

15 AUGUST 2019

ALTIA

H1 results presentation

CEO PEKKA TENNILÄ

CFO NIKLAS NYLANDER

Agenda

1. HIGHLIGHTS
2. MARKET
3. BUSINESS & SEGMENTS
4. FINANCIALS
5. STRATEGY
6. 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.

Leading Nordic alcoholic beverage brand house

WE OPERATE ON THE STABLE AND PROFITABLE NORDIC MARKETS



A list of companies to inspire economic change.

The most interesting companies in the circular economy in Finland.

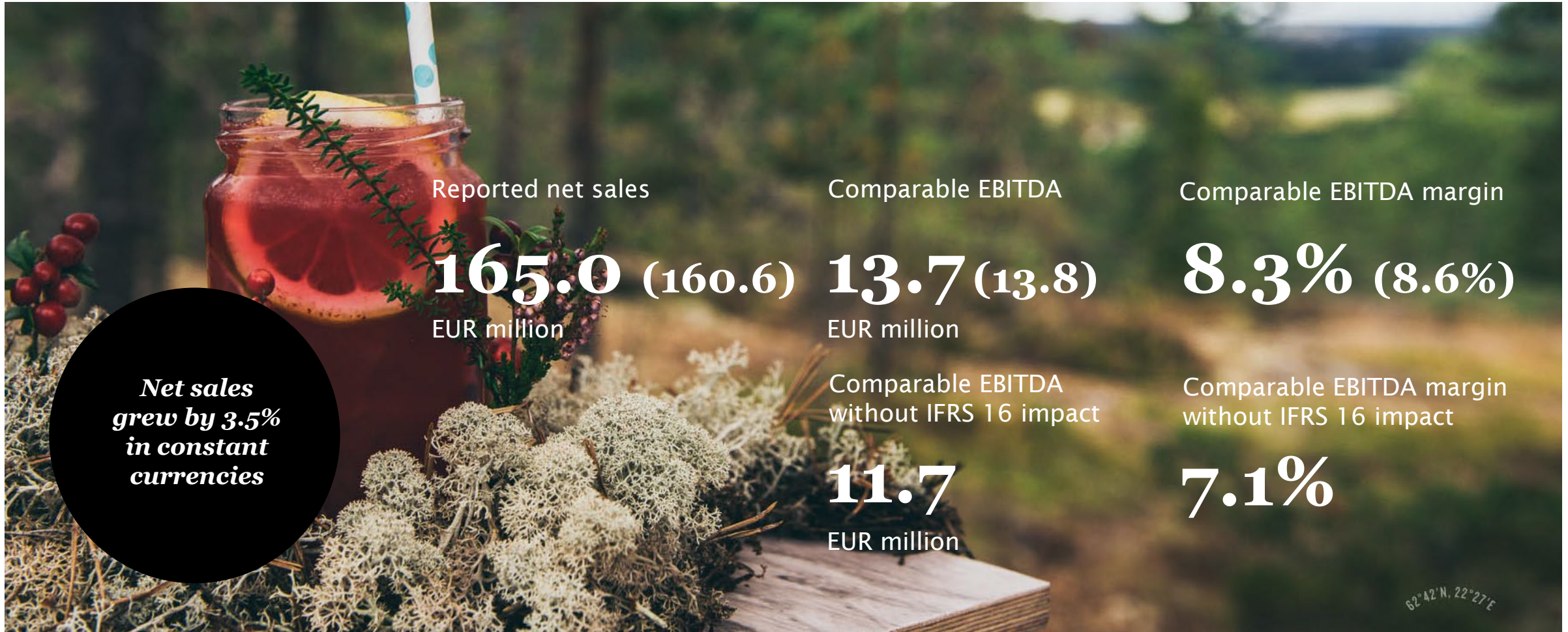


Exports to approx. 30 countries

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

Good net sales growth in first half, initiatives to improve profitability in progress

HIGHLIGHTS FROM H1 19



Market development

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

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

Change compared to previous year, %	H1 19	H1 18	H1 17	2018
Finland, total sales	-3.5	-2.4	-0.7	-3.3
Spirits	-2.5	-2.7	-1.0	-3.6
Wine	-4.0	-2.2	-0.5	-3.2
Sweden, total sales	-0.9	+2.3	+0.1	+2.1
Spirits	+2.3	+3.2	+0.0	+2.7
Wine	-1.2	+2.2	+0.2	+2.0
Norway, total sales	-1.6	+2.3	-1.7	+1.5
Spirits	+0.3	+1.1	-0.3	+0.1
Wine	-1.9	+2.5	-1.9	+1.7

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

- **Nordic spirits and wine market in total** – volumes in the three retail monopolies down by -1.6%
 - Spirits volumes -0.0%
 - Wine volumes -1.8%
- **Finland**
 - In spirits, gin grew but whole white spirits is down, cognac declined, slight growth in brandies
 - In wine, only rosé wines grew
- **Sweden**
 - In spirits, growth mainly from gin, rum and whisky
 - In wine, sparkling and white wines grew
- **Norway**
 - In spirits, growth from gin, liqueurs and whisky
 - In wine, only sparkling wines grew

Net sales highlights

JANUARY–JUNE 2019

- Reported net sales grew by 2.7% to EUR 165.0 (160.6) million
- Continued headwind from SEK, in constant currencies net sales 3.5% above last year's level
- Growth is driven by Altia Industrial and Scandinavia segments
- Finland & Exports segment's net sales have declined from last year
- Positive impact from the release of excise tax provision of EUR 0.5 million
- Net sales of beverages in constant currencies were 0.7% below last year's level
- Declining monopoly volumes impacted net sales of spirits and wine
- Spirits net sales grew in Scandinavia, but declined in Finland & Exports segment
- Growth in wine driven by new partner in Sweden
- Other beverages impacted by partner portfolio changes in 2018

EUR million	H1 19	H1 18	Reported growth, %	Adjusted growth, %*	2018
Altia Group	165.0	160.6	2.7	3.5	357.3
Finland & Exports	59.6	62.5	-4.5	-4.5	133.8
Scandinavia	50.7	49.9	1.6	4.1	117.7
Altia Industrial	54.7	48.2	13.3	13.3	105.8

*) Growth in constant currencies

EUR million	H1 19	H1 18	Change, %	2018
Spirits	56.3	57.0	-1.2	124.0
Wine	52.3	51.4	1.8	122.2
Other beverages	1.7	4.0	-57.5	5.3

