



OLVI PLC

FINANCIAL STATEMENTS BULLETIN 23 FEB 2017 at 9:00 am

OLVI GROUP'S FINANCIAL STATEMENTS JANUARY TO DECEMBER 2016

FINANCIAL PERFORMANCE IN BRIEF

Olvi Group's business developed favourably in 2016. The Group's sales volume, net sales and operating profit for 2016 improved on the previous year, and the balance sheet became stronger once again.

Full year 2016:

- Olvi Group's sales volume increased by 5.1 percent to 609.4 (579.9) million litres
- The Group's net sales increased by 3.5 percent and amounted to 321.5 (310.5) million euro
- The Group's operating profit increased by 6.0 percent and amounted to 40.4 (38.2) million euro
- Net profit for the period increased by 47.6 percent to 32.8 (22.2) million euro. The profit for the comparison year was burdened by 10.5 million euro of intra-Group unrealised exchange rate losses on Belarusian operations, which were recognised in financial items.
- Olvi Group's earnings per share stood at 1.57 (1.08) euro per share
- The equity ratio improved again, standing at 62.0 (58.6) percent

October to December 2016:

- Olvi Group's sales volume increased by 5.2 percent to 134.4 (127.8) million litres
- The Group's net sales increased by 4.3 percent and amounted to 71.8 (68.8) million euro
- The Group's operating profit amounted to 5.3 (6.3) million euro
- Net profit for the period amounted to 4.9 (5.0) million euro
- Olvi Group's earnings per share stood at 0.23 (0.24) euro per share

The Board proposes a dividend of 0.75 (0.70) euro per share.

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

CONSOLIDATED KEY RATIOS

	10-12/ 2016	10-12/ 2015	Change % / pp	1-12/ 2016	1-12/ 2015	Change % / pp
Sales volume, Mltr	134.4	127.8	5.2	609.4	579.9	5.1
Net sales, MEUR	71.8	68.8	4.3	321.5	310.5	3.5
Gross margin, MEUR	10.2	10.5	-2.6	59.2	54.5	8.6
% of net sales	14.2	15.3		18.4	17.6	
Operating profit, MEUR	5.3	6.3	-15.6	40.4	38.2	6.0
% of net sales	7.4	9.2		12.6	12.3	
Net profit for the period	4.9	5.0	-3.6	32.8	22.2	47.6
% of net sales	6.8	7.3		10.2	7.2	
Earnings per share, EUR	0.23	0.24	-4.2	1.57	1.08	45.4
Gross capital expenditure, MEUR	4.8	4.8	-0.4	20.5	26.0	-21.2
Equity per share, EUR				9.73	8.86 *)	9.8
Equity to total assets, %				62.0	58.6 *)	3.4
Gearing, %				2.1	18.4 *)	-16.3

*) Change in accounting policies.

BUSINESS DEVELOPMENT

LASSE AHO, MANAGING DIRECTOR:

Olvi Group's business developed favourably in 2016. The Group's sales volume, net sales and operating profit improved on the previous year. In the fourth quarter, the Group's sales volume increased by five percent. Fourth-quarter operating profit fell short of the previous year. This was affected by the fact that most of the increase in sales volume came from low-margin products, and that some non-recurring costs (including the costs of performance-based bonuses for employees) were recognised towards the end of the year. The earnings for 2016 were also burdened by increased depreciation and scrapping costs of reusable packaging compared to previous years.

Business development in 2016 has been positive particularly in Finland. The sales volume increased by 20 percent on the previous year, and the overall market share became stronger. Operating profit in Finland increased by 37 percent during 2016, which can be considered as very good performance. During 2016, we have been able to further develop the efficiency of our production and logistics processes which, together with increased sales volumes, has a positive effect on the company's earnings development and also allows cost-efficient operations in the future. Sales development was also good in the fourth quarter, with a sales volume increase of 23 percent. Earnings in the final quarter were burdened by greater marketing efforts put into new product launches in comparison to the previous year, as well as the costs of bonuses paid to employees on the basis of good earnings development in 2016.

