Interim Report
January-March 2017

RAISIO PLC

Q1/2017

RAISIO

RAISIO'S COMPARABLE EBIT TOTALLED EUR 10.6 MILLION

January-March 2017

- The Group's comparable EBIT totalled EUR 10.6 million (Q1/2016: EUR 9.7 million), accounting for 11.4% (8.5%) of net sales.
- The Group's net sales totalled EUR 92.5 million (EUR 114.0 million).
- EBIT of the Brands Division was EUR 12.0 million (EUR 11.4 million), accounting for 16.6% (12.6%) of net sales.
- Raisioagro's EBIT was EUR -0.3 million (EUR 0.0 million).

Raisio Group's key figures

		Q1/2017	Q1/2016	2016
Result				
Net sales	M€	92.5	114.0	436.3
Change in net sales	%	-18.9	-6.9	-16.3
EBIT	M€	9.6	9.7	28.9
EBIT	%	10.4	8.5	6.6
Items affecting comparability	M€	0.9	0.0	21.8
Comparable EBIT	M€	10.6	9.7	50.7
Comparable EBIT	%	11.4	8.5	11.6
- Depreciations	M€	-2.6	-3.1	-11.3
- Impairment	M€	0.0	0.0	-16.1
Depreciations and impairment, in total	M€	-2.6	-3.1	-27.4
Items affecting comparable depreciations and impairment	M€	0.0	0.0	16.1
Comparable depreciations and impairment	M€	-2.6	-3.1	-11.3
EBITDA	M€	12.2	12.7	56.3
Items affecting comparable EBITDA	M€	0.9	0.0	5.7
Comparable EBITDA	M€	13.1	12.7	62.0
Financial items	M€	0.0	-0.9	-2.2
Earnings per share (EPS)	€	0.05	0.05	0.12
Comparable earnings per share (EPS)	€	0.05	0.05	0.25
Balance sheet				
Equity ratio	%	66.6	58.7	66.8
Gearing	%	17.3	14.7	8.5
Net interest-bearing debt	M€	50.9	46.6	26.7
Equity per share	€	1.86	2.02	1.99
Investments	M€	3.9	4.0	18.3

The interim report has not been audited.

CEO Jarmo Puputti's review

"Raisio's comparable EBIT amounted to EUR 10.6 million which means an improvement of EUR 0.9 million from the comparison period. Despite the decline in net sales, Raisio's relative profitability increased to 11.4 per cent compared to 8.5 per cent of Q1/2016. The key drivers of the improvement in earnings were the divestment of loss-making UK snack bar business and organic growth in the Healthy Snacks business.

Net sales and EBIT for the UK Benecol and Confectionery businesses decreased because of the weaker pound. Benecol's price increases in the UK retail trade did not fully compensate for the negative effects of the currency and raw material price increases. In the UK, the profitability of Confectionery business fell due to a sales decline in our own branded products and delivery difficulties. To ensure Raisio's future success, it is essential that we take resolute action to remedy and improve the situation.

During the first months of this year, we have been working on our business strategies and identified several growth opportunities. We have also looked critically at our opportunities and taken account of the increasingly rapid changes in the operating environment. Through our strong balance sheet, we also have an opportunity to be an active player in M&A.

The focus of Raisio's renewed business strategy is on wellbeing and sustainable growth. The core of Raisio's strategy consists of plant-based, healthy and responsible branded products that meet the needs of consumers and customers. The renewed strategy is based on our strengths. I find this very good since it means that we have long been on the right track and identified the key trends for the future. What is new in our strategy is our determination to expand into new markets and new product categories as well as the ability to launch new products faster. With these measures, we ensure profitable growth.

I am convinced that we have the ability and desire to succeed at Raisio. Making use of our staff expertise and enthusiasm plays a crucial role in the implementation of our strategy. We have also started improving the efficiency of operations in line with the lean philosophy. We will invest in our brands in order to support growth. We will be able to finance a significant part of investments with the benefits of improved efficiency."

Operating environment

The UK's probable Brexit from the European Union is expected to increase the market uncertainty, to further weaken growth prospects in the UK and entire eurozone and to cause significant volatility in the external value of the pound.

Consumers are increasingly interested in wellbeing, and cholesterol lowering is part of it. Since everyday life of each consumer is different, increasing consumer insight improves the targeting of sales and marketing measures. Extended product and service offering helps and simplifies consumers' cholesterol management.

Convenience and wellbeing are emphasised in snacking. In addition to physical wellbeing, food should also provide mental wellbeing. Awareness of good choices in terms of both people and nature is an essential part of mental wellbeing. Demand for plant-based, natural snacks and meals supporting wellbeing is on the rise.

The confectionery sector is growing slowly in many European markets. However, consumers like experimenting so novelties are important. Consumers are increasingly interested in low-sugar confectionery with genuine fruit juices, natural colours and flavours. However, the highest consumption focuses on traditional confectionery. The sugar debate continues in the UK and the government has set the objective of reducing the sugar content also in confectionery.

Growth in global demand for farmed fish continued. Raisioaqua's environmentally friendly and innovative fish feeds recycling the Baltic Sea nutrients will ensure the future of fish farming industry in Finland. In Russia, farmed fish is an important source of protein, and fish farming is on the rise.

The current level of milk price has a clear impact on the economic situation at the farms. Competitive bidding has clearly increased both for feeds and farming supplies. In Finland, the restructuring of agricultural trade and ownership arrangements may increase competition, especially in grains and farming supplies. The agricultural trade is becoming increasingly international and more and more products are imported to Finland from abroad. Products made in Finland have potential particularly in horse and special feeds.

Financial reporting

The reported divisions are Brands and Raisioagro.

In 2017, the Brands Division includes Benecol, Healthy Snacks and Confectionery. Benemilk Ltd's operations are reported as part of the Brands Division. Benecol business includes the Benecol product ingredient sales to licensing partners globally and Benecol consumer product sales in Raisio's home markets. Markets for the Healthy Snacks business are Northern and Eastern Europe. Confectionery includes the UK and Czech operations. The divested UK snack bar business is included in the comparison period figures for the Brands Division until 12 July 2016.

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

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

Net sales

The Group's net sales totalled EUR 92.5 (114.0) million, which is 19 per cent down from the comparison period. Net sales from outside Finland totalled EUR 58.0 (77.4) million, representing 62.7 (67.9) per cent of the Group's total.

