



HKSCAN

HKScan overview

Aki Laiho, Deputy CEO, COO
AGM on 13 April 2016 in Helsinki

HKScan management team



Aki Laiho
Deputy CEO, COO
Doctor of science (Techn.),
CSCP



Tuomo Valkonen
CFO,
M.Sc. (Econ.)



Samuli Eskola
EVP of Consumer
Business in Finland and
the Baltics, M.Sc. (Econ.)



Göran Holm,
EVP of Consumer
Business in Scandinavia,
DIHM



Jukka Nikkinen
EVP of Away from
Home business,
M.Sc. (Econ.)



Sari Suono
EVP HR,
Master of Law,
eMBA



Anne Mere,
CMO,
MBA

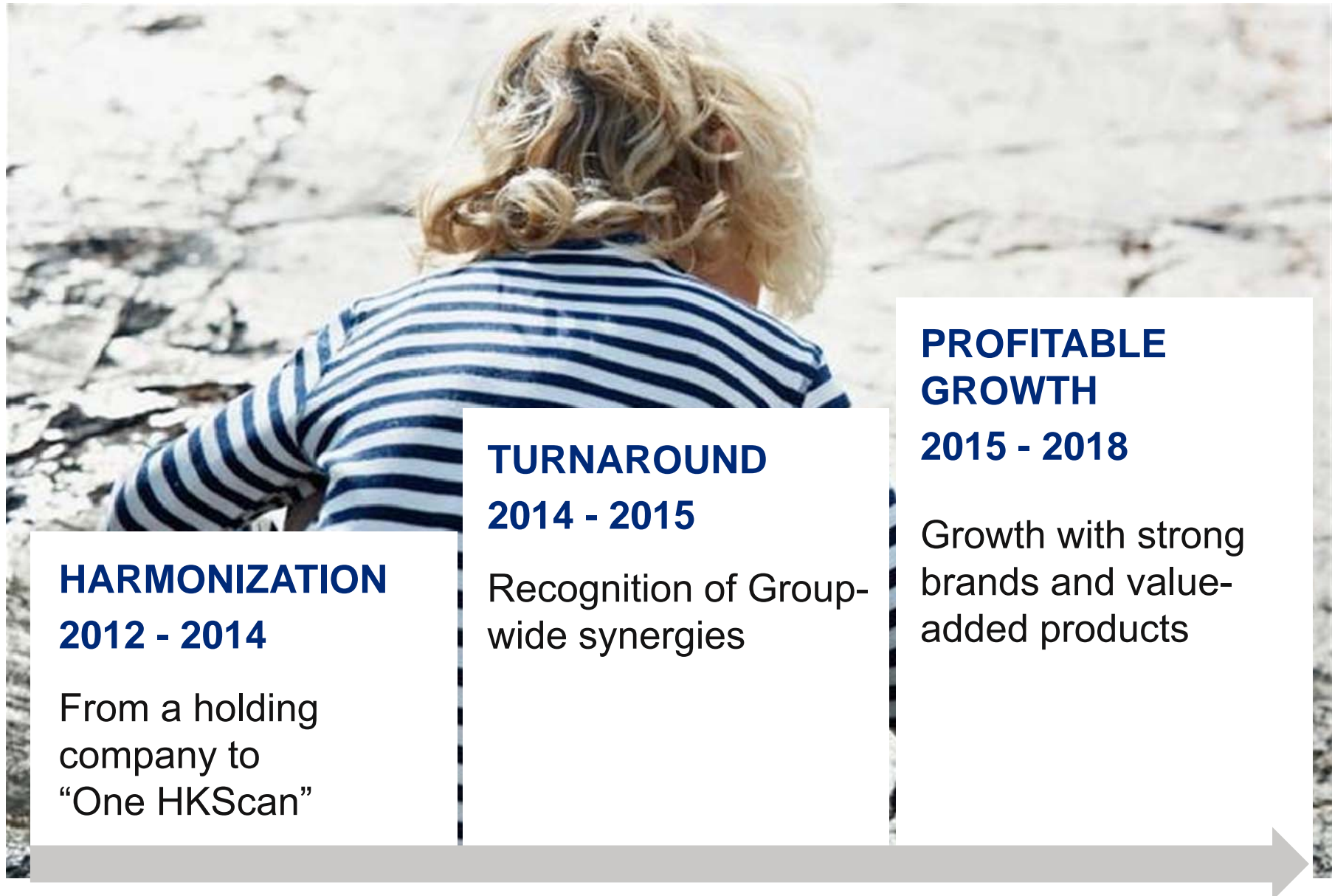


Markku Suvanto,
EVP, Legal and Administration,
LL.M. trained on the bench

Over 100 years of strategic steps



HKScan strategy implementation



HARMONIZATION 2012 - 2014

From a holding company to
“One HKScan”

