



OLVI PLC

INTERIM REPORT 28 APRIL 2017 at 9:00 am

OLVI GROUP'S INTERIM REPORT, 1 JANUARY TO 31 MARCH 2017 (3 MONTHS)

INTERIM REPORT IN BRIEF

Olvi Group's business development in the first quarter was good. The Group's sales volume, net sales and operating profit all improved on the previous year.

January to March 2017 in brief:

- Olvi Group's sales volume increased by 11.6 percent to 130.4 (116.9) million litres
- The Group's net sales increased by 14.5 percent and amounted to 71.2 (62.2) million euro
- The Group's operating profit increased by 40.9 percent and amounted to 6.2 (4.4) million euro
- Olvi Group's earnings per share stood at 0.26 (0.14) euro per share
- The equity ratio improved again, standing at 63.1 (58.7) percent

Olvi retains the outlook for 2017 presented in connection with the disclosure of the financial statements for 2016, and estimates that the Group's sales volume and net sales for 2017 will increase slightly compared to the previous year. Operating profit for 2017 is estimated to be on a par with the previous year.

CONSOLIDATED KEY RATIOS

	1-3/ 2017	1-3/ 2016	Change % / pp	1-12/ 2016
Sales volume, Mltr	130.4	116.9	11.6	609.4
Net sales, MEUR	71.2	62.2	14.5	321.5
Gross margin, MEUR	11.1	8.8	25.8	59.2
% of net sales	15.6	14.2		18.4
Operating profit, MEUR	6.2	4.4	40.9	40.4
% of net sales	8.7	7.1		12.6
Net profit for the period	5.5	2.7	104.8	32.8
% of net sales	7.8	4.4		10.2
Earnings per share, EUR	0.26	0.14	85.7	1.57
Gross capital expenditure, MEUR	4.4	5.5	-21.0	20.5
Equity per share, EUR	10.05	8.69	15.7	9.73
Equity to total assets, %	63.1	58.7	4.4	62.0
Gearing, %	3.7	18.9	-15.2	2.1

BUSINESS DEVELOPMENT

LASSE AHO, MANAGING DIRECTOR:

Olvi Group's business has got off to a good start for 2017. In the first quarter, sales volume and net sales increased by more than 10 percent, and operating profit improved by more than 40 percent. According to the most important financial indicators, business development has been good across all of the Group's units. The business in Belarus has developed particularly well.

Positive development in Finland continued also in the first quarter. The sales volume increased by 19 percent on the previous year, the market share became even higher and profitability improved. Increased sales volumes enabled efficient operations also during the first months of the year, when sales volumes are generally lower.

The year has started well in the Baltic states seen as a whole. In Estonia, profitability has remained on a very good level, and Latvia and Lithuania have improved their results compared to the previous year. Changes in the business environment add tone to the operations in the Baltic states. A substantial excise tax hike became reality in Lithuania in March. The planned excise tax hike in Estonia as of 1 July 2017 will probably result in a change of focus in volumes and consumption both from Estonia to the Latvian border and, to some degree, also from Estonia back to Finland. The effect of the change on the entire Olvi Group in 2017 is still difficult to estimate because there are several contributing factors, such as the pricing policies of companies doing business in harbours and on board after the excise tax changes. The change is also expected to cause a shift in Estonian sales during the summer season, giving more weight to the second quarter before the realisation of the tax hike.

Business development in Belarus in the first quarter was good. The sales volume increased by 17 percent, net sales increased by 31 percent, and earnings multiplied in comparison with the previous year. Sales have increased particularly through exports to Russia. Besides increased sales, positive earnings development was supported by more cost-efficient operations and appreciation of the local currency.

In addition to the good earnings development in the first quarter, other key figures also developed favourably. The Group's equity to assets ratio improved and indebtedness declined on the previous year.

Investments have been initiated according to plan. The largest individual investment in 2017 is the energy plant at Iisalmi. Factors leading to the project include cost savings and environmental aspects. Through this investment, we will be able to discontinue the use of heavy fuel oil and replace it with Finnish renewable energy.

