



Lännen Tehtaat plc

INTERIM REPORT Q3 2009

6 November 2009

Scandic Simonkenttä

Matti Karppinen
CEO

Lännen Tehtaat

Continuing operations



Frozen Foods



Seafood

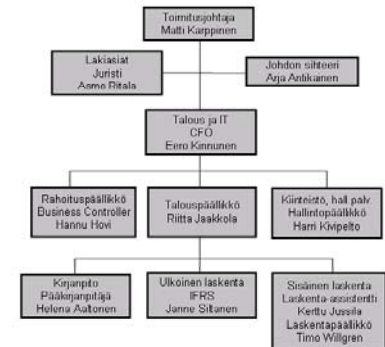


Grains and Oilseeds



Other operations

Lännen Tehtaat plc



Apetit Suomi Oy

**Associated companies:
Sucros Ltd (20%)
Ateriamestarit Oy (50%)**



Lännen Tehtaat

Interim report Q3 2009




Matti Karppinen, CEO:

“Thanks to the good result posted by Grains and Oilseeds, the third-quarter operating profit less non-recurring items for the Group’s continuing operations was significantly better than anticipated and a significant improvement year-on-year. Frozen Foods continued on a steady track and turned in a result slightly above that of the same period a year earlier. Our greatest challenges are still in the Seafood business, where the result was down year-on-year. Seafood’s foreign operations were brought on to an upward track in the second quarter, but in its Finnish-based operations the market continued to be difficult.

“Implementation of Seafood’s domestic strategy, approved in the spring, is continuing as planned. The Finnish fish-processing sector has been suffering from unhealthy price competition and profitability problems, and there is a fundamental need for urgent restructuring of the sector. We intend to be an active participant in these developments.

“As a Group-internal measure, we decided in the summer to combine the operations of the Grain Trading and Vegetable Oils businesses. This will enable the new Grains and Oilseeds business to provide an even better service to its customers in the future.”



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Key figures, Q3 2009

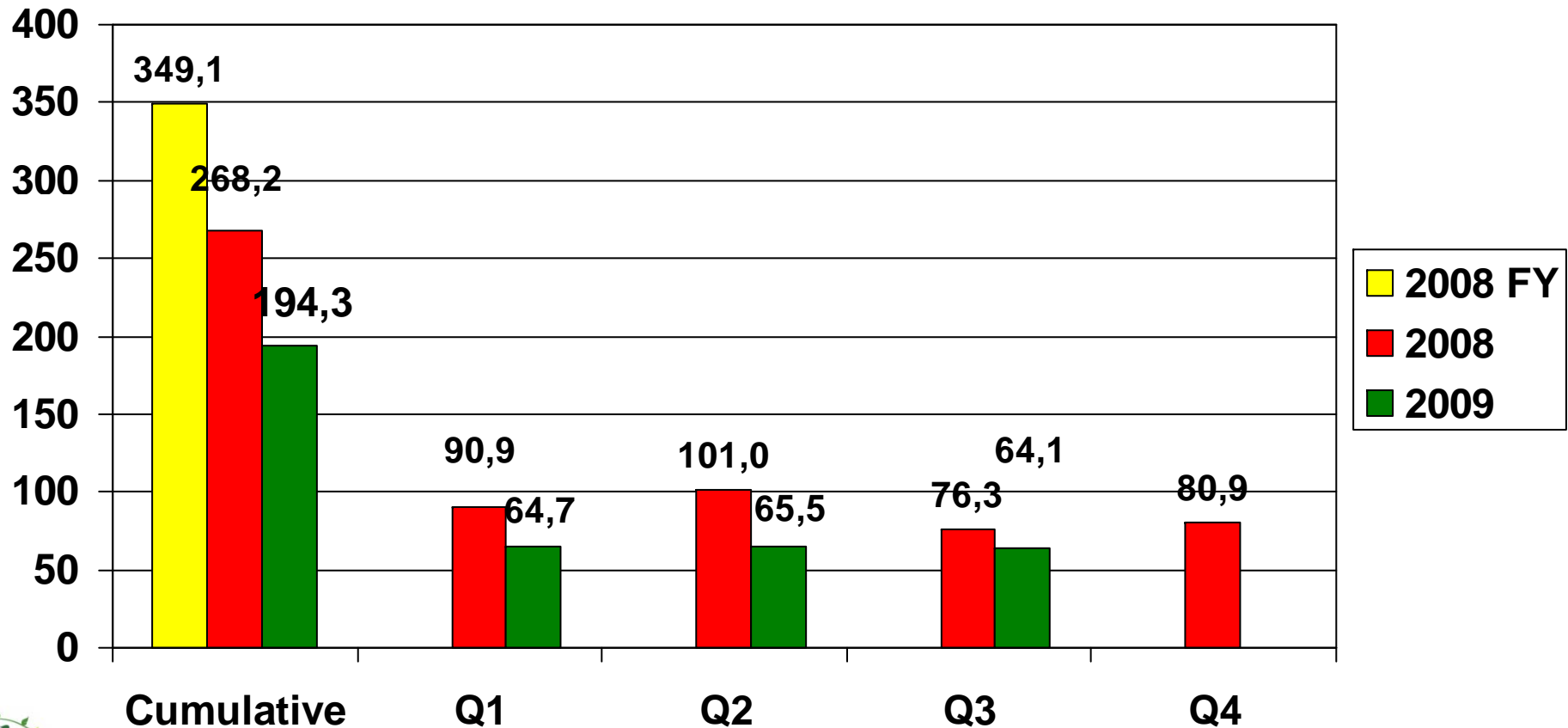


Continuing operations

EUR mill.	Jly-Sep 2009	Jly-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Net sales	64.1	76.3	194.3	268.2	349.1
Operating profit	1.0	2.7	1.4	10.0	13.9
Operating profit, excl. non-recurring items	1.3	0.3	2.2	2.7	5.4
Profit before taxes	1.4	2.2	2.1	8.3	10.7
Profit for the period	1.1	1.6	1.6	7.5	10.0
Profit for the period, excl. non-recurring items	1.4	-0.2	2.2	0.8	1.8
Earnings per share, EUR	0.18	0.26	0.26	1.18	1.60
Earnings per share, excl. non-recurring items, EUR	0.22	-0.03	0.36	0.11	0.28

