

# HKScan

HKScan Corporation  
Q1 Interim report 5 May 2009

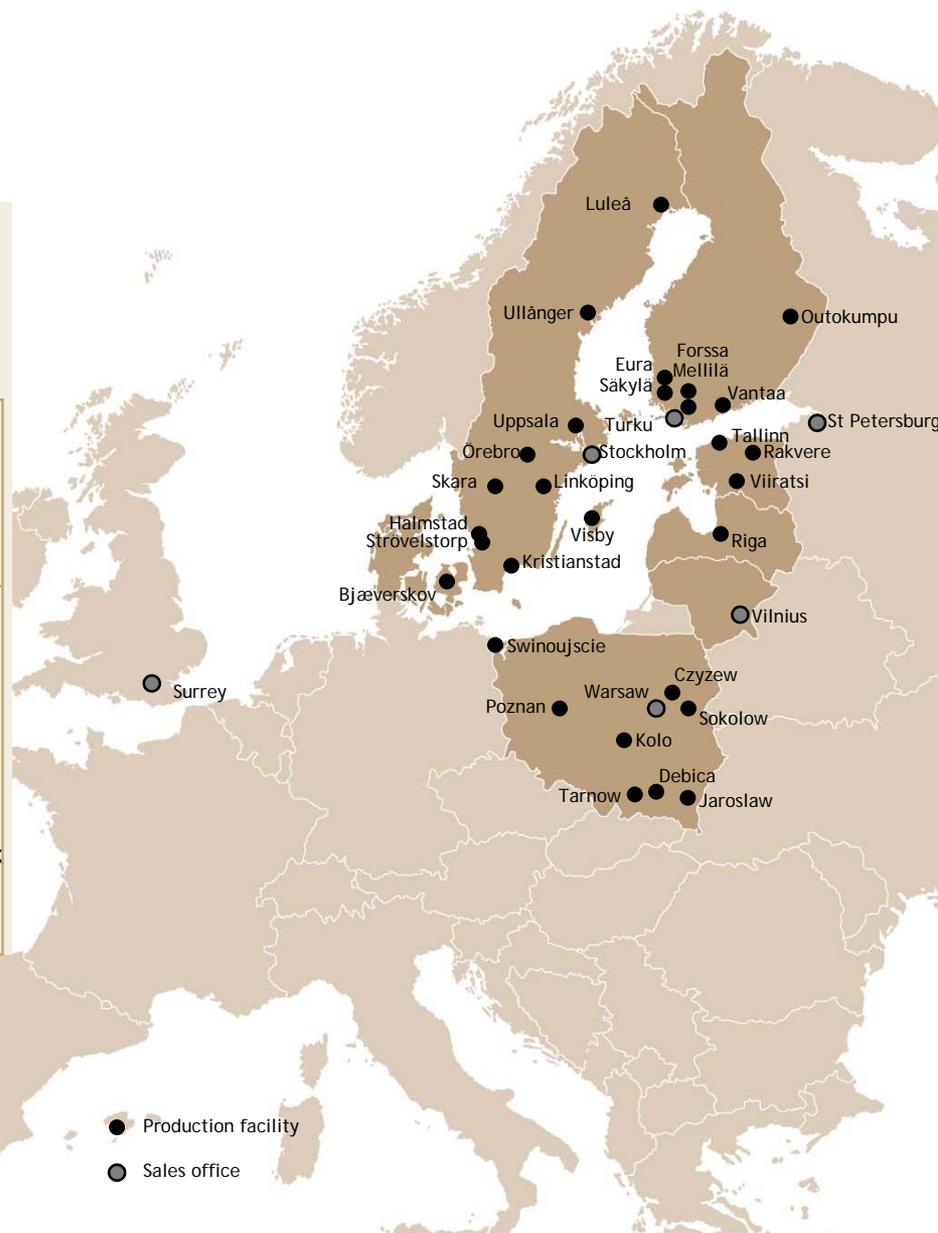
CEO Matti Perkonen  
Investor briefing 5 May 2009

