



Board of Directors' Report and Financial Statements

1 Jan. – 31 Dec. 2015

Board of Directors' Report 1 Jan. – 31 Dec. 2015

General

There were no changes in Valio's business environment during the year. The import embargo imposed by Russia in August 2014 maintained the oversupply of dairy products in Europe, which was further increased by the abolition of the EU milk quotas at the beginning of April 2015. Weak economic conditions in Finland led consumers to seek out low prices.

Valio was nevertheless relatively successful in maintaining its market share in consumer products despite the difficult market conditions. Valio's sales volumes of basic milks continued to fall in Finland though, because the company is not permitted to participate in even profitable price competition. Due to the low prices and large share of industrial product exports, net sales and milk return decreased compared with the previous year.

The company renewed its methods of operation during the financial year, actively sought new consumer product markets to compensate for the lost sales in Russia, and developed and launched unique new products. The past year also required adaptation to the new situation in terms of furthering cost-efficiency and realizing an extensive reorganisation of personnel.

Valio Ltd took in 1 899 million litres of raw milk in Finland, down 30 million litres on the previous year.

Valio Group net sales stood at EUR 1 718 million (2014: EUR 1 950 million), down 11.9% from 2014. Domestic net sales decreased by 11.7% and international net sales by 12.3%. The milk margin amounted to EUR 806 million (EUR 974 million) and the milk return stood at 36.5 cents per litre.

The average price paid for raw milk was 38.5 cents per litre. After payments for 2015 amounted to 0.5 cents per litre. The total price paid for raw milk was EUR 145 million lower compared with the previous year. A total of EUR 739 million (EUR 885 million) was paid to owners, comprising the raw milk price, after payments, dividends and interest.

Valio Group net profit totalled EUR 13 million (2014: EUR -36 million).

Shareholders and share capital

Valio Ltd has 17 shareholders, the same number as the previous financial year. The fully paid-up share capital of Valio Ltd stands at EUR 166 127 400. Valio Ltd shares number 48 861. They are all of the same type and confer identical rights to dividends and the company's assets. The shares carry a redemption clause.

Risk management

Risks are identified and managed in the business operations. Valio Group's key risks relate to the development of market prices in the domestic and export markets, the position of key product groups in different markets, exchange rates, and various property damage risks and their ramifications for business operations.

Insurances are employed to protect against risks that would significantly influence Valio Group's operating capacity. Valio's most significant non-life insurances have been organised into insurance programs covering the whole Group.

Cash flow and balance sheet items denominated in foreign currencies are generally not hedged.

The goal for occupational safety is zero accidents.

Legal proceedings

The decision of the Market Court dated 26 June 2014, regarding the charge presented by the Finnish Competition and Consumer Authority and the related demand for a sanction for abuse of market position in the manufacture and wholesale of basic milks in Finland from 1 March 2010–31 August 2012, was handed down to Valio Ltd. The decision of the Market Court involves a sanction of EUR 70 000 000.00 which Valio Ltd has recorded under provisions in the financial statements for 2014.

Valio Ltd lodged an appeal with the Supreme Administrative Court against the decision of the Market Court.

On the basis of the Market Court's decision, Arla Oy submitted to the District Court of Helsinki on 6 November 2014 a claim for damages invoking competition law. Arla Oy demands from Valio Ltd compensation in the amount of EUR 57 915 582.78. Since the decision of the Market Court is not yet legally binding, Arla Oy has requested the District Court of Helsinki suspend the case regarding the claim for damages until such time as the Supreme Administrative Court has issued a legally binding decision. Furthermore, Osuuskunta Satamaito, Osuuskunta Maitomaa, Osuuskunta Maitokolmio, Juustoportti ILO Oy and Ilmajoen Osuusmeijeri (hereinafter collectively "the small dairies"), announced to Valio Ltd on 18 December 2014 that due to Valio's alleged competition violation the small dairies have incurred damages totalling EUR 43 660 097.00, plus any interest and costs that might result from the handling of the claim, for which if found culpable Valio Ltd would be obliged to compensate them in full. As Valio Ltd considers both the proposition submitted by the Finnish Competition and Consumer Authority to the Market Court and the decision of the Market Court to be unfounded, and the case regarding the abuse of market position is pending in the Supreme Administrative Court, Valio sees no grounds for the claims for damages presented by Arla Oy and the small dairies. Thus, these claims have not been included under provisions in the financial statements.

Research and development

Valio launched a total of 138 new products in 2015 (2014: 136) in Finland, as well as new products in other markets. Seven new patent applications were filed in 2015 (2014: 5).

R&D and quality control costs totalled EUR 29.0 million (EUR 32.1 million), or 1.7% of net sales (1.6%).

Personnel

The average number of employees in Valio Group in 2015 was 4 272 (2014: 4 662), and at the end of the financial year the number stood at 3 942 (2014: 4 375). On average, 3 437 employees (2014: 3 734) worked in Finland and 835 (2014: 928) in foreign subsidiaries.

Of the foreign subsidiaries, the highest number of staff was found in Estonia, on average 391 employees (2014: 367), and Russia, on average 360 employees (2014: 475). At the end of the financial year, the number of employees in Estonia stood at 396 (2014: 367), and in Russia at 386 (2014: 354).

Personnel distribution by gender in 2015 was 56% male and 44% female (2014: 53% and 47%). The average age of employees in 2015 was 42 years (2014: 42 years).

The co-operation negotiations conducted in Valio's Operations division and Customer Marketing and Consumer Services units resulted in a total reduction of 326.5 man-years in the organisation. 182 employees were made redundant. Valio was able to realize some of the reductions through retirements and other arrangements.

The working time salaries paid by Valio Ltd in 2015 amounted to EUR 132.2 million (EUR 139.7 million). Pension costs for the year stood at EUR 14.2 million (EUR 9.9 million). Other labour costs and statutory employee costs including the supplementary insurance premium accounted for 41.2% of total salaries (36.5%). The increase in the salaries and fees paid to the parent company Executive Board and CEO, precipitated by the appointment of a new CEO and changes in the Executive Board implemented in 2014, appear in part as simultaneous salaries in 2015. In Valio Group, the increase in salaries and fees paid to management groups was affected by exchange rate differences and the organisational changes targeted at increasing exports.

Environmental protection

Valio's environmental system is certified in accordance with the ISO 14001 standard and covers the company's operations in Finland. No significant deviations from environmental legislation or the requirements of the authorities have been detected in the internal audits that are part of Valio's environmental system, or in inspections conducted by an external auditor.

Significant environmental impacts of operations are caused by the waste water load resulting from production wastage, water and energy consumption as a downside of maintaining a high level of hygiene, and waste management of used packages.

Capital expenditure during the financial year targeted at the reduction of environmental impacts amounted to EUR 1.9 million in Finland, and environmental costs recorded as expense totalled EUR 12.4 million. The key environmental investment was related to reducing dust emissions from powder drying at the Haapavesi plant to meet the terms of the environmental permit. Within a few years, Valio will incur considerable costs stemming from the renovation of waste water purification plants in a number of locales. Renovation projects at purification plants were in progress in Haapavesi and Suonenjoki in 2015, and will commence in Äänekoski in 2016.

