

HKScan

HKScan Corporation
Q3 Interim report 4 November 2011

CEO Matti Perkonaja

Media and investor briefing 4 November 2011

Group structure

HKScan Corporation

Net sales in 2010: EUR 2 113.9 million*, CEO Matti Perkonoja
 Pro forma net sales 2010: EUR 2 325.5 million **

Finland

Net sales in 2010:
 EUR 718.5 million

HKScan Finland Oy
 Managing Director
 Jari Leija



Sweden

Net sales in 2010:
 EUR 997.1

Scan AB
 Managing Director
 Denis Mattsson



Denmark

Net sales in
 2009/2010:
 appr. EUR 218.3
 million

Rose Poultry A/S
 Managing Director
 Olli Antniemi



Baltics

Net sales in 2010:
 EUR 160.4 million

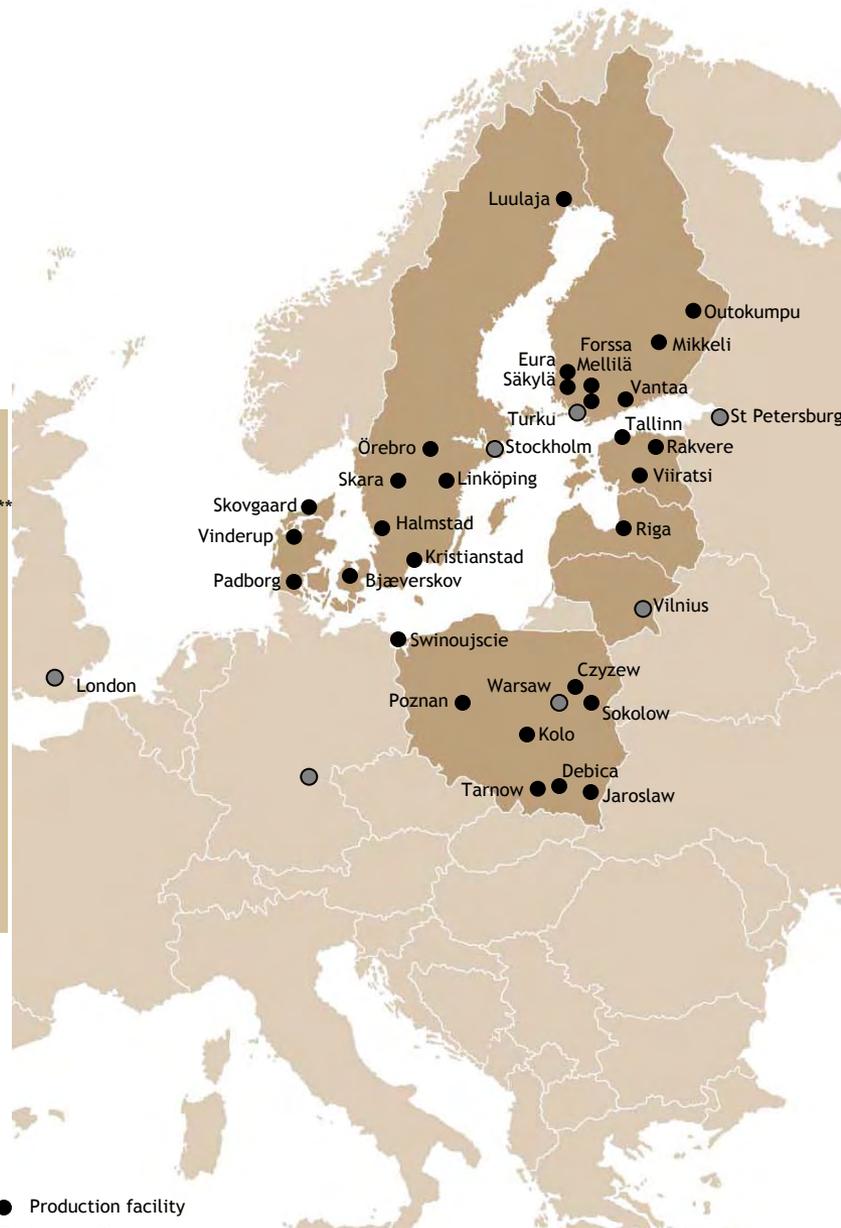
AS Rakvere
 Lihakombinaat
 Managing Director
 Anne Mere
 AS Talleg
 Managing Director
 Teet Soorm



Poland

Net sales in 2010:
 EUR 279.3 million***

Saturn Nordic
 Holding AB
 -> Sokolów
 Managing Director
 Boguslaw Mischczuk



● Production facility
 ● Sales office

* Between segments - Finland, Sweden, Baltic and Poland - EUR -63.3 million.

