

The background of the slide features a blurred image of a red barn with a grey roof on the left and a close-up of a plant stalk with green and yellowing leaves on the right. A white rectangular box is centered over the image, containing the text.

HKSCAN

Interim report Q1–Q3/2015 Group overview

**Hannu Kottonen, President and CEO
4 November 2015**

**Third quarter EBIT
on par with previous year –
strategic poultry investment
approved**

HKScan Group Q1–Q3/2015

- Performance ahead of previous year
 - Market areas Sweden and Finland improved their comparable EBIT, Denmark and Baltics were behind the previous year for Q1–Q3
 - Group Q3 EBIT on par with Q3 2014
 - Balance sheet strengthened and financial expenses reduced
 - Inventories and meat balance managed efficiently. Frozen stock increase in Finland was an exception.
- Group's profitable growth strategy implementation advanced
 - Strategic investment in the greenfield poultry production facility in Rauma was announced (1 Oct)
 - Acquisition of 50 % share of Paimion Teurastamo in July
 - Investments in innovation, brand and category work continued
 - Export business build-up moving forward
- Business environment remained challenging
 - Political and economic uncertainty globally
 - Price competition in food retail tightened
 - Russian ban on meat import continues
 - African Swine Fever spreading in the Baltics/Estonia

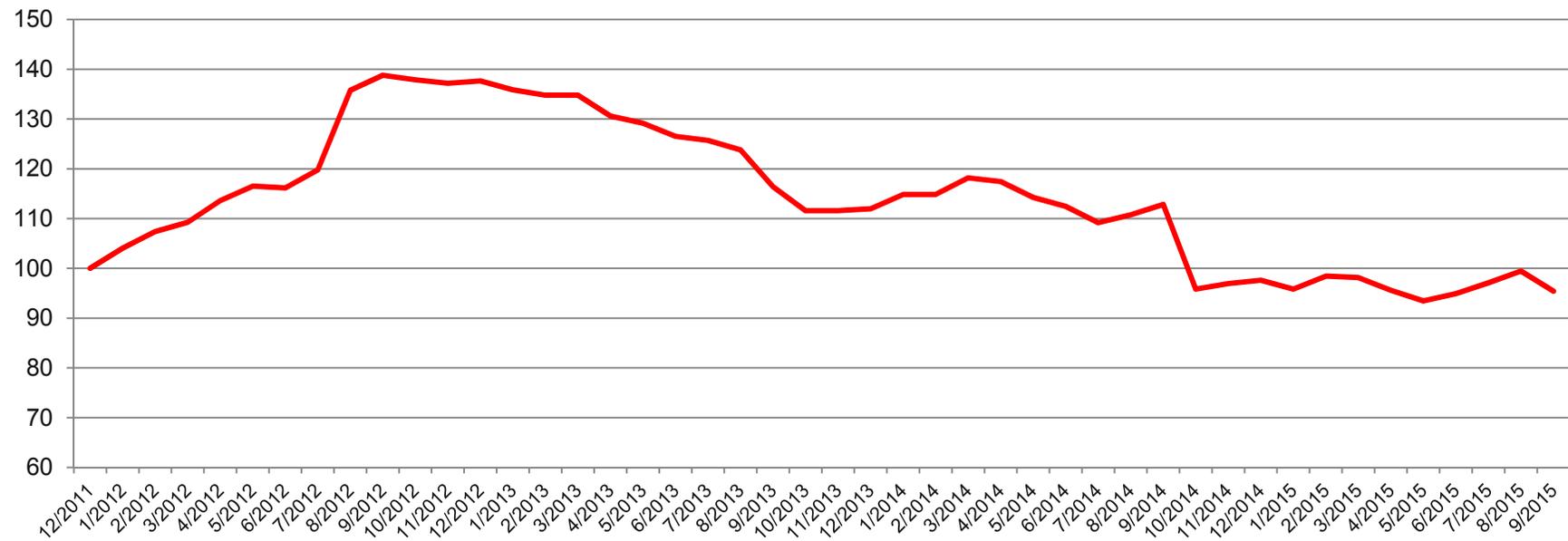
HKScan Group

| EUR million | Q3/2015 | Q3/2014 | Q1-Q3/2015 | Q1-Q3/2014 | 2014 |
|---|---------|---------|------------|------------|---------|
| Net sales | 474,9 | 498,4 | 1 415,6 | 1 465,6 | 1 988,7 |
| EBIT | 7,3 | 7,3 | 10,2 | 48,3 | 55,5 |
| - % of net sales | 1,5 | 1,5 | 0,7 | 3,3 | 2,8 |
| Profit/loss before taxes | 6,4 | 5,8 | 4,5 | 46,9 | 51,2 |
| - % of net sales | 1,3 | 1,2 | 0,3 | 3,2 | 2,6 |
| Profit/loss for the period | 5,1 | 5,6 | 3,3 | 52,0 | 57,1 |
| | | | | | |
| EBIT excl. non-recurring income and expenses | 7,3 | 7,3 | 10,2 | -1,0 | 12,4 |
| - % of net sales | 1,5 | 1,5 | 0,7 | -0,1 | 0,6 |
| Profit/loss before taxes, excl. non-recurring income and expenses | 6,4 | 5,8 | 4,5 | -2,4 | 8,2 |
| - % of net sales | 1,3 | 1,2 | 0,3 | -0,2 | 0,4 |
| | | | | | |
| EPS, EUR | 0,09 | 0,10 | 0,05 | 0,97 | 1,05 |
| Return on capital employed (ROCE) before taxes, % | | | 3,4 | 10,3 | 9,7 |
| ROCE before taxes excl. non-recurring items, % | | | 4,4 | 3,2 | 3,6 |
| | | | | | |
| Net gearing, % | | | 34,6 | 38,1 | 31,8 |

Feed basket – pork (12/2011 = 100)



Feed basket – poultry (12/2011 = 100)



Market area Finland

| EUR million | Q3/2015 | Q3/2014 | Q1-Q3/2015 | Q1-Q3/2014 | 2014 |
|--------------------------------|---------|---------|------------|------------|-------|
| Net sales | 196,4 | 194,7 | 585,4 | 573,4 | 787,2 |
| EBIT | 2,8 | 3,0 | 10,2 | -11,2 | -4,5 |
| - EBIT % | 1,4 | 1,5 | 1,7 | -1,9 | -0,6 |
| | | | | | |
| EBIT excl. non-recurring items | 2,8 | 3,0 | 10,2 | 0,8 | 8,9 |
| - EBIT % | 1,4 | 1,5 | 1,7 | 0,1 | 1,1 |

- Clear improvements in profit and cash flow in Q1-Q3.
Q3 landed behind the previous year
- Product mix and operational efficiency continued to improve
- Pork oversupply led to an increase in frozen stock
- Additional direct net cost of approx. EUR 1 million due to illegal strikes
- Total meat market grew slightly in Q3; own brands continued making progress
- Deep discounts and fierce competition in retail tightened price competition
- Acquisition of 50 % stake in Paimion Teurastamo in July

Product novelties in Finland



HK Bistro Mustard Pork
HK Bistro Lemon Chicken



HK Pork Grill Fillet, Roast
Fillet & "Robber's Roast" Fillet



HK Thin Beef Sirloin Strips



Kariniemen Mango
Chicken Fillet Strips



Kariniemen Oven-ready
Chicken Korma



Via Thai Basil Chicken
Via Tom Yam Chicken

Market area Baltics

| EUR million | Q3/2015 | Q3/2014 | Q1-Q3/2015 | Q1-Q3/2014 | 2014 |
|--------------------------------|---------|---------|------------|------------|-------|
| Net sales | 44,8 | 47,3 | 130,3 | 129,2 | 173,0 |
| EBIT | 1,9 | 2,8 | 4,4 | 4,8 | 2,8 |
| - EBIT % | 4,2 | 6,0 | 3,4 | 3,7 | 1,6 |
| | | | | | |
| EBIT excl. non-recurring items | 1,9 | 2,8 | 4,4 | 4,8 | 4,8 |
| - EBIT % | 4,2 | 6,0 | 3,4 | 3,7 | 2,8 |

- EBIT Q3 behind previous year; cash flow improved in Q1-Q3
- Own brands, processed and seasonal products performed well
- Domestic market's overall demand was good but export market struggled
- African Swine Fever caused additional risks and work; pork business volume will go down in Estonian primary production

Product novelties in Baltics



Rakvere Lihakas
Smoked Ham



Rakvere Blueberry
Marinated Ribs



Rakvere Baked Liver Pâté
with Fresh Cream



Tallegg Fried Chicken
Wings



Klaipėdos Maistas Bacon
Sausage



Klaipėdos Maistas Bacon Cubes

Market area Sweden

| EUR million | Q3/2015 | Q3/2014 | Q1-Q3/2015 | Q1-Q3/2014 | 2014 |
|--------------------------------|---------|---------|------------|------------|-------|
| Net sales | 208,6 | 227,4 | 619,0 | 670,5 | 911,0 |
| EBIT | 7,2 | 5,1 | 12,7 | -6,4 | 1,7 |
| - EBIT % | 3,5 | 2,2 | 2,0 | -1,0 | 0,2 |
| | | | | | |
| EBIT excl. non-recurring items | 7,2 | 5,1 | 12,7 | 4,8 | 13,4 |
| - EBIT % | 3,5 | 2,2 | 2,0 | 0,7 | 1,5 |

- Net sales declined as a result of lower volumes and weaker SEK
- EBIT and cash flow continued to improve in Q3 thanks to completed production restructuring and better product mix
- Inventories reduced clearly
- Consumer demand for Swedish meat continued to increase
- Private labels continued to seize market share

Product novelties in Sweden



Pärsons Organic Salami



Pärsons Organic Smoked Turkey



Pärsons Organic Smoked Ham



Scan Organic Cold Smoked Sausage



Scan Rapeseed Pork Shoulder, Picnic heart-formed steak

Market area Denmark

| EUR million | Q3/2015 | Q3/2014 | Q1-Q3/2015 | Q1-Q3/2014 | 2014 |
|--------------------------------|---------|---------|------------|------------|-------|
| Net sales | 43,8 | 51,6 | 138,2 | 158,1 | 204,3 |
| EBIT | -1,5 | -1,5 | -7,4 | -8,2 | -11,9 |
| - EBIT % | -3,5 | -3,0 | -5,4 | -5,2 | -5,8 |
| | | | | | |
| EBIT excl. non-recurring items | -1,5 | -1,5 | -7,4 | -3,1 | -4,4 |
| - EBIT % | -3,5 | -3,0 | -5,4 | -1,9 | -2,1 |

- Market and competition continuous tough both in domestic market and in export
- New production setup completed. Related cost savings started to materialize.
- Increase in sales and further operational cost savings in focus
- Organization strengthening completed

