Raisio's Interim Report 1 January - 31 March 2019

Raisio started the implementation of its new strategy, net sales decline stopped

FINANCIAL DEVELOPMENT IN BRIEF, CONTINUING OPERATIONS

- The Group's net sales totalled EUR 49.9 (49.7) million.
  Comparable EBIT was EUR 5.0 (6.3) million, accounting for 10.0 (12.6) % of net sales.
  EBIT was EUR 5.0 (4.4) million, accounting for 10.0 (8.8) % of net sales.
- As from January 2019, Raisio's reportable segments are Healthy Food and Healthy Ingredients.
- The Healthy Food Unit's net sales totalled EUR 34.7 (35.1) million.
  Comparable EBIT was EUR 4.0 (5.0) million, accounting for 11.5 (14.1) % of net sales.
  EBIT was EUR 4.0 (4.8) million, accounting for 11.5 (13.7) % of net sales.
- The Healthy Ingredients Unit's net sales totalled EUR 21.8 (21.3) million.
  EBIT was EUR 1.3 (2.4) million, accounting for 6.2 (11.0) % of net sales.
- The Group's cash flow from business operations after financial items and taxes were EUR 4.5 (-0.8) million.
- The Group's outlook for 2019 remains unchanged.

KEY FIGURES OF THE GROUP

		1-3/2019	1-3/2018	1-12/2018
Net sales	M€	49.9	49.7	228.2
Change in net sales	%	0.4	-4.1	-2.7
Comparable EBIT	M€	5.0	6.3	25.6
Comparable EBIT of net sales	%	10.0	12.6	11.2
EBIT	M€	5.0	4.4	16.6
EBIT of net sales	%	10.0	8.8	7.3
Comparable EBITDA	M€	6.6	7.7	31.3
EBITDA	M€	6.6	5.8	31.0
Comparable earnings per share	€	0.03	0.03	0.12
Earnings per share	€	0.03	0.02	0.08

PRESIDENT AND CEO PEKKA KUUSNIEMI:

It has now been 80 years since Raisio was founded. In 2019, our completely reorganised company is living the year zero, with a clear focus. Last year, we built basic pillars for our operations: purpose, values and strategy with a closely related responsibility programme. Based on these pillars, the company structure has been thoroughly examined and transformed to support the growth goals of the future. The strategy is built on the company's long-term, strong areas of knowledge, i.e., the cholesterol-lowering market leader Benecol and strongly megatrend-driven oats with related expertise and innovations of the company.

Responsibilities of our business units, Healthy Food and Healthy Ingredients, corresponding to the new structure are based on a clear division between the business ideas. Healthy Food focuses on the branded consumer products with European retail chains as customers.
The Healthy Ingredients organisation operates in the global B-to-B field with ingredients creating added value to Raisio's customers. With this business division, we make our operations considerably more customer-oriented and transparent, organic growth being our main goal.

Implementation of the strategy started immediately after its release. I am happy to say that the strategy was well received by the whole organisation; the staff have started its determined implementation in the review period. One of the major events during the review period was the signing of a frame agreement with an Italian Dr. Schär, a global leader in gluten-free foods. Combined expertise of the companies opens new interesting business opportunities for both far into the future.

In the review period, we continued our product price increases due to rapid, unprecedented rise in raw material prices last autumn. The latest price increases will be fully effective in the second quarter while the impact of the rise in raw material prices can still be seen in the comparable EBIT of the review period. However, the margin has developed to the right direction during the review period and we will see, already in the second quarter, a positive effect on the company's full-year performance.

The setbacks Raisioaqua faced last year are behind us now. Customer loyalty has remained at a good level and with our competitive advantages, such as the Baltic Blend feeds and Benella brand, we expect strongly upbeat performance. In the Q1s, there is hardly any demand for fish feeds. However, expenses are arising as the business is preparing for the season. As the year progresses and the waters warm up, the investments start to produce when the fish start to eat again. In terms of sales, the Q3 is typically the best of the season.

The ongoing uncertainty with the Brexit solution keeps our organisation busy. A significant part of the Benecol brand net sales is generated in the UK and we are maintaining our ability to secure uninterrupted availability of products to the Benecol consumers in the event of possible import-related delays.

FINANCIAL REPORTING

At the beginning of 2019, Raisio renewed the reportable segments to correspond the Group's business structure. The Group's new reportable segments are Healthy Food, Healthy Ingredients and Other Operations. The reportable figures are for the continuing operations. The adoption of the IFRS 16 did not have a material impact on EBIT.

The Healthy Food segment focuses on the consumer brands with Europe as its key market areas. The segment consists of the following reportable operating segments: Western Europe, Northern Europe, Central and Eastern Europe (previously Northern and Eastern Europe, Western Europe and Rest of the World).

The Healthy Ingredients segment includes the sale of fish feeds and Benecol product ingredient, grain trade, the sale of grain-based products to industrial and catering companies, and the Operations.

Production and supply chain are included in the Operations, which is part of the Healthy Ingredients segment. The production plants of the Healthy Ingredients segment in Raisio and Nokia make consumer products to the Healthy Food Unit. The Healthy Food Unit purchases its intermediary products directly from subcontractors.

For the continuing operations, comparative figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects. The comparison figures in brackets refer to the corresponding period a year earlier unless otherwise stated.

FINANCIAL DEVELOPMENT, continuing operations

Net sales and result

The Raisio Group's net sales totalled EUR 49.9 (49.7) million. Price increases due to higher raw material prices were continued in the review period, and the Group's net sales decline has been stopped. The impacts of implemented price increases will be seen in their entirety during the Q2. International operations accounted for 60.9 (64.9) per cent of the Group's net sales.

The Raisio Group's comparable EBIT amounted to EUR 5.0 (6.3) million, accounting for 10.0 (12.6) per cent of net sales. EBIT was EUR 5.0 (4.4) million, accounting for 10.0 (8.8) per cent of net sales. The EBIT decline was primarily due to the impacts of product price increases on sales volume in certain markets, lower sales in fish feeds than in the comparison period and a contract with the Spanish licensing partner ended at the turn of the year.

The conversion impact of the British pound on the Group's net sales was EUR 0.2 (-0.5) million and EUR 0.0 (-0.1) million on the comparable EBIT. The conversion impact refers to the impact arising when subsidiaries' net sales and EBIT in pounds are converted into euros as part of the consolidated financial statements.

The Group's net financial expenses items were EUR 0.3 (0.1) million.

The Group's comparable pre-tax result was EUR 5.3 (6.4) million, and pre-tax result EUR 5.3 (4.5) million. The Group's comparable post-tax result was EUR 4.1 (4.9) million and post-tax result EUR 4.1 (3.4) million. The Group's comparable earnings per share were EUR 0.03 (0.03), and earnings per share EUR 0.03 (0.02).

BALANCE SHEET, CASH FLOW AND FINANCING, continuing operations

At the end of March, the Raisio Group's balance sheet totalled EUR 336.6 (31 December 2018: 324.4) million. Equity was EUR 248.7 (31 December 2018: 264.8) million, while equity per share totalled EUR 1.58 (31 December 2018: 1.68). Changes in equity are described in detail in the Table section below.

The Group's cash flow from business operations after financial items and taxes totalled EUR 4.5 (-0.8) million. At the end of March, working capital amounted to EUR 33.3 (31 December 2018: 32.2) million.

At the end of March, the Group's interest-bearing debt was EUR 24.6 (31 December 2018: 23.0) million. Net interest-bearing debt totalled EUR -119.6 (31 December 2018: -119.2) million.

At the end of March, Raisio's financial assets recognised at fair value through profit or loss, and cash and cash equivalents totalled EUR 144 million. The company's strong cash position enabled the dissolution of the binding, however undrawn, revolving credit facility of EUR 50 million in January 2019. Cash reserves are diversified into deposits in Nordic banks or otherwise low-risk investments.

Raisio's investments totalled EUR 2.4 (0.9) million, or 4.8 (1.8) per cent of net sales.

At the end of March, the Group's equity ratio totalled 74.3 (31 December 2018: 81.7) per cent and net gearing was -48.1 (31 December 2018: -45.0) per cent. Return on investment (ROIC) was 10.0 (9.9) per cent. The Raisio Group has decided to present ROIC as its productivity indicator.