** Includes as pro forma figures the net sales of operations acquired in 2010.

***Joint venture Saturn Nordic Holding AB owned 50/50 by HKScan and Danish Crown holds 100% of the shares in Sokolów. In 2010 half of Sokolów's net sales, i.e. EUR 279.3 million were accounted for in HKScan Group figures.

HKScan

MEAT INDUSTRY SHAPER

HKScan Corporation

	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	618.1	532.4	1 841.4	1 518.3	2 113.9
EBIT, EUR mill.	14.0	18.8	22.1	32.3	48.0
- EBIT margin %	2.3	3.5	1.2	2.1	2.3
Profit before taxes	5.6	16.5	2.2	25.3	36.5
EPS, EUR	0.09	0.24	0.05	0.37	0.52

- The HKScan Group's net sales in the first nine months of the year grew to EUR 1 841.4 million. Growth in net sales was 21%. The Group's EBIT came in at EUR 22.1 million.
- The protracted difficulties in the pork business began to ease in the second half of the period under review.
- HKScan's sales in consumer markets strengthened further. The Group's market positions were stable, in some parts on the rise.
- The company reaffirms its previous guidance. The Group's full-year EBIT is expected to fall short of 2010 levels.
- In the HKScan Group:
 - Most challenging has been control of the pork-based business, especially in the Group's main market areas. Hardest hit during the past year by the challenges of overproduction in Europe and low price levels in international export markets has been production within the sphere of international competition.
 - Recovery of the pork export market in the Far East and the positive development in profitability it achieved will be reflected in HKScan's performance in the next few months.
 - The difficulty in forecasting price trends of the main cost items in meat production, feed and energy, will continue.

Market area: Finland



	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	199.0	179.0	594.9	520.3	718.5
EBIT, EUR mill.	4.8	6.8	4.9	6.0	10.7
- EBIT margin %	2.4	3.8	0.8	1.2	1.5

- EBIT in the third quarter came in at EUR 4.8 million.
- Net sales in the quarter grew by 11.2% and totalled EUR 199.0 million. Of growth in net sales, approximately half was due to Järvi-Suomen Portti Oy's merger with the Group at the beginning of the year.
- The profitability of the business continued to be modest due to the protracted challenges in pork production and low sales prices in the domestic and export markets. Production management has been streamlined, prices have been increased and the export markets are gradually recovering.
- In Finland:
 - Consumer demand for HK Rapeseed Pork has remained excellent.
 - Commercial success in Finland during the summer was good, and HK Ruokatalo's share of the total market grew.
 - HK Ruokatalo's productivity programme has progressed. Pork cutting activities were concentrated in Forssa.
 - Järvi-Suomen Portti Oy strengthened its development programme. The annual overall benefit of the efficiency programme is estimated to be approximately EUR 2 million.

MEAT BAROMETER

January-September

2011

As carcase

31.10.2011

1000 tn (in parenthesis I-IX / 2010)

*) Exports and imports from September are estimated



change in % from previous year

Market area: Sweden



	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	254.7	249.8	770.1	722.1	997.1
EBIT, EUR mill.	5.4	6.6	9.7	12.3	20.4
- EBIT margin %	2.1	2.6	1.3	1.7	2.0

- In Sweden, EBIT in Q3 stood at EUR 5.4 million. EBIT from operations was better than last year, when non-recurring items for the comparison year in the net amount of EUR +3.3 million are taken into account.
- Net sales grew by one percent and totalled EUR 254.7 million, which in krona were at the same level as the previous year.
- In Sweden:
 - Growth of the grocery business has come to standstill and stores have strongly increased the share of own-brands in their ranges.
 - Scan's barbecue season was successful.
 - In November, Scan will launch a product range based on imported meat raw material under the Hansa brand. Only Swedish meat will be sold under the Scan brand, in the future too.
 - The implementation of the beef cutting line investment, which was part of Scan's efficiency programme, has been completed.
 - The competitiveness of production based on Swedish meat raw material remains weak.



