



Premia Foods: I quarter & 3 months, 2014



13th May, 2014

Highlights in Q1 and 3 months



- ❖ Sales growth +12 %.
- ❖ All time best result in Q1 gross profit, increase compared to previous year's result 1.0 mEUR.
- ❖ Gross margin improved by 2.7 ppt. Growth came from all business segments, fastest increase came from ice cream segment.
- ❖ EBITDA from operations record-making 0.6 mEUR for Q1, exceeding the result of previous year by 1.0 mEUR.
- ❖ First time in Premia's history ice cream segment generated operating profit during the low season of ice cream sales.
- ❖ Operating expense ratio decreased to 23.5%.
- ❖ Negative impact of biological assets revaluation to EBITDA and operating profit was 0.9 mEUR on annual basis. Fish farming is recovering from the restrictions established by the Swedish Board of Agriculture and therefore the first quarter doesn't reflect the regular profitability of fish farming.
- ❖ Weakening of Russian ruble and Swedish krona resulted in 138 thousand euro foreign exchange losses in 2014 Q1.

Key ratios: Profitability

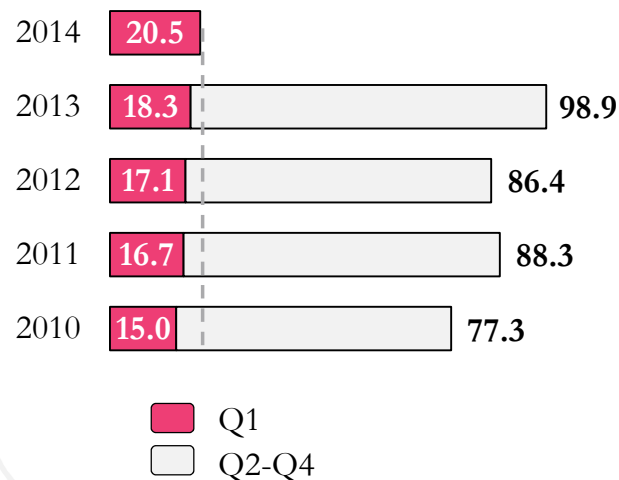


mIn EUR	Q1 2014	Q1 2013	
Sales	20.5	18.3	↑
Gross profit	4.8	3.8	↑
EBITDA from operations	0.6	-0.4	↑
EBITDA	-0.6	-0.7	↑
EBIT	-1.2	-1.3	↑
Net profit	-1.1	-1.2	↑
Gross margin	23.3%	20.6%	↑
Operational EBITDA margin	2.9%	-2.2%	↑
EBIT margin	-5.8%	-7.3%	↑
Net margin	-5.6%	-6.5%	↑
Operating expense ratio	23.5%	27.1%	↑

