



## Fazer signs Agreement of Intent with St Petersburg municipality

Fazer Group continues executing its growth strategy by signing an Agreement of Intent at the St Petersburg Economical Forum today. The Agreement signed today by Christoph Vitzthum, President & CEO of the Fazer Group, and Georgy Poltavchenko, Governor of St Petersburg creates a basis for strategic cooperation in building a new production plant for Fazer in Russia.

**Christoph Vitzthum**, President and CEO of the Fazer Group says: "We are committed to strengthening Fazer's competitiveness and profitability in Russia. By now, we have invested around 295 million euros in Russia. With the agreement signed with the Government of St. Petersburg today, we declare our intention to build a new production plant in the city and receive support and consultancy from the city for this project".

Fazer is considering building a modern plant to produce frozen bakery goods, with potential expansion into fresh bakery products. The approximate project timeline is 10 years from 2016.

"Total investments in the construction of the facilities as well as production machinery and equipment for this plant could amount up to approximately 14 billion roubles, and this clearly shows Fazer's commitment to the Russian market. We are looking forward to enlarge our footprint in Russia, develop our business in growing segments and grow business together with our clients and partners, exceeding their expectations", says Christoph Vitzthum.

With four operating bakeries and around 3,000 employees, Fazer ranks among the leading bakery companies in Russia. Fazer has a strong role as an innovator within the bakery business, especially in the health and well-being category, and has also significantly contributed to the development of the frozen bread category in Russia.

"Bread has been changing rapidly from a commodity category towards a category with an increasing number of innovations in products and technologies. Fazer is not only following consumer demand, but also setting new trends for bread consumption. The new plant will enable us to implement recipes that appeal to consumers, helping us to grow the category with our customers and improving the efficiency of our operations", says **Vladimir Kalyavin**, Managing Director of Fazer in Russia.

2015 was a challenging year for Fazer in Russia due to the weakened currency and turbulent economic situation, which affected the prices of ingredients and had an effect on Fazer's business and financial performance. However, business in Russia has developed well in local currency, and growth in net sales was very strong for Fazer Bakery. Fazer's net sales in Russia amounted to 189 million euros, constituting 12 per cent of Fazer Group's total net sales.

### Summary of Fazer's performance in 2015

- Fazer Group's net sales totalled 1,576.1 million euros; a 4 per cent decrease from 2014
- Operating profit amounted to 44.9 million euros
- Cash flow from operating activities was 110.7 million euros and gross investments amounted to 61.7 million euros
- Interest-bearing net debt totalled -17.3 million euros at the end of the year
- The Group's equity ratio decreased by 10 per cent to 56.4 per cent
- At the end of 2015, 14,709 people were employed at Fazer

### Annual Review and Corporate Responsibility Review 2015

Fazer Group's Annual Review and Corporate Responsibility Review 2015 are published on Fazer's web page [fazergroup.com/annualreview](http://fazergroup.com/annualreview)

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### Fazer Group

Fazer is an international family-owned company offering quality bakery, confectionery, biscuit and grain products as well as food and café services. Fazer operates in eight countries and exports to around 40 countries. Fazer's mission is to create taste sensations. Fazer's success, ever since its establishment in 1891, has been based on the best product and service quality, beloved brands, the passion of its skilful people and the Group's responsible ways of working. This year marks Fazer's 125th anniversary and 150 years from the birth of Karl Fazer, the founder of this successful Group. In 2015, Fazer Group had net sales of more than 1.5 billion euros and nearly 15,000 employees. Fazer's operations comply with ethical principles that are based on the Group's values and the UN Global Compact.

*Makes the world taste good*