# Group structure

HKScan Corporation			
Net sales 2008: EUR 2 294.6m, CEO Matti Perkonoja			
Finland	Sweden	Baltics	Poland
Net sales in 2008: EUR 740.4m	Net sales in 2008: EUR 1 179.3m	Net sales in 2008: EUR 168.2 m	Net sales in 2008: EUR 270.9m **
<ul style="list-style-type: none"> <li>• HK Ruokatalo Oy Managing Director Jari Leija</li> </ul>	<ul style="list-style-type: none"> <li>• Scan AB Managing Director Olli Antniemi</li> </ul>	<ul style="list-style-type: none"> <li>• AS Rakvere Lihakombinaat Managing Director Anne Mere</li> <li>• AS Tallegg Managing Director Teet Soorm</li> </ul>	<ul style="list-style-type: none"> <li>• Saturn Nordic Holding AB → Sokolów S.A. Managing Director Boguslaw Mischczuk</li> </ul>

\* Between segments EUR -64.3m

\*\* Saturn Nordic Holding, owned on a 50-50 basis by HKScan and Danish Crown, owns 100% of Sokolów's shares. In 2008, half of Sokolów's net sales of EUR 270.9m were accounted for in the HKScan Group's figures.



# HKSCAN

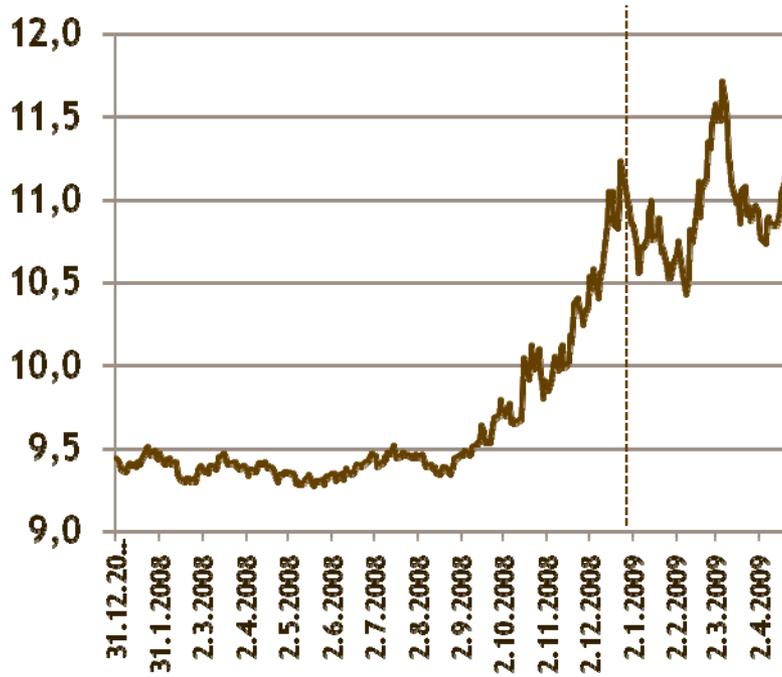
# HKScan Corporation

	Q1/ 2009	Q1/ 2008	2008
Net sales, EURm	492.1	510.1	2 294.6
EBIT, EURm	8.2	6.1	38.1
- EBIT margin, %	1.7	1.2	1.7
Profit before taxes	1.7	-0.1	9.0
Earnings per share, undiluted, EUR	0.00	-0.02	0.12

