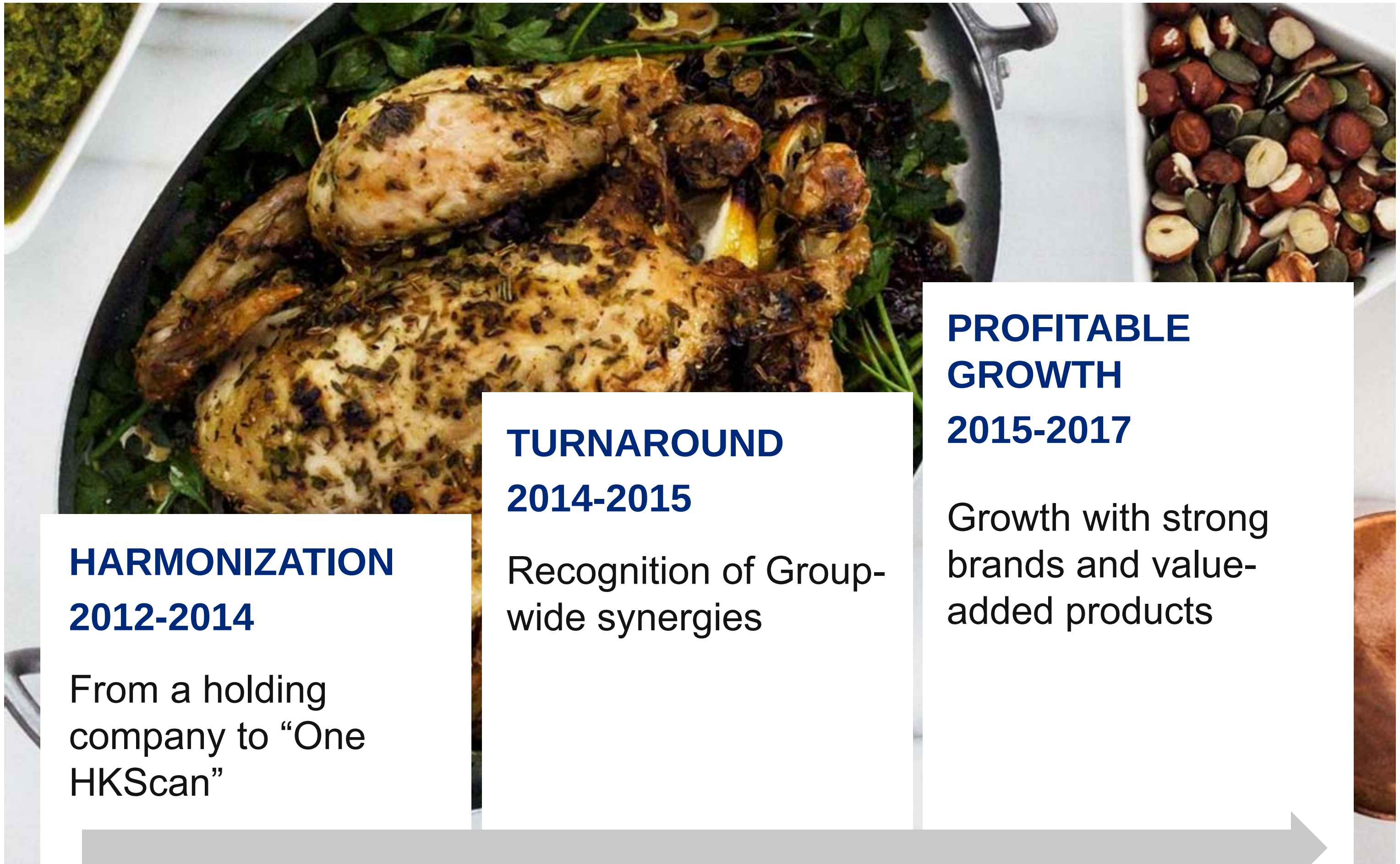
HKSCAN

Financial statements 2014
Group Overview

Hannu Kottonen, President and CEO
11 February 2015

Fourth-quarter EBIT stronger than the previous year – restructuring completed

HKScan roadmap



HARMONIZATION

2012-2014

From a holding company to “One HKScan”

TURNAROUND

2014-2015

Recognition of Group-wide synergies

PROFITABLE GROWTH

2015-2017

Growth with strong brands and value-added products

HKScan's Must-win battles 2012-2015

Building brand value and demand	Upgrading Group operational efficiency	Proactively managing future business dynamics	Improving capital structure and Group reporting
			

HKScan Group 2014

- Excellent progress in strategic transformation process
  - Production set-up and legal structure streamlined
  - Strategic development programme for 2014 successfully completed: cost savings > EUR 20 million, EUR 50 million reduction in net debt
  - Group brand identity renewed, visual identity and company names harmonized
- Strong financial situation
  - Balance sheet among the strongest in the industry
  - Significantly lower financing costs
  - EUR 100 million bond: loan structure rationalized
  - Sale of 50% share in Sokołów: agility improved, focus on home markets sharpened
- Unfavourable business climate continued
  - Russia's embargo on EU meat > global oversupply, substantial indirect impact on prices, especially for pork
  - Weak consumer demand, consumers favour cheaper meat products
  - All markets remained weak, tough sales price competition and declining sales volumes
  - However, HKScan successfully gained market share with branded products

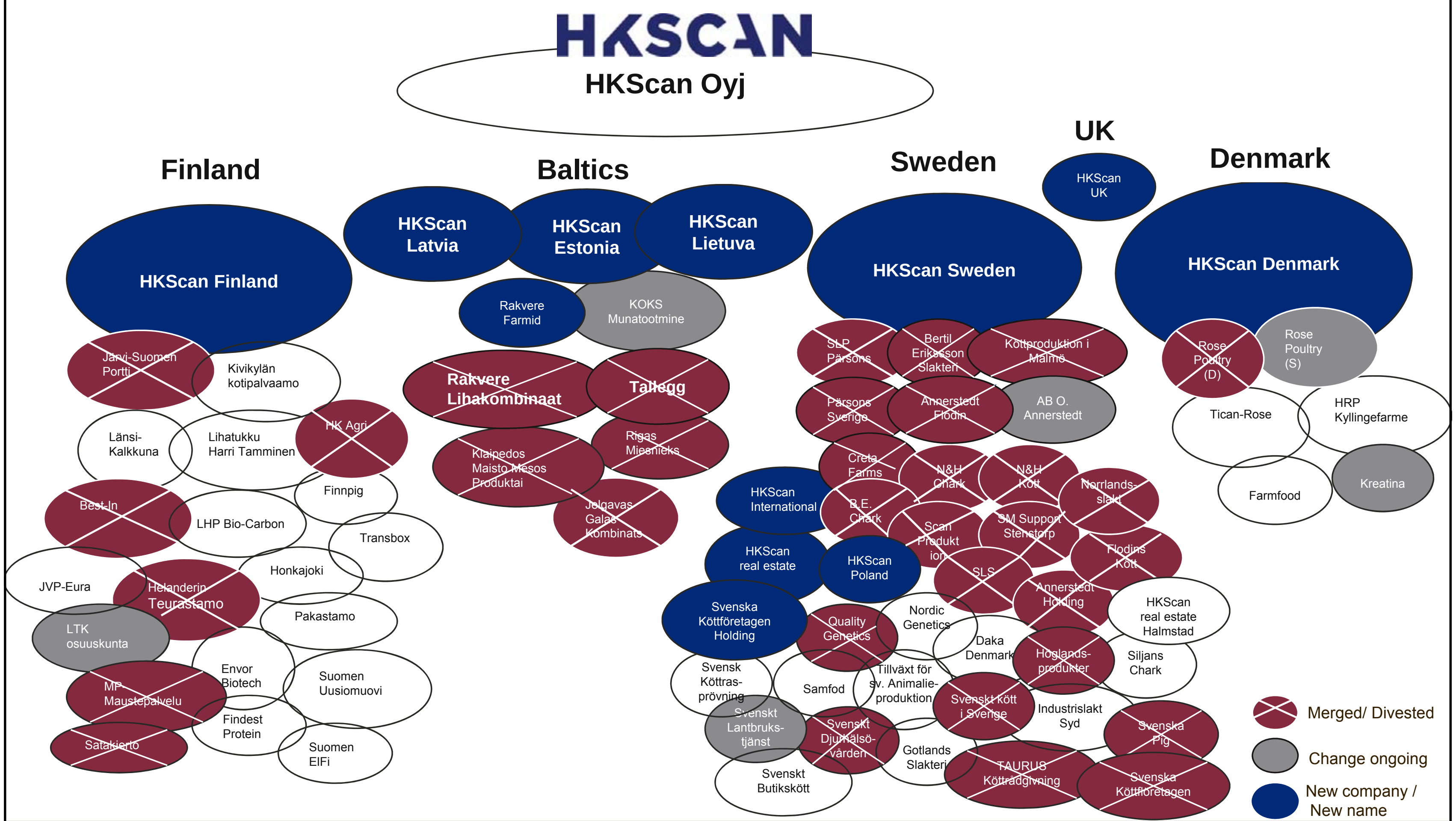
HKScan Group 2014

- Performance improved towards year-end
  - Q4 EBIT doubled
  - Biggest markets Finland and Sweden improved on last year
  - Business imbalance continued in Denmark: new management on board and restructuring ongoing
  - Good progress in demand-supply and inventory management
- Rollout of revised strategy for profitable growth
  - Updated must-win battles: focus on value-added products, continuous improvement and innovative ways to meet customer and consumer expectations
  - Feasibility studies for investment plans in Finland and Estonia ongoing, results awaited in summer
  - Marketing and New Product Innovation merged to Group Marketing and Innovations: better Group synergies and faster time to market
  - Launch of the first Group brand Flodins® in all home markets
  - Re-launch of improved HK Rypsiporsas® rapeseed pork which has been GMO-free as of Sep 2014
  - New Group Biotech business line

HKScan operational platform streamlined
- Operations in 2012 vs 2015

Further streamlining ongoing in Skovsgaard and Mellilä

HKScan's legal structure streamlined (Jan 2015)



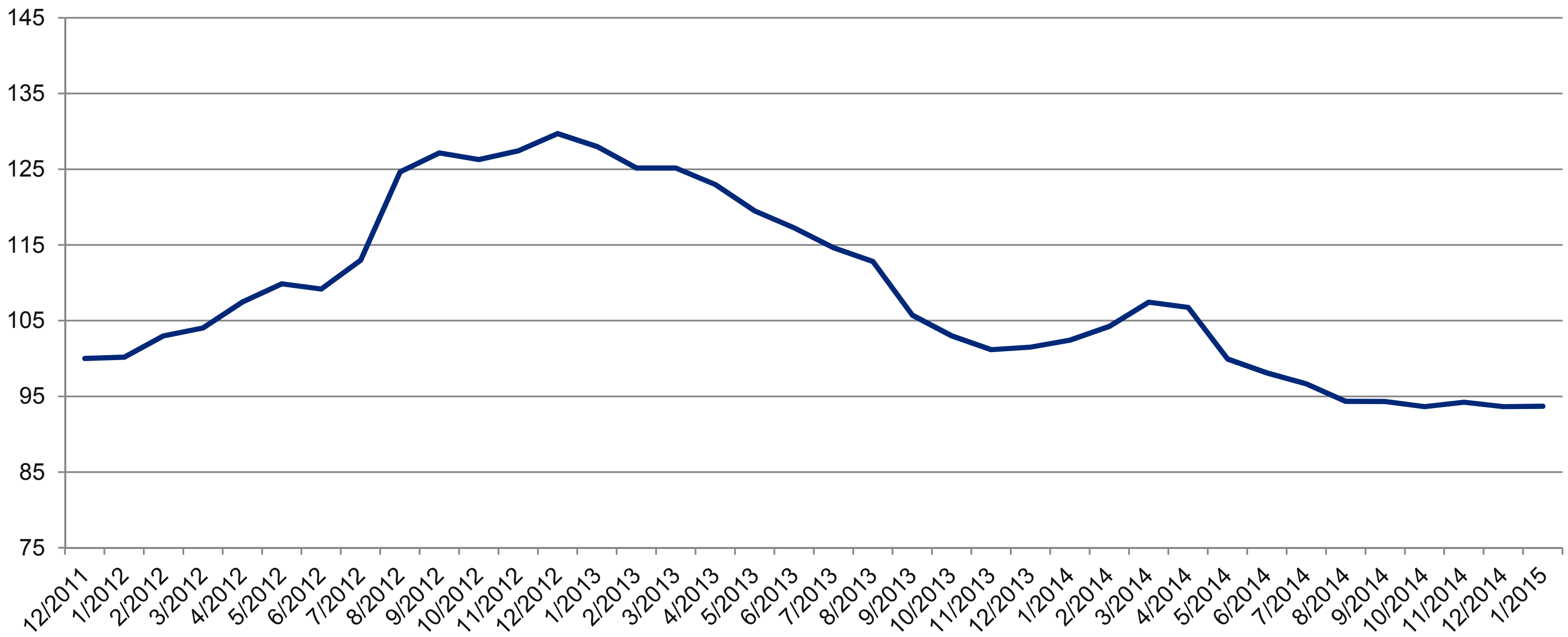
Must-win battles 2015-2017

Renew customer, consumer and channel approach	Develop brands and offerings	Invest for growth	Drive continuous improvement

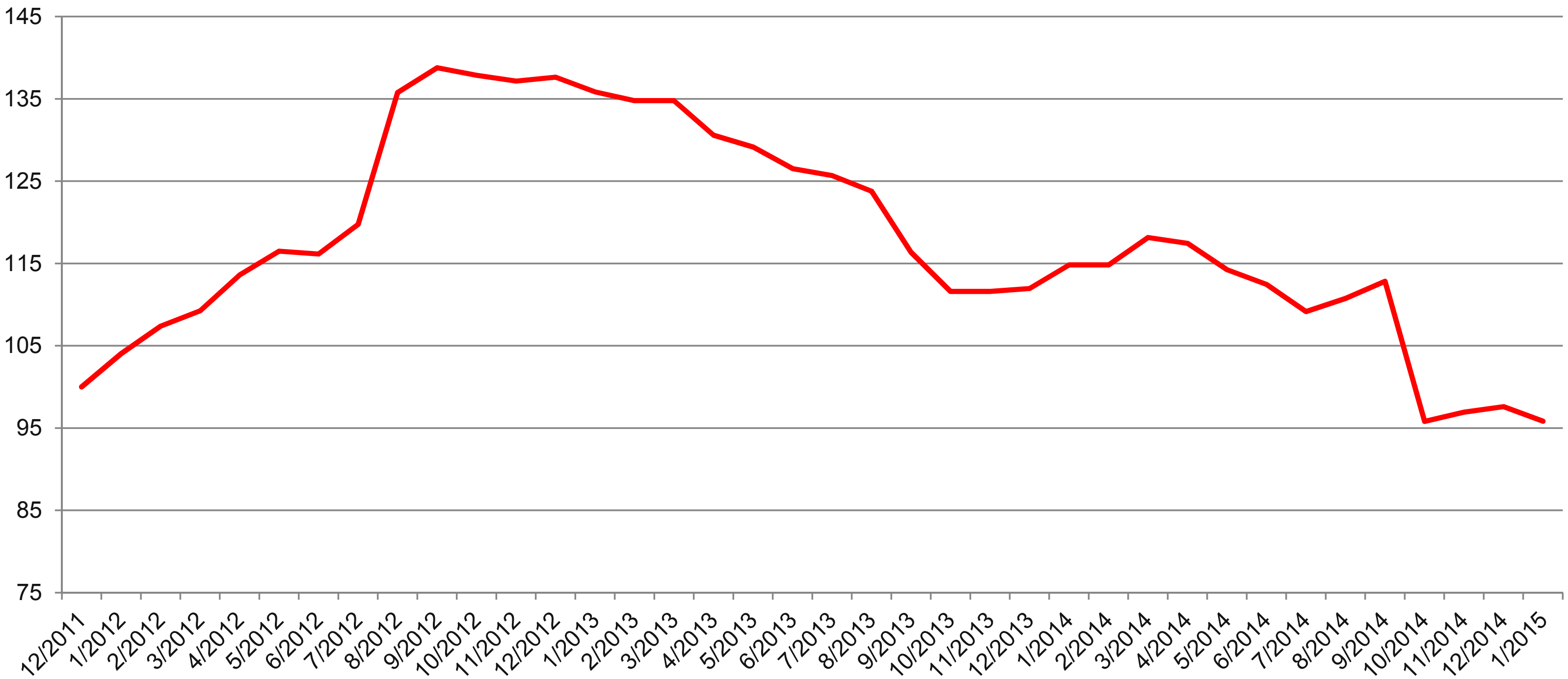
HKScan Group

EUR million	Q4/2014	Q4/2013	2014	2013
Net sales	523,2	547,9	1 988,7	2 113,2
EBIT	7,1	10,9	55,5	11,7
- EBIT %	1,4	2,0	2,8	0,6
Profit/loss before taxes	4,3	7,7	51,2	6,7
Profit for the period	5,2	6,6	57,1	9,8
EPS, EUR	0,09	0,10	1,05	0,16
EBIT excl. non-recurring items	13,4	6,7	12,4	11,2
- EBIT %	2,6	1,2	0,6	0,5

