

15 MAY 2019

ALTIA

Welcome to the  
Annual General Meeting!





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 bottom right corner, a portion of a dark glass bottle with a wooden stopper is visible. The lighting is dramatic, highlighting the textures of the wood and the freshness of the mint.

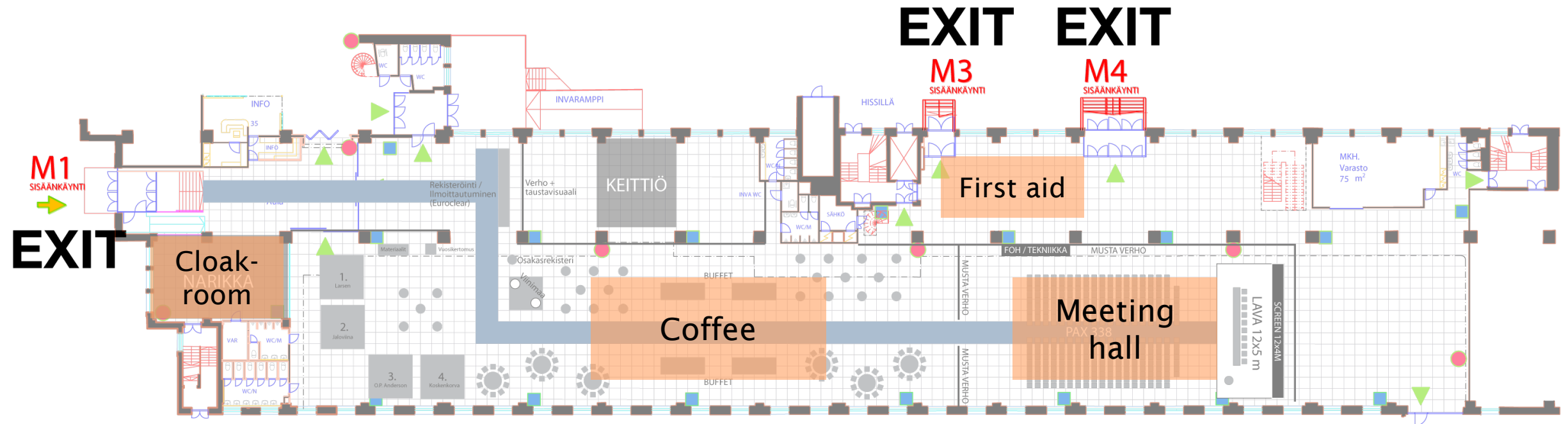
# ALTIA

## Safety

HANNU TUOMINEN

SVP, ALTIA INDUSTRIAL

# Safety instructions





# Occupational safety is a priority at Altia

## DEVELOPING OCCUPATIONAL SAFETY AS PART OF OUR DAILY WORK

- Welbeing and occupational safety of employees is one of the cornerstones of Altia's responsibility program
- We want to promote a culture of caring
- Occupational safety culture is strongly developed
  - Number of preventive observations is growing
  - Assessment of occupational safety risks is renewed
  - Investigation of accidents developed
  - Continuous education and communications
- Our goal is zero accidents





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 bottom right corner, a portion of a dark glass bottle with a wooden stopper is visible. The lighting is dramatic, highlighting the textures of the wood, the ice, and the mint leaves.

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**Chairman of the  
Board of Directors**

SANNA SUVANTO-HARSAAE





**Sanna Suvanto-Harsaae**

Chairman of the Board of Directors



**Kai Telanne**

Vice Chairman of the Board of Directors



**Kim Henriksson**

Member of the Board of Directors



**Annikka Hurme**

Member of the Board of Directors



**Tiina Lencioni**

Member of the Board of Directors



**Jukka Ohtola**

Member of the Board of Directors



**Torsten Steenholt**

Member of the Board of Directors



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 cozy and natural atmosphere.

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Annual General Meeting

- 1. OPENING OF THE MEETING**
- 2. CALLING THE MEETING TO ORDER**
- 3. ELECTION OF PERSONS TO EXAMINE THE MINUTES AND SUPERVISE THE COUNTING OF VOTES**
- 4. RECORDING THE LEGALITY OF THE MEETING**
- 5. RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES**
- 6. PRESENTATION OF THE 2018 FINANCIAL STATEMENTS, THE REPORT BY THE BOARD OF DIRECTORS AND THE AUDITORS' REPORT**



A glass of crushed ice with a sprig of mint leaves on a rustic wooden background.

