

# Interim Report 1 January – 30 September 2017

23 November 2017

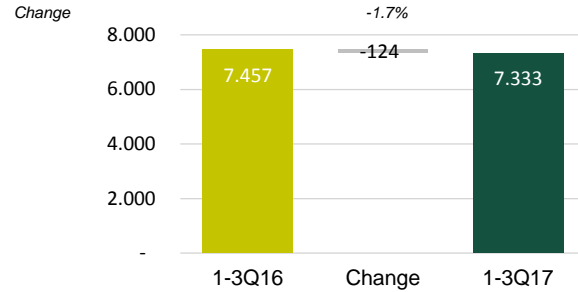


# Performance improvements in line with expectations

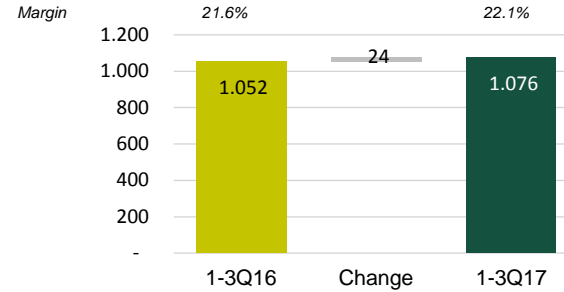
- Overall market positions maintained
- Volume 2% lower at 7.3 mHL
- Net revenue unchanged at DKK 4.9bn
- EBIT increased by 4% to DKK 862m
- EBIT-margin increase from 16.9% to 17.7%
- Free cash flow DKK 711m (DKK 835m including 1Q16 Aarhus sale DKK 160m)
- Acquisition of Italian Terme di Crodo – closing expected end year
- Outlook 2017 confirmed

