

INVESTOR PRESENTATION

ALTIA

**Leading Nordic alcoholic beverage brand
company in the wine and spirits markets**

AUGUST-SEPTEMBER 2020

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

We are the leading Nordic alcoholic beverage brand house on the wine and spirits markets

WE OPERATE ON THE STABLE AND PROFITABLE NORDIC MARKET

Key figures 2019

Net sales

359.6

EUR million

Comparable EBITDA margin

12.4%

Exports to
approx. 30
countries

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

We are the Nordic iconic brands

BRAND FOCUSED BUSINESS THROUGH OWN AND PARTNER BRANDS



CHARLES
SMITH
WINES

DESDE 1551
CODORNIU

BODEGAS
Faustino

PATA NEGRA
GARCIA & CARRION
Desde 1890

VINA
TARAPACA
DESDE 1874

hernö
GIN

AMARULA

TREASURY
WINE ESTATES

Penfold's

L
LINDEMAN'S
1843

Nederburg
SINCE 1791

Gustave Lorentz
Maison familiale depuis 1836

L A R O C H E

DESDE 1889
TRAPICHE
ARGENTINA

RUFFINO
DAL 1877

JACK DANIEL'S

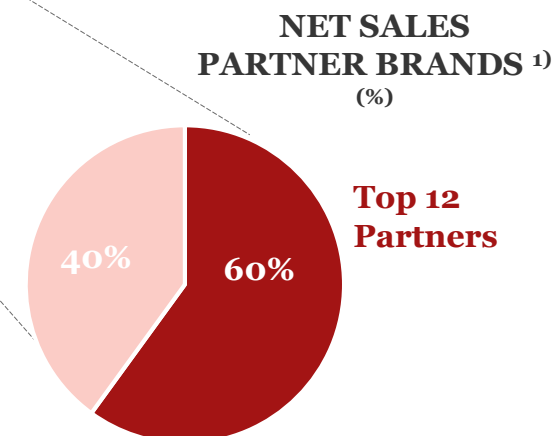
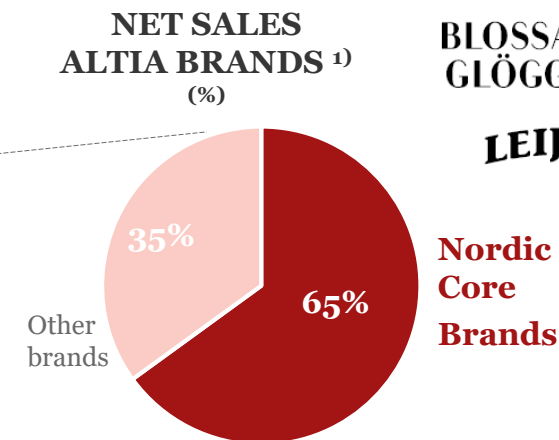
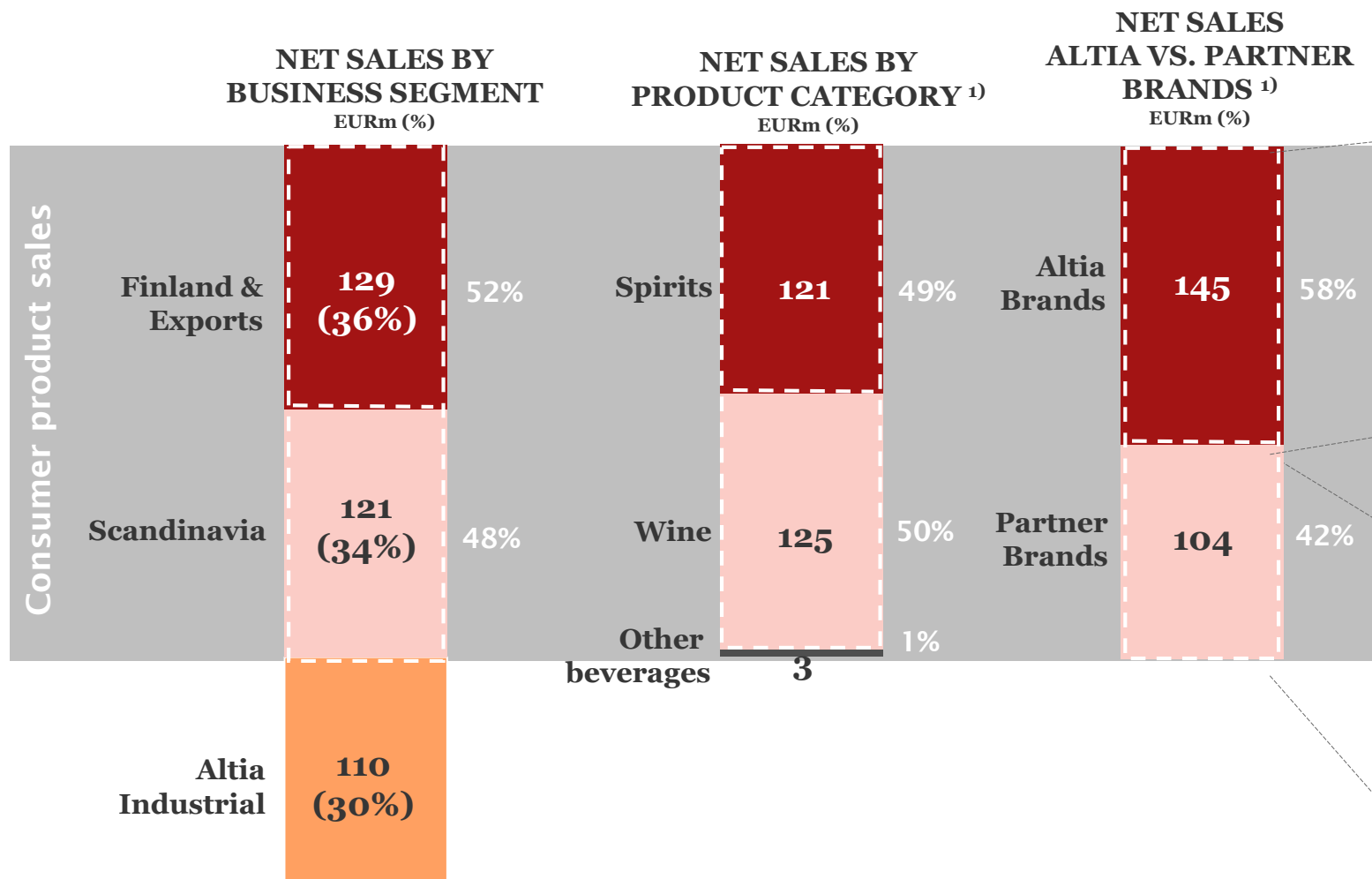
WOODFORD RESERVE

Bunnahabhain
ISLAY SINGLE MALT SCOTCH WHISKY

FERNET-BRANCA

Wide assortment of many other own and partner brands from around 150 partners

ALTIA



KOSKENKORVA


O.P. ANDERSON


LARSEN
COGNAC

BLOSSA
GLÖGG

CHILL
OUT

XANTÉ

LEIJONA® **JALOVIINA**

GRÖNSTEDT'S

Nordic
Core

EXPLORER

Net sales 2019 totalled EUR 359.6 million

1) The breakdown of net sales by product category and by brands is based on unaudited internal sales reporting

24.8.2020

1

Our operations are divided into three segments

ALTIA INDUSTRIAL PROVIDES INDUSTRIAL PARTNERS WITH HIGH-QUALITY SOLUTIONS AND SERVICES



Finland & Exports

- Consumer product sales in Finland, the Baltics, travel retail and exports

Net sales

129
EUR million

Comparable
EBITDA margin

16.0%



Scandinavia

- Consumer product sales in Sweden, Norway and Denmark

Net sales

121
EUR million

Comparable
EBITDA margin

10.0%



Altia Industrial

- Industrial products
- Industrial services
- Supply chain and sourcing

Net sales

110
EUR million

Comparable
EBITDA margin

10.4%

Let's drink better

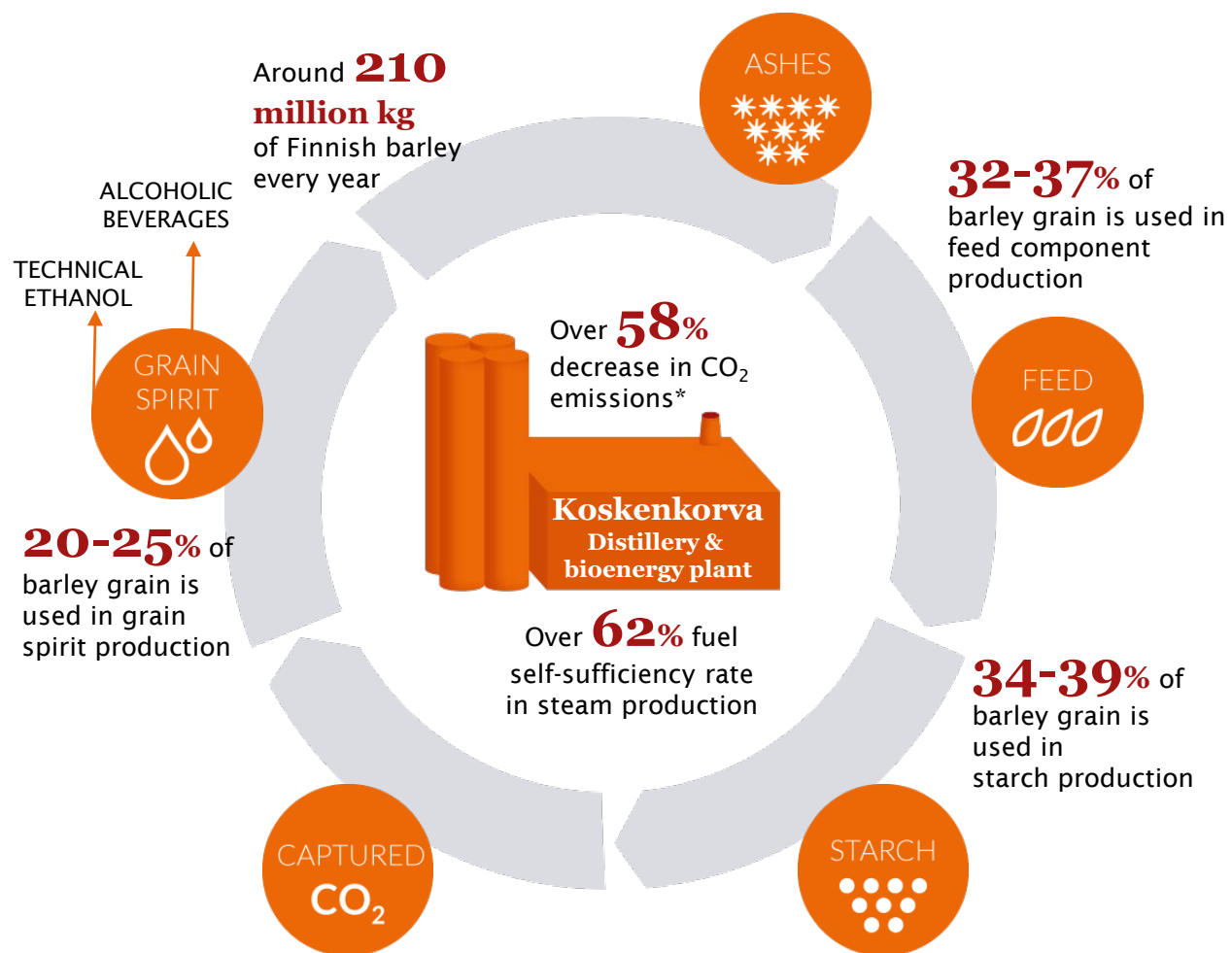
We want to support a development of a modern, responsible Nordic drinking culture and develop better drinking experiences.

We are proud to work with products that are the best choice for the environment and for the climate, promoted and consumed responsibly.