Feed basket – pork (12/2011 = 100)



Feed basket – poultry (12/2011 = 100)



Market Area Finland

EUR million	Q4/2014	Q4/2013	2014	2013
Net sales	213,8	210,1	787,2	804,1
EBIT	6,6	1,7	-4,5	3,2
- EBIT %	3,1	0,8	-0,6	0,4
EBIT excl. non-recurring items	8,0	1,7	8,9	6,9
- EBIT %	3,8	0,8	1,1	0,9

- Total market volume decreased, retail sector suffered most
- Russia’s ban on EU imports weakened demand, increased oversupply and lowered prices
- Demand, deliveries and inventories well-managed, operational performance improving
- Financial performance improved towards year-end: better year-on-year profit for Q4 and full year
- Statutory negotiations successfully completed both among white-collar employees and among blue collar employees at the Mellilä plant
- Export to China: Forssa facility to gain export certification for direct pork meat exports to China
- Re-launch of improved Rypsiporsas® rapeseed pork (non GMO)
- New products: HK barbeque sausages, Kariniemen “Poppis®” chicken nuggets, success with ‘HK Meat School’ (HK Lihakoulu®) featuring Rypsiporsas®

Market Area Baltics

EUR million	Q4/2014	Q4/2013	2014	2013
Net sales	43,8	44,7	173,0	175,1
EBIT	-2,1	1,9	2,8	7,7
- EBIT %	-4,7	4,2	1,6	4,4
EBIT excl. non-recurring items	0,0	1,9	4,8	7,7
- EBIT %	0,0	4,2	2,8	4,4

- Hardest hit by Russia's ban on EU imports
- Lower primary production costs, but pork oversupply, altered product mix, declining sales prices and revaluation of biological assets in primary production acc. to IFRS, decreased profitability
- Market position stable and further strengthened in branded products, but difficulties continued in exports
- African Swine Fever (ASF) found in Estonia, high-level mitigation actions in all pork primary production locations have been effective
- Egg business to be divested

Market Area Sweden

EUR million	Q4/2014	Q4/2013	2014	2013
Net sales	240,5	256,2	911,0	966,5
EBIT	8,1	3,5	1,7	8,0
- EBIT %	3,4	1,4	0,2	0,8
EBIT excl. non-recurring items	8,5	5,8	13,4	10,2
- EBIT %	3,6	2,3	1,5	1,1

- Oversupply drove down sales prices, especially in red meat and cold cuts
- Strategic review and production restructuring completed: production centralized at four key locations: Kristianstad, Linköping, Halmstad and Skara.
- Sales of Svensk Rapsgris® (Swedish rapeseed pork) and fresh chicken on good level, frozen chicken products disappointing
- Frozen stocks well managed, pork sourcing volumes lower in line with the rebalancing plan. Production efficiency continued to improve
- Five-year framework agreement with Coop Sverige AB
- Bertil Erikssons Slakteri divested to Siljans Chark

Market Area Denmark

EUR million	Q4/2014	Q4/2013	2014	2013
Net sales	46,2	52,3	204,3	225,3
EBIT	-3,6	6,4	-11,9	3,6
- EBIT %	-7,9	12,2	-5,8	1,6
EBIT excl. non-recurring items	-1,3	0,0	-4,4	-2,8
- EBIT %	-2,8	-0,1	-2,1	-1,2

- Tough market and competition both locally and globally
- Satisfactory margins in fresh chicken products, but low volumes due to sales price increase efforts
- Sales price competition in frozen products, resulting in low margins, actions to decrease frozen stock further decreased the margin
- Short- and long-term turnaround efforts by the new management team ongoing:
  - restructuring of the production set-up ongoing
- Renewed Rose® brand design and packages launched to support brand and sales

Dividend proposal and outlook for 2015

- Dividend proposal
  - The Group's distributable equity stands at EUR 302.4 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 0.10 (0,10) per share, and
    - an additional dividend of EUR 0.39 per share i.e. a total of approx. EUR 26,4 million.
- Outlook
  - 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.

Flodins® snacks launch – Q1, 2015

Flodins ® Packaging

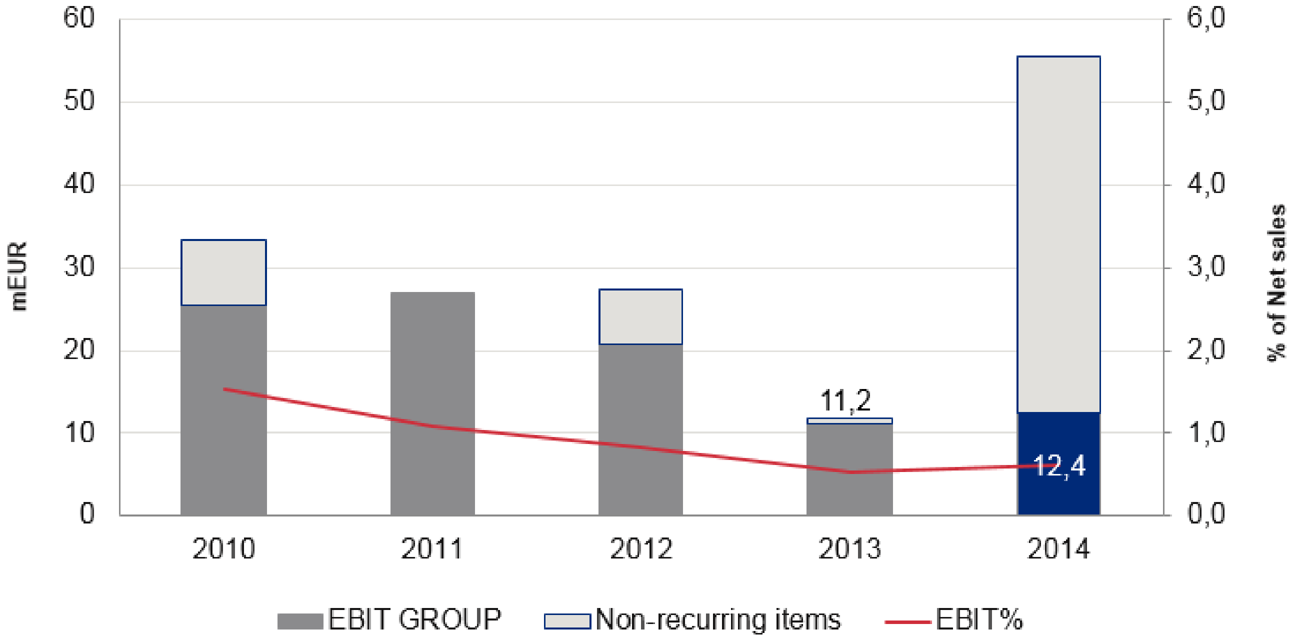
All information in multi- language layout

HKSCAN

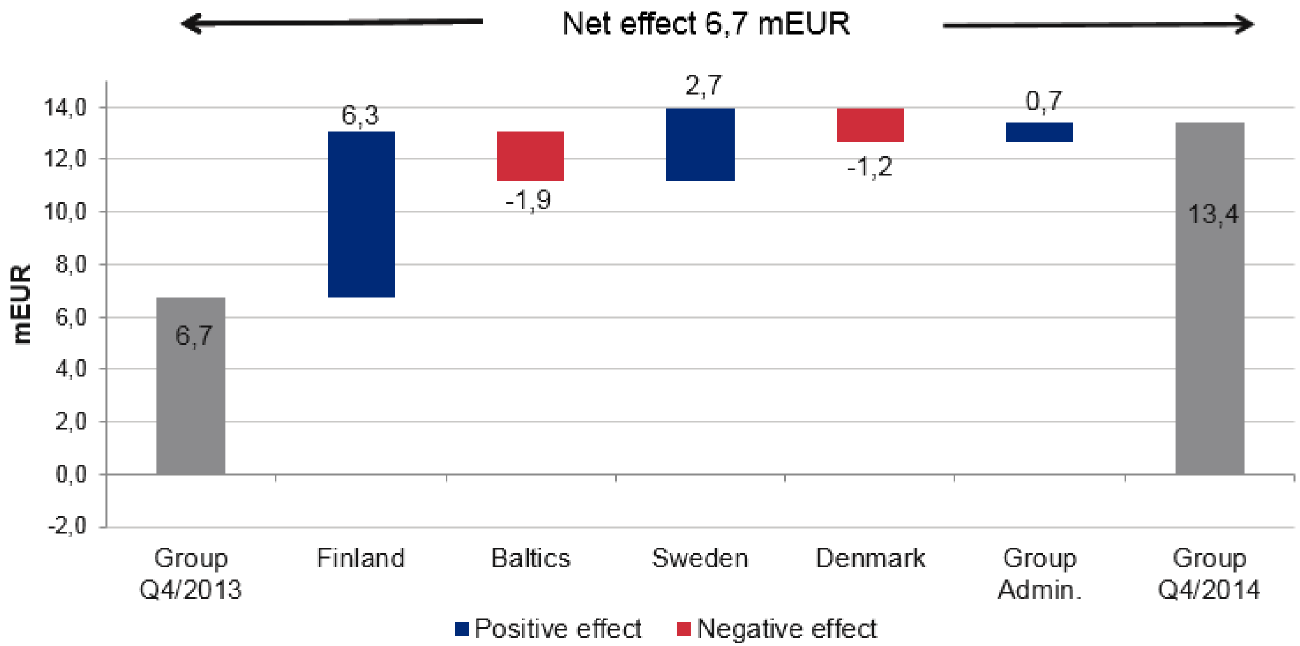
Financial Statements 2014
Group Financials

