



## Atria Group 1 January - 30 September 2019

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2018
	2019	2018	2019	2018	
Net sales	366.0	357.1	1,071.3	1,061.6	1,438.5
EBIT	16.7	12.7	19.1	21.5	28.2
EBIT %	4.6 %	3.5 %	1.8 %	2.0 %	2.0 %

- Atria delivered a strong quarter, net sales and EBIT grew.
- The sales of Atria Finland increased in all channels, and profitability was at a good level. Exports of pork to China grew substantially.
- The positive development of Atria Sweden's net sales and EBIT continued in the third quarter. The sale of poultry products increased further.
- Atria Russia enjoyed a significant profit improvement. Increased sales and higher sales prices of Sibylla and Food Service products contributed to the good result.
- After the review period, Atria announced that it would start the planning of a EUR 130 million investment project for expanding poultry production in Finland.

## Atria Finland 1 January - 30 September 2019

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2018
	2019	2018	2019	2018	
Net sales	257.5	250.1	762.2	750.7	1,019.2
EBIT	15.3	13.6	25.6	27.2	36.7
EBIT %	6.0 %	5.4 %	3.4 %	3.6 %	3.6 %

- Atria Finland's sales for July-September strengthened in all channels
- EBIT for July-September was strengthened by a better sales structure and higher sales prices than in the previous year.
- Price increases, stable market shares and increased sales improved net sales in January-September. Compared to the previous year, the sales structure was weaker in the first half of the year but improved in the third quarter.
- Atria's exports of pork to China have grown. Exports to China are expected to double to around 8 million kilos in 2019, which is about 12 per cent of Atria's annual pork production.

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## Atria Finland

- In June-August, the aggregate growth in retail value of the product groups represented by Atria stood at 4 per cent. The poultry and convenience food product groups showed particularly strong growth, both growing by about 7 per cent. Atria's supplier share in retail was about 25 per cent in terms of value.
- The Food Service market for the product groups represented by Atria continued to grow strongly during June-August. The Food Service market grew by 5 per cent in value. The highest growth, 10 per cent, was seen in the convenience food product group. There was also an increase in the poultry product group (+4%) and the cooking product group (+5%). In value, the market for red meat and cold cut products was at the previous year's level. Atria's supplier share was 22 per cent.



Source: Atria

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## Atria Sweden 1 January - 30 September 2019

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2018
	2019	2018	2019	2018	
Net sales	73.8	72.5	214.8	213.8	287.9
EBIT	0.0	-1.0	-5.6	-6.0	-7.1
EBIT %	0.0 %	-1.3 %	-2.6 %	-2.8 %	-2.5 %

- The positive development of **Atria Sweden's** net sales and EBIT continued in the third quarter.
- In the local currency, net sales for July-September grew by 4,3 per cent.
- The negative EBIT for the first half of the year turned positive, with an improvement of EUR 1 million in July-September.
- The result was burdened by the EUR 1.4 million cost of the efficiency measures launched at the beginning of the year and the continued high prices of meat raw materials.
- The sales and profitability of poultry products have increased compared to the previous year.
- Weaker availability of Swedish pork, higher meat raw material prices and the weak krona weighed EBIT down.

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## Atria Sweden

- Sales of the product groups represented by Atria developed favourably during the review period.
- In cooking sausages, Atria's market share grew by 1.8 percentage points, and in poultry products by 2.6 percentage points. In cold cuts, Atria's supplier share decreased slightly.

(Source: AC Nielsen)



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## Atria Denmark & Estonia 1 January - 30 September 2019

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2018
	2019	2018	2019	2018	
Net sales	24.7	24.7	70.0	72.0	97.4
EBIT	1.7	1.6	3.3	4.3	5.3
EBIT %	6.9 %	6.7 %	4.8 %	6.0 %	5.5 %

- Atria Denmark & Estonia's EBIT improved year-on-year.
- In Denmark, increases in sales prices and a more favourable sales structure strengthened net sales and EBIT compared to the beginning of the year.
- In Estonia, Atria's sales to retail increased by approximately 12% compared to the previous year.
- In Denmark, competition has continued to be intense. Private label products have been gaining market share.
- Atria Estonia's market share strengthened significantly during the summer period. In grill sausages, Atria's market share was 40 per cent, and in meat products, approximately 17 per cent. (Source: ACNielsen)

