

# HKScan

## HKScan Corporation Financial Statement Bulletin for 2008

CEO Matti Perkonaja

Investor briefing, 27 February 2009

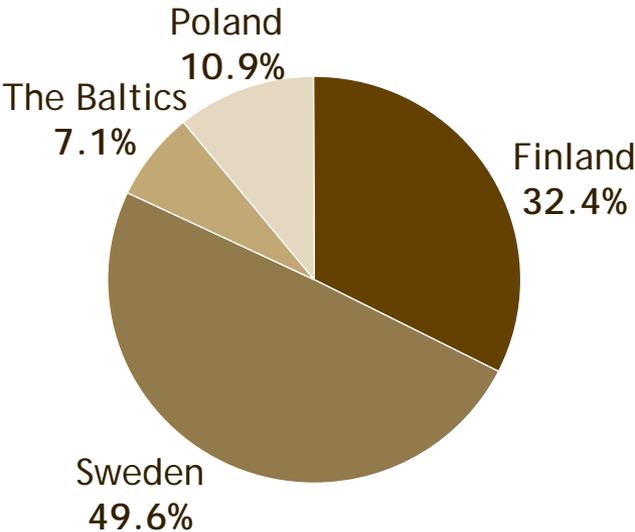
# HKScan Corporation

	Q4/ 2008	Q4/ 2007	2008	2007
Net sales. EUR million	592.3	552.2	2 294.6	2 107.3
EBIT. EUR million	15.3	11.6	38.1	55.3
- EBIT margin. %	2.6	2.1	1.7	2.6
Profit before taxes	5.9	6.9	9.0	36.3
Earnings/share. undiluted. EUR	0.18	0.14	0.12	0.72

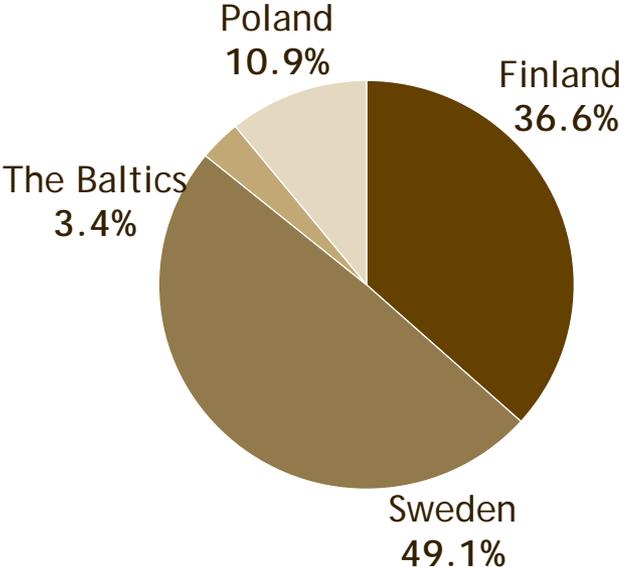
- The fourth quarter outperformed Q3 in terms of Group EBIT as anticipated. This was based especially on the stronger internal performance of the Finnish business.
- Consumer demand for food is expected to remain steady in all main markets, although demand may shift rather considerably between product groups.
- The international pork market situation remained challenging throughout the year.
- The ongoing financial crisis has given rise to sharp exchange rate fluctuations in the company's central currencies.

