Interim Report January-September 2016

RAISIO PLC

RAISIO

Q3/2016

RAISIO'S COMPARABLE EBIT EUR 14.0 MILLION

July-September 2016

- Raisio Group's comparable EBIT amounted to EUR 14.0 (16.0) million, accounting for 13.6 (11.9)% of net sales.
- Brands Division's comparable EBIT totalled EUR 11.1 (15.8) million, accounting for 16.2 (16.5)% of net sales.
- Raisioagro's EBIT was EUR 2.3 (1.3) million, accounting for 6.1 (3.3)% of net sales.
- Group's net sales totalled EUR 102.8 (134.5) million.
- Cash flow from business operations was EUR 16.3 (17.5) million.
- Raisio specifies its outlook for 2016; EBIT is estimated to exceed the 2015 level at comparable exchange rates while comparable reported EBIT is expected to reach around EUR 50 million due to uncertainty related to the development of the pound.

January-September 2016

- Raisio Group's comparable EBIT amounted to EUR 38.7 (39.7) million, accounting for 11.3 (10.0)% of net sales.
- Brands Division's comparable EBIT totalled EUR 36.7 (41.4) million, accounting for 14.9 (14.4)% of net sales.
- Raisioagro's EBIT was EUR 3.7 (2.8) million, accounting for 3.6 (2.4)% of net sales.
- Group's net sales totalled EUR 340.9 (398.5) million.

CEO Matti Rihko: Raisio continues to focus on more profitable businesses

"The Group's comparable EBIT of EUR 14 million was Raisio's third best quarterly results ever. What makes this good performance particularly significant is that the weakening of the pound alone had a negative impact of over one million euros on Raisio's EBIT. At comparable exchange rates, Raisio is cumulatively ahead of last year.

In the UK, sales volume of Benecol products continued to increase, which is a strong performance in the largest market of Benecol products, particularly bearing in mind that Benecol gained market shares from its competitors. Demand for healthy and ecological snacks is showing strong growth. Sales in Elovena products increased by over 10 per cent. Elovena's success shows Raisio's ability to anticipate future trends and to launch products that meet customer needs. The portfolio and sales of Raisio's own confectionery brands have grown successfully over the years with new products and packaging options although the growth levelled off during the third quarter.

Raisioagro improved its EBIT by almost 70 per cent to EUR 2.3 million and was able to further reduce its net working capital. Profitability improved particularly through enhanced business operations, but also as a result of the innovations supporting sustainable development, such as Benemilk and Benella. Even in the milk crisis, Benemilk has been able to keep its 7 per cent market share. Sales in Benella are growing strongly and creating a new kind of cooperation concept throughout the chain, from fish farms to supermarket fish counters."

Raisio Group's key figures

		7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	2015
Result						
Net sales	M€	102.8	134.5	340.9	398.5	521.2
Change in net sales	%	-23.5	5.9	-14.4	6.0	5.5
EBIT	M€	13.9	16.0	17.4	36.7	42.4
EBIT-%	%	13.6	11.9	5.1	9.2	8.1
Items affecting comparability	M€	0.1	0.0	21.2	2.9	9.2
Comparable EBIT	M€	14.0	16.0	38.7	39.7	51.7
Comparable EBIT-%	%	13.6	11.9	11.3	10.0	9.9
- Depreciations	M€	-2.6	-3.5	-8.7	-10.7	-14.1
- Impairment	M€	0.5	0.0	-16.5	-3.3	-7.0
Depreciations and impairment, in total	M€	-2.1	-3.5	-25.1	-14.0	-21.1
Items affecting comparable depreciations and impairment	M€	-0.5	0.0	16.5	1.0	4.7
Comparable depreciations and impairment	M€	-2.6	-3.5	-8.7	-13.0	-16.5
EBITDA	M€	16.0	19.5	42.6	50.7	63.6
Items affecting comparable EBITDA	M€	0.6	0.0	4.8	2.0	4.6
Comparable EBITDA	M€	16.6	19.5	47.3	52.7	68.1
Financial items	M€	-0.5	-0.7	-2.4	-1.6	-2.5
Earnings per share (EPS)	€	0.07	0.08	0.06	0.18	0.22
Comparable earnings per share (EPS)	€	0.07	0.08	0.19	0.20	0.26
Balance sheet						
Equity ratio	%	-	-	63.1	60.3	62.3
Gearing	%	-	-	13.1	18.0	12.1
Net interest-bearing debt	M€	-	-	39.8	61.7	42.2
Equity per share	€	-	-	1.93	2.18	2.23
Investments	M€	5.1	2.6	13.4	7.7	11.0

OPERATING ENVIRONMENT

The euro area economy developed positively during the review period mainly due to private consumption. Consumer confidence improved primarily due to the improving employment situation and low interest rates. In Finland, consumer demand and construction supported moderate economic growth.

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

In all Raisio's market areas in Europe, the competition among retailers remained intense in the categories where Raisio's market share is strong. In the UK, new operating models of companies challenging the traditional retailers resulted in price pressure in the industry.

The challenging global market of milk products with lower producer prices has also impacted the Finnish market, more than before, and lowered dairy farm profits. While continuing the import ban of dairy products, Russia is actively developing its own milk production. This is a good opportunity for Raisioagro to increase its cattle feed export to Russia.

The fish feed market as well as the fish farming in Finland, Russia and neighbouring markets remained stable. Strong global demand for farmed fish is continuing. Raisioaqua's innovations supporting sustainable development create opportunities for growing demand of quality-conscious consumers.