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## Atria Russia 1 January - 30 September 2019

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2018
	2019	2018	2019	2018	
Net sales	20.7	19.4	54.9	55.2	75.1
EBIT	0.4	-0.8	-2.0	-1.4	-4.0
EBIT %	2.1 %	-3.9 %	-3.7 %	-2.6 %	-5.3 %

- In Atria Russia increased sales and higher sales prices of Sibylla and Food Service products strengthened the positive development of net sales and EBIT.
- Net sales for January-September remained roughly at the same level year-on-year. EBIT was brought down by continued high meat raw material prices and weakened sales to retail.
- Atria Russia updated its strategy at the beginning of 2019. A key goal is the quick revitalisation of business operations in Russia, which means increasing sales and sales margin as well as turning performance positive. As part of the strategy project, Atria is also looking into possibilities of selling Atria Russia's business operations.

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## Carbon footprint in Atria's primary production is significantly smaller than the world average



PORK

CO<sub>2</sub> 3,8



CHICKEN

CO<sub>2</sub> 3,2



BEEF

CO<sub>2</sub> 13,4

The carbon footprint of Atria example farm compared to the world average

-40 %

-40 %

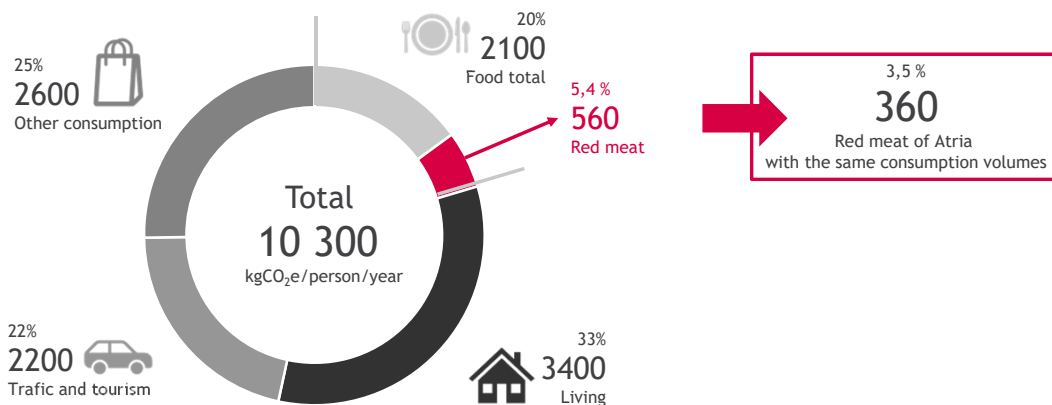
-70 %

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Source for comparison data: FAO Food and agriculture organization of the united nations report 2013