Net sales for the Brands Division totalled EUR 72.2 (90.2) million. Net sales for Raisioagro totalled EUR 24.3 (27.1) million and for other operations EUR 0.2 (0.2) million. The Brands Division accounted for some 80 per cent and Raisioagro for some 20 per cent of the Group's net sales.

Net sales for the Group and Brands Division decreased by some EUR 13.5 million from the comparison period due to the divestment of the UK snack bar business. Net sales for the Healthy Snacks increased by almost 10 per cent.

The UK accounted for about 40 per cent of the Brands Division's net sales. The weaker GBP decreased net sales for the Group and Brands Division by some EUR 4 million in January-March.

Result

Raisio Group's comparable EBIT was EUR 10.6 (9.7) million, which is almost 10 per cent up from the comparison period. The Group EBIT totalled EUR 9.6 (9.7) million. Comparable EBIT is 11.4 (8.5) and EBIT 10.4 (8.5) per cent of net sales. The impact of the weakened exchange rate of the GBP on Raisio's EBIT was approximately EUR 0.6 million negative in January-March.

EBIT for the Brands Division totalled EUR 12.0 (11.4) million, for Raisioagro EUR -0.3 (0.0) million and for other operations EUR -2.0 (-1.7) million. Comparable EBIT improvement was primarily due to the increased sales in the Healthy Snacks business, the Group's cost savings and the divestment of the UK's loss-making snack bar business completed in the summer 2016. The weaker GBP decreased the EBIT of the Benecol and Confectionery businesses.

Depreciations and impairment for the business totalled EUR 2.6 (3.1) million. Net financial expenses totalled EUR 0.0 (-0.9) million.

Comparable pre-tax result was EUR 10.6 (8.7) million, and pre-tax result EUR 9.6 (8.7) million.

The Group's comparable post-tax result was EUR 8.6 (7.4) million. The post-tax result totalled EUR 7.8 (7.4) million. The Group's comparable earnings per share were EUR 0.05 (0.05) and earnings per share 0.05 (0.05).

Items affecting comparability

		Q1/ 2017	Q1/2016	2016
Brands				
Write-down of Dormen and Fruitus brands	M€			3.7
Halo Foods Ltd's saleable assets valued at fair value	M€			14.7
Restructuring costs of the UK snack business	M€			1.7
Streamlining projects	M€			0.2
Common				
Restructuring of operations and legal expenses	M€	0.9		1.4
Impact on EBIT	**M€**	**0.9**	**0.0**	**21.8**

Balance sheet, cash flow and financing

At the end of March, Raisio Group's balance sheet totalled EUR 441.8 (31 December 2016: 470.0) million. Shareholders' equity was EUR 293.5 (31 December 2016: 313.2) million, while equity per share totalled EUR 1.86 (31 December 2016: 1.99); the change is mainly due to the dividend distribution. Changes in equity are described in detail in the Table section below, under Statement of changes in shareholders' equity.

At the end of March, working capital amounted to EUR 52.1 (31 December 2016: 44.2 and 31 March 2016: 50.1) million. The increase in working capital from the end of 2016 was primarily due to Raisioagro's increased current assets related to raw material stocks.

Cash flow from business operations was EUR 2.2 (-1.0) million.

The Group's investments totalled EUR 3.9 (4.0) million. Investments of the Brands Division totalled EUR 0.8 (2.4), those of Raisioagro 0.8 (0.4) and those of other operations 2.2 (1.2) million. The most significant investments were the bioenergy plant built in Raisio's industrial area in Finland, the renewed ERP system SAP, and the new production line at Raisio's fish feed factory. The new plant and the new line will be both introduced in the spring 2017

At the end of the review period, the Group's interest-bearing financial liabilities were EUR 68.8 (31 December 2016: 88.6) million. Net interest-bearing debt was EUR 50.9 (31 December 2016: 26.7) million. The increase was due to the timing of dividend payment at the end of March.

The Group's equity ratio totalled 66.6 (31 December 2016: 66.8 and 31 March 2016: 58.7) per cent. Net gearing was 17.3 (31 December 2016: 8.5 and 31 March 2016: 14.7) per cent. The change from the end of 2016 was due to the decrease in equity mainly as a result of the dividend distribution.

Comparable return on investment was 11.4 (31 December 2016: 11.6) per cent, and return on investment 10.5 (31 December 2016: 6.6) 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. In January 2017, the Turku Court of Appeal rejected the Oat Solutions' appeal. Oat Solutions did not file an application for leave to appeal to the Supreme Court within the deadline; the arbitration process has been terminated in Finland.

Oat Solutions LLC filed a civil action with the American court for the dispute already dealt with by the arbitral tribunal in Finland in 2014. The defendants in the US dispute were Raisio plc as well as the then CEO Matti Rihko and Vincent Poujardieu, Vice President, Benecol business and business development. Oat Solutions claimed for damages of at least USD 25 million from Raisio through legal proceedings. Throughout the process, Raisio considered the claims to be completely unfounded. In November 2016, the Supreme Court of Los Angeles accepted Raisio's application to dismiss the civil action brought by Oat Solutions LLC. Oat Solutions announced that it will appeal against the US Court decision.

Raisio has won Oat Solutions in all four proceedings. Throughout the process, Raisio has considered, and continues to consider, Oat Solutions LLC's claims for damages completely unfounded.

RESEARCH AND DEVELOPMENT

The Group's January-March research and development expenses were EUR 0.8 (1.2) million, accounting for 0.9 (1.1) per cent of net sales. R&D expenses for the Brands Division totalled EUR 0.6 (1.0) and for Raisioagro 0.2 (0.2) million.

The Internet of Farming applications developed by Raisioagro aim to enhance the use of data formed in agriculture and aquaculture through digital solutions.

With feed optimisation related to the Tuotostutka® milking robot monitoring, the average milk yield of cattles has increased by almost six per cent. Tuotostutka is already used by 170 milk farms and the number is increasing steadily. As part of the Tuotostutka service, Raisioagro developed euro-corrected milk meter that helps define the value of the milk. This way, it is possible to compare the true profitability of cattles and different feeding practices.

For fish farmers, Raisioaqua has developed a tool called Kasvuluotain® that helps the farmer with the fish growth monitoring and feed dosing. The first farmers are already testing the tool. In addition, Raisioaqua studied the digestibility of protein raw materials in fish feeds.

Raisioagro expanded its range of Maituri and Melli cattle feeds. The horse feed range was expanded with the Norra Sankari feed that celebrates the Finnhorse’s 110th anniversary. Part of the Norra Sankari proceeds will be donated to the genetic resources programme of the Finnhorse aimed at ensuring the future of the original breed.