TURNAROUND 2014 - 2015

Recognition of Group-wide synergies

PROFITABLE GROWTH 2015 - 2018

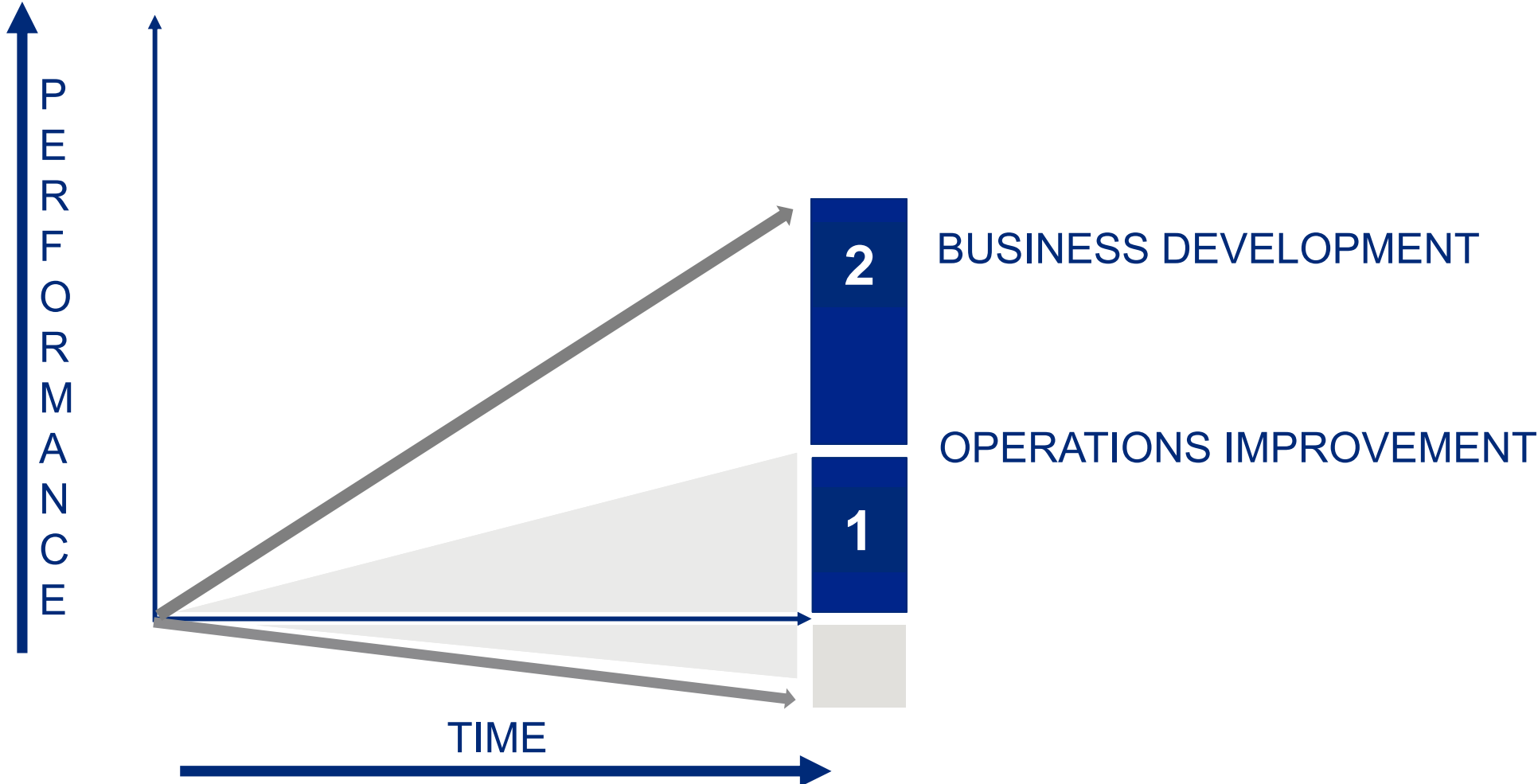
Growth with strong brands and value-added products

More unified Group via restructuring 2012–2015



- Harmonized production and company structure
- Unified ways of working
- Balance sheet one of the strongest in the industry in Europe
- Financial position gives a good basis for implementing the profitable growth strategy

