

A top-down view of a rustic wooden table. In the top left, a branch of juniper with green needles and small red berries lies across the frame. In the top right, a small wooden bowl is filled with dark blueberries, with a few more scattered on the table. In the bottom right, a glass of water with several ice cubes is visible. The text 'INVESTOR PRESENTATION' is in the top left, 'ALTIA' is in the center, and 'Leading Nordic alcoholic beverage brand company in the wine and spirits markets' and 'NOVEMBER 2019' are in the bottom left.

INVESTOR PRESENTATION

# ALTIA

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

NOVEMBER 2019



# Agenda

- p3 – ALTIA IN BRIEF
- p10 – MARKETS, TRENDS & INNOVATION
- p19 – STRATEGY
- p23 – FINANCIALS
- p28 – SUMMARY OF Q1-Q3 19 RESULTS
- p40 – APPENDICES

*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 2018

Net sales  
**357.3**  
EUR million

Comparable EBITDA margin  
**11.2%**

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

Exports to  
approx. 30  
countries



A list of  
companies  
to inspire  
economic  
change.

The most interesting companies  
in the circular economy in Finland.



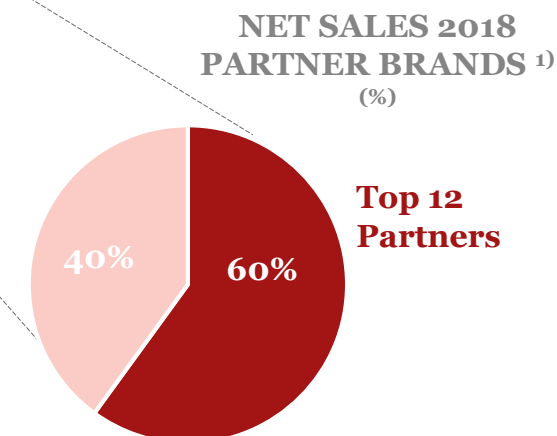
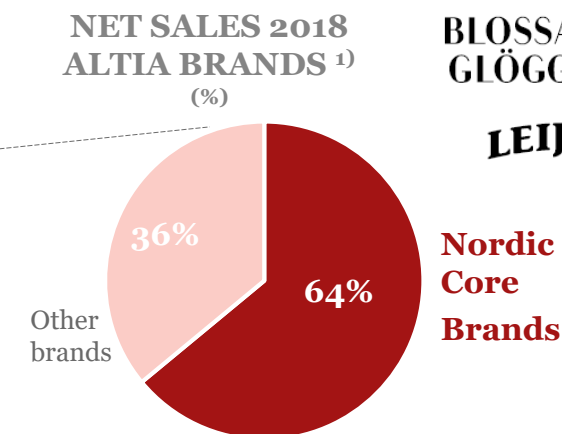
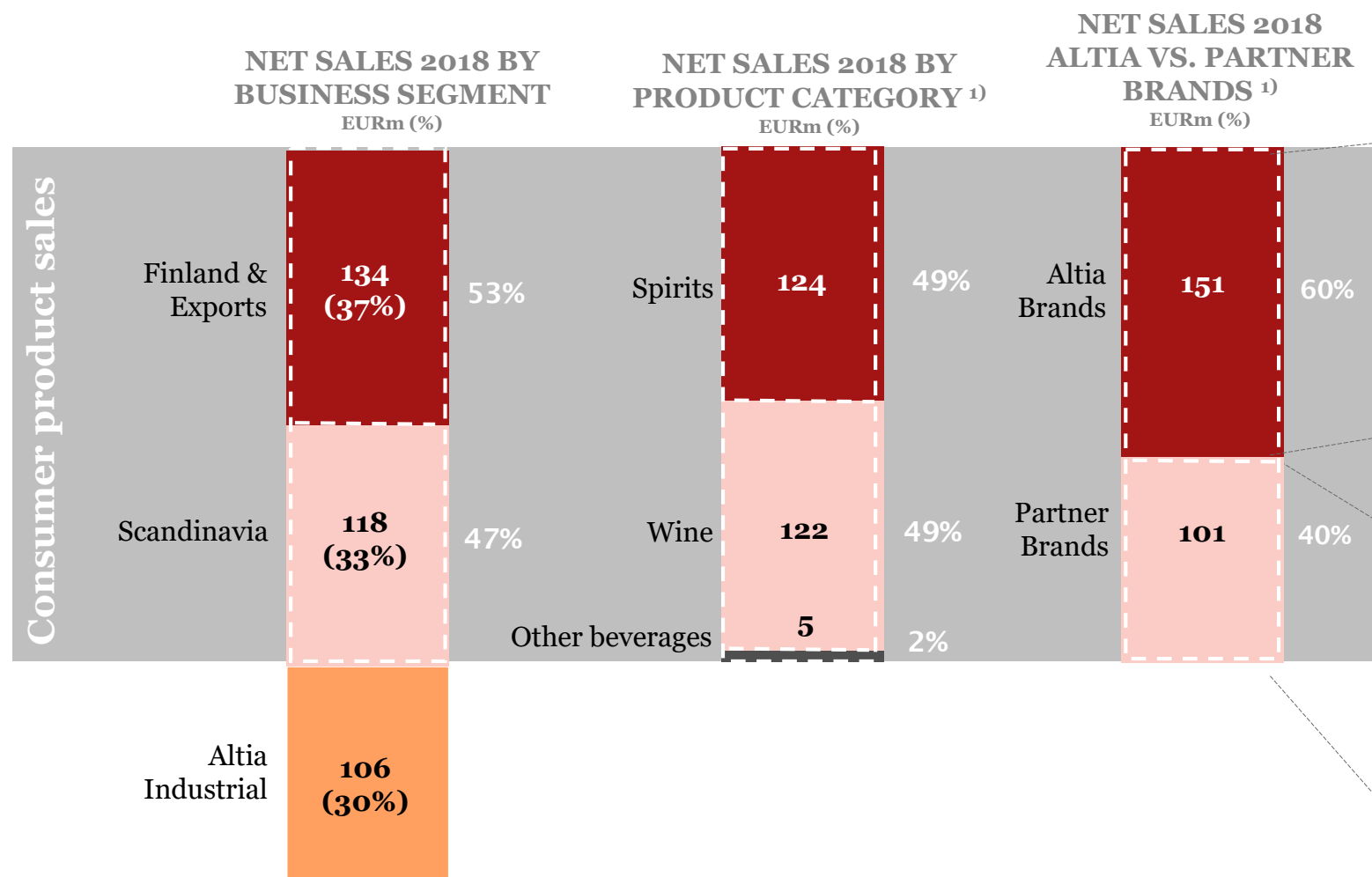
# We are the Nordic iconic brands

BRAND FOCUSED BUSINESS THROUGH OWN AND PARTNER BRANDS



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**

# 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

**134**  
EUR million

Comparable  
EBITDA margin

**14.3%**



## Scandinavia

- Consumer product sales in Sweden, Norway and Denmark

Net sales

**118**  
EUR million

Comparable  
EBITDA margin

**8.6%**



## Altia Industrial

- Industrial products
- Industrial services
- Supply chain

Net sales

**106**  
EUR million

Comparable  
EBITDA margin

**10.3%**



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# Let's drink better

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

the drinks business  
**GREEN  
AWARDS  
2018**

*Altia awarded as the Green  
Company of the Year*

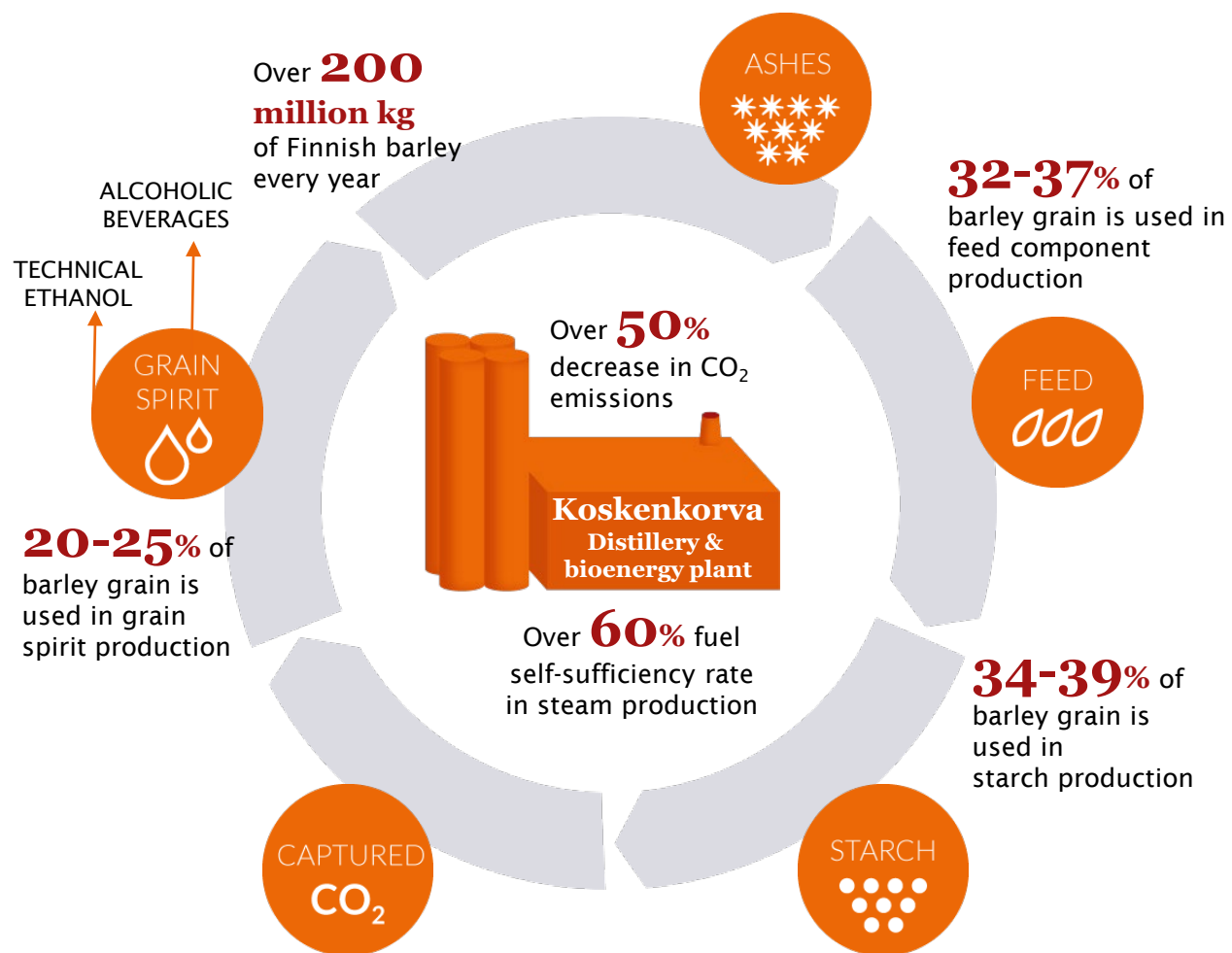
*"Altia was selected as the winner  
due to the bio and circular economy  
achieved at its Koskenkorva  
distillery in Finland."*



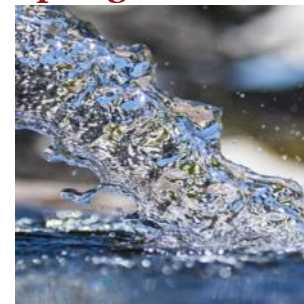
# Sustainability and high quality raw materials are key elements of our brands

