

A person wearing a red hoodie with the number '86' on it and a black beanie is performing a skateboard trick in a skatepark. The person is captured in mid-air, with their arms outstretched. The background shows the concrete structure of the skatepark, including a ramp and a pillar, illuminated by overhead lights.

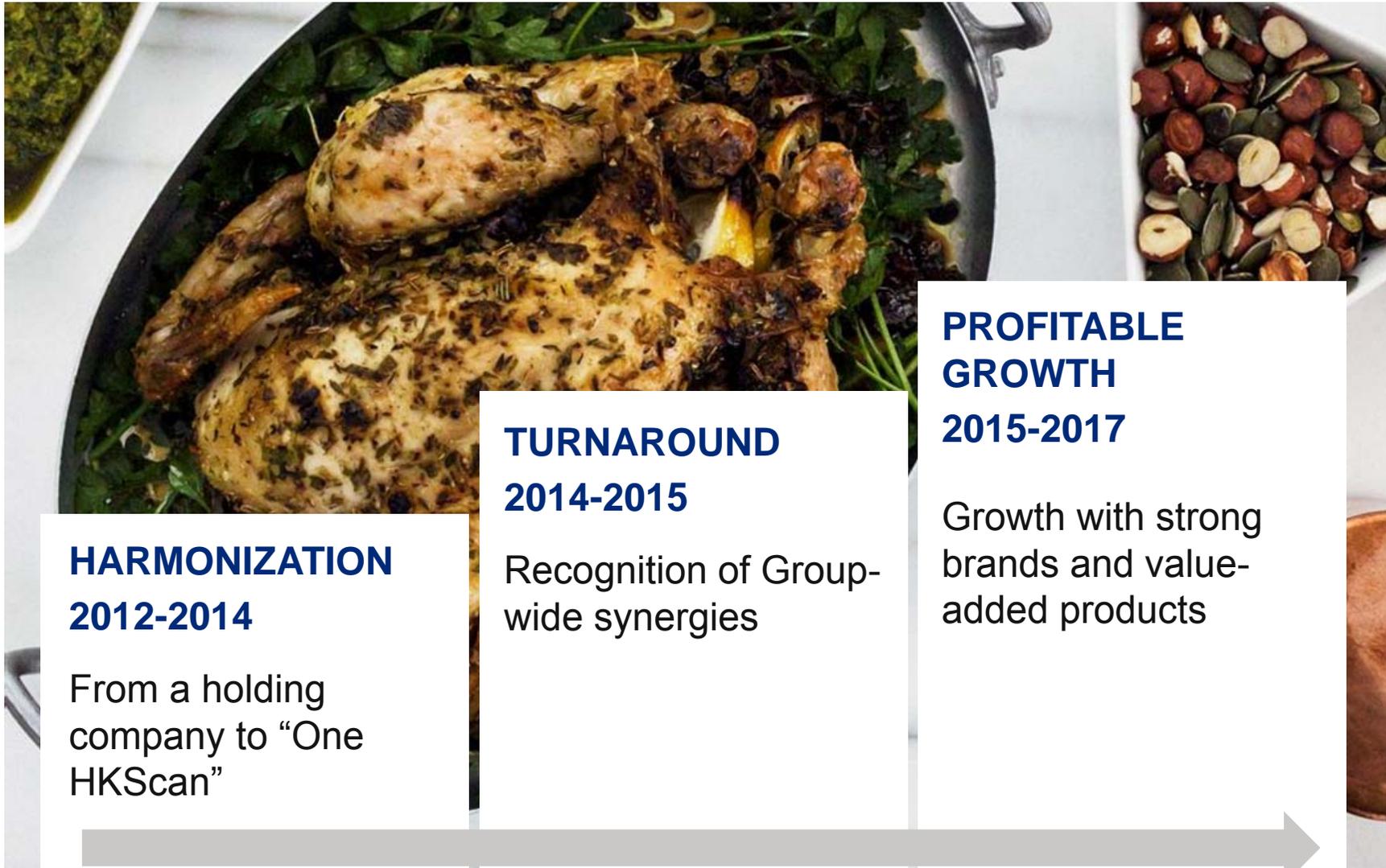
HKSCAN

Interim Report Q1/2015 Group overview

**Hannu Kottonen, President and CEO
6 May 2015**

Upturn in performance continued – Denmark remains challenging

HKScan roadmap



**HARMONIZATION
2012-2014**

From a holding company to “One HKScan”

**TURNAROUND
2014-2015**

Recognition of Group-wide synergies

**PROFITABLE
GROWTH
2015-2017**

Growth with strong brands and value-added products

Must-win battles 2015-2018

Renew customer, consumer and channel approach



Develop brands and offerings



Invest for growth



Drive continuous improvement



HKScan Group Q1/2015

- Performance turnaround continued; decline in net sales stopped
- EBIT and cash flow improved from last year, but remained slightly negative
- Strong balance sheet and significantly lower financial expenses
- Inventories and meat balance well under control
- Russian ban on meat imports continued → supply and price pressure remains
- Price war in Finnish food retailing

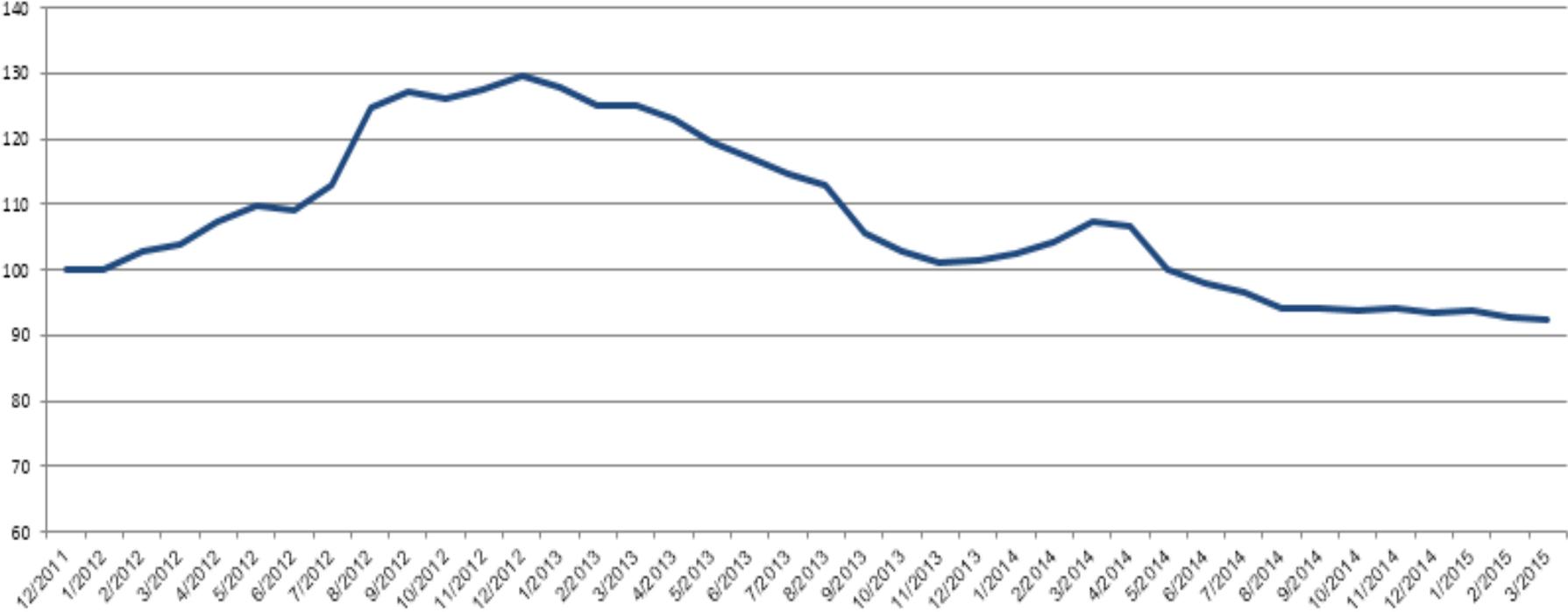
HKScan Group Q1/2015

- Group restructuring, started in 2012, completed
 - Majority of the Finnish hatchery operations divested
 - Estonian egg business divested
 - Bertil Erikssons Slakteri AB sold to the Swedish associate Siljans Chark AB
 - Skovsgaard slaughtering and deboning closed
- Group's profitable growth strategy advancing well
 - Preparations for strategic investment projects in Finland and in Estonia proceed on schedule; feasibility studies ready in the summer, decisions made by next autumn
 - HKScan plans to establish sales offices in Hong Kong and China. New General Manager for Asia appointed.
 - Investments in innovation, brand and category work continue

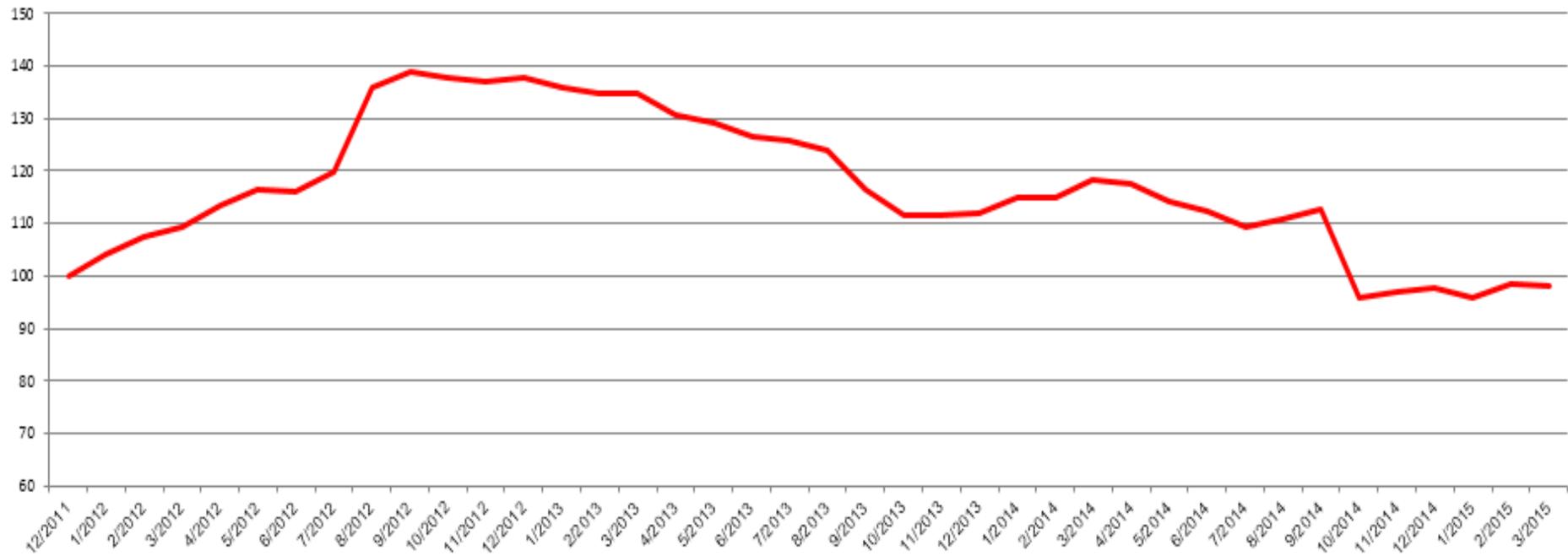
HKScan Group

EUR million	Q1/2015	Q1/2014	2014
Net sales	466,0	465,4	1 988,7
EBIT	-0,8	-17,5	55,5
- EBIT %	-0,2	-3,8	2,8
EBIT excl. non-recurring items	-0,8	-7,1	12,4
- EBIT %	-0,2	-1,5	0,6
Profit/loss before taxes	-3,1	-16,3	51,2
Profit for the period	-2,8	-12,9	57,1
EPS, EUR	-0,05	-0,23	1,05
ROCE before taxes, %	11,5	2,9	9,7
ROCE before taxes, excl. non-recurring items, %	3,8	3,6	3,6
Net gearing, %	32,9	92,3	31,8

Feed basket – pork (12/2011 = 100)



Feed basket – poultry (12/2011 = 100)



Market area Finland

EUR million	Q1/2015	Q1/2014	2014
Net sales	193,5	179,2	787,2
EBIT	3,6	-1,4	-4,5
- EBIT %	1,8	-0,8	-0,6
EBIT excl. non-recurring items	3,6	-1,4	8,9
- EBIT %	1,8	-0,8	1,1

- Clear improvement in profit and cash flow through sales, operations and completed restructuring
- Market declining in general terms but HKScan's own brands continued making progress. Improved sales also of Kivikylän Kotipalvaamo and Lihatukku Harri Tamminen
- Modernization and investment in Outokumpu beef slaughtering ongoing
- Statutory negotiations concluded at Mellilä; slaughter capacity downsized and moved to Forssa → Annual savings of approximately EUR 1 million
- Purchase of Mikkeli production facility and land on 1 April (EUR 4,2 million)

