

HKScan

HKScan Corporation
Q3 Interim Report
5 November 2008

CEO Kai Seikku

Investor briefing 5 November 2008

HKScan Corporation

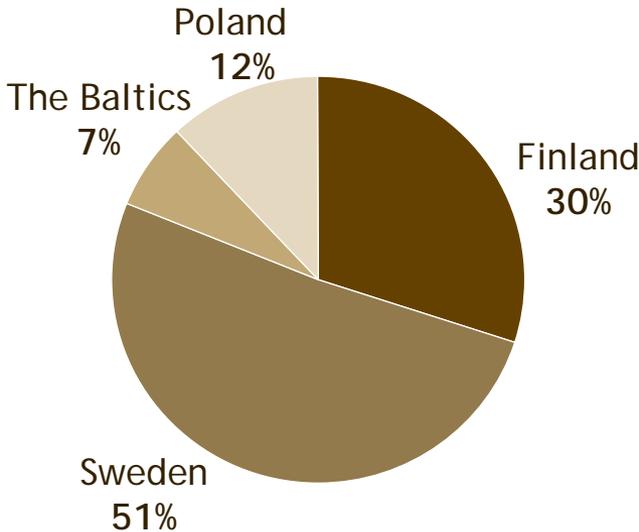
	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales, EUR million	600.4	532.1	1 702.3	1 555.0	2 107.3
EBIT, EUR million	12.3	18.7	22.8	43.2	55.3
- EBIT margin, %	2.0	3.5	1.3	2.8	2.6
Profit / loss before taxes	5.4	13.3	3.1	29.4	36.3
Earnings per share	0.05	0.26	-0.05	0.57	0.72

- The meat market levelled off in Q3.
- Profitability improved on the early months but was still too low, particularly in Finland.
- Strong market position in all market areas creates a sound platform for the Group's business development.
- This has been an exceptionally challenging year: declining economic trend, high restructuring costs, losses made by Polish business units, general increase in input costs and higher interest rates.
- But, the company has what it takes to achieve positive earnings development: EBIT in Q4 will be up on the Q3 level.
- The financial crisis is not likely to have a major impact on food demand. HKScan's extensive product range provides excellent opportunities to respond to consumption trends in each market.