SEASONAL NATURE OF THE OPERATIONS

The Group's business operations are characterised by seasonal variation. The net sales and operating profit from the reported geographical segments do not accumulate evenly but vary according to the time of the year and the characteristics of each season.

SALES DEVELOPMENT

Olvi Group's sales volume increased by 11.6 percent to 130.4 (116.9) million litres. The sales volume increased particularly in Finland and Belarus. Aggregate sales in the Baltic states increased by some four percent, as the increases in individual companies' figures were affected by increased sales between the Baltic units.

Sales volume, million litres	1-3/2017	1-3/2016	Change %
Finland (Olvi plc)	42.0	35.2	19.4
Estonia (AS A. Le Coq)	25.6	25.9	-1.0
Latvia (A/S Cēsu Alus)	18.2	13.1	39.8
Lithuania (AB Volfas Engelman)	18.2	16.5	10.5
Belarus (OAO Lidskoe Pivo)	34.9	29.8	16.9
Eliminations	-8.6	-3.5	-142.2
Total	130.4	116.9	11.6

The Group's net sales increased by 14.5 percent and totalled 71.2 (62.2) million euro. The positive net sales development reflects increased sales volume, as well as the development of average net sales price.

Net sales, million euro	1-3/2017	1-3/2016	Change %
Finland (Olvi plc)	27.1	23.8	13.8
Estonia (AS A. Le Coq)	16.6	16.1	3.1
Latvia (A/S Cēsu Alus)	8.5	6.2	36.0
Lithuania (AB Volfas Engelman)	8.5	6.8	24.8
Belarus (OAO Lidskoe Pivo)	14.4	11.0	31.2
Eliminations	-3.9	-1.7	-126.3
Total	71.2	62.2	14.5

EARNINGS DEVELOPMENT

The Group's operating profit for January-March increased by 40.9 percent and amounted to 6.2 (4.4) million euro, or 8.7 (7.1) percent of net sales. Operating profit in Finland improved by 0.4 million euro, aggregate operating profit in the Baltic states by 0.6 million euro, and operating profit in Belarus by 1.0 million euro.

Operating profit, million euro	1-3/2017	1-3/2016	Change %
Finland (Olvi plc)	1.6	1.2	32.6
Estonia (AS A. Le Coq)	2.5	2.4	4.1
Latvia (A/S Cēsu Alus)	0.7	0.4	62.7
Lithuania (AB Volfas Engelman)	0.3	0.1	182.9
Belarus (OAO Lidskoe Pivo)	1.2	0.2	424.9
Eliminations	0.0	0.1	-98.8
Total	6.2	4.4	40.9

The Group's January-March profit after taxes doubled and amounted to 5.5 (2.7) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in January-March improved to 0.26 (0.14) euro per share.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of March 2017 was 332.7 (309.0) million euro. Equity per share at the end of March 2017 stood at 10.05 (8.69) euro. The equity to total assets ratio was 63.1 (58.7) percent. The gearing ratio declined clearly to 3.7 (18.9) percent. The current ratio, which represents the Group's liquidity, was 1.1 (0.9).

The amount of interest-bearing liabilities at the end of March was 22.4 (40.8) million euro, including current liabilities of 10.7 (18.9) million euro.

Olvi Group's gross capital expenditure in January-March amounted to 4.4 (5.5) million euro. The parent company Olvi accounted for 1.9 million euro, the Baltic subsidiaries for 1.5 million euro and Lidskoe Pivo in Belarus for 1.0 million euro of the total.

PRODUCT DEVELOPMENT

Research and development includes projects to design and develop new products, packages, processes and production methods, as well as further development of existing products and packages. The R&D costs have been recognised as expenses. The main objective of Olvi Group's product development is to create new products for profitable and growing beverage segments.

NEW PRODUCTS

Olvi American Cream Ale is the first beer of its type manufactured in Finland. The country's centennial is celebrated through Olvi Juhlaolut and Olvi Juhlamalja. Crook's Head Hoppy Bitter is a new long drink with hops. Sherwood Black Cider gets its black colour from malt. The Le Coq Cocktails range was complemented by the Mojito flavour. Garden Grove Spin is a novel member of the Kane's Soda Pop range. Apple-Blueberry was added to the Olvi Raikas juice drink range. The TEHO Sport product range was extended with BCAA beverages. Health Lab Superb is a new addition to the Health Lab range. It contains chia seeds and has no added sugar.

