

A man and a woman are sitting on a rocky shore, smiling and looking at a grill of food. The woman is wearing a green jacket and the man is wearing a red jacket. The grill contains corn, sausages, and vegetables. The background shows a rocky coastline with water in the distance.

HKSCAN

Interim Report Q1-2/2015 Group overview

**Hannu Kottonen, President and CEO
5 August 2015**

Comparable EBIT and cash flow improved – Denmark on loss

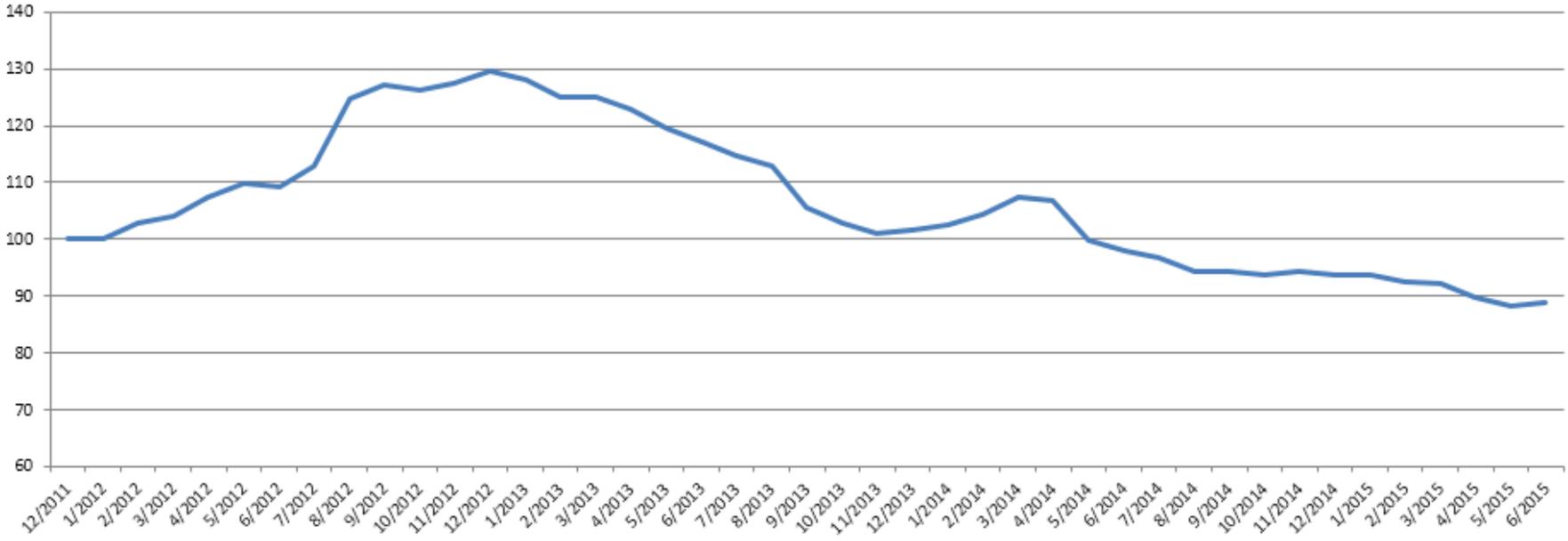
HKScan Group Q1-2/2015

- Performance continued to recover
 - All market areas improved their comparable cash flow, and also comparable EBIT improved, except in Denmark
 - Balance sheet strengthened further
 - Financial expenses reduced significantly
 - Inventories and meat balance managed tightly
- Group's profitable growth strategy implementation advanced
 - Preparations for strategic investments proceeded
 - Sales office in Hong Kong established, General Manager for Asia appointed
 - Investments in innovation, brand and category work continue
- Business environment remained challenging
 - Political and economic uncertainty
 - Russian ban on meat import continues to cause over-supply and price pressure
 - Fierce competition in food retail tightened

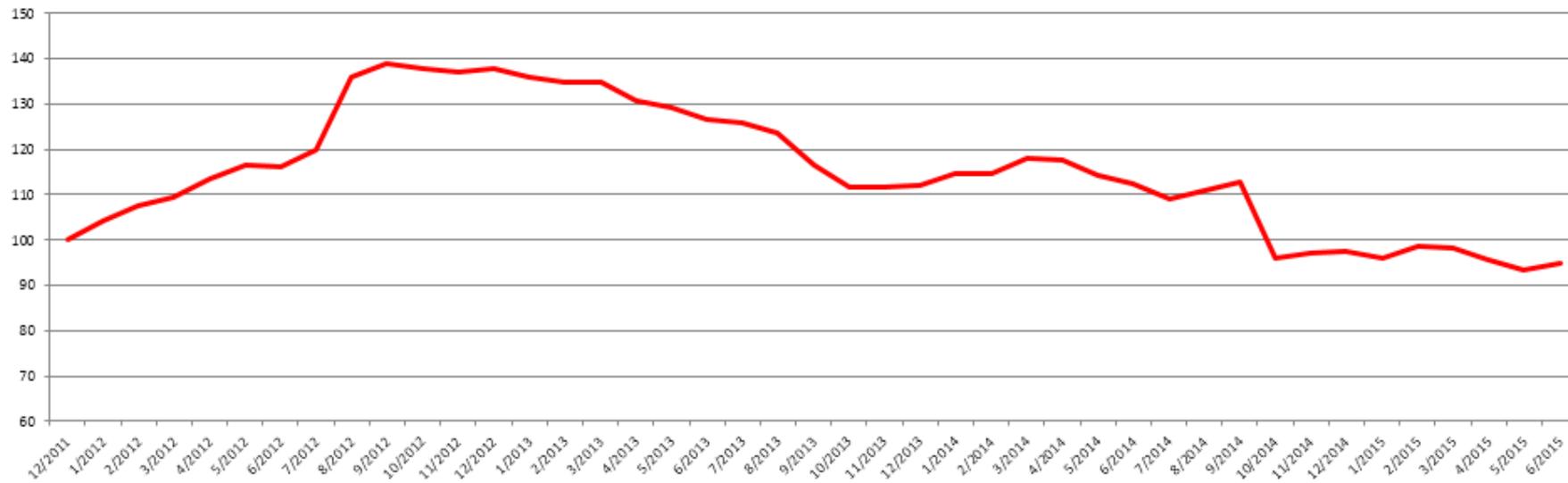
HKScan Group

EUR million	Q2/2015	Q2/2014	Q1-Q2/2015	Q1-Q2/2014	2014
Net sales	474,8	501,7	940,8	967,1	1 988,7
EBIT	3,7	58,5	2,9	41,1	55,5
- % of net sales	0,8	11,7	0,3	4,2	2,8
Profit/loss before taxes	1,2	57,4	-1,9	41,1	51,2
- % of net sales	0,3	11,4	-0,2	4,2	2,6
Profit/loss for the period	1,0	59,3	-1,8	46,4	57,1
EBIT excl. non-recurring income and expenses	3,7	-1,1	2,9	-8,2	12,4
- % of net sales	0,8	-0,2	0,3	-0,9	0,6
Profit/loss before taxes, excl. non-recurring income and expenses	1,2	-2,2	-1,9	-8,2	8,2
- % of net sales	0,3	-0,4	-0,2	-0,8	0,4
EPS, EUR	0,01	1,10	-0,04	0,86	1,05
Return on capital employed (ROCE) before taxes, %			3,3	10,0	9,7
ROCE before taxes excl. non-recurring items, %			4,3	3,4	3,6
Net gearing, %			35,8	41,8	31,8

Feed basket – pork (12/2011 = 100)



Feed basket – poultry (12/2011 = 100)



Market area Finland

EUR million	Q2/2015	Q2/2014	Q1-Q2/2015	Q1-Q2/2014	2014
Net sales	195,5	199,5	389,0	378,7	787,2
EBIT	3,8	-12,7	7,4	-14,1	-4,5
- EBIT %	2,0	-6,4	1,9	-3,7	-0,6
EBIT excl. non-recurring items	3,8	-0,7	7,4	-2,2	8,9
- EBIT %	2,0	-0,4	1,9	-0,6	1,1

- Clear improvements in profit and cash flow continued
- Improved sales product mix and operational efficiency
- Market declining in general terms but own brands continued making progress
 - Decline in sales due to lower prices and volumes and weak BBQ season
- Modernization and investment in Outokumpu beef slaughterhouse completed, Mikkeli production facility and real estate purchased
- Acquisition of 50% stake in Paimion Teurastamo after the reporting period

Product novelties in Finland



Market area Baltics

EUR million	Q2/2015	Q2/2014	Q1-Q2/2015	Q1-Q2/2014	2014
Net sales	44,6	41,2	85,5	82,0	173,0
EBIT	2,6	1,8	2,5	2,0	2,8
- EBIT %	5,8	4,5	2,9	2,4	1,6
EBIT excl. non-recurring items	2,6	1,8	2,5	2,0	4,8
- EBIT %	5,8	4,5	2,9	2,4	2,8

- Growth in net sales, EBIT and cash flow
- Own brands, processed and seasonal products performed well
- Market improved slightly from the previous year and domestic market's overall demand was good but export market struggled.
- Estonia approved for exporting poultry to Hong Kong

Product novelties in Baltics



Market area Sweden

EUR million	Q2/2015	Q2/2014	Q1-Q2/2015	Q1-Q2/2014	2014
Net sales	208,3	232,7	410,4	443,1	911,0
EBIT	3,4	0,6	5,4	-11,4	1,7
- EBIT %	1,6	0,3	1,3	-2,6	0,2
EBIT excl. non-recurring items	3,4	1,5	5,4	-0,3	13,4
- EBIT %	1,6	0,6	1,3	-0,1	1,5

- Net sales declined as a result of lower volume and change in SEK exchange rate
- EBIT improved thanks to completed production restructuring and better product mix.
- Inventories reduced clearly
- Private labels continued to seize market share but HKScan gained some market share in some subcategories of processed meat. Own product development to be intensified further.
- Consumer demand for Swedish meat is on rise
- Cooperation with North European Oil Trade started: byproducts of bioethanol production utilized in pig feed

Product novelties in Sweden



Market area Denmark

EUR million	Q2/2015	Q2/2014	Q1-Q2/2015	Q1-Q2/2014	2014
Net sales	45,6	52,6	94,5	106,6	204,3
EBIT	-2,4	-6,0	-5,9	-6,7	-11,9
- EBIT %	-5,3	-11,4	-6,2	-6,3	-5,8
EBIT excl. non-recurring income and expenses	-2,4	-0,8	-5,9	-1,5	-4,4
- EBIT %	-5,3	-1,6	-6,2	-1,4	-2,1

- Market and competition continuously tough
- Fierce price competition in retail and lower volumes
- New production setup completed. Related cost savings start to materialize.
- Increase in sales and further operational cost savings targeted. Organization strengthened.

Product novelties in Denmark





HKSCAN

Investments in Finland

Purchase of the Mikkelí production facility and related real estate



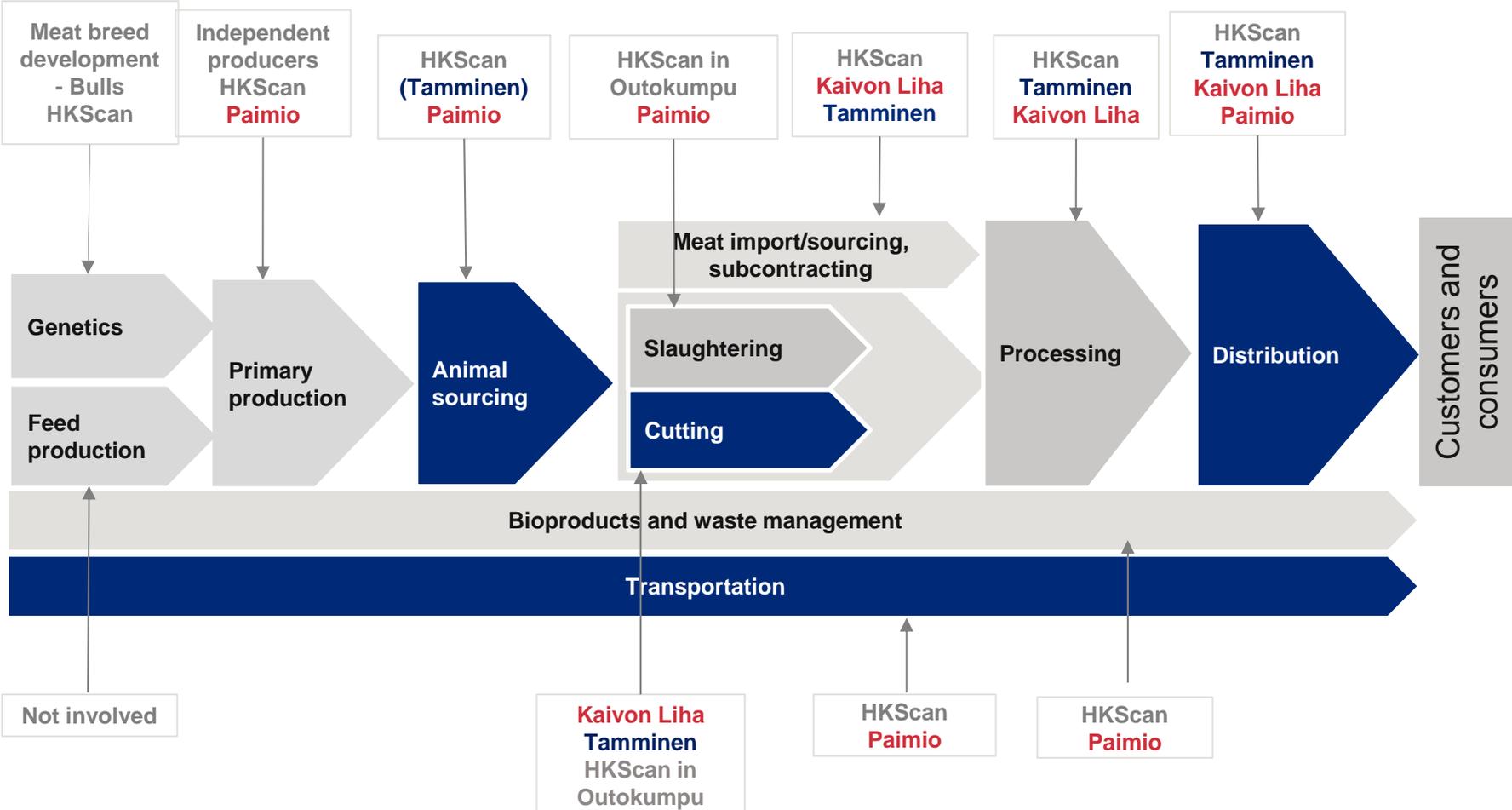
Investment in Outokumpu beef cutting area and part of slaughter line