Valio Group's total energy consumption in 2015 stood at 793 GWh, waste water volume was 5.9 million cubic metres, waste water load directed at water purification plants was 10 500 tonnes calculated in terms of chemical oxygen demand (COD), and Valio Production generated 897 tonnes of waste that was not recycled or reused. Compared with the previous year, waste water volume, waste water load, and the volume of waste that was not recycled or reused decreased considerably, while energy consumption rose slightly.

More detailed environmental information regarding operations in Finland is published separately on Valio Ltd's website in the Corporate Sustainability Report.

Changes in Group structure

During the financial year, Valio Baltic AS was merged into Valio Eesti AS.

Net sales

Consolidated net sales totalled EUR 1 718 million (EUR 1 950 million) and domestic net sales stood at EUR 1 116 million (EUR 1 264 million). Net sales from international operations totalled EUR 602 million (EUR 686 million). Valio Ltd net sales totalled EUR 1 498 million (EUR 1 714 million).

Capital expenditure

Consolidated investments totalled EUR 119 million (EUR 152 million), or 6.9% (7.8%) of net sales.

The most significant investments were the construction of the new snacks plant in Riihimäki, the expansion of the Oulu dairy and raising its production capacity, the expansion of the UHT plant in Turenki, the new powder plant introduced in Lapinlahti, the new cleaning centre at the Seinäjoki plant, and the dust removal system at the Haapavesi plant.

Finance

Both Group and parent company liquidity remained good throughout the financial year. Cash in hand and at banks and short-term investments totalled EUR 254 million (EUR 255 million) at the year-end. Inventories stood at EUR 146 million at the end of the financial year and EUR 180 million at the beginning. Interest-bearing liabilities totalled EUR 414 million at the end of the financial year and EUR 416 million at the beginning. Loans from financial institutions increased by EUR 22 million. Net financing expenses amounted to EUR 5.1 million (EUR 7.8 million), or 0.3% (0.4%) of consolidated net sales.

Financial performance

Consolidated profit before taxes was EUR 15 million (EUR -27 million). Net taxes for the financial year totalled EUR 2 million (EUR 9 million). Net profit for the financial year stood at EUR 13 million (EUR -36 million).

Parent company profit before taxes and appropriations stood at EUR 4 million (EUR -39 million). Booked depreciation was the maximum permitted under Finland's tax laws. Income taxes for the financial year totalled EUR -4 million (EUR 1 million). Parent company net loss for the financial year stood at EUR -14 million (EUR -67 million).

The Valio Group milk margin stood at EUR 806 million and the milk return at 36.5 cents per litre.

Year 2016

The market conditions that prevailed in late 2015 continued in early 2016. The generally weak economic conditions in Finland, global oversupply of milk, and Russia's import embargo will present challenges to improving the profitability of Valio's business operations.

Despite the weak economic situation and challenging market conditions, Valio is building a platform for growth in the financial year 2016, especially with consumer products on international markets. The goal for growth is based above all on high-quality ingredients, a competitive product range, strong brand, extraordinary know-how, and Valio's overall efficiency.

In addition to the volatility in the global economy, geopolitical uncertainty makes it difficult to anticipate development in the latter half of the year.

The Board of Directors' proposal on the distribution of profit

The Board of Directors proposes to the Annual General Meeting that a dividend of 3.3% on the nominal value of the shares be declared, or EUR 112.20 per share, totalling EUR 5 482 204.20.

Valio Group five-year statistics

	2015	2014	2013	2012	2011
Milk volume taken in from owners, mill. L	1 899	1 929	1 888	1 865	1 870
Sum paid to owners, MEUR ¹⁾	739	885	907	883	836
Price paid for milk to the co-operatives by Valio, per litre total cents ²⁾	38,5	45,4	47,5	46,7	44,1
Net sales, MEUR	1 718	1 950	2 029	2 000	1 929
Change %	-11,9	-3,9	1,5	3,7	5,9
- Domestic, MEUR	1 116	1 264	1 275	1 273	1 235
Change %	-11,7	-0,8	0,1	3,1	5,7
- International operations, MEUR	602	686	755	727	694
Change %	-12,3	-9,0	3,9	4,7	6,1
Net sales/milk litre taken in from owners, €/l	0,90	1,01	1,07	1,07	1,03
Average no. of personnel	4 272	4 662	4 613	4 600	4 529
Wages and salaries, MEUR	181	198	195	193	183
R&D expenditure, MEUR	16	20	18	17	16
Book profit, MEUR	13	-36	65	43	54
Balance sheet total, MEUR	1 240	1 241	1 228	1 124	1 011
Stocks, MEUR	146	180	174	168	163
Investments, MEUR	119	152	118	105	85
Depreciation according to plan, MEUR	80	80	73	72	70
Equity assets ratio, %	42	42	47	47	48
Milk margin, MEUR ³⁾	806	974	1 026	991	961
Milk return, c/l ⁴⁾	36,5	43,7	48,0	46,6	44,9

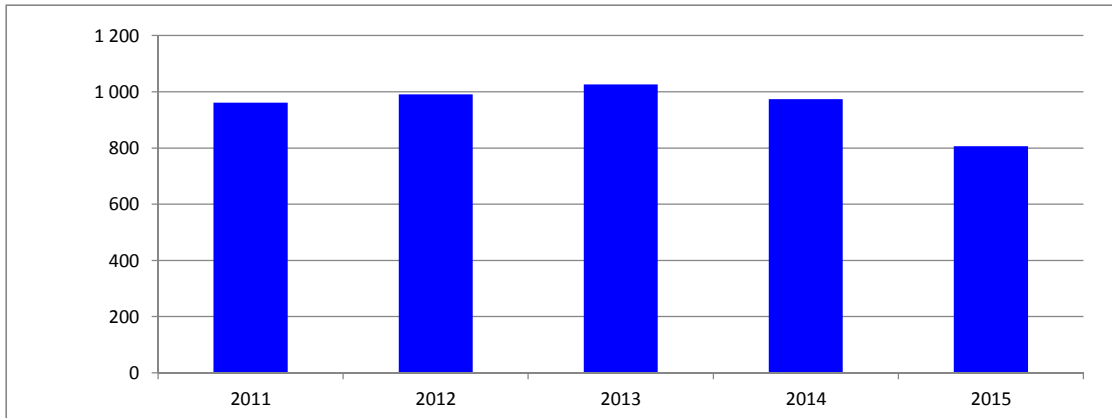
¹⁾ Comprising the raw milk price, after payment, dividend and interest.

²⁾ Includes the basic price, and extra payments according to composition and quality; extra payments for organic milk; after payment.

