

HKScan

HKScan Corporation
Financial statements bulletin for 2009

CEO Matti Perkonaja

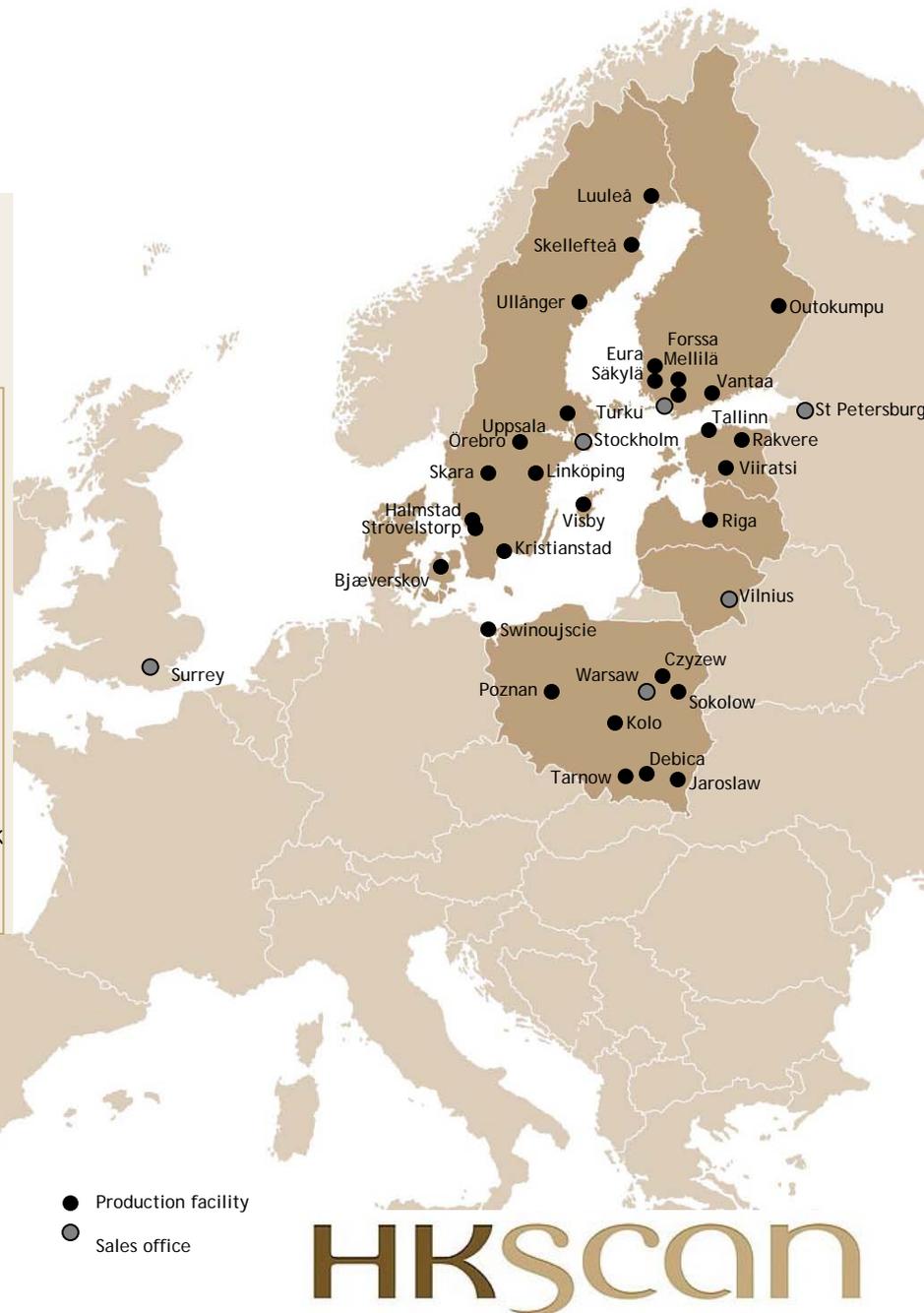
Press conference, 19 February 2010

Group structure

HKScan Corporation			
Net sales in 2009: EUR : 2 124.7m*, CEO Matti Perkonoja			
Finland	Sweden	Baltics	Poland
net sales in 2009: EUR 732.5m	net sales in 2009: EUR 1 037.4m	net sales in 2009: EUR 156.9m	net sales in 2009: EUR 251.7m**
<ul style="list-style-type: none"> • HKScan Finland Oy Managing director Jari Leija 	<ul style="list-style-type: none"> • Scan AB Managing director Denis Mattsson 	<ul style="list-style-type: none"> • AS Rakvere Lihakombinaat Managing director Anne Mere • AS Tallegg Managing director Teet Soorm 	<ul style="list-style-type: none"> • Saturn Nordic Holding AB → Sokolów S.A. Managing director Boguslaw Mischczuk