# Breakdown of net sales and EBIT Q4/2008

Net sales EUR 592.3m



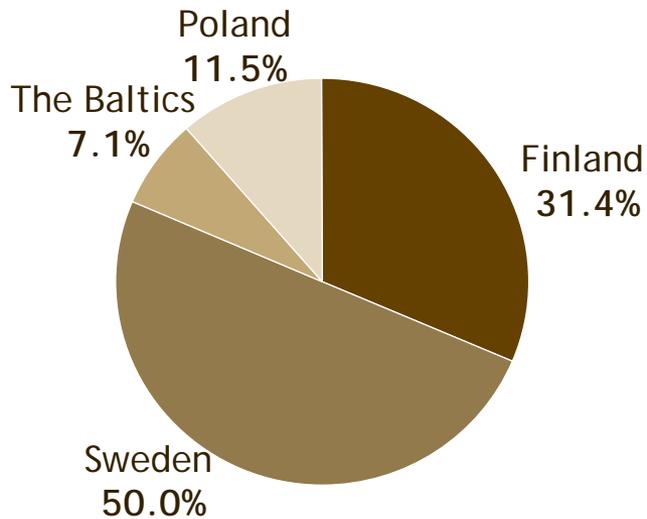
EBIT EUR 15.3m



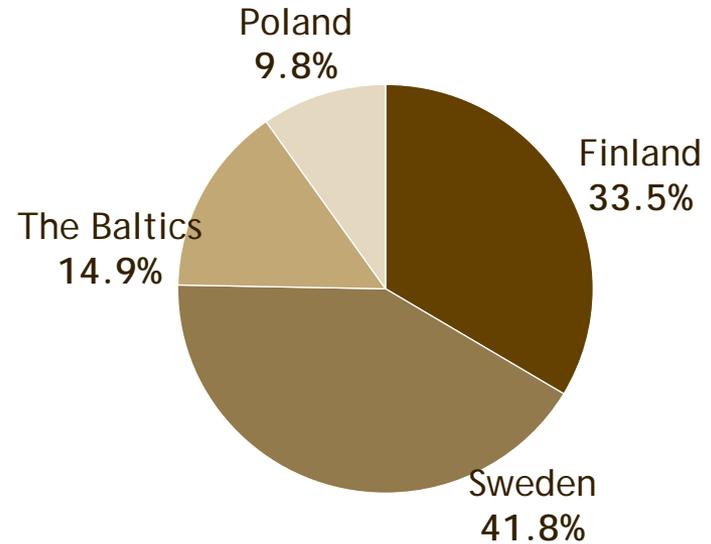
\* shares calculated excluding Group administration costs