# ALTIA

## Remuneration in year 2018

SANNA SUVANTO-HARSAAE

CHAIRMAN OF THE BOARD OF DIRECTORS



# Objectives of the remuneration of management

## GROWING THE VALUE OF THE COMPANY IN LONG-TERM

- Align the interest of Altia's management with those of the company's shareholders
- Commit the management in short and long-term to achieving Altia's financial and strategic targets
- Reward for excellent performance and financial success of Altia
- The strategy and development phase of the company are considered when determining the remuneration



# Remuneration of CEO and other Executives in 2018

	CEO	Other executives
<b>Fixed base salary</b>	314 612 euros	Total 1 040 111 euros
<b>Retirement age</b>	63 years Pension in accordance with the Employees' Pensions Act CEO does not have a supplementary pension insurance paid by the company	In accordance with the Employees' Pensions Act
<b>Period of notice and severance payment</b>	6 months + 6 months	6 months + 6 months
<b>One-off reward 2018</b>	300 000 euros	Total 753 465 euros



# Incentive schemes of CEO and other Executives

CEO and the members of the Executive Management Team	
<b>Annual incentive</b>	<p>70 % operational targets of the group 30 % personal targets</p> <p><b>2019:</b> target level 30 % of the annual salary and maximum level 60 % of the annual salary <b>2019:</b> operational target is the improvement of comparable EBITDA</p>
<b>Long-term incentive</b>	<p>Incentive scheme for years 2017–2019 targets to increase shareholder value and favorable development of net sales, awards are paid during 2020–2022</p> <p>Share-based incentive scheme for years 2019–2021 aims at development of relative total shareholder return on Altia’s share and earnings per share (EPS), paid in spring 2022</p>
<p>The combined amount of variable compensation paid to an individual participant in any given year, including the long and short term incentive scheme, may not exceed 120% of the annual gross base salary.</p>	

ALTIA





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 bottom right corner, the neck and cork of a dark glass bottle, presumably Altia, are visible. The lighting is dramatic, highlighting the textures of the wood, the ice, and the mint leaves.

# ALTIA

## Review by the CEO

PEKKA TENNILÄ





**Hannu  
Tuominen**  
SVP,  
ALTIA INDUSTRIAL

**Kirsi  
Lehtola**  
SVP, HR

**Janne  
Halttunen**  
SVP,  
SCANDINAVIA

**Pekka  
Tennilä**  
CEO

**Kirsi  
Puntila**  
SVP,  
MARKETING

**Kari  
Kilpinen**  
SVP, FINLAND &  
EXPORTS

**Niklas  
Nylander**  
CFO



# Altia is the leading Nordic alcoholic beverage brand house

## Market position in the Nordics

Spirits  
**#1** | Wines  
**#1**

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

# We are the Nordic iconic beverage brands





# Altia's year 2018

Growth of the Nordic  
Core brands



New strategic partnerships  
strengthened our market  
position in Sweden

Rajamäki factory 130 years

Baltic Sea Action Group



At the end of 2018  
approximately 18 000  
shareholders

Variable product launches in all  
wine categories

Expansion to new channels



Koskenkorva distillery used  
211.7 million kilos of Finnish  
barley

# Challenging operational environment

- Barley harvest was weak due to the dry summer and barley price increased significantly by the end of the year
- Weak SEK and NOK impacted the reported figures
- Other significant events in the Finnish operational environment:
  - Renewal of the Alcohol Act in January 2018
  - Excise duty of alcohol was increased in January 2018 and again in 2019





# Key figures 2018

Reported net sales

**357.3**

(359.0)

EUR million

Comparable EBITDA margin

**11.2 %**

(11.8)

of net sales

Earnings per share, EUR

**0.42**

(0.51)

Produced or imported  
beverages

**95.1**

(93.8)

million litres

Average waste recycling &  
reutilisation rate

**99.7 %**

(99.5)

Average number of  
employees

**718**

(762)

*Net sales  
grew by 1.4%  
in constant  
currencies*

# Our operations are divided into three segments



## Finland & Exports

Net sales

**134**

(134)

EUR million

Comparable  
EBITDA margin

**14.3%**

(14.6)



## Scandinavia

Net sales

**118**

(124)

EUR million

Comparable  
EBITDA margin

**8.6%**

(9.3)



## Altia Industrial

Net sales

**106**

(101)

