OLVI PLC FINANCIAL STATEMENTS BULLETIN 22 FEB 2018 at 9:00 am

OLVI GROUP'S FINANCIAL STATEMENTS JANUARY TO DECEMBER 2017

FINANCIAL PERFORMANCE IN BRIEF

Olvi Group's business development in 2017 was excellent. The Group's performance was an all-time high in terms of both sales volume and operating profit, and the balance sheet became even stronger.

Full year 2017:
- Olvi Group's sales volume increased by 5.5 percent to 643.0 (609.4) million litres
- The Group's net sales increased by 7.6 percent and amounted to 345.2 (320.7) million euro
- The Group's operating profit increased by 10.6 percent and amounted to 44.7 (40.4) million euro
- Net profit for the period increased by 10.2 percent to 36.1 (32.8) million euro
- Olvi Group's earnings per share stood at 1.73 (1.57) euro per share
- The equity ratio improved again, standing at 64.1 (62.0) percent

October to December 2017:
- Olvi Group's sales volume increased by 6.0 percent to 142.5 (134.4) million litres
- The Group's net sales increased by 5.8 percent and amounted to 75.6 (71.4) million euro
- The Group's operating profit amounted to 4.4 (5.3) million euro. The profit was hampered by a write-down of 1.2 million euro on obsolete glass bottle inventory.
- Net profit for the period amounted to 4.1 (4.9) million euro
- Olvi Group's earnings per share stood at 0.20 (0.23) euro per share

The Board proposes a dividend of 0.80 (0.75) euro per share.

Olvi estimates that the Group's sales volume and net sales for 2018 will increase slightly on the previous year. Operating profit for 2018 is estimated to be on a par with the previous year. The composition of quarterly earnings in 2018 is estimated to be different from 2017, as due to the excise tax hikes in Baltic states, the first two quarters of 2017 were exceptionally significant.

CONSOLIDATED KEY RATIOS

	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change % / pp
Sales volume, Mltr	142.5	134.4	6.0	643.0	609.4	5.5
Net sales, MEUR	75.6	71.4	5.8	345.2	320.7 *)	7.6
Gross margin, MEUR	10.5	10.2	2.9	65.5	59.2	10.7
% of net sales	13.9	14.3		19.0	18.5	
Operating profit, MEUR	4.4	5.3	-17.9	44.7	40.4	10.6
% of net sales	5.8	7.5		13.0	12.6	
Net profit for the period	4.1	4.9	-16.5	36.1	32.8	10.2
% of net sales	5.4	6.8		10.5	10.2	
Earnings per share, EUR	0.20	0.23	-13.0	1.73	1.57	10.2
Gross capital expenditure, MEUR	6.4	4.8	33.9	21.7	20.5	6.1
Equity per share, EUR				10.41	9.73	7.0
Equity to total assets, %				64.1	62.0	2.1
Gearing, %				-7.1	2.1	9.2

*) Change in accounting policies.

BUSINESS DEVELOPMENT
LASSE AHO, MANAGING DIRECTOR:

Olvi Group’s business developed positively in 2017. The Group’s sales volume in 2017 was an all-time high. At the same time, profitability improved favourably, and the operating profit and net profit for 2017 were the best in history. In addition to earnings, the Group’s balance sheet is very strong.

Sales developed well also in the fourth quarter, and the Group’s net sales and gross margin improved on the previous year. Fourth-quarter operating profit is hampered by a write-down of 1.2 million euro on the glass bottle inventory in Finland. The decision is related to Olvi’s plans of responding to changes in consumer demand through investing in a single-use glass bottle line in the near term. The decision will also expedite the launch schedule for new profitable products. Operating profit from business operations exceeds the previous year’s figure.

In Finland, sales development in 2017 was very good. The sales volume has increased by 12.2 percent, getting close to the 200 million litre mark, and our overall market share has strengthened. Good sales development combined with cost-effective operations is also reflected as positive development of operating profit. Operating profit improved by 18.8 percent on the previous year in spite of the write-down of 1.2 million euro included in the profit.

