


6 NOVEMBER 2018

ALTIA

Results presentation January-September

CEO PEKKA TENNILÄ & CFO MATTI PIRI

Agenda

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1. Highlights
 2. Segments and business
 3. Financials
 4. Strategy
 5. Q&A

Leading Nordic alcoholic beverage brand company operating in the wines and spirits markets in the Nordic countries, Estonia and Latvia. We also have production in Cognac, France.

We are the Nordic iconic brands

WE OPERATE ON THE STABLE AND PROFITABLE
NORDIC MARKETS



Market positions in the Nordic Region

Spirits Wines

#1 | **#1**

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

Exports to
approx. 30
countries

Market position

#1
Spirits

#3
Wines

Market position

#1
Spirits

#1
Wines

Market position

Travel retail
in Nordic
and Baltic
region

#3
Spirits

Stable development continued

HIGHLIGHTS FROM THE NINE-MONTH PERIOD

Comparable EBITDA
improved

24.1 (23.8)
EUR million

Comparable
EBITDA margin

9.8% (9.6)%

Net sales in
constant currencies

0.8%
compared to last year

*Sales of beverages
grew by 0.8% in
constant currencies*

Market development

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

Combined spirits and wine sales development in the state retail monopolies

Change compared to previous year, %	Q3 18	Q3 17	Q1-Q3 18	Q1-Q3 17	2017
Finland, total sales	-5.3	+0.1	-3.4	-0.4	-0.2
Spirits	-6.7	+0.0	-4.1	-0.6	-0.4
Wine	-4.8	+0.2	-3.1	-0.3	-0.1
Sweden, total sales	+0.6	-0.6	+1.8	-0.1	+0.2
Spirits	+0.3	+0.9	+2.2	+0.3	+0.9
Wine	+0.7	-0.7	+1.7	-0.1	+0.2
Norway, total sales	+0.2	-2.1	+1.6	-1.8	-1.1
Spirits	-1.1	-1.6	+0.3	-0.7	-0.9
Wine	+0.5	-2.2	+1.8	-2.0	-1.1

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

*) Valvira, Alkoholimyynntilasto tammi-heinäkuu 2018

**) THL, Alkoholijuomien matkustajatuontikysely (syyskuu 2017-elokuu 2018)

***) Port of Helsinki, Port Statistics

• Finland

- Impact of New Alcohol Act and increased excise taxes on sales of spirits and wine in state retail monopoly continued
- Unflavoured vodkas, cognacs, rums down; Gin, several whiskey categories growing
- Rosé wines in double-digit growth, sparkling and white wines flat; red wines down
- Sales volumes of all alcoholic beverages in on- and off-trade up by 1%*
- Private import (9/2017-8/2018) continued to decline, spirits category slightly up**
- Number of passengers in sea traffic between HEL-TAL continued to decline***

• Sweden

- Gins, other liqueurs (shots), dark rums and other spirits categories grew.
- Rosé, sparkling and white wines grew; red wines continue to decline in favour of lighter varietals.

• Norway

- Liqueurs and gin grew; grape spirits, vodka and other spirits are down.
- White wines, rosé and sparkling wines grew; red wines continue to lose shares.

Net sales highlights for January-September

NEGATIVE CURRENCY IMPACT CONTINUED

- In constant currencies 0.8% above last year's level
- Reported net sales were EUR 246.4 (249.1) million
- All segments above last year's levels when excluding fx impact
- Nordic core brands and exports both developing well
- Net sales of beverages up by 0.8% in constant currencies
- Spirits sales negatively impacted by weaker development of Finnish monopoly channel and partner portfolio changes in Sweden, and fx impact
- Wine sales at last year's level despite negative currency impact from Swedish market; key drivers were partner portfolio change in Sweden and rosé and sparkling during summer

EUR million	Q1-Q3 18	Q1-Q3 17	Reported growth	Adjusted growth*	2017
Altia Group	246.4	249.1	-1.1%	0.8%	359.0
Finland & Exports	94.3	93.2	1.1%	1.1%	133.9
Scandinavia	74.9	79.4	-5.6%	0.4%	123.7
Altia Industrial	77.2	76.6	0.8%	0.8%	101.3

