

# HKSCAN

---

## Interim Report Q3 2022

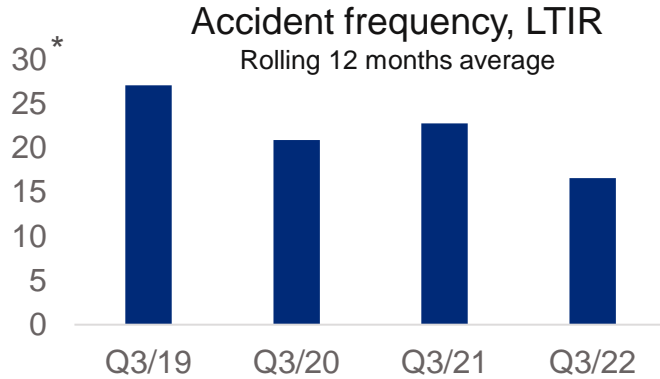
---

Juha Ruohola, interim CEO  
Jyrki Paappa, CFO

3 November 2022



# Safety First: Goal-oriented work towards zero accidents at work



- 30%** lost-time accidents
- 20%** days of absence due to accidents
- +85%** safety observations

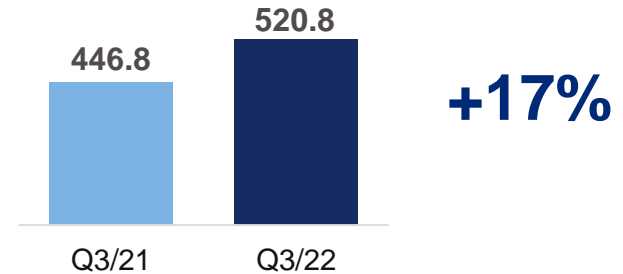
\*lost-time accidents per million working hours



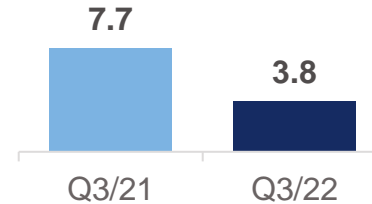
# Q3/2022: The quarter was twofold due to high inflation

- Clear net sales growth in all home markets and sales channels
  - Increased costs due to high inflation passed on to sales prices
  - Food service sales continued to increase clearly in value and in volume
- The sharp rise in energy and logistics costs during the review period had a significant negative impact on profitability
- Operational focus shifted to short-term measures to improve profitability

## Net sales, M€



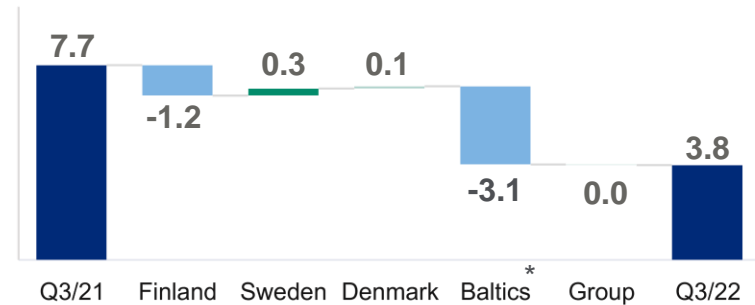
## Comparable EBIT, M€



# Q3/2022: Profit improvement continued in Sweden and Denmark

- Sweden and Denmark continued good performance
- In Finland, comparable EBIT was positive, but the sharp rise in energy prices exceeded forecasts
- Losses in the Baltics increased as energy and feed prices increased sharply
- Unstable geopolitical situation is strengthening demand for domestic raw materials and familiar products
- HKScan responded well to changing consumer demand, with a strong brand position also in basic foods

