

Interim Report January-September 2017

RAISIO PLC

Q3/2017



RAISIO'S NET SALES INCREASED BY ALMOST 6% IN JULY-SEPTEMBER

July-September 2017

- The Group's comparable net sales increased by 5.8%, totalling EUR 108.8 (102.8) million.
- The Group's comparable EBIT was EUR 13.0 (14.0) million, accounting for 12.0 (13.6)% of net sales.
- Brands Division's comparable EBIT totalled EUR 10.6 (11.1) million, accounting for 15.0 (16.2)% of net sales.
- Raisioagro's EBIT was EUR 3.3 (2.3) million, accounting for 7.9 (6.1)% of net sales.

January-September 2017

- The Group's comparable net sales totalled EUR 305.5 (340.9) million.
- The Group's comparable EBIT was EUR 36.7 (38.7) million, accounting for 12.0 (11.3)% of net sales.
- Brands Division's comparable EBIT totalled EUR 34.9 (36.7) million, accounting for 16.2 (14.9)% of net sales.
- Raisioagro's EBIT was EUR 4.2 (3.7) million, accounting for 4.2 (3.6)% of net sales.

CEO's review

“Raisio Group's third-quarter net sales were almost six per cent up from the comparison period. Net sales were driven by Benecol and fish feed business. This year's now ending farming season was one of the best ever in Raisioagro's fish feed business. Benecol's growth was boosted by the good sales development of consumer products in Finland and increased deliveries of plant stanol ester to licensing partners especially in Asia. In addition, the higher world market prices in sterols, Benecol product raw materials, and the currency impact of the weakening British pound were offset by price increases.

Raisio's EUR 13.0 million EBIT was a reasonable performance in a situation where the UK's confectionery business profitability continued to weaken. Raisio will continue to work resolutely to address the operational and commercial challenges at the Leicester confectionery plant. This will, however, take clearly longer than expected. The Healthy Food and Czech confectionery businesses continued their good performance. EBIT for both Benecol and Raisioagro improved with increased net sales.

Raisio is again a net debt free company with a strong cash flow. The company seeks growth especially for its Benecol and Healthy Food businesses with good profitability. Raisio's agile product and brand development, and expansion to new markets and product categories enable organic growth. Raisio will also grow through acquisitions”.

Raisio Group's key figures

		7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Result						
Net sales	M€	108.2	102.8	344.7	340.9	436.3
Change in net sales	%	5.2	-23.5	1.1	-14.4	-16.3
Items affecting comparability	M€	0.6	0.0	-39.2	0.0	0.0
Comparable net sales	M€	108.8	102.8	305.5	340.9	436.3
Change in comparable net sales	%	5.8	-23.5	-10.4	-14.4	-16.3
EBIT	M€	13.0	13.9	35.0	17.4	28.9
EBIT	%	12.0	13.6	10.2	5.1	6.6
Items affecting comparability	M€	0.0	0.1	1.6	21.2	21.8
Comparable EBIT	M€	13.0	14.0	36.7	38.7	50.7
Comparable EBIT	%	12.0	13.6	12.0	11.3	11.6
Depreciations	M€	-2.8	-2.6	-8.2	-8.7	-11.3
Impairment	M€	0.4	0.5	-28.9	-16.5	-16.1
Depreciations and impairment, in total	M€	-2.4	-2.1	-37.1	-25.1	-27.4
Items affecting comparable depreciations and impairment	M€	-0.4	-0.5	28.9	16.5	16.1
Comparable depreciations and impairment	M€	-2.8	-2.6	-8.2	-8.7	-11.3
EBITDA	M€	15.4	16.0	72.1	42.6	56.3
Items affecting comparable EBITDA	M€	0.4	0.6	-27.3	4.8	5.7
Comparable EBITDA	M€	15.8	16.6	44.8	47.3	62.0
Financial items	M€	-0.8	-0.5	-1.4	-2.4	-2.2
Earnings per share (EPS)	€	0.06	0.07	0.14	0.06	0.12
Comparable earnings per share (EPS)	€	0.06	0.07	0.18	0.19	0.25
Balance sheet						
Equity ratio	%	-	-	69.6	63.1	66.8
Net gearing	%	-	-	-3.9	13.1	8.5
Net interest-bearing debt	M€	-	-	-11.9	39.8	26.7
Equity per share	€	-	-	1.93	1.93	1.99
Investments	M€	1.6	5.1	9.9	13.4	18.3

OPERATING ENVIRONMENT

Sterols are the key raw material in plant stanol ester, the Benecol product ingredient. The world market prices of sterols have risen significantly due to the growing demand and highly concentrated sterol production. The demand for sterols continues to grow since they are also used as raw materials in the pharmaceutical and cosmetics industries.

The decline in spread sales continued in Europe. The cholesterol-lowering functional spread market continued to slightly decline in some countries. On the other hand, prices of butter and spreads have risen in Europe. In the UK, the intense competition between retail and discount chains continued.

In the UK, upward pressure on the food import prices due to the weakened pound is not fully seen in the consumer product prices.

In Finland, grocery trade sales grew by 1.5 per cent in January-September. The growth took place in supermarkets and hypermarkets. Consumers are interested in foods made of natural and responsibly produced raw materials. For snacks and meals, this can be seen in growing demand for plant-based products supporting wellbeing. Consumer interest in particularly oat products continued as oat is a natural raw material valued for its health effects.

The demand for soft gums picked up in Poland and in other European export markets of Raisio's Czech confectionery business. Pressure on sales prices of ordinary soft gums continued in the European markets. On the other hand, demand for high-quality products with natural colours and flavours increased.

The British confectionery market is in slight decline at a volume level. Value is maintained primarily through price inflation, particularly around sugar products.

In Finland, the overall market for cattle feeds remained nearly unchanged during the review period. The delayed grain harvest slightly increased the cattle feed demand and postponed milk farmers' feed decisions for the winter. Russia continues to invest in its own milk production, which increases Raisioagro's feed export opportunities.

In the late summer and autumn, the ideal growth conditions increased Raisio's fish feed sales in Finland and to Northwest Russia. Demand for fish farmed in Finland continues to increase but new fish farming licences and licences to increase the current quotas are rarely granted.

FINANCIAL REPORTING

The reported divisions are Brands and Raisioagro.

The Brands Division includes the following businesses: Benecol, Healthy Food, Confectionery and Benemilk.

Benecol business includes the Benecol product ingredient sales to licensing partners globally and the manufacturing and sales of Benecol consumer products for Raisio's home markets in the UK, Poland, Finland, Ireland, Belgium and Hong Kong.

Markets of the Healthy Food business (former Healthy Snacks) are Northern and Eastern Europe. The divested UK snack bar business was included in Raisio's comparison period figures until 12 July 2016. Confectionery includes the UK and Czech businesses, and exports. Benemilk business includes the international commercialisation and protection of the innovation.

Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade.

Figures in brackets refer to the corresponding date or period one year earlier unless otherwise stated.

FINANCIAL REVIEW

		7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Group net sales	M€	108.2	102.8	344.7	340.9	436.3
Brands	M€	70.1	68.4	255.0	246.8	320.1
Raisioagro	M€	41.2	37.1	99.9	101.8	126.6
Other operations	M€	0.2	0.2	0.7	0.6	0.8
Items affecting comparability	M€	0.6	0.0	-39.2	0.0	0.0
Group comparable net sales	M€	108.8	102.8	305.5	340.9	436.3
Brands	M€	70.7	68.4	215.8	246.8	320.1
Raisioagro	M€	41.2	37.1	99.9	101.8	126.6
Other operations	M€	0.2	0.2	0.7	0.6	0.8
Group EBIT	M€	13.0	13.9	35.0	17.4	28.9
Brands	M€	10.6	10.5	34.4	16.5	30.2
Raisioagro	M€	3.3	2.3	4.2	3.7	3.7
Other operations	M€	-0.9	1.1	-3.5	-2.7	-4.9
Items affecting comparability	M€	0.0	0.1	1.6	21.2	21.8
Group comparable EBIT	M€	13.0	14.0	36.7	38.7	50.7
Brands	M€	10.6	11.1	34.9	36.7	50.5
Raisioagro	M€	3.3	2.3	4.2	3.7	3.7
Other operations	M€	-0.9	0.6	-2.5	-1.7	-3.5

JULY-SEPTEMBER 2017

Net sales

Raisio Group's comparable net sales increased by 5.8 per cent, totalling EUR 108.8 (102.8) million. Net sales were primarily boosted by good sales growth for Raisioagro's fish feed business in Russian export market and in Finland, good sales in Benecol consumer products in Finland and increased deliveries of plant stanol ester, the Benecol ingredient, to licensing partners especially in Asia.

The conversion impact of the weakened British pound on the net sales of the Group and Brands Division was some EUR -1.6 million. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Result

Raisio Group's comparable EBIT amounted to EUR 13.0 (14.0) million, accounting for 12.0 (13.6) per cent of net sales. The main factors weakening EBIT were the continued operational and commercial challenges at the Leicester confectionery plant and further deterioration in business profitability.

The conversion impact of the weakened British pound on the Group and Brands Division's EBIT was some EUR -0.1 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

Items affecting comparability are presented in the table below.

JANUARY-SEPTEMBER 2017**Net sales**

The Group's comparable net sales amounted to EUR 305.5 (340.9) million, which is about 10 per cent lower than in the comparison period. The comparison period net sales include the divested UK cereal and snack bar businesses generating net sales of some EUR 27 million in January-July 2016.

The conversion impact of the weakened British pound on the comparable net sales of the Group and Brands Division totalled EUR -8.5 million. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Due to the Southall factory property divestment, Raisio's net sales are also reported comparable. A total of EUR 39.2 million was entered in the Group and Brands Division's net sales as proceeds from the property divestment; the profit was eliminated from the comparable net sales.

The Brands Division accounted for some 70 per cent and Raisioagro for some 30 per cent of Raisio's comparable net sales. Comparable net sales from outside Finland represented 62.7 (64.3) per cent of the entire Group's comparable net sales, amounting to EUR 191.4 (219.3) million.

The UK accounted for almost 30 per cent, Finland less than 40 per cent, the rest of Europe slightly over 30 per cent and the rest of the world clearly below 5 per cent of the Raisio Group's comparable net sales.

Result

The Group's comparable EBIT amounted to EUR 36.7 (38.7) million, accounting for 12.0 (11.3) per cent of net sales.

The conversion impact of the weakened British pound on EBIT of the Group and Brands Division was some EUR -1.2 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

In addition to the weakening pound, EBIT was primarily impacted by the continuing operational and commercial challenges and profitability weakening at the Leicester confectionery plant, sharp rise in world market price of sterols, used as Benecol product raw material, and the fact that in the UK, Raisio could pass on the raw material price increase to sales prices only partially. BIT improvement resulted from the divestments of the UK cereal and snack bar businesses carried out in the comparison period 2016 and from the organic growth in the Healthy Food business.

Items affecting comparable EBIT, EUR million

		7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Brands						
Southall property divestment		0.4		-28.3		
Write-down of UK goodwill		-0.4		28.9		
Write-down of Dormen and Fruitus brands	M€		-0.1		3.7	3.7
Halo Foods Ltd's saleable assets valued at fair value	M€		-0.4		14.7	14.7
Restructuring costs of the UK snack business	M€		1.1		1.8	1.7
Streamlining projects	M€					0.2
Common						
Restructuring of operations and legal expenses	M€	0.0	-0.5	1.1	1.0	1.4
Impact on EBIT	M€	0.0	0.1	1.6	21.2	21.8

Balance sheet, cash flow and financing

At the end of September, the Raisio Group's balance sheet totalled EUR 437.5 (31 December 2016: 470.0) million. Shareholders' equity was EUR 303.9 (31 December 2016: 313.2) million, while equity per share totalled EUR 1.93 (31 December 2016: 1.99). Changes in equity are described in detail in the Table section below.

Working capital at the end of the review period amounted to EUR 29.9 (31 December 2016: 44.2 and 30 September 2016: 47.5) million. The decline in working capital was primarily due to decreased current assets compared to the end of 2016. From 1 January 2016, working capital does not include derivative assets and liabilities related to loan hedging.

Cash flow from business operations in January-September was EUR 74.9 (30.3) million. The figure includes a total of EUR 39.2 million of sales revenue for the Southall industrial property. Cash flow after investments and before financing activities totalled EUR 63.5 (19.9) million.

At the end of September, the Group's interest-bearing financial liabilities were EUR 57.4 (31 December 2016: 88.6) million. Net interest-bearing debt was EUR -11.9 (31 December 2016: 26.7) million.

At the end of September, the Group's equity ratio totalled 69.6 (31 December 2016: 66.8) per cent, and net gearing was -3.9 (31 December 2016: 8.5) per cent. Decrease in the net gearing was due to the decreased net interest-bearing debt after the Southall property divestment. Comparable return on investment was 12.6 (31 December 2016: 11.6), and return on investment 12.0 (31 December 2016: 6.6) per cent.

Revolving credit facility

In September 2017, Raisio and OP Corporate Bank plc signed a binding revolving credit facility agreement of EUR 50 million. The agreement is valid for three years from the moment of its signing, and it may be renewed for two periods of one year in accordance with the terms of the agreement. The facility is used for the Group's general financing purposes.

INVESTMENTS

The Group's investments in July-September totalled EUR 1.6 (5.1) million, or 1.5 (4.9) per cent of the Group's comparable net sales. Investments of the Brands Division totalled EUR 1.3 (2.1) million, those of Raisioagro EUR -0.1 (0.1) million and those of other operations EUR 0.4 (2.8) million.