More information:  
pp. 54-56

## 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

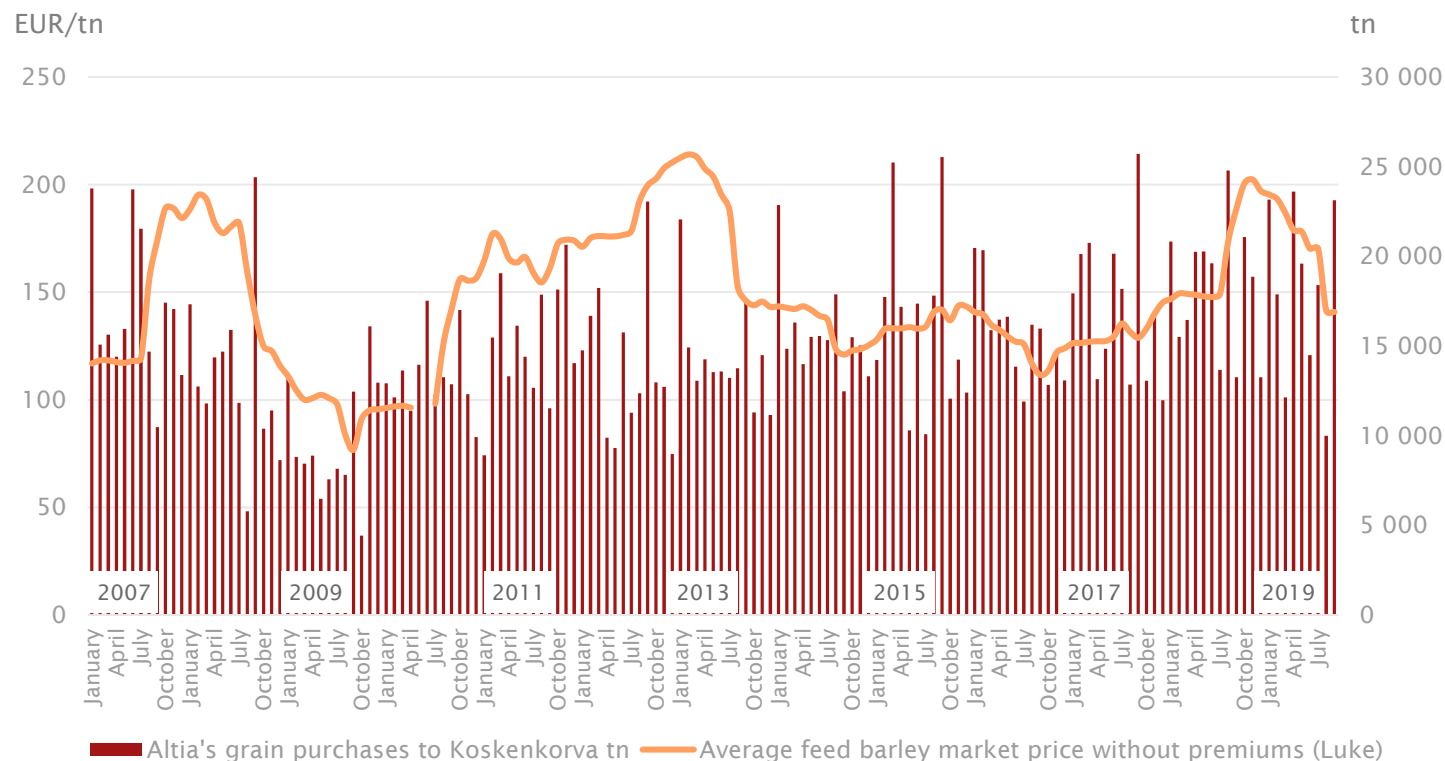


- In packaging Altia considers the environmental attributes and recyclability of the materials used
- Forerunner in innovative, ecological and smart packaging such as PET bottles and bag-in-boxes
- PET bottles and bag-in-boxes have lower CO<sub>2</sub> emissions than glass bottles
- High recycling rates in the Nordics – up to 90% of PET bottles



## Barley sourcing

## Barley price development and Altia's monthly volumes 2007-2019 (Jan-Sep)



### 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

***Altia's use of barley in 2018 reached 211.7 (206.0) million kilos - Equals about 30% of the total market volume***

***In q1-q3 19: 160 (165)  
million kilos***





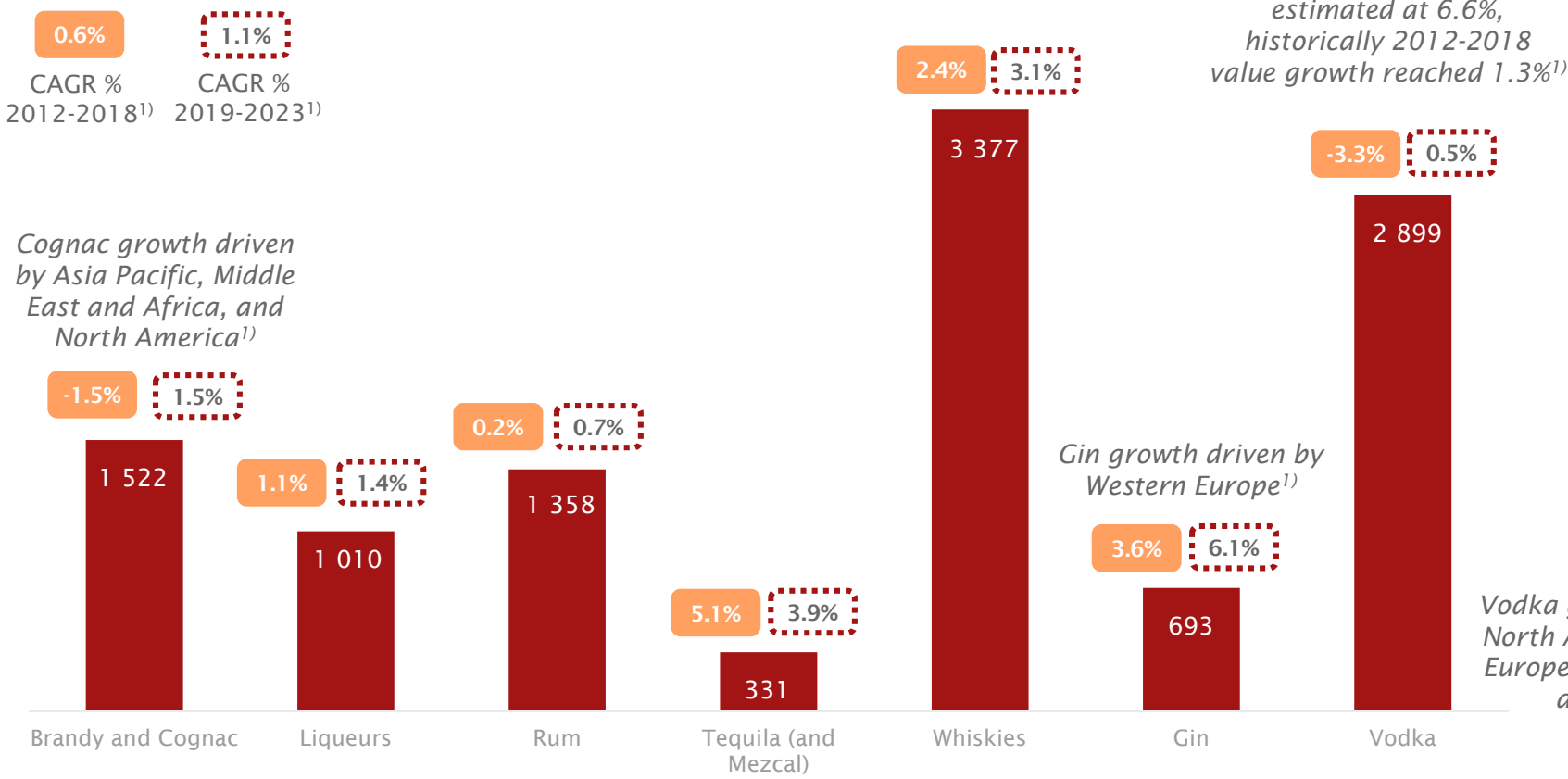
ALTIA

**Markets, trends & innovation**

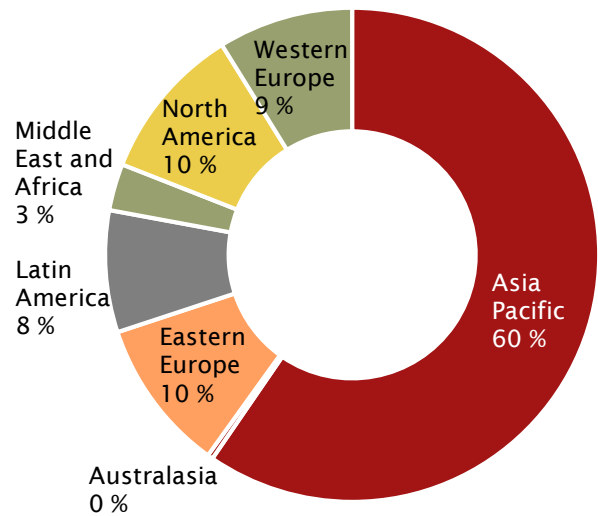


# Globally, premiumisation is driving growth in all large spirits categories

Global spirits market by category (million litres)<sup>1)</sup>



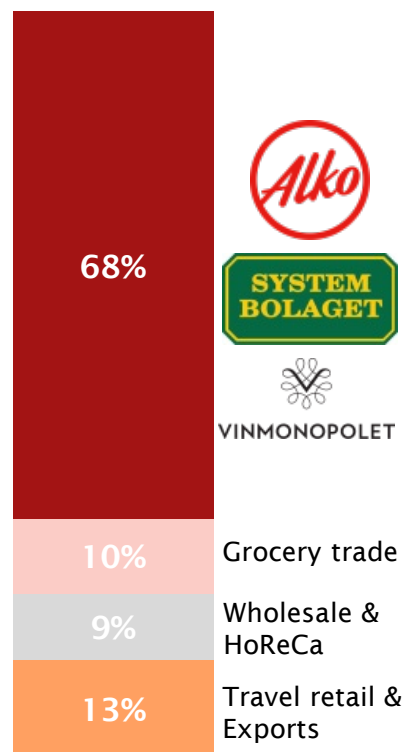
Global spirits volume by geography in 2018<sup>1)</sup>



<sup>1)</sup> 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

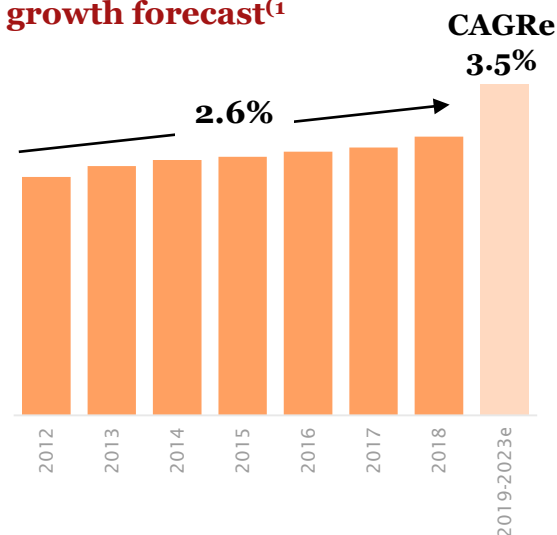
Two thirds of Altia's consumer beverage sales from state retail monopolies



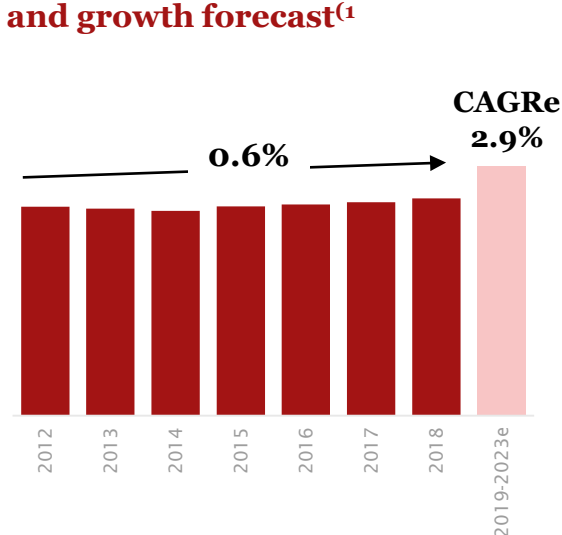
The value of the Nordic wine and spirits market<sup>(1)</sup>



