

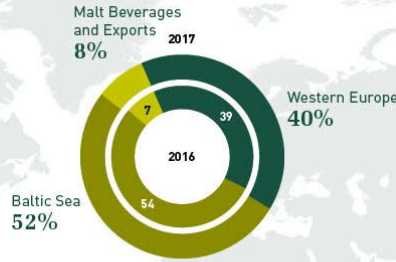
# Northern European Conference 2018, Boston

Royal Unibrew A/S

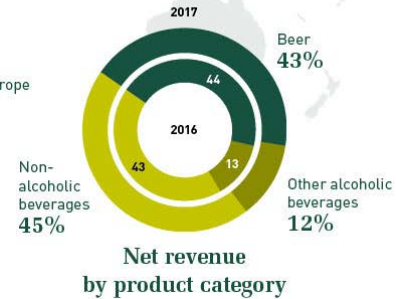
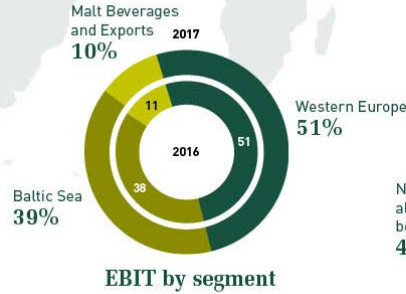
By Lars Jensen 17 May 2018



