

OLVI GROUP'S INTERIM REPORT, 1 JANUARY TO 31 MARCH 2016 (3 MONTHS)

### INTERIM REPORT IN BRIEF

Olvi Group's overall performance in the first quarter was good. Operating profit and net profit for the period increased, and the company's financial position became stronger.

#### January to March 2016 in brief:

- Olvi Group's sales volume increased by 1.4 percent to 116.9 (115.3) million litres
- The Group's net sales increased by 1.1 percent and amounted to 62.2 (61.5) million euro
- The Group's operating profit increased by 15.9 percent and amounted to 4.4 (3.8) million euro
- Olvi Group's earnings per share stood at 0.14 (0.07) euro per share
- The equity ratio remained good at 58.7 (56.7) percent

Olvi retains the earnings outlook for 2016 presented in connection with the disclosure of the financial statements for 2015, and estimates that the Group's sales volume and net sales for 2016 will increase slightly compared to the previous year. Operating profit for 2016 is estimated to be on a par with the previous year or increase slightly.

### CONSOLIDATED KEY RATIOS

	1-3/ 2016	1-3/ 2015	Change % / pp	1-12/ 2015
Sales volume, Mltr	116.9	115.3	1.4	579.9
Net sales, MEUR	62.2	61.5	1.1	310.5
Gross margin, MEUR	8.8	7.7	14.9	54.5
% of net sales	14.2	12.5		17.6
Operating profit, MEUR	4.4	3.8	15.9	38.2
% of net sales	7.1	6.2		12.3
Net profit for the period	2.7	1.3	101.3	22.2
% of net sales	4.4	2.2		7.2
Earnings per share, EUR	0.14	0.07	100.0	1.08
Gross capital expenditure, MEUR	5.5	6.5	-15.2	26.0
Equity per share, EUR	8.69	9.01	-3.6	8.92
Equity to total assets, %	58.7	56.7	2.0	59.4
Gearing, %	18.9	34.6	-15.7	18.3

### BUSINESS DEVELOPMENT

#### LASSE AHO, MANAGING DIRECTOR:

Olvi Group's business developed favourably in the first quarter. Sales volume and net sales increased slightly, and operating profit as well as net profit improved.

The positive earnings development that started in Finland in the latter half of last year continued in January-March. The sales volume increased clearly and we gained more market share. Operating profit improved on the previous year; in addition to sales success, cost savings contributed to this.

The year has started well in the Baltic states seen as a whole. Profitability in Estonia is at a healthy level and the company continues its active and innovative product development. In Latvia, profitability is on a planned growth track and the operating profit for January-March improved clearly on the previous year. The Lithuanian market and its first-quarter sales figures have been negatively impacted by the challenges involved with the introduction of a new national

package deposit system. Otherwise the business in Lithuania progressed according to plan. Earnings remained on the previous year's level.

The situation in Belarus is more challenging than in the other units. The Belarusian currency continued to devalue after the year-end, and the exchange rate difference was substantial when compared to the same period last year; the rate was approximately 40 percent weaker than in January-September 2015. Earnings fell short of the previous year particularly in the start of the quarter. The operating environment is expected to remain challenging but we are seeking earnings improvement through cost savings as well as sales operations, for example by putting effort into exports to Russia.

In addition to the good earnings development in the first quarter, other key figures also developed favourably. Cash flow from operations was clearly better than last year, the Group's equity grew stronger and debt was reduced compared to the same period a year earlier.

Investments in January-March are lower than last year, and this is according to plan. The most important investment in the first quarter is an extension of warehouse facilities in Lithuania, which will provide substantial cost savings.

Investments and process developments in recent years have significantly improved our production and logistics operations. This makes it possible to increase sales volume and operate smoothly and cost-efficiently also during the summer season.

#### 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 increased by 1.4 percent to 116.9 (115.3) million litres. Sales volume increased in Finland and Estonia.