Finland & Exports

JANUARY–JUNE 2019

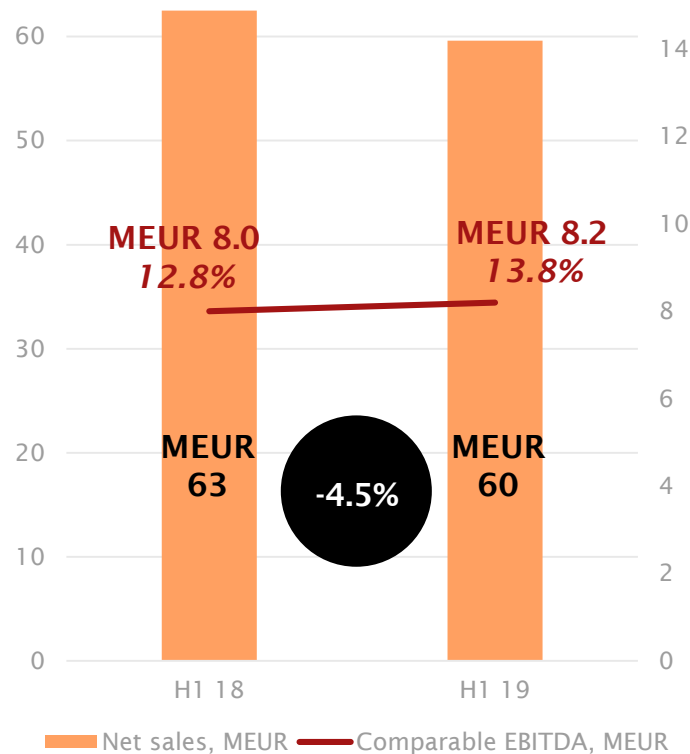
The Finland & Exports segment comprises the import, sale and marketing of wine and spirits, and other beverages in Finland and the Baltics, as well as exports and travel retail.



Highlights

- Net sales were 59.6 (62.5) million
- Weak monopoly volume development key driver for net sales decline
- Exports and travel retail slightly below last year's level
- Good development in grocery trade
- Comparable EBITDA was 8.2 (8.0) million, comparable EBITDA without IFRS 16 impact EUR 8.1 million
- Profitability negatively impacted by weak monopoly and exports
- Release of excise tax provision has a positive impact on net sales and EBITDA

Key financials



Product launches & events



15.8.2019

Scandinavia

JANUARY–JUNE 2019

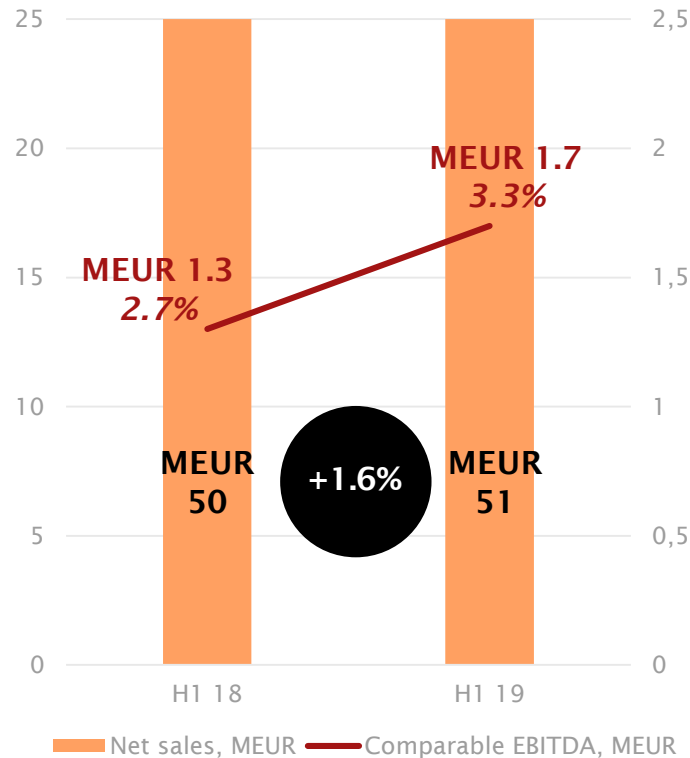
The Scandinavia segment comprises the import, sale and marketing of wine and spirits, and other beverages in Sweden, Norway and Denmark.



Highlights

- Reported net sales were EUR 50.7 (49.9) million, up by 1.6%
- Headwind from weak SEK - in constant currencies net sales up by 4.1%
- New partners in Sweden and price increases driving growth
- Comparable EBITDA was EUR 1.7 (1.3) million, comparable EBITDA without IFRS 16 impact EUR 1.4 million
- Weak SEK and weaker product mix impacted profitability

Key financials, MEUR



Product launches & events



Altia Industrial

JANUARY–JUNE 2019

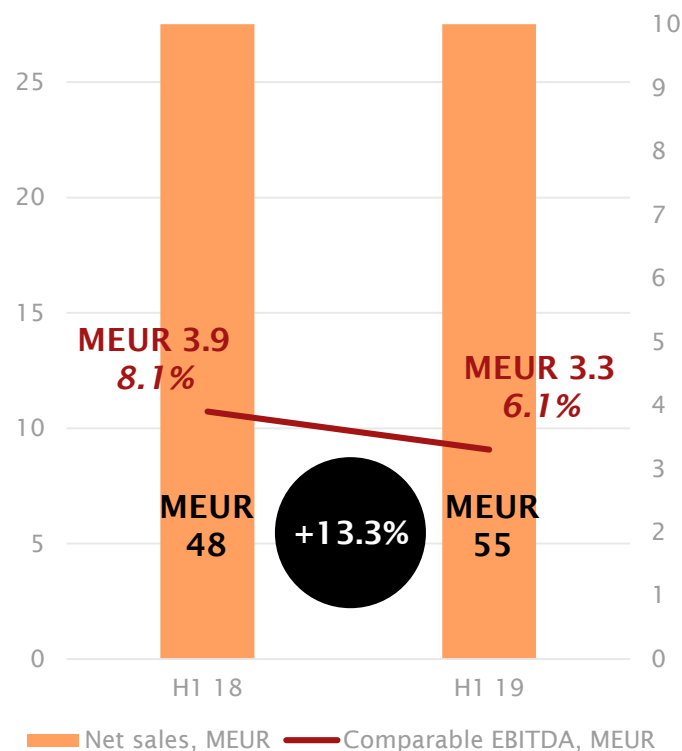
The Altia Industrial segment comprises Koskenkorva plant operations, starch, feed component and technical ethanol businesses, as well as contract manufacturing services at Rajamäki. It also includes supply chain operations, i.e. production operations in different countries, customer service and logistics.



