

# PRFOODS

**REPORT** / 2<sup>ND</sup> QUARTER AND 6 MONTHS OF 2017

18 August 2017

PRFOODS 2017 Q2 + 6 MONTHS

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Ltd

products.

Production and sale of fish



# STRUCTURE OF THE PRFOODS GROUP\*,\*\*

#### **AS PRFoods**

Group holding company

100%

#### Saaremere Kala AS

Fish group holding company

100% 85% 100% 100% **Vettel OÜ Gourmethouse OÜ** JRJ & PRF Ltd **Heimon Kala Oy** Sale of fish products Fish farms, production Fish production Fish group holding company and sales 100% 100% Överumans Fisk AB John Ross JR (Aberdeen)

Fish farms

100%

**Coln Valley Smokery Ltd** 

Production and sale of fish products.

<sup>\*</sup>Structure from 21.07.2017

<sup>\*\*</sup>Shareholders meeting on 28.08.2017 to approve acquisition of Trio Trading Ab Oy







AS PRFoods' key market was Finland, where the company is amongst three largest brands, until the acquisition of John Ross Jr. and Coln Valley Smokery. Since acquisition the company has expanded sales to 35 countries in Europe, America and Asia.

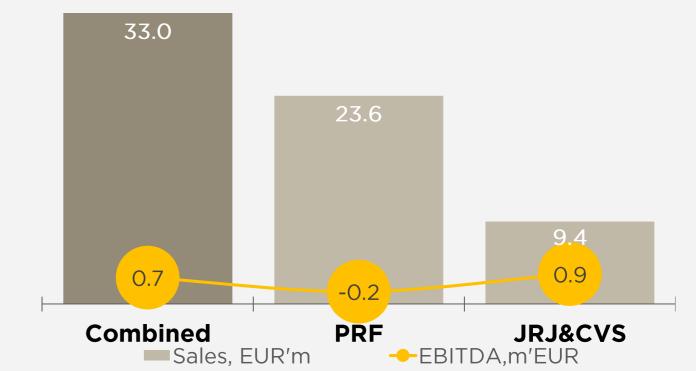
Main activity of the Group is fish manufacturing in four contemporary production buildings in Renko (Finland), Saaremaa (Estonia), Aberdeen and Coln Valley (UK). Main products are salmon and rainbow trout products. Approximately 60% of the rainbow trout used in Group's production is harvested in company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, assuring highest quality and reliable delivery.

Salmon is purchased from Finland and other Scandinavian countries, like Denmark, Norway, Sweden and from Scotland. On a smaller scale company also buys in perch, pike, herring, vendace (freshwater whitefish) and Baltic herring.

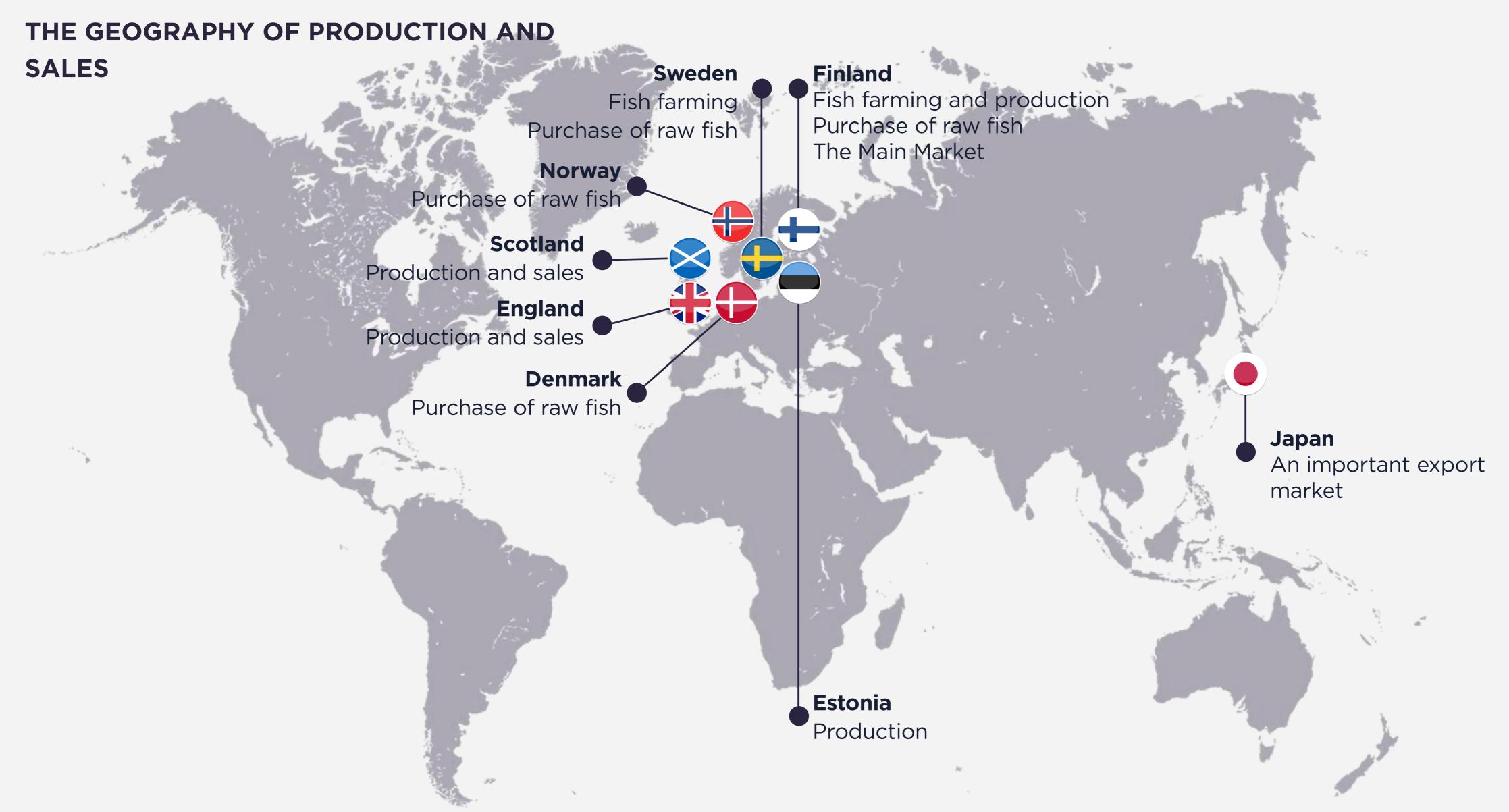
PRFoods companies are leading brands in their respective operating markets and are primarily focusing on higher value premium products.

Shareholders approved purchase of John Ross Jr (Aberdeen) and Coln Valley Smokery on EGM held on 19.07.2017.

## Consolidated Key Financials of PRF & JRJ & CVS (draft 6m 2017)







# SUMMARY: UNAUDITED FINANCIAL RESULTS FOR 2<sup>ND</sup> QUARTER OF 2017

# UNAUDITED CONSOLIDATED REVENUE

13.1 million euros, increase +33.9%, i.e. +3.3 million euros.

#### **GROSS MARGIN**

7.5% (Q2 2016: 6.3%), increase +1.2 percentage points, i.e. +19.7%.



# POSITIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

+0.4 million euros (Q2 2016: +0.9 million euros).

#### **EBITDA FROM BUSINESS OPERATIONS**

-0.1 million euros (Q2 2016: -0.3 million euros), increase +0.2 million euros, i.e. by 2 times\*.

\*without one-off effects in year 2017 EBITDA +0.1 million euros, increase +0.4 million euros.

#### **EBITDA**

+0.34 million euros (Q2 2016: +0.66 million euros), decrease -0.32 million euros\*.

\*without one-off effects in year 2017 EBITDA +0.5 million euros, decrease -0.1 million euros.

#### **OPERATING PROFIT**

+0.03 million euros (Q2 2016: +0.3 million euros), decrease -0.3 million euros\*.

\*without one-off effects in year 2017 operating profit +0.2 million euros, decrease -0.1 million euros.

#### **NET LOSS**

-0.1 million euros (Q2 2016: +0.04 million euros), increase -0.2 million euros\*.

\*without one-off effects in year 2017 net profit +0.1 million euros, increase +0.04 million euros.

# SUMMARY: UNAUDITED FINANCIAL RESULTS FOR 6 MONTHS OF 2017

# UNAUDITED CONSOLIDATED REVENUE

23.6 million euros, increase +18.2%, i.e. +3.6 million euros.

#### **GROSS MARGIN**

6.4% (6m 2016: 8.0%), decrease -1.6 percentage points.



# POSITIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

+0.2 million euros (6m 2016: +0.5 million euros).

#### **EBITDA FROM BUSINESS OPERATIONS**

-0.4 million euros (6m 2016: -0.03 million euros), decrease -0.3 million euros\*.

\*without one-off effects in 2017 EBITDA -0.2 million euros, decrease -0.1 million euros.

#### **EBITDA**

-0.22 million euros (6m 2016: +0.44 million euros), decreased -0.66 million euros\*.

\*without one-off effects in 2017 EBITDA -0.01 million euros, decrease -0.5 million euros.

#### **OPERATING LOSS**

-0.8 million euros (6m 2016: -0.2 million euros), decrease -0.66 million euros\*.

\*without one-off effects in 2017 operating loss -0.6 million euros, decreased -0.5 million euros.

#### **NET LOSS**

-1.0 million euros (6m 2016: -0.4 million euros), decrease -0.55 million euros\*.

\*without one-off effects in 2017 net loss -0.8 million euros, decrease -0.3 million euros.

# KEY RATIOS: INCOME STATEMENT Q2 2013-2017

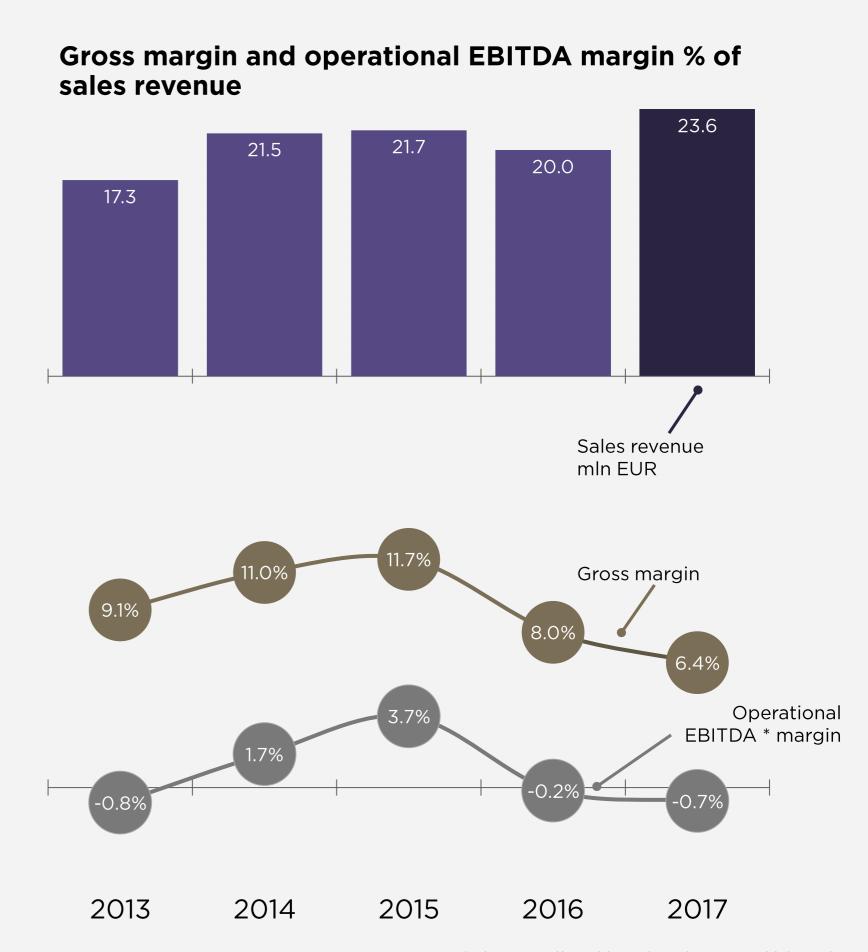
	Q2 2013	Q2 2014	Q2 2015	Q2 2016	Q2 2017	mIn EUR
Sales revenue	9.0	11.3	11.4	9.8	13.1 ▲	
Gross profit	0.7	1.0	1.3	0.6	1.0 ▲	
EBITDA from business operations*	-0.1	-0.1	0.4	-0.3	-0.1 ▲	
EBITDA	-0.2	1.1	0.6	0.7	0.3	
EBIT	-0.5	0.8	0.3	0.3	0.0	
EBT	-1.0	0.8	0.3	0.2	-O.1 <b>▼</b>	
Net profit	-1.1	0.6	0.3	0.04	-O.1 <b>▼</b>	
Gross margin	7.9%	8.6%	11.3%	6.3%	<b>7.5</b> % ▲	
Operational EBITDA* margin	-1.1%	-1.1%	3.3%	-2.6%	1.0% 🛦	
EBITDA margin	-2.5%	10.0%	4.8%	6.8%	2.6% ▼	
EBIT margin	-5.5%	7.5%	2.4%	3.6%	0.2% ▼	
EBT margin	-10.7%	7.0%	2.9%	2.3%	<b>-0.4%</b> ▼	
Net margin	-11.8%	5.2%	2.5%	0.4%	<b>-1.0%</b> ▼	
Operating expense ratio	14.3%	12.7%	11.3%	12.7%	9.5% ▲	

