



OLVI PLC INTERIM REPORT 27 APRIL 2018 at 9:00 am

OLVI GROUP'S INTERIM REPORT, 1 JANUARY TO 31 MARCH 2018 (3 MONTHS)

INTERIM REPORT IN BRIEF

Olvi Group's business development in the first quarter was favourable. The Group's sales volume and operating profit increased on the previous year.

January to March 2018 in brief:

- Olvi Group's sales volume increased by 2.5 percent to 133.7 (130.4) million litres
- The Group's net sales amounted to 70.6 (70.7) million euro
- The Group's operating profit increased by 2.8 percent and amounted to 6.4 (6.2) million euro
- Olvi Group's earnings per share stood at 0.27 (0.26) euro per share
- The equity ratio improved again, standing at 66.2 (63.1) percent

Olvi retains the outlook for 2018 presented in connection with the disclosure of the financial statements for 2017, and estimates that the Group's sales volume and net sales for 2018 will increase slightly compared to the previous year. Operating profit for 2018 is estimated to be on a par with the previous year. The composition of quarterly earnings in 2018 is estimated to be different from 2017, as the second half of the year will be more significant than in the previous year.

CONSOLIDATED KEY RATIOS

	1-3/ 2018	1-3/ 2017	Change % / pp	1-12/ 2017
Sales volume, Mltr	133.7	130.4	2.5	643.0
Net sales, MEUR	70.6	70.7	-0.1	345.2
Gross margin, MEUR	11.2	11.1	1.4	65.5
% of net sales	15.9	15.7		19.0
Operating profit, MEUR	6.4	6.2	2.8	44.7
% of net sales	9.1	8.8		13.0
Net profit for the period	5.6	5.5	1.7	36.1
% of net sales	8.0	7.8		10.5
Earnings per share, EUR	0.27	0.26	3.8	1.73
Gross capital expenditure, MEUR	6.3	4.4	44.5	21.7
Equity per share, EUR	10.64	10.05	5.9	10.41
Equity to total assets, %	66.2	63.1	3.1	64.1
Gearing, %	-3.3	3.7	7.0	-7.1

BUSINESS DEVELOPMENT

LASSE AHO, MANAGING DIRECTOR:

All in all, Olvi Group's year 2018 has started well, particularly with consideration to the negative impacts of the 2017 excise tax hikes on the operating environment in the Baltic states. The Group's sales volume continued to increase and operating profit improved on the corresponding period last year.

In Finland, net sales and operating profit improved on the previous year. In addition to other positive business development, growth was supported by the new Alcohol Act, which allowed

the sales of slightly stronger (5.5%) alcoholic beverages in retail stores. Among these new opportunities, Olvi focused particularly on successful launches of strong beers. In the Baltic states, the beginning of the year was good, even slightly better than expected in the light of the changed market. All in all, sales volume and operating profit in the Baltic states were almost on a par with the previous year. Comparability with the previous year is made more difficult by the exceptionally high sales volume in the first half of 2017, before the excise tax hike in Estonia. This was seen as a positive trend in the first half of 2017 in all of Olvi Group's Baltic units.

Due to the excise tax hikes, the business environment in Estonia has changed significantly. Excise taxes on mild alcoholic beverages have doubled in comparison of the situation a year earlier. As a consequence, domestic sales in Estonia as well as harbour and onboard sales between Finland and Estonia declined on the corresponding period last year. A significant volume of sales moved to the Latvian border. The excise tax on mild alcoholic beverages in Latvia is less than half of that in Estonia. The Estonian unit performed well in the beginning of the year, considering the circumstances. This was made possible by strong growth in export sales and cost-cutting measures. Furthermore, first-quarter sales and earnings development were supported by the effect of advance sales in expectation of the February 2018 tax hikes.