*) Growth with constant currencies

EUR million	Q1-Q3 18	Q1-Q3 17	Change, %	2017
Spirits	85.8	87.8	-2.4%	125.9
Wine	78.7	78.4	0.4%	124.7
Other beverages	4.8	6.4	-25.2%	8.4

Finland & Exports

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



Highlights

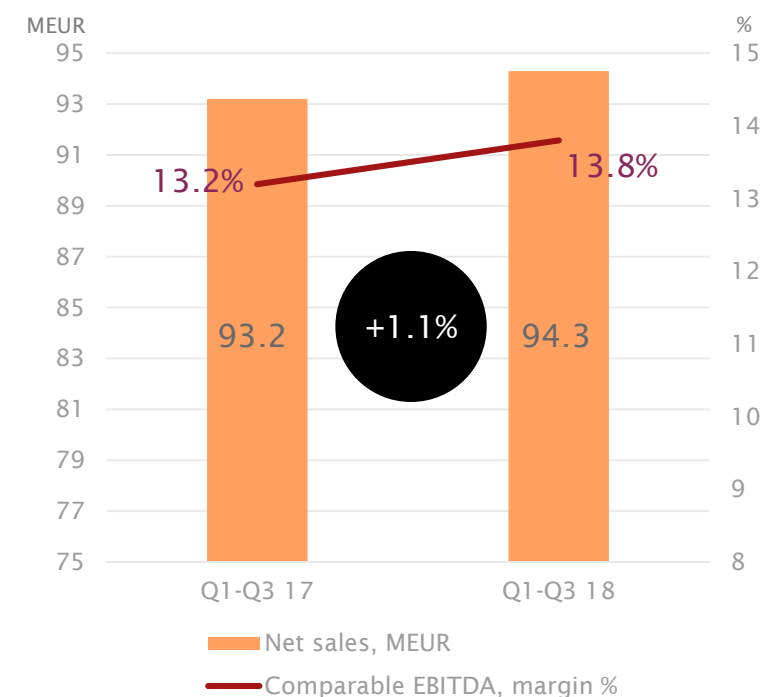
- The challenges in the Finnish monopoly channel continued to impact spirits and wine sales, this has been partly offset by the good development in the Finnish retail channel and exports
- In exports especially Russia and Asia are performing well
- Travel retail and the Baltics at lower level

Product launches & events

- Koskenkorva won several medals in Vodka Masters 2018
- Viinimaa Festival in September



Key financials



Scandinavia

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



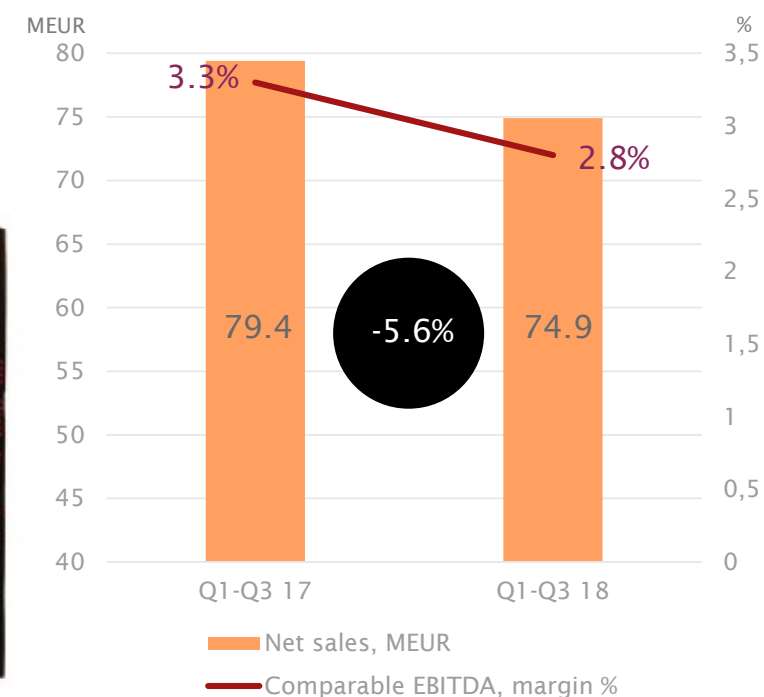
Highlights

- Excluding currency impact net sales improved by 0.4%
- New partner in wine in Sweden
- Good performance in spirits in Norway continued
- Negative impact on spirits from partner portfolio change