## Carbon footprint of an average Finn

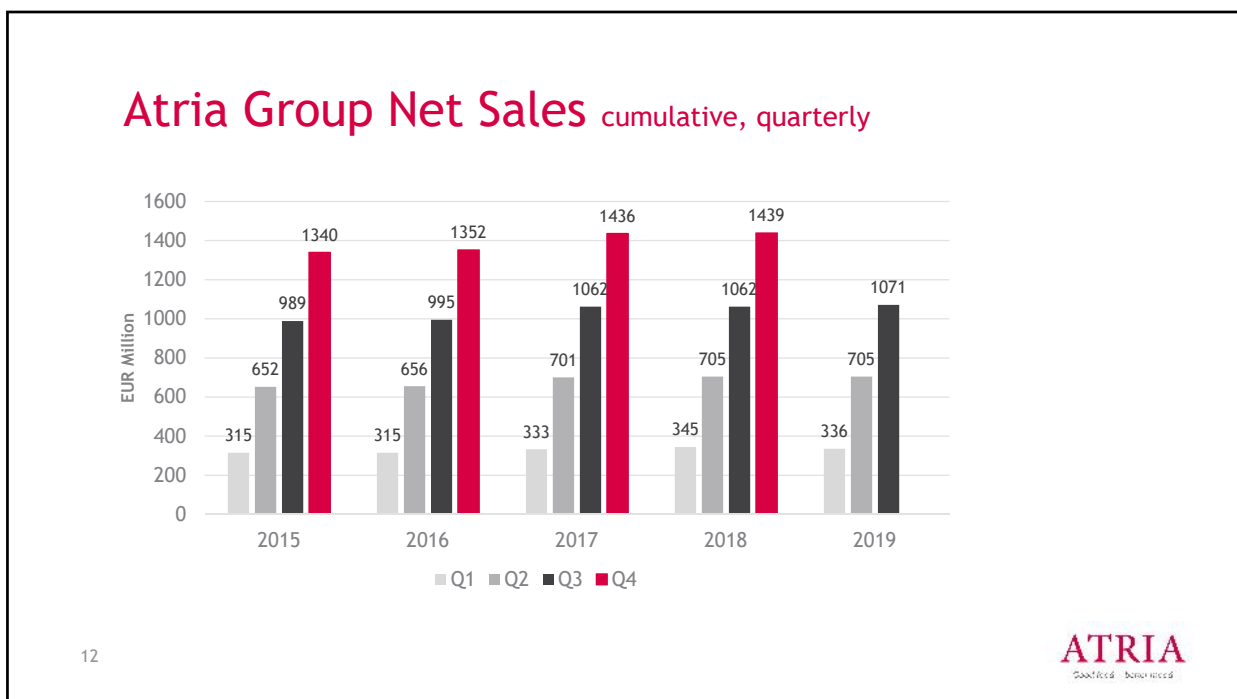


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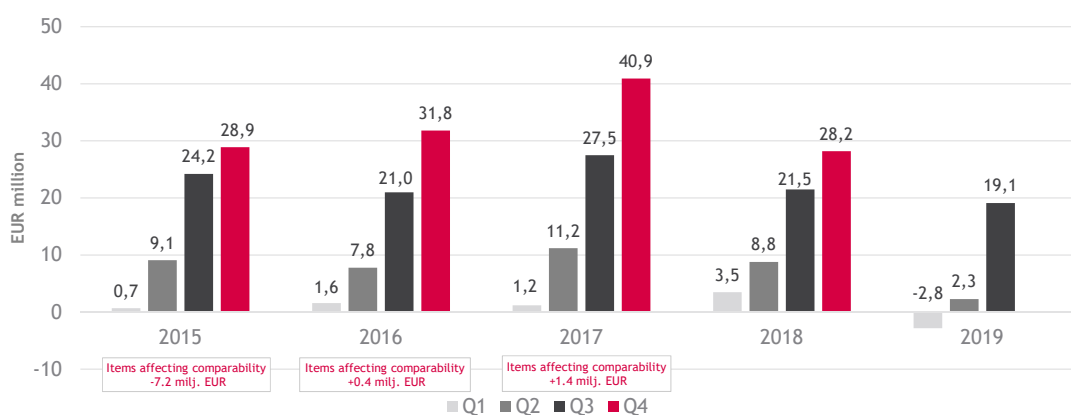
Sources: Atria and Sitra







## Atria Group EBIT cumulative, quarterly



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## Atria Group Financial indicators 1 January - 30 September 2019

EUR million	30 Sept 19	30 Sept 19	31 Dec 18
Shareholder's equity per share, EUR	14.63	14.61	14.69
Interest-bearing liabilities	263.3	255.1	227.2
Equity ratio, %	45.1 %	45.8 %	47.7 %
Net gearing, %	60.9 %	59.7 %	52.1 %
Gross investments	29.8	33.1	44.5
Gross investments, % of net sales	2.8 %	3.1 %	3.1 %
Average number of employees	4,467	4,446	4,460

- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR +11.9 million (EUR -29.1 million). Operating cash flow was EUR +42.6 million (EUR +3.8 million), and the cash flow from investments was EUR -30.6 million (EUR -32.8 million).
- The Group's investments in tangible and intangible assets during the review period totalled EUR 29.8 million (EUR 33.1 million).
- The total translation differences with the Swedish krona and the Russian rouble recognised in equity increased equity by EUR 2.7 million (EUR -7.3 million) in January-September.
- On 30 September 2019, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2018: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 2 years 8 months (31 December 2018: 3 years 2 months).

