



OLVI PLC

HALF-YEAR REPORT 25 AUG 2016 at 9:00 am

OLVI GROUP'S HALF-YEAR REPORT, 1 JANUARY TO 30 JUNE 2016 (6 MONTHS)

HALF-YEAR REPORT IN BRIEF

Olvi Group's business succeeded well in the period under review. The Group's sales volume increased, earnings improved and the balance sheet became stronger in comparison to the previous year.

January to June 2016 in brief:

- Olvi Group's sales volume was 306.4 (284.1) million litres
- The Group's net sales amounted to 160.0 (152.7) million euro
- The Group's operating profit amounted to 19.9 (17.7) million euro
- Olvi Group's earnings per share stood at 0.70 (0.46) euro per share
- The equity to total assets ratio was 52.7 (50.6) percent.

April to June 2016 in brief:

- Olvi Group's sales volume was 189.5 (168.8) million litres
- The Group's net sales amounted to 97.9 (91.2) million euro
- The Group's operating profit amounted to 15.5 (13.9) million euro
- Olvi Group's earnings per share stood at 0.56 (0.39) euro per share

Olvi retains the earnings outlook for 2016 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

	4-6/ 2016	4-6/ 2015	Change % / pp	1-6/ 2016	1-6/ 2015	Change % / pp	1-12/ 2015
Sales volume, Mltr	189.5	168.8	12.3	306.4	284.1	7.9	579.9
Net sales, MEUR	97.9	91.2	7.3	160.0	152.7	4.8	310.5
Gross margin, MEUR	20.2	18.1	11.9	29.0	25.7	12.8	54.5
% of net sales	20.6	19.8		18.1	16.8		17.6
Operating profit, MEUR	15.5	13.9	11.6	19.9	17.7	12.5	38.2
% of net sales	15.9	15.2		12.5	11.6		12.3
Net profit for the period	11.8	8.2	43.6	14.5	9.6	51.7	22.2
% of net sales	12.1	9.0		9.1	6.3		7.2
Earnings per share, EUR	0.56	0.39	43.6	0.70	0.46	52.2	1.08
Gross capital expenditure, MEUR	5.4	9.5	-43.5	10.9	16.1	-32.0	26.0
Equity per share, EUR				8.62	8.63	-0.1	8.92
Equity to total assets, %				52.7	50.6	2.1	59.4
Gearing, %				16.2	42.1	-25.9	18.3

Olvi has applied the ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures that entered into force on 3 July 2016 (more information on performance indicators can be found in Section 13 of the tables attached to this half-year report). The adoption of the new guidelines has not had any substantial effect on the performance indicators disclosed by Olvi Group.

BUSINESS DEVELOPMENT

LASSE AHO, MANAGING DIRECTOR:

In the second quarter, Olvi's business continued to develop favourably. The Group's most essential financial indicators clearly improved on the previous year. Positive development has been supported by increasing market shares, early-summer weather across the market area and improved operating efficiency.

Positive development has been seen particularly in Finland. Strong growth of sales volumes in the first half of the year has enabled cost-efficient operations in production and logistics. Our market share was clearly higher than in the previous year, and earnings improved substantially.

Business in the Baltic states continued on a good performance track. Aggregate operating profit in the Baltic states improved on the previous year, and the companies' market shares have remained very strong. Positive earnings development has been backed by successful launches of new products.

The positive turn in the Belarusian unit during the second quarter has been particularly gratifying. Even though the weak exchange rate still burdens the company's earnings measured in euro, sales volumes have increased in the most important high-season months, and we have been able to adapt operating costs to the declined sales prices. In the period under review, operating profit in Belarus still fell short of the previous year but the business trend seems promising.

In addition to positive development in the Group's net sales and operating profit, other financial indicators also developed very favourably. In the first half of the year, profit for the period increased, cash flow from operations grew stronger, the consolidated equity ratio improved and debt was reduced compared to the same period a year earlier.

Investments in the first half of the year progressed according to plan. The most important investment, an extension to the warehouse in Lithuania, was completed on schedule. The investment will streamline operations and bring cost savings. Investments made in production and logistics during recent years, as well as process development, are among factors that enable efficient operations. Their effect can also be seen in the Group's positive earnings 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

Sales volume development

Olvi Group's sales volume in January-June increased by 7.9 percent to 306.4 (284.1) million litres. Olvi Group's sales volume in April-June increased by 12.3 percent to 189.5 (168.8) million litres.

Sales volumes increased in the second quarter, and in January-June, above all in Finland and Belarus.