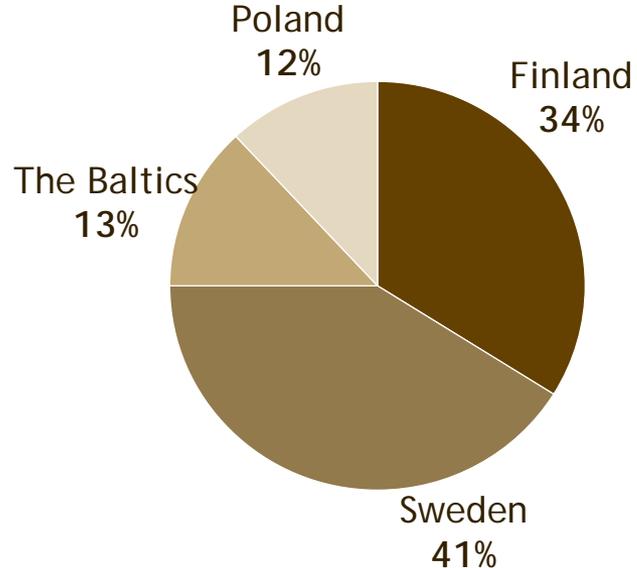
Breakdown of net sales and EBIT

Q3/2008

Net sales EUR 600.4m



EBIT EUR 12.3m

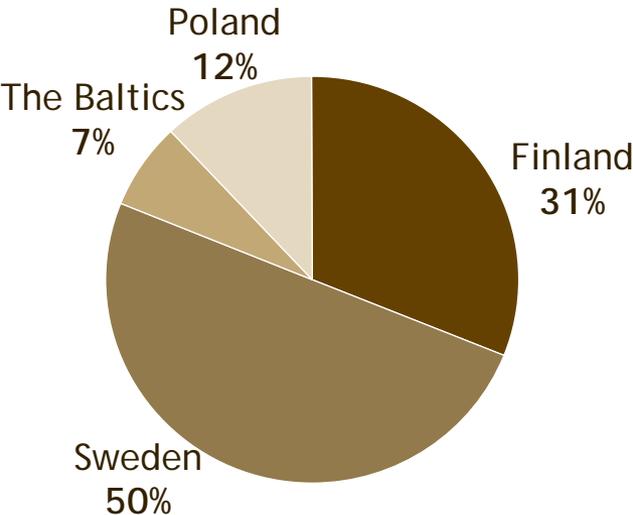


* shares calculated excluding Group administration costs

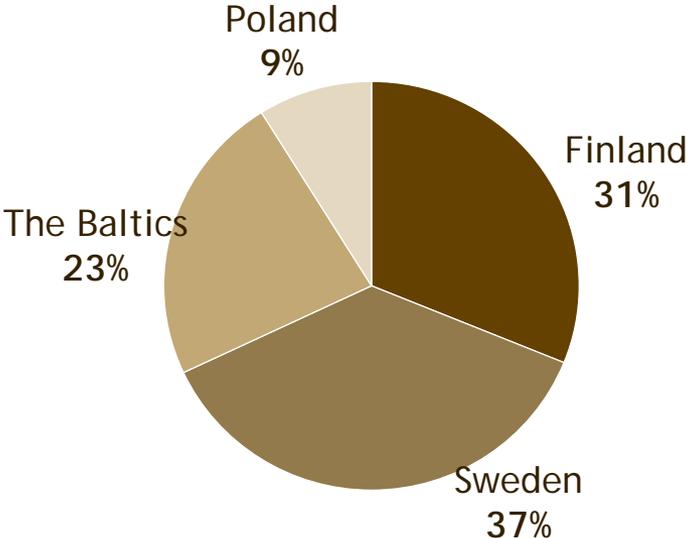
Breakdown of net sales and EBIT

Q1-Q3/2008

Net sales EUR 1 702.3m



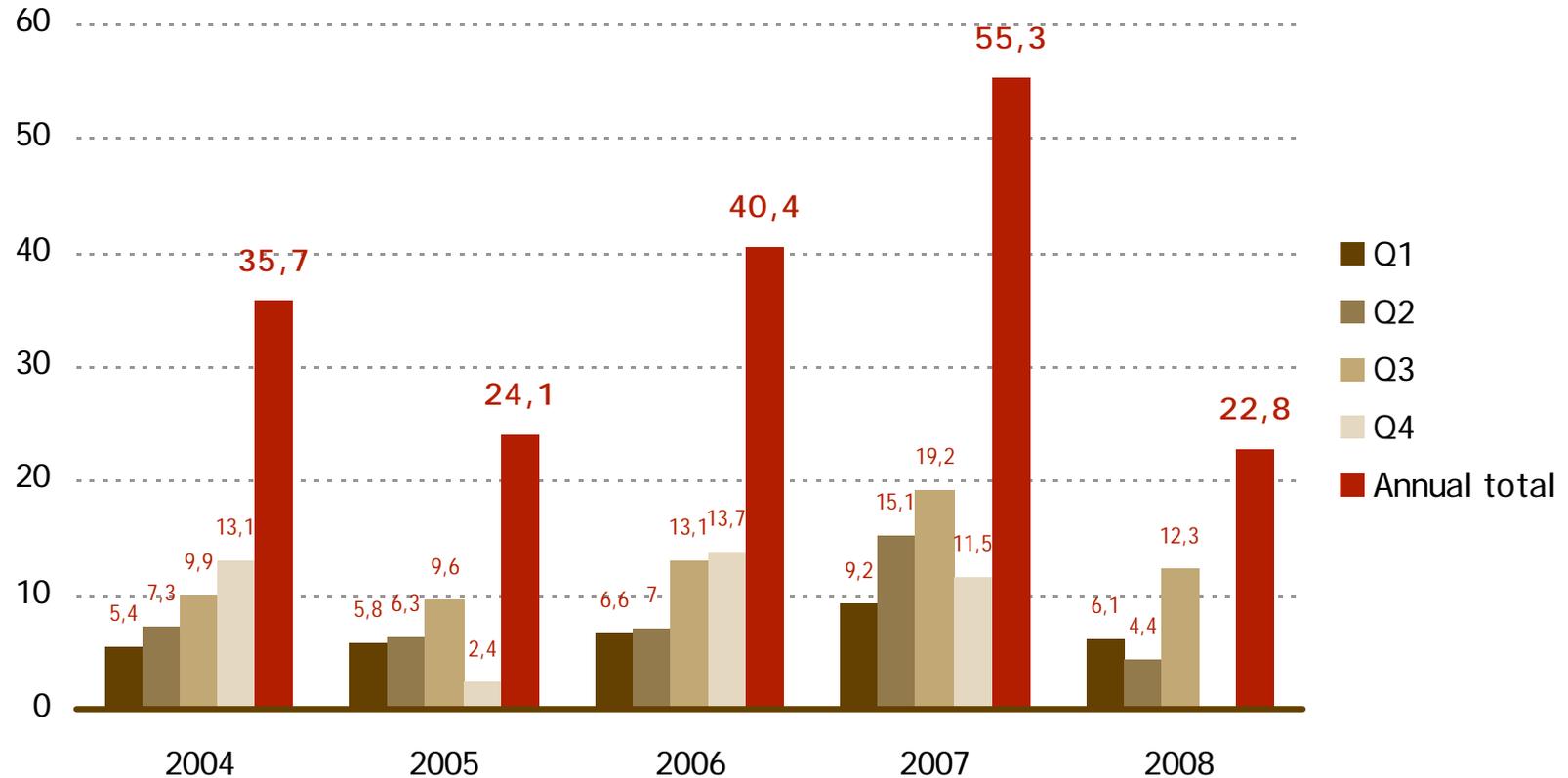
EBIT EUR 22.8m



* shares calculated excluding Group administration costs

Quarterly EBIT* development

EUR million



* reported

Market area: Finland



	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales, EUR million	183.7	171.3	543.2	497.9	674.3
EBIT, EUR million	4.5	6.7	8.0	19.6	22.8
- EBIT margin, %	2.4	3.9	1.5	3.9	3.4

- EBIT improved slightly on the poor level seen in Q2.
- Sales volume and EBIT were still burdened by a one-off destocking of frozen meat, overlaps in logistics expenditure and the fact that delivery reliability was not restored to normal until late Q3.
- The restructuring performed in Finland enables profitable growth after a long period of losing market positions.
- The launch of the new logistics centre brought delivery reliability to a competitive level.
- The company's poultry business performed in line with targets. Outsourcing to Ruoka-Saarioinen improves the competitiveness of HK Ruokatalo's poultry business.
- HK Ruokatalo reformed its operational organisation and management model in August.



Market area: Sweden