# Gross margin and operational EBITDA margin % of sales revenue Sales revenue mln EUR Gross margin Operational EBITDA\* margin 2013 2014 2015 2016 2017



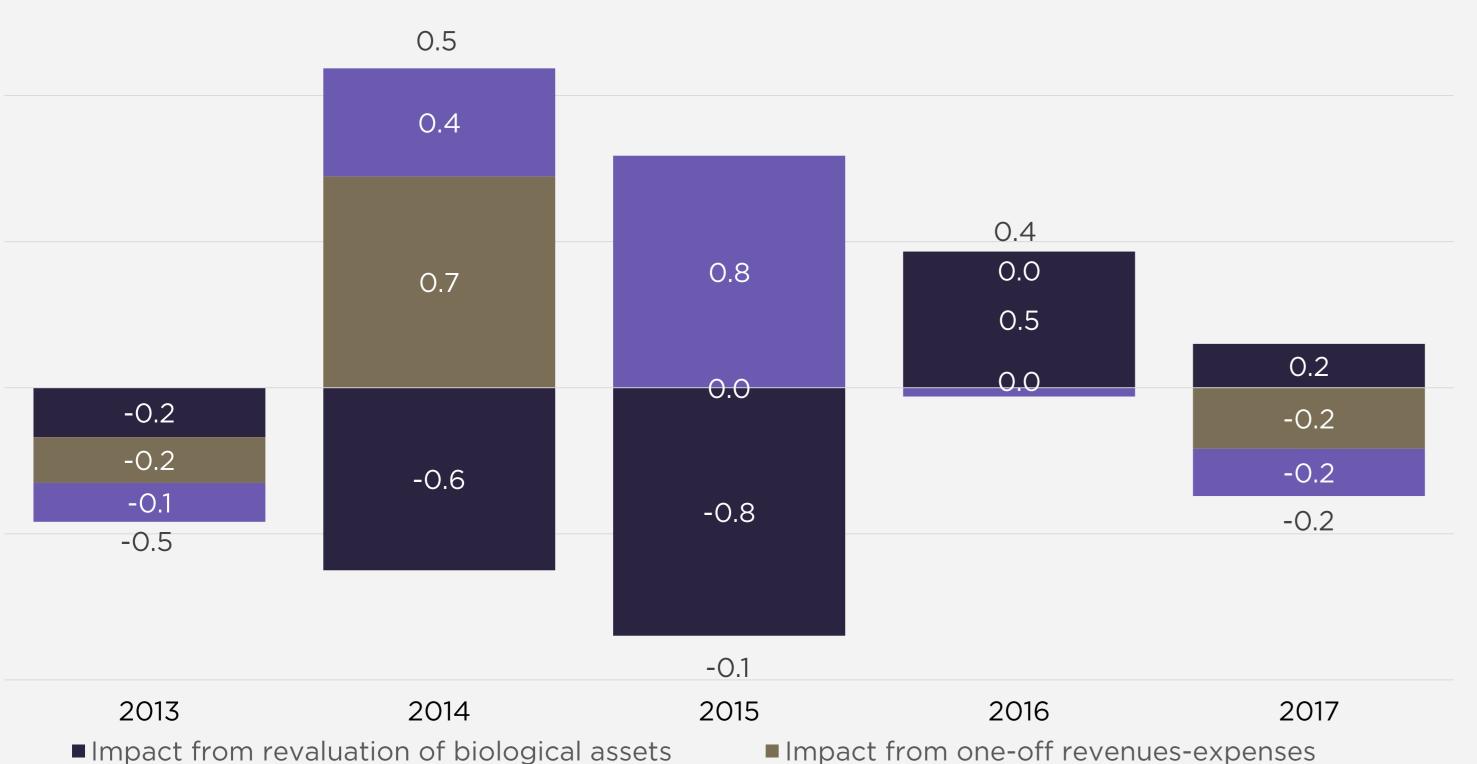
# KEY RATIOS: INCOME STATEMENT 6 MONTHS 2013-2017

	6m 2013	6m 2014	6m 2015	6m 2016	6m 2017	mln EUR
Sales revenue	17.3	21.5	21.7	20.0	23.6 ▲	
Gross profit	1.6	2.4	2.5	1.6	1.5 ▼	
EBITDA from business operations*	-0.1	0.4	0.8	-0.03	-0.4 ▼	
EBITDA	-0.5	0.5	-0.1	0.4	-0.2 ▼	
EBIT	-1.0	-0.1	-0.6	-0.2	-0.8 ▼	
EBT	-1.4	-0.4	-0.4	-0.3	<b>-1.0</b> ▼	
Net (profit) loss	-1.5	-0.3	-0.2	-0.4	<b>-1.0</b> ▼	
Gross margin	9.1%	11.0%	11.7%	8.0%	<b>6.4%</b> ▼	
Operational EBITDA* margin	-0.8%	1.7%	3.7%	-0.2%	<b>-0.7%</b> ▼	
EBITDA margin	-2.6%	2.2%	-0.3%	2.2%	0.9% ▼	
EBIT margin	-5.8%	-0.4%	-2.8%	-0.9%	<b>-3.6%</b> ▼	
EBT margin	-8.4%	-1.8%	-2.0%	-1.7%	<b>-4.0%</b> ▼	
Net margin	-8.6%	-1.6%	-1.1%	-2.1%	<b>-4.1%</b> ▼	
Operating expense ratio	14.7%	12.7%	11.3%	11.6%	10.2% 🔻	



# EFFECT OF BIOLOGICAL ASSET REVALUATION AND ON-OFFS ON **EBITDA 6 MONTHS 2013-2017**

#### EBITDA 6 months (mln EUR)



■ Impact from revaluation of biological assets

■ EBITDA from operations

EBITDA decreased by -0.7 million euros compared to the same period in 2016, reaching the level of -0.2 million euros.

Change in fair value of biological assets had positive effect on EBITDA in amount of +0.2 millions. In 2016 revaluation of biological assets had positive impact on EBITDA in amount of +0.5 million euros.

During reporting period one-off expenses had negative effect in amount of -0.2 million euros on EBITDA. Oneoff expenses are related to acquisition of companies and restructuring.

One-off expenses are recorded in the income statement of 6 months on line "Other income/expenses". In the same period of 2016 there were no one-off expenses.



# KEY RATIOS: BALANCE SHEET



	<b>30.06.2017</b> mln EUR	30.06.2016 mln EUR
Net debt	1.0	-1.4
Equity	22.7	22.7
Working Capital	11.5	11.2
Assets	33.5	29.3
Liquidity ratio	2.3	3.4
Equity ratio	67.8%	77.6%
Gearing ratio	4.1%	-6.7%
Net debt-to-EBITDA	1.6	-0.7
ROE	0.7%	3.6%
ROA	0.5%	2.9%

At the end of the reporting period, the Group had financial funds 4.1 million euros (12.2% of the balance sheet volume). As at 30.06.2016, the balance of financial funds were 2.6 million euros (9.0% of the balance sheet volume).

The Company's solvency is continuously good and the financial risk is low. The working capital was 11.5 million euros (30.06.2016: 11.2 million euros).

The current ratio showing short-term ability to meet payments was 2.3 as of 30.06.2017 (30.06.2016: 3.4).

Net debt was positive, in total 1.6 million euros as of the closing date (30.06.2016: -1.4 million euros). Increase in net debt is caused by higher volume of biological assets.

Financial gearing showing net debt ratio to gross capital was 4.1% as of 30.06.2017 (30.06.2016: -6.7%).

Net debt to EBITDA ratio was 1.6 as of 30.06.2017 (30.06.2016: -0.7).

The Group has been able to retain its strong financial position that ensures sustainability and helps adjust to complex market conditions more flexibly.

### **BALANCE SHEET ANALYSIS**

# BALANCE SHEET STRUCTURE AT THE END OF THE 6 MONTHS 2017:



As of 30.06.2017 consolidated total assets of PRFoods stood at 33.5 million euros, increase of 4.2 million euros, i.e. +14.3%, within a year. The increase in assets came mostly from biological assets. Increase in liabilities was mainly by use of overdraft.

#### **CURRENT ASSETS**

The Company's current assets were 20.1 million euros as at 30.06.2017, and the balance of cash and bank accounts was 4.1 million euros. Accounts receivable and prepayments increased by 0.3 million euros within a year, reaching 2.7 million euros (30.06.2016: 2.4 million euros).

Inventories were 5.1 million euros, that is on the same level as last year.

Biological assets were 8.3 million euros, increase 2.5 million euros compared with the same period in previous year, which is due to the positive impact of the higher market price of rainbow trout and higher volume of biomass Biomass as at 30.06.2017 was 1,414 tonnes, which was 188 tonnes higher compared to last year.

#### **FIXED ASSETS**

Total fixed assets are on the same level compared to the same period in previous year. Investments into fixed assets in the 6 months of 2017 were 0.3 million euros (6 months 2016: 0.3 million euros).

#### **FOREIGN CAPITAL**

Accounts payable and prepayments were 4.2 million euros as at 30.06.2017 (30.06.2016: 4.2 million euros), showing a year-on-year increase by 32 thousand euros. Short term loans and borrowings increased by 4.0 million euros compared to last year, reaching 4.3 million euros as at 30.06.2017 (30.06.2016: 0.3 million euros). Increase in short term debt liabilities was influenced by taking overdraft into use in the amount of 4.0 million euros.