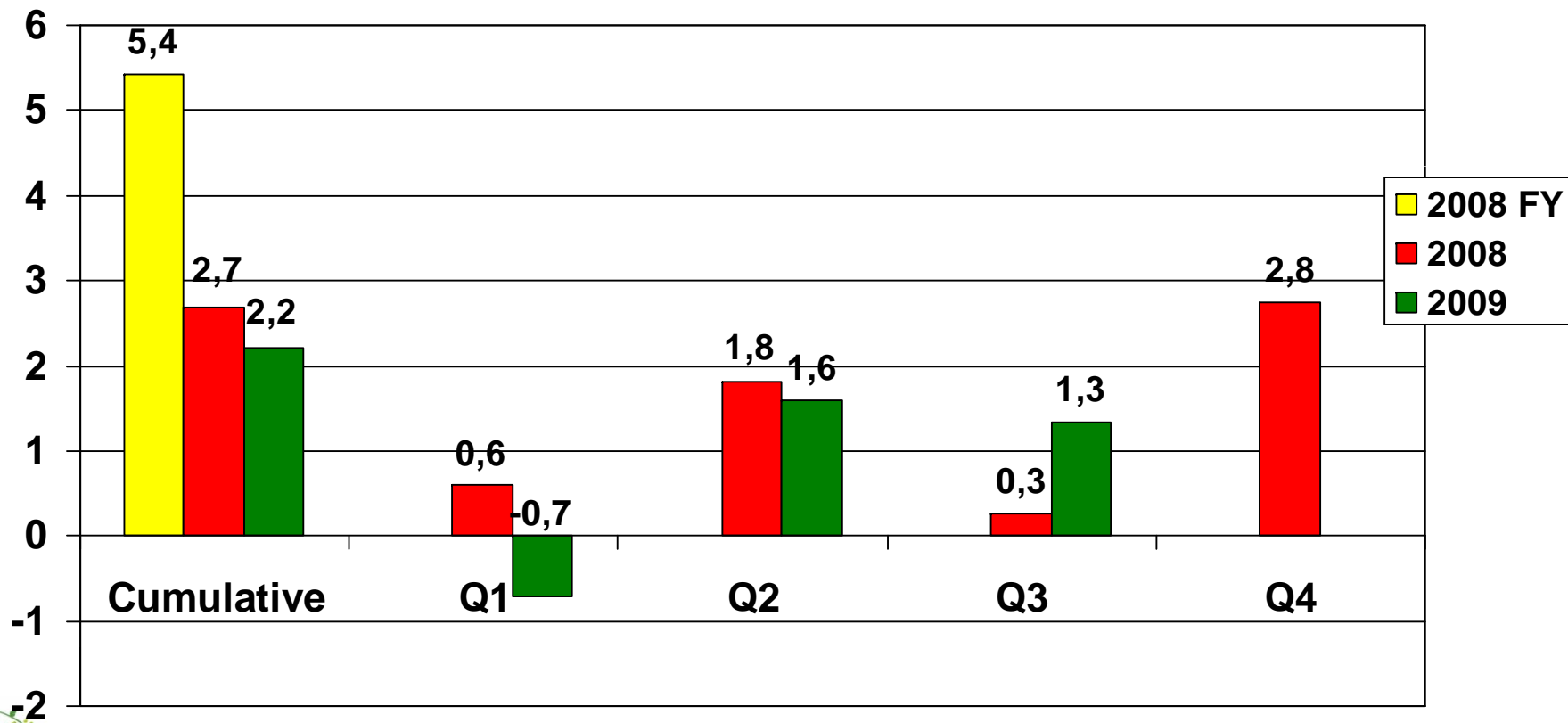
- **January- September operating profit, excluding non-recurring items, came to EUR 2.2 (2.7) million.**
- **The third-quarter operating profit from its continuing operations, excluding non-recurring items, improved significantly year-on-year, totalling EUR 1.3 (0,3) million.**
- **The Group's balance sheet and cash flow showed further improvements.**
- **The equity ratio improved to 76.7% (67.1%) and the Group is debt-free.**

Consolidated net sales, continuing operations, EUR million



- Net sales from the continuing operations in July-September came to EUR 64.1 (76.3) million, a decrease of 16% on the same quarter in 2008.
- The drop in net sales was mainly the result of a drop in grain and oil seed market prices.

Operating profit excluding non-recurring items, continuing operations, EUR million

