

HKScan

HKScan Corporation
Q2 Interim report, 6 August 2009

CEO Matti Perkonen
Press conference, 6 August 2009

Group structure

HKScan Corporation			
Net sales in 2008: EUR 2 294.6m, CEO Matti Perkonja			
Finland	Sweden	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**
<ul style="list-style-type: none"> • HK Ruokatalo 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 -64.3 million

** Joint venture Saturn Nordic Holding owned 50/50 by HKScan and Danish Crown holds 100% of shares in Sokolów. In 2008, half of Sokolów's net sales i.e. EUR 270.9 million were accounted for in HKScan Group figures.



HKScan

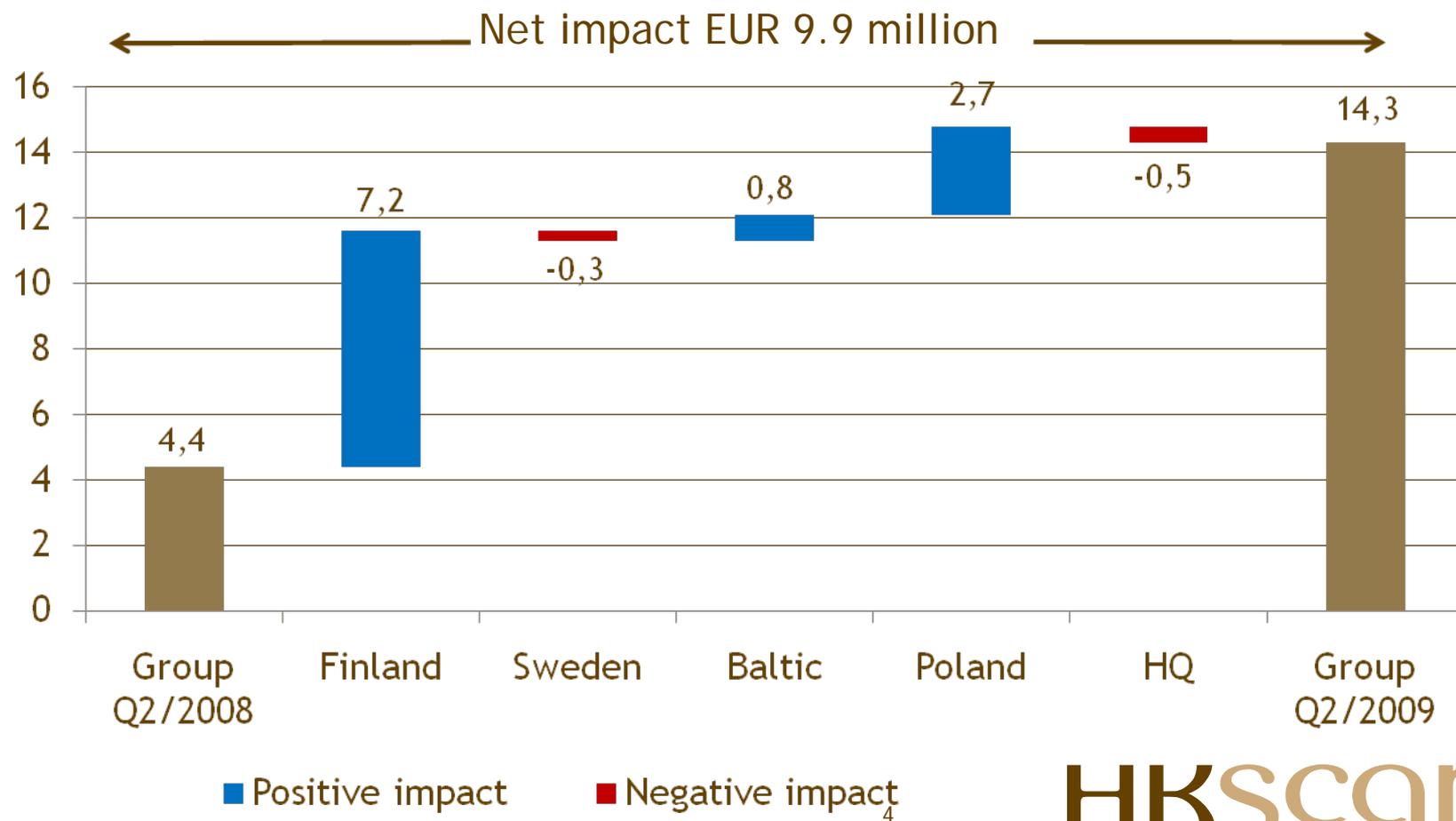
HKScan Corporation

	Q2/ 2009	Q2/ 2008	Q1-Q2/ 2009	Q1-Q2/ 2008	2008
Net sales, EUR million	541.6	591.9	1 033.6	1 102.0	2 294.6
EBIT, EUR million	14.3	4.4	22.5	10.5	38.1
- EBIT margin, %	2.6	0.7	2.2	1.0	1.7
Profit / loss before taxes	9.4	-2.3	11.1	-2.4	9.0
EPS, EUR	0.18	-0.09	0.18	-0.11	0.12

