Interim Report
1 May–31 December 2018

Board of Directors, 28 February 2019

VAPO GROUP INTERIM REPORT 1 MAY–31 DECEMBER 2018

The second tertile of the year in brief:

September–December 2018:

- Group turnover in September–December 2018 was EUR 134.1 million (EUR 132.6 million in September–December 2017)
- The operating margin (EBITDA) was EUR 24.8 million (EUR 19.5 million), or 18.5% (14.7%) of turnover
- The operating profit (EBIT) was EUR 14.6 million (EUR 9.4 million), or 10.9% (7.1%) of turnover, including EUR 0.2 million (EUR 2.1 million) of non-recurring income
- Earnings per share were EUR 420 (EUR 234)
- Free cash flow before taxes was EUR 15.0 million (EUR 11.4 million)
- Investments were EUR 16.9 million (EUR 11.3 million)

May–December 2018:

- Group turnover in May–December 2018 was EUR 224.9 million (EUR 227.9 million in May–December 2017)
- The operating margin (EBITDA) was EUR 32.1 million (EUR 24.3 million), or 14.3% (10.7%) of turnover
- The operating result (EBIT) was EUR 4.1 million (EUR -0.6 million), or 1.8% (-0.2%) of turnover, including EUR 1.5 million (EUR 2.5 million) of non-recurring income
- Earnings per share were EUR 138 (EUR -93)
- The pre-tax return on invested capital (pre-tax ROIC) was 5.1% (3.1%)
- Free cash flow before taxes was EUR -12.4 million (EUR 13.0 million)
- Investments were EUR 27.5 million (EUR 21.8 million)
- The equity ratio on 31 December 2018 was 49.5% (47.5%)
- Interest-bearing net debt on 31 December 2018 was EUR 260.9 million (EUR 266.2 million)
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 December 2018 was 3.8 (4.7)

Good progress in strategy execution and improved profitability

The Group's turnover in the second tertile of the financial year (September–December 2018) amounted to EUR 134.1 million (EUR 132.6 million in September–December 2017). Turnover developed favourably during the period particularly in the energy business. Growth in sales was mainly derived from the strong demand for biofuels. The sales of land areas released from production were carried out as planned.

In terms of profit performance, the second tertile of the financial year was a good period for almost all of our businesses. The Group's operating profit in during the second tertile of the financial year (September–December) was EUR 14.6 million (EUR 9.4 million). Profit was boosted by a year-on-year increase in sales as well as successful peat production, which improved profitability through a substantial reduction in unit costs in production operations. The successful production season was a particularly significant factor in the improved operating margin. The operating margin was EUR 24.8 million (EUR 19.5 million). Profit for the period was EUR 12.7 million (EUR 7.0 million).

The Group's cash flow during the reporting period amounted to EUR 15.0 million (EUR 11.4 million). The improvement in cash flow was enabled by the improved operating margin and moderate investments.

CEO Vesa Tempakka:
“Vapo Group’s renewal is progressing in line with our strategy – the significance of energy peat is decreasing”

“The Group’s operational activities were at least satisfactory in all business areas. Our profitability has improved and we have kept costs under control in spite of significant new investments.
During the exceptionally dry summer of 2018, we decided to produce energy peat for our stockpiles at an amount that slightly exceeds the near-term requirements. This decision had the short-term effect of increasing our balance sheet and reducing cash flow, but it improved our delivery reliability — which is important for our customers — and increased potential future cash flows. Our goal remains to decrease working capital and reduce debt, although the Group’s transformation and expansion into new business areas will increase investments in the next few years.

The new organisational structure consisting of international divisions, implemented at the beginning of May, and enhancing the Group’s shared functions have proved to be an effective way of putting the new business strategy into action.

A year ago, we defined our objectives as strengthening our position in the international growing media market, developing new refined products using our peat resources and shifting the focus of our energy business from fuels to energy solutions and services. We have moved towards each of these goals and our progress has been even faster than expected in some of them.

The transaction we announced in October with the Dutch company BVB Substrates was finalised shortly after the end of the review period. The company created by the merger, Kekkilä-BVB Oy, is the European leader in its industry and it exports products to more than 80 countries. The merger also means that the Grow&Care division’s turnover will represent nearly half of the Group’s total turnover in the future.

The Energy division and Vapo Lämpövoima Ky, which was established in partnership with OP Group in spring 2018, have both invested in the area of customized energy solutions according to our strategy.

We announced an investment of very high strategic significance right at the end of the calendar year. We will build the first production facility for producing activated carbons from peat in Ilomantsi in eastern Finland.

