



## Q3 2020 Trading Statement

November 17, 2020

### Company Announcement No 37/2020 – 17 November 2020

Very strong Q3 2020 leads to EBIT-increase of 5% in the first 9 months of 2020

The Royal Unibrew multi-beverage model has demonstrated its resilience in a time with COVID-19 related uncertainties. The pandemic continues to challenge some sales channels, and we look into a Q4 with additional restrictions such as limited opening hours at bars and restaurants and ban on gatherings in larger groups as well as imposed limitations on border trade between Denmark and Germany.

During the summer months the majority of consumers spent their vacation in their home country. The high level of staycation in combination with good weather in August in Denmark and Finland and our portfolio of local brands provided a strong performance over the summer.

In order to mitigate the impact from COVID-19, we reduced sales and marketing spending in the spring. As the business performance was strong over the summer, we started to invest selectively into our brands. The effect will be higher marketing costs in Q4 compared to the same period last year.

Despite the impact of COVID-19, strong operational focus and cost management, effect from staycation as well as good weather in August improved the profit in Q3. The social distancing and gathering restrictions were partly lifted during the summer and continued the good momentum that started in June.

Key highlights of the quarter:

- Organic revenue growth of 6%
- Continued strong performance in Off-Trade
- On-Trade in Italy performed better than expected
- Low sales and marketing expenses
- Dividend of DKK 600 million was paid, and a new share buy-back program of up to DKK 200 million was initiated.

### New share buy-back program

The Board of Directors has decided to initiate a new share buy-back program of up to DKK 200 million that will run until end January 2021.

This is on top of the DKK 245 million share buy-backs that have already been executed during 2020. The total amount launched during 2020 will be DKK 445 million.

### Financial highlights Q3-2020

Volume for Q3 2020 increased by 5% compared to Q3 2019 and amounted to 3.2 million hectoliters. For Q1-Q3 the volume was at the same level as in 2019.

In Q3, net revenue increased by 7% and amounted to DKK 2,258 million compared to DKK 2,114 million in Q3 2019, while the net revenue was 1% lower in Q1-Q3 than in 2019 and amounted to DKK 5,824 million compared to DKK 5,905 million in 2019.

Earnings before interest and tax (EBIT) for Q3 was DKK 108 million higher than in 2019 and amounted to DKK 600 million (2019: DKK 492 million). In Q1-Q3, EBIT increased by DKK 61 million compared to 2019 and amounted to DKK 1,263 million (Q1-Q3 2019: DKK 1,202 million). The EBIT margin increased by 1.3 percentage point to 21.7% in the period Q1-Q3, as a consequence of focus on cost management.

Free cash flow amounted to DKK 889 million in Q3 2020 compared to DKK 427 in Q3 2019. In Q1-Q3, free cash flow was DKK 1,479 million compared to DKK 1,039 million in Q1-Q3 2019 and was positively affected by an extraordinary beer campaign in Finland and extended payment terms for VAT and employee tax.

### Outlook

The outlook for 2020 is narrowed to the upper half of the previously guided interval: EBIT DKK 1,475-1,525 million.

### SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

| mDKK                          | Q1-Q3 2020 | Q1-Q3 2019 | Q3 2020 | Q3 2019 |
|-------------------------------|------------|------------|---------|---------|
| Volume (thousand hectolitres) | 8,446      | 8,489      | 3,177   | 3,027   |
| Net revenue                   | 5,824      | 5,905      | 2,258   | 2,114   |
| EBITDA                        | 1,532      | 1,453      | 699     | 574     |
| EBITDA margin (%)             | 26.3       | 24.6       | 31.0    | 27.2    |
| EBIT                          | 1,263      | 1,202      | 600     | 492     |
| EBIT margin (%)               | 21.7       | 20.4       | 26.5    | 23.3    |

|                           |       |       |     |     |
|---------------------------|-------|-------|-----|-----|
| Profit before tax         | 1,251 | 1,191 | 603 | 491 |
| Net profit for the period | 980   | 918   | 475 | 377 |
| Free cash flow *          | 1,479 | 1,039 | 889 | 427 |
| Net interest-bearing debt | 1,837 | 2,681 |     |     |
| ROIC incl. goodwill (%)** | 20.5  | 19.2  |     |     |
| ROIC excl. goodwill (%)** | 33.7  | 31.0  |     |     |
| NIBD/EBITDA (times)**     | 1.0   | 1.5   |     |     |
| Equity ratio (%)          | 41    | 34    |     |     |

\* Compared to the Annual Report 2019 the definition of free cash flow has been updated to reflect market practice of the IFRS 16 implementation. Comparables for 2019 have been adjusted. \*\* 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 trading statement on Wednesday, 18 November 2020, at 9.00 am CET by audiocast at the following telephone numbers:

Participants from Denmark: +45 32 72 04 17  
Participants from the UK: +44 (0) 2071 928338  
Participants from the USA: +1 646 74 13 167  
Confirmation code: 9948088

The presentation may also be followed at Royal Unibrew's website [www.royalunibrew.com](http://www.royalunibrew.com).

**Financial Calendar for 2021**

|                  |  |
|------------------|--|
| 3 March 2021     | Annual Report 2020   |
| 28 April 2021    | Trading statement for the period 1 January - 31 March 2021     |
| 28 April 2021    | Annual General Meeting 2021                                    |
| 23 August 2021   | Interim Report for the period 1 January - 30 June 2021         |
| 17 November 2021 | Trading statement for the period 1 January - 30 September 2021 |

**Attachment**

- [RU\\_Q3\\_2020\\_trading\\_statement\\_print\\_FINAL](#)