# Half-Year Financial Report January–June 2019

## RAISIO PLC


RAISIO

**Raisio plc's Half-Year Financial Report, 7 August 2019, at 8:30 a.m. Finnish time**

**Raisio's net sales increased and EBIT improved in April-June**

## FINANCIAL DEVELOPMENT IN BRIEF

### April-June 2019

- The Group's net sales totalled EUR 62.7 (59.7) million.
  EBIT was EUR 7.3 (6.5) million, accounting for 11.6 (10.9) % of net sales.
- The Healthy Food Unit's net sales totalled EUR 34.2 (33.7) million.
  EBIT was EUR 4.5 (3.8) million, accounting for 13.2 (11.2) % of net sales.
- The Healthy Ingredients Unit's net sales totalled EUR 34.7 (32.3) million.
  EBIT was EUR 3.9 (3.3) million, accounting for 11.3 (10.3) % of net sales.

### January-June 2019

- The Group's net sales totalled EUR 112.6 (109.5) million.
  EBIT was EUR 12.2 (10.9) million, accounting for 10.9 (9.9) % of net sales.
  Comparable EBIT was EUR 12.2 (12.8) million, accounting for 10.9 (11.7) % of net sales.
- The Healthy Food Unit's net sales totalled EUR 68.9 (68.7) million.
  EBIT was EUR 8.5 (8.6) million, accounting for 12.3 (12.5) % of net sales.
  Comparable EBIT was EUR 8.5 (8.7) million, accounting for 12.3 (12.7) % of net sales.
- The Healthy Ingredients Unit's net sales totalled EUR 56.6 (53.6) million.
  EBIT was EUR 5.3 (5.7) million, accounting for 9.3 (10.6) % of net sales.
- The Group's cash flow from business operations after financial items and taxes totalled EUR 7.9 (-0.2) million.
- The Group's outlook for 2019 remains unchanged.

## KEY FIGURES OF THE GROUP

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| Net sales | M€ | 62.7 | 59.7 | 112.6 | 109.5 | 228.2 |
| Change in net sales | % | 4.9 | -2.7 | 2.8 | -3.3 | -2.7 |
| Comparable EBIT | M€ | 7.3 | 6.5 | 12.2 | 12.8 | 25.6 |
| Comparable EBIT of net sales | % | 11.6 | 11.0 | 10.9 | 11.7 | 11.2 |
| EBIT | M€ | 7.3 | 6.5 | 12.2 | 10.9 | 16.6 |
| EBIT of net sales | % | 11.6 | 10.9 | 10.9 | 9.9 | 7.3 |
| Comparable EBITDA | M€ | 8.9 | 7.9 | 15.4 | 15.6 | 31.3 |
| EBITDA | M€ | 8.9 | 7.9 | 15.4 | 13.7 | 31.0 |
| Comparable earnings per share | € | 0.05 | 0.03 | 0.08 | 0.06 | 0.12 |
| Earnings per share | € | 0.05 | 0.03 | 0.08 | 0.05 | 0.08 |

**PRESIDENT AND CEO PEKKA KUUSNIEMI:**

In Raisio's new strategy, the defined theme for 2019 is to ensure the growth and profitability of our core business. Already during the Q1, we were able to stop the net sales decline and in the review period, we saw a clear upturn in growth in terms of both net sales and profitability. Net sales increased by almost five per cent and profitability improved by over 10 per cent from the comparison period. Already after two quarters, the benefits of our customer-oriented new organisation structure are visible; we see significant new potential especially in our BtoB operations.

The determined implementation of the strategy is also shown in our investment decision announced in the review period. Construction work on our new production plant specialising in the development and production of plant-based value-added products started after the review period, at the beginning of July. With the completion of one of the largest investment projects in the Finnish food industry of recent years, Raisio's ability to launch innovative, plant-based products is taken to the next level. Recruitment of key personnel for both product development and production is already underway. The investment, funded through our strong cash position and cash flow, will support Raisio's organic growth.

Both our business units, Healthy Food and Healthy Ingredients, improved their performance from the comparison period. Our product price increases due to the sharp rise in grain prices were completed in the Q2. We were also able to raise the selling prices of Benecol products, as the cost of raw material, sterol, and manufacturing overheads had been rising for some time. Raisioaqua had a strong start to the new fish feed season and, in line with our strategy, we got market openings in Sweden and Poland.

As for margins, we have not reached the comparison period level yet, but our strategic focus on fewer and stronger brands, combined with streamlining of the organisational structure carried out in the previous fiscal year, supported cost management over the comparison period. Our Q2 investments were three times higher than in the comparison period and focused on the development of our international oat business. Nonetheless, cash flow was positive in the review period. More attention has been paid to the management of our strong cash position and as a result, our financial income developed quite positively during the spring.

Megatrends support the company's major product categories. With farmed fish, it is possible to produce healthy food for consumers effectively and in an increasingly eco-friendly way. The positive health effects of oats are gaining increasing attention also outside the Nordic countries. Benecol's heart health benefits are undeniable, and we are now investigating, together with the University of Maastricht, the possible alleviating effects of plant stanol on the symptoms in the asthmatics.

## FINANCIAL REPORTING

The reportable segments Raisio renewed at the beginning of 2019 are Healthy Food, Healthy Ingredients and Other Operations. Comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects. The reported figures are for continuing operations and they are comparable. The comparison figures in brackets refer to the corresponding period a year earlier unless otherwise stated. The adoption of the IFRS 16 standard did not have material impact on the Group's EBIT.

## FINANCIAL DEVELOPMENT

### April-June

The Raisio Group's net sales totalled EUR 62.7 (59.7) million. In the second quarter, the Group's net sales clearly increased due to fish feed sales that were significantly up from the comparison period and higher food product prices.

The Raisio Group's EBIT was EUR 7.3 (6.5) million, accounting for 11.6 (10.9) per cent of net sales. EBIT improved due to increased net sales, price increases and cost effectiveness.

The conversion impact of the British pound on the Group's net sales was EUR 0.0 (-0.3) million and EUR 0.0 (-0.1) million on EBIT. The conversion impact refers to the impact arising when the subsidiaries' net sales and EBIT in pounds are converted into euros as part of the consolidated financial statements.

The Group's net financial items were EUR 0.6 (-0.1) million. The Group's pre-tax result was EUR 7.8 (6.4) million. The Group's post-tax result was EUR 8.4 (5.0) million. A tax asset of EUR 2.3 million was recognised in the second quarter of 2019. The Group's earnings per share were EUR 0.05 (0.03).

### January-June

The Raisio Group's net sales totalled EUR 112.6 (109.5) million. Net sales were primarily increased by the well developed fish feed sales. The effects of food product price increases resulting from last autumn's higher raw material prices were not fully shown until the second quarter. International operations accounted for 62.5 (64.4) per cent of the Group's net sales.

The Raisio Group's EBIT totalled EUR 12.2 (10.9, and comparable EBIT 12.8) million, accounting for 10.9 (9.9, and comparable EBIT 11.7) per cent of net sales. Price increases Raisio carried out in its food products led to a drop in sales volumes for particularly competitive product categories in the Group's key markets.

The conversion impact of the British pound on the Group's net sales was EUR 0.2 (-0.8) million and EUR 0.0 (-0.2) million on EBIT. The conversion impact refers to the impact arising when the subsidiaries' net sales and EBIT in pounds are converted into euros as part of the consolidated financial statements.

The Group's net financial items were EUR 0.8 (0.0) million. The Group's pre-tax result was EUR 13.1 (10.9, and with comparable figures 12.8) million. The Group's post-tax result was 12.6 (8.4 and with comparable figures 10.0). The Group's earnings per share were EUR 0.08 (0.05, and with comparable figures 0.06).

### Items affecting comparable EBIT

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| **Comparable EBIT** | M€ | 7.3 | 6.5 | 12.2 | 12.8 | 25.6 |
| + capital gain | M€ | - | - | - | - | 1.2 |
| - capital loss | M€ | - | - | - | - | - |
| - impairment, tangible and intangible assets | M€ | - | - | - | - | -8.7 |
| - impairment, inventories | M€ | - | - | - | - | - |
| +/- structural arrangements and streamlining projects | M€ | - | 0.0 | - | -1.9 | -1.4 |
| +/- other items | M€ | - | - | - | - | - |
| Items affecting comparability, in total | M€ | - | 0.0 | - | -1.9 | -9.0 |
| **EBIT** | M€ | 7.3 | 6.5 | 12.2 | 10.9 | 16.6 |

### Items affecting comparable EBITDA, reconciliation to EBIT

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| **Comparable EBITDA** | | 8.9 | 7.9 | 15.4 | 15.6 | 31.3 |
| +/- Depreciations and impairment | M€ | - | - | - | - | 8.7 |
| +/- Items affecting EBIT | M€ | - | 0.0 | - | -1.9 | -9.0 |
| Items affecting comparability, in total | M€ | - | 0.0 | - | -1.9 | -0.3 |
| **EBITDA** | M€ | 8.9 | 7.9 | 15.4 | 13.7 | 31.0 |
| +/- Impairment | M€ | 0.0 | - | 0.0 | 0.0 | -8.8 |
| +/- Depreciations | M€ | -1.6 | -1.4 | -3.2 | -2.8 | -5.6 |
| **EBITDA** | M€ | 7.3 | 6.5 | 12.2 | 10.9 | 16.6 |

## BALANCE SHEET, CASH FLOW AND FINANCING

At the end of June, the Raisio Group's balance sheet totalled EUR 307.1 (31 December 2018: 324.4) million. Shareholders' equity was EUR 253.6 (31 December 2018: 264.8) million, while equity per share totalled EUR 1.61 (31 December 2018: 1.68). Changes in equity are described in detail in the Table section below.