In the Baltic states, 2017 was an exceptional year due to substantial excise tax hikes on mild alcoholic beverages. The composition of earnings across quarters and the individual Baltic units was different from a typical year. Sales and earnings in early 2017 were boosted by advance sales in anticipation of the tax hike in Estonia. Also in Latvia and Lithuania, development early in the year was very favourable, partially thanks to contract manufacturing for Estonia. Towards the end of the year, development was more moderate. The substantial excise tax hike in Estonia resulted in a partial shift of sales to cross-border trade between Estonia and Latvia, as well as a decline in Estonian harbour and on-board sales. The change brings uncertainty also to the outlook for 2018, particularly in the first half of the year. All in all, 2017 was a very successful year also in the Baltic states. Profitability in Estonia remained strong, and Latvia and Lithuania broke their earnings records.

A positive trend continued in the Belarusian business, as has been the case for a few successive years now. The sales volume made an all-time high of 196 million litres, representing an increase of 10.1 percent on the previous year. The company’s operating profit improved by 26.3 percent. The local currency in Belarus weakened in the second half of the year, which has caused a slight decline in the earnings reported in euro in the third and fourth quarter. However, development measured in the local currency was good.

During 2017, the Group invested 21.7 million euro in capital expenditure. One of our most significant investments is an energy plant utilising renewable energy that was commissioned in Finland in the turn of the year 2017-2018. This allows us to reduce our environmental impact while also achieving cost savings. Gross capital expenditure slightly exceeded the full-year amount of depreciation.

We are embarking on 2018 with confidence in spite of the changes in the Baltic operating environment. The full-year outlook is good. It will be more difficult to compare earnings development in the first half of the year due to the exceptional composition of earnings across quarters in 2017.

After the end of the accounting period, Olvi has entered into an agreement to acquire a controlling interest in Servaali Oy. The Servaali acquisition is a part of Olvi’s new growth strategy. The branded products represented by Servaali will further enhance Olvi’s competitiveness by extending its overall product range. Olvi Group’s strong financial position, efficient operations, good market position and strong appreciation of brands serve as foundations for long-term growth and development.

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 2017 made an all-time high of 643.0 (609.4) million litres. This represents an increase of 33.6 million litres or 5.5 percent on the previous year.

The increase in the Group's sales volume originated from Finnish and Belarusian operations. The sales volume in the Baltic states was almost unchanged from the previous year; aggregate sales volume in the region increased by 1.5 percent.

The Group's fourth-quarter sales volume increased by 6.0 percent. In the fourth quarter, sales improved particularly in Belarus.

Sales volume, million litres	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change %
Finland (Olvi plc)	48.4	45.5	6.3	199.7	178.0	12.2
Estonia (AS A. Le Coq)	21.5	24.4	-12.0	112.8	121.5	-7.1
Latvia (A/S Cēsu Alus)	14.9	13.6	9.6	76.3	67.2	13.5
Lithuania (AB Volfas Engelman)	19.2	16.9	13.8	85.4	81.8	4.4
Belarus (OAO Lidskoe Pivo)	42.3	36.1	17.2	196.4	178.3	10.1
Eliminations	-3.9	-2.2		-27.6	-17.5	
Total	**142.5**	**134.4**	**6.0**	**643.0**	**609.4**	**5.5**

The Group's net sales in 2017 increased by 7.6 percent and amounted to 345.2 (320.7) million euro. Net sales improved particularly in Finland (10.6 percent) and in Belarus (13.0 percent). The net sales improvement in Latvia and Lithuania was partly based on intra-Group sales.

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

Net sales, million euro	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change %
Finland (Olvi plc)	32.2	29.3	9.7	131.5	118.9	10.6
Estonia (AS A. Le Coq)	13.6	15.2	-10.1	73.8	76.7	-3.8
Latvia (A/S Cēsu Alus)	7.3	6.4	13.7	37.5	31.8	17.8
Lithuania (AB Volfas Engelman)	8.7	7.6	14.0	39.2	34.8	12.6
Belarus (OAO Lidskoe Pivo)	15.5	14.1	9.9	75.4	66.8	13.0
Eliminations	-1.7	-1.2		-12.1	-8.3	
Total	**75.6**	**71.4**	**5.8**	**345.2**	**320.7**	**7.6**

EARNINGS DEVELOPMENT

The Group's operating profit for January-December increased by 10.6 percent and amounted to 44.7 (40.4) million euro, or 13.0 (12.6) percent of net sales. With the exception of Estonia, operating profit improved across all units.

