ALTIA | FULL-YEAR

JANUARY–DECEMBER 2019

Financial Statements Bulletin

Solid Q4 supported full-year profitability improvement

January–December 2019 compared to January–December 2018

- Reported net sales were EUR 359.6 (357.3) million
- In constant currencies, net sales grew by 1.5% compared to previous year
- Net sales of Finland & Exports segment declined to EUR 128.6 (133.8) million
- Scandinavia segment's net sales were EUR 120.7 (117.7) million; in constant currencies net sales grew by 5.3% compared to previous year
- Altia Industrial's net sales were EUR 110.2 (105.8) million
- Comparable EBITDA was EUR 44.8 (40.0) million, 12.4% (11.2%) of net sales
- Comparable EBITDA without the impact from IFRS 16 standard was EUR 41.0 million, 11.4% of net sales
- Reported EBITDA was EUR 43.1 (34.0) million, 12.0% (9.5%) of net sales
- Net debt / comparable EBITDA was 0.6 (1.2), excluding the IFRS 16 impact, the ratio was 0.4

October–December 2019 compared to October–December 2018

- Reported net sales were EUR 110.1 (110.9) million
- In constant currencies, net sales grew by 0.2% compared to previous year
- Comparable EBITDA was EUR 19.7 (15.9) million, 17.9% (14.3%) of net sales
- Comparable EBITDA without the impact from the IFRS 16 standard was EUR 18.8 million, 17.1% of net sales
- Reported EBITDA was EUR 19.8 (14.4) million, 18.0% (13.0%) of net sales

Guidance 2020

The continued decline in market volumes in Finland puts pressure on profitability growth. The uncertainties in global travelling impacts border trade and travel retail regionally and in Asia. Guidance assumes a normal barley price level following the 2020 harvest. Industrial services are impacted by phasing of volumes between the years.

The comparable EBITDA is expected to be at the same level as or higher than in 2019 (2019: EUR 44.8 million).

Dividend proposal by the Board of Directors

In line with Altia's dividend policy, the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.42 per share be paid for the financial year 2019.

Altia's refined strategy

In the annual strategy process Altia's long-term strategic focus areas and growth ambitions were reviewed. The choices made in the refined strategy will support Altia's profitable growth ambitions towards its financial targets, and strengthen Altia's position as one of the most sustainable spirits companies and a leading Nordic drinks house. The long-term financial targets remain unchanged. Read more on page 20.

KEY FIGURES

	Q4 19	Q4 18	2019	2018
Net sales, EUR million	110.1	110.9	359.6	357.3
Comparable EBITDA, EUR million	19.7	15.9	44.8	40.0
% of net sales	17.9	14.3	12.4	11.2
EBITDA, EUR million	19.8	14.4	43.1	34.0
Comparable operating result, EUR million	15.2	12.2	26.8	25.6
% of net sales	13.8	11.0	7.5	7.2
Operating result, EUR million	15.3	10.7	25.1	19.7
Result for the period, EUR million	10.4	8.6	18.4	15.1
Earnings per share, EUR	0.29	0.24	0.51	0.42
Net debt / comparable EBITDA	0.6	1.2	0.6	1.2
Average number of personnel	648	701	682	718
Comparable EBITDA without IFRS 16 impact, EUR million	18.8	–	41.0	–
Net debt/comparable EBITDA without IFRS 16 impact	–	–	0.4	–

This financial statements bulletin has been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as approved by the EU. The figures in the report are unaudited. Reconciliation of alternative key ratios to IFRS figures is presented in the appendix on page 38.

CEO Pekka Tennilä:

"Looking back at previous year, I am pleased to see our net sales in constant currencies and our profitability to improve after a solid fourth quarter performance. Scandinavia segment, especially Sweden, showed a strong sales and profitability improvement supported by another successful Blossa season. We continued to work on our sustainability roadmap with ambitious targets set for the future. Furthermore, we have refined our strategy to support our profitable growth ambitions towards our financial targets.

In 2019, our net sales in constant currencies grew by 1.5% driven by Scandinavia and Altia Industrial segments. In the monopoly markets, Altia's spirit sales value grew in all three markets: Finland, Sweden and Norway. The growth in wine was driven by a strong performance in Sweden. In the Altia Industrial segment net sales growth was driven by higher prices and good volume development in industrial products. In 2019, Altia's net sales totalled EUR 359.6 million.

Within the Nordic core brands, especially our grain-based spirits brands such as Koskenkorva Vodka and O.P. Anderson Aquavit have developed well during the year supported by successful product launches. For the Christmas season, we had a strong line-up of both traditional and novelty glöggs. Blossa had an exceptional season driven by novelties such as the sparkling Blossa in Sweden as well as new low and non-alcoholic glöggs.

Our profitability improved during the solid last quarter. In 2019, comparable EBITDA grew to EUR 44.8 million. This positive development was supported by efficiency initiatives and implemented price adjustments during the year.

I am especially pleased that our cash flow from operations significantly improved to EUR 52.6 million. The strong cash flow and our solid financial position enables a growing dividend payout. The Board of Directors proposes to increase the dividend by EUR 0.04 to EUR 0.42 per share to the Annual General Meeting.

Sustainability has for long been a strategic priority and key success factor for Altia and forms an intregral part of our refined strategy. In December, we published Altia's Sustainability Roadmap extending to 2030, in which our key goal is to make Altia's production carbon-neutral by 2025. Importantly, sustainability is also at the core of our brands such as Koskenkorva Vodka, and guides our innovation work and packaging development.

In our annual strategy process, we have reviewed our long-term strategic focus areas and growth ambitions. We build our refined strategy on our two core strengths: the Nordic distillery that masters sustainable and high-quality grain-based spirits, and the best route to market and channel excellence for our brands and our partners. To strengthen our growth, we aim to take our brands to new growing markets. We are committed to carbon neutral production by 2025 and to develop more value-added products from barley.

Our financial targets remain unchanged. In the long-term, we aim for an annual net sales growth of 2% and an comparable EBITDA margin of 15%. We also aim to keep the net debt to comparable EBITDA ratio below 2.5x and to distribute at least 60% of the result to our shareholders.

For 2020, we expect comparable EBITDA to be at the same level as or higher than in 2019 (2019: EUR 44.8 million). The continued decline in market volumes in Finland puts pressure on profitability growth. The uncertainties in global travelling impacts border trade and travel retail regionally and in Asia. Guidance assumes a normal barley price level following the 2020 harvest. Industrial services are impacted by phasing of volumes between the years."

Financial review

Seasonality

There are substantial seasonal fluctuations in the consumption of alcoholic beverages impacting net sales and cash flow of Altia. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, whereas the first quarter of the year is significantly lower. In addition, excise taxes related to the high season at the end of the year are paid in January, resulting in large cash outflows at the beginning of the year.

Net sales

Full year

In 2019, Altia's reported net sales grew by 0.6% to EUR 359.6 (357.3) million. The headwind from the weak SEK continued, and in constant currencies, net sales grew by 1.5% compared to previous year. Net sales growth was driven by the Altia Industrial and Scandinavia segments. Net sales of the Finland & Exports segment declined from previous year.

In 2019, net sales of spirits and wine remained at previous year's level, and in constant currencies growth was 1.5%. Due to partner portfolio changes in other beverages, the overall net sales of beverages were slightly below previous year's level. In constant currencies, net sales of beverages grew by 0.4% from previous year.

Net sales of spirits declined by 2.2% to EUR 121.3 (124.0) million. Altia's spirit sales grew in all monopoly markets, but the decline was driven by exports. The earlier announced business transfer in Denmark impacts comparability of net sales.

Net sales of wine grew by 2.2% to EUR 124.9 (122.2) million. Growth was driven by the Scandinavia segment. In the Finland & Exports segment, wine sales declined following declining wine market volumes.

In Altia Industrial, net sales grew by 4.2% to EUR 110.2 (105.8) million. Growth was driven by price increases following the high barley price and higher volumes in industrial products.

Q4

In the fourth quarter, Altia's reported net sales declined by 0.8% to EUR 110.1 (110.9) million. In constant currencies, net sales grew by 0.2%.

In the fourth quarter, net sales of beverages were at previous year's level. In constant currencies, net sales of beverages grew by 1.3% from previous year.

Net sales of spirits declined by 6.5% to EUR 35.7 (38.2) million. In the Swedish and Norwegian monopoly markets, net sales of spirits grew, whereas net sales were flat in Finnish monopoly market. Spirits net sales decline was driven by exports and the earlier announced business transfer in Denmark.

Net sales of wine grew by 5.3% to EUR 45.8 (43.5) million. Growth was driven by partner portfolio changes in the Scandinavia segment, and also strong Blossa sales. Wine sales in the Finland & Exports segment were at previous year's level due to the tax provision of EUR 0.5 million made in Q4 2018 (released in Q2 2019).

In Altia Industrial, net sales declined by 2.9% to EUR 27.8 (28.6) million. The decline is mainly related to the lower sales prices following the decrease in the price of barley.

NET SALES BY SEGMENT

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Finland & Exports	37.8	39.5	-4.4	128.6	133.8	-3.9
Scandinavia	44.5	42.8	3.9	120.7	117.7	2.6
Altia Industrial	27.8	28.6	-2.9	110.2	105.8	4.2
Total	**110.1**	**110.9**	**-0.8**	**359.6**	**357.3**	**0.6**

NET SALES BY PRODUCT CATEGORY

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Spirits	35.7	38.2	-6.5	121.3	124.0	-2.2
Wine	45.8	43.5	5.3	124.9	122.2	2.2
Other beverages	0.8	0.6	33.3	3.1	5.3	-40.6
Industrial products and services	27.8	28.6	-2.9	110.2	105.8	4.2
Total	**110.1**	**110.9**	**-0.8**	**359.6**	**357.3**	**0.6**

Profitability and result for the period

Full year

In 2019, comparable EBITDA, i.e. EBITDA excluding items affecting comparability (IAC), was EUR 44.8 (40.0) million, which is 12.4% (11.2%) of net sales. Comparable EBITDA, without the impact of adopting IFRS 16, was EUR 41.0 million. Items affecting comparability totalled EUR -1.7 (-6.0) million and were mainly related to a closed voluntary pension scheme. Reported EBITDA was EUR 43.1 (34.0) million.