# Increasing earnings

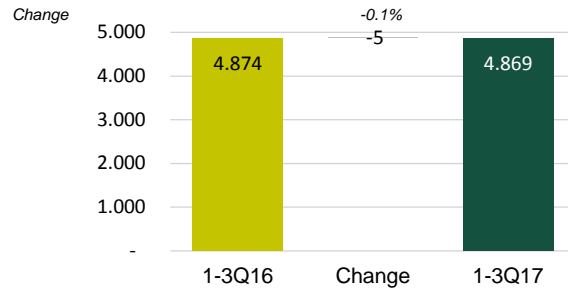
**Volume '000 HL**



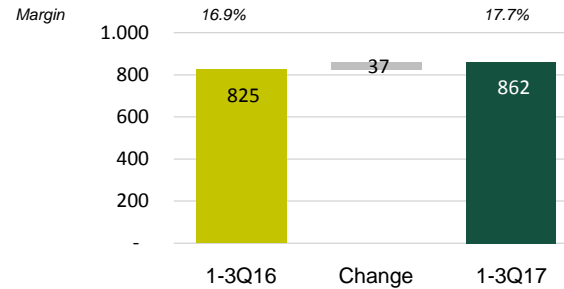
**EBITDA mDKK**



**Net revenue mDKK**



**EBIT mDKK**



# Earnings increase in Western Europe and Baltic Sea

## Western Europe

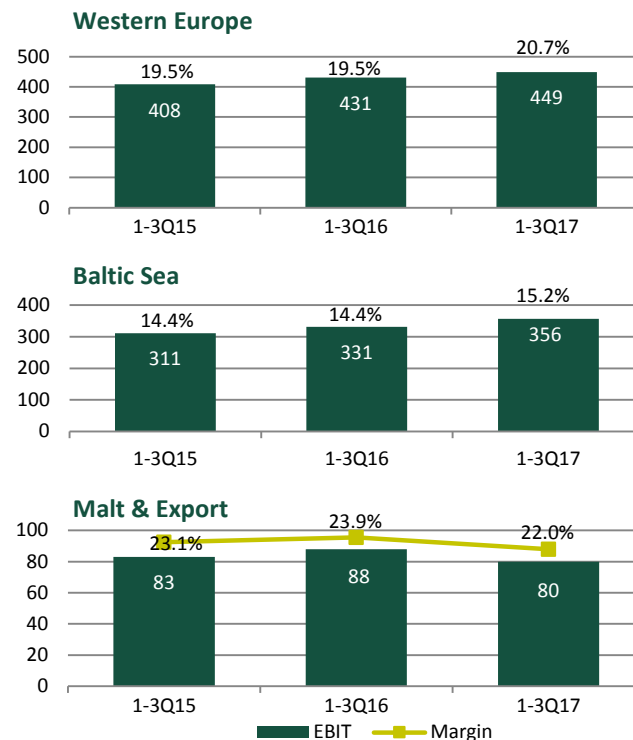
- Volume +3%, NR -2% incl. snacks, EBIT +4%
- Denmark & Germany – market positions strengthened
- PepsiCo snacks distribution in Denmark developing as planned
- Italy – increasing product offerings, market positions slightly weakened

## Baltic Sea

- Volume -5%, NR +2%, EBIT +8%. Unfavorable high season weather
- Finland – positive effect from value management
- Finnish market positions declining on value focus. Investment in new specialty brewery
- Baltic consumer price increases and declining consumption on excise increase
- Baltic branded market positions strengthened. PepsiCo soft drink business developing as planned

## Malt Beverages & Export

- Volume +3%, NR -1%, EBIT -9%
- Difficult macro-economics and FX in a number of markets
- Sell-out progressing as planned
- Continued investment in the organization and market positions
- Selective support of market positions where FX driven competitiveness under pressure



# Improved financial performance

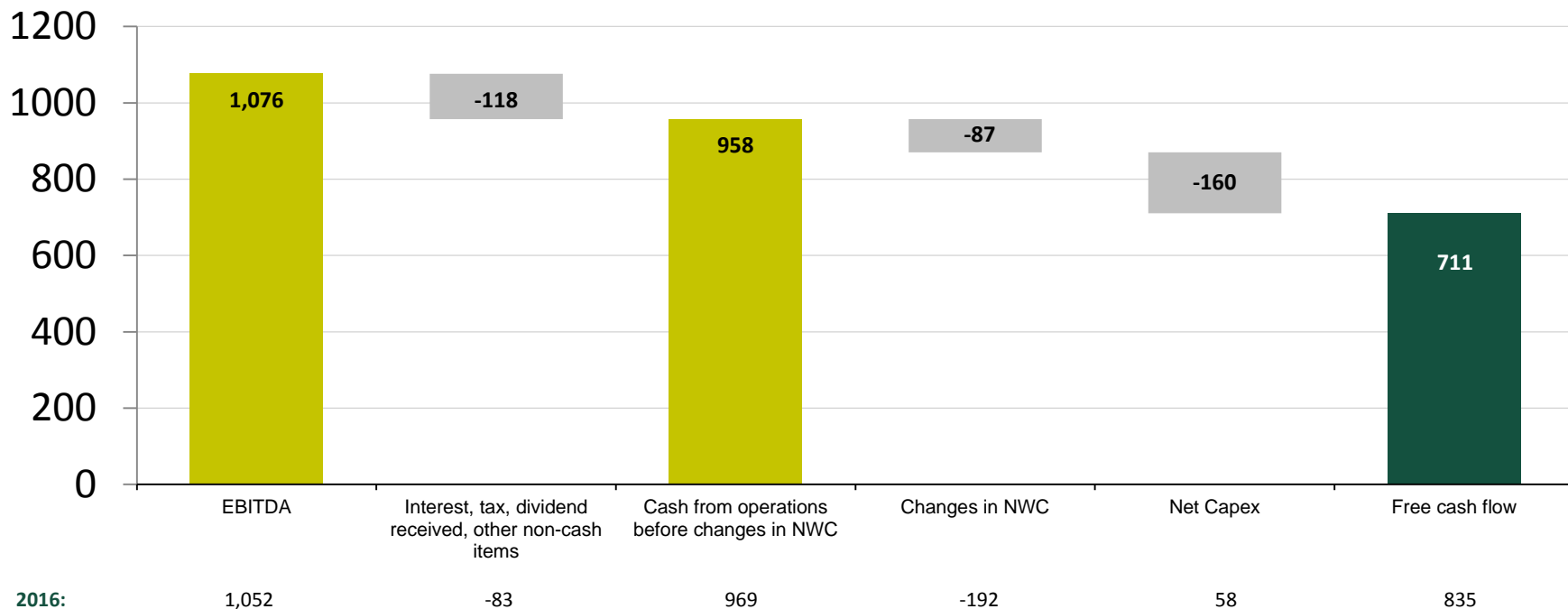
mDKK	1-3Q17	1-3Q16	Change
<b>P&amp;L ITEMS</b>			
Net revenue	4,869	4,874	-5
Gross margin	52.5%	52.7%	-0.2pp
EBITDA	1,076	1,052	24
EBITDA margin	22.1%	21.6%	0.5pp
EBIT	862	825	37
EBIT margin	17.7%	16.9%	0.8pp
Profit before tax	853	818	35
Net profit	668	641	27

