cash flow and profit improved during the reporting period. Sales product mix and operational efficiency continued to improve. Inventory levels increased in the third quarter due to oversupply of pork. The illegal strikes at the Forssa and Mellilä plants in September caused an additional net cost of approximately EUR 1 million during the quarter. Sales of HK® branded Finnish pork meat to Swedish retail and industrial customers commenced during the quarter.

The total Finnish meat market grew slightly during the third quarter compared to the previous year. Tough competition in retail continued, the Russian border remained closed and oversupply of pork led to tougher price competition.

HKScan's own brands continued making positive progress, although private labels increased their overall share in retail. HK® filet cold cuts and many new products in Kariniemen® poultry product offering were among the novelties launched in the third quarter.

On 2 July, HKScan issued a stock exchange release on acquisition of a 50% stake in Paimion Teurastamo. On 1 October, HKScan announced that Rauma will be the location of its new poultry production facility. (See more under Events after the reporting period.)



MARKET AREA: BALTICS

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales	44.8	47.3	130.3	129.2	173.0
EBIT	1.9	2.8	4.4	4.8	2.8
- EBIT margin, %	4.2	6.0	3.4	3.7	1.6
EBIT excluding non-recurring expenses	1.9	2.8	4.4	4.8	4.8
- EBIT margin, %	4.2	6.0	3.4	3.7	2.8

In the Baltics, net sales were EUR 130.3 (129.2) million in January–September and EUR 44.8 (47.3) million in the third quarter. EBIT was EUR 4.4 (4.8) million in January–September and EUR 1.9 (2.8) million in the third quarter.

Demand was good on the domestic markets considering the circumstances, but the export market struggled in the third quarter. The Baltic and Estonian pork markets in particular were affected by ASF. The control zones set up by the EU limited the movement and handling of both live animals and meat, resulting in oversupply of pork meat in Estonia. This additionally brought about a decline in animal prices and market sales prices of pork. Price competition intensified and also reached to poultry meat and processed meat products. Production volumes of pork have started to decrease in Estonia.

Despite ASF and other challenges on the export market, HKScan managed its pork meat balance successfully in Estonia, and its sales volumes grew. HKScan's own brands especially processed and seasonal products, kept selling well.

Baltic product novelties launched in the third quarter included e.g. Tallegg® fried chicken wings and Mini nuggets, as well as Rakvere® liver pâtés and Lihakas smoked ham.



MARKET AREA: SWEDEN

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales	208.6	227.4	619.0	670.5	911.0
EBIT	7.2	5.1	12.7	-6.4	1.7
- EBIT margin, %	3.5	2.2	2.0	-1.0	0.2
EBIT excluding non-recurring items	7.2	5.1	12.7	4.8	13.4
- EBIT margin, %	3.5	2.2	2.0	0.7	1.5

In Sweden, net sales were EUR 619.0 (670.5) million for January–September, and EUR 208.6 (227.4) million in the third quarter. Comparable EBIT excluding non-recurring expenses totalled EUR 12.7 (4.8) million for January–September, and EUR 7.2 (5.1) million in the third quarter.

Net sales declined due to lower volumes and the weaker SEK exchange rate. EBIT improved in the third quarter thanks to completed production restructuring and a better product mix. Inventories were reduced clearly from the corresponding period the previous year.

Swedish consumers favour domestic meat, which continued selling well. Organic and vegetarian food trends are picking up momentum. Private labels are increasing their market share regardless of the meat type and degree of processing. White meat consumption in general grew faster than that of red meat.

Product novelties launched in the third quarter included Flodins® brand chicken nuggets, and organic cold cuts products sold under the Pärsons® brand.



MARKET AREA: DENMARK

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales	43.8	51.6	138.2	158.1	204.3
EBIT	-1.5	-1.5	-7.4	-8.2	-11.9
- EBIT margin, %	-3.5	-3.0	-5.4	-5.2	-5.8
EBIT excluding non-recurring items	-1.5	-1.5	-7.4	-3.1	-4.4
- EBIT margin, %	-3.5	-3.0	-5.4	-1.9	-2.1

In Denmark, net sales for January–September amounted to EUR 138.2 (158.1) million and EUR 43.8 (51.6) million in July–September. Comparable EBIT excluding non-recurring expenses was EUR -7.4 (-3.1) million in January–September and EUR -1.5 (-1.5) million in the third quarter.

