ALTIA | H1

JANUARY–JUNE 2020

Half-Year Report

ALTIA

Strong result in an exceptional market environment

January–June 2020 compared to January–June 2019

- Reported net sales decreased by 9.5% to EUR 149.3 (165.0) million
- In constant currencies, net sales decreased by 8.4%
- The Finland & Exports segment's net sales were EUR 53.0 (59.6) million
- The Scandinavia segment's net sales were EUR 50.1 (50.7) million; in constant currencies net sales grew by 2.5%
- Altia Industrial's net sales were EUR 46.1 (54.7) million
- Comparable EBITDA was EUR 18.8 (13.7) million, 12.6% (8.3%) of net sales
- Reported EBITDA was EUR 18.0 (13.5) million, 12.1% (8.2%) of net sales
- Net cash flow from operating activities was EUR 10.3 (-4.0) million
- Net debt / comparable EBITDA (rolling 12 months) was 0.6 (2.0)

April–June 2020 compared to April–June 2019

- Reported net sales were EUR 81.0 (91.2) million
- In constant currencies, net sales decreased by 10.3% compared to previous year
- Comparable EBITDA was EUR 13.2 (9.4) million, 16.3% (10.4%) of net sales
- Reported EBITDA was EUR 12.6 (9.2) million, 15.5% (10.1%) of net sales

- Guidance remains suspended due to the prolonged uncertainties related to COVID-19. A new guidance will be provided if the impacts of COVID-19 on the operating environment and business conditions can be assessed in a reliable manner.

This half-year report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as approved by the EU. The figures in the report are unaudited. A reconciliation of alternative key ratios to IFRS figures is presented in appendix 1 on page 32.

KEY FIGURES

	Q2 20	Q2 19	H1 20	H1 19	2019
Net sales, EUR million	81.0	91.2	149.3	165.0	359.6
Comparable EBITDA, EUR million	13.2	9.4	18.8	13.7	44.8
% of net sales	16.3	10.4	12.6	8.3	12.4
EBITDA, EUR million	12.6	9.2	18.0	13.5	43.1
Comparable operating result, EUR million	8.9	5.0	9.9	4.7	26.8
% of net sales	10.9	5.5	6.7	2.9	7.5
Operating result, EUR million	8.2	4.8	9.2	4.5	25.1
Result for the period, EUR million	6.1	3.6	7.5	4.0	18.4
Earnings per share, EUR	0.17	0.10	0.21	0.11	0.51
Net cash flow from operating activities, EUR million	25.7	24.7	10.3	-4.0	52.6
Net debt / comparable EBITDA, rolling 12 months	0.6	2.0	0.6	2.0	0.6
Average number of personnel	659	705	651	701	682

CEO Pekka Tennilä:

"Considering the exceptional conditions, I am proud to say that we are managing the COVID-19 crisis extremely well, and Altia has shown resilience. During the second quarter of 2020, COVID-19 impacted our business significantly and it brought uncertainties to our operating environment. We reacted quickly to keep our operations running efficiently and stayed active in the sales channels that remained open, while securing the safety of our employees. At the same time, we made an important contribution to society by meeting the high demand for denatured ethanol for hand sanitisers. To mitigate the impacts of COVID-19 we implemented remote and part-time work as well as temporary lay-offs and cost savings measures. I want to express my sincere thanks to all our skilled employees for their commitment and hard work during these challenging times.

In Q2, the important sales channels – travel retail, on-trade and exports – were closed and our beverage net sales decreased, but not in the extent that we expected in the Q1 report. With consumers shifting purchases to the monopolies, the volume growth in the monopolies has been at an all-time high. Our performance in the monopoly channel has been strong led by double-digit net sales growth in spirits in all monopoly countries. Net sales in the Finland & Exports segment declined due to sales in travel retail, exports and on-trade being close to zero. However, in Finland, sales growth in the monopoly and grocery trade channels, and our focus on revenue management increased total beverage sales and improved profitability. In the Scandinavia segment, the reported net sales decline was driven by lower sales in Denmark due to the new business model and the closing of on-trade. In Sweden, our overall sales grew with strong growth in spirits sales, supported by market share growth in the strategically important gin, rum and liqueur categories. In Norway, performance was strong across all categories and we have continued to gain market share.

In Altia Industrial, thanks to a strong commitment by our employees and a clear focus on production continuity, our operations have run without major disruptions during the crisis. In industrial products, our performance was solid, driven by strong ethanol sales partly due to the increased demand for hand sanitisers. On the contract manufacturing side, we have seen a decline in volumes due to COVID-19. We are, however, extremely pleased about the renewal of the Finlandia Vodka production agreement with Brown-Forman. The renewed agreement runs until 2035 and continues a long-lasting strategic collaboration between Altia and Brown-Forman, which began already in 2000.

In the first half of the year, our profitability improved significantly from the previous year and all segments improved in a tough environment. Altia Industrial's strong result improvement is due to the normalised barley price and the high volumes of technical ethanol. In both consumer segments, strong sales growth in the monopoly channel, revenue management and cost savings measures implemented throughout the organisation have supported positive profitability development. Comparable Group EBITDA improved by 37% or EUR 5.1 million to EUR 18.8 (13.7) million.

Altia's financial position strengthened further during the first six months with a solid positive development of net cash flow from operations. The improvement of EBITDA and the positive development of net working capital contributed to the development and net cash flow from operations totalled EUR 10.3 (-4.0) million at the end of the period. Also, the liquidity position of the Group has remained strong throughout the period.

Altia is a forerunner in sustainability in our industry. For us, sustainability is both a strategic priority and a key success factor in business. In April, our sustainability work was recognised with a Gold Medal in the EcoVadis Corporate Social Responsibility rating. More than 55 000 companies were rated by EcoVadis and Altia was ranked among the top 2%. We got positive feedback for our advanced management system in environmental topics.

Preliminary forecasts for the barley harvest have been published and based on these the barley crop this year is likely to be smaller than last year, but in line with the long-term average crop.

Guidance for the rest of the year remains suspended due to the prolonged uncertainties related to COVID-19. New guidance will be provided if the impacts of COVID-19 on the operating environment and business conditions can be assessed in a reliable manner."

Financial review

Seasonality

Substantial seasonal fluctuations in the consumption of alcoholic beverages impact Altia's net sales and cash flow. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, and significantly lower amounts during the first quarter. In addition, excise taxes related to the high season at the end of the year are paid in January, resulting in large cash outflows at the beginning of the year.

Net sales

H1

In January–June, reported net sales decreased by 9.5% to EUR 149.3 (165.0) million. In constant currencies, net sales decreased by 8.4%. The decline in net sales is due to COVID-19 restrictions which have closed the travel retail, exports and on-trade sales channels, and has significantly impacted contract manufacturing volumes. Furthermore, the normalised barley price and the business model change in Denmark (Q2 2019) have impacted net sales negatively.

The impacts of the COVID-19 restrictions are visible across all beverage categories. Net sales of beverage products in constant currencies decreased by 4.9%. In the monopoly channel, where market volumes have been at an exceptionally high level, Altia's net sales have grown, mainly driven by double-digit net sales growth in spirits in all three monopolies and solid growth in wine. Partner portfolio changes in Q2 impacted wine sales slightly negatively. The net sales decline in Other beverages is due to partner portfolio changes last year.

Q2

In the second quarter, reported net sales decreased by 11.1% to EUR 81.0 (91.2) million. In constant currencies, net sales decreased by 10.3%. In Q2, partner changes in the wine portfolio have impacted wine sales negatively. In addition, the release of a tax provision (EUR 0.5 million) in Q2 2019 impacts year-on-year comparison negatively.

NET SALES BY SEGMENT

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Finland & Exports	29.2	34.7	-15.9	53.0	59.6	-11.2	128.6
Scandinavia	28.1	29.0	-3.0	50.1	50.7	-1.1	120.7
Altia Industrial	23.8	27.5	-13.7	46.1	54.7	-15.6	110.2
Total	**81.0**	**91.2**	**-11.1**	**149.3**	**165.0**	**-9.5**	**359.6**

NET SALES BY PRODUCT CATEGORY

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Spirits	28.8	31.6	-9.0	53.2	56.3	-5.5	121.3
Wine	28.0	30.9	-9.3	48.8	52.3	-6.7	124.9
Other beverages	0.5	1.2	-57.4	1.2	1.7	-29.4	3.1
Industrial products and services	23.8	27.5	-13.7	46.1	54.7	-15.6	110.2
Total	**81.0**	**91.2**	**-11.1**	**149.3**	**165.0**	**-9.5**	**359.6**

Profitability and result for the period

H1

In January-June, comparable EBITDA, i.e. EBITDA excluding items affecting comparability (IAC), was EUR 18.8 (13.7) million, which is 12.6% (8.3%) of net sales. In January-June, items affecting comparability totalled EUR -0.7 (-0.2) million and were related to restructuring and costs related to the closed voluntary pension scheme. Reported EBITDA was EUR 18.0 (13.5) million.

For the first half of the year, the improvement in comparable EBITDA amounted to EUR 5.1 milllion. The drivers of this solid profitability development are Altia Industrial segment, strong sales and continued focus on revenue management in the monopolies, and Group-wide cost savings.