The Group's investments in January-September totalled EUR 9.9 (13.4) million, or 3.2 (3.9) per cent of the Group's comparable net sales. Investments of the Brands Division totalled EUR 3.8 (6.9), those of Raisioagro 2.1 (1.4) and those of other operations 4.0 (5.1) million.

The Group's largest investments included the bioenergy plant introduced in Raisio's industrial area in the summer 2017, a new production line for fish feeds in the Raisio-based factory and the renewed SAP ERP system. Raisio has also carried out productive investments in its Czech and UK confectionery businesses.

DISPUTES

Oat Solutions LLC filed a civil action with the American court for the dispute already dealt with by the arbitral tribunal in Finland in 2014. The defendants in the US dispute were Raisio plc as well as the then CEO Matti Rihko and Vincent Poujardieu, Vice President, Benecol business. Oat Solutions claimed for damages of at least USD 25 million from Raisio through legal proceedings. Throughout the process, Raisio considered the claims to be completely unfounded. In November 2016, the Supreme Court of Los Angeles accepted Raisio's application to dismiss the civil action brought by Oat Solutions LLC. Oat Solutions announced that it will appeal against the US Court decision to California's 9th Circuit Court. In September 2017, this Court confirmed Raisio's application to reject Oat Solution's appeal and the legal process in California has therefore come to a definite end. The legal process in Finland has also ended.

RESEARCH AND DEVELOPMENT

In July-September, a total of EUR 0.8 (0.4) million was used for research and development.

In January-September, R&D expenses totalled EUR 2.4 (2.9) million, or 0.8 (0.8) per cent of the Group's comparable net sales. The Brands Division's R&D expenses totalled EUR 1.8 (2.3) million and those of Raisioagro EUR 0.6 (0.6) million. Benemilk's R&D expenses have not been activated in the balance sheet in 2017.

Foods and confectionery

The popularity of oat products continued; oat is a natural food raw material valued for its health effects and. Raisio continued to develop new oat products into new categories. Raisio is also reducing the amount of added sugar in its foods.

Raisio has increased investment in the development of new Benecol products. Benecol will expand into new product categories and the first novelties will be launched at the beginning of 2018.

In addition to ordinary product development projects in the Czech confectionery business, Raisio is developing confectionery made of natural raw materials, organic confectionery, and confectionery with less or no sugar. We have also started work to obtain the Halal certification.

In the UK, we continue our work to provide new package sizes and alternatives in different sales channels.

Feeds

Raisioagro continued its strong investment in digital services and their development. The company aims to enhance the use of digital information in agriculture and water farming.

The number of dairy farms in the Tuotostutka® milking robot monitoring continued to grow and 200 dairy farms used the service at the end of the review period.

Kasvuluotain® mobile tool helps fish farmers with fish growth monitoring and feed dosing, and prevents the release of excess nutrients into water systems. Several fish farmers already use Kasvuluotain.

Last year, Raisioagro and Helsinki University conducted a study showing that a feed containing dehulled oat enhances the protein utilisation in cattle feeding. Based on this study, Raisioagro developed two new feeds, Benemilk Green and Maituri Green. Both of them improve the protein utilisation and feed efficiency, and reduce methane formation.

SEGMENT INFORMATION

Brands Division includes Benecol, Healthy Food (former Healthy Snacks), Confectionery and activities related to the international commercialisation of the Benemilk innovation.

BRANDS DIVISION

		7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Net sales	M€	70.1	68.4	255.0	246.8	320.1
Benecol	M€	29.2	26.6	90.7	93.2	124.6
Healthy Food	M€	17.7	18.1	54.1	52.1	69.7
Confectionery	M€	23.7	23.1	71.3	75.4	100.2
Benemilk	M€	0.0	0.0	0.0	0.4	0.4
Common for the Brands	M€	-0.5	0.7	39.5	26.8	26.4
Items affecting comparability	M€	0.6	0.0	-39.2	0.0	0.0
Comparable net sales	M€	70.7	68.4	215.8	246.8	320.1
EBIT	M€	10.6	10.5	34.4	16.5	30.2
EBIT	%	15.2	15.4	13.5	6.7	9.4
Items affecting comparability	M€	0.0	0.6	0.6	20.2	20.3
Comparable EBIT	M€	10.6	11.1	34.9	36.7	50.5
Comparable EBIT	%	15.0	16.2	16.2	14.9	15.8
Investments	M€	1.3	2.1	3.8	6.9	8.9
Net assets	M€	-	-	257.6	298.9	303.4

Financial review for July-September

Net sales

Comparable net sales for the Brands Division increased by 3.4 per cent, totalling EUR 70.7 (68.4) million. The conversion impact of the weakened British pound on the Brands Division's net sales was some EUR -1.6 million.

EBIT

The Brands Division's comparable EBIT totalled EUR 10.6 (11.1) million, accounting for 15.0 (16.2) per cent of net sales. The conversion impact of the weakened British pound on the Brands Division's EBIT was some EUR -0.1 million.

Business operations, July-September

Benecol

Net sales for the Benecol business totalled EUR 29.2 (26.6) million. Net sales increase was driven by the strong sales growth of Benecol products in Finland and the volume growth in plant stanol ester deliveries to licensing partners particularly in Asia.

In the UK, Raisio's largest market, the net sales increase was mainly due to price increases and lower costs related to price promotion campaigns.

EBIT improved from the comparison period due to same factors that increased net sales in the third quarter. The weakening UK pound had a clearly negative impact on the Benecol business net sales and EBIT.

Benecol maintained its market leader position in the UK's cholesterol-lowering functional foods. In the review period, Benecol's market position strengthened, particularly in yoghurt drinks. Raisio continued its significant investments in the Benecol brand. Benecol is increasingly a well-being brand that provides consumers the opportunity to healthier lifestyle. The yoghurt drink range was successfully relaunched with new packs and recipes as well as with new no added sugar alternatives. The availability of Benecol yoghurt drinks improved significantly. In the UK, sales volume of Benecol products was down from the comparison period, while net sales increased.

In Ireland, Benecol's market leader position was strengthened by the relaunch of yoghurt drink range with the renewed brand image. At the same time, two new flavours were launched. In Ireland, sales volume of Benecol products were, however, significantly down from the comparison period.

In Finland, strong sales growth in Benecol products continued. Sales growth was supported by enhanced distribution, relaunch of the yoghurt drink range and better price competitiveness in spreads.

In Poland, the distribution of Benecol Buttery Taste 225g launched in the spring expanded in the traditional trade, the most important sales channel for this product. In Poland, volume of Benecol spread sales decreased from the comparison period. Raisio aims to expand the Benecol range sold in Poland into new product categories. A good example of new categories is Benecol Soft Chew, a plant stanol supplement, available in pharmacies at the end of the review period.

