



Premia Foods:

II quarter & 6 months, 2014



11th August, 2014

Highlights in Q2 and 6 months



Q2 2014

- ❖ Sales growth +4.6 %, i.e. +1.3 mEUR. Turnover increased in fish segment and in frozen goods segment.
- ❖ Annual growth in EBIT +0.9 mEUR and in net profit +1.2 mEUR.
- ❖ The compensation in the amount of 751 th euros from Swedish Board of Agriculture is recorded under Q2's other income.

6 months 2014

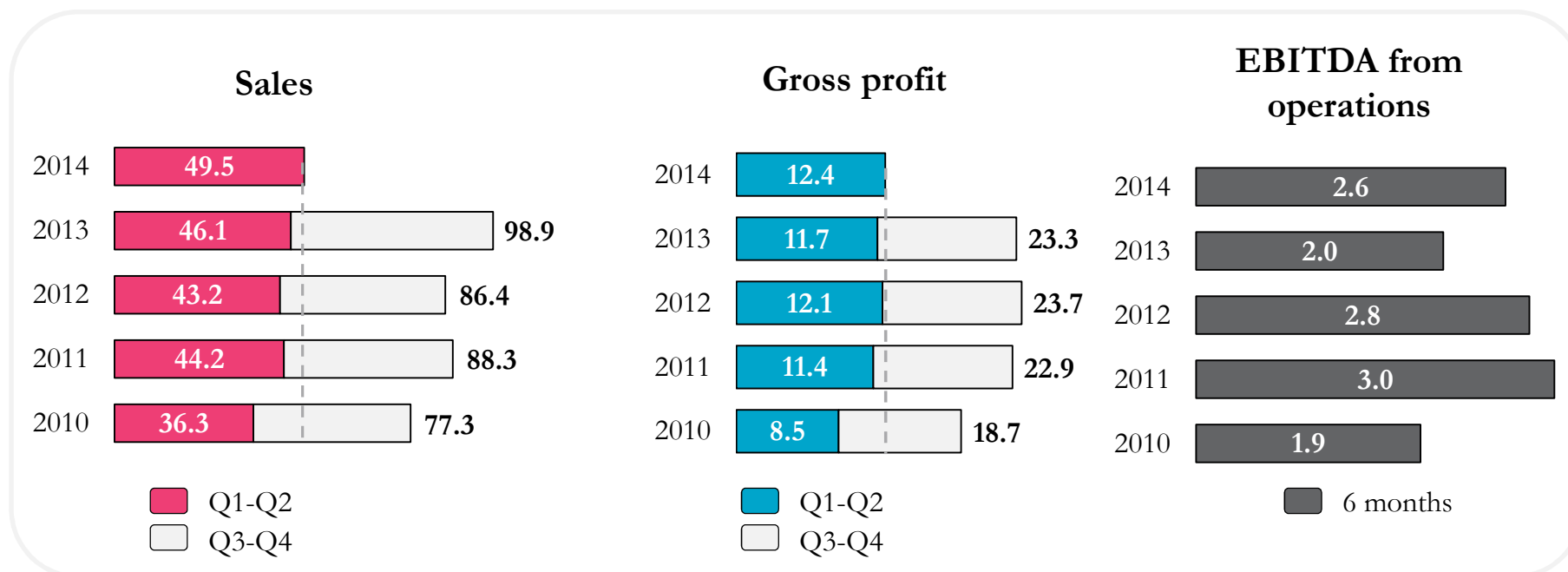
- ❖ Last five years highest sales 49.5 mEUR, annual growth +7,5%, i.e. +3.5 mEUR.
- ❖ Gross profit +5.5%, i.e. +0.6 mEUR.
- ❖ Operating expense ratio decreased to 22.5%, it is by 2 percentage points lower than the result of the first half of 2013.
- ❖ Annual growth of EBIT +1.1 mEUR and net profit +1.3 mEUR

Key ratios: Profitability



| mln EUR | Q2 2014 | Q2 2013 | 6m 2014 | 6m 2013 |
|---------------------------|---------|---------|---------|---------|
| Sales | 29.1 | 27.8 ↑ | 49.5 | 46.1 ↑ |
| Gross profit | 7.6 | 8.0 ↓ | 12.4 | 11.7 ↑ |
| EBITDA from operations | 2.0 | 2.4 ↓ | 2.6 | 2.0 ↑ |
| EBITDA | 3.2 | 2.4 ↑ | 2.7 | 1.7 ↑ |
| EBIT | 2.6 | 1.7 ↑ | 1.5 | 0.4 ↑ |
| Net profit | 2.3 | 1.0 ↑ | 1.2 | -0.1 ↑ |
| Gross margin | 26.1% | 28.6% ↓ | 25.0% | 25.5% ↓ |
| Operational EBITDA margin | 6.8% | 8.8% ↓ | 5.2% | 4.4% ↑ |
| EBIT margin | 9.1% | 6.2% ↑ | 3.0% | 0.9% ↑ |
| Net margin | 7.9% | 3.7% ↑ | 2.3% | -0.3% ↑ |
| Operating expense ratio | 21.8% | 22.7% ↑ | 22.5% | 24.4% ↑ |