A. Le Coq of Estonia launched three new beers. A. Le Coq 1807 Pale Lager in a pyramid-shaped bottle is a tribute to the company's 210th anniversary. A dark version of Alexander was launched with the name Dunkel, and British Red Ale was added to the Brewer's Collection range. FIZZ Raspberry Smash is a new product in ciders. The Vinitto wine cooler range was launched in Estonia. G:N Long Drink Rumm'u Koola is a new long drink. In soft drinks, Kane's Garden Grove Spin was launched in glass bottles, and the apple and cola flavoured Hull Õun in plastic bottles. Strawberry-Basil is a new addition to the Aura Fruit range of waters. The Vitamineral Water range saw the introduction of the new product Wellness.

Smoothies were introduced as a completely new product group for A. Le Coq. Aura Smoothies in one-litre Tetra Paks are free of preservatives and contain no added sugar. The BCAA beverages and Crook's Head long drinks were also launched in Estonia.

Cēsu Alus of Latvia launched the Brūža Cherry Red beer containing 15% cherry juice. Latvia will celebrate the nation's centennial next year, and as a tribute, Senlatvju Alus was launched. It is an ancient Latvian beer in three different variations, flavoured with cranberry, juniper berry and meadowsweet. The Vinitto range was extended with Mellone. The Kane's Soda Pop and BCAA beverages were also launched in Latvia.

Volfas Engelman of Lithuania launched two new beers. Volfas Engelman Pasaulio Skonial ("Taste of the World") Kriek is a Belgian-type cherry beer. Volfas Engelman Bavarian is a German-type pilsner. The kvass Smetoniska Gira became available in a new version containing cherry juice.

Lidskoe Pivo in Belarus launched four new beers. Lidskae Kriek is a light cherry lager. American Black Ale was introduced into the Master's Collection range, Menskae 1067 is a light lager dedicated to the 950th anniversary of the city of Minsk, and Three Kings beer is sold in large plastic bottles. The Lidskae brand was extended to radlers, also known as shandy. The Le Coq Cocktails range saw the introduction of Bianco. Lidskij Kvass Light is flavoured with birch sap and raisins.

PERSONNEL

Olvi Group's average number of personnel in January-March was 1,742 (1,818). The Group's average number of personnel decreased by 76 people or 4.2 percent.

Olvi Group's average number of personnel by country:

	1-3/2017	1-3/2016	Change %
Finland	309	290	6.6
Estonia	327	321	1.9
Latvia	189	202	-6.4
Lithuania	229	229	0.0
Belarus	688	776	-11.3
Total	1,742	1,818	-4.2

MANAGEMENT AND AUDITORS

During the review period of January-April 2017, Olvi plc's Board of Directors consisted of Chairman Esa Lager, M.Sc. (Econ), LL.M., and other members Nora Hortling, M.Sc. (Econ), Jaakko Autere, M.Sc. (Econ), Elisa Markula, M.Sc. (Econ), and Heikki Sirviö, Honorary Industrial Counsellor, M.Sc. (Engineering).

The company's auditor is the authorised public accounting firm PricewaterhouseCoopers Oy, with Sami Posti, Authorised Public Accountant, as auditor in charge.

MANAGEMENT

The Management Group of Olvi plc consists of Lasse Aho, Managing Director (Chairman), Ilkka Auvola, Sales Director, Olli Heikkilä, Marketing Director, Pia Hortling, Product Development and Purchasing Director, Kati Kokkonen, Chief Financial Officer, Lauri Multanen, Production Director, as well as Marjatta Rissanen, Customer Service and Administrative Director.

The Managing Directors of the subsidiaries are:
 AS A. Le Coq, Tartu, Estonia - Tarmo Noop
 A/S Cēsu Alus, Cēsis, Latvia - Eva Sietiņšone
 AB Volfas Engelman, Kaunas, Lithuania - Marius Horbačas
 OAO Lidskoe Pivo, Lida, Belarus - Audrius Mikšys

The Managing Directors of the subsidiaries report to Lasse Aho, the Managing Director of Olvi plc. The Board of Directors of each subsidiary consists of Lasse Aho (Chairman), Pia Hortling, Kati Kokkonen and Lauri Multanen. The Management Group of each subsidiary consists of the corresponding Managing Director and two to four sector directors.