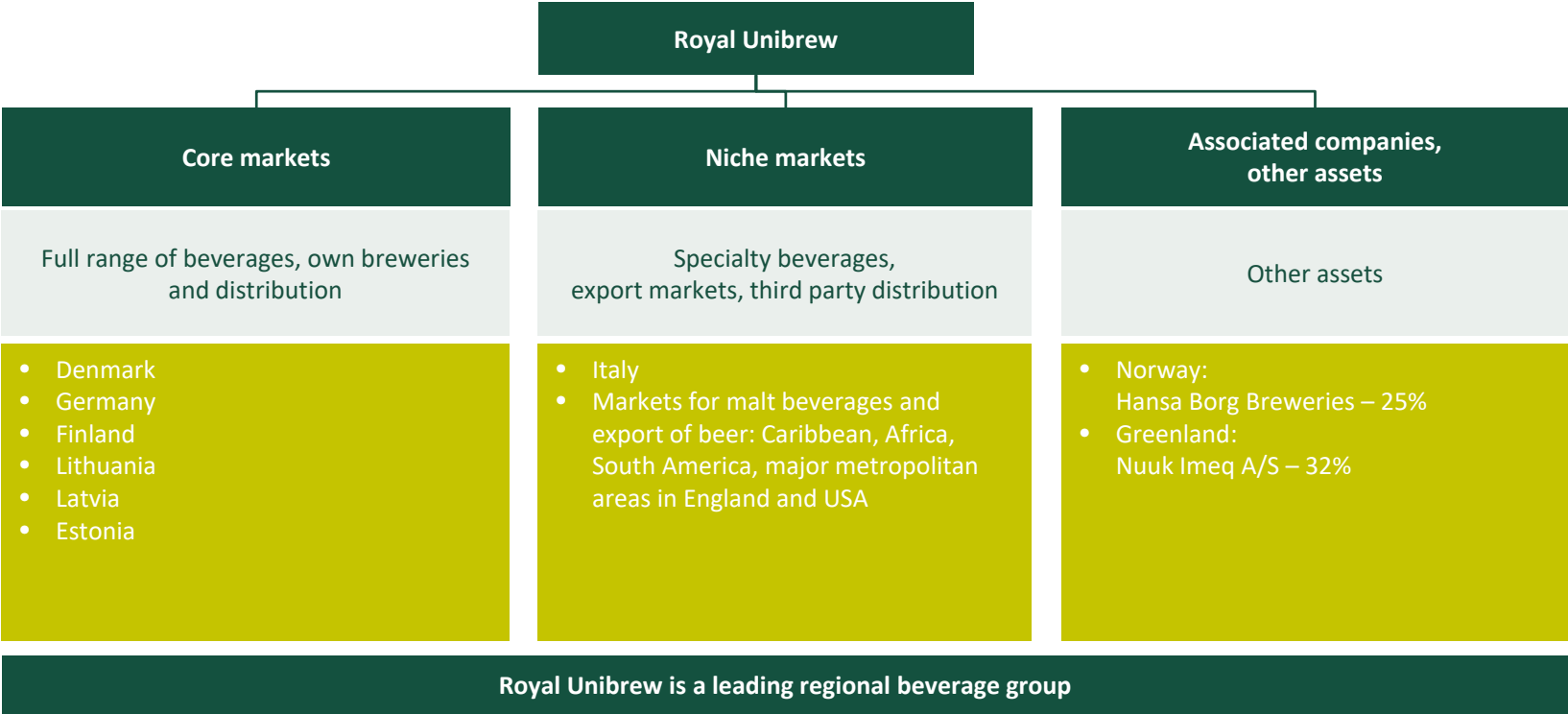
# Royal Unibrew in brief



Volume by segment



# A Leading Regional Beverage Group



# Royal Unibrew's goal is to be an efficient regional beverage player



- Positions, mainstream and niche
- Category, brands and international partnerships
- Growth agenda
- Commercial agenda
- Efficiency agenda
- Financial, competitive and strategic flexibility – and capital structure
- Our Leadership DNA



# Strategic priorities

## Innovation

Identifying trends for products, brands, packaging, preferences & moment of consumption



## Craft Beer

Tapping into craft value. Establishing a new craft brewery & craft brew organisation



## Consumer Activation

Engaging the consumer on shared passions & common goals supportive of brand equity