# Breakdown of net sales and EBIT 2008

Net sales EUR 2 294.6m

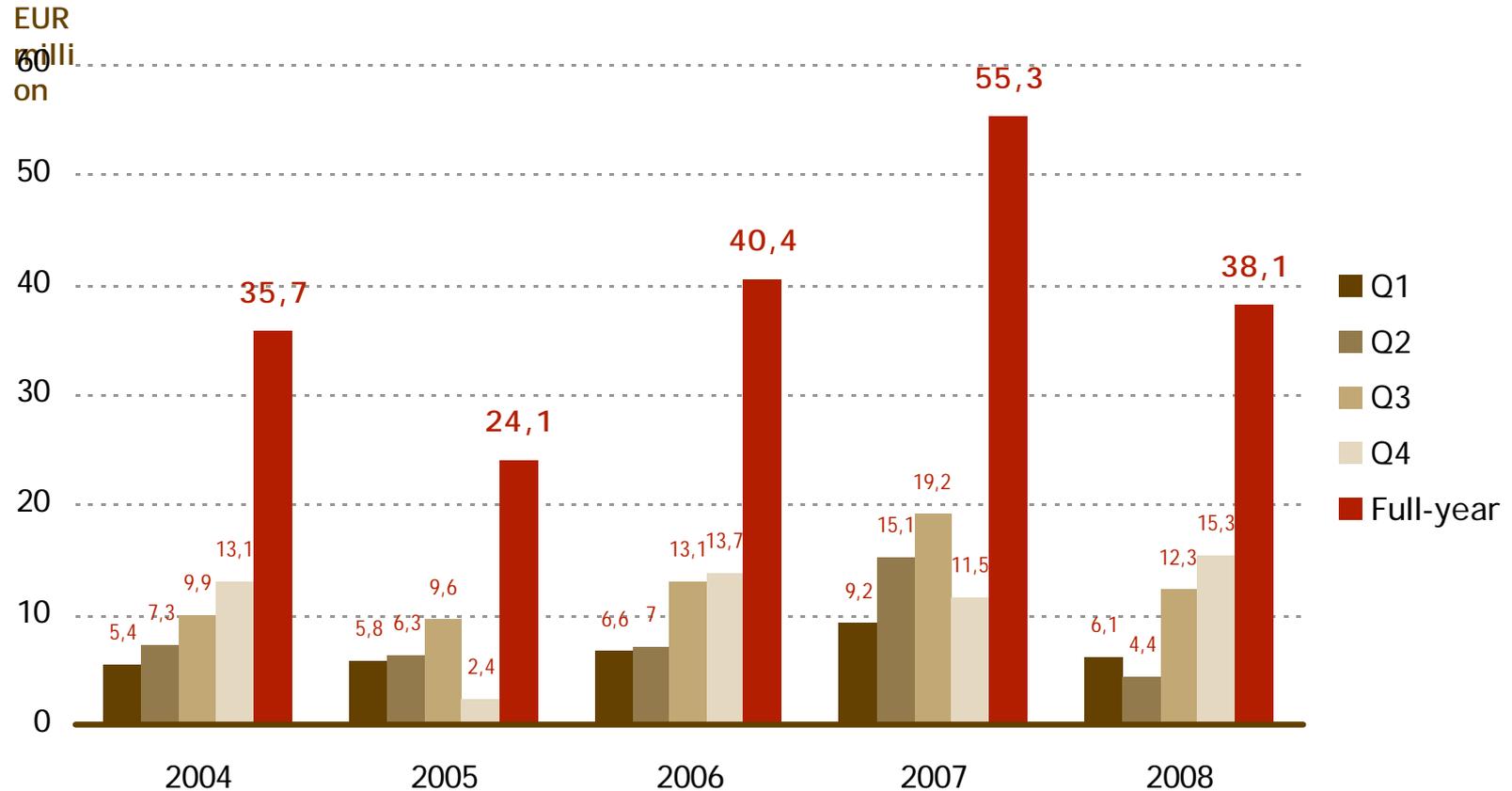


EBIT EUR 38.1m



\* shares calculated excluding Group administration costs

# Quarterly EBIT\* development



\* reported

# Market area: Finland



	Q4/ 2008	Q4/ 2007	2008	2007
Net sales. EUR million	197.3	176.3	740.4	674.3
EBIT. EUR million	6.4	3.3	14.4	22.8
- EBIT margin. %	3.2	1.9	1.9	3.4

- The industrial restructuring started in 2006 was completed.
- Delivery dependability has been restored to the standard required by customers.
- HK Ruokatalo's market standing grew stronger towards the end of the year.
- The demand for traditional processed meats, a product category important to the company, rose sharply in the last few months of the year

# Market area: Sweden



	Q4/ 2008	Q4/ 2007	2008	2007
Net sales. EUR million	301.6	295.7	1 179.3	1 111.9
EBIT. EUR million	8.6	7.7	18.0	23.0
- EBIT margin. %	2.9	2.6	1.5	2.1

- Scan AB's business performed as anticipated.
- The company's market standing grew stronger towards the end of the year.
- As outlined in its efficiency programme, Scan closed down the Kävlinge plant in southern Sweden and slaughterhouses in Skellefteå and Uppsala during the year under review.
- The expansion of the Swinoujście plant came online in Poland.

# Market area: The Baltics



	Q4/ 2008	Q4/ 2007	2008	2007
Net sales, EUR million	43.0	37.6	168.2	145.3
EBIT, EUR million	0.6	0.9	6.4	10.7
- EBIT margin, %	1.4	2.3	3.8	7.4

- The economies in the Baltic states have plunged into deeper recession since late summer.
- Both volumes and sales value took a turn down in the grocery sector.
- Demand for more affordable products increased.
- As the regional market leader, the Group is well positioned to ride out the recession.
- Further shakeouts can be expected in the industry.



# Market area: Poland

*)	Q4/ 2008	Q4/ 2007	2008	2007
Net sales, EUR million	66.3	54.8	270.9	220.9
EBIT, EUR million	1.9	0.1	4.2	3.7
- EBIT margin, %	2.9	0.3	1.6	1.7

\*) The figures indicate HKScan's share (50%) of the Sokolów Group's figures.