OTHER EVENTS DURING THE REVIEW PERIOD

Changes in corporate structure

In January–March, Olvi Group acquired 980 shares in its subsidiary OAO Lidskoe Pivo. There were no other changes in Olvi’s holdings in subsidiaries in January–March 2017.

Olvi’s holdings in the subsidiaries are

	31 Mar 2017	31 Dec 2016	Change
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.88	99.88	-
AB Volfas Engelman, Lithuania	99.58	99.58	-
OAO Lidskoe Pivo, Belarus	95.87	94.57	1.30

Furthermore, A. Le Coq has a 49.0 percent holding in AS Karne and 20.0 percent holding in Verska Mineraalvee OÜ in Estonia.

SHARES

Olvi’s share capital at the end of March 2017 stood at 20.8 million euro. The total number of shares was 20,758,808, of these 17,026,552 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares.

Each Series A share carries one (1) vote and each Series K share carries twenty (20) votes. Series A and Series K shares have equal rights to dividends.

Detailed information on Olvi’s shares and share capital can be found in the tables attached to this interim report, in Table 5, Section 4.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki Ltd (Helsinki Stock Exchange) in January–March 2017 was 190,476 (327,567) shares, which represented 1.1 (1.9) percent of all Series A shares. The value of trading was 5.1 (7.4) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 27.02 (25.10) euro at the end of March 2017. In January–March, the highest quote for the Series A share was 28.95 (25.48) euro and the lowest quote was 25.05 (20.30) euro. The average price in January–March was 26.98 (22.65) euro.

At the end of March 2017, the market capitalisation of Series A shares was 459.8 (427.4) million euro and the market capitalisation of all shares was 560.6 (521.0) million euro.

The number of shareholders at the end of March 2017 was 10,124 (10,045). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 24.3 (23.1) percent of the total number of book entries and 5.5 (5.2) percent of total votes.

Foreign and nominee-registered holdings are reported in Table 5, Section 9 of the tables attached to this interim report, and the largest shareholders are reported in Table 5, Section 10.

Treasury shares

There were no changes in the number of treasury shares during the reporting period. At the end of the reporting period, Olvi held 11,124 Series A shares as treasury shares. The total purchase price of treasury shares was 228,162 euro. Treasury shares held by the company itself are ineligible for voting.

Detailed information on treasury shares is provided in Table 5, Section 6 of the tables attached to this interim report.

Flagging notices

During January–March 2017, Olvi has not received any flagging notices in accordance with Chapter 2, Section 10 of the Securities Markets Act.

BUSINESS RISKS AND THEIR MANAGEMENT

Risk management

Risk management is a part of Olvi Group's everyday management and operations. The objective of risk management is to ensure the realisation of the company's strategy and secure its financial development and the continuity of business. The task of risk management is to operate proactively and create operating conditions in which business risks are managed comprehensively and systematically in all of the Group companies and all levels of the organisation.

Business risks and uncertainties in the near term

The most substantial factor hampering the predictability of Olvi Group's business relates to Belarus and its economic and political outlook for the next few years. Furthermore, negative development of the Russian economy may impose challenges on the Belarusian operating environment.

Operations in Belarus involve foreign exchange risks arising from the cash flows of purchases and sales in foreign currency, as well as the investment in the Belarusian subsidiary and the conversion of its income statement and balance sheet items into euro. The Group's other foreign exchange risks can be considered minor.

Olvi Group's operations may be affected to changes in consumer behaviour and the operations of our clientele arising from changes in official regulations. The planned excise tax hike in Estonia as of 1 July 2017 will probably result in a change of focus in volumes and consumption both from Estonia to the Latvian border and also from Estonia back to Finland. The effect of the change on the entire Olvi Group in 2017 is still difficult to estimate because there are several contributing factors, such as the pricing policies of companies doing business in harbours and on board after the excise duty changes, as well as a potential amendment to the Finnish Alcohol Act, the details and timing of which remain open for the time being.