Sales volume, million litres	1-3/2016	1-3/2015	Change %
Finland (Olvi plc)	35.2	29.9	17.6
Estonia (AS A. Le Coq)	25.9	25.2	2.5
Latvia (A/S Cēsu Alus)	13.1	13.9	-6.3
Lithuania (AB Volfas Engelman)	16.5	17.5	-6.1
Belarus (OAO Lidskoe Pivo)	29.8	32.5	-8.1
Eliminations	-3.5	-3.8	7.3
<b>Total</b>	<b>116.9</b>	<b>115.3</b>	<b>1.4</b>

The Group's net sales increased slightly and totalled 62.2 (61.5) million euro. Net sales increased in Finland, Estonia and Latvia.

Net sales, million euro	1-3/2016	1-3/2015	Change %
Finland (Olvi plc)	23.8	21.2	12.2
Estonia (AS A. Le Coq)	16.1	15.2	5.5
Latvia (A/S Cēsu Alus)	6.2	6.0	3.8
Lithuania (AB Volfas Engelman)	6.8	7.4	-7.5
Belarus (OAO Lidskoe Pivo)	11.0	13.4	-18.0
Eliminations	-1.7	-1.7	-2.2
<b>Total</b>	<b>62.2</b>	<b>61.5</b>	<b>1.1</b>

## EARNINGS DEVELOPMENT

The Group's operating profit for January-March increased by 15.9 percent and amounted to 4.4 (3.8) million euro, or 7.1 (6.2) percent of net sales. Operating profit in Finland improved by 0.5 million euro, in Latvia by 0.4 million euro and in Estonia by 0.2 million euro. However, a decrease of 0.5 million euro was seen in Belarus.

Operating profit, million euro	1-3/2016	1-3/2015	Change %
Finland (Olvi plc)	1.2	0.7	71.3
Estonia (AS A. Le Coq)	2.4	2.2	12.1
Latvia (A/S Cēsu Alus)	0.4	0.0	774.6
Lithuania (AB Volfas Engelman)	0.1	0.1	-1.3
Belarus (OAO Lidskoe Pivo)	0.2	0.7	-69.0
Eliminations	0.1	0.1	-8.0
<b>Total</b>	<b>4.4</b>	<b>3.8</b>	<b>15.9</b>

The Group's January-March profit after taxes doubled and amounted to 2.7 (1.3) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in January-March improved to 0.14 (0.07) euro per share.

## BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of March 2016 was 309.0 (332.9) million euro. Equity per share at the end of March 2016 stood at 8.69 (9.01) euro. The equity to total assets ratio was 58.7 (56.7) percent. The gearing ratio declined clearly to 18.9 (34.6) percent. The current ratio, which represents the Group's liquidity, was 0.9 (1.2).

The amount of interest-bearing liabilities at the end of March was 40.8 (69.5) million euro, including current liabilities of 18.9 (32.9) million euro.

Olvi Group's gross capital expenditure in January-March amounted to 5.5 (6.5) million euro. The parent company Olvi accounted for 1.2 million euro, the Baltic subsidiaries for 3.5 million euro and Lidskoe Pivo in Belarus for 0.8 million euro of the total.

## PRODUCT DEVELOPMENT

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.

## NEW PRODUCTS

Finland

The launch of Kane's Soda Pop soft drinks, started in the autumn, continued with the new flavour Pasadena Pinch. A new package variant for Olvi Vichy was introduced: for the first time ever, a 0.33-litre recyclable plastic deposit bottle was produced at Olvi. A new version of Olvi Vichy was also introduced: Lemon-Lime with added magnesium. The TEHO Sport range of energy bars saw the introduction of Apple-Cinnamon, also with added magnesium. In beers, we launched

Olvi APA, an American Pale Ale. The long drink range saw the introduction of A. Le Coq Bitter Lemon at the Finnish retail strength of 4.7%.

#### Subsidiaries

A. Le Coq in Estonia introduced the totally alcohol-free beer A. Le Coq Premium (0.0%). A new 0.25-litre glass bottle was also introduced; it can be opened by twisting the cap, no bottle opener is required. The package is used for A. Le Coq Premium Nippel, which is a beer with more hops compared to the normal A. Le Coq Premium. In ciders, FIZZ Lemon Sorbet was launched. The Kane's Soda Pop soft drink was also launched in Estonia in two flavours: cola and lemon. The Le Coq Cocktail range of alcoholic beverages was complemented with Sex On the Beach. Aura waters saw the introduction of Birch Sap and Apple, which contains genuine birch sap.

