



HKSCAN

Financial statements 2015 Group overview

**Aki Laiho, Deputy CEO and COO
10 February 2016**

**Full year
comparable EBIT improved,
fourth quarter
behind the previous year**

HKScan Group 2015

- Performance ahead of previous year
 - Market areas Sweden, Finland and Baltics improved their comparable EBIT but Denmark was behind the previous year
 - Group Q4 EBIT behind the previous year – Sweden and Baltics ahead
 - Balance sheet remained strong and financial expenses reduced
 - Inventories and meat balance managed efficiently throughout the year. At year end frozen stock of pork increased especially in Finland but was clearly below the previous year in the whole Group.
- Business environment remained challenging
 - Political and economic uncertainty globally
 - Price competition in food retail tightened
 - Russian ban on meat import continued, oversupply of pork
 - African Swine Fever spreading in the Baltics (Estonia)

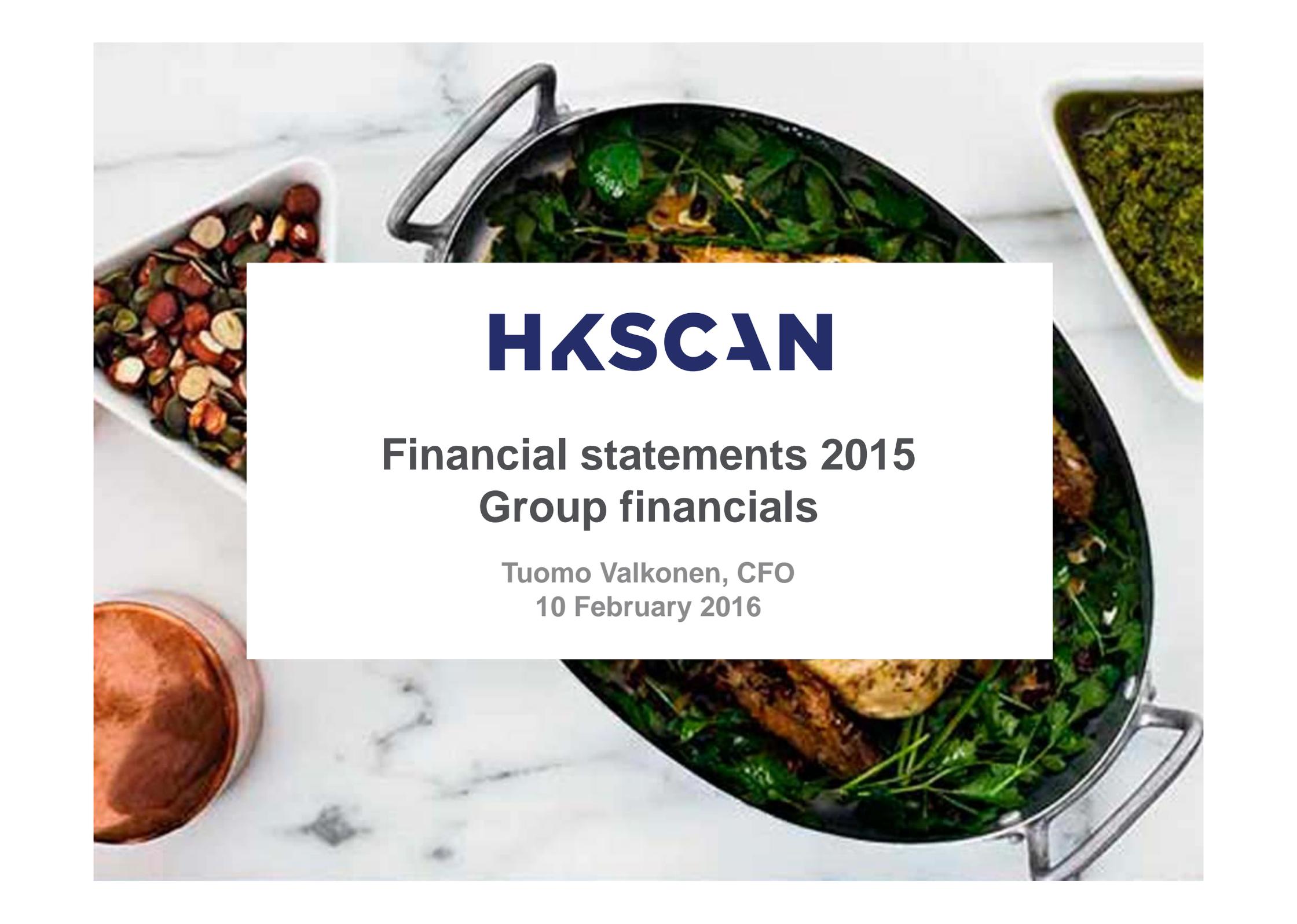
HKScan Group 2015

- Profitable growth strategy implementation advanced
 - Strategic investment in the greenfield poultry production facility in Rauma, Finland approved
 - Investments in innovation, brand and category work continued
 - Export and biotech businesses moving forward
 - More focus on value-added and branded products, continuous improvement and new and improved ways to meet customer and consumer expectations

- After the reporting period President and CEO Hannu Kottonen and the Group's Board jointly agreed on the discontinuation of Hannu Kottonen's duties as of 20 January 2016. In the interim, Aki Laiho, deputy CEO and COO, temporarily assumed the position of CEO.

HKScan Group

EUR million	Q4/2015	Q4/2014	2015	2014
Net sales	501,4	523,2	1 917,1	1 988,7
EBIT	-0,6	7,1	9,6	55,5
- % of net sales	-0,1	1,4	0,5	2,8
Profit/loss before taxes	-2,3	4,3	2,2	51,2
- % of net sales	-0,4	0,8	0,1	2,6
Profit/loss for the period	-1,5	5,2	1,9	57,1
EBIT excl. non-recurring income and expenses	11,3	13,4	21,5	12,4
- % of net sales	2,2	2,6	1,1	0,6
Profit/loss before taxes, excl. non-recurring items	9,6	10,5	14,1	8,2
- % of net sales	1,9	2,0	0,7	0,4
EPS, EUR	-0,04	0,09	0,01	1,05
Return on capital employed (ROCE) before taxes, %			2,3	9,7
ROCE before taxes excl. non-recurring items, %			4,3	3,6
Net gearing, %			33,8	31,8



HKSCAN

Financial statements 2015 Group financials

Tuomo Valkonen, CFO
10 February 2016

Market area Finland

EUR million	Q4/2015	Q4/2014	2015	2014
Net sales	216,2	213,8	801,6	787,2
EBIT	-5,3	6,6	4,9	-4,5
- EBIT %	-2,4	3,1	0,6	-0,6
EBIT excl. non-recurring items	6,1	8,0	16,3	8,9
- EBIT %	2,8	3,8	2,0	1,1

- Clear improvements in profit and cash flow in 2015, however, Q4 behind the previous year. Kivikylän Kotipalvaamo Oy and Lihatukku Harri Tamminen Oy also performed better than in the previous year.
- Total market decreased, retail sector suffered most
- Market share increased slightly
- Pork oversupply led to an increase in frozen stock in the latter part of the year
- Fierce competition in retail tightened price competition
- Russia's ban on EU imports and weakened demand for pork increased oversupply and lowered prices
- Acquisition of 50% stake in Paimion Teurastamo slaughterhouse

Market area Baltics

EUR million	Q4/2015	Q4/2014	2015	2014
Net sales	43,3	43,8	173,6	173,0
EBIT	1,0	-2,1	5,4	2,8
- EBIT %	2,3	-4,7	3,1	1,6
EBIT excl. non-recurring items	1,0	0,0	5,4	4,8
- EBIT %	2,3	0,0	3,1	2,8

- Improvement in EBIT from the previous year; cash flow was behind
- Market position in own brands, processed and seasonal products remained strong
- Domestic market's overall demand was relatively good but weakened towards the end of the year. Export market struggled for the whole year.
- Price competition intensified
- African Swine Fever caused additional risks and work; pork primary production decreasing in Estonia

Market area Sweden

EUR million	Q4/2015	Q4/2014	2015	2014
Net sales	222,9	240,5	841,9	911,0
EBIT	8,5	8,1	21,1	1,7
- EBIT %	3,8	3,4	2,5	0,2
EBIT excl. non-recurring items	9,0	8,5	21,6	13,4
- EBIT %	4,0	3,6	2,6	1,5

- Lower volumes and weaker SEK decreased the sales
- EBIT improved clearly thanks to completed production restructuring and better product mix
- Increase in working capital weakened cash flow in Q4
- Consumer demand for Swedish meat increased; tight competition for local meat raw material
- Undersupply of pork in the latter part of the year; beef animal purchase prices increased
- Private labels continued to seize market share in both meat and processed products; own market share decreased (excluding some own brands)

Market area Denmark

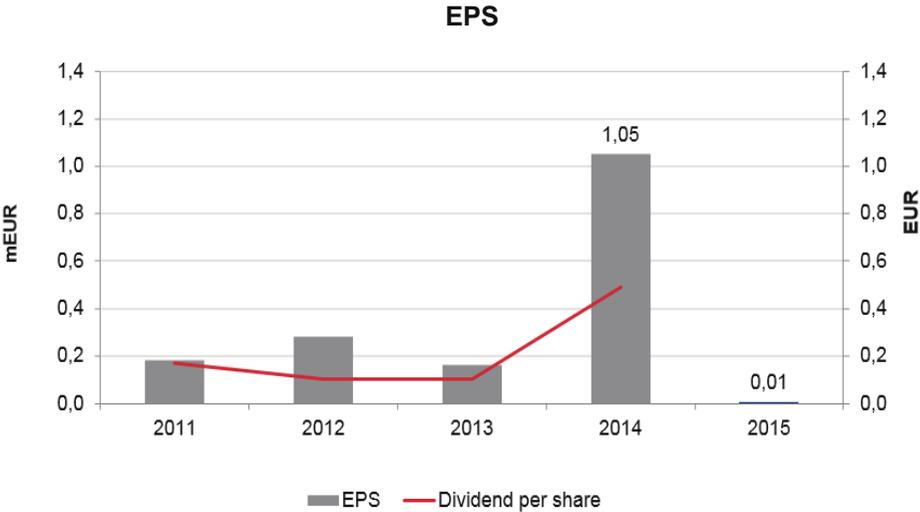
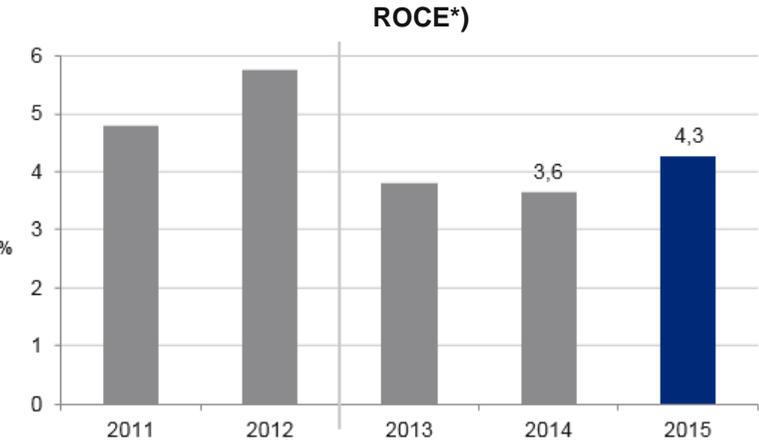
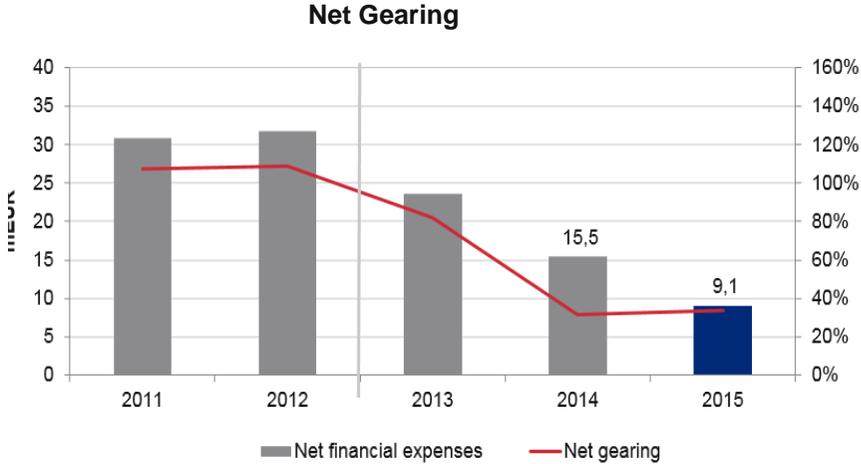
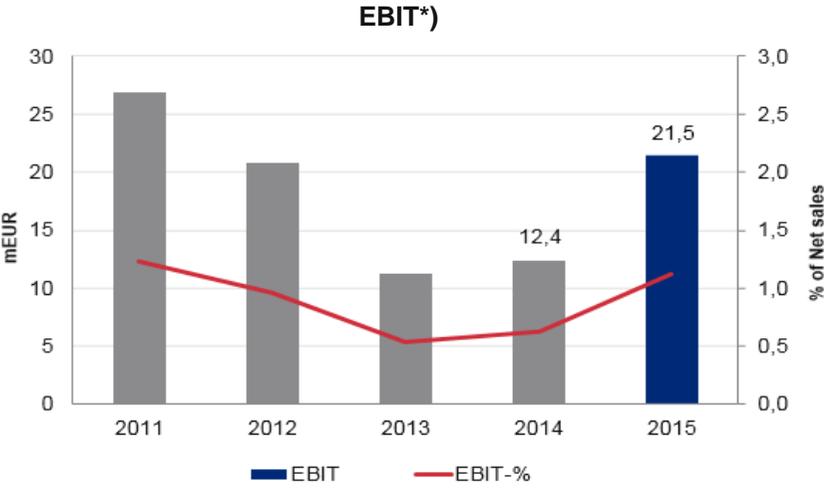
EUR million	Q4/2015	Q4/2014	2015	2014
Net sales	37,6	46,2	175,9	204,3
EBIT	-1,9	-3,6	-9,3	-11,9
- EBIT %	-5,1	-7,9	-5,3	-5,8
EBIT excl. non-recurring items	-1,9	-1,3	-9,3	-4,4
- EBIT %	-5,1	-2,8	-5,3	-2,1