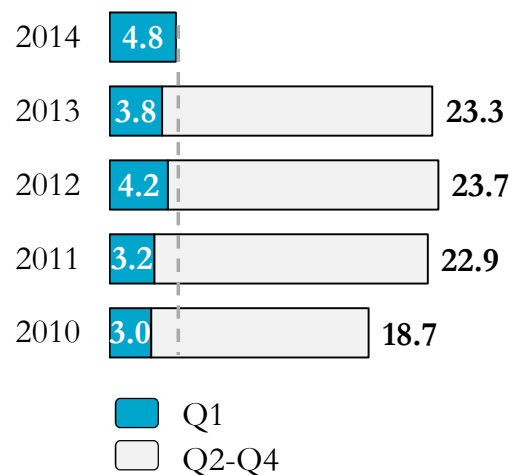
Last five years sales and profitability



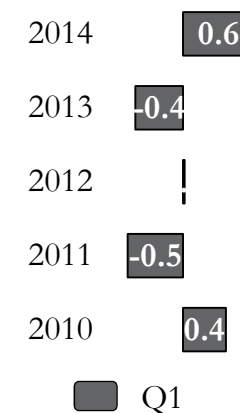
Sales 2010-2014



Gross profit 2010-2014



EBITDA from operations 2010-2014



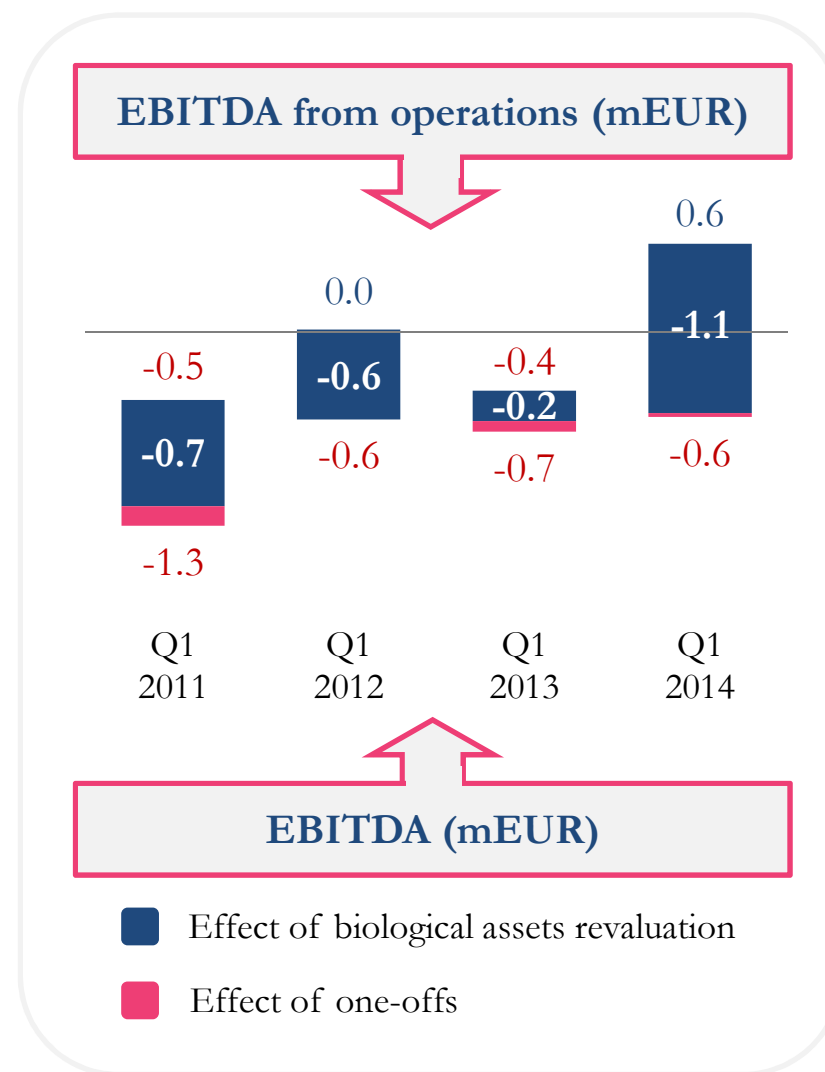
- ❖ Last five years highest sales and best result in gross profit
- ❖ Negative impact of biological assets revaluation to EBITDA was in 2014 Q1 1.1 mEUR, in 2013 Q1 0.2 mEUR.

Impact of fish stock revaluation to Q1 results



- ❖ As characteristic to Q1, the revaluation of livestock has a **negative impact during winter** season on the result because there is no active feeding of the fish and therefore no increase of biomass.
- ❖ **Due to restrictions established by the Swedish Board of Agriculture** the Q1 of two last years doesn't reflect the regular result of revaluation. Fish farming as a two-three year long production cycle is recovering from the restrictions established therefore, during Q1 2014, the portfolio of biological assets was dominated by juveniles, accounted at cost price.
- ❖ Fluctuations in market price of rainbow trout:

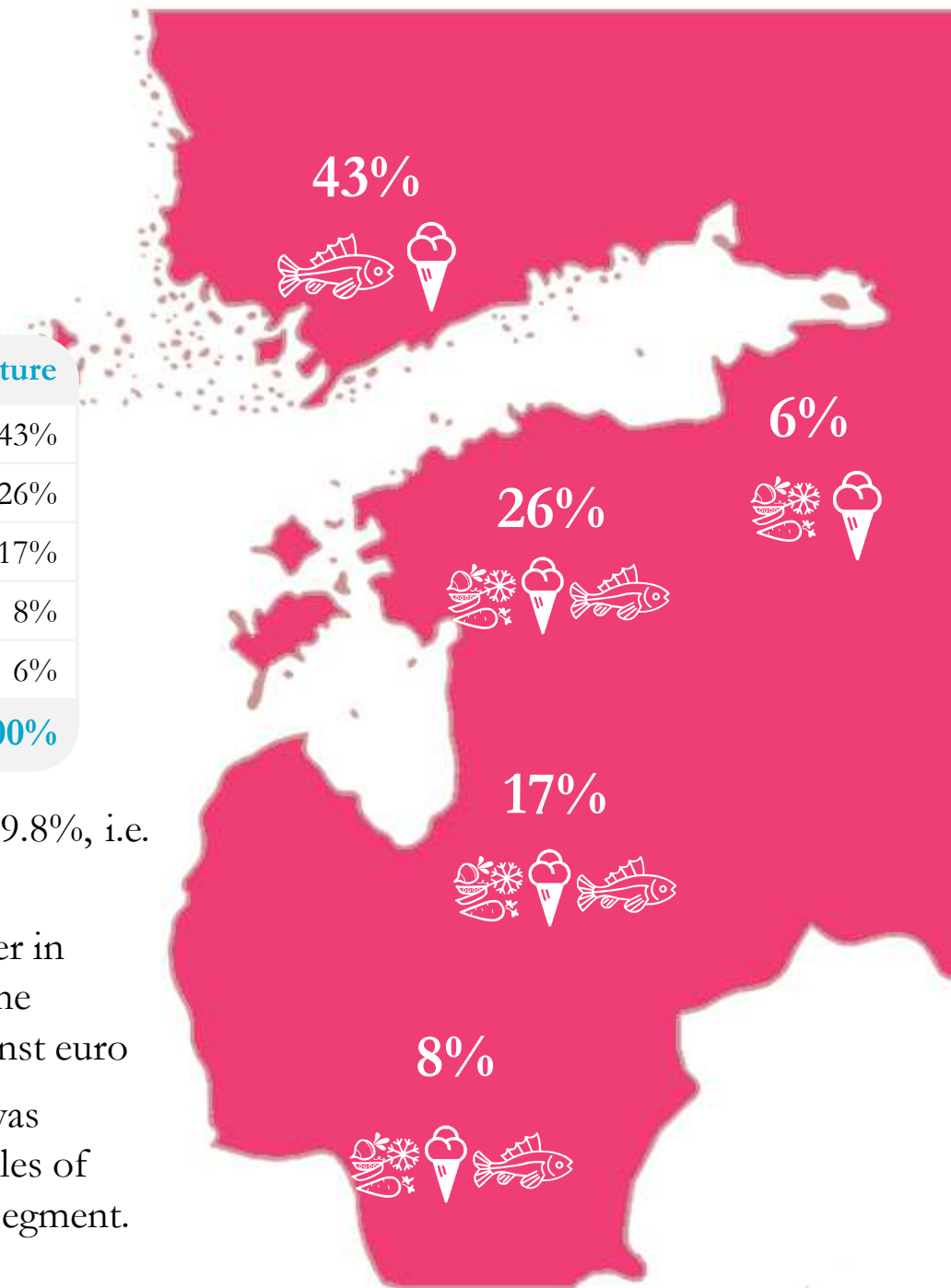
Q1 2011	+ 4%
Q1 2012	+ 2%
Q1 2013	+27%
Q1 2014	- 3%



Sales by countries: Q1 2014

mln EUR	Sales	YoY	Structure
Finland	8.9	+30%	43%
Estonia	5.3	0%	26%
Latvia	3.4	+18%	17%
Lithuania	1.7	-5%	8%
Russia	1.1	-21%	6%
Total	20.5	+12%	100%

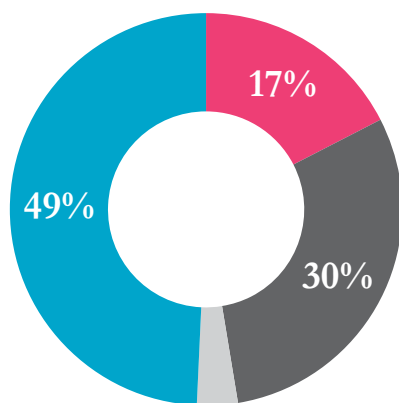
- ❖ Fastest growth came from Finland: +29.8%, i.e. 2.0 mEUR
- ❖ The main reason of decrease in turnover in Russian market was the weakening of the exchange rate of the Russian ruble against euro
- ❖ The decrease in turnover in Lithuania was mainly influenced by the decrease of sales of private label products in the ice cream segment.



Sales and gross profit by segments

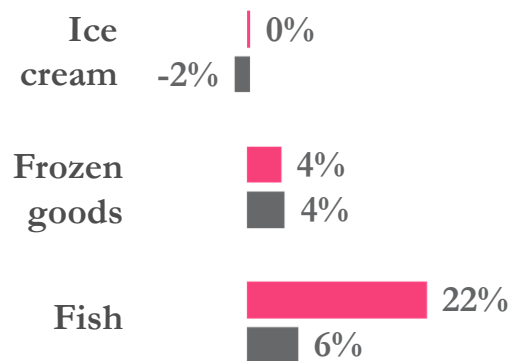


Sales by segments,
Q1 2014



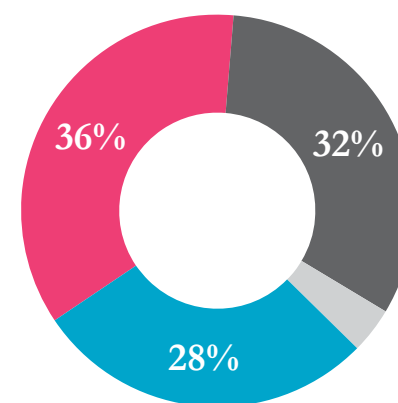
- Ice cream
- Fish
- Frozen goods
- Other

