

# HKSCAN

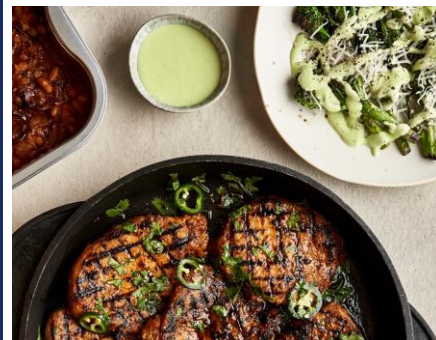
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## Interim Report Q1 2023

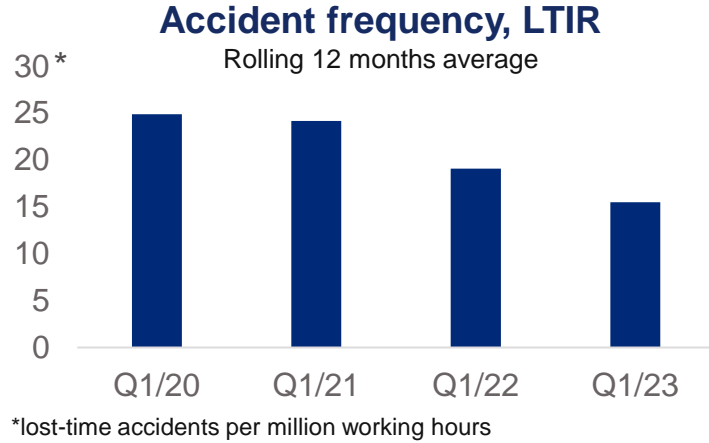
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Juha Ruohola, CEO  
Jyrki Paappa, CFO

10 May 2023



# Safety First: Goal-oriented work towards zero accidents at work



**+20%** safety observations



# Q1/2023: HKScan's profitability improved, EBIT for January-March slightly negative

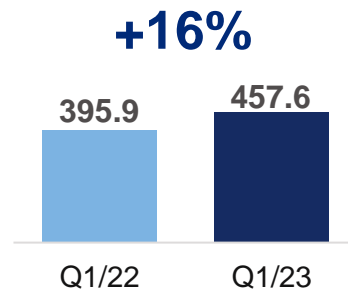
## Net sales

- Increased net sales in all home markets and sales channels as a result of sales price increases in 2022
- Food service sales grew by over 20%
- Sales volumes at the comparison period level

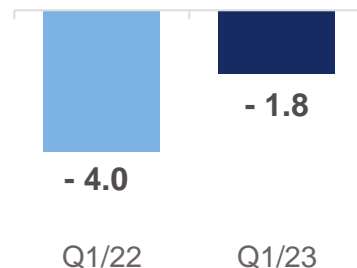
## EBIT

- Cost increases covered by sales price increases carried out in 2022
- Cost inflation remained high and pressure to increase sales prices continues
- Profitability improved through production efficiency improvements and cost savings
- In 2023, focus on profitability improvement

