



HKScan Group
Interim Report Q1/2013
Group overview

Hannu Kottonen, CEO
Investor and media briefing 7 May 2013



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HKScan Group

EUR million	Q1/2013	Q1/2012 *)	Change	2012 *)
Net sales	590,8	596,2	-0,9 %	2 503,1
EBIT	-1,1	-0,2	-496,2 %	43,1
- EBIT %	-0,2	0,0		1,7
Profit/loss before taxes	-5,9	-7,3	19,0 %	14,3
EPS, EUR	-0,08	-0,09	11,1 %	0,30
EBIT excl. non-recurring items	2,0	-0,2	1 225,0 %	36,7
- EBIT %	0,3	0,0		1,5

*) Restated

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- Net sales decreased slightly due to lower sales volume; comparable EBIT improved somewhat, but performance all in all flat
- Best performed market area Poland
- Uncertainty in the overall economy and tough competition
- Continued high costs of feed and grain, further sales price increases
- Seasonal oversupply of pork, structural shortage of beef, poultry best in balance
- European meat and food business challenged related to horsemeat, food origin and labelling. Obstacles in exports.
- The group-wide development programme launched 2012 to improve annual profit by over EUR 20 million is being carried out.
 - restructuring actions in Sweden and Finland proceeding well
 - changes are to be implemented by the middle and end of 2013
 - plenty of other smaller actions proceeding as well
- Away from Home business; organisational and business development proceeded
- Producer cooperation model implementation in Finland

Market Area Finland



EUR million	Q1/2013	Q1/2012 *)	Change	2012 *)
Net sales	194,2	191,2	1,6 %	813,8
EBIT	-1,3	2,7	-148,1 %	18,4
- EBIT %	-0,7	1,4		2,3
EBIT excl. non-recurring items	1,8	2,7	-32,1 %	18,4
- EBIT %	0,9	1,4		2,3

- Profit affected negatively by oversupply of pork and undersupply in beef as well as decreased volumes in some categories.
- Total market volume decreased, sales price increases were made but did not cover the higher costs in all segments.
- Restructuring and reorganising of the Finnish organisation continued.
- Illegal strikes during labour negotiations hampered the whole slaughtering and deboning chain
→ EUR 1-2 million estimated negative impact on profit

*) Restated

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Market Area Baltics



EUR million	Q1/2013	Q1/2012	Change	2012
Net sales	41,9	40,5	3,4 %	176,7
EBIT	0,8	0,7	10,9 %	8,9
- EBIT %	1,9	1,8		5,1

- Net sales improved slightly, EBIT somewhat better despite of increased costs of feed, grain, personnel, energy and transportation.
- Efficiency improvement projects and the Group operating model implementation neutralised the cost impact.
- Domestic demand stable but the export struggling
- Latvian subsidiaries merged to Rīgas Miesnieks as of 1 March.
- Lithuanian logistics integrated into Latvian logistics operations in Riga.

Market Area Sweden



EUR million	Q1/2013	Q1/2012 *)	Change	2012 *)
Net sales	228,9	243,5	-6,0 %	1 025,7
EBIT	-2,6	-5,1	49,2 %	-5,9
- EBIT %	-1,1	-2,1		-0,6
EBIT excl. non-recurring items	-2,6	-5,1	49,2 %	1,5
- EBIT %	-1,1	-2,1		0,1

- Net sales declined due to shortage of domestic beef.
- Seasonal oversupply of pork, purchase prices still on high level, import volumes put pressure on sales prices
- Effect of the development programme visible in improved results, even though EBIT remained negative. Measures and actions continue.
- Branded products developed further.

*) Restated

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Market Area Denmark



EUR million	Q1/2013	Q1/2012	Change	2012
Net sales	56,3	57,8	-2,6 %	211,7
EBIT	-0,1	0,3	-137,7 %	15,4
- EBIT %	-0,2	0,5		7,3
EBIT excl. non-recurring items	-0,1	0,3	-137,7 %	1,5
- EBIT %	-0,2	0,5		0,7

- Profit below Q1-2012 due to heavier cost structure in raw materials and production as well as lower sales volumes.
- Sales price pressure tough. Increases in sales prices did not cover all cost increases.
- Vinderup plant not yet running at full capacity; last production lines taken into use during the quarter
- Re-launch and sales of fresh poultry products to Sweden under Pärsons brand during Q2.
- The insurance cases not yet closed.

Market Area Poland

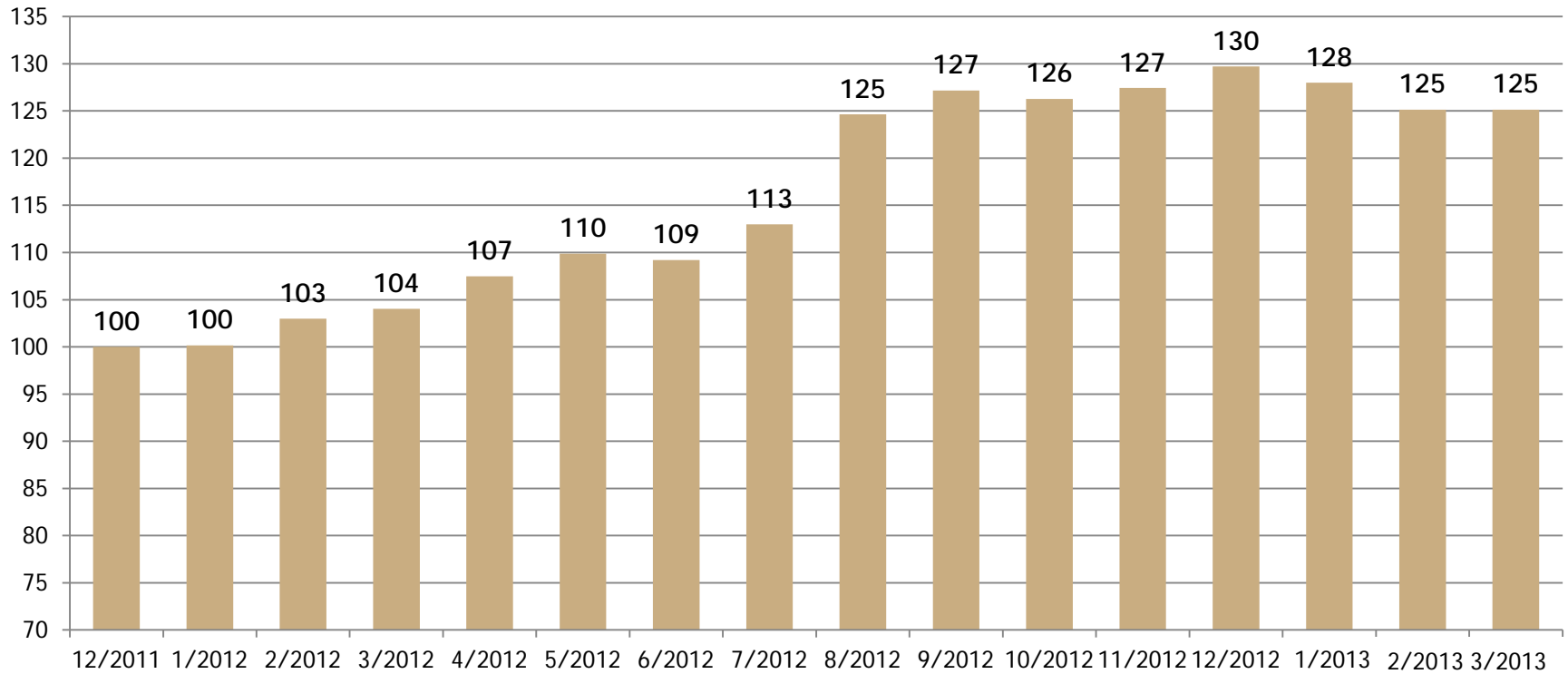


EUR million *)	Q1/2013	Q1/2012	Change	2012
Net sales	85,5	80,4	6,3 %	343,7
EBIT	5,4	3,4	57,3 %	15,8
- EBIT %	6,3	4,3		4,6

*) Represents HKScan's 50% share of Sokolów.

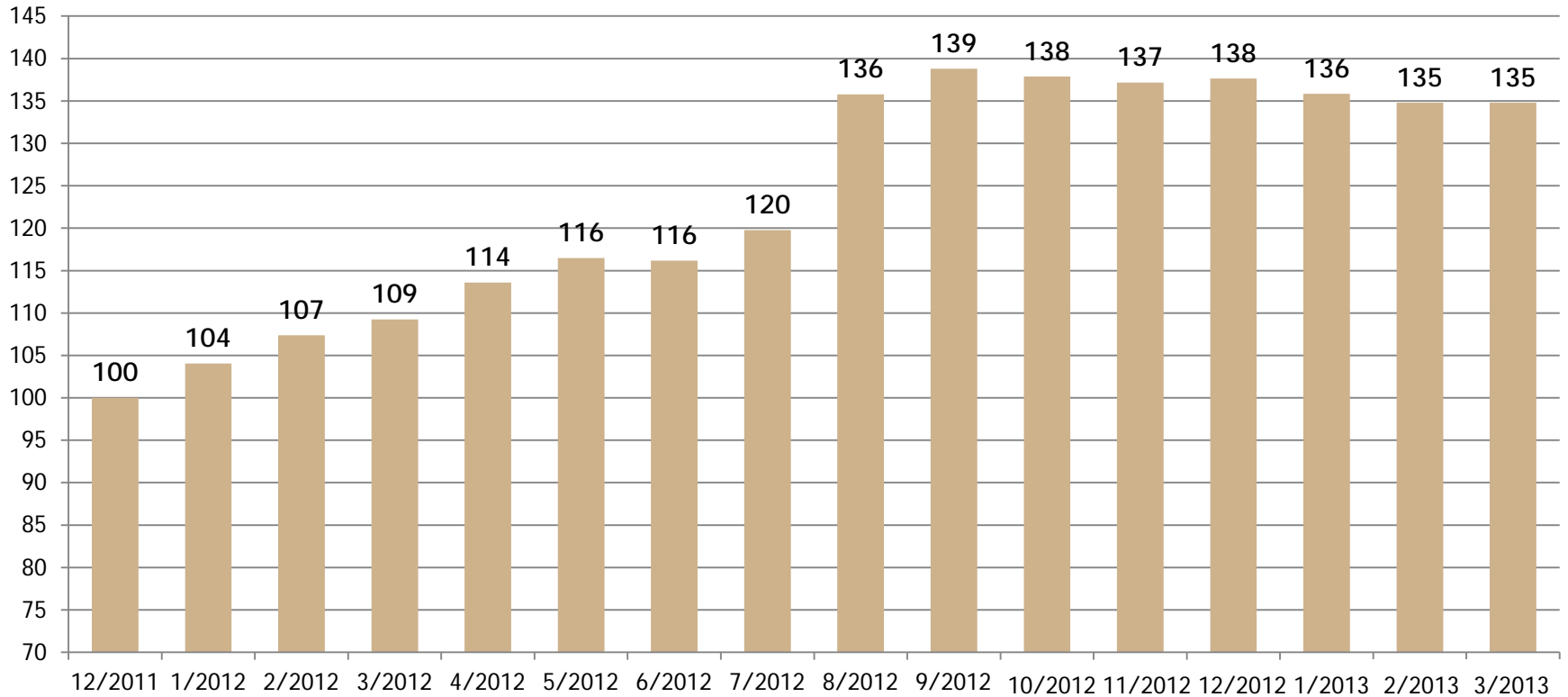
- EBIT margin increased significantly from 4.3% to 6.3%
- Performance improvement
 - successful brand management and product-mix
 - active meat sourcing and production cost control
 - increased sales of processed products.
- Export volumes stayed at a low level.
- Weakening European (and Polish) economic activity affects also Poland as well as the demand and purchase volumes.

