

Carnegie Small & Mid Cap Seminar 2017 in Stockholm

Royal Unibrew A/S

By Lars Jensen, CFO

5 September 2017



Facts about Royal Unibrew

- Royal Unibrew is the second biggest brewer in the Nordic and Baltic region
- Revenue in 2016 of DKK 6.340 billion
- EBITDA in 2016 of DKK 1,306 million
- Approximately 2,350 employees worldwide
- Export to approx. 85 countries worldwide
- 5 breweries and 2 soft drink/water facilities
- Market Cap end December 2016 of DKK 14.7 billion or EUR 2.0 billion
- Daily average liquidity last 12 months approx. DKK 29 million or EUR 3.9 million



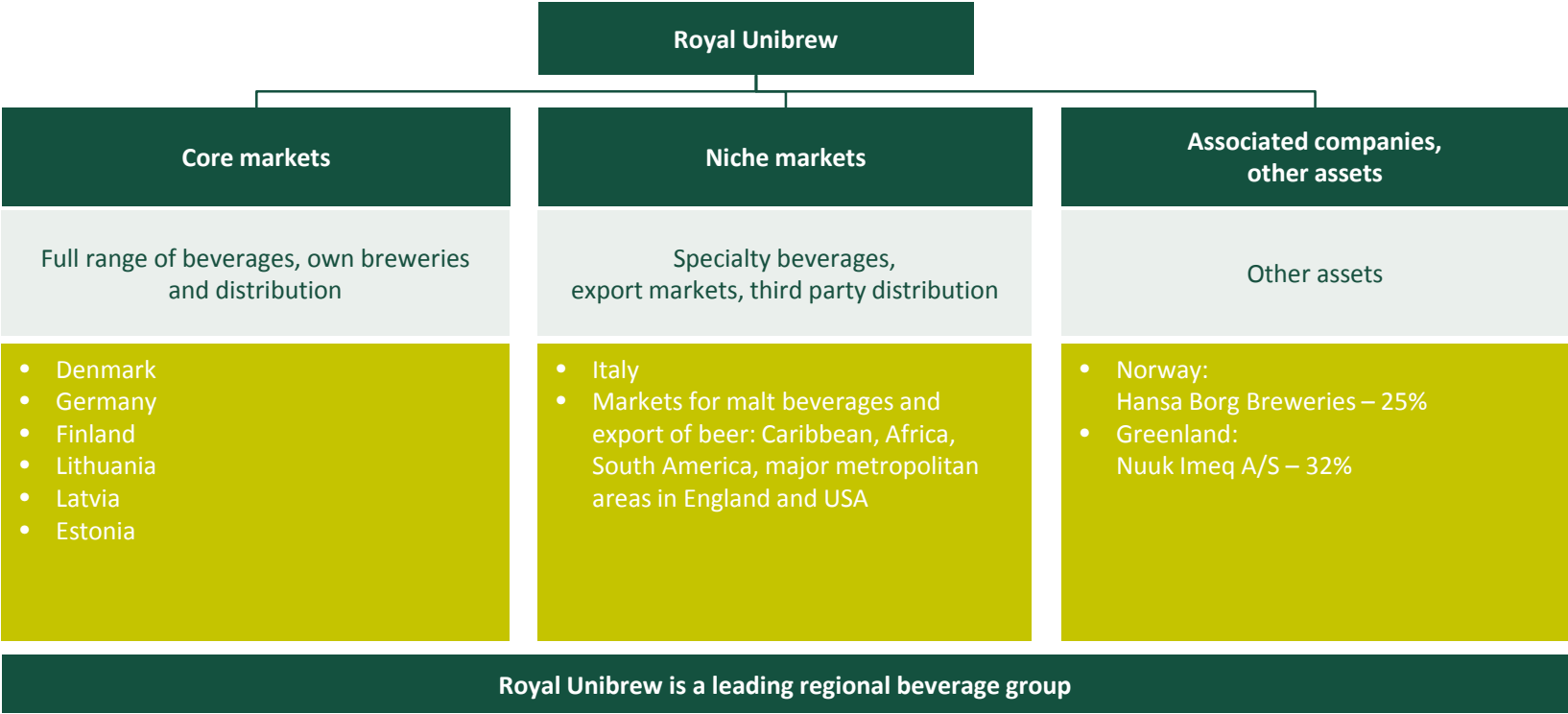
Royal Unibrew's goal is to be an efficient regional beverage player



