Half-Year Financial Report January-June 2018

RAISIO PLC

RAISIO

RAISIO'S RENEWAL CONTINUES STRONG

April-June 2018, continuing operations

- The Group's net sales totalled EUR 59.7 (61.4) million. Comparable EBIT was EUR 6.5 (11.0) million, accounting for 11.0 (18.0)% of net sales. EBIT was EUR 6.5 (39.6) million, accounting for 10.9 (64.6)% of net sales. The comparison period EBIT includes sales profits of EUR 28.7 million for the Southall factory property.
- Healthy Food Division's net sales totalled EUR 47.8 (51.6) million. EBIT was EUR 6.8 (10.7) million, accounting for 14.3 (20.8)% of net sales.
- Raisioaqua Division's net sales totalled EUR 11.7 (9.4) million. EBIT was EUR 0.3 (1.1) million, accounting for 2.4 (11.6)% of net sales.
- Raisioagro's cattle feed business to be sold to Lantmännen Agro is treated as a discontinued operation. Unlike in its initial estimate, Raisio expects the transfer of the cattle feed business to Lantmännen Agro to take place in October-November.
- Raisio revises its full-year 2018 outlook because the cattle feed business is treated as a discontinued operation. For this reason, the Group's net sales for continuing operations are estimated to total some EUR 230 million and comparable EBIT some 12 per cent of net sales.

January-June 2018, continuing operations

- The Group's net sales totalled EUR 109.5 (113.2) million. Comparable EBIT was EUR 12.8 (18.4) million, accounting for 11.7 (16.3)% of net sales. EBIT was EUR 10.9 (46.1) million, accounting for 9.9 (40.7)% of net sales. The comparison period EBIT includes sales profits of EUR 28.7 million for the Southall factory property.
- Healthy Food Division's net sales totalled EUR 95.9 (101.9) million.Comparable EBIT was EUR 15.1 (20.5) million, accounting for 15.8 (20.1)% of net sales. EBIT was EUR 15.0 (20.5) million, accounting for 15.6 (20.1)% of net sales.
- Raisioaqua Division's net sales totalled EUR 13.0 (10.7) million. EBIT was EUR -0.7 (0.3) million, accounting for -5.4 (3.2)% of net sales.

CEO'S REVIEW

"Raisio is at the beginning of the new, focusing on healthy and responsibly produced food. We continue our determined work to support profitable organic growth. The reorganisation completed this spring allowed us to steer all resources to promote growth.

We have identified problem areas regarding the businesses where net sales and profitability development do not meet expectations, and started corrective actions. We have set an ambitious but realistic recovery schedule for these businesses.

As planned, we have significantly increased marketing investments, particularly in Benecol, which has lowered the Healthy Food Division's EBIT level. Benecol product sales were at the comparison period level in the UK whereas in Finland, strong growth continued. In line with its strategy, Raisio launched new Benecol products into new product categories in the UK, Finland and Poland in the first half of the year.

The divestment of the cattle feed business is an important step towards Raisio's strategy focusing on healthy foods. Unlike in its initial estimate, Raisio expects the transfer of the cattle feed business to Lantmännen Agro to take place in October-November as the Finnish Competition and Consumer Authority decided, at the end of July, to begin further processing of the deal. Raisioaqua, the fish feed manufacturer, is a solid part of the Raisio Group and an innovative forerunner in its field.

Raisio's new Purpose, combining mission and vision, sets us ambitious goals and strongly guides everything we do. Raisio's Purpose in brief: *Food for Health, Heart and Earth.* This summer, we introduced a project to define new values for the company. Our goal is to have Raisio's new values in use during the autumn 2018. Our Purpose and values gives a clear direction for all our activities."

RAISIO GROUP'S KEY FIGURES

	1-6/2018			1-6/2017			2017		
	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total
Income statement									
Net sales, M€	109.5	36.5	146.0	113.2	83.5	196.8	234.6	168.3	402.8
Change in net sales, %	-3.3	-	-	-21.3	-	-	-9.1	-	-
Comparable EBIT, M€	12.8	2.3	15.1	18.4	5.2	23.6	35.9	10.0	45.9
Comparable EBIT of net sales, %	11.7	6.2	10.3	16.3	6.2	12.0	15.3	5.9	11.4
EBIT, M€	10.9	2.2	13.1	46.1	-24.1	22.0	54.1	-57.3	-3.2
EBIT of net sales, %	9.9	6.1	9.0	40.7	-28.8	11.2	23.0	-34.1	-0.8
Comparable EBITDA, M€	15.6	2.7	18.4	21.4	7.7	29.0	42.2	14.8	57.0
EBITDA, M€	13.7	2.7	16.4	49.1	7.7	56.7	68.1	-23.7	44.4
Financial income and expenses, M€	0.0	0.0	0.0	-0.3	-0.3	-0.6	-1.4	-0.3	-1.7
Comparable earnings per share, €	0.06	0.01	0.07	0.09	0.03	0.12	0.17	0.05	0.22
Earnings per share, €	0.05	0.01	0.07	0.23	-0.16	0.07	0.26	-0.37	-0.11
Balance sheet									
Equity ratio, %	74.6	-	-	68.3	-	-	73.4	-	-
Net gearing, %	-29.3	-	-	1.8	-	-	-39.8	-	-
Net interest-bearing debt, M€	-72.7	-	-	5.3	-	-	-105.1	-	-
Equity per share, €	1.58	-	-	1.87	-	-	1.68	-	-
Investment, M€	2.5	0.2	2.6	7.5	2.0	9.5	10.1	5.7	15.8

	4-6/2018			4-6/2017		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Income statement						
Net sales, M€	59.7	18.5	78.2	61.4	42.9	104.3
Change in net sales, %	-2.7	-	-	-17.6	-	-
Comparable EBIT, M€	6.5	1.2	7.7	11.0	2.0	13.1
Comparable EBIT of net sales, %	11.0	6.3	9.9	18.0	4.8	12.5
EBIT, M€	6.5	0.8	7.4	39.6	-27.2	12.4
EBIT of net sales, %	10.9	4.6	9.4	64.6	-63.5	11.9
Comparable EBITDA, M€	7.9	1.2	9.1	12.6	3.3	15.9
EBITDA, M€	7.9	0.8	8.7	41.2	3.3	44.5
Financial income and expenses, M€	-0.1	0.0	-0.1	-0.3	-0.3	-0.6
Comparable earnings per share, €	0.03	0.01	0.04	0.05	0.01	0.06
Earnings per share, €	0.03	0.00	0.04	0.20	-0.18	0.03
Balance sheet						
Investments, M€	1.6	-0.1	1.5	4.0	1.4	5.4

FINANCIAL REPORTING

At the beginning of 2018, Raisio renewed its organisational structure. On 4 May 2018, the company announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. Therefore, the company has changed its financial reporting and reportable segments. Raisio's segments reported as continuing operations are Healthy Food (previously Brands), Raisioaqua (previously Raisioagro) and Other Operations.

The Healthy Food segment consists of the following operating segments: Northern and Eastern Europe, Western Europe and the Rest of the World (previously Healthy Food, Benecol, Confectionery until 29 December 2017, and Benemilk). The Grain Trade business was reported as part of the Raisioagro segment in 2017. As from 1 January 2018, it is reported as part of the Northern and Eastern European operations of the Healthy Food Division.

The Raisioaqua segment consists of fish feed business reported as a continuing operation and as a separate operating segment. Raisio's cattle feed business sold to Lantmännen Agro, previously reported in the Raisioagro segment, is now reported as a discontinued operation in accordance with IFRS 5 in this review. Assets and liabilities of the cattle feed business have been classified as available for sale.

As from 1 January 2018, Benemilk is reported as part of the Other Operations segment.

The confectionery business, which the Raisio Group divested at the end of 2017, was reported as a discontinued operation in the 2017 financial statements in accordance with IFRS 5. Comparative figures for 2017 have been adjusted as regards the income statement, cash flow statement and key figures.

The financial figures for the comparison periods have been adjusted to correspond to the new structure of Raisio's financial reporting. In this report, the comparison figures in brackets refer to the corresponding date or period one year earlier.

FINANCIAL REVIEW, APRIL-JUNE 2018

Net sales, continuing operations

Raisio Group's net sales for continuing operations totalled EUR 59.7 (61.4) million. Net sales of the Healthy Food Division totalled EUR 47.8 (51.6) million, those of Raisioaqua EUR 11.7 (9.4) million and those of Other Operations EUR 0.4 (0.3) million. Sales challenges faced by certain markets decreased net sales.

The conversion impact of the British pound on the net sales of the Group and Healthy Food Division was EUR -0.3 million. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Results, continuing operations

Raisio Group's comparable EBIT totalled EUR 6.5 (11.0) million and EBIT was EUR 6.5 (39.6) million. Comparable EBIT was 11.0 (18.0) and EBIT 10.9 (64.6) per cent of net sales. The comparison period EBIT of EUR 39.6 million includes sales profits of EUR 28.7 million for the Southall factory property. EBIT lowered as a result of sales challenges in certain markets and additional marketing investments as well as an expense of EUR -0.5 million related to fish feeds. The comparison period EBIT included the refund of pension payments of some EUR 0.7 million paid to Raisio's Swedish subsidiary.

EBIT for the Healthy Food Division totalled EUR 6.8 (10.7) million, for Raisioaqua EUR 0.3 (1.1) million and for Other Operations EUR -0.6 (27.8 and comparable EBIT -0.8) million.

The conversion impact of the British pound on comparable EBIT of the Group and Healthy Food Division totalled some EUR -0.1 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.

Depreciations and impairment totalled EUR 1.4 (1.6) million. The Group's net financial expenses were EUR -0.1 (-0.3) million.

Comparable pre-tax result was EUR 6.5 (10.7), and pre-tax result 6.4 (39.3) million. The Group's comparable post-tax result was EUR 5.1 (8.4) and post-tax result 5.0 (31.5) million. The Group's comparable earnings per share were EUR 0.03 (0.05), and earnings per share 0.03 (0.20).

FINANCIAL REVIEW, JANUARY-JUNE 2018

Net sales, continuing operations

Raisio Group's net sales for continuing operations totalled EUR 109.5 (113.2) million. Net sales of the Healthy Food Division totalled EUR 95.9 (101.9) million, those of Raisioaqua EUR 13.0 (10.7) million and those of Other Operations EUR 0.7 (0.6) million. The Healthy Food Division accounted for some 88 per cent and Raisioaqua for some 12 per cent of the Group's net sales.