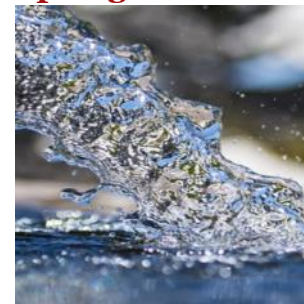


Sustainability and high quality raw materials are key elements of our brands

Finnish farmers and circular economy of barley – high material efficiency



Spring water



- Natural, unfiltered spring water
- Protected water abstraction areas
- The same source of water has been used since operations were first established in Rajamäki in 1888

Bulk wine & Cognac producers



- Dedicated Wine Sourcing team operates around the world in all wine regions
- Altia is committed to sustainable wine sourcing
- Audits at raw material suppliers
- The production of Renault and Larsen Cognac is handled locally

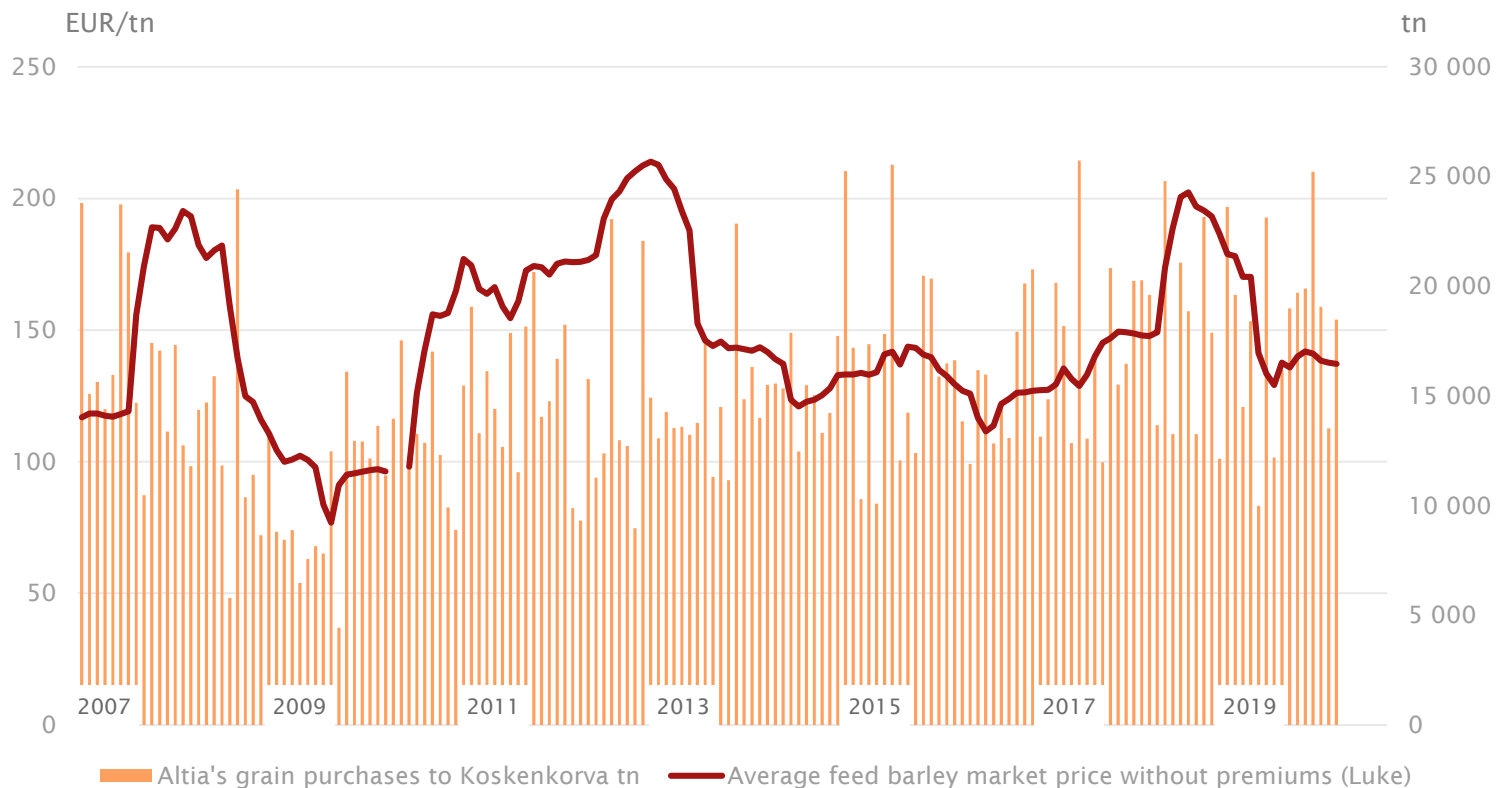
Packaging



- In packaging Altia considers the environmental attributes and recyclability of the materials used
- Forerunner in innovative, ecological and smart packaging such as PET bottles and bag-in-boxes
- PET bottles and bag-in-boxes have lower CO₂ emissions than glass bottles
- High recycling rates in the Nordics – up to 90% of PET bottles

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 2019, Altia's use of Finnish grain reached 211.5 (211.7) million kilos, including 208.7 million kilos Finnish barley - equals about 33% of the total market volume

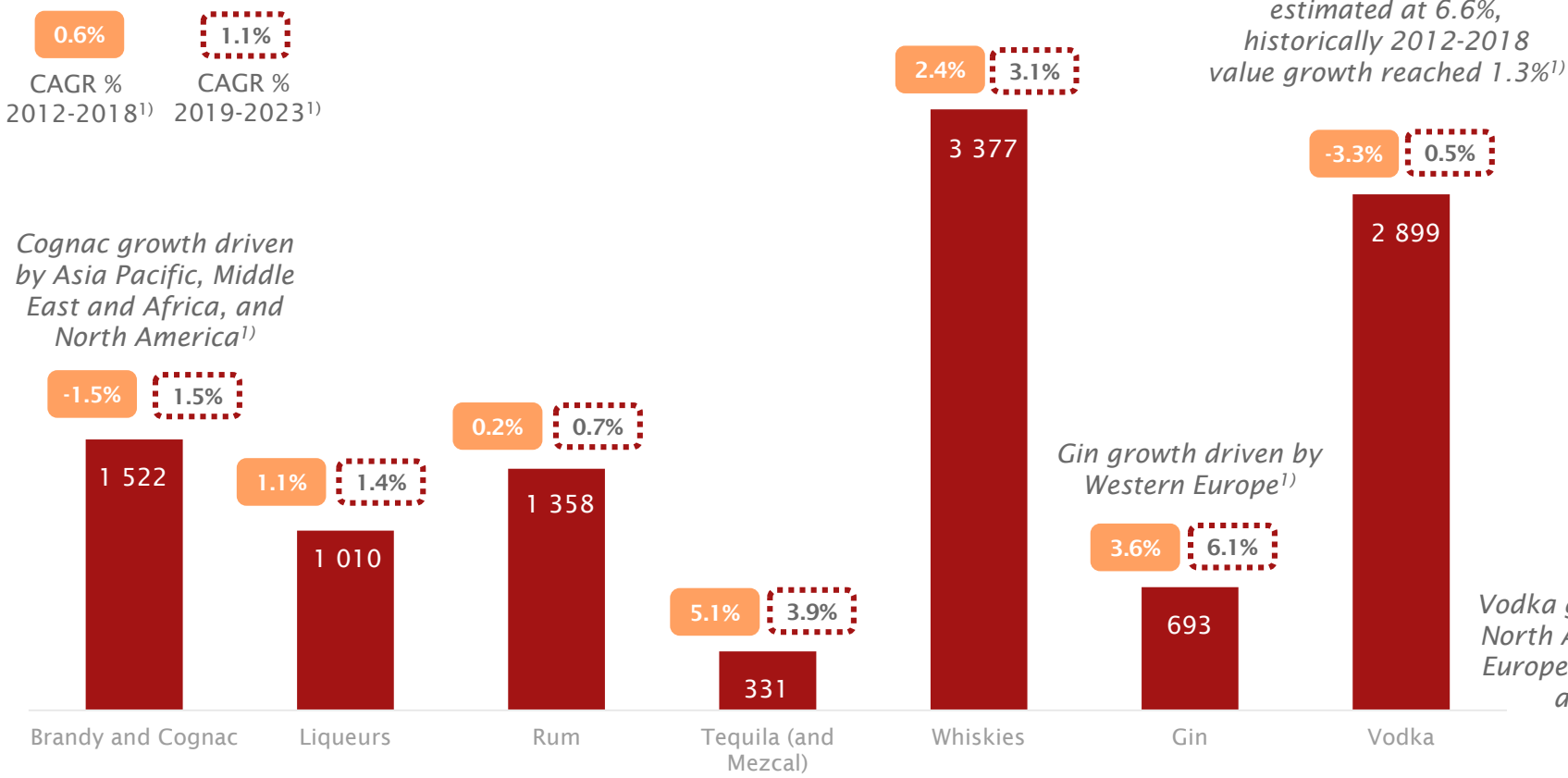
A top-down photograph of a glass filled with crushed ice and a sprig of fresh mint. The glass sits on a rustic, weathered wooden surface. In the lower right foreground, the neck and cork of a dark glass bottle are visible. The lighting is soft, creating a moody atmosphere.

ALTIA

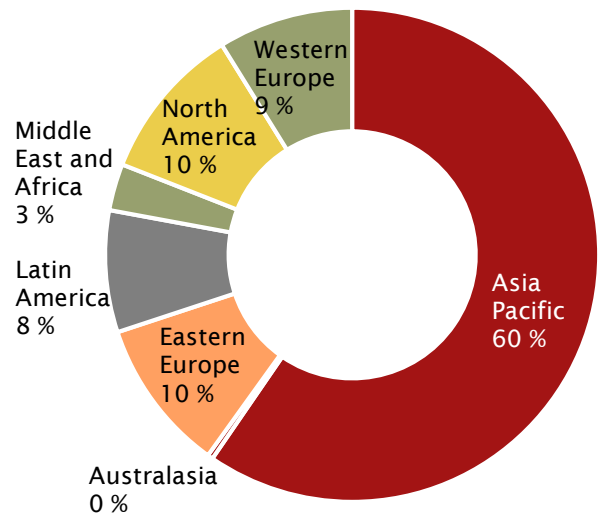
Markets, trends & innovation

Globally, premiumisation is driving growth in all large spirits categories

Global spirits market by category (million litres)¹⁾



Global spirits volume by geography in 2018¹⁾



¹⁾ Source: Volume based, million litres; Source: Euromonitor International Ltd. Alcoholic Drinks data 2019 edition (May 2019). All historical CAGR % for 2012-2018, all forecast CAGR % for 2019-2023.

We operate in the large and non-cyclical Nordic wine and spirits market

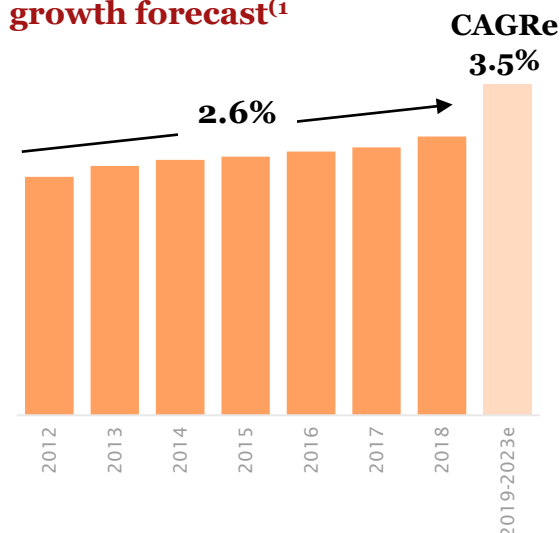
Two thirds of Altia's consumer beverage sales from state retail monopolies⁽³⁾



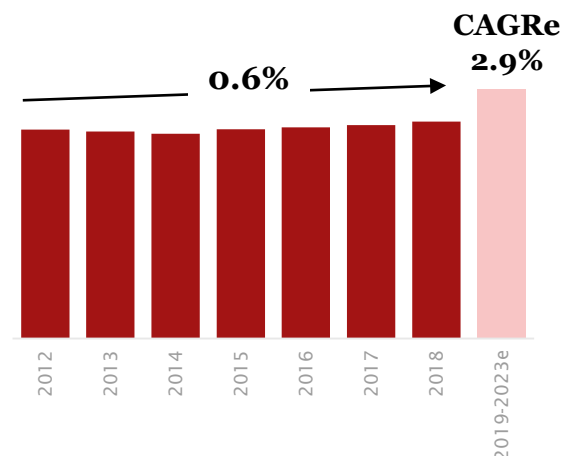
The value of the Nordic wine and spirits market⁽¹⁾