- Market remained tough both in domestic market and in export
- Sales performance was weak – both net sales and EBIT behind the previous year
- Satisfactory margins in fresh chicken products, but volumes still low
- Sales price competition in frozen products remained fierce resulting in low margins
- New production setup completed. Related cost savings started to materialize in the second half of the year.
- Organization strengthening completed

Dividend proposal and outlook for 2016

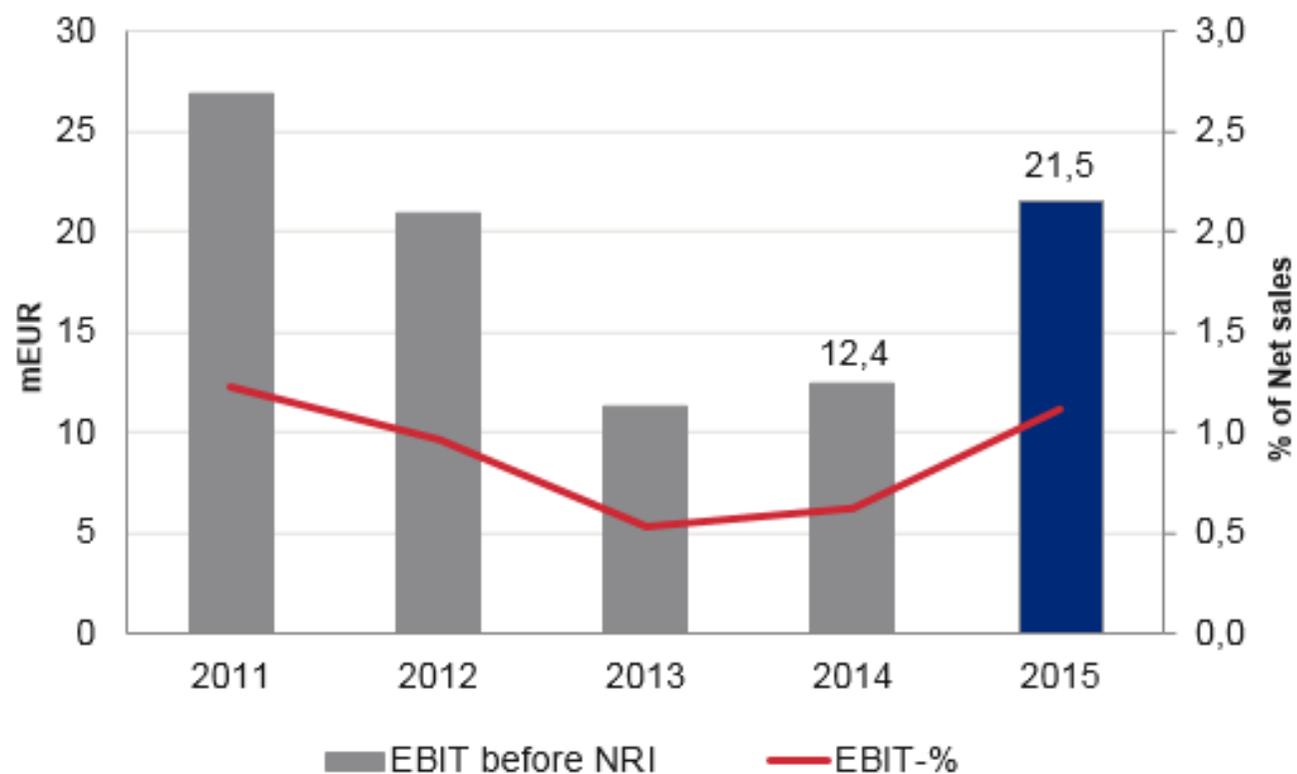
- Dividend proposal
 - The parent company's distributable equity stands at EUR 286.7 million including the reserve for invested unrestricted equity, which holds EUR 143.1 million.
 - The Board of Directors recommends that the company pays
 - a dividend of EUR 0.14 per share
- Outlook
 - HKScan expects operating profit (EBIT) to improve from 2015.
 - HKScan expects the economic and demand outlook to remain challenging. Therefore also sales price competition will remain tough in 2016. The Group's strategy implementation, continuous improvement projects and active sales margin management should contribute to better financial performance

Financial performance



*) Excluding non-recurring items

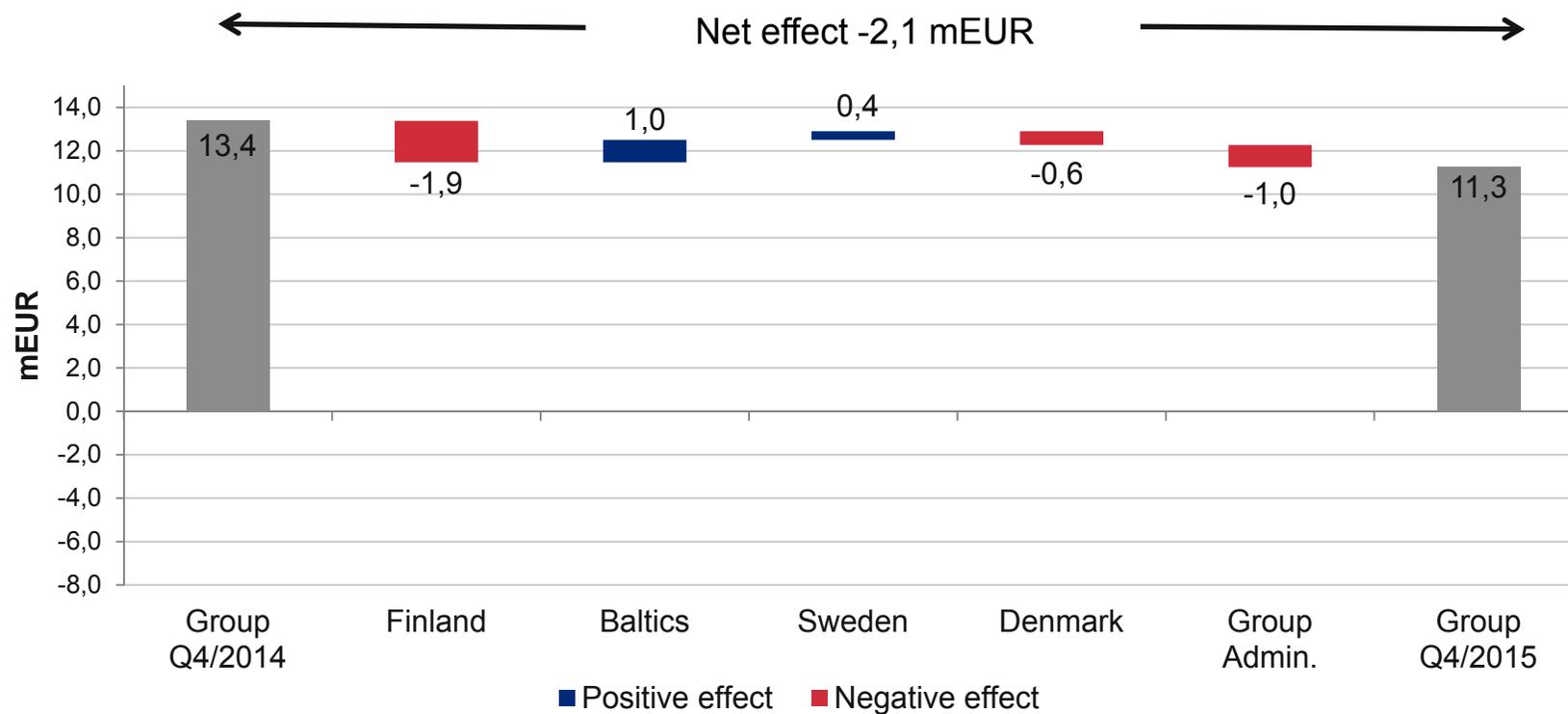
Group EBIT development^{*)}



^{*)} Excluding non-recurring items

Group EBIT*)