Production restructuring was completed, and the resultant cost savings began to materialize towards the end of the third quarter. The operational focus is on increasing sales, and completing the operational excellence programme in production. Strengthening of the Danish organization was completed.

The market and competition, especially in Denmark and Sweden, remained tough in the third quarter. Sales price decreased on certain export markets. Demand for organic chicken meat increased but the volumes were still relatively modest.

In September, the Rose® brand introduced a campaign with new packaging design, visuals and marketing activities. Rose® Crispy Chicken Bites (BBQ and plain) were launched in the Danish retail during the third quarter. The Rose® Organic Filet also received a Danish food award, Børsens Smagsprisen 2015 (Taste Award 2015).



INVESTMENTS

The Group's investments in the third quarter totalled EUR 10.6 (10.0) million. The breakdown per market area is as follows:

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Finland	3.2	3.3	16.5	9.8	14.7
Baltics	3.2	1.9	8.5	9.3	11.7
Sweden	2.4	1.6	6.8	3.6	7.6
Denmark	1.7	3.1	4.4	8.4	14.7
Total	10.6	10.0	36.2	31.2	48.7

The investments of the third quarter included efficiency improvements in all plants throughout the Group.

FINANCING

The Group's interest-bearing debt at the end of September stood at EUR 161.0 (187.3) million. Net debt decreased to EUR 147.0 (170.9) million. The net gearing ratio decreased to 34.6 (38.1) per cent.

The Group's liquidity was good. Committed credit facilities at 30 September stood at EUR 100.0 (161.5) million, and were entirely undrawn. The EUR 200.0 million commercial paper programme had been drawn to the amount of EUR 19.0 (117.5) million.

Net financial expenses were EUR -2.1 (-2.1) million in the third quarter and EUR -6.9 (-11.8) million in January–September.

SHARES

At the end of September, HKScan Group's share capital stood at EUR 66 820 528. The Group's total number of shares issued, 55 026 522, was divided into two share series as follows: A Shares, 49 626 522 (90.2% of the total number of shares) and K Shares, 5 400 000 (9.8%). The A Shares are quoted on the NASDAQ Helsinki. The K Shares are held by LSO Osuuskunta (4 735 000 shares) and Sveriges Djurbönder ek.för. (665 000 shares) and are not listed. The company held 1 053 734 A Shares as treasury shares corresponding to 1.9 per cent of the company's total number of shares and 0.7 per cent of the total number of votes.

HKScan's market capitalization at the end of September stood at EUR 211.7 (182.0) million, breaking down as follows: Series A shares had a market value of EUR 190.4 (163.7) million, and the unlisted Series K shares a calculational market value of EUR 21.2 (18.2) million.

In January–September, a total of 14 717 180 (10 084 409) of the company's shares with a total value of EUR 77 804 999 (39 020 690) were traded. The highest price quoted in the period under review was EUR 6.26 (4.49), and the lowest was EUR 3.24 (3.37). The average price was EUR 5.28 (3.82). At the end of September, the closing price was EUR 3.92 (3.37).

ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORIZATIONS

The Annual General Meeting of HKScan Corporation was held on 14 April 2015 in Turku. The resolutions of the AGM, including authorizations given to the Board, are reported in full in a stock release the same day. The Board has not exercised the authorizations given by the AGM.

The current Board members Niels Borup, Tero Hemmilä, Teija Andersen and Henrik Treschow were re-elected for a further term of office, and Mikko Nikula and Pirjo Väliäho were elected as new members of the Board of Directors. In addition, the current deputy Board member Per Nilsson was re-elected for a further



term of office, and Marko Onnela was elected as a new deputy member of the Board of Directors. At the organizational meeting after the AGM, the Board elected Mikko Nikula as Chairman and re-elected Niels Borup as Vice Chairman.

PERSONNEL

During January-September, HKScan had an average of 7 568 (7 776) personnel.