- EBIT for the first half of 2009 stood at EUR 22.5 million. HKScan achieved positive and improved results in all of its market areas.
- Owing to changes in exchange rates, net sales showed a decline in euro but rose by roughly 4% at fixed rates.
- The Group's financing situation remained stable throughout the review period.
- Long-term financial targets still remain a ways off.

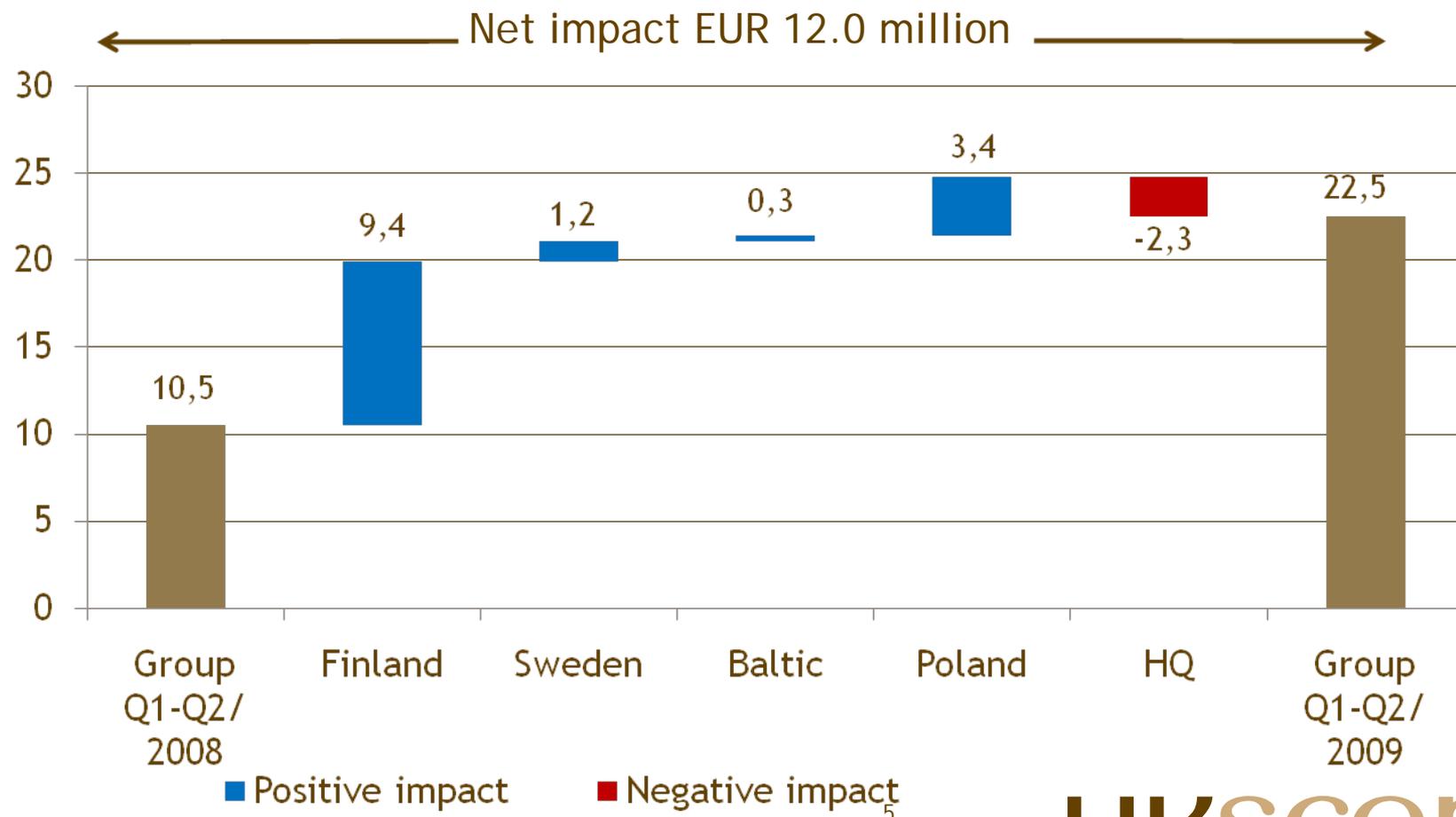
Group EBIT Bridge

- Q2/2008 vs. Q2/2009



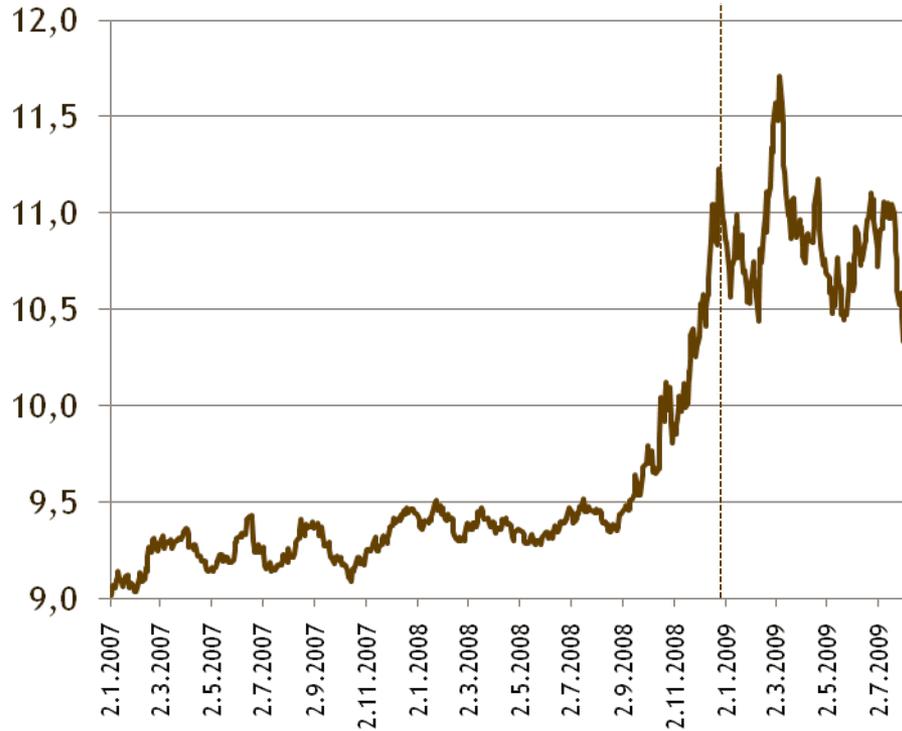
Group EBIT Bridge

- Q1-Q2/2008 vs. Q1-Q2/2009

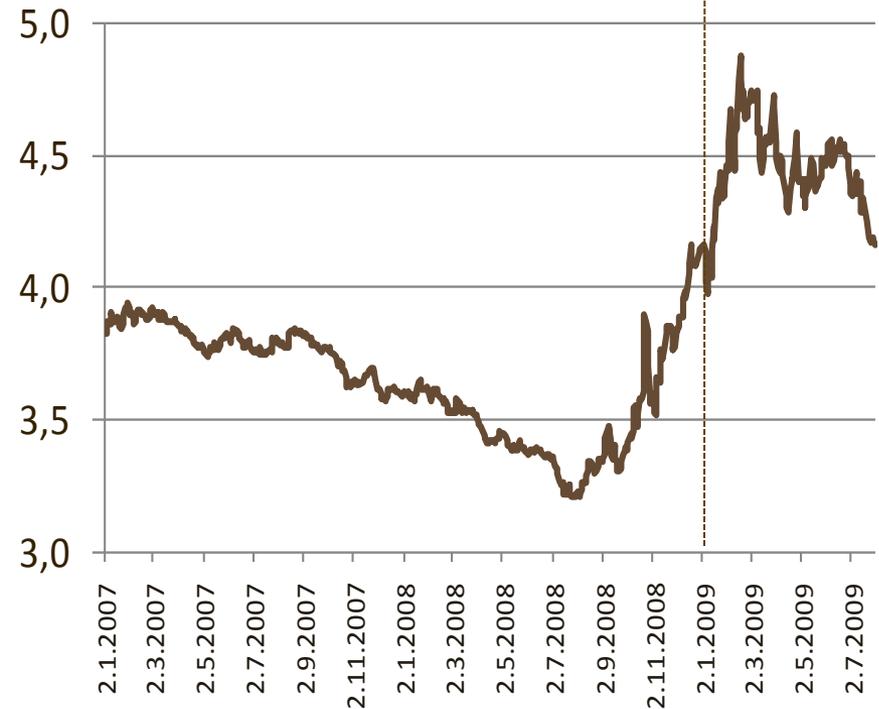


Exchange rate trends

Euro against the krona, SEK



Euro against the zloty, PLN



Source: European Central Bank



Market area: Finland

	Q2/ 2009	Q2/ 2008	Q1-Q2/ 2009	Q1-Q2/ 2008	2008
Net sales, EUR million	190.2	194.5	365.5	359.5	740.4
EBIT, EUR million	6.7	-0.5	12.9	3.5	14.4
- EBIT margin, %	3.5	-0.3	3.5	1.0	1.9

- The positive EBIT development was based on the stronger business performance and market standing of HK Ruokatalo.
