

HKSCAN

Interim Report

Q1 2020

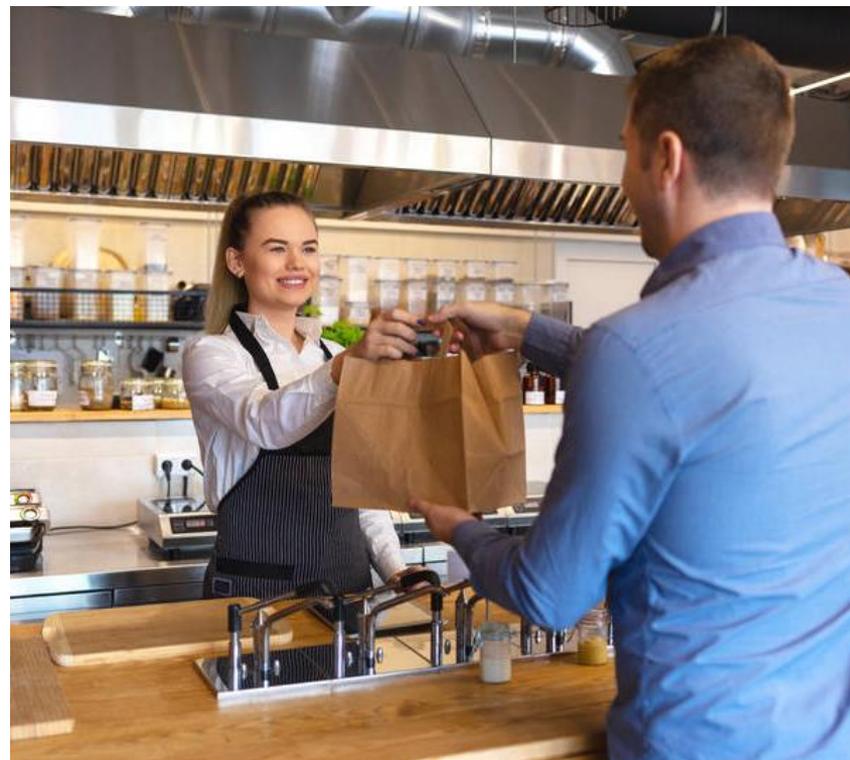
Tero Hemmilä, CEO
Jyrki Paappa, CFO

7 May 2020

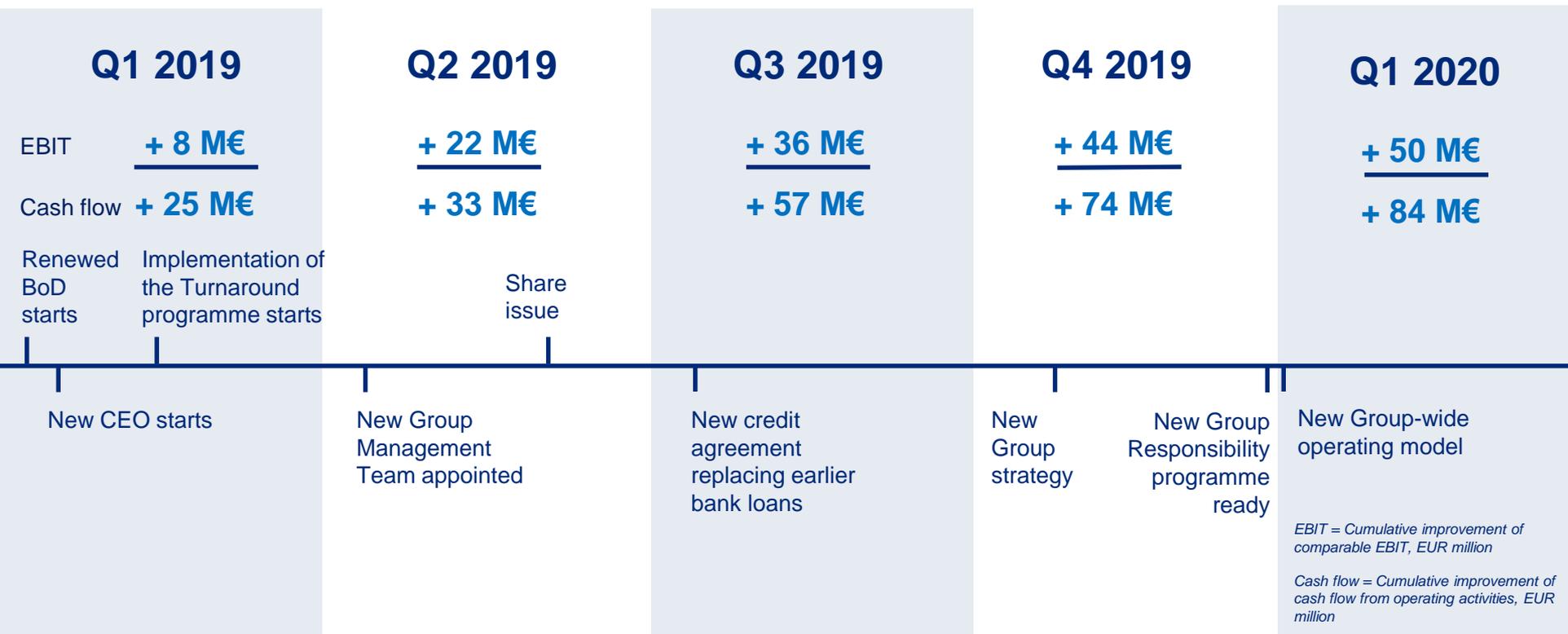


HKScan – key figures Q1 2020

- Net sales EUR 428.9 (401.8) million
 - Growth **+6.8%**
- Comparable EBIT EUR -3.9 (-10.1) million
 - Improvement of **EUR +6.2 million**
- Cash flow from operating activities EUR -7.3 (-17.5) million
 - Improved by **EUR +10.2 million**
- On annual level (rolling 12 months) comparable EBIT became positive and was **EUR +3.9 million**
- Cumulative improvement (comparable EBIT) from beginning of 2019 due to Turnaround programme **EUR +50.3 million**

