

HKScan Corporation Interim Report Q1/2012

Hannu Kottonen, CEO
Information meeting 8.5.2012



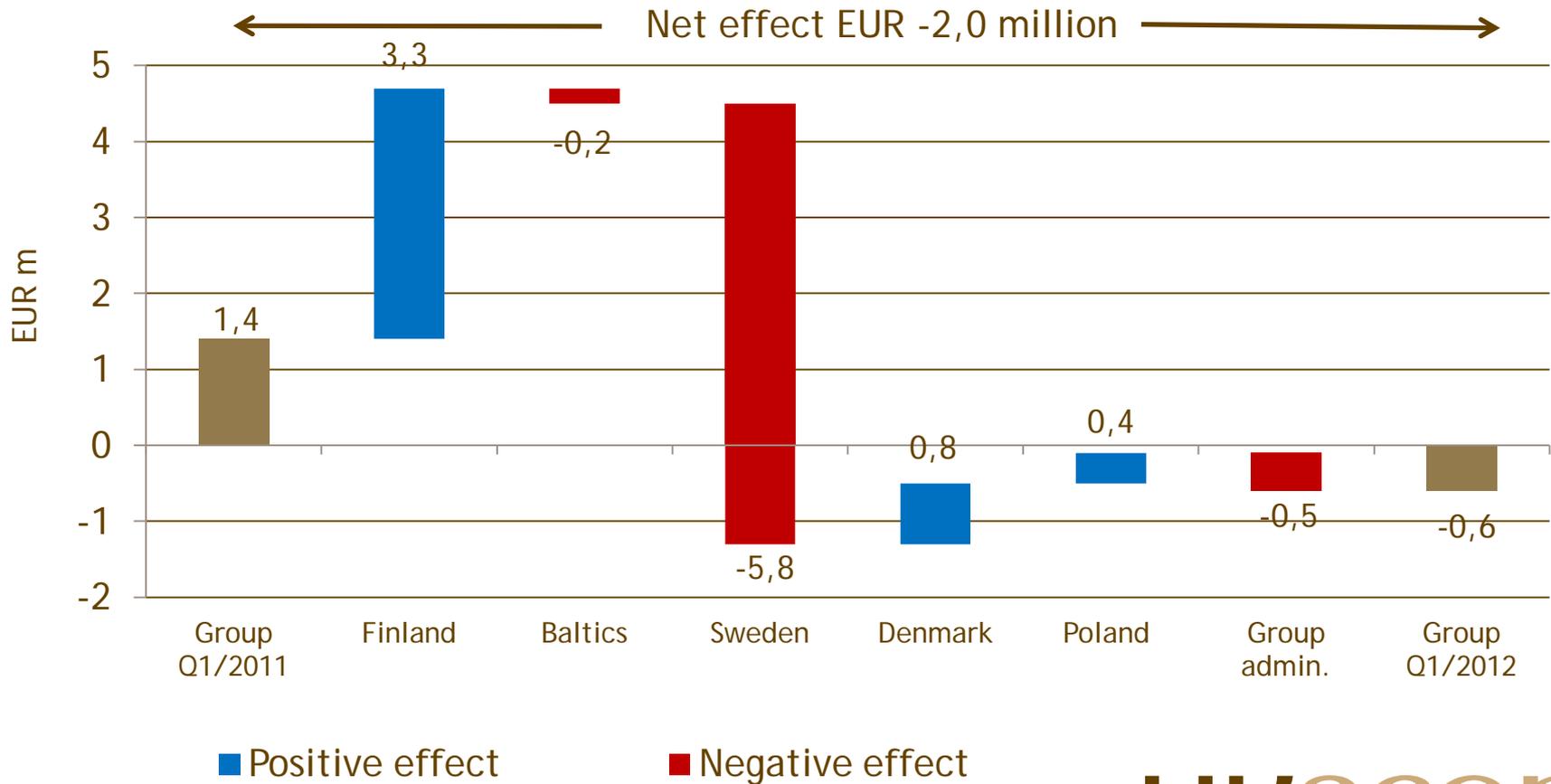
HKScan Corporation

	Q1/2012	Q1/2011	2011
Net sales, EUR million	606.1	592.7	2 491.3
EBIT, EUR million	-0.6	1.4	39.6
- EBIT %	-0.1	0.2	1.6
Profit / loss before taxes, EUR million	-7.7	-3.3	11.3
Result/share, EUR	-0.09	-0.06	0.18

