

6 NOVEMBER 2020



# ALTIA

## Q3 20 results presentation

CEO PEKKA TENNILÄ

INTERIM CFO JUHANA JOKINEN





# COVID-19 update

## KEY PRIORITIES THE HEALTH AND SAFETY OF EMPLOYEES AND BUSINESS CONTINUITY

### Impacts so far

- Significant negative impacts on travel retail, exports and on-trade
- Consumers shifting purchases to the monopolies
- Following 2nd wave of COVID-19, new restrictions from mid Q3
- Demand for technical ethanol stabilised

### Actions taken

- Remote work
- Costs savings mainly in Q2, cost optimisation has continued
- Strong financial position and liquidity situation

### Going forward

- Uncertainty in the operating environment remains high
- Recovery of sales channels depends on government restrictions and recommendations and how these impact consumer behaviour
- The risks related to the health and safety of Altia's employees have increased and the risk for supply chain disturbances is higher





# Strong third quarter, guidance updated

HIGHLIGHTS FROM Q1-Q3 2020

Reported net sales  
Q1-Q3

**235.9** (249.5)

EUR million

Comparable EBITDA  
Q1-Q3

**33.4** (25.1)

EUR million

Net sales growth in  
constant currencies

**-4.7%**

Comparable EBITDA margin

**14.2%** (10.1%)





# 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, %	Q3 20	Q3 19	Q1-Q3 20	Q1-Q3 19	2019
<b>Nordics in total</b>	<b>+18.2</b>	<b>1.5</b>	<b>16.5</b>	<b>-0.3</b>	<b>+0.1</b>
Spirits	20.0	3.3	17.2	1.1	+1.0
Wine	17.9	1.3	16.4	-0.6	-0.0
<b>Finland, total sales</b>	<b>+10.8</b>	<b>-1.7</b>	<b>13.3</b>	<b>-2.5</b>	<b>-2.6</b>
Spirits	7.9	+0.6	9.3	-1.4	-2.0
Wine	12.0	-2.9	14.8	-2.9	-2.8
<b>Sweden, total sales</b>	<b>+10.5</b>	<b>+2.5</b>	<b>10.2</b>	<b>+0.4</b>	<b>+1.0</b>
Spirits	20.6	+6.5	18.5	+3.8	+3.9
Wine	9.5	+2.1	9.4	+0.1	+0.7
<b>Norway, total sales</b>	<b>+48.7</b>	<b>+2.0</b>	<b>38.2</b>	<b>-0.4</b>	<b>+0.4</b>
Spirits	41.3	+2.5	29.5	+1.1	+1.6
Wine	50.0	+1.9	39.6	-0.6	+0.2

### Finland

- In spirits, COVID-19 has been largest in viina, rums, whiskies and brandies
- All wine categories grew, bag-in-boxes in high demand

### Sweden

- The high growth categories were whiskies, gin, rum and viina/vodka.
- All wine categories grew bag-in-boxes in high demand

