RAISIO'S APRIL-JUNE COMPARABLE EBIT EUR 13.1 MILLION

April-June 2017

- The Group's comparable net sales totalled EUR 104.3 (124.1) million.
- The Group's comparable EBIT was EUR 13.1 (15.0) million, accounting for 12.5 (12.1)% of net sales.
- The Brands Division's comparable EBIT totalled EUR 12.3 (14.2) million, accounting for 16.9 (16.1)% of net sales.
- Raisioagro's EBIT was EUR 1.3 (1.4) million, accounting for 3.7 (3.8)% of net sales.

January-June 2017

- The Group's comparable net sales totalled EUR 196.8 (238.1) million.
- The Group's comparable EBIT was EUR 23.6 (24.7) million, accounting for 12.0 (10.4)% of net sales.
- The Brands Division's comparable EBIT totalled EUR 24.3 (25.6) million, accounting for 16.8 (14.3)% of net sales.
- Raisioagro's EBIT was EUR 0.9 (1.4) million, accounting for 1.6 (2.2)% of net sales.

CEO Jarmo Puputti's review

"Raisio's EUR 13.1 million comparable EBIT for April-June was a satisfactory performance as the profitability of the UK confectionery business decreased substantially with the continued operational and commercial challenges at the Leicester confectionery plant and with the declining pound.

During the spring and summer, we have started to solve operational problems at the Leicester confectionery plant. Tackling the commercial challenges will take more time than expected. The Czech confectionery business continued its steady performance, in terms of both net sales and profitability.

In June, Raisio made an important deal and divested its Southall industrial property near London. The purchase price paid by the buyer was approximately EUR 40 million. Southall is one of the most important urban development areas in London.

Net sales for the Benecol business remained at the comparison period level without the pound's currency impact. Sales growth continued in Elovena products.

The fish feed season has passed well despite the delayed introduction of the new fish feed production line. Sales in Raisioagro's cattle feeds were lower than in the comparison period.

Raisio's Board of Directors approved the renewed business strategy in April and the Group strategy in early summer. Both the strategies are for the years 2017 – 2022. The strategy emphasising wellbeing is based on the company's strong competence areas: plant-based and functional foods, effective feeds and value-creating digital services. Responsible way of operating covers all Raisio's businesses and is a central part of our continuous improvement objective.

The company seeks profitable growth with agile product and brand development, new markets and product categories, digital services, and through acquisitions. The renewed strategy creates a well-targeted and determined operating model for growth. Raisio aims to be a great place to work."

Raisio Group's key figures

		4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Result						
Net sales	M€	144.0	124.1	236.5	238.1	436.3
Change in net sales	%	16.1	-12.3	-0.6	-9.8	-16.3
Items affecting comparability	M€	-39.8	0.0	-39.8	0.0	0.0
Comparable net sales	M€	104.3	124.1	196.8	238.1	436.3
Change in comparable net sales	%	-16.0	-12.3	-17.3	-9.8	-16.3
EBIT	M€	12.4	-6.2	22.0	3.5	28.9
EBIT	%	8.6	-5.0	9.3	1.5	6.6
Items affecting comparability	M€	0.7	21.2	1.6	21.2	21.8
Comparable EBIT	M€	13.1	15.0	23.6	24.7	50.7
Comparable EBIT	%	12.5	12.1	12.0	10.4	11.6
-Depreciations	M€	-2.8	-3.1	-5.4	-6.1	-11.3
-Impairment	M€	-29.3	-17.0	-29.3	-17.0	-16.1
Depreciations and impairment, in total	M€	-32.1	-20.0	-34.7	-23.1	-27.4
Items affecting comparable depreciations and impairment	M€	29.3	17.0	29.3	17.0	16.1
Comparable depreciations and impairment	M€	-2.8	-3.1	-5.4	-6.1	-11.3
EBITDA	M€	44.5	13.9	56.7	26.6	56.3
Items affecting comparable EBITDA	M€	-28.6	4.2	-27.7	4.2	5.7
Comparable EBITDA	M€	15.9	18.1	29.0	30.8	62.0
Financial items	M€	-0.6	-0.9	-0.6	-1.8	-2.2
Earnings per share (EPS)	€	0.03	-0.05	0.07	-0.01	0.12
Comparable earnings per share (EPS)	€	0.06	0.07	0.12	0.12	0.25
Balance sheet						
Equity ratio	%	-	-	68.3	61.4	66.8
Gearing	%	-	-	1.8	19.7	8.5
Net interest-bearing debt	M€	-	-	5.3	59.6	26.7
Equity per share	€	-	-	1.87	1.92	1.99
Investments	M€	4.4	4.3	8.3	8.3	18.3

OPERATING ENVIRONMENT

The impact of the British pound exchange rate changes on net sales and EBIT of Raisio's Benecol and Confectionery businesses remained significant. Furthermore, last year's rise in the world market prices of sterols significantly increased the production costs of plant stanol ester, the Benecol product ingredient. Growth in the demand for sterols continued in the pharmaceuticals and cosmetics industry.

The decline in spread sales continued in Europe. A slight decline in the cholesterol-lowering functional spread market continued in some countries. On the other hand, prices of butter and spreads are on the rise in many countries. In the UK, the intense competition between retail and discount chains continued.

In Finland, the value of grocery retail sales increased by over one per cent in January-May. The growth took place in supermarkets and hypermarkets. Consumers are interested in foods that are made of natural and healthy raw materials. In terms of snacks and meals, this is seen in growing demand for plant-based, natural products supporting wellbeing. This concerns both snacking and other meals.

Consumers continue to show interest in oat, a natural raw material with valued well-being effects. Many Finnish food companies have been active in acquisitions and expanded their operations into dairy-free products and plant-based ingredients, meals and snacks.

In the UK, major confectionery producers have focused their investments in retailers as the trade has tightened selection criteria. British consumers are increasingly interested in low-sugar and sugar-free confectionery. In addition, consumers are increasingly taking their shopping in confectionery shops and impulse channel, as part of mobile lifestyle. Retailers are interested in new, smaller packaging alternatives.

In the Czech Republic, consumers and export customers appear to be interested in confectionery of higher quality made using, for example, natural fruit juices. Demand for organic and halal confectionery is on the rise.

Finnish milk production is increasingly dependent on the world market price of milk. The producer price of milk affects the economic situation of dairy farms, increases the competitive bidding of farming supplies and increasingly emphasises the importance of price as a selection criterion.

Demand for fish farmed in Finland has increased, but the supply does not meet the demand as new farming licenses and licenses to increase the current quotas are rarely granted.

FINANCIAL REPORTING

The reported divisions are Brands and Raisioagro.