All of the measures mentioned above are intended to increase the non-energy use of peat, which will ensure Vapo Group’s profit performance in our changing operating environment. The decisions that have already been made will lead to a decline in the share of the Group’s turnover represented by energy peat sales. We estimate it will account for approximately 20% of total turnover in the next financial year, compared to 25% in the current financial year. However, we do want to maintain and grow our sales of peat and other local fuels to our customers, and our aim is to primarily reduce our dependence on energy peat by increasing our turnover from other businesses,” says CEO Vesa Tempakka.

Developments by business segment

The reporting segments comprise the Group's divisions in accordance with Vapo's new management model. Effective from 1 May 2018, Vapo Group's reporting segments are Energy, Grow&Care, New Businesses and other activities.

Energy

The Energy division is responsible for the energy and fuel solutions provided by Vapo Group in Finland, Sweden and Estonia. We provide energy producers with peat, wood and pellet fuels as well as the most advanced remote operation services in the industry. For our industrial and municipal customers, we produce heat and steam as a service at six power plants and approximately 150 heating plants. We supply our consumer customers with district heating in more than 35 district heating networks. We serve our pellet customers through our own sales service as well as our online store. The division's turnover for the financial year that ended in April 2018 amounted to EUR 299 million, with renewable biofuels and energy solutions representing approximately half of this total.

Turnover in the second tertile of the financial year (September–December) was EUR 102.8 million (EUR 100.5 million). The operating profit for the reporting period was EUR 17.2 million (EUR 14.9 million). Investments amounted to EUR 12.1 million (EUR 7.9 million).

The cumulative turnover for the financial year to date (May–December) was EUR 147.4 million (EUR 151.4 million). The operating profit for the reporting period was EUR 6.2 million (EUR 4.6 million). Investments amounted to EUR 21.1 million (EUR 16.9 million).

During the second tertile of the year, the demand for heating was approximately 3% lower than in the comparison period. This was reflected in peat deliveries, which declined by 3.5% year-on-year. The strong demand for biofuels continued during the period, with sales increasing by 9.8% year-on-year. Heating deliveries were 2.6% lower than in the comparison period.

The conditions for peat extraction were favourable during the production season in summer and autumn 2018 and the volume of peat extraction was higher than planned, which helped improve the result for the reporting period compared to the previous year's poor peat production season. The strong production season created a buffer against potentially weaker production seasons in the coming years, helping ensure peat deliveries to customers in the upcoming heating season and the one after it.

Energy	9–12/2018	9–12/2017	Change	5–12/2018	5–12/2017	Change	5/2017–4/2018
Turnover (EUR million)	102.8	100.5	2.3%	147.4	151.4	-2.6%	298.9
Operating profit (EUR million)	17.2	14.9	15.5%	6.2	4.6	34.8%	32.7
Investments (EUR million)	12.1	7.9	52.8%	21.1	16.9	24.8%	23.6
Number of employees	347	362	-4.2%	375	379	-1.2%	374
Energy sales, peat (GWh)	3,478	3,605	-3.5%	4,987	5,339	- 6.6%	11,382
Energy sales, other fuels (GWh)	1,348	1,228	9.8%	1,950	1,897	2.8%	3,474
Heat and steam sales (GWh)	603	619	-2.6%	831	909	-8.6%	1,827

Grow&Care

The Grow&Care division comprises all of the Group's businesses in the horticultural sector. The division has three main customer segments: consumers, landscaping customers and professional growers. In addition, our bedding peat customers include horse farms, cattle farms, pig houses and poultry producers. In the raw material trade, we supply horticultural peat for further processing by customers around the world.

The division's well-known brands, Kekkilä Garden and Hasselfors Garden, offer products to home gardeners and landscapers in Finland, Estonia and Sweden. Kekkilä Professional focuses on the professional grower business in Vapo Group's home markets as well as the global markets.

The Grow&Care division's strategy matches several megatrends. Urbanisation and climate change are creating more demand for clean and plant-based local food. Peat's qualities as growing media support sustainable food production and reduce water consumption in agriculture. Growing interest in well-being supports not only the professional growing business, but also more natural lifestyles. These trends will have a favourable impact on consumer demand as well as businesses related to recycling and landscaping.

Turnover in the second tertile of the financial year (September–December) was EUR 31.8 million (EUR 32.3 million). The operating profit was EUR 0.6 million (EUR -0.2 million). The division's investments were EUR 1.1 million (EUR 1.9 million)

The cumulative turnover for the financial year to date (May–December) was EUR 78.6 million (EUR 76.8 million). The operating profit was EUR 5.4 million (EUR 4.2 million). The division's investments were EUR 2.1 million (EUR 2.5 million)

The Grow&Care division's operating profit improved compared to the middle tertile of the previous financial year. The sales outlook is favourable — in the Professional and Materials businesses, in particular — in spite of sales in the second tertile of the year being lower than in the comparison period. One important element in the positive development of profitability was the successful peat production season and our excellent availability of bedding and raw material compared to our competitors, especially in the early part of the financial year. The successful production season also ensures raw material resources until the start of the next production season.