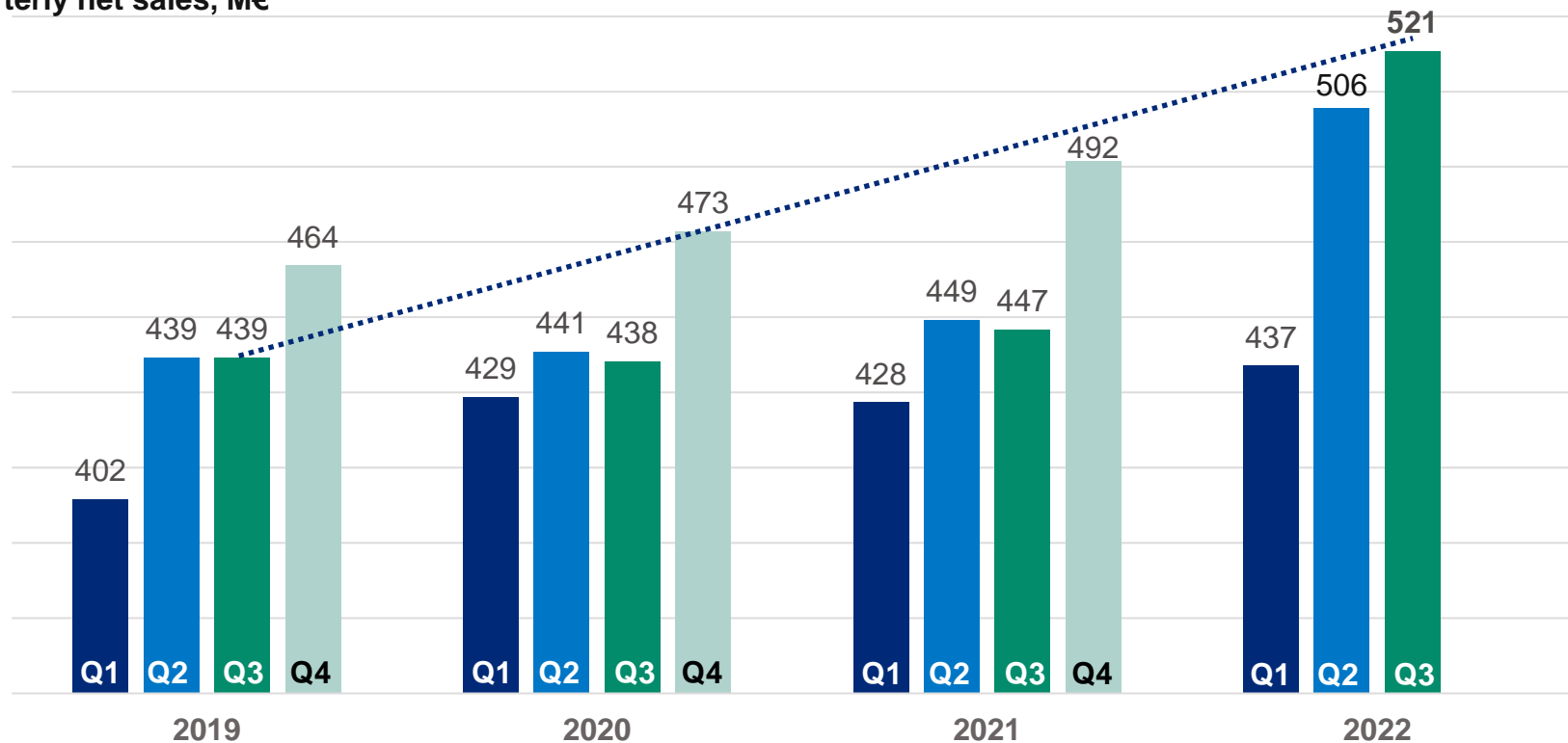
Change of comparable EBIT, M€



\*Change of EBIT excluding biological asset revaluation -3.7 M€

# Net sales growth continuing

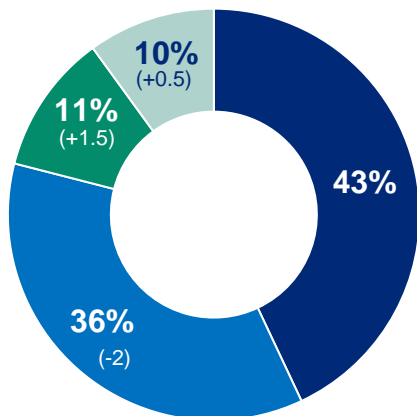
Quarterly net sales, M€



