

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

Merger of Altia & Arcus

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This presentation includes estimates relating to the cost and revenue synergy benefits expected to arise from the merger as well as the related integration costs (which are forward-looking statements), which have been prepared by Altia and Arcus and are based on a number of assumptions and judgments. Such estimates present the expected future impact of the merger on the Combined Company's business, financial condition and results of operations. The assumptions relating to the estimated cost and revenue synergy benefits and related integration costs are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause the actual cost and revenue synergy benefits from the merger, if any, and related integration costs to differ materially from the estimates in this presentation. Further, there can be no certainty that the merger will be completed in the manner and timeframe described in this presentation, or at all.

# Summary of the combination



# Summary of the combination

## Structure

- The combination will be completed via a statutory cross-border absorption merger whereby Arcus ASA is merged into Altia Plc
  - Headquarter in Helsinki, executive management team placed in the different countries - creating an effective and true Nordic matrix
  - The combined company will be listed on Nasdaq Helsinki with a temporary listing on Oslo Børs
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## Decision making

- Merger plan and combination agreement between the parties signed by Altia's and Arcus' BoD on 29 September 2020
  - The final decision on the merger is made by the Extraordinary General Meetings (EGM; 2/3 majority) of both companies
  - Merger prospectus to be published before the EGMS
- 

## Corporate governance

- The name of the combined company will be ANORA GROUP
  - Pekka Tennilä will become the CEO and Sigmund Toth will become the CFO of the combined company
  - It is proposed that the Chairman of the combined company will be Michael Holm Johansen and that the Vice Chairman will be Sanna Suvanto-Harsaae
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## Deal certainty

- Altia's largest shareholder, Vake Oy, holding approximately 36.2% of the shares in Altia has stated their support for the transaction
  - Voting undertaking, subject to certain conditions, secured from Arcus' largest shareholder Canica AS, holding approximately 44.2% of the shares in Arcus
  - Voting undertakings secured from the other main shareholders of both companies representing approximately 9.4% of shares and votes in Altia and approximately 14.8% of shares and votes in Arcus
  - Completion of the merger is subject to approval by EGMS in Altia and Arcus as well as obtaining necessary merger control approvals and customary closing conditions
- 

## Transaction consideration

- The shareholders of Arcus will receive 0.4618 new Altia shares for each share in Arcus as merger consideration whereby the shareholders of Arcus will receive a 46.5% ownership in the combined company
  - In addition, Altia proposes to pay an extra dividend of EUR 0.40 per share in addition to EUR 0.21 per share already authorised by Altia's Annual General Meeting, corresponding to EUR 22m in total, to Altia's shareholders prior to completion
- 

## Timing

- Targeted publication of prospectus in late October
- Altia's and Arcus' EGMS to be held in November 2020
- Closing expected in H1 2021 at the latest, subject to all regulatory approvals having been obtained

