ATRIA

Good food – better mood.

Atria Plc
Financial Statement Release

1 January –31 December 2019

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Good food – better mood.

Financial Statement Release, 1 January to 31 December 2019

13 February 2020, 8:00 am

Atria's financial performance continued strong during the fourth quarter

October–December 2019

- Consolidated net sales totalled EUR 380.0 million (EUR 376.9 million).
- Consolidated EBIT was EUR 12.1 million (EUR 6.7 million), which is 3.2 per cent (1.8%) of net sales.
- Atria Finland's profitability improved significantly. Exports of pork to China continued to increase.
- The positive development of Atria Sweden's EBIT continued in the fourth quarter. The sales of poultry products remained strong.
- Atria Russia's operating loss decreased. The result is burdened by a credit loss of approximately EUR 0.8 million.
- The development of the international market price of pork caused by African swine fever increased raw material prices, particularly in Sweden and Denmark.
- Atria started the planning of a EUR 130 million production plant investment project for increasing poultry production in Finland. The investment decision will be made during 2020.
- Atria lowered its net sales guidance for 2019. This is due to weaker than expected sales in Finland and Russia at the end of the year.

January–December 2019

- Consolidated net sales totalled EUR 1,451.3 million (EUR 1,438.5 million).
- At comparable exchange rates, consolidated net sales increased by 1.4% year-on-year.
- Consolidated EBIT was EUR 31.1 million (EUR 28.2 million), which is 2.1 per cent (2.0%) of net sales.
- The development of Atria Finland's net sales was stable, and EBIT improved from the previous year.
- Atria Sweden's net sales growth was influenced especially by the increased sales of poultry products.
- The significant rise in the market price of pork decreased profitability, particularly in Atria Sweden and Denmark.
- Atria Russia's financial performance improved in the second half of the year.
- Consolidated free cash flow amounted to EUR 51.4 million (EUR 2.0 million).
- Atria set as their goal a carbon-neutral food chain – the carbon footprint of meat production is significantly smaller in Finnish production than the international average.
- The Board of Directors proposes that a dividend of EUR 0.42 (EUR 0.40) be paid for each share for the 2019 financial period.

EUR million	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
Net sales				
Atria Finland	271.6	268.5	1,033.8	1,019.2
Atria Sweden	74.5	74.1	289.4	287.9
Atria Denmark & Estonia	26.6	25.4	96.6	97.4
Atria Russia	18.9	19.9	73.8	75.1
Eliminations	-11.7	-11.1	-42.3	-41.1
Net sales, total	**380.0**	**376.9**	**1,451.3**	**1,438.5**
EBIT				
Atria Finland	14.4	9.5	40.0	36.7
Atria Sweden	-0.5	-1.1	-6.1	-7.1
Atria Denmark & Estonia	1.0	1.0	4.4	5.3
Atria Russia	-2.0	-2.6	-4.0	-4.0
Unallocated	-0.8	-0.2	-3.0	-2.7
EBIT, total	**12.1**	**6.7**	**31.1**	**28.2**
EBIT%	**3.2 %**	**1.8 %**	**2.1 %**	**2.0 %**
Profit before taxes	**10.7**	**5.6**	**26.2**	**22.3**
Earnings per share, EUR	**0.19**	**0.12**	**0.54**	**0.58**

Juha Gröhn, CEO

“Net sales in 2019 totalled EUR 1,451 million. Growth on the previous year was almost EUR 13 million. EBIT amounted to EUR 31 million. The increase on 2018 was approximately EUR 3 million. Free cash flow amounted to EUR 51.4 million (EUR 2.0 million).

The fourth quarter EBIT of EUR 12.1 million was clearly higher than in the previous year (EUR 6.7 million). All business areas improved their profit level, even though the results for Sweden and Russia were not as expected. The business areas of Finland and Denmark & Estonia performed well.

Demand for chicken and convenience food continues to grow. Demand for pork and beef declined in the first half of 2019, but towards the end of the year, the change in demand levelled off. Sales of processed meat, i.e. sausages and cold cuts, have been stable.

As demand for chicken will continue to grow in the coming years, Atria launched a study to modernise the poultry unit at the Nurmo plant. According to preliminary studies, the value of the investment totals approximately EUR 130 million. If the investment is given a go-ahead, it will be possible to complete it by 2024.

African swine fever, which is widespread in China, has a major and apparently long-term impact on global meat trade and Atria's operations. China currently imports large quantities of pork and other types of meat from around the world, and this increase in demand has turned the price of pork particularly on the rise. The strong demand supports Atria's business in areas where the company has slaughterhouse operations. On the other hand, in countries where we procure meat raw materials for our plants as boneless meat, raw material prices have risen and there have been occasional problems with availability.

In 2019, Atria exported almost 9 million kilos of pork from Finland to China (2018: approximately 4 million kilos). We expect exports to increase in 2020.

Responsibility at Atria has four core themes: product, planet, people, and responsible business operations. Each theme has its own practical and feasible development projects. The goals are ambitious. Our most important goal is a carbon-neutral food chain by 2035."

October–December 2019

Atria Group's net sales for the fourth quarter totalled EUR 380.0 million (EUR 376.9 million). EBIT amounted to EUR 12.1 million (EUR 6.7 million). Atria Finland's sales were stable in the fourth quarter. Especially exports to China increased. The increase in EBIT was due to stronger sales prices towards the end of the year, favourable sales structure, and improved operational efficiency. Atria Sweden's net sales were at the same level as in the previous year. The poultry business improved its sales and profitability during the review period. The rise in the price of pork used as raw material weighed down the development of EBIT in Sweden. Atria Denmark & Estonia's EBIT was slightly lower than in the previous year; higher raw material prices weighed on EBIT. Atria Russia's year-on-year EBIT improved. The result is burdened by a credit loss of approximately EUR 0.8 million. Sales of Sibylla products have continued to grow.

Atria lowered its net sales guidance for 2019, and net sales at comparable exchange rates are estimated to remain at the 2018 level. The reason for the lower than expected growth in net sales was slightly weaker sales in Finland and Russia at the end of the year. Despite a smaller increase in net sales, the company did not change its EBIT guidance.

The international raw material price for pork continued to rise towards the end of the year, as a result of the market disruption caused by African swine fever in China and its impact on the global meat market.

In October, Atria started planning a EUR 130 million production facility investment to increase poultry production in Finland. 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. Poultry consumption has been growing strongly in Finland for several years. In 2019, the consumption has grown by about 4% in kilos. Atria is responding to the growth in consumer demand and is now starting the planning of a major investment project. The investment would strengthen Atria's market leadership in poultry products. 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.