- Basic products in particular, such as ground meat products and sausages, enjoyed robust demand. The sales of poultry products also rose.
- Cost-efficiency in production was in line with target, and delivery reliability stood at a very good level.
- Net sales were reduced by the decline in export revenues. The profitability of pork exports was eroded.
- The first-half earnings include a non-recurring cost provision of EUR 1.1 million recognised in Q1.

Market area: Sweden



	Q2/ 2009	Q2/ 2008	Q1-Q2/ 2009	Q1-Q2/ 2008	2008
Net sales, EUR million	264.5	305.0	502.9	562.4	1 179.3
EBIT, EUR million	3.0	3.3	5.1	3.9	18.0
- EBIT margin, %	1.1	1.1	1.0	0.7	1.5

- Net sales in krona held steady at levels of the second quarter of 2008.
- The development programme launched in March 2009 progressed according to plan.
- Scan gained in market standing especially in the retail sector.
- The sourcing company Svenska Livdjur & Service AB was established.
- Denis Mattsson was appointed managing director of Scan AB effective 23 June 2009.
- Personnel downsizing gave rise to non-recurring charges totalling EUR 1.7 million in the first half of the year.

Market area: Baltics



	Q2/ 2009	Q2/ 2008	Q1-Q2/ 2009	Q1-Q2/ 2008	2008
Net sales. EUR million	40.9	43.0	78.2	81.0	168.2
EBIT. EUR million	3.5	2.7	4.5	4.2	6.4
- EBIT margin. %	8.6	6.4	5.8	5.1	3.8

- HKScan's Baltic Group delivered clearly better performance than anticipated.
- Rakvere Lihakombinaat and Tallegg maintained their competitiveness and further solidified their market standing.
- Success was based on product range adaptation as well as rapid and vigorous adjustment and cost-cutting measures.
- The deep recession and erosion in consumer purchasing power made for a challenging business environment in the Baltics.
- A profound restructuring is underway in the Baltic meat industry.



Market area: Poland

*)	Q2/ 2009	Q2/ 2008	Q1-Q2/ 2009	Q1-Q2/ 2008	2008
Net sales, EUR million	60.9	69.3	117.3	130.4	270.9
EBIT, EUR million	2.5	-0.2	4.1	0.7	4.2
- EBIT margin, %	4.1	-0.3	3.5	0.5	1.6

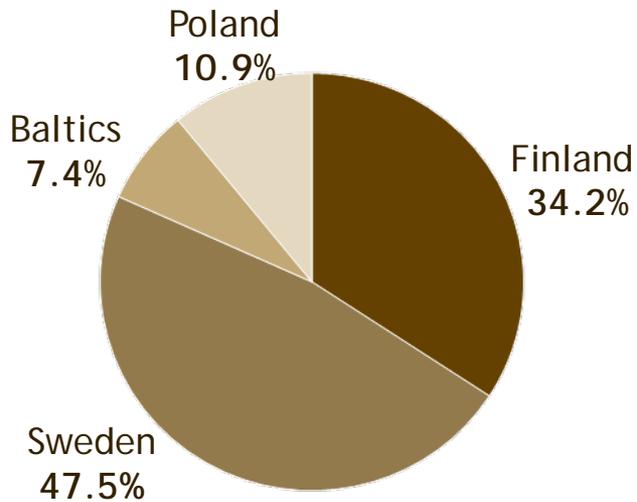
*) The figures refer to HKScan's share (50%) of the Sokolów Group's figures.

