

28 APRIL 2021

# ALTIA

## January-March 2021 results

CEO PEKKA TENNILÄ

INTERIM CFO JUHANA JOKINEN



## IMPORTANT INFORMATION

The securities referred to in this document in relation to the merger have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in or into the United States absent registration, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state and other securities laws of the United States. This document does not constitute an offer to sell or solicitation of an offer to buy any of the shares in the United States. Any offer or sale of new Altia shares made in the United States in connection with the merger may be made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 802 thereunder.

Altia is a Finnish company and Arcus is a Norwegian company. The transaction, including the information distributed in connection with the merger and the related shareholder votes, is subject to disclosure, timing and procedural requirements of a non-U.S. country, which are different from those of the United States. The financial information included or referred to in this document has been prepared in accordance with IFRS, which may not be comparable to the accounting standards, financial statements or financial information of U.S. companies or applicable in the United States.

It may be difficult for U.S. shareholders of Arcus to enforce their rights and any claim they may have arising under U.S. federal or state securities laws, since Altia and Arcus are not located in the United States, and all or some of their officers and directors are residents of non-U.S. jurisdictions. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court’s judgment. U.S. shareholders of Arcus may not be able to sue Altia or Arcus or their respective officers and directors in a non-U.S. court for violations of U.S. laws, including federal securities laws, or at the least it may prove to be difficult to evidence such claims. Further, it may be difficult to compel Altia or Arcus and their affiliates to subject themselves to the jurisdiction of a U.S. court. In addition, there is substantial doubt as to the enforceability in a foreign country in original actions, or in actions for the enforcement of judgments of U.S. courts, based on the civil liability provisions of the U.S. federal securities laws.

Arcus’ shareholders should be aware that Altia is prohibited from purchasing Arcus’ shares otherwise than under the merger, such as in open market or privately negotiated purchases, at any time during the pendency of the merger under the Merger Plan.



# Strong sales and profitability development in Q1

## Q1 2021 HIGHLIGHTS

- Net sales increased by 5.1%; in constant currencies 3.1%
- Comparable EBITDA improved by 40%
- Operative cash flow improved
- The merger of Altia and Arcus proceeding, completion possibly delayed till autumn 2021

Net sales

**71.7**  
**(68.2)**  
MEUR

Comparable  
EBITDA

**7.7**  
**(5.5)**  
MEUR

Comparable  
EBITDA margin

**10.8%**  
**(8.1%)**



# Market development

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

## Spirits and wine sales volume development in the state retail monopolies

Change compared to previous year, %	Q1 21	Q1 20	2020
<b>Nordics in total</b>	<b>+18.2</b>	<b>+8.9</b>	<b>+17.1</b>
Spirits	+20.5	+6.9	+18.5
Wine	+17.8	+9.2	+16.9
<b>Finland, total sales</b>	<b>+9.8</b>	<b>+5.9</b>	<b>+13.7</b>
Spirits	+6.1	+3.3	+10.4
Wine	+11.3	+7.0	+15.0
<b>Sweden, total sales</b>	<b>+11.5</b>	<b>+7.3</b>	<b>+10.0</b>
Spirits	+23.7	+9.4	+18.8
Wine	+10.2	+7.1	+9.2
<b>Norway, total sales</b>	<b>+43.6</b>	<b>+16.2</b>	<b>+40.4</b>
Spirits	+41.9	+9.2	+32.1
Wine	+43.9	+17.4	+41.8

### Finland

- Growth in all spirits, led by gin
- Growth in red, white, rosé and sparkling wines, led by rosé and sparkling
- BIB impacted positively by COVID-restrictions
- Growth in non-alcoholic beverages

### Sweden

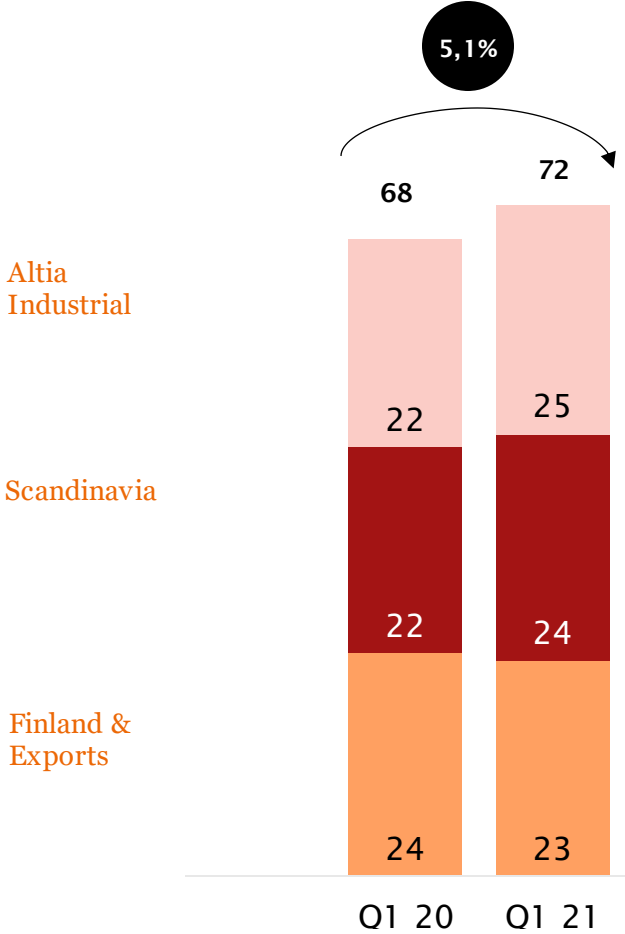
- Strong development in spirits continued, gin and rum taking shares from viina and vodka
- All wines categories growing, led by sparkling

