

# Interim Report

1 January – 31 June 2016

25 August 2016

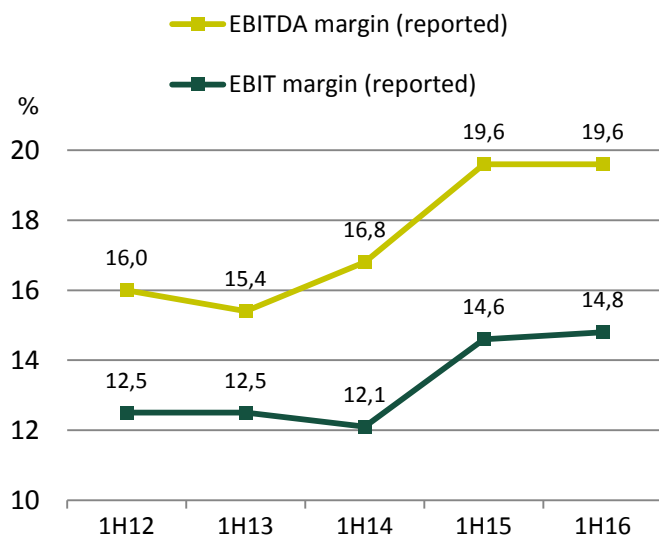
# Performance as expected due to strong commercial initiatives

- Market positions maintained
- Volume increase of 12% to 4.9mHL
- Net revenue increase of 8% to DKK 3.2bn
- EBIT increase of 10% to DKK 468m
- EBIT-margin increase from 14.6% to 14.8%
- Free cash flow incl. Aarhus sale up DKK 115m to DKK 514m
- Earning outlook 2016 narrowed to upper half of previously guided interval

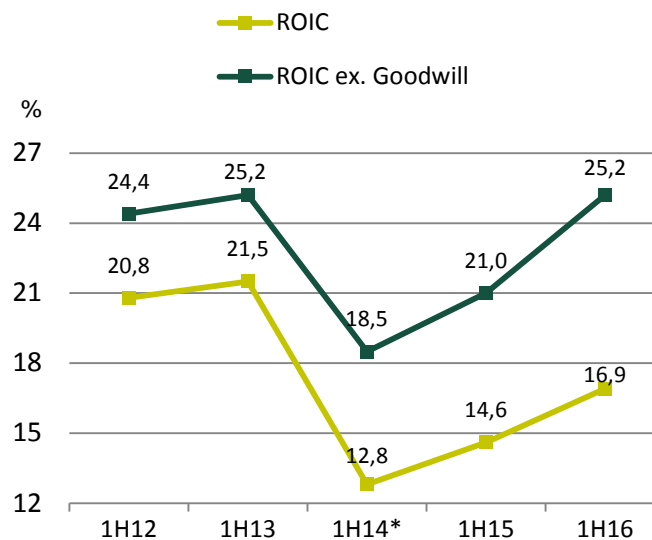


# Continued strengthening of key performance figures

## PROFIT MARGIN



## RETURN ON INVESTED CAPITAL



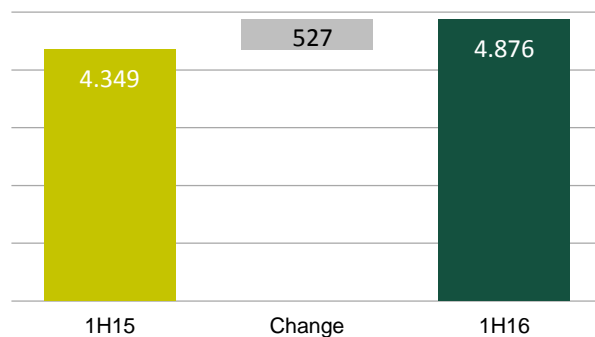
\* 1H14 proforma – incl. Hartwall from 1.7. – 22.8.2013