In 2019, Raisio plc paid EUR 25.2 (26.6) million in dividends for 2018.

Key figures for the balance sheet and financing

		31/03/2019	31/03/2018	31/12/2018
Cash flow from operations	M€	4.5	-0.8	11.5
Equity ratio	%	74.3	66.8	81.7
Net gearing	%	-48.1	-40.5	-45.0
Net interest-bearing debt	M€	-119.6	-98.4	-119.2
Equity per share	€	1.58	1.54	1.68
Investments	M€	2.4	0.9	5.6
Return on investment (ROIC)	%	10.0	9.9*	8.1

* includes discontinued operations

PERSONNEL, continuing operations

At the end of March, the Raisio Group's continuing operations employed 325 (335) people. The Healthy Food Unit had 103 (109), Healthy Ingredients Unit 159 (159) and Other Operations 63 (67) employees. 21 (23) per cent of the personnel were working in Raisio's foreign operations.

OPERATING ENVIRONMENT

Global phenomena, such as climate change, Earth's limited resources, demographic change, technological breakthroughs and faster information flow have an impact on consumers' everyday life and their purchasing decisions. This can be seen in many ways: consumers make responsible choices, invest in health throughout the life and increase their purchases of easy-to-use products suitable for busy everyday life.

When choosing responsibly produced food, consumers' pay attention, increasingly clearly, to the entire life-cycle of the product, including raw materials, production, distribution, product use, package and its recyclability, and food waste.

The consumption of farmed fish is expected to continue strong. The EU aims to increase the production of farmed fish by five per cent annually. Finland and Sweden aim to double the aquaculture production over the next few years. Russia, too, is seeking a clear growth in the aquaculture production. At the moment, only about 20 per cent of the fish used in Finland is farmed in Finland.

Global megatrends support Raisio's growth strategy and its focus on responsibly produced healthy food.

PRODUCT DEVELOPMENT

The Group's research and development expenses were EUR 1.0 (0.6) million, accounting for 2.0 (1.2) per cent of net sales.

Food is at the core of Raisio's operations. Raisio's product development in foods is guided by the principles defined in the company's Purpose: good taste, healthiness, heart health, overall well-being and sustainable development. We make responsibly produced, healthy and tasty food for each moment of the day to make consumers' busy everyday life easier. We determinedly develop our product range to better meet customer needs.

Raisioaqua, Raisio’s fish feed business, focuses on products and services that ensure the fish well-being and production efficiency while promoting responsible fish farming. We identify and, where possible, introduce new responsible raw materials for our fish feeds. The digital application Growth Sonar (Kasvuluotain) creates added value to fish farmers through its versatile functionalities.

PRODUCT CATEGORY DEVELOPMENT AND STRATEGIC CONSUMER BRANDS

Raisio is actively working to further develop product categories and to support growth. The Healthy Food Unit’s significant products groups are, for example, cholesterol-lowering products, flakes and snack biscuits. The base for the development of product categories consists of consumer and customer insight with growth-promoting measures.

As part of its product category work, Raisio has identified several growth opportunities, of which the most interesting are: added value and new innovations to be built around the oat products, product concepts focusing on healthiness and new Benecol product categories inspiring new consumers in cholesterol lowering.

Benecol is Raisio’s most international brand. Our goal is to grow and strengthen Benecol’s position in the company's own main markets in the UK, Ireland, Belgium, Finland and Poland. In addition to its active consumer communications, Raisio works closely together with the health professionals, conveys information about the importance of lowering of elevated cholesterol and encourages to recommend Benecol products, proven safe and effective, as part of the healthy diet.

At the moment, Elovena products are only sold in Finland. Raisio has, however, started the strategy-based work to internationalise the Elovena brand by surveying potential markets. In 2018, Elovena was elected as the most valued oat brand in Finland.

SEGMENT INFORMATION

HEALTHY FOOD UNIT

Profitable growth is the most important strategic goal for the Healthy Food Unit. In 2019, the focus is on the development of the core business. The Healthy Food Unit includes Raisio’s consumer product businesses and the Benecol licensing partnerships in Europe.

Financial review, continuing operations

The Healthy Food Unit’s net sales totalled EUR 34.7 (35.1) million. Net sales for the Healthy Food Unit remained almost at the comparison period level. The remedies in the markets with problems last year are proceeding as planned. Raisio is continuing its determined efforts to turn the business into growth.

Some 36 per cent of the Healthy Food Unit’s net sales were generated in Northern Europe, where Raisio’s well-known brands are Elovena, Benecol, Nordic, Sunnuntai, Nalle, Torino and Provena. Some 48 per cent of net sales were generated from the sale of Benecol products in Western European markets. The rest of net sales, some 16 per cent, were generated in the Central and Eastern Europe where Benecol and Nordic are Raisio's well-known brands.

The Healthy Food Unit’s comparable EBIT totalled EUR 4.0 (5.0) million, accounting for 11.5 (14.1) per cent of net sales. EBIT was EUR 4.0 (4.8) million, accounting for 11.5 (13.7) per cent of net sales. The negative impact of the price increases in raw materials could still be seen in EBIT. However, the margin developed to the right direction in the review period.

The conversion impact of the British pound on the Healthy Food Unit's net sales was EUR 0.2 (-0.5) million and EUR 0.0 (-0.1) million on the comparable EBIT. The conversion impact refers to the impact arising when subsidiaries' net sales and EBIT in pounds are converted into euros as part of the consolidated financial statements.

Key figures for the Healthy Food Unit, continuing operations

		1-3/2019	1-3/2018	1-12/2018
Net sales	M€	34.7	35.1	137.7
Western Europe	M€	16.5	16.7	66.4
Northern Europe	M€	12.5	12.5	49.4
Central and Eastern Europe	M€	5.7	5.9	21.8
Comparable EBIT	M€	4.0	5.0	16.1
Comparable EBIT	%	11.5	14.1	11.7
EBIT	M€	4.0	4.8	17.1
EBIT	%	11.5	13.7	12.4
Net assets	M€	86.4	85.2	85.1

Items affecting comparable EBIT, continuing operations, EUR million

	1-3/2019	1-3/2018	1-12/2018
Comparable EBIT	4.0	5.0	16.1
+ capital gain	-	-	1.2
- capital loss	-	-	-
- impairment, tangible and intangible assets	-	-	-
- impairment, inventories	-	-	-
+/- structural arrangements and streamlining projects	-	-	-
+/- other items	-	-0.2	-0.2
Items affecting comparability, in total	0.0	-0.2	1.0
EBIT	4.0	4.8	17.1

Business operations

Western Europe

Net sales for the Western European operations amounted to EUR 16.5 (16.7) million. The key markets include the UK, Ireland and Belgium.

In the UK, Benecol is the market leader in the cholesterol-lowering category with its over 60 per cent market share. In the review period, Benecol's net sales were at the comparison period level. Early this year, competitors invested particularly in the campaigning of spreads. Sales in pounds for the Benecol spreads and yogurt drinks were at the comparison period level, while in yogurts, sales were clearly down. The Benecol snack bars, launched last year, expanded successfully the Benecol product range and sales have been in line with targets. Sales in the Benecol snack bars expanded to pharmacies and impuls channels.

Annual price negotiations in the Western European markets took longer than planned, which led to the cancellation of some Benecol campaigns. In the review period, Raisio launched a marketing campaign Switch to Wonderful that aims to increase Benecol awareness, get new consumers and raise awareness of the importance of cholesterol lowering. The campaign has gained plenty of coverage in key media.

In Ireland, Raisio is the market leader in the cholesterol-lowering foods with its market share of over 60 per cent. Last autumn, Raisio took the Irish business into its own hands and the cooperation with the long-term distributor ended. Overall development of the business has been started. The goal is to turn the declining sales of recent years into growth. Net sales for the review period were at the comparison period level and as for the net sales development, the outlook for the rest of 2019 is positive.

In Belgium, the goal is to turn the business into clear growth. Net sales for the review period were at the comparison period level.

Northern Europe

Net sales for the Northern European operations amounted to EUR 12.5 (12.5) million. The key markets are Finland, Sweden and the Baltic countries.

Good sales in Elovena, Benecol and Torino novelties clearly increased net sales in Finland. The product price increases due to significantly higher prices of grain raw materials continued also in the review period.