The conversion impact of the British pound on the net sales of the Group and Healthy Food Division was EUR -0.8 million. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Net sales from outside Finland totalled EUR 70.5 (76.0) million, representing 64.4 (67.1) per cent of the Group's total. The UK accounted for some 30 per cent, Finland some 35 per cent, the rest of Europe over 30 per cent and the rest of the world clearly below 5 per cent of the Raisio Group's net sales.

Results, continuing operations

The Group's comparable EBIT was EUR 12.8 (18.4) million and EBIT 10.9 (46.1) million. Comparable EBIT is 11.7 (16.3) and EBIT 9.9 (40.7) per cent of net sales. The comparison period EBIT includes sales profits of EUR 28.7 million for the Southall factory property.

The Healthy Food Division's comparable EBIT was EUR 15.1 (20.5) million and EBIT 15.0 (20.5) million. Raisioaqua's EBIT totalled EUR -0.7 (0.3) million. Comparable EBIT for Other Operations was EUR -1.6 (-2.4) and EBIT -3.4 (25.3) million.

The conversion impact of the British pound on EBIT of the Group and Healthy Food Division was some EUR -0.2 million. This refers to the impact arising when subsidiaries' EBIT in pounds is converted into euros as part of the consolidated financial statements.

Depreciations and impairment were EUR 2.8 (3.0) million. Net financial expenses totalled EUR 0.0 (-0.3) million.

Comparable pre-tax result was EUR 12.8 (18.1), and pre-tax result 10.9 (45.8) million. Comparable post-tax result was EUR 10.0 (14.4), and post-tax result 8.4 (36.8) million. The Group's comparable earnings per share were EUR 0.06 (0.09), and earnings per share 0.05 (0.23).

ITEMS AFFECTING COMPARABLE EBIT
continuing and discontinued operations, EUR million

	1-6/2018			1-6/2017			2017		
	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total
Comparable EBIT	12.8	2.3	15.1	18.4	5.2	23.6	35.9	10.0	45.9
+ capital gain	-	-	-	28.7	-	28.7	28.0	-	28.0
- capital loss	-	-	-	-	-	-	-	-38.4	-38.4
- impairment, tangible and intangible assets	-	-	-	-	-29.3	-29.3	-7.8	-28.7	-36.5
- impairment, inventories	-	-	-	-	-	-	-0.7	-	-0.7
+/- structural arrangements and streamlining projects	-1.9	-0.1	-2.0	-1.0	-	-1.0	-1.3	-0.1	-1.5
+/- other items	-	-	-	-	-	-	-0.1	-	-0.1
Items affecting comparability, in total	-1.9	-0.1	-2.0	27.7	-29.3	-1.6	18.1	-67.3	-49.1
EBIT	10.9	2.2	13.1	46.1	-24.1	22.0	54.1	-57.3	-3.2

	4-6/2018			4-6/2017		
	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total
Comparable EBIT	6.5	1.2	7.7	11.0	2.0	13.1
+ capital gain	-	-	-	28.7	-	28.7
- capital loss	-	-	-	-	-	-
- impairment, tangible and intangible assets	-	-	-	-	-29.3	-29.3
- impairment, inventories	-	-	-	-	-	-
+/- structural arrangements and streamlining projects	0.0	-0.3	-0.3	-0.1	-	-0.1
+/- other items	-	-	-	-	-	-
Items affecting comparability, in total	0.0	-0.3	-0.3	28.6	-29.3	-0.7
EBIT	6.5	0.8	7.4	39.6	-27.2	12.4

ITEMS AFFECTING COMPARABLE EBITDA
continuing and discontinued operations, reconciliation to EBIT, EUR million

	1-6/2018			1-6/2017			2017		
	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total
Comparable EBITDA	15.6	2.7	18.4	21.4	7.7	29.0	42.2	14.8	57.0
+/- Depreciations and impairment	-	-	-	-	29.3	29.3	7.8	28.7	36.5
+/- Items affecting EBIT	-1.9	-0.1	-2.0	27.7	-29.3	-1.6	18.1	-67.3	-49.1
Items affecting comparability, in total	-1.9	-0.1	-2.0	27.7	0.0	27.7	25.9	-38.5	-12.5
EBITDA	13.7	2.7	16.4	49.1	7.7	56.7	68.1	-23.7	44.4
+/- Impairment	-	-	-	-	-29.3	-29.3	-8.0	-28.7	-36.7
+/- Depreciations	-2.8	-0.4	-3.3	-2.9	-2.4	-5.4	-6.0	-4.9	-10.9
EBIT	10.9	2.2	13.1	46.1	-24.1	22.0	54.1	-57.3	-3.2

	4-6/2018			4-6/2017		
	Con-tinuing	Discon-tinued	Total	Con-tinuing	Discon-tinued	Total
Comparable EBITDA	7.9	1.2	9.1	12.6	3.3	15.9
+/- Depreciations and impairment	-	-	-	-	29.3	29.3
+/- Items affecting EBIT	0.0	-0.3	-0.3	28.6	-29.3	-0.7
Items affecting comparability, in total	0.0	-0.3	-0.3	28.6	0.0	28.6
EBITDA	7.9	0.8	8.7	41.2	3.3	44.5
+/- Impairment	-	-	-	-	-29.3	-29.3
+/- Depreciations	-1.4	0.0	-1.4	-1.6	-1.2	-2.8
EBIT	6.5	0.8	7.4	39.6	-27.2	12.4

BALANCE SHEET, CASH FLOW AND FINANCING, continuing operations

At the end of June, the Raisio Group's balance sheet totalled EUR 333.0 (31 December 2017: 361.3) million. Shareholders' equity was EUR 248.2 (31 December 2017: 264.0) million, while equity per share totalled EUR 1.58 (31 December 2017: 1.68). Changes in equity are described in detail in the Table section below.

At the end of June, working capital amounted to EUR 37.0 (31 December 2017: 19.0 and 30 June 2017: 36.5) million. The increase in working capital from the year-end was primarily due to increased current assets related to raw material stocks.

Cash flow from business operations in January-June was EUR -0.2 (13.5) million. The change was due to the increase in working capital when preparing for the production shutdown with the Benecol product ingredient and for securing the reserve supply of some critical raw materials. At the end of June, the Group's interest-bearing debt was EUR 34.5 (31 December 2017: 45.9) million. Net interest-bearing debt was EUR -72.7 (31 December 2017: -105.1) million. The change was mainly due to the payment of dividends.

At the end of June, Raisio's financial assets recognised at fair value through profit or loss, and cash and cash equivalents totalled EUR 107.1 million. In addition, the company has a binding, undrawn revolving credit facility of EUR 50.0 million. Cash reserves are diversified into deposits in Nordic banks or otherwise low-risk investments.

At the end of June, the Group's equity ratio totalled 74.6 (31 December 2017: 73.4) per cent and net gearing was -29.3 (31 December 2017: -39.8) per cent.

Comparable return on investment was 9.0 (31 December 2017: 10.0), and return on investment 7.7 (31 December 2017: 15.1) per cent.

INVESTMENTS, continuing operations

The Group's investments in April-June totalled EUR 1.6 (4.0) million, or 2.6 (6.6) per cent of the Group's net sales. Investments of the Healthy Food Division totalled EUR 0.5 (0.3) million, those of Raisioaqua EUR 0.8 (1.4) million and those of Other Operations EUR 0.2 (2.4) million.

The Group's investments in January-June totalled EUR 2.5 (7.5) million, or 2.3 (6.6) per cent of the Group's net sales. Investments of the Healthy Food Division totalled EUR 1.0 (0.5) million, those of Raisioaqua EUR 1.0 (2.0) million and those of Other Operations EUR 0.5 (4.9) million. Raisio's largest investment in the first half of the year was a small package line in the fish feed factory.

RESEARCH AND DEVELOPMENT, continuing operations

The Group's research and development expenses in April-June were EUR 0.6 (0.7) million, accounting for 1.0 (1.2) per cent of the Group's net sales. R&D investments of the Healthy Food Division totalled EUR 0.4 (0.6) million, those of Raisioaqua EUR 0.2 (0.1) million and those of Other Operations EUR 0.0 (0.1) million.

In January-June, R&D expenses were EUR 1.2 (1.3) million, accounting for 1.1 (1.2) per cent of net sales. R&D investments of the Healthy Food Division totalled EUR 0.9 (1.0) million, those of Raisioaqua EUR 0.3 (0.2) million and those of Other Operations EUR 0.0 (0.2) million.

Healthy Food

The product development in foods is guided by the principles defined in Raisio's Purpose: good taste, healthiness, overall well-being and sustainable development. Before the end of the year, Raisio will launch, for example, interesting novelties containing Finnish oat, and will continue to renew its product range focusing on healthiness and convenience.

Fish feeds

Raisioaqua, Raisio's fish feed business, focuses on products and services that further ensure the fish well-being and production efficiency while promoting responsible fish farming. Kasvuluotain (Growth Radar) is Raisioaqua's added value service for fish farmers. For the service, a computer and mobile application was developed for the feeding planning and control, and for the monitoring of fish growth. In addition, the control of feeding machines was tested with Kasvuluotain in the summer.

SEGMENT INFORMATION

HEALTHY FOOD DIVISION

The Healthy Food Division includes all Raisio's continuing operations related to food.

Healthy Food Division's key figures, continuing operations

	4-6/2018	**4-6/2017**	**1-6/2018**	**1-6/2017**	**2017**
	Continuing	Continuing	Continuing	Continuing	Continuing
Net sales, M€	47.8	51.6	95.9	101.9	201.4
Northern and Eastern Europe, M€	22.8	25.4	46.9	50.2	98.1
Western Europe, M€	16.7	17.1	33.4	35.2	68.2
Rest of the World, M€	8.3	9.1	15.6	16.4	35.2
Comparable EBIT, M€	6.8	10.7	15.1	20.5	39.3
Comparable EBIT, %	14.3	20.8	15.8	20.1	19.5
Items affecting comparability, M€	-	-	-0.2	-	-0.9
EBIT, M€	6.8	10.7	15.0	20.5	38.4
EBIT, %	14.3	20.8	15.6	20.1	19.0
Investments, M€	0.5	0.3	1.0	0.5	1.5
Net assets, M€	124.4	121.1	124.4	121.1	116.7

EUR million	**4-6/2018**	**4-6/2017**	**1-6/2018**	**1-6/2017**	**2017**
	Continuing	Continuing	Continuing	Continuing	Continuing
Comparable EBIT	6.8	10.7	15.1	20.5	39.3
+ capital gain	-	-	-	-	-
- capital loss	-	-	-	-	-
- impairment, intangible assets	-	-	-	-	-0.2
- impairment, inventories	-	-	-	-	-0.7
+/- structural arrangements and streamlining projects	-	-	-0.2	-	-
+/- other items	-	-	-	-	-
Items affecting comparability, in total	-	-	-0.2	-	-0.9
EBIT	6.8	10.7	15.0	20.5	38.4

Financial review for April-June, continuing operations

The Healthy Food Division's net sales totalled EUR 47.8 (51.6) million. Net sales were brought down by sales challenges faced in some markets. At the same time, new products increased net sales in the UK and Finland.

