

STRATEGY

TOWARDS PROFITABLE GROWTH

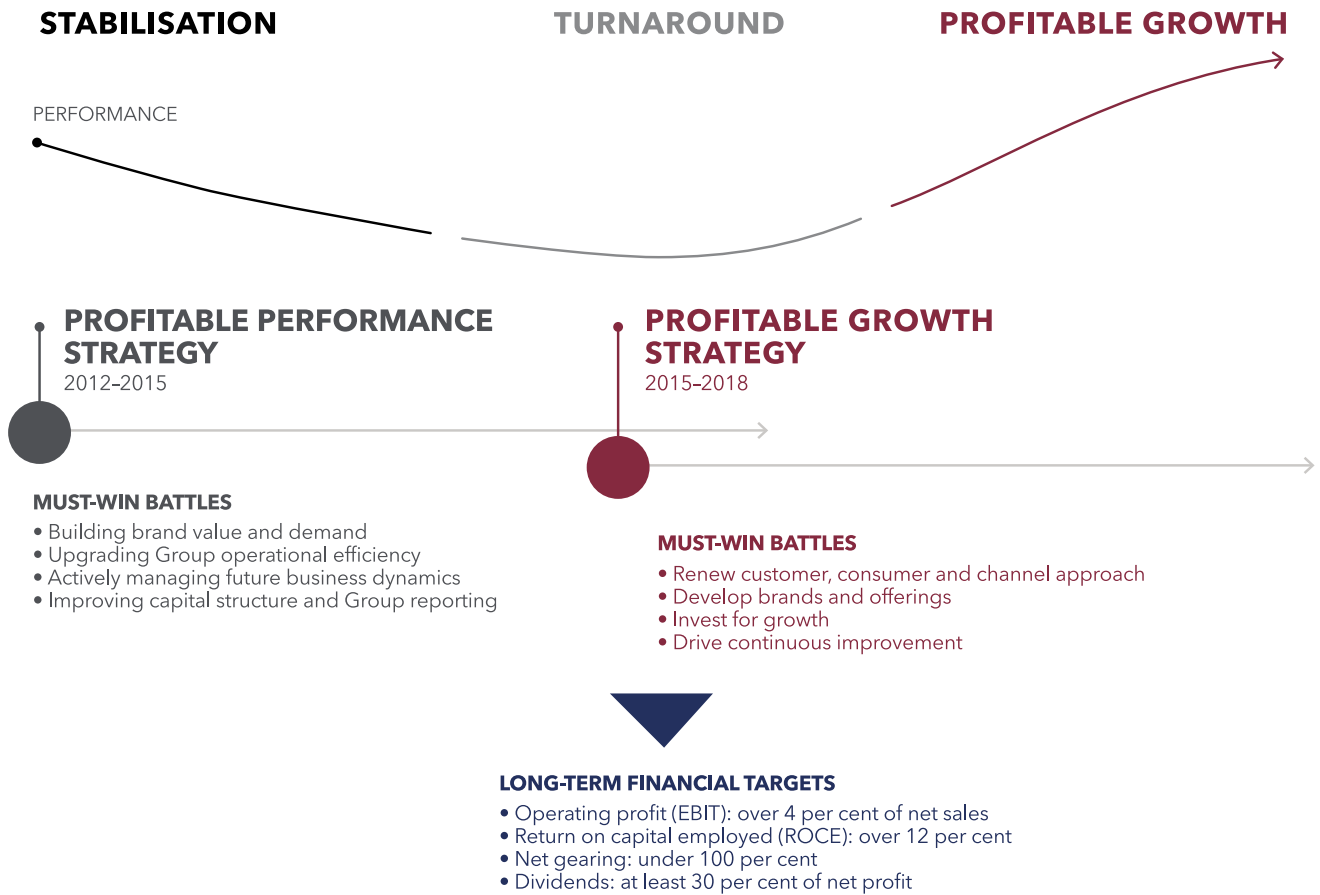
HKScan began systematically executing its strategy of profitable growth as planned in 2015. We also continued improving our operational efficiency and harmonizing our production and legal structure. Thanks to the structural changes made over the past few years, HKScan is today a stronger, more unified Group than ever before, which was one of the main goals of our strategy for 2012-2015.

Operations improving our efficiency included, for example, the following: We centralized our manufacturing in Denmark, removed overlapping operations, upgraded our production efficiency and restructured the organization in line with our strategic targets. In Finland, Sweden and Estonia we divested non-core operations, enabling us to focus on our core businesses and further streamline our corporate structure.

A MORE UNIFIED AND EFFICIENT GROUP

One of the key Must-Win Battles of our strategy for 2012-2015 was to improve the Group's capital structure, in which we succeeded with gratifying results. The Group's balance sheet is now strong, which enables us to invest in growing our business. Our other focus areas were Building brand value and demand; Upgrading Group operational efficiency; and Actively managing future business dynamics. Our efforts in all these focus areas proceeded according to plan. Brand value, demand and operational efficiency will remain among our key focus areas also during the current strategy period.

The business areas and support functions established during the foregoing strategy developed their tools, processes and competences further and their efficiency is continually improving. Our unified processes and ways of working, harmonized corporate culture, improved operational footprint and strong balance sheet provide us a solid foundation for achieving profitable growth.



GROWTH THROUGH BRANDED PRODUCTS

In line with its new strategy updated in 2014, HKScan will focus on fostering a stronger sales and marketing orientation in its business during its 2015–2018 strategy period. We will invest in developing branded products with high added-value, we will continue pursuing our policy of continuous improvement, and we will strive to find innovative ways of meeting the expectations of our customers and consumers.

We will assign growing priority to innovation work, active category development and brand marketing. The investments required for executing our strategy will be targeted particularly at the end of the value chain, closer to our customers and consumers.



Despite our challenging operating environment, HKScan has been resolute in launching its strategy of profitable growth. In 2015 HKScan confirmed that it will invest in a wholly new poultry production facility in Rauma. The company also acquired a 50 per cent stake in Paimion Teurastamo Oy, a Paimio-based beef slaughtering plant. We expanded our demand-driven export business and celebrated the official launch of the Group’s Asian business by establishing a new sales office in Hong Kong. The new Biotech business founded at the end of 2014 continued to make pleasing progress. For further details, see the [CEO’s review](#).

STRATEGIC STRENGTHS

HKScan is aware of the challenges existing in its operating environment and their potential impacts on the successful execution of its strategy. Our short-term growth prospects could be impacted negatively by the prevailing climate of economic and political uncertainty, export bans and changing consumer preferences. We will identify and work proactively to minimize risks in the meat industry, harnessing our key strategic strengths as a competitive advantage.

Our ability to successfully execute our strategy is supported by our strong balance sheet, our market leadership on all our home markets, our high-profile brands, our unmatched competency as meat industry experts and the synergies brought by our advantageous geographical location.

Our ongoing work to improve our profitability as well as several market drivers support us in pursuit of our strategic goals. These drivers include global growth in meat consumption, growing appreciation for responsibly produced, pure and wholesome Nordic meat, and lifestyle trends that are boosting demand for value-added products.

TRUST, TEAM, IMPROVE

We will execute our strategy in line with the Group mission, brand promise and values: *Trust, Team, Improve*. HKScan is the leading Nordic meat expert with over 100 years of experience as a responsible meat producer and developer of products made from high-quality raw materials. Our offering comes with a promise of great flavour and high Nordic standards of hygiene, safety, quality and responsibility. This promise extends to every link in the value chain and every individual involved every step of the way – from farm to fork.