Sales and profitability: 2010-2014

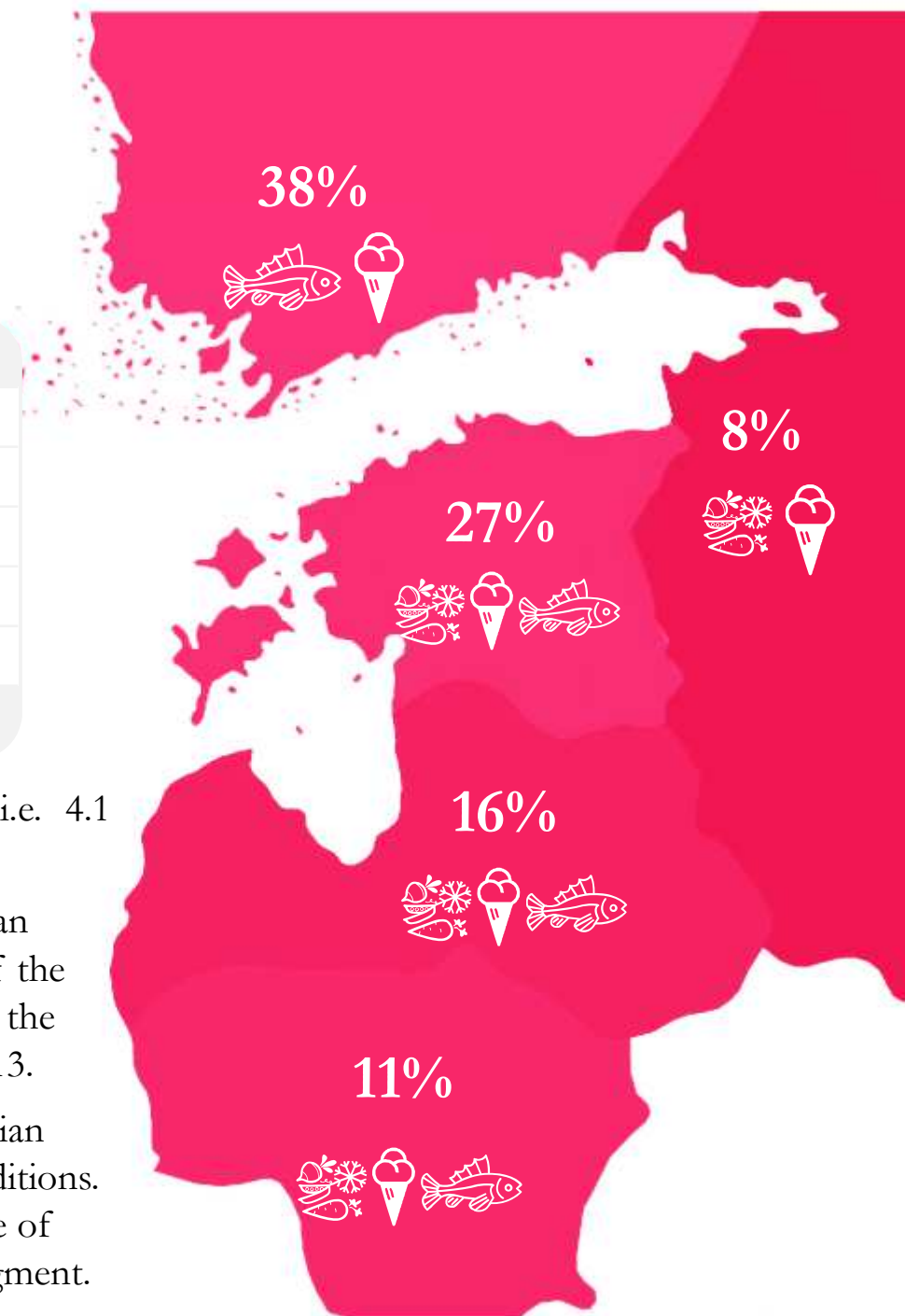


- ❖ Last five years highest sales and best result in gross profit.
- ❖ Negative impact of biological assets revaluation to EBITDA was in 2014 6 months 0.6 mEUR, in 2013 6 months 0.2 mEUR.