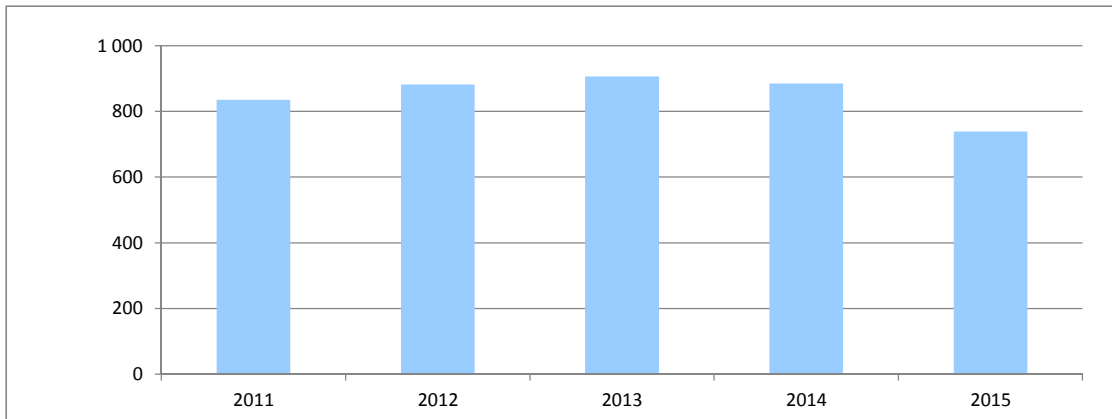
³⁾ Net sales less all other costs excluding the price paid to the owners for raw milk, interest on shareholder loans, depreciation according to plan, supplementary payments to the pension fund, and pension contribution refunds. The milk margin includes taxes for appropriations, and the tax effect of Valio Ltd profit less the tax share of the net profit corresponding to the amount of the average dividend percentage from the share capital.

⁴⁾ Milk margin less estimated required financing for investments, and the figure is divided by the milk volume taken in from the owners of Valio Ltd.

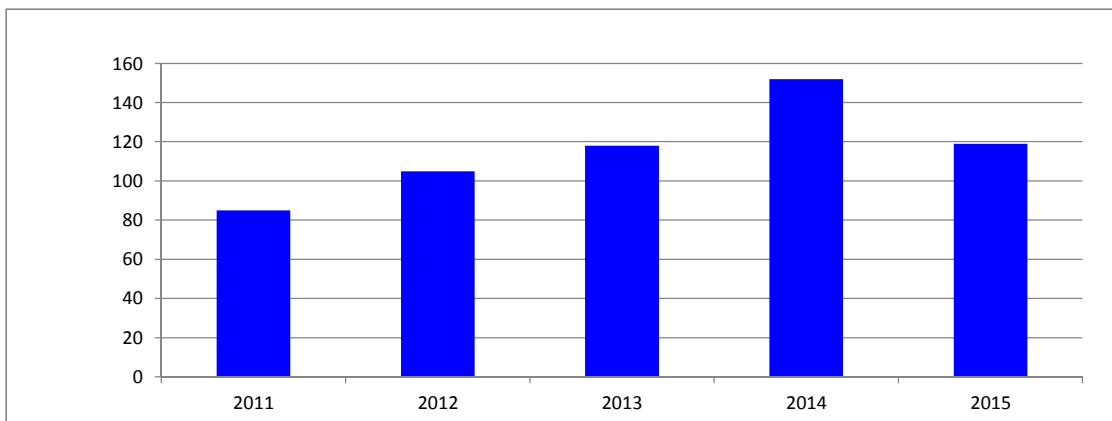
Valio Group milk margin, MEUR



Payments to owners, MEUR



Valio Group investments, MEUR



Consolidated Income Statement

	2015	2014
Net sales	1 718 165	1 950 240
Increase (+) / decrease (-) in stocks of finished goods and in work in progress	-34 268	6 834
Production for own use	899	1 177
Other operating income	35 980	40 354
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	1 063 556	1 231 402
Increase (-) / decrease (+) in stocks	-3 239	3 604
External services	19 954	24 352
	-1 080 271	-1 259 358
Staff expenses		
Wages and salaries	180 829	198 098
Social security expenses		
Pension expenses	15 782	12 275
Other social security expenses	12 847	13 279
	-209 458	-223 652
Depreciation and amortisation		
Depreciation according to plan	79 335	76 280
Amortisation from assets held as non-current assets	308	3 948
	-79 643	-80 228
Other operating expenses	-331 225	-384 844
Operating profit (loss)	20 179	50 523
Financial income and expenses		
Income from other investments held as non-current assets		
From others	10	14
Other interest and financial income		
From others	3 436	5 242
Share of profit of associated companies	350	456
Interest and other financial expenses		
To others	-8 899	-13 520
	-5 103	-7 808
Profit (loss) before extraordinary items	15 076	42 715
Extraordinary expenses	-	-70 100
Profit (loss) before appropriations and taxes	15 076	-27 385
Income taxes		
Income taxes	-1 108	-4 826
Deferred taxes	-1 341	-4 088
	-2 449	-8 914
Net profit (loss) for the financial year	12 627	-36 299

All figures in EUR '000s.

Consolidated Cash Flow Statement

	2015	2014
Cash flow from operations		
Operating profit	20 179	50 523
Adjustments		
Depreciation and amortisation	79 643	76 280
Changes in provisions	-1 246	10 582
Other adjustments	315	-1 944
Cash flow before change in working capital	98 891	135 441
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing receivables	2 334	46 565
Increase (-) / decrease (+) in stocks	33 628	-6 369
Increase (+) / decrease (-) in current non-interest-bearing debts	-1 769	-86 059
Cash flow from operations before financial items and taxes	133 084	89 578
Interests and expenses paid for other financing costs of operations	-8 864	-13 761
Dividends received	10	14
Interest and other financial income received	3 346	5 266
Direct taxes paid	-2 516	-7 212
Cash flow from operations	125 060	73 885
Cash flow from investments		
Capital expenditure in tangible and intangible assets	-117 072	-151 370
Investment subsidies received	173	91
Proceeds from sale of tangible and intangible assets	1 571	3 338
Capital expenditure in investments	-1 557	-892
Proceeds from sale of investments	650	392
Repayment of loan receivables	-143	-152
Other	-2 176	-15 246
Cash flow from investments	-118 554	-163 839
Cash flow from financing activities		
Increase (+) / decrease (-) in current financing	-23 431	-11 888
Proceeds from non-current financing	105 574	152 765
Repayment of non-current financing	-84 168	-55 821
Dividends paid	-5 648	-5 814
Cash flow from investments	-7 673	79 242
Change in liquid assets	-1 167	-10 712
Liquid assets at beginning of financial year	255 054	265 766
Liquid assets at end of financial year	253 887	255 054

All figures in EUR '000s.

