

# Interim Report 1 January – 30 June 2017

October 2017

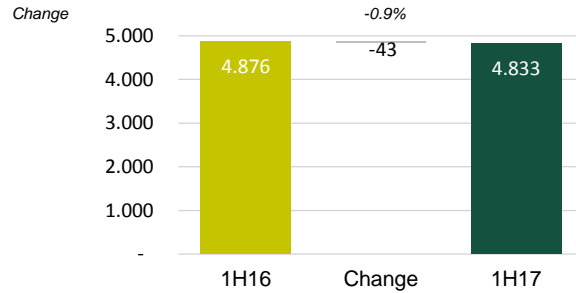


# Performance improvements in line with expectations

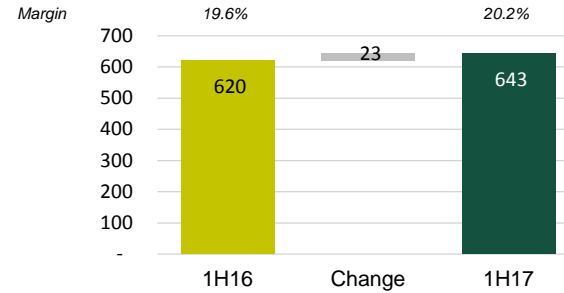
- Overall market positions maintained
- Volume 1% lower at 4.8 mHL
- Net revenue 1% higher at DKK 3.2bn
- EBIT increased by more than 7% to DKK 502m
- EBIT-margin increase from 14.8% to 15.8%
- Free cash flow DKK 497m (DKK 514m including 1Q16 Aarhus sale DKK 160m)
- Outlook 2017 confirmed - specified interval:
  - Net revenue in the low-end (due to poor summer weather)
  - EBIT in the upper half of interval

# Increasing earnings

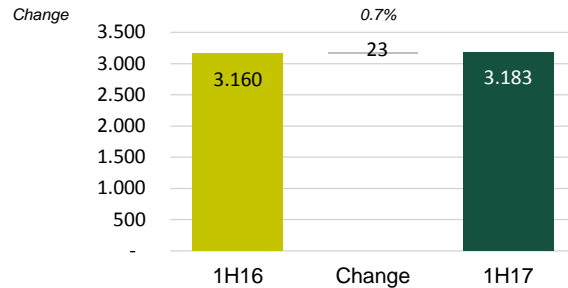
**Volume '000 HL**



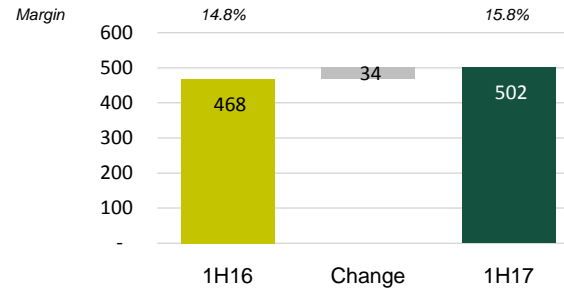
**EBITDA mDKK**



**Net revenue mDKK**



**EBIT mDKK**



# Earnings increase in Western Europe and Baltic Sea

## Western Europe

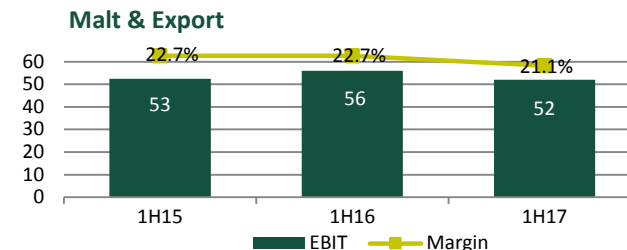
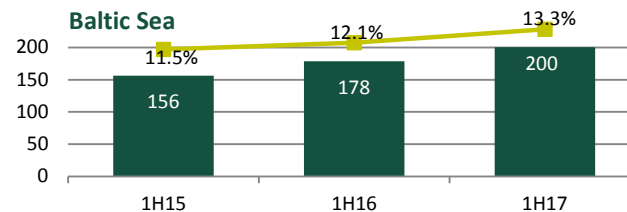
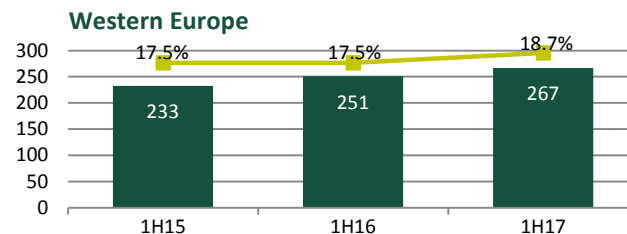
- Volume +4%, NR -1% excl. snacks, EBIT +6%
- Denmark & Germany – market positions strengthened. Increased product awareness from Royal Arena, Distortion & Tivoli
- PepsiCo snacks distribution in Denmark developing as planned
- Italy – increasing product offerings, market positions slightly down

