

8 MAY 2019

ALTIA

Q1 results presentation

CEO PEKKA TENNILÄ

CFO NIKLAS NYLANDER

Agenda

1. Highlights
2. Market
3. Business & segments
4. Financials, barley sourcing, IFRS 16
5. Strategy
6. Q&A

Leading Nordic alcoholic beverage brand company operating in the wines and spirits markets in the Nordic countries, Estonia and Latvia. We also have production in Cognac, France.

Leading Nordic alcoholic beverage brand house

WE OPERATE ON THE STABLE AND PROFITABLE NORDIC MARKETS



ALTIA

- Head office
- Production
- Distillery
- Sales office
- Warehouse

Exports to approx. 30 countries



Stable net sales development, timing of Easter and high raw material costs impacted profitability

HIGHLIGHTS FROM Q1 19



Market development

APPROXIMATELY TWO THIRDS OF CONSUMER PRODUCT SALES COME FROM STATE RETAIL MONOPOLIES

Combined spirits and wine sales volume development in the state retail monopolies

Change compared to previous year, %	Q1 19	Q1 18	Q1 17	2018
Finland, total sales	-8.0	1.7	-3.0	-3.3
Spirits	-5.3	0.4	-2.1	-3.6
Wine	-9.1	2.2	-3.4	-3.2
Sweden, total sales	-4.2	5.3	-3.4	+2.1
Spirits	-3.6	8.8	-4.6	+2.7
Wine	-4.3	5.0	-3.3	+2.0
Norway, total sales	-7.9	9.2	-7.1	+1.5
Spirits	-7.6	8.6	-6.1	+0.1
Wine	-8.0	9.3	-7.3	+1.7

Easter in 2019 in Q2 (April), Easter in 2018 in Q1 (March)

Source: Based on sales volumes by litre published by the state retail monopolies (Alko, Systembolaget, and Vinmonopolet).

- **Nordic spirits and wine market in total** – volumes in the three retail monopolies down by -5.8%
 - Spirits volumes -5.1%
 - Wine volumes -5.9%
- The **timing of Easter** this year in April impacts the overall sales of wine and spirits – volumes are not comparable
- **Finland**
 - Changes in excise duties in January 2019
 - Growing spirits categories were gin and whiskies; vodka and cognac declined
 - Sparkling, white and rosé wines grew, red wine declined
- **Sweden**
 - Growing spirits categories were gin and rums; aquavit, whisky, vodka, grape spirits and liqueurs declined
 - Sparkling and rosé wines grew, red and white wines declined
- **Norway**
 - All spirits categories declined
 - Red wines continued to decline

Net sales highlights

TIMING OF EASTER IMPACTS Q1 AND COMPARABILITY

- In constant currencies 1.3% above last year's level
- Reported net sales were EUR 73.8 (73.5) million
- Altia Industrial's growth driven by price increases and good volumes in industrial products, and phasing in contract manufacturing
- Due to Easter, Finland & Exports is down from last year and Scandinavia in constant currencies is at last year's level
- In January-April, the Group net sales were above last year's level, beverage sales were on last year's level

EUR million	Q1 19	Q1 18	Reported growth, %	Adjusted growth, %*	2018
Altia Group	73.8	73.5	0.4	1.3	357.3
Finland & Exports	25.0	27.1	-7.7	-7.7	133.8
Scandinavia	21.7	22.5	-3.4	-0.5	117.7
Altia Industrial	27.1	24.0	13.1	13.1	105.8

*) Growth in constant currencies

- Net sales of beverages in constant currencies declined by -4.4%
- Timing of Easter impacts sales volumes and sales mix of consumer beverage products
- Spirits impacted negatively mainly by Easter timing
- New wine partner in mid last year has offset negative Easter impact
- Other beverages impacted by partner portfolio changes in 2018

EUR million	Q1 19	Q1 18	Change, %	2018
Spirits	24.8	26.3	-5.9	124.0
Wine	21.3	21.4	-0.4	122.2
Other beverages	0.6	1.9	-68.3	5.3