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## Atria Group Income statement

EUR million	Q3		Q1 - Q3		2018
	2019	2018	2019	2018	
NET SALES	366.0	357.1	1,071.3	1,061.6	1,438.5
Cost of goods sold	-320.1	-316.4	-956.6	-946.9	-1,285.7
GROSS PROFIT	45.9	40.7	114.7	114.7	152.9
% of Net sales	12.5 %	11.4 %	10.7 %	10.8 %	10.6 %
Other income	0.8	1.2	2.4	3.2	3.9
Other expenses	-29.9	-29.2	-98.0	-96.4	-128.5
EBIT	16.7	12.7	19.1	21.5	28.2
% of Net sales	4.6 %	3.5 %	1.8 %	2.0 %	2.0 %
Financial income and expenses	-1.4	-1.2	-3.9	-5.0	-6.2
Income from jointventures and associates	0.4	0.2	0.3	0.3	0.4
PROFIT BEFORE TAXES	15.7	11.6	15.5	16.8	22.3
Income taxes	-3.0	-2.9	-4.3	-2.6	-4.5
<b>PROFIT FOR THE PERIOD</b>	<b>12.7</b>	<b>8.8</b>	<b>11.2</b>	<b>14.1</b>	<b>17.8</b>

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## Atria Group Cash flow statement

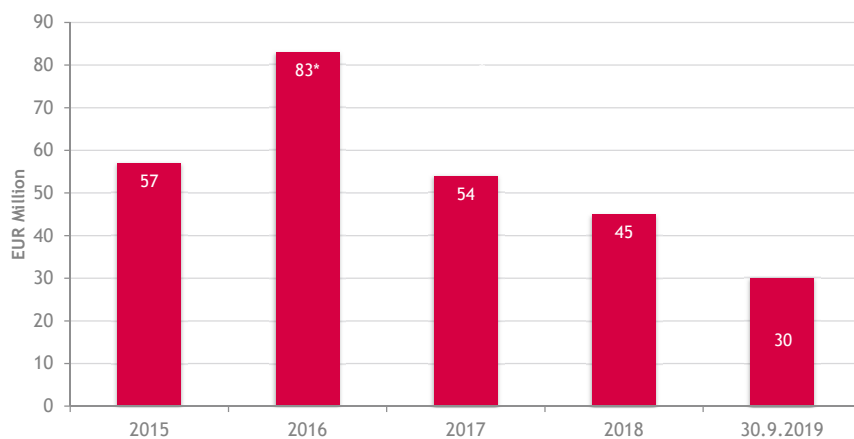
EUR million	Q1 - Q3		
	2019	2018	2018
Cash flow from operating activities	52.9	9.8	53.9
Financial items and taxes	-10.3	-6.0	-6.7
NET CASH FLOW FROM OPERATING ACTIVITIES	42.6	3.8	47.2
Investing activities to tangible and intangible assets	-30.6	-32.8	-44.5
Change in non-current receivables	1.0	-0.8	-0.9
Dividends received from investments	0.1	0.2	0.6
Change in current receivables	-1.2	0.4	-0.5
NET CASH USED IN INVESTING ACTIVITIES	-30.7	-33.0	-45.2
FREE CASH FLOW	11.9	-29.1	2.0
Changes in interest-bearing liabilities	-2.6	40.6	12.6
Dividends paid	-11.6	-14.8	-14.8
NET CASH USED IN FINANCING ACTIVITIES	-14.2	25.9	-2.2
CHANGE IN LIQUID FUNDS	-2.3	-3.3	-0.2

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## Atria Group Gross investments

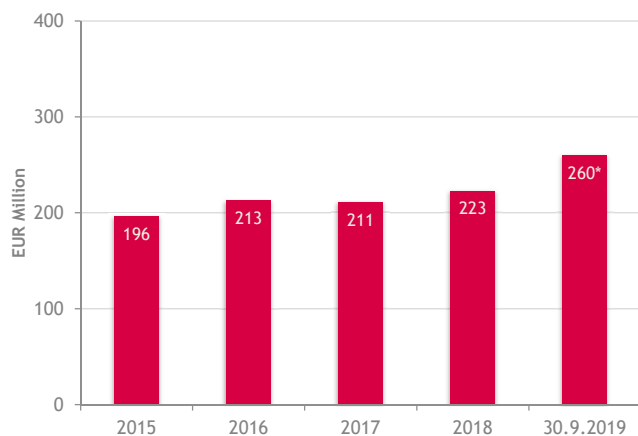


\*In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.