	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales, EUR million	315.4	279.2	877.7	816.2	1 111.9
EBIT, EUR million	5.5	8.5	9.4	14.8	23.0
- EBIT margin, %	1.7	3.0	1.1	1.8	2.1

- EBIT improved slightly on the previous quarters but remained clearly below the 2007 level.
- Now completed, negotiations on price conditions took products off the shelves for several weeks across a significant retail chain. The situation is now back to normal in all respects.
- Sales prices were raised in October which, coupled with improvements in the pork market situation, will boost profitability.
- The commissioning of the extension at the Swinoujście bacon plant in Poland progressed to the final phase.
- September saw the closedown of the Kävlinge plant in southern Sweden and the slaughtering facility in Uppsala.

Market area: the Baltics



	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales, EUR million	44.2	38.0	125.2	107.7	145.3
EBIT, EUR million	1.7	3.4	5.8	9.8	10.7
- EBIT margin, %	3.8	8.9	4.6	9.1	7.4

- Net sales increased but EBIT was down on the figure a year earlier.
- July sales were as planned, but a sharp downturn in national economies cut consumer demand down in August and September, which was reflected in a rapid decrease in profitability.
- The poor economic outlook in the Baltics will continue to affect the company's earnings development in the last quarter.
- The Group strengthened its market position.
- Demand for less expensive products is growing.
- Industry consolidation is gathering pace.