Sales by countries: 6 months 2014

| mln EUR | Sales | YoY | Structure |
|--------------|-------------|------------|-------------|
| Finland | 18.9 | +28% | 38% |
| Estonia | 13.1 | -1% | 27% |
| Latvia | 7.8 | +9% | 16% |
| Lithuania | 5.5 | -7% | 11% |
| Russia | 4.2 | -15% | 8% |
| Total | 49.5 | +8% | 100% |

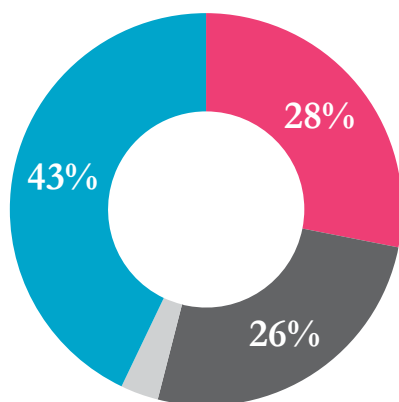
- ❖ Fastest growth came from Finland: +28.0%, i.e. 4.1 mEUR
- ❖ The main reason of decrease in turnover in Russian market was the weakening of the exchange rate of the Russian ruble against euro. If calculated in rubles, the results were at the same level with the ones of 2013.
- ❖ The decrease in turnover in Estonian and Lithuanian markets was caused by unfavourable weather conditions. Lithuanian market was also influenced by decrease of sales of private label products in the ice cream segment.



Sales and gross profit by segments

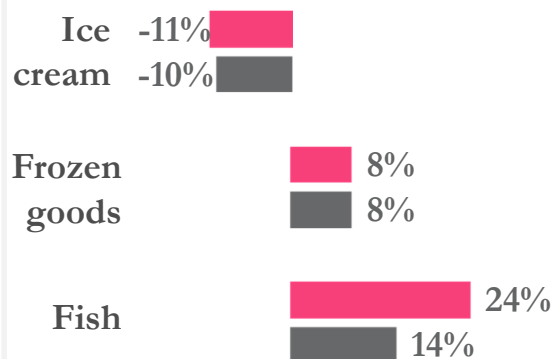


Sales by segments,
6 months 2014



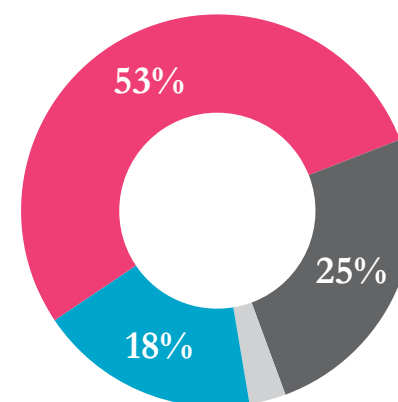
- Ice cream
- Fish
- Frozen goods
- Other

