



# ALTIA

## **Altia's Q1 results presentation**

4 May 2018

CEO Pekka Tennilä & CFO Matti Piri

*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.*

***Let's drink better***



# We are the Nordic iconic brands

WE OPERATE ON THE STABLE AND PROFITABLE NORDIC MARKET



## Market positions in the Nordic region

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

Exports to  
approx. 30  
countries

- HEAD OFFICE
- SALES OFFICE
- PRODUCTION
- WAREHOUSE
- DISTILLERY



Market position  
**#1** Spirits | **#4** Wines

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

Travel retail  
in Nordic and  
Baltic region  
Market position  
**#3** Spirits



# Start of the year in line with expectations, comparable EBITDA improving

HIGHLIGHTS FROM Q1

IPO significantly  
oversubscribed  
and completed  
as planned

Net sales growth  
in constant currencies

**2.0%**

Reported net sales  
on previous year's level at

**73.5 (73.4)**

EUR million

Comparable EBITDA margin at

**7.0% (5.8%)**

Result for the period

**-1.8 (0.7)**

EUR million





# Market development

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

## Combined spirits and wine sales development in the state retail monopolies

% change compared to previous year	Q1/18	Q1/17	2017
<b>Finland, total sales</b>	1.7	-3.0	-0.2
Spirits	0.4	-2.1	-0.4
Wine	2.2	-3.4	-0.1
<b>Sweden, total sales</b>	5.3	-3.4	+0.2
Spirits	8.8	-4.6	+0.9
Wine	5.0	-3.3	+0.2
<b>Norway, total sales</b>	9.2	-7.1	-1.1
Spirits	8.6	-6.1	-0.9
Wine	9.3	-7.3	-1.1

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

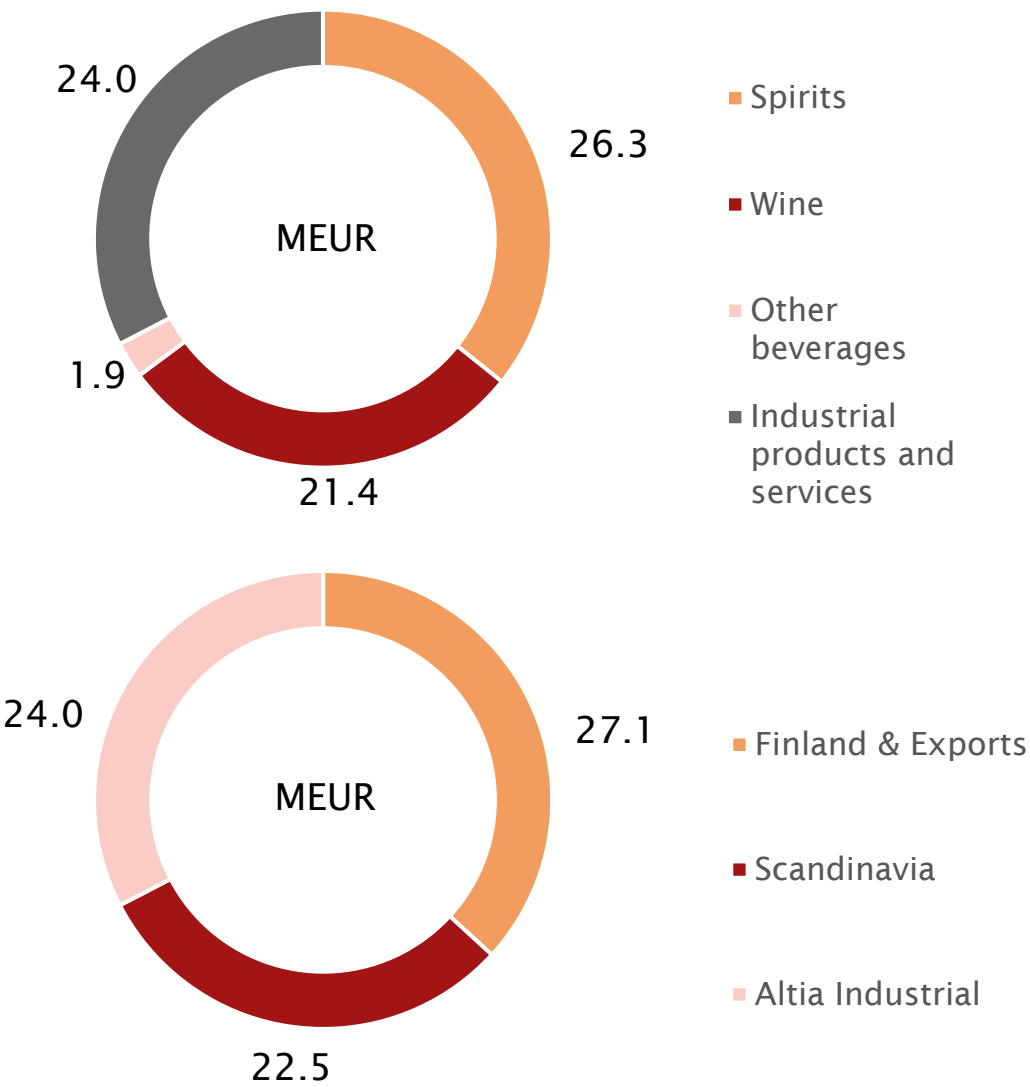
- The timing of Easter impacts the monopoly sales in comparison to previous year
- Finland
  - Spirits: vodka flattish, cognac slightly up, gin and rum up the most
  - Wine: red wine drives growth, rosé continues to grow fast
  - The new Alcohol Act opening the retail channel, total sales volumes in Alko down by 2.9% in Q1
- Sweden:
  - Spirits: whisky, liqueurs and aquavit/schnapps driving growth
  - Wine: sparkling wine continue to grow fast and take share from red and white wines
- Norway:
  - Spirits: liqueurs, aquavit/schnapps, whisky and vodka driving growth
  - Wine: rosé and sparkling continue to take share from red and white wines