Grow&Care	9–12/2018	9–12/2017	Change	5–12/2018	5–12/2017	Change	5/2017–4/2018
Turnover (EUR million)	31.8	32.3	-1.4%	78.6	76.8	2.4%	121.2
Operating profit (EUR million)	0.6	-0.2	436.7%	5.4	4.2	28.4%	7.4
Investments (EUR million)	1.1	1.9	-39.7%	2.1	2.5	-17.3%	3.1
Number of employees	265	254	4.1%	279	268	4.2%	268

New Businesses

The New Businesses division creates new products and innovations based on the Group's competencies and raw material resources. Product development requires resources and the goal of the New Businesses division is to produce sustainable new business based on our resources and expertise, which will increase our shareholder value in the long run. Vapo Ventures is also responsible for developing and managing the Group's shared innovation activities and managing the company's IPR assets.

The Vapo Carbons investment announced in December is also part of this business area.

The operating loss for the second tertile of the financial year was EUR -0.7 million (EUR -0.2 million). Investments were EUR 0.6 million (EUR 0.8 million).

The operating loss for May–December was EUR -1.4 million (EUR -0.5 million). Investments were EUR 0.9 million (EUR 1.5 million).

New Businesses	9–12/2018	9–12/2017	Change	5–12/2018	5–12/2017	Change	5/2017–4/2018
Turnover (EUR million)	0.0	0.0		0.0	0.0		0.0
Operating profit (EUR million)	-0.7	-0.2	-221.5%	-1.4	-0.5	-167.0%	-1.1
Investments (EUR million)	0.6	0.8	-33.8%	0.9	1.5	-42.2%	2.1
Number of employees	15	18	-15.3%	17	18	-7.6%	18

Other activities

The other activities segment consists of costs that are not allocated to the business units. These costs are related to Vapo Group's M&A activities as well as administrative and other support functions.

The other activities segment's effect on the operating result in September–December was EUR -2.6 million (EUR -4.2 million).

The other activities segment's effect on the operating result in May–December was EUR -6.2 million (EUR -8.0 million).

Other	9–12/2018	9–12/2017	Change	5–12/2018	5–12/2017	Change	5/2017–4/2018
Turnover (EUR million)	0.1	0.2	-33.1%	0.2	0.3	-41.0%	0.5
Operating profit (EUR million)	-2.6	-4.2	39.7%	-6.2	-8.0	22.4%	-13.4
Number of employees	112	96	16.9%	102	99	2.9%	98

Cash flow, investments and financing (May–December 2018)

The Group's free cash flow before taxes was EUR -12.4 million (EUR 13.0 million). The successful peat production season, which extended well into the autumn, tied up more working capital than was planned. The change in working capital reduced cash flow by EUR -24.6 million (EUR 7.6 million). The operating margin (EBITDA) was EUR 32.1 million (EUR 24.3 million).

Investments in the reporting period amounted to EUR 27.5 million (EUR 21.8 million), or 97.5 per cent (87.8%) of depreciation. Investments by the Energy division accounted for about 80 per cent of the total.

At the end of the reporting period, interest-bearing net debt stood at EUR 260.9 million (EUR 266.2 million). Interest-bearing net debt includes a EUR 5 million capital loan in one of Vapo Oy's subsidiaries. The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 31 December 2018 was 3.8 (4.7). Short-term interest-bearing debt amounted to EUR 67.5 million (EUR 60.0 million). Of the Group's long-term interest-bearing debt, 51.3 per cent is covered by a covenant related to the company's equity ratio. The terms of the covenant were met at the end of the review period. The equity ratio at the end of December was 49.5 percent (47.5%) and the gearing ratio was 76.6 per cent (80.9%). The consolidated balance sheet total was EUR 716.5 million (EUR 723.4 million). The Group's net financing items were EUR -0.3 million (EUR -3.7 million). Net financing items were -0.1 per cent (-1.6%) of turnover. The reporting period's net financing expenses were favourably affected by lower net debt as well as the increased value of emission rights.

Natural seasonal fluctuation in activities

The Group's energy business is cyclical due to seasonal variation in the demand for heating. During recently concluded second tertile of the financial year, the focus in the autumn was on fuel production and acquisition. Extended periods of no rain are essential for successful peat production in terms of both quality and quantity. The conditions were good in the Group's production countries during the past summer and autumn. Production was the most successful in Finland, where the actual production volume exceeded 100 per cent of the target. This was reflected in the reporting period as higher substance depreciation on peat production areas according to their use. For the financial year as a whole, however, the successful peat production season will improve profitability through lower per-unit production costs. The temperatures in the upcoming winter and spring months will have a significant impact on the company's result for the full financial year.

