



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

Merger of Altia & Arcus

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29 September 2020

ALTIA *Arcus*

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

# Today's presenters



**Sanna Suvanto-Harsaae**  
Chairman of Altia



**Michael Holm Johansen**  
Chairman of Arcus



**Pekka Tennilä**  
CEO of Altia



**Sigmund Toth**  
CFO of Arcus



**Kenneth Hamnes**  
CEO of Arcus

# Summary of the combination



# Summary of the combination

## Structure

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

## Decision making

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

## Corporate governance

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

## Deal certainty

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

## Transaction consideration

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

## Timing

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

# Merger of Altia and Arcus



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

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

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

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

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

**Strong value creation from significant synergies**

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

	Spirits	Wine
Nordics	1	1

## Combined preliminary key figures (2019)

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

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

Source: Alko, Vinmonopolet, Systembolaget, Nielsen



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

Wine and spirits

Wine



Aquavit



Vodka



Bitter



Cognac



Glögg



Other spirits



Partner brands



# Winning approach to sustainability

Towards carbon neutral production

Supporting a responsible drinking culture

Leader in eco-friendly packaging

Inclusive working culture and work safety



# Superior pan-Nordic route-to-market

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

First class local knowledge and unparalleled presence across the Nordics



Leading distribution capabilities

ALTIA

Arcus

64

46

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

Million litres sold per year

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

Access to a unique portfolio of own and partner brands



Improved product category width and depth



Note: 1) Excluding exports

# Competitive platform to grow in and outside home markets

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

Attractive combined portfolio of iconic Nordic brands with further export potential

Strengthened financial position allowing for targeted M&A

1

Increased resources allowing selective pushes in key export markets

2

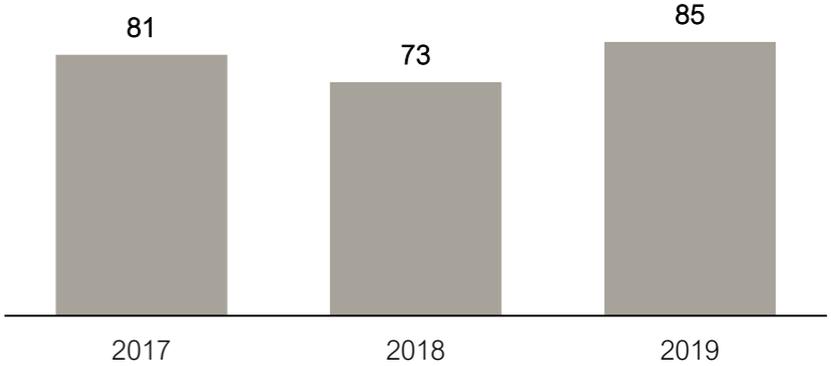
Opportunity to introduce and invest in attractive brands in selected fast-growing markets

3

Raised attractiveness for distribution partners



Illustrative combined comparable EBITDA, EURm<sup>1</sup>



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

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

Strong combined manufacturing and logistics footprint

Efficiency gains across the value chain

### Manufacturing



Altia



Arcus

### Own warehouse



Altia



Arcus



**Sourcing** (magnifying glass icon) Combined supplier base for first-class raw materials

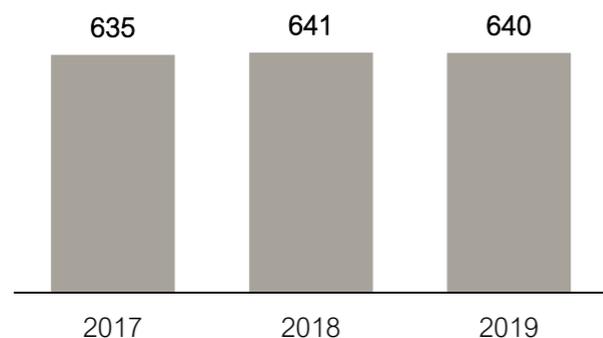
**Logistics and warehousing** (forklift icon) Improved warehouse capacity utilisation  
Scale benefits in transportation

**Manufacturing, bottling and packaging** (bottle icon) Specialisation of manufacturing driving efficiency and potential cost savings