All in all, the Group's business operations in the Baltic states developed well in 2016 even though the overall market in the region declined. Profitability in Estonia remained on a very strong level. Operating profit in Latvia improved by 13 percent and the company made the best result in its history. Lithuania also improved its result on the previous year, and it was gratifying that earnings improved also in the final quarter. Positive development in the Baltic states was supported by increased market shares, successful new products and cost-efficiency.

Development in the Baltic states in 2017 may be affected by an exceptionally large additional increase in excise duties on mild alcoholic beverages planned in Estonia as of 1 July 2017. When realised, the change will probably result in a partial transfer of sales to cross-border trading between Estonia and Latvia. Through a decline in harbour and on-board sales in Estonia, some sales volume will also return from Estonia to Finland.

The business environment in Belarus has remained challenging. Consumer purchasing power has declined, which has been reflected as a downturn in the market and also affected the sales and earnings development of Olvi's Belarusian unit. Attention has been paid to cost control within the company, and this has resulted in a 10 percent improvement in the company's operating profit measured in the local currency. However, operating profit measured in euro fell short of the previous year because the exchange rate in 2016 was weaker, particularly in the first half of the year.

The Group's other financial indicators have developed very well in 2016. Profit for the accounting period has increased by 47.6 percent on the previous year, and the consolidated balance sheet became stronger in 2016. The equity ratio improved to 62.0 percent while the gearing ratio dropped to 2.1 percent. Cash flow from operations remained strong and totalled 61.2 million euro.

Olvi Group has made active efforts towards developing its operations, among other things by utilising the Lean management philosophy in business control and development. Olvi's determined work was recognised through the second prize in the annual national competition "Lean work of the year 2016" arranged by the Lean Association of Finland. In addition to the recognition, our effort is shown as positive development in profitability, which enables us to produce increasing sales volumes smoothly while making further cuts on our environmental footprint. Development work has been done in all of the Group's units and different operations. In addition to Lean, another theme for development within the Group has been responsibility and associated reporting, and this effort will continue in 2017.

The company's strong financial condition, the investments and operational developments in recent years combined with a good market position and strong appreciation of our brands provide a solid foundation for the new year and make it possible to persistently develop the company's operations and shareholder value.

SEASONAL NATURE OF THE OPERATIONS

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

SALES DEVELOPMENT

Olvi Group's sales volume in 2016 made an all-time high of 609.4 (579.9) million litres. This represents an increase of 29.5 million litres or 5.1 percent on the previous year.

The increase in the Group's sales volume originated from Finnish operations, which showed an increase of 20.3 percent. The sales volume in the Baltic states declined slightly, reflecting overall market decline. The sales volume in Belarus was almost on a par with the previous year.

The Group's fourth-quarter sales volume increased by 5.2 percent. In the fourth quarter, sales improved in Finland and Belarus.

Sales volume, million litres	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Finland (Olvi plc)	45.5	37.1	22.6	178.0	148.0	20.3
Estonia (AS A. Le Coq)	24.4	27.1	-9.9	121.5	123.9	-1.9
Latvia (A/S Cēsu Alus)	13.6	13.6	0.5	67.2	68.1	-1.3
Lithuania (AB Volfas Engelman)	16.9	18.1	-6.6	81.8	84.9	-3.6
Belarus (OAO Lidskoe Pivo)	36.1	34.6	4.3	178.3	175.1	1.8
Eliminations	-2.2	-2.8		-17.5	-20.1	
Total	134.4	127.8	5.2	609.4	579.9	5.1

The Group's net sales in 2016 increased by 3.5 percent and amounted to 321.5 (310.5) million euro. Net sales improved particularly in Finland (15.6 percent), reflecting the increase in sales volume.

The Group's net sales continued to grow also in the fourth quarter.