The Grow&Care division's gardening business is sensitive to seasonal fluctuations, with demand peaking from late spring to early summer. The start of the spring season was delayed in the Nordic countries in 2018 and the season fell in May–June, i.e. the first tertile of Vapo Group's financial year. However, the season was shorter than usual due to the very warm summer, which was particularly reflected in consumer sales. Peat production also played a key role in the Grow&Care division in the first two tertiles of the financial year. The company achieved its production target during the production season, which enabled an improvement in profitability.

Number of employees

The Group employed an average of 739 (730) persons in the second tertile of the financial year.

Employees by segment, average

	9–12/2018	9–12/2017	5–12/2018	5–12/2017	5/2017–4/2018
Energy	347	362	375	379	374
Grow&Care	265	254	279	268	268
New Businesses	15	18	17	18	18
Other	112	96	102	99	98
Total	**739**	**730**	**773**	**764**	**758**

The joint codetermination committee of Vapo Group's Finnish operations met once during the reporting period. The agenda of the meeting included an update on the Group's financial performance and business reviews, a review of the progress of strategy execution and an update on the implementation of the equality and non-discrimination plan.

Johan Nybergh was appointed Vapo Group's Chief Legal Officer effective from 11 September 2018.

Near-term risks to businesses

The profitability of using energy peat has declined following the increased prices of emission rights over the past year. The price of emission rights has increased from about EUR 5 to EUR 20–25 per tonne of CO_2. Many users of energy peat have had hedges in place against the increasing prices of emission rights, but the level of hedging will diminish over time. Once the hedges are no longer in effect, the price of emission rights will fully affect the fuel choices of operators.

Energy peat taxes increased from EUR 1.9/MWh to EUR 3.0/MWh on 1 January 2019. The tax applies to the use of energy peat in heating production, but not electricity production.

The aforementioned rising cost of using peat creates increased pressure to use wood fuels. Going forward, this will reduce the demand for peat, increase the price of fuel wood and reduce the availability of raw material. The general trend is that fuel prices are increasing.

With new plants being commissioned in southern Finland, the demand for wood fuels, such as wood chips, is high relative to the raw material stockpiles. The fuel market is characterised by turbulence, which presents a sales opportunity, on the one hand, but increases the risk of wood procurement, on the other hand.

The Bioenergy Association of Finland estimates that new uses will lead to the demand for wood fuels increasing by 8 TWh from the current level of consumption by 2025. Much of this growth in demand will occur in southern Finland. Environmental organisations as well as some researchers and policymakers would like to ban the use of tree stumps in energy production, which would mean the loss of a significant amount of potential raw material. It is apparent that there will be strong upward pressure on the demand for fuel wood in the coming years.

The Finnish government has made a legislative proposal on banning the use of coal in 2029, which contributes to higher demand for fuel wood. In the run-up to the 2019 parliamentary elections, some parties have called for not only discontinuing the use of tree stumps, but also banning the use of energy peat following a transition period. A few municipal customers have already decided, partly due to local political pressure, to stop using energy peat by 2035. Banning the use of energy peat and tree stumps along with coal would lead to significant imports of fuel wood to the Finnish market and commercial timber being used for energy production.

In the drafting of the EU's new Fertilising Products Regulation, agreement has been reached regarding the previously disputed limits on the cadmium content of fertilisers. The Regulation is currently in the final stages of the drafting process and it is expected to be issued before the EU elections in May. There is likely to be a three-year transition period in its implementation. The Regulation does not contain provisions regarding the use of peat in growing media. Nevertheless, one of the general risks of the growing media business is the tendency in many export markets for there to be pressure — both within the industry and externally — to reduce the use of peat in growing media. In Germany, for example, the requirement in many contexts is for growing media to contain at least 30% of materials other than peat. In the United Kingdom, legislation was introduced quite some time ago to phase out the use of horticultural peat following certain transition periods.

The uncertainty associated with securing environmental permits for peat production is a risk from the perspective of all of Vapo's peat-related businesses. Vapo makes investments in environmental protection at its production sites and the treatment of leachates originating from its peat production areas to ensure that there are no obstacles to the granting of permits attributable to Vapo itself. In accordance with the mire and peatland strategy approved by the Finnish government, Vapo applies for environmental permits and opens new production areas only in peatlands where the natural state has been altered, meaning forest-ditched peatlands. In spite of this approach, there are occasional concerns expressed in public by non-governmental organisations regarding the issuance of permits for individual mires or the industry's impact on waterways.