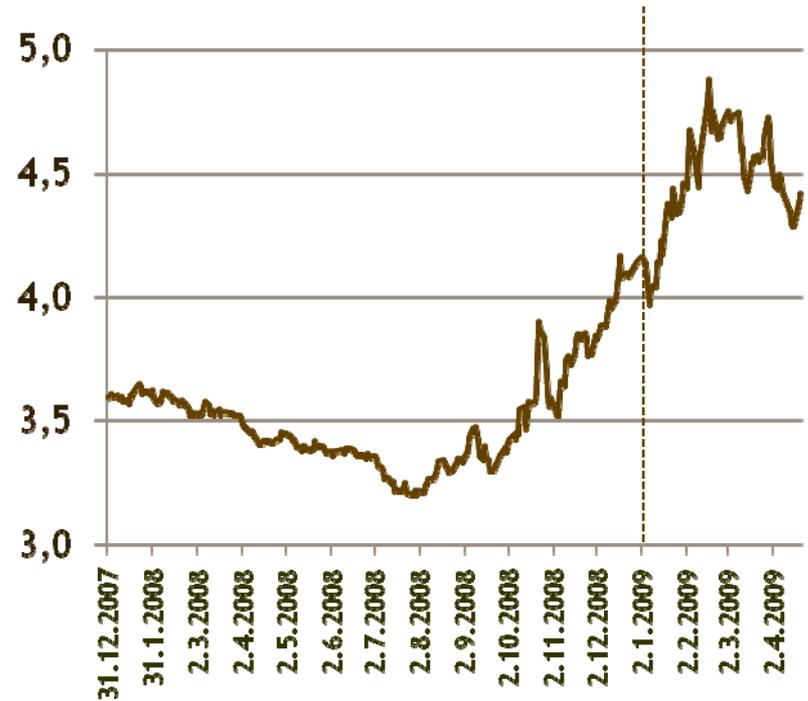
- The positive development of HKScan's business continued as expected.
- EBIT rose to EUR 8.2m, with positive results achieved in all market areas.
- Net sales in euros came slightly down due to fluctuations in currencies but were up by ca. 7% in fixed exchange rates.
- As expected, business grew stronger, especially in Finland.
- Consumer demand for food is directed towards basic products in all market areas.
- Long-term financial targets are still far away.
- Group EBIT for the period was cut by non-recurring costs totalling EUR 3.6m.

