



OLVI PLC

INTERIM REPORT 27 OCTOBER 2016 at 9:00 am

OLVI GROUP'S INTERIM REPORT, 1 JANUARY TO 30 SEPTEMBER 2016 (9 MONTHS)

INTERIM REPORT IN BRIEF

Olvi's good performance continued in the third quarter. The Group's net sales, operating profit and earnings improved, and the balance sheet became stronger in comparison to the previous year.

January to September 2016 in brief:

- Olvi Group's sales volume was 475.0 (452.1) million litres
- The Group's net sales amounted to 249.7 (241.7) million euro
- The Group's operating profit amounted to 35.1 (31.8) million euro
- Olvi Group's earnings per share stood at 1.34 (0.83) euro per share
- The equity to total assets ratio was 60.4 (56.1) percent.

July to September 2016 in brief:

- Olvi Group's sales volume was 168.6 (168.0) million litres
- The Group's net sales amounted to 89.7 (88.9) million euro
- The Group's operating profit amounted to 15.2 (14.1) million euro
- Olvi Group's earnings per share stood at 0.64 (0.37) 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

	7-9/ 2016	7-9/ 2015	Change % / pp	1-9/ 2016	1-9/ 2015	Change % / pp	1-12/ 2015
Sales volume, Mltr	168.6	168.0	0.3	475.0	452.1	5.0	579.9
Net sales, MEUR	89.7	88.9	0.9	249.7	241.7	3.3	310.5
Gross margin, MEUR	20.0	18.3	9.1	49.0	44.0	11.2	54.5
% of net sales	22.3	20.6		19.6	18.2		17.6
Operating profit, MEUR	15.2	14.1	7.5	35.1	31.8	10.3	38.2
% of net sales	16.9	15.9		14.1	13.2		12.3
Net profit for the period	13.4	7.6	76.3	27.9	17.2	62.6	22.2
% of net sales	15.0	8.6		11.2	7.1		7.2
Earnings per share, EUR	0.64	0.37	73.0	1.34	0.83	61.4	1.08
Gross capital expenditure, MEUR	4.7	5.1	-7.0	15.7	21.1	-25.9	26.0
Equity per share, EUR				9.32	8.73	6.8	8.92
Equity to total assets, %				60.4	56.1	4.3	59.4
Gearing, %				9.9	31.7	-21.8	18.3

BUSINESS DEVELOPMENT

LASSE AHO, MANAGING DIRECTOR:

Olvi Group's business development in the third quarter was good. Consolidated operating profit for the review period increased by 7.5 percent on the previous year and 10 percent in cumulative figures. Performance can be considered good, particularly when taking into account the unstable weather in the high-season months, which caused a market downturn in the third quarter. During this year's season, the consumption peak was in early summer.

Our business has developed favourably in Finland in particular; the sales volume has increased in 2016, and our market share has become stronger. Commercial actions and cost-effectiveness have made it possible for the operating profit to show positive development.

All in all, development in the Baltic states has met our expectations. Accumulated operating profit outperforms that of the January-September period last year, and market shares have remained strong in our main product groups. The sales volume in the Baltic states in July-September declined slightly on the previous year, particularly due to poor weather conditions in midsummer. This affected performance in the local markets as well as the Travel Trade market. Performance in Estonia has remained on a very strong level, and operating profit in Latvia has increased by 15 percent cumulative. Operating profit in Lithuania has remained almost on the previous year's level. The extension to the warehouse in Lithuania was completed on schedule and is expected to provide cost savings already during the rest of this year.

Third-quarter earnings in Belarus declined slightly on the previous year. The devaluation of the local currency in 2015 still had a negative impact on earnings for the period under review. Operations were also hampered by challenges in the Belarusian economy and weakened consumer solvency. However, we have been able to compensate the effect of the weakened home market by increasing exports from Belarus to Russia.

The Group's other financial indicators have developed very well. This year, profit for the period has improved by 63 percent on the previous year, cash flow is clearly better and the balance sheet has become stronger. This makes it possible to develop the company's operations persistently.

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

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 increased in January-September by 5.0 percent to 475.0 (452.1) million litres. The sales volume from July to September was 168.6 (168.0) million litres.

The sales volume increased heavily in Finland both in January-September and in the third quarter. Sales volume in the other units remained approximately on par with the previous year.