## Baltic Sea

- Volume -5%, NR +2%, EBIT +12%
- Finland – Market positions excl. the extraordinary campaign declining from value management focus. Investment in new specialty brewery
- Baltics – increasing consumer prices and declining consumption on regulatory tightening for alcohol products
- PepsiCo soft drink business in Baltics developing as planned

## Malt & Export

- Volume +5%, NR 0%, EBIT -7%
- Difficult macro-economics and FX in a number of markets
- Sell-out a low single digit increase
- Continued investment in the organization and market positions



# Improved financial performance

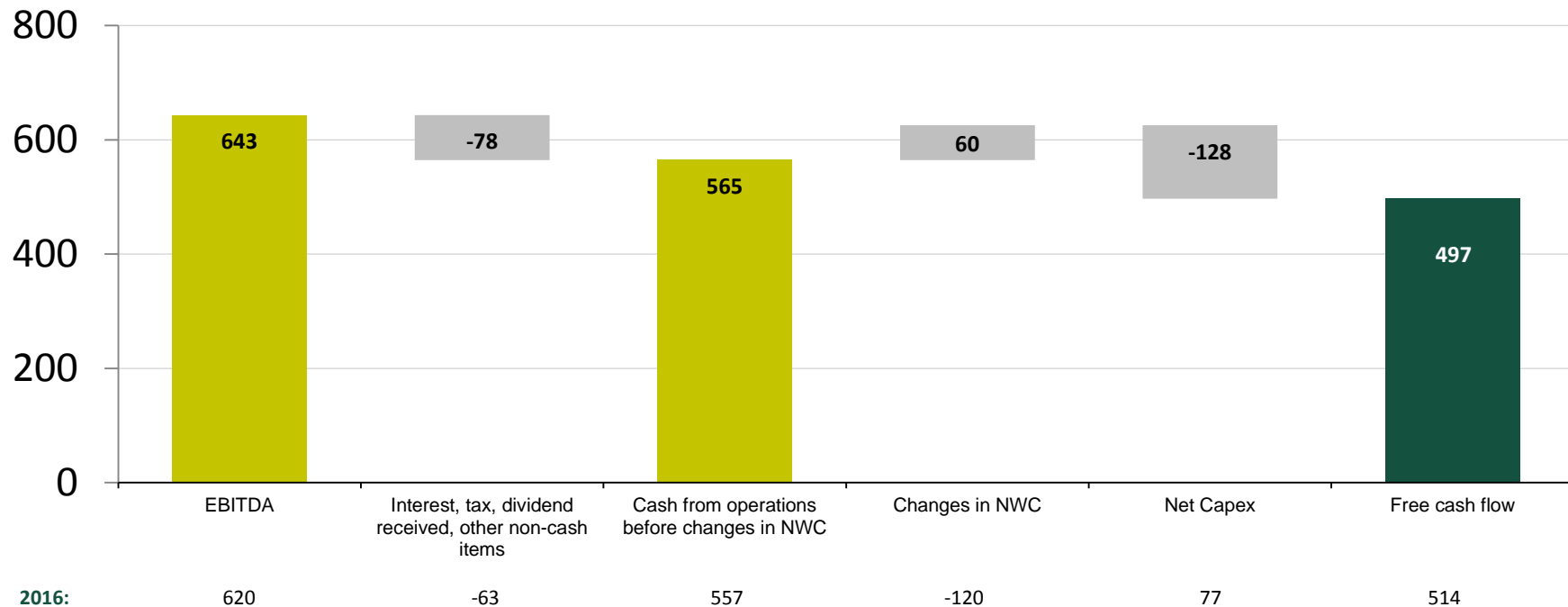
mDKK	1H17	1H16	Change
<b>P&amp;L ITEMS</b>			
Net revenue	3,183	3,160	23
Gross margin	51.6%	52.0%	-0.4pp
EBITDA	643	620	23
EBITDA margin	20.2%	19.6%	0.6pp
EBIT	502	468	34
EBIT margin	15.8%	14.8%	1.0pp
Profit before tax	498	462	36
Net profit	390	364	26