# Food service market continued to grow

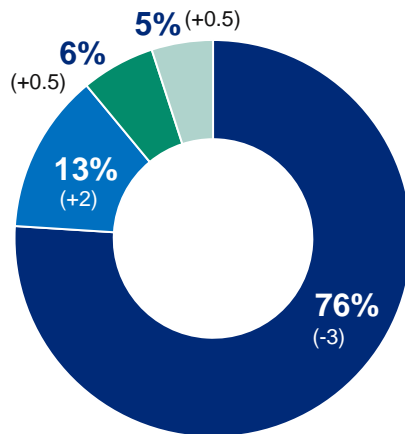
Net sales breakdown Q3/2022

## Markets



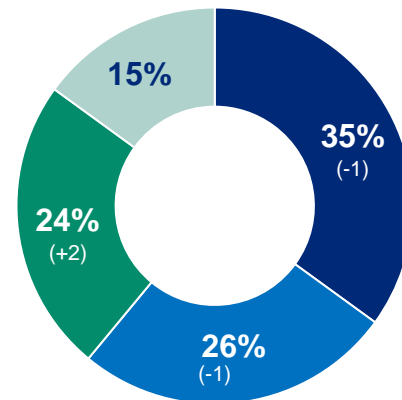
- Finland
- Sweden
- Denmark
- Baltics

## Sales channels



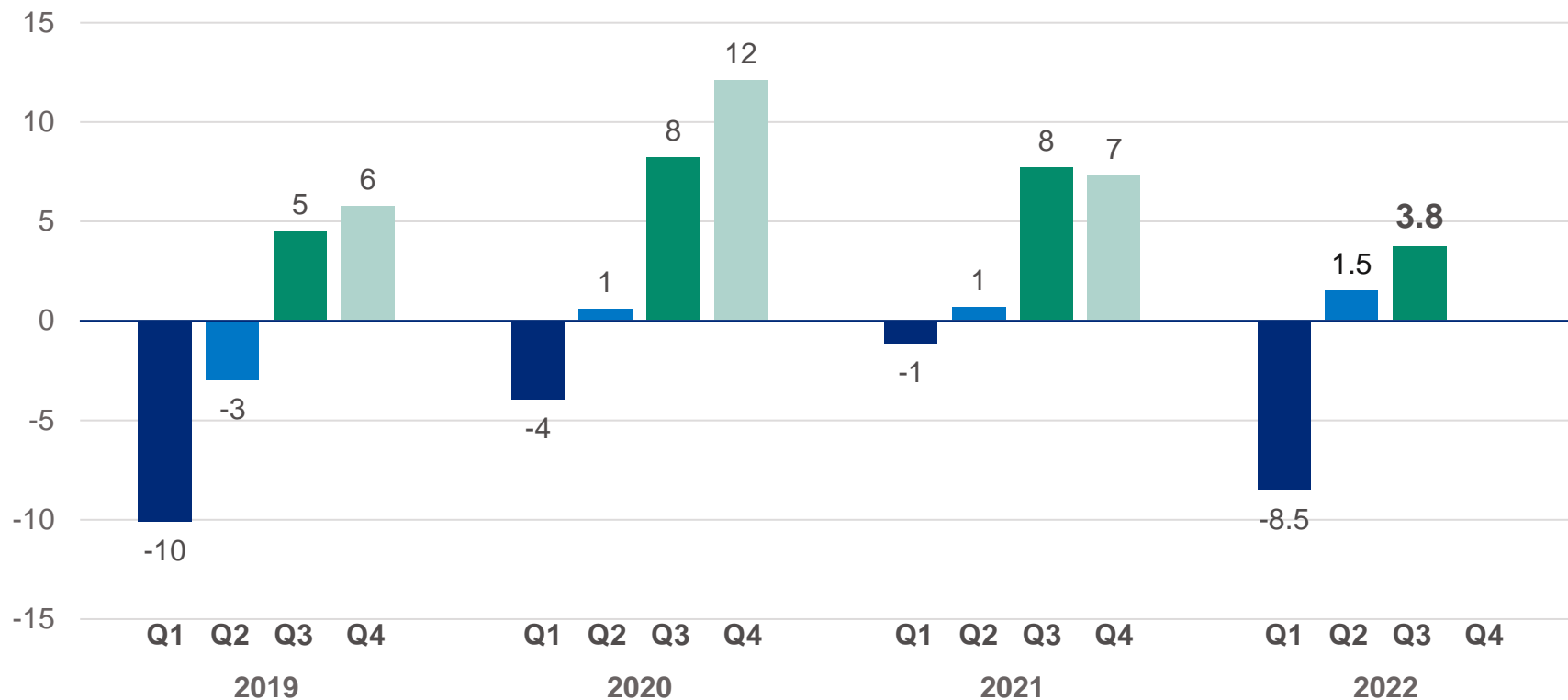
- Retail
- Food service
- Industry
- Export

