Half-Year Financial Report January-June 2016

RAISIO PLC

Q2/2016

RAISIO'S COMPARABLE EBIT CONTINUED TO IMPROVE, TOTALLING EUR 15.0 MILLION; OUTLOOK FOR 2016 SPECIFIED

April-June 2016

- The Group's comparable EBIT totalled EUR 15.0 (14.0) million, accounting for 12.1% (9.9%) of net sales.
- The Brands Division's comparable EBIT was EUR 14.2 (14.3) million, accounting for 16.1% (14.6%) of net sales.
- Raisioagro's EBIT was EUR 1.4 (1.4) million, accounting for 3.8% (3.1%) of net sales.
- The Group's net sales totalled EUR 124.1 (141.5) million.
- The outlook for 2016 has been specified. Despite the weakened visibility and difficult market conditions, Raisio expects its comparable EBIT to improve in 2016.

January-June 2016

- The Group's comparable EBIT totalled EUR 24.7 (23.7) million, accounting for 10.4% (9.0%) of net sales.
- The Brands Division's comparable EBIT was EUR 25.6 (25.6) million, accounting for 14.3% (13.4%) of net sales.
- Raisioagro's EBIT was EUR 1.4 (1.5) million, accounting for 2.2% (1.9%) of net sales.
- The Group's net sales totalled EUR 238.1 (264.0) million.

Raisio Group's key figures

		4–6/ 2016	4–6/ 2015	1–6/ 2016	1–6/ 2015	2015
Result						
Net sales	M€	124.1	141.5	238.1	264.0	521.2
Change in net sales	%	-12.3	6.8	-9.8	6.0	5.5
EBIT	M€	-6.2	11.1	3.5	20.7	42.4
EBIT-%	%	-5.0	7.8	1.5	7.9	8.1
Items affecting comparability		21.2	2.9	21.2	2.9	9.2
Comparable EBIT	M€	15.0	14.0	24.7	23.7	51.7
Comparable EBIT-%	%	12.1	9.9	10.4	9.0	9.9
-Depreciations	M€	-3.1	-3.6	-6.1	-7.1	-14.1
-Impairment	M€	-17.0	-3.3	-17.0	-3.3	-7.0
Depreciation and impairment, in total	M€	-20.0	-6.9	-23.1	-10.5	-21.1
Items affecting comparable depreciations and impairment	M€	17.0	1.0	17.0	1.0	4.7
Comparable depreciations and impairment	M€	-3.1	-5.9	-6.1	-9.5	-16.5
EBITDA	M€	13.9	18.0	26.6	31.2	63.6
Items affecting comparable EBITDA	M€	4.2	2.0	4.2	2.0	4.6
Comparable EBITDA	M€	18.1	20.0	30.8	33.2	68.1
Financial items	M€	-0.9	-0.4	-1.8	-0.8	-2.5
Earnings per share (EPS)	€	-0.05	0.05	-0.01	0.10	0.22
Comparable earnings per share (EPS)	€	0.07	0.07	0.12	0.12	0.26
Balance sheet						
Equity ratio	%	-	-	61.4	57.5	62.3
Gearing	%	-	-	19.7	22.4	12.1
Net interest-bearing debt	M€	-	-	59.6	75.6	42.2
Equity per share	€	-	-	1.92	2.15	2.23
Investments	M€	4.3	3.0	8.3	5.1	11.0

CEO Matti Rihko's review

"Raisio continued to improve its operational result during the second quarter. Our comparable EBIT grew by 7 per cent totalling EUR 15 million. Our relative profitability increased from some 10 per cent to 12 per cent of net sales.

In April, we licensed our Honey Monster brand to the British cereal producer Brecks. Brecks started the production, marketing and sales of Honey Monster cereals on 1 July 2016. In July after the review period, we also divested our Newport snack bar business to the Dutch equity investor Nimbus.

Both Honey Monster and Newport were loss-making so the divestment will improve our operational cash flow. In Southall, we still own the land of over three hectares located in one of the most important urban development areas in London.

In the short term, Brexit affects particularly through exchange rates but the pound, even weakened, is still within its ten-year currency range. So it is essential to manage the company's own operative business well. Long-term effects are difficult to predict and therefore, it is important to maintain the ability to be flexible in changing situations. In all scenarios, the UK will continue to be the second largest consumer market in Europe.

With Benemilk's international licensing, we decided to take a time out because, due to the crisis facing the dairy market, it seems that customers are not ready to change their feeding models within the next couple of years. Even though Benemilk Ltd is now becoming dormant, the consolidation of its IP portfolio continues; the portfolio will be made a ready, strong package. In Australia, we had an encouraging proof of the IP's strength as the Benemilk feed and the milk produced through Benemilk feeding were granted a patent in July. In Finland, Benemilk has made a breakthrough and Raisioagro will continue its sale as usual."

OPERATING ENVIRONMENT

The euro area economy showed a positive trend, driven mainly by private consumption which, in turn, results from improving employment conditions and continued low interest rates.

The UK voted to leave the European Union in the EU referendum. As details of Brexit are still open, the uncertainty generated by the decision is expected to significantly weaken the euro area's growth prospects. According to many assessments, the UK's economy is expected to fall into recession.

The Finnish economy has grown moderately in the first half of 2016 with stronger private consumption and construction industry.

Competition continued intense in the Finnish food retailing sector in the review period and concerned particularly product groups in which Raisio has a strong market share.

The role of snacking continues to grow and at the same time, consumers are interested in healthy and convenient snacks.

In the UK, fierce competition between retail chains continued and new practices of conventional retailers' contenders are also impacting industrial operators, mainly through price pressure.

In Finland, farmers' liquidity has weakened due to delayed subsidy payments and lower producer prices. As a result, producers are postponing their purchases and buying more affordable products.

FINANCIAL REPORTING

The reported divisions are Brands and Raisioagro. The Brands Division includes Healthy Snacking, Benecol, Confectionery and Benemilk. Markets for the Healthy Snacking business include the UK, Northern Europe and Eastern Europe. Benecol business includes Benecol product ingredient sale to licensing partners globally and Benecol consumer product sales in Raisio's six home market areas. Confectionery includes operations in the UK and Czech Republic. Benemilk business includes the international commercialisation and protection of the innovation. Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade.

Figures mentioned in this review are comparable. Comparison figures in brackets refer to the corresponding date or period one year earlier unless otherwise stated.

Raisio starts the use of new guidelines concerning alternative performance measures

In order to comply with the European Securities and Markets Authority's (ESMA) new guidelines on alternative performance measures, Raisio will change the terminology used in its financial reporting.