2012–2015: Focus on improving operational efficiency





**Year 2015 in figures:
Extracts from
the financial statements**

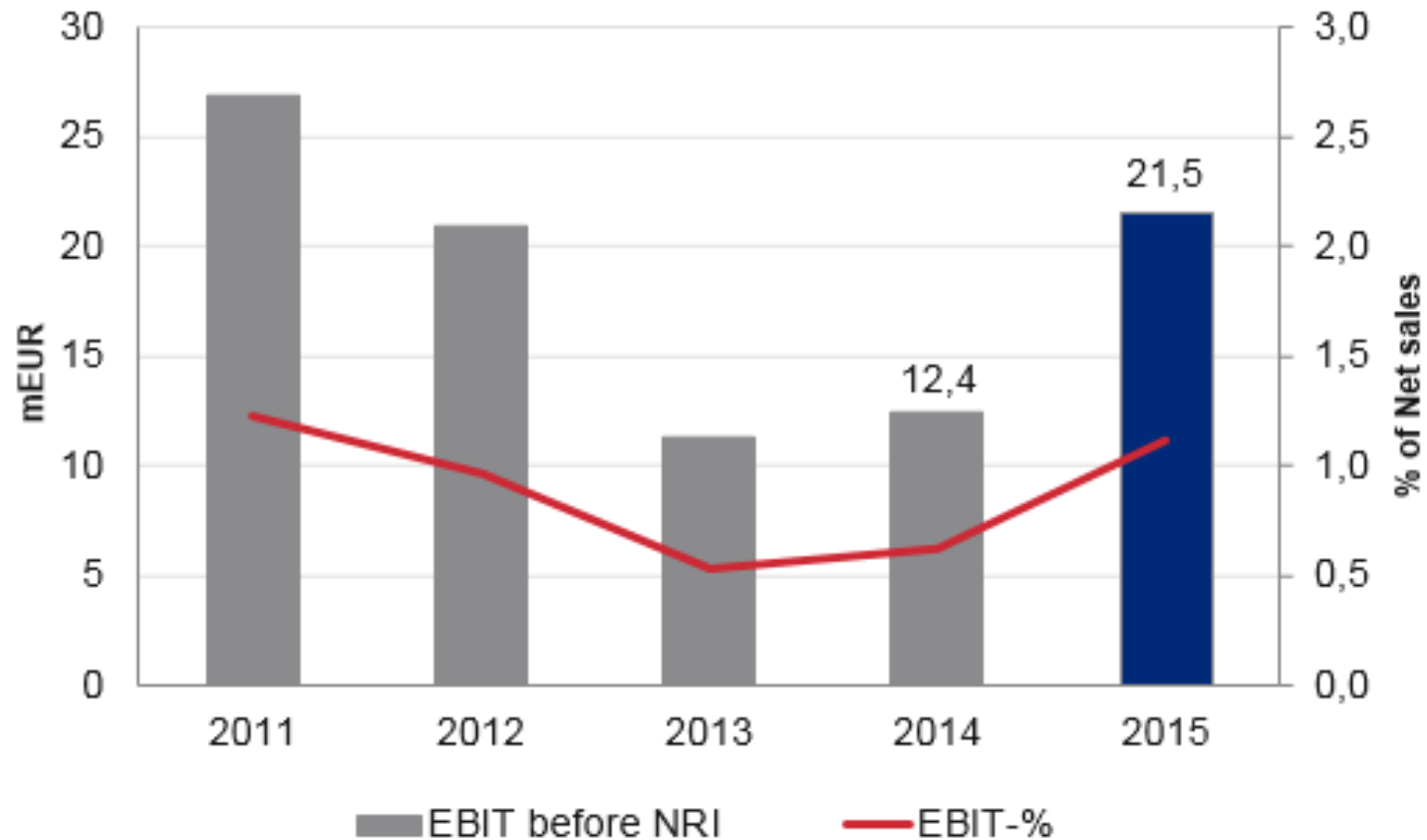
**Whole year
comparable EBIT improved,
financial position stable**

HKScan Group 2015