Product launches & events



Key financials



Altia Industrial

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



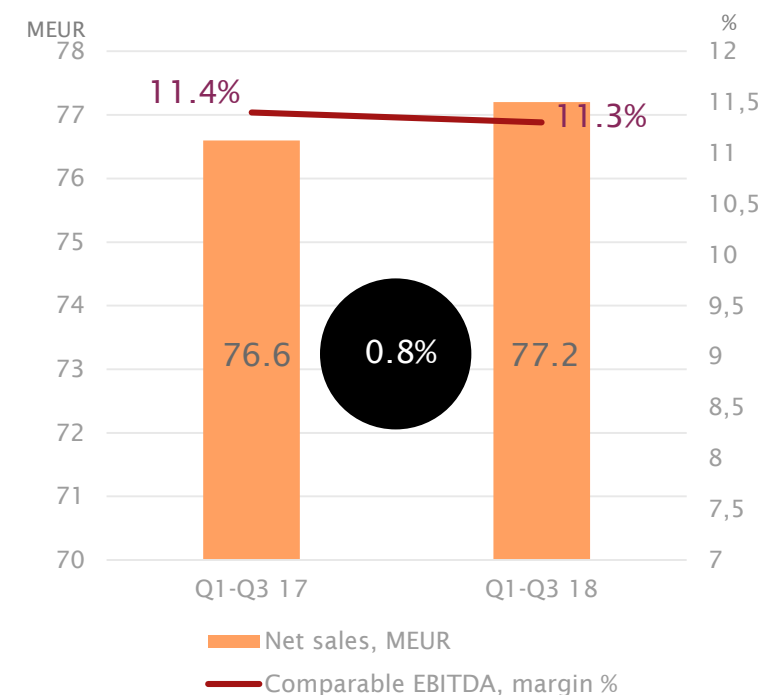
Highlights

- As expected, the contract manufacturing volumes have normalised during the third quarter.
- Demand for native starch continues to be strong
- Development of technical ethanol is stable.
- The increased cost of barley has partly been pushed into product prices.

Production Jan-Sep

- Koskenkorva plant volumes have increased by about 5% from last year's level mainly driven by increased starch capacity and demand.