The Group's fourth-quarter operating profit amounted to 4.4 (5.3) million euro. The operating profit included a write-down of 1.2 million euro on the glass bottle inventory.

Operating profit, million euro	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change %
Finland (Olvi plc)	1.2	1.2	0.3	12.8	10.7	18.8
Estonia (AS A. Le Coq)	1.5	2.4	-37.8	14.7	15.9	-7.5
Latvia (A/S Cēsu Alus)	0.4	0.5	-13.1	4.4	3.4	31.4
Lithuania (AB Volfas Engelman)	0.3	0.5	-33.5	3.4	2.7	24.5
Belarus (OAO Lidskoe Pivo)	0.9	0.7	28.9	9.4	7.5	26.3
Eliminations	0.1	0.1		0.0	0.2	
Total	**4.4**	**5.3**	**-17.9**	**44.7**	**40.4**	**10.6**

The Group's net profit for 2017 increased by 10.2 percent and amounted to 36.1 (32.8) million euro. The Group's fourth-quarter net profit was 4.1 (4.9) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders increased in January-December and stood at 1.73 (1.57) euro. Fourth-quarter earnings per share amounted to 0.20 (0.23) euro.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2017 was 338.6 (328.5) million euro. Equity per share at the end of 2017 stood at 10.41 (9.73) euro. The equity ratio improved and stood at 64.1 (62.0) percent. The Group's interest-bearing net liabilities decreased by 19.8 million euro during 2017 and amounted to -15.4 million euro at year-end (4.3). The gearing ratio declined during 2017 and stood at -7.1 (2.1) percent. Cash flow from operations totalled 57.1 (61.2) million euro. The current ratio, which represents the Group's liquidity, became stronger and was 1.2 (1.0).

Olvi Group's gross capital expenditure in 2017 amounted to 21.7 (20.5) million euro. The parent company Olvi accounted for 9.1 million euro, the Baltic subsidiaries for 7.7 million euro and Lidskoe Pivo in Belarus for 4.9 million euro of the total. The largest individual investment was an energy plant utilising renewable energy in Finland.

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 2017 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 1,783 (1,859). The Group's average number of personnel decreased by 76 people or 4.1 percent.

The average number of personnel decreased in January-December by 54 people in Belarus and by 30 people in the Baltic states combined. The figure in Finland increased by 8 people in January-December.

Olvi Group's average number of personnel by country:

	10-12/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change %
Finland	321	316	1.6	337	329	2.4
Estonia	309	317	-2.5	327	339	-3.5
Latvia	172	183	-6.0	196	207	-5.3
Lithuania	226	233	-3.0	228	235	-3.0
Belarus	692	701	-1.3	695	749	-7.2
Total	**1720**	**1750**	**-1.7**	**1783**	**1859**	**-4.1**

MANAGEMENT AND AUDITORS

The company's Board of Directors consists of Chairman Pentti Hakkarainen, M.Sc. (Econ), LL.M., Vice Chairperson Nora Hortling, M.Sc. (Econ), as well as members Jaakko Autere, M.Sc. (Econ), Esa Lager, M.Sc. (Econ), LL.M., 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 Juha Toppinen, 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, Public Relations 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 Sietiņsone
AB Volfas Engelman, Kaunas, Lithuania - Marius Horbačauskas
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 21 April 2017 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 2016. In accordance with the Board's proposal, the General Meeting decided that a dividend of 0.75 (0.70) euro be paid on each A and K share for the accounting period 2016. The dividends were paid on 10 May 2017.

All decisions made at the General Meeting can be found in the bulletin released on 21 April 2017.