EUR million

Comparable  
EBITDA margin

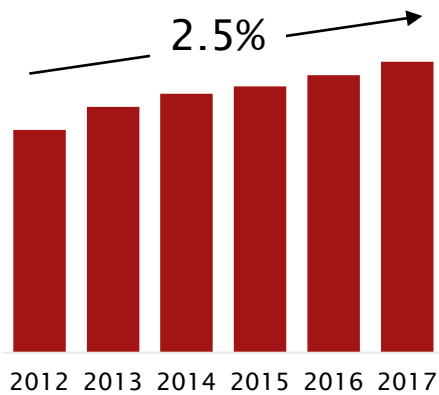
**10.3%**

(12.3)

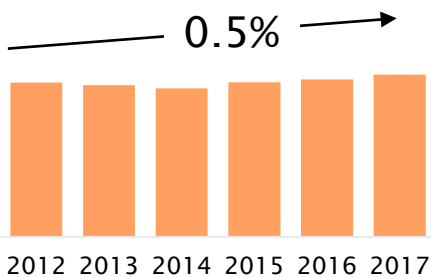


# Large and stable Nordic market

Wines



Spirits



## Growth outlook 2018-2022

Wines  
**2.6 %**

Spirits  
**2.3 %**

Total  
**2.5 %**

\*) Source: Euromonitor International Ltd. Alcoholic Drinks data 2018 edition (May 2018). Nordic markets=Finland, Sweden, Norway and Denmark. All forecasts CAGR. Valua has been counted from consumer price, using fixed currency and market prices of 2017.

# Our innovation capability enables us to respond to market trends





# Extensive selection of low-alc products



# Key digital channels reaching the consumers



**viinimaa**

Visitors  
**+86 %**

**In Finland:  
[www.viinimaa.fi](http://www.viinimaa.fi)**

**folkfolk**

Visitors  
**+32 %**

**In Sweden:  
[www.folkofolk.se](http://www.folkofolk.se)**



**In Germany:  
[www.nordicspirits.com](http://www.nordicspirits.com)**



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# Let's drink better

Altia wants to support the development of a modern and responsible Nordic drinking culture





# The green company of the year

Awarded fore-runner of circular economy

Own bio power plant at Koskenkorva

the  
drinks business  
**GREEN  
AWARDS**  
2018

**1100**

Hectares of  
groundwater area

**210**

Million kilos of  
Finnish barley  
in one year

**60%**

Fuel self-  
sufficiency rate  
in steam  
production

**50%**

Decrease in  
CO2  
emissions



# Employees

Altians last  
year

**718**

Accident  
Absence rate

**13**

Sickness  
absence

**3.4%**

Duration of  
employment average

**10.9 years**



# Our financial targets aim towards stable shareholder returns

Net sales growth	<b>+2 %</b> CAGR
Comparable EBITDA margin	<b>15 %</b>
Net debt / comparable EBITDA	<b>&lt;2.5x</b>
Dividend policy	<b>≥60 %</b> of the result for the period



# The core of our strategy: to deliver profitable growth



Growth and  
profitability  
through the  
five strategic  
streams

## Commercial battles

- 1 Grow Nordic Core Brands**
- 2 Execute a step change in wines**
- 3 Strengthen strategic partnerships**
- 4 Channel expansion and development**
- 5 Fund and enable growth  
– continuous improvement of overall efficiency**

# Q1 2019: Stable net sales development, timing of Easter and high raw material costs impacted profitability

Reported net sales

**73.8** (73.5)

EUR million

Comparable EBITDA

**4.3** (5.2)

EUR million

Comparable EBITDA margin

**5.8%** (7.0%)

Comparable EBITDA  
without IFRS 16 impact

**3.2**

EUR million

*Net sales  
grew by 1.3%  
in constant  
currencies*



# Guidance 2019

- The comparable EBITDA is expected to improve from the 2018 level.
  - The positive trend of Altia's Nordic core brand portfolio is expected to continue.
  - Market development in Finland is expected to flatten out in comparison to 2018 and the markets in Sweden and Norway are expected to grow.
  - The negative impact of the increased barley cost will be reflected in high raw material costs, especially in the first quarters of the year.
  - The guidance assumes a normal harvest in 2019.
- In addition, the impact from the implementation of the new IFRS 16 standard is expected to improve comparable EBITDA by EUR 3-4 million.