The efficiency initiatives and implemented price adjustments during the year supported the improvement in profitability. Profitability was negatively affected by the increased cost of barley during the first nine months of the year. In addition, the weak SEK impacted profitability negatively during the whole period.

Other operating income amounted to EUR 7.6 (7.4) million, including proceeds of sales of fixed assets of EUR 0.0 (0.5) million; income from the sales of emission allowances of EUR 0.8 (0.4) million; income from the sales of mainly steam, energy and water of EUR 3.4 (3.4) million, and rental income of EUR 1.3 (1.4) million.

Employee benefit expenses totalled EUR 45.9 (49.9) million, including EUR 34.2 (37.9) million in wages and salaries. Of the employee benefit expenses, EUR 1.8 (3.8) million have been classified as items affecting comparability (IAC) in the comparable EBITDA calculation.

Other operating expenses amounted to EUR 65.0 (73.9) million. In addition to efficiency initiatives, the IFRS 16 implementation decreased other operating expenses by EUR 3.8 million in 2019 being reported as depreciations. In 2018, other operating expenses included items affecting comparability, related to the initial public offering, amounting to EUR 2.7 million.

Net financial expenses amounted to EUR 2.2 (2.3) million. The share of profit in associates and income from interests in joint operations totalled EUR 1.6 (1.2) million.

Taxes for the reporting period were EUR 6.2 (3.6) million corresponding to a tax rate of 25.1% (19.1%). The increase in the tax rate is related to a tax provision related to the outcome of the tax audit in France and to Denmark where no deferred tax asset was booked related to the loss from the restucturing in spring 2019.

The result for the period amounted to EUR 18.4 (15.1) million, and earnings per share were EUR 0.51 (0.42).

Q4

In the fourth quarter, comparable EBITDA was EUR 19.7 (15.9) million, 17.9% (14.3%) of net sales. Comparable EBITDA without the impact of adopting IFRS 16 was EUR 18.8 million. Items affecting comparability totalled EUR 0.2 (-1.5) million. Reported EBITDA was EUR 19.8 (14.4) million.

The improvement in profitability in the last quarter was driven mainly by the decreased price of barley, the efficiency initiatives, and executed price adjustments. Furthermore, the tax provision of EUR 0.5 million made in Q4 2018 (released in Q2 2019) impacted the year-on-year comparison positively in Q4 2019.

COMPARABLE EBITDA BY SEGMENT

EUR million	Q4 19	Q4 18	2019	2018
Finland & Exports	7.3	6.2	20.6	19.2
Scandinavia	9.1	8.0	12.1	10.1
Altia Industrial	4.5	2.2	11.4	10.9
Other	-1.3	-0.6	0.7*	-0.3
Total	**19.7**	**15.9**	**44.8**	**40.0**
% net sales	*17.9*	*14.3*	*12.4*	*11.2*

Other segment: rental costs have been moved under depreciation according to IFRS16 standard.

COMPARABLE EBITDA BY SEGMENT WITHOUT IFRS 16 IMPACT

EUR million	Q4 19	Q4 18	2019	2018
Finland & Exports	7.3	6.2	20.4	19.2
Scandinavia	8.9	8.0	11.5	10.1
Altia Industrial	4.1	2.2	9.6	10.9
Other	-1.5	-0.6	-0.5	-0.3
Total	**18.8**	**15.9**	**41.0**	**40.0**
% net sales	*17.1*	*14.3*	*11.4*	*11.2*

ITEMS AFFECTING COMPARABILITY

EUR million	Q4 19	Q4 18	2019	2018
Comparable EBITDA	**19.7**	**15.9**	**44.8**	**40.0**
Net gains or losses from business and assets disposals	0.3	–	0.1	0.4
Cost for closure of business operations and restructurings	-0.1	-0.8	-0.2	-1.1
Major corporate projects				
Costs related to the closed voluntary pension scheme	–	-0.7	-1.6	-0.7
Costs related to the stock exchange listing	–	–	–	-4.6
Total items affecting comparability	**0.2**	**-1.5**	**-1.7**	**-6.0**
EBITDA	**19.8**	**14.4**	**43.1**	**34.0**

Impact of IFRS 16

The reporting period 1 January to 31 December 2019 includes the adoption of the IFRS standard as of 1 January 2019.

The IFRS 16 standard had a positive effect of EUR 3.8 million on comparable EBITDA, a negative effect of EUR 3.7 million on depreciation, and a negative effect of EUR 0.1 million on financial expenses. On the consolidated balance sheet on 31 December 2019, the amount of asset items based on rights of use was EUR 10.4 million, the amount of long-term lease liabilities is EUR 7.1 million and the amount of short-term lease liabilities is EUR 3.4 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 flows from operating activities. Previously, all operating lease payments were presented in cash flows from operating activities. This had a positive effect of EUR 3.8 million on the Group's cash flows from operating activities and a negative effect of EUR 3.7 million on its cash flows from financing activities in January–December 2019.

IMPACT OF IFRS 16 ON SELECTED KEY FIGURES

	2019
Comparable EBITDA, EUR million	44.8
Net debt, EUR million	28.9
Net debt/comparable EBITDA	0.6
Equity ratio, %	37.8
Gearing, %	19.1
Comparable EBITDA without IFRS 16 impact, EUR million	41.0
Net debt without IFRS 16 impact, EUR million	18.4
Net debt/comparable EBITDA, without IFRS 16 impact	0.4
Equity ratio without IFRS 16 impact, %	38.8
Gearing withouth IFRS 16 impact, %	12.1

Cash flow, balance sheet and investments

Full year

In 2019, net cash flow from operations totalled EUR 52.6 (6.5) million. The solid improvement in cash flow is driven by the changes in net working capital. Towards the end of the year, the inventory levels normalised with positive contribution from all segments and across most of the inventory categories with a key contributor being barley. Also accounts receivables improved across the segments and accounts payables improved from optimisation. In addition to net working capital, also the reported result contributed positively to the cash flow from operations as well as the implementation of IFRS 16 standard where the capital portion of the lease liabilities were moved to financing cash flow. Receivables sold amounted to EUR 76.7 (80.2) million at the end of the period.

The Group has a revolving credit facility of EUR 60.0 (60.0) million, of which EUR 0.0 (0.0) million was in use at the end of the reporting period. The nominal value of commercial papers issued amounted to EUR 0.0 (0.0) million at the end of the reporting period. Altia Group's liquidity position was good throughout the review period.

At the end of the reporting period, the Group's net debt amounted to EUR 28.9 (47.4) million. Gearing was 19.1% (31.6%), and the equity ratio was 37.8% (38.4%). The reported net debt to comparable EBITDA ratio was 0.6 (1.2). The implementation of the IFRS 16 standard increased the net debt position by EUR 10.5 million and the net debt to comparable EBITDA ratio would have been 0.4 times without the IFRS 16 implementation.

The total in the consolidated balance sheet was EUR 400.2 (390.4) million at the end of the period.

In 2019, gross capital expenditure totalled EUR 6.8 (7.7) million. Capital expenditure was related to a number of safety and replacement investments, and the development of information systems at the Koskenkorva plant.

Q4

In the fourth quarter, net cash flow from operations totalled EUR 53.4 (37.6) million. In the fourth quarter, the changes in net working capital contributed positively to cash flow.

BALANCE SHEET KEY FIGURES

	2019	2018
Reported net debt / comparable EBITDA	0.6	1.2
Borrowings, EUR million	82.6	89.4
Net debt, EUR million	28.9	47.4
Equity ratio, %	37.8	38.4
Gearing, %	19.1	31.6
Capital expenditure, EUR million	-6.8	-7.7
Total assets, EUR million	400.2	390.4

Market development in 2019

Nordic monopoly market

In the Nordic monopolies in 2019, spirits and wine volumes were flat at 0.1%. Sweden is the largest monopoly market and accounts for 39% of spirits and 63% of wine volumes. In 2019, the spirits volumes in the Swedish monopoly exceeded those of the Finnish monopoly. Spirits volumes in the Nordic monopolies grew by 1.0% driven by the good development in Sweden. Wine volumes were flat at -0.1%. The slight decline was driven by the declining wine volumes in Finland.

The following table illustrates the trends in the sales of wine and spirits in the retail monopolies in Finland, Sweden and Norway. The figures are based on sales volumes by litre published by the retail monopolies (Alko, Systembolaget and Vinmonopolet).

DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDIC RETAIL MONOPOLIES

% change compared to previous year	Q4 19	Q4 18	2019	2018
Nordic monopolies in total	**+1.4**	**+1.3**	**+0.1**	**+0.8**
Spirits	+0.9	+0.4	+1.0	-0.5
Wine	+1.5	+1.5	-0.1	+0.8
Finland, total sales	**-2.8**	**-2.7**	**-2.9**	**-3.3**
Spirits	-3.7	-2.4	-2.1	-3.6
Wine	-2.5	-2.8	-3.2	-3.2
Sweden, total sales	**+2.6**	**+2.9**	**+1.0**	**+2.1**
Spirits	+4.4	+4.1	+3.9	+2.7
Wine	+2.4	+2.8	+0.7	+2.0
Norway, total sales	**+2.6**	**+1.2**	**+0.4**	**+1.5**
Spirits	+3.0	-0.3	+1.6	+0.1
Wine	+2.5	+1.5	+0.2	+1.7

Source: Based on sales volumes by litre published by Alko, Systembolaget, Vinmonopolet.