# Growth in constant currencies 2.0%

- Reported net sales were EUR 73.5 (73.4) million
- Unfavourable currency fluctuations continue to impact net sales by EUR -1.3 million in Q1
- Timing of Easter in Q1 contributes positively
- Spirits sales were driven by Altia’s core brands
- Wine sales impacted by partner portfolio changes

	Q1	Growth	
	EUR	Reported	Adjusted*
Altia Group	73.5	0.2%	2.0%
Finland & Exports	27.1	4.0%	4.0%
Scandinavia	22.5	-3.1%	2.5%
Industrial	24.0	-0.7%	-0.7%

\* growth with constant currencies



# Finland & Exports

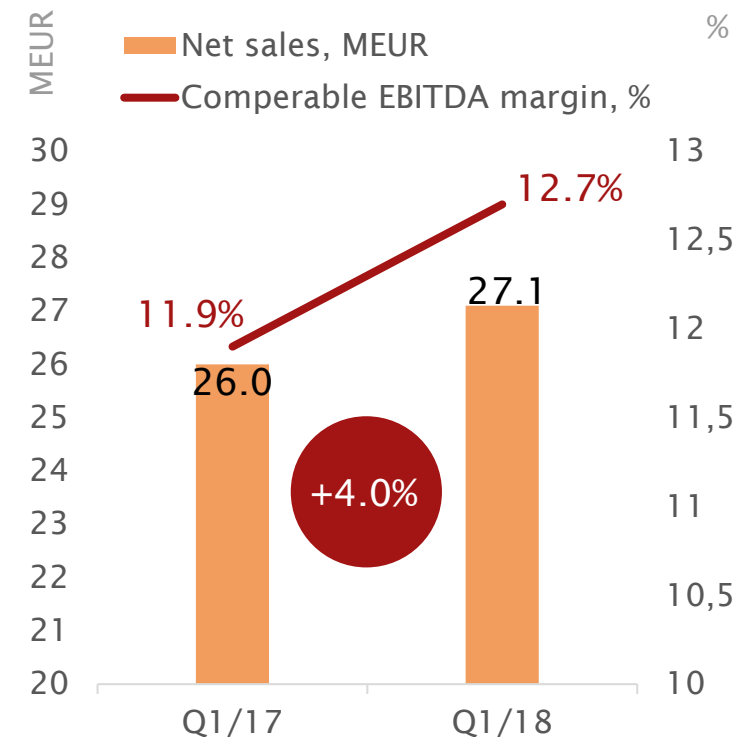
*The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.*