Sales YoY growth by segments,
6 months 2014



- value
- volume

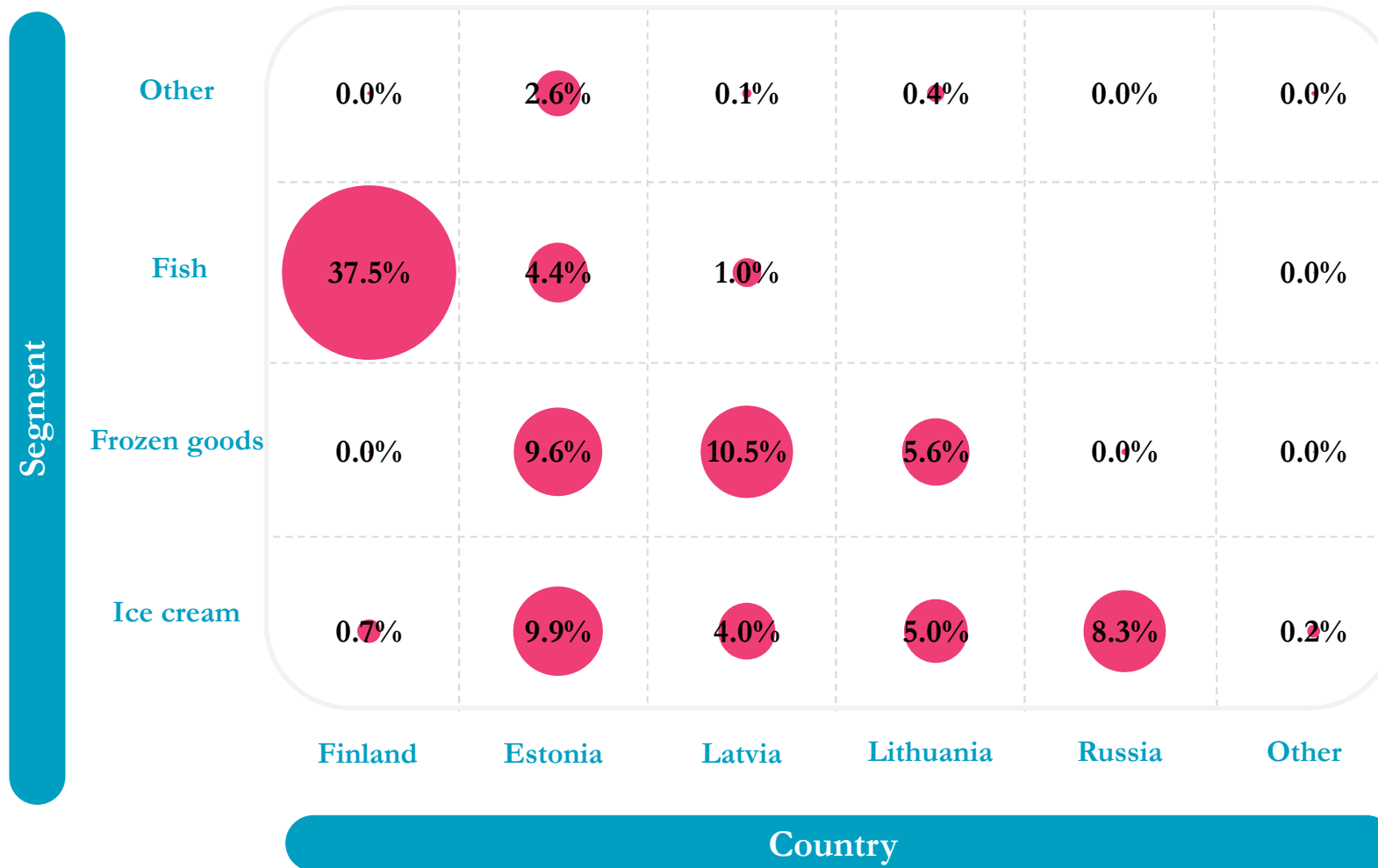
Gross profit by segments,
6 months 2014



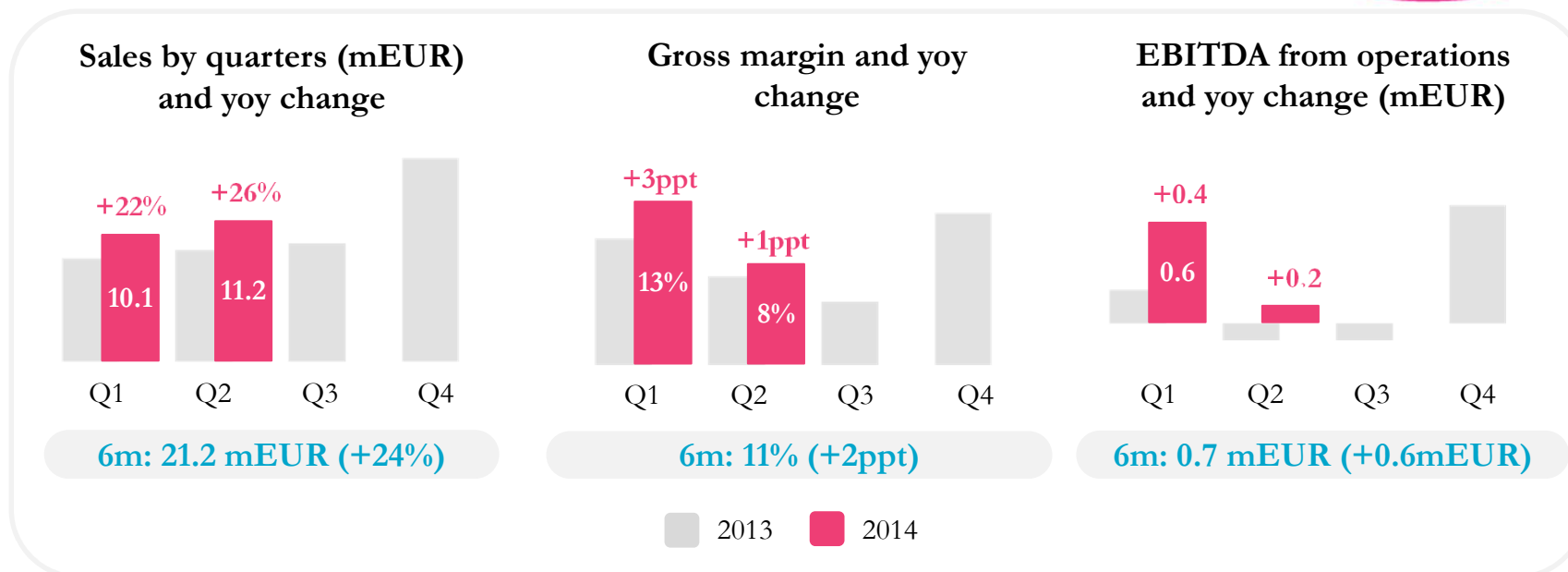
- Ice cream
- Fish
- Frozen goods
- Other