Wine: Value development and growth forecast<sup>(1)</sup>



Spirits: Value development and growth forecast<sup>(1)</sup>

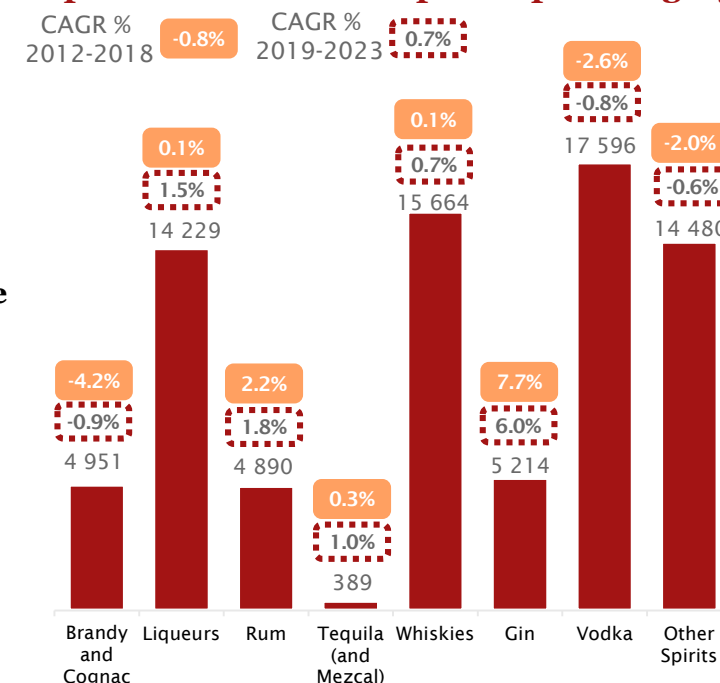


Volume development of the Nordic wine and spirits market<sup>(2)</sup>

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

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

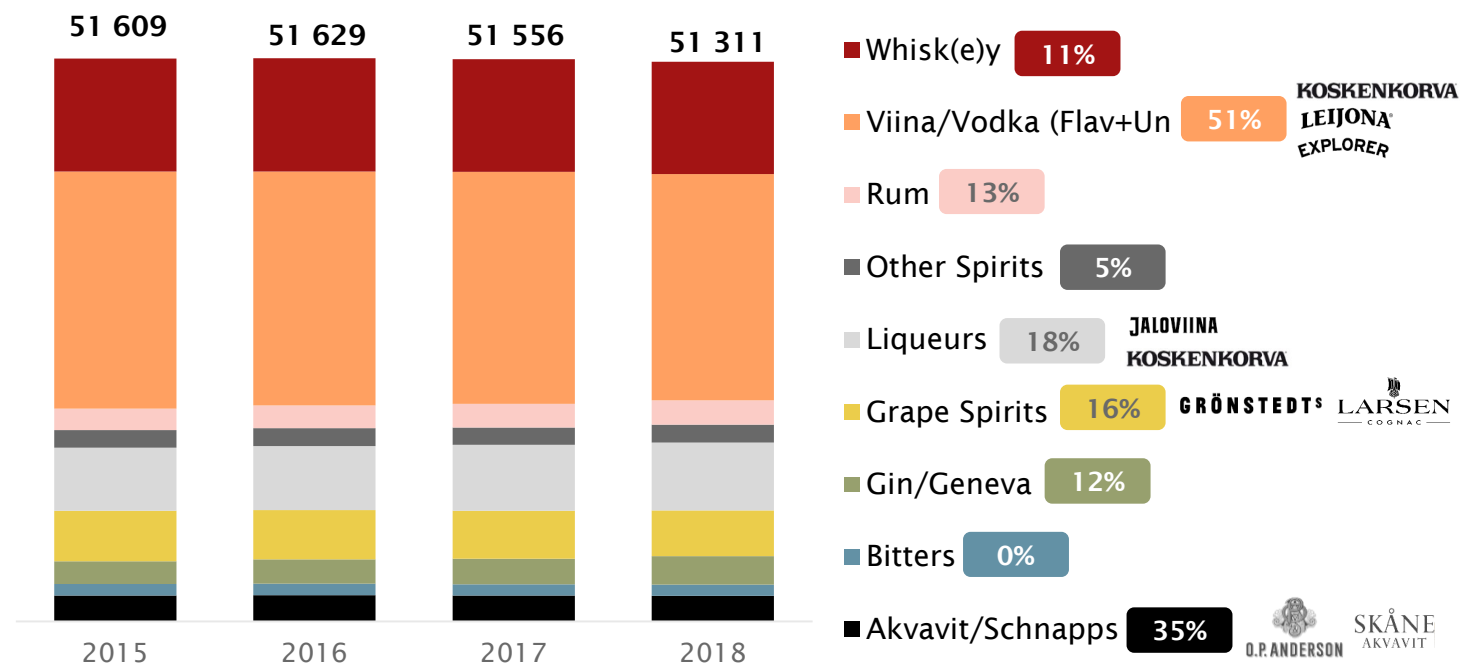
Spirits: Volume development per category<sup>(2)</sup>





# 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 2018<sup>1</sup> with some brand examples for the largest categories



More information:  
pp. 30

1) Source: Alko, Systembolget, Vinmonopolet sales data by volume, thousand litres

# 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
- **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



VINMONOPOLET



SYSTEM BOLAGET



More information:  
pp. 59-61

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



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# Innovation is facing a new consumer landscape that will have a major impact to the business in the coming years

- The strongest global narratives for drinks industry in 2018 are transparency, sustainability and health.
- If you create something that benefits the environment as well as people, people will be more likely to change their behaviour.
- Brands must embrace their role as educators and address both consumers' needs and the needs of our planet.
- Globally, alcohol consumption is declining. Global spirits consumption is on the rise, thanks to growth in the gin, tequila and whiskey markets.
- As the spirits market becomes increasingly crowded, new launches are challenging convention, borrowing for example from the world of wine by focusing on both ingredients and the terroir in which they are produced. Experiences become even bigger consumer needs.

*As consumers demand more transparency across sectors, the food and drink industry cannot just pay lip service through clever marketing*

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*Martin Raymond,  
Co-founder  
The Future  
Laboratory*



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



More information:  
pp. 49-50

# Blossa







ALTIA

**Strategy**

# Our financial targets aim towards stable shareholder returns

Net sales growth	<b>+2 %</b> CAGR	<ul style="list-style-type: none"><li>Altia's target is to achieve an annual net sales growth of 2 per cent over time (CAGR)</li></ul>
Comparable EBITDA margin	<b>15 %</b>	<ul style="list-style-type: none"><li>Comparable EBITDA margin target to reach 15 per cent in the long-term</li></ul>
Net debt / comparable EBITDA	<b>&lt;2.5x</b>	<ul style="list-style-type: none"><li>Altia's target is to keep reported net debt in relation to comparable EBITDA below 2.5x in the long-term</li></ul>
Dividend policy	<b>≥60 %</b> of the result for the period	<ul style="list-style-type: none"><li>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</li></ul>



# The core of our strategy is to deliver profitable growth



## Commercial battles

### 1 Grow Nordic Core Brands

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

### 2 Execute a step change in wines

- Growth through new products, brands and packaging
- Expand in growing wine segments
- Innovative wine-based products

### 3 Strengthen strategic partnerships

- Develop new business opportunities covering the whole value chain
- Offer the best route-to-market and all distribution channels

### 4 Channel expansion and development

- Grocery trade & RTD offering
- 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





ALTIA

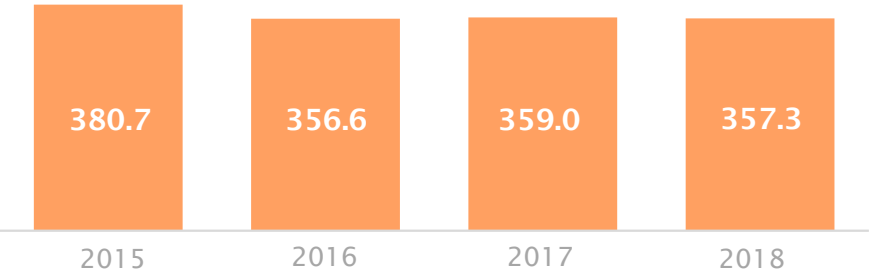
**Financials**



# Our operations are based on profitable growth

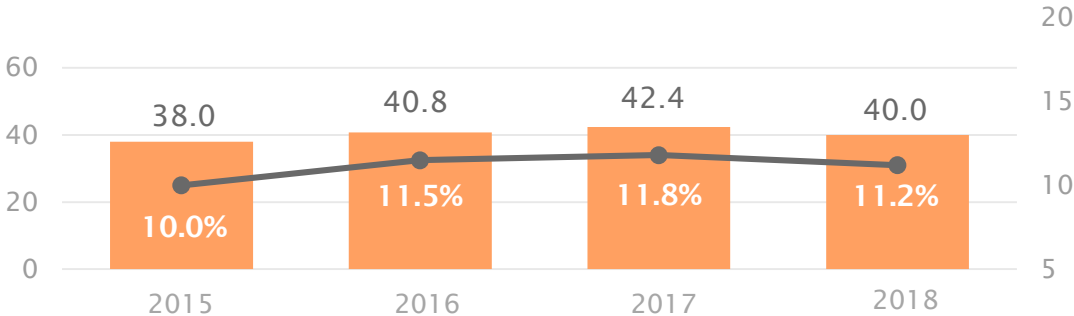
More information:  
pp. 30-39, 41-47

Net sales (EURm)



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

Comparable EBITDA (EURm) and comparable EBITDA margin %

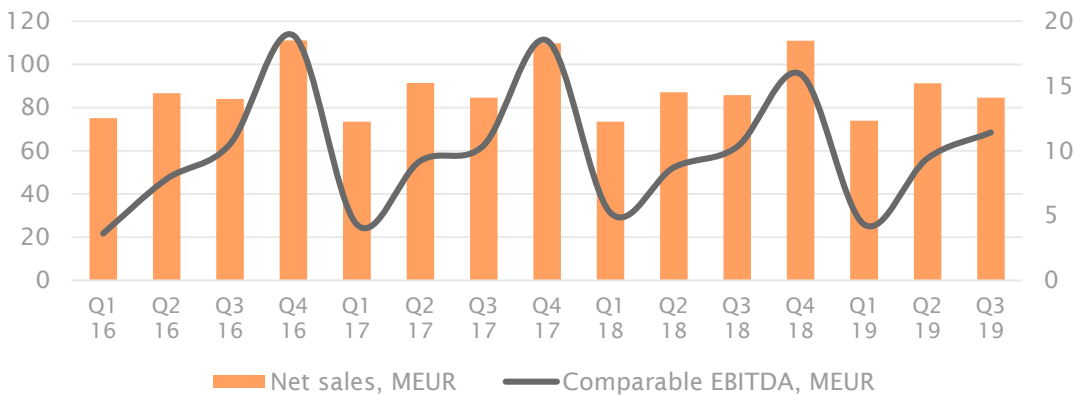


Clear strategic initiatives to improve profitability

## 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 (EURm)

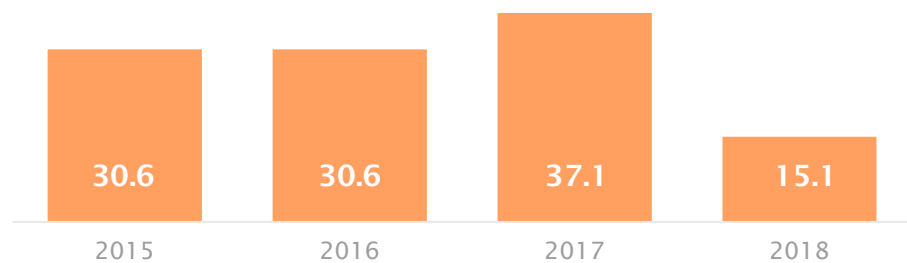




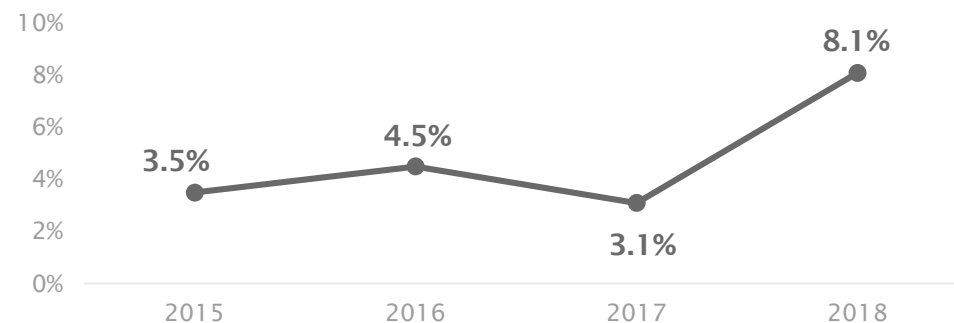
# Free cash flow in 2018 impacted by working capital development