## Operational Efficiency

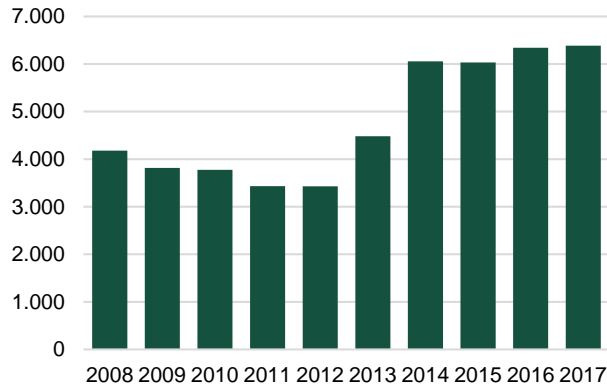
Continuous efficiency improvements



# Financial Performance 2008-2017

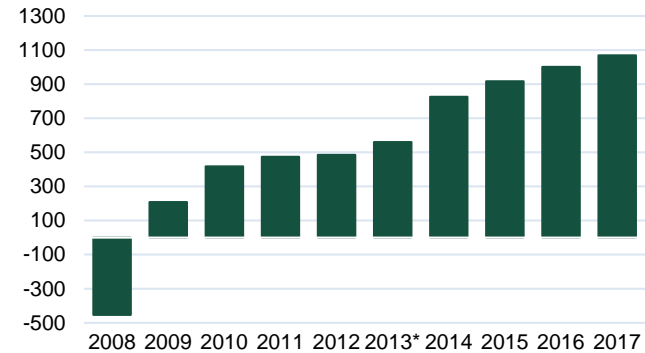
## Net revenue

DKKm



## EBIT

DKKm



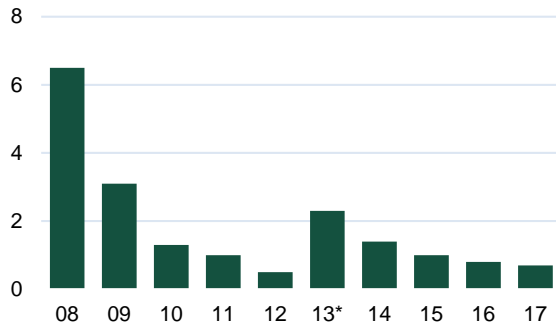
\* Hartwall contribution DKK 38m

# Financial Performance 2008-2017

Operating improvements and sale of non-core assets

## NIBD/EBITDA

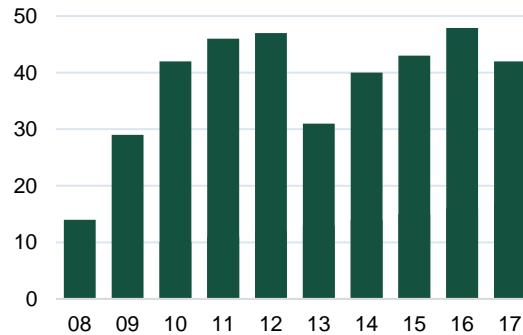
times



\* Calculated pro forma with Hartwall's realized full-year EBITDA

## Equity ratio

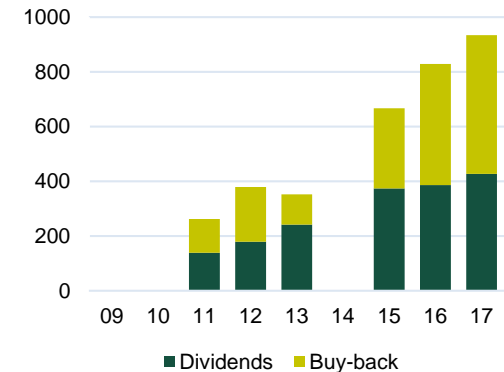
%



Creating shareholder value

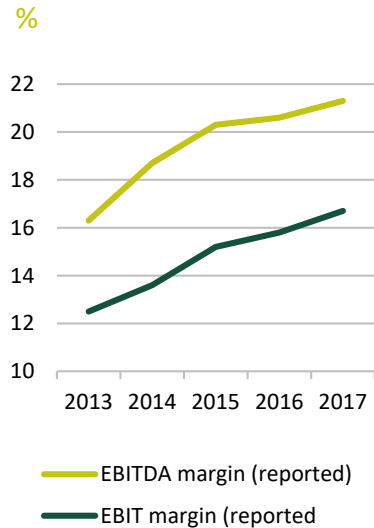
## Distribution

DKKm

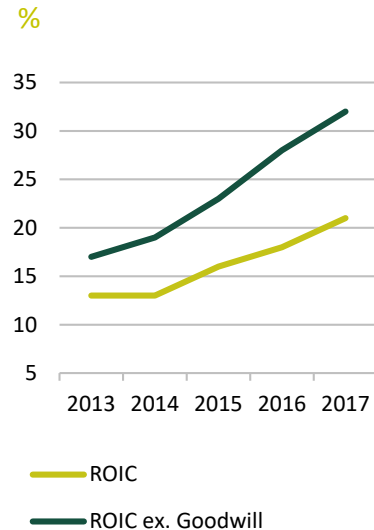


# Strong key figure performance

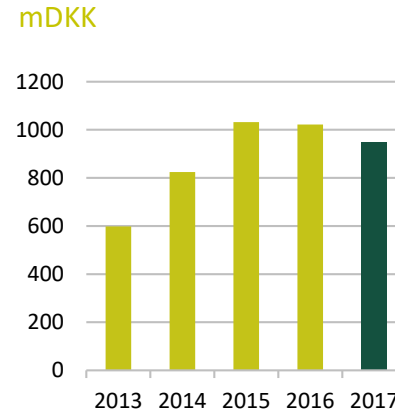
## Profit margins



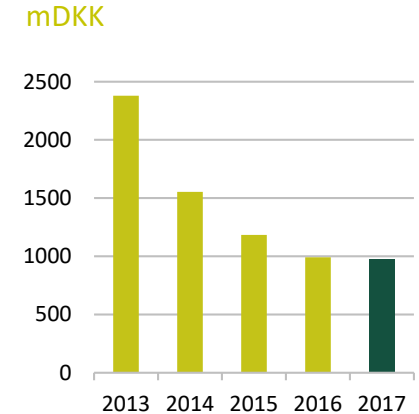
## ROIC



## Free Cash Flow



## NIBD



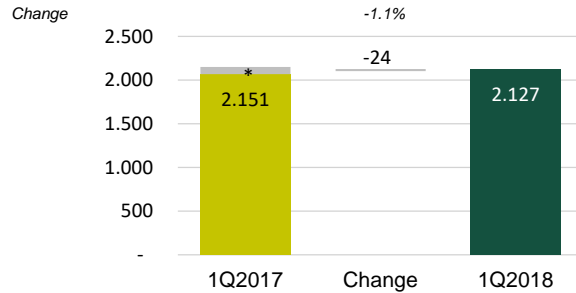


# Solid Q1 – in line with outlook guidance

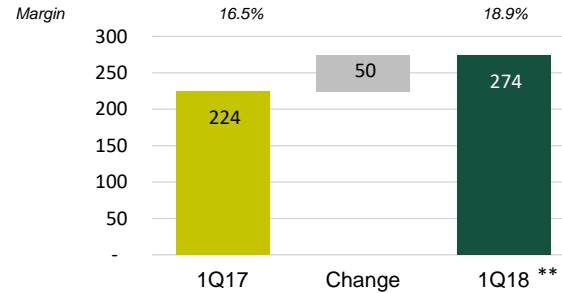
- Overall market position maintained
- Volume unchanged at 2.1 mHL
- Q1 positively impacted by full Easter effect
- Net revenue increased 7% by DKK 98m to DKK 1,452m – impacted by the Easter and Terme di Crodo
- EBIT increased DKK 43m to DKK 194m
- EBIT-margin increased from 11.2% to 13.3%
- Free cash flow at DKK -278m compared to DKK -54m in 1Q17
- Outlook 2018 maintained