Market area: Poland

*)	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales, EUR million	74.2	59.5	204.6	166.1	220.9
EBIT, EUR million	1.6	1.4	2.3	3.6	3.7
- EBIT margin, %	2.2	2.4	1.1	2.2	1.7

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

- EBIT improved in Poland.
- Sokolów's sales and earnings development continued on a steady track, with fewer losses reported by Agro-Sokolów and Pozmeat as anticipated.
- Pozmeat is expected to turn profitable in the last quarter.
- The area with biggest growth in Sokolów was deliveries to modern retail chains, which in nine months have become the number one sales channel. The significance of retail chains as partners to industry will increase in Poland.

HKScan income statement

(EUR million)	Q3/ 2008	Q3/ 2007	Q1-Q3/ 2008	Q1-Q3/ 2007	2007
Net sales	600.4	532.1	1 702.3	1 555.0	2 107.3
EBIT	12.3	18.7	22.8	43.2	55.3
- % of net sales	2.0	3.5	1.3	2.8	2.6
Share of associates' results	0.6	0.4	1.0	0.6	0.4
Financial income and expenses, net	-7.4	-5.7	-20.7	-14.4	-19.4
Profit / loss before taxes	5.4	13.3	3.1	29.4	36.3
- % of net sales	0.9	2.5	0.2	1.9	1.7
Income taxes	-2.2	-2.9	-3.5	-5.9	-6.8
Profit / loss for the financial period	3.2	10.4	-0.4	23.5	29.5
Profit / loss for the period attributable to:					
Equity holders of the parent	2.1	10.1	-2.1	22.2	27.8
Minority interests	1.1	0.3	1.7	1.3	1.7
Total	3.2	10.4	-0.4	23.5	29.5
EPS, EUR undiluted/diluted	0.05	0.26	-0.05	0.57	0.72

Consolidated balance sheet at 30 Sept 2008

(EUR million)	30.9.2008	30.9.2007	31.12.2007
ASSETS			
Non-current assets			
Intangible assets	64.5	18.6	65.5
Goodwill	84.8	106.1	85.1
Tangible assets	503.9	481.5	476.6
Holdings in associates	18.7	17.6	20.3
Trade and other receivables	14.1	10.6	18.0
Available-for-sale investments	11.0	11.8	11.4
Deferred tax asset	8.7	2.7	8.3
Total non-current assets	705.7	648.8	685.1
Current assets			
Inventories	151.9	138.9	140.2
Trade and other receivables	239.9	247.3	244.9
Income tax receivable	5.8	4.0	2.5
Other financial assets	3.4	3.9	3.7
Cash and cash equivalents	33.6	32.9	53.2
Total current assets	434.6	427.1	444.5
TOTAL ASSETS	1 140.3	1 075.9	1 129.6