mDKK	1H17	1H16	Change
<b>BALANCE SHEET ITEMS</b>			
Net interest bearing debt	1,158	1,261	-103
Net working capital	-949	-867	-82
Total assets	6,405	6,531	-126
Equity	2,637	2,712	-75
Equity ratio	41.2%	41.5%	-0.3pp
Invested capital	4,041	4,207	-166
ROIC ex. goodwill	30.2%	25.2%	5.0pp
ROIC incl. goodwill	19.6%	16.9%	2.7pp

# Cash flow in line with expectations

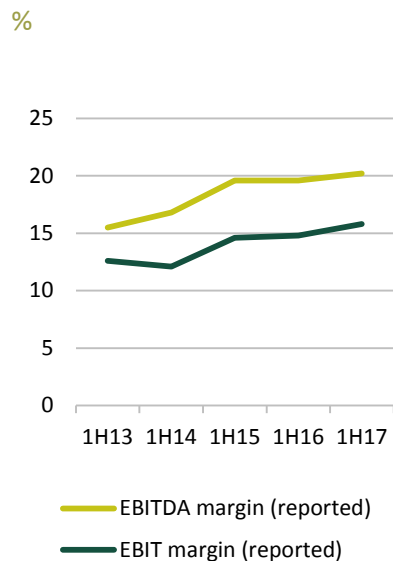
## Cash Flow

mDKK

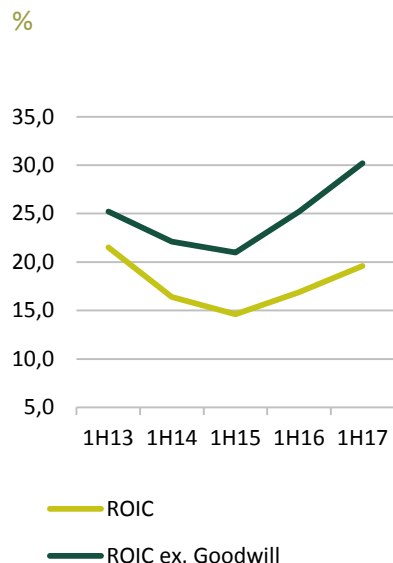


# Strong key figure performance

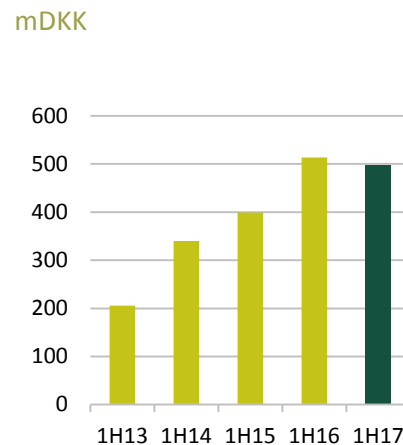
## Profit margins



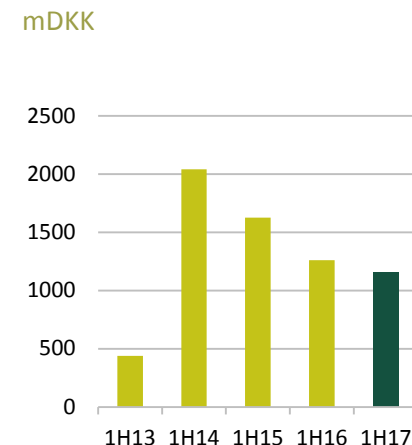
## ROIC



## Free Cash Flow



## NIBD



# Outlook 2017 reiterated and specified

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



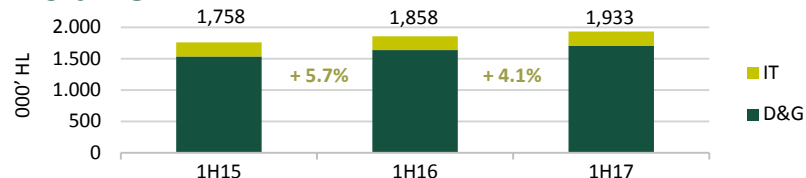
# Appendix



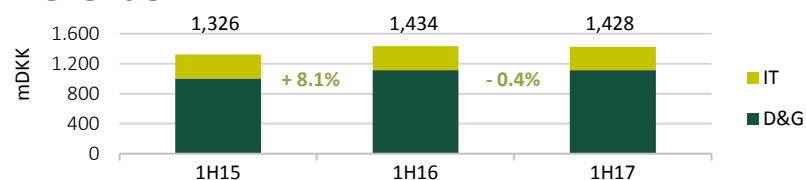
# Western Europe: Continued earnings increase

- Volume +4%, NR -1% excl. snacks, EBIT +6%