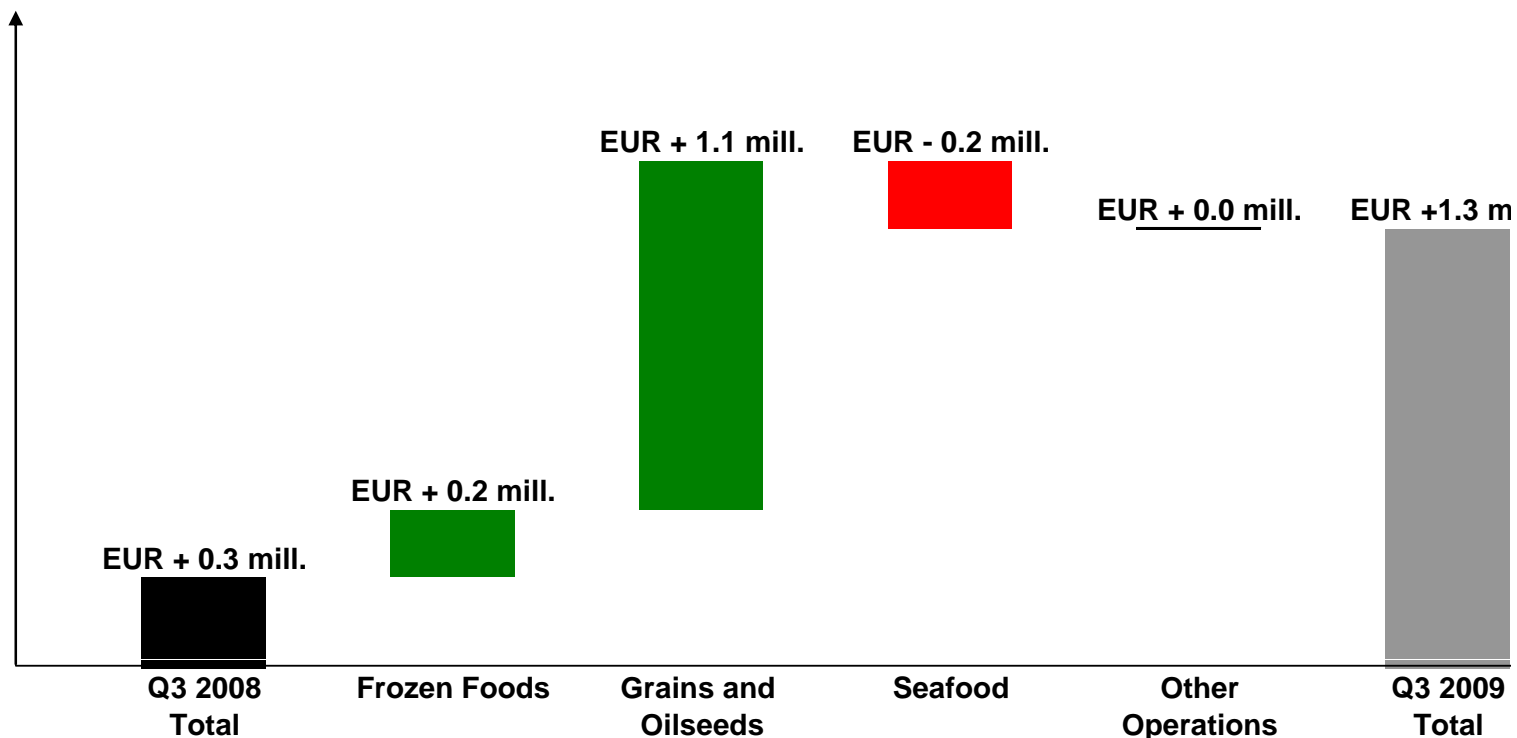


- Q3 reported operating profit EUR 1.0 (2.7) million.
- Q3 non-recurring items EUR -0.3 (+2.5) million: integration expenses in Seafood (-0.2) and costs of combining operations in Grains and Oilseeds (-0.1).

Operating profit excluding non-recurring items



Change in profits Q3 2009 vs Q3 2008

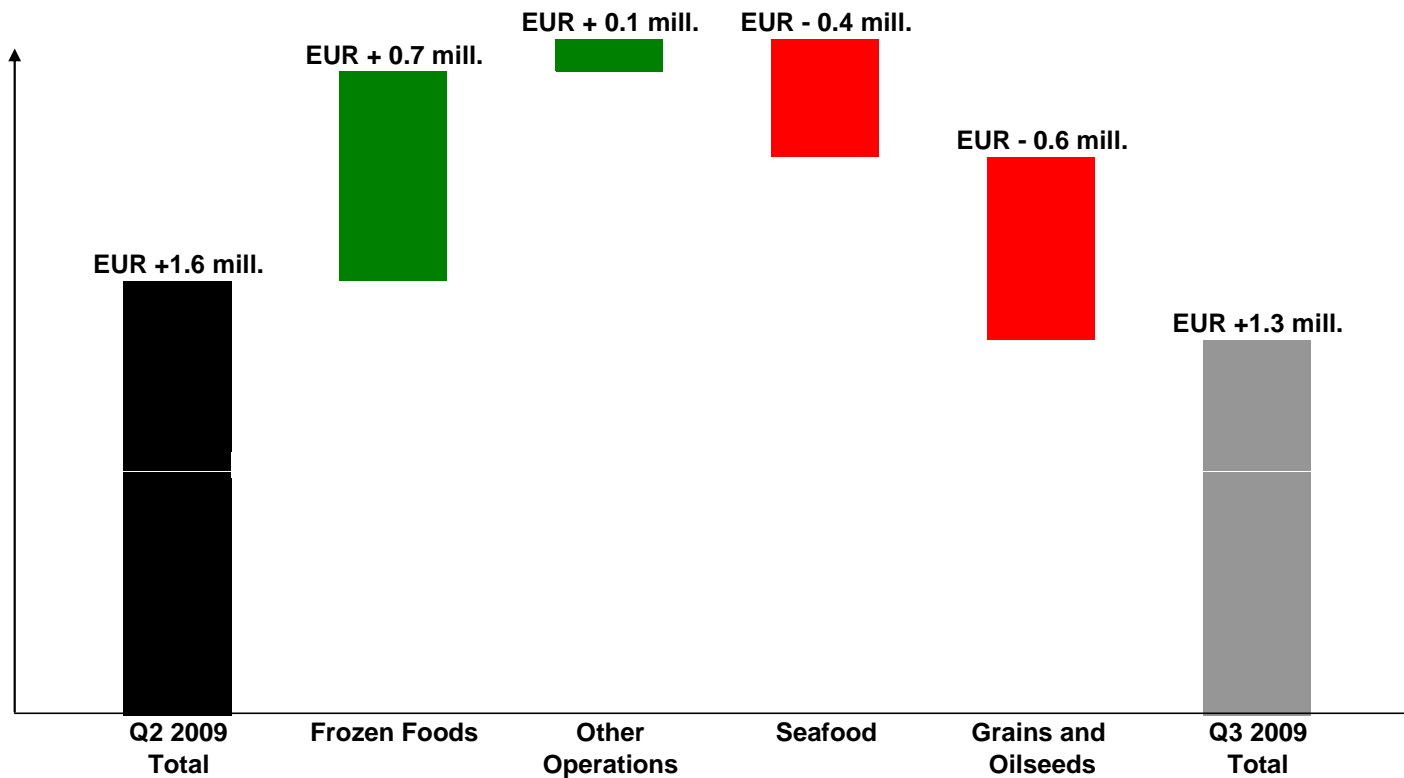


• The Group's third-quarter operating profit from its continuing operations, excluding non-recurring items, was significantly up year-on-year.