# Merger of Altia and Arcus



# The Nordic wine & spirits brand house with an excellent growth platform

**1. The wine and spirits brand house in the Nordics**

**2. Superior pan-Nordic route-to-market**

**3. Competitive platform to grow in and outside home markets**

**4. Step-change in scale with efficiencies across the value chain**

**5. Strong value creation from significant synergies**

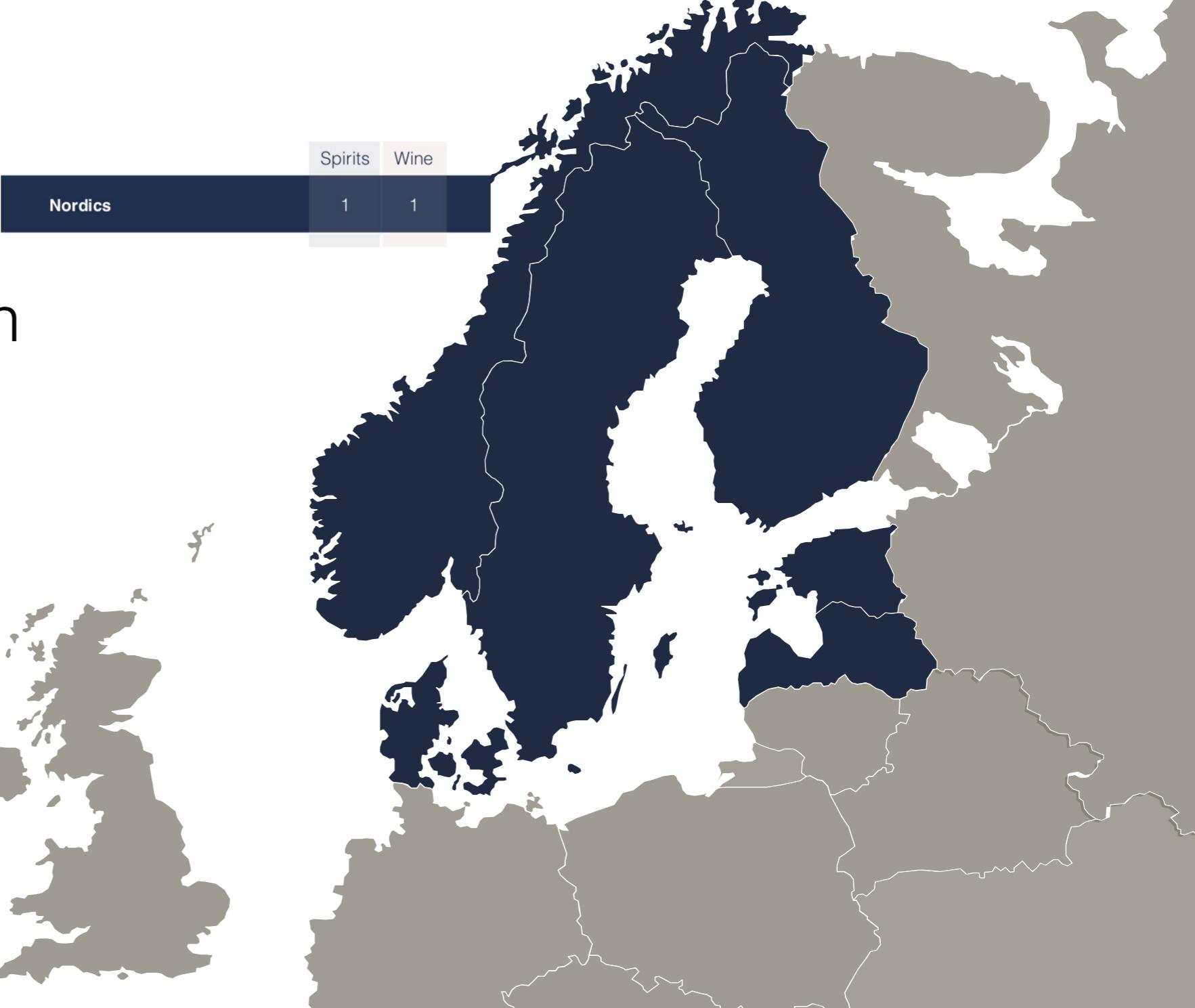
# 1. Leading presence in wines and spirits across the Nordics and existing presence in the Baltics

Combined preliminary key figures (2019)

- Net sales EUR 640 million
- Comparable EBITDA EUR 85 million
- Personnel about 1,100

Market shares in Norway, Sweden and Finland are based on data from the retail monopolies, Vinmonopolet, Systembolaget and Alko and are based on the total volumes for the combined entity in 2019. Market shares in Denmark are based on August-20 LTM volumes (including Altia Denmark A/S and Det Danske Spiritus Company (Arcus), provided by Nielsen)

Source: Alko, Vinmonopolet, Systembolaget, Nielsen



# 1. Strong and diversified brand portfolio of iconic local, regional and global brands



# 1. Deep consumer insights, local understanding and strong capabilities to grow through innovation

## Transfer of unique know-how

Sharing of best practices and local market insight

## Strengthened visibility

A larger, more visible platform with positive effects on talent recruiting, customer exposure and market expansion potential

## Leading innovation capabilities

Platform and capabilities to accelerate product innovation

## Close proximity to consumers

Wider combined footprint strengthens the ability to adapt to local consumer knowledge and key trends which is a key requirement to succeed in innovation