In Finland, strong sales growth in Benecol products continued. Sales increased by almost 10 per cent from the comparison period. Consumers have welcomed new Greek Style Yogurts and snack bars; the Benecol product range was expanded to new categories. Sales in Benecol yogurt drinks also continued to grow.

Sales in Elovena snack biscuits increased by about 20 per cent, especially due to good sales of the new flavour. Early 2019, Raisio invested heavily in the marketing and sales of Elovena Muru Oat Mince launched in the autumn 2018. At the end of April 2019, after the review period, Raisio expanded the range of Elovena Oat Mince products by launching Minced Oat Patties. Sales volume in the Elovena basic range was down from the comparison period, mainly due to products available last year, now discontinued, intensified competition and changes in the selections of the retail chains.

Intensified competition and price increases due to rising raw material prices led to a decline in sales of Sunnuntai flours. Early 2019, Raisio renewed the Sunnuntai brand design. With this renewal, the aim is to attract especially younger consumers to bake. The good sales development in new Torino vegetable pastas continued.

Central and Eastern Europe

Net sales for the Central and Eastern European operations, with Russia and Poland as the key markets, totalled EUR 5.7 (5.9) million. The Benecol licensing partnerships in Europe are also reported in the Central and Eastern European operations.

Most of Raisio’s sales in Russia come from the Nordic oat products with premium pricing. The net sales decline has been stopped. Raisio has implemented the product price increases corresponding to the rise in grain prices; the last increases took place early this year. In Russia, EBIT was clearly positive and at the comparison period level. Raisio’s goal is to turn the sales in Russia into growth.

The slide in the Polish business has been stopped. The adjustment of the organisation and cost structure implemented in 2018 supports the focus on the core business, i.e., the Benecol consumer products. Sales volume was down from the comparison period. In Poland, Raisio conducted test marketing of several product concepts last year. This was discontinued as unprofitable. January-March net sales were clearly down from the comparison period and the business loss halved from the comparison period. Raisio will continue measures to improve business profitability in Poland.

Benecol yogurt drinks made by Raisio's licensing partner were available for a long time in Spain. At the end of 2018, Raisio's licensing agreement with the Spanish partner ended and as a result, Benecol products were not sold in Spain after the beginning of the review period. In its strategy, Raisio has outlined to take over Benecol product markets in Europe in case the situation with a licensing partner changes and the market is important for Raisio.

HEALTHY INGREDIENTS UNIT

Profitable growth is the most important strategic goal for the Healthy Ingredients Unit. The Healthy Ingredients Unit includes the sale of fish feeds and the Benecol product ingredient, grain trade, and the sale of grain-based products and ingrediens to industrial and catering companies.

Financial review, continuing operations

Net sales for the Healthy Ingredients Unit totalled EUR 21.8 (21.3) million. Finland accounted for about 50 % of the net sales of the Healthy Ingredients Unit.

The Healthy Food Unit's EBIT amounted to EUR 1.3 (2.4) million, accounting for 6.2 (11.0) per cent of net sales. The EBIT decline was primarily due to the timing of deliveries and to the decreased licensing sales of the Benecol product ingredient.

Key figures for the Healthy Ingredients Unit, continuing operations

		1-3/2019	1-3/2018	1-12/2018
Net sales	M€	21.8	21.3	116.6
EBIT	M€	1.3	2.4	12.9
EBIT	%	6.2	11.0	11.0
Net assets	M€	53.2	44.5	48.5

Business operations

Fish feeds

Fish growth and feeding season start in the spring and end, under normal conditions, late in the autumn after the waters have cooled down. At the end of March, the first batches were delivered to Russia to build buffer stocks for distributors and Raisioaqua's own major customers. In the Q1, fish feed deliveries were down from the strong comparison period. However, the full-year sales are expected to grow clearly from the comparison period. Raisioaqua's partnerships with all the major Russian customers continue this year.

A record number of fish farmers attended Raisioaqua's customer events in Finland and Russia. Sustainable high-quality feeds, the Benella concept and the unique application Growth Sonar (Kasvuluotain) have increased Raisioaqua's attractiveness.

Raisioaqua continued its strong investment in the further development of the application Growth Sonar. During the winter, the application was added with a functionality enabling the control of feeding machines in the farms. Over the years, Growth Sonar has become a control system for fish farms covering, for example, feeding planning, monitoring of fish feeding and growth, and practical implementation of feeding plans. Dozens of customers already use the application in the Raisioaqua's key markets, Finland and Russia.

The popularity of Raisioaqua's Benella concept increased. With the growing consumer demand for the Benella fish, we have been able to increase the number of Benella farmers every year. During the winter, Raisioaqua signed several agreements with new wholesalers supplying the Benella fish. With the new wholesalers, the range of consumer products made of the Benella fish is extending. Benella fish is available in many distribution channels across Finland and the distribution is expected to further expand this year. In Sweden, the Benella fish is served in more than 60 restaurants in Stockholm region, mainly in sushi restaurants.

BtoB sales of grain-based products

Sales increased in Raisio's oat-based products to Finnish bakeries and to industrial and catering customers, which is a sign of growing demand and supply for healthy, plant-based food. Due to the exceptionally sharp rise in prices for grain raw materials, Raisio raised its product prices, which led to a slight drop in the volume of wheat flour sales. Bulk wheat flour is a product category with high volumes and low margins.

Raisio's export of oat-based foods an ingredients increased clearly. It is still, however, small compared to other sales of grain-based foods. Raisio developed its sales and marketing concepts of food exports when preparing for the strong export growth of oat-based products.

Benecol product ingredient sales to licensing partners

As part of its strategy work, Raisio has assessed the functionality of the current Benecol licensing model. The licensing model remains one way to provide consumers with Benecol products in the markets where Raisio does not operate itself, and especially outside Europe. The volume of plant stanol ester, the Benecol product ingredient, sold to licensing partners has significantly declined in recent years while the number of partners has decreased. Raisio continues to further develop its licensing model in 2019.

In January-March, Raisio did not deliver plant stanol ester to its licensing partners in Asia and the Americas, as the deliveries will place in the coming quarters. In the US, Raisio's licensing partner continues the sale of Benecol Soft Chew from the Amazon online store.

Grain trade

Despite the exceptionally low harvest in 2018, Raisio managed to get enough grain for its own productions. The exceptionally sharp rise in grain prices levelled off in the review period but the price level remains high. Raisio did not export grain in the review period because the conditions did not yet exist for profitable grain exports.

SHARES AND SHAREHOLDERS

The number of Raisio plc's free shares traded on NASDAQ OMX Helsinki Ltd in January-March totalled 12.0 (13.9) million. The value of trading was EUR 30.3 (56.8) million and the average price EUR 2.53 (4.09). The closing price on 31 March 2019 was EUR 2.50.

A total of 0.3 (0.5) million restricted shares were traded in January-March. The value of trading was EUR 0.8 (2.1) million and the average price EUR 2.61 (4.09). The closing price on 31 March 2019 was EUR 2.45.

On 31 March 2019, the company had a total of 37,027 (31 December 2018: 36,448) registered shareholders. Foreign ownership of the entire share capital was 20.8 (31 December 2018: 23.4) per cent. Raisio plc's market capitalisation at the end of March totalled EUR 410.6 (31 December 2018: 386.5) million and, excluding the company shares held by the company, EUR 391.1 (31 December 2018: 368.2) million.

During the review period, a total of 15,000 restricted shares were converted into free shares. At the end of the review period, the number of issued free shares was 133,372,860 while the number of restricted shares was 31,776,170. The share capital entitled to 768,896,260 votes.

At the end of the review period, Raisio plc held 7,595,246 free shares and 212,696 restricted shares acquired, on the other hand, between 2005 and 2012 based on the authorisations given by the Annual General Meeting and, on the other, obtained through the subsidiary merger in August 2014 or transferred to the company because the right to receive a merger consideration has expired. The number of free shares held by Raisio plc accounts for 5.7 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, these shares represent 4.7 per cent of the entire share capital and 1.5 per cent of overall votes. Other Group companies hold no Raisio plc shares. A share held by Raisio or its subsidiary does not entitle the holder to participate in the AGM.

Raisio plc and its subsidiaries do not have any shares as collateral and did not have any in the review period.