### Norway

- Liqueurs and gin in particular taking shares from viina and vodka
- Sparkling and rosé taking shares from red and white wines

# Net sales increased despite the restricted sales channels

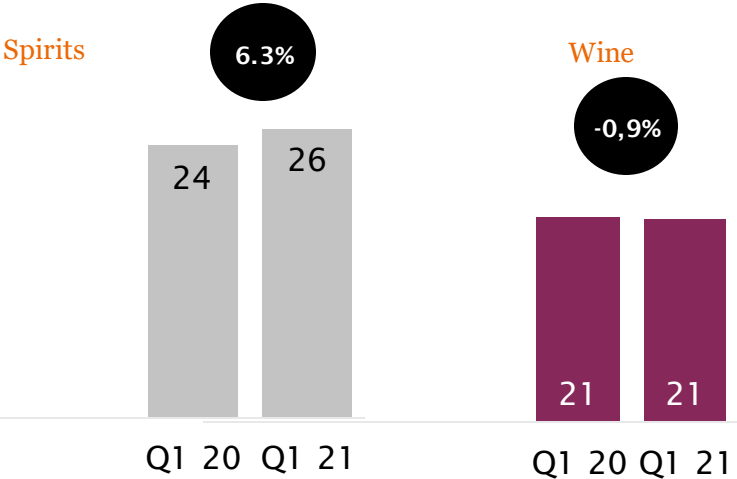
## Net sales by segment, MEUR



## Q1 2021

- Net sales increased by 5.1%; in constant currencies 3.1%
- Restrictions on travel and on-trade continued
- Monopoly sales increased
- Spirits sales increased, wine impacted by partner portfolio changes in 2020
- Easter sales impacted positively
- Altia Industrial sales increased in all product groups

## Net sales of spirits and wine, MEUR



# Finland & Exports

JANUARY-MARCH 2021

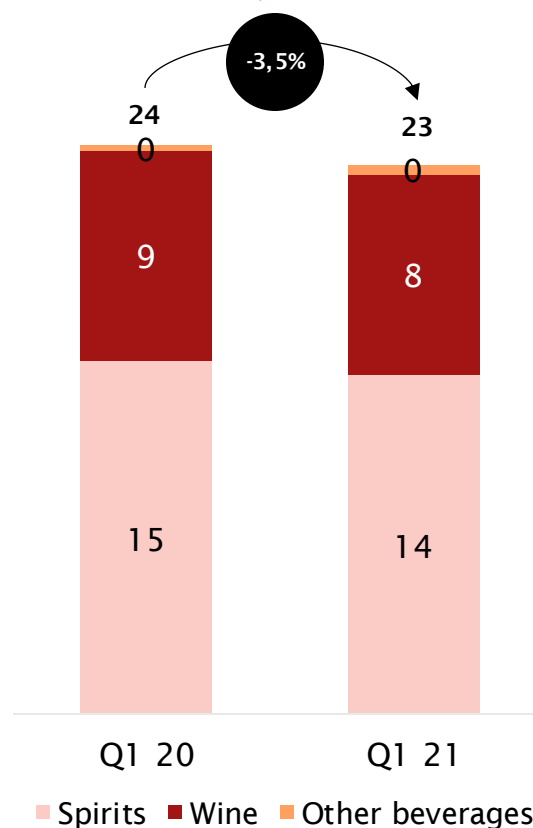
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



## Highlights

- Net sales declined by 3.5% to EUR 23.0 (23.8) million
- COVID-19 significantly impacts on travel retail, exports and on-trade
- Monopoly sales increased
- Strong growth in Finnish grocery trade
- In Baltics, domestic grocery trade partly offset decrease in harbour trade
- Strong performance of Altia's digital platforms viinimaa.fi and nordicspirits.com