Key financials



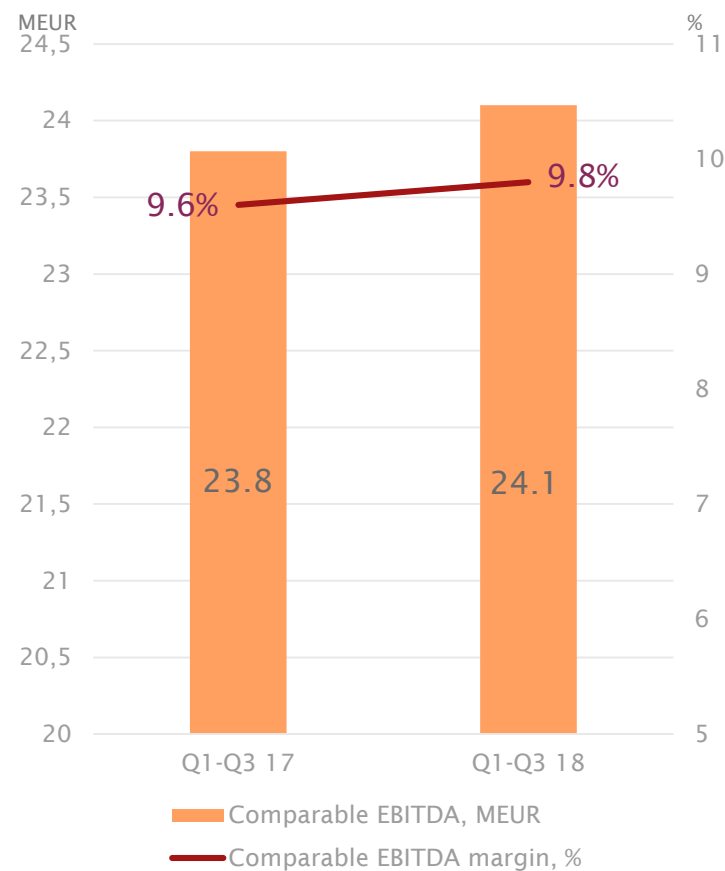
Holiday season in Q4

ALTIA'S BUSINESS IS CHARACTERISED BY SUBSTANTIAL SEASONALITY

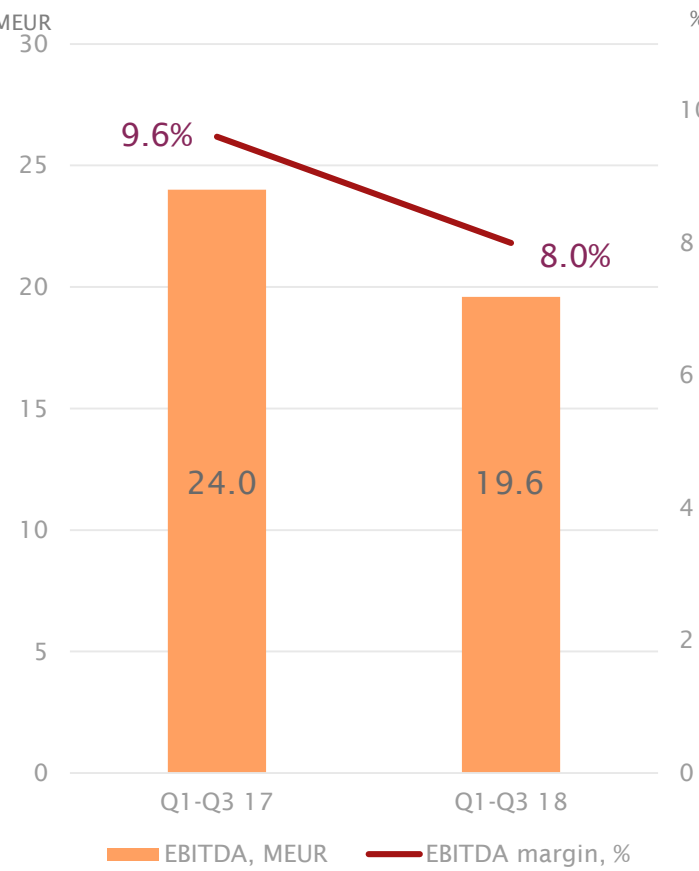


Profitability

Comparable EBITDA



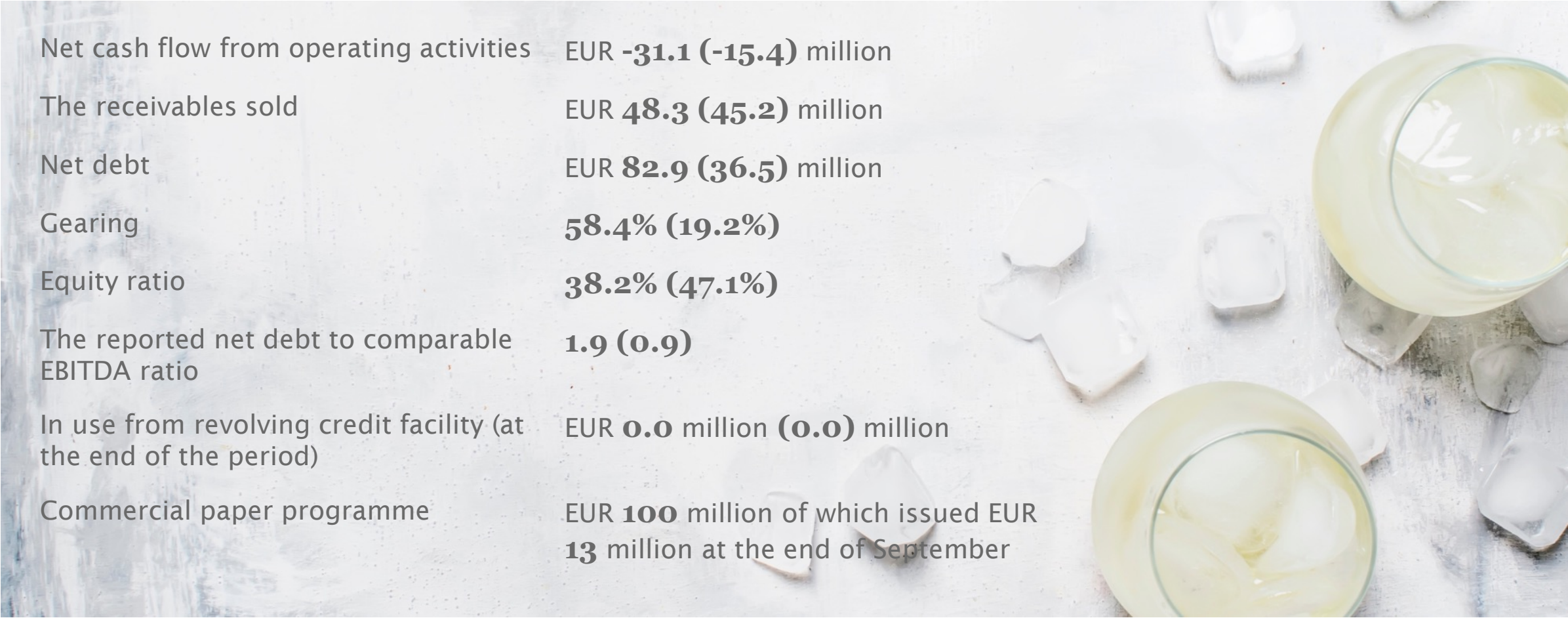
Reported EBTIDA



- In Jan-Sep, items affecting comparability were EUR -4.5 (0.1) million, mainly related to Altia's IPO
- No IAC in Q3

Cash flow and balance sheet

AS AT 30 SEPTEMBER



Net cash flow from operating activities	EUR -31.1 (-15.4) million
The receivables sold	EUR 48.3 (45.2) million
Net debt	EUR 82.9 (36.5) million
Gearing	58.4% (19.2%)
Equity ratio	38.2% (47.1%)
The reported net debt to comparable EBITDA ratio	1.9 (0.9)
In use from revolving credit facility (at the end of the period)	EUR 0.0 million (0.0) million
Commercial paper programme	EUR 100 million of which issued EUR 13 million at the end of September

Guidance 2018

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

Guidance as published on 23 February 2018 remains unchanged

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



The core of our strategy is to deliver profitable growth

Growth and profitability through the five strategic streams

Commercial battles

1 Grow Nordic Core Brands

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

2 Execute a step change in wines

- Grow wine segment with innovations and higher level of co-operation with partners
- Focus on Sweden and Finland – monopoly channel

3 Strengthen strategic partnerships

- Expand and develop new business and co-operation models
- Growth through innovations and co-operation models

4 Channel expansion and development

- Retail
- E-commerce and other digital platforms

5 Fund and enable growth – continuous improvement of overall efficiency

- Efficiencies and new capabilities in the supply chain
- Organisational ways of working through simplification and digitalisation
- Product portfolio optimisation
- Continuous development of co-operation and industrial products offering

Active brand portfolio management

Altia continues to focus on active brand portfolio management, potential selective acquisitions and/or divestments