- Denmark & Germany – market positions strengthened.
- Increased product awareness from Royal Arena, Distortion & Tivoli
- PepsiCo snacks distribution in Denmark developing as planned
- Italy – increasing product offerings, market positions slightly down

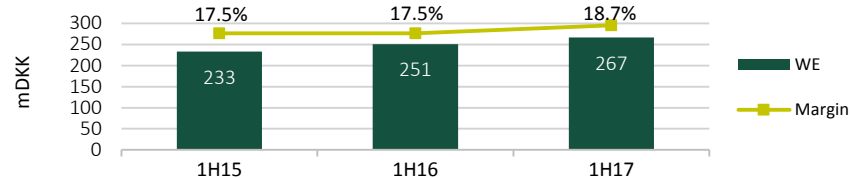
## Volume



## Revenue



## EBIT

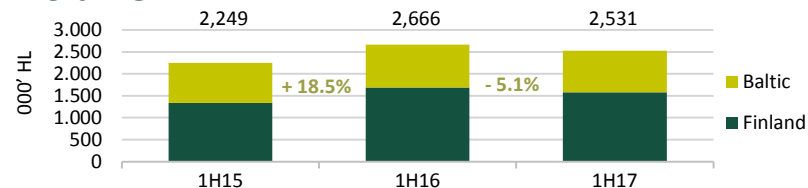


## Baltic Sea:

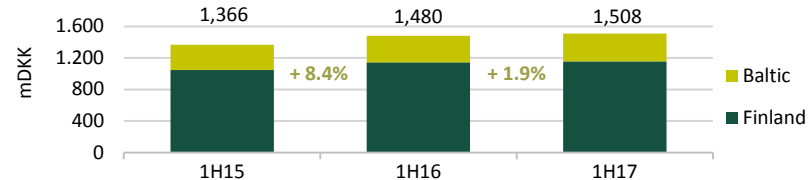
# Earnings increase on efficiencies & price/mix

- Volume -5%, NR +2%, EBIT +12%
- Finland – Market positions excl. the extraordinary campaign declining from value management focus.
- Investment in new Finnish specialty beer brewery
- Baltics – increasing consumer prices and declining consumption on regulatory tightening for alcohol products
- PepsiCo soft drink business in Baltics developing as planned