Sales YoY growth by segments,
Q1 2014



- value
- volume

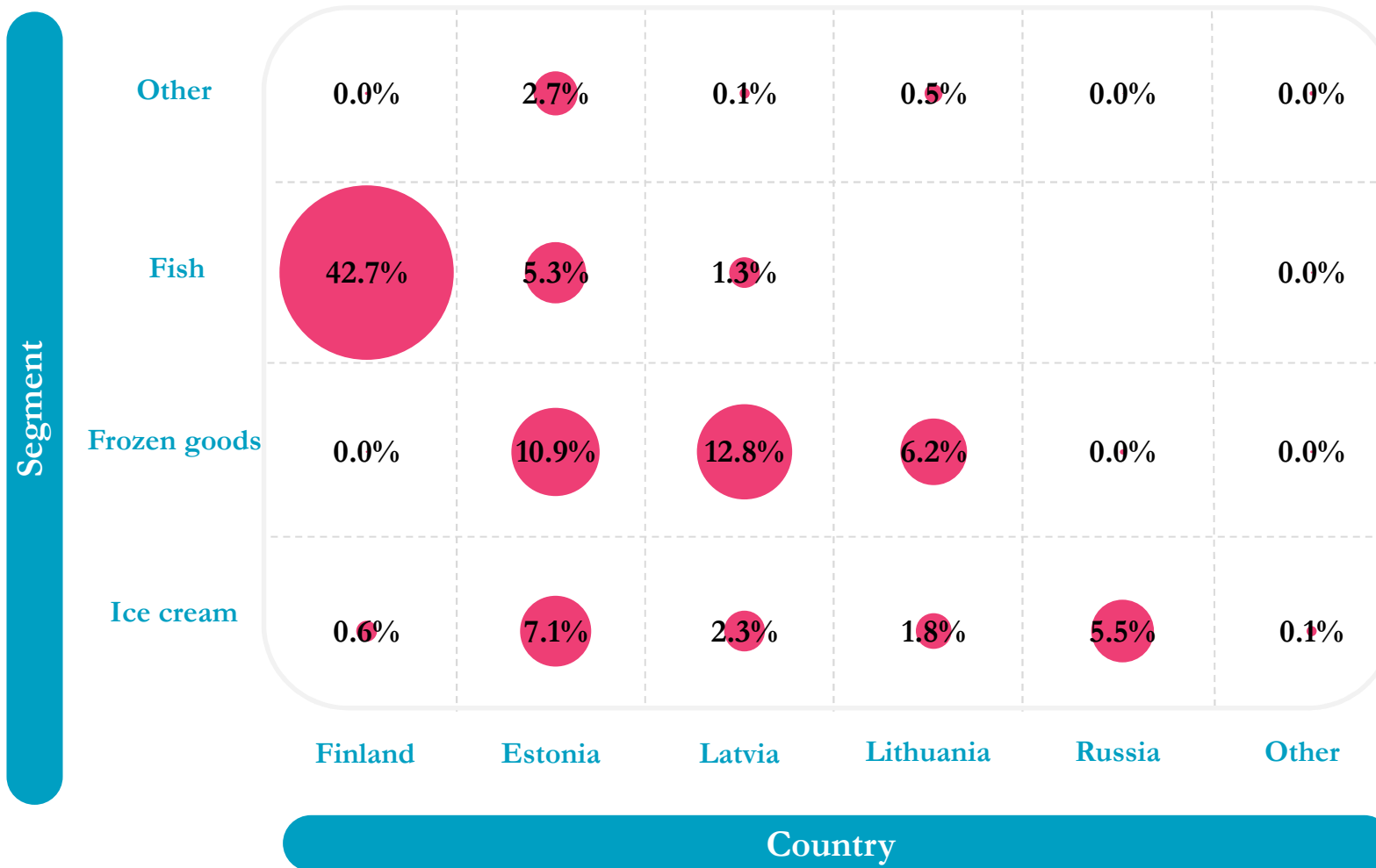