### Norway

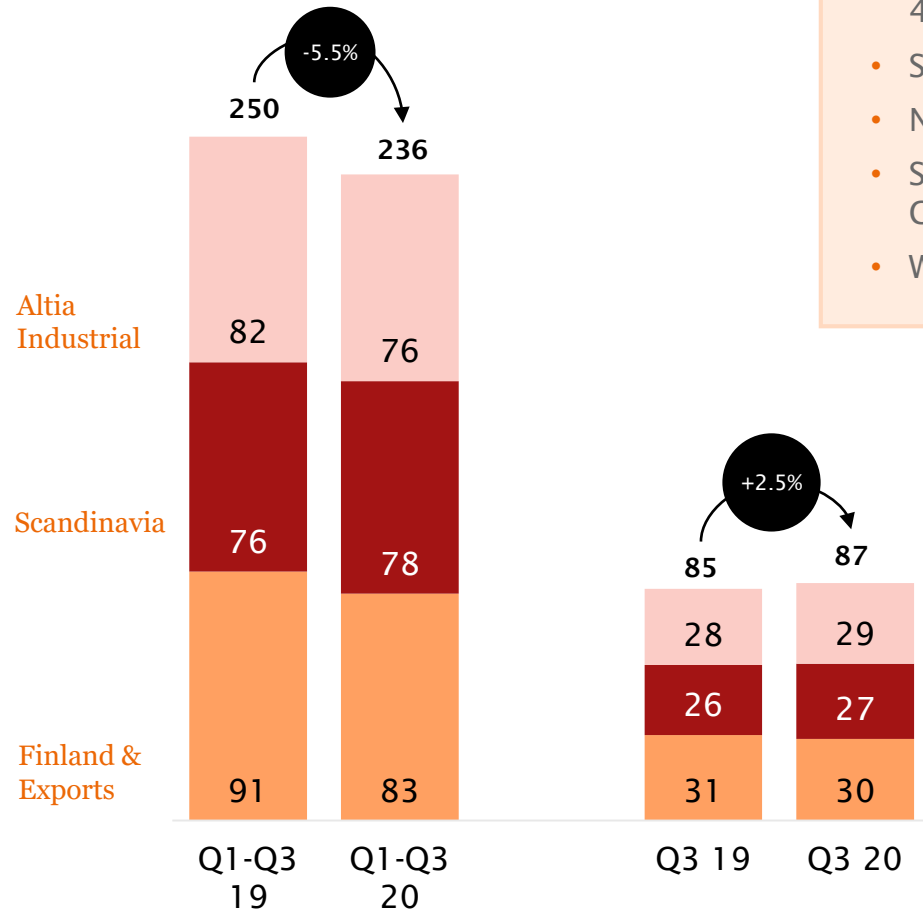
- All spirits and wine categories grew



# Net sales grew in Q3

STABLE DEVELOPMENT ACROSS ALL SEGMENTS

## Net sales by segment, MEUR



### Q1-Q3 20:

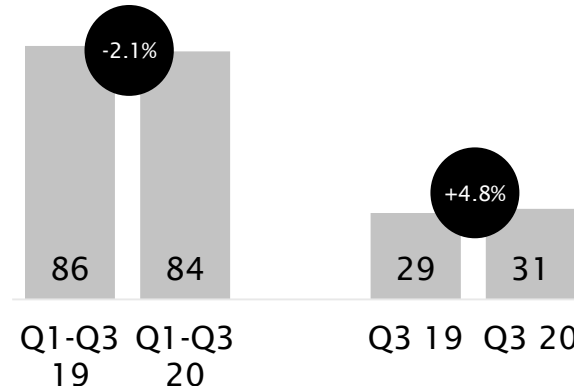
- Net sales decline in constant currencies was 4.7%
- Significant negative impacts of COVID-19
- Normalised barley price
- Spirits sales in monopolies grew but due to COVID-19 total spirits sales declined
- Wine impacted by partner portfolio changes

### Q3 20:

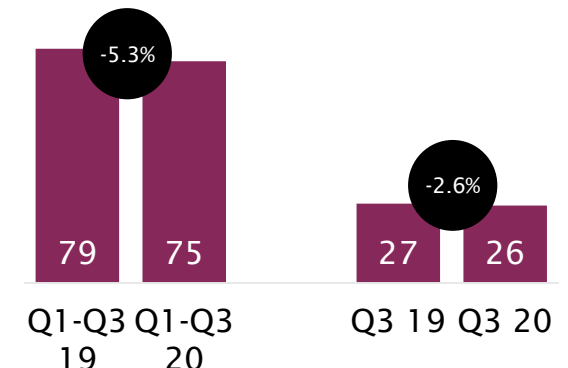
- Net sales increase was 2.5%
- Spirits sales grew driven by strong monopoly sales
- Negative impact on wine from partner change

## Net sales of spirits and wine, MEUR

### Spirits



### Wine





# Finland & Exports

JANUARY–SEPTEMBER 2020

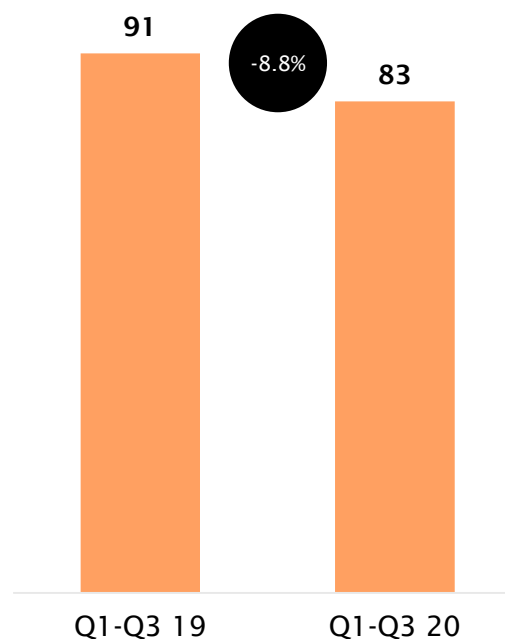
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



## Highlights

- Net sales were EUR 82.8 (90.9) million, down by 8.8%.
- Net sales decline mainly related to COVID-19 in travel retail, on-trade and exports.
- Monopoly sales grew driven by spirits, wine impacted by partner changes.
- Finnish grocery trade stable growth continued.
- In Baltics, local grocery trade stable development.