Acquisition of 50% stake in Paimion Teurastamo slaughterhouse



Beef Value Chain





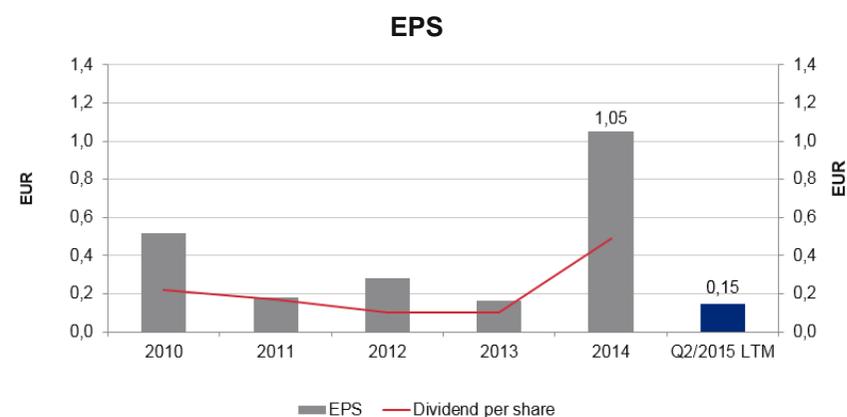
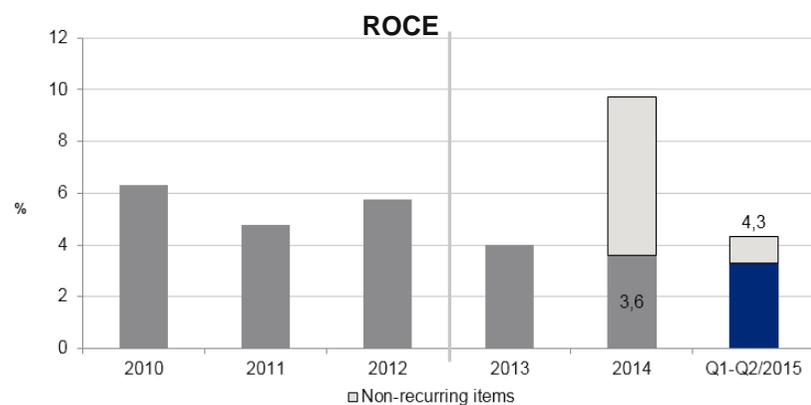
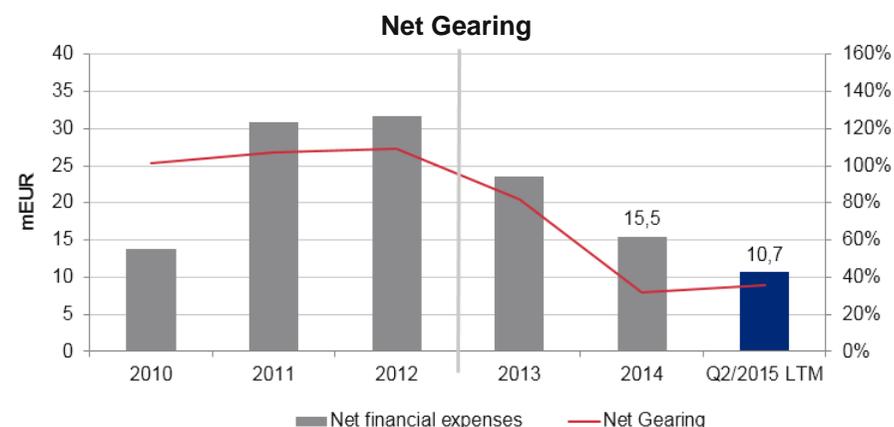
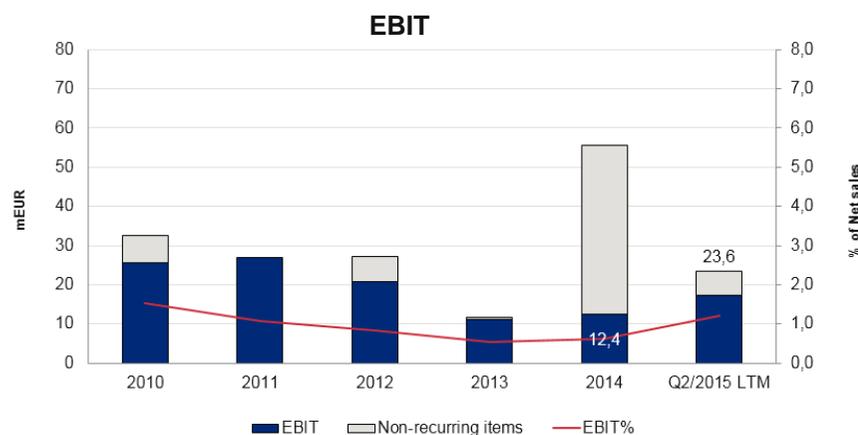
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**Interim Report Q1-2/2015
Group Financials**

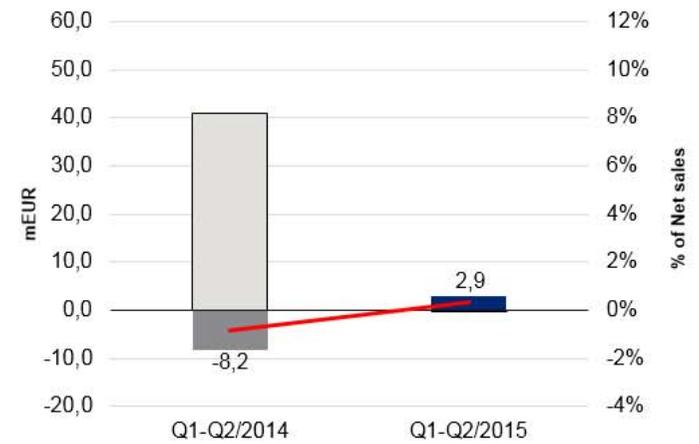
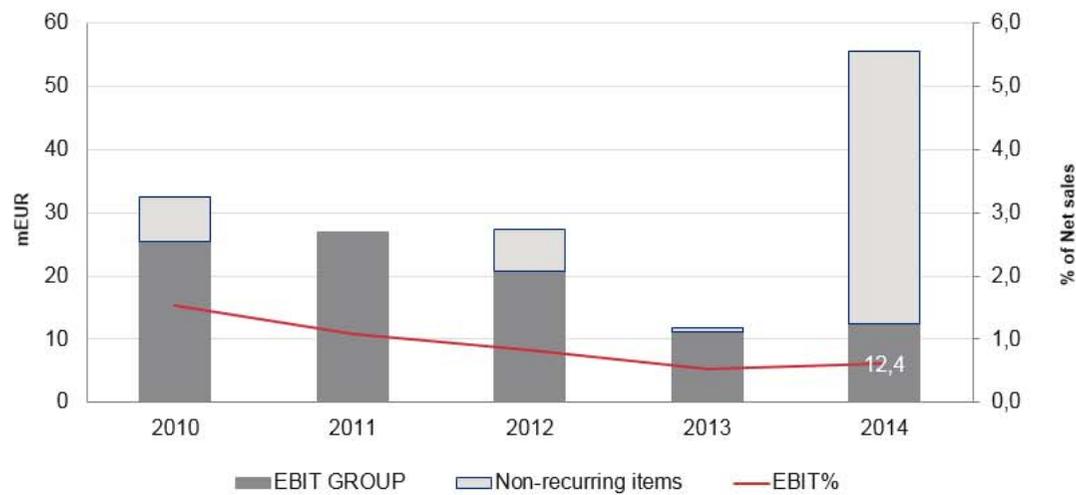
Tuomo Valkonen, CFO
5 August 2015

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

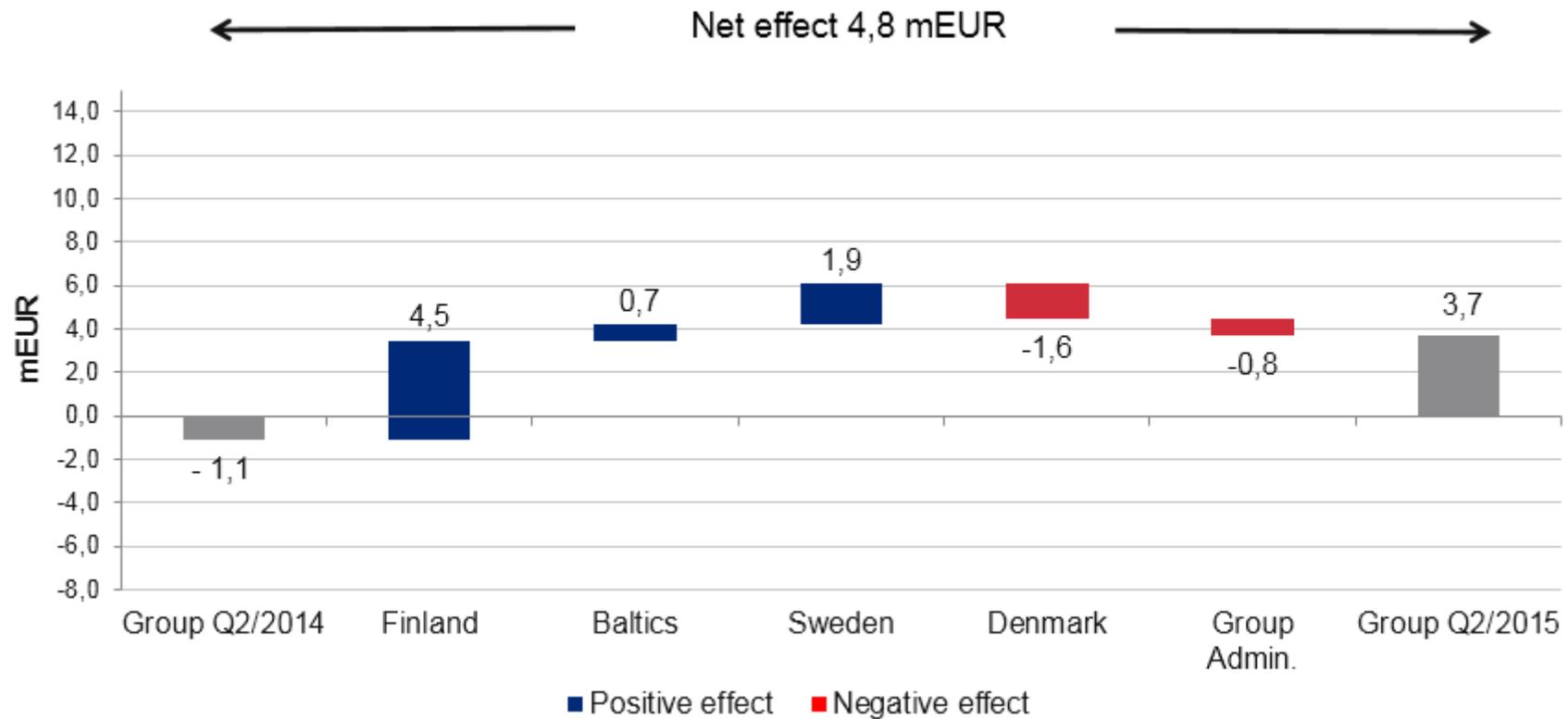


Group EBIT development



Group EBIT*)

