ALTIA | H1

JANUARY–JUNE 2019

Half-Year Report

ALTIA

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

January–June 2019 compared to January–June 2018

- Reported net sales grew by 2.7% to EUR 165.0 (160.6) million
- In constant currencies, net sales grew by 3.5%
- The Finland & Exports segment's net sales were EUR 59.6 (62.5) million
- The Scandinavia segment's net sales were EUR 50.7 (49.9) million; in constant currencies net sales grew by 4.1%
- Altia Industrial's net sales were EUR 54.7 (48.2) million
- Comparable EBITDA was EUR 13.7 (13.8) million, 8.3% (8.6%) of net sales
- Comparable EBITDA without the impact from IFRS 16 standard was EUR 11.7 million, 7.1% of net sales
- Reported EBITDA was EUR 13.5 (9.3) million, 8.2% (5.8%) of net sales
- Net debt / comparable EBITDA (rolling 12 months) was 2.0 (1.8), excluding IFRS 16 impact ratio was 1.8

April–June 2019 compared to April–June 2018

- Reported net sales were EUR 91.2 (87.1) million
- In constant currencies, net sales grew by 5.4% compared to last year
- Comparable EBITDA was EUR 9.4 (8.7) million, 10.4% (9.9%) of net sales
- Comparable EBITDA without the impact from IFRS 16 standard was EUR 8.5 million, 9.3% of net sales
- Reported EBITDA was EUR 9.2 (8.3) million, 10.1% (9.5%) of net sales
- The timing of Easter in the second quarter affected the year-on-year comparison

- Guidance remains unchanged

This half-year report 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. A reconciliation of alternative key ratios to IFRS figures is presented in the appendix on page 35.

KEY FIGURES

	Q2 19	Q2 18	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	–	–

CEO Pekka Tennilä:

"We are pleased to see reported net sales growing by 2.7% to EUR 165.0 (160.6) million during the first half of 2019. In constant currencies, net sales grew by 3.5% compared to last year. In the second quarter, reported net sales grew by 4.7% to EUR 91.2 (87.1) million and in constant currencies by 5.4%. In the Scandinavia segment, growth in wine and price increases are contributing to net sales growth. We are especially pleased with the development in the Scandinavia segment in the second quarter with net sales growing by 7.8% in constant currencies. Also Altia Industrial's net sales grew mainly driven by price increases following the high barley cost and good volume development.

Our cash flow from operating activities has improved in the second quarter and first half of the year as a result of measures taken to manage working capital more efficiently. In January–June, cash flow from operating activities was EUR -4.0 (-26.7) million.

In January–June, comparable EBITDA was EUR 13.7 (13.8) million and when excluding the impact from the adoption of the IFRS 16 standard comparable EBITDA was EUR 11.7 (13.8) million. The cost of barley, fx rates and the declining volumes in all the monopolies have negatively affected profitability development during the period. As an immediate action, we have implemented strict cost savings measures throughout the organisation.

As previously communicated, we are working on initiatives that support topline growth and create further efficiencies. Within revenue management, we made further price adjustments in both Finland and Norway in all categories in the second quarter. We have also proceeded with the optimisation of the alcohol by volume (ABV) levels of selected spirits products, and the first new products were introduced in the Finnish monopoly at the end of the second quarter. We are expanding with new innovations in growing categories and in grocery trade. Some of the recent novelties include for example Rum Ö, Explorer candy shots and Koskenkorva Ginger. On the efficiency side, we focus on consolidation and centralisation within procurement and further simplification of the supply chain. Also we are working with SKU management focusing especially on non-profitable products.

The total wine and spirits volumes in all three monopolies declined during the first half of the year. Specifically in Finland the volume decline has not flattened out, as we previously have anticipated, rather the decline of 3.5% is steeper than in the same period last year. The wine markets have also declined in the Swedish and Norwegian monopolies, while we see a more positive development in spirits in both countries.

The Koskenkorva distillery was included on the list of the most interesting and inspiring companies in the circular economy compiled by the Finnish future fund Sitra – we use 100 per cent of the barley used as a raw material in our distillery. With the Green Company of the Year award received in 2018, this shows that we are the frontrunners in the industry. Sustainability is important for Altia and for our brands such as Koskenkorva Vodka, and we will continue to build on this strength both in our home markets and in exports.

The passenger imports of spirits from the Baltics to Finland have been increasing. Following the successive decisions by the Estonian and Latvian governments to decrease alcohol taxes, it is expected that passenger imports will continue to increase. The Finnish government's plans to further increase excise taxes in Finland would accelerate the decline of domestic alcoholic beverage sales volumes, and consequently jeopardise the industry's capacity to invest in international growth.

The latest grain harvest forecast expects the total harvest to exceed last year's volumes, and the outlook for the barley harvest is also positive compared to last year. The high barley cost continues to put pressure on Altia's profitability until the new harvest this Autumn. The harvesting period has started but the quality of the harvest will be clarified at the end of the third quarter.

We repeat our guidance for 2019. We expect the comparable EBITDA to improve from the 2018 level. The guidance assumes a normal barley harvest, a flattened out market development in Finland, and growing markets in Sweden and Norway. In addition, the impact from the implementation of the new IFRS 16 standard is expected to improve comparable EBITDA by EUR 3-4 million."

Financial review

Seasonality

Substantial seasonal fluctuations in the consumption of alcoholic beverages impact Altia's net sales and cash flow. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, and significantly lower amounts during the first quarter. 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

H1

In January–June, Altia's reported net sales grew by 2.7% to EUR 165.0 (160.6) million. The headwind from the weak SEK continued, and in constant currencies, net sales grew by 3.5% compared to last year. Net sales growth is driven by the Altia Industrial and Scandinavia segments. Net sales of the Finland & Exports segment have declined from last year.

Net sales of beverage products in constant currencies were 0.7% below last year's level. During the period, all three monopolies' overall sales volumes were down from last year, which impacted Altia's net sales of spirits and wine. In spirits, net sales grew in the Scandinavia segment, but this has not offset the decline from the Finland & Exports segment. The growth in wine is driven by the new partner in Sweden, which is balancing off the volume losses due to weak markets and price increases. The decline of other beverages is related to partner portfolio changes last year.

In Altia Industrial, net sales growth is driven by price increases following the high barley cost and the higher volumes in both industrial products and services.