## Net sales, M€, continuing operations

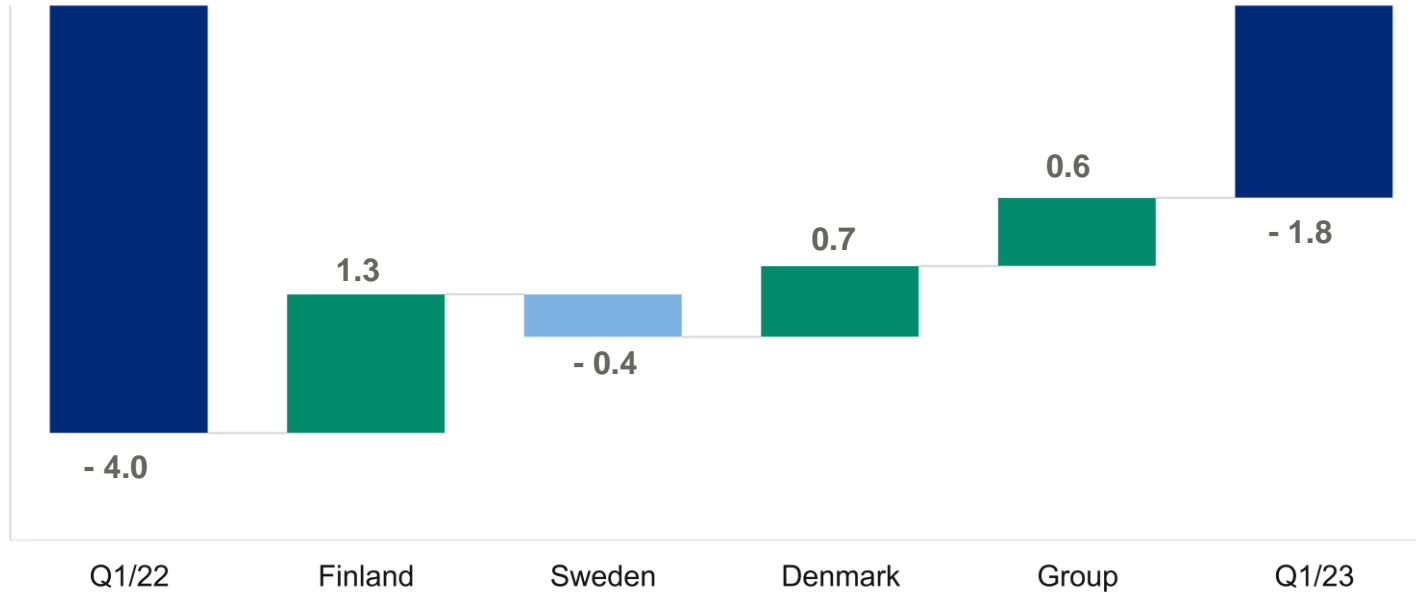


## Comparable EBIT, M€, continuing operations



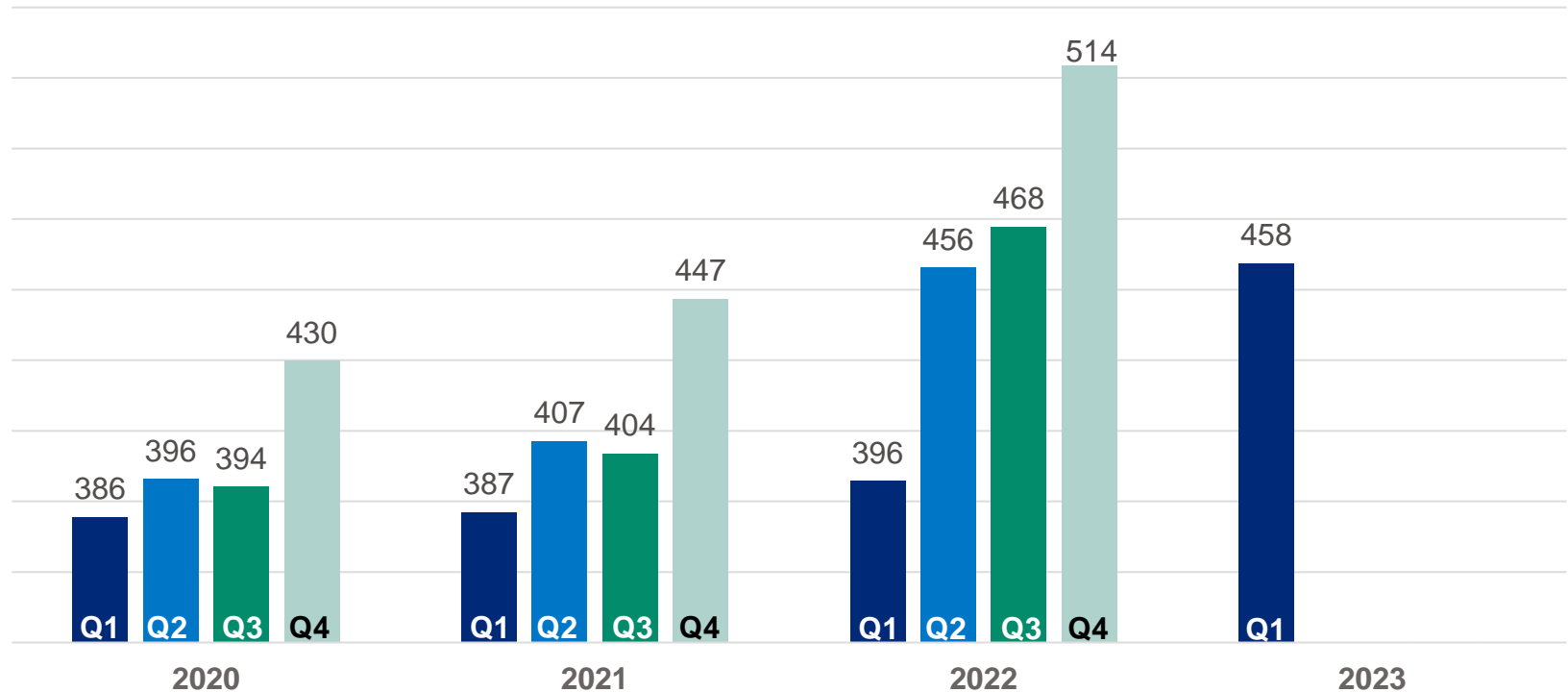
# Business Units in Finland and Denmark improved, Sweden down from the comparison period