Some 48 per cent of the Healthy Food Division's net sales were generated in Northern and Eastern Europe, where Raisio's well-known brands are Elovena, Benecol, Nordic, Sunnuntai, Nalle and Torino. Some 35 per cent of net sales were generated in the Western Europe for Benecol product sales and the remaining 17 per cent in other markets. Net sales for other markets consisted mainly of the sale of plant stanol ester, the Benecol product ingredient.

The Healthy Food Division's EBIT amounted to EUR 6.8 (10.7) million, accounting for 14.3 (20.8) per cent of net sales. Organic growth of the Benecol brand was supported with additional marketing investments of some EUR 1.5 million in the Western European markets. Challenges continued in the Polish, Russian and Belgian markets. In addition, sales of the Benecol product ingredient to licensing partners were significantly down from the comparison period. The comparison period 2017 EBIT included the refund of pension payments of some EUR 0.7 million paid to Raisio's Swedish subsidiary.

The conversion impact of the British pound on net sales was EUR -0.3 million and EUR -0.1 million on EBIT. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Financial review for January-June, continuing operations

The Healthy Food Division's net sales totalled EUR 95.9 (101.9) million. Net sales for Northern and Eastern Europe were EUR 46.9 (50.2) million, for Western Europe EUR 33.4 (35.2) million and for the Rest of the World EUR 15.6 (16.4) million. Finland accounted for some 35 per cent of the Healthy Food Division's net sales, the UK some 35 per cent, the rest of Europe less than 30 per cent and the Rest of the World less than 2 per cent.

The Healthy Food Division's comparable EBIT amounted to EUR 15.1 (20.5) million, accounting for 15.8 (20.1) per cent of net sales. EBIT was EUR 15.0 (20.5) million, accounting for 15.6 (20.1) per cent of net sales.

The conversion impact of the British pound on net sales was EUR -0.8 million and EUR -0.2 million on EBIT. This refers to the impact that arises when the subsidiaries' net sales in pounds is converted into euros as part of the consolidated financial statements.

Operating environment

Healthy, responsibly produced food interests consumers in all Raisio's markets. In addition to healthiness, the megatrends guiding consumers are well-being and daily coping, heart and stomach health, plant-based raw materials, and naturalness and authenticity.

In Finland, competition in healthy, plant-based foods is intensifying with the expansion of supply. Slightly decreased spread sales continue in Europe, resulting in lower sales for cholesterol-lowering, functional foods in the UK. In many European markets, discounters continued to grow their market shares.

In Finland, together with growing snacking, meals and eating together are becoming more and more important. In busy everyday life, convenience is considered important with meals and snacks. Consumers prefer reliable brands and products made of natural raw materials.

Business operations for April-June, continuing operations

Northern and Eastern Europe

Raisio's markets in the Northern and Eastern Europe include Finland, Poland, Russia, Ukraine, Sweden, Baltic Countries and Denmark. Net sales for the Northern and Eastern Europe were EUR 22.8 (25.4) million.

Net sales for the Finnish operations were slightly down from the comparison period. Grocery trade sales were at the comparison period level while sales to industrial customers and the HoReCa sector fell. Strong sales growth continued in Torino pasta and Benecol products. Elovena product sales were slightly down from the comparison period even though the sale of Elovena novelties corresponded to the targets. In the review period, Raisio launched Benecol snack bars, Torino oat-vegetable pastas as well as new flavours in Elovena and Nalle snack biscuits. In line with its objective, Raisio will continue to expand into new product categories and launch, in the autumn, new plant-based alternatives served as part of meals.

Nordic flakes produced in Finland are Raisio's main products in Russia and Ukraine. Raisio's net sales increased in Ukraine. In Russia, net sales in local currency were almost at the comparison period level. However, net sales in euros were significantly down from the comparison period due to negative currency changes. Volume in the flake sales slightly increased but sales prices continued to be clearly lower than in the comparison period. Raisio will launch measures to turn the Russian business into growth and to improve its profitability through price increases and new product launches.

In Poland, net sales were significantly down from the comparison period and the business was loss-making. Raisio has initiated measures to streamline the business and to improve its profitability. We have set an ambitious but realistic time-frame for these measures. In Poland, the focus is on the sale of Benecol retail products and the organisation has been renewed to support this. In addition, the cost structure will be renewed.

Western Europe

The markets in the Western European business include the UK, Ireland and Belgium. Net sales for the Western European operations amounted to EUR 16.7 (17.1) million. The decline in sales was mainly due to lower sales in Belgium and Ireland. Sales in the UK excluding the currency conversion into euros were at the comparison period level.

In the UK, sales increased in Benecol spreads and decreased in yogurts; in yogurt drinks, sales were at the comparison period level. Benecol maintained its strong market leader position in the cholesterol-lowering yogurt drinks and strengthened its position in spreads. The launch of a new Greek-style Benecol yogurt was boosted with an extensive advertising campaign. Measures to launch a new Benecol snack bar will be started after the review period in July.

In Ireland, sales in Benecol products were nearly at the comparison period level, clearly improving from the weak Q1/2018. Raisio invested strongly in the Benecol product marketing also in Ireland. Raisio's cooperation with its long-term Benecol product distributor in Ireland will end in September 2018, and Raisio's own organisation will take responsibility for sales. Raisio aims at organic growth of the business by developing the Benecol brand and line and with active sales work.

In Belgium, Benecol product sales were significantly down from the comparison period. Raisio has launched measures to resolve the situation.

Rest of the World

The Rest of the World business includes the deliveries of plant stanol ester, a Benecol product ingredient, for the production of consumer products sold in Raisio's home markets and the sale of plant stanol ester to licensing partners as well as Raisio's food exports to other than the company's own main markets.

Net sales for the Rest of the World totalled EUR 8.3 (9.1) million. Deliveries increased in the Benecol product ingredient for the production of consumer products sold in Raisio's home markets. Net sales for the Benecol consumer products sold in Raisio's own markets, the UK, Ireland and Belgium, are reported in the Western European figures while sales in Finland and Poland are reported in the Northern and Eastern European figures, and sales in Hong Kong as part of the Rest of the World business sales.

The licensing partners are responsible for the production, sales and marketing of Benecol consumer products in other than Raisio's home markets. Plant stanol ester sales to licensing partners in the largest market area, EMEA, remained at the comparison period level. Sales to licensing partners in the Americas and Asia decreased by more than half, significantly weakening the profitability of the business. The periodicity of deliveries for different quarters is typical of the business. As part of its strategy work, Raisio will assess the functioning of the current licensing model in different markets.

Raisio has started cooperation with the K Group. This allows Chinese consumers, for the first time, to buy Elovena snack biscuits and instant porridges online.

RAISIOAQUA DIVISION

The Raisioaqua Division includes fish feeds. Cattle feeds are reported as a discontinued operation.

Raisioaqua Division's key figures, continuing operations

	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
	Continuing	Continuing	Continuing	Continuing	Continuing
Net sales, M€	11.7	9.4	13.0	10.7	31.8
Comparable EBIT, M€	0.3	1.1	-0.7	0.3	2.4
Comparable EBIT, %	2.4	11.6	-5.4	3.2	7.5
Items affecting comparability, M€	-	-	-	-	-
EBIT, M€	0.3	1.1	-0.7	0.3	2.4
EBIT, %	2.4	11.6	-5.4	3.2	7.5
Investments, M€	0.8	1.4	1.0	2.0	3.0
Net assets, M€	8.8	9.3	8.8	9.3	8.5

Financial review for April-June

Raisioaqua's net sales totalled EUR 11.7 (9.4) million. Fish feed sales in Finland and for exports grew significantly.

Raisioaqua's EBIT was EUR 0.3 (1.1) million, accounting for 2.4 (11.6) per cent of net sales. EBIT was reduced by the expense of EUR -0.5 million related to the fish feed produced using a soy product that did not meet the quality criteria of various parties as it contained genetically modified soy. The soy product Raisioaqua uses in its fish feeds is made by our Finnish supplier who is responsible for ensuring that the product is in accordance with the agreement. We continue to investigate the case together with our supplier, the Finnish Food Safety Authority (Evira) and insurance companies.

In addition, EBIT was reduced by the development and marketing expenses higher than in the comparison period.

Financial review for January-June

Raisioaqua's net sales totalled EUR 13.0 (10.7) million. Finland accounted for over 30 per cent, Russia some 65 per cent and other markets clearly less than 5 per cent of net sales.

Raisioaqua's EBIT was EUR -0.7 (0.3) million, accounting for -5.4 (3.2) per cent of net sales.

Operating environment

In Finland, the fish feed market has stabilised. Demand for fish farmed in Finland is growing, but new fish farming licences and licences to increase the current quotas are rarely granted. Thanks to Raisioaqua's environmentally friendly Baltic Blend feeds, farmers still believe in positive licensing processes. Innovative feed producers have opportunities to increase their business in the markets of Northwest Russia, Baltic Countries and Sweden.

Demand for the Benella fish has increased since the restaurants included it in their lists. Contract producers for the Benella fish have changed their production cycle so that especially rainbow trout is available throughout the year without interruption.

The heatwave started in July after the review period raised the water temperatures in Finland and Northwest Russia so high that living conditions of the fish have significantly deteriorated.

Business operations

Raisioaqua strengthened its market position in Finland and Northwest Russia. Sales season for fish feeds was started early in the spring to ensure the supply for the beginning of the growing season.

