



# SEB Nordic Seminar 2019

## Sustainability as a business opportunity

### 8 January 2019

CFO Lars Jensen  
Royal Unibrew A/S



# Strong development on our strategic agenda

- **Maintaining the good momentum in the business**
- **High level of M&A activities**
  - Integrations of Lorina and Terme di Crodo are progressing as planned
  - Distribution of Nohrlund cocktails for the on-trade segment commenced in Q4
  - Approval of CULT acquisition with the Danish competition authorities awaiting
- **Strong focus on price/pack strategies and premiumization**
  - Craft and specialty remain a key focus area with investments in new tap wall system at restaurants and bars and opening of our new Anarkist brewpub earlier this year
  - High level of new product line extensions launched both domestically and abroad
- **Investments in commercial initiatives to improve sales and brands**
  - Successful development within our sponsored events
  - Key brand initiatives with new packaging formats for our Crodo products in Italy, Supermalt Ginger beer in the UK, Jaffa low-sugar range in Finland and non/low alcohol products with Royal Organic 2.3% and Heineken 0.0%
  - Continued investments to increase our commercial presence internationally



# Consistent commercial execution and historical warm summer drive solid earnings growth

**Net revenue of DKKm 5,624 after 9 months 2018 (+16%)**

**EBIT margin improved to 19.4% after 9 months 2018**

**Volume up 10.5% to 8.4m HL from 7.6m HL last year**

**Overall market shares improved in the third quarter; mainly due to superior logistical agility in a fast-moving market**

**Strong cash flow after 9 months with DKKm 1,034**

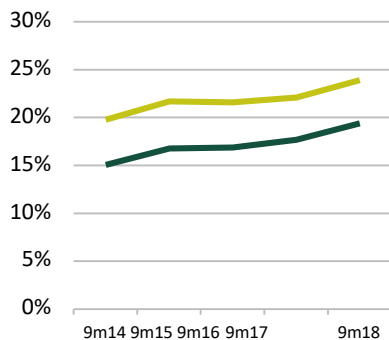
**Full year outlook adjusted slightly upwards**

- Net Revenue DKKm 7,200 - 7,300
- EBITDA DKKm 1,660 – 1,685
- EBIT DKKm 1,315 – 1,340



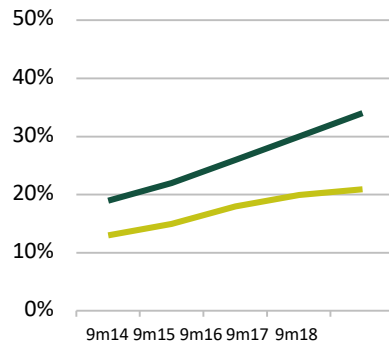
# Strong key figure performance

## Profit margins



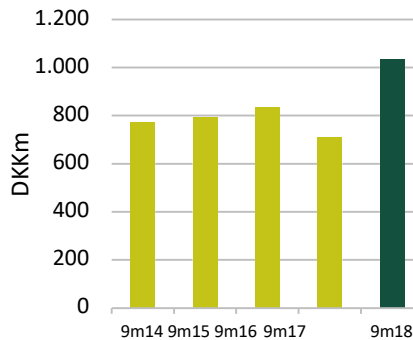
— EBITDA margin (reported)  
— EBIT margin (reported)

## ROIC

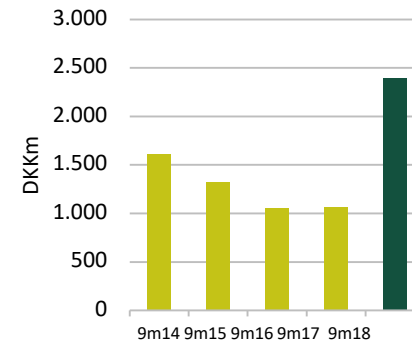


— ROIC  
— ROIC ex. Goodwill

## Free Cash Flow



## NIBD



# Outlook 2018

| mDKK        | Outlook<br>Nov 2018 | Outlook<br>Aug 2018 | Outlook<br>July 2018 | Outlook<br>June 2018 | Outlook<br>March 2018 | Actual<br>2017 |
|-------------|---------------------|---------------------|----------------------|----------------------|-----------------------|----------------|
| Net revenue | 7,200 – 7,300       | 7,000 - 7,200       | 6,900 - 7,100        | 6,800 - 7,000        | 6,650 - 6,900         | 6,384          |
| EBITDA*     | 1,660 – 1,685       | 1,625 - 1,675       | 1,560 - 1,635        | 1,550 - 1,625        | 1,450 - 1,550         | 1,362          |
| EBIT        | 1,315 – 1,340       | 1,275 - 1,325       | 1,200 - 1,275        | 1,190 - 1,265        | 1,090 - 1,190         | 1,069          |

\* Implementation of IFRS 16 is expected to effect the EBITDA result positively in 2018 with approx. DKK 50m

# Sustainability agenda as a business driver

Local sourcing

Accidents

Energy, waste, re-usage

Alco content, added sugar levels, recycled materials, Organic materials/products

## ROYAL UNIBREW'S VALUE CHAIN/PROCESS FLOW

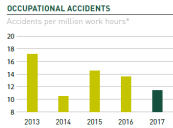


Food supply, biogas

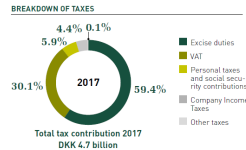
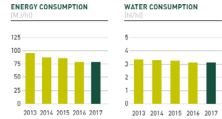
Energy, waste, efficiency

Fill rates, fuel usage, routing, weight

Sorting, down gauging, return systems, recyclable levels



\*Accidents and hours have been included for all Royal Unibrew employees.