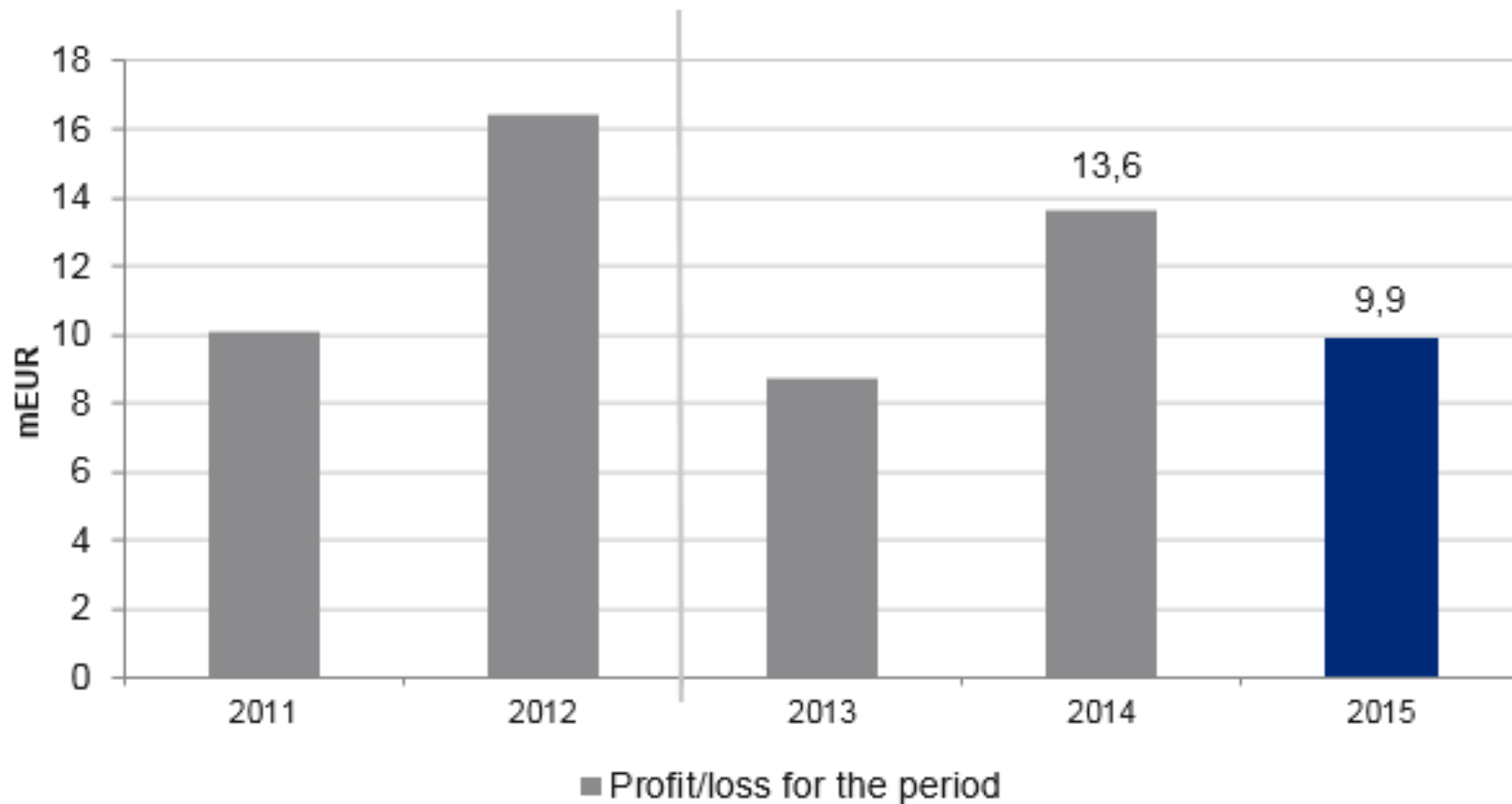
- Implementation of profitable growth strategy continued
- Comparable operating profit increased
- Balance sheet remained strong and financial costs decreased
- Net sales decreased
- Business environment remained challenging