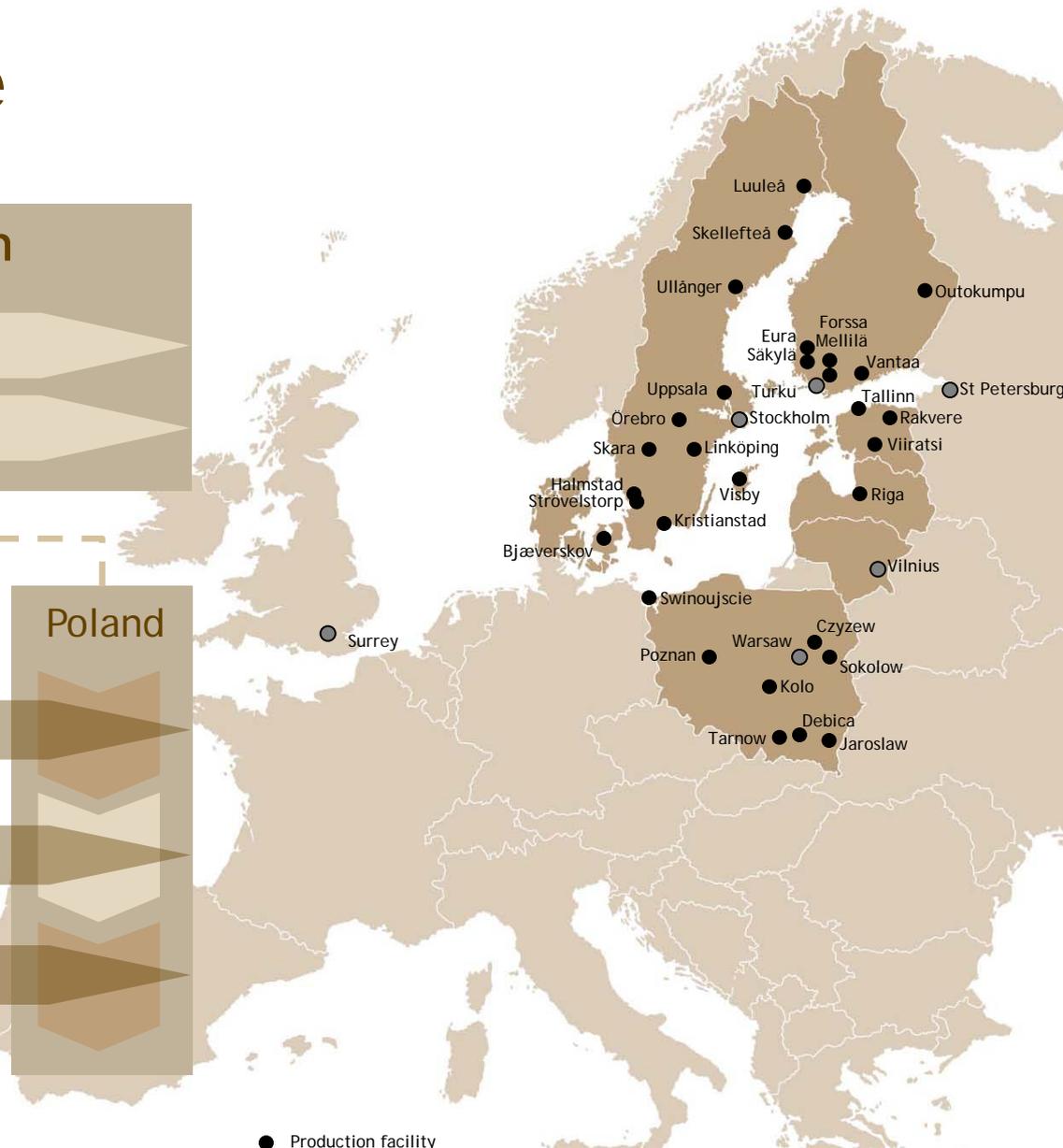
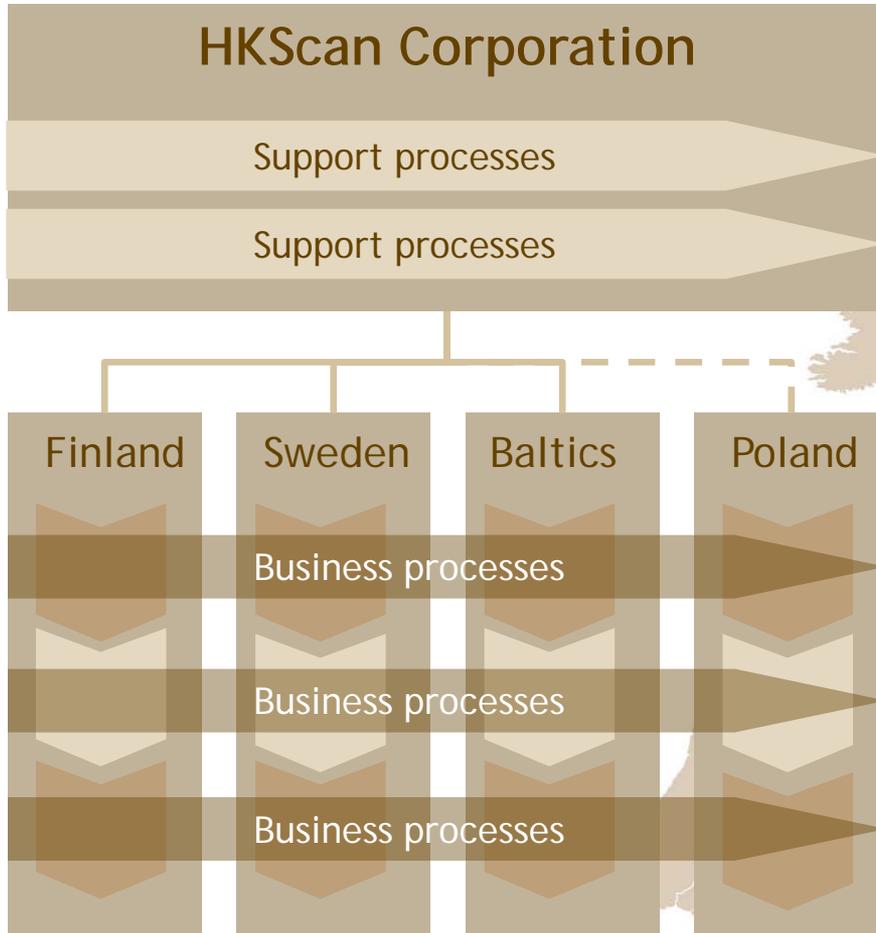
* Between segments EUR -53.9 million

** Joint venture Saturn Nordic Holding owned 50/50 by HKScan and Danish Crown holds 100% of shares in Sokolów. In 2009, half of Sokolów's net sales i.e. EUR 251.7 million were accounted for in HKScan Group figures.



HKScan

Group structure



- Production facility
- Sales office

HKScan

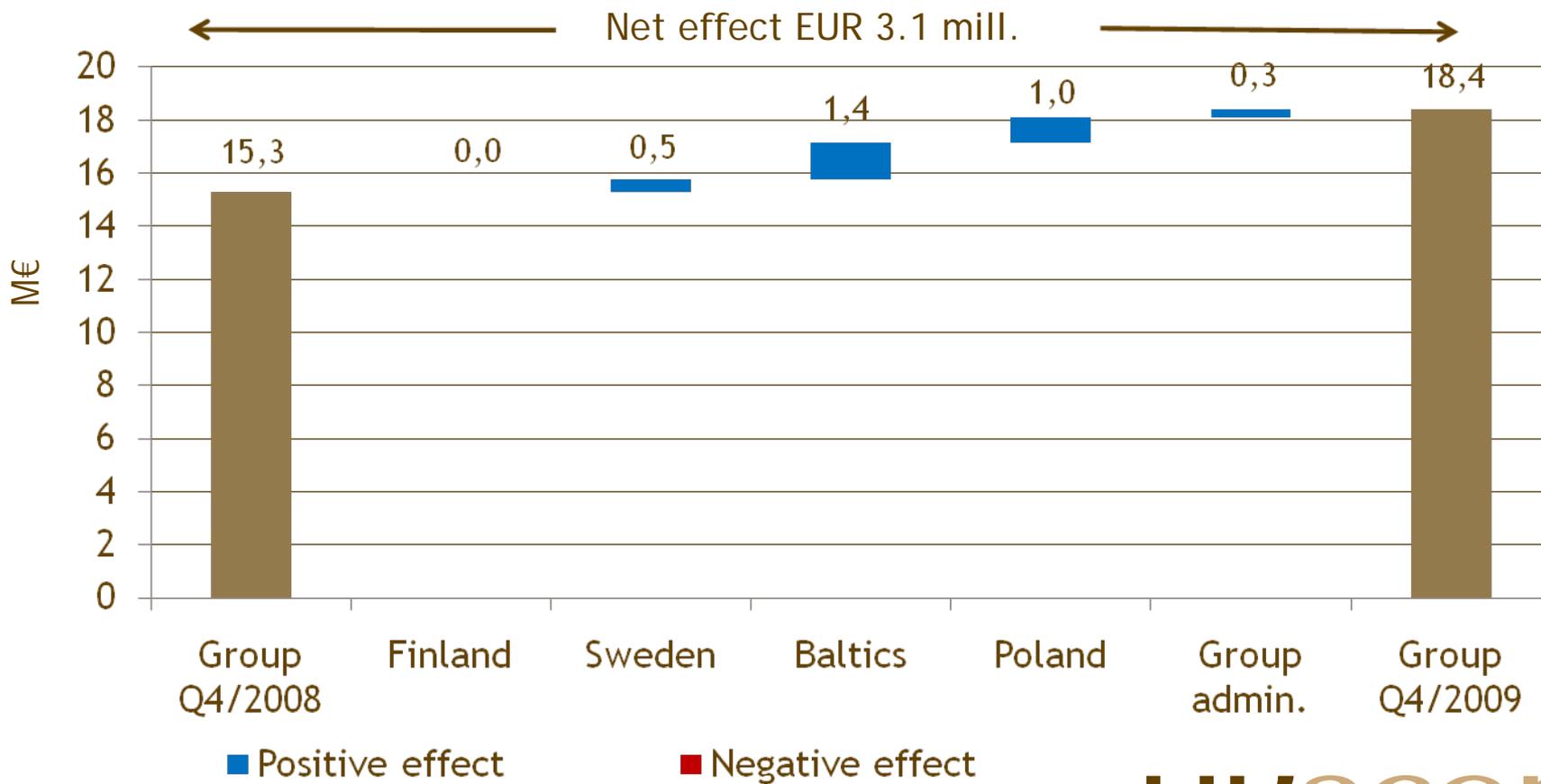
HKScan Corporation

	Q4/ 2009	Q4/ 2008	2009	2008
Net sales, EUR mill.	557.5	592.3	2 124.7	2 294.6
EBIT, EUR mill.	18.4	15.3	55.1	38.1
- EBIT margin, %	3.3	2.6	2.6	1.7
Profit before taxes	15.4	5.9	37.3	9.0
EPS, EUR	0.28	0.15	0.64	0.10

- The Group's competitiveness grew stronger and supplier shares increased in all market areas.
- Reported EBIT increased by 45% and came to EUR 55.1 million (EUR 38.1m)
- EBIT exclusive of the EUR 12.7 million in non-recurring items was EUR 67.8 million (EUR 38.1m)
- Owing to improved profitability and reduced financing costs, pre-tax profit quadrupled to EUR 37.3 million (EUR 9.0m).
- Owing to exchange rate fluctuations, full-year net sales in euro declined by 7.4% but remained at the previous year's level when calculated at fixed rates.
- The share offering executed in December strengthened the Group's balance sheet structure.