Cēsu Alus in Latvia launched a caffeine-free energy drink under its Dynami:t brand.

Volfas Engelman in Lithuania launched two specialty beers: the Belgian-type Volfas Engelman Flandrijos and Meister Rūšinis. Meister Radler Strawberry was a new introduction to Radler beverages. In ciders, FIZZ Lemon Sorbet was launched, similar to Estonia. Vitamineral Water Performance Vitality was also a new introduction.

Lidskoe Pivo in Belarus responded to the increased demand for specialty beers with three new products: Lidskoe Wheat, Lidskoe Wheat Dark and Koronet Red Ale.

#### PERSONNEL

Olvi Group's average number of personnel in January-March was 1,818 (1,873). The Group's average number of personnel decreased by 55 people or 2.9 percent. The average number decreased by 46 people in Finland and 19 people in Belarus.

Olvi Group's average number of personnel by country:

	1-3/2016	1-3/2015	Change %
Finland	290	336	-13.7
Estonia	321	317	1.3
Latvia	202	199	1.5
Lithuania	229	226	1.3
Belarus	776	795	-2.4
<b>Total</b>	<b>1,818</b>	<b>1,873</b>	<b>-2.9</b>

#### MANAGEMENT AND AUDITORS

During the review period of January-March 2016, Olvi plc's Board of Directors consisted of Chairman Heikki Hortling, M.Sc. (Econ), Vice Chairman Esa Lager, M.Sc. (Econ), LL.M., and other members Jaakko Autere, M.Sc. (Econ), Nora Hortling, M.Sc. (Econ), Elisa Markula, M.Sc. (Econ), and Heikki Sirviö, Honorary Industrial Counsellor, M.Sc. (Engineering).

The Chairman of Olvi plc's Board of Directors, Heikki Hortling, Honorary Industrial Counsellor, M.Sc. (Econ), passed away on 10 April 2016. As of 14 April 2016, 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 Management Group of each subsidiary consists of the corresponding Managing Director and two to four sector directors.

## **OTHER EVENTS DURING THE REVIEW PERIOD**

### **New incentive plan for key personnel**

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

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 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 60,000 series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares.

### **Changes in corporate structure**

There were no changes in Olvi's holdings in subsidiaries in January-March 2016.

Olvi's holdings in the subsidiaries are

	31 Mar 2016	31 Dec 2015	Change
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.87	99.87	-
AB Volfas Engelman, Lithuania	99.58	99.58	-
OAO 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 March 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 interim report, in Table 5, Section 4.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki Ltd (Helsinki Stock Exchange) in January-March 2016 was 327,567 (832,730) shares, which represented 1.9 (4.9) percent of all Series A shares. The value of trading was 7.4 (18.9) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 25.10 (23.90) euro at the end of March 2016. In January-March, the highest quote for the Series A share was 25.48 (24.36) euro and the lowest quote was 20.30 (20.51) euro. The average price in January-March was 22.65 (22.71) euro.

At the end of March 2016, the market capitalisation of Series A shares was 427.4 (406.9) million euro and the market capitalisation of all shares was 521.0 (496.1) million euro.

The number of shareholders at the end of March 2016 was 10,045 (10,423). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 23.1 (21.2) percent of the total number of book entries and 5.2 (4.8) percent of total votes.

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

### **Treasury shares**

Olvi acquired 5,500 of its own Series A shares in January-March. The purchase price was 120,139 euro. At the end of the reporting period, Olvi held 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 interim report.

### **Flagging notices**

During January-March 2016, Olvi has not received any 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.

Other short-term risks and uncertainties are related to continuing negative 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.

### **EVENTS AFTER 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 dividend according to the resolution accounts for 64.8 (41.4) percent of Olvi Group's consolidated 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 2016. The dividends will be paid on 28 April 2016.