Altia Industrial's comparable EBITDA improved by EUR 3.8 million to EUR 7.1 (3.3) million. The normalised barley price and the strong demand for technical ethanol have fully offset the negative impact from lower contract manufacturing volumes.

Due to COVID-19 restrictions the activity level has been low in travel retail, exports and on-trade. However, despite the negative impact due to the restrictions, profitablity has improved in both consumer segments. In the Finland & Exports segment, comparable EBITDA improved by EUR 0.1 million to EUR 8.3 (8.2) million. Strong sales development in the monopoly channel, revenue management and the implemented cost savings measures have offset the significant profit shortfall from travel retail, exports and on-trade. In the Baltics, sales and profit development was positive. In the Scandinavia segment, comparable EBITDA improved by EUR 1.1 million to EUR 2.8 (1.7) million. The solid sales to the monopolies, revenue management and the implemented cost savings measures have compensated for the shortfall in on-trade. Further, in the Scandinavia segment, the comparable EBITDA was impacted negatively by the development of the exchange rates, especially the Norwegian krona.

The release of a tax provision (EUR 0.5 million) in Q2 2019 impacts year-on-year comparison negatively.

COMPARABLE EBITDA BY SEGMENT

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
Finland & Exports	5.5	5.3	8.3	8.2	20.6
Scandinavia	2.9	2.0	2.8	1.7	12.1
Altia Industrial	4.9	2.3	7.1	3.3	11.4
Other	-0.1	-0.2	0.6	0.5	0.7
Total	**13.2**	**9.4**	**18.8**	**13.7**	**44.8**
% net sales	*16.3*	*10.4*	*12.6*	*8.3*	*12.4*

ITEMS AFFECTING COMPARABILITY

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
Comparable EBITDA	**13.2**	**9.4**	**18.8**	**13.7**	**44.8**
Net gains or losses from business and assets disposals	–	-0.1	–	-0.1	0.1
Costs for closure of business operations and restructurings	-0.2	-0.1	-0.3	-0.1	-0.2
Major corporate projects					
Costs related to the closed voluntary pension scheme	-0.5	–	-0.5	–	-1.6
Total items affecting comparability	**-0.7**	**-0.2**	**-0.7**	**-0.2**	**-1.7**
EBITDA	**12.6**	**9.2**	**18.0**	**13.5**	**43.1**

Items affecting comparability are presented in appendix 1 on page 32.

In January-June, other operating income amounted to EUR 2.9 (3.9) million, including proceeds of sales of fixed assets of EUR 0.0 (0.0) million; income from the sales of emission allowances of EUR 0.0 (0.5) million; income from the sales of mainly steam, energy and water of EUR 1.6 (1.6) million; and rental income of EUR 0.7 (0.7) million.

Employee benefit expenses totalled EUR 23.0 (23.1) million, including EUR 17.6 (17.9) million in wages and salaries. Accruals for short-term incentives are not included in the H1 2019 numbers.

Other operating expenses amounted to EUR 27.1 (32.9) million.

Net financial expenses amounted to EUR 1.0 (1.1) million. The share of profit in associates and joint ventures and income from interests in joint operations totalled EUR 1.1 (1.2) million.

Taxes for the first six months were EUR 1.9 (0.7) million which corresponds to an effective tax rate of 20.0% (15.4%).

The result for the period amounted to EUR 7.5 (4.0) million, and earnings per share were EUR 0.21 (0.11).

Q2

In the second quarter, comparable EBITDA was EUR 13.2 (9.4) million, 16.3% (10.4%) of net sales. Items affecting comparability totalled EUR -0.7 (-0.2) million. Reported EBITDA was EUR 12.6 (9.2) million.

Cash flow, balance sheet and investments

H1

In January-June, net cash flow from operations totalled EUR 10.3 (-4.0) million. The strong development in net cash flow from operations was driven by the improved EBITDA and the positive development in net working capital. All working capital items developed positively. The receivables sold amounted to EUR 67.1 (61.0) million at the end of the period. The increase in sold receivables relates to the increased receivables from the monopolies due to higher sales in the monopoly channels in Sweden and Finland together with calendar effect.

At the end of the reporting period, the Group's net debt amounted to EUR 29.9 (81.3) million. Cash and cash equivalents amounted to EUR 101.2 (27.7) million while the interest-bearing debt amounted to EUR 131.1 (109.0) million. Gearing ratio at the end of the reporting period was 20.0% (59.1%) while the equity ratio was 34.9% (35.5%). The reported net debt to comparable EBITDA was 0.6 (2.0) times. Altia Group's liquidity position has been strong throughout the period due to the positive development of operational cash flow and due to the actions to secure liquidity during the pandemic by issuing commercial papers.

The Group has a revolving credit facility of EUR 60.0 (60.0) million, of which EUR 0.0 (0.0) million was in use at the end of the reporting period. The nominal value of commercial papers issued amounted to EUR 45.0 (14.0) million at the end of the reporting period.

The total in the consolidated balance sheet was EUR 428.9 (387.7) million at the end of the period. The growth of the total balance sheet is related to the excess cash position maintained by the Group following commercial paper issues and a strong operational cash flow.

In January–June, gross capital expenditure totalled EUR 2.5 (3.2) million. Capital expenditure was related to production process investments at Rajamäki and a number of smaller improvement and maintenance investments at the Rajamäki and Koskenkorva plants have been carried out.

Q2

In the second quarter, net cash flow from operations totalled EUR 25.7 (24.7) million.

BALANCE SHEET KEY FIGURES

	H1 20	H1 19	2019
Reported net debt / comparable EBITDA	0.6	2.0	0.6
Borrowings, EUR million	121.8	97.3	82.6
Net debt, EUR million	29.9	81.3	28.9
Equity ratio, %	34.9	35.5	37.8
Gearing, %	20.0	59.1	19.1
Capital expenditure, EUR million	-2.5	-3.2	-6.8
Total assets, EUR million	428.9	387.7	400.2

Impacts of COVID-19

The restrictions and instructions from governments and health authorities have a significant impact on Altia's operating environment. The visibility for the rest of the year continues to be poor and forecasting is difficult. Uncertainty in the economy remains at a high level and the risk of an economic slowdown is high. COVID-19 key impacts and uncertainties are described below.

Consumer beverages (Finland & Exports and Scandinavia segments)

- Sales to the monopolies and the grocery trade are affected by the recovery of travel retail and on-trade channels.
- Despite consumers shifting purchases of alcoholic beverages to monopolies and the exceptionally high monopoly volumes, the sales to monopolies will not compensate the shortfall coming from travel retail, exports and on-trade.
- A possible second wave of COVID-19 could impact consumer behaviour.
- The recovery of travel retail, exports and on-trade depends on the level and extent of governmental restrictions and recommendations on travelling, movement and social distancing.
- The pace of recovery is difficult to estimate. It is affected by changes in consumer behaviour and expected to vary across sales channels: on-trade channels could be expected to recover faster than travel retail.
- Uncertainty in the sales to the monopoly channel is related to 1) the monopoly channel remaining open and continuing normal operations which could be dependent on for example the health of the monopolies' personnel and political decision-making, and to 2) Altia's ability to deliver products.

Altia Industrial

- Uncertainty is high both in industrial products and services. The demand for starch has slightly weakened due to the soft paper industry market. The stable development of feed component volumes are expected to continue. The demand for technical ethanol is expected to remain at a higher level than in the previous year. Volumes in industrial services are expected to be negatively impacted by COVID-19.
- Uncertainty in Altia's ability to deliver to the open sales channels (monopolies and grocery trade) relates to the availability of products and raw materials such as bulk wine, partner goods and dry goods.
- Uncertainty in production is related to the health and safety of Altia's employees and the availability of machinery spare parts and maintenance workforce.

Measures to adjust cost structure

- Close follow-up of sales and profitability development continues, and additional cost savings actions are implemented when necessary.

Group financial position

- The strict focus on net working capital management will continue in the upcoming quarters together with other liquidity securing actions.
- Due to the COVID-19 uncertainties, Altia has assessed the impact of the pandemic on its financial position and has considered the values of assets and liabilities that include critical accounting estimates and require management judgement. Based on this assessment, Altia has not identified any indication of goodwill impairment.
- The credit risk of trade receivables and the amount of bad debt provision has been analysed at the end of reporting period with the conclusion being there is sufficient provision in place.

Market development in January–June

The exceptionally high market volumes in the Nordic monopolies are related to COVID-19 restrictions and consumers shifting purchases from travel retail and on-trade to the monopolies. In January–June, the market volumes in the Nordic monopolies grew in total by 15.6%. Spirits grew by 15.7% and wine by 15.6%.

DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDIC RETAIL MONOPOLIES

% change compared to previous year	Q2 20	Q2 19	H1 20	H1 19	2019
Nordics, total sales volumes	**+20.9**	**+2.4**	**+15.6**	**-1.3**	**+0.1**
Spirits	+23.3	+4.8	+15.7	0.0	+1.0
Wine	+20.6	+2.0	+15.6	-1.5	+0.0
Finland, total sales volumes	**+21.5**	**+0.8**	**+14.6**	**-2.9**	**-2.6**
Spirits	+16.3	+0.3	+10.1	-2.4	-2.0
Wine	+23.3	+1.0	+16.4	-3.1	-2.8
Sweden, total sales volumes	**+12.2**	**+2.3**	**+10.0**	**-0.7**	**+1.0**
Spirits	+24.1	+7.9	+17.4	+2.3	+3.9
Wine	+11.1	+1.8	+9.3	-1.0	+0.7
Norway, total sales volumes	**+45.7**	**+4.0**	**+32.7**	**-1.6**	**+0.4**
Spirits	+34.4	+7.7	+23.1	+0.3	+1.6
Wine	+47.4	+3.5	+34.2	-1.9	+0.2

Source: Based on sales volumes by litre published by Alko, Systembolaget, Vinmonopolet.

Finland

In January–June, the Finnish retail monopoly's spirits and wine sales volumes were up by 14.6% compared with the same period last year.

Spirits category grew by 10.1%. The high growth categories were whiskies, rum and gin. The wine category grew by 16.4%. The large red and white wine categories grew by 17.3% and 19.0% respectively. Rosé wines grew by 46.5%.

Sweden

In January–June, the Swedish retail monopoly's spirits and wine volumes were up by 10.0% compared with the same period last year.

The spirits category grew by 17.4%. The high growth categories were whiskies, gin, rum and bitters. The wine category grew by 9.3%. The large red and white wine categories grew by 7.0% and 9.8% respectively. Rosé wines grew by 22.7%.

Norway

In January–June, the Norwegian retail monopoly's spirits and wine volumes were up by 32.7% compared with the same period last year.

The spirits category grew by 23.1%. The high growth categories were aquavit, gin, rum and whiskies. The wine category grew by 34.2% with all categories show exceptional growth rates.

Business Review

Finland & Exports

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

	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Net sales, EUR million	29.2	34.7	-15.9	53.0	59.6	-11.2	128.6
Comparable EBITDA, EUR million	5.5	5.3	4.4	8.3	8.2	0.6	20.6
Comparable EBITDA, % of net sales	18.9	15.2		15.6	13.8		16.0
Average number of personnel	91	90		90	93		89

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Spirits	15.7	19.2	-18.2	30.5	34.6	-11.8	75.1
Wine	13.1	15.2	-13.7	21.9	24.6	-11.0	52.5
Other beverages	0.4	0.3	18.5	0.6	0.4	50.0	1.0
Total	**29.2**	**34.7**	**-15.9**	**53.0**	**59.6**	**-11.2**	**128.6**

Net sales

In January-June, net sales in the Finland & Exports segment were EUR 53.0 (59.6) million, down by 11.2% from the previous year. The decline is due to the sales drop in travel retail, exports and on-trade following COVID-19 restrictions issued in March. Altia's net sales in the monopoly channel grew as consumers shifted purchases to the monopoly. Net sales growth in the monopoly was driven mainly by the double-digit net sales growth in spirits and bag-in-box wines. Partner portfolio changes in Q2 impacted wine sales slightly negatively. Net sales in the grocery trade channel grew slightly. In the Baltics, domestic grocery trade continued a stable positive development.

In the second quarter net sales were EUR 29.2 (34.7) million, down by 15.9% from the previous year. The gradual lifting of COVID-19 restrictions in Finland started in June, but the recovery of the affected sales channels was slow. In Q2, partner changes in the wine portfolio has impacted wine sales negatively. In addition, the release of a tax provision (EUR 0.5 million) in Q2 2019 impacts year-on-year comparison negatively.

Comparable EBITDA

In January-June, comparable EBITDA was EUR 8.3 (8.2) million, 15.6% (13.8%) of net sales. The positive channel mix, revenue management and the implemented cost savings measures have offset the negative impact of lost volumes in travel retail, exports and on-trade.

In the second quarter, comparable EBITDA was EUR 5.5 (5.3) million, 18.9% (15.2%) of net sales. The release of a tax provision (EUR 0.5 million) in Q2 2019 impacts year-on-year comparison negatively.

Business events

Altia has partnered with Underberg to enter the German market with Koskenkorva Vodka and O.P. Anderson Aquavit. The long-term partnership includes the sales, marketing and distribution of Koskenkorva Vodka Original and O.P. Anderson Original Aquavit.

Altia has launched several new innovations in Finland during the period. The Koskenkorva Vodka brand was extended with Koskenkorva 7 Botanicals, Koskenkorva Lemon and Koskenkorva Mojito. Further, Koskenkorva Green, the first organic ready-to-drink product in the Koskenkorva RTD offering was launched. Leijona brand was extended with new mild spirits such as Leijona Bahama Mango Mojito and Leijona Yuzu Raspberry, and a shot with a smoky flavour, Leijona Savu.

Thanks to the persistent long-term work in search engine and campaign optimisation the traffic to Viinimaa.fi continued growing: +27 % during the first half of 2020 compared to the previous year. In June, we experienced an all time record number, over 179 000 visits in a month.

Scandinavia

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

	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Net sales, EUR million	28.1	29.0	-3.0	50.1	50.7	-1.1	120.7
Comparable EBITDA, EUR million	2.9	2.0	45.9	2.8	1.7	67.8	12.1
Comparable EBITDA, % of net sales	10.4	6.9		5.5	3.3		10.0
Average number of personnel	74	74		72	80		74

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Spirits	13.1	12.4	5.3	22.7	21.7	4.6	46.2
Wine	14.9	15.7	-5.1	26.9	27.7	-2.9	72.4
Other beverages	0.2	0.9	-82.7	0.5	1.3	-61.5	2.1
Total	**28.1**	**29.0**	**-3.0**	**50.1**	**50.7**	**-1.1**	**120.7**

Net sales

In January-June, the Scandinavia segment's net sales were EUR 50.1 (50.7) million, down by 1.1% from the previous year due to the business model change in Denmark (Q2 2019). In constant currencies, net sales grew by 2.5%. Altia's net sales in the monopoly channels grew as consumers shifted purchases to the monopolies. In Sweden, the double-digit sales growth in spirits was supported by solid sales and market share growth in the strategically important gin, rum and liqueur categories. In Norway, net sales growth was strong across all categories and market share development was positive. COVID-19 restrictions have impacted on-trade negatively. Partner portfolio changes in Q2 impacted wine sales slightly negatively. The net sales decline in Other beverages is due to partner portfolio changes last year.

In the second quarter net sales were EUR 28.1 (29.0) million, down by 3.0% from the previous year due to the business model change in Denmark (Q2 2019). In constant currencies, net sales decreased by 0.6%. The gradual lifting of COVID-19 restrictions in the Norwegian on-trade started in May, but the recovery was slow. In Q2, partner changes in the wine portfolio has impacted wine sales negatively.

Comparable EBITDA

In January-June, comparable EBITDA was EUR 2.8 (1.7) million, 5.5% (3.3%) of net sales. Profitability improvement is related to growth in monopoly sales, revenue management and implemented cost savings measures. Comparable EBITDA was impacted negatively by the development of the exchange rates, especially the Norwegian krona.

In the second quarter, comparable EBITDA was EUR 2.9 (2.0) million, 10.4% (6.9%) of net sales.

Business events

Altia has made several product launches in Sweden and Norway during the period. The O.P. Anderson brand was extended with an organic dry gin, which was awarded the Master medal in July by Spirits Business in the category London Dry Gin. Other successful gin launches included Explorer Pink Gin and Hernö Pink Gin. Koskenkorva liqueurs such as Koskenkorva Ginger and Koskenkorva Lemon were introduced. Xanté brand was extended with Xanté Rum & Pear and Xanté Coconut Cream & Pear. The iconic "Grönstedts Blå Punsch" (arrack liqueur) was relaunched in Sweden.

The number of visits to folk o folk website have dramatically increased during the period peeking at 560 000 sessions in one single month. It is a result of successful search engine optimisation and increased presence in social media.

In June, Altia launched a new site, folkofolkki.se, that addresses consumers in Sweden with a Finnish background. The site promotes Altia's Finnish assortment including products that have not earlier been available in Sweden.

Altia Industrial

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

	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Net sales, EUR million	23.8	27.5	-13.7	46.1	54.7	-15.6	110.2
Comparable EBITDA, EUR million	4.9	2.3	110.8	7.1	3.3	113.4	11.4
Comparable EBITDA, % of net sales	20.7	8.5		15.4	6.1		10.4
Average number of personnel	414	446		408	431		426

Net sales

In January-June, Altia Industrial's net sales were EUR 46.1 (54.7) million, down by 15.6% from the previous year. The decline is mainly due to lower contract manufacturing volumes and the normalised barley price. Following COVID-19, the demand for technical ethanol has been strong and the volumes have remained at a higher level compared to last year. Starch volumes were below last year's level due to weaker demand in the paper industry while feed component volumes were on last year's level.

In the second quarter net sales were EUR 23.8 (27.5) million, down by 13.7% from the previous year.

Comparable EBITDA

In January-June, comparable EBITDA was EUR 7.1 (3.3) million, 15.4% (6.1%) of net sales. The improvement in profitability is related to the normalised barley price as well as the higher volumes and increased overall market prices of ethanol.

In the second quarter, comparable EBITDA was EUR 4.9 (2.3) million, 20.7% (8.5%) of net sales.