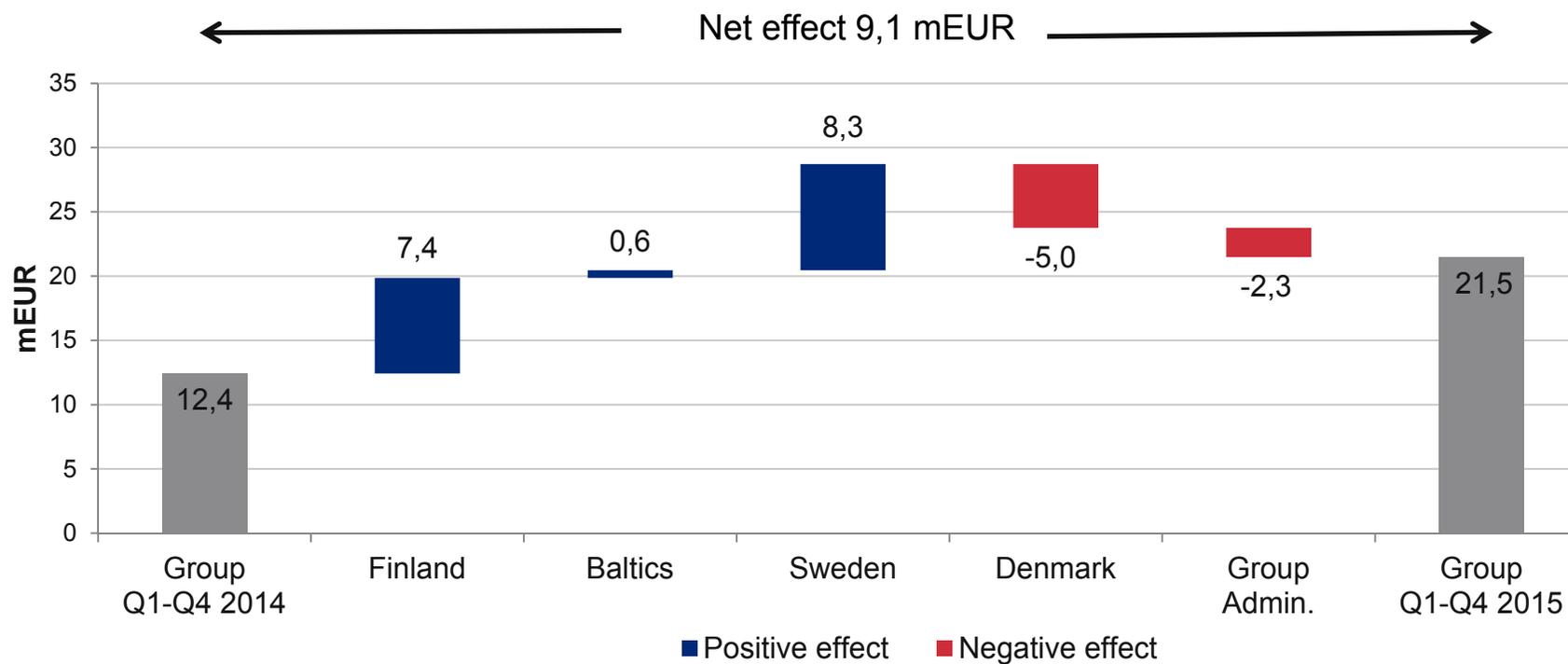
Q4/2014 vs. Q4/2015



*) Excluding non-recurring items

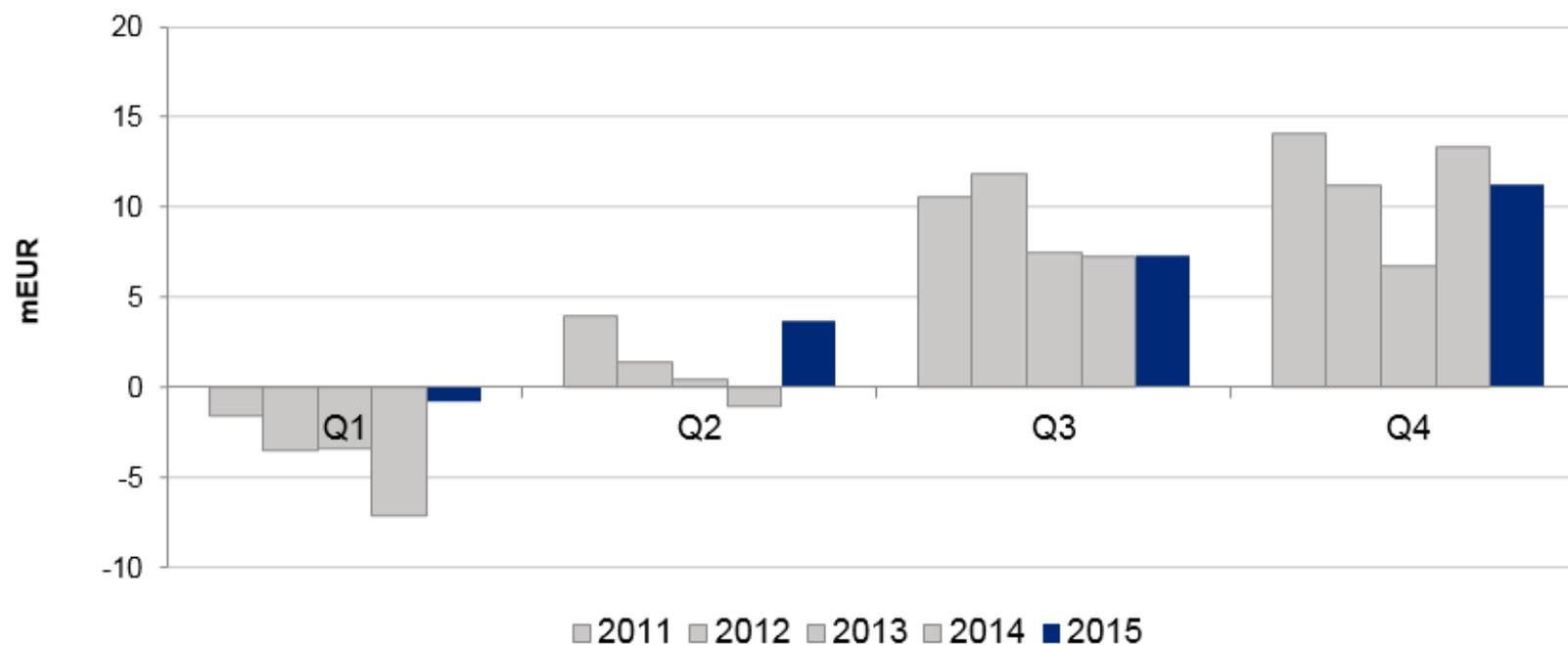
Group EBIT*)

2014 vs. 2015



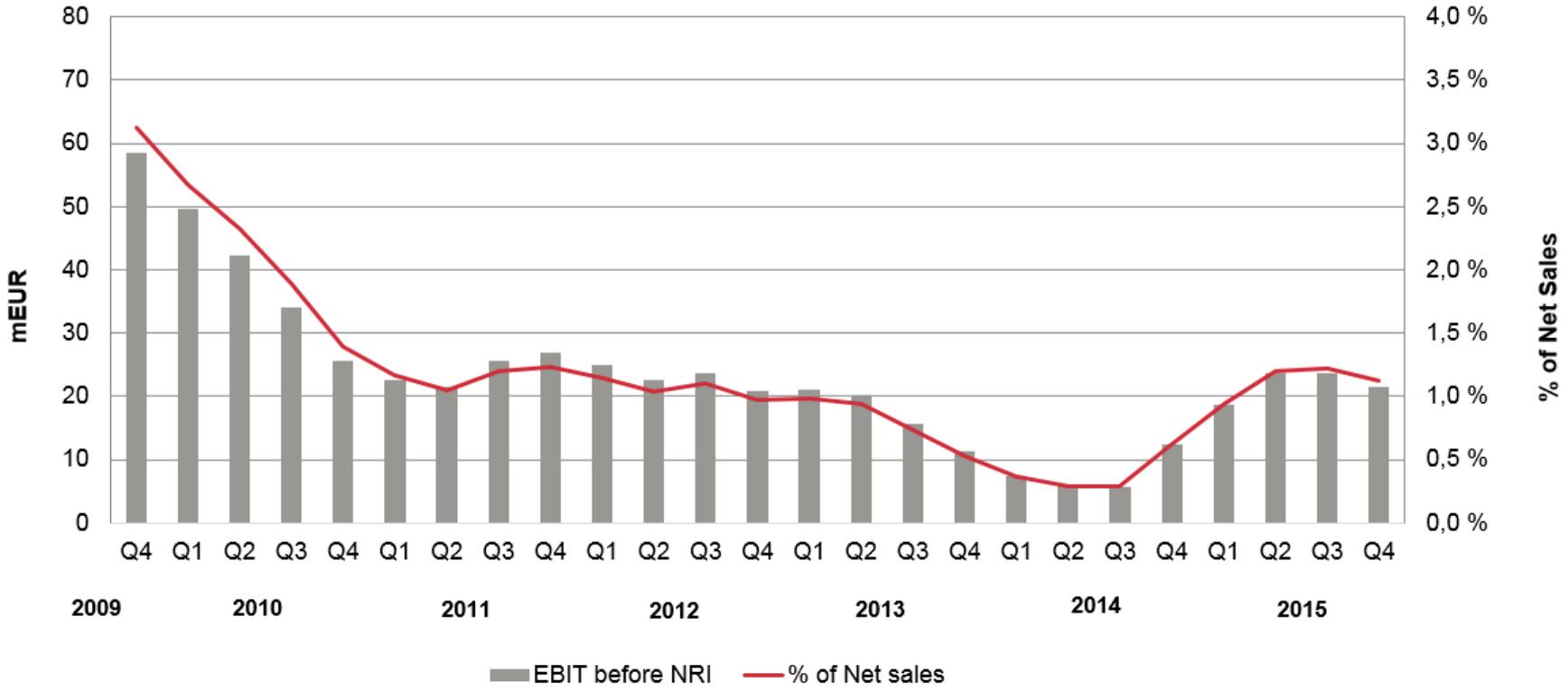
*) Excluding non-recurring items

Group EBIT*)

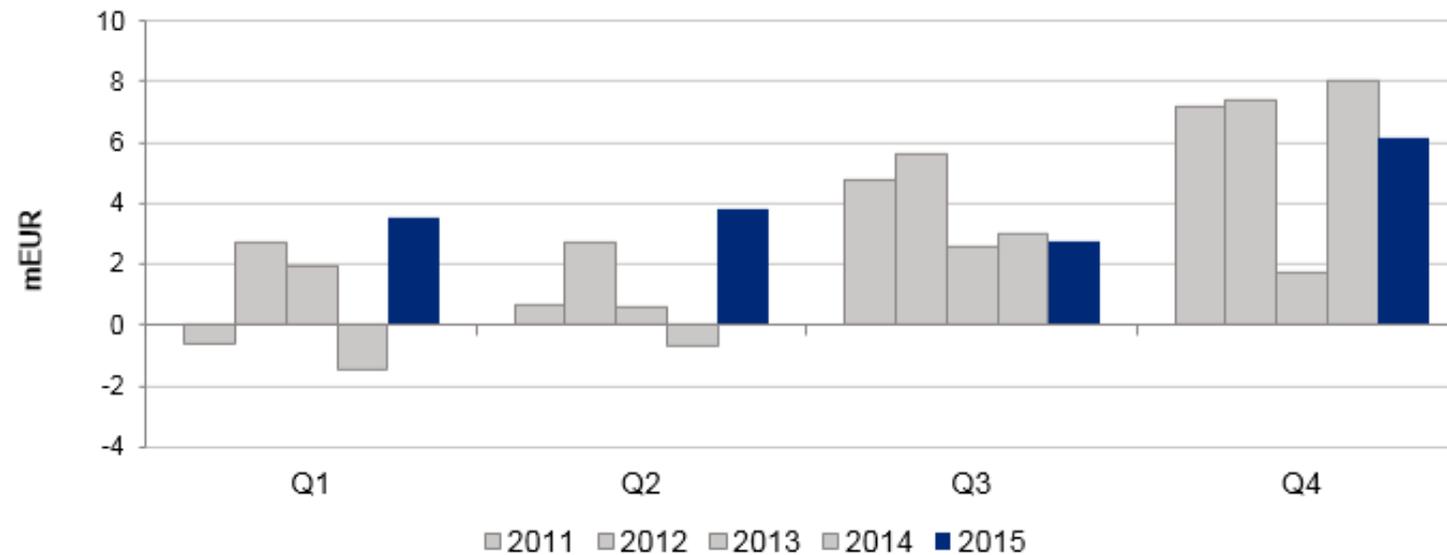


*) Excluding non-recurring items

Group EBIT last twelve months

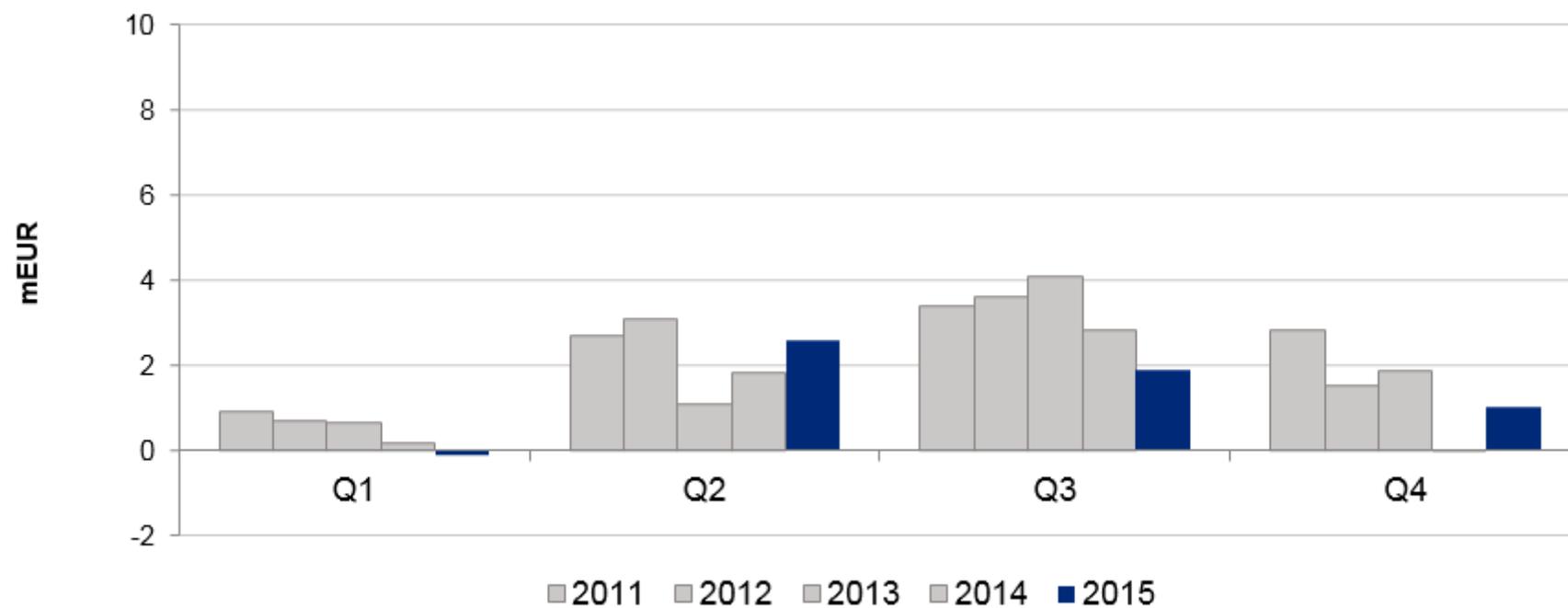


Finland EBIT*)