The Group's cash flow from business operations after financial items and taxes totalled EUR 7.9 (-0.2) million. The comparison period's cash flow reduced due to working capital tied up in inventories.

At the end of June, working capital amounted to EUR 37.3 (31 December 2018: 32.2) million.

At the end of June, the Group's interest-bearing debt was EUR 13.0 (31 December 2018: 23.0) million. Net interest-bearing debt was EUR -93.8 (31 December 2018: -119.2) million.

At the end of June, Raisio's financial assets recognised at fair value through profit or loss, and cash and cash equivalents totalled EUR 106.8 million. The company's strong cash position enabled the dissolution of the binding, however undrawn, revolving credit facility of EUR 50 million in January 2019. Cash reserves are diversified into deposits in Nordic banks and in low-risk investments.

At the end of June, the Group's equity ratio totalled 82.8 (31 December 2018: 81.7) per cent and net gearing was -37.0 (31 December 2018: -45.0) per cent. Return on investment was 14.8 (31.12.2018: 8.1) per cent. As from 1 January 2019, the Raisio Group has decided to present ROIC as its productivity indicator.

Raisio's pound risk was reduced by the repatriation of cash reserves of the UK subsidiaries in the form of dividends.

**Key figures, balance sheet and financing**

| | | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|---|
| Cash flow from operations | M€ | 7.9 | -0.2 | 11.5 |
| Equity ratio | % | 82.8 | 74.6 | 81.7 |
| Net gearing | % | -37.0 | -29.3 | -45.0 |
| Net interest-bearing debt | M€ | -93.8 | -72.7 | -119.2 |
| Equity per share | € | 1.61 | 1.58 | 1.68 |
| Investments | M€ | 6.7 | 2.5 | 5.6 |
| Return on investment (ROIC) | % | 14.8 | 10.3* | 8.1 |

* includes continuing and discontinued operations

## IINVESTMENTS

In April-June, Raisio's investments totalled EUR 4.3 (1.6) million, or 6.9 (2.6) per cent of net sales.

The January-June investments totalled EUR 6.7 (2.5) million, or 6.0 (2.3) per cent of net sales. The largest investments were related to the development of production.

### Raisio to invest some EUR 45 million in the growth of healthy foods

On 11 June 2019, Raisio announced to invest some EUR 45 million in the production facility developing and manufacturing plant-based added-value products. With the investment, Raisio responds to the strong growth in demand for plant-based food, particularly in the European markets. The project is funded by the company's strong cash position and cash flow. The investment strengthens Raisio's position as a specialist in plant-based food and supports growth in line with the company's strategy.

The new production facility will be built in the company's carbon-neutral industrial area in Raisio. It will increase Raisio's production agility and the company's own production capacity. The investment also enables the eco-friendly packages in line with Raisio's responsibility programme. At full capacity, the factory will employ 30 to 35 people, some of whom will work in the product development. Raisio estimates that the first products made in the new factory are available in stores during 2021.

## PERSONNEL

At the end of June, the Raisio Group's continuing operations employed 338 (348) people. The Healthy Food Unit had 125 (145), Healthy Ingredients Unit 156 (149) and Other Operations 57 (54) employees. 19 (23) per cent of the personnel were working in Raisio's foreign operations.

## RESEARCH AND DEVELOPMENT

Raisio's research and development expenses in April-June totalled EUR 1.1 (0.6) million, or 1.7 (1.0) per cent of net sales.

In January-June, R&D expenses were EUR 2.1 (1.2) million, accounting for 1.8 (1.1) per cent of net sales.

Plant stanol ester, the Benecol product ingredient, is proven to lower cholesterol and it may also have other health benefits. The study started in the Maastricht University Medical Center, MUMC, in spring 2019 investigates the impacts of plant stanol ester on the symptoms in the asthmatics. The study is sponsored by, for example, the Dutch Topsector Life Sciences and Health (LSH). In addition to the study subjects' asthma symptoms and the use of asthma medication, the study monitors the effects of plant stanol ester on blood fat levels in asthmatics. Researchers at the University of Maastricht already showed in a previous clinical trial that plant stanol ester enriched yogurts improved the immune function in asthma patients (Brull et al., Am J Clin Nutr 2016).

Raisio's product development is guided by the principles defined in the company's purpose: good taste, healthiness, heart health, overall well-being and sustainable development. Raisioaqua focuses on products and services that ensure the fish welfare and production efficiency while promoting responsible fish farming.

### OPERATING ENVIRONMENT

There have been no significant changes in Raisio's operating environment during the first half of 2019. Global megatrends support Raisio's growth strategy and its focus on responsibly produced healthy food.

Global phenomena, such as climate change, Earth's limited resources, demographic change, technological breakthroughs and faster information flow have an impact on consumers' everyday life and their purchasing decisions. This can be seen in many ways: consumers make responsible choices, invest in health throughout the life and increase their purchases of easy-to-use products suitable for busy everyday life.

When choosing responsibly produced food, consumers pay increasingly more attention to the entire life-cycle of the product, including raw materials, production, distribution, how to use the product, package and its recyclability and food waste.

The consumption of farmed fish is expected to continue strong. The EU aims to increase the production of farmed fish by five per cent annually. Finland and Sweden aim to double the aquaculture production over the next few years. Russia, too, is seeking growth in the aquaculture production. At the moment, only about 20 per cent of the fish used in Finland is farmed in Finland.

## SEGMENT INFORMATION

### HEALTHY FOOD UNIT

Profitable growth is the most important strategic goal for the Healthy Food Unit. The Healthy Food Unit includes Raisio's consumer product businesses in the Western, Central, Eastern and Northern European markets as well as the Benecol licensing partnerships in Europe.

#### Financial development, April-June

The Healthy Food Unit's net sales totalled EUR 34.2 (33.7) million. Our price increases due to the rise in raw material prices were continued and they were completed during the second quarter. Good sales growth for Benecol and Elovena products continued in Finland.

Some 35 per cent of the Healthy Food Unit's net sales were generated in Northern Europe, where Raisio's well-known brands are Elovena, Benecol, Nordic, Sunnuntai, Nalle and Torino. Nearly 50 per cent of net sales were generated from the sale of Benecol products in the Western European markets. The rest of net sales, some 15 per cent, were generated in the Central and Eastern Europe where Benecol and Nordic are Raisio's well-known brands.

The Healthy Food Unit's EBIT amounted to EUR 4.5 (3.8) million, accounting for 13.2 (11.2) per cent of net sales. The sales margin developed in the right direction during the review period. Raisio's investment in R&D was shown in increased costs. In the UK and Ireland, marketing costs were lower than those resulting from extensive Benecol campaigns carried out in the comparison period.

The conversion impact of the British pound on the Healthy Food Unit's net sales was EUR 0.0 (-0.3) million and EUR 0.0 (-0.1) million on EBIT.

**Financial development, January-June**

The Healthy Food Unit's net sales totalled EUR 68.9 (68.7) million. Our price increases due to the rise in raw material prices were fully implemented during the second quarter. In our key markets, price increases led to decreased sales volumes in the especially competitive product categories.

The Healthy Food Unit's EBIT totalled EUR 8.5 (8.6, and comparable EBIT 8.7) million, accounting for 12.3 (12.5, and comparable EBIT 12.7) per cent of net sales. The negative impact of higher raw material prices was still visible in the first quarter but it levelled off during the second quarter.

The conversion impact of the British pound on the Healthy Food Unit's net sales was EUR 0.2 (-0.8) million and EUR 0.0 (-0.2) million on EBIT.