Change of comparable EBIT, M€, continuing operations



# Net sales clearly up with price increases, volumes at the comparison period level

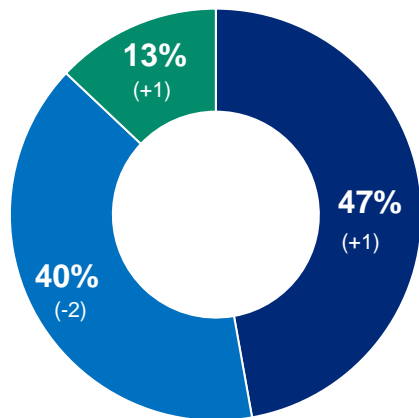
Quarterly net sales, M€, continuing operations



# Share of poultry sales up

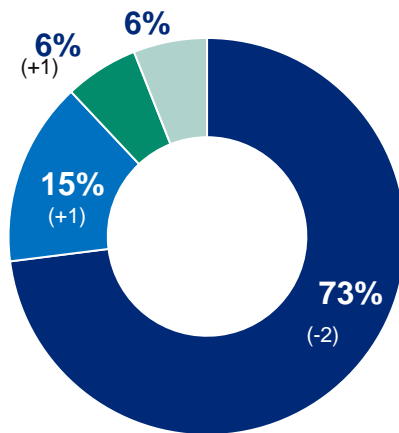
Net sales breakdown Q1 2023, continuing operations

## Markets



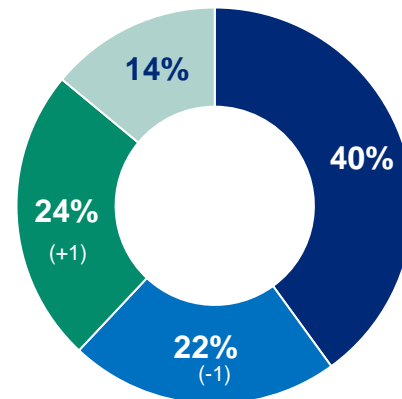
- Finland
- Sweden, incl. Poland
- Denmark

## Sales channels



- Retail
- Food service
- Industry
- Export

## Categories



- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and meal components

# Quarterly comparable EBIT from continuing operations, M€



# Annual estimated cost savings of 12.6 M€ from the investments and development measures decided

Unit	Measure	Estimated annual savings	Realisation of savings
Group functions	Change of operating model and development measures, staff adjustments	3 M€	After Q1/2023
Rauma and Eura	Efficiency measures decided in 2022: improving production efficiency and reorganising operations, staff adjustments	3 M€	During 2023
Linköping	Investment of 5 M€ in to increase the efficiency and capacity of beef production	1.6 M€	After Q1/2024
Forssa	Investment of over 5 M€ in meat packaging, reorganisation of operations, staff adjustments and renewal of operating methods	2 M€	During 2024
Rauma	Development investment of 4.6 M€ in poultry cutting department, reorganisation of operations, staff adjustments and renewal of operating methods	3 M€	From H2/2024