Resolutions of General Meetings

Vapo Oy's Annual General Meeting was held in Helsinki on 6 September 2018. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 May 2017–30 April 2018 and discharged the members of the Supervisory Board and the Board of Directors, as well as the CEO, from liability. The AGM resolved to distribute a dividend for the financial period ended 30 April 2018 amounting to EUR 300.00 per share, or EUR 9.0 million in total. The dividend payment date was 7 September 2018.

The AGM confirmed the number of members of the Supervisory Board as ten. Johanna Ojala-Niemelä was elected Chairman, with Heikki Miilumäki as Vice Chairman. Markku Eestilä, Hanna Halmeenpää, Lea Mäkipää, Hannu Hoskonen, Eero Kubin, Esko Kurvinen, Tommi Lunttila and Tiina Snicker were re-elected as members.

The AGM confirmed the maximum number of members of the Board of Directors as eight. Jan Lång continues as Chairman, with Markus Tykkyläinen as Vice Chairman. Tuomas Hyyryläinen, Juhani Järvelä, Risto Kantola, Minna Pajumaa and Minna Smedsten continue as members of the Board of Directors.

The audit firm KPMG Oy Ab was elected as the auditor.

Vapo Oy's Extraordinary General Meeting held on 17 October 2018 strengthened Vapo's Board of Directors by appointing Kirsi Puntila, Senior Vice President, Marketing, Altia Group, as the eighth member of the Board.

Events after the review period

On 9 October 2018, Vapo Oy announced that Vapo's Grow&Care division and the Dutch company BVB Substrates B.V. will combine to form Kekkilä-BVB, Europe's leading and most versatile company in the market for professional growers and home gardeners. The combination was carried out by establishing a new company, Kekkilä-BVB Oy, to which Vapo Oy transferred all Kekkilä Oy shares and the Dutch company Nielson Belegging en Beheer B.B. all BVB Substrates B.V. shares. The transaction was completed according to plan on 4 January 2019. On a pro forma basis, the transaction is expected to increase Vapo Group's annual turnover by about EUR 120 million and comparable operating margin by approximately EUR 8 million.

Vapo Oy owns 70% of Kekkilä-BVB Oy's shares and Nielson Belegging en Beheer B.V., the previous owner of BVB Substrates B.V., owns the remaining 30%. The newly established company's domicile is Vantaa, Finland. Mart van Buuren, Peter Jan Kuiper, Petri Järvinen, Jarmo Santala and Vesa Tempakka were elected to the company's Board of Directors. At its organising meeting, the Board of Directors elected Vapo Oy's CEO Vesa Tempakka as its Chairman.

The Board of Directors of Kekkilä-BVB Oy appointed Juha Mäkinen as the CEO of Kekkilä-BVB Oy. Mäkinen also continues as the Director of Vapo's Grow&Care division.

Jenni Nevasalo was appointed Vapo Group's Chief HR Officer effective from 1 January 2019.

Outlook for the remainder of the financial year, to 30 April 2019

Vapo Group is one of the world's largest producers of energy peat and environmental peat. The company holds an important role in ensuring Finland's self-sufficiency in energy and the security of supply. Political decisions have a substantial impact on the profitability of Vapo's business operations and its capacity to make investments.

Vapo Group's comparable turnover is estimated to be at the same level as, or slightly lower than, in the previous financial year, provided that the normal winter conditions continue and the coming spring is not exceptionally warm. The Group's operating profit will be improved by the successful peat production of the previous summer. The comparable operating profit for the full financial year is expected to be on a par with the previous year or slightly higher. The new businesses will not yet generate significant turnover during the current financial year.

Vantaa, 28 February 2019

Vapo Oy

Board of Directors

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Consolidated key figures

MEUR	9–12/2018	9–12/2017	5–12/2018	5–12/2017	5/2017–4/2018
Turnover	134.1	132.6	224.9	227.9	419.8
Operating profit (EBIT)	14.6	9.4	4.1	-0.6	26.3
% of turnover	10.9	7.1	1.8	-0.2	6.3
Operating profit (EBIT) before impairments	14.6	9.4	4.1	-0.6	27.2
% of turnover	10.9	7.1	1.8	-0.2	6.5
Profit/loss for the period	12.7	7.0	4.2	-2.8	17.6
Operating margin (EBITDA)	24.8	19.5	32.1	24.3	61.1
+/- Change in working capital	0.6	0.7	-24.6	7.6	37.6
- Net investments	-10.4	-8.9	-19.9	-18.8	-25.0
Free cash flow before taxes	15.0	11.4	-12.4	13.0	73.6
Investments	-16.9	-11.3	-27.5	-21.8	-31.3
Return on invested capital % *			5.1	3.1	4.3
Return on invested capital % before impairments *			5.3	3.5	4.4
Return on equity % *			7.2	3.6	5.2
Balance sheet total			716.5	723.4	697.5
Shareholders' equity			340.5	329.3	347.9
Interest-bearing net debt			260.9	266.2	206.2
Equity ratio %			49.5	47.5	51.2
Interest-bearing net debt/operating margin			3.8	4.7	3.4
Gearing %			76.6	80.9	59.3
Personnel on average			773	764	758