Other short-term risks and uncertainties are related to the development of the general economic circumstances, changes in the competitive situation, as well as the impacts these may have on the company's operations. In addition to the risks described above, there have been no significant changes in Olvi Group's business risks. A more detailed description of the risks is provided in the Board of Directors' report and the notes to the financial statements, as well as in the Investors/Corporate Governance section of the company's Web site.

EVENTS AFTER THE REVIEW PERIOD

Annual General Meeting

Olvi plc's Annual General Meeting of 21 April 2017 adopted the financial statements and granted discharge from liability to the members of the Board of Directors and Managing Director for the accounting period that ended on 31 December 2016.

In accordance with the Board's proposal, the General Meeting decided that a dividend of 0.75 (0.70) euro be paid on each A and K share for the accounting period 2016. The dividend according to the resolution accounts for 47.9 (65.1) percent of Olvi Group's consolidated earnings per share. The dividend will be paid to shareholders registered in Olvi plc's register of shareholders held by Euroclear Finland Ltd on the record date of the dividend payment, 25 April 2017. The dividends will be paid on 10 May 2017.

The General Meeting decided that the Board of Directors shall have six (6) members. Jaakko Autere, Nora Hortling, Esa Lager, Elisa Markula and Heikki Sirviö were re-elected as Members of the Board, and Pentti Hakkarainen was elected as a new member.

All decisions made at the General Meeting can be found in the bulletin released on 21 April 2017.

Organisation of the Board of Directors

At its organising meeting held on 21 April 2017, the Board elected Pentti Hakkarainen as the Chairman of the Board and Nora Hortling as the Vice Chairperson of the Board.

NEAR-TERM OUTLOOK

Olvi estimates that the Group's sales volume and net sales for 2017 will increase slightly on the previous year. Operating profit for 2017 is estimated to be on a par with the previous year.

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Board of Directors

Further information: Lasse Aho, Managing Director, Olvi plc, phone +358 290 00 1050 or +358 400 203 600

TABLES:

- Statement of comprehensive income, Table 1
- Balance sheet, Table 2
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DISTRIBUTION:

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Key media

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OLVI GROUP
 INCOME STATEMENT
 EUR 1,000

TABLE 1

	1-3/2017	1-3/2016	1-12/2016
Net sales	71159	62163	321478
Other operating income	473	458	1582
Operating expenses	-60561	-53820	-263881
Depreciation and impairment	-4854	-4390	-18734
Operating profit	6217	4411	40445
Financial income	1838	571	1207
Financial expenses	-1708	-1385	-1816
			37
Share of profit in associates	0	0	
Earnings before tax	6347	3597	39873
Taxes *)	-800	-888	-7079
NET PROFIT FOR THE PERIOD	5547	2709	32794
Other comprehensive income items:			
Translation differences related to foreign subsidiaries	1061	-6843	-74
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6608	-4134	32720
Distribution of profit:			
- parent company shareholders	5490	2902	32488
- non-controlling interests	57	-193	306
Distribution of comprehensive income:			
- parent company shareholders	6533	-3776	32406
- non-controlling interests	75	-358	314
Earnings per share calculated from the profit belonging to parent company shareholders, EUR			
- undiluted	0.26	0.14	1.57
- diluted	0.26	0.14	1.57

*) Taxes calculated from the profit for the review period.

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TABLE 2

BALANCE SHEET

EUR 1,000

31 Mar 2017 31 Mar 2016 31 Dec 2016

ASSETS

Non-current assets

Tangible assets	196391	193172	196239
Goodwill	16067	15435	15978
Other intangible assets	5174	4457	5295
Shares in associates	1183	1146	1183
Financial assets available for sale	544	549	543
Loans receivable and other non-current receivables	280	303	280
Deferred tax receivables	281	161	265
Total non-current assets	219920	215223	219783

Current assets

Inventories	39969	34225	32669
Accounts receivable and other receivables	58129	52170	55627
Income tax receivable	0	236	129
Other non-current assets held for sale	0	580	0
Liquid assets	14648	6564	20297
Total current assets	112746	93775	108722
TOTAL ASSETS	332666	308998	328505