## Q1 Highlights

- Wine and spirits sales have developed well
- Good start in Finnish retail
- Exports progressing well and in line with expectations
- Baltics performing well supported by new listings in retail
- Soft start for travel retail

## Product Launches



# Low-alcohol launches

## GOOD START FOR RETAIL IN FINLAND

- New Alcohol Act as of January 2018
- Start building distribution and launch products





# Scandinavia

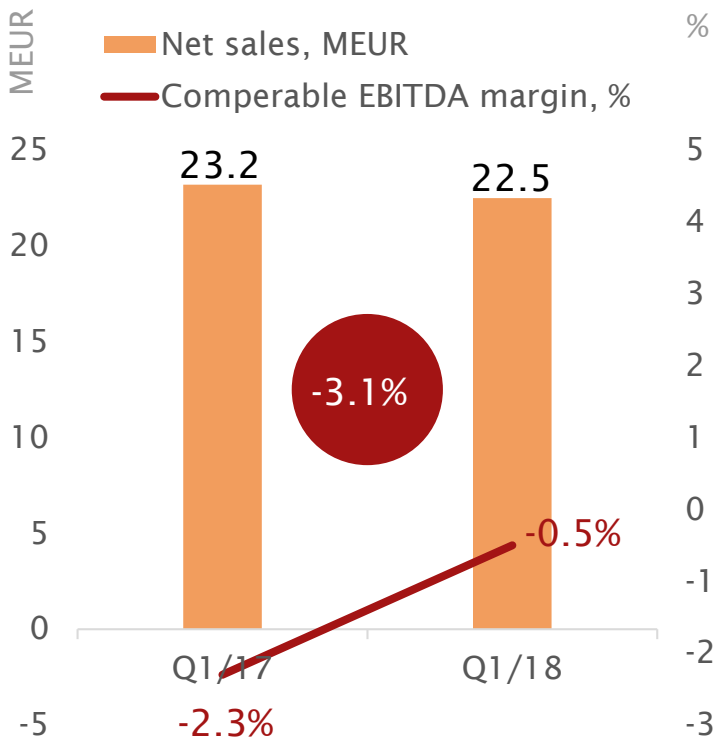
*The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.*



## Q1 Highlights

- Net sales grew by 2.5% in constant currencies
- Weak SEK and NOK continue to impact negatively in Q1 by EUR 1.3 million
- Good performance in Norway and Sweden for aquavit and cognac brands, especially O.P. Anderson and Grönstedts
- The launch of Brøndums Fadlagret contributed to net sales in Denmark