Raisio plc's Research Foundation holds 150,510 restricted shares, which is 0.47 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.39 per cent of the votes it represents.

The Board of Directors has an authority to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5 000,000 free shares and 1,250,000 restricted shares. he authorisation will be valid until 30 April 2020. Furthermore, the Board of Directors has the authority to decide on share issues by disposing of a maximum of 14,000,000 free shares and a maximum of 1,460,000 restricted shares held by the company as well as by issuing a maximum of 20,000,000 new free shares. The share issue authorisation will be valid until 30 April 2020. The authorisations have not so far been exercised and related details on both are available in the Stock Exchange Release published on 12 February 2019. The authorisation to repurchase own shares and to issue shares given by the 2018 AGM expired on 19 March 2019.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

Raisio plc's Annual General Meeting (AGM) approved the financial statements for the financial year 1 January - 31 December 2018 and granted the members of the Board of Directors and the Supervisory Board as well as the CEO discharge from liability.

As proposed by the Board of Directors, the AGM decided to pay a dividend of EUR 0.16, including an extra dividend of EUR 0.04, for each restricted and free share. The dividend was paid on 3 April 2019 to a shareholder who was entered in the shareholders' register on the record date 21 March 2019. No dividend, however, was paid on the shares that were held by the company at that time.

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Ilkka Mäkelä, Leena Niemistö and Ann-Christine Sundell were reappointed and Pekka Tennilä and Arto Tiitinen were appointed as new members; all for the term commencing at the closing of the AGM.At its meeting held after the AGM, the Board of Directors elected Ilkka Mäkelä as its Chairman and Ann-Christine Sundell as its Vice Chairman.

The Chairman of the Board will be paid a monthly fee of EUR 5,000 and the members a monthly fee of EUR 2,500. Approximately 20 per cent of the fee will be paid with the company's own shares and approximately 80 per cent in cash. The fees are paid in two equal instalments during the term so that the first payment will be made on 15 June and the second on the 15 December. In addition, the Chairman of the Board and the chairmen of the committees elected by the Board of Directors among its members will be paid a fee of EUR 800 for each meeting and EUR 400 for teleconference; the members of the Board will be paid EUR 400 for each meeting and EUR 200 for teleconference; the same fees will be also paid to the members of the Board for the meetings of committees elected by the Board of Directors among its members. Attendance fees are paid in cash. Moreover, they will receive a daily allowance for the meeting days and they will be reimbursed for travel expenses according to the Company's travel policy.

The number of members of the Supervisory Board was confirmed to be 25. John Holmberg, Linda Langh, Jukka Niittyoja, Juha Salonen, Matti Seitsonen, Urban Silén and Mervi Soupas were re-elected as the members of the Supervisory Board for the term commencing at the closing of the AGM.

The annual remuneration payable to the Chairman of the Supervisory Board will be EUR 12,000. The Chairman and the members of the Supervisory Board will receive a payment of EUR 350 for each meeting, in addition to which their travel expenses will be compensated and they will receive a daily allowance for the meeting days according to the Company's travel policy. The Meeting also decided to pay the Chairman of the Supervisory Board a fee of EUR 350 for each attended meeting of the Board of Directors.

Authorised public accountants Esa Kailiala and Kimmo Antonen were elected as regular auditors, and authorised public accountants Niklas Oikia and KPMG Oy Ab were elected as deputy auditors. The auditors' term began at the AGM and will end at the end of the next AGM.

The AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as collateral of a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 30 April 2020.

Furthermore, the AGM authorised the Board of Directors to decide on the share issues (1) by disposing of a maximum of 14,000,000 free shares and a maximum of 1,460,000 restricted shares held by the company, and (2) by issuing a maximum of 20,000,000 new free shares. The share issue authorisations will expire on 30 April 2020.

The details of the authorisations are available in the Stock Exchange Release published on 12 February 2019.

CHANGES IN GROUP STRUCTURE

Raisio plc has agreed with all Benemilk Ltd's minority shareholders that Benemilk Ltd is wholly owned by Raisio plc from February 2019. At the same time, the parties agreed to divide the IPR portfolio related to the Benemilk innovation. Benemilk Ltd has no operational business.
As the company already earlier announced in connection of the cattle feed business divestment, the Benemilk license was transferred to Lantmännen Feed Ltd (previously Raisioagro Ltd).

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

As an international food chain operator, Raisio's operations are affected by the overall economic development and consumer demand. Raisio estimates that the grocery market will remain fairly stable compared to other sectors in the company's key markets. However, the decline in consumer purchasing power resulting from, e.g. import duties, sanctions and exchange rate changes, may pose challenges for the company's businesses. Changes in the retail sector and intensifying competition are a challenge for the food industry too, through sales prices and sales terms in all Raisio's main markets.

Changes in the availability, quality and price of our key raw materials, such as grains, are a major challenge for Raisio's operations. Extreme weather events linked to climate change have an impact on the grain harvest expectations, supply, demand and price. Changes in supply, demand, quality and price of other key raw materials, such as sterols and soy products, are challenges for Raisio's operations. Extreme weather events, such as long heatwaves, pose a challenge to Raisioaqua's fish feed business in the company's main markets, Finland and Northwest Russia.

Preparing for Brexit is particularly important for Raisio as the UK is the biggest market for the Benecol products. Raisio has assessed the key risks related to the Brexit implementation options and necessary adjustment measures. Brexit together with possible changes in the subcontracting chain and licensing expose especially Benecol business to availability, price, currency and market risks that may lead to reorganisation so that the profitability of supply chain and business can be secured.

Changes in exchange rates have an impact on Raisio's net sales and EBIT, directly and indirectly. They may also affect the utilisation rates of Raisio's production plants through changes in demand. Changes in the Raisio's key currencies affect the results of the Group's subsidiaries, largely due to the purchases of the Benecol business. Volatility in the external value of the rouble affects the export of both fish feeds and flake products.

Currency conversions also affect Raisio's reported net sales and EBIT. With the currency conversion, particularly the changes in the UK pound have a major impact as a significant part of Raisio's net sales and EBIT are generated in the UK-based subsidiary.

To ensure business growth and profitability, Raisio may carry out corporate restructuring, significant investments and/or other projects that may result in significant items affecting comparability.

OUTLOOK FOR 2019

The Group's outlook remains unchanged. In 2019, Raisio expects its net sales for continuing operations to grow (2018: EUR 228.2 million) and comparable EBIT to be over 10 per cent of net sales.

Raisio will continue its investments in the brands, R&D and the company's own production in its most important product categories.

In Raisio, 8 May 2019
Raisio plc
Board of Directors

Further information:
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CEO's video in English is available on Raisio's web site at www.raisio.com.

Raisio's financial releases in 2019
- Interim Report for January-June published 7 August 2019
- Interim Report for January-September 6 November 2019

The interim report has not been audited.

TABLE SECTION

THE GROUP'S INCOME STATEMENT (M€)

	1-3/2019	1-3/2018	1-12/2018
Net sales	49.9	49.7	228.2
Cost of sales	-35.1	-33.3	-161.0
Gross profit	14.8	16.4	67.3
Other operating income and expenses, net	-9.8	-12.1	-50.7
EBIT	5.0	4.4	16.6
Financial income	0.7	0.5	1.4
Financial expenses	-0.4	-0.4	-2.2
Result before taxes	5.3	4.5	15.7
Income taxes	-1.1	-1.1	-3.7
Result for the period	4.1	3.4	12.1
Attributable to			
Equity holders of the parent company	4.1	3.4	12.1
Non-controlling interests	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)			
Undiluted earnings per share	0.03	0.02	0.08
Diluted earnings per share	0.03	0.02	0.08

THE GROUP'S COMPREHENSIVE INCOME STATEMENT (M€)

	1-3/2019	1-3/2018	1-12/2018
Result for the period	4.1	3.4	12.1
Other comprehensive income items			
Items that will not be reclassified to profit or loss			
Change in fair value of equity investments	0.4	0.2	0.1
Tax impact	-0.1	0.0	0.0
Items that may be subsequently transferred to profit or loss			
Change in value of cash flow hedging	-0.3	-1.0	0.0
Change in translation differences related to foreign companies	4.7	1.2	-1.3
Tax impact	0.1	0.2	0.0
Comprehensive income for the period	9.0	4.0	10.8
Components of comprehensive income			
Equity holders of the parent company	9.0	4.0	10.8
Non-controlling interests	-	-	-