Market area: Denmark

	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	60.4	-	173.8	-	21.8*
EBIT, EUR mill.	-1.3	-	-2.4	-	-0.0*
- EBIT margin %	-2.2	-	-1.4	-	0.0*

- Rose Poultry has been consolidated in the HKScan Group since 29 November 2010.
- In Denmark, EBIT was EUR -1.3 million. Net sales amounted to 60.4 million.
- Rose Poultry has in the period under review implemented a business development programme which has given rise to additional costs in the company's operations.
- In Denmark:
 - The price of broiler feed and consequently also producer prices rose in the early part of the year.
 - With respect to product sales prices, the price of chicken leg quarters, especially, has been poor both in the EU market and in the Middle East, which is important for Rose Poultry. Low export prices have weakened Rose Poultry's overall profitability.
 - The measures to centralize and increase the efficiency of Rose Poultry's operations have continued at the plants in Vinderup and Skovsgaard. Discontinuation of poultry slaughtering at the Padborg facility reduced the number of employees in the company by 50.
 - In line with its strategy, Rose Poultry is developing a fresh product range in its home market in Denmark and, in particular, in Sweden.

Market area: Baltics



	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	44.9	42.3	128.3	118.4	160.4
EBIT, EUR mill.	3.4	2.5	7.0	6.9	8.7
- EBIT margin %	7.6	6.0	5.4	5.8	5.4

- In the Baltics, EBIT in Q3 was EUR 3.4 million.
- In the third quarter, net sales grew by 7.1% and totalled EUR 44.9 million. The merger of AS Jelgavas Galas Kombinats with the Group on 1 July 2010 has contributed to the growth in net sales.
- In the Baltics:
 - Sales of Rakvere’s and especially of Tallegg’s summer season products succeeded well. In the Baltics, consumption of cheaper poultry products is growing strongly, while consumption of higher-priced pork – and beef has fallen somewhat.
 - In order to be able to meet growing demand, the poultry company Tallegg has developed its products and modernized its production processes and lines.
 - In the Baltics, recovery of the economy and escalating inflation has increased the prices of raw materials and other inputs. Pressure to raise personnel costs too continues.
 - Despite these challenges, business operations in the Baltics have adjusted to the prevailing market situation well.

Market area: Poland



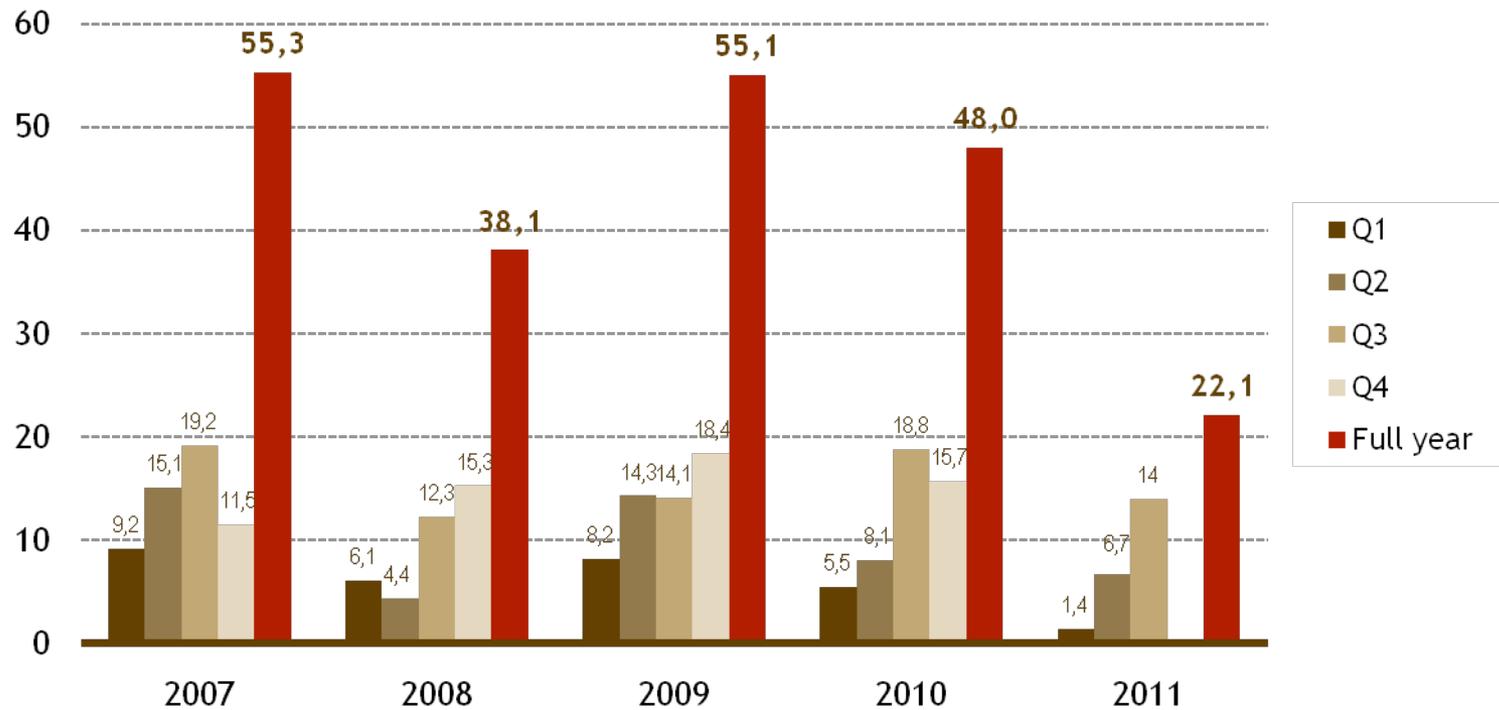
*)	Q3/ 2011	Q3/ 2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
Net sales, EUR mill.	77.5	76.9	225.0	206.8	279.3
EBIT, EUR mill.	3.4	4.3	9.2	12.5	15.5
- EBIT margin %	4.4	5.6	4.1	6.1	5.6