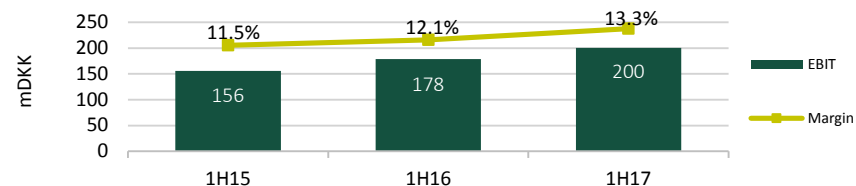
### Volume



### Revenue



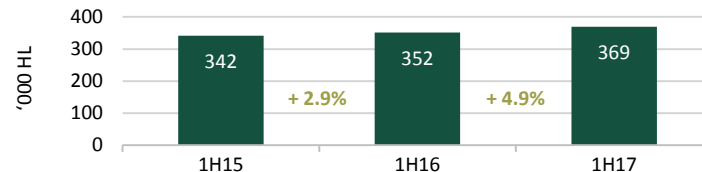
### EBIT



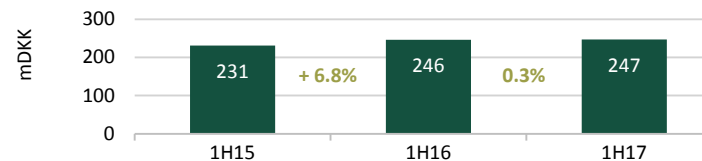
# Malt Beverages and Exports: Growth rate declining from macro

- Volume +5%, NR 0%, EBIT -7%
- Difficult macro-economics and FX in a number of markets
- Sell-out a low single digit increase
- Continued investment in the organization and market positions