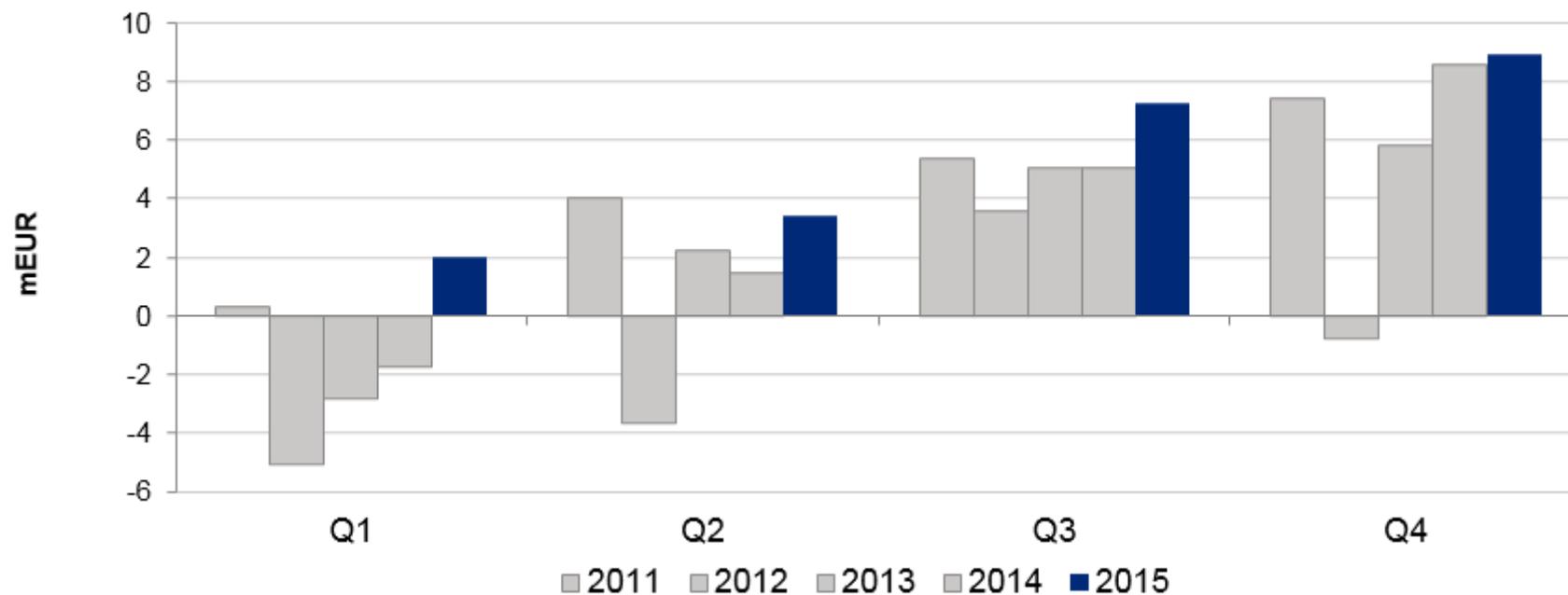
*) Excluding non-recurring items

Baltics EBIT*)



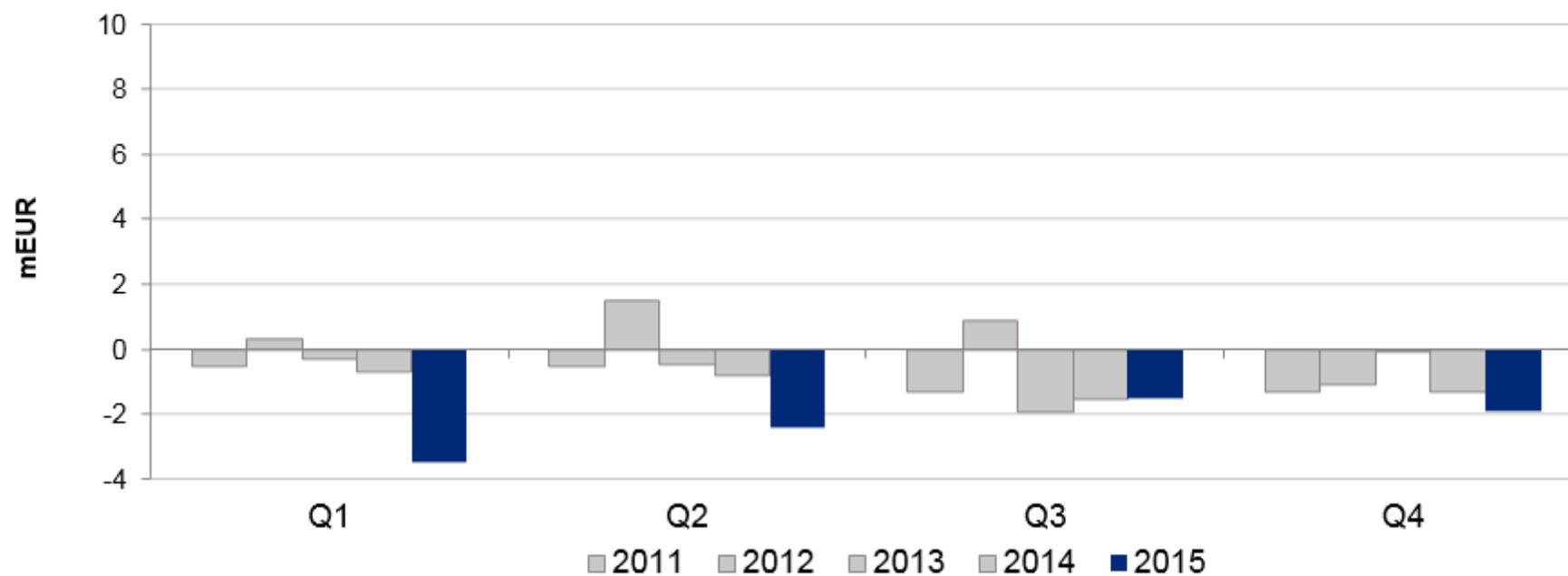
*) Excluding non-recurring items

Sweden EBIT*)



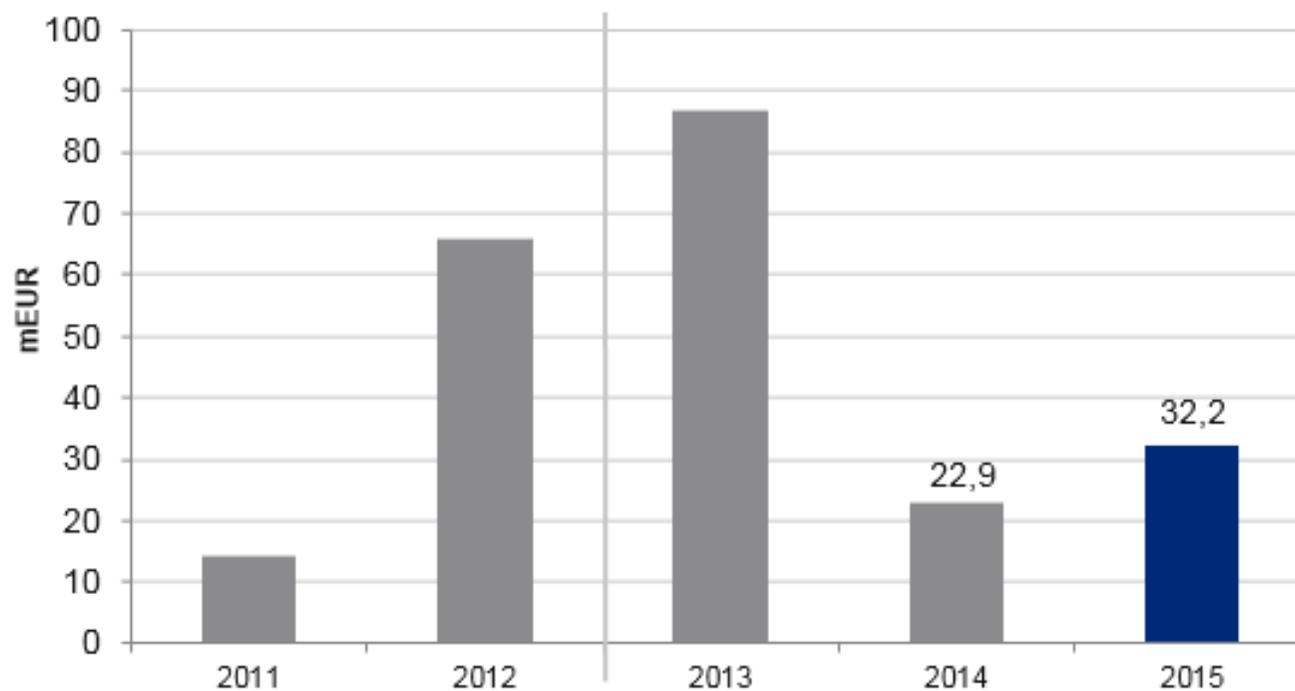
*) Excluding non-recurring items

Denmark EBIT*)



*) Excluding non-recurring items

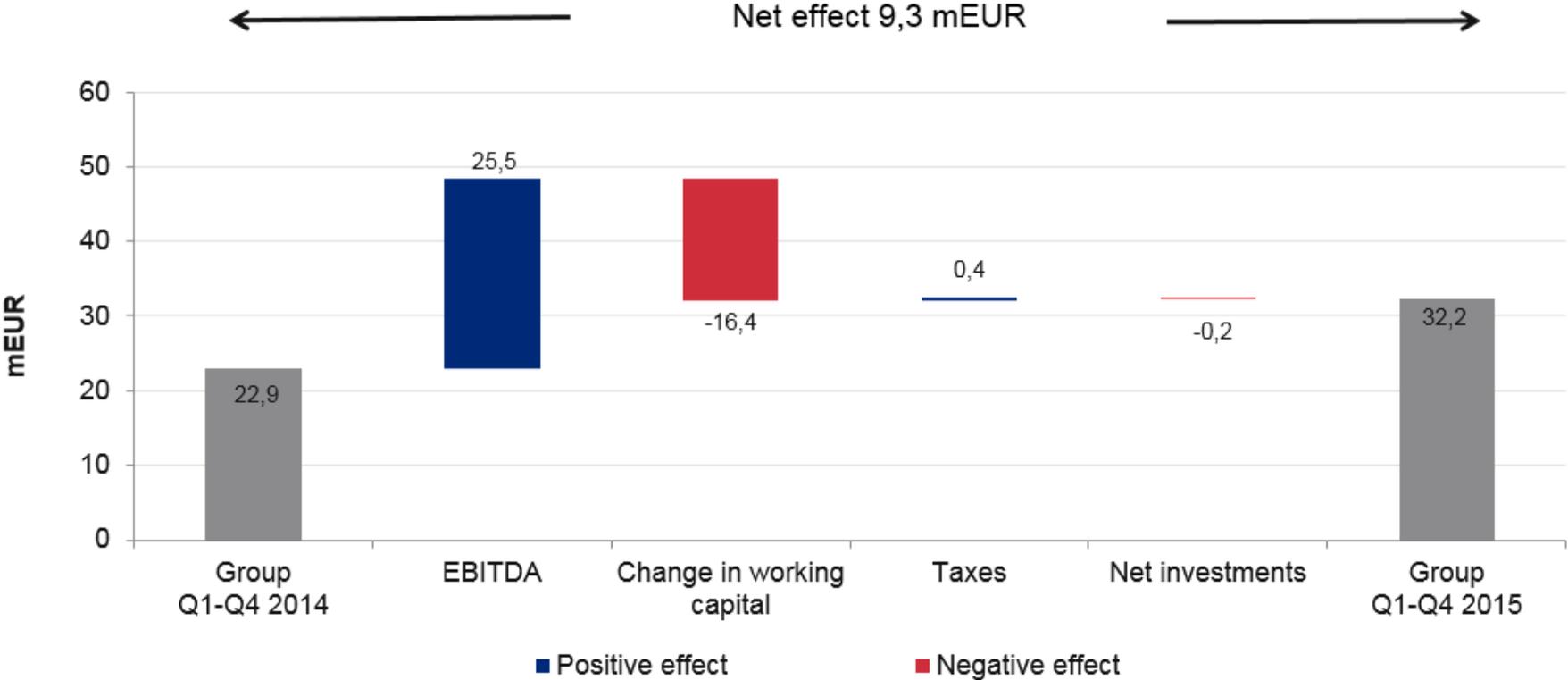
Group cash flow before debt service^{*)}



