

**Apetit Plc**

**Q2**

**2016**



## Profitability continued to improve in Seafood – challenging quarter for Grain Trade

### April–June

- Consolidated net sales amounted to EUR 106.9 (100.2) million
- Operational EBITDA was EUR 0.4 (0.9) million
- Operational EBIT \*) was EUR -1.1 (-0.3) million
- Profit for the period came to EUR -0.8 (-0.6) million, and earnings per share amounted to EUR -0.13 (-0.10)

### January–June

- Consolidated net sales amounted to EUR 194.5 (191.7) million
- Operational EBITDA was EUR 1.0 (1.1) million
- Operational EBIT \*) was EUR -2.1 (-1.9) million
- Profit for the period came to EUR -3.0 (-2.9) million, and earnings per share amounted to EUR -0.48 (-0.41)

The information has not been audited. The figures in parentheses are the equivalent figures for the same period in 2015, and the comparison period means the corresponding period of the previous year, unless stated otherwise.

The profit guidance remains unchanged. The Group's full-year operational EBIT is expected to improve year-on-year (EUR 2.6 million in 2015). Due to the seasonal nature of the Group's operations, a high proportion of the annual profit is accrued in the second half of the year.

*\*) Due to the new amendments to the regulations of the European Securities and Markets Authority (ESMA), Apetit has replaced the key figure "operating profit excluding non-recurring items" with the key figure "operational EBIT" as of 2016. Operational EBIT does not include restructuring expenses, any significant impairment on goodwill or other balance-sheet items or reversal of impairment, the profit of the associated company Sucros or other extraordinary and material items.*

Juha Vanhainen, CEO:

“In April–June the net sales of the Apetit Group grew well in all business areas and was seven per cent higher than in the comparison period. However, operational EBIT declined on the comparison period. I cannot be satisfied with this result, but the good and strong continued improvement of profitability in the Seafood segment is a significant positive aspect within the overall situation.

The way the operational EBIT developed reveals that the clearest individual factor is the low margins of the Grain Trade in April–June. After a quiet early part of the year, trade volumes picked up. But due to the plentiful supply, sales margins remained thin and the operational EBIT of the Grain Trade segment failed to match the strong performance of the comparison period. In Food Solutions the operating profit was negatively affected by product development investments in the Tuorekset product family and decreased sales volumes in the professional food service sector.

Measures taken to improve profitability in the Seafood segment are producing results and the Operational EBIT improved substantially on the comparison period. I am especially pleased with the good development of our Finnish operations, which was achieved despite the fact that the price of Norwegian salmon, a key raw material, continued to increase in the review period. The new fish processing plant in Kuopio reached a new level of efficiency when the new automatic filleting line came on stream in May. The efficiency boosting measures implemented earlier in our Norwegian and Swedish operations continued to have a positive impact in the second quarter.

The implementation of strategic projects has got off to a solid start. In addition to the efficiency boosting programme of the Seafood segment mentioned above, we have also completed the extension of the Kirkkonummi vegetable oil packaging plant, which will both boost our production efficiency and enable us to increase the proportion of more highly processed oilseed-based products in our overall sales. In the Grain Trade we have strengthened our position in the Baltic countries and signed key logistical agreements that will enable us to increase volumes.

At the beginning of April, after extensive product development, Apetit started to pilot the new “Tuorekset” vegetable concept in Finnish grocery stores. As a result, we can now market a vegetable concept that is unique in terms of its ease-of-use, quality and preservation characteristics, and that answers the needs of modern consumers in a new way. The products will be launched across Finland in mid-August. Based on the pilot stage we expect the product to attract considerable interest among traders and consumers and make a key contribution to the growth story of vegetable-based diets.

In accordance with our strategy, we have launched a digitalisation-based innovation portfolio to develop completely new dining and food-related services for the producer-to-consumer value chain. Our “Digital food services” project gained a positive financing decision from Tekes in April, and we have got off to a speedy start that will lead to the building of a partner network in the autumn.”

## GROUP-LEVEL KEY FIGURES

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Net sales	<b>106.9</b>	100.2	+7%	<b>194.5</b>	191.7	+1%	380.8	383.5
Operational EBITDA	<b>0.4</b>	0.9		<b>1.0</b>	1.1		8.5	8.5
Operational EBIT	<b>-1.1</b>	-0.3		<b>-2.1</b>	-1.9		2.6	2.4
Operating profit	<b>-1.1</b>	0.4		<b>-2.1</b>	-1.2		-1.0	-1.9
Share of profit of associated company Sucros	<b>0.4</b>	-0.4		<b>-0.7</b>	-1.0		-1.0	-0.6
Profit for the period	<b>-0.8</b>	-0.6		<b>-3.0</b>	-2.9		-4.6	-4.7
Earnings per share, EUR	<b>-0.13</b>	-0.10		<b>-0.48</b>	-0.41		-0.69	-0.77
Equity per share, EUR				<b>18.35</b>	19.70		19.53	
Working capital				<b>46.1</b>	32.0		69.6	53.4
Return on capital employed, (ROCE %)							1.2%	1.4%
Net cash flow from operating activities				<b>22.7</b>	14.1		-17.1	
Equity ratio				<b>67.8%</b>	75.8%		61.1%	
Gearing				<b>9.3%</b>	-6.7%		19.0%	
Investment				<b>6.5</b>	4.9		9.1	

## SEGMENT COMPARISON

Since the beginning of 2016, the new reporting business segments have been Food Solutions, Oilseed Products, Grain Trade and Seafood.

- The Food Solutions business comprises the frozen foods group and fresh products group, as well as service sales.
- The Oilseed Products business includes the processing and sale of vegetable oils and expeller meals.
- The Grain Trade business comprises Finnish and international trade in grains, oilseeds and feed raw-materials.
- The Seafood business comprises the operations of the fish products group in Finland, Sweden and Norway.