The average number of employees in each market area was as follows:

	Q1-Q3/2015	Q1-Q3/2014	2014
Finland	2 891	2 816	2 771
Baltics	1 722	1 770	1 769
Sweden	2 217	2 349	2 305
Denmark	738	841	817
Total	7 568	7 776	7 662

Division of employees by market area at the end of September is as follows:

	30.9.2015	30.9.2014	31.12.2014
Finland	2 719	2 682	2 644
Baltics	1 624	1 767	1 766
Sweden	2 108	2 203	2 152
Denmark	692	752	765
Total	7 143	7 404	7 327

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The most significant uncertainty factors in the HKScan Group's business are related to sales and raw material prices, as well as management of global and local meat balances.

The risks include various unexpected actions potentially taken by authorities or pressure groups, which may cause restrictions to the business or volatility in demand. Additionally, the Group's ongoing development projects may create uncertainties and unforeseen extra costs.

The risks of animal diseases in the food industry's raw meat supply or eventual international or regional food scandals impacting the overall consumption outlook cannot be fully excluded.

EVENTS AFTER THE REPORTING PERIOD

On 1 October HKScan issued a stock exchange release announcing that the new poultry production facility will be built in Rauma, Finland. The investment is valued at approximately EUR 80 million, and the new facility is scheduled for completion approximately at the end of 2017.

The investment entails a non-cash impairment of assets amounting to about EUR 11 million resulting from the termination of production at the current Eura plant.

OUTLOOK (UNCHANGED)

HKScan expects operating profit (EBIT) excluding non-recurring items to improve from 2014, and anticipates the last quarter to be the strongest.



NEXT FINANCIAL REPORT

HKScan Group's financial statements 2015 bulletin will be published on 10 February 2016.

Vantaa, 4 November 2015

HKScan Corporation
Board of Directors

Further information is available from HKScan Corporation's President and CEO Hannu Kottonen and CFO Tuomo Valkonen. Kindly submit a call-back request to Marja-Leena Dahlskog, SVP Communications, firstname.surname@hkscan.com or tel. +358 10 570 2142.

HKScan is the leading Nordic meat expert. We produce, market and sell high-quality, responsibly-produced pork, beef, poultry and lamb products, processed meats and convenience foods under strong brand names. Our customers are the retail, food service, industrial and export sectors, and our home markets comprise Finland, Sweden, Denmark and the Baltics. We export to close to 50 countries. In 2014, HKScan had net sales of approximately EUR 2.0 billion and some 7 700 employees.

DISTRIBUTION:
NASDAQ Helsinki
Main media
www.hkscan.com



CONSOLIDATED INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2015

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Net sales		474.9	498.4	1 415.6	1 465.6	1 988.7
Cost of goods sold	1.	-442.2	-466.2	-1 323.4	-1 417.1	-1 905.2
Gross profit		32.6	32.2	92.2	48.5	83.5
Other operating items total	1.	3.0	1.8	7.8	91.4	94.1
Sales and marketing costs	1.	-13.5	-14.4	-43.5	-46.7	-62.1
General administration costs	1.	-14.8	-12.3	-46.3	-44.8	-60.1
Operating profit		7.3	7.3	10.2	48.3	55.5
Financial income and expenses		-2.1	-2.1	-6.9	-11.8	-15.5
Share of profit/loss in associates		1.2	0.7	1.1	10.4	11.2
Profit/loss before taxes		6.4	5.8	4.5	46.9	51.2
Income tax		-1.2	-0.2	-1.1	5.0	5.9
Profit/loss for the period		5.1	5.6	3.3	52.0	57.1
Non-controlling interests		-0.4	-0.1	-0.7	0.1	-0.5
Profit/loss for the period		4.7	5.5	2.6	52.1	56.7
Earnings per share calculated on profit attributable to equity holders of the parent:						
EPS, undiluted, continuing operations, EUR/share		0.09	0.10	0.05	0.97	1.05
EPS, diluted, continuing operations, EUR/share		0.09	0.10	0.05	0.97	1.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Profit/loss for the period	5.1	5.6	3.3	52.0	57.1
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on translating foreign operations	-2.6	0.4	-0.3	-4.9	-8.3
Cash flow hedging	-1.2	-0.3	-0.1	-1.5	-1.9
Actuarial gains or losses	0.0	0.0	0.0	0.0	-4.9
TOTAL OTHER COMPREHENSIVE INCOME	-3.8	0.1	-0.4	-6.4	-15.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.3	5.7	2.9	45.6	42.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	0.9	5.6	2.2	45.7	41.6
Non-controlling interests	0.4	0.1	0.7	-0.1	0.5
Total	1.3	5.7	2.9	45.6	42.1



