RAISIO

Financial Statements Review

2014

Raisio plc

RAISIO PLC, FINANCIAL STATEMENTS 2014

January-December 2014

- Group's EBIT excluding one-off items was EUR 34.8 million (EUR 39.3 million in 2013) accounting for 7.0% (7.1%) of net sales.
- Brands Division's EBIT excluding one-off items was EUR 35.9 million (EUR 41.4 million) accounting for 11.7% (13.6%) of net sales.
- Raisioagro's EBIT excluding one-off items was EUR 3.4 million (EUR 3.1 million).
- Group's net sales totalled EUR 493.9 million (EUR 557.6 million).
- Earnings per share, excluding one-off items, were EUR 0.18 (EUR 0.20).
- The Board's dividend proposal EUR 0.14 (EUR 0.13) per share.
  Continuous dividend growth since 2007.

October-December 2014

- Group's EBIT excluding one-off items was EUR 8.9 million (Q4/2013: EUR 8.4 million) accounting for 7.6% (6.4%) of net sales.
- Brands Division's EBIT excluding one-off items was EUR 10.6 million (EUR 10.0 million) accounting for 12.5% (12.9%) of net sales.
- Raisioagro's EBIT excluding one-off items was EUR 0.0 million (EUR -0.3 million).
- Group net sales totalled EUR 117.8 million (EUR 131.2 million).

Raisio Group's key figures excluding one-off items

		Q4/ 2014	Q4/ 2013	Q3/ 2014	Q2/ 2014	Q1/ 2014	2014	2013
Results								
Net sales	M€	117.8	131.2	126.9	132.5	116.7	493.9	557.6
Change in net sales	%	-10.2	-4.6	-15.1	-10.9	-9.1	-11.4	-4.5
EBIT	M€	8.9	8.4	12.1	8.5	5.4	34.8	39.3
EBIT	%	7.6	6.4	9.5	6.4	4.6	7.0	7.1
Depreciation and impairment	M€	3.4	3.7	3.8	3.6	3.9	14.6	14.9
EBITDA	M€	12.3	12.1	15.8	12.1	9.3	49.5	54.3
Net financial expenses	M€	-1.0	-0.4	-0.3	0.0	-0.3	-1.5	-1.8
Earnings per share (EPS)	€	0.05	0.05	0.06	0.04	0.03	0.18	0.20
Balance sheet								
Equity ratio	%	-	-	-	-	-	60.2	68.2
Gearing	%	-	-	-	-	-	22.2	-8.6
Net interest-bearing debt	M€			-	-	-	72.2	-28.5
Equity per share	€	-	-	-	-	-	2.07	2.13
Dividend per share	€	-	-	-	-	-	0.14*	0.13
Gross investments**	M€	90.7	7.8	3.4	6.0	4.8	104.9	16.5
Share						-		
Market capitalisation***	M€	-	-	-	-	-	656.8	683.1
Enterprise value (EV)	M€	-	-	-	-	-	728.9	654.6
EV/EBITDA		-	-	-	-	-	14.7	12.1

* Board of Directors' proposal to the Annual General Meeting
** Including acquisitions
*** Excluding the company shares held by the Group

The financial statements review has not been audited.

CHIEF EXECUTIVE’S REVIEW FOR 2014

“At Raisio, the year 2014 was twofold. Weak performance at the beginning of the year was exceptional but we were able to correct the situation quickly during the second half of 2014. In the last two quarters, Raisio reached higher EBIT than in the comparative periods, which shows that we are back on improving trend. Raisio is one of the few Finnish companies that have been able to improve profitability from the comparison period in almost every quarter for the past eight years.

The Benecol business acquisition from the affiliates of Johnson & Johnson completed in November 2014 was a good and important deal for Raisio. Furthermore, EV/EBITDA multiple was in line with the target level Raisio has set on acquisitions. The Benecol business acquisition in the UK, Ireland and Belgium as well as the amended US-related agreement strongly support the growth strategy of Raisio’s branded business. In terms of Benecol products, Raisio’s long-term strategic goal is to enhance competitiveness in the existing markets, to expand into new markets as well as to innovate new products. Through the arrangement now completed, we have an opportunity to develop the Benecol business on our own terms, for the first time since 1997.

In December, Raisio renewed the Brands Division’s organisation to better meet the objectives set for the Group’s growth phase concerning, for example, improvement of profitability and organic growth. We aim to make clearly better use of the synergies between our branded operations and to enable growth. Cereals and Snacks businesses in the UK and Northern Europe have been combined into a single entity, which allows us to use the best expertise available to tackle thechallenges related to the UK’s cereal business. In addition, all Benecol businesses have been combined into one entity, which enhances innovation and improves results.

Raisioagro has completed an extensive reorganisation of activities with a focus on cattle and fish feeds, grain trade and online store. Raisioagro aims to be the leading operator in the agricultural sectors where success is based on feeding and plant cultivation expertise and on innovations. Innovations improving the effectiveness and profitability in agriculture and fish farming are in the core of Raisioagro’s new strategy.

The international commercialisation of Benemilk is proceeding as planned. We continue our commercial negotiations with several partner candidates in Asia, Europe, Oceania and North America. Some of the partners have conducted their own production tests and commissioned feeding trials from external research institutes, which has extended negotiations as the analysis of results of each test easily takes several months. According to the best current estimate, the first Benemilk launches could take place already 2015.”

FINANCIAL REPORTING

All figures mentioned in this review are comparable. The reported divisions are Brands and Raisioagro.

The Brands Division includes Consumer brands and Licensed brands units. In the text, Consumer brands unit is examined by key market areas that are Western Europe, Northern Europe and Eastern Europe. The Benecol business acquired from the affiliates of Johnson & Johnson is included in the Western Europe figures from 19 November 2014. The non-dairy business is included in the Northern European comparison year’s figures until 9 May 2013. Licensed brands unit includes Benecol and Benemilk businesses.

Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade. In connection with the reorganisation of Raisioagro's activities, the company terminated the pig and poultry feed production at the end of September 2014 and oilseed crushing at the beginning of November 2014.

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

Raisio changed the financial reporting of the Brands Division from the beginning of 2015 to meet the renewed organisation. As from the Interim Report for January-March 2015, instead of Consumer brands and Licensed brands, Raisio will be reporting Snack, Benecol, Benemilk and Confectionery as their own entities under the Brands Division.

FINANCIAL REVIEW OF OCTOBER-DECEMBER 2014

NET SALES

Raisio Group's net sales totalled EUR 117.8 (131.2) million. Net sales for the Brands Division totalled EUR 84.5 (78.0) million, for Raisioagro EUR 35.6 (53.4) million and for other operations EUR 0.3 (0.3) million. The most significant net sales improvements were seen in Confectionery and Benecol. The Benecol business acquired from the affiliates of Johnson & Johnson in the UK, Ireland and Belgium in November 2014 increased the Group's net sales by some 7 million euros at the end of 2014.

RESULT

Raisio Group's EBIT was EUR -7.2 (6.3) and, excluding one-off items, 8.9 (8.4) million, which is -6.1 (4.8) and, excluding one-off items, 7.6 (6.4) per cent of net sales. EBIT for October-December was the best quarter for the current Raisio. EBIT for the Brands Division totalled EUR -3.3 (7.9) and, excluding one-off items, 10.6 (10.0), for Raisioagro -2.4 (-0.3) and, excluding one-off items 0.0 (-0.3) million. EBIT for other operations was EUR -1.4 and, excluding one-off items, -1.6 (-1.4) million. One-off items affecting EBIT are specified in the Report of the Board of Directors under the heading One-off items in the table below.

Most significant EBIT improvements, excluding one-off items, were shown by Benecol, Confectionery and Northern European operations. The Group's EBIT was also improved by the Benecol business in the UK, Ireland and Belgium acquired from the affiliates of Johnson & Johnson. The acquired business was included in Raisio's figures on 19 November 2014.

Depreciations and impairment, allocated to operations in the income statement, amounted to EUR 15.4 (4.3) and, excluding one-off items, 3.4 (3.7) million.

The Group's net financial items for October-December totalled EUR -1.0 (-0.4).

The Group's pre-tax result for October-December was EUR -8.1 (5.9) and, excluding one-off items, 8.0 (8.0) million.

