

# ANORA

## Q3 22 Results presentation

CEO Pekka Tennilä  
CFO Sigmund Toth  
23 November 2022

# Today's agenda and speakers

- **Business review**
- **Financial review**
- **Closing remarks**
- **Q&A**

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CEO Pekka Tennilä

CFO Sigmund Toth

# Q3 Business review



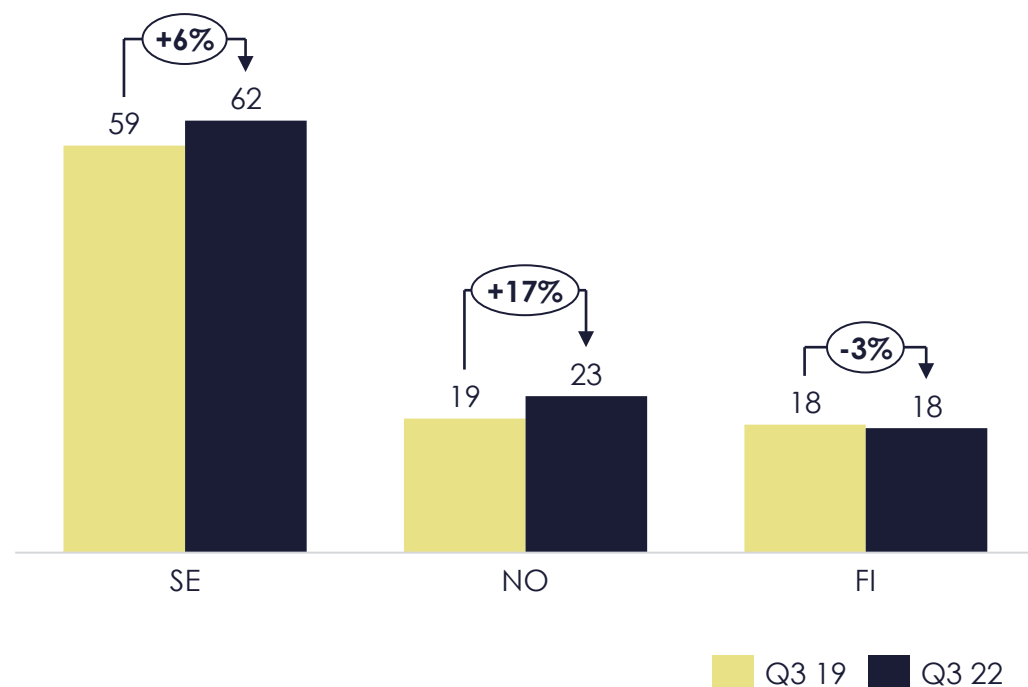
# Net sales grew in Q3 – strong performance by Globus Wine

|   |   |   |
|---|---|---|
| <b>Net sales</b><br><b>181.9</b> (165.0 <sup>1</sup> )<br>EUR million           | <b>Net sales excl. Globus Wine</b><br><b>159.4</b><br>EUR million | <b>Comparable EBITDA</b><br><b>23.4</b> (30.1 <sup>1</sup> )<br>EUR million |
| Strong performance by newly acquired Globus Wine in Denmark                     |   | Market share gains in spirits in the monopolies                             |
| Profitability declined due to lower volumes, higher opex and lower gross margin |   | Increasing input costs not fully compensated by price increases             |



# Market development

The decline in volumes was related to the normalising of the channel mix with consumption returning to the on-trade, travel retail and border trade as Covid-19 restrictions have been lifted.



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## DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDICS

|                                | Q3 22        | Q3 21       | Q1-Q3 22     | Q1-Q3 21    | 2021        |
|--------------------------------|--------------|-------------|--------------|-------------|-------------|
| <b>Nordics, total volumes*</b> | <b>-6.9</b>  | <b>-3.1</b> | <b>-9.5</b>  | <b>2.0</b>  | <b>-0.2</b> |
| Spirits                        | -7.5         | 0.9         | -7.8         | 5.9         | +3.0        |
| Wine                           | -6.8         | -3.7        | -9.8         | 1.5         | -0.8        |
| <b>Finland, total volumes</b>  | <b>-8.1</b>  | <b>-4.8</b> | <b>-10.4</b> | <b>-2.4</b> | <b>-4.3</b> |
| Spirits                        | -5.2         | -2.9        | -6.4         | -1.6        | -2.8        |
| Wine                           | -9.3         | -5.5        | -11.9        | -2.7        | -4.9        |
| <b>Sweden, total volumes</b>   | <b>-1.9</b>  | <b>-1.9</b> | <b>-3.7</b>  | <b>1.6</b>  | <b>+0.1</b> |
| Spirits                        | -3.4         | 1.3         | -4.8         | 7.7         | +6.1        |
| Wine                           | -1.8         | -2.3        | -3.6         | 0.9         | -0.6        |
| <b>Norway, total volumes</b>   | <b>-20.3</b> | <b>-1.8</b> | <b>-20.2</b> | <b>8.7</b>  | <b>+2.2</b> |
| Spirits                        | -19.7        | 4.5         | -16.0        | 12.8        | +6.7        |
| Wine                           | -20.4        | -2.8        | -20.8        | 8.0         | +1.5        |
| <b>Denmark, total volumes</b>  | <b>-3.7</b>  | <b>-6.0</b> | <b>-10.7</b> | <b>0.3</b>  | <b>-2.1</b> |
| Spirits                        | -4.1         | 2.2         | -6.4         | 7.3         | 4.7         |
| Wine                           | -3.7         | -7.2        | -11.3        | -0.6        | -3.1        |