The Brands Division includes the following businesses: Benecol, Healthy Food, Confectionery and Benemilk. Benecol business includes the Benecol product ingredient sales to licensing partners globally and Benecol consumer product sales in Raisio's home markets. Home markets for Raisio's Benecol consumer products include the UK, Poland, Finland, Ireland, Belgium and Hong Kong.

With the renewed business strategy, Healthy Snacks is from now on called Healthy Food. Its markets are Northern and Eastern Europe. Confectionery includes the businesses in the UK and Czech Republic. Benemilk includes the international commercialisation and protection of the innovation. The divested UK snack bar business is included in Raisio's comparison period figures until 12 July 2016.

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

Comparison figures in brackets refer to the corresponding date or period one year earlier unless otherwise stated.

FINANCIAL REVIEW, APRIL-JUNE 2017

Net sales

Raisio Group's comparable net sales totalled EUR 104.3 (124.1) million, which is almost EUR 20 million and 16 per cent down from the comparison period. Due to the Southall factory property divestment, Raisio's net sales are also reported comparable. A total of EUR 39.8 million was entered in the Group and Brands Division's net sales as proceeds from the property divestment. This has been removed from the comparable net sales. The Group's net sales totalled EUR 144.0 (124.1) million.

Brands Division's comparable net sales amounted to EUR 72.9 (88.2) million, which is about 17 per cent lower than in the comparison period. The impact of the weakened British pound on the Group and Brands Division's net sales was some EUR 3 million in the review period. This means the impact that arises when the subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements. The UK snack bar business divested in July 2016 is included in the figures of the Group and Brands Division until 12 July 2016.

Net sales for the Healthy Food business increased by almost million euros. Elovena products continued to show growth. At the Leicester plant, operational and commercial challenges continued, which significantly decreased net sales for the UK confectionery business. Increased world market price of sterols had a significant impact on the business; sterols are used as raw material in the production of plant stanol ester, the Benecol product ingredient. Net sales for the Brands Division totalled EUR 112.7 (88.2) million.

Raisioagro's net sales totalled EUR 34.3 (37.7) million. Net sales decreased primarily due to the planned sales reduction of low-margin farming supplies. Raisioagro did not engage in the tightening price competition in cattle feeds. Due to cold spring, the fish feed season started later than usual. Grain trade was clearly up from the comparison period. Net sales for Raisio's other operations were EUR 0.2 (0.2) million.

Result

Raisio Group's comparable EBIT totalled EUR 13.1 (15.0) million and EBIT was EUR 12.4 (-6.2) million. Comparable EBIT is 12.5 (12.1) and EBIT 8.6 (-5.0) per cent of net sales. The Brands Division's comparable EBIT was EUR 12.3 (14.2) and EBIT 11.8 (-5.4) million. Raisioagro's EBIT totalled EUR 1.3 (1.4) million. Comparable EBIT for other operations was EUR -0.5 (-0.7) and EBIT -0.6 (-2.2) million.

As items affecting comparability, EBIT includes sales results of EUR 28.7 million for the Southall property and a write-down of EUR 29.3 million in goodwill of the UK business.

Items affecting comparability are presented in the table below.

The impact of the weakened British pound on the Brands Division's comparable EBIT was some EUR 0.4 million in the review period. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements. In addition to the weaker pound, EBIT was primarily impacted by the continued operational and commercial challenges and weakening profitability at the Leicester confectionery plant, sharp rise in the world market price of sterols used as Benecol product raw material, and the fact that in the UK, Raisio could pass on the raw material price increase to sales prices only partially.

The UK snack bar business sold in July 2016 is included in the figures of Raisio and the Brands Division until 12 July 2016.

Comparable depreciations and impairment of the business totalled EUR 2.8 (3.1) million. Depreciations and impairment totalled EUR 32.1 (20.0) million. The Group's net financial expenses were EUR -0.6 (-0.9) million.

Comparable pre-tax result was EUR 12.5 (14.1), and pre-tax result 11.8 (-7.1) million.

The Group's comparable post-tax result was EUR 10.1 (11.3) and post-tax result 4.0 (-8.4) million. The Group's comparable earnings per share were EUR 0.06 (0.07), and earnings per share EUR 0.03 (-0.05).

FINANCIAL REVIEW, JANUARY-JUNE 2017

Net sales

Raisio Group's comparable net sales totalled EUR 196.8 (238.1) million, which is over EUR 41 million and some 17 per cent down from the comparison period. A total of EUR 39.8 million was entered in the Group and Brands Division's net sales as revenues from the property divestment. This has been removed from the comparable net sales. Net sales totalled EUR 236.5 (238.1) million.

The Brands Division's comparable net sales were EUR 145.1 (178.4) million and net sales EUR 184.9 (178.4) million.

The impact of the weakening British pound on the comparable net sales of the Group and Brands Division was almost EUR 7 million. This refers to the impact arising when subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements. The comparison period figures include the UK cereal and snack bar businesses divested in 2016. Net sales for the divested businesses totalled some EUR 26 million.

Net sales for Raisioagro totalled EUR 58.6 (64.8) million and for other operations EUR 0.4 (0.4) million.

The Brands Division accounted for less than 75 per cent and Raisioagro for over 25 per cent of Raisio's comparable net sales. Comparable net sales from outside Finland represented 62.6 (66.2) per cent of the entire Group's comparable net sales, amounting to EUR 123.3 (157.6) million.

The UK accounted for almost 30 per cent, Finland less than 40 per cent and the rest of Europe slightly over 30 per cent and the rest of the world clearly below 5 per cent of the Raisio Group's comparable net sales.

Result

The Group's comparable EBIT was EUR 23.6 (24.7) million and EBIT EUR 22.0 (3.5) million. Comparable EBIT was 12.0 (10.4) and EBIT 9.3 (1.5) per cent of net sales.

As items affecting comparability, EBIT includes sales results of EUR 28.7 million for the Southall property and a write-down of EUR 29.3 million in goodwill of the UK business.

The Brands Division's comparable EBIT was EUR 24.3 (25.6) and EBIT 23.8 (5.9) million. Raisioagro's EBIT totalled EUR 0.9 (1.4) million. Comparable EBIT for other operations was EUR -1.6 (-2.3) and EBIT -2.6 (-3.9) million.

The impact of the weakened British pound on EBIT of the Group and Brands Division was some EUR 1 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements. In addition to the weaker pound, EBIT was primarily impacted by continued operational and commercial challenges, and profitability weakening at the Leicester confectionery plant, sharp rise in the world market price of sterols used as Benecol product raw material, and the fact that in the UK, Raisio could pass on the raw material price increase to sales prices only partially.

Comparable depreciations and impairment of the business totalled EUR 5.4 (6.1) million. Depreciations and impairment were EUR 34.7 (23.1) million. Net financial expenses totalled EUR -0.6 (-1.8) million.