In Latvia, domestic business developed well in the beginning of the year. However, reported sales volume and net sales declined on the corresponding period last year, mainly due to a reduction in intra-Group sales. The sales development was also affected by changes in alcohol legislation: the ban on large package sizes caused a slight decline in sales volume but also resulted in a shift of volume towards more profitable package sizes. Thanks to this, the average price of net sales per litre improved clearly. The company's market position remained strong.

Constant development has continued in Lithuania. Sales and operating profit improved on the corresponding period last year. In addition to domestic operations, the growth was made possible by good development of exports.

We respond to the change in the Baltic operating environment through cost-effective operations, strengthening the share of non-alcoholic product categories in the overall business, as well as export efforts. Olvi Group exports its products to more than 30 countries. Exports and their significance for Olvi Group have constantly increased.

The sales volume in Belarus increased clearly in comparison to the previous year, and operating profit reported in euro improved in spite of the negative development of the local currency in Belarus. Measured in the local currency, operating profit increased by as much as 28 percent.

Investments in the beginning of the year have been initiated according to plan. In Finland, we commissioned an energy plant using renewable energy. In addition to investments improving the quality and efficiency of production plants, we will make investments that support the growth of sales.

The outlook for the full year 2018 can be considered good; however, earnings will be more weighted on the second half of the year in comparison to 2017.

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 2.5 percent to 133.7 (130.4) million litres. The sales volume increased particularly in Belarus. The decline in Latvian sales volume reflects the fact that intra-Group sales between the Baltic units have diminished.

Sales volume , million litres	1-3/2018	1-3/2017	Change %
Finland (Olvi plc)	42.4	42.0	1.0
Estonia (AS A. Le Coq)	22.6	25.6	-11.9
Latvia (A/S Cēsu Alus)	14.4	18.2	-21.0
Lithuania (AB Volfas Engelman)	19.0	18.2	4.4
Belarus (OAO Lidskoe Pivo)	39.7	34.9	13.8
Eliminations	-4.4	-8.6	
Total	133.7	130.4	2.5

Consolidated net sales remained almost on a par with the previous year. The Group's net sales from January to March amounted to 70.6 (70.7) million euro. Net sales developed positively in Finland where the average price per litre increased as sales became more focused on higher-priced products. Net sales development in Belarus was affected by a negative trend in the local currency related to the reporting currency (euro).

Net sales , million euro	1-3/2018	1-3/2017	Change %
Finland (Olvi plc)	28.4	27.1	5.0
Estonia (AS A. Le Coq)	14.3	16.5	-13.5
Latvia (A/S Cēsu Alus)	7.4	8.5	-12.6
Lithuania (AB Volfas Engelman)	8.1	8.0	0.8
Belarus (OAO Lidskoe Pivo)	14.4	14.4	0.1
Eliminations	-2.1	-3.9	
Total	70.6	70.7	-0.1

EARNINGS DEVELOPMENT

The Group's operating profit for January-March increased by 2.8 percent and amounted to 6.4 (6.2) million euro, or 9.1 (8.8) percent of net sales. Operating profit improved in Finland, Lithuania and Belarus.

Operating profit , million euro	1-3/2018	1-3/2017	Change %
Finland (Olvi plc)	1.8	1.6	12.7
Estonia (AS A. Le Coq)	2.3	2.5	-7.3
Latvia (A/S Cēsu Alus)	0.6	0.7	-15.8
Lithuania (AB Volfas Engelman)	0.4	0.3	47.1
Belarus (OAO Lidskoe Pivo)	1.3	1.2	6.7
Eliminations	0.1	0.0	
Total	6.4	6.2	2.8

The Group's January-March profit after taxes increased slightly and amounted to 5.6 (5.5) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in January-March improved to 0.27 (0.26) euro per share.

BALANCE SHEET, FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of March 2018 was 335.0 (332.7) million euro. Equity per share at the end of March 2018 stood at 10.64 (10.05) euro. The equity to total assets ratio was 66.2 (63.1) percent. The gearing ratio decreased on the corresponding period

last year and amounted to –3.3 (3.7) percent. The current ratio, which represents the Group’s liquidity, was 1.2 (1.1).