### Falling Feather – Norway's most popular red wine

Sales development (million liters)



- Low in tannins and histamines
- Environmentally friendly
- Popular grape
- Smooth and easy-to-like taste

### Koskenkorva – 7 botanicals

Koskenkorva Vodka 7 Botanicals  
– a premium limited edition  
inspired by the Nordic midsummer



## 2. Superior pan-Nordic route-to-market

Superior partner offering through sales excellence and presence in complex Nordic markets

**First class local knowledge and unparalleled presence across the Nordics**



**Leading distribution capabilities**

ALTIA

*Arcus*

**64**

Million litres sold  
per year<sup>1</sup>

**46**

Million litres sold  
per year

Attractive one-stop shop for on- and off-trade customers in wine and spirits across home markets

**Access to a unique portfolio of own and partner brands**



KOSKENKORVA



LAROCHE

JACK DANIEL'S

**Improved product category width and depth**



Note: 1) Excluding exports

### 3. Competitive platform to grow in and outside home markets

Joined forces and competence will facilitate more powerful launches, both in new and current markets

Attractive combined portfolio of iconic Nordic brands with further export potential

Strengthened financial position allowing for targeted M&A

1

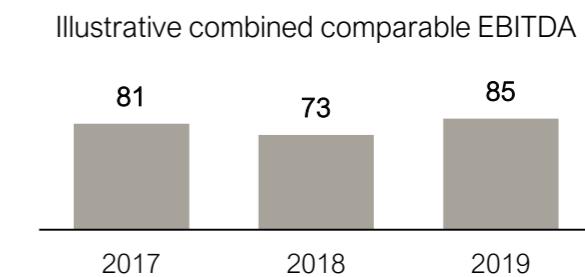
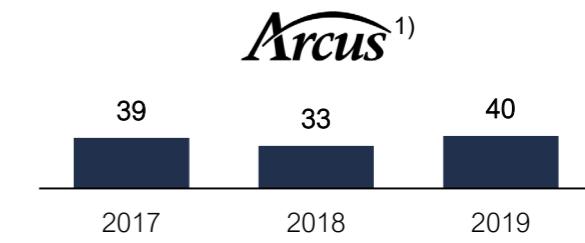
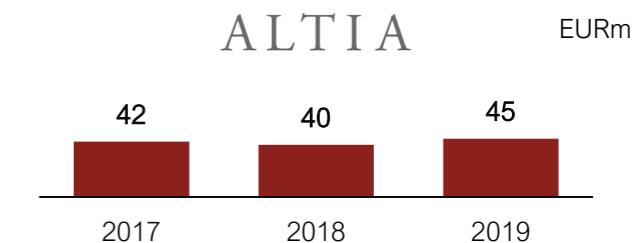
Increased resources allowing selective pushes in key export markets

2

Opportunity to introduce and invest in attractive brands in selected fast-growing markets