The General Meeting decided that the Board of Directors shall have five (5) members. Jaakko Autere, Nora Hortling, Esa Lager, Elisa Markula and Heikki Sirviö were re-elected as Members of the Board.

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

#### **Organisation of the Board of Directors**

At its organising meeting held on 14 April 2016, the Board elected Esa Lager as the Chairman of the Board and Nora Hortling as the Vice Chairperson of the Board.

### **NEAR-TERM OUTLOOK**

Olvi estimates that the Group's sales volume and net sales for 2016 will increase slightly on the previous year. Operating profit for 2016 is estimated to be on a par with the previous year or increase slightly.

OLVI PLC  
Board of Directors

Further information:

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TABLES:

- Statement of comprehensive income, Table 1
- Balance sheet, Table 2
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DISTRIBUTION:

NASDAQ OMX Helsinki Ltd  
Key media  
[www.olvi.fi](http://www.olvi.fi)



## INCOME STATEMENT

EUR 1,000

	1-3/2016	1-3/2015	1-12/2015
Net sales	62163	61514	310494
Other operating income	458	567	1743
Operating expenses	-53820	-54420	-257732
Depreciation and impairment	-4390	-3856	-16348
Operating profit	4411	3805	38157
Financial income	571	612	281
Financial expenses	-1385	-2812	-11641
Share of profit in associates	0	0	21
Earnings before tax	3597	1605	26818
Taxes *)	-888	-260	-4598
NET PROFIT FOR THE PERIOD	2709	1345	22220
Other comprehensive income items:			
Translation differences related to foreign subsidiaries	-6843	-4971	-14620
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-4134	-3626	7600
Distribution of profit:			
- parent company shareholders	2902	1426	22334
- non-controlling interests	-193	-81	-114
Distribution of comprehensive income:			
- parent company shareholders	-3776	-3315	8358
- non-controlling interests	-358	-311	-758
Earnings per share calculated from the profit belonging to parent company shareholders, EUR			
- undiluted	0.14	0.07	1.08
- diluted	0.14	0.07	1.08

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

## BALANCE SHEET

EUR 1,000	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>ASSETS</b>			
Non-current assets			
Tangible assets	193172	189000	185240
Goodwill	15435	17465	16017
Other intangible assets	4457	4471	4183
Shares in associates	1146	1125	1146
Financial assets available for sale	549	549	543
Loans receivable and other non-current receivables	303	334	310
Deferred tax receivables	161	158	147
Total non-current assets	215223	213102	207586
Current assets			
Inventories	34225	46472	42236
Accounts receivable and other receivables	52170	67909	51232
Income tax receivable	236	831	236
Other non-current assets held for sale	580	421	421
Liquid assets	6564	4192	12786
Total current assets	93775	119825	106911
<b>TOTAL ASSETS</b>	<b>308998</b>	<b>332927</b>	<b>314497</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity held by parent company shareholders			
Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-228	-8	-108
Translation differences	-43618	-27705	-36940
Retained earnings	202283	192847	200415
	180288	186985	185218
Share belonging to non-controlling interests	1046	1882	1447
Total shareholders' equity	181334	188867	186665
Non-current liabilities			
Financial liabilities	21913	36607	24179
Other liabilities	0	2	4
Deferred tax liabilities	7456	5705	6777
Current liabilities			
Financial liabilities	18910	32938	22683

Accounts payable and other liabilities	79324	68664	74153
Income tax liability	61	144	36
Total liabilities	127664	144060	127832
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	308998	332927	314497

OLVI GROUP

TABLE 3

CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Others reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2015	20759	1092	-8	-22964	191408	2252	192539
Comprehensive income:							
Net profit for the period					1426	-81	1345
Other comprehensive income items:							
Translation differences				-4741		-230	-4971
Total comprehensive income for the period				-4741	1426	-311	-3626
Transactions with shareholders:							
Payment of dividends						-59	-59
Share-based incentives					13		13
Total transactions with shareholders					13	-59	-46
Shareholders' equity 31 Mar 2015	20759	1092	-8	-27705	192847	1882	188867