*) Previous 12 months

**) In calculating the equity ratio, the capital loan on the balance sheet was calculated as shareholders' equity

Interim Report Tables

Complying with IFRS standards in the preparation of an Interim Report requires Group management to make estimates and assumptions. These estimates and assumptions have a bearing on the value of balance sheet items, the disclosure of contingent assets and liabilities, and the amounts of reported revenues and expenses. Although the estimates are accurate to the best of management's knowledge, actual results may differ from the estimates. The estimates used in this Interim Report are the same as those used in the financial statements for the financial year 1 May 2017–30 April 2018.

The information presented in this Interim Report is unaudited.

Consolidated statement of

MEUR	9–12/2018	9–12/2017	Change %	5–12/2018	5–12/2017	Change %	5/2017–4/2018
TURNOVER	134.1	132.6	1.1%	224.9	227.9	-1.3%	419.8
Other operating income	2.2	2.9	-25.3%	5.4	4.6	16.9%	7.7
Share of associates' results	1.5	1.4	10.8%	0.1		2,481.0%	1.9
Operating expenses	-111.5	-116.0	-3.9%	-198.2	-208.3	-4.8%	-366.4
Depreciation	-11.7	-11.5	1.6%	-28.2	-24.9	13.4%	-35.7
Impairment	0	0	0.0%	0	0	0.0%	-0.9
OPERATING PROFIT	14.6	9.4	55.2%	4.1	-0.6	814.0%	26.3
Financial income	1.1	2.6	-57.2%	4.2	4.7	-9.5%	2.4
Financial expenses	-1.8	-4.4	-59.4%	-4.5	-8.4	-45.9%	-8.4
PROFIT/LOSS BEFORE TAXES	14.0	7.7	82.3%	3.8	-4.3	188.0%	20.3
Income taxes	-1.3	-0.6	-106.9%	0.4	1.5	-71.0%	-2.7
PROFIT/LOSS FOR THE PERIOD	12.7	7.0	80.1%	4.2	-2.8	251.9%	17.6
OTHER COMPREHENSIVE INCOME ITEMS:							
Remeasurement of defined benefit plans	0	0		0	0		-0.3
Translation differences from foreign units	0.7	-0.8		0.6	-0.4		-2.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13.4	6.3		4.8	-3.2		15.3
Distribution of profit for the period:							
To parent company shareholders	12.6	7.0		4.1	-2.8		17.6
To non-controlling shareholders	0.1	0		0.1	0		0
	12.7	7.0		4.2	-2.8		17.6
Distribution of comprehensive income for the period:							
To parent company shareholders	13.3	6.3		4.7	-3.2		15.3
To non-controlling shareholders	0.1	0		0.1	0		0
	13.4	6.3		4.8	-3.2		15.3
Earnings per share calculated from profits due to parent company shareholders							
Earnings/share, EUR	420	234		138	-93		586
Average number of shares	30,000	30,000		30,000	30,000		30,000

Consolidated balance sheet

MEUR	31 Dec. 2018	31 Dec. 2017	30 Apr. 2018
ASSETS			
LONG-TERM ASSETS			
Intangible assets	13.2	13.4	12.9
Goodwill	5.3	5.3	5.4
Land and water areas	37.8	41.7	40.8
Buildings and structures	35.8	39.4	37.9
Machinery and equipment	119.7	124.1	123.9
Other tangible assets	216.5	224.9	226.0
Investments in progress	34.3	31.4	24.3
Investments	20.6	20.0	20.6
Long-term receivables	3.2	3.3	3.3
Deferred tax asset	1.4	0.2	0
LONG-TERM ASSETS	487.7	503.7	494.9
CURRENT ASSETS			
Inventories	156.3	131.7	91.4
Sales and other receivables	70.2	67.0	78.2
Cash on hand and in the bank	2.3	21.0	33.0
CURRENT ASSETS	228.8	219.7	202.6
ASSETS	716.5	723.4	697.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Parent company shareholders' share of shareholders' equity	340.0	328.9	347.5
Non-controlling shareholders	0.5	0.4	0.4
SHAREHOLDERS' EQUITY	340.5	329.3	347.9
LONG-TERM LIABILITIES			
Deferred tax liability	16.6	14.1	16.2
Long-term interest-bearing liabilities	199.1	230.5	230.4
Long-term non-interest-bearing liabilities	7.8	6.9	6.8
Long-term provisions	8.2	7.6	7.9
Pension liabilities	4.8	4.6	4.9
LONG-TERM LIABILITIES	236.6	263.8	266.1
CURRENT LIABILITIES			
Current interest-bearing liabilities	67.5	60.0	12.2
Current non-interest-bearing liabilities	71.9	70.3	71.3
CURRENT LIABILITIES	139.4	130.3	83.5