Consolidated Balance Sheet

ASSETS	31 Dec. 2015	31 Dec. 2014
Non-current assets		
Intangible assets		
Intangible rights	6 529	7 026
Other capitalised long-term expenditure	16 506	18 539
	23 035	25 565
Property, plant and equipment		
Land	24 849	24 946
Buildings and constructions	262 928	251 469
Machinery and equipment	252 502	246 379
Other tangible assets	731	997
Advance payments and construction in progress	94 980	75 142
	635 990	598 933
Investments		
Shares in Group companies	2	9
Shares in associated companies	2 913	2 563
Other shares and interests	5 727	4 581
	8 642	7 153
Current assets		
Stocks		
Raw materials and supplies	36 265	37 995
Work in progress	14 280	18 396
Finished goods	92 299	117 626
Other stocks	3 211	2 719
Advance payments	191	3 138
	146 246	179 874
Receivables		
Non-current receivables		
Other receivables	169	41
Deferred tax receivable	206	191
	375	232
Current receivables		
Trade receivables	125 082	127 085
Deferred tax receivable	6 596	3 398
Other current receivables	10 332	11 216
Accrued income and prepaid expenses	29 868	32 513
	171 878	174 212
Investments		
Other current investments	22 994	35 481
Cash in hand and at banks	230 893	219 573
Total assets	1 240 053	1 241 023

All figures in EUR '000s.

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2015	31 Dec. 2014
Shareholders' equity		
Share capital	166 128	166 128
Other reserves		
Other reserves	5 984	5 984
Translation differences	-29 145	-26 969
Retained earnings (losses)	368 128	410 075
Net profit (loss) for the financial year	12 627	-36 299
	523 722	518 919
Provisions		
Other provisions	76 532	78 086
Liabilities		
Non-current liabilities		
Loans from financial institutions	260 830	261 637
Deferred tax liability	33 291	29 040
Other liabilities	76 018	78 736
	370 139	369 413
Current liabilities		
Loans from financial institutions	50 568	28 200
Advances received	67	519
Trade payable	139 563	140 517
Current liabilities to participating interests	107	98
Deferred tax assets	341	173
Other liabilities	34 064	54 162
Accrued expenses and deferred income	44 950	50 936
	269 660	274 605
Total shareholders' equity and liabilities	1 240 053	1 241 023

All figures in EUR '000s.

Parent Company Income Statement

	2015	2014
Net sales	1 498 432 074,58	1 714 012 908,29
Increase (+) / decrease (-) in stocks of finished goods and work in progress	-28 573 524,15	6 181 740,05
Production for own use	899 257,75	1 177 225,93
Other operating income	35 558 674,98	38 041 265,44
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	924 432 122,65	1 100 841 434,06
Increase (-) / decrease (+) in stocks	1 283 815,53	114 780,07
External services	17 038 262,69	19 762 295,45
	-942 754 200,87	-1 120 718 509,58
Staff expenses		
Wages and salaries	164 222 192,20	177 979 984,15
Social security expenses		
Pension expenses	14 154 384,35	9 894 903,48
Other social security expenses	8 908 392,95	9 551 497,85
	-187 284 969,50	-197 426 385,48
Depreciation and amortisation		
Depreciation according to plan	-72 496 001,54	-68 672 569,65
Amortisation from assets held as non-current assets	-307 659,34	-3 948 000,00
	-72 803 660,88	-72 620 569,65
Other operating expenses	-294 264 466,62	-331 724 948,65
Operating profit (loss)	9 209 185,29	36 922 726,35
Financial income and expenses		
Income from shares in Group companies	1 827 986,47	992 217,31
Income from other investments held as non-current assets		
From others	9 717,78	13 884,43
Other interest and financial income		
From Group companies	88 328,54	67 279,75
From others	2 485 503,36	3 016 368,00
Interest expenses and other financial expenses		
To Group companies	-52,56	-13 118,48
To others	-9 731 245,40	-10 039 105,47
	-5 319 761,81	-5 962 474,46
Profit (loss) before extraordinary items	3 889 423,48	30 960 251,89
Extraordinary income	430 000,00	-
Extraordinary expenses	-	-70 100 000,00
Profit (loss) before appropriations and taxes	4 319 423,48	-39 139 748,11
Appropriations		
Increase (-) / decrease (+) in depreciation difference	-22 684 223,56	-27 103 307,37
Income taxes		
Income taxes for the financial year	-	-2 180 442,46
Deferred taxes	4 070 068,07	1 407 105,05
Income taxes from previous financial years	10 824,60	-77 787,38
	4 080 892,67	-851 124,79
Net profit (loss) for the financial year	-14 283 907,41	-67 094 180,27

Parent Company Cash Flow Statement

	2015	2014
Cash flow from operations		
Operating profit	9 209	36 923
Adjustments		
Depreciation and amortisation	72 496	68 673
Changes in provisions	-1 458	6 935
Other adjustments	233	-2 351
Cash flow before change in working capital	80 480	110 180
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing receivables	15 161	27 840
Increase (-) / decrease (+) in stocks	29 881	-6 218
Increase (+) / decrease (-) in current non-interest-bearing debts	-6 809	-68 395
Cash flow from operations before financial items and taxes	118 713	63 407
Interests and expenses paid for other financing costs of operations	-9 696	-10 293
Dividends received	1 838	1 006
Interest and other financial income received	2 484	3 108
Direct taxes paid	-1 398	-4 566
Cash flow from operations	111 941	52 662
Cash flow from investments		
Capital expenditure in tangible and intangible assets	-111 448	-146 451
Investment subsidies received	173	91
Proceeds from sale of tangible and intangible assets	1 303	3 288
Capital expenditure in investments	-1 557	-892
Proceeds from sale of investments	650	392
Loans granted	-3 000	-2 000
Repayment of loan receivables	8 000	-
Cash flow from investments	-105 879	-145 572
Cash flow from financing activities		
Repayment of current financing	-23 335	-7 054
Proceeds from non-current financing	105 574	152 765
Repayment of non-current financing	-81 168	-53 821
Dividends paid	-5 648	-5 814
Cash flow from financing activities	-4 577	86 076
Change in liquid assets	1 485	-6 834
Liquid assets at beginning of financial year	234 418	241 252
Liquid assets at end of financial year	235 903	234 418

All figures in EUR '000s.

Parent Company Balance Sheet

ASSETS	31 Dec. 2015	31 Dec. 2014
Non-current assets		
Intangible assets		
Intangible rights	5 948 609,47	6 183 873,26
Other capitalised long-term expenditure	16 477 119,00	18 533 277,26
	22 425 728,47	24 717 150,52
Property, plant and equipment		
Land	20 106 689,00	19 867 325,41
Connection fees	1 564 270,25	1 545 354,05
Buildings and constructions	241 793 858,63	227 948 803,07
Machinery and equipment	235 672 093,72	227 578 423,43
Other tangible assets	156 760,36	156 760,36
Advance payments and construction in progress	90 228 649,82	72 626 082,90
	589 522 321,78	549 722 749,22
Investments		
Shares in Group companies	114 931 083,07	114 931 083,07
Shares in associated companies	598 865,50	598 865,50
Other shares and interests	5 441 867,20	4 376 533,02
	120 971 815,77	119 906 481,59
Current assets		
Stocks		
Raw materials and supplies	31 700 785,67	33 004 688,66
Work in progress	13 871 486,15	17 929 949,42
Finished goods	64 394 758,73	88 909 819,61
Other stocks	1 151 300,14	1 131 212,68
Advance payments	127 600,00	151 190,54
	111 245 930,69	141 126 860,91
Receivables		
Non-current receivables		
Non-current receivables from Group companies	1 500	1 200
Other non-current receivables	90 200,00	11 900,00
	91 700,00	13 100,00
Current receivables		
Trade receivables	92 140 353,61	100 563 372,43
Current receivables from Group companies	20 209 857,18	30 347 209,48
Deferred tax assets	5 646 684,91	1 576 616,84
Other current receivables	7 495 286,97	6 106 389,96
Accrued income and prepaid expenses	28 707 473,16	31 177 504,11
	154 199 655,83	169 771 092,82
Investments		
Other current investments	22 994 323,26	35 480 829,37
Cash in hand and at banks	212 908 323,55	198 937 545,24
Total assets	1 234 359 799,35	1 239 675 809,67