EUR 1,000	Share capital	Others reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2016	20759	1092	-108	-36940	200415	1447	186665
Comprehensive income:							
Net profit for the period					2902	-193	2709
Other comprehensive income items:							
Translation differences				-6678		-165	-6843
Total comprehensive income for the period				-6678	2902	-358	-4134
Transactions with shareholders:							
Payment of dividends						-41	-41
Acquisition of treasury shares			-120				-120
Share-based incentives					14		14
Change in accounting policies					-1048	-2	-1050
Total transactions with shareholders			-120		-1034	-43	-1197
Shareholders' equity 31 Mar 2016	20759	1092	-228	-43618	202283	1046	181334

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

## CASH FLOW STATEMENT

EUR 1,000

	1-3/2016	1-3/2015	1-12/2015
Net profit for the period	2709	1345	22220
Adjustments to profit for the period	4773	7807	28684
Change in net working capital	-2988	-7257	14169
Interest paid	-219	-2391	-1113
Interest received	61	40	228
Taxes paid	-145	256	-2520
Cash flow from operations (A)	4191	-200	61668
Investments in tangible and intangible assets	-4875	-6459	-25100
Sales gains from tangible and intangible assets	122	43	249
Expenditure on other investments	-5	0	-16
Cash flow from investments (B)	-4758	-6416	-24867
Withdrawals of loans	99	10686	20360
Repayments of loans	-5634	-3397	-35250
Acquisition of treasury shares	-120	0	-64
Dividends paid	0	0	-13514
Increase (-) / decrease (+) in current interest-bearing business receivables	6	-2	-8
Increase (-) / decrease (+) in long-term loan receivables	0	0	26
Cash flow from financing (C)	-5649	7287	-28450
Increase (+)/decrease (-) in liquid assets (A+B+C)	-6216	671	8351
Liquid assets 1 January	12786	4382	4382
Effect of exchange rate changes	-6	-861	53
Liquid assets 31 Mar/31 Dec	6564	4192	12786

## NOTES TO THE INTERIM REPORT

Except for the changes detailed below, the accounting policies used for this interim report are the same as those used for the annual financial statements 2015. The accounting policies are presented in the Annual Report 2015, which was published on 24 March 2016.

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

- Annual improvements to 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 will be presented as a current liability on the balance sheet.

The information in the interim report 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 information disclosed in the interim report is unaudited.

## 1. SEGMENT INFORMATION

## SALES VOLUME BY GEOGRAPHICAL SEGMENT (1,000 litres)

	1-3/2016	1-3/2015	1-12/2015
Olvi Group total	116883	115273	579901
Finland	35182	29926	148029
Estonia	25865	25229	123871
Latvia	13051	13924	68122
Lithuania	16479	17541	84877
Belarus	29849	32474	175129
- sales between segments	-3543	-3821	-20127

## NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2016	1-3/2015	1-12/2015
Olvi Group total	62163	61514	310494
Finland	23772	21190	102869
Estonia	16077	15245	75790
Latvia	6221	5992	31188
Lithuania	6804	7354	35843
Belarus	10992	13399	73550
- sales between segments	-1703	-1666	-8746

## OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2016	1-3/2015	1-12/2015
Olvi Group total	4411	3805	38157
Finland	1188	694	7839
Estonia	2430	2167	15913
Latvia	402	46	2987
Lithuania	96	95	2610
Belarus	226	728	8838
- eliminations	69	75	-30

## 2. PERSONNEL ON AVERAGE

	1-3/2016	1-3/2015	1-12/2015
Finland	290	336	336
Estonia	321	317	336
Latvia	202	199	206
Lithuania	229	226	233
Belarus	776	795	829
Total	1,818	1873	1940

### 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

	1-3/2016	1-3/2015	1-12/2015
Managing Director	104	85	350
Chairman of the Board	17	22	83
Other members of the Board	41	33	150
Total	162	140	583