Q2

In the second quarter, Altia's reported net sales improved by 4.7% to EUR 91.2 (87.1) million. In constant currencies, net sales grew by 5.4%. The timing of Easter in the second quarter affected consumer beverage product sales volumes and sales mix and comparability to last year.

In December 2018, Altia announced the preliminary outcome of an excise tax audit in Finland, based on which a provision of EUR 0.5 million was made. Following a positive decision from the tax authority received in the second quarter, the provision has been released in full.

NET SALES BY SEGMENT

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Finland & Exports	34.7	35.4	-2.1	59.6	62.5	-4.5	133.8
Scandinavia	29.0	27.4	5.7	50.7	49.9	1.6	117.7
Altia Industrial	27.5	24.2	13.5	54.7	48.2	13.3	105.8
Total	**91.2**	**87.1**	**4.7**	**165.0**	**160.6**	**2.7**	**357.3**

NET SALES BY PRODUCT CATEGORY

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Spirits	31.6	30.7	2.9	56.3	57.0	-1.2	124.0
Wine	30.9	30.0	3.0	52.3	51.4	1.8	122.2
Other beverages	1.2	2.1	-42.9	1.7	4.0	-57.5	5.3
Industrial products and services	27.5	24.2	13.5	54.7	48.2	13.3	105.8
Other	0.0	0.1		0.0	0.0		0.0
Total	**91.2**	**87.1**	**4.7**	**165.0**	**160.6**	**2.7**	**357.3**

Profitability and result for the period

H1

In January–June, comparable EBITDA, i.e. EBITDA excluding items affecting comparability (IAC), was EUR 13.7 (13.8) million, which is 8.3% (8.6%) of net sales. Comparable EBITDA without the impact of adopting the IFRS 16 was EUR 11.7 million. In January–June, items affecting comparability totalled EUR -0.2 (-4.5) million and were related to restructuring and capital losses. Reported EBITDA was EUR 13.5 (9.3) million.

The company’s profitability was affected by the increased barley cost during the first six months of the year compared to last year. In addition, the weak SEK impacted profitability negatively. During the second quarter and first half of the year, comparable EBITDA was positively impacted by the reversal of the EUR 0.5 million excise tax provision from December 2018.

COMPARABLE EBITDA BY SEGMENT

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
Finland & Exports	5.3	4.6	8.2	8.0	19.2
Scandinavia	2.0	1.5	1.7	1.3	10.1
Altia Industrial	2.3	2.5	3.3	3.9	10.9
Other	-0.2	0.2	0.5	0.6	-0.3
Total	**9.4**	**8.7**	**13.7**	**13.8**	**40.0**
% net sales	*10.4*	*9.9*	*8.3*	*8.6*	*11.2*

ITEMS AFFECTING COMPARABILITY

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
Comparable EBITDA	**9.4**	**8.7**	**13.7**	**13.8**	**40.0**
Net gains or losses from business and assets disposals	-0.1	0.4	-0.1	0.4	0.4
Costs 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 the stock exchange listing	–	-0.7	–	-4.6	-4.6
Total items affecting comparability	**-0.2**	**-0.4**	**-0.2**	**-4.5**	**-6.0**
EBITDA	**9.2**	**8.3**	**13.5**	**9.3**	**34.0**

In January-June, other operating income amounted to EUR 3.9 (3.5) million, including proceeds of sales of fixed assets of EUR 0.0 (0.5) million; income from the sales of emission allowances of EUR 0.5 (0.0) million; income from the sales of mainly steam, energy and water of EUR 1.6 (1.7) million; and rental income of EUR 0.7 (0.7) million.

Employee benefit expenses totalled EUR 23.1 (27.1) million, including EUR 17.9 (20.8) million in wages and salaries.

Other operating expenses amounted to EUR 32.9 (36.7) million.

Net financial expenses amounted to EUR 1.1 (1.2) million. The share of profit in associates and income from interests in joint operations totalled EUR 1.2 (0.9) million.

Taxes for the first six months were EUR 0.7 (0.3) million which corresponds to an effective tax rate of 15.4% (15.9%).

The result for the period amounted to EUR 4.0 (1.7) million, and earnings per share were EUR 0.11 (0.05).

Q2

In the second quarter, comparable EBITDA was EUR 9.4 (8.7) million, 10.4% (9.9%) of net sales. Comparable EBITDA without the impact of adopting the IFRS 16 was EUR 8.5 million. Items affecting comparability totalled EUR -0.2 (-0.4) million. Reported EBITDA was EUR 9.2 (8.3) million.

Impact of IFRS 16

The reporting period 1 January to 30 June 2019 includes the adoption of the IFRS 16 standard as of 1 January 2019.

The IFRS 16 standard had a positive effect of EUR 2.0 million on comparable EBITDA, a negative effect of EUR 1.9 million on depreciation, and a negative effect of EUR 0.1 million on financial expenses.

On the consolidated balance sheet on 30 June 2019, the amount of asset items based on rights of use is EUR 11.5 million, the amount of long-term lease liabilities is EUR 8.2 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 flow from operating activities. Previously, all operating lease payments were presented in cash flow from operating activities. This had a positive effect of EUR 2.0 million on the Group's cash flow from operating activities, and a negative effect of EUR 1.9 million on its cash flow from financing activities in the first half of 2019.

IMPACT OF IFRS 16 ON SELECTED KEY FIGURES

	H1 19
Comparable EBITDA, EUR million	13.7
Net debt, EUR million	81.3
Equity ratio, %	35.5
Gearing, %	59.1
Comparable EBITDA without IFRS 16 impact, EUR million	11.7
Net debt without IFRS 16 impact, EUR million	69.6
Equity ratio without IFRS 16 impact, %	36.6
Gearing withouth IFRS 16 impact, %	50.6

COMPARABLE EBITDA BY SEGMENT WITHOUT IFRS 16 IMPACT

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
Finland & Exports	5.2	4.6	8.1	8.0	19.2
Scandinavia	1.9	1.5	1.4	1.3	10.1
Altia Industrial	1.9	2.5	2.4	3.9	10.9
Other	-0.5	0.2	-0.2	0.6	-0.3
Total	**8.5**	**8.7**	**11.7**	**13.8**	**40.0**
% net sales	*9.3*	*9.9*	*7.1*	*8.6*	*11.2*

Cash flow, balance sheet and investments

H1

In January–June, net cash flow from operations totalled EUR -4.0 (-26.7) million. The improvement in cash flow relates to changes in net working capital, where the negative impact from changes in net working capital was less than in the same period last year. In addition to the net working capital, the result contributed positively compared to last year due to the implementation of the IFRS 16 standard and the items affecting comparability reported last year. Receivables sold amounted to EUR 61.0 (55.5) 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 14.0 (13.0) 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 81.3 (77.4) million. Gearing was 59.1% (56.7%), and the equity ratio was 35.5% (35.2%). The reported net debt to comparable EBITDA ratio was 2.0 (1.8). The implementation of the IFRS 16 standard increased the net debt position by EUR 11.6 million and the net debt to comparable EBITDA ratio would have been 1.8 times without the IFRS 16 implementation.

