

# Raisio's Half-Year Financial Report January-June 2017

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Raisio plc

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# Wellbeing for life

## Raisio Group Businesses



An international  
success story

**HEALTHY FOOD**

Convenience  
& natural  
wellbeing

**RAISIO  
CONFECTIONERY**

Genuine taste  
& familiar  
brands

**RAISIO** agro<sup>®</sup>

An innovative  
growth inspirer



## Raisio's Q2/2017 in brief

- Group net sales\* 104.3 (124.1) M€
  - Impact of the weaker pound on net sales some 3 M€
  - Net sales for the comparison period include the loss-making UK snack bar business divested in July 2016
- Divestment of the Southall industrial property was an important deal for Raisio
- Group EBIT\* 13.1 (15.0) M€
  - EBIT\* 12.5 (12.1) % of net sales
  - EBIT\* weakened primarily due to prolonged operational and commercial challenges at the Leicester plant and the pound conversion to the euros

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\* Comparable net sales and EBIT

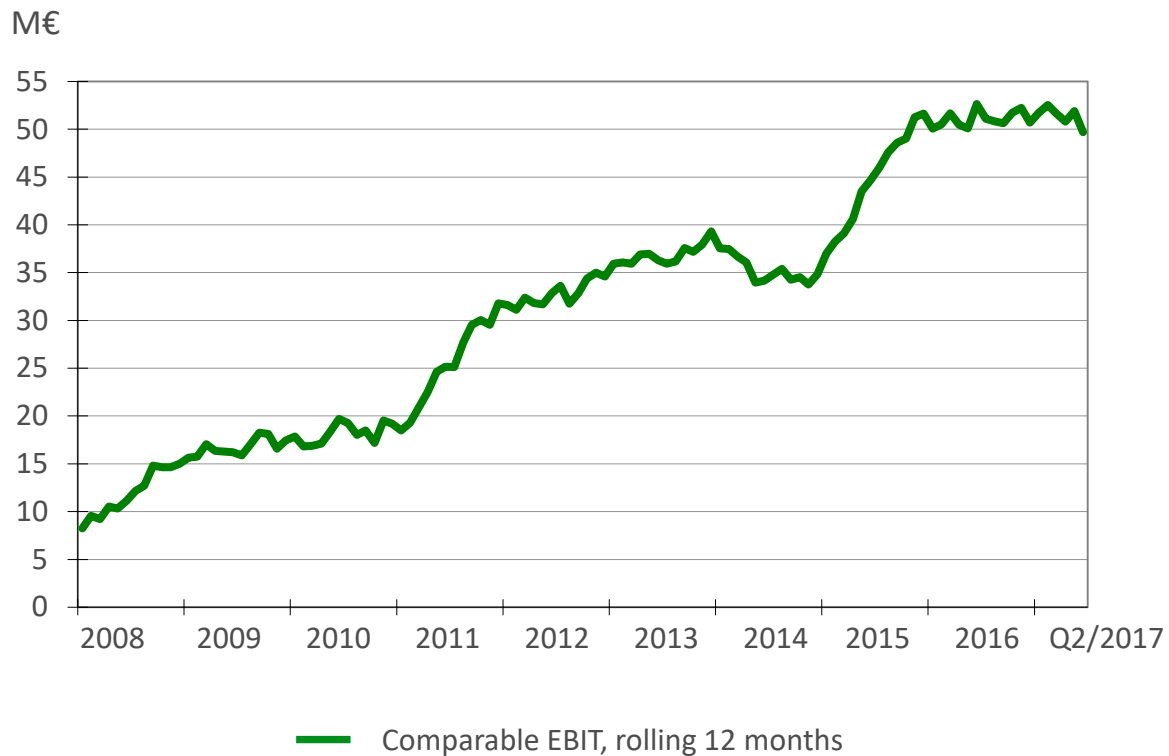


## Highlights in Q2/2017

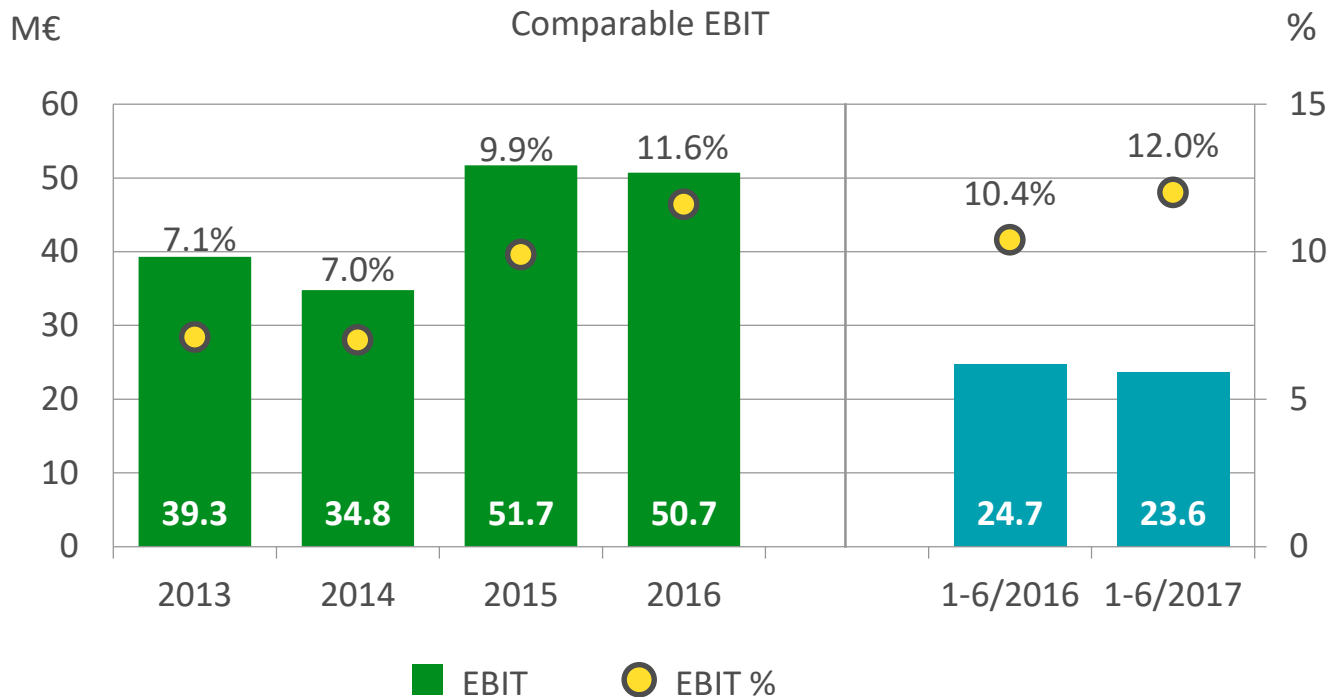
- Weaker pound decreased net sales and EBIT in the UK's Benecol and confectionery businesses
- In Benecol UK, increased production costs resulting from higher raw material prices and profitability impact of the weakening pound could not be compensated by price increases negotiated last autumn
- Czech confectionery business continued its steady performance
- Continued sales growth in Elovena products
- Competition intensified further in cattle feeds
- Sales season of fish feeds went well