mDKK	1-3Q17	1-3Q16	Change
<b>BALANCE SHEET ITEMS</b>			
Net interest bearing debt	1,062	1,053	9
Net working capital	-802	-791	-11
Total assets	6,130	6,260	-130
Equity	2,800	2,895	-95
Equity ratio	45.7%	46.2%	-0.5pp
Invested capital	4,103	4,170	-67
ROIC ex. goodwill	30.1%	26.3%	3.8pp
ROIC incl. goodwill	19.6%	17.5%	2.1pp

# Cash flow in line with expectations

## Cash Flow

mDKK



# Outlook 2017 confirmed

mDKK	Outlook August 2017	Outlook March 2017	Realised 2016
Net revenue	6,250-6,350	6,250-6,450	6,340
EBITDA	1,320-1,370	1,285-1,385	1,306
EBIT	1,030-1,080	980-1,080	1,001





# Q&A-session





# Appendix



# Market position in Italy considerably reinforced by the acquisition of the Freedia Lemonsoda business from Gruppo Campari

- The acquisition of Freedia Lemonsoda doubles the number of must-stock products in the Italian business
- The acquisition leads to economies of scale in Royal Unibrew's total supply and value chain
- Gives access to the category of non-alcoholic products in Italy
- The acquisition is expected to strengthen Royal Unibrew's earnings per share (EPS) already in 2018
- Acquisition price based on an enterprise value of DKK 0.6 billion is financed through bank borrowings
- The acquisition is expected realised by the end 2017



# Lemonsoda: The majority of the business



**LEMONSODA IS the historical Italian lemonade.**

Since 1940, Lemonsoda has quenched the Italian's thirst thanks to a unique and tasty recipe, which was able to seduce all generations of consumers.

In the 80's and 90's, thanks to a strong advertising, Lemonsoda acquired the status of iconic brand, entering deeply in daily life of the Italian people.

70 years later, Lemonsoda continues to be a strong player in the CSD market with 87% of Awareness and more than 3MM of regular consumers.



Owned by CAMPARI GROUP since 1999, it is expected that Lemonsoda will join RU by the end of 2017.