FINANCIAL REPORTING

Raisio's reported divisions are Brands and Raisioagro. The Brands Division includes Healthy Snacks, Benecol, Confectionery and Benemilk. Markets for the Healthy Snacks business are Northern Europe and Eastern Europe. The divested snack bar business in the Western Europe is included in the Healthy Snacks' figures until 12 July 2016. Benecol business includes the 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. The Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade.

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

FINANCIAL REVIEW, JULY-SEPTEMBER 2016

Net sales

The Raisio Group's net sales in July-September amounted to EUR 102.8 (134.5) million. The Brands Division's net sales totalled EUR 68.4 (95.9) million and Raisioagro's EUR 37.1 (40.3) million. Net sales for other operations were EUR 0.2 (0.3) million. Net sales for the review period do not include the UK's cereal sales of Honey Monster brand licensed to a third party. Net sales include, however, the operations of the UK's snack bar business until the divestment completed on 12 July 2016. Exchange rates had a clear negative impact on net sales of the review period.

Result

The Raisio Group's comparable EBIT was EUR 14.0 (16.0) million and EBIT EUR 13.9 (16.0) million. Comparable EBIT is 13.6 (11.9) per cent, and EBIT 13.6 (11.9) per cent of net sales. Raisio's EBIT was a strong performance in the situation where the comparison period's EBIT was the Group's best quarterly result and the impact of the weakening British pound was clearly negative. A significant part of Raisio's net sales and EBIT is generated in the UK as it is the largest market for Benecol products.

The Brands Division's comparable EBIT was EUR 11.1 (15.8) million and EBIT totalled EUR 10.5 (15.8) million. Raisioagro's EBIT totalled EUR 2.3 (1.3) million. Raisioagro's relative profitability was especially improved by declined sales of low-margin farming supplies. Comparable EBIT for other operations was EUR 0.6 (-1.2) and EBIT 1.1 (-1.2) million. Items affecting comparability are presented in the table below.

Comparable depreciations and impairment, allocated to operations in the income statement, amounted to EUR 2.6 (3.5) million. Depreciations and impairment totalled EUR 2.1 (3.5) million. The Group's net financial expenses totalled EUR -0.5 (-0.7) million.

Comparable pre-tax result was EUR 13.5 (15.2) million and pre-tax result EUR 13.4 (15.2) million.

The Group's comparable post-tax result was EUR 11.1 (12.3) million and post-tax result EUR 11.1 (12.3) million. The Group's comparable earnings per share were EUR 0.07 (0.08) and earnings per share EUR 0.07 (0.08).

FINANCIAL REVIEW, JANUARY-SEPTEMBER 2016

Net sales

The Group's net sales totalled EUR 340.9 (398.5) million, almost 14 per cent down from the comparison period. Net sales for the third quarter 2016 do not include the UK's cereal sales of the Honey Monster brand licensed to a third party. Net sales include, however, the operations of the UK's snack bar business until the divestment completed on 12 July 2016. Exchange rates had a clear negative impact on net sales of the review period. In addition, the decline in Raisioagro's sales of low-margin farming supplies decreased net sales but improved the Division's relative profitability.

Brands Division's net sales totalled EUR 246.8 (287.5) million and Raisioagro's EUR 101.8 (117.6) million. Net sales for other operations were EUR 0.6 (3.2) million. The Brands Division accounted for some 70 per cent and Raisioagro for some 30 per cent of the Group's total.

January-September net sales from outside Finland represented 64.3 (66.0) per cent of the Group's total, amounting to EUR 219.3 (263.2) million.

Result

The Raisio Group's comparable EBIT was EUR 38.7 (39.7) million and EBIT totalled EUR 17.4 (36.7) million. Comparable EBIT is 11.3 (10.0) per cent and EBIT 5.1 (9,2) per cent of net sales.

The Brands Division's comparable EBIT was EUR 36.7 (41.4) million and EBIT totalled EUR 16.5 (38.5) million. Raisioagro's EBIT totalled EUR 3.7 (2.8) million. Comparable EBIT for other operations totalled EUR -1.7 (-4.6) million and EBIT was EUR -2.7 (-4.6) million.

The Raisio Group trades in multiple currencies. The British pound accounted for about 40 per cent of Raisio's net sales and EBIT in January-September.

Comparable depreciations and impairment, allocated to operations in the income statement, totalled EUR 8.7 (13.0) million. Depreciations and impairment were EUR 25.1 (14.0) million. Net financial expenses totalled EUR -2.4 (-1.6) million.

Comparable pre-tax result was EUR 36.3 (38.1) million, and pre-tax result EUR 15.1 (35.1) million. Comparable post-tax result totalled EUR 29.8 (30.8) million, and post-tax result EUR 10.1 (28.1) million. The Group's comparable earnings per share were EUR 0.19 (0.20). Earnings per share were EUR 0.06 (0.18).

Items affecting comparable EBIT

		7-9/ 2016	7-9/ 2015	1–9/ 2016	1–9/ 2015	2015
Brands						
Impairment of Dormen and Fruitus brands	M€	-0.1		3.7		
Halo Foods Ltd's assets valued at fair value	M€	-0.4		14.7		
Restructuring costs, Healthy Snacks, UK	M€	1.1		1.8		
Reorganisation costs, Southall site, UK	M€					11.3
Streamlining projects, UK	M€				1.4	1.3
Capital loss for the Sulma pasta plant divestment, Poland	M€				1.5	1.5
Sale of Carlshamn Mejeri trade mark	M€					-4.1
Raisioagro						
Restructuring of activities	M€					0.4
Common						
Legal expenses	M€	-0.5		1.0		
Subsequent one-off compensation related to a divested business	M€					-1.1
Impact on comparable EBIT	M€	**0.1**	**0.0**	**21.2**	**2.9**	**9.2**

Balance sheet, cash flow and financing

At the end of September, the Raisio Group's balance sheet totalled EUR 483.3 (31 December 2015: 563.6) million. Shareholders' equity was EUR 304.7 (31 December 2015: 350.0) million, while equity per share totalled EUR 1.93 (31 December 2015: 2.23). Changes in equity are described in detail in the Table section below.