The amount of interest-bearing liabilities at the end of March was 10.7 (22.4) million euro, including current liabilities of 8.1 (10.7) million euro.

Olvi Group’s gross capital expenditure in January-March amounted to 6.3 (4.4) million euro. The parent company Olvi accounted for 3.1 million euro, the Baltic subsidiaries for 2.5 million euro and Lidskoe Pivo in Belarus for 0.7 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

The Group had several successful launches of new products in January–March.

Finland

- OLVI CID Cider, made of fresh squeezed apples.
- OLVI Iisalmi Lingonberry GIN Long Drink, made of artisan gin and Finnish lingonberries.
- OLVI Summer Ale, a seasonal product.
- A. Le Coq GIN & Grapefruit (5.5%), revised recipe.
- A. Le Coq GIN & Cranberry, new flavour.
- A mineral water with birch sap and mint in the KevytOlo product range.
- Skin & Beauty vitamin water in the Health Lab product range.
- Seasonal flavours The Wedge and Caramel Valley Chop in the Kane’s soft drink brand.

Estonia

- A. Le Coq Premium Double Hops beer, 3.5% alcohol.
- A. Le Coq Fassbrause, contains non-alcoholic beer and lemon juice.
- Santaños Lager, a Latin American beer with sweet corn.
- Santaños con Jalapeno, with chili.
- Hoggy’s, a new brand of products with apple and pear ciders and a long drink made with real gin.
- G:N Long Drink, new flavours Lemon & Lime and Red Orange.
- Limonaad soft drinks, new flavour blueberry.
- Aura Smuuti smoothies, new flavour kiwi-pineapple-mango.
- Aura Fruit range, new tea-based beverages Black Tea-Lemon-Cactus Fruit, Green Tea-Peach and Red Tea-Pomegranate-Cranberries.
- Dr Active, a new range of beverages with added vitamins, apple-rhubarb and apple-raspberry.

Latvia

- Johan Freitag vodka.
- Senlatvju Mapple Syrup beer and Bruza Avenu Gradais, a beer containing raspberry.
- Cocktails Cesu Dzons French Rowanberry and Beersshake Lemon.
- Vinitto Semisecco wine cooler.

Lithuania

- 165th anniversary beer Volfas Engelman Jubiliejinis.

Belarus

- Australian Light Lager beer in the Brewmaster's Collection range.
- Pepsi Wild Cherry, a soft drink without sugar.

More detailed product descriptions of the novelties can be found on the Web pages of each company.

PERSONNEL

Olvi Group's average number of personnel in January-March was 1,702 (1,742). The Group's average number of personnel decreased by 40 people or 2.3 percent.

Olvi Group's average number of personnel by country:

	1-3/2018	1-3/2017	Change %
Finland	319	309	3.2
Estonia	294	327	-10.1
Latvia	191	189	1.1
Lithuania	209	229	-8.7
Belarus	689	688	0.1
Total	1,702	1,742	-2.3

MANAGEMENT AND AUDITORS

During the review period of January-March 2018, Olvi plc's Board of Directors consisted of Chairman Pentti Hakkarainen, M.Sc. (Econ), LL.M. and other members Nora Hortling, M.Sc. (Econ), Jaakko Autere, M.Sc. (Econ), Esa Lager, M.Sc. (Econ), LL.M., Elisa Markula, M.Sc. (Econ), and Heikki Sirviö, Honorary Industrial Counsellor, M.Sc. (Engineering).

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

MANAGEMENT

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

The Managing Directors of the subsidiaries are:

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

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

AB Volfas Engelman, Kaunas, Lithuania - Marius Horbačas

OAO Lidskoe Pivo, Lida, Belarus - Audrius Mikšys

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

OTHER EVENTS DURING THE REVIEW PERIOD

Changes in corporate structure

There were no changes in Olvi's holdings in subsidiaries in January-March 2018.