^{*)} Excluding non-recurring items

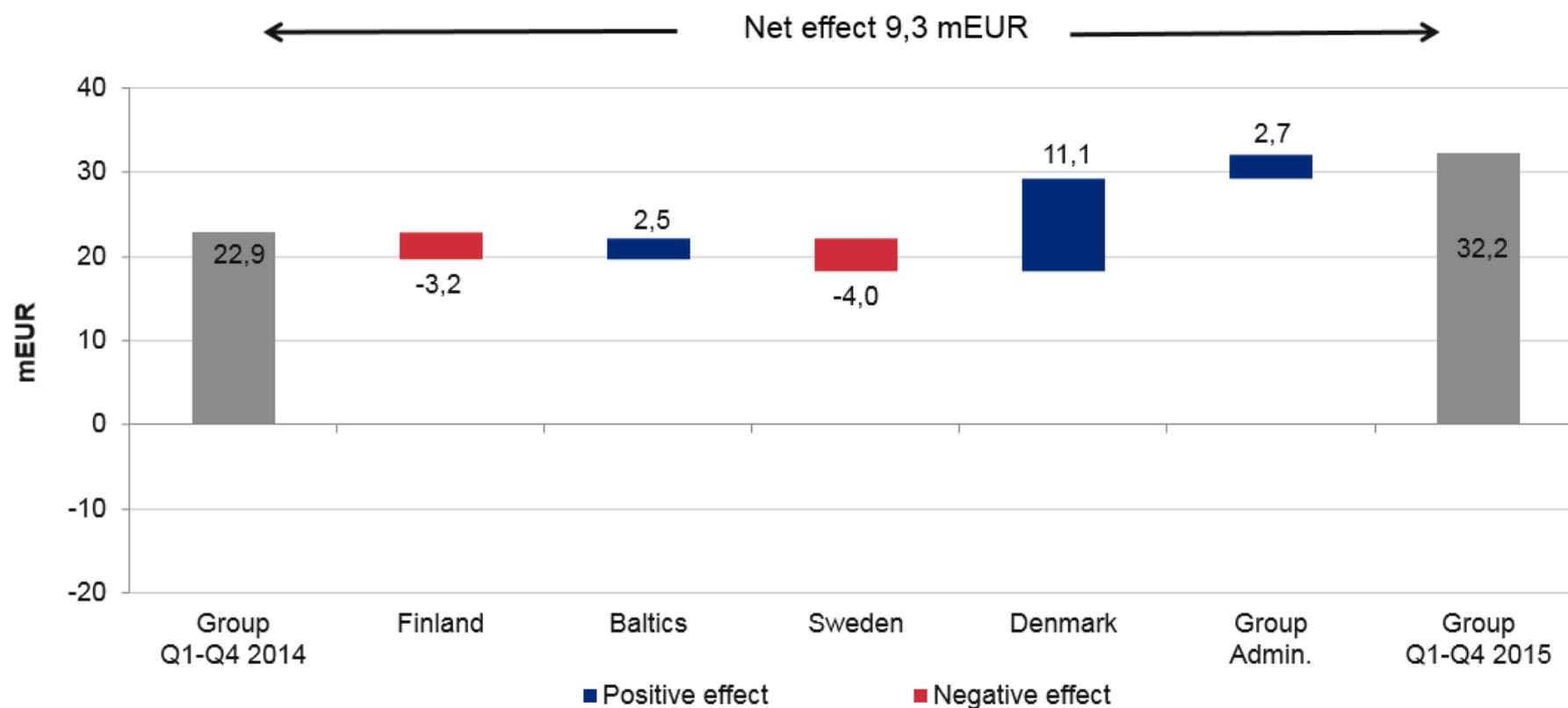
Group cash flow before debt service

Q1-Q4/2014 vs. Q1-Q4/2015

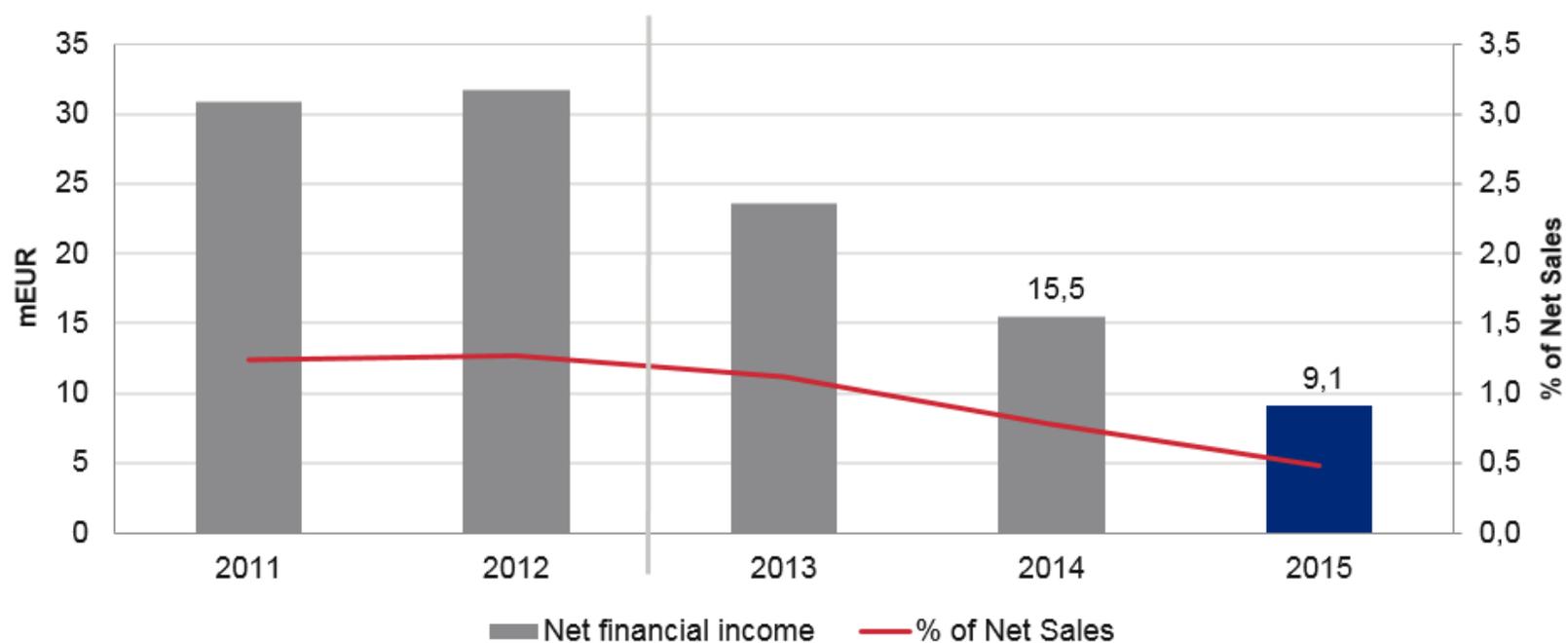


Group cash flow before debt service

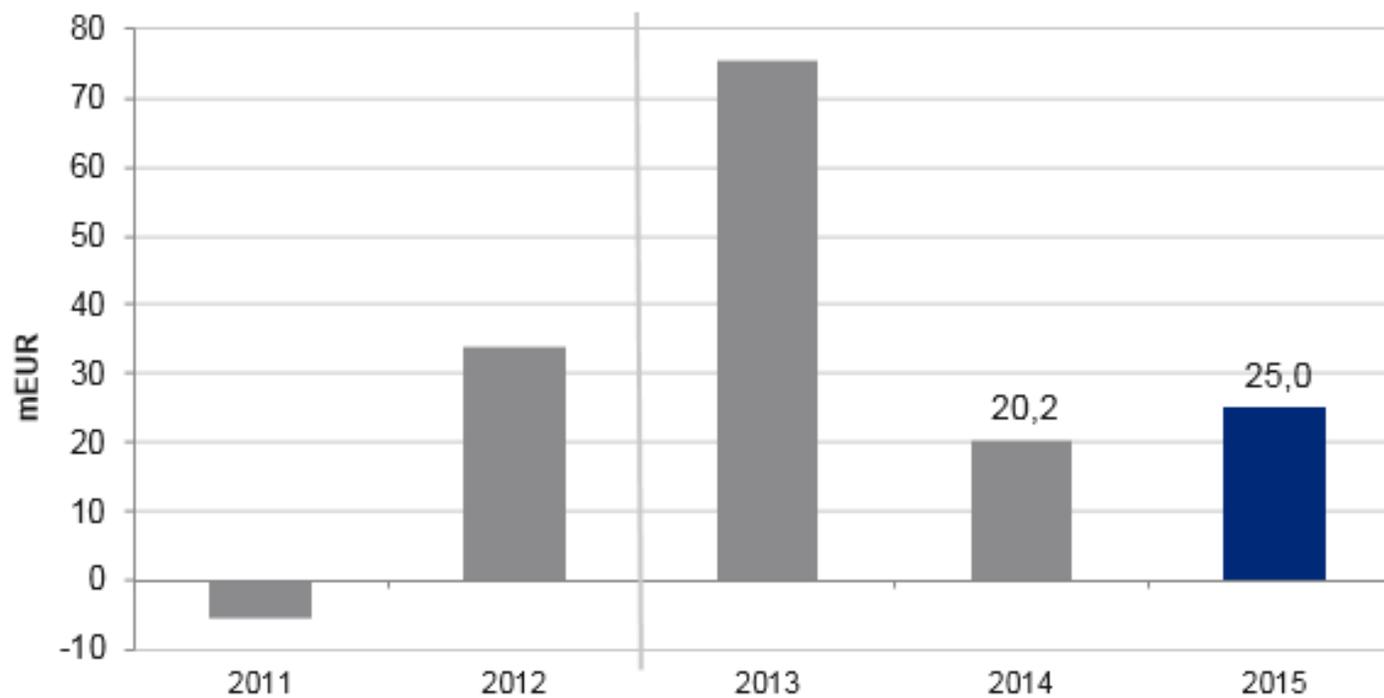
Q1-Q4/2014 vs. Q1-Q4/2015



Group net financial expenses

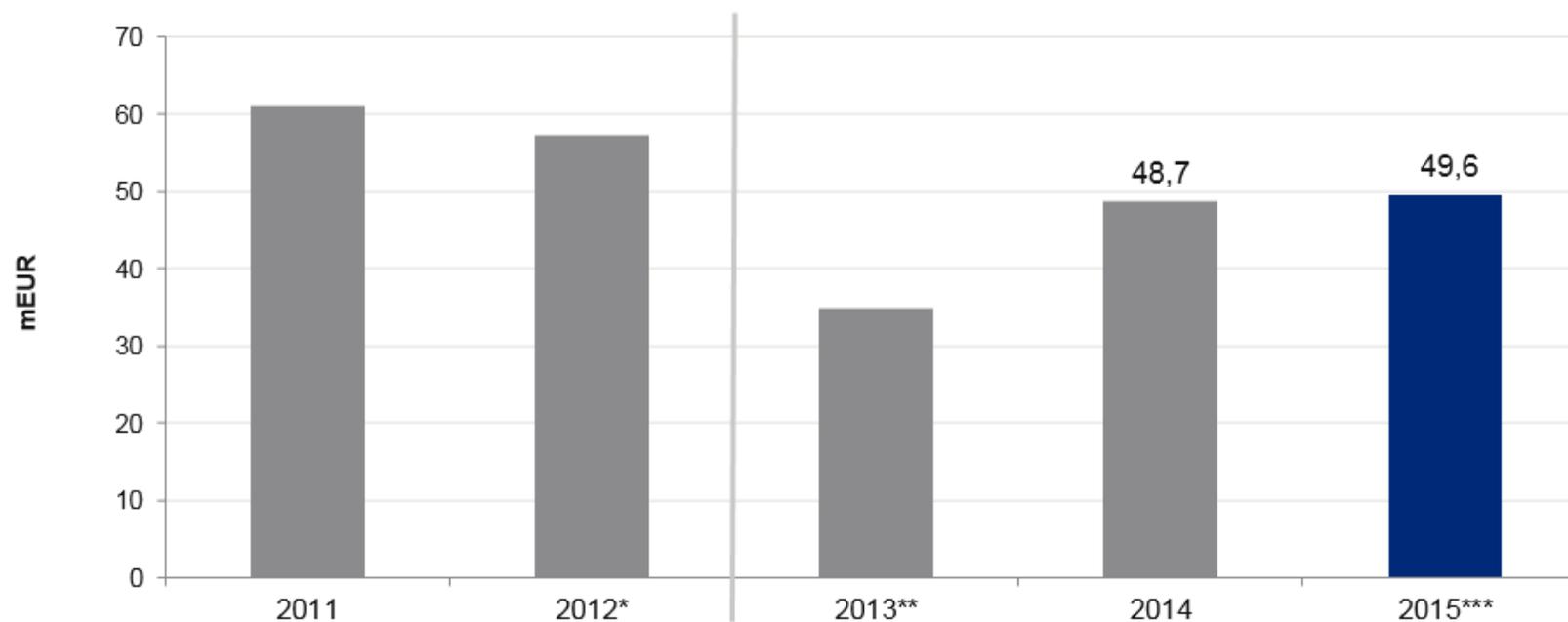


Group cash flow before financing^{*)}



^{*)} Excluding non-recurring items

Group investments

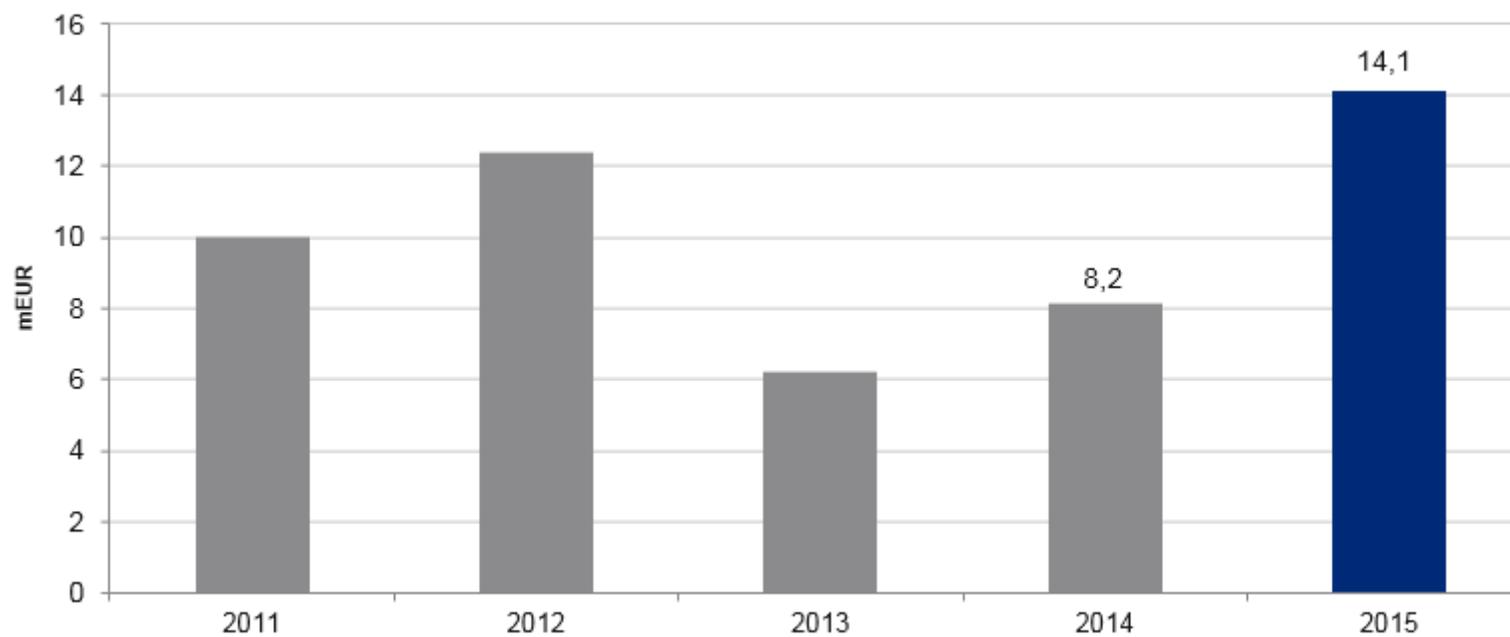


* EUR 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million

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

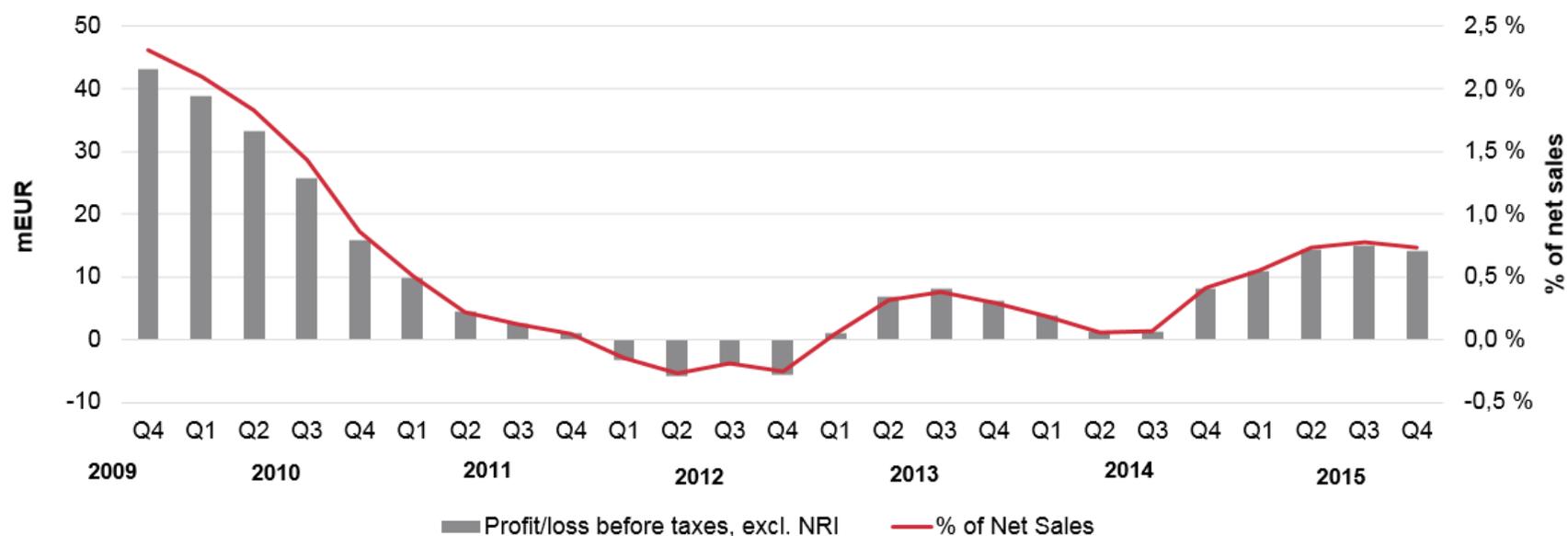
*** Excluding acquisition price of Paimion Teurastamo Oy