## Net sales, MEUR



## Product launches in Q1

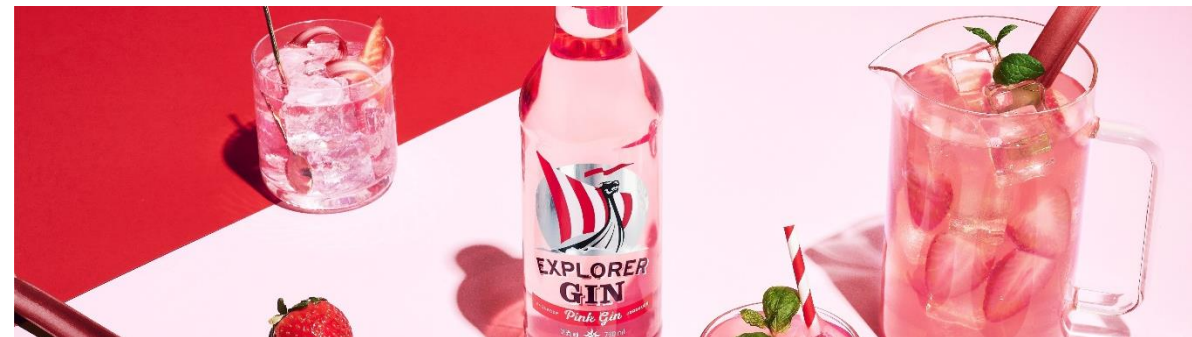




# Scandinavia

JANUARY-MARCH 2021

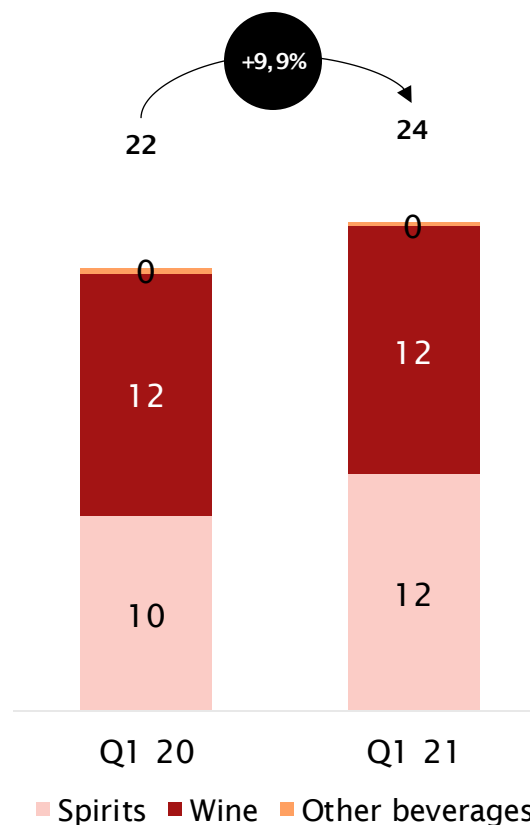
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



## Highlights

- Reported net sales grew by 9.9% to EUR 24.2 (22.0) million
- Growth in constant currencies 3.9%
- Monopoly sales in Sweden and Norway grew significantly
- Sweden: strong spirits sales, wine impacted by partner portfolio changes
- Norway: growth in both spirits and wines
- COVID-19 impacted on-trade negatively

## Net sales, MEUR



## Product launches in Q1: tender wins



# Altia Industrial

JANUARY-MARCH 2021

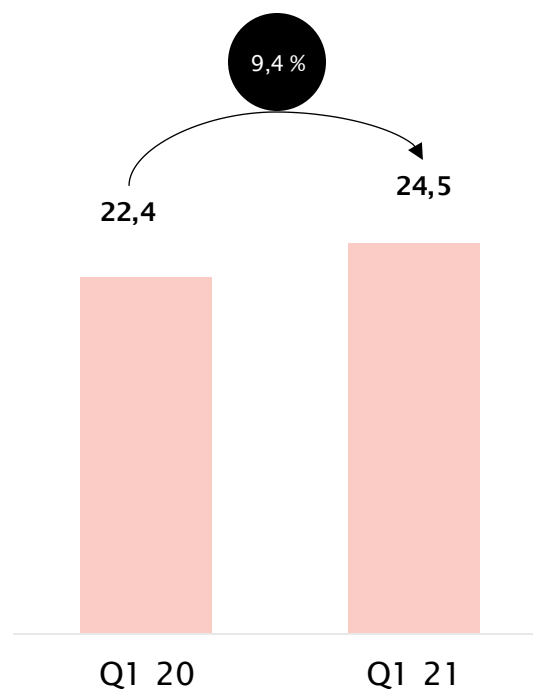
The Altia Industrial segment comprises Koskenkorva plant operations, starch, feed component and technical ethanol businesses, as well as contract manufacturing services at Rajamäki. It also includes supply chain operations, i.e. production operations in different countries, customer service, logistics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