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity held by parent company shareholders

Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-228	-228	-228
Translation differences	-35979	-43618	-37022
Retained earnings	222935	202283	217234
	208579	180288	201835
Share belonging to non-controlling interests	1329	1046	1714
Total shareholders' equity	209908	181334	203549

Non-current liabilities

Financial liabilities	11689	21913	12932
Other liabilities	23	0	17
Deferred tax liabilities	7667	7456	7749

Current liabilities

Financial liabilities	10727	18910	11708
Accounts payable and other liabilities	91975	79324	92328
Income tax liability	677	61	222
Total liabilities	122758	127664	124956
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	332666	308998	328505

CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2016	20759	1092	-108	-36940	200415	1447	186665
Comprehensive income:							
Net profit for the period					2902	-193	2709
Other comprehensive income items:							
Translation differences				-6678		-165	-6843
Total comprehensive income for the period				-6678	2902	-358	-4134
Transactions with shareholders:							
Payment of dividends						-41	-41
Acquisition of treasury shares			-120				-120
Share-based incentives					14		14
Change in accounting policies					-1048	-2	-1050
Total transactions with shareholders			-120		-1034	-43	-1197
Shareholders' equity 31 Mar 2016	20759	1092	-228	-43618	202283	1046	181334

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2017	20759	1092	-228	-37022	217234	1714	203549
Comprehensive income:							
Net profit for the period					5490	57	5547
Other comprehensive income items:							
Translation differences				1043		18	1061
Total comprehensive income for the period				1043	5490	75	6608
Transactions with shareholders:							
Payment of dividends						-35	-35
Share-based incentives					132		132
Total transactions with shareholders					132	-35	97
Changes in holdings in subsidiaries:							
Acquisition of shares from							
non-controlling interests					258		258
Change in share held by non-controlling interests					-179	-425	-604
Total changes in holdings in subsidiaries					79	-425	-346
Shareholders' equity 31 Mar 2017	20759	1092	-228	-35979	222935	1329	209908

Other reserves include the share premium account, legal reserve and other reserves.

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TABLE 4

CASH FLOW STATEMENT

EUR 1,000

	1-3/2017	1-3/2016	1-12/2016
Net profit for the period	5547	2709	32794
Adjustments to profit for the period	4937	4773	25512
Change in net working capital	-9395	-2988	8828
Interest paid	-199	-219	-777
Interest received	211	61	428
Dividends received	0	0	2
Taxes paid	-284	-145	-5553
Cash flow from operations (A)	817	4191	61234
Investments in tangible and intangible assets	-4429	-4875	-18520
Sales gains from tangible and intangible assets	156	122	744
Expenditure on other investments	0	-5	-37
Cash flow from investments (B)	-4273	-4758	-17813
Withdrawals of loans	78	99	447
Repayments of loans	-2314	-5634	-21835
Acquisition of treasury shares	0	-120	-120
Dividends paid	0	0	-14529
Increase (-) / decrease (+) in current interest-bearing business receivables	7	6	8
Increase (-) / decrease (+) in long-term loan receivables	0	0	23
Cash flow from financing (C)	-2229	-5649	-36006
Increase (+)/decrease (-) in liquid assets (A+B+C)	-5685	-6216	7415
Liquid assets 1 January	20297	12786	12786
Effect of exchange rate changes	36	-6	96
Liquid assets 31 Mar/31 Dec	14648	6564	20297

NOTES TO THE INTERIM REPORT

The accounting policies used for this interim report are the same as those used for the annual financial statements 2016. The accounting policies are presented in the Annual Report 2016, which was published on 29 March 2017.

The information in the interim report is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which causes rounding differences in additions. The information disclosed in the interim report is unaudited.