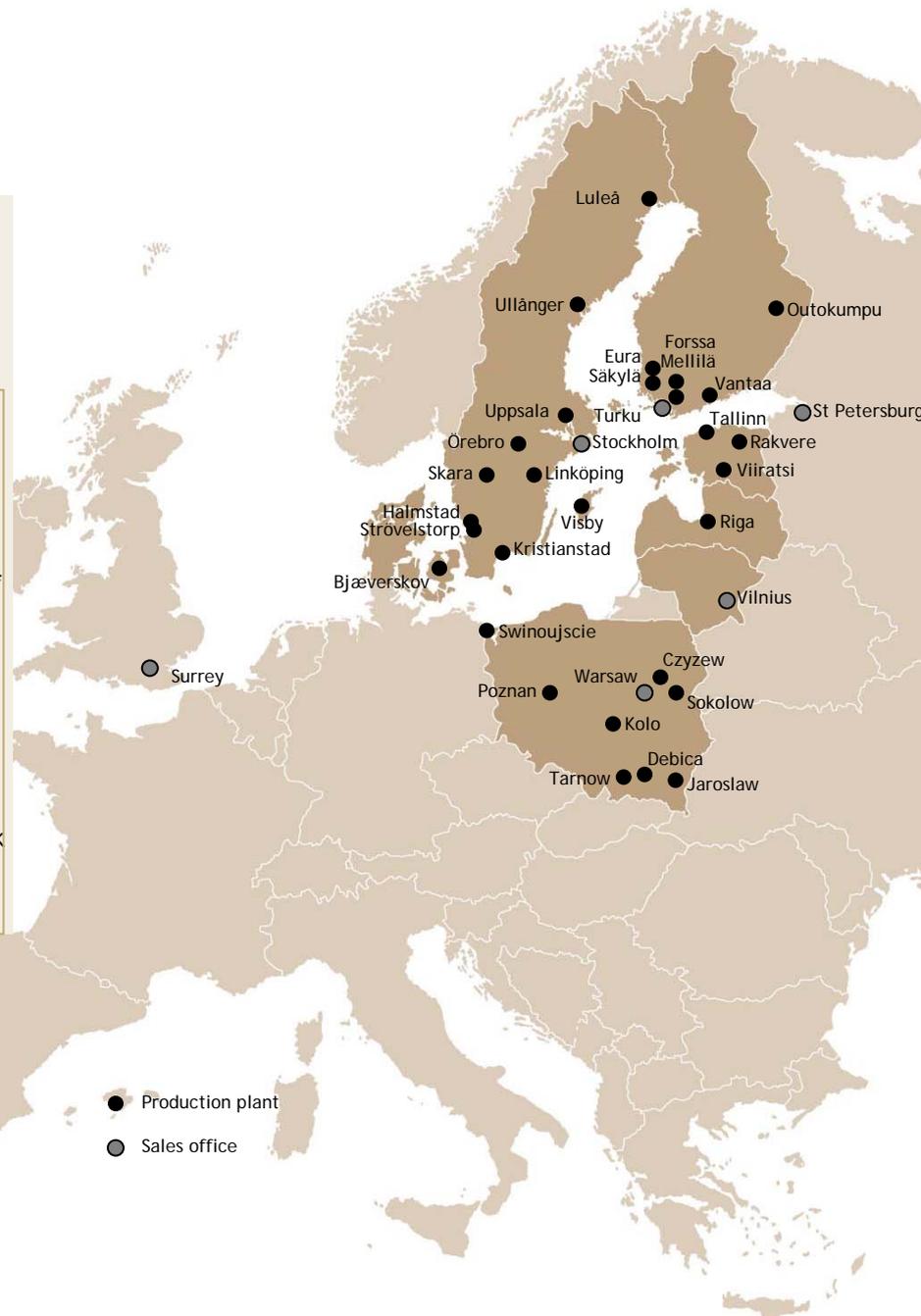
- The Sokolów Group posted the best result of the year in Q4.
- The core business of Sokolów S.A. continues to see steady development.
- Losses were halted at Agro-Sokolów and Pozmeat climbed into the black in late autumn 2008.
- Modern retail chains account for an increasing share of Sokolów's sales.

# Group structure

HKScan Corporation			
Net sales 2008: EUR 2 294.6 million, CEO Matti Perkonoja			
Finland	Sweden	The Baltics	Poland
Net sales in 2008: EUR 740.4m	Net sales in 2008: EUR 1 179.3m	Net sales in 2008: EUR 168.2m	Net sales in 2008: EUR 270.9m **
Managing director Jari Leija •HK Ruokatalo Oy	Managing director Magnus Lagergren •Scan AB	Executive vice president, Baltic Group, Olli Antniemi •AS Rakvere Lihakombinaat •AS Tallegg	•Saturn Nordic Holding AB (Sokolów S.A.) Managing director Boguslaw Mischczuk

\* Between segments EUR -64.3m

\*\* Saturn Nordic Holding AB, a joint venture owned by HKScan and Danish Crown on a 50-50 basis, currently has a 100 percent stake in Sokolów. In 2008, half of Sokolów's net sales or EUR 270.9 million were accounted for in the HKScan Group's figures.