Product novelties in Finland



Market area Baltics

EUR million	Q1/2015	Q1/2014	2014
Net sales	40,9	40,8	173,0
EBIT	-0,1	0,2	2,8
- EBIT %	-0,2	0,4	1,6
EBIT excl. non-recurring items	-0,1	0,2	4,8
- EBIT %	-0,2	0,4	2,8

- Net sales flat. Growing supply of unprocessed meat at low retail prices and intensified competition in processed meat.
- Market improved slightly from the previous year
- Offering synergies between the three Baltic countries advancing
- HKScan products ranked at top three positions as most successful meat product novelties of 2014 in the FMCG category in Baltics (Nielsen)
- Egg business and value chain divested at the end of March

Product novelties in the Baltics



Market area Sweden

EUR million	Q1/2015	Q1/2014	2014
Net sales	202,1	210,4	911,0
EBIT	2,0	-12,1	1,7
- EBIT %	1,0	-5,7	0,2
EBIT excl. non-recurring items	2,0	-1,7	13,4
- EBIT %	1,0	-0,8	1,5

- Net sales turning to growth (+ 1.7%) in SEK but showing decline in euros
- Sweden on recovery track, renewed production setup has started to deliver results
- Import pressure of pork meat eased up
- Private label products continued to seize market share
- Focus on processed, other branded products and accelerating new product development
- “HKScan goes green” climate footprint initiative
- Strategic development programme in Sweden completed
 - HKScan sold its minor wholly-owned subsidiary Bertil Erikssons Slakteri AB to its Swedish associate Siljans Chark AB

Product novelties in Sweden



Market area Denmark

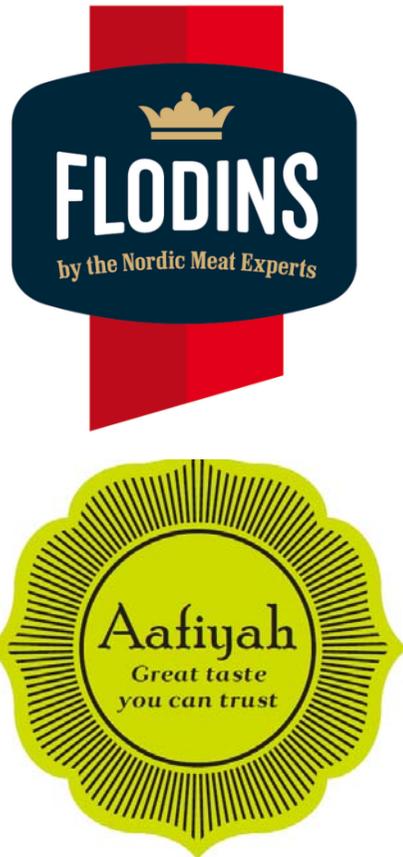
EUR million	Q1/2015	Q1/2014	2014
Net sales	48,8	54,0	204,3
EBIT	-3,5	-0,7	-11,9
- EBIT %	-7,1	-1,3	-5,8
EBIT excl. non-recurring items	-3,5	-0,7	-4,4
- EBIT %	-7,1	-1,3	-2,1

- Market and competition tough, challenges in sales, especially in exports
- Fresh chicken product margin satisfactory, but volumes low
- One-off Salmonella recall costs of EUR 1.0 million
- Supply chain adjusted through restructuring of production capacity in Denmark
 - Poultry slaughtering and cutting centralized at Vinderup
 - Packaging and warehousing to remain in Skovsgaard
 - Statutory negotiation concluded, headcount reduction ca. 90 positions
 - Targeted annualized cost reduction and profit improvement of EUR 5 million to materialize gradually from Q2/2015 onwards
- Novelties: Rose® Majs Kylling corn-fed chicken products and first halal brand products 'Aafiyah™' for the UK market

Product novelties in Denmark



Group brands



Flodins goes Asia



[in Pinyin: Fu Le Ding Si]

福 [fu]	Luck, Fortune
乐 [lè]	Happiness, Pleasure
丁 [ding]	A surname without meaning
斯 [si]	Here, often used in foreign name translations due to the pronunciation

HKScan Board as of 14 April 2015



Mikko Nikula
Chairman of the Board
(Previously deputy member)



Niels Borup
Vice chairman



Tero Hemmilä
Board member



Henrik Treschow
Board member



Teija Andersen
Board member



Pirjo Väliäho
Board member
(New)



Per Nilsson
Deputy member
of Board



Marko Onnela
Deputy member
of Board
(New)



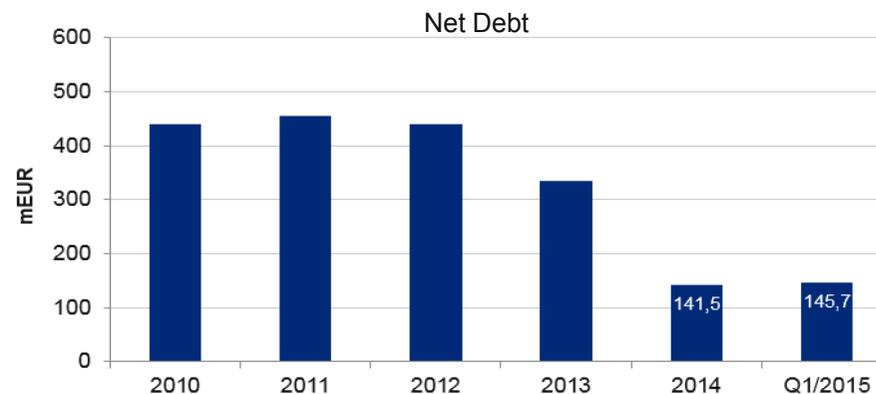
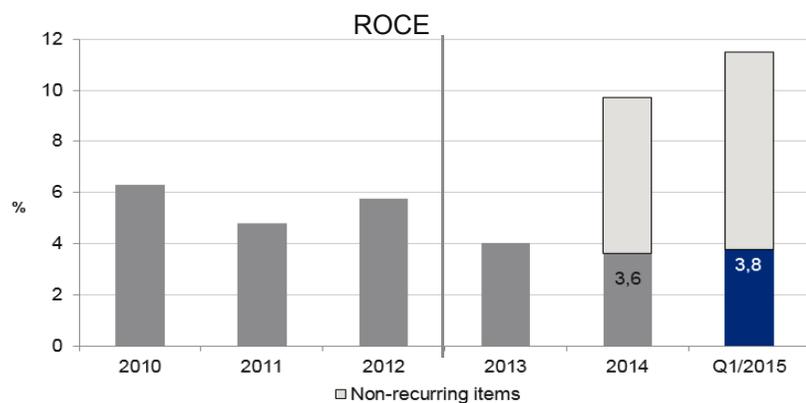
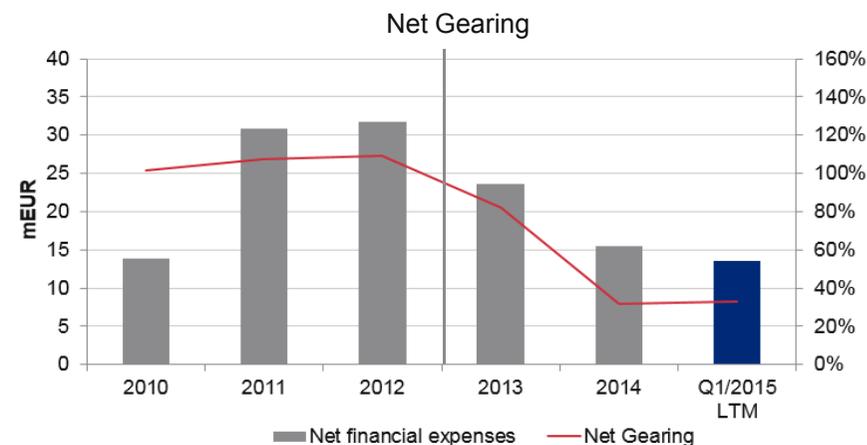
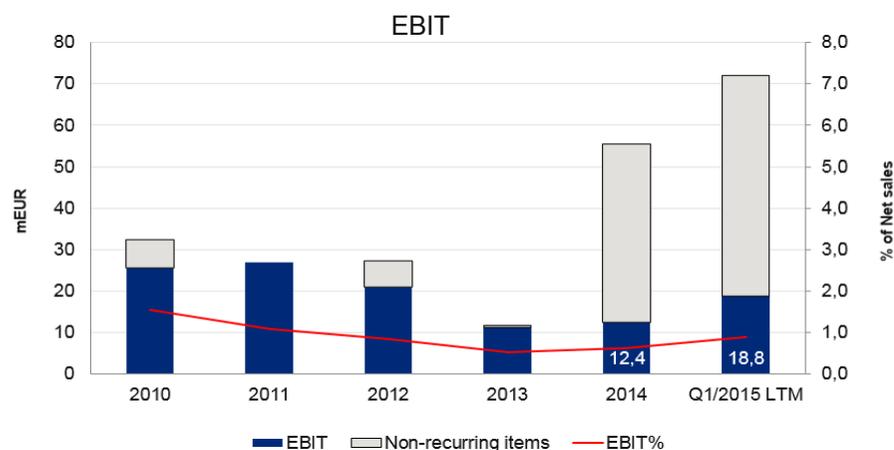
HKSCAN

Interim Report Q1/2015 Group Financials

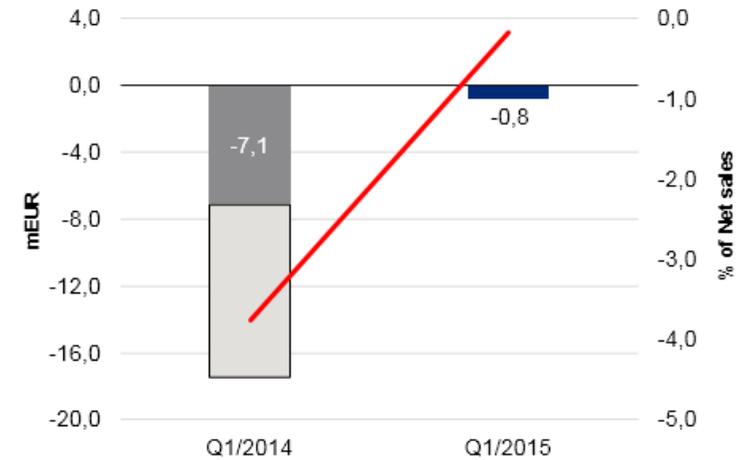
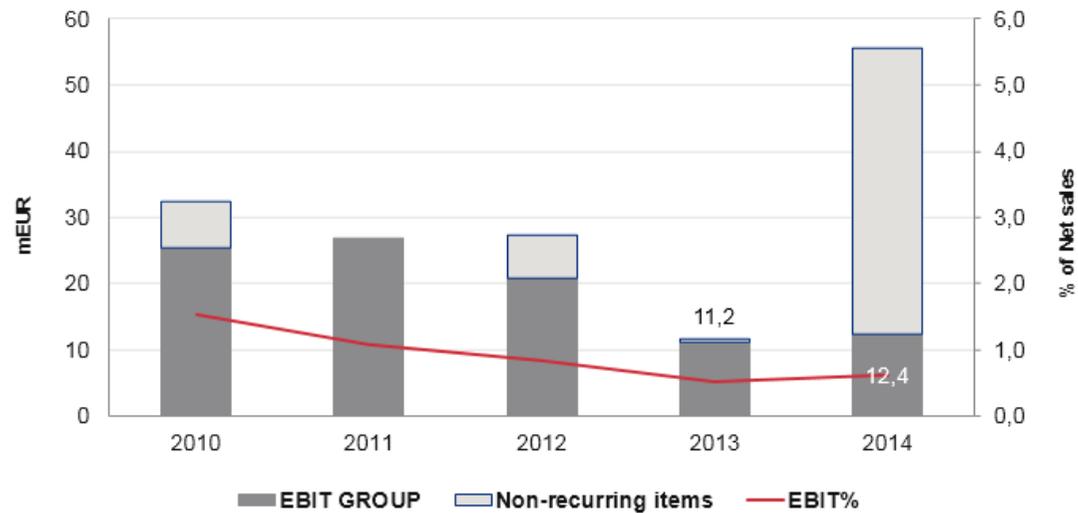
**Tuomo Valkonen, CFO
6 May 2015**

Financial Performance

EBIT (Operating Profit):	more than 4%
Return on Capital Employed:	greater than 12%
Net Gearing:	less than 100%
Dividend Policy	at least 30% of net profit