# The Plant

- 3 water sources
- 5 filling lines

**1 canning**

**2 PET**

**2 glass bottles (one dedicated and owned by Campari)**

- 73 experienced employees
- 1 one premise warehouse
- A lot of spare capacity – room for growth
- Expected to bring operational synergies



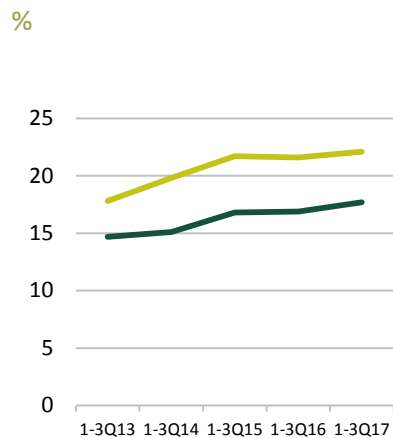
# Terme di Crodo

Pro-forma financial highlights and ratios 2016	Terme di Crodo
Volumes, thousand hectolitres	530
Revenue (DKK million)	245
EBITDA (DKK million)	45
EBIT (DKK million)	35
EBITDA margin (%)	18.4%
EBIT margin (%)	14.3%
Employees	73



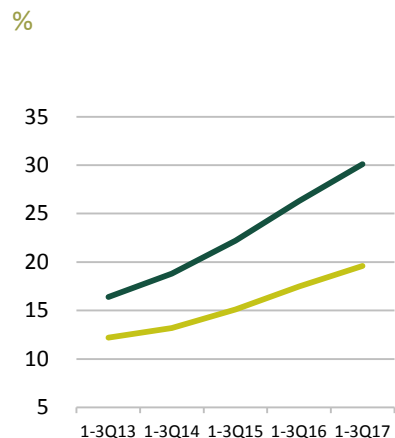
# Strong key figure performance

## Profit margins



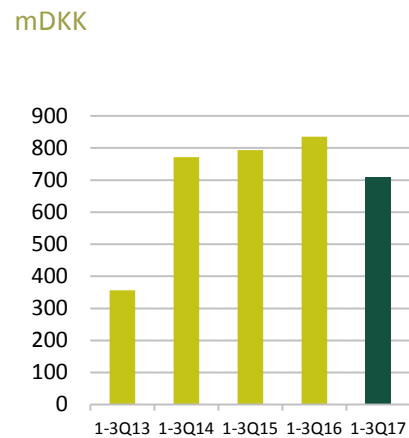
— EBITDA margin (reported)  
— EBIT margin (reported)