1. SEGMENT INFORMATION

SALES VOLUME BY GEOGRAPHICAL SEGMENT (1,000 litres)

	1-3/2017	1-3/2016	1-12/2016
Olvi Group total	130409	116883	609375
Finland	42014	35182	178044
Estonia	25619	25865	121467
Latvia	18249	13051	67246
Lithuania	18207	16479	81800
Belarus	34901	29849	178298
- sales between segments	-8581	-3543	-17480

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2017	1-3/2016	1-12/2016
Olvi Group total	71159	62163	321478
Finland	27053	23772	118876
Estonia	16579	16077	76926
Latvia	8461	6221	31839
Lithuania	8495	6804	35342
Belarus	14426	10992	66776
- sales between segments	-3855	-1703	-8281

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2017	1-3/2016	1-12/2016
Olvi Group total	6217	4411	40445
Finland	1576	1188	10743
Estonia	2530	2430	15926
Latvia	654	402	3377
Lithuania	271	96	2702
Belarus	1185	226	7471
- eliminations	1	69	226

2. PERSONNEL ON AVERAGE	1-3/2017	1-3/2016	1-12/2016
Finland	309	290	329
Estonia	327	321	339
Latvia	189	202	207
Lithuania	229	229	235
Belarus	688	776	749
Total	1,742	1,818	1,859

3. RELATED PARTY TRANSACTIONS

Employee benefits to management

Salaries and other short-term employee benefits to the Board of Directors and Managing Director

EUR 1,000

	1-3/2017	1-3/2016	1-12/2016
Managing Director	392	104	393
Chairman of the Board	16	17	68
Other members of the Board	27	41	137
Total	435	162	598

4. SHARES AND SHARE CAPITAL

	31 Mar 2017	%
Number of A shares	17026552	82.0
Number of K shares	3732256	18.0
Total	20758808	100.0
Total votes carried by A shares	17026552	18.6
Total votes carried by K shares	74645120	81.4
Total number of votes	91671672	100.0
Votes per Series A share	1	
Votes per Series K share	20	

The registered share capital on 31 March 2017 totalled 20,759 thousand euro.

Olvi plc's shares received a dividend of 0.70 euro per share for 2015 (0.65 euro per share for 2014), totalling 14.5 (13.5) million euro. The dividends were paid on 28 April 2016. The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

5. SHARE-BASED PAYMENTS

Olvi Group has share-based incentive plans for key employees. The aim of the share-based incentive plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the company, to make the key employees committed to the company, and to offer them a competitive reward plan based on earning the company's shares.

The Group has an active share-based incentive plan with one three-year performance period, beginning on 1 July 2014 and ending on 30 June 2017. In accordance with the terms and conditions of the plan, rewards will be paid in Olvi plc Series A shares and partially in cash.

The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The prerequisite for receiving a reward for this performance period is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment or service upon reward payment. From January to March 2017, accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 20.5 thousand euro.

In addition, the Group has an active share-based incentive plan for key personnel started in 2016. The performance period for the share-based incentive plan is two years. The prerequisite for receiving reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment or service upon reward payment. Rewards will be paid partly in the company's Series A shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The Board of Directors may decide that the share proportion be paid fully or partially in cash. The plan is directed to approximately 50 people. The rewards to be paid on the basis of the plan are in total an approximate maximum of 36,280 series Series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares. The costs of the plan will be recognised over the performance period from 1 July 2016 to 30 June 2018. From January to March 2017, costs associated with the plan established on 24 February 2016 were recognised for a total of 179.9 thousand euro.

Olvi Group does not have any other share-based plans or option plans.

6. TREASURY SHARES

Olvi plc holds a total of 11,124 of its own Series A shares. The total purchase price of treasury shares was 228,162 euro. Olvi has not acquired any treasury shares during the review period. Treasury shares held by the company itself are ineligible for voting.

Series A shares held by Olvi plc as treasury shares represented 0.054 percent of the share capital and 0.012 percent of the aggregate number of votes. The treasury shares represented 0.065 percent of all Series A shares and associated votes.

On 21 April 2017, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of a maximum of 500,000 Series A shares using distributable funds.

The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

7. NUMBER OF SHARES *)	1-3/2017	1-3/2016	1-12/2016
- average	20747684	20747916	20747742
- at end of period	20747684	20747684	20747684

*) Treasury shares deducted.