Highlights

- Net sales were 54.7 (48.2) million, up by 13.3%
- Higher prices and volumes are driving growth
- Comparable EBITDA was EUR 3.3 (3.9) million, comparable EBITDA without IFRS 16 impact EUR 2.4 million
- Profitability negatively impacted by high barley cost, Group internal organisational changes and increased logistics costs in Sweden

Key financials, MEUR



Production

- Rajamäki alcoholic beverage plant has produced 31.1 (29.1) million litres of spirits and wine
- Koskenkorva plant has ran at full capacity
- Use of grain 105.9 (107.6) million kilos



THE SPIRIT OF **EXPLORATION**

LARSEN
COGNAC

Corporate Responsibility is an integral part of our business

LET'S DRINK BETTER – SUPPORT THE DEVELOPMENT OF A MODERN RESPONSIBLE NORDIC DRINKING CULTURE

Highlights H1 2019

- Acknowledged by inclusion on Sitra's most interesting companies in the circular economy
- First multi-channeled media campaign to increase bottle recycling rates well received
- Progress in safety according to targets
 - Lost Time Injury Frequency (LTIF) decreased
 - Number of preventive observations growing
- Progress in environmental performance of production sites according to annual targets





ALTIA

Financials

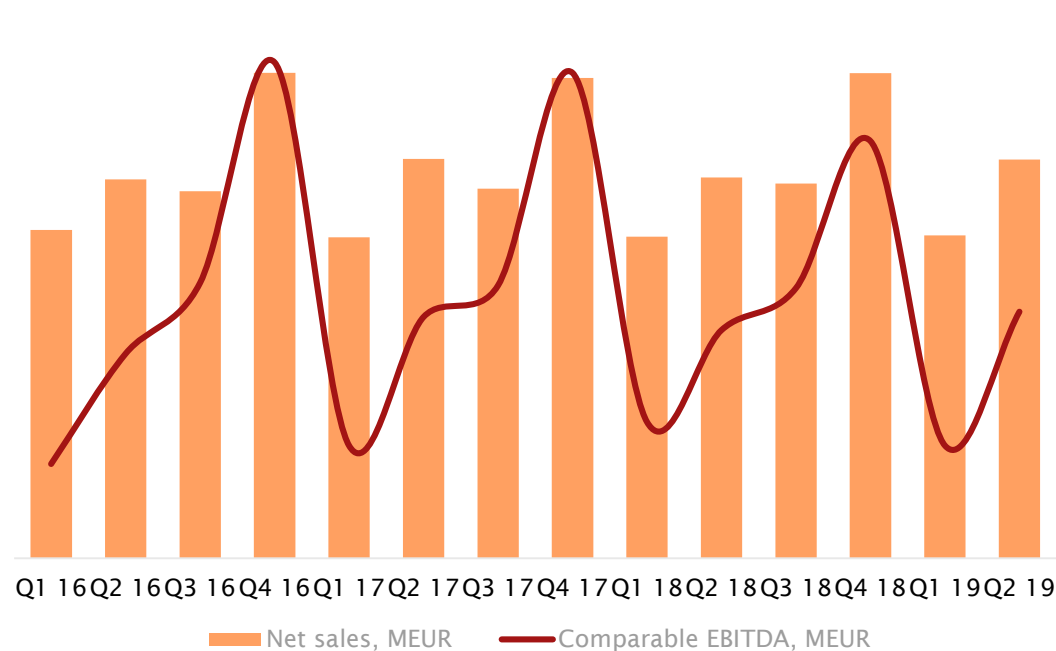
CFO NIKLAS NYLANDER

Barley cost, fx rates and declining volumes in all monopolies have negatively affected profitability development

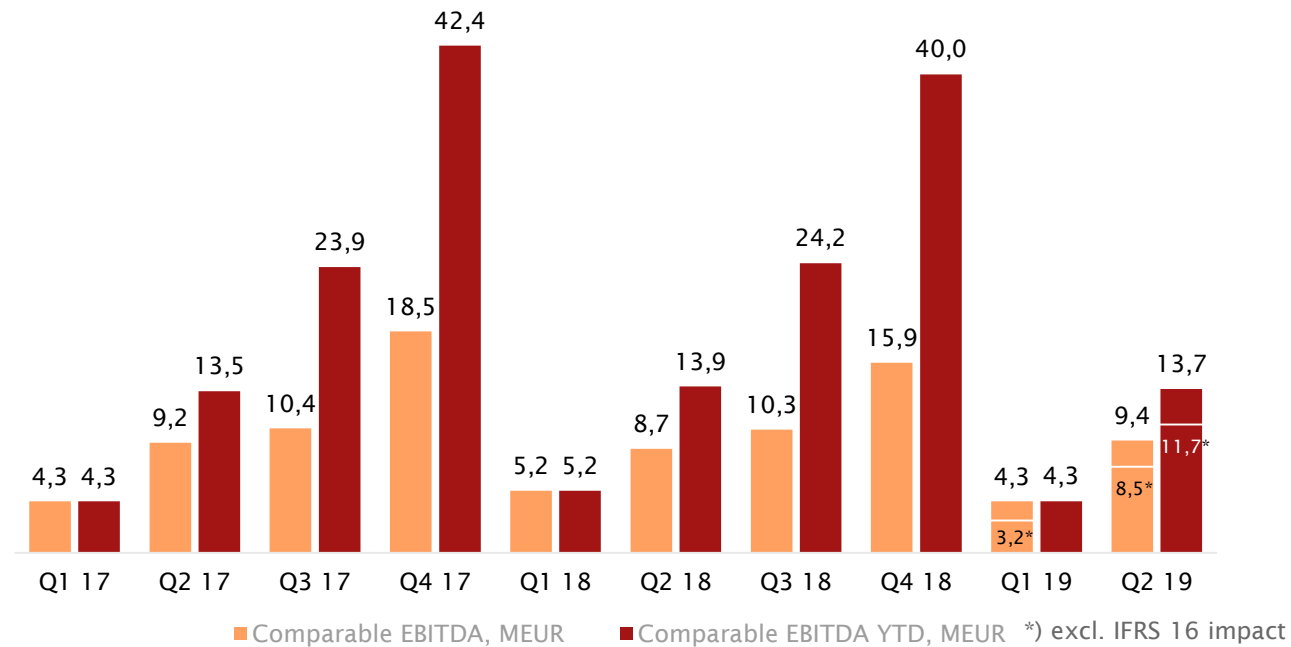
SEASONALITY AFFECTS NET SALES AND PROFITABILITY

- Comparable EBITDA was EUR 13.7 (13.8) million, excluding IFRS 16 impact EUR 11.7 million
- Comparable EBITDA margin was 8.3% (8.6%), excluding IFRS 16 impact 7.1%
- Items affecting comparability amounted to EUR -0.2 (-4.5)
- Reversal of excise tax provision EUR 0.5 million positive impact and in addition some positive timing effects