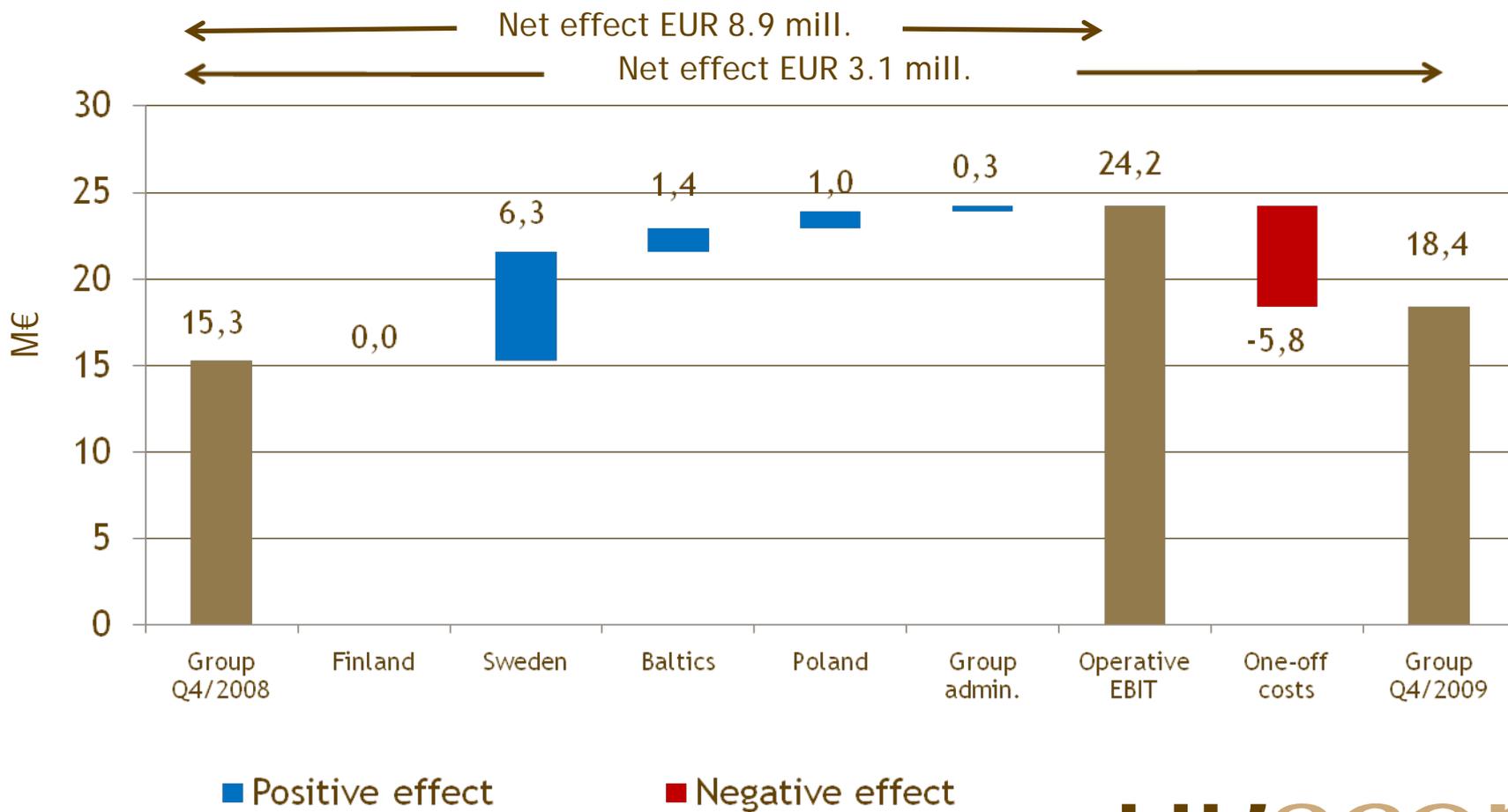
Group EBIT Bridge

- Q4 /2008 vs. Q4 /2009



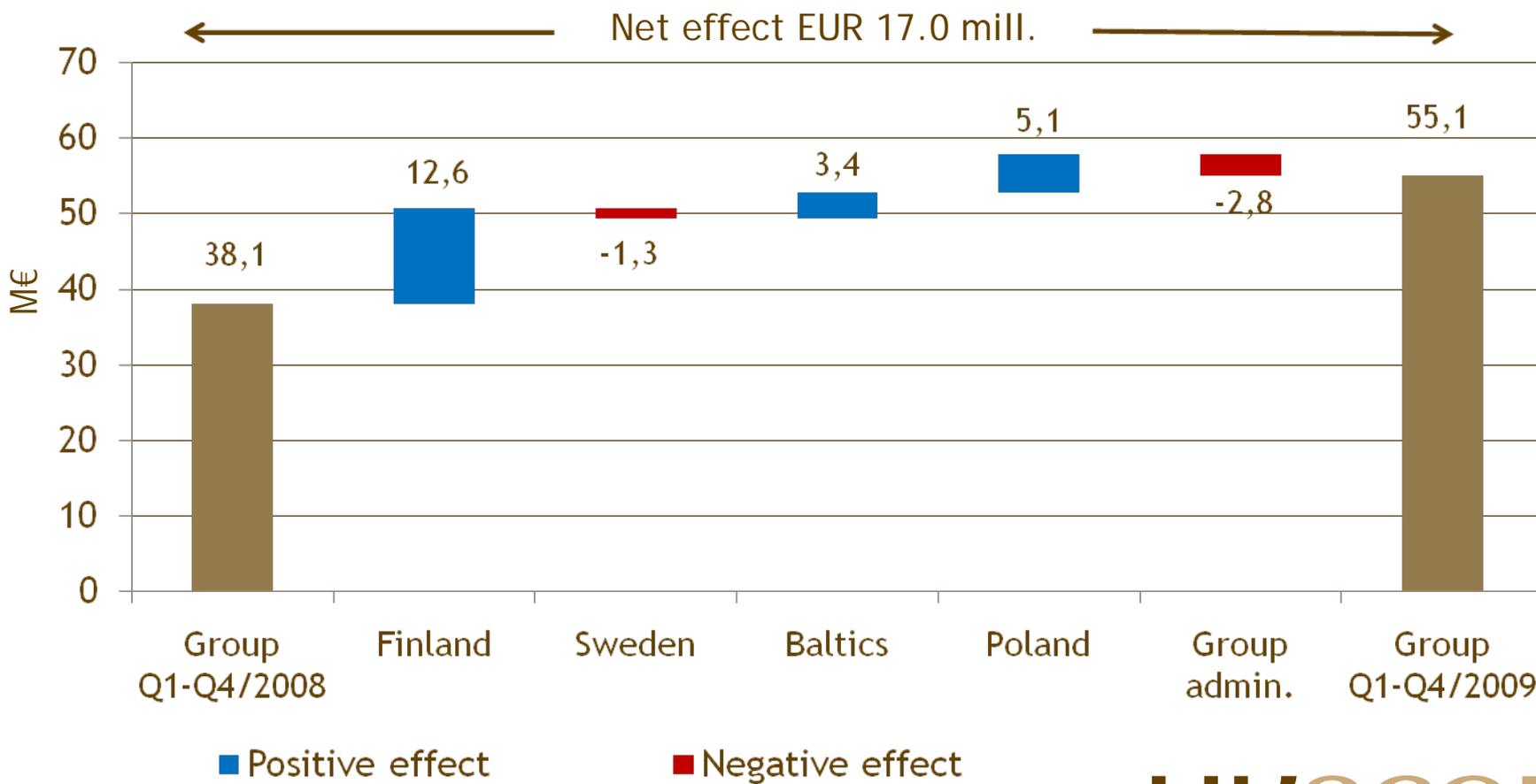
Group EBIT Bridge (one-off items separately)