3

Raised attractiveness for distribution partners



Note: 1) Yearly average FX used for Arcus' historical values

# 4. Step-change in scale with efficiencies across the value chain

## Strong combined manufacturing and logistics footprint

### Manufacturing



Altia



Arcus

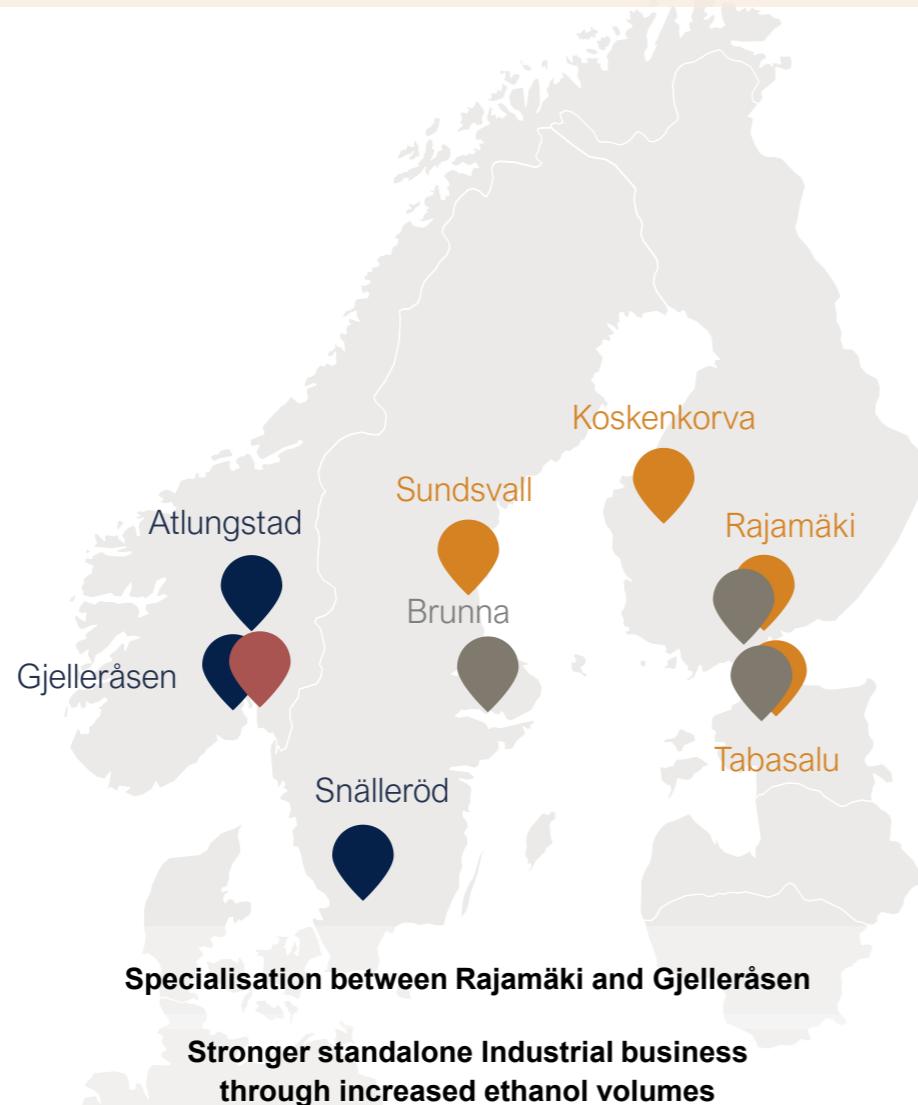
### Own warehouse



Altia



Arcus



## Efficiency gains across the value chain



Sourcing

Combined supplier base for first-class raw materials



Logistics and warehousing

Improved warehouse capacity utilisation  
Scale benefits in transportation



Manufacturing, bottling and packaging

Specialisation of manufacturing driving efficiency and potential driving cost savings