Feed Basket - Pork



Source: HKScan

Feed Basket - Poultry



Source: HKScan



HKScan Group
Interim Report Q1/2013
Financials

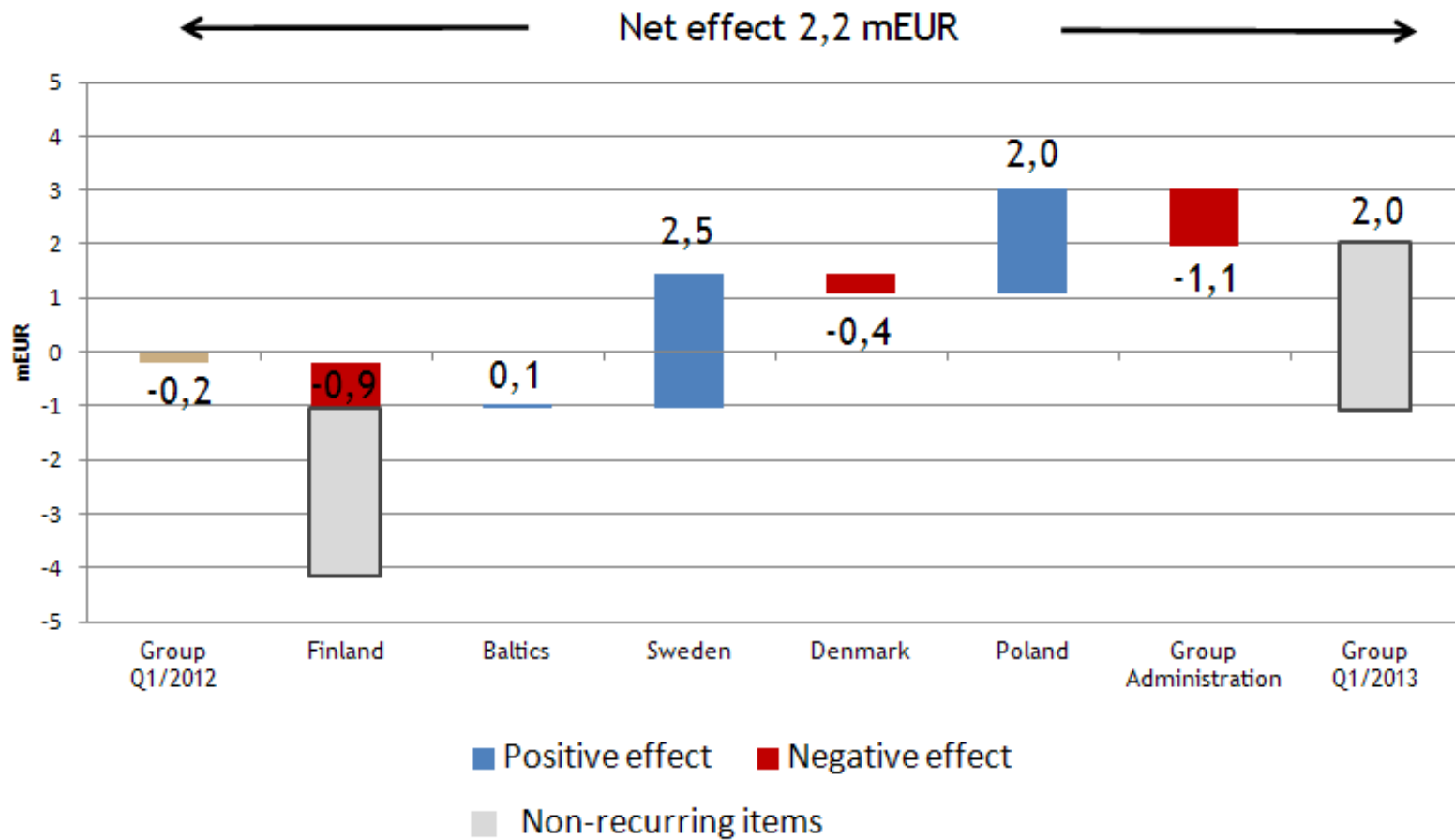
Tuomo Valkonen, CFO
Investor and media briefing 7 May 2013



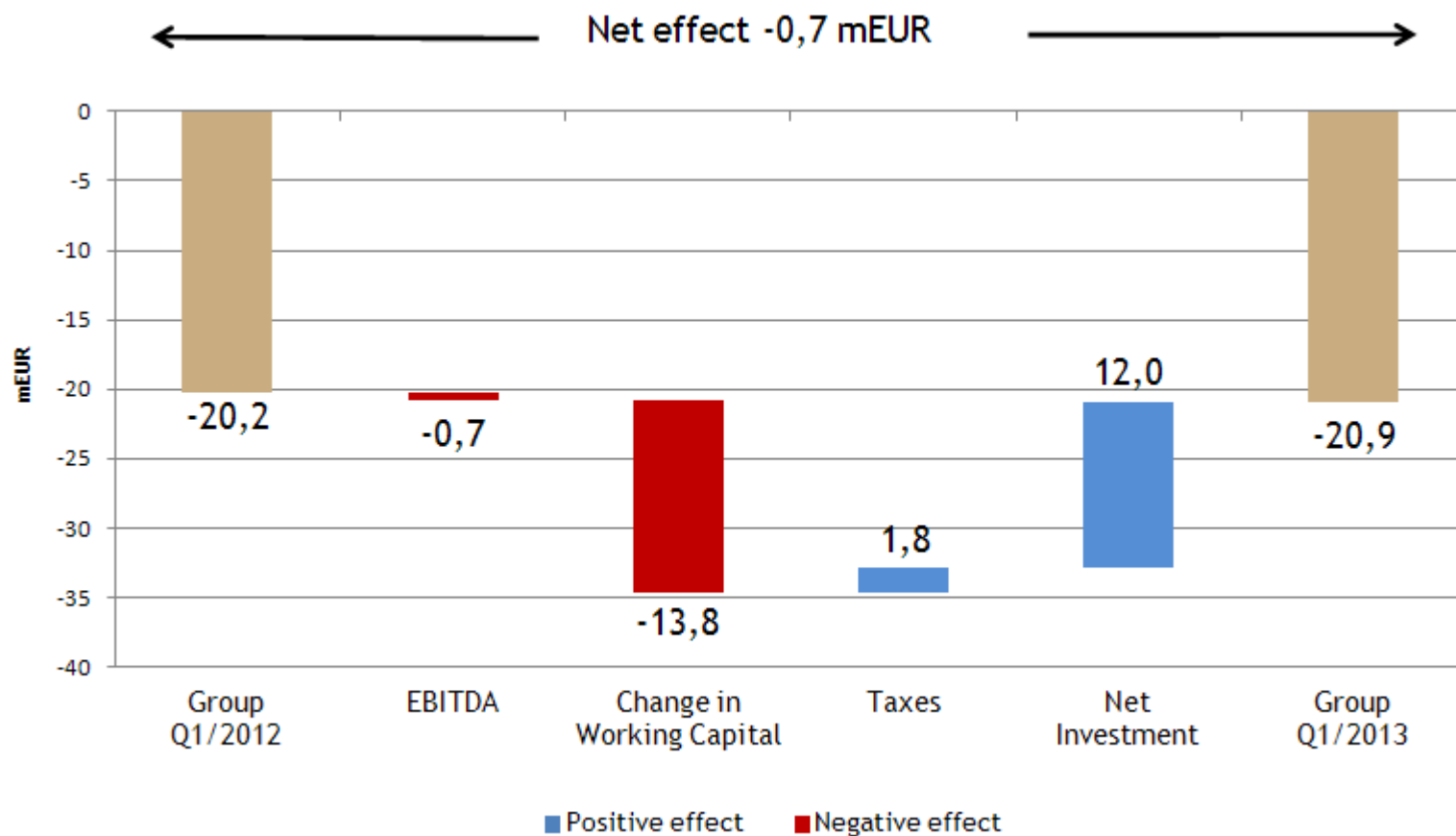
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Group EBIT