Tuomo Valkonen, CFO
11 February 2015

Group EBIT development

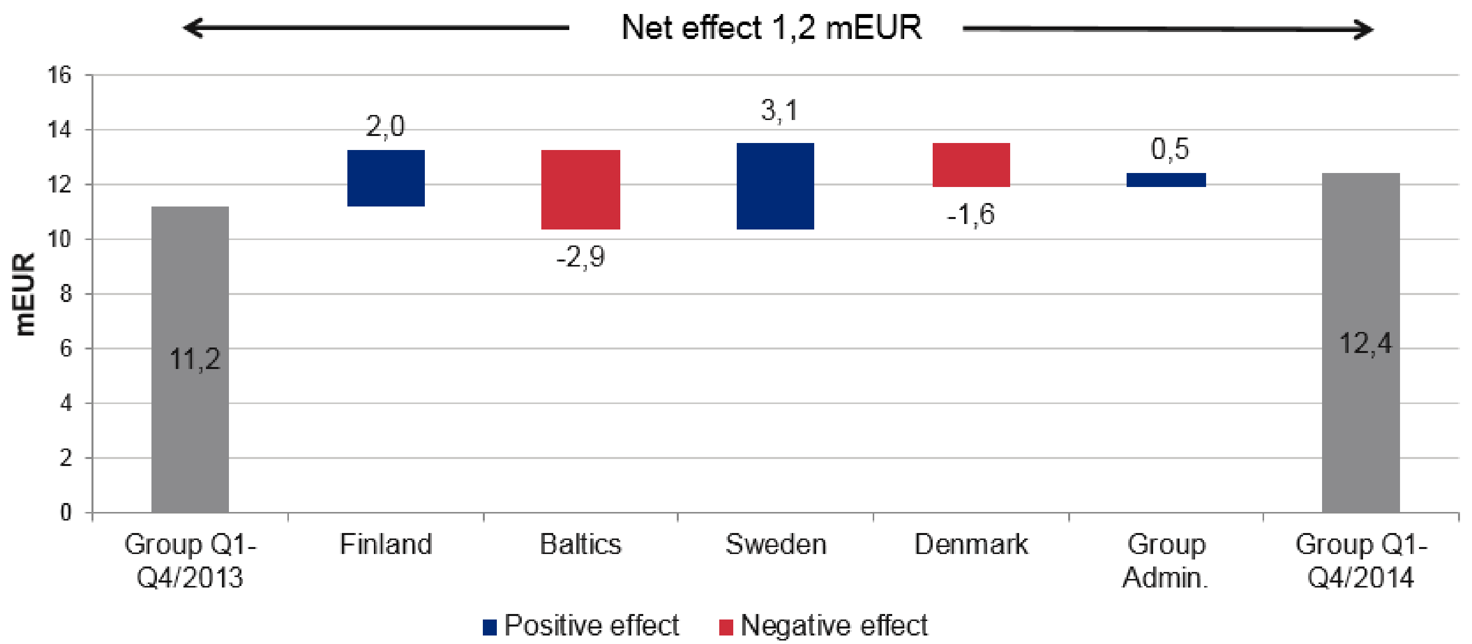


Group EBIT*)
Q4/2013 vs. Q4/2014



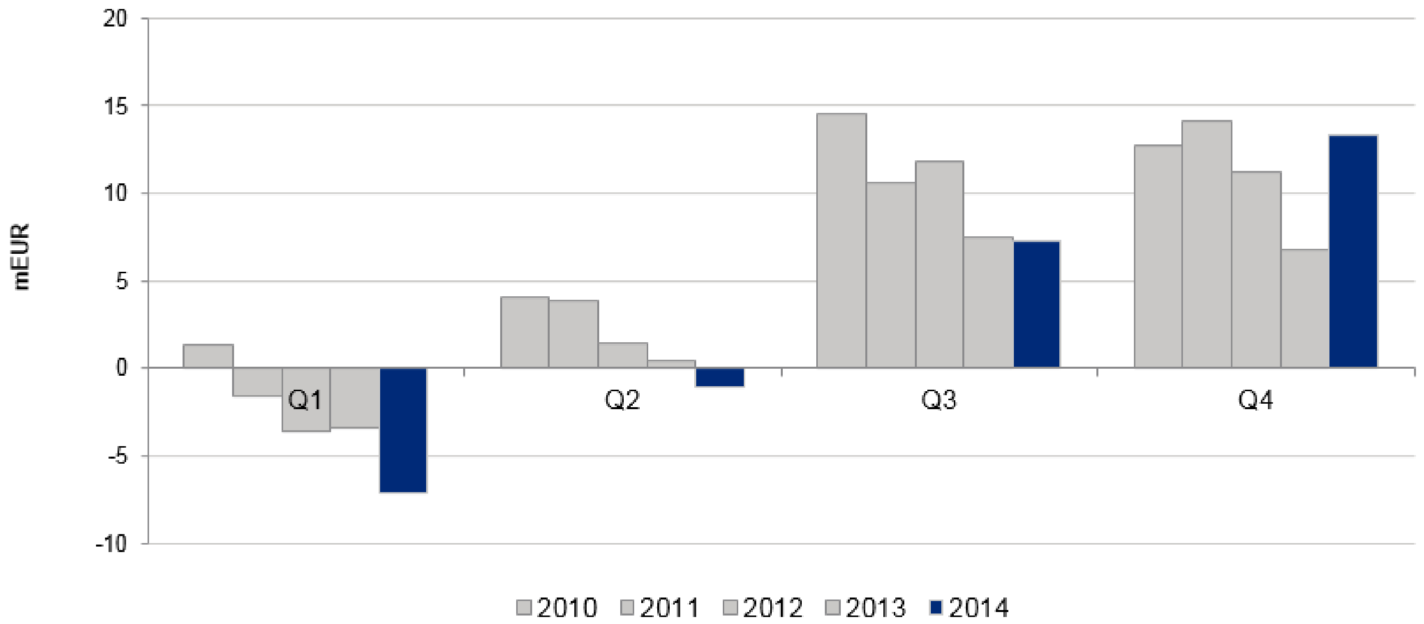
*) Excluding non-recurring items

Group EBIT*)
Q1-Q4/2013 vs. Q1-Q4/2014



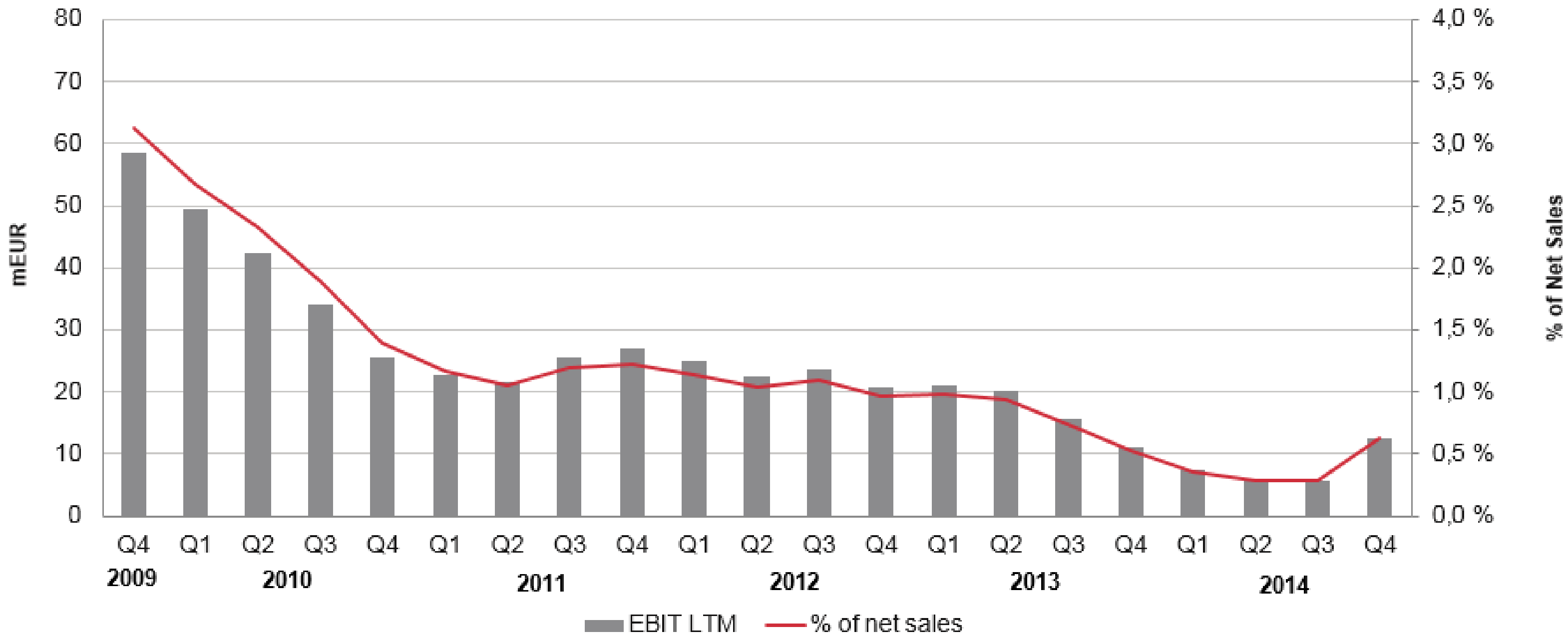
*) Excluding non-recurring items

Group EBIT*)

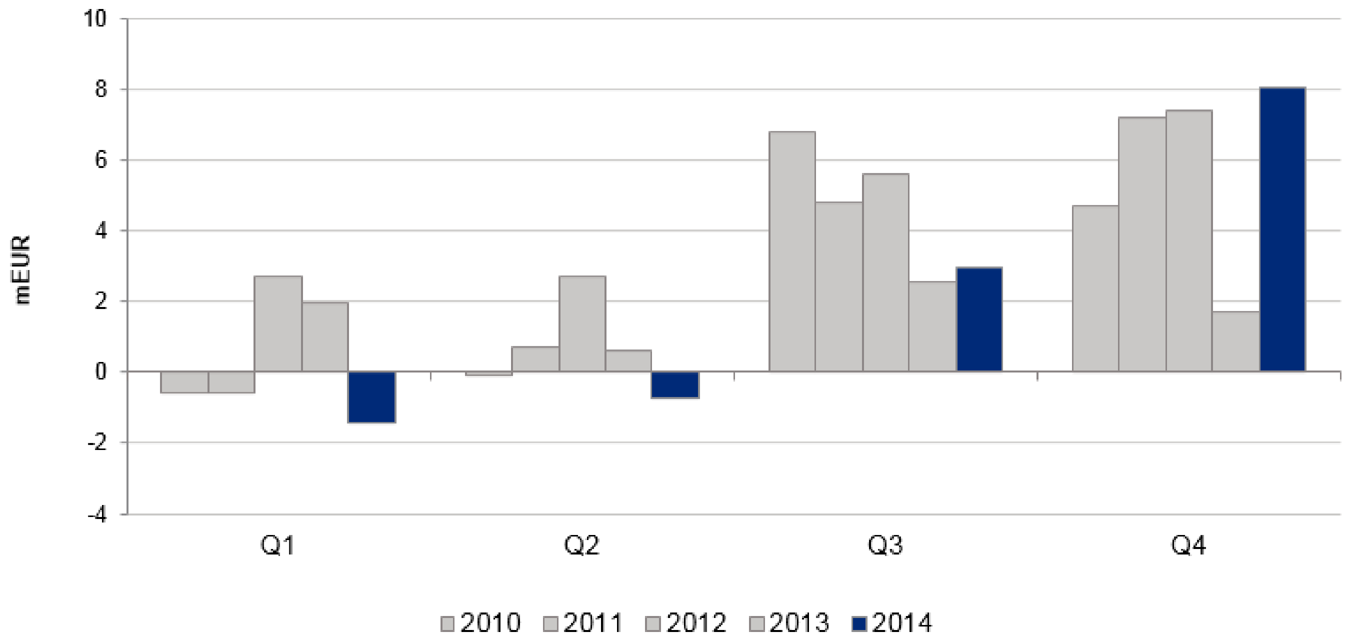


*) Excluding non-recurring items

Group EBIT last twelve months

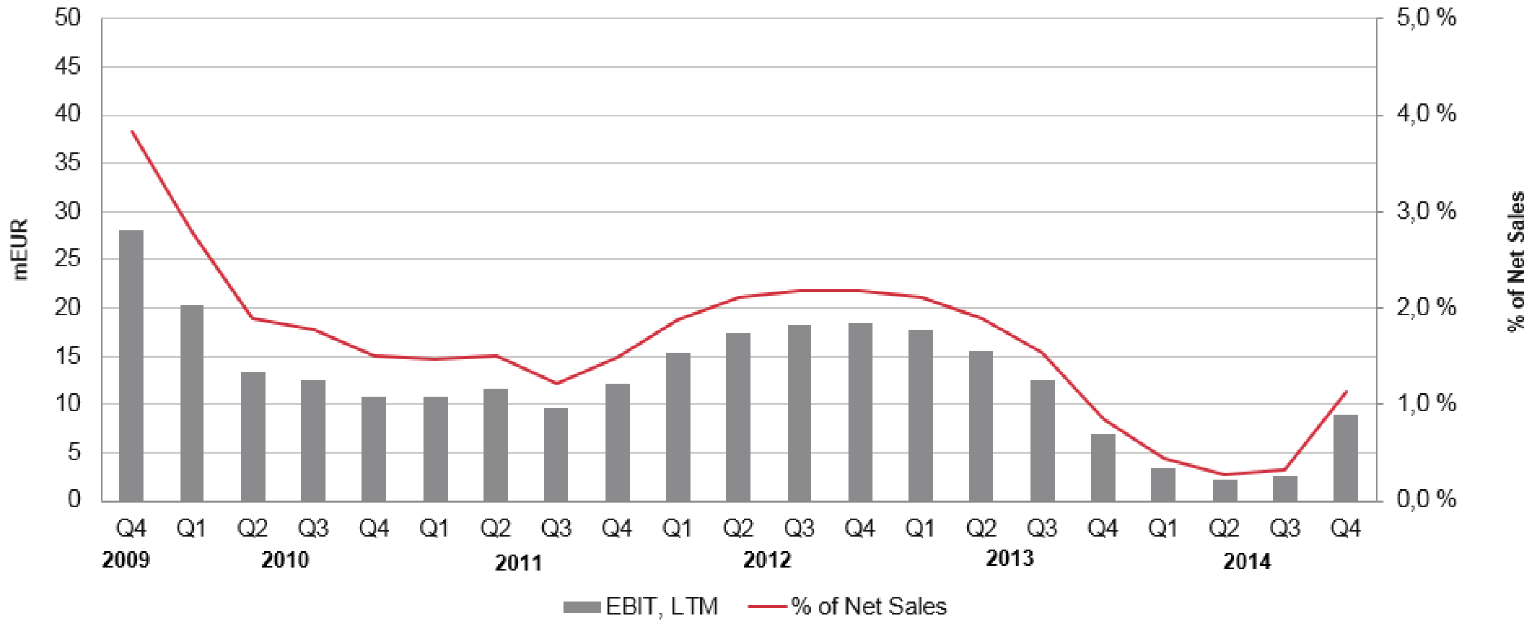


Finland EBIT*)

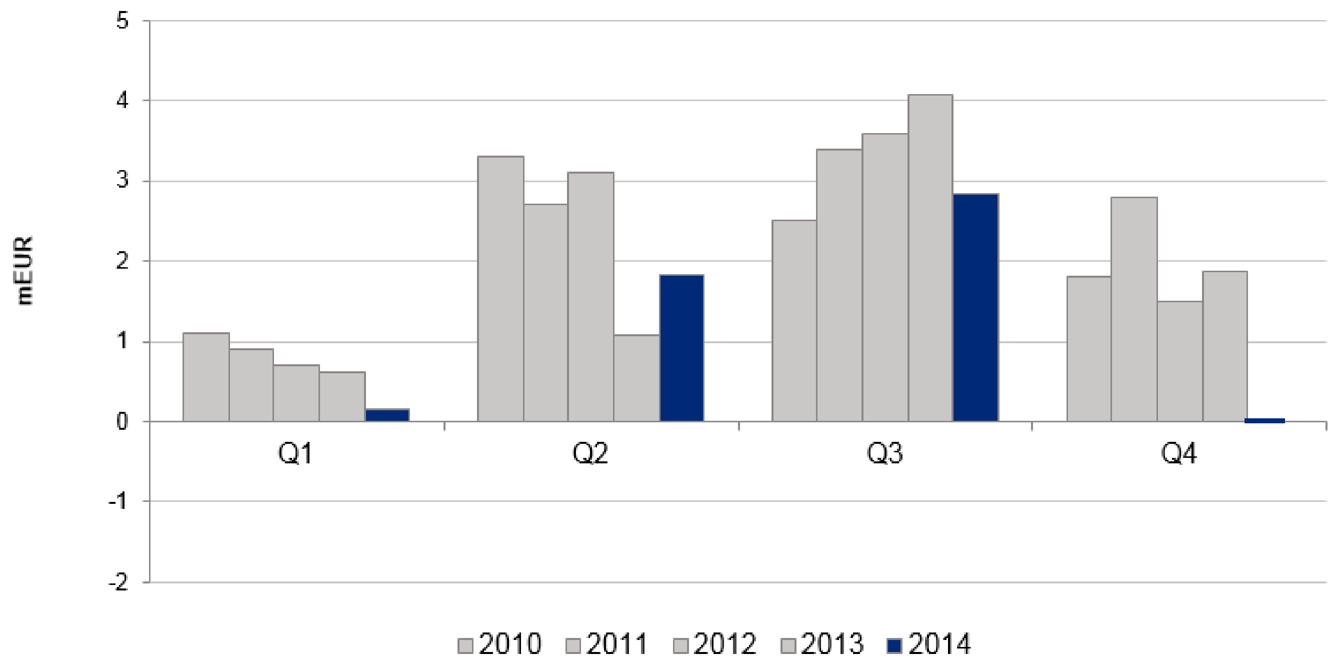


*) Excluding non-recurring items

Finland EBIT last twelve months

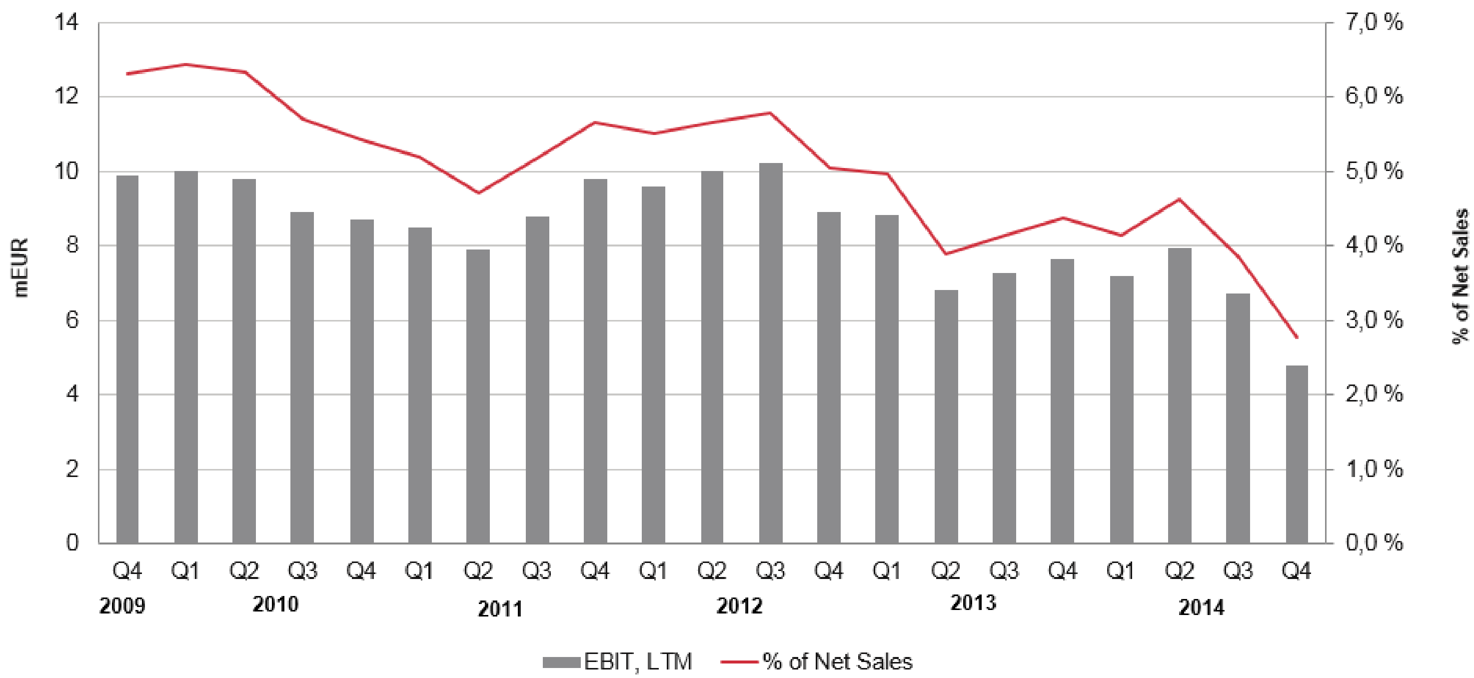


Baltics EBIT *)