Production volumes and key projects

During the first half of the year, the Rajamäki alcoholic beverage plant in Finland produced 24.5 (31.1) million litres of spirits and wine.

The Koskenkorva Plant Distillery has been running at full capacity during the period and 107.4 (105.9) million kilos grain was used at the plant. Grain spirits production was 11.6 (11.1) million kilos including technical ethanols, starch production was 31.9 (33.2) million kilos, and feed component production was 33.1 (32.9) million kilos.

During the period, production process investments at Rajamäki and a number of smaller improvement and maintenance investments at the Rajamäki and Koskenkorva Distillery plants were carried out.

Key events during January–June 2020

The key events during the period were:

- 29 January: Proposals by Altia's Shareholders' Nomination Board to the Annual General Meeting 2020
- 13 February: Altia's Financial Statements Bulletin 2019: Solid Q4 supported profitability improvement
- 13 February: Notice of the Annual General Meeting 25 March 2020
- 13 February: New earning period in the share-based long-term incentive scheme for the management and key employees of Altia
- 2 March: Annual Report 2019 and Remuneration Policy published
- 17 March: Altia delivers large amounts of ethanol to be used as key ingredient in hand sanitisers - deliveries enough to create up to 200 000 sanitiser bottles per day
- 18 March: Altia postpones its Annual General Meeting 2020
- 30 March: Altia adjusts its operations and prepares for changes in the amount of work
- 6 April: Altia partners with Underberg to enter the German market with Koskenkorva Vodka and O.P. Anderson Aquavit
- 29 April: Q1 2020 Business Review: Profitability improved in a solid Q1, uncertainty for the rest of the year, guidance is suspended
- 4 May: Change in Altia's Executive Management Team
- 13 May: Notice of the Annual General Meeting
- 13 May: Altia's Board of Directors amends its previous dividend proposal to the Annual General Meeting
- 4 June: Decisions taken by Altia's Annual General Meeting 2020 and Altia's Board of Directors

Altia's share

Altia's shares are listed on the Nasdaq Helsinki. All shares carry one vote and have equal voting rights. The trading code of the shares is "ALTIA", and the ISIN code is FI4000292438.

Issued shares and share capital

At the end of the reporting period, Altia Plc's share capital amounted to EUR 60 480 378.36 and the number of issued shares was 36 140 485.

Shareholders and trading

At the end of June 2020, Altia had 20 209 shareholders. During January–June, the highest share price was EUR 8.82 and the lowest price was EUR 7.01. The closing price of Altia's share on 30 June 2020 was EUR 7.98, and the market capitalisation was approximately EUR 288 million.

OWNERSHIP STRUCTURE BY SECTOR (AT THE END OF THE PERIOD)

Sector	Number of shares	% of shares
Public sector	15 698 309	43.4
Financial and insurance corporations	9 880 699	27.3
Households	7 802 346	21.6
Non-financial corporations	1 853 389	5.1
Non-profit institutions	543 589	1.5
Rest of the world	362 153	1.0
Total	**36 140 485**	**100.0**

Source: Euroclear Finland

10 LARGEST SHAREHOLDERS (AT THE END OF THE PERIOD)

	Shareholder	Number of shares	% of shares
1	Valtion Kehitysyhtiö Vake Oy*	13 097 481	36.2
2	Ilmarinen Mutual Pension Insurance Company	1 113 300	3.1
3	Varma Mutual Pension Insurance Company	1 050 000	2.9
4	Veritas Pension Insurance Company Ltd.	420 000	1.2
5	WestStar Oy	207 868	0.6
6	Säästöpankki Pienyhtiöt	156 233	0.4
7	Säästöpankki Kotimaa	150 000	0.4
8	Petter and Margit Forsström´s Foundation	140 200	0.4
9	Erikoissijoitusrahasto Visio Allocator	140 000	0.4
10	Mandatum Life Insurance Company Limited	137 798	0.4
	Total	**16 612 880**	**46.0**
	Nominee-registered shares	*9 053 965*	*25.1*

**) State's Business Development Company*
Source: Euroclear Finland

Governance

Annual General Meeting 2020

Altia's Annual General Meeting was held in Helsinki on 4 June 2020. The meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2019.

Dividend payment

The meeting approved the proposal by the Board of Directors to pay a dividend of EUR 0.21 per share. The dividend was paid on 15 June 2020.

Further, the AGM authorised the Board of Directors to resolve on the payment of dividend so that the amount of dividend to be paid based on the authorisation shall not exceed EUR 0.21 per share. The authorisation is valid until the end of 2020.

Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to pay dividend one time during the period of validity of the authorisation. The Board of Directors will make a separate resolution on the possible payment of dividend no later than in the fourth quarter of 2020. The company shall make a separate announcement of such resolution and confirm the record and payment dates in such announcement.

Adoption of the Remuneration Policy for governing bodies

The Annual General Meeting adopted the Remuneration Policy for the governing bodies.

Remuneration of the members of the Board of Directors

The meeting decided based on the proposal by the Shareholders' Nomination Board that the remuneration to the members of the Board of Directors during the next term consists of a monthly term of office fee as follows:

- EUR 4 000 per month, Chairman
- EUR 2 500 per month, Vice Chairman
- EUR 2 000 per month, member

In addition to the monthly fee, the members of the Board of Directors receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting for Board members residing in Finland and EUR 1 200 per meeting for Board members residing abroad. Travel expenses are reimbursed in accordance with the company's travel policy.

Composition of the Board of Directors

The meeting approved the number of members of the Board of Directors to be seven. The meeting re-elected Sanna Suvanto-Harsaae as Chairman of the Board and Tiina Lencioni, Jukka Ohtola, Anette Rosengren and Torsten Steenholt as members of the Board. Jyrki Mäki-Kala and Jukka Leinonen were elected as new members. Jyrki Mäki-Kala was further elected as Vice Chairman of the Board.

The term for the members of the Board of Directors lasts until the end of the next Annual General Meeting.

Auditor

In accordance with the recommendation by the Audit Committee, the Annual General Meeting re-elected PricewaterhouseCoopers Oy as the company's auditor for a term that ends at the close of the next Annual General Meeting. PricewaterhouseCoopers Oy has informed the company that Authorized Public Accountant Ylva Eriksson continues as the auditor in charge. The meeting decided that the auditor's fees be paid against an invoice approved by the company.

Amendment of the Articles of Association

The AGM approved the proposal by the Board of Directors to amend the first sentence of Article 4 of the company's Articles of Association to set the maximum number of members of the Board of Directors of the company at eight members instead of the current seven members, as follows:

"The company's Board of Directors shall comprise a minimum of three (3) and a maximum of eight (8) members."

Article 4 of the Articles of Association remains otherwise unchanged.

Further, the AGM approved that Article 11 of the company's Articles of Association is amended so that the Annual General Meeting shall decide, in addition to the items that currently appear from Article 11, also on the adoption of the remuneration policy when necessary, and on the adoption of the remuneration report. Article 11 of the Articles of Association remains otherwise unchanged.

Authorisation of the Board of Directors to resolve on the repurchase of the company's own shares

The AGM approved the Board's proposal to authorise the Board of Directors to resolve on the repurchase of the company's own shares. The number of shares to be repurchased by virtue of the authorisation shall not exceed 360,000 own shares in the company, which corresponds to approximately one percent of all the company's shares at the time of the proposal, subject to the provisions of the Finnish Companies Act on the maximum amount of shares owned by the company or its subsidiaries.

The shares may be repurchased in one or several instalments and either through a tender offer made to all shareholders on equal terms or in another proportion than that of the existing shareholdings of the shareholders in the company in public trading at the prevailing market price. The shares would be repurchased with funds from the company's unrestricted shareholders' equity.

The shares could be repurchased for the purpose of implementing the company's share-based incentive plans or share savings plans. The Board of Directors would be authorized to resolve on all other terms and conditions regarding the repurchase of the company's own shares.

The authorisation is valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2021.

Amendment of the charter of the Shareholders' Nomination Board

The AGM approved the proposal by the Shareholders' Nomination Board to amend section 2 of the charter of the Shareholders' Nomination Board so that the Value Day is the first banking day of June each year instead of the current Value Day, which is the first banking day of September.

Organisational meeting of the Board of Directors

Altia's Board of Directors held its organisational meeting after the Annual General Meeting and elected members of the Audit and Human Resources Committees as follows:

- **Audit Committee**: Jyrki Mäki-Kala (Chairman), Tiina Lencioni, Torsten Steenholt and Sanna Suvanto-Harsaae
- **Human Resources Committee**: Sanna Suvanto-Harsaae (Chairman), Jukka Leinonen and Jukka Ohtola

The Board of Directors has assessed that all members of the Board of Directors are independent of the company. Furthermore, all members of the Board of Directors, with the exception of Jukka Ohtola, are independent of the company's significant shareholders. Jukka Ohtola is a member of the Board of Directors of Valtion Kehitysyhtiö Vake Oy and holds an office in the Ownership Steering Department of the Finnish Prime Minister's Office and is therefore not independent of a significant shareholder of the company.