\*Wine and spirits volumes. Source: Systembolaget, Vinmonopolet, Alko and Nielsen IQ

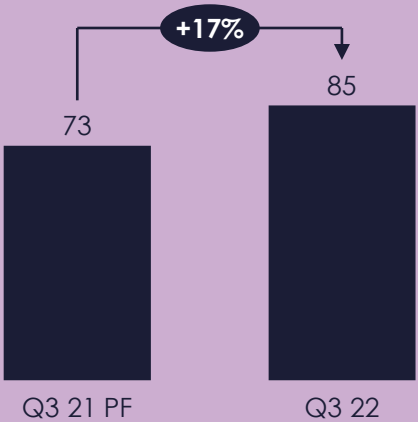
# Wine



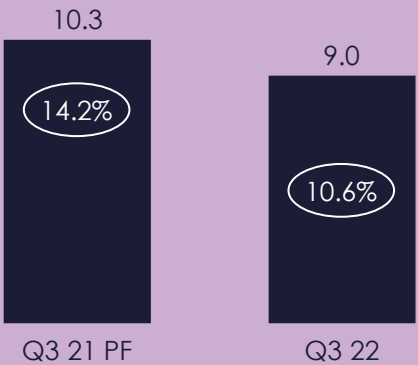
## Q3 Highlights

- **Net sales** increased by 17.2% to EUR 85.1 (72.6) million
- Growth was driven by the acquisition of Globus Wine which was consolidated to Anora for the full Q3
- Strong quarter for Globus Wine
- Market shares declined in Sweden and Finland, in Norway decline was less than in H1 22
- **Profitability** impacted by lower sales and high input costs, positive contribution by Globus Wine

NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



## Product launches in Q3

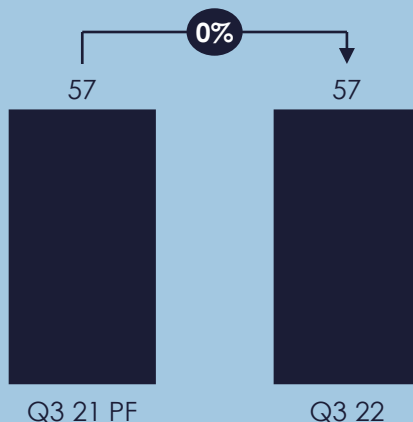


# Spirits

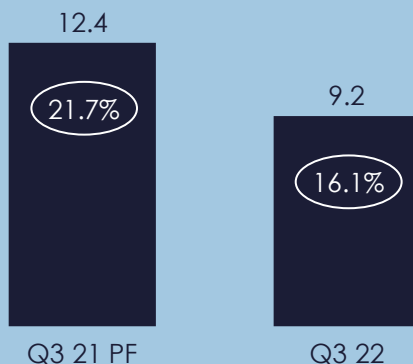
## Q3 Highlights

- **Net sales** were at last year's level at EUR 57.2 (57.2) million
- Supported by the solid growth in International.
- Market share gains in the monopolies
- **Profitability** declined due to reduced gross profit due to higher input costs and higher operating expenses. The implemented price increases have not fully compensated the high input costs

NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



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PF stands for pro forma. Margin calculated as % of net sales (total).