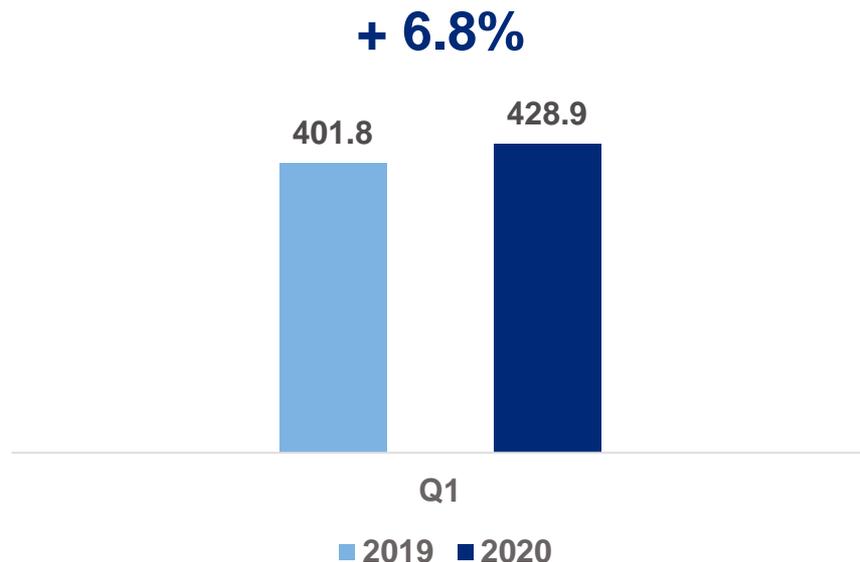


HKScan's Turnaround programme proceeding as planned



HKScan Q1 2020 – Net sales continued to grow

Net sales, EUR million

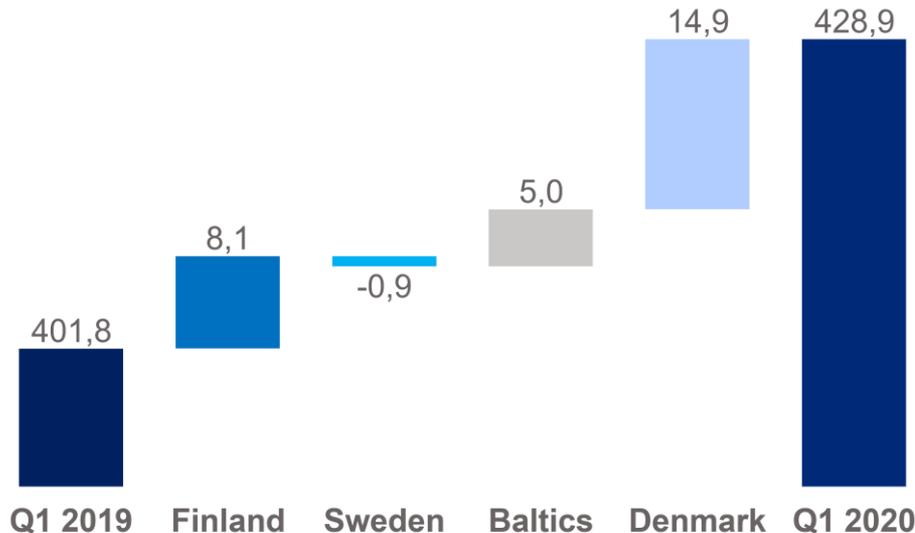


1-3 / 2020

- In comparable figures, net sales increased in all market areas and all key product categories
- Net sales was boosted by commercial successes and growth of sales volumes
- Sales of poultry meat increased by more than 15% and of pork and beef by over 4%
- The increased consumer demand brought on by the corona epidemic was reflected in strong growth of retail sales but also in clear decline of food service sales in late March