- 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



A Leading Regional Beverage Group



Strategic priorities

Innovation

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



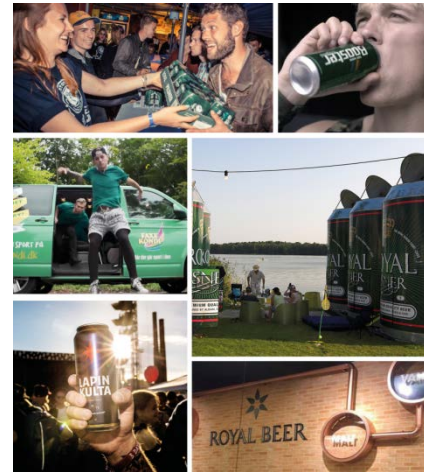
Craft Beer

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



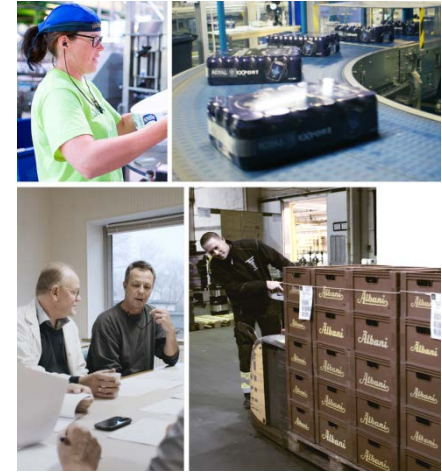
Consumer Activation

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



Operational Efficiency

Continuous efficiency improvements

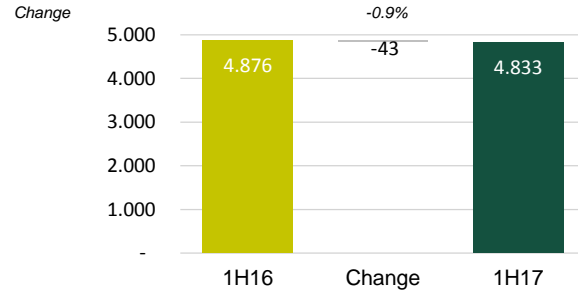


Performance improvements in line with expectations

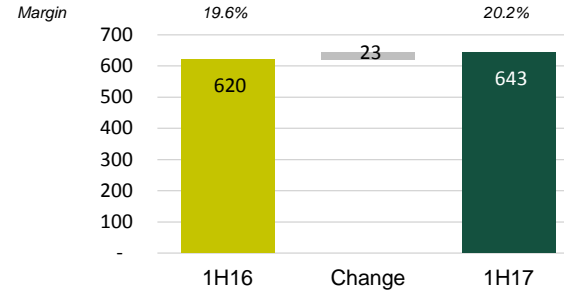
- Overall market positions maintained
- Volume 1% lower at 4.8 mHL
- Net revenue 1% higher at DKK 3.2bn
- EBIT increased by more than 7% to DKK 502m
- EBIT-margin increase from 14.8% to 15.8%
- Free cash flow DKK 497m (DKK 514m including 1Q16 Aarhus sale DKK 160m)
- Outlook 2017 confirmed - specified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

