

Press release
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Fazer Group grows and invests

Fazer Group's turnover for 2008 amounted to 1,159.7 M€, representing a comparable increase of 11.6 per cent from year 2007. The operating profit, excluding sales profit relating to Candyking and non-recurring items, increased from 34.6 M€ to 44.6 M€. The year was characterised by acquisitions and investments, despite a turbulent market.

Fazer Group strengthened its position in 2008 through a number of initiatives. The associated company Cloetta Fazer was split up and Fazer Confectionery returned to the Group. Fazer acquired the Swedish bakery company Lantmännen Färsbröd and became number two in the Swedish market. Also other parts of the Group advanced their positions through acquisitions, organic growth and enhancing efficiency.

'The positive trends are a consequence of long-term work based on our strategy and I am pleased with our achievements, particularly in view of challenges such as higher raw-material prices, the economic recession and the weakening Swedish and Russian currencies. In the long run, we have all the prerequisites needed to turn the challenging market situation to our benefit, to continue to grow and develop also during times of an economic downturn,' says Karsten Slotte, President of Fazer Group.

The Group's results in figures

Fazer Group's turnover for 2008 amounted to 1,159.7 M€, compared with 1,192.6 M€ in 2007. A comparison with last year does not fairly reflect developments since Candyking, which was sold at the end of 2007, is no longer included in the figures as of 2008. The comparable increase in turnover for 2008 was 11.6 per cent in relation to the previous year. The Group's operating profit was 135.0 M€ (51.2 M€ in 2007) while the Group's operating profit, excluding the capital gain related to Candyking and non-recurring items, was 44.6 M€ (34.6 M€ in 2007 excluding Candyking).



Key figures	2008	2007	2006
Turnover, M€	1 159,7	1 192,6	1 068,7
Operating profit, M€	*135,0	51,2	40,6
– operating margin, %	11,6	4,3	3,8
Operating profit excl. non-recurring items and capital gain	44,6	34,6	36,5
Contribution of business operations toward the Group's operating profit, M€	41,9	28,9	29,8
Return on equity, % (ROE)	19,8	6,9	6,7
Equity ratio, %	48	64	64
Net debt ratio, %	21	–13	–3
Balance sheet total, M€	1 075,0	653,9	661,3

* This figure includes capital gains of 90.3 M€ related to the sale of Candyking.

Number of employees	2008	2007	2006
Number of employees 31 December	15 823	15 945	15 275
Average no of employees during year	12 976	13 470	13 147

Lantmännen Färskröd's personnel are not included in the figures for 2008 in view of that the acquisition was completed in January 2009.

Stable foundations in a poorer market situation

The global financial crisis and the economic recession will affect the Group's prerequisites in 2009. However, the food business is less sensitive to economic fluctuations than industry in average, and Fazer Group continues to maintain a strong financial position. The main risks relate to Russia, where the devaluation of the rouble will probably continue, and to Sweden, where the weak Swedish krona burdens primarily the operations of Fazer Confectionery Sweden. The massive lay-offs within the industry sector in Finland and Sweden are expected to have an adverse impact mainly on Fazer Amica. The internal measures to increase efficiency and develop operations continue to counteract the effects of the difficult economic situation.

‘Operational conditions will deteriorate in 2009. In view of the uncertain situation, we have a strong focus on daily operations and cash flow. However, I look towards the future with confidence, and believe that we are well-equipped to further strengthen our positions in our domestic markets. Our aim is to be forerunners, to hold a leading position and to be the first choice for our customers, consumers and other interest groups,’ says Karsten Slotte, President of Fazer Group.



Additional information on Fazer Group's four divisions

Fazer Group is composed of four divisions, Fazer Amica, Fazer Bakeries, Fazer Confectionery and Fazer Russia.

Fazer Amica grew and achieved greater satisfaction among customers

Fazer Amica is the leading food service company in the Nordic Region and the Baltic States. Fazer Amica had a successful year in 2008. Turnover increased by 4.5 per cent to 572.1 M€ (547.6 M€ in 2007) simultaneously as several surveys showed high and greater satisfaction among both customers and employees. However, developments within the profit centres varied considerably by country. Trends were positive in Finland, Denmark and Norway in particular. In Sweden, where the trend was negative, a comprehensive turnaround program has been initiated.

The year's major events included the purchase of Lassila & Tikanoja Abp's holding in the companies' jointly owned company Blue Service Partners Oy in Finland and several development projects. In addition, a decision was made to separate Fazer Amica's café-restaurant operations to the Fazer Restaurants business unit, which will now expand its activities. Fazer Group purchases 25 per cent of the shares in Svenska Försvarsrestauranger AB (SFAB) in Sweden, which signifies even better possibilities for Fazer Amica to achieve its growth targets within the public sector.

Fazer Amica has a total of nearly 1,400 restaurants in Finland, Sweden, Norway, Denmark, Estonia, Latvia and Russia.

Fazer Bakeries further-developed through acquisitions and investments

Fazer Bakeries is the leading bakery company in Finland and one of the leading ones in the Baltic region. 2008 saw strong growth and renewal for the division, and turnover rose by 13.4 per cent to 365.1 M€ (322.0 M€ in 2007) simultaneously as results improved despite difficult market conditions. The growth and improvement in results came primarily from the bakery and mill operations in Finland.