SHAREHOLDERS’ EQUITY AND LIABILITIES	716.5	723.4	697.5

Statement of change in Group shareholders’ equity

MEUR	**Share capital**	**Other funds**	**Translation differences**	**Retained earnings**	**Hybrid bond**	**Total**	**Non-controlling shareholders**	**Total**
SHAREHOLDERS’ EQUITY 1 MAY 2018	50.5	30.5	-5.1	221.6	50.0	347.5	0.4	347.9
Changes in shareholders’ equity								
Dividend distribution	0	0	0	-12.3	0	-12.3	0	-12.3
Total comprehensive income for the period			0.6	4.1	0	4.7	0.1	4.8
SHAREHOLDERS’ EQUITY 31 DECEMBER 2018	**50.5**	**30.5**	**-4.5**	**213.6**	**50.0**	**340.0**	**0.5**	**340.5**

MEUR	**Share capital**	**Other funds**	**Translation differences**	**Retained earnings**	**Hybrid bond**	**Total**	**Non-controlling shareholders**	**Total**
SHAREHOLDERS’ EQUITY 1 MAY 2017	50.5	30.2	-3.0	211.7	50.0	339.3	0.4	339.7
Changes in shareholders’ equity								
Dividend distribution	0	0	0	-7.3	0	-7.3	0	-7.3
Total comprehensive income for the period			-0.4	-2.8	0	-3.2	0	-3.2
SHAREHOLDERS’ EQUITY 31 DECEMBER 2017	**50.5**	**30.2**	**-3.5**	**201.6**	**50.0**	**328.9**	**0.4**	**329.3**

Condensed consolidated cash flow statement

MEUR	**5–12/2018**	**5–12/2017**	**5/2017–4/2018**
Cash flow from operating activities			
Profit/loss for the period	4.2	-2.8	17.6
Adjustments to the result for the period	24.8	24.9	40.8
Change in working capital	-49.3	7.3	36.4
Cash flow from operating activities before financial	**-20.3**	**29.4**	**94.9**
Net financial expenses	-3.9	-1.9	-1.9
Taxes paid on operating activities	-3.6	-0.9	0
Cash flow from operating activities	**-27.9**	**26.6**	**93.0**
Cash flow from investing activities			
Investments in tangible and intangible assets	-25.6	-22.0	-31.9
Proceeds from disposal of tangible and intangible assets	10.5	5.1	8.8
Associates’ shares bought	-1.8	0	0
Other investments	0	0	-0.2
Proceeds from disposal of other investments	0	0.1	0.1
Dividends received	2.4	1.0	1.0
Taxes paid on investments	-0.1	0	0
Cash flow from investing activities	**-14.5**	**-15.7**	**-22.3**
Cash flow before financing	**-42.4**	**10.8**	**70.7**
Cash flow from financing activities			
Change in long-term loans and other financing items	24.0	-77.9	-125.9
Dividends paid	-9.0	-4.0	-4.0
Interest paid/hybrid bond	-3.3	-3.3	-3.3
Cash flow from financing activities	**11.7**	**-85.2**	**-133.2**
Change in cash and cash equivalents	**-30.7**	**-74.4**	**-62.5**
Cash and cash equivalents opening balance	33.0	95.5	95.5
Change in cash and cash equivalents	-30.7	-74.4	-62.5
Cash and cash equivalents at end of period	2.3	21.1	32.9

SEGMENT INFORMATION 5/2018–12/2018

EUR 1,000	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
External turnover	146.2	78.5		0.2		224.9
Internal turnover	1.2	0.1			-1.3	
Turnover	**147.4**	**78.6**		**0.2**	**-1.3**	**224.9**
Segment operating profit/loss	6.2	5.4	-1.4	-6.2		4.1
Financial income and expenses				-0.3		-0.3
Appropriations and income taxes				0.4		0.4
Result for the period	**6.2**	**5.4**	**-1.4**	**-6.1**		**4.2**
Segment assets	541.8	138.5	3.8	139.6	-141.2	682.4
Shares in associated companies	19.4	0.4				19.8
Unallocated assets				46.7	-32.5	14.2
Assets total	**561.2**	**138.9**	**3.8**	**186.3**	**-173.8**	**716.5**
Segment debt	57.7	11.1	0.1	0.6	-1.0	68.4
Unallocated debt				347.9	-39.9	308.0
Debt total	**57.7**	**11.1**	**0.1**	**348.5**	**-40.9**	**376.4**
Investments	21.1	2.1	0,9	17,9	-14.5	27.5
Depreciation	22.3	5.4		0.5		28.1

