



Fazer - performing today and building the future

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In 2015, Fazer continued to improve its performance in a demanding and highly volatile operative environment. Although the Group's reported net sales declined from 2014 levels, operating profit increased. When measured with comparable foreign exchange rates, also net sales increased.

During the year, Fazer invested in facilities, production machinery and equipment and continued the development of its personnel, brands and processes. Furthermore, Fazer made significant progress against its corporate responsibility targets.

Fazer Group's net sales amounted to 1,576.1 million euros. The Group's operating profit before amortisation of goodwill was 80.0 million euros and operating profit 44.9 million euros.

Christoph Vitzthum, President & CEO of the Fazer Group says: "We are committed to strengthening Fazer's competitiveness and profitability. For example, over the last three years, we have invested around 100 million euros in Finland. During the next three years, we plan to invest over 100 million euros more, boosting our market presence and exports and creating more jobs."

Several investments were also made internationally. In 2015, Fazer invested over 22 million euros in total outside Finland, for instance in the Ogre bakery extension in Latvia and the Kävlinge production kitchen in Sweden.

Business area overview

2015 was a challenging year for Fazer Bakery, but focus on consumer insight, strong brands and innovative novelties – together with efficiency in operating expenses – kept the results on target. The successful roll-out of its bake-off concept was overseen in Russia, where Fazer is the leading bakery company in the major markets of St Petersburg and Moscow.

Fazer Confectionery enjoyed a strong year in 2015. Sales declined in sugar confectionery to some extent, but the business developed well in chocolate. The chocolate category's good results were aided by the launch of attractive novelties and the focused work of the entire business area.

In 2015, Fazer Food Services' business environment was characterised by continued economic downturn in several markets, combined with increased customer expectations and constant price pressure. However, the business area's profitability improved from that of 2014 as a result of continued focus on high-quality operations and its careful management of raw material and personnel costs. Fazer Food Services also furthered its Green Buffet concept, an approach to food portions with a larger share of vegetables compared to meat.

Fazer Cafés' performance clearly improved in 2015 and the business unit achieved its targets, both in terms of new locations opened and profitable growth gained. 2015 presented challenges for Fazer Mill, most prominently the low quality of the Finnish wheat crop. The business unit did achieve a strong result in oat exports, and the launch of new oat-derived products.

Responsibility in action

Fazer is committed to operating in a responsible manner and justifying the trust of consumers every day, and the Group is constantly striving to improve its corporate responsibility performance and programme. According to Fazer's cocoa vision, by 2017, all the cocoa it uses will be traceable in origin and fulfil the criteria of responsible production. In 2015, 72 per cent of all Fazer's cocoa was purchased through direct sustainability programmes or certification schemes. Other corporate responsibility highlights of 2015 included increasing the share of vegetables in Fazer Food Services' offering, publishing a new human rights policy, taking steps to improve occupational safety, and supporting domestic rye production in Finland.

The road ahead

Fazer's vision is 'We exceed your expectations'. According to Christoph Vitzthum, "This can be read as a strong statement of both the Group's passion and ambition, and is directed towards all stakeholders, whether they are consumers, customers or Fazer's own employees".

Fazer's new Visitor Centre in Vantaa, Finland, will be opened in September 2016 as part of the Group's 125th anniversary. The centre will provide an inspirational and educational brand experience that leads to a life-long relationship with Fazer.

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

Fazer Group's Annual Review and Corporate Responsibility Review 2015 are published on Fazer's web page 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