Financial Statements Bulletin 2017

RAISIO PLC

RAISIO

RAISIO PLC, FINANCIAL STATEMENTS BULLETIN 2017

January-December 2017, continuing operations:

- Raisio Group's net sales totalled EUR 306.8 (336.6) million.
- Raisio Group's comparable EBIT amounted to EUR 37.8 (38.6) million, accounting for 12.3 (11.5)% of net sales.

January-December 2017, in total including the discontinued operations:

- Raisio Group's net sales totalled EUR 402.8 (436.3) million.
- Raisio Group's comparable EBIT amounted to EUR 45.9 (50.7) million, accounting for 11.4 (11.6)% of net sales.
- The Board's dividend proposal is EUR 0.17 per share.

October-December 2017, continuing operations:

- Raisio Group's net sales totalled EUR 72.0 (70.7) million.
- Raisio Group's comparable EBIT totalled EUR 7.5 (9.6) million, accounting for 10.4 (13.6)% of net sales.

October-December 2017, in total including the discontinued operations:

- Raisio Group's net sales totalled EUR 97.3 (95.4) million.
- Raisio Group's comparable EBIT totalled EUR 9.2 (12.0) million, accounting for 9.5 (12.6)% of net sales.

CEO'S REVIEW

"After the review period, at the end of January 2018, Raisio announced to consider the divestment of its cattle and fish feed business as one strategic alternative. Raisio has initiated negotiations on the sale of its feed businesses with several operators. At the same time, Raisio moved from a holding-type structure to a model in which all resources are targeted toward organic growth, the strategic objective of the Healthy Food Division.

The confectionery business divestment in December 2017 was Raisio's first strategic step towards a clearer focus, namely its core business Healthy Food. Together with the already strong balance sheet, the proceeds from the confectionery deal allow extensive acquisitions. Raisio is a net debt free company with net cash of EUR 105 million at the end of 2017. In addition to the organic growth, Raisio seeks growth through acquisitions that suit its core business.

In 2017, Raisio's successes were its Elovena and Benecol products with sales growth of some 10 per cent in Finland and fish feed exports to Russia showing an increase of almost 30 per cent. Good sales development was also seen in improved EBIT.

The Group's EBIT, including the confectionery business, was clearly down from the comparison period. EBIT decline was primarily due to the challenges of the UK confectionery business that continued until the end of 2017. Benecol's EBIT was also significantly down from the comparison period due to higher subcontracting costs of consumer products and the sharp world market price increase of sterols used as raw material in Benecol products, since higher costs could not fully be passed on to end product prices. Raisio has secured the availability and price level of sterols required for its production in the coming years."

RAISIO GROUP'S KEY FIGURES, continuing and discontinued operations

	2017			2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Income statement						
Net sales, M€	306.8	96.0	402.8	336.6	99.7	436.3
Change in net sales, %	-8.8	-3.7	-7.7	-19.2	-4.8	-16.3
Comparable EBIT, M€	37.8	8.1	45.9	38.6	12.1	50.7
Comparable EBIT, %	12.3	8.4	11.4	11.5	12.2	11.6
EBIT, M€	55.9	-59.2	-3.2	16.8	12.1	28.9
EBIT, %	18.2	-61.7	-0.8	5.0	12.2	6.6
Comparable EBITDA, M€	45.9	11.1	57.0	46.8	15.2	62.0
EBITDA, M€	71.8	-27.4	44.4	41.1	15.2	56.3
Financial income and expenses, M€	-1.4	-0.3	-1.7	-2.1	-0.1	-2.2
Comparable earnings per share, M€	0.18	0.04	0.22	0.19	0.06	0.25
Earnings per share, M€	0.27	-0.38	-0.11	0.06	0.06	0.12
Balance sheet	-	-	-	-	-	
Equity ratio, %	73.4	-	-	66.8	-	-
Net gearing, %	-39.8	-	-	8.5	-	-
Net interest-bearing debt, M€	-105.1	-	-	26.7	-	-
Equity per share, €	1.68	-	-	1.99	-	-
Dividend per share, €	-	-	0.17*	-	-	0.17
Investments, M€	10.4	5.4	15.8	13.3	5.2	18.6

* Board of Directors' proposal to the Annual General Meeting

	10-12/2017			10-12/2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Income statement						
Net sales, M€	72.0	25.3	97.3	70.7	24.7	95.4
Change in net sales, %	1.9	2.3	2.0	-25.2	-12.7	-22.3
Comparable EBIT, M€	7.5	1.7	9.2	9.6	2.4	12.0
Comparable EBIT, %	10.4	6.7	9.5	13.6	9.7	12.6
EBIT, M€	-1.6	-36.7	-38.3	9.1	2.4	11.5
EBIT, %	-2.2	-145.3	-39.4	12.9	9.7	12.1
Comparable EBITDA, M€	9.7	2.5	12.1	11.5	3.2	14.7
EBITDA, M€	8.3	-36.1	-27.7	10.6	3.2	13.8
Financial income and expenses, M€	-0.3	0.0	-0.3	0.1	0.1	0.2
Comparable earnings per share, €	0.04	0.01	0.04	0.05	0.01	0.06
Earnings per share, €	-0.02	-0.22	-0.25	0.05	0.01	0.06
Balance sheet						
Investments, M€	1.8	2.7	4.6	3.8	1.4	5.1

FINANCIAL REVIEW

Raisio's reported divisions are Brands and Raisioagro. Comparison figures in brackets refer to the corresponding date or period one year earlier unless otherwise stated.

The Brands Division includes Benecol, Healthy Food and the Benemilk business as its own company (from 1 February 2018, Benecol and Foods form the Healthy Food Division). The divested UK snack bar business is included in the Brands Division's comparison year figures until 12 July 2016. Raisioagro Division's businesses are cattle and fish feeds, and grain trade. Raisio reports Benecol, Healthy Food, Raisioagro and Benemilk Ltd as continuing operations.

Raisio Group's confectionery business was transferred to the new owner on 29 December 2017. The confectionery business earlier included in the Brands segment is reported as discontinued operations in the 2017 Financial Statements according to IFRS 5. The comparative figures in the income statement and related items presented for previous periods have been altered accordingly in the Financial Statement Bulletin, Financial Statements and Board of Directors report.

Alternative key figures and items affecting comparability

The Group presents alternative key figures to describe the financial performance and position of its businesses as well as cash flows to improve the comparability between different periods and to increase understanding of the formation of the company's earnings and its financial position.

The alternative key figure is derived from the IFRS financial statements. The alternative key figures should not be considered as substitute indicators compared to the key figures defined in the IFRS. It is possible to present items affecting comparability and to calculate alternative key figures without items affecting comparability in the Board of Directors' report, Financial Statements Bulletin, Half-Year and Interim Reports.

Items affecting comparability are income or expenses arising as a result of one or rare events. Significant expenses of outside experts related to business acquisitions and business expansion, expenses related to business reorganisation and expenses related to the impairment of assets are presented as items affecting comparability.

Items affecting comparability are recorded in the income statement according to the matching principle under the income or expense category.

Raisio Group presents, for example, the following alternative key figures: gross profit, EBIT, comparable EBIT, EBITDA, comparable EBITDA, pre-tax result, comparable earnings / share, return on equity %, return on investments %, comparable return on investments %, equity ratio %, net gearing %, net interest-bearing debt, interest-bearing debt, cash flow from operations, cash flow from operations per share, equity per share, dividend per share, dividend per earnings.

NET SALES, continuing operations

January-December 2017

The Group's net sales totalled EUR 306.8 (336.6) million. Sales for Benecol and Elovena products in Finland and the fish feed exports increased clearly from the comparison year. The comparison year net sales include the UK's cereal sales of Honey Monster brand licensed to a third party until 30 June 2016 as well as the snack bar sales until the divestment completed on 12 July 2016.

Net sales for the Brands Division totalled EUR 195.1 (220.3) million. Raisioagro's net sales totalled EUR 126.3 (126.6) million. Net sales for other operations were EUR 0.9 (0.8) million.

The conversion impact of the weakened British pound on net sales of continuing operations was EUR -4.8 million. This means the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Net sales from outside Finland represented 51.2 (53.5) per cent of the Group's total, amounting to EUR 157.2 (180.2) million. Raisio's largest market outside Finland is the UK and it accounted for 18.8 (24.1) per cent of net sales of the Group's continuing operations.

Change in the treatment of the Southall property

The Southall property comprised a land area as well as production, office and warehouse buildings in which Raisio's business operations had come to an end in their entirety in 2016. The property was classified from fixed assets to current assets in 2016 and preparations and development for its divestment were started. The property was intended to be sold as part of normal business. The property was transferred to the new owner in June 2017.

In the 2017 Half-Year Report and January-September 2017 Interim Report, the proceeds from the divestment were presented in net sales and the cost corresponding to the proceeds in the cost incurred for sales performed.

Management has carefully reassessed the nature and content of the transaction and states that the reporting of the property divestment as a transfer of fixed assets gives the clearest picture of the transaction. The divestment is treated and presented as sale of fixed assets in this Financial Statements and in the Board of Directors' report. The capital gain is presented in the income statement under Other operating income and expenses, net.