The total in the consolidated balance sheet was EUR 387.7 (388.0) million at the end of the period.

In January–June, gross capital expenditure totalled EUR 3.2 (4.7) million. Capital expenditure was related to a number of smaller improvement investments and the development of information systems at the Koskenkorva plant.

Q2

In the second quarter, net cash flow from operations totalled EUR 24.7 (0.3) million. In the second quarter, changes in net working capital also contributed positively to cash flow. At the end of the reporting period, the absolute net working capital was at the same level as last year.

BALANCE SHEET KEY FIGURES

	H1 19	H1 18	2018
Reported net debt / comparable EBITDA	2.0	1.8	1.2
Borrowings, EUR million	97.3	103.1	89.4
Net debt, EUR million	81.3	77.4	47.4
Equity ratio, %	35.5	35.2	38.4
Gearing, %	59.1	56.7	31.6
Capital expenditure, EUR million	-3.2	-4.7	-7.7
Total assets, EUR million	387.7	388.0	390.4

Market development in January–June

In total for the Nordic monopolies in January–June, spirits and wine volumes have declined by 1.6%, driven by declining wine volumes in all markets and declining spirits volumes in Finland. Spirits volumes grew in Sweden and were at last year's level in Norway.

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	Q2 19*	Q2 18*	H1 19	H1 18	2018
Finland, total sales	**+1.0**	**-5.5**	**-3.5**	**-2.4**	**-3.3**
Spirits	+0.3	-5.5	-2.5	-2.7	-3.6
Wine	+1.2	-5.6	-4.0	-2.2	-3.2
Sweden, total sales	**+2.0**	**-0.2**	**-0.9**	**+2.3**	**+2.1**
Spirits	+7.9	-1.6	+2.3	+3.2	+2.7
Wine	+1.5	-0.1	-1.2	+2.2	+2.0
Norway, total sales	**+4.0**	**-3.2**	**-1.6**	**+2.3**	**+1.5**
Spirits	+7.7	-5.1	+0.3	+1.1	+0.1
Wine	+3.5	-2.8	-1.9	+2.5	+1.7

⁾ The timing of Easter, in 2019 in Q2 (April) and in 2018 in Q1 (March), affects sales volumes and year-on-year comparability.
Source: Based on sales volumes by litre published by Alko, Systembolaget, Vinmonopolet.

Finland

In January–June, the Finnish retail monopoly's spirits and wine sales volumes were down by 3.5% compared with the same period last year.

Spirits volumes were down by 2.5%. Volumes of unflavoured vodka and spirits ('viina') continued to decline, driving the whole white spirits category down. The gin category continued to grow. Cognac volumes declined, while brandies grew slightly. In wine, volumes were down by 4.0%, driven by a decline in all categories except for rosé, which continued to grow.

Sweden

In January–June, the Swedish retail monopoly's spirits and wine volumes declined by 0.9% in compared with the same period last year.

The spirits category grew by 2.3%, driven by gin, rum and whisky. Liqueurs, grape spirits and vodka showed smaller growth. The wine category declined by 1.2%. Red wine continued to decline, whereas sparkling and white grew slightly. Rosé wines have declined.

Norway

In January–June, the Norwegian retail monopoly's spirits and wine volumes declined by 1.6% in compared with the same period last year.

Spirits volumes grew by 0.3% driven by gin, liqueurs, whisky and other spirits. The vodka category was at last year's level, and grape spirits have declined. The wine category declined by 1.9% with red, white and rosé wine declining. Sparkling wine continued to grow.

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.

	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Net sales, EUR million	34.7	35.4	-2.1	59.6	62.5	-4.5	133.8
Comparable EBITDA, EUR million	5.3	4.6	15.4	8.2	8.0	2.7	19.2
Comparable EBITDA, % of net sales	15.2	12.9		13.8	12.8		14.3
Without IFRS 16 impact:							
Comparable EBITDA, EUR million	5.2	4.6	14.2	8.1	8.0	1.3	19.2
Comparable EBITDA, % of net sales	15.1	12.9		13.6	12.8		14.3
Average number of personnel	90	97		93	96		95

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Spirits	19.2	19.6	-2.0	34.6	35.9	-3.6	78.1
Wine	15.2	15.2	0.0	24.6	25.6	-3.9	54.2
Other beverages	0.3	0.5	-40.0	0.4	1.0	-60.0	1.5
Other	0.0	0.1		0.0	0.0		
Total	**34.7**	**35.4**	**-2.1**	**59.6**	**62.5**	**-4.5**	**133.8**

Net sales

In January–June, net sales in the Finland & Exports segment were EUR 59.6 (62.5) million, down by 4.5% from last year.

One of the key reasons for the lower net sales of both spirits and wine compared with the previous year is the continued negative development of the monopoly channel's spirits and wine sales volumes. Exports and travel retail were also slightly below last year's level. Exports were down, mainly driven by the phasing of vodka sales to the US and Russia, while Cognac sales to Asia were at last year's level, with good development in local depletions. In the grocery trade channel, organic growth has been positive driven by Koskenkorva brand and novelties. In the Baltics, the border trade in Latvia has only partly offset the decline in harbour trade in Tallinn. The decline in other beverages is related to partner portfolio changes last year.

Second quarter net sales were EUR 34.7 (35.4) million. Despite the timing of Easter in the second quarter, net sales were below last year's level, mainly due to the declined volumes in wines, exports and travel retail.

In December 2018, Altia announced the preliminary outcome of an excise tax audit in Finland, based on which a provision of EUR 0.5 million was made. Following a positive decision from the tax authority received in the second quarter, the provision has been released in full.