# Solid start on financial year

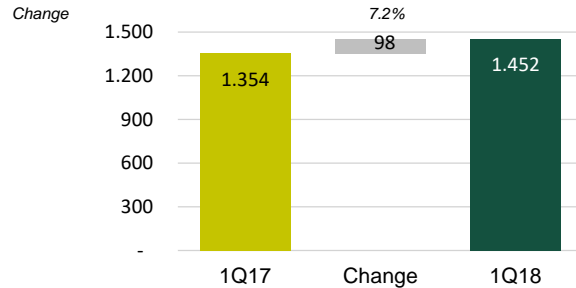
Volume '000 hl



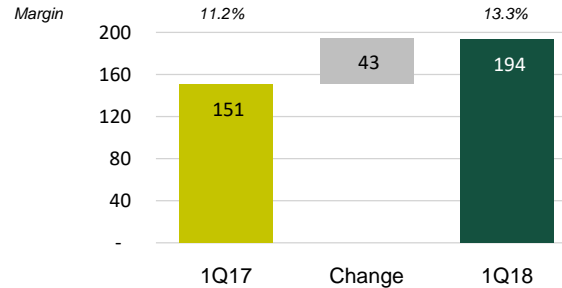
EBITDA mDKK



Net revenue mDKK



EBIT mDKK



\* License volume Russia = 82t hl

\*\* Positively effected by DKK 14m from IFRS 16 implementation

# Earnings increase in all segments

## Western Europe

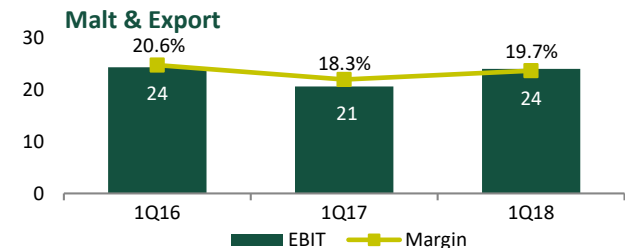
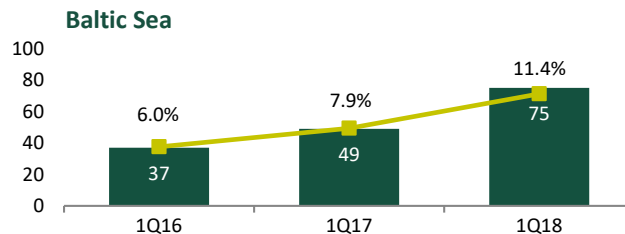
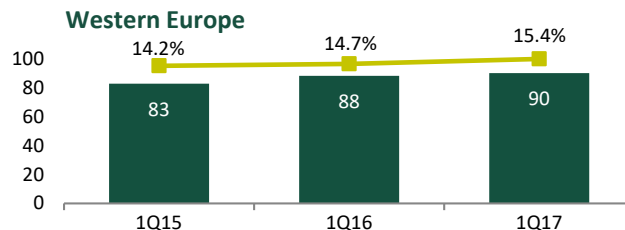
- Volume +5%, NR +9% incl. snacks, EBIT +14%
- Denmark & Germany
  - strong price/mix from various commercial initiatives
  - branded market increased slightly
- Italy
  - market down in Q1 by mid single digit, due to the weather and declining consumption
  - Terme di Crodo integration is developing as expected, with focus on the commercial agenda

## Baltic Sea

- Volume -8%, NR +6%, EBIT +53%
- Finland
  - market share up in the branded market (excl. SOK effect)
  - Positive NR/HL development from mix
- Baltics
  - continuing challenging market conditions with consumer price changes that makes it difficult to separate individual impact
  - market position maintained

## Malt & Export

- Volume +16%, NR +9%, EBIT +14%
- Sales from distributors to customer increased with mid single digit in Q1
- Negative impact from exchange rates
- Hard currency is still a challenge in Africa