THE GROUP’S BALANCE SHEET (M€)

ASSETS	**31/03/2019**	**31/03/2018**	**31/12/2018**
Non-current assets			
Intangible assets	34.2	43.4	33.3
Goodwill	48.1	47.1	46.1
Tangible assets	38.0	35.1	35.1
Equity investments	2.7	2.3	2.2
Deferred tax assets	2.3	2.5	2.3
Total non-current assets	125.2	130.3	118.9
Current assets			
Inventories	39.4	30.4	34.9
Accounts receivables and other receivables	27.5	28.7	28.0
Financial assets at fair value through profit or loss	87.2	3.2	89.3
Cash and bank receivables	57.2	141.3	53.1
Total current assets	211.4	203.6	205.5
Non-current assets available for sale	-	30.2	-
Total assets	336.6	364.2	324.4
SHAREHOLDER’S EQUITY AND LIABILITIES	**31/03/2019**	**31/03/2018**	**31/12/2018**
Equity attributable to equity holders of the parent company			
Share capital	27.8	27.8	27.8
Own shares	-19.8	-19.8	-19.8
Other equity attributable to equity holders of the parent company	240.7	235.1	256.8
Equity attributable to equity holders of the parent company	248.7	243.0	264.8
Non-controlling interests	-	-	-
Total shareholder’s equity	248.7	243.0	264.8
Non-current liabilities			
Deferred tax liabilities	4.2	5.3	4.0
Provisions	1.2	1.1	1.1
Non-current financial liabilities	0.9	22.9	0.1
Total non-current liabilities	6.2	29.4	5.2
Current liabilities			
Accounts payable and other liabilities	57.9	59.8	31.4
Derivative contracts	0.0	1.1	0.0
Current financial liabilities	23.8	23.0	22.9
Total current liabilities	81.6	83.9	54.4
Debts related to non-current assets available for sale	-	7.9	-
Total liabilities	87.8	121.2	59.6
Total shareholder’s equity and liabilities	336.6	364.2	324.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
Shareholders' equity on 1 Jan 2018	**27.8**	**2.9**	**88.6**	**8.9**	**-1.6**	**-19.8**	**-18.5**	**175.8**	**264.0**	**0.0**	**264.0**
Impact of new IFRS 2 standard	-	-	-	-	-	-	-	0.7	**0.7**	-	**0.7**
Adjusted opening balance on 1 Jan 2018	**27.8**	**2.9**	**88.6**	**8.9**	**-1.6**	**-19.8**	**-18.5**	**176.5**	**264.7**	**0.0**	**264.7**
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	4.6	**4.6**	-	**4.6**
Other comprehensive income items											
Change in fair value of equity investments	-	-	-	-	0.2	-	-	-	**0.2**	-	**0.2**
Change in value of cash flow hedging	-	-	-	-	-1.0	-	-	-	**-1.0**	-	**-1.0**
Change in translation differences related to foreign companies	-	-	-	-	-	-	1.2	-	**1.2**	-	**1.2**
Tax impact	-	-	-	-	0.2	-	-	-	**0.2**	-	**0.2**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-0.7**	**0.0**	**1.2**	**4.6**	**5.1**	**0.0**	**5.1**
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-26.7	**-26.7**	-	**-26.7**
Share-based payments	-	-	-	-	-	-	-	-0.1	**-0.1**	-	**-0.1**
Total business activities involving shareholders	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-26.8**	**-26.8**	**0.0**	**-26.8**
Shareholders' equity on 31 March 2018	**27.8**	**2.9**	**88.6**	**8.9**	**-2.3**	**-19.8**	**-17.3**	**154.2**	**243.0**	**0.0**	**243.0**
Shareholders' equity on 1 Jan 2019	**27.8**	**2.9**	**88.6**	**8.9**	**-1.6**	**-19.8**	**-19.8**	**177.7**	**264.8**	**0.0**	**264.8**
Comprehensive income for the period											
Result for the period	-	-	-	-	-	-	-	4.1	**4.1**	-	**4.1**
Other comprehensive income items											
Change in fair value of equity investments	-	-	-	-	0.4	-	-	-	**0.4**	-	**0.4**
Change in value of cash flow hedging	-	-	-	-	-0.3	-	-	-	**-0.3**	-	**-0.3**
Change in translation differences related to foreign companies	-	-	-	-	-	-	4.7	-	**4.7**	-	**4.7**
Tax impact	-	-	-	-	0.0	-	-	-	**0.0**	-	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**4.7**	**4.1**	**9.0**	**0.0**	**9.0**
Business activities involving shareholders											
Dividends	-	-	-	-	-	-	-	-25.2	**-25.2**	-	**-25.2**
Share-based payments	-	-	-	-	-	-	-	0.2	**0.2**	-	**0.2**
Total business activities involving shareholders	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-25.0**	**-25.0**	**0.0**	**-25.0**
Shareholders' equity on 31 March 2019	**27.8**	**2.9**	**88.6**	**8.9**	**-1.4**	**-19.8**	**-15.2**	**156.9**	**248.7**	**0.0**	**248.7**

CONSOLIDATED CASH FLOW STATEMENT (M€)

CASH FLOW FROM BUSINESS OPERATIONS	**1-3/2019**	**1-3/2018**	**1-12/2018**
Result before taxes	5.3	4.5	15.7
Adjustments:			
Planned depreciations	1.6	1.4	5.6
Financial income and expenses	-0.3	-0.1	0.8
Other adjustments	0.2	-0.1	7.7
Total adjustments	1.5	1.2	14.2
Cash flow before change in working capital	6.8	5.7	29.9
Change in working capital			
Increase (-) / decrease (+) in current receivables	1.4	1.2	1.3
Increase (-) / decrease (+) in inventories	-4.4	-7.2	-11.8
Increase (+) / decrease (-) in current interest-free liablities	1.8	1.4	-0.1
Total change in working capital	-1.1	-4.6	-10.6
Cash flow from business operations before financial items and taxes	5.6	1.0	19.4
Interest paid and payments for other financial expenses from business operations	-0.2	-0.4	-1.9
Dividends received from business operations	0.2	0.1	0.2
Interest received and other financial income from business operations	0.1	0.5	0.7
Other financial items, net	0.3	0.0	0.0
Income taxes paid	-1.5	-2.1	-6.8
Cash flow from business operations	4.5	-0.8	11.5
CASH FLOW FROM INVESTMENTS			
Investment in tangible assets	-2.1	-0.9	-5.2
Investment in intangible assets	-0.1	-0.4	-0.9
Income from intangible and tangible commodities	0.0	0.0	1.2
Investments in securities	0.0	-	-
Net cash flow from investments	-2.2	-1.2	-4.9
Cash flow after investments	2.3	-2.0	6.7
CASH FLOW FROM FINANCIAL OPERATIONS			
Other financial items, net	-	-	0.0
Lease payments	-0.2	0.0	0.0
Repayment of non-current loans	-	-	-22.9
Dividends and other profit distribution paid to shareholders of the parent company	-	-	-26.6
Net cash flow from financial operations	-0.2	0.0	-49.4
CHANGE IN LIQUID FUNDS	-0.2	-2.0	-42.8
Liquid funds at the beginning of the period	142.1	151.0	151.0
Impact of changes in exchange rates	1.5	-0.1	-0.7
Impact of changes in market value of the liquid funds	0.0	0.0	0.0
Impact of the discontinued cattle feed business	-1.4	-4.5	34.7
Liquid funds at the end of the period	144.2	144.3	142.1

NOTES TO THE INTERIM REPORT

Accounting principles and presentation of figures

Raisio plc's Interim Report for January-March 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting regulations. In the preparation of the Interim Report, Raisio plc has followed the same accounting principles as in the 2018 Financial Statements with the exception of the standard amendments and interpretations concerning Raisio plc that came into effect in 2019. These are described in more detail under "Impact of new and revised standards".

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on the management's best knowledge of current events, actual results may differ from the estimates.

Compared to the 2018 Financial Statements, there have been no significant changes in the accounting principles or uncertainties included in the estimates requiring management's judgement other than the adoption of IFRS 16. The most important areas where the management has exercised judgement in applying the IFRS 16 are related to the determination of discount rate and the length of leases of indefinite duration.