As a change to its previous procedure, the company treats the UK Southall property divestment as a transfer of fixed assets in the financial statements on 31 December 2017. Thus, the capital gain for the property, EUR 28.0 million, is presented under Other operating income and expenses, net. For April-June and July-September 2017, the figures presented here have been adjusted to reflect this approach in this financial statement.

October-December 2017

Raisio Group's net sales totalled EUR 72.0 (70.7) million. Net sales for the Brands Division totalled EUR 50.0 (48.6) million, for Raisioagro EUR 26.4 (24.7) million and for other operations EUR 0.2 (0.2) million. The review period's net sales were particularly increased by the good sales development of Raisioagro's cattle feeds at the end of 2017.

The conversion impact of the weakened British pound on net sales of the Group and Brands Division was around EUR -0.3 million. This means the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

RESULTS, continuing operations

January-December 2017

Raisio's comparable EBIT totalled EUR 37.8 (38.6) million and EBIT 55.9 (16.8) million. Comparable EBIT is 12.3 (11.5) per cent and EBIT 18.2 (5.0) per cent of net sales.

The Brands Division's comparable EBIT was EUR 38.0 (38.4) million and EBIT 57.5 (18.0) million. EBIT includes Benemilk's write-down of EUR 7.5 million of fixed assets. Raisioagro's EBIT totalled EUR 4.2 (3.7) million. Comparable EBIT for other operations was EUR -4.4 (-3.5) million and EBIT was EUR -5.8 (-4.9) million.

Good sales growth in Healthy Food business and fish feeds was also seen in improved EBIT. Benecol's EBIT was significantly down from the comparison period since the higher subcontracting costs and sharply increased sterol world market price could not fully be passed on to end product prices, especially in the UK.

The conversion impact of the weakened British pound on EBIT of the Group and Brands Division was around EUR -1.0 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

Comparable depreciations and impairment totalled EUR 8.1 (8.2) million. Depreciations and impairment totalled EUR 15.9 (24.3) million. Net financial expenses totalled EUR -1.4 (-2.1) million.

Comparable pre-tax result was EUR 36.4 (36.5) million, and pre-tax result EUR 54.5 (14.7) million. Comparable post-tax result was EUR 28.7 (29.9), and post-tax result 41.8 (9.7) million.

The Group's comparable earnings per share were EUR 0.18 (0.19) and earnings per share 0.27 (0.06).

Items affecting comparability are presented in the table below.

October-December 2017

Raisio Group's comparable EBIT was EUR 7.5 (9.6) million and EBIT EUR -1.6 (9.1) million. Comparable EBIT is 10.4 (13.6) per cent and EBIT -2.2 (12.9) per cent of net sales.

The Brands Division's comparable EBIT was EUR 9.4 (11.4) and EBIT 0.7 (11.3) million. EBIT includes EUR 7.5 million in Benemilk's write-down of fixed asset. Raisioagro's EBIT totalled EUR 0.0 (0.0) million. Comparable EBIT for other operations was EUR -1.9 (-1.8) and EBIT -2.3 (-2.2) million.

The British pound had no conversion impact on the Group and Brands Division's EBIT in the fourth quarter. The conversion impact refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

Comparable depreciations and impairment totalled EUR 2.2 (1.8) million. Depreciations and impairment totalled EUR 9.9 (1.5) million. The Group's net financial expenses were EUR -0.3 (0.1) million.

Comparable pre-tax result was EUR 7.2 (9.8) million, and pre-tax result EUR -1.9 (9.2) million.

The Group's comparable post-tax result was EUR 5.6 (8.6) million and post-tax result EUR -3.3 (8.1) million. The Group's comparable earnings per share were EUR 0.04 (0.05) and earnings per share -0.02 (0.05).

ITEMS AFFECTING COMPARABILITY, continuing and discontinued operations

Items affecting comparability, EUR million	2017			2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Comparable EBIT	37.8	8.1	45.9	38.6	12.1	50.7
Items affecting comparability						
+ capital gain	28.0		28.0	-0.3		-0.3
- capital loss		-38.4	-38.4			
- impairment of tangible and intangible assets	-7.8	-28.7*	-36.5	-16.1		-16.1
- impairment of inventories	-0.7		-0.7	-2.2		-2.2
+/- structural arrangements and streamlining projects	-1.3	-0.1	-1.5	-2.2		-2.2
+/- other items	-0.1		-0.1	-1.0		-1.0
Items affecting comparability, in total	18.1	-67.3	-49.1	-21.8	0.0	-21.8
EBIT	55.9	-59.2	-3.2	16.8	12.1	28.9

Items affecting comparability, EUR million	10-12/2017			10-12/2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Comparable EBIT	7.5	1.7	9.2	9.6	2.4	12.0
Items affecting comparability						
+ capital gain	-0.2		-0.2	-0.3		-0.3
- capital loss		-38.4	-38.4			
- impairment of tangible and intangible assets	-7.8	0.1	-7.6	0.3		0.3
- impairment of inventories	-0.7		-0.7	0.0		0.0
+/- structural arrangements and streamlining projects	-0.3	-0.1	-0.4	-0.6		-0.6
+/- other items	0.0		0.0			
Items affecting comparability, in total	-9.1	-38.4	-47.5	-0.5	0.0	-0.5
EBIT	-1.6	-36.7	-38.3	9.1	2.4	11.5

***Impairment of goodwill related to discontinued operations (confectionery business)

Items affecting comparability, EUR million	2017			2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Comparable EBITDA	45.9	11.1	57.0	46.8	15.2	62.0
Items affecting comparability						
+/- depreciations and impairment	7.8	28.7	36.5	16.1		16.1
+/- items affecting EBIT	18.1	-67.3	-49.1	-21.8		-21.8
Items affecting comparability, in total	25.9	-38.5	-12.5	-5.7	0.0	-5.7
EBITDA	71.8	-27.4	44.4	41.1	15.2	56.3
+/- impairment	-8.0	-28.7	-36.7	-16.1		-16.1
+/- depreciations	-7.9	-3.0	-10.9	-8.2	-3.0	-11.3
EBIT	55.9	-59.2	-3.2	16.8	12.1	28.9

Items affecting comparability, EUR million	10-12/ 2017			10-12/2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Comparable EBITDA, M€	9.7	2.5	12.1	11.5	3.2	14.7
Items affecting comparability						
+/- depreciations and impairment	7.8	-0.1	7.6	-0.3		-0.3
+/- items affecting EBIT	-9.1	-38.4	-47.5	-0.5		-0.5
Items affecting comparability, in total	-1.3	-38.5	-39.9	-0.9		-0.9
EBITDA	8.3	-36.1	-27.7	10.6	3.2	13.8
+/- impairment	-8.0	0.1	-7.9	0.3	0.0	0.3
+/- depreciations	-1.9	-0.8	-2.7	-1.8	-0.8	-2.6
EBIT	-1.6	-36.7	-38.3	9.1	2.4	11.5

BALANCE SHEET, CASH FLOW AND FINANCING

Raisio Group’s balance sheet totalled EUR 361.3 (470.0) million. Shareholders’ equity was EUR 264.0 (313.2) million, while equity per share was EUR 1.68 (1.99). Changes in equity are described in detail in the Table section below.

At the end of December, working capital of continuing operations amounted to EUR 19.1 (34.4) million. A total of EUR 15.3 million of working capital was released from last year; EUR 9.4 million of this was related to the divested confectionery business. Working capital of continuing operations was released due to increased non-interest bearing liabilities. From 1 January 2016, working capital does not include derivative assets and liabilities related to loan hedging.

Cash flow from business operations (continuing and discontinued operations in total) was EUR 45.1 (47.6) million. Cash flow after investments and before financing (continuing and discontinued operations in total) was EUR 157.1 (33.3) million. The figure includes sales profit of EUR 39.0 million for the Southall industrial property and EUR 89.4 million for the confectionery business.

Cash flow from operating activities from continuing operations totalled EUR 37.5 (35.6) million and from discontinued operations EUR 7.6 (12.1) million. Cash flow from investments from continuing operations totalled EUR 28.0 (84.0) million and from discontinued operations EUR -9.2 (-5.2) million.

At the balance sheet date, Raisio’s financial assets as well as cash and cash equivalents recognised at fair value through profit or loss totalled EUR 151.0 million; in addition, Raisio has a binding revolving credit facility agreement of EUR 50.0 million.

The Group’s interest-bearing debt totalled EUR 45.9 (88.6) million at the end of December. Net interest-bearing debt was EUR -105.1 (26.7) million.

At the end of December, the Group’s equity ratio totalled 73.4 (66.8) per cent and net gearing was -39.8 (8.5) per cent. Decrease in the net gearing was due to the decreased net interest-bearing debt after the divestments of Southall property and confectionery business. Comparable return on investment was 10.5 (8.8) per cent, and return on investment 15.6 (3.8) per cent.

In 2017, Raisio plc paid EUR 26.6 (25.0) million in dividends for 2016.