# Exchange rate development

## The value of the euro in krona (SEK)



## The value of the euro in zloty (PLN)

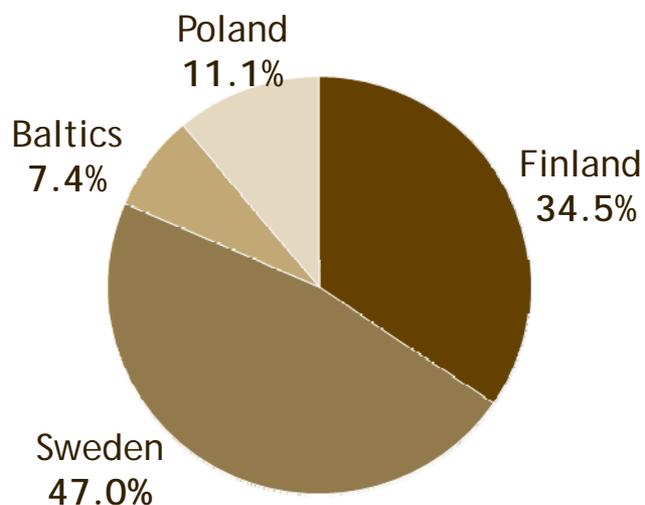


Source: European Central Bank

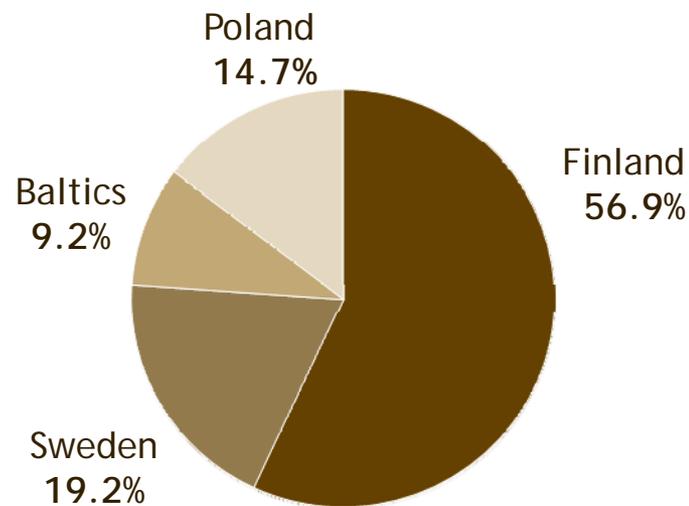
# Breakdown of net sales and EBIT

Q1/2009

Net sales EUR 492.1m



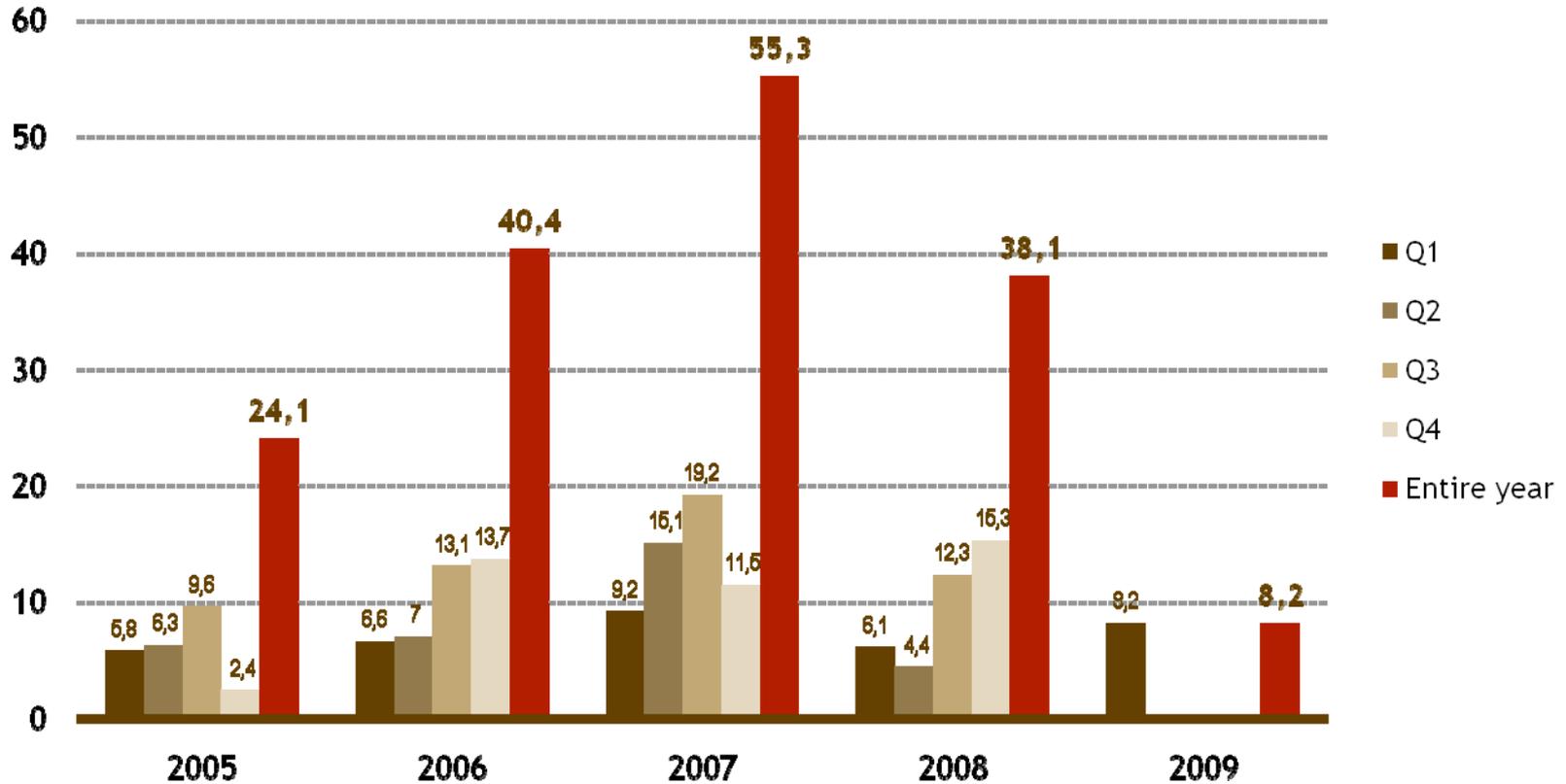
EBIT EUR 8.2m



\* shares calculated excluding Group administration costs

# Quartely EBIT\* development

EURm



\* reported



# Market area: Finland

	Q1/ 2009	Q1/ 2008	2008
Net sales, EURm	175.3	165.0	740.4
EBIT, EURm	6.2	4.1	14.4
- EBIT margin, %	3.6	2.5	1.9

- HK Ruokatalo's business and market standing continued to strengthen.
- The company's delivery reliability remained high and wholesale and retail customer confidence in the company was restored.
- Reasons behind the positive development include improved efficiency brought about by industrial restructuring as well as the success of the commercial measures taken and the strengthening of the company's position as a supplier in all business areas.
- The demand for basic products, such as minced meats and traditional processed meats, grew during the period.
- The share of non-recurring costs affecting the figures for the Finnish market area totalled EUR 1.1m.