- Q4 /2008 vs. Q4 /2009



Group EBIT Bridge

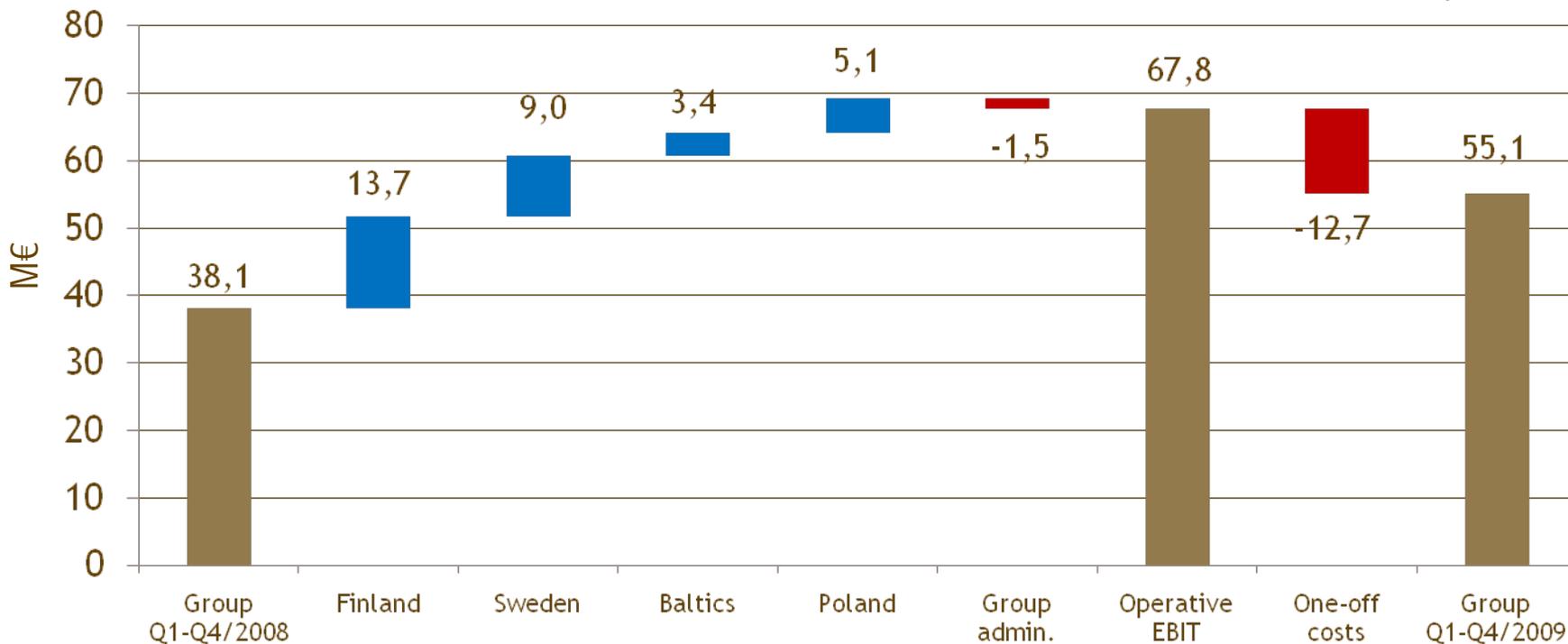
- Q1-Q4 /2008 vs. Q1-Q4 /2009



Group EBIT Bridge (one-off items separately)