INVESTMENTS, continuing operations

January-December 2017

The Group's investments totalled EUR 10.4 (13.3) million, or 3.4 (4.0) per cent of net sales. Investments of the Brands Division totalled EUR 3.0 (3.9) million, those of Raisioagro EUR 3.3 (1.9) million and those of other operations EUR 4.1 (7.5) million.

The Group’s largest investments included the bioenergy plant introduced in Raisio’s industrial area in the summer 2017, the new production line for fish feeds in the Raisio-based factory and the renewed SAP ERP system.

October-December 2017

The Group's investments totalled EUR 1.8 (3.8) million, or 2.5 (5.3) per cent of net sales. Investments of the Brands Division totalled EUR 0.6 (0.9) million, those of Raisioagro EUR 1.2 (0.5) million and those of other operations EUR 0.1 (2.4) million.

DIVESTMENTS

Confectionery business divestment

On 22 December 2017, Raisio announced to divest its confectionery business to Valeo Foods Ltd. Raisio’s confectionery operations in the UK and Czech Republic were transferred to become part of Valeo Foods Ltd on 29 December 2017. The arrangement was carried out as a share transaction and its enterprise value was EUR 100 million. The buyer paid an enterprise value of EUR 76.8 million to Raisio for the confectionery business shares. For the divestment of its confectionery business, Raisio recorded divestment loss of EUR 38.4 million. Raisio’s divested confectionery business includes six production plants in the UK and Czech Republic, as well as the brands, of which Poppets, Fox’s, XXX, Just and Pedro are the best-known.

Southall industrial property divestment

On 9 June 2017, Southall industrial property near London was transferred to the ownership of Galliard Homes Ltd as the company paid the remaining of the purchase price of approximately EUR 40 million. The buyer paid the whole purchase price of 34.2 million in the British pounds. Southall is one of the most important urban development areas in London.

RESEARCH AND DEVELOPMENT, continuing operations

The Group's research and development expenses were EUR 3.4 (3.4) million, accounting for 1.1 (1.0) per cent of net sales. The Brands Division’s R&D expenses totalled EUR 2.4 (2.5) million and those of Raisioagro EUR 1.0 (0.8) million.

The Group's R&D expenses for October-December were EUR 1.2 (0.6) million, accounting for 1.6 (0.9) per cent of net sales. The Brands Division's R&D expenses totalled EUR 0.8 (0.4) million and those of Raisioagro EUR 0.3 (0.2) million.

Healthy Food and Benecol

Raisio has set a target to have 2/3 of its foods healthier alternatives in their own categories. With the health criteria, we pay attention to the amount of wholegrain and fibre, the quality of fat and the amount of sugar and salt. In 2017, already 65 (63) per cent of our products met this objective. Raisio's healthy foods and comprehensible consumer communications meet the increasingly growing consumer interest in well-being.

In 2017, Raisio renewed the brand communications of Benecol and Elovena, expanded the range of its well-known branded products and decreased the sugar content of many products. In addition, Raisio expanded into new product groups: Elovena snack ice cream, overnight oatmeal mixes, savoury mini biscuits and Benecol Soft Chew as good examples. Raisio also launched Benecol minidrinks with no added sugar.

In 2018, Raisio will continue to expand into new product categories. Moreover, the range of Benecol, Elovena, Provena, Nalle, Sunnuntai and Torino products will be extended with novelties that meet consumer needs.

Feeds

Raisioagro continued its strong investment in the development of digital services. Raisioagro's strong feeding expertise is used in the company's digital services that create added value for customers with solutions analysing the data generated by dairy farms and fish farmers.

The number of dairy farms in the Tuotostutka® milking robot monitoring continued to grow steadily and almost 230 farms used the service at the end of 2017. In practice, some 20,000 cows, or 7.5 per cent of Finnish dairy cows, are within the monitoring that helps analyse the yield and well-being of animals and optimise the feeding. In terms of Tuotostutka, Raisioagro is constantly developing new features to facilitate the production monitoring and to analyse farm profitability.

Kasvuluotain® tool was developed for fish farmers to make their everyday life easier. The tool was introduced in 2017. Kasvuluotain enables the optimisation of fish feeding and minimises the entry of nutrients into waterways as the application makes fish growth monitoring and feed dosing easier. Kasvuluotain is already in use at several fish farms.

Raisioagro and Helsinki University conducted a study showing that a feed containing dehulled oat enhances the protein utilisation in cattle feeding. Based on the study, Raisioagro developed two new feeds, Benemilk Green and Maituri Green that improve the protein utilisation and efficiency, and reduce methane formation. New Green feeds are part of Raisioagro's Sustainable Productivity concept.

In 2018, Raisioagro's product development focuses on developing products and services that further ensure animal welfare and production profitability, and promote responsible milk production and fish farming.

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, the 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.

SEGMENT INFORMATION

BRANDS DIVISION

The Brands Division includes Benecol, Healthy Food and the Benemilk business as its own company. The confectionery business is treated as discontinued operations.

The Brands Division's key figures, continued and discontinued operations

	2017			2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Net sales, M€	195.1	96.0	291.1	220.3	99.7	320.1
Benecol, M€	122.5	-	122.5	124.6	-	124.6
Healthy Food, M€	72.1	-	72.1	69.7	-	69.7
Benemilk, M€	0.0	-	0.0	0.4	-	0.4
Common for the Brands, M€	0.5	-	0.5	26.4	-	26.4
Confectionery, M€	-	96.0	96.0	-	99.7	99.7
Comparable EBIT, M€	38.0	8.1	46.0	38.4	12.1	50.5
Comparable EBIT, %	19.5	8.4	15.8	17.4	12.2	15.8
Items affecting comparability, M€	19.6	-67.3	-47.7	-20.3	0.0	-20.3
EBIT, M€	57.5	-59.2	-1.7	18.0	12.1	30.2
EBIT, %	29.5	-61.7	-0.6	8.2	12.2	9.4
Investments, M€	3.0	5.4	8.5	3.9	5.2	9.2
Net assets, M€	-	-	123.4	-	-	303.4

	10-12/2017			10-12/2016		
	Continuing	Discon-tinued	Total	Continuing	Discon-tinued	Total
Net sales, M€	50.0	25.3	75.3	48.6	24.7	73.3
Benecol, M€	31.8	-	31.8	31.4	-	31.4
Healthy Food, M€	18.0	-	18.0	17.6	-	17.6
Benemilk, M€	0.0	-	0.0	0.0	-	0.0
Common for the Brands, M€	0.2	-	0.2	-0.4	-	-0.4
Confectionery, M€		25.3	25.3	-	24.7	24.7
Comparable EBIT, M€	9.4	1.7	11.1	11.4	2.4	13.8
Comparable EBIT, %	18.8	6.7	14.7	23.5	9.7	18.9
Items affecting comparability, M€	-8.7	-38.4	-47.1	-0.1	0.0	-0.1
EBIT, M€	0.7	-36.7	-36.1	11.3	2.4	13.7
EBIT, %	1.3	-145.3	-47.9	23.3	9.7	18.7
Investments, M€	0.6	2.7	3.3	0.9	1.4	2.3
Net assets, M€	-	-	123.4	-	-	303.4

Financial review, continuous operations

January-December 2017

Net sales for the Brands Division totalled EUR 195.1 (220.3) million. Benecol's net sales totalled EUR 122.5 (124.6) million, Healthy Food business EUR 72.1 (69.7) million and Benemilk EUR 0.0 (0.4) million.

The conversion impact of the weakened British pound on the Brands Division's net sales was EUR -4.8 million. The comparison period figure includes EUR 26.4 million net sales for the divestment of the UK snack bar business and licensed breakfast cereal business.

The UK accounted for some 30 per cent, Finland over 30 per cent and other markets almost 40 per cent of net sales of the Brands Division's continuous operations.

The Brands Division's comparable EBIT totalled EUR 38.0 (38.4) million, accounting for 19.5 (17.4) per cent of net sales. EBIT was EUR 57.5 (18.0) million, accounting for 29.5 (8.2) per cent of net sales. The conversion impact of the weakened British pound on the Brands Division's EBIT was EUR -1.0 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

October-December 2017

Net sales for the Brands Division totalled EUR 50.0 (48.6) million. Benecol's net sales totalled EUR 31.8 (31.4) million, Healthy Food business EUR 18.0 (17.6) million and Benemilk EUR 0.0 (0.0) million. The conversion impact of the weakened British pound on the Brands Division's net sales was EUR -0.3 million.

The Brands Division's comparable EBIT totalled EUR 9.4 (11.4) million, accounting for 18.8 (23.5) per cent of net sales. EBIT was EUR 0.7 (11.3) million, accounting for 1.3 (23.3) per cent of net sales. The British pound had no conversion impact on the Brands Division's EBIT in the fourth quarter.

Operating environment

Consumers show great interest in phenomena related to food and nutrition. Different, even conflicting, and frequently changing messages of what to eat is one of the greatest phenomena of our time. Consumers are uncertain and are increasingly aware of food-related matters. Reliable brands and products made of natural raw materials are popular among consumers.