Product novelties in Denmark



Rose Whole Chicken with Tomato and Paprika



Rose Store Holger Whole Chicken



Rose Whole Corn Chicken



Rose Whole Organic Chicken



Rose Slow Cooked Chicken Tikka Masala



Rose BBQ Chicken Bites



HKSCAN

**Strategic poultry investment
in Rauma, Finland**

Major investment supporting HKScan's profitable growth strategy

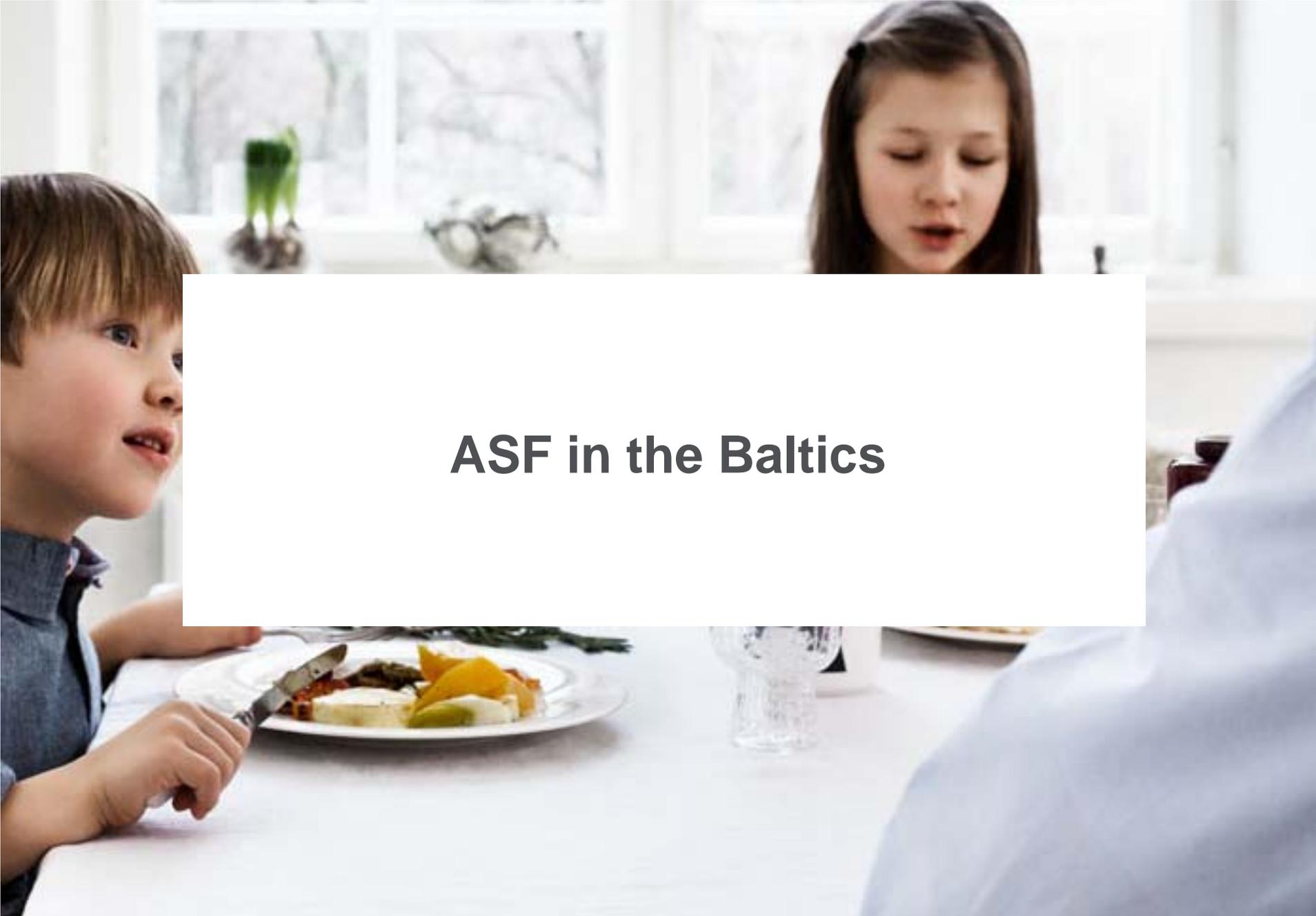


- The investment would amount to approximately EUR 80 million:
 - Plant area approx. 25 000 m²
 - Infrastructure
 - Production machinery, equipment and systems
 - Non-cash impairment of assets amounting to about EUR 11 million from the termination of production at the current Eura plant.
- A significant productivity upgrade will be achieved through overall improvement of process efficiency and introduction of new technology and automation.
- Occupational health, work safety and material and environmental efficiency will improve in line with HKScan's Responsibility Programme.
- Eco-efficiency will improve.
- Improved biosecurity will reduce animal disease risks.
- The plant is scheduled for completion at the end of 2017, after which it will employ roughly 300 meat industry professionals.

HKScan's new production plant in Rauma

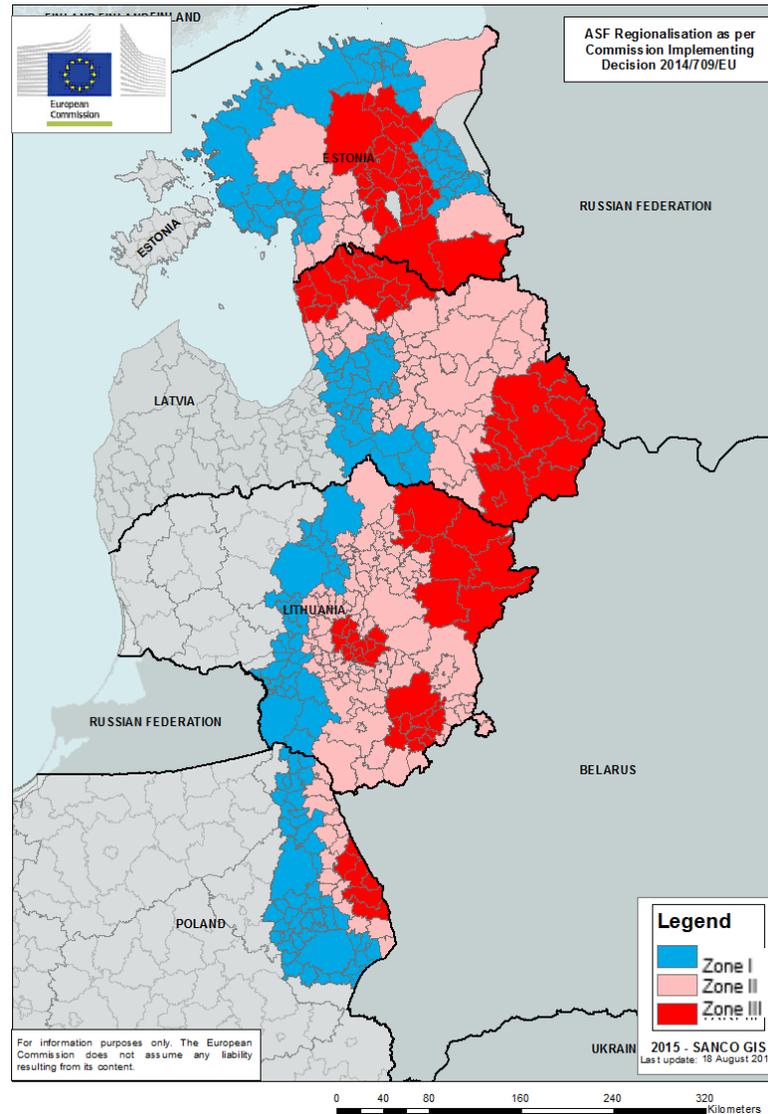


- Zoned for industrial use
- Best-developed infrastructure
- Lowest risks from a permit perspective
- Large land area with space for potential future investment
- Good location for personnel and poultry production
- Industrial-scale, cost-efficient water, wastewater and energy solutions compliant with the Group CR Programme → operational reliability guaranteed



ASF in the Baltics

ASF zones in the Baltics/Poland



HKScan's stance to WHO's report related to red and processed meat



- HKScan's stance is that the Group fully supports the principle of a varied, balanced, healthy diet, which also includes meat.
- HKScan has for years been working to develop healthier processed meat products
 - Rypsiporsas® (Rapeseed-fed) pork, which is close to poultry in fat content.
 - Finland's processed meats already have the world's lowest sodium content. In 2014 HKScan Finland's products contained about 70 000 kg less salt than in 2007
 - HKScan has launched new additive-free meat products that contain no nitrites, phosphates or any other additives
 - Processed meats that contain nitrite also contain antioxidants such as ascorbic acid, which protects nitrite from turning into harmful nitrosamines
 - Processed meats are produced in strictly controlled temperatures: High temperatures are avoided.

HKScan requires animal welfare in all its operations



- Wide media attention on animal welfare issues, especially in Finland
- HKScan adheres to a strict policy stipulating all its personnel and employees of its subsidiaries and contract producers to treat livestock humanely and in compliance with animal welfare regulations
- HKScan's slaughtering process and production facilities are controlled by various authorities on a daily basis to ensure that all regulations are duly observed.
 - All livestock undergo an official veterinarian inspection prior to being approved for slaughter
 - Inspections are statutory and the inspecting veterinarian is under obligation to advise and counsel the slaughterhouse in the event of any nonconformities
 - Any such deviations are addressed immediately
- HKScan Group adheres to an efficient animal handling and stunning procedure that has been planned in cooperation with animal behaviour experts
- To increase its operational transparency HKScan will undertake measures to install recording video surveillance systems in its slaughterhouse production areas that are critical from an animal welfare perspective



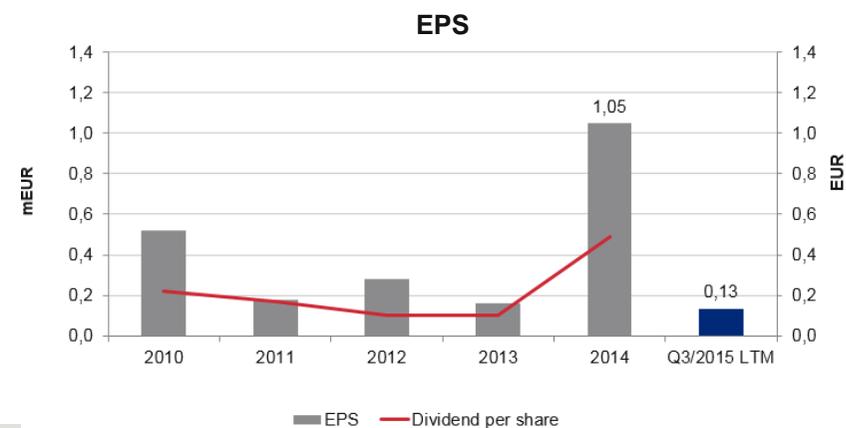
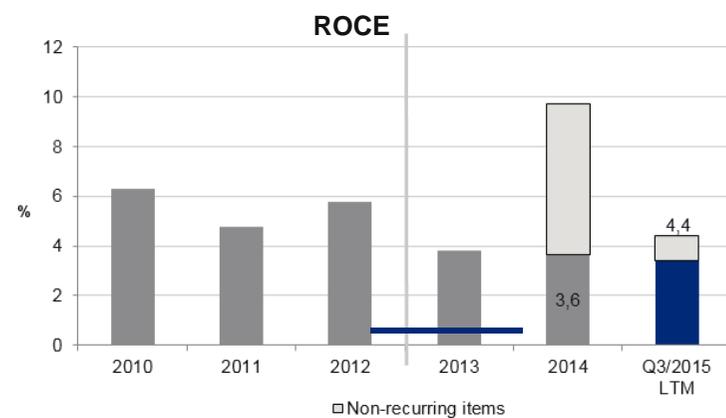
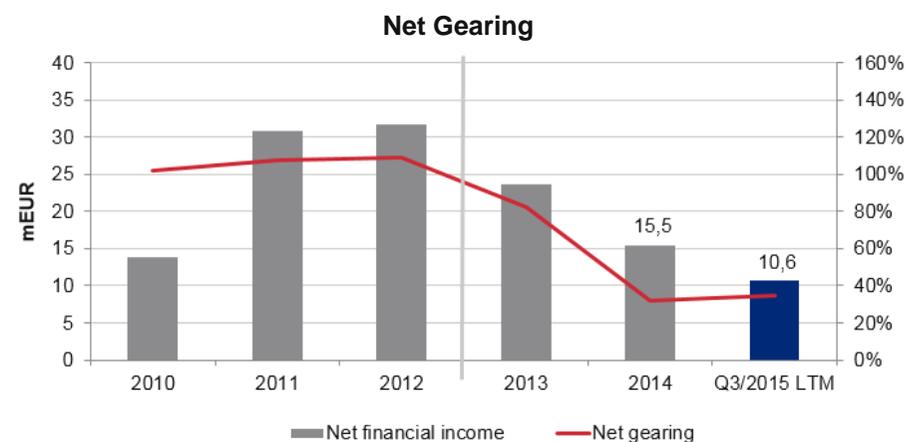
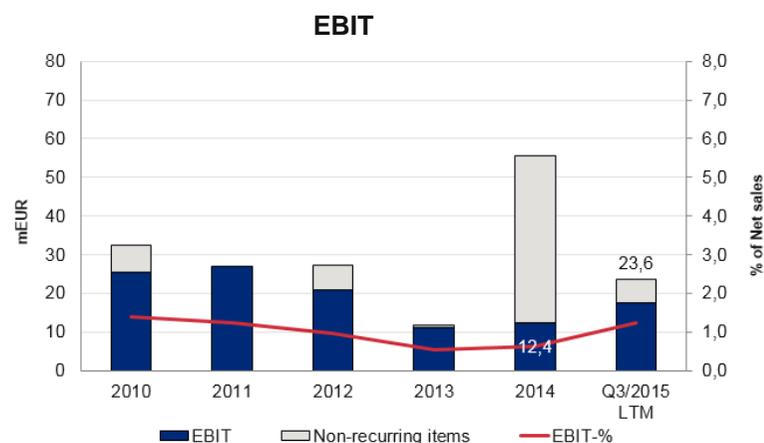
HKSCAN