**Healthy Food Division's key figures**

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| Net sales | M€ | 34.2 | 33.7 | 68.9 | 68.7 | 137.7 |
| Western Europe | M€ | 16.3 | 16.7 | 32.8 | 33.4 | 66.4 |
| Northern Europe | M€ | 12.4 | 12.0 | 24.9 | 24.5 | 49.4 |
| Central and Eastern Europe | M€ | 5.5 | 4.9 | 11.2 | 10.8 | 21.8 |
| Comparable EBIT | M€ | 4.5 | 3.8 | 8.5 | 8.7 | 16.1 |
| Comparable EBIT | % | 13.2 | 11.2 | 12.3 | 12.7 | 11.7 |
| EBIT | M€ | 4.5 | 3.8 | 8.5 | 8.6 | 17.1 |
| EBIT | % | 13.2 | 11.2 | 12.3 | 12.5 | 12.4 |
| Net assets | M€ | 82.3 | 84.5 | 82.3 | 84.5 | 83.1 |

**Items affecting comparable EBIT**

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| **Comparable EBIT** | M€ | 4.5 | 3.8 | 8.5 | 8.7 | 16.1 |
| + capital gain | M€ | - | - | - | - | 1.2 |
| - capital loss | M€ | - | - | - | - | - |
| - impairment, tangible and intangible assets | M€ | - | - | - | - | - |
| - impairment, inventories | M€ | - | - | - | - | - |
| +/- structural arrangements and streamlining projects | M€ | - | - | - | - | - |
| +/- other items | M€ | - | - | - | -0.2 | -0.2 |
| Items affecting comparability, in total | M€ | - | - | - | -0.2 | 1.0 |
| **EBIT** | M€ | 4.5 | 3.8 | 8.5 | 8.6 | 17.1 |

**Business reviews, April-June**

Western Europe

Net sales for the Western European operations amounted to EUR 16.3 (16.7) million and EBIT improved.

Net sales for the Benecol business in the UK remained at the comparison period level. EBIT improvement was due to better sales margin and cost savings in marketing as an extensive launch of the novelty Greek Style Benecol Yogurt was carried out in the comparison period.

In the UK, price increases of the Benecol products took effect in the second quarter, leading to a shift in promotions from the spring to June. Sales in the Benecol yogurt drinks slightly increased while sales in yogurts and spreads were clearly down from the comparison period due to price competition and changes in distribution. Sales in snack bars launched last year continued to grow well.

In Ireland, net sales remained at the comparison period level and EBIT improved mainly due to cost savings. Sales increased in the Benecol yogurt drinks and spreads but were clearly down in the Benecol yogurts. Raisio took the Irish business into its own hands last autumn, aiming to turn the declining sales of recent years back to growth.

In Belgium, net sales continued to decline and EBIT was down mainly due to the changes occurred in distribution. Raisio has defined corrective measures to return the Belgian business in the growth path.

Northern Europe

Net sales for the Northern European operations amounted to EUR 12.4 (12.0) million. Net sales increased due to the strong sales growth in Benecol and Elovena products in Finland. Furthermore, the last product price increases due to significantly higher grain raw material prices were carried out during the second quarter. EBIT clearly improved. It was boosted by sales growth, particularly in Benecol and Elovena products, and cost savings.

Sales in Benecol products in Finland increased by over 10 per cent. Particularly good sales development was seen in the Greek Style Benecol Yogurts launched last summer. The visibility of novelties was good, particularly on TV, which increased consumer interest in cholesterol lowering with Benecol products. In addition, sales grew in Benecol spreads and yogurt drinks. Raisio continued its long-term cooperation with health care professionals, which has resulted in consumers' interest in easy and safe cholesterol lowering.

Strong sales growth continued in Elovena products. Sales increased as a result of popularity of Elovena novelties, such as snack biscuits with 100% oats. The range of Elovena Muru products was expanded with Elovena Mince Oat Patties. In Finland, the range of plant-based protein products has expanded and competition has intensified.

Sales in Sunnuntai products were down. Especially in flours, retailers continued to strongly invest in their own private labels. Sales growth continued in the Torino value-added pastas.

Central and Eastern Europe

Net sales for the Central and Eastern European operations totalled EUR 5.5 (4.9) million. The key goals for the review period were to ensure the profitability in Russia and Ukraine and to reverse the loss-making business in Poland.

Net sales increased and EBIT improved in Russia. Most of sales in Russia come from premium-priced Nordic products. Raisio has carried out price increases in Russia corresponding to the sharp rise in grain prices in 2018, which resulted in decreased sales volumes at the beginning of this year. The decline, however, levelled off during the second quarter. The purchasing power of Russian consumers has continued to decline.

In Poland, net sales remained at the comparison period level and the business loss was clearly reduced. In Poland, the cost structure adjustment begun in 2018 has been successfully completed. This supports Raisio's focus on its core business, Benecol consumer products. The sharp decline in sales volume at the beginning of the year slowed down during the second quarter despite the price increases. Raisio continues its efforts to improve the profitability of the Polish operations and to further develop the business.

At the end of 2018, Raisio's licensing agreement with the Spanish partner ended. As a result, Benecol products have not been available in Spain after the beginning of 2019. In its strategy, Raisio has outlined to take over Benecol product markets in Europe in case the situation with a licensing partner changes and the market is important for Raisio.

## HEALTHY INGREDIENTS UNIT

Profitable growth is the most important strategic goal for the Healthy Ingredients Unit. The Healthy Ingredients Unit includes the sale of fish feeds and the Benecol product ingredient, grain trade, and the sale of grain-based products to industrial and catering companies.

**Financial development, April-June**

The Healthy Ingredients Unit's net sales totalled EUR 34.7 (32.3) million. Net sales were increased by the significant sales growth in fish feeds. In addition, sales of oat products to bakeries and to industrial and catering customers increased.

The Healthy Ingredients Unit's EBIT was EUR 3.9 (3.3) million, accounting for 11.3 (10.3) per cent of net sales. EBIT, too, improved as a result of the significant sales growth in fish feeds. Profitability weakened due to the periodic and decreased licensing sales of the Benecol product ingredient.

**Financial development, January-June**

The Healthy Ingredients Unit's net sales totalled EUR 56.6 (53.6) million. Particularly strong sales growth in fish feeds during the second quarter increased net sales. Good sales growth in oat products to bakeries and to industrial and catering customers continued.

The Healthy Ingredients Unit's EBIT was EUR 5.3 (5.7) million, accounting for 9.3 (10.6) per cent of net sales. Strong sales growth in fish feeds was also shown in improved EBIT while license sales of the Benecol product ingredient continued to decline.

**Healthy Ingredients Unit's key figures**

| | | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|---|
| Net sales | M€ | 34.7 | 32.3 | 56.6 | 53.6 | 116.6 |
| EBIT | M€ | 3.9 | 3.3 | 5.3 | 5.7 | 12.9 |
| EBIT | % | 11.3 | 10.3 | 9.3 | 10.6 | 11.0 |
| Net assets | M€ | 61.5 | 48.8 | 61.5 | 48.8 | 50.5 |

**Business reviews, April-June**

Fish feeds

In the second quarter, Raisioaqua's net sales increased by more than 20 per cent due to the significant growth in fish feed sales in Finland and Russia. Export of fish feeds to new markets, Poland and Sweden, was started in the review period. Net sales were boosted and the utilisation rate of the fish feed factory was improved as a result of the contract-manufactured dry pet food to a new customer outside the fish feed season.

The fish feed season started earlier than usual in March-April as Raisioaqua's major customers and distributors replenished their buffer stocks. This ensured timely and sufficient supplies at the start of the fish growth season. Conditions in the second quarter were favourable for fish feeding.

Sustainably farmed Benella fish was launched in the Swedish ICA retail chain during the review period. In addition, dozens of restaurants in the Stockholm area have the Benella fish on their menus.

Raisioaqua is a major producer of sustainable fish feeds for its customers; the company's high-quality feeds, Benella concept and unique application Growth Sonar (Kasvuluotain) create added value to the customers. In the spring 2019, Raisioaqua conducted a development project related to the quality of fish feeds to improve feed durability, particularly in feeding machines.

BtoB sales of grain-based products

Raisio's sales to Finnish bakeries and to industrial and catering customers rose over 10 per cent. Sales in oat products and gluten-free oat products developed particularly well. Price increases due to the sharp rise in grain prices and further intensified competition resulted in the sales volume decline for Raisio's bulk wheat flours.

Raisio continued its determined efforts to raise awareness of the company's oat products and oat expertise, particularly among international food industry operators. Growth in demand for oat and its ingredients continued in Europe and Asia. Raisio's goal is to increase export of its oat-based added-value products also to BtoB customers.

Benecol product ingredient sales to license partners

Raisio's plant stanol ester deliveries to the American license partners increased but decreased to Asian partners. Due to the periodic deliveries and partners' high stock levels, no plant stanol ester was delivered to the European partners.

Raisio is assessing the functionality of the current Benecol licensing model. The current licensing model will continue to be a way of offering Benecol products in the markets where Raisio does not operate itself.

Grain trade

Despite the exceptionally poor harvest of 2018, Raisio has been able to source enough grain for its food production needs. In April-June 2019, Raisio's grain purchases were significantly down from he comparison period since the grain trade focused on the autumn 2018. Grain prices remained high in the review period.