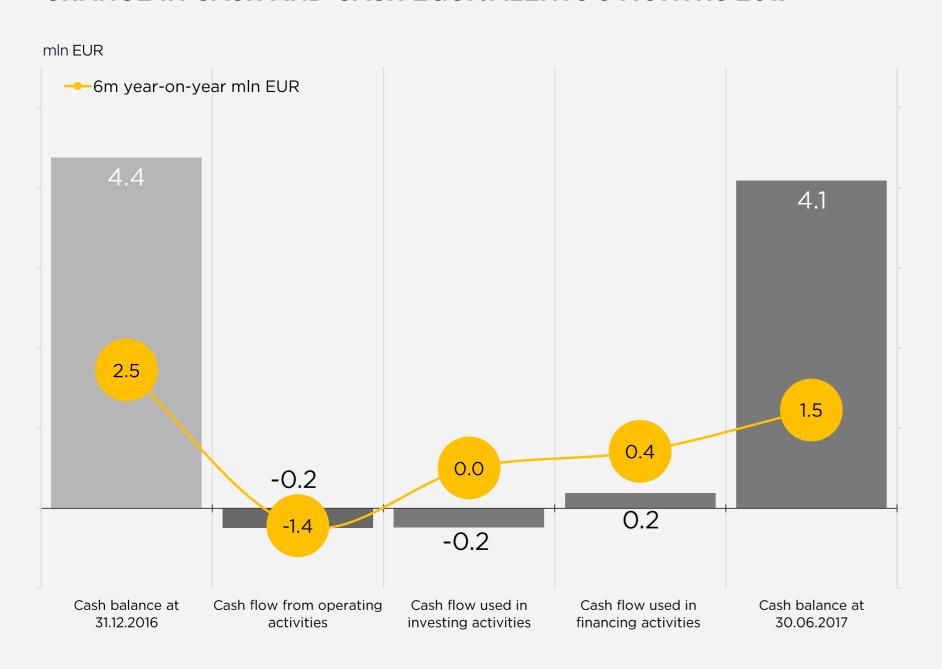
#### **EQUITY**

Equity of PRFoods was 22.7 million euros as at 30.06.2017 (67.8% of the balance sheet total). Comparative data as at 30.06.2016 were 22.7 million euros (77.6% of the balance sheet total).

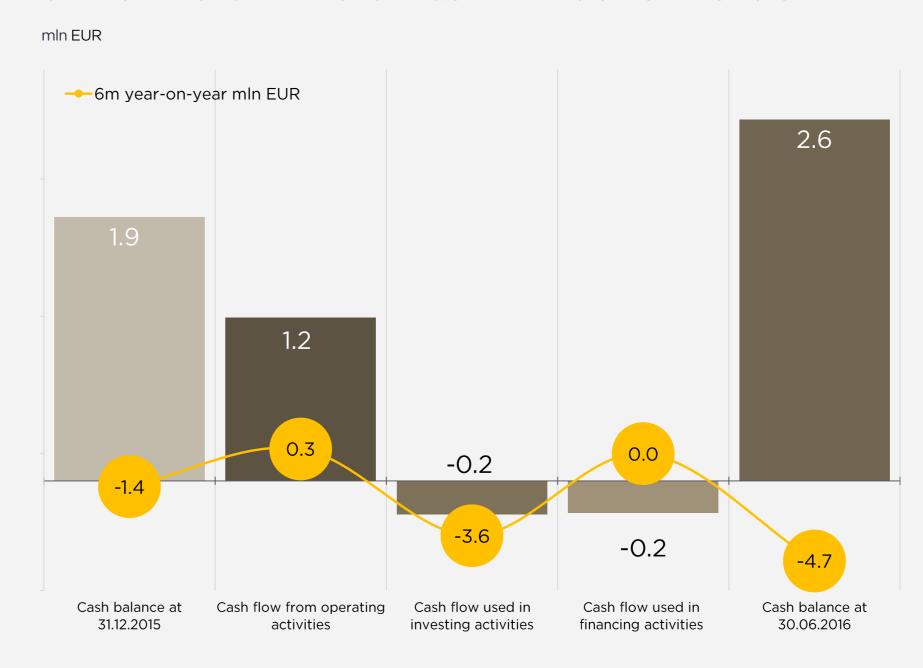
As at 30.06.2017, the Company's registered share capital was 7.7 million euros (30.06.2016: 7.7 million euros). The shareholders adopted a resolution at the general meeting of shareholders held on 30 May 2017 to transfer 36 thousand euros from the net profit earned in 2016 to the reserve, and not to distribute the rest of the profit.

## **CASH FLOWS**

#### **CHANGE IN CASH AND CASH EQUIVALENTS 6 MONTHS 2017**



#### **CHANGE IN CASH AND CASH EQUIVALENTS 6 MONTHS 2016**



The change in the Group's financial resources within the 6 months of 2017 was -0.3 million euros (6 months 2016: +0.7 million euros).

Cash flow from operating activities in the 6 months of 2017 was -0.2 million euros (6 months 2016: +1.2 million euros), decreasing year-on-year by -1.4 million euros, i.e. -120.3%. Cash flow from operating activities was negatively influenced by the increase in biological assets (effect on cash flow -0.7 million euros, which consists of cost of feed) and decrease of payables and prepayments (effect on cash flow -0.9 million euros). Cash flow from operating activities

was positively influenced by decrease of receivables and prepayments (effect on cash flow +1.4 million euros) and decrease of inventories (effect on cash flows +0.3 million euros).

Cash flow from investing activities was -0.2 million euros (6 months 2016: -0.2 million euros), which consists mainly of monetary payments for fixed assets. In year 2017 total 87 thousand euros was received as government grants for various projects.

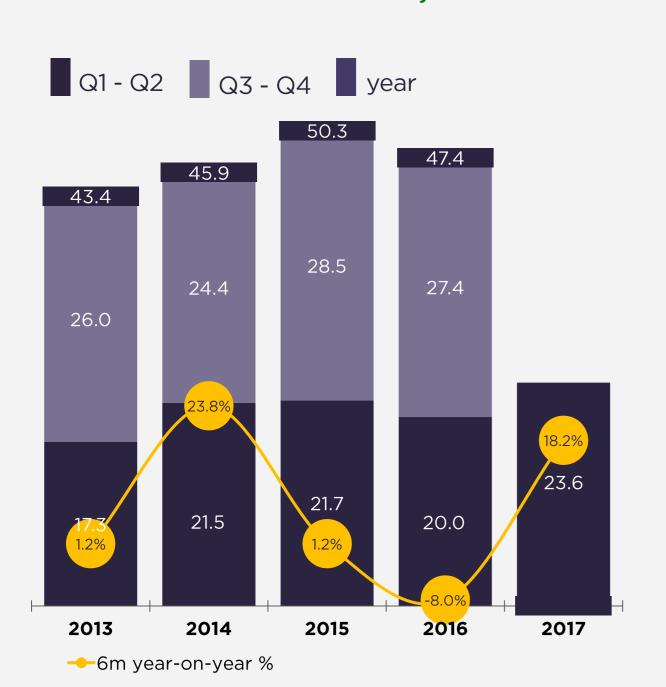
Cash flow from financing activities was +0.2 million euros (6 months 2016: -0.2 million euros). Cash flow was mainly influenced by increase of overdraft usage in the amount of +0.6 million euros. During the reporting period, repayments of the principal of a financial lease were in total 0.2 million euros (6 months 2016: 0.2 million euros). The rest of financing activities include buy-back transactions of own shares and interest payments.

# **OVERVIEW:**

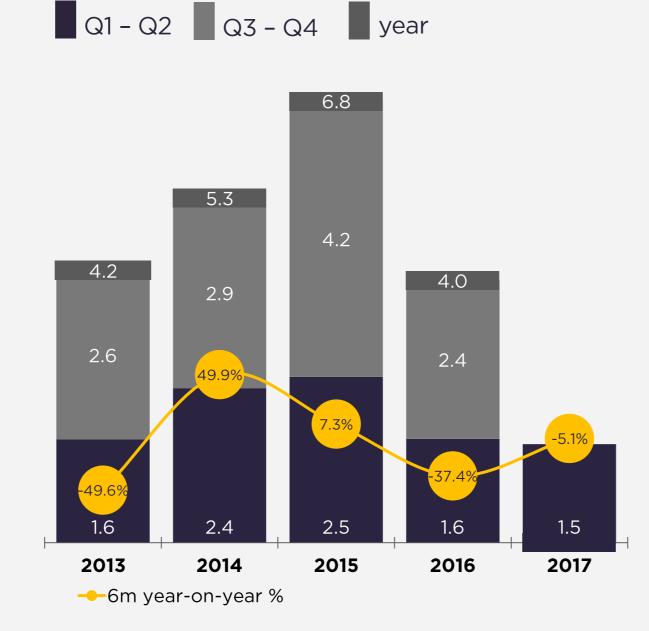
## REVENUE AND PROFITABILITY 6 MONTHS 2013-2017

Positive impact on Company's EBITDA from revaluation of biological assets was +0.2 million euros in 6 months of 2017, positive impact of +0.5 million euros in 6 months of 2016.

**Sales revenue in 2013-2017,** mln EUR **6m 2017: +3.6 mln EUR, i.e. +18.2%** 

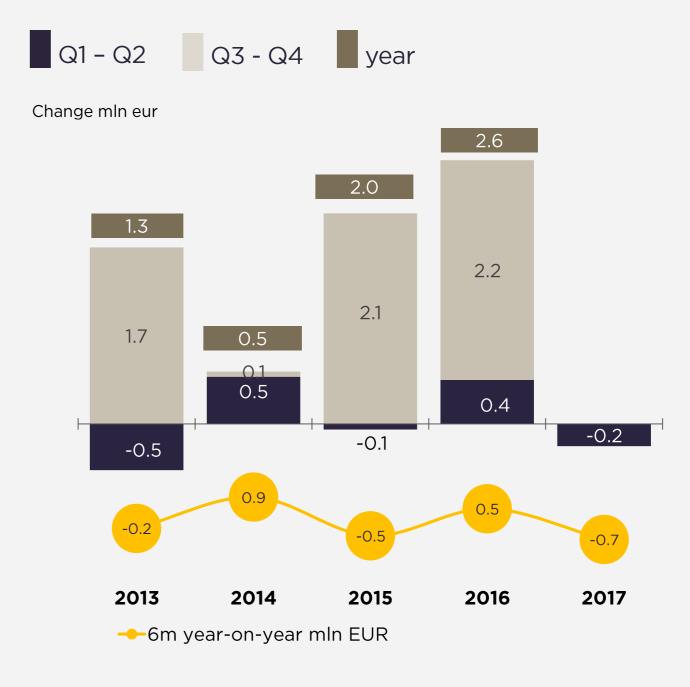


**Gross profit in 2013-2017,** mln EUR **6m 2017: -0.1 mln EUR, i.e. -5.1%** 



**EBITDA 2013-2017,** mln EUR

6m 2017: -0.2 mln EUR, change -0.66 mln EUR



## SALES BY GEOGRAPHIC AREA 2<sup>ND</sup> QUARTER 2013-2017

Revenue increased by +3.3 million euros, i.e. +33.9% in 2<sup>nd</sup> quarter of 2017. In 2<sup>nd</sup> quarter the group managed to transfer raw material price increase to customers, thus the revenue has increased significantly.

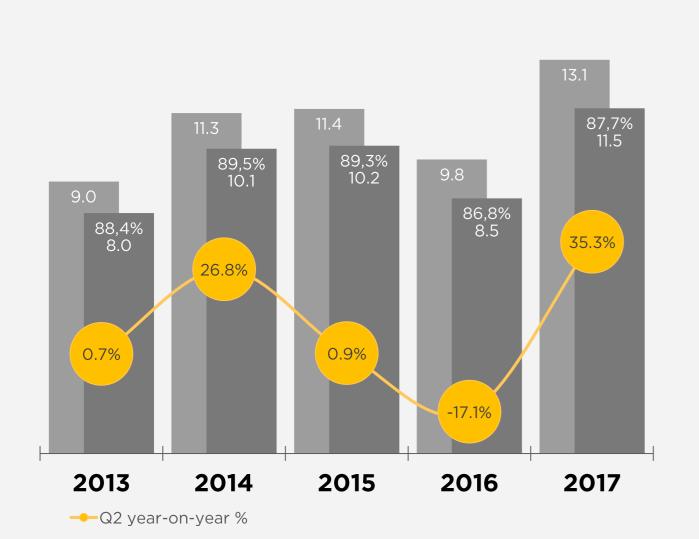
The sales volume decreased by -3.8% in 2<sup>nd</sup> quarter of 2017.

