



7 FEBRUARY 2019

ALTIA

Full-year results presentation

CEO PEKKA TENNILÄ

CFO NIKLAS NYLANDER

Agenda

1. Highlights
2. Market
3. Business & segments
4. Financials
5. Strategy
6. Q&A

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 Nordic iconic brands

WE OPERATE ON THE STABLE AND PROFITABLE
NORDIC MARKETS

the drinks business
**GREEN
AWARDS**
2018



Market positions in the Nordic Region

Spirits Wines

#1 | **#1**

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

Exports to
approx. 30
countries

Market position
#1 Spirits | **#3** Wines

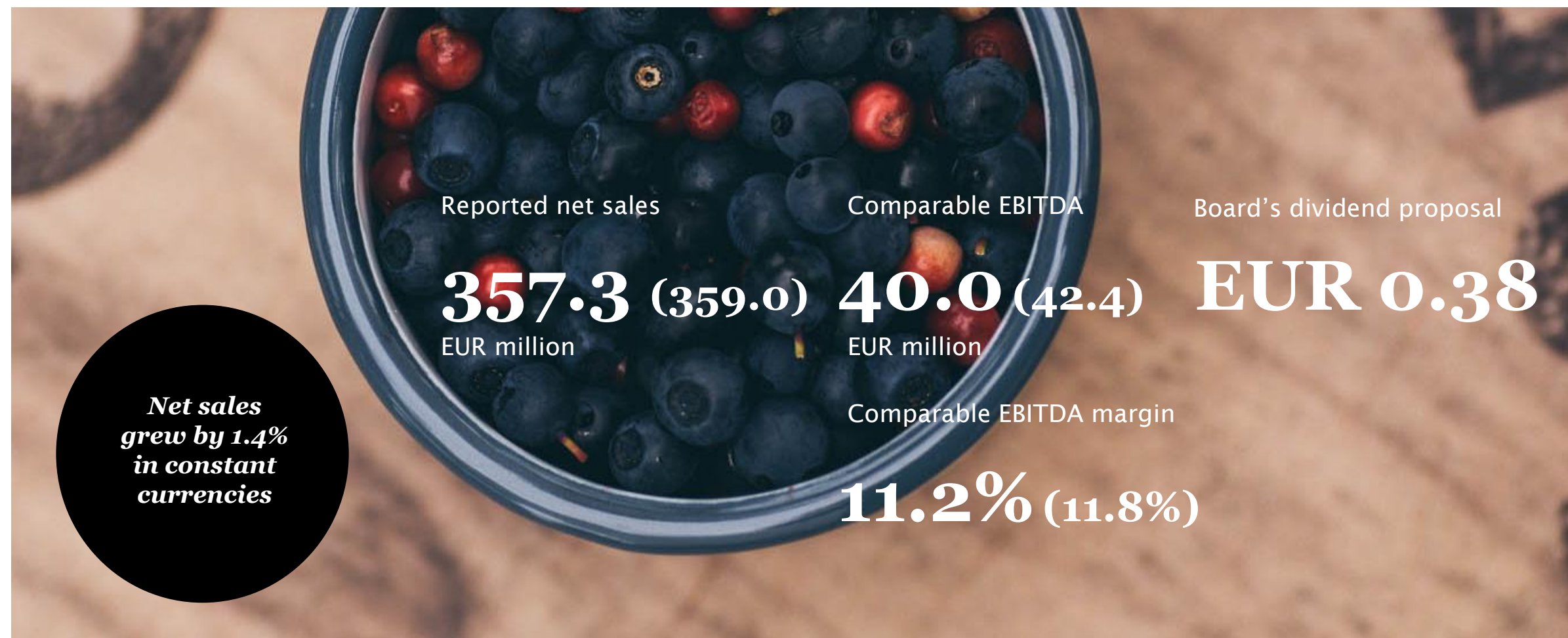
Market position
#1 Spirits | **#1** Wines

Market position
Travel retail
in Nordic
and Baltic
region

#3
Spirits

Challenging operating environment impacted 2018 results

HIGHLIGHTS FROM 2018



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, %	Q4 18	Q4 17	2018	2017
Finland, total sales	-2.7	+0.3	-3.3	-0.2
Spirits	-2.4	+0.1	-3.6	-0.4
Wine	-2.8	+0.4	-3.2	-0.1
Sweden, total sales	+2.9	+0.9	+2.1	+0.2
Spirits	+4.1	+1.0	+2.7	+0.9
Wine	+2.8	+0.9	+2.0	+0.2
Norway, total sales	+1.2	+0.9	+1.5	-1.1
Spirits	-0.3	-1.1	+0.1	-0.9
Wine	+1.5	+1.3	+1.7	-1.1

Source: Based on sales volumes by litre published by the state retail monopolies (Alko, Systembolaget, and Vinmonopolet).

