

19 AUGUST 2020



ALTIA

H1 20 results presentation

CEO PEKKA TENNILÄ

CFO NIKLAS NYLANDER



COVID-19 update

KEY PRIORITIES THE HEALTH AND SAFETY OF EMPLOYEES AND BUSINESS CONTINUITY

Impacts so far

- Travel retail, exports and on-trade sales channels were closed in Q2
- Consumers shifted purchases to the monopolies
- Uplifting of restrictions end of Q2, low impact for Altia
- High demand for ethanol

Actions taken

- Remote work
- Part-time work and temporary lay-offs
- Cost savings implemented
- Strong financial position and liquidity situation

Going forward

- Uncertainty in the operating environment remains high
- Recovery of closed sales channels depends on governmental restrictions and recommendations





Strong result in an exceptional market environment

HIGHLIGHTS FROM H1

Reported net sales

149.3 (165.0)

EUR million

Net sales growth in
constant currencies

-8.4%

Comparable EBITDA

18.8 (13.7)

EUR million

Comparable EBITDA margin

12.6% (8.3%)





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, %	Q2 20	Q2 19	H1 20	H1 19	2019
Nordics in total	+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	+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	+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	+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

Finland

- The high growth spirits categories were whiskies, rum and gin
- All wine categories grew.

Sweden

- The high growth categories were whiskies, gin, rum and bitters.
- All wine categories grew

Norway

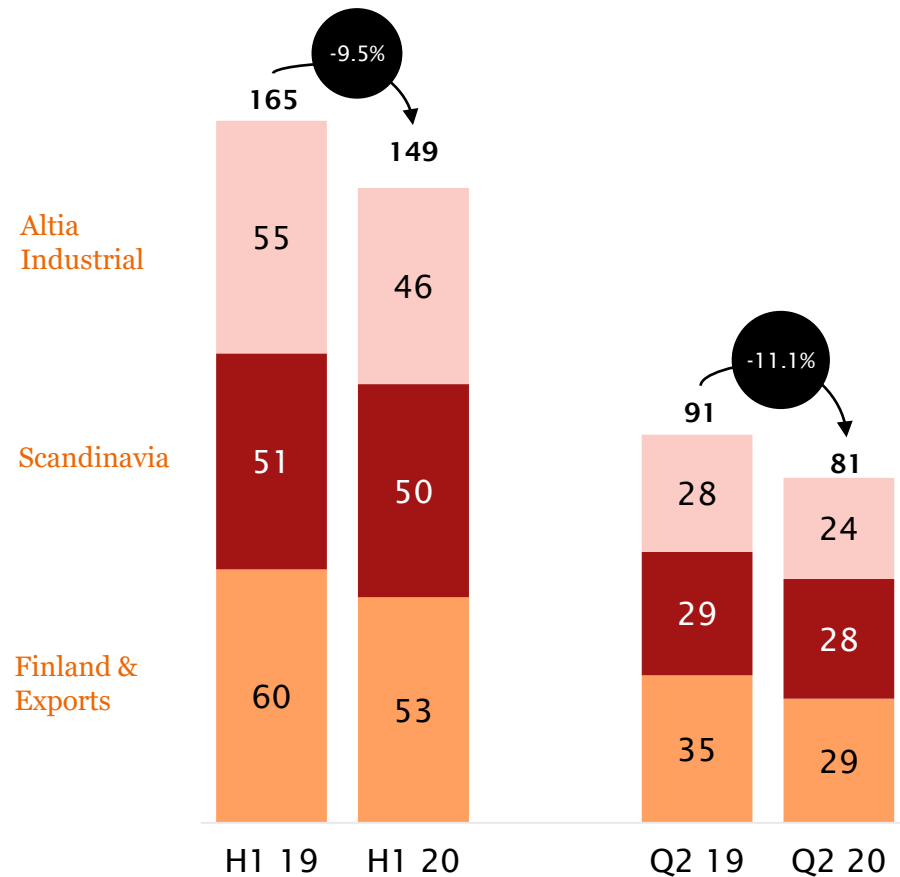
- All spirits and wine categories grew



H1: Net sales declined from previous year

CLOSED SALES CHANNELS, LOWER CONTRACT MANUFACTURING VOLUMES AND NORMALISED BARLEY PRICE

Net sales by segment, MEUR



H1 20:

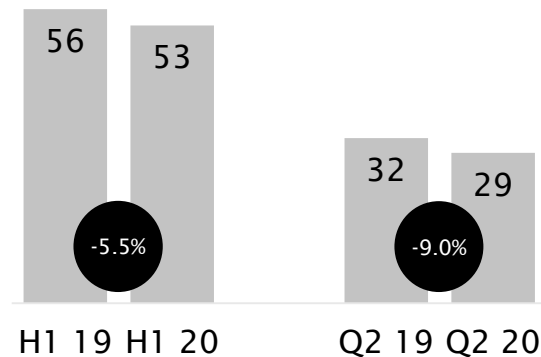
- Net sales decline in constant currencies was 8.4%
- COVID-19 restrictions closed travel retail, exports and on-trade, contract manufacturing volumes impacted significantly
- Normalised barley price

Q2 20:

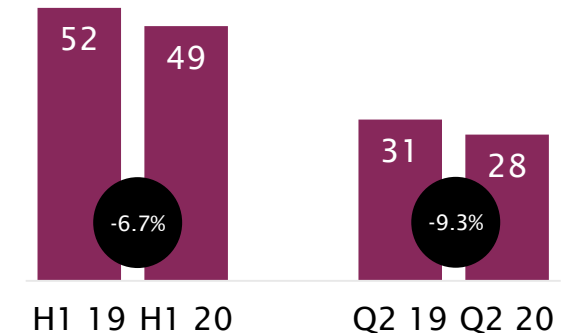
- Net sales decline in constant currencies was 10.3%
- Partner change in wine portfolio

Net sales of spirits and wine, MEUR

Spirits



Wine



Finland & Exports

JANUARY–JUNE 2020

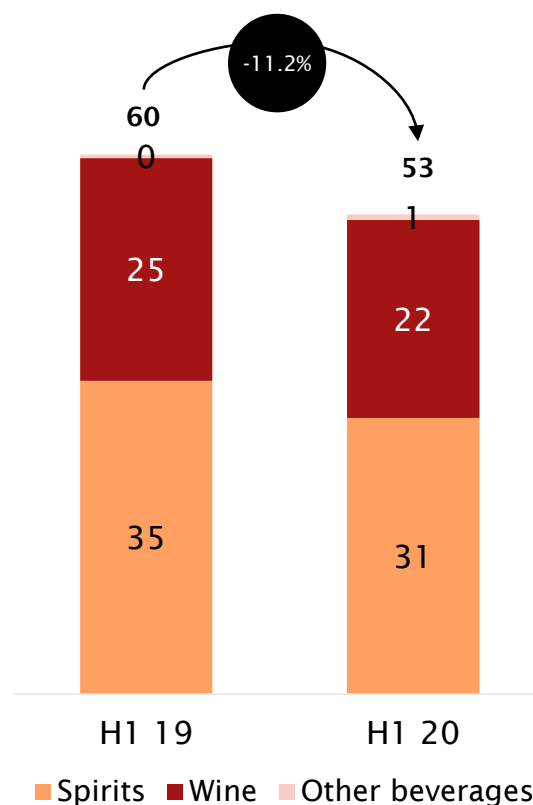
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



Highlights

- Net sales declined by 11.2% to EUR 53.0 (59.6) million.
- Decline due to COVID-19 and closed sales channels: travel retail, exports and on-trade.
- Monopoly sales grew, double-digit spirits sales growth.
- Slight growth in grocery trade.
- In Baltics, domestic grocery trade stable positive development.