Finland

In 2019, the Finnish retail monopoly's spirits and wine sales volumes declined by 2.9% compared with previous year.

Spirits volumes were down by 2.1%. Volumes in the large vodka and spirits ('viina') category were down mainly driven by the unflavoured vodkas. This category is the main reason for the total decline of the spirits category. Grape spirits volumes also continued to decline. Those categories growing were gin, liqueurs and whiskies. Rum volumes were at previous year's level. In wine, volumes were down by 3.2%, with the large red and white wine categories both declining. Growth was seen only in rosé wines, champagne and mild mulled wines (glöggs).

Sweden

In 2019, the Swedish retail monopoly's spirits and wine volumes grew by 1.0% compared with previous year.

The spirits category grew by 3.9%. Out of the spirit categories gin, rum, liqueurs, whisky and bitters grew strongly. Vodka and grape spirits show good growth, but aquavit declined. The wine category grew by 0.7%. Red and white wines showed slight growth. Sparkling wine grew strongly with, for example, the new sparkling mulled wine (glögg) contributing to growth. Volumes of rosé wines and traditional glöggs declined (sparkling glöggs are categorised within sparkling wine).

Norway

In 2019, the Norwegian retail monopoly's spirits and wine volumes grew by 0.4% compared with previous year.

Spirits volumes grew by 1.6%. Gin, liqueurs, aquavit, rum, whisky and vodka grew, but grape spirits declined. The wine category was flat at 0.2%. With red and white wines at previous year's level, and rosé wines declining, the slight improvement was driven by growth in sparkling wine.

Business review

Finland & Exports

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

	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Net sales, EUR million	37.8	39.5	-4.4	128.6	133.8	-3.9
Comparable EBITDA, EUR million	7.3	6.2	17.8	20.6	19.2	7.3
Comparable EBITDA, % of net sales	19.4	15.7		16.0	14.3	
Without IFRS 16 impact:						
Comparable EBITDA, EUR million	7.3	6.2	17.1	20.4	19.2	6.3
Comparable EBITDA, % of net sales	19.3	15.7		15.8	14.3	
Average number of personnel	86	94		89	95	

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Spirits	21.7	23.3	-6.9	75.1	78.1	-3.9
Wine	15.8	15.9	-0.6	52.5	54.2	-3.1
Other beverages	0.3	0.3	0.0	1.0	1.5	-31.9
Total	**37.8**	**39.5**	**-4.4**	**128.6**	**133.8**	**-3.9**

Net sales

In 2019, net sales in the Finland & Exports segment were EUR 128.6 (133.8) million, down by 3.9% from previous year.

In Finland, the overall market volumes in the monopoly channel were lower than previous year. In spirits, the implemented price adjustements have balanced off the lower monopoly volumes, and Altia's spirits sales in value grew. Wine sales have declined following the decline in market volumes. In the grocery trade, sales grew, following new product launches. In the Baltic region, net sales were above previous year's level as a result of good development in both domestic and border trade following excise tax changes at the beginning of H2 2019. Travel retail and exports were below previous year's level. Partner portfolio changes and the lower number of Swedish passengers due to the weak SEK impacted travel retail negatively. Exports of vodka to Russia has continued a good development, while Cognac sales to China continued at a lower level due to last year's pipe-filling. Additionally, the protests in Hong Kong continued to impact local sales. The decline in other beverages is related to partner portfolio changes in 2018.

Fourth quarter net sales were EUR 37.8 (39.5) million, down by 4.4% from previous year. The decline was mainly driven by travel retail and exports. Spirit sales in the monopoly channel were at previous year's level despite a declining market. Wine sales were negatively impacted by low market volumes in the monopoly, but net sales were at previous year's level due to the earlier announced tax provision of EUR 0.5 million made in Q4 2018 (released in Q2 2019).

Comparable EBITDA

In 2019, comparable EBITDA was EUR 20.6 (19.2) million, which equals a comparable EBITDA margin of 16.0% (14.3%). Comparable EBITDA without the IFRS 16 impact was EUR 20.4 (19.2) million, which equals a comparable EBITDA margin of 15.8% (14.3%).

The improvement in profitability compared to previous year is related to an overall improvement in profitability in Finland, including implemented price adjustments, and the good development in the Baltic region. Exports and the decline of wine sales have negatively impacted profitability.

In the fourth quarter, comparable EBITDA was EUR 7.3 (6.2) million, which equals a comparable EBITDA margin of 19.4% (15.7%). Comparable EBITDA without the IFRS 16 impact was EUR 7.3 (6.2) million, which equals a comparable EBITDA margin of 19.3% (15.7%). In the fourth quarter, the earlier announced tax provision of EUR 0.5 million made in Q4 2018 (released in Q2 2019) impacts comparability positively.

Business events

In June, Altia ran its first sustainability media campaign aimed directly at consumers. The campaign was built around bottle recycling and initially directed to Finland.

Larsen Cognac saw a new look and feel in 2019. During the summer, the new range with a premium design was first launched in travel retail.

In September, Altia announced the investment in the Von Elk Company, whereby Altia became a minority shareholder in the company and the exclusive distributor in the Nordic and Baltic region of the innovative and award-winning sparkling glögg, Glöet. Glöet strengthens Altia's brand portfolio and position in the new category of sparkling glöggs.

In exports, Altia opened two new markets: Ukraine and Slovakia.

Scandinavia

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

	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Net sales, EUR million	44.5	42.8	3.9	120.7	117.7	2.6
Comparable EBITDA, EUR million	9.1	8.0	13.4	12.1	10.1	19.2
Comparable EBITDA, % of net sales	20.4	18.7		10.0	8.6	
Without IFRS 16 impact:						
Comparable EBITDA, EUR million	8.9	8.0	11.4	11.5	10.1	13.2
Comparable EBITDA, % of net sales	20.1	18.7		9.5	8.6	
Average number of personnel	67	83		74	85	

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Spirits	14.0	14.9	-6.0	46.2	45.9	0.6
Wine	30.0	27.6	8.7	72.4	68.0	6.5
Other beverages	0.5	0.3	66.7	2.1	3.8	-44.0
Total	**44.5**	**42.8**	**3.9**	**120.7**	**117.7**	**2.6**

Net sales

In 2019, the Scandinavia segment's net sales were EUR 120.7 (117.7) million, up by 2.6% from previous year. The weak SEK continued to have a negative impact on reported net sales. In constant currencies, net sales grew by 5.3%.

In Sweden, both spirits and wine sales grew in 2019. In spirits, growth was supported by the growing spirits market volumes, but also by implemented price adjustments and new partners. In wine, the key growth driver is the new partner portfolio from last year and also strong Blossa sales. In Norway, spirits sales have developed positively but this has not offset the negative impact from declining wine sales and partner portfolio changes.

The fourth quarter reported net sales were EUR 44.5 (42.8) million, up by 3.9% from previous year. In constant currencies, net sales grew by 6.6%. Spirits sales were negatively impacted by the earlier announced business transfer in Denmark. In wine, the strong Blossa sales were driven by novelties such as the sparkling glöggs and low and non-alcoholic versions.

Comparable EBITDA

In 2019, comparable EBITDA was EUR 12.1 (10.1) million, which equals a comparable EBITDA margin of 10.0% (8.6%). Comparable EBITDA without the IFRS 16 impact was EUR 11.5 (10.1) million which equals a comparable EBITDA margin of 9.5% (8.6%).

The improvement in profitability is related to an overall profitability improvement, new partner brands and price adjustments. The weak SEK continued to impact profitability negatively.

In the fourth quarter, comparable EBITDA was EUR 9.1 (8.0) million, which equals a comparable EBITDA margin of 20.4% (18.7%). Comparable EBITDA without the IFRS 16 impact was EUR 8.9 (8.0) million, which equals a comparable EBITDA margin of 20.1% (18.7%).

Business events

In the second quarter, Altia completed the transfer of the Danish domestic business to Conaxess Trade Beverages. Conaxess Trade Beverages gained the exclusive right to distribute and market Altia brands in Denmark's domestic market.

In May, Altia started its collaboration with Underberg AG in Sweden to further strengthen Altia's position in the bitters market.

During the year, Altia has deepened its collaboration with the Swedish premium craft gin distillery Hernö Gin. As a result, Altia introduced O.P. Anderson Hernö Juniper Cask Finish.

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, logistics and sourcing.

	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Net sales, EUR million	27.8	28.6	-2.9	110.2	105.8	4.2
Comparable EBITDA, EUR million	4.5	2.2	103.3	11.4	10.9	4.2
Comparable EBITDA, % of net sales	16.3	7.8		10.4	10.3	
Without IFRS 16 impact:						
Comparable EBITDA, EUR million	4.1	2.2	83.9	9.6	10.9	-12.1
Comparable EBITDA, % of net sales	14.7	7.8		8.7	10.3	
Average number of personnel	408	415		426	426	

Net sales

In 2019, Altia Industrial's net sales were EUR 110.2 (105.8) million, up by 4.2% from previous year. Growth is driven both by higher prices compared to previous year due to the high cost of barley and volumes. Volume development has been strong in ethanol and feed components.

Net sales in the fourth quarter were EUR 27.8 (28.6) million, down by 2.9% from previous year. The decline is related mainly to decreased sales prices following lower barley prices.

Comparable EBITDA

In 2019, comparable EBITDA was EUR 11.4 (10.9) million, which equals a comparable EBITDA margin of 10.4% (10.3%). Comparable EBITDA without the IFRS 16 impact was EUR 9.6 (10.9) million, which equals a comparable EBITDA margin of 8.7% (10.3%).