Comparable pre-tax result was EUR 23.0 (22.9), and pre-tax result 21.4 (1.7) million. Comparable post-tax result was EUR 18.7 (18.7), and post-tax result 11.8 (-1.0) million. The Group's comparable earnings per share were EUR 0.12 (0.12), and earnings per share 0.07 (-0.01).

Items affecting comparable EBIT, EUR million

		4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Brands						
Southall property divestment		-28.7		-28.7		
Write-down of UK goodwill		29.3		29.3		
Write-down of Dormen and Fruitus brands	M€		3.9		3.9	3.7
Halo Foods Ltd's saleable assets valued at fair value	M€		15.1		15.1	14.7
Restructuring costs of the UK snack business	M€		0.7		0.7	1.7
Streamlining projects	M€					0.2
Common						
Restructuring of operations and legal expenses	M€	0.1	1.5	1.0	1.5	1.4
Impact on EBIT	**M€**	**0.7**	**21.2**	**1.6**	**21.2**	**21.8**

Balance sheet, cash flow and financing

At the end of June, the Raisio Group's balance sheet totalled EUR 432.4 (31 December 2016: 470.0) million. Shareholders' equity was EUR 294.8 (31 December 2016: 313.2) million, while equity per share totalled EUR 1.87 (31 December 2016: 1.99). Changes in equity are described in detail in the Table section below.

Working capital at the end of the review period amounted to EUR 36.5 (31 December 2016: 44.2 and 30 June 2016: 46.9) million. From 1 January 2016, working capital does not include derivative assets and liabilities related to loan hedging.

Cash flow from business operations in January-June was EUR 56.3 (14.0) million. The figure includes a total of EUR 39.8 million of sales revenue for the Southall industrial property.

At the end of June, the Group's interest-bearing debt was EUR 57.4 (31 December 2016: 88.6) million. Net interest-bearing debt was EUR 5.3 (31 December 2016: 26.7) million. The change was mainly due to the decrease in interest-bearing debt.

At the end of June, the Group's equity ratio totalled 68.3 (31 December 2016: 66.8) per cent and net gearing 1.8 (31 December 2016: 8.5) per cent. Decrease in the net gearing was due to the decreased net interest-bearing debt after the Southall property divestment. Comparable return on investment was 5.8 (31 December 2016: 11.6) and return on investment 5.4 (31 December 2016: 6.6) per cent.

INVESTMENTS

The Group's gross investments in April-June totalled EUR 4.4 (4.3) million, or 4.2 (3.5) per cent of the Group's comparable net sales. Investments of the Brands Division totalled EUR 1.6 (2.4) million, those of Raisioagro EUR 1.4 (0.8) million and those of other operations EUR 1.4 (1.1) million.

The Group's investments in January-June totalled EUR 8.3 (8.3) million, or 4.2 (3.5) per cent of the Group's comparable net sales. Investments of the Brands Division totalled EUR 2.4 (4.7) million, those of Raisioagro EUR 2.2 (1.2) million and those of other operations EUR 3.6 (2.3) million.

Raisio's largest investments during the first half of the year included the bioenergy plant built in Raisio's industrial area, a new production line in the Raisio-based fish feed factory and the renewed SAP ERP system.

With the new bioenergy plant, Raisio's industrial area became carbon neutral

On 21 June, the Raisio Group inaugurated its bioenergy plant in the Raisio industrial area. The value of the investment was approximately EUR 8 million. With the new plant, industrial steam and district heating used in the industrial area will be generated with wood chips. Thanks to the bioenergy plant, the industrial area became carbon neutral.

Time of fossil fuels was over when the new bioenergy plant was put into operation in the Raisio industrial area as companies in the area started to use steam generated with renewable energy. To have its own bioenergy plant is a major and important step for Raisio towards more sustainable food production.

SOUTHALL INDUSTRIAL PROPERTY DIVESTMENT

Raisio Group's Southall industrial property near London was transferred to the ownership of Galliard Homes Ltd as the company paid the remaining 90 per cent of the purchase price of approximately EUR 40 million on 9 June 2017. Galliard Homes had paid 10 per cent of the purchase price as an advance payment in April 2017. The purchase price was GBP 34.2 million. Southall is one of the most important urban development areas in London.

DISPUTES

During the period under review, there were no changes in the disputes reported in Raisio's Interim Report for January-March 2017.

RESEARCH AND DEVELOPMENT

The Group's April-June research and development expenses were EUR 0.9 (1.2) million.

In January-June, R&D expenses totalled EUR 1.6 (2.5) million, or 0.8 (1.0) per cent of the Group's comparable net sales. The Brands Division's R&D expenses totalled EUR 1.3 (2.0) million and those of Raisioagro EUR 0.4 (0.4) million. Benemilk's R&D expenses have not been activated in the balance sheet.

<u>Foods</u>

Consumers are interested in oat, a natural raw material with health benefits. Raisio continues to develop new oat products into new categories. The goal is to develop consumer-oriented well-being products and to improve the product availability at all times of the day. A good example is the Elovena snack ice-cream launched in the spring; it has been welcomed as a healthier delicacy product.

More and more consumers find it important to avoid excess sugar in their diet. Raisio continues to decrease the amount of added sugar in its foods.

Raisio has increased investments in the development of new Benecol products. Benecol will expand into new product categories and the first novelties will be launched at the beginning of 2018.

The UK confectionery business will invest in the development of products with less sugar.
New packaging sizes and alternatives will be launched for both traditional stores and impulse channels.

In the Czech Republic, Raisio is further developing its product development process to meet consumer demand and marketing needs. Raisio is investing in the development of its new branded products and wants to continue as an innovative, cost-efficient contract partner.

<u>Feeds</u>

Raisioagro's strong investments in digital services and their development continued. The goal is to improve the use of data generated in agriculture and fish farming with digital services creating added value. Tuotostutka® milking robot monitoring was developed for milk farms and is already in use at almost 200 farms. Raisioaqua launched Kasvuluotain® tool to help fish farmers with fish growth monitoring and feed dosage.

Raisioaqua launched a new fish feed Hercules nBalance. Nitrogen content of the new feed is optimised for those fish farms where the nitrogen quota related to the farming license restricts the use of feeds.

Raisioagro introduced a PMR product concept aimed at milking robot farms partially using TMR feeding. With the new product concept, palatability of the feed given by a milking robot improves and the energy content rises.

SEGMENT INFORMATION

The Brands Division includes Benecol, Healthy Food (former Healthy Snacks), Confectionery and activities related to the international commercialisation of the Benemilk innovation.