Q1 /2012 vs. Q1 /2013

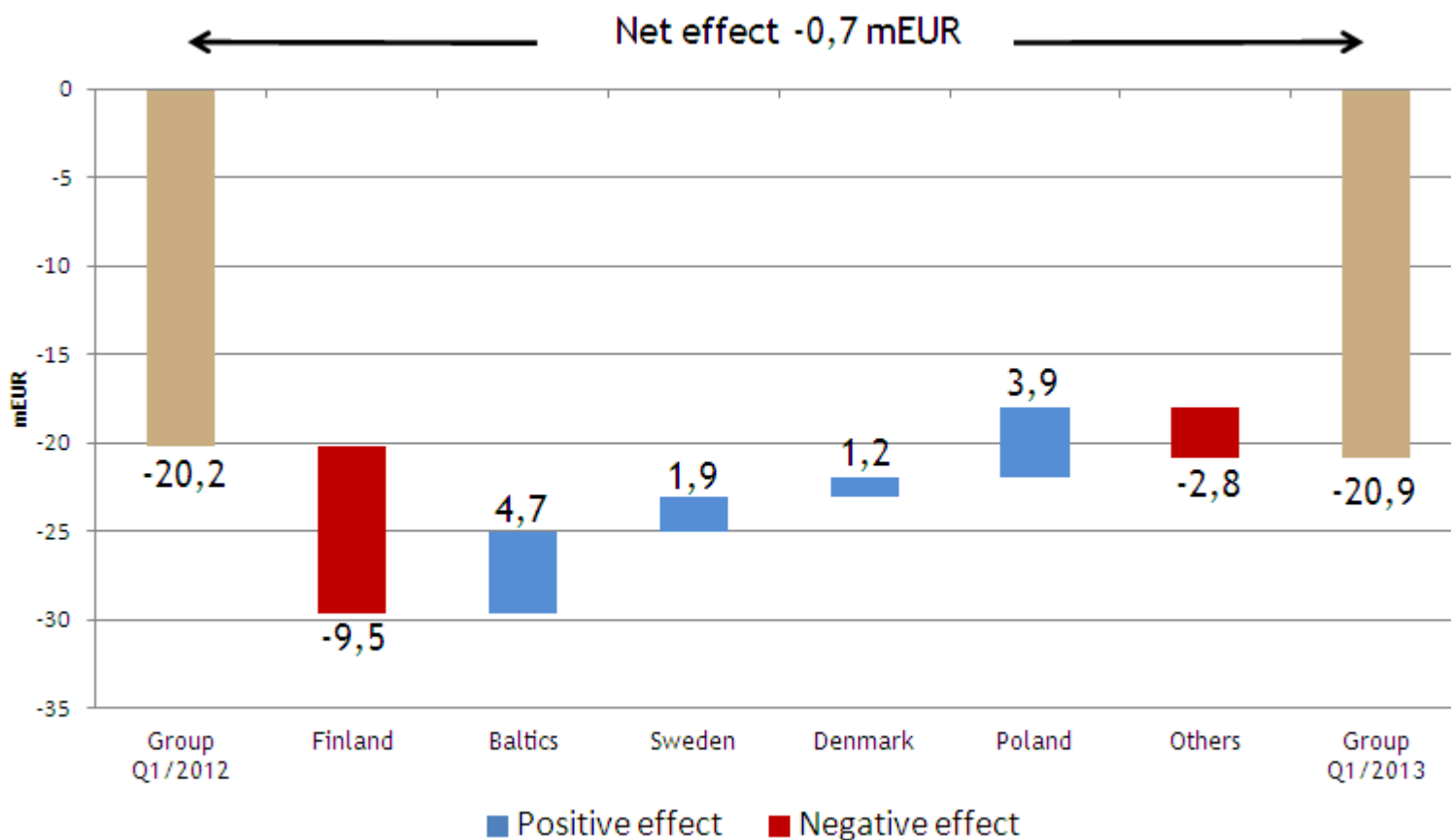


Group Cash Flow before Debt Service Q1/2012 vs. Q1/2013

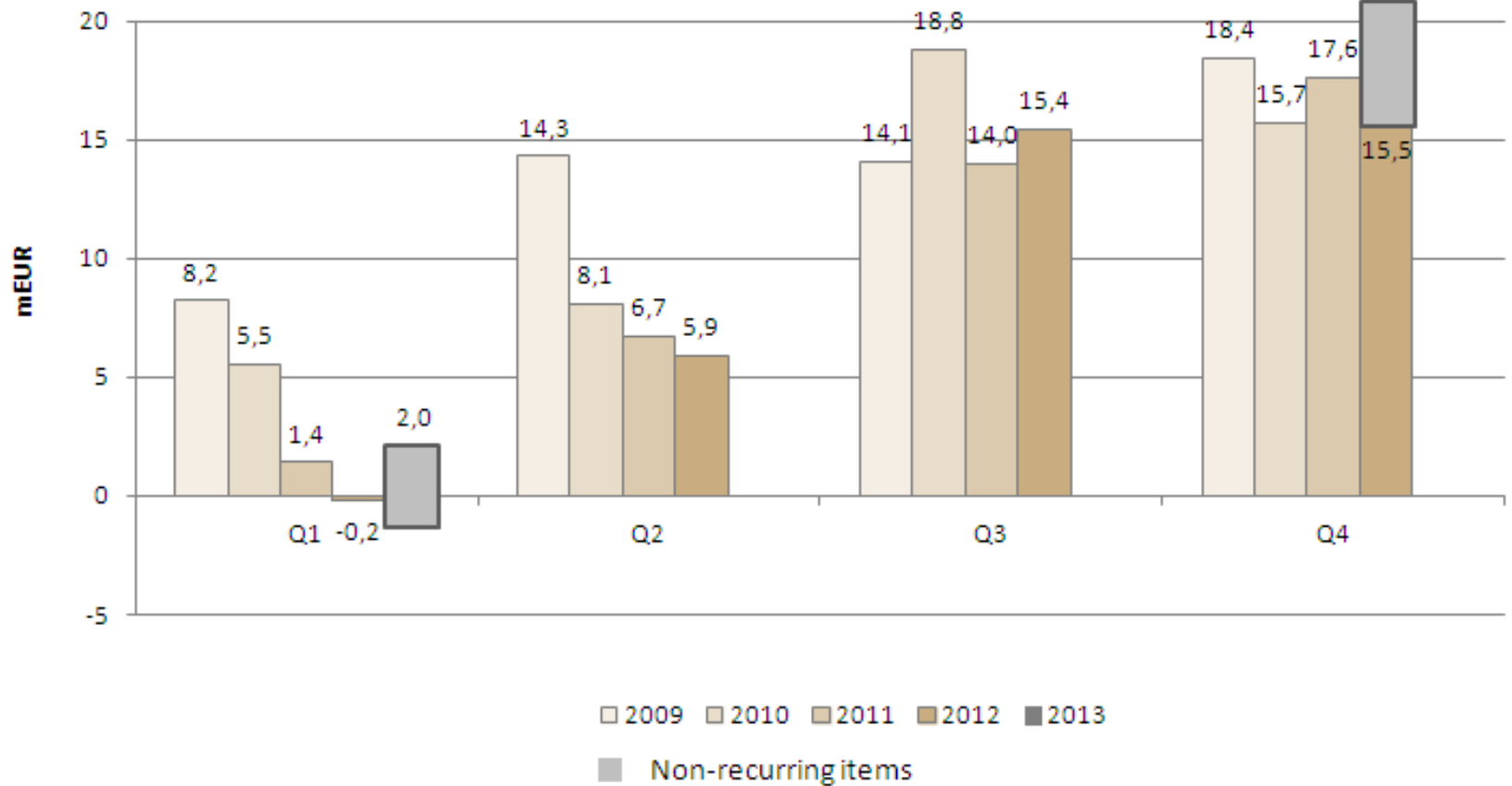


Group Cash Flow before Debt Service

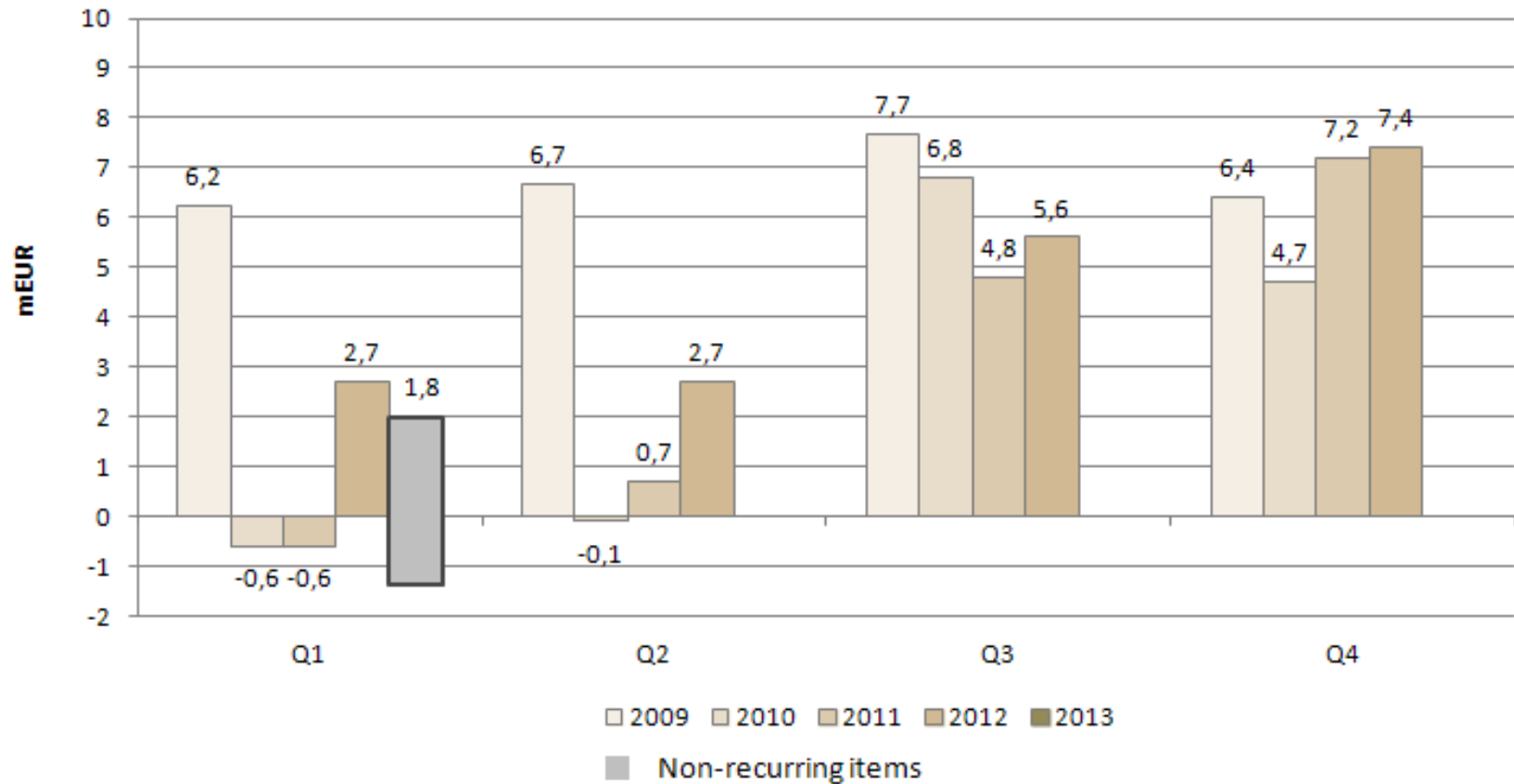
Q1/2012 vs. Q1/2013



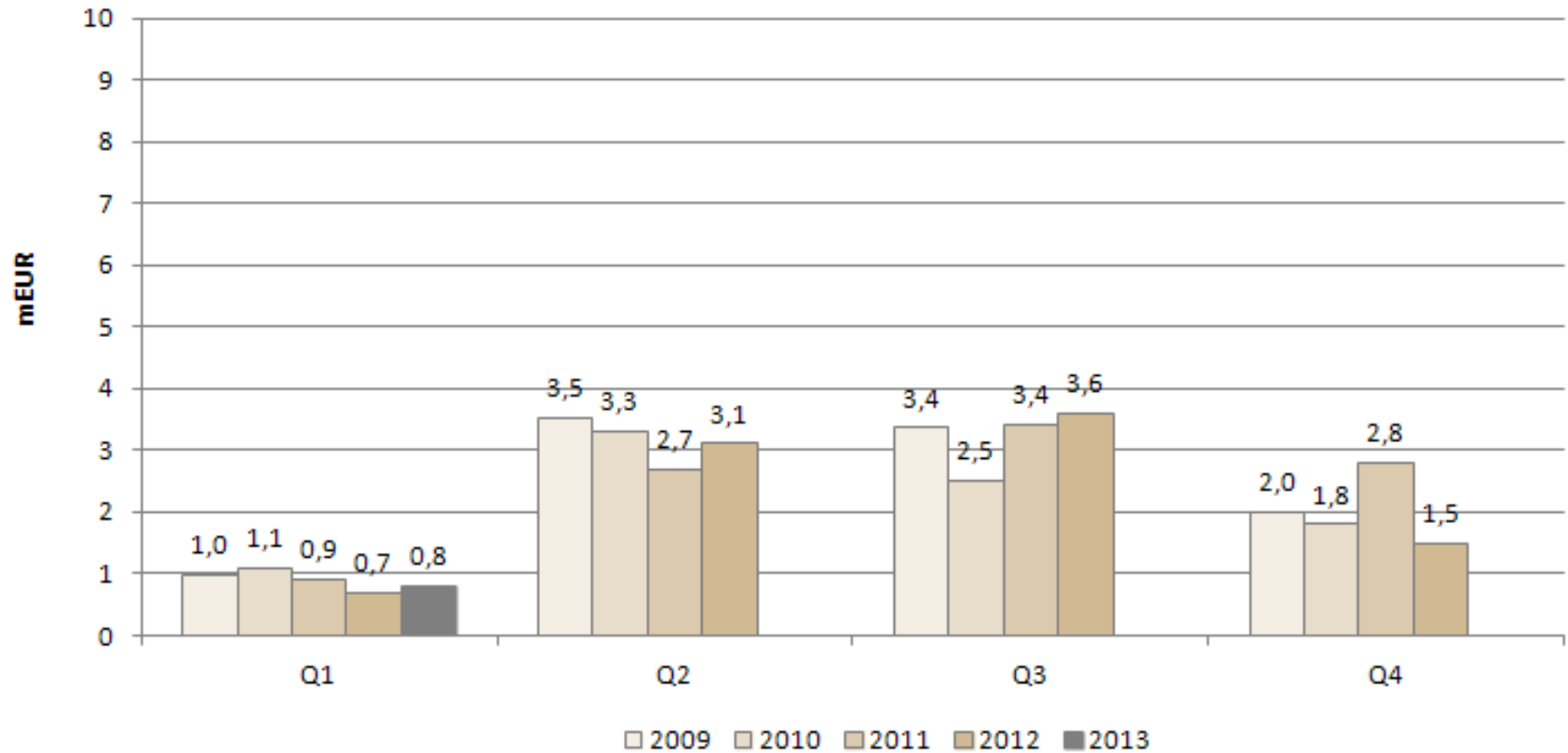
Group EBIT



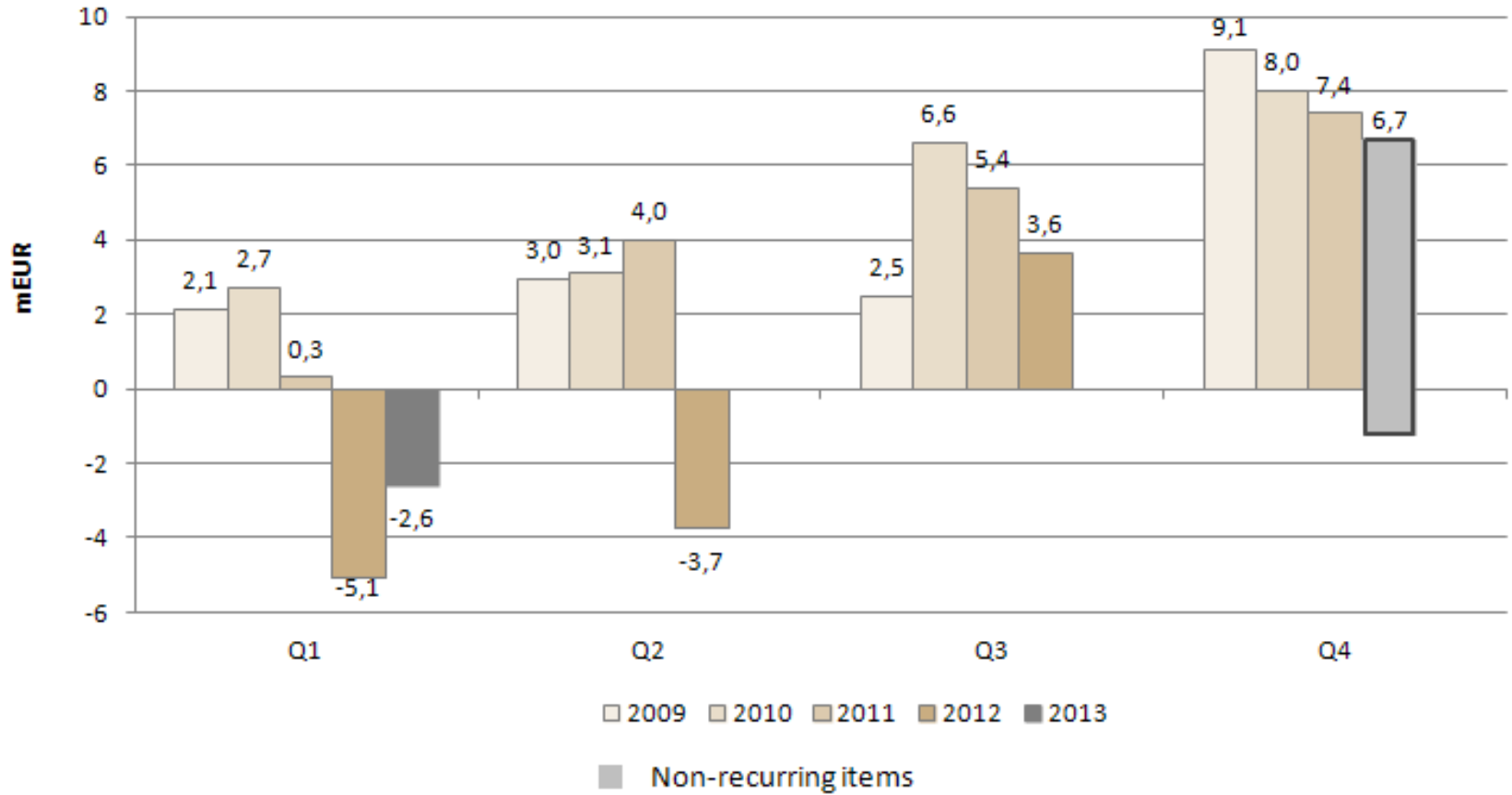