## ROIC

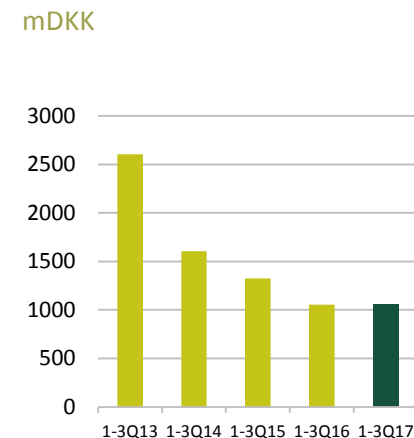


— ROIC  
— ROIC ex. Goodwill

## Free Cash Flow



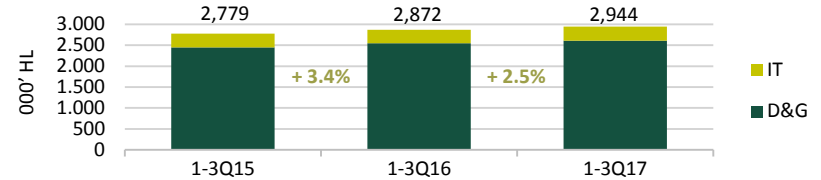
## NIBD



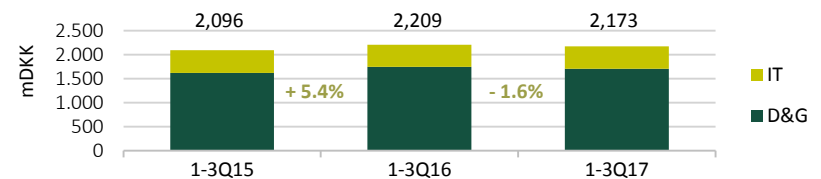
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- Denmark & Germany – market positions strengthened
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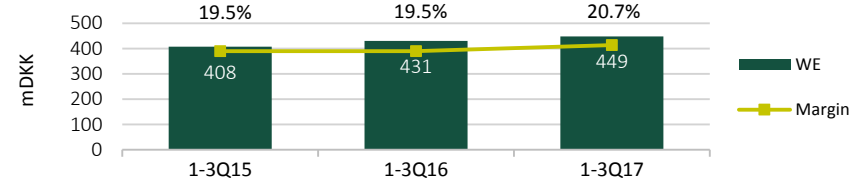
## Volume



## Revenue



## EBIT



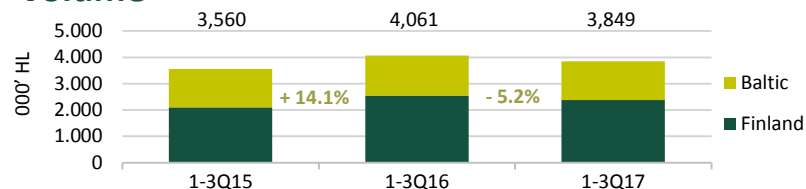


## Baltic Sea:

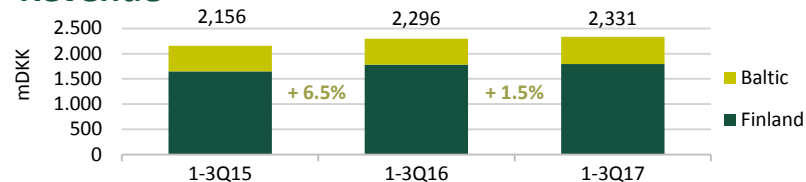
# Earnings increase on value & efficiency focus

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- Finland – positive effect from value management.
- Finnish market positions declining on value focus  
Investment in new specialty brewery
- Baltic consumer price increases and declining consumption on excise increase
- Baltic branded market positions strengthened  
PepsiCo soft drink business developing as planned

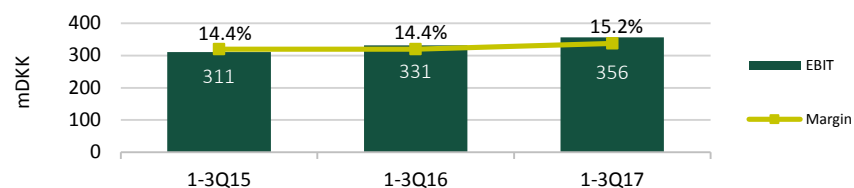
### Volume



### Revenue



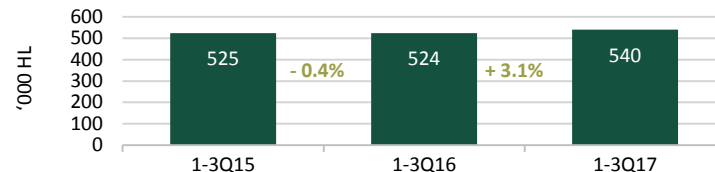
### EBIT



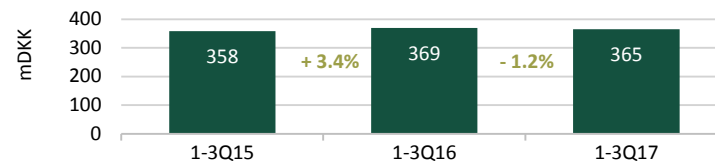
# Malt Beverages and Exports: Performance in line with expectations

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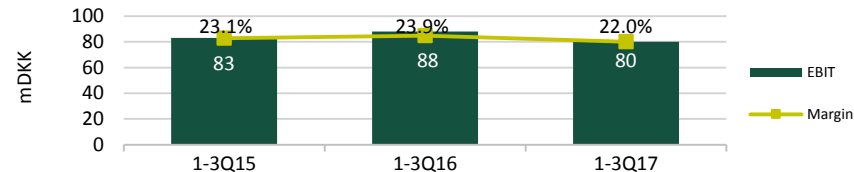
## Volume