## Product Launches





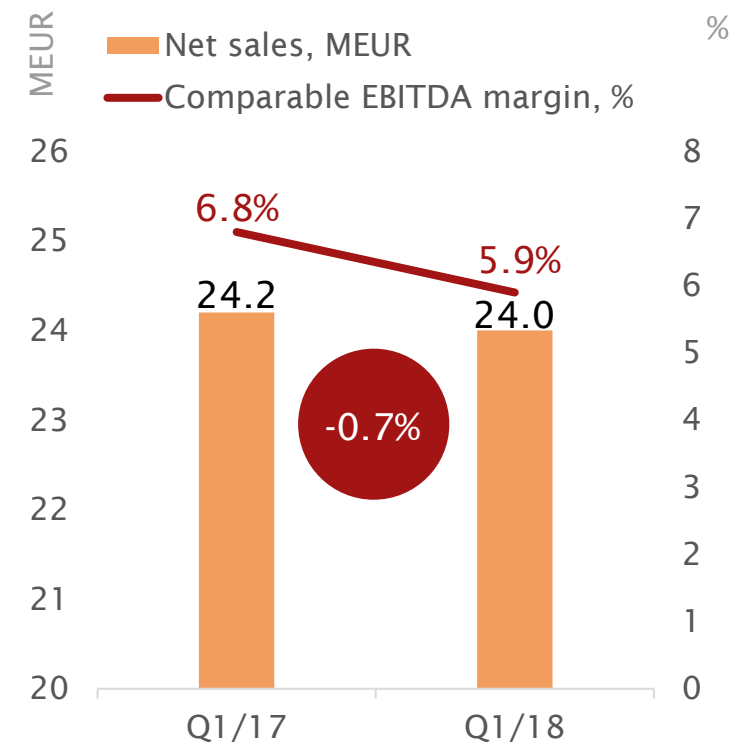
# Altia Industrial

*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.*



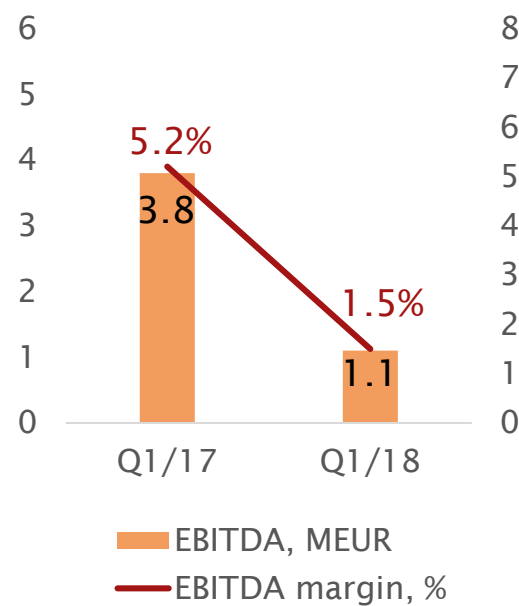
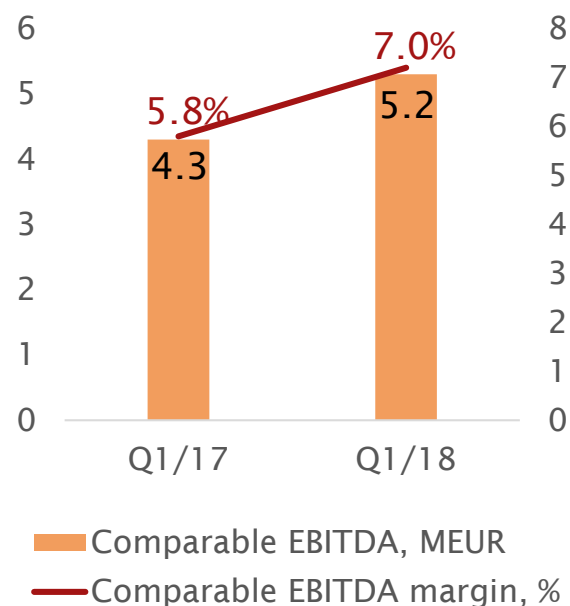
## Q1 Highlights

- Lower contract manufacturing volumes compared to previous year
- Demand for starch and technical ethanol on good level
- Koskenkorva plant operating at full capacity, volumes up by 5.4%
- New filler at Rajamäki production plant – improve efficiency and ensure high quality especially in wine