Interim Report is shown in EUR millions.

Impact of new and revised standards and interpretations

The Raisio Group has adopted IFRS 16 Leases introduced by International Accounting Standards Board, effective from 1 January 2019. The new standard replaced the IAS 17 and related interpretations. As a result of the IFRS 16 adoption, almost all leases are recognised in the balance sheet, with the two exemptions included in the standard relating to short-term contracts of less than 12 months and contracts of low value. The classification for operating and financial leasing agreements was removed. The lessee recognises on the balance sheet the fixed asset item based on its right to use the item as well as the lease liability based on its obligation to pay rent.

New entries for right-of-use assets and financial liabilities concerning lease agreements relating to warehouses, business premises and vehicles were recognised in the Raisio Group's balance sheet. The Group recognises depreciations on the right-of-use asset items and interest expense on the lease debt instead of the rental expense previously linearly recognised.

From the lessor's perspective, the reporting remains similar to the IAS 17, i.e., leases continue to be classified for finance lease agreements and other leases. The Raisio Group has no significant leases as a lessor.

In the transition, the Raisio Group applied the simplified approach included in the IFRS 16.
The right-of-use assets and lease liabilities recognised in the balance sheet are equal at the time of the transfer, when no adjustment was recognised in the retained earnings of the opening balance sheet and no comparative information was adjusted. Raisio applied both the reliefs of IFRS 16 mentioned above and for these contracts, the company recognised no right-of-use assets or lease liabilities in the balance sheet. In addition, the Group used the practical expedient that allowed the use of hindsight to determine the lease period if the contracts included extension or termination options.

Impact of new and amended standards on the Group's opening balance sheet (M€)

	Balance sheet 31/12/2018	Adjustments	Opening balance 01/01/2019
ASSETS			
Non-current assets			
Tangible assets	35.1	1.8	36.9
Total assets	35.1	1.8	36.9
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity	264.8	-	264.8
Total shareholder's equity	264.8	-	264.8
Long-term lease liabilities	0.0	1.0	1.0
Short-term lease liabilities	0.0	0.8	0.8
Total current liabilities	0.0	1.8	1.8

Right-of-use assets and lease liabilities (M€)

	01/01/2019
Right-of-use assets, warehouse and commercial premises	1.1
Right-of-use assets, cars and machines	0.7
Right-of-use assets, total	1.8
Long-term lease liabilities	1.0
Short-term lease liabilities	0.8
Lease liabilities, total	1.8

The table below shows the lease obligations arising from operating leases presented in the 2018 Financial Statements when applying IAS 17 and the reconciliation between the lease liabilities entered in the balance sheet on 1 January 2019. The interest rate of Group's external loan has been used to determine the lease liabilities recognised in the balance sheet. The interest rate was 1.2 per cent.

Reconciliation of lease liabilities (M€)

	01/01/2019
Operating lease commitments at 31 December 2018	1.9
Discounted on the interest rate of Group's loan interest of 1.2%	-0.1
Low-cost leases recognized as expenses	-0.1
1 January 2019 IFRS 16 lease liability	1.8

Thus, the adoption of the IFRS 16 will have no material impact on Raisio Group's consolidated financial statements.

The IFRS 16 adoption slightly improved the EBIT of the first quarter. Instead of the rental expense recognised under the previous IAS 17 accounting practice, a depreciation of the right-of-use asset and an interest expense on the lease liability presented in the financial expenses have been recognised in the income statement. The adoption of the new standard also affected the presentation of the cash flow statement when, under IFRS 16, payments of the lease liability are presented in the cash flow from financing activities and the related interest expense in the cash flow from operations. Previously, the leasing payments were presented in full in the cash flow from operations before financial items and taxes. The change improved the cash flow from operations by EUR 0.2 million.

Other standard changes and new IFRIC interpretations adopted as of 1 January 2019 will have no impact on the Raisio Group's consolidated financial statements.

New and revised standards and interpretations applicable to future financial periods

New or revised standards applicable to future financial periods are not expected to have a significant impact on the Raisio Group's financial statements.

Alternative key figures and items affecting comparability

The Group presents alternative key figures to describe the financial performance and position of its businesses as well as cash flows to improve the comparability between different periods and to increase understanding of the formation of the company's earnings and its financial position.

The alternative figure is derived from the IFRS financial statements. It is possible to present items affecting comparability and to calculate alternative key figures without items affecting comparability in the Board of Directors' report, Financial Statements Bulletin, Half-Year Reports and Interim Reports.

Items affecting comparability are income or expenses arising as a result of one or rare events. Significant expenses of outside experts related to business acquisitions and business expansion, expenses related to business reorganisation and expenses related to the impairment of assets and their possible repayment are presented as items affecting comparability.

Items affecting comparability are recorded in the income statement according to the matching principle under the income or expense category. The management uses these key figures to monitor and analyse business development, profitability and financial position.

SEGMENT INFORMATION

In order to implement the new strategy released at the end of 2018, Raisio renewed its business structure from the beginning of 2019, due to which the reportable segments also changed. The Raisio Group's new reportable segments, reported as of the Interim Report of January-March 2019, are: Healthy Food, Healthy Ingredients and Other Operations.

The Healthy Food segment focuses on the consumer brands with Europe as its market area. The Healthy Food segment consists of the following operating segments: Northern Europe, Central and Eastern Europe, and Western Europe (previously Northern and Eastern Europe, Western Europe and Rest of the World).

The Healthy Ingredients segment includes the sale of fish feeds and the Benecol product ingredient as well as the sale of grain-based foods and their ingredients to industrial and catering companies. In addition, production, procurement and supply chain are reported as part of the Healthy Ingredients segment. The production plants in Raisio and Nokia, included in the Operations under the Healthy Ingredients segment, make consumer products to the Healthy Food Unit. The Healthy Food Unit purchases its intermediary products directly from subcontractors.

For the continuing operations, comparative figures for previous periods have been adjusted in terms of the income statement, cash flow statement and some key figures. For the segment reporting, the previous period figures have been adjusted in essential respects.

Revenue by segment, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Healthy Food			
Western Europe	16.5	16.7	66.4
Northern Europe	12.5	12.5	49.4
Central and Eastern Europe	5.7	5.9	21.8
Total Healthy Food	34.7	35.1	137.7
Healthy Ingredients	21.8	21.3	116.6
Other operations	0.4	0.4	1.5
Interdivisional net sales	-7.0	-7.1	-27.5
Total net sales	49.9	49.7	228.2

EBIT by segment, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Healthy Food	4.0	4.8	17.1
Healthy Ingredients	1.3	2.4	12.9
Other operations	-0.3	-2.8	-13.5
Total EBIT	5.0	4.4	16.6

Net assets by segment, continuing operations (M€)

	31/03/2019	31/03/2018	31/12/2018
Healthy Food	86.4	85.2	85.1
Healthy Ingredients	53.2	44.5	48.5
Other operations and unallocated items	109.1	113.2	131.2
Total net assets	248.7	243.0	264.8

Investment by segment, continuing operations (M€)

	31/03/2019	31/03/2018	31/12/2018
Healthy Food	0.0	0.1	0.3
Healthy Ingredients	2.2	0.5	4.3
Other operations	0.2	0.3	1.0
Total investments	2.4	0.9	5.6

SALES REVENUE

Revenue by country, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Finland	19.5	17.4	86.1
Great Britain	14.2	16.8	61.5
Other	16.2	15.5	80.6
Total net sales	49.9	49.7	228.2

Net sales by group, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Sales of goods	49.5	49.3	226.3
Sales of services	0.3	0.3	1.3
Royalties	0.1	0.2	0.7
Total net sales	49.9	49.7	228.2

ACQUIRED BUSINESSES, DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Acquired businesses

In the period of 1 January - 31 March 2019 and in 2018, there were no acquired businesses.

Discontinued operations

On 4 May 2018, Raisio announced that it had signed an agreement to sell its cattle feed business to Lantmännen Agro Oy. Raisio's cattle feed business transferred to the new owner, Lantmännen Agro Oy, on 1 November 2018. At the same time, Raisio divested its associate Vihervakka Oy.

The cattle feed business was presented as a discontinued operation in the 2018 Financial Statements.