HKScan Q1 2020 – in comparable figures, net sales increased in all market areas

Change of net sales Q1 2019 – Q1 2020,
EUR million

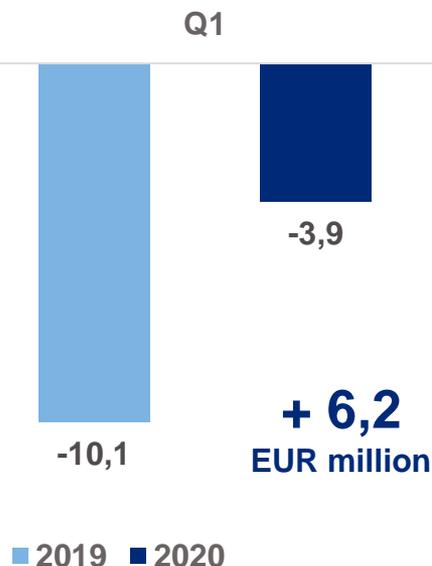


1-3 / 2020

- Net sales increased by EUR +27.1 million
- Impact of exchange rate change of Swedish krona on net sales was EUR -3.8 million
- Due to the corona epidemic, home cooking increased, which was seen as strong retail sales growth of poultry, pork and beef as well as processed meat products
- In March, export to China recovered almost to target level after a challenging start of the year. Substitutive exports were directed to other export markets

HKScan Q1 2020 – comparable EBIT improved clearly

Comparable EBIT, EUR million

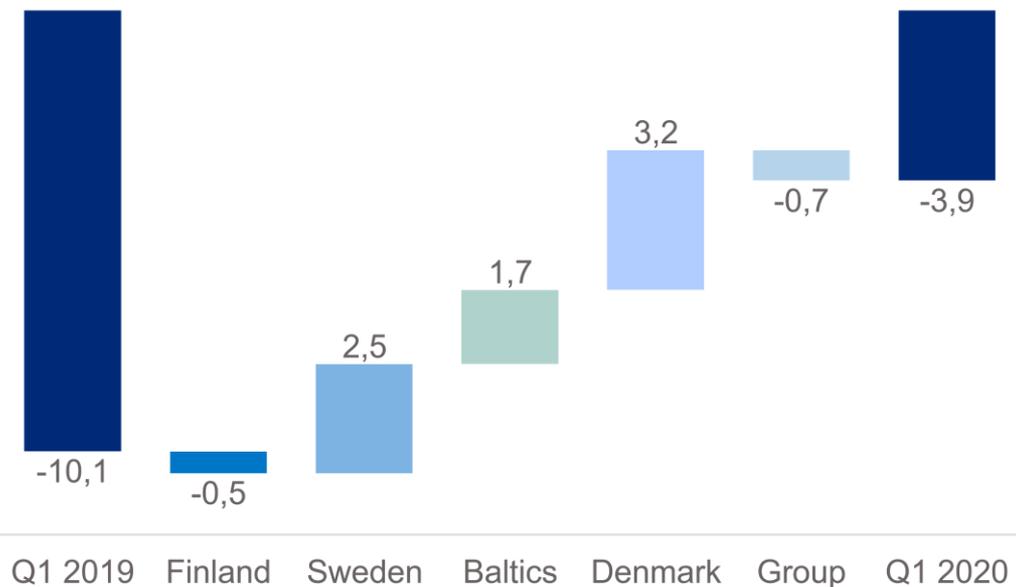


1-3 / 2020

- Generally the most challenging quarter for the industry when it comes to EBIT
- EBIT was boosted by commercial successes on all market areas, growth of sales volumes and operational efficiency measures
- The sudden change in demand and securing delivery reliability in connection with the corona epidemic caused additional expenses
- Costs of export logistics increased
- The impact of the epidemic on the EBIT was minor