Quarterly net sales and comparable EBITDA, EUR million



Quarterly and cumulative comparable EBITDA, EUR million



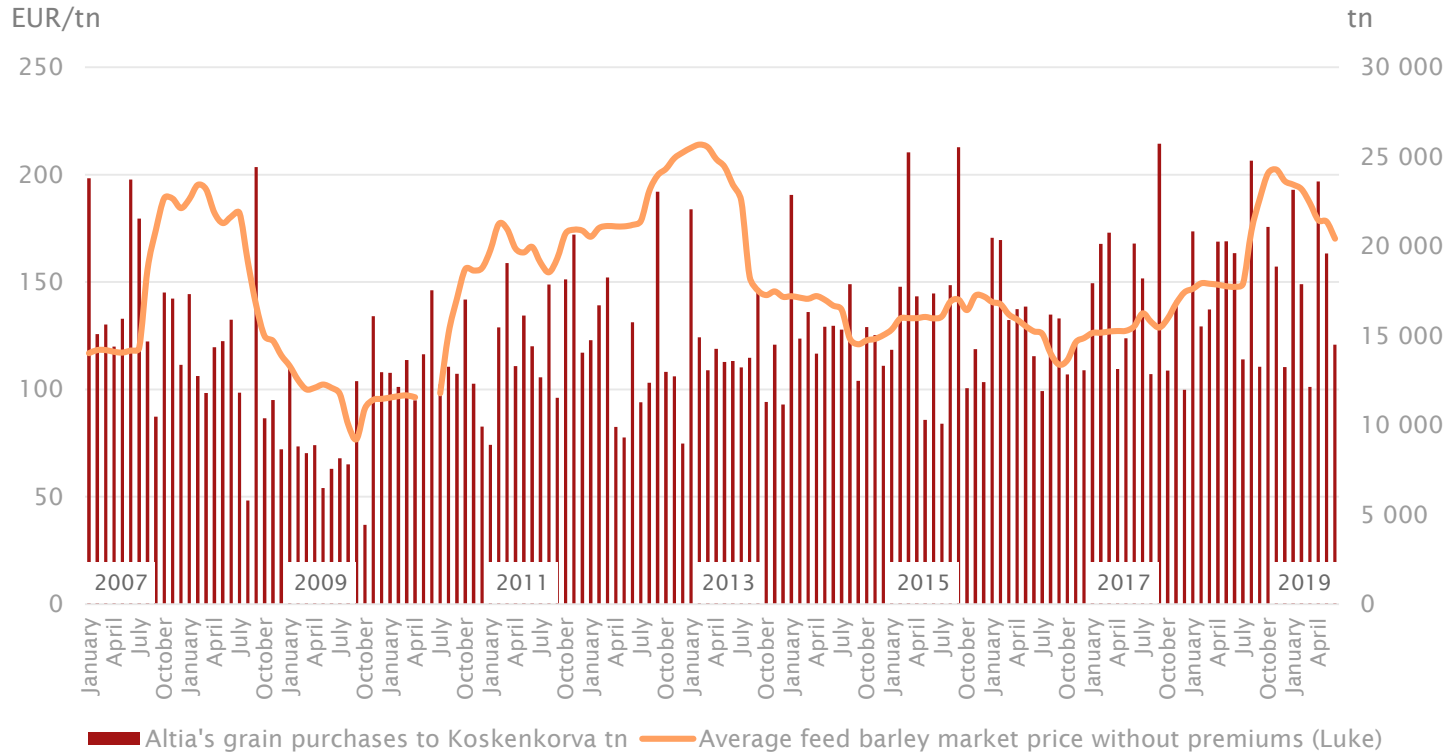
Comparable EBITDA by segment

SOLID Q2 DEVELOPMENT DRIVEN BY TIMING OF EASTER, REVERSAL OF EXCISE TAX ACCRUAL AND SOME TIMING EFFECT BETWEEN THE QUARTERS IN INCOME AND EXPENSES

EUR million	Q2 19	Q2 19 <i>excl. IFRS 16</i>	Q2 18	H1 19	H1 19 <i>excl. IFRS 16</i>	H1 18	2018
Finland & Exports	5.3	5.2	4.6	8.2	8.1	8.0	19.2
<i>% of net sales</i>	15.2	15.1	12.9	13.8	13.6	12.8	14.3
Scandinavia	2.0	1.9	1.5	1.7	1.4	1.3	10.1
<i>% of net sales</i>	6.9	6.4	5.3	3.3	2.7	2.7	8.6
Altia Industrial	2.3	1.9	2.5	3.3	2.4	3.9	10.9
<i>% of net sales</i>	8.5	6.9	10.2	6.1	4.4	8.1	10.3
Other	-0.2	-0.5	0.2	0.5	-0.2	0.6	-0.3
Total	9.4	8.5	8.7	13.7	11.7	13.8	40.0
<i>% net sales</i>	10.4	9.3	9.9	8.3	7.1	8.6	11.2

Barley sourcing

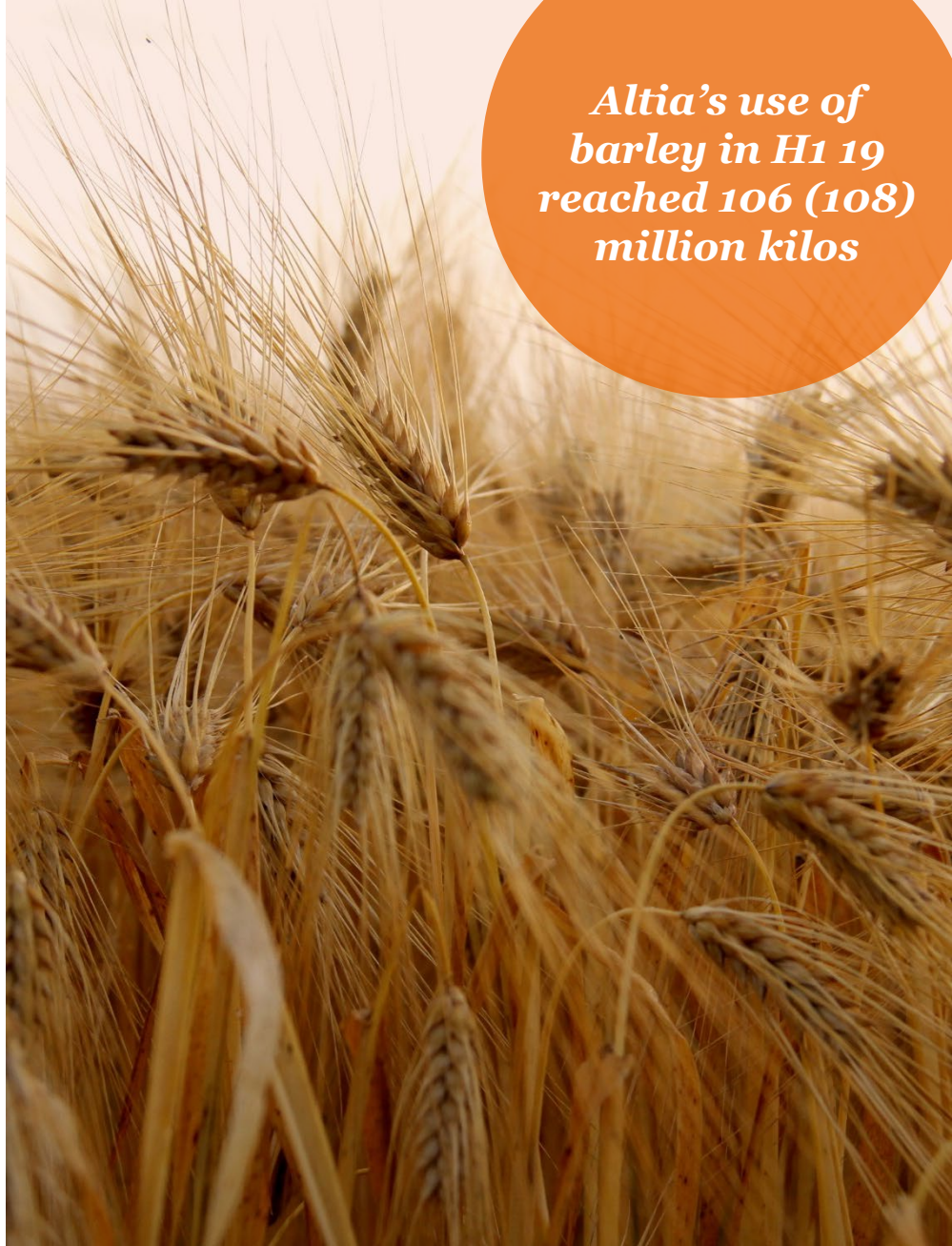
Barley price development and Altia's monthly volumes 2007-2019 (Jan-Jun)