Changes in Altia's Executive Management Team

On 4 May, it was announced that Altia's Chief Financial Officer (CFO) and member of the Executive Management Team, Niklas Nylander has resigned from his position. Niklas Nylander will continue in his position and as a member of the Executive Management Team until further notice, but no longer than until the end of October 2020. Recruitment for a new CFO is ongoing.

Group structure

In order to simplify the Group structure, Altia Oyj's Finnish subsidiaries excluding Oy Wennerco Ab were merged to Altia Oyj and all Swedish subsidiaries to Altia Sweden AB as of 30 April 2020.

Personnel

During January-June 2020, Altia Group employed on average of 651 (701) persons. At the end of June, Altia Group employed 663 (711) persons, of whom 411 (449) were employed in Finland, 110 (114) in Sweden, 4 (4) in Denmark, 22 (28) in Norway, 33 (31) in Latvia, 58 (61) in Estonia, and 25 (24) in France.

The temporary lay-offs that were implemented in Finland, Sweden and Norway affected approximately 180 persons.

Sustainability

As of February 2020, sustainability has been incorporated into the core of Altia's strategy, together with Altia's purpose, Let's Drink Better, which aims for a more sustainable drinking culture. For Altia, sustainability is both a strategic priority and a key success factor in business. Koskenkorva Distillery and it's award-winning circular economy case are found at the heart of Altia's sustainabilty thinking. Altia's sustainaiblity work in all fronts aim to achieve the position of the most sustainable drinks company in the Nordics.

Altia's new Sustainability Roadmap in implementation

Altia has been guiding it's responsibilty efforts according to the new Sustainability Roadmap from beginning of 2020. The key target Altia is aiming to is carbon neutrality of own production already in 2025.

The new Sustainabilty Roadmap sets ambitious, numerical target to all chosen focal areas:

- Our Distillery – Carbon neutral production
- Our Drink – 100% recyclable packaging
- Our Society – 10% of portfolio low or non-alcoholic drinks
- Our People – Zero absence due to injuries

Altia awarded gold medal in Ecovadis sustainability rating

In April, Altia was awarded Gold Medal in EcoVadis Corporate Social Responsibility rating. Altia got 71/100 points and scored higher than 98% of all the companies rated. Over 55 000 companies have been rated by EcoVadis across 198 purchasing categories and 150 countries. Altia strengths included its advanced management system in environmental topics. Key development feedback was to develop even further the formalised policies in sustainable procurement.

Occupational safety

Occupational safety is one of the focus areas of Altia's Sustainability Roadmap and the tool to reach the goal of zero absence due to injuries.

The injury frequency has decreased during the reporting period. Safety observations have been on the same good level as in 2019 and have not increased. Altia received level 2 rating to it's operations in Finland from Zero Accidents Forum, which is a network of Finnish companies coordinated by The Finnish Institute for Occupational Health. Altia has been improving its rating yearly and the aim is level 1.

Altia has started a project called Human Factor® at the Rajamäki production plant. The aim is to include human factors as a part of investigating near miss situations and accidents. The project also aims to improve and develop safety culture. The project started in 2019 and will continue until the end of 2020.

During the reporting period Altia has introduced and implemented minimum requirements for the most important safety areas at all operational sites. The requirements cover: personal protective equipment, external craftsmen (subcontractors), chemical handling and working at height.

SUSTAINABILITY KEY FIGURES

The progress of the key figures during the reporting period has been according to the targets.

	H1 20	H1 19	2019
Sickness absences, %	3.8	3.8	3.7
Total Registered Injury Frequency, TRIF (H1 20 exluding commuting)	12	22	14
Lost Time Injury Frequency, LTIF (H1 20 excluding commuting)	4	11	9

Both TRIF and LTIF are reported without commuting as of 2020. H1 2019 data includes commuting.

	H1 20		H1 19		2019	
	Kosken-korva	Rajamäki and Tabasalu	Kosken-korva	Rajamäki and Tabasalu	Kosken-korva	Rajamäki and Tabasalu
Energy efficiency (MWh/m3 of product or tonne of barley)	0.78	0.32	0.80	0.31	0.63	0.27
Water efficiency (m3/m3 of product or tonne of barley) (1)	2.18	1.96	1.80	1.70	1.49	1.65
Quality of waste water (kg COD/m3 of product or tonne barley) (2)	3.93	2.10	3.66	2.48	3.37	2.29

(1) With regards to Rajamäki, the indicator includes water consumption at the alcohol beverage plant. The water consumption indicator for the Rajamäki plant of the Industrial Products Unit is not material to the operations. (2) The waste water quality indicator is not monitored at the Tabasalu plant.

Short-term risks and uncertainties

The most significant uncertainties in the company's operations relate to the overall economic development and its impacts on consumption, as well as the effects of alcohol taxes and legislation on consumer behaviour. Unexpected and unforeseen disruptions in production and deliveries form the major short-term risks related to operations, as well as sudden and significant changes in prices of raw materials, especially related to barley.

Altia Plc's Board of Directors has confirmed the Group Risk Management Policy. Risk management is aimed at supporting the implementation of Altia Group's strategy, the identification of risks and methods for reducing the probability and impacts of risks, as well as ensuring business continuity. Risks may arise from internal or external events.

Outlook for 2020

Market outlook

The development of the Group's business operations and profitability are affected by the competitive environment, the overall economic outlook and changes in alcohol taxation and regulation. Uncertainty related to changes in consumer buying behaviour and consumer demand continues. In addition, overall fluctuations of direct product costs affect the Group's profitability.

COVID-19 update: Uncertainty in the operating environment is high. The recovery of the market depends on the level and extent of governmental restrictions and recommendations on travelling, movement and social distancing. The pace of recovery is difficult to estimate and it is affected by changes in consumer behaviour and is expected to vary across sales channels.

Seasonality

There are substantial seasonal fluctuations in the consumption of alcoholic beverages impacting the net sales and cash flow of Altia. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, whereas the first quarter of the year is significantly lower. In addition, excise taxes related to the high season at the end of the year are paid in January, resulting in large cash outflows at the beginning of the year.

Guidance

Guidance for 2020 remains suspended due the prolonged uncertainties related to COVID-19. New guidance will be provided if the impacts of COVID-19 on the operating environment and business conditions can be assessed in a reliable manner.

The restrictions and instructions from governments and health authorities have a significant impact on Altia's operating environment. The visibility for the rest of the year continues to be poor and forecasting is difficult. Uncertainty in the economy remains at a high level and the risk of an economic slowdown is high.

The recovery of the consumer beverage sales depends on the level and extent of governmental restrictions and recommendations on travelling, movement and social distancing. The pace of recovery is difficult to estimate and it is affected by changes in consumer behaviour and is expected to vary across sales channels: on-trade channels could be expected to recover faster than travel retail.

Previous guidance published on 13 February 2020:
The continued decline in market volumes in Finland puts pressure on profitability growth. The uncertainties in global travelling impacts border trade and travel retail regionally and in Asia. Guidance assumes a normal barley price level following the 2020 harvest. Industrial services are impacted by phasing of volumes between the years.

The comparable EBITDA is expected to be at the same level as or higher than in 2019 (2019: EUR 44.8 million).

Financial calendar for 2020

Altia will publish the Business Review for January-September 2020 on 6 November.

Events after the period

On 1 July, the composition of Altia's Shareholder's Nomination Board was announced. Altia's three largest registered shareholders (shareholder register maintained by Euroclear Finland Ltd as per 1 June 2020) have nominated the following representatives to the Shareholders' Nomination Board:

- Pekka Hurtola, the Ownership Steering Department in the Prime Minister's Office
- Annika Ekman, Ilmarinen Mutual Pension Insurance Company
- Hanna Kaskela, Varma Mutual Pension Insurance Company

In its organising meeting on 1 July 2020 the Nomination Board elected Pekka Hurtola as its Chairman. The Chairman of Altia's Board of Directors, Sanna Suvanto-Harsaae acts as an expert member in the Nomination Board.