## Group EBIT 2008-Q2/2017

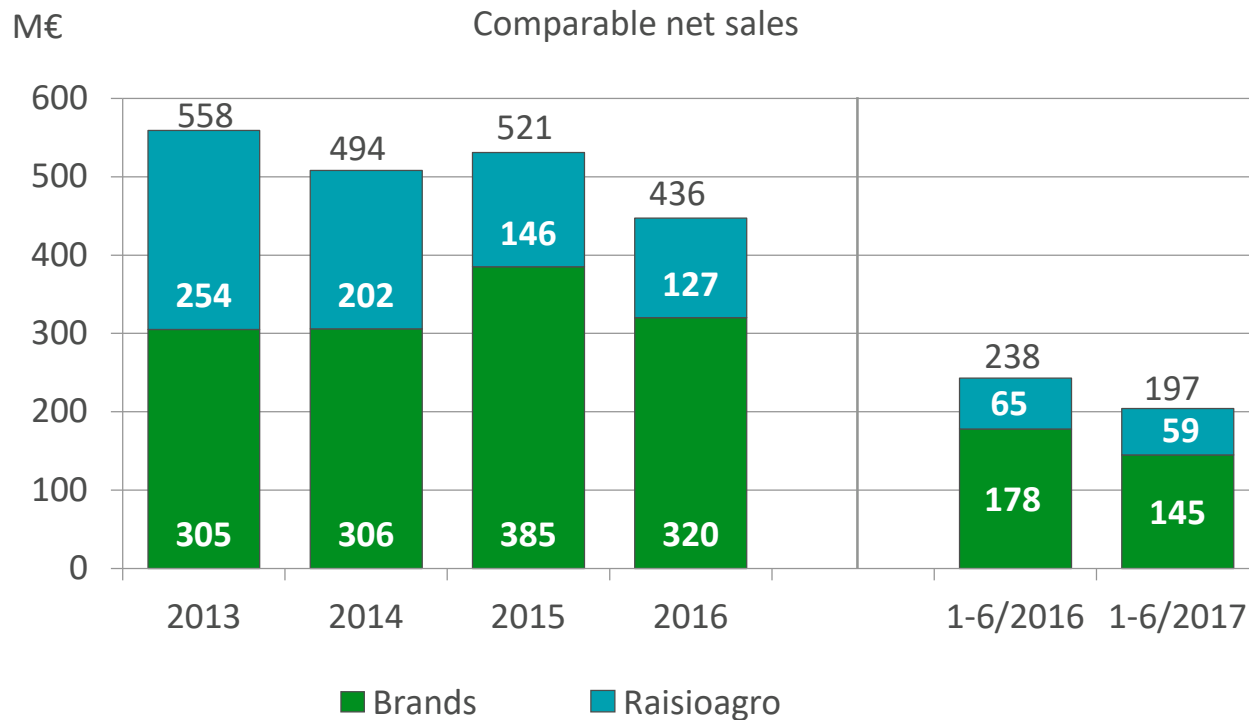


# Group EBIT

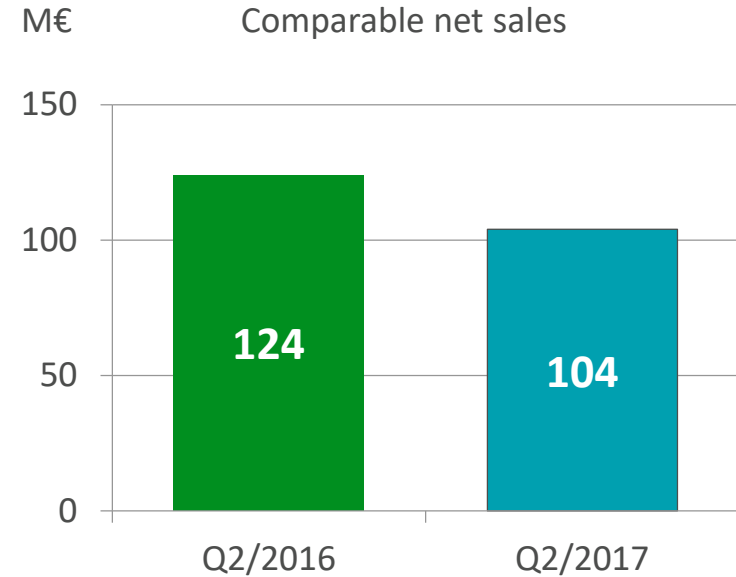
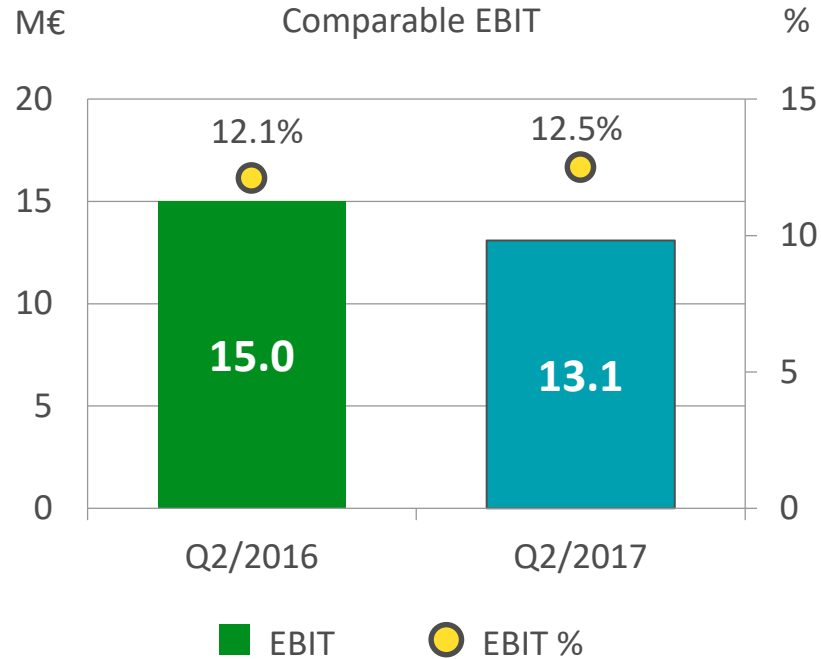