Wine: Value development and growth forecast⁽¹⁾



Spirits: Value development and growth forecast⁽¹⁾

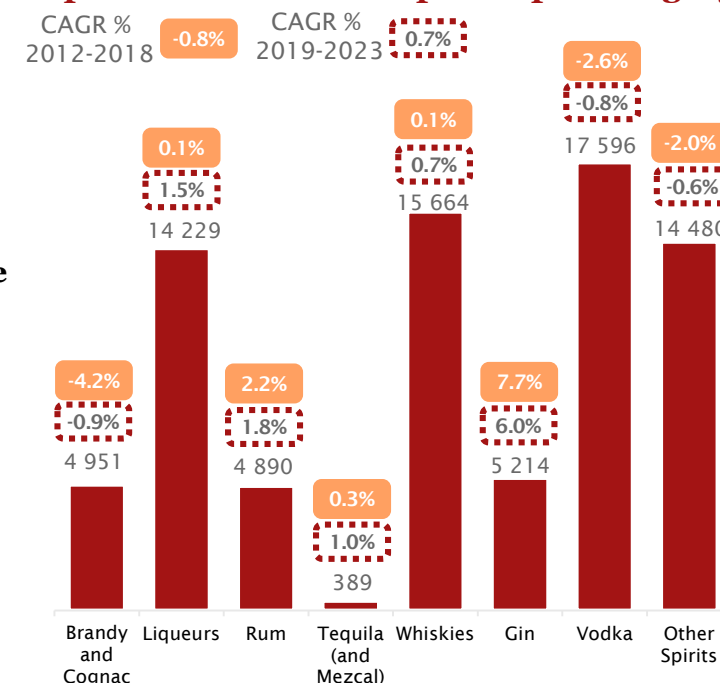


Volume development of the Nordic wine and spirits market⁽²⁾

Historical
CAGR 2012-2018
Spirits -0.8%
Wine 0.7%

Growth forecast
CAGR 2019-2023
Spirits 0.7%
Wine 1.2%

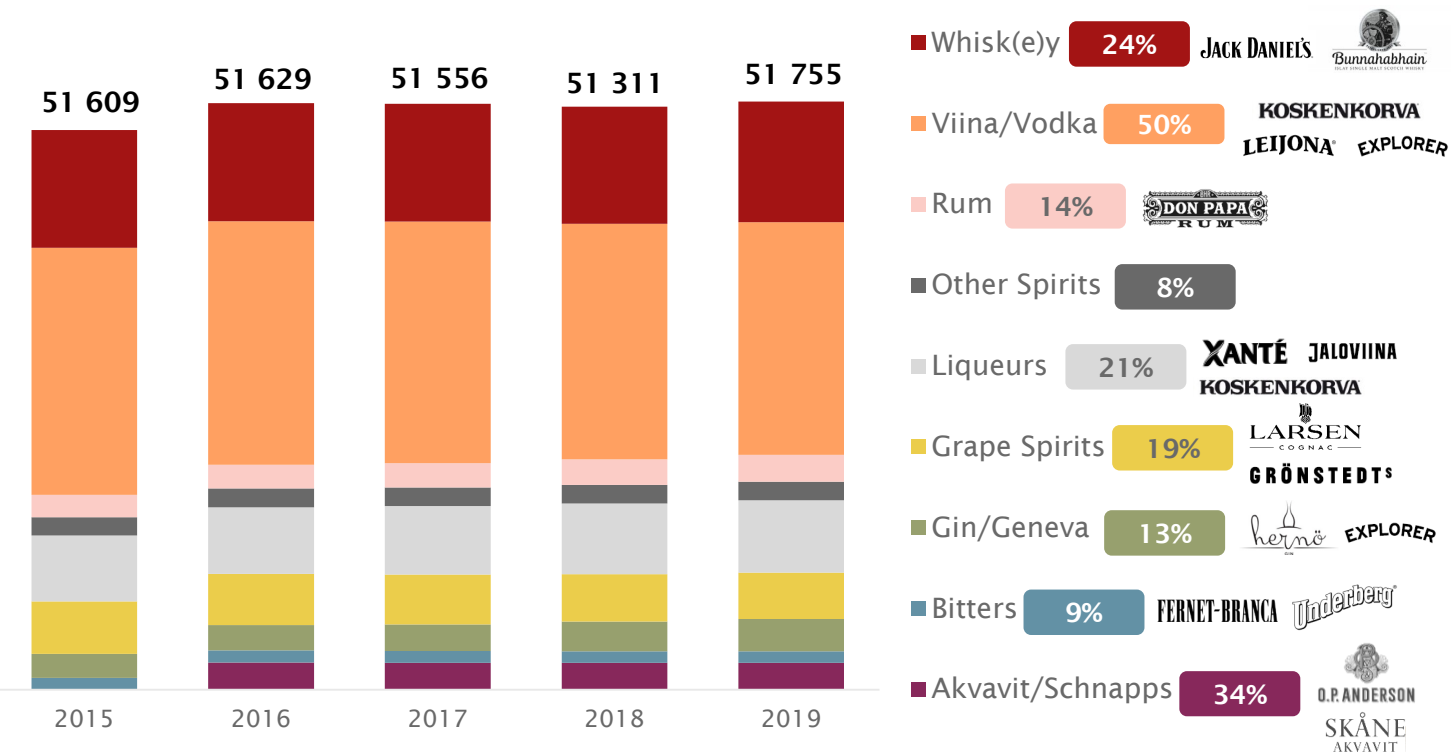
Spirits: Volume development per category⁽²⁾



- Source: Euromonitor International Ltd. Alcoholic Drinks data 2019 edition (May 2019). All Euromonitor value data calculated in EUR with fixed exchange rates and current prices. All growth rates are CAGR; historical CAGR % for 2012-2018, forecast CAGR % for 2019-2023. Nordic incl. Finland, Sweden, Norway, Denmark.
- Source: Euromonitor International Ltd. Alcoholic Drinks data 2019 edition (May 2019). Volume data by thousand litres. Growth rates are CAGR; historical CAGR % for 2012-2018, forecast CAGR % for 2019-2023. Nordic incl. Finland, Sweden, Norway, Denmark.
- The breakdown of consumer beverage net sales by sales channel is based on unaudited internal sales reporting

Stable spirits volume development in the Nordic monopolies

Spirits sales volumes in the three Nordic monopolies and Altia’s market shares at the end of 2019¹ with some brand examples for the largest categories



1) Source: Alko, Systembolaget, Vinmonopolet sales data by volume, thousand litres. Market shares include Altia’s own brands and partner brands.

We have extensive experience in operating with monopolies and in the regulated markets

CHARACTERISTICS OF THE NORDIC MARKET

1

State retail monopolies

- Finland, Sweden, Norway
- 90% share of off-trade market volumes
- **Stable and predictable sales**
- **About two thirds of Altia's consumer products sales through monopolies**

2

Route-to-assortment

- **Tender process (launch book)**
- Base assortment
- Order assortment
- Online shops
- Ranking

3

Pricing & taxation

- **Transparent pricing**
- Fixed and predetermined gross margins and pricing coefficients at monopolies
- **Regular price revisions**
- High excise duty rates on especially spirits

4

Alcoholic beverages in grocery trade

- Finland: all below 5.5%
- Sweden: below 2.25%, beers max 3.5% (folköl)
- Norway: all below 4.7%

5

Advertising

- Level of restrictions vary across countries
- FI: Under 22% ABV brands allowed with certain restrictions
- SE: In general allowed, however certain restrictions apply
- NO: All marketing prohibited



More information:
pp. 52-54

Denmark and the Baltics are open markets with no state monopolies and certain restrictions on marketing

Our market and consumer knowledge give us competitive advantage in the Nordics

1

Agility in sourcing, production and distribution

- Altia's wide and deep assortment, combined with ability to adjust production and work with the producers to make local solutions, enables Altia to respond better to the tender requirements

2

Knowledge to succeed in tenders

- Knowledge of the monopolies' preferences in terms of assortment
- Altia has mastered serving monopolies and this knowledge is hard for international competitors to obtain

3

Local consumer knowledge

- Local consumer knowledge and understanding of market trends are important success factors (e.g. low tannin wines, and organic wines, etc.)

4

Marketing and promotions

- Altia has vast experience in operating in an environment with strict marketing restrictions
- Furthermore, Altia can leverage its scale and expertise in promotional activity



Our brand portfolio is well positioned to capture the growth pockets created by key market trends



A top-down photograph of a glass filled with crushed ice and a sprig of fresh mint. The glass sits on a dark, weathered wooden surface. In the lower right corner, a portion of a dark glass bottle with a light-colored wooden cap is visible. The text 'ALTIA' is overlaid on the left side of the image.

ALTIA

Altia's refined strategy

Our financial targets aim towards stable shareholder returns

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

Altia's refined strategy

1. Strengthen Nordic market leadership in grain-based spirits

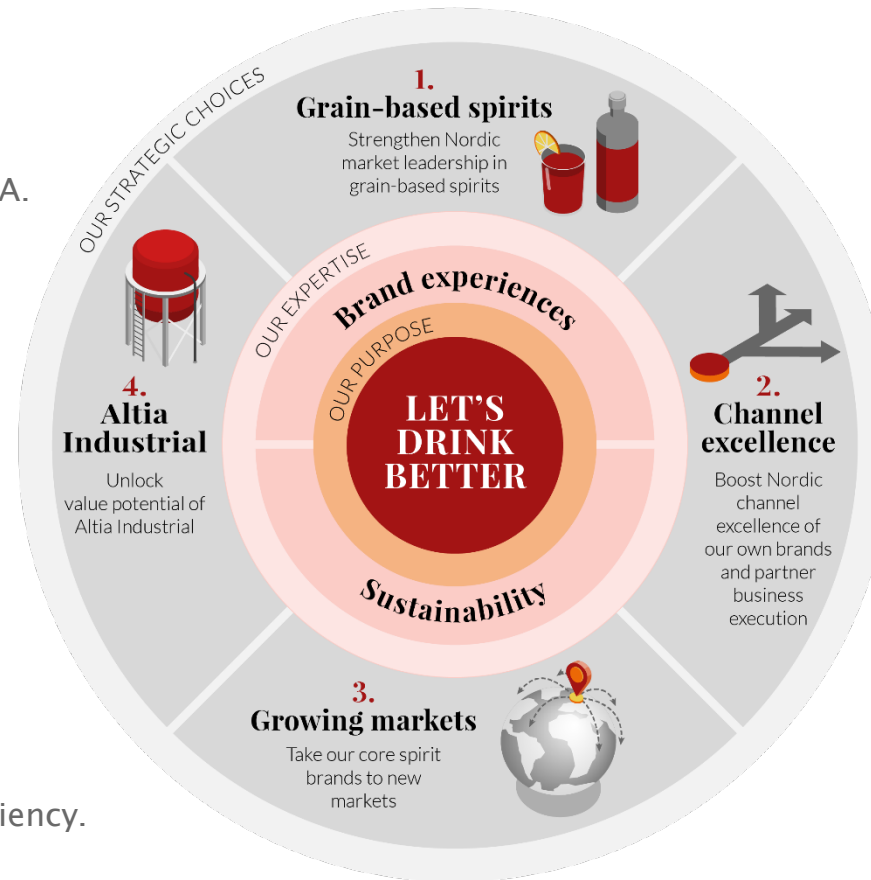
- Strengthen vodka market leadership with full category view.
- Grow in adjacent grain-based spirits categories organically and through M&A.
- Build **consumer engagement through digital channels** to create brand preference and ongoing dialogue.

M&A to accelerate Nordic market leadership in grain-based spirits

- Target premium & craft products that can scale up through Altia market access into our current markets.

4. Unlock value potential of Altia Industrial

- Differentiate through unique sustainability profile.
- Continue to improve supply chain efficiency.
- Pursue **end-to-end supply chain digitalization**.
- Capture the potential of more value-added industrial products.



2. Boost Nordic channel excellence of own brands and partner business execution

- Enable best route-to-market in the Nordics for our brands and for our partners.
- Further develop our winning partner portfolio offering.
- Strengthen sales execution across channels – monopoly, on-trade, retail and travel retail.
- Leverage digital enablers such as dynamic, data-driven marketing to **drive sales in physical channels**.

3. We take our core spirit brands to growing markets

- Establish position in selected attractive spirit-growth markets through export and M&A.
- Leverage cross-selling opportunities for grain-based spirits in new markets.
- Explore e-commerce opportunities and **presence in digital channels and market places**.

A top-down photograph of a glass filled with ice and water, garnished with a fresh mint sprig. The glass sits on a rustic, weathered wooden surface. In the lower right corner, a portion of a dark glass bottle with a wooden stopper is visible. The lighting is soft, creating a calm and refreshing atmosphere.

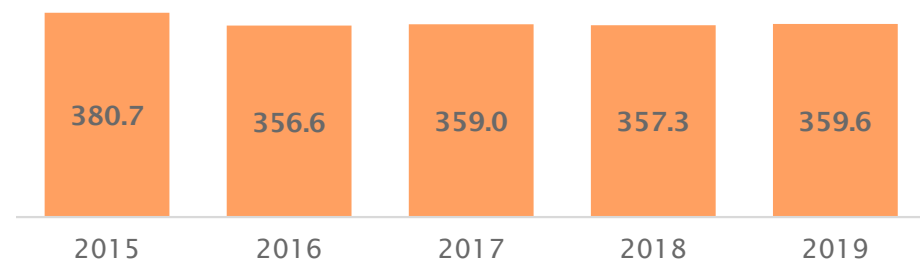
ALTIA

Financials

Our operations are based on profitable growth

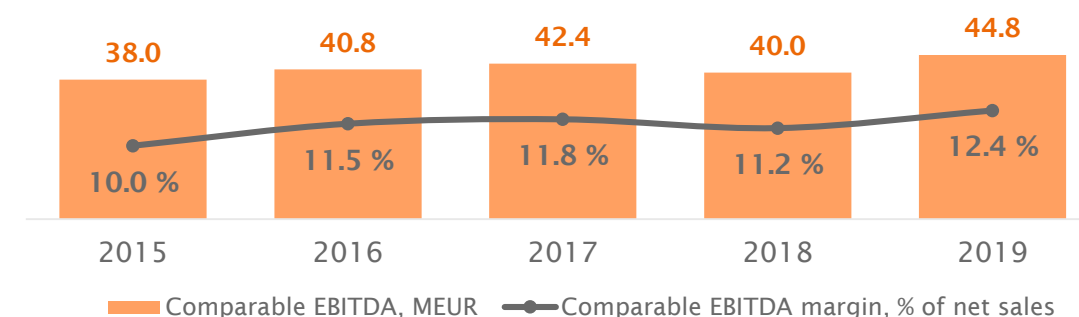
More information:
pp. 33-37, 39-43

Net sales (MEUR)



Stable and diversified revenue streams underpinned by non-cyclical underlying consumption of wine and spirits

Comparable EBITDA

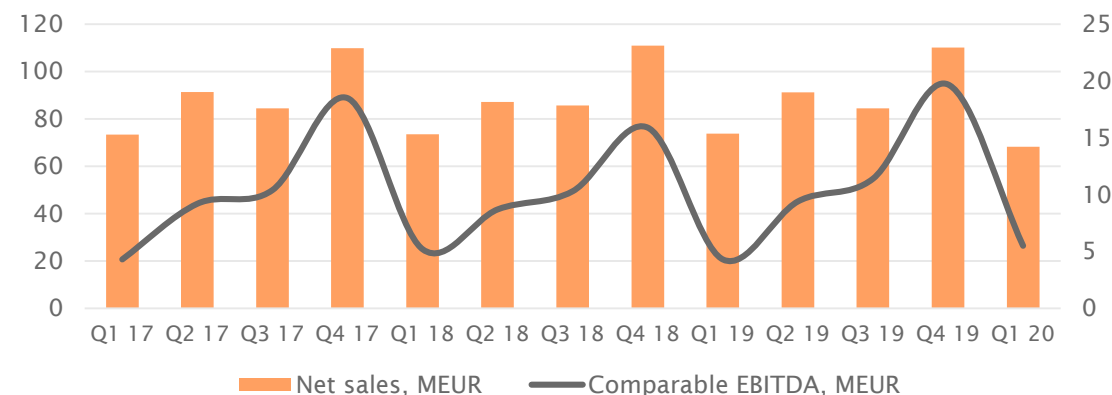


Clear strategic initiatives to improve profitability

Seasonality

- Altia's business is characterised by substantial seasonality.
- Revenues typically lower in Q1, a large amount of revenue and cash flow generated in Q4.
- Significant fluctuations also in net working capital.