## Further strengthened sustainability

Increased scale

Increased control of own operations

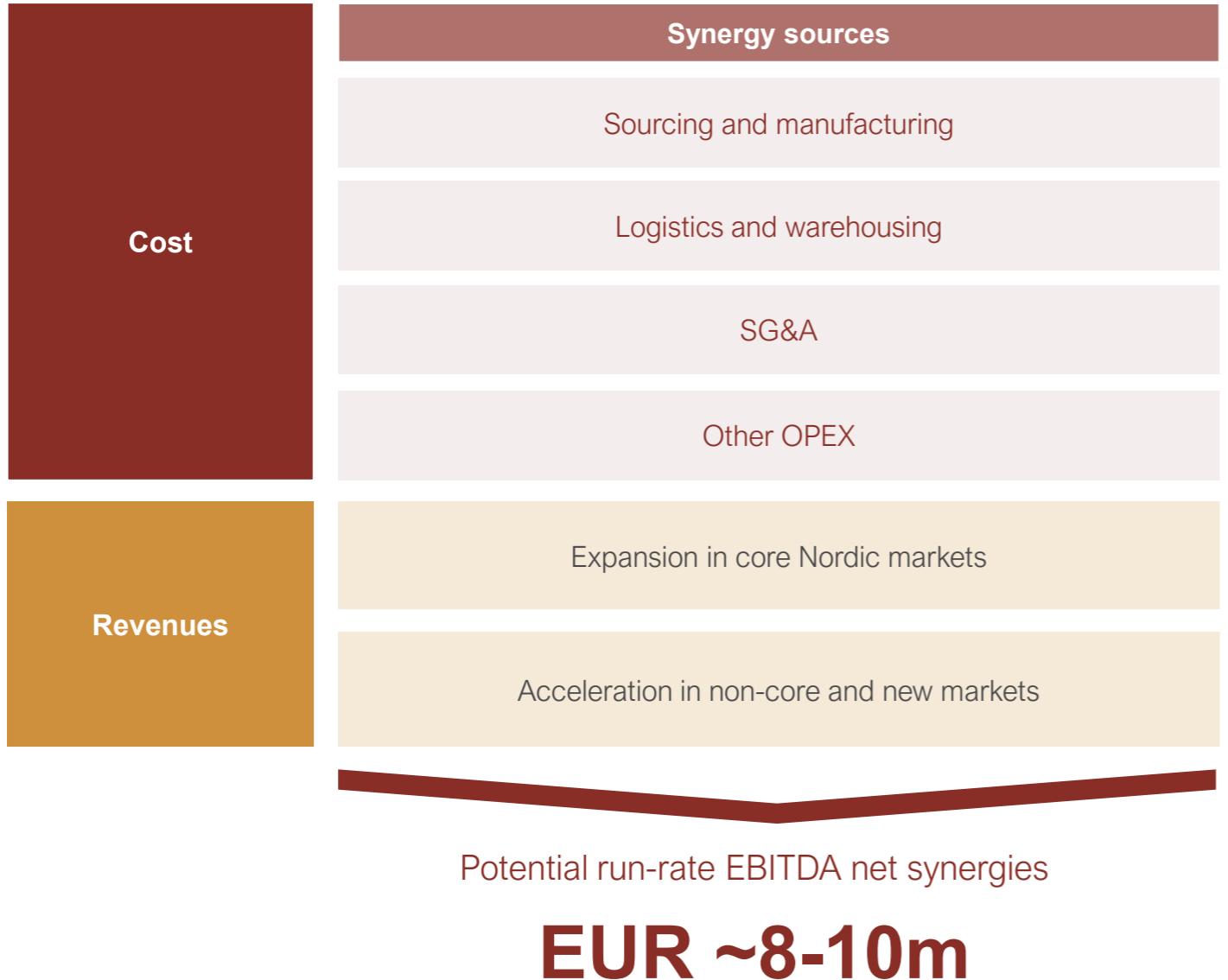
Deeper supplier partnerships

More efficient use of materials

More efficient production

More sustainable operations

## 5. Strong value creation for shareholders from significant synergies



# Combination overview

## Transaction structure

### Exchange ratio

0.4618 new Altia shares for each Arcus share

0.4618 new Altia shares issued for each share in Arcus as merger consideration to the shareholders of Arcus in exchange for all assets, liabilities and businesses of Arcus.