## Categories



- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and meal components

# Quarterly comparable EBIT, M€



# Guidance for 2022 updated on 29 September 2022

HKScan's comparable EBIT is expected to decrease from the comparison year, but remain positive.

It has been decided to lower the financial guidance due to the significantly changed situation on the energy market.

The uncertainty in the energy market affects all of HKScan's home markets and will impact the Group's EBIT despite hedging measures.







**HKScan's strategic target is to grow into a versatile food company in the long term**

**HKSCAN**

# Strategic renewal requires better profitability and stronger balance sheet

Improving  
the profitability of  
the core business

Strengthening  
the financial base

Renewal into  
a versatile  
food company

Profitable growth

CASH FLOW · PROFITABILITY · BALANCE SHEET

2022

2030

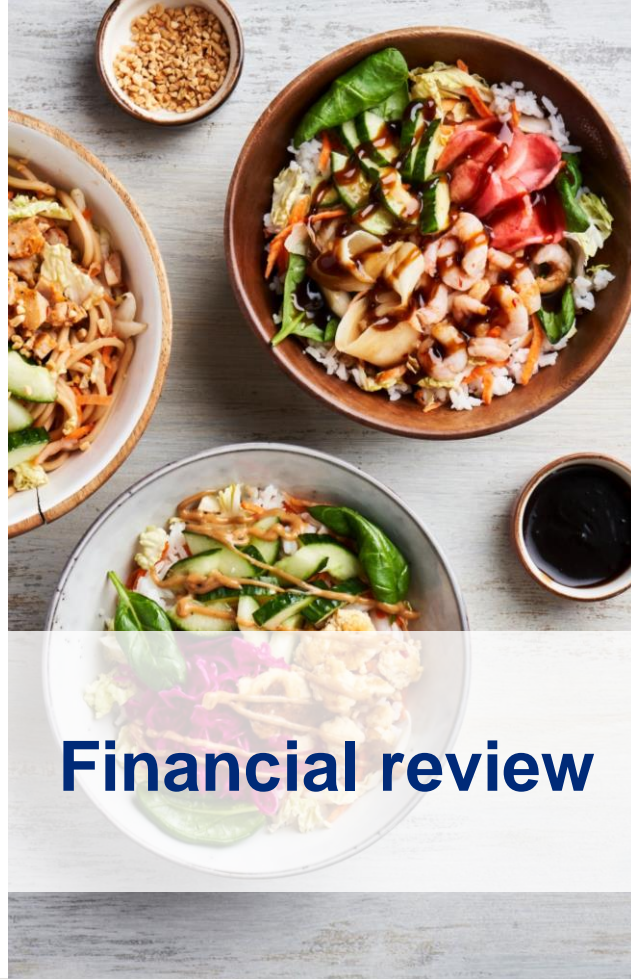
# Focus on profitability improvement

In an exceptional and rapidly changing operating environment, HKScan focuses on profitability improvement.