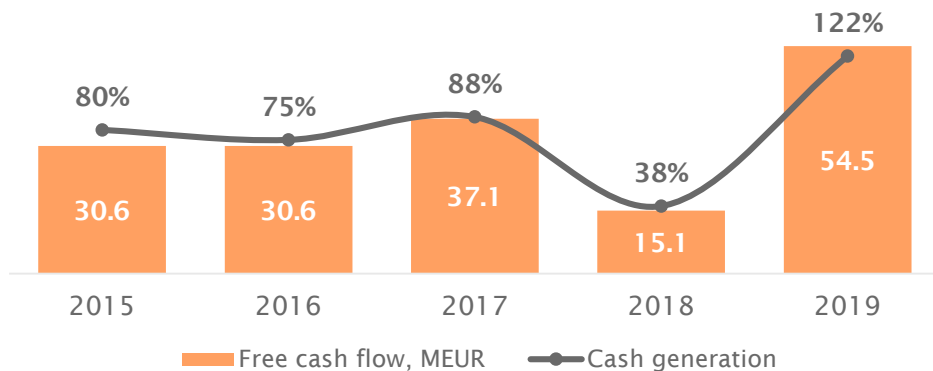
Quarterly net sales and comparable EBITDA



Free cash flow in 2018 impacted by working capital development

More information:
pp. 33-37, 39-43

Free cash flow*



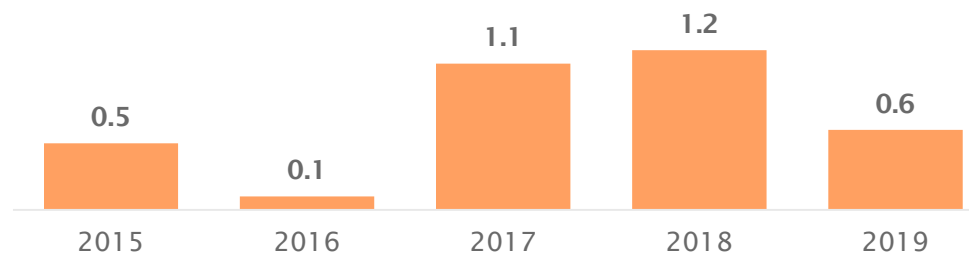
Net working capital / Net sales, %



Gross capex / Net sales, %




Net debt / Comparable EBITDA, ratio



*) Free cash flow = Comparable EBITDA – Change in working capital – Gross capex
Cash generation = % of comparable EBITDA

Net working capital

 More information:
pp. 33-37, 39-43

Net working capital

EUR million	2015	2016	2017	2018	2019
Inventories	101.2	96.3	94.5	99.6	92.0
Contract assets, trade and other receivables	59.1	63.8	53.9	61.2	54.6
Contract liabilities, trade and other payables	(143.5)	(142.7)	(137.4)	(131.9)	(135.2)
Trade working capital	16.8	17.5	11.0	28.9	11.4
<i>% of net sales</i>	<i>4.4%</i>	<i>4.9%</i>	<i>3.1%</i>	<i>8.1%</i>	<i>3.2%</i>
Non-Current provisions	(1.3)	-	-	-	-
Current Provisions	(2.1)	(1.3)	-	(0.5)	-
Net working capital	13.4	16.1	11.0	28.4	11.4
<i>% of net sales</i>	<i>3.5%</i>	<i>4.5%</i>	<i>3.1%</i>	<i>8.0%</i>	<i>3.2%</i>

Comments

- Receivables from the state retail monopolies partly sold
- Cognac constitutes notable part of inventory
- The seasonal swings of the business are also visible in net working capital development within the financial year. Net working capital requirements being at its highest in the lead up to Christmas, Easter and Midsummer
- Fast swings also around year-ends due to sold receivables (before year-end) and excise taxes and VAT to be paid for December sales (after year-end)

Our cash flow enables an attractive dividend capacity

LOW OPERATIONAL CAPEX NEEDS ENABLE SOLID AND STABLE CASH FLOW

More information:
pp. 33-37, 39-43

Free cash flow

EUR million	2015	2016	2017	2018	2019
Comparable EBITDA	38.0	40.8	42.4	40.0	44.8
Change in working capital ¹⁾	3.9	(1.6)	6.7	(17.2)	16.5
Acquisition of PPE and intangible assets	(11.3)	(8.7)	(11.9)	(7.7)	(6.8)
Free cash flow²⁾	30.6	30.6	37.1	15.1	54.5
Cash conversion ³⁾	80%	75%	88%	38%	122%

Summary of consolidated statement of cash flows

EUR million	2015	2016	2017	2018	2019
Net cash flow from operating activities before financial items and taxes	41.4	34.3	45.9	17.1	58.7
Financial items and taxes	(6.5)	(4.8)	(8.2)	(10.6)	(6.1)
Net cash flow from operating activities	34.8	29.4	37.6	6.5	52.6
Acquisitions of PPE and intangible assets	(11.3)	(8.7)	(11.9)	(7.7)	(6.8)
Sale of PPE and intangible assets	1.0	4.5	2.6	0.6	0.1
Other	2.8	1.2	1.5	1.9	0.7
Net cash flow from investing activities	(7.4)	(3.1)	(7.8)	(5.2)	(6.0)
Net cash flow after capital expenditure	27.4	26.3	29.8	1.3	46.6

Comments

- In 2019, capital expenditure was related to a number of safety and replacement investments, and the development of information systems at Koskenkorva
- In 2018, capital expenditure was primarily related to investments at the Rajamäki plant and the further development of information technology and digital capabilities
- In 2017, capital expenditure was mostly related to continuation of efficiency improvement in Rajamäki plant and development of IT systems
- In 2016, capital expenditure was primary related to the renewal of the Rajamäki plant and digitalisation
- In 2017, Altia sold assets (building and land) related to the closure of Svendborg site – no further proceeds from Svendborg is expected in the future
- In 2016, Altia divested the feed processing related fixed assets in Koskenkorva to Oy Feedmix Ab and the steam distribution network in Rajamäki to Adven
- In 2015, capital expenditure was primarily related to the modernisation of the old power plant at the Koskenkorva plant as well as the improvement in operating efficiency at the Rajamäki plant

1) Change in Working capital as presented in consolidated statement of cash flows

2) Free cash flow = Comparable EBITDA – Change in working capital – Gross capex

3) Calculated as Free cash flow divided by Comparable EBITDA. Comparable EBITDA = EBITDA excluding items affecting comparability. Please see Appendix for further details on items affecting comparability

A top-down photograph of a glass of ice water with a fresh mint sprig resting on its rim. The glass sits on a dark, weathered wooden surface. In the bottom right corner, the neck and cork of a dark perfume bottle are visible. The text 'ALTIA' is overlaid in a white serif font on the left side of the image.

ALTIA

Q2 2020

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%)



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



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

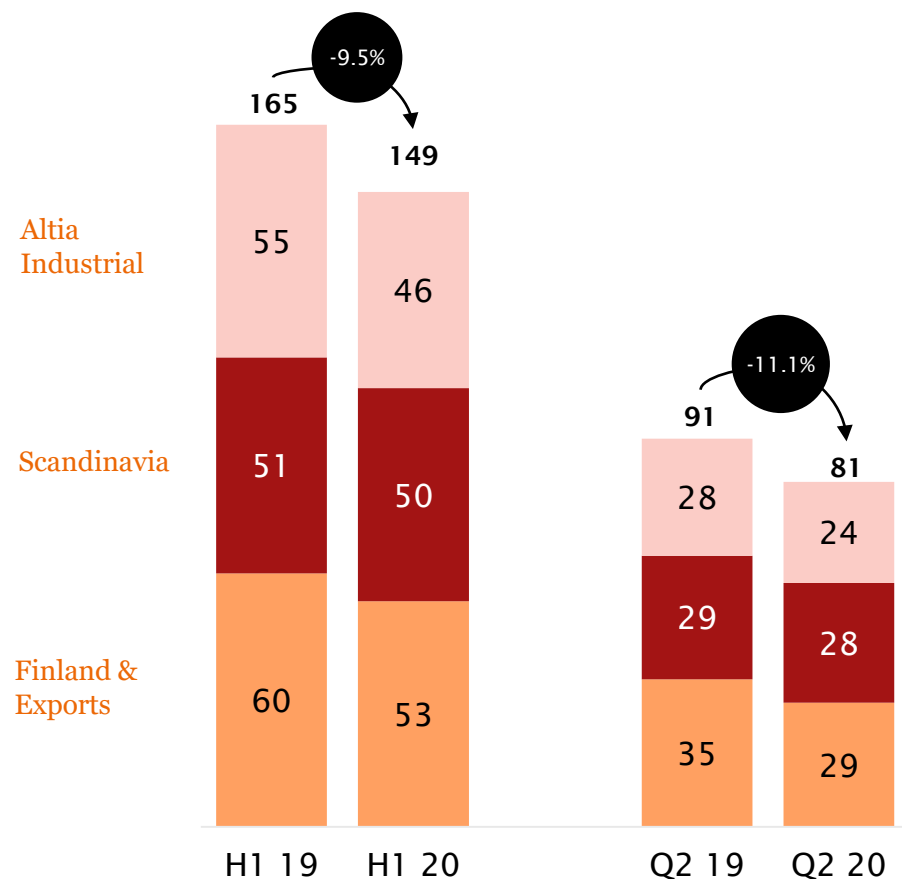
Norway

- 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:

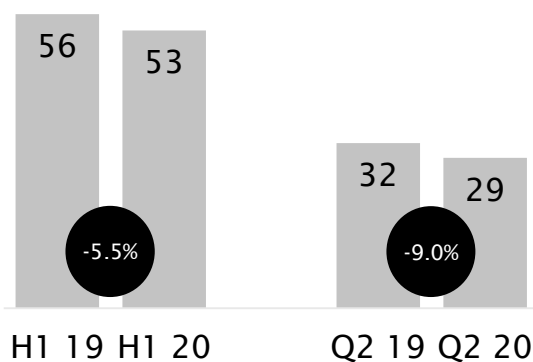
- Net sales decline in constant currencies was 8.4%
- COVID-19 restrictions closed travel retail, exports and on-trade, contract manufacturing volumes impacted significantly
- Normalised barley price

Q2 20:

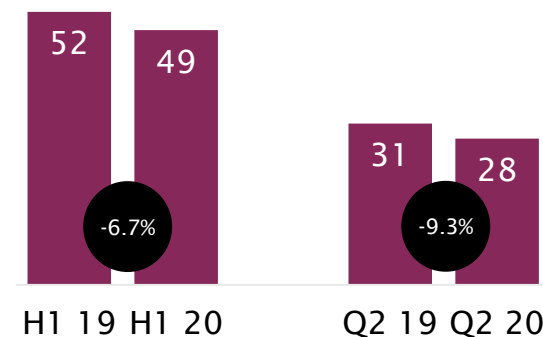
- Net sales decline in constant currencies was 10.3%
- Partner change in wine portfolio