- **Nordic spirits and wine market in total – volumes in the three retail monopolies up by 0.8%**
 - Spirits volumes -0.5%
 - Wine volumes +1.0%
- **Finland – overall lower volumes**
 - New Alcohol Act at the beginning of year 2018
 - Changes in excise duties in 2018 and again in 2019
 - Growing spirits categories were gin and Irish and American whiskeys, large volume categories like vodka and VS Cognac spirits declined
 - Sparkling, white and rosé wines grew, red wine declined
- **Sweden – driving growth in the Nordic region**
 - Growing spirits categories were gin, liqueurs (shots) and dark rums, whereas grape spirits and vodka declined
 - Sparkling, white and rosé wines grew, red wines declined
- **Norway – positive development driven by wine**
 - Good sales of liqueurs (shots) and gin, declining volumes in vodka and grape spirits
 - Sparkling, white and rosé wines driving growth

Net sales highlights

NEGATIVE CURRENCY IMPACT CONTINUED

- In constant currencies 1.4% above last year's level
- Reported net sales were EUR 357.3 (359.0) million
- Finland & Exports and Scandinavia at last year's level when excluding fx impact
- Altia Industrial's growth driven by price increases and good volumes in industrial products

EUR million	2018	2017	Reported growth	Adjusted growth*
Altia Group	357.3	359.0	-0.5%	1.4%
Finland & Exports	133.8	133.9	-0.1%	-0.1%
Scandinavia	117.7	123.7	-4.9%	0.6%
Altia Industrial	105.8	101.3	4.4%	4.4%

*) Growth in constant currencies

- Net sales of beverages in constant currencies is flat at 0.3%
- Growth in exports and grocery trade in Finland
- Spirits sales impacted by lower volumes in Finland, partner portfolio changes in Sweden and fx
- Positive volume development in wine offset by fx impact

EUR million	2018	2017	Change, %
Spirits	124.0	125.9	-1.5%
Wine	122.2	124.7	-2.0%
Other beverages	5.3	8.4	-36.5

Finland & Exports

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

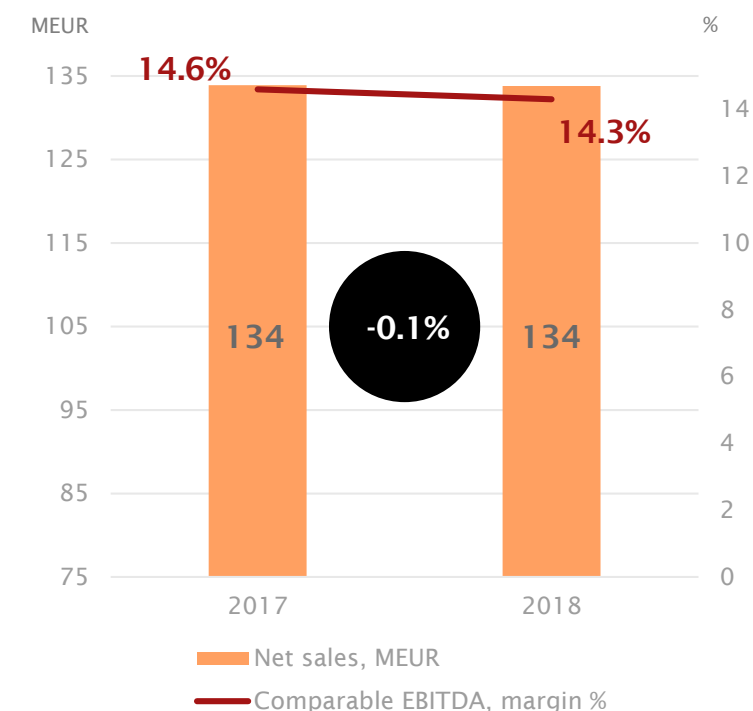
- Positive development in exports of Altia's Nordic brands continued
- Good development in the Finnish grocery trade
- Lower volumes in the Finnish retail monopoly throughout the year – Altia's market shares stable
- Travel retail and the Baltics at lower level

Product launches & events

- Koskenkorva won multiple prizes in Liqueurs Masters 2018



Key financials



Scandinavia

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



Highlights

- The Scandinavia segment has shown a stable development throughout the year, and the net sales in constant currencies grew by 0.6%
- Wine sales positive impact from a new partner and gained market share
- Spirits sales developed well in Norway, but declined in Sweden due to partner portfolio changes