Finland & Exports

The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



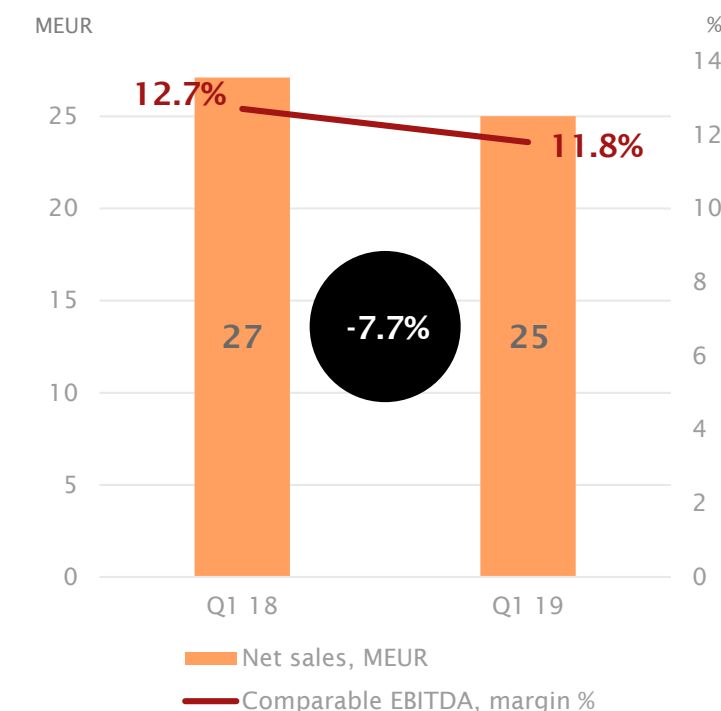
Highlights

- Net sales were 25.0 (27.1) million
- Exports sales at last year's level – seasonality of consumption
- In grocery trade preparations for summer season
- Price increases in monopoly in January
- Comparable EBITDA was 3.0 (3.4) million – Easter impact reflected in lower volumes and sales mix
- Comparable EBITDA without IFRS 16 impact EUR 2.9 million

Product launches & events



Key financials



Scandinavia

The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



Highlights

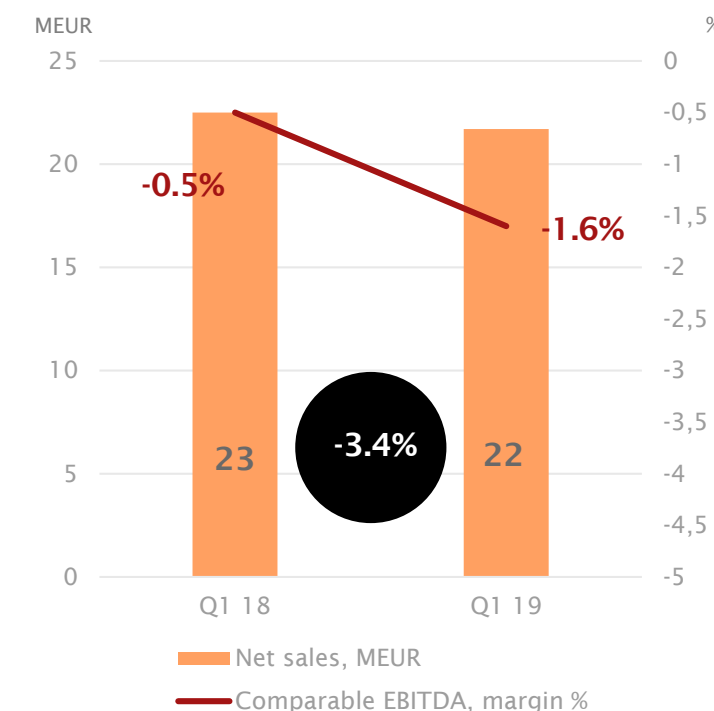
- Reported net sales were EUR 21.7 (22.5) million – in constant currencies, net sales at last year's level
- New wine partner in Sweden last year offsets the timing of Easter and partner portfolio changes in Sweden last year
- In Norway good development of market share in spirits
- Price increases in Sweden in March and Norway in January – not full impact in Q1
- Comparable EBITDA was EUR -0.3 (-0.1) million - Easter impact reflected in lower volumes and sales mix
- Comparable EBITDA without IFRS 16 impact EUR -0.5 million

Product launches & events

- New partnership with Conaxess Trade Beverages in Denmark



Key financials



Altia Industrial

The Altia Industrial segment comprises Koskenkorva plant operations, starch, feed component and technical ethanol businesses, as well as contract manufacturing services at Rajamäki. It also includes supply chain operations, i.e. production operations in different countries, customer service and logistics.