In 2<sup>nd</sup> quarter of 2017 revenue in Finnish target market grew +2.6 million euros, i.e. +32.4%. The share of Finnish market from total sales decreased by -0.9 percentage points.

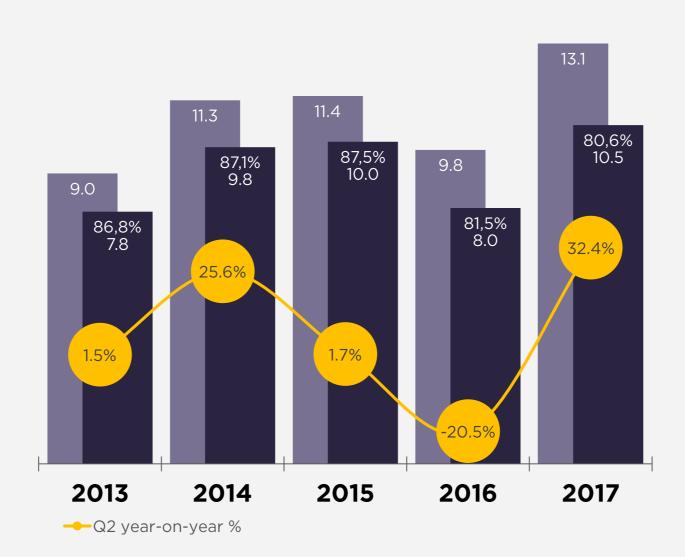
Revenue from Estonian market increased by +0.3 million euros i.e. +24.5%. The share of Estonia's target market from total sales decreased by -0.9 percentage points.

Export revenue in other markets increased by +0.4 million euros, i.e. +80.0%. The share of other market increased by +1.8 percentage points.

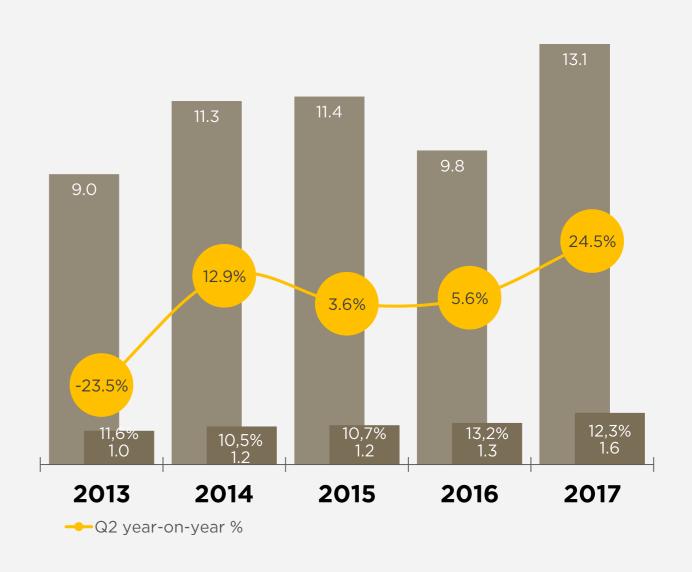
#### Share of exports revenue min EUR



#### **Share of Finnish revenue mln EUR**



#### **Share of Estonian revenue mln EUR**



## SALES BY GEOGRAPHIC AREA 6 MONTHS 2013-2017

Revenue increased by +3.6 million euros, i.e. +18.2% in 6 months of 2017. Lack of raw fish and very high prices are continuously affecting Company's results as well as caused a drop in fish products consumption.

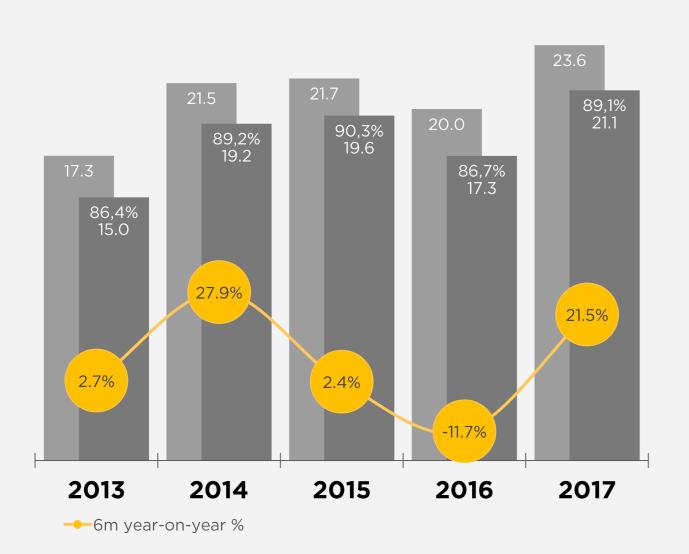
The sales volume decreased by -9.7% in 6 months of 2017.

In 6 months of 2017 revenue in Finnish target market grew +3.3 million euros, i.e. +20.2%. The share of Finnish market from total sales increased by +1.4 percentage points. The increase in revenues in Finnish target market is caused by price increase of salmon and rainbow trout.

Revenue from Estonian market dropped by -0.1 million euros i.e. -3.8%. The drop in Estonian market is driven by increasing prices of salmon and rainbow trout, which has reduced consumption and number of campaigns in retail chains. The share of Estonia's target market decreased by -2.5 percentage points.

Export revenue in other markets increased by +0,4 million euros, i.e. +41.2%.

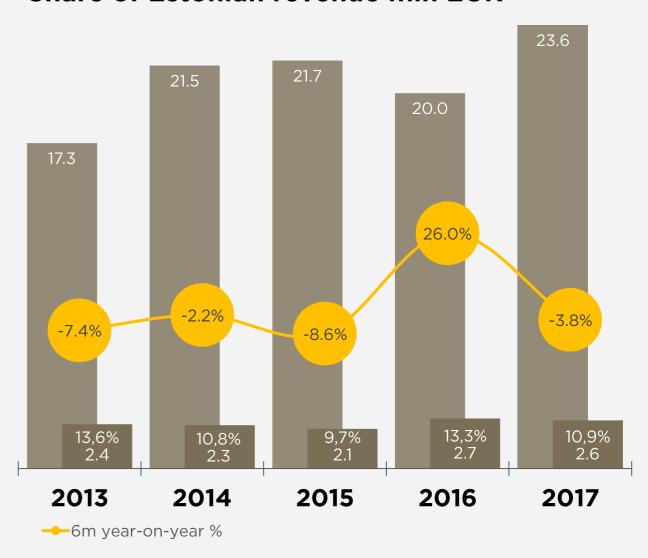
#### Share of exports revenue min EUR



#### **Share of Finnish revenue mln EUR**



#### **Share of Estonian revenue mln EUR**

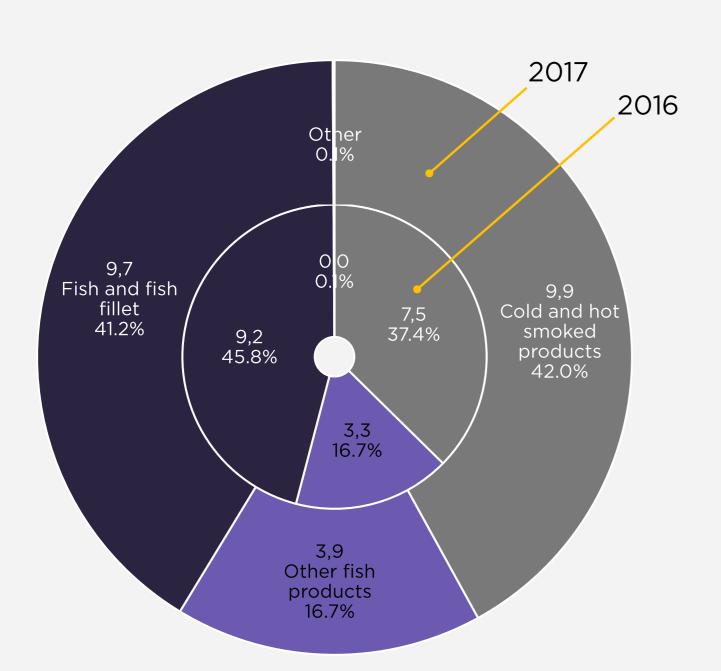




# SALES BY PRODUCT AND CLIENT SEGMENTS 6 MONTHS 2017 AND 6 MONTHS 2016

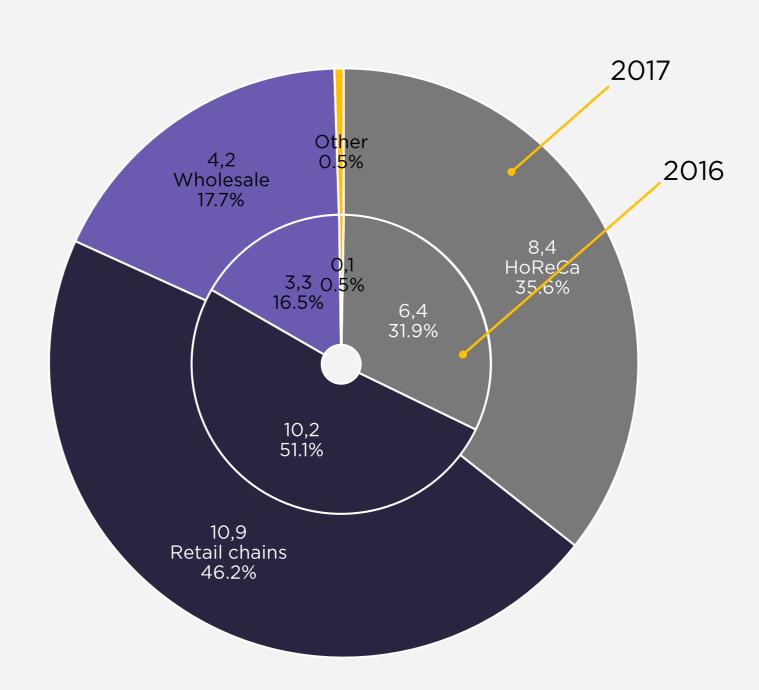
#### **Product segments**

The largest increase in revenue came from the smoked products group, which increased by +2.4 million euros in total i.e. +32.8%. The revenue from the raw fish and fillets product group increased by +0.6 million euros, i.e. +6.3%. The revenue from the other fish products group increased by +0.6 million euros i.e. +18.2%.



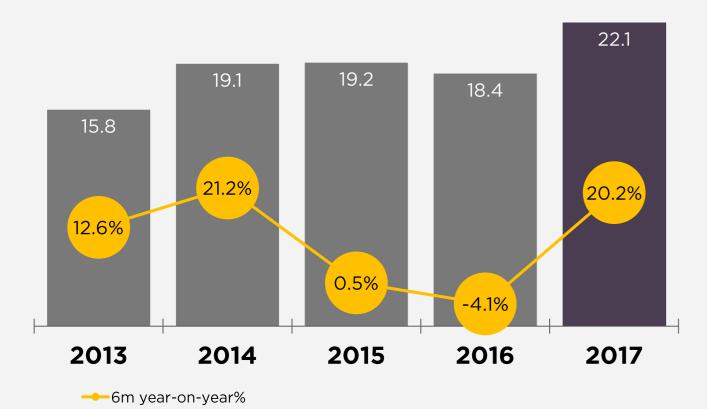
#### **Client segments**

Revenue increased in HoReCa sector by +2.0 million euros, i.e. +31.9%. Also in wholesale sector the revenue increased by +0.9 million euros, i.e. +27.0%. In retail sector the revenue increased by +0.7 million euros, i.e. +6.7%. In second quarter of 2017 the group managed to transfer some of the raw material price increase into customer's prices. Thus the revenue has increased.