Operating profit excluding non-recurring items



Change in profits Q3 vs Q2, 2009

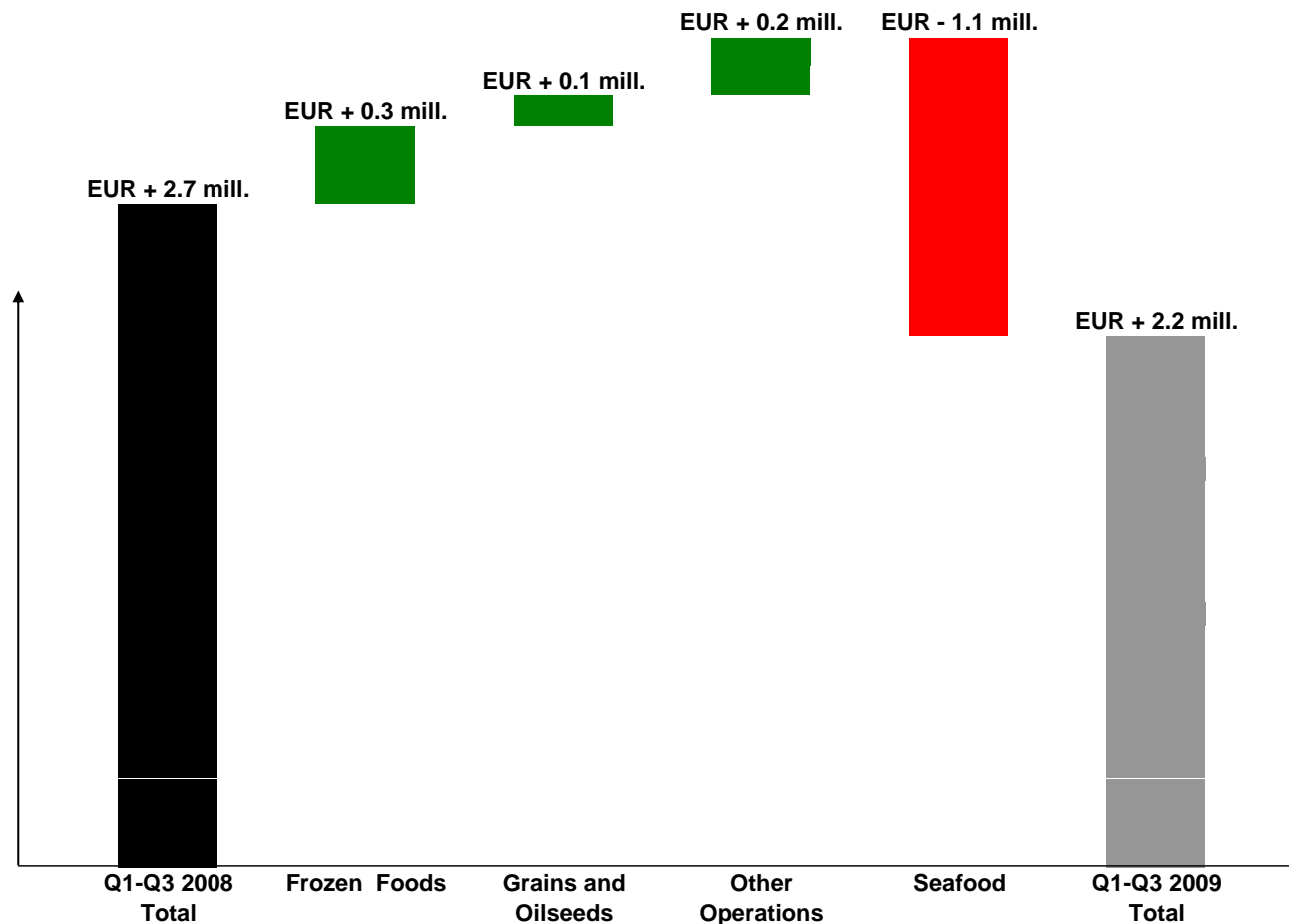


- The profit continued to improve in Frozen Foods and Other Operations.

Operating profit excluding non-recurring items



Change in profits Q1-Q3 2009 vs Q1-Q3 2008



- Operating profit excluding non-recurring items was down EUR 0.5 million year-on-year.
- Most of the Group's operating profit is normally accrued in the final quarter.

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Frozen Foods Q3 2009



Frozen Foods	Jly-Sep 2009	Jly-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
EUR million					
Net sales	10.4	11.7	34.6	37.7	49.3
Operating profit, excl. non-recurring items	1.1	0.9	1.9	1.5	3.1

Net Sales

- Like-for-like net sales, excluding the sale of jam and marmalade products, grew by 2%.
- In the retail sector, the growth in sales of frozen products continued to be good.
- Exports grew.
- Sales to food industry and HoReCa-sector were down from the previous year.