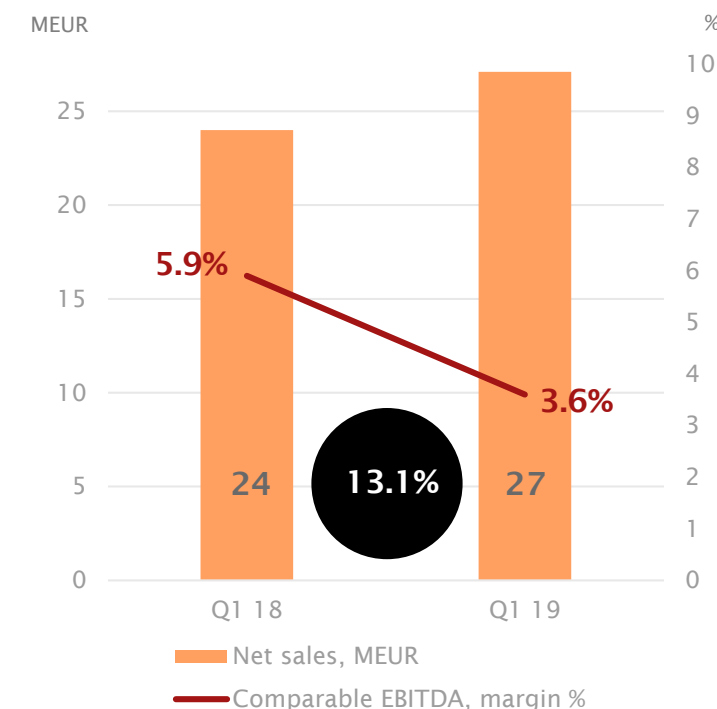
Highlights

- Net sales were 27.1 (24.0) million
- The growth in net sales is driven mainly by price increases following the high barley price, slightly higher volumes in industrial products compared to last year and phasing of contract manufacturing volumes in the first quarter
- Comparable EBITDA was 1.0 (1.4) million
- Profitability negatively impacted by high barley cost and Group internal organisational transfers
- Comparable EBITDA without IFRS 16 impact EUR 0.5 million

Production

- The Koskenkorva plant has been running at full capacity during the first quarter and the plant's volumes were at last year's level

