

PRFoods:
IV quarter & 12 months, 2014

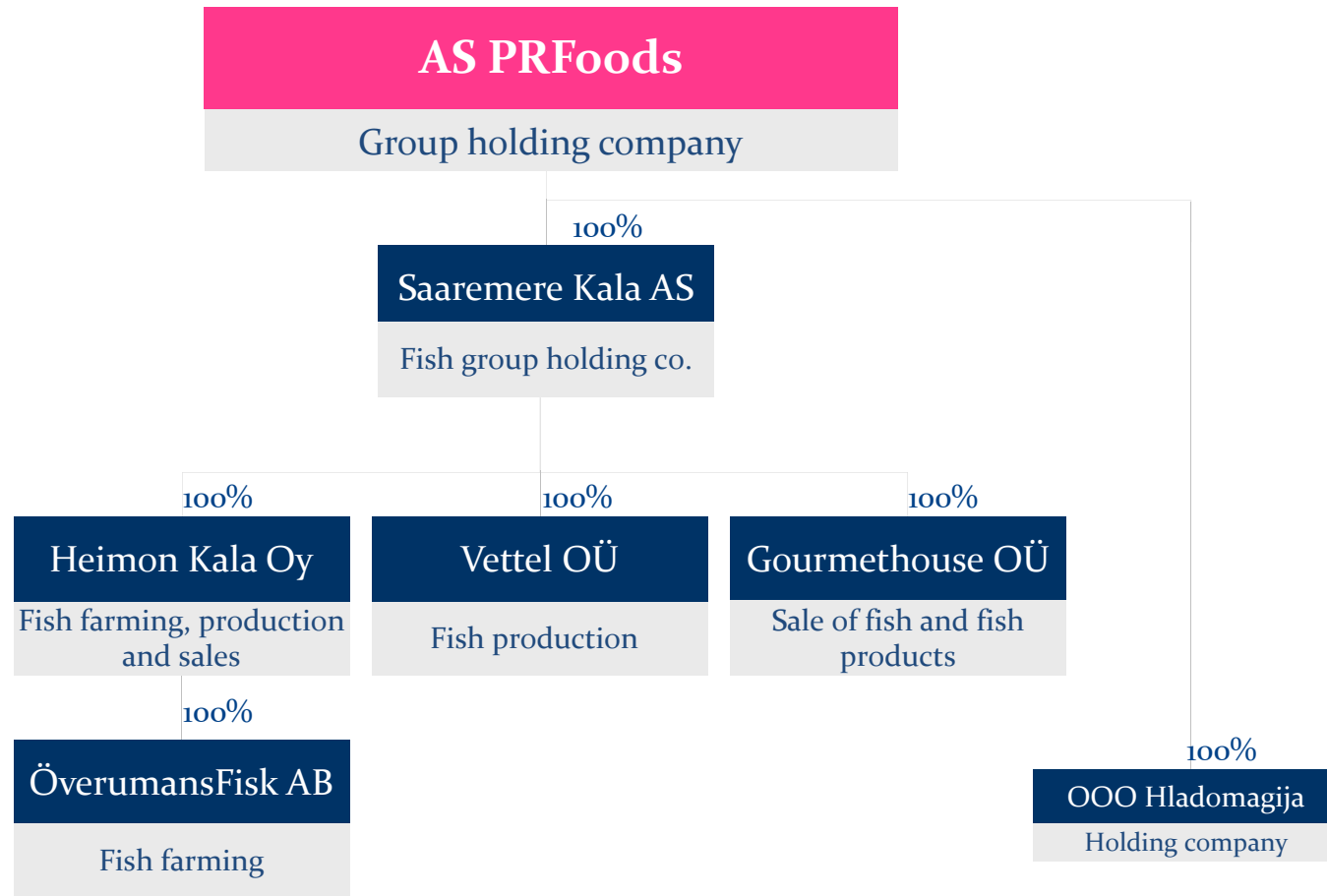


20th February, 2015

Sale and transfer of Baltic and Russian ice cream and frozen goods operations

- ❖ 06.10.2014 – AS PRFoods, Nordic Foods Holding OÜ and Shiner Macost Ltd executed share purchase agreements under which AS PRFoods undertook to sell and transfer 100% of shares of AB Premia KPC and OOO Khladokombinat No 1 and the Russian trademarks owned by AS PRFoods.
- ❖ 30.10.2014 – general meeting of shareholders:
 - ❖ approved the transaction of the sale and transfer of AB Premia KPC, a significant subsidiary of AS PRFoods.
 - ❖ Changed the business name, the new business name is AS PRFoods.
- ❖ 31.10.2014 – the transaction of sale and transfer of the Baltic business units and the trademarks owned by AS PRFoods was completed
- ❖ 10.11.2014 – the sales transaction of the shares of OOO Khladokombinat No 1 was completed
- ❖ The ice cream business segment and the frozen goods business segment, including the Russian trademarks, which belonged to AS PRFoods, have been indicated as discontinued operations in 2014 Q4 and 12 months interim report.
- ❖ Continuing operations are the production and sale of fish products in the Finnish and Estonian markets and fish farming.

Structure of AS PRFoods



Highlights

in Q4 and 12 months

The turnover of Q4 together with discontinued operations was 17.6 mEUR, 12 months turnover was 95.9 mEUR. Turnover of continuing operations in Q4 was 14.3 mEUR (YoY -2.1 mEUR) and in the summary of 12 months 45.9 mEUR (YoY +2.5 mEUR).

Continuing operations:

Q4 2014

- ❖ Turnover 14.3 million euro, decrease 13%, i.e. 2.1 million euro
- ❖ Gross margin 11.8%, decrease 0.3 percentage points