Raisio’s Confectionery business is actively expanding its branded product range to meet the consumer needs. The ranges of partner products and retailer private labels are being actively developed. In confectionery, consumer trends include, for example, sugar-free candies, natural and responsible raw materials, and genuine fruit juices.

In the review period, Raisio supported its licensing partners with the development of new products and product range expansion. Raisio launched no new Benecol products to its own consumer product markets during the review period.

The product development of snack products focused on the development of new kind of healthy snacks. Raisio aims to expand into new product categories with, for example, Elovena. This spring, the most exciting new product is Elovena snack ice cream, already available in stores.

SEGMENT INFORMATION

BRANDS DIVISION

The Brands Division includes Benecol, Healthy Snacks, Confectionery and Benemilk business as its own company.

		Q1/ 2017	Q1/2016	2016
Net sales	M€	72.2	90.2	320.1
Benecol	M€	30.5	34.4	124.6
Healthy Snacks	M€	18.4	17.0	69.7
Confectionery	M€	23.4	25.8	100.2
Benemilk	M€	0.0	0.2	0.4
Common for the Brands	M€	0.1	13.5	26.4
EBIT	M€	12.0	11.4	30.2
EBIT	%	16.6	12.6	9.4
Items affecting comparability	M€	0.0	0.0	20.3
Comparable EBIT	M€	12.0	11.4	50.5
Comparable EBIT	%	16.6	12.6	15.8
Investments	M€	0.8	2.4	8.9
Net assets	M€	307.0	348.2	303.4

Financial review

Net sales for the Brands Division totalled EUR 72.2 (90.2) million. Net sales for Benecol were EUR 30.5 (34.4) million, for Healthy Snacks EUR 18.4 (17.0) million and for Confectionery EUR 23.4 (25.8) million. The Brands Division's net sales were down from the comparison period by about EUR 4 million due to the weakening of the GBP. The Brands Division's comparison period net sales include the net sales of EUR 13.5 million for the snack bar business divested in the summer 2016.

The UK generates some 40 per cent of the Brands Division's net sales, Finland some 20 per cent and other markets some 40 per cent. The Czech Republic, Russia, Poland and Ireland are the largest of the other markets.

The Brands Division's EBIT totalled EUR 12.0 (11.4) million, accounting for 16.6 (12.6) per cent of net sales. The effect of the weaker GBP on the Brand Division's EBIT was approximately EUR 0.6 million negative.

Business operations

Benecol

In its important home markets for consumer products, i.e., the UK, Ireland, Finland and Poland, Benecol maintained and partly improved its market position in the cholesterol-lowering functional foods. Main reasons behind the decrease in Benecol business net sales were lower sales of plant stanol ester, the Benecol product ingredient, and decreased sales volume in spreads in the UK. Benecol's price increases in the UK retail trade did not fully compensate for the negative effects of the currency and raw material price increases. Benecol's EBIT was at a good level, but lower than in the comparison period for the same reasons that affected net sales.

In the UK market, Raisio strengthened its market leader position in Benecol minidrinks, and the expansion of the distribution coverage will bring us significant additional volume. The cholesterol-lowering spread category continued to fall but Benecol managed better than its competitors. Sales in spoonable Benecol yoghurts were down from the comparison period. Price increases carried out with the UK retail customers last autumn compensate only partly theprice increases of raw materials of plant stanol ester, the Benecol product ingredient, and negative currency effects of the GBP. In the UK, promotions continue to significantly affect sales. In the review period, Benecol product sale was supported with TV commercials and promotions.

In Ireland, Benecol spreads are the fastest growing consumer brand in cholesterol-lowering spreads. Benecol maintained its strong market leader position in minidrinks.

In Finland, sales volume for Benecol minidrinks and spreads increased by over 10 per cent, primarily due to the expanded distribution coverage. In the review period, the new Benecol food supplement, available at pharmacies, and Benecol spreads were advertised through a TV campaign.

In Poland, Benecol maintained its market leader position in cholesterol-lowering functional spreads in value. Sales volume for Benecol products remained stable in the review period, but was significantly lower than last autumn. Net sales in the Polish business were significantly lower than in the comparison period. In Poland, extremely intense competition continued in cholesterol-lowering spreads and the role of promotions remains important. Raisio continued to focus on profitable promotions. Sales prices of spreads increased and sales volumes decreased in Poland. The strongest rise was seen in butter prices.

Sales in Benecol licensing partners' consumer products increased by five per cent although sales volume of plant stanol ester, the Benecol product ingredient, to the partners was down from the comparison period. Particularly good sales growth was delivered by Raisio's Benecol partners in Asia.

Benecol continued its active work to promote the partners' product launches, new product development and regulation processes in all markets. In the review period, the partners launched new Benecol products in their own markets.

Healthy Snacks

Northern Europe

Net sales for the Northern European operations increased by almost six per cent. The growth was driven by good sales development in Elovena products, volume growth in flakes exported from Finland to Russia, and rye and wheat flour deliveries to the bakery industry from the beginning of the year. In addition, catering company sales increased. In Finland, retail sales did not reach the comparison period level.

Sales increased in Elovena snack quarks and biscuits. Consumers have welcomed our new Elovena snack ice creams. Sales also clearly increased for the traditional Elovena oat flakes despite the low prices of private label products. Sales volume for Elovena product line grew by almost 15 per cent. Sales for Sunnuntai and Nalle products were clearly down from the comparison period.

Raisio has interviewed over 5,000 Finns in consumer studies related to nutrition and snacking. The studies have strongly showed that consumers want their food to be simple, understandable and carefree. Elovena brand aims to bring back the joy of eating, and to remind consumers that there are still natural and genuine foods that make us feel good. After the review period in April, a TV campaign for the renewed Elovena brand was introduced.

Consumers are interested in oat, a natural raw material with health benefits. This can be seen in higher demand for plant-based, natural snacks and meals supporting wellbeing. Raisio will continue to develop new oat products into new categories and improve the availability of its oat products.

Eastern Europe

Due to the sales volume growth of eight per cent in Russia and lower exchange rate, net sales increased and EBIT was clearly up from the comparison period. Raisio's sales volume and net sales increased from the comparison period in the growing but still small Ukrainian market.

In Russia, particularly good sales growth was seen in Nordic porridges. Raisio also launched new gluten-free Provena instant porridges and snack biscuits.