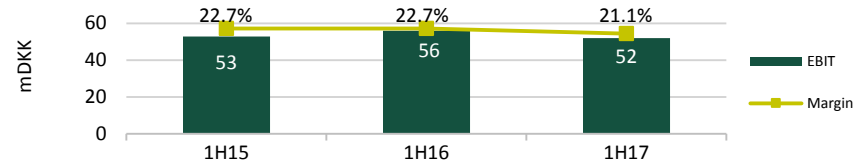
## Volume



## Revenue

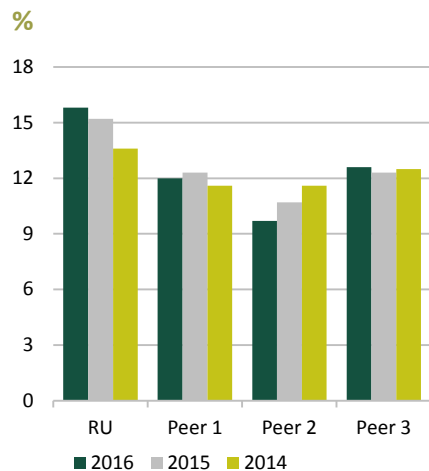


## EBIT

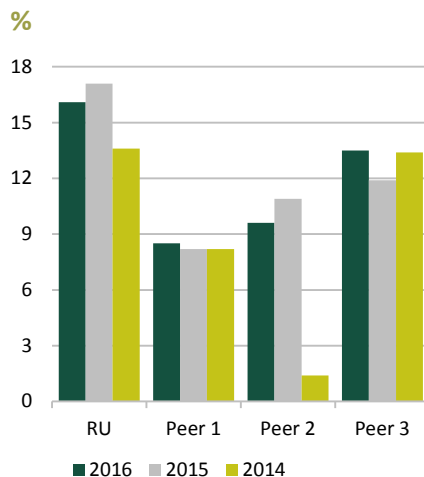


# Solid performance to peers 2016

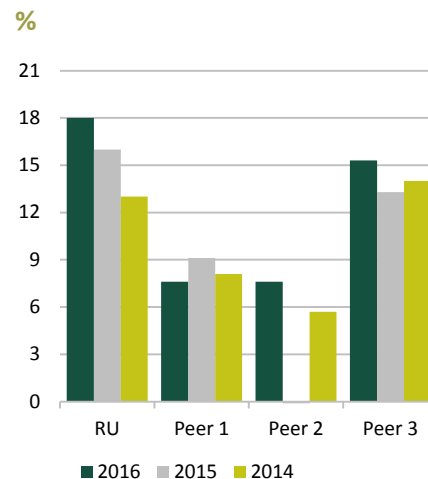
**EBIT margin  
(comparable region)**



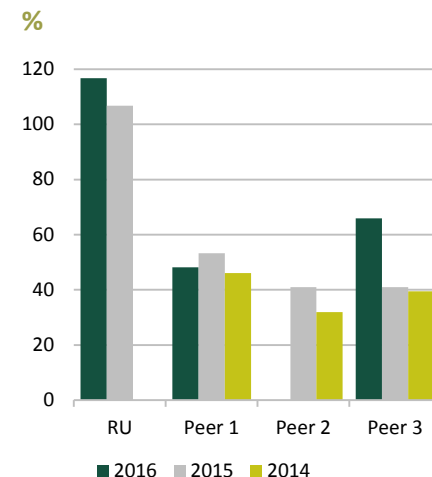
**Free cash flow  
- % of revenue**



**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 426m paid to shareholders

- Dividend of DKK 8.15 per share

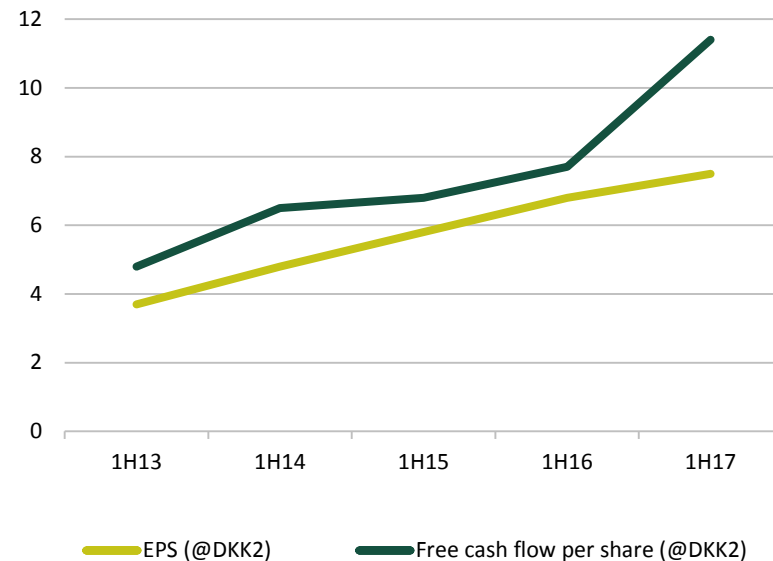
## DKK 560m share buy-back initiated on March 8, 2017

- Safe harbour program
- Maximum 12 month period

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

- 811,569 shares bought at at total value of DKK 237m

## 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

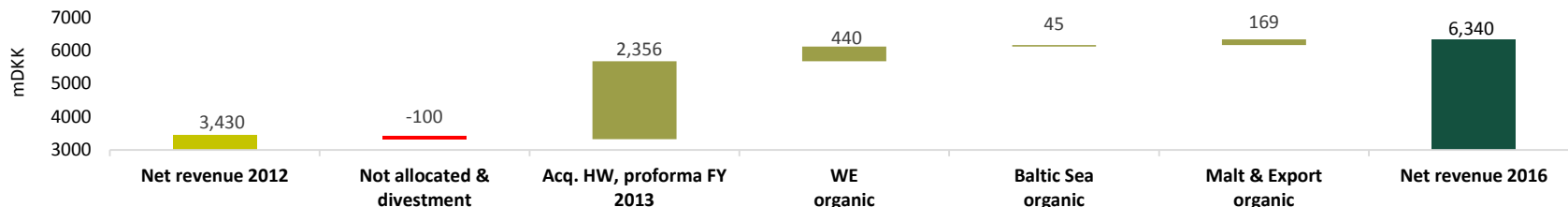
- Distribution policy:
  - Dividends 40-60% of net profit
  - Share buy-back to adjust capital structure