Increasing earnings

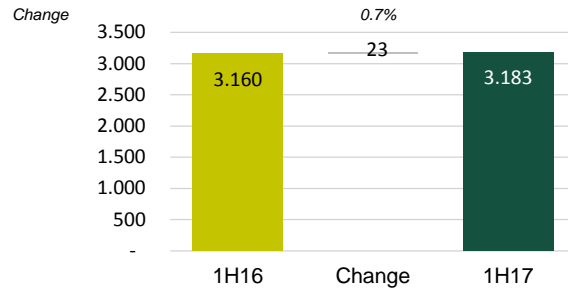
Volume '000 HL



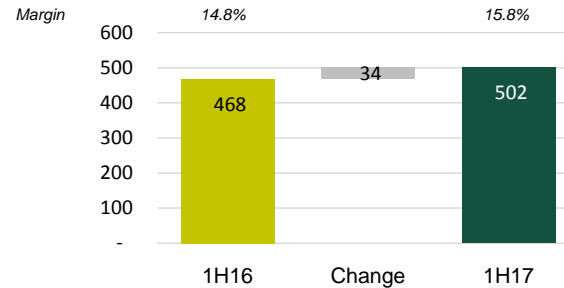
EBITDA mDKK



Net revenue mDKK



EBIT mDKK



Earnings increase in Western Europe and Baltic Sea

Western Europe

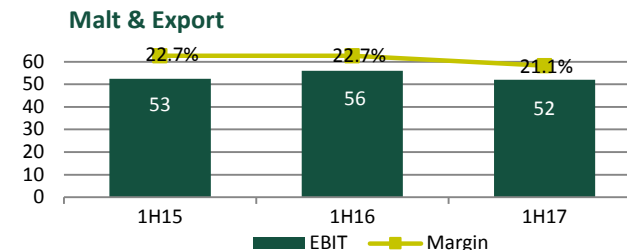
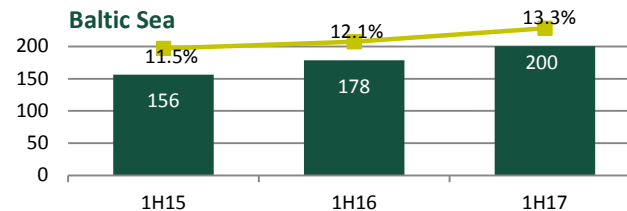
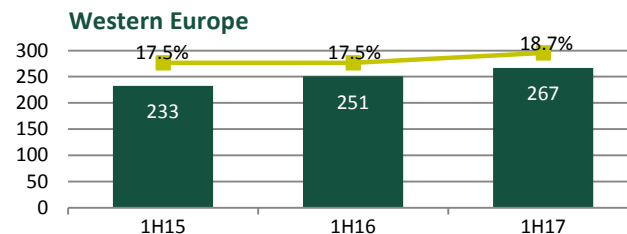
- Volume +4%, NR -1% excl. snacks, EBIT +6%
- Denmark & Germany – market positions strengthened. Increased product awareness from Royal Arena, Distortion & Tivoli
- PepsiCo snacks distribution in Denmark developing as planned
- Italy – increasing product offerings, market positions slightly down

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



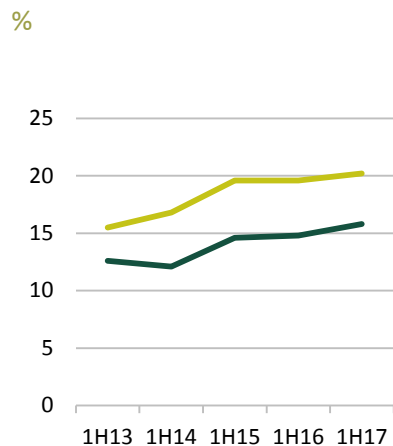
Improved financial performance

mDKK	1H17	1H16	Change
P&L ITEMS			
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
BALANCE SHEET ITEMS			
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

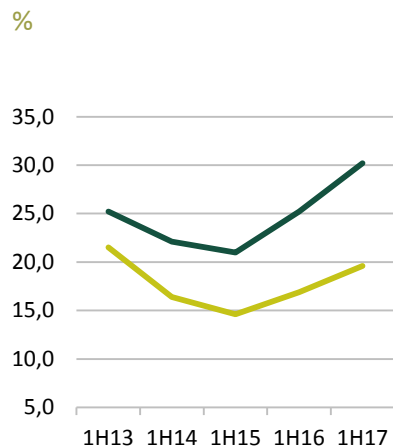
Strong key figure performance

Profit margins



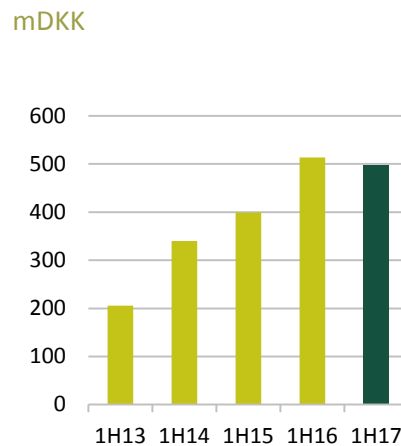
— EBITDA margin (reported)
— EBIT margin (reported)