In the future, Raisio will use alternative performance measures to give a clearer picture of the operative development and to improve comparability between reporting periods. Alternative key performance measures do not replace the IFRS's indicators but are reported in addition to the IFRS indicators.

From the second quarter of 2016, Raisio will use the term "comparable" instead of the "excluding one-off items". "EBIT excluding one-off items" will be replaced by "Comparable EBIT", "EBITDA, excluding one-off items" will be "Comparable EBITDA" and "Earnings per share (EPS) excluding one-off items" will be "Comparable earnings per share (EPS)". There are no changes in Raisio's other alternative performance measures.

The definition of alternative performance measures remains the same despite the changes in terminology. Items affecting comparability are income or expenses arising as a result of one or rare events. Raisio's items affecting comparability can include significant outside experts' expenses related to business acquisitions and business expansion, expenses related to business reorganisation and to the impairment of assets. Items affecting comparability are recorded in the income statement according to the matching principle under income or expense category.

FINANCIAL REVIEW, APRIL-JUNE 2016

Net sales

The Raisio Group's net sales in April-June were EUR 124.1 (141.5) million. Net sales were down mainly due to significantly reduced exports of Raisioagro's grain and extremely challenging market conditions of Raisio's UK Healthy Snacking business. Brands Division's net sales totalled EUR 88.2 (97.8) million and Raisioagro's EUR 37.7 (44.7) million. Net sales for other operations were EUR 0.2 (2.6) million.

Result

The Raisio Group's comparable EBIT in April-June was EUR 15.0 (14.0) and EBIT -6.2 (11.1) million. Comparable EBIT is 12.1 (9.9) and EBIT -5.0 (7.8) per cent of net sales. The most significant items burdening EBIT were a revaluation loss of approximately EUR 19 million related to the divestment of the UK snack bar business, Halo Foods, and an expense of some EUR 1 million resulting from the restructuring of the UK Healthy Snacking business.

The Brands Division's comparable EBIT was EUR 14.2 (14.3) and EBIT -5.4 (11.3) million. Raisioagro's EBIT totalled EUR 1.4 (1.4) million. Comparable EBIT for other operations was EUR -0.7 (-1.6) and EBIT -2.2 (-1.6) million. Items affecting comparability are presented in the table below.

Comparable depreciations and impairment, allocated to operations in the income statement, amounted to EUR 3.1 (5.9) million; depreciations and impairment totalled EUR 20.0 (6.9) million. The Group's net financial expenses totalled EUR -0.9 (-0.4) million.

Comparable pre-tax result totalled EUR 14.1 (13.6) and pre-tax result -7.1 (10.7) million.

The Group's comparable post-tax result was EUR 11.3 (11.0) and post-tax result -8.4 (8.4) million. The Group's comparable earnings per share were EUR 0.07 (0.07) and earnings per share -0.05 (0.05).

Changes in exchange rates had a clear negative effect on the Brands Division's net sales and EBIT in April-June 2016.

FINANCIAL REVIEW, JANUARY-JUNE 2016

Net sales

The Group's January-June net sales were EUR 238.1 (264.0) million. Brands Division's net sales totalled EUR 178.4 (191.6) million and Raisioagro's EUR 64.8 (77.3) million. Net sales for other operations were EUR 0.4 (2.9) million.

The Brands Division accounted for some 75 per cent and Raisioagro for some 25 per cent of Raisio's net sales. Net sales from outside Finland represented 66.2 (65.2) per cent of the Group's total in January-June, amounting to EUR 157.6 (172.2) million.

Result

The Brands Division's comparable EBIT in January-June was EUR 24.7 (23.7) and EBIT 3.5 (20.7) million. Comparable EBIT is 10.4 (9.0) and EBIT 1.5 (7.9) per cent of net sales. The most significant items burdening EBIT were a revaluation loss of approximately EUR 19 million related to the divestment of Halo Foods, and an expense of some EUR 1 million resulting from the restructuring of the UK Healthy Snacking business.

The Brands Division's comparable EBIT was EUR 25.6 (25.6) and EBIT 5.9 (22.7) million. Raisioagro's EBIT totalled EUR 1.4 (1.5) million. Comparable EBIT for other operations was EUR -2.3 (-3.4) and EBIT -3.9 (-3.4) million.

Comparable depreciations and impairment, allocated to operations in the income statement, totalled EUR 6.1 (9.5), and depreciations and impairment EUR 23.1 (10.5) million. Net financial expenses totalled EUR -1.8 (-0.8) million.

Comparable pre-tax result was EUR 22.9 (22.8) and pre-tax result 1.7 (19.9) million. Comparable post-tax result was EUR 18.7 (18.5) and post-tax result -1.0 (15.8) million. The Group's comparable earnings per share were EUR 0.12 (0.12) and earnings per share -0.01 (0.10).

Exchange rate changes had a clear negative effect on the Raisio Brands Division's net sales and EBIT in January-June 2016.

Items affecting comparable EBIT, EUR million

		4–6/ 2016	4–6/ 2015	1–6/ 2016	1–6/ 2015	2015
Brands						
Impairment of Dormen and Fruitus brands	M€	3.9		3.9		
Halo Foods Ltd's assets valued at fair value	M€	15.1		15.1		
Restructuring costs, Healthy Snacking business, UK	M€	0.7		0.7		
Reorganisation costs, Southall site, UK	M€					11.3
Streamlining projects, UK	M€		1.4		1.4	1.3
Capital loss for the Sulma pasta plant divestment	M€		1.5		1.5	1.5
Sale of Carlshamn Mejeri trade mark	M€					-4.1
Raisioagro						
Restructuring of activities	M€					0.4
Common						
Legal expenses	M€	1.5		1.5		
Subsequent one-off compensation related to a divested business	M€					-1.1
Impact on comparable EBIT	**M€**	**21.2**	**2.9**	**21.2**	**2.9**	**9.2**

Balance sheet, cash flow and financing

At the end of June, the Raisio Group's balance sheet totalled EUR 493.7 (31 December 2015: 563.6) million. Shareholders' equity was EUR 302.5 (31 December 2015: 350.0) million, while equity per share totalled EUR 1.92 (31 December 2015: 2.23). Changes in equity are described in detail in the Table section below.

Working capital at the end of the review period amounted to EUR 46.8 (31 December 2015: 42.0 and 30 June 2015: 50.6) million. From 1 January 2016, working capital does not include derivative assets and liabilities related to loan hedging. Growth in working capital during the review period is due to the reduction in accounts payable and other liabilities, which the reduction in current assets and sales receivables was not sufficient to compensate.

Cash flow from business operations in January-June was EUR 14.0 (26.3) million.
The main reason for the reduction in cash flow was that assets were tied up in working capital.