## Measures to improve profitability

- 1) Passing on strong cost inflation to sales prices and other commercial measures
- 2) Cost management in all activities
- 3) Increasing productivity in production
- 4) Optimising the product portfolio to meet changing consumer demand
- 5) Focus on the core business





## Financial review

**HKSCAN**

## HKScan – key figures

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	2021
Net sales	520.8	446.8	1 463.7	1 323.6	1 815.3
EBITDA	17.3	23.5	39.0	54.5	78.1
EBIT	2.7	7.6	-20.5*	10.2	17.9
- EBIT margin, %	0.5	1.7	-1.4	0.8	1.0
Comparable EBIT	3.8	7.7	-3.2	7.2	14.5
- EBIT margin, %	0.7	1.7	-0.2	0.5	0.8
Profit for the period	-0.9	3.6	-27.9	-2.1	-1.2
EPS, EUR	-0.02	0.03	-0.32	-0.06	-0.06
Comparable EPS, EUR	-0.01	0.03	-0.14	-0.09	-0.10

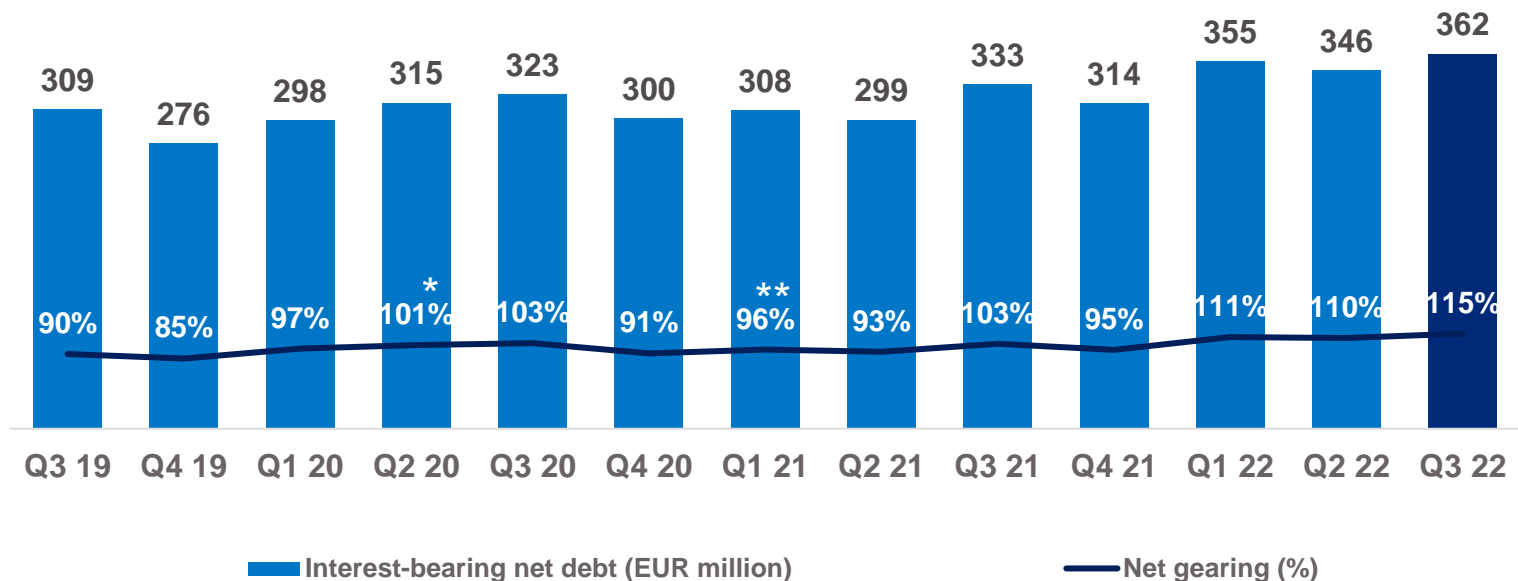
\* Includes a goodwill write-down of -15.6 M€ for the Baltic Business Unit.