Our financial targets aim towards stable shareholder returns

Net sales growth	+2 % CAGR	<ul style="list-style-type: none">Altia's target is to achieve an annual net sales growth of 2 per cent over time (CAGR)
Comparable EBITDA margin	15 %	<ul style="list-style-type: none">Comparable EBITDA margin target to reach 15 per cent in the long-term
Net debt / comparable EBITDA	<2.5x	<ul style="list-style-type: none">Altia's target is to keep reported net debt in relation to comparable EBITDA below 2.5x in the long-term
Dividend policy	≥60 % of the result for the period	<ul style="list-style-type: none">Altia aims to pursue an active dividend policy, and the result for the period not considered necessary to grow and develop the company will be distributed to the shareholders



Q&A AND SUMMARY

Resilient
performance
supports stable
profitability
development

The last quarter is
important for Altia:
Blossa, cognac gift
packs, premium
wines and
champagne

Price increases
achieved in
industrial
products; pricing
pressure in
consumer
products

Next financial report

FY financial statements on 7 February 2019
Conference call and audio webcast
Press conference

Thank you!

www.altiagroup.com



Appendices



Key ratios

EUR million	Q3 18	Q3 17	Q1-Q3 18	Q1-Q3 17	2017
Net sales, EUR million	85.7	84.5	246.4	249.1	359.0
Comparable EBITDA, EUR million	10.3	10.4	24.1	23.8	42.4
% of net sales	12.0	12.3	9.8	9.6	11.8
EBITDA, EUR million	10.3	11.1	19.6	24.0	40.3
Comparable operating result, EUR million	6.6	6.9	13.4	13.2	28.2
% of net sales	7.7	8.1	5.4	5.3	7.8
Operating result, EUR million	6.6	7.6	8.9	13.3	26.1
Result for the period, EUR million	4.8	5.6	6.5	10.3	18.3
Earnings per share, EUR	0.13	0.16	0.18	0.29	0.51
Net debt / comparable EBITDA, rolling 12 months	1.9	0.9	1.9	0.9	1.1
Average number of personnel	725	763	724	777	762

Quarterly net sales and comparable EBITDA by segment

Net sales by segment

EUR million	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	31.8	35.4	27.1	40.7	31.4	35.7	26.0	41.1	31.6	33.9	27.3
Scandinavia	25.0	27.4	22.5	44.4	26.5	29.7	23.2	45.9	26.7	30.0	25.0
Altia Industrial	28.9	24.2	24.0	24.7	26.5	25.9	24.2	24.0	25.6	22.7	22.9
Total	85.7	87.1	73.5	109.8	84.5	91.3	73.4	111.0	83.9	86.6	75.1