Sales matrix

6 months 2014

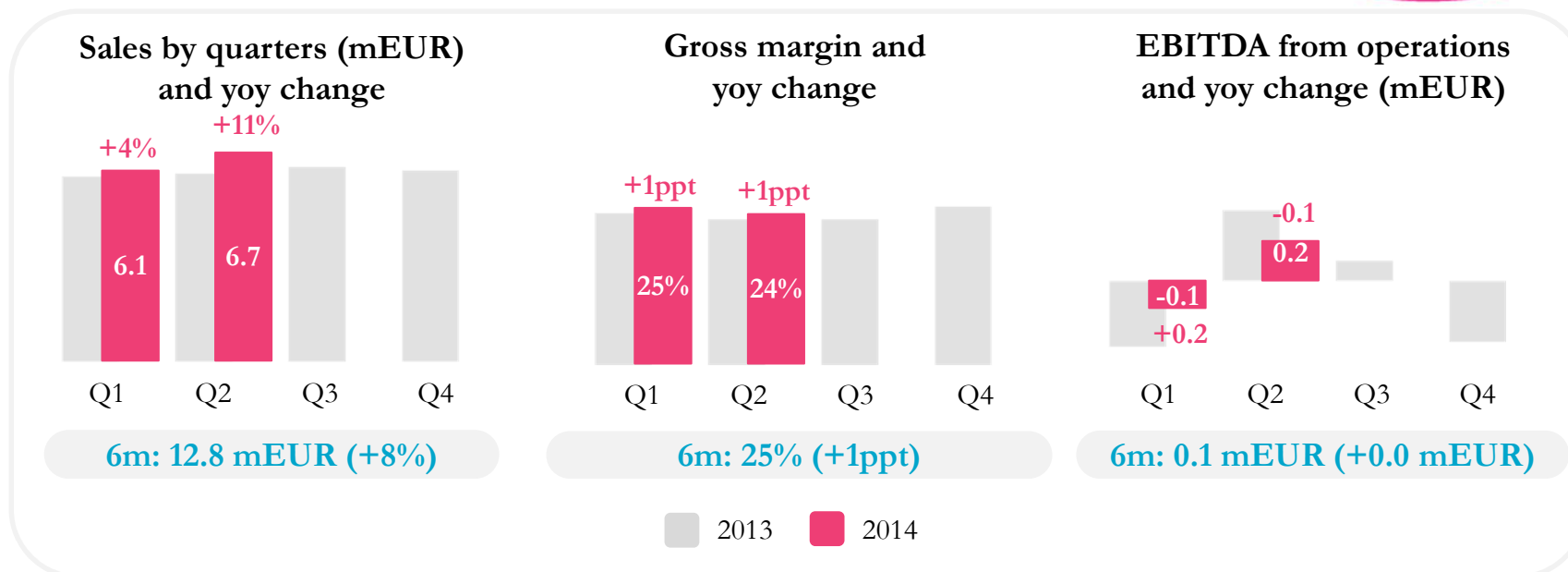


Fish and fish products



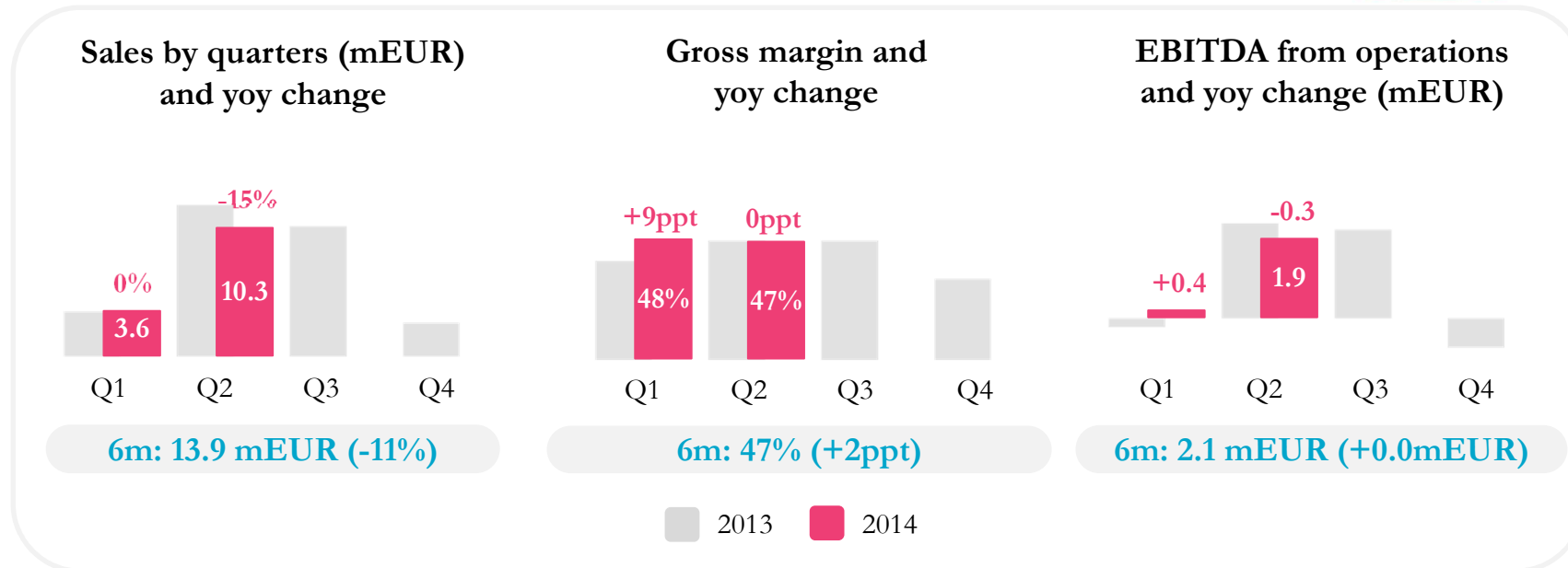
- ❖ Fast growth in turnover of fish segment came mainly from the Finnish retail market and from cold and hot smoked product groups.
- ❖ In first 6 months price of salmon was up by 13% and rainbow trout by 5% on yoy basis.
- ❖ Negative impact of biological assets revaluation to EBITDA was in 2014 6 months 0.6 mEUR, in 2013 6 months 0.2 mEUR.