- Q1-Q4 /2008 vs. Q1-Q4 /2009

← Net effect EUR 29.7 mill. →
← Net effect EUR 17.0 mill. →

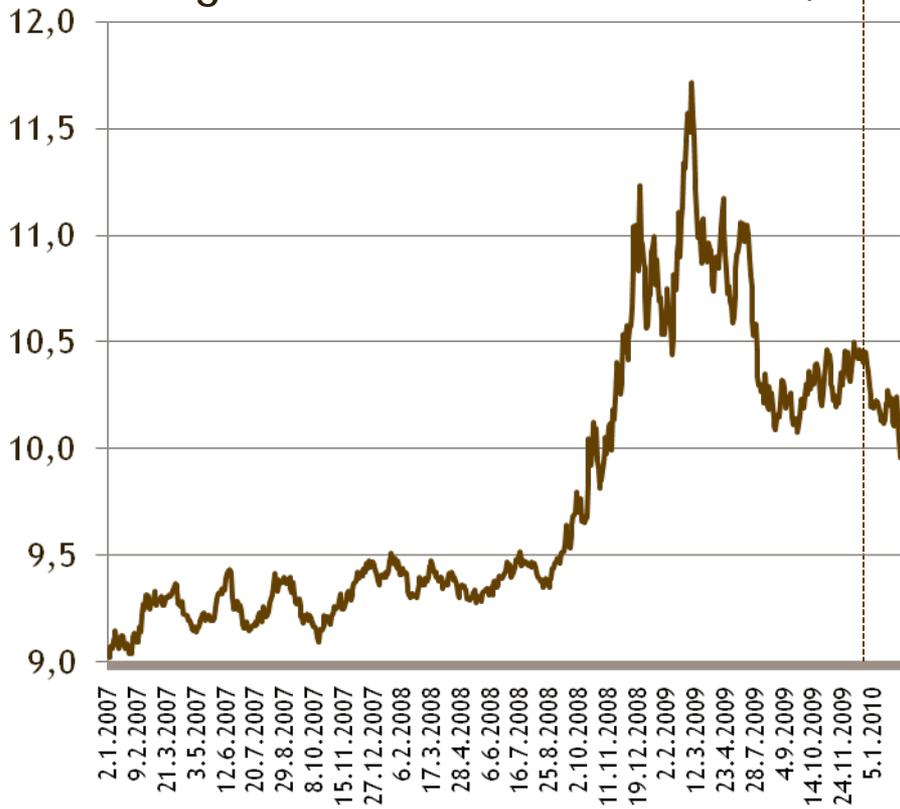


■ Positive effect

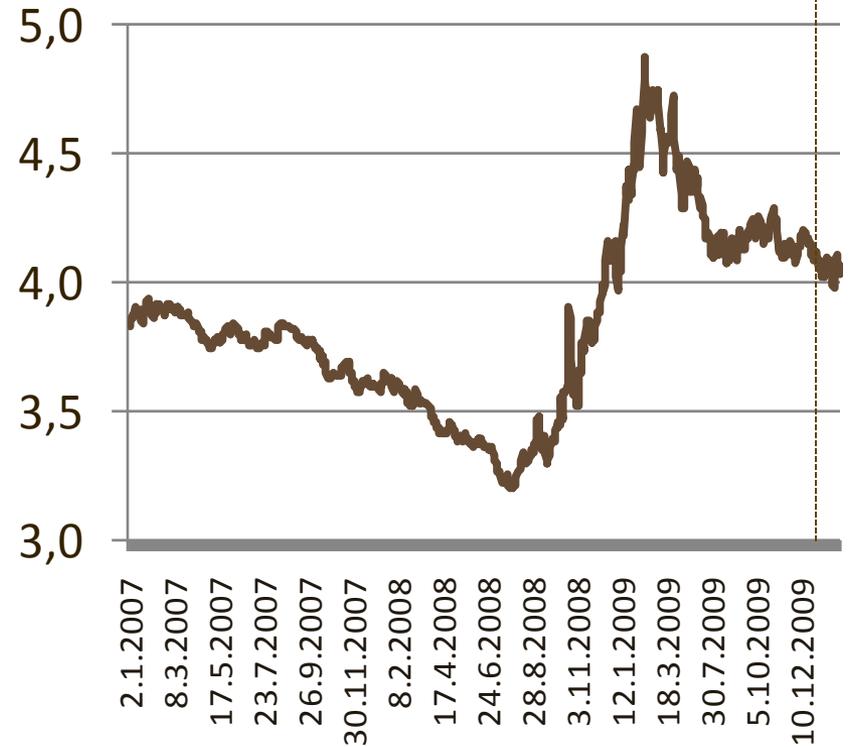
■ Negative effect

Exchange rate trends

Euro against the Swedish crown, SEK



Euro against the Polish zloty, PLN



Source: European Central Bank



Market area: Finland

	Q4/ 2009	Q4/ 2008	2009	2008
Net sales, EUR mill.	185.4	197.3	732.5	740.4
EBIT, EUR mill.	6.4	6.4	27.0	14.4
- EBIT margin, %	3.5	3.2	3.7	1.9

- Profitability continued to rise in line with plans throughout the financial year and improved considerably from 2008.
- The fall of 1.1% in net sales came from a planned cutback in export sales.
- A cost provision of EUR 1.1 million was recognized in 2009.
- In 2009 HK Ruokatalo
 - grew domestic market sales by 10% and gained higher supplier shares
 - maintained excellent delivery reliability, thus enhancing customer satisfaction
 - enjoyed rising sales of processed meats throughout the year
 - delivered good holiday season sales
 - paid particular attention to responsibility in business

Market area: Sweden



	Q4/ 2009	Q4/ 2008	2009	2008
Net sales, EUR mill.	278.3	301.6	1 037.4	1 179.3
EBIT, EUR mill.	9.1	8.6	16.7	18.0
- EBIT margin, %	3.3	2.9	1.6	1.5

- Scan AB's performance improved throughout the year. In terms of profitability of operations, the year 2009 was the best in company history.
- In Q4, EBIT exclusive of non-recurring items climbed to EUR 14.9 million (EUR 8.6m).
- Non-recurring charges of EUR 10.3 million were recognized in 2009.
- The decline of the crown against the euro reduced net sales and EBIT in euros.
- The year 2009 at Scan:
 - Launch of 3-year streamlining programme
 - Establishment of procurement company SLS
 - Introduction of new organization and management model
 - Introduction of higher value added products
 - Streamlining of commercial operations

Market area: Baltics



	Q4/ 2009	Q4/ 2008	2009	2008
Net sales, EUR mill.	38.1	43.0	156.9	168.2
EBIT, EUR mill.	2.0	0.6	9.8	6.4
- EBIT margin, %	5.1	1.4	6.3	3.8

- HKScan's Baltic Group posted an excellent financial result.
- Net sales fell by 6.7% on the year.
- Demand in all Baltic states reflected the deep economic recession and decline in consumer purchasing power.
- Rakvere Lihakombinaat and Tallegg in 2009:
 - Highly demanding business environment
 - EBIT increased and market standings grew stronger
 - Successful cost control
 - Operational flexibility
 - Product launches in line with the spirit of the times



Market area: Poland

*)	Q4/ 2009	Q4/ 2008	2009	2008
Liikevaihto, Meur	65.1	66.3	251.7	270.9
Liikevoitto, Meur	2.9	1.9	9.3	4.2
- Liikevoitto %	4.4	2.9	3.7	1.6

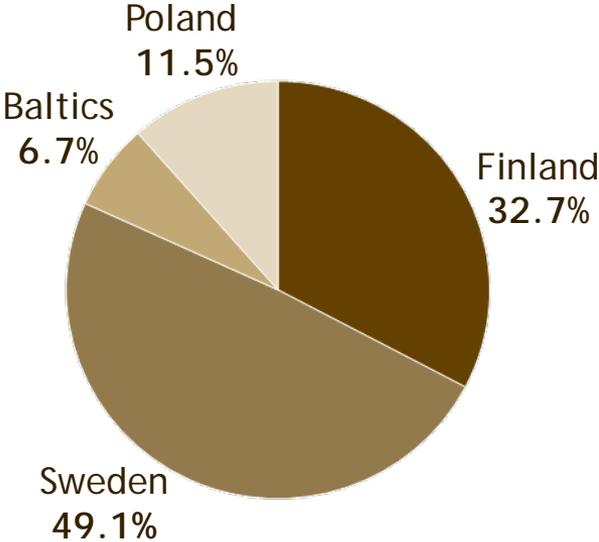
*) Luvut tarkoittavat HKScanin osuutta (50%) Sokolów-konsernin luvuista.

- In Poland, Sokolów continued to grow its net sales and improve its profitability in Q4/2009.
- Sokolów delivered 4.4% EBIT margin in Q4.
- Measured in zloty, Sokolów's net sales grew by 14% on the year but in euro fell short of the year 2008 due to changes in exchange rates.
- The year 2009 at Sokolów:
 - Sales grew by both volume and value, successful domestic market sales successful
 - Exports increased
 - Costs under control
- The economic recession had no significant impact on the food-buying decisions of Polish consumers

Breakdown of net sales and EBIT

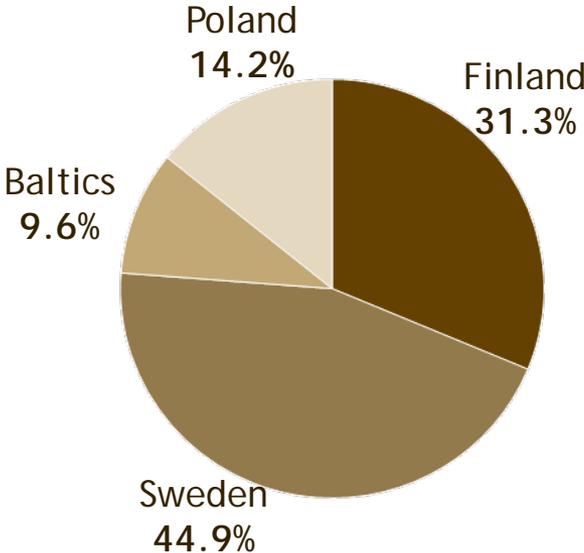
Q4/2009

Net sales EUR 557.5 million



* shares calculated including internal sales

EBIT ** EUR 18.4 million



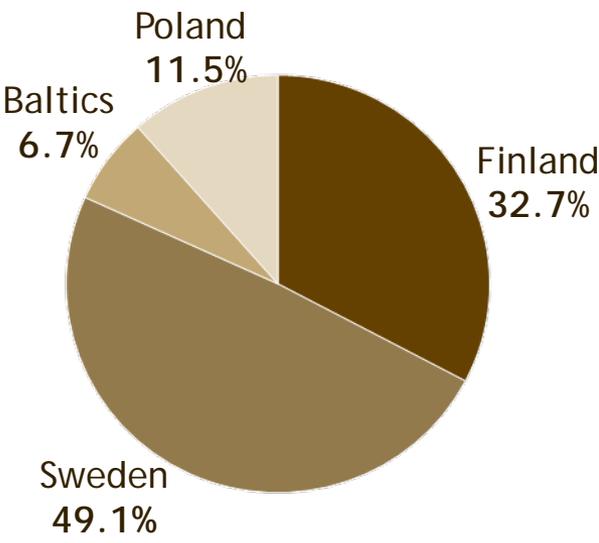
* shares calculated exclusive of Group administration costs