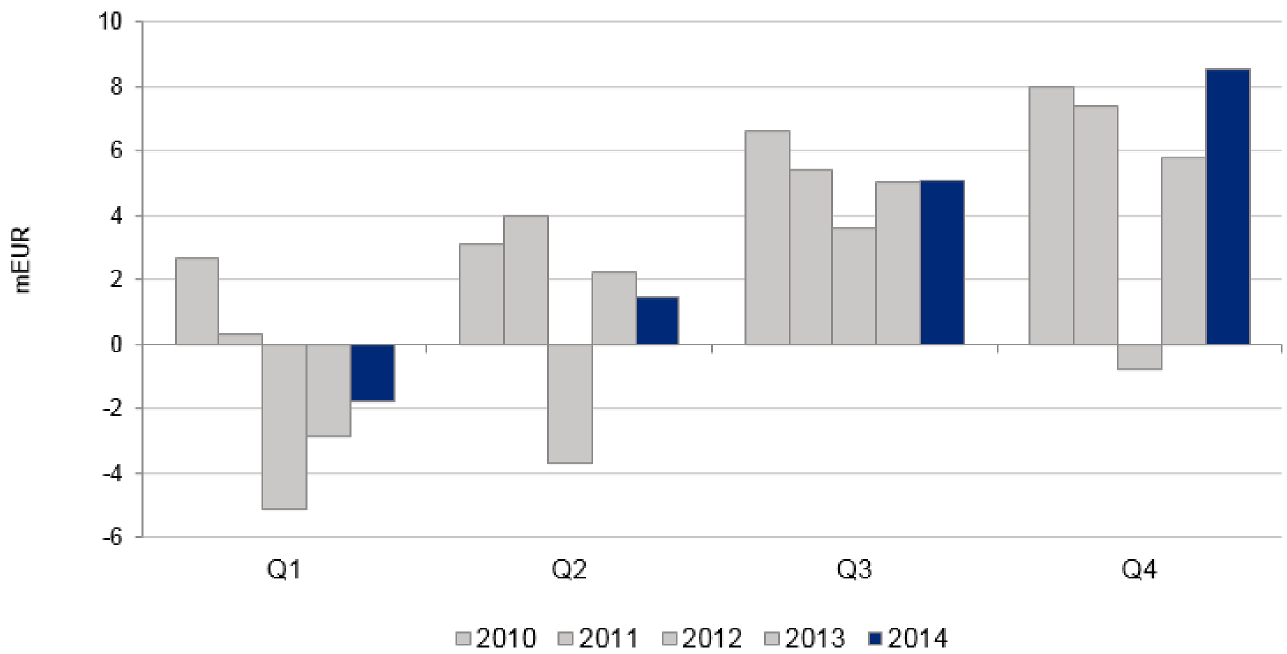


*) Excluding non-recurring items

Baltics EBIT last twelve months

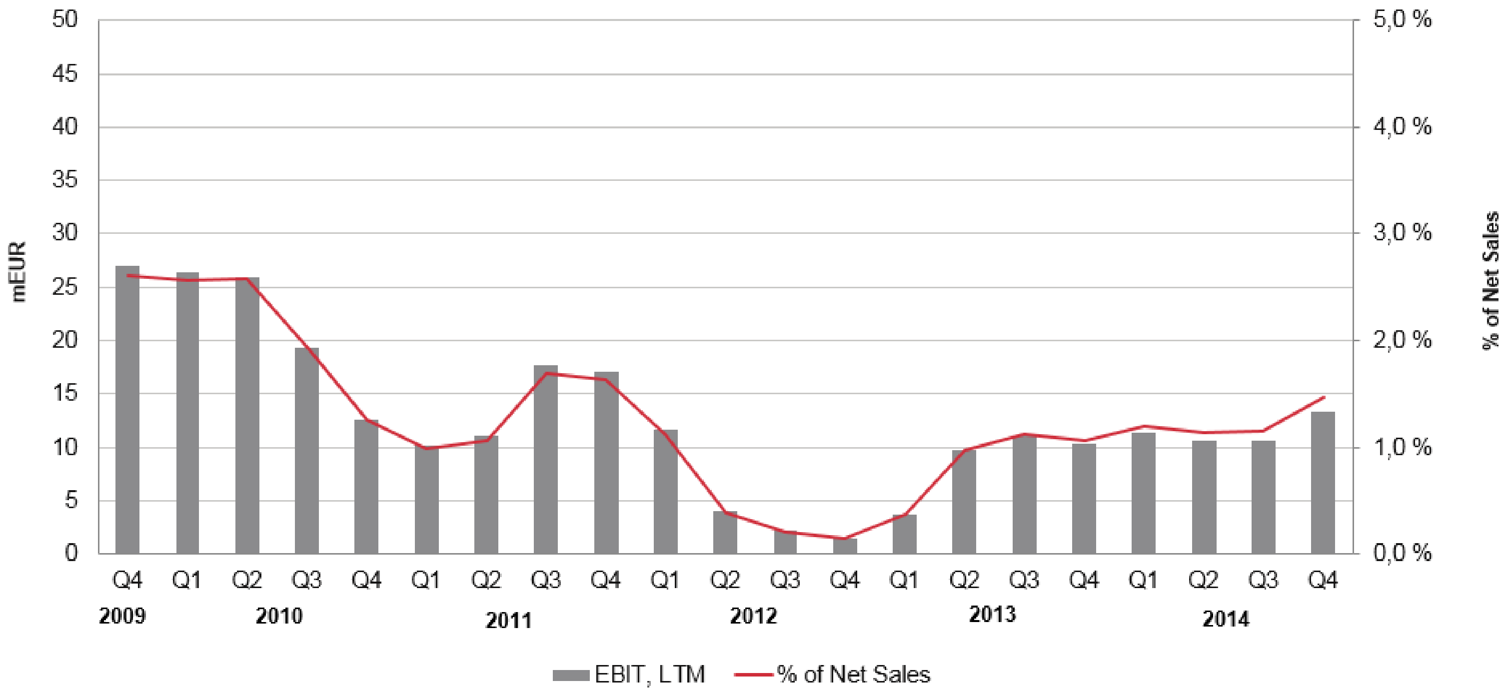


Sweden EBIT*)

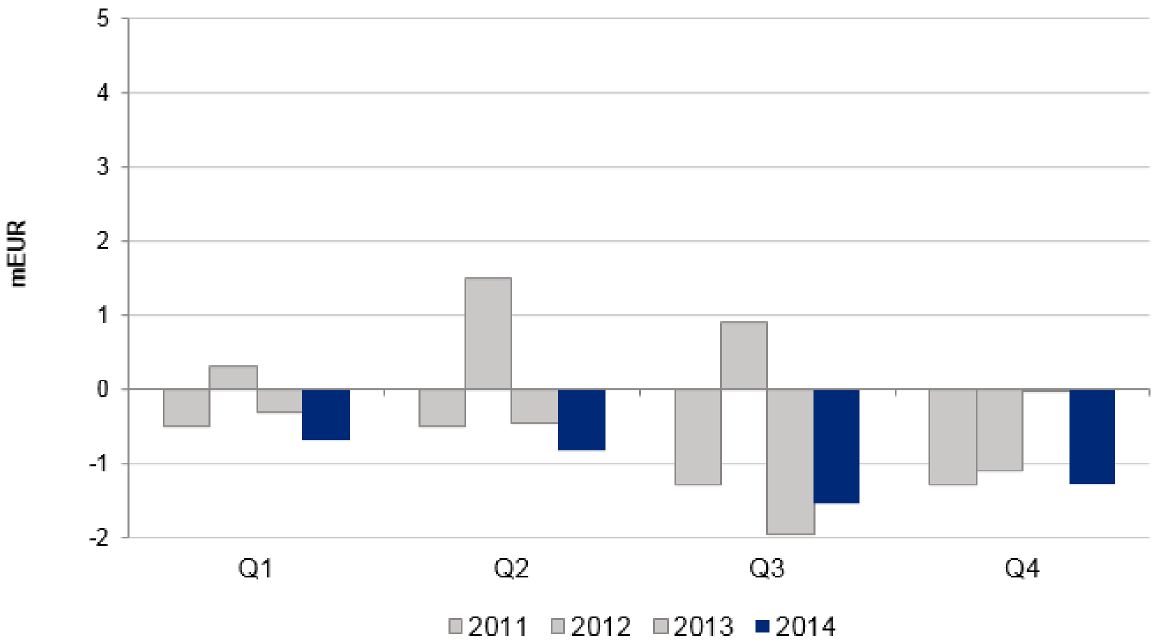


*) Excluding non-recurring items

Sweden EBIT last twelve months

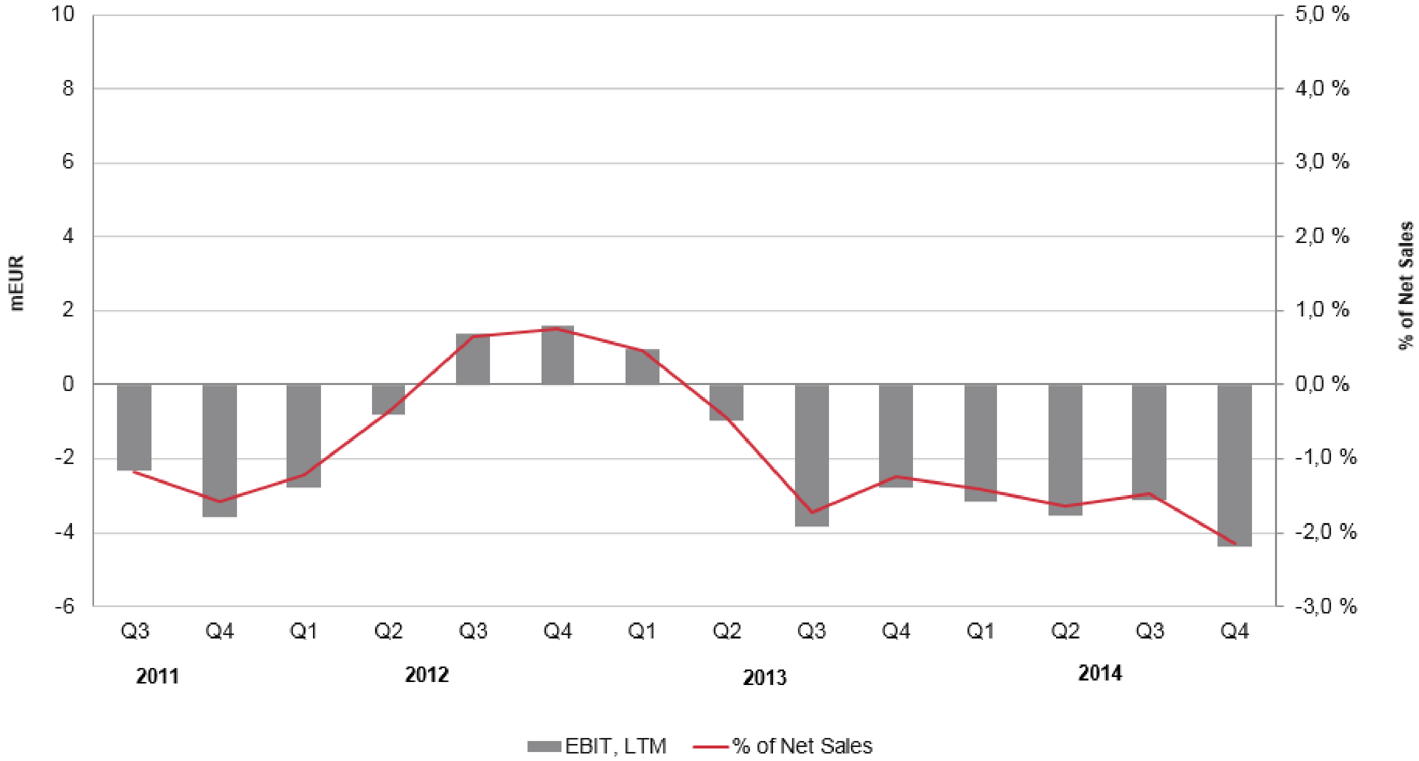


Denmark EBIT*)