# Improved financial performance

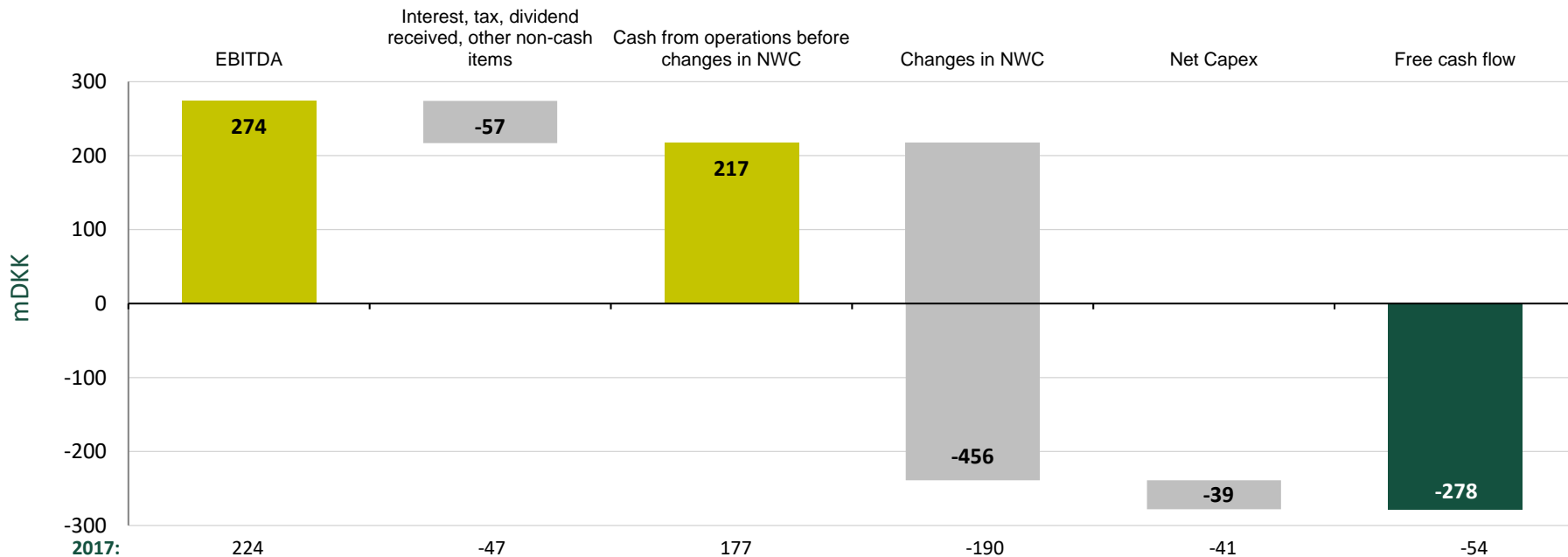
mDKK	1Q2018	1Q2017	Change
<b>P&amp;L ITEMS</b>			
Net revenue	1,452	1,354	98
Gross margin	50.9%	50.1%	0.8pp
EBITDA	274*	224	50
EBITDA margin	18.9%	16.5%	2.4pp
EBIT	194	151	43
EBIT margin	13.3%	11.2%	2.1pp
Profit before tax	181	143	38
Net profit	142	110	32

\* Positively effected by DKK 14m from IFRS 16 implementation

mDKK	1Q2018	1Q2017	Change
<b>BALANCE SHEET ITEMS</b>			
Net interest bearing debt	2,224	1,142	1,082
Net working capital	-488	-690	202
Total assets	7,347	6,294	1,053
Equity	2,791	2,935	-144
Equity ratio	38%	47%	-9pp
Invested capital	5,324	4,316	1,008
ROIC ex. goodwill	27.3%	27.0%	0.3pp
ROIC incl. goodwill	18.2%	18.0%	0.2pp

# Cash flow in line with expectations

## Cash Flow



# Market position in Italy considerably reinforced by acquisition of Terme di Crodo

- The acquisition of Terme di Crodo and the LemonSoda activities from Gruppo Campari was finally realised on 2 January 2018
- The acquisition of LemonSoda doubles the number of must-stock products in the Italian business
- The acquisition 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



