



Interim Report for 1 January-30 June 2021 (H1)

August 23, 2021

Company Announcement No 40/2021 – 23 August 2021

Strong momentum in Q2 and full-year guidance raised

- For the first half of the financial year, organic volume growth was 13% (Q2: 12%) supported by less restrictions related to COVID-19 in H1 2021 compared to H1 2020. As a result, organic revenue growth in H1 2021 was also 13% (Q2: 16%)
- In Q2 2021, EBIT increased by 13% to DKK 521 million (Q2 2020: DKK 463 million), resulting in an EBIT margin of 22.7% (Q2 2020: 23.4%)
- For the first half of the year, EBIT increased by 13% to DKK 750 million (H1 2020: DKK 663 million), resulting in an EBIT margin of 19.2% (H1 2020: 19.2%). EBIT is thereby 6% higher than in H1 2019, i.e. before COVID-19 broke out
- Free cash flow increased by DKK 123 million and was DKK 785 million (Q2 2020: DKK 662 million) increasing first-half free cash flow to DKK 683 million (H1 2020: DKK 590 million)
- The outlook for full-year 2021 EBIT is raised to DKK 1,625-1,700 (previously DKK 1,525-1,625 million)
- A new share buy-back program of up to DKK 250 million is launched

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q2 2021	Q2 2020 ¹	H1 2021	H1 2020 ¹	FY 2020 ¹
Volume (thousand hl)	3,421	3,053	5,957	5,269	11,093
Net revenue	2,300	1,979	3,905	3,457	7,315
EBITDA	609	546	927	833	1,861
EBITDA margin (%)	26.5	27.6	23.7	24.1	25.4
EBIT	521	463	750	663	1,515
EBIT margin (%)	22.7	23.4	19.2	19.2	20.7
Profit before tax	526	460	749	648	1,505
Net profit for the period	417	360	594	505	1,198
Free cash flow	785	662	683	590	1,414
Net interest-bearing debt			2,618	2,114	2,193
NIBD/EBITDA (times) ²			1.3	1.2	1.2
Equity ratio (%)			32	40	40
Earnings per share (EPS)	8.6	7.1	12.3	10.1	24.1

¹ Figures are restated as described in the attached Interim Report

² Running 12 months

Statement by Royal Unibrew's CEO Lars Jensen:

"I am of course very happy that almost all sales channels are now open again, so that we and our customers can return to a more normal environment. We are also very pleased with our performance in Q2 where EBIT was the highest ever for a second quarter, despite substantial increases in sales and marketing costs and the business still being negatively impacted by COVID-19. The organization has once again stepped up to all the challenges, and supported by a very flexible and adaptable supply chain, we delivered strong results across the group. Our results clearly benefited from the re-opened On-Trade, warm weather and staycation.

Q2 was a very busy quarter. We produced and sold more than we did before COVID-19, despite the fact that many of our customers were still impacted by COVID-19 related restrictions. On top of this, the channel and product mix changes created by COVID-19 put pressure on our packaging lines, which have been running at full capacity during the second quarter and into the summer. To remain a flexible supplier with the highest service level, we will invest in more capacity, but for now, production and procurement planning is more important than ever.

We also broke ground on a new solar panel plant next to our brewery in Faxø, which will generate a significant part of our electricity needs for the Danish production sites. During the quarter, we committed to 100% recycled plastic for PepsiCo products in Denmark by the end of 2022 - a commitment we in July expanded to include our Finnish PepsiCo business, as well.

During the second quarter, we also welcomed our new colleagues from the Fuglsang acquisition, which is a strong addition to our portfolio of local

anchored brands in Denmark. With the acquisition of Crazy Tiger in France at the beginning of Q3 and the agreement to acquire 100% of Solera Beverage Group in Norway (awaiting regulatory approval), I believe we are very well positioned to continue to grow.

The strong momentum in our key markets has continued into the third quarter and combined with the strong results in the first half of the year, the current development in COVID-19 and our M&A activity, we lift our full-year outlook for EBIT to DKK 1,625-1,700 million. The biggest risk remains COVID-19 and potential new-imposed restrictions."

Financial highlights Q1-2021

The organic volume growth of 12% to 3.4 million hectolitres in Q2 2021 was broadly based across geographies. Volumes increased significantly in countries like Denmark and Germany, Finland, Italy and North America, helped by less restrictions in On-Trade and on the border between Denmark and Germany, as well as good weather, especially in June. For H1 2021, volumes showed an organic increase of 13% and amounted to 6.0 million hectolitres compared to 5.3 million hectolitres in H1 2020.