Operating profit excluding non-recurring items

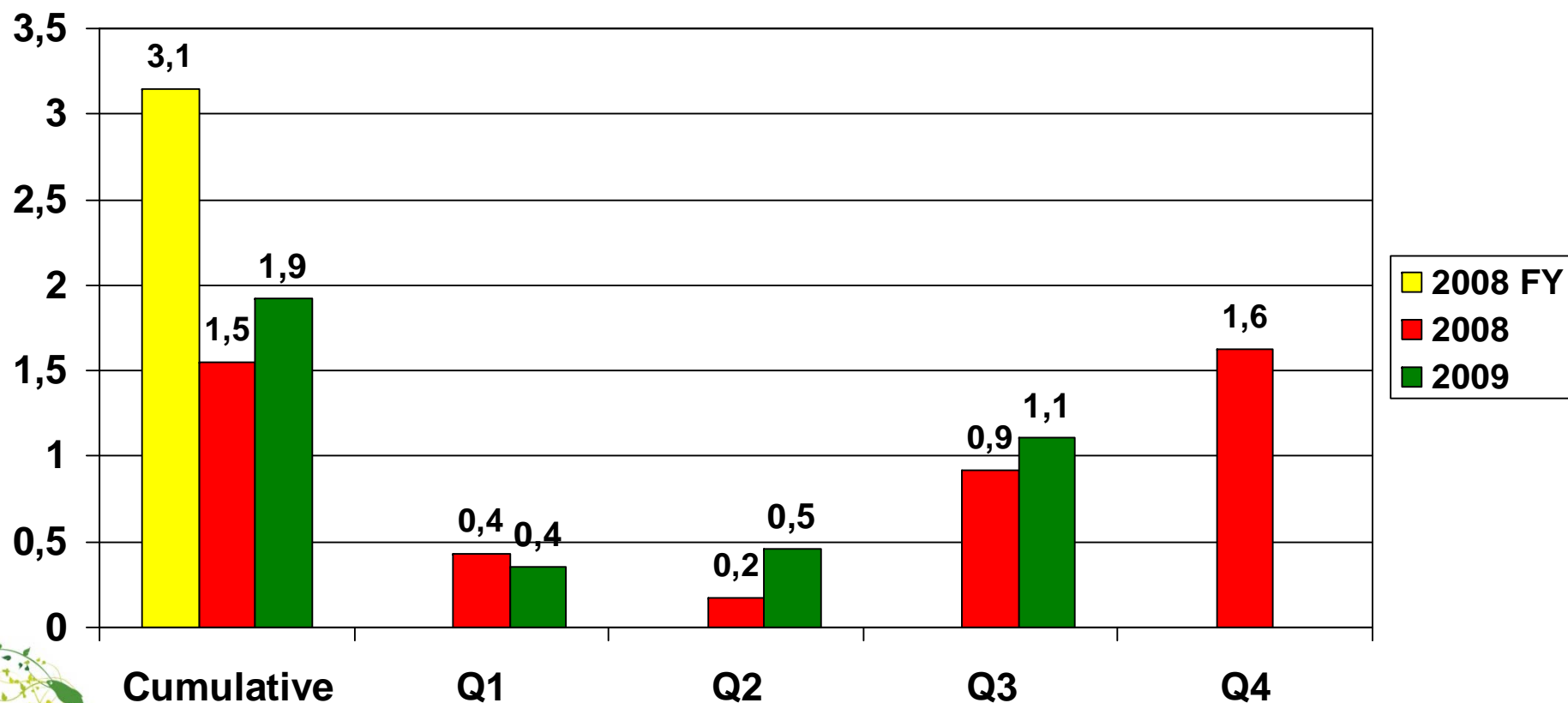
- Improved on the previous year's figure
- Centralisation of operations improved productivity and cost efficiency.

Other

- Implementation of the new contract grower data system.
- The domestic harvested crop in 2009 was good.



Operating profit excluding non-recurring items, Frozen Foods, EUR million



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Seafood Q3 2009



Seafood	Jly-Sep 2009	Jly-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
EUR million					
Net sales	18.1	21.3	54.9	65.9	89.7
Operating profit, excl. non-recurring items	-0.9	-0.7	-2.4	-1.3	-1.6

Net Sales

- Net sales were down by -15%.
- **Finland:** tough price competition, intense fillet campaigns and reduced number of Kalatori service counters
- **Foreign operations:** negative effects of currency rates, discontinuation of unprofitable products and reduced sales of fresh fish (net sales were down by about -5% in local currencies).