Gross profit by segments,
Q1 2014



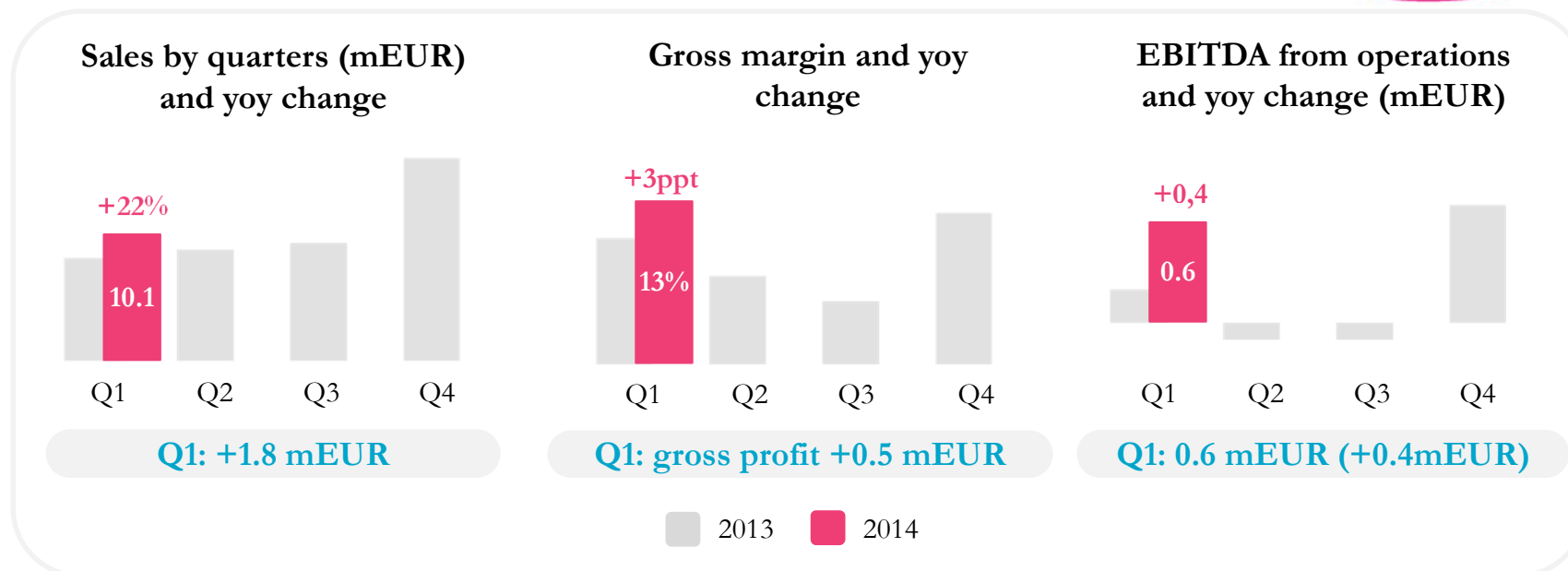
- Ice cream
- Fish
- Frozen goods
- Other