Parent Company Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2015	31 Dec. 2014
Shareholders' equity		
Share capital	166 127 400,00	166 127 400,00
Other reserves		
Legal reserve	5 984 101,53	5 984 101,53
Retained earnings (losses)	223 860 705,30	296 603 217,17
Net profit (loss) for the financial year	-14 283 907,41	-67 094 180,27
	381 688 299,42	401 620 538,43
Appropriations		
Accumulated depreciation difference	166 456 052,60	143 771 829,04
Provisions	76 357 938,42	77 883 084,17
Liabilities		
Non-current liabilities		
Loans from financial institutions	260 829 500,00	261 636 999,00
Other liabilities	77 081 727,31	78 845 927,31
	337 911 227,31	340 482 926,31
Current liabilities		
Loans from financial institutions	50 568 200,00	25 200 000,00
Trade payable	130 363 880,36	130 486 481,00
Current liabilities to Group companies	20 750 982,32	21 640 042,07
Current liabilities to participating interests	106 856,21	98 119,43
Other liabilities	32 780 842,66	54 180 816,16
Accrued expenses and deferred income	37 375 520,05	44 311 973,06
	271 946 281,60	275 917 431,72
Total shareholders' equity and liabilities	1 234 359 799,35	1 239 675 809,67

Notes to the Consolidated and Parent Company Financial Statements

ACCOUNTING PRINCIPLES

The consolidated financial statements include the parent company and the subsidiaries in which the parent company holds more than 50% of the voting rights, either directly or indirectly.

Associated companies have been consolidated using the equity method.

The consolidated financial statements have been prepared using the acquisition method. All intercompany accounts and transactions have been eliminated.

The income statements of foreign Group companies have been translated into Finnish currency at the average exchange rate of the financial year, and balance sheets at the exchange rate on the closing day of the financial year. The exchange rate differences generated in the translation and the translation adjustments created in the translation of shareholders' equity of foreign subsidiaries are included in other reserves.

Exchange rate differences resulting from a long-term loan granted to a foreign subsidiary which is comparable to an investment of shareholders' equity are recorded for the Group as translation difference of shareholders' equity.

Intangible assets and property, plant and equipment of non-current assets are recorded in the balance sheet at the acquisition cost less depreciation according to plan. Depreciation according to plan is calculated as straight-line depreciation on the basis of the useful life of the item. The depreciation plan is the same as in the previous year.

Depreciation and amortisation periods are:

Intangible rights and other capitalised long-term expenditure	5–10 years
Buildings and constructions	10–25 years
Machinery and equipment	5–10 years
Computer hardware and software	3–5 years
Transport equipment and some refrigeration equipment	3–5 years

Investments and non-current financial assets have been recorded in the balance sheet at the lower of acquisition price or fair value.

Liquid assets include cash in hand, cash at bank, and short-term investments in securities.

Products manufactured in-house have been valued at the lower of immediate acquisition cost or sales price. Purchased products, raw materials, and packing materials are valued at weighted average price.

Deferred tax liabilities or assets have been calculated on the temporary differences between taxation and the financial statements, and on taxable loss using the prevailing tax base at balance sheet date.

R&D costs have been recorded as expenses.

Extraordinary items include such expenses that are based on one-off events, deviate from the company's regular operations, and are essential in amount.

The accounting of emission rights is performed in accordance with statement 1767/2005 of the Accounting Board. If the realised emission tonnage exceeds the rights granted, the cost of the excess tonnage is booked at the fair value of the day of closing the accounts and provisions are booked as counter-account. If the realised tonnage is below the rights granted, these assets are specified in the notes to the accounts. Trading of emission rights is booked as transactions on an accrual basis.

All figures in EUR '000s.

Notes to the Income Statement

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
1. DISTRIBUTION OF NET SALES				
1.1. NET SALES BY DIVISION				
Fresh dairy products	775 626	908 808	689 550	814 730
Butter and spreads	239 144	231 190	226 529	211 911
Cheese	440 539	527 757	331 768	407 927
Powdered ingredients	167 441	169 397	157 008	166 261
Others	95 415	113 088	93 577	113 184
	1 718 165	1 950 240	1 498 432	1 714 013
1.2. NET SALES BY GEOGRAPHICAL AREA				
Domestic	1 116 428	1 263 840	1 116 428	1 263 840
Foreign	601 737	686 400	382 004	450 173
	1 718 165	1 950 240	1 498 432	1 714 013
2. OTHER OPERATING INCOME				
Logistics income	21 275	19 965	21 180	19 704
Rent income	4 346	4 258	4 332	4 216
Gain on investments under non-current assets	-	2 648	-	2 427
Gain on disposal of non-current assets	836	105	705	105
Sales income from laboratory services	2 442	2 513	2 442	2 513
Subsidies and grants received	207	828	207	828
Income from staff canteen	1 811	1 957	1 811	1 957
Income from energy sales	1 328	1 102	1 328	1 102
Insurance compensation	442	1 525	442	1 525
Other income	3 293	5 453	3 112	3 664
	35 980	40 354	35 559	38 041
3. EXTRAORDINARY INCOME (+) AND EXPENSES (-)				
Expenses of a penal nature	-	-70 100	-	-70 100
Group contribution	-	-	430	-
	-	-70 100	430	-70 100
4. CHANGE IN PROVISIONS				
INCREASE (-) / DECREASE (+)				
Provision for contingent pension liabilities	-693	-44	-628	-343
Provision for cessation	2 147	-6 946	2 147	-6 947
Other provisions	100	-69 744	6	-69 746
	1 554	-76 734	1 525	-77 036