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

- Sokolów's EBIT in the third quarter was EUR 3.4 million.
- Net sales were EUR 77.5 million, at the level of the comparison period.
- In Poland:
 - Deterioration of the profitability of pork has continued because of the growth in production costs. Transferring rises in costs to consumers poses a challenge. The worst hit by the situation have been small and medium-sized companies specializing in slaughter and meat cutting.
 - Larger companies have coped with the situation better and Sokolów's sales improved as planned, both in modern and in traditional retail chains.
 - Sokolów's two largest investments and development projects were:
 - the cold cuts plant Sokolów Podlaski, which will increase the annual volume of cold cuts production to 36 million kilos
 - the beef slaughtering line in Tarnów.

Quarterly EBIT * development

EUR million



* reported

Future outlook

Consumer demand for meat is expected to remain steady in the Group's domestic markets. The decentralized structure of HKScan's business in different product groups and geographical areas, and the ongoing efficiency and development programmes will provide the foundation for stronger development of the Group's competitiveness and profitability.



The difficult global market situation for pork is easing in the Group's main market areas. On the other hand, changes in the costs of inputs can still be forecast only for the near future. The protracted profitability crisis in the pork business will change most permanently the structures and production volumes of the entire supply chain. The company will improve profitability of the business in question by raising selling prices and through the controlled adjustment of procurement volumes.

The Group's full-year EBIT is expected to fall short of 2010 levels.

The process of selecting a new CEO is progressing as planned and more information will be given in near future.

M. Perkonoja 4.11.2011

HKScan

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Development of product offering

Consumers seek "nutritional" solutions during the day

- What can we offer (product, channel)?

Breakfast



"Time for us"

Mid-morning snack



"Time for myself"

Lunch



"Time for myself" /
"Time for us"

Afternoon snack



"Time for us"

Evening meal



"Time for us"

Night-time snack



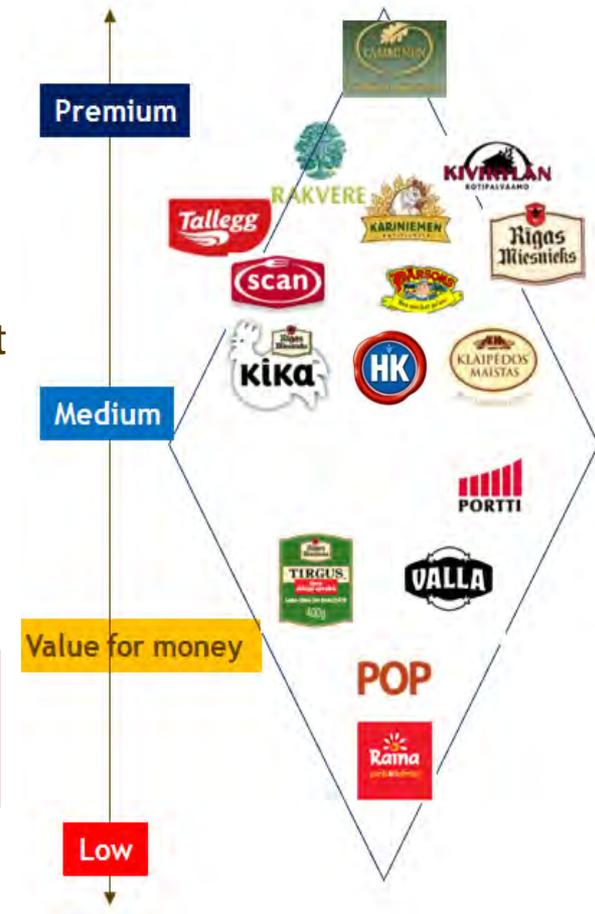
"Time for myself"