Altia's use of barley in H1 19 reached 106 (108) million kilos

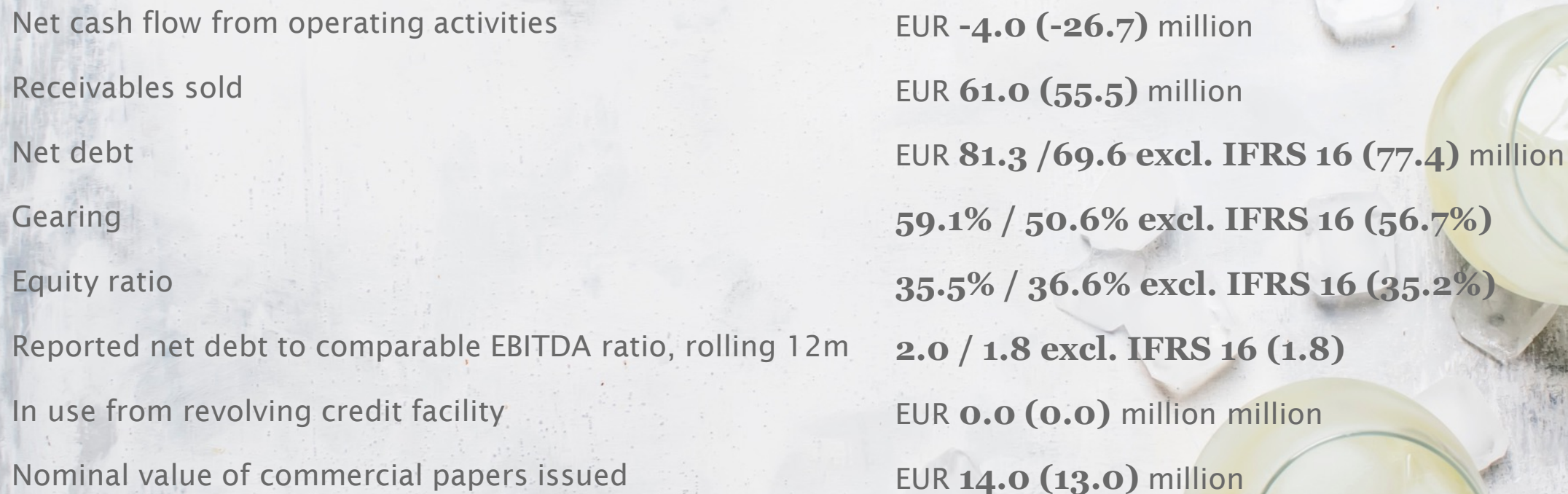
Key principles for barley sourcing:

- Purchased at spot prices; No hedging tools available for barley
- About 1 month inventory; Volumes and purchase prices are fixed a couple of months ahead
- New harvest in August-September
- Average monthly sourcing volume 17000-18000 tn



Financial position and balance sheet KPI's

AS AT 30 JUNE



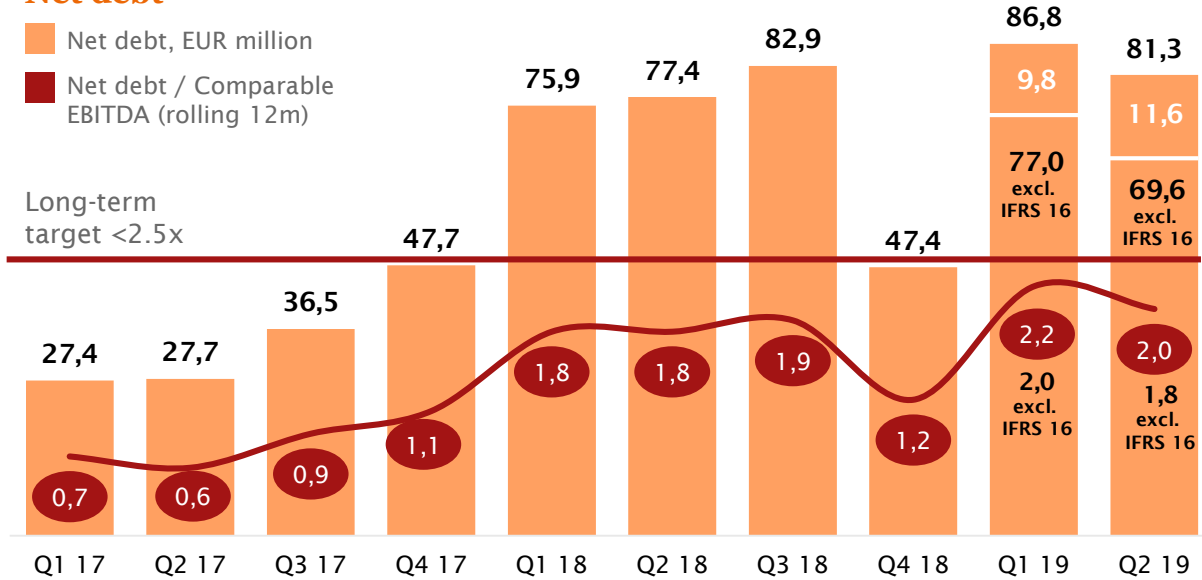
Net cash flow from operating activities	EUR -4.0 (-26.7) million
Receivables sold	EUR 61.0 (55.5) million
Net debt	EUR 81.3 / 69.6 excl. IFRS 16 (77.4) million
Gearing	59.1% / 50.6% excl. IFRS 16 (56.7%)
Equity ratio	35.5% / 36.6% excl. IFRS 16 (35.2%)
Reported net debt to comparable EBITDA ratio, rolling 12m	2.0 / 1.8 excl. IFRS 16 (1.8)
In use from revolving credit facility	EUR 0.0 (0.0) million million
Nominal value of commercial papers issued	EUR 14.0 (13.0) million