Raisio has conducted consumer studies to find out the needs and motivations related to snacking, well-being, heart and stomach health and plant-based diet. Snacking is growing with busy lifestyles and at the moment, snacks already account for about 50 per cent of daily energy. Consumers are switching from self-made snacks to ready, on-the-go snacks. This trend is also growing the snack demand. Together with snacking, however, meals and eating together are becoming more and more important.

Strong growth in demand for plant-based food continued and consumers increasingly want to lighten their diet. This phenomenon is seen in snacking as well as other meals. For Finnish consumers, natural raw materials, such as Finnish oat, meet the health and well-being related needs required from plant-based food.

In 2017, interest in oat continued also in other markets. Awareness of oat and oat products grew especially as a result of active export efforts.

Raisio has surveyed the consumer segments of cholesterol-lowering products in the UK, the company's largest market. The study showed that consumers are interested in well-being and healthy lifestyles, and want to have easy solutions for cholesterol lowering. Cholesterol lowering is part of a bigger trend associated with the habits related to nutrition and exercising. Many consumers get familiar with cholesterol-lowering foods on the recommendation of health-care professionals. Understanding the changes in eating habits has a key role in the development of cholesterol-lowering products. As snacking is becoming more diverse, consumers eat less bread and this means that sale of spreads is declining. On the other hand, the position of convenient breakfast and snack products, such as minidrinks, is strengthening.

Business operations

Benecol

Net sales for the Benecol business were slightly down from the comparison period. Net sales increased as a result of the Benecol product sales growth of over 10 per cent in Finland and increased deliveries of plant stanol ester, the Benecol product ingredient, especially to the licensing partners in Asia. Higher subcontracting costs of Benecol products and the sharp world market price increase of sterols, used as raw material, could not fully be passed on to sales prices of end-products, particularly in the UK. In Poland, net sales were significantly down from the comparison year.

Benecol's EBIT declined significantly, which was mainly due to the fact that the increased sterol price and product subcontracting prices could only partially be passed on to end-product prices, especially in the UK. Moreover, the conversion impact of the UK pound on the business profitability was negative.

Raisio is a market leader in the UK, where the availability and market position of Benecol minidrinks improved. Consumers welcomed new Benecol minidrinks with no added sugar as well as Benecol yoghurts in which sugar content was decreased by 30 per cent. Benecol carried out its Love the Taste campaign to encourage new consumers to try Benecol spreads.

Sales in Benecol products in Finland increased by some 10 per cent. Sales for both Benecol minidrinks and spreads increased. Benecol's renewed marketing communications strengthened the brand as an everyday well-being product and clearly increased the consumer interest. The availability of the Benecol products also improved. The distribution of Benecol Soft Chew expanded to retail channel.

In Poland, in addition to Benecol spreads and Soft Chews, Benecol snack bars were launched at the end of 2017. At the same time, Benecol started a test sale of its yoghurt. In November, a new Benecol Olive spread was launched and its sales increased rapidly.

Benecol products strengthened their market leader position in Ireland. Benecol minidrink packages were renewed and new flavours were launched.

Raisio's licensing partners in Asia, Europe and the USA renewed their product ranges and launched new products in their markets. Raisio renewed and strengthened cooperation with its licensing partners.

In 2018, Raisio will launch new Benecol products in existing and new product categories. Raisio provides its licensing partners with extensive expertise and support in the development, marketing and sales of Benecol products. Raisio has secured the availability and price level of sterols required for its production in the coming years.

Healthy Food

Northern Europe

Northern Europe's market areas are Finland, Sweden, the Baltic countries and Denmark. Net sales and EBIT for Northern European operations were up from the comparison year. This was mainly due to the strong sales growth in Elovena products and the flour deliveries to a major Finnish bakery customer started at the beginning of 2017.

In the study carried out by a market research company Taloustutkimus, Elovena is Finland's 6th most valued brand. Elovena's brand image was renewed in 2017. Elovena's new brand promise is easy to understand. In 2017, Elovena launched snack ice creams, overnight oatmeals and savoury biscuits.

Sales in Elovena products increased both in value and volume by about 10 per cent. Particularly good sales growth was seen in Elovena oatmeals and snack biscuits. In Finland, Elovena is the market leader in porridges and snack biscuits. In 2018, Raisio will continue to launch new Elovena products in existing and new product categories.

Raisio's Nalle was totally renewed in 2017; Nalle is a breakfast and snack brand for families with children. Tightening competition affected the Nalle flake sales as the porridge range expanded sharply and retailers strongly supported the sale of their private labels. This year, the Nalle line will be expanded with healthy new products.

Eastern Europe

The Eastern European markets include Russia and Ukraine to which Raisio exports Nordic flakes and snack biscuits and gluten-free Provena products, all made in Finland. Net sales and EBIT for the Eastern European operations improved from the comparison year. The exchange rate development of the Russian rouble in 2017 was strongly positive for Raisio. The Eastern Europe accounted for almost 20 per cent of the Healthy Food business net sales.

In Russia, sales for Nordic products decreased in local currency while sales volume increased. In Ukraine, sales in Nordic flakes increased by about 15 per cent.

Benemilk

The international Benemilk business did not generate any net sales in the financial period 2017 and there are no ongoing negotiations to license the innovation. Raisio continued the assessment of the company's operating conditions together with Benemilk plc's non-controlling interest.

At the end of 2017, Raisio plc updated its calculations on the fair values of balance sheet items. The most significant re-evaluated balance sheet item was Benemilk Ltd's intangible fixed assets. Raisio recorded impairment of EUR 7.5 million of the value of Benemilk's fixed assets in the consolidated financial statements, because the funds invested in the international commercialisation and protection the Benemilk innovation can no longer be seen to involve significant revenue expectations.

Raisioagro continues the sale of Benemilk feeds in Finland where Benemilk has an established market position.

RAISIOAGRO DIVISION

Raisioagro includes the cattle and fish feed businesses and the grain trade. Raisioagro's key market areas are Finland and Northwest Russia. The cattle feed production is centralised in Ylivieska and Kouvola. Fish feeds are made in the Raisio-based factory.

Raisioagro's key figures, continuing operations

		2017	2016	10-12/2017	10-12/2016
Net sales	M€	126.3	126.6	26.4	24.7
Comparable EBIT	M€	4.2	3.7	0.0	0.0
Comparable EBIT	%	3.3	2.9	0.1	0.0
Items affecting comparability	M€	0.0	0.0	0.0	0.0
EBIT	M€	4.2	3.7	0.0	0.0
EBIT	%	3.3	2.9	0.1	0.0
Investments	M€	3.3	1.9	1.2	0.5
Net assets	M€	25.6	25.7	-	-

Financial review, continuing operations

January-December 2017

Raisioagro's net sales totalled EUR 126.3 (126.6) million. Fish feed export to Russia increased by almost 30 per cent due to new capacity brought about by the new fish feed line and excellent weather conditions for fish farming. The grain trade business purchased some 10 per cent more grain for the production of Raisio's foods. On the other hand, grain exports were significantly down from the comparison year due to low world market prices. In Finland, Raisioagro's optimised cattle feed range met the diverse needs of dairy farms, but cattle feed net sales were sligthly down from the comparison period. Planned sales reduction of low-margin farming supplies, such as liquid fuels and fertilisers, continued.

Finland accounted for over 75 per cent, Russia almost 20 per cent and other markets some 5 per cent of Raisioagro's net sales. Russia's share of net sales grew by almost five percentage points as a result of increased exports.

Raisioagro's EBIT was EUR 4.2 (3.7) million, accounting for 3.3 (2.9) per cent of net sales. EBIT was primarily boosted by sharply increased fish feed exports to Russia. In the last quarter of 2017, cattle feed sales picked up and profitability improved.

Raisioagro continued its determined net working capital management. Net working capital further decreased by over 15 per cent, totalling EUR 4.9 (5.8) million. Raisioagro's average return on restricted capital increased to 14.7 (11.3) per cent as a result of decreased net working capital and improved profitability.

October-December 2017

Raisioagro's net sales totalled EUR 26.4 (24.7) million. Net sales were primarily increased by sales growth in cattle feed. The growing volume of purchased grain for Raisio's food production was seen in net sales of the grain trade business. The net sales increase was partly due to the sales season that continued well into autumn.

Raisioagro's EBIT totalled EUR 0.0 (0.0) million.

Operating environment

The structural change in the milk production continues in Finland. The number of dairy farms continues to decline, farm sizes are growing and farms are increasingly professional.
The downward pressure on milk price is levelling off, but there are still challenges to improve the dairy farm productivity and profitability. In Finland, particularly intense price competition and the ability to pass on raw material and production cost changes into product prices affect the cattle feed business profitability. With the production investments, there is overcapacity in Finland, which means that companies with cost-effective processes and ability to add value to customers with new services will manage.

Demand for fish farmed in Finland continues to increase, but new fish farming licences and licences to increase the current quotas are rarely granted. Raisioaqua is the only Finnish fish feed producer. Business environment is fairly stable in Finland while in Northwest Russia, Baltic countries and Sweden, innovative feed producers have opportunities to increase business.