More information:  
pp. 30-39, 41-47

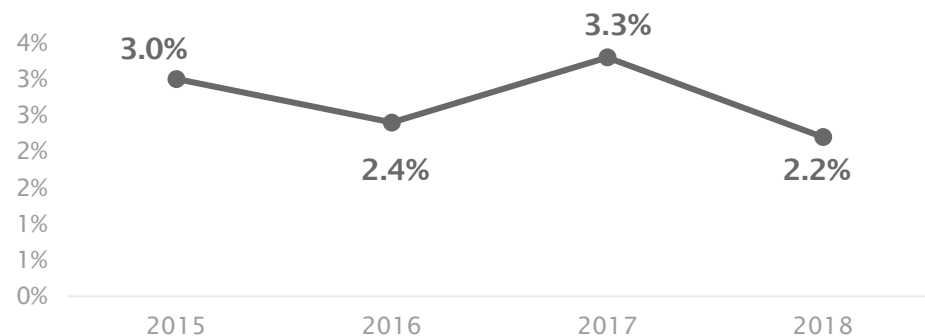
Free cash flow\*, EURm



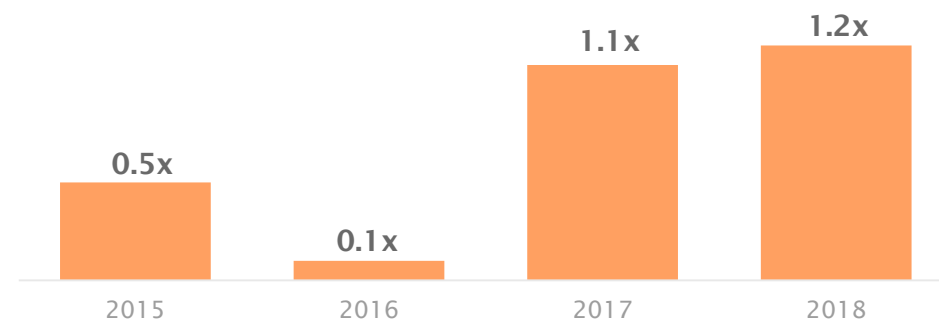
Net working capital / Net sales, %



Gross capex / Net sales, %




Net debt / Comparable EBITDA, ratio



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

# Net working capital

 More information:  
pp. 30-39, 41-47

## Net working capital


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

 More information:  
pp. 30-39, 41-47

## Free cash flow

EUR million	2015	2016	2017	2018
<b>Comparable EBITDA</b>	<b>38.0</b>	<b>40.8</b>	<b>42.4</b>	<b>40.0</b>
Change in working capital <sup>1)</sup>	3.9	(1.6)	6.7	(17.2)
Acquisition of PPE and intangible assets	(11.3)	(8.7)	(11.9)	(7.7)
<b>Free cash flow<sup>3)</sup></b>	<b>30.6</b>	<b>30.6</b>	<b>37.1</b>	<b>15.1</b>
Cash conversion <sup>2)</sup>	80%	75%	88%	38%

## Summary of consolidated statement of cash flows

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

## Comments

- Low operational capex need enables solid and stable cash flow
- 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
- The capital expenditure in 2015 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) 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





# ALTIA

## Q1-Q3 2019

HIGHLIGHTS AND KEY FINANCIALS



## HIGHLIGHTS FROM Q1-Q3 2019

**Profitability  
improved in third  
quarter**

**Solid development  
of spirits net sales**

**Guidance remains  
unchanged**

# 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 19	Q3 18	Q1-Q3 19	Q1-Q3 18	2018
<b>Finland, total sales</b>	-2.0	-5.3	-3.0	-3.4	-3.3
Spirits	+0.6	-6.7	-1.4	-4.1	-3.6
Wine	-2.9	-4.8	-3.6	-3.1	-3.2
<b>Sweden, total sales</b>	+2.5	+0.6	+0.4	+1.8	+2.1
Spirits	+6.5	+0.3	+3.8	+2.2	+2.7
Wine	+2.1	+0.7	+0.1	+1.7	+2.0
<b>Norway, total sales</b>	+2.0	+0.2	-0.4	+1.6	+1.5
Spirits	+2.5	-1.1	+1.1	+0.3	+0.1
Wine	+1.9	+0.5	-0.6	+1.8	+1.7

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

### • Nordic spirits and wine market in total (%)

	Q3 19	Q1 -Q3 19
Spirits	+3.3	+1.1
Wine	+1.2	-0.7
<b>Total</b>	<b>+1.5</b>	<b>-0.4</b>

### • Finland

- In spirits, growth mainly from gin, whisky and liqueurs
- In wine, red wines grew slightly, white and sparkling wines declined

### • Sweden

- In spirits, growth mainly from gin, rum, whisky and liqueurs
- In wine, sparkling and red wines grew

### • Norway

- In spirits, growth in most of the categories e.g. gin, liqueurs, whisky and aquavit
- In wine, both sparkling and white wines grew, red wines stable



# Net sales highlights

JANUARY–SEPTEMBER 2019

## Q1-Q3 19

- Reported net sales grew by 1.3% to EUR 249.5 (246.4) million
- Continued headwind from weak SEK, in constant currencies net sales 2.1% above last year's level
- Growth driven by Scandinavia and Altia Industrial segments
- Finland & Exports segment's net sales declined from last year

## Q3 19

- Reported net sales declined to EUR 84.5 (85.7) million driven by Finland & Exports and Altia Industrial segments

EUR million	Q1-Q3 19	Q1-Q3 18	Reported growth, %	Adjusted growth, %*	2018
Finland & Exports	90.9	94.3	-3.6	-3.6	133.8
Scandinavia	76.3	74.9	1.8	4.6	117.7
Altia Industrial	82.4	77.2	6.8	6.8	105.8
<b>Total</b>	<b>249.5</b>	<b>246.4</b>	<b>1.3</b>	<b>2.1</b>	<b>357.3</b>

## Q1 –Q3 19

- Net sales of spirits and wine at last year's level
- Partner portfolio changes in other beverages drive total net sales of beverages below last year's level
- Spirits at last year's level; positive development in core markets
- Continued stable development of wine, driven by Scandinavia

## Q3 19

- Spirits sales grew in core markets, slight decline in wine driven by Finland & Exports

EUR million	Q1-Q3 19	Q1-Q3 18	Change, %	2018
Spirits	85.6	85.8	-0.2	124.0
Wine	79.1	78.7	0.5	122.2
Other beverages	2.5	4.8	-47.9	5.3

# Finland & Exports

JANUARY–SEPTEMBER 2019

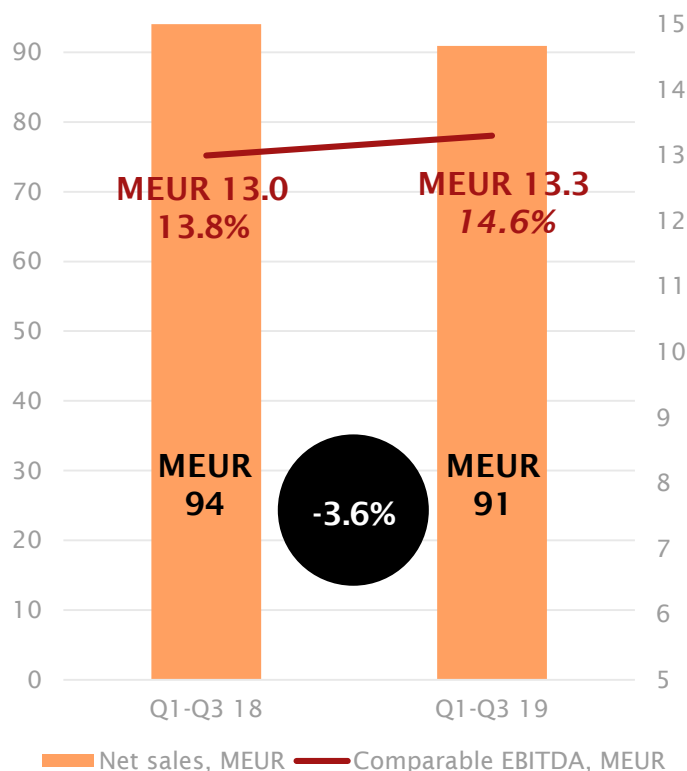
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



## Highlights

- Net sales were 90.9 (94.3) million
- Price increases in spirits balanced off lower monopoly volumes, wine sales declined
- Grocery trade above last year
- Net sales decline driven by exports, travel retail also below last year
- Comparable EBITDA was 13.3 (13.0) million, comparable EBITDA without IFRS 16 impact EUR 13.1 million
- Profitability improvement from Finland, Baltic region and travel retail

## Key financials



## Product launches & events





# Scandinavia

JANUARY–SEPTEMBER 2019

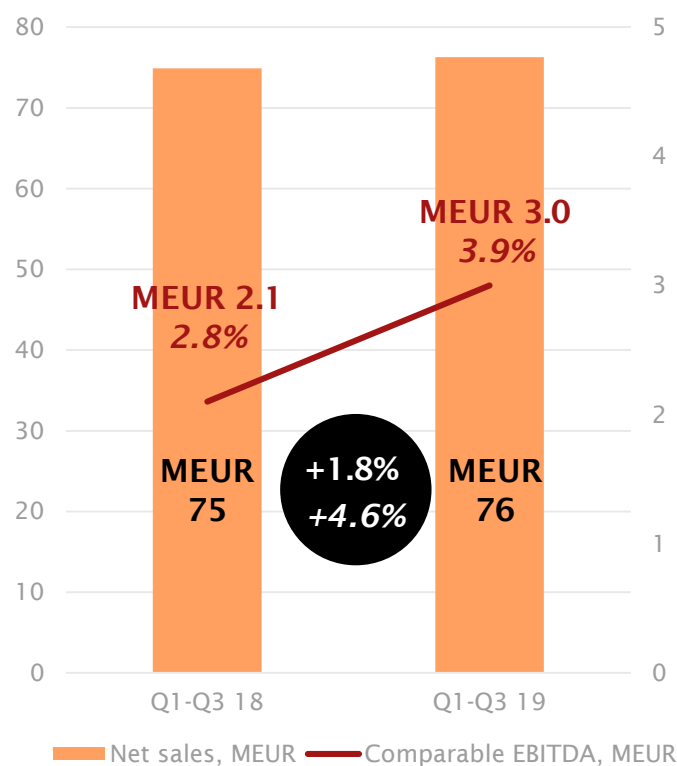
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



## Highlights

- Reported net sales were EUR 76.3 (74.9) million, up by 1.8%
- Headwind from weak SEK - in constant currencies net sales up by 4.6%
- In Sweden, spirits and wine sales grew
- In Norway, spirits grew but wine sales declined
- Comparable EBITDA was EUR 3.0 (2.1) million, comparable EBITDA without IFRS 16 impact EUR 2.5 million
- Impact of weak SEK on profitability is significant
- New partner brands, price increases and cost savings improved profitability

## Key financials, MEUR



## Product launches & events



# Altia Industrial

JANUARY–SEPTEMBER 2019

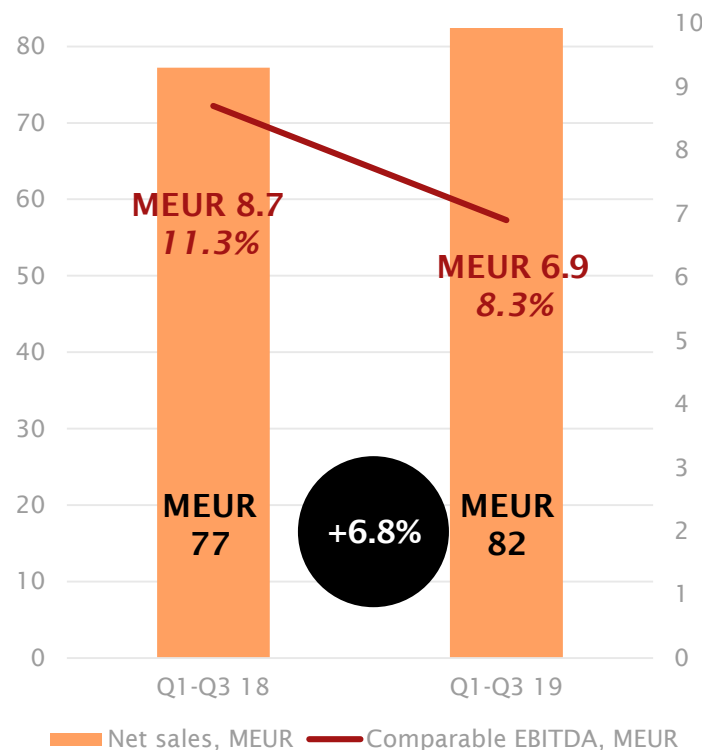
The Altia Industrial segment comprises Koskenkorva plant operations, starch, feed component and technical ethanol businesses, as well as contract manufacturing services at Rajamäki. It also includes supply chain operations, i.e. production operations in different countries, customer service and logistics.