Consolidated balance sheet at 30 Sept 2008

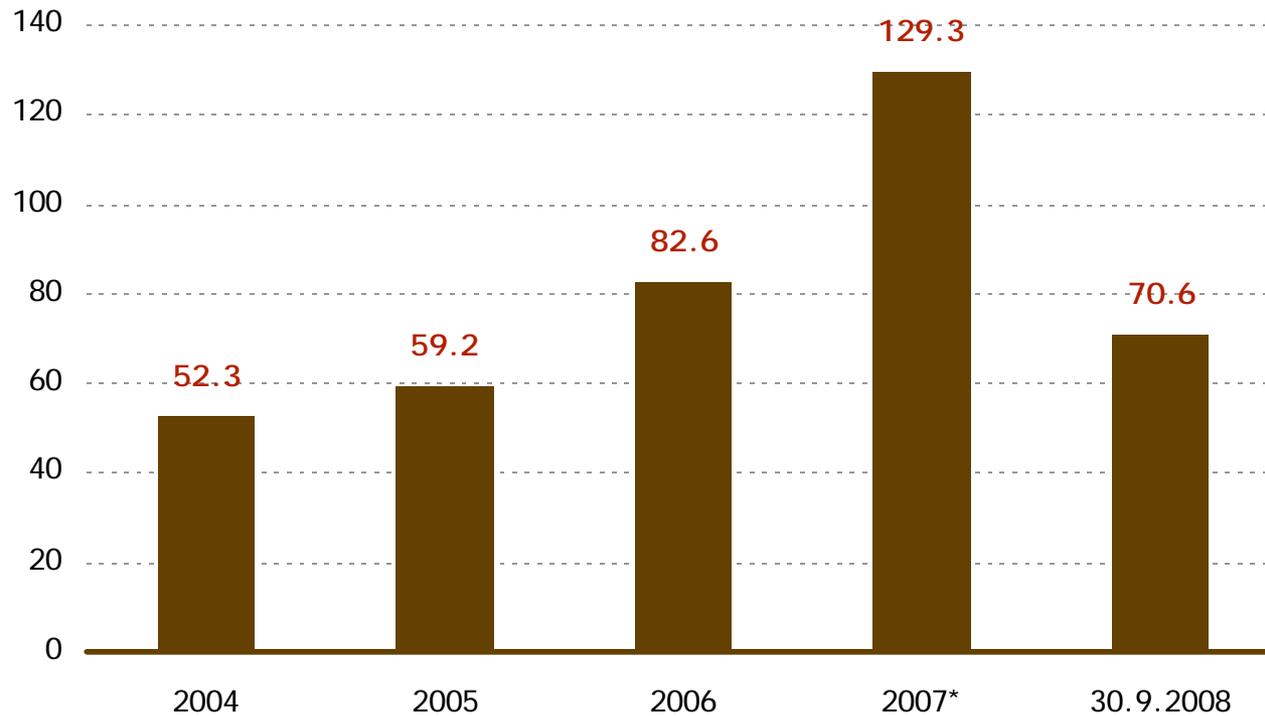
(EUR million)	30.9.2008	30.9.2007	31.12.2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	336.6	324.3	328.5
Minority interest	5.2	2.5	2.9
Total shareholders' equity	341.8	326.8	331.5
Deferred tax liability	35.6	17.6	34.0
Non-current interest-bearing liabilities	426.9	446.8	421.6
Non-current non-interest bearing liabilities	6.1	5.8	6.9
Pension obligations	3.0	5.1	4.7
Non-current provisions	0.4	5.5	0.0
Non-current liabilities	472.0	480.9	467.2
Current interest-bearing liabilities	114.1	58.4	92.9
Trade payables and other liabilities	210.9	206.9	236.6
Income tax liability	0.1	2.9	0.1
Current provisions	1.4	0.0	1.3
Current liabilities	326.6	268.1	330.9
SHAREHOLDERS' EQUITY AND LIABILITIES	1 140.3	1 075.9	1 129.6

Cash flow statement

(EUR million)	1-9/2008	1-9/2007	1-12/2007
Operating activities			
EBIT and depreciation (incl. adjustments)	59.6	78.7	97.2
Change in net working capital	-31.2	11.4	50.1
Financial income and expenses	-20.6	-14.4	-19.3
Taxes	-3.5	-5.8	-6.8
Net cash flow from operating activities	4.3	69.9	121.2
Investing activities			
Gross investments in fixed assets	-68.8	-92.9	-131.6
Disposals of fixed assets	8.6	8.5	15.8
Investments in subsidiary		-70.1	-70.1
Loans granted and borrowings repaid	1.6		-1.9
Net cash flow from investing activities	-58.6	-154.5	-187.8
Cash flow before financing activities	-54.3	-84.6	-66.5
Financing activities			
Capital loan payments received	20.0		
Current borrowings raised and repaid	25.2	116.6	122.4
Dividends paid	-10.6	-9.3	-9.3
Purchase of treasury shares	-0.1	-1.8	-1.8
Net cash flow from financing activities	34.5	105.5	111.3
Change in cash and cash equivalents	-19.8	20.9	44.7