# Increased level of activity drives higher results

## VOLUME – HL (000)

Change

12.1%

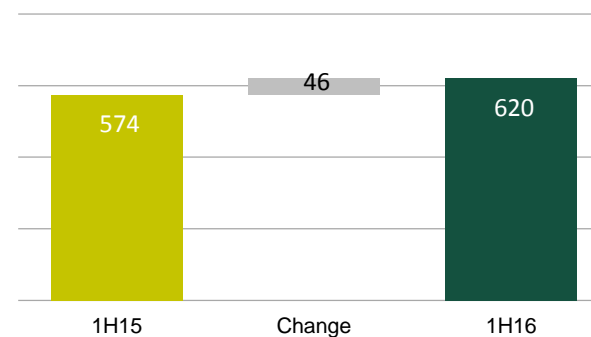


## EBITDA - MDKK

Margin

19.6%

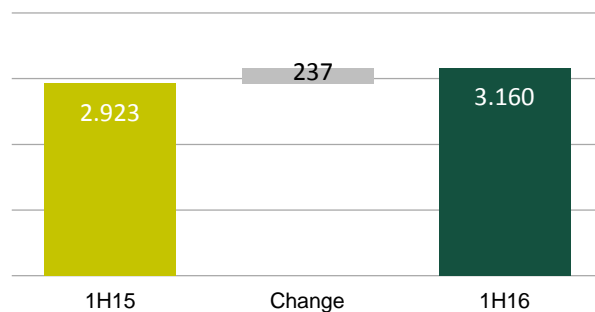
19.6%



## NET REVENUE - MDKK

Change

8.1%

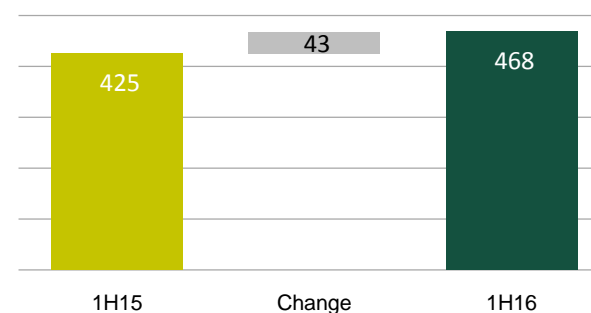


## EBIT - MDKK

Margin

14.6%

14.8%



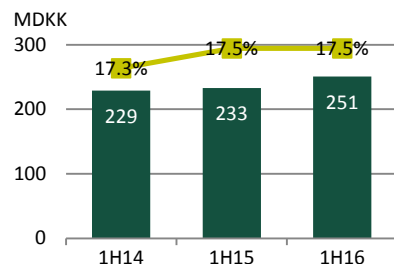
# Status on Craft beer, premiumization and growth initiatives

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- Increased focus on craft & speciality beer
  - Opening of new micro-brewery in 2017 - increased craft and specialty beer capacity
  - Craft and specialty beer organization adaptations and strengthening of know-how
  - Craft beer portfolio
- Premiumization and value enhancement
  - Continued development of premium and super-premium market positions and brands
  - Innovations and consumer activation
- **Malt & Beverages** – deeper penetration & rotation in existing markets (new & "heritage" markets)
- Extension of PepsiCo co-operation – delivering appr. 2% growth to NR in 1H

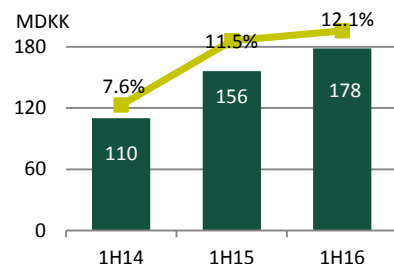
# Earnings increase in all business segments