Higher efficiency in the production of animal protein improves the profitability of the entire production chain and reduces environmental impacts. Some of the agricultural inventions already help improve the efficiency of livestock production, but there is still potential for much more.
In the fish farming, feed efficiency is already top-class and it is now possible to focus on innovations reducing environmental impacts.

Business operations

Cattle feeds

In 2017, cattle feeds accounted for almost 60 per cent of Raisioagro's net sales. Finland is Raisioagro's largest market for cattle feeds and the company has a market share of some 35 per cent in cattle feeds sold in Finland.

In terms of cattle feed sales, 2017 was twofold: at the beginning of the year, sales decreased but turned to growth in the autumn. There have been no significant changes in the milk producer prices, which has increased feed producers' competitive bidding and focused the purchasing on more affordable feeds. In the last quarter of 2017, cattle feeds sales were up from the comparison year as a result of Raisioagro's feeding expertise, the product range adapted to farmers' needs and active customer acquisition.

Some six per cent of the Finnish dairy cows are fed with Benemilk. Benemilk feeds have established their position and the farms using Benemilk are pleased with the added value received. Proagria's milk yield monitoring has shown that with big cattles the two best farms out of three used Benemilk feeds.

Sales declined in Maituri compound feeds and concentrates while in feeds for milking robot feeding sales increased. For Melli minerals, sales in Finland and exports increased. Raisioagro was the first Finnish feed company that completely abandoned the soy use in its cattle feeds.

The responsible way to operate is also promoted with Raisioagro's new Sustainable Productivity concept and Green feeds that improve the dairy farm profitability and reduce environmental impacts. The concept is based on even more accurate feeding and feed choices for different phases of production. Sustainable Productivity concept covers the whole lifecycle of a cow.

In Russia, Raisioagro together with a local reseller and a local dairy built a working cooperation model. The model is based on Raisioagro's strong feeding expertise and consultative sales. Feeding expertise is on growing demand in Russia since the country is developing its own dairy production and investing in it more than before. The most exported items were Melli minerals. Compared to other business operations, exports were low, but Raisioagro's feeding expertise, additional resources for exports and the location of Kouvola factory near the east board enable strong export growth also in future years.

Fish feeds

The share of fish feeds of Raisioagro's net sales increased to about 25 per cent. The key markets for fish feeds are Northwest Russia and Finland. Almost two thirds of fish feed volume was export.

For Raisioaqua, 2017 was a record year because weather conditions were excellent for fish farming and with the new fish feed line, Raisio was able to meet the growing demand. Exports to Russia increased by almost 30 per cent while in Finland, sales were slightly down from the comparison year.

In January 2017, the Nordic Council of Ministers put the Benella fish on its 25 Nordic pioneer list. The development of Benella fish is based on Raisioaqua's feed innovation. The selection was based on innovativeness, sustainable development and a new business model giving the fish farmers the permission to use the Benella brand. In December 2017, Sitra put Benella fish on its list of the most interesting Finnish companies and products in the circular economy.

In Finland, Benella's success continued and Kesko launched Benella Rainbow Trout fillet in its Pirkka Parhaat premium line. In the autumn, Raisioaqua launched Benella White Fish. The Benella concept was also launched in Russia and Sweden in 2017.

Grain trade

Raisio is a significant processor of Finnish grain. In 2017, more than 95 per cent of the grain used was from Finland. Raisio purchases grain for the Group's own use, to be resold and for exports. Last year, Raisio's grain purchases for the company's food industry increased significantly.

In 2017, Raisio's grain exports were down from the comparison year as low world market prices weakened the profitability of Finnish grain exports.

MANAGEMENT AND ADMINISTRATION

Board of Directors and Supervisory Board

Until the Annual General Meeting (AGM) held on 23 March 2017, the number of members of the Board of Directors was five and after the meeting six. Erkki Haavisto, Matti Perkonoja, Michael Ramm-Schmidt and Ann-Christine Sundell served as Board members throughout the financial period 2017. Antti Tiitola was a Board member until the end of the AGM. Ilkka Mäkelä and Leena Niemistö served as Board members as from the closing of the AGM.

Matti Perkonoja served as Chairman of the Board and Michael Ramm-Schmidt as Deputy Chairman, both throughout 2017.

In 2017, all the Board members were independent of the company and its major shareholders.

Paavo Myllymäki served as Chairman of the Supervisory Board and Holger Falck as Deputy Chairman for the financial year 2017.

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 as CEO at the end of October 2017.

Group Management Team

From 1 February 2018, President and CEO Pekka Kuusniemi, CFO Antti Elevuori, Vice President of Legal Affairs Sari Koivulehto-Mäkitalo, Vice President of HR Merja Lumme, Vice President of Operations Jukka Heinänen and Vice President of Raisioagro Perttu Eerola are the Group Management Team members.

Vincent Poujardieu, the Vice President of Benecol business and member of the Group Management Team, left Raisio on 31 January 2018.

NON-FINANCIAL INFORMATION

Raisio Group is an international food and feed company focusing on well-being and profitable growth. The core of Raisio's strategy is in plant-based, healthy and responsible branded products. The company mainly operates in Europe and its production plants are in Finland. Responsible approach and respect for social and environmental impacts are an important part of Raisio's strategy. Raisio Code of Conduct and complementary internal guidelines and policies are a solid foundation for profitable and responsible business operations. All Raisio employees are committed to follow the Code of Conduct. Raisio is also committed to the UN Global Compact sustainability initiative and its ten principles concerning human rights, labour practices, environment and corruption.

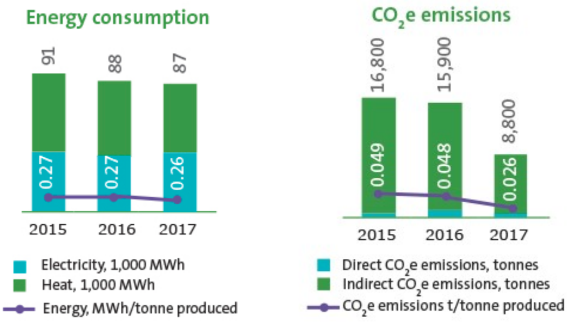
Raisio Group develops its responsibility with the target-oriented responsibility programme. Raisio's responsibility programme for 2016 - 2018 sets objectives and indicators for selected sustainability themes important for the company and its stakeholders: sustainable food chain and healthier food as well as safety and well-being at work.

Raisio's Corporate Responsibility Report will be published in connection with the Annual Review at https://annualreview2017.raisio.com in week 10.

Environment

Raisio's business operations are based on the use of renewable raw materials and sustainable production taking environmental impacts into account. The company is developing the sustainable food chain and takes environmental impacts into consideration in all of its activities. Raisio requires that its subcontractors and suppliers also take environmental impacts into account and continues pushing these requirements in 2018. In addition, subcontractors and suppliers regularly fill in a Supplier Self-Audit.

Climate change is the Group's most significant environmental risk. Changing climate may affect energy prices and farming conditions as well as the availability and prices of agricultural raw materials used by Raisio. To curb climate change, Raisio aims to reduce carbon dioxide emissions and to start using renewable energy whenever economically viable.



The objectives of Raisio's environmental responsibility are the improvement of energy efficiency and the reduction of carbon dioxide emissions. The Group-level numerical targets were revised in 2017 and they will be published in 2018. The company made a significant investment in renewable energy and built its own bioenergy plant in Raisio's industrial area. As the plant was completed in the summer 2017, carbon dioxide emissions from the area declined significantly and the energy loss of heat transfer was eliminated. In the future, annual emissions will drop to less than a tenth of the previous levels. In 2017, almost 70 per cent of the energy used by Raisio was carbon neutral. The graphs below include Raisio's continuing operations.

Social and personnel matters

In terms of social and personnel matters, Raisio's essential responsibility themes are well-being and safety at work. According to the Raisio Code of Conduct, the Group complies with the regulations of the International Labour Organization (ILO) and with local collective agreements, regulations and laws related to work in the countries where the company operates.

As for social and personnel matters, Raisio considers workplace accidents and the availability of skilled employees as its major risks. Risks are managed through active monitoring of the amount of workplace accidents, personnel turnover and personnel survey results.

Raisio takes care of workplace well-being by focusing on good leadership practices and supervisory work, on effective interaction and internal communications, and by promoting a trusting environment at work. Raisio conducts employee well-being and job satisfaction surveys every other year. The survey results in the autumn 2017 showed that job satisfaction at Raisio is at a good level (3.9/5).

Accident prevention is the priority in the Group's safety work. In 2017, Raisio harmonised and further developed its work safety culture, for example through a new accident reporting system. The staff are encouraged to report positive safety observations and near miss cases, too.

Raisio Group employed 399 (1,405) people at the end of 2017. The average number of employees was 1,313 (1,582). At the end of 2017, a total of 19 (77) per cent of personnel worked outside Finland. The Brands Division had 240 (1,248), Raisioagro 98 (98) and the service functions 61 (59) employees at the end of 2017. The change in the number of employees is mainly related to the divestment of Raisio's confectionery business in December 2017. Some 1,000 employees were transferred to the new owner with the confectionery business.