** reported

Breakdown of net sales and EBIT

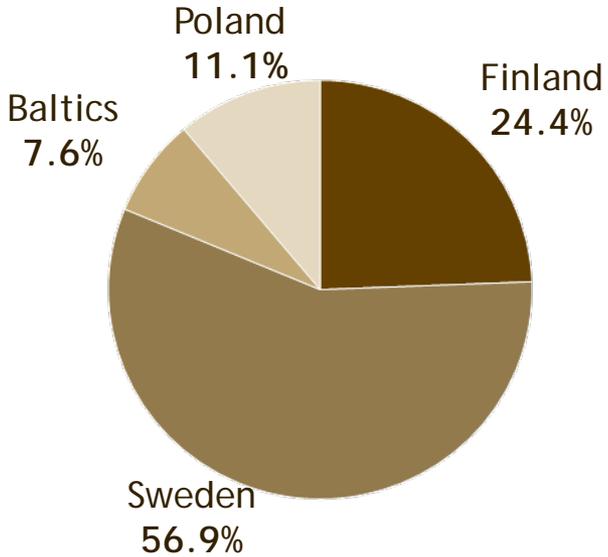
Q4/2009

Net sales EUR 557.5 million



* shares calculated including internal sales

EBIT ** EUR 24.2 million



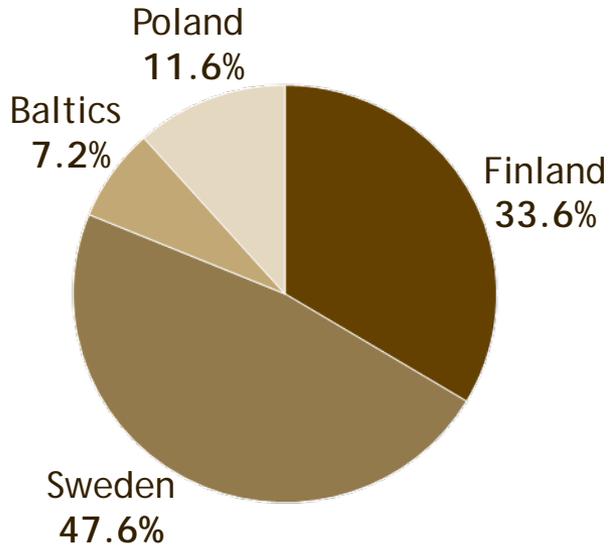
* shares calculated exclusive of Group administration costs

** exclusive of non-recurring items

Breakdown of net sales and EBIT

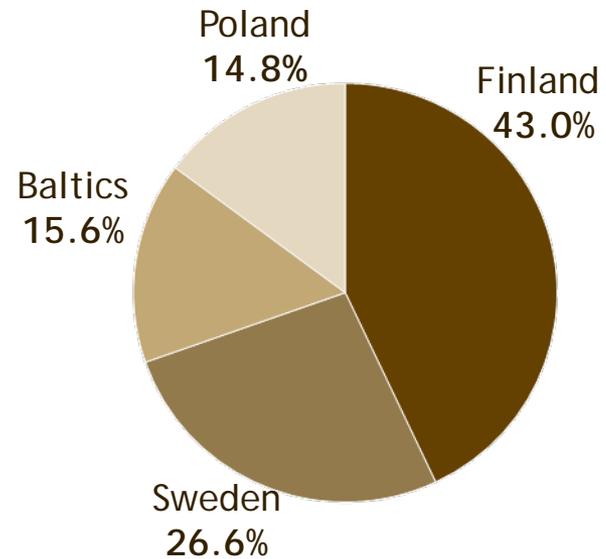
Full-year 2009

Net sales EUR 2 124.7 million



* shares calculated including internal sales

EBIT** EUR 55.1 million



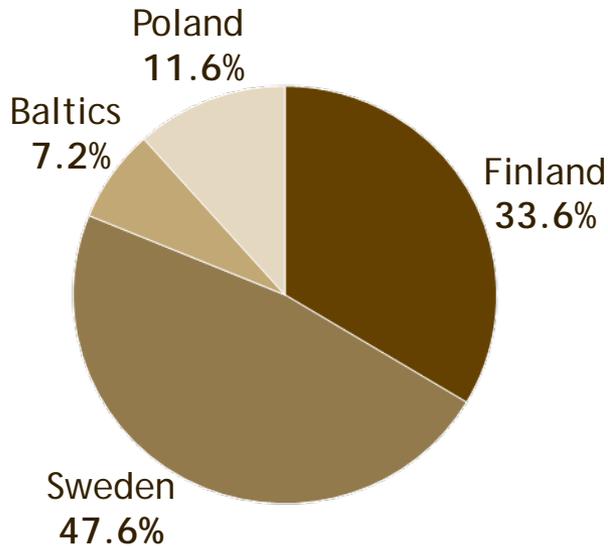
* shares calculated exclusive of Group administration costs