## Product launches in Q3

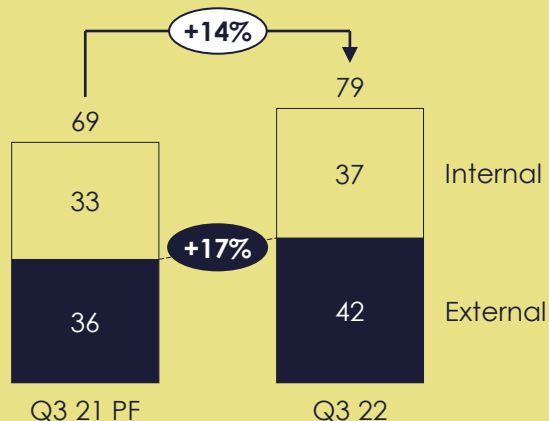


# Industrial

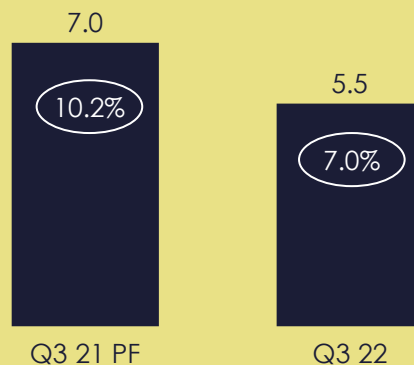
## Q3 Highlights

- **External net sales** grew by 17.3% to EUR 41.6 (35.5) million
- Growth was driven by higher sales prices in contract manufacturing and industrial products following the increase in the cost of barley
- **Profitability** declined due to the higher cost of barley and higher operating expenses

### NET SALES, MEUR



### COMP. EBITDA, MEUR AND MARGIN %



PF stands for pro forma. Margin calculated as % of net sales (total).



# Financial review



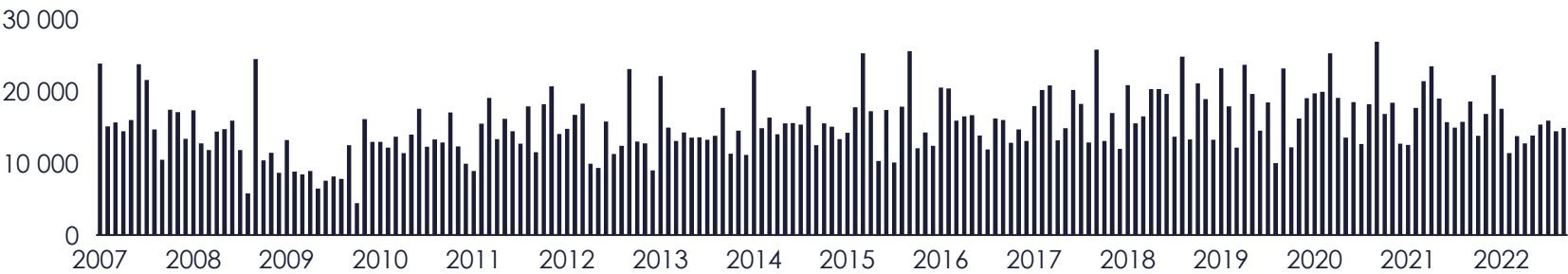
# Barley sourcing

Q3 22:  
**45.8 (52.6)**  
million kilos  
of grain

BARLEY PRICE DEVELOPMENT (EUR/TN)\*



ANORA'S MONTHLY SOURCING VOLUMES (TN)



**Key principles for barley sourcing:**

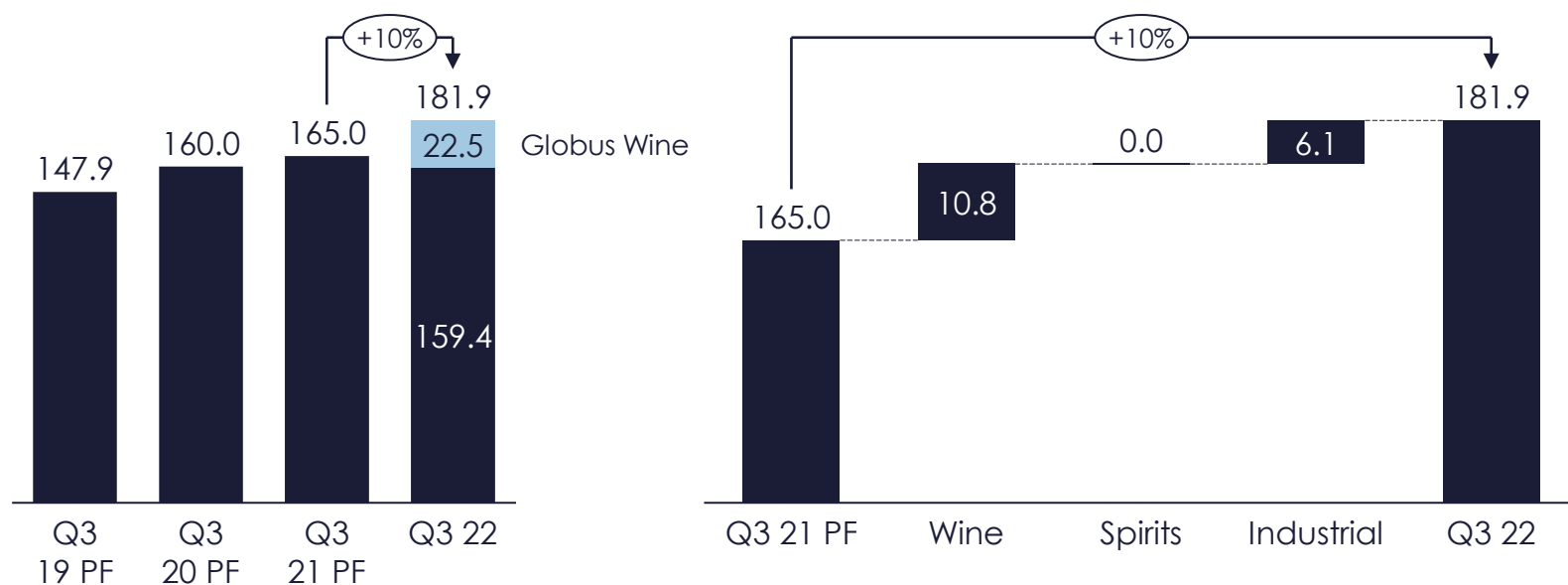
- Purchased at spot prices; no hedging tools available for barley
- Average monthly sourcing volume 17000-18000 tn