- Net sales grew by 2.3%, EBIT slightly negative.
- A five-year EUR 250 million credit facility agreement.
- Net financial expenses were EUR -7.9 million including financing arrangement expenses.
- Development programme until the end of 2013, annual performance improvements exceeding EUR 20 million and considerable reduction in invested capital:
 - pricing, management of production and product offering
 - variable and fixed costs
 - working capital
 - more efficient utilization of Group synergies

Group EBIT Bridge

Q1 /2012 vs. Q1 /2011



Market area Finland



	Q1/2012	Q1/ 2011	2011
Net sales, EUR million	197.6	188.0	812.4
EBIT, EUR million	2.7	-0.6	12.1
- EBIT %	1.4	-0.3	1.5

- Business development better than the general development in the sector:



- Market standing strengthened, especially in cold cuts. An upturn also in the share of convenience food
- HK Rapeseed pork holds nearly a 20 percent market share in consumer packed pork
- Contract reform concerning pork meat procurement proceeding according to plan
- In Mikkeli a significant flexible local cooperation agreement concluded with the personnel
- Anne Mere became director of the market areas Finland and the Baltics

Market area Baltics



	Q1/2012	Q1/2011	2011
Net sales, EUR million	40.5	39.3	173.3
EBIT, EUR million	0.7	0.9	9.8
- EBIT %	1.8	2.2	5.6

- Net sales grew by nearly 3%. EBIT decreased slightly.
 - Price of meat raw material and energy costs have risen
 - Households' buying power weakened → impact on purchasing behaviour
 - Business in the Baltics has adjusted well to the market conditions
- Tightening of the Baltic organization commenced
- Most significant investments:
 - Tallegg's production restructuring programme
 - At Rakvere energy saving projects and primary production

Market area Sweden



	Q1/2012	Q1/2011	2011
Net sales, EUR million	246.9	252.3	1 045.7
EBIT, EUR million	-5.5	0.3	17.2
- EBIT %	-2.2	0.1	1.6

- Net sales decreased. Negative EBIT was caused by:
 - decreased pork and beef production
 - high procurement price of Swedish meat
 - inadequate price increases
- Efficiency measures with a view to rectifying the situation instigated. Additionally longer-term strategic alternatives also explored in order to develop the business in Sweden
- Svensk Rapsgris launched to HoReCa customers, the concept will be expanded to retail during the summer
- Meat products under Hansa brand launched on the market





Market area Denmark

	Q1/2012	Q1/2011	2011
Net sales, EUR million	57.8	57.5	228.1
EBIT, EUR million	0.3	-0.5	-3.7
- EBIT %	0.5	-0.9	-1.6

- Steady net sales, delightful EBIT improvement:
 - Raw material prices decreased slightly
 - In the market areas of Denmark and Sweden development continues especially in regards to fresh poultry products
 - Export sales to Malaysia recovered
- Investments in Vinderup and Skovsgaard production facilities continued as planned