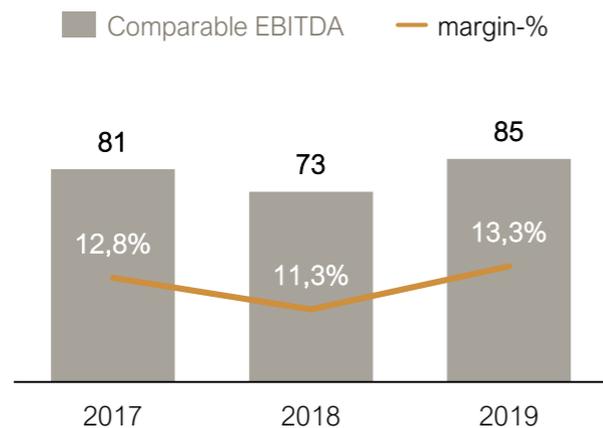
# ANORA GROUP's illustrative key figures

## ANORA GROUP<sup>1</sup>

Net sales  
(EURm)

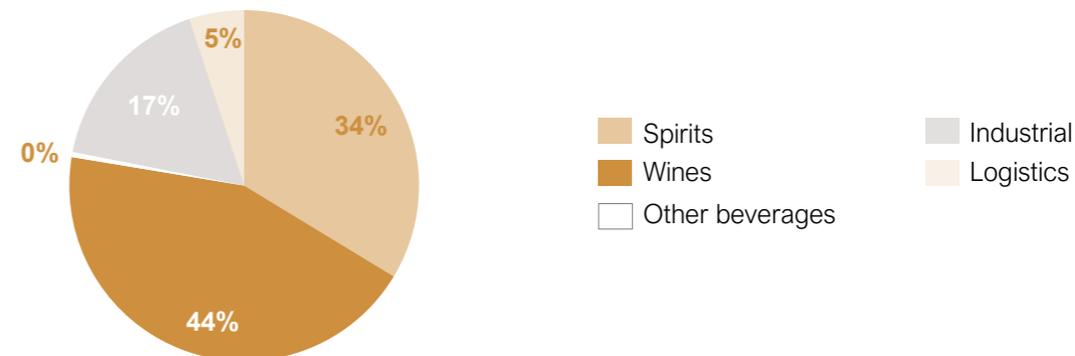


Comparable  
EBITDA (EURm)

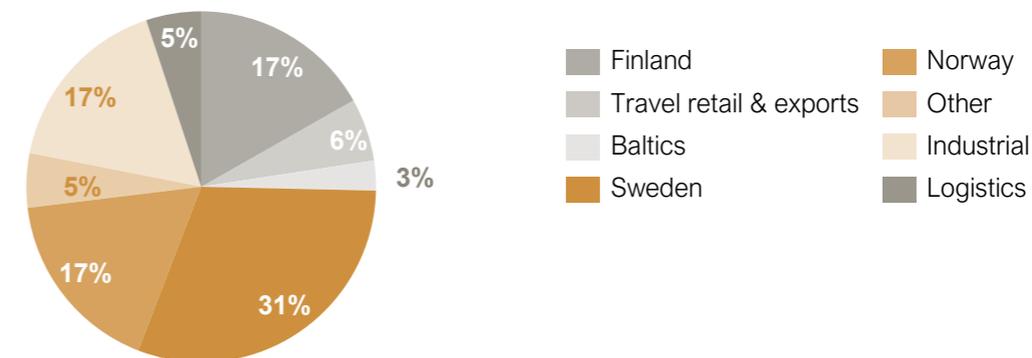


## Combined sales split<sup>2</sup>

Split by category  
(2019)