# Comparable EBITDA improving

ITEMS AFFECTING COMPARABILITY MOSTLY IPO RELATED COSTS

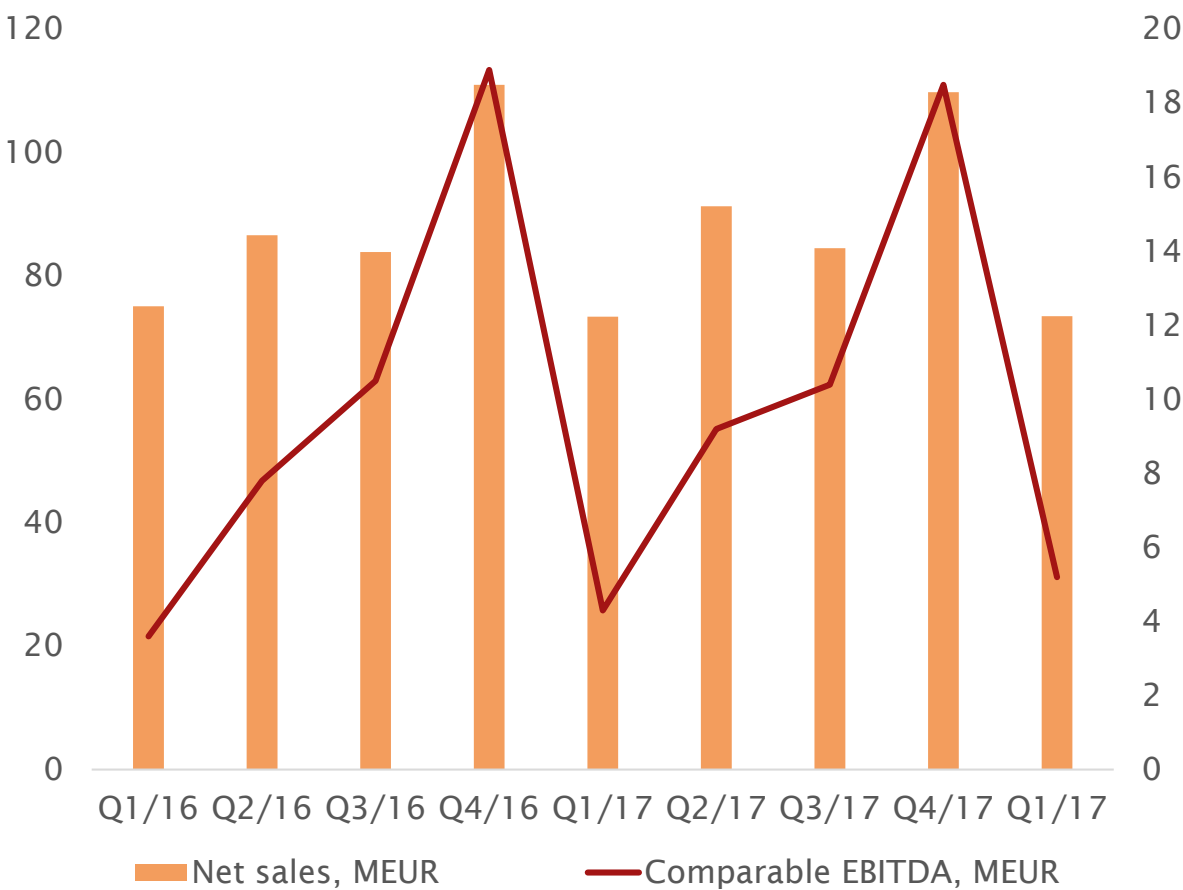


EUR million	Q1 18	Q1 17	2017
<b>Items affecting comparability</b>			
Net gains or losses from business and assets disposals	-	-	1.3
Cost for closure of business operations and restructurings	-0.2	-0.5	-1.1
Major corporate projects			
Costs related to stock exchange listing	-3.9	-	-2.4
<b>Total items affecting comparability</b>	<b>-4.1</b>	<b>-0.5</b>	<b>-2.1</b>



# Altia's business is characterised by substantial seasonality

SEASONALITY AFFECTS NET SALES AND PROFITABILITY



- Revenues typically lower in Q1 , a large amount of revenue and cash flow generated in Q4
  - Timing of Easter in Q1 or Q2
  - 1st of May and Midsummer festivities in Q2
  - Christmas and New Year season, and Blossa Glögg in Q4
- Significant fluctuations also in net working capital

# Cash flow and balance sheet

Net cash flow from operating activities (in the first quarter) EUR **-27.0 (-21.1)** million