The Group's post-tax result for October-December totalled EUR -5.5 (5.7) and, excluding one-off items, 7.3 (7.4) million. The Group's earnings per share in October-December were EUR -0.04 (0.04) and, excluding one-off items, 0.05 (0.05).

INVESTMENTS

The Group's gross investments in October-December totalled EUR 3.7 (7.8) million, or 3.1 (5.9) per cent of net sales. Including the acquisitions, the review period's investments amounted to EUR 90.7 million. Gross investments of the Brands Division totalled EUR 3.2 and, including the acquisitions, 90.2 (7.1), those of Raisioagro EUR 0.2 (0.7) million and those of other operations EUR 0.3 (0.1) million.

The review period's largest investment was the acquisition of Benecol business from the affiliates of Johnson & Johnson.

OPERATING ENVIRONMENT

In Finland, private consumption remained at the 2013 level. Popularity of foods made of Finnish raw materials continued and the product range expanded.

In the UK, competition remained intense in the children's cereal market while the sales decline in the children's cereal category continued. Retail trade is undergoing a major change as discount stores are increasing their sales and online sale of food is gaining popularity. British consumers continue to prefer smaller and affordable confectionery purchases.

At the end of 2014, the Russian rouble weakened significantly, which affected sales in both foods and feeds.

Competition remained intense in the market for cholesterol-lowering functional foods and the retail sector undergoing substantial change in many countries is challenging the producers. In many markets, consumer preferences have changed, which is seen in the growing popularity of, for example, yogurt drinks.

Russia's ban on imports of dairy products increased uncertainty among the Finnish milk producers. The already decreased milk producer price has increased milk producers' cautiousness and need to reduce costs.

SEGMENT INFORMATION

BRANDS DIVISION

Financial review

In the last quarter of 2014, the Brands Division's net sales totalled EUR 84.5 (78.0) million, which is more than 8 per cent higher than in the comparison period.

EBIT for the Brands Division amounted to EUR -3.3 (7.9) and, excluding one-off items, 10.6 (10.0) million, which is -3.9 (10.2) and, excluding one-off items, 12.5 (12.9) per cent of net sales.

Business operations

Consumer brands, Western Europe

With the acquisition completed in November 2014, the UK, Ireland and Belgium became Raisio's own Benecol product markets, to which the Benecol licensing business sells plant stanol ester, the ingredient of Benecol products. These markets are independently responsible for the sales and marketing of the products. The acquired business is reported as part of Western European figures.

Cereals and Snacks

At the Newport snack bar factory, problems resulting from the production relocation are now resolved, service levels are back at normal levels and customer confidence is returning. Production efficiency and flexibility as well as high quality of products are competitive advantages of the renewed factory. These factors allow the introduction of novelties matching customer needs.

Relaunch of Sugar Puffs cereals began and the product name was changed into Honey Monster Puffs. The name was changed because the Honey Monster character is well-known and the recipe of the cereals was renewed to match consumer needs. New Honey Monster Puffs cereals contain less sugar. Advertising and media measures supporting the relaunch were introduced in January 2015. The review period's sales in Honey Monster cereals were significantly lower than in the comparison period.

In November 2014, Raisio recorded a write-down of EUR 10 million of the Honey Monster brand's book value. The UK's breakfast cereal category has not grown and its profitability has declined. Therefore, Raisio expects the sales and profitability of Honey Monster cereals to remain permanently below the normal levels of recent years.

Confectionery

Net sales for Raisio's confectionery business increased from the comparison period. With increased net sales, EBIT was also better than in the comparison period. Particularly the new gift boxes for Poppets and Just brands sold well in the UK.

The relocated production lines from the closed Skegness confectionery factory to another UK-based factory and to the Czech Republic were introduced in the last quarter of 2014. The production transfer to the Czech Republic and the investment in the additional production capacity are both measures allowing growth as gums and jellies are the fastest growing confectionery segment. In the Czech market, sales in novelties launched under the Pedro brand exceeded expectations.

Consumer brands, Northern Europe

Northern European operations performed well in the last quarter of 2014. The product range meets consumer and customer needs and the share of added value products is higher than before, which was seen in improved profitability. In addition, our price competitiveness has improved due to a lower cost structure of production achieved through our long-term development work. Sales in Elovena and Provena products grew and our new business-to-business customers also increased net sales.

Consumer brands, Eastern Europe

With the retail consolidation in Poland, competition further intensified in cholesterol-lowering functional foods, which affected sales volumes.

Raisio continued its flake exports to Ukraine with stricter terms of payment. In Russia, Nordic flakes showed higher sales than before. Raisio raised product prices to better meet the uncertainty resulting from currency volatility. Raisio also continued to take steps in order to reduce the amount of sales receivables and credit loss risk in Ukraine.

Licensed brands, Benecol

Net sales for the Benecol business were higher than in the comparison period and profitability was at its usual good level. Sales of plant stanol ester to the UK, Spain and Greece increased from the comparison period.

Benecol products were launched in Brazil in November 2014. The first product in the market was Benecol milk. The launch in Brazil supports the objective of Raisio's Benecol business to expand into new markets. In South America, Benecol products are available in Chile, Ecuador and Columbia, and now in Brazil.

Licensed brands, Benemilk

In 2014, the main objectives of the Seattle-based commercial Benemilk organisation were to create an operating model for the international commercialisation of the Benemilk innovation, to continue commercial negotiations and to introduce, together with some partner candidates, the first feeding tests conducted by external research institutes as a basis for license agreements.

RAISIOAGRO DIVISION

Financial review

In the last quarter of 2014, Raisioagro's net sales totalled EUR 35.6 (53.4) million. Net sales decreased from the comparison period mainly due to the termination of pig and poultry feed production at the beginning of the review period and the termination of the oil milling business in November. Both net sales and EBIT were positively affected by grain export deals.

Raisioagro's EBIT was EUR -2.4 (-0.3) and, excluding one-off items 0.0 (-0.3) million. Enhanced operative efficiency improved the Division's profitability. The termination of pig and poultry feed production improved the relative profitability and released a significant amount of working capital. Raisioagro's return on capital employed was raised above 10 per cent as a result of improved profitability and more rapid turnover of capital. Savings achieved through the termination of pig and poultry feed production are realised with a delay. In the last quarter of 2014, EUR -2.4 million was recorded as a one of cost for the termination of oilseed crushing.

Business operations

TMR feeding is becoming more and more common on dairy farms. In Raisioagro's cattle feed sales, this can be seen in the growing share of protein concentrates. The Russian import ban affected prices paid for milk, and milk producers were clearly more cautious and savings-oriented in their purchasing. With Raisioagro's new sales organisation, streamlining efforts were also carried out in sales and marketing, which resulted in a positive turn of cattle feed sales at the beginning of October.

In the review period, the number of farms within the Benemilk monitoring programme rose significantly and Raisioagro launched a milk solids index proving the value of Benemilk feeds to customers. The collapse of Russian rouble hampered the well-started export of Benemilk feeds to Russia.

Hot weather in August affected negatively Finnish fish feed sales. This could still be seen in the last quarter of 2014; net sales decreased from the comparison period. Fish feeds were included in the online store's product range, which was one reason for considerably increased online sales. Raisioagro made successful grain export deals, which increased net sales and business profitability. Sales in farming supplies were down from the comparison period due to higher fertiliser prices.

REPORT OF THE BOARD OF DIRECTORS 2014

Operating environment

The eurozone economy grew slightly in 2014; growth was broad-based and private consumption did not weaken. Economic growth was modest in Finland but strong in the UK.

The ongoing crisis in Ukraine overshadowed the whole year and there is no sign of détente. The crisis resulted in the spiral of sanctions and counter-sanctions between the West and Russia, which resulted in a significant decline in the West's exports to Russia. Finland was particularly severely affected by the Russian import ban on dairy products. As Russian and Ukrainian currencies weakened and the state regulated consumer prices in Russia, the food industry needed to respond rapidly.

The Finnish feed market competition further intensified with new operators and additional capacity built in the industry. As farm sizes are growing, farmers are moving from compound feeds to TMR feeding, which Raisioagro has taken into consideration in its new strategy.