- About 1 month inventory; volumes and purchase prices are fixed a couple of months ahead
- New harvest in August-September

\*Average feed barley market price excl. premiums for 2007-June 2022 (source: Luke)  
\*\* Anora quote for barley (12 November 2022, [www.anoraindustrial.com](http://www.anoraindustrial.com))

# Net sales growth driven by Globus Wine and Industrial

## NET SALES (EXTERNAL), MEUR

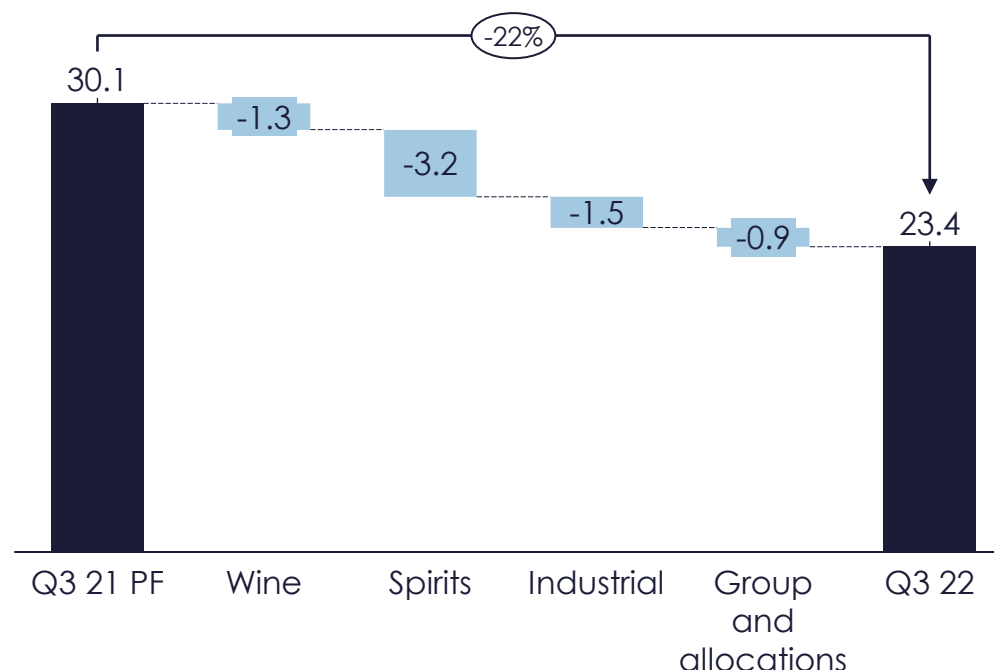
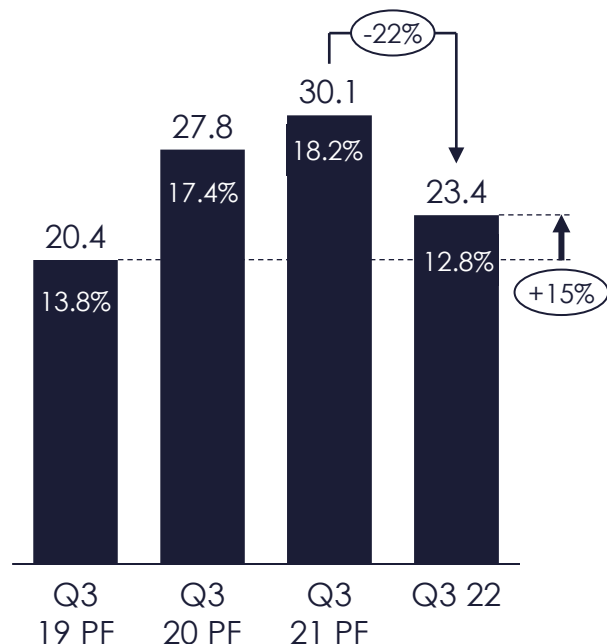