Market area Poland



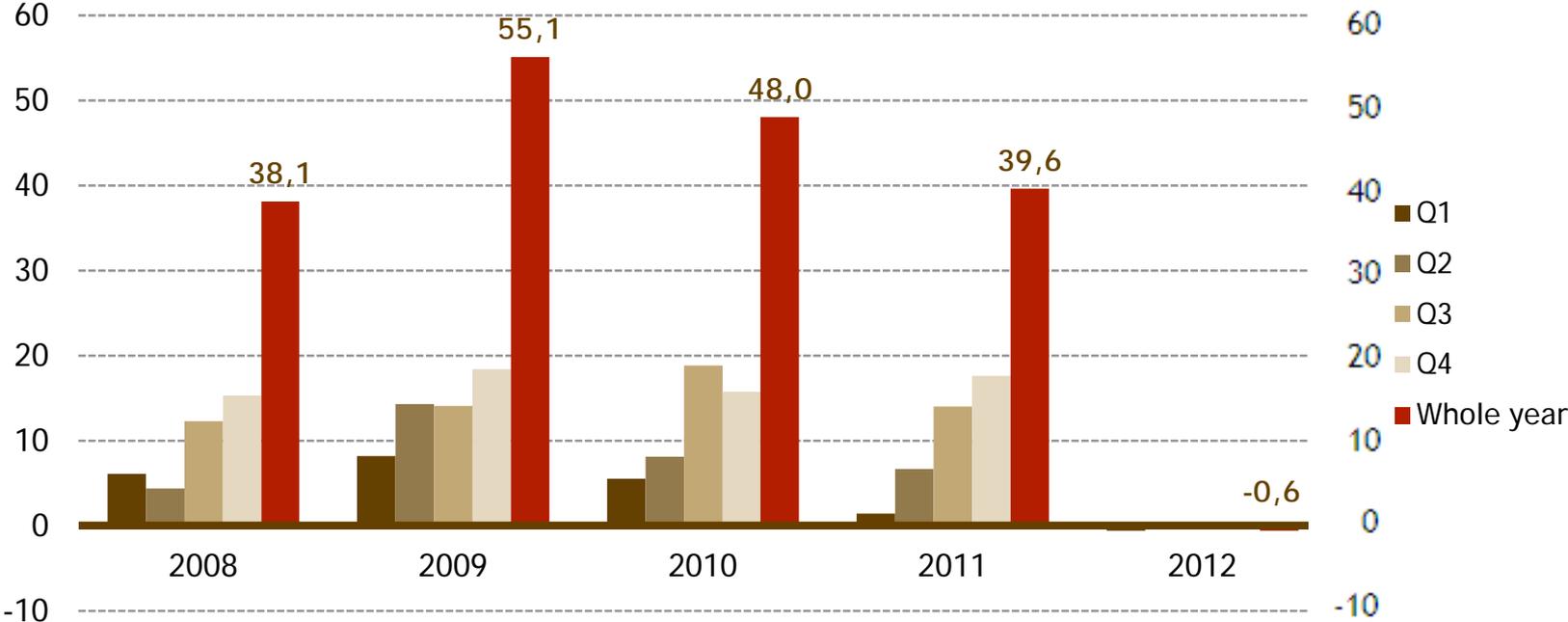
*)	Q1/2012	Q1/2011	2011
Net sales, EUR million	80.4	70.5	298.9
EBIT, EUR million	3.4	3.0	12.7
- EBIT %	4.3	4.2	4.2

*) Figures refer to the share of HKScan (50%) of the Sokolów group figures.

- Net sales grew well, by 14.1 percent.
- Prices of meat raw material have risen and price competition is tough. Modern and own retail sales developed steadily
- Major changes going on in the meat sector. Large and diverse companies such as Sokolów have coped with the situation better.
- Investments relating to production improvement progressed according to plan :
 - The beef slaughtering line at the Tarnów plant
 - Sokolów Podlaski's cold cuts plant