## WESTERN EUROPE



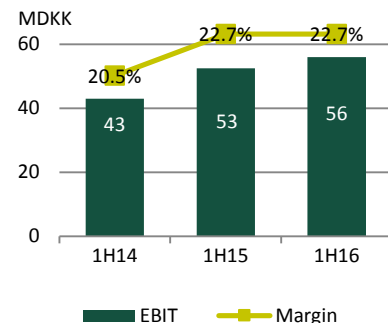
- Volume +6%, NR +8% incl. snacks, EBIT +8%
- Denmark & Germany - strengthening of market position
- Consumer preferences - increasing interest in craft & speciality beer
- PepsiCo snacks distribution in Denmark developing as planned
- Italy - market positions unchanged

## BALTIC SEA



- Volume +19%, NR +8%, EBIT +14%
- Market conditions challenging
- Finland – value balanced focus
- Baltics - excise, deposit & collection fee
- PepsiCo soft drink distribution in Baltics developing as planned

## MALT & BEVERAGES



- Volume +3%, NR +7%, EBIT +7%
- Difficult macroeconomics and FX in important markets
- Broad based top line growth
- Sell-out progressing as planned
- Continued investment in the segment
- Focus on deeper penetration and rotation in existing markets

# Improved financial performance

## MDKK

### P&L ITEMS:

	1H 2016	1H 2015	Change	FY 2015
Net revenue	3,160	2,923	237	6,032
Gross margin	52.0%	52.9%	-0.9 pp	52.6%
EBIT	468	425	43	917
EBIT margin	14.8%	14.6%	0.2 pp	15.2%
Profit before tax	462	413	49	902
Consolidated profit	364	322	42	711

### BALANCE SHEET ITEMS:

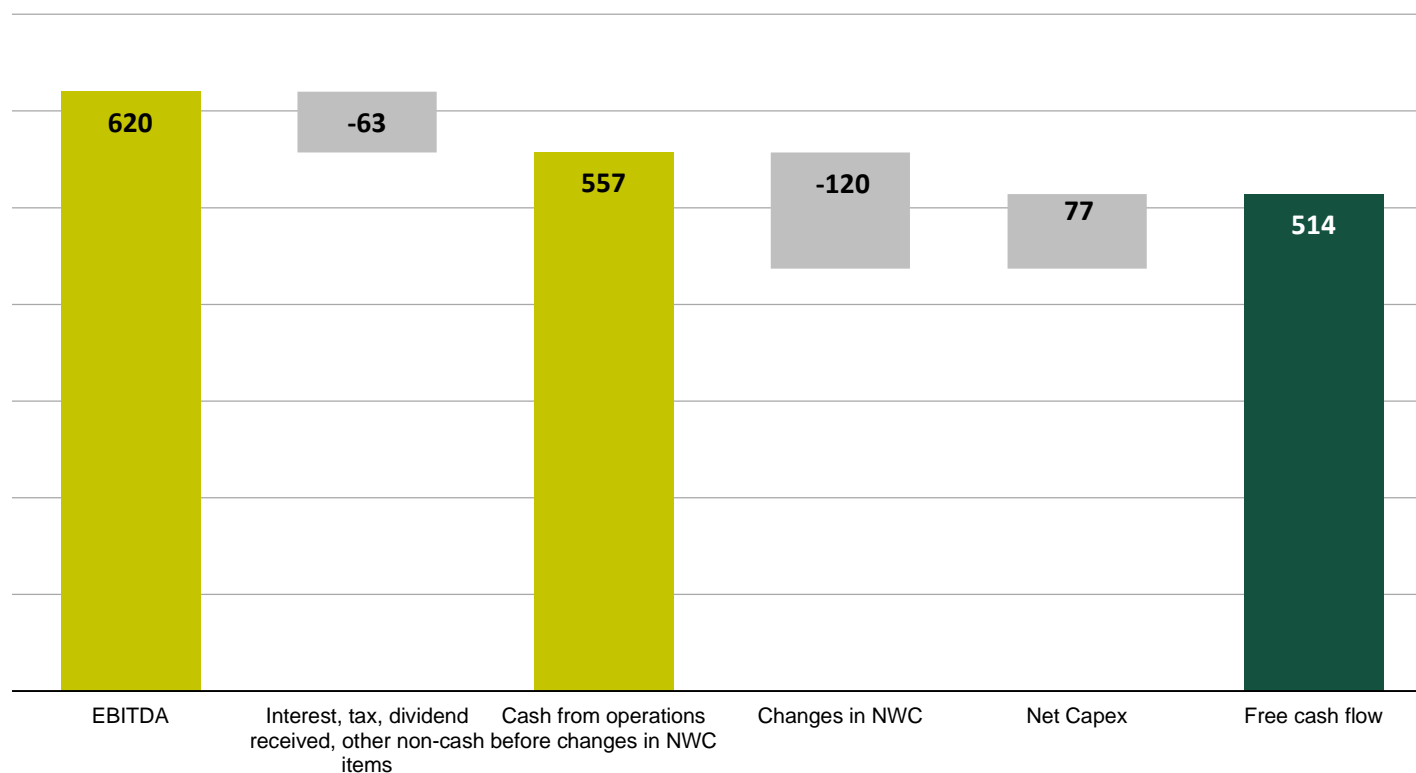
Net interest bearing debt	1,261	1,627	-366	1,184
Net working capital	-867	-721	-146	-990
Total assets	6,531	6,910	-379	6,748
Equity	2,712	2,724	-12	2,935
Equity ratio	41.5%	39.4%	2.1 pp	43.5%



