



ATRIA
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Interim Report

2019

Q4

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Atria Group 1 January - 31 December 2019

EUR million	Q4		Q4	
	2019	2018	2019	2018
Net sales	380.0	376.9	1,451.3	1,438.5
EBIT	12.1	6.7	31.1	28.2
EBIT %	3.2 %	1.8 %	2.1 %	2.0 %

- **Atria Group's** financial performance continued strong during the fourth quarter.
- Atria Finland's profitability improved significantly. Exports of pork to China continued to increase. The development of Atria Finland's net sales for the whole year was stable, and EBIT improved from the previous year.
- 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.
- Consolidated free cash flow for the whole year amounted to EUR 51.4 million (EUR 2.0 million).
- 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.
- 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.

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Atria Finland 1 Jan - 31 December 2019

EUR million	Q4		Q4	
	2019	2018	2019	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 sales remained stable in the fourth quarter. Exports to China in particular increased, but sales to retail and Food Service customers also improved from the previous year.
- 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.
- 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. If implemented, the project is expected to be fully completed at the end of 2024 at the earliest.

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Atria Finland

- 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.
- 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 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)

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Atria Sweden 1 Jan - 31 December 2019

EUR million	Q4		Q4	
	2019	2018	2019	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 October-December grew by 3.6 per cent in the local currency
- The availability of Swedish pork continued to decline towards the end of the year. In particular, the price of pork increased, which weakened the development of EBIT.
- 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.
- In March, Atria Sweden launched a project in line with its revised strategy, which 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.

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Atria Sweden

- 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.



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Atria Denmark & Estonia 1 Jan - 31 December 2019

EUR million	Q4		Q4	
	2019	2018	2019	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).
- 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.
- 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.

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Atria Russia 1 Jan - 31 December 2019

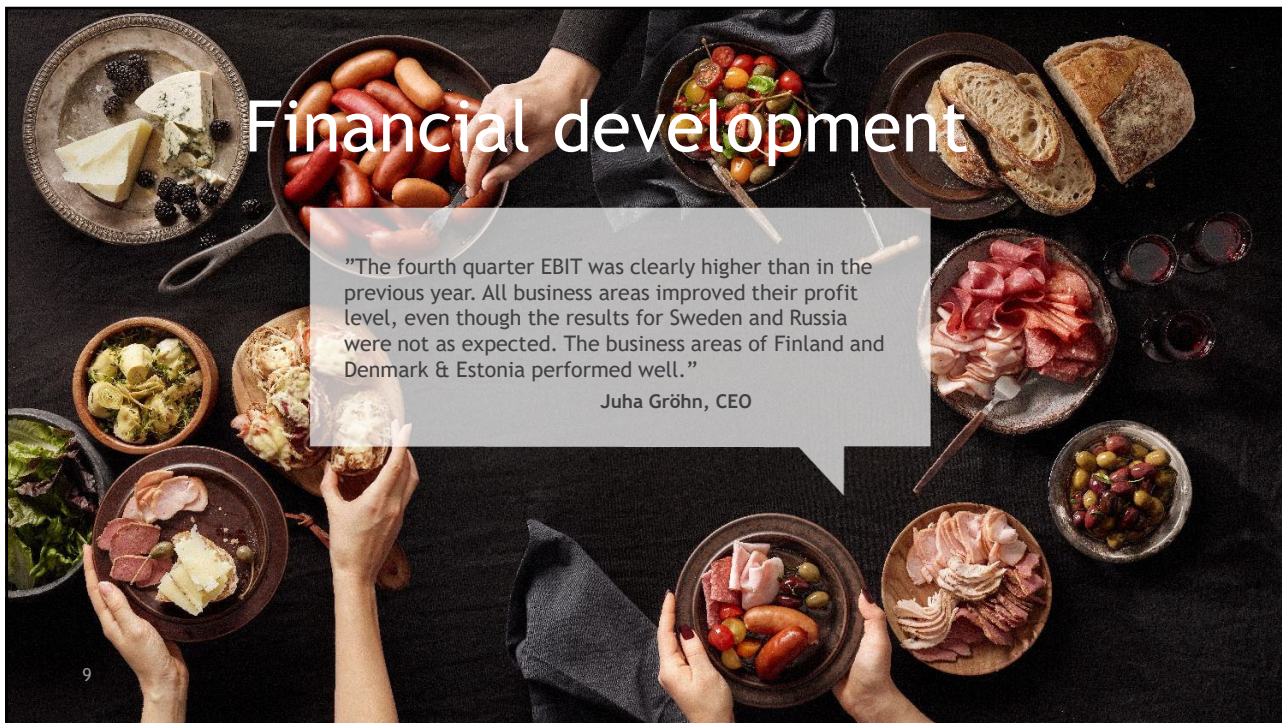
EUR million	Q4		Q4	
	2019	2018	2019	2018
Net sales	18.9	19.9	73.8	75.1
EBIT	-2.0	-2.6	-4.0	-4.0
EBIT %	-10.7 %	-13.0 %	-5.5 %	-5.3 %