The associated company Sucros (20% holding) has been reported after operating profit in the income statement as of the beginning of 2016 and Group Administration costs have been allocated equally between the segments.

NET SALES	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Food Solutions	24.3	23.8	+2%	49.3	47.7	+3%	95.8	97.4
Oilseed Products	18.2	15.5	+18%	34.7	31.5	+10%	61.3	64.5
Grain Trade	50.2	45.2	+11%	81.1	83.1	-3%	170.5	168.4
Seafood	22.7	20.5	+11%	43.2	41.3	+5%	82.9	84.8
Intra-segment net sales	-8.5	-4.7		-13.8	-11.9		-29.6	-31.6
Total	106.9	100.2	+7%	194.5	191.7	+1%	380.8	383.5

OPERATIONAL EBIT	Q2 2016	Q2 2015	Q1-Q2 2016	Q1-Q2 2015	2015	Rolling 12 m
Food Solutions	-1.6	-1.3	-2.8	-2.2	-0.1	-0.7
Oilseed Products	0.7	0.8	1.4	1.5	2.7	2.6
Grain Trade	0.1	1.4	0.5	1.9	3.8	2.4
Seafood	-0.3	-1.2	-1.2	-3.0	-3.8	-1.9
Total	-1.1	-0.3	-2.1	-1.9	2.6	2.4

## GROUP-LEVEL NET SALES AND PROFIT

### *Second quarter (April–June)*

Consolidated net sales were up in all business segments and amounted to EUR 106.9 (100.2) million. Net sales grew especially strongly in the Oilseed Products segment.

Operational EBIT was EUR -1.1 (-0.3) million. The operational EBIT in the comparison period includes EUR 0.7 million from the sale of a property in the Länsi-Säkylä industrial estate. The sales profit also affects the segments' operational EBITs for the comparison period by EUR 0.2 million per each segment.

The reported operating profit was EUR -1.1 (0.4) million. The reported operating profit for the comparison period includes EUR 0.7 million from ownership arrangements made with the associated company Taimen Oy.

The share of the profit of associated companies was EUR 0.4 (-0.1) million, and during the review period this was formed in full of the profit of the associated company Sucros.

The profit before taxes was EUR -1.0 (-0.3) million, and taxes on the profit for the period came to EUR 0.2 (-0.3) million. The profit for the period came to EUR -0.8 (-0.6) million, and earnings per share amounted to EUR -0.13 (-0.10).

### *January–June*

Consolidated net sales rose to EUR 194.5 (191.7) million. Net sales grew in the first half of the year especially in the Oilseed Products segment, in addition to growth in the Food Solutions and Seafood segments.

Operational EBIT was EUR -2.1 (-1.9) million. The operational EBIT in the comparison period includes EUR 0.7 million from the sale of a property in the Länsi-Säkylä industrial estate.

The reported operating profit was EUR -2.1 (-1.2) million. The reported operating profit for the comparison period includes EUR 0.7 million from ownership arrangements made with the associated company Taimen Oy.

The share of the profit of associated companies was EUR -0.7 (-1.1) million, and during the review period this was fully formed of the profit of the associated company Sucros.

The net figure for financial income and expenses was EUR -0.5 (-0.3) million. Financial expenses included EUR -0.3 (-0.5) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy. In the comparison period, financial income and expenses included valuation items of EUR 0.3 million with no cash flow implications resulting from changes in foreign exchange rates regarding internal loans to the Maritim Food Group.

The profit before taxes was EUR -3.3 (-2.6) million, and taxes on the profit for the period came to EUR 0.3 (-0.3) million. The profit for the period came to EUR -3.0 (-2.9) million, and earnings per share amounted to EUR -0.48 (-0.41).

#### CASH FLOWS, FINANCING AND BALANCE SHEET

The Group's liquidity was good and its financial position is strong.

The cash flow from operating activities after interest and taxes amounted to EUR 22.7 (14.1) million in January–June. The impact of the change in working capital was EUR 24.1 (16.7) million. The effect of seasonality to the change of working capital is presented below on 'the seasonality of operations'.

The net cash flow from investing activities was EUR -6.0 (-3.5) million. The cash flow from financing activities was EUR -23.2 (-12.7) million, including EUR -4.3 (-4.3) million in dividend payments, EUR -23.9 (-8.4) million in loan repayments and a long-term loan of EUR 5 million taken out in the review period.

At the end of the period, the Group had EUR 17.5 (3.3) million in interest-bearing liabilities and EUR 6.9 (11.5) million in liquid assets. Net interest-bearing liabilities totalled EUR 10.6 (-8.2) million. The increase in the net interest-bearing liabilities is mainly due to the higher level of working capital in Grain Trade and Oilseed Products.

The consolidated balance sheet total stood at EUR 167.6 (160.8) million. At the end of the period, equity totalled EUR 113.7 (121.9) million. The equity ratio was 67.8 (75.8) per cent and gearing was 9.3 (-6.7) per cent. The Group's liquidity is secured with committed credit facilities; EUR 40 (25) million was available in credit at the end of the period. The total of commercial papers issued stood at EUR 9.0 (0.0) million.

#### INVESTMENT

The Group's gross investment in non-current assets came to EUR 6.5 (4.9) million and was divided as follows: Investment in Food Solutions totalled EUR 3.8 (2.2) million, in Oilseed Products EUR 1.2 (0.3) million, in Grain Trade EUR 0.1 (1.5) million and in Seafood EUR 1.4 (0.7) million.

## PERSONNEL

The Apetit Group employed an average of 716 (713) people in January–June.