Group EBIT development^{*)}



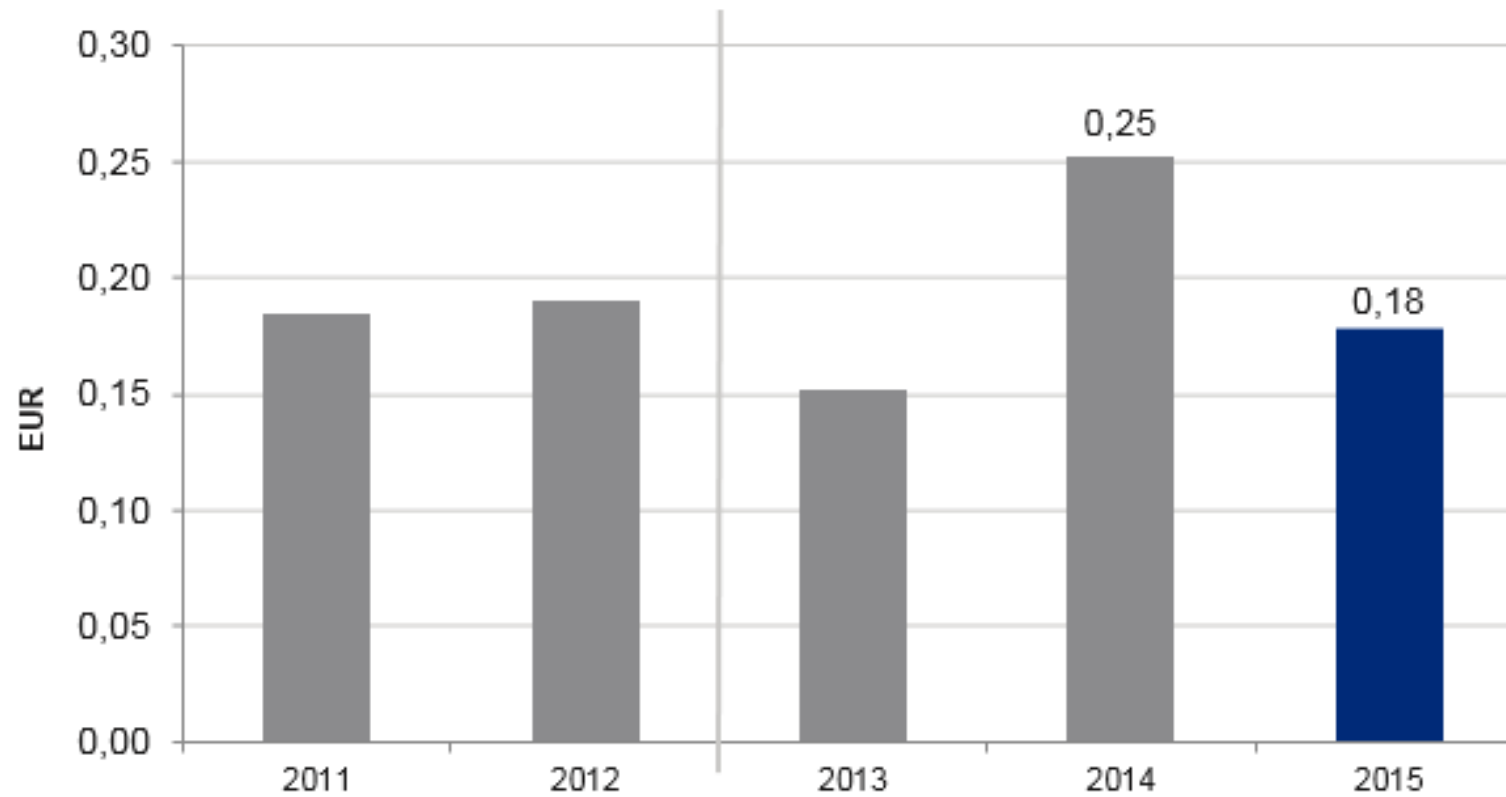
^{*)} Excluding non-recurring items

Profit for the period^{*)}



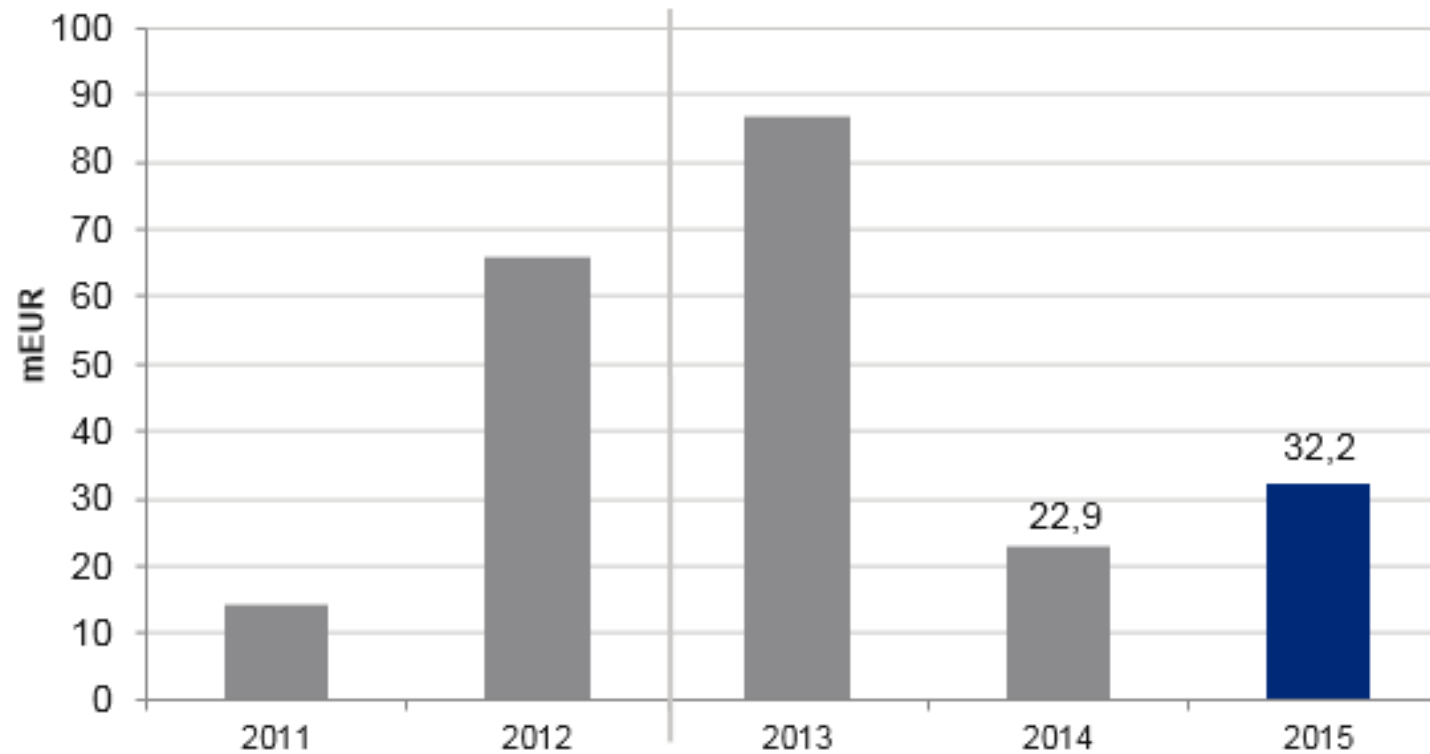
^{*)} Attributable to shareholders of parent company
and excluding non-recurring items

Earnings per share (EPS)*)