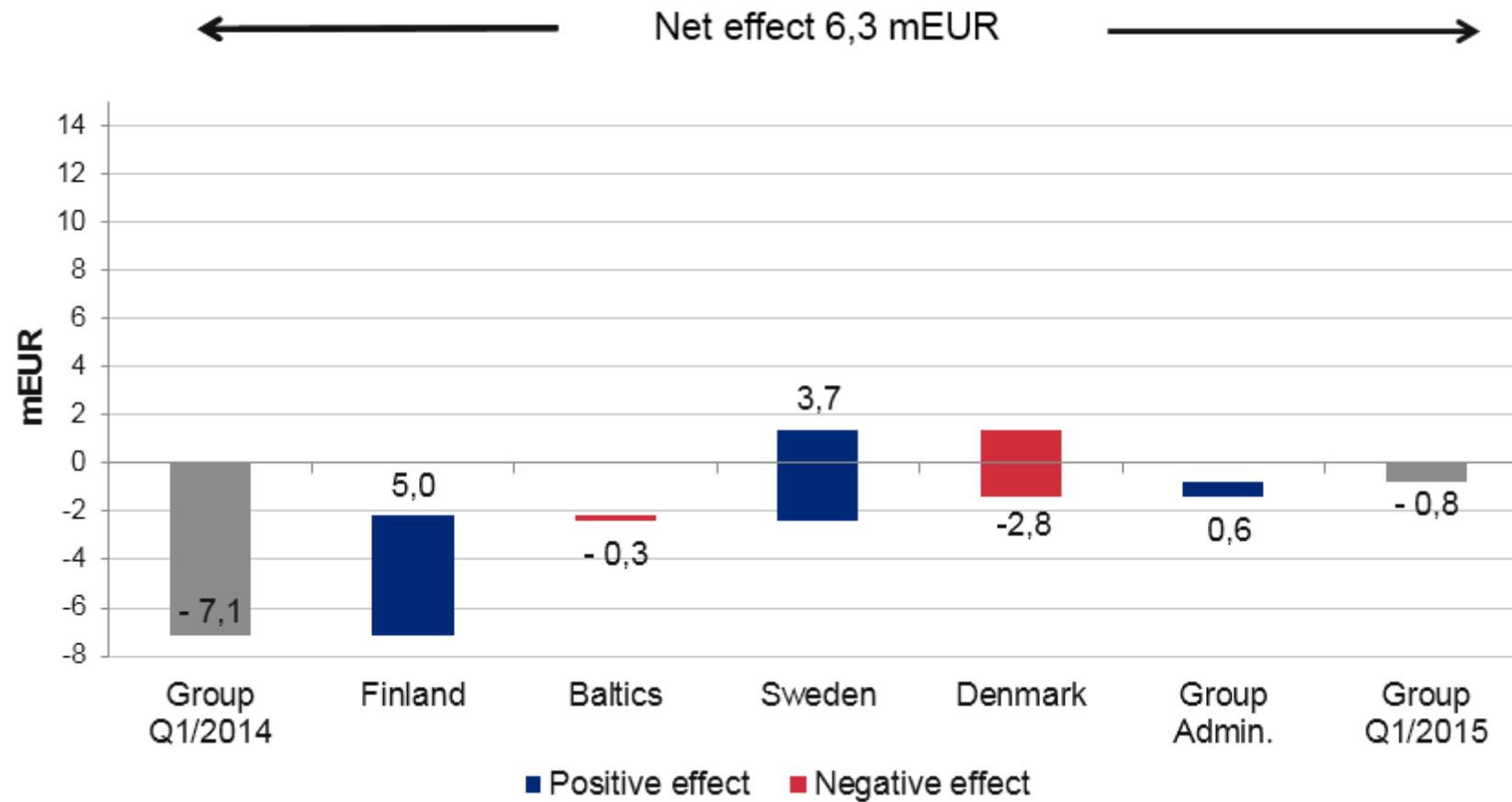


Group EBIT development



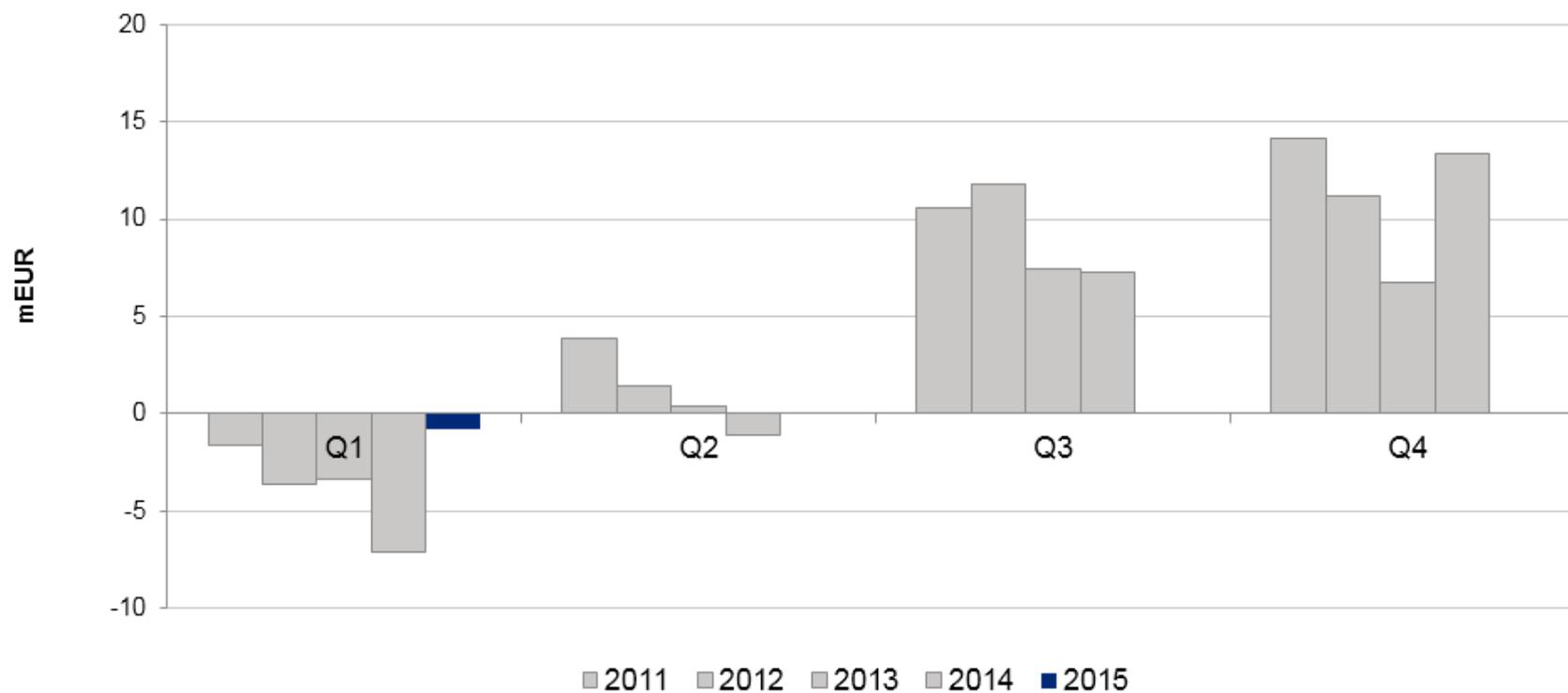
Group EBIT*)

Q1/2014 vs. Q1/2015



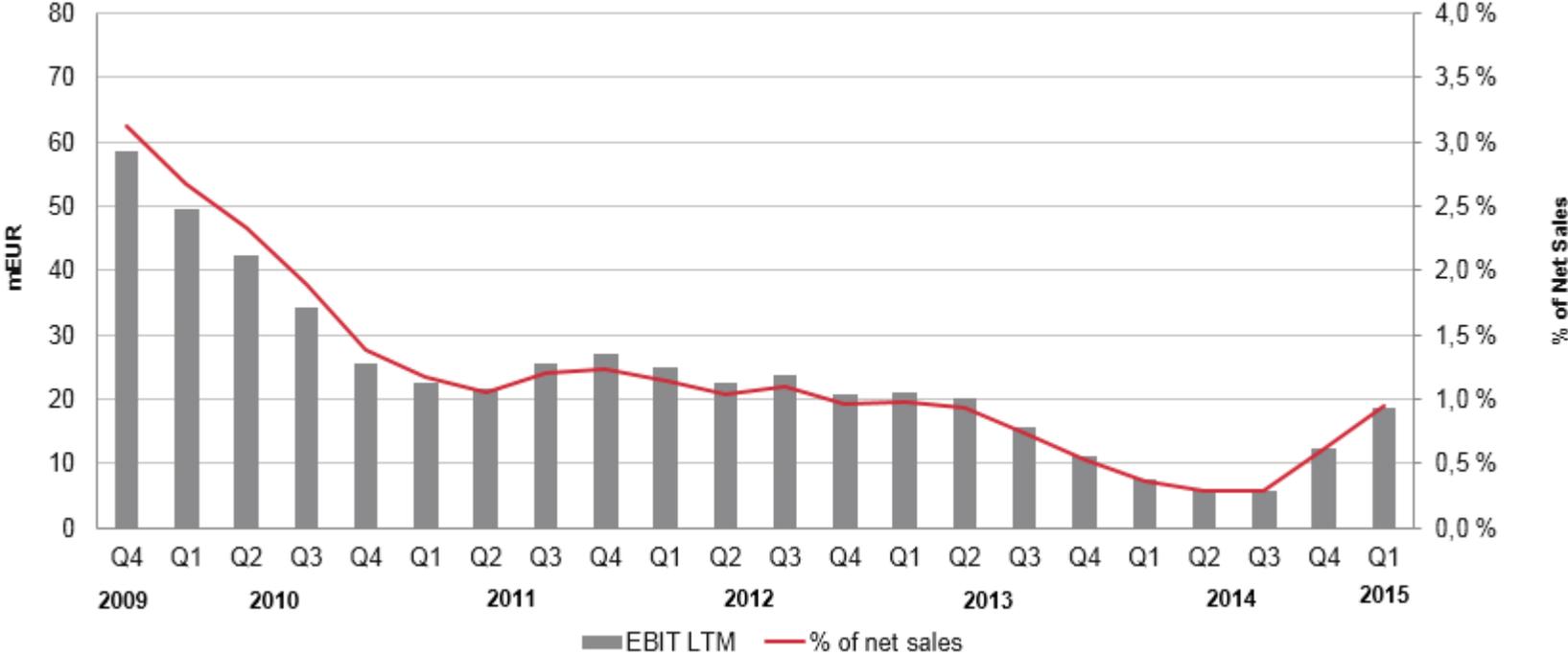
*) Excluding non-recurring items

Group EBIT*)

