



Royal Unibrew acquires strong Nordic growth platform

July 1, 2021

COMPANY ANNOUNCEMENT NO 37/2021 – 1 JULY 2021

Royal Unibrew A/S has today entered into an agreement to acquire 100% of Solera Beverage Group - a leading importer and distributor of beverages across Norway, Sweden and Finland. The acquired activities have a strong organization and a strong portfolio of international imported wine, beer, soft drinks and other beverages.

The acquisition provides a strong platform for Royal Unibrew to expand the sales of its wide product range into Norway and Sweden in line with Royal Unibrew's multi-beverage strategy.

Following the acquisition, Royal Unibrew will have a sales force covering the Nordic region and the Baltic Sea countries totalling more than 30m consumers. On top of this, Solera Beverage Group has developed strong capabilities to be the preferred importer of strong international beverage brands. Similarly, partnerships with strong international brand owners have been a part of Royal Unibrew's business for many years.

The acquisition of Solera Beverage Group will add Norway and Sweden to our geographic footprint and move the portfolio towards a multi-beverage business model over time based on strong local organizations in both countries. In Finland, the acquired business will complement Hartwall's trading business (Hartwa-Trade) as well as establish distribution synergies. The acquired business is similar to Hartwall's trading business, being asset light with a lower margin than our average business but having a higher return on invested capital and therefore not unfamiliar to Royal Unibrew.

CEO of Royal Unibrew, Lars Jensen, says "I am very pleased to announce that we have entered into an agreement to acquire Solera Group and we look forward to welcoming our new colleagues to Royal Unibrew. Solera Group has built a strong business in distributing primarily wine and spirits in Norway, Finland and Sweden, and it will provide us with a solid Nordic platform from which we can develop the Nordic market into a true multi-beverage market for Royal Unibrew. The complimentary strategic fit between Solera Group and Royal Unibrew ensures a strong foundation for future profitable growth".

Solera Beverage Group is being acquired from the private equity fund, CapMan, at an enterprise value of around DKK 770m (NOK 1.1bn) on a debt free basis. Solera Beverage Group has around 150 employees and generates a normalised net revenue (excluding COVID-19 effects) of around DKK 1.3bn and a normalised EBITDA of around DKK 70m. On that background, the acquisition multiple (EV/EBITDA) pre-synergies are 11x. In the coming years, we expect to realize sales as well as distribution synergies and thereby expand the margin of the acquired business.

"I am pleased that Royal Unibrew will become the new owner of Solera Beverage Group. The strategic fit between the two companies is strong, as the combination will create a strong platform for a multi-beverage business across the Nordics and around the Baltic Sea. Royal Unibrew has a strong balance sheet and with their focus on growth, I am sure that Solera Beverage Group enters a bright future under this new ownership," says Ole Petter Wie, Group CEO of Solera Beverage Group.

The acquired business will be dilutive to group EBIT margins but provides opportunities to sell more of Royal Unibrew's portfolio into Norway and Sweden as well as optionality for bolt-on acquisitions or extension of partnerships. The EBIT margin of Royal Unibrew is expected to be reduced by around 2 percentage points on an annualized basis.

Consequently, the medium-term EBIT margin target of around 20-21% will be changed to a long-term EBIT margin target in the range of 20-21%.

The acquisition will be financed with existing credit facilities and does not materially change our credit profile and will also not change our capital allocation policy or abilities. We expect the acquisition to be EPS accretive in 2022.

Closing of the transaction is pending regulatory review, which is expected during Q3 2021.

ABG Sundal Collier has acted as financial advisor to Royal Unibrew.

The 25% ownership of Hansa Borg in Norway remains intact.

FINANCIAL OUTLOOK FOR 2021 AND MEDIUM-TERM EBIT MARGIN TARGET

Full-year EBIT outlook of DKK1,525-1,625m is maintained, as an EBIT contribution for the remainder of the year will be balanced-out by transaction and restructuring costs.

As a consequence of the acquisition, we update the timeline on our EBIT margin target of 20-21% from being medium-term to being long-term. We continue to believe that long-term we will be able to expand our EBIT margin, as we realize the synergies from the acquisition of Solera Beverage Group and benefit from investments into our selected growth opportunities, i.e. energy drinks, low/no sugar, low/no alco, enhanced waters, RTD/Ciders and premium products in general.

CONFERENCE CALL

Royal Unibrew will host a conference call on 2 July 2021 at 08:00 CEST. The conference call can be accessed through:

<https://edge.media-server.com/mmc/p/phij5smu>

You can also use one of the following dial-in numbers followed by the confirmation code:

Denmark (+45 3544 5577),
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Attachment

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