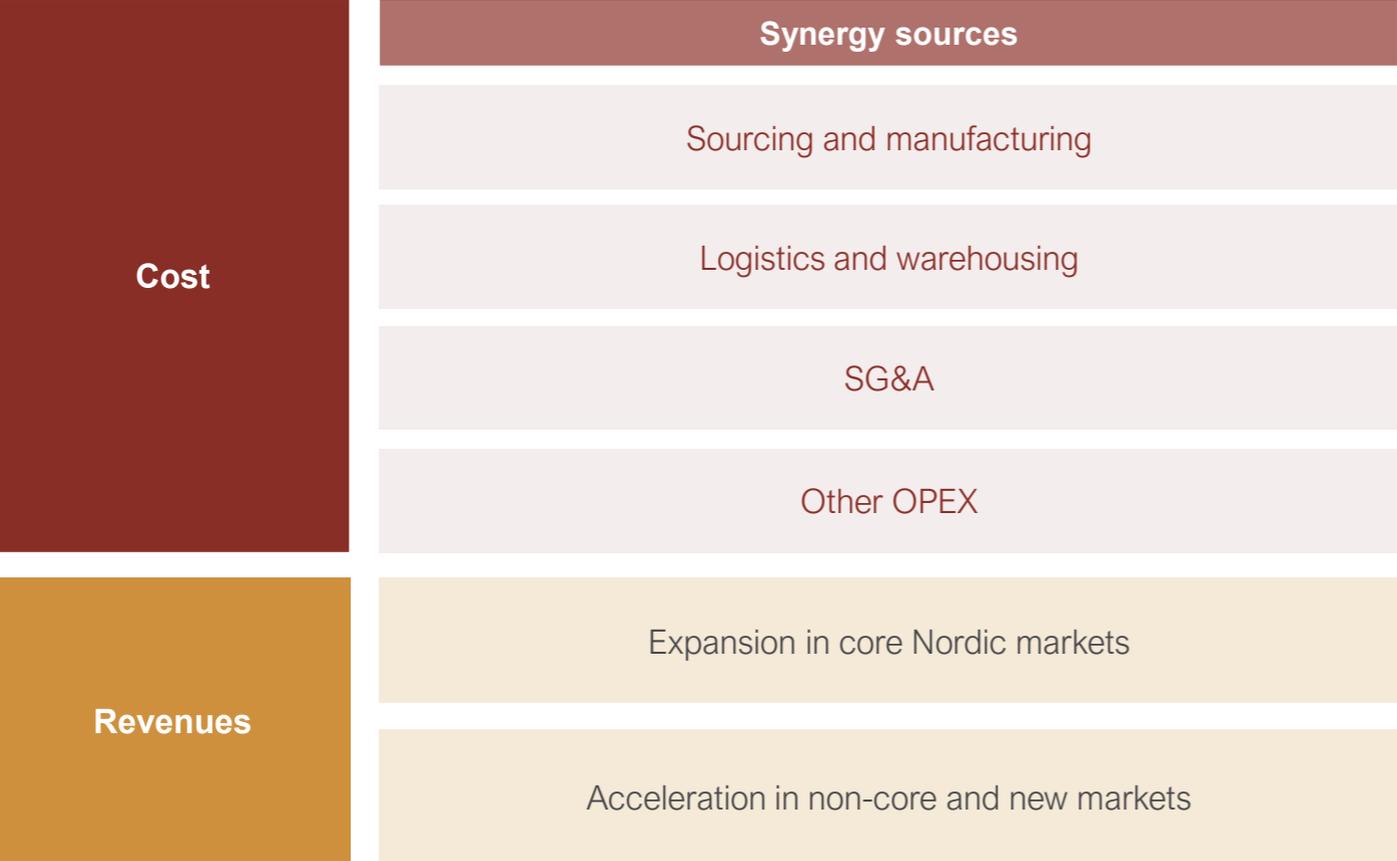


Split by geography  
(2019)



Note: 1) Yearly average FX used to translate Arcus' historical values, 2) Arcus sales excluding parent sales and group eliminations