Sales volume development by unit:

Sales volume, million litres	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %
Finland (Olvi plc)	49.9	39.9	24.9	85.0	69.8	21.8
Estonia (AS A. Le Coq)	39.3	37.8	3.8	65.2	63.1	3.3
Latvia (A/S Cēsu Alus)	21.4	21.4	0.0	34.4	35.3	-2.5
Lithuania (AB Volfas Engelman)	24.5	23.8	3.1	41.0	41.3	-0.8
Belarus (OAO Lidskoe Pivo)	61.0	54.0	13.0	90.9	86.5	5.1
Eliminations	-6.5	-8.1		-10.1	-11.9	
Total	189.5	168.8	12.3	306.4	284.1	7.9

Net sales development

The Group's net sales in January-June increased by 4.8 percent and amounted to 160.0 (152.7) million euro. Net sales in April-June increased by 7.3 percent to 97.9 (91.2) million euro. Net sales increased in the second quarter, and in January-June, above all in Finland and Estonia. Despite increased sales volumes, net sales development in Belarus was negative. This was particularly impacted by a weaker exchange rate compared to the corresponding period last year.

Net sales development by unit:

Net sales, million euro	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %
Finland (Olvi plc)	33.4	27.3	22.4	57.2	48.5	17.9
Estonia (AS A. Le Coq)	25.2	23.5	7.2	41.3	38.8	6.5
Latvia (A/S Cēsu Alus)	10.0	9.7	2.4	16.2	15.7	3.0
Lithuania (AB Volfas Engelman)	10.3	10.0	3.5	17.1	17.3	-1.1
Belarus (OAO Lidskoe Pivo)	21.9	24.0	-8.8	32.9	37.4	-12.1
Eliminations	-3.0	-3.3		-4.7	-5.0	
Total	97.9	91.2	7.3	160.0	152.7	4.8

EARNINGS DEVELOPMENT

The Group's operating profit in January-June stood at 19.9 (17.7) million euro, or 12.5 (11.6) percent of net sales. Operating profit in April-June stood at 15.5 (13.9) million euro, which was 15.9 (15.2) percent of net sales. Operating profit improved in the second quarter and the entire half-year period particularly in Finland. Improvement was also seen in Estonia and Latvia. Belarus fell short of the previous year's operating profit particularly due to negative exchange rate development.

Operating profit development by unit:

Operating profit, million euro	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %
Finland (Olvi plc)	3.9	2.2	81.6	5.1	2.8	79.1
Estonia (AS A. Le Coq)	6.1	5.4	12.0	8.5	7.6	12.0
Latvia (A/S Cēsu Alus)	1.2	1.2	4.1	1.6	1.2	33.0
Lithuania (AB Volfas Engelman)	0.7	0.7	7.8	0.8	0.8	7.0
Belarus (OAO Lidskoe Pivo)	3.5	4.5	-21.3	3.7	5.2	-28.0
Eliminations	0.0	0.0		0.1	0.1	
Total	15.5	13.9	11.6	19.9	17.7	12.5

The Group's profit after taxes in January-June increased by 51.7 percent on the previous year, amounting to 14.5 (9.6) million euro. Profit in April-June increased by 43.6 percent to 11.8 (8.2) million euro. In addition to improved operating profit, the increase in profit for the period was fuelled by lower net financial expenses compared to the previous year.

Earnings per share calculated from the profit belonging to parent company shareholders improved clearly. In January-June it stood at 0.70 (0.46) euro, and the April-June figure was 0.56 (0.39) euro.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of June 2016 was 341.7 (357.5) million euro. Equity per share at the end of June 2016 stood at 8.62 (8.63) euro. The equity ratio was 52.7 (50.6) percent and the gearing ratio was 16.2 (42.1) percent.

The Group's cash flow from operations increased to 30.4 (11.5) million euro.

The amount of interest-bearing liabilities dropped substantially and amounted to 42.7 (80.8) million euro at the end of June. Current liabilities made up 25.7 (48.7) million euro of all interest-bearing liabilities.

Olvi Group's gross capital expenditure in January-June amounted to 10.9 (16.1) million euro. The parent company Olvi accounted for 3.2 million euro, the Baltic subsidiaries for 5.8 million euro and Lidskoe Pivo in Belarus for 1.9 million euro of the total.

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.

NEW PRODUCTS

Finland

The most significant product launches in Finland in the first half of the year were the Olvi APA beer and a new soft drink flavour Pasadena Pinch under the Kane's Soda Pop brand. New products are described in more detail on the company's Web site and in the first interim report of the year.

Subsidiaries

During the review period, A. Le Coq in Estonia launched the Sherwood Pomegranate cider.