## 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 processed into finished products mainly during the final quarter of the year, which means that the inventory volumes and balance-sheet values are at their highest at the end of the year. Since the entry of the fixed production overheads included in the historical cost as an expense item is deferred until the time of sale, Most of the Group's annual profit is accrued in the final quarter. The seasonal nature of profit accumulation is most marked in Food Solution's frozen foods group and in the associated company Sucros, due to the link between production and the crop harvesting season.

Harvest seasons also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in Grain Trade and Oilseeds Products is at its highest towards the end of the year and decreases to its lowest in the summer before the next harvest season. As the production of frozen products is also seasonal and follows the harvest period, the working capital tied in operations is at its highest around the turn of the year in the Food Solutions segment.

In Finland, sales of fish products peak at weekends and in connection with public holidays. In the Seafood segment in Finland, a significant proportion of the full-year result depends on a successful Christmas season. Net sales in Grain Trade vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

## OVERVIEW OF OPERATING SEGMENTS

### Food Solutions

The Food Solutions segment comprises frozen vegetable products and frozen ready meals, fresh products, and also service sales.

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Net sales	<b>24.3</b>	23.8	+2%	<b>49.3</b>	47.7	+3%	95.8	97.4
Operational EBITDA	<b>-0.7</b>	-0.4		<b>-1.0</b>	-0.5		3.5	3.1
Operational EBITDA-%	<b>-2.8%</b>	-1.6%		<b>-1.9%</b>	-1.1%		3.7%	3.2%
Operational EBIT	<b>-1.6</b>	-1.3		<b>-2.8</b>	-2.2		-0.1	-0.7
Operating profit	<b>-1.6</b>	-1.3		<b>-2.8</b>	-2.2		-0.1	-0.7

### *Operating environment*

Sales to the retail trade grew in Finland and the average price fell on the comparison period during the first half year. According to the Finnish Grocery Trade Association, the value of grocery sales increased 1.4 per cent in January–June on the figure for the corresponding period in 2015. Correspondingly, prices of food items and non-alcoholic beverages declined 1.6 per cent in January–

June. Sales increased in large supermarkets (+6.2%) and hypermarkets (+2.2%) and declined especially in small shops (-12.3%). According to a report issued by the Finnish Commerce Federation, the deregulated opening hours in retail have boosted sales in grocery trade and department stores, despite price competition.

According to the tendency survey published by the Finnish Hospitality Association MaRa at the end of June, the outlook in the sector has turned positive for the first time in four years and sales growth is expected to continue in the second half of the year. The positive sales outlook is reinforced by an increase in foreign travel and improved consumer confidence and purchasing power. In contrast, the performance of the staff restaurants continued to be lacklustre: in January–March sales declined by 5.1 per cent on the comparison period.

#### *Implementation of strategic projects*

At the beginning of April, Appetit launched the piloting of Tuorekset, a new type of vegetable concept in Finnish grocery stores. The product development created a vegetable product solution that is uniquely easy to use, high in quality and with good preservation characteristics. It is a new answer to the needs of modern consumers. Tuorekset vegetable products are ready-peeled, washed and chopped vegetable mixes that are ready to use and easy to cook while you prepare a meal. The concept has been studied and tested together with the retail trade during the piloting stage, and solutions associated with production, product selection, pricing, the order-delivery chain and presentation have been perfected. Tuorekset will be launched across Finland in mid-August 2016.

#### *Financial and operational performance in April–June*

April–June net sales in the Food Solutions business amounted to EUR 24.3 (23.8) million. Sales by the frozen foods group to the retail trade, the professional food service sector and industry improved due to well developed volumes. Sales by Service Sales also increased on the comparison period. The sales of fresh products to the professional food service sector was lower than in the comparison period.

In the Food Solutions operational EBITDA was EUR -0.7 (-0.4) and Operational EBIT was EUR -1.6 (-1.3) million, a decline on the comparison period. Profitability improved in the frozen foods group and service sales as a result of growing sales and improved relative profitability. In fresh products, sales to the professional food service sector were lower than in the comparison period, which together with the investments associated with the launching of Tuorekset weakened the product group's profitability. The seasonal variation caused by the link between production and the crop harvesting season means that the profit accumulation of the frozen foods group in the Food Solutions segment is weighted towards the second half of the year.

The operational EBIT in the comparison period includes EUR 0.2 million in profit shared between the segments from the sale of a property in the Länsi-Säkylä industrial estate.

#### *Summary of January–June*

Net sales in Food Solutions increased to EUR 49.3 (47.7) million in the first half year. Sales grew in both the frozen foods group and service sales. The improvement in service sales is primarily explained by the increase in sales points. Sales declined in fresh products.

In the Food Solutions operational EBITDA was EUR -1.0 (-0.5) and operational EBIT was EUR -2.8 (-2.2) million in the first half of the year, a decline on the comparison period.



Investments in Food Solutions totalled EUR 3.8 (2.2) million and were targeted mainly at creating production capacity at the fresh product plant in Helsinki for the consumer-packaged, pre-prepared Tuorekset products, and also at the production equipment at the frozen food plant in Säkylä.

#### *Strategic focus areas of business*

In the Food Solutions business Apetit's goal is to become the leading brand in vegetable-based food solutions and services. The most important product groups are frozen vegetable products and frozen ready meals, ready-to-use fresh vegetables and service sales. Renewal will be accelerated by focusing on product development, on completely new food solutions and service development, and especially by exploiting digitalisation.

In the Food Solutions segment the goal is to reach 20 per cent organic net sales growth by the end of 2018 (2015: EUR 95.8 million). In terms of profitability, the goal is to achieve 7.5 per cent operational EBITDA margin (2015: 3.7%) in 2018.

## Oilseed Products

The Oilseed Products business includes the processing and sales of vegetable oils and expeller meals.