Sales volume development by unit:

Sales volume, million litres	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %
Finland (Olvi plc)	47.5	41.0	15.7	132.5	110.9	19.5
Estonia (AS A. Le Coq)	31.9	33.7	-5.3	97.0	96.7	0.3
Latvia (A/S Cēsu Alus)	19.2	19.3	-0.4	53.6	54.6	-1.7
Lithuania (AB Volfas Engelman)	23.9	25.5	-6.1	64.9	66.8	-2.8
Belarus (OAO Lidskoe Pivo)	51.3	54.0	-5.0	142.2	140.5	1.2
Eliminations	-5.2	-5.4		-15.3	-17.3	
Total	168.6	168.0	0.3	475.0	452.1	5.0

Net sales development

The Group's net sales in January-September amounted to 249.7 (241.7) million euro and in July-September to 89.7 (88.9) million euro. Net sales increased particularly in Finland, reflecting the strong increase in sales volume. Net sales for January-September also increased in Estonia and Latvia.

Net sales development by unit:

Net sales, million euro	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %
Finland (Olvi plc)	32.4	28.4	14.1	89.6	76.9	16.5
Estonia (AS A. Le Coq)	20.4	20.7	-1.5	61.7	59.5	3.7
Latvia (A/S Cēsu Alus)	9.3	9.1	2.2	25.4	24.8	2.7
Lithuania (AB Volfas Engelman)	10.3	11.1	-7.7	27.4	28.5	-3.7
Belarus (OAO Lidskoe Pivo)	19.7	22.1	-10.6	52.6	59.5	-11.6
Eliminations	-2.4	-2.5		-7.1	-7.5	
Total	89.7	88.9	0.9	249.7	241.7	3.3

EARNINGS DEVELOPMENT

The Group's operating profit in January-September stood at 35.1 (31.8) million euro, or 14.1 (13.2) percent of net sales. Operating profit in January-September increased particularly in Finland, Estonia and Latvia. Operating profit in July-September increased by 7.5 percent and stood at 15.2 (14.1) million euro, which was 16.9 (15.9) percent of net sales.

Operating profit development by unit:

Operating profit, million euro	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %
Finland (Olvi plc)	4.5	3.1	43.8	9.6	6.0	60.7
Estonia (AS A. Le Coq)	5.0	5.1	-3.4	13.5	12.8	5.8
Latvia (A/S Cēsu Alus)	1.2	1.3	-2.5	2.9	2.5	14.9
Lithuania (AB Volfas Engelman)	1.4	1.5	-8.8	2.2	2.3	-3.4
Belarus (OAO Lidskoe Pivo)	3.1	3.3	-6.4	6.8	8.4	-19.7
Eliminations	0.1	-0.2		0.2	-0.1	
Total	15.2	14.1	7.5	35.1	31.8	10.3

The Group's profit after taxes in January-September increased by 62.6 percent on the previous year, amounting to 27.9 (17.2) million euro. Profit after taxes from July to September stood at 13.4 (7.6) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in January-September stood at 1.34 (0.83) euro, and the July-September figure was 0.64 (0.37) euro.

In addition to improved operating profit, the increase in profit for the period and earnings per share was fuelled by lower net financial expenses compared to the previous year. Profit for the comparison year included unrealised exchange rate differences related to the Belarusian subsidiary, which were recognised in financial items.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of September 2016 was 322.6 (326.0) million euro. Equity per share at the end of September 2016 stood at 9.32 (8.73) euro. The equity ratio became even stronger at 60.4 (56.1) percent and the gearing ratio was 9.9 (31.7) percent.

The amount of interest-bearing liabilities declined heavily and stood at 29.8 (65.1) million euro at the end of September, including current liabilities of 13.7 (35.5) million euro.

Olvi Group's gross capital expenditure in January-September amounted to 15.7 (21.1) million euro. The parent company Olvi accounted for 4.4 million euro, the Baltic subsidiaries for 8.6 million euro and Lidskoe Pivo in Belarus for 2.7 million euro of the total. The largest individual investment in 2016 has been the extension to the warehouse in Lithuania.