CONSOLIDATED BALANCE SHEET

(EUR million)	Note	30.9.2015	30.9.2014	31.12.2014
ASSETS				
Intangible assets	2.	145.7	147.4	144.3
Tangible assets	3.	372.5	377.9	369.7
Holdings		36.8	41.6	35.9
Other non-current assets		35.7	36.5	40.8
TOTAL NON-CURRENT ASSETS		590.7	603.5	590.7
Inventories	4.	120.7	140.8	125.4
Current receivables		119.8	132.4	122.4
Cash and cash equivalents		13.7	14.3	16.4
TOTAL CURRENT ASSETS		254.2	287.5	264.3
Assets of disposal group classified as held for sale		-	-	9.4
TOTAL ASSETS		844.8	890.9	864.3
EQUITY AND LIABILITIES				
EQUITY	5.	425.3	448.5	445.2
Non-current loans, interest-bearing		116.7	58.5	121.8
Non-current liabilities, non-interest-bearing		34.1	31.4	40.8
TOTAL NON-CURRENT LIABILITIES		150.8	89.9	162.6
Current loans, interest-bearing		44.3	128.8	36.4
Current liabilities, non-interest-bearing		224.4	223.8	219.4
TOTAL CURRENT LIABILITIES		268.7	352.6	255.8
Liabilities of disposal group classified as held for sale		-	-	0.8
TOTAL EQUITY AND LIABILITIES		844.8	890.9	864.3



STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2015	66,8	72,9	-12,7	143,5	10,1	-6,3	0,0	162,2	436,5	8,7	445,2
Result for the financial period	-	-	-	-	-	-	-	2,6	2,6	0,7	3,3
Other comprehensive income (+)/expense (-)											
Transl. diff.	-	-	-	-	-	-0,3	-	-	-0,3	-	-0,3
Cash flow hedging	-	-	-0,1	-	-	-	-	-	-0,1	-	-0,1
Actuarial gains or losses	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-0,1	-	-	-0,3	-	2,6	2,2	0,7	2,9
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,8	3,8
Direct recognit. in retained earnings	-	-	-	-	0,0	-	-	0,2	0,2	-	0,2
Transfers between items	0,0	-	-	-	0,0	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-26,4	-26,4	-0,3	-26,7
EQUITY AT 30.9.2015	66,8	72,9	-12,8	143,5	10,1	-6,6	0,0	138,6	412,4	12,9	425,3

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2014	66,8	73,5	-10,8	143,5	32,0	2,0	0,0	93,0	400,0	9,0	409,0
Result for the financial period	-	-	-	-	-	-	-	52,1	52,1	-0,1	52,0
Other comprehensive income (+)/expense (-)											
Transl. diff.	-	-	-	-	-	-4,9	-	-	-4,9	-	-4,9
Cash flow hedging	-	-	-1,5	-	-	-	-	-	-1,5	-	-1,5
Actuarial gains or losses	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-1,5	-	-	-4,9	-	52,1	45,7	-0,1	45,6
Direct recognit. in retained earnings	-	-	-	-	-	-	-	0,0	0,0	-	0,0
Transfers between items	-	-0,6	-	-	-21,9	-	-	22,5	0,0	-	0,0
Dividend distribution	-	-	-	-	-	-	-	-5,4	-5,4	-0,7	-6,1
EQUITY AT 30.9.2014	66,8	72,9	-12,4	143,5	10,1	-2,9	0,0	162,2	440,3	8,2	448,5

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity (RIUE), 5. Other reserves, 6. Translation differences, 7. Treasury shares, 8. Retained earnings, 9. Equity holders of the parent, 10. Non-controlling interests, 11. Total