The Group's investments in January-June totalled EUR 8.3 (5.1) million, or 3.5 (2.0) per cent of net sales. Investments of the Brands Division totalled EUR 4.7 (4.2) million, those of Raisioagro EUR 1.2 (0.5) million and those of other operations EUR 2.3 (0.5) million. The most significant investment was the bioenergy plant built in Raisio's industrial area. The plant will be introduced in 2017.

At the end of June, the Group’s interest-bearing debt was EUR 104.3 (31 December 2015: 110.1) million. Net interest-bearing debt was EUR 59.6 (31 December 2015: 42.2) million. The change was mainly due to decreased interest-bearing assets as a result of the dividend distribution, among other things.

At the end of June, the Group’s equity ratio totalled 61.4 (31 December 2015: 62.3 and 30 June 2015: 57.5) per cent and net gearing 19.7 (31 December 2015: 12.1) per cent. Change in net gearing is due to increased net interest-bearing financial liabilities and decreased shareholders' equity. Return on investment was 1.1 (31 December 2015: 9.2) and comparable return on investment 10.9 (31 December 2015: 11.3) per cent.

Brand licensing

On 13 April 2016, Raisio Group announced to license its Honey Monster brand to The Brecks Company Limited. The license agreement entered into force on 1 July 2016. From then on, Brecks has produced, sold and marketed Honey Monster products in the UK. The license agreement does not have a significant impact on the Raisio Group’s earnings. Ready-to-eat breakfast cereals are not at the core of Raisio’s strategy so the licensing ensures that Honey Monster cereals will continue to be available to British consumers.

DISPUTES

In November 2014, Raisio won a case against Oat Solutions LLC in an arbitration proceeding. At the beginning of 2015, Oat Solutions LLC filed an action for annulment of the arbitration award with The District Court of Varsinais-Suomi. The arbitration award is final and not subject to appeal, but Oat Solutions LLC filed an action for annulment based on alleged procedural errors. Oat Solutions LLC’s action was rejected in November 2015. In January 2016, Oat Solutions LLC filed an appeal against the rejection of the action with the Turku Court of Appeal. The decision is expected during the end of 2016.

Raisio considers the appeal to be completely unfounded.

Oat Solutions LLC has filed a civil action for the same dispute with the American court; defendants in the dispute are Raisio plc as well as CEO Matti Rihko and Vincent Poujardieu, Vice President, Benecol and Business Development. The application for summons has been served in June 2016 and Raisio, Rihko and Poujardieu have submitted their response of dismissal of the action in August 2016. Raisio considers the claims and allegations completely unfounded and sees that they have already been resolved by the Arbitral Tribunal. Furthermore, in Raisio's view, the American court does not have jurisdiction to deal with the issue.

RESEARCH AND DEVELOPMENT

The Group's April-June research and development expenses were EUR 1.2 (1.4) million. In January-June, R&D expenses totalled EUR 2.5 (2.6) million, or 1.0 (1.0) per cent of net sales. In April-June, a total of EUR 0.3 (0.5) and in January-June, 0.5 (0.8) million of Benemilk’s development expenses were activated on the balance sheet.

SEGMENT INFORMATION

BRANDS DIVISION

		4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	2015
Net sales	M€	88.2	97.8	178.4	191.6	385.1
Healthy Snacking	M€	29.4	36.3	59.4	70.2	138.9
Benecol	M€	32.2	36.0	66.6	70.5	140.3
Benemilk	M€	0.2	0.0	0.4	0.0	0.0
Confectionery	M€	26.6	25.3	52.4	50.2	105.4
EBIT	M€	-5.4	11.3	5.9	22.7	45.4
EBIT -%	%	-6.1	11.6	3.3	11.8	11.8
Items affecting comparability	M€	19.6	2.9	19.6	2.9	10.0
Comparable EBIT	M€	14.2	14.3	25.6	25.6	55.4
Comparable EBIT-%	%	16.1	14.6	14.3	13.4	14.4
Investments	M€	2.4	2.5	4.7	4.2	9.1
Net assets	M€	-	-	316.6	377.3	360.3

Financial review

April-June

Net sales for the Brands Division totalled EUR 88.2 (97.8) million in April-June. The Division includes Healthy Snacking, Benecol, Confectionery and activities related to the international commercialisation of the Benemilk innovation. Net sales for the Healthy Snacking business totalled EUR 29.4 (36.3) million, for Benecol EUR 32.2 (36.0) million, for Confectionery EUR 26.6 (25.3) million and for Benemilk EUR 0.2 (0.0) million.

The Brands Division's comparable EBIT was EUR 14.2 (14.3) and EBIT -5.4 (11.3) million. Comparable EBIT is 16.1 (14.6) and EBIT -6.1 (11.6) per cent of net sales.

Comparable EBIT for the Healthy Snacking business decreased significantly from the comparison period. Decrease in EBIT resulted from difficult market conditions in the UK's Healthy Snacking business. Key markets of Raisio's Healthy Snacking business include Finland, the UK and Russia.

EBIT for the Northern European Healthy Snacking business decreased from the comparison period as a result of lower sales and marketing investments. In Finland, retail sales in Elovena products developed well. Particularly good sales were seen in new Elovena snack biscuits, snack bars and instant porridges.

The situation in the UK's Healthy Snacking business continued challenging. Retailers continued to adjust their operations to the market conditions and competition remained tight in the breakfast cereal and snack bar market. Net sales for Raisio's UK Healthy Snacking business decreased and EBIT remained negative. After the review period, Raisio announced to divest the UK Healthy Snacking business.

In the Eastern European markets, the Healthy Snacking business showed positive EBIT in Russia and Ukraine, but was down from the comparison period. Euro-denominated net sales were at the comparison period level while rouble-denominated net sales increased significantly due to price increases and higher sales volume. Eastern Europe's net sales account for approximately 10 per cent of the Healthy Snacking's total.

Net sales for Benecol business slightly decreased from the comparison period mainly due to exchange rate changes, but also challenging conditions in Raisio's home markets had an impact. In the UK, the largest home market for consumer products, net sales remained at the comparison period level if the effect of exchange rates is not taken into account. Sales increased in the Benecol product ingredient sold to licensing partners. Comparable EBIT improved from the comparison period particularly due to streamlining of operations.

Net sales and EBIT for the Confectionery business were up from the comparison period. Profitability of Confectionery business improved in the UK and Czech Republic. Sales volumes continued to grow in products made under partner brands and in retailers' private label products. Confectionery exports to the Asian markets showed good development.