# Market area: Sweden



	Q1/ 2009	Q1/ 2008	2008
Net sales, EURm	238.4	257.4	1 179.3
EBIT, EURm	2.1	0.6	18.0
- EBIT margin, %	0.9	0.2	1.5

- Scan's market standing continued to grow stronger.
- Net sales in Swedish krona up.
- The planning of a new programme to streamline the business of Scan AB began in early March. The aim is to achieve a leaner cost structure, raise the value added of products and streamline commercial operations.
- New executives and a new management organisation were introduced, with Olli Antniemi appointed Scan's new managing director.
- The figures for the Swedish market area were affected by a non-recurring expense item totalling EUR 1.2m.

# Market area: the Baltics



	Q1/ 2009	Q1/ 2008	2008
Net sales, EURm	37.3	38.0	168.2
EBIT, EURm	1.0	1.4	6.4
- EBIT margin, %	2.7	3.7	3.8

- The Baltic meat industry is undergoing a restructuring.
- HKScan's Baltic operations retained their position as the leading meat industry player and continued to report positive results, although at a lower level than a year earlier.
- The recession in the Baltic states deepened and consumers continued to prefer less expensive products.
- The role of cost control and the flexible adaptation of product ranges emphasises further.



# Market area: Poland

* )	Q1/ 2009	Q1/ 2008	2008
Net sales, EURm	56.4	61.1	270.9
EBIT, EURm	1.6	0.9	4.2
- EBIT margin, %	2.9	1.4	1.6

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

- The Sokolów Group's Q1 net sales in zloty were up.
- Sokolów's profitability continued to grow stronger and EBIT doubled.
- Agro-Sokolów's position was strengthened and Pozmeat remained in the black.
- The Polish market area is also undergoing a restructuring.

# HKScan income statement

(EURm)	Q1 / 2009	Q1 / 2008	2008
<b>NET SALES</b>	492.1	510.1	2 294.6
Operating income and expenses	-470.3	-490.9	-2 202.5
Depreciation and impairment	-13.6	-13.1	-54.0
EBIT	8.2	6.1	38.1
- % of net sales	1.7	1.2	1.7
<b>Financial income and expenses, net</b>	-7.2	-6.4	-29.0
Currency exchange gains and losses and changes in fair values	0.4	0.0	-1.1
Share of associates' results	0.3	0.1	0.9
<b>PROFIT / LOSS BEFORE TAXES</b>	1.7	-0.1	9.0
- % of net sales	0.3	-0.0	0.4
Income taxes	-1.3	-0.6	-1.4
<b>PROFIT / LOSS FOR THE PERIOD</b>	0.4	-0.8	7.6

# HKScan income statement

(EURm)	Q1 / 2009	Q1 / 2008	2008
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translating foreign operations	-7.3	1.4	-28.9
Hedging of net investment in a foreign unit	0.9	-0.3	7.1
Available-for-sale investments	-0.2	0.2	-0.2
Cash flow hedges	-0.6	-0.5	-2.0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-7.2</b>	<b>0.8</b>	<b>-24.1</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
	<b>-6.8</b>	<b>0.0</b>	<b>-16.5</b>
<b>PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders of the parent	0.1	-0.9	4.7
Minority interests	0.3	0.1	2.9
	<b>0.4</b>	<b>-0.8</b>	<b>7.6</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders of the parent	-6.9	0.2	-19.0
Minority interests	0.1	-0.2	2.5
	<b>-6.8</b>	<b>0.0</b>	<b>-16.5</b>
EPS (EUR) undiluted/diluted	<b>0.00</b>	<b>-0.02</b>	<b>0.12</b>