Net sales of spirits and wine, MEUR

Spirits



Wine



Finland & Exports

JANUARY–JUNE 2020

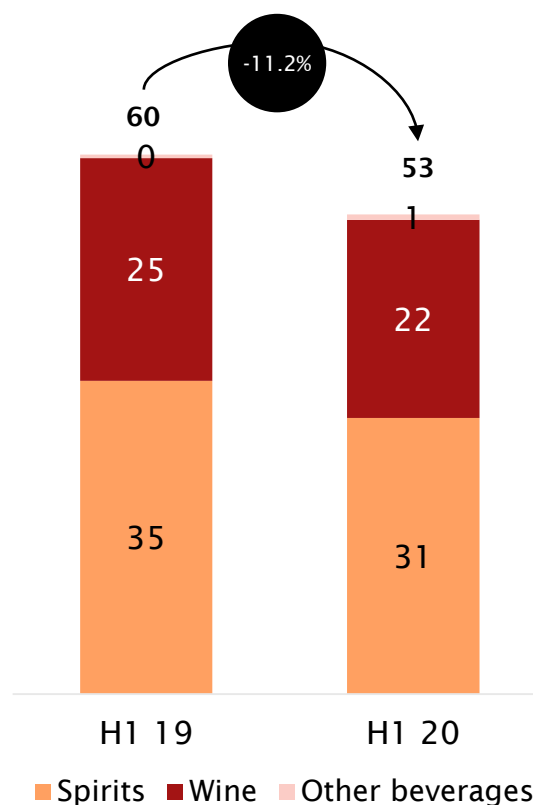
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



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

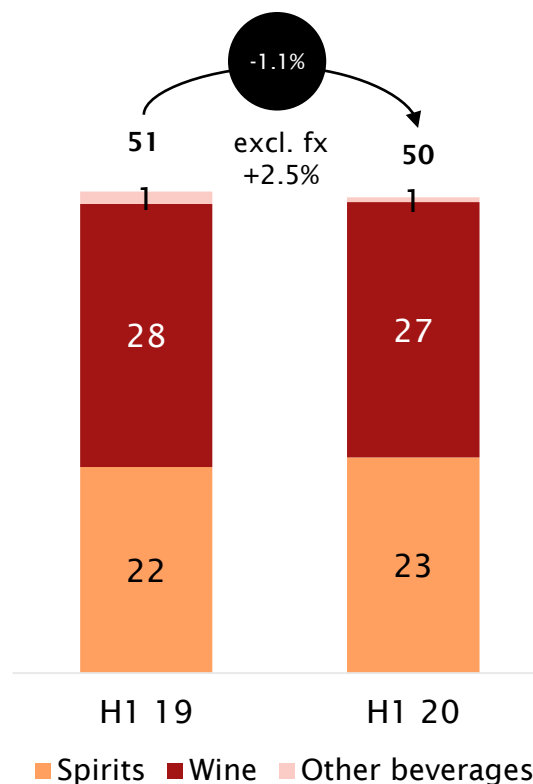
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



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

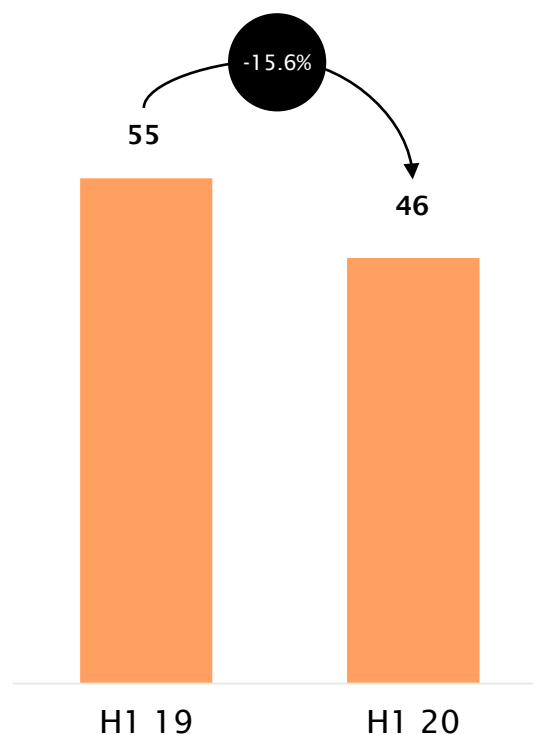
JANUARY–JUNE 2020

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.



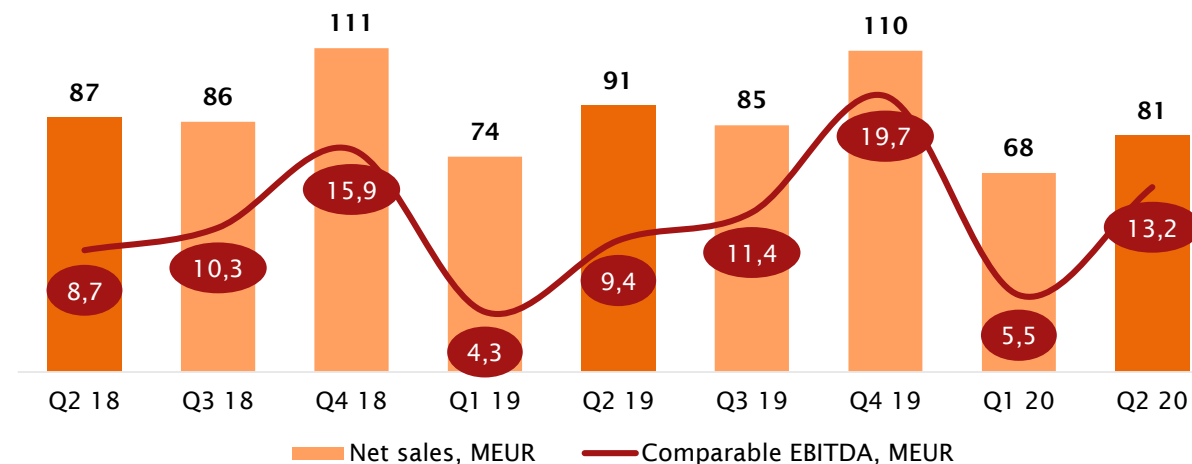
Significant profitability improvement

ALTIA INDUSTRIAL, MONOPOLY SALES AND COST SAVINGS

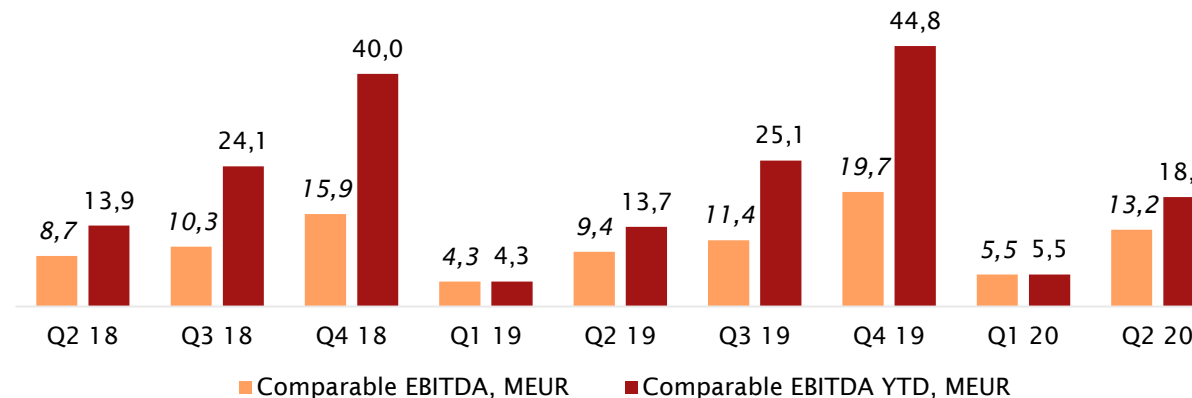
H1 20:

- 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>	<i>18.9</i>	<i>15.2</i>		<i>15.6</i>	<i>13.8</i>		<i>16.0</i>
Scandinavia	2.9	2.0	+45.9%	2.8	1.7	+67.8%	12.1
<i>% of net sales</i>	<i>10.4</i>	<i>6.9</i>		<i>5.5</i>	<i>3.3</i>		<i>10.0</i>
Altia Industrial	4.9	2.3	+110.8%	7.1	3.3	+113.4%	11.4
<i>% of net sales</i>	<i>20.7</i>	<i>8.5</i>		<i>15.4</i>	<i>6.1</i>		<i>10.4</i>
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>	<i>16.3</i>	<i>10.4</i>		<i>12.6</i>	<i>8.3</i>		<i>12.4</i>

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

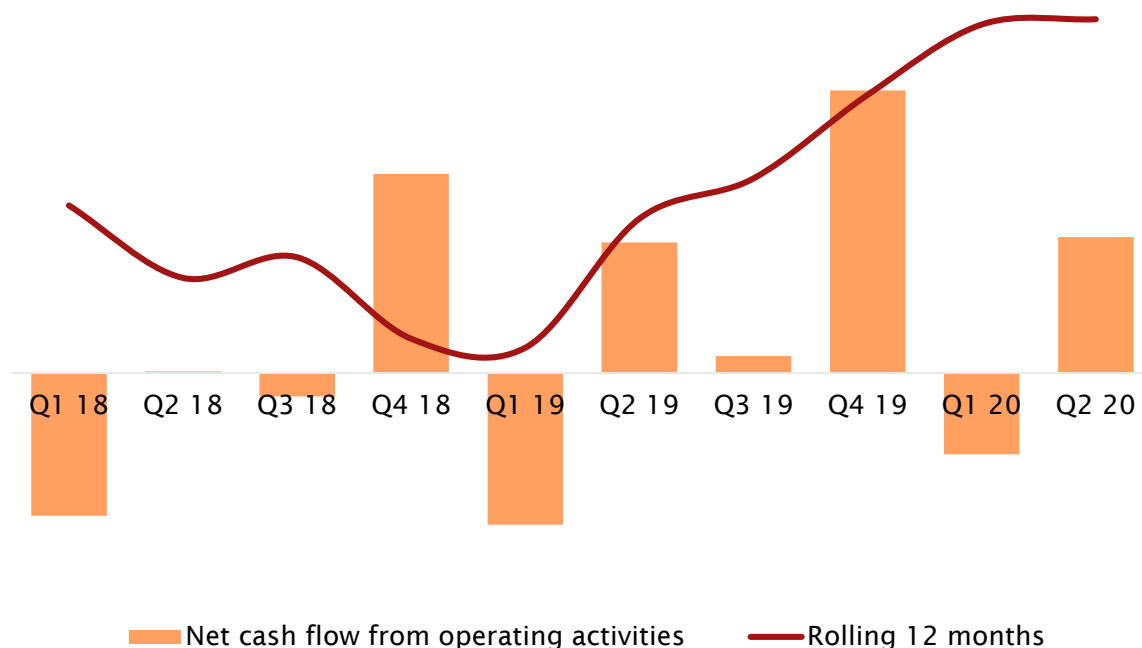
- Solid sales to monopolies, revenue management and cost savings
- Shortfall from closed on-trade
- Negative impact from fx (NOK)

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

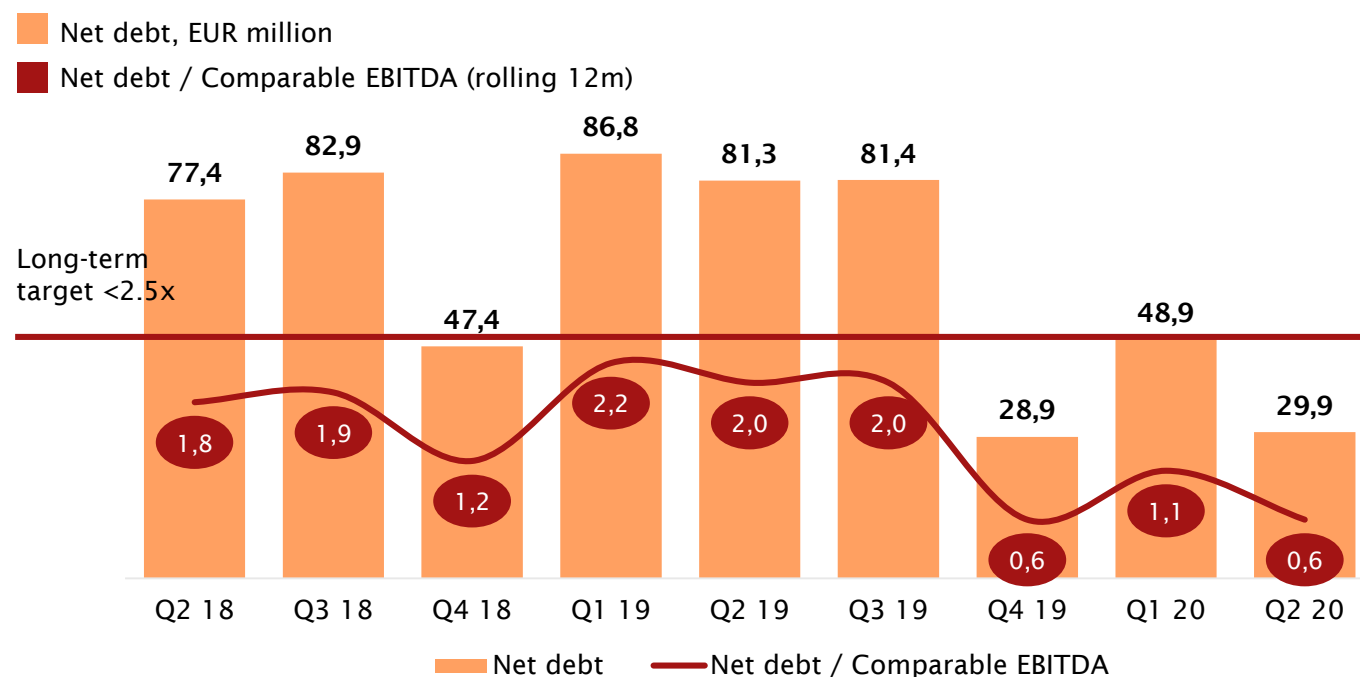


H1 20:

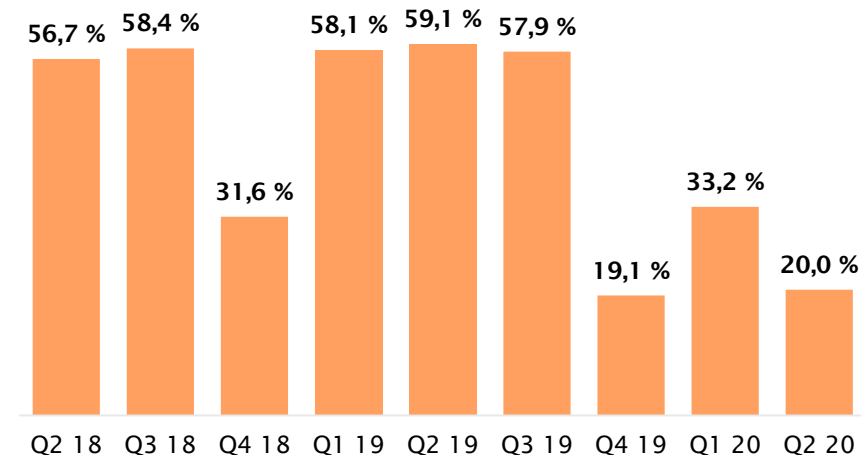
- Net cash flow from operations was EUR 10.3 (-4.0) million
 - Improved comparable EBITDA
 - Positive development in net working capital
- Net working capital was EUR 14.7 (41.0) million
- Receivables sold were EUR 67.1 (61.0) million
- Capital expenditure was EUR 2.5 (3.2)
- Dividend authorisation for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

Strong financial position and liquidity situation

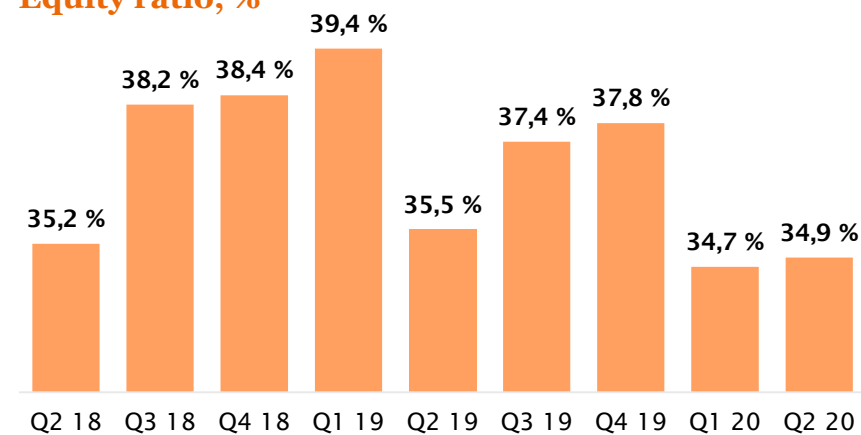
Net debt



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.



Appendices



Investor Relations:

tua.stenius-ornhjelm@altiacorporation.com

www.altiagroup.com



Key ratios

EUR million	Q2 20	Q1 20	2019	Q4 19	Q3 19	Q2 19	Q1 19	2018	Q4 18	Q3 18	Q2 18	Q1 18	2017	Q4 17	Q3 17	Q2 17	Q1 17
Net sales, EUR million	81.0	68.2	359.6	110.1	84.5	91.2	73.8	357.3	110.9	85.7	87.1	73.5	359.0	109.8	84.5	91.3	73.4
Comparable EBITDA, EUR million	13.2	5.5	44.8	19.7	11.4	9.4	4.3	40.0	15.9	10.3	8.7	5.2	42.4	18.5	10.4	9.2	4.3
% of net sales	16.3	8.1	12.4	17.9	13.5	10.4	5.8	11.2	14.3	12.0	9.9	7.0	11.8	16.9	12.3	10.0	5.8
EBITDA, EUR million	12.6	5.4	43.1	19.8	9.8	9.2	4.3	34.0	14.4	10.3	8.3	1.1	40.3	16.3	11.1	9.0	3.8
Comparable operating result, EUR million	8.9	1.1	26.8	15.2	6.9	5.0	-0.3	25.6	12.2	6.6	5.2	1.6	28.2	15.0	6.9	5.6	0.7
% of net sales	10.9	1.6	7.5	13.8	8.2	5.5	-0.4	7.2	11.0	7.7	5.9	2.2	7.8	13.6	8.1	6.1	1.0
Operating result, EUR million	8.2	1.0	25.1	15.3	5.3	4.8	-0.3	19.7	10.7	6.6	4.8	-2.5	26.1	12.7	7.6	5.4	0.3
Result for the period, EUR million	6.1	1.3	18.4	10.4	4.0	3.6	0.3	15.1	8.6	4.8	3.6	-1.8	18.3	8.0	5.6	3.9	0.7
Earnings per share, EUR	0.17	0.04	0.51	0.29	0.11	0.10	0.01	0.42	0.24	0.13	0.10	-0.05	0.51	0.22	0.16	0.11	0.02
Net debt / comparable EBITDA, rolling 12m	0.6	1.1	0.6	0.6	2.0	2.0	2.2	1.2	1.2	1.9	1.8	1.8	1.1	1.1	0.9	0.6	0.7
Average number of personnel	659	642	682	648	677	705	698	718	701	725	742	705	762	718	763	783	785

EUR million	Q2 20	Q1 20	2019	Q4 19	Q3 19	Q2 19	Q1 19	2018	Q4 18	Q3 18	Q2 18	Q1 18	2017	Q4 17	Q3 17	Q2 17	Q1 17
Reported net debt / comparable EBITDA	0.6	1.1	0.6	0.6	2.0	2.0	2.2	1.2	1.2	1.9	1.8	1.8	1.1	1.1	0.9	0.6	0.7
Borrowings, EUR million	121.8	*	82.6	82.6	*	97.3	*	89.4	89.4	*	103.1	*	100.1	100.1	*	72.7	*
Net debt, EUR million	29.9	48.9	28.9	28.9	81.4	81.3	86.8	47.4	47.4	82.9	77.4	*	47.7	47.7	36.5	27.7	*
Equity ratio, %	34.9	34.7	37.8	37.8	37.4	35.5	39.4	38.4	38.4	38.2	35.2	34.9	34.3	34.3	47.1	45.5	47.7
Gearing, %	20.0	33.2	19.1	19.1	57.9	59.1	58.1	31.6	31.6	58.4	56.7	56.9	34.9	34.9	19.2	15.0	14.3
Capital expenditure, EUR million	-2.5	*	-6.8	*	*	-3.2**	*	-7.7	*	*	-4.7**	*	-11.9	*	*	-5.8**	*
Total assets, EUR million	428.9	*	400.2	400.2	*	387.7	*	390.4	390.4	*	388.0	*	398.4	398.4	*	404.2	*

*) Not reported

***) Capital expenditure for H1 2019, 2018 and 2017 respectively

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

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 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

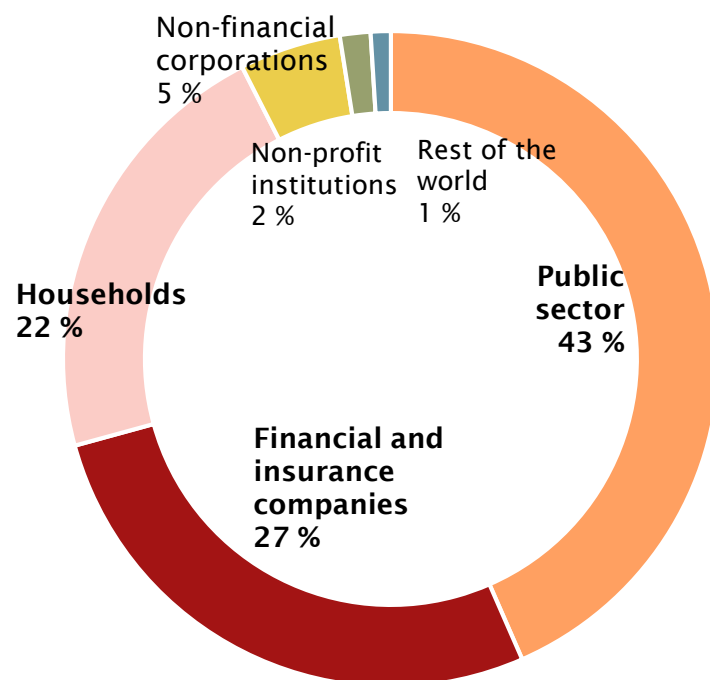
EUR million	30 Jun 2020	30 Jun 2019	31 Dec 2019
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	60.5	60.5	60.5
Invested unrestricted equity fund	1.2	1.2	1.2
Fair value reserve	0.6	0.6	0.6
Legal reserve	0.1	0.1	0.1
Hedge reserve	-1.0	-0.7	-1.0
Translation differences	-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

Cash flow from operating activities

EUR million	Q2 20	Q2 19	H1 20	H2 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 investments 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

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
Nominee-registered shares		9 026 100	25.0

Finland & Exports

Consumer product sales in Finland, the Baltics, travel retail and export



Key brands:



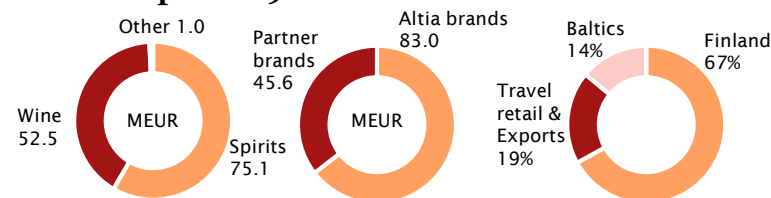
Key focus areas:

- Focus on innovation to launch new products in the state retail monopoly and to continue as an important partner and route-to-market
- Grow exports in key markets Russia and Asia, and capture new markets
- Grow in the Finnish grocery trade channel through innovations
- Strengthen brand positions and expand distribution in travel retail
- Continuous development of consumer-phasing digital platforms viinimaa.fi and nordicspirits.com
- Continuous evaluation of product portfolio and on-going revenue management

Key figures 2019:

- Net sales EUR 129 million
- Comparable EBITDA margin 16.0%
- Average number of personnel 89

Net sales split 2019¹:



Scandinavia

Consumer product sales in Sweden, Norway and Denmark



Key brands:



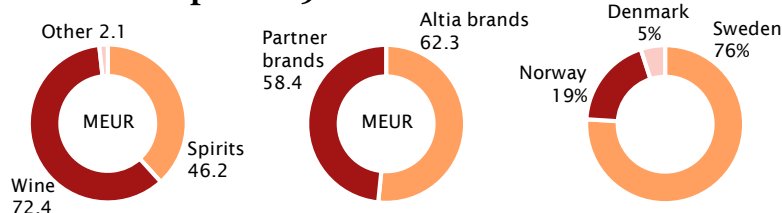
Key focus areas:

- Strengthen position in the growing gin, liqueur, rum and sparkling wine categories through innovations
- Continue to lead the development of sustainable products and packaging
- Strengthen brand positions and expand distribution in on-trade
- Continuous development of consumer-phasing digital platform folkofolk.se
- Continuous evaluation of product portfolio and on-going revenue management

Key figures 2019:

- Net sales EUR 121 million
- Comparable EBITDA margin 10.0%
- Average number of personnel 74

Net sales split 2019¹:



Altia Industrial

Industrial products and services businesses, sourcing, supply chain, customer service and logistics.



Industrial products: Finnish barley is the focus of our operations and the products include barley starch, grain sprits, technical ethanols and feed components.

Industrial services: Contract manufacturing and logistics services for leading wine and spirits companies.