## Highlights

- Net sales increased by 9.4% to EUR 24.5 (22.4) million
- Growth in all categories
- High volumes of technical ethanol stabilised
- Non recurring sales in ethanol and cognac
- Higher price of barley
- New bag-in-box product line commenced at Rajamäki

## Net sales, MEUR



## Highlights

- Koskenkorva Distillery ran close to full capacity with continuing focus on volume of ethanol distillation
- In Koskenkorva 52.9 million kilos of grain was consumed (53.4 mkg / Q1 2020)



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# ALTIA

## Financials

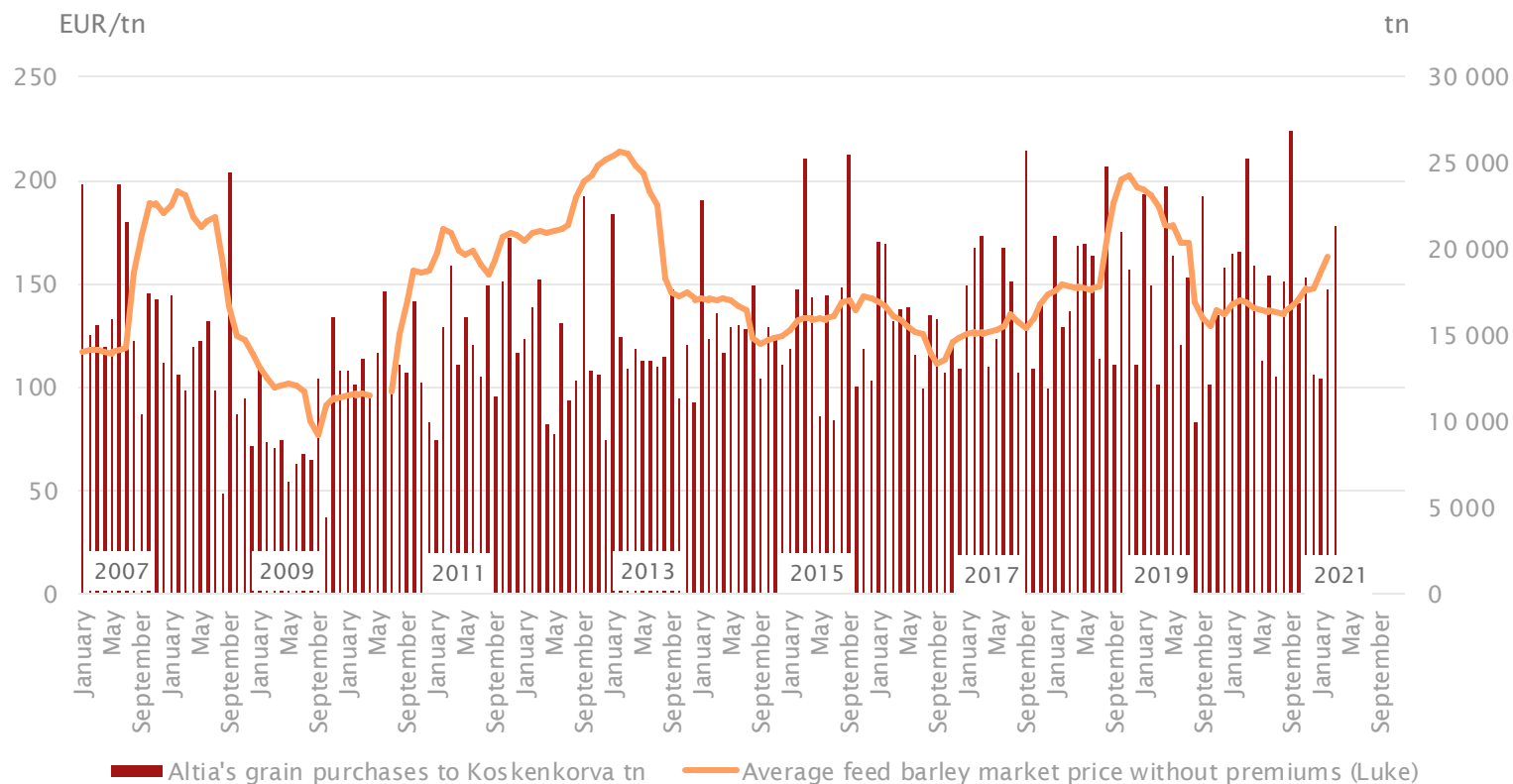
INTERIM CFO JUHANA JOKINEN





# Barley sourcing

## Barley price development and Altia's monthly volumes 2007-2021 (January)



### 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 Q1,  
Altia's use of  
Finnish grain  
reached 53 (53)  
million kilos.*