Finland EBIT



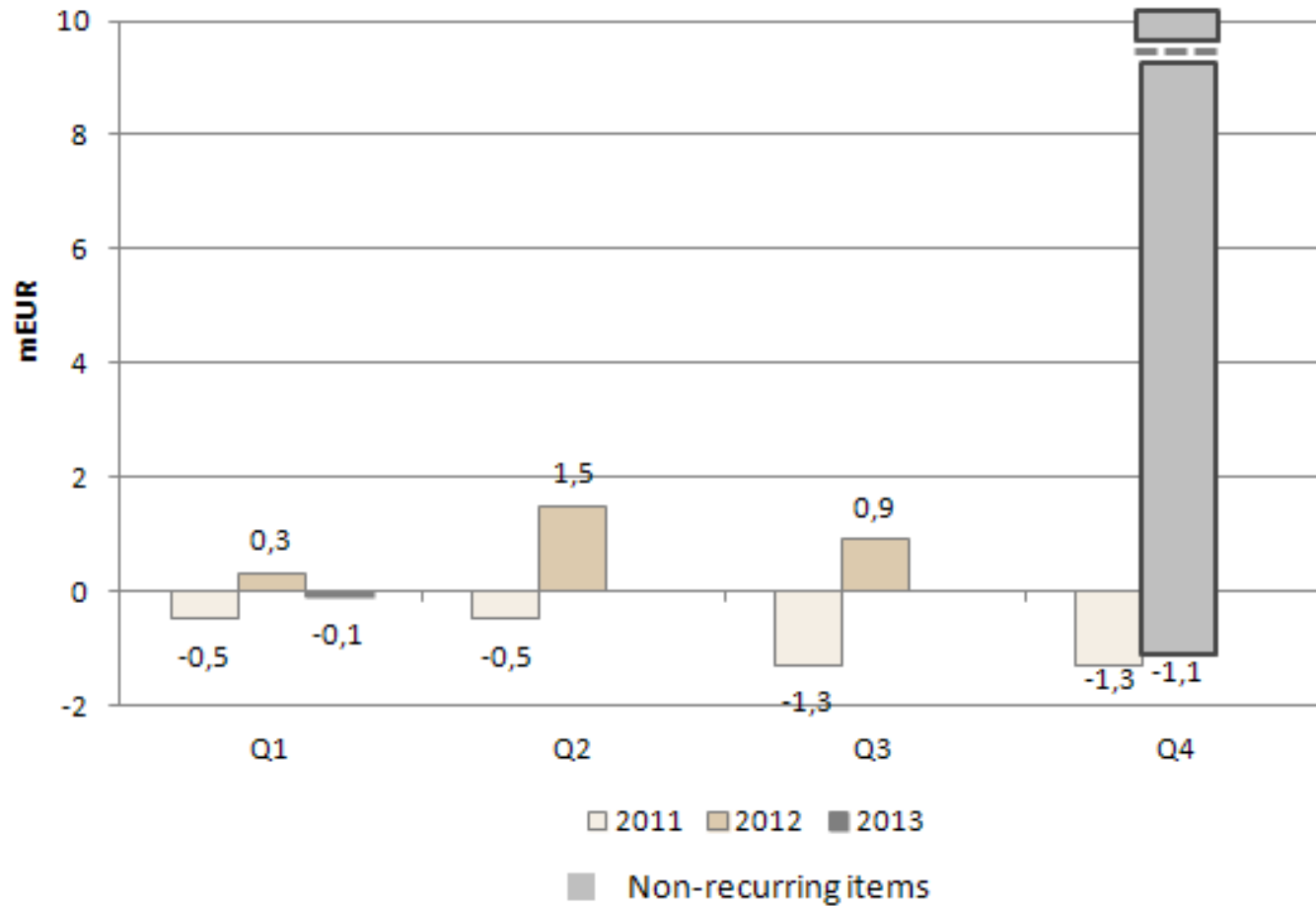
Baltics EBIT



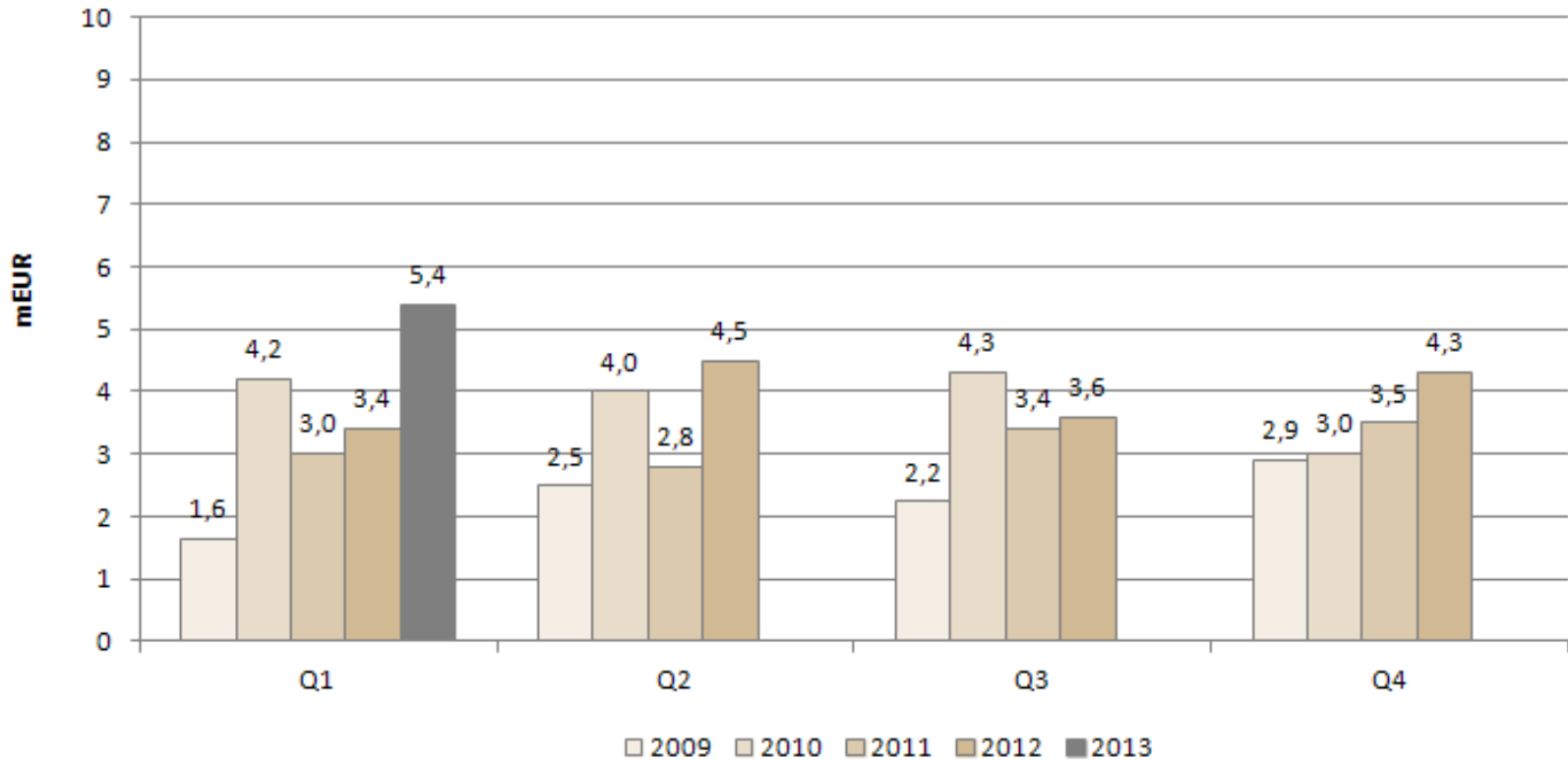
Sweden EBIT



Denmark EBIT

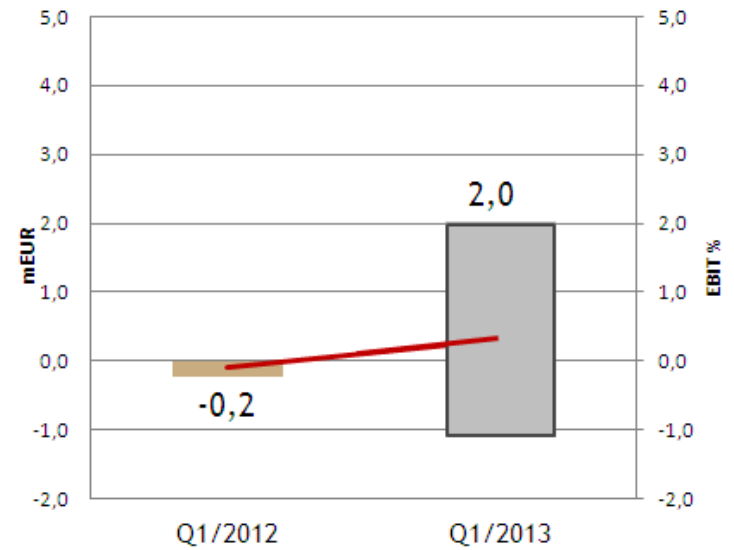
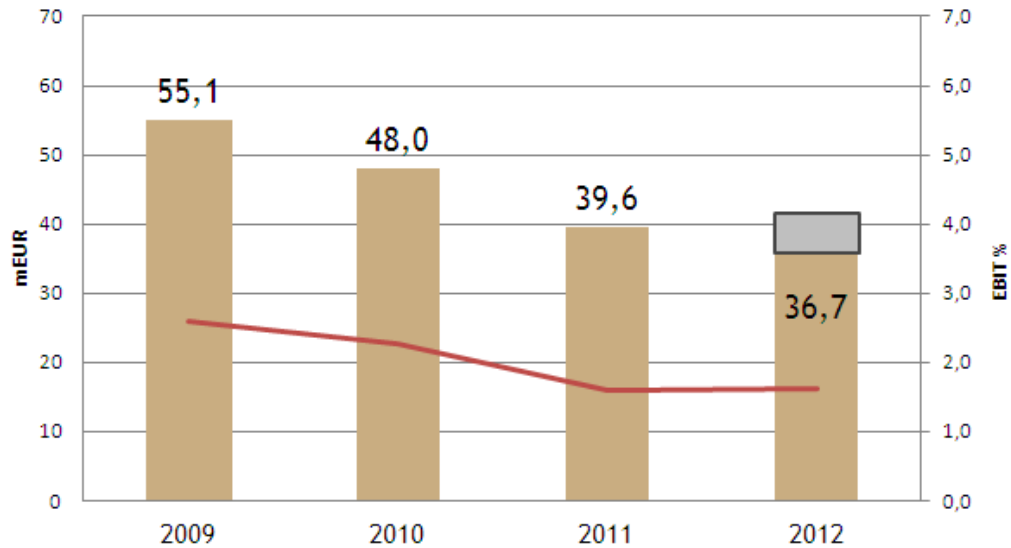


Poland EBIT *)



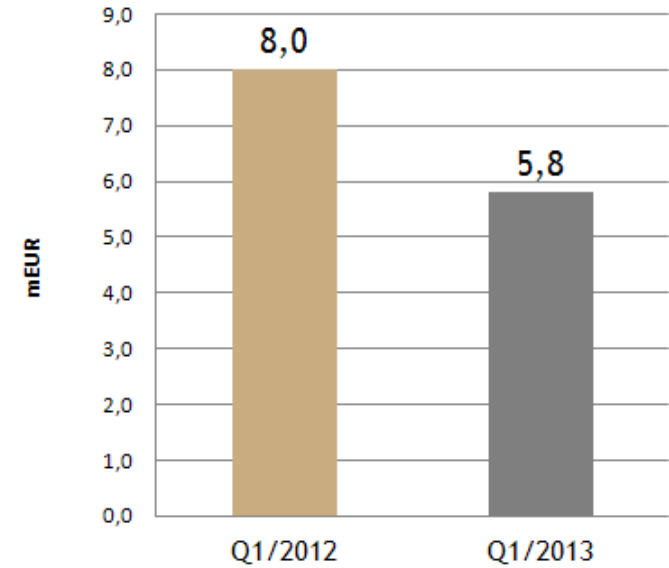
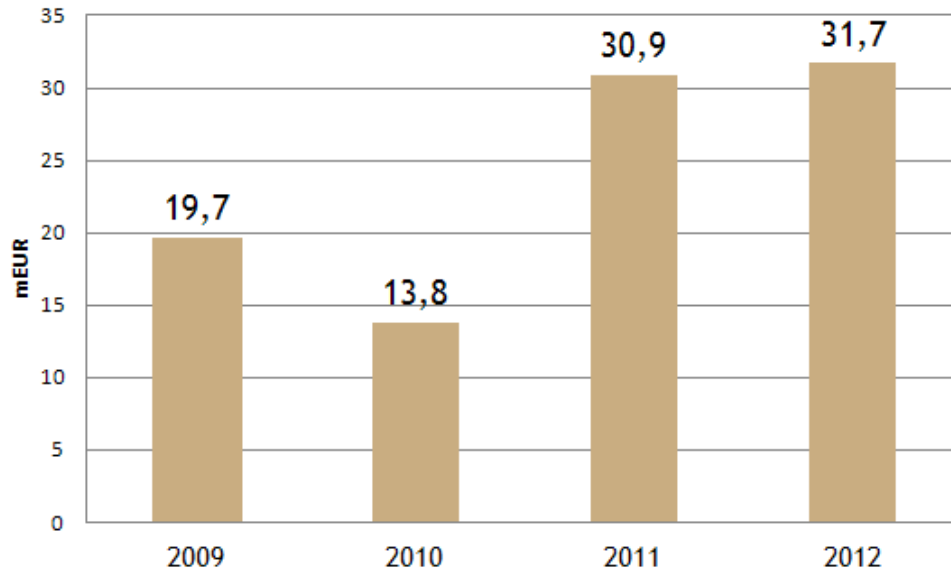
*) Represents HKScan's 50% share of Sokolów.