- Net sales growth driven by the acquisition of Globus Wine
- Excluding Globus Wine, net sales were EUR 159.4 (165.0) million
- Monopoly volumes – especially in Norway – continued a heavy decline as volumes were returning to the pre-pandemic levels
- Wine net sales growth driven by Globus Wine with strong performance in Denmark, while net sales in the monopoly countries declined
- Spirits net sales at previous year's level supported by International
- Higher sales prices supported Industrial net sales development

# Decline in profitability due to normalisation after Covid-19, higher opex and lower gross margin

Positive contribution by Globus Wine

COMPARABLE EBITDA, MEUR



- The decline in profitability was related to the normalisation after Covid-19, higher operating expenses and lower relative gross margin due to the high input costs including barley price
- Due to the time lag between the increase in input costs and implemented price increases, the gross margin declined

# Balance sheet key figures

|  | Q1-Q3 22         | Q1-Q3 21 | 2021    |
|--|------------------|----------|---------|
| Net debt / comparable EBITDA (rolling 12m) | 3.6 <sup>1</sup> | 2.9      | 1.8     |
| Borrowings, EUR million                    | 256.7            | 173.0    | 162.6   |
| Net debt, EUR million                      | 315.7            | 172.7    | 126.0   |
| Equity ratio, %                            | 39.0             | 42.5     | 41.2    |
| Gearing, %                                 | 65.8             | 35.5     | 24.8    |
| Capital expenditure, EUR million           | 6.5              | 3.0      | 5.4     |
| Total assets, EUR million                  | 1 230.8          | 1 163.7  | 1 233.3 |
| Net cash flow from operations, EUR million | -36.4            | -6.7     | 50.8    |
|  | Q3 22            | Q3 21    | 2021    |
| Net cash flow from operations, EUR million | 7.3              | -5.1     | 50.8    |

- The **increase in net debt** was due to the **acquisition of Globus Wine** which was financed with debt.
- **Cash and cash equivalents** amounted to EUR 76.8 (129.7) million, while **the interest-bearing debt** including lease liabilities amounted to EUR 392.5 (302.3) million. The increase in interest-bearing debt was related to funding of the **Globus Wine acquisition** (EUR 85 million) and **increase in IFRS 16 lease liabilities from Globus Wine**.
- The **gearing ratio** was 65.8% (35.5%) and **equity ratio** was 39.0% (42.5%).
- The **reported net debt to comparable EBITDA** was 3.6 (2.9) times. If **including Globus Wine** rolling 12-month figures, net debt/comparable EBITDA (rolling 12 months) would have been **approx. 3.4** for Q1-Q3/22.
- **Cash flow from operations** was impacted by the change in working capital due to a high inventory level. Inventory values were higher than year ago due to stocking of barley and ethanol, as well as higher input costs resulting in higher standard costs.

# Outlook 2022

## Guidance remains unchanged

- **Comparable EBITDA expected to be between EUR 75-85 million**
- Corresponds to the **pre-pandemic level**
- Takes into account the **annual impact of EUR 4.6 million** of the divestment of Anora brands due to the merger
- **Volumes in the monopolies are expected to be significantly lower** than in 2020 and 2021 as the lifting of COVID-19 restrictions result in higher on-trade, border trade and duty-free sales
- **Input costs are expected to remain at a high level**





# Closing remarks

# Integration work and synergy capture progressing as planned

## Integration plan and synergies after closing of merger

- At Q3 22 annualised **net EBITDA synergies were EUR 5.2 million** (H1: EUR 3.0 million), including EUR 4.6 million annual impact of merger-related divestments of brands
- Total run rate target of EUR 8-10 million EBITDA net synergies remain
- 80% realized within 2 years
- Post-closing integration costs estimated to be EUR 7-9 million in 2021-2022

## Current update and progress

- In **Denmark**, the former Arcus and former Altia spirits businesses were combined under one business unit – Anora Denmark. The distribution of former Altia's spirit brands by Conaxess Trade Beverages ends by the end of 2022.
- The **logistics** transfers in Sweden, Norway and Finland have been completed, and all operations are now insourced.
- **IT and systems** integration is proceeding as planned, finance integration taking longer than expected



# Sustainability events in Q3

## Striving for carbon neutral production

- Energy savings projects progressed in all plants.