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Net sales	<b>18.2</b>	15.5	+18%	<b>34.7</b>	31.5	+10%	61.3	64.5
Operational EBITDA	<b>0.9</b>	0.9		<b>1.7</b>	1.8		3.4	3.3
Operational EBITDA-%	<b>4.9%</b>	6.0%		<b>5.0%</b>	5.8%		5.5%	5.1%
Packaged and special products of net sales	<b>26.1%</b>	29.2%		27.3%	29.5%		28.4%	27.2%
Operational EBIT	<b>0.7</b>	0.8		<b>1.4</b>	1.5		2.7	2.6
Operating profit	<b>0.7</b>	0.8		<b>1.4</b>	1.5		2.7	2.6

#### *Operating environment*

The current oilseed growing season has been mostly favourable in Finland and the crops of Finnish rapeseeds look to be better than in the previous years. According to the yield estimate of the Natural Resources Institute Finland (LUKE) published at the end of July, the total area under cultivation of rapeseed increased to 62,100 hectares (+17%). For the first time in Finland the cultivated area of 'rapsi' rapeseed (*Brassica napus oleifera*) has surpassed that of 'rypsi' rapeseed (*Brassica rapa oleifera*). Luke estimates that the yield of the rypsi will be 39,300 tonnes (-15%) and that of rapsi 54,200 (+73%) tonnes. Within the EU, the total output of oilseed is estimated to decrease by a little under half a million tonnes to 31 million tonnes. The availability and quality of Finnish oilseeds is expected to be good in the coming harvest season.

#### *Implementation of strategic projects*

The packaging plant extension at the Kirkkonummi oil milling plant was completed at the end of June. Thanks to the capacity of the new packaging plant warehouse, the volume of packaged and special products can be increased, and, with longer production runs, production efficiency and flexibility can be improved.

### Financial and operational performance in April-June

The delivery volumes of oilseed products grew in April–June to a record level. The production volumes of both the second quarter and the first half year were at a historically high level, which increased the segment's net sales to EUR 18.2 (15.5) million in April–June. The sales of packaged and special products exceeded that of the comparison period while an even higher increase in the sales of other products led to a decrease in the share of packaged and special products of the segment's net sales. The main export markets were Norway and Sweden and exports' share of net sales was 33 per cent.

The April–June operational EBITDA was EUR 0.9 (0.9) and operational EBIT was EUR 0.7 (0.8) million. Sales were more focused on unprocessed oil, which has a lower margin, than in the comparison period. Profitability was boosted by high capacity utilisation and higher production volumes at the Kirkkonummi oil milling plant.

The operational EBIT in the comparison period includes EUR 0.2 million in profit shared between the segments from the sale of a property in the Länsi-Säkylä industrial estate.

### Summary of January–June

Net sales increased to EUR 34.7 (31.5) million in the first half year, boosted by increased delivery volumes. Operational EBITDA was EUR 1.7 (1.8) and operational EBIT was EUR 1.4 (1.5) million in the first half of the year.

Investment in the period totalled EUR 1.2 (0.3) million and was mainly focused on the expansion of the packaging plant warehouse at the Kirkkonummi vegetable oil mill.

### Strategic business objectives

In Oilseed Products our goal is to be the first choice of customers who value high-quality vegetable oils and feeds. We will increase the level of added value in production by investing in product development and in-depth R&D.

We will increase the share of packaged and special products so that in 2018 they will account for 34.0 per cent of net sales (2015: 28.4%). In terms of profitability, the goal is to achieve a 7.5 per cent operational EBITDA margin (2015: 5.5%) in 2018.

## Grain Trade

The Grain Trade business comprises the Finnish and international trade in grains, oilseeds and feed raw-materials.

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Net sales	<b>50.2</b>	45.2	+11%	<b>81.1</b>	83.1	-3%	170.5	168.4
Operational EBIT	<b>0.1</b>	1.4		<b>0.5</b>	1.9		3.8	2.4
Sales volume, 1000 tn	<b>271</b>	236	+15%	<b>423</b>	416	+2%	833	840
Return on capital employed, (ROCE %) *)							13.9%	8.0%
Operating profit	<b>0.1</b>	1.4		<b>0.5</b>	1.9		3.8	2.4

\*) Operational EBIT divided by the average capital employed for each quarter

### *Operating environment*

The price level on the international grain market remained at a relatively low level in the first half year as there are ample stores of grain and the outlook for the coming harvest season is good. The International Grains Council estimates that the global wheat yield will remain at the same, good level as last year and that the yield of maize and soybean will further increase. For the EU as a whole, the Commission estimates that grain yields will increase by some 2.5 million tonnes to almost 313 million tonnes. In Finland Luke estimated at the end of July that the grain crop for this autumn will be some 3.7 million tonnes, which corresponds to last year's level.

### *Implementation of strategic projects*

The new subsidiary SIA Avena Nordic Grain has successfully started purchases for the new harvest season in Latvia and signed the necessary logistics agreements with the ports in Liepāja and Riga. The grain store investment completed in Inkoo in August 2015 has been in effective use.

### *Financial and operational performance in April-June*

Grain Trade net sales were up on the previous year in April–June and amounted to EUR 50.2 (45.2) million. Both the net sales and delivery volumes by tonne increased on the comparison period after the quiet market at the beginning of the year. Of total net sales, 44 per cent was exported from Finland.

The operational EBITDA was EUR 0.1 (1.4), representing a decline on the comparison period due to lower grain trade margins. The price level and margins on the global grain market decreased due to the plentiful supply of grains. Our own stock levels and consequently the amount of tied capital were at a high level throughout the period and hence resulted in a lower return on capital employed than in the comparison period.