HKScan Q1 2020 – Denmark improved the most

Change of comparable EBIT Q1 2019 – Q1 2020,
EUR million

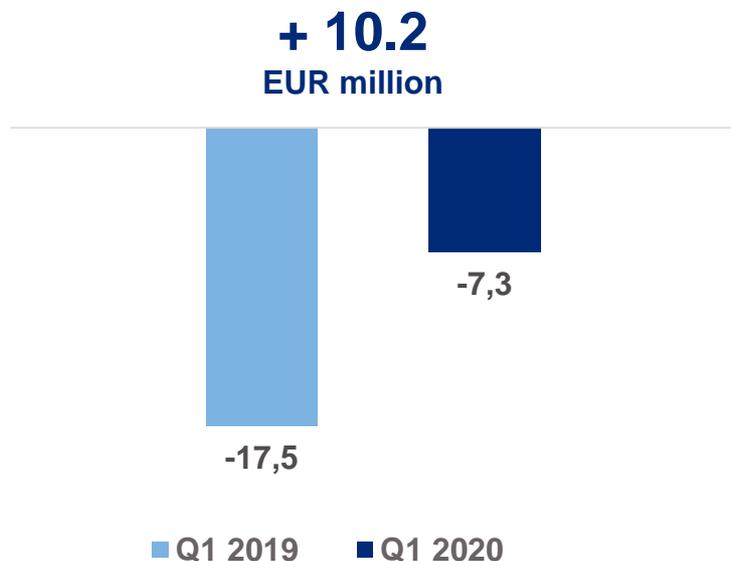


1-3 / 2020

- Denmark, Sweden and the Baltics reached their targets and clearly improved their EBIT
- Finland remained below the target level in some business sections
 - Reasons identified and corrective measures started
 - Finland's poultry business continued to improve its performance
- Development projects relating to the Turnaround programme increased the Group's expenses

Cash flow from operating activities continued on positive track

Cash flow from operating activities,
EUR million



HKScan bought the plot of the Vantaa production unit on 3 April 2020

- HKScan's production facility and logistics centre are located on the plot of land, which HKScan bought from LSO Osuuskunta
- HKScan used the right of first refusal included in the land lease agreement
- The purchase price was approximately EUR 36 million
 - Corresponded to third party offer received by LSO Osuuskunta
- Important to HKScan to secure the continuation of its operations at Vantaa until the 2030s
- Goal is to expand the ownership base of the land to meet the future development needs of the area
- The City of Vantaa has announced that it will not use its right of first refusal



HKSCAN

Outlook 2020

HKScan estimates that the Group's comparable EBIT in 2020 will improve compared to 2019.

HKScan – key figures

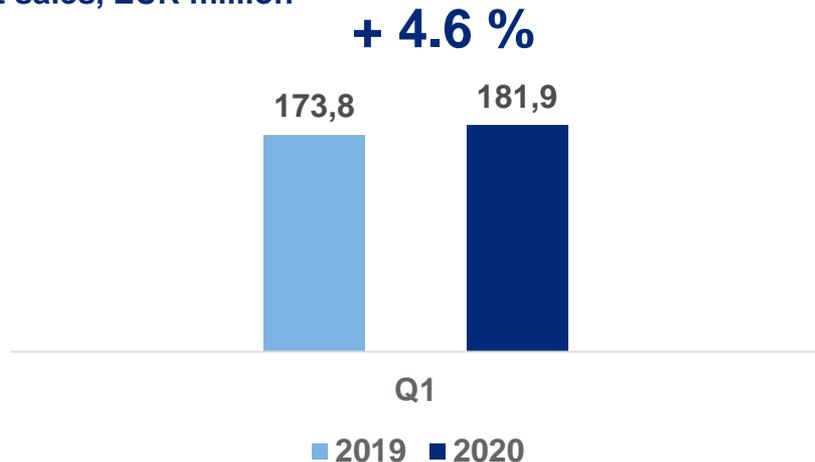
(EUR million)	1-3/2020	1-3/2019	2019
Net sales	428.9	401.8	1,744.4
EBIT	-3.9	-14.7	-23.2
- EBIT margin, %	-0.9	-3.6	-1.3
Comparable EBIT	-3.9	-10.1	-2.2
- EBIT margin, %	-0.9	-2.5	-0.1
Profit for the period	-6.9	-16.9	-37.5
EPS, EUR	-0.08	-0.33	-0.52
Comparable EPS, EUR	-0.08	-0.24	-0.26

HKScan – key figures

(EUR million)	1-3/2020	1-3/2019	2019
Cash flow from operating activities	-7.3	-17.5	59.2
Cash flow after investing activities	-18.5	-27.9	27.6
Return on capital employed (ROCE) before taxes, %	-1.4	-6.1	-3.1
Interest-bearing net debt	298.0	364.7	275.8
Net gearing, %	96.8	119.8	84.8