### 4. SHARES AND SHARE CAPITAL

	31 Mar 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 March 2016 totalled 20,759 thousand euro.

Olvi plc's Series A and Series K shares received a dividend of 0.65 euro per share for 2014 (0.65 euro per share for 2013), totalling 13.5 (13.5) million euro. The dividends were paid on 30 April 2015. 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 two active share-based incentive plans for key personnel. 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 bonuses for the performance periods (2014-2016/2017) will be paid in 2017 partially in Olvi plc Series A shares and 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 40,000 series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares. The share-based incentive plan includes one three-year performance period, calendar

years 2014–2016. The potential reward from the performance period 2014–2016 will be based on Olvi Group's cumulative operating profit, also known as earnings before interest and taxes (EBIT). Furthermore, the new plan includes one three-year performance period, beginning on 1 July 2014 and ending on 30 June 2017. The prerequisite for receiving 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 March 2016, accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 22.3 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 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 60,000 series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares. No related accounting entries have been made during the period under review because the performance period has not started yet.

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

## 6. TREASURY SHARES

Olvi plc held a total of 5,624 of its own Series A shares on 1 January 2016. Olvi acquired 5,500 of its own Series A shares in January–March. The purchase price was 120,139 euro. At the end of the reporting period, Olvi held 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 authorisation is valid for one year starting from the General Meeting and covers a maximum of 500,000 Series A shares.

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 *)	1-3/2016	1-3/2015	1-12/2015
- average	20747916	20757684	20757645
- at end of period	20747684	20757684	20753184

\*) Treasury shares deducted.

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

	1-3/2016	1-3/2015	1-12/2015
Trading volume of Olvi A shares	327567	832730	2036830
Total trading volume, EUR 1,000	7418	18922	48413
Traded shares in proportion to all Series A shares, %	1.9	4.9	12.0
Average share price, EUR	22.65	22.71	23.76
Price on the closing date, EUR	25.10	23.90	22.19
Highest quote, EUR	25.48	24.36	27.20
Lowest quote, EUR	20.30	20.51	20.51

#### 9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 MARCH 2016

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15972177	76.94	86885041	94.78	9982	99.37
Foreign total	393104	1.89	393104	0.43	54	0.54
Nominee-registered (foreign) total	98592	0.48	98592	0.11	4	0.04
Nominee-registered (Finnish) total	4294935	20.69	4294935	4.68	5	0.05
Total	20758808	100.00	91671672	100.00	10045	100.00

#### 10. LARGEST SHAREHOLDERS ON 31 MARCH 2016

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	890613	3254517	15.68	48168693	52.54
2. Hortling Heikki Wilhelm *)	903488	103280	1006768	4.85	18173040	19.82
3. The Heirs of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	35308	201132	0.97	3351788	3.66
5. OP Corporate Bank plc, nominee reg.		2153872	2153872	10.38	2153872	2.35
6. Hortling-Rinne Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank Finland plc, nominee register		1883632	1883632	9.07	1883632	2.05
8. Mutual Pension Insurance Company Ilmarinen		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	9793926	9803574	47.22	9986886	10.90
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

	1-3/2016	1-3/2015	1-12/2015
Opening balance	185240	192149	192149
Additions	18472	6393	25495
Deductions and transfers	-695	-32	-390
Depreciation	-4161	-3645	-15495
Exchange rate differences	-5684	-5865	-16519
Total	193172	189000	185240

#### 12. CONTINGENT LIABILITIES

EUR 1,000

	31 Mar 2016	31 Mar 2015	31 Dec 2015
Pledges and contingent liabilities			
For own commitments	2352	2397	2352
Leasing and rental liabilities:			
Due within one year	1344	1140	1402
Due within 1 to 5 years	1227	767	1179
Due in more than 5 years	3	5	4
Leasing and rental liabilities total	2574	1912	2585
Package liabilities	0	2598	3234
Other liabilities	2000	2000	2000

#### 13. CALCULATION OF FINANCIAL RATIOS

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

Earnings per share =  $\text{Profit belonging to parent company shareholders} / \text{Average number of shares during the period, adjusted for share issues}$

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

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