Olvi's holdings in the subsidiaries are:

	31 Mar 2018	31 Dec 2017	Change
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.88	99.88	-
AB Volfas Engelman, Lithuania	99.58	99.58	-
OA O Lidskoe Pivo, Belarus	95.87	95.87	-

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 2018 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 2018 was 293,689 (190,476) shares, which represented 1.7 (1.1) percent of all Series A shares. The value of trading was 8.5 (5.1) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 28.10 (27.02) euro at the end of March 2018. In January–March, the highest quote for the Series A share was 30.90 (28.95) euro and the lowest quote was 27.30 (25.05) euro. The average price in January–March was 28.88 (26.98) euro.

At the end of March 2018, the market capitalisation of Series A shares was 477.3 (459.8) million euro and the market capitalisation of all shares was 582.2 (560.6) million euro.

The number of shareholders at the end of March 2018 was 11,173 (10,124). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 23.9 (24.3) percent of the total number of book entries and 5.4 (5.5) percent of total votes.

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

Treasury shares

There were no changes in the number of treasury shares during the reporting period. At the end of the reporting period, Olvi held 41,125 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 2018, 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, potential changes in the Russian economy may also affect the operating environment in Belarus.

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

Olvi Group's operations may also be affected by changes in consumer behaviour and the operations of our clientele arising from changes in official regulations. The excise tax hike that became effective in Estonia in 2017 will probably result in a change of focus in volumes and consumption both from Estonia to the Latvian border and also from Estonia back to Finland also in 2018. The long-term effect of the change on the entire Olvi Group's business operations and earnings development is still difficult to estimate because there are several contributing factors, such as the pricing policies of companies doing business in harbours and on board after the excise duty changes, as well as the potential effect of the amended Finnish Alcohol Act on consumer behaviour.

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

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

EVENTS AFTER THE REVIEW PERIOD

Annual General Meeting

Olvi plc's Annual General Meeting of 16 April 2018 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 2017.

In accordance with the Board's proposal, the General Meeting decided that a dividend of 0.80 (0.75) euro be paid on each A and K share for the accounting period 2017. The dividend according to the resolution accounts for 46.1 (47.9) 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 2018. The dividends will be paid on 30 April 2018.

The General Meeting decided that the Board of Directors shall have six (6) members. Pentti Hakkarainen, Nora Hortling, Elisa Markula and Heikki Sirviö were re-elected as Members of the Board, and Lasse Heinonen and Päivi Paltola were elected as new members.

All decisions made at the General Meeting can be found in the bulletin released on 16 April 2018.

Organisation of the Board of Directors

At its organising meeting held on 16 April 2018, the Board elected Pentti Hakkarainen as the Chairman of the Board and Nora Hortling as the Vice Chairperson of the Board.

At the organising meeting, the Board decided to establish an Audit Committee and a Remuneration Committee. The Audit Committee consists of Lasse Heinonen, Päivi Paltola and Nora Hortling, and the Remuneration Committee consists of Pentti Hakkarainen, Heikki Sirviö and Elisa Markula.

Completion of the acquisition of Servaali Oy

On 1 February 2018, Olvi announced that it will acquire 80 percent of the stock of Servaali Oy. Servaali Oy is one of Finland's largest private importers of alcoholic beverages. With the acquisition, Olvi is expanding its product portfolio to wines, strengthening its market position in mild alcoholic beverages and responds actively to the potential for growth provided by the changing operating environment. The acquisition was completed on 3 April 2018, and Servaali Oy will be consolidated in Olvi Group's financial reporting as of that date.

NEAR-TERM OUTLOOK

Olvi estimates that the Group's sales volume and net sales for 2018 will increase slightly on the previous year. Operating profit for 2018 is estimated to be on a par with the previous year. The composition of quarterly earnings in 2018 is estimated to be different from 2017, as the second half of the year will be more significant than in the previous year.