Sales in plant stanol ester, the Benecol product ingredient, to licensing partners particularly in Asia grew significantly from the comparison period.

Healthy Food

Net sales for the Healthy Food business totalled EUR 17.7 (18.1) million. The slight net sales decline was due to decreased sales in Russia and partly to the Group's changed accounting policy regarding certain discount items. EBIT was at a good level but slightly lower than in the comparison period.

Northern Europe

Northern Europe's market areas are Finland, Sweden, the Baltic states and Denmark. Net sales and EBIT for Northern European operations remained at the good comparison period level. The net sales increase resulted from the flour deliveries to a major Finnish bakery customer from the beginning of 2017. Sales in Elovena products were at the same good level as in the comparison period. Due to the tightening price competition of the flake category, sales in Nalle flakes were clearly down from the comparison period. Raisio continued to improve the availability of its new products in different sales channels. Elovena was selected the 14th in the annual Finland's most valued brands survey.

Eastern Europe

Eastern European markets are Russia and Ukraine. Net sales and EBIT were down from the comparison period, mainly due to price reductions in Russia. However, sales volumes in Nordic porridges and snack biscuits and in gluten-free Provena products slightly increased. Exchange rates continued to negatively impact Raisio's net sales and EBIT in Russia.

Confectionery

Net sales for the Confectionery business totalled EUR 23.7 (23.1) million. EBIT for the Confectionery business was significantly down from the comparison period. This was primarily due to the continued operational and commercial problems impacting profitability at the UK Leicester factory.

UK

Net sales for Nimbus, a UK producer of inclusions and toppings, increased significantly in pounds and EBIT was up from the comparison period. In order to meet strongly growing demand, Raisio has decided to invest in the Nimbus' production capacity increase. Nimbus' customers include bakeries and international confectionery and ice cream producers.

Excluding Nimbus, net sales for Raisio's UK confectionery business slightly increased in pounds, while EBIT was negative. The decline in profitability was particularly due to the continued operational and commercial difficulties at the Leicester factory.

Raisio will continue to work resolutely to address the operational and commercial challenges at the Leicester confectionery plant.

Czech Republic

In the Czech confectionery business, net sales and EBIT were down from the particularly strong comparison period due to lower production volume, and higher raw material and salary costs. The impact of higher costs was offset by price increases. On the other hand, some of the customer orders focused on confectionery with higher margins. Raisio also increased sales to new export customers.

In the Czech Republic, the unemployment rate is very low so it has been challenging also for Raisio to find production employees. After the summer, we managed to reduce the staff shortage, which has improved production volumes.

With brand renewal and active product range development, sales increased significantly in confectionery sold under Raisio's Pedro brand in the Czech Republic and Slovakia. Confectionery sales increased in retail customers' private labels, while sales in contract partners' confectionery were significantly down from the comparison period. Furthermore, Raisio's internal confectionery sales from the Czech Republic to the UK clearly decreased from the comparison period due to the pound weakening.

Benemilk

Benemilk Ltd did not have net sales in the review period as it had no business operations. Raisio and other Benemilk Ltd owners are assessing the significance of patent applications as part of the patent portfolio.

In Finland and Russia, Benemilk feeds are sold and marketed by Raisioagro that has a licence to the Benemilk innovation.

Financial review for January-September

Net sales

Comparable net sales for the Brands Division totalled EUR 215.8 (246.8) million. A total of EUR 39.2 million was entered in the Group and Brands Division's net sales as proceeds from the property divestment; the profit was eliminated from the comparable net sales.

The conversion impact of the weakened British pound on the Brands Division's comparable net sales was EUR -8.5 million. The comparison period figures include the divested UK cereal and snack bar businesses generating net sales of some EUR 27 million in January-July 2016.

The UK accounted for almost 40 per cent, Finland over 20 per cent and other markets some 40 per cent of the Brands Division's comparable net sales. The Czech Republic, Russia, Poland and Ireland are the largest ones of the other markets.

EBIT

The Brands Division's comparable EBIT totalled EUR 34.9 (36.7) million, accounting for 16.2 (14.9) per cent of net sales. EBIT was down from the comparison period mainly due to the continued operational and commercial challenges in the UK's confectionery business. The conversion impact of the weakened British pound on the Brands Division's EBIT was some EUR -1.2 million.

As items affecting comparability, EBIT includes sales profit of EUR 28.3 million for the Southall property and a write-down of EUR 28.9 million in the UK's goodwill.

RAISIOAGRO DIVISION

Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade.

		7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Net sales	M€	41.2	37.1	99.9	101.8	126.6
EBIT	M€	3.3	2.3	4.2	3.7	3.7
EBIT	%	7.9	6.1	4.2	3.6	2.9
Items affecting comparability	M€	0.0	0.0	0.0	0.0	0.0
Comparable EBIT	M€	3.3	2.3	4.2	3.7	3.7
Comparable EBIT	%	7.9	6.1	4.2	3.6	2.9
Investments	M€	-0.1	0.1	2.1	1.4	1.9
Net assets	M€	-	-	24.4	31.6	25.7

Financial review for July-September

Net sales

Raisioagro's net sales increased by 11 per cent amounting to EUR 41.2 (37.1) million. Fish feed export to Russia was over 50 per cent up from the comparison period, which was the main reason for increased net sales. In Finland, Raisioagro's optimised cattle feed range met the diverse needs of dairy farms, while cattle feed net sales were slightly down from the comparison period. Planned sales reduction of low-margin farming supplies, such as liquid fuels and fertilisers, continued.

EBIT

Raisioagro's EBIT was EUR 3.3 (2.3) million, accounting for 7.9 (6.1) per cent of net sales. Particularly good sales growth in fish feeds was also seen in increased EBIT.

Business operations, July-September

Cattle feeds

Raisioagro's new Benemilk Green and Maituri Green cattle feeds are part of Sustainable Productivity concept launched in September. The new feed concept is based on more accurate feeding and on feed choices in different phases of production. With the new concept, environmental impacts of milk farms reduce and profitability improves.

Late grain harvest slightly increased the demand for feeds. Milk farmers postponed their decisions related to winter feeding solutions and feed choices. Dairy farms continued to shift to more affordable feeds in the review period. Sales in minerals increased from the comparison period.

Some six per cent of the Finnish dairy cows are fed with Benemilk. Benemilk feed sales in the review period are at the same level as at the end of 2016. Farms using Benemilk feeds get added value with the increased milk volume and milk contents.

Raisioagro's feeding expertise and consultative sales are in demand in Russia. Sales volume of Raisioagro's feeds and minerals to Russia were clearly up by from the comparison period. Russia has only a minor share of Raisioagro's cattle feed sales but with sales personnel recruiting, the company will respond to growing demand.