## Net sales, MEUR



## Product launches in Q3 20



**LEITZ**  
WEINGUT



# Scandinavia

JANUARY–SEPTEMBER 2020

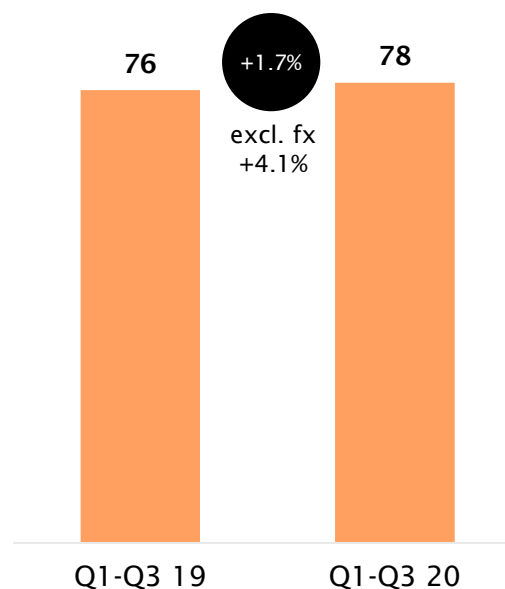
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



## Highlights

- Net sales were EUR 77.5 (76.3) million, up by 1.7%.
- Growth in constant currencies 4.1%.
- Strong monopoly market driver for net sales growth.
- In Sweden, spirits grew and market shares improved in gin, liqueur & rum.
- Wine sales in Sweden negatively impacted by partner portfolio changes.
- In Norway, strong growth across categories and market shares increased.
- On-trade negatively impacted by COVID-19.

## Net sales, MEUR



## Product launches in Q3 20



# Altia Industrial

JANUARY–SEPTEMBER 2020

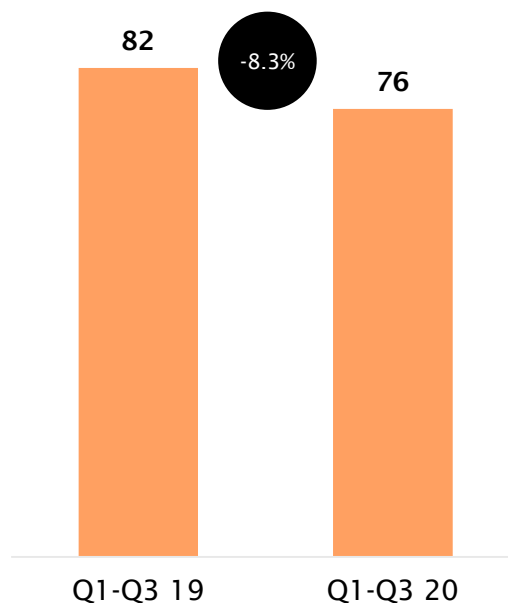
The Altia Industrial segment comprises Koskenkorva plant operations, starch, feed component and technical ethanol businesses, as well as contract manufacturing services at Rajamäki. It also includes supply chain operations, i.e. production operations in different countries, customer service, logistics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



## Highlights

- Net sales declined by 8.3% to EUR 75.5 (82.4) million.
- Lower contract manufacturing volumes due to COVID-19.
- Ethanol demand has been strong, and volumes high.
- Starch impacted by weak demand of printing paper.
- Lower barley prices impacted topline negatively.

## Net sales, MEUR



## Operations

- During Q3, cognac inventory reduced as part of long-term working capital management
- Operations have run without any major business disruptions.