- Sokolów's profitability developed favourably. In the domestic market, sales to modern retail chains in particular increased considerably. Exports were also on the rise.
- Subsidiary Pozmeat and primary production company Agro-Sokolów made headway towards achieving the planned level of business activities.
- The Sokolów Group's first-half net sales in zloty were up by roughly 14 percent from the second quarter of 2008.

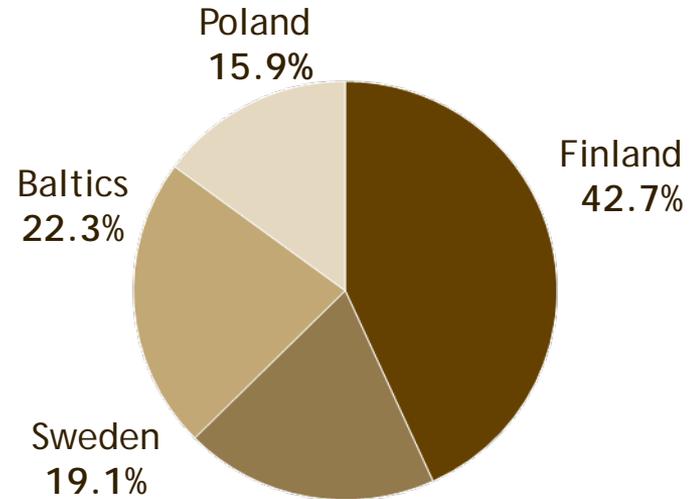
Breakdown of net sales and EBIT

Q2/2009

Net sales EUR 541.6 million



EBIT EUR 14.3 million

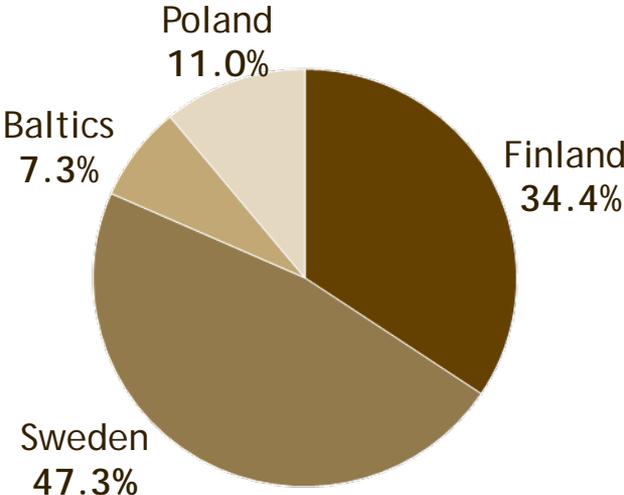


* Shares calculated excluding Group administration costs

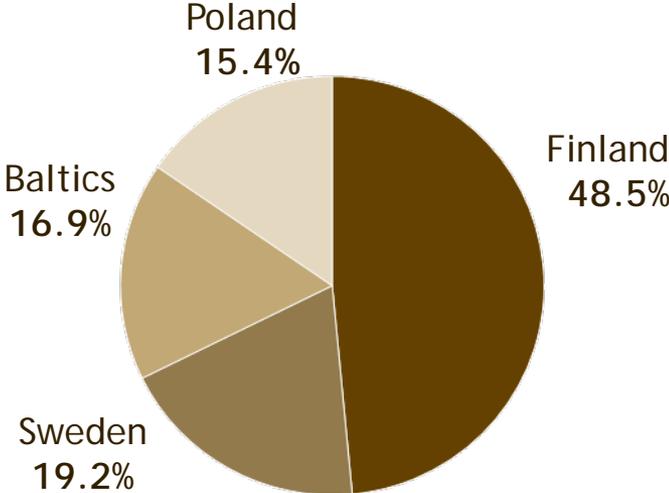
Breakdown of net sales and EBIT

Q1 - Q2/2009

Net sales EUR 1 033.6 million