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

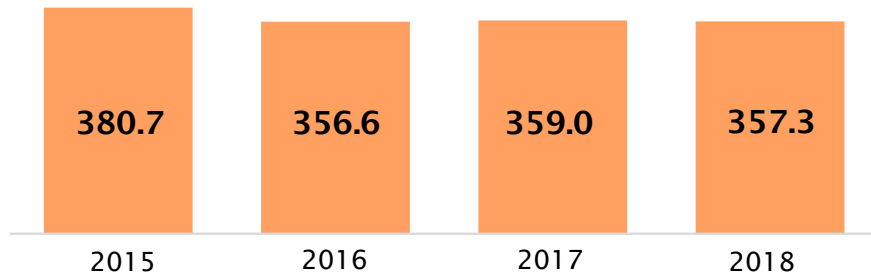
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Financial Statements 2018



# Our operations are based on profitable growth

## Net sales (EURm)

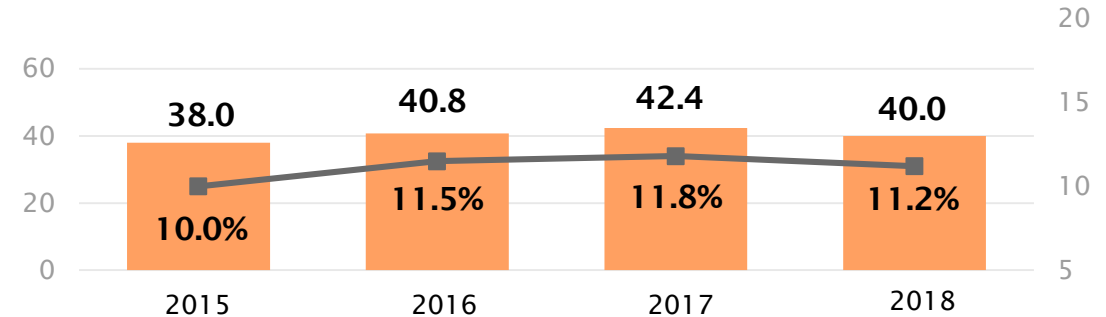


Stable and diversified revenue streams underpinned by non-cyclical underlying consumption of wine and spirits

## Seasonality

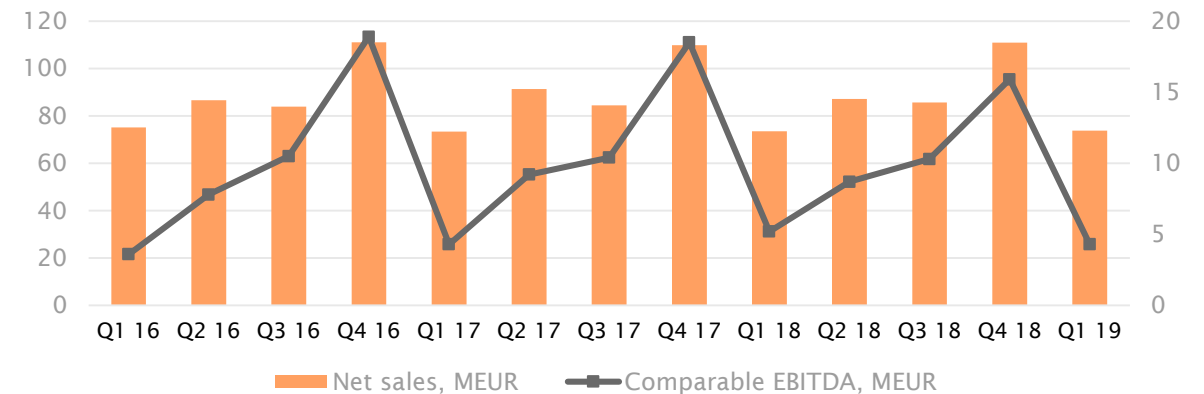
- Altia's business is characterised by substantial seasonality.
- Revenues typically lower in Q1, a large amount of revenue and cash flow generated in Q4.
- Significant fluctuations also in net working capital.