Financial position and balance sheet KPI's

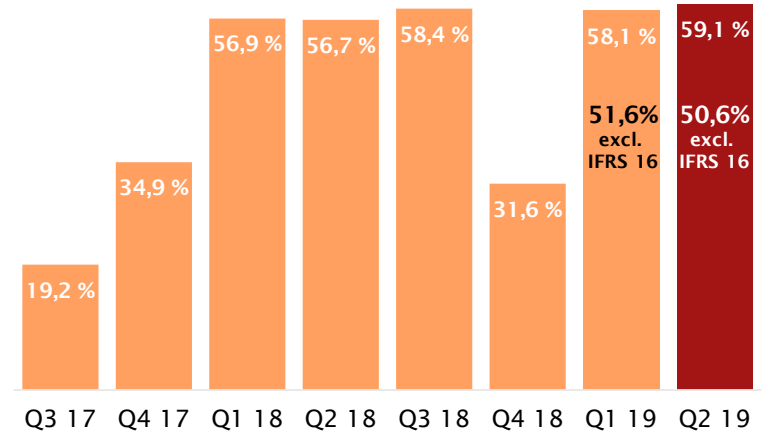
Net debt

- Net debt, EUR million
- Net debt / Comparable EBITDA (rolling 12m)

Long-term target <2.5x

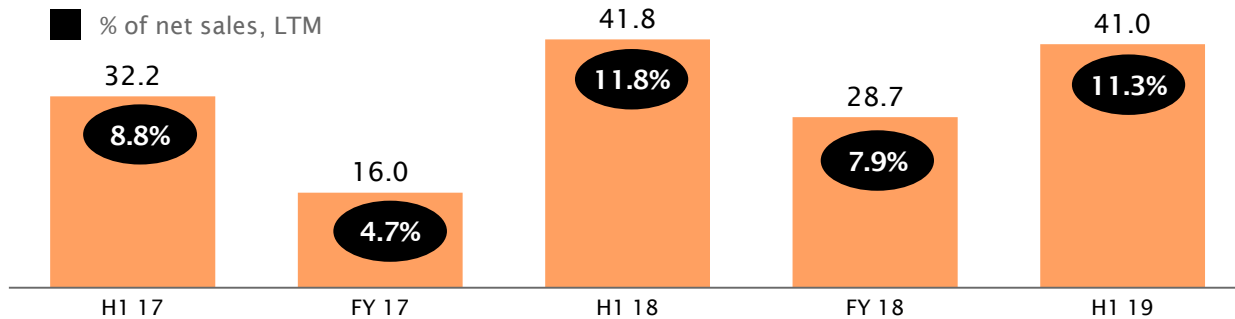


Gearing, %

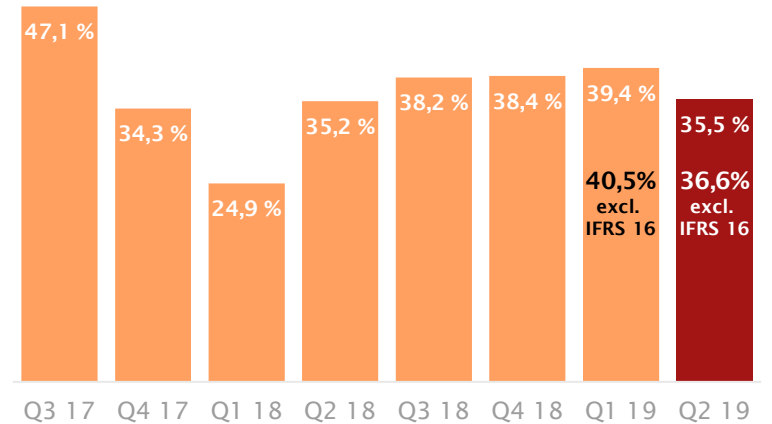


Working capital

- Working capital, EUR million
- % of net sales, LTM



Equity ratio, %





ALTIA

Strategy

CEO PEKKA TENNILÄ

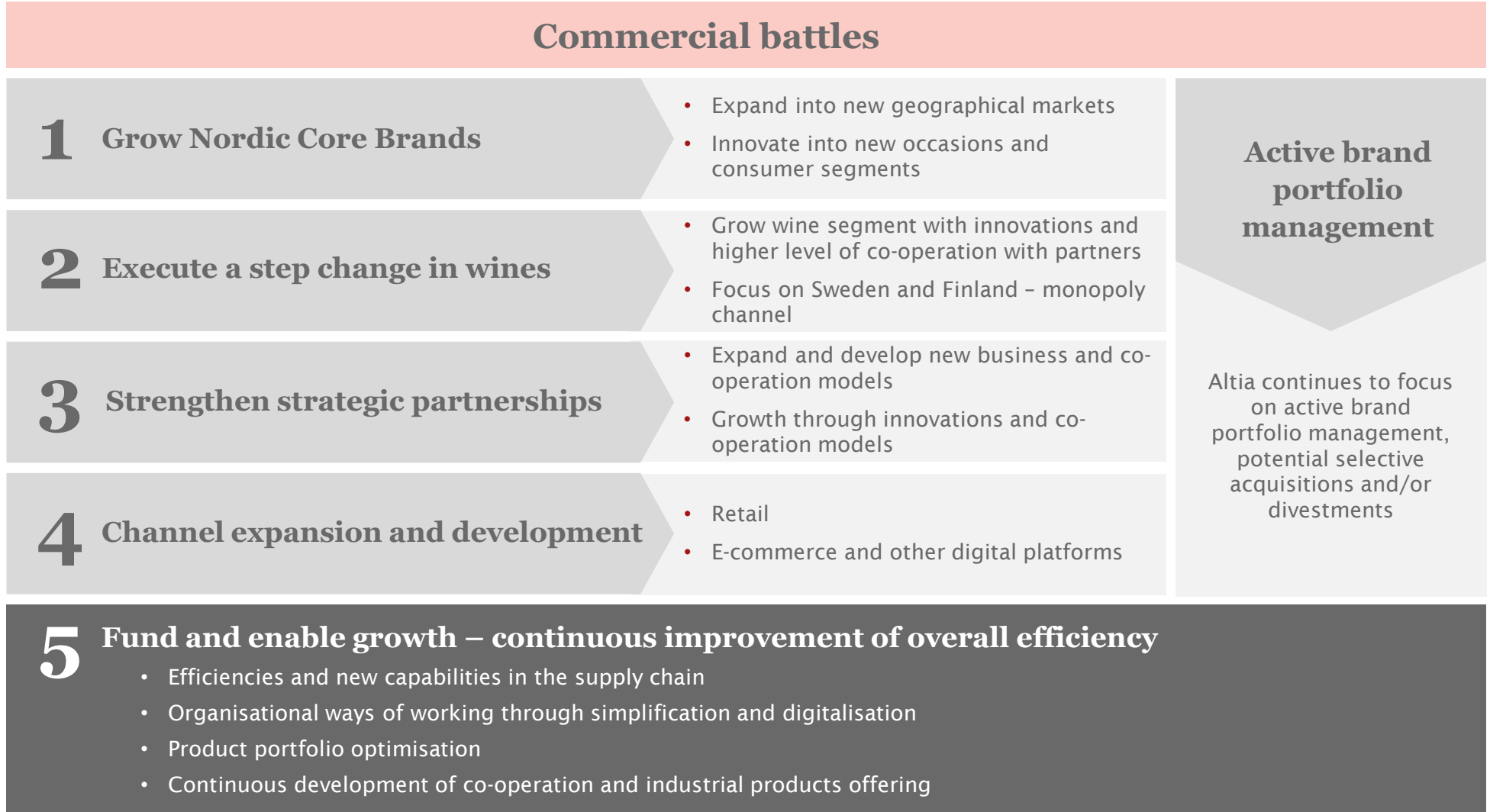
Our financial targets aim towards stable shareholder returns