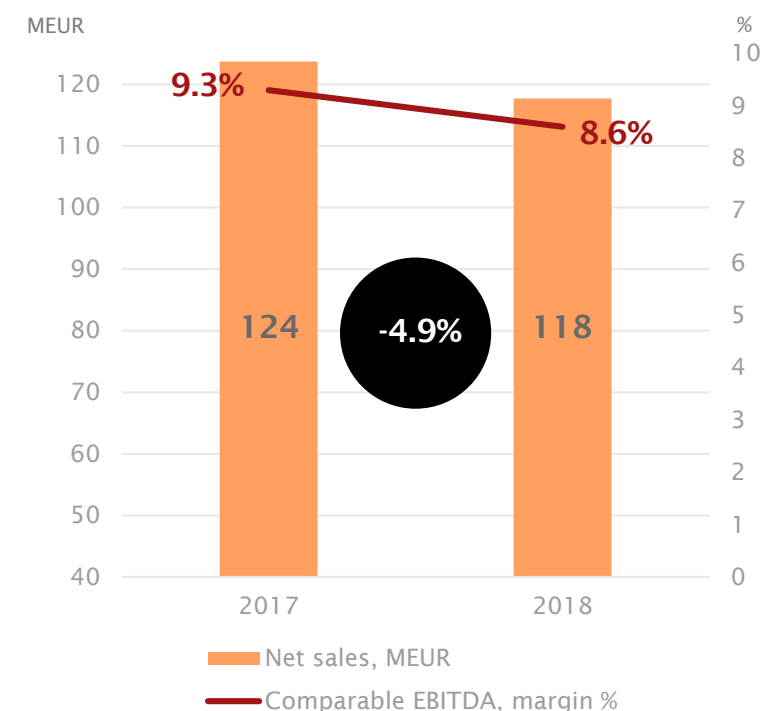
Product launches & events



folkfolk



Key financials



Altia Industrial

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 and logistics.



Highlights

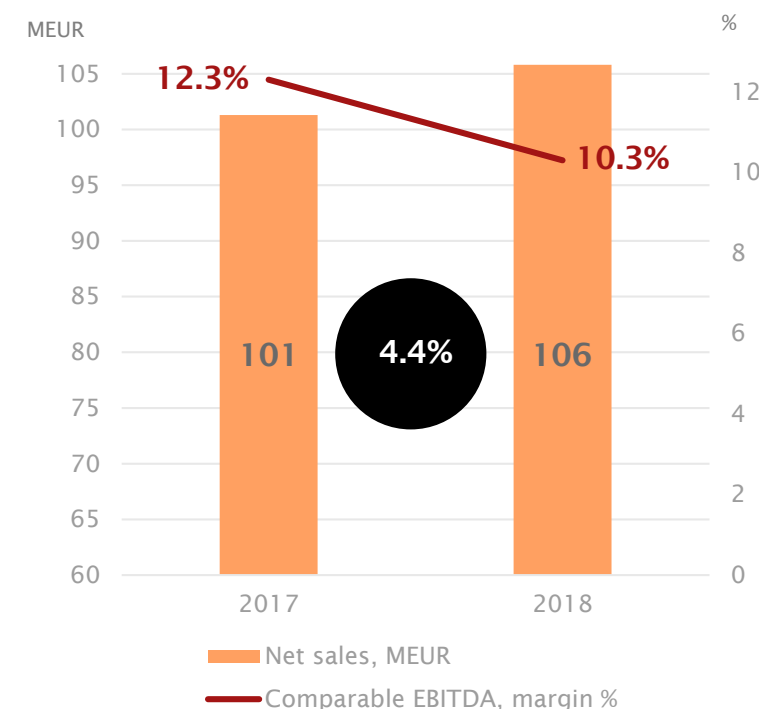
- Net sales grew by 4.4%
- The increase is driven by volumes in industrial products as well as price increases due to barley cost push
- Contract manufacturing volumes were slightly above last year's level

Production

- The use of grain at the Koskenkorva plant reached a record high of 211.7 (206.0) million kilos, an increase of 2.8% compared to the previous year
- The strong demand of starch has enabled the Koskenkorva plant to run at full capacity throughout the year.
- In 2018, the Rajamäki alcoholic beverage plant produced 64.7 (63.4) million litres of spirits and wine.