# Continued strong free cash flow performance

## CASH FLOW – DKKM

1H15:                      574                      -73                      501                      -102                      0                      399





# Earnings outlook 2016 narrowed to upper half of previously guided interval

mDKK	Updated outlook August 2016	Original outlook March 2016	Realized 2015	Realized 2014
Net revenue	6,275 – 6,450	6,150 – 6,400	6,032	6,056
EBITDA	1,240 – 1,290	1,190 – 1,290	1,225	1,130 *)
EBIT	935 – 985	885 – 985	917	826 *)

\*) Incl. 50 mDKK one-time restructuring costs



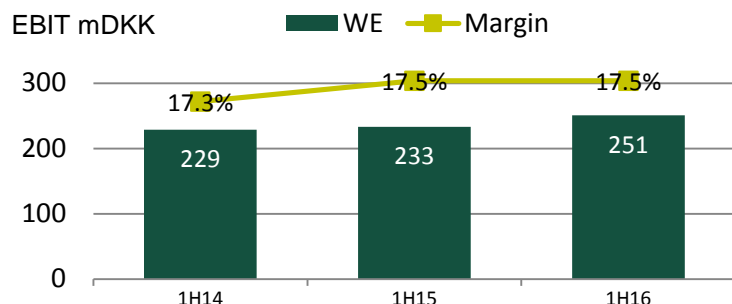
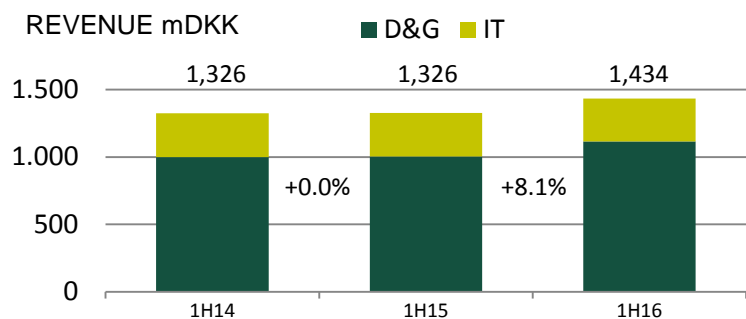
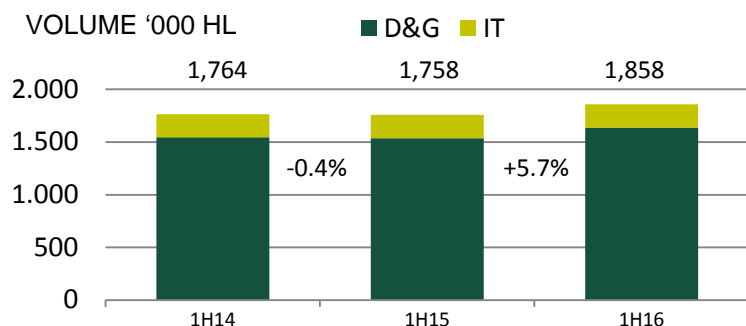
# Q&A