For example, in 2021 Gjelleråsen changed all factory lights to LED lights and that project continued in Q3 with installing led-lightning in the Brunna logistics center in Sweden.

## Supporting a responsible drinking culture

- Anora invested in ISH, the award-winning Danish company working with non-alcoholic wines, distillates and cocktails.



## Leading in climate-smart packaging

- Anora's continuous efforts in the reduction of CO<sub>2</sub> emissions of packages have focused on lighter weight packages, in particular rPET.
- Trials to include 50% of post-consumer recycled PET in its rPET spirit bottles were successfully completed.
- In the wine portfolio Anora has an rPET bottle that is made of 100% rPET.

## Promoting an inclusive and safe workplace

- The Koskenkorva Distillery received the Year award from Starch Europe for the second consecutive year and has together with Rajamäki Industrial Products unit reached over 1 000 days without LTI.
- During Q1-Q3, Anora's total sickness absence was 5.3% and LTIF (lost time injury frequency) 7.2

Anora's new sustainability targets and roadmap to be published at the Capital Markets Day on 29 November 2022.





**Q&A**

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# Summary

**Strong performance  
by Globus Wine in  
Denmark – driving  
net sales growth**

**Profitability declined  
in Q3, but we were  
at pre-pandemic  
level (excl. Globus  
Wine)**

**Capital Markets Day**  
Tuesday  
29 November

**Thank you!**

Welcome to our

# **Capital Markets Day**

**Tuesday 29 November  
10:00–13:00 CET**

**More information and registration:**

**[www.anora.com/en/investors/cmd](http://www.anora.com/en/investors/cmd)**

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# Appendix

# Strong value creation for shareholders from significant synergies

| Synergy sources |  |
|-----------------|--|
| Cost            | Sourcing and manufacturing               |
|                 | Logistics and warehousing                |
|                 | SG&A                                     |
|                 | Other OPEX                               |
| Revenues        | Expansion in core Nordic markets         |
|                 | Acceleration in non-core and new markets |

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Potential run-rate EBITDA net synergies  
**EUR ~8-10m**  
About 80% realised within 2 years



# Q3 income statement

| EUR million   | Q3 22       | Q3 21       | Q1-Q3 22    | Q1-Q3 21    | 2021        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Net sales</b>  | 181.9       | 114.0       | 481.1       | 272.5       | 478.2       |
| Other operating income  | 3.5         | 1.6         | 8.6         | 4.7         | 10.5        |
| Materials and services  | -108.7      | -63.1       | -279.5      | -151.9      | -266.1      |
| Employee benefit expenses   | -22.9       | -16.0       | -69.3       | -41.6       | -69.6       |
| Other operating expenses  | -31.9       | -19.7       | -91.9       | -52.2       | -90.2       |
| Depreciation, amortisation and impairment   | -9.0        | -5.0        | -24.6       | -12.7       | -20.5       |
| <b>Operating result</b>   | <b>12.8</b> | <b>11.9</b> | <b>24.5</b> | <b>18.9</b> | <b>42.4</b> |
| Finance income  | 1.1         | 0.1         | 3.5         | 0.3         | 1.2         |
| Finance expenses  | -4.1        | -1.4        | -11.0       | -3.0        | -6.7        |
| Share of profit in associates and joint ventures and income from interest in joint operations | -0.4        | 0.3         | 0.5         | 1.3         | 1.7         |
| <b>Result before taxes</b>  | <b>9.5</b>  | <b>10.8</b> | <b>17.5</b> | <b>17.5</b> | <b>38.6</b> |
| Income tax expense  | -1.6        | -2.1        | -3.1        | -3.4        | -7.4        |
| <b>Result for the period</b>  | <b>7.9</b>  | <b>8.7</b>  | <b>14.4</b> | <b>14.0</b> | <b>31.2</b> |
|   |             |             |             |             |             |
| Earnings per shares, basic and diluted  | <b>0.12</b> | <b>0.19</b> | <b>0.21</b> | <b>0.35</b> | <b>0.67</b> |