# Group net sales

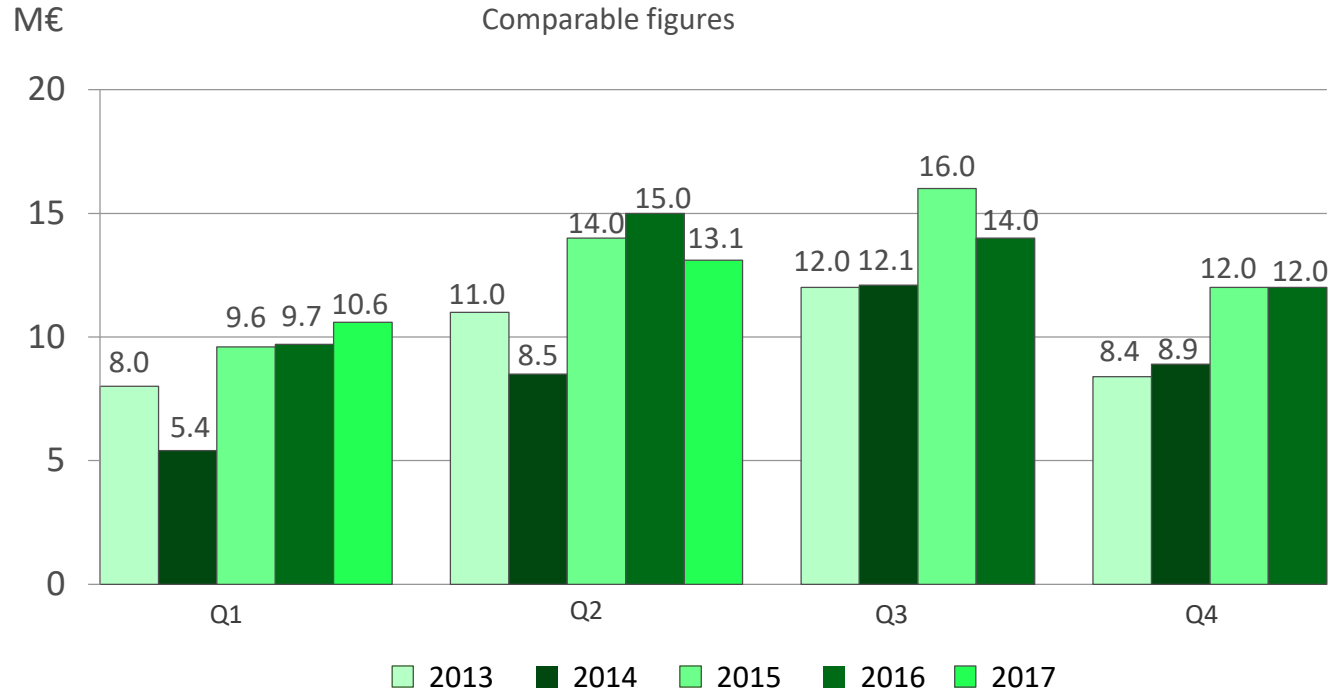


# Group EBIT and net sales Q2

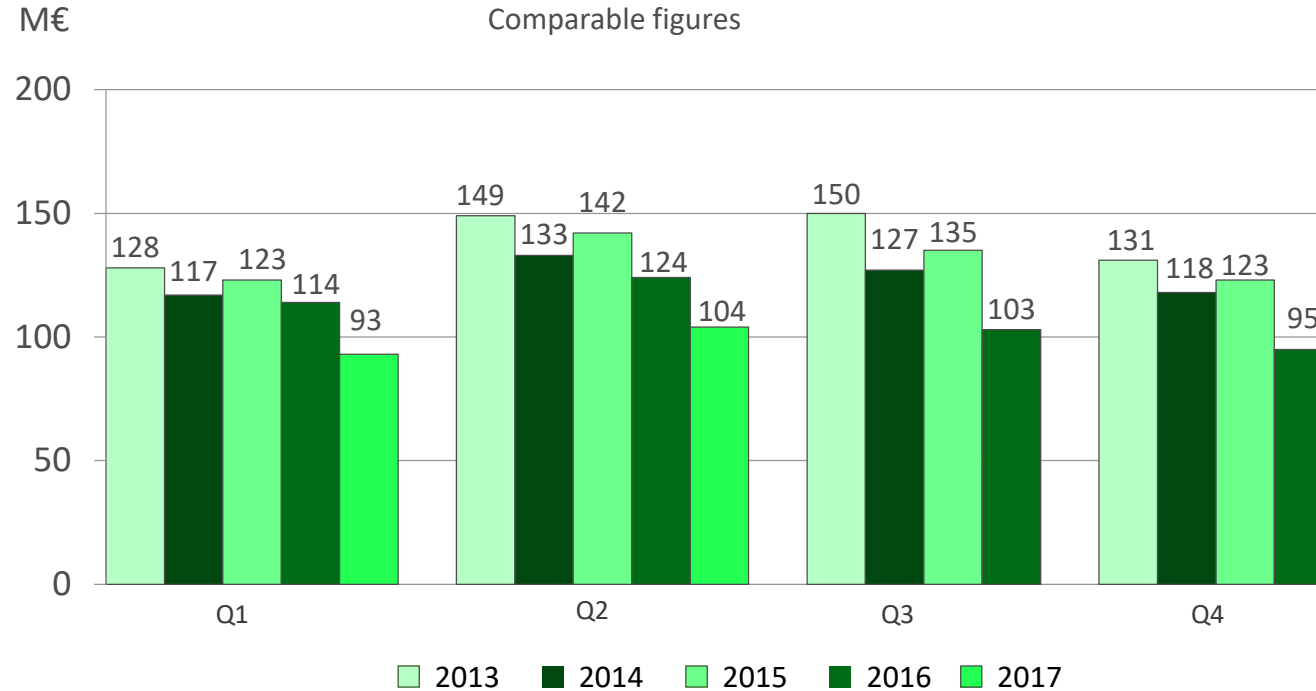




# Group EBIT by quarters



# Group net sales by quarters



# Key figures, comparable income statement

		4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Net sales	M€	104.3	124.1	196.8	238.1	436.3
Change in net sales	%	-16.0	-12.3	-17.3	-9.8	-16.3
EBIT	M€	13.1	15.0	23.6	24.7	50.7
EBIT	%	12.5	12.1	12.0	10.4	11.6
Depreciation and impairment	M€	-2.8	-3.1	-5.4	-6.1	-11.3
EBITDA	M€	15.9	18.1	29.0	30.8	62.0
Financial items	M€	-0.6	-0.9	-0.6	-1.8	-2.2
Earnings per share (EPS)	€	0.06	0.07	0.12	0.12	0.25