Helsinki, 18 August 2020
Altia Plc
Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
NET SALES	81.0	91.2	149.3	165.0	359.6
Other operating income	1.4	2.0	2.9	3.9	7.6
Materials and services	-45.4	-54.4	-84.1	-99.4	-213.1
Employee benefit expenses	-11.5	-11.6	-23.0	-23.1	-45.9
Other operating expenses	-13.0	-18.0	-27.1	-32.9	-65.0
Depreciation, amortisation and impairment	-4.4	-4.5	-8.8	-9.0	-17.9
OPERATING RESULT	**8.2**	**4.8**	**9.2**	**4.5**	**25.1**
Finance income	-0.1	1.0	0.2	2.5	3.5
Finance expenses	-0.6	-1.4	-1.2	-3.5	-5.7
Share of profit in associates and joint ventures and income from interests in joint operations	0.1	0.2	1.1	1.2	1.6
RESULT BEFORE TAXES	**7.6**	**4.5**	**9.3**	**4.7**	**24.6**
Income tax expense	-1.5	-0.9	-1.9	-0.7	-6.2
RESULT FOR THE PERIOD	**6.1**	**3.6**	**7.5**	**4.0**	**18.4**
Result for the period attributable to:					
Owners of the parent	6.1	3.6	7.5	4.0	18.4
Earnings per share for the result attributable to owners of the parent, EUR					
Basic and diluted	0.17	0.10	0.21	0.11	0.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
Result for the period	6.1	3.6	7.5	4.0	18.4
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	-	-	-	-	-0.2
Related income tax	-	-	-	-	0.0
Total	-	-	-	-	-0.2
Items that may be reclassified to profit or loss					
Cash flow hedges	-0.2	-0.4	-0.0	-0.8	-1.3
Translation differences	3.6	-1.3	-1.7	-2.1	-2.4
Income tax related to these items	0.0	0.1	0.0	0.2	0.3
Total	3.5	-1.7	-1.7	-2.8	-3.5
Other comprehensive income for the period, net of tax	3.5	-1.7	-1.7	-2.8	-3.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9.6**	**2.0**	**5.8**	**1.2**	**14.8**
Total comprehensive income attributable to:					
Owners of the parent	9.6	2.0	5.8	1.2	14.8

CONSOLIDATED BALANCE SHEET

EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Non-current assets			
Goodwill	80.0	79.8	80.1
Other intangible assets	22.5	27.1	25.2
Property, plant and equipment	59.1	62.5	60.9
Right-of-use assets	8.9	11.5	10.4
Investments in associates and joint ventures and interests in joint operations	8.9	8.2	8.8
Financial assets at fair value through other comprehensive income	1.4	1.4	1.4
Deferred tax assets	1.5	1.4	0.9
Total non-current assets	**182.3**	**192.1**	**187.7**
Current assets			
Inventories	101.1	111.6	92.0
Contract assets	–	0.1	0.2
Trade and other receivables	41.5	51.9	54.4
Current tax assets	2.7	4.5	1.6
Cash and cash equivalents	101.2	27.7	64.2
Total current assets	**246.6**	**195.7**	**212.4**
TOTAL ASSETS	**428.9**	**387.7**	**400.2**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	60.5	60.5	60.5
Invested unrestricted equity fund	1.2	1.2	1.2
Fair value reserve	0.6	0.6	0.6
Legal reserve	0.1	0.1	0.1
Hedge reserve	-1.0	-0.7	-1.0
Translation differences	-23.7	-21.7	-22.1
Retained earnings	111.9	97.5	111.9
Total equity	**149.5**	**137.6**	**151.2**
Non-current liabilities			
Deferred tax liabilities	16.4	16.7	16.7
Borrowings	70.4	76.8	76.1
Lease liabilities	5.7	8.2	7.1
Employee benefit obligations	1.3	1.3	1.4
Total non-current liabilities	**93.7**	**103.0**	**101.3**
Current liabilities			
Borrowings	51.5	20.5	6.5
Lease liabilities	3.5	3.4	3.4
Trade and other payables	127.9	122.4	134.7
Contract liabilities	–	0.2	0.5
Current tax liabilities	2.8	0.6	2.5
Total current liabilities	**185.7**	**147.1**	**147.6**
Total liabilities	**279.4**	**250.1**	**249.0**
TOTAL EQUITY AND LIABILITIES	**428.9**	**387.7**	**400.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent EUR million	Share capital	Invested unrestricted equity fund	Fair value reserve	Legal reserve	Hedge reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2019	60.5	1.2	0.6	–	0.0	-19.6	107.3	150.1
Total comprehensive income								
Result for the period	–	–	–	–	–	–	4.0	4.0
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	-0.7	–	–	-0.7
Translation differences	–	–	–	–	–	-2.1	0.0	-2.1
Total comprehensive income for the period	–	–	–	–	-0.7	-2.1	4.0	1.2
Transactions with owners								
Dividend distribution	–	–	–	–	–	–	-13.7	-13.7
Share based payments	–	–	–	–	–	–	0.1	0.1
Total transactions with owners	–	–	–	–	–	–	-13.7	-13.7
Transfer to reserve	–	–	–	0.1	–	–	-0.1	0.0
Equity at 30 June 2019	60.5	1.2	0.6	0.1	-0.7	-21.7	97.5	137.6
Equity at 1 January 2020	60.5	1.2	0.6	0.1	-1.0	-22.1	111.9	151.2
Total comprehensive income								
Result for the period	–	–	–	–	–	–	7.5	7.5
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	-0.0	–	–	-0.0
Translation differences	–	–	–	–	–	-1.7	-0.0	-1.7
Total comprehensive income for the period	–	–	–	–	0.0	-1.7	7.5	5.8
Transactions with owners								
Dividend distribution	–	–	–	–	–	–	-7.6	-7.6
Share based payments	–	–	–	–	–	–	0.1	0.1
Total transaction with owners	–	–	–	–	–	–	-7.4	-7.4
Equity at 30 June 2020	60.5	1.2	0.6	0.1	-1.0	-23.7	111.9	149.5

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
CASH FLOW FROM OPERATING ACTIVITIES					
Result before taxes	7.6	4.5	9.3	4.7	24.6
Adjustments					
Depreciation, amortisation and impairment	4.4	4.5	8.8	9.0	17.9
Share of profit in associates and joint ventures and income from interests in joint operations	-0.1	-0.2	-1.1	-1.2	-1.6
Net gain on sale of non-current assets	–	-0.0	–	-0.0	-0.0
Finance income and costs	0.6	0.5	1.0	1.1	2.2
Other adjustments	0.2	-0.4	0.0	-0.4	-0.8
	5.1	4.3	8.7	8.3	17.7
Change in working capital					
Change in inventories, increase (-) / decrease (+)	0.9	-2.9	-9.4	-12.2	7.4
Change in contract assets, trade and other receivables, increase (-) / decrease (+)	3.9	5.8	11.8	8.8	5.3
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)	10.2	15.5	-5.5	-8.7	3.8
Change in working capital	14.9	18.4	-3.0	-12.1	16.5
Interest paid	-0.4	-0.3	-0.8	-0.8	-1.6
Interest received	0.0	0.1	0.1	0.1	0.2
Other finance income and expenses paid	-0.1	-0.6	-0.4	-1.3	-1.7
Income taxes paid	-1.5	-1.6	-3.6	-2.9	-3.1
Financial items and taxes	-2.0	-2.5	-4.7	-4.9	-6.1
NET CASH FLOW FROM OPERATING ACTIVITIES	**25.7**	**24.7**	**10.3**	**-4.0**	**52.6**
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment and intangible assets	-1.5	-2.1	-2.5	-3.2	-6.8
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.1	0.0	0.1
Investments in associated companies and joint ventures	–	–	–	–	-0.2
Interest received from investments in joint operations	–	–	0.9	0.9	0.9
Dividends received	–	–	0.2	–	–
NET CASH FLOW FROM INVESTING ACTIVITIES	**-1.5**	**-2.1**	**-1.3**	**-2.2**	**-6.0**
CASH FLOW FROM FINANCING ACTIVITIES					
Changes in commercial paper program	-10.0	4.0	45.0	14.0	–
Repayment of borrowings	–	–	-5.7	-5.8	-6.5
Repayment of lease liabilities	-0.9	-0.9	-1.7	-1.9	-3.7
Dividends paid and other distributions of profits	-7.6	-13.7	-7.6	-13.7	-13.7
NET CASH FLOW FROM FINANCING ACTIVITIES	**-18.4**	**-10.6**	**29.9**	**-7.4**	**-23.9**
CHANGE IN CASH AND CASH EQUIVALENTS	**5.8**	**12.0**	**38.9**	**-13.6**	**22.7**
Cash and cash equivalents at the beginning of the period	92.6	16.3	64.2	42.0	42.0
Translation differences on cash and cash equivalents	2.8	-0.6	-1.9	-0.8	-0.5
Change in cash and cash equivalents	5.8	12.0	38.9	-13.6	22.7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**101.2**	**27.7**	**101.2**	**27.7**	**64.2**

Accounting principles

This half-year report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as approved by the EU. This half-year report should be read together with Altia's Financial Statements 2019.

All the figures have been rounded and consequently the sum of individual figures can deviate from the presented aggregate figure.

The Group adopts the guidance on alternative performance measures issued by the European Securities and Market Authority (ESMA). In addition to key ratios, The Group releases other commonly used alternative key ratios mainly derived from the statement of comprehensive income and consolidated balance sheet. In addition to IFRS and alternative key ratios, the adjusted alternative key ratios are used by adding or deducting items affecting comparability.

Seasonality

There are substantial seasonal fluctuations in the consumption of alcoholic beverages impacting the net sales and cash flow of Altia. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, whereas the first quarter of the year is significantly lower. In addition, excise taxes related to the high season at the end of the year are paid in January, resulting in large cash outflows at the beginning of the year.

Impacts of COVID-19 on Group financial position

- The strict focus on net working capital management will continue in the upcoming quarters together with other liquidity securing actions.
- Due to the COVID-19 uncertainties, Altia has assessed the impact of the pandemic on its financial position and has considered the values of assets and liabilities that include critical accounting estimates and require management judgement. Based on this assessment, Altia has not identified any indication of goodwill impairment.
- The credit risk of trade receivables and the amount of bad debt provision has been analysed at the end of reporting period with the conclusion being there is sufficient provision in place.