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

OLVI GROUP
 INCOME STATEMENT
 EUR 1,000

TABLE 1

	1-3/2018	1-3/2017	1-12/2017
Net sales	70576	70661	345185
Other operating income	266	473	2034
Operating expenses	-59613	-60063	-281717
Depreciation and impairment	-4837	-4854	-20755
Operating profit	6392	6217	44747
Financial income	83	1838	477
Financial expenses	-380	-1708	-2819
Share of profit in associates	0	0	-69
Earnings before tax	6095	6347	42336
Taxes *)	-453	-800	-6212
NET PROFIT FOR THE PERIOD	5642	5547	36124
Other comprehensive income items that may be subsequently reclassified to profit and loss:			
Translation differences related to foreign subsidiaries	-1006	1061	-7278
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4636	6608	28846
Distribution of profit:			
- parent company shareholders	5626	5490	35956
- non-controlling interests	16	57	168
Distribution of comprehensive income:			
- parent company shareholders	4645	6533	28872
- non-controlling interests	9	75	-26
Earnings per share calculated from the profit belonging to parent company shareholders, EUR			
- undiluted	0.27	0.26	1.73
- diluted	0.27	0.26	1.73

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

BALANCE SHEET

EUR 1,000

31 Mar 2018 31 Mar 2017 31 Dec 2017

ASSETS

Non-current assets

Tangible assets	186500	196391	188155
Goodwill	16205	16067	15279
Other intangible assets	5249	5174	5340
Shares in associates	1113	1183	1113
Financial assets available for sale	543	544	543
Loans receivable and other non-current receivables	257	280	433
Deferred tax receivables	816	281	379
Total non-current assets	210683	219920	211242

Current assets

Inventories	36684	39969	34336
Accounts receivable and other receivables	69588	58129	64181
Income tax receivable	0	0	235
Liquid assets	18028	14648	28625
Total current assets	124300	112746	127377
TOTAL ASSETS	334983	332666	338619

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity held by parent company shareholders

Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-228	-228	-228
Translation differences	-45087	-35979	-44106
Retained earnings	243986	222935	238242
	220522	208579	215759
Share belonging to non-controlling interests	1201	1329	1228
Total shareholders' equity	221723	209908	216987

Non-current liabilities

Financial liabilities	2574	11689	4651
Other liabilities	33	23	28
Deferred tax liabilities	6475	7667	6443

Current liabilities

Financial liabilities	8141	10727	8573
Accounts payable and other liabilities	94854	91975	100052
Income tax liability	1183	677	1885
Total liabilities	113260	122758	121632
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	334983	332666	338619

CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2017	20759	1092	-228	-37022	217234	1714	203549
Comprehensive income:							
Net profit for the period					5490	57	5547
Other comprehensive income items:							
Translation differences				1043		18	1061
Total comprehensive income for the period				1043	5490	75	6608
Transactions with shareholders:							
Payment of dividends						-35	-35
Share-based incentives					132		132
Total transactions with shareholders					132	-35	97
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					258		258
Change in shares held by non-controlling interests					-179	-425	-604
Total changes in holdings in subsidiaries					79	-425	-346
Shareholders' equity 31 Mar 2017	20759	1092	-228	-35979	222935	1329	209908
EUR 1,000	Share capital	Other reserves	Treasury shares account	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders' equity 1 Jan 2018	20759	1092	-228	-44106	238242	1228	216987
Comprehensive income:							
Net profit for the period					5626	16	5642
Other comprehensive income items:							
Translation differences				-981		-25	-1006
Total comprehensive income for the period				-981	5626	-9	4636
Transactions with shareholders:							
Payment of dividends						-18	-18
Share-based incentives					118		118
Total transactions with shareholders					118	-18	100
Shareholders' equity 31 Mar 2018	20759	1092	-228	-45087	243986	1201	221723