Cēsu Alus in Latvia launched a new range of women's well-being beverages with two functions: Anti-Aging and Hair, Skin & Nails. In ciders, the new Dārza brand was introduced. It is a garden cider with three flavour variants: apple, quince and gooseberry.

Volfas Engelman in Lithuania launched two specialty beers to the Volfas Engelman World Tastes range: IPA and Blond. The Volfas Engelman brand also saw the introduction of a non-alcoholic beer Bealkoholinis. In ciders, the new Sidras 1932 brand was introduced. A new flavour of Pomegranate was introduced to the Sherwood brand. The range of cocktails was extended with the LaCreme product family having two flavours: Coffee and Strawberry. The traditional Le Coq Cocktail range saw the introduction of a new flavour Sex on the Beach. A parallel brand of kvass was introduced under the name Meister, while the traditional Smetoniskaja kvass was complemented with a dark version. Kane's Soda Pop soft drinks were launched in Lithuania in two flavours.

Lidskoe Pivo in Belarus launched three new beers in the review period. Lidskoe 140, which is produced in a limited quantity using a historic recipe, celebrates the company's anniversary. On the other hand, Lidskae Legend is a tribute to the company's founder Nosel Pupko. The Lidskae Master's Collection Framboise extends the range of specialty beers with a raspberry-flavoured Belgian-style beer. The Dynami:t range of energy drinks saw the introduction of Dynami:t Shizandra, which contains Schisandra chinensis extract, in other words Chinese magnolia vine, as well as natural caffeine and vitamins.

Detailed information on new products can be found on each company's Web site.

PERSONNEL

Olvi Group's average number of personnel in January-June was 1,891 (1,969).

The Group's average number of personnel decreased by 57 people in Belarus and 31 people in Finland. The decrease reflects operational efficiency measures and reorganisation. Personnel numbers in the other units remained approximately on par with the previous year.

Olvi Group's average number of personnel by country:

	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %
Finland	357	371	-3.8	323	354	-8.8
Estonia	367	364	0.8	344	341	0.9
Latvia	226	218	3.7	214	208	2.9
Lithuania	241	241	0.0	235	234	0.4
Belarus	773	870	-11.1	775	832	-6.9
Total	1964	2064	-4.8	1891	1969	-4.0

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 Management Group of each subsidiary consists of the corresponding Managing Director and two to four sector directors.

GROUP STRUCTURE

In April-June, 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-June 2016.

Olvi's holdings in the subsidiaries are:

	30 Jun 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	-
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 June 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 half-year report, in Table 5, Section 4.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki in January-June 2016 was 511,767 (1,478,324) shares, which represented 3.0 (8.7) percent of all Series A shares. The value of trading was 12.1 (35.4) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki (Helsinki Stock Exchange) at 25.25 (26.30) euro at the end of June 2016. In January-June, the highest quote for the Series A share was 27.10 (27.20) euro and the lowest quote was 20.30 (20.51) euro. The average price in January-June was 23.73 (23.94) euro.

At the end of June 2016, the market capitalisation of Series A shares was 429.6 (447.8) million euro and the market capitalisation of all shares was 523.9 (546.0) million euro.

The number of shareholders at the end of June 2016 was 9,914 (10,029). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 23.4 (22.5) percent of the total number of book entries and 5.3 (5.1) percent of total votes.

Foreign and nominee-registered holdings are reported in Table 5, Section 9 of the tables attached to this half-year 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-June. 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 half-year report.

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-June 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.

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 dividend according to the resolution accounts for 64.8 (41.4) percent of Olvi Group's consolidated earnings per share. The dividends were 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.

New incentive plan for key personnel

Olvi Group is about to launch the new share-based incentive plan for key employees in accordance with the Board of Director's decision of February 2016. 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 (July 2016 to June 2018). 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 after the performance period partly in the company's Series A shares and partly in cash. 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 a maximum of 36,280 series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares.