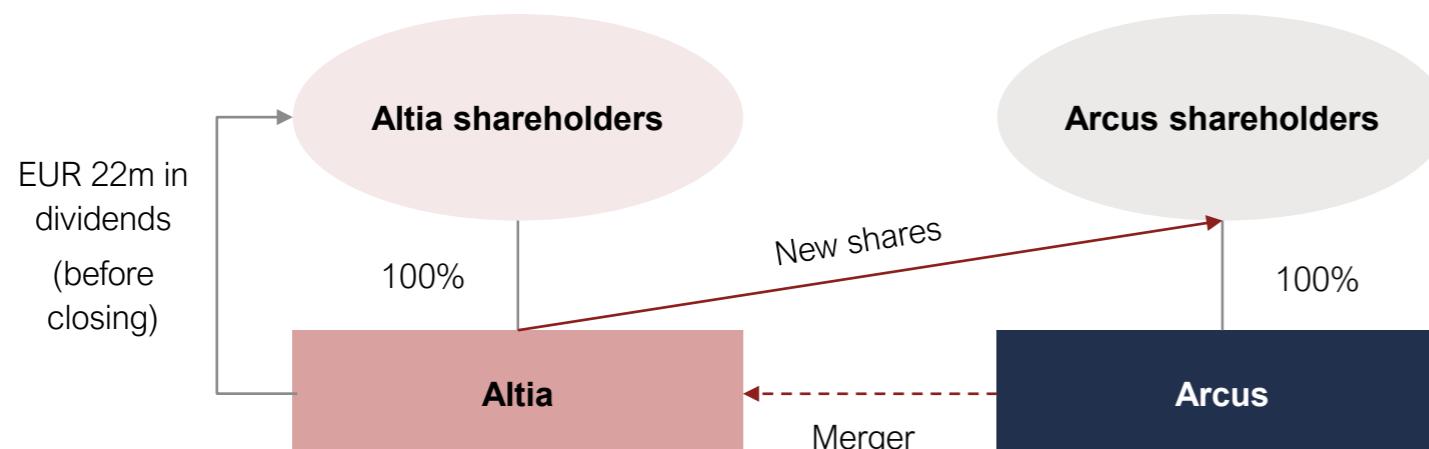
Additionally, Altia proposes to pay an extra dividend of EUR 0.40 per share in addition to EUR 0.21 per share already authorized by Altia's Annual General Meeting corresponding to EUR 22m in total, to Altia's shareholders.

### Surviving entity

ALTIA

The transaction will be executed as a statutory cross-border absorption merger whereby Arcus will be merged into Altia.

## Transaction overview



## Post merger ownership

ALTIA

*Arcus*

53.5%

46.5%

## Post transaction structure

EUR 22m in cash

Altia  
shareholders

Arcus  
shareholders

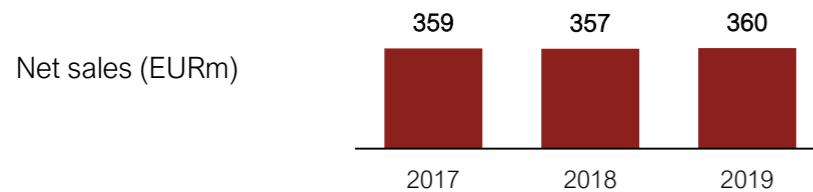
53.5%

ANORA GROUP

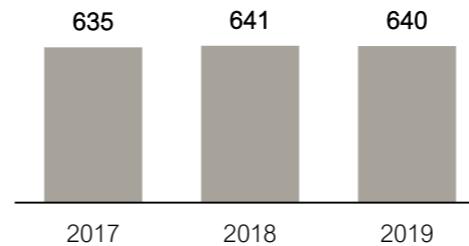
46.5%

# ANORA GROUP's key figures

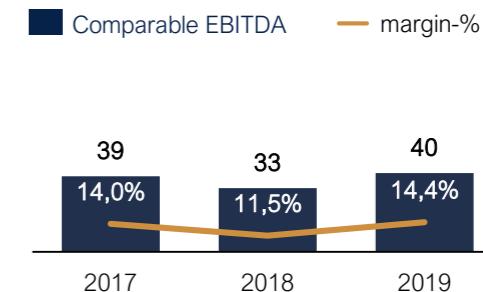
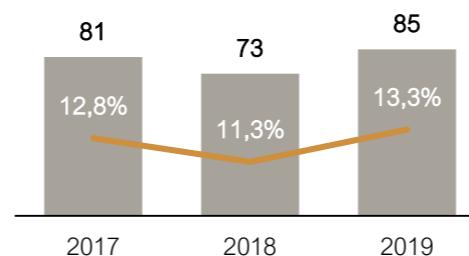
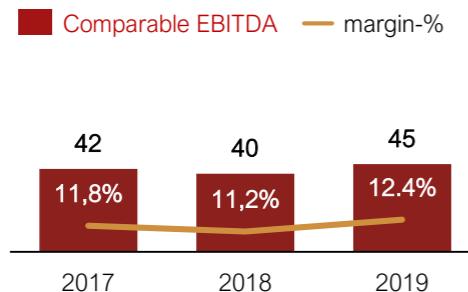
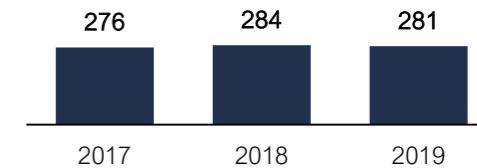
## ALTIA