6 NOVEMBER 2020



# ALTIA

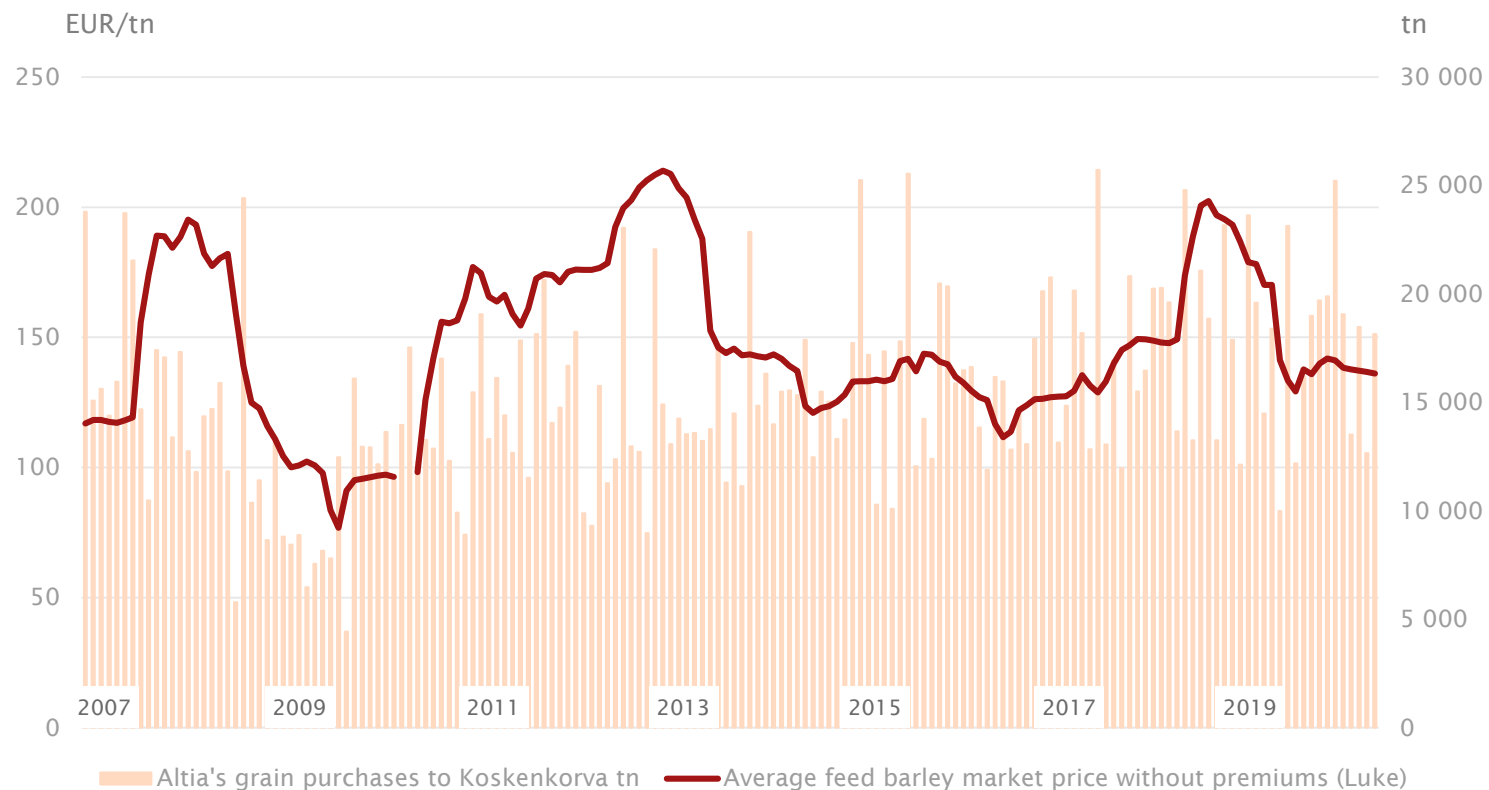
## Financials

INTERIM CFO JUHANA JOKINEN



# Barley sourcing

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



### 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 Jan-Sep 2020,  
Altia's use of  
Finnish barley  
reached 160 (157)  
million kilos.*