January-June

Net sales for the Brands Division were EUR 178.4 (191.6) million in January-June. Net sales for the Healthy Snacking business totalled EUR 59.4 (70.2) million, for Benecol EUR 66.6 (70.5) million, for Confectionery EUR 52.4 (50.2) million and for Benemilk EUR 0.4 (0.0) million. The UK accounted for almost 50 per cent of the Brands Division's net sales, Finland less than 20 per cent, and the rest of the world over 30 per cent.

The Brands Division's comparable EBIT in January-June was EUR 25.6 (25.6) and EBIT 5.9 (22.7) million. Comparable EBIT is 14.3 (13.4) and EBIT 3.3 (11.8) per cent of net sales.

Exchange rate changes had a clearly negative impact on the Brands Division's net sales and EBIT in January-June 2016.

Business operations

Healthy Snacking

UK

Net sales for the Newport snack bar factory decreased and comparable EBIT was negative. In July after the review period, Raisio divested its UK snack bar business to a Dutch equity investor Nimbus. At the same time, Raisio discontinued the production of snack bars made under partner brands and focused on the development and marketing of the company's own branded products.

Northern Europe

Increase in snacking is a central factor guiding Raisio's new product development as already more than half of meals are snacks and 40 per cent of daily energy comes from snacks. Raisio has responded to consumer demand by increasing the share of healthy, responsibly produced snacks in its product range already for years. Particularly the selection of Elovena products has been expanded with convenient, healthy new products well suited to mobile lifestyle. In addition, Provena products available in many of Raisio's markets are ideally suited to the globally growing gluten-free trend.

Sales for Elovena snack biscuits and cereals continued to grow during the review period. New Elovena snack bars and porridge cups have also been well received by the markets. In the second quarter, Raisio launched two new Elovena snack bars and four Elovena porridges. Sales of catering products increased from the comparison period. Sales of bakery and industrial products were at the comparison period level.

Consumers try increasingly to avoid sugar in their diet. In response to consumer demand, Raisio is launching products containing less added sugar. Elovena instant porridges with less sugar have been available for already more than a year and there is no added sugar in many of the new products launched in the review period.

Competition continued intense in the Finnish food retailing sector during the review period and concerned particularly product groups in which Raisio has a strong market share.

Eastern Europe

In Russia, sales volumes increased from the comparison period. Consumer demand was still for clearly more affordable products as consumers' purchasing power remained weak and economic uncertainty continued. Selection of affordable basic products in the markets has considerably increased and price competition has remained intense. As a result, the share of more affordable products in Raisio's product range continued to grow in the second quarter.

Benecol

Home markets for Raisio's Benecol consumer products include the UK, Poland, Finland, Ireland, Belgium and Hong Kong. Markets are global for plant stanol ester, Benecol product ingredient. Benecol licensing partners manufacture, sell and market products developed to suit local eating habits in each market. Benecol products are available in some 30 countries and there are almost 140 products in the markets.

In the first quarter, some of the UK's large retail chains decided to withdraw from promotional sales of yogurt drink multipacks, which affected sales significantly. In the second quarter, Raisio managed to restore promotional sales of multipacks in most retail chains.

In the UK, despite challenging market conditions, net sales in Benecol products in local currency remained at the comparison period level. Volumes in Benecol spreads increased while volumes in yogurt drinks and yogurts decreased. However, Benecol continues as a clear market leader in yogurt drinks.

In Poland, sales volume in Benecol spreads increased from the comparison period. Polish market of cholesterol-lowering functional products remains extremely competitive and price-driven. However, Raisio maintained its position. In April, Raisio succeeded well with its launch of the new Benecol Buttery Taste spread.

Price competition remained tight in the market of cholesterol-lowering functional foods also in Finland, where sales of Benecol spreads increased while sales in yogurts and yogurt drinks decreased from the comparison period. Business profitability clearly improved mainly due to cost savings and streamlining of operations.

Sales of Raisio's licensing partners remained at the comparison period level. Raisio supports its partners in the development and launching of new products and encourages them to expand into new product groups.

Confectionery

Demand for soft gums continued to increase, which provides good opportunities for growth. Raisio has actively developed its expertise and cost-effectiveness, particularly in the Czech Republic. The company continues to expand the range of its branded products with novelties, providing consumers with interesting alternatives and partners with cost-effectiveness.

Sales grew particularly well in the confectionery made in the Czech Republic under the partner brands. Sales continued to increase in Raisio's own Pedro brand. Sales of soft gums sold under the Juicee Gummee brand remained at the comparison period level.

In the UK, sales increased for Raisio's own Fox's brand. Net sales of industrial inclusions were at the comparison period level. Intense industrial competition for the production agreements of retailers' private label confectionery continued.

Benemilk

During the review period, Benemilk focused on the ingredient business, i.e., on the sale and market expansion of Primafat ingredient. Sales to China continued but the company's EBIT and cash flow remained negative. The licensing business, including the development, commercialisation and licensing of the IPR based on the Benemilk innovation, has not yet entered into licensing agreements.

In June, Raisio announced Benemilk Ltd's decision to end the assessment of funding options. The assessment included both debt and equity financing options as well as the acquisition of new funding for Benemilk Ltd's US subsidiary. Based on the completed assessment, Benemilk Ltd's Board of Directors concluded that, at the current stage of business operations, it is not justified to implement the equity financing scheme as the company valuation indicated by potentially interested investors is not satisfactory in terms of current owners. Benemilk Ltd's Board decided to end the process launched in November 2015.

In July after the review period, Benemilk feed and the milk produced through Benemilk feeding were granted patents in Australia.

Benemilk's short-term outlook is not favourable; due to the dairy market crisis, customers are not ready to change their feeding models. Therefore, Raisio has decided after the review period that Benemilk's activities will be significantly reduced. Investments in the international commercialisation of the innovation will be minimised and for now, the focus will be on the pending patent processes and IPR protection against possible infringements.

RAISIOAGRO DIVISION

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

		4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	2015
Net sales	M€	37.7	44.7	64.8	77.3	145.9
EBIT	M€	1.4	1.4	1.4	1.5	2.4
EBIT-%	%	3.8	3.1	2.2	1.9	1.6
Items affecting comparability	M€	0.0	0.0	0.0	0.0	0.4
Comparable EBIT	M€	1.4	1.4	1.4	1.5	2.8
Comparable EBIT-%	%	3.8	3.1	2.2	1.9	1.9
Investments	M€	0.8	0.3	1.2	0.5	0.7
Net assets	M€	-	-	32.8	43.8	31.7

Financial review

April-June

Raisioagro’s net sales decreased by some 16 per cent amounting to EUR 37.7 (44.7) million. Decrease in net sales mainly resulted from significantly reduced grain exports and tough competitive conditions in fertilisers.