The operational EBIT in the comparison period includes EUR 0.2 million in profit shared between the segments from the sale of a property in the Länsi-Säkylä industrial estate.

### *Summary of January–June*

The net sales of the first half of the year were lower than in the comparison period and came to EUR 81.1 (83.1) million. Delivery volumes by tonne were at the level of the comparison period, but, as a result of low price levels, margins shrunk on the previous year. Operational EBIT was EUR 0.5 (1.9) million for January–June.

The Grain Trade segment's investments totalled EUR 0.1 (1.5) million.

### *Strategic business objectives*

In the Grain Trade the goal is to increase our market share in the Finnish grain, oilseed and feed raw-material markets and to grow especially in the Baltic countries' grain and oilseed sector. In the capital intensive business we will pay particular attention to the effective use of capital. We seek competitive advantage by offering the best service and tools for grain buyers and sellers alike.

The goal in the Grain Trade segment is to increase sales volume to over 1 million tonnes per year in 2018 (2015: 0.83 million tonnes). The targeted ROCE<sup>\*)</sup> percentage for 2018 is 14.0 per cent (2015: 12.1%).

\*) Operational EBIT divided by the opening and closing balance sheet average values of the approved financial statements.

## Seafood

The Seafood business comprises the operations of the fish products group in Finland, Sweden and Norway.

EUR million	Q2 2016	Q2 2015	Change	Q1-Q2 2016	Q1-Q2 2015	Change	2015	Rolling 12 m
Net sales	<b>22.7</b>	20.5	+11%	<b>43.2</b>	41.3	+5%	82.9	84.8
Operational EBITDA	<b>0.1</b>	-1.1		<b>-0.4</b>	-2.2		-2.4	-0.5
Operational EBITDA-%	<b>0.4%</b>	-5.4%		<b>-0.8%</b>	-5.3%		-2.9%	-0.6%
Operating cash flow (Operational EBITDA - investment)	<b>-0.3</b>	-1.5		<b>-1.8</b>	-2.9		-4.0	-2.8
Operational EBIT	<b>-0.3</b>	-1.2		<b>-1.2</b>	-3.0		-3.8	-1.9
Operating profit	<b>-0.3</b>	-0.5		<b>-1.2</b>	-2.3		-7.4	-6.2

### *Operating environment*

The price of Norwegian salmon has been at a historically high level during the first half of the year. The increase in prices has also included that of rainbow trout. The high price of salmon is the result of globally growing demand for fish and production problems at Chilean fish farms, which have reduced supply. In Finland the price increase has significantly decreased campaigns and lowered sales volumes.

### *Financial and operational performance in April–June*

Net sales in the Seafood segment increased in all operating countries – Finland, Sweden and Norway – and amounted to EUR 22.7 (20.5) million. As a result of the increased prices of Norwegian salmon, net sales exceeded the figure for the comparison period, while in Norway and Sweden the increase was the result of solid sales growth. In Norway the sales of more high-quality fishcakes and new shellfish products developed favourably. Easter sales are important for the product group and took place in March this year.

The April–June operational EBIT improved and was EUR -0.3 (-1.2) million. Changes in the fair value of currency hedges had an impact of EUR 0.2 (-0.4) million on the operational EBIT. Profitability improved on the comparison period in Finland and Norway and was matched the comparison period's level in Sweden. The biggest improvement took place in Finland where the efficiency boosting investments and improved processes of the Kuopio fish processing plant are beginning to show results. The final production investments to improve efficiency that were decided at the end of 2015 were carried out during the second quarter of this year. In Norway the profitability of the fish products group developed favourably thanks to increased sales and good production efficiency.

The operational EBIT in the comparison period includes EUR 0.3 million associated company profit from the associated company Taimen Oy and EUR 0.2 million in profit shared between the segments from the sale of a property in the Länsi-Säkylä industrial estate.

### *Summary of January–June*

Net sales in Seafood increased in all operating countries on the comparison period and came to EUR 43.2 (41.3) million in the first half year. The rapid increase in the price of Norwegian salmon reduced sales volumes in Finland.

Thanks to improvements in production efficiency, relative profitability was materially better than in the comparison period. Operational EBITDA was EUR -0.4 (-2.2) and operational EBIT was EUR -1.2 (-3.0) million in the first half of the year.

Investment in non-current assets were EUR 1.4 (0.7) million and focused on equipment investments for the Kuopio fish processing plant to improve its production efficiency.

### *Strategic business objectives*

In Seafood the focus will be on improving the efficiency and competitiveness of operations in volume products and added value products in all operating countries: Finland, Norway and Sweden. Operations will be developed by becoming the most efficient in the sector. The sales focus will be on retailers' private label products.

The Seafood segment does not have a defined strategic growth target. Instead, the goal is positive cash flow during the strategy period 2016–2018 (Operational EBITDA minus investment).

### USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

On 25 March 2015, the Annual General Meeting authorised the Board of Directors of Apetit Plc to decide on issuing new shares and on transferring treasury shares held by the company. In accordance with a decision regarding Board members' remuneration, 1,396 Apetit Plc shares held by the company were transferred to the Board members on 2 March 2016, and a further 1,389 shares on 2 June 2016. The transfers were announced in stock exchange releases dated 2 March 2016 and 2 June 2016.

### TREASURY SHARES

At the close of the review period, the company had in its possession a total of 119,504 of its own shares acquired during previous years. These treasury shares represent 1.9 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

### SHARE TURNOVER

The number of Apetit Plc shares traded on the stock exchange during the January–June period was 211,979 (401,278), representing 3.4 per cent (6.4%) of the total number of shares. The highest share price quoted was EUR 13.60 (16.80) and the lowest EUR 11.64 (13.35). The average price of shares traded was EUR 12.61 (15.09). The share turnover for the period was EUR 2.7 (5.9) million. At the end of the period, the share price was EUR 12.40 (14.72) and the market capitalisation was EUR 78.3 (88.1) million.