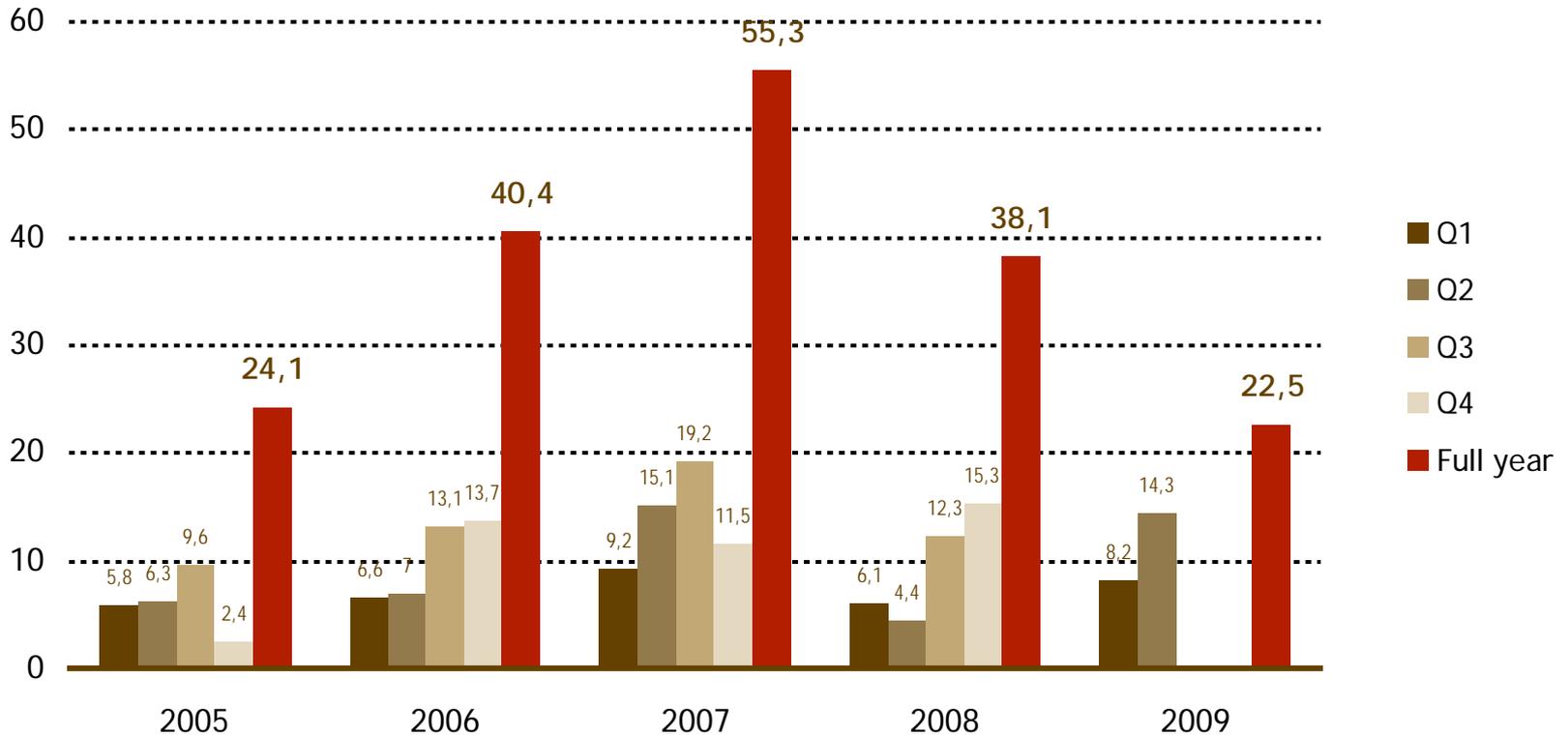
EBIT EUR 22.5 million



* Shares calculated excluding Group administration costs

Quarterly EBIT* development

EUR million



* reported

Future outlook



The conditions of exceptional uncertainty arising from the global economic and financial situation continue to prevail. Consumer demand for food is nonetheless anticipated to remain unchanged in Finland and Sweden, which provides the foundation for stable business development in the Group's main market areas. Signs of sharp fluctuations in demand are visible in the Group's other market areas and its export markets.

Based on business performance and the near-term outlook, Group EBIT for the current year is expected to clearly surpass that for 2008.