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

CASH FLOW STATEMENT

EUR 1,000

	1-3/2018	1-3/2017	1-12/2017
Net profit for the period	5642	5547	36124
Adjustments to profit for the period	6444	4937	29649
Change in net working capital	-12663	-9395	-3764
Interest paid	-111	-199	-491
Interest received	79	211	271
Dividends received	0	0	4
Taxes paid	-1304	-284	-4713
Cash flow from operations (A)	-1913	817	57080
Investments in tangible and intangible assets	-7277	-4084	-22108
Sales gains from tangible and intangible assets	260	156	1682
Change in shares held by non-controlling interests	0	-345	-345
Cash flow from investments (B)	-7017	-4273	-20771
Withdrawals of loans	355	78	0
Repayments of loans	-1407	-2314	-11491
Dividends paid	0	0	-15574
Increase (-) / decrease (+) in current interest-bearing business receivables	0	7	15
Cash flow from financing (C)	-1052	-2229	-27050
Increase (+)/decrease (-) in liquid assets (A+B+C)	-9982	-5685	9259
Liquid assets 1 January	28625	20297	20297
Effect of exchange rate changes	-615	36	-931
Liquid assets 31 Mar/31 Dec	18028	14648	28625

NOTES TO THE INTERIM REPORT

This interim report has been prepared in accordance with IFRS recognition and measurement principles but all of the requirements in IAS 34 have not been observed. The accounting policies have been the same as for the financial statements of 31 December 2017, with the exception of the new standards adopted as described below.

Olvi Group has adopted the following new standards as of 1 January 2018:

IFRS 9 Financial Instruments

The adoption of IFRS 9 affects particularly the presentation of information in the financial statements, and has a slight effect on the timing of recognition of credit losses, among other things. However, the adoption has not had any substantial effect on the Group's interim report.

IFRS 15 Revenue from Contracts with Customers

The adoption of IFRS 15 affects the presentation of information in Olvi Group's financial statements and may affect the recognition of income in special sales situations. Due to the nature of Olvi Group's business, the adoption has not had any other effects on the Group's interim report or other reporting.

The Group has provided more information on the adoption of these standards in its annual financial statements for 2017.

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)

	1-3/2018	1-3/2017	1-12/2017
Olvi Group total	133721	130409	643024
Finland	42414	42014	199717
Estonia	22566	25619	112794
Latvia	14416	18249	76326
Lithuania	19002	18207	85381
Belarus	39703	34901	196389
- sales between segments	-4380	-8581	-27583

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2018	1-3/2017	1-12/2017
Olvi Group total	70576	70661	345185
Finland	28400	27053	131457
Estonia	14297	16535	73751
Latvia	7399	8461	37512
Lithuania	8108	8041	39155
Belarus	14437	14426	75437
- sales between segments	-2065	-3855	-12127

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	1-3/2018	1-3/2017	1-12/2017
Olvi Group total	6392	6217	44747
Finland	1777	1576	12763
Estonia	2344	2530	14734
Latvia	551	654	4437
Lithuania	398	271	3365
Belarus	1264	1185	9435
- eliminations	58	1	13

2. PERSONNEL ON AVERAGE

	1-3/2018	1-3/2017	1-12/2017
Finland	319	309	337
Estonia	294	327	327
Latvia	191	189	196
Lithuania	209	229	228
Belarus	689	688	695
Total	1,702	1,742	1783

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

	1-3/2018	1-3/2017	1-12/2017
Managing Director	278	392	689
Chairman of the Board	17	16	69
Other members of the Board	37	27	148
Total	332	435	906

4. SHARES AND SHARE CAPITAL

	31 Mar 2018	%
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 2018 totalled 20,759 thousand euro.

Olvi plc's shares received a dividend of 0.80 euro per share for 2017 (0.75 euro per share for 2016), totalling 16.6 (15.6) million euro. The dividends will be paid on 30 April 2018. The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

5. SHARE-BASED PAYMENTS

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

The Group has an active share-based incentive plan for key personnel started in 2016. The performance period for the share-based incentive plan is two years. The prerequisite for receiving a reward is that a key employee purchases the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward is tied to the continuance of employment upon reward payment. Rewards will be paid partly in the company's Series A shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key employees. The Board of Directors may decide that the share proportion be paid fully or partially in cash.