## ORGANISATIONAL MEETING OF THE SUPERVISORY BOARD AND ELECTION OF THE BOARD OF DIRECTORS

At its organisational meeting on 28 April 2016, Apetit Plc's Supervisory Board appointed Harri Eela as chairman and Marja-Liisa Mikola-Luoto as deputy chairman of the Supervisory Board.

The Supervisory Board decided to elect 6 members to Apetit Plc's Board of Directors. Lasse Aho, Esa Härmälä, Aappo Kontu, Seppo Laine, Veijo Meriläinen and Niko Simula were elected as members of the Board of Directors. Veijo Meriläinen was appointed as Chairman of the Board of Directors and Aappo Kontu as Deputy Chairman.

It was decided that the chairman of the Board of Directors will receive an annual remuneration of EUR 39,060, the deputy chairman will receive EUR 24,120 and the members EUR 19,560 each. A total of 50 per cent of the annual remuneration will be paid in cash and 50 per cent in the form of Apetit Plc's shares held by the company at the current value of the shares at the time of transfer. The remuneration will be paid in four equal payments in euros in June, September, December and March. It was also decided that the chairman and members of the Board of Directors will be paid a meeting allowance of EUR 510 and EUR 300, respectively.

## SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Apetit Group are related to the management of raw-material price changes and currency risks, the availability of raw materials, the solvency of customers, the delivery performance of suppliers and service providers, and changes in the Group's business sectors and customer relationships.

## OUTLOOK FOR 2016

In Finland, the market situation in the retail sector is expected to remain challenging. The growth outlook of the Finnish economy is weak. Prices on the international grain market are anticipated to remain at a relatively low level due to ample grain stores, at least during the first part of the new harvest season.

The Group's full-year operational EBIT \*) is expected to improve year-on-year (2015: EUR 2.6 million). Due to the seasonal nature of the Group's operations, a high proportion of the annual profit is accrued in the second half of the year. The improvement of the Seafood segment's profitability supports the improvement of the Group's operational EBIT in the comparison period.

Due to the significant effect of international grain market price fluctuations on the entire Group's net sales, Apetit will not issue any estimates of the expected full-year net sales.

*\*) Due to the new amendments to the regulations of the European Securities and Markets Authority (ESMA), Apetit has replaced the key figure "operating profit excluding non-recurring items" with the key figure "operational EBIT" as of 2016. Operational EBIT does not include restructuring expenses, any significant impairment on goodwill or other balance-sheet items or reversal of impairment, the profit of the associated company Sucros or other extraordinary and material items.*

## PUBLICATION DATES FOR FINANCIAL REPORTS

Apetit Plc will publish its January–September Interim Report on 3 November 2016 at 8.30 am.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>Q2</b>	Q2	<b>Q1-Q2</b>	Q1-Q2	Q1-Q4
	<b>2016</b>	2015	<b>2016</b>	2015	2015
<b>Net sales</b>	<b>106.9</b>	100.2	<b>194.5</b>	191.7	380.8
Other operating income	<b>0.2</b>	1.4	<b>0.6</b>	1.4	2.2
Operating expenses	<b>-106.7</b>	-100.0	<b>-194.0</b>	-191.4	-378.2
Depreciation	<b>-1.6</b>	-1.5	<b>-3.1</b>	-2.9	-6.0
Impairments	<b>0.0</b>	0.0	<b>0.0</b>	0.0	-0.3
Share of profits of associated companies		0.3		0.0	0.4
<b>Operating profit</b>	<b>-1.1</b>	0.4	<b>-2.1</b>	-1.2	-1.0
Share of profits of associated companies	<b>0.4</b>	-0.4	<b>-0.7</b>	-1.0	-1.0
Financial income and expenses	<b>-0.2</b>	-0.4	<b>-0.5</b>	-0.3	-1.5
Profit before taxes	<b>-1.0</b>	-0.3	<b>-3.3</b>	-2.6	-3.5
Income taxes	<b>0.2</b>	-0.3	<b>0.3</b>	-0.3	-1.1
<b>Profit for the period</b>	<b>-0.8</b>	-0.6	<b>-3.0</b>	-2.9	-4.6
<b>Attributable to</b>					
Equity holders of the parent	<b>-0.8</b>	-0.6	<b>-3.0</b>	-2.5	-4.3
Non-controlling interests		0.0		-0.3	-0.3
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	<b>-0.13</b>	-0.10	<b>-0.48</b>	-0.41	-0.69

## STATEMENT OF COMPREHENSIVE INCOME

EUR million

	<b>Q2</b>	Q2	<b>Q1-Q2</b>	Q1-Q2	Q1-Q4
	<b>2016</b>	2015	<b>2016</b>	2015	2015
<b>Profit for the period</b>	<b>-0.8</b>	-0.6	<b>-3.0</b>	-2.9	-4.6
<b>Other comprehensive income</b>					
<b>Items which may be reclassified subsequently to profit or loss:</b>					
Cash flow hedges	<b>-0.6</b>	-0.1	<b>-0.2</b>	-0.4	0.0
Taxes related to cash flow hedges	<b>0.1</b>	0.0	<b>0.0</b>	0.1	0.0
Translation differences	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.1
<b>Total comprehensive income</b>	<b>-1.3</b>	-0.7	<b>-3.2</b>	-3.2	-4.5
<b>Attributable to</b>					
Equity holders of the parent	<b>-1.3</b>	-0.7	<b>-3.2</b>	-2.8	-4.1
Non-controlling interests		0.0		-0.3	-0.3