Key financials





ALTIA

Financials

CFO NIKLAS NYLANDER

Consolidated income statement

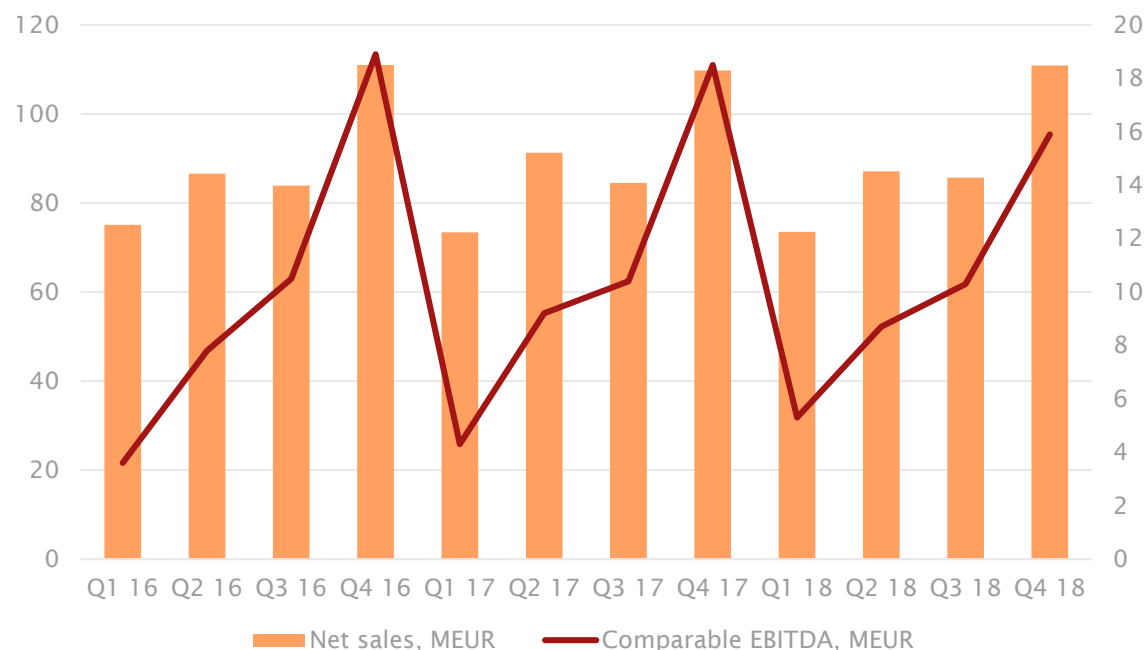
EUR million	2018	2017
NET SALES	357.3	359.0
Other operating income	7.4	8.3
Materials and services	-206.8	-202.0
Employee benefit expenses	-49.9	-52.0
Other operating expenses	-73.9	-72.9
Depreciation, amortisation and impairment	-14.4	-14.2
OPERATING RESULT	19.7	26.1
Finance income	3.5	4.5
Finance expenses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

Barley costs pushing down profitability in Q4 – together with weak currencies and the tax provision

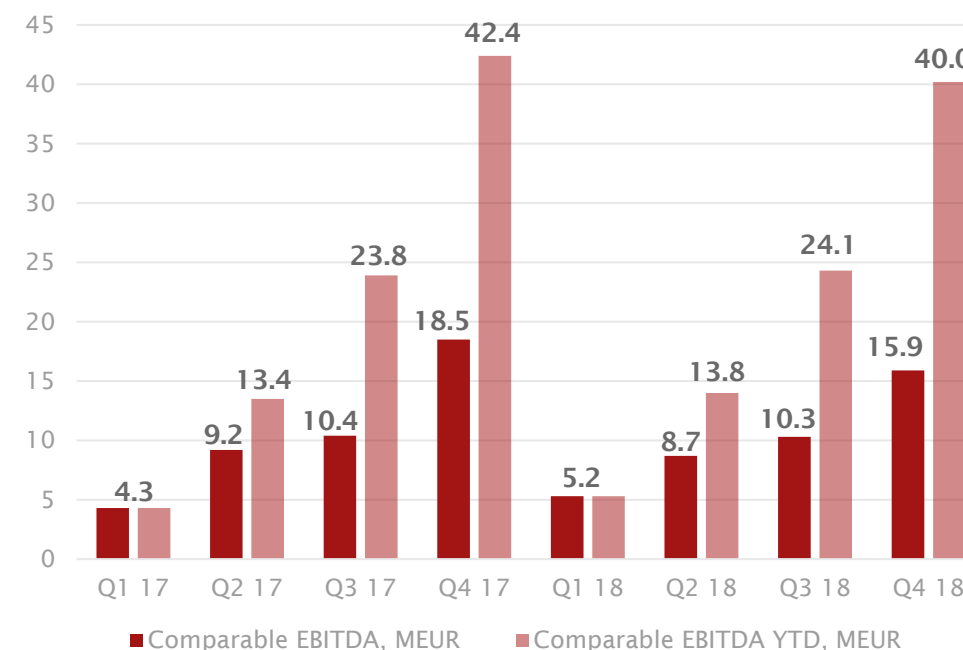
SEASONALITY AFFECTS NET SALES AND PROFITABILITY

- Comparable EBITDA was EUR 40.0 (42.4) million
- Comparable EBITDA margin was 11.2% (11.8%)
- Items affecting comparability amounted to EUR 6.0 (2.1) million related mainly to the IPO