ROIC

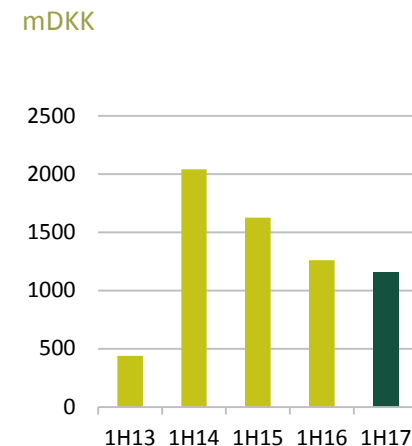


— ROIC
— ROIC ex. Goodwill

Free Cash Flow



NIBD



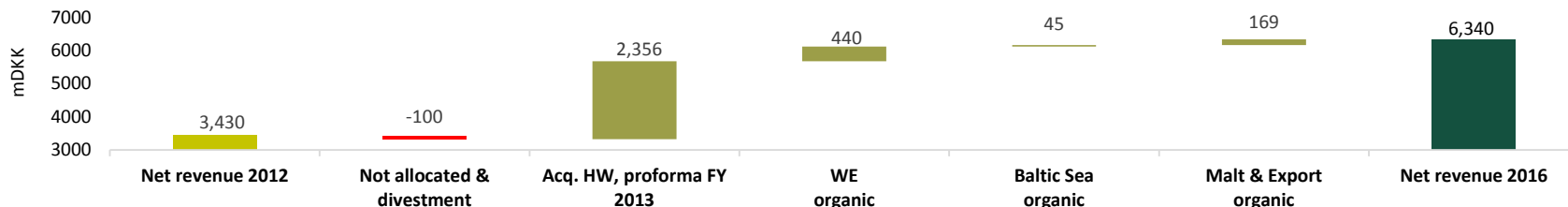
Outlook 2017 reiterated and specified

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

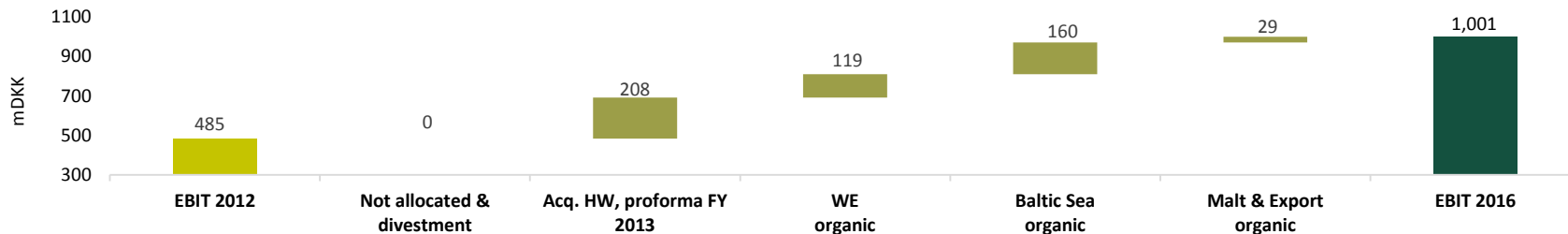


Significant organic improvement 2012 to 2016

Net revenue bridge 2012-2016

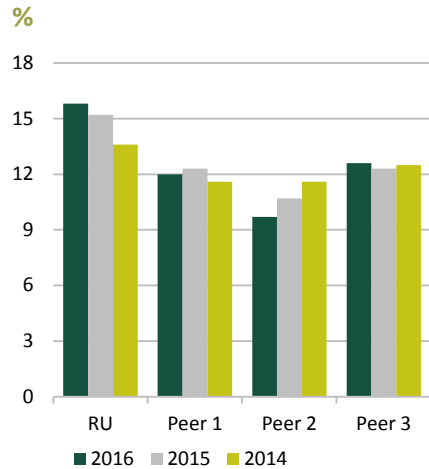


EBIT bridge 2012-2016

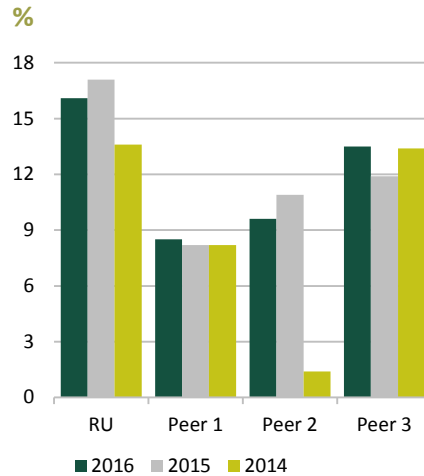


Solid performance to peers 2016