# Key figures, balance sheet

		1-6/ 2017	1-6/ 2016	2016
Equity ratio	%	68.3	61.4	66.8
Gearing	%	1.8	19.7	8.5
Net-interest-bearing debt	M€	5.3	59.6	26.7
Equity per share	€	1.87	1.92	1.99
Investments	M€	8.3	8.3	18.3

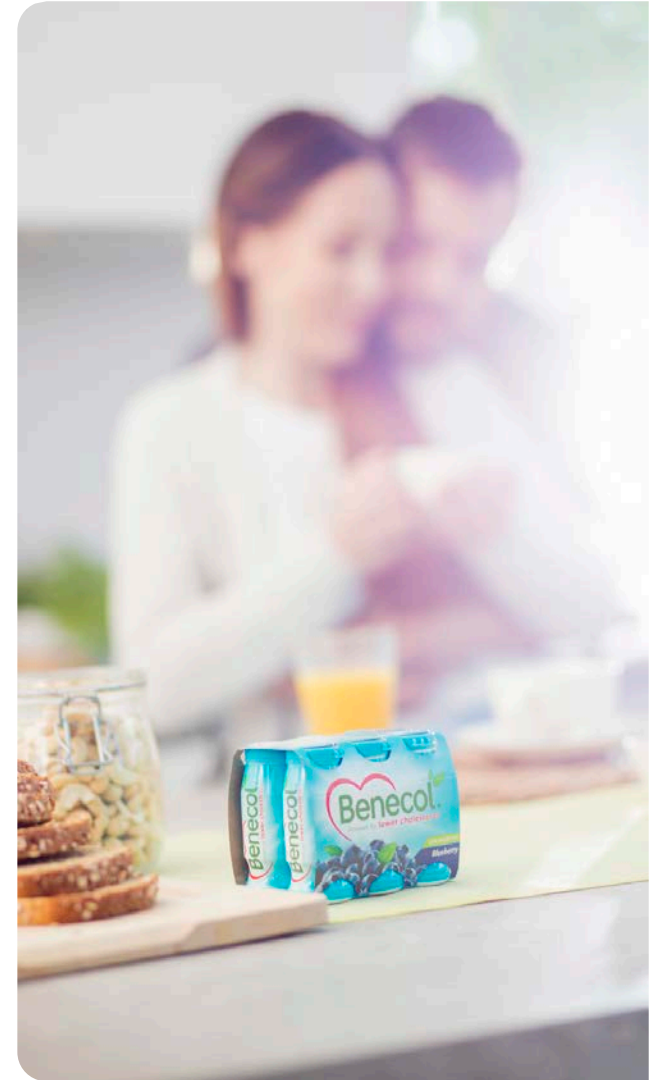


# Brands



# Benecol

- Net sales in Benecol business at the comparison period level without the pound conversion to euro
  - Net sales 31.1 (32.2) M€
  - UK's net sales increased in local currency
- Benecol's EBIT decrease from the comparison period due to:
  - Weakening of the pound's exchange rate
  - Increased raw material and production costs could not be fully passed on to sales prices in the UK
- In UK, Benecol minidrinks to Marks & Spencer's selection
- In Finland, the distribution of Benecol products improved and sales volume increased
- Intense price competition continued in Poland
- Benecol partners' sales grew in Asia



# Healthy food

- Net sales increased by about 5%
  - Net sales 18.0 (17.1) M€
- Good sales development in Elovena products continued
- Deliveries to the bakery industry increased
- Net sales increased and EBIT improved in the Eastern European operations





# Continued sales growth in Elovena snacks

- Strong sales growth in snack biscuits continues
  - Sales has tripled in six years
  - Elovena Dark Chocolate snack biscuit is one of the best-selling biscuits in Finland
- In the spring, Raisio's extensive marketing campaign on the pleasure of eating boosted interest in the brand and especially in our new products
- Consumers and the trade has welcomed healthy Elovena snack ice-cream





# New brand Nordic to the Central European markets

- Starring Finnish oat
- Product range with snack biscuits and porridges
- Nordic launched in Poland, available in stores during the autumn
- In July, a promotional campaign in the biggest beach event for bloggers in Poland