Confectionery

In the UK, the total demand for confectionery slightly increased, but the demand for chocolate clearly declined at the beginning of the year. Net sales and EBIT for Raisio's UK confectionery business were clearly down from the comparison period. The weaker GBP had a clearly negative impact on net sales and EBIT. Lower profitability was primarily due to a major customer's delistings in private label products as well as delistings of Raisio's brands Poppets and XXX. In addition, customer orders started slowly in January 2017. At the Leicester plant, Raisio continued to fix the production challenges, which resulted in weaker profitability.

In the review period, several promotions were carried out and new products were launched under Raisio's brands and those of partners and retailers. Once the challenges in the production have been tackled, Raisio will be able to grow the sales and availability of its branded products. Raisio is well positioned to supply an extensive range of high-quality confectionery to new and existing customers.

Net sales and EBIT for Nimbus, a UK producer of inclusions and toppings, were at the comparison period level. Nimbus' customers include international confectionery and ice cream producers. The business has excellent growth potential.

The first quarter of 2017 was consistently good for the Czech confectionery business as its net sales and EBIT were at the comparison period level, which was the best quarter of 2016. The year started slightly slower than usual for the Czech retail chains and for exports particularly to Canada and Poland. In Poland, sales of Raisio's major retail customer grew significantly in 2016, but at the beginning of this year, deliveries were clearly lower, which gives us the opportunity to offer high-quality soft gums to other export markets and customers.

In the Czech and Slovakian markets, sales were stable and volumes in contract manufacturing increased slightly. Raisio's internal sales from the Czech Republic to the UK and Ukraine increased. At the Czech confectionery plants, extensive measures were taken to enhance operations and to utilise cost savings. This has resulted in flexible work shift arrangements and lower waste.

Strong sales growth continued for the Pedro brand sold in the Czech market. Pedro is a well-known, iconic brand in the Czech Republic. Raisio carried out new Pedro launches and got new retail listings. Juicee Gummee, a Czech export brand, competes with major international and retailers' private label brands. As a result, competition intensified, and sales were down from the comparison period.

Benemilk

Benemilk Ltd continued its efforts to maintain its extensive patent portfolio. In line with the decision made in the autumn 2016, activities related to the Benemilk Ltd's international commercialisation have been reduced significantly.

In Finland and Russia, Benemilk feeds are sold and marketed by Raisioagro that has a licence to the Benemilk innovation.

RAISIOAGRO DIVISION

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

		Q1/2017	Q1/2016	2016
Net sales	M€	24.3	27.1	126.6
EBIT	M€	-0.3	0.0	3.7
EBIT	%	-1.4	-0.1	2.9
Items affecting comparability	M€	0.0	0.0	0.0
Comparable EBIT	M€	-0.3	0.0	3.7
Comparable EBIT	%	-1.4	-0.1	2.9
Investments	M€	0.8	0.4	1.9
Net assets	M€	30.5	33.1	25.7

Financial review

Raisioagro's net sales totalled EUR 24.3 (27.1) million. Sales in cattle feeds were clearly down from the comparison period but remained at the level of the previous quarter. Net sales were positively affected by increased cattle feed exports to Russia. Grain export clearly decreased from the comparison period because it was not profitable at current grain prices.

Raisioagro's EBIT totalled EUR -0.3 (0.0) million. The decrease in EBIT was due to clearly lower grain exports, decreased cattle feed sales focusing on products with lower added value, and costs arising from the introduction of the fish feed investment.

Raisioagro's net working capital decreased from the comparison period and totalled EUR 10.4 (12.9) million. The decrease in net working capital resulted from improved raw material and stock management in the fish feed and cattle feed businesses. Raisioagro's average return on capital employed increased to 11.4 per cent due to decreased net working capital.

Business operations

Cattle feeds

The tough situation at milk farms continued as there were no changes in the prices paid for milk. Because of this, milk farmers are increasingly putting feeds and farming supplies out to tender. Raisioagro did not engage in price competition. Demand for cattle feeds focused on the products of lower added value. That is why Raisioagro's sales were clearly down from the comparison period but remained at the level of previous quarter. With the restructuring of milk farms, the number of farms continues to decrease in Finland.

Sales in Benemilk feeds were down from the comparison period but remained at the level of previous quarter. Approximately six per cent of the Finnish dairy cattle are fed with Benemilk. Benemilk feed range has products that meet different needs at farms. The farms using Benemilk feeds receive added value to their production.

Raisioagro's cattle feed exports to Russia were significantly higher than in the corresponding period last year. Russia is actively developing its milk production in the situation where the dairy product export from Finland is banned. Raisioagro has intensified cooperation with local dairies to increase the production volume of milk farms. There is a demand for Raisioagro's feeding expertise and the company has good potential to increase its exports to Russia.

Fish feeds

The main season for fish feeds is from April to October. The review period's deliveries were low and sales focused particularly on the Russian customers' restocking.

In January-March, the business focused to strengthen its fish feed range, renew its recipes and prepare the introduction of the new fish feed line.

We already have 16 contract producers for the Benella fish available in the stores of Finnish retailers Stockmann and Kesko. Consumer feedback for the Finnish high-quality, fresh and responsibly farmed fish has been positive. Last summer, Raisioaqua introduced its Baltic Blend feeds. With them, the share of Finnish raw materials in Raisioaqua feeds has risen.

Raisioaqua developed a new feed for recirculating farming of shrimps. The feed is in use at a Finnish plant piloting shrimp farming.

Other operations

Sales in wrap films, nets and grass seeds for farms increased by 45 per cent, while sales in low-margin products, such as fertilisers and fuels, were significantly down from the comparison period.

In the review period, Raisioagro bought hulled oats clearly more than before for Raisio's own food production, which resulted from good sales development of Elovena products. The difference between the Finnish grain prices and world market prices is exceptionally small, which significantly lowered the profitability and volume of exports.

For its contract farmers, Raisioagro arranged several events where the advantages of high-quality Finnish grain farming were highlighted.

MANAGEMENT AND PERSONNEL

Raisio Group employed 1,421 (1,736) people at the end of March. A total of 76 (81) per cent of personnel worked outside Finland. The Brands Division had 1,259 (1,572), Raisioagro 103 (107) and the service functions 59 (57) employees.

Group Management Team

Pia Kakko, M. Sc. (Eng), Vice President of Healthy Snacks, and Sakari Kotka, M.Sc. (Econ.), Vice President of Confectionery, were appointed the Group Management Team members on 1 February 2017. Perttu Eerola, M.Sc.(Econ), was appointed as Raisioagro Ltd's Managing Director and Raisio Group Management Team member as of 20 March 2017. He previously worked as Financial Director at Raisioagro.