Fish feeds

Net sales in Raisioaqua's fish feed export increased by over 50 per cent. Northwest Russia is the most significant export area for Raisioaqua's fish feeds. Sales also increased in Finland. The fish eating activity is directly related to the water temperature and weather conditions in the review period were excellent. Raisioaqua's delivery volumes increased with its major existing export customers. Deliveries to new customers also increased net sales.

Kesko, a Finnish retailer, launched Benella Fish under its Pirkka Parhaat premium private label range, which is expected to significantly increase Benella's sales volume. Fish farmers have been delighted with the positive impact Benella has on the image of the Finnish farmed fish. The first Benella farmer contract in Russia was signed.

Benella Whitefish was launched at the end of the review period and is expected to achieve similar success as Benella Rainbow Trout. Raisioaqua continues its efforts to increase Benella's brand awareness and product range. Benella is fresh, healthy, responsibly farmed local fish.

Other operations

Sales in low-margin farming supplies, such as fertilisers and fuels, were clearly down from the comparison period. With its farming supply sales, Raisioagro is focusing on the more profitable product groups by developing the company's product range and operation models.

World market prices in grain remained low. With the purchasing of high-volume raw materials, Raisio continued its measures to reduce restricted capital and storage costs.

Financial review for January-September

Net sales

Raisioagro's net sales totalled EUR 99.9 (101.8) million. Finland accounted for almost 75 per cent, Russia over 20 per cent and other markets some 5 per cent of Raisioagro's net sales.

EBIT

Raisioagro's EBIT was EUR 4.2 (3.7) million, accounting for 4.2 (3.6) per cent of net sales. EBIT was primarily driven by growth in the fish feed sales volume.

MANAGEMENT AND PERSONNEL

Raisio Group employed 1,374 (1,395) people at the end of September. 75 (76) per cent of the personnel were working outside Finland. At the end of the review period, the Brands Division had 1,204 (1,231), Raisioagro Division 107 (105) and service functions 63 (59) employees.

Changes in the Group management

Raisio plc's Board of Directors appointed Pekka Kuusniemi as President and CEO of the company in June 2017 and he assumed his duties on 1 November 2017. Pekka Kuusniemi joined Raisio from the Oras Group where he served as President and CEO.

Jarmo Puputti, the interim CEO from the beginning of January 2017, ended his employment at Raisio at the end of October 2017.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ Helsinki Ltd in January-September totalled 28.9 (24.7) million. The value of trading was EUR 102.6 (99.8) million and the average price EUR 3.55 (4.04). The closing price on 30 September 2017 was EUR 3.67.

A total of 0.9 (0.8) million restricted shares were traded in January-September. The value of trading was EUR 3.2 (3.3) million and the average price EUR 3.56 (4.04). The closing price on 30 September 2017 was EUR 3.63.

On 30 September 2017, the company had a total of 39,185 registered shareholders (31 December 2016: 39,332 shareholders). Foreign ownership of the entire share capital was 21.3 per cent (31 December 2016: 15.3%).

Raisio plc's market capitalisation at the end of September amounted to EUR 604.8 (31 December 2016: 598.7) million and, excluding the company shares held by the Group, to EUR 576.0 (31 December 2016: 571.3) million.

During the review period, a total of 52,616 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 132,518,555 while the number of restricted shares was 32,630,475. The share capital entitled to 785,128,055 votes.

In the review period, a total of 5,643 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the AGM in 2017.

In April 2017, a total of 166,400 free shares were transferred to Raisio plc from a special book-entry account. These free shares were reserved and intended for the merger consideration to be paid to the shareholders of Raisio Margariini Oy. The right to receive a merger consideration expired in September 2000.

At the end of the review period, Raisio plc held 7,622,919 free shares and 212,696 restricted shares acquired between 2005 and 2012 based on the authorisation given by the Annual General Meeting (AGM) or obtained through the subsidiary merger in August 2014 or transferred to the company because the right to receive a merger consideration has expired. The number of free shares held by Raisio plc accounts for 5.8 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, the shares held by the company represent 4.7 per cent of the entire share capital and 1.5 per cent of overall votes. Other Group companies hold no Raisio plc shares. A share held in Raisio or its subsidiary does not entitle the holder to participate in the AGM.

Raisio plc and its subsidiaries do not have any shares as collateral and did not have any in the review period.

Raisio plc's Research Foundation holds 150 510 restricted shares, which is 0.46 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.38 per cent of the votes it represents.

The Board of Directors has an authority to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 30 April 2018. Furthermore, the Board of Directors has the authority to decide on share issues by disposing of a maximum of 14,000,000 free shares and a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The authorisation will expire, at the latest, on 23 March 2022. The authorisations have not so far been exercised and related details on both are available in the stock exchange release published on 13 February 2017.

The authorisation to repurchase own shares and to issue shares given by the 2016 AGM expired on 23 March 2017.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

Raisio plc's Annual General Meeting (AGM) held on 23 March 2017 approved the financial statements for the financial year 1 January - 31 December 2016 and granted the members of the Board of Directors and the Supervisory Board as well as the CEO discharge from liability.

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.17 for each restricted and free share. The dividend was paid to shareholders on 3 April 2017.

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö, Matti Perkonjoja, Michael Ramm-Schmidt and Ann-Christine Sundell were appointed the Board members, all for the term commencing at the AGM. At its meeting held after the AGM, the Board of Directors elected Perkonjoja as its Chairman and Ramm-Schmidt as its Vice Chairman.

A Stock Exchange Release concerning the decisions made by the Meeting was published on 23 March 2017, in addition to which the decisions were described in the Interim Report for January-March.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

The Eurozone economy is expected to grow moderately in 2017. The growth is based on private consumption and the investment recovery, supported by low interest rates and decreased political uncertainty. However, the threat of rising protectionism has not disappeared.

The UK voted to leave the European Union in the EU referendum (Brexit). All details related to Brexit are still unclear. The uncertainty arising from the decision is expected to weaken the UK's growth prospects and to continue to cause significant volatility in the external value of the pound.

The Finnish economy has grown stronger than expected this year. The growth is based on private consumption supported by recovering exports and low interest rates but burdened by rising inflation. The unemployment rate is expected to fall.

In Russia, the economy and consumer purchasing power are increasing; in Ukraine, business environment remains challenging.

Changes in exchange rates significantly affect Raisio's net sales and EBIT, directly and indirectly. The pound is volatile as a result of the uncertainty created by Brexit, which impacts Raisio's net sales and EBIT as considerable part of them is generated in the UK. Volatility in the rouble's external value affects the feed and flake exports. It may also have an impact on the utilisation rates of production plants in Finland.

The price and availability of agricultural raw materials are a major challenge for Raisio's businesses. Global warming and extreme weather events will rapidly affect the crop expectations, supply, demand and price of these commodities. Changes in supply, demand and price of other key raw materials are also possible. In terms of business profitability, the role of risk management remains essential both for value and volume, of which the growth period in Finland in 2017 has been a good reminder.