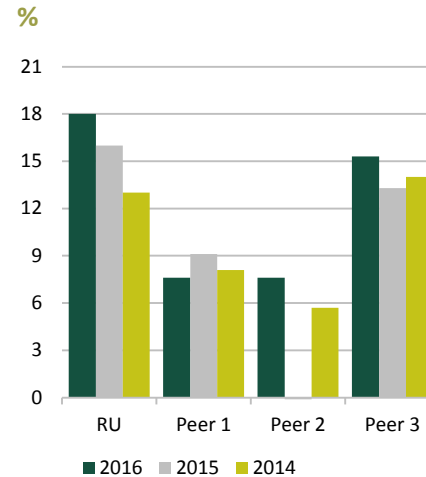
**EBIT margin
(comparable region)**



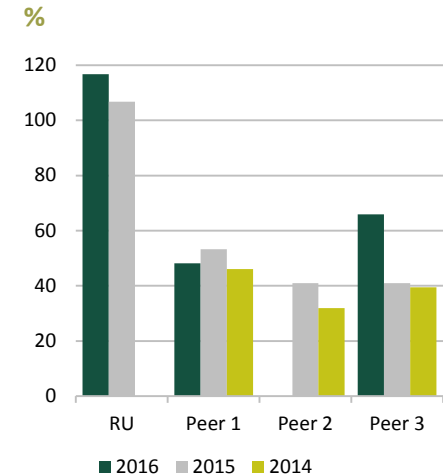
**Free cash flow
- % of revenue**



**Return on invested
capital***



**Cash return to
shareholders****



* Based on average invested capital

** Percentage of net profit the year before

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

Shareholder distribution

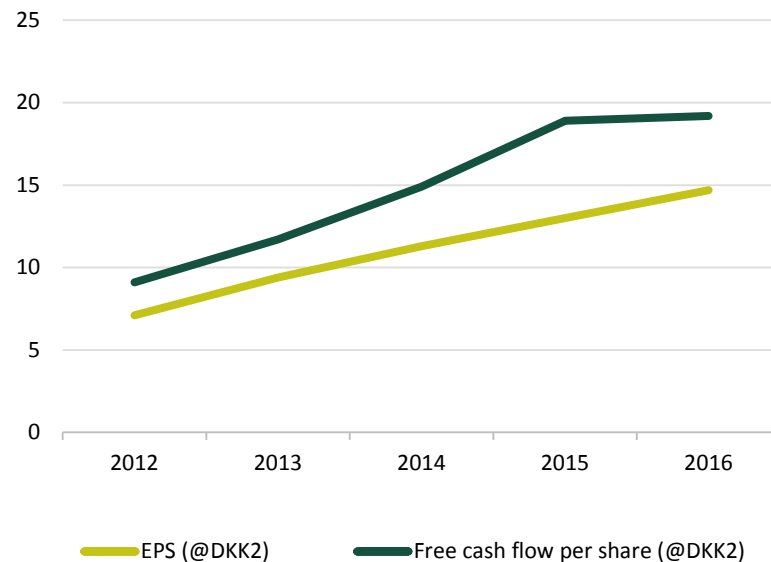
Dividend of DKK 440m approved at the AGM