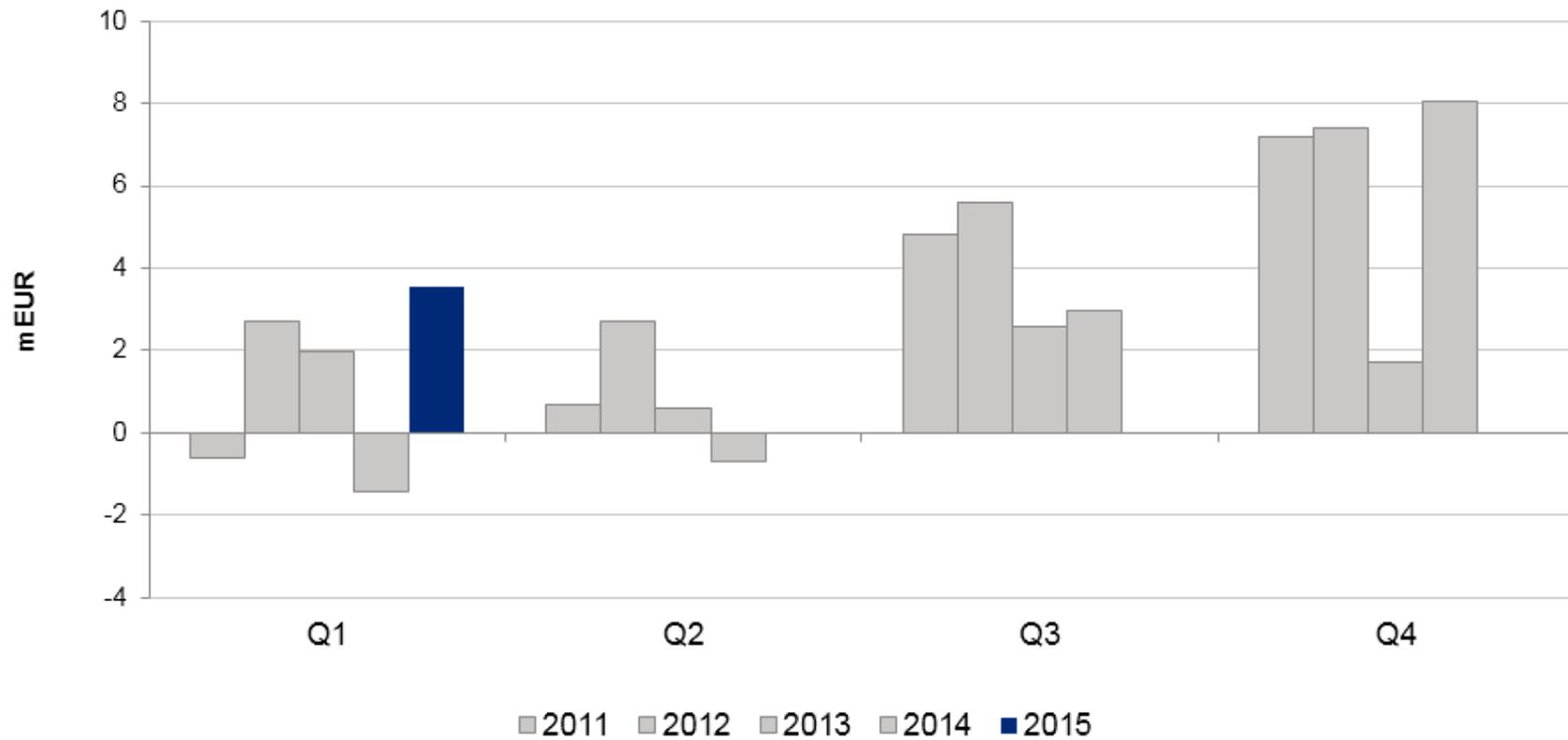


*) Excluding non-recurring items

Group EBIT last twelve months

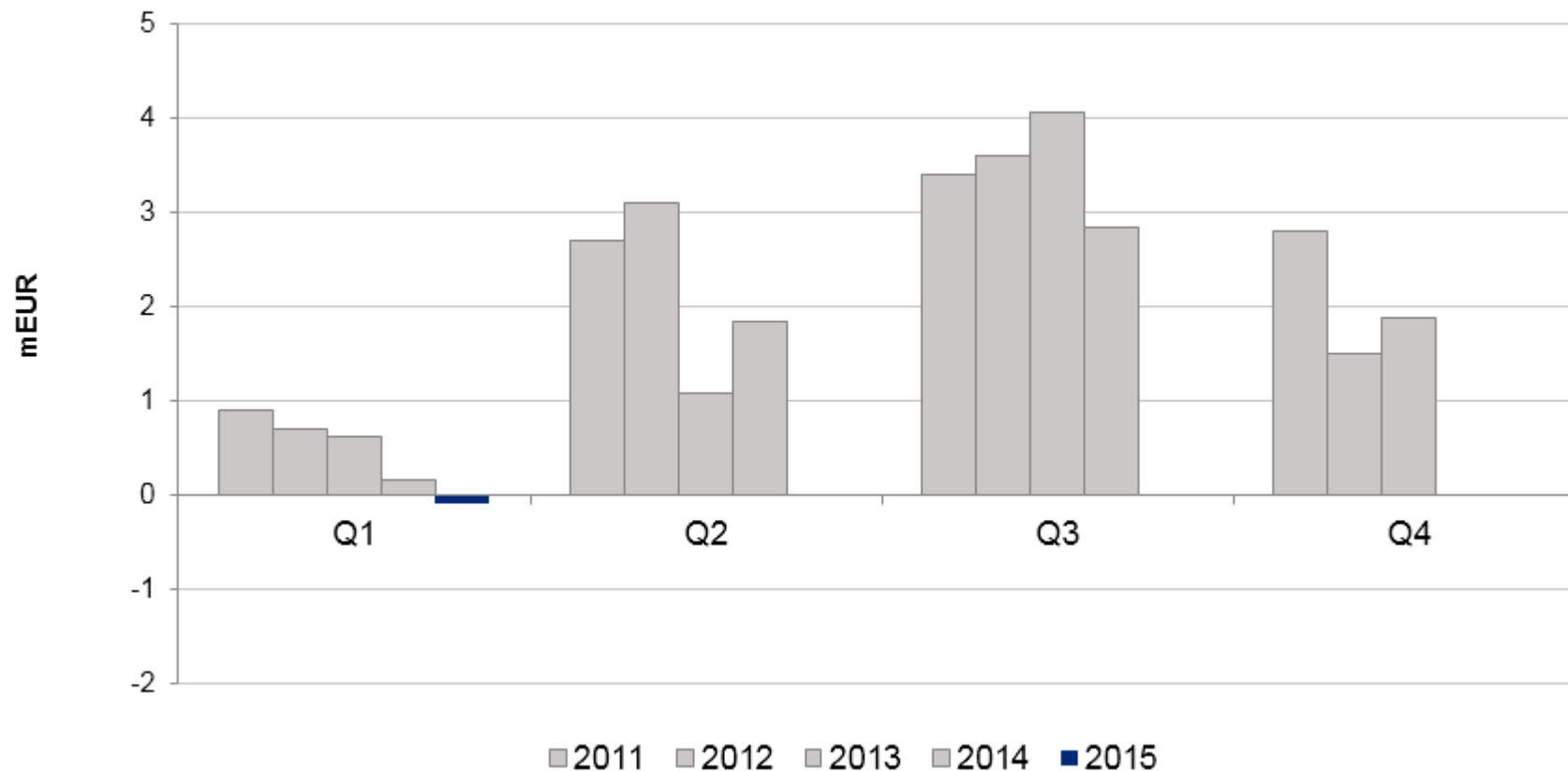


Finland EBIT *)



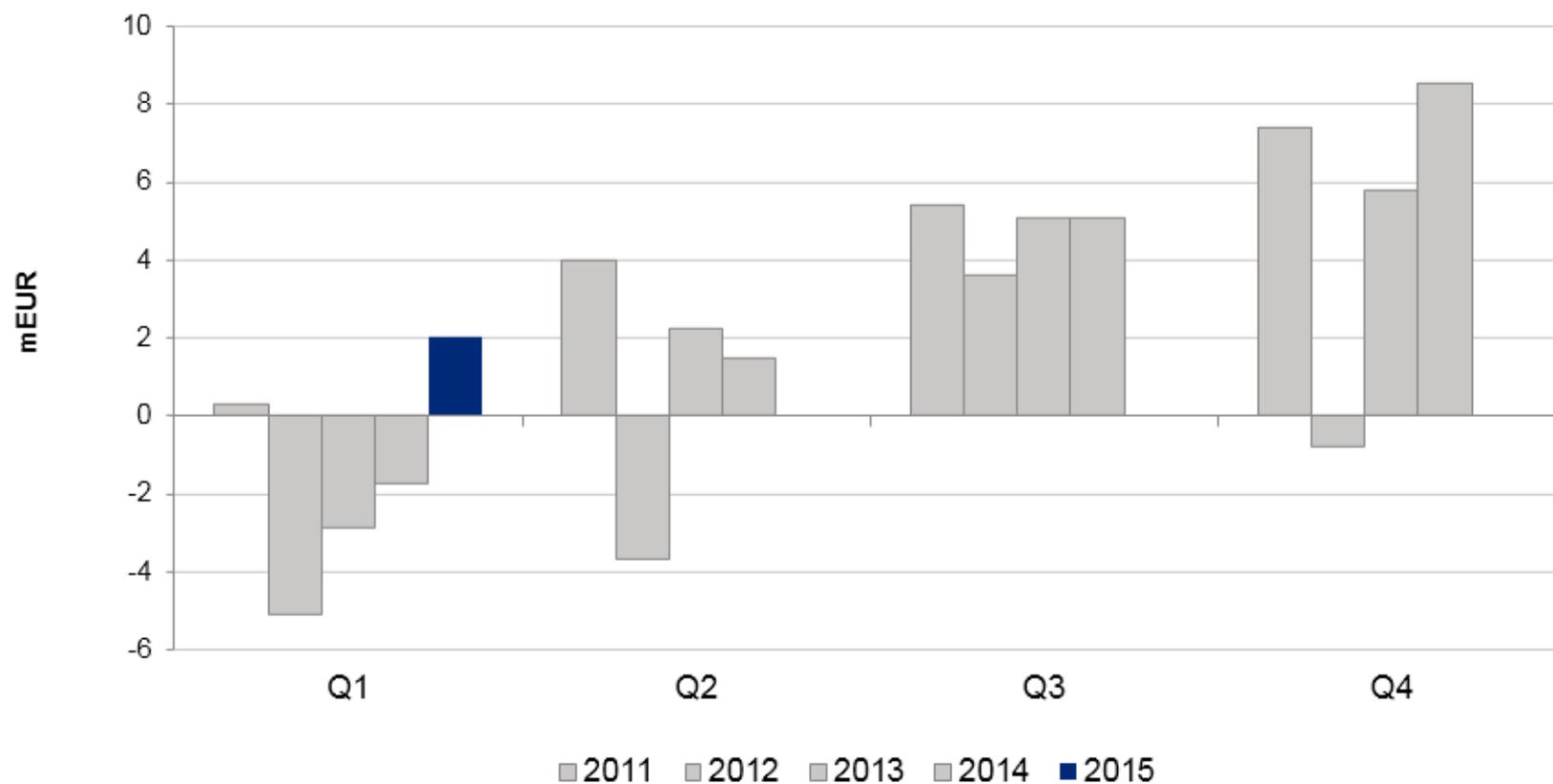
*) Excluding non-recurring items

Baltics EBIT^{*)}



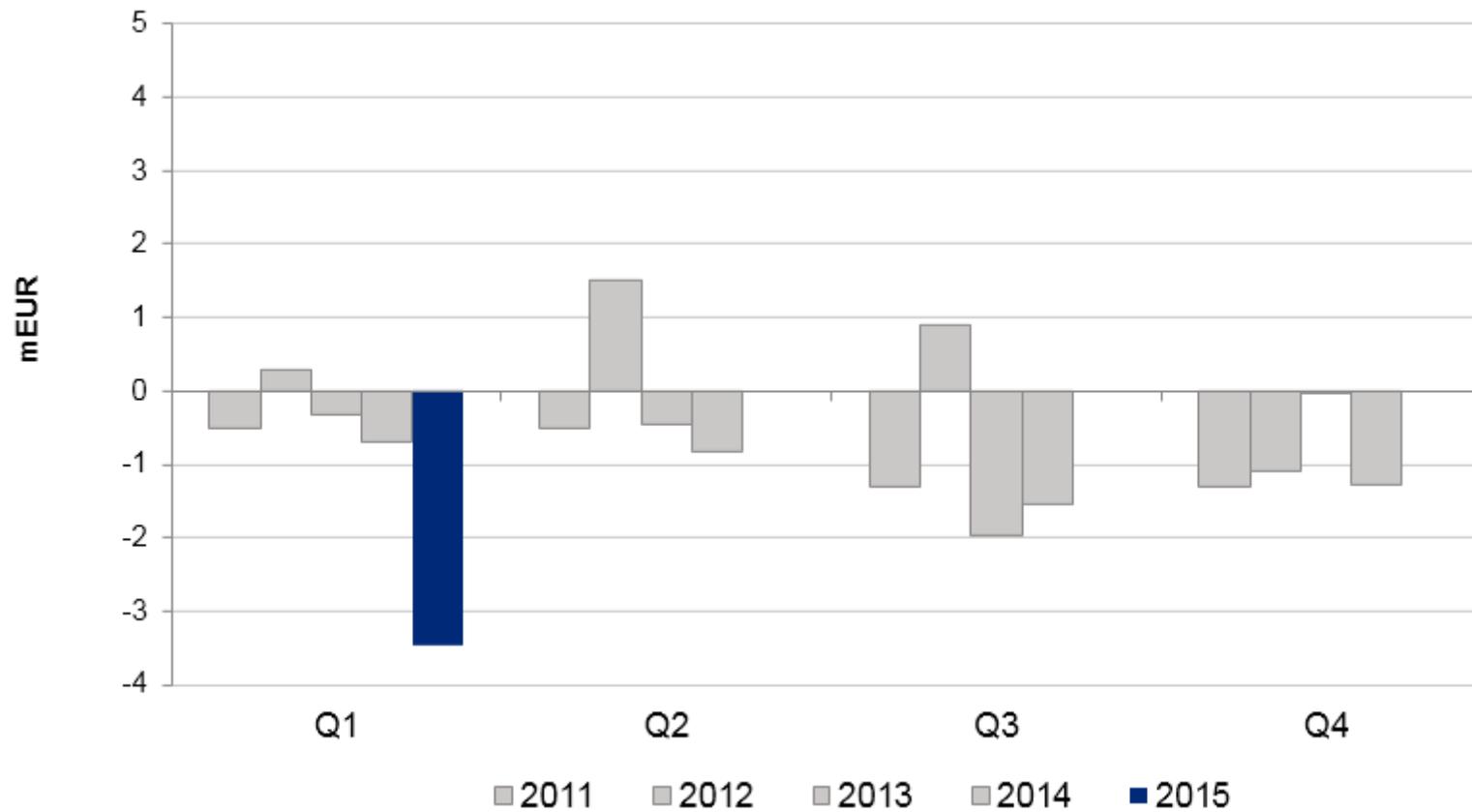
^{*)} Excluding non-recurring items

Sweden EBIT *)