# Scan and Kariniemen brands improved their Sustainable Brand Index ranking

- Responsibility is an important part of HKScan's consumer brand strategies
- Sustainable Brand Index, conducted annually in several countries, measures consumer perceptions of brands' responsibility
- In Sweden, Scan 105 positions up to 80th in the Sustainable Brand Index survey
- In Finland, Kariniemen placed 14th, up 37 positions



# Regulatory process for the sale of the Baltic business progressing

- In December 2023, HKScan signed an agreement to sell its Baltic businesses to Estonian AS Maag Grupp
- The Latvian competition authority approved the transaction in February
- The transaction is subject to approval by the competition authorities in Estonia
- The transaction is expected to be closed at the end of September 2023 at the latest
- January-March net sales 49.5 (41.2) M€
- January-March EBIT -1.6 (-4.5) M€



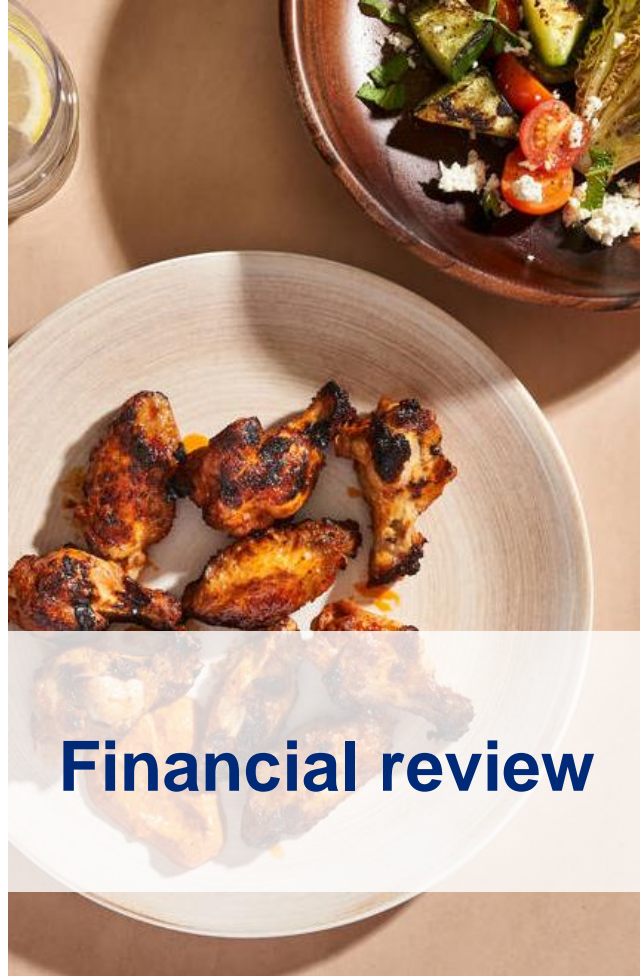
# Outlook for 2023 unchanged

In 2023, HKScan expects the Group's comparable EBIT from continuing operations to improve compared to 2022.

The full-year performance will be significantly affected by inflation and the development of consumer purchasing power in the company's home markets.

On the other hand, in the beginning of 2023, energy and logistics costs are on a more moderate level than in the peak of 2022.