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:

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DISTRIBUTION:

NASDAQ OMX Helsinki Ltd
Key media
www.olvi.fi

INCOME STATEMENT

EUR 1,000

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales	97852	91228	160015	152742	310494
Other operating income	560	513	1018	1080	1743
Operating expenses	-78221	-73691	-132041	-128111	-257732
Depreciation and impairment	-4666	-4139	-9056	-7995	-16348
Operating profit	15525	13911	19936	17716	38157
Financial income	333	62	904	674	281
Financial expenses	-379	-2517	-1764	-5329	-11641
Share of profit in associates	0	0	0	0	21
Earnings before tax	15479	11456	19076	13061	26818
Taxes *)	-3685	-3241	-4573	-3501	-4598
NET PROFIT FOR THE PERIOD	11794	8215	14503	9560	22220
Other comprehensive income items:					
Translation differences related to foreign subsidiaries	1452	-2589	-5391	-7560	-14620
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13246	5626	9112	2000	7600
Distribution of profit:					
- parent company shareholders	11576	8104	14478	9530	22334
- non-controlling interests	218	111	25	30	-114
Distribution of comprehensive income:					
- parent company shareholders	12992	5635	9216	2320	8358
- non-controlling interests	254	-9	-104	-320	-758
Earnings per share calculated from the profit belonging to parent company shareholders, EUR					
- undiluted	0.56	0.39	0.70	0.46	1.08
- diluted	0.56	0.39	0.70	0.46	1.08

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

BALANCE SHEET

EUR 1,000

	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Tangible assets	194607	191317	185240
Goodwill	15557	17064	16017
Other intangible assets	4870	4502	4183
Shares in associates	1146	1125	1146
Financial assets available for sale	549	549	543
Loans receivable and other non-current receivables	303	333	310
Deferred tax receivables	213	165	147
Total non-current assets	217245	215055	207586
Current assets			
Inventories	36633	49354	42236
Accounts receivable and other receivables	73820	87150	51232
Income tax receivable	0	845	236
Other non-current assets held for sale	419	421	421
Liquid assets	13560	4639	12786
Total current assets	124432	142409	106911
TOTAL ASSETS	341677	357464	314497
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity held by parent company shareholders			
Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-228	-8	-108
Translation differences	-42202	-30174	-36940
Retained earnings	199350	187473	200415
	178771	179142	185218
Share belonging to non-controlling interests	1297	1877	1447
Total shareholders' equity	180068	181019	186665
Non-current liabilities			
Financial liabilities	17046	32194	24179
Other liabilities	6	3	4
Deferred tax liabilities	7634	6090	6777
Current liabilities			
Financial liabilities	25661	48652	22683
Accounts payable and other liabilities	110692	89050	74153
Income tax liability	570	456	36
Total liabilities	161609	176445	127832
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	341677	357464	314497

CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares reserve	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					9530	30	9560
Other comprehensive income items:							
Translation differences				-7210		-350	-7560
Total comprehensive income for the period				-7210	9530	-320	2000
Transactions with shareholders:							
Payment of dividends					-13492	-55	-13547
Share-based incentives					27		27
Total transactions with shareholders					-13465	-55	-13520
Shareholders' equity 31 Jun 2016	20759	1092	-8	-30174	187473	1877	181019
EUR 1,000	Share capital	Other reserves	Treasury shares reserve	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					14478	25	14503
Other comprehensive income items:							
Translation differences				-5262		-129	-5391
Total comprehensive income for the period				-5262	14478	-104	9112
Transactions with shareholders:							
Payment of dividends					-14523	-42	-14565
Acquisition of treasury shares			-120				-120
Share-based incentives					27		27
Change in accounting policies					-1047	-2	-1049
Total transactions with shareholders			-120		-15543	-44	-15707
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					1		1
Change in share belonging to non-controlling interests					-1	-2	-3
Total changes in holdings in subsidiaries					0	-2	-2
Shareholders' equity 30 Jun 2016	20759	1092	-228	-42202	199350	1297	180068

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

CASH FLOW STATEMENT

EUR 1,000

	1-6/2016	1-6/2015	1-12/2015
Net profit for the period	14503	9560	22220
Adjustments to profit for the period	11429	13135	28684
Change in net working capital	4764	-10969	14169
Interest paid	-466	-560	-1113
Interest received	172	82	228
Taxes paid	-12	297	-2520
Cash flow from operations (A)	30390	11545	61668
Investments in tangible and intangible assets	-11692	-16201	-25100
Sales gains from tangible and intangible assets	236	-92	249
Expenditure on other investments	-5	0	-16
Cash flow from investments (B)	-11461	-16293	-24867
Withdrawals of loans	4327	24947	20360
Repayments of loans	-7749	-6384	-35250
Acquisition of treasury shares	-120	0	-64
Dividends paid	-14527	-13516	-13514
Increase (-) / decrease (+) in current interest-bearing business receivables	14	0	-8
Increase (-) / decrease (+) in long-term loan receivables	0	3	26
Cash flow from financing (C)	-18055	5050	-28450
Increase (+)/decrease (-) in liquid assets (A+B+C)	874	302	8351
Liquid assets 1 January	12786	4382	4382
Effect of exchange rate changes	-100	-45	53
Liquid assets 30 June/31 December	13560	4639	12786

NOTES TO THE HALF-YEAR REPORT

Except for the changes detailed below, the accounting policies used for this half-year 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 half-year 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 half-year report is unaudited.