# Q3 balance sheet

| EUR million  | 30 Sep<br>2022 | 30 Sep<br>2021 | 31 Dec<br>2021 |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                |                |
| <b>Non-current assets</b>  |                |                |                |
| Goodwill   | 304.8          | 275.7          | 277.8          |
| Other intangible assets  | 227.5          | 196.4          | 196.7          |
| Property, plant and equipment  | 77.2           | 71.4           | 71.3           |
| Right-of-use assets  | 128.2          | 123.1          | 125.7          |
| Investments in associates and joint ventures and interests in joint operations | 20.9           | 16.0           | 16.3           |
| Financial assets at fair value through other comprehensive income              | 0.7            | 0.7            | 0.7            |
| Other receivables  | 0.0            | 0.0            | 0.1            |
| Deferred tax assets  | 0.6            | 3.4            | 1.8            |
| <b>Total non-current assets</b>  | <b>760.0</b>   | <b>686.7</b>   | <b>690.3</b>   |
| <b>Current assets</b>  |                |                |                |
| Inventories  | 204.4          | 155.4          | 139.7          |
| Contract assets  | 0.1            | 0.1            | 0.2            |
| Trade and other receivables  | 184.1          | 174.8          | 232.8          |
| Current tax assets   | 5.4            | 4.2            | 1.3            |
| Cash and cash equivalents  | 76.8           | 129.7          | 168.9          |
| <b>Total current assets</b>  | <b>470.8</b>   | <b>464.1</b>   | <b>543.0</b>   |
| <b>Assets held for sale</b>  | <b>-</b>       | <b>12.9</b>    | <b>-</b>       |
| <b>Total assets</b>  | <b>1 230.8</b> | <b>1 163.7</b> | <b>1 233.3</b> |

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| EUR million  | 30 Sep<br>2022 | 30 Sep<br>2021 | 31 Dec<br>2021 |
|--|----------------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                                |                |                |                |
| <b>Equity attributable to owners of the parent</b>           |                |                |                |
| Share capital  | 61.5           | 61.5           | 61.5           |
| Invested unrestricted equity fund                            | 336.8          | 336.8          | 336.8          |
| Fair value reserve   | 0.0            | 0.0            | 0.0            |
| Legal reserve  | 0.5            | 0.4            | 0.4            |
| Hedge reserve  | 8.6            | 1.1            | 1.7            |
| Translation differences                                      | -34.8          | -18.4          | -15.0          |
| Retained earnings  | 106.6          | 104.6          | 121.6          |
| <b>Equity attributable to owners of the parent</b>           | <b>479.1</b>   | <b>486.0</b>   | <b>507.0</b>   |
| <b>Non-controlling interests</b>                             | <b>0.7</b>     | <b>0.8</b>     | <b>0.9</b>     |
| <b>Total equity</b>  | <b>479.8</b>   | <b>486.7</b>   | <b>507.9</b>   |
| <b>Non-current liabilities</b>                               |                |                |                |
| Deferred tax liabilities                                     | 58.0           | 49.7           | 48.4           |
| Borrowings   | 130.3          | 136.6          | 136.1          |
| Non-current liabilities at fair value through profit or loss | 0.7            | 1.1            | 1.3            |
| Lease liabilities  | 124.3          | 118.1          | 120.8          |
| Other liabilities  | 0.0            | 0.0            | 0.0            |
| Employee benefit obligations                                 | 2.8            | 2.8            | 3.0            |
| <b>Total non-current liabilities</b>                         | <b>316.1</b>   | <b>308.4</b>   | <b>309.6</b>   |
| <b>Current liabilities</b>                                   |                |                |                |
| Borrowings   | 126.4          | 36.5           | 26.5           |
| Lease liabilities  | 11.6           | 11.2           | 11.6           |
| Trade and other payables                                     | 293.7          | 317.9          | 374.4          |
| Contract liabilities   | 0.3            | 0.3            | 0.4            |
| Current tax liabilities                                      | 2.8            | 2.8            | 2.8            |
| <b>Total current liabilities</b>                             | <b>434.8</b>   | <b>368.6</b>   | <b>415.7</b>   |
| <b>Total liabilities</b>                                     | <b>750.9</b>   | <b>676.9</b>   | <b>725.4</b>   |
| <b>Total equity and liabilities</b>                          | <b>1 230.8</b> | <b>1 163.7</b> | <b>1 233.3</b> |

# Anora's Board of Directors

**Michael Holm Johansen**

Chairman



Shareholdings: 80 000

Chairman of the Human Resources Committee

**Sanna Suvanto-Harsaæ**

Vice Chairman



Shareholdings: 3 908

Member of the Audit Committee

**Kirsten Ægidius**

Member



Shareholdings: 2 440

Member of the Human Resources Committee

**Ingeborg Flønes**

Member



Shareholdings: 1 900

Member of the Human Resources Committee

**Christer Kjos**

Member



Shareholdings: -

Member of the Audit Committee

**Annareetta Lumme-Timonen**

Member



Shareholdings: -

Member of the Audit Committee

**Jyrki Mäki-Kala**

Member



Shareholdings: 3 517

Chairman of the Audit Committee

**Torsten Steenholt**

Member



Shareholdings: 5 000

Member of the Human Resources Committee

**Arne Larsen**

Member



Shareholdings: -

Employee-elected Board member

**Jussi Mikkola**

Member



Shareholdings: 100

Employee-elected Board member

# Anora's Executive Management Team

**Pekka Tennilä**

CEO



Previously served as Chief Executive Officer, Baltics at Carlsberg Group and in other managerial positions at Carlsberg Group; joined Altia in 2014