## Financial review



**HKSCAN**

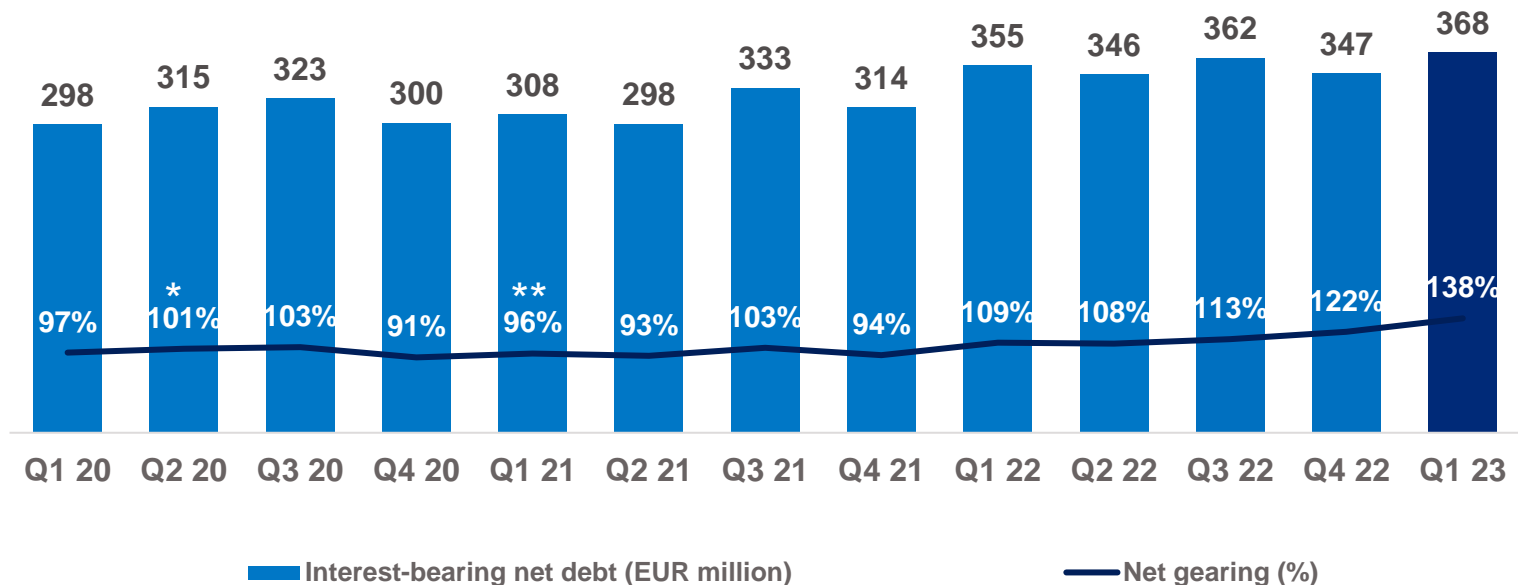
# HKScan – key figures, continuing operations

EUR million	1-3/2023	1-3/2022	2022
Net sales	457.6	395.9	1 833.8
EBITDA	12.0	7.7	55.8
EBIT	-0.1	-4.4	10.1
- EBIT margin, %	0.0	-1.1	0.5
Comparable EBIT	-1.8	-4.0	9.7
- EBIT margin, %	-0.4	-1.0	0.5
Profit for the period	-6.3	-6.3	-4.9
EPS, EUR	-0.07	-0.07	-0.11
Comparable EPS, EUR	-0.09	-0.07	-0.11

# HKScan – key figures

EUR million	1-3/2023	1-3/2022	2022
Cash flow from operating activities, incl. discontinued operations	-5.7	-34.4	18.9
Cash flow after investing activities, incl. discontinued operations	-12.8	-38.5	-21.9
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations	-5.2	2.5	-6.4
Interest-bearing net debt	367.7	355.0	347.2
Net gearing, %	138.3	108.8	122.1