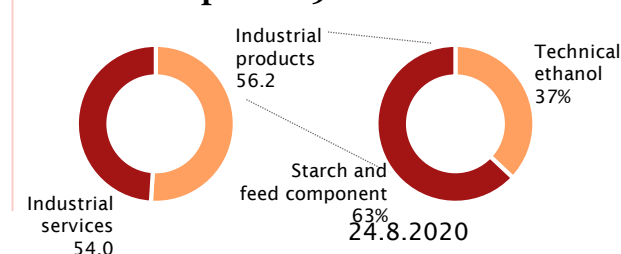
Key focus areas:

- Customer relationships and sales growth of industrial products
- Enhancing work safety culture and implementing minimum requirements of work safety practices across all sites
- Capability improvements of wine packaging and production of low- and non-alcohol products inhouse
- Professional procurement activities across all sourcing categories
- Continuation of ERP renewal

Key figures 2019:

- Net sales EUR 110 million
- Comparable EBITDA margin 11.4%
- Average number of personnel 426

Net sales split 2019¹:



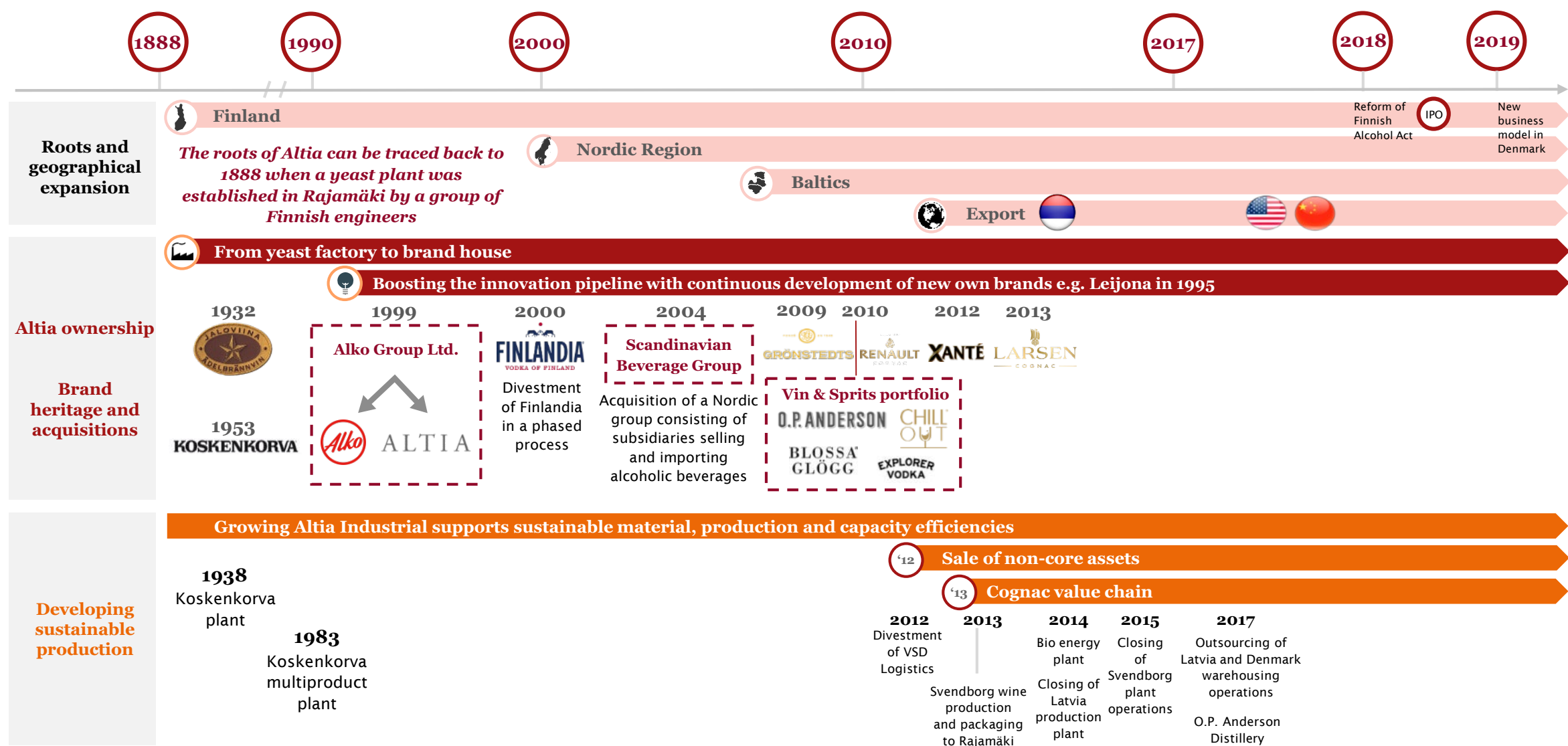
Key exports contracts

HIGH-QUALITY DISTRIBUTION AGREEMENTS HAVE BEEN SIGNIFICANT MILESTONES FOR OUR EXPORT AMBITIONS

Key export contracts

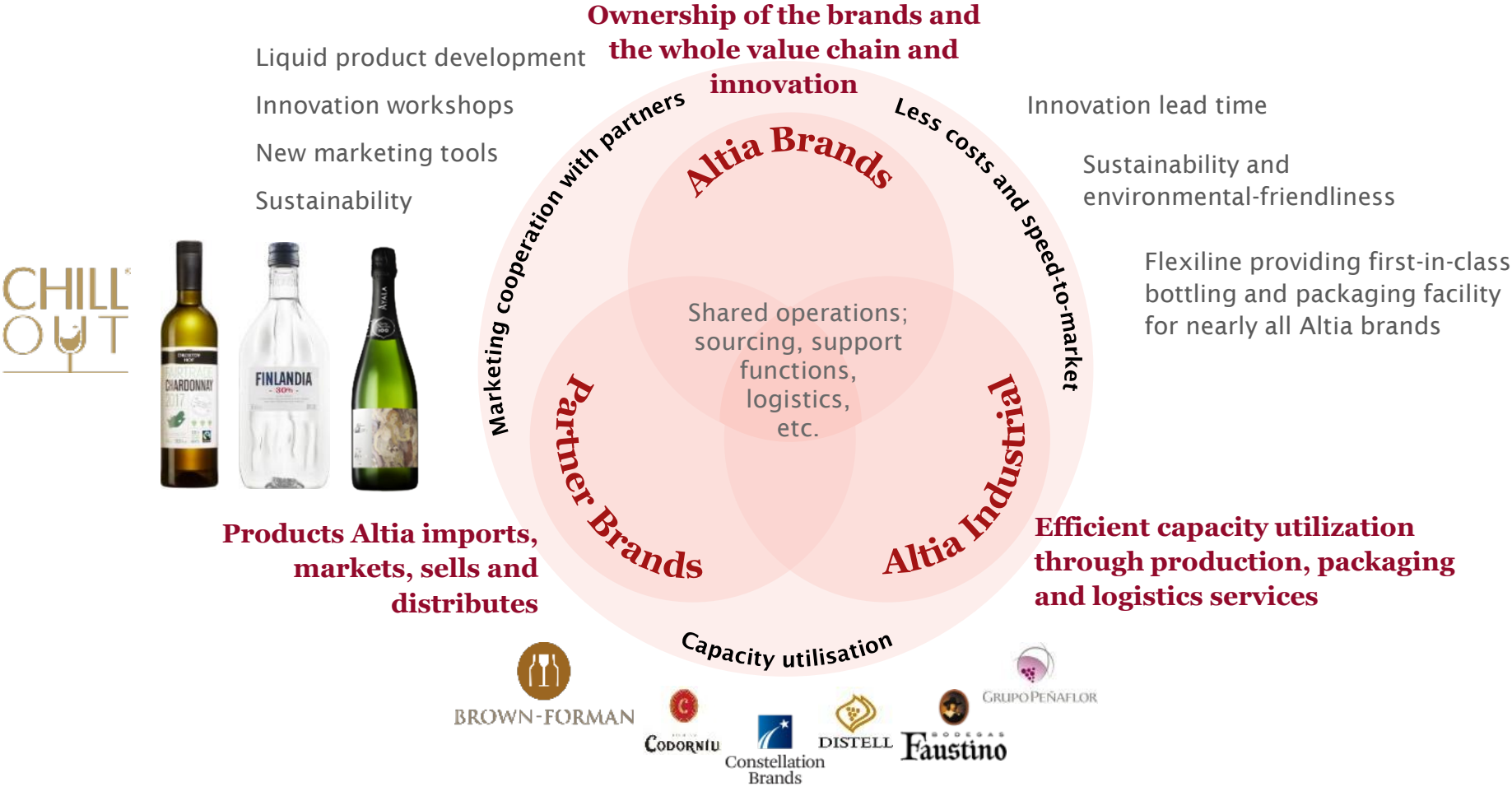


Our journey to being the Nordic powerhouse and market leader



Our integrated operating model creates synergies and economies of scale

ONE SHARED PLATFORM FOR OUR OWN BRANDS, PARTNER BRANDS AND INDUSTRIAL SERVICES



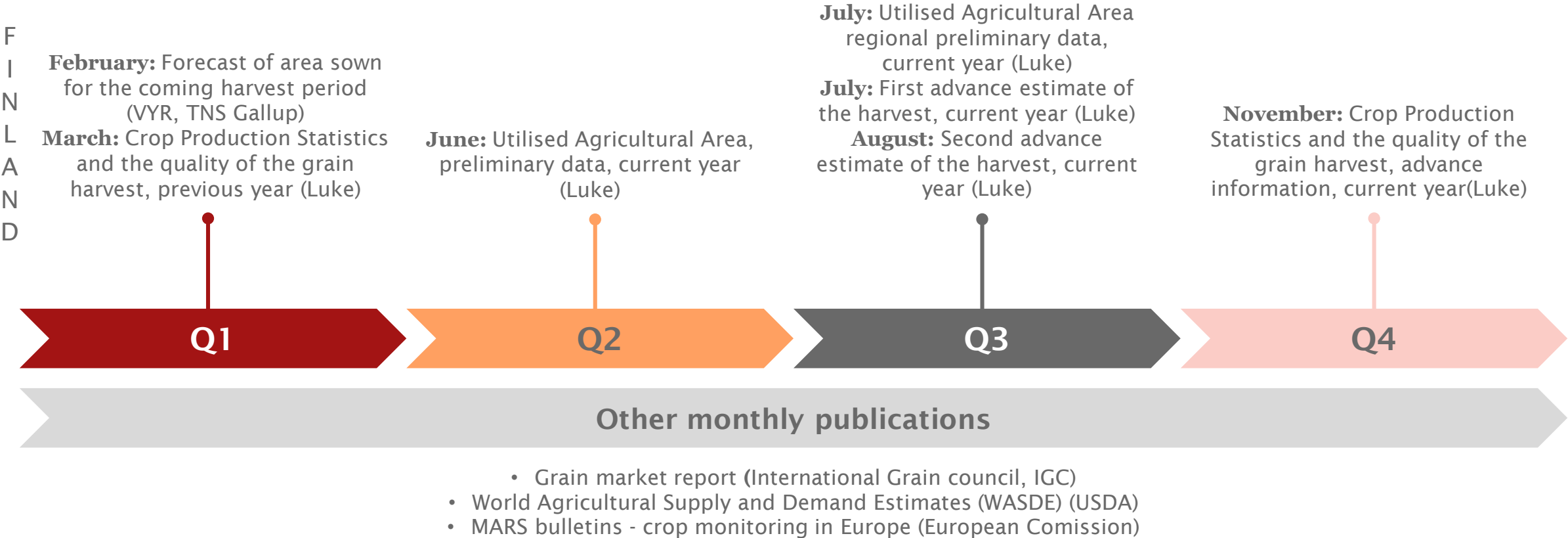
Summary of key benefits of the integrated operating model

Full capacity utilisation

Deeper cooperation with partners

Agility and capability for local solutions

Barley reports and publications



Macro indicators

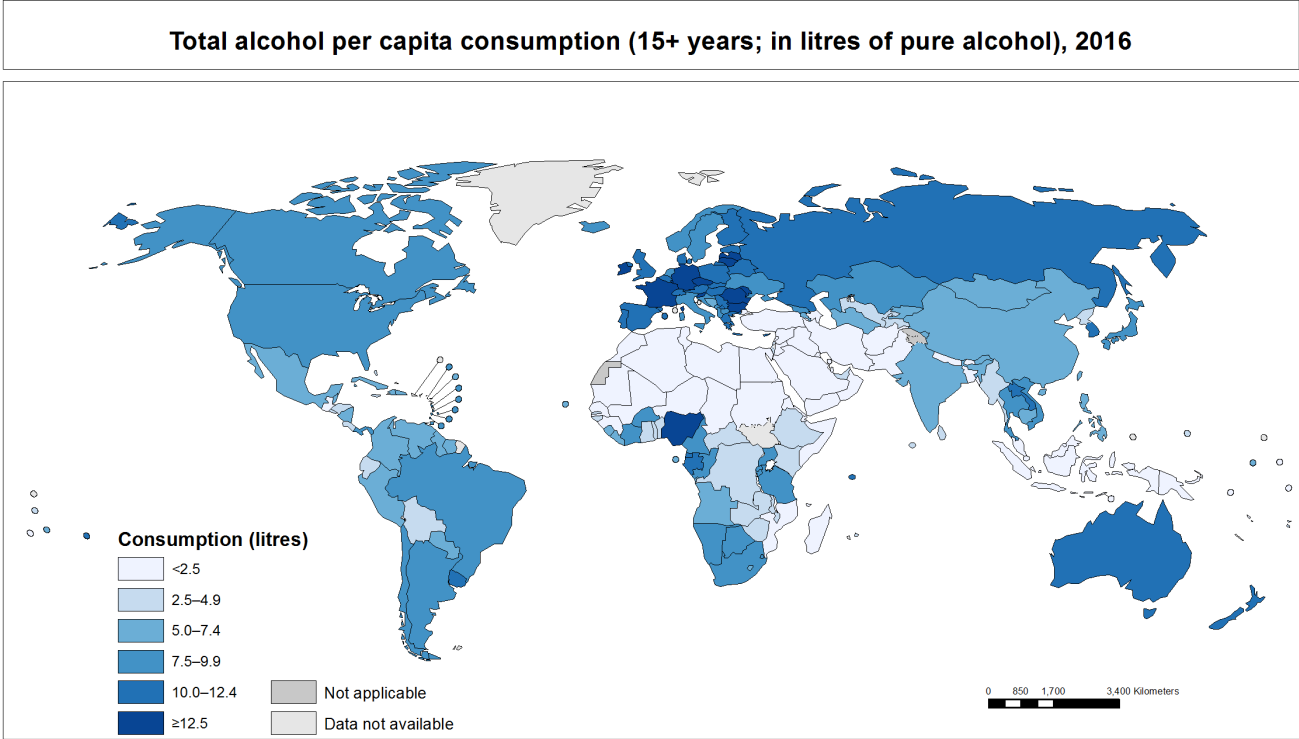
ALCOHOL CONSUMPTION (WHO)

Total per capita (15+) consumption (in litres of pure alcohol)

	2010	2016
Finland	12.6	10.7
Sweden	9.5	9.2
Norway	9.0	7.5
Denmark	10.9	10.4

	2010	2016
France	12.2	12.6
Germany	13.0	13.4
Netherlands	10.4	8.7
UK	12.3	11.5

	2010	2016
Canada	10.2	8.9
US	9.3	9.8



The boundaries and names shown and the designations used on this map do not imply the expression of any opinion whatsoever on the part of the World Health Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Dotted and dashed lines on maps represent approximate border lines for which there may not yet be full agreement.