Raisio expects the grocery market to remain fairly stable compared to other sectors. Changes and tightening competition in retail trade are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets.

In the Czech Republic, availability of skilled labour has become more difficult and the situation may continue as the country has practically reached full employment.

Profitability and liquidity problems in the Finnish agriculture and livestock farming weaken the purchasing power of the sector and put pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU's sanctions in 2014 and Russia's counter-sanctions, especially the import ban of dairy products, will directly and indirectly hamper Raisioagro's operations. The uninterrupted functioning of fish feed exports is important for Raisioaqua.

Preparing for and adapting to Brexit is a key challenge for Raisio's businesses in 2017 and beyond, and for example for the Benecol business, this may lead to changes in subcontracting arrangements. To maintain and improve Raisio's profitability, it is important that we can solve operational and commercial challenges in the UK's confectionery business.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring which, as rationalisation projects, may result in significant one-off expenses.

OUTLOOK FOR 2017

Raisio revised its 2017 outlook in the stock exchange release published on 21 July 2017. For the full year 2017, the company estimates its comparable EBIT to be approximately EUR 45 million. The outlook revision was due to the prolonged operational and commercial problems at the UK confectionery business, lower than expected profitability and weakening of the pound against the euro. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

In line with the renewed strategy, Raisio continues to invest in brands, product concepts, sales and marketing, to streamline its operations and expand into new markets in Europe. This will pave the way for future growth and success.

In Raisio, 8 November 2017

RAISIO PLC
Board of Directors

Further information:

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Raisio will publish the Financial Statement Bulletin on 12 February 2018.

The interim report has not been audited.

This release contains forward-looking statements that are based on assumptions, plans and decisions known by Raisio's senior management. Although the management believes that the forward-looking assumptions are reasonable, there is no certainty that these assumptions will prove to be correct. Therefore, the actual results may materially differ from the assumptions and plans included in the forward-looking statements due to, e.g., unanticipated changes in market and competitive conditions, the global economy as well as in laws and regulations.

CONDENSED FINANCIAL STATEMENTS AND NOTES
INCOME STATEMENT (M€)

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Net sales	108.2	102.8	344.7	340.9	436.3
Expenses corresponding to products sold	-82.1	-76.9	-239.0	-268.5	-337.6
Gross profit	26.1	25.9	105.8	72.4	98.7
Other operating income and expenses, net	-13.1	-12.0	-70.7	-55.0	-69.7
EBIT	13.0	13.9	35.0	17.4	28.9
Financial income	-0.1	0.5	0.9	1.4	1.8
Financial expenses	-0.7	-1.0	-2.4	-3.8	-4.0
Share of result of associates and joint ventures	0.0	0.0	0.0	0.0	0.0
Result before taxes	12.2	13.4	33.6	15.1	26.8
Income taxes	-2.6	-2.3	-12.2	-5.0	-7.8
RESULT FOR THE PERIOD	9.6	11.1	21.4	10.1	19.0
Attributable to:					
Equity holders of the parent company	9.6	11.1	21.4	10.1	19.0
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)					
Undiluted earnings per share	0.06	0.07	0.14	0.06	0.12
Diluted earnings per share	0.06	0.07	0.14	0.06	0.12

COMPREHENSIVE INCOME STATEMENT (M€)

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Result for the period	9.6	11.1	21.4	10.1	19.0
Other comprehensive income items after taxes					
Items that may be subsequently transferred to profit or loss					
Available-for-sale financial assets	0.0	-0.1	-0.1	0.0	-0.2
Cash flow hedge	0.0	-1.0	0.8	-1.6	-3.7
Translation differences	-0.5	-7.9	-4.5	-28.9	-27.2
Comprehensive income for the period	9.0	2.1	17.5	-20.5	-12.2
Components of comprehensive income:					
Equity holders of the parent company	9.0	2.1	17.5	-20.5	-12.2
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

BALANCE SHEET (M€)

	30.9.2017	30.9.2016	31.12.2016
ASSETS			
Non-current assets			
Intangible assets	61.0	61.4	62.0
Goodwill	121.4	153.2	154.1
Property, plant and equipment	80.2	76.7	78.7
Shares in associates and joint ventures	0.7	0.7	0.7
Available-for-sale financial assets	2.2	2.6	2.3
Deferred tax assets	4.8	6.3	5.4
Total non-current assets	270.2	300.8	303.3
Current assets			
Inventories	42.9	53.5	52.1
Accounts receivables and other receivables	54.1	60.8	51.0
Financial assets at fair value through profit or loss	1.0	51.9	37.7
Cash in hand and at banks	69.3	16.4	25.9
Total current assets	167.3	182.4	166.7
Non-current assets available for sale	0.0	0.0	0.0
Total assets	437.5	483.3	470.0
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Company shares	-19.8	-19.9	-19.8
Other equity attributable to equity holders of the parent company	296.0	296.8	305.2
Equity attributable to equity holders of the parent company	303.9	304.7	313.2
Non-controlling interests	0.0	0.0	0.0
Total shareholder's equity	303.9	304.7	313.2
Non-current liabilities			
Deferred tax liabilities	8.5	8.3	8.2
Provisions	0.2	0.0	0.2
Non-current financial liabilities	34.4	57.3	45.8
Derivative contracts	0.0	0.0	0.0
Other non-current liabilities	0.0	0.0	0.0
Total non-current liabilities	43.2	65.6	54.3
Current liabilities			
Accounts payable and other liabilities	64.5	62.9	55.8
Provisions	2.1	2.1	2.4
Derivative contracts	0.8	1.9	1.6
Current financial liabilities	23.0	46.1	42.8
Total current liabilities	90.4	113.0	102.6
Debts related to non-current assets available for sale	0.0	0.0	0.0
Total liabilities	133.5	178.6	156.8
Total shareholder's equity and liabilities	437,5	483,3	470,0

CHANGES IN GROUP EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 31.12.2015	27.8	2.9	88.6	8.8	2.0	-20.4	14.2	226.2	350.0	0.0	350.0
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	10.1	10.1	-	10.1
Other comprehensive income items (adjusted for tax effects)											
Financial assets available for sale	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Cash flow hedge	-	-	-	-	-1.6	-	-	-	-1.6	-	-1.6
Translation differences	-	-	-	-	-	-	-28.9	-	-28.9	-	-28.9
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-1.7	0.0	-28.9	10.1	-20.5	0.0	-20.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.6	-	-0.3	0.3	-	0.3
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.6	0.0	-25.5	-24.9	0.0	-24.9
Equity on 30.9.2016	27.8	2.9	88.6	8.9	0.3	-19.9	-14.8	210.8	304.7	0.0	304.7
Equity on 31.12.2016	27.8	2.9	88.6	8.9	-1.9	-19.8	-13.1	219.9	313.2	0.0	313.2
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	21.4	21.4	-	21.4
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Cash flow hedge	-	-	-	-	0.8	-	-	-	0.8	-	0.8
Translation differences	-	-	-	-	-	-	-4.5	-	-4.5	-	-4.5
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.7	0.0	-4.5	21.4	17.5	0.0	17.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-26.8	-26.8	-	-26.8
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.0	-	0.0	0.0	-	0.0
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-26.9	-26.8	0.0	-26.8
Equity on 30.9.2017	27.8	2.9	88.6	8.9	-1.2	-19.8	-17.6	214.4	303.9	0.0	303.9