In July 2018 after the review period, the analysis conducted by the Russian border authorities showed genetically modified soy in some of the fish feeds made and delivered by Raisioagro between 11 June and 10 July 2018. The tests showed that the limit values were exceeded in seven trucks. However, during the same time period, over 140 trucks crossed the Russian border with feed that was in full compliance with the quality criteria. Genetically modified material was found in concentrations that exceed the labeling limit established in the EU and the limit established in the Russian legislation. The soy product Raisioaqua uses in its fish feeds was delivered by our Finnish supplier who is responsible for ensuring that the product is in accordance with the contract.

To assess the overall situation, Raisioagro worked closely together with Evira, and sent several samples of raw materials and fish feeds to be tested for genetically modified material in external laboratories. With the test results, the product batches meeting the quality criteria have been released for sale and customer deliveries are ongoing. Raisio does not use GMO soy in its feeds as defined in our policy. This was an exceptional case that does not change Raisio's GMO policy.

DISCONTINUED OPERATIONS, cattle feed business

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. The cattle feed business is reported as a discontinued operation and is not included in the figures of the Group's continuing operations in the Half-Year Financial Report. Comparative figures for 2017 have been adjusted as regards the income statement, cash flow statement and key figures.

The transaction is subject to approval by the competition authority. On 23 July 2018, the Finnish Competition and Consumer Authority initiated further proceedings concerning the transaction. This is a normal procedure for a competition authority. In the further proceedings, the Authority can approve the deal as such, impose conditions for its approval or present to the Market Court that the deal is prohibited. According to the Competition Act, further proceedings must not take longer than three months. Unlike in its initial estimate, Raisio expects that the business will be transferred to the new owner in October-November 2018.

The enterprise value of the divestment is EUR 34 million and it will be conducted as a share transaction. The divested cattle feed business includes two production plants in Ylivieska and Kouvola, as well as the brands, of which Maituri and Melli are the best-known. Raisioagro's Benemilk licence will be also transferred to the buyer. The 76 employees of the cattle feed business will be transferred to Lantmännen Agro as serving employees. After the completion of the transaction, Raisio will continue to deliver feed grains to Lantmännen Agro for the time being.

Financial review for April-June

Net sales in April-June totalled EUR 18.5 (18.9) million. Raisio continued to work actively with customers and to develop the product line meeting the diverse needs of dairy farms.

Comparable EBIT totalled EUR 1.2 (0.1) million and EBIT was EUR 0.8 (0.1) million. EBIT was boosted by the good demand for feeds, pricing corresponding to the price increase of raw materials and more stable market situation. No depreciation is made of the business held for sale.

Financial review for January-June

Net sales in January-June totalled EUR 36.5 (36.4) million.

Comparable EBIT totalled EUR 2.3 (0.6) million and EBIT was EUR 2.2 (0.6) million.

Operating environment

The overall market for cattle feeds is stable in Finland. The structural change in milk production continues, which can be seen in the declining number of dairy farms, growing farm sizes and increasing number of milking robot farms. The farms are also increasingly professionally managed.

In the review period, the most significant Finnish dairy reduced the milk producer price, which affects the profitability of dairy farms. Tightening farm economy increases feed producers' competitive bidding and will possibly lead to the use of more affordable feeds.

In early 2019, there will be a change in milk concentration pricing in Finland, which will increase the demand for feeding solutions raising milk concentrations. The development of the European milk market affects the price paid for milk also in Finland.

Business operations

Good demand for feeds increased sales particularly in the added value Maituri feeds. Sales declined in Benemilk feeds that, however, have an established market position in Finland. Farmers using Benemilk feeds are pleased with the added value received. The Tuotostutka service utilises Raisioagro's strong feeding expertise, and dairy farmers get added value through solutions analysing the data they produce and through feeding optimisation. New features were developed for Tuotostutka (Growth Radar).

Sales in cattle feeds increased significantly in the Northwest Russia. The best selling products were Melli minerals and Herkku feeds.

A new concentration concept for feeds was launched in the review period. New feeds have been developed to meet especially the change in milk concentration pricing that will take place at the beginning of 2019. With the new feeds, particularly the milk fat content increases.

MANAGEMENT AND PERSONNEL

At the end of June, Raisio Group’s continuing operations employed 348 (356) people. A total of 23 (23) per cent of personnel worked outside Finland. The Healthy Food Division had 262 (259), Raisioaqua 32 (30) and Other Operations 54 (68) employees. The review period figures include summer workers. The cattle feed business, reported as a discontinued operation, had 76 (76) employees.

On 4 May 2018, Raisio announced that the company would sell its cattle feed business. After this, Raisio completed the cooperation negotiations still open in terms of employments closely related to Raisioagro. After the completion of the cattle feed business deal, Lantmännen Agro continues to buy support services from Raisio, which means that the need for staff reduction was low.

<u>CCO of the Healthy Food Division</u>

On 5 June 2018, Iiro Wester was appointed as a CCO of Raisio’s Healthy Food Division and Group Management Team member. He will begin work in his position at the beginning of September 2018. Iiro Wester has over twenty years’ experience in the food industry and international business. His main task is to lead the Healthy Food Division and to promote its profitable growth in Finland and abroad.

SHARES AND SHAREHOLDERS

The number of Raisio plc’s free shares traded on NASDAQ OMX Helsinki Ltd in January-June totalled EUR 19.4 (20.1) million. The value of trading was EUR 76.9 (71.0) million and the average price EUR 3.96 (3.52). The closing price on 30 June 2018 was EUR 3.64.

A total of 0.8 (0.5) million restricted shares were traded in January-June. The value of trading was EUR 3.2 (1.9) million and the average price EUR 3.90 (3.55). The closing price on 30 June 2018 was EUR 3.60.

On 30 June 2018, the company had a total of 36,719 (31 December 2017: 38,532) registered shareholders. Foreign ownership of the entire share capital was 23.6 (31 December 2017: 21.9) per cent.

Raisio plc’s market capitalisation at the end of June amounted to EUR 599.2 (31 December 2017: 634.2) million and, excluding the company shares held by the company, to EUR 570.8 (31 December 2017: 604.1) million.

During the review period, a total of 411,538 restricted shares were converted into free shares.

At the end of the review period, the number of issued free shares was 133,056,931 while the number of restricted shares was 32,092,099. The share capital entitled to 774,898,911 votes.

In the review period, a total of 4,705 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 2018 AGM.

At the end of the review period, Raisio plc held 7,602,356 free shares and 212,696 restricted shares acquired between 2005 and 2012 based on the authorisations given by the AGM and 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 5.7 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. A share held in Raisio or its subsidiary does not entitle the holder to participate in the AGM.

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

Raisio plc's Research Foundation holds 150,510 restricted shares, which is 0.47 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 2019. 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 2019. The authorisations have not so far been exercised and related details on both are available in the Stock Exchange Release published on 12 February 2018.

The authorisation to repurchase own shares and to issue shares given by the 2017 AGM expired on 21 March 2018.

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 2017 and granted the members of the Board of Directors and the Supervisory Board as well as the CEO discharge from liability.

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.17 for each restricted and free share. The dividend was paid on 5 April 2018 to a shareholder who was entered in the shareholders' register on the record date 23 March 2018. 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 five, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö and Ann-Christine Sundell were reappointed and Kari Kauniskangas was appointed as a new member; 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 Kari Kauniskangas as its Vice Chairman.

A Stock Exchange Release concerning the decisions made by the Meeting was published on 21 March 2018, in addition to which the decisions were described in the Interim Report for January-March 2018.

DIRECTED SHARE ISSUE

In December 2014, Raisio plc's Board of Directors decided on the Group's key employees' share-based incentive scheme for the period that started on 1 January 2015 and ended on 31 December 2017.

On 15 March 2018, the Board of Directors approved the bonuses paid under the share reward scheme and, in order to convey the part paid in shares to key employees, decided to implement a directed share issue without payment based on the authorisation granted to the Board by the Annual General Meeting of 23 March 2017.

In the share issue, a total of 10,266 Raisio plc's free shares held by the company were conveyed without consideration to the key employees within the share reward scheme, with deviation from the shareholders' pre-emptive subscription right. The conveyed 10,266 free shares correspond to 0,006 per cent of all Raisio plc's shares and 0,001 per cent of all votes.

There is an especially weighty financial reason for the deviation from the shareholders' pre-emptive right in the directed share issue without payment through the assignment of the company's own shares from the company's point of view and taking into account the best interests of all of its shareholders, since the purpose of the share reward scheme is to combine the objectives of owners and key employees in order to increase the company value as well as to commit the key employees to the company through direct share ownership. Direct share ownership is a way to further commit key employees to the company and to strengthen the alignment of shareholders and key employees' goals and interests.

The shares were conveyed to key employees on 11 April 2018. The right to dividend and other shareholder rights begin on the day on which the shares have been registered in the key employee's book-entry account.

The Board recommends that the key employees within the share reward scheme hold a substantial part of all shares they have received based on the scheme as long as the value of their holdings corresponds to their six months' gross salary.

CHANGES IN GROUP STRUCTURE

Raisio plc's subsidiary Raisio Finance NV was dissolved on 27 March 2018.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

As an international food operator, Raisio's operations are influenced by the overall economic development and consumer demand. Raisio expects the grocery market to remain fairly stable compared to other sectors. Changes and tightening competition in retail trade challenging for the food industry too, through sales prices and sales terms in all Raisio's main markets.

In 2018, Raisio's main markets are expected to show economic growth, but the anticipated development of the economy varies in different countries. In Finland, the economy is projected to remain strong in 2018 while in the UK, the uncertainty arising from the Brexit is weakening growth prospects and causing, for example, volatility in the external value of the pound.

Changes in exchange rates considerably affect Raisio's net sales and EBIT, directly and indirectly. The Group's most significant operative currency risks consist of changes in the exchange rates between the euro, UK pound, US dollar, Swiss franc and Russian rouble. Volatility in the external values of euro, dollar and franc impacts the earnings of Raisio's foreign and Finnish subsidiaries, mainly through the purchases made by the Benecol business.

Furthermore, 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. In addition, Raisio's reported net sales and EBIT are affected by currency conversions. Particularly the volatility in the British pound due to currency conversion is significant as a considerable part of them is generated by the subsidiaries based in the UK.

The price and availability of agricultural raw materials are a major challenge for Raisio's businesses. Global warming and other extreme weather events rapidly affect the crop expectations, supply, demand and price of these commodities. Changes are also possible in supply, demand, quality and price of other key raw materials, such as sterols and soy products, thus creating short-term risks for Raisio.