## Comparable EBITDA (EURm) and comparable EBITDA margin %



Clear strategic initiatives to improve profitability

## Quarterly net sales and comparable EBITDA (EURm)



# Consolidated income statement

EUR million	2018	2017
<b>NET SALES</b>	<b>357.3</b>	<b>359.0</b>
Other operating income	7.4	8.3
Materials and services	-206.8	-202.0
Employee benefit expenses	-49.9	-52.0
Other operating expenses	-73.9	-72.9
Depreciation, amortisation and impairment	-14.4	-14.2
<b>OPERATING RESULT</b>	<b>19.7</b>	<b>26.1</b>
Finance income	3.5	4.5
Finance expenses	-5.8	-6.4
Share of profit in associates and income from interests in joint operations	1.2	0.9
<b>RESULT BEFORE TAXES</b>	<b>18.6</b>	<b>25.0</b>
Income tax expense	-3.6	-6.7
<b>RESULT FOR THE PERIOD</b>	<b>15.1</b>	<b>18.3</b>
<b>Result for the period attributable to:</b>		
Owners of the parent	15.1	18.3
<b>Earnings per share for the result attributable to owners of the parent, EUR</b>		
Basic and diluted	<b>0.42</b>	<b>0.51</b>



# Consolidated balance sheet

EUR million	2018	2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	80.7	82.1
Other intangible assets	29.6	34.4
Property, plant and equipment	64.6	67.4
Investments in associates and interests in joint operations	7.9	7.6
Available-for-sale financial assets	1.4	1.4
Other receivables	-	1.0
Deferred tax assets	-	1.0
<b>Total non-current assets</b>	0.8	194.8
<b>Current assets</b>		
Inventories	99.6	94.5
Contract assets	0.2	-
Trade and other receivables	60.9	53.9
Current tax assets	2.5	2.8
Cash and cash equivalents	42.0	52.4
<b>Total current assets</b>	205.3	203.6
<b>TOTAL ASSETS</b>	390.4	398.4

EUR million	2018	2017
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	60.5	60.5
Invested unrestricted equity fund	1.2	-
Fair value reserve	0.6	0.6
Hedge reserve	0.0	-0.3
Translation differences	-19.6	-16.0
Retained earnings	107.3	92.0
<b>Total equity</b>	150.1	136.8
<b>Non-current liabilities</b>		
Deferred tax liabilities	16.8	17.7
Borrowings	82.7	89.1
Employee benefit obligations	1.3	1.3
<b>Total non-current liabilities</b>	100.8	108.2
<b>Current liabilities</b>		
Borrowings	6.7	11.0
Provisions	0.5	-
Trade and other payables	131.4	137.4
Contract liabilities	0.6	
Current tax liabilities	0.4	5.0
<b>Total current liabilities</b>	139.5	153.4
<b>Total liabilities</b>	240.3	261.6
<b>TOTAL EQUITY AND LIABILITIES</b>	390.4	398.4

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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 bottom right corner, a portion of a dark glass bottle with a wooden stopper is visible. The lighting is soft, creating a moody and natural aesthetic.

# ALTIA

## Auditor's Report

YLVA ERIKSSON

AUTHORISED PUBLIC ACCOUNTANT, LEAD AUDIT PARTNER

PRICEWATERHOUSECOOPERS OY (PWC)

# Auditor's Report 2018

## Altia Oyj AGM



**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

**Ylva Eriksson**  
Authorised Public Accountant, Lead audit partner



# Audit 2018

## What we have audited

- Consolidated financial statements
- Parent company financial statements

## Scope of the consolidated financial statements audit

- Parent company and all significant subsidiaries
- Comprise the vast majority of the group's net sales, assets and liabilities

## Key audit matters

- Revenue recognition
- Valuation of goodwill
- Valuation of inventories

# To the Annual General Meeting of Altia Oyj

## In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Helsinki 11 February 2019

**PricewaterhouseCoopers Oy**

Authorised Public Accountants

Ylva Eriksson

Authorised Public Accountant (KHT)



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## **7. ADOPTION OF THE FINANCIAL STATEMENTS**



## **8. RESOLUTION OF THE USE OF PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDENT**

# Dividend

- According to the Financial Statements, on 31 December 2018, the parent company's distributable funds amounted to EUR 72 084 125.87, including profit for the period of EUR 14 102 839.85.
- The Board of Directors proposes to the Annual General Meeting that a **dividend of EUR 0.38 per share** be paid for the financial year 2018. The dividend will be paid to a shareholder registered in the shareholders' register held by Euroclear Finland Oy on the record date of the payment, i.e. 17 May 2019. The Board of Directors proposes that the dividend **be paid on 24 May 2019**.





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## **8. RESOLUTION OF THE USE OF PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDENT**



## **9. RESOLUTION ON THE DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO OF LIABILITY**

- 10. RESOLUTION OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**
- 11. RESOLUTION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS**
- 12. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**



A glass of crushed ice with a sprig of mint leaves on a rustic wooden background.