January–December 2019

Atria Group's net sales for January–December totalled EUR 1,451.3 million (EUR 1,438.5 million). EBIT amounted to EUR 31.1 million (EUR 28.2 million). Strengthening of operational efficiency, price levels and sales structure had a positive impact on Atria Finland's EBIT development towards the end of the year. In Sweden, full-year EBIT includes the EUR 1.4 million costs of the efficiency improvement programme initiated at the beginning of the year. The sales and profitability of poultry products have increased in Sweden compared to the previous year. The international price level of meat raw materials has remained higher than previous year since spring.

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. At the same time, the strategic development of Sibylla fast food operations has been investigated in all business areas.

In January, Atria Finland launched an efficiency improvement project at the Nurmo pig cutting plant, which aims to improve the profitability and competitiveness of the plant. The collective redundancy consultation related to the restructuring was completed in February. The restructuring will result in annual savings of approximately EUR 1.5 million, which will be fully realised from the beginning of 2020 onwards. The volume of work at the pig cutting plant was reduced by 51 person-years. The adjustments were implemented through internal arrangements and the reduction of fixed-term employment relationships.

In March, Atria Sweden launched a project in line with its revised strategy, which aims to enhance business operations and improve competitiveness in the changed business environment. The collective redundancy consultation related to the plan concerned all salaried employees of Atria Sweden and was finished in June. The efficiency improvement project aims to generate annual personnel cost savings of approximately EUR 3 million. The savings were partly realised towards the end of 2019 and fully from the beginning of 2020. As a result of the consultation, Atria laid off 40 salaried employees in Sweden and Norway.

Consolidated free cash flow amounted to EUR 51.4 million (EUR 2.0 million). The positive development of cash flow is attributable to improved EBITDA, good working capital management, and decreased investments.

Atria's goal is a carbon-neutral food chain

Atria's food production is based on the taste, safety, healthiness, usability and responsibility of raw materials and finished products. Responsible Atria is part of Atria Group's strategy and includes four focus areas: product, planet, people, and responsible business operations. The goals and development areas for Atria's responsible business operations were updated during the first half of the year.

The key goal of Responsible Atria is combating climate change and achieving carbon-neutral food production. By 2021, Atria will identify the carbon footprint of its products, understand the cause of emissions, how the emissions can be decreased, and how a carbon-neutral food chain is realised. Especially the reduction of the environmental impact of Atria's industrial operations is a key target of the programme. Besides carbon emissions, Atria will pay attention to water and energy consumption and to developing environmentally friendly packaging solutions.

In December, Atria made a Baltic Sea commitment to the Baltic Sea Action Group with the objective to improve environmentally sustainable food chains and livestock production together with Atria's contract producers and A-Rehu's contract farmers. The commitment is part of Atria's responsibility strategy, which aims at carbon-neutral food production.

Atria's five-year commitment consists of three parts:

1. Atria is committed to reducing the environmental impact of livestock production by, for example, optimising feeding, utilising food industry side streams, improving nutrient cycling and utilising research data to develop farm production.
2. Atria will advance cooperation between livestock farms and arable farms to enhance nutrient cycling through improved manure application, make more efficient use of the current agricultural area, reduce greenhouse gas emissions from peatlands, increase the production of domestic protein crops, and improve crop rotation.
3. Atria promotes the introduction of conservation agriculture and other cultivation practices that improve the soil and enhance carbon sequestration on livestock farms and arable farms by training its own experts and producers and sharing best practices and communicating research results.

Atria has calculated the carbon footprint of pork, beef and chicken production from the farm to the slaughterhouse gate. The carbon footprint calculation was carried out with Envitecpolis Oy and Atria Family Farms. The carbon footprint of an Atria example pig is 3.8 CO_2e/kg of carcass weight. It is about 40% lower than the international average. The carbon footprint of an Atria example bovine is 13.4 CO_2e/kg of carcass weight. This is about 70% lower than the international average. The carbon footprint of beef on the farm included in the calculation was about 25% smaller than in research projects completed in Finland in 2016 and 2017. The carbon footprint of an Atria chicken is 3.2 CO_2e/kg of carcass weight. It is about 40% lower than the international average.

In order to increase the recyclability of packaging, Atria Finland gave up black plastic during 2019 in all plastic packaging suitable for material recycling.

In 2019, Atria Finland continued work on the Group-wide Safely Home from Atria occupational safety programme. The implementation of the programme through extensive communication, training and day-to-day management has led to a positive development in Atria's safety culture. Atria Group's accident frequency trend has been declining throughout the programme period, and the number of serious occupational accidents has decreased significantly.

Business development by area January–December 2019

Atria Finland

EUR million	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
Net sales	271.6	268.5	1,033.8	1,019.2
EBIT	14.4	9.5	40.0	36.7
EBIT%	5.3 %	3.6 %	3.9 %	3.6 %

Atria Finland's net sales for October–December totalled EUR 271.6 million (EUR 268.5 million). Sales remained stable in the fourth quarter and strengthened net sales for the review period. Exports to China in particular increased, but sales to retail and Food Service customers also improved from the previous year. EBIT amounted to EUR 14.4 million (EUR 9.5 million). The increase in EBIT was due to stronger sales prices towards the end of the year, favourable sales structure, and improved operational efficiency. African swine fever in China has further increased demand for pork and raised export prices.

Net sales for the year amounted to EUR 1,033.8 million (EUR 1,019.2 million). EBIT was EUR 40.0 million (EUR 36.7 million). Net sales were boosted by increased exports, which were driven by higher sales volumes as well as higher price levels, especially towards the end of the year. Sales prices in other sales channels were also higher than in the previous year. The sales structure was better in the second half of the year than in the first half. Operational efficiency improved significantly towards the end of the year, which contributed to the positive development of EBIT. In 2019, Atria exported almost 9 million kilos of pork to China. This is more than double compared to the previous year.

The first half of 2019 was challenging. In the second half of the year, strengthening of operational efficiency, price levels and sales structure had a positive impact on EBIT development.

The product groups represented by Atria grew by approximately 2 per cent in value during October-December. The strongest growth was in the convenience food product group and poultry products, which grew by about 4 per cent in value. The cooking product group also grew by 3 per cent. Atria's supplier share in retail was about 24 per cent in terms of value.

In the Food Service market, the product groups represented by Atria grew by approximately 4 per cent in value during October-December. Growth in the Food Service market was also strongest in the convenience food product group, which grew in value by about 9 per cent. Atria's supplier share was 22 per cent.