Preparing for and adapting to Brexit remains a key challenge for Raisio's businesses also in 2018, and for example in the Benecol business, this may lead to changes in subcontracting arrangements. International raw material chain and contract manufacturing of consumer products expose the Benecol business, in particular, to the availability, price and currency risks.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring, significant investments and rationalisation projects that could result in significant one-off expenses.

EVENTS AFTER THE REVIEW PERIOD

Raisio was informed by Russian authorities about the interruption of fish feed exports as of 4 August 2018. This is related to the case where the Russian border authorities' analysis showed genetically modified soybean with values exceeding the limit values. The soy product was delivered by Raisio's raw material supplier who is responsible for ensuring that the product complies with the contract. Raisio continues to investigate the case together with the authorities.

After the review period, the heatwave started in July raised the water temperatures in Finland and Northwest Russia so high that living conditions of the fish have significantly deteriorated. This may affect the demand for Raisioaqua's fish feeds during the rest of the year.

Raisio's CFO Antti Elevuori resigned from his position on 2 August 2018. He will continue his work at Raisio until he begins with a new employer at the beginning of 2018. Raisio immediately began the recruitment process for a new CFO.

On 30 July, a pipe breakage occurred in the piping system of the Town of Raisio. The breakage has been repaired. The boil water order ended on 6 August 2018. Food productions in Raisio's industrial area were restarted after the boil water order was lifted. The production interruption has caused delivery difficulties for the Raisio Group.

According to the harvest forecasts, the 2018 grain harvest will be significantly below the average due to the exceptional drought. More detailed information on the quality and quantity of the crop will be seen as harvesting begins.

OUTLOOK

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro. The business is expected to transfer to the new owner in October-November 2018. Due to the business divestment, Raisio treats the cattle feed business as a discontinued operation and has revised the Group's net sales forecast for the continuing operations. As the cattle feed business is moved to discontinued operations, the relative profitability for continuing operations will slightly improve.

Raisio's revised outlook for 2018

Raisio expects net sales of the Group's continuing operations to total some EUR 230 million. The company estimates that the comparable EBIT for the Group's continuing operations is some 12 per cent of net sales. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

In addition to foods and fish feed sales, Raisio's net sales for continuing operations consist of exports of raw materials, such as grains. Raisio has identified the problem areas and initiated corrective measures in the markets where the net sales development did not meet expectations in early 2018.

Raisio's key strategic target is to grow its Healthy Food business both organically and through acquisitions. With its structural reforms completed, Raisio has targeted all the resources to support the medium-term organic growth of the new Healthy Food Division. Raisio also seeks growth through acquisitions. The company is net debt free and has a strong balance sheet, which allows acquisitions that suit the company's core business.

Raisio's previous outlook on 26 April 2018

Raisio expects the net sales of the Group's continuing operations to be approximately at the 2017 level. The company estimates that the comparable EBIT for the Group's continuing operations is over 10 per cent of net sales. Exchange rates will continue to significantly affect Raisio's net sales and EBIT.

In addition to foods and feeds, Raisio's net sales consist of exports of raw materials, such as grains. Raisio has identified the concerns and initiated corrective measures in the markets where the net sales development did not meet the expectations in early 2018.

Raisio's key strategic target is to grow its Healthy Food business both organically and through acquisitions. With its structural reforms completed, Raisio has targeted all the resources to support the medium-term organic growth of the new Healthy Food Division. Raisio also seeks growth through acquisitions. The company is net debt free and has a strong balance sheet, which allows acquisitions that suit the company's core business.

In Raisio, 8 August 2018

Raisio plc's Board of Directors

Further information:
Pekka Kuusniemi, CEO, tel. +358 50 537 3883
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 for January-September on 7 November 2018.

The Half-Year Financial 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

THE GROUP'S INCOME STATEMENT (M€)

	1-6/2018			1-6/2017			2017		
	Conti-nuing	Discon-tinued	Total	Conti-nuing	Discon-tinued	Total	Conti-nuing	Discon-tinued	Total
Net sales	109.5	36.5	146.0	113.2	83.5	196.8	234.6	168.3	402.8
Expenses corresponding to products sold	-75.5	-31.1	-106.6	-75.1	-70.8	-145.8	-159.0	-142.2	-301.2
Gross profit	34.0	5.4	39.4	38.2	12.8	50.9	75.6	26.0	101.6
Other operating income and expenses, net	-23.1	-3.2	-26.3	7.9	-36.8	-28.9	-21.5	-83.4	-104.9
EBIT	10.9	2.2	13.1	46.1	-24.1	22.0	54.1	-57.3	-3.2
Financial income	1.0	0.0	1.0	1.1	0.0	1.1	1.3	0.1	1.4
Financial expenses	-1.0	-	-1.0	-1.5	-0.3	-1.8	-2.7	-0.4	-3.1
Share of result of associates and joint ventures	-	0.1	0.1	-	-	0.0	-	-	0.0
Result before taxes	10.9	2.3	13.2	45.8	-24.3	21.4	52.7	-57.6	-5.0
Income taxes	-2.5	-0.5	-3.0	-9.0	-0.7	-9.6	-12.3	0.0	-12.4
Result for the period	8.4	1.9	10.3	36.8	-25.0	11.8	40.4	-57.7	-17.3
Attributable to:									
Equity holders of the parent company	8.4	1.9	10.3	36.8	-25.0	11.8	40.4	-57.7	-17.3
Non-controlling interests	0.0	0.0	0.0	0.0	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	0.05	0.01	0.07	0.23	-0.16	0.07	0.26	-0.37	-0.11
Diluted earnings per share	0.05	0.01	0.07	0.23	-0.16	0.07	0.26	-0.37	-0.11

THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1-6/2018			1-6/2017			2017		
	Conti-nuing	**Discon-tinued**	**Total**	**Conti-nuing**	**Discon-tinued**	**Total**	**Conti-nuing**	**Discon-tinued**	**Total**
Result for the period	8.4	1.9	10.3	36.8	-25.0	11.8	40.4	-57.7	-17.3
Other comprehensive income items									
Items that will not be reclassified to profit or loss									
Change in equity investments	0.2	-	0.2	-0.1	-	-0.1	-0.2	-	-0.2
Change in tax impact	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0
Items that may be subsequently transferred to profit or loss									
Change in value of cash flow hedging	-0.1	-	-0.1	1.1	0.0	1.1	0.5	-	0.5
Change in translation differences related to foreign companies	-0.1	-	-0.1	-2.7	-1.3	-4.0	-5.2	-0.2	-5.4
Change in tax impact	0.0	-	0.0	-0.2	0.0	-0.2	-0.1	-	-0.1
Comprehensive income for the period	8.3	1.9	10.2	34.8	-26.3	8.5	35.4	-57.9	-22.5
Components of comprehensive income:									
Equity holders of the parent company	8.3	1.9	10.2	34.8	-26.3	8.5	35.4	-57.9	-22.5
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

THE GROUP'S BALANCE SHEET (M€)

	30.6.2018	30.6.2017	31.12.2017
ASSETS			
Non-current assets			
Intangible assets	42.7	61.4	42.9
Goodwill	46.5	121.7	46.5
Property, plant and equipment	34.9	81.0	50.1
Shares in associates and joint ventures	-	0.7	0.7
Equity investments	2.2	2.2	2.2
Deferred tax assets	2.5	4.7	2.7
Total non-current assets	128.9	271.7	145.0
Current assets			
Inventories	36.4	52.1	30.5
Accounts receivables and other receivables	31.3	54.5	34.6
Financial assets at fair value through profit or loss	18.1	6.9	2.2
Cash in hand and at banks	89.1	47.1	149.0
Total current assets	174.8	160.7	216.3
Non-current assets available for sale	29.3	-	-
Total assets	333.0	432.4	361.3
SHAREHOLDER'S EQUITY AND LIABILITIES	**30.6.2018**	**30.6.2017**	**31.12.2017**
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Company shares	-19.8	-19.8	-19.8
Other equity attributable to equity holders of the parent company	240.2	286.9	256.1
Equity attributable to equity holders of the parent company	248.2	294.8	264.0
Non-controlling interests	0.0	0.0	0.0
Total shareholder's equity	248.2	294.8	264.0
Non-current liabilities			
Deferred tax liabilities	5.5	8.5	5.1
Provisions	1.1	0.2	1.1
Non-current financial liabilities	11.5	34.4	23.0
Total non-current liabilities	18.1	43.1	29.2
Current liabilities			
Accounts payable and other liabilities	35.1	68.1	42.8
Provisions	-	2.1	2.1
Derivative contracts	-	1.3	0.2
Current financial liabilities	23.0	23.0	22.9
Total current liabilities	58.1	94.4	68.1
Debts related to non-current assets available for sale	8.7	-	-
Total liabilities	84.8	137.5	97.2
Total shareholder's equity and liabilities	333.0	432.4	361.3

CONSOLIDATED STATEMENT OF CHANGES IN 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 1.1.2017	**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											
Equity investments	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Cash flow hedge	-	-	-	-	1.1	-	-	-	1.1	-	1.1
Translation differences	-	-	-	-	-	-	-4.0	-	-4.0	-	-4.0
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**	**-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**
Equity on 1.1.2018	**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 1.1.2018	**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											
Equity investments	-	-	-	-	0.2	-	-	-	0.2	-	0.2
Cash flow hedge	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Translation differences	-	-	-	-	-	-	-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 payment	-	-	-	-	-	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**
Equity on 30.6.2018	**27.8**	**2.9**	**88.6**	**8.9**	**-1.6**	**-19.8**	**-18.7**	**160.0**	**248.2**	**0.0**	**248.2**

CONSOLIDATED CASH FLOW STATEMENT (M€)