## DISCLAIMER:

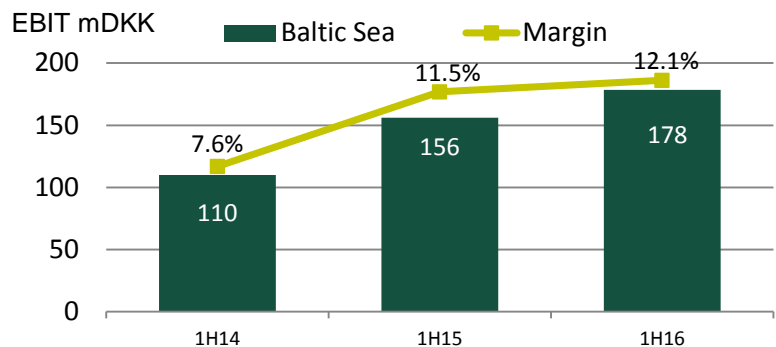
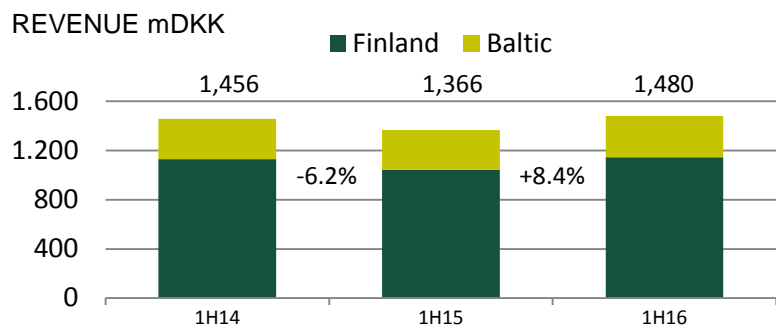
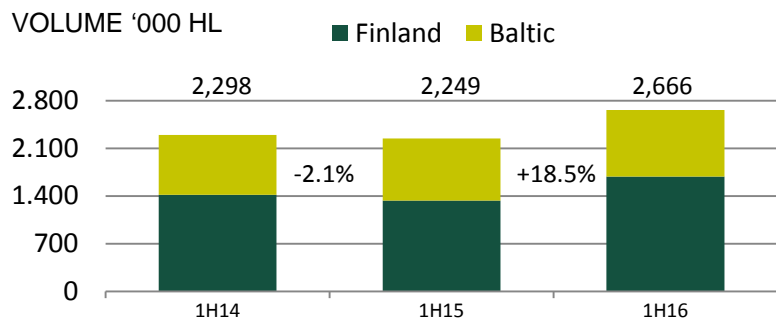
- This announcement contains forward-looking statements. Undue reliance should not be placed on forward-looking statements because they relate to and depend on circumstances that may or may not occur in the future and actual results may differ materially from those in forward-looking statements. Forward-looking statements include, without limitation, statements regarding our business, financial circumstances, strategy, results of operations, financing and other plans, objectives, assumptions, expectations, prospects, beliefs and other future events and prospects. We undertake no obligation, and do not intend to publicly update or revise any of these forward-looking statements, unless prescribed by law or by stock exchange regulations.