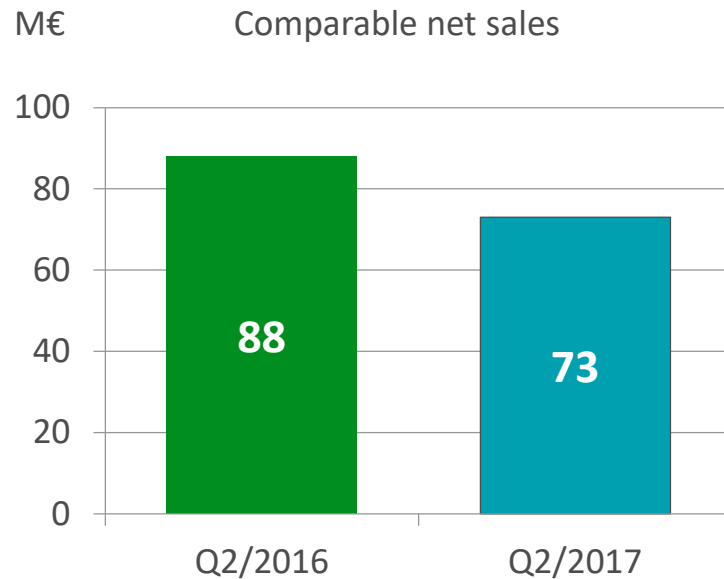
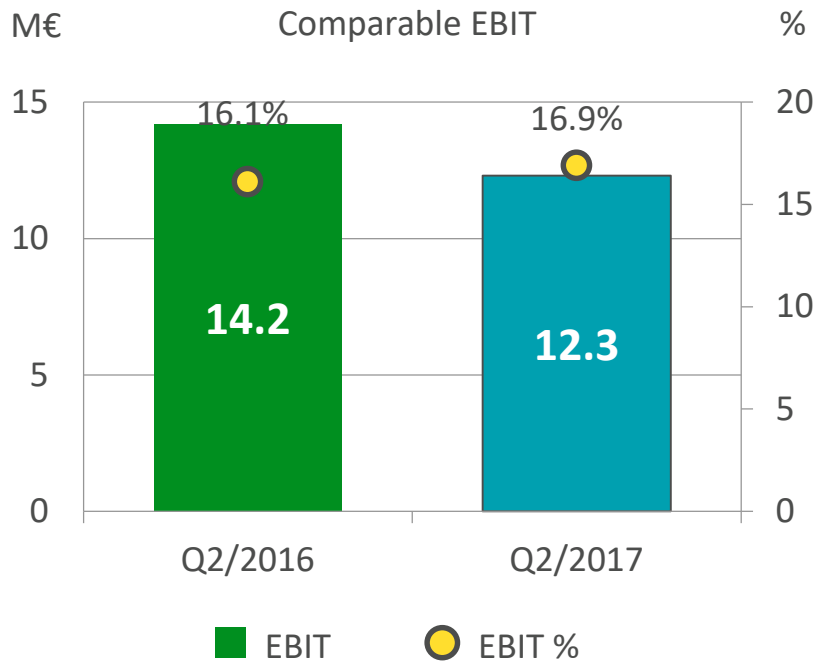


# Confectionery

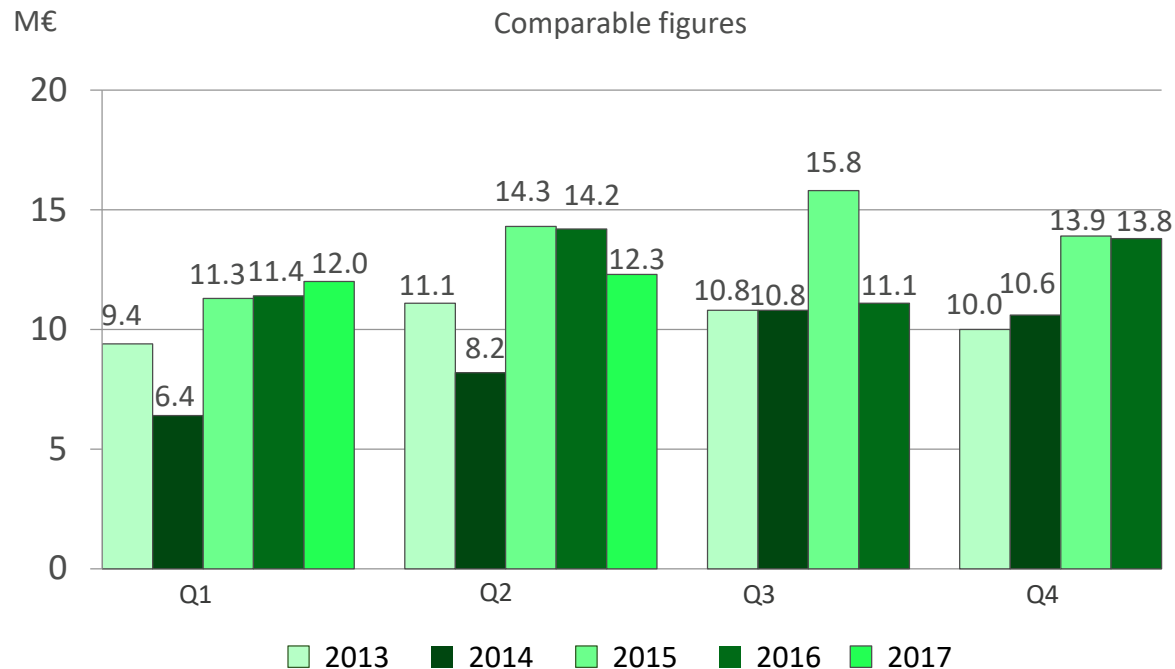
- Net sales 24.1 (26.6) M€
- The Czech business continued its steady performance, in terms of net sales and EBIT
- Sales growth in Pedro brand continued in the Czech Republic and Slovakia
- UK's net sales and EBIT clearly down from comparison period
- Raisio continues solving operational problems at the UK Leicester plant. Tackling the commercial challenges will take longer than expected
- In UK, clearly decreased sales for our branded products
- Increased net sales and sales volume for Nimbus