Profitability was negatively impacted by the high cost of barley, Group internal organisational changes, and increased logistics costs in Sweden.

In the fourth quarter, comparable EBITDA was EUR 4.5 (2.2) million, which equals a comparable EBITDA margin of 16.3% (7.8%). Comparable EBITDA without the IFRS 16 impact was EUR 4.1 (2.2) million, which equals a comparable EBITDA margin of 14.7% (7.8%). The price of barley normalised during the fourth quarter, which had a positive impact on Altia Industrial's profitability.

Production volumes and key projects

During 2019, the Rajamäki alcoholic beverage plant in Finland produced 65.8 (64.7) million litres of spirits and wine.

The Koskenkorva plant was running at full capacity during the period and 212 (212) million kilos of grain were used at the plant. The planned maintenance shutdown in August slightly affected the total consumption of grain. Grain spirit production was 22.2 (22.0) million kilos including technical ethanols, starch production was 65.1 (68.9) million kilos, and feed component production was 65.6 (62.2) million kilos.

During the period, a number of safety and replacement investments were carried out, and a new ERP system at the Industrial products business unit, including the Koskenkorva distillery, was deployed successfully.

In 2019, Altia made good progress in exports of ethanol to customers in the pharmaceuticals and alcoholic beverage industries.

The trend in the paper and paperboard industries to replace fossil-based binding agents with starch has increased the demand for barley starch. Altia was able to strengthen its position as a starch supplier to the paper and paperboard industry.

Key events in 2019

The key events during the period were:

- 30 January: Proposals by Altia's Shareholders' Nomination Board to the Annual General Meeting 2019
- 7 February: Altia's Financial Statements Bulletin 2018
- 7 February: New share-based long-term incentive scheme for the management and key employees of Altia
- 22 March: Altia's Annual Report 2018 published
- 8 April: Altia in a new partnership with Conaxess Trade Beverages in Denmark
- 16 April: Notice of the Annual General Meeting
- 7 May: Anna Möller appointed as Marketing Director for Altia Scandinavia
- 8 May: Q1 2019 Business Review
- 15 May: Altia's Annual General Meeting
- 16 May: Altia and the Koskenkorva distillery included in Sitra's list of the most interesting companies in the circular economy
- 16 May: Change in membership in Altia's Shareholders' Nomination Board
- 15 Aug: Half-Year Report 2019
- 6 Sep: Altia invests in innovative sparkling glögg and begins cooperation with the award-winning Glöet
- 10 Sep: Blossa 19 glögg heads to Hawaii with a taste of passion fruit and hibiscus
- 25 Sep: Altia calculated the carbon footprint of Koskenkorva Vodka – packaging and barley cultivation carry the greatest impact
- 2 Oct: Composition of Altia's Shareholders' Nomination Board
- 7 Nov: Q3 Business Review
- 7 Nov: Altia's financial reporting and Annual General Meeting in 2020
- 11 Dec: Altia has appointed Matti Nurmi as Chief Information Officer
- 16 Dec: Publication of Sustainability Roadmap: Altia aims for carbon-neutral production by 2025

Altia's share

Altia's shares are listed on the Nasdaq Helsinki. All shares carry one vote and have equal voting rights. The trading code of the shares is "ALTIA", and the ISIN code is FI4000292438.

Issued shares and share capital

At the end of the reporting period, Altia Plc's share capital amounted to EUR 60 480 378.36 and the number of issued shares was 36 140 485.

Shareholders and trading

At the end of December 2019, Altia had 17 911 shareholders and 8 986 556 shares representing 24.9% of the total number of shares were nominee-registered. During 2019, the highest share price was EUR 8.22 and the lowest EUR 7.08. In total, 5 856 465 shares were traded on Nasdaq Helsinki. The closing price of Altia's share on 30 December 2019 was EUR 8.18, and the market capitalisation was approximately EUR 296 million.

OWNERSHIP STRUCTURE BY SECTOR (AT THE END OF THE PERIOD)

Sector	Number of shares	% of shares
Public sector	16 052 550	44.4
Financial and insurance corporations	10 281 865	28.4
Households	6 929 009	19.2
Non-financial corporations	1 756 759	4.9
Non-profit institutions	757 763	2.1
Rest of the world	362 539	1.0
Total	**36 140 485**	**100.0**

Source: Euroclear Finland

10 LARGEST SHAREHOLDERS (AT THE END OF THE PERIOD)

	Shareholder	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	FIM Fenno Sijoitusrahasto	181 931	0.5
7	Mandatum Life Insurance Company Limited	165 076	0.5
8	Säästöpankki Kotimaa	150 000	0.4
9	Sijoitusrahasto Taaleritehdas Arvo Markka Osake	150 000	0.4
10	Säästöpankki Pienyhtiöt	149 424	0.4
	Total	**17 416 728**	**48.2**
	Nominee-registered shares	*8 986 556*	*24.9*

Source: Euroclear Finland

Changes in Altia's Executive Management Team

Niklas Nylander started as Altia's Chief Financial Officer (CFO) on 1 January 2019. There were no other changes in the Executive Management Team (EMT) during the period. On 31 December 2019, the EMT consisted of the following members:

- Pekka Tennilä, CEO
- Janne Halttunen, SVP, Scandinavia
- Kari Kilpinen, SVP, Finland & Exports
- Kirsi Lehtola, SVP, HR
- Niklas Nylander, CFO
- Kirsi Puntila, SVP, Marketing
- Hannu Tuominen, SVP, Altia Industrial

Governance

Corporate Governance Statement and Remuneration Statement

Altia's Corporate Governance Statement and the Remuneration Statement will be published together with the Report by the Board of Directors during week 10 and will be available on the company website.

Composition of the Shareholders' Nomination Board

In October, Altia announced that its three largest registered shareholders (shareholder register maintained by Euroclear Finland Ltd as per 2 September 2019) have nominated the following representatives to the Shareholders' Nomination Board:

- Pekka Hurtola, the Ownership Steering Department in the Prime Minister's Office
- Hanna Kaskela, Varma Mutual Pension Insurance Company
- Annika Ekman, Ilmarinen Mutual Pension Insurance Company

In its organising meeting on 2 October 2019 the Nomination Board elected Pekka Hurtola as its Chairman. The Chairman of Altia's Board of Directors, Sanna Suvanto-Harsaae acts as an expert member in the Nomination Board.

Personnel

In 2019, Altia Group had an average of 682 (718) employees. On 31 December 2019, Altia Group had 632 (678) employees, of whom 381 (402) were in Finland, 110 (114) in Sweden, 4 (19) in Denmark, 21 (28) in Norway, 31 (32) in Latvia, 60 (61) in Estonia, and 25 (22) in France.

In May 2019, Altia transferred the domestic business in Denmark to Conaxess Trade Beverages, and employees working in the business were transferred to Conaxess Trade Beverages as old employees. Implementation of the Scandinavia segment's restructuring was completed. These arrangements aimed to renew ways of working as well as simplifying the organisational structure. The decrease in the number of the Group's personnel was primarily due to reorganisations, non-replacement, or other internal career arrangements. Altia supported the affected employees by offering outplacement or training support.

Altia's refined strategy in brief

The choices made in the refined strategy will support Altia's profitable growth ambitions towards its financial targets and strengthen Altia's position as one of the most sustainable spirits companies and a leading Nordic drinks house.

The refined strategy is built on Altia's two core strengths: Altia is the Nordic distillery mastering sustainable and high-quality grain-based spirits, and Altia provides the best route to market through distribution and channel excellence for Altia's own brands and partners.

To strengthen growth, Altia aims to take its brands to new growing markets. Altia is also committed to carbon neutral production by 2025 and to develop more value-added products from barley.

The clear strategic choices that aim to deliver profitable growth are: 1) Strengthen Nordic market leadership in grain-based spirits, 2) Boost Nordic channel excellence, 3) Take our spirit brands to new markets, and 4) Unlock value potential of Altia industrial.

Altia's long-term financial targets remain unchanged:

- Net sales growth of 2% over time (CAGR)
- Comparable EBITDA margin to reach 15% in the long-term
- Net debt to comparable EBITDA ratio to remain below 2.5x in the long-term
- Distribute at least 60% of the result for the period as dividend to shareholders

Corporate responsibility

In 2019, Altia was nominated as one of the most inspiring circular economy companies by Sitra, the Finnish Innovation Fund. Altia was chosen due to its bio and circular economy achievements at the Koskenkorva distillery.

Corporate responsibility has for long been a strategic priority and key success factor for Altia, and as of 2020 it is an integral part of Altia's refined company strategy. The aim of the company's responsibility efforts is to build a sustainable long-term business. Altia also wants to promote a modern and responsible Nordic drinking culture. This target is summarised in the company's purpose, Let's Drink Better.

New Sustainability Roadmap 2030

Altia has been following a group level corporate responsibility action plan for 2018-2020. The action plan progressed as planned in 2019 at the same time, when a new long-term Sustainability Roadmap was built. In December 2019, Altia published its new Sustainability Roadmap 2030, with long-term goals 10 years ahead, as well as ambitious, numerical targets, based on United Nations Sustainable Development Goals (SDGs). The key goal is that Altia will aim to have carbon neutral production in 2025, without using compensations.

Altia's new sustainability roadmap has four focus areas, which also include the cornerstones of the previous plan: Our Distillery, Our Drink, Our Society and Our People. The focus areas are based on four selected United Nations Sustainable Development Goals, Altia's purpose and strategy, stakeholder expectations, the company's own operating principles and codes of conduct, as well as the amfori BSCI Code of Conduct, which in turn is based on key international agreements protecting workers' rights. Altia has joined the amfori BSCI initiative and aims to annually increase the traceability and transparency of product and raw material supply chains.