Key financials





ALTIA

Financials

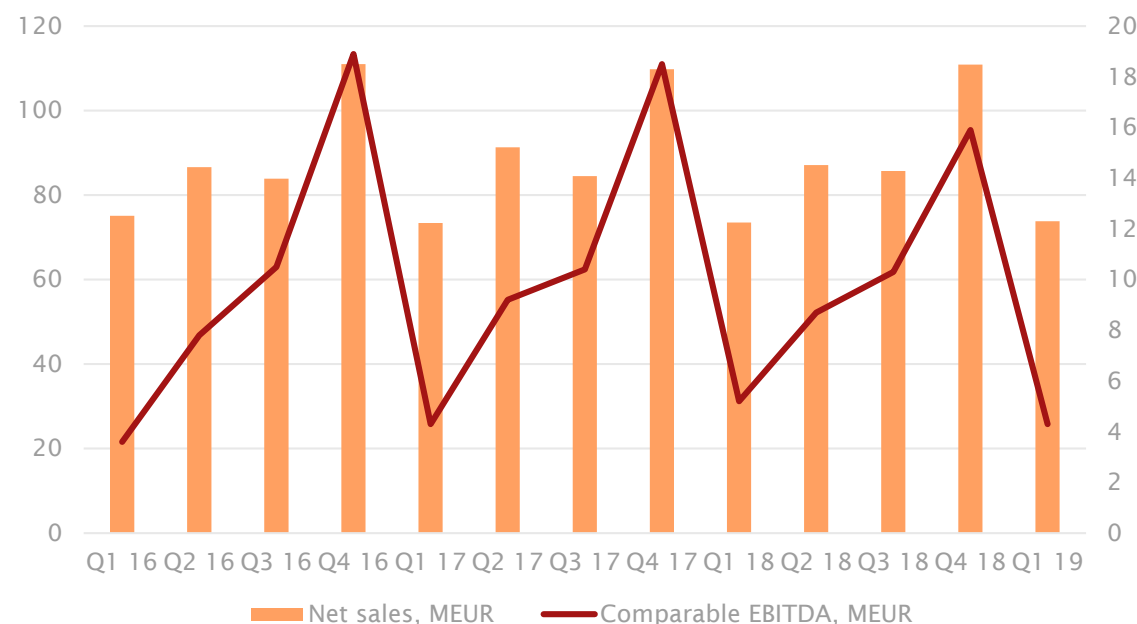
CFO NIKLAS NYLANDER

Barley cost and Easter impacted profitability in Q1

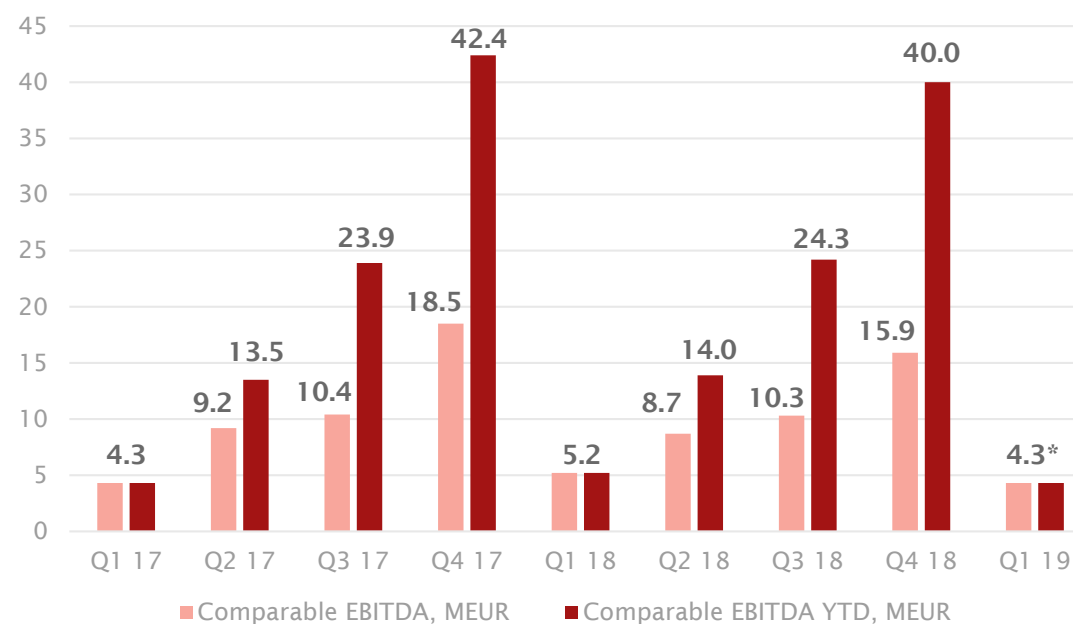
SEASONALITY AFFECTS NET SALES AND PROFITABILITY

- Comparable EBITDA was EUR 4.3 (5.2) million, and without IFRS 16 impact EUR 3.2 million
- Comparable EBITDA margin was 5.8% (7.0%)
- Items affecting comparability amounted to EUR 0.0 (-4.1)

Quarterly net sales and comparable EBITDA, EUR million



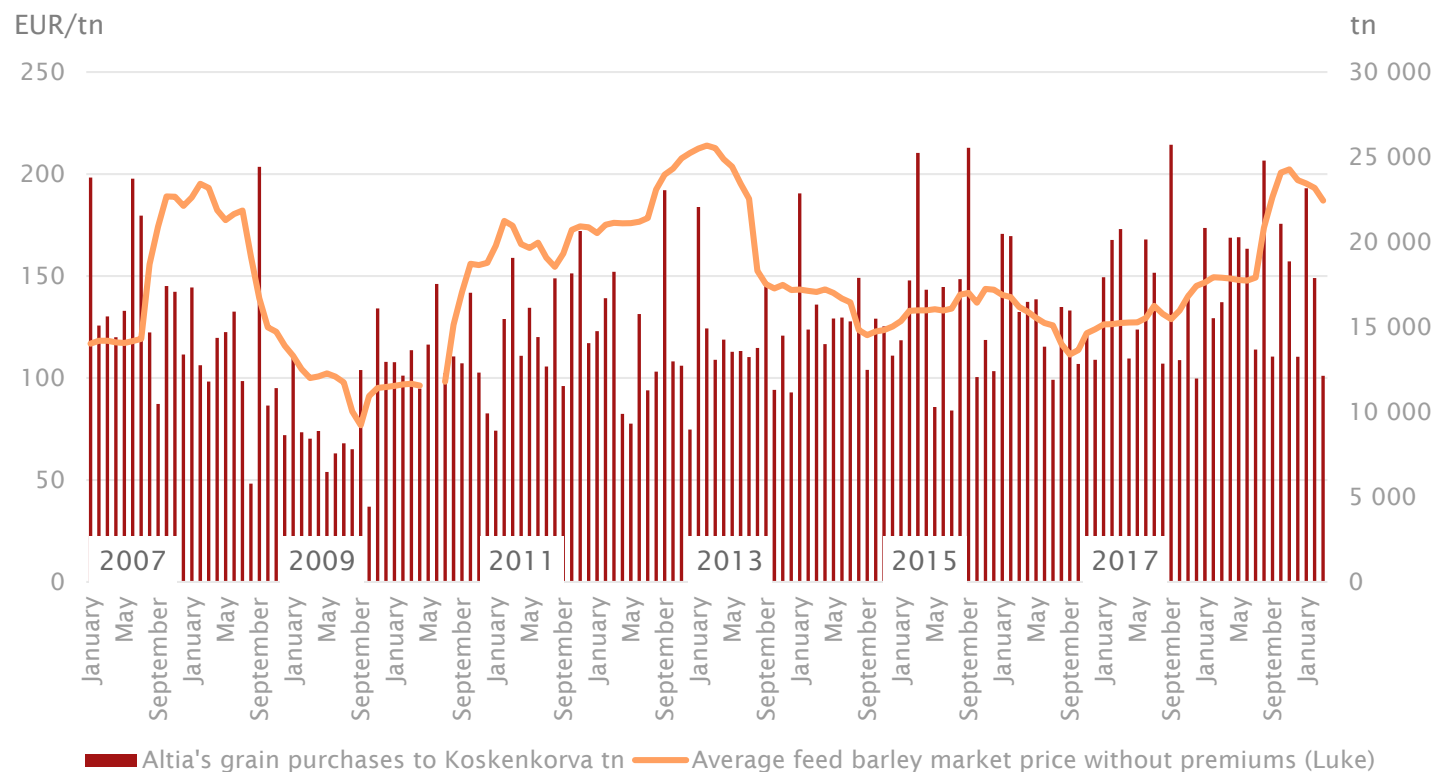
Quarterly and cumulative comparable EBITDA, EUR million



*) includes IFRS 16 impact

Barley sourcing

Barley price development and Altia's monthly volumes 2007-2019 (Jan-Mar)