Frozen goods



- ❖ Turnover of frozen goods was in the first 6 months of 2014 12.8 mEUR, which is by +7.8%, i.e. 0.9 mEUR higher than in first half of 2013.
- ❖ The most increased the turnover in Latvia: +0.7 mEUR compared to previous year's result.
- ❖ Gross profit of 2014 6 months was by 0.3 mEUR, i.e. 11.8%, better than the results of same period of 2013.
- ❖ 6 months EBITDA from operations stayed at the same level as in first half of previous year.

Ice cream



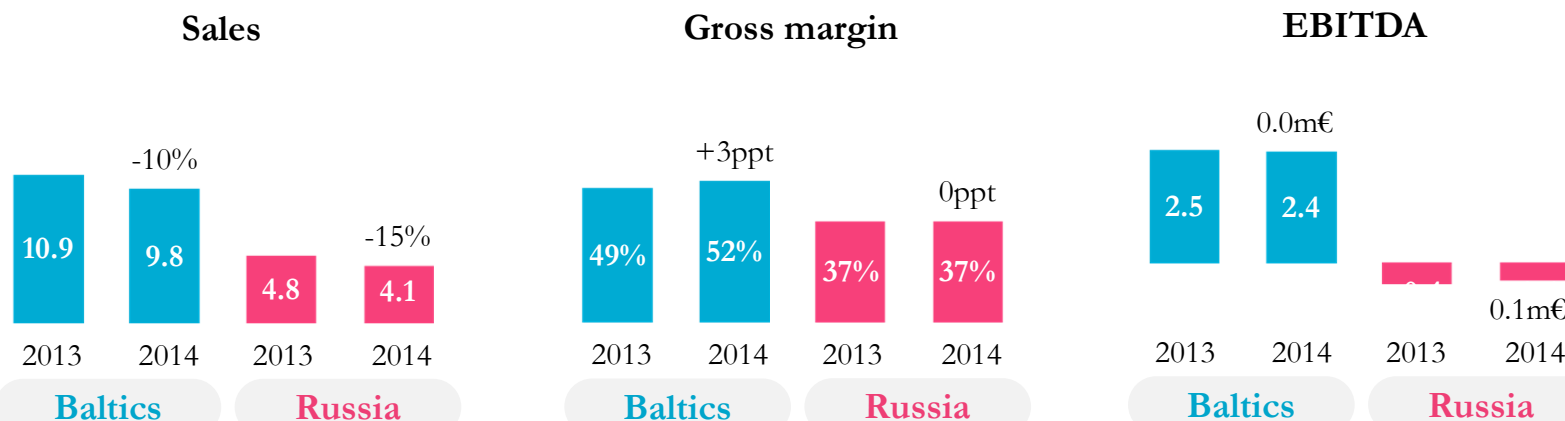
- ❖ The decline in turnover of ice cream segment in Q2 came from unfavourable weather conditions and weakening of the exchange rate of Russian ruble against euro. If the weakening of the exchange rate of Russian ruble is eliminated, the decrease of turnover was 10.4%.
- ❖ In Q2 the turnover increased in Finland and if calculated in Russian rubles also in Russia by 2.2%.
- ❖ The gross margin stayed in Q2 at the same level as in 2013 Q2 and gross profit declined by 0.8 million euro. During first 6 months the gross margin improved on annual basis by 2.1 percentage points and the decrease in gross profit was 0.5 million euro.
- ❖ EBITDA and operating profit decreased in Q2 on annual basis by 0.3 million euro.