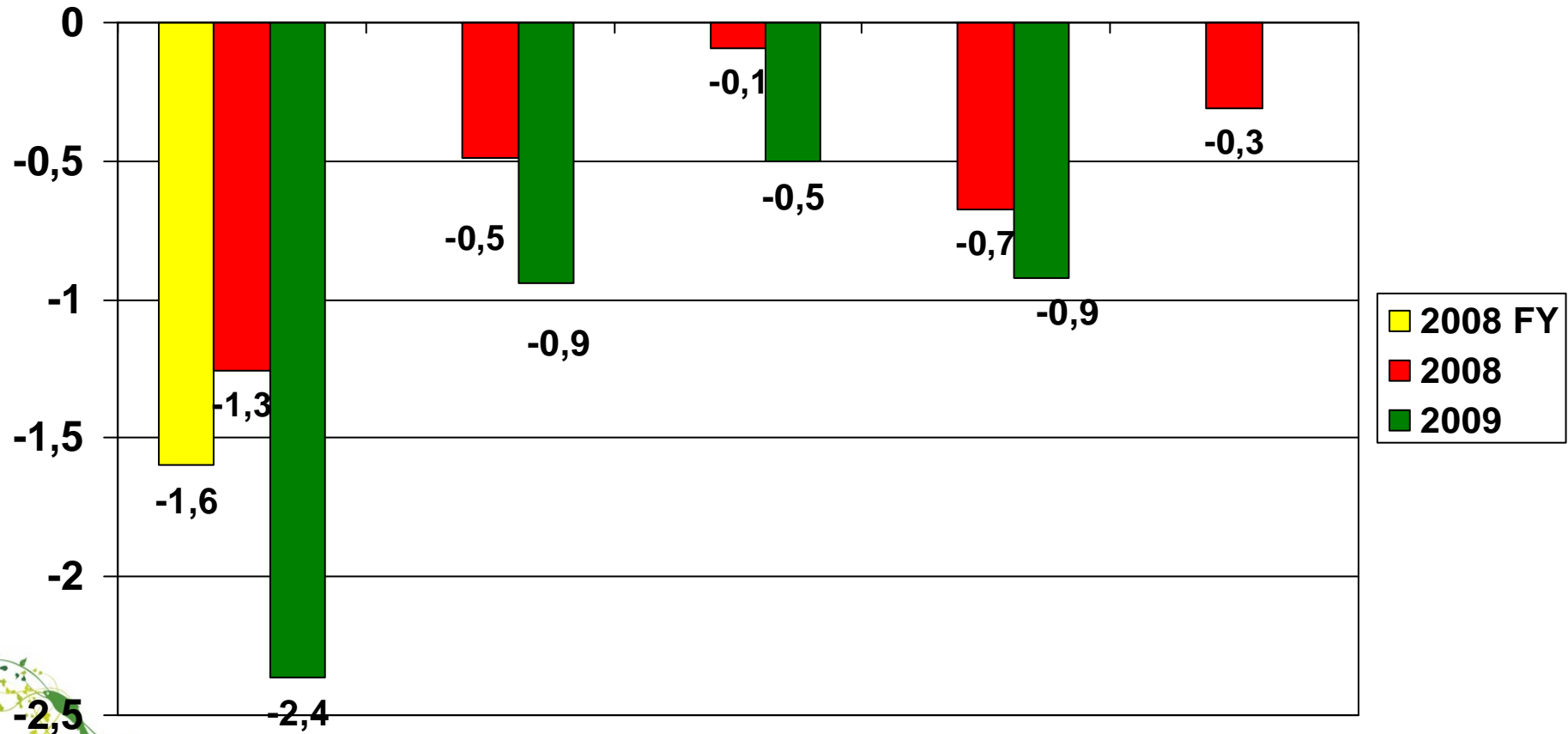
Operating profit excluding non-recurring items

- Was down year-on-year and was a loss
- **Finland:** Result declined year-on-year due to lower sales and high raw material prices.
- **Foreign operations:** The operating result was at the level of a year earlier and improved significantly after the early part of the year, once the worst of the pressures on raw material prices has subsided and due to improvements in sales-mix.

Other

- The implementation of domestic strategy for the Seafood business continued as planned: outsourcing of picking and dispatch functions, productivity investments in Kuopio, development projects in customerships. Most of the impact of these measures on profitability will start to be felt during the first quarter of 2010.
- Acquisition of the minority holding in Sandanger AS enables more efficient utilisation of synergy benefits and more effective business development in Maritim Food group.

Operating profit excluding non-recurring items Seafood, EUR million



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Grains and Oilseeds Q3 2009



Grains and Oilseeds					
EUR million	Jly-Sep 2009	Jly-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Net sales	35.6	43.2	104.7	164.3	209.3
Operating profit, excl. non-recurring items	1.6	0.5	4.8	4.7	5.4

Net sales

- Net sales were down by -17%.
- Market prices significantly at lower level.
- Delivery volumes down both in sales of grains and in vegetable oil exports.

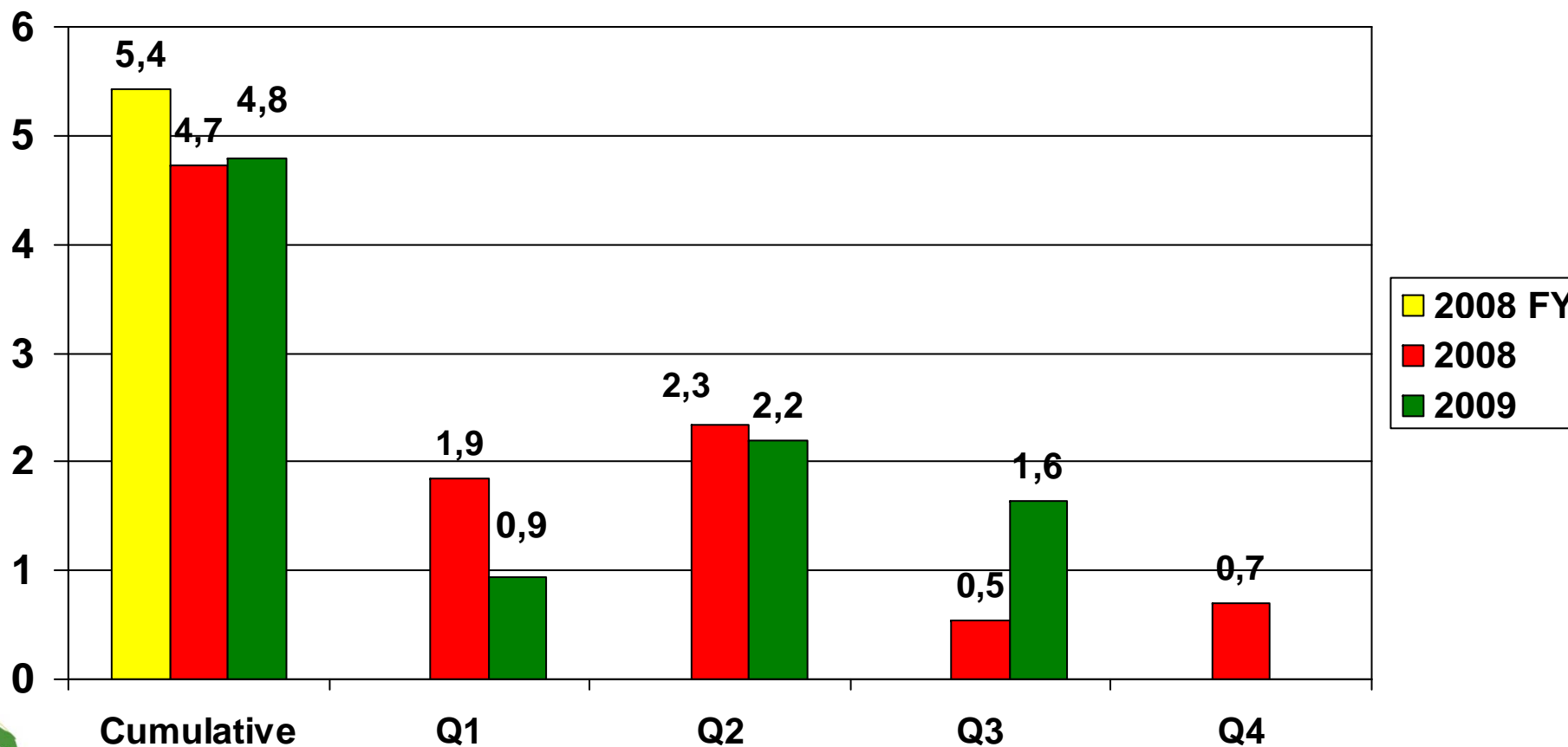
Operating profit excluding non-recurring items