## Interest-bearing net debt and net gearing

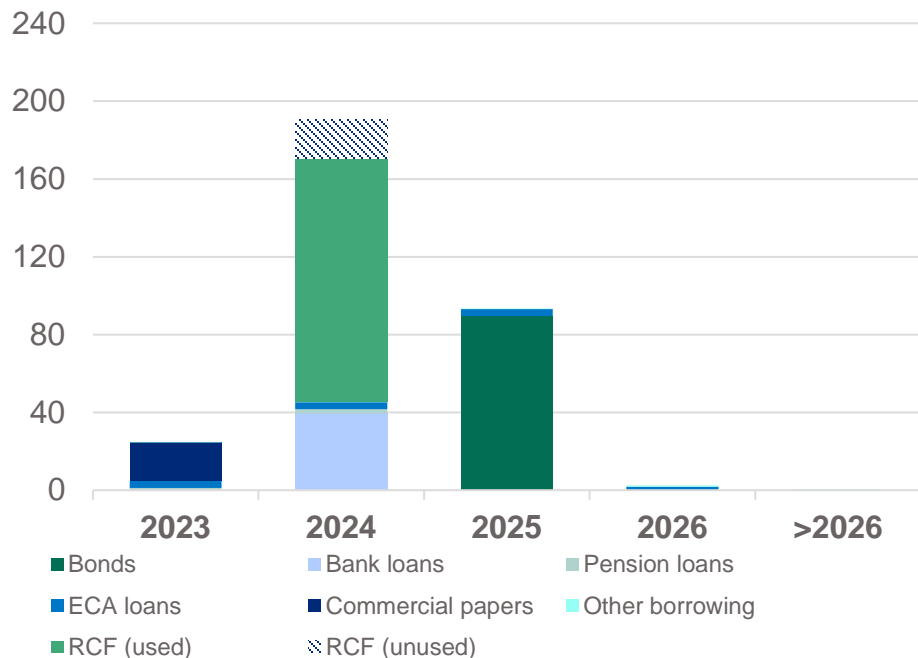


\* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

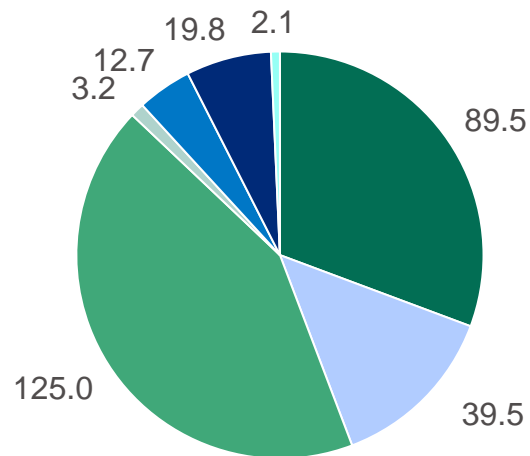
\*\* Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