Profit before taxes^{*)}



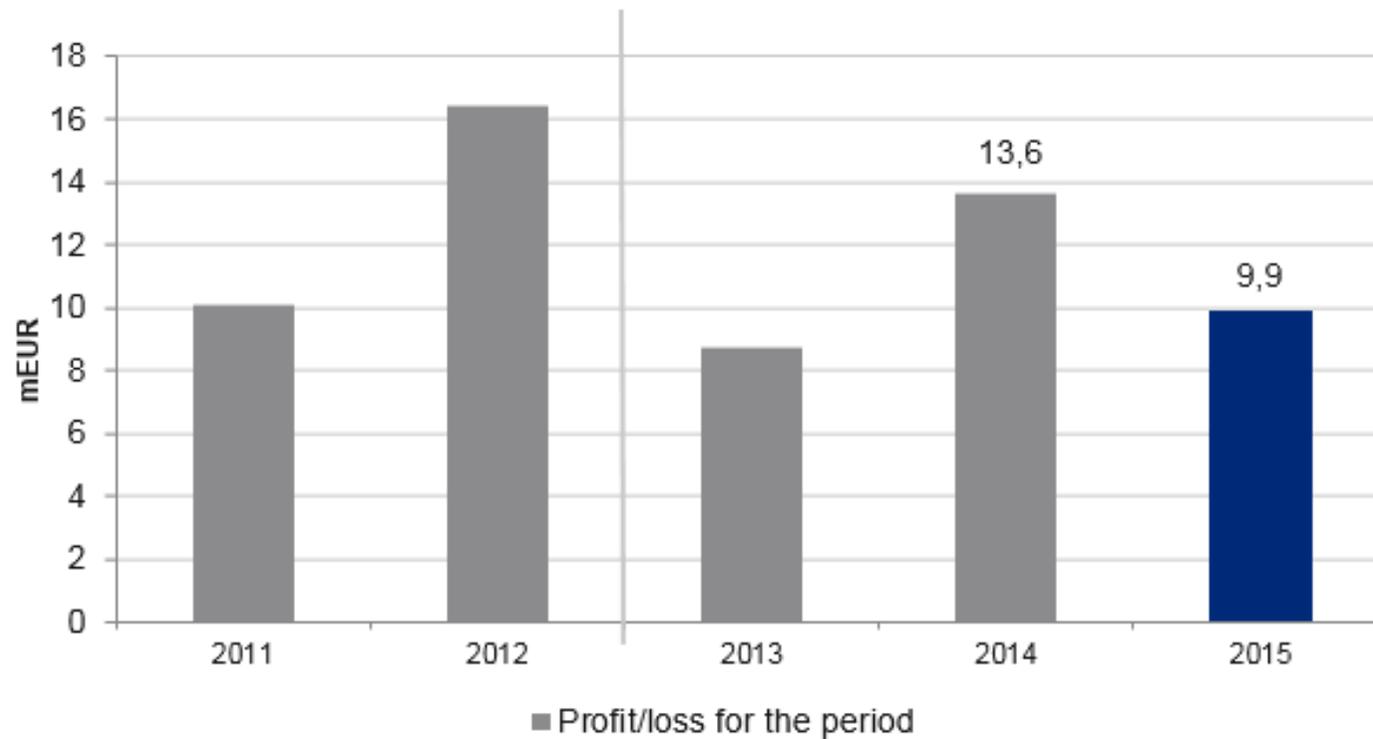
^{*)} Excluding non-recurring items

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



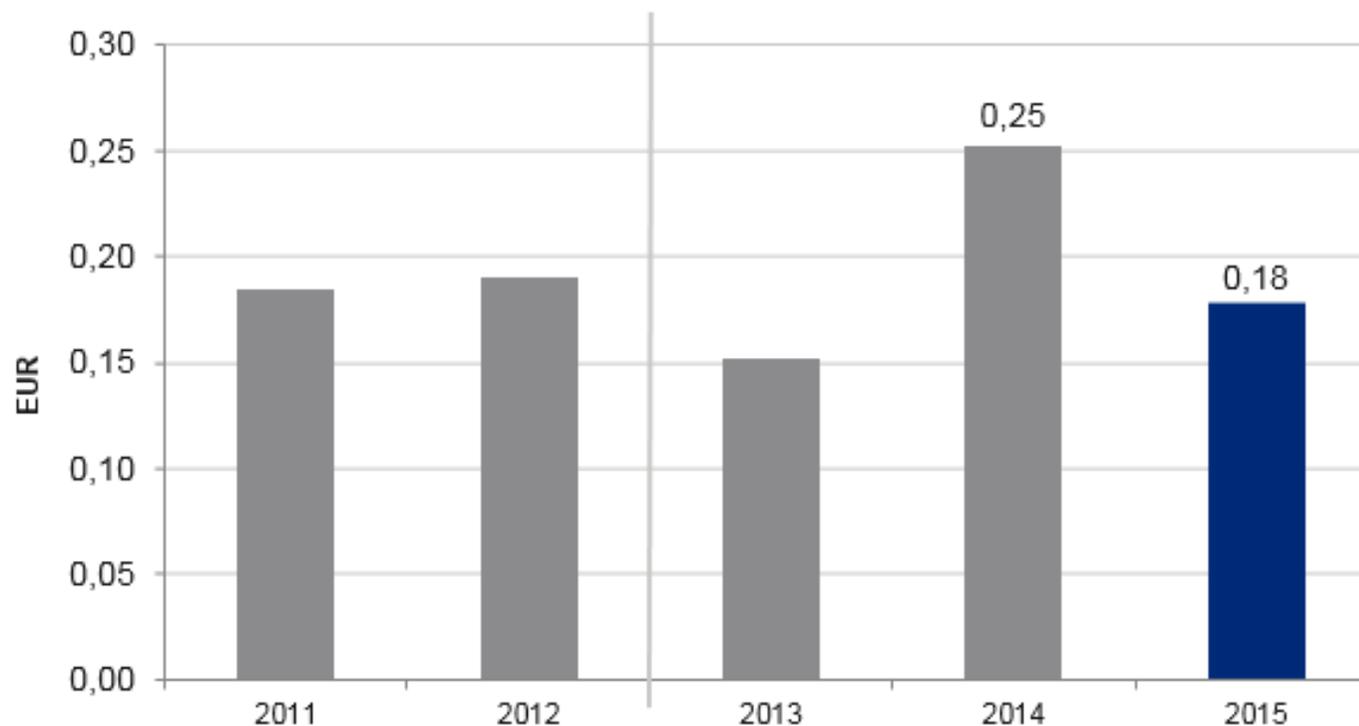
^{*)} Excluding Sokolów

Profit for the period^{*)}



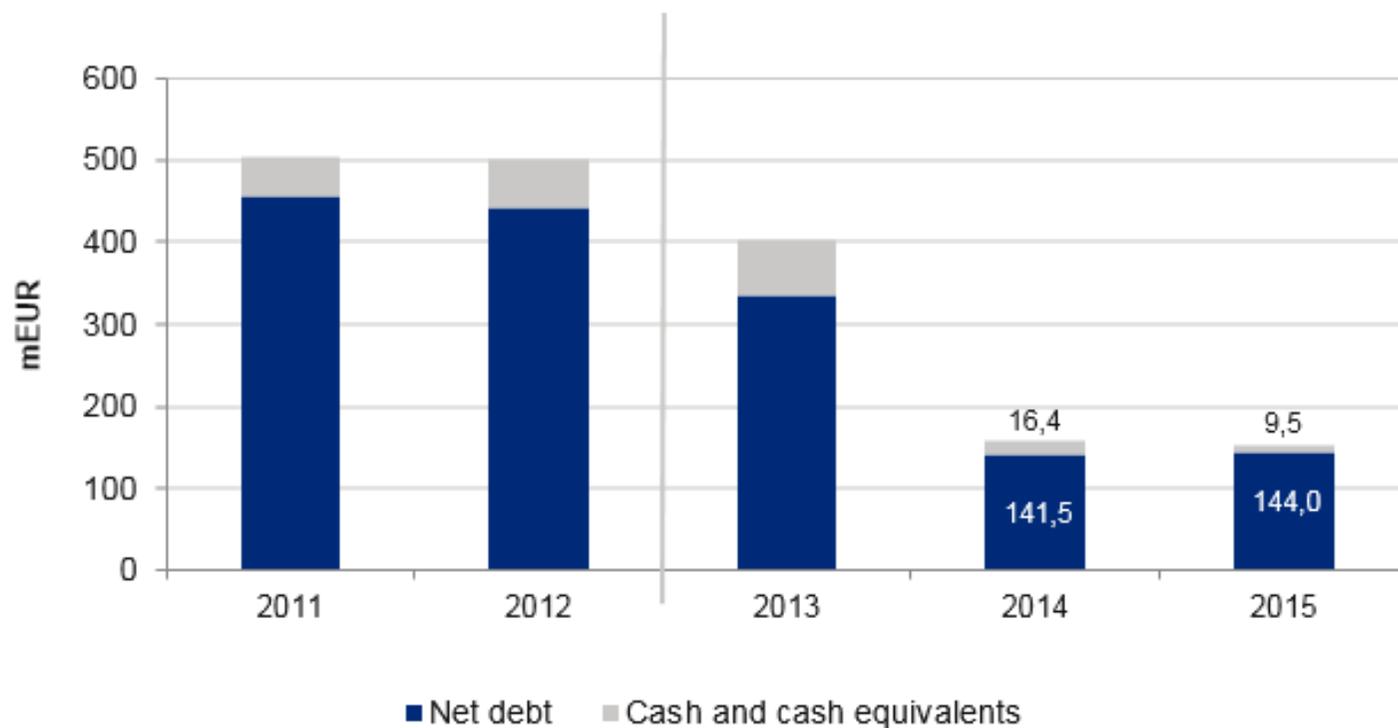
^{*)} Attributable to shareholders of parent company
and
excluding non-recurring items

Earnings per share (EPS)*)



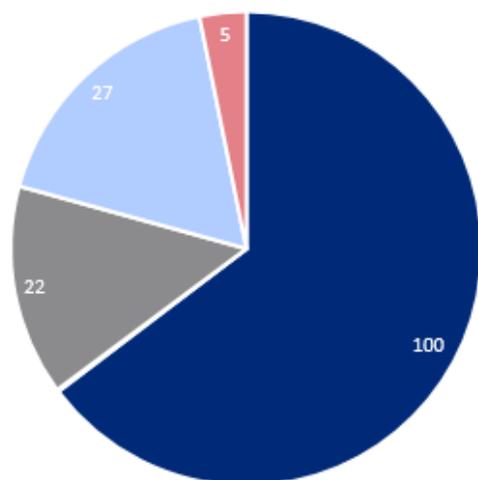
*) Excluding non-recurring items

Net debt



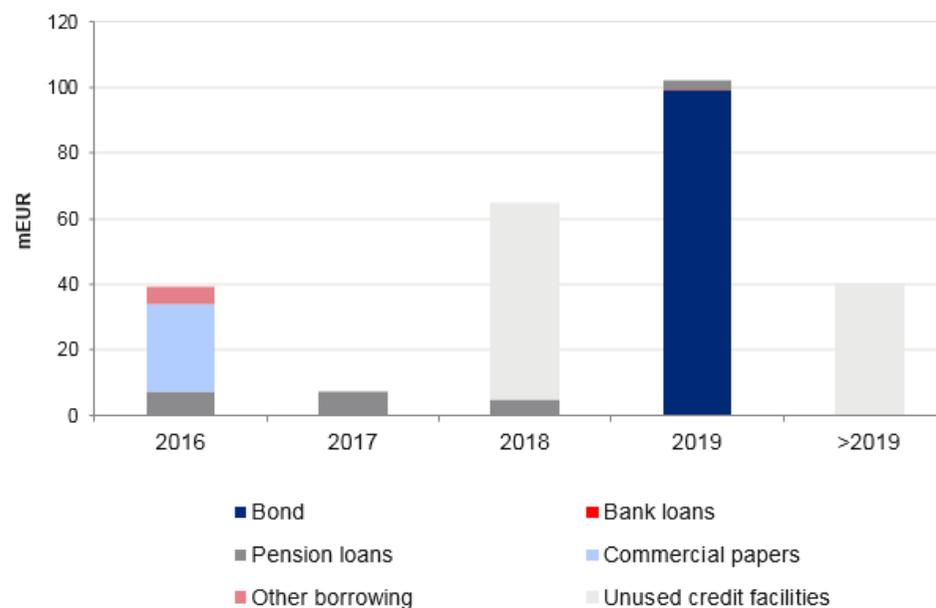
Interest-bearing debt and maturity structure

Interest-bearing debt by credit type

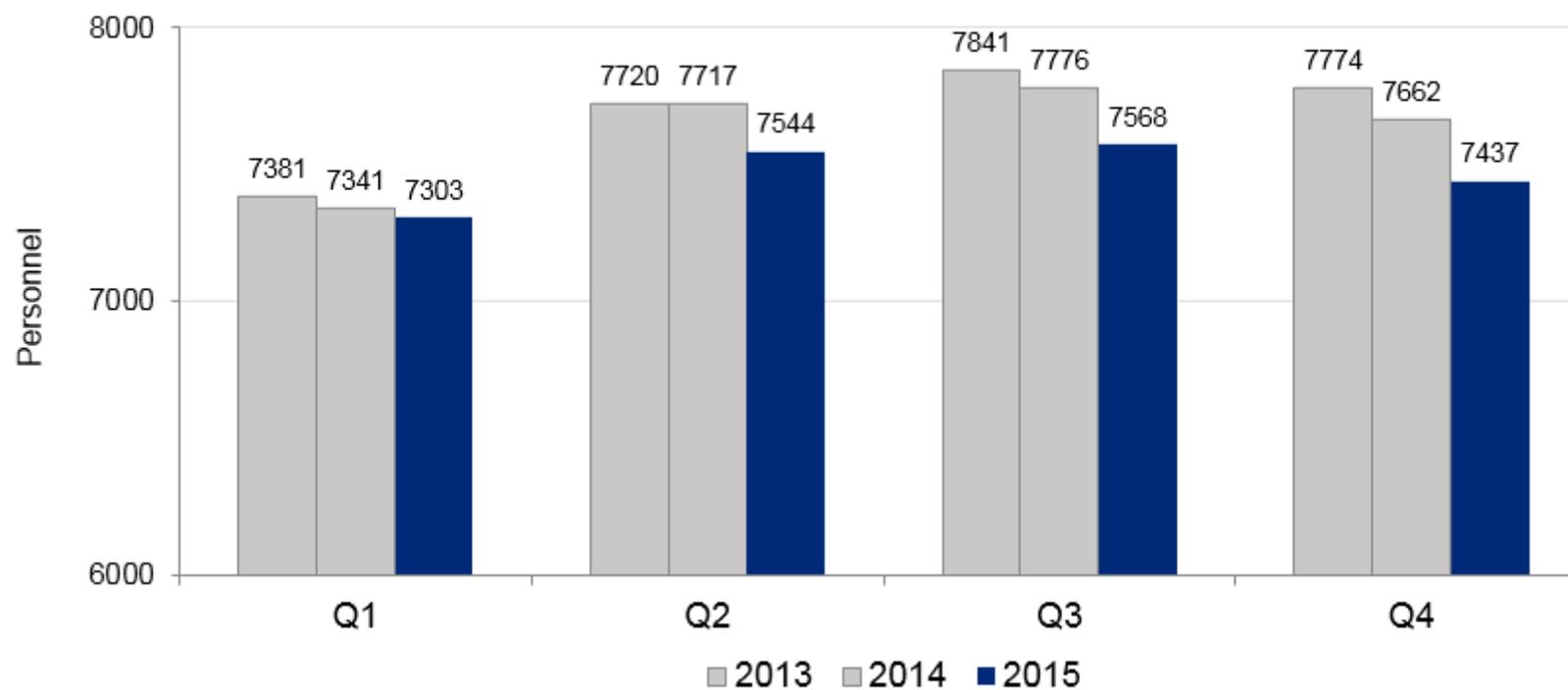