More details can be found in the Non-Financial Statement published in connection with the Report by the Board of Directors and in the Annual Report's dedicated section on Corporate Responsibility during week 10.

Carbon footprint of Koskenkorva Vodka

Altia calculated the carbon footprint of Koskenkorva Vodka in 2019. The majority of carbon dioxide emissions during the life-cycle of Koskenkorva Vodka derive from the product's packaging and from the cultivation of the barley used as an ingredient in the vodka. The circular economy based, energy-efficient Koskenkorva distillery's proportion of the carbon footprint is relatively small. The carbon footprint of Koskenkorva Vodka packaged in a glass bottle is 2.19 kg CO_2e/litre, while that of Koskenkorva Vodka packaged in a PET plastic bottle is 1.60 kg CO_2e/litre. Altia will continue calculating carbon footprints of products, to better focus sustainability effort based on the information.

Increasing the return rate of PET bottles

When returned, a PET bottle is an ecological packaging alternative for liquids, thanks to its recyclability and low carbon footprint. Return rates for PET bottles in the Nordic countries are very high – 83% in Sweden and 90% in Finland. The return rates of small flask size PET bottles are lower, as they are often consumed on the go – during picnics, golfing, pre-parties or skiing trips. The multi-channel campaign which went live in June included digital outdoor advertising and social media. The campaign reached buyers of small bottles successfully, and the return rate for Altia's flask-size PET bottles rose 8% in June-August on average compared to the corresponding period in the previous year.

Occupational safety: Assessment of human factors

Occupational safety is a key area of Altia's responsibility work, aiming to improve safety continuously to achieve our goal of Zero absences attributable to occupational accidents by 2030. In 2019, Altia started the Human Factor HF™ development programme, which is carried out in cooperation with the Finnish Institute of Occupational Health. The program adopts a broader perspective into occupational accidents and the promotion of occupational safety. In the program human factors – i.e. factors having an impact on an individual's actions, such as tiredness, workload or the flow of information – start to be accounted for as part of occupational safety. The program is continued and widened in 2020.

CORPORATE RESPONSIBILITY KEY FIGURES

The progress of Altia's corporate responsibility key figures during the reporting period has been according to the targets.

	2019	2018
Sickness absences, %	3.7	3.4
Total Registered Injury Frequency, TRIF (excluding commuting)	14	18
Lost Time Injury Frequency, LTIF (excluding commuting)	9	12

	2019		2018	
	Kosken-korva	Rajamäki and Tabasalu	Kosken-korva	Rajamäki and Tabasalu
Energy efficiency (MWh/m3 of product or tonne of barley)	0.63	0.27	0.63	0.31
Water efficiency (m3/m3 of product or tonne of barley) (1)	1.49	1.65	2.26	1.61
Quality of waste water (kg COD/m3 of product or tonne barley) (2)	3.37	2.29	3.10	3.35

(1) With regards to Rajamäki, the indicator includes water consumption at the alcohol beverage plant. The water consumption indicator for the Rajamäki plant of the Industrial Products Unit is not material to the operations.

(2) The waste water quality indicator is not monitored at the Tabasalu plant.

Short-term risks and uncertainties

The most significant uncertainties in the company's operations relate to the overall economic development and its impacts on consumption, as well as the effects of alcohol taxes and legislation on consumer behaviour. Unexpected and unforeseen disruptions in production and deliveries form the major short-term risks related to operations, as well as sudden and significant changes in prices of raw materials, especially related to barley.

Altia Plc's Board of Directors has confirmed the Group Risk Management Policy. Risk management is aimed at supporting the implementation of Altia Group's strategy, the identification of risks and methods for reducing the probability and impacts of risks, as well as ensuring business continuity. Risks may arise from internal or external events.

Outlook for 2020

Market outlook

The development of the Group's business operations and profitability are affected by the competitive environment, the overall economic outlook and changes in alcohol taxation and regulation. Uncertainty related to changes in consumer buying behaviour and consumer demand continues. In addition, overall fluctuations of direct product costs affect the Group's profitability.

Seasonality

There are substantial seasonal fluctuations in the consumption of alcoholic beverages impacting the net sales and cash flow of Altia. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, whereas the first quarter of the year is significantly lower. In addition, excise taxes related to the high season at the end of the year are paid in January, resulting in large cash outflows at the beginning of the year.

Guidance

The continued decline in market volumes in Finland puts pressure on profitability growth. The uncertainties in global travelling impacts border trade and travel retail regionally and in Asia. Guidance assumes a normal barley price level following the 2020 harvest. Industrial services are impacted by phasing of volumes between the years.

The comparable EBITDA is expected to be at the same level as or higher than in 2019 (2019: EUR 44.8 million).

Financial calendar 2020

The Annual Report 2019 including the financial statements, Board of Directors' report, Auditor's report, the Corporate Governance statement and the remuneration statement will be published in English and Finnish on Altia's website during week 10 (the week starting on 2 March).

Altia Plc will publish financial reports in 2020 as follows:

- 29 April: Business Review for January–March 2020
- 19 August: Half-Year Report for January–June 2020
- 6 November: Business Review for January–September 2020

Annual General Meeting 2020

Altia Plc's Annual General Meeting (AGM) 2020 is planned to be held on 25 March 2020 in Helsinki. The notice to and instructions for the AGM will be available on Altia's website.

Dividend proposal

According to the financial statements on 31 December 2019, the parent company's distributable funds amount to EUR 96 936 582.11 including profit for the period of EUR 38 585 786.54.

There have been no significant changes to the parent company's financial position after the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.42 per share be paid for the financial year 2018.

Events after the period

On 29 January, the proposals by the Shareholders' Nomination Board to the Annual General Meeting were announced. The Nomination Board proposes that the number of members of the Board of Directors would be seven and that of the present members Tiina Lencioni, Jukka Ohtola, Anette Rosengren, Torsten Steenholt and Sanna Suvanto-Harsaae would be re-elected and that Jukka Leinonen and Jyrki Mäki-Kala would be elected as new members.

Further, the Nomination Board proposes that the remuneration to be paid to the members of the Board of Directors during the next term would consist of a monthly term of office fee as follows: EUR 4 000 per month, Chairman; EUR 2 500 per month, Vice Chairman; EUR 2 000 per month, member. In addition to the monthly fee, the Board members would receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting for Board members residing in Finland and EUR 1 200 per meeting for Board members residing abroad. Travel expenses would be reimbursed in accordance with the company's travel policy.

In addition, the Nomination Board proposes to amend the Charter of the Shareholders' Nomination Board so that the three largest shareholders shall be determined on the first banking day of June each year (currently determined on the first banking day of September each year).

Helsinki, 12 February 2020
Altia Plc
Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q4 19	Q4 18	2019	2018
NET SALES	110.1	110.9	359.6	357.3
Other operating income	2.3	1.8	7.6	7.4
Materials and services	-63.2	-65.7	-213.1	-206.8
Employee benefit expenses	-11.7	-11.8	-45.9	-49.9
Other operating expenses	-17.6	-20.8	-65.0	-73.9
Depreciation, amortisation and impairment	-4.5	-3.7	-17.9	-14.4
OPERATING RESULT	**15.3**	**10.7**	**25.1**	**19.7**
Finance income	0.6	0.3	3.5	3.5
Finance expenses	-1.1	-0.9	-5.7	-5.8
Share of profit in associates and joint ventures and income from interests in joint operations	0.2	0.2	1.6	1.2
RESULT BEFORE TAXES	15.0	10.3	24.6	18.6
Income tax expense	-4.6	-1.8	-6.2	-3.6
RESULT FOR THE PERIOD	**10.4**	**8.6**	**18.4**	**15.1**
Result for the period attributable to:				
Owners of the parent	10.4	8.6	18.4	15.1
Earnings per share for the result attributable to owners of the parent, EUR				
Basic and diluted	0.29	0.24	0.51	0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4 19	Q4 18	2019	2018
Result for the period	10.4	8.6	18.4	15.1
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	-0.2	0.0	-0.2	0.0
Related income tax	0.0	-0.0	0.0	-0.0
Total	-0.2	-0.0	-0.2	0.0
Items that may be reclassified to profit or loss				
Cash flow hedges	-0.6	0.0	-1.3	0.4
Translation differences	1.0	-0.2	-2.4	-3.5
Income tax related to these items	0.1	0.0	0.3	-0.1
Total	0.5	-0.3	-3.5	-3.2
Other comprehensive income for the period, net of tax	0.3	-0.3	-3.6	-3.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**10.7**	**8.3**	**14.8**	**11.9**
Total comprehensive income attributable to:				
Owners of the parent	10.7	8.3	14.8	11.9

CONSOLIDATED BALANCE SHEET

EUR million	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Goodwill	80.1	80.7
Other intangible assets	25.2	29.6
Property, plant and equipment	60.9	64.6
Right-of-use assets	10.4	–
Investments in associates and joint ventures and interests in joint operations	8.8	7.9
Financial assets at fair value through other comprehensive income	1.4	1.4
Deferred tax assets	0.9	0.8
Total non-current assets	**187.7**	**185.1**
Current assets		
Inventories	92.0	99.6
Contract assets	0.2	0.2
Trade and other receivables	54.4	60.9
Current tax assets	1.6	2.5
Cash and cash equivalents	64.2	42.0
Total current assets	**212.4**	**205.3**
TOTAL ASSETS	**400.2**	**390.4**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	60.5	60.5
Invested unrestricted equity fund	1.2	1.2
Fair value reserve	0.6	0.6
Legal reserve	0.1	–
Hedge reserve	-1.0	0.0
Translation differences	-22.1	-19.6
Retained earnings	111.9	107.3
Total equity	**151.2**	**150.1**
Non-current liabilities		
Deferred tax liabilities	16.7	16.8
Borrowings	76.1	82.7
Lease liabilities	7.1	–
Employee benefit obligations	1.4	1.3
Total non-current liabilities	**101.3**	**100.8**
Current liabilities		
Borrowings	6.5	6.7
Lease liabilities	3.4	–
Provisions	–	0.5