CASH FLOW STATEMENT (M€)

	30.9.2017	30.9.2016	2016
Result before taxes	33.6	15.1	26.8
Adjustments	38.5	26.8	31.8
Cash flow before change in working capital	72.1	41.9	58.6
Change in accounts receivables and other receivables	-2.7	-0.2	3.6
Change in inventories	8.9	13.5	15.1
Change in current non-interest-bearing liabilities	5.2	-17.3	-20.2
Total change in working capital	11.4	-4.0	-1.6
Financial items and taxes	-8.5	-7.6	-9.4
Cash flow from business operations	74.9	30.3	47.6
Investments in fixed assets	-11.5	-13.2	-17.3
Divestment of subsidiaries	0.0	2.2	2.2
Proceeds from sale of fixed assets	0.1	0.2	0.2
Sale of securities	0.0	0.4	0.4
Cash flow from investments	-11.4	-10.3	-14.4
Financial items and taxes	0.0	0.0	-3.7
Change in non-current loans	-30.2	3.2	-8.6
Change in current loans	0.0	0.0	0.0
Dividend paid to equity holders of the parent company	-26.6	-25.0	-25.0
Cash flow from financial operations	-56.8	-21.8	-37.2
Change in liquid funds	6.6	-21.8	-4.0
Liquid funds at the beginning of the period	61.9	67.9	67.9
Effects of changes in foreign exchange rates	0.9	-2.4	-2.0
Impact of change in market value on liquid funds	-0.1	0.0	0.0
Liquid funds at end of period	69.3	63.6	61.9

NOTES TO THE INTERIM REPORT

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting according to the same principles and calculation methods as used in financial statements 2016 with the exception of the EU approved new and renewed IFRS standards introduced on 1 January 2017. The standard amendments have not had a material impact on the consolidated financial statements.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on the management's best knowledge of current events, actual results may differ from the estimates.

Interim report is shown in EUR millions.

IFRS 15, *Clarifications to IFRS 15 Revenue from Contracts with Customers* will come into force on 1 January 2018. The new standard will replace the current IAS 11 and IAS 18 revenue recognition standards and related interpretations. The Raisio Group has examined the impacts of the IFRS 15 during 2016 and 2017. The Raisio Group's sales to customers are sale of goods, not involving a significant degree of services. The Raisio Group's contracts with customers can mainly be recognized when a performance obligation is met and benefits and risks of the goods transfer to the customer. At the Raisio Group, there are no contracts to be recognised as income according to the stage of completion. There will be no significant changes in the Group's income statement, balance sheet or cash flow with the new IFRS 15. If necessary, some customer contracts may be supplemented and specified in 2017. The Group-level guidance on recognition of discounts has been specified since the beginning of 2017.

Changes needed in processes and systems have been implemented in the EPR system since the beginning of April. Notes required by IFRS 15 will increase the information presented in the Notes to the Financial Statements. The Group continues to examine the Notes in order to make sure they are in line with the renewed IFRS standard. Raisio plc will adopt the standard in full retroactively at the required application date

SEGMENT INFORMATION

The reported segments are Brands and Raisioagro. The Brands segment includes Benecol, Healthy Food, Confectionery and Benemilk. Raisioagro segment includes cattle and fish feeds, farming supplies and grain trade

NET SALES BY SEGMENT (M€)

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Brands	70.1	68.4	255.0	246.8	320.1
Raisioagro	41.2	37.1	99.9	101.8	126.6
Other operations	0.2	0.2	0.7	0.6	0.8
Interdivisional net sales	-3.4	-2.8	-10.8	-8.4	-11.2
Total net sales	108.2	102.8	344.7	340.9	436.3

EBIT BY SEGMENT (M€)

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Brands	10.6	10.5	34.4	16.5	30.2
Raisioagro	3.3	2.3	4.2	3.7	3.7
Other operations	-0.9	1.1	-3.5	-2.7	-4.9
Total EBIT	13.0	13.9	35.0	17.4	28.9

NET ASSETS BY SEGMENT (M€)

	30.9.2017	30.9.2016	31.12.2016
Brands	257.6	298.9	303.4
Raisioagro	24.4	31.6	25.7
Other operations and unallocated items	21.9	-25.8	-15.9
Total net assets	303.9	304.7	313.2

INVESTMENTS BY SEGMENT (M€)

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Brands	1.3	2.1	3.8	6.9	8.9
Raisioagro	-0.1	0.1	2.1	1.4	1.9
Other operations	0.4	2.8	4.0	5.1	7.5
Total investments	1.6	5.1	9.9	13.4	18.3

NET SALES BY MARKET AREA (M€)

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Finland	40.6	41.2	114.1	121.7	156.9
Great Britain	27.6	27.9	124.4	113.7	141.5
Rest of Europe	37.5	30.4	98.2	96.2	125.6
ROW	2.5	3.3	8.0	9.4	12.2
Total	108.2	102.8	344.7	340.9	436.3

ACQUIRED BUSINESS OPERATIONS

No business acquisitions in the period 1 January - 30 September 2017 or in 2016.

TANGIBLE ASSETS (M€)

	30.9.2017	30.9.2016	31.12.2016
Acquisition cost at the beginning of the period	362.0	400.5	400.5
Conversion differences	-0.1	-11.2	-11.0
Increase	8.1	11.0	15.2
Decrease	0.0	-14.9	-33.0
Transfers between items	-0.3	-9.6	-9.7
Acquisition cost at end of period	369.7	375.8	362.0
Accumulated depreciation and impairment at the beginning of the period	283.3	301.7	301.7
Conversion difference	-0.4	-6.7	-6.3
Decrease and transfers	-0.2	-14.8	-32.9
Depreciations and impairment for the period	6.8	18.8	20.8
Accumulated depreciation and impairment at end of period	289.5	299.1	283.3
Book value at end of period	80.2	76.7	78.7

PROVISIONS (M€)

	30.9.2017	30.9.2016	31.12.2016
At the beginning of the period	2.5	2.1	2.1
Increase in provisions	0.1	0.0	0.5
Provisions used	-0.3	-0.1	0.0
At end of period	2.3	2.1	2.6