Russia's ban on imports of dairy products increased uncertainty among the Finnish milk producers. The decline in milk producer prices in 2014, as a result of the crisis in Russia and Ukraine, as well as the expected change in milk pricing for early 2015 have increased the milk producers' need to reduce costs and to postpone investments. Milk producers are interested in alternatives that help improve the milk production efficiency and farm profitability. Despite the current challenges, the future of milk production looks promising.

At the end of 2014, the rapid weakening of the rouble obstructed exports of feeds as purchasing power decreased in Russia. Increased fish prices in Russia weakened the demand for farmed fish in the situation where the Norwegian salmon is under the import ban.

Net sales

Raisio Group’s net sales in 2014 totalled EUR 493.9 (557.6) million, which is more than 11 per cent lower than in the comparison period. Net sales of the Brands Division were EUR 306.1 (304.7) million, those of Raisioagro Division EUR 201.6 (254.2) million and those of other operations EUR 1.2 (1.3) million.

Most significant factors decreasing the Group’s net sales from the comparison year were Raisioagro’s decision to terminate its pig and poultry production at the end of September 2014, declined sales of cereals in the UK and challenges related to the centralisation of snack bar production and weakened service levels.

The Brands Division accounted for some 62 per cent and Raisioagro for some 38 per cent of the Group’s net sales. Net sales from outside Finland represented 55.6 (49.1) per cent of the Group’s total, amounting to EUR 274.9 (273.9) million.

Result

Raisio Group’s EBIT amounted to EUR 6.9 (33.6) and, excluding one-off items, 34.8 (39.3) million, which is 1.4 (6.0) and, excluding one-off items, 7.0 (7.1) per cent of net sales. EBIT for the Brands Division totalled EUR 20.6 (35.7) and, excluding one-off items, 35.9 (41.4) million, for Raisioagro EUR -8.9 (3.1) and, excluding one-off items, 3.4 (3.1) million and for other operations EUR -4.7 (-5.1) and, excluding one-off items, -4.5 (-5.1) million. One-off items affecting the business operations are specified under the heading One-off items in the table below.

Depreciations and impairment, allocated to operations in the income statement, amounted to EUR 32.9 (15.5) and, excluding one-off items, to EUR 14.6 (14.9) million. The Group's net financial expenses totalled EUR -1.5 (-1.8) million.

The pre-tax result was EUR 5.4 (31.8) and, excluding one-off items, 33.3 (37.6) million.

The Group’s post-tax result was EUR 5.6 (25.9) and, excluding one-off items, 27.9 (30.2) million. The Group’s earnings per share were EUR 0.04 (0.17) and, excluding one-off items, 0.18 (0.20).

One-off items, million euros

	Q4/2014	Q4/2013	2014	2013
Brands				
Streamlining projects, Cereals and Snacks, UK	-2.0	-2.0	-3.5	-4.9
Other streamlining projects	0.0	-0.1	0.0	-0.1
Write-down of Honey Monster brand's book value	-10.1	0.0	-10.1	0.0
Acquisitions and divestments	-1.5	0.0	-1.5	-0.6
Other	-0.3	0.0	-0.3	0.0
Raisioagro				
Reorganisation of activities	0.0	0.0	-9.9	0.0
Termination of oil milling business	-2.4	0.0	-2.4	0.0
Common				
Other	0.2	0.0	-0.3	0.0
Impact on EBIT	**-16.1**	**-2.1**	**-27.9**	**-5.7**

Balance sheet, cash flow and financing

On 31 December 2014, Raisio Group's balance sheet totalled EUR 544.3 (491.2) million. Shareholders' equity was EUR 325.3 (331.7) million, while equity per share was EUR 2.07 (2.13).

On 31 December 2014, the Group's interest-bearing financial liabilities were EUR 125.7 (55.4) million. Net interest-bearing debt was EUR 72.2 (-28.5) million. In November, Raisio plc raised a long-term euro-denominated loan of 80 million that was used to finance the acquisition of the Benecol business.

On 31 December 2014, the Group's equity ratio totalled 60.2 (68.2) per cent and net gearing was 22.2 (-8.6) per cent. Return on investment was 1.7 (8.6) and, excluding one-off items, 8.3 (10.0) per cent.

Cash flow from business operations was EUR 26.2 (71.8) million. Working capital was EUR 59.7 (52.8) million on 31 December 2014.The most significant item in the increase of working capital was decreased payables.

In 2014, Raisio plc paid EUR 21.0 (19.2) million in dividends for 2013.

Investments

The Group's gross investments totalled EUR 104.9 (16.5) and, excluding acquisitions, 17.9 (16.5) million. Gross investments of the Brands Division were EUR 103.1 (13.4) and, excluding acquisitions EUR 16.1 (13.4) million, those of Raisioagro EUR 1.1 (2.3) million and those of other operations EUR 0.6 (1.0) million.

The largest investments of 2014 were the acquisition of Benecol business from the affiliates of Johnson & Johnson and the centralisation of snack bar and confectionery production.

Acquisitions

On 19 November 2014, Raisio acquired the Benecol business from the affiliates of Johnson & Johnson in the UK, Ireland and Belgium and amended the agreement on the Northern American markets of Benecol.

The acquisition is estimated to increase Raisio's EBIT by some 9 million euros annually. In 2013, net sales for the J&J's Benecol business in Europe and the USA amounted to almost EUR 76 million, of which the UK and Ireland accounted for some 85 per cent. The purchase price of EUR 88.5 million for the business and stocks was paid when the object of the deal was transferred to Raisio. Majority of the purchase price was allocated to intangible assets. Through the deal, Raisio's goodwill increased by approximately EUR 53 million.

Cilag GmbH International had the exclusive right to sell and market Benecol products in the UK, Ireland and Belgium. With the acquisition, rights to the Benecol trademark and plant stanol ester patents held by Cilag GmbH International were returned to Raisio. The US business is included in the deal, but McNEIL-PPC, Inc. continues as Raisio's licence partner for the time being.
The agreement amendment allows the return of the US Benecol business to Raisio or to Raisio's potential new license partner. Both Cilag GmbH International and McNEIL-PPC are part of Johnson & Johnson.

This arrangement fully met the criteria that Raisio has set on its acquisitions and is in line with the company's vision focusing on healthy and ecological snacks. EV/EBITDA multiple is also in accordance with the target level set in Raisio's acquisition policy. Raisio's growth strategy for its branded business is strongly supported by the acquisition of Benecol business in the UK, Ireland and Belgium as well as by the amendment of the US-related agreement. In terms of Benecol products, Raisio's long-term strategic goal is to enhance competitiveness in the existing markets, to expand into new markets as well as to innovate new products.

The integration of the acquired business as part of Raisio was completed according to plan. Benecol product deliveries continued without interruptions and sales were at good levels.

Disputes

In 2013, Raisio initiated arbitration proceedings related to the termination of a contractual relationship with a foreign company. The counterparty raised a counterclaim against Raisio in the same arbitral proceedings. In November 2014, the Arbitral Tribunal approved of Raisio's claim in full and dismissed the counterparty's counterclaim in its entirety.

Research and development

The Group's research and development expenses were EUR 6.6 (6.4) million accounting for 1.3 (1.1) per cent of net sales. R&D expenses of the Brands Division were EUR 5.7 (4.9) million, those of Raisioagro EUR 0.8 (0.5) million and those of other operations EUR 0.0 (0.9) million. Benemilk related development costs of EUR 0.6 (0.3) million have been capitalised on the balance sheet.

<u>Raisioagro</u>

Raisioagro's R&D focused on Benemilk feeds. In the autumn 2014, the product range of Benemilk feeds was renewed to better complete different quality silages. Scientific tests and the farm monitoring programme show that Benemilk feeds increase milk yields and improve milk contents. The results from the monitoring programme were consistent with the results obtained in scientific studies. Raisioagro continues Benemilk-related scientific studies in Finland and abroad, the farm monitoring programme and development of new Benemilk product applications.

The efficacy and performance of Hercules LP Opti feeds were verified on the customers' fish farms. The feeds reduce phosphorous emissions from rainbow trout farming by more than a quarter and protect wild fish stocks, because in the Opti feeding concept, approximately 50 per cent of fish oil in the feed is replaced by rapeseed oil. In the fish feed sector, research activities focus to study the feasibility of new protein raw materials.