At the end of September, working capital amounted to EUR 47.5 (31 December 2015: 40.8 and 30 September 2015: 53.0) million. The industrial properties no longer needed for business and available-for-sale are included in the current assets starting from 30 September 2016. From 1 January 2016, working capital does not include derivative assets and liabilities related to loan hedging.

Cash flow from business operations in January-September totalled EUR 30.3 (43.8) million.

The Group's investments in January-September totalled EUR 13.4 (7.7) million, or 3.9 (1.9) per cent of net sales. Investments of the Brands Division were EUR 6.9 (6.4) million, those of Raisioagro EUR 1.4 (0.5) million and those of other operations EUR 5.1 (0.8) million. The most significant investment was the bioenergy plant built in Raisio's industrial area. The plant will be introduced in the spring 2017.

At the end of September, the Group's interest-bearing financial liabilities were EUR 103.4 (31 December 2015: 110.1) million. Net interest-bearing debt totalled EUR 39.8 (31 December 2015: 42.2) million. At the end of September, the Group's equity ratio totalled 63.1 (31 December 2015: 62.3 and 30 September 2015: 60.3) per cent and net gearing was 13.1 (31 December 2015: 12.1 and 30 September 2015: 18.0) per cent. Comparable return on investment was 11.5 (31 December 2015: 11.3) per cent, and return on investment 5.0 (31 December 2015: 9.2) per cent.

DISPUTES

In November 2014, Raisio won a case against Oat Solutions LLC in an arbitration proceeding held in Finland. 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 with the American court for the dispute already dealt with by the arbitral tribunal in Finland in 2014. The defendants in the US dispute are Raisio plc as well as CEO Matti Rihko and Vincent Poujardieu, VP, Benecol business and business development. The application for summons was served in June 2016 and Raisio, Rihko and Poujardieu submitted their response of dismissal of the action in August 2016. Raisio considers the claims and allegations completely unfounded. In Raisio's view, the American court does not have jurisdiction to deal with the issue.

The civil action filed by Oat Solutions LLC as well as Raisio's arguments to dismiss the action have been dealt with on 7 November 2016 after the review period. Raisio will publish a release as soon as the Court has made its final decision.

RESEARCH AND DEVELOPMENT

The Group's research and development expenses in July-September totalled EUR 0.4 (1.2) million.

In January-September, R&D expenses were EUR 2.9 (3.9) million, or 0.8 (1.0) per cent of net sales. A total of EUR 0.1 (0.3) million in July-September and EUR 0.6 (1.2) million in January-September of Benemilk's development expenses were activated on the balance sheet.

Raisio will focus on the development of new kind of snacks and the company will launch new natural, healthy snacks. At the same time, the product range will be expanded into new product categories.

Raisioagro received R&D funding from Tekes (Finnish Funding Agency for Innovation) for the Internet of Farming (IOF) project to speed up the development of digital services and business concepts. The project aims to enhance the use and collection of information generated in agriculture and aquaculture by means of digital solutions. More accurate input-output monitoring and guiding increase nutrient utilisation, reduce environmental impact of the production and improve financial performance of the farms. A good example of new services and an essential part of Raisioagro's online strategy is Tuotostutka® - milking robot monitoring service, already used by customers.

SEGMENT INFORMATION

BRANDS DIVISION

The Brands Division includes Healthy Snacks Northern and Eastern Europe and, till 12 July 2016, Western Europe, as well as Benecol, Confectionery and activities related to the international commercialisation of the Benemilk innovation.

		7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	2015
Net sales	M€	68.4	95.5	246.8	287.5	385.1
Healthy Snacks	M€	18.8	36.8	78.2	106.9	138.9
Benecol	M€	26.6	32.5	93.2	103.0	140.3
Benemilk	M€	0.0	0.0	0.4	0.0	0.0
Confectionery	M€	23.1	26.7	75.4	76.9	105.4
EBIT	M€	10.5	15.8	16.5	38.5	45.4
EBIT-%	M€	15.4	16.5	6.7	13.4	11.8
Items affecting comparability	M€	0.6	0.0	20.2	2.9	10.0
Comparable EBIT	M€	11.1	15.8	36.7	41.4	55.4
Comparable EBIT-%	%	16.2	16.5	14.9	14.4	14.4
Investments	M€	2.1	2.2	6.9	6.4	9.1
Net assets	M€	-	-	298.9	364.2	360.3

Financial review

July-September

In July-September, net sales for the Brands Division totalled EUR 68.4 (95.9) million. Net sales for the Healthy Snacks business totalled EUR 18.8 (36.8) million, for Benecol EUR 26.6 (32.5) million, for Confectionery EUR 23.1 (26.7) million and for Benemilk EUR 0.0 (0.0) million. A clear decline in net sales was mainly due to the transfer of the licensed Honey Monster brand's sales to a third party, divestment of the UK snack bar business and weakened pound. Sales showed growth for Benecol products in the UK, for Elovena products in Finland and for confectionery made in the Czech Republic.