Net sales, MEUR



Product launches in Q2 20



Scandinavia

JANUARY–JUNE 2020

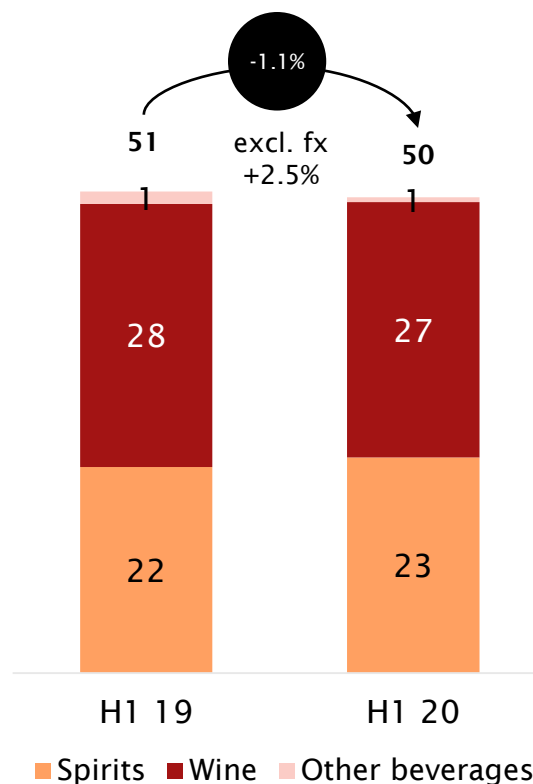
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



Highlights

- Reported net sales declined by 1.1% to EUR 50.1 (50.7) million
- Business model change in DK (Q2 19)
- Net sales grew in constant currencies by 2.5%
- Sweden: double-digit spirits growth & market share growth in strategic categories
- Norway: strong net sales growth across categories, positive market share development
- Sales drop in on-trade due to COVID-19

Net sales, MEUR



Product launches in Q2 20



folkfolkki

Altia Industrial

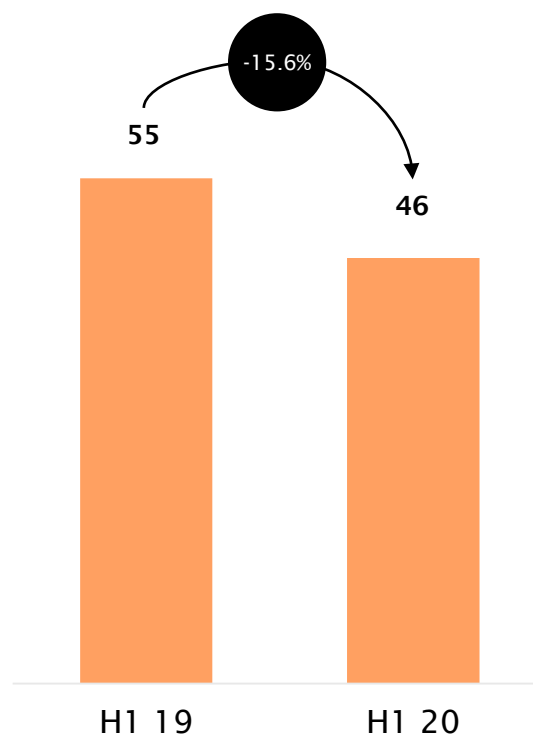
JANUARY–JUNE 2020

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, logistics and sourcing.

Highlights

- Net sales declined by 15.6% to EUR 46.1 (54.7) million
- Decline due to lower contract manufacturing volumes and barley price normalising.
- High volumes of technical ethanol.
- Starch volumes impacted by weak paper industry.
- Feed volumes at last year's level.

Net sales, MEUR



Highlights

- Koskenkorva Plant Distillery ran at full capacity during H1.
- 107.4 (105.9) million kilos grain used in H1.
- Finlandia Vodka production agreement prolonged until 2035.