Interim Report Q1-Q3/2015 Group Financials

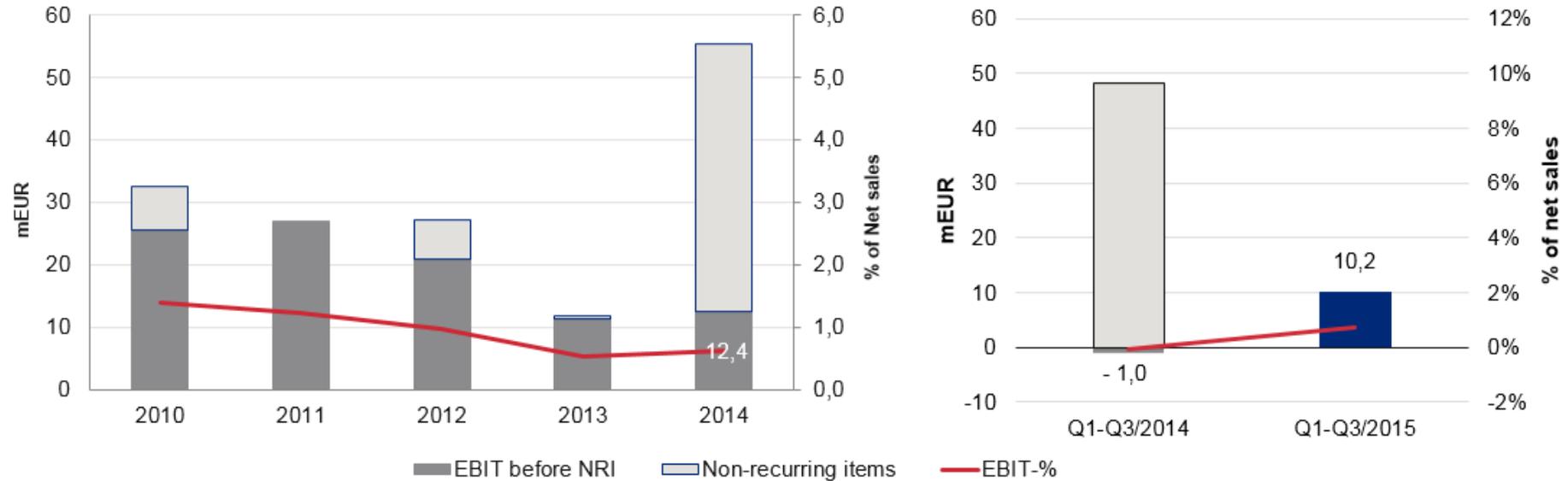
**Tuomo Valkonen, CFO
4 November 2015**

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 |

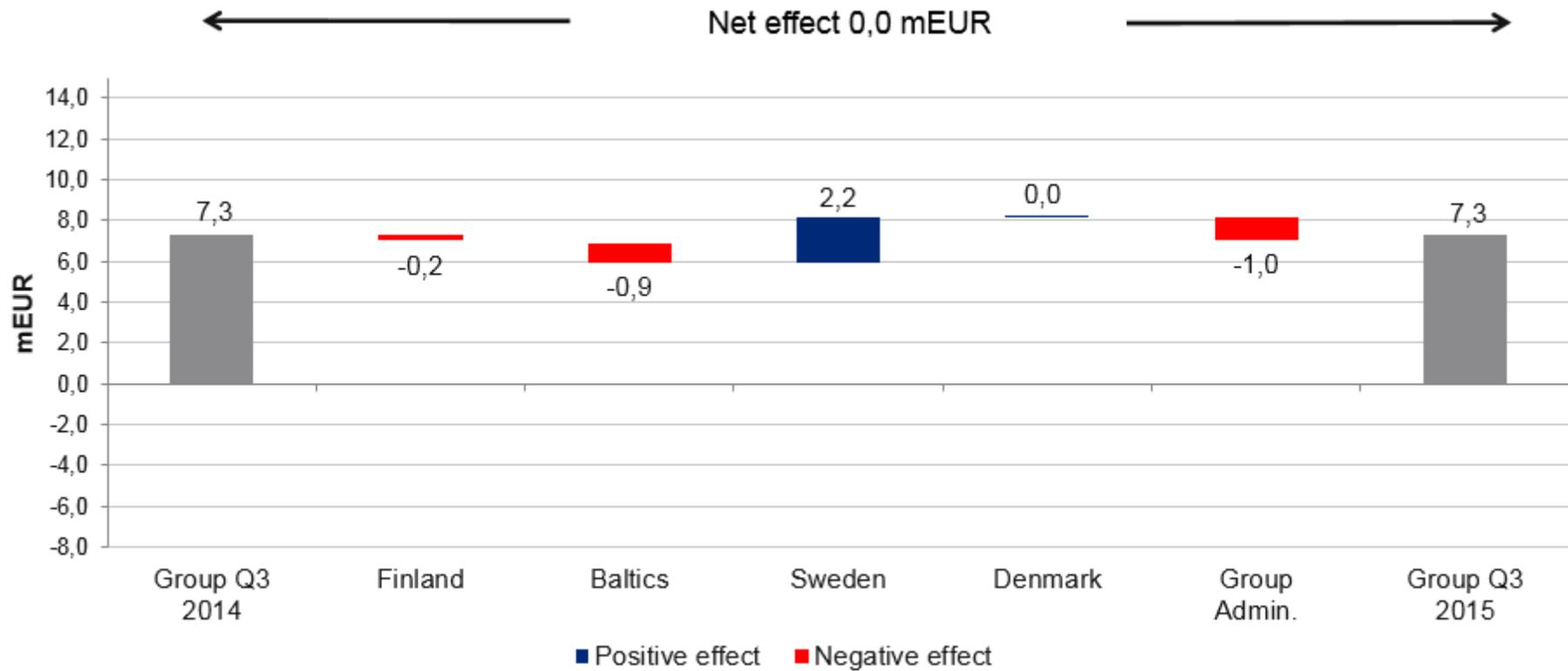


Group EBIT development



Group EBIT*)

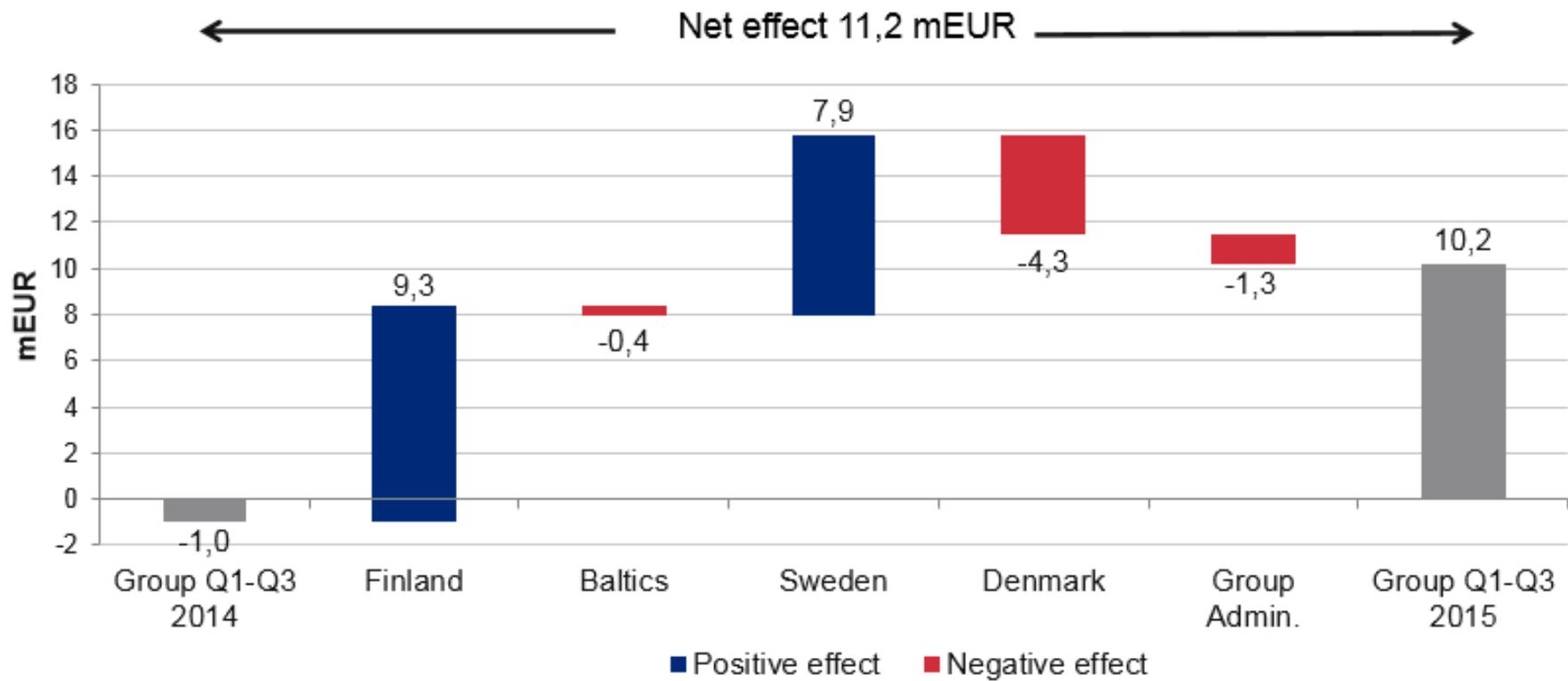
Q3/2014 vs. Q3/2015



*) Excluding non-recurring items

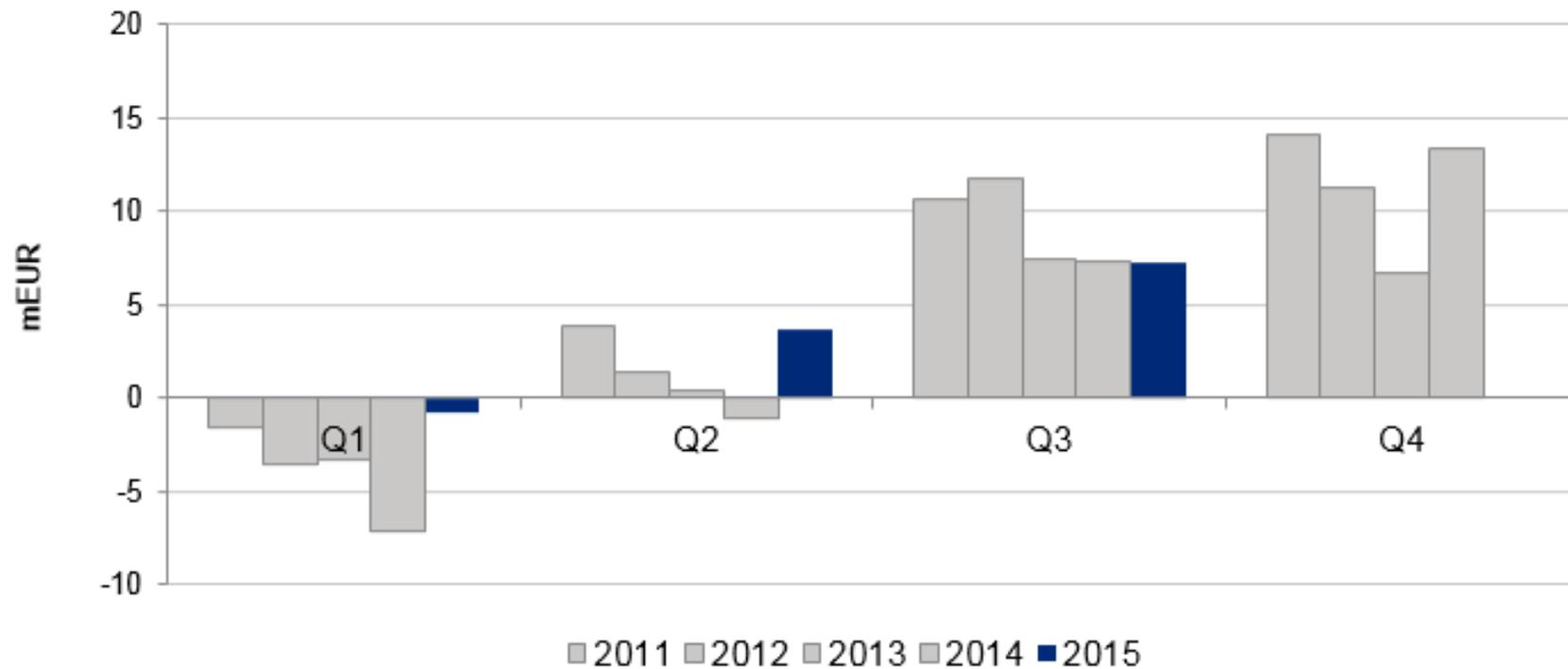
Group EBIT*)