Notes to the Income Statement

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
5. OTHER OPERATING EXPENSES				
Energy expenses	43 392	46 711	41 158	44 396
Water expenses	15 249	16 823	15 134	16 710
Transportation expenses	109 401	107 834	102 748	102 525
Rental expenses	17 510	17 770	15 361	15 387
Expenses for maintenance of real estate and machinery	40 738	51 192	40 098	49 416
Marketing expenses	51 135	77 050	34 841	53 354
Travel expenses	5 114	6 668	4 039	5 386
IT expenses	18 275	19 409	17 064	18 046
Administrative expenses	16 088	18 192	13 704	15 726
Voluntary staff expenses	3 948	5 891	3 497	4 944
Credit losses	159	1 572	-1	113
Other expenses	10 216	15 732	6 621	5 722
	331 225	384 844	294 264	331 725
6. NUMBER OF PERSONNEL, AVERAGE				
Employees	2 034	2 196	1 606	1 784
Technical dairy employees	1 004	1 178	926	1 126
Management staff	759	653	675	562
Clerical staff	475	635	230	262
	4 272	4 662	3 437	3 734
7. STAFF EXPENSES				
Wages and salaries	180 829	198 098	164 222	177 980
Social security expenses				
Pension expenses	15 782	12 275	14 154	9 895
Other social security expenses	12 847	13 279	8 908	9 551
	209 458	223 652	187 284	197 426
8. SALARIES AND BONUSES OF DIRECTORS				
Supervisory Board	242	200	242	200
Board of Directors	226	248	226	248
Executive Boards, CEO and Managing Directors	6 657	6 129	2 966	2 675
	7 125	6 577	3 434	3 123
9. AUDITOR'S FEES				
To PricewaterhouseCoopers companies				
Audit	320	331	158	170
Auditor's statements	3	2	3	2
Tax services	15	49	15	19
Other services	163	57	163	57
	501	438	339	248

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
10. ACCRUED INCOME AND PREPAID EXPENSES				
Rent of packing machines	158	186	158	186
Accrued income from exports	1 302	1 235	1 302	1 235
Royalties	1 292	1 129	1 292	1 129
Healthcare reimbursement	815	878	815	878
Income tax assets	3 387	3 757	3 251	2 862
Annual refunds	130	20	130	20
Pension expenses	43	-	-	-
Social security costs	19 915	22 925	19 915	22 925
Travel advances	66	143	66	143
Research grants	54	297	54	297
Expert service purchases in R&D	87	-	87	-
ELY and energy subsidies	125	78	125	78
IT maintenance agreements	401	273	382	273
Compensation for damages	42	157	40	157
Insurance premiums	76	56	76	56
Gifts	148	150	148	150
Interest	124	34	124	34
Other prepayments and accrued income	1 703	1 195	742	755
	29 868	32 513	28 707	31 178
11 INTANGIBLE ASSETS				
Intangible rights				
Acquisition cost at beginning of year	18 997	16 227	16 901	14 779
Additions 1.1–31.12	1 098	3 293	1 054	2 499
Disposals 1.1–31.12	-159	-513	-41	-377
Acquisition cost at year-end	19 936	19 007	17 914	16 901
Accumulated amortisation at beginning of year	-11 989	-10 648	-10 717	-9 629
Accumulated amortisation on disposals	132	44	22	44
Amortisation for the year	-1 550	-1 377	-1 270	-1 132
Accumulated amortisation at year-end	-13 407	-11 981	-11 965	-10 717
Book value at year-end	6 529	7 026	5 949	6 184
Other capitalised long-term expenditure				
Acquisition cost at beginning of year	63 618	58 181	63 244	56 526
Additions 1.1–31.12	3 721	6 727	3 697	6 728
Disposals 1.1–31.12	-371	-10	-71	-10
Acquisition cost at year-end	66 968	64 898	66 870	63 244
Accumulated amortisation at beginning of year	-45 073	-41 633	-44 711	-40 066
Accumulated amortisation on disposals	323	10	23	10
Amortisation for the year	-5 712	-4 736	-5 705	-4 655
Accumulated amortisation at year-end	-50 462	-46 359	-50 393	-44 711
Book value at year-end	16 506	18 539	16 477	18 533
Total intangible assets	23 035	25 565	22 426	24 717

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
12. PROPERTY, PLANT AND EQUIPMENT				
Land				
Acquisition cost at beginning of year	24 591	20 947	21 413	17 414
Additions 1.1–31.12	281	3 999	281	3 999
Disposals 1.1–31.12	-23	-	-23	-
Acquisition cost at year-end	24 849	24 946	21 671	21 413
Book value at year-end	24 849	24 946	21 671	21 413
Buildings and constructions				
Acquisition cost at beginning of year	602 948	525 862	570 823	492 145
Additions 1.1–31.12	37 872	78 927	37 429	78 729
Disposals 1.1–31.12	-140	-51	-137	-51
Acquisition cost at year-end	640 680	604 738	608 115	570 823
Accumulated depreciation at beginning of year	-352 666	-328 949	-342 874	-320 413
Accumulated depreciation on disposals	96	51	138	51
Depreciation for the year	-25 182	-24 371	-23 585	-22 512
Accumulated depreciation at year-end	-377 752	-353 269	-366 321	-342 874
Book value at year-end	262 928	251 469	241 794	227 949
Machinery and equipment and other tangible assets				
Acquisition cost at beginning of year	723 241	649 516	677 296	605 360
Additions 1.1–31.12	54 607	76 083	51 211	72 709
Disposals 1.1–31.12	-4 302	-1 887	-2 611	-773
Acquisition cost at year-end	773 546	723 712	725 896	677 296
Accumulated depreciation and write-offs at beginning of year	-475 909	-431 096	-449 561	-409 743
Accumulated depreciation on disposals	2 487	556	1 430	556
Depreciation for the year	-46 891	-45 796	-41 936	-40 374
Accumulated depreciation and write-offs at year-end	-520 313	-476 336	-490 067	-449 561
Book value at year-end	253 233	247 376	235 829	227 735
Prepayments and construction in progress				
Acquisition cost at beginning of year	75 068	92 245	72 626	90 910
Additions 1.1–31.12	69 895	68 698	65 806	66 353
Disposals 1.1–31.12	-7	-	-	-
Transfer between items	-49 976	-85 313	-48 204	-84 340
Recorded as expense	-	-297	-	-297
Acquisition cost at year-end	94 980	75 333	90 228	72 626
Accumulated depreciation and write-offs at beginning of year	-	-191	-	-
Accumulated depreciation and write-offs at year-end	-	-191	-	-
Book value at year-end	94 980	75 142	90 228	72 626
Total property, plant and equipment	635 990	598 933	589 522	549 723
Depreciation according to plan for the year, total	-79 335	-76 280	-72 496	-68 673
Book value of production machinery and equipment at year-end	261 785	255 741	214 425	205 399

Notes to the Balance Sheet

13. CONSOLIDATED AND PARENT COMPANY HOLDINGS

GROUP COMPANIES

	Consolidated Ownership and voting rights %	Parent Company Ownership and voting rights %
Finlandia Cheese Inc., USA	100	100
Meijeri USA LLC	100	0
Tuonti USA LLC	100	0
Voi USA LLC	100	0
SIA Valio International, Latvia	100	100
UAB Valio International, Lithuania	100	100
Nordic Dairy Holding Oy, Finland	100	100
Rushold M Oy, Finland*	100	0
OOO Valio Center Odintsovo, Russia	100	0
OOO Valio, Russia	100	0
Valio Eesti AS, Estonia	100	0
Võru Juust OÜ, Estonia	100	0
Valio Shanghai Ltd, China	100	100
Valio Sverige AB, Sweden	100	100
Valio Danmark ApS, Denmark	100	100
Jäätelöyhtymä Oy, Finland**	100	100
Pakkasukko Oy, Finland**	100	100
Smeds & Co Oy, Finland**	100	100
Valio International (Poland) Ltd, Poland**	100	100

*) Group company Smeds & Co Oy owns one share.