The Brands Division's comparable EBIT totalled EUR 11.1 (15.8) million, accounting for 16.2 (16.5) per cent of net sales. EBIT was EUR 10.5 (15.8) million, accounting for 15.4 (16.5) per cent of net sales.

Exchange rate changes had a clear negative impact on the Brands Division's net sales and EBIT in July-September.

January-September

Net sales for the Brands Division totalled EUR 246.8 (287.5) million. Net sales for Healthy Snacks totalled EUR 78.2 (106.9) million, for Benecol EUR 93.2 (103.0) million, for Confectionery EUR 75.4 (76.9) million and for Benemilk EUR 0.4 (0.0) million. The decline in net sales was mainly due to the transfer of the licensed Honey Monster brand's cereal sales to a third party, divestment of the UK snack bar business and weakened pound.

The Brands Division's comparable EBIT was EUR 36.7 (41.4) million. EBIT was EUR 16.5 (38.5) million. Comparable EBIT is 14.9 (14.4) per cent and EBIT 6.7 (13.4) per cent of net sales. The pound's decline had a clearly negative impact on the Brands Division's EBIT.

Business operations

Healthy Snacks

Northern Europe

Northern Europe's market areas are Finland, Sweden, the Baltic states and Denmark. Net sales for Northern European operations remained at the comparison period level. EBIT was slightly up from the comparison period due to, for example, good retail sales of new kind of snacks. Sales in Elovena products increased by over 10 per cent from the comparison period. New Elovena snack bars, quarks, snack biscuits and porridges are healthy snacks meeting consumer demands. Sales in gluten-free Provena products made of pure oats as well as sales of bakery and industrial products increased in Finland.

The range of Elovena products was extended in August as Raisio launched Elovena quarks in Finland. As an increasing number of consumers choose low-sugar or sugar-free products, Raisio launched low-sugar Elovena and Provena instant porridges. Nalle product range got a new design and the range was extended. All new products are healthy and ecological snacks, which is in line with Raisio's strategy.

Eastern Europe

Net sales for the Eastern European's Healthy Snacks increased from the comparison period. Positive EBIT was at the comparison period level. The volatility of the Russian ruble exchange rate had a negative impact. Raisio continued its good performance with the product pricing in line with the exchange rates. Sales volumes decreased slightly due to price increases.

Western Europe

Raisio sold its UK snack bar business to the Dutch equity investor Nimbus. The factories in Newport and Swindon as well as the personnel and Dormen brand were transferred to a new owner with the agreement signed on 12 July 2016. With the divestment, Raisio discontinued the production of snack bars made under its partner brands and will focus on the development and marketing of the company's own branded products. Net sales for the divested business totalled EUR 18 million in January-June 2016.

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, a Benecol product ingredient. International Benecol licensing partners manufacture, either by themselves or through contract manufacturers, products for their own markets using plant stanol ester produced by Raisio in Finland. Benecol products are available in some 30 countries.

Net sales and EBIT for the Benecol business were down from the comparison period. Exchange rates had a significant negative impact on the net sales and EBIT of Benecol business as the UK is the largest market area for Benecol products. Cumulatively, from the beginning of 2016 to the end of September, relative profitability of the Benecol business was higher than in the comparison period.

In the UK, sales volume of Benecol spreads and yogurt drinks increased clearly. Net sales for the UK increased in local currency. Due to the Brexit result, also Raisio is negotiating price increases with retailers.

In Poland, sales volume of Benecol spreads clearly increased despite the differences between retailers' efforts. Sales volume growth in Poland was driven by the Benecol Buttery spread launched at the beginning of 2016. Net sales in Poland increased in local currency. With active promotional sales, Raisio strengthened its market leader position in the highly competitive market of cholesterol-lowering functional spreads.

In Finland, Raisio launched a food supplement, Benecol Soft Chew, and a Benecol minidrink with a new flavour. In Finland, Benecol product sales were at the comparison period level.

Net sales for Benecol licensing business were down from the comparison period because the volume of plant stanol ester delivered for products manufactured for the home market was down. Raisio negotiated new sales prices for plant stanol ester with its partners to compensate raw material prices increased from the comparison period. There were clear differences in the partners' sales development in different countries. In Asia, Benecol products reached a sales record. Raisio continued to work together with its partners to enter new markets and to launch new product applications.

Confectionery

Raisio produces confectionery in the UK and Czech Republic. The UK-made confectionery is largely sold in the UK market while the confectionery made in the Czech Republic is exported to more than 30 countries. Raisio has well-known brands of its own and the company is a versatile, cost-effective producer of its partners and retailers' branded products.

Sales of Czech-made confectionery increased by over 10 per cent from the comparison period. Strong demand for Czech-made soft gums continued and Raisio has responded by investing in the production capacity. Raisio's own branded products account for almost 40 per cent of the Czech-made confectionery. In the review period, sales in confectionery sold under the Pedro brand increased particularly well. Cumulatively, from the beginning of 2016 to the end of September, cash flow for the Czech operations improved by over 50 per cent.

Net sales and EBIT for the UK's confectionery business were down from the exceptionally strong comparison period. In local currency, cumulative net sales from the beginning of 2016 to the end of September remained at the comparison period level and EBIT was almost at the comparison period level. Result in euros was particularly decreased due to the weakening pound. Cumulative sales for the Fox's confectionery were at the last year's level. Cumulative sales for Nimbus, producer of industrial inclusions, increased by 10 per cent from the comparison period.

Benemilk

In August, Raisio's Board of Directors decided to reduce Benemilk Ltd's activities and to minimise the investment in its international commercialisation since customers are not ready to change their feeding models due to the milk market crisis. Consequently, the short-term outlook for the business is not favourable.