Comparable EBITDA

In January–June, comparable EBITDA was EUR 8.2 (8.0) million, which equals a comparable EBITDA margin of 13.8% (12.8%). Comparable EBITDA without the IFRS 16 impact was EUR 8.1 (8.0) million, which equals a comparable EBITDA margin of 13.6% (12.8%). The release of the provision improves comparable EBITDA, while comparable EBITDA is driven down mainly by lower sales in the monopoly channel and exports.

In the second quarter, comparable EBITDA was EUR 5.3 (4.6) million, which equals a comparable EBITDA margin of 15.2% (12.9%). Comparable EBITDA without the IFRS 16 impact was EUR 5.2 (4.6) million, which equals a comparable EBITDA margin of 15.1% (12.9%).

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. In Finland, bottle return rates are already high at 93%, but they are much lower for small PET bottles.The aim of the campaign was therefore to increase return rates, educate consumers about the ecological aspects of PET bottles and build Altia’s company image as a responsible player.

In June, Altia arranged the first wine event for rosé wines in Helsinki – Rosé All Day. The event was organised by Viinimaa, and altogether 11 rosé wines and 4 rosé sparkling wines were presented.

Scandinavia

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

	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Net sales, EUR million	29.0	27.4	5.7	50.7	49.9	1.6	117.7
Comparable EBITDA, EUR million	2.0	1.5	37.8	1.7	1.3	23.7	10.1
Comparable EBITDA, % of net sales	6.9	5.3		3.3	2.7		8.6
Without IFRS 16 impact:							
Comparable EBITDA, EUR million	1.9	1.5	27.9	1.4	1.3	2.4	10.1
Comparable EBITDA, % of net sales	6.4	5.3		2.7	2.7		8.6
Average number of personnel	74	87		80	86		85

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Spirits	12.4	11.1	11.7	21.7	21.1	2.8	45.9
Wine	15.7	14.8	6.1	27.7	25.8	7.4	68.0
Other beverages	0.9	1.6	-43.8	1.3	3.0	-56.7	3.8
Other	0.0	0.0		0.0	0.0		
Total	**29.0**	**27.4**	**5.7**	**50.7**	**49.9**	**1.6**	**117.7**

Net sales

In January–June, the Scandinavia segment’s net sales were EUR 50.7 (49.9) million, up by 1.6% from last year. The weak SEK continued to have a negative impact on reported net sales. In constant currencies, net sales grew by 4.1%.

Net sales growth is driven by new partners in wine and spirits in Sweden and by price increases. However, the decline in other beverages due to partner portfolio changes is driving net sales down.

The second quarter reported net sales were EUR 29.0 (27.4) million. In constant currencies, net sales grew by 7.8%. The timing of Easter in the second quarter affects sales volumes and sales mix, and the year-on-year comparison.

Comparable EBITDA

In January-June, comparable EBITDA was EUR 1.7 (1.3) million, which equals a comparable EBITDA margin of 3.3% (2.7%). Comparable EBITDA without the IFRS 16 impact was EUR 1.4 (1.3) million which equals a comparable EBITDA margin of 2.7% (2.7%). The weak SEK and weaker product mix impacted profitablity negatively.

In the second quarter, comparable EBITDA was EUR 2.0 (1.5) million, which equals a comparable EBITDA margin of 6.9% (5.3%). Comparable EBITDA without the IFRS 16 impact was EUR 1.9 (1.5) million, which equals a comparable EBITDA margin of 6.4% (5.3%). The timing of Easter in the second quarter affects sales volumes and sales mix, and the year-on-year comparison.

Business events

As previously communicated, Altia has completed the transfer of the Denmark domestic business to Conaxess Trade Beverages in the second quarter. Conaxess Trade Beverages has gained the exclusive right to distribute and market Altia brands in Denmark's domestic market. The transfer will have a slightly negative impact on the Scandinavia segment's net sales and is expected to improve the segment's profitability. Altia continues to operate the border trade between Denmark, Sweden and Germany, which has been reported under the Finland & Exports segment since 2018.

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.

	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Net sales, EUR million	27.5	24.2	13.5	54.7	48.2	13.3	105.8
Comparable EBITDA, EUR million	2.3	2.5	-5.7	3.3	3.9	-14.8	10.9
Comparable EBITDA, % of net sales	8.5	10.2		6.1	8.1		10.3
Without IFRS 16 impact:							
Comparable EBITDA, EUR million	1.9	2.5	-23.6	2.4	3.9	-2.7	10.9
Comparable EBITDA, % of net sales	6.9	10.2		4.4	8.1		10.3
Average number of personnel	446	446		431	429		426

Net sales

In January-June, Altia Industrial's net sales were EUR 54.7 (48.2) million, up by 13.3% from last year. Growth is driven both by higher prices compared to last year due to the high barley cost and volumes. Volume development has been strong in starch and ethanol as well as in industrial services due to phasing.

Net sales in the second quarter were EUR 27.5 (24.2) million.

Comparable EBITDA

In January-June, comparable EBITDA was EUR 3.3 (3.9) million, which equals a comparable EBITDA margin of 6.1% (8.1%). Comparable EBITDA without the IFRS 16 impact was EUR 2.4 (3.9) million, which equals a comparable EBITDA margin of 4.4% (8.1%). Comparable EBITDA has been driven down by the high barley cost, Group internal organisational changes and increased logistics costs in Sweden.

In the second quarter, comparable EBITDA was EUR 2.3 (2.5) million, which equals a comparable EBITDA margin was 8.5% (10.2%). Comparable EBITDA without the IFRS 16 impact was EUR 1.9 (2.5) million, which equals a comparable EBITDA margin of 6.9% (10.2%).

Production volumes and key projects

During the first half of the year, the Rajamäki alcoholic beverage plant in Finland has produced 31.1 (29.1) million litres of spirits and wine.

The Koskenkorva plant has been running at full capacity during the period and 105.9 (107.6) million kilos grain was used at the plant. Grain spirits production was 11.1 (11.3) million kilos including technical ethanols, starch production was 33.2 (35.2) million kilos, and feed component production was 32.9 (30.5) million kilos.

During the period, a number of smaller improvement investments and the development of information systems at the Koskenkorva plant have been carried out.