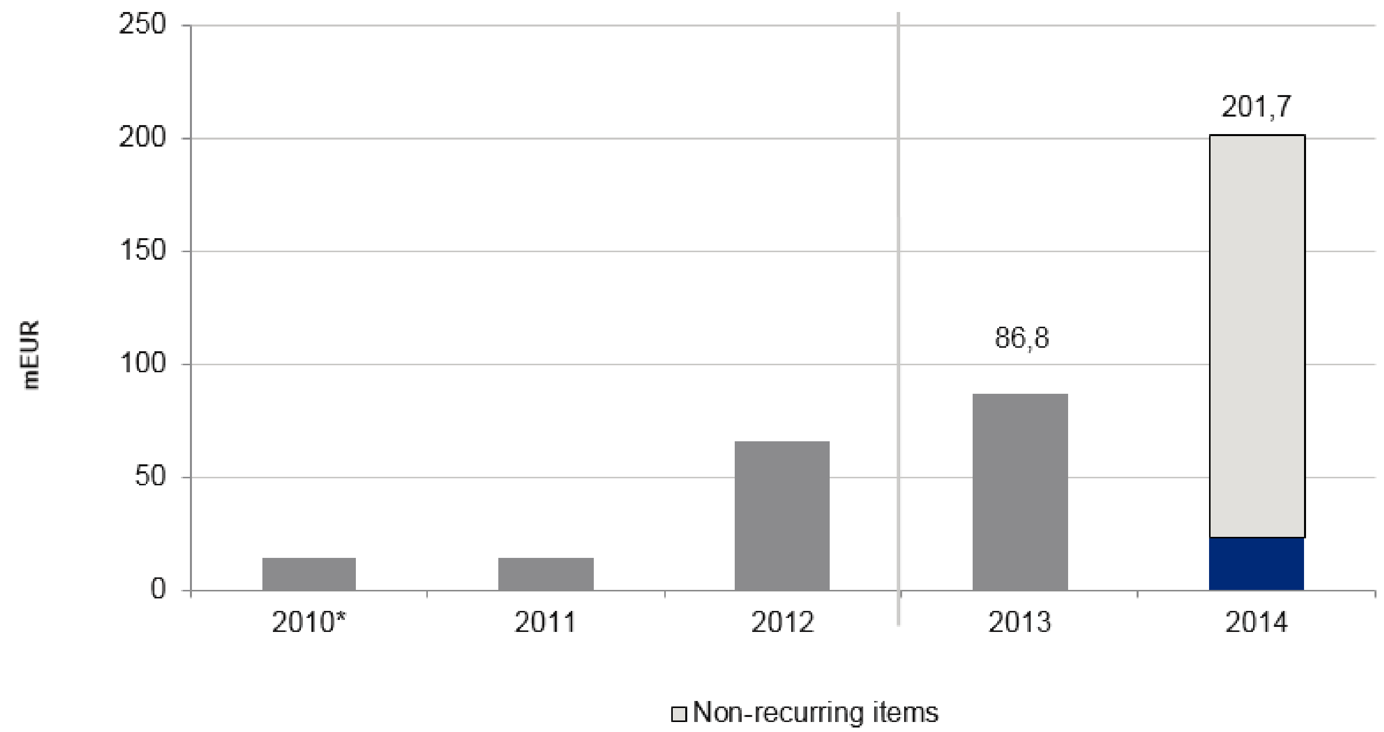


*) Excluding non-recurring items

Denmark EBIT last twelve months

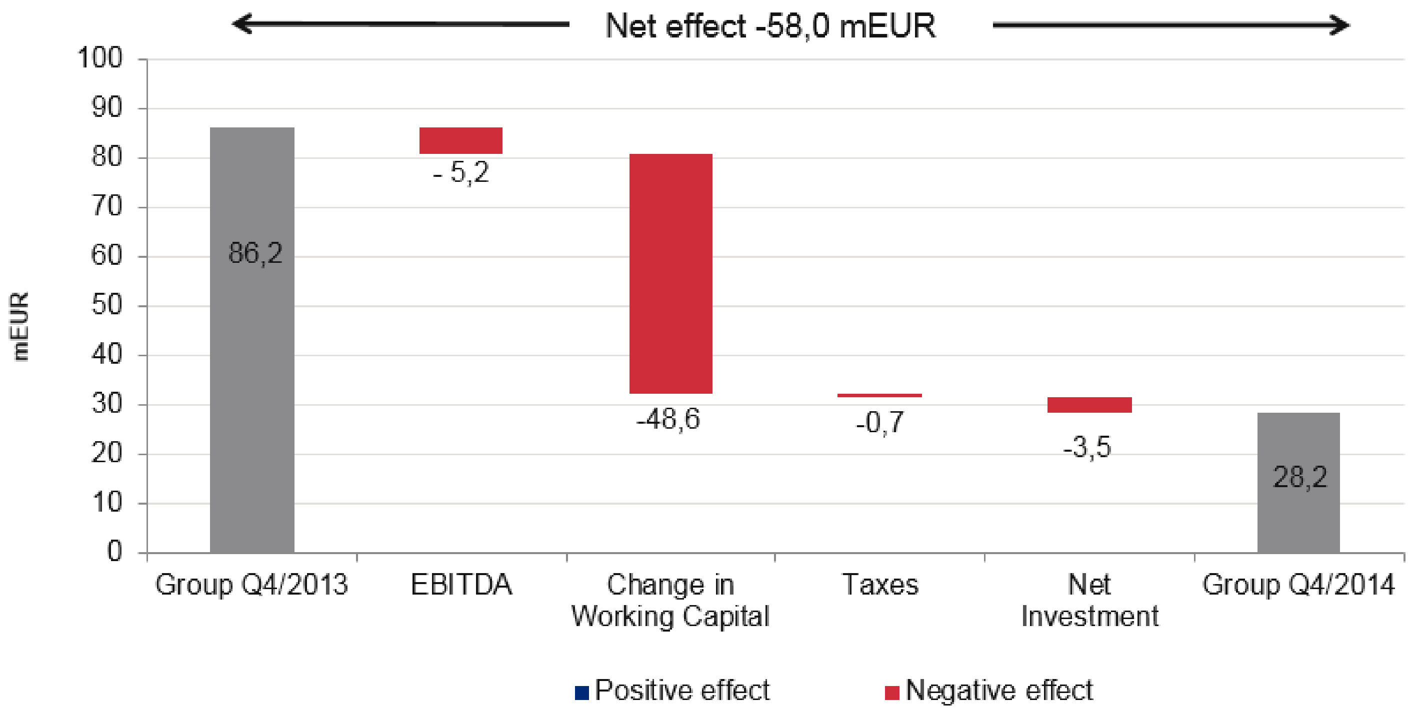


Group cash flow before debt service

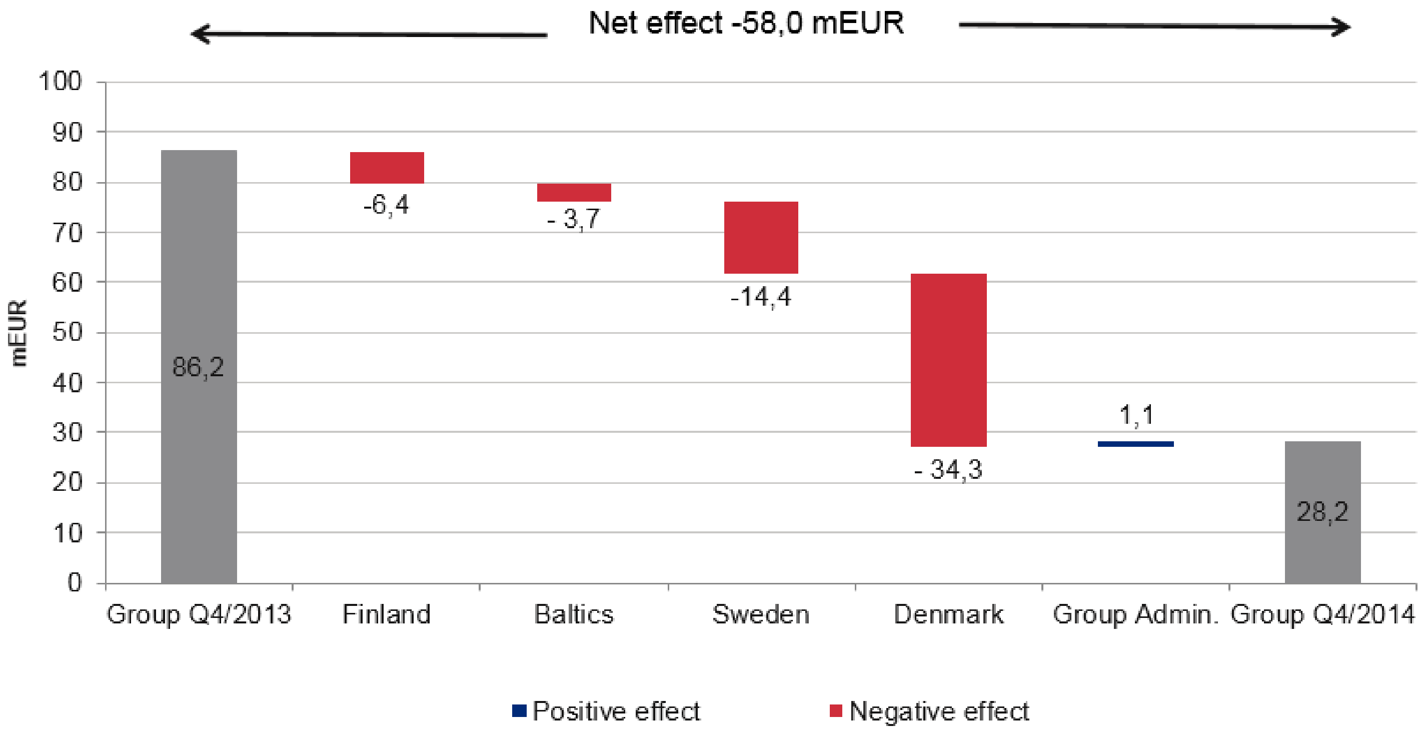


* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

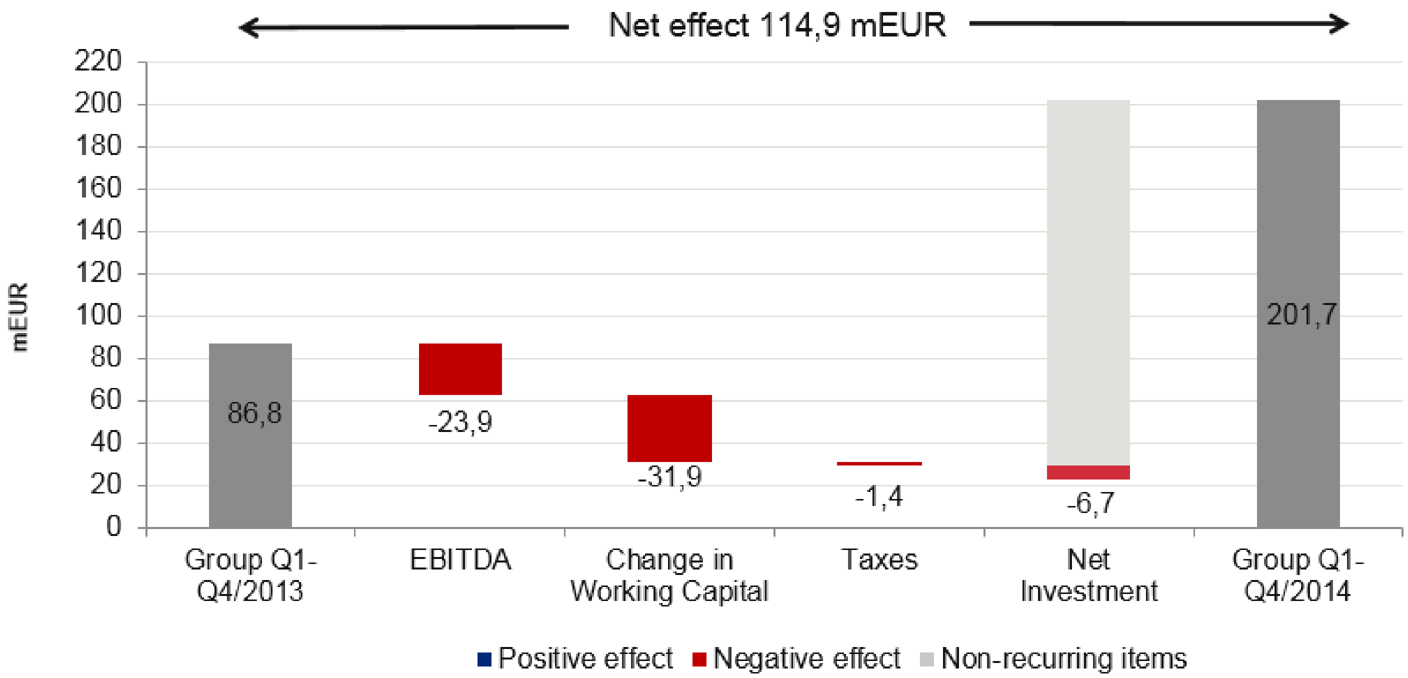
Group cash flow before debt service
Q4/2013 vs. Q4/2014



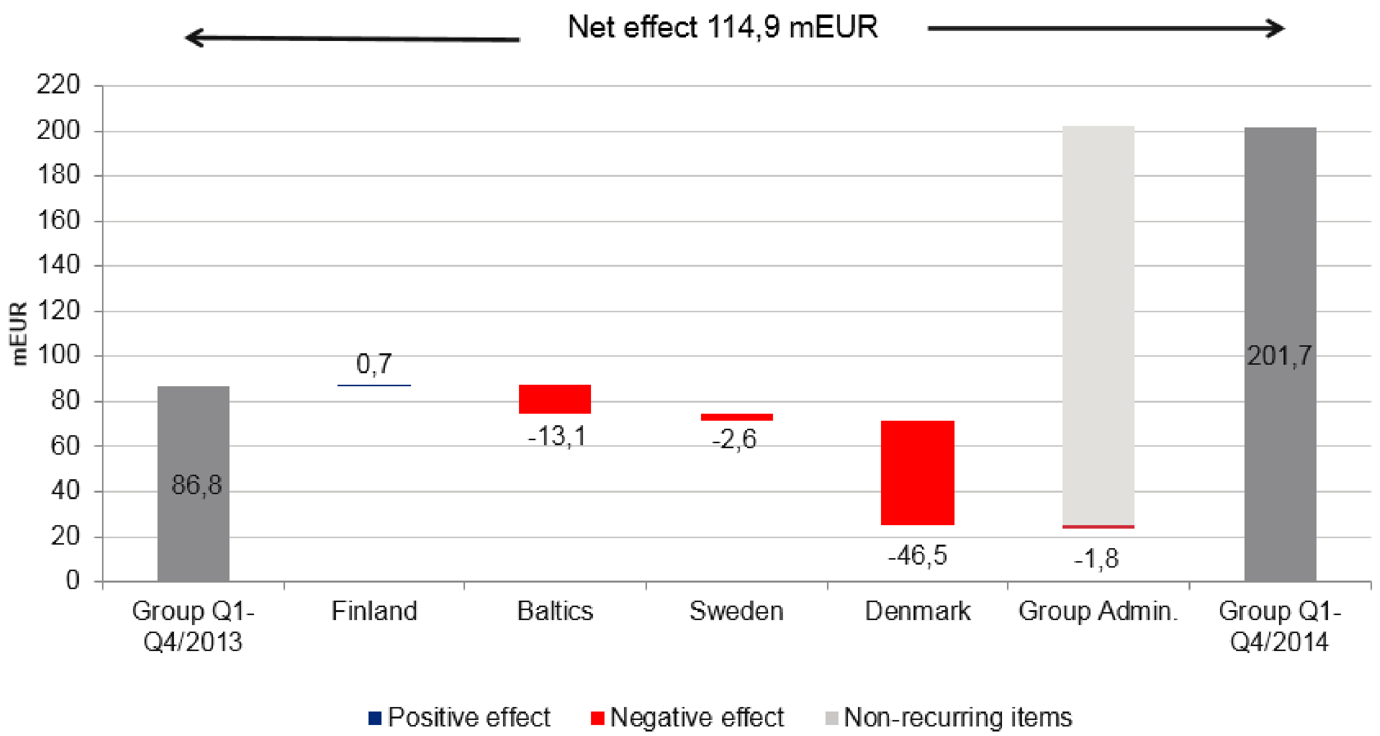
Group cash flow before debt service
Q4/2013 vs. Q4/2014



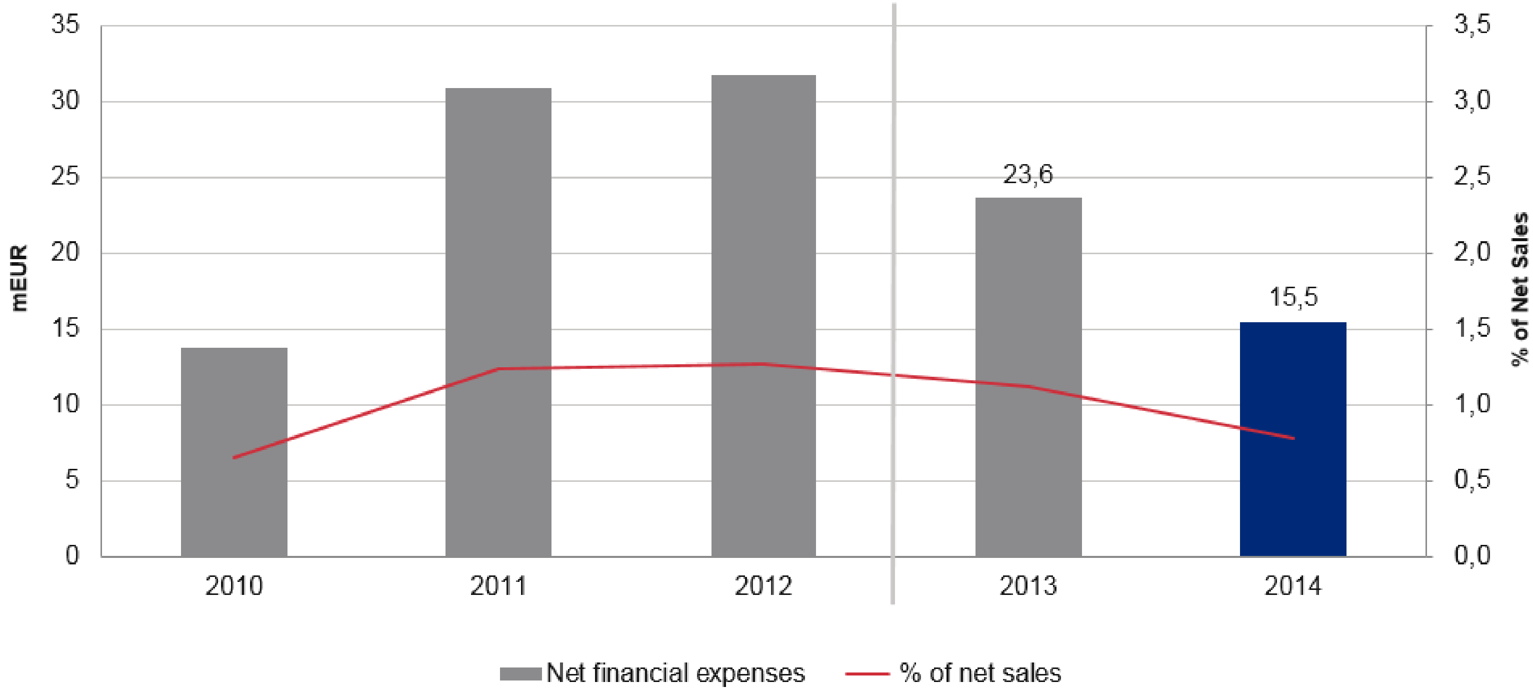
Group cash flow before debt service
Q1-Q4/2013 vs. Q1-Q4/2014