Net sales, million euro	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Finland (Olvi plc)	29.3	26.0	12.7	118.9	102.9	15.6
Estonia (AS A. Le Coq)	15.2	16.3	-6.7	76.9	75.8	1.5
Latvia (A/S Cēsu Alus)	6.4	6.4	-0.3	31.8	31.2	2.1
Lithuania (AB Volfas Engelman)	7.9	7.4	7.5	35.3	35.8	-1.4
Belarus (OAO Lidskoe Pivo)	14.1	14.0	0.8	66.8	73.6	-9.2
Eliminations	-1.2	-1.3		-8.3	-8.7	
Total	71.8	68.8	4.3	321.5	310.5	3.5

EARNINGS DEVELOPMENT

The Group's operating profit for January-December increased by 6.0 percent and amounted to 40.4 (38.2) million euro, or 12.6 (12.3) percent of net sales. Operating profit improved in Finland and the Baltic states.

The Group's fourth-quarter operating profit amounted to 5.3 (6.3) million euro.

Operating profit, million euro	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Finland (Olvi plc)	1.2	1.9	-38.0	10.7	7.8	37.0
Estonia (AS A. Le Coq)	2.4	3.2	-22.9	15.9	15.9	0.1
Latvia (A/S Cēsu Alus)	0.5	0.5	3.6	3.4	3.0	13.1
Lithuania (AB Volfas Engelman)	0.5	0.3	54.9	2.7	2.6	3.6
Belarus (OAO Lidskoe Pivo)	0.7	0.4	74.9	7.5	8.8	-15.5
Eliminations	0.1	0.1		0.2	-0.0	
Total	5.3	6.3	-15.6	40.4	38.2	6.0

The Group's net profit for 2016 increased by 47.6 percent and amounted to 32.8 (22.2) million euro. The Group's fourth-quarter net profit remained on a par with the previous year and amounted to 4.9 (5.0) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders increased in January-December and stood at 1.57 (1.08) euro. Fourth-quarter earnings per share amounted to 0.23 (0.24) euro.

The net profit and earnings per share for the comparison year were burdened by unrealised exchange rate losses on an intra-Group loan directed at investments in Belarus, which totalled 10.5 million euro and were recognised in financial items.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2016 was 328.5 (316.3) million euro. Equity per share at the end of 2016 stood at 9.73 (8.86) euro. The equity ratio improved and stood at 62.0 (58.6) percent. The Group's interest-bearing net liabilities decreased by 29.8 million euro during 2016 and amounted to 4.3 million euro at year-end (34.1). The gearing ratio declined substantially during 2016 and stood at 2.1 (18.4) percent. Cash flow from operations totalled 61.2 (61.7) million euro. The current ratio, which represents the Group's liquidity, was 1.0 (1.0).

Olvi Group's gross capital expenditure in 2016 amounted to 20.5 (26.0) million euro. The parent company Olvi accounted for 6.1 million euro, the Baltic subsidiaries for 10.0 million euro and Lidskoe Pivo in Belarus for 4.4 million euro of the total. Capital expenditure declined on the previous year. The largest individual investment was the warehouse construction in Lithuania.

PRODUCT DEVELOPMENT AND NEW PRODUCTS

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

Several new products were launched during 2016 both in Finland and by the subsidiaries. New products have been presented in interim reports released during the accounting period, as well as on each company's Web site.

PERSONNEL

Olvi Group's average number of personnel in January-December was 1859 (1940). The Group's average number of personnel decreased by 81 people or 4.2 percent.

The greatest decline in the Group's average number of personnel was seen in Belarus, where the figure dropped by 80 people.

The number of personnel in the Baltic states increased by a total of 6 people in January-December. The figure in Finland decreased by 7 people in January-December.

Olvi Group's average number of personnel by country:

	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Finland	316	299	5.7	329	336	-2.1
Estonia	317	316	0.3	339	336	0.9
Latvia	183	204	-10.3	207	206	0.5
Lithuania	233	228	2.2	235	233	0.9
Belarus	701	801	-12.5	749	829	-9.7
Total	1,750	1,848	-5.3	1,859	1,940	-4.2

MANAGEMENT AND AUDITORS

The company's Board of Directors consists of Chairman Esa Lager, M.Sc. (Econ), LL.M., Vice Chairperson Nora Hortling, M.Sc. (Econ), as well as members Jaakko Autere, M.Sc. (Econ), Elisa Markula, M.Sc. (Econ), and Heikki Sirviö, Honorary Industrial Counsellor, M.Sc. (Engineering).