Total interest-bearing debt: 153,8 mEUR

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



Group personnel^{*)}



^{*)} End of month average

Key figures

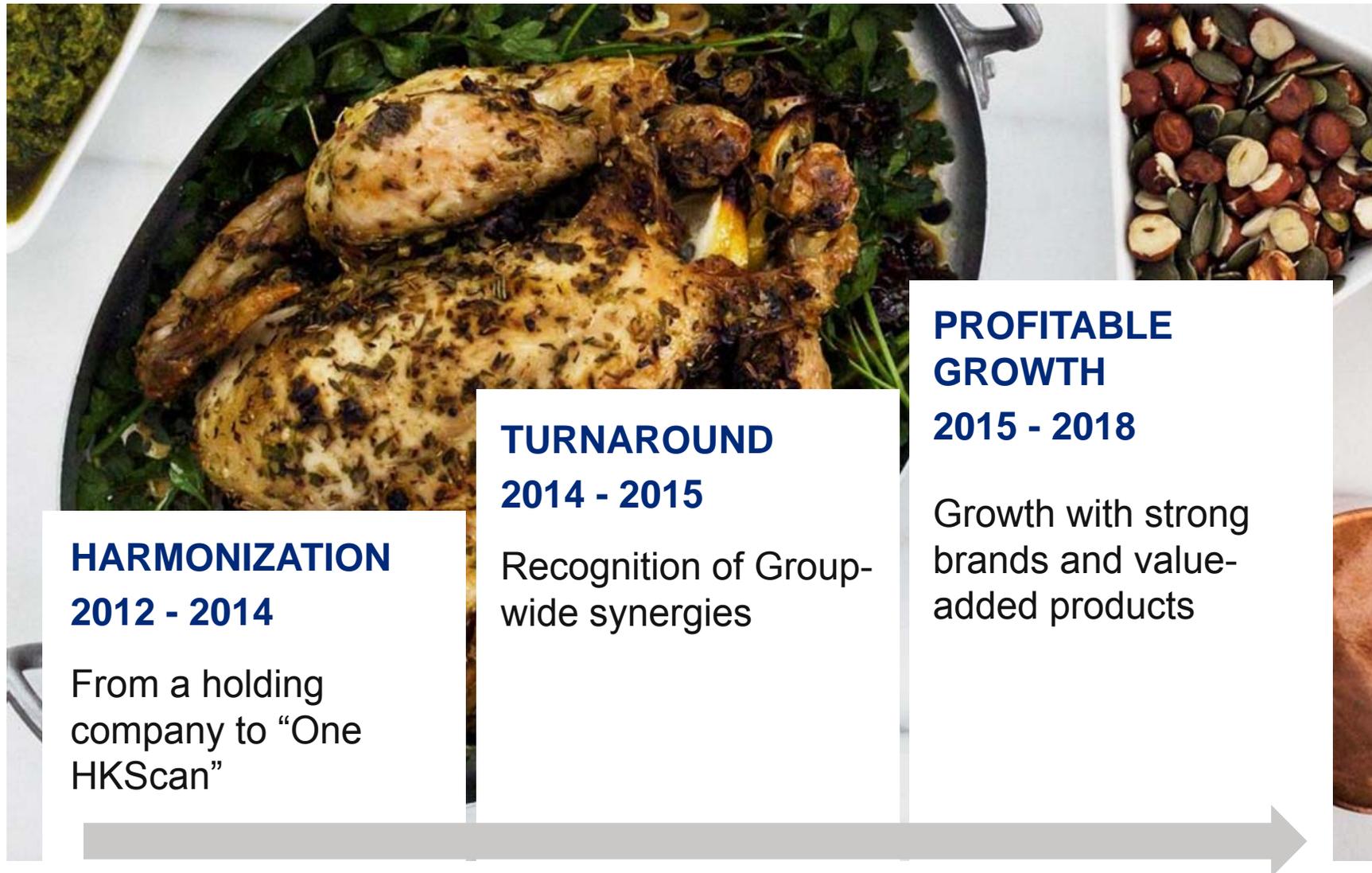
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- EBIT %	-0,1	1,4	0,5	2,8
EBIT excl. non-recurring items	11,3	13,4	21,5	12,4
- EBIT %	2,2	2,6	1,1	0,6
Profit before taxes	-2,3	4,3	2,2	51,2
Profit for the review period	-1,5	5,2	1,9	57,1
EPS, EUR	-0,04	0,09	0,01	1,05
Cash flow before debt service	8,8	28,2	32,2	201,7
Cash flow before financing activities	4,0	32,1	25,0	198,9
ROCE before taxes, %			2,3	9,7
Net debt			144,0	141,5
Net gearing, %			33,8	31,8
Employees, end of month average			7 437	7 662