# 2021: Positive profitability development

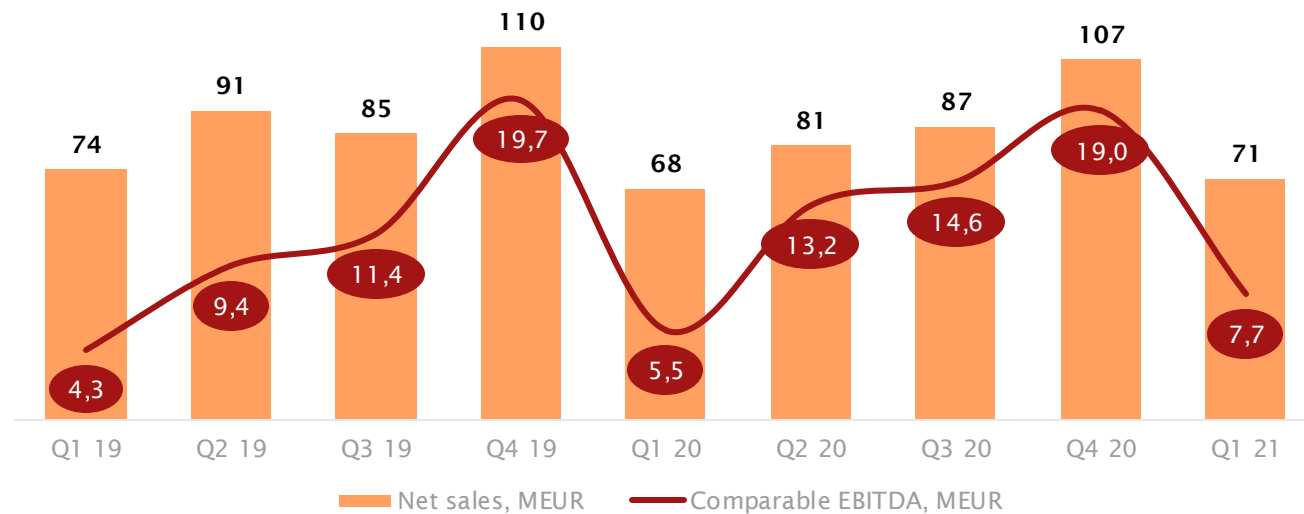
## 2021:

- Comparable EBITDA improved by 40.2% or EUR 2.2 million to EUR 7.7 (5.5) million
- Key drivers
  - Finland & Exports, Scandinavia
  - Strong sales and continued focus on revenue management and channel and product mix

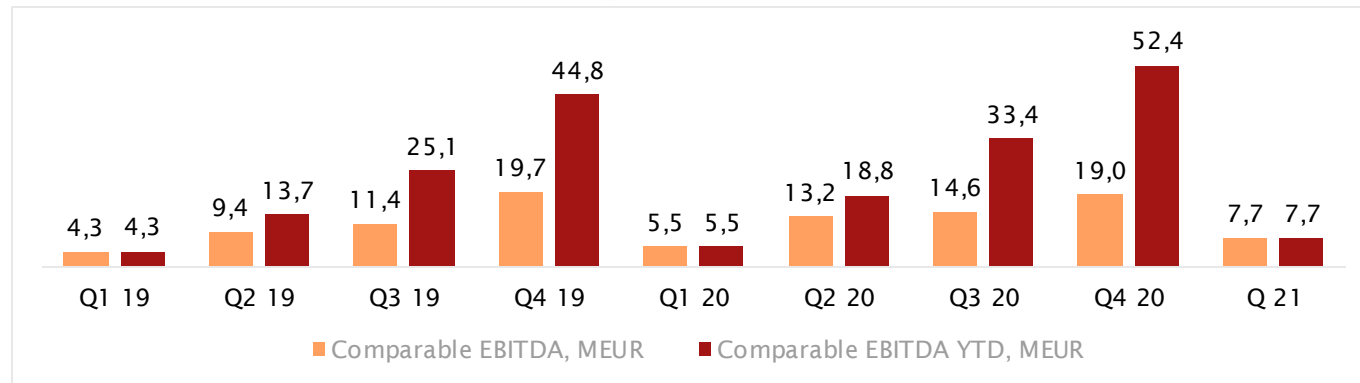
## Items affecting comparability (IAC):

- In Q1/2021, IAC amounted to EUR –3.2 million, all related to planned merger of Altia and Arcus
- In Q1/2020 IAC included EUR 0.1 million restructuring costs