Goals	<ul style="list-style-type: none"> Start to the day Build up energy Healthy 	<ul style="list-style-type: none"> Moment of peace Socializing Killing hunger 	<ul style="list-style-type: none"> Time out, peace With coworkers 	<ul style="list-style-type: none"> Relax Energy burst Fast 	<ul style="list-style-type: none"> Socializing Communication Eating till full 	<ul style="list-style-type: none"> Pleasure Relaxation and reward
Behavior	<ul style="list-style-type: none"> Quick self-serve Skip Only what's needed Trend for too salty 	<ul style="list-style-type: none"> Bridging Fast & on the side Functional Healthy School break 	<ul style="list-style-type: none"> Time window 12-4pm Trend for cold Limited time 	<ul style="list-style-type: none"> Late lunch on the side vs. ritual (coffee & cake) 	<ul style="list-style-type: none"> Socializing (family time) Trend for warm Polarizing: heavy vs. light 	<ul style="list-style-type: none"> Raid the fridge Cold cuts without bread, standing Snacks (sweet & salty)
Occasion	<ul style="list-style-type: none"> At home vs. on way to work 	<ul style="list-style-type: none"> At workplace In schoolyard 	<ul style="list-style-type: none"> At home vs. canteen/office 	<ul style="list-style-type: none"> At workplace vs. at home (standing) 	<ul style="list-style-type: none"> At home 	<ul style="list-style-type: none"> Kitchen (standing) vs. bed vs. sofa
Disruptive factors	<ul style="list-style-type: none"> Lack of time Disruptions No appetite 	<ul style="list-style-type: none"> Time pressure Unhealthy for kids 	<ul style="list-style-type: none"> Sluggish afterward Time pressure Standard meal Boredom: eating alone 	<ul style="list-style-type: none"> Often unhealthy (sugar) 	<ul style="list-style-type: none"> Time for cooking and washing up Always the same Hard to digest 	<ul style="list-style-type: none"> Calories Bad conscience

What makes HKScan Meat Industry Shaper?

- Strong market position in Scandinavian meat market
- Leading local brands & attractive product portfolio
- Diversified geographical structure and multiple product segments
- Efficient and streamlined operations
- Skilled people

= Ability and competence to improve consumer-driven offerings together with key customers



HKScan's mission and vision

Mission - MEAT AND MORE

HKScan is a responsible food company which creates economic value added for its stakeholders through its highly varied meat-based product portfolio, food concepts and tasty products.

Vision - MEAT INDUSTRY SHAPER

HKScan sets the standard for best practices in the food industry in Europe through skilled employees, strong brands, innovative products and an efficient and transparent production chain.