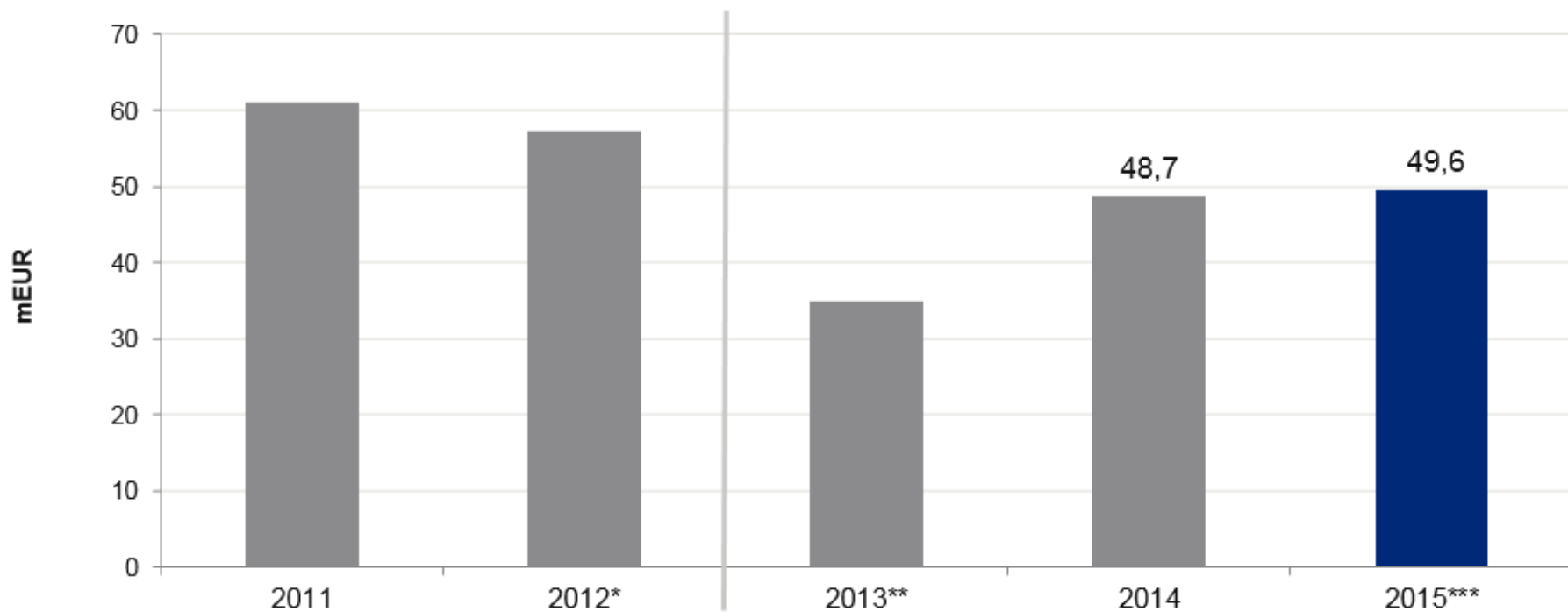
*) Excluding non-recurring items

Group cash flow before debt service^{*)}



^{*)} Excluding non-recurring items

Group investments

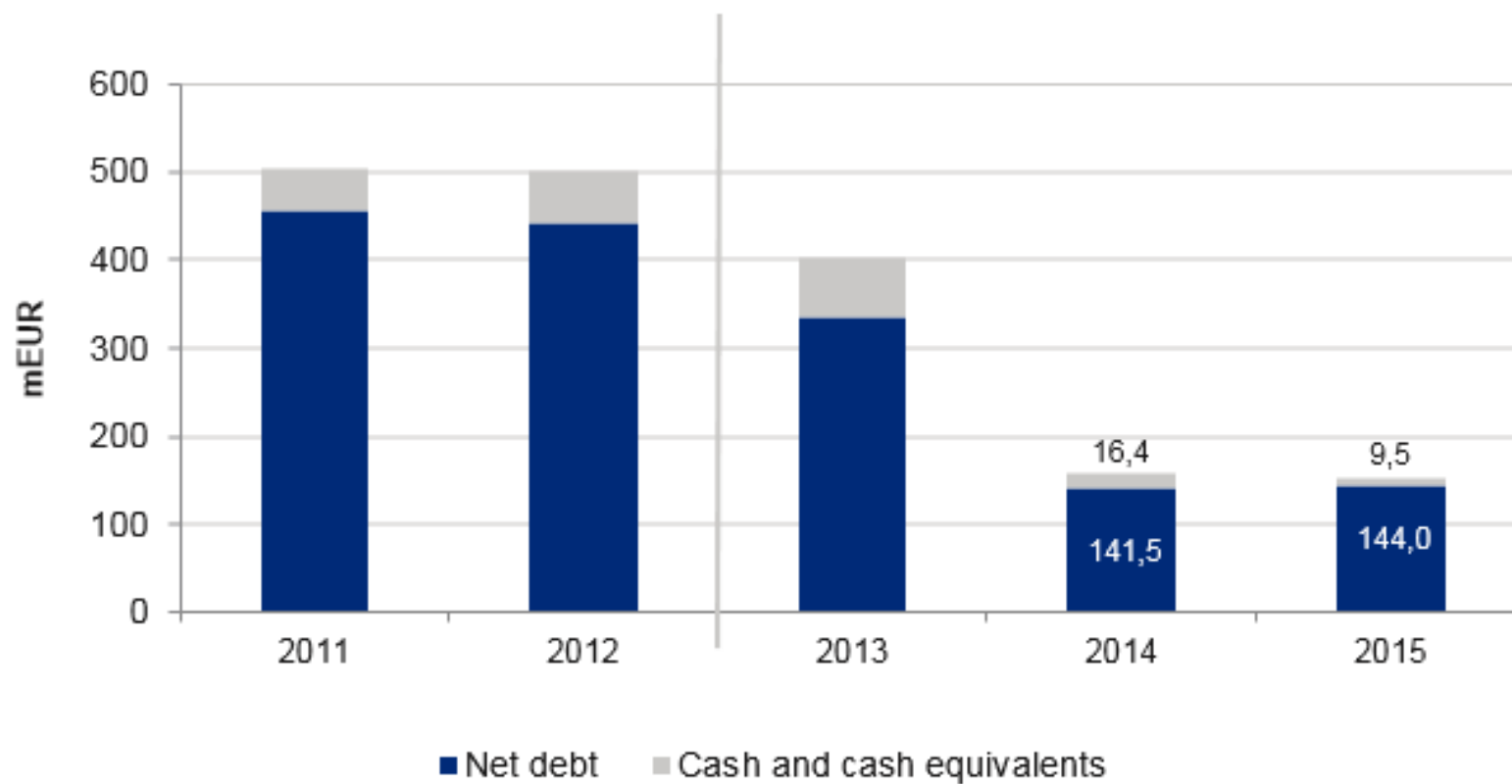


* EUR 57.3 million excluding rebuild of the Vinderup plant EUR 19.3 million

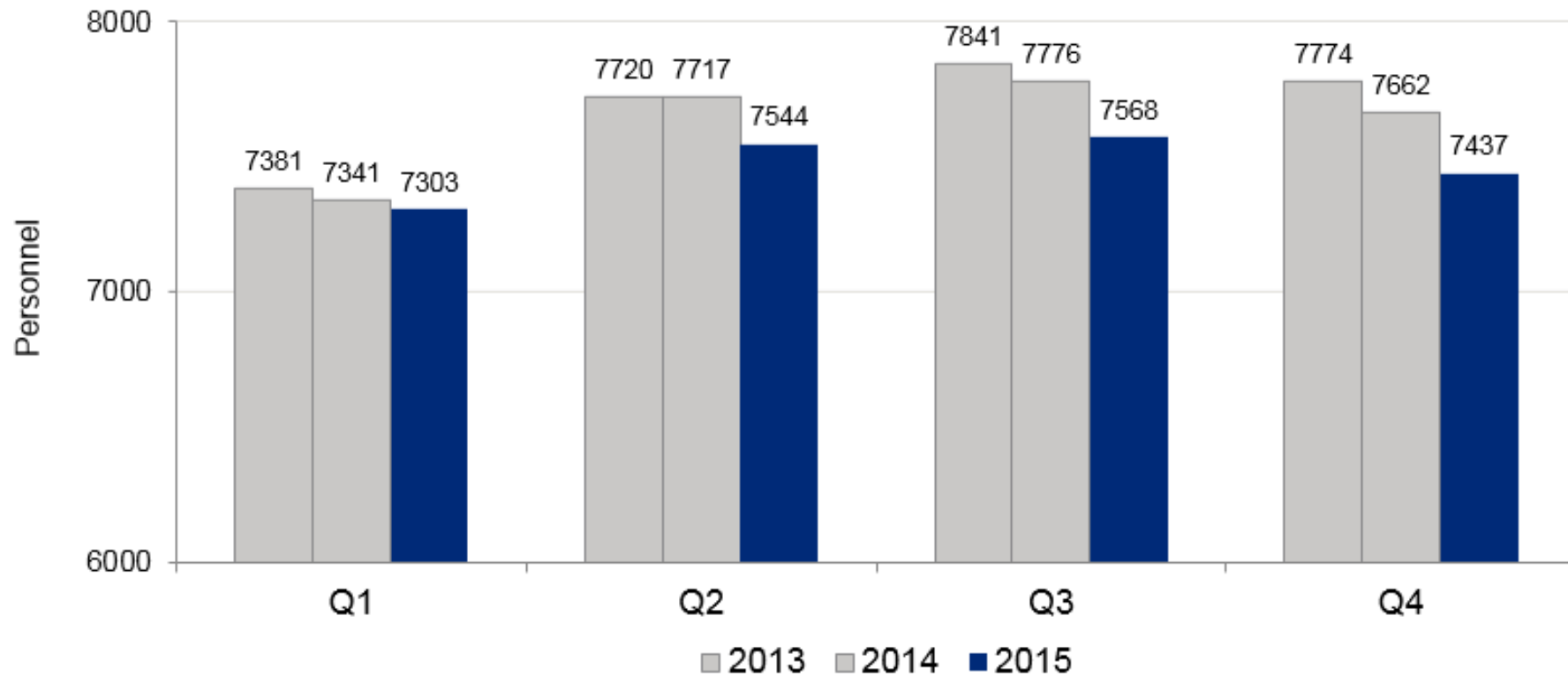
** EUR 35.0 million excluding rebuild of the Vinderup plant EUR 7.2 million

*** Excluding acquisition price of Paimion Teurastamo Oy

Net debt



Group personnel^{*)}




^{*)} End of month average

Key figures

| EUR million | 2015 | 2014 |
|---------------------------------------|---------|---------|
| Net sales | 1 917,1 | 1 988,7 |
| EBIT | 9,6 | 55,5 |
| - EBIT % | 0,5 | 2,8 |
| EBIT excl. non-recurring items | 21,5 | 12,4 |
| - EBIT % | 1,1 | 0,6 |
| Profit before taxes | 2,2 | 51,2 |
| Profit for the review period | 1,9 | 57,1 |
| EPS, EUR | 0,01 | 1,05 |
| Cash flow before debt service | 32,2 | 201,7 |
| Cash flow before financing activities | 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 |

Outlook for 2016

- HKScan expects operating profit (EBIT) to improve from 2015 and 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.