Trade and other payables	134.7	131.4
Contract liabilities	0.5	0.6
Current tax liabilities	2.5	0.4
Total current liabilities	**147.6**	**139.5**
Total liabilities	**249.0**	**240.3**
TOTAL EQUITY AND LIABILITIES	**400.2**	**390.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent EUR million	Share capital	Invested unrestricted equity fund	Fair value reserve	Legal reserve	Hedge reserve	Translation differences	Retained earnings	Total equity
Equity at 1 January 2018	**60.5**	**–**	**0.6**	**–**	**-0.3**	**-16.0**	**92.0**	**136.8**
Change in accounting principle	–	–	–	–	–	–	0.1	0.1
Equity at 1 January 2018, restated	**60.5**	**–**	**0.6**	**–**	**-0.3**	**-16.0**	**92.1**	**136.9**
Total comprehensive income								
Result for the period	–	–	–	–	–	–	15.1	15.1
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	0.3	–	–	0.3
Translation differences	–	–	–	–	–	-3.5	0.0	-3.5
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	-0.0	-0.0
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**0.3**	**-3.5**	**15.1**	**11.9**
Transactions with owners								
Share issue	–	1.2	–	–	–	–	–	1.2
Share based payment, personnel offering	–	–	–	–	–	–	0.1	0.1
Total transactions with owners	**–**	**1.2**	**–**	**–**	**–**	**–**	**0.1**	**1.4**
Equity at 31 December 2018	**60.5**	**1.2**	**0.6**	**–**	**0.0**	**-19.6**	**107.3**	**150.1**
Equity at 1 January 2019	**60.5**	**1.2**	**0.6**	**–**	**0.0**	**-19.6**	**107.3**	**150.1**
Total comprehensive income								
Result for the period	–	–	–	–	–	–	18.4	18.4
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	-1.0	–	–	-1.0
Translation differences	–	–	–	–	–	-2.5	0.1	-2.4
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	-0.2	-0.2
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**-1.0**	**-2.5**	**18.3**	**14.8**
Transactions with owners								
Dividend distribution	–	–	–	–	–	–	-13.7	-13.7
Share based payments	–	–	–	–	–	–	0.1	0.1
Total transaction with owners	**–**	**–**	**–**	**–**	**–**	**–**	**-13.6**	**-13.6**
Transfer to reserve	–	–	–	0.1	–	–	-0.1	0.0
Equity at 31 December 2019	**60.5**	**1.2**	**0.6**	**0.1**	**-1.0**	**-22.1**	**111.9**	**151.2**

ALTIA

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q4 19	Q4 18	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES				
Result before taxes	15.0	10.3	24.6	18.6
Adjustments				
Depreciation, amortisation and impairment	4.5	3.7	17.9	14.4
Share of profit in associates and joint ventures and income from investments in joint operations	-0.2	-0.2	-1.6	−1.2
Net gain on sale of non-current assets	-	-0.0	-0.0	−0.5
Finance income and costs	0.5	0.5	2.2	2.3
Other adjustments	-0.6	0.2	-0.8	0.8
	4.2	4.3	17.7	15.7
Change in working capital				
Change in inventories, increase (–) / decrease (+)	18.8	9.2	7.4	−5.5
Change in contract assets, trade and other receivables, increase (–) / decrease (+)	-8.8	-10.7	5.3	−7.4
Change in contract liabilities, trade and other payables, increase (+) / decrease (–)	24.1	26.4	3.8	−4.3
Change in working capital	34.1	25.0	16.5	−17.2
Interest paid	-0.4	-0.3	-1.6	−1.4
Interest received	0.1	0.0	0.2	0.1
Other finance income and expenses paid	-0.2	0.5	-1.7	−1.4
Income taxes paid	0.6	-2.2	-3.1	−8.0
Financial items and taxes	0.1	-2.0	-6.1	−10.6
NET CASH FLOW FROM OPERATING ACTIVITIES	**53.4**	**37.6**	**52.6**	**6.5**
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment and intangible assets	-1.5	-1.6	-6.8	-7.7
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.1	0.6
Investments in associated companies and joint ventures	-	-	-0.2	-
Repayment of loan receivables	-	-	-	0.9
Interest received from investments in joint operations	-	-	0.9	0.9
Dividends received	-	-	-	0.1
NET CASH FLOW FROM INVESTING ACTIVITIES	**-1.5**	**-1.6**	**-6.0**	**-5.2**
CASH FLOW FROM FINANCING ACTIVITIES				
Changes in commercial paper program	-12.0	-13.0	-	–
Proceeds from borrowings	-	-	-	20.0
Repayment of borrowings	-	-	-6.5	−30.7
Repayment of lease liabilities	-0.9	-	-3.7	–
Dividends paid and other distributions of profits	-	-	-13.7	–
Share issue, personnel offering	-	-	-	1.2
NET CASH FLOW FROM FINANCING ACTIVITIES	**-12.9**	**-13.0**	**-23.9**	**-9.5**
CHANGE IN CASH AND CASH EQUIVALENTS	**39.0**	**23.0**	**22.7**	**−8.2**

Cash and cash equivalents at the beginning of the period	24.1	19.5	42.0	52.4
Translation differences on cash and cash equivalents	1.2	-0.6	-0.5	-2.2
Change in cash and cash equivalents	39.0	23.0	22.7	-8.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	64.2	42.0	64.2	42.0

Accounting principles

The financial statements bulletin has been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as approved by the EU.

All the figures have been rounded and consequently the sum of individual figures can deviate from the presented aggregate figure.

The Group adopts the guidance on alternative performance measures issued by the European Securities and Market Authority (ESMA). In addition to key ratios, The Group releases other commonly used alternative key ratios mainly derived from the statement of comprehensive income and consolidated balance sheet. In addition to IFRS and alternative key ratios, the adjusted alternative key ratios are used by adding or deducting items affecting comparability.

The figures in the financial statements bulleting are based on Altia Plc's 2019 financial statements.

Adoption of new or amended IFRS standards and interpretations

IFRS 16 – Leases

Altia has applied the new IFRS 16 Leases standard since 1 January 2019.

Altia applies the simplified approach, according to which the comparison information is not adjusted. The new standard mainly affects the accounting treatment applied by the lessees. As a result of the new standard, nearly all leases are recognised on the balance sheet. Altia mainly acts as the lessee. The Group's leases are related to normal business operations, such as leases on facilities, warehouses, vehicles, forklifts and office technology. The new standard removes the previous distinction between operating and finance leases. In accordance with the new standard, an asset item (right of use of the leased asset) and a financial liability concerning lease payments have been recognised for most of Altia's leases.

The lease liability is measured by discounting the expected lease payments to the current value. Lease payments include fixed lease payments, expected payments related to residual value guarantees and the possible exercise price of the purchase option if the use of the option is reasonably certain. The lease period is the non-cancellable period of the lease. Any extension options are added to the lease period if it is reasonably certain that the Group will exercise such options.

Lease payments are discounted at the internal rate of return of the lease if such a rate can be readily determined. If an internal rate of return cannot be readily determined, the interest rate for additional credit is used as the discount rate.

The lease liability is remeasured and adjusted against the right-of-use asset if the cash flow in accordance with the original terms and conditions of lease changes; for example, if the lease period changes or if the lease payments change based on a variable index or interest rate. The lease liability is divided into current and non-current liability and is presented on a separate line on the balance sheet.

Right-of-use assets are measured at acquisition cost based on the amount of the initial measurement of the lease liability. Right-of-use assets are depreciated over the lease period or their useful lives, depending on which is shorter.

Right-of-use assets related to tangible assets are presented on a separate line on the balance sheet.

The IFRS 16 standard includes exemptions concerning leases of less than 12 months and low-value assets. Altia treats leases with less than 12 months remaining of the lease period at the time of transition as current underlying asset items that are not recognised on the balance sheet. The selection is made based on the class of the underlying asset. Exemptions apply to all underlying asset items other than vehicles and offices, which are recognised on the balance sheet even if their remaining lease period is less than 12 months at the time of transition. Lease liabilities are not recognised for low-value assets. Altia considers assets with an acquisition cost of less than EUR 5 000 to be low-value. Finance leases included in exemptions as short-term or low value were derecognized from balance sheet. Lease expenses related to leases included in the exemptions are recognised in equal instalments over the lease period.

The criteria used to determine the discount rate includes the class of the underlying asset, geographical location, currency, the maturity of the risk-free interest rate and the lessee's credit risk premium.

At the time of transition, on 1 January 2019, a right-of-use asset item of EUR 10.7 million was recognised on the opening consolidated balance sheet, in addition to EUR 7.1 million in long-term lease liabilities and EUR 3.6 million in short-term lease liabilities.

RECONCILIATION OF LEASE LIABILITIES AND OPERATING LEASE COMMITMENTS ON TRANSITION

EUR million	
Operating lease commitments 31 December 2018	13.6
Discounting effect	-0.5
Exempt from recognition	-0.2
Leases not yet commenced but to which Altia is commited	-2.5
Other changes	0.3
Total	**10.7**

The weighted average incremental borrowing rate applied to lease liabilities on January 2019 was 1.14%.

The IFRS 16 standard affects many of Altia's reported key figures. The adoption of the standard also affects net debt, which includes financial liabilities and lease liabilities. Gearing will increase, and the equity ratio will decrease. The adoption of the standard does not have a negative effect in terms of the company's financial covenants. On the cash flow statement, the cash flows from operating activities are higher than before because the share of lease liability repayments of all payments is classified as financing activities. Only the share of the interest expense of all payments continues to be presented in cash flows from operating activities.