## Revenue

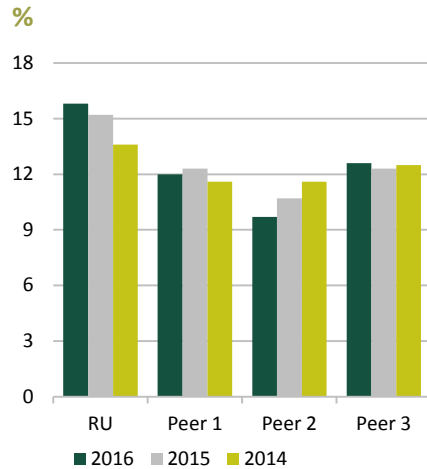


## EBIT

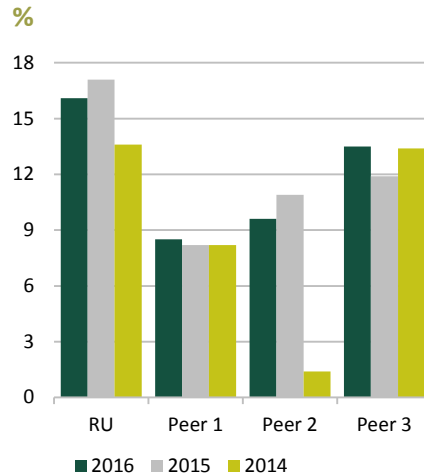


# Solid performance to peers 2016

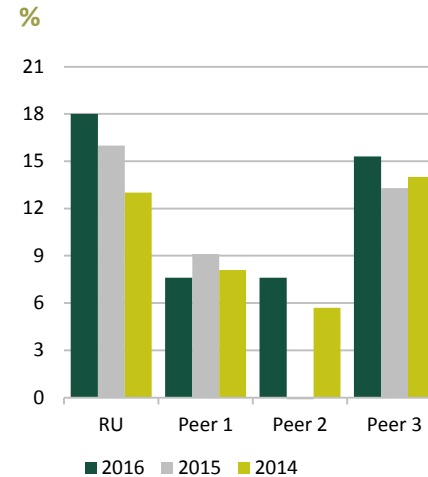
**EBIT margin  
(comparable region)**



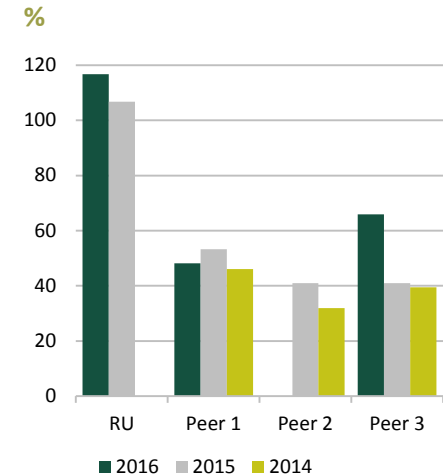
**Free cash flow  
- % of revenue**



**Return on invested  
capital\***



**Cash return to  
shareholders\*\***



\* Based on average invested capital

\*\* Percentage of net profit the year before

# Shareholder distribution

## Dividend for 2016 of DKK 427m paid to shareholders

- Dividend of DKK 8.15 per share

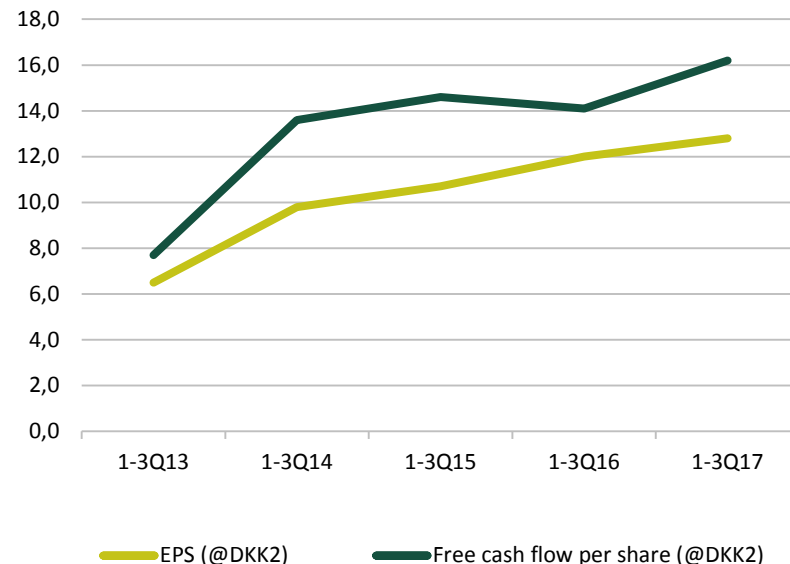
## DKK 560m share buy-back initiated on March 8, 2017

- Safe harbour program
- Maximum 12 month period