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

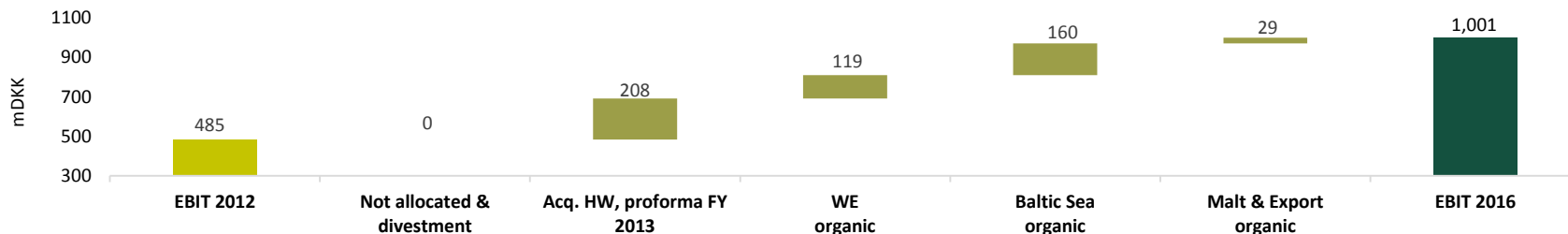


# Significant organic improvement 2012 to 2016

## Net revenue bridge 2012-2016

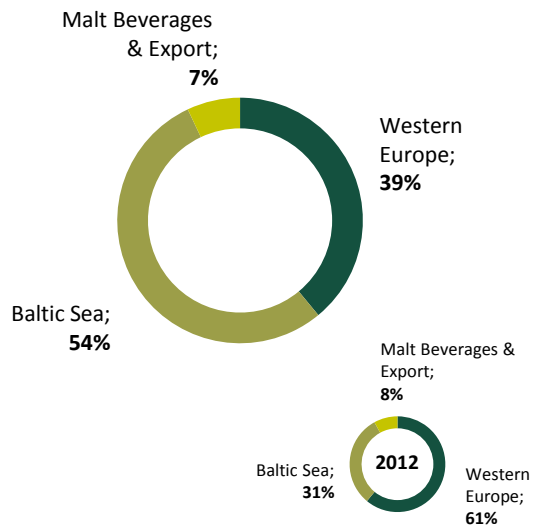


## EBIT bridge 2012-2016

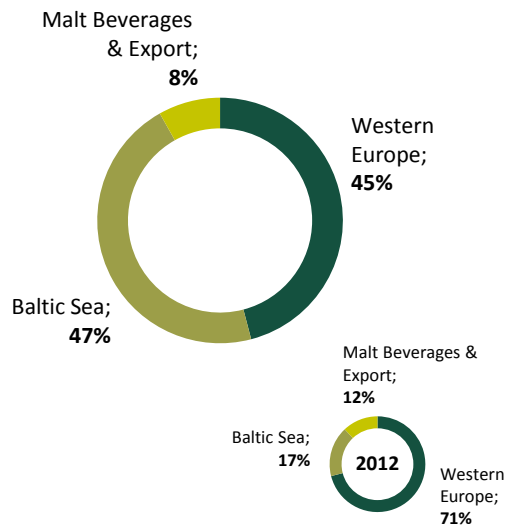


# Business segment overview

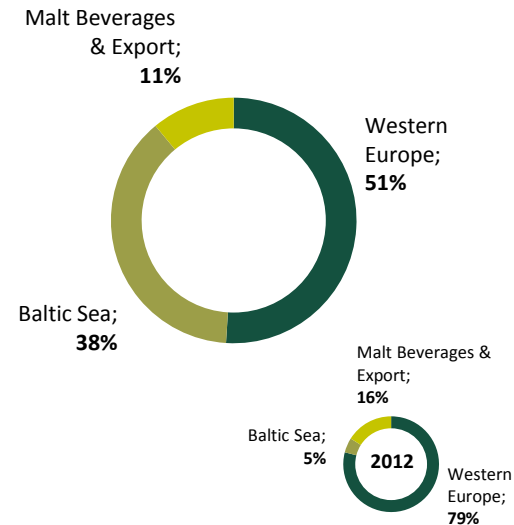
## FY 2016 Volume



## FY 2016 Net revenue



## FY 2016 EBIT



# 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

# Disclaimer

This presentation contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, 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. Royal Unibrew assumes no obligation to update or adjust any such forward-looking statements (except for as required under the disclosure requirements for listed companies) to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

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New risk factors may 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.