1. SEGMENT INFORMATION

SALES VOLUME BY GEOGRAPHICAL SEGMENT (1,000 litres)

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Olvi Group total	189516	168823	306399	284096	579901
Finland	49855	39915	85037	69841	148029
Estonia	39298	37841	65163	63070	123871
Latvia	21378	21375	34429	35299	68122
Lithuania	24516	23781	40995	41322	84877
Belarus	61013	54010	90862	86484	175129
- sales between segments	-6544	-8099	-10087	-11920	-20127

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Olvi Group total	97852	91228	160015	152742	310494
Finland	33403	27284	57175	48474	102869
Estonia	25226	23534	41303	38779	75790
Latvia	9960	9722	16181	15714	31188
Lithuania	10328	9974	17132	17328	35843
Belarus	21921	24046	32913	37445	73550
- sales between segments	-2986	-3332	-4689	-4998	-8746

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Olvi Group total	15525	13911	19936	17716	38157
Finland	3914	2155	5103	2849	7839
Estonia	6095	5444	8525	7611	15913
Latvia	1229	1180	1631	1226	2987
Lithuania	746	692	842	787	2610
Belarus	3508	4458	3733	5186	8838
- eliminations	33	-18	102	57	-30

2. PERSONNEL ON AVERAGE

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Finland	357	371	323	354	336
Estonia	367	364	344	341	336
Latvia	226	218	214	208	206
Lithuania	241	241	235	234	233
Belarus	773	870	775	832	829
Total	1964	2064	1891	1969	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

	1-6/ 2016	1-6/ 2015	1-12/ 2015
Managing Director	202	173	350
Chairman of the Board	34	45	83
Other members of the Board	73	71	150
Total	309	289	583

4. SHARES AND SHARE CAPITAL

	30 June 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 30 June 2016 totalled 20,759 thousand euro.

Olvi plc's Series A and Series K 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 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 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 June 2016, accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 44.1 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 a maximum of 36,280 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 as expenses over the performance period from 1 July 2016 to 30 June 2018.

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-June. 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 *)	1-6/2016	1-6/2015	1-12/2015
- average	20747800	20757684	20757645
- at end of period	20747684	20757684	20753184

*) Treasury shares deducted.

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

	1-6/2016	1-6/2015	1-12/2015
Trading volume of Olvi A shares	511767	1478324	2036830
Total trading volume, EUR 1,000	12146	35420	48413
Traded shares in proportion to all Series A shares, %	3.0	8.7	12.0

Average share price, EUR	23.73	23.94	23.76
Price on the closing date, EUR	25.25	26.30	22.19
Highest quote, EUR	27.10	27.20	27.20
Lowest quote, EUR	20.30	20.51	20.51

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 30 JUNE 2016

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15898310	76.59	86811174	94.69	9852	99.38
Foreign total	392464	1.89	392464	0.43	53	0.53
Nominee-registered (foreign) total	79879	0.38	79879	0.09	3	0.03
Nominee-registered (Finnish) total	4388155	21.14	4388155	4.79	6	0.06
Total	20758808	100.00	91671672	100.00	9914	100.00

10. LARGEST SHAREHOLDERS ON 30 JUNE 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 reg.		2153872	2153872	10.38	2153872	2.35
6. Hortling-Rinne Laila Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank Finland plc, nominee register		1888427	1888427	9.10	1888427	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	9788131	9797779	47.19	9981091	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

	1-6/2016	1-6/2015	1-12/2015
Opening balance	185240	192149	192149
Additions	23217	15648	25495
Deductions and transfers	-879	-39	-390
Depreciation	-8450	-7570	-15495
Exchange rate differences	-4521	-8871	-16519
Total	194607	191317	185240

12. CONTINGENT LIABILITIES

EUR 1,000

	30 Jun 2016	30 Jun 2015	31 Dec 2015
Pledges and contingent liabilities			
For own commitments	2352	2397	2352
Leasing and rental liabilities:			
Due within one year	1307	1219	1402
Due within 1 to 5 years	1465	1123	1179
Due in more than 5 years	3	5	4
Leasing and rental liabilities total	2775	2347	2585
Package liabilities	0	3282	3234
Other liabilities	2000	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, % = $100 * (\text{Shareholders' equity held by parent company shareholders} + \text{non-controlling interests}) / (\text{Balance sheet total})$

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