Comparative figures for earlier periods have been adjusted in terms of the income statement, cash flow statement and some key figures.

Income statement, discontinued operations (M€)

	1-3/2019	1-3/2018	1-12/2018
	Cattle feed	Cattle feed	Cattle feed
Net sales	-	18.1	57.6
Cost of sales	-	-15.2	-49.3
Gross profit	-	2.9	8.4
Income and expenses from business operations	-	-1.5	-4.6
EBIT	-	1.4	3.8
Financial income and expenses	-	-	-
Share of results of associates and joint ventures	-	0.1	-
Result before taxes	-	1.5	3.8
Income taxes	-	-0.3	-0.8
Result of discontinued operations after taxes	-	1.2	3.1
Result of the transfer of discontinued operations after taxes	-	-	12.7
Result for the period from discontinued operations	-	1.2	15.7
Taxes of discontinued operations			
Taxes from result of discontinued operations	-	-0.3	-0.8
Taxes from result of the transfer of discontinued operations	-	-	0.2
Taxes of discontinued operations, total	-	-0.3	-0.6
Earnings per share of discontinued operations	**-**	0.01	0.10

Cash flows, discontinued operations (M€)

	1-3/2019	1-3/2018	1-12/2018
	Cattle feed	Cattle feed	Cattle feed
Cash flow from business operations	-	-4.3	-1.0
Cash flow from investments	-1.4	-0.2	31.2
Cash flow from financing activities	-	-	4.5
Cash flow in total	-	-4.5	34.7

Impact of the discontinued cattle feed business on the Group's financial position 31 March 2018, (M€)

	31/03/2018
Non-current assets	15.2
Inventories	8.9
Short-term receivables	6.1
Assets in total	30.2
Current liabilities	7.9
Liabilities in total	7.9
Discontinued operation, net assets	22.3

Impact of the discontinued cattle feed business on the Group's financial position 31 December 2018, (M€)

	31/12/2018
Non-current assets	15.7
Inventories	7.9
Short-term receivables	5.2
Loans receivables (cash pool)	-4.5
Liquid funds	-
Assets in total	24.3
Current liabilities	7.3
Liabilities in total	7.3
Divested net assets	17.0
Accumulated translation differences	-
Capital gain/loss on the divested business including accumulated translation differences	13.2
Transaction expenses allocated to the divestment	-0.8
Profit impact on EBIT	12.5
Enterprise value	34.0
Investment debt related to factories and other non-interest-bearing items related to net debt	-0.7
Interest-bearing net financial liability of the divested subsidiaries at the time of transfer	4.5
Enterprise value of the shares	30.2
Enterprise value of the shares	30.2
Net interest-bearing debt of the divested subsidiaries at the time of transfer	-4.5
Subsidiary divestments adjusted for cash at the time of transfer	34.7
Cash flow from sales including expenses	34.7
In the cash flow statement	
Subsidiary divestments adjusted for cash at the time of transfer	34.7
Cash flow from investments	-0.4
Cash flow from investments, value added tax	1.4
Cash flow from business operations	-1.0
Cash flow effect in total and repayments of loan receivables	34.7

PROPERTY, PLANT AND EQUIPMENT (M€)

	31/03/2019	31/03/2018	31/12/2018
Acquisition cost at the beginning of the period	272.6	310.7	310.7
Translation differences	0.1	0.0	-0.2
Increase	4.1	0.7	5.0
Decrease	0.0	0.0	-42.9
Assets held for sale	-	-87.6	-
Acquisition cost at end of period	276.9	223.8	272.6
Accumulated depreciation and impairment at the beginning of the period	237.5	260.6	260.6
Translation differences	0.1	0.0	-0.2
Decrease and transfers	0.0	0.0	-27.5
Depreciations and impairment for the period	1.2	1.5	4.6
Assets held for sale	-	-73.3	-
Accumulated depreciation and impairment at end of period	238.9	188.7	237.5
Book value at end of period	38.0	35.1	35.1

PROVISIONS (M€)

	31/03/2019	31/03/2018	31/12/2018
At the beginning of the period	1.1	1.1	1.1
Increase in provisions	0.0	0.0	0.0
Provisions used	0.0	0.0	0.0
At the end of the period	1.2	1.1	1.1

RELATED PARTY TRANSACTIONS (M€)

	31/03/2019	31/03/2018	31/12/2018
Sales to key employees in management	0.0	0.0	0.2
Purchases from key employees in management	0.3	0.1	0.8
Receivables from the key persons in the management	0.0	0.0	0.0
Payables to key management personnel	0.0	0.0	0.0

CONTINGENT LIABILITIES (M€)

	31/03/2019	31/03/2018	31/12/2018
Contingent off-balance sheet liabilities			
Non-cancelable other leases			
Minimum lease payments	0.1	1.3	1.9
Other liabilities	5.5	2.9	2.5
Guarantee liabilities on the Group companies' commitments	26.3	33.1	26.3
Commitment to investment payments	4.2	1.0	2.3

DERIVATIVE CONTRACTS (M€)

	31/03/2019	31/03/2018	31/12/2018
Nominal values of derivative contracts			
Currency forward contracts	83.8	72.5	71.7

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (M€)

The table shows carrying amounts and fair values for each item. The carrying amounts correspond to the consolidated balance sheet values. The principles used by the Group for measuring the fair value of all financial instruments are presented below.

	Carrying amount 31/03/2019	Fair value 31/03/2019	Carrying amount 31/12/2018	Fair value 31/12/2018
Financial assets				
Equity investments*)	2.7	2.7	2.2	2.2
Accounts receivables and other receivables	26.1	26.1	26.8	26.8
Investments recorded at fair value through profit or loss*)	87.0	87.0	89.0	89.0
Liquid funds	57.2	57.2	53.1	53.1
Derivatives*)	0.2	0.2	0.3	0.3
Financial liabilities				
Bank loans	22.9	23.0	22.9	23.1
Lease liabilities	1.7	1.7	0.1	0.1
Accounts payable and other liabilities	25.4	25.4	23.6	23.6
Derivatives*)	0.2	0.2	0.0	0.0

Fair value hierarchy of financial assets and liabilities measured at fair value

Of the financial assets and liabilities measured at fair value *), all except the equity investments are on the level 2. The fair value of the level 2 items is defined by valuation techniques using market pricing valuations provided by the service provider. Equity investments are on the level 3 as their fair value is not based on observable market data.

RECONCILIATIONS RELATED TO CASH FLOW STATEMENT

Other adjustments to cash flows from operations, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Impairment for intangible and tangible fixed assets	-	-	8.7
Impairment for current assets	-	-	-
Divestment losses of subsidiary shares	-	-	-
Capital gains and losses of fixed assets	0.0	-	-1.2
Costs of share rewards	0.2	0.1	0.1
Other	0.0	0.0	0.0
Total adjustments in cash flow statement	0.2	0.1	7.7

Income statement items containing no payment transaction and items presented elsewhere in the cash flow statement are adjusted.

Acquisitions and disposals of fixed assets of cash flow from investing, continuing operations (M€)

	1-3/2019	1-3/2018	1-12/2018
Acquisitions of fixed assets in total	-2.3	-0.9	-5.6
Payments for investments of earlier financial periods (change in accounts payable)	0.1	-0.3	-0.5
Investments funded by lease commitmenst or other non-interest-bearing debt	-0.2	0.0	0.0
Fixed asset acquisitions funded by cash payments	-2.5	-1.2	-6.1
Capital gain and loss on fixed assets in the income statement	0.0	0.0	1.2
Balance sheet value of disposed asset	0.0	0.0	0.1
Consideration received from fixed asset divestments in the cash flow statement	0.0	0.0	1.2

Net assets of the divested subsidiaries, discontinued operations (M€)

	1-12/2018
Capital gain or loss in the income statement excluding sales expenses directed at sales	34.7
Non-current assets	15.7
Inventories	7.9
Receivables	5.2
Liquid funds incl. loans receivables (group cash pool)	-4.5
Non-current liabilities	-
Current liabilities	7.3
Total net assets sold	17.0
Sales price	30.2
Proceeds in the cash flow statement adjusted by cash at the date of transfer	34.7

Reconciliation of liabilities related to financing activities (M€)