# Western Europe – revenue & earnings growth



- **Denmark and Germany** - continued strengthening of market position
- **Consumer preferences** - increasing interest in craft & speciality beer. Continued shift towards branded products
- **Commercial focus on craft & specialty beer** - establishment of micro-brewery & strengthening of know-how
- **Innovations** – focus on premiumization including craft & speciality beer
- **PepsiCo** distribution of snacks in Denmark progressing as planned
- **Italy** - overall beer consumption unchanged. Market position maintained

# Baltic Sea – revenue & earnings growth

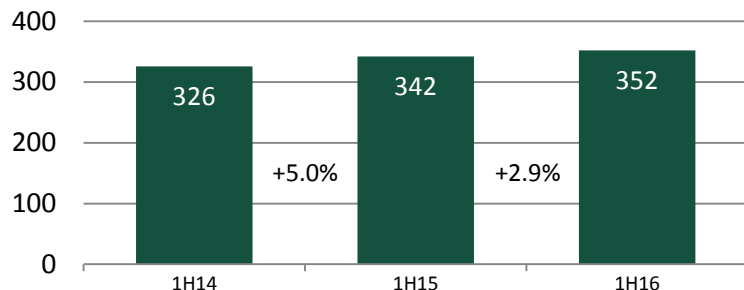


- **Finland** - overall consumption slightly up driven by weather- however still low consumer confidence
- **Adjusting for extraordinary campaign position, NR/HL is slightly up**
- **Branded market positions lower (excl. campaign)**
- **Commercial agenda** - focus on relationship with the trade, value management, in-store execution and innovations
- **Continuous efficiency improvements**
- **Baltic** - market position maintained
- **Declining consumption** - excise increases. Can deposit and collection fee in Lithuania
- **PepsiCo** distribution of soft drink in Baltics progressing as planned