Finland – good sales growth continued

Net sales, EUR million



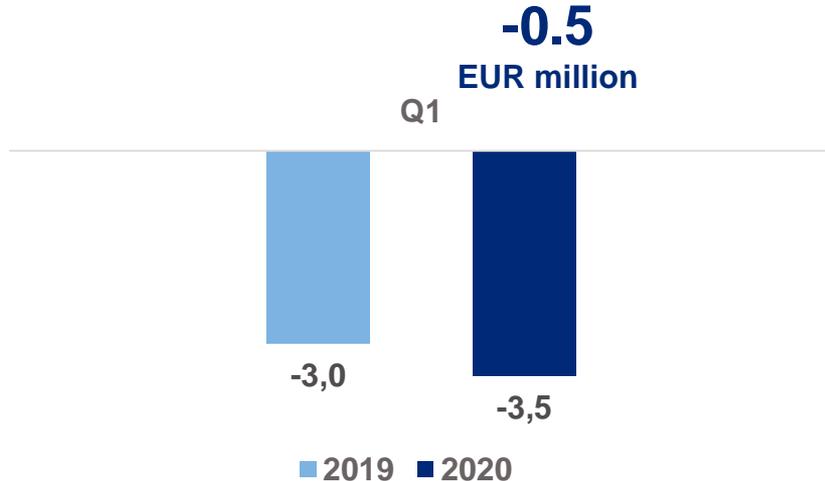
Q1 2020

- Retail sales of poultry products were driving net sales growth. Market share of Kariniemen® brand strengthened.
- Net sales increased by more than 6% in March
- Due to the corona epidemic, retail sales increased strongly, sales in the food service sector declined clearly



Finland – EBIT slightly below target level

Comparable EBIT, EUR million



Q1 2020

- In the exceptional situation caused by epidemic, securing delivery reliability to customers created additional costs
- The Rauma poultry unit continued to improve its performance but did not reach the target level



Sweden – comparable net sales increased clearly

Net sales, EUR million



Q1 2020

- Comparable net sales increased by approx. 5% in local currency
- Net sales especially boosted by commercial successes
- Due to the corona epidemic, retail sales increased strongly in March while sales in the food service channel declined clearly



Sweden – EBIT improved clearly

Comparable EBIT, EUR million

+ 2.5
EUR million



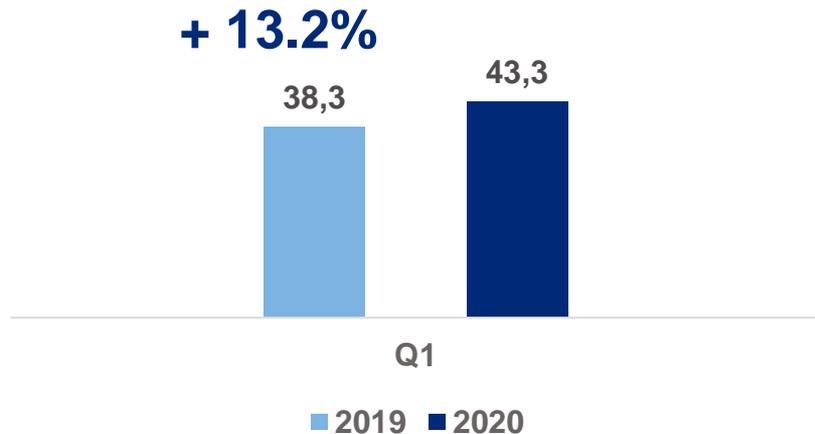
Q1 2020

- EBIT boosted by commercial successes, lower administrative costs and clear improvement in operational efficiency
- In March, retail sales increased strongly, food service sales declined clearly



Baltics – net sales growth accelerated

Net sales, EUR million



Q1 2020

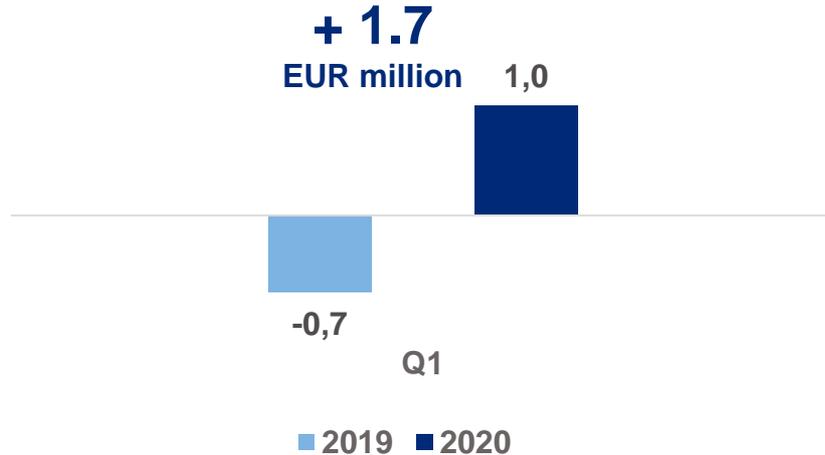
- Net sales were boosted by commercial successes and growth of sales volumes
- Retail sales of pork and poultry meat saw good growth
- Net sales grew by 21% in March as consumer demand increased