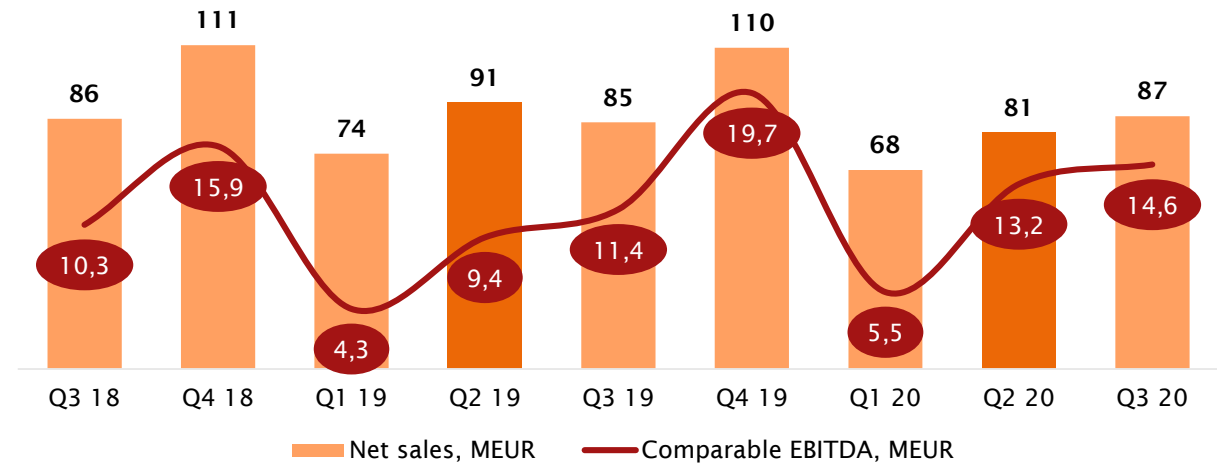
# Q1-Q3: Significant profitability improvement

ALTIA INDUSTRIAL, MONOPOLY SALES AND COST SAVINGS

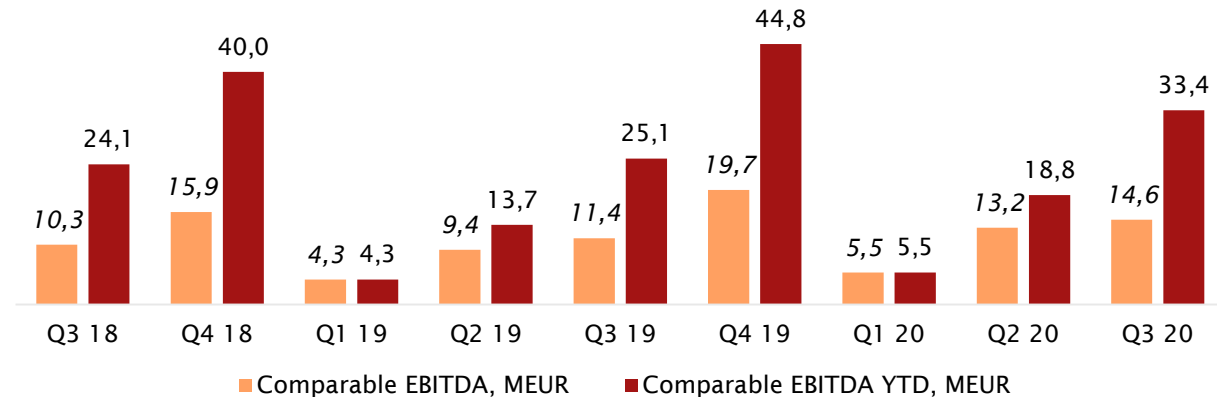
## Q1-Q3 20:

- Comparable EBITDA improved by 33% or EUR 8.3 million to EUR 33.4 (25.1) 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	Q3 20	Q3 19	Change	Q1-Q3 20	Q1-Q3 19	Change	2019
<b>Finland &amp; Exports</b>	5.5	5.0	+9.3%	13.8	13.3	+3.9%	20.6
<i>% of net sales</i>	18.4	16.1		16.6	14.6		16.0
<b>Scandinavia</b>	1.9	1.3	+47.8%	4.7	3.0	+58.9%	12.1
<i>% of net sales</i>	7.1	5.1		6.1	3.9		10.0
<b>Altia Industrial</b>	6.5	3.6	+83.5%	13.6	6.9	+97.9%	11.4
<i>% of net sales</i>	22.2	12.8		18.0	8.3		10.4
<b>Other</b>	0.7	1.5		1.3	2.0		0.7
<b>Total</b>	14.6	11.4	+28.5%	33.4	25.1	+33.1%	44.8
<i>% of net sales</i>	16.9	13.5		14.2	10.1		12.4

### Q1-Q3 20:

#### Finland & Exports

- Strong monopoly sales, revenue management and cost savings
- Significant shortfall from travel retail and exports net sales