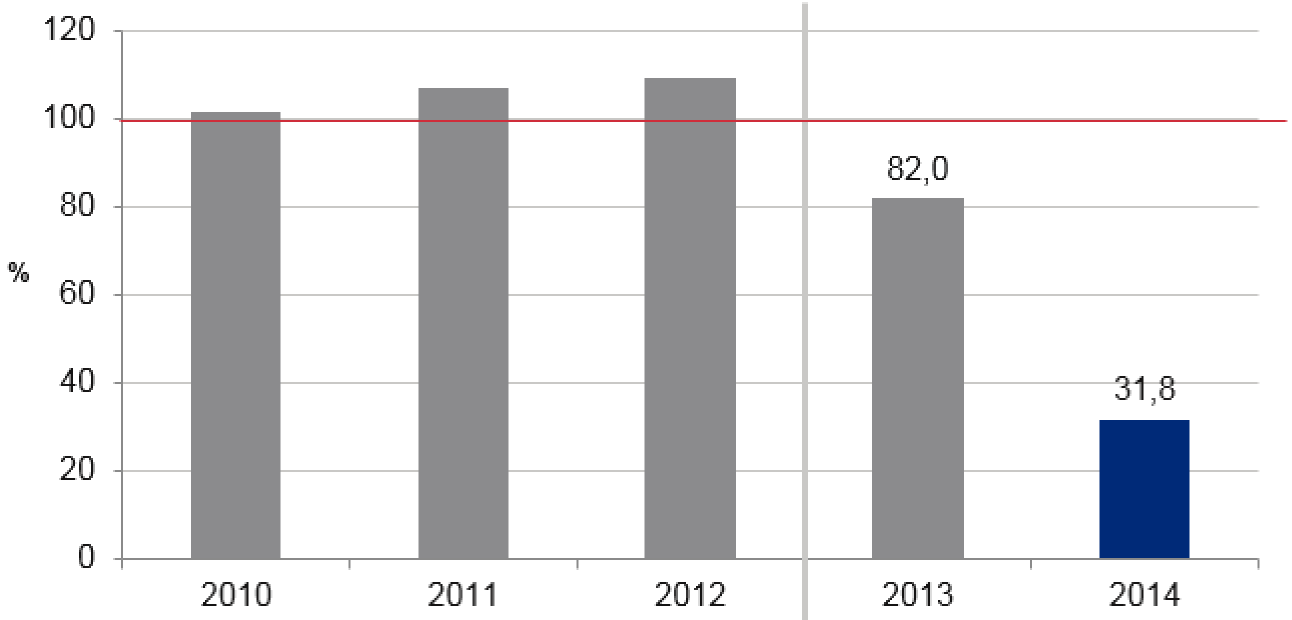
Group cash flow before debt service
Q1-Q4/2013 vs. Q1-Q4/2014



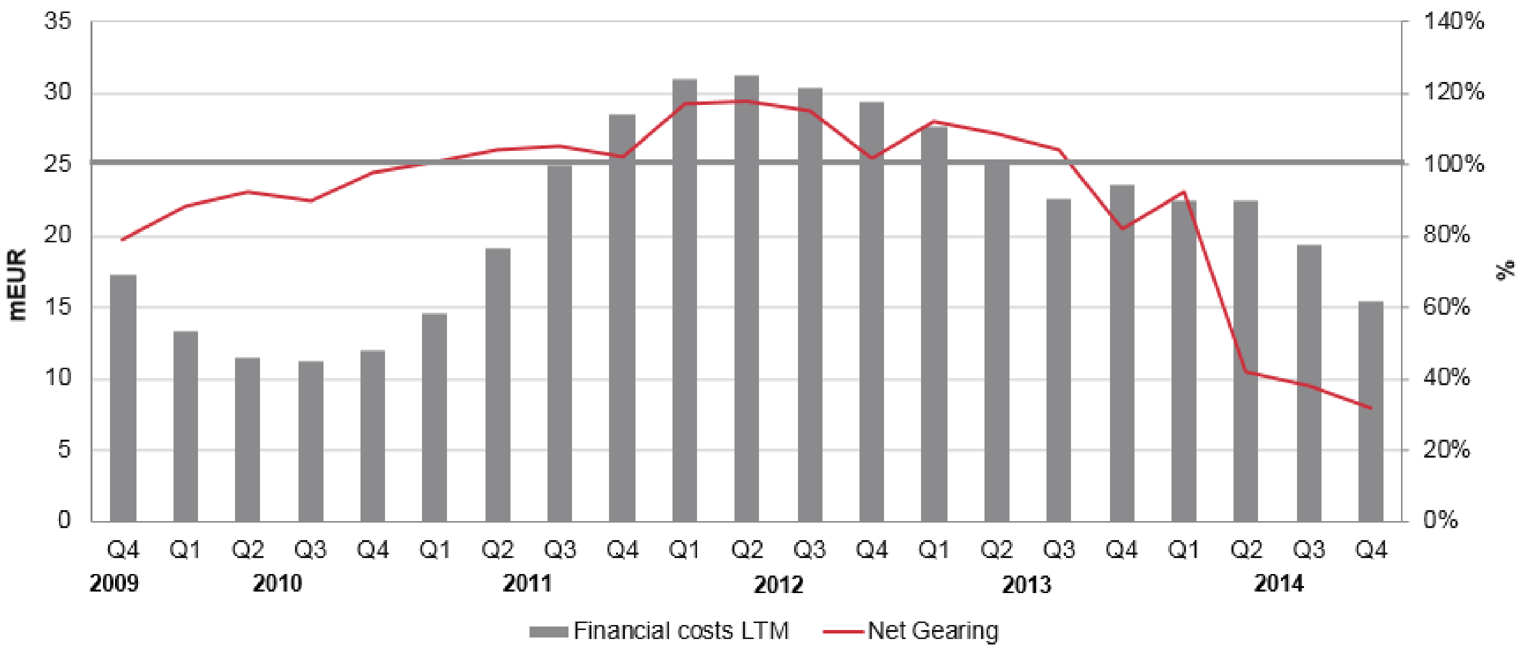
Group net financial expenses



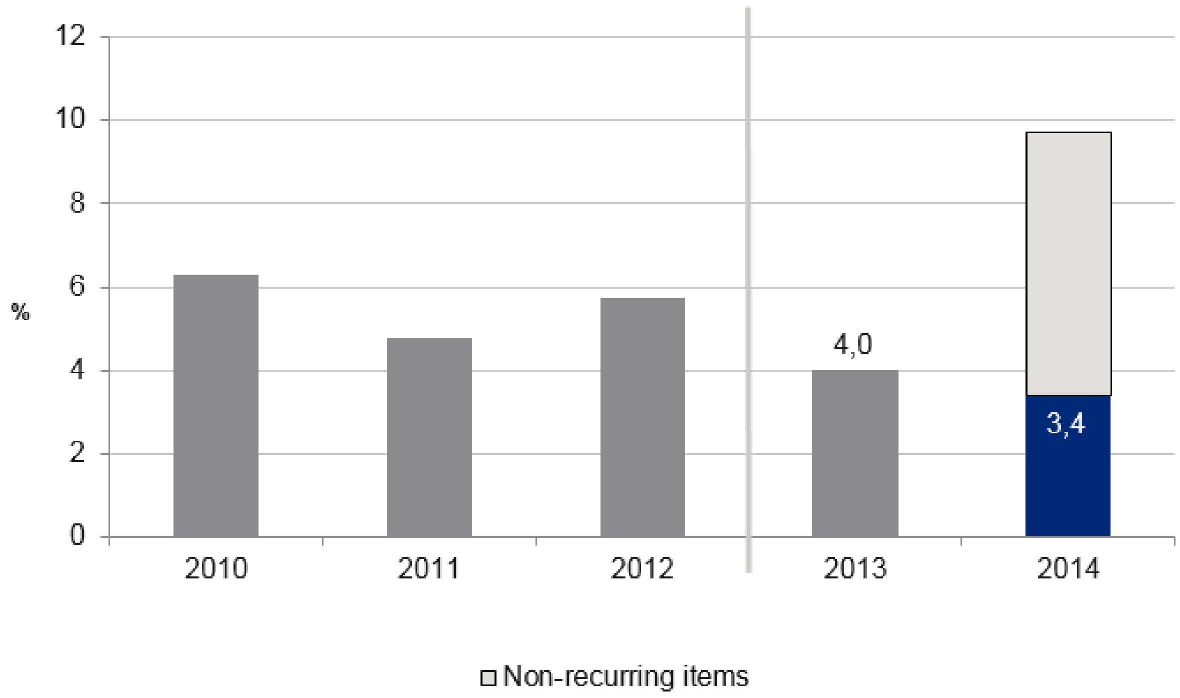
Net gearing



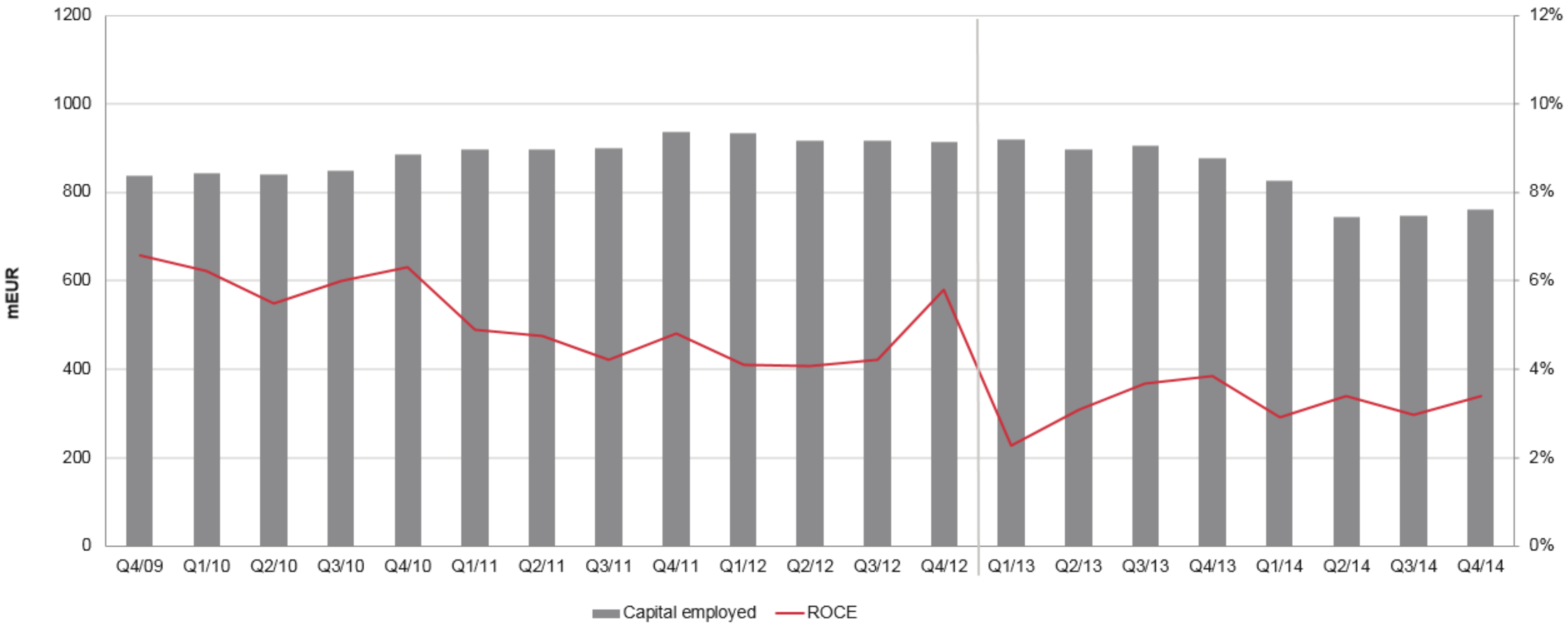
Financial costs last twelve months and net gearing



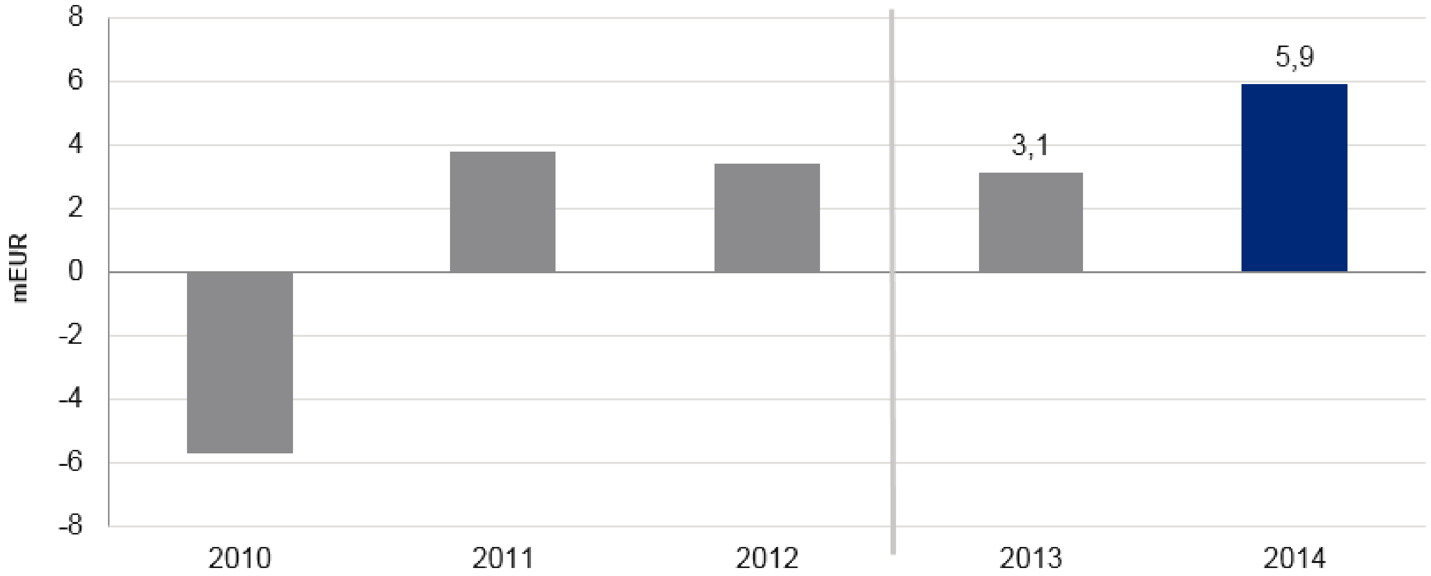
Return on capital employed (ROCE)



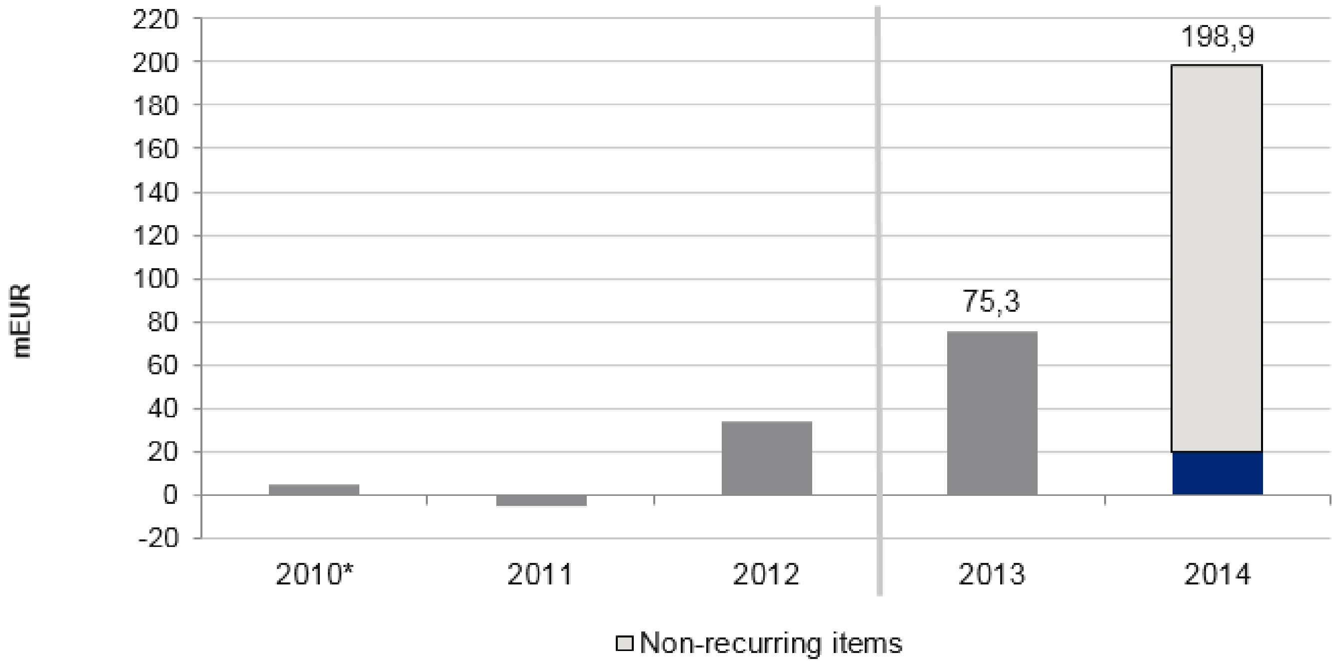
Capital employed and ROCE last twelve months