Ice cream in Baltics and Russia



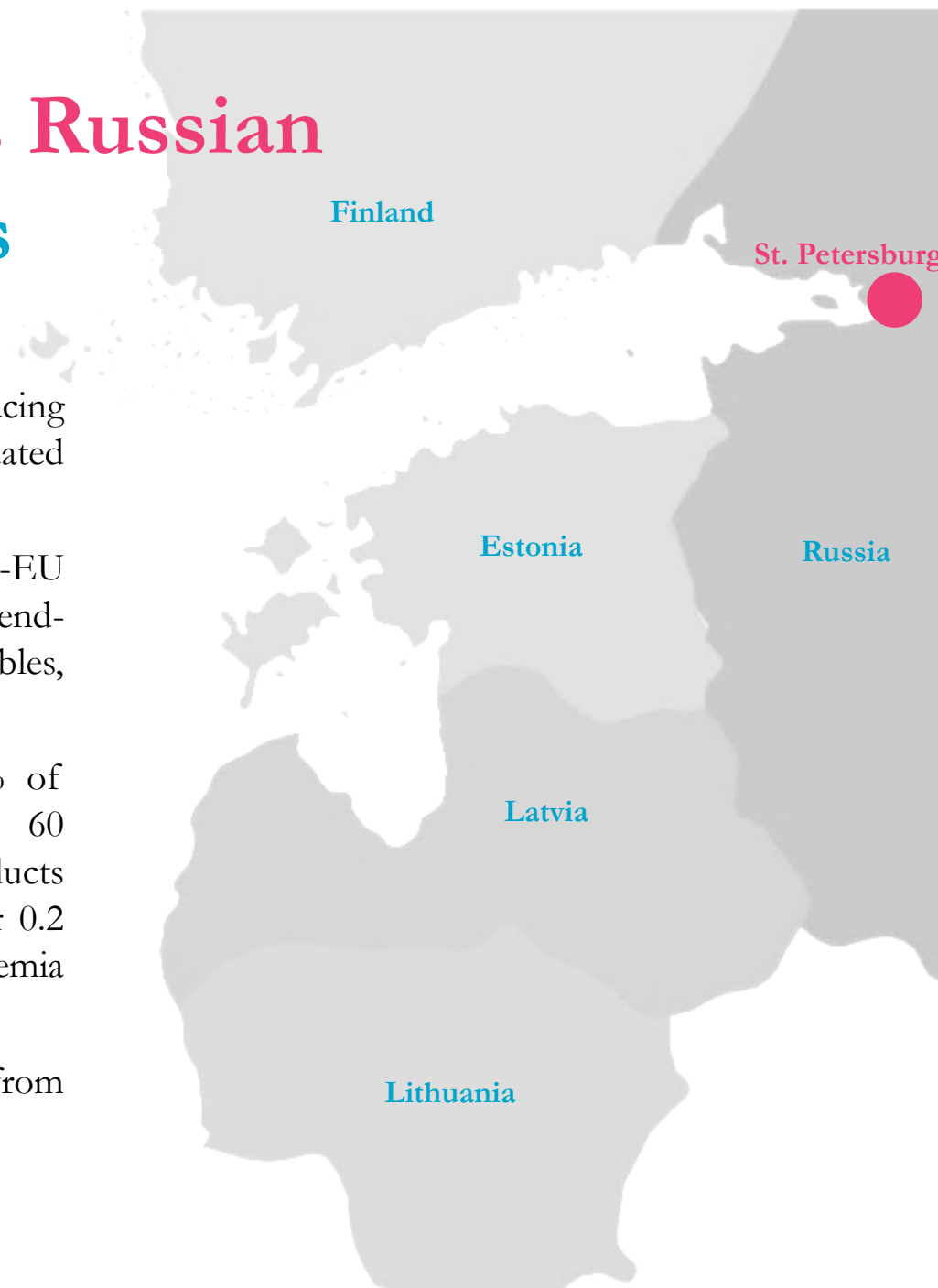
- ❖ Turnover of 6 months decreased by 10% in Baltics and if calculated in euros by 15% in Russia.
- ❖ Gross margin increased by 3 ppt in the Baltics, driven mainly by decrease of sales of private label products in Lithuanian market. In Russia the gross margin stayed at the same level as in 2013 first 6 months.
- ❖ The raw material for the ice cream production is purchased by Premia in rubles and the end products in the Russian market are sold also for rubles, hence the fluctuations of the exchange rate of ruble against euro have no impact on the everyday business activities of the company. If calculated in rubles, the turnover increased in 6 months by 0.3%.

6 months data (mEUR) and yoy change



Set-up of Premia's Russian ice cream business

- ❖ Separate ice cream factory, producing products only for Russian market, situated close to St Petersburg.
- ❖ Raw materials are purchased from non-EU countries in Russian roubles, sales to end-consumers executed in Russian roubles, salaries paid in Russian roubles.
- ❖ Locally produced products consist 98% of product portfolio (in total around 60 products) sold in Russia. Only 3 products exported from Estonia, constituting appr 0.2 mEUR, i.e. 0.4% of turnover of Premia Foods in first 6 months of 2014.
- ❖ Currently the import of dairy ice creams from EU is allowed in Russia.