BRANDS DIVISION

		4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Net sales	M€	112.7	88.2	184.9	178.4	320.1
Benecol	M€	31.1	32.2	61.5	66.6	124.6
Healthy Food	M€	18.0	17.1	36.3	34.1	69.7
Confectionery	M€	24.1	26.6	47.5	52.4	100.2
Benemilk	M€	0.0	0.2	0.0	0.4	0.4
Common for the Brands	M€	39.9	12.6	40.0	26.1	26.4
Items affecting comparability	M€	-39.8	0.0	-39.8	0.0	0.0
Comparable net sales	M€	72.9	88.2	145.1	178.4	320.1
EBIT	M€	11.8	-5.4	23.8	5.9	30.2
EBIT	%	10.4	-6.1	12.8	3.3	9.4
Items affecting comparability	M€	0.6	19.6	0.6	19.6	20.3
Comparable EBIT	M€	12.3	14.2	24.3	25.6	50.5
Comparable EBIT	%	16.9	16.1	16.8	14.3	15.8
Investments	M€	1.6	2.4	2.4	4.7	8.9
Net assets	M€	-	-	262.6	316.6	303.4

Financial review for April-June

<u>Net sales</u>

The Brands Division’s comparable net sales amounted to EUR 72.9 (88.2) million, which is 17 per cent down from the comparison period. A total of EUR 39.8 million was entered in the Group and the Brands Division’s net sales as proceeds from the property divestment. This has been removed from the comparable net sales. Net sales for the Brands Division totalled EUR 112.7 (88.2) million.

The impact of the weakened British pound on the Brands Division’s net sales was some EUR 3 million. The UK snack bar business divested in July 2016 is included in the figures of Raisio and Brands Division until 12 July 2016.

<u>EBIT</u>

The Brands Division’s comparable EBIT was EUR 12.3 (14.2) and EBIT 11.8 (-5.4) million. Comparable EBIT is 16.9 (16.1) and EBIT 10.4 (-6.1) per cent of net sales. The impact of the weakened British pound on the Brands Division’s EBIT was some EUR 0.4 million.

As items affecting comparability, EBIT includes sales results of EUR 28.7 million for the Southall property and a write-down of EUR 29.3 million in goodwill of the UK business.

Business operations, April-June

Benecol

Net sales for the Benecol business totalled EUR 31.1 (32.2). For the UK operations, net sales in pounds were up from the comparison period due to the improved distribution and new customers. In Finland, Benecol's net sales were clearly higher than in the comparison period due to enhanced distribution and increased sales volume generated by the packaging redesign in minidrinks. In addition, plant stanol ester was delivered to the Benecol licensing partners more than in the comparison period, which increased net sales. In Poland and Ireland, net sales for operations were down from the comparison period.

Benecol's EBIT was down from the comparison period. On the one hand, this was due to the weakening of the British pound, resulting in higher subcontracting costs of Benecol products, and on the other, the sharp rise in the world market prices of sterols used as raw material for Benecol products. Increased costs could not be fully passed on to end product prices. The UK is the largest market for Benecol products so it has a major impact on net sales and EBIT of the whole Division.

In the UK, Raisio began Benecol minidrink deliveries to Marks & Spencer, a well-known retail chain of premium products. Enhanced distribution of Benecol products and changes in markets increased Benecol minidrink sales by 3.5 per cent. Benecol and ITV channel started cooperation that will last until January 2018. In Ireland, the market position of Benecol spreads further strengthened.

In Finland, the distribution of Benecol products improved as a result of the activities of a major retail chain. In minidrinks, sales volume also increased as a result of the packaging redesign from eight to six bottles.

In the spring, Benecol Buttery 225 g was launched in Poland. It quickly achieved sales volumes of other Benecol products sold in smaller packs in traditional trade. In Poland, Benecol held its market leader position in spreads in all except discounters.

Benecol licensing partners' sales in consumer products increased in the review period. Sales in the Benecol product ingredient grew with the partners operating in Asia. Raisio continued to work closely with its partners to improve the product availability of Benecol products, to develop market channels and to launch new products.

Healthy Food

Net sales for the Healthy Food business totalled EUR 18.0 (17.1) million. Net sales increased by around five per cent. Net sales were boosted by the good development of retail sales of Elovena products in Finland, flour deliveries to a major bakery customer started early in the year and good development in cereal sales in Denmark. In Finland, sales in Raisio's retail products were nearly at the comparison period level.

In Russia, net sales were down due to decreased sales volumes. Exports in particular to Ukraine and Poland grew.

EBIT for the Healthy Food business was at the comparison period level, when reduced by the investment surplus of some EUR 0.7 million, paid to Raisio by a Swedish insurance company.

Sales growth seen particularly in Elovena products and Guld Korn cereals sold in Denmark improved EBIT whereas the continued sales decline in the Nalle brand weakened profitability. Due to currency volatility, declined Russian sales volumes did not have a negative impact on profitability.

Northern Europe

Sales growth in Elovena snack biscuits continued. In the spring, Raisio launched new products in new product categories. Novelties were Elovena snack ice-creams, Elovena savoury biscuits and Elovena fresh porridge mixes. Elovena snack ice-cream sales had a good start with a TV commercial.

Volume of retail trade in gluten-free Provena products and Sunnuntai baking products remained at the comparison period level. Sales volume for Torino pastas increased slightly. In the Nalle flakes, sales volume was clearly down from the comparison period.

Sales in Guld Korn cereals in Denmark increased sharply. In Denmark and Sweden, Raisio sells cereals under local brands.

Raisio started to renew Elovena, one of the most loved brands in Finland. The renewed brand strategy of Elovena is based on the brand’s tradition to do good and on its unique position as a Finnish well-being brand. Extensive consumer studies show that consumers want to have good and easy food that produces both physical and mental well-being. Everyone should be able to make good choices for themselves, for their families and friends, for society and nature. Natural products supporting wellbeing are at the core of the Elovena brand strategy. Consumers have welcomed Elovena’s new line of communication.

Eastern Europe

Net sales for the Eastern European operations increased and EBIT improved. Eastern Europe accounts for 15 per cent of sales in Raisio's Healthy Food business.

Confectionery

Net sales for the Confectionery business totalled EUR 24.1 (26.6) million. EBIT for the Confectionery business was significantly lower than in the comparison period.

The Czech confectionery business continued to perform well. The Czech business accounted for over 40 per cent of net sales for the whole Confectionery business. Net sales were at the comparison period level and EBIT almost at the comparison period level in the Czech Republic.

UK

Net sales for Nimbus, a UK producer of inclusions and toppings, increased significantly in pounds. Sales volume also grew clearly. EBIT for Nimbus was up from the comparison period. Nimbus’ customers include international confectionery and ice cream producers.

In the UK confectionery business, net sales were significantly down from the comparison period due to the pound weakening against the euro and continued operational and commercial challenges.

During the spring and summer, we have focused on the improvement of the production flow and service levels at the Leicester confectionery plant. Production efficiency is being developed one production line at a time and at the same time, the plant infrastructure is improved with investments. With the first production line, we have already seen very good results.