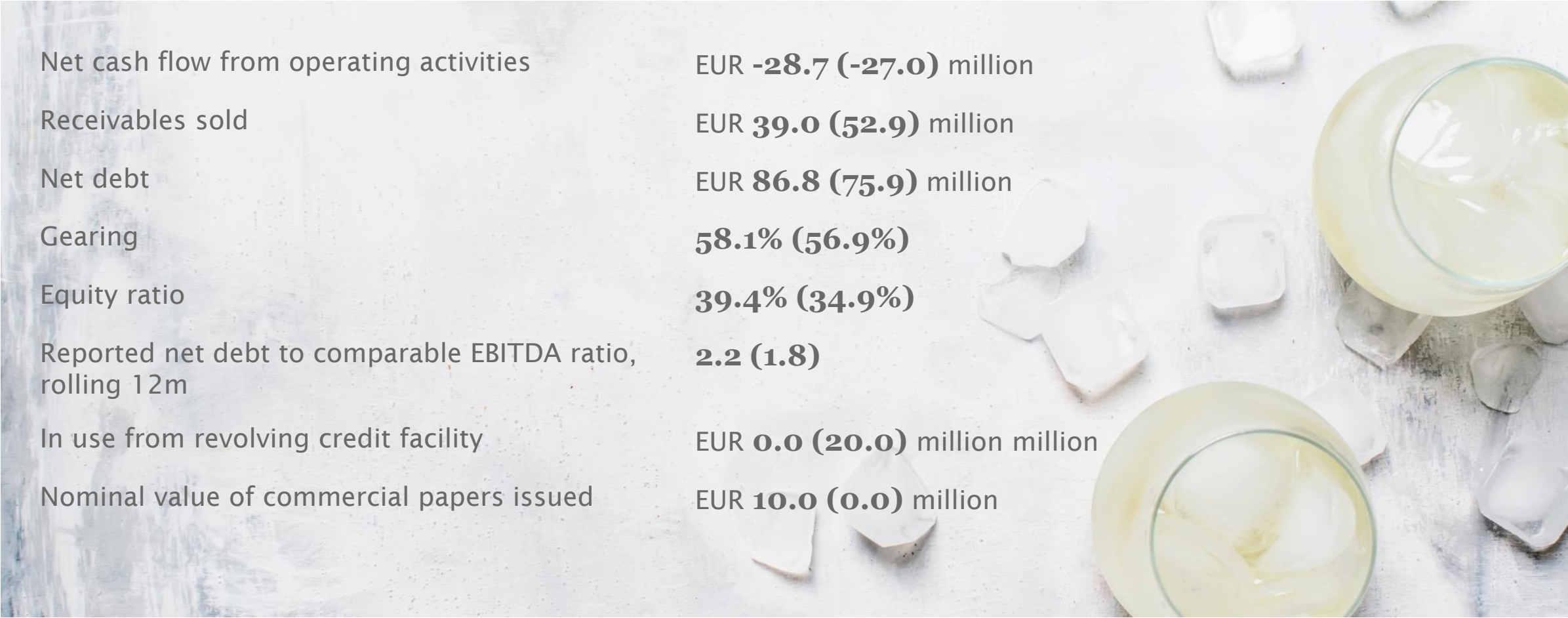
Key principles for barley sourcing:

- Purchased at spot prices; No hedging tools available for barley
- About 1 month inventory; Volumes and purchase prices are fixed a couple of months ahead
- New harvest in August-September
- Average monthly sourcing volume 17000-18000 tn

Altia's use of barley in 2018 reached 211.7 (206.0) million kilos - Equals about 30% of the total market volume

Cash flow and balance sheet

AS AT 31 MARCH



Net cash flow from operating activities	EUR -28.7 (-27.0) million
Receivables sold	EUR 39.0 (52.9) million
Net debt	EUR 86.8 (75.9) million
Gearing	58.1% (56.9%)
Equity ratio	39.4% (34.9%)
Reported net debt to comparable EBITDA ratio, rolling 12m	2.2 (1.8)
In use from revolving credit facility	EUR 0.0 (20.0) million million
Nominal value of commercial papers issued	EUR 10.0 (0.0) million

New accounting standards: IFRS 16 Leases

NOT SIGNIFICANT IMPACT ON ALTIA

- The reporting period 1 January to 31 March 2019 includes the adoption of the IFRS 16 standard as of 1 January 2019.
- Altia applies the simplified approach, according to which the comparison information is not adjusted.
- The IFRS 16 standard had a **positive effect of EUR 1.0 million on the comparable EBITDA, a negative effect of EUR 1.0 million on depreciation, and a negative effect of EUR 0.0 million on financial expenses.**
- On the consolidated balance sheet on 31 March 2019, the amount of asset items based on rights of use is EUR 9.7 million, the amount of long-term lease liabilities is EUR 6.6 million and the amount of short-term lease liabilities is EUR 3.2 million.
- In the cash flow statement, cash payments for the capital portion of the lease liability are presented under financing activities, and the interest portion of the lease liability is presented in cash flows from operating activities. Previously, all operating lease payments were presented in cash flows from operating activities. This had a **positive effect of EUR 1.0 million on the Group's cash flows from operating activities and a negative effect of EUR 1.0 million on its cash flows from financing activities in the first quarter of 2019.**