** reported

Breakdown of net sales and EBIT

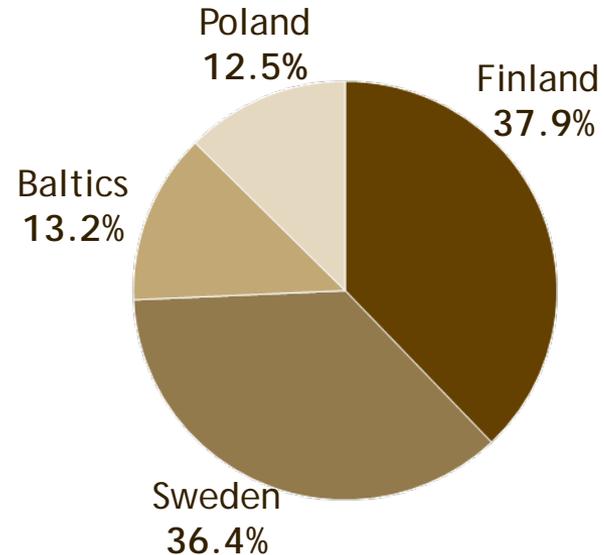
Full-year 2009

Net sales EUR 2 124.7 million



* shares calculated including internal sales

EBIT ** EUR 67.8 million

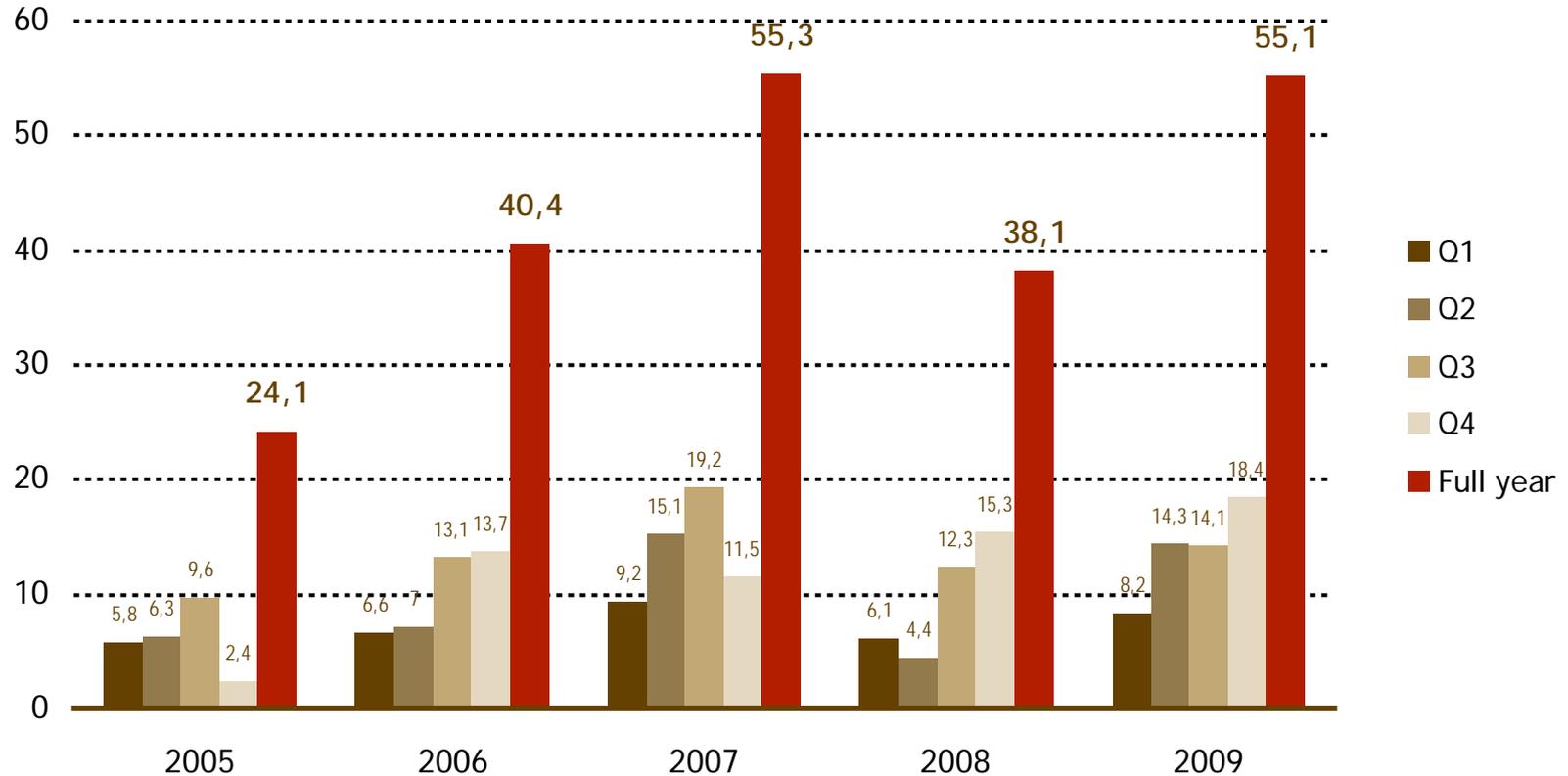


* shares calculated exclusive of Group administration costs

** exclusive of non-recurring items

Quarterly EBIT* development

EUR million



* reported

Future outlook



Consumer demand for food is expected to remain steady in the Group's home markets and export markets are anticipated to pick up somewhat towards the end of the year. In addition, the ongoing streamlining programmes and the restructuring programme in Sweden in particular provide the foundation for solid business development.

The Group's full-year EBIT exclusive of non-recurring items is estimated to surpass that in 2009 despite the considerable challenges posed by the markets in the early part of the year.

HKScan income statement

(EUR million)	2009	2008
NET SALES	2 124.7	2 294.6
Change in inventories of finished goods and works in progress	5.1	0.4
Work performed for own use and capitalized	0.9	1.3
Other operating income	6.7	14.0
Share of associates' results	0.9	0.6
Materials and services	-1 474.5	-1 642.6
Employee benefits expenses	-306.7	-319.0
Depreciation and impairment	-57.2	-54.0
Other operating expenses	-244.8	-257.1
EBIT	55.1	38.1
- as % of net sales	2.6	1.7
Financial income	5.2	5.5
Financial expenses	-24.9	-35.5
Share of associates' results	2.0	0.9
PROFIT / LOSS BEFORE TAXES	37.3	9.0
- as % of net sales	1.8	0.4
Income taxes	-4.9	-1.4
PROFIT / LOSS FOR THE PERIOD	32.5	7.6
Attributable to equity holders of the parent	29.9	4.7
Attributable to minority interests	2.6	2.9
EPS, EUR, undiluted/diluted	0.64	0.10

HKScan statement of comprehensive income

(Meur)	2009	2008
Profit / loss for the period	32.5	7.6
OTHER COMPREHENSIVE INCOME (after taxes)		
Exchange differences on translating foreign operations	1.8	-23.4
Available-for-sale investments	0.4	-0.2
Cash flow hedging	-7.1	-2.0
TOTAL OTHER COMPREHENSIVE INCOME	-4.8	-25.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27.6	-18.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	24.8	-20.5
Minority interests	2.8	2.5
Total	27.6	-18.0

Consolidated statement of financial position

(EUR million)	31.12.2009	31.12.2008
ASSETS		
Non-current assets		
Intangible assets	65.7	57.8
Goodwill	88.2	81.7
Property, plant and equipment	469.1	479.3
Shares in associates	20.9	17.8
Trade and other receivables	18.2	17.4
Other long-term investments	10.5	9.9
Deferred tax asset	12.3	10.1
Non-current assets	685.0	673.9
Current assets		
Inventories	118.7	128.3
Trade and other receivables	194.3	198.4
Income tax receivables	0.2	1.5
Other financial assets	2.0	2.2
Cash and cash equivalents	73.9	92.2
Current assets	389.0	422.6
ASSETS	1 074.0	1 096.5