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

MANAGEMENT

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

The Managing Directors of the subsidiaries are:

AS A. Le Coq, Tartu, Estonia - Tarmo Noop

A/S Cēsu Alus, Cēsis, Latvia - Eva Sietiņšone

AB Volfas Engelman, Kaunas, Lithuania - Marius Horbačas

OAO Lidskoe Pivo, Lida, Belarus - Audrius Mikšys

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

OTHER EVENTS DURING THE REVIEW PERIOD

Annual General Meeting

Olvi plc's Annual General Meeting of 14 April 2016 adopted the financial statements and granted discharge from liability to the members of the Board of Directors and Managing Director for the accounting period that ended on 31 December 2015. In accordance with the Board's proposal, the General Meeting decided that a dividend of 0.70 (0.65) euro be paid on each A and K share for the accounting period 2015. The dividends were paid on 28 April 2016.

All decisions made at the General Meeting can be found in the bulletin released on 14 April 2016.

Changes in corporate structure

During 2016, Olvi Group acquired 31 shares in the subsidiary A/S Cēsu Alus. There were no other changes in Olvi's holdings in subsidiaries in January-December 2016.

At the end of the accounting period, Olvi's shares of holding are:

	31 Dec 2016	31 Dec 2015	Change
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.88	99.87	0.01
AB Volfas Engelman, Lithuania	99.58	99.58	-
OA O Lidskoe Pivo, Belarus	94.57	94.57	-

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

SHARES

Olvi's share capital at the end of December 2016 stood at 20.8 million euro. The total number of shares was 20,758,808, of these 17,026,552 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares.

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

Detailed information on Olvi's shares and share capital can be found in the tables attached to this financial statements bulletin, in Table 5, Section 4.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki in 2016 was 881,172 (2,036,830) shares, which represented 5.2 (12.0) percent of all Series A shares. The value of trading was 22.2 (48.4) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki (Helsinki Stock Exchange) at 28.00 (22.19) euro at the end of 2016. In January-December, the highest quote for the Series A share was 28.51 (27.20) euro and the lowest quote was 20.30 (20.51) euro. The average share price in 2016 was 25.17 (23.76) euro.

At the end of December 2016, the market capitalisation of Series A shares was 476.4 (377.8) million euro and the market capitalisation of all shares was 580.9 (460.6) million euro.

The number of shareholders at the end of December 2016 was 9,866 (10,108). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 24.1 (22.4) percent of the total number of book entries and 5.5 (5.1) percent of total votes.

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

Treasury shares

During the year 2016, Olvi acquired 5,500 of its own Series A shares. The purchase price was

120,139 euro. At the end of the reporting period, Olvi held a total of 11,124 Series A shares as treasury shares. The total purchase price of treasury shares was 228,162 euro. Treasury shares held by the company itself are ineligible for voting. Detailed information on treasury shares is provided in Table 5, Section 6 of the tables attached to this financial statements bulletin.

Flagging notices

On 11 April 2016, Olvi plc received a flagging notice concerning its shares in accordance with Chapter 9, Section 5 of the Securities Markets Act from the Estate of Heikki Hortling.

According to the notice, shares held by Heikki Wilhelm Hortling have been transferred to the Estate of Heikki Hortling. Shares transferred to the Estate: 99,760 Series A shares representing 0.48 percent of all shares and 0.11 percent of all votes; and 903,488 Series K shares representing 4.35 percent of all shares and 19.29 percent of all votes. Holding, Series A and Series K shares combined: 4.83 percent of all shares and 19.40 percent of all votes.

During January-December 2016, Olvi has not received any other flagging notices in accordance with Chapter 2, Section 10 of the Securities Markets Act.