<u>Benecol</u>

Recent study results confirm, more clearly than before, the objectives related to LDL-cholesterol: the lower, the better and the sooner, the better. The EU Commission approved Raisio's health claim application on products containing 3 grams of plant stanol ester. According to the claim, a daily dose of 2.5-3.0 grams of plant stanol lowers cholesterol by 10.5-12.0 per cent.

After long regulation processes, Raisio received new authorisations to add plant stanol ester in foods in some countries in Asia. For years, Raisio has been actively working to expand into new markets in Asia and we are continuing, with our partners, to prepare new launches of Benecol products.

Consumer products

In Finland, the product development focused on the development of new consumer-driven snacks and breakfast products for Northern European markets. Protein-rich products have been one of the most significant consumer trends in recent years. Studies have shown that adequate protein intake at breakfast plays an important role in comprehensive weight management. Elovena Plus protein instant porridge portions were developed to meet this consumer trend.

Together with the Moumin brand, Elovena launched new healthy snack biscuits and instant porridges designed specifically for children. Benecol yogurts, launched in the autumn, brought new alternatives in the range of cholesterol-lowering functional foods.

Research activities focused on the studies of new raw materials and specific characteristics of oat. Study results are used in our product development projects to achieve better product properties and to ensure a longer shelf life for an end product.

SEGMENT INFORMATION

BRANDS DIVISION

		Q4/2014	Q4/2013	Q3/2014	Q2/2014	Q1/2014	2014	2013
Net sales	M€	84.5	78.0	75.5	73.7	72.3	306.1	304.7
Consumer brands	M€	75.4	70.2	66.7	64.8	64.5	271.4	271.4
Licensed brands	M€	10.8	9.7	10.9	11.0	9.7	42.4	41.3
EBIT, excluding one-off items	M€	10.6	10.0	10.8	8.2	6.4	35.9	41.4
EBIT, excluding one-off items	%	12.5	12.9	14.2	11.1	8.9	11.7	13.6
One-off items	M€	-13.8	-2.1	0.0	0.0	-1.5	-15.3	-5.7
EBIT	M€	-3.3	7.9	10.8	8.2	4.9	20.6	35.7
Investments *	M€	90.2	7.1	3.1	5.5	4.3	103.1	13.4
Net assets	M€	-	-	-	-	-	359.0	254.2

* Including acquisitions

Financial review

Net sales for the Brands Division totalled EUR 306.1 (304.7) million. Net sales for the Consumer brands unit were EUR 271.4 (271.4) million. Net sales for the Licensed brands unit amounted to EUR 42.4 (41.3) million. The UK is the largest single market for the Brands Division accounting for more than 43 per cent of the whole Division's net sales.

EBIT for the Brands Division amounted to EUR 20.6 (35.7) and, excluding one-off items, 35.9 (41.4) million, which is 6.7 (11.7) and, excluding one-off items, 11.7 (13.6) per cent of net sales.

Net sales for confectionery business were at the comparison year’s level and EBIT improved. Sales in the Czech-made branded products increased. Sales in gums and jellies increased particularly well. In the UK, sales in confectionery sold under the Poppets and Just brands increased as a result of successful novelty launches although sales in branded products were at the comparison year's level when taking exchange rate changes into account.

Net sales for Western European Snacks and Cereals business decreased significantly from the comparison year due to the declined sales of Honey Monster cereals. The whole UK cereal market remained competitive and continued to decline. Net sales in snack bar business remained at the comparison period level despite the challenges related to the centralisation investment at the Newport factory. Over the last five months, the Newport factory delivered positive EBIT every month, excluding one-off items. As a whole, EBIT for the Snacks and Cereals business was negative and clearly weaker than in 2013.

On 19 November, Raisio acquired the Benecol business in the UK, Ireland and Belgium from the affiliates of Johnson & Johnson. The integration of the business as part of Raisio has proceeded as planned. The acquired Benecol business generated net sales of some 7 million euros for Raisio.

Net sales for Northern European operations were at the comparison year's level, i.e., over EUR 70 million. Comparable net sales increased since the comparison year figures included the non-dairy business divested in May 2013. Raisio focused on its main brands, which was shown in the sales growth of Elovena, Benecol and Provena products as well as in the increased share of further processed products. Manufacturing price competitiveness was also improved, which resulted in the growth of sales volume in catering and industrial products. EBIT for Northern European operations was significantly higher than in the comparison year.

In Russia, sales volume in Nordic products increased despite the economic uncertainty. Due to the weakened rouble, euro-denominated net sales slightly decreased despite Raisio's price increases. As a result of the crisis in Ukraine, Raisio significantly reduced its sales and gradually decreased the country risk in Ukraine. In Poland, net sales and sales volume declined, which was largely due to the consolidation of retail sector and further intensifying competition. As a result of declined net sales, EBIT also weakened from the comparison year.

Net sales for the Benecol business grew from the comparison period and business profitability remained at its normal good level. Sales of plant stanol ester in, e.g., Finland, Spain, Indonesia and Hong Kong increased being at the comparison year's level in the markets acquired from the affiliates of Johnson & Johnson.

Business operations

Consumer brands, Western Europe

Cereals and Snacks

Raisio's snack bar production was centralised to the Newport factory in the UK. The Tywyn factory was closed and its production lines were transferred to Newport. The existing lines were operated as normally as possible in spite of the ongoing construction and installation work. As a result of the problems related to the start-up of transferred lines and new employees' training, the factory service levels declined significantly. In the second half of the year, the issues were resolved, service levels improved back to their normal levels and customer confidence began to return. Now it is possible for Raisio to realise its objective to become one of the most significant snack bar producers in Europe. The production flexibility of the Newport factory and high quality of its products are opening new opportunities for completely new products matching consumer needs.

The problems that started in Raisio's cereal business in 2013 continued in 2014, mainly due to the continuing negative sugar-related media visibility. Sales in Sugar Puffs cereals were clearly below the comparison year and fixed costs of the business also weakened profitability.

Raisio launched the renewed cereals under the Honey Monster Puffs brand at the end of 2014. The cereal recipe was modified, the amount of sugar was reduced. Raisio has taken steps to assess the future of the business and wrote down the book value of the Honey Monster brand by 10 million euros in the last quarter of 2014.

Confectionery

Raisio manufactures confectionery in three factories in the UK and in two factories in the Czech Republic. With the closure of the UK-based Skegness factory, the production of gums and jellies was centralised to the Czech Republic. Raisio has carried out investments that provide the company with good growth opportunities as gums and jellies are the fastest growing confectionery segment. The range of Raisio's branded products sold in the Czech market was expanded. Raisio is also a significant partner for international confectionery giants. Confectionery is exported to more than 40 countries from the Czech Republic.

The Leicester factory's product range was expanded with boiled sweets in the centralisation project. The factory also makes mints, toffees and chocolate candies. Total demand for confectionery remained stable in the UK market.

Consumer brands, Northern Europe

Raisio's product range meets well Finnish consumer trends that emphasise healthiness, domestic origin, protein and gluten-free foods. Our Porridge Bar concept successfully increased the popularity of porridge and encouraged consumers to enjoy their porridge with trendy toppings. Raisio continues its efforts to make porridge a phenomenon to celebrate Elovena's 90th anniversary.

Sales in Benecol, Elovena and Provena products increased significantly from the comparison year. Sales growth was supported by new products that were an excellent complement to Raisio's product range. New Benecol yogurts, new flavour of Elovena snack biscuits and Elovena Plus protein porridges were well received by consumers. Raisio is increasing the coverage of its Elovena Moumin biscuits and porridges for children.

Consumer brands, Eastern Europe

In Poland, the competition is intensifying and promotions play an important role in the sale of cholesterol-lowering functional products. Benecol maintained its market leader position. At the end of 2014, the merger of two major retail chains resulted in a listing break that decreased sales volume of Benecol products from the comparison year.

In Russia, good demand for Nordic flakes continued and Raisio increased prices due to the exchange rate change. Raisio managed to decrease the country risk in Ukraine and to tighten payment terms, which resulted in lower deliveries.

Licensed brands, Benecol

As a whole, demand for Benecol products was stable and at the comparison year's level. Big differences between the sales in different countries continued. Sales in Benecol minidrinks and yogurt drinks increased in several markets.