Changes in corporate structure

During 2017, Olvi Group acquired 980 shares in the subsidiary OAO Lidskoe Pivo. There were no other changes in Olvi's holdings in subsidiaries in January-December 2017.

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

	31 Dec 2017	31 Dec 2016	Change
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.88	99.88	-
AB Volfas Engelman, Lithuania	99.58	99.58	-
OAO Lidskoe Pivo, Belarus	95.87	94.57	1.30

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 2017 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 Ltd (Helsinki Stock Exchange) in 2017 was 1 464,747 (881,172) shares, which represented 8.6 (5.2) percent of all Series A shares. The value of trading was 41.9 (22.2) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki at 29.87 (28.00) euro at the end of 2017. In January-December, the highest quote for the Series A share was 32.49 (28.51) euro and the lowest quote was 25.05 (20.30) euro. The average share price in 2017 was 28.59 (25.17) euro.

At the end of December 2017, the market capitalisation of Series A shares was 507.4 (476.4) million euro and the market capitalisation of all shares was 618.8 (580.9) million euro.

The number of shareholders at the end of December 2017 was 10,800 (9,866). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 23.8 (24.1) percent of the total number of book entries and 5.4 (5.5) 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

Olvi plc's Annual General Meeting on 21 April 2017 made a decision concerning abandoned or "ghost" shares held in a joint book-entry account. The decision was that the right to a share incorporated in the book-entry system and placed in the joint account, and the rights that the share carries have been forfeited, and authorised the Board of Directors to take all measures called for by the decision. On this basis, 36,576 shares have been transferred from Olvi's joint account to treasury shares on 18 May 2017.

Before the transfer, Olvi held 11,124 Series A shares as treasury shares. After the transfer, Olvi holds 47,700 Series A shares as treasury shares.

On 3 July 2017, Olvi handed over 6,575 of its own Series A shares to key personnel as a part of the share-based incentive scheme that concluded at the end of June 2017.

At the end of December 2017, Olvi holds 41,125 Series A shares as treasury shares. The number of treasury shares represents 0.2 percent of the entire stock. 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 31 August 2017, Olvi plc has received a notice from FMR LLC in accordance with the Securities Markets Act. The share of Olvi plc's Series A shares held by entities controlled by FMR LLC has increased to five (5) percent through transactions conducted on 25 August 2017.

During January-December 2017, Olvi has not received any other flagging notices in accordance with Chapter 2, Section 10 of the Securities Markets Act.

EVENTS AFTER THE REVIEW PERIOD

On 1 February 2018, Olvi announced that it will acquire 80 percent of the stock of Servaali Oy. Servaali Oy is one of Finland's largest private importers of alcoholic beverages. The acquisition takes in Servaali's operations in Finland and Sweden, but does not include its subsidiaries in the Baltic countries. With the acquisition, Olvi is expanding its product portfolio to wines, strengthening its market position in mild alcoholic beverages and responds actively to the potential for growth provided by the changing operating environment. The agreement includes an option for Olvi to redeem the remaining 20% of Servaali within the next few years, and accordingly includes the right of Momentin Group Oy to sell this remainder to Olvi. Completion of the transaction requires the approval of the competition authorities and the fulfillment of other terms of trade. The acquisition is expected to come into effect within the first half of 2018.

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, potential changes in the Russian economy may also affect the operating environment in Belarus.

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 also be affected by changes in consumer behaviour and the operations of our clientele arising from changes in official regulations. The excise tax hike that became effective in Estonia in 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 also in 2018. The long-term effect of the change on the entire Olvi Group's business operations and earnings development 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 the potential effect of the amended Finnish Alcohol Act on consumer behaviour.

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.

NEAR-TERM OUTLOOK

Olvi estimates that the Group's sales volume and net sales for 2018 will increase slightly on the previous year. Operating profit for 2018 is estimated to be on a par with the previous year. The composition of quarterly earnings in 2018 is estimated to be different from 2017, as due to the excise tax hikes in the Baltic states, the first two quarters of 2017 were exceptionally significant.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 52.3 (47.8) million euro of distributable funds on 31 December 2017, of which profit for the period accounted for 19.9 (14.7) 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 0.80 (0.75) euro shall be paid for 2017 on each Series K and Series A share, totalling 16.6 (15.6) million euro. The dividend represents 46.1 (47.9) 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, 18 April 2018. It is proposed that the dividend be paid on 30 April 2018.