Product offering & Brands

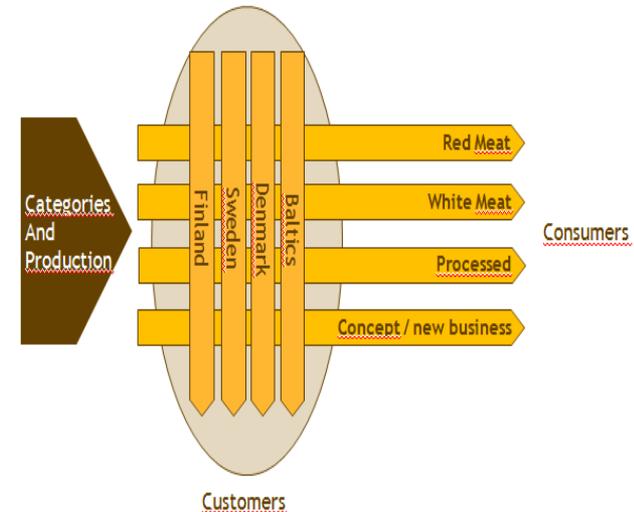


- Retail
- Horeca
- Fast food
- Industry
- Export

Customer Concepts



Efficient processes and operating model with group support



HKScan

MEAT INDUSTRY SHAPER

Offerings-
Based
Working
model

HKScan

HKScan Corporation

Q3 Interim report 4 November 2011

HKScan income statement

(EUR million)	Q3/2011	Q3/2010	Q1-Q3/ 2011	Q1-Q3/ 2010	2010
NET SALES	618.1	532.4	1 841.4	1 518.3	2 113.9
Operating income and expenses	-586.6	-497.7	-1 765.9	-1 441.7	-2 006.2
Share of associates' results	0.2	0.3	0.6	1.1	1.8
Depreciation and impairment	-17.7	-16.2	-54.0	-45.3	-61.5
EBIT	14.0	18.8	22.1	32.3	48.0
- % of net sales	2.3	3.5	1.2	2.1	2.3
Financial income	2.0	2.0	5.5	5.5	8.1
Financial expenses	-11.0	-5.1	-27.4	-14.8	-21.9
Share of associates' results	0.6	0.8	2.0	2.3	2.2
PROFIT / LOSS BEFORE	5.6	16.5	2.2	25.3	36.5
- % of net sales	0.9	3.1	0.1	1.7	1.7
Income tax	-0.1	-2.7	1.7	-3.3	-5.7
PROFIT / LOSS FOR THE PERIOD	5.6	13.8	3.9	22.0	30.8
PROFIT / LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	5.2	12.9	2.6	19.9	27.9
Non-controlling interests	0.4	0.9	1.3	2.1	2.9
TOTAL	5.6	13.8	3.9	22.0	30.8
Earnings/share, continuing operations, EUR	0.09	0.24	0.05	0.37	0.52

HKScan statement of comprehensive income

(EUR million)	Q3/2011	Q3/2010	Q1-Q3 /2011	Q1-Q3/ 2010	2010
Profit/loss for the period	5.6	13.8	3.9	22.0	30.8
OTHER COMPREHENSIVE INCOME (after taxes)					
Exchange differences on translating foreign operations	-4.3	5.5	-6.0	12.5	13.5
Available-for-sale investments	0.0	0.0	0.0	0.0	0.0
Cash flow hedging	-4.5	0.0	-3.5	-3.9	1.8
Revaluation	0.1	0.0	0.1	0.0	0.0
TOTAL OTHER COMPREHENSIVE INCOME	-8.7	5.5	-9.4	8.6	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.1	19.3	-5.5	30.7	46.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	-3.5	18.1	-6.6	28.0	42.6
Non-controlling interests	0.5	1.2	1.1	2.7	3.5
Total	-3.1	19.3	-5.5	30.7	46.1

Consolidated balance sheet

(Eur million)	30.9.2011	30.9.2010	31.12.2010
ASSETS			
Non-current assets			
Intangible assets	74.7	71.4	77.1
Goodwill	99.7	95.4	100.4
Tangible assets	513.2	490.0	537.8
Holdings in associates	28.6	25.8	27.0
Trade and other receivables	29.7	23.0	25.3
Available-for-sale investments	12.1	11.8	13.1
Deferred tax asset	17.0	13.3	14.4
Non-current assets	775.1	730.6	795.0
Current assets			
Inventories	180.2	145.2	159.9
Trade and other receivables	238.5	220.7	240.6
Income tax receivable	4.0	3.3	0.3
Other financial assets	0.3	2.2	3.9
Cash and cash equivalents	48.4	58.7	69.5
Current assets	471.4	430.1	474.1
ASSETS	1 246.5	1 160.7	1 269.2