Raisio plc's CEO Matti Rihko resigned from his position on 3 January 2017. Rihko left his position immediately. The Board appointed Jarmo Puputti, M.Sc. (Eng.), MBA, as Raisio plc's interim CEO. The search process for a new CEO is underway.

After the review period, on 3 May 2017, Raisio announced the following changes in its Management Team:

Raisio Group will strengthen its organisation as of 15 May 2017. Jukka Heinänen, M.Sc. (Eng) and M.Sc. (Econ), has been appointed as Raisio Group's Vice President of Operations, Managing Director of Raisionkaari Industrial Park and the Group Management Team member. He will join Raisio from Teknos Group Ltd's management.

Pia Kakko, Vice President of Healthy Snacks business, has resigned and will start as KiiltoClean Ltd's Supply Chain Director on 20 May 2017. Juha Helokoski, Commercial Director at the Healthy Snacks business, will be temporarily responsible for the management of the Healthy Snacks in addition to his own duties as of 3 May 2017.

CEO Jarmo Puputti, Vice President of Benecol Vincent Poujardieu, Vice President of Confectionery Sakari Kotka, Vice President of Raisioagro Perttu Eerola, CFO Antti Elevuori, Vice President of HR Merja Lumme and Vice President of Legal Affairs Sari Koivulehto-Mäkitalo continue to serve as the Raisio Group Management Team members.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January-March totalled 11.1 (7.5) million. The value of trading was EUR 39.0 (30.8) million and the average price EUR 3.50 (4.11). The closing price on 31 March 2017 was EUR 3.37.

A total of 0.3 (0.3) million restricted shares were traded in January-March. The value of trading was EUR 1.0 (1.1) million and the average price EUR 3.56 (4.07). The closing price on 31 March 2017 was EUR 3.42.

On 31 March 2017, the company had a total of 40,009 (31 December 2016: 39,332) registered shareholders. Foreign ownership of the entire share capital was 15.4 (31 December 2016: 15.4) per cent. Raisio plc's market capitalisation at the end of March totalled EUR 558.2 (31 December 2016: 598.7) million and, excluding the company shares held by the company, EUR 532.3 (31 December 2016: 571.3) million.

During the review period, a total of 1,190 restricted shares were converted into free shares. At the end of the review period, the number of issued free shares was 132,467,129 while the number of restricted shares was 32,681,901. The share capital entitled to 786,105,149 votes.

At the end of the review period, Raisio plc held 7,462,162 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 therestricted 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 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 2018. Furthermore, the Board of Directors has the authority to decide on share issues by disposing of a maximum of 14,000,000 free shares and amaximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The authorisation will expire, at the latest, on 23 March 2022. The authorisations have not so far been exercised and related details on both are available in the stock exchange release published on 13 February 2017.

The authorisation to repurchase own shares and to issue shares given by the AGM of 2016 expired on 23 March 2017.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

Raisio plc's Annual General Meeting (AGM) held on 23 March 2017 approved the financial statements for the financial year 1 January - 31 December 2016 and granted the members of the Board of Directors and the Supervisory Board as well as the CEO discharge from liability.

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.17 for each restricted and free share. The dividend was paid on 3 April 2017 to a shareholder who was entered in the shareholders' register on the record date 27 March 2017. No dividend, however, was paid on the shares that at the time were held by the company.

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö, Matti Perkonoja, Michael Ramm-Schmidt and Ann-Christine Sundell were appointed, all for the term commencing at the closing of the AGM. Mäkelä and Niemistö are new members in the Board.

The Chairman of the Board will be paid a monthly fee of EUR 5,000 and the members a monthly fee of EUR 2,500. Approximately 20 per cent of the fee will be paid with the company's own shares and approximately 80 per cent in cash. The fees are paid in two equal instalments during the term so that the first payment will be made on 15 June and the second on the 15 December. In addition, the Chairman of the Board will be paid a fee of EUR 800 for each meeting and EUR 400 for teleconference; the members of the Board will be paid EUR 400 for each meeting and EUR 200 for teleconference; the same fees will be also paid for the meetings of committees elected by the Board of Directors among its members. Attendance fees are paid in cash. Moreover, they will receive a daily allowance for the meeting days and they will be reimbursed for travel expenses according to the Company's travel policy.

The number of members in the Supervisory Board was confirmed to be 25. Henrik Brotherus, Timo Könttä, Juha Marttila, Ilkka Mattila, Paavo Myllymäki, Yrjö Ojaniemi and Olli-Pekka Saario were elected as the members of the Supervisory Board for the term commencing at the closing of the AGM. Brotherus, Mattila and Saario are new members in the Supervisory Board.

The annual remuneration payable to the Chairman of the Supervisory Board will be EUR 12,000. The Chairman and the members of the Supervisory Board will receive a payment of EUR 350 for each meeting, in addition to which their travel expenses will be compensated and they will receive a daily allowance for the meeting days according to the Company's travel policy. The Meeting also decided to pay the Chairman of the Supervisory Board a fee of EUR 350 for each attended meeting of the Board of Directors.

Authorised public accountants Esa Kailiala and Kimmo Antonen were elected as regular auditors, and KPMG Oy Ab and authorised public accountant Niklas Oikia were elected as deputy auditors. The auditors' term began at the AGM and will end at the end of the next AGM.

The AGM authorised the Board of Directors 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 2018.

Furthermore, the AGM authorised the Board of Directors to decide on the share issues by disposing of a maximum of 14,000,000 free shares and a maximum of 1,460,000 restricted shares held by the company, and by issuing a maximum of 20,000,000 new free shares. The share issue authorisations will expire on 23 March 2022 at the latest.

The details of the authorisations are available in the stock exchange release published on 13 February 2017.

EVENTS AFTER THE REVIEW PERIOD

Raisio to renew its business strategy: Wellbeing for life

Raisio's Board of Directors has examined the Group's renewed business strategy for 2017-2022. The cornerstone of the updated strategy is profitable growth. The business strategy focusing on wellbeing is based on Raisio's core competences, i.e., plant-based, functional foods and effective, sustainable feeds.

The renewed business strategy will create a goal-oriented, determined business model for growth. We want to promote wellbeing and we strive for sustainable growth with desired brands. Raisio's goal is to be a great place to work. Raisio makes the world a better place.

Raisio's products and services promote wellbeing and are based on understanding consumer and customer needs. Raisio seeks profitable growth with agile product development, brand development, new markets and product categories, digital services and online store as well as through acquisitions.