Group income tax

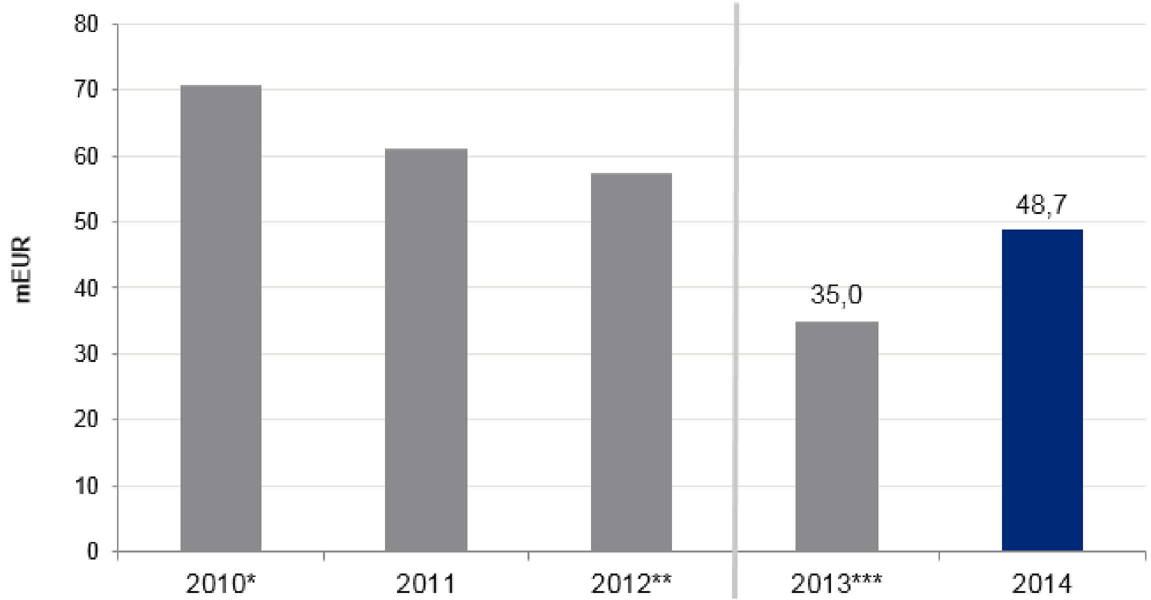


Group cash flow before financing activities



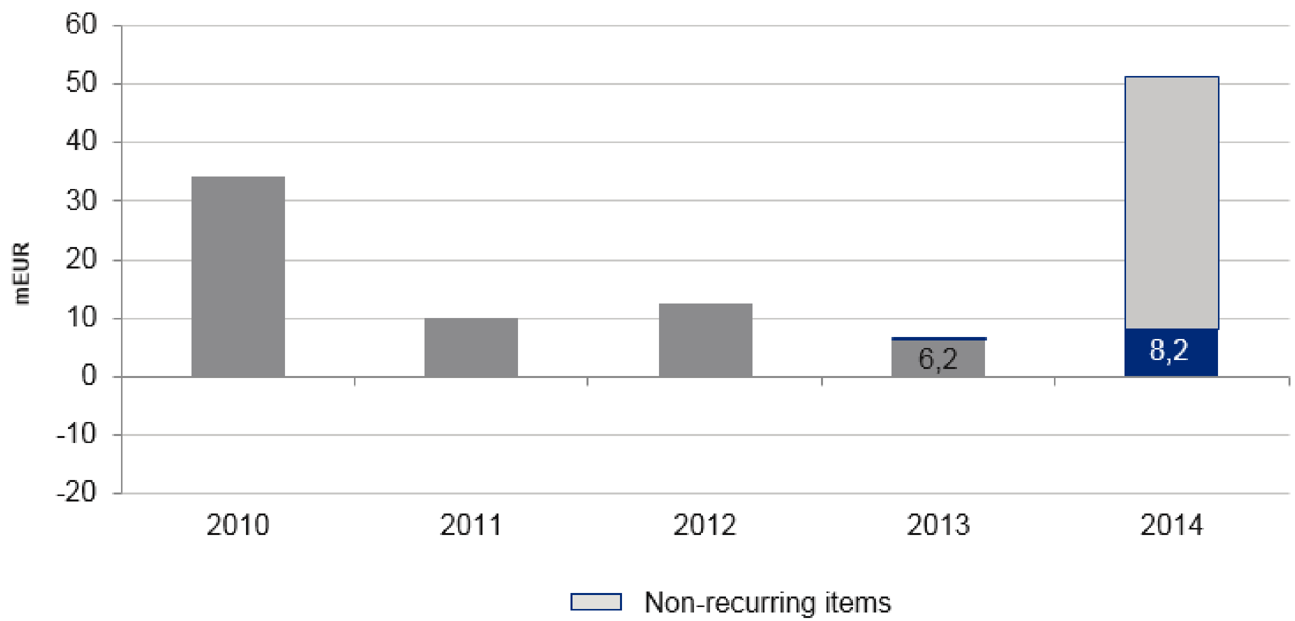
* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million

Group investments

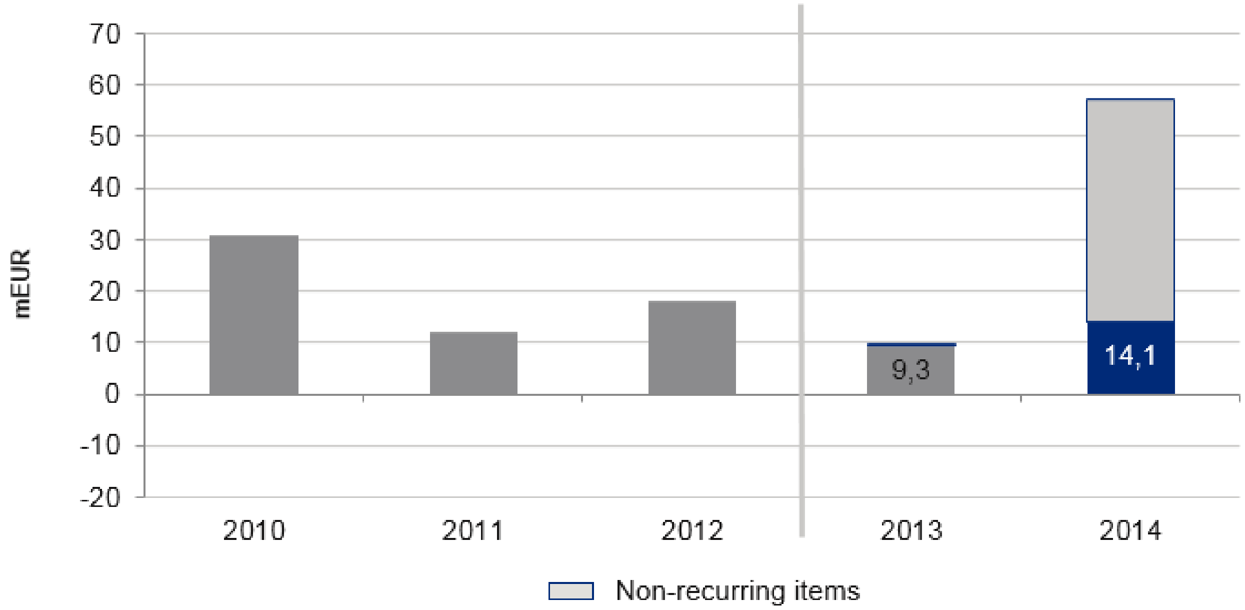


* Excluding acquisition price of Rose Poultry A/S, EUR 23.4 million
** EUR 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million
*** EUR 35.0 million excluding rebuild of the Vinderup plant EUR 7.2 million

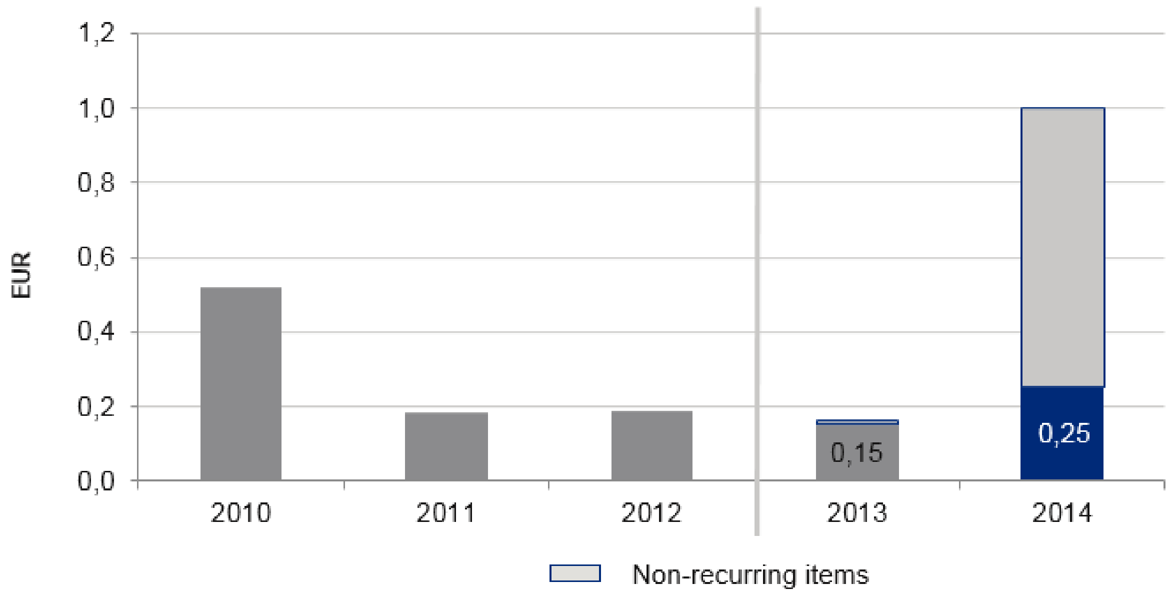
Profit before taxes



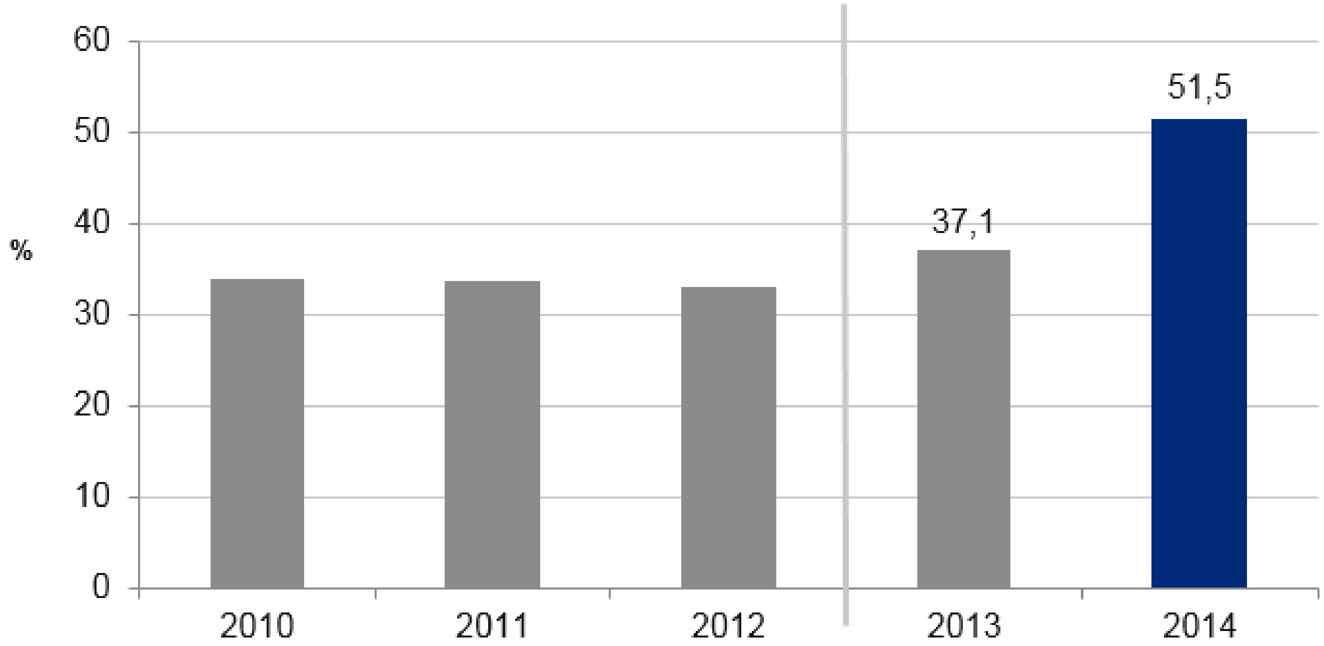
Profit for the period



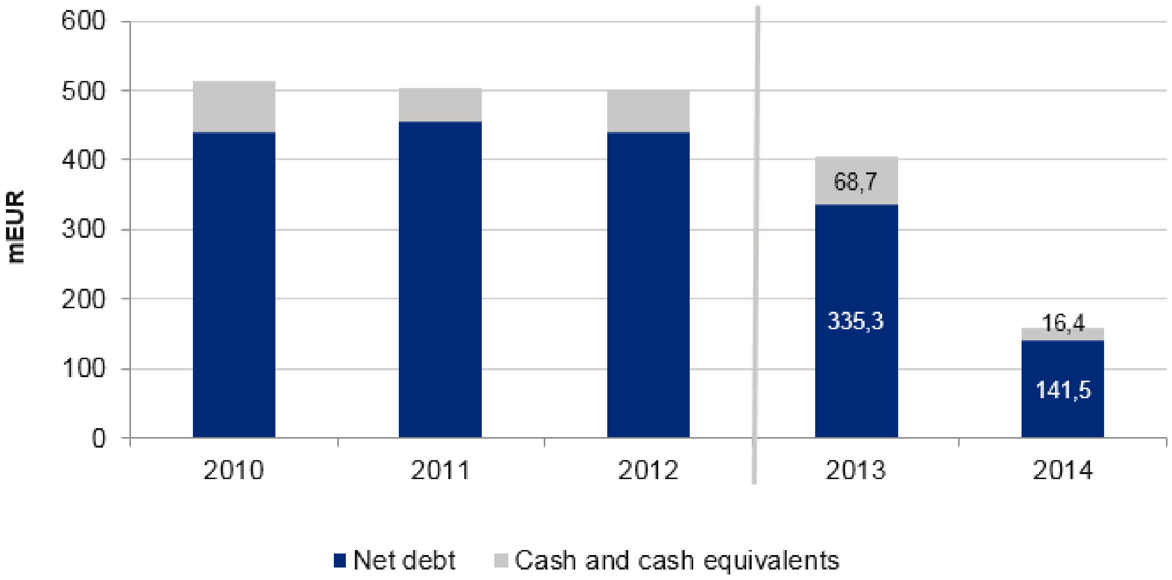
Earnings per share (EPS)