# Strong value creation for shareholders from significant synergies



Potential run-rate EBITDA net synergies

**EUR ~8-10m**



# Transaction structure & key dates



# Combination overview

## Transaction structure

Exchange ratio

0.4618 new Altia shares for each Arcus share

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

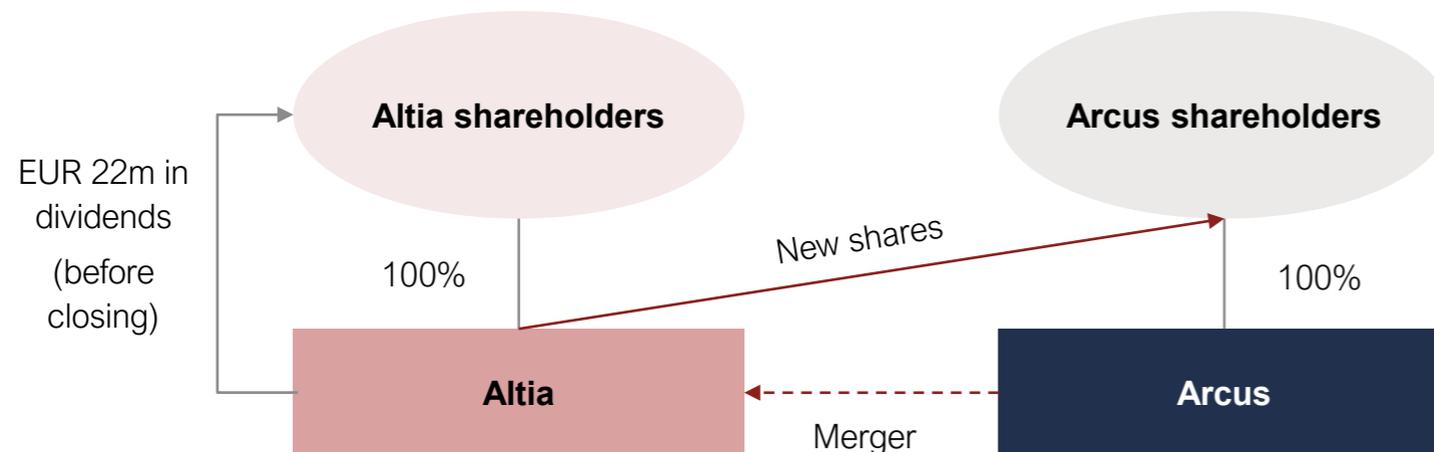
Additionally, Altia proposes to pay an extra dividend of EUR 0.40 per share in addition to EUR 0.21 per share already authorized by Altia's Annual General Meeting corresponding to EUR 22m in total, to Altia's shareholders.

Surviving entity

ALTIA

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

## Transaction overview



## Post merger ownership

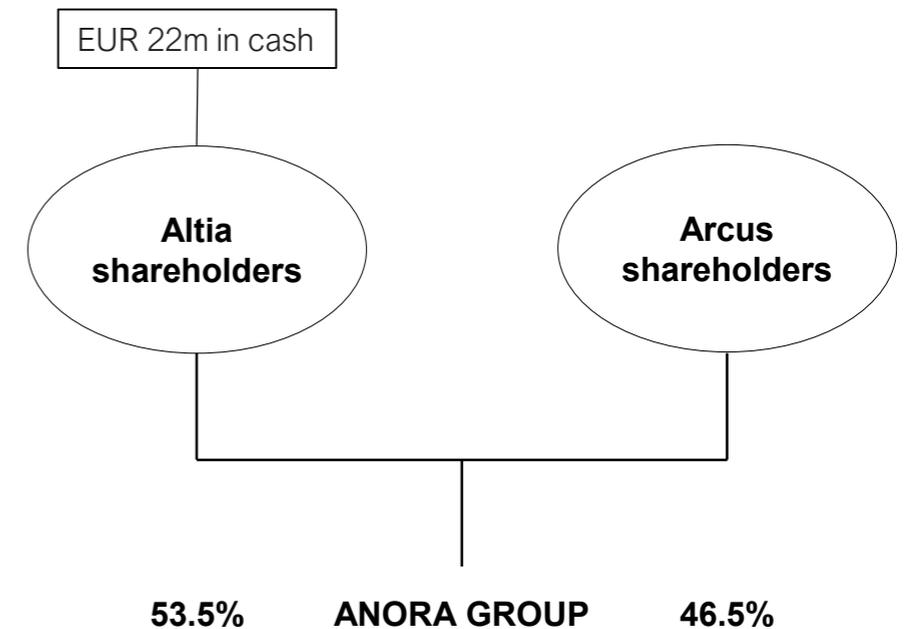
ALTIA

*Arcus*

53.5%

46.5%

## Post transaction structure



# Indicative transaction milestones

29 September 2020

- **Announcement of the merger**

October 2020

- **Targeted publication of prospectus in late October 2020**

November 2020

- **Altia and Arcus EGMs to be held in November 2020**

Q4 2020

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

H1 2021

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

# ANORA GROUP

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

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

We are ANORA.

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

United as one, we are now ANORA GROUP.

# Q&A



# Appendix



SKAGERRAK  
NORDIC DRY GIN

# Illustrative combined income statement information

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

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

# Financing and capital structure

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

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



# Proposed ANORA GROUP's Board Composition



Michael  
Holm Johansen  
Chairman



Sanna  
Suvanto-Harsaae  
Vice Chairman



### Other members of the Board of Directors:

Kirsten Ægidius ■

Ingeborg Flønes ■

Sinikka Mustakari (new)

Jyrki Mäki-Kala ■

Nils Selte ■

Torsten Steenholt ■

■ Current Altia Board Member

■ Current Arcus Board Member

# Illustrative post transaction shareholder structure

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

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

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