**Sigmund Toth**

CFO



Previously worked at McKinsey & Company and held several positions in Finance & Accounting at Procter & Gamble; joined Arcus in 2015

**Janne Halttunen**

SVP, Wine



International career in the beverage and tobacco business; joined Altia in 2009, leading Altia's wine business in several roles

**Henrik Bodekær Thomsen**

SVP, Spirits



Long career in the international beverage business with Carlsberg; joined Arcus in 2018

**Kirsi Puntila**

SVP, International



Long career with global brands at Pernod-Ricard; joined Altia in 2014 and has led core spirit brands and innovation across all markets

**Kirsi Lehtola**

CHRO



Strong HR expertise from global paper and pulp business; joined Altia in 2016

**Hannu Tuominen**

SVP, Industrial



Previously served as Production Director and Division Director at Vaisala Corporation and in several managerial positions at Fiskars Oyj; has led Altia's supply chain since 2008

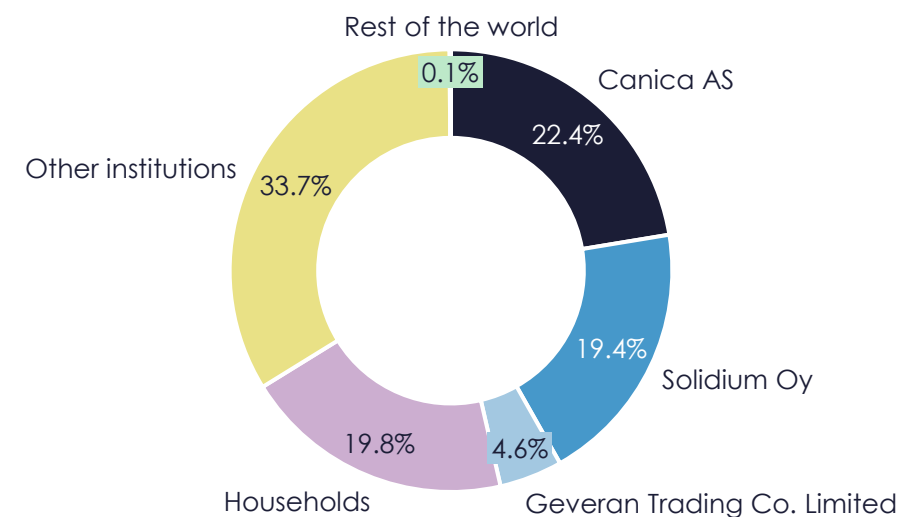
# Anora's top 10 shareholders

| Shareholder (30 Sep 2022)                  | Shares            | % of shares |
|--|-------------------|-------------|
| Solidium Oy                                | 13 097 481        | 19.4        |
| Varma Mutual Pension Insurance Company     | 2 031 240         | 3.0         |
| Ilmarinen Mutual Pension Insurance Company | 1 313 708         | 1.9         |
| WestStar Oy                                | 1 199 705         | 1.8         |
| Elo Mutual Pension Insurance Company       | 680 000           | 1.0         |
| Veritas Pension Insurance Company Ltd.     | 357 366           | 0.5         |
| Savolainen Heikki Antero                   | 257 519           | 0.4         |
| Tapiola Trendi Investment fund             | 215 772           | 0.3         |
| Itikka osuuskunta                          | 178 745           | 0.3         |
| Mandatum Life Insurance Company Limited    | 176 738           | 0.3         |
| <b>Total</b>                               | <b>19 508 274</b> | <b>28.9</b> |
| <i>Nominee registered total</i>            | <i>31 003 206</i> | <i>45.9</i> |

Source: Euroclear Finland

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## ILLUSTRATION OF ANORA'S OWNERSHIP STRUCTURE



The chart provides an illustration of Anora's ownership structure including the largest shareholders based on information provided to the company. In the Euroclear Finland data, the shareholdings of Canica AS and Geveran Trading Co. Limited are included in the nominee-registered shares.

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More information: [www.anora.com](http://www.anora.com)  
Investor Relations: [tua.stenius-ornhjelm@anora.com](mailto:tua.stenius-ornhjelm@anora.com)

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