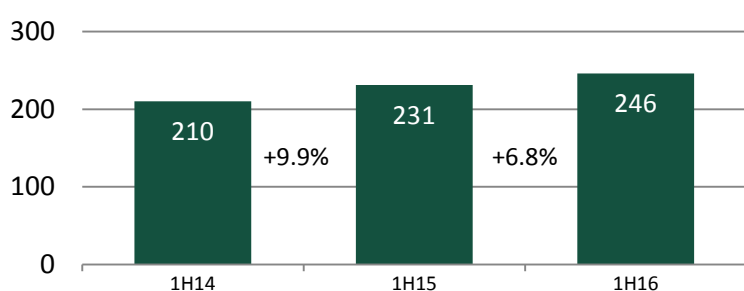


# Malt Beverages & Export – revenue & earnings growth

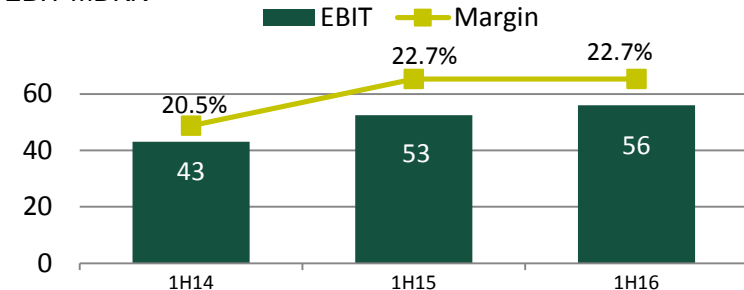
VOLUME '000 HL



REVENUE mDKK



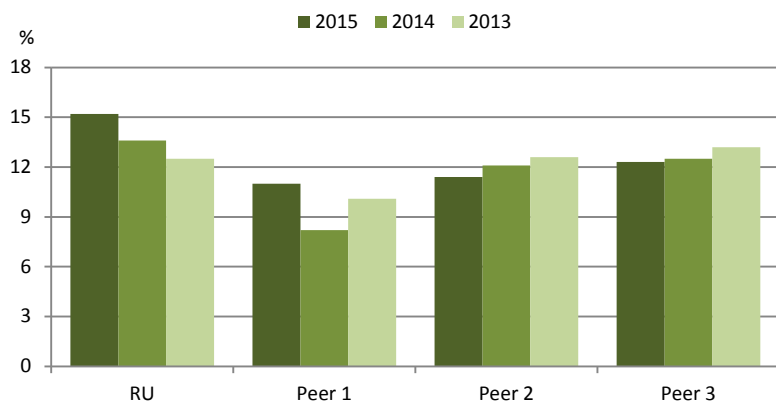
EBIT mDKK



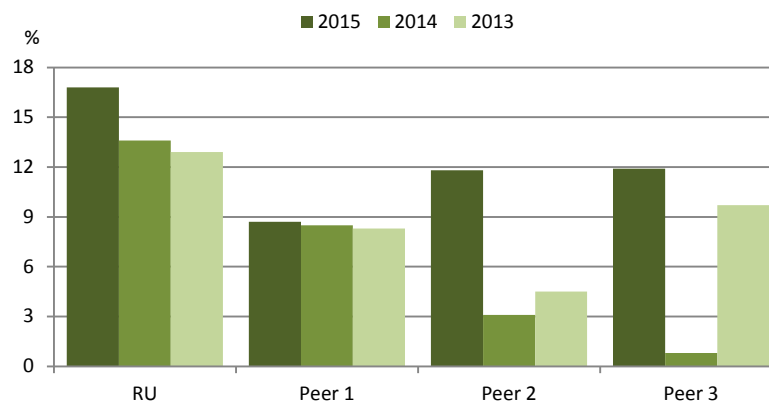
- **Continued growth** - broad based
- **Sell-out progressing as planned** – and higher than sell-in
- **Developing countries** challenged by low commodity and energy prices:
  - **Macroeconomics** – negative impact
  - **Hard currency** – restricted accessibility
  - **Purchasing power** – FX depreciation
- **Increased penetration** – solid revenue growth in spite of challenges
- **Deeper penetration** – leverage on existing markets and distributors
- **Marketing and organizational investment** continues as planned. Focus on brand building and positions

