



Interim Report for 1 January - 30 September (9M) 2019

November 13, 2019

Company Announcement No 51/2019 – 13 November 2019

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A balanced execution drives Net Revenue Growth of 5% and solid EBIT growth of +10%

Strong commercial execution generated a solid financial result for the first nine months of 2019, despite less favourable weather conditions in the second and third quarter in Northern Europe. EBIT increased by 10% and the higher result was attributable to a positive development in all segments. Net revenue increased by 5%, which relates to the acquisitions in H2 2018 and Q1 2019. When adjusting for the beer campaign in Finland we deliver, as expected, organic net revenue growth and on top we even cycle tough summer comparison to LY. Positive product, channel and country mix improved our overall EBIT margin by 1 percentage point to 20.4% (Q1-Q3 2018: 19.4%) where our focus on finding a "golden balance" between our innovation power and managing the incumbent complexity proved to be key. Our execution in all of our core routes to market continues to be innovative and passionate. Overall, we note our market shares improved slightly, both in value as well as volume (ex. campaign volumes in Finland). We continue our progress of extending the footprints of some of our recently acquired businesses as well as we continue to improve the efficiencies across our businesses.

We specify our outlook for 2019 to be in the top end of the outlook announced in August 2019.

Financial highlights Q1-Q3 2019

Net revenue for Q1-Q3 2019 increased by 5% to 5,905 million compared to DKK 5,624 million for Q1-Q3 2018 and was positively affected by the impact of acquisitions.

Earnings before interest and tax (EBIT) for Q1-Q3 2019 were DKK 110 million higher than in 2018 and amounted to DKK 1,202 million (2018: DKK 1,092 million). The EBIT margin increased by 1.0 percentage point to 20.4%.

Volumes for Q1-Q3 2019 showed a 1% increase and amounted to 8.5 million hectolitres compared to 8.4 million hectolitres in 2018. Acquisitions added a 3% increase, while the organic development reduced volumes by 2%.

The free cash flow for Q1-Q3 2019 amounted to DKK 1,054 million compared to DKK 1,034 million for Q1-Q3 2018. As expected, the free cash flow was negatively affected by higher paid tax and higher working capital due to lower campaign activities in Finland compared to Q1-Q3 2018.

Net interest-bearing debt went up by DKK 159 million due to the acquisitions. DKK 909 million (Q1-Q3 2018: DKK 886 million) was distributed to the shareholders. Calculated on a running 12 months' basis, NIBD/EBITDA was 1.5x and ROIC excluding goodwill was 31%. EPS increased by 11% in Q1-Q3 2019.

Acquisitions

The acquisition of Bev.Con ApS (CULT) was completed end February 2019, and CULT merged with Royal Unibrew A/S in Q2 2019. On 12 August 2019, Royal Unibrew acquired 100% of the share capital of the Bruce Ashley Group Inc. (BAG) in Canada. In Q2 2019, Royal Unibrew agreed to acquire the Latvian craft brewery SIA Bauskas Alus. The acquisition was completed in the beginning of November 2019.

Outlook

We specify our outlook for 2019 to be in the top end of the outlook announced in August 2019:

- Net revenue: DKK 7,575-7,650 million (March 2019: DKK 7,400-7,650 million)
- EBIT: DKK 1,440-1,465 million (March 2019: DKK 1,340-1,465 million)

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
Sales (thousand hectolitres)	8,489	8,401	3,027	3,175
Net revenue	5,905	5,624	2,114	2,106
EBITDA	1,453	1,343	574	543
EBITDA margin (%)	24.6	23.9	27.2	25.8
EBIT	1,202	1,092	492	451
EBIT margin (%)	20.4	19.4	23.3	21.4
Profit before tax	1,191	1,08	491	444
Net profit for the period	918	852	377	351
Free cash flow	1,054	1,034	439	420

Net interest-bearing debt	2,681	2,397
ROIC incl. goodwill (%)*	19	21
ROIC excl. goodwill (%)*	31	34
NIBD/EBITDA (times)*	1.5	1.5
Equity ratio (%)	34	34

* Running 12 months

For further information on this Announcement:

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It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Thursday, 14 November 2019, at 9.00 am CET by audiocast at the following telephone numbers:

Participants from Denmark: +45 32 72 80 42
Participants from the UK: +44 (0) 2071 928000
Participants from the USA: +1 6315 107 495
Confirmation code: 3588626

The presentation may also be followed at Royal Unibrew's website www.royalunibrew.com.

Financial Calendar for 2020

10 March 2020	Annual Report 2019
28 April 2020	Trading statement for the period 1 January - 31 March 2020
28 April 2020	Annual General Meeting 2020
24 August 2020	Interim Report for the period 1 January - 30 June 2020
17 November 2020	Trading statement for the period 1 January - 30 September 2020

Forward-looking statements

This Interim Report 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.

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, changes in 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 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.

Attachment

- [RoyalUnibrew_Q3_2019_UK_print_FINAL](#)