# Brand Division's EBIT and net sales Q2

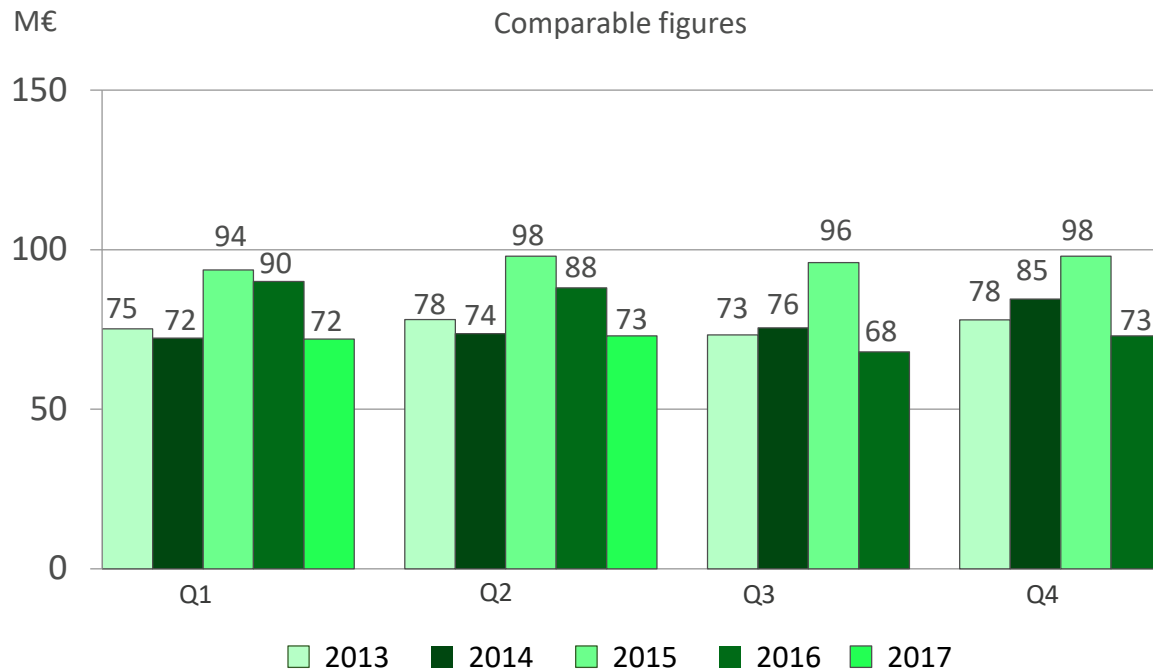


# Brand Division's EBIT by quarters





# Brand Division's net sales by quarters



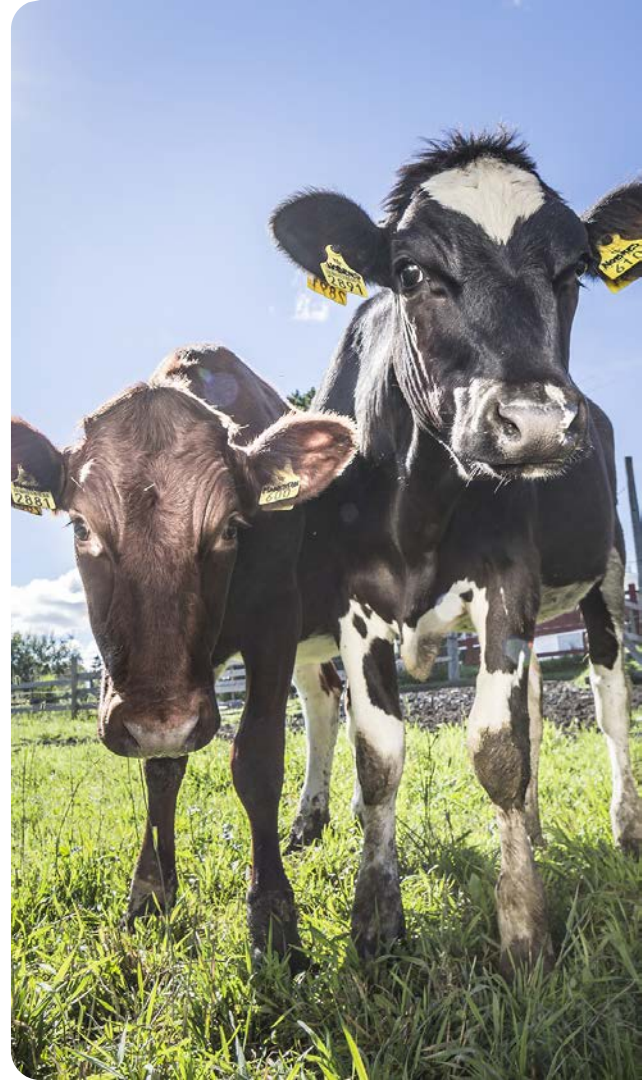
# Raisioagro



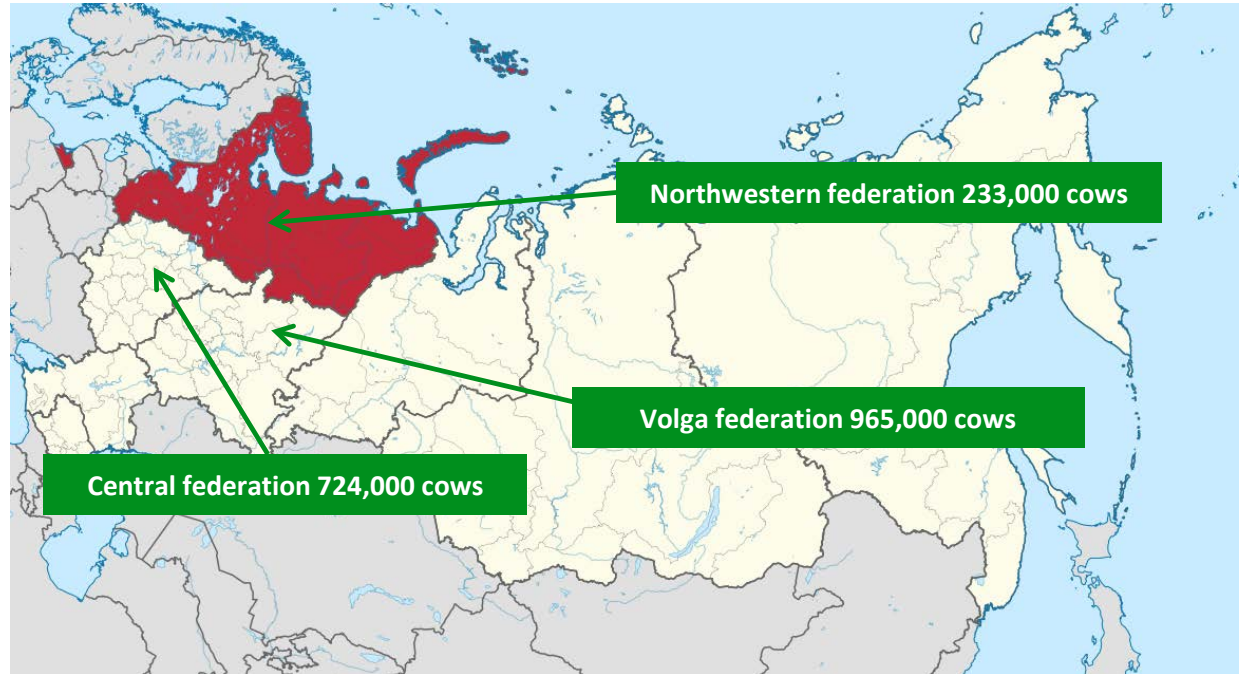


# Raisioagro

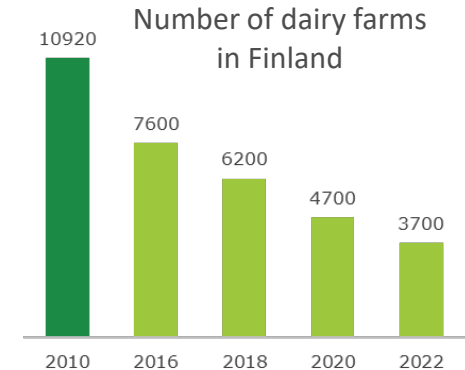
- Net sales 34.3 (37.7) M€, -9%
  - Planned sales reduction in low-margin farming supplies
  - Fish feed season started later than usual due to cold spring
  - Net sales in grain trade increased
- Fast restructuring of milk farms continued
- Demand for cattle feeds focused on the products of lower added value
  - Raisioagro did not join the tightening price competition
- Increased cattle feed export to Russia
  - Russia actively developing its own milk production
- Increased fish feed export to Northwest Russia