The reporting period 1 January to 31 December 2019 includes the adoption of the IFRS standard as of 1 January 2019. The IFRS 16 standard had a positive effect of EUR 3.8 million on the comparable EBITDA, a negative effect of EUR 3.7 million on depreciation, and a negative effect of EUR 0.1 million on financial expenses. On the consolidated balance sheet on 31 December 2019, the amount of asset items based on rights of use is EUR 10.4 million, the amount of long-term lease liabilities is EUR 7.1 million and the amount of short-term lease liabilities is EUR 3.4 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 flows from operating activities. Previously, all operating lease payments were presented in cash flows from operating activities. This had a positive effect of EUR 3.8 million on the Group's cash flows from operating activities and a negative effect of EUR 3.7 million on its cash flows from financing activities in January-December 2019.

IFRIC 23

IFRIC 23 clarifies the recognition and measurement requirements In IAS 12 Income taxes, when there is uncertainty over income tax treatment. Altia has adopted the interpretation 1.1.2019 and it had no impact on opening balance of 1.1.2019.

Segment information

NET SALES BY SEGMENT

EUR million	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Finland & Exports	37.8	31.2	34.7	25.0	39.5	31.8	35.4	27.1	40.7	31.4	35.7	26.0
Scandinavia	44.5	25.6	29.0	21.7	42.8	25.0	27.4	22.5	44.4	26.5	29.7	23.2
Altia Industrial	27.8	27.7	27.5	27.1	28.6	28.9	24.2	24.0	24.7	26.5	25.9	24.2
Total	**110.1**	**84.5**	**91.2**	**73.8**	**110.9**	**85.7**	**87.1**	**73.5**	**109.8**	**84.5**	**91.3**	**73.4**

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Finland & Exports						
Net sales total	37.9	39.8	-4.8	129.0	134.4	-4.0
Net sales, internal	-0.1	-0.3	-55.1	-0.4	-0.6	-30.7
Net sales, external	**37.8**	**39.5**	**-4.4**	**128.6**	**133.8**	**-3.9**
Scandinavia						
Net sales total	44.7	43.1	3.8	121.4	118.6	2.3
Net sales, internal	-0.3	-0.3	-7.5	-0.7	-0.9	-26.7
Net sales, external	**44.5**	**42.8**	**3.9**	**120.7**	**117.7**	**2.6**
Altia Industrial						
Net sales total	38.6	41.1	-6.0	149.7	149.8	-0.1
Net sales, internal	-10.8	-12.4	-12.8	-39.4	-44.0	-10.4
Net sales, external	**27.8**	**28.6**	**-2.9**	**110.2**	**105.8**	**4.2**
Group						
Net sales total	121.3	123.9	-2.1	400.0	402.8	-0.7
Net sales, internal	-11.2	-13.0	-13.6	-40.5	-45.5	-11.0
Net sales, external	**110.1**	**110.9**	**-0.8**	**359.6**	**357.3**	**0.6**

NET SALES BY PRODUCT CATEGORY

EUR million	Q4 19	Q4 18	Change, %	2019	2018	Change, %
Spirits	35.7	38.2	-6.5	121.3	124.0	-2.2
Wine	45.8	43.5	5.3	124.9	122.2	2.2
Other beverages	0.8	0.6	33.3	3.1	5.3	-40.6
Industrial products and services	27.8	28.6	-2.9	110.2	105.8	4.2
Total	**110.1**	**110.9**	**-0.8**	**359.6**	**357.3**	**0.6**

COMPARABLE EBITDA BY SEGMENT

EUR million	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Finland & Exports	7.3	5.0	5.3	3.0	6.2	4.9	4.6	3.4	7.2	4.0	5.2	3.1
Scandinavia	9.1	1.3	2.0	−0.3	8.0	0.8	1.5	−0.1	8.9	1.0	2.1	−0.5
Altia Industrial	4.5	3.6	2.3	1.0	2.2	4.8	2.5	1.4	3.7	4.5	2.6	1.6
Other	−1.3	1.5	−0.2	0.6	−0.6	−0.3	0.2	0.4	−1.3	0.9	−0.8	0.1
TOTAL comparable EBITDA	**19.7**	**11.4**	**9.4**	**4.3**	**15.9**	**10.3**	**8.7**	**5.2**	**18.5**	**10.4**	**9.2**	**4.3**
Items affecting comparability	0.2	−1.6	−0.2	0.0	−1.5	0.0	−0.4	−4.1	−2.2	0.7	−0.2	−0.5
EBITDA	**19.8**	**9.8**	**9.2**	**4.3**	**14.4**	**10.3**	**8.3**	**1.1**	**16.3**	**11.1**	**9.0**	**3.8**
Depreciation, amortisation and impairment	−4.5	−4.5	−4.5	−4.5	−3.7	−3.6	−3.5	−3.5	−3.6	−3.6	−3.5	−3.5
Operating result	**15.3**	**5.3**	**4.8**	**−0.3**	**10.7**	**6.6**	**4.8**	**−2.5**	**12.7**	**7.6**	**5.4**	**0.3**

Notes to the tables

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million	Intangible assets	Goodwill	Property, plant and equipment	Rigth-of-use assets	Total
Acquisition cost at 1 January 2019	147.3	128.0	244.6	–	519.9
IFRS 16 acquisition cost 1.1.2019	–	–	–	10.7	10.7
Acquisition cost, restated	147.3	128.0	244.6	10.7	530.6
Additions	2.0	–	4.8	3.5	10.3
Disposals	-0.1	–	-1.3	-0.1	-1.5
Effect of movement in exchange rates	-1.1	0.3	-0.1	-0.1	-1.0
Acquisition cost at 31 December 2019	148.1	128.3	247.9	14.1	538.4
Accumulated depreciation, amortisation and impairment losses at 1 January 2019	-117.8	-47.3	-179.9	–	-345.0
Depreciation and amortisation	-6.2	–	-8.1	-3.7	-18.0
Accumulated depreciation and amortisation on disposals and transfers	0.1	–	1.0	0.0	1.0
Effect of movement in exchange rates	0.9	-0.9	0.0	-0.0	0.1
Accumulated depreciation, amortisation and impairment losses at 31 December 2019	-123.0	-48.2	-187.0	-3.7	-361.8
Carrying amount at 1 January 2019	29.6	80.7	64.6	–	174.9
Carrying amount at 31 December 2019	**25.2**	**80.1**	**60.9**	**10.4**	**176.6**
Acquisition cost at 1 January 2018	148.7	133.3	240.7	–	522.8
Additions	1.5	–	6.2	–	7.7
Disposals	-0.0	–	-2.1	–	-2.1
Effect of movement in exchange rates	-2.9	-5.3	-0.3	–	-8.5
Acquisition cost at 31 December 2018	147.3	128.0	244.6	–	519.9
Accumulated depreciation, amortisation and impairment losses at 1 January 2018	-114.4	-51.3	-173.3	–	-339.0
Depreciation and amortisation	-5.8	–	-8.6	–	-14.4
Accumulated depreciation and amortisation on disposals and transfers	0.0	–	1.9	–	1.9
Effect of movement in exchange rates	2.4	4.0	0.2	–	6.5
Accumulated depreciation, amortisation and impairment losses at 31 December 2018	-117.8	-47.3	-179.9	–	-345.0
Carrying amount at 1 January 2018	34.4	82.1	67.4	–	183.8
Carrying amount at 31 December 2018	**29.6**	**80.7**	**64.6**	**–**	**174.9**

RELATED PARTY TRANSACTIONS

The following transactions have taken place with related parties:

EUR million	2019	2018
Sales of goods and services		
Associates, joint ventures and joint operations	0.8	0.9
Other companies considered related parties	76.5	79.2
Total	**77.3**	**80.1**
Purchases of goods and services		
Associates, joint ventures and joint operations	1.9	2.8
Other companies considered related parties	1.2	1.3
Total	**3.2**	**4.1**
Outstanding balances from sales and purchases of goods and services	**31 Dec 2019**	**31 Dec 2018**
Trade receivables		
Associates, joint ventures and joint operations	–	0.1
Other companies considered related parties	0.9	3.2
Trade payables		
Associates, joint ventures and joint operations	0.2	0.3
Other companies considered related parties	0.1	0.0

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

EUR million	31 Dec 2019	31 Dec 2018
Investments in associated companies and joint ventures:		
At the beginning of the reporting period	0.3	0.0
Additions	0.2	–
Share of result for the period	0.7	0.3
At the end of the reporting period	**1.2**	**0.3**

Financial summary of associated companies and joint ventures:

EUR million	31 Dec 2019	31 Dec 2018
Assets	8.8	7.6
Liabilities	4.9	6.3
Net assets	3.9	1.3
Net sales	18.5	18.3
Result for the period	2.6	2.8

COLLATERALS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Collaterals and commitments, EUR million	31 Dec 2019	31 Dec 2018
Collaterals given on behalf of Group companies		
Mortgages	18.5	18.5
Guarantees	5.9	5.3
Total collaterals	**24.4**	**23.8**
Commitments		
Operating lease obligations		
Less than one year	0.2	3.9
Between one and five years	0.1	9.3
More than five years	–	0.5
Total operating lease obligations	0.3	13.6
Other commitments	20.8	15.5
Total commitments	**21.1**	**29.1**

Assets not recognised in the balance sheet

Emission allowances, kilotons	31 Dec 2019	31 Dec 2018
Emission allowances received	26.4	26.9
Excess emission allowances from the previous period	30.6	45.6
Adjustments related to prior year's estimates	-0.0	0.0
Sold emission allowances	-33.0	-20.0
Realised emissions	-20.0	-21.9
Total emission allowances	**4.0**	**30.6**
Fair value of emission allowances (EUR million)	0.1	0.7