Baltics – performance improvement continued

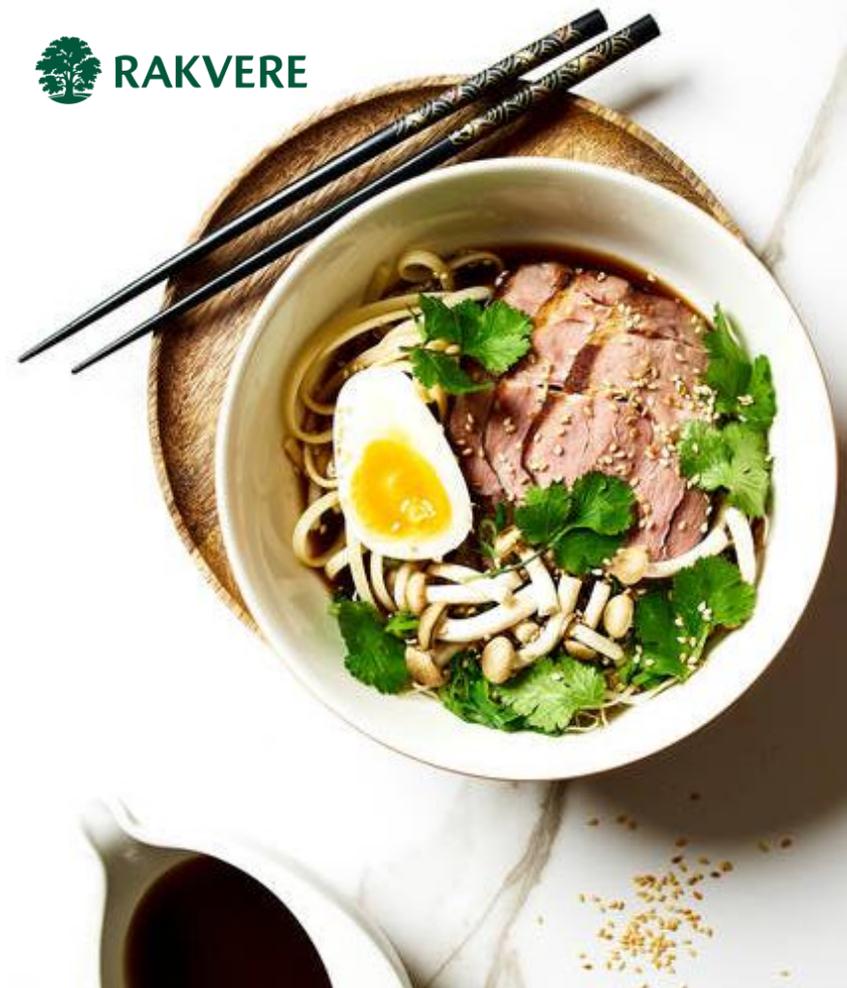


Comparable EBIT, EUR million



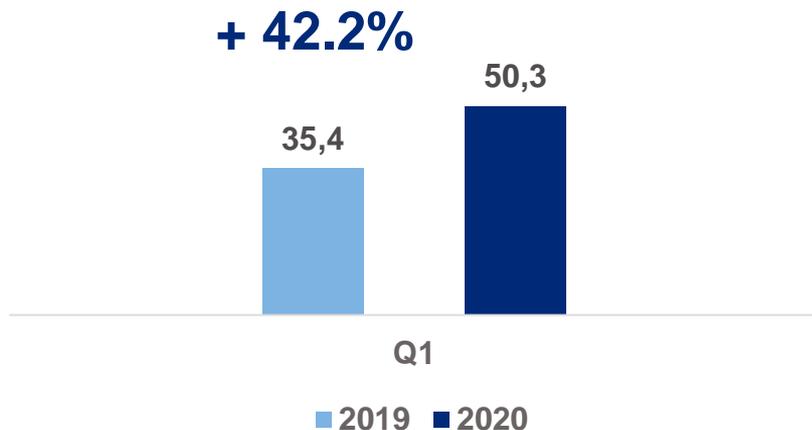
Q1 2020

- EBIT was boosted by good sales and sales volume development as well as operational efficiency measures
- Change of biological asset revaluation was EUR -0.1 (0.7) million