RAISIOAGRO DIVISION

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

		7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	2015
Net sales	M€	37.1	40.3	101.8	117.6	145.9
EBIT	M€	2.3	1.3	3.7	2.8	2.4
EBIT-%	M€	6.1	3.3	3.6	2.4	1.6
Items affecting comparability	M€	0.0	0.0	0.0	0.0	0.4
Comparable EBIT	M€	2.3	1.3	3.7	2.8	2.8
Comparable EBIT-%	%	6.1	3.3	3.6	2.4	1.9
Investments	M€	0.1	0.0	1.4	0.5	0.7
Net assets	M€	-	-	31.6	40.7	31.7

Financial review

July-September

Raisioagro's net sales totalled EUR 37.1 (40.3) million. Despite the decline in net sales, the Division clearly improved its relative profitability. Net sales for fish feeds were down from the comparison period due to the heatwave in Northwest Russia. However, exports to Russia quickly returned to good levels after the heatwave. Net sales for cattle feeds were slightly down from the comparison period, largely due to the increased share of affordable feeds and changes in market prices of feed raw materials. Raisioagro did not get involved in the aggressive price and credit competition but focused on improving its operations and services.

Raisioagro's EBIT totalled EUR 2.3 (1.3) million, which is almost 70 per cent up from the comparison period. EBIT was 6.1 (3.3) per cent of net sales. Particularly the enhancement of operations improved Raisioagro's profitability. Furthermore, the profitability of cattle feeds improved as Raisioagro streamlined and extended its product mix to better meet the needs of different customer segments. Profitability of fish feeds improved as a result of improved production efficiency and added value created for customers through the fish feed development work.

Raisioagro's working capital decreased by over 40 per cent totalling EUR 11.6 (19.9) million. Net working capital decreased particularly due to enhanced raw material and inventory management in both cattle and fish feeds.

January-September

Raisioagro's net sales totalled EUR 101.8 (117.6) million. Cattle feed sales were at the comparison period level while fish feed slightly decreased from the comparison period due to the heatwave in the summer. In addition, sales in low-margin farming supplies decreased significantly from the comparison period. Finland accounted for around 80 per cent, Russia some 15 per cent and other markets some 5 per cent of Raisioagro's net sales.

The Division's EBIT was EUR 3.7 (2.8) million, accounting for 3.6 (2.4) per cent of net sales. EBIT increased as Raisioagro enhanced its operations in many different ways. Improvements were related to, for example, raw material and inventory management as well as energy use and heat recovery in the production. Pricing of cattle feeds was renewed, product mix was streamlined and services were further developed to meet customer needs.

Business operations

Cattle feeds

The product range of Benemilk feeds was extended to better suit mixed feed farms. Benemilk feeds have an established user base and market position in Finland. Clear added value can be seen on the farms using Benemilk feeds. The profitability has also improved on these farms.

Sales of Raisioagro's other cattle feeds were at the comparison period level and the company's market position remained stable. At the beginning of June, milk producer prices declined affecting the farm profitability. This resulted in the very active competitive tendering of feed suppliers, and the role of price became more important in purchase decisions. Raisioagro has actively developed its product range to meet customer needs and as a result, the share of affordable feeds has increased in the product range.

Over a year ago, Raisioagro initiated cooperation with milking robot farms. The work has now resulted in the service named Tuotostutka® - milking robot monitoring. The service was used by over 100 farms in the review period. Raisioagro specialists analyse the robot-produced information on yields, feeding and animal health. Thanks to the analysis, cattle feeding can be optimised in real-time and milk yields are improved. By means of the monitoring, average milk yield has increased by almost 6 per cent.

Fish feeds

Raisioaqua's investments in innovations and sustainable fish farming strengthened its market leader position. Raisioaqua's sales volume in Finland rose slightly due to favourable fish farming conditions. Heatwave in Russia temporarily decreased the volume of exports. Energy efficiency of the fish feed production improved as a result of the investment carried out in the spring enhancing the heat recovery.

From June, all Raisioaqua feeds use the Baltic Blend® innovation. Fishmeal and fish oil made of Baltic herring and sprat are used as raw materials for Baltic Blend feeds. When the fish farmed in the Baltic Sea area are fed using local feeds, nutrients are recycled and not brought to the Baltic Sea from outside. With Baltic Blend, the environmental impact of fish farming is significantly smaller as the phosphorus load turns negative and the nitrogen load is reduced to a small fraction of what it was before.

Sales season of sustainably produced, environmentally friendly Benella fish started at the end of the review period, in September. Benella product range will be extended with three new products: Packed Benella fresh fillet, Benella warm-smoked fillet and Benella roe. Earlier, Benella rainbow trout and Benella rainbow trout fillet were available for consumers at the service counters. Raisioaqua has developed a contract farmer model for Benella farmers and as a result, consumers get to know the name of the Benella farmer.

Other operations

During the most active sales season of farming supplies, customers postponed their purchases due to the delayed subsidy payments. Sales volume of farming supplies used in dairy and grain farms improved from the comparison period. Sales in low-margin farming supplies were clearly down from the comparison period, thus improving the relative business profitability and decreasing net sales.

Raisioagro carried out a Pink Bales campaign which had wide attention during the summer. Producers participated actively in the campaign and used the pink bales to make impressive displays on their fields. A total of 9,300 euros of proceeds from pink wrap film sales was donated to The Finnish Breast Cancer Association. The campaign will continue and a new campaign Blue Bales will be launched to support men diagnosed with prostate cancer.