Quarterly net sales and comparable EBITDA, EUR million

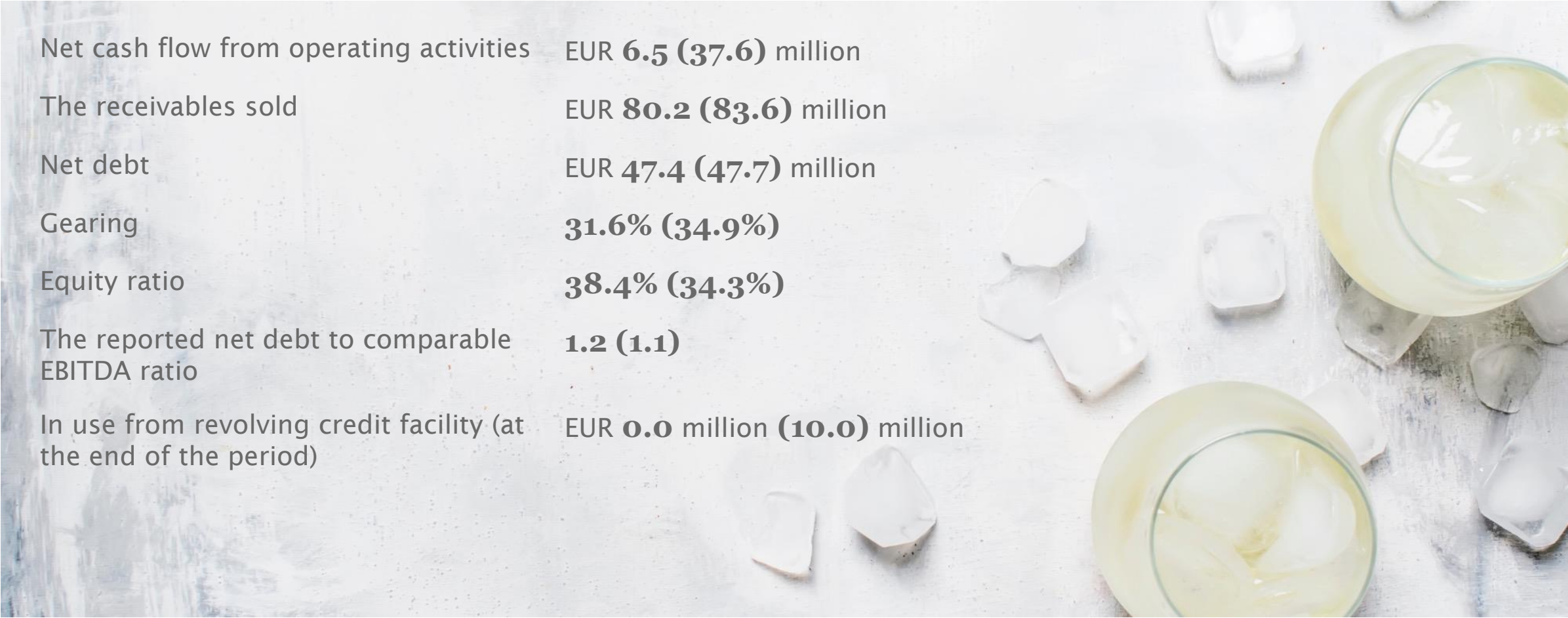


Quarterly and cumulative EBITDA, EUR million



Cash flow and balance sheet

AS AT 31 DECEMBER



Net cash flow from operating activities	EUR 6.5 (37.6) million
The receivables sold	EUR 80.2 (83.6) million
Net debt	EUR 47.4 (47.7) million
Gearing	31.6% (34.9%)
Equity ratio	38.4% (34.3%)
The reported net debt to comparable EBITDA ratio	1.2 (1.1)
In use from revolving credit facility (at the end of the period)	EUR 0.0 million (10.0) million