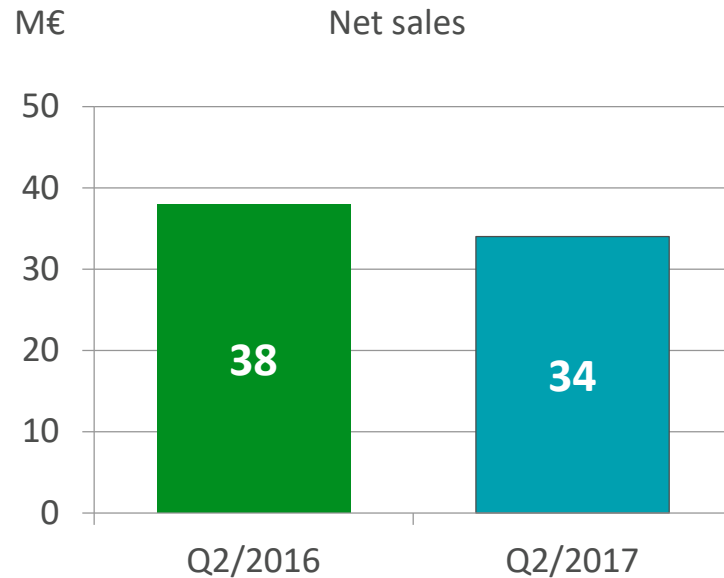
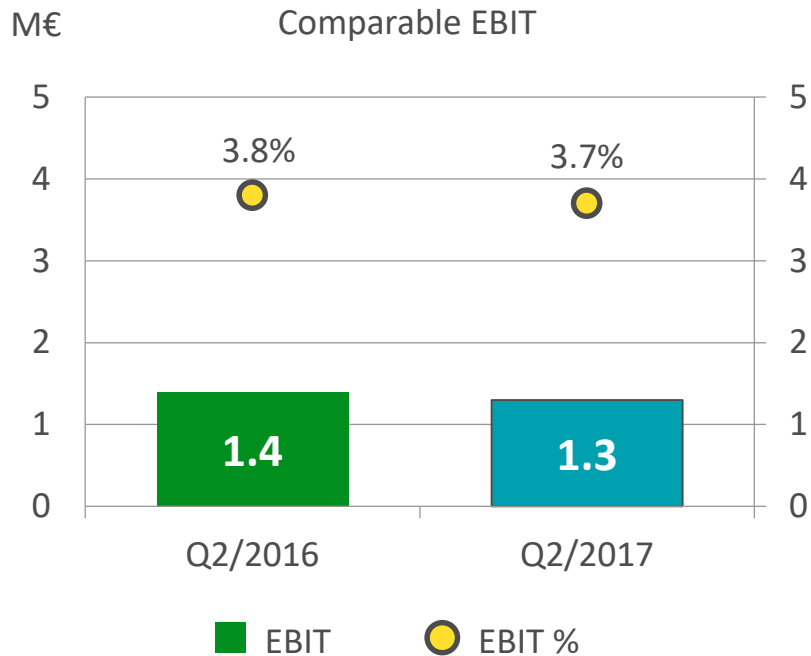
# Russia invests in milk production



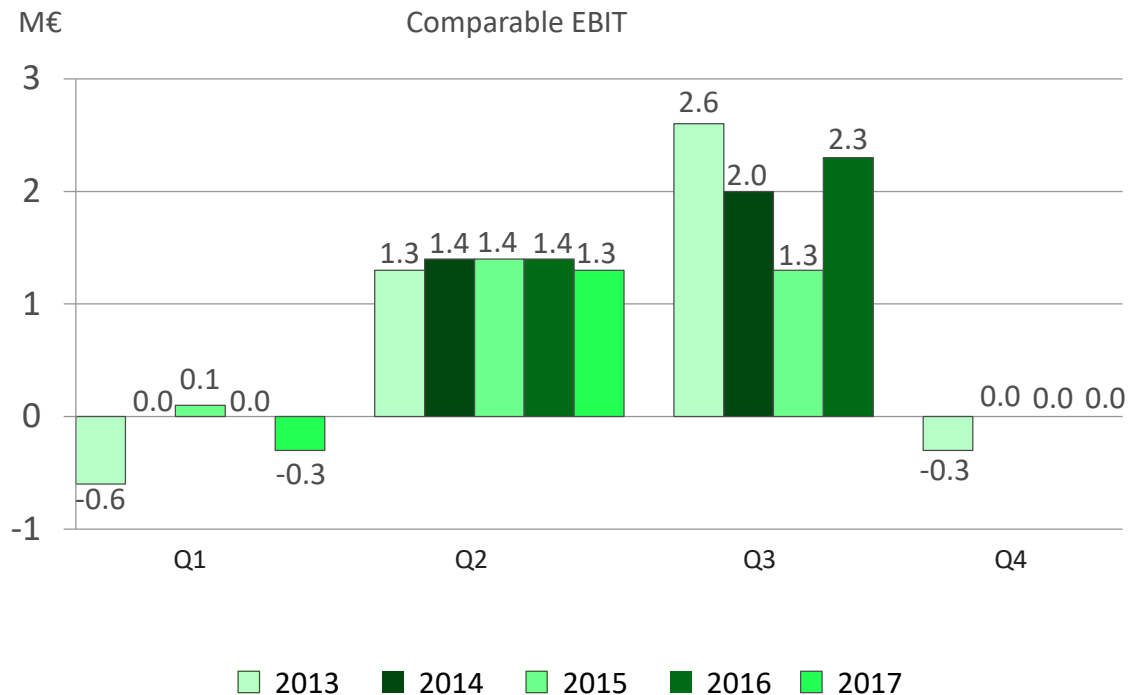
- ▶ Over 3 million cows in Russia
- ▶ Avg. production /cow in Russia 4,500 (in Finland 8,800) litres / year