# Terme di Crodo

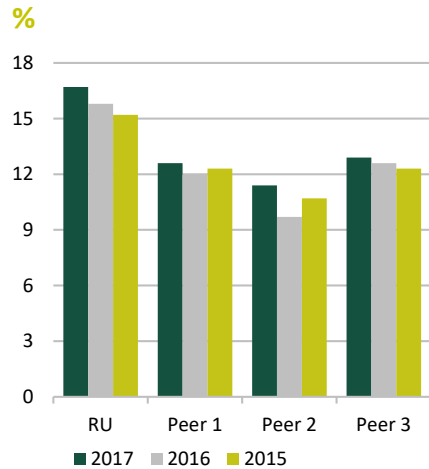
## Pro-forma financial highlights and ratios 2016 Terme di Crodo

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

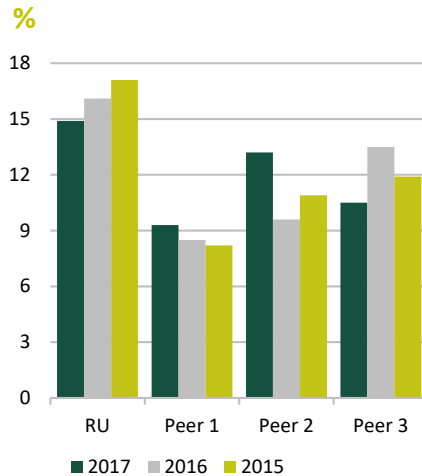


# Performance to peers 2017

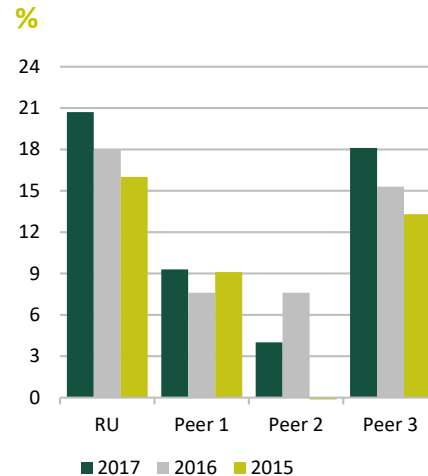
**EBIT margin  
(comparable region)**



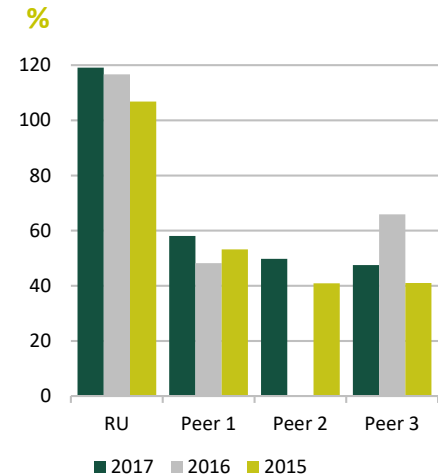
**Free cash flow  
% of revenue**



**Return on invested  
capital\***



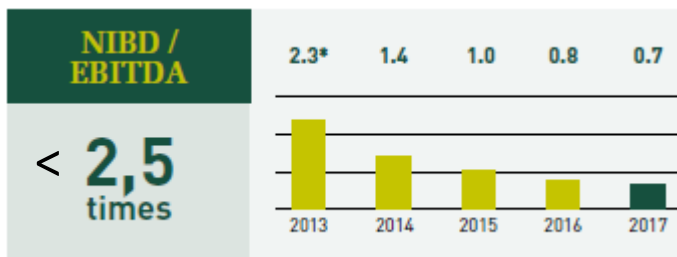
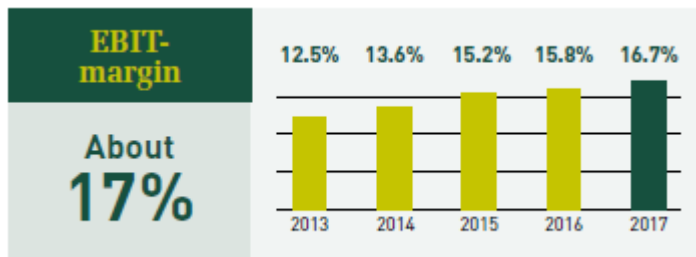
**Cash return to  
shareholders\*\***