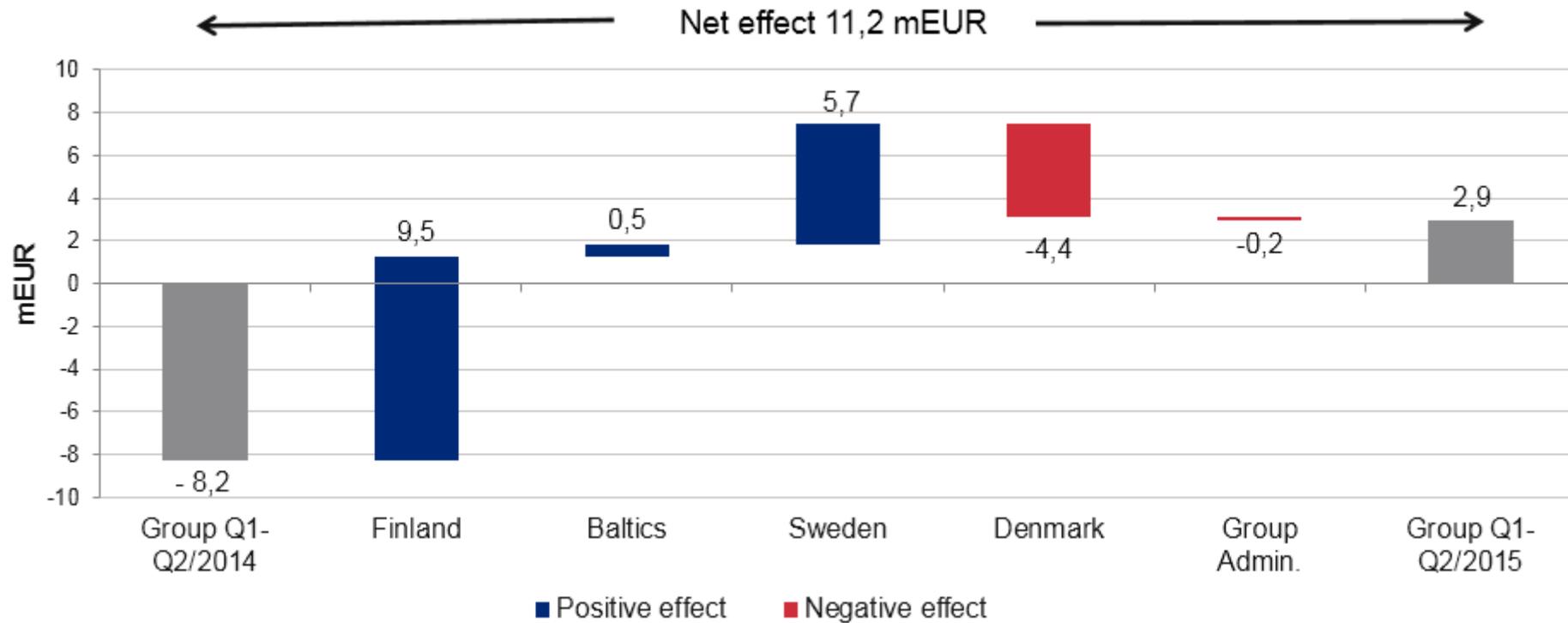
Q2/2014 vs. Q2/2015



*) Excluding non-recurring items

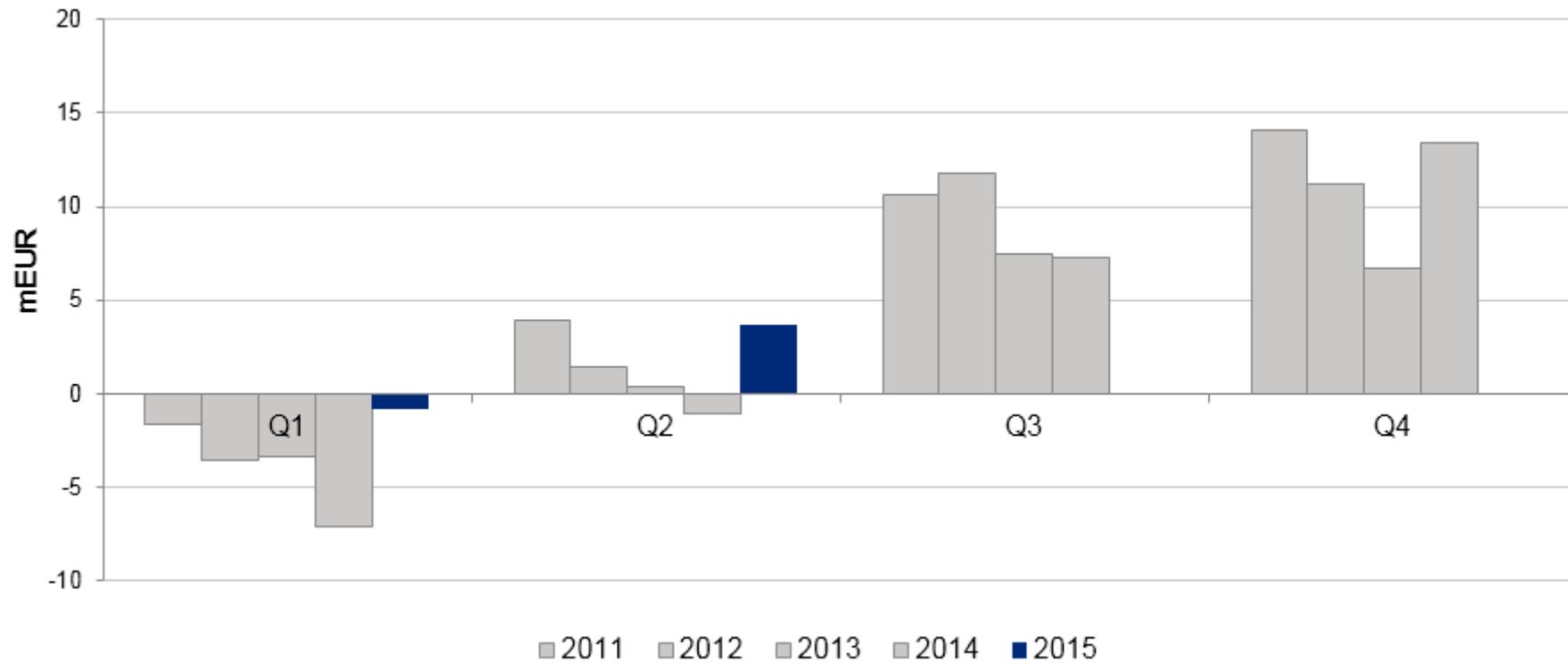
Group EBIT*)

Q1-2/2014 vs. Q1-2/2015



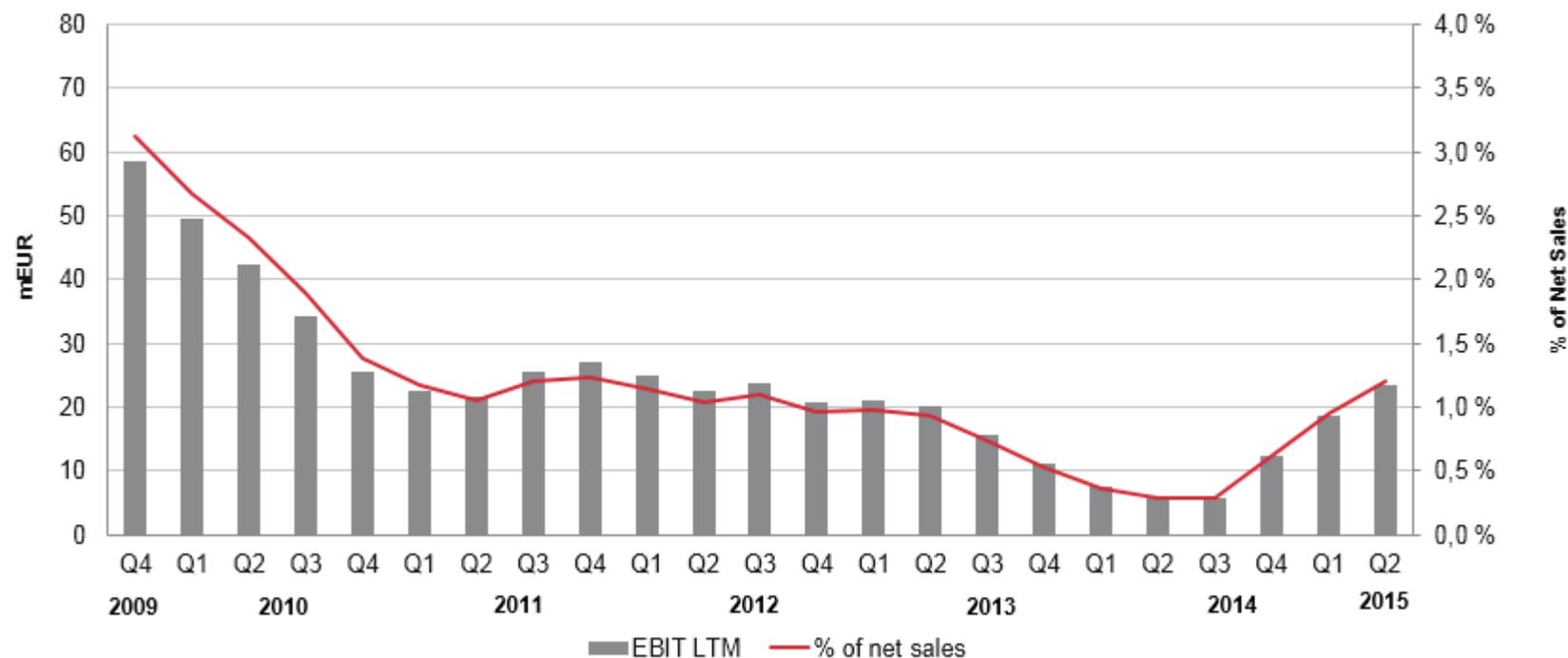
*) Excluding non-recurring items

Group EBIT*)