Atria's January-December producer shares were at the previous year's level: the supplier share in retail was 25 per cent and in the Food Service market, 22 per cent. (Source: Atria)

In January, Atria Finland launched an efficiency improvement project at the Nurmo pig cutting plant, which aims to improve the profitability and competitiveness of the plant. The collective redundancy consultation related to the restructuring was completed in February. The restructuring will result in annual savings of approximately EUR 1.5 million, which will be fully realised from the beginning of 2020 onwards. The volume of work at the pig cutting plant was reduced by 51 person-years. The adjustments were implemented through internal arrangements and the reduction of fixed-term employment relationships.

In October, 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.

Atria Sweden

EUR million	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
Net sales	74.5	74.1	289.4	287.9
EBIT	-0.5	-1.1	-6.1	-7.1
EBIT%	-0.7 %	-1.5 %	-2.1 %	-2.5 %

Atria Sweden's net sales for the fourth quarter amounted to EUR 74.5 million (EUR 74.1 million). In the local currency, net sales grew by 3.6 per cent. The poultry business improved its sales and profitability during the review period. EBIT was EUR -0.5 (EUR -1.1 million). The availability of Swedish pork continued to decline towards the end of the year. As a result, Swedish meat raw material prices rose sharply. In particular, the price of pork increased, which weakened the development of EBIT.

Net sales for the year amounted to EUR 289.4 million (EUR 287.9 million). In the local currency, net sales grew by 3.6 per cent. EBIT was EUR -6.1 million (EUR -7.1 million). EBIT includes the EUR 1.4 million costs of the efficiency improvement programme initiated at the beginning of the year. The sales and profitability of poultry products have improved year-on-year. The price level of meat raw materials has remained higher than previous year since May. The sharp rise in raw material costs of pork is a result of the market disruptions in China, caused by African swine fever.

Sales of the product groups represented by Atria mainly developed favourably in 2019. In sausages, Atria's supplier share grew by 1.3 percentage points, and in poultry products by 2.9 percentage points. In cold cuts, Atria's supplier share decreased by one percentage point compared to the previous year. (Source: AC Nielsen)

At the end of the year, Atria launched eight new poultry products. In addition, marketing investments to raise awareness of the Lönneberga brand were significant in the fourth quarter. Lönneberga is Atria Sweden's main brand in retail.

In March, Atria Sweden launched a project in line with its revised strategy, which aims to enhance business operations and improve competitiveness in the changed business environment. The collective redundancy consultation related to the plan concerned all salaried employees of Atria Sweden and was finished in June. The efficiency improvement project aims to generate annual personnel cost savings of approximately EUR 3 million. The savings were partly realised towards the end of 2019 and fully from the beginning of 2020. As a result of the consultation, Atria laid off 40 salaried employees in Sweden and Norway.

The development programme launched at production plants to increase the daily efficiency of production has continued as planned. The development programme will be implemented at all production plants between 2019 and 2020.

Atria Denmark & Estonia

EUR million	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
Net sales	26.6	25.4	96.6	97.4
EBIT	1.0	1.0	4.4	5.3
EBIT%	3.9 %	4.0 %	4.5 %	5.5 %

Atria Denmark & Estonia's net sales for October–December totalled EUR 26.6 million (EUR 25.4 million). EBIT amounted to EUR 1.0 million (EUR 1.0 million). In Denmark, net sales and EBIT continued to develop positively at the end of the year compared to the beginning of the year. Increases in sales prices and a more favourable sales structure strengthened net sales and EBIT. In Estonia, net sales also improved in the fourth quarter. Sales in Atria Estonia's Christmas season were particularly successful. Atria's sales to Estonian retail increased by approximately 12 per cent compared to the previous year. Market shares continued to strengthen, even though competition in a stable market was intense.

Net sales for the year amounted to EUR 96.6 million (EUR 97.4 million). EBIT amounted to EUR 4.4 million (EUR 5.3 million). In Denmark, the development of sales improved in the second half of the year. Atria Estonia's sales to retail have increased since the beginning of the year, and market shares have strengthened significantly. Meat raw material prices have risen sharply throughout the year.

In Denmark, the market shares of private labels have increased. Atria Denmark is the market leader in the cold cuts product group that the company represents. The Danish pork market continued to be volatile due to increased pork exports from Europe to China.

Atria Russia

EUR million	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
Net sales	18.9	19.9	73.8	75.1
EBIT	-2.0	-2.6	-4.0	-4.0
EBIT%	-10.7 %	-13.0 %	-5.5 %	-5.3 %

Atria Russia's net sales for October-December amounted to EUR 18.9 million (EUR 19.9 million). EBIT was EUR -2.0 million (EUR -2.6 million). Sales of Sibylla products increased compared to the corresponding period of the previous year, but sales to retail declined. EBIT was weighed down by increased marketing investments in the Pit-Product brand reform and a single credit loss of EUR 0.8 million related to a retail customer.

Net sales for the year amounted to EUR 73.8 million (EUR 75.1 million). EBIT was EUR -4.0 million (EUR -4.0 million). Net sales and EBIT remained at the level of the previous year. EBIT was burdened by weakening sales to retail, marketing investment in brand reform, and a credit loss of EUR 0.8 million. The sales of Food Service and Sibylla products grew compared to the previous year. The Sibylla business was incorporated as a part of the restructure of the administrative company structure.

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.

Average personnel (FTE)

Average personnel by Business Area (FTE)	Q1–Q4 2019	Q1–Q4 2018
Atria Finland	2,333	2,321
Atria Sweden	840	847
Atria Denmark & Estonia	435	423
Atria Russia	846	869
Total	4,454	4,460

Financial position and taxes

During the review period, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR +51.4 million (EUR +2.0 million). Operating cash flow was EUR +88.5 million (EUR +47.2 million), and the cash flow from investments was EUR -37.1 million (EUR -45.2 million). Free cash flow improved by EUR 49.4 million year-on-year. The positive development of cash flow is attributable to improved EBITDA, good working capital management, and decreased investments.

The Group's investments in tangible and intangible assets during the review period totalled EUR 40.1 million (EUR 44.5 million).

Equity ratio was 46.9 per cent (31 December 2018: 47.7%). The equity ratio was lowered by lease liabilities recognised in accordance with IFRS 16, amounting to EUR 33.6 million on 31 December 2019. The total translation differences with the Swedish krona and the Russian rouble recognised in equity increased equity by EUR 4.6 million (EUR -9.6 million) in January - December.

Interest-bearing net liabilities amounted to EUR 223.9 million, which includes the above-mentioned financial liability for leases of EUR 33.6 million (31 December 2018: EUR 223.2 million, excluding lease liabilities under IFRS 16). On 31 December 2019, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2018: EUR 85.0 million). In December, the company refinanced a committed credit facility of EUR 30 million, replacing it with a new committed credit facility of EUR 30 million, with a maturity of 5+1+1 years. The average maturity of loans and committed credit facilities at the end of the review period was 3 years 2 months (31 December 2018: 3 years 2 months).