Cash flow from operations

EUR million	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Result before taxes	18.6	25.0
Adjustments		
Depreciation, amortisation and impairment	14.4	14.2
Share of profit in associates and income from investments in joint operations	-1.2	-0.9
Net gain on sale of non-current assets	-0.5	-1.6
Finance income and costs	2.3	1.9
Other adjustments	0.8	0.5
	15.7	14.1
Change in working capital		
Change in inventories, increase (-) / decrease (+)	-5.5	1.2
Change in contract assets, trade and other receivables, increase (-) / decrease (+)	-7.4	9.4
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)	-4.3	-2.6
Change in provisions, increase (+) / decrease (-)	-	-1.3
Change in working capital	-17.2	6.7
Interest paid	-1.4	-1.7
Interest received	0.1	0.3
Other finance income and expenses paid	-1.4	-2.2
Income taxes paid	-8.0	-4.6
Financial items and taxes	-10.6	-8.2
NET CASH FLOW FROM OPERATING ACTIVITIES	6.5	37.6

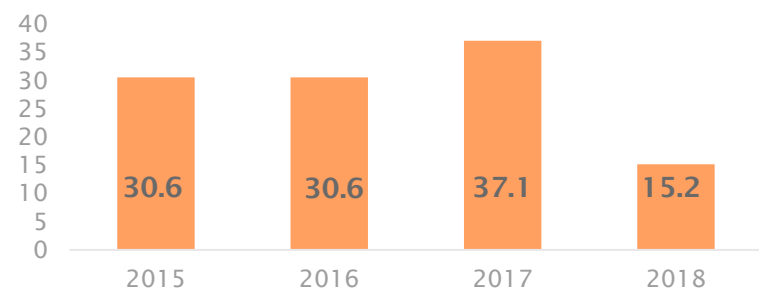
Items affecting comparability (MEUR 6) and barley impacts negatively cash generation.

Working capital level driven by barley and the export and grocery trade expansion.

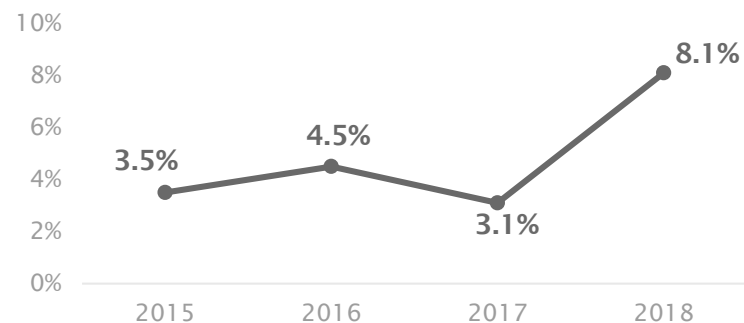
Too high tax estimate for the year.