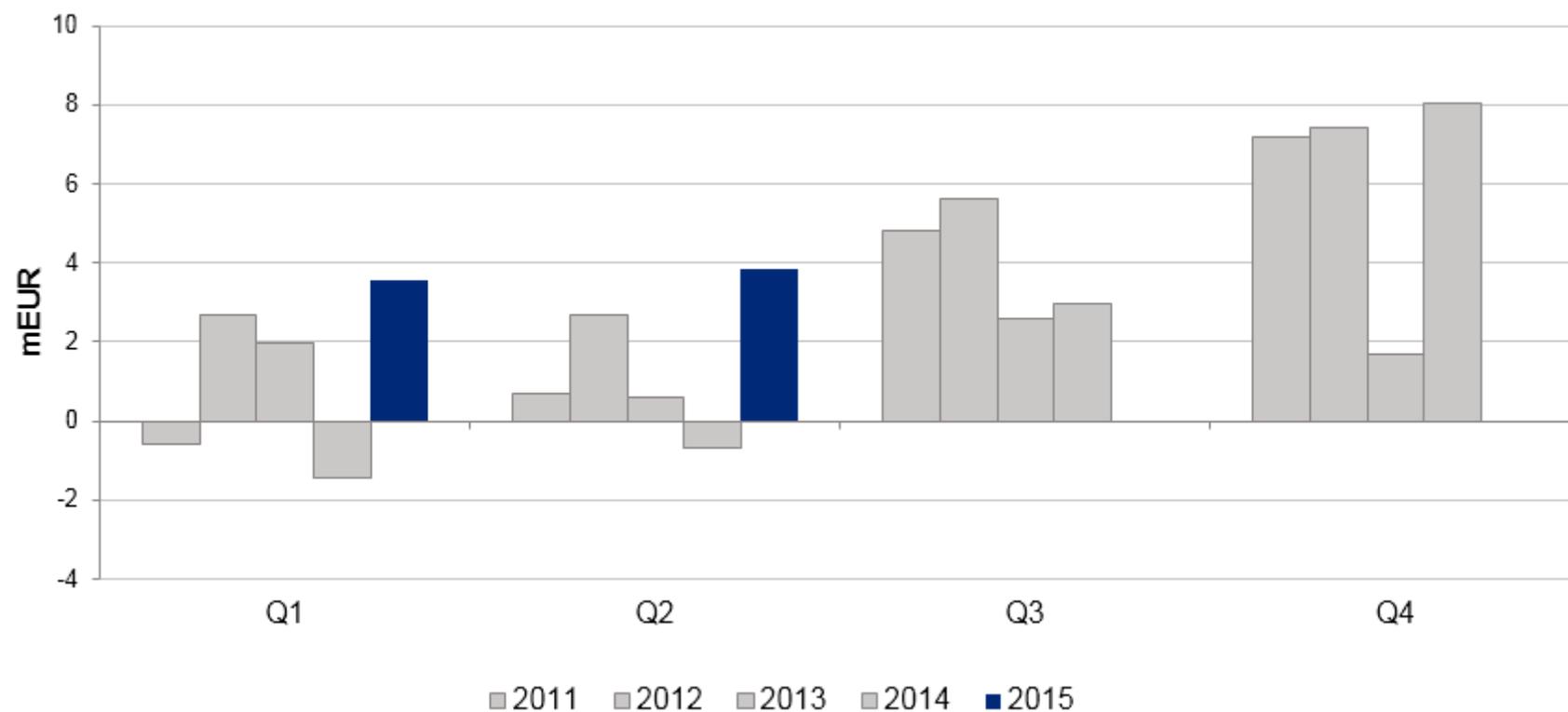


*) Excluding non-recurring items

Group EBIT last twelve months

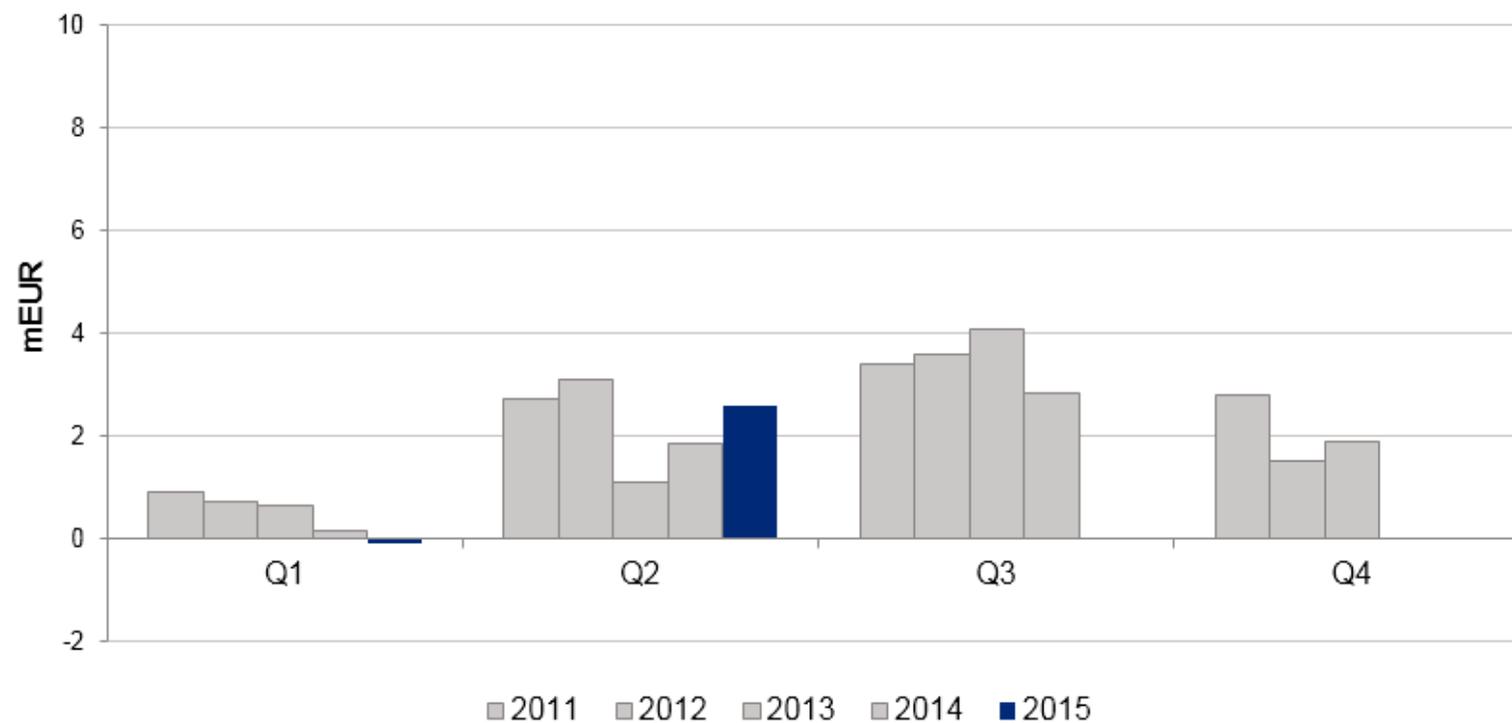


Finland EBIT^{*)}



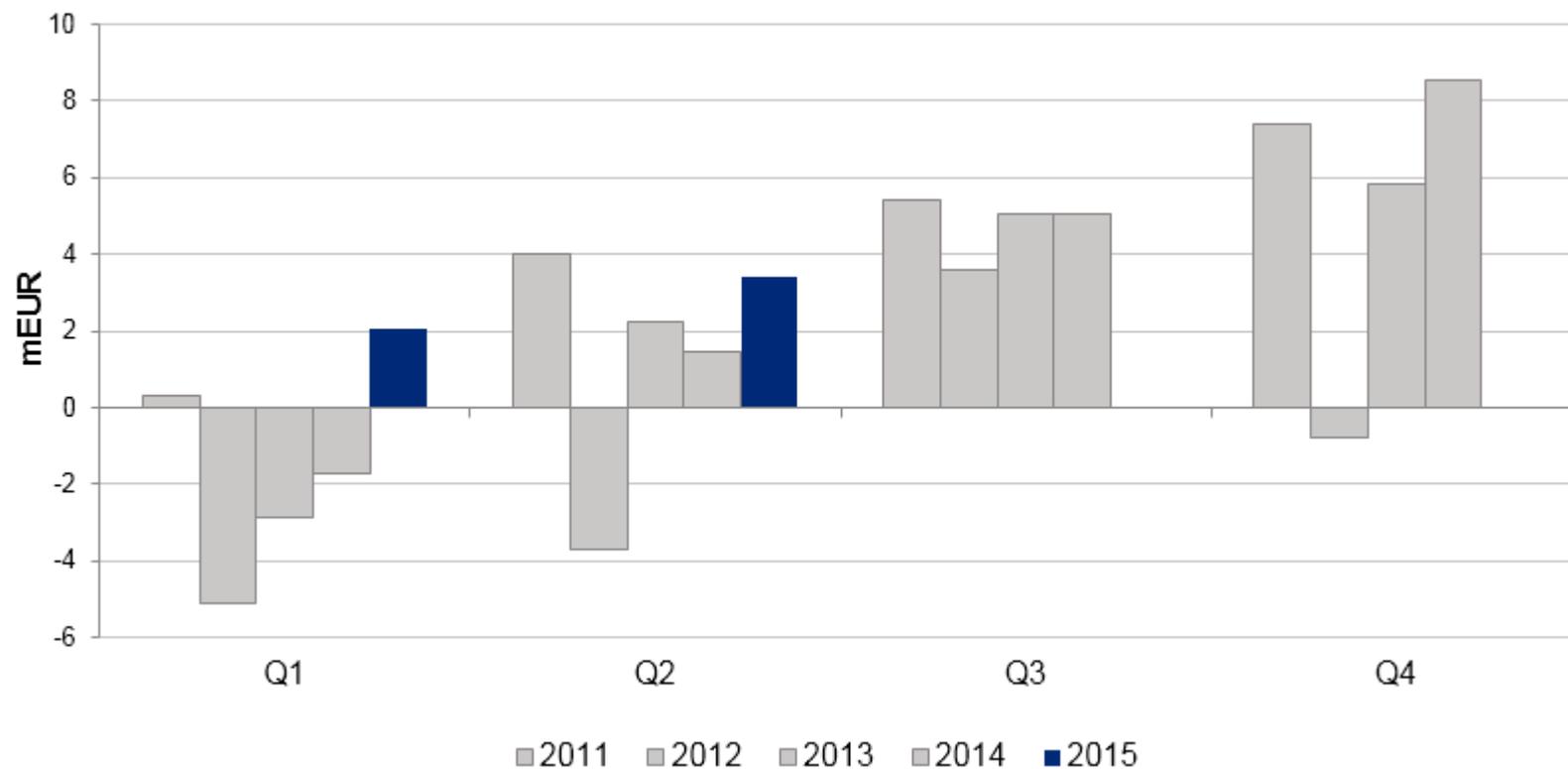
^{*)} Excluding non-recurring items

Baltics EBIT^{*)}



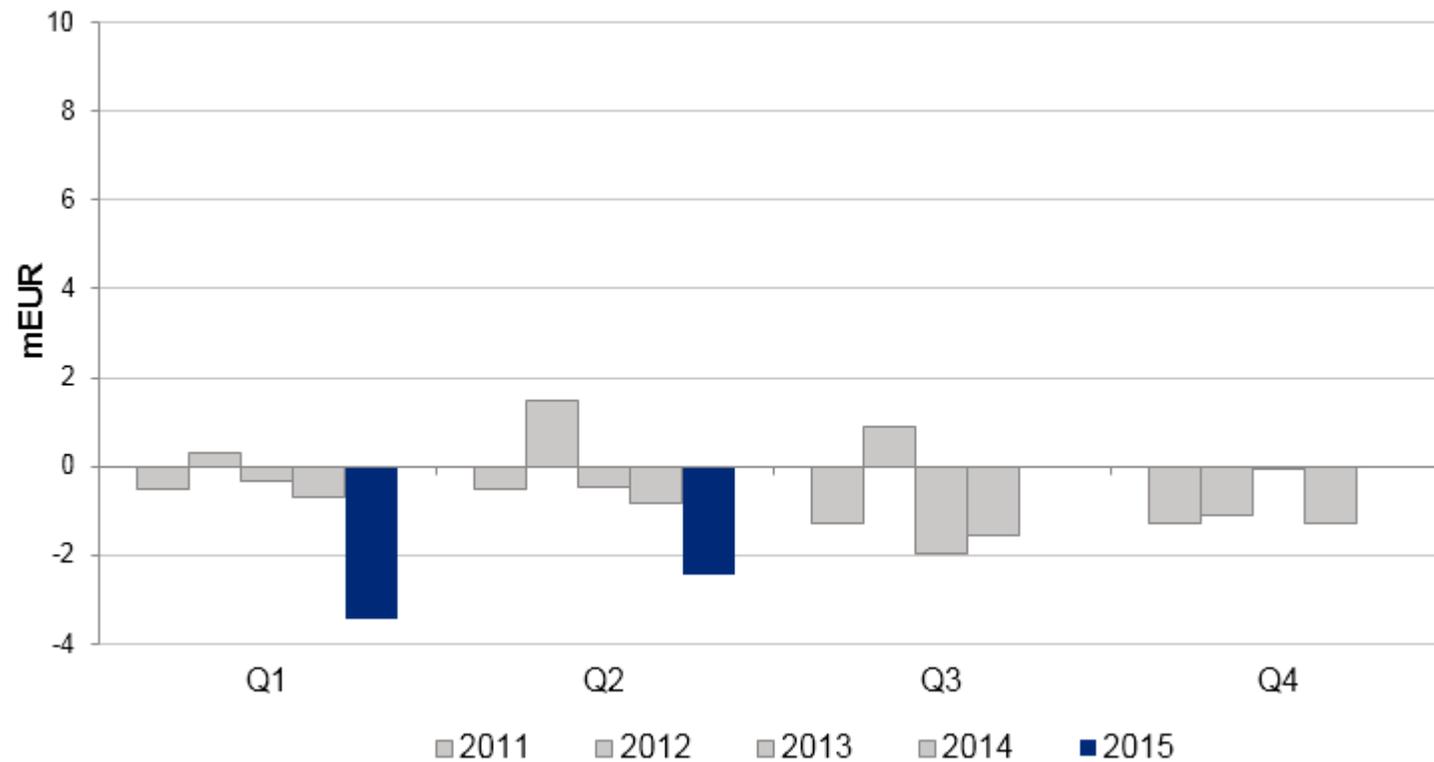
^{*)} Excluding non-recurring items

Sweden EBIT^{*)}



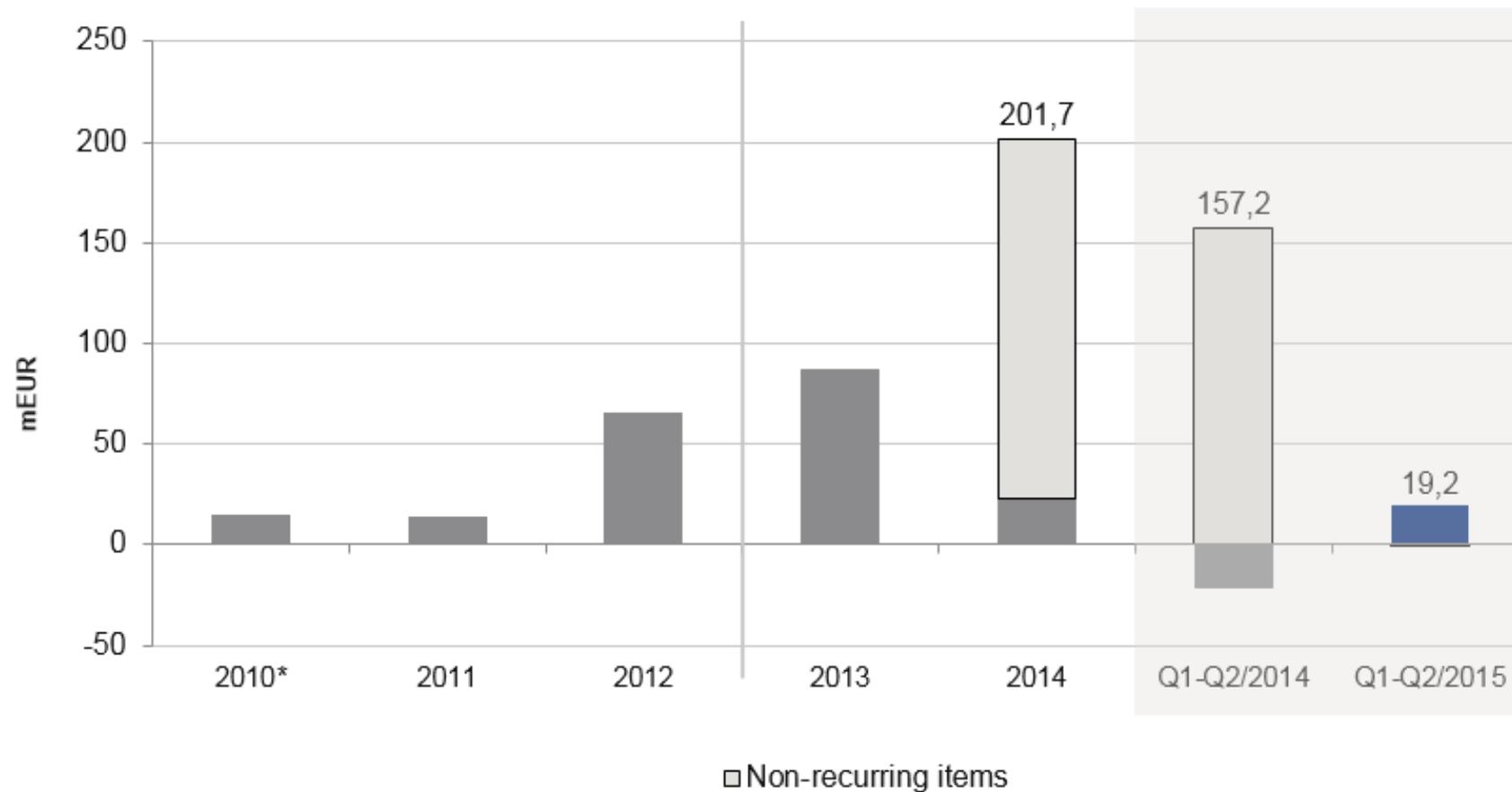
^{*)} Excluding non-recurring items

Denmark EBIT*)