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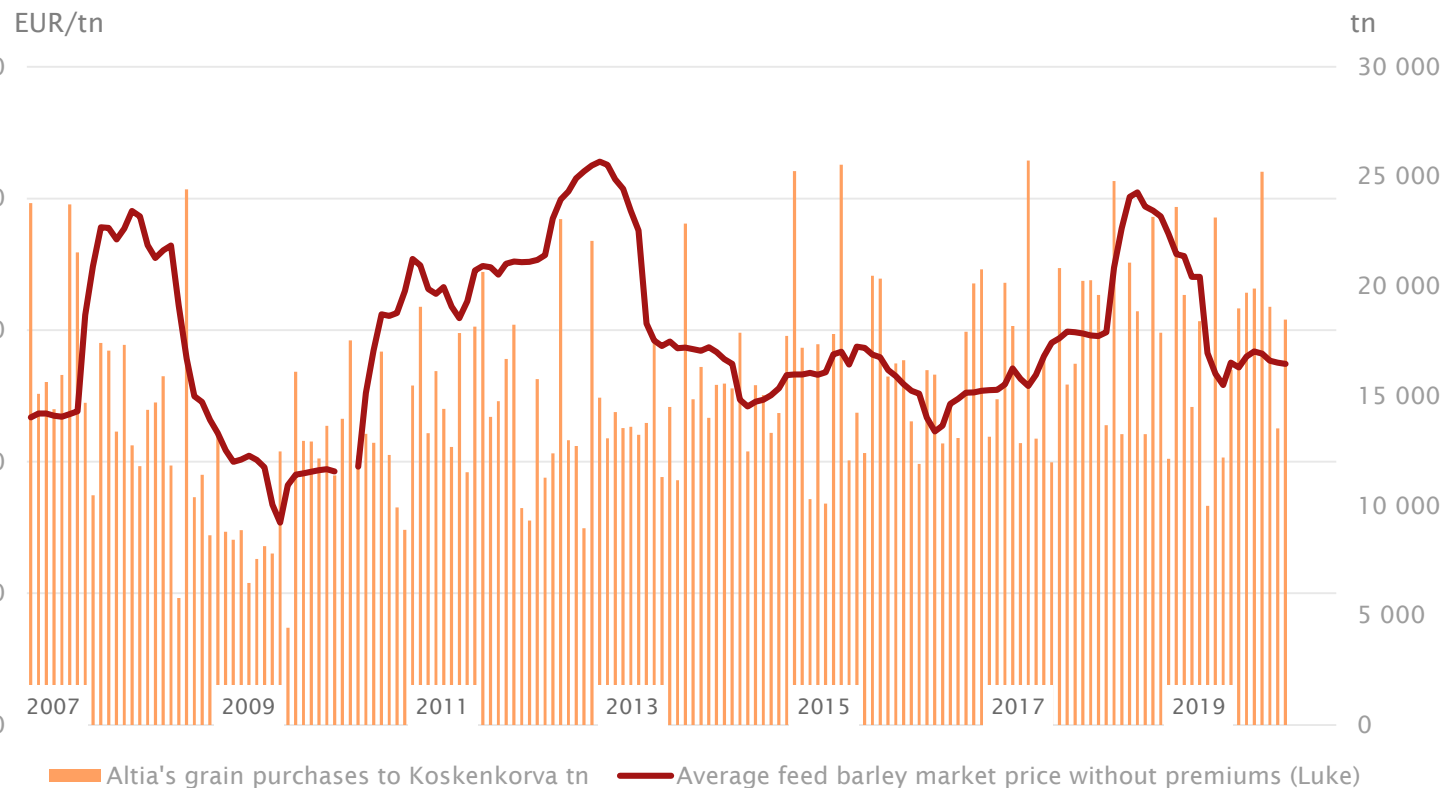
Financials

CFO NIKLAS NYLANDER



Barley sourcing

Barley price development and Altia's monthly volumes 2007-2020 (June)