Group EBIT Development

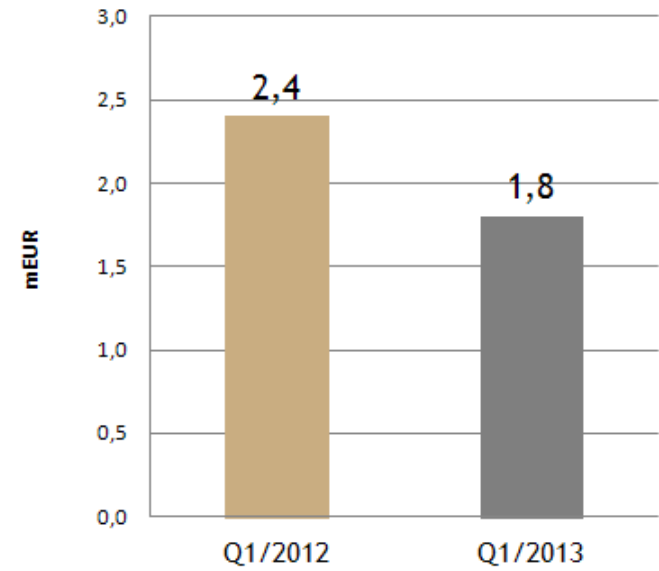
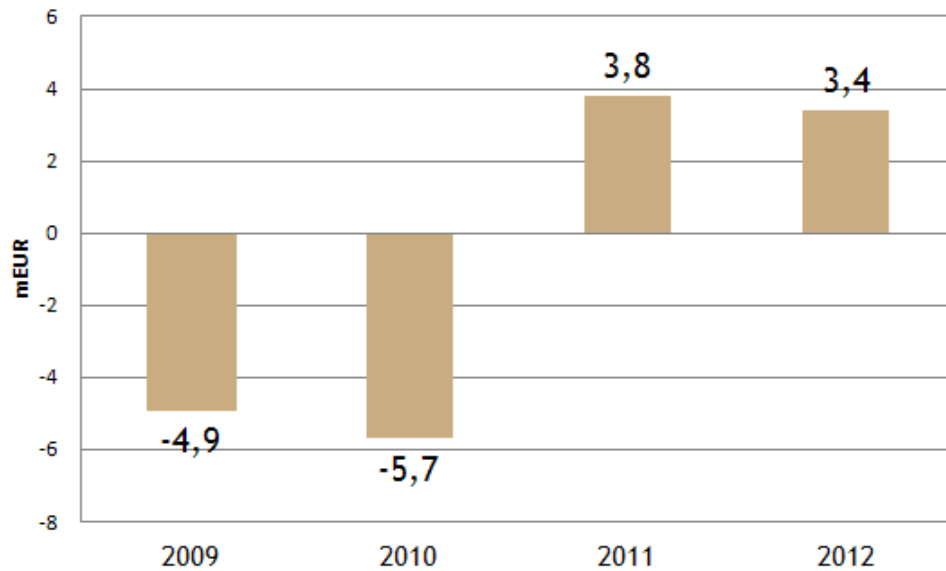


■ EBIT — EBIT%
■ Non-recurring items

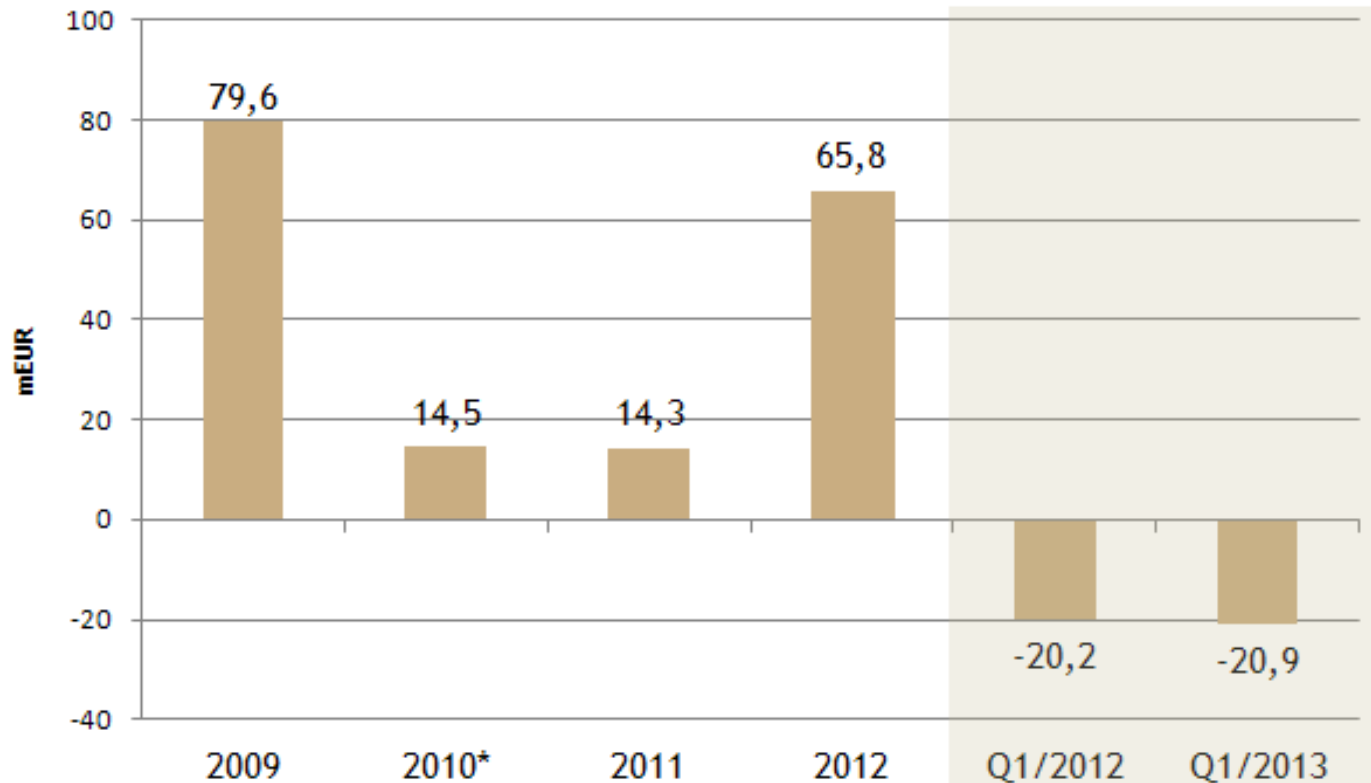
Group Net Financial Expenses



Group Income Tax

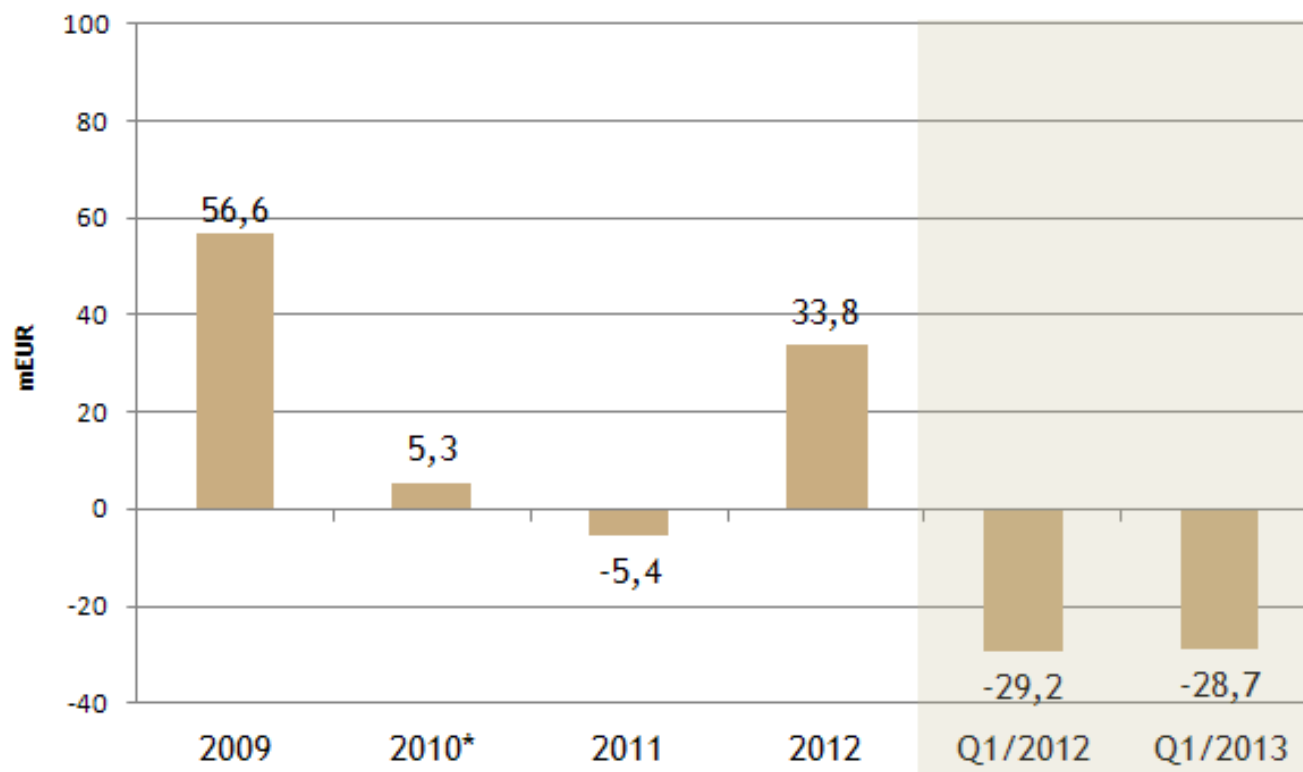


Group Cash Flow before Debt Service



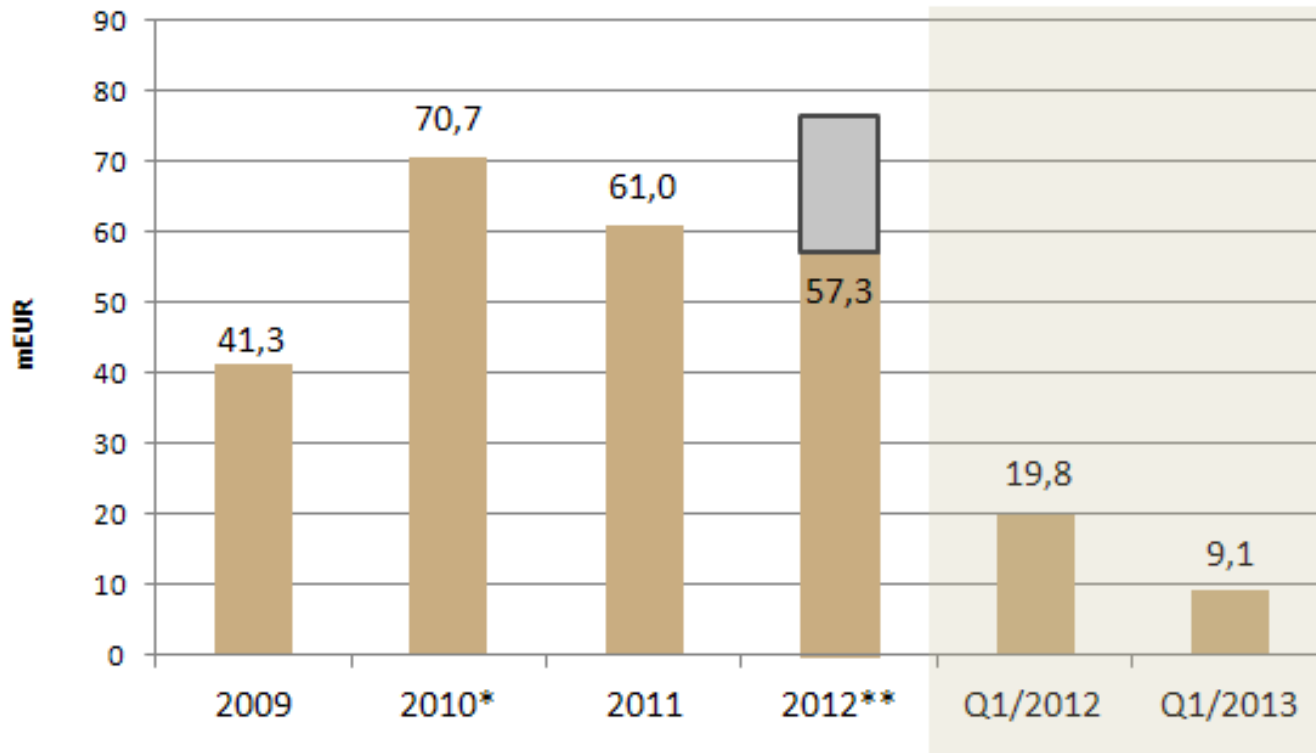
* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