Target-oriented brand work contributes to the growth of Benecol business. Brand strategy focusing on wellbeing, understanding consumer segments, digital opportunities as well as investments in marketing and cooperation with health-care professionals support organic growth. Benecol products launched in new product categories make cholesterol-lowering easier and tastier. Expansion into new markets will be tested in Europe already during this year.

Raisio's strong oat expertise creates growth for our Healthy Food business. Healthy, plant-based, responsibly produced branded products in line with consumer needs will be launched in new markets. Our range will be expanded into new product categories, such as meals and meal components. Raisio will launch snack products made of Finnish oat under its Nordic brand for example in Germany and Poland.

The strategic priorities for the Confectionery business are the development and growth of Raisio's brands and improvement of operational efficiency. Raisio will strengthen its position as an agile contract manufacturing partner in high-quality confectionery. Nimbus, a producer of industrial inclusions and toppings, seeks significant growth in net sales.

Raisioagro's competitiveness is based on a superior customer experience that includes innovative feeds and feeding solutions, customer service and digital services. Exports of cattle and fish feeds particularly to the neighbouring countries of Finland will be strengthened; the greatest growth potential is in Northwest Russia. Environmentally friendly fish feed innovations support growth of the fish farming industry.

Raisio to sell its Southall industrial property

On 7 April 2017, Raisio signed an agreement to divest its Southall industrial property near London to Galliard Homes Ltd for approximately EUR 40 million. Galliard Homes has paid 10 per cent of the purchase price as an advance payment and the remaining 90 per cent will be paid when the property is transferred to its ownership by the end of June 2017. The purchase price is paid in GBP.

Once the industrial property has been transferred to the new owner, Raisio will write down intangible rights, such as goodwill, of some EUR 29 million on the consolidated balance sheet recorded for previous UK acquisitions. This corresponds to capital gains derived from the sale of the industrial property before taxes. For this reason, the deal has no effect on Raisio's EBIT. Capital gain resulting from the deal will be taxed in the UK at 19 per cent tax rate.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

The eurozone economy is expected to grow moderately in 2017. The growth is based on private consumption and investment recovery, supported by low interest rates. The UK voted to leave the European Union in the EU referendum (Brexit). All details related to Brexit are still unclear. The uncertainty arising from the decision is expected to weaken the growth prospects of, not only the UK, but the entire eurozone and to continue to cause significant volatility in the external value of the pound. In addition, the upcoming elections in major EU countries, the UK, France and Germany, as well as the threat of rising protectionism cause uncertainty to growth prospects.

In Finland, economy is expected to continue its moderate growth. The growth is based on private consumption supported by low interest rates and burdened by rising inflation. In addition, surging exports support the growth. The unemployment rate is expected to fall.

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

Changes in exchange rates significantly affect Raisio's net sales and EBIT, directly and indirectly. Uncertainty related to the referendum outcome has caused volatility in the British pound, which impacts Raisio's net sales and EBIT as considerable part of both is generated in the UK. Volatility in the rouble's external value affects the exports of feeds and flake products. It may also have an impact on the utilisation rates of production plants in Finland.

The price and availability of agricultural raw materials are a major challenge for Raisio's businesses. Global warming and extreme weather events will 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 tightening competition in retail trade are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets. Profitability and liquidity problems in the Finnish agriculture and livestock farming weaken the purchasing power of the sector and put pressure on Raisioagro's profitability. Due to the crisis in Ukraine and Crimea, the EU's sanctions of 2014 and Russia's counter-sanctions, especially the import ban of dairy products, will directly and indirectly hamper Raisioagro's operations. The uninterrupted functioning of fish feed exports is extremely important for Raisioaqua.

Preparing for and adapting to Brexit is a key challenge for Raisio's operations in 2017.

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.

2017 OUTLOOK REMAINS UNCHANGED

In 2017, Raisio will invest in brands, product concepts, sales and marketing, and in the enhancement of its operations. This will pave the way for future growth and success. Raisio estimates its comparable EBIT for 2017 to fall slightly short of comparable EBIT for 2016. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

In Raisio, 10 May 2017

Raisio plc
Board of Directors

Further information:
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Raisio's financial reviews in 2017

- Half-Year Financial Report for January-June on 9 August 2017
- Interim Report January-September on 8 November 2017

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	1-3/2017	1-3/2016	2016
Net sales	92.5	114.0	436.3
Expenses corresponding to products sold	-67.8	-83.3	-337.6
Gross profit	24.7	30.7	98.7
Other operating income and expenses, net	-15.0	-21.0	-69.7
EBIT	9.6	9.7	28.9
Financial income	0.9	0.5	1.8
Financial expenses	-0.9	-1.4	-4.0
Share of result of associates and joint ventures	0.0	0.0	0.0
Result before taxes	9.6	8.7	26.8
Income taxes	-1.8	-1.3	-7.8
RESULT FOR THE PERIOD	7.8	7.4	19.0
Attributable to:			
Equity holders of the parent company	7.8	7.4	19.0
Non-controlling interests	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)			
Undiluted earnings per share	0.05	0.05	0.12
Diluted earnings per share	0.05	0.05	0.12

COMPREHENSIVE INCOME STATEMENT (M€)

	1-3/2017	1-3/2016	2016
Result for the period	7.8	7.4	19.0
Other comprehensive income items after taxes			
Items that may be subsequently transferred to profit or loss			
Available-for-sale financial assets	-0.1	0.1	-0.2
Cash flow hedge	-0.6	-0.5	-3.7
Translation differences	0.2	-14.4	-27.2
Comprehensive income for the period	7.3	-7.4	-12.2
Components of comprehensive income:			
Equity holders of the parent company	7.3	-7.4	-12.2
Non-controlling interests	0.0	0.0	0.0

BALANCE SHEET (M€)