Raisioagro’s EBIT totalled EUR 1.4 (1.4) million. Despite the net sales decrease, Raisioagro’s EBIT remained at the comparison period level mainly due to enhanced operations and the expanded product portfolio optimised for various customer needs.

Raisioagro’s working capital was some EUR 10 million down from the comparison period especially due to Raisioaqua’s enhanced management of raw material and other stocks.

January-June

Raisioagro’s net sales totalled EUR 64.8 (77.3) million. Finland accounted for around 85 per cent, Russia some 11 per cent and other markets some 5 per cent of Raisioagro’s net sales in the first half of 2016.

In January-June, the Division’s EBIT was EUR 1.4 (1.5) million.

Business operations

Cattle feeds

In Finland, cattle feed market and milk production remained at the last year's level. Although the farm size is growing, the amount of cows will not substantially decrease. Dairy farms increasingly use industrial feeds while they also seek higher productivity and efficiency. Raisioagro provides its customers with real-time production planning, farm monitoring and products suited to increasingly common TMR feeding. These services play a key role in both animal welfare and farm productivity and profitability.

The effects of Russia’s import ban of dairy products are mainly indirect and continue to affect throughout the Finnish milk chain. Sales of Benemilk feeds decreased in Finland during the review period as Finnish dairy farms switched to less expensive feeds with lower added value because of the difficult economic situation. Price competitiveness of Raisioagro’s renewed cattle feed range was good and the company did not get involved in the price and payment time competition.

Farmers’ liquidity has weakened significantly during the past year due to low milk producer prices and delayed subsidy payments. This causes significant increases in credit loss risk and in the future, sales will decrease due to tightening credit policy.

Raisio continued its strong investment in digital services and their development. The company has further developed its milk production monitoring that uses the data gathered from the automatic milking system. The customers have welcomed the monitoring system and over 100 dairy farms are already using it.

In terms of exports, bans and significant changes in currencies are a risk for fish and cattle feed exports and for the management of accounts receivable.

Fish feeds

Fish feed season started well in Finland and sales volumes increased from the comparison period. Growth is mainly due to favourable fish farming conditions and customers' trust in Raisioaqua's feeds. Sales volumes of exports were slightly down.

This year, Raisioaqua aims to grow its market share in Finland and Northwest Russia and to expand into new markets. Raisioaqua is seeking new Benella Rainbow Trout farmers as the product launch was successful and consumer demand as expected. Raisioaqua aims to open new sales channels for Benella Rainbow Trout and to launch new Benella products for the sales period starting in the autumn.

Raisioaqua introduced the Baltic Sea feed concept with its registered Baltic Blend brand. Raisioaqua's fish feeds contain fishmeal and fish oil made from herring and sprat fished from the Baltic Sea. With Baltic Blend, the phosphorus load of fish farming will turn negative and nitrogen load neutral, which will result in significantly lower environmental impacts of Raisioaqua's feed customers. Product launches were successful, which further reinforces Raisioaqua's role as a forerunner in the environmentally friendly fish farming, both in Finnish and Russian markets.

At the end of May, Russia banned exports from Raisio's fish feed factory due to a GMO suspicion that later proved unfounded. Export ban was lifted quickly and it had no significant impact on the second quarter operations.

Other operations

Sales in fertilisers, wrap films, net wraps, grass seeds and other farming supplies were down compared to the previous year. The fall was mainly due to lower fertiliser sales. Due to delayed farm subsidy payments and low milk prices, dairy producers postponed their farming supply purchases until late spring.

During the review period, Raisioagro's grain purchases were down from the comparison period.The company aims to use home market suppliers as much as possible to buy grain for its own use. In the export market, grain supply continues to exceed demand, which affects price levels and the profitability of exports. At the end of the review period, Raisioagro introduced a new model for grain export trade. The model is to enhance the management of capital tied up in exports and to seek higher market price, which also benefits Raisioagro's contract farmers.

MANAGEMENT AND PERSONNEL

Raisio Group employed 1,753 (1,804) people at the end of June. 80 (79) per cent of the personnel were working outside Finland. At the end of the review period, the Brands Division had 1,578, Raisioagro Division 113 and service functions 62 employees. The figures include summer workers.

Group Management Team

In February 2016, Raisio combined Healthy Snacking and Benecol into a HEM (Healthy, Ecological, Mobile food) unit. The new unit strongly supports the Group's strategy focusing on healthy and ecological snacks. The Group's CEO Matti Rihko acts as the head of the HEM unit. At the same time, the Group Management Team members Mikko Laavainen and Tomi Järvenpää left the company.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ Helsinki Ltd in January-June totalled 14.1 million (12.9 million). The value of trading was EUR 57.9 (53.8) million and the average price EUR 4.12 (4.19). The closing price on 30 June 2016 was EUR 3.87.

A total of 0.6 (0.7) million restricted shares were traded in January-June. The value of trading was EUR 2.3 (2.8) million and the average price EUR 4.08 (4.13). The closing price on 30 June 2016 was EUR 3.85.

On 30 June 2016, the company had a total of 37,587 registered shareholders (31 December 2015: 36,562 shareholders). Foreign ownership of the entire share capital was 17.6 per cent (31 December 2015: 15.9 per cent).

Raisio plc's market capitalisation at the end of June totalled EUR 638.5 million (31 December 2015: EUR 700.2 million) and, excluding the company shares held by the company, EUR 608.8 million (31 December 2015: EUR 666.4 million).

During the review period, a total of 43,286 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 132,451,899 while the number of restricted shares was 32,697,131. The share capital entitled to 786,394,519 votes.

In the review period, a total of 4,476 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the AGM in 2016.

At the end of the review period, Raisio plc held 7,467,376 free shares and 212,696 restricted shares, which were, on the one hand, acquired between 2005 and 2012 based on the authorisation given by the AGM and, on the other, obtained through the merger of the subsidiary Reso Management Oy into Raisio plc in August 2014 (4,482,740 free shares). The number of free shares held by Raisio plc accounts for 5.6 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, the shares held by the company represent 4.7 per cent of the entire share capital and 1.5 per cent of overall votes. Other Group companies hold no Raisio plc shares. A share held in Raisio or its subsidiary does not entitle the holder to participate in the AGM.

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

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

The authorisation to repurchase own shares and to issue shares given by the AGM of 2015 expired on 23 March 2016.

The Board of Directors has an authority to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 30 April 2017. Furthermore, the Board of Directors has the authority to decide on share issues by disposing of a maximum of 14,200,000 free shares and a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The authorisation will expire, at the latest, on 23 March 2021. The authorisations have not so far been exercised and related details on both are available in the stock exchange release published on 15 February 2016.