Cash Flow before Financing Activities



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

Group Investments

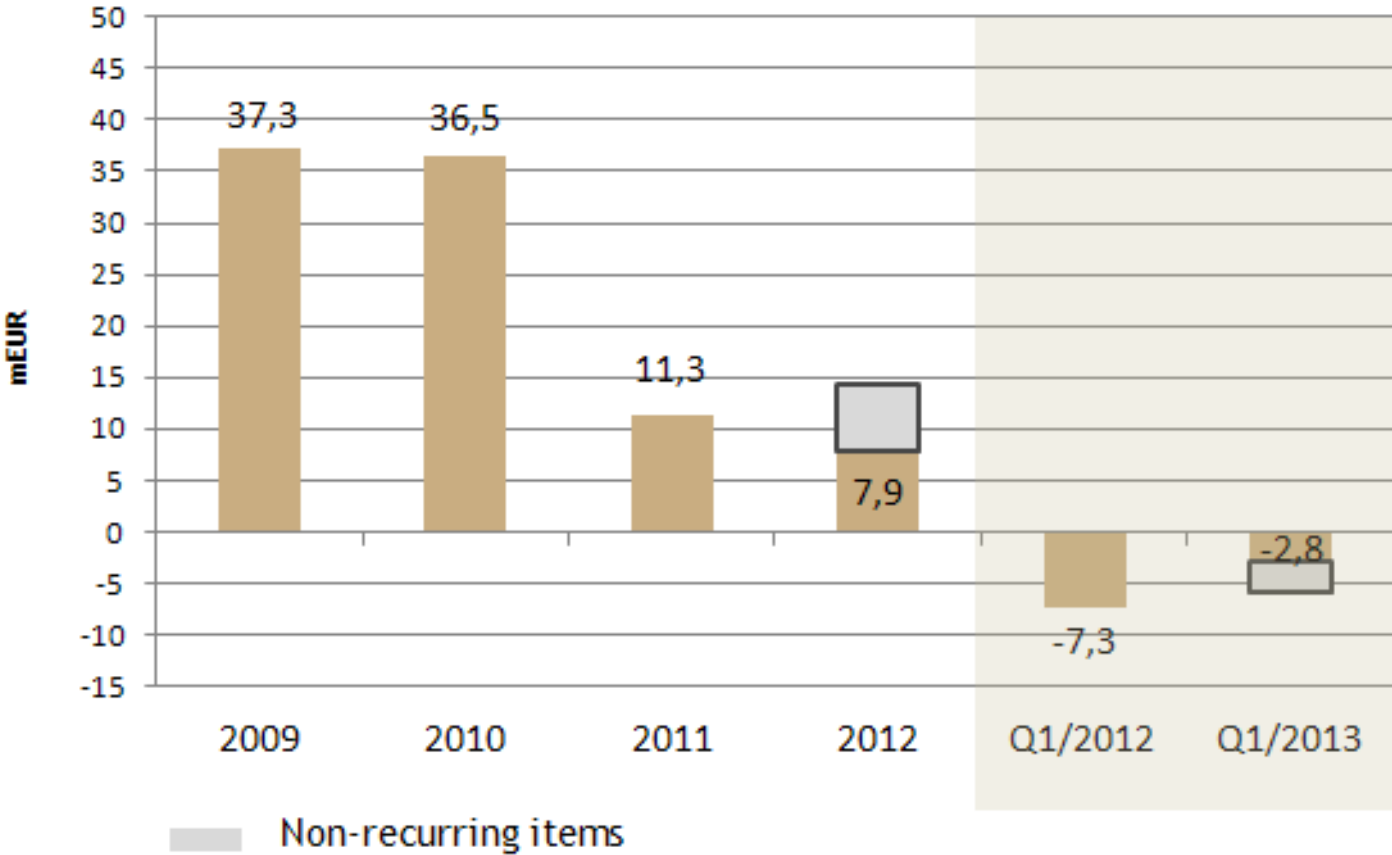


■ Non-recurring items

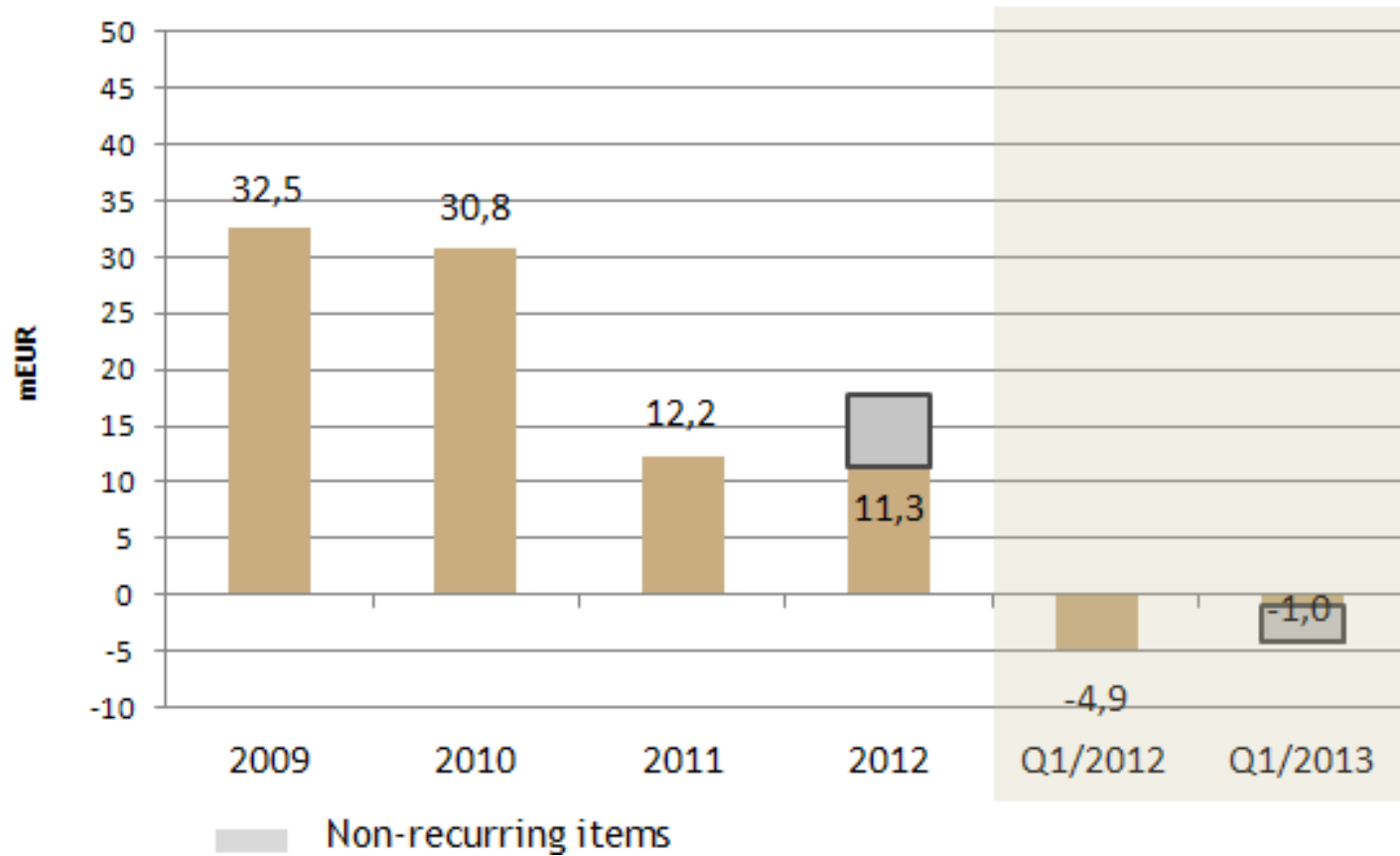
* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