Free cash flow impacted by negative development of working capital

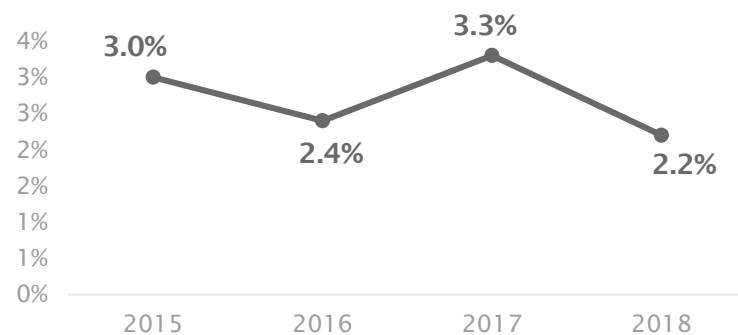
Free cash flow*, EUR million



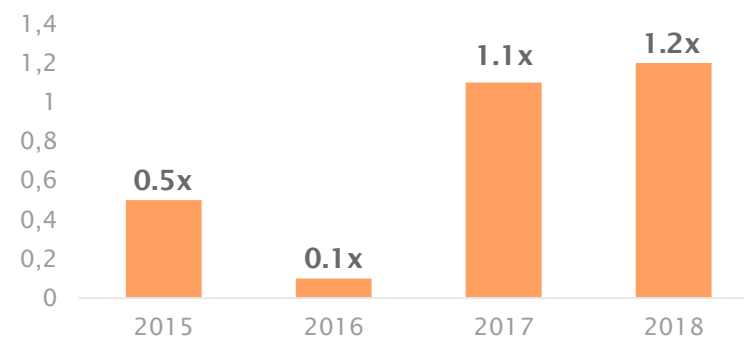
Net working capital / Net sales, %



Gross capex / Net sales, %



Net debt / Comparable EBITDA, ratio



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

New accounting standards: IFRS 16 Leases

NOT SIGNIFICANT IMPACT ON ALTIA

- Altia implements the standard by using a simplified approach (modified retrospective approach)
 - Comparative figures will not be restated
- Altia will recognise the accumulated effect of adopting IFRS 16 as an adjustment to equity at the beginning of 2019.
- Furthermore, Altia uses the other available reliefs to the widest possible extent, including the exclusion of leases with a term to maturity of less than 12 months and low-value leases.
- Based on Altia's preliminary impact assessment which is subject to changes, the implementation of IFRS 16 will increase the property, plant and equipment in its balance sheet, mainly due to current operating leases of premises, warehouses, cars and forklifts.
- In the opening balance of January 2019 when implementing IFRS 16 and calculated according the standard the Group's right of use assets and corresponding interest-bearing liabilities are estimated to be EUR 10.5 million.
- In the consolidated income statement, the operating expense will decrease approximately EUR 3–4 million, while depreciation and interest costs will reflect an increase as the lease expense is no longer classified as an operating expense. This will lead to an improvement in EBITDA. The analysis will be completed during the first quarter of 2019.



ALTIA

Strategy

CEO PEKKA TENNILÄ

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

The core of our strategy is to deliver profitable growth



Growth and profitability through the five strategic streams

Commercial battles

1 Grow Nordic Core Brands

- Expand into new geographical markets
- Innovate into new occasions and consumer segments

2 Execute a step change in wines

- Grow wine segment with innovations and higher level of co-operation with partners
- Focus on Sweden and Finland – monopoly channel

3 Strengthen strategic partnerships

- Expand and develop new business and co-operation models
- Growth through innovations and co-operation models

4 Channel expansion and development

- Retail
- E-commerce and other digital platforms

5 Fund and enable growth – continuous improvement of overall efficiency

- Efficiencies and new capabilities in the supply chain
- Organisational ways of working through simplification and digitalisation
- Product portfolio optimisation
- Continuous development of co-operation and industrial products offering

Active brand portfolio management

Altia continues to focus on active brand portfolio management, potential selective acquisitions and/or divestments

Strengthening the strategy execution

FURTHER INITIATIVES IDENTIFIED TO REACH LONG-TERM NET SALES AND PROFITABILITY TARGETS

Based on our strategy to create profitable growth, we have identified further specific initiatives to reach the earlier communicated long-term net sales and profitability targets.

Growth

Initiatives within:

- Revenue management
- Expansion in growing categories in Sweden and Norway
- Exports of Nordic core brands
- Grocery trade and RTD category

Efficiencies

Initiatives within:

- Procurement savings
- Supply chain efficiencies
- Product portfolio management
- Overall organisational efficiencies

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.





Q&A AND SUMMARY

Net sales grew
in constant currencies
by 1.4%: exports,
grocery trade in
Finland, Altia's own
wine brands

Further initiatives
identified to
strengthen
strategy execution

Board's dividend
proposal:
EUR 0.38 per share

Next events

Q1 Business review 8 May
Annual General Meeting 2019 on 15 May

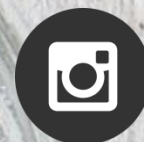


ALTIA

Thank you

www.altiagroup.com

IR: tua.stenius-ornhjelm@altiacorporation.com



Appendices



Key ratios

EUR million	Q4 18	Q4 17	2018	2017
Net sales, EUR million	110.9	109.8	357.3	359.0
Comparable EBITDA, EUR million	15.9	18.5	40.0	42.4
% of net sales	14.3	16.9	11.2	11.8
EBITDA, EUR million	14.4	16.3	34.0	40.3
Comparable operating result, EUR million	12.2	15.0	25.6	28.2
% of net sales	11.0	13.6	7.2	7.8
Operating result, EUR million	10.7	12.7	19.7	26.1
Result for the period, EUR million	8.6	8.0	15.1	18.3
Earnings per share, EUR	0.24	0.22	0.42	0.51
Net debt / comparable EBITDA, rolling 12 months	1.2	1.1	1.2	1.1
Average number of personnel	701	718	718	762

Quarterly net sales and comparable EBITDA by segment

Net sales by segment

EUR million	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	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	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	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	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	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	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	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	2.2	4.8	2.5	1.4	3.7	4.5	2.6	1.6	2.6	3.4	2.6	-0.2
Other	-0.6	-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	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	0.0	0.0	-0.4	-4.1	-2.2	0.7	-0.2	-0.5	15.7	1.6	2.8	-0.1
EBITDA	15.9	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	-3.6	-3.6	-3.5	-3.5	-3.6	-3.6	-3.5	-3.5	-3.7	-3.6	-3.6	-3.6
Operating result	12.3	6.6	4.8	-2.5	12.7	7.6	5.4	0.3	30.9	8.5	7.0	-0.0