BUSINESS RISKS AND THEIR MANAGEMENT

Risk management

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

Business risks and uncertainties in the near term

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

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

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

Other short-term risks and uncertainties are related to the development of the general economic circumstances, changes in the competitive situation, as well as the impacts these may have on the company's operations.

In addition to the risks described above, there have been no significant changes in Olvi Group's business risks. A more detailed description of the risks is provided in the Board of Directors'

report and the notes to the financial statements, as well as in the Investors/Corporate Governance section of the company's Web site.

NEAR-TERM OUTLOOK

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

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 47.8 (47.7) million euro of distributable funds on 31 December 2016, of which profit for the period accounted for 14.7 (11.7) million euro.

Olvi plc's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

- 1) A dividend of 0.75 (0.70) euro shall be paid for 2016 on each Series K and Series A share, totalling 15.6 (14.5) million euro. The dividend represents 47.9 (65.1) percent of Olvi Group's earnings per share. The dividend will be paid to shareholders registered in Olvi plc's register of shareholders held by Euroclear Finland Ltd on the record date of the dividend payment, 25 April 2017. It is proposed that the dividend be paid on 10 May 2017. No dividend shall be paid on treasury shares.
- 2) 32.2 million euro shall be retained in the parent company's non-restricted equity.

FINANCIAL REPORTS IN 2017

Olvi Group's Annual Report will be published in week 13. The Annual Report will include the Board of Directors' report, the consolidated and the parent company's financial statements and the auditors' report for the financial year 1 January to 31 December 2016. The Corporate Governance Statement and Remuneration Report for the financial year 2016 will also be published at the same time.

The notice to convene Olvi plc's Annual General Meeting, which will be held on 21 April 2017 in Iisalmi, will be published in week 13. The financial statements, Board of Directors' report and notice to convene the AGM will be available on Olvi plc's Web site on the same day.

The following interim reports will be released in 2017:

Interim report from January to March on 28 April 2017,
Interim report from January to June on 18 August 2017, and
Interim report from January to September on 27 October 2017.

OLVI PLC

Board of Directors

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

TABLES:

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OLVI GROUP
INCOME STATEMENT
EUR 1,000

TABLE 1

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Net sales	71782	68830	321478	310494
Other operating income	197	434	1582	1743
Operating expenses	-61754	-58766	-263881	-257732
Depreciation and impairment	-4887	-4170	-18734	-16348
Operating profit	5338	6328	40445	38157
Financial income	163	-18	1207	281
Financial expenses	100	-385	-1816	-11641
Share of profit in associates	37	21	37	21
Earnings before tax	5638	5946	39873	26818
Taxes **)	-776	-901	-7079	-4598
NET PROFIT FOR THE PERIOD	4862	5045	32794	22220
Other comprehensive income items:				
Translation differences related to foreign subsidiaries	3623	-1179	-74	-14620
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8485	3866	32720	7600
Distribution of profit:				
- parent company shareholders	4754	5069	32488	22334
- non-controlling interests	108	-24	306	-114
Distribution of comprehensive income:				
- parent company shareholders	8284	3916	32406	8358
- non-controlling interests	201	-50	314	-758
Earnings per share calculated from the profit belonging to parent company shareholders, EUR				
- undiluted	0.23	0.24	1.57	1.08
- diluted	0.23	0.24	1.57	1.08

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

The notes constitute an essential part of the financial statements.