Income tax for the period grew by EUR 4.7 million from the previous year. Atria wrote off EUR 1.4 million of deferred tax assets in Russia. In addition, Atria Finland's improved result increased income taxes. The decrease in the corporate tax rate in Sweden reduced the tax expense for the comparable period by EUR 1.0 million.

Events after the review period

Atria lowered its net sales guidance for 2019. Full-year net sales growth was slightly below expectations. Net sales were expected to remain at the 2018 level. The reason for the lower than expected growth in net sales was slightly weaker sales in Finland and Russia at the end of the year. Despite a smaller increase in net sales, the company did not change its EBIT guidance.

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 production 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. In 2019, investments were made in the Atria Way of Leading programme and the Safely Home from Atria occupational safety programme.

The work on identifying and managing risks continued during the financial year. Risk assessments have been carried out in cooperation with insurance companies both in Finland and Sweden. Risks have also been identified independently in the business areas. Insurance programmes have been refined. Updates have also been made to the Atria Risk Management Manual.

A more detailed description of the risks related to Atria's operations is provided in the annual report.

Outlook for the future

In 2020, Atria Group’s EBIT is estimated to be higher than in 2019 (EUR 31.1 million).

Atria operates mainly in the stabile retail and Food Service markets in Finland and Sweden. The strong and rapid changes in the global meat market will have a greater impact on the company's development and reduce predictability.

Consumption of poultry meat is expected to continue to increase, while consumption of red meat is expected to decline slightly. The importance of convenience food and the Food Service channel is expected to increase, and the importance of exports will also increase.

Atria has increased its meat exports, and pork exports to China, for example, are expected to increase during 2020.

Board of Directors' proposal for profit distribution

The Board of Directors proposes that a dividend of EUR 0.42 (EUR 0.40) be paid for each share for the 2019 financial period.

Financial calendar 2020

Atria Plc's Annual Report 2019 will be published in week 13/2020.

Atria Plc will publish two interim reports and one half-year report in 2020:
- Interim report January-March on 29 April 2020 at approximately 8:00 am
- Half-year report January-June on 17 July 2020 at approximately 8:00 am
- Interim report January-September on 22 October 2020 at approximately 8:00 am.

Financial releases can also be viewed on the company's website at www.atria.com immediately after their release.

Annual General Meeting 2020

The Annual General Meeting will be held in Helsinki on 29 April 2020. Under the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so requests in writing from the Board of Directors well in advance of the meeting so that the matter can be mentioned in the notice. The Board of Directors must be notified of the request by 24 February 2020 in order for it to be dealt with at the General Meeting. The request, with accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, Läkkisepäntie 23, FI-00620 Helsinki.

Proposals of the Nomination Board for the Annual General Meeting 2020

The Nomination Board proposes to the General Meeting that a total of eight members be elected to the Board of Directors. The Nomination Board proposes to the General Meeting that Seppo Paavola and Jukka Moisio, who are due to resign, be re-elected as members of the Board of Directors. Jyrki Rantsi has announced that he will not finish his term in Atria's Board of Directors, and Jukka Kaikkonen is proposed to replace him.

The Nomination Board proposes to the General Meeting that the remuneration of the members of the Board of Directors be increased and the new remuneration and compensation for meeting expenses be as follows:
- meeting compensation EUR 300/meeting
- compensation for loss of working time EUR 300 for meeting and proceeding dates
- fee of the Chairman of the Board EUR 4,800/month
- fee of the Deputy Chairman EUR 2,600/month
- fee of a member of Board EUR 2,200/month
- travel allowance according to the company's travel policy

The Nomination Board proposes to the General Meeting that the remuneration of the members of the Supervisory Board remain the same as in 2019. Compensation for meeting expenses is proposed to be increased as follows:
- meeting compensation EUR 300/meeting
- compensation for loss of working time EUR 300 for meeting and proceeding dates
- fee of the Chairman of the Supervisory Board EUR 1,500/month
- fee of the Deputy Chairman EUR 750/month
- travel allowance according to the company's travel policy

Compensation for meeting expenses is also paid to the Chairman and Deputy Chairman of the Supervisory Board when attending Board of Directors' meetings.

Decisions of Atria Group Plc's Annual General Meeting 26 April 2019

The General Meeting adopted the financial statements and the consolidated financial statements for the financial period from 1 January to 31 December 2018, and discharged the members of the Supervisory Board and the Board of Directors as well as the CEO from liability for the financial period that ended on 31 December 2018.

The General Meeting decided that a dividend of EUR 0.40 be paid for each share for the financial period that ended on 31 December 2018. Dividends were paid to shareholders who on the record date for the payment of dividends were recorded in the company's shareholder register, maintained by Euroclear Finland Oy. The record date was 30 April 2019 and the date of payment was 8 May 2019.

Composition and remuneration of the Supervisory Board

The General Meeting decided that the composition of the Supervisory Board be as follows:

Member	Term ends
Juho Anttikoski	2022
Mika Asunmaa	2022
Lassi-Antti Haarala	2021
Jyrki Halonen	2022
Jussi Hantula	2021
Veli Hyttinen	2020
Pasi Ingalsuo	2020
Jussi Joki-Erkkilä	2021
Marja-Liisa Juuse	2021
Jukka Kaikkonen	2022
Juha Kiviniemi	2020
Ari Lajunen	2021
Juha Nikkola	2022
Mika Niku	2021
Pekka Ojala	2020
Heikki Panula	2022

Risto Sairanen	2020
Ola Sandberg	2021
Timo Tuhkasaari	2020
A total of 19 members	

The General Meeting decided that the remuneration of the members of the Supervisory Board remain the same as in 2018. The remuneration is: compensation for meetings: EUR 250 per meeting; compensation for loss of working time for meeting and proceeding days: EUR 250; fee payable to the Chairman of the Supervisory Board: EUR 1,500 per month; and fee payable to the Deputy Chairman: EUR 750 per month, with compensation for travel expenses in accordance with the company's travel policy.

Composition and remuneration of the Board of Directors

The General Meeting decided that the number of the members of the Board of Directors be eight (8). Retiring members Nella Ginman-Tjeder, Pasi Korhonen and Jyrki Rantsi were re-elected to the Board.