- Dividend of DKK 8.15 per share

DKK 560m share buy-back initiated March 8

- Safe harbour program
- Maximum 12 month period

EPS and free cash flow per share



Selected 2017 outlook assumptions

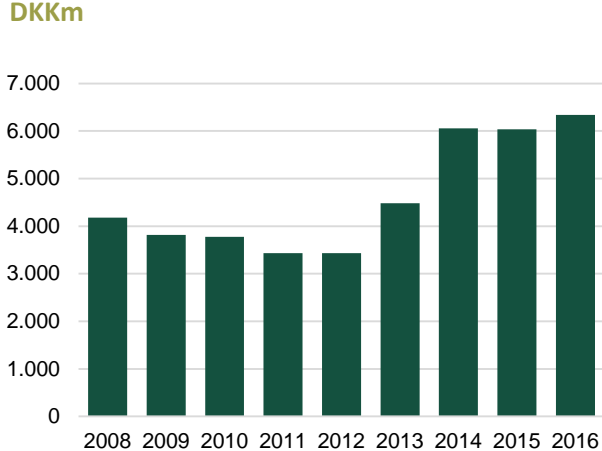
- Slight structural consumption decline in markets covered by full beverage portfolio. Increasing value of Danish consumption
- Stable malt beverages markets in Europe and Caribbean. Slightly increasing consumption of malt beverages and beer in Africa and Americas
- Unchanged net selling prices due to non-inflationary environment and due to competition
- Positive full year net revenue effect from increased co-operation with PepsiCo on soft drink and snacks
- Change in customer agreements reduces net revenue by 1% while unchanged EBITDA
- Cost level generally expected to develop in line with inflation
- Gross investments of DKK 245-265m
- Free cash flow to be negatively affected by DKK 160m as we assume the extraordinary Finnish beer campaign to run out by end of Q3 2017
- Tax rate at 22%