The plan is directed to approximately 50 people. The rewards to be paid on the basis of the plan are in total an approximate maximum of 36,280 series Series A shares in Olvi plc and a cash payment needed for taxes and tax-related costs arising from the shares. The costs of the plan

will be recognised over the performance period from 1 July 2016 to 30 June 2018. From January to March 2018, costs associated with the plan were recognised for a total of 236.7 thousand euro.

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

6. TREASURY SHARES

Olvi plc holds a total of 41,125 of its own Series A shares. The total purchase price of treasury shares was 228,162 euro. Olvi has not acquired any treasury shares during the review period. Treasury shares held by the company itself are ineligible for voting.

Series A shares held by Olvi plc as treasury shares represented 0.20 percent of all shares and 0.04 percent of the aggregate number of votes. The treasury shares represented 0.24 percent of all Series A shares and associated votes.

On 16 April 2018, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of a maximum of 500,000 Series A shares using distributable funds.

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

7. NUMBER OF SHARES *)	1-3/2018	1-3/2017	1-12/2017
- average	20717683	20747684	20728115
- at end of period	20717683	20747684	20717683

*) Treasury shares deducted.

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

	1-3/2018	1-3/2017	1-12/2017
Trading volume of Olvi A shares	293689	190476	1464747
Total trading volume, EUR 1,000	8485	5134	41884
Traded shares in proportion to all Series A shares, %	1.7	1.1	8.6
Average share price, EUR	28.88	26.98	28.59
Price on the closing date, EUR	28.10	27.02	29.87
Highest quote, EUR	30.90	28.95	32.49
Lowest quote, EUR	27.30	25.05	25.05

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 MARCH 2018

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	15806034	76.14	86718898	94.60	11122	99.54
Foreign total	459681	2.22	459681	0.50	41	0.37
Nominee-registered (foreign) total	106301	0.51	106301	0.12	4	0.04
Nominee-registered (Finnish) total	4386792	21.13	4386792	4.78	6	0.05
Total	20758808	100.00	91671672	100.00	11173	100.00

10. LARGEST SHAREHOLDERS ON 31 MARCH 2018

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	890613	3254517	15.68	48168693	52.54
2. The Estate of Hortling Heikki *)	903488	103280	1006768	4.85	18173040	19.82
3. The Estate of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	36658	202482	0.98	3353138	3.66
5. OP Corporate Bank plc, nominee register		2153674	2153674	10.37	2153674	2.35
6. Hortling-Rinne Marit	102288	3380	105668	0.51	2049140	2.24
7. Nordea Bank AB (publ), Finnish Branch, nominee reg.		1354324	1354324	6.52	1354324	1.48
8. Mutual Pension Insurance Company Ilmarinen		968492	968492	4.67	968492	1.06
9. Varma Mutual Pension Insurance Company		828075	828075	3.99	828075	0.90
10. Skandinaviska Enskilda Banken AB (publ) Helsinki branch, nominee register		802502	802502	3.87	802502	0.88
Others	9648	9860306	9869954	47.54	10053266	10.96
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

	1-3/2018	1-3/2017	1-12/2017
Opening balance	188155	196239	196239
Additions	6131	4234	20806
Deductions and transfers	-2379	-328	-3655
Depreciation	-4548	-4578	-18498
Exchange rate differences	-859	824	-6737
Total	186500	196391	188155

12. CONTINGENT LIABILITIES

EUR 1,000

	31 Mar 2018	31 Mar 2017	31 Dec 2017
Pledges and contingent liabilities			
For own commitments	1886	1886	1886
Leasing and rental liabilities:			
Due within one year	1191	1038	1163
Due within 1 to 5 years	793	789	739
Due in more than 5 years	2	2	2
Leasing and rental liabilities total	1986	1829	1904
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, % = $100 * (\text{Interest-bearing debt} - \text{cash in hand and at bank}) / (\text{Shareholders' equity held by parent company shareholders} + \text{non-controlling interests})$.