## HKScan – key figures

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	2021
Cash flow from operating activities	-6.2	-15.6	-18.2	12.5	54.6
Cash flow after investing activities	-12.1	-23.9	-35.5	59.9**	81.2**
Return on capital employed (ROCE) before taxes, %			-0.5	5.1	3.6
Interest-bearing net debt			362.5	333.3	314.5
Net gearing, %			114.8	102.5	95.2

\* Includes sale of Vantaa property (land and buildings) with EUR 76.1 million.

## Interest-bearing net debt and net gearing

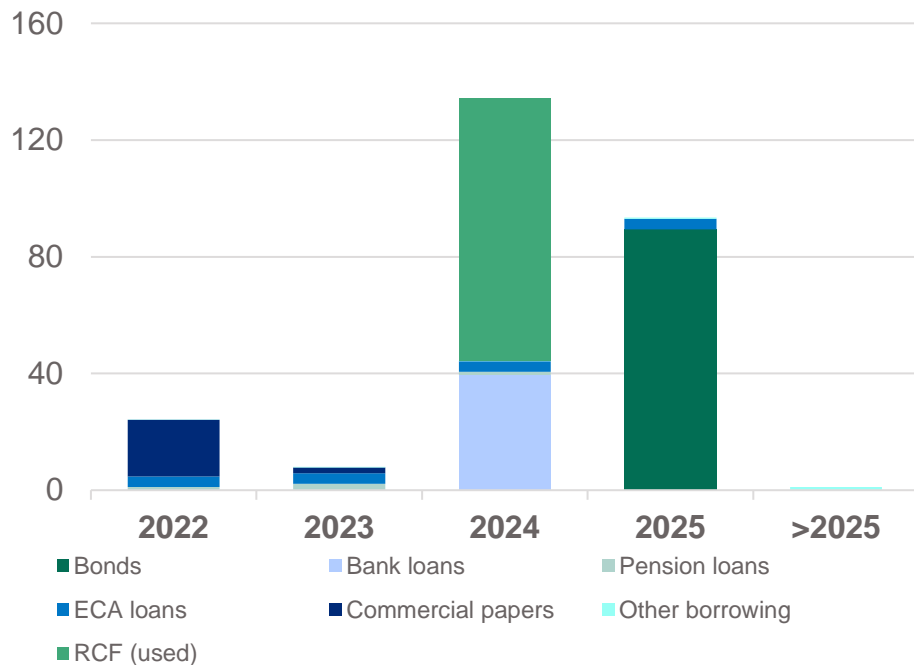


\* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

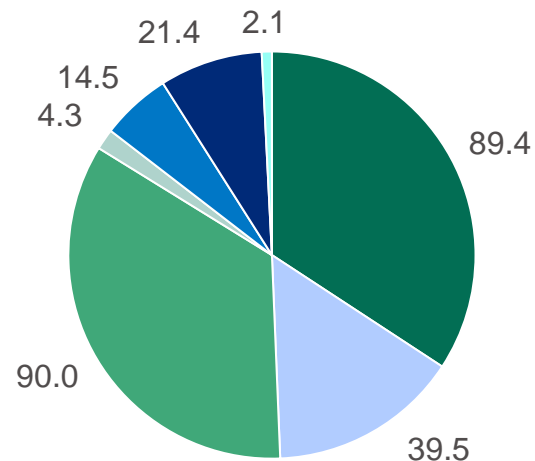
\*\* Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