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 most important product launch in the autumn was the new vitamin water Health Lab with three products: Power, Balance and Vitality. The Kane's Soda Pop soft drink range was expanded with the new flavour ginger-lemon grass. At the same time, half-litre plastic bottles in a designated Kane's shape were launched for the product range. The range of Olvi specialty beers was expanded with Olvi Black IPA (4.7%).

Subsidiaries

A. Le Coq in Estonia launched the new specialty beer Kihnu Jõnn, which is a pale smoke lager. The cider range saw the introduction of Linda Pihl, which has a semi-sweet rowan berry flavour.

Cēsu Alus in Latvia launched a new brand in the long drinks category, Cēsu BAR Cocktails with three flavour variants. It has an alcohol content of 15% and is packaged in 0.275-litre glass bottles with screw-off caps.

Volfas Engelman in Lithuania launched five different beers, three of them under the Volfas Engelman brand, one under the Horn Diesel brand and one under the 1410 brand. The beers are Volfas Engelman Delikatus, Volfas Engelman Tradiciskas, Volfas Engelman Tamsusis Azuolas, Horn Diesel Tradicinis and 1410 Tamsusis Elis.

The Belarusian subsidiary Lidskoe Pivo did not launch any new products in the third quarter.

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

PERSONNEL

Olvi Group's average number of personnel in January-September was 1,895 (1,970). The average number in July-September was 1,905 (1,978).

The Group's average number of personnel decreased in January-September by 73 people in Belarus and 15 people in Finland. The decrease reflects the effect of operational efficiency measures.

Olvi Group's average number of personnel by country:

	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %
Finland	353	338	4.4	333	348	-4.3
Estonia	350	348	0.6	346	343	0.9
Latvia	218	203	7.4	216	206	4.9
Lithuania	237	238	-0.4	235	235	0.0
Belarus	747	851	-12.2	765	838	-8.7
Total	1905	1978	-3.7	1895	1970	-3.8

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 parent company is represented in the subsidiaries' Boards of Directors by 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.

GROUP STRUCTURE

During 2016, Olvi Group has acquired 31 shares in the subsidiary A/S Cēsu Alus.

Olvi's holdings in the subsidiaries are:

	30 September 2016	31 December 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 September 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-September 2016 was 671,434 (1,810,277) shares, which represented 3.9 (10.6) percent of all Series A shares. The value of trading was 16.4 (43.4) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 26.45 (22.09) euro at the end of September 2016. In January-September, the highest quote for the Series A share was 27.80 (27.20) euro and the lowest quote was 20.30 (20.51) euro. The average price in January-September was 24.42 (23.97) euro.

At the end of September 2016, the market capitalisation of Series A shares was 450.1 (376.1) million euro and the market capitalisation of all shares was 548.8 (458.6) million euro.

The number of shareholders at the end of September 2016 was 9,983 (10,034). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 22.4 (22.4) percent of the total number of book entries and 5.1 (5.1) 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-June 2016. The purchase price was 120,139 euro. There were no changes in the number of treasury shares held by Olvi in July-September 2016. 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

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-September 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.

ANNUAL GENERAL MEETING

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

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: 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
- Changes in shareholders' equity, Table 3
- Cash flow statement, Table 4
- Notes to the interim report bulletin, Table 5

DISTRIBUTION:

NASDAQ OMX Helsinki Ltd
Key media
www.olvi.fi

INCOME STATEMENT

EUR 1,000

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales	89681	88922	249696	241664	310494
Other operating income	367	229	1385	1309	1743
Operating expenses	-70086	-70855	-202127	-198966	-257732
Depreciation and impairment	-4791	-4183	-13847	-12178	-16348
Operating profit	15171	14113	35107	31829	38157
Financial income	140	-375	1044	299	281
Financial expenses	-152	-5927	-1916	-11256	-11641
Share of profit in associates	0	0	0	0	21
Earnings before tax	15159	7811	34235	20872	26818
Taxes *)	-1730	-196	-6303	-3697	-4598
NET PROFIT FOR THE PERIOD	13429	7615	27932	17175	22220
Other comprehensive income items:					
Translation differences related to foreign subsidiaries	1694	-5881	-3697	-13441	-14620
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15123	1734	24235	3734	7600
Distribution of profit:					
- parent company shareholders	13256	7735	27734	17265	22334
- non-controlling interests	173	-120	198	-90	-114
Distribution of comprehensive income:					
- parent company shareholders	14906	2122	24122	4442	8358
- non-controlling interests	217	-388	113	-708	-758
Earnings per share calculated from the profit belonging to parent company shareholders, EUR					
- undiluted	0.64	0.37	1.34	0.83	1.08
- diluted	0.64	0.37	1.34	0.83	1.08