## Illustrative ANORA GROUP



## Arcus



## Illustrative combined net sales split (2019)<sup>1</sup>



Note: Yearly average FX used for historical values, 1) Arcus sales excluding parent sales and group eliminations



# Illustrative combined income statement information

IFRS	H1 2020			FY 2019			
	EUR million	ANORA GROUP	Altia	Arcus	ANORA GROUP	Altia	Arcus
<b>Net sales</b>	276.5	149.9	127.3		640.2	359.6	280.6
<b>Comparable EBITDA</b>	35.9	18.8	17.2		85.1	44.8	40.3
<b>Comparable EBITDA %</b>	13.0%	12.6%	13.5%		13.3%	12.4%	14.4%
<b>Operating result (EBIT)<sup>1</sup></b>	18.9	9.2	9.7		51.3	25.1	26.2
<b>Operating result %</b>	6.8%	6.2%	7.6%		8.0%	7.0%	9.3%

Note: 1) EBIT does not include amortisation and depreciation for any fair value adjustments on non-current assets or any other purchase accounting impacts to be recognised in the combination under IFRS and, thus is not representative of future operating results of Anora Group

# Financing and capital structure

- Committed financing in place for the merger
- As the merger consideration is new shares in Altia there is no significant new debt that would arise from the transaction
- The combined company net debt has been adjusted to reflect Altia's EUR 22m dividend payment as well as Arcus' dividend payment of EUR 10m in 10 July
- Illustrative gearing 48% as of 30 June 2020
- Illustrative equity ratio 37% as of 30 June 2020

Net debt as of 30 June 2020		
Illustrative combined	Altia	Arcus
188.3	29.9	126.1



# Winning approach to sustainability

## Towards carbon neutral production

Grain spirit produced with award-winning circular economy at Koskenkorva

Koskenkorva distillery with its own biopower plant Gjelleråsen using geothermal and renewable energy

Recycling rate of 99.9% at Koskenkorva

## Supporting a responsible drinking culture

Supporting the development of a modern, responsible drinking culture

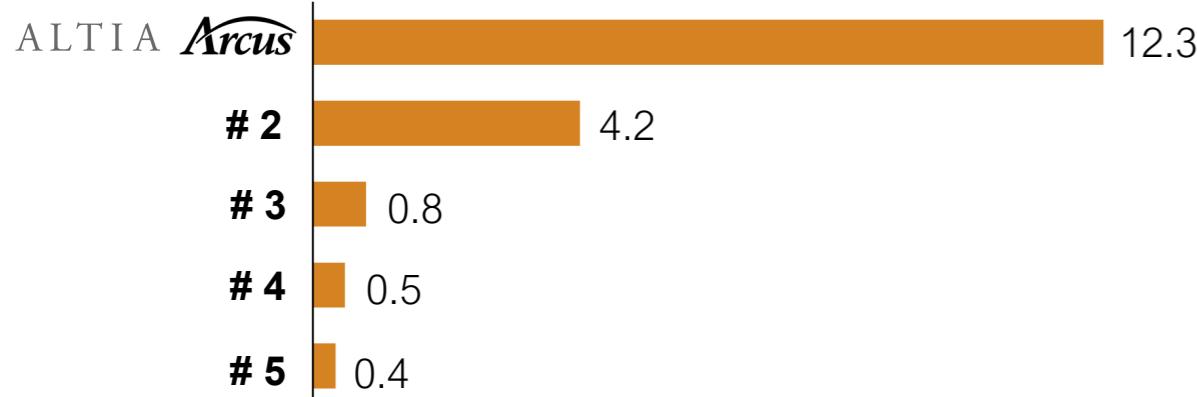
Sustainable innovation to increase low- and non-alcoholic products

Programs supporting the cultural shift in new generations



## Leader in eco-friendly packaging

PET bottle volumes in Finland & Sweden (million litres)<sup>1</sup>



Note: 1) Volumes in Systembolaget and Alko in 2019 combined. Source: Alko, Systembolaget