Raisio's wages and fees in 2017 totalled EUR 50.6 (58.0 million in 2016 and EUR 77.2 million in 2015) million including other personnel expenses. The graphs below include Raisio's continuing operations.

Respect for human rights

Raisio Group respects the UN declaration of human rights, the fundamental principles and rights at work as defined by the International Labour Organization (ILO) and human rights principles of the UN Global Compact initiative. Human rights are an important part of Raisio Code of Conduct and Raisio Supplier Code of Conduct.

Raisio is not aware of any human right violations related to its operations. The company's risk assessment showed that possible human right risks are related to the supply chain. For the assessment of human right risks related to its procurement, Raisio uses BSCI's risk country classification, which guides to procure from low-risk countries. Most of Raisio's raw materials and services are purchased from low-risk areas, such as Finland and Central Europe. The company purchases a small part of its raw materials from the higher-risk countries; then, a special attention is paid to the supplier's procedures.

The company expects its suppliers to commit to the Raisio Supplier Code of Conduct. In 2017, Raisio started the use of the updated Group Code of Conduct. In 2017, 75 per cent of Raisio's raw materials were from suppliers who have confirmed in writing to comply with Raisio Supplier Code of Conduct.

Raisio's risk assessment shows that major human right risks in raw materials are related to the purchase of soy, palm oil and cocoa. In terms of these raw materials, Raisio has already started or is switching to the use of responsibility certified raw materials only. Soy, palm oil and cocoa together account for about two per cent of all raw materials used by Raisio.

Matters related to anti-corruption and bribery

Raisio's anti-corruption policy explicitly prohibits corruption and bribery. Employees are trained in the anti-corruption policy and the training is part of the induction programme of each new employee. Measures against bribery and corruption are also taken into account in all agreements concluded by Raisio.

E-learning on the Raisio Code of Conduct for employees and management was completed at the end of 2017. The training is compulsory for all Raisio people and it is available in four languages. Staff in Finland was the first to take the new training.

Employees can report possible and suspected misconduct to the immediate superior or his/her superior. They can also report suspected misconduct by post or by email according to the internal guidelines. All reports are investigated with absolute confidentiality, taking into account the requirements of local legislation.

Healthier food

According to its strategy, Raisio focuses on healthy foods promoting well-being. Healthy food is also one of priorities in Raisio's responsibility work. Raisio's goal is that two-thirds of its foods are healthier alternatives in their own product categories. Factors affecting the product healthiness are, for example, fat composition, fibre content and the amount of sugar and salt. Raisio has defined health criteria for all its product categories; the criteria are based on European nutrition recommendations. These criteria are used, for example, to support Raisio's product development.

At the end of 2017, 65 (63) per cent of Raisio's foods were healthier alternatives in their own categories. In 2017, Raisio launched several healthy products, such as Elovena snack ice cream and overnight porridge mix.

Consumers are overwhelmed by conflicting food information, which may cause uncertainty about healthy choices. In its product development, Raisio emphasises the tastiness of food and consistently complies with generally accepted principles on healthy food.

CHANGES IN GROUP STRUCTURE

Raisio's confectionery business was transferred to the new owner, Valeo Foods Ltd, on 29 December 2017. At the same time, Raisio divested its subsidiaries Big Bear Confectionery Ltd, Nimbus Foods Ltd, Fox Confectonery Ltd, The Lindum Snack Company Ltd, Candy Plus a.s., The Candy Plus Sweet Factory s.r.o. and Candy Plus Polska Sp. z o.o.

During the financial period, two companies with ended operations were dissolved: Lyme Regis Fine Foods Ltd and Glisten Snacks Ltd.

EVENTS AFTER THE REVIEW PERIOD

On 31 January 2018, Raisio announced to consider the divestment of cattle and fish feed businesses as one strategic alternative. The company also renewed its organisational structure and started statutory cooperation negotiations in order to ensure the Group growth, profitability and competitiveness.

Raisio considers the divestment of its feed businesses as a strategic alternative

Raisio is considering a sale of its cattle and fish feed businesses as one strategic alternative. Raisio has initiated negotiations on the sale of its feed business with several operators. During the negotiations, Raisioagro continues business as usual. Raisio's Grain Trade business is not for sale.

Raisio continues the renewal of the Group structure

Benecol and Foods businesses, which were operating as separate organisations, have been combined into one Healthy Food Division. During the spring 2018, the company will also initiate measures to simplify the Group's legal corporate structure.

In addition to his CEO role, Pekka Kuusniemi will serve as COO of the Healthy Food Division until a new director is appointed. The new organisational structure has been in force since 1 February 2018.

Raisio Group started statutory cooperation negotiations

To ensure its growth, competitiveness and profitability, Raisio started cooperation negotiations concerning 115 employees on 5 February 2018. Initial estimate of the reduction need is 30 persons. The cooperation negotiations concern the Group services as well as marketing, product development and service functions of the new Healthy Food Division. The aim is to complete the negotiations during March 2018. At the end of 2017, Raisio's Finnish operations employed a total of 325 people.

RISKS AND SOURCES OF UNCERTAINTY IN BUSINESS OPERATIONS

The Eurozone economy is expected to continue its sharp growth in 2018. 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 grew sharply in 2017 and the strong growth is expected to continue in 2018. Economic development is based on private consumption, rising investments and exports, low interest levels and falling unemployment rates. Economic growth is burdened by rising inflation.

In Russia, the economy is recovering and consumer purchase power growing. In Ukraine, the 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 related to Brexit, which impacts Raisio's net sales and EBIT as considerable part of them is generated in the UK even after the confectionery divestment. Volatility in the rouble's external value affects the exports of feeds and flake products. 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 can rapidly affect the crop expectations, supply, demand and price of these commodities. Changes are also possible in supply, demand and price of other key raw materials. 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.

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. It is also possible that Russia will expand the scope of its import bans into new product categories, and not only in feeds but in other foods, too.

Preparing for and adapting to Brexit remains a key challenge for Raisio's businesses in 2018, and for example in the Benecol business, this may lead to changes in subcontracting arrangements. International raw material chain and of contract manufacturing of consumer products expose especially the Benecol business to the availability, price and currency risks.

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.

GUIDANCE 2018

Raisio estimates the net sales of the Group's continuing operations to slightly increase from 2017. The company estimates the comparable EBIT of the Group's continuing operations account for more than 10 per cent of net sales. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

Raisio's key strategic target is growth, both organically and through acquisitions. To ensure Raisio's organic growth, the company will move from a holding-type structure to a model in which all resources are targeted toward supporting the strategic objectives of the new Healthy Food Division. Raisio will also seek growth through acquisitions that suit its core business. Raisio is net debt free and has a strong balance sheet, which makes acquisitions supporting its core business possible.

BACKGROUND TO THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

Despite the fact that the company's earnings per share for the financial year 2017 were negative, the Board of Directors proposes that a dividend of EUR 0.17 per share be distributed in order to communicate its strong trust in the management's ability to expand the company's operations, to further improve its profitability and to generate free cash flow to be distributed to shareholders. Thus, the proposal of distribution of profits is not based on the earnings of the financial year 2017, but on the Board's will to distribute to shareholders a fair share of the cash flow generated by the business and factory property divestments completed in 2017. The company's liquidity is good, and the Board's view is that the proposed dividend payout does not endanger the company's solvency and the achievement of its strategic objectives.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable assets based on the balance sheet on 31 December 2017 totalled EUR 85,820,909.16.

The Board proposes that a dividend of EUR 0.17 per share be distributed, a total of EUR 28,075,335.10, and that EUR 57,745,574.06 be left in the profit account. No dividends will be paid on the shares held by the company on the record date 23 March 2018, and the payment date of the dividend is proposed to be 5 April 2018.

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good, and the Board's view is that the proposed dividend payout does not endanger the company's solvency.

In Raisio, 12 February 2018

Raisio plc
Board of Directors

Further information:
Pekka Kuusniemi, President and CEO, tel. +358 50 537 3883
Antti Elevuori, CFO, tel. +358 40 560 4148
Heidi Hirvonen, Communications and IR Manager, tel. +358 50 567 3060

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	10-12/ 2017	10-12/ 2016	2017	2016
CONTINUING OPERATIONS				
Net sales	72.0	70.7	306.8	336.6
Expenses corresponding to products sold	-52.5	-48.9	-222.9	-259.5
Gross profit	19.5	21.8	83.9	77.1
Other operating income and expenses, net	-21.1	-12.7	-28.0	-60.3
EBIT	-1.6	9.1	55.9	16.8
Financial income	0.3	0.5	1.3	1.9
Financial expenses	-0.6	-0.3	-2.7	-4.0
Share of result of associates and joint ventures	0.0	0.0	0.0	0.0
Result before taxes	-1.9	9.2	54.5	14.7
Income taxes	-1.5	-1.2	-12.7	-5.0
Result for the period from the continuing operations	-3.3	8.1	41.8	9.7
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations	-35.4	0.8	-59.2	9.3
RESULT FOR THE PERIOD	-38.7	8.9	-17.3	19.0
Attributable to:				
Equity holders of the parent company	-38.7	8.9	-17.3	19.0
Non-controlling interests	0.0	0.0	0.0	0.0
CONTINUING OPERATIONS				
Earnings per share from the profit attributable to equity holders of the parent company (€)				
Undiluted earnings per share	-0.02	0.05	0.27	0.06
Diluted earnings per share	-0.02	0.05	0.27	0.06
DISCONTINUED OPERATIONS				
Earnings per share from the profit attributable to equity holders of the parent company (€)				
Undiluted earnings per share	-0.22	0.01	-0.38	0.06
Diluted earnings per share	-0.22	0.01	-0.38	0.06