# HKScan income statement

(EUR million)	2008	2007
Net sales	2 294.6	2 107.3
EBIT	38.1	55.3
- % of net sales	1.7	2.6
Share of associates' results	0.9	0.4
Financial income and expenses, net	-29.0	-19.4
Currency exchange gains and losses and changes in fair values <sup>*)</sup>	-1.1	-0.3
Profit / loss before taxes	9.0	36.3
- % of net sales	0.4	1.7
Income taxes	-1.4	-6.8
Profit / loss for the period	7.6	29.5
Profit / loss for the period attributable to:		
Equity holders of the parent	4.7	27.8
Minority interests	2.9	1.7
Total	7.6	29.5
Earnings/share, EUR, undiluted/diluted	0.12	0.72

<sup>\*)</sup> Currency exchange gains and losses, formerly included in financial income and expenses, are reported net as a distinct item.

# Consolidated balance sheet at 31 Dec 2008

(EUR million)	2008	2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	57.8	65.5
Goodwill	81.7	85.1
Tangible assets	479.3	476.6
Shares in associates	17.8	20.3
Trade and other receivables	17.4	18.0
Available-for-sale investments	9.9	11.4
Deferred tax asset	10.1	8.3
<b>Total non-current assets</b>	<b>673.9</b>	<b>685.1</b>
<b>Current assets</b>		
Inventories	128.3	140.2
Trade and other receivables	198.4	244.9
Income tax receivable	1.5	2.5
Other financial assets	2.2	3.7
Cash and cash equivalents	92.2	53.2
<b>Total current assets</b>	<b>422.6</b>	<b>444.5</b>
<b>TOTAL ASSETS</b>	<b>1 096.5</b>	<b>1 129.6</b>

# Consolidated balance sheet at 31 Dec 2008

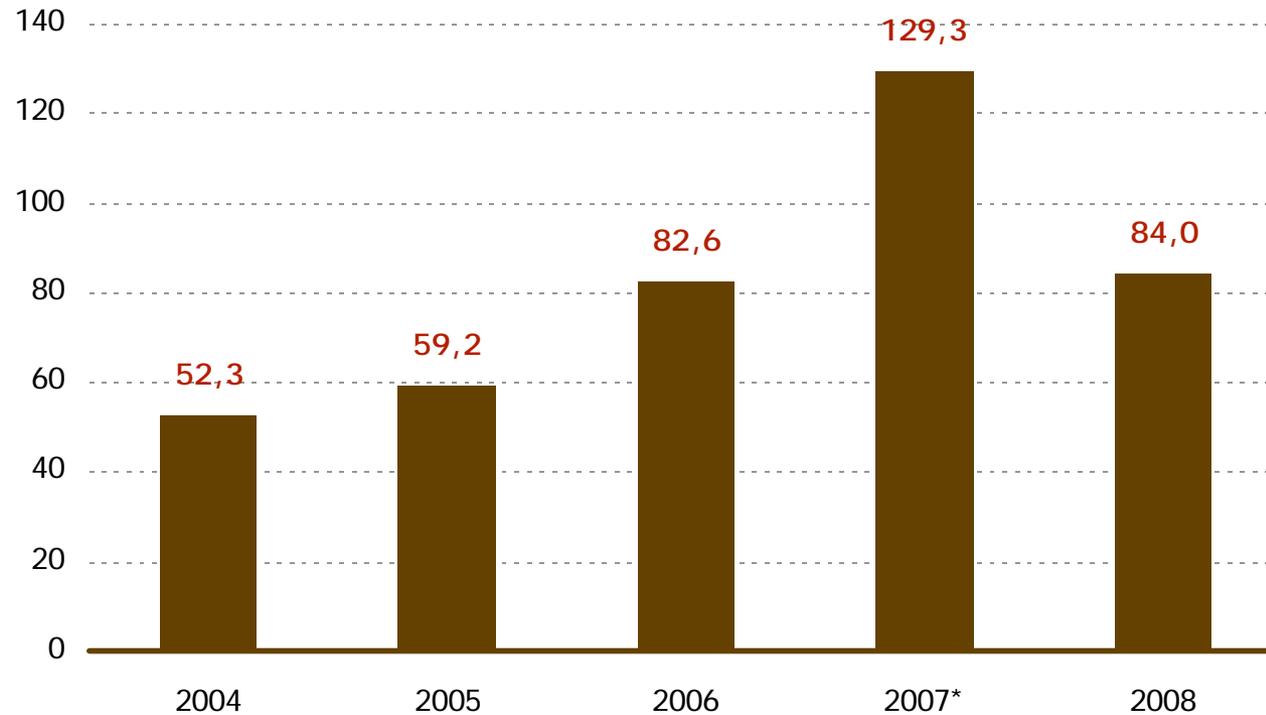
(EUR million)	2008	2007
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of the parent	318.2	328.5
Minority interest	5.4	2.9
<b>Total equity</b>	<b>323.7</b>	<b>331.5</b>
Deferred tax liability	33.6	34.0
Interest-bearing liabilities	442.1	421.6
Non-interest bearing liabilities	7.9	6.9
Pension obligations	3.7	4.7
Provisions	1.4	0.0
<b>Non-current liabilities</b>	<b>488.7</b>	<b>467.2</b>
Interest-bearing liabilities	82.4	92.9
Trade and other payables	199.4	236.6
Income tax liability	0.5	0.1
Current provisions	1.9	1.3
<b>Current liabilities</b>	<b>284.2</b>	<b>330.9</b>
<b>EQUITY AND LIABILITIES</b>	<b>1 096.5</b>	<b>1 129.6</b>