- **Atria Russia's** net sales and EBIT remained at the level of the previous year.
- EBIT was weighed down by increased marketing investments in the Pit-Product brand reform and a single 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.

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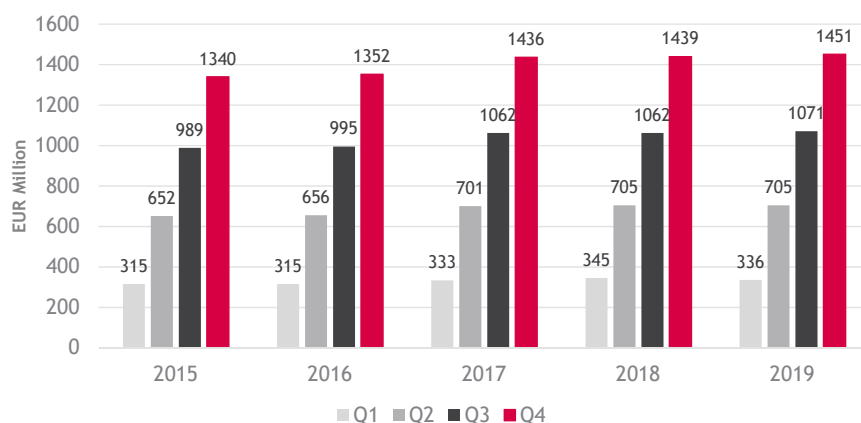
Financial development

"The fourth quarter EBIT was clearly higher than in the previous year. 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."

Juha Gröhn, CEO

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Atria Group Net Sales cumulative, quarterly

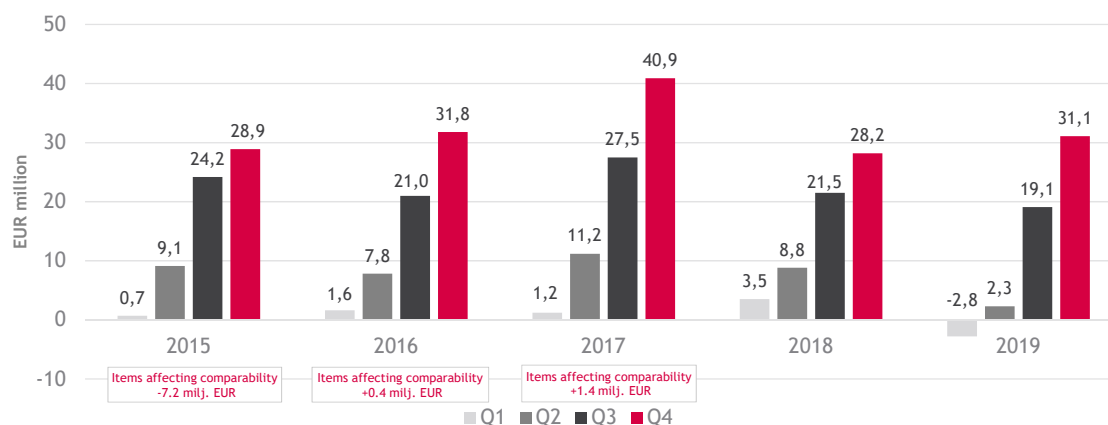


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Atria Group EBIT cumulative, quarterly



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Atria Group Financial indicators 1 January - 31 December 2019

EUR million	31.12.2019	31.12.2018
Shareholder's equity per share, EUR	14.85	14.69
Interest-bearing liabilities	228.3	227.2
Equity ratio, %	46.9 %	47.7 %
Net gearing, %	51.6 %	52.1 %
Gross investments	40.1	44.5
Gross investments, % of net sales	2.8 %	3.1 %
Average number of employees	4,454	4,460

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

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Atria Group Income statement