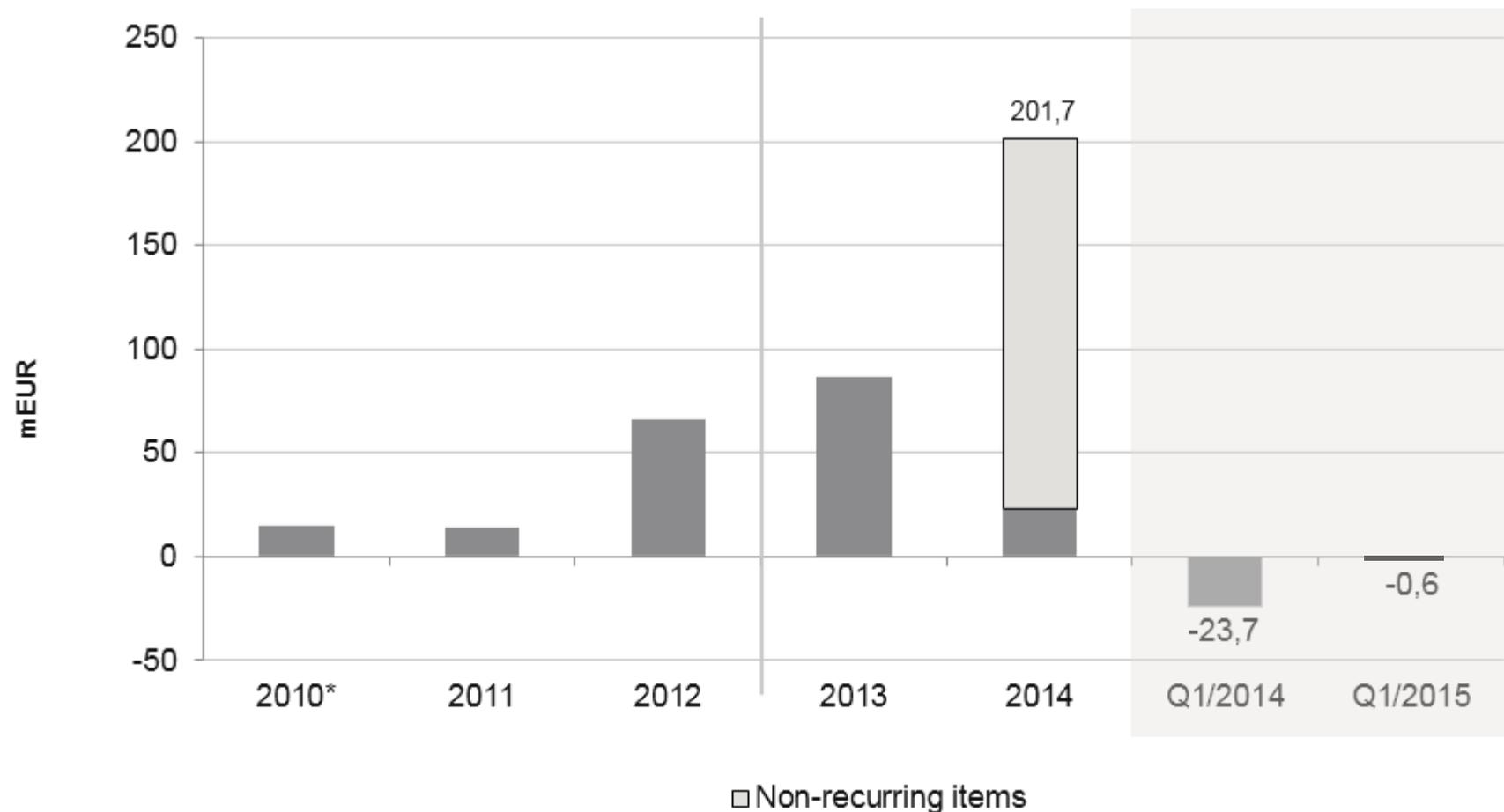
*) Excluding non-recurring items

Denmark EBIT *)