Farming contracts for the new harvest period were signed more actively than last spring. Particularly contract volumes for oat and rye increased as expected.

**SHARES AND SHAREHOLDERS**

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January-June totalled 17.1 (19.4) million. The value of trading was EUR 45.0 (76.9) million and the average price EUR 2.64 (3.96). The closing price on 30 June 2019 was EUR 2.91.

A total of 0.5 (0.8) million restricted shares were traded in January-June. The value of trading was EUR 1.4 (3.2) million and the average price EUR 2.71 (3.90). The closing price on 30 June 2019 was EUR 2.90.

On 30 June 2019, the company had a total of 36,434 (31 December 2018: 36,448) registered shareholders. Foreign ownership of the entire share capital was 21.9 (31 December 2018: 23.4) per cent.

Raisio plc's market capitalisation at the end of June amounted to EUR 479.6 (31 December 2018: 386.5) million and, excluding the company shares held by the Group, to EUR 456.9 (31 December 2018: 368.2) million.

During the review period, a total of 55,000 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 133,412,860 while the number of restricted shares was 31,736,170. The share capital entitled to 768,136,260 votes.

In the review period, a total of 6,721 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the Annual General Meeting in 2019.

At the end of the review period, Raisio plc held 7,588,525 free shares and 212,696 restricted shares. The number of free shares held by Raisio plc accounts for 5.7 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, these shares 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.

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 0.47 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.39 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 2020. 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 a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The share issue authorisation will be valid until 30 April 2020. The authorisations have not so far been exercised and related details on both are available in the Stock Exchange Release published on 12 February 2019.

## DECISIONS MADE AT THE ANNUAL GENERAL MEETING

Raisio plc's Annual General Meeting (AGM) approved the financial statements for the financial year 1 January - 31 December 2018 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 0.16, including an extra dividend of EUR 0.04, for each restricted and free share. The dividend was paid on 3 April 2019 to a shareholder who was entered in the shareholders' register on the record date 21 March 2019. No dividend, however, was paid on the shares that were held by the company at that time.

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö and Ann-Christine Sundell were reappointed and Pekka Tennilä and Arto Tiitinen were appointed as new members; all for the term commencing at the closing of the AGM. At its meeting held after the AGM, the Board of Directors elected Ilkka Mäkelä as its Chairman and Ann-Christine Sundell as its Vice Chairman. A Stock Exchange Release concerning the decisions made by the Meeting was published on 19 March 2019, in addition to which the decisions were described in the Interim Report for January-March 2019.

## CHANGES IN GROUP STRUCTURE

Raisio plc agreed with all Benemilk Ltd's minority shareholders that Benemilk Ltd is fully owned by Raisio plc from February 2019.

## SHORT-TERM RISKS AND SOURCES OF UNCERTAINTY

No significant changes in the short-term risks and sources of uncertainty presented in the Raisio's 2018 Financial Statements and Financial Statements Bulletin are expected to have occurred during the first half of 2019.

Raisio's most significant short-term business risks are related to general economic development and consumer demand. Extreme weather events and changes in the availability, quality and price of the key raw materials, such as grains and sterols, are a major challenge for Raisio's operations. Raisio has assessed major risks related to alternative Brexit options and defined the company's adjustment measures. Changes in key currencies relevant for Raisio and currency conversions affect Raisio's net sales and EBIT both directly and indirectly.

**GUIDANCE 2019**

The Group's outlook remains unchanged.

In 2019, Raisio expects its net sales for continuing operations to grow (2018: EUR 228.2 million) and comparable EBIT to be over 10 per cent of net sales.

Raisio will continue its investments in the brands, R&D and the company's own production in its most important product categories.

In Raisio, 7 August 2019
Raisio Plc
Board of Directors

**Further information:**
Pekka Kuusniemi, President and CEO, tel. +358 50 537 3883
Toni Rannikko, CFO, tel. +358 40 078 8812

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

The information in this Half-Year Financial Report is unaudited.

Raisio's Interim Report for January-September will be published on 6 November 2019.

## TABLE SECTION

## THE GROUP'S INCOME STATEMENT (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| **Net sales** | 112.6 | 109.5 | 228.2 |
| Cost of sales | -80.1 | -75.5 | -161.0 |
| **Gross profit** | 32.5 | 34.0 | 67.3 |
| Other operating income and expenses, net | -20.3 | -23.1 | -50.7 |
| **EBIT** | 12.2 | 10.9 | 16.6 |
| Financial income | 1.7 | 1.0 | 1.4 |
| Financial expenses | -0.9 | -1.0 | -2.2 |
| **Result before taxes** | 13.1 | 10.9 | 15.7 |
| Income taxes | -0.5 | -2.5 | -3.7 |
| **Result for the period** | 12.6 | 8.4 | 12.1 |
| | | | |
| **Attributable to** | | | |
| Equity holders of the parent company | 12.6 | 8.4 | 12.1 |
| 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 | 0.08 | 0.05 | 0.08 |
| Diluted earnings per share | 0.08 | 0.05 | 0.08 |

## THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| **Result for the period** | 12.6 | 8.4 | 12.1 |
| Other comprehensive income items | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Change in fair value of equity investments | 0.5 | 0.2 | 0.1 |
| Tax impact | -0.1 | 0.0 | 0.0 |
| **Items that may be subsequently transferred to profit or loss** | | | |
| Change in value of cash flow hedging | 0.5 | -0.1 | 0.0 |
| Change in translation differences related to foreign companies | 0.4 | -0.1 | -1.3 |
| Tax impact | -0.1 | 0.0 | 0.0 |
| **Comprehensive income for the period** | 13.7 | 8.3 | 10.8 |
| | | | |
| **Components of comprehensive income** | | | |
| Equity holders of the parent company | 13.7 | 8.3 | 10.8 |
| Non-controlling interests | - | - | - |

## THE GROUP'S BALANCE SHEET (M€)

| **ASSETS** | **30/06/2019** | **30/06/2018** | **31/12/2018** |
|---|---|---|---|
| Non-current assets | | | |
| Intangible assets | 32.6 | 42.7 | 33.3 |
| Goodwill | 46.0 | 46.5 | 46.1 |
| Tangible assets | 40.9 | 34.9 | 35.1 |
| Equity investments | 2.7 | 2.2 | 2.2 |
| Deferred tax assets | 4.5 | 2.5 | 2.3 |
| Total non-current assets | 126.8 | 128.9 | 118.9 |
| | | | |
| Current assets | | | |
| Inventories | 39.6 | 36.4 | 34.9 |
| Accounts receivables and other receivables | 33.0 | 31.3 | 28.0 |
| Financial assets at fair value through profit or loss | 85.5 | 18.1 | 89.3 |
| Cash and bank receivables | 22.1 | 89.1 | 53.1 |
| Total current assets | 180.2 | 174.8 | 205.5 |
| | | | |
| Non-current assets available for sale | - | 29.3 | - |
| | | | |
| **Total assets** | 307.1 | 333.0 | 324.4 |
| | | | |
| **SHAREHOLDER'S EQUITY AND LIABILITIES** | **30/06/2019** | **30/06/2018** | **31/12/2018** |
| Equity attributable to equity holders of the parent company | | | |
| Share capital | 27.8 | 27.8 | 27.8 |
| Own shares | -19.8 | -19.8 | -19.8 |
| Other equity attributable to equity holders of the parent company | 245.6 | 240.2 | 256.8 |
| Equity attributable to equity holders of the parent company | 253.6 | 248.2 | 264.8 |
| Non-controlling interests | - | - | - |
| Total shareholder's equity | 253.6 | 248.2 | 264.8 |
| | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 4.3 | 5.5 | 4.0 |
| Provisions | 1.1 | 1.1 | 1.1 |
| Non-current financial liabilities | 0.8 | 11.5 | 0.1 |
| Total non-current liabilities | 6.2 | 18.1 | 5.2 |
| | | | |
| Current liabilities | | | |
| Accounts payable and other liabilities | 34.9 | 35.1 | 31.4 |
| Derivative contracts | 0.1 | - | 0.0 |
| Current financial liabilities | 12.3 | 23.0 | 22.9 |
| Total current liabilities | 47.2 | 58.1 | 54.4 |
| | | | |
| Debts related to non-current assets available for sale | - | 8.7 | - |
| | | | |
| Total liabilities | 53.4 | 84.8 | 59.6 |
| | | | |
| **Total shareholder's equity and liabilities** | 307.1 | 333.0 | 324.4 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (M€)