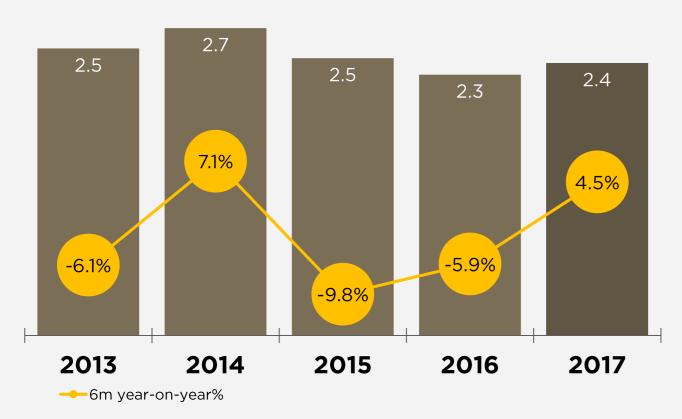


## **COST 6 MONTHS 2013-2017**

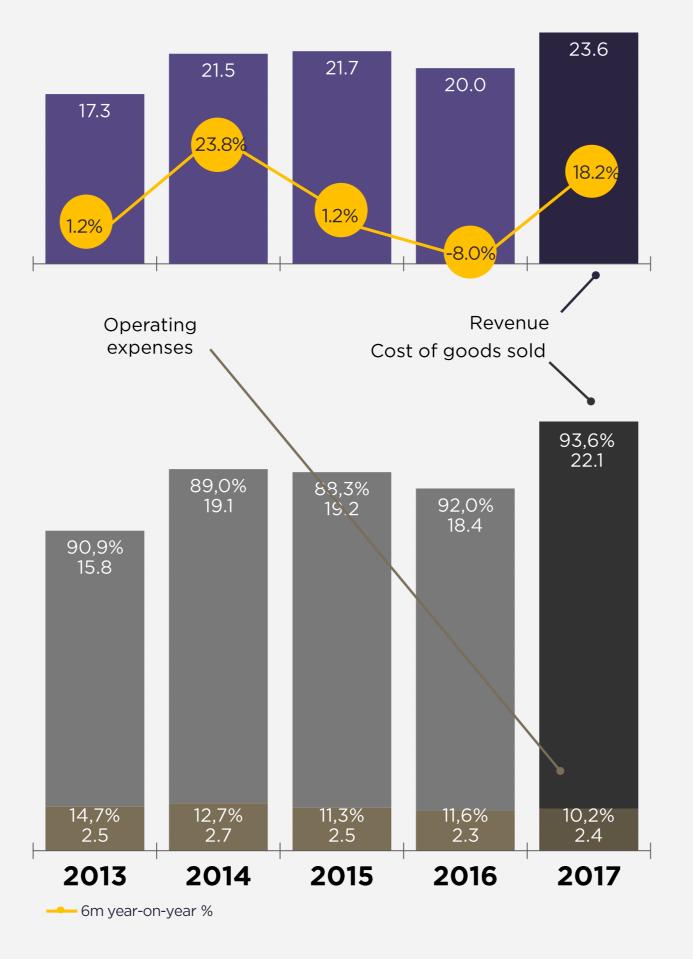
#### Cost of goods sold min EUR



#### Operating expenses mln EUR



#### Cost structure and as % of sales



Sales revenue increased by +3.6 million euros, i.e. +18.2%, in the 6 months of 2017. Cost of goods sold increased by +3.7 million euros, i.e. +20.2%, and the percentage of cost of goods from the revenue increased 1.6 percentage points compared to the same period in 2016.

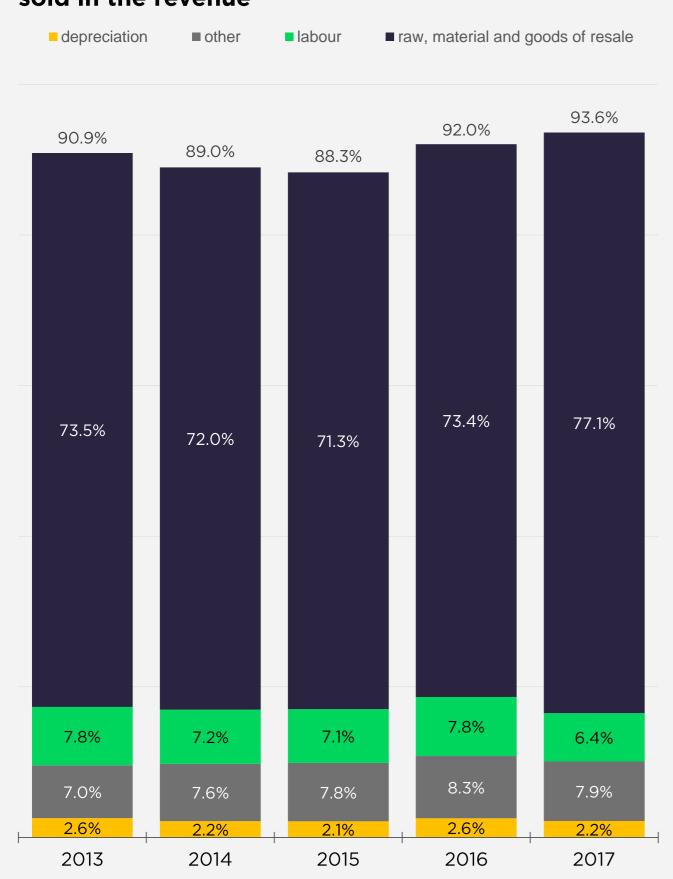
The increased percentage of cost of goods from the revenue is caused by the higher market price of raw fish. The average market price of salmon grew by 11.4% and the average market price of trout by 55.7% in the 6 months of 2017 compared to the same period in 2016.

As the price of raw material has been very volatile this year, the Company is focused on abandoning low margin product groups.

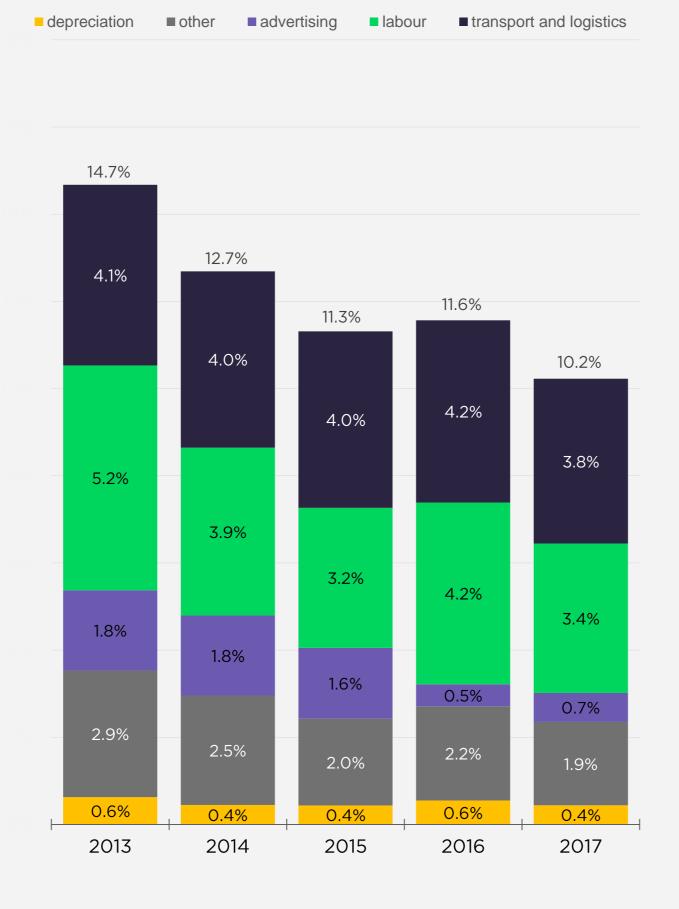
Main proportion, more than 80%, of costs of goods sold constitutes to be raw material cost (raw fish). The rest is mainly packaging and fish feed costs.

## **COST STRUCTURE OVERVIEW 6 MONTHS 2013-2017**

# The portion of operating cost of goods sold in the revenue



### The portion of operating costs in the revenue



The percentage of cost of goods sold in the sales revenue was 93.6% (6 months in 2016: 92.0%) and the percentage of operating costs was 10.2% (6 months in 2016: 11.6%) in the reporting period.

The ratio of other cost of goods sold to the sales revenue was 7.9% in the 6 months of 2017 (6 months in 2016: 8.3%), showing a decrease of 0.4 percentage points. The composition of other cost of goods sold include heating, electricity, rent and utilities costs, and costs incurred in relation to fish farming and auxiliary activities in production. Salary costs of production and fish farms' personnel accounted for for 6.4% of the revenue, which has decreased year-on-year by -1.4 percentage points, while in monetary value remained on the same level.

The operating costs of the 6 months of 2017 increased year-on-year by +103 thousand euros in total, i.e. +4.5%.

The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year.

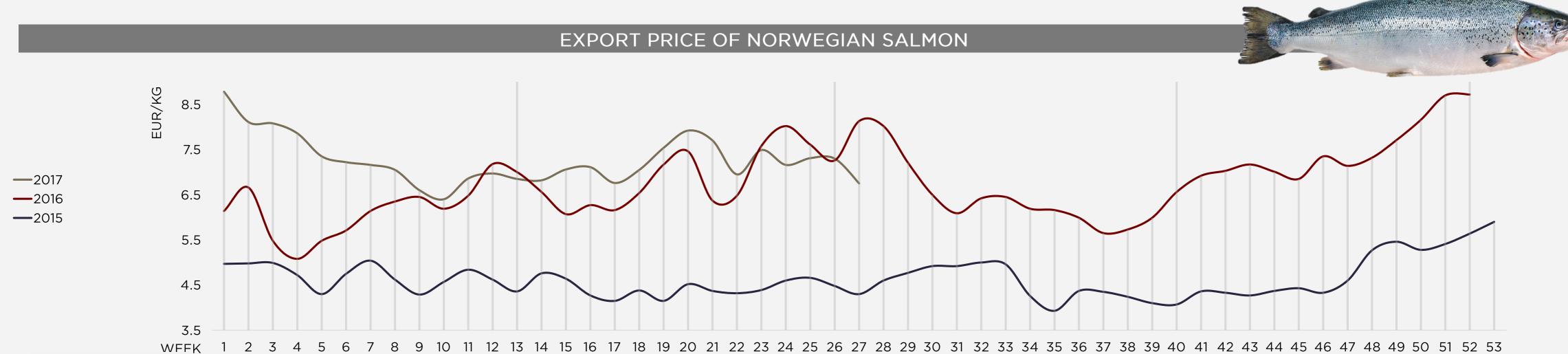


# COST ANALYSIS THE 6 MONTHS OF 2017 COMPARED TO THE 6 MONTHS OF 2016

	6m 2017	6m 2016	change	6m	6m 2017	6m 2016	change	6m
	mln eur	mln eur	mln eur		% of sales	% of sales	% of sales	
Sales revenue	23.63	20.00	3.63	•	100.00%	100.00%		
Cost of goods sold	- 22.12	- 18.40	- 3.72	•	93.62%	92.02%	- 1.60%	•
materials in production and cost of goods purchased for resale	- 18.22	- 14.67	- 3.55	•	77.11%	73.36%	- 3.75%	•
labour costs	- 1.52	- 1.57	0.05	•	6.43%	7.85%	1.42%	1
depreciation	- 0.52	- 0.51	- 0.01	•	2.20%	2.55%	0.35%	•
other cost of goods sold	- 1.86	- 1.65	- 0.21	•	7.87%	8.25%	0.38%	1
Operating expenses	- 2.42	- 2.31	- 0.11	•	10.24%	11.55%	1.31%	•
labour costs	- 0.81	- 0.83	0.02	1	3.43%	4.15%	0.72%	1
transport and logistics services	- 0.89	- 0.84	- 0.05	•	3.77%	4.20%	0.43%	•
depreciation	- 0.10	- O.11	0.01	•	0.42%	0.55%	0.13%	1
advertising. marketing and product development	- 0.16	- 0.10	- 0.06	•	0.68%	0.50%	- 0.18%	•
other operating expenses	- 0.46	- 0.43	- 0.03	•	1.95%	2.15%	0.20%	•
Other income/-expenses	- 0.09	0.07	- 0.16		0.38%	- 0.35%	- 0.73%	•
incl one-offs	- 0.21	0.00	- 0.21	•	0.89%	0.00%	- 0.89%	1
Financial income/-expenses	- 0.11	- 0.15	0.04	•	0.47%	0.75%	0.28%	•