Q1-Q3/2014 vs. Q1-Q3/2015



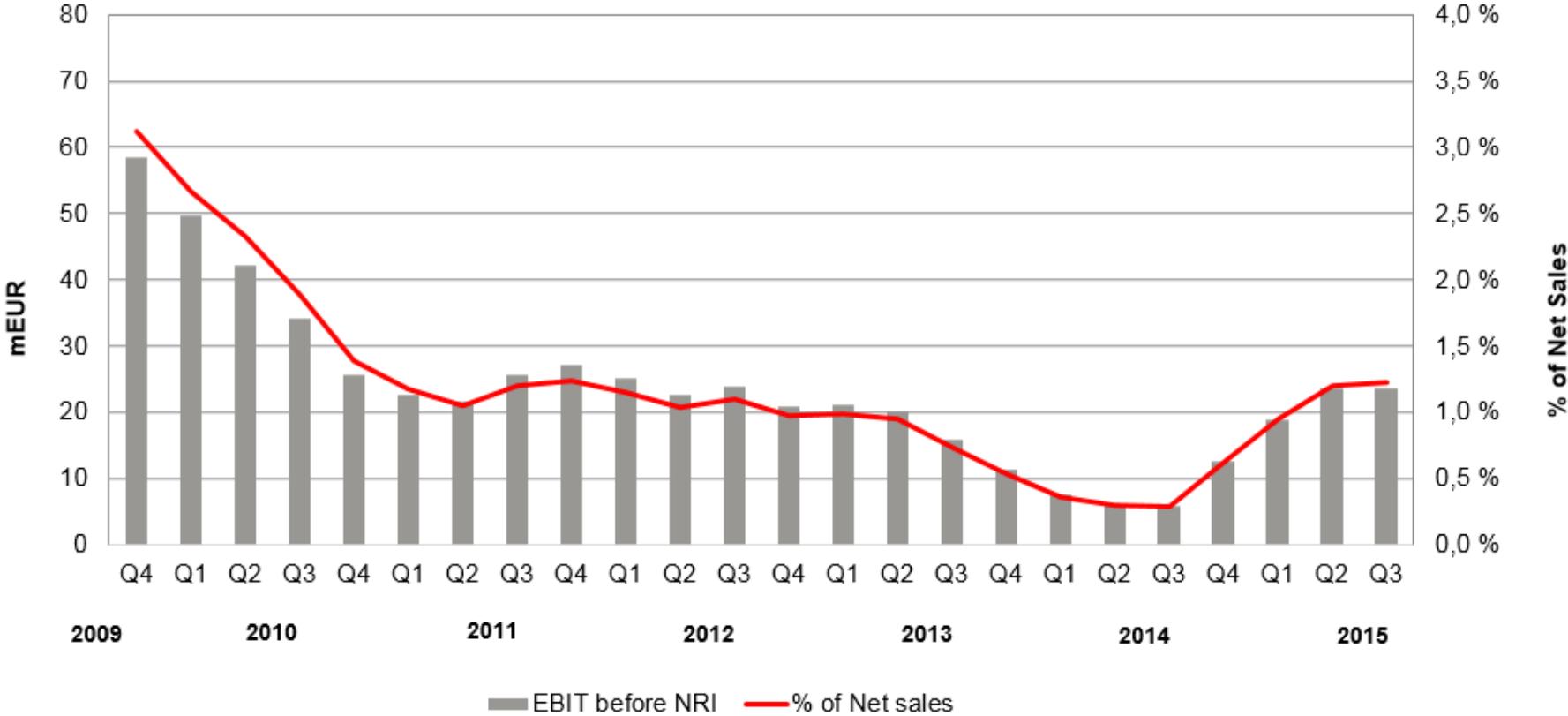
*) Excluding non-recurring items

Group EBIT*)