The receivables sold (at the end of the period) EUR **52.9 (45.8)** million

Gearing **56.9% (14.3%)**

The reported net debt to comparable EBITDA ratio **1.8 (0.7)**

In use from revolving credit facility (at the end of the period) EUR **20** million **(0)** million

Commercial paper programme EUR **100** million of which issued EUR **18** million in April





# ALTIA

## **Strategy review**

4 May 2018

CEO Pekka Tennilä



# IPO attracted strong demand and was significantly oversubscribed

COMPLETED AS PLANNED – FIRST DAY OF TRADING 23 MARCH 2018

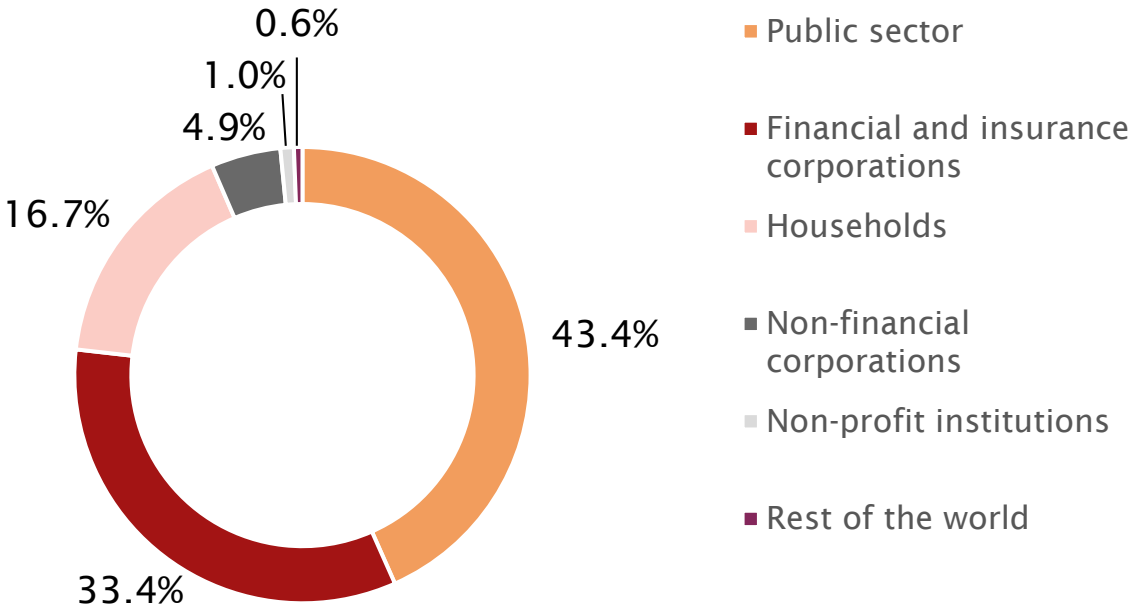
- Share sale by the State of Finland of in aggregate 23 000 000 existing shares (including over-allotment option) as well as an issue of in aggregate 180 485 new shares in personnel offering.
- The subscription price was set to EUR 7.50 per sale share, and EUR 6.75 per share in the personnel offering.
- 6 000 000 shares were allocated to private individuals and entities in Finland and 17 000 000 shares were allocated to institutional investors.
- Approximately 16 500 investors participated in the public share sale.
- Following the IPO market capitalisation was approximately EUR 271.1 million.





# Ownership on 29 March 2018

## Ownership distribution, % of shares



Source: Euroclear Finland

		Nr of shares	% of shares
1	Prime Minister's Office	12 960 000	35.9
2	Varma Mutual Pension Insurance Company	1 200 000	3.3
3	Ilmarinen Mutual Pension Insurance Company	1 100 000	3.0
4	Erikoissijoitusrahasto Visio Allocator	527 000	1.5
5	Veritas Pension Insurance Company Ltd.	400 000	1.1
6	OP-Finland Small Firms Fund	350 000	1.0
7	Säästöpankki Pienyhtiöt	300 000	0.8
8	Mandatum Life Unit-Linked	281 388	0.8
9	Palcmills Oy	238 000	0.7
10	Nordea Life Assurance Finland Ltd.	186 934	0.5
Total		17 543 322	48.5
Nominee-registered shares		10 556 696	29.2

The ownership of the State of Finland after exercising the over-allotment option as at 20 April was 13 097 481 shares, representing 36.2% of all shares in the company.