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 June 2016	30 June 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8.1	8.5	8.1
Goodwill	0.4	0.4	0.4
Tangible assets	47.3	43.0	43.8
Investment in associated companies	21.8	31.8	22.6
Available-for-sale financial assets	0.3	0.1	0.1
Receivables	1.0	0.4	1.2
Deferred tax assets	3.5	3.4	2.9
<b>Non-current assets total</b>	<b>82.4</b>	<b>87.4</b>	<b>79.1</b>
<b>Current assets</b>			
Inventories	44.6	29.5	74.8
Trade receivables and other receivables	32.9	32.3	30.2
Income tax receivable	0.7	0.0	0.3
Cash and cash equivalents	6.9	11.5	13.4
<b>Current assets total</b>	<b>85.2</b>	<b>73.4</b>	<b>118.8</b>
<b>Total assets</b>	<b>167.6</b>	<b>160.8</b>	<b>197.9</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 June 2016	30 June 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>			
Non-controlling interests	113.7	121.9	121.0
<b>Total equity</b>	<b>113.7</b>	<b>121.9</b>	<b>121.0</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3.9	4.1	4.3
Long-term financial liabilities	5.6	1.9	1.2
Non-current provisions	0.2	0.4	0.2
Other non-current liabilities	0.3	0.1	0.2
<b>Non-current liabilities total</b>	<b>10.0</b>	<b>6.4</b>	<b>5.9</b>
<b>Current liabilities</b>			
Short-term financial liabilities	12.0	1.4	35.3
Income tax payable	0.2	0.9	0.0
Trade payables and other liabilities	31.4	29.9	35.5
Short-term provisions	0.4	0.3	0.3
<b>Current liabilities total</b>	<b>43.9</b>	<b>32.4</b>	<b>71.0</b>
<b>Total liabilities</b>	<b>53.9</b>	<b>38.9</b>	<b>76.9</b>
<b>Total equity and liabilities</b>	<b>167.6</b>	<b>160.8</b>	<b>197.9</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q2 2016	Q1-Q2 2015	Q1-Q4 2015
Net profit for the period	-3.0	-2.9	-4.6
Adjustments, total	3.7	2.5	12.8
Change in net working capital	24.1	16.7	-21.4
Interests paid	-1.3	-1.5	-1.7
Interests received	0.0	0.0	0.1
Taxes paid	-0.9	-0.8	-2.2
<b>Net cash flow from operating activities</b>	<b>22.7</b>	<b>14.1</b>	<b>-17.1</b>
Investments in tangible and intangible assets	-6.5	-4.9	-9.1
Proceeds from sales of tangible and intangible assets	0.0	1.1	1.2
Acquisition of associated companies		-0.1	-0.1
Proceeds from sales of associated companies			3.8
Investments in other investments			-0.7
Proceeds from sales of other investments	0.2	0.1	0.1
Dividends received from investing activities	0.3	0.3	1.9
<b>Net cash flow from investing activities</b>	<b>-6.0</b>	<b>-3.5</b>	<b>-3.0</b>
Proceeds from and repayments of short-term loans	-23.3	-7.7	25.5
Proceeds of long-term loans	5.0		
Repayments of long-term loans	-0.6	-0.7	-1.4
Dividends paid	-4.3	-4.3	-4.3
<b>Cash flows from financing activities</b>	<b>-23.2</b>	<b>-12.7</b>	<b>19.8</b>
<b>Net change in cash and cash equivalents</b>	<b>-6.5</b>	<b>-2.2</b>	<b>-0.3</b>
Cash and cash equivalents at the beginning of the period	13.4	13.7	13.7
Cash and cash equivalents at the end of the period	6.9	11.5	13.4

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Shareholders' equity at 1 January

B = Dividend distribution

C = Transactions with NCI

D = Other changes

E = Total comprehensive income

F = Shareholders' equity at 30 June

### January - June 2016

EUR million

	A	B	C	D	E	F
Share capital	12.6					12.6
Share premium account	23.4					23.4
Net unrealised gains	0.2				-0.2	0.1
Other reserves	7.2					7.2
Own shares	-1.7			0.0		-1.6
Translation differences	-0.4				0.0	-0.4
Retained earnings	79.5	-4.3		0.2	-3.0	72.3
Attributable to equity holders of the parent	121.0	-4.3		0.2	-3.2	113.7

### January - June 2015

EUR million

	A	B	C	D	E	F
Share capital	12.6					12.6
Share premium account	23.4					23.4
Net unrealised gains	0.2				-0.3	-0.1
Other reserves	7.2					7.2
Own shares	-1.7			0.0		-1.7
Translation differences	-0.5				0.0	-0.4
Retained earnings	86.8	-4.3	0.9	0.1	-2.5	80.9
Attributable to equity holders of the parent	128.1	-4.3	0.9	0.1	-2.8	121.9
Non-controlling interests (NCI)	1.2		-0.9		-0.3	
Total equity	129.4	-4.3		0.1	-3.2	121.9

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2015. New standards and interpretations adopted in 2016 have not had material effect to the interim report.

From the beginning of 2016, Apetit will treat internal loans to Maritim Food as net investments in companies. The exchange rate differences of the loans are recognised as comprehensive income in the statement of comprehensive income, whereas in the comparison year the exchange rate differences were recognised as financial items included in the profit for the period.

Due to the amendments to the regulations of the European Securities and Markets Authority (ESMA) effective on 3rd July 2016 regarding terminology of financial ratios, Apetit has replaced the key figure "operating profit excluding non-recurring items" with the key figure "operational EBIT" as of 2016. Operational EBIT does not include restructuring expenses, any significant impairment on goodwill or other balance-sheet items or reversal of impairment, the profit of the associated company Sucros or other extraordinary and material items. In other respects Operational EBITDA contains the same income statement items as operational EBIT, apart from the fact that the key figure does not include depreciation, amortisation or associated companies. EBIT in the formula of operational return on capital employed (ROCE %) is replaced by Operational EBIT.