Due to production-related delivery difficulties, sales both in Raisio's own branded products and private label products made to retailers were significantly lower than in the comparison period. Raisio strongly believes that the operational problems at the Leicester factory can be fixed and this work is proceeding well. To increase sales and re-establish customer relationships will take longer than expected.

Czech Republic

Demand for confectionery picked up after a weaker start to the year. Slightly more confectionery was made to contract partners than in the comparison period whereas the production of retailers' private label confectionery was significantly down from the comparison period. This was mainly due to significantly lower orders from a major Polish retail chain at the beginning of 2017. On the other hand, Raisio increased its soft gum sales to other customers.

In the Czech Republic, strong sales growth continued in the well-known Pedro brand. Raisio conducted a campaign with Pedro, got new listings in local retail chains and launched new products.

Lean training for Czech employees started and already now we have seen cost savings and improved operations and processes.

Benemilk

Benemilk Ltd generated no net sales in the review period. The comparison period's net sales were EUR 0.2 million. The organisation based in Seattle US, responsible for international commercialisation of the Benemilk innovation, was dissolved in the autumn 2016. Raisio and other Benemilk Ltd's owners are estimating the importance of individual patents as part of the patent portfolio.

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

Financial review for January-June

Net sales

Comparable net sales for the Brands Division totalled EUR 145.1 (178.4) million. A total of EUR 39.8 million was entered in the Group and Brands Division's net sales as proceeds from the property divestment. This has been removed from the comparable net sales. Net sales for the Brands Division totalled EUR 184.9 (178.4) million.

The impact of the weakened British pound on the Brands Division's comparable net sales was almost EUR 7 million in January-June. The comparison period figures include the UK cereal and snack bar businesses divested in 2016. Net sales for these businesses totalled approximately EUR 26 million.

Benecol's net sales were EUR 61.5 (66.6) million. The net sales decline is mainly due to the currency impact as the UK is the largest market for the Benecol products. Net sales for the Healthy Food business totalled EUR 36.3 (34.1) million. Net sales for the Confectionery business totalled EUR 47.5 (52.4) million. Net sales for Benemilk were EUR 0.0 (0.4) million.

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

EBIT

The Brands Division's comparable EBIT in January-June was EUR 24.3 (25.6) and EBIT 23.8 (5.9) million. Comparable EBIT was 16.8 (14.3) and EBIT 12.8 (3.3) per cent of net sales.

As items affecting comparability, EBIT includes sales results of EUR 28.7 million for the Southall property and a write-down of EUR 29.3 million in the UK's goodwill.

The impact of the weakened British pound on the Brands Division's EBIT was approximately EUR 1 million.

Main reasons behind the lower EBIT were the profitability impact of continuing challenges at the Leicester confectionery and declined profitability in the Benecol business. EBIT for the Healthy Food was significantly up from the comparison period, mainly due to sales growth in value added products.

RAISIOAGRO DIVISION

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

		4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Net sales	M€	34.3	37.7	58.6	64.8	126.6
EBIT	M€	1.3	1.4	0.9	1.4	3.7
EBIT	%	3.7	3.8	1.6	2.2	2.9
Items affecting comparability	M€	0.0	0.0	0.0	0.0	0.0
Comparable EBIT	M€	1.3	1.4	0.9	1.4	3.7
Comparable EBIT	%	3.7	3.8	1.6	2.2	2.9
Investments	M€	1.4	0.8	2.2	1.2	1.9
Net assets	M€	-	-	29.3	32.8	25.7

Financial review for April-June

Net sales

Raisioagro's net sales decreased by some nine per cent amounting to EUR 34.3 (37.7) million. Net sales fell primarily due to the planned sales reduction in low-margin farming supplies, such as liquid fuels and fertilisers. Sales in seeds and wrap films were also substantially down from the comparison period. Sales season of fish feeds started later than usual because of cold spring, which decreased net sales for the review period. For the grain trade, net sales were approximately EUR 1.5 million up from the comparison period.

EBIT

Raisioagro's EBIT was EUR 1.3 (1.4) million, accounting for 3.7 (3.8) per cent of net sales. Despite the net sales decrease, Raisioagro's EBIT remained at the comparison period level mainly due to enhanced operations and the expanded product portfolio optimised for different customer needs. Despite the cold spring, Raisioaqua performed better than in the comparison period due to improved production and energy efficiency.

A total of EUR 4 million of working capital was released compared to the reference period.

Business operations, April-June

Cattle feeds

Sales volume for Maituri and Opti feeds were down from the comparison period as Raisioagro did not engage in the tightening price competition for feeds. The decline in cattle feed sales was also affected by the growth in the number of discontinued farms compared to last year.

Benemilk feeds hold a relatively established position in Finland, as some six per cent of the Finnish dairy cows are fed with Benemilk. Sales in Benemilk feeds, however, clearly decreased from the comparison period.

The value of cattle feed and Melli mineral exports to Russia grew significantly, but remains low compared to Raisioagro Division's net sales. Russia is actively developing its milk production, and Raisioagro's cooperation with local dairies to improve the milk production has increased the number of our large customer farms. Raisioagro's feeding expertise and consultative sales are in demand in Russia. In the spring, Raisioagro also started mineral exports to Estonia.

Fish feeds

Due to the cold spring, sales season for fish feeds started almost a month later than usual both in Finland and the export markets in Russia. In the review period, fish feed export to Northwest Russia increased whereas sales in Finland were significantly lower than in the comparison period. The fish feed season will continue long into autumn but is dependent on the water temperature.

The new production line built in the Raisio industrial area was introduced slightly later than planned due to delays during the construction. External quality of the fish feeds made in the new line has significantly improved. In addition, with the heat energy produced by the bioenergy plant inaugurated in the Raisio industrial area in June, the carbon footprint from the fish feeds decreased significantly and the area became carbon neutral.

Sales in the Baltic Blend feed remained at the comparison period level, as fish farmers increasingly understand its importance for their operations and for the entire industry. Baltic Blend fish feeds allow responsible fish farming in line with sustainable development.

Benella fish fed with Baltic Blend has been available in shops for about 18 months. Last winter, the distribution coverage of Benella fish expanded throughout Finland when Kesko took the product in its selection. Altogether 16 contract farmers raised Benella fish in the sales period that ended in early summer. The new sales season for Benella fish will start in the autumn.

Other operations

Raisioagro's farming supply sales decreased significantly in value and in volume. The company aims to improve the profitability of farming supplies by changing the product range and operation models. New seed varieties and wrap films available in different colours are good examples of improved profitability achieved by renewing the product range. Sales in low-margin fuels and fertilisers were significantly down from the comparison period.