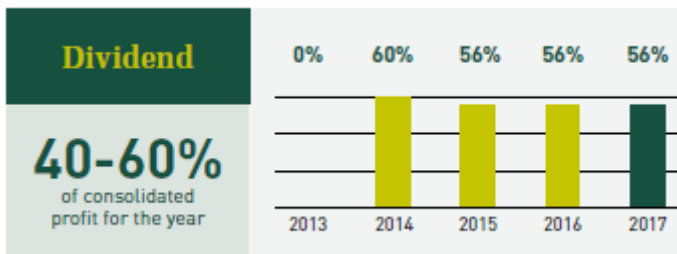
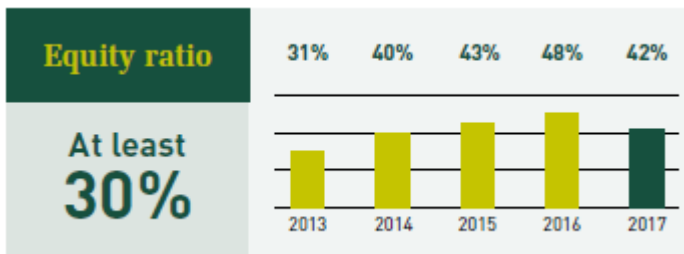
\* Based on average invested capital  
\*\* Percentage of net profit the year before



# Financial targets



\* calculated proforma with Hartwall's realised full-year EBITDA



Share buy-back is used to adjust the capital structure

# Shareholder distribution

Dividend of DKK 469m to be proposed at the AGM

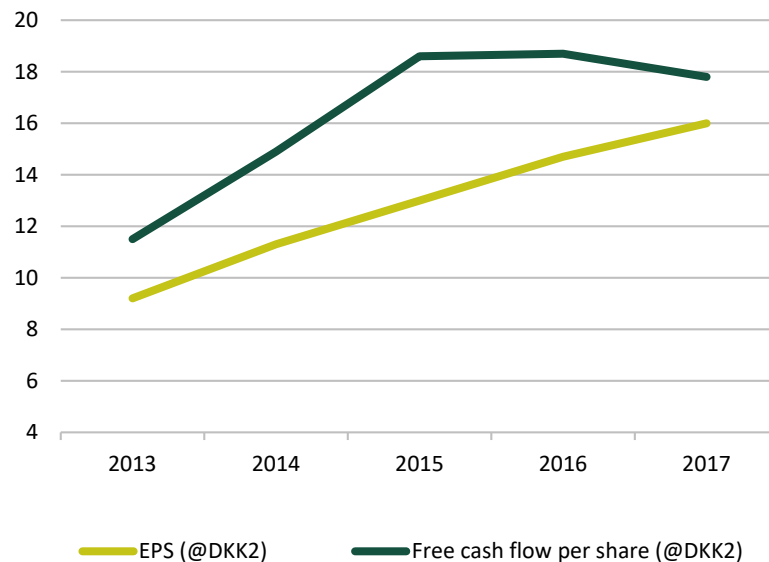
**Dividend DKK 8,90 per share**

DKK 400m share buy-back initiated

**Safe Harbour program**

**Duration until March 2019**

## EPS and free cash flow per share



# Outlook 2018

mDKK	Outlook 2018	Actual 2017	Outlook August 2017	Outlook March 2017
Net revenue	6,650 - 6,900	6,384	6,250 - 6,350	6,250 - 6,450
EBITDA	1,450 - 1,550	1,362	1,320 - 1,370	1,285 - 1,385
EBIT	1,090 - 1,190	1,069	1,030 - 1,080	980 - 1,080

## Outlook assumptions

- Based on a normal summer
- We expect slight net price increases to compensate for higher input cost
- Terme di Crodo is expected to generate some DKK 265mio in Net revenue
- Costs is expected to follow inflation, plus we expect to continue to grow our commercial investment to grow our business
- Input price expected to go up and as usual most have been hedged/secured at the moment of time for 2018
- Net investments between DKK 315-335mio including the change in the bookkeeping related to operational leasing which is DKK 50mio hereof.

# Management



## Hans Savonije

### President & CEO

BA Business administration

Joined the Executive Board on 29 September 2008

### Past experience

Beverage Partners Worldwide, Coca-Cola & Nestlé, CEO  
SVP Global Markets, Remy Cointreau Associés, CEO,  
France  
World Lotteries Association, CEO, Switzerland



## Lars Jensen

### CFO

Diploma in Business Economics, Informatics and  
Management Accounting. Joined Royal Unibrew in 1993