CASH FLOW STATEMENT

(EUR million)	Q1-Q3/2015	Q1-Q3/2014	2014
Cash flow before change in net working capital	53.5	29.4	52.6
Change in net working capital	3.3	-6.5	14.2
Financial items and taxes	-3.9	-6.2	-3.6
CASH FLOW FROM OPERATING ACTIVITIES	52.9	16.7	63.3
Cash flow from investing activities	-31.8	150.1	135.7
CASH FLOW AFTER INVESTING ACTIVITIES	21.1	166.8	198.9
Change in loans	2.9	-214.7	-244.1
Dividends paid	-26.7	-6.1	-6.1
CASH FLOW FROM FINANCING ACTIVITIES	-23.8	-220.8	-250.2
NET CASH FLOW	-2.7	-54.0	-51.2
Cash and cash equivalents at beginning of period	16.4	68.7	68.7
Translation differences	0.0	-0.4	-1.0
Cash and cash equivalents at end of period	13.7	14.3	16.4

FINANCIAL INDICATORS

	30.9.2015	30.9.2014	31.12.2014
Earnings per share (EPS), undiluted, EUR	0.05	0.97	1.05
Earnings per share (EPS), diluted, EUR	0.05	0.97	1.05
Equity per share, EUR	7.64	8.16	8.09
Equity ratio, %	50.4	50.3	51.5
Adjusted average number of shares, mill.	54.0	54.0	54.0
Gross capital expenditure on PPE, EUR mill.	36.2	31.2	48.7
Employees, end of month average	7 568	7 776	7 662



CALCULATION OF FINANCIAL INDICATORS

Return on capital employed (ROCE) before tax (%)	$\frac{\text{Profit before tax + interest and other financial exp.}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}}$	x 100
Equity ratio (%)	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}}$	x 100
Net gearing ratio (%)	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}}$	x 100
Earnings per share (EPS)	$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average number of outstanding shares during period}}$	
Equity per share	$\frac{\text{Equity attributable to holders of the parent}}{\text{Number of outstanding shares at end of period}}$	
Market capitalisation	The number of outstanding shares at the end of period X the closing price on the last trading day of the financial year	
Cash flow before debt service	Cash flow before financing activities and financial items	
Employee numbers	Average of workforce figures calculated at the end of calendar months	



NOTES TO CONSOLIDATED INTERIM REPORT

ACCOUNTING POLICIES

HKScan Corporation's interim report for 1 January–30 September 2015 has been prepared in compliance with IAS 34 Interim Financial Reporting standards. The same accounting principles have been applied in the interim report as in the annual financial statements for 2014. Due to the rounding of the figures to the nearest million euros in the interim report, some totals may not agree with the sum of their constituent parts. Accounting principles are explained in the financial statements for 2014.

The interim report is unaudited.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
NET SALES					
- Finland	196.4	194.7	585.4	573.4	787.2
- Baltics	44.8	47.3	130.3	129.2	173.0
- Sweden	208.6	227.4	619.0	670.5	911.0
- Denmark	43.8	51.6	138.2	158.1	204.3
- Between segments	-18.8	-22.5	-57.4	-65.7	-86.8
Group total	474.9	498.4	1 415.6	1 465.6	1 988.7
EBIT					
- Finland	2.8	3.0	10.2	-11.2	-4.5
- Baltics	1.9	2.8	4.4	4.8	2.8
- Sweden	7.2	5.1	12.7	-6.4	1.7
- Denmark	-1.5	-1.5	-7.4	-8.2	-11.9
- Between segments	-	-	-	-	-
Segments total	10.4	9.3	19.8	-21.0	-11.9
Group administration costs	-3.1	-2.0	-9.6	-8.3	-10.2
Capital gain in sales of shares of Saturn Nordic Holding Ab	-	-	-	77.6	77.6
Group total	7.3	7.3	10.2	48.3	55.5



NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q3/2015	Q3/2014	Q1-Q3/2015	Q1-Q3/2014	2014
Restructuring redundancy expenses COGS, Finland 1)	-	-	-	-	-1.0
Restructuring redundancy expenses SGA, Finland 2)	-	-	-	-	-0.4
Impairment of assets, Finland 1)	-	-	-	-12.0	-12.0
Restructuring expenses for closed operations, Sweden 1)	-	-	-	-3.7	-4.0
Impairment of assets, Sweden 1)	-	-	-	-6.6	-6.7
Impairment of inventory 2011–2012, Sweden 1)	-	-	-	-0.8	-0.8
Losses on sales of holdings, Sweden 3)	-	-	-	-	-0.2
Impairment of assets, Denmark 1)	-	-	-	-5.2	-5.2
Restructuring expenses COGS, Denmark 1)	-	-	-	-	-1.5
Cover of loss in associated company based on SHA, Denmark 3)	-	-	-	-	-0.8
Capital gain in sales of shares of Saturn Nordic Holding Ab 3)	-	-	-	77.6	77.6
Impairment of assets, Latvia 1)	-	-	-	-	-2.1
Non-recurring items Total	-	-	-	49.3	43.0