	1-6/2018			1-6/2017			1-12/2017		
	Conti-nuing	Discon-tinued	Total	Conti-nuing	Discon-tinued	Total	Conti-nuing	Discon-tinued	Total
CASH FLOW FROM BUSINESS OPERATIONS									
Result before taxes	10.9	2.3	13.2	45.8	-24.3	21.4	52.7	-57.6	-5.0
Adjustments									
Planned depreciations	2.8	0.4	3.3	3.0	2.4	5.4	6.3	4.9	11.1
Financial income and expenses	0.0	0.0	0.0	0.3	0.3	0.6	1.4	0.3	1.7
Share of results of associates and joint ventures	-	-0.1	-0.1	-	0.0	0.0	-	0.0	0.0
Other adjustments	-0.3	0.0	-0.3	-29.0	29.3	0.3	-20.2	67.5	47.3
Total adjustments	2.5	0.3	2.8	-25.7	32.0	6.3	-12.5	72.6	60.2
Cash flow before change in working capital	13.4	2.7	16.1	20.1	7.7	27.8	40.2	15.0	55.2
Change in working capital									
Increase (-) / decrease (+) in current receivables	-1.7	-1.1	-2.8	-1.3	-1.1	-2.4	-1.7	-0.5	-2.2
Increase (-) / decrease (+) in inventories	-13.2	-0.2	-13.4	-7.4	-2.7	-10.1	1.1	-1.9	-0.8
Increase (+) / decrease (-) in current interest-free liablities	6.0	-2.9	3.1	5.1	1.2	6.4	0.9	1.4	2.3
Total change in working capital	-8.9	-4.2	-13.2	-3.6	-2.6	-6.1	0.3	-0.9	-0.6
Cash flow from business operations before financial items and taxes	4.5	-1.6	2.9	16.5	5.1	21.6	40.4	14.1	54.5
Interest paid and payments for other financial expenses from business operations	-1.0	-	-1.0	-0.9	-0.2	-1.2	-2.0	-0.4	-2.4
Dividends received from business operations	0.2	0.0	0.2	0.2	-	0.2	0.2	0.0	0.2
Interest received and other financial income from business operations	0.3	-	0.3	0.6	0.0	0.6	0.8	0.0	0.9
Other financial items, net	0.6	-	0.6	0.1	0.0	0.1	-0.2	-	-0.2
Income taxes paid	-4.7	-0.5	-5.2	-2.9	-0.6	-3.5	-6.0	-1.8	-7.8
Net cash flow from business operations	-0.2	-2.0	-2.2	13.5	4.3	17.8	33.3	11.8	45.1
CASH FLOW FROM INVESTMENTS									
Additional acquisition of associates shares	-	-	-	-	0.0	0.0	-	0.0	0.0
Investment in tangible assets	-2.7	-0.3	-2.9	-7.1	-1.8	-9.0	-9.1	-5.5	-14.6
Investment in intangible assets	-0.6	-	-0.6	-1.5	-	-1.5	-2.0	-0.1	-2.0
Income from the sale of the Group companies' shares adjusted for cash at the time of transfer	-	-	-	-	-	-	-	89.4	89.4
Income from intangible and tangible commodities	0.0	-	0.0	39.8	-	39.8	39.2	0.1	39.3
Net cash flow from investments	-3.2	-0.3	-3.5	31.1	-1.8	29.3	28.2	83.8	112.0
Cash flow after investments	-3.4	-2.3	-5.7	44.6	2.5	47.1	61.6	95.4	157.1
CASH FLOW FROM FINANCIAL OPERATIONS									
Other financial items, net	0.0	-	-	0.7	-	0.7	0.8	-	0.8
New non-current loans	-	-	-	-	-	-	0.0	-	0.0
Repayment of non-current loans	-11.4	-	-11.4	-31.1	-	-31.1	-42.6	-	-42.6
Dividends and other profit distribution paid to shareholders of the parent company	-26.6	-	-26.6	-26.6	-	-26.6	-26.6	-	-26.6
Net cash flow from financial operations	-38.0	0.0	-38.0	-57.0	0.0	-57.0	-68.4	0.0	-68.4
CHANGE IN LIQUID FUNDS	-41.2	-2.3	-43.7	-12.4	2.5	-10.0	-6.8	95.4	88.7
Liquid funds at the beginning of the period	151.0			61.9			61.9		
Impact of changes in exchange rates	-0.2			0.3			0.5		
Impact of changes in market value on liquid funds	0.0			-1.0			-0.1		
Liquid funds at end of period	107.1			52.1			151.0		

NOTES TO THE INTERIM REPORT

Accounting principles and presentation of figures

Raisio plc's Half-Year Financial Report for January-June 2018 has been prepared in accordance with IAS 34, Interim Financial Reporting. It should be read together with Raisio plc's Financial Statements published on 12 February 2018. In the preparation of the Half-Year Financial Report, Raisio plc has followed the same accounting principles as in the 2017 Financial Statements with the exception of the standard amendments and interpretations concerning Raisio plc that came into effect in 2018.

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 2017 Financial Statements, there have been no significant changes in the accounting principles and in the uncertainties included in the estimates requiring the management's judgement with the exception of the estimates made when the cattle feed business was classified as a discontinued operation.

The Half-Year Financial Report is shown in EUR millions.

Impacts of new and revised standards

At the beginning of the financial period, Raisio plc adopted the new standards introduced by International Accounting Standards Board (IASB), IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers*, as well as amendments to IFRS 2 *Share-based payments*, all effective from 1 January 2018. The Group's opening balance sheet of 1 January 2018 has been adjusted due to the amended IFRS 9 and IFRS 2. The IFRS 15 does not have a material impact on the consolidated financial statements and no impact on the opening balance sheet of 1 January 2018.

The impacts of the standard amendments on the Group's opening balance and shareholders' equity as well as the changes in accounting principles are presented below.

Impacts of new and revised standards on the Group's opening balance sheet (M€)

ASSETS	**Balance sheet 31.12.2017**	**Adjust-ments**	**Opening balance 1.1.2018**
Non-current assets			
Equity investments	-	-	2.2
Avaivable-for-sale finacial assets	2.2	-2.2	0.0
Total assets	2.2	-2.2	2.2
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity	264.0	0.7	264.7
Total shareholder's equity	264.0	0.7	264.7
Current liabilities			
Accounts payable and other liabilities	42.8	-0.7	42.1
Total current liabilities	42.8	-0.7	42.1

IFRS 15 Revenue from Contracts with Customers

The Group adopted the IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. The standard superseded the previous IAS 11 *Construction contracts* and IAS 18 *Revenue* as well as related interpretations. *Revenue from Contracts with Customers* includes a five-step model for the recognition of sales revenue: how much and when revenue is recognised. The standard requires revenue to be recognised when the customer acquires control over the product or service.

The Raisio Group's sales to customers are primarily sale of products. The Group records sales revenue when the customer acquires control over the products. Control is seen to be transferred at a point in time according to the delivery terms. The Raisio Group has no contracts to be recognised as income by reference to the stage of completion. Revenue from services is recognised over a period of time when the service has been completed. Possible variable consideration is recorded to its most likely amount. The transaction price of a product or service does not include a significant financing component since the time between the transfer and payment of the goods or services is no more than one year. The Raisio Group adopted the standard in full retroactively. The adoption of the standard did not have a material impact on the consolidated financial statements, and the principles of revenue recognition have not been changed. Therefore, the adoption of the standard had no effect on the volume or timing of sales revenue from customer contracts. Minor changes have been made to the SAP ERP system due to the recognition and presentation requirements of the IFRS 15.

IFRS 9 Financial instruments

The Group has adopted the IFRS 9 prospectively. The impact of the change in the accounting principles has been adjusted to the opening balance sheet on 1 January 2018. The standard deals with the classification and measurement of financial assets and liabilities, and with hedge accounting.

With the adopted IFRS 9, the Group's financial assets have been reclassified in three measurement categories: financial assets recorded at amortised cost, financial assets recorded at fair value in other comprehensive income and financial assets recorded at fair value through profit or loss.

Financial assets recorded at amortised cost include the financial assets that are to be held until the end of the contract and whose cash flows consist solely of capital and interest. The Group has classified sales receivable and other receivables held to maturity at amortised cost. Equity investments previously included in the financial assets available-for-sale have been classified at fair value in the financial assets recorded through items of other comprehensive income. In accordance with IFRS 9, only dividends are recognised through profit or loss of these investments. Possible subsequent sales are not recognised through profit or loss and the fair value changes recognised in the fair value reserve are not reclassified through profit or loss. Certificates of deposits and commercial papers, which are, in accordance with Raisio's business model, held for trading and mainly aimed at short-term returns on market price changes, are classified in the financial assets recognised at fair value through profit or loss. Financial liabilities are classified at amortised cost. Derivatives are classified either as financial assets or liabilities at fair value through profit or loss, or if hedge accounting is applied, to be recorded at fair value through other comprehensive income items.

IFRS 9 requires hedge accounting to be in line with the company's risk management strategy and instead of the retrospective hedging relationship efficiency testing under former IAS 39, the effectiveness of hedging is assessed largely forward on the basis of qualitative criteria. In line with its financial risk management policy, the Raisio Group may use various derivatives to hedge against interest rate and currency risks.

The Raisio Group currently uses currency forward contracts to hedge receivables and liabilities in foreign currencies as well as future commercial cash flows. Future foreign currency items are forecast monthly to the following year.

On the basis of these items, the Group makes foreign exchange derivative contracts and monitors hedging efficiency. Profit effects of changes in the value of such derivative contracts, to which hedge accounting is applied and which are effective hedging instruments, are presented consistently with the hedged item. When a derivative contract is entered into, the Group processes it as hedging of a highly probable forecast transaction (cash flow hedging).

Hedge accounting is discontinued in case its conditions cease to meet the qualifying criteria, the hedged item is derecognized from the balance sheet, the hedging instrument expires or it is sold or exercised or the forecast transaction is no longer expected to occur. When initiating hedge accounting, the Group documents the relationship between the hedged item and hedging instrument as well as the Group's risk management objectives and strategy for undertaking the hedge. When initiating hedging and at least in connection of each financial statements, the Group documents and assesses the effectiveness of hedging relationships by examining the hedging instrument's ability to offset the changes in fair value of hedged item or in cash flows. Change in fair value of the effective portion of derivative instruments meeting the conditions of cash flow hedging are recognised through items of other comprehensive income and presented in the equity hedge fund. Gains and losses accrued in equity from the hedging instrument are transferred to profit or loss when the hedged item affects profit or loss. The ineffective portion for profit or loss on the hedging instrument is recorded in the income statement either in other operating income or expenses, or in financial income or expenses, depending on its nature.