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

*In H1 2020,
Altia's use of
Finnish grain
reached
107.4 (105.9)
million kilos.*



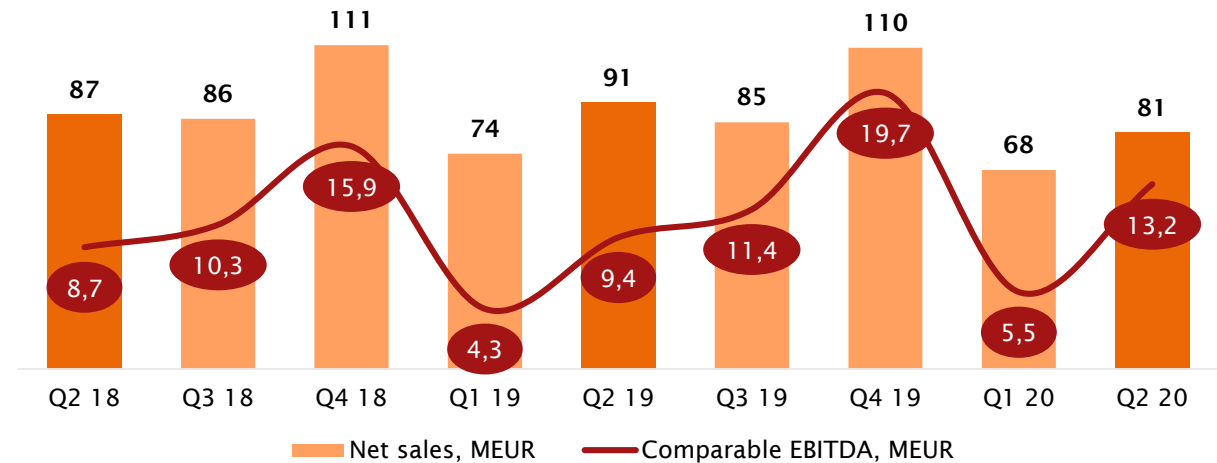
Significant profitability improvement

ALTIA INDUSTRIAL, MONOPOLY SALES AND COST SAVINGS

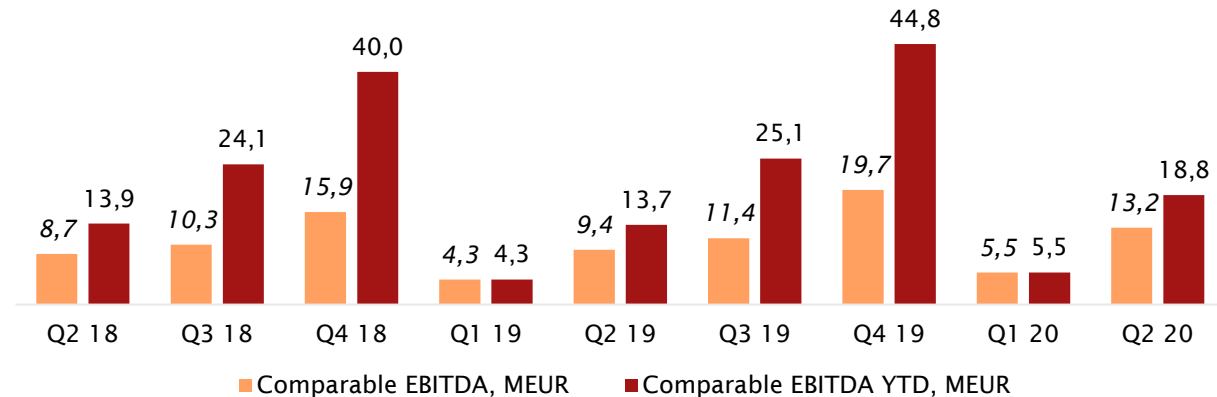
H1 20:

- Comparable EBITDA improved by 37% or EUR 5.1 million to EUR 18.8 (13.7) million
- Key drivers
 - Altia Industrial segment
 - Strong sales and continued focus on revenue management
 - Group-wide cost savings

Quarterly net sales and comparable EBITDA, EUR million



Quarterly and cumulative comparable EBITDA, EUR million





Profitability improved in all segments

ALTIA INDUSTRIAL, MONOPOLY SALES AND COST SAVINGS

Comparable EBITDA by segment, MEUR and margins

EUR million	Q2 20	Q2 19	Change	H1 20	H1 19	Change	2019
Finland & Exports	5.5	5.3	+4.4%	8.3	8.2	+0.6%	20.6
<i>% of net sales</i>	18.9	15.2		15.6	13.8		16.0
Scandinavia	2.9	2.0	+45.9%	2.8	1.7	+67.8%	12.1
<i>% of net sales</i>	10.4	6.9		5.5	3.3		10.0
Altia Industrial	4.9	2.3	+110.8%	7.1	3.3	+113.4%	11.4
<i>% of net sales</i>	20.7	8.5		15.4	6.1		10.4
Other	-0.1	-0.2		0.6	0.5		0.7
Total	13.2	9.4	+40.1%	18.8	13.7	+36.9%	44.8
<i>% of net sales</i>	16.3	10.4		12.6	8.3		12.4

H1 20:

Finland & Exports

- Strong monopoly sales, revenue management and cost savings
- Significant shortfall from closed sales channels (travel retail, exports and on-trade)

Scandinavia

- Solid sales to monopolies, revenue management and cost savings
- Shortfall from closed on-trade
- Negative impact from fx (NOK)