# Debt profile and maturity structure as of 30 September 2022

Maturity of the Group's interest-bearing debt\*, M€



Interest-bearing debt by credit type, M€\*



**Total interest-bearing debt without IFRS 16:  
EUR 261.1 million**

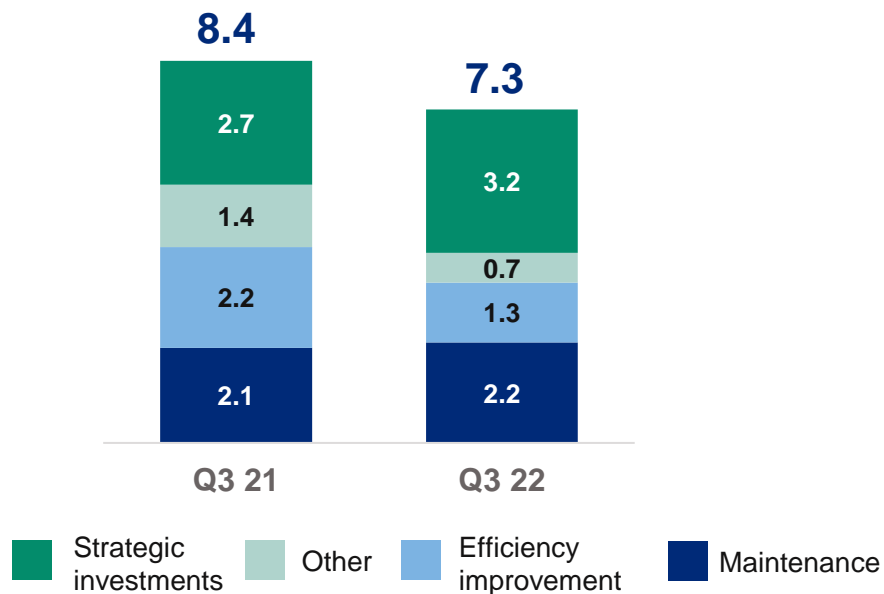
\*Without lease liabilities

\*EUR 26 million hybrid bond is treated as equity

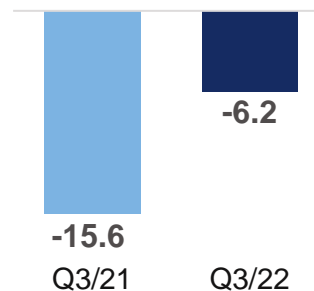


# Q3/2022: Investments, cash flow and working capital

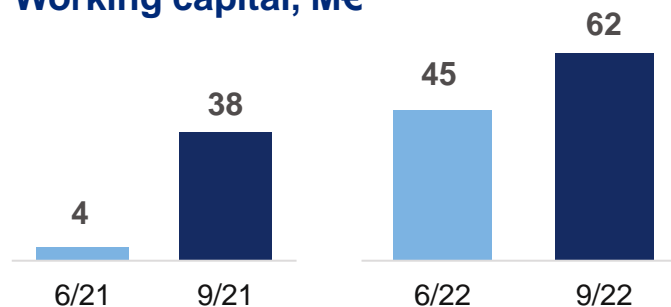
## Group investments, M€



## Cash flow from operating activities, M€

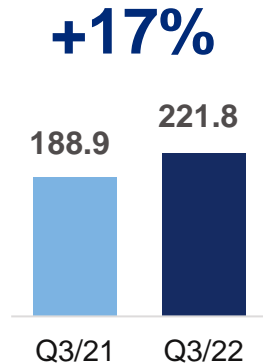


## Working capital, M€

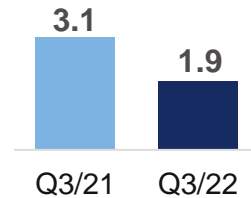


# Finland Q3/2022: Cost increases passed on to sales prices

Net sales, M€



Comparable EBIT, M€



- Price increases to cover exceptionally high inflation
- Food service sales continued to grow and sales in meal components increased clearly
- Retail sales increased in value, but decreased in volume
- Despite hedging measures, the exceptionally high electricity price weakened comparable EBIT