The relative share of the online store in Raisioagro's net sales improved. Online customers appreciate the possibility to shop 24/7. Raisio has launched a project to renew its online store and services.

Grain exports were low during the review period. The global grain market is oversupplied, which hampers profitable exports of grain.

MANAGEMENT AND PERSONNEL

Raisio Group employed 1,395 people at the end of September (31 December 2015: 1,787 people). 76 (80) per cent of the personnel were working outside Finland. At the end of the review period, the Brands Division had 1,231, Raisioagro Division 105 and service functions 59 employees.

The number of personnel was primarily reduced due to the closure of the breakfast cereal factory in Southall and the divestment of snack bar business in the UK.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ Helsinki Ltd in January-September totalled 24.7 (18.8) million. The value of trading was EUR 99.8 (78.9) million and the average price EUR 4.04 (4.19). The closing price on 30 September 2016 was EUR 3.92.

A total of 0.8 (0.9) million restricted shares were traded in January-September. The value of trading was EUR 3.3 (3.8) million and the average price EUR 4.04 (4.14). The closing price on 30 September 2016 was EUR 3.94.

On 30 September 2016, the company had a total of 38,371 (31 December 2015: 36,562) registered shareholders. Foreign ownership of the entire share capital was 16.8 per cent (31 December 2015: 15.9 per cent).

Raisio plc's market capitalisation at the end of September totalled EUR 648.0 (31 December 2015: 700.2) million and, excluding the company shares held by the company, EUR 617.9 (31 December 2015: 666.4) million.

During the review period, a total of 44,976 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 132,453,589 while the number of restricted shares was 32,695,441. The share capital entitled to 786,362,409 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 on 23 March 2021 at the latest. 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.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

The Eurozone economy is expected to grow moderately in 2016, but to slow down in 2017. The growth is mainly based on private consumption supported by low interest rates.

The UK voted to leave the European Union in the 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. Brexit will also affect Raisio's local business operations even though the largest part of the Group's sales focuses on the markets in Finland and neighbouring regions.

The Finnish economy is growing sluggishly this year and the growth will be only slightly stronger in 2017. Growth expectations are based on domestic demand supported by low interest rates but cut down by increasing inflation. The unemployment rate is expected to remain high.

The business environment in Russia and Ukraine is likely to remain challenging.

Changes in exchange rates will 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 Raisio's net sales and EBIT. Volatility in the rouble's external value affects the exports of feeds and flakes. 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 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. Changes and competition in retail trade are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets areas.

Profitability problems in the Finnish agriculture and livestock farming weaken the purchasing power of the sector and put pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU's sanctions 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 FOR 2016 SPECIFIED

Raisio specifies its outlook for 2016; EBIT is estimated to exceed the 2015 level at comparable exchange rates while comparable reported EBIT is expected to reach around EUR 50 million due to uncertainty related to the development of the pound.

Previous outlook specified on 10 August 2016

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

In Raisio, 9 November 2016

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

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

The interim report has not been audited.

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

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Net sales	102.8	134.5	340.9	398.5	521.2
Expenses corresponding to products sold	-76.9	-101.4	-268.5	-302.7	-403.2
Gross profit	25.9	33.1	72.4	95.8	118.0
Other operating income and expenses, net	-12.0	-17.1	-55.0	-59.1	-75.6
EBIT	13.9	16.0	17.4	36.7	42.4
Financial income	0.5	0.2	1.4	1.0	1.0
Financial expenses	-1.0	-1.0	-3.8	-2.6	-3.6
Share of result of associates and joint ventures	0.0	0.0	0.0	-0.1	0.0
Result before taxes	13.4	15.2	15.1	35.1	39.9
Income taxes	-2.3	-2.9	-5.0	-7.0	-4.9
RESULT FOR THE PERIOD	11.1	12.3	10.1	28.1	35.0
Attributable to:					
Equity holders of the parent company	11.1	12.3	10.1	28.1	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	0.07	0.08	0.06	0.18	0.22
Diluted earnings per share	0.07	0.08	0.06	0.18	0.22

COMPREHENSIVE INCOME STATEMENT (M€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Result for the period	11.1	12.3	10.1	28.1	35.0
Other comprehensive income items after taxes					
Items that may be subsequently transferred to profit or loss					
Available-for-sale financial assets	-0.1	0.0	0.0	0.1	0.1
Cash flow hedge	-1.0	-0.2	-1.6	-0.5	-1.0
Translation differences	-7.9	-7.7	-28.9	10.5	11.9
Comprehensive income for the period	2.1	4.4	-20.5	38.2	45.9
Components of comprehensive income:					
Equity holders of the parent company	2.1	4.4	-20.5	38.2	45.9
Non-controlling interests	0,0	0,0	0,0	0,0	0,0

BALANCE SHEET (M€)