SEGMENT INFORMATION 5/2017–12/2017

EUR 1,000	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
External turnover	150.9	76.7		0.3		227.9
Internal turnover	0.4				-0.4	
Turnover	**151.4**	**76.8**		**0.3**	**-0.4**	**227.9**
Segment operating profit/loss	4.6	4.2	-0.5	-4.2	-4.7	-0.6
Financial income and expenses				-3.7		-3.7
Appropriations and income taxes				1.5		1.5
Result for the period	**4.6**	**4.2**	**-0.5**	**-6.4**	**-4.7**	**-2.8**
Segment assets	577.4	97.0	2.4	126.9	-126.8	677.0
Shares in associated companies	18.8	0.4			-0.7	18.5
Unallocated assets				83.8	-55.9	27.9
Assets total	**596.3**	**97.4**	**2.4**	**210.7**	**-183.4**	**723.4**
Segment debt	52.7	10.0	0.3	1.3	-1.2	63.2
Unallocated debt				387.3	-55.9	331.4
Debt total	**52.7**	**10.0**	**0.3**	**388.6**	**-57.0**	**394.6**
Investments	16.9	2.5	1.5	1.9	-0.9	21.9
Depreciation	18.9	5.2		0.8		24.9

SEGMENT INFORMATION 5/2017–4/2018

MEUR	Energy	Grow&Care	New Businesses	Other	Eliminations	Group total
External turnover	298.2	121.1		0.5		419.8
Internal turnover	0.7	0.1			-0.8	
Turnover	**298.9**	**121.2**		**0.5**	**-0.8**	**419.8**
Segment operating profit/loss	32.7	7.4	-1.1	-13.4	0.8	26.3
Financial income and expenses					-6.0	-6.0
Appropriations and income taxes					-2.7	-2.7
Result for the period	**32.7**	**7.4**	**-1.1**	**-13.4**	**-7.9**	**17.6**
Segment assets	524.8	112.9	3.0	125.0	-127.4	638.3
Shares in associated companies	19.4	0.4				19.8
Unallocated assets				100.4	-61.1	39.3
Assets total	**544.2**	**113.3**	**3.0**	**225.4**	**-188.5**	**697.5**
Segment debt	41.5	14.2	0.3	2.6	-1.1	57.4
Unallocated debt				362.0	-69.8	292.1
Debt total	**41.5**	**14.2**	**0.3**	**364.6**	**-71.0**	**349.5**
Investments	23.6	3.1	2.1	3.2	-0.5	31.5
Depreciation	27.5	7.0		1.3		35.7

COLLATERAL, CONTINGENT COMMITMENTS AND OTHER LIABILITIES	**31 Dec. 2018**	**31 Dec. 2017**	**30 Apr. 2018**
EUR THOUSAND			
Collateral			
As collateral for own debt			
Liabilities for own commitments			
Mortgages			
Guarantees	21,443	20,549	19,741
Total	21,443	20,549	19,741
Financial leasing and other rental liabilities			
Financial leasing liabilities			
Due within the next one-year period	7,386	2,522	2,525
Due later	28,818	36,304	35,462
Other rental liabilities			
Due within the next one-year period	2,730	3,049	2,867
Due later	5,983	5,969	5,838
Total	44,917	47,844	46,692

The Group has leased machinery and equipment, vehicles and IT hardware. Leased production machinery and equipment, with a capital value of EUR 7.6 million on the closing date, comprise the most significant part of the leases.

There are no agreements in the acquisition period. The duration of the leasing agreements is ten years. The agreements include an option, but not an obligation, to continue the agreement after the original end date.

Guarantees given on behalf of others

Contingent commitments on behalf of associates

DERIVATIVE CONTRACTS	**31 Dec. 2018**	**31 Dec. 2017**	**30 Apr. 2018**
EUR THOUSAND	**Nominal value**	**Nominal value**	**Nominal value**
	Fair value	Fair value	Fair value
Interest rate derivatives	40,000	85,000	40,000
	-143	-1,287	-574
Currency derivatives	84,117	90,526	81,963
	-126	-872	35
Commodity derivatives	7,256	5,678	6,830
	2,212	190	1,420
Nominal value, total	131,373	181,204	128,793
Fair value, total	1,943	-1,969	880