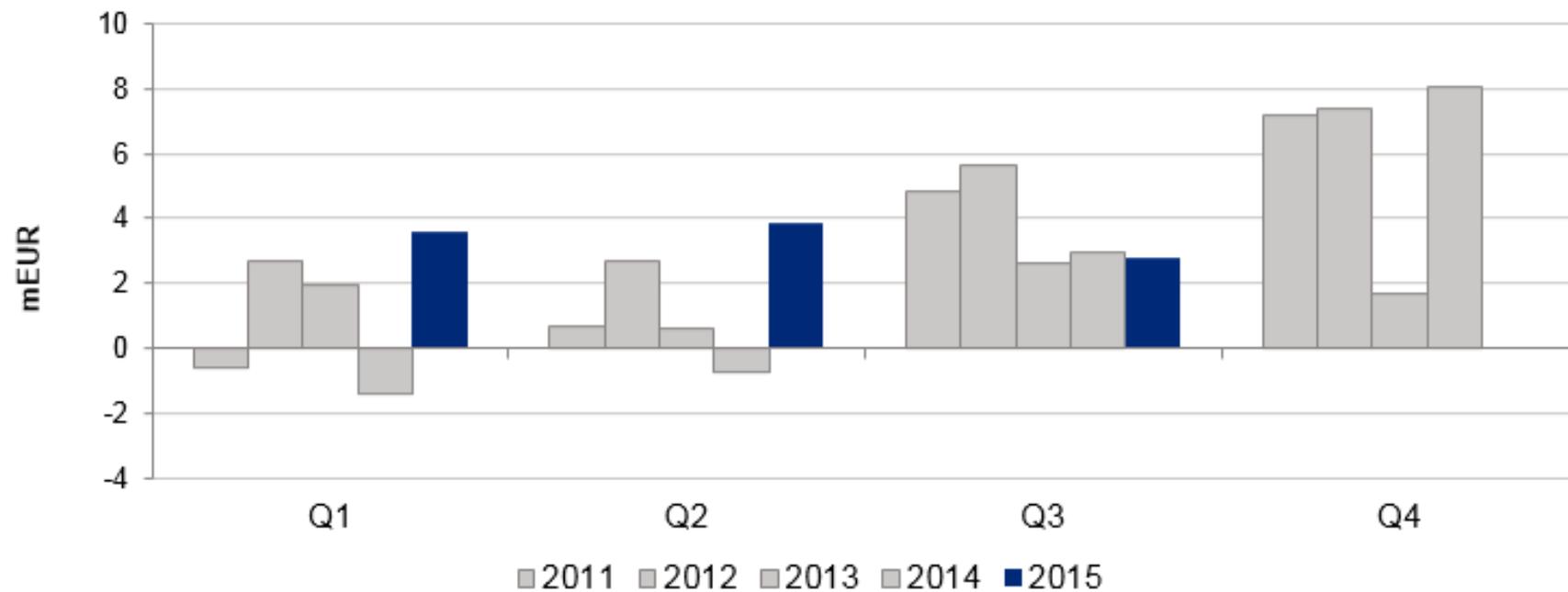


*) Excluding non-recurring items

Group EBIT last twelve months

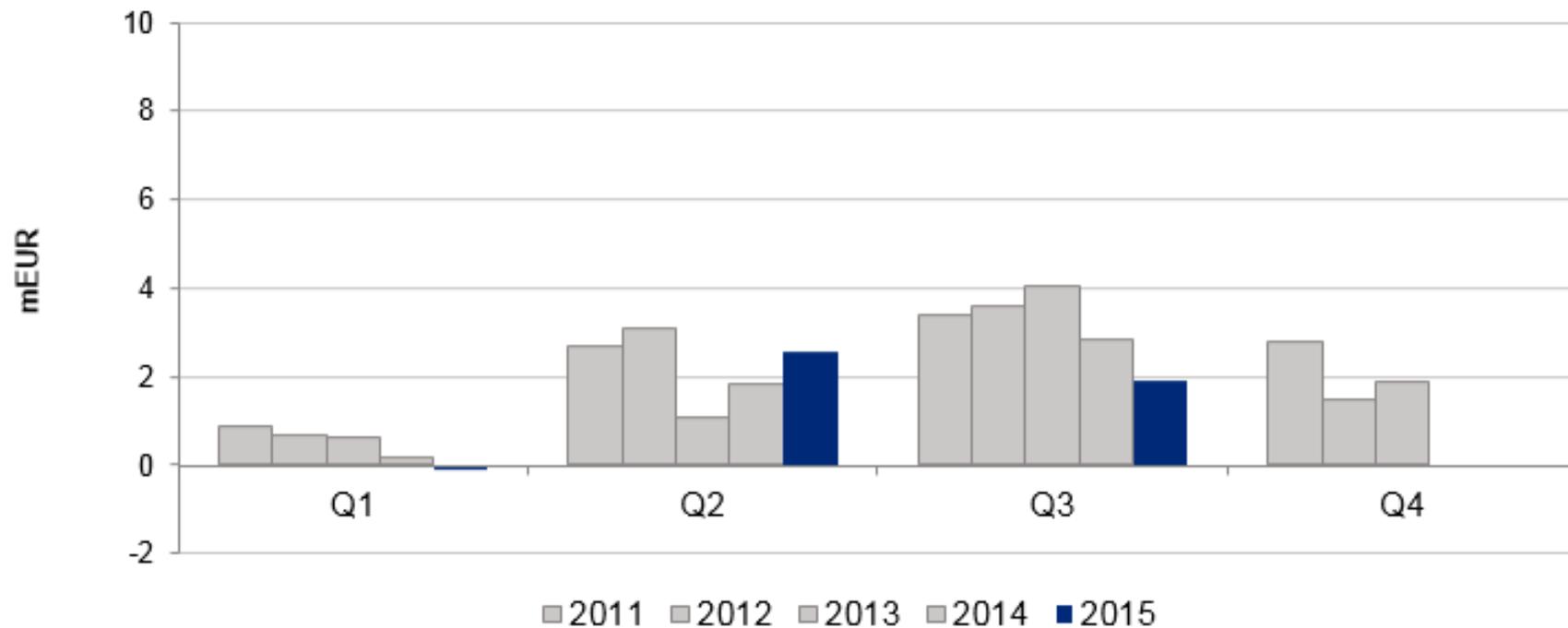


Finland EBIT^{*)}



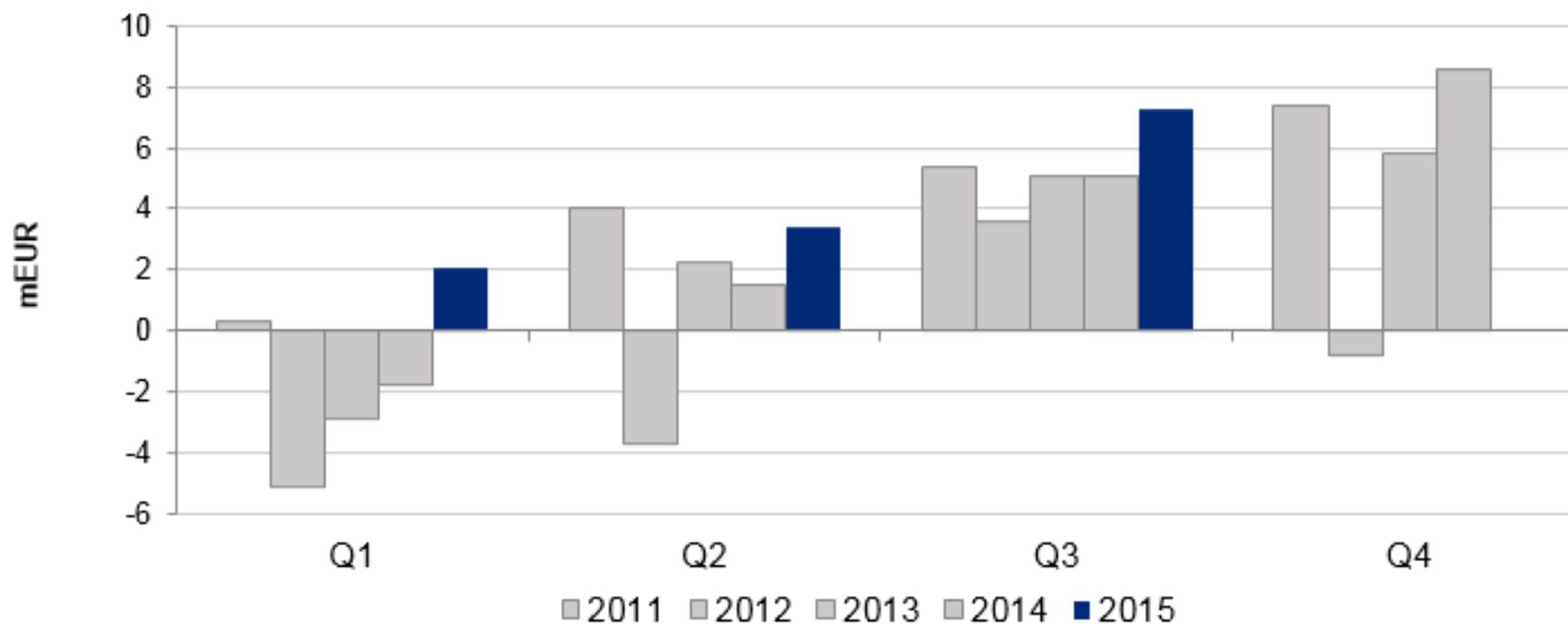
^{*)} Excluding non-recurring items

Baltics EBIT^{*)}



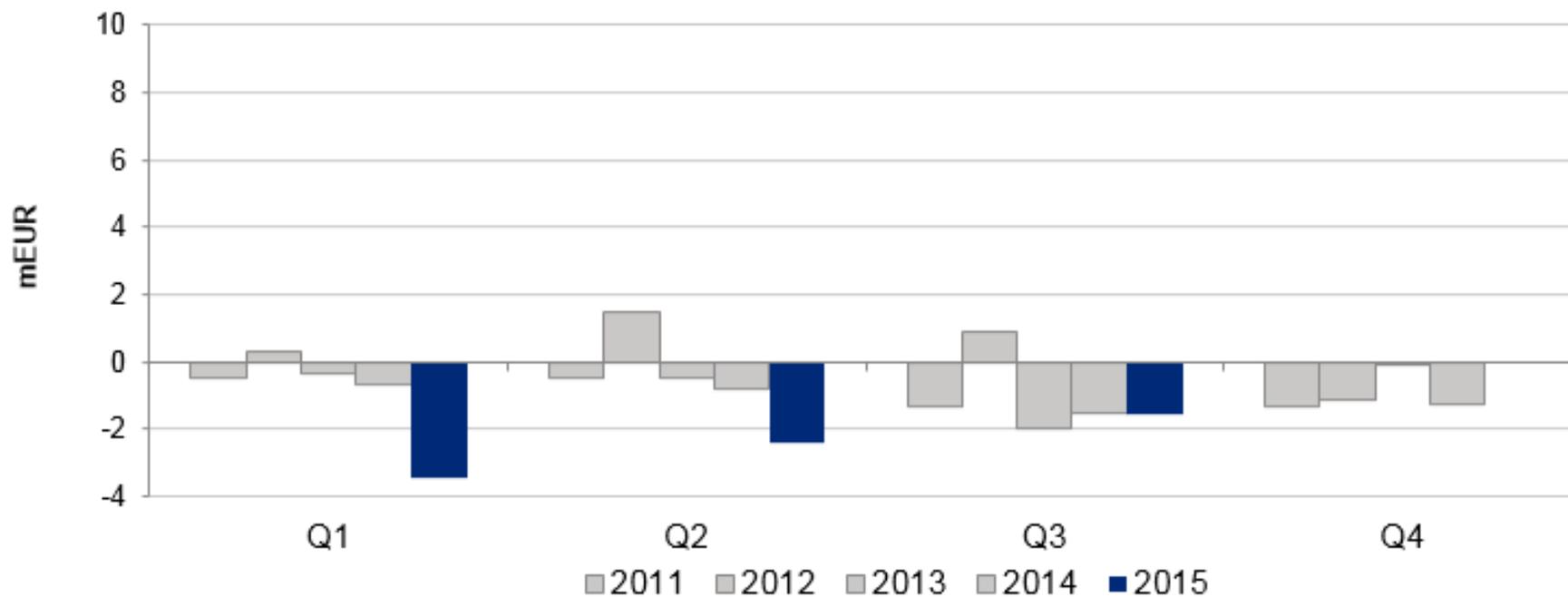
*) Excluding non-recurring items

Sweden EBIT*)



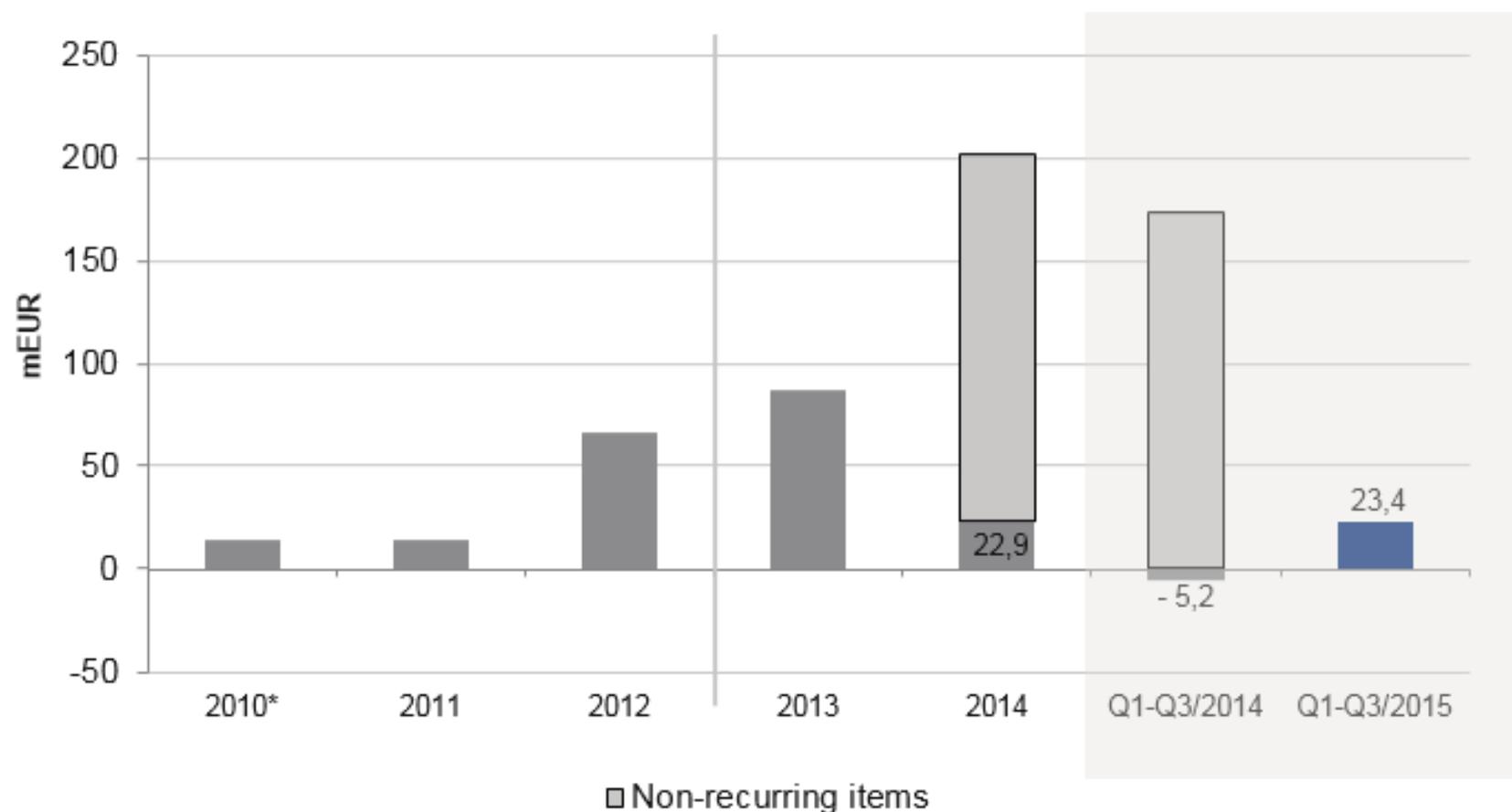
*) Excluding non-recurring items

Denmark EBIT*)