# Solid performance to peers 2015

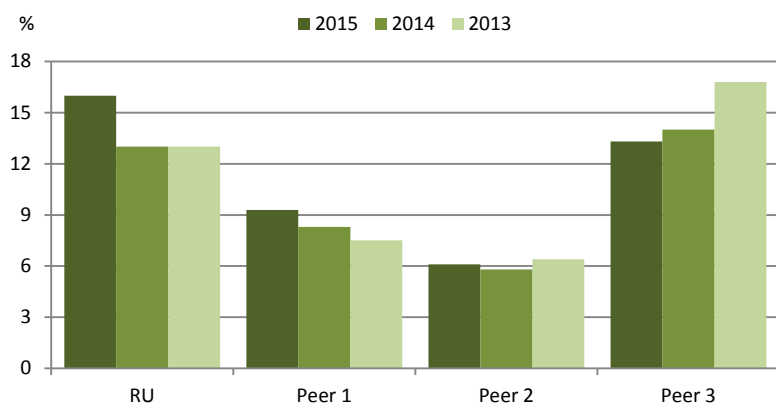
## EBIT MARGIN (COMPARABLE REGION)\*



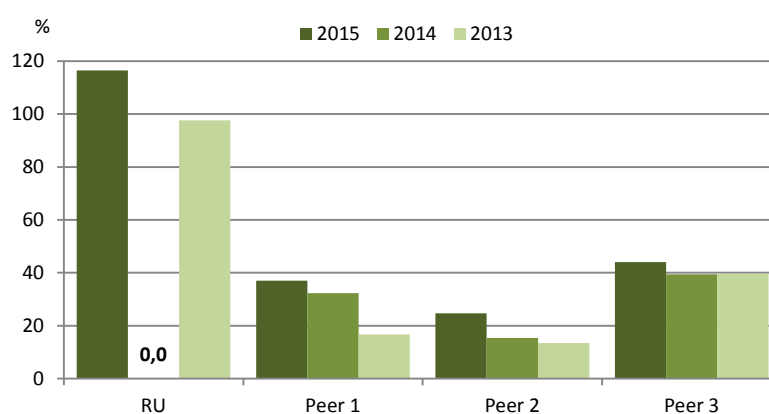
## FREE CASH FLOW – % OF REVENUE



## RETURN ON INVESTED CAPITAL\*\*



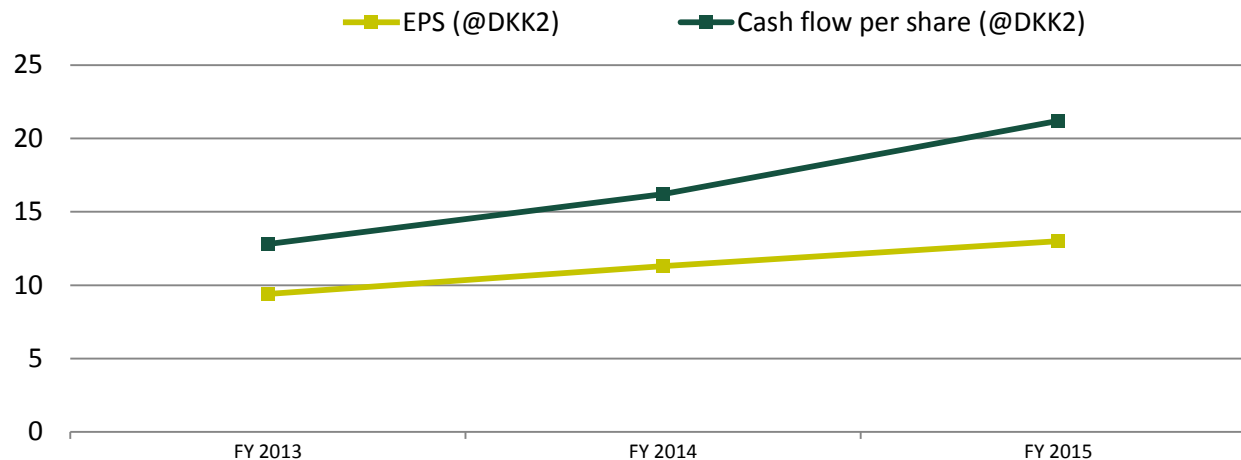
## CASH RETURN TO SHAREHOLDERS



\* Based on FY2013 and FY2014 results on comparable basis. RU proforma 2013 EBIT margin 12,0%

\*\* Based on average invested capital vs. previously on year end figures

# Shareholder distribution



- Dividend for 2015 of DKK 400m, DKK 7,20 share
- A new share buy-back program under safe harbor worth DKK 450m initiated March 2016 for a maximum period of 12 month
- Share buy-back as per 30.6.15 (existing and previous program): 717,987 shares bought at a total value of DKK 206m

# Financial targets - History

	<b>November 2015 revised target</b>	<b>August 2014 revised target</b>	<b>Post Hartwall acquisition target**</b>	<b>Pre Hartwall acquisition target*</b>
EARNINGS	EBIT margin 15%	EBIT margin 14%	EBIT margin 13%	EBIT margin 14%
EQUITY RATIO	Minimum 30%	Minimum 30%	Minimum 30%	Minimum 30%
NIBD/EBITDA	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x

- Dividends and share buy-backs resumed in 2015
- Distribution policy:
  - Dividends 40-60% of group net result
  - Share buy-back to adjust capital structure

\* Basically no amortization

\*\* Amortization from the acquisition decreased EBIT-margin by approx. 50bp