#### Scandinavia

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

#### Altia Industrial

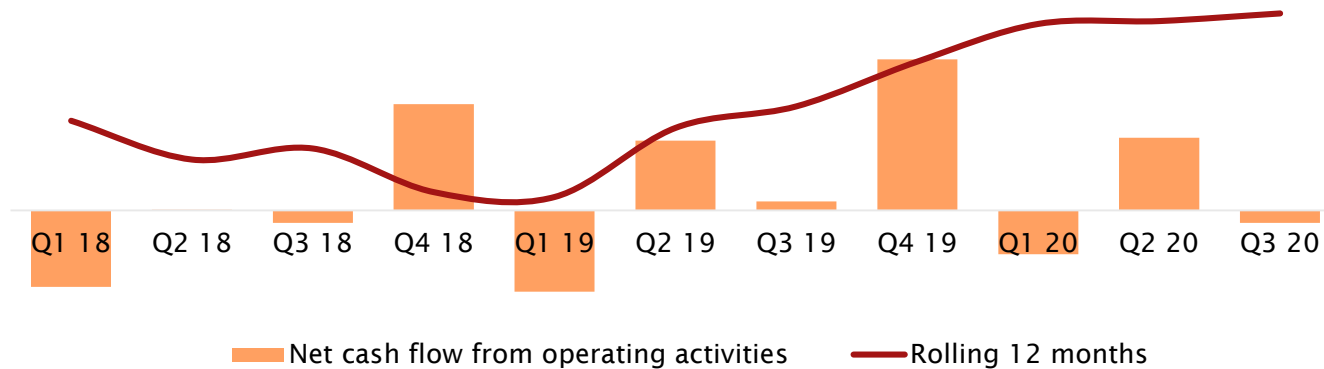
- Normalised barley price
- Positive development of technical ethanol
- Improved supply chain efficiencies



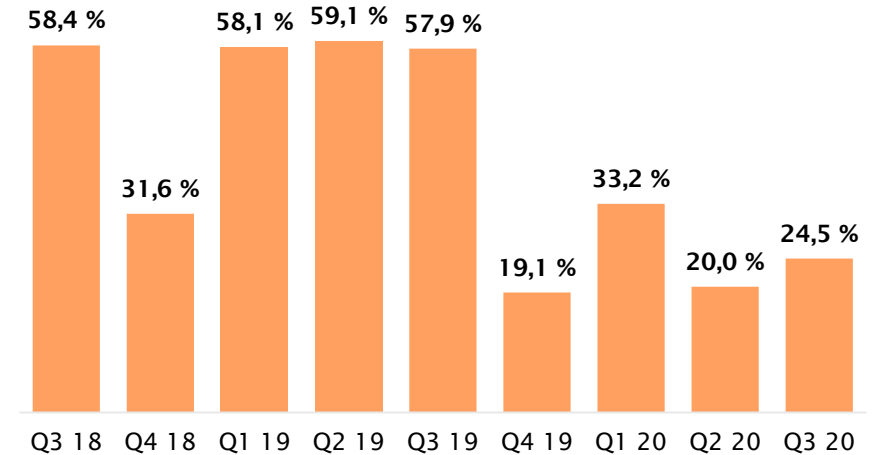
# Strong financial position

## SOLID NET CASH FLOW FROM OPERATIONS AND LIQUIDITY POSITION

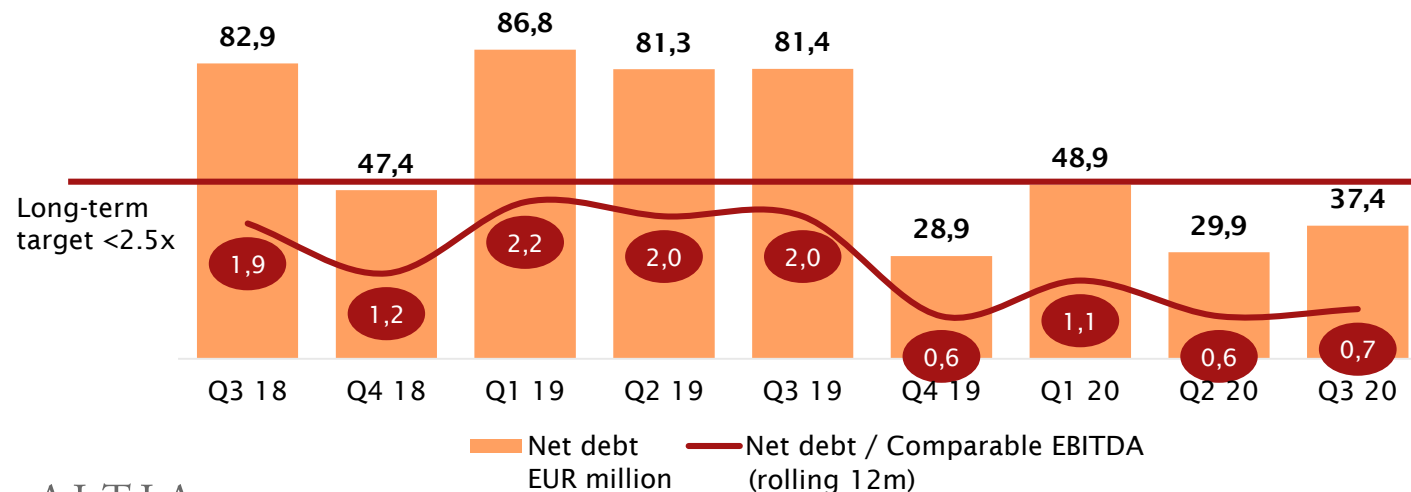
### Net cash flow from operating activities, MEUR