Reconciliation of alternative performance measures (APM) and items affecting comparability (IAC)

EUR million	Q4 18	Q4 17	2018	2017
Items affecting comparability				
Net gains or losses from business and assets disposals	-	-	0.4	1.3
Cost for closure of business operations and restructurings	-0.8	-0.1	-1.1	-1.1
Major corporate projects				
Costs related to the closed voluntary pension scheme	-0.7	-	-0.7	-
Costs related to stock exchange listing	-	-2.2	-4.6	-2.4
Total items affecting comparability	-1.5	-2.2	-6.0	-2.1
Comparable EBITDA				
Operating result	10.7	12.7	19.7	26.1
Less:				
Depreciation, amortisation and impairment	3.7	3.6	14.4	14.2
Total items affecting comparability	1.5	2.2	6.0	2.1
Comparable EBITDA	15.9	18.5	40.0	42.4
% of net sales	14.3	16.9	11.2	11.8
Comparable EBIT				
Operating result	10.7	12.7	19.7	26.1
Less:				
Total items affecting comparability	1.5	2.2	6.0	2.1
Comparable EBIT	12.2	15.0	25.6	28.2
% of net sales	11.0	13.6	7.2	7.8

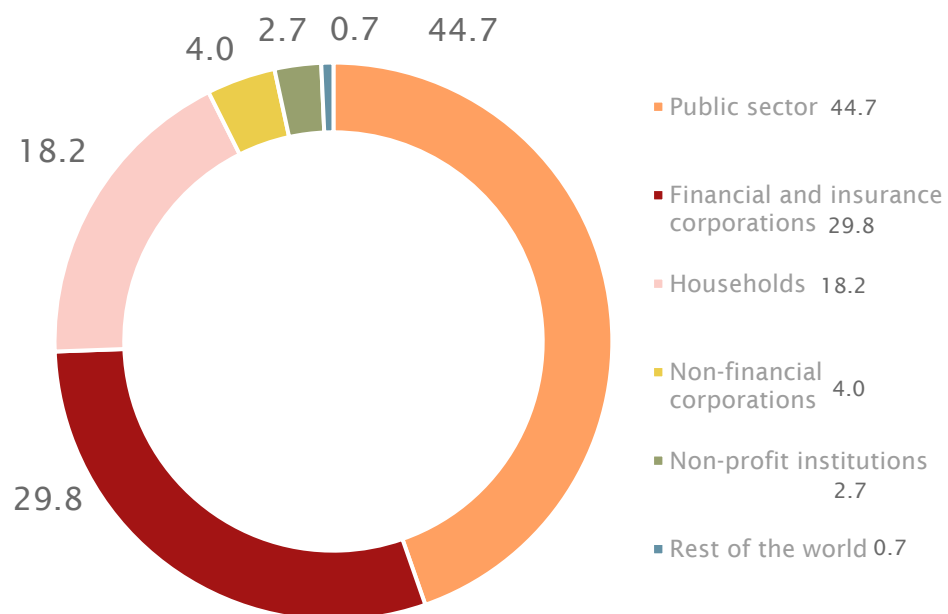
Consolidated balance sheet

EUR million	2018	2017
ASSETS		
Non-current assets		
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
Total non-current assets	0.8	194.8
Current assets		
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
Total current assets	205.3	203.6
TOTAL ASSETS	390.4	398.4

EUR million	2018	2017
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
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
Total equity	150.1	136.8
Non-current liabilities		
Deferred tax liabilities	16.8	17.7
Borrowings	82.7	89.1
Employee benefit obligations	1.3	1.3
Total non-current liabilities	100.8	108.2
Current liabilities		
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
Total current liabilities	139.5	153.4
Total liabilities	240.3	261.6
TOTAL EQUITY AND LIABILITIES		398.4

Shareholder structure

AS AT 31 DECEMBER 2018



	Shareholders	Number of shares	% of shares
1	Prime Minister's Office	13 097 481	36.2
2	Varma Mutual Pension Insurance Company	1 550 000	4.3
3	Ilmarinen Mutual Pension Insurance Company	1 088 300	3.0
4	OP-Finland Small Firms Fund	559 516	1.5
5	Åbo Akademi University Foundation	455 700	1.3
6	Veritas Pension Insurance Company Ltd.	404 895	1.1
7	Säästöpankki Pienyhtiöt	265 481	0.7
8	Mandatum Life Unit-Linked	181 301	0.5
9	Säästöpankki Kotimaa	150 000	0.4
10	Takanen Jorma	122 617	0.3
	Top 10 total	17 875 291	49.5
	Nominee-registered shares	9 659 252	26.7

Retail offering



ALTIA

7.2.2019