*) Excluding non-recurring items

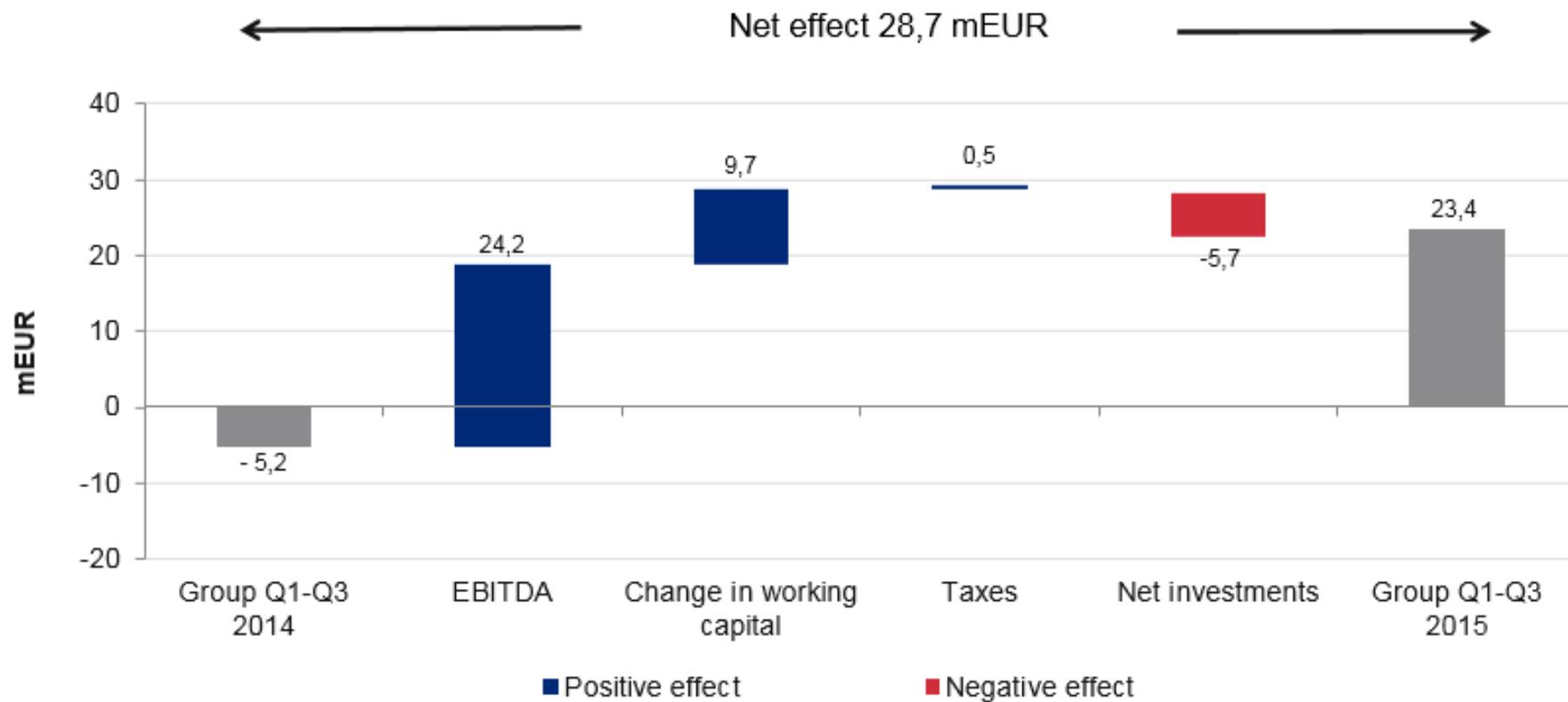
Group cash flow before debt service



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

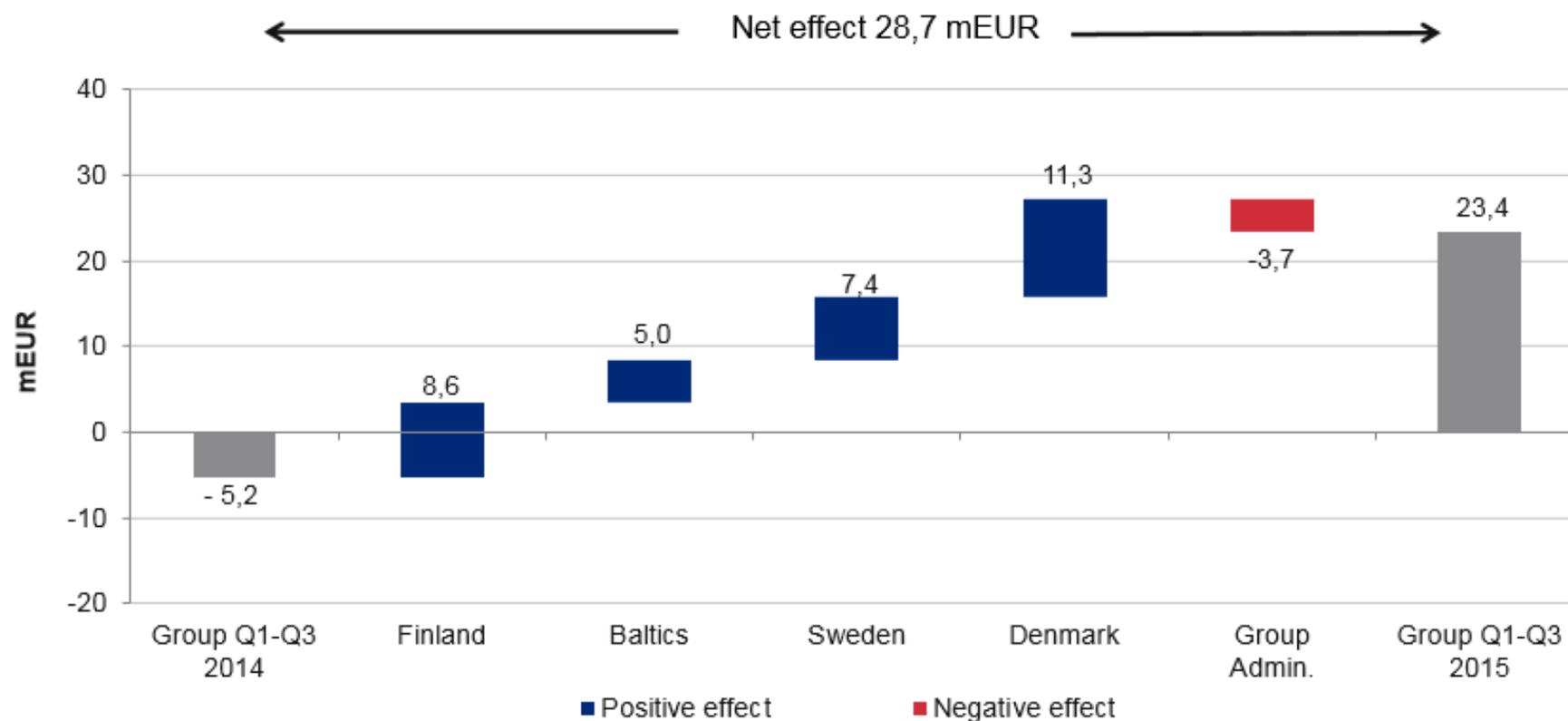
Group cash flow before debt service

Q1-Q3/2014 vs. Q1-Q3/2015

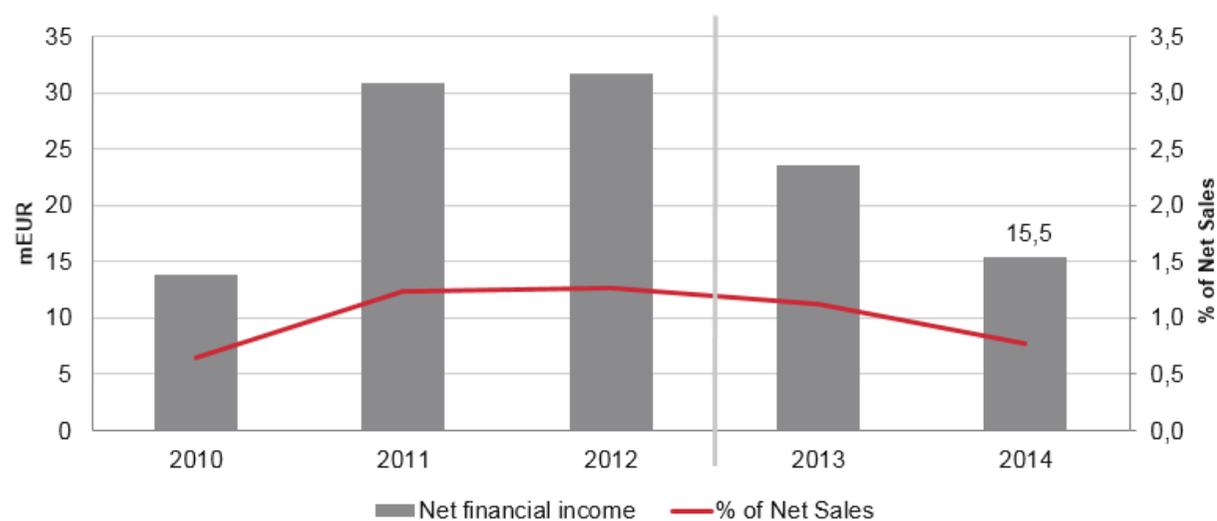


Group cash flow before debt service

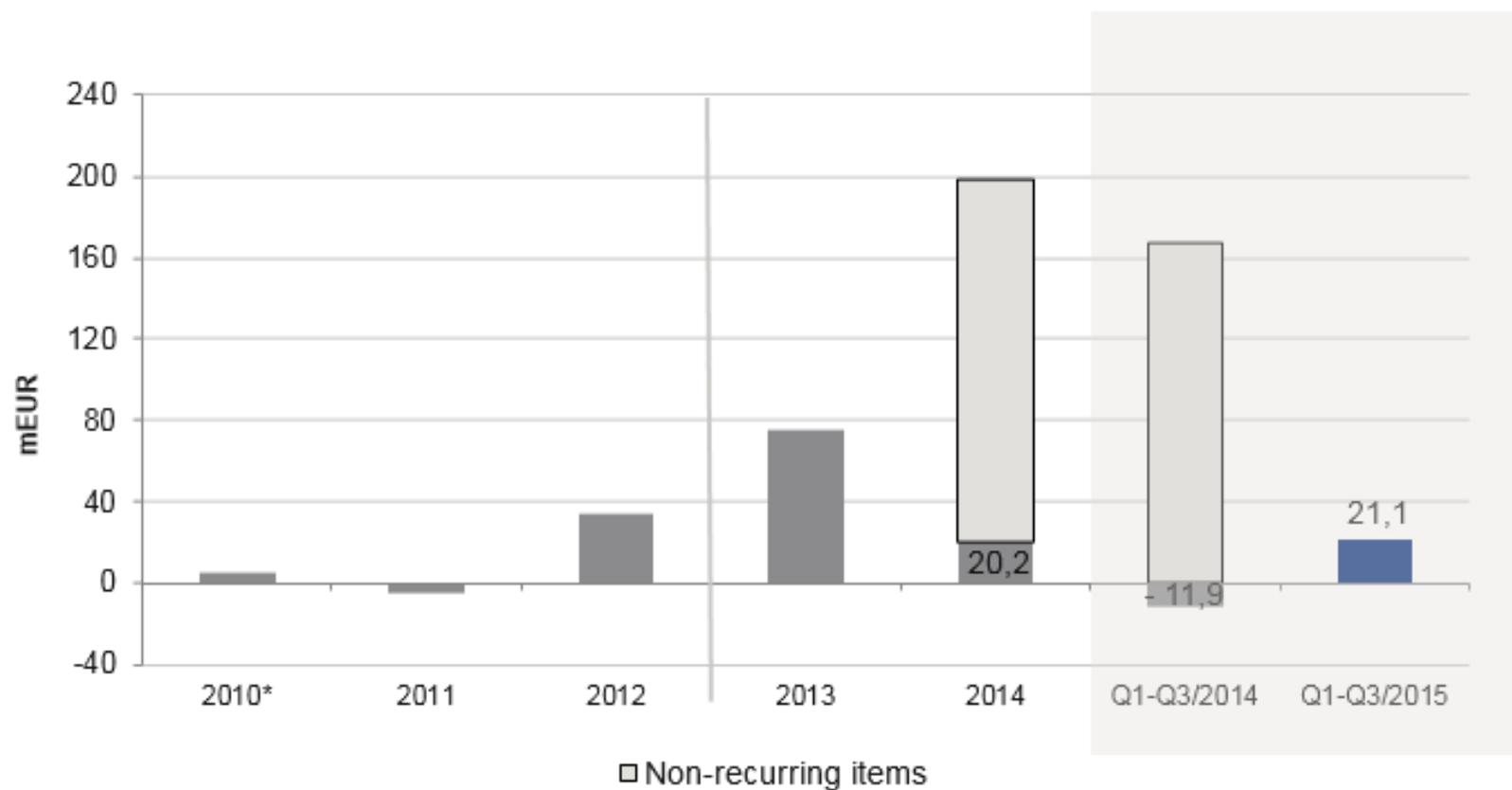
Q1-Q3/2014 vs. Q1-Q3/2015



Group net financial expenses

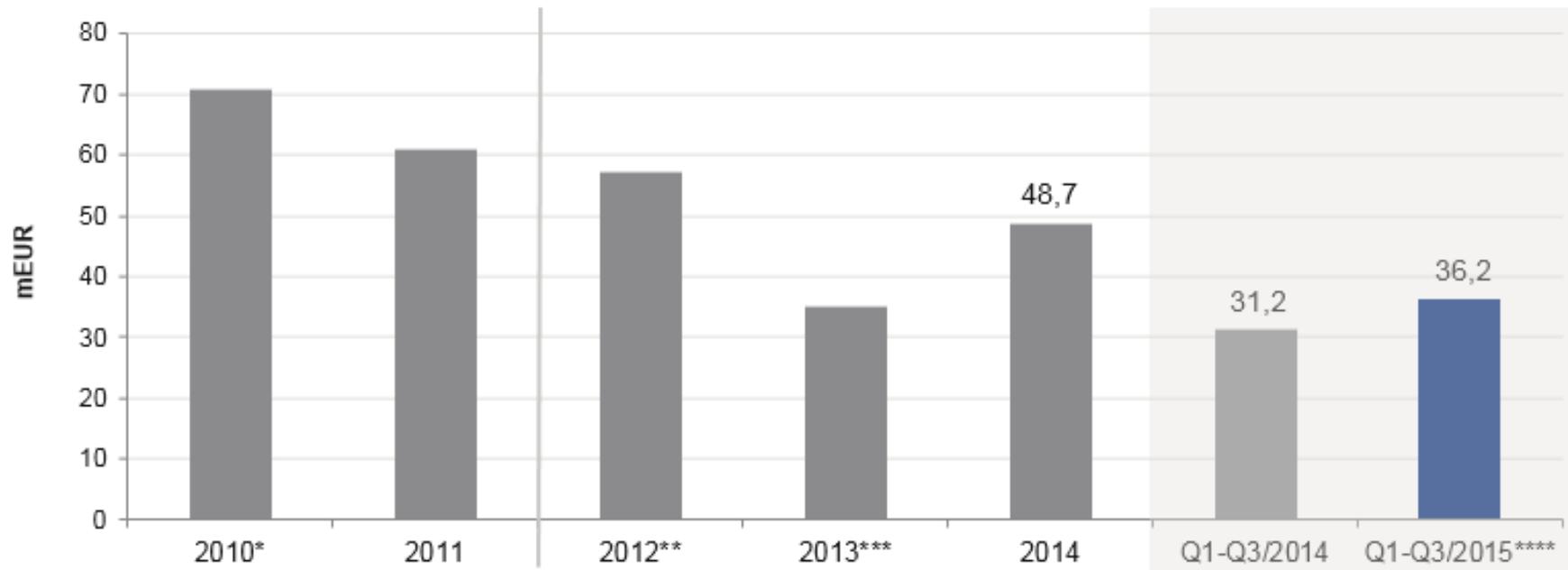


Group cash flow before financing



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

Group investments



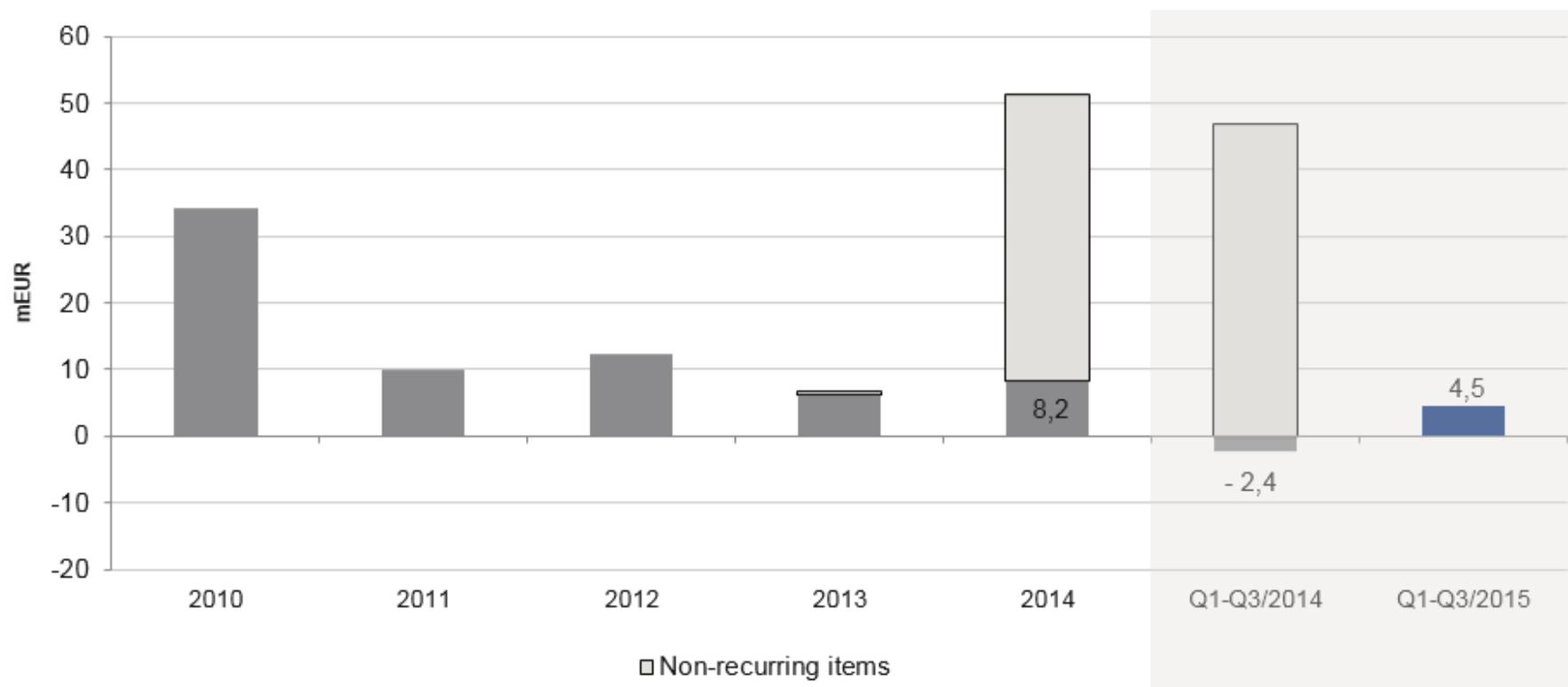