DIRECTED SHARE ISSUE

In February 2013, Raisio plc's Board of Directors decided on the Group's key employees' share-based incentive scheme for the period that started on 1 January 2013 and ended on 31 December 2015.

On 17 March 2016, the Board of Directors approved the bonuses paid under the share reward scheme and, in order to convey the part paid in shares to key employees, decided to implement a directed share issue without payment based on the authorisation granted to the Board by the Annual General Meeting of 26 March 2015.

In the share issue, a total of 295,405 Raisio plc's free shares held by the company were conveyed without consideration to the key employees within the share reward scheme, with deviation from the shareholders' pre-emptive subscription right. The conveyed 295,405 free shares correspond to 0.18 per cent of all Raisio plc's shares and 0.04 per cent of all votes.

There is an especially weighty financial reason for the deviation from the shareholders' pre-emptive right in the directed share issue without payment through the assignment of the company's own shares from the company's point of view and taking into account the best interests of all of its shareholders, since the purpose of the share reward scheme is to combine the objectives of owners and key employees in order to increase the company value as well as to commit the key employees to the company through direct share ownership. Direct share ownership is a way to further commit key employees to the company and to strengthen the alignment of shareholders and key employees' goals and interests.

The shares were conveyed to key employees on 13 April 2016. The right to dividend and other shareholder rights begin on the day on which the shares have been registered in the key employee's book-entry account.

The Board recommends that the key employees within the share reward scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

Raisio plc's AGM held on 23 March 2016 approved the financial statements for the financial year 1 January – 31 December 2015 and granted the members of the Board of Directors and the Supervisory Board as well as the Chief Executive Officer discharge from liability.

The AGM approved the Board of Directors' proposal to pay a dividend of EUR 0.16 per share, which was paid to the shareholders on 5 April 2016.

The number of members of the Board of Directors was confirmed to be five, and Erkki Haavisto, Matti Perkonoja, Michael Ramm-Schmidt, Ann-Christine Sundell and Antti Tiitola were reappointed, all for the term commencing at the closing of the AGM. At its meeting held after the AGM, the Board of Directors elected Perkonoja as its Chairman and Ramm-Schmidt as its Vice Chairman.

A Stock Exchange Release was published on 23 March 2016 concerning the decisions made by the Meeting, in addition to which the decisions were described in the Interim Report of January-March.

EVENTS AFTER THE REVIEW PERIOD

On 13 July 2016, Raisio announced that it had sold its UK snack bar business to the Dutch equity investor Nimbus. Halo Foods Ltd's business operations, its factories in Newport and Swindon as well as the Dormen brand were transferred to the new owner on 12 July 2016. All employees, some 300 persons, also transferred to the new owner. More information about the deal is available in the stock exchange release published on 13 July 2016.

On 10 August 2016, Raisio announced that it has decided to significantly reduce Benemilk Ltd's business operations. More information about the subject is available in the stock exchange release published on 10 August 2016.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

The world economy is expected to grow moderately in 2016 and the growth is generated primarily by private consumption. The euro area economy is also projected to grow moderately this year. The recovery is still based on private consumption that is supported by low oil prices and low interest rates.

The UK voted to leave the European Union in the EU referendum. As all the details of Brexit are still open, the uncertainty generated by the decision is expected to significantly weaken the euro area's growth prospects. According to many assessments, the UK's economy is expected to fall into recession. Brexit will also affect Raisio's local business operations even though main part of the production and sales focus on local markets.

European refugee crisis continues and its effects may extend not only to politics but also to the economy.

The Finnish economy is growing slowly and growth expectations are based on domestic demand, supported by low interest rates, low inflation and reduced energy prices. The unemployment rate is expected to remain high. In Russia and Ukraine, business environment is likely to remain difficult.

Changes in exchange rates may considerably affect Raisio's net sales and EBIT, directly and indirectly, because a significant part of the Group's net sales and EBIT is generated in the UK. As a result of Brexit the pound fell sharply, which has a negative impact on the Group's net sales and EBIT. Volatility in the rouble's external value affects the export of feeds and oat products to Russia. It may also have an impact on the utilisation rates of production plants.

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

Raisio expects the grocery market to remain fairly stable compared to other sectors.
Retail activities create pressure for the food industry, through both prices and sales terms.

Profitability problems in the Finnish agriculture and livestock farming are weakening purchase power in the field and creating pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU’s sanctions and Russia’s counter-sanctions, especially the import ban of dairy products, will directly and indirectly hamper Raisioagro’s operations.

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

OUTLOOK 2016

Despite the weakened visibility and difficult market conditions, Raisio expects its comparable EBIT to improve in 2016.

Previous statement on outlook on 15 February 2016:

Despite the weakened visibility and difficult market conditions, Raisio expects its EBIT to improve in 2016.

In Raisio, 10 August 2016

RAISIO PLC

Board of Directors

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Chief Executive’s video in English will be available on Raisio’s web site at www.raisio.com.

The half-year financial report has not been audited.

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

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Net sales	124.1	141.5	238.1	264.0	521.2
Expenses corresponding to products sold	-108.2	-108.6	-191.6	-201.3	-403.2
Gross profit	15.8	32.9	46.5	62.7	118.0
Other operating income and expenses, net	-22.0	-21.8	-43.0	-42.0	-75.6
EBIT	-6.2	11.1	3.5	20.7	42.4
Financial income	0.4	0.4	0.9	0.8	1.0
Financial expenses	-1.3	-0.8	-2.8	-1.6	-3.6
Share of result of associates and joint ventures	0.0	0.0	0.0	0.0	0.0
Result before taxes	-7.1	10.7	1.7	19.9	39.9
Income taxes	-1.4	-2.3	-2.7	-4.0	-4.9
RESULT FOR THE PERIOD	-8.4	8.4	-1.0	15.8	35.0
Attributable to:					
Equity holders of the parent company	-8.4	8.4	-1.0	15.8	35.0
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)					
Undiluted earnings per share	-0.05	0.05	-0.01	0.10	0.22
Diluted earnings per share	-0.05	0.05	-0.01	0.10	0.22

COMPREHENSIVE INCOME STATEMENT (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Result for the period	-8.4	8.4	-1.0	15.8	35.0
Other comprehensive income items after taxes					
Items that may be subsequently transferred to profit or loss					
Available-for-sale financial assets	0.0	0.0	0.1	0.0	0.1
Cash flow hedge	-0.1	-1.9	-0.6	-0.4	-1.0
Translation differences	-6.6	4.2	-21.0	18.2	11.9
Comprehensive income for the period	-15.1	10.6	-22.5	33.7	45.9
Components of comprehensive income:					
Equity holders of the parent company	-15.1	10.6	-22.5	33.7	45.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