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

BALANCE SHEET

EUR 1,000

	30 September 2016	30 September 2015	31 December 2015
ASSETS			
Non-current assets			
Tangible assets	194758	185426	185240
Goodwill	15693	16122	16017
Other intangible assets	5240	4234	4183
Shares in associates	1146	1125	1146
Financial assets available for sale	543	544	543
Loans receivable and other non-current receivables	311	333	310
Deferred tax receivables	261	168	147
Total non-current assets	217952	207952	207586
Current assets			
Inventories	35037	43359	42236
Accounts receivable and other receivables	59066	66418	51232
Income tax receivable	0	787	236
Other non-current assets held for sale	2	421	421
Liquid assets	10528	7095	12786
Total current assets	104633	118080	106911
TOTAL ASSETS	322585	326032	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	-40552	-35787	-36940
Retained earnings	212348	195221	200415
	193419	181277	185218
Share belonging to non-controlling interests	1513	1496	1447
Total shareholders' equity	194932	182773	186665
Non-current liabilities			
Financial liabilities	16114	29640	24179
Other liabilities	11	0	4
Deferred tax liabilities	7852	6045	6777
Current liabilities			
Financial liabilities	13702	35474	22683
Accounts payable and other liabilities	87963	71176	74153
Income tax liability	2011	924	36
Total liabilities	127653	143259	127832
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	322585	326032	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					17265	-90	17175
Other comprehensive income items:							
Translation differences				-12823		-168	-13441
Total comprehensive income for the period				-12823	17265	-708	3734
Transactions with shareholders:							
Payment of dividends					-13492	-47	-13539
Share-based incentives					40		40
Total transactions with shareholders					-13452	-47	-13499
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					0		0
Change in share belonging to non-controlling interests					0	-1	-1
Total changes in holdings in subsidiaries					0	-1	-1
Shareholders' equity 30 Sep 2015	20759	1092	-8	-35787	195221	1496	182773
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					27734	198	27932
Other comprehensive income items:							
Translation differences				-3612		-85	-3697
Total comprehensive income for the period				-3612	27734	113	24235
Transactions with shareholders:							
Payment of dividends					-14523	-42	-14565
Acquisition of treasury shares			-120				-120
Share-based incentives					159		159
Change in accounting policies					-1437	-3	-1440
Total transactions with shareholders			-120		-15801	-45	-15966
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 Sep 2016	20759	1092	-228	-40552	212348	1513	194932

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

OLVI GROUP

TABLE 4

CASH FLOW STATEMENT

EUR 1,000

	1-9/2016	1-9/2015	1-12/2015
Net profit for the period	27932	17175	22220
Adjustments to profit for the period	19104	23227	28684
Change in net working capital	-942	-3909	14169
Interest paid	-574	-738	-1113
Interest received	296	141	228
Taxes paid	-2221	-1841	-2520
Cash flow from operations (A)	43595	34055	61668
Investments in tangible and intangible assets	-15683	-21366	-25100
Sales gains from tangible and intangible assets	427	194	249
Expenditure on other investments	0	5	-16
Cash flow from investments (B)	-15256	-21167	-24867
Withdrawals of loans	745	20571	20360
Repayments of loans	-16928	-17313	-35250
Acquisition of treasury shares	-120	0	-64
Dividends paid	-14528	-13509	-13514
Increase (-) / decrease (+) in current interest-bearing business receivables	31	7	-8
Increase (-) / decrease (+) in long-term loan receivables	-8	3	26
Cash flow from financing (C)	-30808	-10241	-28450
Increase (+)/decrease (-) in liquid assets (A+B+C)	-2469	2647	8351
Liquid assets 1 January	12786	4382	4382
Effect of exchange rate changes	211	66	53
Liquid assets 30 Sep/31 Dec	10528	7095	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)