EBIT* development by quarter

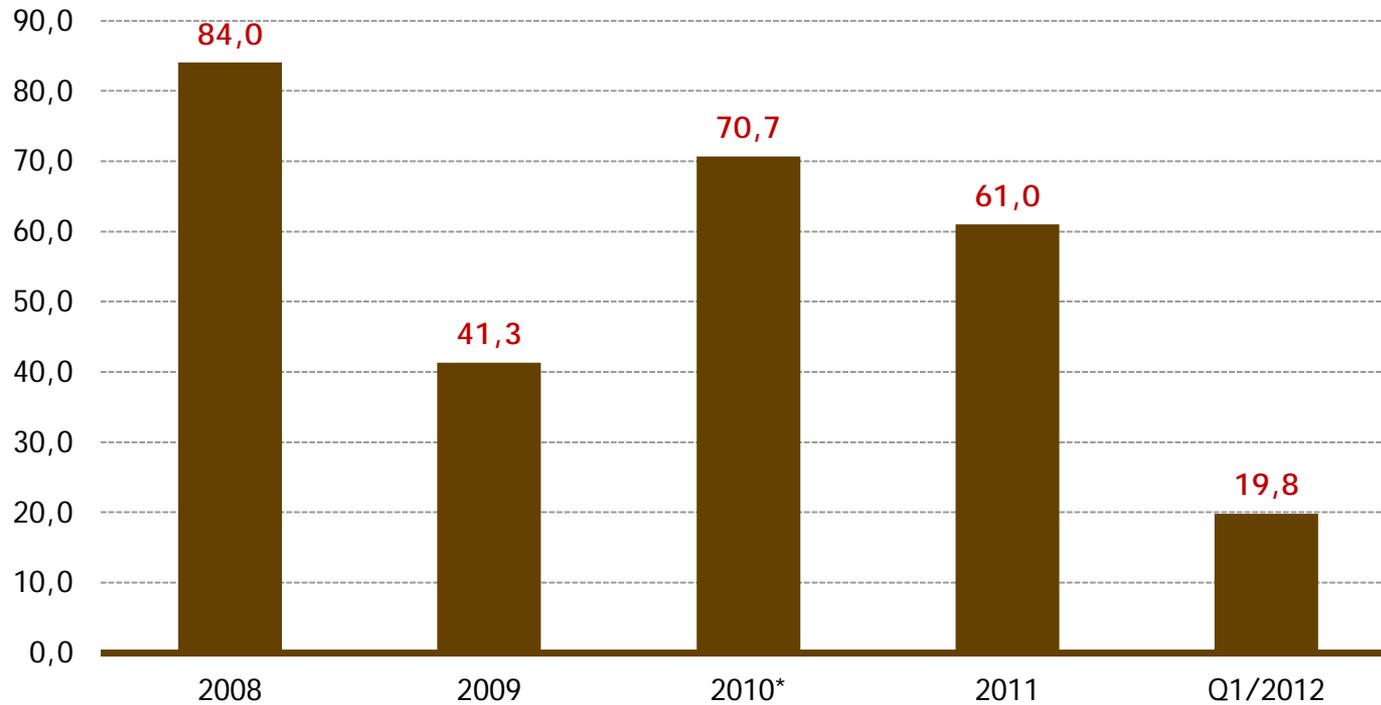
EUR m



* reported

Investments

EUR m



* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

Future outlook

Consumer demand for meat is expected to remain fairly steady in the Group's domestic markets and to grow slightly in Finland.

The prolonged challenges concerning structures of value chains and production volumes are affecting the controllability and predictability of the sector. The Group will improve its profitability by raising selling prices and through the controlled adjustment of procurement volumes alongside development programmes. Despite the actions, it will take longer than anticipated to stabilize the situation in Sweden.

New guidance: Due to the weakened outlook for the business in Sweden, there is a risk that the Group's EBIT for 2012 will come out below the level of 2011.

Previous guidance: The Group's EBIT for 2012 will be better than in 2011.



Tasty food!