Key events during January–June 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

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 June 2019, Altia had 18 194 shareholders. During January–June, the highest share price was EUR 7.98 and the lowest price was EUR 7.08. The closing price of Altia's share on 28 June 2019 was EUR 7.28, and the market capitalisation was approximately EUR 263 million.

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

Sector	Number of shares	% of shares
Public sector	16 047 173	44.4
Financial and insurance corporations	10 846 992	30.0
Households	6 906 010	19.1
Non-financial corporations	1 460 503	4.0
Non-profit institutions	523 059	1.4
Rest of the world	356 748	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	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
	Total	**17 332 111**	**48.0**
	Nominee-registered shares	*9 857 850*	*27.3*

**) State's Business Development Company*
Source: Euroclear Finland

Dividend payment

The Annual General Meeting held on 15 May 2019 approved the proposal by the Board of Directors to pay a dividend of EUR 0.38 per share for the 2018 financial year. The dividend was paid on 24 May 2019.

Governance

Corporate Governance Statement and Remuneration Statement

Altia's Corporate Governance Statement and the Remuneration Statement were published with the Report by the Board of Directors on 22 March 2019 and are available on the company website.

Annual General Meeting 2019

Altia's Annual General Meeting (AGM) was held in Helsinki on 15 May 2019. The meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the 2018 financial year. The AGM also approved the proposal by the Board of Directors to pay a dividend of EUR 0.38 per share for the 2018 financial year.

Board of Directors

Based on the proposals of the Shareholders' Nomination Board, the AGM approved the number of members of the Board of Directors as seven. The AGM also re-elected Sanna Suvanto-Harsaae as Chairman of the Board, Kai Telanne as Vice Chairman and Kim Henriksson, Tiina Lencioni, Jukka Ohtola and Torsten Steenholt as members of the Board. Anette Rosengren was elected as a new member.

The term for the members of the Board of Directors lasts until the end of the next Annual General Meeting.

Based on the proposal by the Shareholders' Nomination Board, the AGM decided that the remuneration to the members of the Board of Directors during the next term consists 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 members of the Board of Directors 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 are reimbursed in accordance with the company's travel policy.

Altia's Board of Directors held its organisational meeting after the Annual General Meeting and elected members of the Audit and Human Resources Committees as follows:

- Audit Committee: Kim Henriksson (Chairman), Tiina Lencioni and Sanna Suvanto-Harsaae
- Human Resources Committee: Sanna Suvanto-Harsaae (Chairman), Kai Telanne and Jukka Ohtola

The Board of Directors has assessed that all members of the Board of Directors are independent of the company. Furthermore, all members of the Board of Directors, with the exception of Jukka Ohtola, are independent of the company's major shareholders. Jukka Ohtola is a member of the Board of Directors of Valtion Kehitysyhtiö Vake Oy and holds an office in the Ownership Steering Department of the Finnish Prime Minister's Office and is therefore not independent of the company's major shareholders.

Auditor

In accordance with the recommendation by the Audit Committee, the Annual General Meeting re-elected PricewaterhouseCoopers Oy as the company's auditor for a term ending at the close of the next Annual General Meeting. PricewaterhouseCoopers Oy has informed the company that Authorised Public Accountant Ylva Eriksson will continue as the auditor-in-charge. The meeting decided that the auditor's fees would be paid against an invoice approved by the company.

Personnel

During January-June 2019, Altia Group employed on average of 701 (723) persons. At the end of June, Altia Group employed 711 (764) persons, of whom 449 (479) were employed in Finland, 114 (117) in Sweden, 4 (20) in Denmark, 28 (29) in Norway, 31 (34) in Latvia, 61 (63) in Estonia, and 24 (22) in France.

Corporate responsibility

For Altia, responsibility is both a strategic priority and a key success factor in business. The aim of Altia's efforts in the area of responsibility is to build a sustainable long-term business. Altia wants to support the development of a new, modern and responsible drinking culture in its operating countries in accordance with the company's purpose, Let's Drink Better.

Responsibility work is guided by Altia's purpose and strategy, the expectations of Altia's stakeholders, the company Code of Conducts and the amfori BSCI Code of Conduct, which is based on international conventions and to which we are committed. Altia joined the amfori BSCI initiative in 2017, and aims to annually increase the traceability and transparency of product and raw material supply chains.

Altia's corporate responsibility focus is divided into four cornerstones: Altia & Customers, Altia & Society, Altia & Environment and Altia & Employees. Altia has defined a group-level corporate responsibility action plan for 2018-2020, based on its strategy and responsibility cornerstones, in which prioritised actions for 2019 have been included in the business's annual operating plans.

The key sustainability development focus during the reporting period has been the development of Altia's sustainability roadmap 2030, including key focus areas and long-term targets. The roadmap will be published during 2019.

Altia included on list of the most interesting companies in the circular economy

In May, Altia and its Koskenkorva distillery were included on the list of the most interesting companies in the circular economy compiled by the Finnish future fund Sitra. The Koskenkorva distillery is a pioneer of the circular economy, using 100 per cent of the barley it uses as a raw material. Thanks to the bioenergy power plant and use of renewable fuel, the distillery's carbon dioxide emissions have reduced by more than 50 per cent over a period of four years.

Altia has previously been awarded the title of as the Green Company of the Year in the highly respected The Drinks Business Green Awards 2018.

Altia's first sustainability media campaign

In June, Altia ran its first sustainability media campaign, aimed directly at consumers in Finland. The aim of the campaign was to increase bottle return rates, educate consumers about the positive environmental aspects of PET bottles and build Altia's company image as a responsible player.

In Finland, overall bottle return rates are world class, with a level of 93%. However, where PET bottles with a size of 35 cl or less are concerned, return rates are much lower, with millions of bottles lost annually outside the recycling system.

The multi-channelled campaign was well received and combined digital outdoor advertising, advertising in social media, a campaign page, a press release, media work and a call to action in bottle labels.

Occupational safety

Occupational safety is a vital part of Altia's corporate responsibility. Altia is committed to developing its operations in accordance with the zero accident principle. To work in accordance with this principle, various occupational safety targets have been set for 2019, and related actions have been conducted.

During the reporting period, Altia has decided to implement minimum requirements for the most important safety areas. The requirements create the foundation to reachthe next level of safety, and they will be introduced and implemented at all Altia operational sites. Altia Minimum Requirements also apply to visitors and subcontractors operating at Altia's sites. Altia Minimum Requirements will cover the following areas in 2019: personal protective equipment, external craftsmen (subcontractors), chemical handling and work at heights.