- ❖ EBITDA from operations -0.3 million euro, decrease 0.9 million euro.
- ❖ Negative impact of revaluation of biological assets 0.3 million euro (Q4 2013 -0.4 million euro).

12 months 2014

- ❖ Turnover 45.9 million euro, increase 5.8%, i.e. 2.5 million euro.
- ❖ Gross margin 11.5%, increase 1.9 percentage points.
- ❖ EBITDA from operations 0.4 million euro, increase 0.1 million euro.
- ❖ Negative impact of revaluation of biological assets 0.6 million euro (the positive impact of the 12 months of 2013 0.7 million euro).
- ❖ Net loss of 12 months -1.5 million euro (2013: -0.9 million euro). Together with discontinued operations -2.7 million euro (2013: 0.9 million euro).

Analysis of disposal of subsidiaries

Net loss of 12 months comes from the difference between net assets of sold subsidiaries and sales price. Net assets include goodwill in the amount of 15,212 thousand euro. According to analysis of disposal of subsidiaries the loss from sales was 5,023 thousand euro.

'000 EUR	KPC group	Khlado- kombinat	Total
Net assets of disposed subsidiaries	27,542	4,302	31,844
incl. goodwill	12,241	2,971	15,212
Sales price	27,098	11	27,109
Discounted to present value	-288	-	-288
Loss on disposal of subsidiaries	-732	-4,291	-5,023

Key ratios:

Group of fish companies

mln EUR	Q4 2014	Q4 2013		12m 2014	12m 2013	
Sales	14.3	16.3	↓	45.6	43.0	↑
Gross profit	1.7	1.9	↓	5.1	3.9	↑
EBITDA from operations	0.8	0.7	↑	1.9	0.8	↑
EBITDA	0.5	0.8	↓	2.1	1.7	↑
EBIT	0.2	0.5	↓	1.0	0.7	↑
Net profit (loss)	-0.1	0.6	↓	0.3	0.2	↑
Gross margin	11.7%	11.5%	↑	11.1%	8.9%	↑
Operational EBITDA margin	5.5%	4.6%	↑	4.2%	1.8%	↑
EBIT margin	1.3%	3.2%	↓	2.1%	1.5%	↑
Net margin	-0.8%	3.4%	↓	0.7%	0.4%	↑
Operating expense ratio	8.1%	9.0%	↓	10.0%	11.0%	↓

Key ratios:

Continuing and discontinued operations

mln EUR	Q4 2014	Q4 2013		12m 2014	12m 2013	
Sales	17.6	25.9	↓	95.9	98.9	↓
Gross profit	2.6	4.4	↓	23.3	23.3	
EBITDA from operations	-0.6	-0.3	↓	5.1	3.8	↑
EBITDA	-0.9	-0.2	↓	5.3	4.8	↑
EBIT	-1.3	-0.9	↓	3.1	2.2	↑
Net profit (loss)	-6.4	-1.0	↓	-2.7	0.9	↓
Gross margin	14.9%	17.1%	↓	24.3%	23.5%	↑
Operational EBITDA margin	-3.1%	-1.1%	↓	5.3%	3.9%	↑
EBIT margin	-7.1%	-3.4%	↓	3.2%	2.2%	↑
Net margin	-36.3%	-3.8%	↓	-2.8%	1.0%	↓
Operating expense ratio	18.2%	20.3%	↓	21.1%	22.6%	↓

Sales:

12 months 2014

- ❖ Together with the sale of ice cream and frozen goods operations, also the turnover of other business segment decreases. Hence the two remaining business segments, the fish segment and the other segments, will be monitored and analysed together.
- ❖ Also number of target markets has decreased – target markets of continuing operations are Finland and Estonia
- ❖ The increase in turnover came from HoReCa and retail market and from the hot and cold smoked product groups.

mln EUR	Sales	YoY	Structure
Finland	39.5	+10%	86%
Estonia	5.2	-16%	11%
Other	1.1	-13%	2%
Total	45.9	+6%	100%



Cost Analysis

Continuing operations:

	12m 2014 <i>EUR mln</i>	12m 2013 <i>EUR mln</i>	Change <i>EUR mln</i>	12m 2014 <i>As % of sales</i>	12m 2013 <i>As % of sales</i>	Change <i>As % of sales</i>
Sales	45.9	43.4	+2.5	100.0%	100.0%	
Cost of goods sold	-40.6	-39.2	+1.4	88.5%	90.4%	-1.9%
including one-off exp	-0.0	-0.2	-0.2	0.1%	0.5%	-0.4%
materials in production & cost of goods purchased for resale	-32.8	-32.4	+0.5	71.6%	74.6%	-3.0%
labour costs	-3.4	-3.0	+0.3	7.4%	7.0%	+0.4%
depreciation	-0.9	-0.9	+0.0	2.0%	2.1%	-0.0%
other cost of goods sold	-3.4	-2.9	+0.5	7.5%	6.7%	+0.8%
Operating expenses	-6.1	-5.6	+0.5	13.4%	12.9%	+0.5%
including one-off exp	-0.0	-0.1	-0.1	0.0%	0.1%	-0.1%
labour costs	-1.7	-1.9	-0.2	3.7%	4.4%	-0.7%
transport ja logistics services	-1.6	-1.6	+0.0	3.5%	3.7%	-0.2%
depreciation	-0.2	-0.3	-0.0	0.5%	0.6%	-0.1%
advertising, merchandising, marketing and product development	-0.7	-0.7	-0.0	1.5%	1.7%	-0.2%
other operating expenses	-1.9	-1.1	+0.8	4.1%	2.5%	+1.6%
Other income/expenses	0.8	0.8	+0.0	1.8%	1.8%	-0.1%
including one-off income/exp	0.8	0.5	+0.3	1.6%	1.1%	+0.6%

Key ratios:

Balance Sheet

mln EUR	31.12.2014	31.12.2013
Net debt	-2.6	13.2
Equity	33.7	37.3
Working capital	22.9	10.1
Assets	40.4	63.8
Liquidity ratio	5.94	1.63
Equity ratio	83%	58%
Gearing ratio	-8%	26%
Net debt-to-EBITDA*	-6.63	3.43
ROE	-8%	3%
ROA	-5%	1%

❖ According to AGM resolution from May 29 2014, PRFoods paid dividends in the amount of 387 thousand euro, i.e 0.01 euro per share. The list of shareholders entitled to receive dividends was fixed as of 29 August 2014 at 23.59 and the dividends were paid to the shareholders on 3 September 2014.

* As of 31.12.2014 EBITDA from operations from continuing operations

Share price and shareholders



Major shareholders at 31st December 2014:

ING Luxembourg S.A.	62.71%	Firebird Avrora Fund Ltd,	1.68%
LHV Pensionifond L	4.53%	Compensa Life Vienna Insurance Group SE.	1.66%
OÜ Rododendron	3.36%	LHV Pensionifond XL	1.51%
Ambient Sound Investments OÜ	3.20%	OÜ Footsteps Management	1.31%
Firebird Republics Fund Ltd.	3.09%	OÜ Freespirit	0.94%