# 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

# 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>



# Guidance 2018

- The positive trend in Altia's core brand portfolio is expected to continue. Cost increases on key raw materials and expansion in exports impact profitability development. Currency fluctuations, especially the weakening of the Swedish and Norwegian kronas, are expected to continue.

## GUIDANCE AS PUBLISHED ON 23 FEBRUARY 2018 REMAINS UNCHANGED

- Group comparable EBITDA is expected to improve or be at the 2017 level.

## NEXT FINANCIAL REPORT

- Half-yearly report on 10 August 2018
- Conference call and audio webcast





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



# Questions?



# Appendices



# Key figures

KEY FIGURES OF THE GROUP	Q1 2018	Q1 2017	Q1-Q4 2017
Net sales, EUR million	73.5	73.4	359.0
Comparable EBITDA, EUR million	5.2	4.3	42.4
% of net sales	7.0	5.8	11.8
EBITDA, EUR million	1.1	3.8	40.3
Comparable operating result, EUR million	1.6	0.7	28.2
% of net sales	2.2	1.0	7.8
Operating result, EUR million	-2.5	0.3	26.1
Result for the period, EUR million	-1.8	0.7	18.3
Earnings per share, EUR	-0.05	0.02	0.51
Net debt/comparable EBITDA, rolling 12 m	1.8	0.7	1.1
Average number of personnel	705	785	762

# Quarterly figures

## Net sales by quarter

EUR million	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Finland & Exports	27.1	40.7	31.4	35.7	26.0
Scandinavia	22.5	44.4	26.5	29.7	23.2
Altia Industrial	24.0	24.7	26.5	25.9	24.2
<b>Total</b>	<b>73.5</b>	<b>109.8</b>	<b>84.5</b>	<b>91.3</b>	<b>73.4</b>

## EBITDA and operating result by quarter

EUR million	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Finland & Exports	3.4	7.2	4.0	5.2	3.1
Scandinavia	-0.1	8.9	1.0	2.1	-0.5
Altia Industrial	1.4	3.7	4.5	2.6	1.6
Other	0.4	-1.3	0.9	-0.8	0.1
<b>TOTAL comparable EBITDA</b>	<b>5.2</b>	<b>18.5</b>	<b>10.4</b>	<b>9.2</b>	<b>4.3</b>
Items affecting comparability	-4.1	-2.2	0.7	-0.2	-0.5
<b>EBITDA</b>	<b>1.1</b>	<b>16.3</b>	<b>11.1</b>	<b>9.0</b>	<b>3.8</b>
Depreciation, amortisation and impairment	-3.5	-3.6	-3.6	-3.5	-3.5
<b>Operating result</b>	<b>-2.5</b>	<b>12.7</b>	<b>7.6</b>	<b>5.4</b>	<b>0.3</b>

# Consolidated income statement

EUR million	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
<b>NET SALES</b>	359.0	356.6
Other operating income	8.3	12.6
Materials and services	-202.0	-197.0
Employee benefit expenses	-52.0	-36.6
Other operating expenses	-72.9	-74.8
Depreciation, amortisation and impairment	-14.2	-14.5
<b>OPERATING RESULT</b>	<b>26.1</b>	<b>46.3</b>
Finance income	4.5	1.3
Finance expenses	-6.4	-3.4
Share of profit in associates and income from interests in joint operations	0.9	0.9
<b>RESULT BEFORE TAXES</b>	<b>25.0</b>	<b>45.0</b>
Income tax expense	-6.7	-9.0
<b>RESULT FOR THE PERIOD</b>	<b>18.3</b>	<b>36.1</b>
<b>Result for the period attributable to:</b>		
Owners of the parent	18.3	36.1
<b>Earnings per share for the result attributable to owners of the parent, EUR</b>		
Basic and diluted	0.51	1.00