Various occupational safety actions were conducted across different Altia sites during the first half of 2019. The active use of the HSEQ (Health, Safety, Environment, Quality) mobile application, Quentic, was expanded to cover employees at all Altia production sites.Several enhancements were also made to the Altia HSEQ reporting system and the accident analysis system was developed further. Accidents and near-miss situations during commuting were included in reporting.

Several traffic safety awareness campaigns were held at Altia sites in Finland.

Due to enhanced reporting systems and awareness safety campaigns, the reporting of near-miss situations and safety observations has steadily increased across Altia, accelerating the further development of a proactive safety culture.

Corporate Responsibility key figures

Altia has decided to gradually begin to report corporate responsibility key figures as part of interim reporting. In respect of H1 2019 reporting period, Altia reports progress in the following key figures: Total Registered Injury Frequency (TRIF), Lost Time Injury Frequency (LTIF) and the sickness absence rate. Both TRIF and LTIF include commuting. Concerning performance against the environmental targets of Altia's main production sites, Altia reports energy efficiency, water efficiency and COD levels. The progress of the key figures during the reporting period has been according to the targets.

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KEY FIGURES

	H1 19	H1 18	2018
Sickness absences, %	3.8	3.9	3.4
Total Registered Injury Frequency, TRIF (including commuting)	22	22	19
Lost Time Injury Frequency, LTIF (including commuting)	11	14	13

	H1 19		H1 18		2018	
	Kosken-korva	Rajamäki and Tabasalu	Kosken-korva	Rajamäki and Tabasalu	Kosken-korva	Rajamäki and Tabasalu
Energy efficiency (MWh/m3 of product or tonne of barley)	0.80	0.31	0.79	0.36	0.63	0.31
Water efficiency (m3/m3 of product or tonne of barley) (1)	1.80	1.70	2.62	1.65	2.26	1.61
Quality of waste water (kg COD/m3 of product or tonne barley) (2)	3.66	2.48	3.65	3.27	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 2019

Market outlook

The development of the Group's business operations and profitability are affected by the competitive environment, the overall economic outlook, imports by consumers and changes in alcohol taxation. Uncertainty related to changes in consumer buying behaviour and consumer demand continues.

Seasonality

Substantial seasonal fluctuations in the consumption of alcoholic beverages affect Altia's net sales and cash flow. The company typically generates large amounts of its revenue and cash flow during the fourth quarter of the year, and significantly lower amounts during the first quarter. 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

Guidance as published on 7 February 2019 remains unchanged: 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.

Financial calendar 2019

Altia will publish the Q3 Business Review for January-September 2019 on 7 November 2019.

Helsinki, 14 August 2019
Altia Plc
Board of Directors

ALTIA

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 STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 19	Q2 18	H1 19	H1 18	2018
Result for the period	3.6	3.6	4.0	1.7	15.1
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	-	-	-	-	0.0
Related income tax	-	-	-	-	-0.0
Total	-	-	-	-	0.0
Items that may be reclassified to profit or loss					
Cash flow hedges	-0.4	0.4	-0.8	1.2	0.4
Translation differences	-1.3	-1.0	-2.1	-4.4	-3.5
Income tax related to these items	0.1	-0.1	0.2	-0.2	-0.1
Total	-1.7	-0.7	-2.8	-3.5	-3.2
Other comprehensive income for the period, net of tax	-1.7	-0.7	-2.8	-3.5	-3.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2.0**	**2.9**	**1.2**	**-1.8**	**11.9**
Total comprehensive income attributable to:					
Owners of the parent	2.0	2.9	1.2	-1.8	11.9

CONSOLIDATED BALANCE SHEET

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 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**
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	**387.7**	**388.0**	**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	–	–	–	–	–	–	1.7	1.7
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	0.9	–	–	0.9
Translation differences	–	–	–	–	–	-4.5	0.0	-4.4
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**0.9**	**-4.5**	**1.8**	**-1.8**
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 30 June 2018	**60.5**	**1.2**	**0.6**	**–**	**0.6**	**-20.5**	**94.0**	**136.4**
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	–	–	–	–	–	–	4.0	4.0
Other comprehensive income (net of tax)								
Cash flow hedges	–	–	–	–	-0.7	–	–	-0.7
Translation differences	–	–	–	–	–	-2.1	0.0	-2.1
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**-0.7**	**-2.1**	**4.0**	**1.2**
Transactions with owners								
Dividend distribution	–	–	–	–	–	–	-13.7	-13.7
Share based payments	–	–	–	–	–	–	0.1	0.1
Total transaction with owners	**–**	**–**	**–**	**–**	**–**	**–**	**-13.7**	**-13.7**
Transfer to reserve	–	–	–	0.1	–	–	-0.1	0.0
Equity at 30 June 2019	**60.5**	**1.2**	**0.6**	**0.1**	**-0.7**	**-21.7**	**97.5**	**137.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

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**
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment and intangible assets	-2.1	-2.4	-3.2	-4.7	-7.7
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.4	0.0	0.6	0.6
Repayment of loan receivables	–	0.9	–	0.9	0.9
Interest received from investments in joint operations	–	–	0.9	0.9	0.9
Dividends received	–	0.1	–	0.1	0.1
NET CASH FLOW FROM INVESTING ACTIVITIES	**-2.1**	**-1.1**	**-2.2**	**-2.2**	**-5.2**
CASH FLOW FROM FINANCING ACTIVITIES					
Changes in commercial paper program	4.0	13.0	14.0	13.0	–
Proceeds from borrowings	–	–	–	20.0	20.0
Repayment of borrowings and lease liabilities	-0.9	-20.0	-7.7	-30.0	-30.7
Dividends paid and other distributions of profits	-13.7	–	-13.7	–	–
Share issue, personnel offering	–	–	–	1.2	1.2
NET CASH FLOW FROM FINANCING ACTIVITIES	**-10.6**	**-7.0**	**-7.4**	**4.2**	**-9.5**

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CHANGE IN CASH AND CASH EQUIVALENTS	**12.0**	**-7.8**	**-13.6**	**-24.6**	**-8.2**
Cash and cash equivalents at the beginning of the period	16.3	34.1	42.0	52.4	52.4
Translation differences on cash and cash equivalents	-0.6	-0.6	-0.8	-2.1	-2.2
Change in cash and cash equivalents	12.0	-7.8	-13.6	-24.6	-8.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**27.7**	**25.7**	**27.7**	**25.7**	**42.0**

Accounting principles

This half-year report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting as approved by the EU. This half-year report should be read together with Altia's Financial Statements 2018.