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Olvi Group total	168552	168031	474951	452127	579901
Finland	47486	41047	132523	110888	148029
Estonia	31860	33657	97023	96727	123871
Latvia	19191	19266	53620	54565	68122
Lithuania	23894	25452	64889	66774	84877
Belarus	51332	54026	142194	140510	175129
- sales between segments	-5211	-5417	-15298	-17337	-20127

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Olvi Group total	89681	88922	249696	241664	310494
Finland	32386	28377	89561	76851	102869
Estonia	20423	20729	61726	59508	75790
Latvia	9263	9061	25444	24775	31188
Lithuania	10278	11137	27410	28465	35843
Belarus	19726	22074	52639	59519	73550
- sales between segments	-2395	-2456	-7084	-7454	-8746

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Olvi Group total	15171	14113	35107	31829	38157
Finland	4476	3113	9579	5962	7839
Estonia	4958	5134	13483	12745	15913
Latvia	1248	1280	2879	2506	2987
Lithuania	1378	1511	2220	2298	2610
Belarus	3052	3260	6785	8446	8838
- eliminations	59	-185	161	-128	-30

2. PERSONNEL ON AVERAGE

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Finland	353	338	333	348	336
Estonia	350	348	346	343	336
Latvia	218	203	216	206	206
Lithuania	237	238	235	235	233
Belarus	747	851	765	838	829
Total	1905	1978	1895	1970	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

	1-9/ 2016	1-9/ 2015	1-12/ 2015
Managing Director	310	268	350
Chairman of the Board	49	67	83
Other members of the Board	102	109	150
Total	461	444	583

4. SHARES AND SHARE CAPITAL

	30 September 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 September 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 September 2016, accounting entries associated with the performance period from 1 July 2014 to 30 June 2017 were recognised for a total of 65.8 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. From January to September 2016, costs associated with the plan established on 24 February 2016 were recognised for a total of 179.5 thousand euro.

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

6. TREASURY SHARES

Olvi acquired 5,500 of its own Series A shares in January-June 2016. The purchase price was 120,139 euro. There were no changes in the number of treasury shares held by Olvi in July-September 2016. 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 *)	1-9/2016	1-9/2015	1-12/2015
- average	20747761	20757684	20757645
- at end of period	20747684	20757684	20753184

*) Treasury shares deducted.

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

	1-9/2016	1-9/2015	1-12/2015
Trading volume of Olvi A shares	671434	1810277	2036830
Total trading volume, EUR 1,000	16384	43408	48413
Traded shares in proportion to all Series A shares, %	3.9	10.6	12.0
Average share price, EUR	24.42	23.97	23.76
Price on the closing date, EUR	26.45	22.09	22.19
Highest quote, EUR	27.80	27.20	27.20
Lowest quote, EUR	20.30	20.51	20.51

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

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	16110944	77.62	87023808	94.93	9828	99.34
Foreign total	401343	1.93	401343	0.44	56	0.57
Nominee-registered (foreign) total	93928	0.45	93928	0.10	4	0.04
Nominee-registered (Finnish) total	4152593	20.00	4152593	4.53	5	0.05
Total	20758808	100.00	91671672	100.00	9893	100.00

10. LARGEST SHAREHOLDERS ON 30 SEPTEMBER 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		1943122	1943122	9.36	1943122	2.12
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	9733436	9743084	46.93	9926396	10.83
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

	1-9/2016	1-9/2015	1-12/2015
Opening balance	185240	192149	192149
Additions *)	28289	20757	25495
Deductions and transfers	-2775	-130	-390
Depreciation	-12802	-11548	-15495
Exchange rate differences	-3194	-15802	-16519
Total	194758	185426	185240

*) The additions in 2016 include a reclassification of recyclable packaging arising from changes to accounting policies, totalling 13.0 million euro.

12. CONTINGENT LIABILITIES

EUR 1,000

	30 September 2016	30 September 2015	31 December 2015
Pledges and contingent liabilities			
For own commitments	2352	2422	2352
Leasing and rental liabilities:			
Due within one year	1328	1153	1402
Due within 1 to 5 years	1770	1260	1179
Due in more than 5 years	3	5	4
Leasing and rental liabilities total	3101	2418	2585
Package liabilities	0	2771	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, % = $100 * (\text{Interest-bearing debt} - \text{cash in hand and at bank}) / (\text{Shareholders' equity held by parent company shareholders} + \text{non-controlling interests})$