## Quarterly net sales and comparable EBITDA, EUR million



## Quarterly and cumulative comparable EBITDA, EUR million





# Improved profitability in Scandinavia and Finland & Exports

## Comparable EBITDA by segment

EUR million	Q1 21	Q1 20	Change %	2020
<b>Finland &amp; Exports</b>	3.5	2.8	26.1	19.8
% of net sales	15.2	11.7		16.9
<b>Scandinavia</b>	1.7	-0.1	1340	14.2
% of net sales	7.1	-0.6		11.5
<b>Altia Industrial</b>	2.1	2.2	-1.5	17.9
% of net sales	8.7	9.7		17.6
Other	0.4	0.7	-47.5	0.5
<b>Total</b>	7.7	5.5	40.2	52.4
% of net sales	10.8	8.1		15.3

### Finland & Exports

- Strong monopoly sales and Easter
- Good product and channel mix and revenue management initiatives
- Postponed marketing activities and other cost savings

### Scandinavia

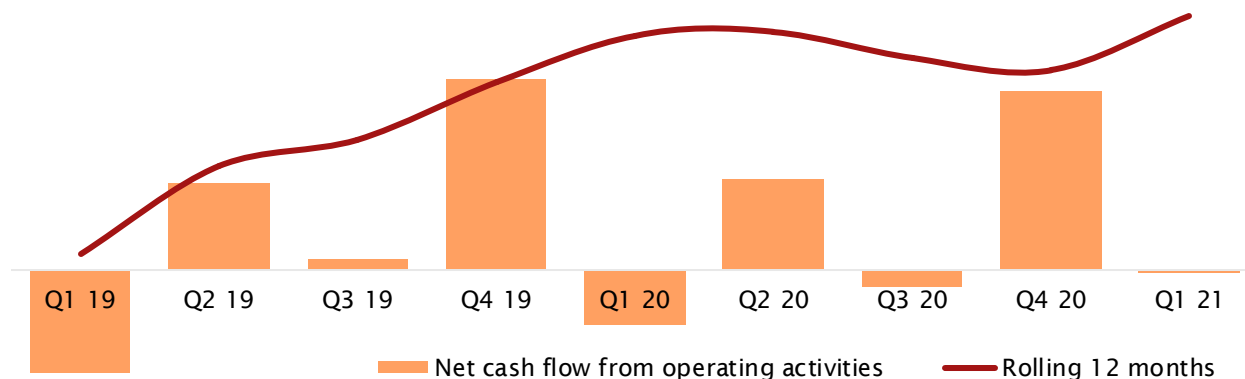
- Revenue management, good channel mix and Easter
- Postponed marketing activities and strengthening of local currencies