| | Share capital | Share premium reserve | Reserve fund | Invested unrest-ricted equity fund | Other reserves | Company shares | Translati-on differences | Retained earnings | Equity at-tributable to equity holders of the parent company | Non-controlling interests | Total share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' equity on 1 Jan 2018** | 27.8 | 2.9 | 88.6 | 8.9 | -1.6 | -19.8 | -18.5 | 175.8 | 264.0 | 0.0 | 264.0 |
| Impact of new IFRS 2 standard | - | - | - | - | - | - | - | 0.7 | 0.7 | - | 0.7 |
| **Adjusted opening balance on 1 Jan 2018** | 27.8 | 2.9 | 88.6 | 8.9 | -1.6 | -19.8 | -18.5 | 176.5 | 264.7 | 0.0 | 264.7 |
| **Comprehensive income for the period** | | | | | | | | | | | |
| Result for the period | - | - | - | - | - | - | - | 10.3 | 10.3 | - | 10.3 |
| Other comprehensive income items | | | | | | | | | | | |
| Change in fair value of equity investments | - | - | - | - | 0.2 | - | - | - | 0.2 | - | 0.2 |
| Change in value of cash flow hedging | - | - | - | - | -0.1 | - | - | - | -0.1 | - | -0.1 |
| Change in translation differences related to foreign companies | - | - | - | - | - | - | -0.1 | - | -0.1 | - | -0.1 |
| Tax impact | - | - | - | - | 0.0 | - | - | - | 0.0 | - | 0.0 |
| **Total comprehensive income for the period** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | 10.3 | 10.2 | 0.0 | 10.2 |
| **Business activities involving shareholders** | | | | | | | | | | | |
| Dividends | - | - | - | - | - | - | - | -26.7 | -26.7 | - | -26.7 |
| Share-based payments | - | - | - | - | - | 0.0 | - | 0.0 | 0.0 | - | 0.0 |
| **Total business activities involving shareholders** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -26.8 | -26.7 | 0.0 | -26.7 |
| **Shareholders' equity on 30 June 2018** | 27.8 | 2.9 | 88.6 | 8.9 | -1.6 | -19.8 | -18.7 | 160.0 | 248.2 | 0.0 | 248.2 |
| | | | | | | | | | | | |
| **Shareholders' equity on 1 Jan 2019** | 27.8 | 2.9 | 88.6 | 8.9 | -1.6 | -19.8 | -19.8 | 177.7 | 264.8 | 0.0 | 264.8 |
| **Comprehensive income for the period** | | | | | | | | | | | |
| Result for the period | - | - | - | - | - | - | - | 12.6 | 12.6 | - | 12.6 |
| Other comprehensive income items | | | | | | | | | | | |
| Change in fair value of equity investments | - | - | - | - | 0.5 | - | - | - | 0.5 | - | 0.5 |
| Change in value of cash flow hedging | - | - | - | - | 0.5 | - | - | - | 0.5 | - | 0.5 |
| Change in translation differences related to foreign companies | - | - | - | - | - | - | 0.4 | - | 0.4 | - | 0.4 |
| Tax impact | - | - | - | - | -0.2 | - | - | - | -0.2 | - | -0.2 |
| **Total comprehensive income for the period** | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 0.0 | 0.4 | 12.6 | 13.7 | 0.0 | 13.7 |
| **Business activities involving shareholders** | | | | | | | | | | | |
| Dividends | - | - | - | - | - | - | - | -25.2 | -25.2 | - | -25.2 |
| Share-based payments | - | - | - | - | - | 0.0 | - | 0.3 | 0.3 | - | 0.3 |
| **Total business activities involving shareholders** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -24.9 | -24.9 | 0.0 | -24.9 |
| **Shareholders' equity on 30 June 2019** | 27.8 | 2.9 | 88.6 | 8.9 | -0.8 | -19.8 | -19.4 | 165.4 | 253.6 | 0.0 | 253.6 |

## CONSOLIDATED CASH FLOW STATEMENT (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| **CASH FLOW FROM BUSINESS OPERATIONS** | | | |
| Result before taxes | 13.1 | 10.9 | 15.7 |
| Adjustments: | | | |
| Planned depreciations | 3.2 | 2.8 | 5.6 |
| Financial income and expenses | -0.8 | 0.0 | 0.8 |
| Other adjustments | 0.2 | -0.3 | 7.7 |
| Total adjustments | 2.6 | 2.5 | 14.2 |
| | | | |
| Cash flow before change in working capital | 15.7 | 13.4 | 29.9 |
| Change in working capital | | | |
| Increase (-) / decrease (+) in current receivables | -4.5 | -1.7 | 1.3 |
| Increase (-) / decrease (+) in inventories | -4.6 | -13.2 | -11.8 |
| Increase (+) / decrease (-) in current interest-free liablities | 3.7 | 6.0 | -0.1 |
| Total change in working capital | -5.4 | -8.9 | -10.6 |
| Cash flow from business operations before financial items and taxes | 10.3 | 4.5 | 19.4 |
| Interest paid and payments for other financial expenses from business operations | -0.6 | -1.0 | -1.9 |
| Dividends received from business operations | 0.2 | 0.2 | 0.2 |
| Interest received and other financial income from business operations | 0.3 | 0.3 | 0.7 |
| Other financial items, net | 0.0 | 0.6 | 0.0 |
| Income taxes paid | -2.4 | -4.7 | -6.8 |
| Cash flow from business operations | 7.9 | -0.2 | 11.5 |
| | | | |
| **CASH FLOW FROM INVESTMENTS** | | | |
| Investment in tangible assets | -5.6 | -2.7 | -5.2 |
| Investment in intangible assets | -0.2 | -0.6 | -0.9 |
| Income from intangible and tangible commodities | 0.0 | 0.0 | 1.2 |
| Investments in securities | 0.0 | - | - |
| Net cash flow from investments | -5.8 | -3.2 | -4.9 |
| | | | |
| Cash flow after investments | 2.1 | -3.4 | 6.7 |
| | | | |
| **CASH FLOW FROM FINANCIAL OPERATIONS** | | | |
| Other financial items, net | -0.1 | 0.0 | 0.0 |
| Lease payments | -0.4 | 0.0 | 0.0 |
| Repayment of non-current loans | -11.4 | -11.4 | -22.9 |
| Dividends and other profit distribution paid to shareholders of the parent company | -25.1 | -26.6 | -26.6 |
| Net cash flow from financial operations | -37.0 | -38.0 | -49.4 |
| | | | |
| **CHANGE IN LIQUID FUNDS** | -34.9 | -41.3 | -42.8 |
| Liquid funds at the beginning of the period | 142.1 | 151.0 | 151.0 |
| Impact of changes in exchange rates | 0.3 | -0.2 | -0.7 |
| Impact of changes in market value of the liquid funds | 0.7 | 0.0 | 0.0 |
| Impact of the discontinued cattle feed business | -1.4 | -2.3 | 34.7 |
| Liquid funds at the end of the period | 106.8 | 107.1 | 142.1 |

## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### Accounting principles and presentation of figures

Raisio plc's Half-Year Financial Report for January-June 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Half-Year Financial Report, Raisio plc has followed the same accounting principles as in the 2018 Financial Statements with the exception of the standard amendments and interpretations concerning Raisio plc that came into effect in 2019. These are described in more detail under "Impact of new and revised standards".

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.

Compared to the 2018 Financial Statements, there have been no significant changes in the accounting principles or uncertainties included in the estimates requiring management's judgement other than the adoption of IFRS 16. The most important areas where the management has exercised judgement in applying the IFRS 16 are related to the determination of discount rate and the length of leases of indefinite duration.

The Half-Year Financial Report is shown in EUR millions for continuing operations unless otherwise stated.

### Impact of new and revised standards and interpretations

The Raisio Group has adopted IFRS 16 Leases introduced by International Accounting Standards Board, effective from 1 January 2019. The new standard replaced the IAS 17 and related interpretations. As a result of the IFRS 16 adoption, almost all leases are recognised in the balance sheet, with the two exemptions included in the standard relating to short-term contracts of less than 12 months and contracts of low value. The classification for operating and financial leasing agreements was removed. The lessee recognises on the balance sheet the fixed asset item based on its right to use the item as well as the lease liability based on its obligation to pay rent.

New entries for right-of-use assets and financial liabilities concerning lease agreements relating to warehouses, business premises and vehicles were recognised in the Raisio Group's balance sheet. The Group recognises depreciations on the right-of-use asset items and interest expense on the lease debt instead of the rental expense previously linearly recognised.

From the lessor's perspective, the reporting remains similar to the IAS 17, i.e., leases continue to be classified for finance lease agreements and other leases. The Raisio Group has no significant leases as a lessor.

In the transition, the Raisio Group applied the simplified approach included in the IFRS 16.
The right-of-use assets and lease liabilities recognised in the balance sheet are equal at the time of the transfer, when no adjustment was recognised in the retained earnings of the opening balance sheet and no comparative information was adjusted. Raisio applied both the reliefs of IFRS 16 mentioned above and for these contracts, the company recognised no right-of-use assets or lease liabilities in the balance sheet. In addition, the Group used the practical expedient that allowed the use of hindsight to determine the lease period if the contracts included extension or termination options.