OLVI GROUP
BALANCE SHEET
EUR 1,000

TABLE 2

31 Dec 2016 31 Dec 2015

ASSETS

Non-current assets

Tangible assets	196239	198258 *)
Goodwill	15978	16017
Other intangible assets	5295	4183
Shares in associates	1183	1146
Financial assets available for sale	543	543
Loans receivable and other non-current receivables	280	310
Deferred tax receivables	265	147
Total non-current assets	219783	220604

Current assets

Inventories	32669	31013 *)
Accounts receivable and other receivables	55627	51232
Income tax receivable	129	236
Other non-current assets held for sale	0	421
Liquid assets	20297	12786
Total current assets	108722	95688

TOTAL ASSETS 328505 316292

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity held by parent company shareholders

Share capital	20759	20759
Other reserves	1092	1092
Treasury shares	-228	-108
Translation differences	-37022	-36940
Retained earnings	217234	198979
	201835	183782
Share belonging to non-controlling interests	1714	1444
Total shareholders' equity	203549	185226 *)

Non-current liabilities

Financial liabilities	12932	24179
Other liabilities	17	4
Deferred tax liabilities	7749	6777

Current liabilities

Financial liabilities	11708	22683
Accounts payable and other liabilities	92328	77387 *)
Income tax liability	222	36
Total liabilities	124956	131066

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES 328505 316292

*) Change in accounting policies.

The notes constitute an essential part of the financial statements.

CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity							191100
1 Jan 2015	20759	1092	-8	-22964	189972	2249	*)
Comprehensive income:							
Net profit for the period					22334	-114	22220
Other comprehensive income items:							
Translation differences				-13976		-644	-14620
Total comprehensive income for the period				-13976	22334	-758	7600
Transactions with shareholders:							
Payment of dividends					-13492	-46	-13538
Dividends not withdrawn					109		109
Acquisition of treasury shares			-100				-100
Share-based incentives					56		56
Total transactions with shareholders			-100		-13327	-46	-13473
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					0		0
Change in shares held by non-controlling interests					0	-1	-1
Total changes in holdings in subsidiaries					0	-1	-1
Shareholders' equity							
31 Dec 2015	20759	1092	-108	-36940	198979	1444	185226

*) Change in accounting policies.

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity							
1 Jan 2016	20759	1092	-108	-36940	198979	1444	185226
Comprehensive income:							
Net profit for the period					32488	306	32794
Other comprehensive income items:							
Translation differences				-82		8	-74
Total comprehensive income for the period				-82	32488	314	32720
Transactions with shareholders:							
Payment of dividends					-14523	-42	-14565
Acquisition of treasury shares			-120				-120
Share-based incentives					290		290
Total transactions with shareholders			-120		-14233	-42	-14395
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					1		1
Change in shares held by non-controlling interests					-1	-2	-3
Total changes in holdings in subsidiaries					0	-2	-2
Shareholders' equity							
31 Dec 2016	20759	1092	-228	-37022	217234	1714	203549

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

The notes constitute an essential part of the financial statements.

OLVI GROUP
 CASH FLOW STATEMENT
 EUR 1,000

TABLE 4

	1-12/2016	1-12/2015
Net profit for the period	32794	22220
Adjustments to profit for the period	25512	28684
Change in net working capital	8828	14169
Interest paid	-777	-1113
Interest received	428	228
Dividends received	2	0
Taxes paid	-5553	-2520
Cash flow from operations (A)	61234	61668
Investments in tangible and intangible assets	-18520	-25100
Sales gains from tangible and intangible assets	744	249
Expenditure on other investments	-37	-16
Cash flow from investments (B)	-17813	-24867
Withdrawals of loans	447	20360
Repayments of loans	-21835	-35250
Acquisition of treasury shares	-120	-64
Dividends paid	-14529	-13514
Increase (-) / decrease (+) in current interest-bearing business receivables	8	-8
Increase (-) / decrease (+) in long-term loan receivables	23	26
Cash flow from financing (C)	-36006	-28450
Increase (+)/decrease (-) in liquid assets (A+B+C)	7415	8351
Liquid assets 1 January	12786	4382
Effect of exchange rate changes	96	53
Liquid assets 31 December	20297	12786

The notes constitute an essential part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements for 1 January to 31 December 2016 have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as the official SIC and IFRIC interpretations valid on 31 December 2016.

Preparation of financial statements in accordance with the IFRS standards requires the company's management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the accounting period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views on the date of the financial statements, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The accounting policies used for the financial statements 2016 are the same as those used for the annual financial statements 2015, except for the changes stated below.