- Improved significantly year-on-year.
- The improved result was a consequence of success in managing changes in market prices and in developing processes, operating methods and the organisation in general, and the good oil yield.

Other

- Combining the operations of Avena and Mildola was started

Operating profit excluding non-recurring items Grains and Oilseeds, EUR million



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Other Operations Q3 2009



Other Operations	Jly-Sep 2009	Jly-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
EUR million					
Net sales	0.5	0.4	1.3	1.8	3.0
Operating profit, excl. non-recurring items	-0.5	-0.6	-2.1	-2.4	-1.6

Other Operations comprise the service company Apetit Suomi Oy, Group Administration, items not allocated under any of the business segments, and the associated companies Sucros Ltd (20%) and Ateriamestarit Oy (50%).

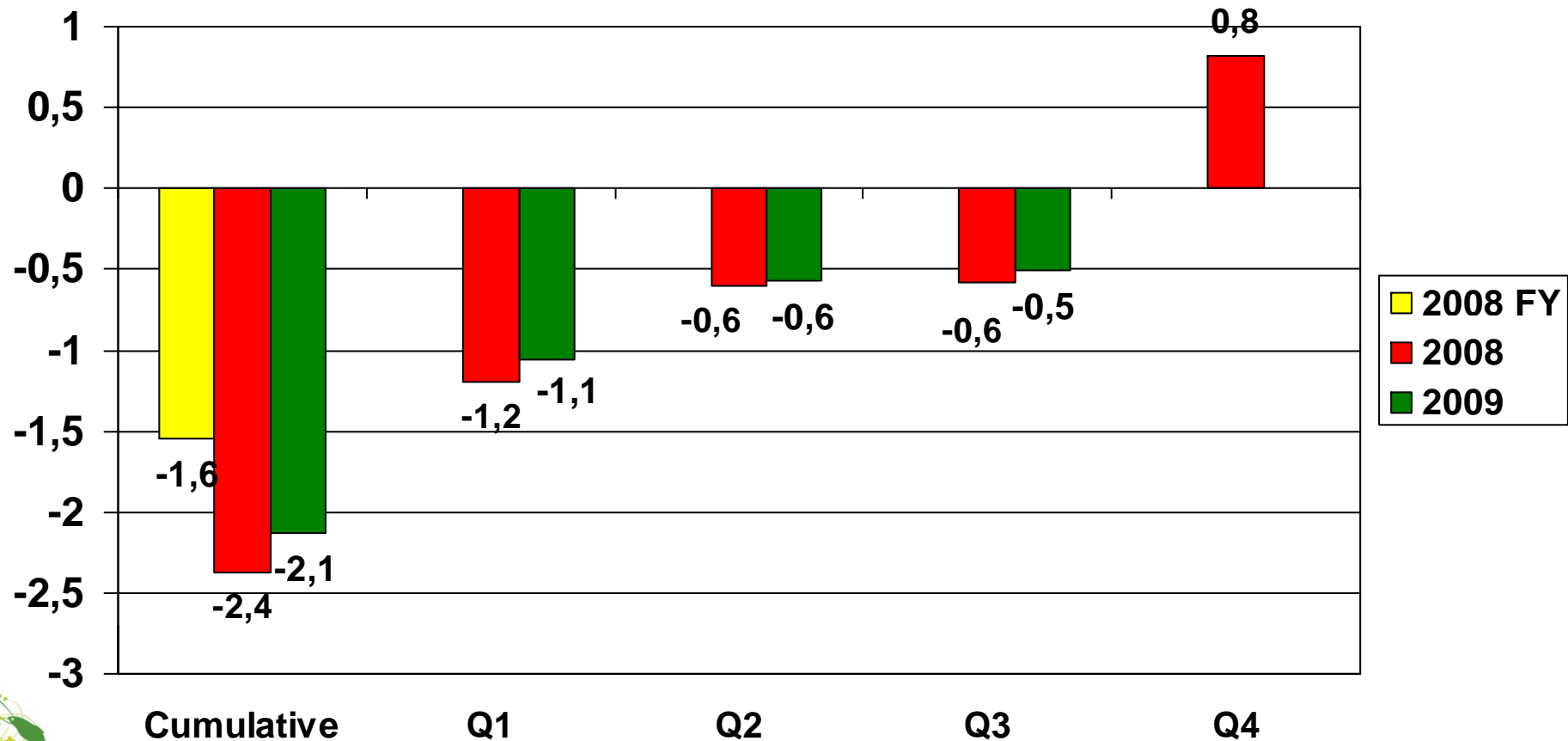
Net Sales

- Comprise service sales to operating segments.
- Do not have any material importance.