Benecol milk was launched in Brazil. The UK is still by far the largest market for Benecol products and Benecol is the market leader. Poland, Spain, Finland, Ireland and Belgium are also major markets for Benecol products. In Indonesia, sales in Benecol products increased while in Thailand, for example, the uncertain political situation and low marketing efforts decreased sales considerably. In Hong Kong, Benecol product sales increased due to TV campaigns.

After the acquisition completed in November, Benecol product home markets administered by Raisio itself include the UK, Ireland, Belgium, Poland, Finland, Portugal and Hong Kong. Raisio subcontracts Benecol products containing the unique ingredient, plant stanol ester, and is responsible for their sales and marketing in the markets mentioned above.

Raisio continues its efforts to open new Benecol markets, particularly in Asia.

Licensed brands, Benemilk

The commercial Benemilk organisation started its operations in Seattle on 1 July 2014. The organisation aims to find partner candidates and to create operating models while continuing negotiations with potential partners in Asia, Europe, North America and Oceania. Potential partner candidates include innovative feed companies, mega farms and dairy companies.

With some partner candidates, we have proceeded to the planning and implementation of feeding trials. The first feeding tests commissioned by partner candidates from external research institutes have shown that it easily takes several months to complete a feeding test and analyse the results. At the early stage of the project, it is important for the partner candidates to carry out their own production and feeding tests with locally used feeding concepts. Negotiations with potential partners have helped us to better position the Benemilk innovation and to show the advantages of Benemilk feeds compared to other technologies.

According to the best current estimate, the first Benemilk launches could take place already 2015. The processing of dozens of Benecol innovation related patent applications is proceeding normally. At the end of 2014, all patent applications are still pending.

RAISIOAGRO DIVISION

		Q4/2014	Q4/2013	Q3/2014	Q2/2014	Q1/2014	2014	2013
Net sales	M€	35.6	53.4	54.4	62.6	49.1	201.6	254.2
EBIT, excluding one-off items	M€	0.0	-0.3	2.0	1.4	0.0	3.4	3.1
EBIT, excluding one-off items	%	-0.1	-0.5	3.7	2.2	0.0	1.7	1.2
One-off items	M€	-2.4	0.0	-2.4	-7.5	0.0	-12.3	0.0
EBIT	M€	-2.4	-0.3	-0.3	-6.1	0.0	-8.9	3.1
Investments	M€	0.2	0.7	0.1	0.4	0.4	1.1	2.3
Net assets	M€	-	-	-	-	-	33.0	52.4

Financial review

Raisioagro’s net sales totalled EUR 201.6 (254.2) million. Net sales decreased from the comparison period mainly due to the terminations of pig and poultry feed production and oil milling business. As a result of hot summer in Finland, net sales in fish feeds decreased from the comparison year. Net sales in cattle feeds decreased mainly due to the fall in main raw material prices. Successful grain import deals, however, increased net sales.

Feeds and farming supplies account for almost 85 per cent of Raisioagro's net sales. 85 per cent of Raisioagro's net sales come from Finland. Russia is the largest export market for fish feeds.

Raisioagro's EBIT was EUR -8.9 (3.1) and, excluding one-off items, 3.4 (3.1) million. One-off items total EUR -12.3 million, of which EUR -9.9 million results from expenses related to the termination of the pig and poultry production and EUR -2.4 million from the termination of the oil milling business. As the pig and poultry production was terminated, Raisioagro's relative profitability improved and a significant amount of working capital was released in the second half of 2014. A good product mix in cattle feeds and a growing share of further processed products also improved EBIT. The shutdown of the oil milling plant from the beginning of 2014 significantly decreased losses from the comparison period.

Business operations

Cattle feeds

At the end of 2014, Benemilk feed sales accounted for some 10 per cent of the Finnish cattle feeds and some 20 per cent of Raisioagro's cattle feeds.

In the autumn of 2014, Raisioagro launched a unique milk solids index, a meter for measuring the feed efficacy. An international patent application has been filed for the milk solids index. The index is calculated based on the feed composition and it shows that all the energy that a cow receives is not equal. Farmers can use the index to anticipate the feed efficacy in their own feeding. If the index of a feed is high, a cow's protein and fat yield is better, which raises the producer's milk income compared to a feed with a low index. The milk solids index of Benemilk feeds is high.

Raisioagro complemented the range of Benemilk feeds with products suitable with different quality silages. The performance and profitability of Benemilk feeding were verified using the profitability calculations based on the results of our farm monitoring programme. In addition, Raisioagro focused on active and determined sales of Benemilk feeds and in November 2014, the company started the use of a pricing model based on customer value. Raisioagro continues its active efforts to promote Benemilk feed sales in Finland and Northwest Russia.

Fish feeds

Raisioagro's fish feed export to Northwest Russia increased and our market share strengthened while the total production of fish farming slightly decreased. Exports account for over 50 per cent of net sales for Raisioagro's fish feeds. Hot weather in the middle of the fish farming season decreased net sales in the second half of 2014; fish eat less and in the worst case, stop eating all together when the water becomes warmer than usual.

In Finland, Raisioagro's market share remained at around 50 per cent and we continue as a clear market leader in farmed rainbow trout feeds with our sustainable and environmentally friendly feeds, of which a product concept called Hercules LP Opti is already widely used.

With the Hercules LP Opti concept, WWF Finland included Finnish farmed rainbow trout among the sustainable fish choices.

Farming supplies and online store

Raisioagro’s online store sales increased by almost one third during the review period. Visits in the online store increased by almost 50 per cent from the comparison year. Online sales of fish feeds grew sharply. Sales in farming supplies as a whole slightly decreased while sales in liquid fuels grew significantly. At the end of 2014, fertiliser sales fell sharply as a result of rapid price increases.

At the beginning of 2014, Raisioagro opened its online store open to all. The store has an important role in Raisioagro’s customer-driven strategy: the store is designed to serve as a customers’ service and information channel. In the future, it will also function as a user interface for digital services. Online store provides competitive advantage that is based on the identification of customer needs and purchasing behaviour.

Vegetable oils

In November 2014, Raisioagro decided to terminate oilseed crushing as a result of the employee cooperation negotiations. The oil milling plant had been shut down and personnel temporarily laid off since January 2014.

Grains

In Finland, demand for grain in relation to feed consumption is unchanged, but since Raisioagro terminated its pig and poultry feed production, the Division’s need for feed grains decreased. However, feed grain purchasing continues as usual at our sites in Kouvola and Ylivieska.

Raisio exported grains almost 30 per cent more than in 2013. Spain and Sweden were our most important export countries. Quantitatively, malt barley and wheat were the most exported grains.

PERSONNEL

Raisio Group employed 1,862 (1,896) people at the end of 2014. The average number of employees was 1,915 (1,946). At the end of 2014, a total of 82 (79) per cent of personnel worked outside Finland.

The Brands Division had 1,700 (1,667), Raisioagro 106 (176) and the service functions 56 (53) employees at the end of 2014.

Raisio’s wages and fees in 2014 totalled EUR 68.6 million (EUR 64.7 million in 2013 and EUR 65.7 million in 2012) including other personnel expenses.

With the acquired Benecol business in Europe, Raisio had a few new employees in the UK.

Raisioagro’s cooperation negotiations related to the reorganisation of activities were completed in June. The negotiations resulted in the termination of 43 employments, of which 27 through redundancies. Some of the ended employments were temporary and some cuts were made through natural attrition. The redundancies concerned all personnel groups. Approximately 150 employees were in scope of the negotiations concerning all Raisioagro’s activities except the Ylivieska feed factory, fish feed sales and feed export. The company expects that these personnel reductions will result in annual savings of approximately EUR 2.5 million.

The cooperation negotiations that Raisio started in September concerning the possible termination of oil milling business were completed at the beginning of November.

The negotiations concerned all personnel groups, a total of 14 persons. As a result, Raisio decided to end oilseed crushing, closed its Raisio-based vegetable oil factory and terminated the employments of people on temporary layoff.

In the UK, the centralisation investments carried out the in snack bar and confectionery production as well as the streamlining project in the cereal business resulted in the termination of over 200 employments. Raisio, however, recruited some 200 new employees to the Newport and Leicester factories, to which the production lines of discontinued factories were transferred.