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.

New standards

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 is easy to determine. If an internal rate of return is not easy to determine, the interest rate for additional credit is used as the discount rate.

The lease liability is remeasured 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. 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.

The IFRS 16 standard affects many of Altia's reported key figures. At the annual level, its effect on the comparable EBITDA is estimated at EUR 4 million positive. 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 income 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 30 June 2019 includes the adoption of the IFRS 16 standard as of 1 January 2019. The IFRS 16 standard had a positive effect of EUR 2.0 million on the comparable EBITDA, a negative effect of EUR 1.9 million on depreciation, and a negative effect of EUR 0.1 million on financial expenses. On the consolidated balance sheet on 30 June 2019, the amount of asset items based on rights of use is EUR 11.5 million, the amount of long-term lease liabilities is EUR 8.2 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 2.0 million on the Group's cash flows from operating activities and a negative effect of EUR 1.9 million on its cash flows from financing activities in the first half of 2019.

ALTIA

Segment information

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
Finland & Exports	34.7	25.0	39.5	31.8	35.4	27.1	40.7	31.4	35.7	26.0
Scandinavia	29.0	21.7	42.8	25.0	27.4	22.5	44.4	26.5	29.7	23.2
Altia Industrial	27.5	27.1	28.6	28.9	24.2	24.0	24.7	26.5	25.9	24.2
Total	**91.2**	**73.8**	**110.9**	**85.7**	**87.1**	**73.5**	**109.8**	**84.5**	**91.3**	**73.4**

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Finland & Exports							
Net sales total	34.8	35.5	-2.0	59.8	62.7	-4.6	134.4
Net sales, internal	-0.1	-0.2	-50.0	-0.2	-0.2	0.0	-0.6
Net sales, external	**34.7**	**35.4**	**-2.1**	**59.6**	**62.5**	**-4.5**	**133.8**
Scandinavia							
Net sales total	29.2	27.6	5.8	51.0	50.3	1.4	118.6
Net sales, internal	-0.2	-0.2	0.0	-0.3	-0.4	-25.0	-0.9
Net sales, external	**29.0**	**27.4**	**5.7**	**50.7**	**49.9**	**1.6**	**117.7**
Altia Industrial							
Net sales total	38.0	36.0	5.6	72.2	68.3	5.7	149.8
Net sales, internal	-10.5	-11.8	-11.0	-17.5	-20.1	-12.9	-44.0
Net sales, external	**27.5**	**24.2**	**13.5**	**54.7**	**48.2**	**13.3**	**105.8**
Group							
Net sales total	102.0	99.1	2.9	183.0	181.3	0.9	402.8
Net sales, internal	-10.8	-12.1	-10.7	-18.0	-20.7	-13.0	-45.5
Net sales, external	**91.2**	**87.1**	**4.7**	**165.0**	**160.6**	**2.7**	**357.3**

NET SALES BY PRODUCT CATEGORY

EUR million	Q2 19	Q2 18	Change, %	H1 19	H1 18	Change, %	2018
Spirits	31.6	30.7	2.9	56.3	57.0	-1.2	124.0
Wine	30.9	30.0	3.0	52.3	51.4	1.8	122.2
Other beverages	1.2	2.1	-42.9	1.7	4.0	-57.5	5.3
Industrial products and services	27.5	24.2	13.5	54.7	48.2	13.3	105.8
Other	0.0	0.1		0.0	0.0		0.0
Total	**91.2**	**87.1**	**4.7**	**165.0**	**160.6**	**2.7**	**357.3**

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
Finland & Exports	5.3	3.0	6.2	4.9	4.6	3.4	7.2	4.0	5.2	3.1
Scandinavia	2.0	−0.3	8.0	0.8	1.5	−0.1	8.9	1.0	2.1	−0.5
Altia Industrial	2.3	1.0	2.2	4.8	2.5	1.4	3.7	4.5	2.6	1.6
Other	−0.2	0.6	−0.6	−0.3	0.2	0.4	−1.3	0.9	−0.8	0.1
TOTAL comparable EBITDA	**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	–	−1.5	0.0	−0.4	−4.1	−2.2	0.7	−0.2	−0.5
EBITDA	**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	−3.7	−3.6	−3.5	−3.5	−3.6	−3.6	−3.5	−3.5
Operating result	**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	Right-of-use assets	Total
Acquisition cost at 1 January 2019	147.3	128.0	244.6	–	519.9
IFRS 16 acquisition cost 1 January 2019	–	–	–	10.7	10.7
Acquisition cost at 1 January 2019, restated	147.3	128.0	244.6	10.7	530.6
Additions	0.9	–	2.3	2.9	6.1
Disposals	-0.1	–	-1.2	-0.1	-1.4
Effect of movement in exchange rates	-1.5	1.9	-0.2	-0.1	0.1
Acquisition cost at 30 June 2019	146.6	129.9	245.5	13.5	535.5
Accumulated depreciation, amortisation and impairment losses at 1 January 2019	-117.8	-47.3	-179.9	–	-345.0
Depreciation and amortisation	-3.0	–	-4.0	-1.9	-9.0
Accumulated depreciation and amortisation on disposals and transfers	0.1	–	0.9	–	1.0
Effect of movement in exchange rates	1.2	-2.9	0.1	–	-1.6
Accumulated depreciation, amortisation and impairment losses at 30 June 2019	-119.5	-50.2	-182.9	-1.9	-354.6
Carrying amount at 1 January 2019	29.6	80.7	64.6	–	174.9
Carrying amount at 30 June 2019	**27.1**	**79.8**	**62.5**	**11.5**	**181.0**
Acquisition cost at 1 January 2018	148.7	133.3	240.7	–	522.8
Additions	1.0	–	3.7	–	4.7
Disposals	–	–	-1.9	–	-1.9
Effect of movement in exchange rates	-3.4	1.5	-0.3	–	-2.2
Acquisition cost at 30 June 2018	146.3	134.9	242.3	–	523.4
Accumulated depreciation, amortisation and impairment losses at 1 January 2018	-114.4	-51.3	-173.3	–	-339.0
Depreciation and amortisation	-2.8	–	-4.2	–	-7.0
Accumulated depreciation and amortisation on disposals and transfers	0.0	–	1.6	–	1.6
Effect of movement in exchange rates	2.7	-3.5	0.2	–	-0.6
Accumulated depreciation, amortisation and impairment losses at 30 June 2018	-114.5	-54.7	-175.8	–	-345.0
Carrying amount at 1 January 2018	34.4	82.1	67.4	–	183.8
Carrying amount at 30 June 2018	**31.8**	**80.1**	**66.5**	**–**	**178.4**