In the review period, Raisio bought approximately 40 per cent more grain than in the comparison period, and most of it was purchased for Raisio's own use. Grain export was also higher than in the comparison period. The grain export is hampered by the historically small difference between the Finnish prices and world market prices, which decreases the profitability of exports significantly.

Financial review for January-June

Net sales

Raisioagro's net sales totalled EUR 58.6 (64.8) million. Finland accounted for almost 80 per cent, Russia less than 15 per cent and other markets over 5 per cent of Raisioagro's net sales.

EBIT

In January-June, the Division's EBIT was EUR 0.9 (1.4) million, accounting for 1.6 (2.2) per cent of net sales. The best sales season of fish feeds lasts from spring to late autumn, so the second and third quarters are the most significant in terms of Raisioaqua's profitability development.

PERSONNEL AND MANAGEMENT

Raisio Group employed 1,409 (1,753) people at the end of June. 75 (80) per cent of the personnel were working outside Finland. At the end of the review period, the Brands Division had 1,230 (1,578), Raisioagro Division 114 (113) and service functions 65 (62) employees. The figures include summer workers.

Sakari Kotka, Vice President for Raisio's confectionery business and a member of the Group's Management Team, resigned on 15 May 2017 and left his position immediately. Local business directors of Raisio's UK and Czech confectionery businesses report directly to the Group's interim CEO Jarmo Puputti until further notice.

Pekka Kuusniemi appointed as CEO of Raisio plc

Raisio plc's Board of Directors elected Pekka Kuusniemi, M.Sc.(Econ.), as the new Chief Executive Officer of the Company. Kuusniemi will begin as Raisio plc's CEO at the beginning of November 2017. He transfers to Raisio from the position of Oras Group's CEO and President.

Pekka Kuusniemi brings with him substantial leadership experience of an international group and of consumer product sales and marketing. His key task at Raisio will be to promote profitable growth in line with the Group's strategy in Finland and abroad.

Jarmo Puputti, who has served as interim CEO since January 2017, will continue in this role until Kuusniemi begins as CEO.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ Helsinki Ltd in January-June totalled EUR 20.1 (14.1) million. The value of trading was EUR 71.0 (57.9) million and the average price EUR 3.52 (4.12). The closing price on 30 June 2017 was EUR 3.64.

A total of 0.5 (0.6) million restricted shares were traded in January-June. The value of trading was EUR 1.9 (2.3) million and the average price EUR 3.55 (4.08). The closing price on 30 June 2017 was EUR 3.59.

On 30 June 2017, the company had a total of 39,622 (31 December 2016: 39,332) registered shareholders. Foreign ownership of the entire share capital was 18.0 (31 December 2016: 15.3) per cent.

At the end of June, Raisio plc's market capitalisation amounted to EUR 599.5 (31 December 2016: 598.7) million and, excluding the company shares held by the company, to EUR 571.0 (31 December 2016: 571.3) million.

During the review period, a total of 12,490 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 132,478,429 while the number of restricted shares was 32,670,601. The share capital entitled to 785,890,449 votes.

In the review period, a total of 5,643 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the AGM in 2017.

In April 2017, a total of 166,400 free shares (RAIVV) were transferred without consideration to Raisio plc from a special book-entry account. These free shares were reserved and intended for the merger consideration to be paid to the shareholders of Raision Margariini Oy. The right to receive a merger consideration expired in September 2000.

At the end of the review period, Raisio plc held 7,622,919 free shares and 212,696 restricted shares acquired between 2005 and 2012 based on the authorisation given by the Annual General Meeting (AGM) or obtained through the subsidiary merger in August 2014 or transferred to the company because the right to receive a merger consideration has expired. The number of free shares held by Raisio plc accounts for 5.8 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 by Raisio or its subsidiary does not entitle to participate in the AGM.

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

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

The 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 a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The authorisation will expire, at the latest, on 23 March 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 2016 AGM 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 to shareholders on 3 April 2017.

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 AGM. At its meeting held after the AGM, the Board of Directors elected Perkonoja as its Chairman and Ramm-Schmidt as its Vice Chairman.

A Stock Exchange Release concerning the decisions made by the Meeting was published on 23 March 2017, in addition to which the decisions were described in the Interim Report for January-March.

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 and decreased political uncertainty. However, the threat of rising protectionism has not disappeared.

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 UK’s growth prospects and to continue to cause significant volatility in the external value of the pound.

Growth in the Finnish economy has been stronger than expected at the beginning of 2017. The growth is based on private consumption supported by recovering exports and low interest rates but burdened by rising inflation. 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 important for Raisioaqua.

Preparing for and adapting to Brexit is a key challenge for Raisio's businesses in 2017 and beyond. To maintain and improve Raisio's profitability, it is important that we can solve commercial and production problems in the UK's confectionery business.

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.

REVISED OUTLOOK FOR 2017

Raisio revised its 2017 outlook in the stock exchange release published on 21 July 2017. For the full year 2017, the company estimates its comparable EBIT to be approximately EUR 45 million. The outlook revision was due to the prolonged commercial and production problems at the UK confectionery business, lower than expected profitability and weakening of the pound against the euro. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

In line with the renewed strategy, Raisio continues to invest in brands, product concepts, sales and marketing, to streamline its operations and expand into new markets in Europe. This will pave the way for future growth and success.

Raisio's full-year 2017 outlook in February 2017:

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, 9 August 2017

RAISIO PLC

Board of Directors

Further information:
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Antti Elevuori, CFO, tel. +358 40 560 4148
Heidi Hirvonen, Communications and IR Manager, tel. +358 50 567 3060

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

Raisio will publish the Interim Report January-September on 8 November 2017.

The Half-Year Report has not been audited.

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

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Net sales	144.0	124.1	236.5	238.1	436.3
Expenses corresponding to products sold	-89.1	-108.2	-156.9	-191.6	-337.6
Gross profit	55.0	15.8	79.6	46.5	98.7
Other operating income and expenses, net	-42.5	-22.0	-57.6	-43.0	-69.7
EBIT	12.4	-6.2	22.0	3.5	28.9
Financial income	0.1	0.4	1.0	0.9	1.8
Financial expenses	-0.7	-1.3	-1.6	-2.8	-4.0
Share of result of associates and joint ventures	0.0	0.0	0.0	0.0	0.0
Result before taxes	11.8	-7.1	21.4	1.7	26.8
Income taxes	-7.8	-1.4	-9.6	-2.7	-7.8
RESULT FOR THE PERIOD	4.0	-8.4	11.8	-1.0	19.0
Attributable to:					
Equity holders of the parent company	4.0	-8.4	11.8	-1.0	19.0
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)					
Undiluted earnings per share	0.03	-0.05	0.07	-0.01	0.12
Diluted earnings per share	0.03	-0.05	0.07	-0.01	0.12

COMPREHENSIVE INCOME STATEMENT (M€)