## Highlights

- Net sales were 82.4 (77.2) million, up by 6.8%
- Higher prices and volumes in industrial products
- Contract manufacturing volumes at last year's level
- Comparable EBITDA was EUR 6.9 (8.7) million, comparable EBITDA without IFRS 16 impact EUR 5.5 million
- Profitability negatively impacted by barley cost, logistics costs and a planned maintenance shutdown at Koskenkorva plant

## Key financials, MEUR



## Highlights

- Planned maintenance break at Koskenkorva plant
- Exports of ethanol to customers in pharmaceuticals and alcoholic beverage industries
- Strengthen Altia's position in the starch market



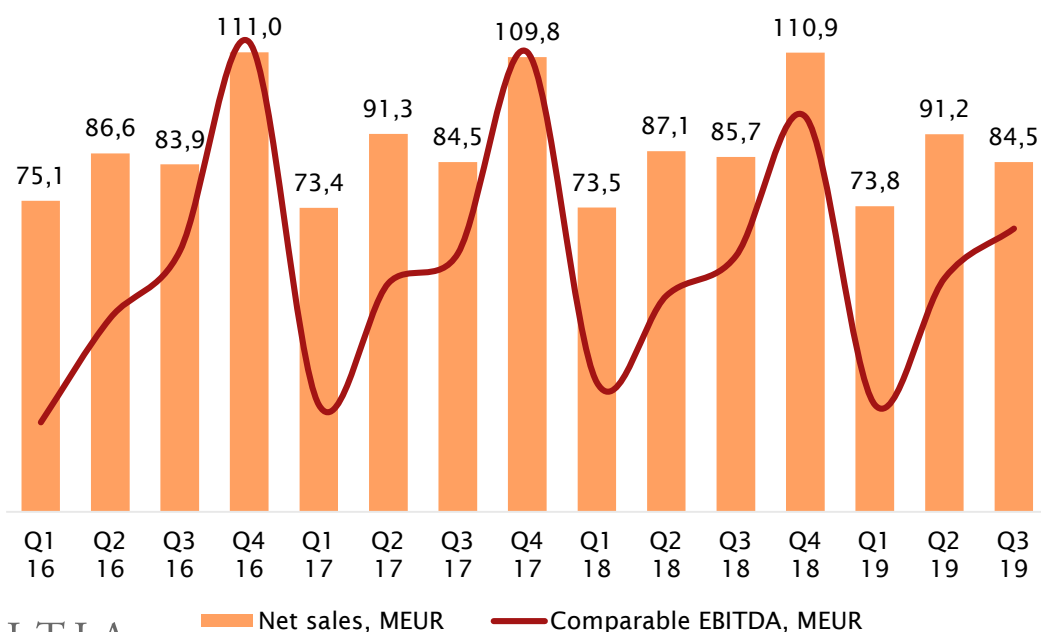
# Initiatives taking effect – profitability improving slightly in Q3

## IMPORTANT LAST QUARTER AHEAD

### Q3 19

- Comparable EBITDA was EUR 11.4 (10.3) million, excluding IFRS 16 impact EUR 10.5 million
- Comparable EBITDA margin was 13.5% (12.0%), excluding IFRS 16 impact 12.4%
- Scandinavia segment key driver for positive comparable EBITDA development year over year

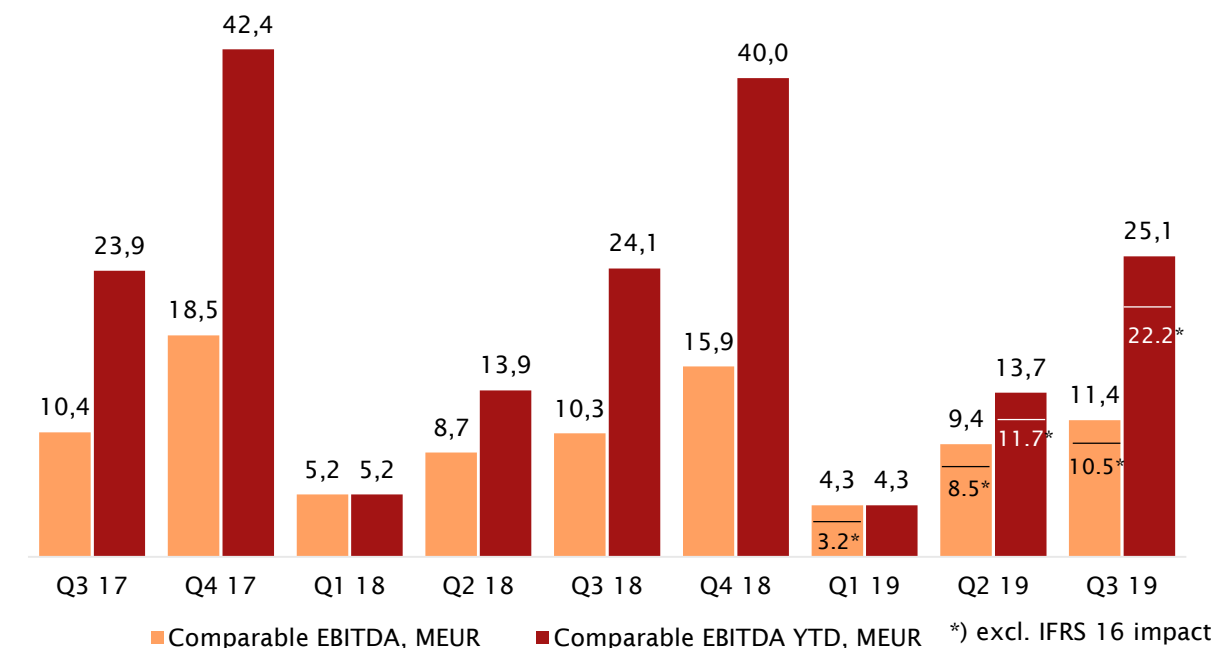
### Quarterly net sales and comparable EBITDA, EUR million



### Q1-Q3 19

- Comparable EBITDA was EUR 25.1 (24.1) million, excluding IFRS 16 impact EUR 22.2 million
- Comparable EBITDA margin was 10.1% (9.8%), excluding IFRS 16 impact 8.9%
- Consumer beverage segments improved year over year driven by solid third quarter. Altia Industrial suffers from barley
- Items affecting comparability amounted to EUR -1.8 (-4.5) million

### Quarterly and cumulative comparable EBITDA, EUR million



# Comparable EBITDA by segment

IMPROVED PROFITABILITY IN CONSUMER SEGMENTS; NEGATIVE IMPACT FROM FX AND BARLEY

EUR million	Q3 19	Q3 19 <i>excl. IFRS 16</i>	Q3 18	Q1-Q3 19	Q1-Q3 19 <i>excl. IFRS 16</i>	Q1-Q3 18	2018
Finland & Exports	5.0	5.0	4.9	13.3	13.1	13.0	19.2
<i>% of net sales</i>	16.1	16.0	15.6	14.6	14.4	13.8	14.3
Scandinavia	1.3	1.2	0.8	3.0	2.5	2.1	10.1
<i>% of net sales</i>	5.1	4.5	3.0	3.9	3.3	2.8	8.6
Altia Industrial	3.6	3.1	4.8	6.9	5.5	8.7	10.9
<i>% of net sales</i>	12.8	11.2	16.7	8.3	6.7	11.3	10.3
Other	1.5	1.2	-0.3	2.0	1.1	0.3	-0.3
<b>Total</b>	<b>11.4</b>	<b>10.5</b>	<b>10.3</b>	<b>25.1</b>	<b>22.2</b>	<b>24.1</b>	<b>40.0</b>
<i>% net sales</i>	13.5	12.4	12.0	10.1	8.9	9.8	11.2



# Financial position and balance sheet KPI's

AS AT 30 SEPTEMBER

Net cash flow from operating activities

EUR **-0.8 (-31.1)** million

Receivables sold

EUR **44.8 (48.3)** million

Net debt

EUR **81.4 / 70.5 excl. IFRS 16 (82.9)** million

Gearing

**57.9% / 50.2% excl. IFRS 16 (58.4%)**

Equity ratio

**37.4% / 38.6% excl. IFRS 16 (38.2%)**

Reported net debt to comparable EBITDA ratio, rolling 12m

**2.0 / 1.8 excl. IFRS 16 (1.9)**

In use from revolving credit facility

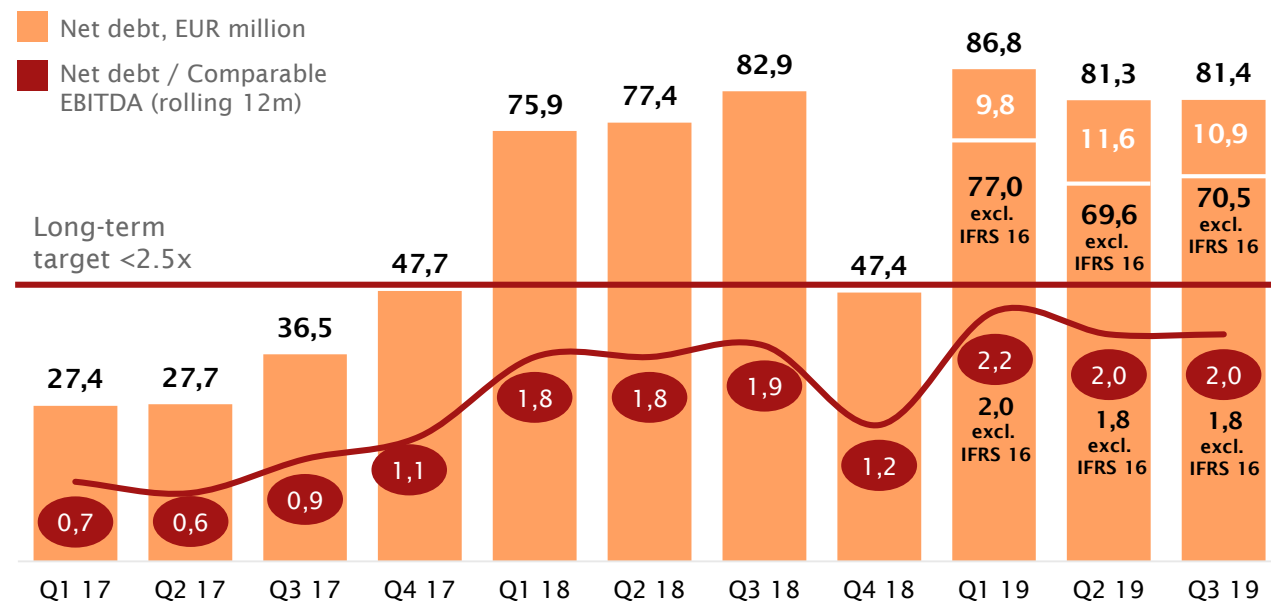
EUR **0.0 (0.0)** million million

Nominal value of commercial papers issued

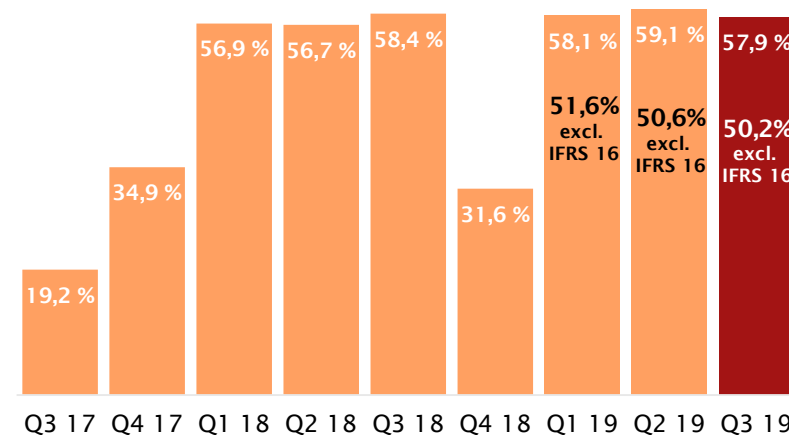
EUR **12.0 (13.0)** million

# Financial position and balance sheet KPI's

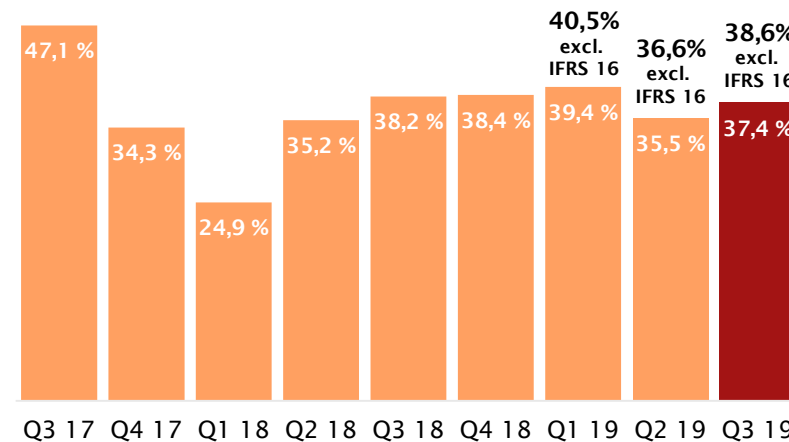
## Net debt



## Gearing, %



## Equity ratio, %





# 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.



# Appendices



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

Investor Relations: [tua.stenius-ornhjelm@altiacorporation.com](mailto:tua.stenius-ornhjelm@altiacorporation.com)



# Key ratios

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

Comparable EBITDA without IFRS 16 impact, EUR million	10.5	8.5	3.2										
Net debt/comparable EBITDA, rolling 12 months without IFRS 16 impact	-	1.8	2.0										