*) Excluding non-recurring items

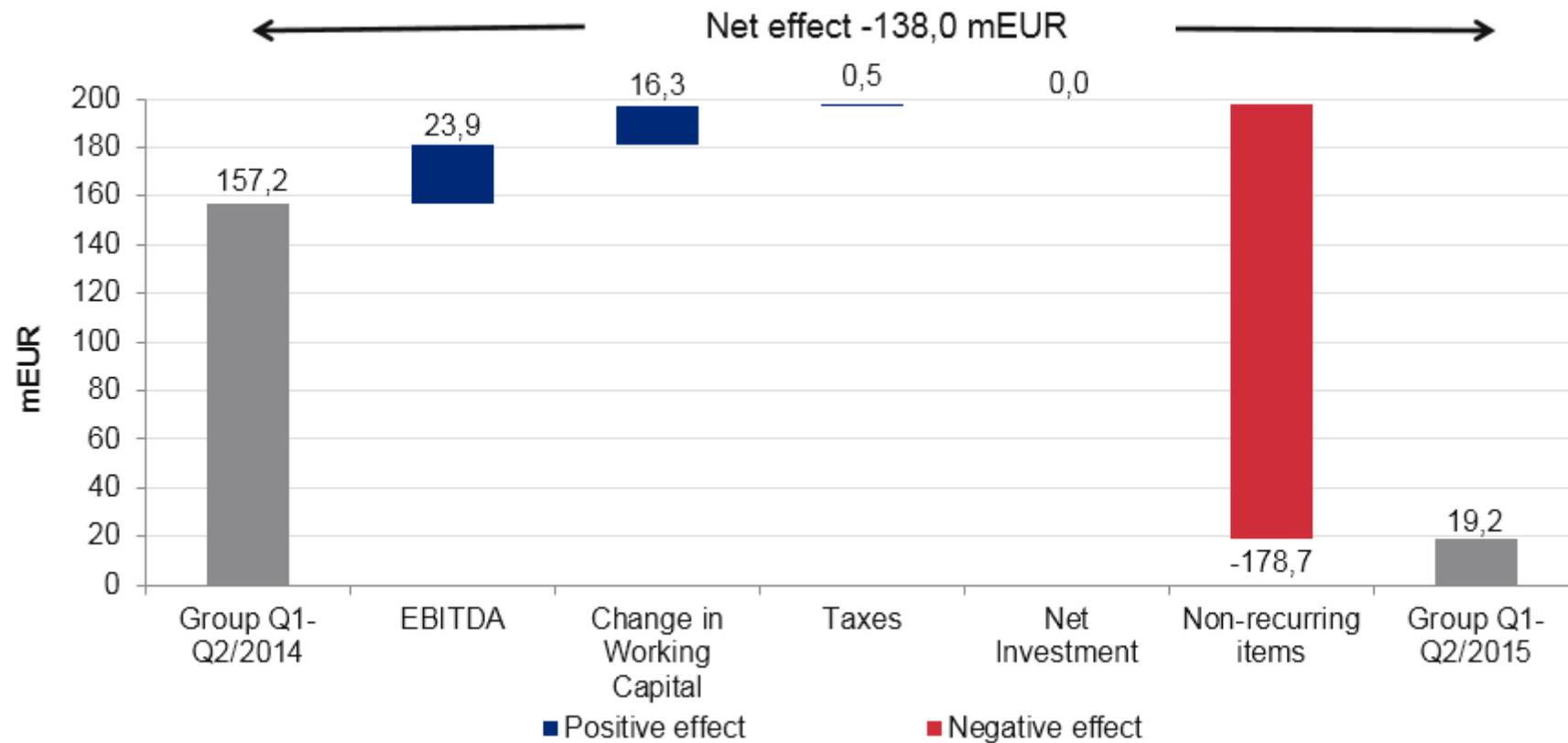
Group cash flow before debt service



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

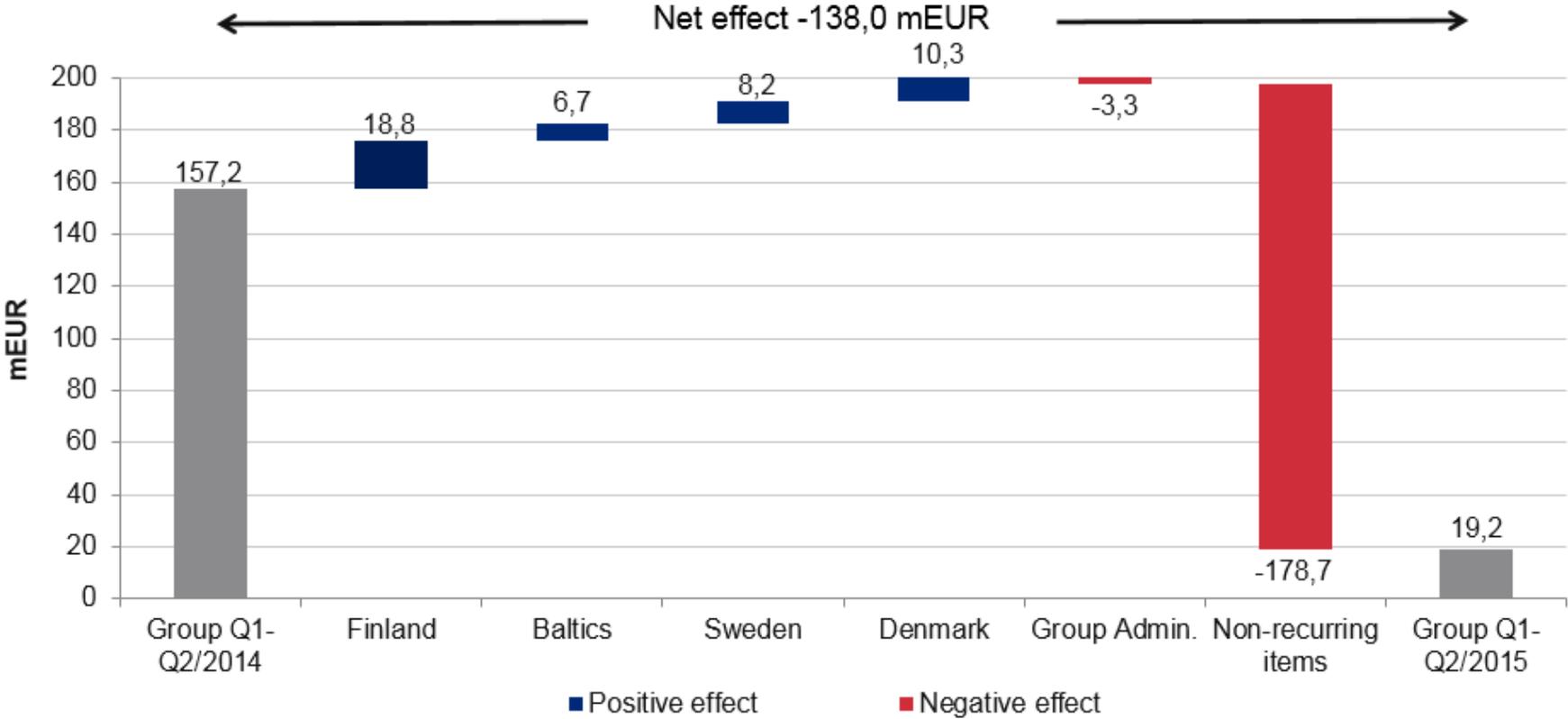
Group cash flow before debt service

Q1-2/2014 vs. Q1-2/2015

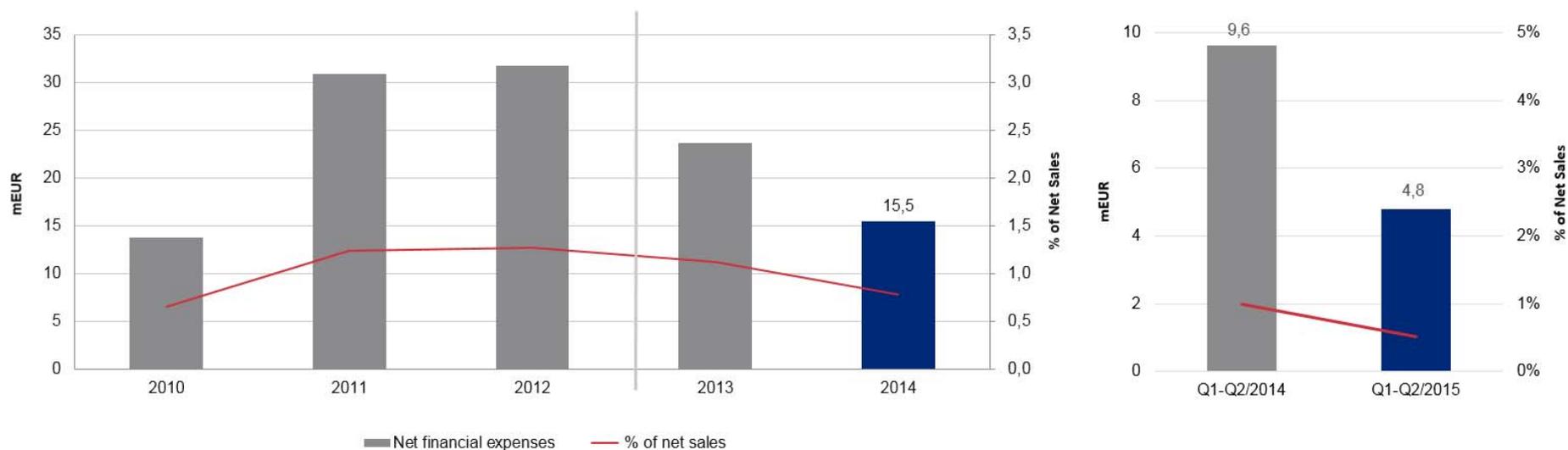


Group cash flow before debt service

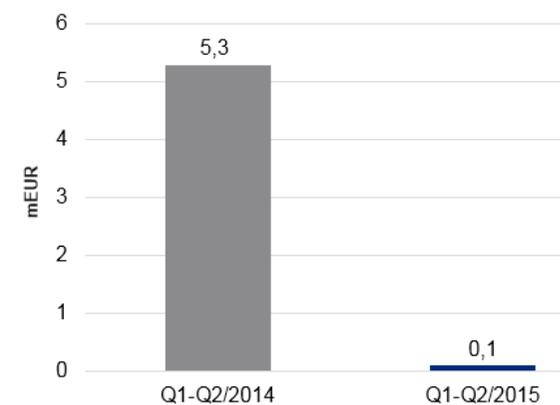
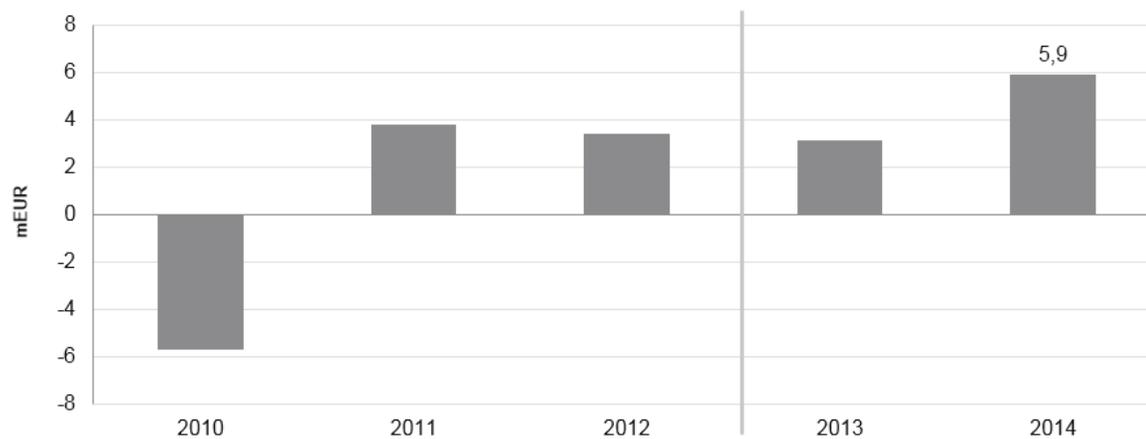
Q1-2/2014 vs. Q1-2/2015