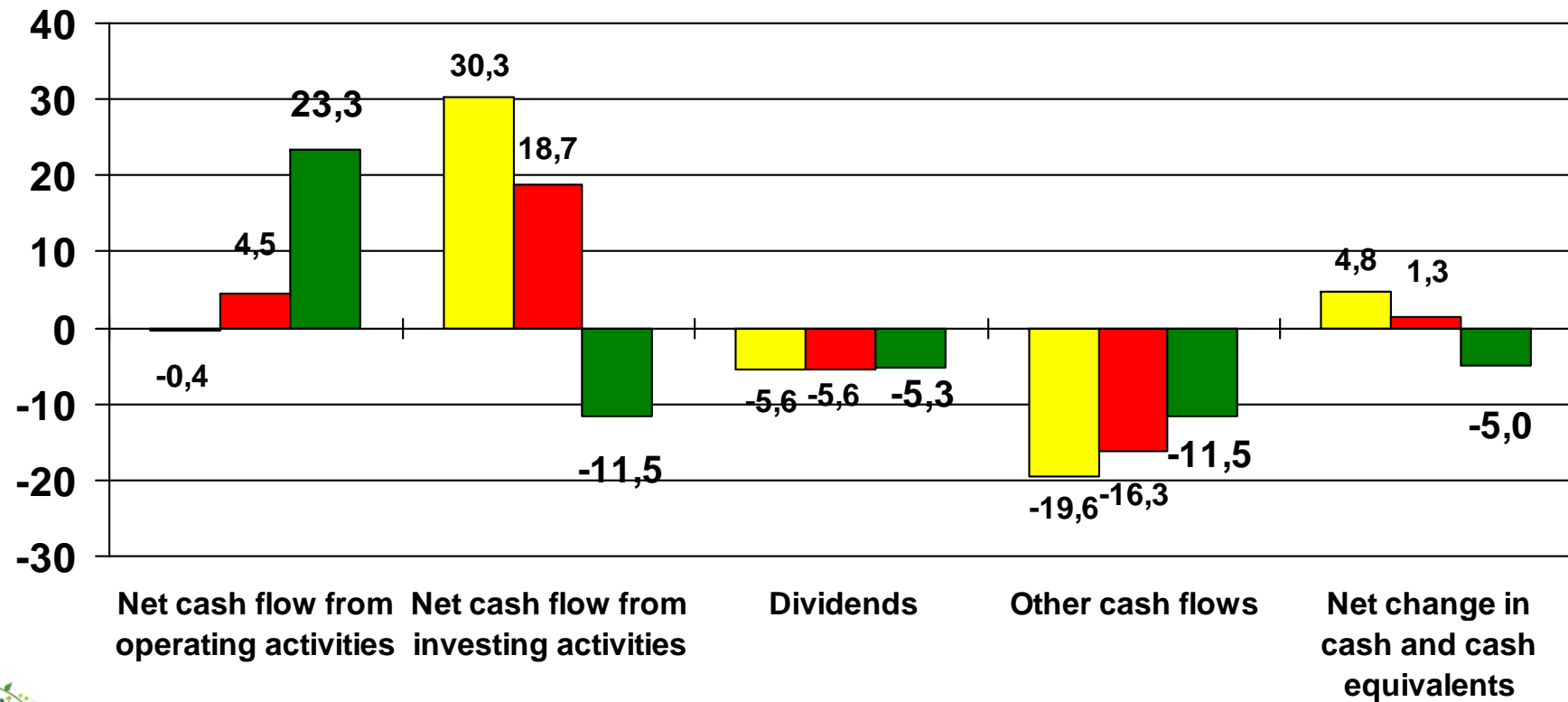
Operating profit excluding non-recurring items

- Comprises the costs of the Group administration, costs not allocated to the operating segments and the share of profits of the associated companies.
- Was slightly up year-on-year
- Q3 share of the profits of associated companies was EUR +0.7 (+0.7) million
- Q3 there were no non-recurring items

Operating profit excluding non-recurring items Other Operations, EUR million



Cash flow from operations, EUR million



■ 2008 FY
 ■ 2008 Q1-Q3
 ■ 2009 Q1-Q3



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Long-term growth target



A doubling of the Group's net sales over a period of three years.

- **Lännen Tehtaat Group is in practise debt-free**
- **Equity ratio rose to 76.7%**
- **The company's financing over the next few years has been secured with committed credit facilities**

→ Our strong balance sheet and financial position give us excellent change to benefit from new emerging opportunities for corporate arrangements.



Principal shareholders on 30 October 2009



	%	
Skagen Funds, total	6.4	}
Esko Eela	6.2	
Odin Finland	5.8	
Nordea Nordic Small Cap	5.5	
Valio Ltd	5.2	
OP-Suomi Arvo	4.6	
Mutual Insurance Company Pension Fennia	2.5	
Ilmarinen Mutual Pension Insurance Company	2.4	
Central Union of Agricultural Producers and Forest Owners (MTK)	2.0	
Mutual Fund Evli-Select	1.4	
Valio's Pension Fund	1.4	}
Norvestia plc	1.2	
Sijoitusrahasto Arvo Finland Value	1.0	
Erikoissijoitusrahasto Fourton Fokus Suomi	1.0	
Säästöpankki Kotimaa -sijoitusrahasto	1.0	
Säkylän Municipality	0.9	
Kivikylän Kotipalvaamo Oy	0.8	
Nominee registered shares	3.8	
Shares owned by the company	2.1	
Other shareholders	45.0	
	100.0	Top10 = 41.9 %

ASSESSMENT OF 2009

The net sales from Lännen Tehtaat's continuing operations are affected particularly by changes in the price level of grains and oilseeds. Based on the grain and oilseed price level, the Group's net sales for the full year are expected to be below the corresponding figures for 2008.

Thanks to the measures taken to develop the Group's different businesses, the fourth-quarter operating profit, excluding non-recurring items, is expected to show a year-on-year improvement, and the full-year operating profit, excluding non-recurring items, is expected to be around the same level as in 2008.

Investment in non-current assets will be significantly below the level of a year earlier.



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The Group's target of growth is a doubling of the Group's net sales over a period of three years.