### Impact of new and amended standards on the Group's opening balance sheet (M€)

| | Balance sheet 31/12/2018 | Adjustments | Opening balance 01/01/2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Tangible assets | 35.1 | 1.8 | 36.9 |
| **Total assets** | 35.1 | 1.8 | 36.9 |
| | | | |
| **SHAREHOLDER'S EQUITY AND LIABILITIES** | | | |
| Equity | 264.8 | - | 264.8 |
| **Total shareholder's equity** | 264.8 | - | 264.8 |
| | | | |
| Long-term lease liabilities | 0.0 | 1.0 | 1.0 |
| Short-term lease liabilities | 0.0 | 0.8 | 0.8 |
| **Total current liabilities** | 0.0 | 1.8 | 1.8 |

### Right-of-use assets and lease liabilities (M€)

| | 01/01/2019 |
|---|---|
| Right-of-use assets, warehouse and commercial premises | 1.1 |
| Right-of-use assets, cars and machines | 0.7 |
| **Right-of-use assets, total** | 1.8 |
| | |
| Long-term lease liabilities | 1.0 |
| Short-term lease liabilities | 0.8 |
| **Lease liabilities, total** | 1.8 |

The table below shows the lease obligations arising from operating leases presented in the 2018 Financial Statements when applying IAS 17 and the reconciliation between the lease liabilities entered in the balance sheet on 1 January 2019. The interest rate of Group's external loan has been used to determine the lease liabilities recognised in the balance sheet. The interest rate was 1.2 per cent.

### Reconciliation of lease liabilities (M€)

| | 01/01/2019 |
|---|---|
| Operating lease commitments at 31 December 2018 | 1.9 |
| Discounted on the interest rate of Group's loan interest of 1.2% | -0.1 |
| Low-cost leases recognized as expenses | -0.1 |
| 1 January 2019 IFRS 16 lease liability | 1.8 |

Thus, the adoption of the IFRS 16 will have no material impact on Raisio Group's consolidated financial statements.

The IFRS 16 adoption slightly improved the EBIT of the first half-year. Instead of the rental expense recognised under the previous IAS 17 accounting practice, a depreciation of the right-of-use asset and an interest expense on the lease liability presented in the financial expenses have been recognised in the income statement. The adoption of the new standard also affected the presentation of the cash flow statement when, under IFRS 16, payments of the lease liability are presented in the cash flow from financing activities and the related interest expense in the cash flow from operations. Previously, the leasing payments were presented in full in the cash flow from operations before financial items and taxes. The change improved the cash flow from operations by EUR 0.4 million.

Other standard changes and new IFRIC interpretations adopted as of 1 January 2019 will have no impact on the Raisio Group's consolidated financial statements.

**New and revised standards and interpretations applicable to future financial periods**

New or revised standards applicable to future financial periods are not expected to have a significant impact on the Raisio Group's financial statements.

**Alternative key figures and items affecting comparability**

The Group presents alternative key figures to describe the financial performance and position of its businesses as well as cash flows to improve the comparability between different periods and to increase understanding of the formation of the company's earnings and its financial position.

The alternative figure is derived from the IFRS financial statements. It is possible to present items affecting comparability and to calculate alternative key figures without items affecting comparability in the Board of Directors' report, Financial Statements Bulletin, Half-Year Reports and Interim Reports.

Items affecting comparability are income or expenses arising as a result of one or rare events. Significant expenses of outside experts related to business acquisitions and business expansion, expenses related to business reorganisation and expenses related to the impairment of assets and their possible repayment are presented as items affecting comparability.

Items affecting comparability are recorded in the income statement according to the matching principle under the income or expense category. The management uses these key figures to monitor and analyse business development, profitability and financial position.

**SEGMENT INFORMATION**

In order to implement the new strategy released at the end of 2018, Raisio renewed its business structure from the beginning of 2019, due to which the reportable segments also changed. The Raisio Group's new reportable segments, reported as of the Interim Report of January-March 2019, are: Healthy Food, Healthy Ingredients and Other Operations.

The Healthy Food segment focuses on the consumer brands with Europe as its market area. The Healthy Food segment consists of the following operating segments: Northern Europe, Central and Eastern Europe, and Western Europe (previously Northern and Eastern Europe, Western Europe and Rest of the World).

The Healthy Ingredients segment includes the sale of fish feeds and the Benecol product ingredient as well as the sale of grain-based foods and their ingredients to industrial and catering companies. In addition, production, procurement and supply chain are reported as part of the Healthy Ingredients segment. The production plants in Raisio and Nokia, included in the Operations under the Healthy Ingredients segment, make consumer products to the Healthy Food Unit. The Healthy Food Unit purchases its intermediary products directly from subcontractors.

For the continuing operations, comparative figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects.

**Revenue by segment (M€)**

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Healthy Food | | | |
| Western Europe | 32.8 | 33.4 | 66.4 |
| Northern Europe | 24.9 | 24.5 | 49.4 |
| Central and Eastern Europe | 11.2 | 10.8 | 21.8 |
| Total Healthy Food | 68.9 | 68.7 | 137.7 |
| Healthy Ingredients | 56.6 | 53.6 | 116.6 |
| Other operations | 0.7 | 0.7 | 1.5 |
| Interdivisional net sales | -13.5 | -13.6 | -27.5 |
| Total net sales | 112.6 | 109.5 | 228.2 |

**EBIT by segment (M€)**

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Healthy Food | 8.5 | 8.6 | 17.1 |
| Healthy Ingredients | 5.3 | 5.7 | 12.9 |
| Other operations | -1.5 | -3.4 | -13.5 |
| Interdivisional | 0.0 | 0.0 | 0.0 |
| Total EBIT | 12.2 | 10.9 | 16.6 |

**Net assets by segment (M€)**

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Healthy Food | 82.3 | 84.5 | 83.1 |
| Healthy Ingredients | 61.5 | 48.8 | 50.5 |
| Other operations and unallocated items | 109.8 | 115.0 | 131.2 |
| Total net assets | 253.6 | 248.2 | 264.8 |

**Investment by segment (M€)**

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Healthy Food | 0.2 | 0.1 | 0.3 |
| Healthy Ingredients | 6.1 | 1.8 | 4.3 |
| Other operations | 0.4 | 0.5 | 1.0 |
| Total investments | 6.7 | 2.5 | 5.6 |

## SALES REVENUE

### Revenue by country (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Finland | 42.2 | 39.0 | 86.1 |
| Great Britain | 28.4 | 33.8 | 61.5 |
| Other | 42.0 | 36.7 | 80.6 |
| Total net sales | 112.6 | 109.5 | 228.2 |

### Net sales by group (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Sales of goods | 111.7 | 108.5 | 226.3 |
| Sales of services | 0.6 | 0.6 | 1.3 |
| Royalties | 0.3 | 0.3 | 0.7 |
| Total net sales | 112.6 | 109.5 | 228.2 |

## ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

### Acquired businesses

In the period of 1 January - 30 June 2019 and in 2018, there were no acquired businesses.

### Discontinued operations

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. Raisio’s cattle feed business transferred to the new owner, Lantmännen Agro Oy, on 1 November 2018. At the same time, Raisio divested its associate Vihervakka Oy.

The cattle feed business was presented as a discontinued operation in the 2018 Financial Statements.

Comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

## Income statement, discontinued operations (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| | Cattle feed | Cattle feed | Cattle feed |
| **Net sales** | - | 36.5 | 57.6 |
| Cost of sales | - | -31.1 | -49.3 |
| Gross profit | - | 5.4 | 8.4 |
| Income and expenses from business operations | - | -3.2 | -4.6 |
| **EBIT** | - | 2.2 | 3.8 |
| Financial income and expenses | - | 0.0 | - |
| Share of results of associates and joint ventures | - | 0.1 | 0.1 |
| **Result before taxes** | - | 2.3 | 3.8 |
| Income taxes | - | -0.5 | -0.8 |
| **Result of discontinued operations after taxes** | - | 1.9 | 3.1 |
| Result of the transfer of discontinued operations after taxes | - | - | 12.7 |
| **Result for the period from discontinued operations** | - | 1.9 | 15.7 |
| **Taxes of discontinued operations** | | | |
| Taxes from result of discontinued operations | - | -0.5 | -0.8 |
| Taxes from result of the transfer of discontinued operations | - | - | 0.2 |
| **Taxes of discontinued operations, total** | - | -0.5 | -0.6 |
| **Earnings per share of discontinued operations** | **-** | 0.01 | 0.10 |

## Cash flows, discontinued operations (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| | Cattle feed | Cattle feed | Cattle feed |
| Cash flow from business operations | - | -2.0 | -1.0 |
| Cash flow from investments | -1.4 | -0.3 | 31.2 |
| Cash flow from financing activities | - | - | 4.5 |
| Cash flow in total | - | -2.3 | 34.7 |