### Altia Industrial

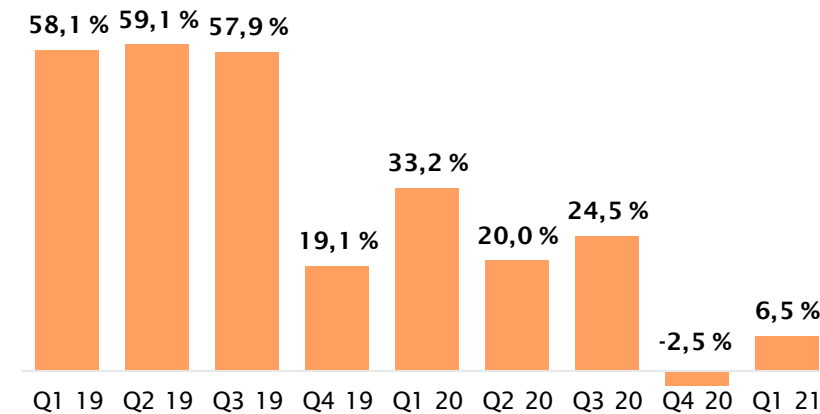
- High barley price impacted negatively

# Strong financial position and liquidity situation

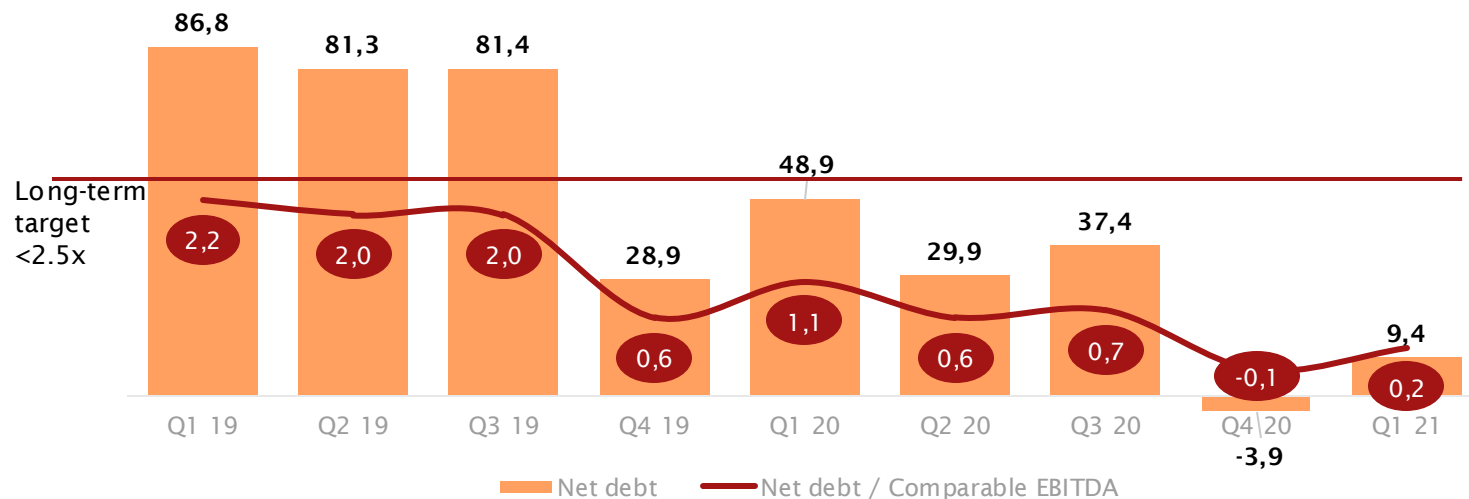
Net cash flow from operating activities, MEUR



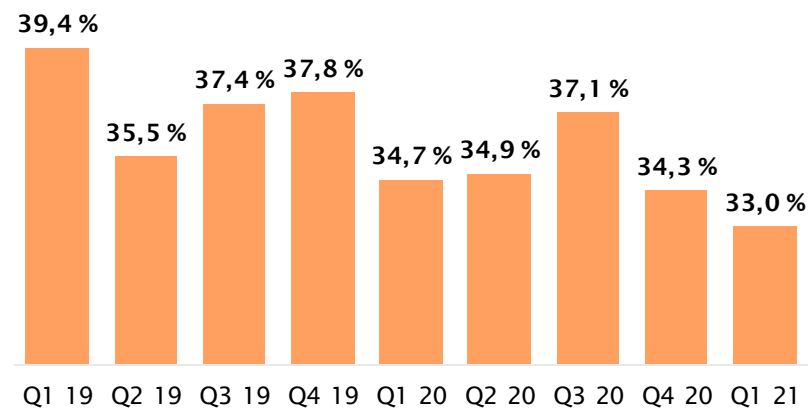
Gearing, %



Net debt, MEUR



Equity ratio, %



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# ALTIA

## Concluding remarks and Q&A

CEO PEKKA TENNILÄ





# Sustainability Q1

- New bag-in-box production line at Rajamäki plant enables production of wine bags which are 100% recyclable
- Launching of wine PET bottles made of 100% recycled material as the first in the Nordics
- World's first regeneratively farmed vodka, Koskenkorva Climate Action, launched in January. This farming method binds carbon to soil and was verified by Baltic Sea Action Group.





# Forming a leading wine and spirits brand house in the Nordics

## MERGER OF ALTIA AND ARCUS

### Key milestones

- |              |  |
|--------------|--|
| 29 Sep       | Announcement of merger plan  |
| 23 Oct       | Prospectus published   |
| 12 Nov       | EGM's of Altia and Arcus   |
| Q2           | <b>Conditional approvals of the competition authorities</b><br>Finland and Sweden received in April<br>Norway expected by 20 May |
| H1/autumn 21 | <b>Payment of extra dividend 0.40e/share</b><br><b>Expected closing of the combination</b>                                       |



# Short-term outlook

- Altia has decided to provide a short-term outlook but no guidance for 2021, due to the uncertainties caused by COVID-19 and the low predictability for the full year 2021.
- In the first half of 2021, COVID-19 is expected to impact travel retail, exports and on-trade. The channel shift in the monopoly markets is expected to continue for as long as travel retail and on-trade continue to be restricted. The situation is expected to stabilise earliest after the summer period.
- In Altia Industrial, for the first half of 2021, COVID-19 is expected to continue to impact contract manufacturing and industrial products in a significant way. The increased prices of imported ethanol puts pressure on technical ethanol margins. The barley prices have increased at the beginning of this year and the price level is expected to be higher than in 2020 until the new crop.
- The recovery of the operating environment depends largely on the development of COVID-19, the progress of vaccinations, and changes in consumer behaviour.