Denmark – net sales growing strongly

Net sales, EUR million



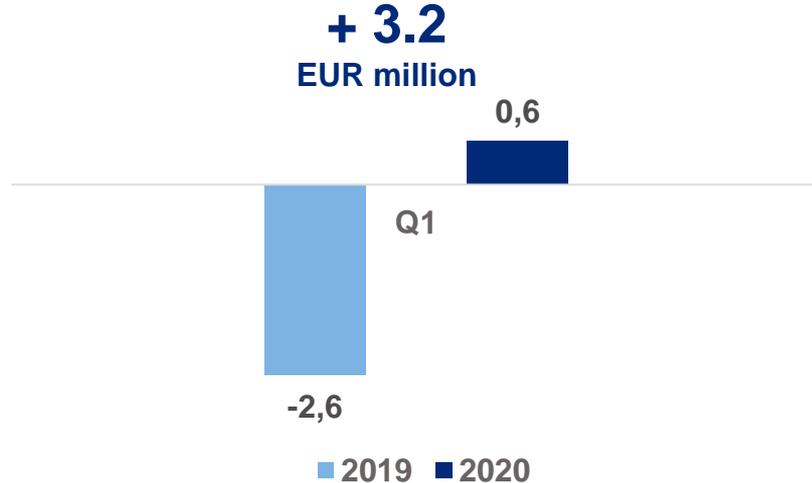
Q1 2020

- Net sales boosted by successful measures in developing customer mix
- Sales of Danish poultry meat to Swedish customers increased
- In March, retail and industrial sales grew strongly, sales in the food service channel declined clearly



Denmark – strong performance improvement

Comparable EBIT, EUR million



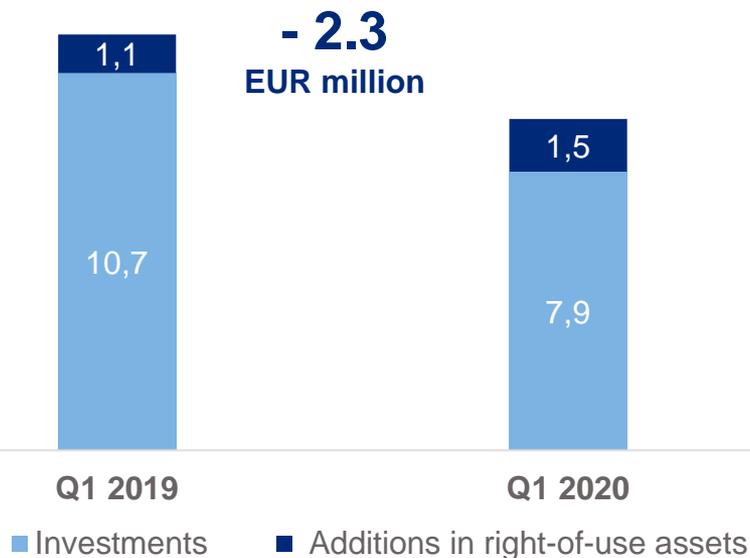
Q1 2020

- Performance improvement, that began in H2/2019, continued
- EBIT was boosted by commercial successes and growth in sales volumes, increase in added value of products and continued operational efficiency measures