* EUR 70,7 million excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

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

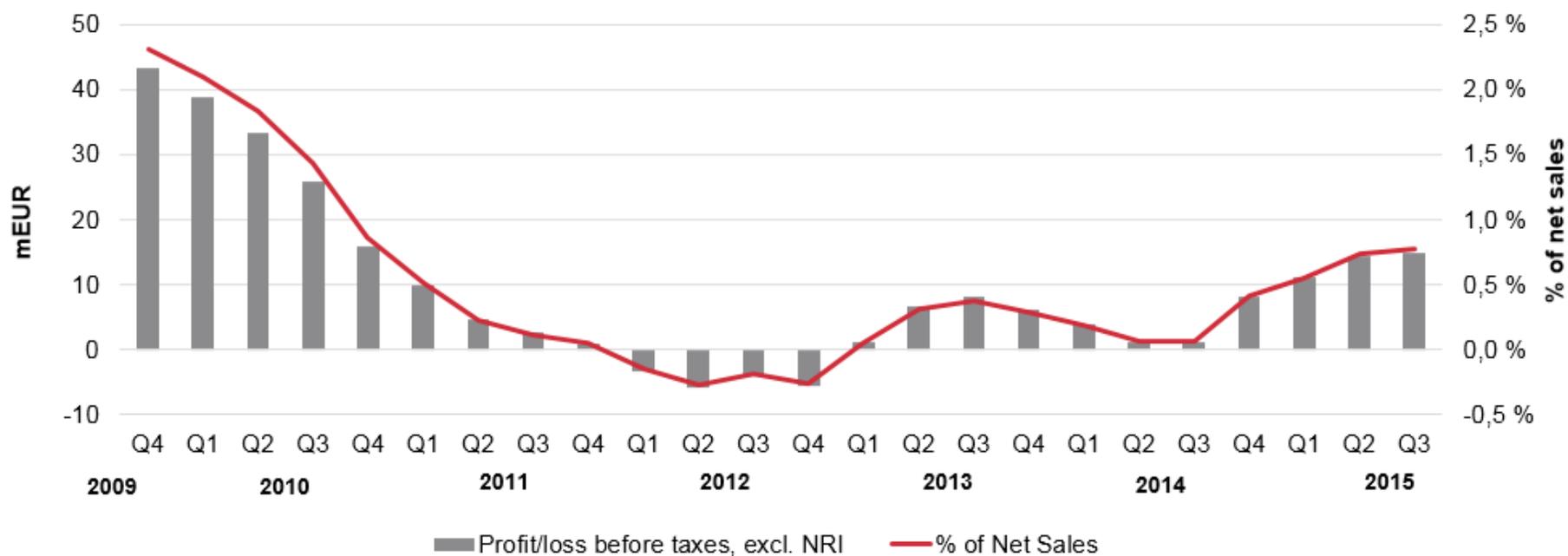
*** EUR 35.0 million excluding rebuild of the Vinderup plant EUR 7.2 million

**** Excluding acquisition price of Paimion Teurastamo Oy

Profit before taxes

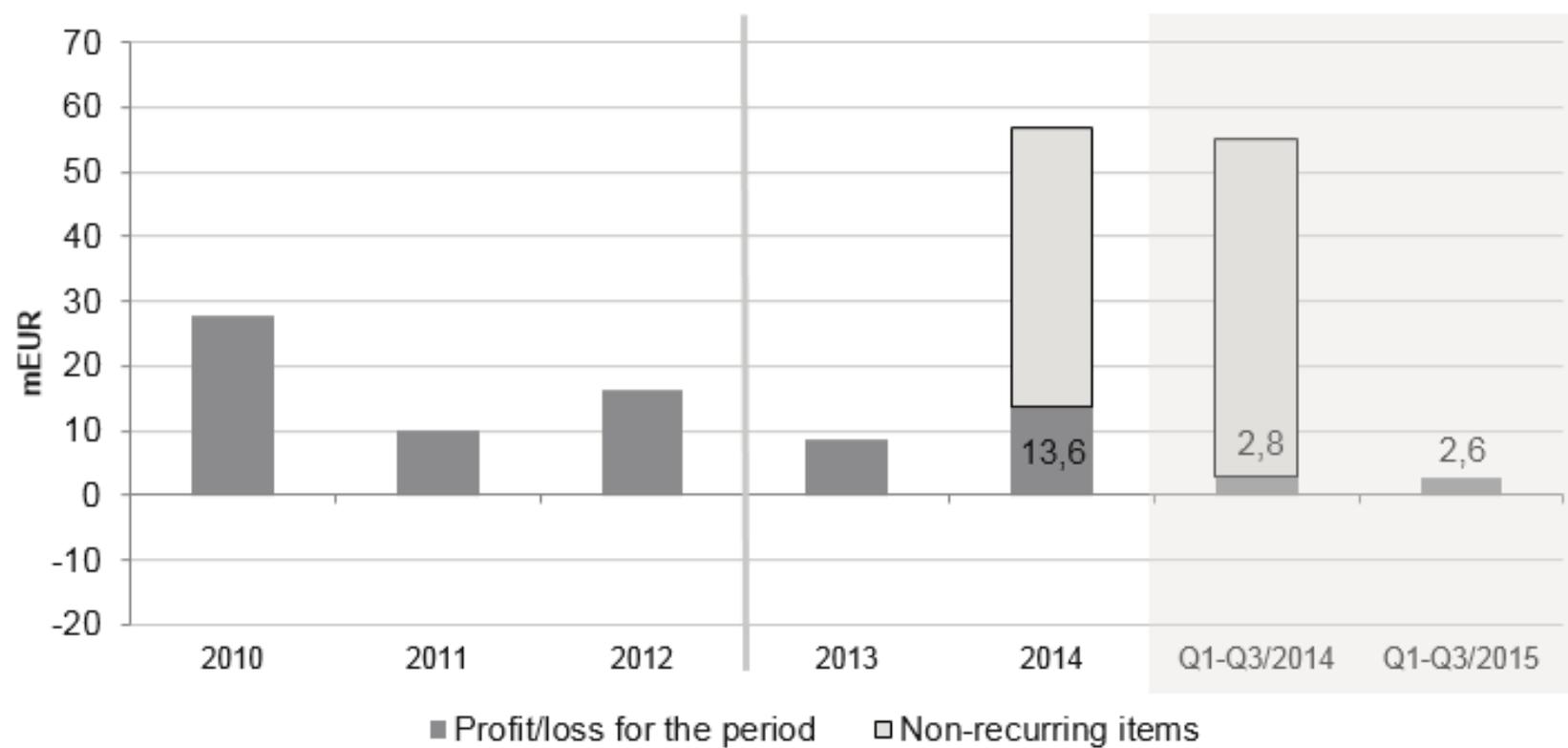


Profit before taxes excl. non-recurring items, last twelve months^{*)}



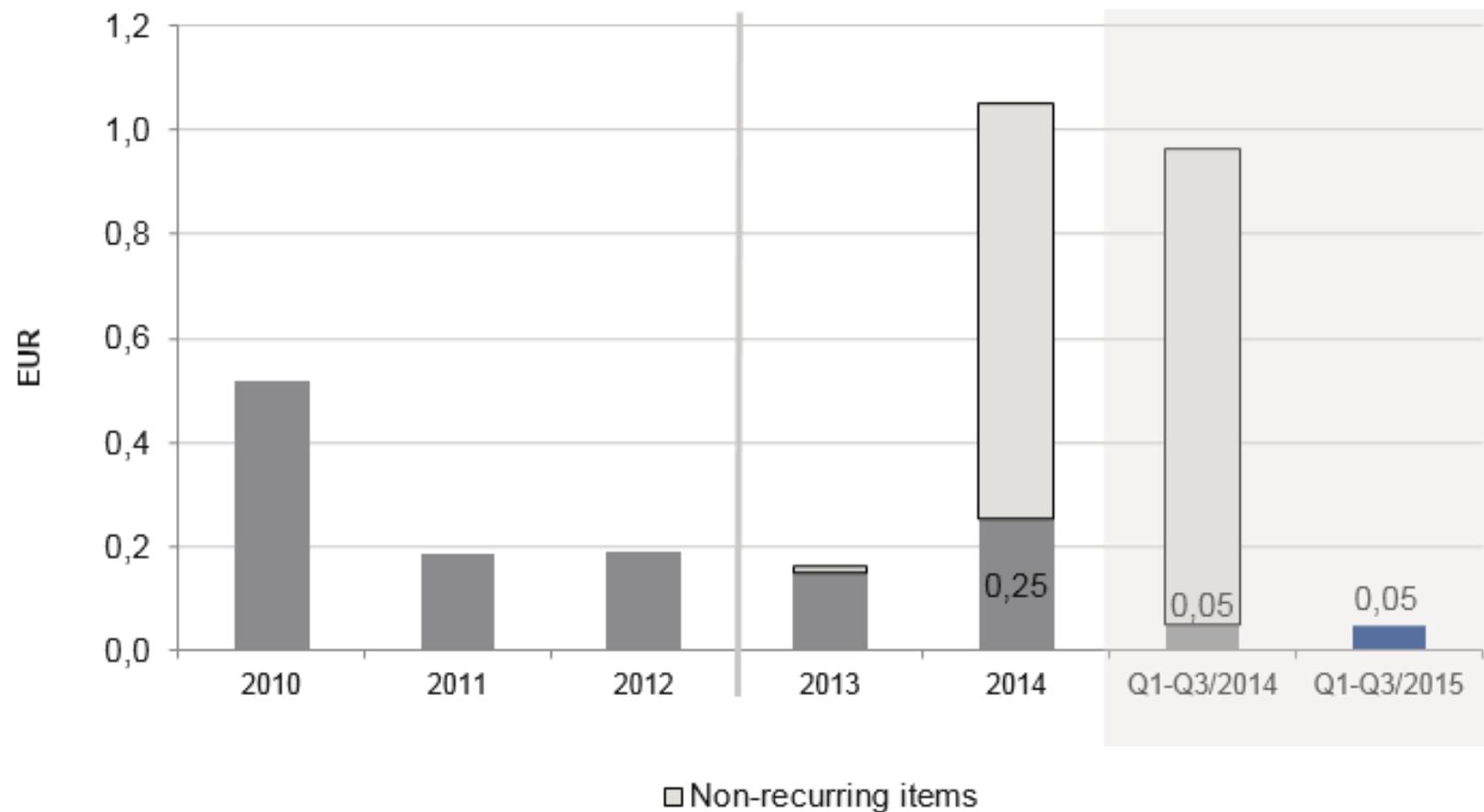
^{*)} Excluding Sokolów

Profit for the period^{*)}



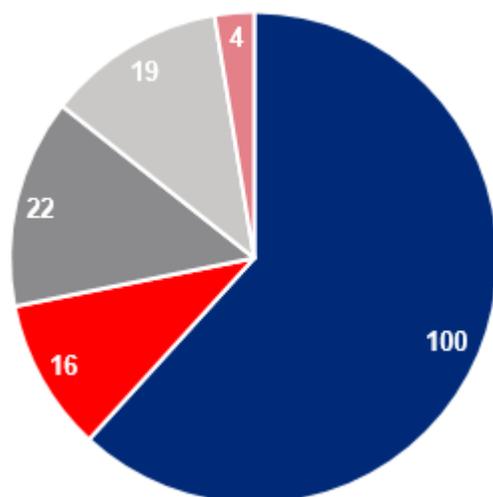
^{*)} Attributable to shareholders of parent company

