



Apetit Plc's Business Review 1 January – 30 September 2018

Favourable development continued in Food Solutions, weak crops are affecting Grain Trading's profitability

Apetit Plc, Stock Exchange Release, 1 November 2018 at 8.30 a.m.

Since 1 January 2018, Apetit has reported its first (Q1) and third (Q3) quarter results as Business Reviews. The Half-year Financial Report (Q2) and Financial Statements Bulletin (Q4) provide more extensive reporting and contain segment information.

July–September 2018

- Net sales amounted to EUR 76.6 (74.4) million
- Operational EBITDA was EUR 3.1 (3.0) million
- Operational EBIT was EUR 1.7 (1.6) million

January–September 2018

- Net sales amounted to EUR 209.1 (225.3) million
- Operational EBITDA was EUR 3.2 (4.2) million
- Operational EBIT was EUR -1.1 (0.1) million

The information is unaudited. The figures in parentheses are the equivalent figures for continuing operations for the same period in 2017, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

Juha Vanhainen, CEO:

“Apetit seeks to lead the way in vegetable-based diets. Renewal, one of our strategic focuses, means a continuous stream of new products that interest consumers. This autumn, Apetit again introduced several new, tasty products that enable consumers to increase their consumption of vegetables and make responsible choices.

We brought Finnish fish cakes made from fish caught from a lake as part of fish-stock management to the frozen food sections of retail shops. A vegan version was added to our family of spinach soup products, and a new vegetable mince product was added to our pizza selection. We also included new products in our selection for kids and new vegetable mixes in our Tuorekset product family.

The Group's net sales increased slightly due to a significant increase in the world market prices of grains. The two most recent harvest seasons have been very exceptional, and the Finnish grain crop in 2018 will be the weakest since 2000. The hot and dry summer also had a negative effect on the Finnish vegetable harvest.

Food Solutions' result continued to develop favourably due to the increased sales of not only frozen foods, but also fresh products, as well as adjustment and efficiency measures. Oilseed Products' result remained at the comparison period's level. Grain Trade's profitability decreased significantly from the comparison period, due to the second consecutive weak grain crop and its effects on trading opportunities. I'm very pleased with the fact that Food Solutions' improved performance during this quarter offset the decrease in Grain Trade's result.

The Group's strategic focus areas are renewal, efficiency improvement and international operations. Our work to improve profitability and create future growth, even outside Finland, continues within the Group.”



KEY FIGURES

EUR million	7-9 2018	7-9 2017	Change	1-9 2018	1-9 2017	Change	2017
CONTINUING OPERATIONS, KEY FIGURES							
Net sales	76.6	74.4	3%	209.1	225.3	-7%	311.8
Operational EBITDA	3.1	3.0		3.2	4.2		6.8
Operational EBIT	1.7	1.6		-1.1	0.1		1.3
Operating profit	1.5	1.6		-2.6	-0.1		1.1
Share of profit of associated company Sucros	-0.1	0.1		-1.0	-0.4		1.0
Profit for the period	1.1	2.6		-3.4	0.5		2.9
Earnings per share, EUR	0.17	0.42		-0.55	0.09		0.46
Working capital, at end of period				49.1	39.5		30.0
Investment				2.6	3.7		5.2
GROUP, KEY FIGURES incl. discontinued operations during comparison period, Seafood							
Equity per share, EUR				16.73	17.75		18.10
Return on capital employed R12 (ROCE), %				0.5%	2.5%		2.4%
Net cash flow from operating activities				-18.7	12.2		20.0
Equity ratio				63.6%	62,6%		72.6%
Gearing				12.3%	8.8%		-9.6%

FINANCIAL PERFORMANCE IN JULY–SEPTEMBER

Comparable net sales increased by 3 per cent to EUR 76.6 (74.4) million. Food Solutions' net sales increased in frozen foods and slightly in fresh products. Grain Trade's net sales improved due to a significant increase in the world market prices of grains. Oilseed Products' net sales remained at the comparison period's level.

Operational EBIT was EUR 1.7 (1.6) million. Food Solutions' result improved as a result of good sales in frozen foods and fresh products, as well as adjustment and efficiency measures. Grain Trade's profitability has decreased as a result of the weak crops of 2017 and 2018. Oilseed Products' profitability remained at the comparison period's level.

In the comparison period, an item of EUR 1.3 million related to taxes recognised as a result of the divestment of the seafood business had a positive effect on the result.

FINANCIAL PERFORMANCE IN JANUARY–SEPTEMBER

Comparable net sales declined by 7 per cent to EUR 209.1 (225.3) million. Food Solutions' net sales remained at the comparison period's level. Sales increased in frozen foods and fresh products in all sales channels. Net sales from service sales decreased due to the reduction of the sales network. Grain Trade's net sales decreased year-on-year. Oilseed Products' net sales remained at the comparison period's level.

Operational EBIT was EUR -1.1 (0.1) million. Food Solutions and Oilseed Products improved their results slightly from the comparison period. In Grain Trade, profitability decreased significantly, mainly due to weak harvest seasons.



The Group's liquidity was good, and its financial position is strong. The equity ratio was 63.6 (62.6) per cent, and gearing was 12.3 (8.8) per cent. Consolidated cash flow from operating activities after interest and taxes amounted to EUR -18.7 (12.2) million in January–September, due to an increase in grain stocks and a significant increase in the world market prices of grains.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing on harvest time, raw materials are mainly processed into finished products during the third and fourth quarters of the year. This means that more fixed production overheads are recognised on the balance sheet in the third and fourth quarters than during the other quarters of the year. Due to this accounting practice, most of the Group's annual profit is accrued in the third and fourth quarters. The seasonal nature of profit accumulation is most marked in the frozen foods group of the Food Solutions segment and in the associated company Sucros, where crop-season production focuses on the fourth quarter.

PROFIT GUIDANCE FOR 2018 UNCHANGED

The Group's full-year operational EBIT from continuing operations is expected to decrease from the comparison period (2017: EUR 1.3 million). Due to the seasonal nature of the Group's operations, most of the annual profit is accrued in the second half of the year. Sales volumes and the profit outlook for 2018 are burdened by the weak harvest of 2017 and the poor harvest outlook for 2018.

Apetit Plc

For further information, please contact:

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Apetit is number one in vegetables. It is a food industry company firmly rooted in Finnish primary production. We create well-being with vegetables by offering healthy and tasty food solutions that make daily life easier. We also produce high-quality vegetable oils and rapeseed expellers for feeding stuff, and trade grain on the international markets. Apetit seeks to lead the way in vegetable-based food solutions. Apetit Plc's shares are listed on Nasdaq Helsinki. In 2017, the company's net sales were EUR 312 million and it had an average 557 employees. Read more at www.apetitgroup.fi.