*) Excluding non-recurring items

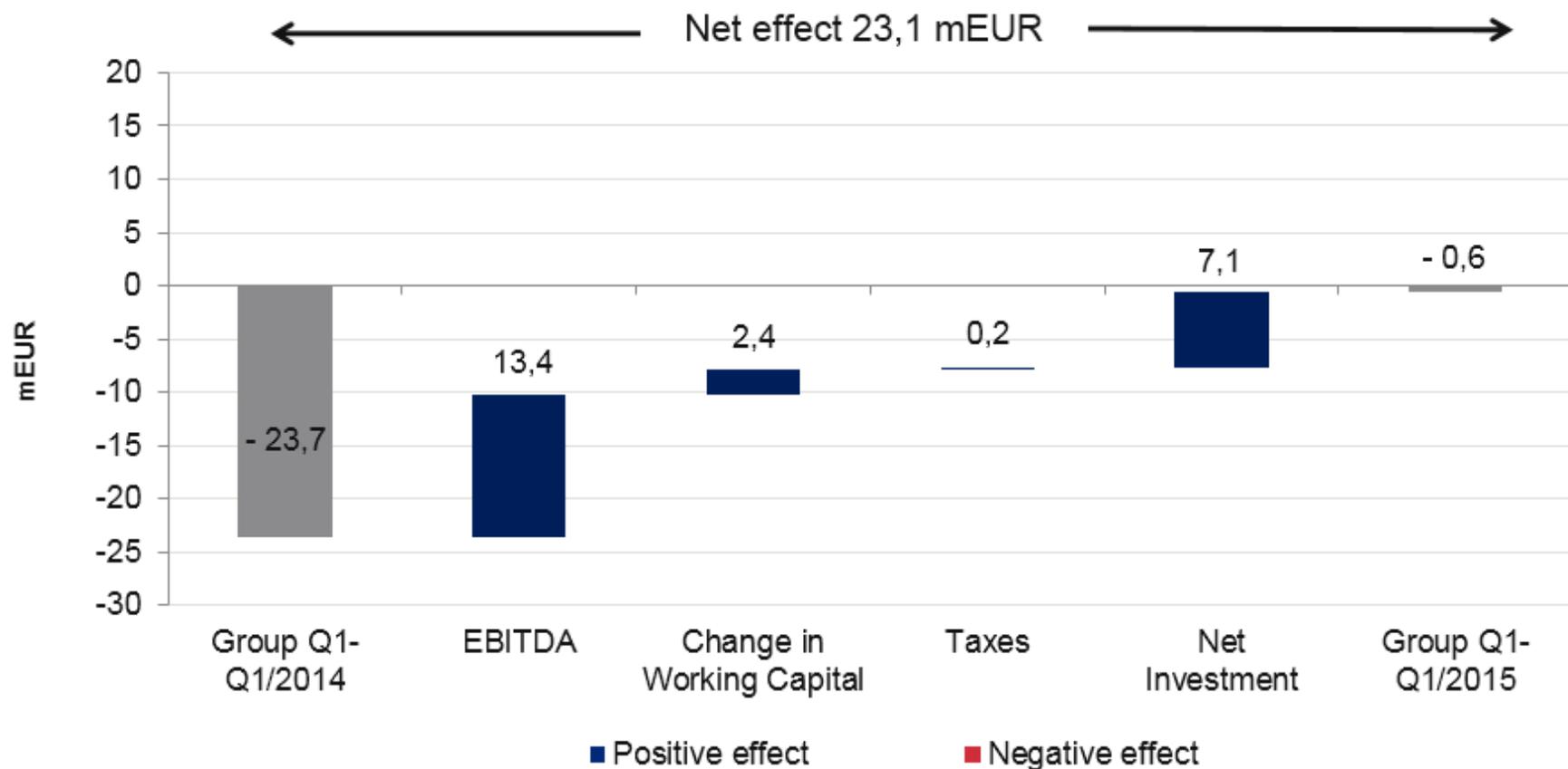
Group cash flow before debt service



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

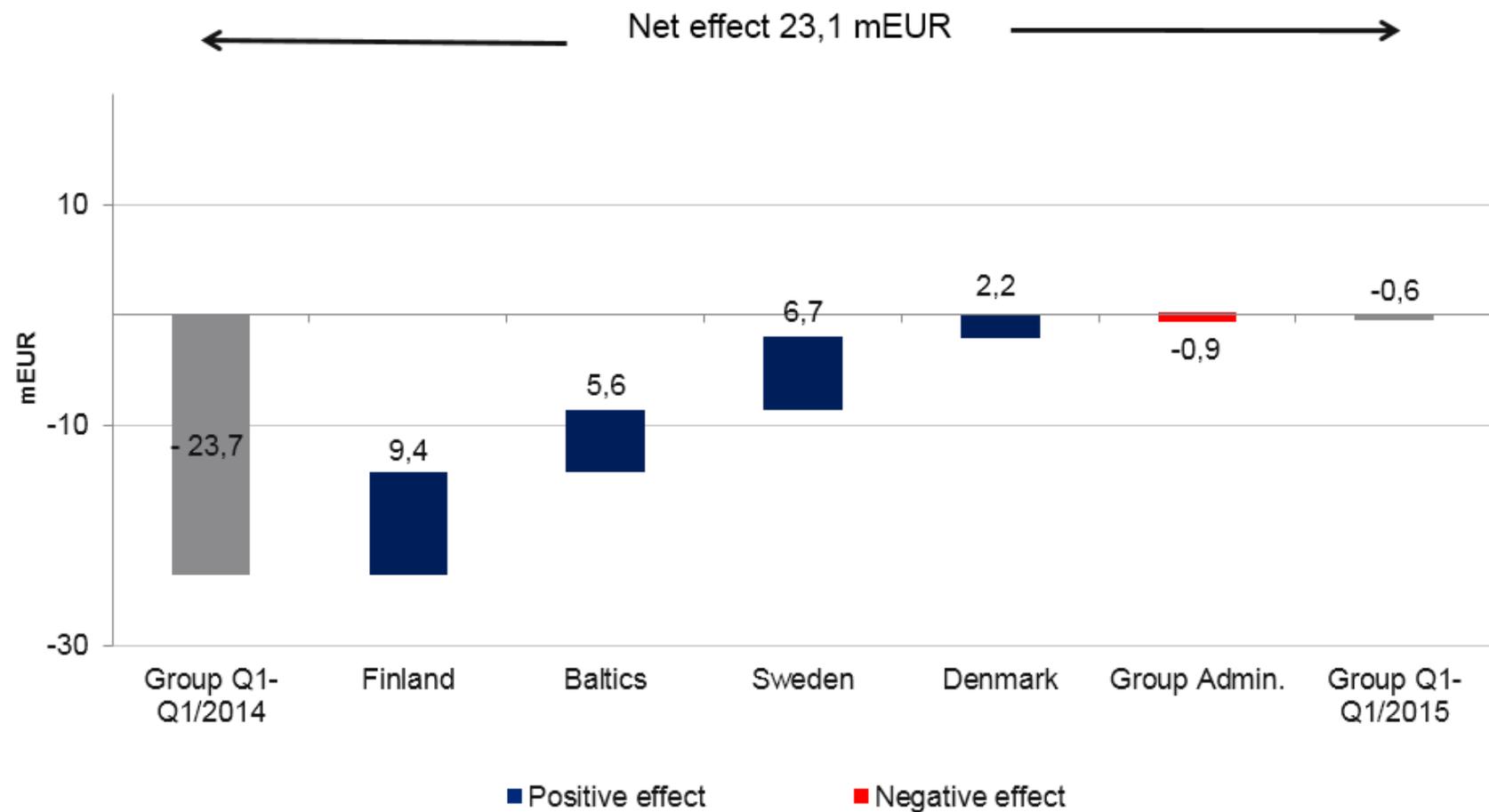
Group cash flow before debt service

Q1/2014 vs. Q1/2015

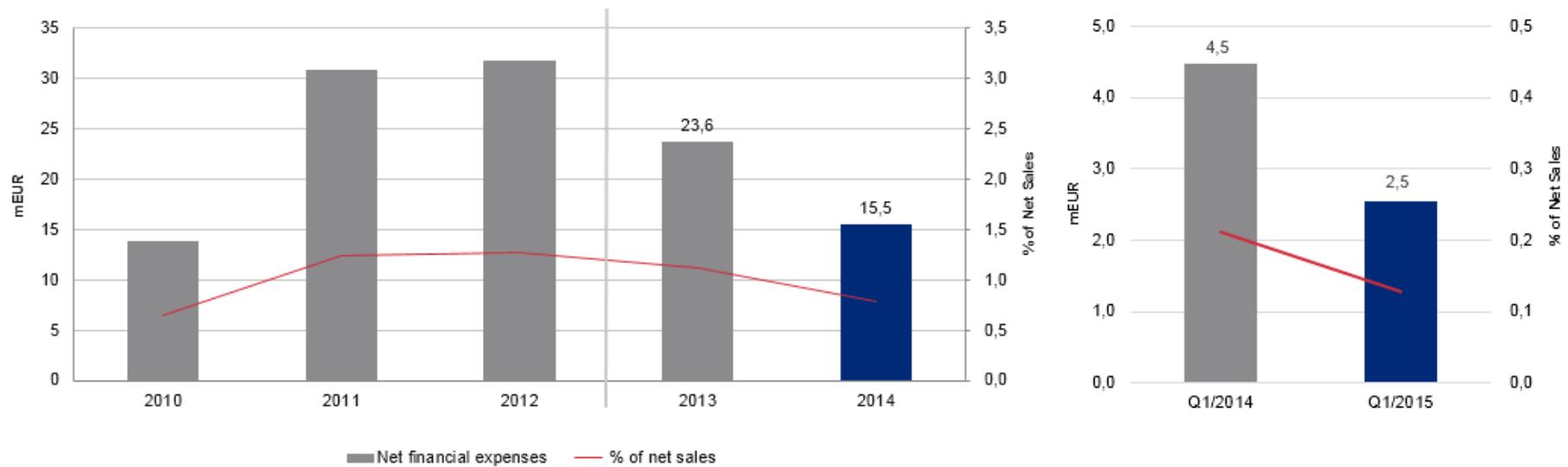


Group cash flow before debt service

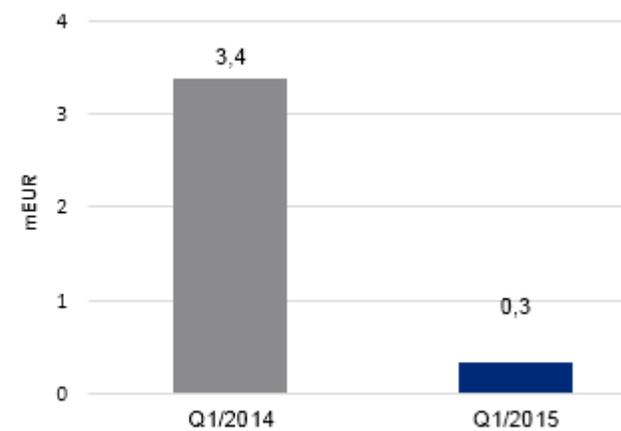
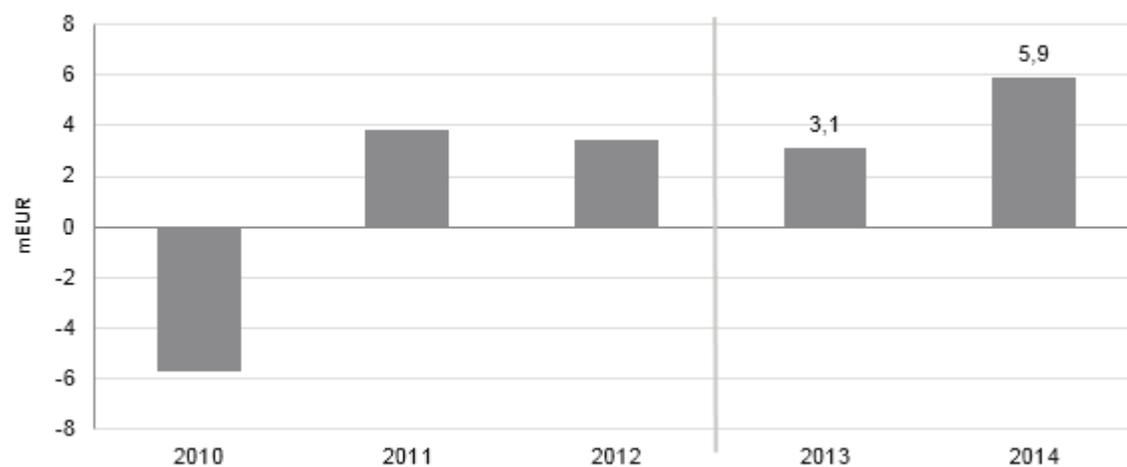
Q1/2014 vs. Q1/2015



