

Q&A related to COVID-19

Overview of the situation

- The governmental restrictions on the movement of people and policies for social distancing are affecting our operating environment and ways of working in a very significant way.
- Our key priorities are the health and safety of our people and business continuity.
- Our important contribution to the society is providing denatured ethanol for hand sanitizers to critical fields such as the medical and healthcare sectors.
- At the production facilities where personnel is needed on-site, we have further strengthened hygiene measures and routines.
- We are continuously in close contact with our partners and suppliers to ensure the availability of products and raw materials – so far all our operations have run without any major disruptions.
- Due to the crisis, travel retail and on-trade channels, which account for about 20% of Altia's consumer beverage sales, have been close to zero since mid-March.

How are consumer beverage segments (Finland & Exports and Scandinavia) affected?

- Sales in travel retail, on-trade and exports channels, accounting for about 20% of the consumer beverage net sales, are expected to be at or close to zero in the second quarter.
 - Travel retail and exports account for about 20% of Finland & Exports net sales.
- Sales to monopolies and the grocery trade are expected to remain stable. However, despite consumers shifting purchases of alcoholic beverages to monopolies, the sales in monopolies will not compensate the shortfall coming from travel retail, exports and on-trade.
- Uncertainty in the sales to the monopoly channel is related to 1) the monopoly channel remaining open and continuing normal operations which could be dependent on for example the health of the monopolies' personnel and political decision-making, and to 2) Altia's ability to deliver products.
- Consumer beverage net sales split by sales channels (2019):



How is Altia Industrial affected?

- Uncertainty is high both in industrial products and services. The stable development of starch and feed component volumes are expected to continue. The demand for denatured ethanol for hand sanitizers is expected to normalise. Volumes in industrial services are expected to be negatively impacted by COVID-19.
- Uncertainty in Altia's ability to deliver to the open sales channels (monopolies and grocery trade) relates to the availability of products and raw materials such as bulk wine, partner goods and dry goods.
- Uncertainty in production is related to the health and safety of Altia's employees and the availability of machinery spare parts and maintenance workforce.

What are the key impacts and uncertainties for Altia's supply chain and production?

- In Altia Industrial, the key priorities are to secure the availability of raw materials such as bulk wine, partner goods and dry goods, supply chain operations and production continuity.

- Uncertainty in production is related to the health and safety of Altia's employees and the availability of machinery spare parts and maintenance workforce.

What are the financial impacts from COVID-19 on Altia?

- Sales in travel retail, on-trade and exports channels, accounting for about 20% of the consumer beverage net sales, are expected to be at or close to zero in the second quarter.
- Altia has taken measures to adjust its cost structure in the short-term. The majority of cost savings are related to other operational costs. Marketing activities e.g. in travel retail and on-trade have been frozen and strict cost savings measures have been implemented in all functions.
- In the second quarter we focus our marketing and sales activities to the open sales channels (monopolies and grocery trade).
- Temporary lay-offs and part-time work have been implemented in Finland, Sweden and Norway.

What is Altia's liquidity position?

- The liquidity position of the Group has remained stable throughout the crisis and we will continue to focus on securing the liquidity during the upcoming months.
- Altia has issued commercial papers at the end of the first quarter to secure the liquidity position of the Group. The funds are deposited as cash by the Company and consequently the issues have no impact on the net debt and net gearing levels while they have impacted the equity ratio of the Group as the total balance sheet has increased to EUR 424.5 (378.6) million at the reporting date. The equity ratio was 34.7% (39.4%) while gearing was 33.2% (58.1%).
- The strict focus on net working capital management will continue in the upcoming quarters together with other liquidity securing actions.
- Depending on the length of the lock-downs of societies, the Company expects that the ageing structure of the accounts receivable portfolio will develop in an unfavourable direction in the upcoming quarters with potential write-downs occurring.

What is your view on the recovery from the crisis?

- The visibility for the rest of the year is poor and forecasting is difficult. Uncertainty in the economy remains at a high level and the risk of an economic slowdown is high.
- The recovery of the consumer beverage sales depends on the duration of the governmental restrictions, limitations in movement and travelling as well as the recommendations on social distancing.
- The pace of recovery is difficult to estimate and is expected to vary across sales channels: on-trade channels could be expected to recover faster than travel retail.

The AGM was postponed – what does this mean for the dividend payment and when do you expect the AGM to be convened?

- Due to the outbreak of the COVID-19 corona pandemic and the governmental restrictions on large gatherings, Altia's Board of Directors decided to cancel the Annual General Meeting convened for 25 March 2020.
- The Board of Directors will convene the AGM separately at a later date.