	31.3.2017	31.3.2016	31.12.2016
ASSETS			
Non-current assets			
Intangible assets	62.8	70.0	62.0
Goodwill	154.2	166.2	154.1
Property, plant and equipment	79.3	96.7	78.7
Shares in associates and joint ventures	0.7	0.7	0.7
Available-for-sale financial assets	2.2	2.7	2.3
Deferred tax assets	5.5	6.0	5.4
Total non-current assets	304.6	342.4	303.3
Current assets			
Inventories	63.3	62.9	52.1
Accounts receivables and other receivables	54.4	67.8	51.0
Financial assets at fair value through profit or loss	8.6	44.9	37.7
Cash in hand and at banks	10.9	24.1	25.9
Total current assets	137.2	199.6	166.7
Non-current assets available for sale	0.0	0.0	0.0
Total assets	441.8	542.0	470.0
SHAREHOLDER’S EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Company shares	-19.8	-20.4	-19.8
Other equity attributable to equity holders of the parent company	285.6	310.2	305.2
Equity attributable to equity holders of the parent company	293.5	317.5	313.2
Non-controlling interests	0.0	0.0	0.0
Total shareholder’s equity	293.5	317.5	313.2
Non-current liabilities			
Deferred tax liabilities	8.1	10.1	8.2
Provisions	0.1	0.1	0.2
Non-current financial liabilities	45.8	68.9	45.8
Derivative contracts	0.0	0.0	0.0
Other non-current liabilities	0.0	0.0	0.0
Total non-current liabilities	54.0	79.1	54.3
Current liabilities			
Accounts payable and other liabilities	66.4	102.5	55.8
Provisions	2.4	2.1	2.4
Derivative contracts	2.5	1.0	1.6
Current financial liabilities	23.0	39.8	42.8
Total current liabilities	94.2	145.4	102.6
Total liabilities	148.3	224.5	156.8
Total shareholder’s equity and liabilities	441.8	542.0	470.0

CHANGES IN GROUP EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 31.12.2015	27.8	2.9	88.6	8.8	2.0	-20.4	14.2	226.2	350.0	0.0	350.0
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	7.4	7.4	-	7.4
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	-	-	-	-	-	-	-14.4	-	-14.4	-	-14.4
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.5	0.0	-14.4	7.4	-7.4	0.0	-7.4
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Share-based payment	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-25.1	-25.1	0.0	-25.1
Equity on 31.3.2016	27.8	2.9	88.6	8.8	1.5	-20.4	-0.2	208.6	317.5	0.0	317.5
Equity on 31.12.2016	27.8	2.9	88.6	8.9	-1.9	-19.8	-13.1	219.9	313.2	0.0	313.2
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	7.8	7.8	-	7.8
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Cash flow hedge	-	-	-	-	-0.6	-	-	-	-0.6	-	-0.6
Translation differences	-	-	-	-	-	-	0.2	-	0.2	-	0.2
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.8	0.0	0.2	7.8	7.3	0.0	7.3
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-26.8	-26.8	-	-26.8
Share-based payment	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-26.9	-26.9	0.0	-26.9
Equity on 31.3.2017	27.8	2.9	88.6	8.9	-2.7	-19.8	-12.9	200.8	293.5	0.0	293.5

CASH FLOW STATEMENT (M€)

	31.3.2017	31.3.2016	2016
Result before taxes	9.6	8.7	26.8
Adjustments	2.6	3.6	31.8
Cash flow before change in working capital	12.2	12.4	58.6
Change in accounts receivables and other receivables	-2.4	-0.3	3.6
Change in inventories	-11.1	-0.5	15.1
Change in current non-interest-bearing liabilities	5.3	-9.8	-20.2
Total change in working capital	-8.2	-10.7	-1.6
Financial items and taxes	-1.8	-2.7	-9.4
Cash flow from business operations	2.2	-1.0	47.6
Investments in fixed assets	-4.1	-4.0	-17.3
Divestment of subsidiaries	0.0	0.0	2.2
Proceeds from sale of fixed assets	0.0	0.1	0.2
Sale of securities	0.0	0.0	0.4
Cash flow from investments	-4.1	-3.9	-14.4
Financial items and taxes	0.0	0.0	-3.7
Change in non-current loans	-19.7	0.0	-8.6
Change in current loans	0.0	0.0	0.0
Dividend paid to equity holders of the parent company	-22.1	0.0	-25.0
Cash flow from financial operations	-41.8	0.0	-37.2
Change in liquid funds	-43.7	-4.9	-4.0
Liquid funds at the beginning of the period	61.9	67.9	67.9
Effects of changes in foreign exchange rates	-0.2	-1.0	-2.0
Impact of change in market value on liquid funds	-0.1	0.1	0.0
Liquid funds at end of period	17.9	62.1	61.9

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 2016 with the exception of the EU approved new and renewed IFRS standards introduced on 1 January 2017. The standard amendments have not had a material impact on the consolidated financial statements.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on the management's best knowledge of current events, actual results may differ from the estimates.

Interim report is shown in EUR millions.

IFRS 15, *Clarifications to IFRS 15 Revenue from Contracts with Customers* will come into force on 1 January 2018. The new standard will replace the current IAS 11 and IAS 18 revenue recognition standards and related interpretations. The Raisio Group has examined the impacts of the IFRS 15 during 2016 and 2017. The Raisio Group’s sales to customers are sale of goods, not involving a significant degree of services. The Raisio Group’s contracts with customers can mainly be recognized when a performance obligation is met and benefits and risks of the goods transfer to the customer. At the Raisio Group, there are no contracts to be recognised as income according to the stage of completion. There will be no significant changes in the Group’s income statement, balance sheet or cash flow with the new IFRS 15. If necessary, some customer contracts may be supplemented and specified in 2017. The Group-level guidance on recognition of discounts has been specified since the beginning of 2017.

Need for minor alterations has been detected in some processes and systems. Notes required by IFRS 15 will increase the information presented in the Notes to the Financial Statements. The Group continues to examine the Notes in order to make sure they are in line with the renewed IFRS standard. Raisio plc will adopt the standard in full retroactively at the required application date.

SEGMENT INFORMATION

The reported segments are Brands and Raisioagro. The Brands segment includes Benecol, Healthy Snacks and Confectionery. Benemilk Ltd's operations are reported as part of the Brands Division. Raisioagro segment includes cattle and fish feeds, farming supplies and grain trade

NET SALES BY SEGMENT (M€)

	1-3/2017	1-3/2016	2016
Brands	72.2	90.2	320.1
Raisioagro	24.3	27.1	126.6
Other operations	0.2	0.2	0.8
Interdivisional net sales	-4.3	-3.5	-11.2
Total net sales	92.5	114.0	436.3

EBIT BY SEGMENT (M€)

	1-3/2017	1-3/2016	2016
Brands	12.0	11.4	30.2
Raisioagro	-0.3	0.0	3.7
Other operations	-2.0	-1.7	-4.9
Total EBIT	9.6	9.7	28.9

NET ASSETS BY SEGMENT (M€)

	31.3.2017	31.3.2016	31.12.2016
Brands	307.0	348.2	303.4
Raisioagro	30.5	33.1	25.7
Other operations and unallocated items	-44.0	-63.8	-15.9
Total net assets	293.5	317.5	313.2

INVESTMENTS BY SEGMENT (M€)

	1-3/2017	1-3/2016	2016
Brands	0.8	2.4	8.9
Raisioagro	0.8	0.4	1.9
Other operations	2.2	1.2	7.5
Total investments	3.9	4.0	18.3

NET SALES BY MARKET AREA (M€)

	1-3/2017	1-3/2016	2016
Finland	34.5	36.6	156.9
Great Britain	28.5	43.3	141.5
Rest of Europe	27.3	31.0	125.6
ROW	2.2	3.1	12.2
Total	92.5	114.0	436.3

ACQUIRED BUSINESS OPERATIONS

No business acquisitions in the period 1 January - 31 March 2017 or in 2016.