The new impairment model of the IFRS 9 requires impairments to be recognised based on expected credit losses. Earlier, impairments were recognised when there was evidence of impairment. Raisio plc applies the simplified approach included in the IFRS 9, under which impairments are recognised at an amount corresponding to the expected impairments for the entire effective period. The model Raisio plc applies is in line with the standard. The model calculates the average from the credit losses for the previous three years for continuing operations in relation to the receivables for the end of the financial period preceding each year. The model is applied to the reporting period by calculating the minimum credit loss provision for the year-end receivables corresponding to the previous three-year average. Using the management's judgement, Raisio plc makes a credit loss provision higher than the minimum mentioned above. With the adoption of the standard, the Group's impairment entries will not significantly increase.

Classification of financial assets and liabilities

Financial assets	**IAS 39**	**IFRS 9**
Forward exchange contracts, for hedging purposes	Fair value through other comprehensive income	Fair value through other comprehensive income
Other forward exchange contracts	Fair value through profit and loss	Fair value through profit and loss
Commercial papers	Fair value through profit and loss	Fair value through profit and loss
Equity securities	Financial assets available-for-sale	Fair value through other comprehensive income
Accounts receivables and other receivables	Loans and other receivables	Amortised cost
Liquid funds	Loans and other receivables	Amortised cost
Financial liabilities	**IAS 39**	**IFRS 9**
Forward exchange contracts, for hedging purposes	Fair value through other comprehensive income	Fair value through other comprehensive income
Other forward exchange contracts	Fair value through profit and loss	Fair value through profit and loss
Bank loans	Amortised cost	Amortised cost
Financial leasing liabilities	Amortised cost	Amortised cost
Accounts payable and other liabilities	Amortised cost	Amortised cost

IFRS 2 Share-based payments

The Group adopted the amendments to IFRS 2 *Share-based payments* on 1 January 2018. The amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* clarify the accounting process of certain type of arrangements. They concern three areas: measurement of cash-settled payments, share-based payments less withholding tax, and changing of share-based payments from cash-settled to equity-settled.

Due to the amendments, the Raisio Group has reclassified the cash-settled shares under the share reward schemes as part of the share-based payments payable in shares. Changes in the accounting principles have been adjusted to the opening balance sheet on 1 January 2018. The change concerns the share reward schemes of 2015-2017, 2016-2018 and 2017-2019. Possible rewards of the Group's schemes are paid partly in the company's free shares and partly in cash. The cash payment is made to cover the key employee's taxes and fiscal fees arising from the reward. The standard amendment had a minor impact on the Raisio Group's interim financial statements.

New and revised standards applicable to future financial periods

IFRS 16 *Leases* is applicable in periods starting on or after 1 January 2019. The new standard will replace the IAS 17 and related interpretations. As a result, nearly all rental agreements will be entered as fixed assets on the balance sheet, excluding short-term contracts of less than 12 months and contracts with low value. Operative rental agreements and finance leases are no longer separated. This change moves off-balance sheet liabilities to the balance sheet, which results in increased amounts of fixed assets and liabilities. There will be no significant changes in the accounting treatment applied by lessors. The Raisio Group has started to prepare for the adoption of the standard. The Group's balance sheet will include new entries for assets and liabilities that are mainly land, business premises and vehicles included in other current leases. The nature of costs related to these contracts will change as the IFRS 16 replaces rental expenses by depreciation of fixed assets and by interest expense arising from lease liability. The interest expense is reported as part of financial expenses. The amendment affects the key figures based on the balance sheet, such as gearing ratio. The adoption of the standard has no cash flow impact. IFRS 16 will not have a material impact on Raisio plc's consolidated 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 key figure is derived from the IFRS financial statements. The alternative key figures should not be considered as substitute indicators compared to the key figures defined in the IFRS. 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 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 Raisio Group presents, for example, following alternative key figures: gross profit, EBIT, comparable EBIT, EBITDA, comparable EBITDA, pre-tax result, comparable earnings / share, return on equity %, return on investments %, comparable return on investments %, equity ratio %, net gearing %, net interest-bearing debt, interest-bearing debt, cash flow from operations, cash flow from operations per share, equity per share, dividend per share, dividend per earnings.

SEGMENT INFORMATION

Raisio has renewed its organisational structure and therefore, the structure of the financial reporting and segments have also been changed. The reportable segments are Healthy Food (previously Brands), Raisioaqua (previously part of Raisioagro) and other operations. Healthy Food and Raisioaqua segments are the Group’s strategic operating units that are managed as separate units and whose performance is regularly reviewed by the top management. The products of the reportable segments are different and require different distribution channels and marketing strategies.

The Healthy Food segment consists of the following operating segments: Northern and Eastern Europe, Western Europe and the Rest of the World (previously Healthy Food, Benecol, Confectionery until 29 December 2017, and Benemilk). From 1 January 2018, Benemilk is reported as part of the Rest of the World segment.

The Raisioaqua Division includes the fish feed business.

In 2017, Raisio's Grain Trade business was reported as part of Raisioagro. From 1 January 2018, it will be reported as part of the Northern and Eastern European operations of the Healthy Food Division.

In terms of the changes, the comparison periods figures have been altered accordingly.

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. The cattle feed business is expected to transfer to the buyer on October-November 2018. The cattle feed business to be divested is reported as a discontinued operation, in accordance with IFRS 5, and is not included in the figures of the Group’s continuing operations in the Half-Year Financial Report. For the continuing operations, comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

Assets and liabilities related to the cattle feed business are presented in the Consolidated balance sheet as assets and liabilities held for sale.

The Raisio Group’s Confectionery business transferred to Valeo Foods Ltd on 29 December 2017.

The Confectionery business included in the Healthy Food (previously Brands) was reported as a discontinued operation in the 2017 financial statements in accordance with the IFRS 5. For the continuing operations, the comparison figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

Net sales by segment (M€)

	1-6/2018	1-6/2017	1-12/2017
Healthy Food			
Northern and Eastern Europe	46.9	50.2	98.1
Western Europe	33.4	35.2	68.2
Rest of the world	15.6	16.4	35.2
Total Healthy Food	95.9	101.9	201.4
Raisioaqua	13.0	10.7	31.8
Other operations*	0.7	0.6	1.3
Interdivisional net sales	-0.2	0.0	0.0
Total net sales	109.5	113.2	234.6

EBIT by segment (M€)

	1-6/2018	1-6/2017	1-12/2017
Healthy Food	15.0	20.5	38.4
Raisioaqua	-0.7	0.3	2.4
Other operations*	-3.4	25.3	13.3
Total EBIT	10.9	46.1	54.1

Net assets by segment (M€)

	30.6.2018	30.6.2017	31.12.2017
Healthy Food	124.4	121.1	116.7
Raisioagro	8.8	9.3	8.5
Other operations and unallocated items	115.0	164.4	138.8
Total net assets	248.2	294.8	264.0

Investment by segment (M€)

	30.6.2018	30.6.2017	31.12.2017
Healthy Food	1.0	0.5	1.5
Raisioaqua	1.0	2.0	3.0
Other operations	0.5	4.9	5.6
Total investments	2.5	7.5	10.1

REVENUE

Net sales by market (M€)

	1-6/2018	1-6/2017	1712
Finland	39.0	37.2	78.3
Great Britain	33.8	29.6	57.8
Rest of Europe	35.1	43.3	92.4
Rest of world	1.7	3.1	6.1
Total	109.5	113.2	234.6

Net sales by category (M€)

	1-6/2018	1-6/2017	1-12/2017
Sales of products	108.5	112.3	232.7
Sales of services	0.6	0.5	1.1
Royalties	0.3	0.4	0.7
Total net sales	109.5	113.2	234.6

ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Acquired businesses

In the period of 1 January - 30 June 2018 and in 2017, 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. The cattle feed business is expected to transfer to the buyer in October-November 2018. The cattle feed business to be divested is reported as a discontinued operation in this Half-Year Financial Report.

The Raisio Group’s Confectionery business transferred to Valeo Foods Ltd on 29 December 2017. The Confectionery business included in the Healthy Food (previously Brands) was reported as a discontinued operation in the 2017 financial statements. The comparison period has been changed accordingly in this Interim Report.

For the continuing operations, the comparison figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

Income statement, discontinued operations (M€)

	1-6/2018	1-6/2017			1-12/2017		
	Farms	Farms	Confec-tionery	Total	Farms	Confec-tionery	Total
Net sales	36.5	36.4	47.2	83.5	72.3	96.0	168.3
Cost of sales	-31.1	-32.7	-38.0	-70.8	-63.9	-78.3	-142.2
Gross profit	5.4	3.6	9.2	12.8	8.3	17.7	26.1
Income and expenses from business operations	-3.2	-3.1	-4.5	-7.6	-6.5	-9.8	-16.2
Write-down on goodwill before the transfer	-	-	-29.3	-29.3	-	-28.7	-28.7
Ebit	2.2	0.6	-24.6	-24.1	1.9	-20.8	-18.9
Financial income and expenses	0.0	0.0	-0.3	-0.3	0.0	-0.3	-0.3
Share of results of associates and joint ventures	0.1	0.0	-	0.0	0.0	-	0.0
Result before taxes	2.3	0.6	-24.9	-24.3	1.9	-21.1	-19.2
Income taxes	-0.5	-0.1	-0.6	-0.7	-0.4	0.3	0.0
Result of discontinued operations after taxes	1.9	0.5	-25.5	-25.0	1.5	-20.7	-19.3
Result of the transfer of discontinued operations after taxes	-	-	-	-	-	-38.4	-38.4
Result for the period from discontinued operations	1.9	0.5	-25.5	-25.0	1.5	-59.2	-57.7
Taxes of discontinued operations							
Taxes from result of discontinued operations	-0.5	-0.1	-0.6	-0.7	-0.4	-1.3	-1.6
Taxes from result of the transfer of discontinued operations	-	-	-	-	-	1.6	1.6
Taxes discontinued operations total	-0.5	-0.1	-0.6	-0.7	-0.4	0.3	0.0

Cash flow of discontinued operations (M€)

	1-6/2018	1-6/2017	1-6/2017	1-12/2017	1-12/2017
	Farms	Farms	Confec-tionery	Farms	Confec-tionery
Cash flow from business operations	-2.0	0.1	4.2	4.2	7.6
Cash flow from investments	-0.3	-0.1	-1.7	-0.2	71.4
Cash flow from financing activities, chnage in loan receivables	-	-	-	-	-5.6
Cash flow in tolal	-2.3	0.0	2.5	4.0	73.4

Impact of the discontinued operations on the Group's financial position, Confectionery (M€)