It was further stated that Jukka Moisio, Seppo Paavola, Kjell-Göran Paxal, Ahti Ritola and Harri Sivula shall continue as members of the Board of Directors. The terms of Seppo Paavola and Jukka Moisio will expire at the closing of the AGM in 2020 and those of Kjell-Göran Paxal, Ahti Ritola and Harri Sivula will expire at the closing of the AGM in 2021.

The General Meeting decided that the remuneration of the members of Board remain the same as in 2018. The remuneration is: compensation for meetings: EUR 300 per meeting; compensation for loss of working time for meeting and proceeding days; EUR 300; fee payable to the Chairman of the Board of Directors: EUR 4,700 per month; fee payable to the Deputy Chairman: EUR 2,500 per month; and fee payable to members of the Board of Directors: EUR 2,000 per month, with travel expense compensation in accordance with the company's travel policy.

Election and fees of auditor

In accordance with the Board of Directors' proposal, the General Meeting elected audit firm PricewaterhouseCoopers Oy as the company's auditor for a term ending at the closing of the next Annual General Meeting. According to the firm, the auditor in charge is Authorised Public Accountant Samuli Perälä. The General Meeting decided that the auditor's fee be paid against an invoice approved by the company.

Purchase of treasury shares

The General Meeting decided, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to decide, on one or several occasions, on the acquisition of a maximum of 2,800,000 of the company's own series A shares with funds belonging to the company's unrestricted equity, subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company. The company's own series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the company's business, to finance investments, as part of the company's incentive programme, to develop the company's capital structure, to be otherwise further transferred, to be retained by the company or to be cancelled.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the company in public trading arranged by Nasdaq Helsinki Ltd at the market price at the time of acquisition. The shares shall be acquired and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors was authorised to decide on the acquisition of the company's own shares in all other respects.

The authorisation shall supersede the authorisation granted by the Annual General Meeting on 26 April 2018 to the Board of Directors to decide on the acquisition of the company's own shares and be valid until the closing of the next Annual General Meeting or until 30 June 2020, whichever is first.

Share issue and special rights entitling holders to shares

The General Meeting decided, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 5,500,000 new series A shares or on the disposal of any series A shares held by the company through a share issue and/or by granting option rights or other special rights entitling holders to shares as referred to in Chapter 10, section 1 of the Limited Liability Companies Act. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive programme or for other purposes at the Board's discretion.

The Board of Directors is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that currently held by the shareholders under the conditions provided by law, the right to issue shares against or without payment and the right to decide on a share issue to the company itself without payment – subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company. The authorisation shall supersede the share issue authorisation granted by the Annual General Meeting on 26 April 2018 to the Board of Directors and is valid until the closing of the next Annual General Meeting or until 30 June 2020, whichever is first.

Donations

The General Meeting decided, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to decide on the donation of a maximum of EUR 100,000 to universities or other educational institutions.

Shares

Atria Plc's share capital consists of a total of 28,267,728 shares, divided into 19,063,747 series A shares and 9,203,981 series KII shares. Each series A share entitles its holder to one (1) vote and each series KII share to ten (10) votes at a General Meeting. Therefore, Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 108,740 series A treasury shares.

Corporate governance principles

Atria's Corporate Governance Principles and deviations from the Finnish Corporate Governance Code are published on the company's website at www.atria.com.

Incentive programmes for management and key personnel

Long-term share incentive plan

In 2017, Atria Plc's Board of Directors decided on the long-term incentive programme for management and key personnel for the period 2018–2020. The aim of the share incentive programme is to encourage Atria's management to acquire shares in the company and to take action and make decisions that will increase the company's long-term value.

The programme based on share and cash incentives is divided into three year-long earning periods, the second earning period having started 1 January 2019 and expired 31 December 2019. The bonuses payable under the programme are based on the company's earnings per share (EPS) (70%) and organic growth (30%). The bonuses for 2019 will be paid in three equal instalments in 2020, 2021 and 2022, partly in the form of shares in the company and partly in cash. The cash sum is intended to cover the taxes and tax-like fees arising from the bonus. If a person's employment relationship ends before the payment of the bonus, the bonus will not usually be paid. The target group for the share incentive programme can contain a maximum of 40 people. The estimated total value of bonuses payable for the 2019 earning period is approximately EUR 0.1 million.

The ended long-term incentive plan

All payments from the earning period implemented in 2015–2017 were based on the Group's earnings per share (EPS) excluding non-recurring items. Cash bonuses payable under the plan for the entire 2015–2017 earning period was capped at EUR 4.5 million. The plan expired on 31 December 2017, and it covered a maximum of 45 people. The CEO as well as members of the Group's Management Team and the Management Teams of Business Areas were covered by the programme. For the entire 2015–2017 earning period, bonuses worth EUR 2.1 million were accrued. The final bonus payment will be paid in March 2020 and is estimated at EUR 0.2 million.

Short-term incentive plan

The maximum amount of bonus pay under Atria's short-term incentive plan is 25 to 50% of the annual salary, depending on the effect on the results and the level of competence required for the role. The criteria in the bonus pay plan are the performance requirements and net sales at Group level and in the area of responsibility of the person concerned. In addition to the CEO and other members of the Management Team, Atria Plc's merit bonus plans cover approximately 40 people.

Major shareholders

Major shareholders on 31 December 2019

	KII	A	Total	%
Itikka Cooperative	4 914 281	3 537 652	8 451 933	29,90
Lihakunta	4 020 200	3 848 073	7 868 273	27,83
Mandatum Life Insurance Company		793 498	793 498	2,81
Pohjanmaan Liha Cooperative	269 500	480 038	749 538	2,65
Varma Mutual Pension Insurance Company		524 640	524 640	1,86
Oy Etra Invest Ab		200 000	200 000	0,71
Elo Mutual Pension Insurance Company		126 289	126 289	0,45
The von Julin Sofia Margareta Estate		112 000	112 000	0,40
Atria Plc		108 740	108 740	0,38
Investment Fund Taalerintehdas Arvo Markka Osake		105 000	105 000	0,37

Major shareholders in terms of voting rights, 31 December 2019

	KII	A	Total	%
Itikka Cooperative	49 142 810	3 537 652	52 680 462	47,42
Lihakunta	40 202 000	3 848 073	44 050 073	39,65
Pohjanmaan Liha Cooperative	2 695 000	480 038	3 175 038	2,86
Mandatum Life Insurance Company		793 498	793 498	0,71
Varma Mutual Pension Insurance Company		524 640	524 640	0,47
Oy Etra Invest Ab		200 000	200 000	0,18
Elo Mutual Pension Insurance Company		126 289	126 289	0,11
The von Julin Sofia Margareta Estate		112 000	112 000	0,10
Atria Plc		108 740	108 740	0,10
Investment Fund Taalerintehdas Arvo Markka Osake		105 000	105 000	0,09