MANAGEMENT AND ADMINISTRATION

Board of Directors and Supervisory Board

In 2014, the Board had five members, but it worked with four members from July 2013 to the end of March 2014. In 2014, all the Board members were independent of the company and its major shareholders.

The number of members of the Board of Directors was confirmed to be five, and Erkki Haavisto, Matti Perkonoja, Michael Ramm-Schmidt and Pirkko Rantanen-Kervinen were reappointed and Antti Tiitola was appointed as a new member; all for the term commencing at the closing of the AGM. Matti Perkonoja has served as Chairman of the Board of Directors and Michael Ramm-Schmidt as Deputy Chairman, both throughout 2014.

Paavo Myllymäki has served as Chairman of the Supervisory Board and Holger Falck as Deputy Chairman in 2014.

Group Management Team

Raisio Group renewed the organisation of its Brands Division on 18 December 2014. The Division includes Snack, Benecol, Benemilk and Confectionery.

Tomi Järvenpää M.Sc. (Econ.) is responsible for the Snack unit and he also started as a Group Management Team member. The unit includes consumer products in the UK, Finland and Russia. Tomi Järvenpää has worked for Raisio since the autumn of 2012 and he was first responsible for Northern European Consumer brands business.

Benecol business is headed by Mikko Laavainen. Benecol business includes consumer products on the markets where Raisio itself is responsible for the sale and marketing of products, as well as the licensing and sale of plant stanol ester, the Benecol product ingredient.

Vincent Poujardieu is responsible for Business Development and the Confectionery business.

Jyrki Paappa, CFO and Group Management Team member, resigned on 20 November 2014. On 3 December, Antti Elevuori M.Sc. (Econ.) was appointed as new CFO and Raisio Group Management Team member. He has served in different positions in the Raisio Group’s financial administration and business development since 2003. He comes from Raisio’s Consumer brands unit where he served as CFO in the UK.

As of 18 December 2014, Matti Rihko, Merja Lumme, Sari Koivulehto-Mäkitalo, Antti Elevuori, Jarmo Puputti, Vincent Poujardieu, Tomi Järvenpää, Mikko Laavainen and Leif Liedes serve as Raisio Group Management Team members.

CORPORATE RESPONSIBILITY

As a significant user of grain and other plant-based raw materials, Raisio has the desire and opportunity to build sustainable food chain. Responsibility impacts of Raisio's products extend outside our direct control, for example, to primary production, other industry and consumption. Raisio operates together with its stakeholders, such as customers, personnel, raw material suppliers, academia and organisations to promote sustainable development throughout the food chain.

Raisio signed the third two-year cooperation agreement with WWF Finland. The cooperation aims to promote the environmental responsibility in the food chain and thus to reduce humanity's ecological footprint. During the period extending to 2016, Raisio will be working together with WWF Finland on matters concerning the responsibility of environmental education of secondary pupils, nutrition, fish farming and milk production chain.

Significance of the responsibility related to raw materials, such as palm oil, soy and sugar, increased in Raisio's operations in 2014. Consumer and customer requirements vary in different parts of Europe, but for example in the UK, we have already taken more stringent customer requirements into account in the business.

In 2014, palm oil continued to raise a lot of social debate. Palm oil accounts for less than one per cent of all Raisio's raw materials. Raisio is committed to moving to the exclusive use of certified palm oil produced in line with the principles of sustainable development. The cereal and snack bar factories as well as confectionery plants based in the UK were RSPO certified in 2014. In Finland, Raisio purchases palm oil as part of fat mixtures and we acquire GreenPalm certificates supporting the sustainable RSPO verified palm oil production. Raisio has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011.

As Raisioagro terminated its production of pig and poultry feeds, the use of GMO soy in feeds also ended. Raisio has always used only GMO-free soy in its foods.

Respecting natural resources, Raisio develops ecological and healthy products and solutions to meet consumer and customer needs. The company is not aware of any significant financial environmental risks. In 2015, Raisio aims to develop particularly its responsibility management processes.

Raisio's Corporate Responsibility Report will be published with the Annual Report in week 11.

CHANGES IN GROUP STRUCTURE

On 31 August 2014, Reso Management Oy and Raision Konsernipalvelut Oy entirely owned by Raisio plc were merged into the parent company and dissolved.

Raisio established a new subsidiary, Benecol Limited, in the UK for the Benecol business acquired during the financial period. Benemilk Ltd established a subsidiary called Benemilk US Limited in the USA.

EVENTS AFTER THE REVIEW PERIOD

Benecol products launched in South Korea

Lotte Foods Co.Ltd. launched Benecol® yogurt drinks in South Korea in February 2015.The products sold in South Korea combine the Benecol brand with Lotte's own dairy brand Pasteur. Lotte Food is part of the Lotte Group, one of the largest consumer goods companies in Asia.

Disputes

In November 2014, Raisio won a case against a foreign company in an arbitration proceedings. At the beginning of 2015, the counterparty filed an action for the annulment of the arbitration award. Raisio considers the action to be completely unfounded.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

Global economic growth in 2015 is expected to be moderate but broad-based. Markedly weakened euro is accelerating the recovery in the euro area but the most important source of growth is private consumption. In Finland, prospects of private consumption are, however, grim; consumer purchasing power is weakening and cautiousness continues. In the UK, economic growth is continuing and private consumption is growing. Weakening of the Russian economy continues. Raisio expects the grocery market to remain relatively stable compared to other sectors.

The crisis in Russia and Ukraine has increased the risks of our operations in the area, but we have managed, for example, to decrease the amount of sales receivables. Raisio is closely monitoring the development of the situation; the company has the ability to rapidly adjust its operations to changing situations.

The EU zone's milk quota system will come to an end in March 2015. As the demand for milk products is globally growing, it becomes more and more important that dairy chain operators are able to innovate products in line with consumer needs and to improve the efficiency of milk production. Raisio sees that top innovations, such as Benemilk, are the key to future success.

Volatility in raw material prices is estimated to remain at a high level. Low economic growth and potentially good harvests may calm down the price development but, on the other hand, extreme weather events resulting from climate warming will probably cause sudden changes in harvest expectations and price levels of various agricultural commodities. In terms of profitability, the role of risk management, both for value and volume, remains essential.

Raisio's growth phase is a period of changes, during which several of the company's activities are developed and business management is considerably more challenging than in ordinary circumstances. Growth and rationalisation projects may still cause substantial costs in relation to the company size.

OUTLOOK 2015

Raisio expects its EBIT to return on its long-term upward trend.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable equity was EUR 144,307,816.91 on 31 December 2014. At the Annual General Meeting held on 26 March 2015, the Board of Directors will propose a dividend of EUR 0.14 per share, not, however, on the shares held by the company.

The record date will be 30 March 2015 and the payment date 8 April 2015.

In Raisio, 12 February 2015

Raisio plc
Board of Directors

Further information:

Matti Rihko, CEO, tel. +358 400 830 727
Antti Elevuori, CFO, tel. +358 40 560 4148
Heidi Hirvonen, Communications and IR Manager, tel. +358 50 567 3060

Release dates of Raisio's financial reviews in 2015

- Raisio's Annual Report 2014 will be released online during the week 11 at http://annualreport2014.raisio.com/
- Raisio will publish Corporate Responsibility Report, which is part of the online Annual Report.
- The Annual General Meeting will be held on 26 March 2015.
- Interim Report for January-March will be published on 7 May 2015.
- Interim Report for January-June will be published on 11 August 2015.
- Interim Report for January-September will be published on 5 November 2015.