# Cash flow statement

(EUR million)	2008	2007
<b>Operating activities</b>		
EBIT and depreciation (incl. adjustment items)	92.2	97.7
Change in net working capital	1.3	50.1
Financial income and expenses	-29.9	-19.3
Taxes	-1.4	-6.8
Net cash flow from operating activities	62.2	121.7
<b>Investing activities</b>		
Gross investments in fixed assets	-84.1	-131.6
Disposals of fixed assets	12.0	15.8
Investments in subsidiary	0.0	-70.1
Loans granted and repaid	1.8	-1.9
Net cash flow from investing activities	-70.3	-187.8
<b>Cash flow before financing activities</b>	<b>-8.1</b>	<b>-66.1</b>
<b>Financing activities</b>		
Capital loan payments received	20.0	0.0
Borrowings raised and repaid	43.8	122.4
Dividends paid	-10.6	-9.3
Purchase of treasury shares	-0.1	-1.8
Net cash flow from financing activities	53.0	111.3
<b>Change in cash and cash equivalents</b>	<b>44.9</b>	<b>45.2</b>

# Investing activities

EUR million



\* exclusive of enterprise value on Scan AB acquisition

# Financial highlights

	2008	2007
EPS, diluted, EUR	0.12	0.72
Equity / share, EUR	8.10	8.36
Dividend per share	0.24 <sup>*)</sup>	0.27
Equity ratio, %	29.5	29.3
Average no. of shares, million	39.3	38.8
Production-related investments, EUR	84.0	129.3
Employees, average	7 421	7 840

\*) Based on the Board of Directors' dividend recommendation

# Financial targets and target achievement 2004 - 2008

	Target	Achievement				
		2008	2007	2006	2005	2004
EBIT	over 5% of net sales	1.7	2.6	4.3	2.7	5.2
Return on equity	over 15%	2.3	9.2	11.9	7.7	14.6
Equity ratio	over 40%	29.5	29.3	43.7	44.7	49.3
Dividend distribution	at least 30% of net earnings	199.3	37.7	34.2	58.2	38.4

# The future



Consumer demand for food is anticipated to remain unchanged in Finland and in Sweden, which provides the foundation for stable business development in the Group's main market areas. Signs of diminishing demand are visible in the Group's other market areas as well as its export markets.

Despite the exceptionally uncertain climate having to do with the global economic and financial situation, the company estimates that in the current year, Group EBIT exclusive of non-recurring items will exceed the level delivered in 2008.