Financial indicators

mill. EUR

	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Net sales	1,451.3	1,438.5	1,436.2	1,351.8	1,340.2
EBIT	31.1	28.2	40.9	31.8	28.9
% of net sales	2.1	2.0	2.8	2.3	2.2
Financial income and expenses	-5.6	-6.2	-7.3	-6.3	-9.2
% of net sales	-0.4	-0.4	-0.5	-0.5	-0.7
Profit before tax	26.2	22.3	35.5	26.1	20.1
% of net sales	1.8	1.6	2.5	1.9	1.5
Return of equity (ROE), %	3.9	4.1	6.7	4.7	3.6
Return of investment (ROI), %	5.3	5.0	7.3	5.9	5.6
Equity ratio, %	46.9	47.7	47.5	46.5	47.4
Interest-bearing liabilities	228.3	227.2	214.3	217.8	199.6
Gearing, %	52.6	53.1	49.8	51.6	49.3
Net gearing, %	51.6	52.1	49.0	50.5	48.3
Gross investments in fixed assets	40.1	44.5	53.9	82.9	56.9
% of net sales	2.8	3.1	3.8	6.1	4.2
Average FTE	4,454	4,460	4,449	4,315	4,271
R&D costs	15.3	13.7	12.9	13.1	12.4
% of net sales *	1.1	1.0	0.9	1.0	0,9
Volume of orders **	-	-	-	-	-

* Booked in total as expenditure for the financial year.
** Not a significant indicator, as orders are generally delivered on the day following the order being placed.

Share-issue adjusted per-share indicators

	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Earnings per share (EPS), EUR	0.54	0.58	0.92	0.65	0.49
Shareholders' equity per share, EUR	14.85	14.69	14.81	14.49	14.16
Dividend per share, EUR*	0.42	0.40	0.50	0.46	0.40
Dividend per profit, %*	78.4	68.8	54.4	71.2	81.9
Effective dividend yield *	4.2	6.1	4.1	4.0	4.4
Price per earnings (P/E)	18.7	11.3	13.2	17.8	18.5
Market capitalisation	283.8	186.0	342.3	324.8	255.8
Market capitalisation, series A	191.4	125.4	230.9	219.0	172.5
Share turnover per 1 000 shares, series A	3,831	5,696	3,381	3,313	5,443
Share turnover %, series A	20.1	29.9	17.7	17.4	28.6
Number of shares, million, total	28.3	28.3	28.3	28.3	28.3
Number of shares, series A	19.1	19.1	19.1	19.1	19.1
Number of shares, series KII	9.2	9.2	9.2	9.2	9.2
Share issue-adjusted average number of shares	28.3	28.3	28.3	28.3	28.3
Share issue-adjusted number of shares on 31 December	28.3	28.3	28.3	28.3	28.3

* The Board of Directors proposal from year 2019 for the Annual Meeting to be held on 29th of April 2020.

Share price development, series A (EUR)

	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Lowest of period, series A	6.61	6.42	10.11	7.61	6.62
Highest of period, series A	10.04	13.48	12.96	12.22	10.50
At end of period, series A	10.04	6.58	12.11	11.49	9.05
Average price for period, series A	8.28	9.58	11.47	9.49	9.03

Principles for calculating financial indicators are presented at the end of this report.

ATRIA GROUP

Consolidated income statement

EUR million	10-12/19	10-12/18	1-12/19	1-12/18
Net sales	**380.0**	**376.9**	**1,451.3**	**1,438.5**
Costs of goods sold	-331.9	-338.7	-1,288.5	-1,285.7
Gross profit	**48.0**	**38.1**	**162.7**	**152.9**
Sales and marketing expenses	-22.7	-21.1	-84.3	-81.9
Administrative expenses	-11.5	-9.9	-44.0	-41.4
Other operating income	0.9	0.6	3.2	3.9
Other operating expenses	-2.6	-1.1	-6.5	-5.3
EBIT	**12.1**	**6.7**	**31.1**	**28.2**
Finance income and costs	-1.6	-1.2	-5.6	-6.2
Income from joint ventures and associates	0.3	0.1	0.6	0.4
Profit before taxes	**10.7**	**5.6**	**26.2**	**22.3**
Income taxes	-4.9	-1.9	-9.2	-4.5
Profit for the period	**5.8**	**3.7**	**17.0**	**17.8**
Profit attributable to:				
Owners of the parent	5.2	3.5	15.1	16.4
Non-controlling interests	0.6	0.2	1.9	1.4
Total	**5.8**	**3.7**	**17.0**	**17.8**
Basic earnings per share, EUR	0.19	0.12	0.54	0.58
Diluted earnings per share, EUR	0.19	0.12	0.54	0.58

Consolidated statement of comprehensive income

EUR million	10-12/19	10-12/18	1-12/19	1-12/18
Profit for the period	**5.8**	**3.7**	**17.0**	**17.8**
Other comprehensive income after tax:				
Items that will not be reclassified to profit or loss				
Actuarial losses from benefit-based pension obligations	-0.1	-0.2	-0.5	-0.2
Items reclassified to profit or loss when specific conditions are met				
Cash flow hedges	-0.6	1.3	-3.6	4.2
Currency translation differences	1.9	-2.3	4.6	-9.6
Total comprehensive income for the period	**7.0**	**2.5**	**17.4**	**12.1**
Total comprehensive income attributable to:				
Owners of the parent	6.4	2.4	15.6	10.7
Non-controlling interests	0.6	0.1	1.9	1.4
Total	**7.0**	**2.5**	**17.4**	**12.1**

Consolidated statement of financial position

Assets

EUR million	31.12.19	31.12.18
Non-current assets		
Property, plant and equipment	398.1	400.5
Biological assets	0.7	0.6
Right-of-use assets	33.3	
Goodwill	160.8	162.6
Other intangible assets	84.7	86.7
Investments in joint ventures and associates	15.0	14.5
Other financial assets	1.2	1.2
Loan and other receivables	5.2	9.8
Deferred tax assets	4.0	5.1
Total	**703.0**	**681.1**
Current assets		
Inventories	110.2	105.9
Biological assets	4.1	3.4
Trade and other receivables	107.0	105.3
Cash and cash equivalents	4.4	4.0
Total	**225.7**	**218.5**
Total assets	**928.7**	**899.6**