## Share buy-back as per September 30, 2017 (existing and previous program)

- 1,181,378 shares bought at at total value of DKK 356m

## EPS and free cash flow per share



# Financial targets

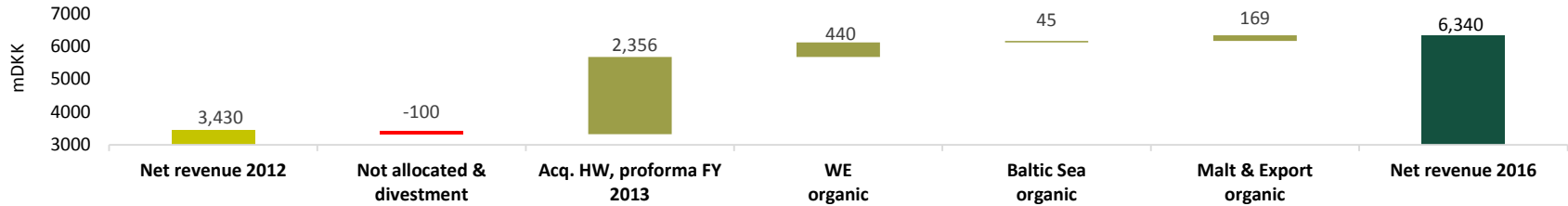
	March 2017 revised target	November 2015 revised target	August 2014 revised target	Post Hartwall acquisition target*
Earnings	EBIT margin 16%	EBIT margin 15%	EBIT margin 14%	EBIT margin 13%
Equity ratio	Minimum 30%	Minimum 30%	Minimum 30%	Minimum 30%
NIBD/EBITDA	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x

- Distribution policy:
  - Dividends 40-60% of net profit
  - Share buy-back to adjust capital structure

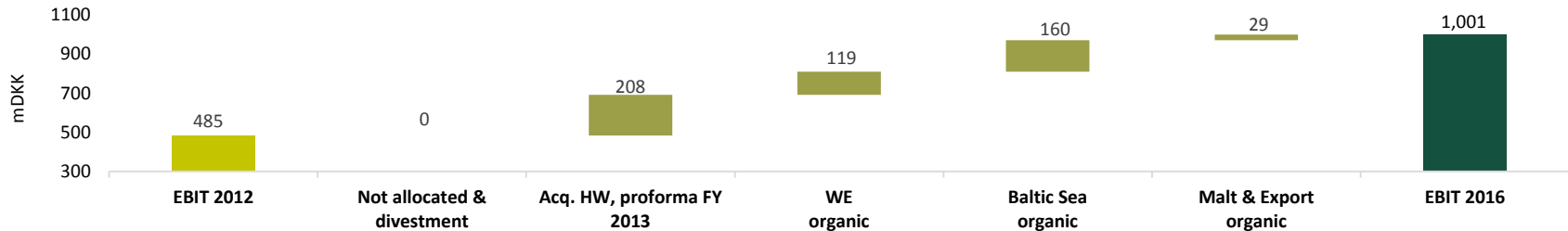
\* Amortization from the acquisition decreased EBIT-margin by approx. 50bp