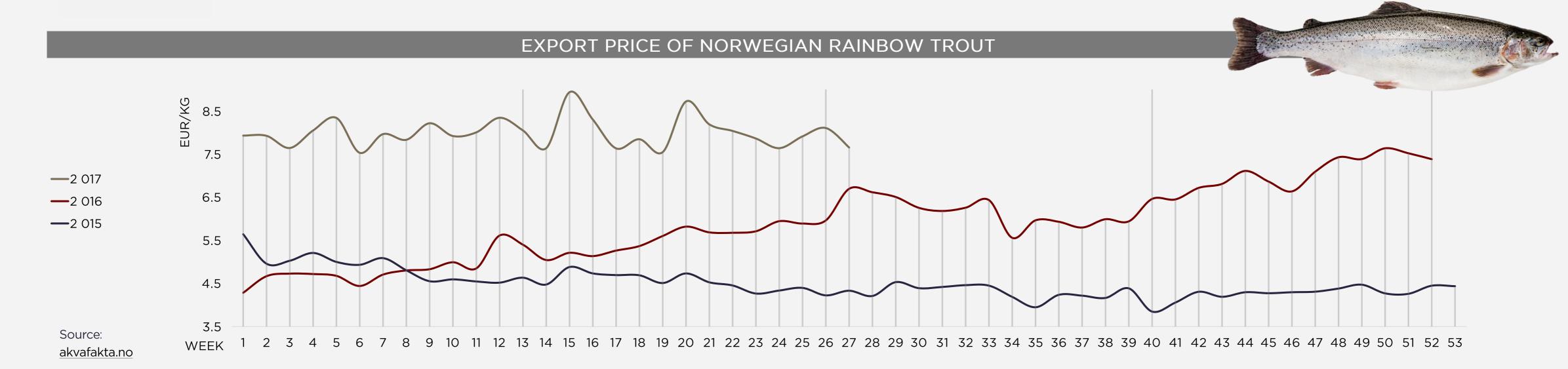


## THE MARKET PRICE OF FISH: SALMON AND RAINBOW TROUT



Source:

NASDAQ Salmon Index



## THE MARKET PRICE OF FISH: SALMON AND RAINBOW TROUT

Large producers establish their production plans for three years in advance since it is difficult and more expensive to use a shorter production cycle in fish farms dependent of market needs. Therefore, the supply of fish in the world market is extremely rigid in the short-term, while market demand is shifting depending on the season. This is causing an imbalance in the supply and demand of fish on the world market which is why the market price of raw fish is always fluctuating.

Fish market is extremely dependent on availability and market price of raw fish. The Group compensates the impact of external environment and volatility of salmon price through the changes of Company's production and sales strategy.

The Group's main product is rainbow trout, which is traditionally cheaper than salmon. Consumers start to buy cheaper salmon species, including rainbow trout, when the market price of salmon increases. In addition, high quality fish which is produced in its own fish farming helps to mitigate the increase of market price of salmon.

Market price EUR/KG	30.06.2017	30.06.2016	31.12.2016	31.12.2015
Salmon	7.30	7.26	8.75	5.90
Rainbow trout	8.11	5.97	7.39	4.44
Market price change %		0.06.17/30.06.16	30.06.17/31.12.16	30.06.17/31.12.15
Salmon		0.6%	-16.3%	23.7%
Rainbow trout		35.8%	9.7%	82.7%

The Group uses the Norwegian export statistics for evaluation of the fish stock of rainbow trout (Source: akvafakta.no). For evaluation of the fish stock of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association is used.

### THE AVERAGE MARKET PRICE OF FISH

This year, as in previous year, we have seen a very rapid increase in the price of salmon and rainbow trout in the world market, which on the one hand positively affects our fish farming operations, but at the same time, not all of the increase has not yet been translated into end prices. The price of trout

has historically been lower than salmon, but in this year we can see that the price of trout has become higher than the price of salmon.

The high price of salmon and rainbow trout had a direct impact on the Company's financial results of

the year 2017. The price of Norwegian trout has remained on very high level. The prices of Finnish and Danish markets are also significantly higher compared to same period last year.

Average market price EUR/KG	Q2 2017	6m 2017	Q2 2016	6m 2016	12m 2016	12m 2015
Salmon	7.21	7.23	6.83	6.49	6.68	4.59
Rainbow trout	8.04	8.02	5.51	5.15	5.73	4.42

Average market price change %	Q2 17/Q2 16	6m 17/6m 16	Q2 17/12m 16	6m 17/12m 16	Q2 17/12m 15	6m 17/12m 15
Salmon	5.6%	11.4%	7.9%	8.2%	57.1%	57.5%
Rainbow trout	45.9%	55.7%	40.3%	40.0%	81.9%	81.4%

The average market price of salmon has increased by 5.6% in the 2<sup>nd</sup> quarter of 2017 compared to the 2<sup>nd</sup> quarter of 2016 and during the named period the average market price of rainbow trout has increased by 45.9%.

The average market price of salmon has increased by 11.4% in the 6 months of 2017 compared to 6 months of 2016 and the average market price of rainbow trout has increased by 55.7%.

# BIOLOGICAL ASSETS: BIOMASS VOLUME AND AVERAGE PRICE PER KG 6 MONTHS 2013-2017

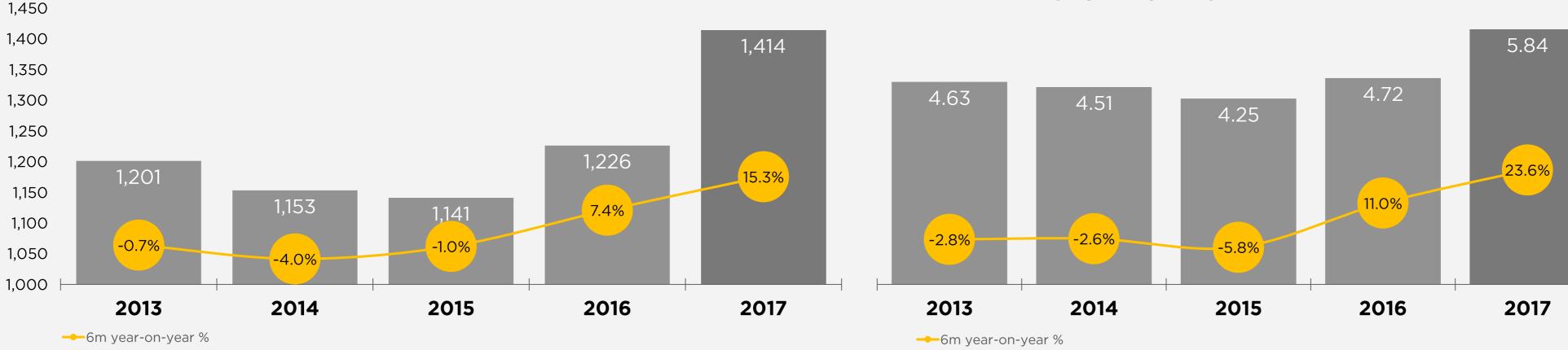
	6m 2013	6m 2014	6m 2015	6m 2016	6m 2017
Biological assets (milj EUR)	5.56	5.20	4.85	5.79	8.25
Biomass volume in tonnes	1,201	1,153	1,141	1,226	1,414
Average price per kg (EUR)	4.63	4.51	4.25	4.72	5.84
Fair value adjustment on biological assets (milj EUR)	-0.17	-0.63	-0.85	0.47	0.15

The amount of biological assets has increased by 188 tonnes, i.e. +15.3% compared to the same period in previous year and in monetary terms has increased by 2.1 million euros, i.e. +42.6%. This is caused by the higher market price of rainbow trout, which is 35.8% higher as at 30.06.2017 compared to the market price of 30.06.2016.

The aggregate growth of biological assets was positive during the reporting period, amounting to 2.0 million euros (6 months in 2016: +2.2 million euros). The spring and summer of 2017 have been extraordinarily cold in Finland and Sweden, thus the aggregate growth of fish is much lower than norm.

As at 30.06.2017, the fair value of biological assets was 8.25 million euros (30.06.2016: 5.79 million euros).

# Biomass volume in tonnes Biomass average price per kg (EUR)







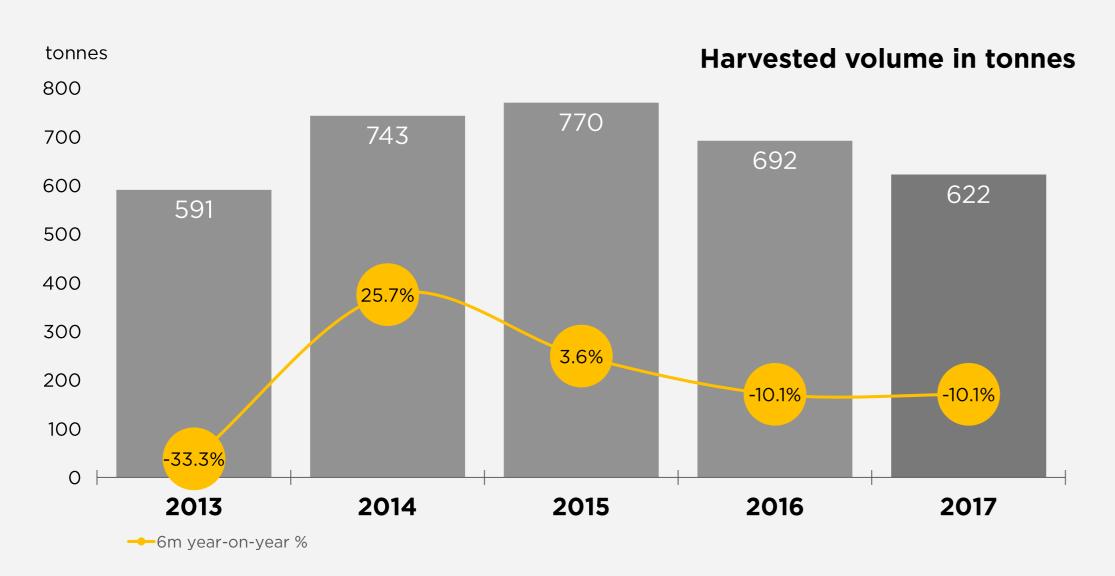
# BIOLOGICAL ASSETS: HARVESTED VOLUME 6 MONTHS 2013-2017

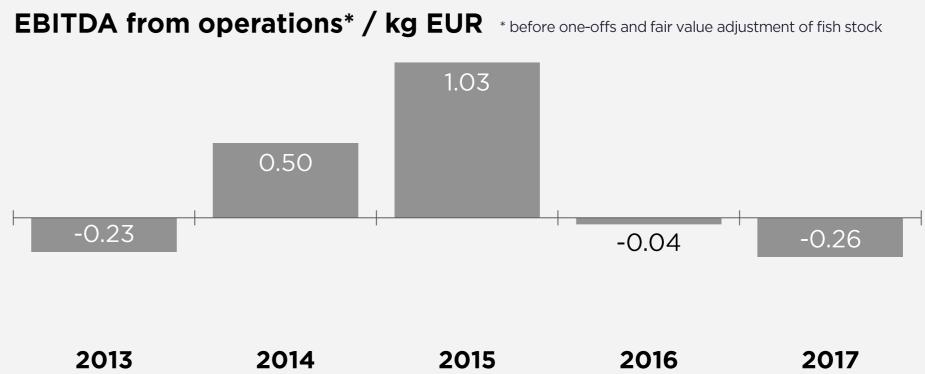
	6m 2013	6m 2014	6m 2015	6m 2016	6m 2017
Sales revenue (milj EUR)	17.34	21.47	21.74	20.00	23.63
EBITDA from operations* (milj EUR)	-0.13	0.37	0.79	-0.03	-0.16
Harvested volume (tonnes)	591	743	770	692	622
EBITDA / kg* (EUR)	-0.23	0.50	1.03	-0.04	-0.26

<sup>\*</sup> before one-offs and fair value adjustment of fish stock

During the reporting period agricultural produce in the amount of 622 tonnes was harvested, which has decreased -10.1% compared to the same period in previous year. Produce in the amount of 692 tonnes was recorded at the same period in the previous year.