Equity and liabilities

EUR million	31.12.19	31.12.18
Equity attributable to the shareholders of the parent company	419.9	415.3
Non-controlling interests	14.4	12.9
Total equity	**434.3**	**428.2**
Non-current liabilities		
Loans	140.9	152.1
Finance lease liabilities	25.0	0.7
Deferred tax liabilities	40.7	42.7
Pension obligations	6.8	6.3
Other non-interest-bearing liabilities	7.0	7.4
Provisions	0.7	
Total	**221.1**	**209.2**
Current liabilities		
Loans	53.9	74.1
Finance lease liabilities	8.6	0.4
Trade and other payables	210.9	187.8
Total	**273.3**	**262.2**
Total liabilities	**494.4**	**471.4**
Total equity and liabilities	**928.7**	**899.6**

ATRIA
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Consolidated statement of changes in equity

EUR million	**Equity attributable to the shareholders of the parent company**							**Non-controlling interests**	**Total equity**
	Share capital	Treasury shares	Other funds	Inv. non-rest. equity fund	Translation diff.	Retained earnings	Total		
Equity 1.1.18	**48.1**	**-1.3**	**-0.4**	**249.1**	**-50.8**	**173.9**	**418.6**	**12.1**	**430.7**
Profit for the period						16.4	16.4	1.4	17.8
Other comprehensive income									
Cash flow hedges			4.2				4.2		4.2
Acturial losses from pension liabilities						-0.2	-0.2		-0.2
Currency translation differences					-9.6		-9.6		-9.6
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.1			0.1		0.1
Dividends						-14.1	-14.1	-0.7	-14.8
Equity 31.12.18	**48.1**	**-1.3**	**3.7**	**249.2**	**-60.4**	**176.0**	**415.3**	**12.9**	**428.2**
Profit for the period						15.1	15.1	1.9	17.0
Other comprehensive income									
Cash flow hedges			-3.6				-3.6		-3.6
Acturial losses from pension liabilities						-0.5	-0.5		-0.5
Currency translation differences					4.6		4.6		4.6
Share of non-controlling interest related to acquisition of subsidiary						0.2	0.2		0.2
Share-based payments			0.0	0.0			0.1		0.1
Dividends						-11.3	-11.3	-0.3	-11.6
Equity 31.12.19	**48.1**	**-1.3**	**0.2**	**249.2**	**-55.8**	**179.5**	**419.9**	**14.4**	**434.3**

Consolidated cash flow statement

EUR million	1-12/19	1-12/18
Cash flow from operating activities		
Operating activities before financial items and taxes	102.9	53.9
Financial items and taxes	-14.4	-6.7
Net cash flow from operating activities	**88.5**	**47.2**
Cash flow from investing activities		
Tangible and intangible assets	-39,4	-44.5
Non-current receivables	2.3	-0.9
Dividends received	0.1	0.6
Current receivables	-0.1	-0.5
Net cash used in investing activities	**-37.1**	**-45.2**
Cash flow from financing activities		
Proceeds from long-term borrowings	0.6	35.0
Repayment of long-term borrowings	-3.7	-56.3
Changes in short-term borrowings	-36.9	33.9
Dividends paid	-11.6	-14.8
Net cash used in financing activities	**-51,5**	**-2.2**
Change in liquid funds	**-0.1**	**-0.2**
Cash and cash equivalents at beginning of year	4.0	3.1
Effect of exchange rate changes	0.5	1.0
Cash and cash equivalents at the end of period	**4.4**	**4.0**

Notes to the financial statement release

Principles applied in preparing the financial statements

This financial statement release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Atria has applied the same principles in preparing this interim report as in preparing the 2018 annual financial statements. However, as of 1 January 2019, the Group uses the new or revised IFRS standards and IFRIC interpretations published by the IASB, included in the accounting principles of the annual financial statements 2018.

IFRS 16, Leases, was adopted on 1 January 2019. The standard abandons the separation into operating leases and finance leases under IAS 17. According to the standard, lessees should in practice recognise right of use asset and the financial liability related to the lease payment obligation for all their lease agreements. The standard also affects the income statement, because total costs are typically higher during the first half of the term of the lease and lower towards the end. In addition, the rental cost earlier included in operating expenses is replaced by depreciation and interest, which will affect key indicators such as EBITDA.

The right-of-use asset item and the lease liability are recognised at the commencement date of the lease. The lease liability is valued at the present value of the unpaid lease payments at the valuation date. Lease costs include fixed and variable costs that depend on changes in the index or price level specified in the agreement. Other variable costs or service charges included in the lease are treated as an expense for the period. Lease payments are discounted at the internal rate of the lease. If the internal rate is not readily determinable, the company's additional credit interest rate is used. Right-of-use asset items are depreciated according to the length of the leases. If the lease is valid for an indefinite period and there are no known changes, the agreement period is assessed case-by-case. Atria utilises the concession on recognition allowed by the standard and will not apply the standard to short-term leases or contracts where the underlying asset is of low value. A simplified approach was applied to the transition, and the comparable figures for the year preceding adoption have not been adjusted. The application of the standard had no impact on retained earnings.

Lease liabilities on 1 January 2019 (EUR million):

Finance lease obligations under IAS 17 on 31 December 2018	**1.1**
Increases:	
Undiscounted off-balance sheet lease obligations on 31 December 2018	20.4
Other changes *)	18.5
Total increases	**38.9**
Lease liabilities on 1 January 2019	**40.0**

*) Includes changes in discounting of the above-mentioned lease obligations, increases arising from the determination of the lease term and the different treatment of options for continuing and terminating leases, as well as other leases that are dealt with in accordance with the new standard.
The adoption of the new standard had an impact on Atria Group's equity ratio and net gearing. The amount of interest-bearing liabilities increased, amounting on 31 December 2019 to EUR 228.3 million

(31 December 2018: EUR 227.2 million). Interest-bearing liabilities included EUR 33.6 million of lease liabilities (31 December 2018: EUR 1.1 million). The adoption had no major impact on EBIT or net result. Depreciation for the review period was EUR 8.7 million higher due to the adoption of the standard, but correspondingly, rental costs decreased by EUR 9.2 million. In the cash flow statement, payment of interest on the lease liability is reported in the operating cash flow. Lease liability payments are reported in the cash flow from financing activities.

The adoption of IFRS 16 increased the amount of assets to be depreciated in the Group on 1 January 2019 by EUR 38.9 million. Increases by business areas:

Atria Finland	34.6
Atria Sweden	2.8
Atria Denmark & Estonia	0.6
Atria Russia	0.9

The formulae for calculating the indicators are presented at the end of the report. In the company's view, the indicators presented serve to clarify the view provided by the income statement and balance sheet of the operational result and financial position of operations.

The figures presented in the release are rounded to EUR million, so the combined total of individual figures may differ from the total sum presented. The figures in this interim report are unaudited.