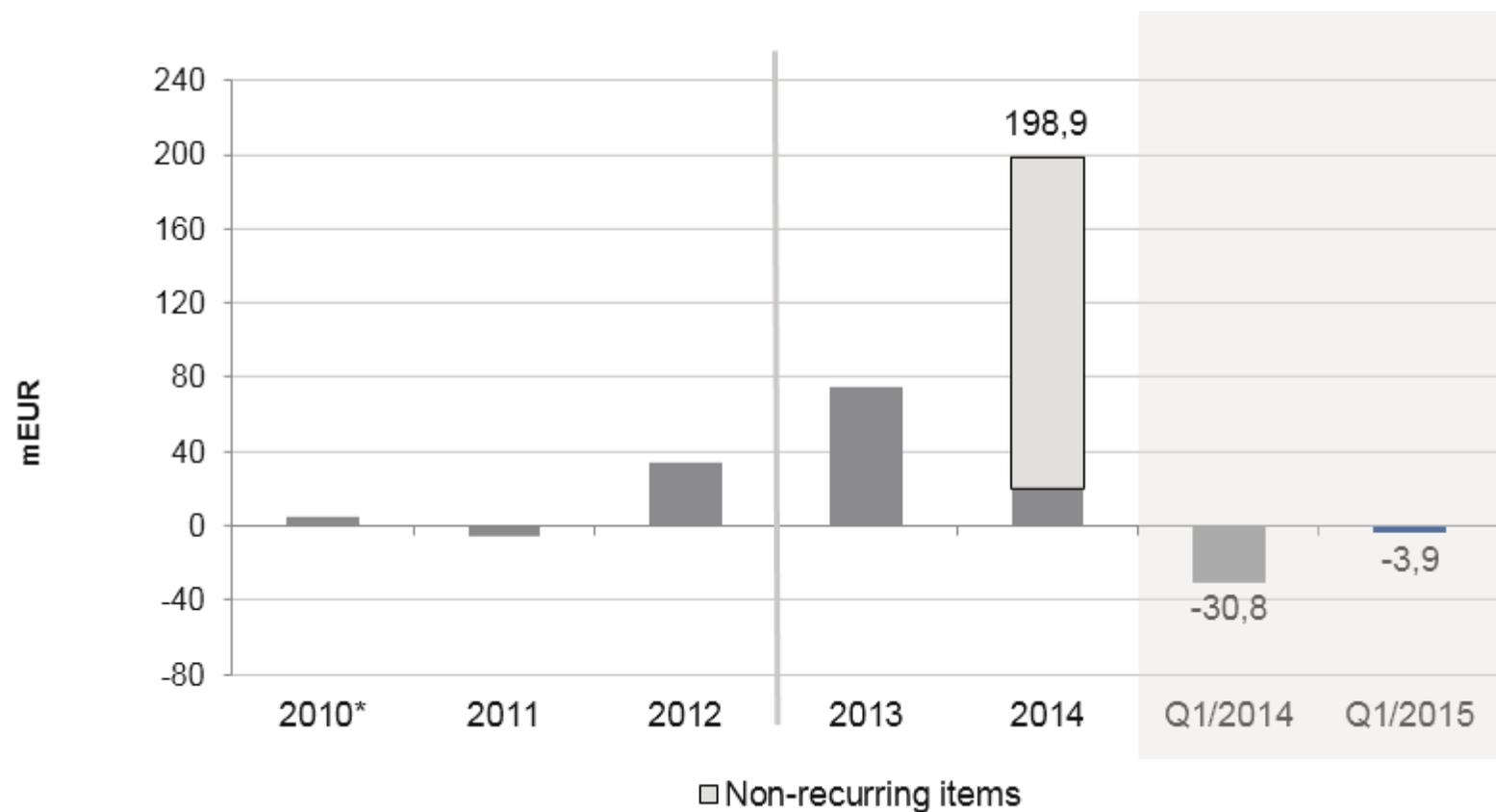
Group net financial expenses



Group income tax

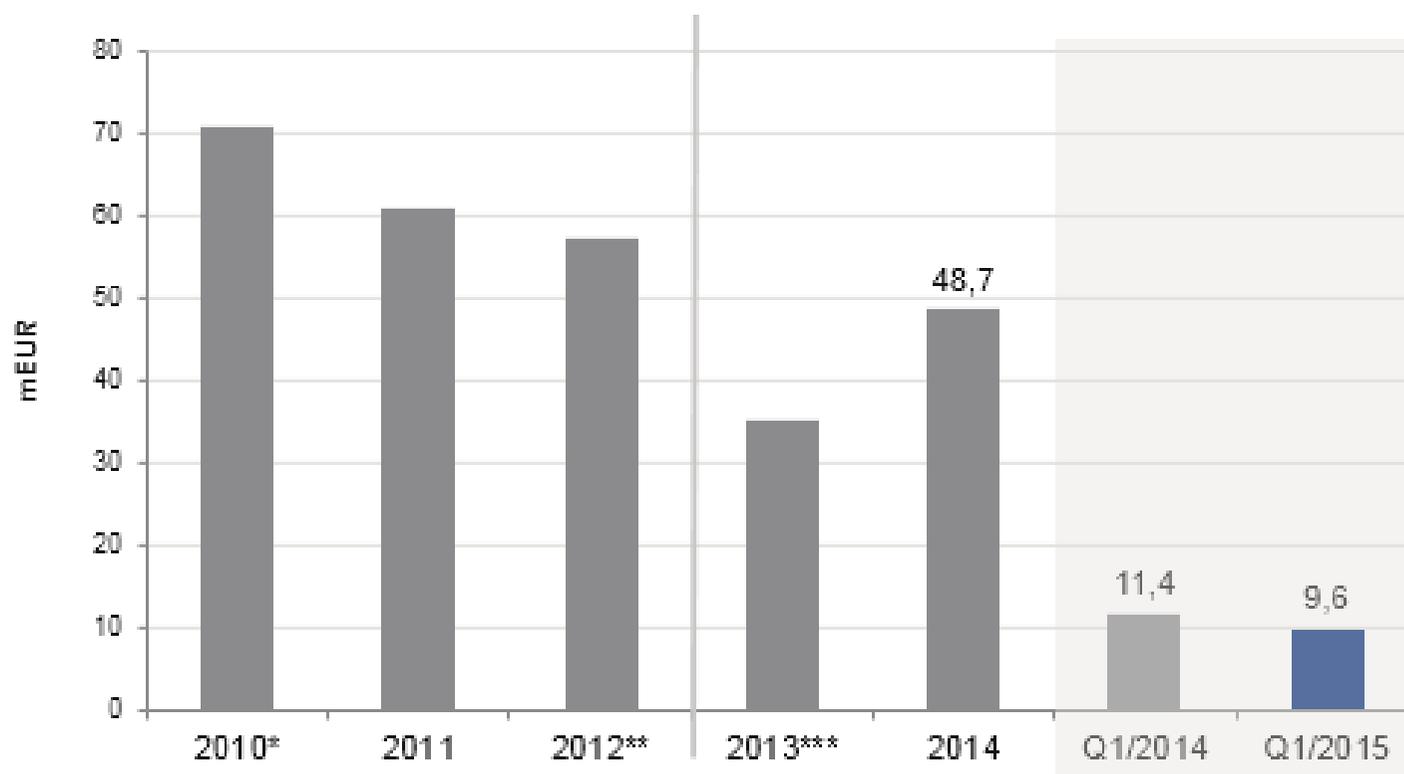


Group cash flow before financing



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

Group investments

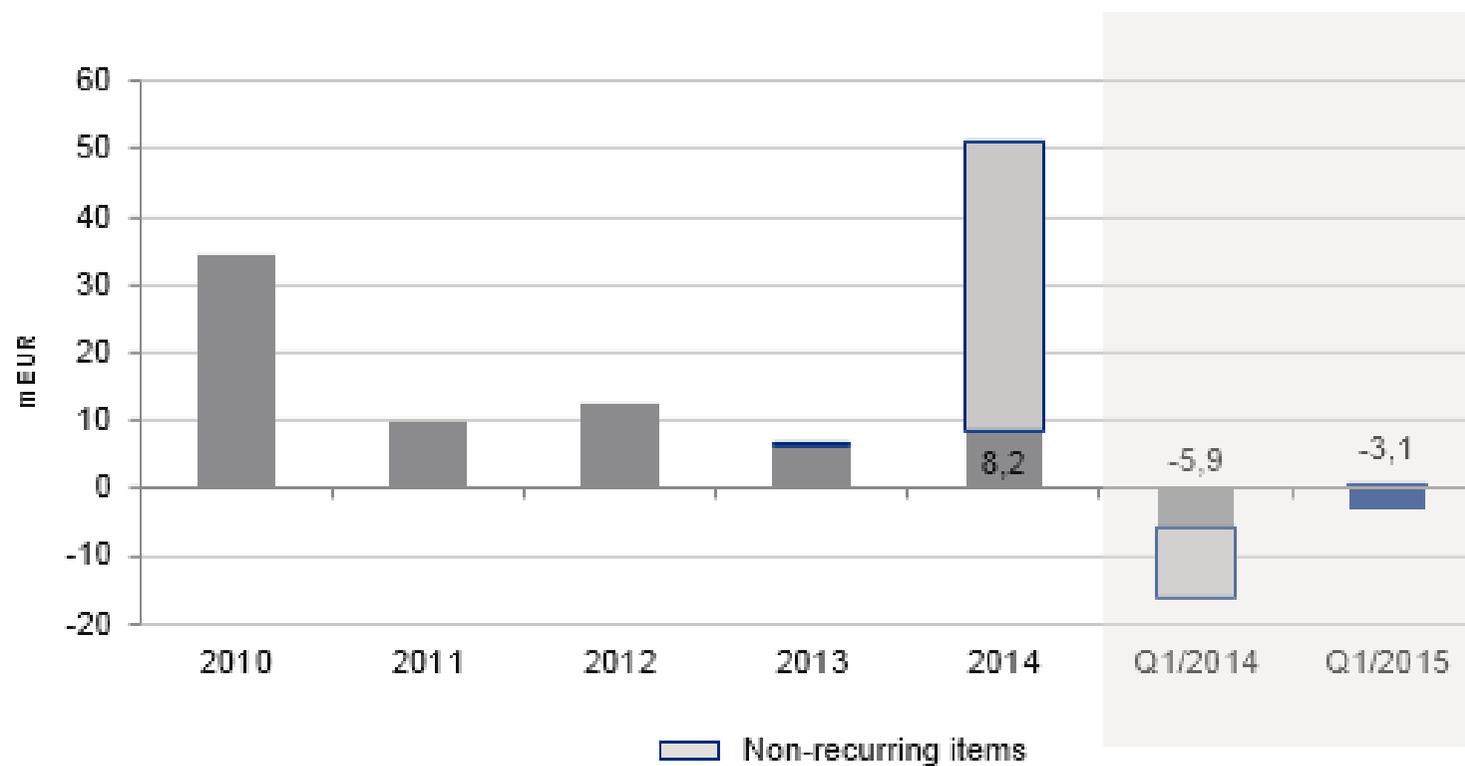


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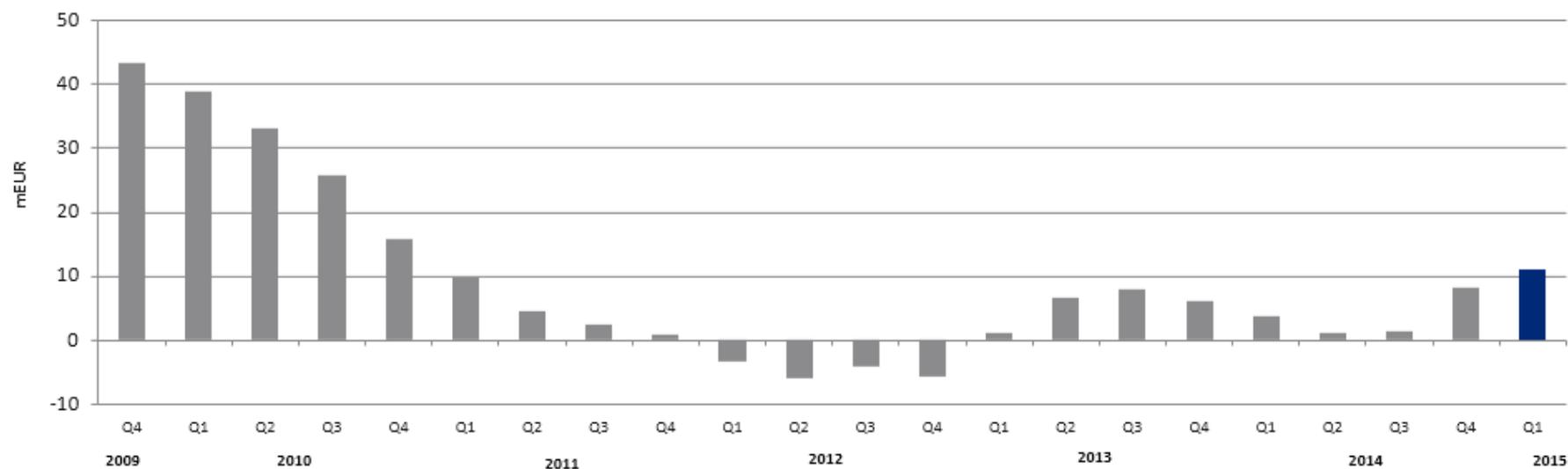
** EUR 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million

*** EUR 35.0 million excluding rebuild of the Vinderup plant EUR 7.2 million

Profit before taxes

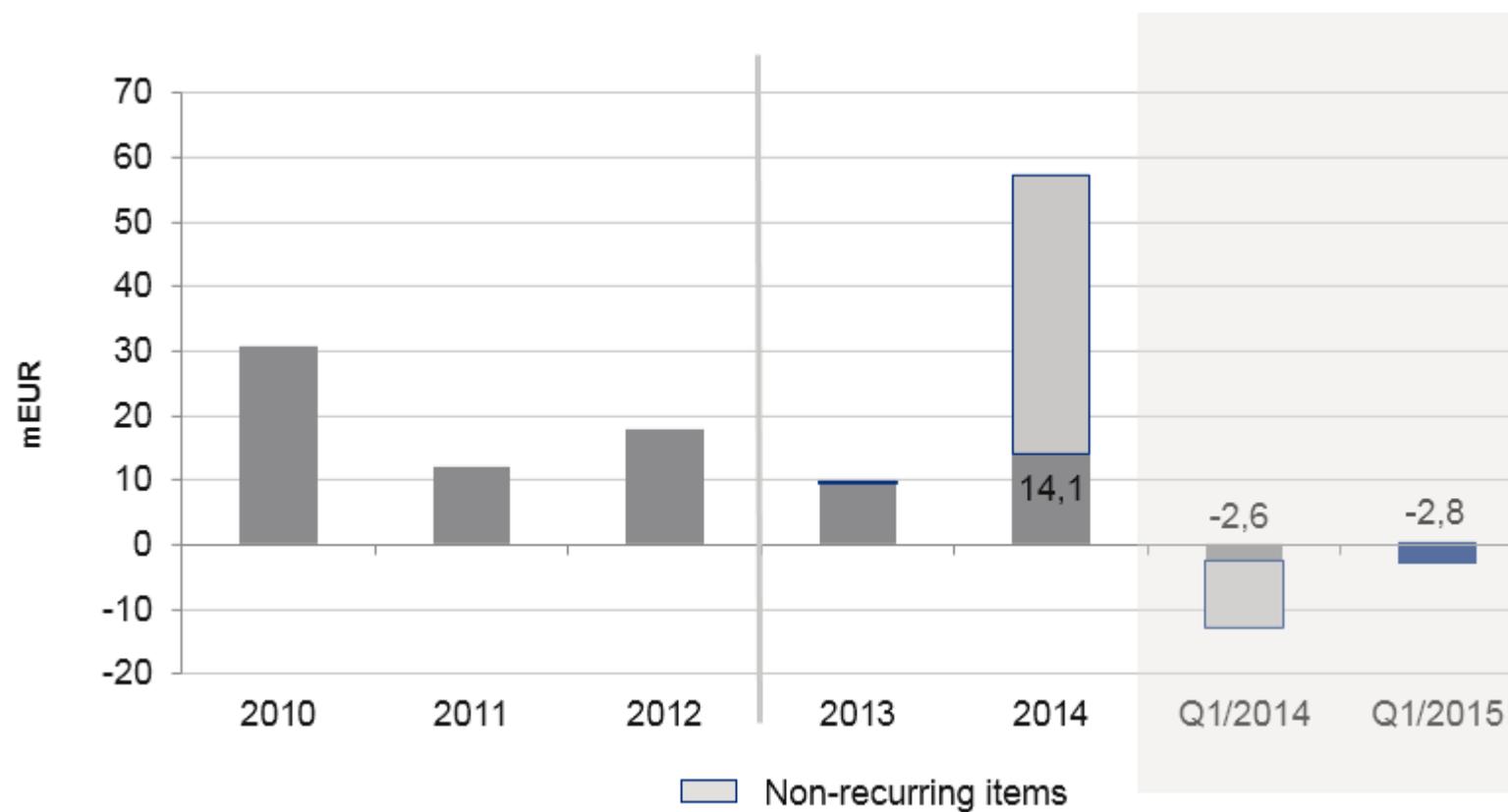


Profit before taxes excl. non-recurring items last twelve months^{*)}

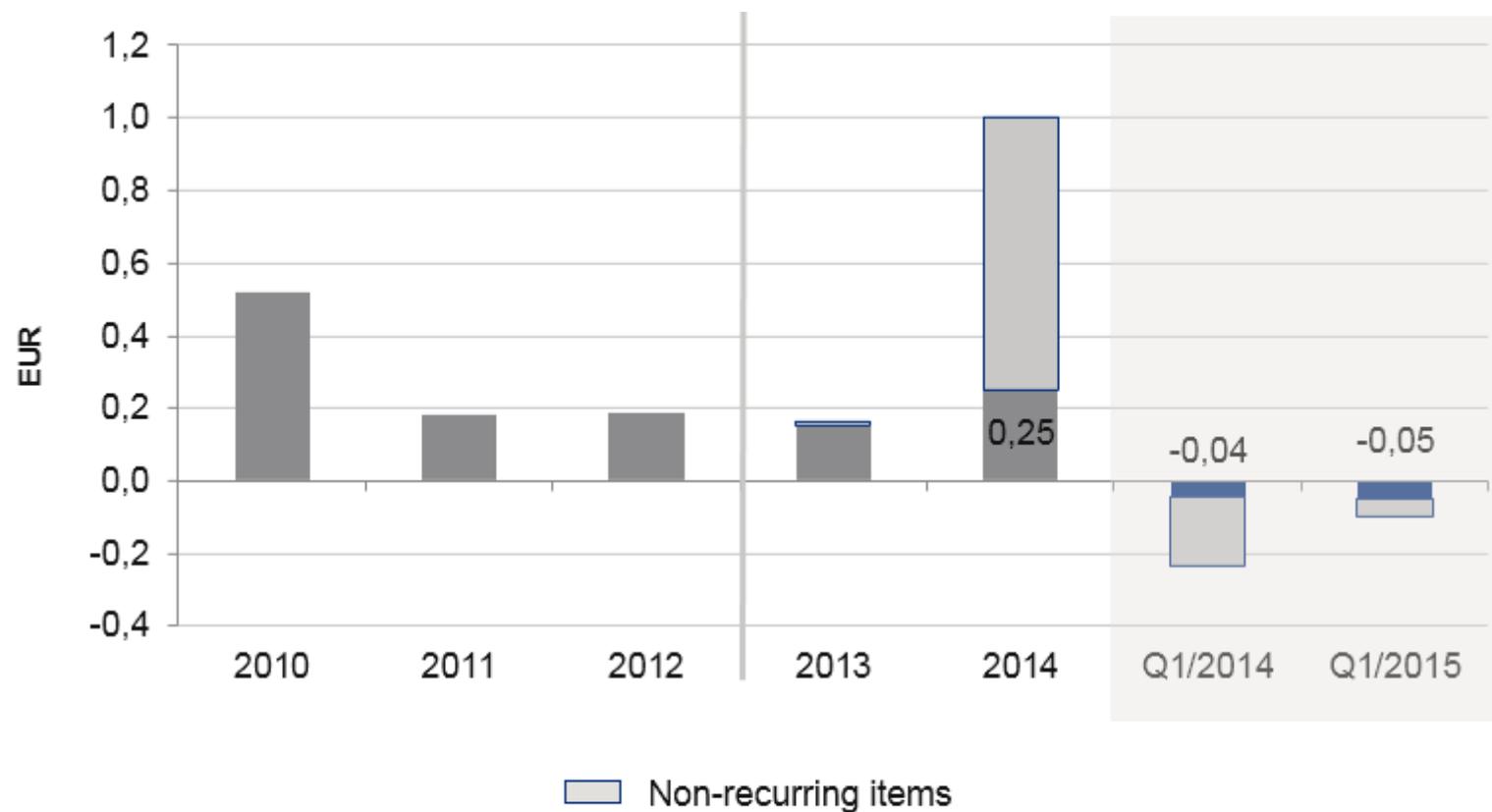


^{*)} Excluding Sokolów

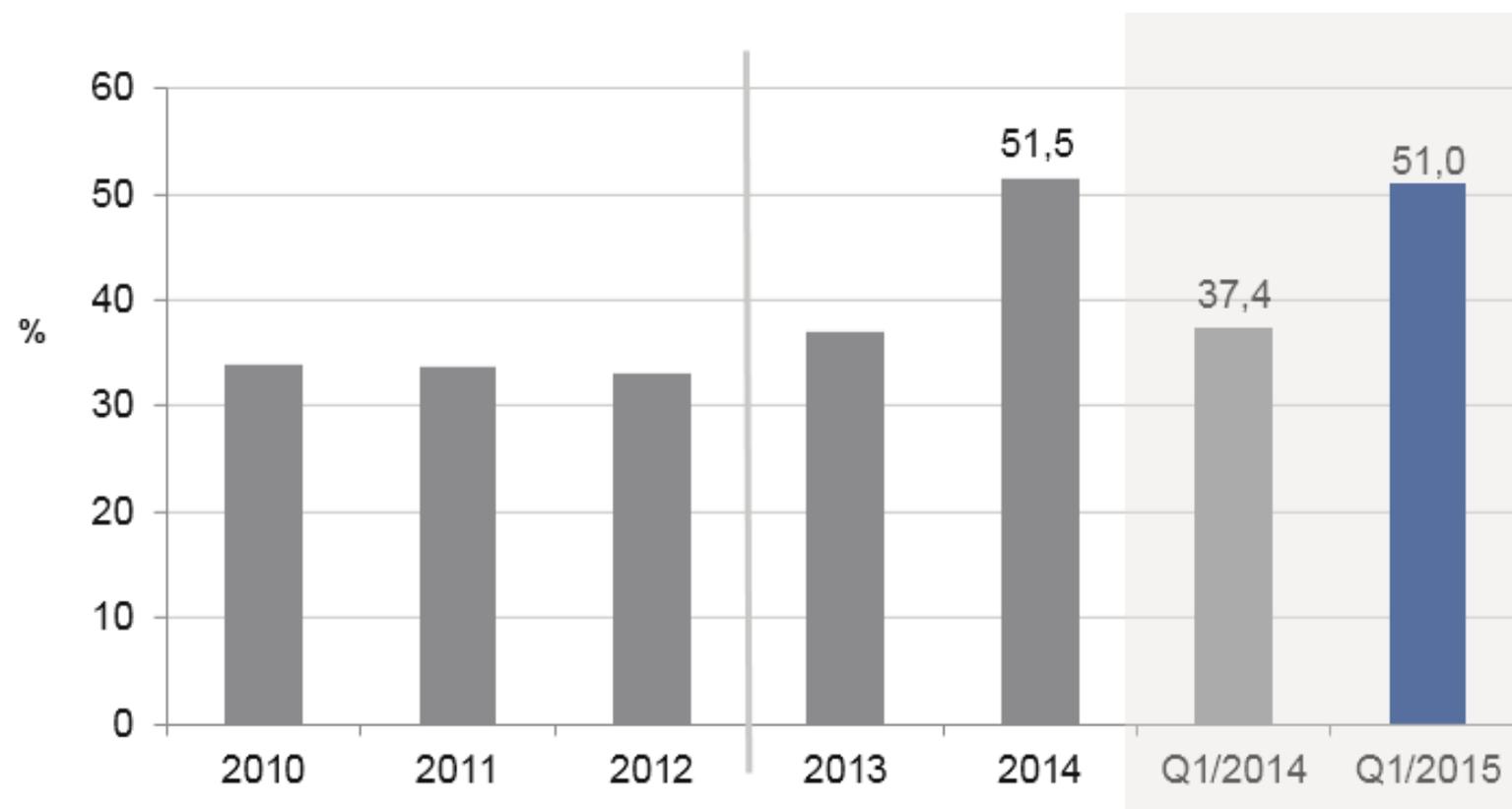
Profit for the period



Earnings per share (EPS)