No dividend shall be paid on treasury shares.

2) 35.7 million euro shall be retained in the parent company's non-restricted equity.

FINANCIAL REPORTS IN 2018

Olvi Group's Annual Report will be published in week 13. The Annual Report will include the Board of Directors' report and corporate responsibility report, the consolidated and the parent company's financial statements and the auditors' report for the financial year 1 January to 31 December 2017. The Corporate Governance Statement and Remuneration Report for the financial year 2017 will also be published at the same time.

The notice to convene Olvi plc's Annual General Meeting, which will be held on 16 April 2018 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 2018:

Interim report from January to March on 27 April 2018,
interim report from January to June on 16 August 2018, and
interim report from January to September on 31 October 2018.

OLVI PLC
Board of Directors

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

TABLES:
- Statement of comprehensive income, Table 1
- Balance sheet, Table 2
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- Notes to the financial statements bulletin, Table 5

DISTRIBUTION:
NASDAQ OMX Helsinki Ltd
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OLVI GROUP TABLE 1

INCOME STATEMENT

EUR 1,000

	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales	75574	71449	345185	320683 *)
Other operating income	596	197	2034	1582
Operating expenses	-65646	-61421	-281717	-263086 *)
Depreciation and impairment	-6142	-4887	-20755	-18734
Operating profit	4382	5338	44747	40445
Financial income	-1409	163	477	1207
Financial expenses	-33	100	-2819	-1816
Share of profit in associates	-69	37	-69	37
Earnings before tax	2871	5638	42336	39873
Taxes **)	1187	-776	-6212	-7079
NET PROFIT FOR THE PERIOD	4058	4862	36124	32794
Other comprehensive income items:				
Translation differences related to foreign subsidiaries	321	3623	-7278	-74
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4379	8485	28846	32720
Distribution of profit:				
- parent company shareholders	4054	4754	35956	32488
- non-controlling interests	4	108	168	306
Distribution of comprehensive income:				
- parent company shareholders	4398	8284	28872	32406
- non-controlling interests	-19	201	-26	314
Earnings per share calculated from the profit belonging to parent company shareholders, EUR				
- undiluted	0.20	0.23	1.73	1.57
- diluted	0.20	0.23	1.73	1.57

*) Change in accounting policies.

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

The notes constitute an essential part of the financial statements.

OLVI GROUP TABLE 2

BALANCE SHEET

EUR 1,000	31 Dec 2017	31 Dec 2016
ASSETS		
Non-current assets		
Tangible assets	188155	196239
Goodwill	15279	15978
Other intangible assets	5340	5295
Shares in associates	1113	1183
Financial assets available for sale	543	543
Loans receivable and other non-current receivables	433	280
Deferred tax receivables	379	265
Total non-current assets	211242	219783
Current assets		
Inventories	34336	32669
Accounts receivable and other receivables	64181	55627
Income tax receivable	235	129
Liquid assets	28625	20297
Total current assets	127377	108722
TOTAL ASSETS	338619	328505
SHAREHOLDERS’ EQUITY AND LIABILITIES		
Shareholders’ equity held by parent company shareholders		
Share capital	20759	20759
Other reserves	1092	1092
Treasury shares	-228	-228
Translation differences	-44106	-37022
Retained earnings	238242	217234
	215759	201835
Share belonging to non-controlling interests	1228	1714
Total shareholders’ equity	216987	203549
Non-current liabilities		
Financial liabilities	4651	12932
Other liabilities	28	17
Deferred tax liabilities	6443	7749
Current liabilities		
Financial liabilities	8573	11708
Accounts payable and other liabilities	100052	92328
Income tax liability	1885	222
Total liabilities	121632	124956
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	338619	328505

The notes constitute an essential part of the financial statements.