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	10-12/ 2014	10-12/ 2013	2014	2013
Net sales	117.8	131.2	493.9	557.6
Expenses corresponding to products sold	-96.0	-107.3	-407.9	-456.8
Gross profit	21.9	23.9	86.1	100.8
Other operating income and expenses, net	-29.0	-17.6	-79.1	-67.2
EBIT	-7.2	6.3	6.9	33.6
Financial income	-0.1	0.2	0.7	1.0
Financial expenses	-0.9	-0.6	-2.3	-2.8
Share of result of associates and joint ventures	0.0	0.0	0.0	0.0
Result before taxes	-8.1	5.9	5.4	31.8
Income taxes	2.6	-0.1	0.2	-6.0
RESULT FOR THE PERIOD	-5.5	5.7	5.6	25.9
Attributable to:				
Equity holders of the parent company	-5.5	5.8	5.6	26.2
Non-controlling interests	0.0	-0.1	0.0	-0.3
Earnings per share from the profit attributable to equity holders of the parent company (€)				
Undiluted earnings per share	-0.04	0.04	0.04	0.17
Diluted earnings per share	-0.04	0.04	0.04	0.17

COMPREHENSIVE INCOME STATEMENT (M€)

	10-12/ 2014	10-12/ 2013	2014	2013
Result for the period	-5.5	5.7	5.6	25.9
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	0.1
Cash flow hedge	1.2	0.0	2.2	0.4
Translation differences	-0.6	-1.1	5.6	-3.6
Comprehensive income for the period	-4.9	4.7	13.4	22.8
Components of comprehensive income:				
Equity holders of the parent company	-4.9	4.8	13.4	23.1
Non-controlling interests	0.0	-0.1	0.0	-0.3

BALANCE SHEET (M€)

	31.12.2014	31.12.2013
ASSETS		
Non-current assets		
Intangible assets	69.7	41.3
Goodwill	168.7	108.5
Property, plant and equipment	109.0	114.5
Shares in associates and joint ventures	0.8	0.8
Available-for-sale financial assets	2.7	2.6
Receivables	0.0	0.1
Deferred tax assets	3.9	2.2
Total non-current assets	354.7	269.9
Current assets		
Inventories	64.2	70.9
Accounts receivables and other receivables	69.4	66.5
Financial assets at fair value through profit or loss	30.4	73.6
Cash in hand and at banks	25.6	10.3
Total current assets	189.6	221.3
Total assets	544.3	491.2
SHAREHOLDER'S EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Company shares	-20.4	-20.4
Other equity attributable to equity holders of the parent company	318.0	323.3
Equity attributable to equity holders of the parent company	325.3	330.6
Non-controlling interests	0.0	1.1
Total shareholder's equity	325.3	331.7
Non-current liabilities		
Deferred tax liabilities	10.9	12.6
Provisions	0.0	0.2
Non-current financial liabilities	94.2	34.2
Derivative contracts	0.4	0.9
Other non-current liabilities	0.1	0.1
Total non-current liabilities	105.7	48.0
Current liabilities		
Accounts payable and other liabilities	77.9	88.2
Provisions	2.3	1.2
Derivative contracts	1.6	0.9
Current financial liabilities	31.5	21.1
Total current liabilities	113.3	111.4
Total liabilities	219.0	159.5
Total shareholder's equity and liabilities	544.3	491.2

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 31.12.2012	27.8	2.9	88.6	-	0.2	-20.5	0.2	227.0	326.3	1.0	327.3
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	26.2	26.2	-0.3	25.9
Other comprehensive income items (adjusted for tax effects)											
Financial assets available for sale	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Cash flow hedge	-	-	-	-	0.4	-	-	-	0.4	-	0.4
Translation differences	-	-	-	-	-	-	-3.6	-	-3.6	-	-3.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.5	0.0	-3.6	26.2	23.1	-0.3	22.8
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-19.1	-19.1	0.4	-18.6
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1	-	0.1
The share acquired from the non-controlling interest	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Share-based payment	-	-	-	-	-	0.0	-	0.2	0.2	-	0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-18.8	-18.8	0.4	-18.3
Equity on 31.12.2013	27.8	2.9	88.6	0.0	0.7	-20.4	-3.4	234.5	330.6	1.1	331.7
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	5.6	5.6	0.0	5.6
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Cash flow hedge	-	-	-	-	2.2	-	-	-	2.2	-	2.2
Translation differences	-	-	-	-	-	-	5.6	-	5.6	-	5.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	2.2	0.0	5.6	5.6	13.4	0.0	13.4
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-20.4	-20.4	-	-20.4
Unclaimed dividends	-	-	-	-	-	-	-	0.1	0.1	-	0.1
The share acquired from the non-controlling interest	-	-	-	8.0	-	-	-	-6.9	1.1	-1.1	0.0
Share-based payment	-	-	-	-	-	0.0	-	0.5	0.5	-	0.5
Total business activities involving shareholders	0.0	0.0	0.0	8.0	0.0	0.0	0.0	-26.8	-18.7	-1.1	-19.8
Equity on 31.12.2014	27.8	2.9	88.6	8.0	2.9	-20.4	2.2	213.3	325.3	0.0	325.3

CASH FLOW STATEMENT (M€)

	2014	2013
Result before taxes	5.4	31.8
Adjustments	35.9	19.4
Cash flow before change in working capital	41.3	51.2
Change in accounts receivables and other receivables	-1.6	13.3
Change in inventories	7.7	21.0
Change in current non-interest-bearing liabilities	-8.7	-7.3
Total change in working capital	-2.6	27.0
Financial items and taxes	-12.6	-6.4
Cash flow from business operations	26.2	71.8
Investments in fixed assets	-106.8	-15.0
Proceeds from sale of fixed assets	0.1	5.6
Investments on marketable securities	0.0	-0.3
Repayment of loan receivables	0.1	0.1
Cash flow from investments	-106.6	-9.5
Change in non-current loans	59.5	-21.9
Change in current loans	9.6	0.1
Repurchase of company shares	0.0	0.0
Dividend paid to equity holders of the parent company	-20.3	-18.5
Cash flow from financial operations	48.7	-40.3
Change in liquid funds	-31.6	22.0
Liquid funds at the beginning of the period	83.9	61.9
Effects of changes in foreign exchange rates	1.4	0.0
Impact of change in market value on liquid funds	-0.2	0.1
Liquid funds at end of period	53.6	83.9

NOTES TO THE FINANCIAL STATEMENTS REPORT

This financial statements 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 2013 with the exception of the EU approved amendments to existing IFRS standards introduced on 1 January 2014. The standard amendments have not had a material impact on the consolidated financial statements.

IFRS 10 Consolidated financial statements
IFRS 11 Corporate restructuring
IFRS 12 Disclosure of Interests in Other Entities
Revised IAS 27 Separate Financial Statements
Revised IAS 28 Shares in associates and joint ventures
Amendment to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendment to IAS 36: Impairment of Assets - The recoverable amount
Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Novation of derivatives
Amendment to IFRS 10, 11 and 12 on transition guidance
Amendment to IFRS 10, IFRS 12 and IAS 27 on controlled investees

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual figures may differ from these estimates.

Financial statements is shown in EUR millions.

SEGMENT INFORMATION

The reported segments are Brands and Raisioagro. Brands segment consists of Licensed brands unit and Consumer brands unit. Under the segment, the Group reports Benecol business and Benemilk as well as Northern, Western and Eastern European food operations. Raisioagro segment includes feeds, grain trade and farming supplies and, at the beginning of the year, also protein meals and vegetable oils.

NET SALES BY SEGMENT (M€)

	10-12/2014	10-12/2013	2014	2013
Brands	84.5	78.0	306.1	304.7
Raisioagro	35.6	53.4	201.6	254.2
Other operations	0.3	0.3	1.2	1.3
Interdivisional net sales	-2.5	-0.5	-15.0	-2.6
Total net sales	117.8	131.2	493.9	557.6

EBIT BY SEGMENT (M€)

	10-12/2014	10-12/2013	2014	2013
Brands	-3.3	7.9	20.6	35.7
Raisioagro	-2.4	-0.3	-8.9	3.1
Other operations	-1.4	-1.4	-4.7	-5.1
Total EBIT	-7.2	6.3	6.9	33.6

NET ASSETS BY SEGMENT (M€)

	31.12.2014	31.12.2013
Brands	359.0	254.2
Raisioagro	33.0	52.4
Other operations and unallocated items	-66.7	25.2
Total net assets	325.3	331.7

INVESTMENTS BY SEGMENT (M€)

	10-12/2014	10-12/2013	2014	2013
Brands	90.2	7.1	103.1	13.4
Raisioagro	0.2	0.7	1.1	2.3
Other operations	0.3	0.1	0.6	1.0
Eliminations	0.0	-0.1	0.0	-0.1
Total investments	90.7	7.8	104.9	16.5

NET SALES BY MARKET AREA (M€)

	10-12/2014	10-12/2013	2014	2013
Finland	43.4	66.5	219.1	283.7
Great Britain	38.1	39.8	130.8	132.5
Rest of Europe	32.1	22.1	130.9	130.6
ROW	4.2	2.8	13.2	10.8
Total	117.8	131.2	493.9	557.6

ACQUIRED BUSINESS OPERATIONS

Benecol business in the UK, Ireland and Belgium

On 19 November 2014, Raisio announced its acquisition of Cilag GmbH International's Benecol business in the UK, Ireland and Belgium. At the same time, Raisio amended its agreement with McNEIL-PPC, Inc. regarding the Benecol markets in North America. As a business buyer, the Group had established a company called Benecol Limited in the UK for acquisition purposes. The company is Raisio UK Limited's subsidiary. Product range of the acquired business includes margarines, drinks and yogurts sold under the Benecol brand.