HKScan income statement

(EUR million)	Q2/ 2009	Q2/ 2008	Q1 -Q2/ 2009	Q1-Q2 / 2008	2008
NET SALES	541.6	591.9	1 033.6	1 102.0	2 294.6
Operating income and expenses	-513.7	-573.6	-983.9	-1 064.4	-2 202.5
Depreciation and impairment	-13.6	-13.9	-27.2	-27.1	-54.0
EBIT	14.3	4.4	22.5	10.5	38.1
- % of net sales	2.6	0.7	2.2	1.0	1.7
Financial income and expenses, net	-5.4	-6.7	-12.7	-13.0	-29.0
Currency exchange gains and losses and changes in fair values	-0.1	-0.4	0.3	-0.4	-1.1
Share of associates' results	0.6	0.4	0.9	0.5	0.9
PROFIT / LOSS BEFORE TAXES	9.4	-2.3	11.1	-2.4	9.0
- % of net sales	1.7	-0.4	1.1	-0.2	0.4
Income taxes	-0.9	-0.7	-2.2	-1.3	-1.4
PROFIT / LOSS FOR THE PERIOD	8.5	-2.9	8.9	-3.7	7.6

HKScan income statement

(EUR million)	Q2/ 2009	Q2 / 2008	Q1-Q2 / 2009	Q1 -Q2/ 2008	2008
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating foreign operations	4.0	2.1	-3.3	3.5	-28.9
Hedging of net investment in a foreign unit	-1.2	0.5	-0.3	0.2	7.1
Available-for-sale investments	0.4	0.0	0.2	0.2	-0.2
Cash flow hedging	0.7	1.6	0.1	1.1	-2.0
TOTAL OTHER COMPREHENSIVE INCOME	3.9	4.2	-3.3	5.0	-24.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.4	1.3	5.6	1.3	-16.5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	7.5	-3.3	7.6	-4.3	4.7
Minority interests	1.0	0.4	1.3	0.6	2.9
Total	8.5	-2.9	8.9	-3.7	7.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	11.2	0.1	4.3	0.3	-19.0
Minority interests	1.2	1.2	1.3	1.0	2.5
Total	12.4	1.3	5.6	1.3	-16.5
EPS. EUR. undiluted/diluted	0.18	-0.09	0.18	-0.11	0.12

Consolidated balance sheet

(EUR million)	30.6.2009	30.6.2008	31.12.2008
ASSETS			
Non-current assets			
Intangible assets	60.7	64.9	57.8
Goodwill	83.7	85.0	81.7
Tangible assets	467.5	502.1	479.3
Holdings in associates	19.0	21.5	17.8
Trade and other receivables	19.8	15.8	17.4
Available-for-sale investments	10.0	11.4	9.9
Deferred tax asset	9.7	8.3	10.1
Total non-current assets	670.4	708.9	673.9
Current assets			
Inventories	133.1	140.8	128.3
Trade and other receivables	202.4	229.1	198.4
Income tax receivable	1.4	6.0	1.5
Other financial assets	2.2	3.6	2.2
Cash and cash equivalents	57.8	47.5	92.2
Total current assets	396.9	427.0	422.6
TOTAL ASSETS	1 067.2	1 135.9	1 096.5