When the market price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, which has a positive or negative impact on the company's financial results.





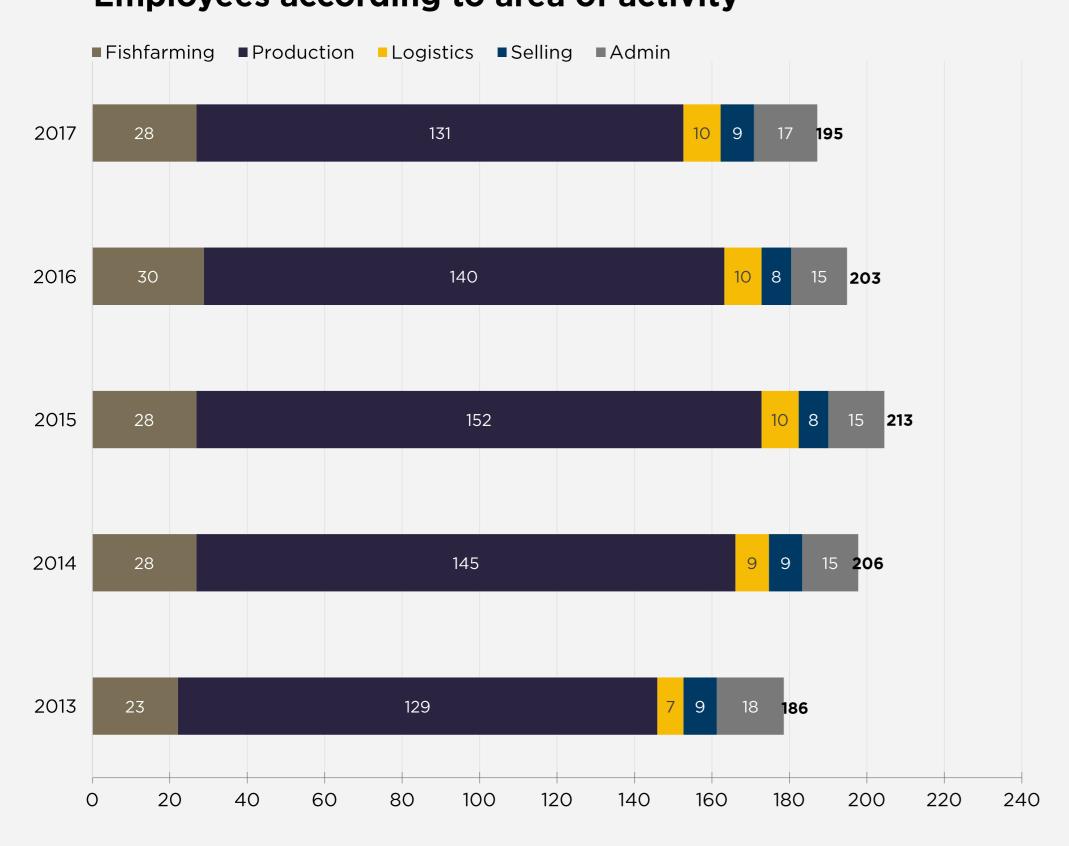


## **TEAM**

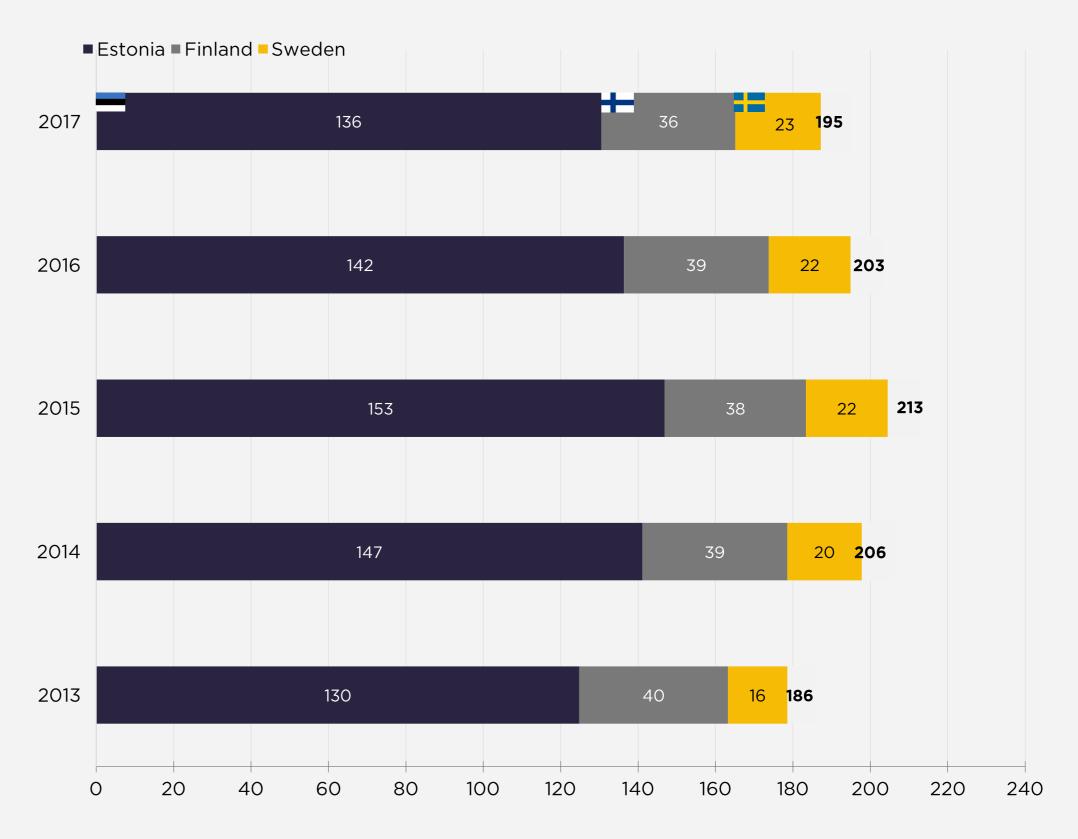


## STAFF STRUCTURE 6 MONTHS 2013-2017

### **Employees according to area of activity**



#### **Employees by country**





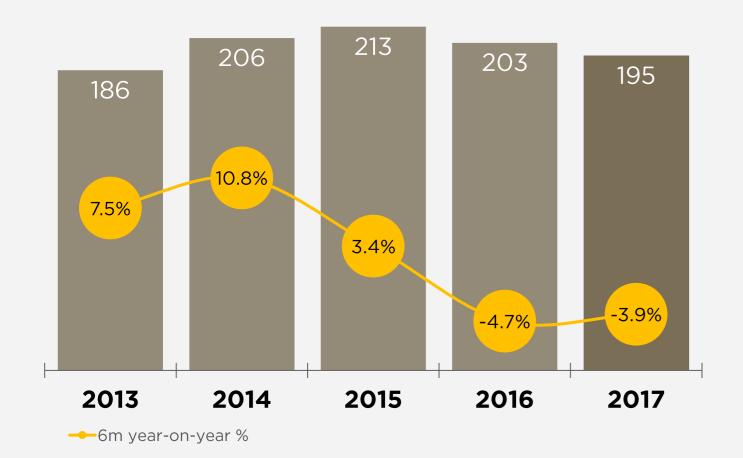
## LABOUR COST 6 MONTHS 2013-2017

Labour costs in production were 1.52 million euros in the 6 months of 2017, decreasing by -3.4% compared to same period previous year.

Labour costs of supportive personnel were 0.81 million euros in the reporting period, decreasing by -2.9% compared to the same period in the previous year.

The Group's labour costs were 2.33 million euros in 6 months 2017, decreasing year-on-year by -3.2%, i.e. -77 thousand euros. The percentage of labour costs in the sales revenue was 9.8% (6 months 2016: 12.0%).

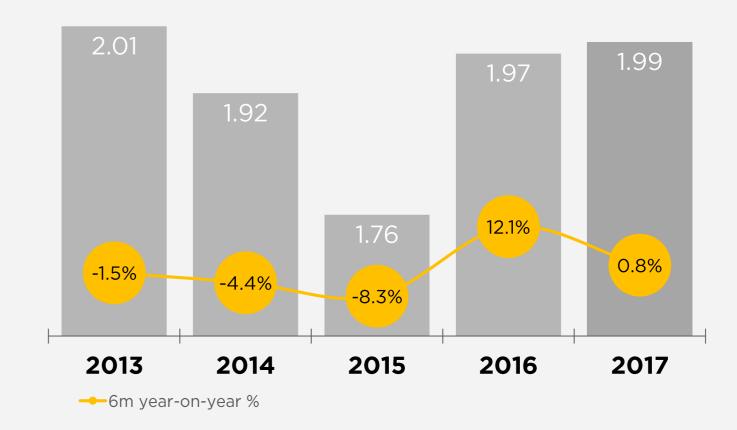
#### **Number of employees**



#### Labour cost mln EUR

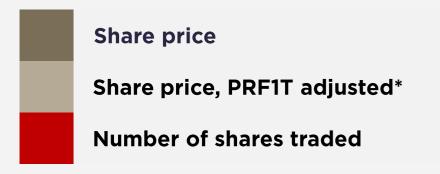


# Monthly average payroll expenses per employee (thousand EUR)



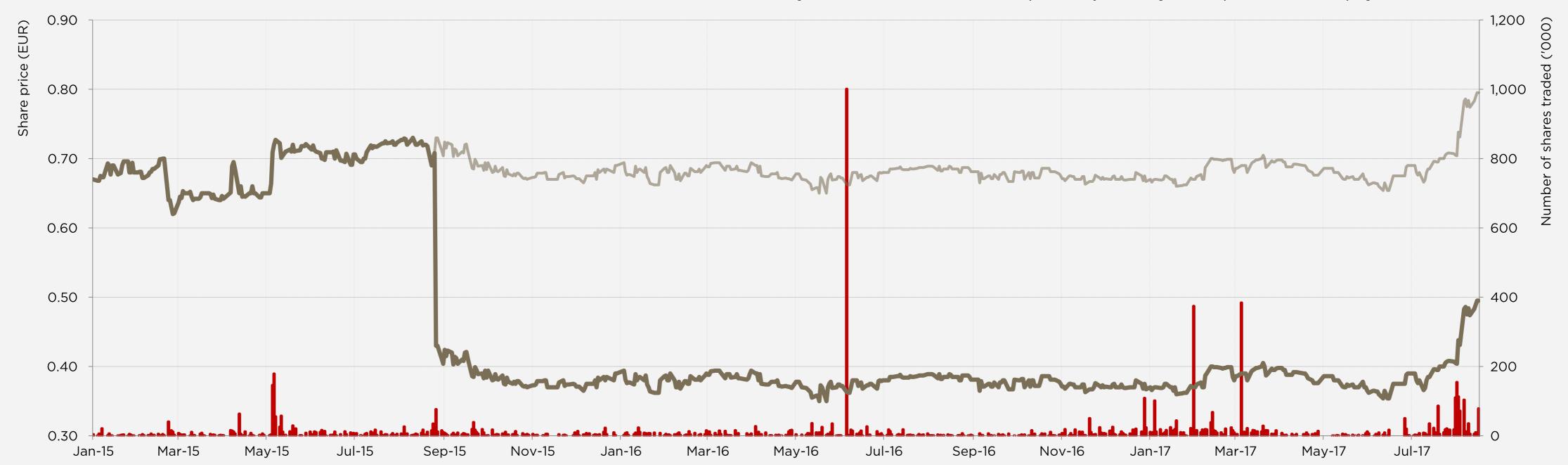


## DYNAMICS OF SHARE PRICE



According to decision of the shareholders meeting held on 28 May 2015, company's share capital was decreased by decreasing the nominal value of the share with making payments to the shareholders. As a result, the nominal value of PRFoods share as of 28 August 2015 at 23.59 was decreased by 30 euro cents, from the earlier 50 euro cents to 20 euro cents. The calculated value of PRFoods share is currently 20 euro cents.