The Group has adopted the following new or revised standards and interpretations in 2016:

- Annual improvements to the IFRS 2012–2014
- Disclosure Initiative – amendments to IAS 1 Presentation of Financial Statements

The above changes in standards do not have any substantial effect on the income statement or balance sheet. Some changes in standards may affect the scope of information disclosed in the notes.

Other changes in accounting policies as of 1 January 2016 *)

As of 1 January 2016, Olvi Group adopts the general industry practice of presenting recyclable beverage packages in tangible assets when they meet the criteria of IAS 16. This means that starting from 1 January 2016, property, plant and equipment includes not only the recyclable packages in inventory but also Olvi plc's share of the package stock in accordance to shares determined by the Ekopulloyhdistys association, as well as packages held by the clients of subsidiaries, which the Group is obliged to repurchase. The repurchase obligation related to packaging used by clients is presented as a current liability on the balance sheet. The balance sheet for the comparison year has been adjusted to correspond to the new accounting policies. As a result of the change, property, plant and equipment for the comparison year has increased by 13.0 million euro, inventories have decreased by 11.2 million euro, accruals and deferred income have increased by 3.2 million euro and shareholders' equity has decreased by 1.4 million euro. The indicators and notes for the comparison period have also been adjusted to correspond to the changes stated above. The change in accounting policies does not have any substantial effect on consolidated operating profit or net profit for the period.

The information in the financial statements bulletin is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which causes rounding differences in additions. The ratios are calculated from exact amounts in euros. The information disclosed in the financial statements bulletin is unaudited.

1. SEGMENT INFORMATION

SALES VOLUME BY GEOGRAPHICAL SEGMENT (1,000 litres)

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Olvi Group total	134424	127774	609375	579901
Finland	45521	37141	178044	148029
Estonia	24444	27144	121467	123871
Latvia	13626	13557	67246	68122
Lithuania	16911	18103	81800	84877
Belarus	36104	34619	178298	175129
- sales between segments	-2182	-2790	-17480	-20127

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Olvi Group total	71782	68830	321478	310494
Finland	29315	26018	118876	102869
Estonia	15200	16282	76926	75790
Latvia	6395	6413	31839	31188
Lithuania	7932	7378	35342	35843
Belarus	14137	14031	66776	73550
- sales between segments	-1197	-1292	-8281	-8746

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Olvi Group total	5338	6328	40445	38157
Finland	1164	1877	10743	7839
Estonia	2443	3168	15926	15913
Latvia	498	481	3377	2987
Lithuania	482	312	2702	2610
Belarus	686	392	7471	8838
- eliminations	65	98	226	-30

2. PERSONNEL ON AVERAGE

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Finland	316	299	329	336
Estonia	317	316	339	336
Latvia	183	204	207	206
Lithuania	233	228	235	233
Belarus	701	801	749	829
Total	1,750	1,848	1,859	1,940

3. RELATED PARTY TRANSACTIONS

Employee benefits to management

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

EUR 1,000

	1-12/2016	1-12/2015
Managing Director	393	350
Chairman of the Board	68	83
Other members of the Board	137	150
Total	598	583

4. SHARES AND SHARE CAPITAL

	31 Dec 2016	%
Number of A shares	17026552	82.0
Number of K shares	3732256	18.0
Total	20758808	100.0
Total votes carried by A shares	17026552	18.6
Total votes carried by K shares	74645120	81.4
Total number of votes	91671672	100.0
Votes per Series A share	1	
Votes per Series K share	20	

The registered share capital on 31 December 2016 totalled 20,759 thousand euro.

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

5. SHARE-BASED PAYMENTS

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

At the end of fiscal 2016, an incentive plan based on the Group's cumulative operating profit in the years 2014 to 2016 expired. Its target group included approximately 50 people. In accordance with the terms and conditions of the plan, rewards would have been paid in Olvi plc Series A shares and in cash. The targets of the plan were not met, which means that the plan will lapse. No costs arising from the plan have been recognised in the consolidated financial statements.