	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	2016
Result for the period	4.0	-8.4	11.8	-1.0	19.0
Other comprehensive income items after taxes					
Items that may be subsequently transferred to profit or loss					
Available-for-sale financial assets	0.0	0.0	-0.1	0.1	-0.2
Cash flow hedge	1.5	-0.1	0.9	-0.6	-3.7
Translation differences	-4.3	-6.6	-4.0	-21.0	-27.2
Comprehensive income for the period	1.2	-15.1	8.5	-22.5	-12.2
Components of comprehensive income:					
Equity holders of the parent company	1.2	-15.1	8.5	-22.5	-12.2
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

BALANCE SHEET (M€)

	30.6.2017	30.6.2016	31.12.2016
ASSETS			
Non-current assets			
Intangible assets	61.4	63.1	62.0
Goodwill	121.7	159.4	154.1
Property, plant and equipment	81.0	85.0	78.7
Shares in associates and joint ventures	0.7	0.7	0.7
Available-for-sale financial assets	2.2	2.8	2.3
Deferred tax assets	4.7	6.4	5.4
Total non-current assets	271.7	317.3	303.3
Current assets			
Inventories	52.1	50.6	52.1
Accounts receivables and other receivables	54.5	62.8	51.0
Financial assets at fair value through profit or loss	6.9	41.2	37.7
Cash in hand and at banks	47.1	12.2	25.9
Total current assets	160.7	166.8	166.7
Non-current assets available for sale	0.0	9.6	0.0
Total assets	432.4	493.7	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	-19.9	-19.8
Other equity attributable to equity holders of the parent company	286.9	294.6	305.2
Equity attributable to equity holders of the parent company	294.8	302.5	313.2
Non-controlling interests	0.0	0.0	0.0
Total shareholder’s equity	294.8	302.5	313.2
Non-current liabilities			
Deferred tax liabilities	8.5	9.3	8.2
Provisions	0.2	0.1	0.2
Non-current financial liabilities	34.4	57.3	45.8
Derivative contracts	0.0	0.0	0.0
Other non-current liabilities	0.0	0.0	0.0
Total non-current liabilities	43.1	66.7	54.3
Current liabilities			
Accounts payable and other liabilities	68.1	67.4	55.8
Provisions	2.1	2.1	2.4
Derivative contracts	1.3	1.8	1.6
Current financial liabilities	23.0	47.0	42.8
Total current liabilities	94.4	118.3	102.6
Debts related to non-current assets available for sale	0.0	6.2	0.0
Total liabilities	137.5	191.2	156.8
Total shareholder’s equity and liabilities	432.4	493.7	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	-	-	-	-	-	-	-	-1.0	-1.0	-	-1.0
Other comprehensive income items (adjusted for tax effects)											
Financial assets available for sale	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Cash flow hedge	-	-	-	-	-0.6	-	-	-	-0.6	-	-0.6
Translation differences	-	-	-	-	-	-	-21.0	-	-21.0	-	-21.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.5	0.0	-21.0	-1.0	-22.5	0.0	-22.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.1	-25.1	-	-25.1
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.6	-	-0.4	0.2	-	0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.6	0.0	-25.6	-25.0	0.0	-25.0
Equity on 30.6.2016	27.8	2.9	88.6	8.9	1.5	-19.9	-6.8	199.6	302.5	0.0	302.5
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	-	-	-	-	-	-	-	11.8	11.8	-	11.8
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Cash flow hedge	-	-	-	-	0.9	-	-	-	0.9	-	0.9
Translation differences	-	-	-	-	-	-	-4.0	-	-4.0	-	-4.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.8	0.0	-4.0	11.8	8.5	0.0	8.5
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-26.8	-26.8	-	-26.8
Transfer from retained earnings to other reserves	-	-	-	0.1	-	-	-	-0.1	0.0	-	0.0
Share-based payment	-	-	-	-	-	0.0	-	-0.1	-0.1	-	-0.1
Total business activities involving shareholders	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-27.0	-26.9	0.0	-26.9
Equity on 30.6.2017	27.8	2.9	88.6	8.9	-1.2	-19.8	-17.1	204.7	294.8	0.0	294.8

CASH FLOW STATEMENT (M€)

	30.6.2017	30.6.2016	2016
Result before taxes	21.4	1.7	26.8
Adjustments	35.0	25.9	31.8
Cash flow before change in working capital	56.5	27.6	58.6
Change in accounts receivables and other receivables	-2.4	-1.9	3.6
Change in inventories	-0.3	6.3	15.1
Change in current non-interest-bearing liabilities	6.4	-12.4	-20.2
Total change in working capital	3.7	-8.0	-1.6
Financial items and taxes	-3.9	-5.6	-9.4
Cash flow from business operations	56.3	14.0	47.6
Investments in fixed assets	-9.3	-8.5	-17.3
Divestment of subsidiaries	0.0	0.0	2.2
Proceeds from sale of fixed assets	0.0	0.2	0.2
Sale of securities	0.0	0.0	0.4
Cash flow from investments	-9.2	-8.3	-14.4
Financial items and taxes	0.0	0.0	-3.7
Change in non-current loans	-30.4	-2.0	-8.6
Change in current loans	0.0	0.0	0.0
Dividend paid to equity holders of the parent company	-26.6	-25.0	-25.0
Cash flow from financial operations	-57.0	-27.0	-37.2
Change in liquid funds	-10.0	-21.3	-4.0
Liquid funds at the beginning of the period	61.9	67.9	67.9
Effects of changes in foreign exchange rates	0.3	-2.0	-2.0
Impact of change in market value on liquid funds	-0.1	0.1	0.0
Liquid funds at end of period	52.1	44.6	61.9

NOTES TO THE HALF-YEAR FINANCIAL REPORT

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

Half-year financial 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.

Changes needed in processes and systems have been implemented in the EPR system since the beginning of April. 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 Food, Confectionery and Benemilk. Raisioagro segment includes cattle and fish feeds, farming supplies and grain trade

NET SALES BY SEGMENT (M€)

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Brands	112.7	88.2	184.9	178.4	320.1
Raisioagro	34.3	37.7	58.6	64.8	126.6
Other operations	0.2	0.2	0.4	0.4	0.8
Interdivisional net sales	-3.2	-2.0	-7.4	-5.5	-11.2
Total net sales	144.0	124.1	236.5	238.1	436.3

EBIT BY SEGMENT (M€)

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Brands	11.8	-5.4	23.8	5.9	30.2
Raisioagro	1.3	1.4	0.9	1.4	3.7
Other operations	-0.6	-2.2	-2.6	-3.9	-4.9
Total EBIT	12.4	-6.2	22.0	3.5	28.9

NET ASSETS BY SEGMENT (M€)