EUR million	Q4		Q1-Q4	
	2019	2018	2019	2018
NET SALES	380.0	376.9	1,451.3	1,438.5
Cost of goods sold	-331.9	-338.7	-1,288.5	-1,285.7
GROSS PROFIT	48.0	38.1	162.7	152.9
<i>% of Net sales</i>	12.6 %	10.1 %	11.2 %	10.6 %
Other income	0.9	0.6	3.2	3.9
Other expences	-36.8	-32.1	-134.9	-128.5
EBIT	12.1	6.7	31.1	28.2
<i>% of Net sales</i>	3.2 %	1.8 %	2.1 %	2.0 %
Financial income and expences	-1.6	-1.2	-5.6	-6.2
Income from jointventures 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

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Atria Group Cash flow statement

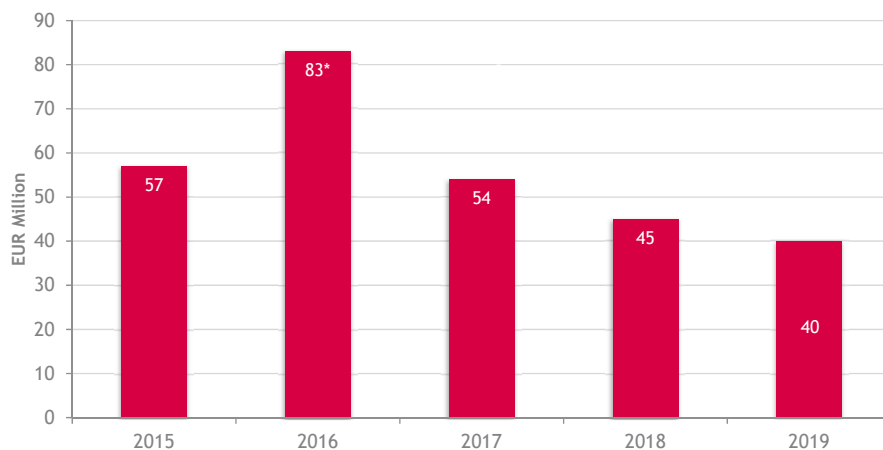
EUR million	2019	2018
Cash flow from operating activities	102.8	53.9
Financial items and taxes	-14.4	-6.7
NET CASH FLOW FROM OPERATING ACTIVITIES	88.5	47.2
Investing activities to tangible and intangible assets	-39.4	-44.5
Change in non-current receivables	2.3	-0.9
Dividends received from investments	0.1	0.6
Change in current receivables	-0.1	-0.5
NET CASH USED IN INVESTING ACTIVITIES	-37.1	-45.2
FREE CASH FLOW	51.4	2.0
Changes in interest-bearing liabilities	-39.9	12.6
Dividends paid	-11.6	-14.8
NET CASH USED IN FINANCING ACTIVITIES	-51.5	-2.2
CHANGE IN LIQUID FUNDS	-0.1	-0.2

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Atria Group Gross investments



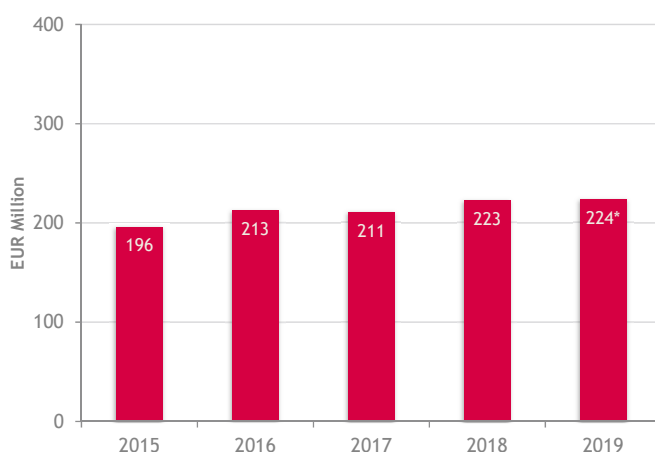
*In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.