BALANCE SHEET (M€)

	30.6.2016	30.6.2015	31.12.2015
ASSETS			
Non-current assets			
Intangible assets	63.1	75.9	74.4
Goodwill	159.4	184.3	178.9
Property, plant and equipment	85.0	105.9	98.8
Shares in associates and joint ventures	0.7	0.7	0.7
Available-for-sale financial assets	2.8	2.7	2.6
Deferred tax assets	6.4	4.9	5.7
Total non-current assets	317.3	374.5	361.1
Current assets			
Inventories	50.6	71.2	64.3
Accounts receivables and other receivables	62.8	75.7	68.4
Financial assets at fair value through profit or loss	41.2	44.6	58.8
Cash in hand and at banks	12.2	21.7	11.0
Total current assets	166.8	213.2	202.5
Non-current assets available for sale	9.6	0.0	0.0
Total assets	493.7	587.7	563.6
SHAREHOLDER’S EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Company shares	-19.9	-20.4	-20.4
Other equity attributable to equity holders of the parent company	294.6	330.1	342.6
Equity attributable to equity holders of the parent company	302.5	337.4	350.0
Non-controlling interests	0.0	0.0	0.0
Total shareholder’s equity	302.5	337.4	350.0
Non-current liabilities			
Deferred tax liabilities	9.3	12.1	10.9
Provisions	0.1	0.1	0.1
Non-current financial liabilities	57.3	107.2	91.6
Derivative contracts	0.0	0.2	0.0
Other non-current liabilities	0.0	0.1	0.1
Total non-current liabilities	66.7	119.6	102.6
Current liabilities			
Accounts payable and other liabilities	67.4	88.9	89.8
Provisions	2.1	2.1	2.1
Derivative contracts	1.8	6.6	0.6
Current financial liabilities	47.0	33.1	18.6
Total current liabilities	118.3	130.6	111.0
Debts related to non-current assets available for sale	6.2	0.0	0.0
Total liabilities	191.2	250.2	213.5
Total shareholder’s equity and liabilities	493.7	587.7	563.6

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 31.12.2014	27.8	2.9	88.6	8.0	2.9	-20.4	2.2	213.3	325.3	0.0	325.3
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	15.9	15.9	-	15.9
Other comprehensive income items (adjusted for tax effects)											
Financial assets available for sale	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Cash flow hedge	-	-	-	-	-0.4	-	-	-	-0.4	-	-0.4
Translation differences	-	-	-	-	-	-	18.2	-	18.2	-	18.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.3	0.0	18.2	15.9	33.7	0.0	33.7
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-22.0	-22.0	-	-22.0
Share-based payment	-	-	-	-	-	0.0	-	0.4	0.4	-	0.4
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-21.6	-21.6	0.0	-21.6
Equity on 30.6.2015	27.8	2.9	88.6	8.0	2.6	-20.4	20.4	207.5	337.4	0.0	337.4
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	-	-	-	-	-	-	-	-1.0	-1.0	-	-1.0
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Cash flow hedge	-	-	-	-	-0.6	-	-	-	-0.6	-	-0.6
Translation differences	-	-	-	-	-	-	-21.0	-	-21.0	-	-21.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.5	0.0	-21.0	-1.0	-22.5	0.0	-22.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Unclaimed dividends	-	-	-	-	-	-	-	-	0.0	-	0.0
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.6	-	-0.4	0.2	-	0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.6	0.0	-25.6	-25.0	0.0	-25.0
Equity on 30.6.2016	27.8	2.9	88.6	8.9	1.5	-19.9	-6.8	199.6	302.5	0.0	302.5

CASH FLOW STATEMENT (M€)

	1-6/2016	1-6/2015	2015
Result before taxes	1.7	19.9	39.9
Adjustments	25.9	11.3	20.9
Cash flow before change in working capital	27.6	31.2	60.8
Change in accounts receivables and other receivables	-1.9	-2.4	3.3
Change in inventories	6.3	-5.1	1.2
Change in current non-interest-bearing liabilities	-12.4	5.1	7.4
Total change in working capital	-8.0	-2.4	11.9
Financial items and taxes	-5.6	-2.5	-7.6
Cash flow from business operations	14.0	26.3	65.0
Investments in fixed assets	-8.5	-5.7	-10.9
Proceeds from sale of fixed assets	0.2	0.2	5.8
Investments on marketable securities	0.0	0.0	0.0
Repayment of loan receivables	0.0	0.0	0.0
Cash flow from investments	-8.3	-5.5	-5.1
Change in non-current loans	-2.0	-3.5	-14.4
Change in current loans	0.0	16.0	-10.0
Dividend paid to equity holders of the parent company	-25.0	-21.9	-21.9
Cash flow from financial operations	-27.0	-9.4	-46.3
Change in liquid funds	-21.3	11.4	13.7
Liquid funds at the beginning of the period	67.9	53.6	53.6
Effects of changes in foreign exchange rates	-2.0	-0.4	0.5
Impact of change in market value on liquid funds	0.1	0.1	0.2
Liquid funds at end of period	44.6	64.7	67.9

NOTES TO THE HALF-YEAR FINANCIAL REPORT

This half-year financial 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 2015 with the exception of the EU approved new and renewed IFRS standards introduced on 1 January 2016. The standard amendments have not had a material impact on the half-year financial report.

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.

Half-year financial report is shown in EUR millions.

SEGMENT INFORMATION

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

NET SALES BY SEGMENT (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Brands	88.2	97.8	178.4	191.6	385.1
Raisioagro	37.7	44.7	64.8	77.3	145.9
Other operations	0.2	2.6	0.4	2.9	3.4
Interdivisional net sales	-2.0	-3.7	-5.5	-7.8	-13.2
Total net sales	124.1	141.5	238.1	264.0	521.2

EBIT BY SEGMENT (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Brands	-5.4	11.3	5.9	22.7	45.4
Raisioagro	1.4	1.4	1.4	1.5	2.4
Other operations	-2.2	-1.6	-3.9	-3.4	-5.3
Total EBIT	-6.2	11.1	3.5	20.7	42.4

NET ASSETS BY SEGMENT (M€)

	30.6.2016	30.6.2015	31.12.2015
Brands	316.6	377.3	360.3
Raisioagro	32.8	43.8	31.7
Other operations and unallocated items	-46.8	-83.7	-42.0
Total net assets	302.5	337.4	350.0

INVESTMENTS BY SEGMENT (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Brands	2.4	2.5	4.7	4.2	9.1
Raisioagro	0.8	0.3	1.2	0.5	0.7
Other operations	1.1	0.2	2.3	0.5	1.2
Total investments	4.3	3.0	8.3	5.1	11.0

NET SALES BY MARKET AREA (M€)

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	2015
Finland	43.8	49.0	80.4	91.8	175.5
Great Britain	42.5	48.4	85.8	93.5	192.5
Rest of Europe	34.8	41.9	65.8	73.1	142.4
ROW	3.0	2.1	6.1	5.7	10.7
Total	124.1	141.5	238.1	264.0	521.2

ACQUIRED BUSINESS OPERATIONS

There were no acquired businesses in the first half of 2016 and in 2015.