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

# Consolidated income statement

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
<b>NET SALES</b>	<b>91.2</b>	<b>87.1</b>	<b>165.0</b>	<b>160.6</b>	<b>357.3</b>
Other operating income	2.0	2.0	3.9	3.5	7.4
Materials and services	-54.4	-49.1	-99.4	-91.0	-206.8
Employee benefit expenses	-11.6	-12.9	-23.1	-27.1	-49.9
Other operating expenses	-18.0	-18.8	-32.9	-36.7	-73.9
Depreciation, amortisation and impairment	-4.5	-3.5	-9.0	-7.0	-14.4
<b>OPERATING RESULT</b>	<b>4.8</b>	<b>4.8</b>	<b>4.5</b>	<b>2.3</b>	<b>19.7</b>
Finance income	1.0	0.8	2.5	1.6	3.5
Finance expenses	-1.4	-1.4	-3.5	-2.8	-5.8
Share of profit in associates and income from interests in joint operations	0.2	0.0	1.2	0.9	1.2
<b>RESULT BEFORE TAXES</b>	<b>4.5</b>	<b>4.2</b>	<b>4.7</b>	<b>2.0</b>	<b>18.6</b>
Income tax expense	-0.9	-0.7	-0.7	-0.3	-3.6
<b>RESULT FOR THE PERIOD</b>	<b>3.6</b>	<b>3.6</b>	<b>4.0</b>	<b>1.7</b>	<b>15.1</b>
<b>Result for the period attributable to:</b>					
Owners of the parent	3.6	3.6	4.0	1.7	15.1
<b>Earnings per share for the result attributable to owners of the parent, EUR</b>					
Basic and diluted	0.10	0.10	0.11	0.05	0.42



# Consolidated balance sheet

EUR million	H1 19	H1 18	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	79.8	80.1	80.7
Other intangible assets	27.1	31.8	29.6
Property, plant and equipment	62.5	66.5	64.6
Right-of-use assets	11.5	-	-
Investments in associates and interests in joint operations	8.2	7.6	7.9
Financial assets at fair value through other comprehensive income	1.4	1.4	1.4
Deferred tax assets	1.4	0.9	0.8
<b>Total non-current assets</b>	<b>192.1</b>	<b>188.4</b>	<b>185.1</b>
<b>Current assets</b>			
Inventories	111.6	109.6	99.6
Contract assets	0.1	-	0.2
Trade and other receivables	51.9	59.7	60.9
Current tax assets	4.5	4.7	2.5
Cash and cash equivalents	27.7	25.7	42.0
<b>Total current assets</b>	<b>195.7</b>	<b>199.6</b>	<b>205.3</b>
<b>TOTAL ASSETS</b>	<b>387.7</b>	<b>388.0</b>	<b>390.4</b>

EUR million	H1 19	H1 18	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
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	-	-
Hedge reserve	-0.7	0.6	0.0
Translation differences	-21.7	-20.5	-19.6
Retained earnings	97.5	94.0	107.3
<b>Total equity</b>	<b>137.6</b>	<b>136.4</b>	<b>150.1</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16.7	16.7	16.8
Borrowings	76.8	83.4	82.7
Lease liabilities	8.2	-	-
Employee benefit obligations	1.3	1.4	1.3
<b>Total non-current liabilities</b>	<b>103.0</b>	<b>101.5</b>	<b>100.8</b>
<b>Current liabilities</b>			
Borrowings	20.5	19.7	6.7
Lease liabilities	3.4		
Provisions			0.5
Trade and other payables	122.4	127.5	131.4
Contract liabilities	0.2		0.6
Current tax liabilities	0.6	2.9	0.4
<b>Total current liabilities</b>	<b>147.1</b>	<b>150.1</b>	<b>139.5</b>
<b>Total liabilities</b>	<b>250.1</b>	<b>251.6</b>	<b>240.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 387.7</b>	<b>388.0</b>	<b>390.4</b>

# Cash flow from operations

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Result before taxes	4.5	4.2	4.7	2.0	18.6
Adjustments					
Depreciation, amortisation and impairment	4.5	3.5	9.0	7.0	14.4
Share of profit in associates and income from investments in joint operations	-0.2	-0.0	-1.2	-0.9	-1.2
Net gain on sale of non-current assets	-0.0	-0.4	-0.0	-0.5	-0.5
Finance income and costs	0.5	0.6	1.1	1.2	2.3
Other adjustments	-0.4	-0.0	-0.4	0.1	0.8
	4.3	3.6	8.3	6.8	15.7
Change in working capital					
Change in inventories, increase (-) / decrease (+)	-2.9	-8.8	-12.2	-15.6	-5.5
Change in contract assets, trade and other receivables, increase (-) / decrease (+)	5.8	-6.3	8.8	-4.6	-7.4
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)	15.5	9.1	-8.7	-9.7	-4.3
Change in working capital	18.4	-6.0	-12.1	-29.8	-17.2
Interest paid	-0.3	-0.4	-0.8	-0.6	-1.4
Interest received	0.1	0.0	0.1	0.1	0.1
Other finance income and expenses paid	-0.6	-0.0	-1.3	-0.8	-1.4
Income taxes paid	-1.6	-1.2	-2.9	-4.4	-8.0
Financial items and taxes	-2.5	-1.6	-4.9	-5.7	-10.6
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>24.7</b>	<b>0.3</b>	<b>-4.0</b>	<b>-26.7</b>	<b>6.5</b>

# Quarterly net sales and comparable EBITDA by segment

## Net sales by segment

EUR million	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	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	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	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>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 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	5.0	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	1.3	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	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	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>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	-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>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	-4.5	-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>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>



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

EUR million	Q3 19	Q3 18	Q1-Q3 19	Q1-Q3 18	2018
<b>Items affecting comparability</b>					
Net gains or losses from business and assets disposals	-0.0	-	-0.2	0.4	0.4
Cost for closure of business operations and restructurings	-	-	-0.1	-0.3	-1.1
Major corporate projects					
Costs related to the closed voluntary pension scheme	-1.6	-	-1.6	-	-0.7
Costs related to stock exchange listing	-	-	-	-4.6	-4.6
<b>Total items affecting comparability</b>	<b>-1.6</b>	<b>0.0</b>	<b>-1.8</b>	<b>-4.5</b>	<b>-6.0</b>
<b>Comparable EBITDA</b>					
Operating result	5.3	6.6	9.8	8.9	19.7
Less:					
Depreciation, amortisation and impairment	4.5	3.6	13.5	10.7	14.4
Total items affecting comparability	1.6	0.0	1.8	4.5	6.0
<b>Comparable EBITDA</b>	<b>11.4</b>	<b>10.3</b>	<b>25.1</b>	<b>24.1</b>	<b>40.0</b>
% of net sales	13.5	12.0	10.1	9.8	11.2
<b>Comparable EBITDA without IFRS 16 impact</b>					
Comparable EBITDA	11.4	-	25.1	-	-
Less:					
IFRS 16 impact to EBITDA	0.9	-	2.9	-	-
<b>Comparable EBITDA without IFRS 16 impact</b>	<b>10.5</b>	<b>-</b>	<b>22.2</b>	<b>-</b>	<b>-</b>
<b>Comparable EBIT</b>					
Operating result	5.3	6.6	9.8	8.9	19.7
Less:					
Total items affecting comparability	1.6	0.0	1.8	4.5	6.0
<b>Comparable EBIT</b>	<b>6.9</b>	<b>6.6</b>	<b>11.6</b>	<b>13.4</b>	<b>25.6</b>
% of net sales	8.2	7.7	4.7	5.4	7.2

# New accounting standards: IFRS 16 Leases

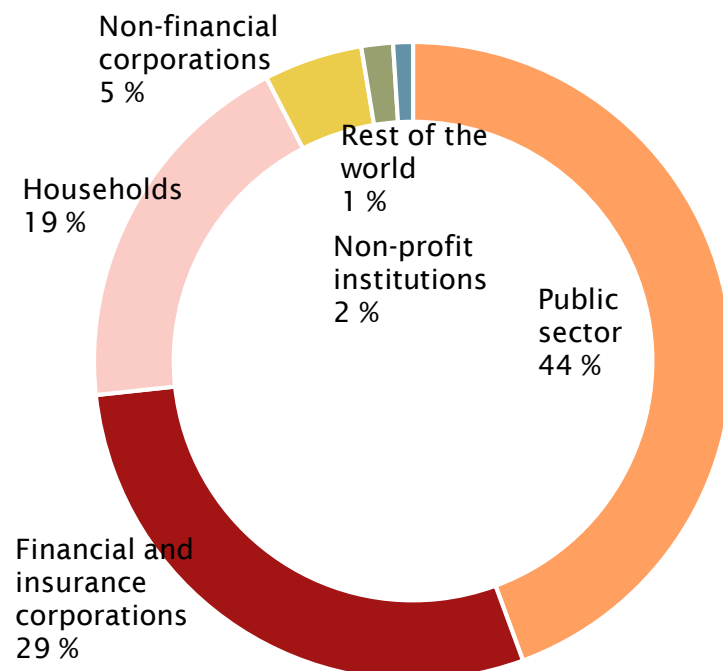
## NOT SIGNIFICANT IMPACT ON ALTIA

- The reporting period from 1 January to 30 September 2019 includes the adoption of the IFRS 16 standard as of 1 January 2019.
- The IFRS 16 standard had a positive effect of EUR 2.9 million on comparable EBITDA, a negative effect of EUR 2.8 million on depreciation, and a negative effect of EUR 0.1 million on financial expenses.
- On the consolidated balance sheet on 30 September 2019, the amount of asset items based on rights of use was EUR 10.8 million, the amount of long-term lease liabilities was EUR 7.6 million and the amount of short-term lease liabilities was EUR 3.3 million.
- In the cash flow statement, cash payments for the capital portion of the lease liability are presented under financing activities, and the interest portion of the lease liability is presented in cash flow from operating activities. Previously, all operating lease payments were presented in cash flow from operating activities. This had a positive effect of EUR 2.9 million on the Group's cash flow from operating activities and a negative effect of EUR 2.8 million on its cash flow from financing activities in January–September 2019.

	Q1-Q3 19
Comparable EBITDA, EUR million	25.1
Net debt, EUR million	81.4
Net debt/comparable EBITDA, rolling 12 months	2.0
Equity ratio, %	37.4
Gearing, %	57.9
Comparable EBITDA without IFRS 16 impact, EUR million	22.2
Net debt without IFRS 16 impact, EUR million	70.5
Net debt/comparable EBITDA, rolling 12 months, without IFRS 16 impact	1.8
Equity ratio without IFRS 16 impact, %	38.6
Gearing withouth IFRS 16 impact, %	50.2

# Shareholder structure

AS AT 31 OCTOBER 2019



	Shareholders	Number of shares	% of shares
1	Valtion Kehitysyhtiö Vake Oy	13 097 481	36.2
2	Varma Mutual Pension Insurance Company	1 550 000	4.3
3	Ilmarinen Mutual Pension Insurance Company	973 300	2.7
4	OP-Finland Small Firms Fund	579 516	1.6
5	Veritas Pension Insurance Company Ltd.	420 000	1.2
6	Mandatum Life Insurance Company Limited	178 842	0.5
7	FIM Fenno Sijoitusrahasto	160 931	0.4
8	Sijoitusrahasto Taaleritehdas Arvo Markka Osake	150 000	0.4
9	Säästöpankki Kotimaa	150 000	0.4
10	Säästöpankki Pienyhtiöt	149 424	0.4
	<b>Top 10 total</b>	<b>17 409 494</b>	<b>48.2</b>
	<i>Nominee-registered shares</i>	<i>9 146 245</i>	<i>25.3</i>



# Grocery trade offering

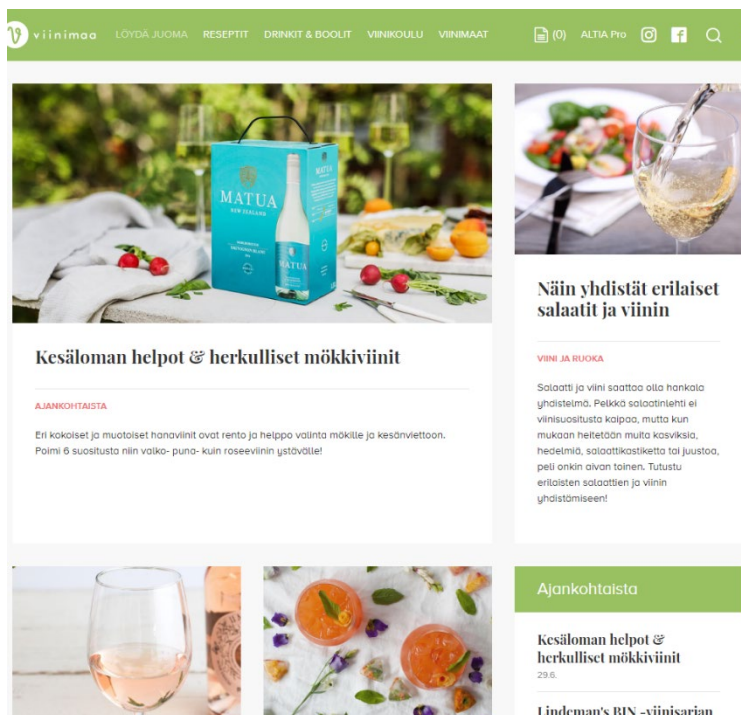
With the change of the Finnish Alcohol Act in January 2018, the grocery trade opened up for **ethanol-based** beverages of up to **5.5% ABV**. In addition, the **use of spirits brands** in grocery trade was allowed.