Appendix

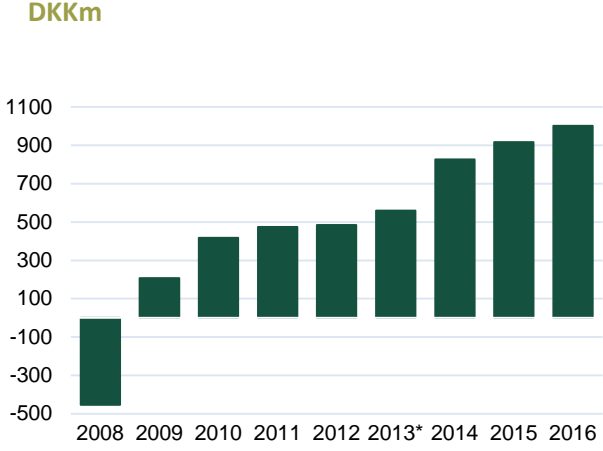


Financial Performance 2008-2016

Net revenue



EBIT



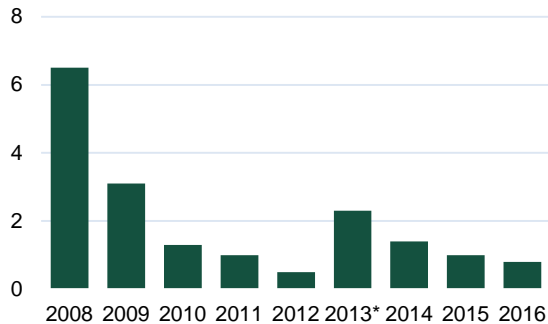
* Hartwall contribution DKK 38m

Financial Performance 2008-2016

Operating improvements and sale of non-core assets

NIBD/EBITA

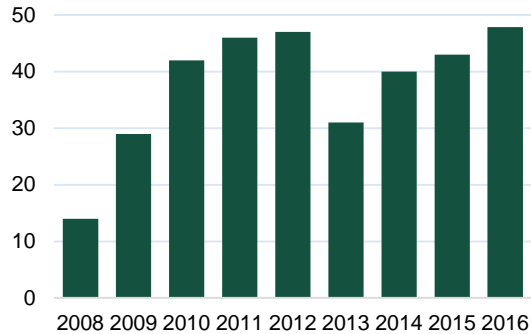
times



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

Equity ratio

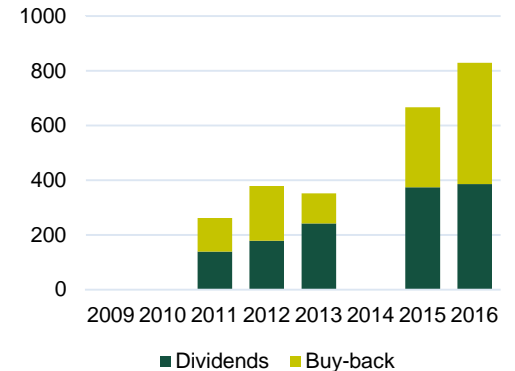
%



Creating shareholder value

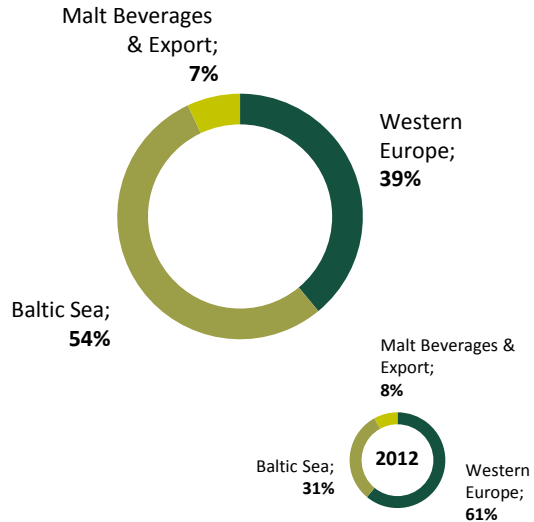
Distribution

DKKm

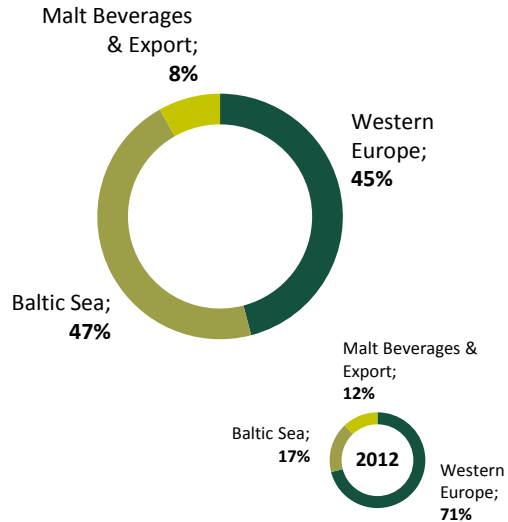


Business segment overview, before and after Hartwall acquisition

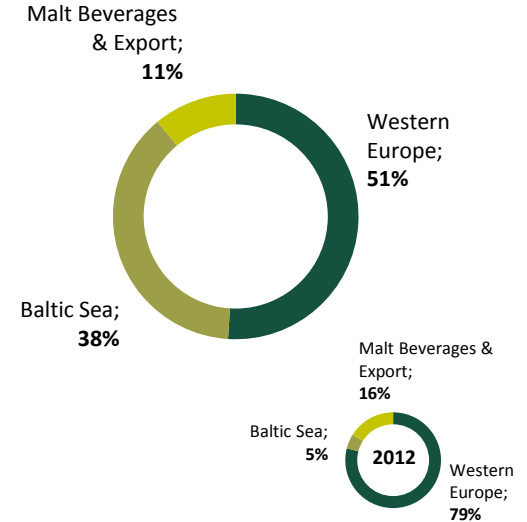
2016 Volume



2016 Net revenue



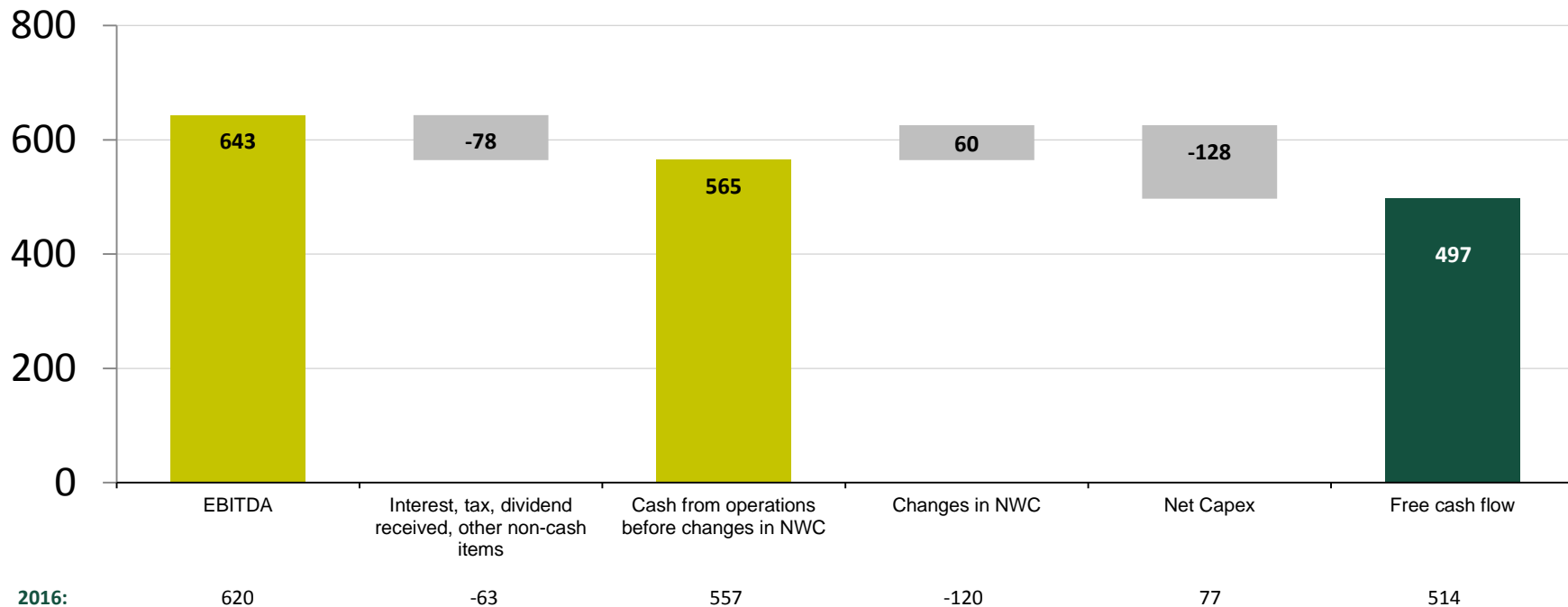
2016 EBIT



Cash flow in line with expectations

Cash Flow

mDKK



Improved financial performance

mDKK	2016	2015	Change
P&L ITEMS			
Net revenue	6,340	6,032	308
Gross margin	51.8%	52.5%	-0.7pp
EBITDA	1,306	1,225	81
EBITDA margin	20.6%	20.3%	0.3pp
EBIT	1,001	917	84
EBIT margin	15.8%	15.2%	0.6pp
Profit before tax	998	902	96
Net profit	784	711	73

mDKK	2016	2015	Change
BALANCE SHEET ITEMS			
Net interest bearing debt	991	1,184	-193
Net working capital	-881	-990	109
Total assets	6,076	6,748	-672
Equity	2,911	2,935	-24
Equity ratio	47.9%	43.5%	4.4pp
Invested capital	4,111	4,347	-236
ROIC ex. goodwill	28%	23%	5pp
ROIC incl. goodwill	18%	16%	2pp

Management



Jesper B. Jørgensen

President & CEO

MSc Business Economics & Auditing, Copenhagen Business School, Denmark
Bcom Financial & Management Accounting, Copenhagen Business School, Denmark

Joined as President & CEO on 1 April 2017

Past experience

Knauf Danogips, General Director Northern Europe
Carlsberg, various positions – latest as CEO Carlsberg Denmark



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



Hans Savonije

COO

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

Disclaimer

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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.

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