	30.6.2017	30.6.2016	31.12.2016
Brands	262.6	316.6	303.4
Raisioagro	29.3	32.8	25.7
Other operations and unallocated items	2.9	-46.8	-15.9
Total net assets	294.8	302.5	313.2

INVESTMENTS BY SEGMENT (M€)

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Brands	1.6	2.4	2.4	4.7	8.9
Raisioagro	1.4	0.8	2.2	1.2	1.9
Other operations	1.4	1.1	3.6	2.3	7.5
Total investments	4.4	4.3	8.3	8.3	18.3

NET SALES BY MARKET AREA (M€)

	4-6/2017	4-6/2016	1-6/2017	1-6/2016	2016
Finland	39.0	43.8	73.5	80.4	156.9
Great Britain	68.3	42.5	96.8	85.8	141.5
Rest of Europe	33.4	34.8	60.7	65.8	125.6
ROW	3.4	3.0	5.6	6.1	12.2
Total	144.0	124.1	236.5	238.1	436.3

ACQUIRED BUSINESS OPERATIONS

No business acquisitions in the period 1 January - 30 June 2017 or in 2016.

TANGIBLE ASSETS (M€)

	30.6.2017	30.6.2016	31.12.2016
Acquisition cost at the beginning of the period	362.0	400.5	400.5
Conversion differences	-0.2	-9.3	-11.0
Increase	6.7	6.7	15.2
Decrease	-0.2	-0.2	-33.0
Transfers between items	0.0	0.0	-9.7
Acquisition cost at end of period	368.3	397.7	362.0
Accumulated depreciation and impairment at the beginning of the period	283.3	301.7	301.7
Conversion difference	-0.4	-5.9	-6.3
Decrease and transfers	-0.1	-0.1	-32.9
Depreciations and impairment for the period	4.5	17.0	20.8
Accumulated depreciation and impairment at end of period	287.3	312.7	283.3
Book value at end of period	81.0	85.0	78.7

PROVISIONS (M€)

	30.6.2017	30.6.2016	31.12.2016
At the beginning of the period	2.5	2.1	2.1
Increase in provisions	0.1	0.0	0.5
Provisions used	-0.3	0.0	0.0
At end of period	2.2	2.1	2.6

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	30.6.2017	30.6.2016	31.12.2016
Sales to associates and joint ventures	0.0	0.0	0.0
Purchases from associates and joint ventures	-0.1	0.1	0.1
Sales to key employees in management	0.2	0.1	0.4
Purchases from key employees in management	0.3	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€)

	30.6.2017	30.6.2016	31.12.2016
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	1.1	7.6	1.5
Other liabilities	3.0	1.4	1.9
Commitment to investment payments	1.7	9.1	5.9

DERIVATIVE CONTRACTS (M€)

	30.6.2017	30.6.2016	31.12.2016
Nominal values of derivative contracts			
Currency forward contracts	164.3	317.7	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 30.6.2017	Fair value 30.6.2017	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	48.0	48.0	45.3	45.3
Investments recorded at fair value through profit or loss*)	5.0	5.0	36.0	36.0
Liquid funds	47.1	47.1	25.9	25.9
Derivatives*)	1.9	1.9	1.7	1.7
Financial liabilities				
Bank loans	57.3	58.3	88.5	90.0
Financial leasing liabilities	0.2	0.2	0.2	0.2
Accounts payable and other liabilities	43.7	43.7	39.9	39.9
Derivatives*)	1.3	1.3	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€)

	4-6/ 2017	1-3/ 2017	10-12/ 2016	7-9/ 2016	4-6/ 2016	1-3/ 2016
Net sales by segment						
Brands	112.7	72.2	73.3	68.4	88.2	90.2
Raisioagro	34.3	24.3	24.7	37.1	37.7	27.1
Other operations	0.2	0.2	0.2	0.2	0.2	0.2
Interdivisional net sales	-3.2	-4.3	-2.8	-2.8	-2.0	-3.5
Total net sales	144.0	92.5	95.4	102.8	124.1	114.0
EBIT by segment						
Brands	11.8	12.0	13.7	10.5	-5.4	11.4
Raisioagro	1.3	-0.3	0.0	2.3	1.4	0.0
Other operations	-0.6	-2.0	-2.2	1.1	-2.2	-1.7
Total EBIT	12.4	9.6	11.5	13.9	-6.2	9.7
Financial income and expenses, net	-0.6	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	0.0
Result before taxes	11.8	9.6	11.7	13.4	-7.1	8.7
Income tax	-7.8	-1.8	-2.8	-2.3	-1.4	-1.3
Result for the period	4.0	7.8	8.9	11.1	-8.4	7.4

KEY INDICATORS

	30.6.2017	30.6.2016	31.12.2016
Net sales, M€	236.5	238.1	436.3
Change of net sales, %	-0.6	-9.8	-16.3
Operating margin, M€	56.7	26.6	56.3
Depreciation and impairment, M€	34.7	23.1	27.4
EBIT, M€	22.0	3.5	28.9
% of net sales	9.3	1.5	6.6
Result before taxes, M€	21.4	1.7	26.8
% of net sales	9.1	0.7	6.1
Return on equity, ROE, %	7.8	-0.6	5.7
Return on investment, ROI, %	5.4	1.1	6.6
Interest-bearing financial liabilities at end of period, M€	57.4	104.3	88.6
Net interest-bearing financial liabilities at end of period, M€	5.3	59.6	26.7
Equity ratio, %	68.3	61.4	66.8
Net gearing, %	1.8	19.7	8.5
Gross investments, M€	8.3	8.3	18.3
% of net sales	3.5	3.5	4.2
R & D expenses, M€	1.6	2.5	3.6
% of net sales	0.7	1.0	0.8
Average personnel	1,412	1,765	1,582
Earnings/share, €	0.07	-0.01	0.12
Cash flow from operations/share, €	0.36	0.09	0.30
Equity/share, €	1.87	1.92	1.99
Average number of shares during the period, in 1,000s			
Free shares	124,944	124,803	124,898
Restricted shares	32,469	32,494	32,486
Total	157,413	157,297	157,384
Average number of shares at end of period, in 1,000s			
Free shares	124,856	124,984	125,004
Restricted shares	32,458	32,485	32,470
Total	157,313	157,469	157,474
Market capitalisation of shares at end of period, M€			
Free shares	454.5	483.7	446.3
Restricted shares	116.5	125.1	125.0
Total	571.0	608.8	571.3
Share price at end of period			
Free shares	3.64	3.87	3.57
Restricted shares	3.59	3.85	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 net sales	Net sales +/-items affecting comparability
Comparable EBIT	EBIT +/-items affecting comparability
Comparable EBIT, %	Comparable EBIT -- Comparable net sales
EBITDA	EBIT + depreciations and impairment
Comparable EBITDA	EBIT +/- items affecting comparability + depreciations and impairment