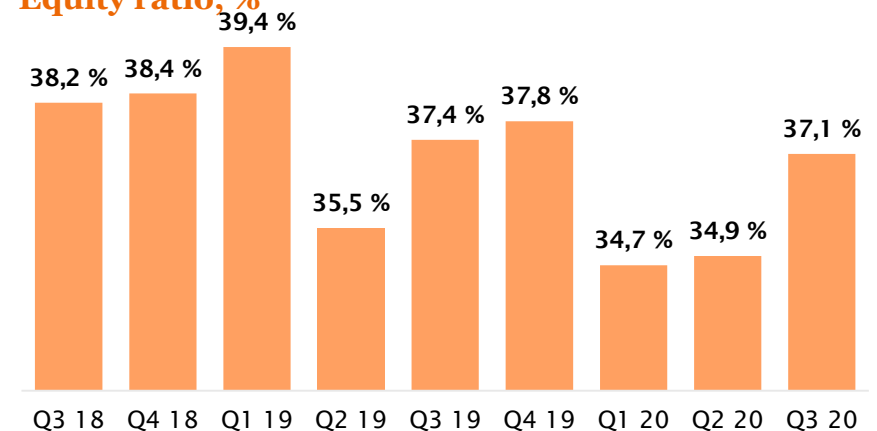
### Gearing, %



### Net debt



### Equity ratio, %





6 NOVEMBER 2020



# ALTIA

## Concluding remarks and Q&A

CEO PEKKA TENNILÄ



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

## MERGER OF ALTIA AND ARCUS

- A statutory cross-border absorption merger whereby Arcus ASA is merged into Altia Plc
- The name of the new company will be **ANORA GROUP**, it will be headquartered in Helsinki and listed on Nasdaq Helsinki with a temporary listing on Oslo Børs
- The shareholders of Arcus will receive 0.4618 new Altia shares for each share in Arcus
- Altia proposes to pay an extra dividend of EUR 0.40 per share prior to the completion, in addition to EUR 0.21 per share already authorised by Altia's AGM
- Ownership post completion: Altia shareholders 53.5% and Arcus shareholders 46.5%
- Key milestones:
  - 29 Sep Announcement of merger plan
  - 23 Oct Prospectus published
  - 12 Nov EGM's of Altia and Arcus
  - Q4 20 Dividend payment of 0.21e per share (authorised by AGM)
  - H1 21 Payment of extra dividend 0.40e per share
  - H1 21 Expected closing of the combination



# Updated guidance provided

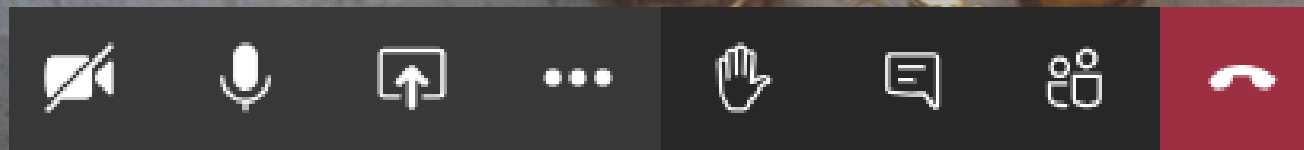
**DESPITE THE ESCALATED UNCERTAINTIES, ALTIA IS PROVIDING AN UPDATED GUIDANCE FOR 2020**