Sales matrix

Q1 2014

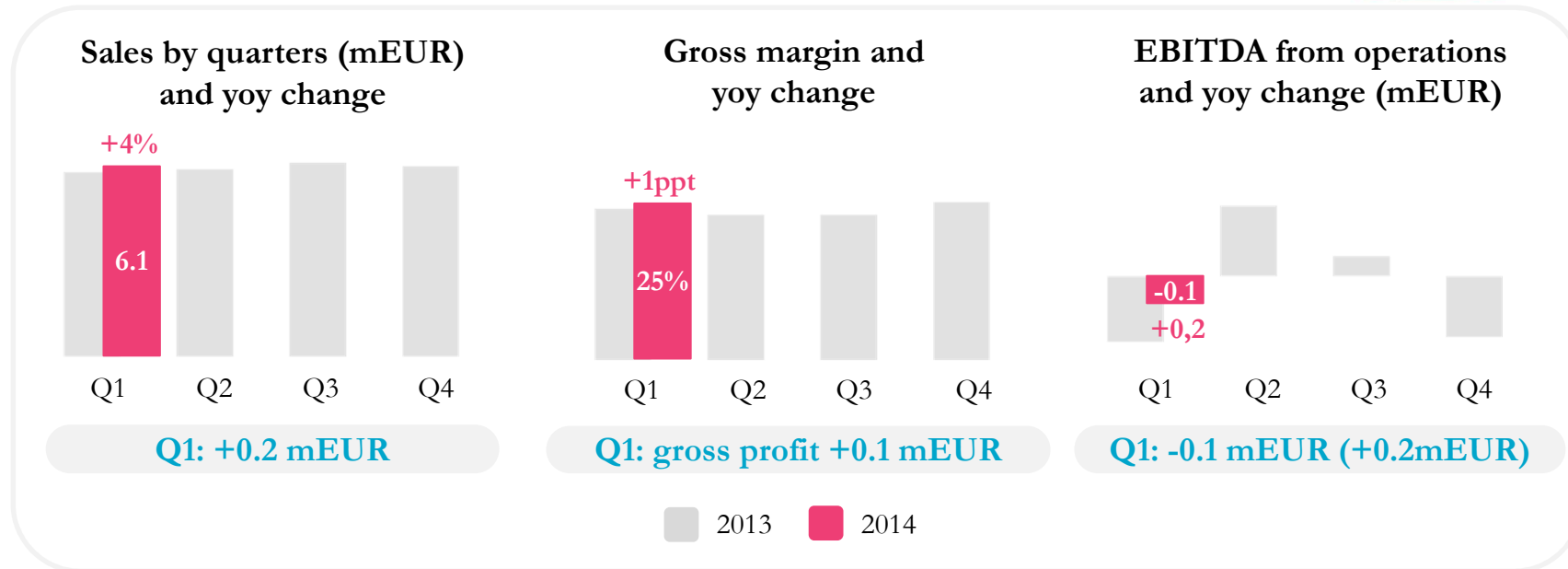


Fish and fish products



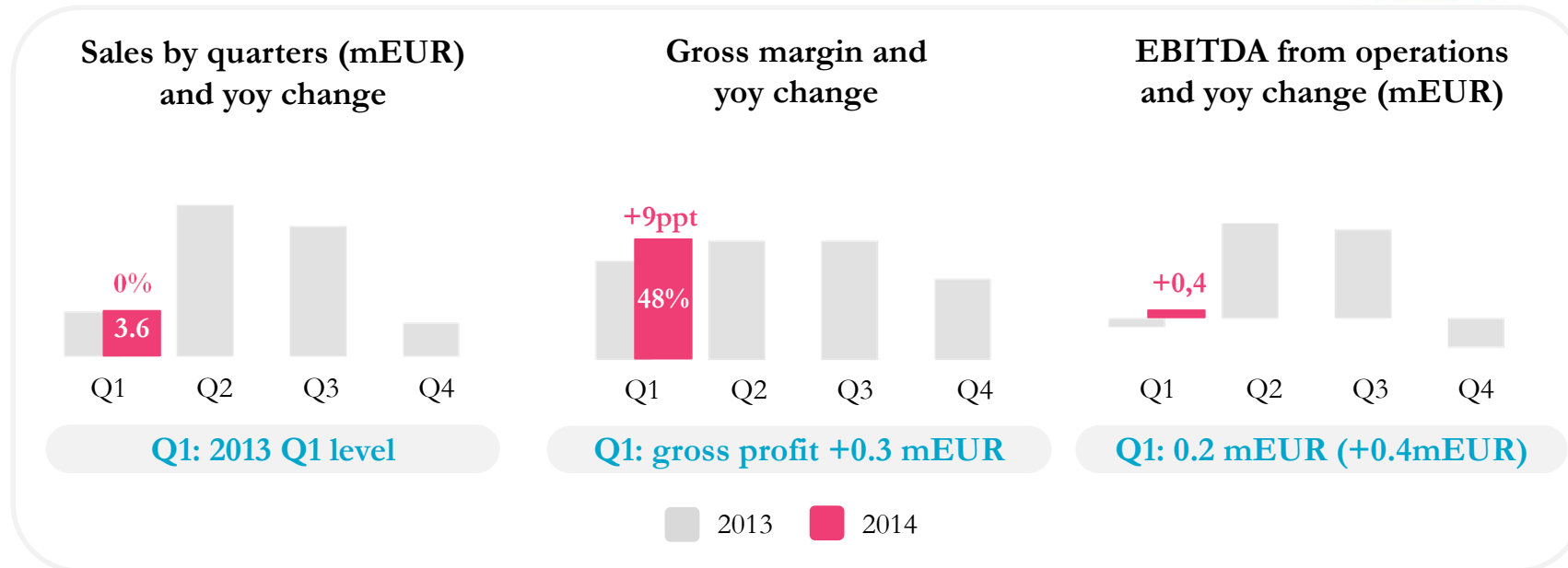
- ❖ Fast growth in turnover of fish segment came mainly from the Finnish retail market and from cold and hot smoked product groups.
- ❖ In Q1 price of salmon was up by 35% and rainbow trout by 18% on yoy basis.
- ❖ Negative impact of biological assets revaluation to EBITDA was in 2014 Q1 1.1 mEUR, in 2013 Q1 0.2 mEUR.

Frozen goods



- ❖ Q1 turnover of frozen goods was 6.1 mEUR with annual growth 4.0%, i.e. 0.2 mEUR.
- ❖ The most increased the turnover in Latvia: +0.4 mEUR compared to previous year's result.
- ❖ Q1 gross profit was by 0.1 mEUR, i.e. 9.7%, better than the results of Q1 in 2013.
- ❖ EBITDA and operating profit improved in annual comparison by 0.2 mEUR.