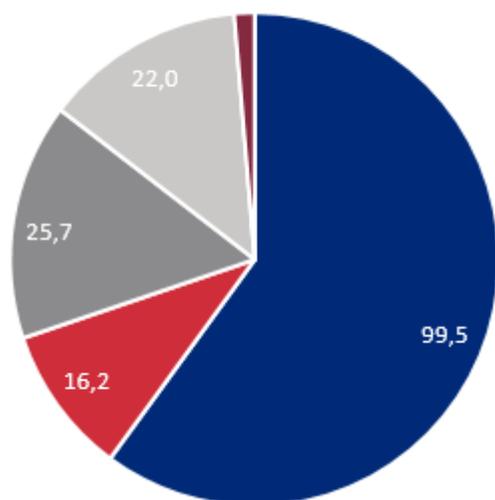


Equity ratio



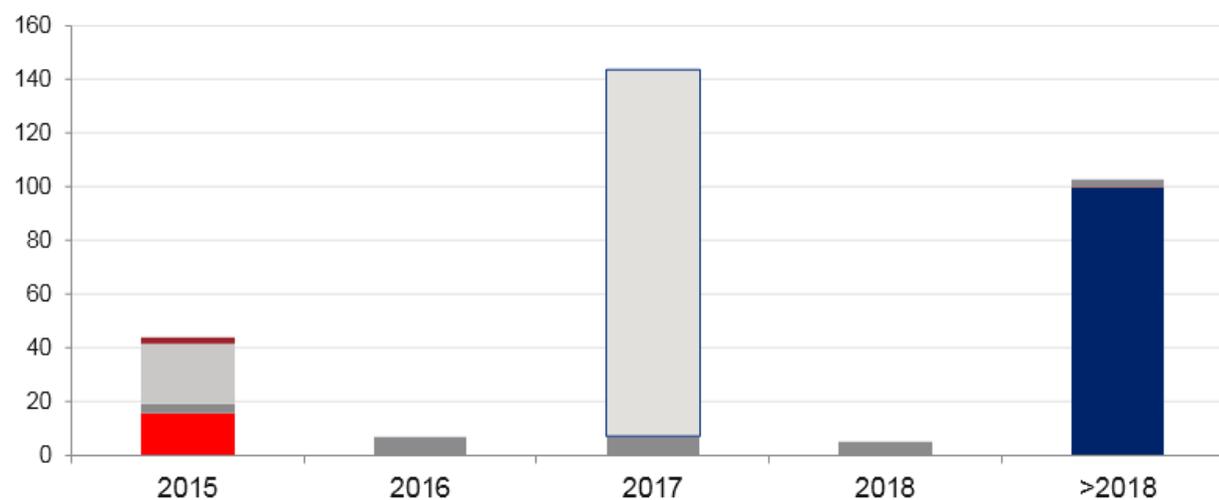
Interest-bearing debt and maturity structure

Interest-bearing debt by credit type



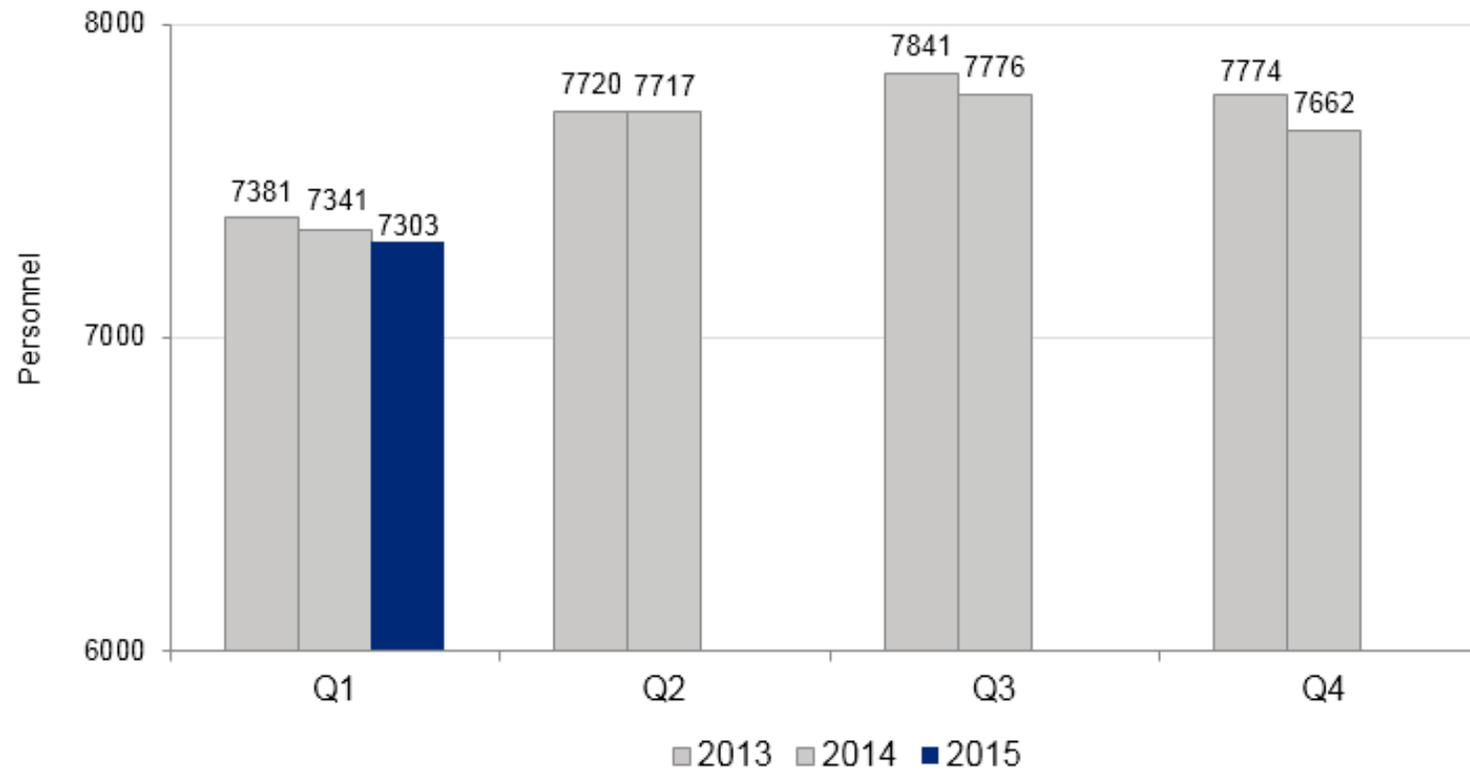
Total interest-bearing debt: 165.5 mEUR

Maturity of Group's interest-bearing debt (EUR million)



■ Bond ■ Bank loans ■ Pension loans ■ Commercial papers ■ Other borrowing ■ Unused credit facilities

Group personnel



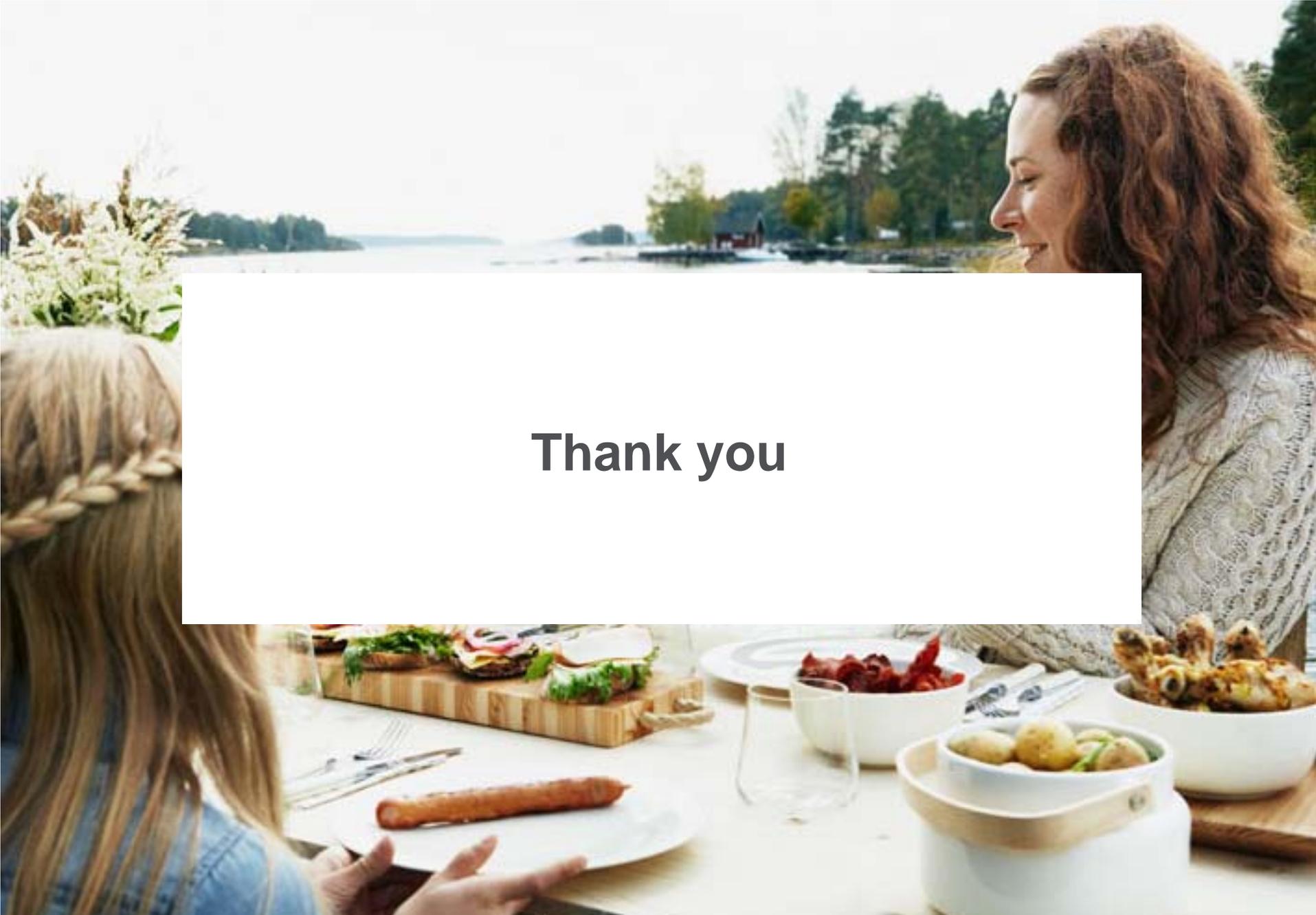
*) End of month average

Outlook for 2015 (unchanged)

- HKScan expects operating profit (EBIT) excluding non-recurring items to improve from 2014, and anticipates the last quarter to be the strongest.
- HKScan expects the economic and demand outlook and, accordingly, sales price competition to remain tough in 2015. However, the Group's strategy work, restructuring and development programmes together with active sales margin management should contribute to better financial performance.

Key figures

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- EBIT %	-0,2	-1,5	0,6
Profit before taxes	-3,1	-16,3	51,2
Profit for the review period	-2,8	-12,9	57,1
EPS, EUR	-0,05	-0,23	1,05
Cash flow before debt service	-0,6	-23,7	201,7
Cash flow before financing activities	-3,9	-30,8	198,9
ROCE before taxes, %	11,5	2,9	9,7
Net debt	145,7	363,0	141,5
Net gearing, %	32,9	92,3	31,8
Employees, end of month average	7 303	7 341	7 662



Thank you