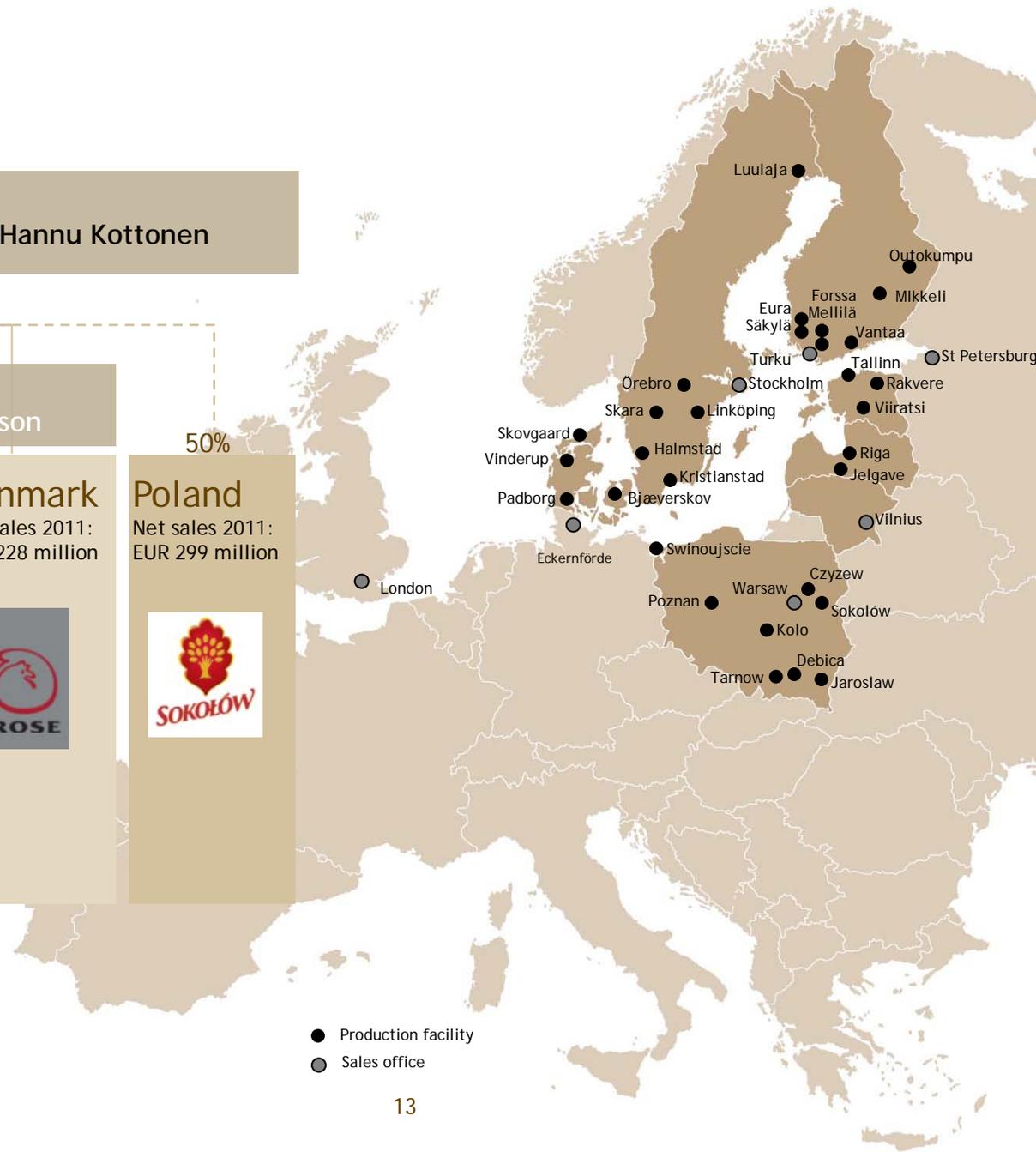


HKscan

Group structure

HKScan Group

Net sales 2011: EUR 2,5 billion, CEO Hannu Kottonen



- Production facility
- Sales office

Income statement

(EUR million)	Q1/2012	Q1/2011	2011
NET SALES	606.1	592.7	2 491.3
Operating income and expenses	-588.4	-573.5	-2 380.5
Share of associates' results	-0.1	0.2	1.1
Depreciation and impairment	-18.1	-18.0	-72.3
EBIT	-0.6	1.4	39.6
% of net sales	-0.1	0.2	1,6
Financial income	1.4	2.6	7.4
Financial expenses	-9.4	-7.8	-38.3
Share of associates' results	0.8	0.6	2.5
PROFIT/LOSS BEFORE TAXES	-7.7	-3.3	11.3
% of net sales	-1.3	-0.6	0.5
Income tax	2.5	0.7	1.0
PROFIT/LOSS FOR THE PERIOD	-5.2	-2.7	12.2
Attributable to:			
Equity holders of the parent	-5.1	-3.1	10.1
Non-controlling interests	-0.1	0.4	2.1
Total	-5.2	-2.7	12.2