- Towards the rest of the year, the uncertainties related to COVID-19 have escalated and the negative impacts on Altia's last and most important quarter are expected to be substantial.
- The restrictions on social gatherings will limit the festive season and hence impact negatively the Christmas sales.
- Especially in Scandinavia, the sales volumes of glögg and aquavit are expected to be lower than in the previous year.
- Further, the significant negative impact on sales in travel retail is expected to continue.
- In Altia Industrial, the escalated uncertainties relate to the decreased demand for starch, the tight situation on the ethanol market, the lower contract manufacturing volumes and the expected higher cost base due to increased barley cost.
- **Despite the uncertainties in the fourth quarter, Altia is providing an updated guidance for 2020. Following the strong profitability development during the first nine months of the year, comparable EBITDA for 2020 is expected to be higher than in 2019.**





# Q&A



Raise your hand

Chat

Use \*6  
to mute or unmute  
microphone on your  
telephone



# Summary

Strong third quarter

In the monopolies  
volumes have  
remained at record-  
high level

Guidance  
updated:  
2020 comparable  
EBITDA expected  
to be higher than  
in 2019







# ALTIA

# Thank you

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**Next events**

**12 Nov: EGM**



# ALTIA





## KEY RATIOS

EUR million	Q3 20	Q3 19	Q1-Q3 20	Q1-Q3 19	2019
Net sales, EUR million	86.6	84.5	235.9	249.5	359.6
Comparable EBITDA, EUR million	14.6	11.4	33.4	25.1	44.8
% of net sales	16.9	13.5	14.2	10.1	12.4
EBITDA, EUR million	8.8	9.8	26.8	23.3	43.1
Comparable operating result, EUR million	10.3	6.9	20.3	11.6	26.8
% of net sales	11.9	8.2	8.6	4.7	7.5
Operating result, EUR million	4.5	5.3	13.7	9.8	25.1
Result for the period, EUR million	3.1	4.0	10.5	8.0	18.4
Earnings per share, EUR	0.08	0.11	0.29	0.22	0.51
Net cash flow from operating activities, EUR million	-4.4	3.2	5.9	-0.8	52.6
Net debt / comparable EBITDA, rolling 12 months	0.7	2.0	0.7	2.0	0.6
Average number of personnel	655	677	652	693	682

# QUARTERLY NET SALES AND COMPARABLE EBITDA BY SEGMENT

## Net sales by segment

EUR million	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	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	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	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>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>

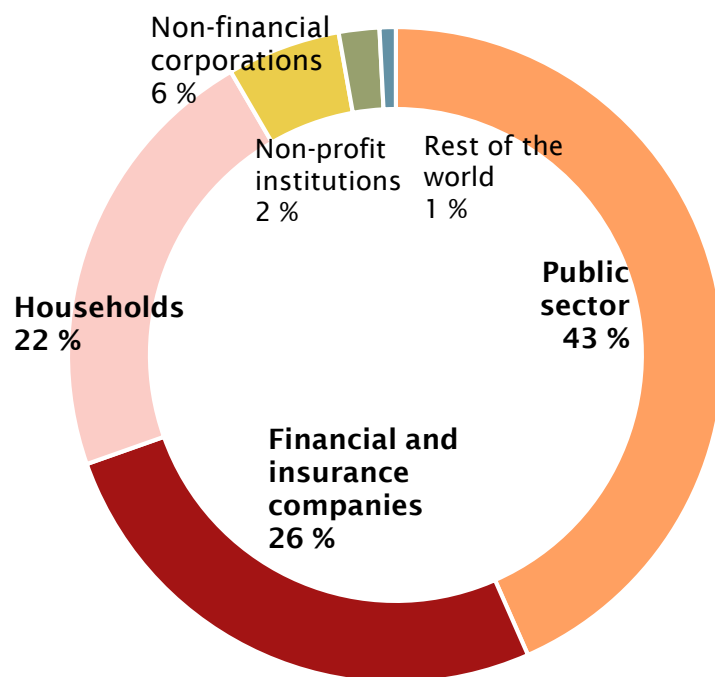
## Comparable EBITDA by segment

EUR million	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	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	1.9	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	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	0.7	-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>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	-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>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	-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>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>



# Shareholder structure

AS AT 31 OCTOBER 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	WestStar Oy	655 566	1.8
5	Veritas Pension Insurance Company Ltd.	420 000	1.2
6	FIM Fenno Sijoitusrahasto	151 025	0.4
7	Säästöpankki Kotimaa	150 000	0.4
8	Petter and Margit Forsström ´s Foundation	140 200	0.4
9	Mandatum Life Insurance Company Limited	138 798	0.4
10	Takanen Jorma	122 617	0.3
	<b>Top 10 total</b>	<b>17 038 987</b>	<b>47.1</b>
	<i>Nominee-registered shares</i>	8 926 197	24.7