Joined the Executive Board on 30 November 2011

### Past experience

Head of Finance, Royal Unibrew A/S

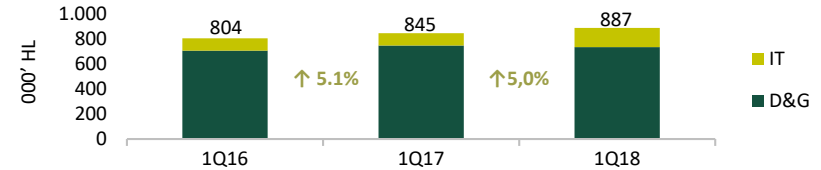
Q&A-session



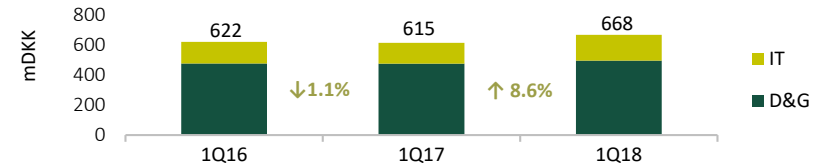
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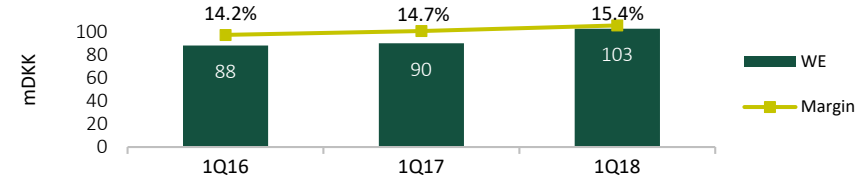
## Volume



## Revenue



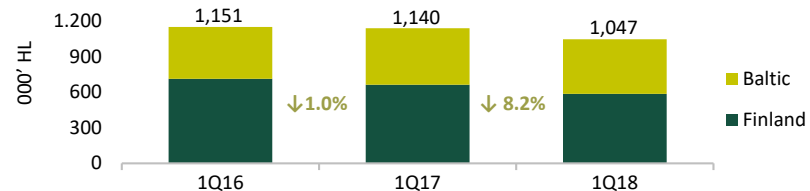
## EBIT



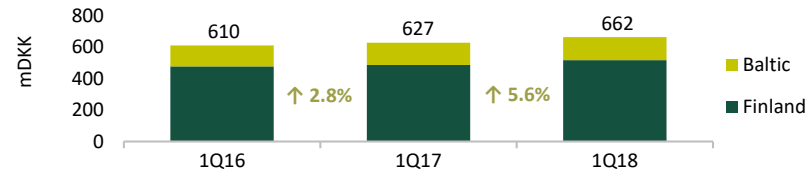
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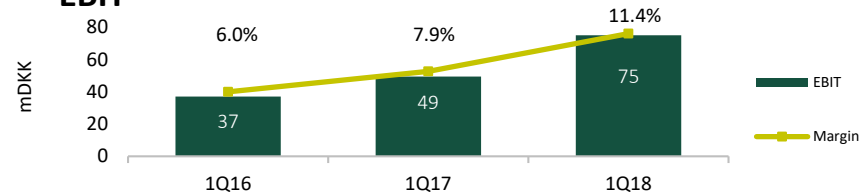
## Volume



## Revenue



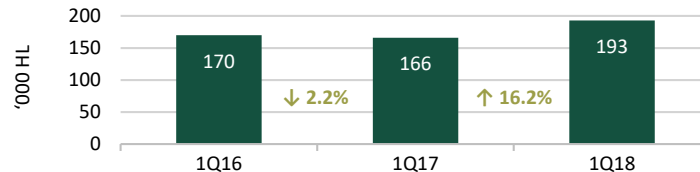
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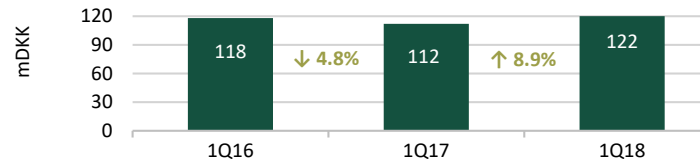
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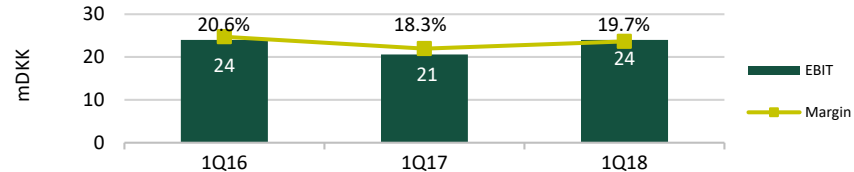
## Volume



## Revenue



## 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.