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Atria Group Net debts



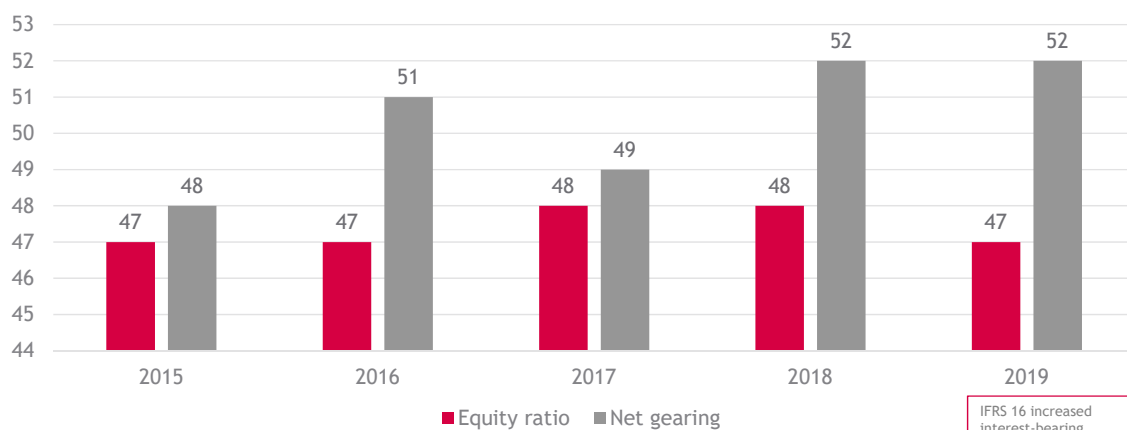
*Incl. the finance lease liabilities according to IFRS 16 EUR 34 million.

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Atria Group Equity ratio & Net gearing



IFRS 16 increased interest-bearing liabilities by EUR 34 million

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Events after the period under review

- 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.

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Risks and business uncertainties

- 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.

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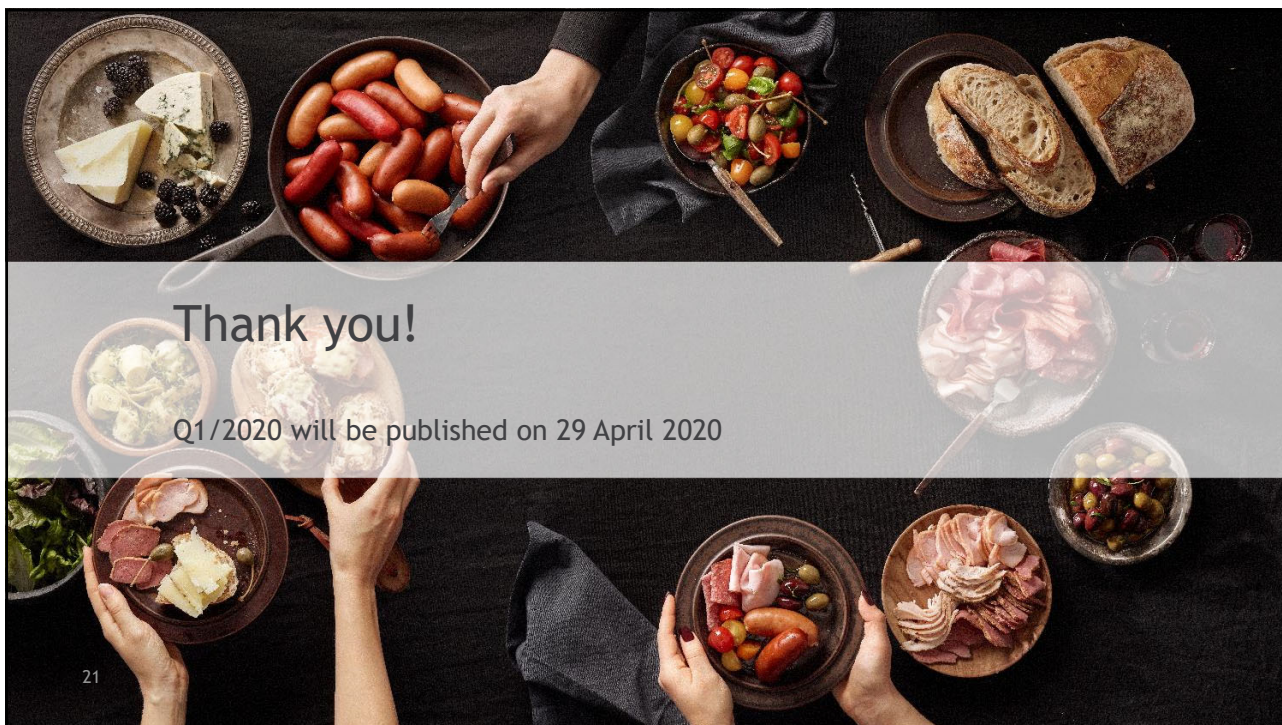
Outlook for the future

- In 2020, Atria Group's EBIT is estimated to be higher than in 2019 (EUR 31.1 million).
- Atria operates mainly in the stable 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.

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Thank you!

Q1/2020 will be published on 29 April 2020

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