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## Atria Group Net debts

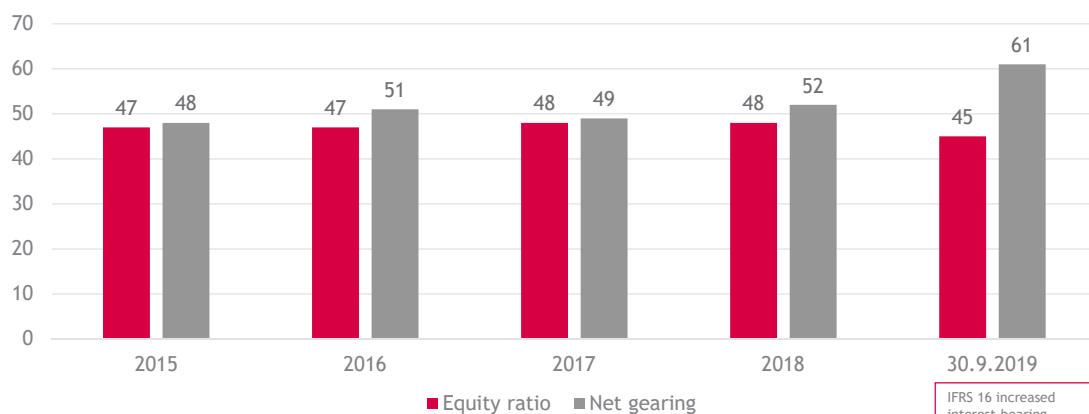


\*Incl. the finance lease liabilities according to IFRS 16 EUR 35 million.

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## Atria Group Equity ratio & Net gearing



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## Events after the review period

- After the review period, Atria announced that it would start planning an investment project for expanding poultry production. According to preliminary studies, the value of the investment totals approximately EUR 130 million. The investment project includes the renovation and modernisation of existing production facilities and the construction of new production facilities and lines at the Nurmo plant. The first step is to initiate the application processes for official authorisations and to complete them as soon as possible. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed at the end of 2024 at the earliest.

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## Business risks in the review period and short-term risks

- Risks related to the quality, availability, safety and price of raw materials and products are ordinary risks affecting Atria's profitability in the food production chain, from primary production to consumption.
- African swine fever, a risk related to animal health, is a significant worldwide risk. It has spread to for example Estonia, Russia and China. The consumption of pork in China is the highest in the world, and due to the disease, the country is currently unable to meet its demand domestically. China's problems affect pork prices and production around the world. Swine fever can also spread to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities and contract farms.
- The general economic climate, geopolitical tensions, significant changes in exchange rates, the development of the meat and consumer product markets, and the competitive environment cause uncertainties in the development of demand. This is reflected in the implementation of Atria's strategy and the maintaining or improving of the financial results of business areas. At Atria, the most significant exchange rate changes affecting the euro-denominated net sales, result and equity take place in the Russian rouble and the Swedish krona.
- The availability of skilled and motivated personnel is a risk in terms of strategy implementation and goal achievement. Atria invests in the well-being of its personnel and offers plenty of training opportunities. The Atria Way of Leading programme and the Safely Home from Atria occupational safety programme continued during the third quarter.
- Work on risk prevention has continued in the third quarter. Risk assessments have been carried out in Finland and Sweden. Updates have also been made to the Atria Risk Management Manual.
- A more detailed description of the risks related to Atria's operations was provided in the 2018 annual report.

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## Outlook for the future

- Consolidated EBIT in 2018 was EUR 28.2 million. In 2019, EBIT is expected to be better than in 2018. At comparative exchange rates, net sales for 2019 are expected to grow compared to 2018.

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