# Altia's digital platforms

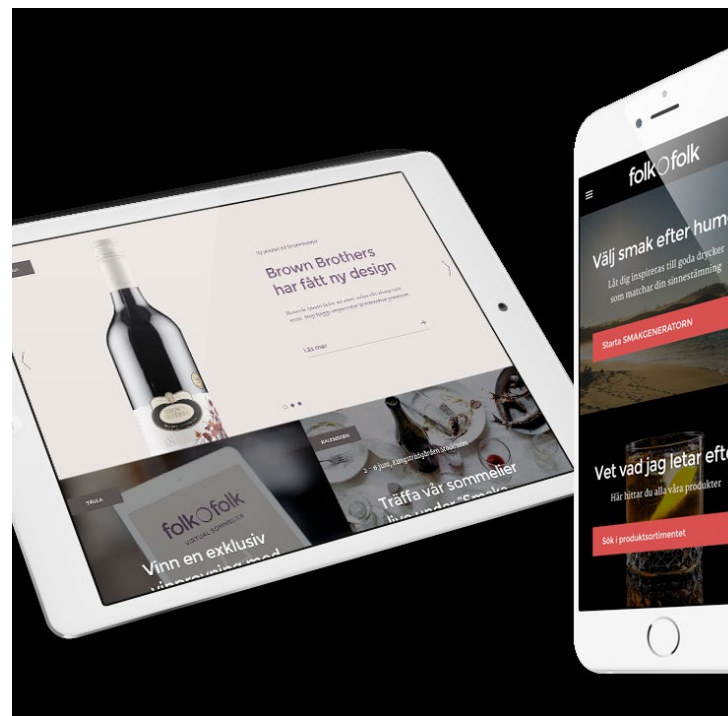
## Finland: [www.viinimaa.fi](http://www.viinimaa.fi)

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



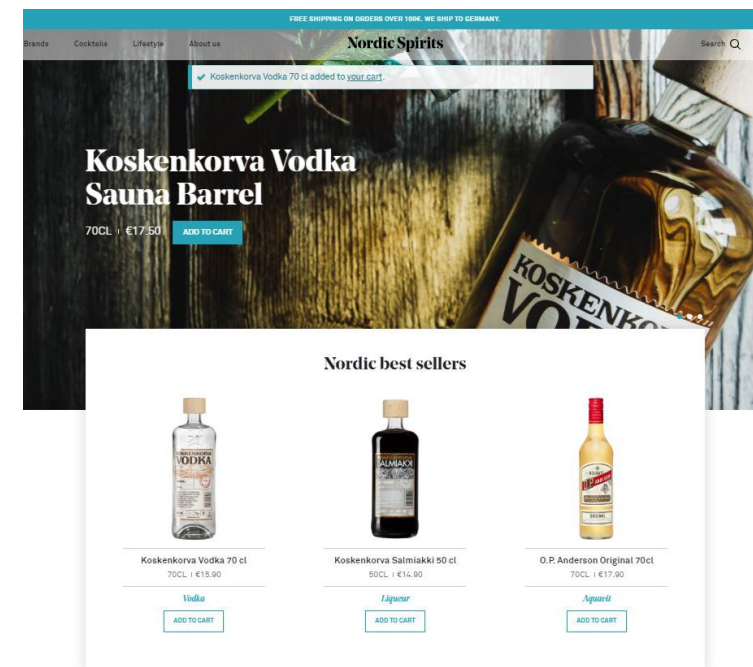
## Sweden: [www.folkofolk.se](http://www.folkofolk.se)

- 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](http://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





## Finland & Exports

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



### Key brands:



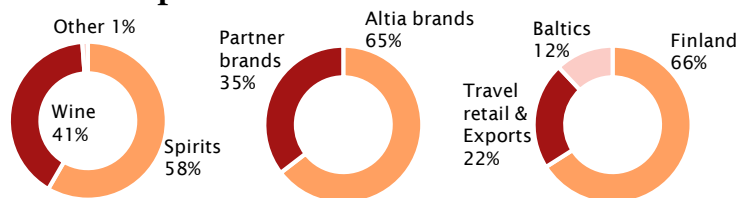
### Key focus areas:

- Developing ways of working with the state retail monopoly to continue as an important partner
- Growing exports of key brands Koskenkorva, Larsen and O.P. Anderson in the key markets of Russia, Asia and the US, and capturing new markets
- Continuing to develop and grow grocery trade in Finland through innovation and novelties
- Continuing to develop Altia's digital reach via viinimaa.fi and nordicspirits.com to consumers and customers
- Continuous evaluation of product portfolio and on-going revenue management

### Key figures 2018:

- Net sales EUR 134 million
- Comparable EBITDA margin 14.3%
- Personnel at year-end 92

### Net sales split 2018<sup>1)</sup>:



## Scandinavia

Consumer product sales in Sweden, Norway and Denmark



### Key brands:



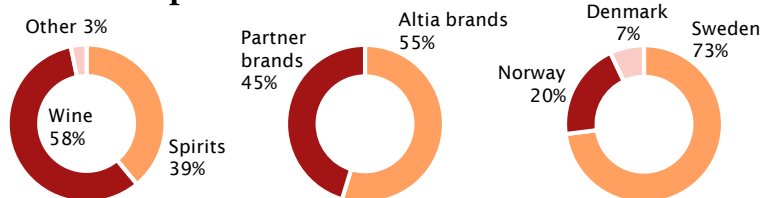
### Key focus areas:

- Developing and growing the Nordic core brands through innovations in new occasions and categories as well as with line extensions
- Strengthening strategic wine and spirits partnerships and cooperation throughout the value chain
- Continuing to develop Altia's digital reach to consumers and customers via folkofolk.se
- Continuous evaluation of product portfolio and on-going revenue management

### Key figures 2018:

- Net sales EUR 118 million
- Comparable EBITDA margin 8.6%
- Personnel at year-end 83

### Net sales split 2018<sup>1)</sup>:



## Altia Industrial

Industrial products and services businesses, 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 and for producers and retailers of technical ethanol and solvent products.

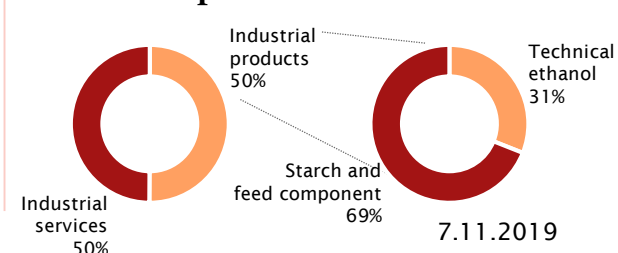
### Key focus areas:

- Growing sales and developing marketing of industrial products. Continuously developing technology and automation to improve efficiency, use of energy and water.
- Deepening the co-operation and relationships with contract service partners
- Continuously improving the supply chain efficiency focusing on work safety, quality, automation and digitalisation. Expanding supply chain capabilities focusing on agility, flexibility, wine packaging and low alcohol production.

### Key figures 2018:

- Net sales EUR 106 million
- Comparable EBITDA margin 10.3%
- Personnel at year-end 395

### Net sales split 2018<sup>1)</sup>:





# Key exports contracts

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

## Key export contracts



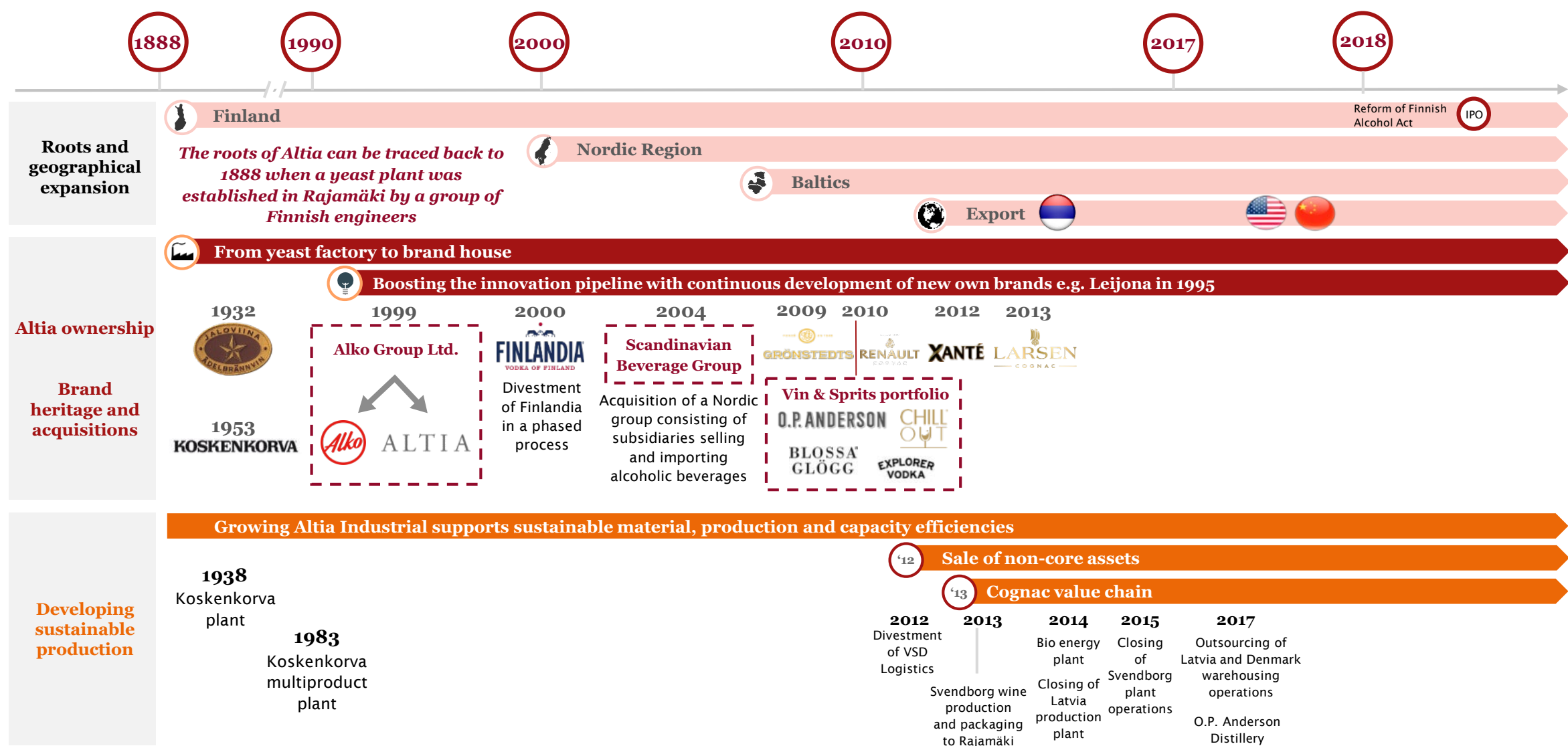
KOSKENKORVA

LARSEN  
COGNAC



O.P. ANDERSON

# Our journey to being the Nordic powerhouse and market leader



# Our responsibility work is driven by key megatrends: health & wellbeing, circular economy and climate change

ALTIA CORPORATE RESPONSIBILITY CORNERSTONES AND MATERIALITY



DRIVEN BY THE MEGATRENDS HEALTH & WELLBEING, CIRCULAR ECONOMY AND CLIMATE CHANGE

## Altia & customers

- Quality and safety of Altia's products
- Responsibly produced and traceable raw materials
- Balanced product portfolio aligned with responsible consumption trends

## Altia & society

- Responsible marketing
- Responsibility in supply chain
- Transparency and good governance

## Altia & environment

- Energy consumption and CO2 emissions
- Sustainable and resilient agriculture
- Conserving groundwater
- Sustainable packaging

## Altia & employees

- Wellbeing of employees
- Employee development & good leadership
- Occupational health & safety