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

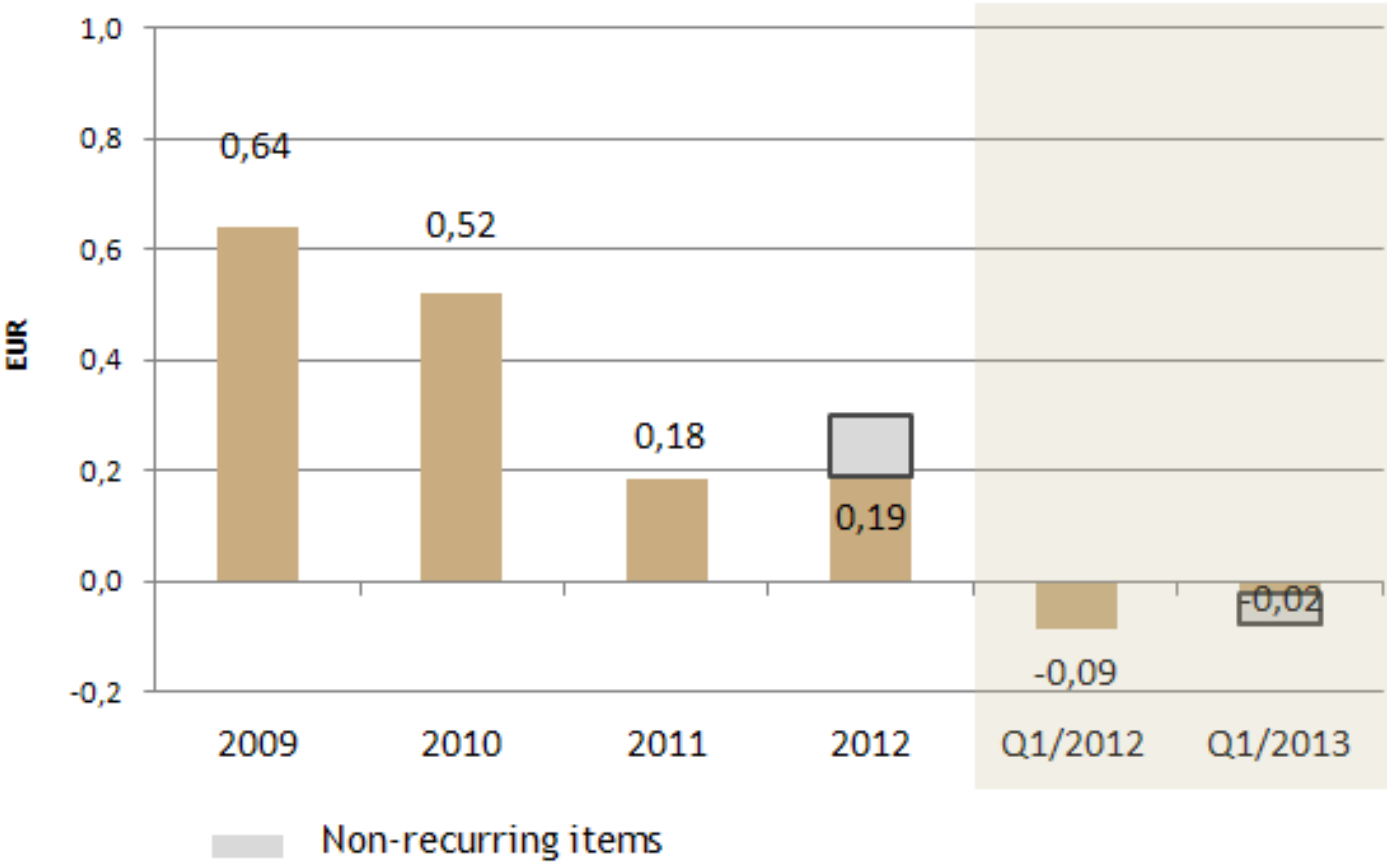
Profit before Taxes



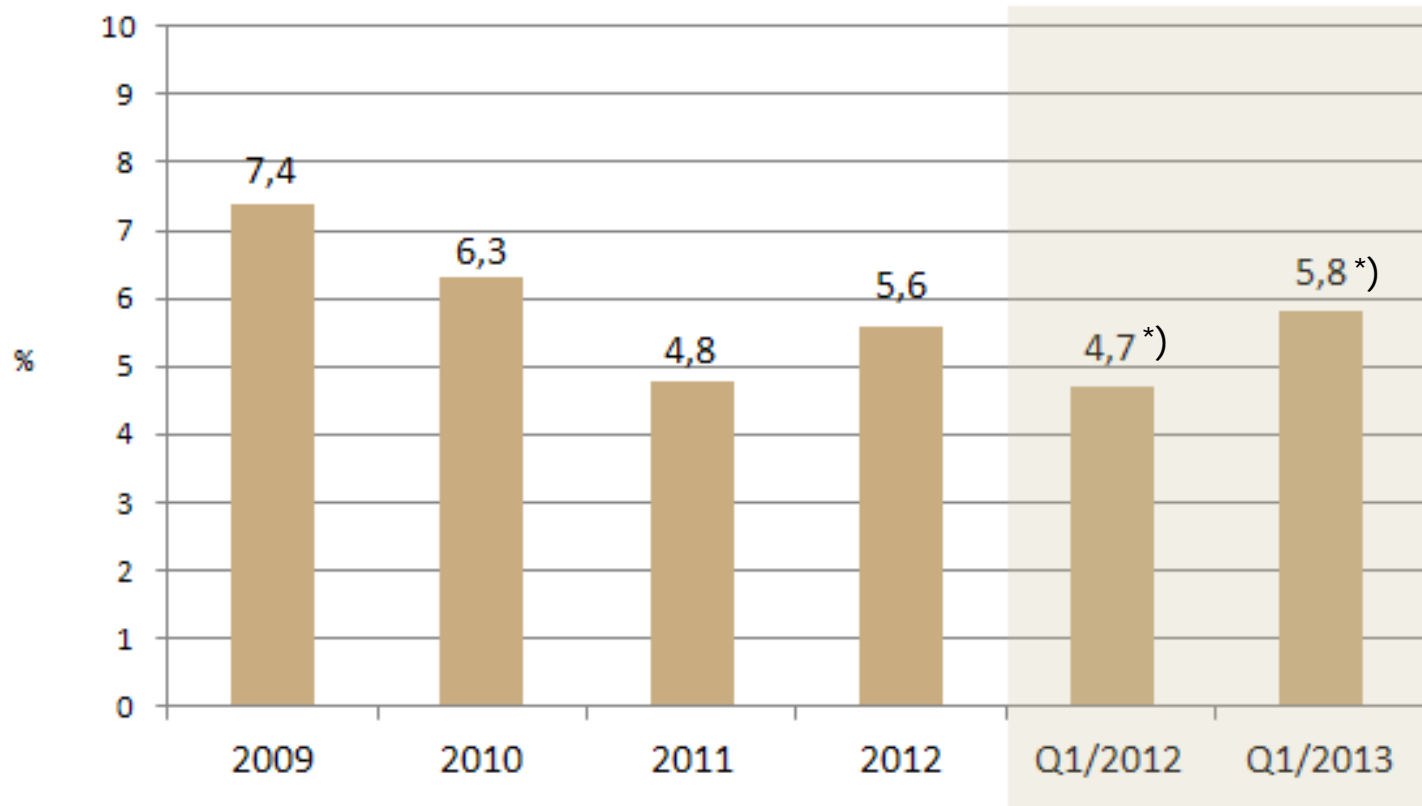
Profit for the Period



Earnings per Share (EPS)

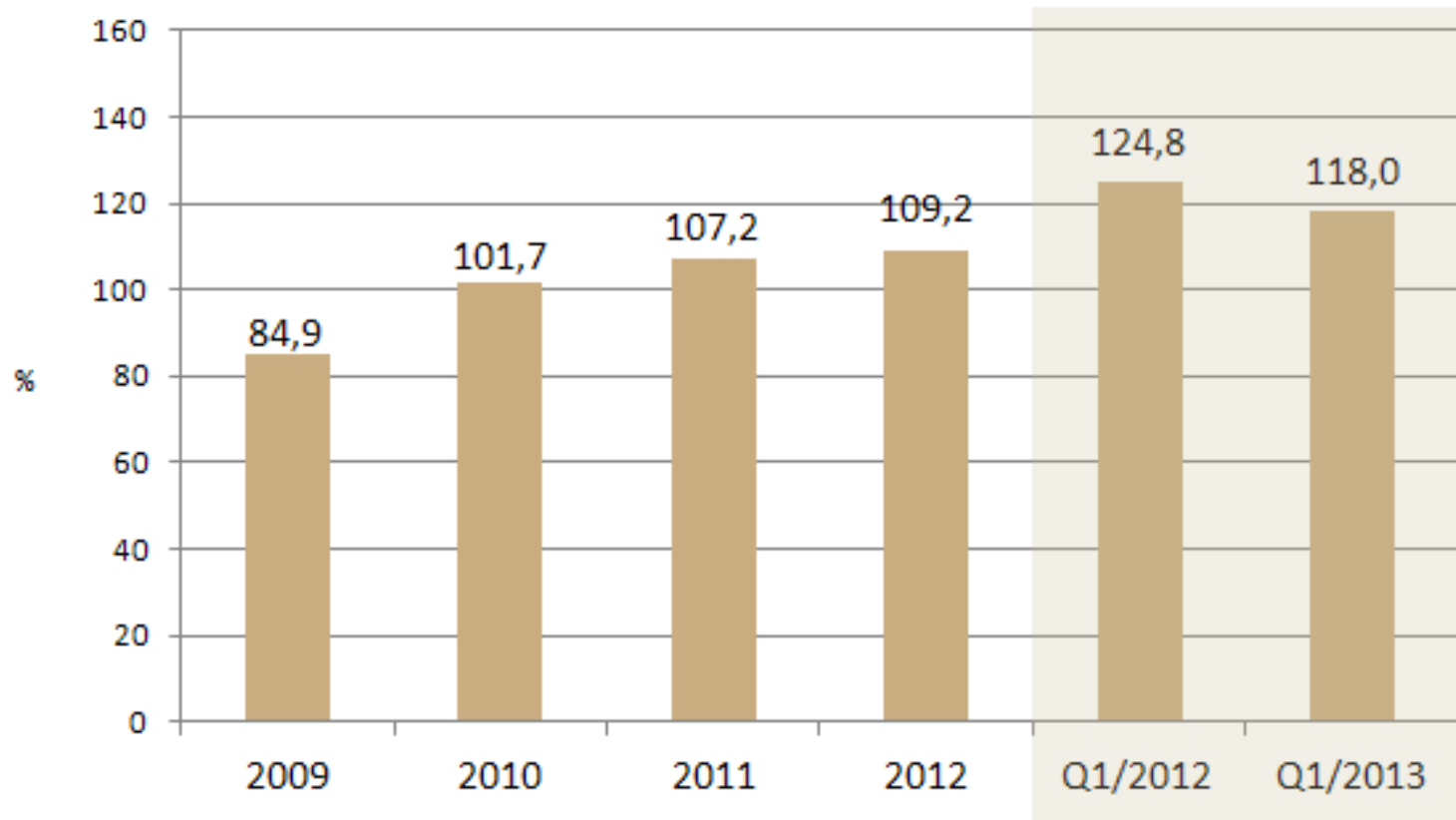


Return on Capital Employed (ROCE)