	31.12.2017
Impact of the discontinued operations on the Group's financial position:	
Non-current assets	116.4
Inventories	11.8
Short-term receivables	17.5
Loans receivables (cash pool)	-15.4
Liquid funds	2.8
Funds in total	133.2
Non-current liabilities	2.3
Current liabilities	17.5
Liabilities in total	19.8
Divested net assets	113.4
Accumulated translation differences	-1.5
Capital gain/loss on the divested business including accumulated translation differences	-36.5
Transaction expenses allocated to the divestment	-0.8
Guaranteed reserve of receivables directed at sales	-1.1
Profit impact on EBIT	-38.4
Enterprise value	100.0
Investment debt related to factories and other non-interest-bearing items related to net debt	10.6
Interest-bearing net financial liability of the divested subsidiaries at the time of transfer	12.6
Enterprise value of the shares	76.8
Enterprise value of the shares	76.8
Net interest-bearing debt of the divested subsidiaries at the time of transfer	-12.6
Subsidiary divestments adjusted for cash at the time of transfer	89.4
Cash flow from sales including expenses	86.0
In the cash flow statement	
Subsidiary divestments adjusted for cash at the time of transfer	89.4
Cash flow from investments	-5.4
Cash flow from business operations	7.6
Change in loans receivables	-5.6
Cash flow effect of the divested operation in total and repayments of loan receivables	86.0

Assets held for sale, Farms (M€)

	30.6.2018
Non-current assets	15.2
Inventories	7.5
Short-term receivables	6.6
Funds in total	29.3
Current liabilities	8.7
Liabilities in total	8.7
Assets held for sale, net assets	20.6

PROPERTY, PLANT AND EQUIPMENT (M€)

	30.6.2018	30.6.2017	31.12.2017
Acquisition cost at the beginning of the period	310.7	371.8	371.8
Conversion differences	-0.1	-0.2	-0.1
Increase	2.1	8.0	13.8
Decrease	-0.5	-11.2	-74.7
Assets held for sale	-87.6	-	-
Acquisition cost at end of period	224.7	368.3	310.7
Accumulated depreciation and impairment at the beginning of the period	260.6	283.3	283.3
Conversion difference	-0.1	-0.4	-0.4
Decrease and transfers	0.0	-0.1	-31.3
Depreciations and impairment for the period	2.5	4.5	9.0
Assets held for sale	-73.3	-	-
Accumulated depreciation and impairment at end of period	189.7	287.3	260.6
Book value at end of period	34.9	81.1	50.1

PROVISIONS (M€)

	30.6.2018	30.6.2017	31.12.2017
At the beginning of the period	3.2	2.6	2.6
Increase in provisions	0.0	0.1	1.2
Provisions used	-2.1	-0.4	-0.5
At end of period	1.1	2.2	3.2

RELATED PARTY TRANSACTIONS (M€)

	30.6.2018	30.6.2017	31.12.2017
Sales to key employees in management	0.1	0.1	0.1
Purchases from key employees in management	0.2	0.3	1.0
Receivables from the key persons in the management	0.0	0.0	0.0
Payables to key management personnel	0.1	0.1	0.1

CONTINGENT LIABILITIES (M€)

	30.6.2018	30.6.2017	31.12.2017
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	2.0	1.1	1.4
Other liabilities	2.6	3.0	2.3
Guarantee liabilities on the Group companies' commitments	29.2	44.3	33.1
Commitment to investment payments	2.4	1.7	1.1

DERIVATIVE CONTRACTS (M€)

	30.6.2018	30.6.2017	31.12.2017
Nominal values of derivative contracts			
Currency forward contracts	54.3	164.3	82.1

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 30.6.2018	Fair value 30.6.2018	Carrying amount 31.12.2017	Fair value 31.12.2017
Financial assets				
Equity investments*)	2.3	2.3	2.2	2.2
Accounts receivables and other receivables	35.4	35.4	32.7	32.7
Investments recorded at fair value through profit or loss*)	18.0	18.0	2.0	2.0
Liquid funds	89.1	89.1	149.0	149.0
Derivatives*)	0.1	0.1	0.2	0.2
Financial liabilities				
Bank loans	34.3	34.8	45.8	46.5
Financial leasing liabilities	0.1	0.1	0.1	0.1
Accounts payable and other liabilities	32.5	32.5	32.5	32.5
Derivatives*)	0.0	0.0	0.2	0.2

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

Adjustments to business cash flows (M€)

	1-6/2018	1-6/2017	1-12/2017
Impairment for intangible and tangible fixed assets	-	29.3	36.5
Impairment for current assets	-	-	0.7
Divestment losses of subsidiary shares	-	-	38.4
Capital gains and losses of fixed assets	0.0	-28.7	-28.1
Costs of share rewards	-0.1	-0.1	0.0
Other	-0.3	-0.1	-0.3
Total adjustments in cash flow statement	-0.3	0.3	47.3

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€)

	1-6/2018	1-6/2017	1-12/2017
Acquisitions of fixed assets in total	-2.6	-9.5	-15.9
Payments for investments of earlier financial periods (change in accounts payable)	-0.9	-1.0	-0.7
Investments funded by finance lease or other non-interest-bearing debt	0.0	0.0	0.0
Fixed asset acquisitions funded by cash payments	-3.5	-10.5	-16.6
Capital gain and loss on fixed assets in the income statement	0.0	28.7	28.1
Balance sheet value of disposed asset	0.0	11.1	11.2
Consideration received from fixed asset divestments in the cash flow statement	0.0	39.8	39.3

Net assets of divested subsidiaries (M€)

	1-12/2017
Capital gain or loss in the income statement excluding sales expenses directed at sales	-36.5
Non-current assets	116.4
Inventories	11.8
Receivables	17.5
Liquid funds incl. loans receivables (group cash pool)	-12.6
Non-current liabilities	2.3
Current liabilities	17.5
Total net assets sold	113.4
Sales price	76.8
Proceeds in the cash flow statement adjusted by cash at the date of transfer	89.4

Reconciliation of liabilities related to financing activities (M€)

	31.12.2017	Cash flows	Non cash flow influenced changes			30.6.2018
			Forward exchange contracts	Changes in exchange rates	Changes in fair value	
Non-current liabilities	45.7	-11.4	-	-	0.0	34.3
Current liabilities	0.0	-	-	-	-	0.0
Lease liability	0.1	0.0	-	-	-	0.1
Net assets / liabilities used to hedge non-current liabilities	0.0	0.0	-	-	-	0.0
Total liabilities for financing activities	45.9	-11.5	-	-	0.0	34.5

QUARTERLY EARNINGS FROM CONTINUING OPERATIONS (M€)

	1-6/ 2018	**1-3/ 2018**	**10-12/ 2017**	**7-9/ 2017**	**4-6/ 2017**	**1-3/ 2017**
Net sales by segment						
Healthy Food	47.8	48.1	50.6	48.9	51.6	50.3
Raisioaqua	11.7	1.3	2.7	18.4	9.4	1.3
Other operations	0.4	0.4	0.4	0.3	0.3	0.3
Interdivisional net sales	-0.2	0.0	0.0	0.0	0.0	0.0
Total net sales	59.7	49.7	53.7	67.7	61.4	51.8
EBIT by segment						
Healthy Food	6.8	8.1	8.5	9.3	10.7	9.8
Raisioaqua	0.3	-1.0	-0.7	2.7	1.1	-0.7
Other operations	-0.6	-2.8	-10.2	-1.7	27.8	-2.6
Total EBIT	6.5	4.4	-2.4	10.3	39.6	6.5
Financial income and expenses, net	-0.1	0.1	-0.3	-0.7	-0.3	0.0
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	6.4	4.5	-2.7	9.6	39.3	6.5
Income tax	-1.4	-1.1	-1.3	-2.0	-7.8	-1.2
Result for the period	5.0	3.4	-4.0	7.6	31.5	5.3

KEY FIGURES

Key figures have been calculated from continuing operations, including the items affecting comparability.

	30.6.2018	30.6.2017	31.12.2017
Net sales, M€	109.5	113.2	234.6
Change of net sales, %	-3.3	-21.3	-9.1
Operating margin, M€	13.7	49.1	68.1
Comparable operating margin, M€			
Depreciation and impairment, M€	2.8	3.0	14.0
EBIT, M€	10.9	46.1	54.1
% of net sales	9.9	40.7	23.0
Comparable EBIT, M€			
% of net sales			
Result before taxes, M€	10.9	45.8	52.7
% of net sales	10.0	40.4	22.5
Return on equity, ROE, %	6.6	24.2	14.0
Return on investment, ROI, %	7.7	24.6	15.1
Comparable return on investment, ROI, %	9.0	9.9	10.0
Interest-bearing financial liabilities at end of period, M€	34.5	57.4	45.9
Net interest-bearing financial liabilities at end of period, M€	-72.7	5.3	-105.1
Equity ratio, %	74.6	68.3	73.4
Net gearing, %	-29.3	1.8	-39.8
Gross investments, M€	2.5	7.5	10.1
% of net sales	2.3	6.6	4.3
R & D expenses, M€	1.2	1.3	2.9
% of net sales	1.1	1.2	1.1
Average personnel	339	346	342
Earnings/share, €	0.05	0.23	0.26
Comparable earnings/share, €			
Cash flow from operations/share, €	0.00	0.09	0.21
Equity/share, €	1.58	1.87	1.68
Average number of shares during the period, in 1,000s			
Free shares	125 278	124 944	124 927
Restricted shares	32 046	32 469	32 436
Total	157 324	157 413	157 363
Average number of shares at end of period, in 1,000s			
Free shares	125 455	124 856	125 028
Restricted shares	31 879	32 458	32 291
Total	157 334	157 313	157 319
Market capitalisation of shares at end of period, M€			
Free shares	456.0	454.5	480.1
Restricted shares	114.8	116.5	124.0
Total	570.8	571.0	604.1
Share price at end of period			
Free shares	3.64	3.64	3.84
Restricted shares	3.60	3.59	3.84
Average share price during the period			
Free shares	3.96	3.52	3.57
Restricted shares	3.90	3.55	3.59

FORMULAS FOR KEY FIGURES

Earnings per share	Result for the year of parent company shareholders -- Average number of shares for the year, adjusted for share issue
Formulas for alternative key figure calculation	
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
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
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
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period
Investments	Investments of tangible and intangible assets and Group company shares, associated and joint venture shares and other shares