# Significant organic improvement 2012 to 2016

## Net revenue bridge 2012-2016

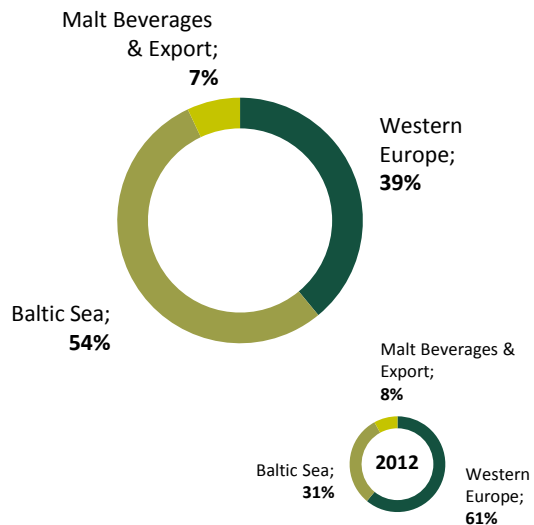


## EBIT bridge 2012-2016

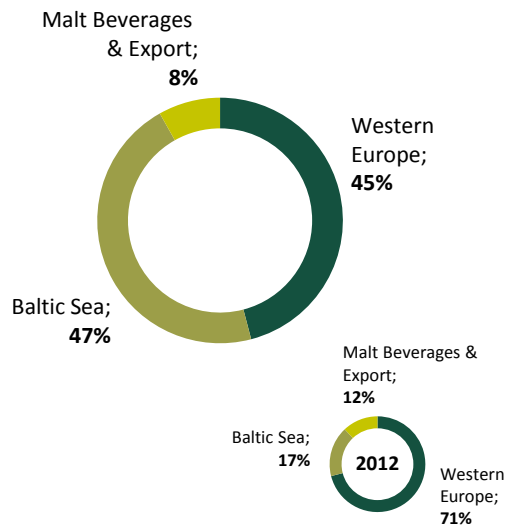


# Business segment overview

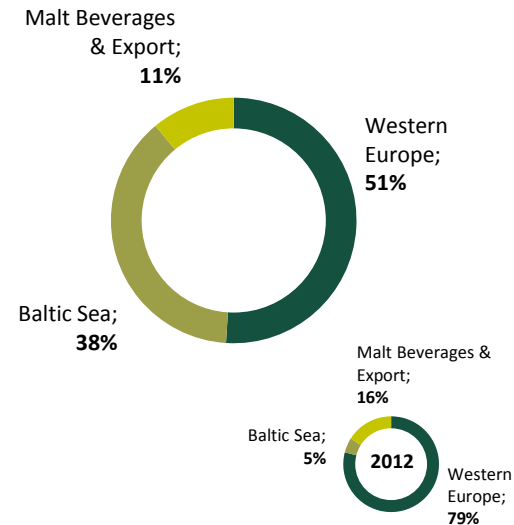
## FY 2016 Volume



## FY 2016 Net revenue



## FY 2016 EBIT





# Disclaimer

This Presentation contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance, or industry results to differ materially from the results expressed or implied in such forward-looking statements. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that may have direct bearing on the Group's actual results include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, development in the demand for the Group's products, introduction of and demand for new products, the competitive environment and the industry in which the Group operates, changes in consumer preferences, increasing industry consolidation, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, determination of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors.

New risk factors can emerge in the future, which the Group cannot predict. Furthermore, the Group cannot assess the impact of each factor on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.