ALTIA

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets, fair value, EUR million	2019	2018
Level 2		
Financial assets at fair value through profit or loss		
Forward exchange contracts	0.0	0.1
Derivatives, hedge accounting		
Forward exchange contracts	0.0	0.1
Commodity derivatives	0.3	1.3
Level 3		
Financial assets at fair value through other comprehensive income		
Unquoted shares	1.4	1.4

Financial liabilities, fair value, EUR million	2019	2018
Level 2		
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	0.1	0.0
Derivatives, hedge accounting		
Forward exchange contracts	0.4	0.1
Interest rate derivatives	1.2	1.3

KEY RATIOS

		2019	2018	2017
Income statement				
Net sales	EUR million	359.6	357.3	359.0
Comparable EBITDA	EUR million	44.8	40.0	42.4
(% of net sales)	%	12.4	11.2	11.8
EBITDA	EUR million	43.1	34.0	40.3
Comparable operating result (EBIT)	EUR million	26.8	25.6	28.2
(% of net sales)	%	7.5	7.2	7.8
Operating result	EUR million	25.1	19.7	26.1
Result before taxes	EUR million	24.6	18.6	25.0
Result for the period	EUR million	18.4	15.1	18.3
Items affecting comparability	EUR million	-1.7	-6.0	-2.1
Balance sheet				
Cash and cash equivalents	EUR million	64.2	42.0	52.4
Total equity	EUR million	151.2	150.1	136.8
Borrowings	EUR million	82.6	89.4	100.1
Invested capital	EUR million	233.8	239.5	236.9
Profitability				
Return on equity (ROE)	%	12.2	10.5	11.1
Return on invested capital (ROI)	%	8.5	7.0	8.0
Financing and financial position				
Net debt	EUR million	28.9	47.4	47.7
Gearing	%	19.1	31.6	34.9
Equity ratio	%	37.8	38.4	34.3
Net cash flow from operating activities	EUR million	52.6	6.5	37.6
Net debt/comparable EBITDA		0.6	1.2	1.1
Share-based key ratios				
Earnings per share (Basic and diluted)	EUR	0.51	0.42	0.51
Equity / share	EUR	4.18	4.15	3.80
Dividend / share	EUR	0.42*	0.38	-
Dividend / earnings	%	82.6*	91.2	-
Effective dividend yield	%	5.1*	5.4	-
Price / Earnings		16.1	17.0	-
Closing share price on the last day of trading	EUR	8.18	7.07	-
Highest	EUR	8.22	9.50	-
Lowest	EUR	7.08	7.015	-
Market value of shares at the end of period	EUR million	295.6	255.5	-
Number of shares outstanding at the end of period		36 140 485	36 140 485	35 960 000
Personnel				

Average number of personnel		682	718	762
Impact of IFRS 16 on selected key figures				
Comparable EBITDA without IFRS 16 impact	EUR million	41.0	–	–
Net debt without IFRS 16 impact	EUR million	18.4	–	–
Net debt/comparable EBITDA without IFRS 16 impact		0.4	–	–
Equity ratio without IFRS 16 impact	%	38.8	–	–
Gearing without IFRS 16 impact	%	12.1	–	–

**) Board's proposal*

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM) TO IFRS FIGURES AND ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	Q4 19	Q4 18	2019	2018
Items affecting comparability				
Net gains or losses from business and assets disposals	0.3	–	0.1	0.4
Cost for closure of business operations and restructurings	-0.1	-0.8	-0.2	-1.1
Major corporate projects				
Costs related to the closed voluntary pension scheme	–	-0.7	-1.6	-0.7
Costs related to stock exchange listing	–	–	–	-4.6
Total items affecting comparability	**0.2**	**-1.5**	**-1.7**	**-6.0**
Comparable EBITDA				
Operating result	15.3	10.7	25.1	19.7
Less:				
Depreciation, amortisation and impairment	4.5	3.7	17.9	14.4
Total items affecting comparability	-0.2	1.5	1.7	6.0
Comparable EBITDA	**19.7**	**15.9**	**44.8**	**40.0**
% of net sales	17.9	14.3	12.4	11.2
Comparable EBITDA without IFRS 16 impact				
Comparable EBITDA	19.7	–	44.8	–
Less				
IFRS 16 impact to EBITDA	0.9	–	3.8	–
Comparable EBITDA without IFRS 16 impact	**18.8**	**–**	**41.0**	**–**
Comparable EBIT				
Operating result	15.3	10.7	25.1	19.7
Less:				
Total items affecting comparability	-0.2	1.5	1.7	6.0
Comparable EBIT	**15.2**	**12.2**	**26.8**	**25.6**
% of net sales	13.8	11.0	7.5	7.2

THE DEFINITIONS AND REASONS FOR THE USE OF FINANCIAL KEY INDICATORS

Key figure	Definition	Reason for the use
Operating margin, %	Operating result / Net sales	Operating result shows result generated by the operating activities.
EBITDA	Operating result before depreciation and amortization	EBITDA is the indicator to measure the performance of the Group.
EBITDA margin, %	EBITDA / Net sales	
Comparable operating result	Operating result excluding items affecting comparability	Comparable EBITDA, comparable EBITDA margin, comparable operating result and comparable operating margin are presented in addition to EBITDA and operating result to reflect the underlying business performance and to enhance comparability from period to period. Altia believes that these comparable performance measures provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods. Comparable EBITDA is an internal measure to assess performance of Altia and key performance measure at segment level together with net sales. Comparable EBITDA margin is also one of Altia's financial targets. Comparable EBITDA is commonly used as a base for valuation purposes outside the Company and therefore important measure to report regularly.
Comparable operating margin, %	Comparable operating result / Net sales	
Comparable EBITDA	EBITDA excluding items affecting comparability	
Comparable EBITDA margin, %	Comparable EBITDA / Net sales	
Items affecting comparability	Material items outside normal business, such as net gains or losses from business and assets disposals, impairment losses, cost for closure of business operations and restructurings, major corporate projects including direct transaction costs related to business acquisitions, voluntary pension plan change and costs related to other corporate development.	
Comparable EBITDA without IFRS 16 impact	Comparable EBITDA – IFRS 16 impact	Comparable EBITDA without IFRS 16 impact improves comparability to previous years.
Invested capital	Total equity + Borrowings	Base for ROI measure.
Return on equity (ROE), %	Result for the period / Total equity (average of reporting period and comparison period)	This measure can be used to evaluate how efficiently Altia has been able to generate results in relation to the total equity of the Company.
Return on invested capital (ROI), %	(Result for the period + Interest expenses) / (Total equity + Non-current and current borrowings) (average of reporting period and comparison period)	This measure is used to evaluate how efficiently Altia has been able to generate net results in relation to the total investments made to the Company.
Borrowings	Non-current borrowings + Current borrowings	
Net debt	Borrowings + Non-current and current lease liabilities – Cash and cash equivalents	Net debt is an indicator to measure the total external debt financing of the Group. Net debt without IFRS 16 impact improves comparability to previous years.
Net debt without IFRS 16 impact	Borrowings – Cash and cash equivalents	
Gearing, %	Net debt / Total equity	Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's indebtedness. Important measure for the loan portfolio.

Gearing without IFRS 16 impact, %	Net debt without IFRS 16 impact / Total equity	Gearing without IFRS 16 impact, % improves comparability to previous years.
Equity ratio, %	Total equity / (Total assets – Advances received)	Equity / assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
Equity ratio without IFRS 16 impact, %	Total equity / (Total assets – Right of use assets – Advances received)	Equity ratio without IFRS 16 impact, % improves comparability to previous years.
Net debt / Comparable EBITDA	Net debt / Comparable EBITDA	The level of Net debt / Comparable EBITDA is one of Altia's financial targets.
Net debt / comparable EBITDA without IFRS 16 impact	Net debt without IFRS 16 impact / Comparable EBITDA without IFRS 16 impact	Net debt without IFRS 16 impact / comparable EBITDA without IFRS 16 impact improves comparability to previous years.
Earnings / share	Result for the period attributable to shareholders of the parent company/Share-issue adjusted number of shares during the period	
Equity / share	Equity attributable to shareholders of the parent company / Share- issue adjusted number of shares at the end of period	
Dividend / share	Dividend distribution for period / Number of shares (basic) at the end of period	
Dividend / earnings %	Dividend/share / Earnings/share	
Effective dividend yield %	Dividend/share / Price of share at the end of the accounting period	
Price / earnings	Price of share at the end of accounting period / Earnings/share	
Market value of outstanding shares	The number of shares at the end of accounting period x the price of the share at the end of accounting period	

Altia presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS. In Altia's view, alternative performance measures provide significant additional information on Altia's results of operations, financial position and cash flows to management, investors, analysts and other stakeholders.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore Altia's alternative performance measures may not be comparable with similarly named measures presented by other companies.

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Conference call and audio webcast:
Altia will host a conference call and audio webcast for analysts and investors in English on Thursday 13 February at 11 am EET. CEO Pekka Tennilä and CFO Niklas Nylander will present the Financial Statements Bulletin after which conference call participants have the opportunity to ask questions.

To join the conference call, please dial in and register 5-10 minutes earlier on the following numbers:

FI: +358 981 710 310
SE: +46 856 642 651
UK: +44 333 300 0804
US: +1 855 857 0686
PIN: 10900613#

The conference call can also be followed online and questions can be sent via the webcast. To access the audio webcast and the presentation material please go to: www.altiagroup.com/investors

A recording of the audio webcast will be available later the same day on Altia's website.

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