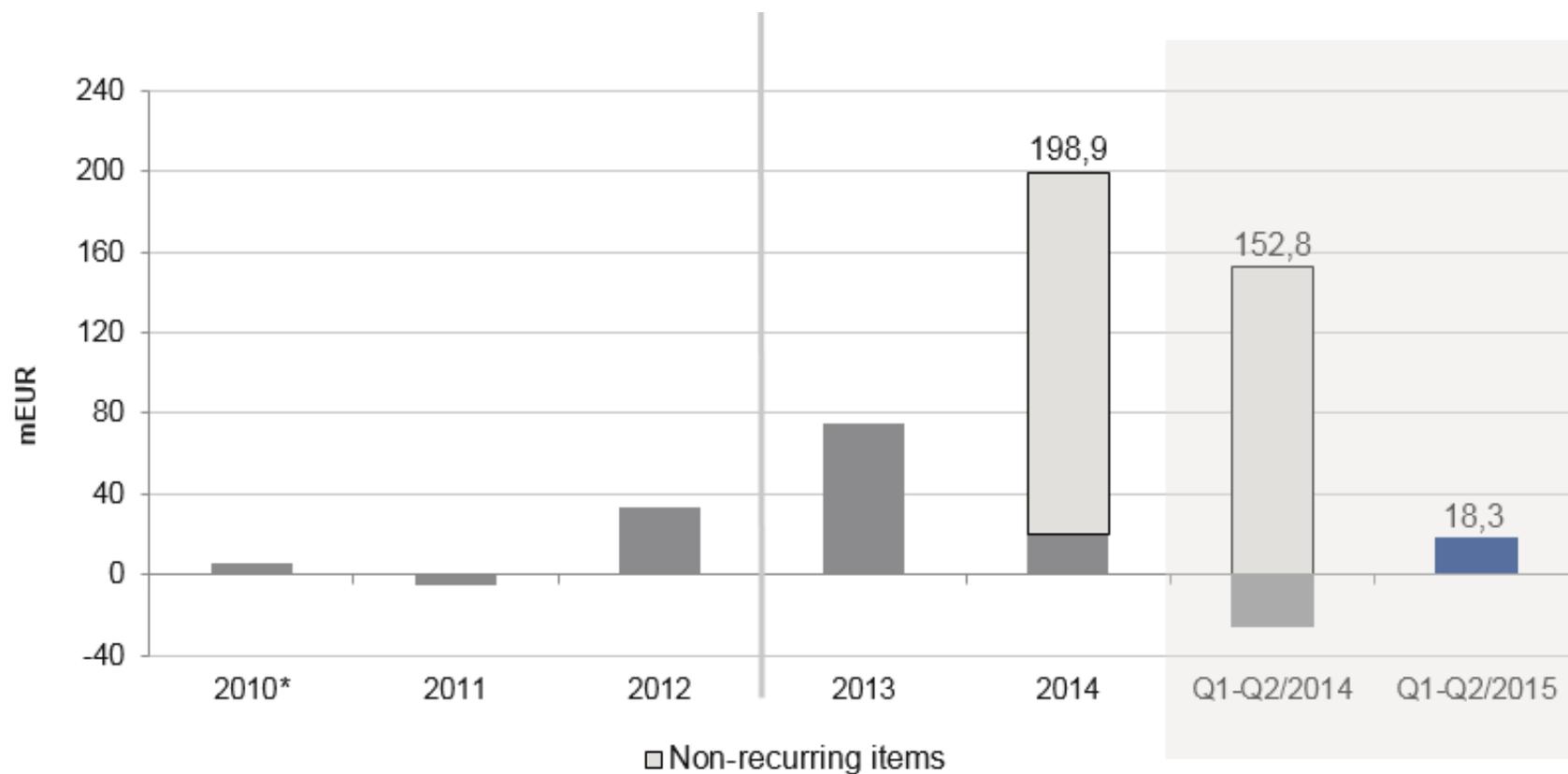
Group net financial expenses



Group income tax

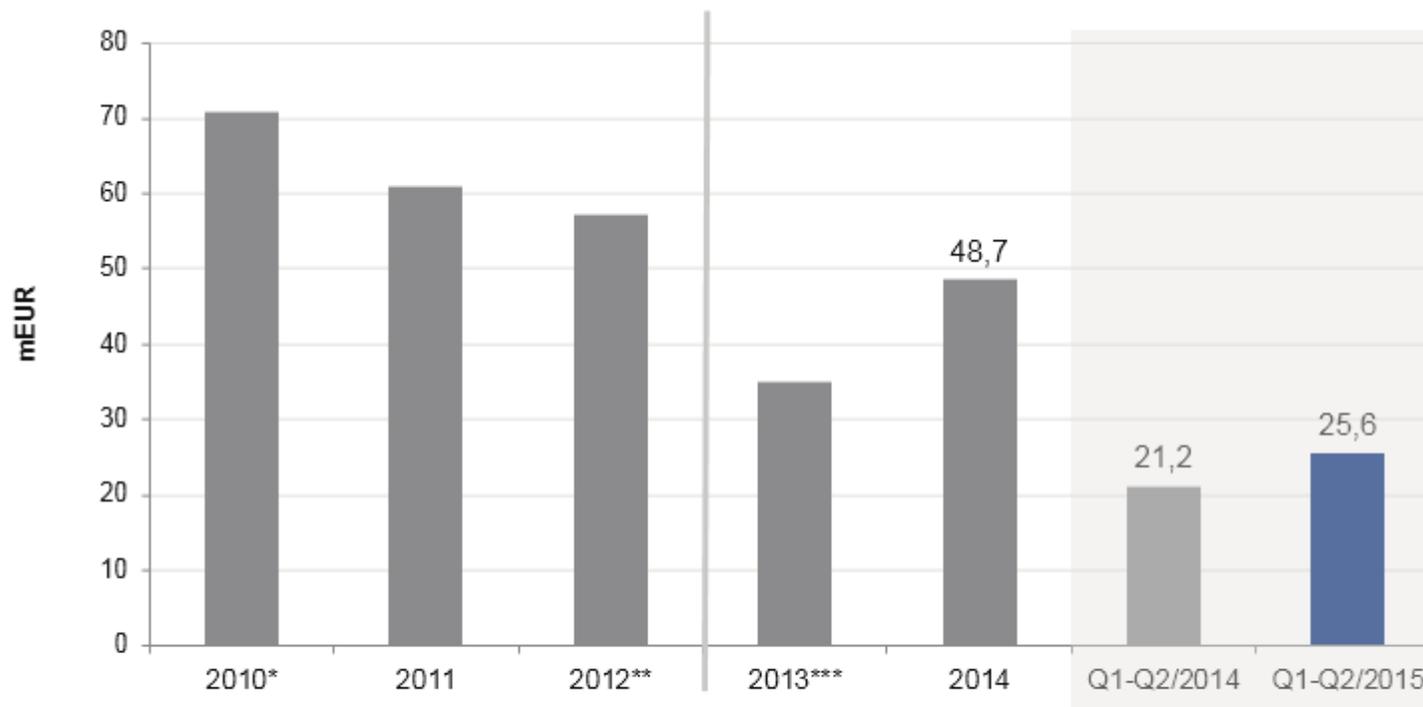


Group cash flow before financing



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

Group investments

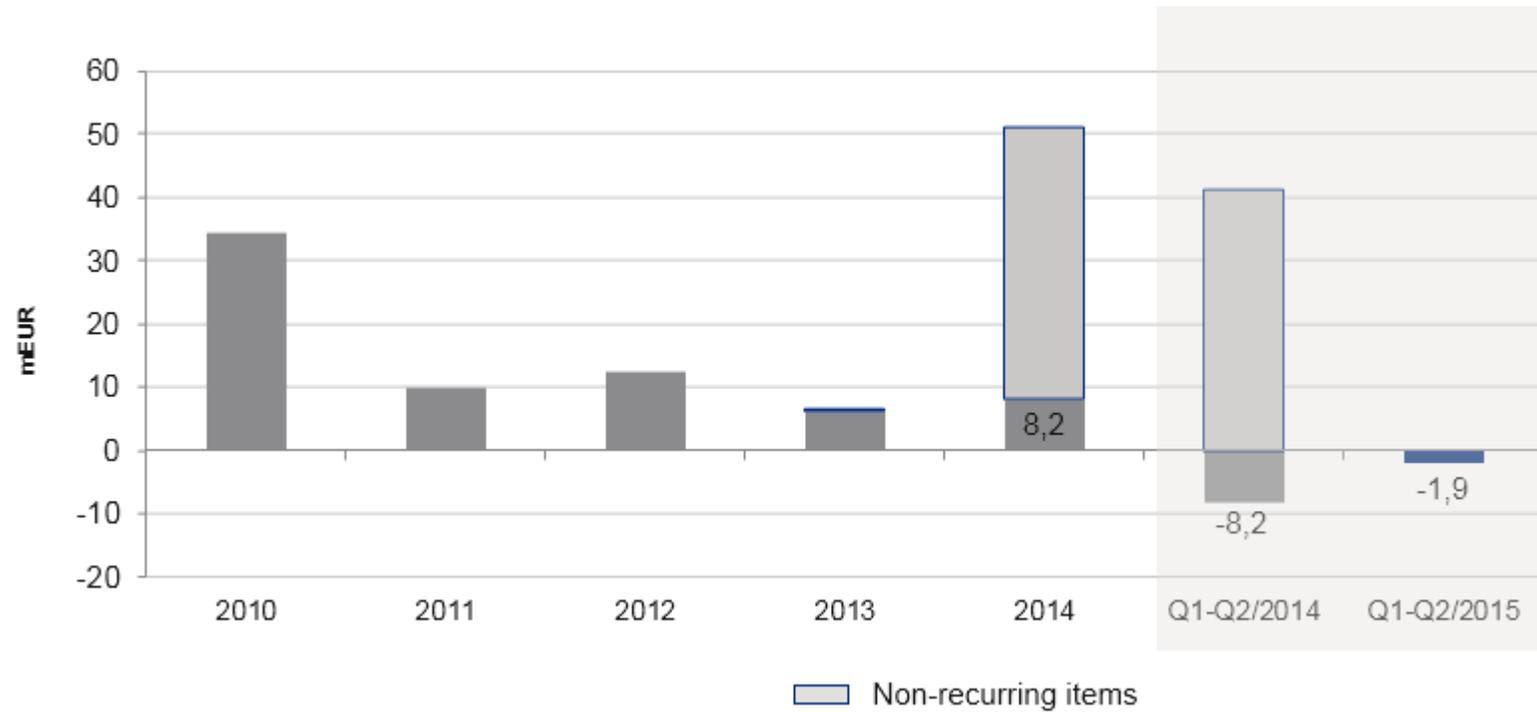


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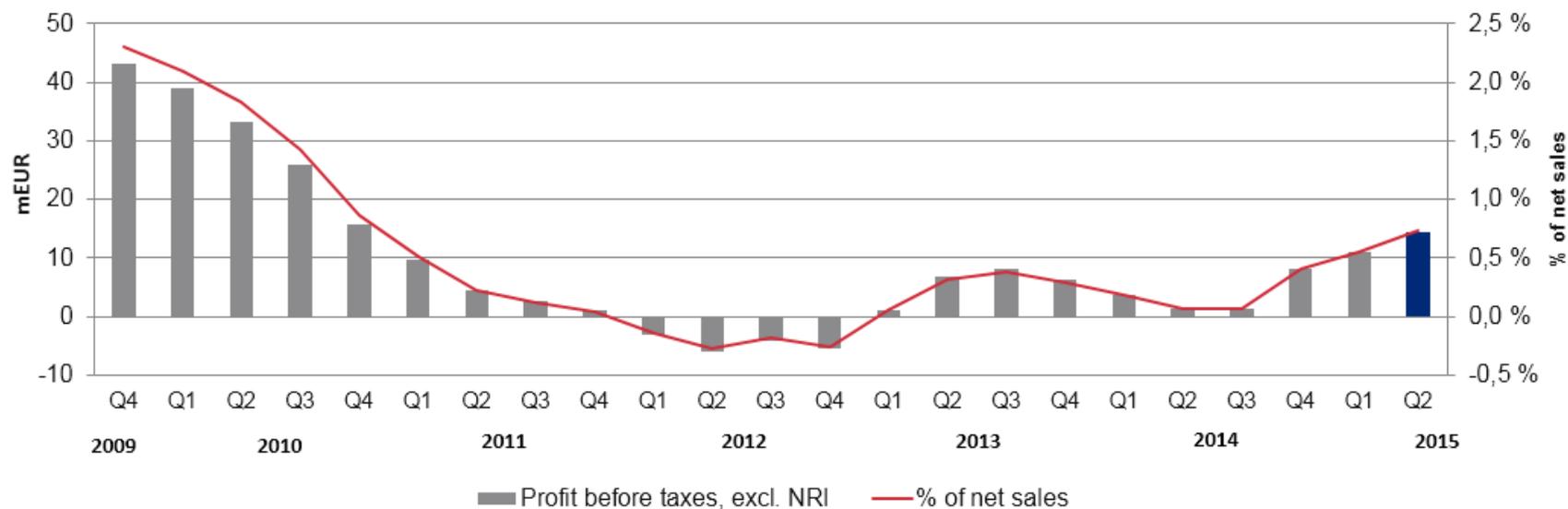