Statement of comprehensive income

(EUR million)	Q1/2012	Q1/2011	2011
Profit/loss for the period	-5.2	-2.7	12.2
OTHER COMPREHENSIVE INCOME (after taxes):			
Exchange differences on translating foreign operations	4.2	1.1	-2.5
Cash flow hedging	0.6	2.7	-7.4
Revaluation	0.1	0.0	0.0
TOTAL OTHER COMPREHENSIVE INCOME	5.0	3.8	-9.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
	-0.2	1.1	2.4
ATTRIBUTABLE TO:			
Equity holders of the parent	-0.2	0.6	0.3
Non-controlling interests	-0.0	0.5	2.1
Total	-0.2	1.1	2.4

Consolidated balance sheet

(EUR million)	31.3.2012	31.3.2011	2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	76.6	76.8	76.6
Goodwill	101.3	100.2	101.0
Tangible assets	524.8	534.7	516.5
Shares in associates	30.0	28.0	29.9
Trade and other receivables	32.2	27.0	31.1
Available-for-sale investments	13.3	12.5	13.0
Deferred tax asset	24.6	14.4	21.1
NON-CURRENT ASSETS	802.7	793.7	789.2
CURRENT ASSETS			
Inventories	200.9	187.1	190.2
Trade and other receivables	228.1	231.6	223.8
Income tax receivable	2.1	2.3	1.5
Other financial assets	0.4	0.4	0.4
Cash and cash equivalents	38.0	48.3	48.0
CURRENT ASSETS	469.4	469.7	463.8
ASSETS	1 272.1	1 263.4	1 253.0

Consolidated balance sheet

(EUR million)	31.3.2012	31.3.2011	2011
EQUITY AND LIABILITIES			
Equity attrib. to equity holders of the parent	409.1	421.8	409.3
Non-controlling interests	11.8	11.2	12.2
EQUITY	421.0	433.0	421.5
Deferred tax liability	37.4	37.6	36.9
Non-current interest-bearing liabilities	336.4	380.7	333.5
Non-current non-interest-bearing liability	2.8	13.2	3.0
Non-current provisions	0.7	1.7	0.6
Pension obligations	3.1	3.1	3.1
NON-CURRENT LIABILITIES	380.4	436.2	377.1
Current interest-bearing liabilities	191.5	128.8	170.6
Trade and other payables	278.6	262.0	282.9
Income tax liability	-0.1	2.5	0.1
Current provisions	0.8	0.8	0.7
CURRENT LIABILITIES	470.8	394.2	454.4
EQUITY AND LIABILITIES	1 272.1	1 263.4	1 253.0

Cash flow statement

(EUR million)	Q1/2012	Q1/2011	2011
Operating activities			
EBIT and depreciations (incl. adjustments)	17.4	17.0	108.2
Change in net working capital	-15.7	-13.1	-28.3
Financial income and expenses	-9.0	-6.0	-19.6
Taxes	-1.8	-1.5	-6.4
Net cash flow from operating activities	-9.0	-3.6	53.9
Investments			
Gross investments in property, plant and equip.	-20.3	-15.5	-60.4
Disposals of property, plant and equip.	0.5	1.4	1.9
Investments in subsidiary	-	-	-
Shares in associates purchased and sold	0.5	-0.2	-1.0
Loans granted and repaid	-0.9	-1.4	0.3
Net cash flow from investment activities	-20.1	-15.7	-59.2
Cash flow before financing activities	-29.2	-19.3	-5.4
Financing activities			
Borrowings raised and paid	18.5	-5.1	-4.4
Dividends paid	-	-	-12.7
Net cash flow from financing activities	18.5	-5.1	-17.1
Change in cash and cash equivalents	-10.7	-24.5	-22.5
Cash and cash equivalents 1 January	48.4	73.4	73.4
Effect of changes in exchange rates	0.6	-0.2	-2.5
Cash and cash equivalents 31 March	38.3	48.7	48.4

Financial indicators

	31.3.2012	31.3.2011	2011
EPS, diluted, euro	-0.09	-0.06	0.18
Equity per share, euro	7.66	7.67	7.67
Dividend per share, euro			0.17
Equity ratio, %	33.1	34.4	33.6
Adjusted number of outstanding shares in millions			
- average during the period	55.0	55.0	55.0
Gross investments, EUR million	19.8	15.1	61.0
Average number of employees [*]	7 913	8 227	8 287

^{*} Personnel of Sokolów Poland (50%) not included