	Q1 19
Comparable EBITDA, EUR million	4.3
Net debt, EUR million	86.8
Equity ratio, %	39.4
Gearing, %	58.1
Comparable EBITDA without IFRS 16 impact, EUR million	3.2
Net debt without IFRS 16 impact, EUR million	77.0
Equity ratio without IFRS 16 impact, %	40.5
Gearing without IFRS 16 impact, %	51.6



ALTIA

Strategy

CEO PEKKA TENNILÄ

Our financial targets aim towards stable shareholder returns

Net sales growth	+2 % CAGR	<ul style="list-style-type: none">Altia's target is to achieve an annual net sales growth of 2 per cent over time (CAGR)
Comparable EBITDA margin	15 %	<ul style="list-style-type: none">Comparable EBITDA margin target to reach 15 per cent in the long-term
Net debt / comparable EBITDA	<2.5x	<ul style="list-style-type: none">Altia's target is to keep reported net debt in relation to comparable EBITDA below 2.5x in the long-term
Dividend policy	≥60 % of the result for the period	<ul style="list-style-type: none">Altia aims to pursue an active dividend policy, and the result for the period not considered necessary to grow and develop the company will be distributed to the shareholders

The core of our strategy is to deliver profitable growth



Growth and profitability through the five strategic streams

Commercial battles

1 Grow Nordic Core Brands

- Expand into new geographical markets
- Innovate into new occasions and consumer segments

2 Execute a step change in wines

- Grow wine segment with innovations and higher level of co-operation with partners
- Focus on Sweden and Finland – monopoly channel

3 Strengthen strategic partnerships

- Expand and develop new business and co-operation models
- Growth through innovations and co-operation models

4 Channel expansion and development

- Retail
- E-commerce and other digital platforms

5 Fund and enable growth – continuous improvement of overall efficiency

- Efficiencies and new capabilities in the supply chain
- Organisational ways of working through simplification and digitalisation
- Product portfolio optimisation
- Continuous development of co-operation and industrial products offering

Active brand portfolio management

Altia continues to focus on active brand portfolio management, potential selective acquisitions and/or divestments

Strengthening the strategy execution

FURTHER INITIATIVES IDENTIFIED TO REACH LONG-TERM NET SALES AND PROFITABILITY TARGETS

Based on our strategy to create profitable growth, we have identified further specific initiatives to reach the earlier communicated long-term net sales and profitability targets.

Growth

Initiatives within:

- Revenue management
- Expansion in growing categories in Sweden and Norway
- Exports of Nordic core brands
- Grocery trade and RTD category

Efficiencies

Initiatives within:

- Procurement savings
- Supply chain efficiencies
- Product portfolio management
- Overall organisational efficiencies

Guidance 2019

- The comparable EBITDA is expected to improve from the 2018 level.
 - The positive trend of Altia's Nordic core brand portfolio is expected to continue.
 - Market development in Finland is expected to flatten out in comparison to 2018 and the markets in Sweden and Norway are expected to grow.
 - The negative impact of the increased barley cost will be reflected in high raw material costs, especially in the first quarters of the year.
 - The guidance assumes a normal harvest in 2019.
- In addition, the impact from the implementation of the new IFRS 16 standard is expected to improve comparable EBITDA by EUR 3-4 million.





Q&A AND SUMMARY

Net sales grew
by 1.3% in
constant currencies

Timing of Easter has
a negative impact on
net sales and
profitability through
lower sales volumes
and sales mix

High raw material
costs in Q1 and
until new harvest
Guidance remains
unchanged
assuming normal
harvest

Next events

Annual General Meeting 2019 on 15 May
Half-year Report on 15 August



ALTIA

Thank you

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Appendices



Key ratios

EUR million	Q1 19	Q1 19	2018	2017
Net sales, EUR million	73.8	73.5	357.3	359.0
Comparable EBITDA, EUR million	4.3	5.2	40.0	42.4
% of net sales	5.8	7.0	11.2	11.8
Comparable EBITDA without IFRS 16 impact, EUR million	3.2			
EBITDA, EUR million	4.3	1.1	34.0	40.3
Comparable operating result, EUR million	-0.3	1.6	25.6	28.2
% of net sales	-0.4	2.2	7.2	7.8
Operating result, EUR million	-0.3	-2.5	19.7	26.1
Result for the period, EUR million	0.3	-1.8	15.1	18.3
Earnings per share, EUR	0.01	-0.05	0.42	0.51
Net debt / comparable EBITDA, rolling 12 months	2.2	1.8	1.2	1.1
Net debt/comparable EBITDA, rolling 12 months without IFRS 16 impact	2.0			
Average number of personnel	698	705	718	762