Segment information

NET SALES BY SEGMENT

EUR million	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Finland & Exports	29.2	23.8	37.8	31.2	34.7	25.0	39.5	31.8	35.4	27.1
Scandinavia	28.1	22.0	44.5	25.6	29.0	21.7	42.8	25.0	27.4	22.5
Altia Industrial	23.8	22.4	27.8	27.7	27.5	27.1	28.6	28.9	24.2	24.0
Total	**81.0**	**68.2**	**110.1**	**84.5**	**91.2**	**73.8**	**110.9**	**85.7**	**87.1**	**73.5**

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Finland & Exports							
Net sales total	29.4	34.8	-15.5	53.3	59.8	-10.9	129.0
Net sales, internal	-0.2	-0.1	100.0	-0.3	-0.2	50.0	-0.4
Net sales, external	**29.2**	**34.7**	**-15.9**	**53.0**	**59.6**	**-11.2**	**128.6**
Scandinavia							
Net sales total	28.2	29.2	-3.4	50.3	51.0	-1.4	121.4
Net sales, internal	-0.1	-0.2	-50.0	-0.2	-0.3	-33.3	-0.7
Net sales, external	**28.1**	**29.0**	**-3.0**	**50.1**	**50.7**	**-1.1**	**120.7**
Altia Industrial							
Net sales total	34.2	38.0	-10.0	64.2	72.2	-11.2	149.7
Net sales, internal	-10.4	-10.5	-1.0	-18.1	-17.5	3.4	-39.4
Net sales, external	**23.8**	**27.5**	**-13.7**	**46.1**	**54.7**	**-15.6**	**110.2**
Group							
Net sales total	91.8	102.0	-10.0	167.8	183.0	-8.3	400.0
Net sales, internal	-10.7	-10.8	-0.9	-18.5	-18.0	2.8	-40.5
Net sales, external	**81.0**	**91.2**	**-11.1**	**149.3**	**165.0**	**-9.5**	**359.6**

COMPARABLE EBITDA BY SEGMENT

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
Finland & Exports	5.5	5.3	8.3	8.2	20.6
Scandinavia	2.9	2.0	2.8	1.7	12.1
Altia Industrial	4.9	2.3	7.1	3.3	11.4
Other	-0.1	-0.2	0.6	0.5	0.7
Total	**13.2**	**9.4**	**18.8**	**13.7**	**44.8**
% net sales	*16.3*	*10.4*	*12.6*	*8.3*	*12.4*

EUR million	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Finland & Exports	5.5	2.8	7.3	5.0	5.3	3.0	6.2	4.9	4.6	3.4
Scandinavia	2.9	-0.1	9.1	1.3	2.0	-0.3	8.0	0.8	1.5	-0.1
Altia Industrial	4.9	2.2	4.5	3.6	2.3	1.0	2.2	4.8	2.5	1.4
Other	-0.1	0.7	-1.3	1.5	-0.2	0.6	-0.6	-0.3	0.2	0.4
TOTAL comparable EBITDA	**13.2**	**5.5**	**19.7**	**11.4**	**9.4**	**4.3**	**15.9**	**10.3**	**8.7**	**5.2**
Items affecting comparability	-0.7	-0.1	0.2	-1.6	-0.2	-	-1.5	0.0	-0.4	-4.1
EBITDA	**12.6**	**5.4**	**19.8**	**9.8**	**9.2**	**4.3**	**14.4**	**10.3**	**8.3**	**1.1**
Depreciation, amortisation and impairment	-4.4	-4.4	-4.5	-4.5	-4.5	-4.5	-3.7	-3.6	-3.5	-3.5
Operating result	**8.2**	**1.0**	**15.3**	**5.3**	**4.8**	**-0.3**	**10.7**	**6.6**	**4.8**	**-2.5**

NET SALES BY PRODUCT CATEGORY (IFRS 15)

EUR million	Q2 20	Q2 19	Change, %	H1 20	H1 19	Change, %	2019
Spirits	28.8	31.6	-9.0	53.2	56.3	-5.5	121.3
Wine	28.0	30.9	-9.3	48.8	52.3	-6.7	124.9
Other beverages	0.5	1.2	-57.4	1.2	1.7	-29.4	3.1
Industrial products and services	23.8	27.5	-13.7	46.1	54.7	-15.6	110.2
Total	**81.0**	**91.2**	**-11.1**	**149.3**	**165.0**	**-9.5**	**359.6**

Notes to the tables

PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

EUR million	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets	Total
Acquisition cost at 1 January 2020	148.1	128.3	247.9	14.1	538.4
Additions	0.4	–	2.4	0.3	3.1
Disposals	-0.0	–	-0.8	–	-0.8
Effect of movement in exchange rates	-1.6	-11.7	-0.1	-0.1	-13.6
Acquisition cost at 30 June 2020	146.9	116.5	249.4	14.3	527.1
Accumulated depreciation, amortisation and impairment losses at 1 January 2020	-123.0	-48.2	-187.0	-3.7	-361.8
Depreciation and amortisation	-3.0	–	-4.1	-1.7	-8.8
Accumulated depreciation and amortisation on disposals and transfers	0.0	–	0.7	–	0.7
Effect of movement in exchange rates	1.6	11.6	0.1	0.0	13.3
Accumulated depreciation, amortisation and impairment losses at 30 June 2020	-124.4	-36.6	-190.3	-5.4	-356.7
Carrying amount at 1 January 2020	25.2	80.1	60.9	10.4	176.6
Carrying amount at 30 June 2020	**22.5**	**80.0**	**59.1**	**8.9**	**170.4**
Acquisition cost at 1 January 2019	147.3	128.0	244.6	–	519.9
IFRS 16 acquisition cost 1 January 2019	–	–	–	10.7	10.7
Acquisition cost as at 1 January 2019, restated	147.3	128.0	244.6	10.7	530.6
Additions	0.9	–	2.3	2.9	6.1
Disposals	-0.1	–	-1.2	-0.1	-1.4
Effect of movement in exchange rates	-1.5	1.9	-0.2	-0.1	0.1
Acquisition cost at 30 June 2019	146.6	129.9	245.5	13.5	535.5
Accumulated depreciation, amortisation and impairment losses at 1 January 2019	-117.8	-47.3	-179.9	–	-345.0
Depreciation and amortisation	-3.0	–	-4.0	-1.9	-9.0
Accumulated depreciation and amortisation on disposals and transfers	0.1	–	0.9	–	1.0
Effect of movement in exchange rates	1.2	-2.9	0.1	–	-1.6
Accumulated depreciation, amortisation and impairment losses at 30 June 2019	-119.5	-50.2	-182.9	-1.9	-354.6
Carrying amount at 1 January 2019	29.6	80.7	64.6	–	174.9
Carrying amount at 30 June 2019	**27.1**	**79.8**	**62.5**	**11.5**	**181.0**

RELATED PARTY TRANSACTIONS

The following transactions have taken place with related parties:

EUR million	H1 20	H1 19	2019
Sales of goods and services			
Associates, joint ventures and joint operations	0.5	0.3	0.8
Other companies considered related parties	38.0	34.7	76.5
Total	**38.5**	**35.0**	**77.3**
Purchases of goods and services			
Associates, joint ventures and joint operations	0.9	1.0	1.9
Other companies considered related parties	0.7	0.7	1.2
Total	**1.6**	**1.7**	**3.2**
Outstanding balances from sales and purchases of goods and services	**30 Jun 2020**	**30 Jun 2019**	**31 Dec 2019**
Trade receivables			
Associates, joint ventures and joint operations	0.1	–	–
Other companies considered related parties	2.3	1.2	0.9
Trade payables			
Associates, joint ventures and joint operations	0.2	0.2	0.2
Other companies considered related parties	0.2	0.0	0.0

The Company's related parties include the subsidiaries, associated companies, joint ventures and joint operations. Related party transactions include such operations that are not eliminated in the Group´s consolidated financial statements.

Related party also include the Board of Directors, the CEO, the members of the Executive Management Team and their family members as well as entities controlled or jointly controlled by these persons. Also, entities that are controlled or jointly controlled by, or are associates of the State, are related parties of Altia. Altia has applied the exemption to report only material transactions with the government related entities. Transactions with related parties are entered into on market terms. Altia has related party transactions on a continuous basis with its major customer Alko. Transactions with Alko have been presented below under Other companies considered related parties.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Investments in associated companies and joint ventures:			
At the beginning of the reporting period	1.2	0.3	0.3
Additions	–	–	0.2
Share of result for the period	0.2	0.3	0.7
At the end of the reporting period	**1.4**	**0.6**	**1.2**
Financial summary of associated companies and joint ventures:			
Assets	7.8	8.4	8.8
Liabilities	3.1	5.8	4.9
Net assets	4.8	2.5	3.9
Net sales	7.5	8.9	18.5
Result for the period	0.5	1.2	2.6

COLLATERALS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Collaterals given on behalf of Group companies			
Mortgages	18.5	18.5	18.5
Guarantees	5.2	5.4	5.9
Total collaterals	**23.7**	**23.9**	**24.4**
Commitments			
Short-term and low value lease obligations			
Less than one year	0.1	0.2	0.2
Between one and five years	0.1	0.1	0.1
Total short-term and low value lease obligations	0.2	0.3	0.3
Other commitments	17.8	19.1	20.8
Total commitments	**18.0**	**19.4**	**21.1**