**) No business operations

PARTICIPATING INTERESTS

ASSOCIATED COMPANIES

Haapaveden Ympäristöpalvelut Oy, Finland	40,5	40,5
Pakastamo Oy, Finland	50,0	50,0
Suomen NP-Kierrätys Oy, Finland	25,0	25,0

Notes to the Balance Sheet

14. PARENT COMPANY INVESTMENTS

	Shares in Group companies	Shares in participating interests	Other shares
Acquisition cost at beginning of year	120 037	599	4 377
Additions	-	-	1 558
Disposals	-	-	-493
Acquisition cost at year-end	120 037	599	5 442
Accumulated depreciation and write-offs at beginning of year	-9 983	-	-
Accumulated depreciation and write-offs at year-end	-9 983	-	-
Reversal of write-offs at beginning of year	4 878	-	-
Reversal of write-offs at year-end	4 878	-	-
Book value at year-end	114 931	599	5 442

15. GROUP INVESTMENTS

	Shares in Group companies	Shares in participating interests	Other shares
Acquisition cost at beginning of year	9	2 598	4 581
Additions	-	350	1 639
Disposals	-7	-	-493
Acquisition cost at year-end	2	2 948	5 727
Accumulated depreciation and write-offs at beginning of year	-	-35	-
Accumulated depreciation and write-offs at year-end	-	-35	-
Book value at year-end	2	2 913	5 727

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
16. SECURITIES				
Other securities	22 994	35 481	22 994	35 481
17. RECEIVABLES FROM GROUP COMPANIES				
Trade receivables	-	-	19 780	25 042
Other receivables	-	-	432	306
Loan receivables	-	-	-	5 000
	-	-	20 211	30 348

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
18. CHANGES IN SHAREHOLDERS' EQUITY				
Share capital, 1 Jan.	166 128	166 128	166 128	166 128
Share capital, 31 Dec.	166 128	166 128	166 128	166 128
Legal reserves, 1 Jan.	5 984	5 984	5 984	5 984
Legal reserves, 31 Dec.	5 984	5 984	5 984	5 984
Translation difference for equity of foreign subsidiaries 1 Jan.	-26 969	-11 723	-	-
Translation difference for equity of foreign subsidiaries 31 Dec.	-29 145	-26 969	-	-
Retained earnings (losses), 1 Jan.	373 776	415 889	229 509	302 417
Dividends	-5 648	-5 814	-5 648	-5 814
Retained earnings (losses), 31 Dec.	368 128	410 075	223 861	296 603
Net profit (loss) for the financial year	12 627	-36 299	-14 284	-67 094
Shareholders' equity 31 Dec.	523 722	518 919	381 688	401 621
Retained earnings (losses) 31 Dec.	368 128	410 075	223 861	296 603
Appropriations included in retained earnings	-133 165	-115 018	-	-
Net profit (loss) for the financial year	12 627	-36 299	-14 284	-67 094
	247 590	258 758	209 577	229 509
19. PROVISIONS				
Provision for contingent pension liabilities	1 717	1 024	1 451	823
Provision for cessation	4 807	6 954	4 807	6 954
Other provisions	70 008	70 108	70 100	70 106
	76 532	78 086	76 358	77 883
20. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets				
From provisions	1 272	1 577	1 272	1 577
From other temporary differences in accounting and taxation	811	935	-	-
Taxable loss	4 719	1 077	4 375	-
	6 802	3 589	5 647	1 577
Deferred tax liabilities				
From appropriations	33 632	29 213	-	-
	33 632	29 213	-	-

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
21. ACCRUED EXPENSES AND DEFERRED INCOME				
Interest	2 972	3 131	2 972	3 131
Holiday accrual including social security	27 623	29 953	27 013	29 296
Rebates granted	3 345	3 830	621	1 333
Pension contributions	145	-	-	-
Wages and salaries including social security	4 279	7 880	3 442	7 055
Royalties and commissions	183	338	183	338
Tax liabilities	1 079	1 646	-	1 408
Accrual of sales	784	201	784	201
Water and waste water	354	46	354	46
Electricity	386	101	386	101
Other accrued expenses and deferred income	3 800	3 810	1 621	1 403
	44 950	50 936	37 376	44 312
22. LIABILITIES THAT FALL DUE OVER FIVE YEARS FROM NOW				
Other loans	46 800	39 800	46 800	39 800
	46 800	39 800	46 800	39 800
23. CURRENT LIABILITIES TO GROUP COMPANIES				
Trade payable	-	-	8	38
Other liabilities	-	-	20 743	21 602
	-	-	20 751	21 640
24. CURRENT LIABILITIES TO PARTICIPATING INTERESTS				
Trade payable	107	98	107	98
	107	98	107	98

Notes to the Balance Sheet

	CONSOLIDATED		PARENT COMPANY	
	2015	2014	2015	2014
25. CONTINGENT LIABILITIES				
For own commitments				
Liabilities for which mortgages and pledges have been given as collateral				
Loans from financial institutions	60 000	110 000	60 000	110 000
Mortgages given	217 139	217 139	217 139	217 139
Mortgages	46 120	46 120	46 120	46 120
Guarantees	3 282	11 808	3 282	3 508
Leasing commitments				
over a period of 12 months	8 251	8 819	7 964	8 575
later	23 871	26 066	23 575	25 721
	32 122	34 885	31 539	34 296
For own operations	298 663	309 952	298 080	301 063
For Group companies	-	-	-	8 300
For others	10 331	11 747	10 331	11 747
	308 994	321 699	308 411	321 110
26. EMISSION RIGHTS				
Gratuitously acquired emission rights, tCO ₂	36 825	38 685	36 825	38 685
Other increases (CER), tCO ₂	-	14 136	-	14 136
Annual emission volumes, tCO ₂	62 126	66 476	62 126	66 476
Emission rights in possession, tCO ₂	77 796	117 091	77 796	117 091
The company has emission rights assets off balance sheet	129	364	129	364

27. OTHER FINANCIAL LIABILITIES

Real estate investments

The company has made value added tax deductions on real estate investments which involve a possible obligation to re-evaluate the amount of tax deducted if the premises are taken into use where value added taxation is not applicable. Such a change is not, however, in sight.

Majakka Voima Oy

Valio Ltd has an overall financial commitment of 24.5 million euros valid to the end of 2024 concerning shares in Majakka Voima Oy, of which 3.3 million euros were entered as subscribed and paid in the financial statements on 31 December 2015. The shareholding will in due course enable electricity produced by Fennovoima Oy to be purchased at cost price.