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

The core of our strategy is to deliver profitable growth



Growth and profitability through the five strategic streams



Strengthening the strategy execution

FURTHER INITIATIVES IDENTIFIED TO REACH LONG-TERM NET SALES AND PROFITABILITY TARGETS

Based on our strategy to create profitable growth, we have identified further specific initiatives to reach the earlier communicated long-term net sales and profitability targets.

Growth

Initiatives within:

- Revenue management
- Expansion in growing categories in Sweden and Norway
- Exports of Nordic core brands
- Grocery trade and RTD category

Efficiencies

Initiatives within:

- Procurement savings
- Supply chain efficiencies
- Product portfolio management
- Overall organisational efficiencies

Guidance 2019

- The comparable EBITDA is expected to improve from the 2018 level.
 - The positive trend of Altia’s Nordic core brand portfolio is expected to continue.
 - Market development in Finland is expected to flatten out in comparison to 2018 and the markets in Sweden and Norway are expected to grow.
 - The negative impact of the increased barley cost will be reflected in high raw material costs, especially in the first quarters of the year.
 - The guidance assumes a normal harvest in 2019.
- In addition, the impact from the implementation of the new IFRS 16 standard is expected to improve comparable EBITDA by EUR 3-4 million.



Q&A AND SUMMARY



**Good net sales
growth in first half
and second quarter**

**Short and long-
term initiatives to
improve
profitability
progressing**

**Guidance remains
unchanged**

Next events

**Q3 Business Review
7 November**



ALTIA

Thank you

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Appendices



Key ratios

EUR million	Q2 19	Q2 19	H1 19	H1 18	2018
Net sales, EUR million	91.2	87.1	165.0	160.6	357.3
Comparable EBITDA, EUR million	9.4	8.7	13.7	13.8	40.0
% of net sales	10.4	9.9	8.3	8.6	11.2
EBITDA, EUR million	9.2	8.3	13.5	9.3	34.0
Comparable operating result, EUR million	5.0	5.2	4.7	6.8	25.6
% of net sales	5.5	5.9	2.9	4.2	7.2
Operating result, EUR million	4.8	4.8	4.5	2.3	19.7
Result for the period, EUR million	3.6	3.6	4.0	1.7	15.1
Earnings per share, EUR	0.10	0.10	0.11	0.05	0.42
Net debt / comparable EBITDA, rolling 12 months	2.0	1.8	2.0	1.8	1.2
Average number of personnel	705	742	701	723	718
Comparable EBITDA without IFRS 16 impact, EUR million	8.5	-	11.7	-	-
Net debt/comparable EBITDA, rolling 12 months without IFRS 16 impact	-	-	1.8	-	-

Consolidated income statement

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
NET SALES	91.2	87.1	165.0	160.6	357.3
Other operating income	2.0	2.0	3.9	3.5	7.4
Materials and services	-54.4	-49.1	-99.4	-91.0	-206.8
Employee benefit expenses	-11.6	-12.9	-23.1	-27.1	-49.9
Other operating expenses	-18.0	-18.8	-32.9	-36.7	-73.9
Depreciation, amortisation and impairment	-4.5	-3.5	-9.0	-7.0	-14.4
OPERATING RESULT	4.8	4.8	4.5	2.3	19.7
Finance income	1.0	0.8	2.5	1.6	3.5
Finance expenses	-1.4	-1.4	-3.5	-2.8	-5.8
Share of profit in associates and income from interests in joint operations	0.2	0.0	1.2	0.9	1.2
RESULT BEFORE TAXES	4.5	4.2	4.7	2.0	18.6
Income tax expense	-0.9	-0.7	-0.7	-0.3	-3.6
RESULT FOR THE PERIOD	3.6	3.6	4.0	1.7	15.1
Result for the period attributable to:					
Owners of the parent	3.6	3.6	4.0	1.7	15.1
Earnings per share for the result attributable to owners of the parent, EUR					
Basic and diluted	0.10	0.10	0.11	0.05	0.42

Consolidated balance sheet

EUR million	H1 19	H1 18	2018
ASSETS			
Non-current assets			
Goodwill	79.8	80.1	80.7
Other intangible assets	27.1	31.8	29.6
Property, plant and equipment	62.5	66.5	64.6
Right-of-use assets	11.5	-	-
Investments in associates and interests in joint operations	8.2	7.6	7.9
Financial assets at fair value through other comprehensive income	1.4	1.4	1.4
Deferred tax assets	1.4	0.9	0.8
Total non-current assets	192.1	188.4	185.1
Current assets			
Inventories	111.6	109.6	99.6
Contract assets	0.1	-	0.2
Trade and other receivables	51.9	59.7	60.9
Current tax assets	4.5	4.7	2.5
Cash and cash equivalents	27.7	25.7	42.0
Total current assets	195.7	199.6	205.3
TOTAL ASSETS	387.7	388.0	390.4

EUR million	H1 19	H1 18	2018
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	60.5	60.5	60.5
Invested unrestricted equity fund	1.2	1.2	1.2
Fair value reserve	0.6	0.6	0.6
Legal reserve	0.1	-	-
Hedge reserve	-0.7	0.6	0.0
Translation differences	-21.7	-20.5	-19.6
Retained earnings	97.5	94.0	107.3
Total equity	137.6	136.4	150.1
Non-current liabilities			
Deferred tax liabilities	16.7	16.7	16.8
Borrowings	76.8	83.4	82.7
Lease liabilities	8.2	-	-
Employee benefit obligations	1.3	1.4	1.3
Total non-current liabilities	103.0	101.5	100.8
Current liabilities			
Borrowings	20.5	19.7	6.7
Lease liabilities	3.4		
Provisions			0.5
Trade and other payables	122.4	127.5	131.4
Contract liabilities	0.2		0.6
Current tax liabilities	0.6	2.9	0.4
Total current liabilities	147.1	150.1	139.5
Total liabilities	250.1	251.6	240.3
TOTAL EQUITY AND LIABILITIES	1 387.7	388.0	390.4