Assets not recognised in the balance sheet			
Emission allowances, kilotons	**30 Jun 2020**	**30 Jun 2019**	**31 Dec 2019**
Emission allowances received	25.8	26.4	26.4
Excess emission allowances from the previous period	4.0	30.6	30.6
Adjustments related to prior year's estimates	–	-0.0	-0.0
Sold emission allowances	–	-20.0	-33.0
Realised emissions	-10.3	-10.9	-20.0
Total emission allowances	**19.5**	**26.1**	**4.0**
Fair value of emission allowances (EUR million)	0.5	0.7	0.1

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets, fair value, EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Level 2			
Financial assets at fair value through profit or loss			
Forward exchange contracts	0.0	0.3	0.0
Derivatives, hedge accounting			
Forward exchange contracts	0.0	0.2	0.0
Commodity derivatives	–	0.6	0.3
Level 3			
Financial assets at fair value through other comprehensive income			
Unquoted shares	1.4	1.4	1.4

Financial liabilities, fair value, EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Level 2			
Financial liabilities at fair value through profit or loss			
Forward exchange contracts	0.1	0.0	0.1
Derivatives, hedge accounting			
Forward exchange contracts	0.2	0.1	0.4
Interest rate derivatives	1.1	1.5	1.2
Commodity derivatives	0.0	–	–

The derivatives have been presented in the note above. The carrying amounts of other financial assets and liabilities in the balance sheet equal their fair value.

Share-based incentive scheme

In February 2020, the Board of Directors decided on a new earning period in the long-term performance share plan (PSP) for the management and key employees of Altia Group. The incentive scheme was established and announced in February 2019.

The second plan within the structure, PSP 2020–2022, commences as of the beginning of 2020 and the potential share reward thereunder will be paid in the spring 2023 provided that the performance targets set by the Board of Directors are achieved. The potential reward will be paid in listed shares of Altia.

The performance targets based on which the potential share reward under PSP 2020–2022 will be paid are the relative total shareholder return of Altia's share and earnings per share. Eligible to participate in PSP 2020–2022 are approximately 25 individuals.

If all the performance targets set for PSP 2020–2022 are fully achieved, the aggregate maximum number of shares to be paid based on this second plan is approximately 271 000 shares. This number of shares represents a gross earning, from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares.

The aggregate gross value of this second plan is approximately EUR 2.3 million.

ALTIA

Appendix 1

KEY RATIOS

		Q2 20	Q2 19	H1 20	H1 19	2019
Income statement						
Net sales	EUR million	81.0	91.2	149.3	165.0	359.6
Comparable EBITDA	EUR million	13.2	9.4	18.8	13.7	44.8
(% of net sales)	%	16.3	10.4	12.6	8.3	12.4
EBITDA	EUR million	12.6	9.2	18.0	13.5	43.1
Comparable operating result (EBIT)	EUR million	8.9	5.0	9.9	4.7	26.8
(% of net sales)	%	10.9	5.5	6.7	2.9	7.5
Operating result	EUR million	8.2	4.8	9.2	4.5	25.1
Result before taxes	EUR million	7.6	4.5	9.3	4.7	24.6
Result for the period	EUR million	6.1	3.6	7.5	4.0	18.4
Items affecting comparability	EUR million	-0.7	-0.2	-0.7	-0.2	-1.7
Balance sheet						
Cash and cash equivalents	EUR million			101.2	27.7	64.2
Total equity	EUR million			149.5	137.6	151.2
Borrowings	EUR million			121.8	97.3	82.6
Invested capital	EUR million			271.3	234.9	233.8
Profitability						
Return on equity (ROE), rolling 12 months	%			15.2	12.0	12.2
Return on invested capital (ROI), rolling 12 months	%			9.3	8.0	8.5
Financing and financial position						
Net debt	EUR million			29.9	81.3	28.9
Gearing	%			20.0	59.1	19.1
Equity ratio	%			34.9	35.5	37.8
Net cash flow from operating activities	EUR million	25.7	24.7	10.3	-4.0	52.6
Net debt/comparable EBITDA, rolling 12 months				0.6	2.0	0.6
Share-based key ratios						
Earnings / share (Basic and diluted)	EUR	0.17	0.10	0.21	0.11	0.51
Equity / share	EUR			4.14	3.81	4.18
Personnel						
Average number of personnel		659	705	651	701	682

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM) TO IFRS FIGURES AND ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	Q2 20	Q2 19	H1 20	H1 19	2019
Items affecting comparability					
Net gains or losses from business and assets disposals	–	-0.1	–	-0.1	0.1
Cost for closure of business operations and restructurings	-0.2	-0.1	-0.3	-0.1	-0.2
Major corporate projects					
Costs related to the closed voluntary pension scheme	-0.5	–	-0.5	–	-1.6
Total items affecting comparability	**-0.7**	**-0.2**	**-0.7**	**-0.2**	**-1.7**
Comparable EBITDA					
Operating result	8.2	4.8	9.2	4.5	25.1
Less:					
Depreciation, amortisation and impairment	4.4	4.5	8.8	9.0	17.9
Total items affecting comparability	0.7	0.2	0.7	0.2	1.7
Comparable EBITDA	**13.2**	**9.4**	**18.8**	**13.7**	**44.8**
% of net sales	16.3	10.4	12.6	8.3	12.4
Comparable EBIT					
Operating result	8.2	4.8	9.2	4.5	25.1
Less:					
Total items affecting comparability	0.7	0.2	0.7	0.2	1.7
Comparable EBIT	**8.9**	**5.0**	**9.9**	**4.7**	**26.8**
% of net sales	10.9	5.5	6.7	2.9	7.5

Altia presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS. In Altia's view, alternative performance measures provide significant additional information on Altia's results of operations, financial position and cash flows to management, investors, analysts and other stakeholders.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore Altia's alternative performance measures may not be comparable with similarly named measures presented by other companies.

THE DEFINITIONS AND REASONS FOR THE USE OF FINANCIAL KEY INDICATORS

Key figure	Definition	Reason for the use
EBITDA	Operating result before depreciation and amortization	EBITDA is the indicator to measure the performance of the Group.
EBITDA margin, %	EBITDA / Net sales	
Comparable operating result	Operating result excluding items affecting comparability	Comparable EBITDA, comparable EBITDA margin, comparable operating result and comparable operating margin are presented in addition to EBITDA and operating result to reflect the underlying business performance and to enhance comparability from period to period. Altia believes that these comparable performance measures provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods. Comparable EBITDA is an internal measure to assess performance of Altia and key performance measure at segment level together with Net Sales. Comparable EBITDA margin is also one of Altia's financial targets. Comparable EBITDA is commonly used as a base for valuation purposes outside the Company and therefore important measure to report regularly.
Comparable operating margin, %	Comparable operating result / Net sales	
Comparable EBITDA	EBITDA excluding items affecting comparability	
Comparable EBITDA margin, %	Comparable EBITDA / Net sales	
Items affecting comparability	Material items outside normal business, such as net gains or losses from business and assets disposals, impairment losses, cost for closure of business operations and restructurings, major corporate projects including direct transaction costs related to business acquisitions, voluntary pension plan change and costs related to other corporate development.	
Invested capital	Total equity + Borrowings	Base for ROI measure.
Return on equity (ROE), %	Result for the period (rolling 12 months) / Total equity (average of reporting period and comparison period)	This measure can be used to evaluate how efficiently Altia has been able to generate results in relation to the total equity of the Company.
Return on invested capital (ROI), %	(Result for the period + Interest expenses) (rolling 12 months) / (Total equity + Non-current and current borrowings) (average of reporting period and comparison period)	This measure is used to evaluate how efficiently Altia has been able to generate net results in relation to the total investments made to the Company.
Borrowings	Non-current borrowings + Current borrowings	
Net debt	Borrowings + Non-current and current lease liabilities – Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of the Group.
Gearing, %	Net debt / Total equity	Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's indebtedness. Important measure for the loan portfolio.
Equity ratio, %	Total equity / (Total assets – Advances received)	Equity / assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
Net debt / comparable EBITDA	Net debt / Comparable EBITDA	The level of Net debt / Comparable EBITDA is one of Altia's financial targets.
Earnings / share	Result for the period attributable to shareholders of the parent company / Share-issue adjusted number of shares during the period	
Equity / share	Equity attributable to shareholders of the parent company / Share- issue adjusted number of shares at the end of period	

ALTIA

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The **H1 results presentation will be held on 19 August 2020 at 11:00 am EET as a Microsoft Teams Meeting**. We recommend that participants join the event using the online meeting option. Call-in option is also available.

Option A: Online meeting
Access meeting online here: Altia's H1 results presentation

Option B: Call-in
Call into the meeting about 5 minutes earlier at the below numbers.
FI: +358 9 2310 6678
SE: +46 8 502 428 54
UK: +44 20 3443 9579
US: +1 917-781-4622
Conference ID: 308 898 979#

Q&A
We recommend that questions to the management are sent through the Teams chat.

Presentation material and on-demand recording
The presentation material will be shared in the online meeting and it can be downloaded on Altia's website at: www.altiagroup.com/investors. A recording of the event will be available later at the same address.

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