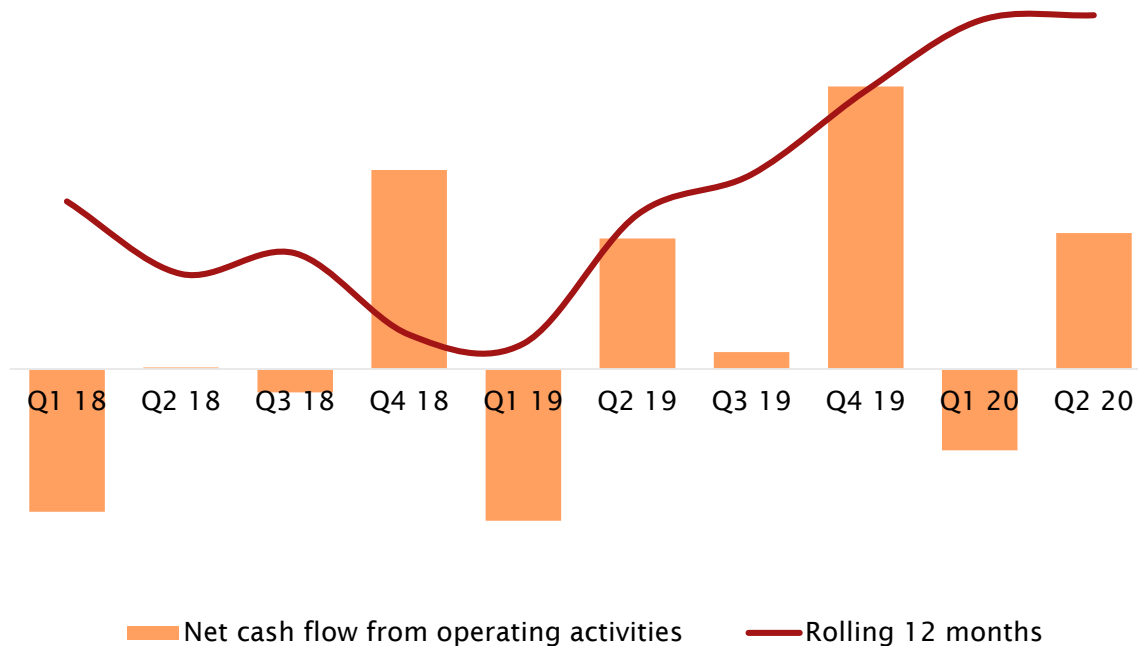
Altia Industrial

- Normalised barley price
- Strong demand for technical ethanol
- Negative impact from low contract manufacturing volumes



Cash flow improved significantly

Net cash flow from operating activities, MEUR



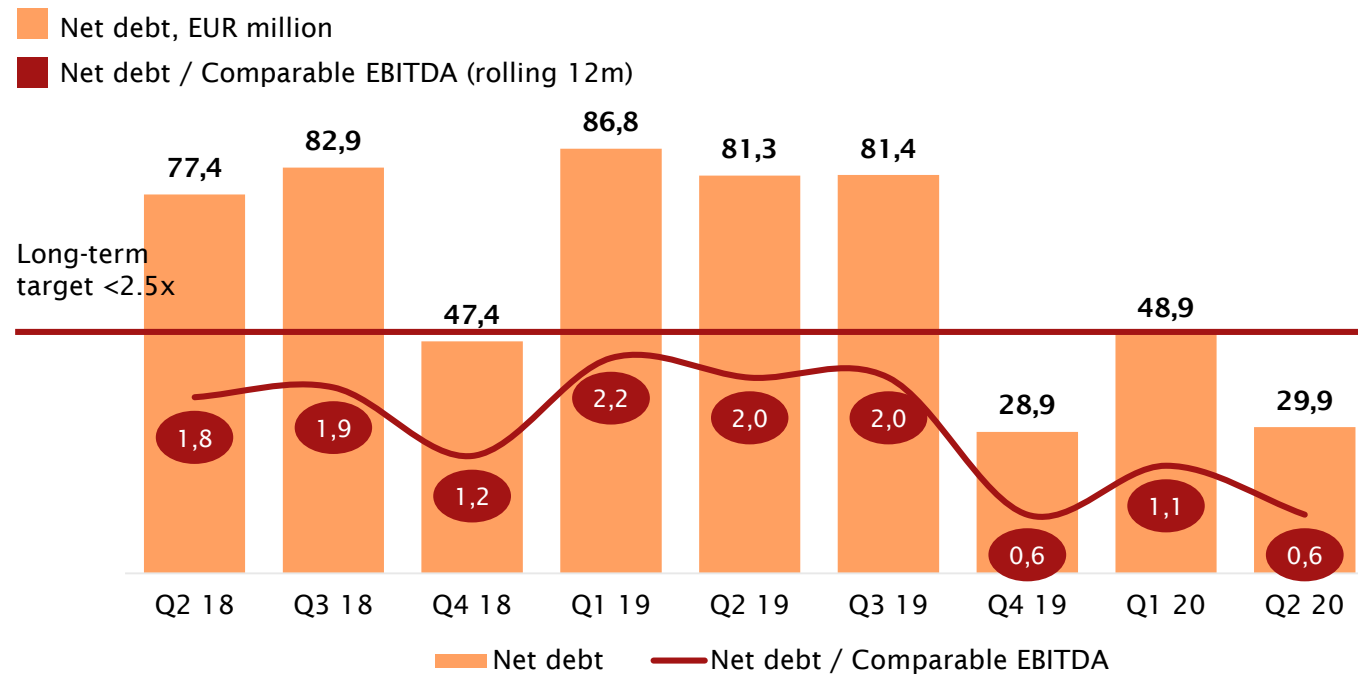
H1 20:

- Net cash flow from operations was EUR 10.3 (-4.0) million
 - Improved comparable EBITDA
 - Positive development in net working capital
- Net working capital was EUR 14.7 (41.0) million
- Receivables sold were EUR 67.1 (61.0) million
- Capital expenditure was EUR 2.5 (3.2)
- Dividend authorisation for second instalment of EUR 0.21/share (latest in Q4)

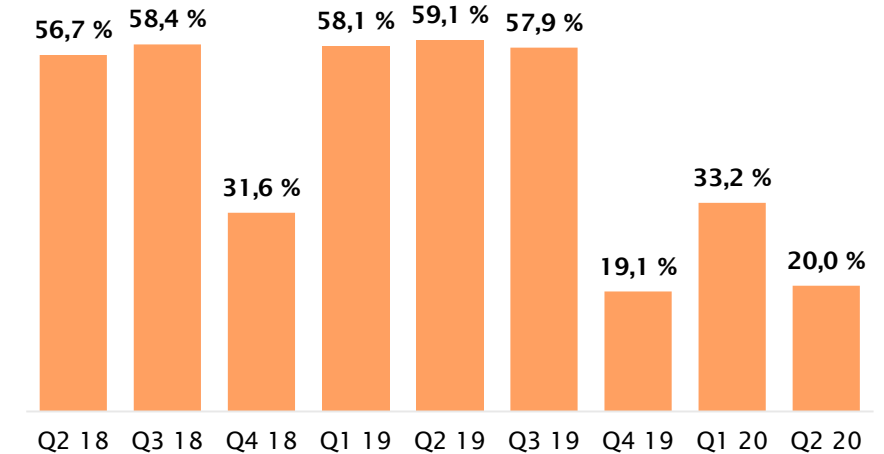


Strong financial position and liquidity situation

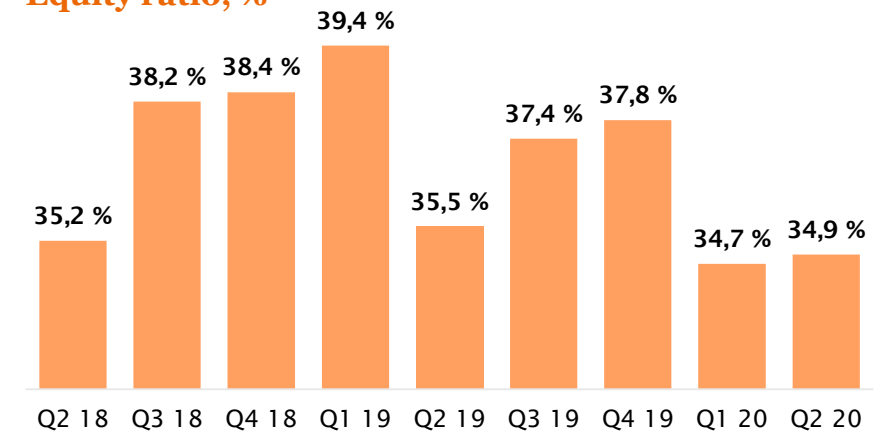
Net debt



Gearing, %



Equity ratio, %





Guidance 2020 remains suspended

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.
- A new guidance is provided if the impacts of COVID-19 on the operating environment and business conditions can be assessed in a reliable manner.