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

The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The prerequisite for receiving a reward for this performance period is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment or service upon reward payment. From January to December 2016,

accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 91.3 thousand euro.

On 24 February 2016, Olvi plc's Board of Directors decided on a new share-based incentive plan for the Group's key personnel. The performance period for the share-based incentive plan is two years. The prerequisite for receiving reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment or service upon reward payment. Rewards will be paid partly in the company's Series A shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The Board of Directors may decide that the share proportion be paid fully or partially in cash. The plan is directed to approximately 50 people. The rewards to be paid on the basis of the plan are in total an approximate maximum of 36,280 series Series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares. The costs of the plan will be recognised over the performance period from 1 July 2016 to 30 June 2018. From January to December 2016, costs associated with the plan based on the 24 February 2016 decision were recognised for a total of 363.8 thousand euro.

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

6. TREASURY SHARES

During the year 2016, Olvi acquired 5,500 of its own Series A shares. The purchase price was 120,139 euro. At the end of the reporting period, Olvi held a total of 11,124 Series A shares as treasury shares. The total purchase price of treasury shares was 228,162 euro. Treasury shares held by the company itself are ineligible for voting.

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

On 14 April 2016, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds.

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

7. NUMBER OF SHARES *)	1-12/2016	1-12/2015
- average	20747742	20757645
- at end of period	20747684	20753184

*) Treasury shares deducted.

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

	1-12/2016	1-12/2015
Trading volume of Olvi A shares	881172	2036830
Total trading volume, EUR 1,000	22162	48413
Traded shares in proportion to all Series A shares, %	5.2	12.0
Average share price, EUR	25.17	23.76
Price on the closing date, EUR	28.00	22.19
Highest quote, EUR	28.51	27.20
Lowest quote, EUR	20.30	20.51

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 DECEMBER 2016

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15762632	75.93	86675496	94.55	9806	99.39
Foreign total	370354	1.78	370354	0.40	51	0.52
Nominee-registered (foreign) total	99425	0.48	99425	0.11	3	0.03
Nominee-registered (Finnish) total	4526397	21.81	4526397	4.94	6	0.06
Total	20758808	100.00	91671672	100.00	9866	100.00

10. LARGEST SHAREHOLDERS ON 31 DECEMBER 2016

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	890613	3254517	15.68	48168693	52.54
2. The Estate of Hortling Heikki (*)	903488	103280	1006768	4.85	18173040	19.82
3. The Estate of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	36308	202132	0.97	3352788	3.66
5. OP Corporate Bank plc, nominee register		2153672	2153672	10.37	2153672	2.35
6. Hortling-Rinne Laila Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank AB (publ), Finnish Branch, nominee register		1890440	1890440	9.11	1890440	2.06
8. Ilmarinen Mutual Pension Insurance Company		849218	849218	4.09	849218	0.93
9. Varma Mutual Pension Insurance Company		828075	828075	3.99	828075	0.90
10. AC Invest Oy		460000	460000	2.22	460000	0.50
Others	9648	9786318	9795966	47.19	9979278	10.89
Total	3732256	17026552	20758808	100.00	91671672	100.00

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

11. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000

	1-12/2016	1-12/2015
Opening balance	198258	205167 *)
Additions	19750	25495
Deductions and transfers	-3769	-390
Depreciation	-17452	-15495
Exchange rate differences	-548	-16519
Closing balance	196239	198258

*) Change in accounting policies.

12. CONTINGENT LIABILITIES

EUR 1,000

	31 Dec 2016	31 Dec 2015
Pledges and contingent liabilities		
For own commitments	1886	2352
Leasing and rental liabilities:		
Due within one year	1540	1402
Due within 1 to 5 years	1396	1179
Due in more than 5 years	2	4
Leasing and rental liabilities total	2938	2585
Package liabilities	0	0 *)
Other liabilities	2000	2000

*) Change in accounting policies.

13. CALCULATION OF FINANCIAL RATIOS

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

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

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

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

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

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

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

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

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