Proposal by the Board of Directors to the Annual General Meeting

Distributable earnings in the financial statements amount to EUR 209 576 797.89

There have been no material changes in the company's financial position after the balance sheet date, and neither does the liquidity test referred to in section 13:2 of the Companies Act affect the amount of distributable earnings.

The Board of Directors proposes to the Annual General Meeting that the distributable assets be used as follows:

Retained earnings	223 860 705,30 €
Net loss for the financial year	-14 283 907,41 €
Total	209 576 797,89 €

The Board of Directors proposes to the Annual General Meeting that a dividend of 3.3% on the nominal value of the shares
i.e. EUR 112.20 per share be declared.

5 482 204,20 €

Should the Annual General Meeting approve the above proposal, company shareholders' equity would be as follows:

Share capital	166 127 400,00 €
Legal reserves	5 984 101,53 €
Retained earnings	204 094 593,69 €
Total shareholders' equity	376 206 095,22 €

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

Helsinki, 14 March 2016

Vesa Kaunisto
Chairman of the Board

Pentti Suokannas

Annikka Hurme
CEO

Sauli Lähteenmäki

Jarmo Juutinen

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

Helsinki, 14 March 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Valio Ltd

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Valio Ltd for the year ended 31 December, 2015. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Supervisory Board or of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Supervisory Board and of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, 14 March, 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Statement by the Supervisory Board

We have examined the financial statements of Valio Ltd, the consolidated financial statements and the Board of Directors' report for 1 January to 31 December 2015, and the auditors' report.

We recommend approval of the financial statements and consolidated financial statements, and concur with the Board of Directors' proposal for profit distribution.

The term in the Supervisory Board ends this year for the following members: Jari Hekkala, Esa Kotala, Katariina Lampela, Pekka Lestinen, Vesa Parvinen, Mauri Penttilä, Jarkko Pirinen, Anneli Santa-aho, and Risto Sonninen.

Helsinki, 15 March 2016

On behalf of the Supervisory Board

Pentti Santala
Chairman

Valio Ltd owners 31 Dec. 2015

Valio Ltd is owned by dairy farmer communities that collect or process milk. Production is primarily based on milk delivered by co-operatives committed to Valio.

The company's owner-management comprises the Annual General Meeting, Supervisory Board, and Board of Directors.

Name	Domicile	No. of shares
		EUR 3 400/share
Evijärven Osuusmeijeri	Evijärvi	72
* Hirvijärven Osuusmeijeri	Jalasjärvi	78
* Hämeenlinnan Osuusmeijeri	Hämeenlinna	1
Härmän Seudun Osuusmeijeri	Alahärmä	140
* Kaustisen Osuusmeijeri	Kaustinen	1
* Kuusamon Osuusmeijeri	Kuusamo	1
* Laaksojen Maitokunta	Ylivieska	1
Osuuskunta ItäMaito	Lapinlahti	13 188
Osuuskunta Länsi-Maito	Tampere	6 336
* Osuuskunta Maitokolmio	Toholampi	245
* Osuuskunta Maitomaa	Suonenjoki	290
Osuuskunta Maitosuomi	Jyväskylä	7 521
Osuuskunta Normilk	Jyväskylä	7
Osuuskunta Pohjolan Maito	Haapavesi	8 489
* Osuuskunta Satamaito	Pori	1
Osuuskunta Tuottajain Maito	Riihimäki	12 437
* Paavolan Osuusmeijeri	Ruukki	53
Total		<u>48 861</u>
Total no. of shareholders 31 Dec. 2015		<u>17</u>
Total share capital		166 127 400 €

* No business relationship with Valio

Supervisory Board

	Term began	Term ends
Pentti Santala Dairy farmer, Kauhajoki Chairman	1997	2018
Jaakko Rouhiainen Dairy farmer, Juva Vice Chairman	2001	2017
Kyösti Anttila Dairy farmer, Jalasjärvi	2005	2017
Anu Fräntilä-Riihonen Dairy farmer, Keuruu	2008	2017
Tuomo Haikonen Dairy farmer, Heinola	2015	2018
Jukka Hakkarainen Dairy farmer, Valtimo	2013	2017
Arto Heikkinen Dairy farmer, Pyhäntä	2013	2018
Jari Hekkala Dairy farmer, Kalajoki	2012	2016
Raimo Kielesseniva Dairy farmer, Kärämäki	2004	2018
Esa Kotala Dairy farmer, Lapua	2010	2016
Jarno Kämäräinen Dairy farmer, Kiuruvesi	2010	2018
Katariina Lampela Dairy farmer, Tervola	2012	2016
Marketta Laukkanen Dairy farmer, Tohmajärvi	2012	2018
Tapio Lehto ¹⁾ Product packer, Seinäjoki	2013	2016
Pekka Lestinen Dairy farmer, Sysmä	1998	2016
Pirjo Louhevirta ¹⁾ Sales representative, Sauvo	2011	2016
Lassi Mäkinen Dairy farmer, Lieto	2014	2017
Markku Mäkinen Dairy farmer, Nivala	2014	2017

Anne Nykänen Dairy farmer, Mikkeli	2011	2017
Vesa Parvinen Dairy farmer, Parikkala	2014	2016
Mauri Penttilä Dairy farmer, Vesilahti	2001	2016
Jarkko Pirinen Dairy farmer, Iitti	2014	2016
Päivi Saarentola ¹⁾ Marketing Manager, Helsinki	2011	2016
Anneli Santa-aho Dairy farmer, Lempäälä	2007	2016
Risto Sonninen Dairy farmer, Maaninka	2010	2016
Juhani Ylikauma ¹⁾ Coaching expert, Haapavesi	2014	2016
Päivi Ylä-Outinen Dairy farmer, Lappeenranta	2008	2018

¹⁾ Personnel representative

Board of Directors

Vesa Kaunisto Dairy farmer, Veteli Chairman	2013	2016
Pentti Suokannas Dairy farmer, Askola Vice Chairman	2015	2017
Jarmo Juutinen Dairy farmer, Vieremä	2010	2018
Sauli Lähteenmäki Dairy farmer, Rusko	2007	2018

Auditor

PricewaterhouseCoopers Oy
Authorised Public Accountants, Helsinki

Niina Vilske, Authorised Public Accountant

Executive Board 1 Jan. – 31 Dec. 2015

	Member of the Executive Board from	Employed by Valio Ltd since
Annikka Hurme CEO	2004	1989
Rauno Hiltunen Executive Vice President Strategy and HR	2011	1984
Jyri-Pekka Kinnunen Deputy CEO Executive Vice President Finance and Information Technology	2008	2008
Mika Koskinen Executive Vice President Operations	2012	2005
Tiina Mattila-Sandholm Professor Executive Vice President R&D and Baby Foods	2004	2004
Tuomas Salusjärvi Executive Vice President Product Groups and Marketing	2014	2007
Iiro Wester Executive Vice President Sales, Retail, FS, Ind.	2014	2012

Consultative Committee of the Executive Board 1 Jan – 31 Dec. 2015

	Member of the Consultative Committee from
Professor Jaakko Aspara	2012
Dr Harald Einsmann	2008
Michael Thompson	2008



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