# HKScan expanded into new product category with Via Kasvimaa products

- The joint venture between HKScan and Vihannes-Laitila, Kasviskonttori Oy, launched Via Kasvimaa products in early October
- Ready-to-use and ready-to-cook fresh vegetable products responding to growing consumer demand
- The products increase the added value of vegetables and make the varied use of vegetables easy
- New products are made in HKScan's Eura unit



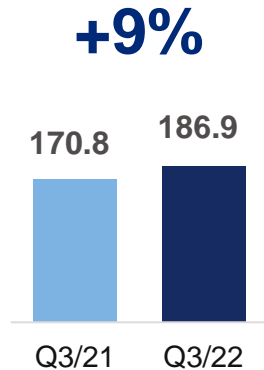
# Improving operational efficiency in Finland

- Improving the profitability of the Finnish poultry business at the Rauma and Eura units
  - Increasing production efficiency, reorganising operations and renewing operating methods
  - The changes aim at annual savings of more than 3 M€ in 2023
- An important 5 M€ investment in production development will be carried out in the Forssa unit
  - The investment and development measures aim at annual savings of more than 2 M€ in 2024 at the latest
- Planning to streamline the operating model for Group functions in Finland
  - Through the change in the operating model, HKScan aims at annual savings of some 3 M€ after Q1/2023

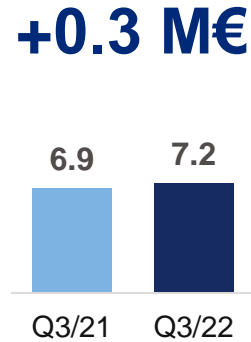


# Sweden Q3/2022: Strong performance continued

Net sales, M€



Comparable EBIT, M€

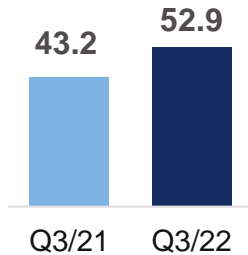


- Clear increase in net sales also at comparable exchange rates
- The impact of high cost inflation was offset by sales price increases
- Sales volumes at comparison period levels
- Growth in food service sales
- Sales in Scan branded products at comparison period levels

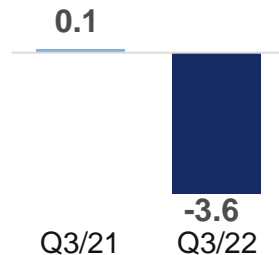
# Baltics Q3/2022: Negative profit development continued in an exceptional operating environment

Net sales, M€

**+23%**



Comparable EBIT, M€  
excluding change of biological  
asset revaluation



- Retail sales volumes in our own branded products at comparison period levels despite the clear increase in sales prices and very high inflation
- The market position remained strong due to the renewal of the product portfolio
- The main reason for the decline in EBIT was the sharp rise in energy and feed prices

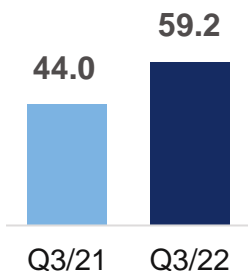


# Denmark Q3/2022: Strong growth continued

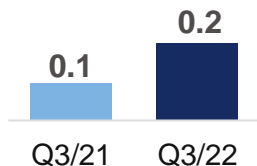
Net sales, M€

Comparable EBIT, M€

**+35%**



**+0.1 M€**



- Denmark showed clear sales volume growth and retail sales for the Rose brand increased
- Sales for Danish poultry products continued to grow strongly in Sweden
- Sales prices were increased to cover cost inflation
- EBIT strengthened as a result of the progress of the strategy, improved operational efficiency and increased sales of higher value-added products





**HKSCAN**

*We make  
life tastier*

- today and tomorrow