## Impact of the discontinued cattle feed business on the Group’s financial position 30 June 2018, (M€)

| | 30/06/2018 |
|---|---|
| Non-current assets | 15.2 |
| Inventories | 7.5 |
| Short-term receivables | 6.6 |
| **Assets in total** | 29.3 |
| | |
| Current liabilities | 8.7 |
| **Liabilities in total** | 8.7 |
| | |
| **Discontinued operation, net assets** | 20.6 |

**Impact of the discontinued cattle feed business on the Group's financial position 31 December 2018, (M€)**

| | 31/12/2018 |
|---|---|
| Non-current assets | 15.7 |
| Inventories | 7.9 |
| Short-term receivables | 5.2 |
| Loans receivables (cash pool) | -4.5 |
| Liquid funds | - |
| **Assets in total** | 24.3 |
| | |
| Current liabilities | 7.3 |
| **Liabilities in total** | 7.3 |
| | |
| **Divested net assets** | 17.0 |
| | |
| Accumulated translation differences | - |
| | |
| Capital gain/loss on the divested business including accumulated translation differences | 13.2 |
| Transaction expenses allocated to the divestment | -0.8 |
| **Profit impact on EBIT** | 12.5 |
| | |
| Enterprise value | 34.0 |
| Investment debt related to factories and other non-interest-bearing items related to net debt | -0.7 |
| Interest-bearing net financial liability of the divested subsidiaries at the time of transfer | 4.5 |
| **Enterprise value of the shares** | 30.2 |
| | |
| Enterprise value of the shares | 30.2 |
| Net interest-bearing debt of the divested subsidiaries at the time of transfer | -4.5 |
| **Subsidiary divestments adjusted for cash at the time of transfer** | 34.7 |
| | |
| Cash flow from sales including expenses | 34.7 |
| | |
| **In the cash flow statement** | |
| Subsidiary divestments adjusted for cash at the time of transfer | 34.7 |
| Cash flow from investments | -0.4 |
| Cash flow from investments, value added tax | 1.4 |
| Cash flow from business operations | -1.0 |
| Cash flow effect in total and repayments of loan receivables | 34.7 |

## PROPERTY, PLANT AND EQUIPMENT (M€)

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Acquisition cost at the beginning of the period | 272.6 | 310.7 | 310.7 |
| Translation differences | 0.2 | -0.1 | -0.2 |
| Increase | 8.3 | 2.1 | 5.0 |
| Decrease | 0.0 | -0.5 | -42.9 |
| Assets held for sale | - | -87.6 | - |
| Acquisition cost at end of period | 281.1 | 224.7 | 272.6 |
| | | | |
| Accumulated depreciation and impairment at the beginning of the period | 237.5 | 260.6 | 260.6 |
| Translation differences | 0.2 | -0.1 | -0.2 |
| Decrease and transfers | 0.0 | 0.0 | -27.5 |
| Depreciations and impairment for the period | 2.4 | 2.5 | 4.6 |
| Assets held for sale | - | -73.3 | - |
| Accumulated depreciation and impairment at end of period | 240.1 | 189.7 | 237.5 |
| | | | |
| Book value at end of period | 40.9 | 34.9 | 35.1 |

## PROVISIONS (M€)

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| At the beginning of the period | 1.1 | 1.1 | 1.1 |
| Ttranslation differences | 0.0 | 0.0 | 0.0 |
| Increase in provisions | - | - | - |
| Provisions used | - | - | - |
| At the end of the period | 1.1 | 1.1 | 1.1 |

## RELATED PARTY TRANSACTIONS (M€)

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Sales to key employees in management | 0.0 | 0.1 | 0.2 |
| Purchases from key employees in management | 0.3 | 0.2 | 0.8 |
| Receivables from the key persons in the management | - | 0.0 | 0.0 |
| Payables to key management personnel | - | 0.1 | 0.0 |

## CONTINGENT LIABILITIES (M€)

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Contingent off-balance sheet liabilities | | | |
| Non-cancelable other leases | | | |
| Minimum lease payments | 0.1 | 2.0 | 1.9 |
| Other liabilities | 1.7 | 2.6 | 2.5 |
| Guarantee liabilities on the Group companies' commitments | 26.9 | 29.2 | 26.3 |
| | | | |
| Commitment to investment payments | 1.7 | 2.4 | 2.3 |

## DERIVATIVE CONTRACTS (M€)

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Nominal values of derivative contracts | | | |
| Currency forward contracts | 68.8 | 54.3 | 71.7 |

## FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (M€)

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

| | Carrying amount 30/06/2019 | Fair value 30/06/2019 | Carrying amount 31/12/2018 | Fair value 31/12/2018 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Equity investments*) | 2.7 | 2.7 | 2.2 | 2.2 |
| Accounts receivables and other receivables | 31.6 | 31.6 | 26.8 | 26.8 |
| Investments recorded at fair value through profit or loss*) | 84.7 | 84.7 | 89.0 | 89.0 |
| Liquid funds | 22.1 | 22.1 | 53.1 | 53.1 |
| Derivatives*) | 0.9 | 0.9 | 0.3 | 0.3 |
| **Financial liabilities** | | | | |
| Bank loans | 11.5 | 11.5 | 22.9 | 23.1 |
| Lease liabilities | 1.6 | 1.6 | 0.1 | 0.1 |
| Accounts payable and other liabilities | 26.2 | 26.2 | 23.6 | 23.6 |
| Derivatives*) | 0.1 | 0.1 | 0.0 | 0.0 |

### Fair value hierarchy of financial assets and liabilities measured at fair value

Of the financial assets and liabilities measured at fair value *), all except the equity investments are on the level 2. The fair value of the level 2 items is defined by valuation techniques using market pricing valuations provided by the service provider.  Equity investments are on the level 3 as their fair value is not based on observable market data.

## RECONCILIATIONS RELATED TO CASH FLOW STATEMENT

### Other adjustments to cash flows from operations (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Impairment for intangible and tangible fixed assets | - | - | 8.7 |
| Impairment for current assets | - | - | - |
| Divestment losses of subsidiary shares | - | - | - |
| Capital gains and losses of fixed assets | 0.0 | 0.0 | -1.2 |
| Costs of share rewards | 0.3 | -0.1 | 0.1 |
| Other | 0.0 | -0.3 | 0.0 |
| Total adjustments in cash flow statement | 0.2 | -0.3 | 7.7 |

Income statement items containing no payment transaction and items presented elsewhere in the cash flow statement are adjusted.

### Acquisitions and disposals of fixed assets of cash flow from investing (M€)

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Acquisitions of fixed assets in total | -6.7 | -2.5 | -5.6 |
| Payments for investments of earlier financial periods (change in accounts payable) | 0.9 | -0.7 | -0.5 |
| Investments funded by lease commitmenst or other non-interest-bearing debt | -0.4 | 0.0 | 0.0 |
| **Fixed asset acquisitions funded by cash payments** | -6.2 | -3.2 | -6.1 |
| | | | |
| Capital gain and loss on fixed assets in the income statement | 0.0 | 0.0 | 1.2 |
| Balance sheet value of disposed asset | 0.0 | 0.0 | 0.1 |
| **Consideration received from fixed asset divestments in the cash flow statement** | 0.0 | 0.0 | 1.2 |

### Net assets of the divested subsidiaries (M€)

| | 1-12/2018 |
|---|---|
| Capital gain or loss in the income statement excluding sales expenses directed at sales | 13.2 |
| | |
| Non-current assets | 15.7 |
| Inventories | 7.9 |
| Receivables | 5.2 |
| Liquid funds incl. loans receivables (group cash pool) | -4.5 |
| Non-current liabilities | - |
| Current liabilities | 7.3 |
| **Total net assets sold** | 17.0 |
| | |
| Sales price | 30.2 |
| | |
| Proceeds in the cash flow statement adjusted by cash at the date of transfer | 34.7 |

## Reconciliation of liabilities related to financing activities (M€)

| | 31/12/2018 | Cash flows | Non cash flow influenced changes | | | 30/06/2019 |
|---|---|---|---|---|---|---|
| | | | IFRS 16 | Changes in exchange rates | Changes in fair value | |
| Non-current liabilities | 22.9 | -11.4 | - | - | 0.0 | 11.5 |
| Lease liability | 0.1 | -0.4 | 1.8 | 0.0 | - | 1.6 |
| **Total liabilities for financing activities** | 23.0 | -11.8 | - | - | 0.0 | 13.0 |