Ice cream

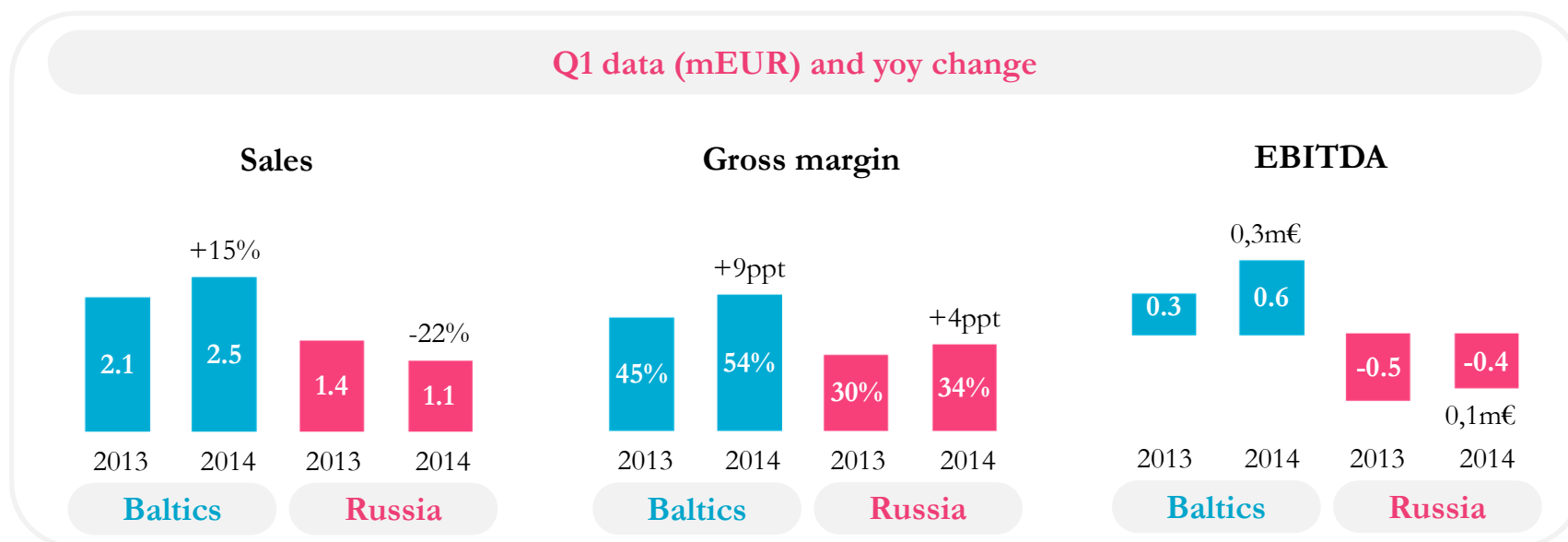


- ❖ The turnover of ice cream segment stayed in Q1 at previous year's Q1 level (+0.2%). By eliminating the impact of the Russian ruble exchange rate, the turnover of ice cream increased by 0.2 million euro, i.e. 6.4%
- ❖ The greatest monetary contribution came from Estonia (+0.2 mEUR) and Latvia (+0.1 mEUR).
- ❖ The gross margin of ice cream segment improved in the 1st quarter on annual basis by 9 ppt and gross profit increased by 0.3 million euro.
- ❖ EBITDA and operating profit improved by 0.4 mEUR if compared to previous year. First time in Premia's history ice cream business segment generated operating profit during the first quarter.

Ice cream in Baltics and Russia



- ❖ Turnover of Q1 increased by 15% in Baltics. In Russia turnover decreased by 22% - mostly caused by weakening of the exchange rate of Russian ruble against euro.
- ❖ Gross margin increased by 9 ppt in the Baltics, driven mainly by decrease of sales of private label products in Lithuanian market. In Russia gross margin grew by 4 ppt.
- ❖ EBITDA improvement in Baltics in Q1 on annual basis was 0.3 mEUR and in Russia 0.1 mEUR.



Cost Analysis



	Q1 2014 <i>EUR mln</i>	Q1 2013 <i>EUR mln</i>	Change <i>EUR mln</i>	Q1 2014 <i>As % of sales</i>	Q1 2013 <i>As % of sales</i>	Change <i>As % of sales</i>
Sales	20.5	18.3	+2.2	100.0%	100.0%	
Cost of goods sold	-15.7	-14.5	+1.2	76.7%	79.4%	-2.7%
including one-off exp	-0.0	-0.0	-0.0	0.1%	0.2%	-0.1%
materials in production & cost of goods purchased for resale	-13.0	-12.1	+0.9	63.7%	66.3%	-2.5%
labour costs	-1.2	-1.1	+0.1	5.9%	6.2%	-0.3%
depreciation	-0.3	-0.3	+0.0	1.6%	1.7%	-0.2%
other cost of goods sold	-1.1	-1.0	+0.2	5.5%	5.2%	+0.2%
Operating expenses	-4.8	-5.0	-0.1	23.5%	27.1%	-3.6%
including one-off exp		-0.0	-0.0	0.0%	0.2%	-0.2%
labour costs	-1.6	-1.7	-0.1	7.7%	9.2%	-1.5%
transport ja logistics services	-1.1	-1.0	+0.1	5.1%	5.3%	-0.2%
depreciation	-0.3	-0.3	-0.1	1.4%	1.9%	-0.5%
advertising, merchandising, marketing and product development	-0.7	-0.4	+0.2	3.2%	2.4%	+0.8%
other operating expenses	-1.2	-1.5	-0.3	6.1%	8.3%	-2.2%
Other income/expenses	-0.0	0.1	+0.1	0.0%	-0.3%	+0.3%