**2016–2018:
Strategy implementation continues**

2016–2018: Renewed must-win battles – ingredients for growth

Renew
customer,
consumer
and channel
approach



Develop
brands and
offerings



Invest
for growth

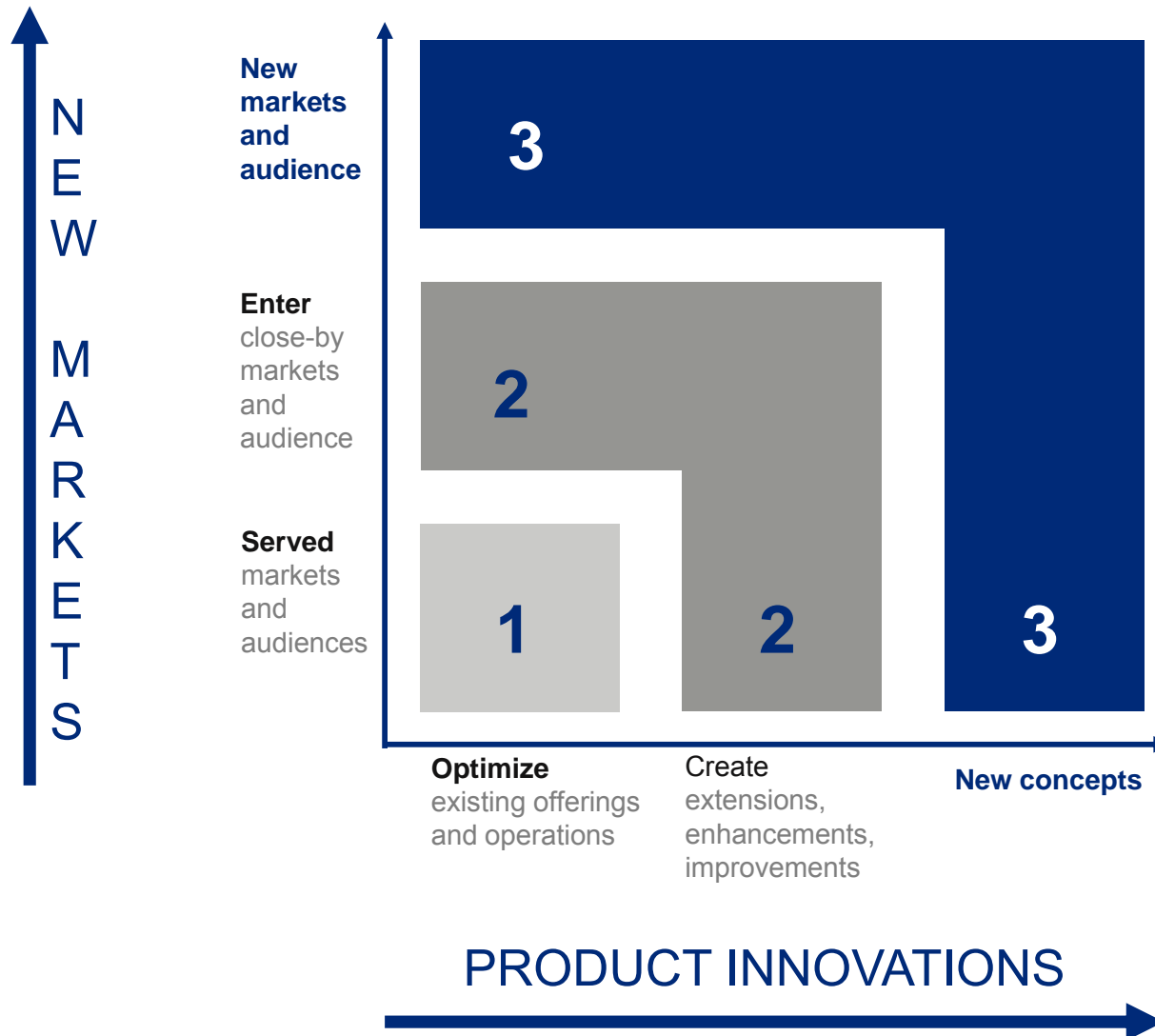


Drive
continuous
improvement



2015–2018: Focus on strengths!

Home and close-by markets, optimized product portfolio



Source: Modified from Doblin, Ten Types of Innovation

HKScan – strong house of brands

- Systematic development of brand offering for home and export markets
- Brand building through consumer insight and innovations
- HKScan's product brands as part of every meal
- Synergies of international offering utilized maximally



2016–2017: New production plant in Rauma, Finland



- Focuses on the growing poultry segment
- Construction started, environmental permit gained, production start at the end of 2017
- Investment
 - more capacity
 - shortens production throughput times, improves product quality
 - enables development of innovative Kariniemen® novelties for home and export markets
- Material, energy and environmental efficiency according to HKScan's CR programme taken into account in all procurement
- Finnish Institute of Occupational Health takes part in designing the facilities and operations, as well as developing occupational health and safety
- Investment's total value approx. EUR 80 million



TRUST. TEAM. IMPROVE.



Dividend proposal

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 proposes that the company pays a dividend of EUR 0.14 per share.