Quarterly net sales and comparable EBITDA by segment

Net sales by segment

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	25.0	39.5	31.8	35.4	27.1	40.7	31.4	35.7	26.0	41.1	31.6	33.9	27.3
Scandinavia	21.7	42.8	25.0	27.4	22.5	44.4	26.5	29.7	23.2	45.9	26.7	30.0	25.0
Altia Industrial	27.1	28.6	28.9	24.2	24.0	24.7	26.5	25.9	24.2	24.0	25.6	22.7	22.9
Total	73.8	110.9	85.7	87.1	73.5	109.8	84.5	91.3	73.4	111.0	83.9	86.6	75.1

Comparable EBITDA by segment

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	3.0	6.2	4.9	4.6	3.4	7.2	4.0	5.2	3.1	7.7	4.5	4.3	3.6
Scandinavia	-0.3	8.0	0.8	1.5	-0.1	8.9	1.0	2.1	-0.5	9.0	1.0	0.7	-0.3
Altia Industrial	1.0	2.2	4.8	2.5	1.4	3.7	4.5	2.6	1.6	2.6	3.4	2.6	-0.2
Other	0.6	-0.6	-0.3	0.2	0.4	-1.3	0.9	-0.8	0.1	-0.5	1.6	0.2	0.6
TOTAL comparable EBITDA	4.3	15.9	10.3	8.7	5.2	18.5	10.4	9.2	4.3	18.9	10.5	7.8	3.6
Items affecting comparability	0.0	0.0	0.0	-0.4	-4.1	-2.2	0.7	-0.2	-0.5	15.7	1.6	2.8	-0.1
EBITDA	4.3	15.9	10.3	8.3	1.1	16.3	11.1	9.0	3.8	34.6	12.1	10.6	3.6
Depreciation, amortisation and impairment	-4.5	-3.6	-3.6	-3.5	-3.5	-3.6	-3.6	-3.5	-3.5	-3.7	-3.6	-3.6	-3.6
Operating result	-0.3	12.3	6.6	4.8	-2.5	12.7	7.6	5.4	0.3	30.9	8.5	7.0	-0.0

Reconciliation of alternative performance measures (APM) and items affecting comparability (IAC)

EUR million	Q1 18	Q1 17	2018	2017
Items affecting comparability				
Net gains or losses from business and assets disposals	-	-	0.4	1.3
Cost for closure of business operations and restructurings	-	-0.2	-1.1	-1.1
Major corporate projects				
Costs related to the closed voluntary pension scheme			-0.7	-
Costs related to stock exchange listing	-	-3.9	-4.6	-2.4
Total items affecting comparability	-	-4.1	-6.0	-2.1
Comparable EBITDA				
Operating result	-0.3	-2.5	19.7	26.1
Less:				
Depreciation, amortisation and impairment	4.5	3.5	14.4	14.2
Total items affecting comparability	-	4.1	6.0	2.1
Comparable EBITDA	4.3	5.2	40.0	42.4
% of net sales	5.8	7.0	11.2	11.8
Comparable EBITDA without IFRS 16 impact				
Comparable EBITDA	4.3	-	-	-
Less				
IFRS 16 impact to EBITDA	1.0	-	-	-
Comparable EBITDA without IFRS 16 impact	3.2	-	-	-
Comparable EBIT				
Operating result	-0.3	-2.5	19.7	26.1
Less:				
Total items affecting comparability	-	4.1	6.0	2.1
Comparable EBIT	-0.3	1.6	25.6	28.2
% of net sales	-0.4	2.2	7.2	7.8

Consolidated income statement

EUR million	2018	2017
NET SALES	357.3	359.0
Other operating income	7.4	8.3
Materials and services	-206.8	-202.0
Employee benefit expenses	-49.9	-52.0
Other operating expenses	-73.9	-72.9
Depreciation, amortisation and impairment	-14.4	-14.2
OPERATING RESULT	19.7	26.1
Finance income	3.5	4.5
Finance expenses	-5.8	-6.4
Share of profit in associates and income from interests in joint operations	1.2	0.9
RESULT BEFORE TAXES	18.6	25.0
Income tax expense	-3.6	-6.7
RESULT FOR THE PERIOD	15.1	18.3
Result for the period attributable to:		
Owners of the parent	15.1	18.3
Earnings per share for the result attributable to owners of the parent, EUR		
Basic and diluted	0.42	0.51

Cash flow from operations

EUR million	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Result before taxes	18.6	25.0
Adjustments		
Depreciation, amortisation and impairment	14.4	14.2
Share of profit in associates and income from investments in joint operations	-1.2	-0.9
Net gain on sale of non-current assets	-0.5	-1.6
Finance income and costs	2.3	1.9
Other adjustments	0.8	0.5
	15.7	14.1
Change in working capital		
Change in inventories, increase (-) / decrease (+)	-5.5	1.2
Change in contract assets, trade and other receivables, increase (-) / decrease (+)	-7.4	9.4
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)	-4.3	-2.6
Change in provisions, increase (+) / decrease (-)	-1.5	-1.3
Change in working capital	-17.2	6.7
Interest paid	-1.4	-1.7
Interest received	0.1	0.3
Other finance income and expenses paid	-1.4	-2.2
Income taxes paid	-8.0	-4.6
Financial items and taxes	-10.6	-8.2
NET CASH FLOW FROM OPERATING ACTIVITIES	6.5	37.6

Items affecting comparability (MEUR 6) and barley impacts negatively cash generation.