COMPREHENSIVE INCOME STATEMENT (M€)

	10-12/ 2017	10-12/ 2016	2017	2016
CONTINUING OPERATIONS				
Result for the period	-3.3	8.1	41.8	9.7
Other comprehensive income items				
Items that may be subsequently transferred to profit or loss				
Protection of net investments	0.0	-3.7	0.0	-3.7
Change in value on liquid funds available for sale	0.0	-0.2	-0.2	-0.3
Change in value of cash flow hedging	-0.5	1.1	0.5	-1.0
Change in translation differences related to foreign companies	-2.3	0.9	-5.2	-25.5
Change in tax impact	0.1	0.6	-0.1	1.0
Comprehensive income for the period from continuing operations	-6.1	6.8	36.9	-19.7
DISCONTINUED OPERATIONS				
Result for the period	-35.4	0.8	-59.2	9.3
Other comprehensive income items				
Change in translation differences related to foreign companies	1.4	0.7	-0.2	-1.7
Comprehensive income for the period from discontinued operations	-33.9	1.5	-59.4	7.5
COMPREHENSIVE INCOME FOR THE PERIOD	-40.0	8.3	-22.5	-12.2
Components of comprehensive income:				
Equity holders of the parent company	-40.0	8.3	-22.5	-12.2
Non-controlling interests	0.0	0.0	0.0	0.0

BALANCE SHEET (M€)

	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	42.9	62.0
Goodwill	46.5	154.1
Property, plant and equipment	50.1	88.5
Shares in associates and joint ventures	0.7	0.7
Available-for-sale financial assets	2.2	2.3
Deferred tax assets	2.7	5.4
Total non-current assets	145.0	313.1
Current assets		
Inventories	30.5	42.3
Accounts receivables and other receivables	34.6	51.0
Financial assets at fair value through profit or loss	2.2	37.7
Cash in hand and at banks	149.0	25.9
Total current assets	216.3	156.9
Non-current assets available for sale	0.0	0.0
Total assets	361.3	470.0
SHAREHOLDER'S EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Company shares	-19.8	-19.8
Other equity attributable to equity holders of the parent company	256.1	305.2
Equity attributable to equity holders of the parent company	264.0	313.2
Non-controlling interests	0.0	0.0
Total shareholder's equity	264.0	313.2
Non-current liabilities		
Deferred tax liabilities	5.1	8.2
Provisions	1.1	0.2
Non-current financial liabilities	23.0	45.8
Derivative contracts	0.0	0.0
Other non-current liabilities	0.0	0.0
Total non-current liabilities	29.2	54.3
Current liabilities		
Accounts payable and other liabilities	42.8	55.8
Provisions	2.1	2.4
Derivative contracts	0.2	1.6
Current financial liabilities	22.9	42.8
Total current liabilities	68.1	102.6
Debts related to non-current assets available for sale	0.0	0.0
Total liabilities	97.2	156.8
Total shareholder's equity and liabilities	361.3	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	-	-	-	-	-	-	-	19.0	19.0	-	19.0
Other comprehensive income items											
Protection of net investments	-	-	-	-	-3.7	-	-	-	-3.7	-	-3.7
Financial assets available for sale	-	-	-	-	-0.3	-	-	-	-0.3	-	-0.3
Cash flow hedge	-	-	-	-	-1.0	-	-	-	-1.0	-	-1.0
Translation differences	-	-	-	-	-	-	-27.2	-	-27.2	-	-27.2
Tax impact	-	-	-	-	1.0	-	-	-	1.0	-	1.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-3.9	0.0	-27.2	19.0	-12.2	0.0	-12.2
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.6	-	-0.2	0.4	-	0.4
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.6	0.0	-25.3	-24.6	0.0	-24.6
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	-	-	-	-	-	-	-	-17.3	-17.3	-	-17.3
Other comprehensive income items											
Protection of net investments	-	-	-	-	-	-	-	-	0.0	-	0.0
Available-for-sale financial assets	-	-	-	-	-0.2	-	-	-	-0.2	-	-0.2
Cash flow hedge	-	-	-	-	0.5	-	-	-	0.5	-	0.5
Translation differences	-	-	-	-	-	-	-5.4	-	-5.4	-	-5.4
Tax impact	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.3	0.0	-5.4	-17.3	-22.5	0.0	-22.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-26.8	-26.8	-	-26.8
Unclaimed dividend								0.1	0.1		0.1
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	-26.8	-26.7	0.0	-26.7
Equity on 31.12.2017	27.8	2.9	88.6	8.9	-1.6	-19.8	-18.5	175.8	264.0	0.0	264.0

CASH FLOW STATEMENT (M€)

	31.12.2017	31.12.2016
Result before taxes	54.5	26.8
Result before taxes, discontinued operations	-59.5	
Adjustments	60.1	31.8
Cash flow before change in working capital	55.2	58.6
Change in accounts receivables and other receivables	-2.2	3.6
Change in inventories	-0.8	15.1
Change in current non-interest-bearing liabilities	2.3	-20.2
Total change in working capital	-0.6	-1.6
Financial items and taxes	-9.4	-9.4
Cash flow from business operations	45.1	47.6
Investments in fixed assets	-16.6	-17.3
Divestments of subsidiaries adjusted for cash at the time of sale	89.4	2.2
Additional acquisition of associates’ holding	0.0	0.0
Proceeds from sale of fixed assets	39.3	0.2
Sale of securities	0.0	0.4
Cash flow from investments	112.0	-14.4
Financial items and taxes	0.8	6.2
Change in non-current loans	-42.6	-18.4
Change in current loans	0.0	0.0
Dividend paid to equity holders of the parent company	-26.6	-25.0
Cash flow from financial operations	-68.4	-37.2
Change in liquid funds	88.7	-4.0
Liquid funds at the beginning of the period	61.9	67.9
Effects of changes in foreign exchange rates	0.5	-2.0
Impact of change in market value on liquid funds	-0.1	0.0
Liquid funds at end of period	151.0	61.9
Adjustments:		
Depreciation according to plan for intangible and tangible fixed assets	11.1	11.3
Impairment for intangible and tangible fixed assets	36.5	16.1
Impairment for current assets	0.7	1.9
Divestment losses for subsidiaries	38.4	0.3
Capital gains and losses for fixed assets	-28.1	-0.6
Share rewards	0.0	0.4
Other adjustments	-0.3	0.2
Financial income and expenses	1.7	2.2
Total	60.1	31.8

NOTES TO THE FINANCIAL STATEMENTS BULLETIN

This financial statements bulletin 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.

Financial statements bulletin is shown in EUR millions.

The introduction of new and amended IFRS standards
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.

IFRS 15 contains a five-step model for recording the revenue based on customer contracts. Revenue is recognised when (or as soon as) the customer acquires control over the promised goods or services in an amount that reflects the consideration to which the company expects to be entitled to the products or services concerned. In addition, IFRS 15 requires more disclosures.

Raisio Group has prepared an analysis on the impact of the IFRS standard. The Group's contracts meet the identification requirements. The Group's sales to customers are sale of goods and does not involve a significant degree of services. The Group's contracts with customers can be recognized when a performance obligation is met and benefits and risks of the goods transfer to the customer. Raisio Group has no contracts to be recognised as income according to the stage of completion. The Group only includes such an amount in the transaction price that it is highly probable it will not result in a significant adjustment in the amount of revenue. The Group-level guidance concerning the recognition of discounts has been specified from the beginning of 2017 and necessary changes in the process and systems have been made during 2017. In the Group, the transaction price does not include the time value of money because the gap between the transfer and payment of the goods or services is short. The introduction of IFRS 15 has no impact on the accumulated profits on 1 January 2017.

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

Raisio Group's confectionery business transferred to Valeo Foods Ltd on 29 December 2017.
The confectionery business, earlier included in the Brands segment, is reported in discontinued operations. The figures presented in the Financial Statements Bulletin for previous periods have been adjusted accordingly.