# Corporate Responsibility is an integral part of our business

LET'S DRINK BETTER – SUPPORT THE DEVELOPMENT OF A MODERN RESPONSIBLE NORDIC DRINKING CULTURE

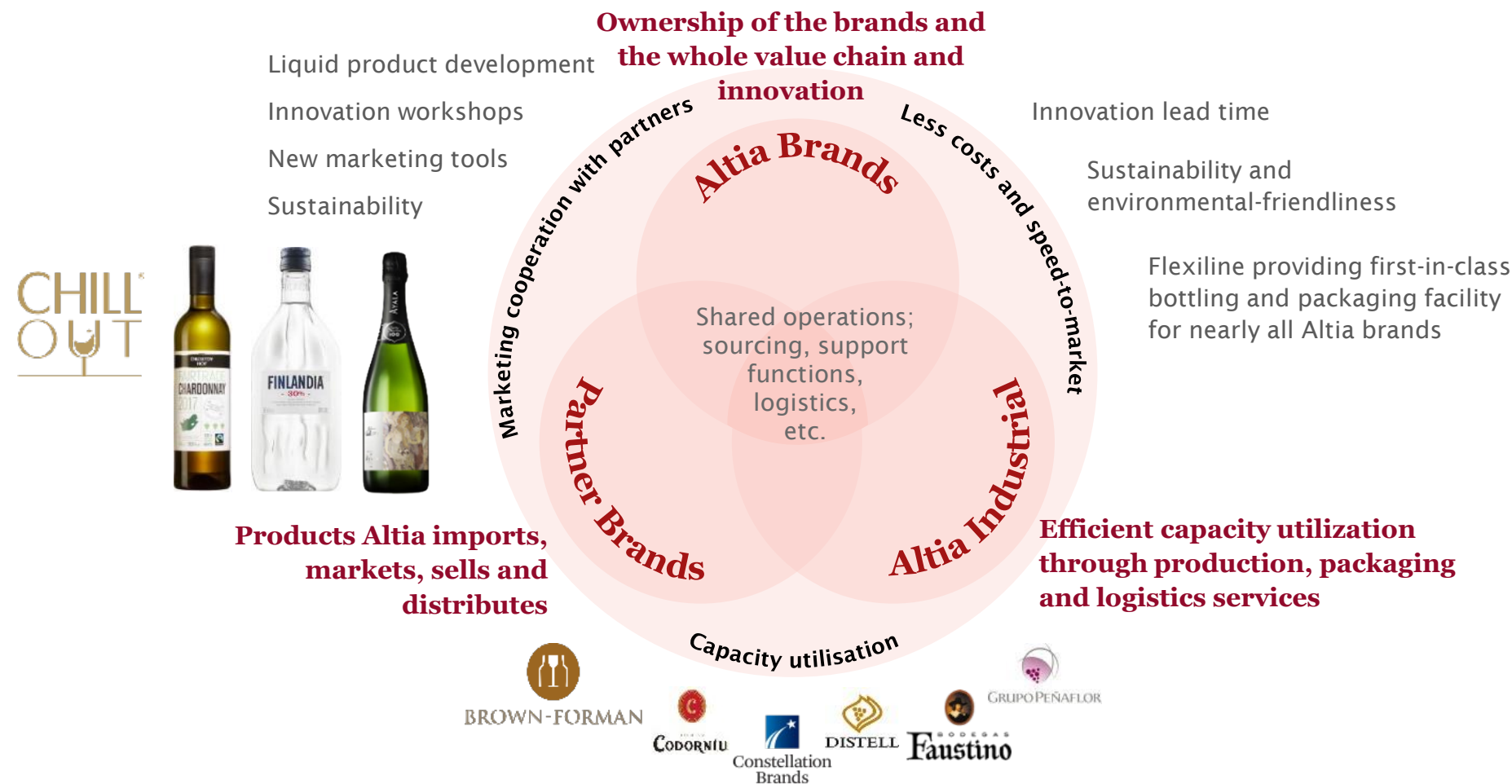
## Highlights H1 2019

- Acknowledged by inclusion on Sitra's most interesting companies in the circular economy
- First multi-channeled media campaign to increase bottle recycling rates well received
- Progress in safety according to targets
  - Lost Time Injury Frequency (LTIF) decreased
  - Number of preventive observations growing
- Progress in environmental performance of production sites according to annual targets



# Our integrated operating model creates synergies and economies of scale

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



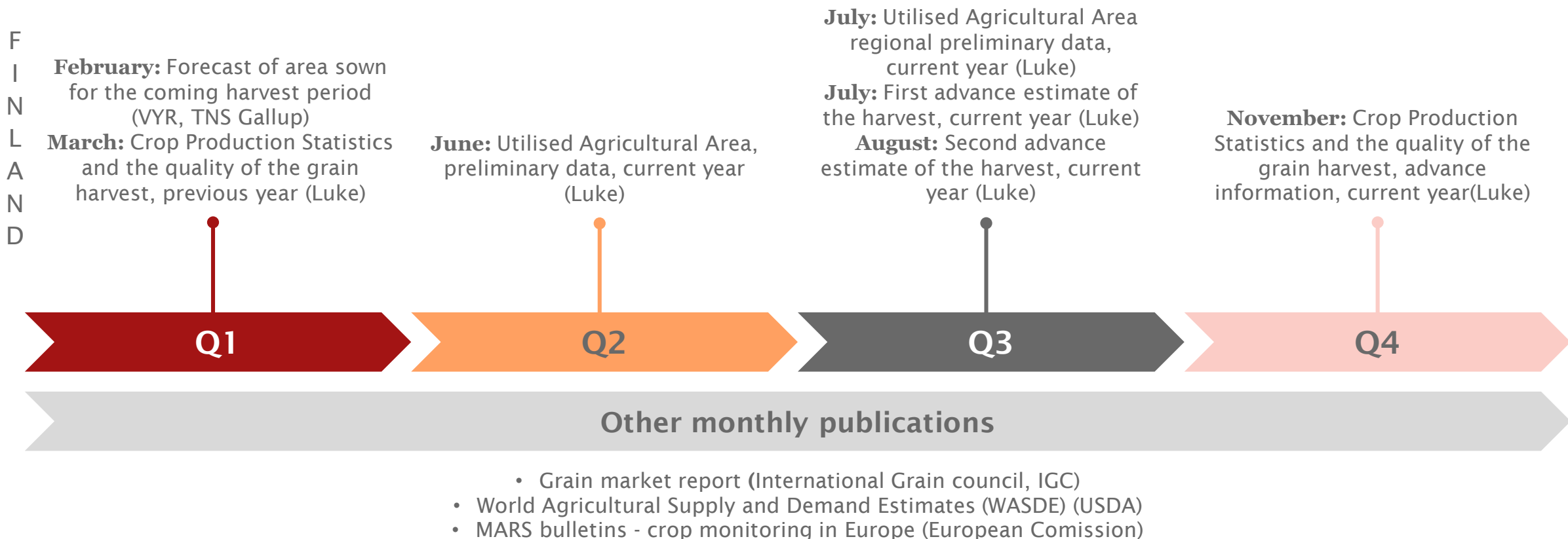
*Summary of key benefits of the integrated operating model*

Full capacity utilisation

Deeper cooperation with partners

Agility and capability for local solutions

# Barley reports and publications





# Macro indicators

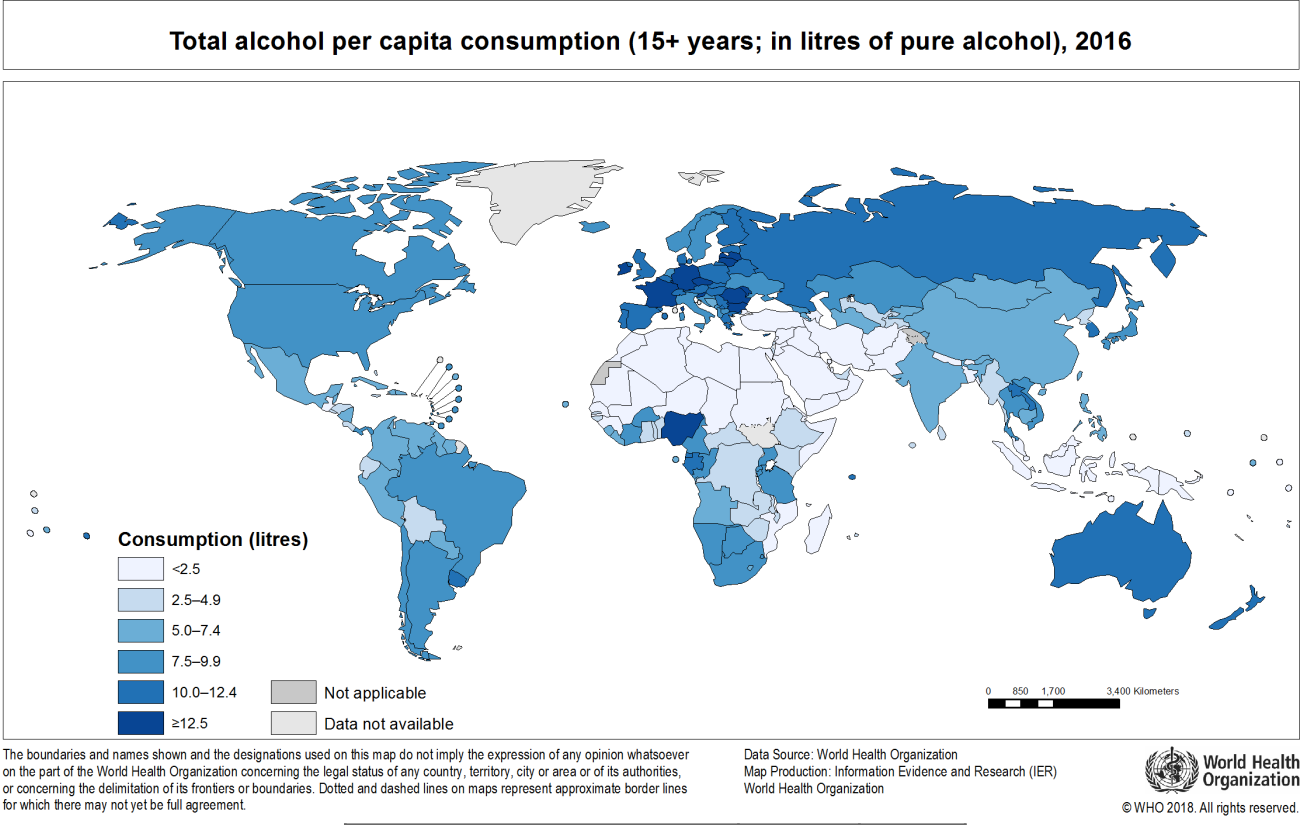
## ALCOHOL CONSUMPTION (WHO)

### 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



	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 <sup>1)</sup>	Examples	Description	How Altia operates in the channel
68%	Monopoly    VINMONOPOLET	<ul style="list-style-type: none"> <li>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</li> <li>Retail monopolies have extensive geographic presence and wide assortment supported by pick-and-collect online services</li> </ul>	<ul style="list-style-type: none"> <li>Several years of experience in operating in the highly regulated Nordic monopoly market</li> <li>Understanding of Nordic consumer habits and trends provides strong position in the tender processes</li> </ul>
10%	Grocery trade        	<ul style="list-style-type: none"> <li>Grocery stores, supermarkets and kiosks especially in Denmark and the Baltics</li> <li>Low/non-alcoholic beverages in monopoly markets</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
9%	Wholesale & HoReCa          	<ul style="list-style-type: none"> <li>Hotels, restaurants and cafés</li> <li>Plays important role in brand building and in trend-setting</li> </ul>	<ul style="list-style-type: none"> <li>Access to HoReCa goes usually through wholesale customers</li> <li>Important marketing channel</li> </ul>
13%	Travel retail & Exports       	<ul style="list-style-type: none"> <li>Exports consists of consumer product sale outside Altia's home market</li> <li>Price differences between countries drive border trade and travel retail</li> </ul>	<ul style="list-style-type: none"> <li>Exports through distribution partnerships</li> <li>Key export countries are Russia, China and the US</li> </ul>

<sup>1)</sup> Consumer sales by customer segment in 2018. 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



Monopoly facts<sup>6)</sup>

	Sales volumes 2018 <sup>1)</sup>	Off-trade share <sup>2)</sup>	Monopoly’s share of consumption <sup>3)</sup>	Sale outlets			Extent of assortment <sup>4)</sup>		Monopoly support <sup>5)</sup>	Share of BIB of wine sales, %	Marketing restrictions
				Monopoly	Pick-up	Grocery trade	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

Transparent pricing - fixed and predetermined gross margins for monopoly

	Annual windows for price revisions <sup>7)</sup>			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
	1 Jan	1 May	1 Sep	6 months

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 <sup>(1)</sup>	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



## Our Executive Management Team

- A** Pekka Tennilä CEO   **B** Niklas Nylander CFO   **C** Janne Halttunen SVP, SCANDINAVIA   **D** Kari Kilpinen SVP, FINLAND & EXPORTS   **E** Hannu Tuominen SVP, ALTIA INDUSTRIAL   **F** Kirsi Lehtola SVP, HR   **G** Kirsi Puntila SVP, MARKETING



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