Data Source: World Health Organization
Map Production: Information Evidence and Research (IER)
World Health Organization



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	2010	2016
WHO European Region	10.2	8.9
WHO Region of the Americas	9.3	9.8

Consumption of pure alcohol by type of beverage, %




























	Beer	Wine	Spirits	Other
Finland	48.8	20.6	21.5	9.1
Sweden	36.4	47.8	14.1	1.7
Norway	43.9	36.7	16.7	2.7
Denmark	37.4	44.7	17.1	0.8

	Beer	Wine	Spirits	Other
France	18.8	58.8	20.7	1.7
Germany	52.6	28.4	18.9	0.0
Netherlands	47.8	35.8	16.4	0.0
UK	35.0	35.7	22.5	6.7

	Beer	Wine	Spirits	Other
Canada	45.1	25.6	25.6	3.7
US	47.0	18.1	34.9	0.0

Our sales channels provide stable and predictable sales

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



Consumer sales ¹⁾	Examples	Description	How Altia operates in the channel
70%	Monopoly    VINMONOPOLET	<ul style="list-style-type: none"> State retail monopolies in Finland, Sweden and Norway are the largest channels and constitute together approximately two thirds of the Company's consumer product sales Retail monopolies have extensive geographic presence and wide assortment supported by pick-and-collect online services 	<ul style="list-style-type: none"> Several years of experience in operating in the highly regulated Nordic monopoly market Understanding of Nordic consumer habits and trends provides strong position in the tender processes
9%	Grocery trade        	<ul style="list-style-type: none"> Grocery stores, supermarkets and kiosks especially in Denmark and the Baltics Low/non-alcoholic beverages in monopoly markets 	<ul style="list-style-type: none"> With the change in the Finnish Alcohol Act in January 2018, the grocery trade opened up for ethanol-based beverages of up to 5.5% ABV
9%	Wholesale & HoReCa         	<ul style="list-style-type: none"> Hotels, restaurants and cafés Plays important role in brand building and in trend-setting 	<ul style="list-style-type: none"> Access to HoReCa goes usually through wholesale customers Important marketing channel
12%	Travel retail & Exports       	<ul style="list-style-type: none"> Exports consists of consumer product sale outside Altia's home market Price differences between countries drive border trade and travel retail 	<ul style="list-style-type: none"> Exports through distribution partnerships Key export countries are Russia, China and the US

¹⁾ Consumer sales by customer segment in 2019. Consumer sales is defined as the total of net sales of Finland & Exports and Scandinavia segments. The consumer sales breakdown is based on unaudited internal sales reporting.



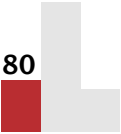


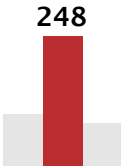


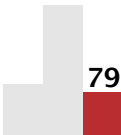
Two thirds of Altia’s consumer product sales from monopolies



Transparent pricing - fixed and predetermined gross margins for monopoly

	Annual windows for price revisions ⁷⁾			Price lock-up period after a initial listing
	I	II	III	
	1 Feb	1 Jun	1 Oct	8 months
	1 Mar	1 Sep	-	9 months
 VINMONOPOLET	1 Jan	1 May	1 Sep	6 months

Monopoly facts⁶⁾

	Sales volumes 2018 ¹⁾	Off-trade share ²⁾	Monopoly’s share of consumption ³⁾	Sale outlets		Grocery trade	Extent of assortment ⁴⁾		Monopoly support ⁵⁾	Share of BIB of wine sales, %	Marketing restrictions
				Monopoly	Pick-up		Base	Order			
  	80	90%	38%	359	65	5466 ≤5.5%	6178	3400	59%	40%	Under 22% ABV brands allowed with certain restrictions
  	248	90%	80.4%	442	511	6587 ≤2.25% (≤3.5% beer)	2543	11717	76.5%	58%	Alcohol marketing is in general allowed, however certain restrictions apply
  	79	90%	48%	331	0	4257 ≤4.7%	1490	22864	54%	60%	All marketing of alcoholic beverages prohibited

1) Million litres excl. beer
2)Aggregatde volume data for spirits and wine in 2016 (Euromonitor 2017)
3)Share of recorded alcohol consumption calculated in litres of 100% alcohol, Vinmonopolet 2017
4)Number of beverage brands





5) Based on surveys in 2017, results are not comparable
6) Unless otherwise stated, source: Information on the Nordic Alcohol Market 2019 (Alko)
7) Price revisions informed to monopolies about 2-3 months ahead

Alcohol taxation

Changes in Finnish alcohol taxation

- **January 2019**
 - Tax increase of EUR 30 million
 - Even split on different categories, on average 2.5%
 - Spirits +2%; wine +3.7%, beer and cider 2.7% and 2.1% resp.
 - Consumer price impact about 32 cent on vodka and 13 cent on wine
- **January 2018**
 - Tax increase of EUR 100 million
 - Spirits +5%; wine +13%; other categories 7.2-12.9%
 - Consumer price impact about 70 cent on vodka and 30 cent on wine

Alcohol excise duty rates and value-added tax rates in the Nordics*

As at 1 Jan 2019	Spirits	Wine ⁽¹⁾	VAT, %
	48.8	36.09	24.0
	53.8	24.8	25.0
	80.8	52.7	25.0
	20.2	14.2	25.0





Euro per litre of 100% alcohol

1) Excise duty is calculated on the basis of a beverage containing 11% ethyl alcohol by volume for wines.

Alcohol excise duties in Europe*

As at 1 Jan 2019	Spirits	Wine
France	17	0
Germany	13	0
Netherlands	17	8
UK	32	30

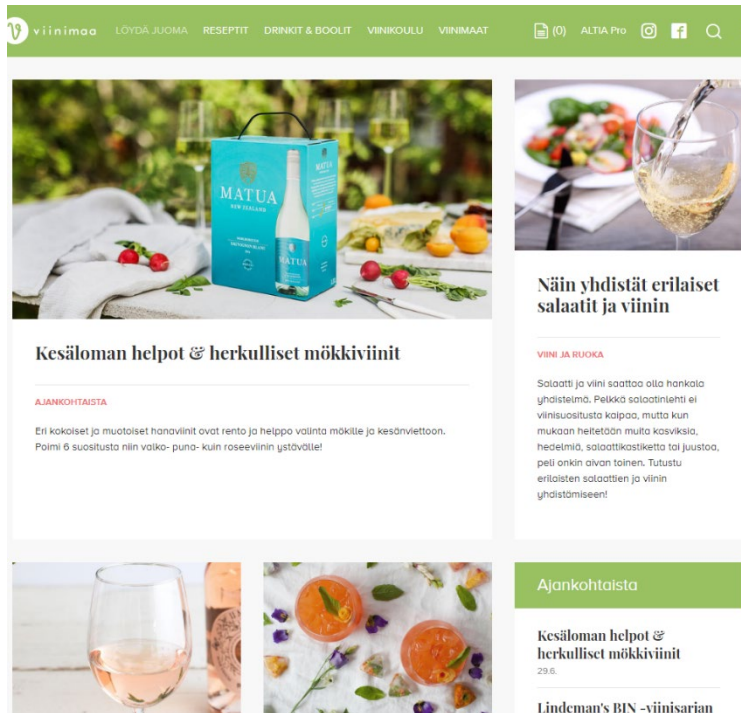
Alcoholic beverages imported by travellers*

Total in 100% alcohol	Year	Million litres	Litres per capita
	2018	7.1	1.3
	2017	10.1	1.0
	2016	3.3	0.6
	2010	5.0	0.9

Altia's digital platforms

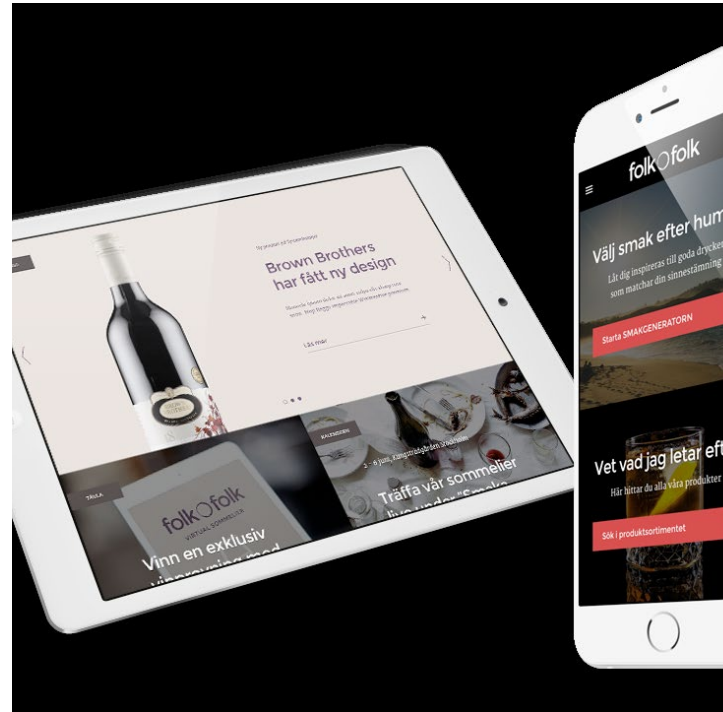
Finland: www.viinimaa.fi

- A leading consumer channel for alcoholic beverages in Finland
- Website, newsletter and social media channels
- Reliable source of information, entertaining and inspirational



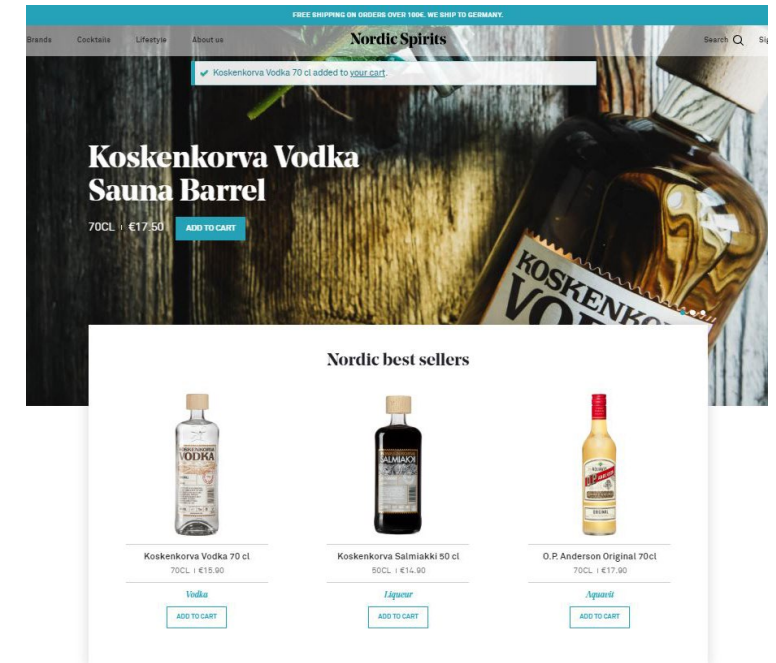
Sweden: www.folkofolk.se

- A unique and unrivaled position in the market for alcoholic beverages
- Website, newsletter, press room and social media channels
- The aim is to inspire, inform and educate the consumer



Germany: www.nordicspirits.com

- Nordic alcohol brand store in Germany since 5/18
- Includes Altia's most popular beverage brands
- Complements traditional exports channels
- Enables us to gather insights about digital consumer sales and online alcohol retail - which we can't do in our home markets



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