Consolidated balance sheet

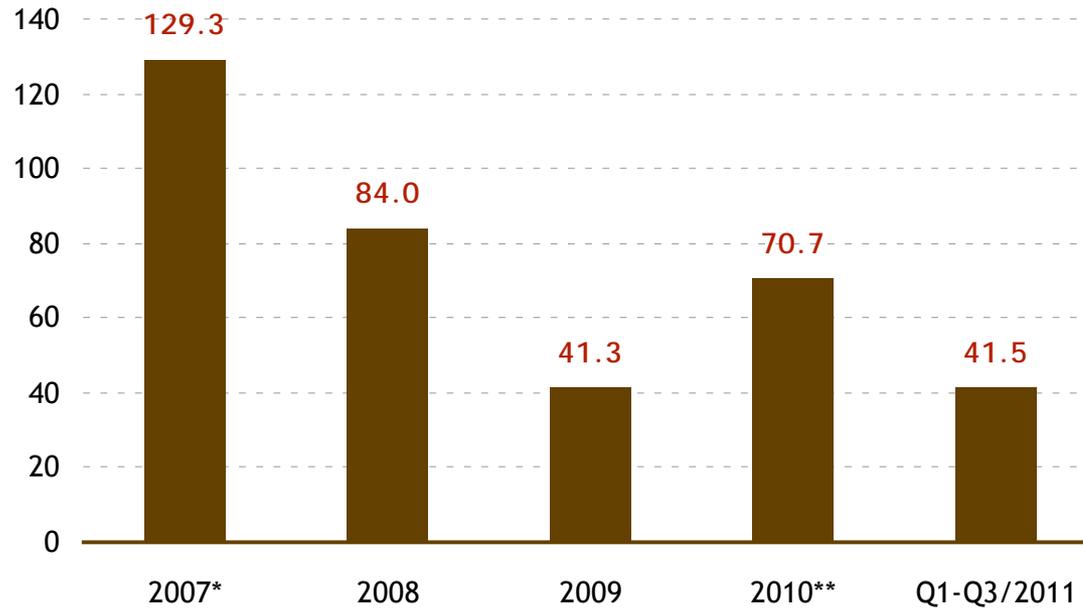
(EUR million)	30.9.2011	30.9.2010	31.12.2010
EQUITY AND LIABILITIES			
Attributable to the equity holders of the Company	402.2	404.6	419.6
Non-controlling interests	11.3	10.4	11.1
Total equity	413.5	415.1	430.6
Deferred tax liability	37.5	33.6	38.9
Non-current interest-bearing liabilities	397.9	357.7	361.2
Non-current non-interest bearing liabilities	12.4	4.8	12.4
Non-current provisions	1.0	3.0	2.4
Pension obligations	2.9	3.1	3.1
Non-current liabilities	451.8	402.2	418.0
Current interest-bearing liabilities	109.0	101.1	153.0
Trade and other payables	269.5	235.3	262.5
Income tax liability	2.1	3.8	2.7
Current provisions	0.7	3.3	2.3
Current liabilities	381.2	343.5	420.6
EQUITY AND LIABILITIES	1 246.5	1 160.7	1 269.2

Cash flow statement

(EUR million)	30.9.2011	30.9.2010	2010
Operating activities			
EBIT and depreciation (incl. adjustments)	72.9	63.7	97.0
Change in net working capital	-21.1	-29.0	-3.7
Financial income and expenses	-21.3	-9.3	-13.8
Taxes	-2.9	-3.3	-5.7
Net cash flow from operating activities	27.6	22.1	73.8
Investing activities			
Gross investments in property, plant and equipment	-40.1	-50.8	-73.6
Disposals of property, plant and equipment	1.3	8.0	7.0
Investments in subsidiary	-	-1.3	-25.2
Shares in associates acquired and disposed	-0.2	-1.5	-0.3
Loans granted and repaid	-0.3	-0.2	0.2
Net cash flow from investing activities	-39.3	-45.8	-91.9
Cash flow before financing activities	-11.7	-23.7	-18.1
Financing activities			
Loans raised and repaid	1.7	17.0	23.0
Dividends paid	-12.1	-11.9	-11.9
Net cash flow from financing activities	-10.5	5.1	11.1
Change in cash and cash equivalents	-22.2	-18.6	-7.0

Investments

EUR million



* Exclusive of enterprise value of Scan AB acquisition, appr. EUR 158 million

** Exclusive of enterprise value of Rose Poultry A/S EUR 23.4 million

Financial highlights

	30.9.2011	30.9.2010	2010
EPS, diluted, EUR	0.05	0.37	0.52
Equity / share, 30.9., EUR	7.32	7.50	7.63
Dividend per share			0.22
Equity ratio, %	33.3	35.8	34.0
Average number of shares, mill.			
- average in period	55.0	54.0	54.0
Production-related investment, EUR mill.	41.5	52.2	70.7
Average no. of employees	8 520	7 429	7 491