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	30.9.2017	30.9.2016	31.12.2016
Sales to associates and joint ventures	0.0	0.0	0.0
Purchases from associates and joint ventures	0.1	0.1	0.1
Sales to key employees in management	0.3	0.1	0.4
Purchases from key employees in management	0.8	0.3	1.6
Liabilities to associates and joint ventures	0.0	0.0	0.0
Receivables from the key persons in the management	0.1	0.0	0.0
Payables to key management personnel	0.1	0.0	0.2

CONTINGENT LIABILITIES (M€)

	30.9.2017	30.9.2016	31.12.2016
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	1.3	2.1	1.5
Other liabilities	2.3	1.8	1.9
Commitment to investment payments	1.4	8.5	5.9

DERIVATIVE CONTRACTS (M€)

	30.9.2017	30.9.2016	31.12.2016
Nominal values of derivative contracts			
Currency forward contracts	109.0	331.1	190.3
Interest rate swaps	0.0	0.0	0.0

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table shows carrying amounts and fair values for each item. Carrying amounts correspond the consolidated balance sheet values. The principles used by the Group for measuring the fair value of all financial instruments are presented below.

	Carrying amount 30.9.2017	Fair Value 30.9.2017	Carrying amount 31.12.2016	Fair Value 31.12.2016
Financial assets				
Financial assets available for sale*)	2.2	2.2	2.3	2.3
Accounts receivables and other receivables	49.8	49.8	45.3	45.3
Investments recorded at fair value through profit or loss*)	0.0	0.0	36.0	36.0
Liquid funds	69.3	69.3	25.9	25.9
Derivatives*)	1.0	1.0	1.7	1.7
Financial liabilities				
Bank loans	57.2	58.1	88.5	90.0
Financial leasing liabilities	0.2	0.2	0.2	0.2
Accounts payable and other liabilities	44.1	44.1	39.9	39.9
Derivatives*)	0.8	0.8	1.6	1.6

Fair value hierarchy of financial assets and liabilities measured at fair value

With the exception of the financial assets available for sale, all other financial assets and liabilities measured at fair value *) are on level 2. Fair value of the items on level 2 is defined by valuation techniques using valuations provided by the service provider's market pricing. Financial assets available for sale are on level 3 because their fair value is not based on observable market data.

QUARTERLY PERFORMANCE (M€)

	7-9/ 2017	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Net sales by segment							
Brands	70.1	112.7	72.2	73.3	68.4	88.2	90.2
Raisioagro	41.2	34.3	24.3	24.7	37.1	37.7	27.1
Other operations	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Interdivisional net sales	-3.4	-3.2	-4.3	-2.8	-2.8	-2.0	-3.5
Total net sales	108.2	144.0	92.5	95.4	102.8	124.1	114.0
EBIT by segment							
Brands	10.6	11.8	12.0	13.7	10.5	-5.4	11.4
Raisioagro	3.3	1.3	-0.3	0.0	2.3	1.4	0.0
Other operations	-0.9	-0.6	-2.0	-2.2	1.1	-2.2	-1.7
Total EBIT	13.0	12.4	9.6	11.5	13.9	-6.2	9.7
Financial income and expenses, net	-0.8	-0.6	0.0	0.2	-0.5	-0.9	-0.9
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	12.2	11.8	9.6	11.7	13.4	-7.1	8.7
Income tax	-2.6	-7.8	-1.8	-2.8	-2.3	-1.4	-1.3
Result for the period	9.6	4.0	7.8	8.9	11.1	-8.4	7.4

KEY INDICATORS

	30.9.2017	30.9.2016	31.12.2016
Net sales, M€	344.7	340.9	436.3
Change of net sales, %	1.1	-14.4	-16.3
Operating margin, M€	72.1	42.6	56.3
Depreciation and impairment, M€	37.1	25.1	27.4
EBIT, M€	35.0	17.4	28.9
% of net sales	10.2	5.1	6.6
Result before taxes, M€	33.6	15.1	26.8
% of net sales	9.7	4.4	6.1
Return on equity, ROE, %	9.2	4.1	5.7
Return on investment, ROI, %	12.0	5.0	6.6
Interest-bearing financial liabilities at end of period, M€	57.4	103.4	88.6
Net interest-bearing financial liabilities at end of period, M€	-11.9	39.8	26.7
Equity ratio, %	69.6	63.1	66.8
Net gearing, %	-3.9	13.1	8.5
Gross investments, M€	9.9	13.4	18.3
% of net sales	2.9	3.9	4.2
R & D expenses, M€	2.4	2.9	3.6
% of net sales	0.7	0.8	0.8
Average personnel	1,399	1,643	1,582
Earnings/share, €	0.14	0.06	0.12
Cash flow from operations/share, €	0.46	0.19	0.30
Equity/share, €	1.93	1.93	1.99
Average number of shares during the period, in 1,000s			
Free shares	124,921	124,864	124,898
Restricted shares	32,459	32,490	32,486
Total	157,379	157,355	157,384
Average number of shares at end of period, in 1,000s			
Free shares	124,896	124,986	125,004
Restricted shares	32,418	32,483	32,470
Total	157,313	157,469	157,474
Market capitalisation of shares at end of period, M€			
Free shares	458.4	489.9	446.3
Restricted shares	117.7	128.0	125.0
Total	576.0	617.9	571.3
Share price at end of period			
Free shares	3.67	3.92	3.57
Restricted shares	3.63	3.94	3.85

CALCULATION OF INDICATORS

Return on equity (ROE), %	$\frac{\text{Result before taxes – income taxes}}{\text{Shareholders' equity (average over the period)}} \times 100$
Return on investment (ROI), %	$\frac{\text{Result before taxes + financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average over the period)}} \times 100$
Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$
Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss
Net gearing, %	$\frac{\text{Net interest-bearing financial liabilities}}{\text{Shareholders' equity}} \times 100$
Earnings per share	$\frac{\text{Result for the year of parent company shareholders}}{\text{Average number of shares for the year, adjusted for share issue}}$
Comparable earnings per share	$\frac{\text{Profit for the period attributable to the parent company shareholders +/- items affecting comparability}}{\text{Average number of shares during the period adjusted for issues}}$
Cash flow from business operations per share	$\frac{\text{Cash flow from business operations}}{\text{Average number of shares for the year, adjusted for share issue}}$
Shareholders' equity per share	$\frac{\text{Equity of parent company shareholders}}{\text{Number of shares at end of period adjusted for share issue}}$
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period
Comparable net sales	Net sales +/-items affecting comparability
Comparable EBIT	EBIT +/-items affecting comparability
Comparable EBIT, %	$\frac{\text{Comparable EBIT}}{\text{Comparable net sales}}$
EBITDA	EBIT + depreciations and impairment
Comparable EBITDA	EBIT +/- items affecting comparability + depreciations and impairment