# Raisioagro's EBIT and net sales Q2

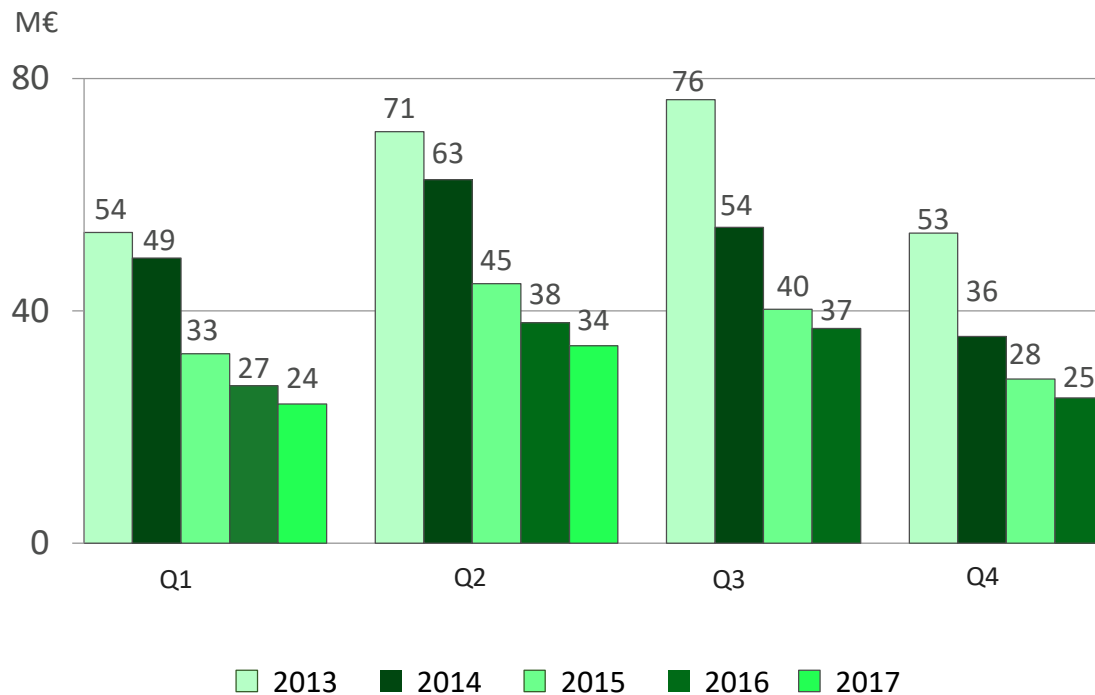


# Raisioagro's EBIT by quarters





# Raisioagro's net sales by quarters





## Raisio revised its 2017 outlook on 21 July 2017

For the full year 2017, Raisio estimates its comparable EBIT to be approximately EUR 45 million.

The outlook revision was due to the prolonged commercial and production challenges, lower than expected profitability and the weakening of the pound against the euro.

Exchange rates will continue to significantly affect Raisio's EBIT.

In line with the renewed strategy, Raisio continues to invest in brands, product concepts, sales&marketing and to streamline its operations.

# Wellbeing for life

Raisio's renewed strategy 2017 – 2022



## Investments in brands

- Developing the brands with consumer insight
- Activity in social media



## New markets

- Benecol and Nordic brands to Central Europe
- Oat ingredients export globally
- Feeds to Russia and the Baltics



## Digital solutions

- Wellbeing
- E-commerce
- Internet of Farming



## New categories

- Plant-based meals and meal components
- Snacks and easy cholesterol lowering
- Special feeds

- Enhancing wellbeing with the most desired brands
- Sustainable growth for a better world
- Operational excellence

**Great place to work**  
Competence,  
wellbeing & motivation



## Core of the Raisio Group's renewed strategy

- An international brand company
- Products and services promoting wellbeing and profitable growth
- Plant-based, healthy and responsible foods, and feeds that meet consumer and customer needs
- Determined expansion into new markets and new product categories



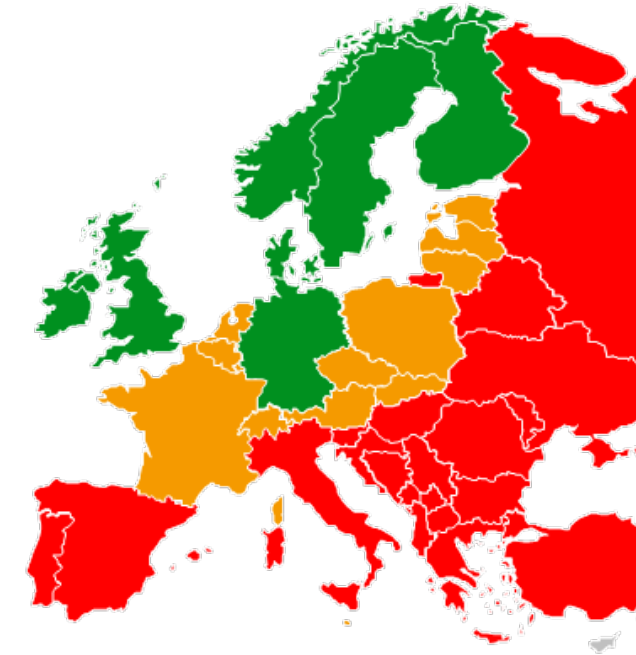
# Raisio Group's organic growth

- Benecol
  - New home markets in Europe
  - Securing sterol procurement
  - Novelties faster to the markets
- Confectionery
  - The UK unit's turnaround
  - Growth in own branded products in the Czech Republic
- Healthy Food
  - New product categories and markets
  - Novelties faster to the markets
- Raisioagro
  - Investment in exports
  - Focus on value adding products and services
- Lean approach introduced in all businesses





# Growth through acquisitions



■ High level of interest   ■ Medium level of interest   ■ Not interested

## Company size

- Net sales 50-80 M€, EBIT 10-15%
- Or few smaller startups with great future potential

## Company type

- Already profitable business (with growth potential) or promising start-ups
- Brands, knowhow, innovations

Mission



**Raisio makes your world better.**

Vision



**We enhance wellbeing and strive for sustainable growth with the most desired brands. Raisio is a great place to work.**