	30.9.2016	30.9.2015	31.12.2015
ASSETS			
Non-current assets			
Intangible assets	61.4	73.8	74.4
Goodwill	153.2	177.7	178.9
Property, plant and equipment	76.7	102.4	98.8
Shares in associates and joint ventures	0.7	0.7	0.7
Available-for-sale financial assets	2.6	2.8	2.6
Deferred tax assets	6.3	5.1	5.7
Total non-current assets	300.8	362.5	361.1
Current assets			
Inventories	53.5	65.9	64.3
Accounts receivables and other receivables	60.8	74.7	68.4
Financial assets at fair value through profit or loss	51.9	41.5	58.8
Cash in hand and at banks	16.4	23.4	11.0
Total current assets	182.4	205.4	202.5
Non-current assets available for sale	0.0	0.0	0.0
Total assets	483.3	568.0	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	296.8	334.7	342.6
Equity attributable to equity holders of the parent company	304.7	342.0	350.0
Non-controlling interests	0.0	0.0	0.0
Total shareholder's equity	304.7	342.0	350.0
Non-current liabilities			
Deferred tax liabilities	8.3	11.9	10.9
Provisions	0.0	0.1	0.1
Non-current financial liabilities	57.3	106.4	91.6
Derivative contracts	0.0	0.1	0.0
Other non-current liabilities	0.0	0.1	0.1
Total non-current liabilities	65.6	118.4	102.6
Current liabilities			
Accounts payable and other liabilities	62.9	86.9	89.8
Provisions	2.1	2.1	2.1
Derivative contracts	1.9	0.4	0.6
Current financial liabilities	46.1	18.1	18.6
Total current liabilities	113.0	107.5	111.0
Debts related to non-current assets available for sale	0.0	0.0	0.0
Total liabilities	178.6	225.9	213.5
Total shareholder's equity and liabilities	483.3	568.0	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	-	-	-	-	-	-	-	28.1	28.1	-	28.1
Other comprehensive income items (adjusted for tax effects)											
Financial assets available for sale	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Cash flow hedge	-	-	-	-	-0.5	-	-	-	-0.5	-	-0.5
Translation differences	-	-	-	-	-	-	10.5	-	10.5	-	10.5
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.5	0.0	10.5	28.1	38.2	0.0	38.2
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-22.0	-22.0	-	-22.0
Share-based payment	-	-	-	-	-	0.0	-	0.5	0.6	-	0.6
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-21.5	-21.4	0.0	-21.4
Equity on 30.9.2015	27.8	2.9	88.6	8.0	2.4	-20.4	12.7	220.0	342.0	0.0	342.0
Equity on 31.12.2015	27.8	2.9	88.6	8.8	2.0	-20.4	14.2	226.2	350.0	0.0	350.0
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	10.1	10.1	-	10.1
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Cash flow hedge	-	-	-	-	-1.6	-	-	-	-1.6	-	-1.6
Translation differences	-	-	-	-	-	-	-28.9	-	-28.9	-	-28.9
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-1.7	0.0	-28.9	10.1	-20.5	0.0	-20.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.6	-	-0.3	0.3	-	0.3
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.6	0.0	-25.5	-24.9	0.0	-24.9
Equity on 30.9.2016	27.8	2.9	88.6	8.9	0.3	-19.9	-14.8	210.8	304.7	0.0	304.7

CASH FLOW STATEMENT (M€)

	1-9/2016	1-9/2015	2015
Result before taxes	15.1	35.1	39.9
Adjustments	26.8	15.2	20.9
Cash flow before change in working capital	41.9	50.3	60.8
Change in accounts receivables and other receivables	-0.2	-2.6	3.3
Change in inventories	13.5	-0.5	1.2
Change in current non-interest-bearing liabilities	-17.3	3.9	7.4
Total change in working capital	-4.0	0.8	11.9
Financial items and taxes	-7.6	-7.2	-7.6
Cash flow from business operations	30.3	43.8	65.0
Investments in fixed assets	-13.2	-8.2	-10.9
Divestment of subsidiaries	2.2	0.0	0.0
Sale of securities	0.4	0.0	0.0
Cash flow from investments	-10.3	-7.1	-5.1
Change in non-current loans	3.2	-7.2	-14.4
Change in current loans	0.0	1.0	-10.0
Dividend paid to equity holders of the parent company	-25.0	-21.9	-21.9
Cash flow from financial operations	-21.8	-28.0	-46.3
Change in liquid funds	-1.8	8.7	13.7
Liquid funds at the beginning of the period	67.9	53.6	53.6
Effects of changes in foreign exchange rates	-2.4	0.4	0.5
Impact of change in market value on liquid funds	0.0	0.1	0.2
Liquid funds at end of period	63.6	62.8	67.9

NOTES TO THE INTERIM REPORT

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting according to the same principles and calculation methods as used in financial statements 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 interim 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.

Interim 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€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Brands	68.4	95.9	246.8	287.5	385.1
Raisioagro	37.1	40.3	101.8	117.6	145.9
Other operations	0.2	0.3	0.6	3.2	3.4
Interdivisional net sales	-2.8	-2.1	-8.4	-9.8	-13.2
Total net sales	102.8	134.5	340.9	398.5	521.2

EBIT BY SEGMENT (M€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Brands	10.5	15.8	16.5	38.5	45.4
Raisioagro	2.3	1.3	3.7	2.8	2.4
Other operations	1.1	-1.2	-2.7	-4.6	-5.3
Total EBIT	13.9	16.0	17.4	36.7	42.4

NET ASSETS BY SEGMENT (M€)

	30.9.2016	30.9.2015	31.12.2015
Brands	298.9	364.2	360.3
Raisioagro	31.6	40.7	31.7
Other operations and unallocated items	-25.8	-62.9	-42.0
Total net assets	304.7	342.0	350.0

INVESTMENTS BY SEGMENT (M€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Brands	2.1	2.2	6.9	6.4	9.1
Raisioagro	0.1	0.0	1.4	0.5	0.7
Other operations	2.8	0.3	5.1	0.8	1.2
Total investments	5.1	2.6	13.4	7.7	11.0

NET SALES BY MARKET AREA (M€)

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	2015
Finland	41.2	43.5	121.7	135.3	175.5
Great Britain	27.9	48.6	113.7	142.1	192.5
Rest of Europe	30.4	40.2	96.2	113.3	142.4
ROW	3.3	2.1	9.4	7.7	10.7
Total	102.8	134.5	340.9	398.5	521.2

ACQUIRED BUSINESS OPERATIONS

No business acquisitions in the period 1 January - 30 September 2016 or in 2015.