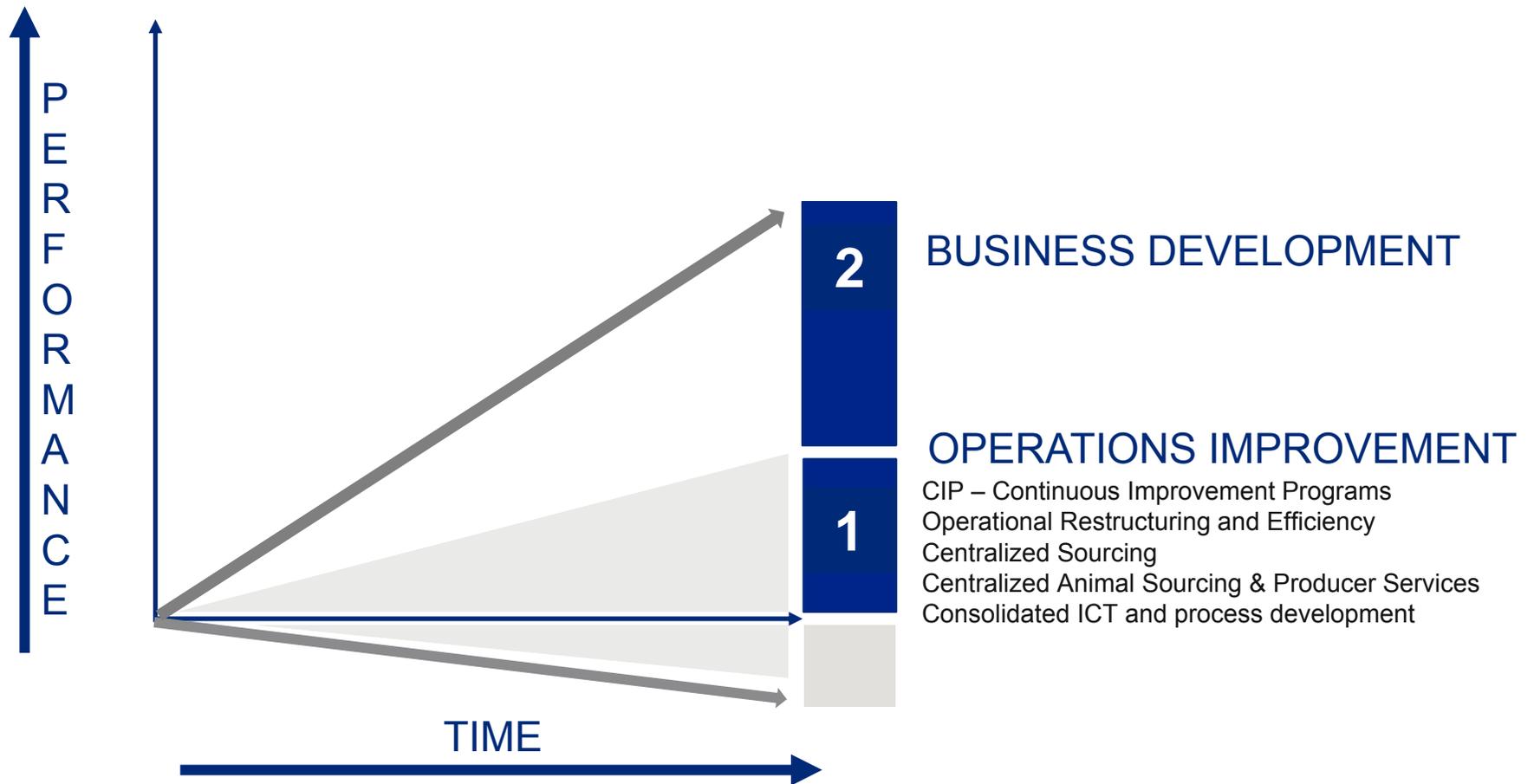
Strategy implementation continues

Deputy CEO and COO Aki Laiho
10 February 2016

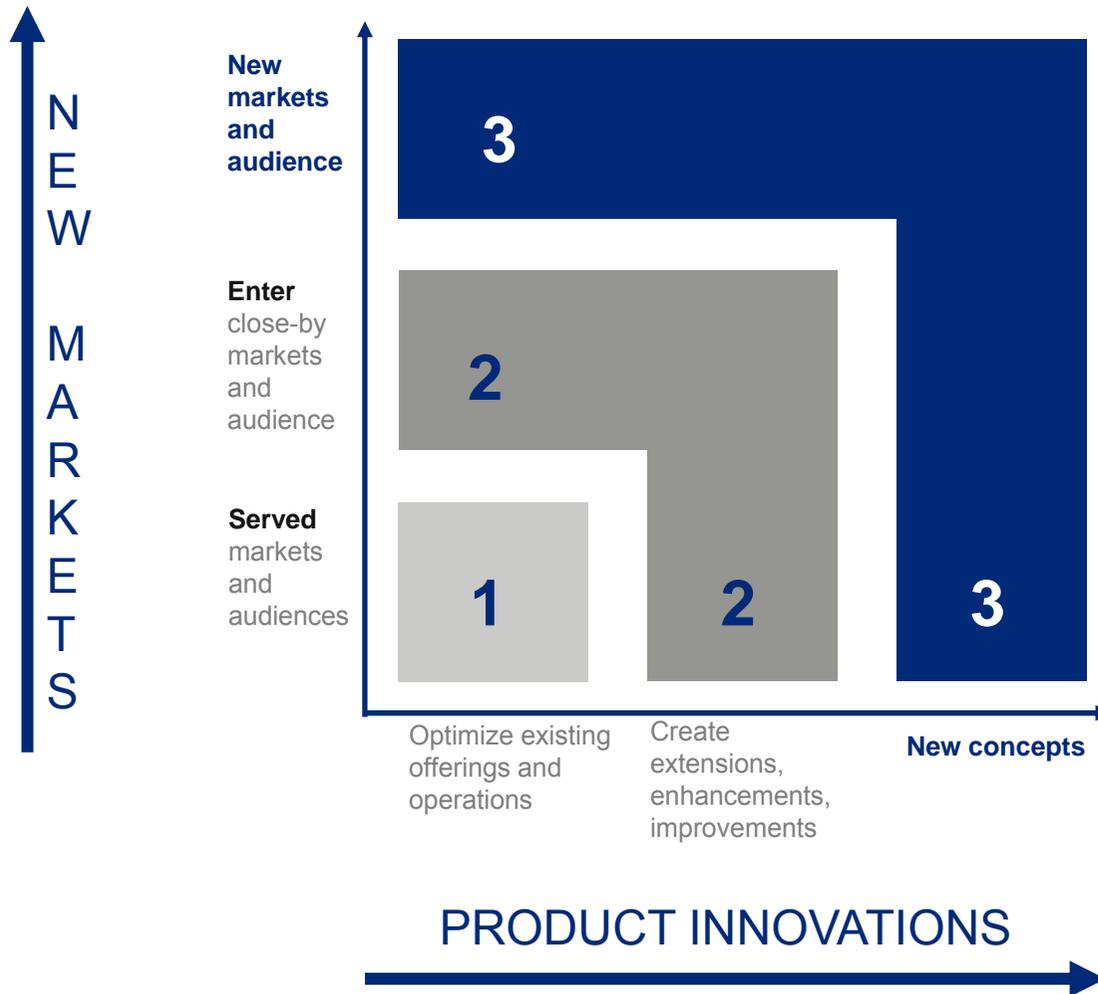
HKScan roadmap



2012–2015: Strong focus on improving operational efficiency



2015–2018: Focus on innovations, new markets and new products



Source: Modified from Doblin, Ten Types of Innovation

Product innovations



Must-win battles 2015–2018

Renew customer, consumer and channel approach



Develop brands and offerings

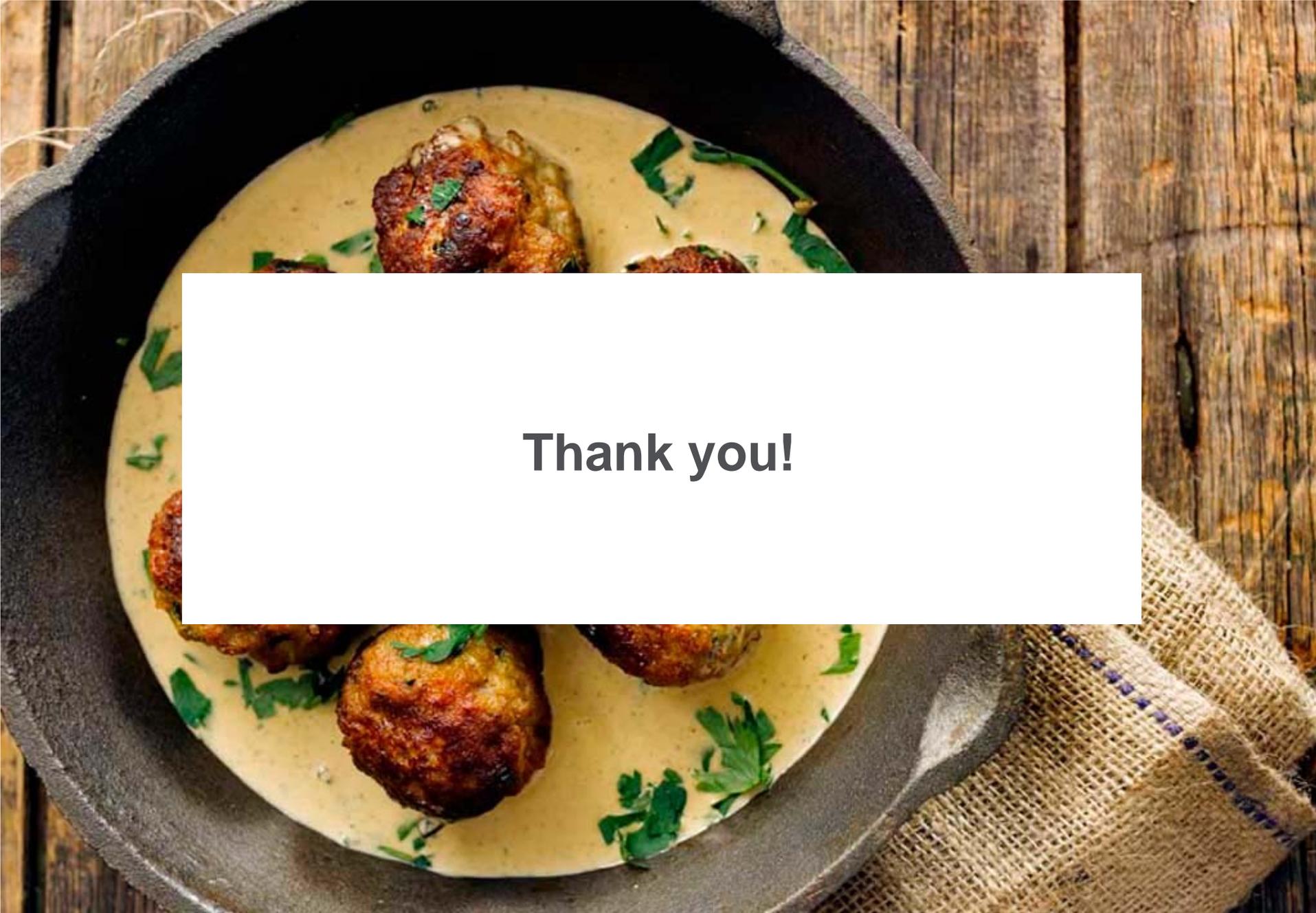


Invest for growth



Drive continuous improvement





Thank you!