Operating segments

EUR million	10-12/19	10-12/18	1-12/19	1-12/18
Revenue from Consumer goods				
Atria Finland	208.5	205.1	795.6	787.1
Atria Sweden	74.5	74.1	289.4	287.9
Atria Denmark & Estonia	26.0	24.7	94.4	94.8
Atria Russia	18.9	19.9	73.8	75.1
Eliminations	-11.7	-11.1	-42.3	-41.1
Total	**316.3**	**312.7**	**1,210.9**	**1,203.8**
Revenue from primary products				
Atria Finland	63.1	63.5	238.2	232.1
Atria Sweden				
Atria Denmark & Estonia	0.5	0.7	2.2	2.6
Atria Russia				
Total	**63.6**	**64.2**	**240.4**	**234.7**
Total net sales	**380.0**	**376.9**	**1,451.3**	**1,438.5**
EBIT				
Atria Finland	14.4	9.5	40.0	36.7
Atria Sweden	-0.5	-1.1	-6.1	-7.1
Atria Denmark & Estonia	1.0	1.0	4.4	5.3
Atria Russia	-2.0	-2.6	-4.0	-4.0
Unallocated	-0.8	-0.2	-3.1	-2.7
Total	**12.1**	**6.7**	**31.1**	**28.2**
Investments				
Atria Finland	5.1	5.6	21.8	20.6
Atria Sweden	3.7	4.2	13.3	15.4
Atria Denmark & Estonia	0.9	1.1	2.9	4.4
Atria Russia	0.5	0.5	2.2	4.1
Total	**10.3**	**11.5**	**40.1**	**44.5**
Depreciation and write-offs				
Atria Finland	8.6	6.9	33.9	26.9
Atria Sweden	2.9	2.5	11.4	10.1
Atria Denmark & Estonia	1.0	1.2	4.3	4.2
Atria Russia	1.2	1.1	4.7	4.2
Total	**13.7**	**11.6**	**54.3**	**45.4**

Fair value hierarchy of financial assets and liabilities

EUR milloin

Balance sheet items	**31.12.19**	**Level 1**	**Level 2**	**Level 3**
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	1.5		1.5	
Total	**2.7**	**0.0**	**1.5**	**1.2**
Liabilities				
Derivative financial instruments	2.9		2.9	
Total	**2.9**	**0.0**	**2.9**	**0.0**

Balance sheet items	**31.12.18**	**Level 1**	**Level 2**	**Level 3**
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	6.6		6.6	
Total	**7.8**	**0.0**	**6.6**	**1.2**
Liabilities				
Derivative financial instruments	2.5		2.5	
Total	**2.5**	**0.0**	**2.5**	**0.0**

There were no transfers between Levels 1 and 2 during the period.
Level 1: Prices listed on active markets for identical assets and liabilities.
Level 2: Fair values can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Fair values are not based on verifiable market prices.
Fair values of financial instruments do not deviate significantly from balance sheet values.

Related party transactions

EUR million

The following transactions were completed with related parties:

	10-12/19	**10-12/18**	**1-12/19**	**1-12/18**
Sales of goods and services	5.1	5.1	18.9	18.7
Purchases of goods and services	25.7	26.3	96.0	97.2

	31.12.19	**31.12.18**
Receivables	1.5	1.3
Liabilities	15.0	14.6

Contigent liabilities

EUR million	31.12.19	31.12.18
Debts with mortgages given as security		
Loans from financial institutions	1.4	1.5
Pension fund loans	4.2	4.3
Total	**5.6**	**5.8**
Mortgages given as comprehensive security		
Real estate mortgages	1.4	2.5
Corporate mortgages		1.1
Total	**1.4**	**3.6**
Guarantee engagements not included in the balance sheet		
Guarantees	0.1	0.1

The main exchange rates

	Income statement		Balance sheet	
	1-12/19	**1-12/18**	**31.12.19**	**31.12.18**
SEK	10,5867	10,2567	10,4468	10,2548
DKK	7,4661	7,4532	7,4715	7,4673
RUB	72,4593	74,0551	69,9563	79,7153

Principles for calculating financial indicators

Alongside the IFRS figures, Atria publishes certain other widely used alternative financial indicators which can be derived from the income statement and balance sheet.

Adjusted EBIT

In addition to reporting EBIT, the company publishes an adjusted EBIT indicator to describe the actual financial development of the business and to improve comparability between different periods. The adjusted EBIT is determined by adjusting the EBIT recognized in the income statement for items that affect comparability. These may include events that are not part of the ordinary business activities, such as the restructuring of operations, capital gains and losses attributable to the sale of operations, impairment, and the costs of discontinuing significant operations.

Gross investments

Investments in tangible and intangible assets, including acquired businesses

$$\text{FTE} = \frac{\text{Hours worked during the review period}}{\text{Number of working days during the review period * normal working hours per day}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit/loss for the accounting period}}{\text{Equity (average)}} * 100$$

$$\text{Return on investment (\%)} = \frac{\text{Profit/loss before tax + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities (average)}} * 100$$

$$\text{Equity ratio (\%)} = \frac{\text{Equity}}{\text{Balance sheet total – advance payments received}} * 100$$

$$\text{Interest-bearing liabilities} = \text{Loans and finance lease liabilities}$$

$$\text{Gearing (\%)} = \frac{\text{Interest-bearing liabilities}}{\text{Equity}} * 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities – cash and cash equivalents}$$

$$\text{Net gearing (\%)} = \frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}} * 100$$

$$\text{Earnings/share (basic)} = \frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average of outstanding shares}}$$

$$\text{Equity/share} = \frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$$

$$\text{Dividend/share} = \frac{\text{Dividend distribution during the accounting period}}{\text{Undiluted number of shares on 31 Dec}}$$

$$\text{Dividend/profit (\%)} = \frac{\text{Dividend/share}}{\text{Earnings per share (EPS)}} * 100$$

$$\text{Effective dividend yield (\%)} = \frac{\text{Dividend/share}}{\text{Closing price at the end of the accounting period}} * 100$$

$$\text{Price/earnings (P/E)} = \frac{\text{Closing price at the end of the accounting period}}{\text{Earnings per share}}$$

$$\text{Average price} = \frac{\text{Overall share turnover (EUR)}}{\text{Undiluted average number of shares traded during the accounting period}}$$

$$\text{Market capitalisation} = \text{Number of shares at the end of the accounting period * closing price on 31 Dec}$$

$$\text{Share turnover (\%)} = \frac{\text{Number of shares traded during the accounting period}}{\text{Undiluted average number of shares}} * 100$$

ATRIA PLC
Board of Directors

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