Consolidated balance sheet

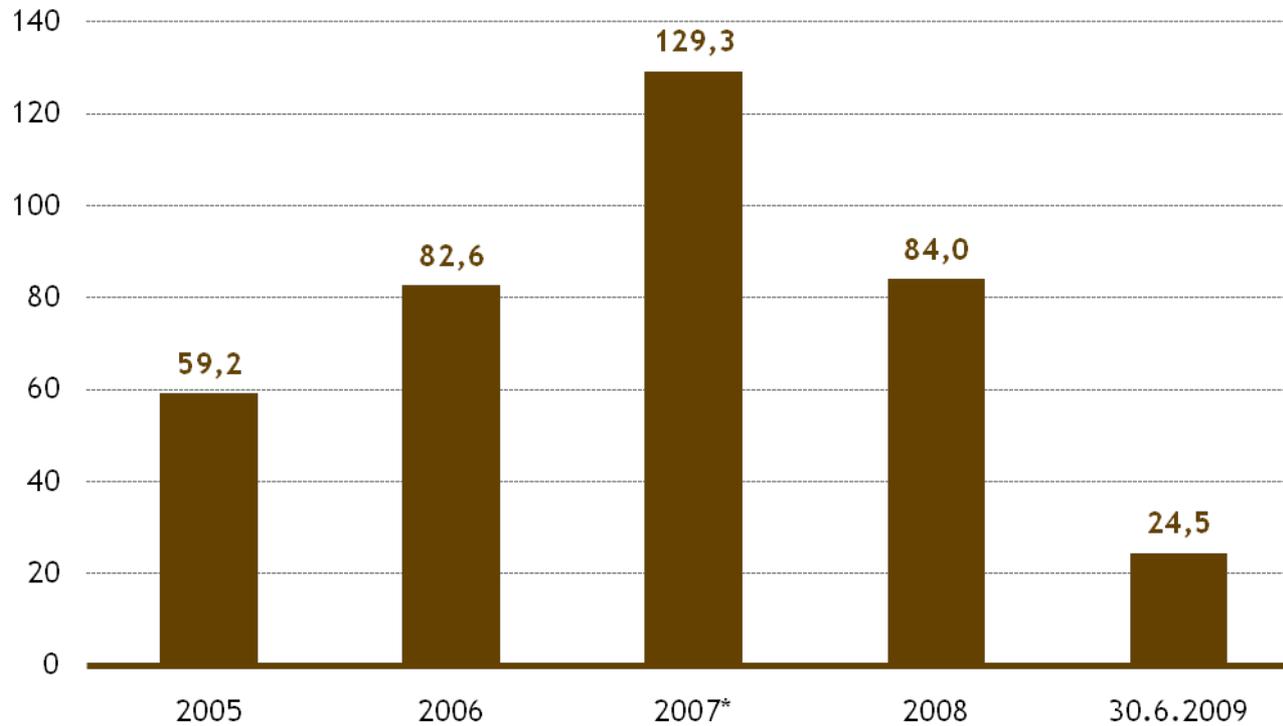
(EUR million)	30.6.2009	30.6.2008	2008
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	312.3	319.2	318.2
Minority interest	5.3	2.4	5.4
Total shareholders' equity	317.6	321.6	323.7
Deferred tax liability	33.5	35.3	33.6
Non-current interest-bearing liabilities	430.4	429.8	442.1
Non-current non-interest bearing liabilities	4.7	6.3	7.9
Pension commitments	3.6	3.1	3.7
Non-current provisions	3.2	0.2	1.4
Non-current liabilities	475.3	474.7	488.7
Current interest-bearing liabilities	65.2	120.0	82.4
Trade and other payables	206.1	218.0	199.4
Income tax liability	0.3	0.1	0.5
Current provisions	2.6	1.4	1.9
Current liabilities	274.3	339.5	284.2
EQUITY AND LIABILITIES	1 067.2	1 135.9	1 096.5

Cash flow statement

(EUR million)	1-6 /2009	1-6 / 2008	2008
Operating activities			
EBIT and depreciation (incl. adjustment items)	50.5	32.6	92.2
Change in net working capital	-8.7	2.0	1.3
Financial income and expenses	-12.5	-13.3	-29.9
Taxes	-2.2	-1.3	-1.4
Net cash flow from operating activities	27.1	20.0	62.2
Investing activities			
Gross investment in fixed assets	-26.0	-53.7	-84.1
Disposals of fixed assets	1.5	8.4	12.0
Investments in subsidiary	-0.3	0.0	0.0
Loans granted and repaid	0.2	0.6	1.8
Net cash flow from operating activities	-24.6	-44.7	-70.3
Cash flow before financing activities	2.5	-24.7	-8.1
Financing activities			
Capital loan payments received	0.0	0.0	20.0
Borrowings raised and repaid	-25.3	29.9	43.8
Interest on hybrid bond	-1.3	0.0	0.0
Dividends paid	-9.4	-10.6	-10.6
Purchase of treasury shares	-0.0	-0.1	-0.1
Net cash flow from financing activities	-36.0	19.2	53.0
Change in cash and cash equivalents	-33.5	-5.5	44.9

Capital expenditure

EUR mill.



* Exclusive of enterprise value on Scan AB acquisition

Financial highlights

	30.6.2009	30.6.2008	2008
EPS, diluted, EUR	0.18	-0.11	0.12
Equity / share, 30.6., EUR ^{*)}	7.95	8.12	8.10
Dividend per share			0.24
Equity ratio, %	29.8	28.3	29.5
Average no. of shares, mill.	39.3	39.3	39.3
Production-related investment, EUR mill.	24.5	53.6	84.0
Average no. of employees	7 265	7 536	7 421
^{*)} Exclusive of minority interest in equity			

Financial targets and their achievement

2005 - Q2/2009

	Target	Achievement				
		Q1-Q2/ 2009	2008	2007	2006	2005
EBIT	over 5% of net sales	2.2	1.7	2.6	4.3	2.7
Return on equity	over 15%	5.5	2.3	9.2	11.9	7.7
Equity ratio	over 40%	29.8	29.5	29.3	43.7	44.7
Dividend distribution	at least 30% of net earnings	-	199.3	37.7	34.2	58.2