** EUR 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million

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

Profit before taxes

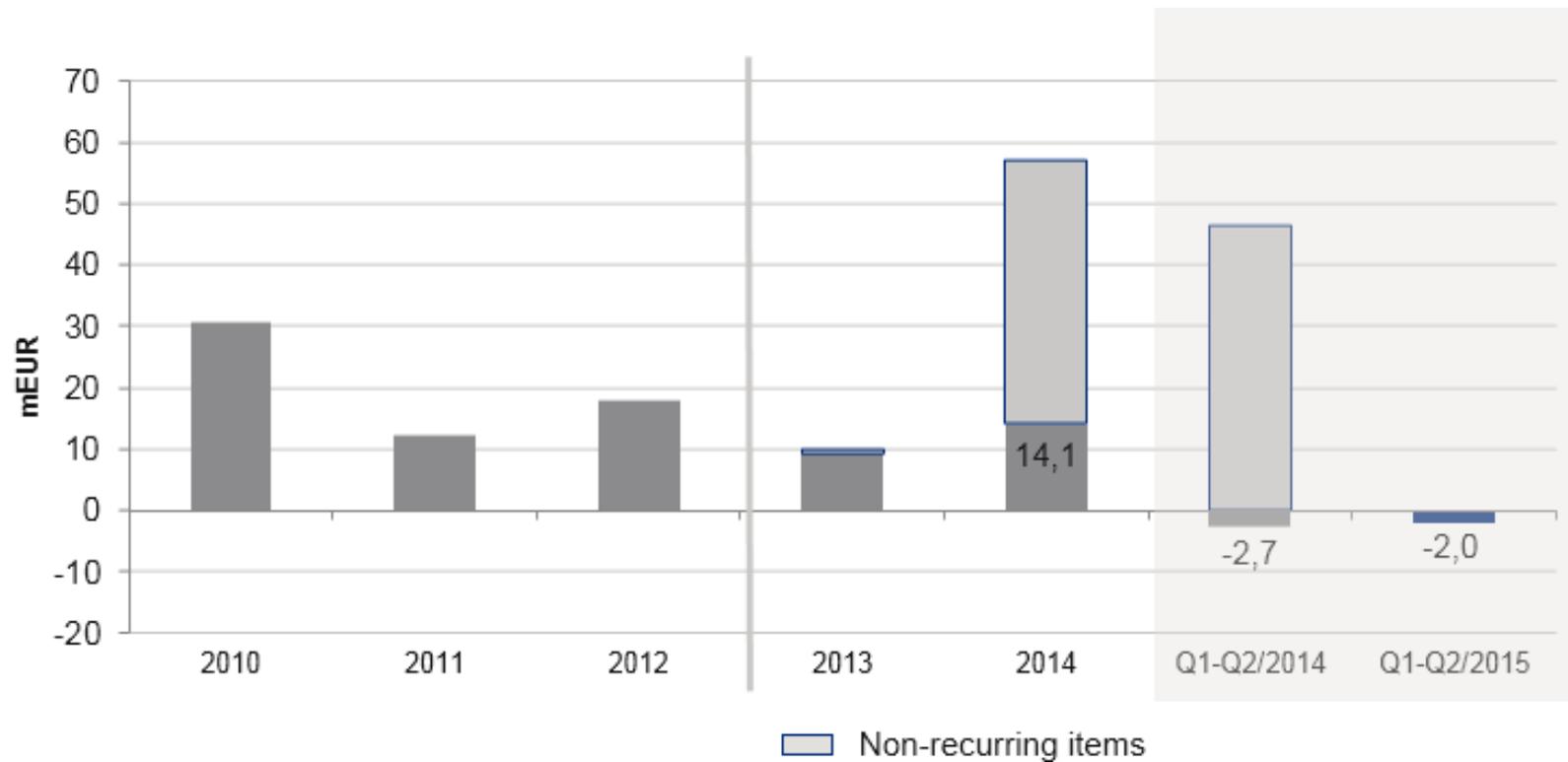


Profit before taxes excl. non-recurring items, last twelve months^{*)}



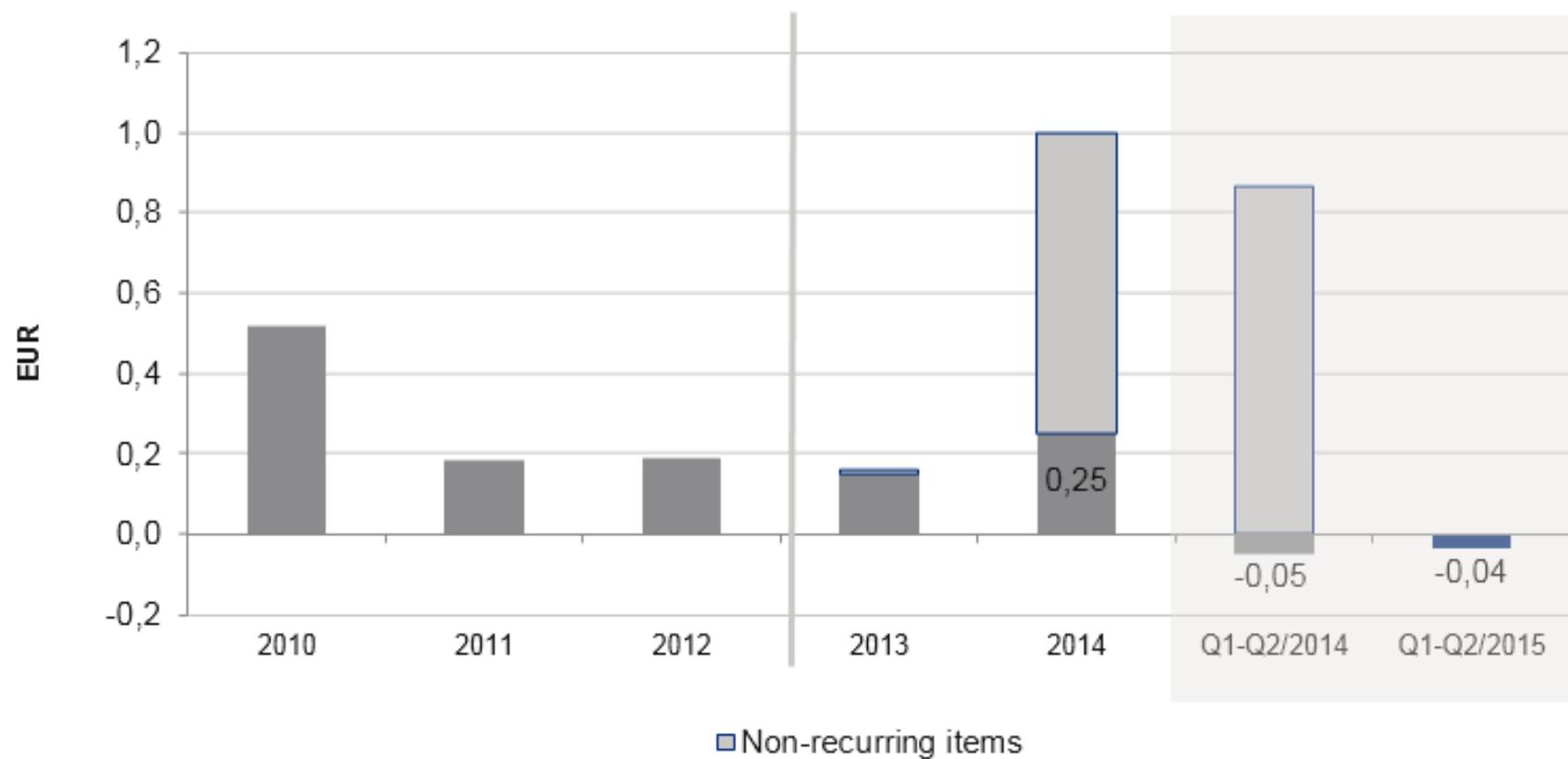
^{*)} Excluding Sokolów

Profit for the period^{*)}

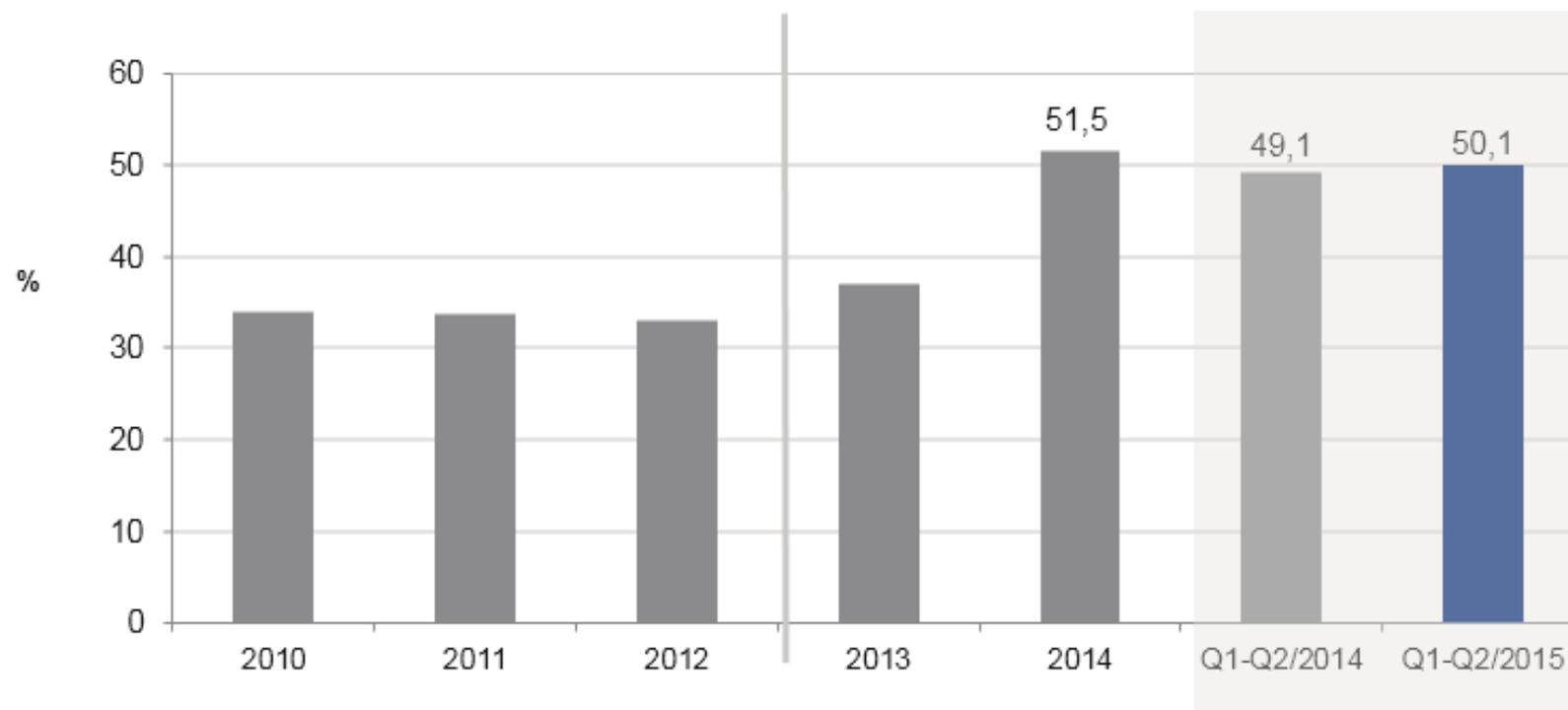


^{*)} Attributable to shareholders of parent company

Earnings per share (EPS)