Investing activities

EUR million



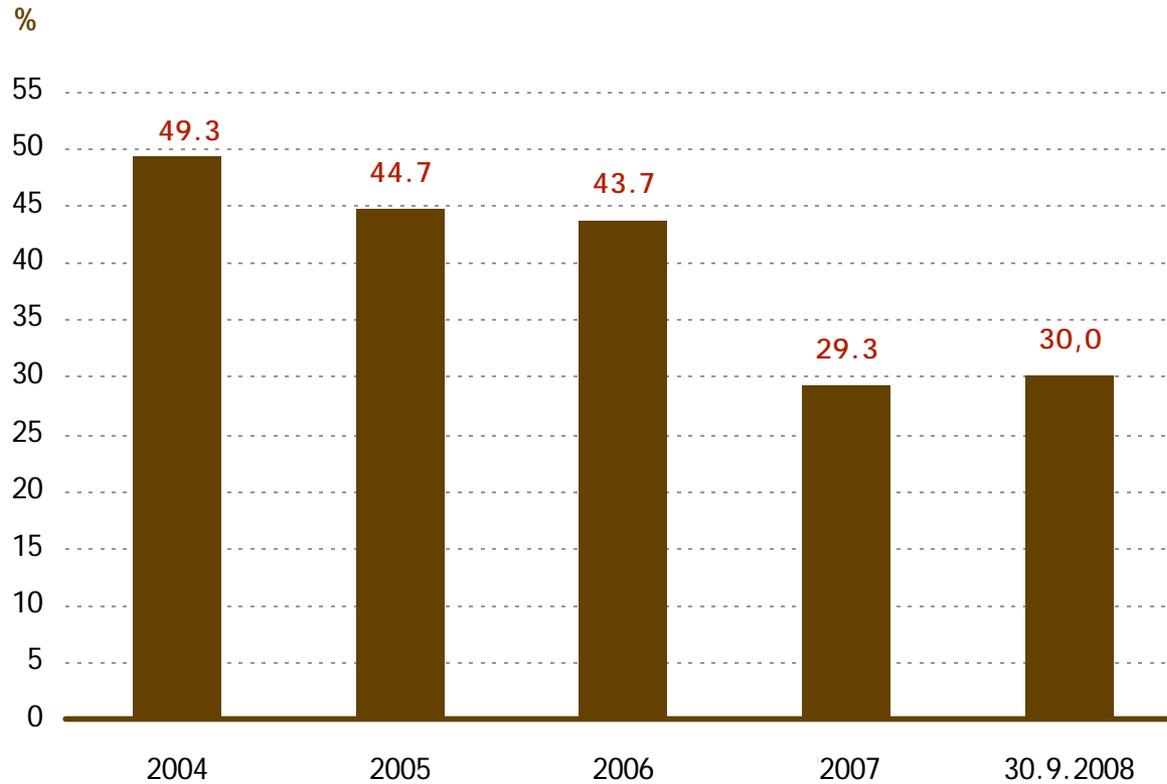
* exclusive of enterprise value on Scan AB acquisition

Financial indicators

	30.9.2008	30.9.2007	31.12.2007
EPS, diluted, EUR	-0.05	0.57	0.72
Equity per share at 30 Sept, EUR ¹⁾	8.57	8.27	8.36
Equity ration, %	30.0	30.4	29.3
Average number of shares, million	39.3	38.7	38.8
Capital expenditure, EUR million	70.6	92.9	129.3
Employees, average	7 526	7 949	7 840

¹⁾ Excluding minority's share of equity

Equity ratio



Financial targets

	Target	30.9.2008	2007
EBIT	more than 5% of net sales	1.3%	2.6%
ROE	above 15%	-0.2%	9.2%
Equity ratio	above 40%	30.0%	29.3%
Dividend distribution	at least 30% of net earnings		37.7%

Future outlook



- The company maintains its view of full-year EBIT falling clearly short of that seen in 2007.