TANGIBLE ASSETS (M€)

	30.6.2016	30.6.2015	31.12.2015
Acquisition cost at the beginning of the period	400.5	398.7	398.7
Conversion differences	-9.3	8.1	5.1
Increase	6.7	3.9	8.6
Decrease	-0.2	-9.1	-11.9
Acquisition cost at end of period	397.7	401.6	400.5
Accumulated depreciation and impairment at the beginning of the period	301.7	289.6	289.6
Conversion difference	-5.9	4.0	2.2
Decrease and transfers	-0.1	-7.7	-9.7
Depreciations and impairment for the period	17.0	9.7	19.5
Accumulated depreciation and impairment at end of period	312.7	295.7	301.7
Book value at end of period	85.0	105.9	98.8

PROVISIONS (M€)

	30.6.2016	30.6.2015	31.12.2015
At the beginning of the period	2.1	2.4	2.4
Increase in provisions	0.0	0.0	0.0
Provisions used	0.0	-0.3	-0.3
At end of period	2.1	2.1	2.1

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	30.6.2016	30.6.2015	31.12.2015
Sales to associates and joint ventures	0.0	0.0	0.0
Purchases from associates and joint ventures	0.1	0.0	0.0
Sales to key employees in management	0.1	0.1	0.1
Purchases from key employees in management	0.2	0.2	0.3
Liabilities to associates and joint ventures	0.0	0.0	0.0
Receivables from the key persons in the management	0.0	0.0	0.0

CONTINGENT LIABILITIES (M€)

	30.6.2016	30.6.2015	31.12.2015
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	7.6	14.4	8.3
Other liabilities	1.4	2.5	2.3
Commitment to investment payments	9.1	1.2	1.1

DERIVATIVE CONTRACTS (M€)

	30.6.2016	30.6.2015	31.12.2015
Nominal values of derivative contracts			
Currency forward contracts	317.7	205.8	242.5
Interest rate swaps	0.0	15.8	7.7

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Carrying amount 30.6.2016	Fair value 30.6.2016	Carrying amount 31.12.2015	Fair value 31.12.2015
Financial assets				
Financial assets available for sale*)	2.8	2.8	2.6	2.6
Accounts receivables and other receivables	60.7	60.7	61.2	61.2
Investments recorded at fair value through profit or loss*)	32.4	32.4	56.9	56.9
Liquid funds	12.2	12.2	11.0	11.0
Derivatives*)	8.7	8.7	1.9	1.9
Financial liabilities				
Bank loans	103.9	106.4	110.1	112.6
Financial leasing liabilities	0.2	0.2	0.0	0.0
Accounts payable and other liabilities	45.1	45.1	52.2	52.2
Derivatives*)	1.8	1.8	0.6	0.6

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

QUARTERLY PERFORMANCE (M€)

	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Net sales by segment						
Brands	88.2	90.2	97.6	95.9	97.8	93.7
Raisioagro	37.7	27.1	28.3	40.3	44.7	32.6
Other operations	0.2	0.2	0.2	0.3	2.6	0.3
Interdivisional net sales	-2.0	-3.5	-3.3	-2.1	-3.7	-4.1
Total net sales	124.1	114.0	122.7	134.5	141.5	122.5
EBIT by segment						
Brands	-5.4	11.4	6.9	15.8	11.3	11.3
Raisioagro	1.4	0.0	-0.4	1.3	1.4	0.1
Other operations	-2.2	-1.7	-0.8	-1.2	-1.6	-1.8
Total EBIT	-6.2	9.7	5.7	16.0	11.1	9.6
Financial income and expenses, net	-0.9	-0.9	-1.0	-0.7	-0.4	-0.5
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	-7.1	8.7	4.8	15.2	10.7	9.2
Income tax	-1.4	-1.3	2.1	-2.9	-2.3	-1.7
Result for the period	-8.4	7.4	6.8	12.3	8.4	7.5

KEY INDICATORS

	30.6.2016	30.6.2015	31.12.2015
Net sales, M€	238.1	264.0	521.2
Change of net sales, %	-9.8	6.0	5.5
Operating margin, M€	26.6	31.2	63.6
Depreciation and impairment, M€	23.1	10.5	21.1
EBIT, M€	3.5	20.7	42.4
% of net sales	1.5	7.9	8.1
Result before taxes, M€	1.7	19.9	39.9
% of net sales	0.7	7.5	7.6
Return on equity, ROE, %	-0.6	9.6	10.4
Return on investment, ROI, %	1.1	9.0	9.2
Interest-bearing financial liabilities at end of period, M€	104.3	140.3	110.1
Net interest-bearing financial liabilities at end of period, M€	59.6	75.6	42.2
Equity ratio, %	61.4	57.5	62.3
Net gearing, %	19.7	22.4	12.1
Gross investments, M€	8.3	5.1	11.0
% of net sales	3.5	2.0	2.1
R & D expenses, M€	2.5	2.6	5.5
% of net sales	1.0	1.0	1.1
Average personnel	1,765	1,829	1,798
Earnings/share, €	-0.01	0.10	0.22
Cash flow from operations/share, €	0.09	0.17	0.41
Equity/share, €	1.92	2.15	2.23
Average number of shares during the period, in 1,000s			
Free shares	124,803	124,284	124,428
Restricted shares	32,494	32,877	32,735
Total	157,297	157,161	157,163
Average number of shares at end of period, in 1,000s			
Free shares	124,984	124,440	124,641
Restricted shares	32,485	32,725	32,528
Total	157,469	157,165	157,169
Market capitalisation of shares at end of period, M€			
Free shares	483.7	502.7	528.5
Restricted shares	125.1	130.2	137.9
Total	608.8	633.0	666.4
Share price at end of period			
Free shares	3.87	4.04	4.24
Restricted shares	3.85	3.98	4.24

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
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
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period
Comparable EBIT	EBIT +/-items affecting comparability
Comparable EBIT, %	EBIT +/- items affecting comparability -- Net sales
EBITDA	EBIT + depreciations and impairment
Comparable EBITDA	EBIT +/- items affecting comparability + depreciations and impairment