# Consolidated balance sheet

(EURm)	31.3.2009	31.3.2008	31.12.2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	57.0	65.6	57.8
Goodwill	82.7	85.2	81.7
Tangible assets	468.9	488.8	479.3
Holdings in associates	18.3	20.9	17.8
Trade and other receivables	18.5	18.2	17.4
Available-for-sale investments	9.8	11.5	9.9
Deferred tax asset	9.8	8.2	10.1
<b>Total non-current assets</b>	<b>665.1</b>	<b>698.4</b>	<b>673.9</b>
<b>Current assets</b>			
Inventories	144.9	153.8	128.3
Trade and other receivables	194.6	228.6	198.4
Income tax receivable	1.5	4.3	1.5
Other financial assets	2.1	3.7	2.2
Cash and cash equivalents	67.5	32.1	92.2
<b>Total current assets</b>	<b>410.7</b>	<b>422.4</b>	<b>422.6</b>
<b>TOTAL ASSETS</b>	<b>1 075.8</b>	<b>1 120.8</b>	<b>1 096.5</b>

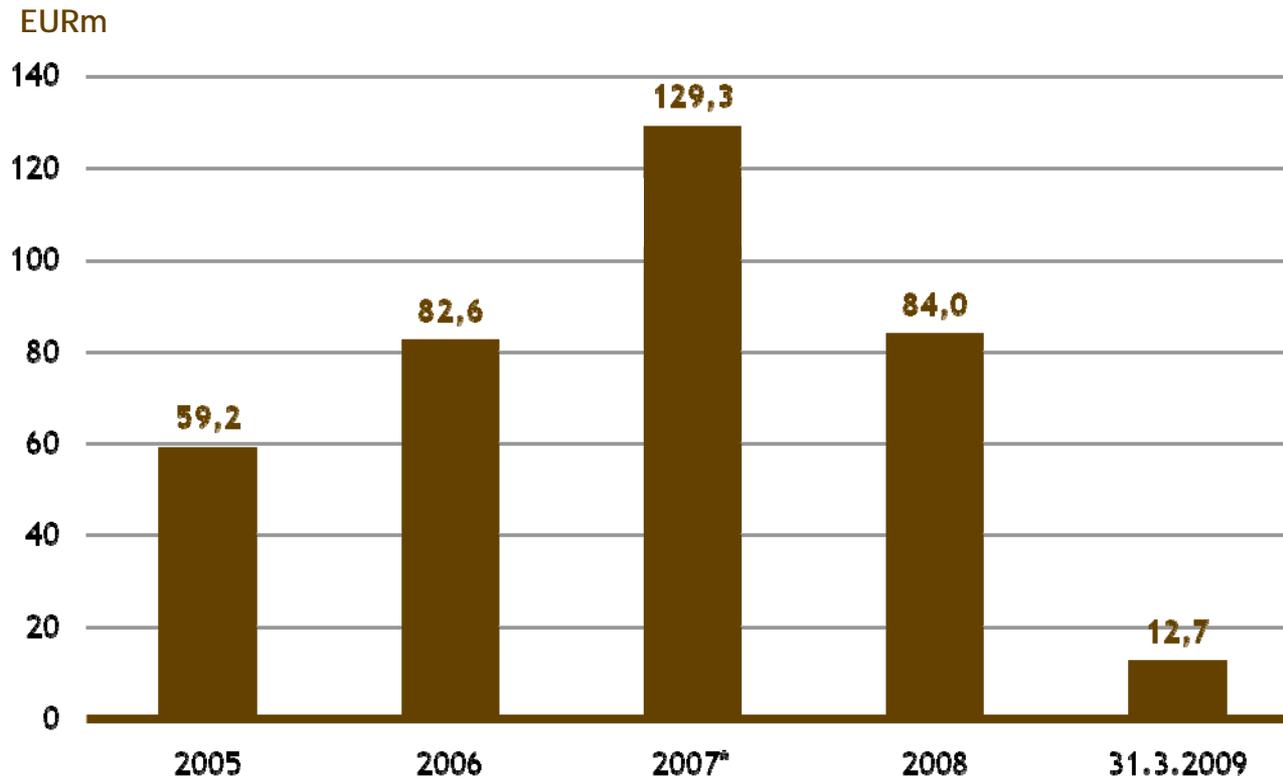
# Consolidated balance sheet

(EURm)	31.3.2009	31.3.2008	2008
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent	311.5	328.8	318.2
Minority interest	5.5	2.7	5.4
<b>Total shareholders' equity</b>	<b>317.0</b>	<b>331.6</b>	<b>323.7</b>
Deferred tax liability	33.2	34.0	33.6
Non-current interest-bearing liabilities	428.1	424.1	442.1
Non-current non-interest bearing liabilities	5.3	6.9	7.9
Pension obligations	3.6	3.1	3.7
Non-current provisions	2.7	0.0	1.4
<b>Non-current liabilities</b>	<b>472.9</b>	<b>468.2</b>	<b>488.7</b>
Current interest-bearing liabilities	89.7	108.9	82.4
Trade payables and other liabilities	193.1	210.5	199.4
Income tax liability	0.6	0.3	0.5
Current provisions	2.4	1.3	1.9
<b>Current liabilities</b>	<b>285.8</b>	<b>321.0</b>	<b>284.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 075.8</b>	<b>1 120.8</b>	<b>1 096.5</b>

# Cash flow statement

(EURm)	1-3 /2009	1-3 / 2008	2008
<b>Operating activities</b>			
EBIT and depreciation (incl. adjustments)	26.0	21.0	92.2
Change in net working capital	-30.2	-30.0	1.3
Financial income and expenses	-6.9	-6.2	-29.9
Taxes	-1.3	-0.6	-1.4