OLVI GROUP TABLE 3

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 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

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders’ equity 1 Jan 2017	20759	1092	-228	-37022	217234	1714	203549
Comprehensive income:							
Net profit for the period					35956	168	36124
Other comprehensive income items:							
Translation differences				-7084		-194	-7278
Total comprehensive income for the period				-7084	35956	-26	28846
Transactions with shareholders:							
Payment of dividends					-15561	-35	-15596
Share-based incentives					534		534
Total transactions with shareholders					-15027	-35	-15062
Changes in holdings in subsidiaries:							
Acquisition of shares from							
non-controlling interests					258		258
Change in shares held by							
non-controlling interests					-179	-425	-604
Total changes in holdings in subsidiaries					79	-425	-346
Shareholders’ equity 31 Dec 2017	20759	1092	-228	-44106	238242	1228	216987

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

The notes constitute an essential part of the financial statements.

OLVI GROUP TABLE 4

CASH FLOW STATEMENT

EUR 1,000

	1-12/2017	1-12/2016
Net profit for the period	36124	32794
Adjustments to profit for the period	29649	25512
Change in net working capital	-3764	8828
Interest paid	-491	-777
Interest received	271	428
Dividends received	4	2
Taxes paid	-4713	-5553
Cash flow from operations (A)	57080	61234
Investments in tangible and intangible assets	-22108	-18520
Sales gains from tangible and intangible assets	1682	744
Acquisition of shares from non-controlling interests	-345	-2
Expenditure on other investments	0	-35
Cash flow from investments (B)	-20771	-17813
Withdrawals of loans	0	447
Repayments of loans	-11491	-21835
Acquisition of treasury shares	0	-120
Dividends paid	-15574	-14529
Increase (-) / decrease (+) in current interest-bearing business receivables	15	8
Increase (-) / decrease (+) in long-term loan receivables	0	23
Cash flow from financing (C)	-27050	-36006
Increase (+)/decrease (-) in liquid assets (A+B+C)	9259	7415
Liquid assets 1 January	20297	12786
Effect of exchange rate changes	-931	96
Liquid assets 31 December	28625	20297

The notes constitute an essential part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements for 1 January to 31 December 2017 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 2017.

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 preparation of this financial statements bulletin are the same as those used for the annual financial statements 2016. The accounting policies are presented in the Annual Report 2016, which was published on 29 March 2017. Standards that entered into force in 2017 have not caused any changes in the income statement and balance sheet but some amendments to standards affect the scope of notes to the financial statement.

Other changes in accounting policies as of 1 January 2017 *)

Olvi Group has clarified the presentation of recycling fees within the income statement. Across all of the Group’s units, recycling fees based on sales are presented as a deduction in net sales. As a result of this, net sales for the comparison year 2016 are 795 thousand euro lower than previously reported. The change has not had any effect on the presented operating profit.

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.

New standards

Olvi will adopt two new IFRS standards in 2018 (IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers), as well as one in 2019 (IFRS 16 Leases). Information on the adoption and estimated effects of the standards can be found below.

IFRS 9 Financial Instruments

Olvi has analysed the effect of the new standard on the consolidated financial statements. The Group has a minor amount of equity investments classified as financial assets available for sale under the standard in force. According to the management’s current opinion, these financial assets will mainly be classified as financial assets measured at fair value through other comprehensive income items. The change in classification is not expected to have any substantial impact on the Group’s earnings.

According to the new standard, the impairment of financial assets must be determined using a model based on expected credit losses. The Group’s most substantial financial assets are accounts payable, and the Group will apply the simplified procedure allowed by the standard, under which a loss will be recognised over its entire validity period using a provision matrix, except to the extent that there is proof warranting the recognition of an individual financial asset item completely as credit loss. The procedure may result in credit losses being recognised somewhat earlier but is not expected to have any substantial effect on the consolidated earnings and balance sheet.

IFRS 15 Revenue from Contracts with Customers

The Group has analysed the effect of the new standard on the consolidated financial statements.