# Summary

Strong performance in  
Q1/2021

Altia and Arcus merger  
proceeding well - closing  
expected in H1/autumn 2021

Market predictability remains  
low – short-term outlook  
given



# ALTIA

## Thank you

[www.altiagroup.com](http://www.altiagroup.com)

**Next events**

18 August: H1  
3 November: Q3

# ALTIA





# KEY RATIOS

	Q1 21	Q1 20	2020
Net sales, EUR million	71.7	68.2	342.4
Comparable EBITDA, EUR million	7.7	5.5	52.4
% of net sales	10.8	8.1	15.3
EBITDA, EUR million	4.6	5.4	40.3
Comparable operating result, EUR million	3.9	1.1	35.0
% of net sales	5.4	1.6	10.2
Operating result, EUR million	0.7	1.0	22.9
Result for the period, EUR million	0.7	1.3	17.8
Earnings per share, EUR	0.02	0.04	0.49
Net cash flow from operating activities, EUR million	-0.3	-15.4	56.1
Net debt / comparable EBITDA, rolling 12 months	0.2	1.1	-0.1
Average number of personnel	640	642	650

# QUARTERLY NET SALES AND COMPARABLE EBITDA BY SEGMENT

## Net sales by segment

EUR million	Q1 21	Q4 20	Q3 20	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	23.0	34.4	29.8	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	24.2	46.4	27.4	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	24.5	25.7	29.4	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
<b>Total</b>	<b>71.7</b>	<b>106.5</b>	<b>86.6</b>	<b>81.0</b>	<b>68.2</b>	<b>110.1</b>	<b>84.5</b>	<b>91.2</b>	<b>73.8</b>	<b>110.9</b>	<b>85.7</b>	<b>87.1</b>	<b>73.5</b>	<b>109.8</b>	<b>84.5</b>	<b>91.3</b>	<b>73.4</b>	<b>111.0</b>	<b>83.9</b>	<b>86.6</b>	<b>75.1</b>

## Comparable EBITDA by segment

EUR million	Q1 20	Q4 20	Q3 20	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	3.5	6.0	5.5	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	1.7	9.5	1.9	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	2.1	4.2	6.5	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	0.4	-0.8	0.7	-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
<b>TOTAL comparable EBITDA</b>	<b>7.7</b>	<b>19.0</b>	<b>14.6</b>	<b>13.2</b>	<b>5.5</b>	<b>19.7</b>	<b>11.4</b>	<b>9.4</b>	<b>4.3</b>	<b>15.9</b>	<b>10.3</b>	<b>8.7</b>	<b>5.2</b>	<b>18.5</b>	<b>10.4</b>	<b>9.2</b>	<b>4.3</b>	<b>18.9</b>	<b>10.5</b>	<b>7.8</b>	<b>3.6</b>
Items affecting comparability	-3.2	-5.5	-5.9	-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
<b>EBITDA</b>	<b>4.6</b>	<b>13.5</b>	<b>8.8</b>	<b>12.6</b>	<b>5.4</b>	<b>19.8</b>	<b>9.8</b>	<b>9.2</b>	<b>4.3</b>	<b>14.4</b>	<b>10.3</b>	<b>8.3</b>	<b>1.1</b>	<b>16.3</b>	<b>11.1</b>	<b>9.0</b>	<b>3.8</b>	<b>34.6</b>	<b>12.1</b>	<b>10.6</b>	<b>3.6</b>
Depreciation, amortisation and impairment	-3,9	-4.3	-4.3	-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
<b>Operating result</b>	<b>0.7</b>	<b>9.3</b>	<b>4.5</b>	<b>8.2</b>	<b>1.0</b>	<b>15.3</b>	<b>5.3</b>	<b>4.8</b>	<b>-0.3</b>	<b>10.7</b>	<b>6.6</b>	<b>4.8</b>	<b>-2.5</b>	<b>12.7</b>	<b>7.6</b>	<b>5.4</b>	<b>0.3</b>	<b>30.9</b>	<b>8.5</b>	<b>7.0</b>	<b>-0.0</b>

# Shareholders

31 MARCH 2021

Shareholders		Number of shares	% of shares
1	Prime Minister's Office	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	WestStar Oy	684 085	1.9
5	Elo Mutual Pension Insurance Company	500 000	1.4
6	Veritas Pension Insurance Company Ltd.	404 811	1.1
7	FIM Fenno Sijoitusrahasto	227 079	0.6
8	Säästöpankki Kotimaa	150 000	0.4
9	Mandatum Life Insurance Company Limited	143 860	0.4
10	Petter and Margit Forsström's Foundation	140 200	0.4
<b>Total</b>		<b>17 510 816</b>	<b>48.5</b>
<i>Nominee registered total</i>		<i>8 061 466</i>	<i>22.3</i>