Investments in growth, productivity improvement and maintenance

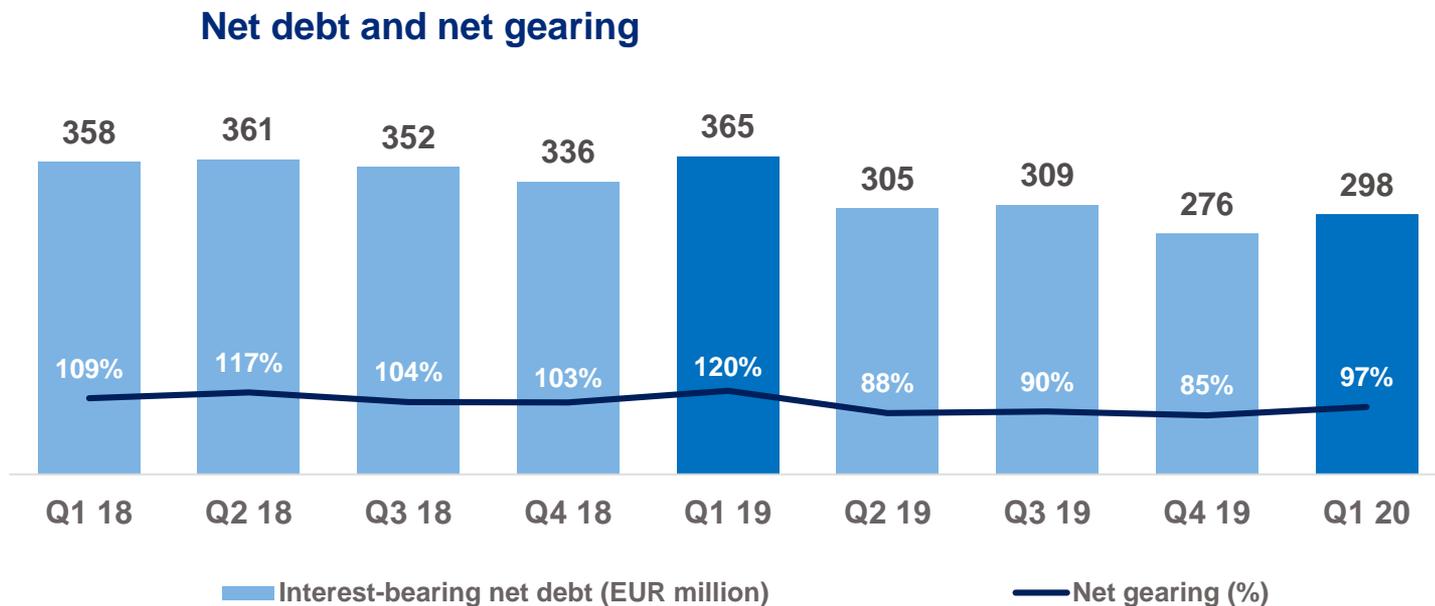
Group investments, EUR million



Q1 2020

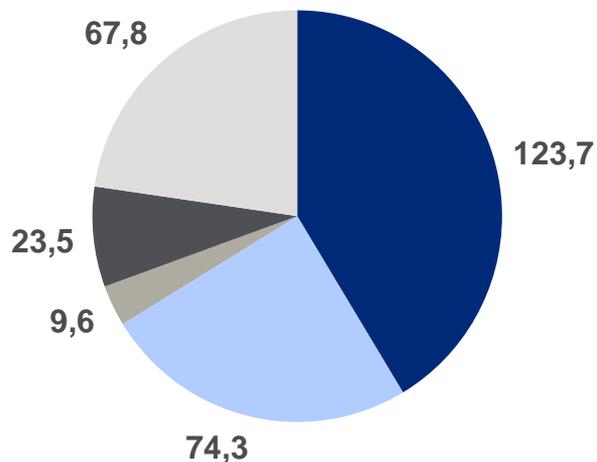
- Investments were made in all market areas as part of the Turnaround programme
- In Denmark, investments improve production efficiency, increase degree of value-adding processing and support growth. Launch in summer 2020.
- In Estonia, HKScan made a lease on a new logistics centre, which will support growth and improve productivity. Launch in August 2021.
- The slaughter process of the Rauma poultry unit will be renewed. Implementation in stages starting at the end of 2020.

Interest-bearing net debt and net gearing



Debt profile and maturity structure as of 31 March 2020

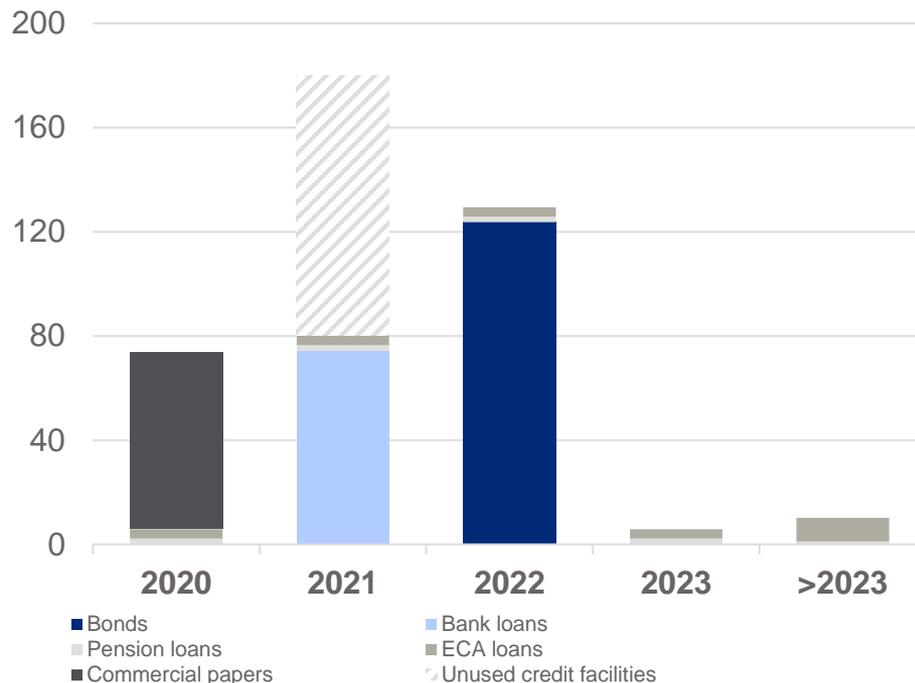
Interest-bearing debt by credit type,
EUR million*



**Total interest-bearing debt without IFRS 16:
299.1 EUR million**

*EUR 26 million hybrid bond is treated as equity
(early redemption option in Sept. 2023)

Maturity of the Group's interest-bearing debt*,
EUR million





HKSCAN

Strategy

**We make life
tastier**

- today and tomorrow

Our strengths lie in brands, people and the food value chain



Strategic priorities



1. Create growth in consumers' food moments

2. Drive performance excellence

3. Lead advanced corporate responsibility

4. Develop competitive farming community

Lead the turnaround programme

Implement new operating model and partnership strategy



Together, we ensure that we can all eat safe, healthy and locally produced food every day. This is what we have done for more than 100 years.



HKSCAN