TANGIBLE ASSETS (M€)

	31.3.2017	31.3.2016	31.12.2016
Acquisition cost at the beginning of the period	380.9	400.5	400.5
Conversion differences	0.2	-6.1	-11.0
Increase	2.7	3.3	15.2
Decrease	-0.1	-0.1	-14.1
Transfers between items	0.0	0.0	-9.7
Acquisition cost at end of period	383.7	397.7	380.9
Accumulated depreciation and impairment at the beginning of the period	302.2	301.7	301.7
Conversion difference	0.1	-3.4	-6.3
Decrease and transfers	-0.1	0.0	-14.0
Depreciations and impairment for the period	2.2	2.7	20.8
Accumulated depreciation and impairment at end of period	304.4	301.0	302.2
Book value at end of period	79.3	96.7	78.7

PROVISIONS (M€)

	31.3.2017	31.3.2016	31.12.2016
At the beginning of the period	2.6	2.1	2.1
Increase in provisions	0.0	0.0	0.5
Provisions used	-0.1	0.0	0.0
At end of period	2.5	2.1	2.6

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	31.3.2017	31.3.2016	31.12.2016
Sales to associates and joint ventures	0.0	0.0	0.0
Purchases from associates and joint ventures	0.0	0.0	0.1
Sales to key employees in management	0.1	0.1	0.4
Purchases from key employees in management	0.2	0.2	1.6
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
Payables to key management personnel	0.1	0.0	0.2

CONTINGENT LIABILITIES (M€)

	31.3.2017	31.3.2016	31.12.2016
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	1.4	7.5	1.5
Other liabilities	2.8	2.2	1.9
Commitment to investment payments	4.1	1.4	5.9

DERIVATIVE CONTRACTS (M€)

	31.3.2017	31.3.2016	31.12.2016
Nominal values of derivative contracts			
Currency forward contracts	213.4	284.9	190.3
Interest rate swaps	0.0	0.0	0.0

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Carrying amount 31.3.2017	Fair value 31.3.2017	Carrying amount 31.12.2016	Fair value 31.12.2016
Financial assets				
Financial assets available for sale*)	2.2	2.2	2.3	2.3
Accounts receivables and other receivables	46.5	46.5	45.3	45.3
Investments recorded at fair value through profit or loss*)	7.0	7.0	36.0	36.0
Liquid funds	10.9	10.9	25.9	25.9
Derivatives*)	1.7	1.7	1.7	1.7
Financial liabilities				
Bank loans	68.7	70.0	88.5	90.0
Financial leasing liabilities	0.2	0.2	0.2	0.2
Accounts payable and other liabilities	40.9	40.9	39.9	39.9
Derivatives*)	2.5	2.5	1.6	1.6

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

QUARTERLY PERFORMANCE (M€)

	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Net sales by segment					
Brands	72.2	73.3	68.4	88.2	90.2
Raisioagro	24.3	24.7	37.1	37.7	27.1
Other operations	0.2	0.2	0.2	0.2	0.2
Interdivisional net sales	-4.3	-2.8	-2.8	-2.0	-3.5
Total net sales	92.5	95.4	102.8	124.1	114.0
EBIT by segment					
Brands	12.0	13.7	10.5	-5.4	11.4
Raisioagro	-0.3	0.0	2.3	1.4	0.0
Other operations	-2.0	-2.2	1.1	-2.2	-1.7
Total EBIT	9.6	11.5	13.9	-6.2	9.7
Financial income and expenses, net	0.0	0.2	-0.5	-0.9	-0.9
Share of result of associates	0.0	0.0	0.0	0.0	0.0
Result before taxes	9.6	11.7	13.4	-7.1	8.7
Income tax	-1.8	-2.8	-2.3	-1.4	-1.3
Result for the period	7.8	8.9	11.1	-8.4	7.4

KEY INDICATORS

	31.3.2017	31.3.2016	31.12.2016
Net sales, M€	92.5	114.0	436.3
Change of net sales, %	-18.9	-6.9	-16.3
Operating margin, M€	12.2	12.7	56.3
Depreciation and impairment, M€	2.6	3.1	27.4
EBIT, M€	9.6	9.7	28.9
% of net sales	10.4	8.5	6.6
Result before taxes, M€	9.6	8.7	26.8
% of net sales	10.4	7.7	6.1
Return on equity, ROE, %	10.3	8.9	5.7
Return on investment, ROI, %	10.5	8.3	6.6
Interest-bearing financial liabilities at end of period, M€	68.8	108.7	88.6
Net interest-bearing financial liabilities at end of period, M€	50.9	46.6	26.7
Equity ratio, %	66.6	58.7	66.8
Net gearing, %	17.3	14.7	8.5
Gross investments, M€	3.9	4.0	18.3
% of net sales	4.2	3.5	4.2
R & D expenses, M€	0.8	1.2	3.6
% of net sales	0.9	1.1	0.8
Average personnel	1,411	1,776	1,582
Earnings/share, €	0.05	0.05	0.12
Cash flow from operations/share, €	0.01	-0.01	0.30
Equity/share, €	1.86	2.02	1.99
Average number of shares during the period, in 1,000s			
Free shares	125,004	124,666	124,898
Restricted shares	32,470	32,503	32,486
Total	157,474	157,169	157,384
Average number of shares at end of period, in 1,000s			
Free shares	125,005	124,683	125,004
Restricted shares	32,469	32,486	32,470
Total	157,474	157,169	157,474
Market capitalisation of shares at end of period, M€			
Free shares	421.3	539.9	446.3
Restricted shares	111.0	137.4	125.0
Total	532.3	677.3	571.3
Share price at end of period			
Free shares	3.37	4.33	3.57
Restricted shares	3.42	4.23	3.85

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