# Debt profile and maturity structure as of 31 March 2023

## Maturity of the Group's interest-bearing debt\*, M€



## Interest-bearing debt by credit type, M€\*



**Total interest-bearing debt without IFRS 16:  
EUR 291.7 million**

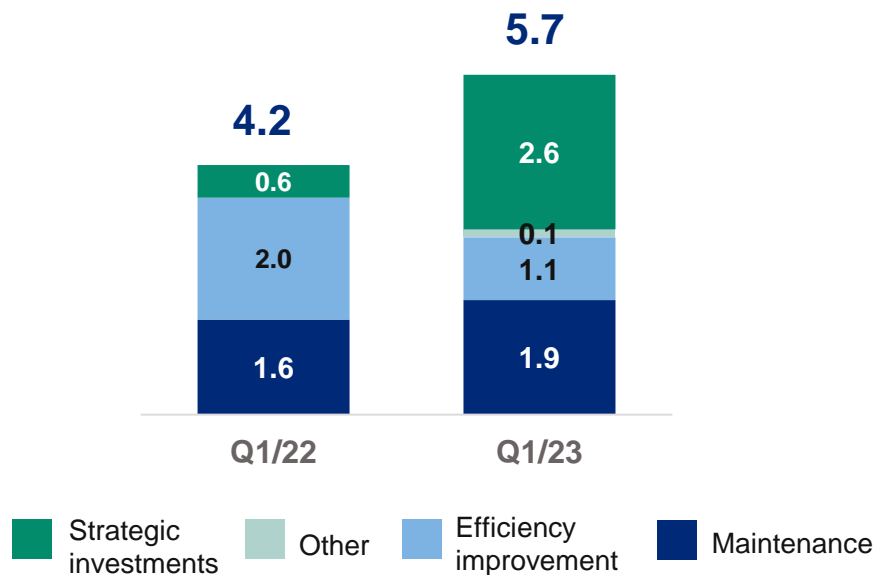
\*Without lease liabilities

\*EUR 26 million hybrid bond is treated as equity

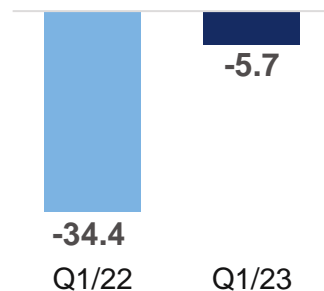


# Investments, cash flow and working capital

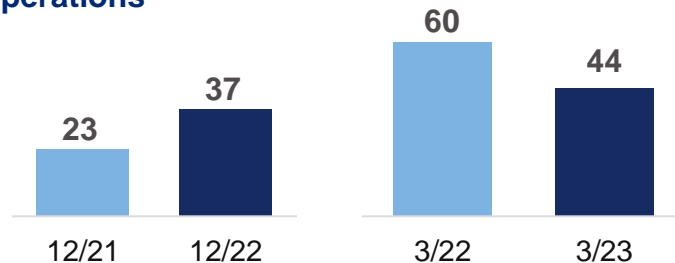
Group investments, M€, continuing operations



Cash flow from operating activities, M€, incl. discontinued operations



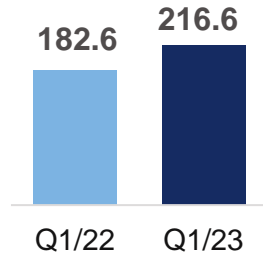
Working capital, M€, incl. discontinued operations



# Finland Q1/2023: Improved EBIT through production efficiency improvements and cost savings

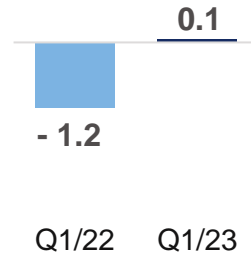
Net sales, M€

**+19%**



Comparable EBIT, M€

**+1.3 M€**

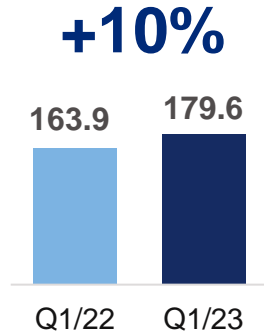


- Net sales increased through price increases made before the review period
- Food service sales growth continued, with the strongest growth in strategically important poultry products
- Retail sales volume down from the comparison period
- Demand for pork, beef and poultry in Finland decreased, leading to a significant increase in pork exports in particular
- EBIT improved through measures to improve production efficiency and cost savings

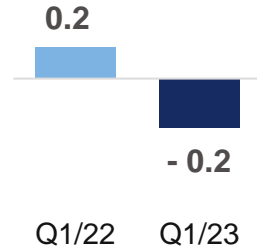


# Sweden Q1/2023: HKScan market position maintained

Net sales, M€



Comparable EBIT, M€



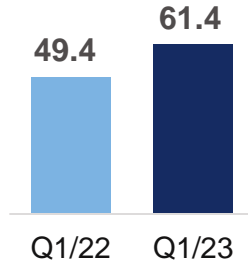
- Price increases partly covered the impacts of cost inflation
- Increased retail sales volumes
- Continued growth for food service sales, especially in processed meat products
- Significant growth for pork exports
- EBIT negatively affected by high meat raw material prices, cost inflation, weaker demand for higher value meats and an increased focus of retail sales on promotional sales



# Denmark Q1/2023: Improved profitability

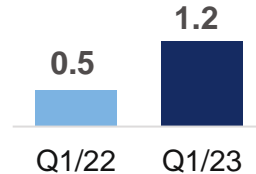
Net sales, M€

**+24%**



Comparable EBIT, M€

**+0.7 M€**



- Strong execution of the strategy continued, with further growth in sales of higher value-added poultry products
- Food service sales clearly increased in Denmark
- Sales to Sweden increased, especially in retail
- Successful commercial measures, strong consumer demand and long-term improvements in production efficiency improved EBIT
- Investment of 1.5M€ in the Teflon frying line of poultry products will be completed in Q2/2023 and will enable further growth in sales of ready-to-eat products



# Barbecue season has begun - many delicious novelties





HKSCAN  
*110 years*

*We make  
life tastier*  
- today and tomorrow