# Balance sheet

EUR million	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	82.1	83.1
Other intangible assets	34.4	36.7
Property, plant and equipment	67.4	70.0
Investments in associates and interests in joint operations	7.6	7.6
Available-for-sale financial assets	1.4	0.8
Other receivables	1.0	0.3
Deferred tax assets	1.0	4.6
<b>Total non-current assets</b>	<b>194.8</b>	<b>203.1</b>
<b>Current assets</b>		
Inventories	94.5	96.3
Trade and other receivables	53.9	63.8
Current tax assets	2.8	1.4
Cash and cash equivalents	52.4	68.0
<b>Total current assets</b>	<b>203.6</b>	<b>229.6</b>
<b>TOTAL ASSETS</b>	<b>398.4</b>	<b>432.7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	60.5	60.5
Fair value reserve	0.6	-
Hedge reserve	-0.3	-1.4
Translation differences	-16.0	-12.3
Retained earnings	92.0	144.5
<b>Total equity</b>	<b>136.8</b>	<b>191.3</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	17.7	20.7
Borrowings	89.1	64.9
Provisions	-	-
Employee benefit obligations	1.3	1.8
<b>Total non-current liabilities</b>	<b>108.2</b>	<b>87.4</b>
<b>Current liabilities</b>		
Borrowings	11.0	7.8
Provisions	-	1.3
Trade and other payables	137.4	142.7
Current tax liabilities	5.0	2.2
<b>Total current liabilities</b>	<b>153.4</b>	<b>154.1</b>
<b>Total liabilities</b>	<b>261.6</b>	<b>241.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>398.4</b>	<b>432.7</b>

# Cash flow

EUR million	1 Jan-31 Dec 2017	1 Jan-31 Dec 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Result before taxes	25.0	45.0
Adjustments		
Depreciation, amortisation and impairment	14.2	14.5
Share of profit in associates and income from investments in joint operations	-0.9	-0.9
Net gain on sale of non-current assets	-1.6	-4.3
Finance income and costs	1.9	2.2
Settlement gain of defined benefit obligation	-	-16.5
Other adjustments	0.5	-0.1
	14.1	-5.1
Change in working capital		
Change in inventories, increase (-) / decrease (+)	1.2	4.9
Change in trade and other receivables, increase (-) / decrease (+)	9.4	-4.4
Change in trade and other payables, increase (+) / decrease (-)	-2.6	0.1
Change in provisions, increase (+) / decrease (-)	-1.3	-2.1
Change in working capital	6.7	-1.6
Settlement of defined benefit obligation	-	-4.1
Interest paid	-1.7	-1.8
Interest received	0.3	0.3
Other finance income and expenses paid	-2.2	-0.3
Income taxes paid	-4.6	-2.9
Financial items and taxes	-8.2	-4.8
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>37.6</b>	<b>29.4</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment and intangible assets	-11.9	-8.7
Proceeds from sale of property, plant and equipment and intangible assets	2.6	4.5
Payments for available-for-sale financial assets	-	-0.0
Proceeds from sale of available-for-sale financial assets	0.0	-
Repayment of loan receivables	0.3	0.2
Interest received from investments in joint operations	0.9	0.9
Dividends received	0.2	0.1
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-7.8</b>	<b>-3.1</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	100.0	-
Repayment of borrowings	-72.5	-22.5
Dividends paid and other distributions of profits	-70.5	-10.4
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-43.0</b>	<b>-32.9</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-13.2</b>	<b>-6.6</b>
Cash and cash equivalents at the beginning of the period	68.0	76.3
Translation differences on cash and cash equivalents	-2.5	-1.6
Change in cash and cash equivalents	-13.2	-6.6
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>52.4</b>	<b>68.0</b>



# More information about Altia:

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