8. TRADING OF SERIES A SHARES ON THE HELSINKI STOCK EXCHANGE

	1-3/2017	1-3/2016	1-12/2016
Trading volume of Olvi A shares	190476	327567	881172
Total trading volume, EUR 1,000	5134	7418	22162
Traded shares in proportion to all Series A shares, %	1.1	1.9	5.2
Average share price, EUR	26.98	22.65	25.17
Price on the closing date, EUR	27.02	25.10	28.00
Highest quote, EUR	28.95	25.48	28.51
Lowest quote, EUR	25.05	20.30	20.30

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 MARCH 2017

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15716280	75.71	86629144	94.50	10063	99.40
Foreign total	369734	1.78	369734	0.40	52	0.51
Nominee-registered (foreign) total	102559	0.49	102559	0.11	3	0.03
Nominee-registered (Finnish) total	4570235	22.02	4570235	4.99	6	0.06
Total	20758808	100.00	91671672	100.00	10124	100.00

10. LARGEST SHAREHOLDERS ON 31 MARCH 2017

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	890613	3254517	15.68	48168693	52.54
2. The Estate of Hortling Heikki *)	903488	103280	1006768	4.85	18173040	19.82
3. The Estate of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	36308	202132	0.97	3352788	3.66
5. OP Corporate Bank plc, nominee register		2153672	2153672	10.37	2153672	2.35
6. Hortling-Rinne Laila Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank AB (publ), Finnish Branch, nominee reg.		1808527	1808527	8.71	1808527	1.97
8. Mutual Pension Insurance Company Ilmarinen		849218	849218	4.09	849218	0.93
9. Varma Mutual Pension Insurance Company		828075	828075	3.99	828075	0.90
10. Skandinaviska Enskilda Banken AB (publ) Helsinki branch, nominee register		566873	566873	2.73	566873	0.62
Others	9648	9761358	9771006	47.08	9954318	10.86
Total	3732256	17026552	20758808	100.00	91671672	100.00

*) The figures include the shareholder's own holdings and shares held by parties in his control.

11. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000

	1-3/2017	1-3/2016	1-12/2016
Opening balance	196239	185240	198258
Additions	4234	18472	19750
Deductions and transfers	-328	-695	-3769
Depreciation	-4578	-4161	-17452
Exchange rate differences	824	-5684	-548
Total	196391	193172	196239

12. CONTINGENT LIABILITIES

EUR 1,000

	31 Mar 2017	31 Mar 2016	31 Dec 2016
Pledges and contingent liabilities			
For own commitments	2659	2352	1886
Leasing and rental liabilities:			
Due within one year	1400	1344	1540
Due within 1 to 5 years	1537	1227	1396
Due in more than 5 years	2	3	2
Leasing and rental liabilities total	2939	2574	2938
Other liabilities	2000	2000	2000

13. CALCULATION OF FINANCIAL RATIOS

In the summary of financial indicators (page 1), the Group presents figures directly derived from the consolidated income statement: net sales, operating profit and profit for the period, the corresponding percentages in proportion to net sales, as well as the earnings per share ratio. (Earnings per share = Profit belonging to parent company shareholders / Average number of shares during the period, adjusted for share issues).

In addition to the consolidated financial statements prepared in accordance with IFRS, Olvi Group presents Alternative Performance Measures that describe the financial development of its business and provide a commensurate overall view of the company's profitability, financial position and liquidity.

The Group has applied the ESMA (European Securities and Markets Authority) new guidelines on Alternative Performance Measures that entered into force on 3 July 2016 and defined APMs as described below.

As an APM supporting net sales, the Group presents sales volumes in millions of litres. Sales volume is an important indicator of the extent of operations generally used in the industry.

The definition of gross margin is operating profit plus depreciation and impairment.

Gross capital expenditure consists of total expenditure on fixed assets, including the effect of any corporate acquisitions.

Equity per share = Shareholders' equity held by parent company shareholders / Number of shares at end of period, adjusted for share issues

Equity to total assets, % = $100 * (\text{Shareholders' equity held by parent company shareholders} + \text{non-controlling interests}) / (\text{Balance sheet total})$

Gearing, % = $100 * (\text{Interest-bearing debt} - \text{cash in hand and at bank}) / (\text{Shareholders' equity held by parent company shareholders} + \text{non-controlling interests})$