Working capital level driven by barley and the export and grocery trade expansion.

Too high tax estimate for the year.

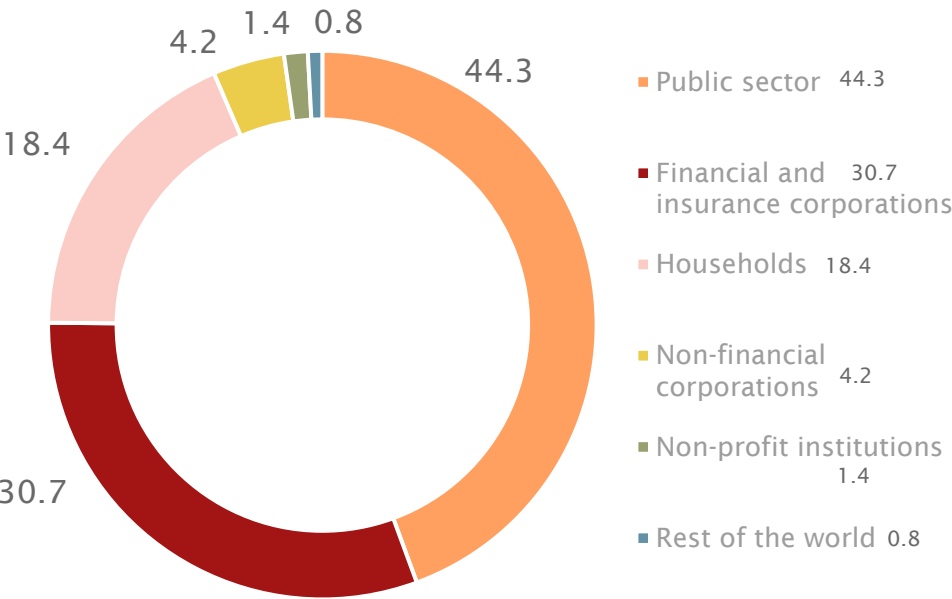
Consolidated balance sheet

EUR million	2018	2017
ASSETS		
Non-current assets		
Goodwill	80.7	82.1
Other intangible assets	29.6	34.4
Property, plant and equipment	64.6	67.4
Investments in associates and interests in joint operations	7.9	7.6
Available-for-sale financial assets	1.4	1.4
Other receivables	-	1.0
Deferred tax assets	-	1.0
Total non-current assets	0.8	194.8
Current assets		
Inventories	99.6	94.5
Contract assets	0.2	-
Trade and other receivables	60.9	53.9
Current tax assets	2.5	2.8
Cash and cash equivalents	42.0	52.4
Total current assets	205.3	203.6
TOTAL ASSETS	390.4	398.4

EUR million	2018	2017
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	60.5	60.5
Invested unrestricted equity fund	1.2	-
Fair value reserve	0.6	0.6
Hedge reserve	0.0	-0.3
Translation differences	-19.6	-16.0
Retained earnings	107.3	92.0
Total equity	150.1	136.8
Non-current liabilities		
Deferred tax liabilities	16.8	17.7
Borrowings	82.7	89.1
Employee benefit obligations	1.3	1.3
Total non-current liabilities	100.8	108.2
Current liabilities		
Borrowings	6.7	11.0
Provisions	0.5	-
Trade and other payables	131.4	137.4
Contract liabilities	0.6	
Current tax liabilities	0.4	5.0
Total current liabilities	139.5	153.4
Total liabilities	240.3	261.6
TOTAL EQUITY AND LIABILITIES		398.4

Shareholder structure

AS AT 31 MARCH 2019



Shareholders		Number of shares	% of shares
1	Valtion Kehitysyhtiö Vake Oy	13 097 481	36.2
2	Varma Mutual Pension Insurance Company	1 550 000	4.3
3	Ilmarinen Mutual Pension Insurance Company	973 300	2.7
4	OP-Finland Small Firms Fund	559 516	1.5
5	Veritas Pension Insurance Company Ltd.	420 000	1.2
6	Säästöpankki Pienyhtiöt	235 617	0.7
7	Mandatum Life Insurance Company Limited	179 028	0.5
8	Säästöpankki Kotimaa	150 000	0.4
9	FIM Fenno Sijoitusrahasto	130 931	0.4
10	Takanen Jorma	122 617	0.3
Top 10 total		17 418 490	48.2
Nominee-registered shares		10 087 392	27.9

Retail offering



Koskenkorva
Vichy
sugarfree