## THE GROUP'S QUARTERLY EARNINGS (M€)

| | 4-6/ 2019 | 1-3/ 2019 | 10-12/ 2018 | 7-9/ 2018 | 4-6/ 2018 | 1-3/ 2018 |
|---|---|---|---|---|---|---|
| Net sales by segment | | | | | | |
| Healthy Food | 34.2 | 34.7 | 35.4 | 33.6 | 33.7 | 35.1 |
| Healthy Ingredients | 34.7 | 21.8 | 27.0 | 35.9 | 32.3 | 21.3 |
| Other operations | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Interdivisional net sales | -6.5 | -7.0 | -7.1 | -6.7 | -6.6 | -7.1 |
| **Total net sales** | 62.7 | 49.9 | 55.6 | 63.1 | 59.7 | 49.7 |
| | | | | | | |
| EBIT by segment | | | | | | |
| Healthy Food | 4.5 | 4.0 | 4.7 | 3.9 | 3.8 | 4.8 |
| Healthy Ingredients | 3.9 | 1.3 | 2.8 | 4.4 | 3.3 | 2.4 |
| Other operations | -1.2 | -0.3 | -9.6 | -0.5 | -0.6 | -2.8 |
| **Total EBIT** | 7.3 | 5.0 | -2.1 | 7.8 | 6.5 | 4.4 |
| | | | | | | |
| Financial income and expenses, net | 0.6 | 0.3 | -0.7 | -0.1 | -0.1 | 0.1 |
| Share of result of associates | - | - | - | - | - | - |
| **Result before taxes** | 7.8 | 5.3 | -2.8 | 7.6 | 6.4 | 4.5 |
| | | | | | | |
| Income tax | 0.6 | -1.1 | 0.5 | -1.7 | -1.4 | -1.1 |
| **Result for the period** | 8.4 | 4.1 | -2.3 | 5.9 | 5.0 | 3.4 |

## KEY FIGURES

Key figures have been calculated for continuing operations.

| | 30/06/2019 | 30/06/2018 | 31/12/2018 |
|---|---|---|---|
| Net sales, M€ | 112.6 | 109.5 | 228.2 |
| Change of net sales, % | 2.8 | -3.3 | -2.7 |
| Operating margin, M€ | 15.4 | 13.7 | 31.0 |
| Comparable operating margin, M€ | 15.4 | 15.6 | 31.3 |
| Depreciation and impairment, M€ | 3.2 | 2.8 | 14.4 |
| EBIT, M€ | 12.2 | 10.9 | 16.6 |
| % of net sales | 10.9 | 9.9 | 7.3 |
| Comparable EBIT, M€ | 12.2 | 12.8 | 25.6 |
| % of net sales | 10.9 | 11.7 | 11.2 |
| Result before taxes, M€ | 13.1 | 10.9 | 15.7 |
| % of net sales | 11.6 | 10.0 | 6.9 |
| Return on equity, % | 9.7 | 6.6 | 4.6 |
| Return on investment, % | 14.8 | 10.3* | 8.1 |
| Interest-bearing financial liabilities at end of period, M€ | 13.0 | 34.5 | 23.0 |
| Net interest-bearing financial liabilities at end of period, M€ | -93.8 | -72.7 | -119.2 |
| Equity ratio, % | 82.8 | 74.6 | 81.7 |
| Net gearing, % | -37.0 | -29.3 | -45.0 |
| | | | |
| Gross investments, M€ | 6.7 | 2.5 | 5.6 |
| % of net sales | 6.0 | 2.3 | 2.4 |
| R & D expenses, M€ | 2.1 | 1.2 | 2.9 |
| % of net sales | 1.8 | 1.1 | 1.3 |
| Average personnel | 329 | 339 | 335 |
| Earnings/share, € | 0.08 | 0.05 | 0.08 |
| Comparable earnings/share, € | 0.08 | 0.06 | 0.12 |
| Cash flow from operations, M€ | 7.9 | -0.2 | 11.5 |
| Cash flow from operations/share, € | 0.05 | 0.00 | 0.07 |
| Equity/share, € | 1.61 | 1.58 | 1.68 |
| Average number of shares during the period, in 1,000s | | | |
| Free shares | 125 780 | 125 278 | 125 413 |
| Restricted shares | 31 561 | 32 046 | 31 917 |
| Total | 157 342 | 157 324 | 157 329 |
| Average number of shares at end of period, in 1,000s | | | |
| Free shares | 125 824 | 125 455 | 125 763 |
| Restricted shares | 31 523 | 31 879 | 31 578 |
| Total | 157 348 | 157 334 | 157 341 |
| Market capitalisation of shares at end of period, M€ | | | |
| Free shares | 365.5 | 456.0 | 294.9 |
| Restricted shares | 91.4 | 114.8 | 73.3 |
| Total | 456.9 | 570.8 | 368.2 |
| Share price at end of period | | | |
| Free shares | 2.91 | 3.64 | 2.35 |
| Restricted shares | 2.90 | 3.60 | 2.32 |

* includes discontinued operations

## FORMULAS FOR KEY FIGURES

| | |
|---|---|
| Earnings per share | Result for the year of parent company shareholders<br>-----------------------------------<br>Average number of shares for the year, adjusted for share issue |
| Earnings per share shows the company's earnings per one share | |

**Formulas for alternative key figure calculation**

| | |
|---|---|
| EBIT | Earnings before income taxes, financial income and expenses presented in the IFRS consolidated income statement. |
| EBIT illustrates the economic profitability of operations and its development. | |

| | |
|---|---|
| Comparable EBIT | EBIT +/- items affecting comparability |
| Comparable EBIT shows economic profitability of the business operations and its development without items affecting comparability. | |

| | |
|---|---|
| EBIT, % | EBIT<br>------------------- x 100<br>Net sales |
| The figure shows the relation between EBIT and net sales. | |

| | |
|---|---|
| Comparable EBIT, % | Comparable EBIT<br>------------------- x 100<br>Comparable net sales |
| The figure shows the relationship between EBIT and net sales without items affecting comparability. | |

| | |
|---|---|
| EBITDA | EBIT + depreciations and impairment |
| EBITDA describes the earnings from business operations before depreciation, financial items and income taxes.<br>It is an important indicator as it shows how much the margin is from net sales after deduction of operating expenses. | |

| | |
|---|---|
| Comparable EBITDA | EBIT +/- items affecting comparability<br>+ depreciations and impairment |
| Comparable EBITDA represents the earnings from business operations before depreciations, financial items, and income taxes without items affecting comparability. | |

| | |
|---|---|
| Earnings before taxes | Earnings before income taxes presented in the IFRS consolidated statements. |

| | |
|---|---|
| Return on equity (ROE), % | Result before taxes – income taxes<br>------------------------------------- x 100<br>Shareholders' equity (average over the period) |
| Return on equity measures the earnings for the financial period in proportion to equity.<br>The figure shows the Group's ability to generate profits from the shareholders investments. | |

| | |
|---|---|
| Return on investment (ROIC), % | Result after taxes<br>------------------------------------- x 100<br>Operating cash* + net working capital<br>+ non-current assets<br>(*Operating cash 4% of net sales) |
| Return on investment (ROIC) is a profitability or performance ratio that measures how much investors earn on the capital invested. | |

| | |
|---|---|
| Equity ratio, % | $\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$ |
| The equity ratio is a key figure in the financial structure, which shows the share of equity of the capital tied up in the operations. The figure represents the Group's financial structure. | |

| | |
|---|---|
| Net working capital | Sales receivables and other receivables + inventories - accounts payable - other liabilities |
| Net working capital measures the amount of the financing tied up in the company's current activities and thus, also the efficiency of the use of capital. | |

| | |
|---|---|
| Net interest-bearing financial liabilities | Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss |
| Net interest-bearing financial liabilities measures the Group's net financial debt. | |

| | |
|---|---|
| Net gearing, % | $\frac{\text{Net interest-bearing financial liabilities}}{\text{Shareholders' equity}} \times 100$ |
| Net gearing % shows what is the ratio of equity invested by owners to the interest-bearing liabilities of the financiers. High net gearing % is a risk factor that may restrict the company's gowth opportunities and lower its financial leverage. | |

| | |
|---|---|
| Comparable earnings per share | $\frac{\text{Profit for the period attributable to the parent company shareholders +/- items affecting comparability}}{\text{Average number of shares during the period adjusted for issues}}$ |
| Earnings per share represents the company's earnings per one share without items affecting comparability. | |

| | |
|---|---|
| Cash flow from business operations per share | $\frac{\text{Cash flow from business operations}}{\text{Average number of shares for the year, adjusted for share issue}}$ |
| The figure represents the cash flow from business operations per one share. | |

| | |
|---|---|
| Shareholders' equity per share | $\frac{\text{Equity of parent company shareholders}}{\text{Number of shares at end of period adjusted for share issue}}$ |
| Equity per share represents the company's equity per one share. | |

| | |
|---|---|
| Investments | Acquisition of non-current tangible and intangble assets on a gross basis. |
| Investments represents the total amount of investments. | |

| | |
|---|---|
| Market capitalisation | Closing price, adjusted for issue x number of shares without company shares at the end of the period |
| The figure represents the value of the Group's share capital on the stock market. | |