	31/12/2018	Cash flows	Non cash flow influenced changes			31/03/2019
			IFRS 16	Changes in exchange rates	Changes in fair value	
Non-current liabilities	22.9	0.0	-	-	0.0	22.9
Lease liability	0.1	-0.2	1.8	0.0		1.7
Net assets / liabilities used to hedge non-current liabilities	0.0	0.0	-	-	-	0.0
Total liabilities for financing activities	23.0	-0.2	-	-	0.0	24.6

RECONCILIATIONS OF THE ALTERNATIVE KEY FIGURES (M€)

Items affecting comparable EBIT, continuing operations

	1-3/2019	1-3/2018	1-12/2018
Comparable EBIT	5.0	6.3	25.6
+ capital gain	-	-	1.2
- capital loss	-	-	-
- impairment, tangible and intangible assets	-	-	-8.7
- impairment, inventories	-	-	-
+/- structural arrangements and streamlining projects	-	-1.9	-1.4
+/- other items	-	-	-
Items affecting comparability, in total	0.0	-1.9	-9.0
EBIT	5.0	4.4	16.6

Items affecting comparable EBITDA, reconciliation to EBIT, continuing operations

	1-3/2019	1-3/2018	1-12/2018
Comparable EBITDA	6.6	7.7	31.3
+/- Depreciations and impairment	-	-	8.7
+/- Items affecting EBIT	-	-1.9	-9.0
Items affecting comparability, in total	0.0	-1.9	-0.3
EBITDA	6.6	5.8	31.0
+/- Impairment	-	0.0	-8.8
+/- Depreciations	-1.6	-1.4	-5.6
EBITDA	5.0	4.4	16.6

QUARTERLY EARNINGS FROM CONTINUING OPERATIONS (M€)

	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Net sales by segment					
Healthy Food	0.0	53.3	51.9	47.8	48.1
Healthy Ingredients	0.0	2.0	10.9	11.7	1.3
Other operations	0.0	0.4	0.4	0.4	0.4
Interdivisional net sales	0.0	0.0	0.0	-0.2	0.0
Total net sales	0.0	55.6	63.1	59.7	49.7
EBIT by segment					
Healthy Food	0.0	8.5	7.3	6.8	8.1
Healthy Ingredients	0.0	-1.1	0.9	0.3	-1.0
Other operations	0.0	-9.6	-0.5	-0.6	-2.8
Total EBIT	0.0	-2.1	7.8	6.5	4.4
Financial income and expenses, net	0.0	-0.7	-0.1	-0.1	0.1
Share of result of associates	-	-	-	-	-
Result before taxes	0.0	-2.8	7.6	6.4	4.5
Income tax	0.0	0.5	-1.7	-1.4	-1.1
Result for the period	0.0	-2.3	5.9	5.0	3.4

KEY FIGURES

Key figures have been calculated for continuing operations.

	31/03/2019	31/03/2018	31/12/2018
Net sales, M€	49.9	49.7	228.2
Change of net sales, %	0.4	-4.1	-2.7
Operating margin, M€	6.6	5.8	31.0
Comparable operating margin, M€	6.6	7.7	31.3
Depreciation and impairment, M€	1.6	1.4	14.4
EBIT, M€	5.0	4.4	16.6
% of net sales	10.0	8.8	7.3
Comparable EBIT, M€	5.0	6.3	25.6
% of net sales	10.0	12.6	11.2
Result before taxes, M€	5.3	4.5	15.7
% of net sales	10.5	9.0	6.9
Return on equity, %	6.4	5.4	4.6
Return on investment, %	10.0	9.9*	8.1
Comparable return on investment, %	10.0	12.9	12.3
Interest-bearing financial liabilities at end of period, M€	24.6	45.9	23.0
Net interest-bearing financial liabilities at end of period, M€	-119.6	-98.4	-119.2
Equity ratio, %	74.3	66.8	81.7
Net gearing, %	-48.1	-40.5	-45.0
Gross investments, M€	2.4	0.9	5.6
% of net sales	4.8	1.8	2.4
R & D expenses, M€	1.0	0.6	2.9
% of net sales	2.0	1.2	1.2
Average personnel	321	337	335
Earnings/share, €	0.03	0.02	0.08
Comparable earnings/share, €	0.03	0.03	0.12
Cash flow from operations, M€	4.5	-0.8	11.5
Cash flow from operations/share, €	0.03	0.00	0.07
Equity/share, €	1.58	1.54	1.68
Average number of shares during the period, in 1,000s			
Free shares	125 772	125 173	125 413
Restricted shares	31 570	32 146	31 917
Total	157 341	157 319	157 329
Average number of shares at end of period, in 1,000s			
Free shares	125 778	125 345	125 763
Restricted shares	31 563	31 974	31 578
Total	157 341	157 319	157 341
Market capitalisation of shares at end of period, M€			
Free shares	332.8	453.7	294.9
Restricted shares	77.9	115.1	73.3
Total	410.6	568.9	368.2
Share price at end of period			
Free shares	2.50	3.62	2.35
Restricted shares	2.45	3.60	2.32

* includes discontinued operations

FORMULAS FOR KEY FIGURES

Earnings per share	Result for the year of parent company shareholders / Average number of shares for the year, adjusted for share issue
Earnings per share shows the company's earnings per one share	

Formulas for alternative key figure calculation

EBIT	Earnings before income taxes, financial income and expenses presented in the IFRS consolidated income statement.
EBIT illustrates the economic profitability of operations and its development.	

Comparable EBIT	EBIT +/- items affecting comparability
Comparable EBIT shows economic profitability of the business operations and its development without items affecting comparability.	

EBIT, %	EBIT / Net sales x 100
The figure shows the relation between EBIT and net sales.	

Comparable EBIT, %	Comparable EBIT / Comparable net sales x 100
The figure shows the relationship between EBIT and net sales without items affecting comparability.	

EBITDA	EBIT + depreciations and impairment
EBITDA describes the earnings from business operations before depreciation, financial items and income taxes. It is an important indicator as it shows how much the margin is from net sales after deduction of operating expenses.	

Comparable EBITDA	EBIT +/- items affecting comparability + depreciations and impairment
Comparable EBITDA represents the earnings from business operations before depreciations, financial items, and income taxes without items affecting comparability.	

Earnings before taxes	Earnings before income taxes presented in the IFRS consolidated statements.

Return on equity (ROE), %	Result before taxes – income taxes / Shareholders' equity (average over the period) x 100
Return on equity measures the earnings for the financial period in proportion to equity. The figure shows the Group's ability to generate profits from the shareholders investments.	

Return on investment (ROIC), %	Result after taxes / Operating cash* + net working capital + non-current assets x 100 (*Operating cash 4% of net sales)
Return on investment (ROIC) is a profitability or performance ratio that measures how much investors earn on the capital invested.	

Equity ratio, %	Shareholders’ equity / Balance sheet total – advances received x 100
The equity ratio is a key figure in the financial structure, which shows the share of equity of the capital tied up in the operations. The figure represents the Group's financial structure.	

Net working capital	Sales receivables and other receivables + inventories - accounts payable - other liabilities
Net working capital measures the amount of the financing tied up in the company's current activities and thus, also the efficiency of the use of capital.	

Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss
Net interest-bearing financial liabilities measures the Group's net financial debt.	

Net gearing, %	Net interest-bearing financial liabilities / Shareholders’ equity x 100
Net gearing % shows what is the ratio of equity invested by owners to the interest-bearing liabilities of the financiers. High net gearing % is a risk factor that may restrict the company's gowth opportunities and lower its financial leverage.	

Comparable earnings per share	Profit for the period attributable to the parent company shareholders +/- items affecting comparability / Average number of shares during the period adjusted for issues
Earnings per share represents the company's earnings per one share without items affecting comparability.	

Cash flow from business operations per share	Cash flow from business operations / Average number of shares for the year, adjusted for share issue
The figure represents the cash flow from business operations per one share.	

Shareholders’ equity per share	Equity of parent company shareholders / Number of shares at end of period adjusted for share issue
Equity per share represents the company's equity per one share.	

Investments	Acquisition of non-current tangible and intangble assets on a gross basis.
Investments represents the total amount of investments.	

Market capitalisation	Closing price, adjusted for issue x number of shares without company shares at the end of the period
The figure represents the value of the Group's share capital on the stock market.	