Cost Analysis



| | 6m 2014 EUR mln | 6m 2013 EUR mln | Change EUR mln | 6m 2014 As % of sales | 6m 2013 As % of sales | Change As % of sales |
|---|--------------------|--------------------|-------------------|--------------------------|--------------------------|-------------------------|
| Sales | 49.5 | 46.1 | +3.5 | 100.0% | 100.0% | |
| Cost of goods sold | -37.1 | -34.3 | +2.8 | 75.0% | 74.5% | +0.5% |
| including one-off exp | -0.0 | -0.1 | -0.1 | 0.1% | 0.3% | -0.2% |
| materials in production & cost of goods purchased for resale | -31.4 | -29.0 | +2.5 | 63.5% | 62.9% | +0.6% |
| labour costs | -2.7 | -2.6 | +0.1 | 5.4% | 5.5% | -0.2% |
| depreciation | -0.6 | -0.6 | +0.0 | 1.3% | 1.4% | -0.1% |
| other cost of goods sold | -2.4 | -2.2 | +0.2 | 4.9% | 4.7% | +0.1% |
| Operating expenses | -11.1 | -11.3 | -0.1 | 22.5% | 24.4% | -2.0% |
| including one-off exp | | -0.0 | -0.0 | 0.0% | 0.1% | -0.1% |
| labour costs | -3.4 | -3.5 | -0.1 | 6.8% | 7.6% | -0.8% |
| transport ja logistics services | -2.5 | -2.3 | +0.2 | 5.1% | 5.0% | +0.1% |
| depreciation | -0.6 | -0.7 | -0.1 | 1.1% | 1.5% | -0.4% |
| advertising, merchandising, marketing and product development | -2.0 | -2.1 | -0.1 | 4.0% | 4.5% | -0.5% |
| other operating expenses | -2.7 | -2.7 | +0.1 | 5.5% | 5.8% | -0.3% |
| Other income/expenses | 0.9 | 0.1 | +0.8 | 1.7% | 0.2% | +1.5% |
| including one-off income/exp | 0.8 | | +0.8 | 1.5% | | +1.5% |

Key ratios:

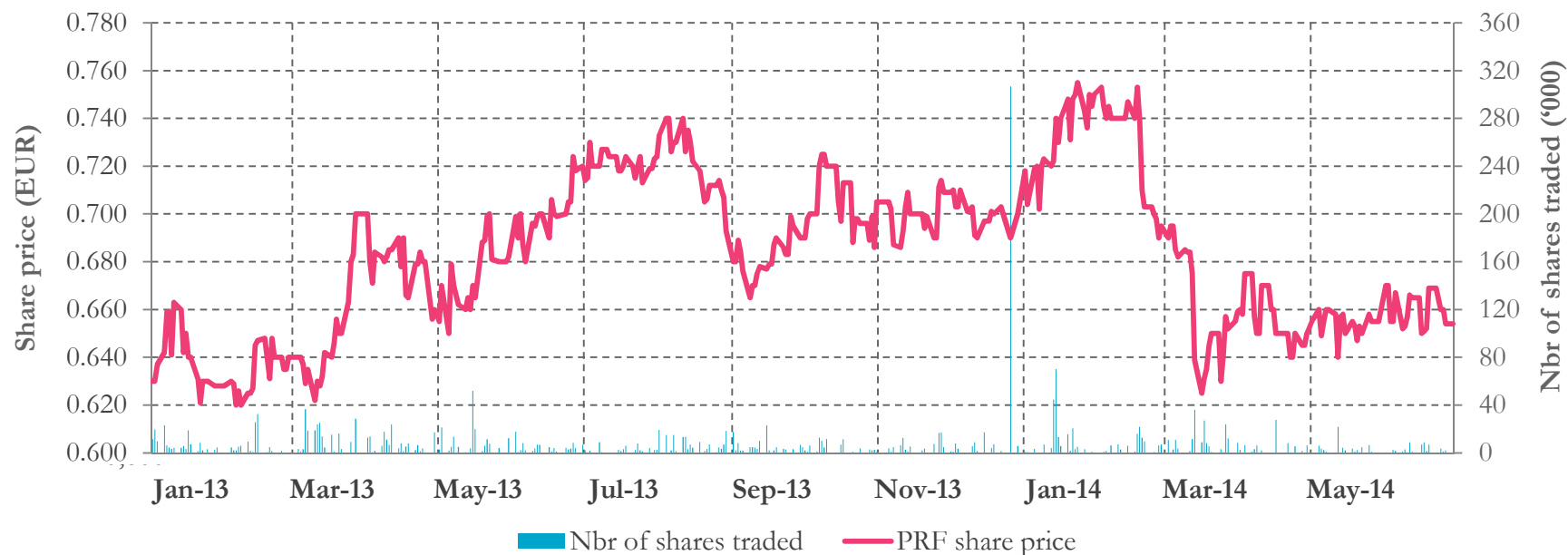
Balance Sheet



| mln EUR | 30.06.2014 | 30.06.2013 |
|--------------------|-------------|------------|
| Net debt | 13.7 | 15.2 |
| Equity | 37.9 | 36.1 |
| Working capital | 9.9 | 10.8 |
| Assets | 68.5 | 67.7 |
| Liquidity ratio | 1.48 | 1.58 |
| Equity ratio | 55% | 53% |
| Gearing ratio | 27% | 30% |
| Net debt-to-EBITDA | 3.15 | 3.46 |
| ROE | 6% | 1% |
| ROA | 3% | 1% |

❖ According to AGM resolution from May 29 2014, Premia is going to pay dividends in the amount of 387 thousand euro, i.e 0.01 euro per share. The list of shareholders entitled to receive dividends is fixed as of 29 August 2014 at 23.59.

Share price and shareholders



Major shareholders at 30th June 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% |