Cash flow from operations

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
CASH FLOW FROM OPERATING ACTIVITIES					
Result before taxes	4.5	4.2	4.7	2.0	18.6
Adjustments					
Depreciation, amortisation and impairment	4.5	3.5	9.0	7.0	14.4
Share of profit in associates and income from investments in joint operations	-0.2	-0.0	-1.2	-0.9	-1.2
Net gain on sale of non-current assets	-0.0	-0.4	-0.0	-0.5	-0.5
Finance income and costs	0.5	0.6	1.1	1.2	2.3
Other adjustments	-0.4	-0.0	-0.4	0.1	0.8
	4.3	3.6	8.3	6.8	15.7
Change in working capital					
Change in inventories, increase (-) / decrease (+)	-2.9	-8.8	-12.2	-15.6	-5.5
Change in contract assets, trade and other receivables, increase (-) / decrease (+)	5.8	-6.3	8.8	-4.6	-7.4
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)	15.5	9.1	-8.7	-9.7	-4.3
Change in working capital	18.4	-6.0	-12.1	-29.8	-17.2
Interest paid	-0.3	-0.4	-0.8	-0.6	-1.4
Interest received	0.1	0.0	0.1	0.1	0.1
Other finance income and expenses paid	-0.6	-0.0	-1.3	-0.8	-1.4
Income taxes paid	-1.6	-1.2	-2.9	-4.4	-8.0
Financial items and taxes	-2.5	-1.6	-4.9	-5.7	-10.6
NET CASH FLOW FROM OPERATING ACTIVITIES	24.7	0.3	-4.0	-26.7	6.5

Quarterly net sales and comparable EBITDA by segment

Net sales by segment

EUR million	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	34.7	25.0	39.5	31.8	35.4	27.1	40.7	31.4	35.7	26.0	41.1	31.6	33.9	27.3
Scandinavia	29.0	21.7	42.8	25.0	27.4	22.5	44.4	26.5	29.7	23.2	45.9	26.7	30.0	25.0
Altia Industrial	27.5	27.1	28.6	28.9	24.2	24.0	24.7	26.5	25.9	24.2	24.0	25.6	22.7	22.9
Total	91.2	73.8	110.9	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

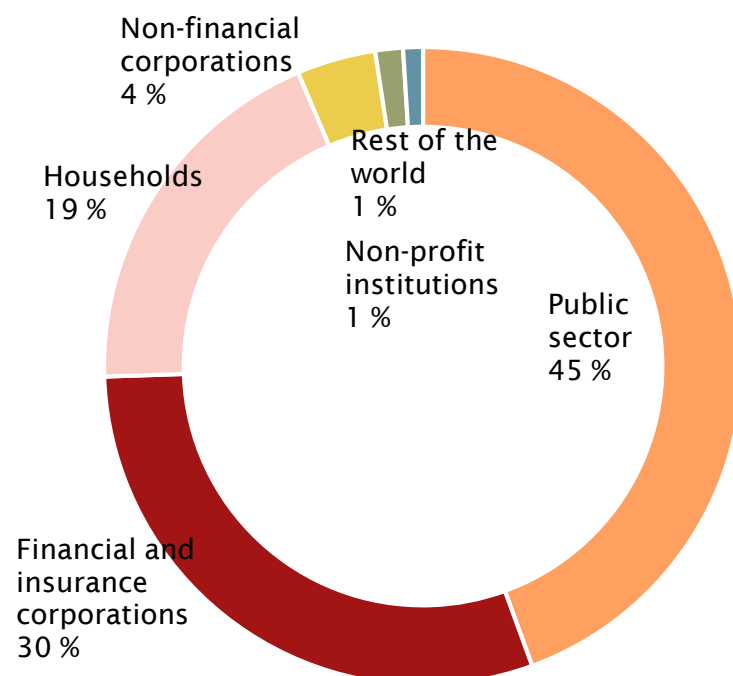
EUR million	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Finland & Exports	5.3	3.0	6.2	4.9	4.6	3.4	7.2	4.0	5.2	3.1	7.7	4.5	4.3	3.6
Scandinavia	2.0	-0.3	8.0	0.8	1.5	-0.1	8.9	1.0	2.1	-0.5	9.0	1.0	0.7	-0.3
Altia Industrial	2.3	1.0	2.2	4.8	2.5	1.4	3.7	4.5	2.6	1.6	2.6	3.4	2.6	-0.2
Other	-0.2	0.6	-0.6	-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	9.4	4.3	15.9	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	-0.2	-	-1.5	0.0	-0.4	-4.1	-2.2	0.7	-0.2	-0.5	15.7	1.6	2.8	-0.1
EBITDA	9.2	4.3	14.4	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	-4.5	-4.5	-3.7	-3.6	-3.5	-3.5	-3.6	-3.6	-3.5	-3.5	-3.7	-3.6	-3.6	-3.6
Operating result	4.8	-0.3	10.7	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	Q2 19	Q2 18	H1 19	H1 18	2018
Items affecting comparability					
Net gains or losses from business and assets disposals	-0.1	0.4	-0.1	0.4	0.4
Cost for closure of business operations and restructurings	-0.1	-0.1	-0.1	-0.3	-1.1
Major corporate projects					
Costs related to the closed voluntary pension scheme	-	-	-	-	-0.7
Costs related to stock exchange listing	-	-0.7	-	-4.6	-4.6
Total items affecting comparability	-0.2	-0.4	-0.2	-4.5	-6.0
Comparable EBITDA					
Operating result	4.8	4.8	4.5	2.3	19.7
Less:					
Depreciation, amortisation and impairment	4.5	3.5	9.0	7.0	14.4
Total items affecting comparability	0.2	0.4	0.2	4.5	6.0
Comparable EBITDA	9.4	8.7	13.7	13.8	40.0
% of net sales	10.4	9.9	8.3	8.6	11.2
Comparable EBITDA without IFRS 16 impact					
Comparable EBITDA	9.4	-	13.7	-	-
Less:					
IFRS 16 impact to EBITDA	1.0	-	2.0	-	-
Comparable EBITDA without IFRS 16 impact	8.5	-	11.7	-	-
Comparable EBIT					
Operating result	4.8	4.8	4.5	2.3	19.7
Less:					
Total items affecting comparability	0.2	0.4	0.2	4.5	6.0
Comparable EBIT	5.0	5.2	4.7	6.8	25.6
% of net sales	5.5	5.9	2.9	4.2	7.2

Shareholder structure

AS AT 30 JUNE 2019



Shareholders		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	559 516	1.5
5	Veritas Pension Insurance Company Ltd.	420 000	1.2
6	Mandatum Life Insurance Company Limited	178 842	0.5
7	Säästöpankki Kotimaa	150 000	0.4
8	Säästöpankki Pienyhtiöt	149 424	0.4
9	FIM Fenno Sijoitusrahasto	130 931	0.4
10	Takanen Jorma	122 617	0.3
Top 10 total		17 332 111	48.0
<i>Nominee-registered shares</i>		<i>9 857 850</i>	<i>27.3</i>

Grocery trade offering



Koskenkorva
Vichy
sugarfree

ALTIA

15.8.2019