Key ratios:

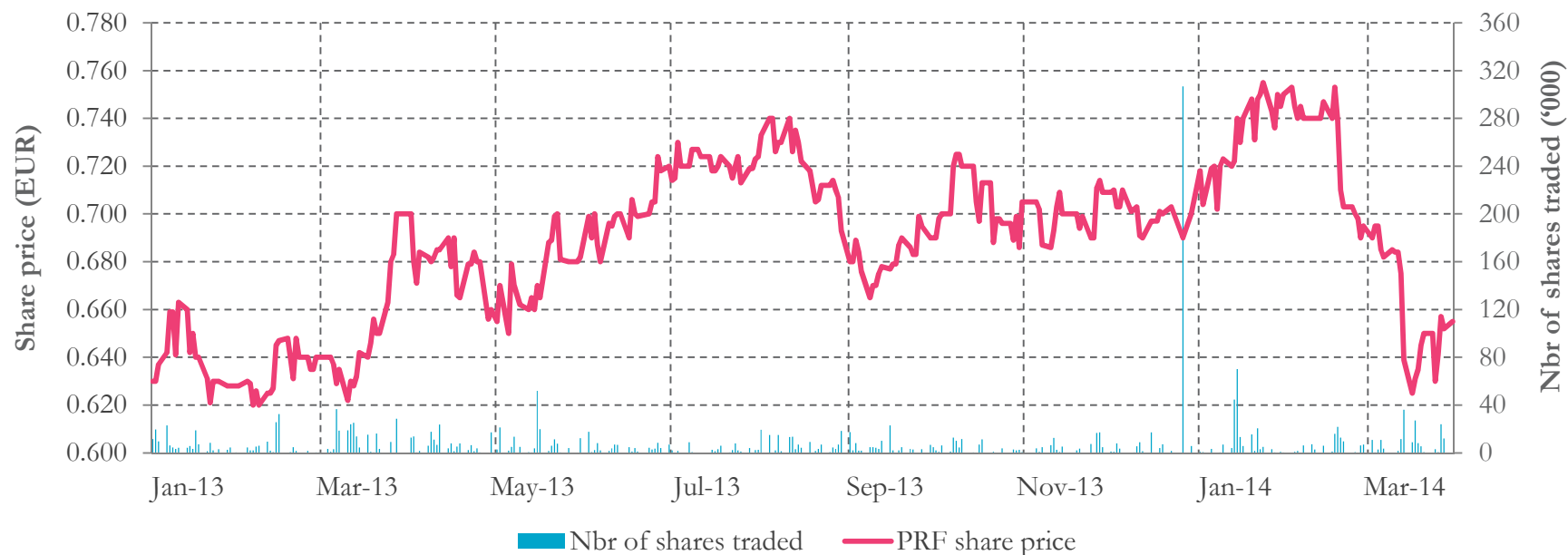
Balance Sheet



mln EUR	31.03.2014	31.03.2013
Net debt	13.6	13.2
Equity	36.1	35.3
Working capital	8.5	10.4
Assets	63.8	62.4
Liquidity ratio	1.47	1.73
Equity ratio	56%	57%
Gearing ratio	27%	27%
Net debt-to-EBITDA	2.82	2.80
ROE	3%	0%
ROA	2%	0%

❖ The cash flow from operations was mainly influenced by the increase of stock during the 1st quarter of 2014, which results from the increase of the stock of raw materials and finished goods accompanying the increase in turnover in the fish business segment. The stock of the fish business segment contains preparations for the Easter which in 2014 fell into Q2, but in 2013 into Q1.

Share price and shareholders



Major shareholders at 31st March 2014:

ING Luxembourg S.A.	62.71%	Firebird Avrora Fund Ltd,	1.68%
LHV Pensionifond L	4.41%	Compensa Life Vienna Insurance Group SE.	1.62%
OÜ Rododendron	3.36%	LHV Pensionifond XL	1.48%
Ambient Sound Investments OÜ	3.20%	OÜ Footsteps Management	1.31%
Firebird Republics Fund Ltd.	3.09%	OÜ Freespirit	0.94%