TANGIBLE ASSETS (M€)

	30.9.2016	30.9.2015	31.12.2015
Acquisition cost at the beginning of the period	400.5	398.7	398.7
Conversion differences	-11.2	4.6	5.1
Increase	11.0	5.8	8.6
Decrease	-14.9	-11.1	-11.9
Transfers between items	-9.6	0.0	0.0
Acquisition cost at end of period	375.8	398.0	400.5
Accumulated depreciation and impairment at the beginning of the period	301.7	289.6	289.6
Conversion difference	-6.7	2.0	2.2
Decrease and transfers	-14.8	-8.9	-9.7
Depreciations and impairment for the period	18.8	12.8	19.5
Accumulated depreciation and impairment at end of period	299.1	295.6	301.7
Book value at end of period	76.7	102.4	98.8

PROVISIONS (M€)

	30.9.2016	30.9.2015	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	-0.1	-0.2	-0.3
At end of period	2.1	2.1	2.1

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	30.9.2016	30.9.2015	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	0.2	0.1
Purchases from key employees in management	0.3	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€)

	30.9.2016	30.9.2015	31.12.2015
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	2.1	8.6	8.3
Other liabilities	1.8	2.3	2.3
Commitment to investment payments	8.5	0.9	1.1

DERIVATIVE CONTRACTS (M€)

	30.9.2016	30.9.2015	31.12.2015
Nominal values of derivative contracts			
Currency forward contracts	331.1	212.9	242.5
Interest rate swaps	0.0	7.6	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 30.9.2016	Fair value 30.9.2016	Carrying amount 31.12.2015	Fair value 31.12.2015
Financial assets				
Financial assets available for sale*)	2.6	2.6	2.6	2.6
Accounts receivables and other receivables	52.8	52.8	61.2	61.2
Investments recorded at fair value through profit or loss*)	47.2	47.2	56.9	56.9
Liquid funds	16.4	16.4	11.0	11.0
Derivatives*)	4.6	4.6	1.9	1.9
Financial liabilities				
Bank loans	103.3	105.0	110.1	112.6
Financial leasing liabilities	0.2	0.2	0.0	0.0
Accounts payable and other liabilities	40.8	40.8	52.2	52.2
Derivatives*)	1.9	1.9	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€)

	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Net sales by segment							
Brands	68.4	88.2	90.2	97.6	95.9	97.8	93.7
Raisioagro	37.1	37.7	27.1	28.3	40.3	44.7	32.6
Other operations	0.2	0.2	0.2	0.2	0.3	2.6	0.3
Interdivisional net sales	-2.8	-2.0	-3.5	-3.3	-2.1	-3.7	-4.1
Total net sales	102.8	124.1	114.0	122.7	134.5	141.5	122.5
EBIT by segment							
Brands	10.5	-5.4	11.4	6.9	15.8	11.3	11.3
Raisioagro	2.3	1.4	0.0	-0.4	1.3	1.4	0.1
Other operations	1.1	-2.2	-1.7	-0.8	-1.2	-1.6	-1.8
Total EBIT	13.9	-6.2	9.7	5.7	16.0	11.1	9.6
Financial income and expenses, net	-0.5	-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	0.0
Result before taxes	13.4	-7.1	8.7	4.8	15.2	10.7	9.2
Income tax	-2.3	-1.4	-1.3	2.1	-2.9	-2.3	-1.7
Result for the period	11.1	-8.4	7.4	6.8	12.3	8.4	7.5

KEY INDICATORS

	30.9.2016	30.9.2015	31.12.2015
Net sales, M€	340.9	398.5	521.2
Change of net sales, %	-14.4	6.0	5.5
Operating margin, M€	42.6	50.7	63.6
Depreciation and impairment, M€	25.1	14.0	21.1
EBIT, M€	17.4	36.7	42.4
% of net sales	5.1	9.2	8.1
Result before taxes, M€	15.1	35.1	39.9
% of net sales	4.4	8.8	7.6
Return on equity, ROE, %	4.1	11.2	10.4
Return on investment, ROI, %	5.0	10.7	9.2
Interest-bearing financial liabilities at end of period, M€	103.4	124.5	110.1
Net interest-bearing financial liabilities at end of period, M€	39.8	61.7	42.2
Equity ratio, %	63.1	60.3	62.3
Net gearing, %	13.1	18.0	12.1
Gross investments, M€	13.4	7.7	11.0
% of net sales	3.9	1.9	2.1
R & D expenses, M€	2.9	3.9	5.5
% of net sales	0.8	1.0	1.1
Average personnel	1,643	1,806	1,798
Earnings/share, €	0.06	0.18	0.22
Cash flow from operations/share, €	0.19	0.28	0.41
Equity/share, €	1.93	2.18	2.23
Average number of shares during the period, in 1,000s			
Free shares	124,864	124,361	124,428
Restricted shares	32,490	32,802	32,735
Total	157,355	157,162	157,163
Average number of shares at end of period, in 1,000s			
Free shares	124,986	124,611	124,641
Restricted shares	32,483	32,554	32,528
Total	157,469	157,165	157,169
Market capitalisation of shares at end of period, M€			
Free shares	489.9	535.8	528.5
Restricted shares	128.0	137.7	137.9
Total	617.9	673.5	666.4
Share price at end of period			
Free shares	3.92	4.30	4.24
Restricted shares	3.94	4.23	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