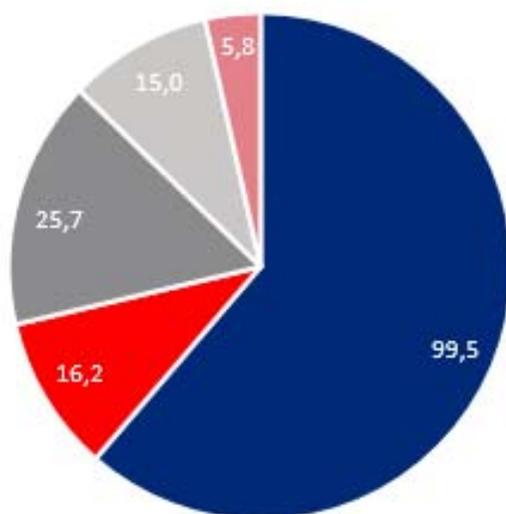


Equity ratio



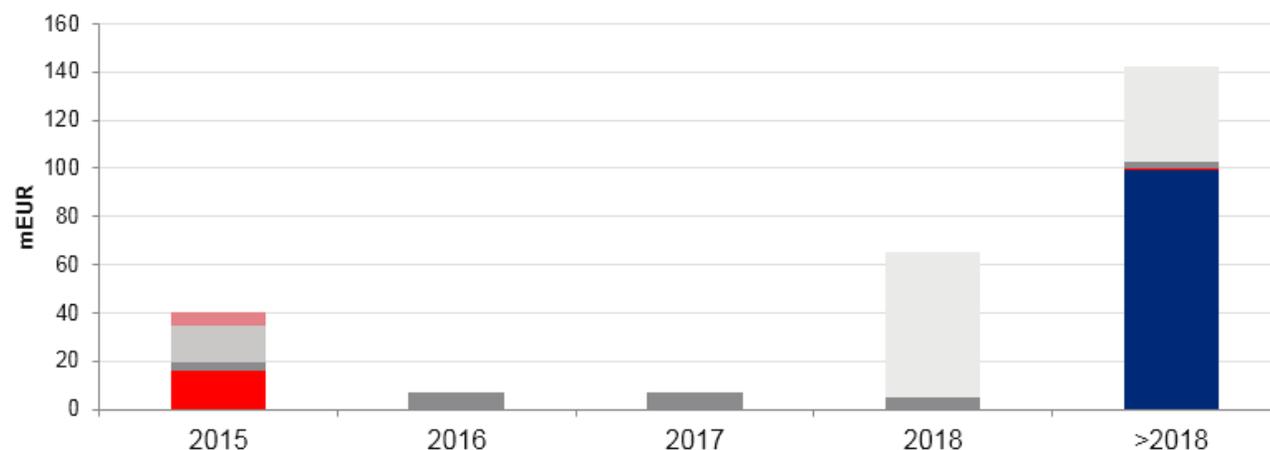
Interest-bearing debt and maturity structure

Interest-bearing debt by credit type



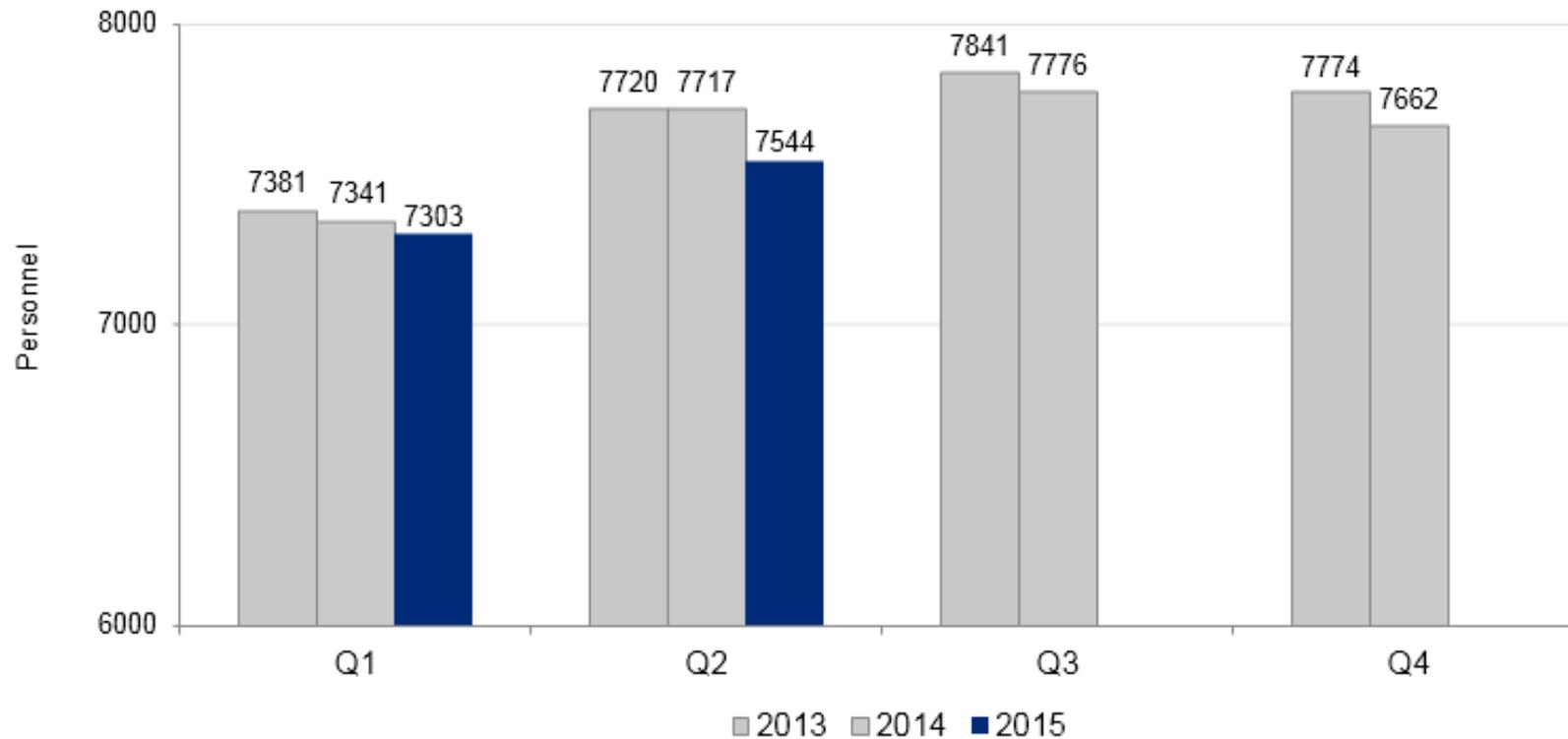
Total interest-bearing debt: 162,1 mEUR

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



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

Group personnel^{*)}



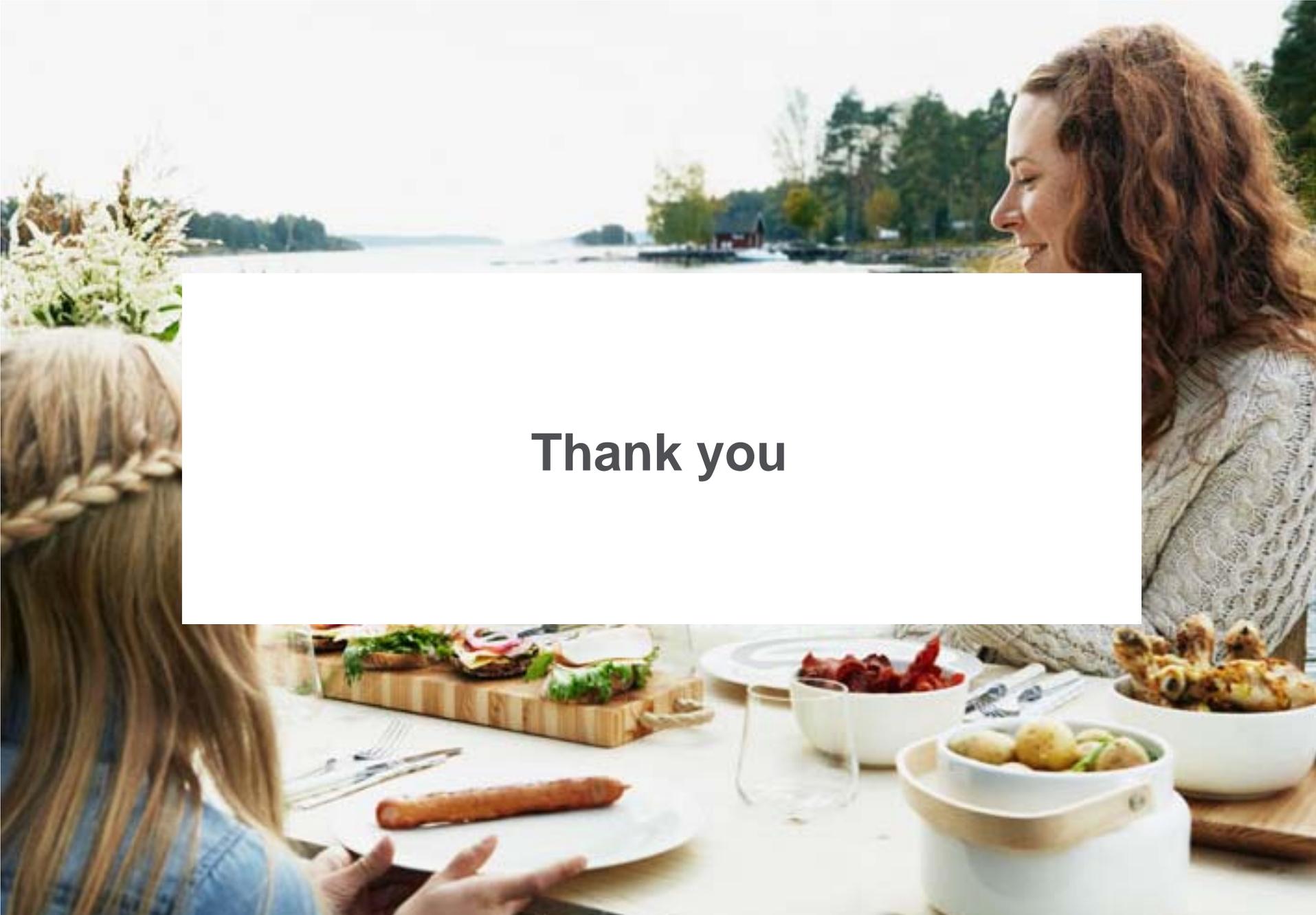
^{*)} End of month average

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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Net sales	474,8	501,7	940,8	967,1	1 988,7
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- EBIT %	0,8	-0,2	0,3	-0,9	0,6
Profit before taxes	1,2	57,4	-1,9	41,1	51,2
Profit for the review period	1,0	59,3	-1,8	46,4	57,1
EPS, EUR	0,01	1,10	-0,04	0,86	1,05
Cash flow before debt service	19,7	180,9	19,2	157,2	201,7
Cash flow before financing activities	22,2	183,6	18,3	152,8	198,9
ROCE before taxes, %			3,3	10,0	9,7
Net debt			150,4	185,0	141,5
Net gearing, %			35,8	41,8	31,8
Employees, end of month average			7 544	7 717	7 662



Thank you