Previous guidance published on 13 February 2020:

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



Chat



Raise your hand

Use *6
to mute or unmute
microphone on your
telephone

Summary



**Strong result in
exceptional market
environment**

**Strong
performance in
monopolies:
double-digit sales
growth in spirits**

**Uncertainty in
the operating
environment
remains high**



ALTIA

Thank you

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Next events

**6 Nov: Q3 Business
Review**

ALTIA



KEY RATIOS

EUR million	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

QUARTERLY NET SALES AND COMPARABLE EBITDA BY SEGMENT

Net sales by segment

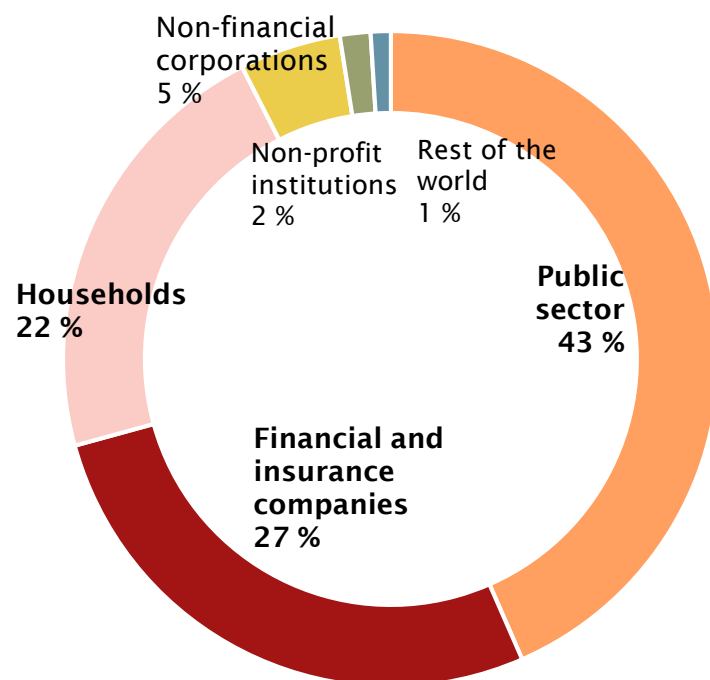
EUR million	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	29.2	23.8	37.8	31.2	34.7	25.0	39.5	31.8	35.4	27.1	40.7	31.4	35.7	26.0	41.1	31.6	33.9	27.3
Scandinavia	28.1	22.0	44.5	25.6	29.0	21.7	42.8	25.0	27.4	22.5	44.4	26.5	29.7	23.2	45.9	26.7	30.0	25.0
Altia Industrial	23.8	22.4	27.8	27.7	27.5	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	81.0	68.2	110.1	84.5	91.2	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	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	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	5.5	2.8	7.3	5.0	5.3	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	2.9	-0.1	9.1	1.3	2.0	-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	4.9	2.2	4.5	3.6	2.3	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	-0.1	0.7	-1.3	1.5	-0.2	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	13.2	5.5	19.7	11.4	9.4	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	-0.7	-0.1	0.2	-1.6	-0.2	-	-1.5	0.0	-0.4	-4.1	-2.2	0.7	-0.2	-0.5	15.7	1.6	2.8	-0.1
EBITDA	12.6	5.4	19.8	9.8	9.2	4.3	14.4	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	-4.4	-4.4	-4.5	-4.5	-4.5	-4.5	-3.7	-3.6	-3.5	-3.5	-3.6	-3.6	-3.5	-3.5	-3.7	-3.6	-3.6	-3.6
Operating result	8.2	1.0	15.3	5.3	4.8	-0.3	10.7	6.6	4.8	-2.5	12.7	7.6	5.4	0.3	30.9	8.5	7.0	-0.0

Shareholder structure

AS AT 31 JULY 2020



	Shareholders	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	Sijoitusrahasto Visio Allocator	140 000	0.4
10	Mandatum Life Insurance Company Limited	137 798	0.4
	Top 10 total	16 612 880	46.0
	<i>Nominee-registered shares</i>	<i>9 026 100</i>	<i>25.0</i>