Consolidated statement of financial position

(EUR million) 31.12.2009 31.12.2008

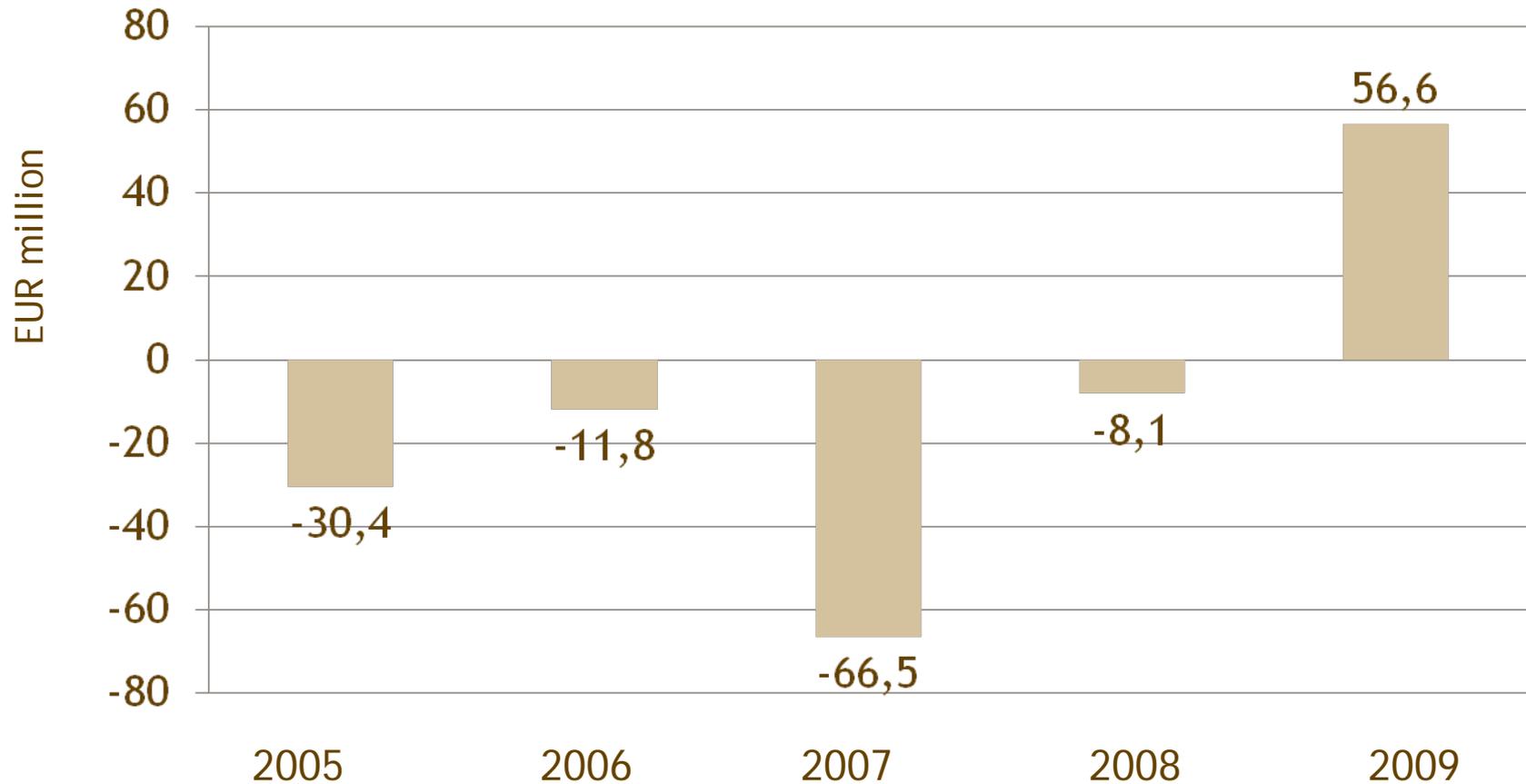
EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent	389.3	318.2
Minority interest	9.4	5.4
Total shareholders' equity	398.7	323.7
Deferred tax liability	32.2	33.6
Non-current interest-bearing liabilities	329.9	442.1
Non-current non-interest bearing liabilities	5.9	7.9
Pension obligations	3.6	3.7
Non-current provisions	8.5	1.4
Non-current liabilities	380.1	488.7
Current interest-bearing liabilities	87.5	82.4
Trade and other payables	202.0	199.4
Income tax liability	2.7	0.5
Current provisions	2.8	1.9
Current liabilities	295.1	284.2
EQUITY AND LIABILITIES	1 074.0	1 096.5

Cash flow statement

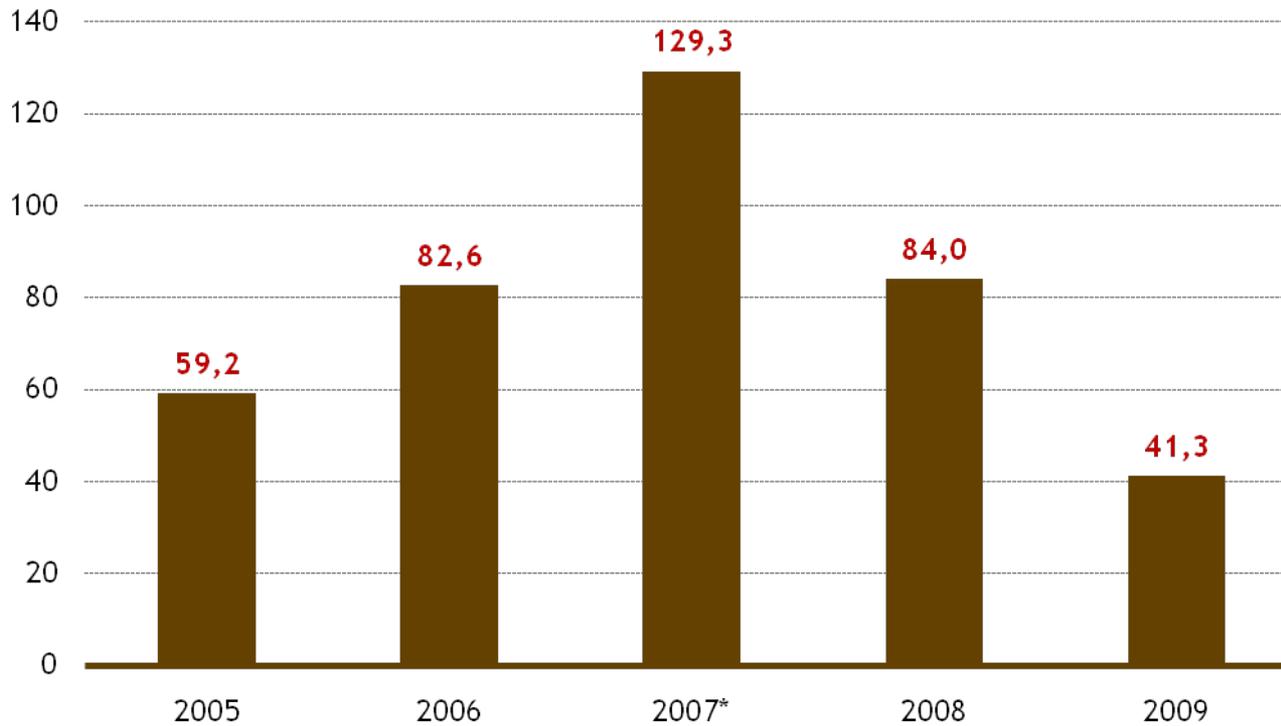
(EUR million)	2009	2008
Operating activities		
EBIT and depreciation (incl. adjustments)	119.5	92.2
Change in net working capital	2.5	1.3
Financial income and expenses	-19.7	-29.9
Taxes	-4.9	-1.4
Net cash flow from operating activities	97.4	62.2
Investing activities		
Gross investments in fixed assets	-43.7	-84.1
Disposals of fixed assets	2.9	12.0
Investments in subsidiary	-4.7	0.0
Shares in associates purchased	-0.3	0.0
Loans granted and repaid	5.1	1.8
Net cash flow from investing activities	-40.8	-70.3
Cash flow before financing activities	56.6	-8.1
Financing activities		
Proceeds from share offering	76.8	0.0
Payments received on hybrid bond	0.0	20.0
Repayment of hybrid bond	-20.0	0.0
Loans raised and repaid	-121.8	43.8
Interest on hybrid bond	-2.1	0.0
Dividends paid	-9.4	-10.6
Purchase of treasury shares	0.0	-0.1
Net cash flow from financing activities	-76.5	53.0
Change in cash and cash equivalents	-19.9	44.9

Cash flows after investments 2005-2009



Investments

EUR mill.



* exclusive of enterprise value on Scan AB acquisition

Financial highlights

	2009	2008
EPS, diluted, EUR	^{*)} 0.64	^{*)} 0.10
Equity per share, 31.12., EUR ^{*)}	7.21	7.13
Dividend per share, EUR	^{**)} 0.22	0.21
Equity ratio, %	37.1	29.5
Adjusted number of shares in millions		
- average during the financial year	44.9	44.6
- at end of financial year	54.0	44.6
- fully diluted	54.0	44.6
Production-related investments, EUR mill.	41.3	84.0
Employees, average	7 429	7 750

^{*)} The interest accrued on the hybrid bond has been deducted from earnings when calculating earnings per share.

^{**)} Based on the Board of Directors' dividend recommendation

Per-share data for the comparison year has been adjusted for the share offering in 2009.

Financial targets and target achievement

2005 - 2009

		Achievement				
Target		2009	2008	2007	2006	2005
EBIT	over 5% of net sales	2.6	1.7	2.6	4.3	2.7
Return on equity	over 15%	9.0	2.3	9.2	11.9	7.7
Equity ratio	over 40%	37.1	29.5	29.3	43.7	44.7
Dividend distribution	at least 30% of net earnings	34.5 ^{*)}	199.3	37.7	34.2	58.2

*) Based on Board of Directors' dividend recommendation

HKScan's development