1) Included in the Income Statement in the item "COGS Total"

2) Included in the Income Statement in the item "SGA Total"

3) Included in the Income Statement in the item "Other operating items total"

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	Q3/2015	Q3/2014	2014
Opening balance	144.3	152.1	152.1
Translation differences	-0.2	-3.0	-5.5
Additions	0.9	1.0	1.4
Additions, business acquisitions	2.2	0.8	0.8
Disposals	-0.2	0.0	-0.1
Depreciation and impairment	-2.0	-3.6	-4.1
Reclassification between items	0.6	0.1	-0.2
Closing balance	145.7	147.4	144.3

3. CHANGES IN TANGIBLE ASSETS

(EUR million)	Q3/2015	Q3/2014	2014
Opening balance	369.7	411.5	411.5
Translation differences	-0.1	-1.9	-3.5
Additions	35.3	30.5	51.3
Additions, business acquisitions	7.8	0.0	0.9
Disposals	-1.3	-1.4	-13.3
Depreciation and impairment	-38.4	-61.2	-77.3
Reclassification between items	-0.5	0.4	0.0
Closing balance	372.5	377.9	369.7



4. INVENTORIES

(EUR million)	Q3/2015	Q3/2014	2014
Materials and supplies	67.4	71.0	73.2
Semi-finished products	5.3	8.8	5.3
Finished products	39.7	48.5	36.9
Other inventories	0.4	2.5	1.8
Inventories, advance payments	1.1	0.7	0.5
Biological asset. IFRS 41	6.7	9.4	7.7
Total inventories	120.7	140.8	125.4

5. NOTES TO EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury	Total
1.1.2015	53 972 788	66.8	72.9	143.5	0.0	283.1
30.9.2015	53 972 788	66.8	72.9	143.5	0.0	283.1

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)	30.9.2015	30.9.2014	31.12.2014
Nominal values of derivative instruments			
Foreign exchange derivatives	55.3	77.2	70.5
Interest rate derivatives	127.5	158.7	157.6
Electricity derivatives	9.1	7.0	7.6
Fair values of derivative instruments			
Foreign exchange derivatives	0.1	-0.3	0.3
Interest rate derivatives	-14.6	-15.5	-15.7
Electricity derivatives	-2.6	-1.4	-1.7

CONSOLIDATED OTHER CONTINGENT LIABILITIES

(EUR million)	30.9.2015	30.9.2014	31.12.2014
Debts secured by pledges or mortgages			
- loans from financial institutions	0.2	31.6	29.5
On own behalf			
- Mortgages given	0.4	12.3	10.7
- Assets pledged	3.2	3.2	3.2
On behalf of others			
- guarantees and other commitments	13.6	11.0	13.6
Other contingencies			
Leasing commitments	11.2	14.3	14.7
Rent liabilities	32.1	50.2	39.8



FAIR VALUE DETERMINATION PRINCIPLES APPLIED BY THE GROUP ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Derivatives

The fair values of currency derivatives are determined by using the market prices for contracts of equal duration at the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rates at the reporting date. The fair value of commodity derivatives are determined by using publicly quoted market prices.

	30.9.2015	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	-	-	-	-
- Foreign exchange derivatives	0.2	0.0	0.2	0.0
- Commodity derivatives	-	-	-	-
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	0.2	0.0	0.2	0.0
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-14.6	0.0	-14.6	0.0
of which subject to cash flow hedging	-14.6	0.0	-14.6	0.0
- Foreign exchange derivatives	-0.1	0.0	-0.1	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-2.6	0.0	-2.6	0.0
of which subject to cash flow hedging	-2.6	0.0	-2.6	0.0
Total	-17.3	0.0	-17.3	0.0

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	Q1-Q3/2015	Q1-Q3/2014	2014
Sales to associates	51.2	50.1	65.9
Purchases from associates	34.5	29.6	40.2
Trade and other receivables	2.4	3.0	2.4
Trade and other payables	5.5	3.1	2.8