A substantial part of the Group’s customer contracts relates to the sale of beverage products. Control over beverage products passes to the customer in accordance with their delivery terms, usually within the day of delivery. The contracts include volume and annual discounts, the estimated effect of which is currently deducted from net sales on the same period for which the sales income has been recognised, and according to preliminary analysis, the amendment to the standard does not have any effect on the accounting practice.

The Group has analysed the impact of the new standard on the transaction price of a performance obligation and notes that the amendment to the standard will not affect the transaction price or the consolidated income statement with regard to the sales of beverage products. The time of fulfilment of the performance obligation also corresponds to the present time of income recognition for the sales of beverage products.

The Group is involved in minor amounts of beverage equipment rentals and maintenance services included in these. Rents are recognised over the rental period and, in accordance with the terms of the maintenance service agreement, either as equal instalments over the contract period or based on service performed.

Due to the nature of the Group’s business, the amendment to the recognition standard is not expected to have any substantial effect on the consolidated income statement or balance sheet, and it will not impose any changes on business practices. However, the amendment will affect the presentation of the financial statements through the imposed effects on the disclosure of notes.

The Group will adopt the standard by providing additional information non-retroactively.

IFRS 16 Leases

From the lessee’s point of view, the new standard has abandoned the current division between operational leases and finance leases, and according to the standard, in practice all leases result in the recognition of an asset (right to use the leased asset) and a financial liability pertaining to the lease payment obligation. The standard also has effect on the income statement as the total costs are typically higher in the beginning of the lease period and lower towards the end. Furthermore, the lease costs now included in operating expenses will be replaced by interest and depreciation, which will affect crucial indicators such as EBITDA (gross margin). The standard also has an impact on the presentation of the cash flow statement.

The Group has contracts classified as operational leases under the current standard, and upon adoption of the new standard, these will be recognised in the balance sheet with the exception of minor and short-term contracts. The Group’s leases concern the rental of individual office spaces and logistics premises, as well as machinery and equipment. The amendments are estimated to have some effect on the consolidated financial statements, particularly the consolidated balance sheet total and the balance sheet indicators. The Group is currently reviewing its lease contracts with their terms and conditions, and analysing the impact in euros. However, most of the premises, machinery and equipment used by the company are in its ownership and are already presented in the consolidated balance sheet.

1. SEGMENT INFORMATION

SALES VOLUME BY GEOGRAPHICAL SEGMENT (1,000 litres)

	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Olvi Group total	142498	134424	643024	609375
Finland	48404	45521	199717	178044
Estonia	21515	24444	112794	121467
Latvia	14936	13626	76326	67246
Lithuania	19245	16911	85381	81800
Belarus	42321	36104	196389	178298
- sales between segments	-3923	-2182	-27583	-17480

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Olvi Group total	75574	71449	345185	320683 *)
Finland	32161	29315	131457	118876
Estonia	13627	15154	73751	76704
Latvia	7271	6395	37512	31839
Lithuania	8719	7645	39155	34769
Belarus	15531	14137	75437	66776
- sales between segments	-1735	-1197	-12127	-8281

*) Change in accounting policies.

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Olvi Group total	4382	5338	44747	40445
Finland	1167	1164	12763	10743
Estonia	1519	2443	14734	15926
Latvia	433	498	4437	3377
Lithuania	321	482	3365	2702
Belarus	885	686	9435	7471
- eliminations	57	65	13	226

2. PERSONNEL ON AVERAGE	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Finland	321	316	337	329
Estonia	309	317	327	339
Latvia	172	183	196	207
Lithuania	226	233	228	235
Belarus	692	701	695	749
Total	1720	1750	1783	1859

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

	1-12/2017	1-12/2016
Managing Director	689	393
Chairman of the Board	69	68
Other members of the Board	148	137
Total	906	598

4. SHARES AND SHARE CAPITAL

	31 Dec 2017	%
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 2017 totalled 20,759 thousand euro.

Olvi plc's shares received a dividend of 0.75 euro per share for 2016 (0.70 euro per share for 2015), totalling 15.6 (14.5) million euro. The dividends were paid on 10 May 2017. 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.