RELATED PARTY TRANSACTIONS

The following transactions have taken place with related parties:

EUR million	H1 19	H1 18	2018
Sales of goods and services			
Associates and joint operations	0.3	0.5	0.9
Other companies considered related parties	34.7	36.4	79.2
Total	**35.0**	**36.8**	**80.1**
Purchases of goods and services			
Associates and joint operations	1.0	1.7	2.8
Other companies considered related parties	0.7	0.7	1.3
Total	**1.7**	**2.5**	**4.1**
Outstanding balances from sales and purchases of goods and services	**30 Jun 2019**	**30 Jun 2018**	**31 Dec 2018**
Trade receivables			
Associates and joint operations	–	0.1	0.1
Other companies considered related parties	1.2	6.4	3.2
Trade payables			
Associates and joint operations	0.2	0.2	0.3
Other companies considered related parties	0.0	0.1	0.0

ASSOCIATED COMPANIES

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Financial summary of associated companies:			
Assets	8.4	7.0	7.6
Liabilities	5.8	6.9	6.3
Net assets	2.5	0.0	1.3
Net sales	8.9	9.0	18.3
Result for the period	1.2	1.5	2.8

COLLATERALS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Collaterals given on behalf of Group companies			
Mortgages	18.5	18.5	18.5
Guarantees	5.4	5.5	5.3
Total collaterals	**23.9**	**24.0**	**23.8**
Commitments			
Operating lease obligations			
Less than one year	0.2	4.3	3.9
Between one and five years	0.1	10.2	9.3
More than five years	–	–	0.5
Total operating lease obligations	0.3	14.6	13.6
Other commitments	19.1	13.7	15.5
Total commitments	**19.4**	**28.2**	**29.1**

Assets not recognised in the balance sheet

Emission allowances, kilotons	**30 Jun 2019**	**30 Jun 2018**	**31 Dec 2018**
Emission allowances received	26.4	26.9	26.9
Excess emission allowances from the previous period	30.6	45.6	45.6
Adjustments related to prior year's estimates	–0.0	0.0	0.0
Sold emission allowances	–20.0	–	–20.0
Realised emissions	–10.9	–12.8	–21.9
Total emission allowances	**26.1**	**59.7**	**30.6**
Fair value of emission allowances (EUR million)	0.7	0.9	0.7

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets, fair value, EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Level 2			
Financial assets at fair value through profit or loss			
Forward exchange contracts	0.3	0.4	0.1
Derivatives, hedge accounting			
Forward exchange contracts	0.2	1.0	0.1
Commodity derivatives	0.6	1.1	1.3
Level 3			
Financial assets at fair value through other comprehensive income			
Unquoted shares	1.4	1.4	1.4

Financial liabilities, fair value, EUR million	30 Jun 2019	30 Jun 2019	31 Dec 2018
Level 2			
Financial liabilities at fair value through profit or loss			
Forward exchange contracts	0.0	0.8	0.0
Derivatives, hedge accounting			
Forward exchange contracts	0.1	0.1	0.1
Interest rate derivatives	1.5	1.3	1.3

KEY RATIOS

		Q2 19	Q2 18	H1 19	H1 18	2018
Income statement						
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 (EBIT)	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 before taxes	EUR million	4.5	4.2	4.7	2.0	18.6
Result for the period	EUR million	3.6	3.6	4.0	1.7	15.1
Items affecting comparability	EUR million	-0.2	-0.4	-0.2	-4.5	-6.0
Balance sheet						
Cash and cash equivalents	EUR million			27.7	25.7	42.0
Total equity	EUR million			137.6	136.4	150.1
Borrowings	EUR million			97.3	103.1	89.4
Invested capital	EUR million			234.9	239.5	239.5
Profitability						
Return on equity (ROE), rolling 12 months	%			12.0	11.2	10.5
Return on invested capital (ROI), rolling 12 months	%			8.0	7.2	7.0
Financing and financial position						
Net debt	EUR million			81.3	77.4	47.4
Gearing	%			59.1	56.7	31.6
Equity ratio	%			35.5	35.2	38.4
Net cash flow from operating activities	EUR million	24.7	0.3	-4.0	-26.7	6.5
Net debt/comparable EBITDA, rolling 12 months				2.0	1.8	1.2
Share-based key ratios						
Earnings / share (Basic and diluted)	EUR	0.10	0.10	0.11	0.05	0.42
Equity / share	EUR			3.81	3.77	4.15
Personnel						
Average number of personnel		705	742	701	723	718
Impact of IFRS 16 on selected key figures						
Comparable EBITDA without IFRS 16 impact	EUR million			11.7		
Net debt without IFRS 16 impact	EUR million			69.6		
Equity ratio without IFRS 16 impact	%			36.6		
Gearing without IFRS 16 impact	%			50.6		

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM) TO IFRS FIGURES 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

THE DEFINITIONS AND REASONS FOR THE USE OF FINANCIAL KEY INDICATORS

Key figure	Definition	Reason for the use
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 the performance of Altia and a 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 (rolling 12 months) / Total equity (average)	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) (rolling 12 months) / (Total equity + Non-current and current borrowings) (average)	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	Borrowings – Cash and cash equivalents	Net debt without IFRS 16 impact improves comparability to previous years.
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/ Comparable EBITDA without IFRS 16 impact	Net debt/ 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	

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 15 August 2019 at 11 am EET. CEO Pekka Tennilä and CFO Niklas Nylander will present the Half-Year Report after which the 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:

Finland: +358 981 710 310
Sweden: +46 856 642 651
United Kingdom: +44 333 300 08 04
United States: +185 585 706 86
Pin: 54934041#

The conference call can also be followed online. 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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