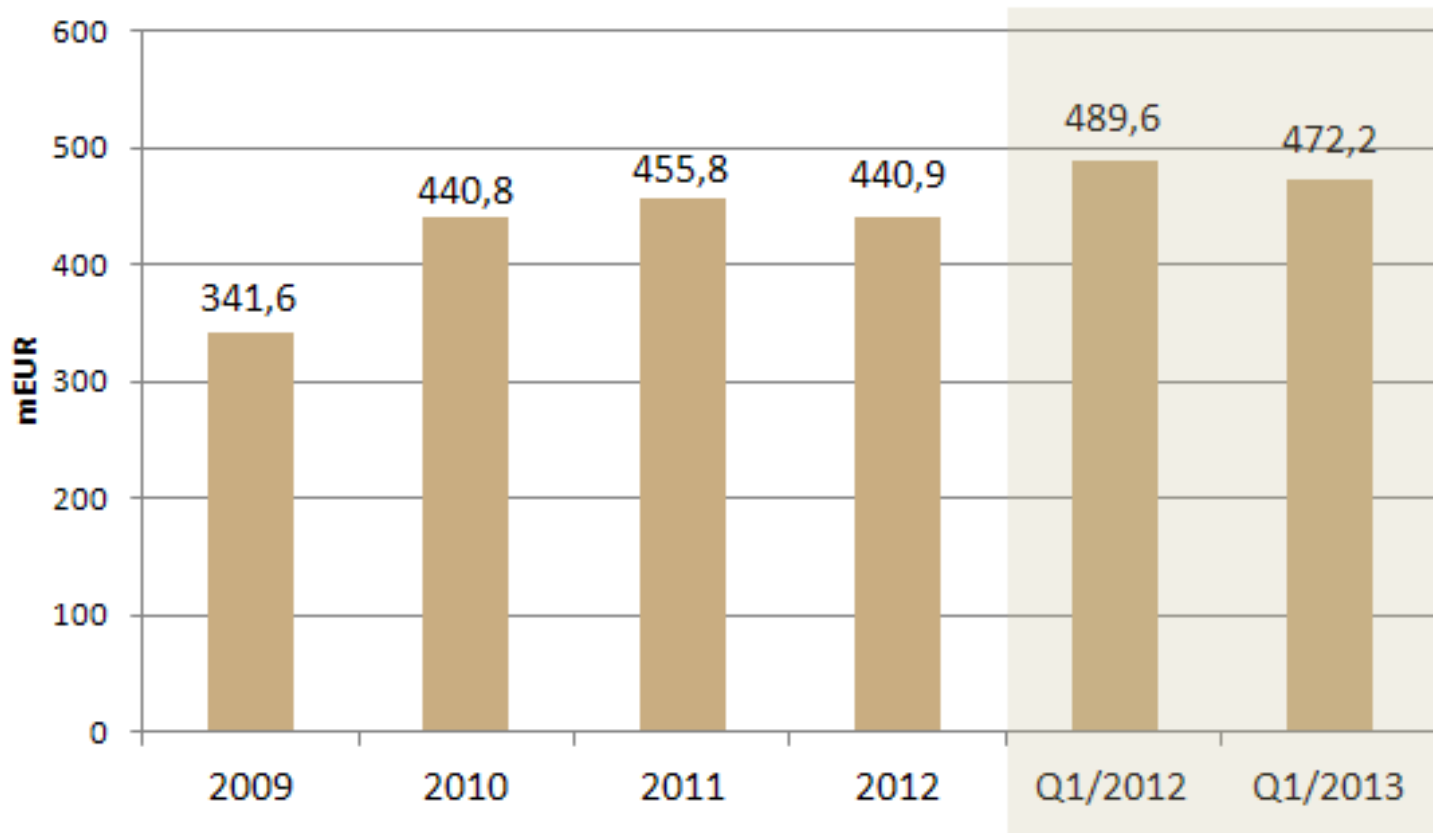


*) Last 12 months

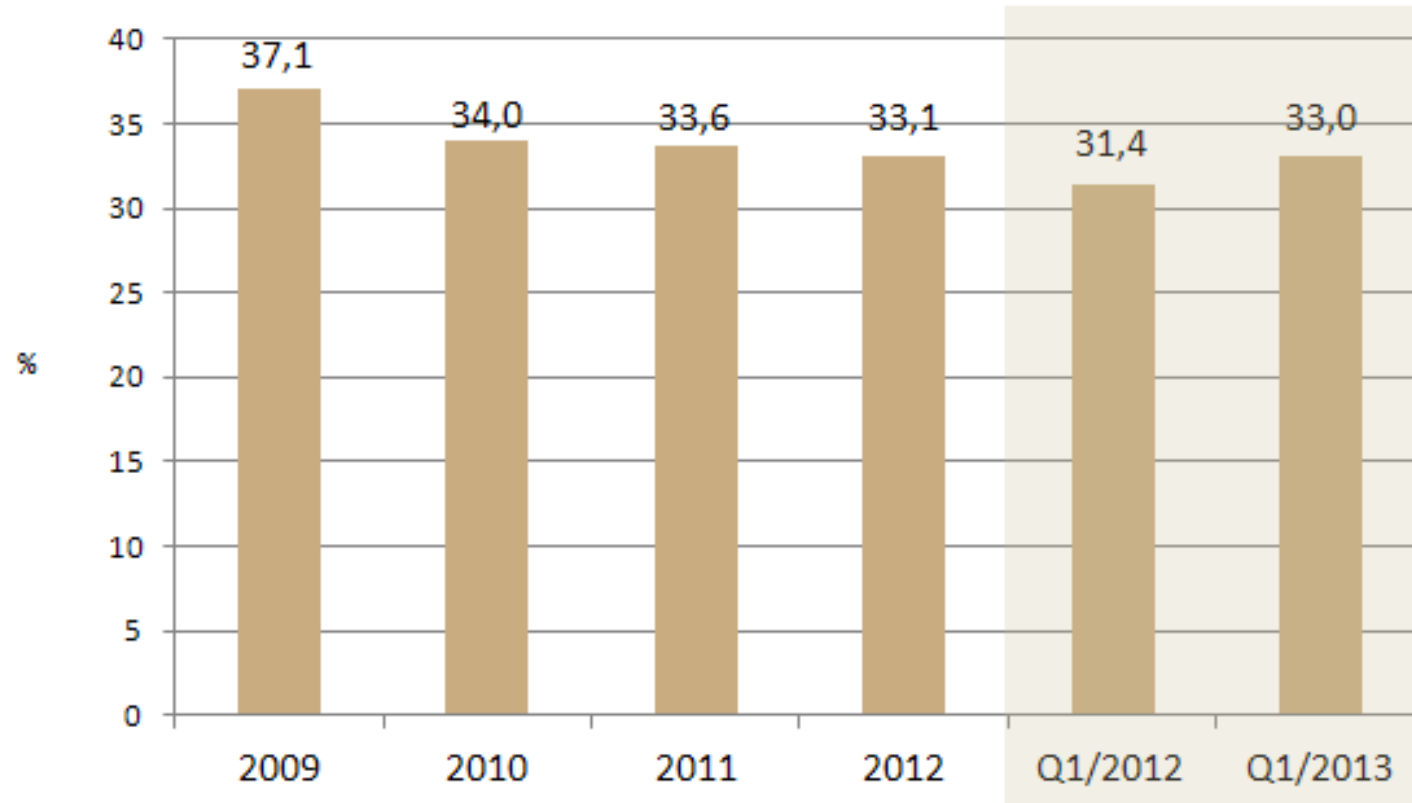
Net Gearing



Net Debt



Equity Ratio



Key Figures

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EBIT excl. non-recurring items	2,0	-0,2	1100,0 %	36,7
- EBIT %	0,3	0,0		1,5
Profit before taxes	-5,9	-7,3	19,0 %	14,3
Profit for the review period	-4,1	-4,9	15,6 %	17,7
EPS, EUR	-0,08	-0,09	10,6 %	0,30
Cash flow before debt service	-20,9	-20,2	-3,5 %	65,8
Cash flow before financing activities	-28,7	-29,2	1,7 %	33,8
ROCE before taxes, %**)	5,8	4,7	23,4 %	5,6
Net debt	472,2	489,6	-3,6 %	440,9
Net gearing, %	118,0	124,8	-5,4 %	109,2
Personnel at the end of the period	7 332	7 913	-7,3 %	7 763

*) Restated

***) Q1/2013 and Q1/2012 last 12 months

Outlook



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Outlook (unchanged)

- Business environment continues to remain tough as both animal supply and consumer purchasing power are estimated to tighten further.
- Demand for meat in general is expected to develop steadily.
- The Group focuses on managing future business dynamics by
 - tight control on costs and capital spending
 - balancing demand and supply and
 - being more proactive in sales pricing.
- Revised strategy, new operating model and organisation will contribute to profit improvement.
- Financial benefits of the development programmes are estimated to accelerate the profit aggregation towards the latter part of the year 2013 and onwards.
- Group EBIT for the entire year is estimated to improve from 2012.



100 YEARS OF FINNISH FAVOURITES



HKscan

HKScan strategy 2012-2015

Vision

Meat Industry Shaper

Strategy

Delivering Profitable Performance

We improve our performance by more efficient and transparent Group-wide business processes, competences, leadership and communication. We increase our profitability by developing brands, offerings and cutting nonperforming activities. Every action we do is sustainable and brings value to our business, stakeholders and consumers. We focus especially on our home markets and create competitive edge by firm strategy implementation.

Must-Win Battles

1. Building Brand Value and Demand

3. Managing Actively Future Business Dynamics

2. Upgrading Group Operational Efficiency

4. Improving Capital Structure and Group Reporting

Mission and Values

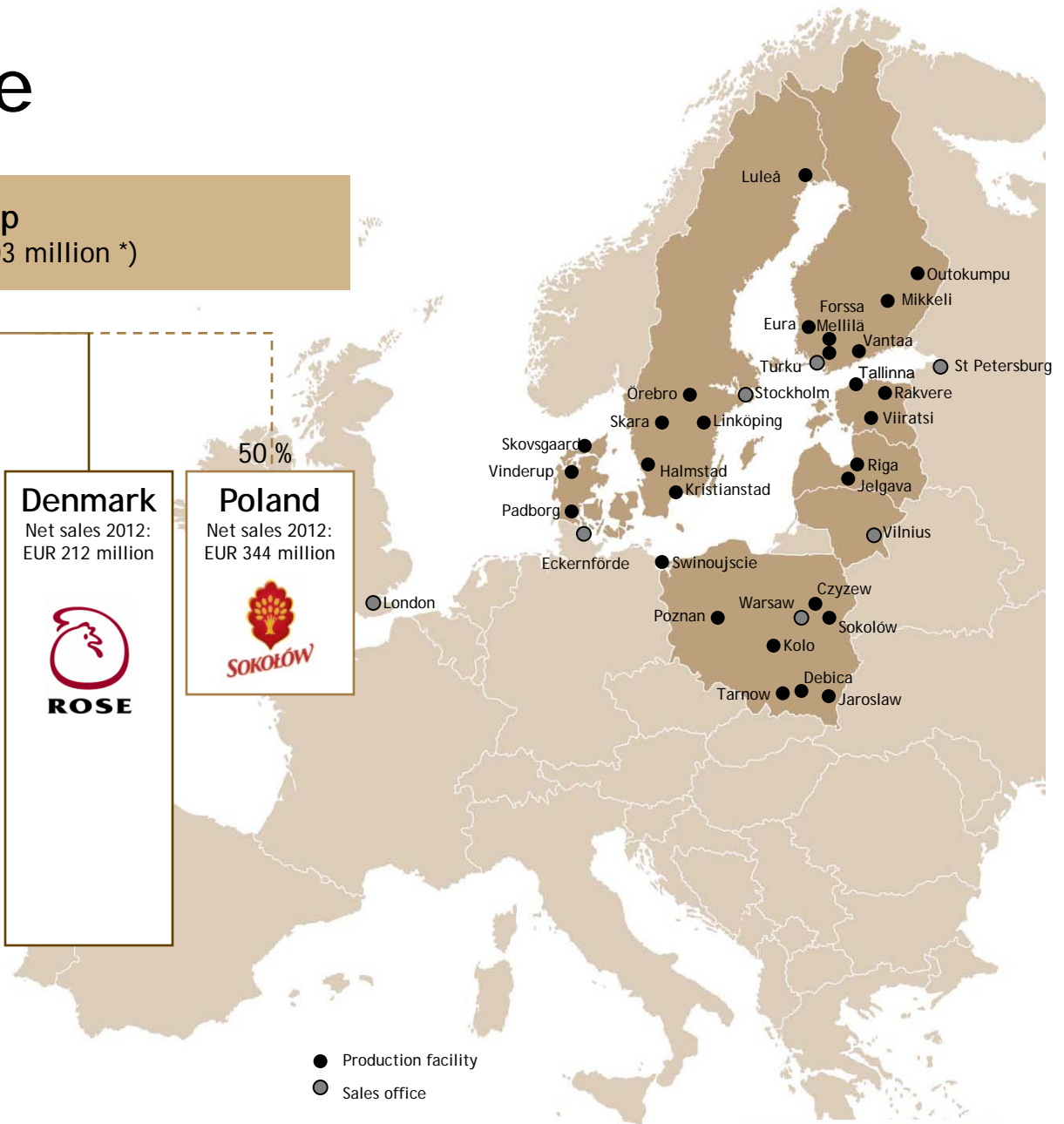
Meat and More

Success, Teamwork, Trust, Responsibility, Respect

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Group structure

HKScan Group
 Net sales 2012: EUR 2 503 million *)



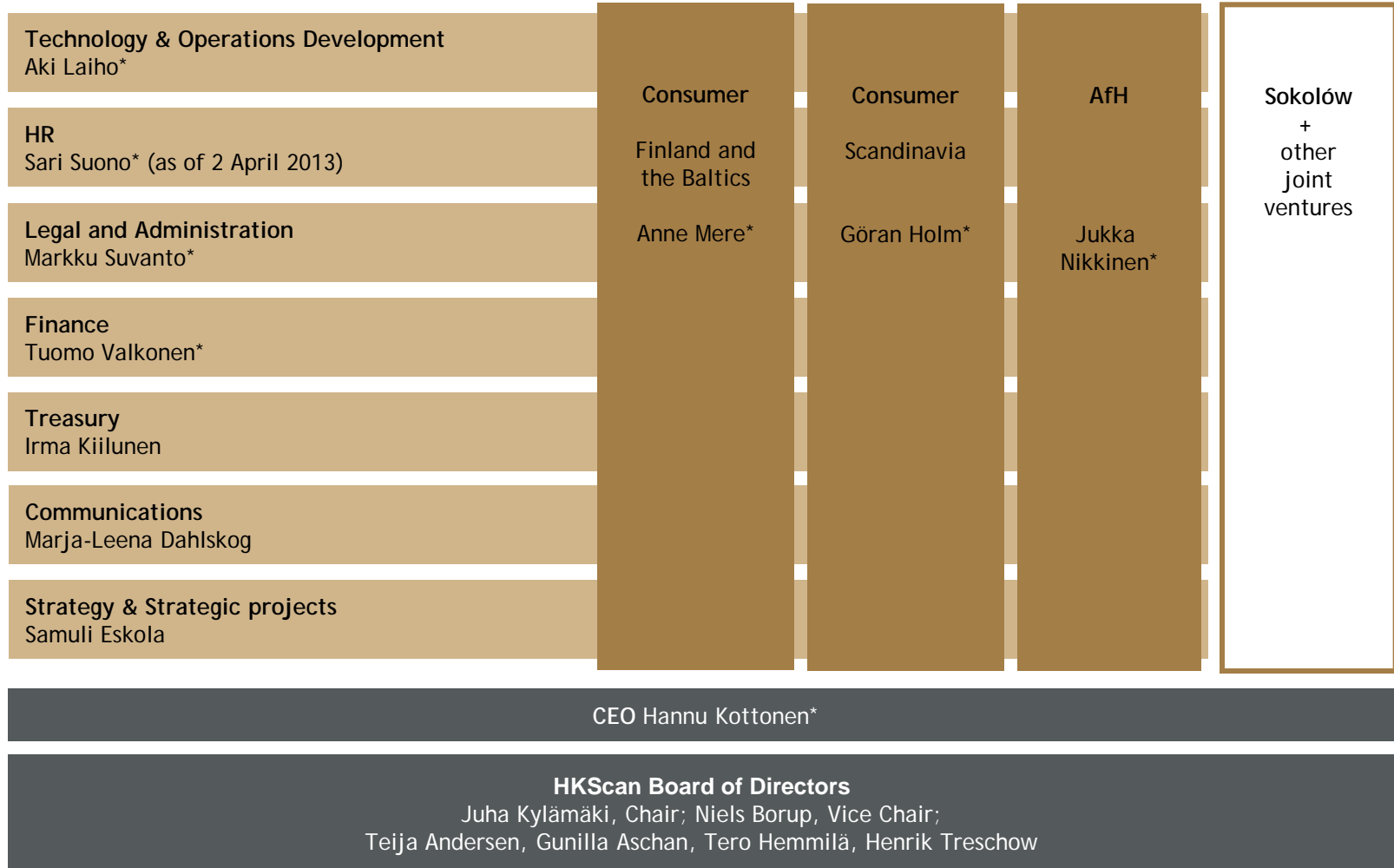
50%

*) restated

- Production facility
- Sales office

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HKScan Operating Model



* Management Team member





HKScan 100 years

LINAKAUPPA

KÖTTANDEL