The Group had a share-based incentive plan that expired at the end of June 2017 and had one three-year performance period beginning on 1 July 2014 and ending on 30 June 2017. From January to September 2017, accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 143.4 thousand euro. In accordance with the terms and conditions of the plan, rewards were paid in July 2017 partially in Olvi plc Series A shares and partially in cash. Olvi plc handed over a total of 6,575 treasury shares acquired for the plan to 45 key employees.

The Group has an active share-based incentive plan for key personnel started in 2016. The performance period for the share-based incentive plan is two years. The prerequisite for receiving a 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 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 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 2017, costs associated with the plan were recognised for a total of 1,054.8 thousand euro.

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

6. TREASURY SHARES

Olvi plc's Annual General Meeting on 21 April 2017 made a decision concerning abandoned or "ghost" shares held in a joint book-entry account. The decision was that the right to a share incorporated in the book-entry system and placed in the joint account, and the rights that the share carries have been forfeited, and authorised the Board of Directors to take all measures called for by the decision. On this basis, 36,576 shares have been transferred from Olvi's joint account to treasury shares on 18 May 2017.

Before the transfer, Olvi held 11,124 Series A shares as treasury shares. After the transfer, Olvi holds 47,700 Series A shares as treasury shares.

On 3 July 2017, Olvi handed over 6,575 of its own Series A shares to key personnel as a part of the share-based incentive scheme that concluded at the end of June 2017.

At the end of December 2017, Olvi holds 41,125 Series A shares as treasury shares. The total purchase price of treasury shares was 228,162 euro.

Series A shares held by Olvi plc as treasury shares represented 0.20 percent of all shares and 0.04 percent of the aggregate number of votes. The treasury shares represent 0.24 percent of all Series A shares and associated votes. Treasury shares held by the company itself are ineligible for voting.

On 21 April 2017, 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 a maximum of 500,000 Series A 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 *)	1-12/2017	1-12/2016
- average	20728115	20747742
- at end of period	20717683	20747684

*) Treasury shares deducted.

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

	1-12/2017	1-12/2016
Trading volume of Olvi A shares	1464747	881172
Total trading volume, EUR 1,000	41884	22162
Traded shares in proportion to all Series A shares, %	8.6	5.2
Average share price, EUR	28.59	25.17
Price on the closing date, EUR	29.87	28.00
Highest quote, EUR	32.49	28.51
Lowest quote, EUR	25.05	20.30

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 DECEMBER 2017

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15815568	76.19	86728432	94.61	10749	99.53
Foreign total	465416	2.24	465416	0.51	42	0.39
Nominee-registered (foreign) total	94088	0.45	94088	0.10	3	0.03
Nominee-registered (Finnish) total	4383736	21.12	4383736	4.78	6	0.05
Total	20758808	100.00	91671672	100.00	10800	100.00

10. LARGEST SHAREHOLDERS ON 31 DECEMBER 2017

	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	36658	202482	0.98	3353138	3.66
5. OP Corporate Bank plc, nominee register		2153674	2153674	10.37	2153674	2.35
6. Hortling-Rinne Laila Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank AB (publ), Finnish Branch, nominee register		1384110	1384110	6.67	1384110	1.51
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. Skandinaviska Enskilda Banken AB, Helsinki branch, nominee register		769456	769456	3.71	769456	0.84
Others	9648	9982840	9992488	48.13	10175800	11.10
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

	1-12/2017	1-12/2016
Opening balance	196239	198258
Additions	20806	19750
Deductions and transfers	-3655	-3769
Depreciation	-18498	-17452
Exchange rate differences	-6737	-548
Closing balance	188155	196239

12. CONTINGENT LIABILITIES

EUR 1,000

	31 Dec 2017	31 Dec 2016
Pledges and contingent liabilities		
For own commitments	2755	1886
Leasing and rental liabilities:		
Due within one year	1177	1051
Due within 1 to 5 years	785	586
Due in more than 5 years	2	2
Leasing and rental liabilities total	1964	1639
Other liabilities	2000	2000

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 * (Shareholders' equity held by parent company shareholders + non-controlling interests) / (Balance sheet total)

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