Earnings per share (EPS)



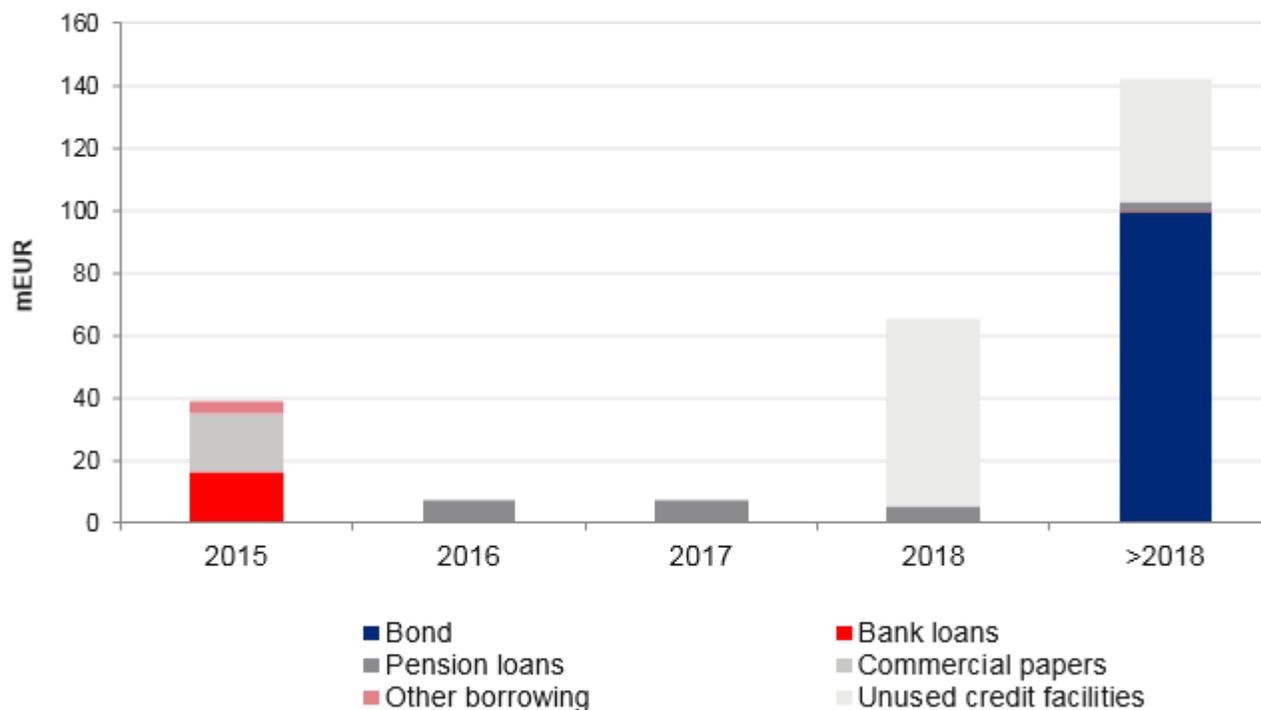
Interest-bearing debt and maturity structure

Interest-bearing debt by credit type

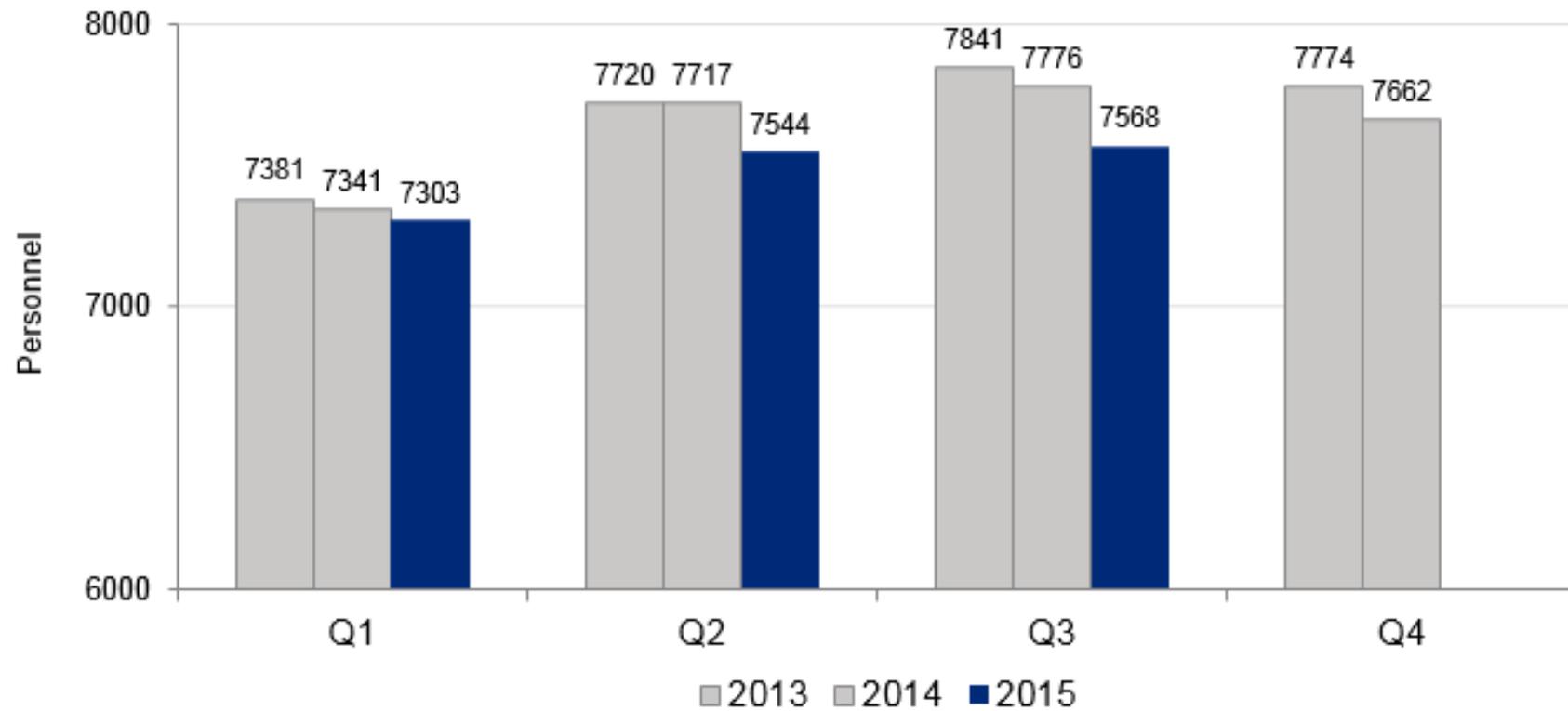


Total interest-bearing debt: 161,0 mEUR

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



Group personnel^{*)}



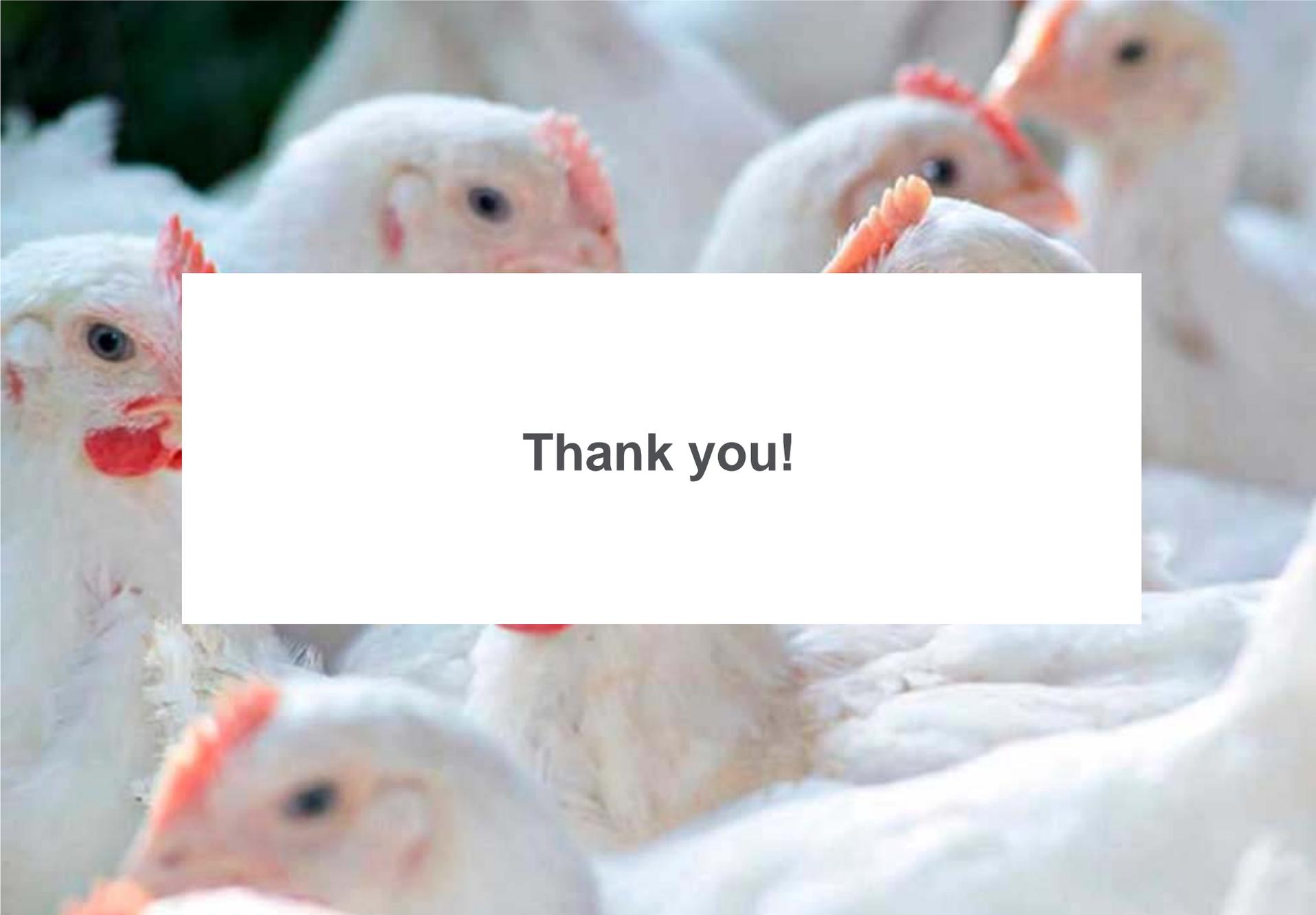
^{*)} End of month average

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.

Key figures

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| Net sales | 474,9 | 498,4 | 1 415,6 | 1 465,6 | 1 988,7 |
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| EBIT excl. non-recurring items | 7,3 | 7,3 | 10,2 | -1,0 | 12,4 |
| - EBIT % | 1,5 | 1,5 | 0,7 | -0,1 | 0,6 |
| Profit before taxes | 6,4 | 5,8 | 4,5 | 46,9 | 51,2 |
| Profit for the review period | 5,1 | 5,6 | 3,3 | 52,0 | 57,1 |
| EPS, EUR | 0,09 | 0,10 | 0,05 | 0,97 | 1,05 |
| Cash flow before debt service | 4,3 | 16,3 | 23,4 | 173,5 | 201,7 |
| Cash flow before financing activities | 2,8 | 14,0 | 21,1 | 166,8 | 198,9 |
| ROCE before taxes, % | | | 3,4 | 10,3 | 9,7 |
| Net debt | | | 147,0 | 170,9 | 141,5 |
| Net gearing, % | | | 34,6 | 38,1 | 31,8 |
| Employees, end of month average | | | 7 568 | 7 776 | 7 662 |



Thank you!