<b>Net cash flow from operating activities</b>	<b>-12.4</b>	<b>-15.8</b>	<b>62.2</b>
<b>Investing activities</b>			
Gross investments in PPE	-13.2	-24.4	-84.1
Disposals of PPE	0.5	2.8	12.0
Loans granted and repaid	0.1	-1.1	1.8
<b>Net cash flow from investing activities</b>	<b>-12.7</b>	<b>-22.6</b>	<b>-70.3</b>
<b>Cash flow before financing activities</b>	<b>-25.1</b>	<b>-38.4</b>	<b>-8.1</b>
<b>Financing activities</b>			
Capital loan payments received	-	-	20.0
Borrowings raised and repaid	2.8	17.2	43.8
Dividends paid			-10.6
Purchase of treasury shares	0.0	-0.1	-0.1
<b>Net cash flow from financing activities</b>	<b>2.9</b>	<b>17.1</b>	<b>53.0</b>
<b>Change in cash and cash equivalents</b>	<b>-22.2</b>	<b>-21.4</b>	<b>44.9</b>

# Investing activities



\* Exclusive of enterprise value on Scan AB acquisition

# Key indicators

	31.3.2009	31.3.2008	2008
EPS, diluted (EUR)	0.00	-0.02	0.12
Equity per share at 31 Mar, EUR <sup>*)</sup>	7.93	8.37	8.10
Dividend per share			0.24
Equity ratio, %	29.5	29.6	29.5
Average number of shares, mill.	39.3	39.3	39.3
Gross capital expenditure on PPE, EURm	12.7	27.8	84.0
Employees, end of month average	6 968	7 285	7 421

<sup>\*)</sup> Excluding minority's share of equity

# Financial targets and their realisation

2005 - Q1/2009

		Target	Realisation				
			Q1/2009	2008	2007	2006	2005
EBIT	More than 5% of net sales	1.7	1.7	2.6	4.3	2.7	
Return on equity	More than 15%	0.5	2.3	9.2	11.9	7.7	
Equity ratio	More than 40%	29.5	29.5	29.3	43.7	44.7	
Dividend distribution	Min. 30% of net profit		199.3	37.7	34.2	58.2	

# Future outlook



Consumer demand for food is 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 or even diminishing demand are visible in the company's other market areas as well as its export markets.

Despite the prevailing climate of exceptional uncertainty having to do with the global financial and economic crisis, the company estimates that Group EBIT for the current year will surpass that for 2008.