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# Proposals by the Shareholders' Nomination Board

JARMO VÄISÄNEN

CHAIRMAN OF THE SHAREHOLDERS'S NOMINATION BOARD

# Composition of the Shareholders' Nomination Board

- The members of Altia's Shareholders' Nomination Board are:
  - **Jarmo Väisänen**, the Ownership Steering Department in the Prime Minister's Office, Chairman of the Shareholders' Nomination Board
  - **Hanna Kaskela**, Varma Mutual Pension Insurance Company
  - **Annika Ekman**, Ilmarinen Mutual Pension Insurance Company
- In addition, the Chairman of Altia's Board of Directors, Sanna Suvanto-Harsaae acts as an expert member in the Nomination Board.
- The Nomination Board consists of three persons nominated by the shareholders as members. The members of the Nomination Board shall represent Altia's three largest shareholders who represent the largest number of votes of all Altia's shares on the first banking day of September each year as determined based on Altia's shareholder register maintained by Euroclear Finland Ltd, and wish to nominate a member to the Nomination Board.



# Proposal on the remuneration of the Board of Directors

- The Shareholders' Nomination Board proposes to the Annual General Meeting that the remuneration to be paid to the members of the Board of Directors during the next term would consist of a monthly term of office fee as follows:
  - EUR 4 000 per month, Chairman
  - EUR 2 500 per month, Vice Chairman
  - EUR 2 000 per month, member
- In addition to the monthly fee, the Board members would receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting for Board members residing in Finland and EUR 1 200 per meeting for Board members residing abroad. Travel expenses would be reimbursed in accordance with the company's travel policy.

# **Proposal on the number of members and composition of the Board of Directors**

- The Shareholders' Nomination Board proposes to the Annual General Meeting that the number of members of the Board of Directors would be seven (7).
- Further, the Nomination Board proposes that of the present members Kim Henriksson, Tiina Lencioni, Jukka Ohtola, Torsten Steenholt, Sanna Suvanto-Harsaae and Kai Telanne would be re-elected.
- Anette Rosengren would be elected as a new member.
- Further, the Nomination Board proposes that Sanna Suvanto-Harsaae would be elected as Chairman and Kai Telanne as Vice Chairman of the Board of Directors.
- The Board members' term lasts until the end of the next Annual General Meeting.



# Proposed new member of the Board of Directors

## Anette Rosengren

B. Sc. Marketing and Marketing Management  
Born 1966, Swedish citizen

- Career in the fast-moving consumer goods (FMCG) industry in both Sweden and outside the Nordic region
- Extensive experience in leading organisations and brands in business transformation
- Currently member of the Board of Directors at Greenfood Group
- Rosengren is independent of the company and the shareholders of the company



# **Proposal on the number of members and composition of the Board of Directors**

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- 10. RESOLUTION OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**
- 11. RESOLUTION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS**
- 12. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**



## **13. RESOLUTION OF THE REMUNERATION OF THE AUDITOR**

# Resolution of the remuneration of the auditor

- Based on the recommendation of the Audit Committee, the Board of Directors proposes that the auditor's fee is paid according to an invoice approved by the company.

## Altia's auditor in 2018

- PricewaterhouseCoopers Oy
- Principal auditor, APA, Ylva Eriksson
- Remuneration paid to PwC in 2018:
  - Auditing 0.3 EUR million
  - Other consulting of the Group (IPO and other) 0.6 EUR million
- Tendering last time in 2015, PwC from 2016



## **13. RESOLUTION OF THE REMUNERATION OF THE AUDITOR**

## 14.ELECTION OF THE AUDITOR



# The election of the auditor

- Board of Directors proposes to Annual General Meeting, based on the Audit Committee's recommendation, that PricewaterhouseCoopers Oy will be re-elected as the company's auditor for the financial period 2019.
- PricewaterhouseCoopers Oy has declared that that APA Ylva Eriksson would continue serving as the principal auditor.

## Altia's auditor in 2018

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  - Auditing 0.3 EUR million
  - Other consulting of the Group (IPO and other) 0.6 EUR million
- Tendering last time in 2015, PwC from 2016

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**14. ELECTION OF THE AUDITOR**

**15. CLOSING OF THE MEETING**

A glass filled with crushed ice and a sprig of fresh mint leaves is placed on a rustic wooden surface. The glass is partially filled with ice, and the mint leaves are vibrant green. The background is a dark, textured wooden surface.

ALTIA

Thank you for attending!

A dark glass bottle with a wooden cap is visible in the bottom right corner of the image. The bottle appears to be a beverage container, and the cap is made of light-colored wood.