The year's major events included the decision to acquire the Swedish bakery company Lantmännen Färsbröd, which led to Fazer Bakeries advancing from fourth to second place in the Swedish market, in addition to taking over the very strong Skogaholm brand.

The division also made investments to increase the capacity of Fazer Mill & Mixes in Lahti, as well as initiating a three-year development program in Finland that includes investments totalling 35 million euros. The investments will primarily be made in the bakeries in Lahti and Vantaa, while the bakeries in



Tampere and Iisalmi will be closed down in 2009. The objective is that as many people as possible will obtain new employment at Fazer's other bakeries or within the Group's other companies. Those who nonetheless lose their job will be given individual support.

In 2009, the bakeries in Finland and the Baltic States as well as Fazer Mill & Mixes will continue to implement the ongoing development programs, with profitable growth as the goal. In the Swedish market, the most important goal is to succeed with the integration of Lantmännen Försäkringsbröd into Fazer Bakeries.

Fazer Bakeries has operations in Finland, Sweden, Estonia, Latvia and Lithuania.

Fazer Confectionery is once again part of the Group

The Fazer Confectionery division was formed at the end of 2008 when Cloetta Fazer was split and the confectionery returned to Fazer Group.

The integration into the Group and the building up of the Swedish organisation went smoothly thanks to positive employees and strong mutual values. Fazer Confectionery is currently the leading confectionery company in Finland and a strong player in the Baltic Sea region.

In the beginning of 2008, Fazer Confectionery acquired Fennobon in Finland, thus supplementing Fazer Confectionery's product portfolio with chewing gum, where above all full-xylitol products have considerable growth potential.

Fazer Confectionery developed several new chewing gums for launch in 2009, and launched in the beginning of 2009 several well-known Fazer brands as chewing gum. The target is to triple sales over the next three years.

In 2008, Fazer Confectionery launched major investments in its Finnish confectionery factories. The total value of these investments was 20 million euros. A new chocolate moulding line will be installed in Vantaa, while a new sugar confectionery line will be installed in the Lappeenranta facility. Several new products were also launched, which were well-received by customers and consumers.

The division's most important markets are Finland, Sweden, the Baltic States, Russia, Norway and Denmark as well as Travel Trade, i.e. sales on passenger ferries and airline traffic.



Fazer Russia developed its operations

Fazer's bakery operations in Russia were separated as a separate division in 2007. Fazer's bakery operations in Russia use the name of Hlebny Dom. Operations grew strongly in 2008. Turnover increased by 32.3 per cent to 222.5 M€ (168.2 M€ in 2007) and the operating profit was better than the previous year, despite challenging market conditions with price-freezing during parts of the year and rising production costs. Fazer is currently one of the leading bakery companies in Russia with sales primarily in the Moscow and St Petersburg region.

Fazer Russia's investments amounted in total to 33 M€ in 2008 and implied almost the doubling of the capacity of the bakery in Moscow and the purchase of land in St Petersburg to build a new bakery.

The Fazer Russia division carried out major reforms related to the establishment of a new country organisation, harmonisation of operations and development. During 2008, Fazer Russia built a regional sales organisation with which the sales area of bakery products can be expanded to elsewhere in Russia. In January 2009, Fazer acquired the majority shareholding of the bakery company BKK Neva, which is specialised in frozen products.

Annual Review 2008

Fazer's new Annual Review presents the past year, future challenges and perspectives as well as ingredients for taste sensations. It also contains more detailed information about the result development of each division.

The Annual Review 2008 is available at Fazer Group's website at www.fazer.com. The printed version may be ordered by email via jaana.honkanen@fazer.fi or in the Annual Review section of the Group's website.

Fazer's corporate responsibility report is available in Finnish and Swedish on the Group's websites, www.fazer.se and www.fazer.fi.

A link to Fazer's image bank is located on the lower edge of the Group's website.

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Fazer Group

The origins of Fazer Group lie in a family company founded in 1891 when Karl Fazer opened his first café in Helsinki. Today the Group offers meals, bakery and confectionery products and operates in a total of eight countries. Its operations are based on passion for customer, quality excellence and team spirit. The Group operates in four divisions, which are all committed to creating taste sensations: Fazer Amica, Fazer Bakeries, Fazer Confectionery and Fazer Russia. Fazer Group's turnover for 2008 (pro forma) was over 1.5 billion euros. The Group employs ca. 17,000 people.

Fazer Amica is a leading contract catering company in the Nordic and the Baltic countries, offering customers delicious food and tailor-made service solutions. The company operates in the Nordic countries, Estonia, Latvia and Russia. **Fazer Bakeries** offers fresh and tasty bakery products and operates in Finland, Sweden, Estonia, Latvia and Lithuania. **Fazer Confectionery** is Finland's leading confectionery company and a strong player in the Baltic Sea region. Fazer's three confectionery factories are located in Finland: chocolate products are manufactured in Vantaa, sugar confectionery in Lappeenranta and chewing gum in Karkkila. **Fazer Russia** is responsible for Fazer's bakery operations in Russia and is one of the leading bakery companies in Russia.