Comparable EBITDA by segment

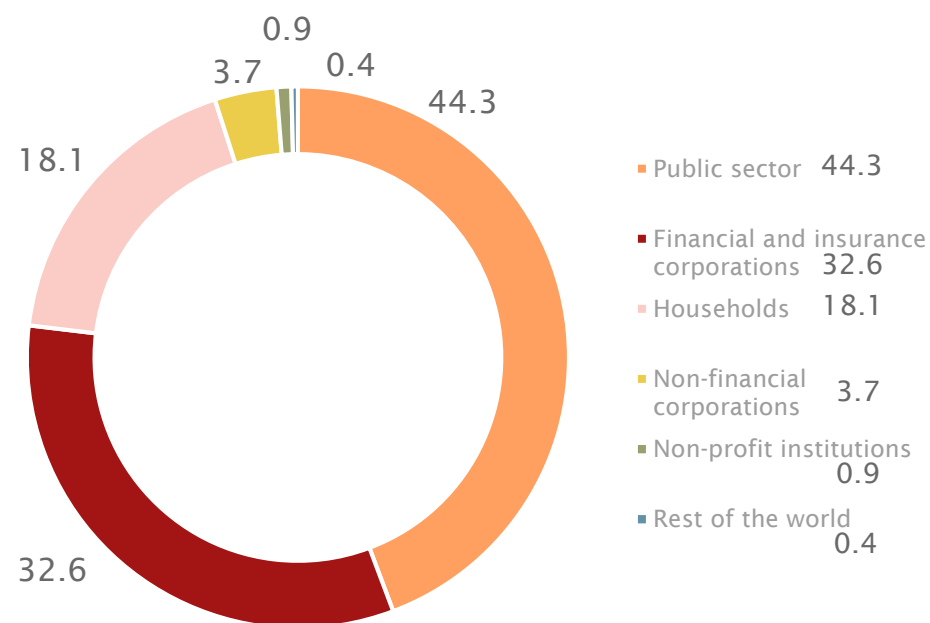
EUR million	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	4.9	4.6	3.4	7.2	4.0	5.2	3.1	7.7	4.5	4.3	3.6
Scandinavia	0.8	1.5	-0.1	8.9	1.0	2.1	-0.5	9.0	1.0	0.7	-0.3
Altia Industrial	4.8	2.5	1.4	3.7	4.5	2.6	1.6	2.6	3.4	2.6	-0.2
Other	-0.3	0.2	0.4	-1.3	0.9	-0.8	0.1	-0.5	1.6	0.2	0.6
TOTAL comparable EBITDA	10.3	8.7	5.2	18.5	10.4	9.2	4.3	18.9	10.5	7.8	3.6
Items affecting comparability	0.0	-0.4	-4.1	-2.2	0.7	-0.2	-0.5	15.7	1.6	2.8	-0.1
EBITDA	10.3	8.3	1.1	16.3	11.1	9.0	3.8	34.6	12.1	10.6	3.6
Depreciation, amortisation and impairment	-3.6	-3.5	-3.5	-3.6	-3.6	-3.5	-3.5	-3.7	-3.6	-3.6	-3.6
Operating result	6.6	4.8	-2.5	12.7	7.6	5.4	0.3	30.9	8.5	7.0	-0.0

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

EUR million	Q3 18	Q3 17	Q1-Q3 18	Q1-Q3 17	2017
Items affecting comparability					
Net gains or losses from business and assets disposals	-	1.3	0.4	1.3	1.3
Cost for closure of business operations and restructurings	-	-0.4	-0.3	-1.0	-1.1
Major corporate projects					
Costs related to stock exchange listing	-	-0.2	-4.6	-0.2	-2.4
Total items affecting comparability	0.0	0.7	-4.5	0.1	-2.1
Comparable EBITDA					
Operating result	6.6	7.6	8.9	13.3	26.1
Less:					
Depreciation, amortisation and impairment	3.6	3.6	10.7	10.6	14.2
Total items affecting comparability	0.0	-0.7	4.5	-0.1	2.1
Comparable EBITDA	10.3	10.4	24.1	23.8	42.4
% of net sales	12.0	12.3	9.8	9.6	11.8
Comparable EBIT					
Operating result	6.6	7.6	8.9	13.3	26.1
Less:					
Total items affecting comparability	0.0	-0.7	4.5	-0.1	2.1
Comparable EBIT	6.6	6.9	13.4	13.2	28.2
% of net sales	7.7	8.1	5.4	5.3	7.8

Shareholder structure

AS AT 28 SEPTEMBER 2018



	Shareholders	Number of shares	% of shares
1	Prime Minister's Office	13 097 481	36.2
2	Varma Mutual Pension Insurance Company	1 200 000	3.3
3	Ilmarinen Mutual Pension Insurance Company	1 100 000	3.0
4	OP-Finland Small Firms Fund	474 779	1.3
5	Veritas Pension Insurance Company Ltd.	400 000	1.1
6	Mandatum Life Unit-Linked	291 302	0.8
7	Säästöpankki Pienyhtiöt	275 481	0.8
8	Säästöpankki Kotimaa	150 000	0.4
9	Sijoitusrahasto Taaleritehdas Arvo Markka Osake	120 000	0.3
10	Beetajuuri Oy	100 300	0.3
	Top 10 total	17 209 343	47.6
	Nominee-registered shares	11 150 997	30.9

Retail offering