Benecol Limited's results have been reported as part of Raisio's Brands segment from 19 November 2014. The purchase price paid was EUR 88.5 million. The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of EUR 1.5 million, which has been recorded as administration costs of the Brands segment in the income statement of 2014.

In connection with the deal, rights to Benecol brand and plant stanol ester patents held by Cilag as well as current assets were returned to Raisio. Raisio did not assume liabilities as part of the acquisition. Theacquisition resulted in goodwill of 52.6 million euros (41.2 million pounds). Goodwill is based on the opportunity to develop the Benecol business on Raisio's own terms. In terms of Benecol products, Raisio's strategic goal is to enhance competitiveness in the existing markets, to expand into new markets as well as to innovate new products. Recorded goodwill is deductible for tax purposes. A deferred tax liability is recorded for deducted tax.

Post-acquisition net sales of Benecol Limited totalled 7.3 million euros and EBIT excluding one-off items 1.5 million euros. The acquired business is expected to improve the Group's EBIT by some 9 million euros annually.

Since the seller did not follow the target of acquisition as its own unit, it is not possible to determine what the Group's net sales and results would have been in 2014 if the business acquisition completed during the financial year had been combined with the consolidated financial statements from the beginning of the financial year 2014.

The values of acquired assets at the acquisition date were as follows:

	Fair values recorded in the business combination
Trade marks	31.1
Other intangible assets	2.7
Inventories	2.2
Total assets	36.0
Deferred tax liabilities	0.2
Net assets	35.8
Acquisition price	88.5
Goodwill	52.6

Changes in goodwill

	2014	2013
Carrying amount of goodwill at the beginning of the review period	108.5	111.2
Translation differences	7.5	-2.7
Business combinations	52.6	0.0
Carrying amount of goodwill at the end of the review period	168.7	108.5

TANGIBLE ASSETS (M€)

	31.12.2014	31.12.2013
Acquisition cost at the beginning of the period	386.6	410.7
Conversion differences	3.0	-3.4
Increase	14.4	12.6
Decrease	-5.3	-33.3
Acquisition cost at end of period	398.7	386.6
Accumulated depreciation and impairment at the beginning of the period	272.2	287.3
Conversion difference	1.0	-1.6
Decrease and transfers	-5.0	-27.8
Depreciation for the period	21.4	14.2
Accumulated depreciation and impairment at end of period	289.6	272.2
Book value at end of period	109.0	114.5

PROVISIONS (M€)

	31.12.2014	31.12.2013
At the beginning of the period	1.4	0.2
Increase in provisions	2.1	1.2
Provisions used	-1.2	0.0
At end of period	2.4	1.4

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	31.12.2014	31.12.2013
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	0.3
Purchases from key employees in management	0.5	0.8
Liabilities to associates and joint ventures	0.0	0.0
Receivables from the key persons in the management		10.6

CONTINGENT LIABILITIES (M€)

	31.12.2014	31.12.2013
Contingent off-balance sheet liabilities		
Non-cancelable other leases		
Minimum lease payments	8.3	7.1
Other liabilities	3.4	3.5
Commitment to investment payments	1.3	0.7

DERIVATIVE CONTRACTS (M€)

	31.12.2014	31.12.2013
Nominal values of derivative contracts		
Currency forward contracts	129.4	73.6
Interest rate swaps	21.7	33.7
Raw material futures		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 31.12.2014	Fair value 31.12.2014	Carrying amount 31.12.2013	Fair value 31.12.2013
Financial assets				
Financial assets available for sale*)	2.7	2.7	2.6	2.6
Loan receivables	0.0	0.0	0.1	0.1
Accounts receivables and other receivables	63.5	63.5	60.5	60.5
Investments recorded at fair value through profit or loss*)	27.9	27.9	73.6	73.6
Liquid funds	25.6	25.6	10.3	10.3
Derivatives*)	2.5	2.5	0.0	0.0
Financial liabilities				
Bank loans	115.8	119.0	54.9	56.1
Other loans	10.0	10.0	0.4	0.4
Financial leasing liabilities	0.0	0.0	0.0	0.0
Accounts payable and other liabilities	70.3	70.3	76.0	76.0
Derivatives*)	2.0	2.0	1.8	1.8

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€)

	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Net sales by segment								
Brands	84.5	75.5	73.7	72.3	78.0	73.3	78.1	75.2
Raisioagro	35.6	54.4	62.6	49.1	53.4	76.4	70.9	53.5
Other operations	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interdivisional net sales	-2.5	-3.3	-4.2	-5.0	-0.5	-0.6	-0.7	-0.8
Total net sales	117.8	126.9	132.5	116.7	131.2	149.5	148.6	128.3
EBIT by segment								
Brands	-3.3	10.8	8.2	4.9	7.9	7.9	10.5	9.4
Raisioagro	-2.4	-0.3	-6.1	0.0	-0.3	2.6	1.3	-0.6
Other operations	-1.4	-1.0	-1.2	-1.1	-1.4	-1.5	-1.4	-0.8
Total EBIT	-7.2	9.4	0.8	3.9	6.3	9.0	10.4	8.0
Financial income and expenses, net	-1.0	-0.3	0.0	-0.3	-0.4	-0.2	-0.8	-0.4
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	-8.1	9.1	0.8	3.6	5.9	8.8	9.5	7.7
Income tax	2.6	-1.4	-0.1	-0.9	-0.1	-1.8	-2.2	-1.8
Result for the period	-5.5	7.8	0.7	2.7	5.7	6.9	7.3	5.9

KEY INDICATORS

	31.12.2014	31.12.2013
Net sales, M€	493.9	557.6
Change of net sales, %	-11.4	-4.5
Operating margin, M€	39.8	49.1
Depreciation and impairment, M€	32.9	15.5
EBIT, M€	6.9	33.6
% of net sales	1.4	6.0
Result before taxes, M€	5.4	31.8
% of net sales	1.1	5.7
Return on equity, ROE, %	1.7	7.9
Return on investment, ROI, %	1.7	8.6
Interest-bearing financial liabilities at end of period, M€	125.7	55.4
Net interest-bearing financial liabilities at end of period, M€	72.2	-28.5
Equity ratio, %	60.2	68.2
Net gearing, %	22.2	-8.6
Gross investments, M€	104.9	16.5
% of net sales	21.2	3.0
R & D expenses, M€	6.6	6.3
% of net sales	1.3	1.1
Average personnel	1,915	1,946
Earnings/share, €	0.04	0.17
Cash flow from operations/share, €	0.17	0.46
Equity/share, €	2.07	2.13
Average number of shares during the period, in 1,000s*)		
Free shares	123,524	121,619
Restricted shares	33,365	33,778
Total	156,888	155,397
Average number of shares at end of period, in 1,000s*)		
Free shares	124,002	121,882
Restricted shares	33,159	33,520
Total	157,160	155,402
Market capitalisation of shares at end of period, M€*)		
Free shares	520.8	532.6
Restricted shares	136.0	150.5
Total	656.8	683.1
Share price at end of period		
Free shares	4.20	4.37
Restricted shares	4.10	4.49

*) Number of shares, excluding the company shares held by the Group and the shares held by Reso Management Oy in the comparison periods

CALCULATION OF INDICATORS

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
Earnings per share	Result for the year of parent company shareholders --- Average number of shares for the year, adjusted for share issue*)
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*)
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period*)

*) When calculating the key figures for the comparison period, the number does not include the Raisio plc's shares held by Reso Management Oy