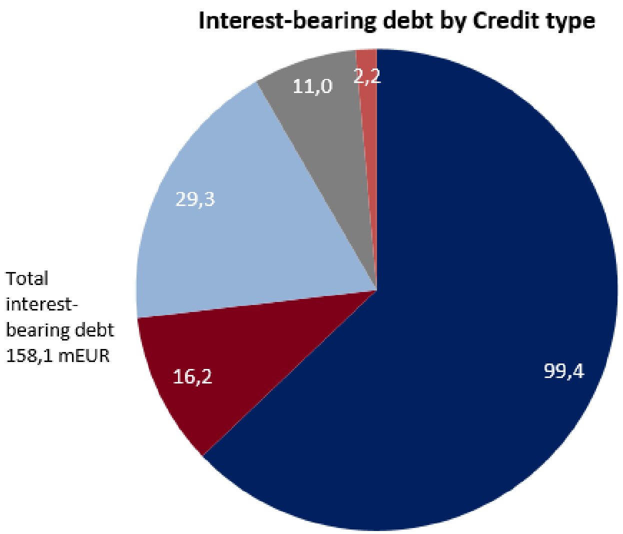
Equity ratio

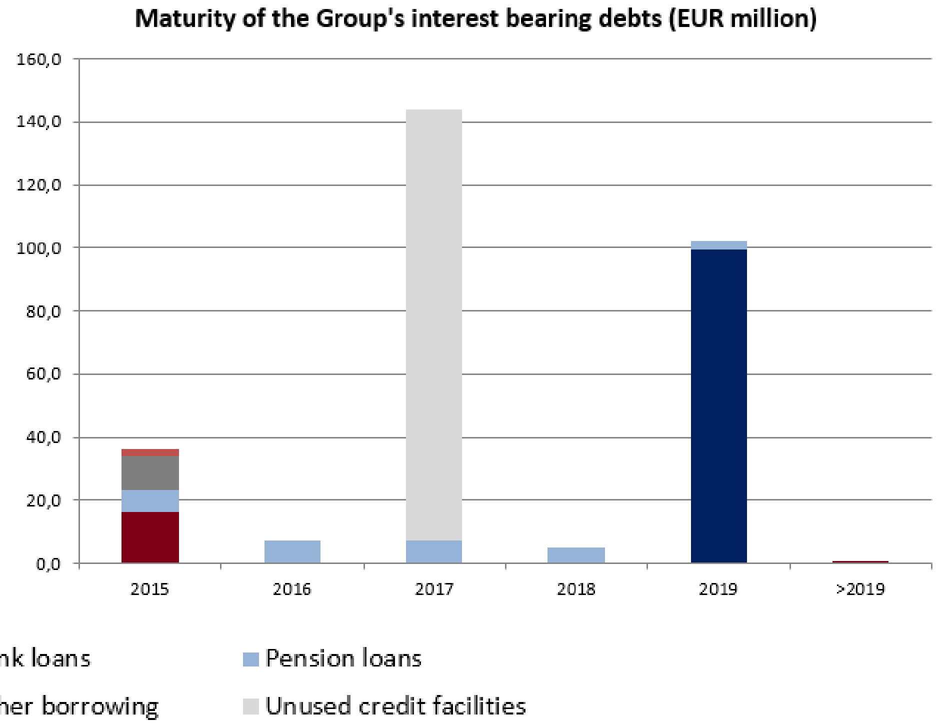


Net debt

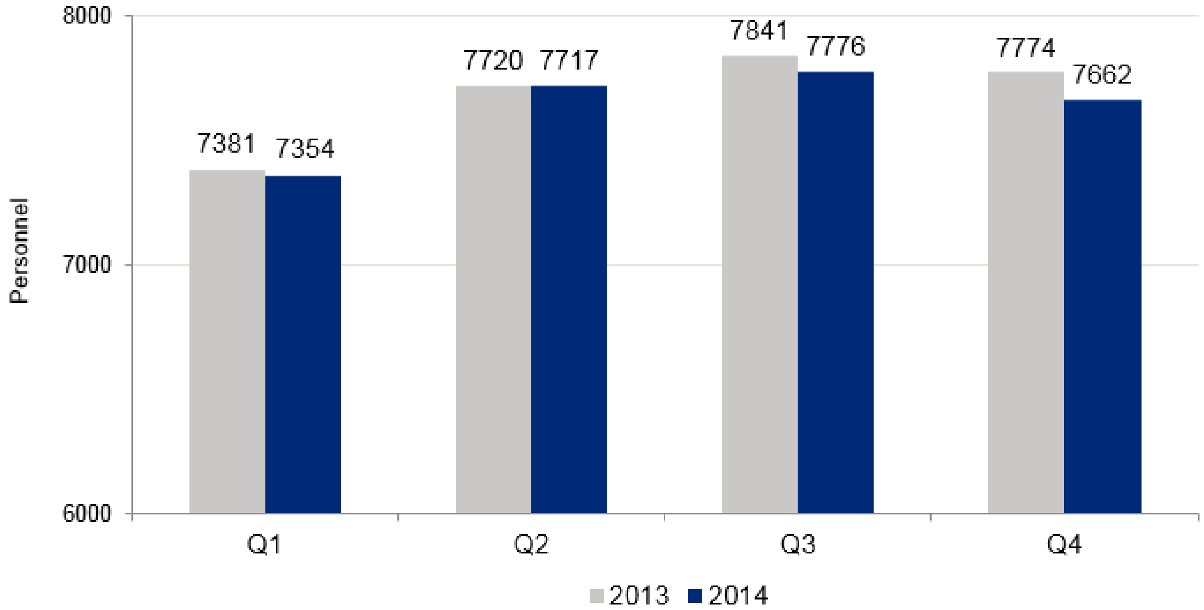

mEUR
600
500
400
300
200
100
0
68,7
335,3
16,4
141,5
2010
2011
2012
2013
2014
Net debt
Cash and cash equivalents

Interest-bearing debt and maturity structure





Group personnel (end of month average)



Key figures

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Profit before taxes	4,3	7,7	51,2	6,7
Profit for the review period	5,2	6,6	57,1	9,8
EPS, EUR	0,09	0,10	1,05	0,16
Cash flow before debt service	28,2	86,2	201,7	86,8
Cash flow before financing activities	32,1	81,4	198,9	75,3
ROCE before taxes, %			9,7	4,0
Net debt			141,5	335,3
Net gearing, %			31,8	82,0
Employees, end of month average			7 662	7 774

From development programme 2014 to continuous improvement 2015

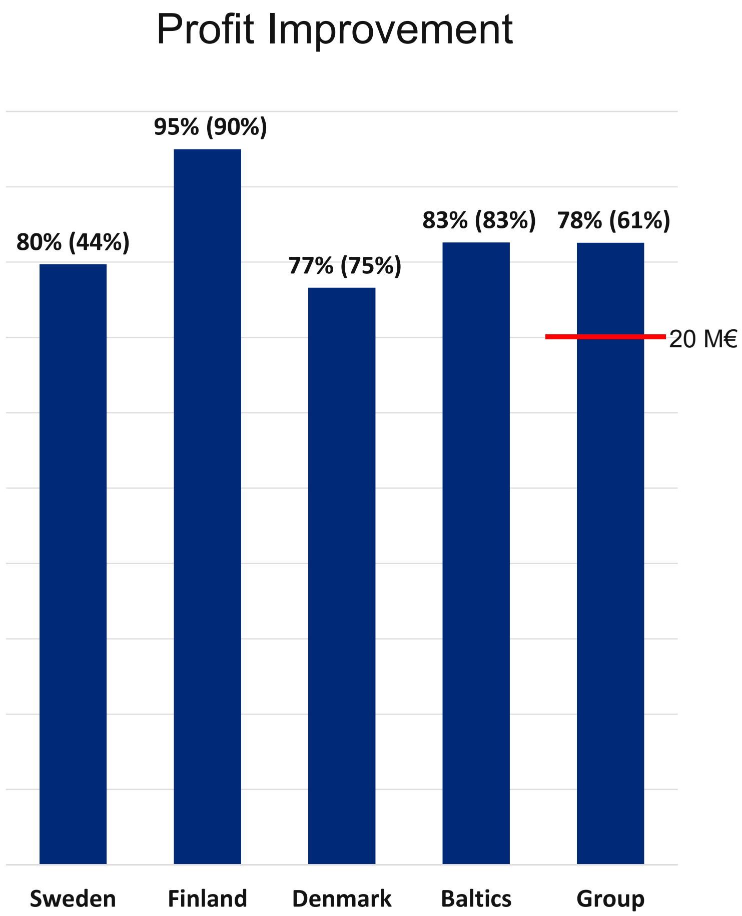
2014

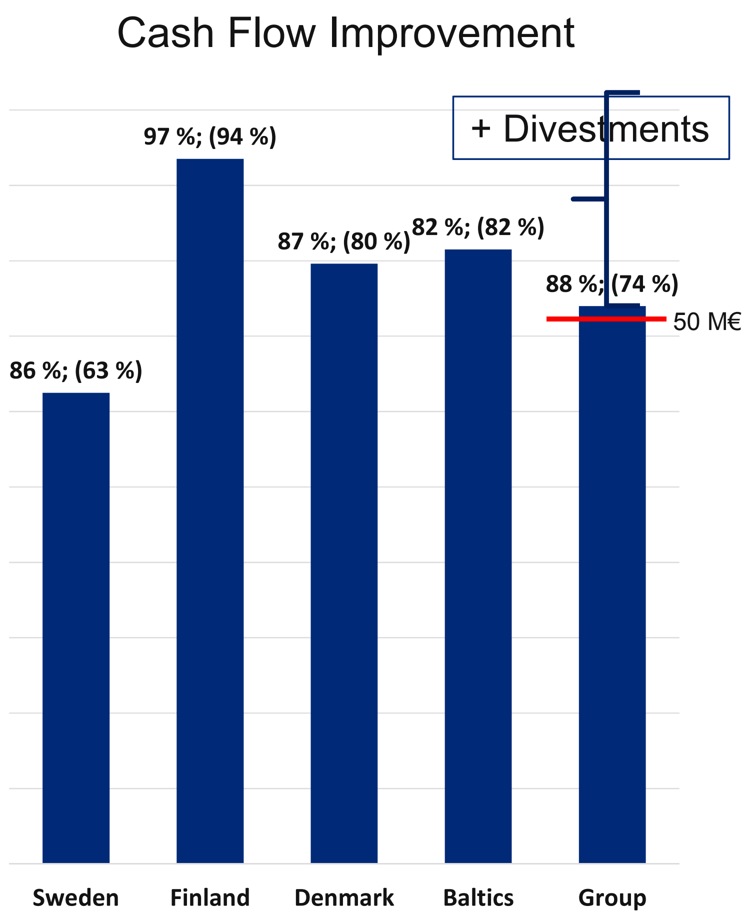
- Cost saving and cash release programme
- Production restructuring
- Organizational restructuring
- Consolidation of Group sourcing
- Cash free up from
  - Trade receivables
  - Trade payables
  - Inventories
- Divestment of idle assets
- Investments required

2015

- Mindset – continuous hunt for improvement
- Mitigating headwind, i.e. cost inflation
- Systematic project management and follow up
- Group synergies – consolidation and harmonization
- Organizational restructuring
- Utilization of strong balance sheet i.e. supplier financing

Development programme 2014 – Completion ratio



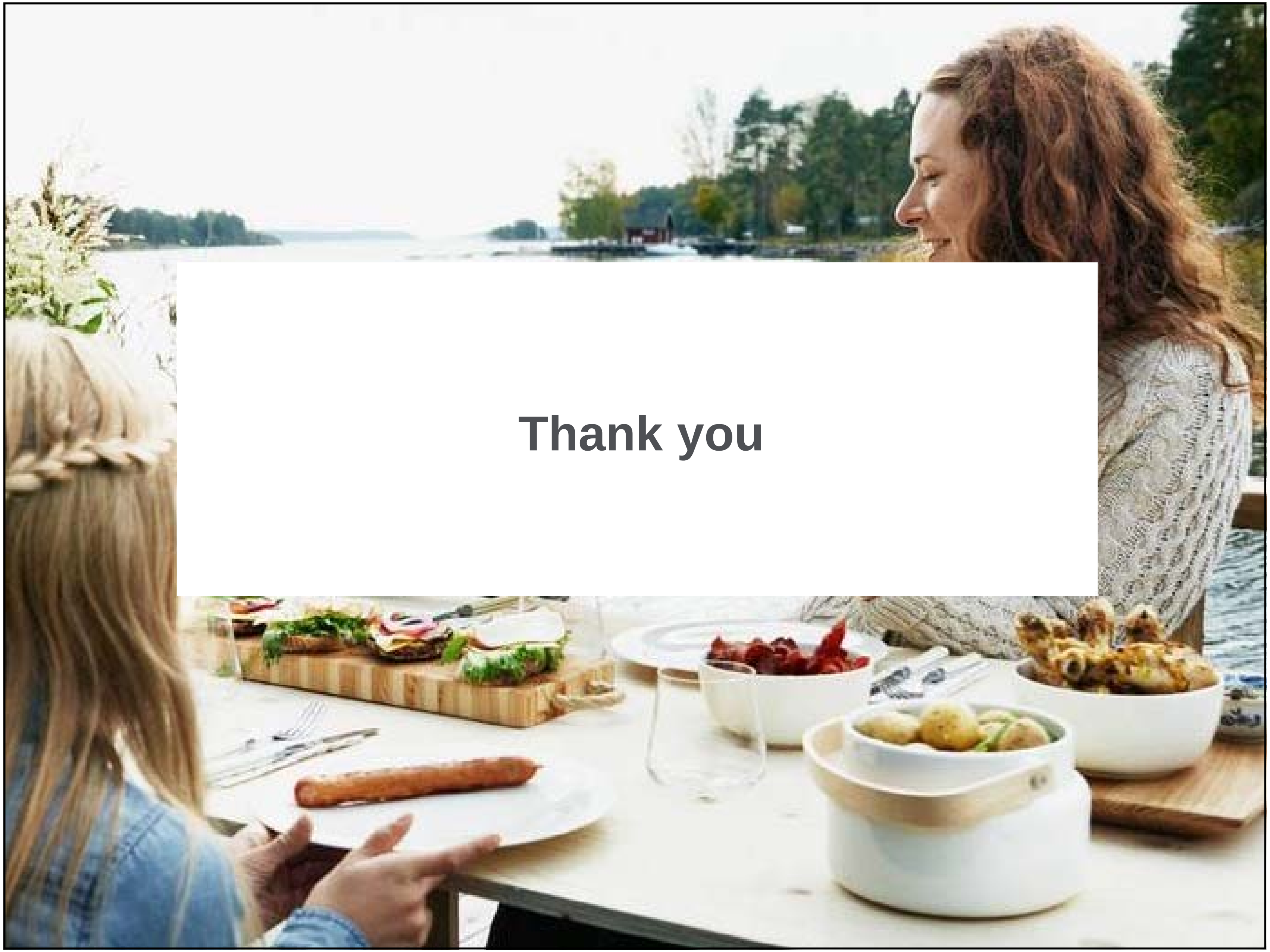


Non-recurring items in EBIT in 2014

Item	Rationale	EUR million
Capital gain	Divestment of shares in Saturn Nordic Holding Ab (Sokolów)	+77,6
Restructuring, Sweden	Redundancy and restructuring expenses, impairment of assets, losses in divestments of holdings	-10,8
Impairment of assets, Finland	Write down the book value of production building asset to estimated future profit	-12,0
Impairment of assets, Denmark	Write down the book value of a production line asset to estimated future profit	-5,2
Impairment of inventory 2011-2012, Sweden	Inventory accounting error concerning the years 2011-2012	-0,8
Restructuring, Finland	Redundancy expenses	-1,4
Restructuring, Denmark	Redundancy and restructuring expenses	-1,5
Share of loss in associate, Denmark	Cover of loss in an associated company based on the shareholder's agreement	-0,8
Impairment of assets, Latvia	Write down the book value of production building not in use	-2,1
TOTAL		**+43,0**

Non-recurring items below EBIT in 2014

Item	Rationale	EUR million
Share of profit in associates	Capital gain from Lihateollisuuden Tutkimuskeskus LTK's sale of the shares of MP-Maustepalvelu Oy	+3,6
Financial expenses	Restructuring of financials	-1,1
Financial expenses	Write down of the loan receivable from an associated company, Sweden	-1,1
TOTAL		**+1,4**


Thank you