NET SALES BY SEGMENT (M€)

	10-12/2017	10-12/2016	2017	2016
Brands	50.0	48.6	195.1	220.3
Raisioagro	26.4	24.7	126.3	126.6
Other operations	0.2	0.2	0.9	0.8
Interdivisional net sales	-4.6	-2.8	-15.4	-11.2
Total net sales	72.0	70.7	306.8	336.6

EBIT BY SEGMENT (M€)

	10-12/2017	10-12/2016	2017	2016
Brands	0.7	11.3	57.5	18.0
Raisioagro	0.0	0.0	4.2	3.7
Other operations	-2.3	-2.2	-5.8	-4.9
Total EBIT	-1.6	9.1	55.9	16.8

NET ASSETS BY SEGMENT (M€)

	31.12.2017	31.12.2016
Brands	123.4	303.4
Raisioagro	25.6	25.7
Other operations and unallocated items	115.0	-15.9
Total net assets	264.0	313.2

INVESTMENTS BY SEGMENT (M€)

	10-12/2017	10-12/2016	2017	2016
Brands	0.6	0.9	3.0	3.9
Raisioagro	1.2	0.5	3.3	1.9
Other operations	0.1	2.4	4.1	7.5
Total investments	1.8	3.8	10.4	13.3

NET SALES BY MARKET AREA (M€)

	10-12/2017	10-12/2016	2017	2016
Finland	35.9	35.1	149.6	156.3
Great Britain	14.3	13.1	57.8	81.3
Rest of Europe	20.3	21.2	93.4	92.4
ROW	1.5	1.3	6.1	6.6
Total	72.0	70.7	306.8	336.6

ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS AVAILABLE FOR SALE

Acquired businesses

In the period of 1 January – 31 December 2017 and in 2016, there were no acquired businesses.

Discontinued operations

On 22 December 2017, Raisio announced that it had agreed to divest its confectionery business, included in the Brands Segment, to Valeo Foods Ltd. The divestment was completed on 29 December 2017. The result of the confectionery business and capital gains generated from the confectionery business are presented in the income statement under discontinued operations.

	2017	2016
Result of discontinued operations		
Net sales	96.0	99.7
Expenses corresponding to products sold	-78.3	-78.1
Gross profit	17.7	21.6
Other operating income and expenses, net	-9.8	-9.5
Write-down on goodwill before the transfer	-28.7	
EBIT	-20.8	12.1
Financial income and expenses	-0.3	-0.1
Result before taxes	-21.1	12.1
Income taxes	0.3	-2.8
Post-tax result of discontinued operations	-20.7	9.3
Post-tax result of the transfer of discontinued operations	-38.4	
Result for the period from discontinued operations	-59.2	
Tax of discontinued operations		
Tax on the result of discontinued operations	-1.3	-2.8
Tax on the transfer of discontinued operations	1.6	
Tax of discontinued operations in total	0.3	0.0
Cash flows from discontinued operations		
Cash flow from business operations	7.6	12.1
Cash flow from investments, net	71.4	-5.2
Cash flow from financing activities	-5.6	0.0
Cash flows in total	73.4	6.9

	2017	2016
Impact of the discontinued operations on the Group's financial position:		
Non-current assets	116.4	146.5
Inventories	11.8	11.1
Short-term receivables	17.5	16.7
Loans receivables (cash pool)	-15.4	-21.5
Liquid funds	2.8	5.9
Funds in total	133.2	158.8
Non-current liabilities	2.3	3.7
Current liabilities	17.5	19.4
Liabilities in total	19.8	23.1
Divested net assets	113.4	
Accumulated translation differences	-1.5	
Capital gain/loss on the divested business including accumulated translation differences	-36.5	
Transaction expenses allocated to the divestment	-0.8	
Statutory provision allocated to the divestment	-1.1	
Profit impact on EBIT	-38.4	
Enterprise value	100.0	
Investment debt related to factories and other non-interest-bearing items related to net debt	10.6	
Interest-bearing net financial liability of the divested subsidiaries at the time of transfer	12.6	
Enterprise value of the shares	76.8	
Enterprise value of the shares	76.8	
Net interest-bearing debt of the divested subsidiaries at the time of transfer	-12.6	
Subsidiary divestments adjusted for cash at the time of transfer	89.4	
Cash flow from sales including expenses	86.0	
In the cash flow statement		
Subsidiary divestments adjusted for cash at the time of transfer	89.4	
Cash flow from investments	-5.4	
Cash flow from business operations	7.6	
Change in loans receivables	-5.6	
Cash flow from sales including expenses	86.0	

TANGIBLE ASSETS (M€)

	31.12.2017	31.12.2016
Acquisition cost at the beginning of the period	371.8	400.5
Conversion differences	-0.1	-11.0
Increase	13.8	15.4
Decrease	-74.7	-33.0
Acquisition cost at end of period	310.7	371.8
Accumulated depreciation and impairment at the beginning of the period	283.3	301.7
Conversion difference	-0.4	-6.3
Decrease and transfers	-31.3	-32.9
Depreciations and impairment for the period	9.0	20.8
Accumulated depreciation and impairment at end of period	260.6	283.3
Book value at end of period	50.1	88.5

PROVISIONS (M€)

	31.12.2017	31.12.2016
At the beginning of the period	2.6	2.1
Increase in provisions	1.2	0.5
Provisions used	-0.5	0.0
At end of period	3.2	2.6

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	31.12.2017	31.12.2016
Sales to associates and joint ventures	0.0	0.0
Purchases from associates and joint ventures	0.1	0.1
Sales to key employees in management	0.3	0.4
Purchases from key employees in management	1.0	1.6
Liabilities to associates and joint ventures	0.0	0.0
Receivables from the key persons in the management	0.0	0.0
Payables to key management personnel	0.1	0.2

CONTINGENT LIABILITIES (M€)

	31.12.2017	31.12.2016
Contingent off-balance sheet liabilities		
Non-cancelable other leases		
Minimum lease payments	1.4	1.5
Other liabilities	2.3	1.9
Guarantee liabilities on the Group companies' commitments	33.1	31.7
Commitment to investment payments	1.1	5.9

DERIVATIVE CONTRACTS (M€)

	31.12.2017	31.12.2016
Nominal values of derivative contracts		
Currency forward contracts	82.1	190.3

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 31.12.2017	Fair Value 31.12.2017	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	32.7	32.7	45.3	45.3
Investments recorded at fair value through profit or loss*)	2.0	2.0	36.0	36.0
Liquid funds	149.0	149.0	25.9	25.9
Derivatives*)	0.2	0.2	1.7	1.7
Financial liabilities				
Bank loans	45.8	46.5	88.5	90.0
Financial leasing liabilities	0.1	0.1	0.2	0.2
Accounts payable and other liabilities	29.3	29.3	39.9	39.9
Derivatives*)	0.2	0.2	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 FROM CONTINUING OPERATIONS (M€)

	10-12/ 2017	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	50.0	47.1	49.0	49.0	48.6	45.4	61.7	64.7
Raisioagro	26.4	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	0.2
Interdivisional net sales	-4.6	-3.4	-3.2	-4.3	-2.8	-2.8	-2.0	-3.5
Total net sales	72.0	85.2	80.3	69.3	70.7	79.8	97.6	88.5
EBIT by segment								
Brands	0.7	8.5	39.1	9.3	11.3	8.0	-9.0	7.7
Raisioagro	0.0	3.3	1.3	-0.3	0.0	2.3	1.4	0.0
Other operations	-2.3	-0.9	-0.6	-2.0	-2.2	1.1	-2.2	-1.7
Total EBIT	-1.6	10.8	39.8	6.9	9.1	11.4	-9.7	6.0
Financial income and expenses, net	-0.3	-0.7	-0.3	0.0	0.1	-0.4	-0.9	-0.9
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	-1.9	10.1	39.4	6.9	9.2	11.0	-10.6	5.1
Income tax	-1.5	-2.1	-7.8	-1.3	-1.2	-2.1	-0.6	-1.1
Result for the period from the continuing operations	-3.3	7.9	31.7	5.6	8.1	8.8	-11.2	4.0

KEY INDICATORS

Key figures calculated from continuing operations, including the items affecting comparability

	31.12.2017	31.12.2016
Net sales, M€	306.8	336.6
Change of net sales, %	-8.8	-19.2
Operating margin, M€	71.8	41.1
Depreciation and impairment, M€	15.9	24.3
EBIT, M€	55.9	16.8
% of net sales	18.2	5.0
Result before taxes, M€	54.5	14.7
% of net sales	17.8	4.4
Return on equity, ROE, %	14.5	2.9
Return on investment, ROI, %	15.6	3.8
Interest-bearing financial liabilities at end of period, M€	45.9	88.6
Net interest-bearing financial liabilities at end of period, M€	-105.1	26.7
Equity ratio, %	73.4	66.8
Net gearing, %	-39.8	8.5
Gross investments, M€	10.4	13.3
% of net sales	3.4	4.0
R & D expenses, M€	3.4	3.4
% of net sales	1.1	1.0
Average personnel	1,313	1,582
Earnings/share, €	0.27	0.06
Cash flow from operations/share (continuing and discontinued operations in total), €	0.29	0.30
Equity/share, €	1.68	1.99
Average number of shares during the period, in 1,000s		
Free shares	124,927	124,898
Restricted shares	32,436	32,486
Total	157,363	157,384
Average number of shares at end of period, in 1,000s		
Free shares	125,028	125,004
Restricted shares	32,291	32,470
Total	157,319	157,474
Market capitalisation of shares at end of period, M€		
Free shares	480.1	446.3
Restricted shares	124.0	125.0
Total	604.1	571.3
Share price at end of period		
Free shares	3.84	3.57
Restricted shares	3.84	3.85

CALCULATION OF INDICATORS

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