## RECONCILIATION OF OPERATIONAL EBIT AND OPERATING PROFIT

EUR million

	<b>Q1-Q2 2016</b>	Q1-Q2 2015	Q1-Q4 2015
Operational EBIT	<b>-2.1</b>	-1.9	2.6
Taimen ownership arrangements		0.7	-3.6
Operating profit	<b>-2.1</b>	-1.2	-1.0

## SEGMENT INFORMATION

A = Food Solutions  
 B = Oilseed Products  
 C = Grain Trade  
 D = Seafood  
 E = Total

### Operating segments, January - June 2016 EUR million

	A	B	C	D	E
Total segment sales	49.3	34.7	81.1	43.2	208.3
Intra-group sales	-2.1	-0.1	-7.3	-4.3	-13.8
Net sales	47.1	34.6	73.8	39.0	194.5
Operating profit	-2.8	1.4	0.5	-1.2	-2.1
Gross investments in non-current assets	3.8	1.2	0.1	1.4	6.5
Corporate acquisitions and other share purchases			0.0		0.0
Depreciations	1.8	0.4	0.1	0.8	3.1
Impairments				0.0	0.0
Personnel	435	41	54	187	716

### Operating segments, January - June 2015 EUR million

	A	B	C	D	E
Total segment sales	47.7	31.5	83.1	41.3	203.6
Intra-group sales	-1.8	0.0	-5.2	-4.9	-11.9
Net sales	45.9	31.5	77.9	36.4	191.7
Share of profits of associated companies included in operating profit				0.0	0.0
Operating profit	-2.2	1.5	1.9	-2.3	-1.2
Gross investments in non-current assets	2.2	0.3	1.5	0.7	4.9
Corporate acquisitions and other share purchases	0.0		0.1		0.1
Depreciations	1.7	0.3	0.1	0.8	2.9
Impairments				0.0	0.0
Average number of personnel	421	40	50	201	713

Operating segments,  
January - December 2015  
EUR million

	A	B	C	D	E
Total segment sales	95.8	61.3	170.5	82.9	410.4
Intra-group sales	-4.9	0.0	-16.7	-8.0	-29.6
Net sales	90.9	61.2	153.7	74.9	380.8
Share of profits of associated companies included in operating profit				0.4	0.4
Operating profit	-0.1	2.7	3.8	-7.4	-1.0
Gross investments in non-current assets	4.3	1.0	2.2	1.6	9.1
Corporate acquisitions and other share purchases			0.1		0.1
Depreciations	3.5	0.7	0.2	1.8	6.0
Impairments					
Average number of personnel	434	40	53	198	725

## KEY INDICATORS

	30 June 2016	30 June 2015	31 Dec 2015
Shareholders' equity per share, EUR	<b>18.35</b>	19.70	19.53
Equity ratio, %	<b>67.8</b>	75.8	61.1
Gearing, %	<b>9.3</b>	-6.7	19.0
Gross investments in non-current assets, EUR million	<b>6.5</b>	4.9	9.1
Corporate acquisitions and other share purchases, EUR million	<b>0.0</b>	0.1	0.1
Average number of personnel	<b>716</b>	713	725
Average number of shares, 1,000 pcs	<b>6196</b>	6191	6192

The key figures in this Interim Report are calculated with same accounting principles than presented in the 2015 annual financial statements.

**COLLATERALS, CONTINGENT LIABILITIES,  
CONTINGENT ASSETS AND OTHER COMMITMENTS**

EUR million

	<b>30 June 2016</b>	30 June 2015	31 Dec 2015
<b>Mortgages given for debts</b>			
Real estate and corporate mortgages	1.1	1.4	1.3
Guarantees	11.2	11.0	12.1
<b>Non-cancellable other leases, minimum lease payments</b>			
Real estate leases	9.0	6.0	7.0
Other leases	0.9	0.9	0.8
<b>DERIVATIVE INSTRUMENTS</b>			
Outstanding nominal values of derivate instruments			
Interest rate swaps	6.0	2.4	6.6
Forward currency contracts	6.8	9.4	16.6
Commodity derivative instruments	21.5	20.5	21.6
<b>CONTINGENT ASSETS</b>			
The present value of proceeds from the sale of shares in the joint entry account	0.7	0.7	0.7
<b>INVESTMENT COMMITMENTS</b>			
Food Business	1.1	1.0	2.2
Oilseed Products			
Grain Trade		0.3	0.7
Seafood		0.2	0.9

**CHANGES IN TANGIBLE ASSETS**

EUR million

	<b>30 June 2016</b>	30 June 2015	31 Dec 2015
Book value at the beginning of the period	43.8	41.1	41.1
Additions	5.8	4.4	8.2
Disposals	0.0	-0.2	-0.2
Disposals of subsidiaries		-0.2	-0.2
Depreciations and impairments	-2.5	-2.4	-5.0
Other changes	0.2	0.1	-0.2
<b>Book value at the end of the period</b>	<b>47.3</b>	43.0	43.8

## TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	<b>Q1-Q2 2016</b>	Q1-Q2 2015	Q1-Q4 2015
Sales to associated companies	<b>0.2</b>	0.2	1.1
Purchases from associated companies	<b>1.4</b>	4.7	7.8
Trade receivables and other receivables from associated companies	<b>0.0</b>	0.5	0.2
Trade payables and other liabilities to associated companies	<b>0.2</b>	0.9	0.3

In Espoo, 16 August 2016

APETIT PLC

Board of Directors