## Inclusive working culture and safety of people



# Corporate governance



# Proposed ANORA GROUP's Board Composition



Michael  
Holm Johansen  
Chairman



Sanna  
Suvanto-Harsaae  
Vice Chairman



## Other members of the Board of Directors:

Kirsten Ægidius ■

Ingeborg Flønes ■

Sinikka Mustakari (new)

Jyrki Mäki-Kala ■

Nils Selte ■

Torsten Steenholt ■



Current Altia Board Member



Current Arcus Board Member

# Illustrative post transaction shareholder structure

Top 10 shareholders in ANORA GROUP <sup>1</sup>		
Shareholder	Shares	% of capital and votes
Canica AS	15,137,926	22.4%
Finnish State Development Company, Vake Oy	13,097,481	19.4%
Geveran Trading Co Ltd	3,117,150	4.6%
Hoff SA	1,522,554	2.3%
Ilmarinen Mutual Pension Insurance Company	1,113,300	1.6%
Sundt AS	1,108,070	1.6%
Varma Mutual Pension Insurance Company	1,050,000	1.6%
Verdipapirfondet Eika Spar	897,582	1.3%
Folketrygdfondet	831,240	1.2%
Danske Invest Norske Institusjon. II	827,861	1.2%
<b>Top 10 shareholders</b>	<b>38,703,164</b>	<b>57.3%</b>
Other shareholders	28,847,251	42.7%
<b>Total</b>	<b>67,550,415</b>	<b>100.0%</b>
<b>Altia's shareholders</b>	<b>36,140,485</b>	<b>53.5%</b>
<b>Arcus' shareholders</b>	<b>31,409,930</b>	<b>46.5%</b>

- The post transaction shareholders of the combined entity are calculated based on a conversion ratio of 0.4618 Altia shares for each Arcus share
- As a result of the conversion, the current shareholders of Altia would own 53.5% and the current shareholders of Arcus (excluding shares owned by Arcus) would own 46.5% of the combined company
- Altia's largest shareholder, Vake Oy, holding approximately 36.2% of the shares in Altia has stated their support for the transaction
- Voting undertaking, subject to certain conditions, secured from Arcus' largest shareholder Canica AS, holding approximately 44.2% of the shares in Arcus
- Altia's shareholders Ilmarinen Mutual Pension Insurance Company, Varma Mutual Pension Insurance Company and Canica AS, representing approximately 9.4% of the shares in Altia, have undertaken to vote in favour of the merger at the Altia EGM
- Arcus' shareholders Geveran Trading Co and Hoff SA, representing approximately 14.8% of the shares in Arcus, have undertaken to vote in favour of the merger at the Arcus' EGM
- The company continues to be listed on Nasdaq Helsinki, with a temporary dual-listing on Oslo Børs

1) Altia and Arcus shareholding as of 31 August 2020; Excludes nominee registered shareholdings, except for Canica AS

# Key dates



# Indicative transaction milestones

29 September 2020

- Announcement of the merger

October 2020

- Targeted publication of prospectus in late October 2020

November 2020

- Altia and Arcus EGMs to be held in November 2020

Q4 2020

- Altia dividend payment of EUR 0.21 per share (AGM authorisation)

H1 2021

- Altia dividend payment of EUR 0.40 per share (extra dividend)
- Expected closing of the combination in H1 2021 at the latest (subject to approval by EGMs in Altia and Arcus as well as obtaining necessary merger control approvals and customary closing conditions)

# ANORA GROUP

Today, Altia and Arcus are becoming one, with shared values, ambitions and energy.

To combine our commitment to responsible, sustainable and profitable business, we are redefining who we are, creating a new company, with a new name to lead us into the future.

We are ANORA.

A name that inherits the best of our history and reflects the hopes for our tomorrow. At the heart of our new name: the Nordics. It runs through everything we do, everything we are. It brings our two companies together — our people, our products, our passion. With our new name, we can build on our shared culture. We can balance tradition with ambition. We can be a home of progress, bringing the glow of Nordic culture to the world.

United as one, we are now ANORA GROUP.

# Thank you