\*Dynamics of PRFoods's share price adjusted by the capital reduction payments.







# SHAREHOLDERS OF PRFOODS AS AT 30.06.2017

Shareholder	Number of shares	% of total 30.06.2017	% of total 31.12.2016	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,421,823	3.68%	2.69%	+ 380,000
OÜ Rododendron	1,298,705	3.36%	3.36%	-
Ambient Sound Investments OÜ	1,239,116	3.20%	3.20%	-
Firebird Republics Fund Ltd.	1,195,270	3.09%	3.09%	-
Compensa Life Vienna Insurance Group SE	883,058	2.28%	1.92%	+ 140,000
Firebird Avrora Fund, Ltd.	648,220	1.68%	1.68%	-
LHV Pensionifond L	538,863	1.39%	2.73%	- 517,000
OÜ Footsteps Management	380,501	0.98%	1.30%	- 123,200
LHV Pensionifond XL	220,541	0.57%	0.94%	- 144,970
Total largest shareholders	32,084,463	82.94%	83.62%	- 265,170
Other minority shareholders	5,598,397	14.47%	14.69%	- 81,648
Treasury shares	1,000,000	2.59%	1.69%	+ 346,818
Total	38,682,860	100.0%	100.0%	-



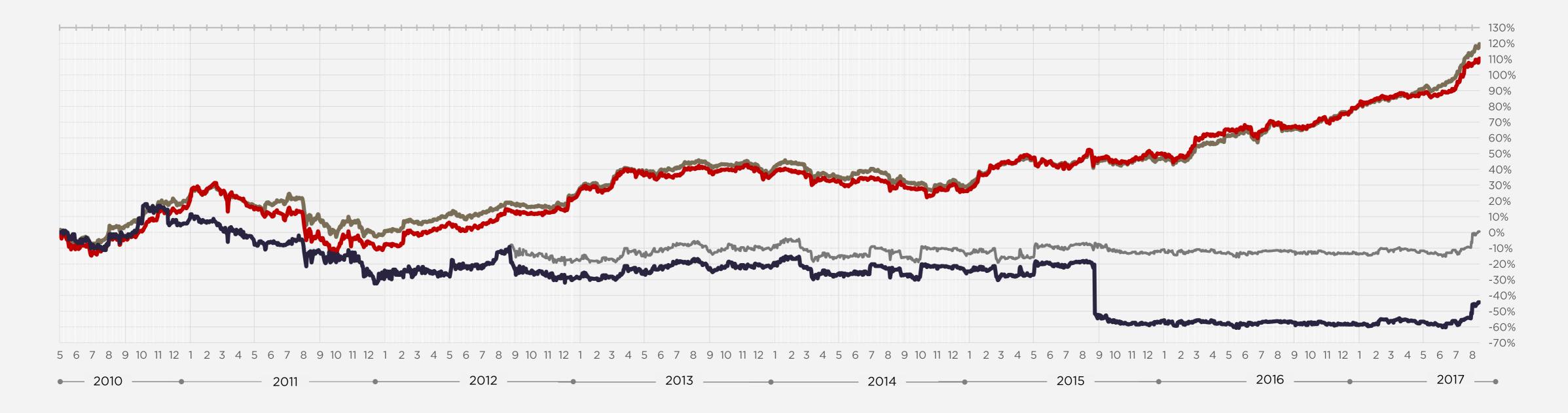


# CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES FROM DATE OF LISTING

Indeks/share	5.05.2010	30.06.2017	change %
OMX Baltic Benchmark GI	439.91	868.84	+97.50%
OMX Tallinn	598.34	1 137.08	+90.04%
PRFoods share	0.890	0.390	-56.18%
PRFoods share price adjusted*	0.890	0.790	-11.24%

PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital reduction since its shares were publicly listed. Baltic comparison index increased +97.50% during the given period, Tallinn Stock Exchange All-Share index increased +90.04% and PRFoods share price decreased -56.18%, due to the decrease of the share nominal value in August of 2012 and 2015 in the total amount of 40 euro cents.

\*The decrease of PRFoods's share, adjusted by the capital reduction payments during the named period was -11.24%.



## **EVENTS AFTER THE BALANCE SHEET DATE**

In extraordinary general meeting held on 19.07.2017, the shareholders of AS PRFoods approved acquisition of majority shareholding in companies John Ross Jr. (Aberdeen) Ltd (JRJ) and Coln Valley Smokery Ltd (CVS) by PRFoods group company JRJ&PRF Limited.

Saaremere Kala AS subsidiary JRJ & PRF Ltd acquired 100% in John Ross Jr. (Aberdeen) Ltd and 100% in Coln Valley Smokery Ltd. 15% of the shares of JRJ & PRF Ltd will remain to sellers C. Leigh and V. Leigh-Pearson.

The total value of the transaction was 15,486,223 GBP (18,101,955 euros, at 31.03.2017 rate), from which purchase price 85% i.e. 13,163,290 GBP (15,386,622 EUR, 31.03.2017 rate) is paid as follows:

- 21.07.2017 amount 10,525,632 GBP (i.e. 12,303,485 EUR);
- deferred payment 752,991 GBP (i.e. 880,176 EUR) after 6 months;
- deferred payment 1,884,667 GBP (i.e. 2,203,001 EUR) after 12 months.

#### Transaction was financed as follows:

- loan from SEB Pank AS in amount of 11,000,000 euros;
- loan from Amber Trust II S.C.A in amount of 1,500,000 euros;
- own funds.

Additional information at the web site of PRFoods: <a href="http://prfoods.ee/investor-relations/shareholders-meetings/19072017egm">http://prfoods.ee/investor-relations/shareholders-meetings/19072017egm</a>

PRFoods has convened extraordinary general meeting of the shareholders, which will be held on 28.08.2017 and to which Supervisory Board has proposed to approve the acquisition of the entire shareholding in Trio Trading Ab Oy.

The total value of the transaction is 3,030,000 euros, which is paid upon the completion of the transaction.

Transaction will be financed as follows:

- loan from SEB Pank AS in amount of 2,500,000 euros;
- own funds.

Additional information at the web site of PRFoods: http://prfoods.ee/investor-relations/shareholdersmeetings/28082017egm



# ABOUT JOHN ROSS JR. (ABERDEEN) AND COLN VALLEY SMOKERY Consolidated Key Financia

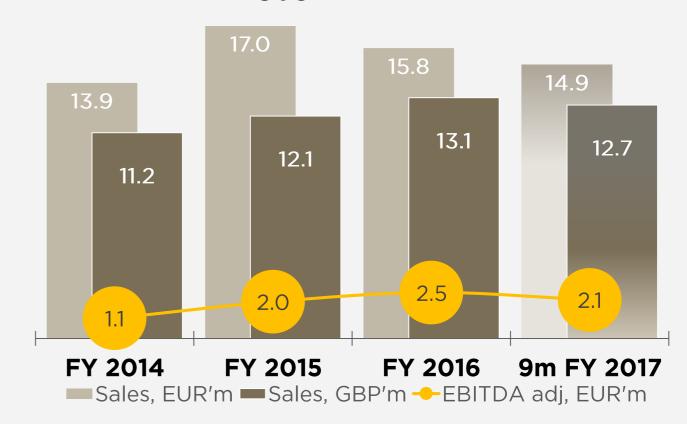
#### **JOHN ROSS JR. (ABERDEEN)**

- Leading Scottish processed salmon company
- Producer of premium traditional smoked salmon, with sales in UK and globally in over 30 countries
- Holder of the Royal Warrant recognition
- Based in Aberdeen, employing together with Coln Valley c. 105 people
- Family owned
- FY 2016 turnover of EUR 13.7 million\*

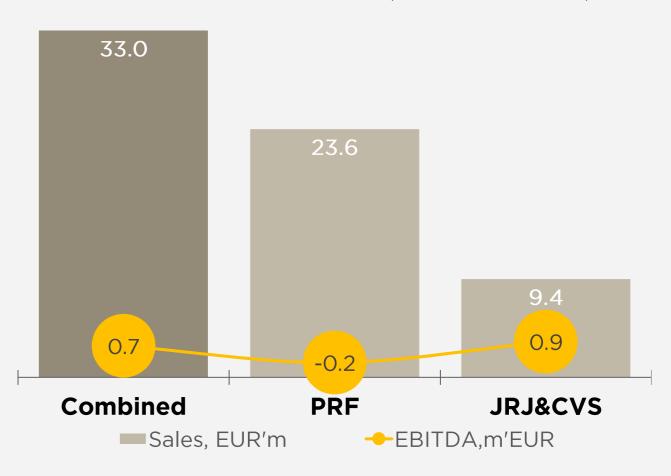
#### **COLN VALLEY SMOKERY**

- Premium salmon brand based in England
- Acquired by JRJ shareholders in 2009
- Supplier to many of a leading restaurants, hotels, premium retailers and sporting events (e.g. Wimbledon)
- FY 2016 turnover of EUR 4.9 million\*

# Consolidated Key Financials of JRJ & CVS



# Consolidated Key Financials of PRF & JRJ & CVS (draft 6m 2017)

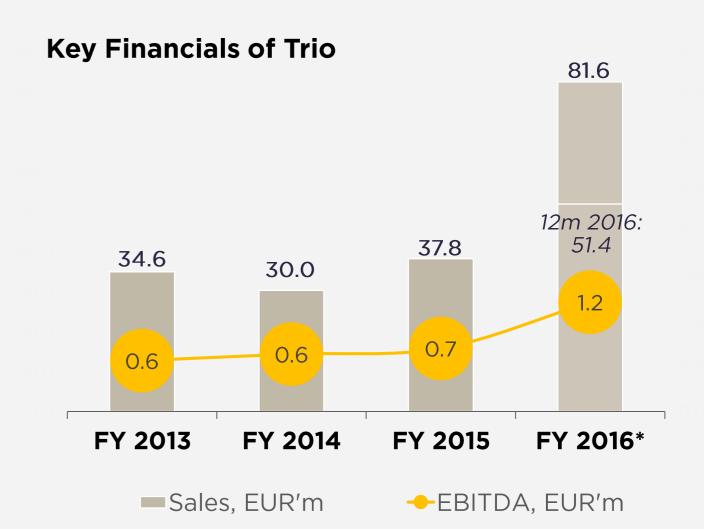




## **ABOUT OY TRIO TRADING AB**

#### **COMPANY SNAPSHOT**

- Leading processor and importer of Nordic fish in Finland
- Established in 1989, based in Kokkola, Finland
- Processing covering salmon filleting and packaging of shellfish
- Sales mainly to Finnish wholesalers, seafood traders and retail companies, incl. Stockmann
- Employing over 50 people
- Owned by Finnish private individuals
- 2016 turnover of EUR 51.4 million\*



#### **Key Financials of Trio**