Net revenue for Q2 2021 amounted to DKK 2,300 million compared to DKK 1,979 million for Q2 2020. Growth was driven by the re-opening of the On-Trade channel, which was impacted by stricter COVID-19 regulations in Q2 2020. Net revenue for H1 2021 amounted to DKK 3,905 million (H1 2020: DKK 3,457 million).

Earnings before interest and tax (EBIT) for Q2 2021 was DKK 58 million higher than in 2020 and amounted to DKK 521 million (2020: DKK 463 million). The EBIT margin decreased by 0.7 percentage point to 22.7%. The EBIT margin was impacted by significantly higher commercial investments and a normalization of administration costs.

In H1 2021, EBIT was DKK 87 million higher than in 2020 and amounted to DKK 750 million (H1 2020: DKK 663 million). This is actually 6% higher than in H1 2019 (before COVID-19), despite negative impacts from restrictions in all markets. In fact, our business is at all levels stronger than before COVID-19, which proves the resilience of our strategy and business model as well as our ability to navigate safely through a crisis.

The EBIT margin was unchanged at 19.2% in H1 2021. The EBITDA margin decreased by 0.4 percentage point to 23.7% in H1 2021 compared to the year before.

The free cash flow for H1 2021 amounted to DKK 683 million compared to DKK 590 million for H1 2020 and was positively impacted by higher activity across geographies as well as changed payment terms on excise duty payments in Finland.

In H1 2021, net interest-bearing debt went up by DKK 425 million (H1 2020: went down by DKK 592 million) compared to year-end. The development in net interest-bearing debt compared to last year was primarily driven by DKK 954 million higher distribution to shareholders than in H1 2020 where the announced share buy-back, as well as the ordinary dividend was suspended. Calculated on a running 12-month basis, NIBD/EBITDA was 1.3x (H1 2020: 1.2x) and ROIC excluding goodwill was 34% (H1 2020: 29%).

The Board of Directors has decided to launch a new share buy-back program of up to DKK 250 million running to the end of 2021. Together with the share buy-back program executed in H1 2021, the total expected share buy-back for 2021 will be up to DKK 500 million.

Acquisitions

The acquisition of Bryggeriet S. C. Fuglsang A/S contributed only slightly to the quarter.

On 1 July 2021, Royal Unibrew agreed to acquire 100% of Solera Beverage Group. The acquisition awaits regulatory review, which is expected during Q3 2021. Solera Beverage Group is being acquired at an enterprise value of around DKK 770 million (NOK 1.1 billion) on a debt free basis. Solera Beverage Group has around 150 employees and generates a normalized net revenue (excluding COVID-19 effects) of around DKK 1.3 billion and a normalized EBITDA of around DKK 70 million.

On 7 July 2021, Royal Unibrew acquired 100% of MC Energy, which owns the energy drink brand Crazy Tiger. The company is acquired at an enterprise value of around DKK 610m (EUR82m) on a debt free basis. The company has around 25 employees and an EBIT margin that is higher than the average for the rest of the group.

Full-year outlook

The full-year outlook for 2021 is raised:

- EBIT: DKK 1,625-1,700 million (previously: DKK 1,525-1,625 million).

The strong momentum experienced in H1 2021 in our key markets has continued into the beginning of Q3 2021 supported by the continued re-opening and a positive impact from staycation. The top end of guidance includes that no major restrictions are imposed and that the re-opening continues throughout the year. It also includes a positive impact from acquisitions in H2 and no further raw material price increases. On the other hand, the low end of guidance includes higher raw material prices than the current level as well as wider COVID-19 related restrictions in Q4.

The H1 Interim Report has been published via Nasdaq Copenhagen A/S and is enclosed with this announcement. The H1 2021 Interim Report is also available on www.royalunibrew.com.

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Financial Calendar for 2021

17 November 2021

Trading statement for the period 1 January - 30 September 2021

It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Tuesday, 24 August 2021, at 9.00 am CEST by audiocast at the following telephone numbers:

Participants from Denmark: +45 35 44 55 77

Participants from the UK: +44 (0) 3333 000804

Participants from the USA: +1 6319131422

Confirmation code: 56418792#

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

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, pandemic, 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 H1 2021 UK final](#)