# Appendix



# Earnings increase in all segments

## Western Europe

- Volume +18% (Q3: +28%), Revenue +19% (Q3: +27%), EBIT growth +17%
- Denmark & Germany
  - Growth supported by a warm summer; underlying consumption estimated to remain unchanged
  - Increased value market shares across categories in Denmark
- South Europe
  - Adjusted for acquisitions revenue declined organically by 3% in the first nine months
  - Consumer cautiousness and poor summer weather slowed down beverage consumption in Italy

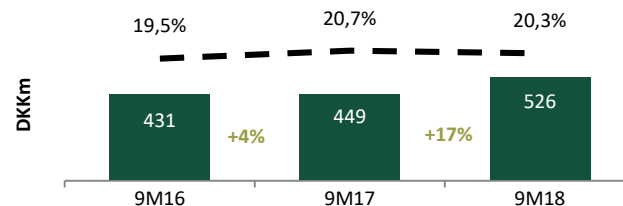
## Baltic Sea

- Volume +5% (Q3: +18%), Revenue +12% (Q3: +20%), EBIT growth +38%
- Finland
  - Strong product/mix changes in Finland and an extraordinary warm summer supported strong growth
  - Increased demand in retail due to recent changes in alcohol legislation
  - Earnings benefitted from better product mix
- Baltics
  - Growth in non-alcohol segment and new product innovation supported strong growth
  - Market shares are estimated to have increased in non-alcohol, while beer market share remains unchanged
  - Beer consumption in the Baltics continues to be in decline due to recent years' legislation changes

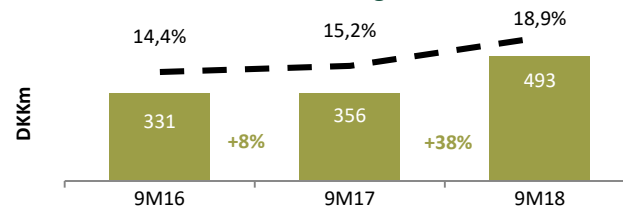
## International

- Volume +16% (Q3: +35%), Revenue +18% (Q3: +44%), EBIT growth +23%
- Excluding Lorina and Terme di Crodo acquisitions revenue grew by 12% (Q3: +31%)
- Good growth in malt and beer due to better market mix; currencies remain a challenge

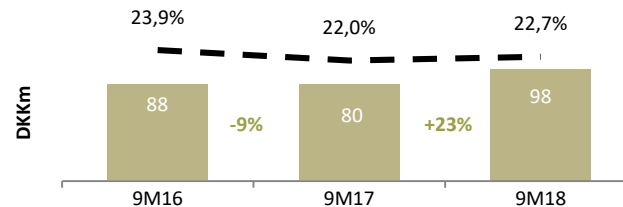
## Western Europe EBIT and EBIT margin



## Baltic Sea EBIT and EBIT margin



## International EBIT and EBIT margin





# Strong financial performance

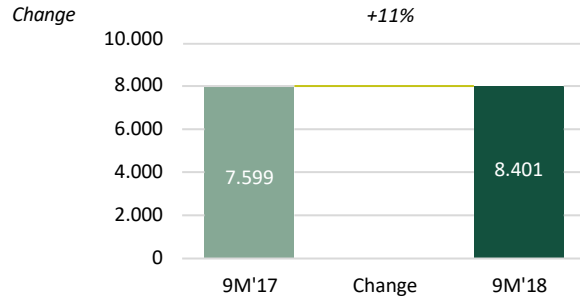
| mDKK                 | 9M2018 | 9M2017 | Change |
|----------------------|--------|--------|--------|
| <b>P&amp;L ITEMS</b> |        |        |        |
| Net revenue          | 5,624  | 4,869  | 755    |
| Gross margin         | 53.2%  | 52.5%  | 0.7pp  |
| EBITDA               | 1,343* | 1,096  | 267    |
| EBITDA margin        | 23.9%  | 22.1%  | 1.8pp  |
| EBIT                 | 1,092  | 862    | 230    |
| EBIT margin          | 19.4%  | 17.7%  | 1.7pp  |
| Profit before tax    | 1,080  | 853    | 227    |
| Net profit           | 852    | 668    | 184    |

\* Positively effected by approx. DKK 40m from IFRS 16 implementation

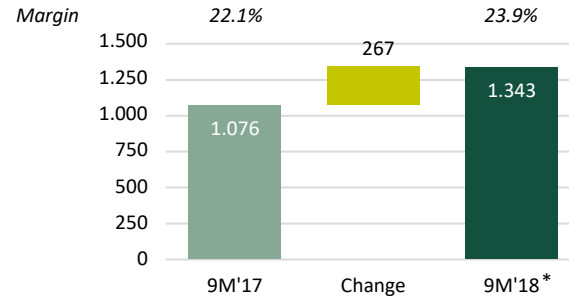
| mDKK                       | 9M2018 | 9M2017 | Change |
|----------------------------|--------|--------|--------|
| <b>BALANCE SHEET ITEMS</b> |        |        |        |
| Net interest bearing debt  | 2,397  | 1,062  | 1,335  |
| Net working capital        | -895   | -802   | -93    |
| Total assets               | 8,161  | 6,130  | 2,032  |
| Equity                     | 2,767  | 2,800  | -33    |
| Equity ratio               | 34%    | 46%    | -12pp  |
| Invested capital           | 5,588  | 4,103  | 1,485  |
| ROIC ex. goodwill          | 34%    | 30%    | 4pp    |
| ROIC incl. goodwill        | 21%    | 20%    | 1pp    |

# Positive development on all parameters

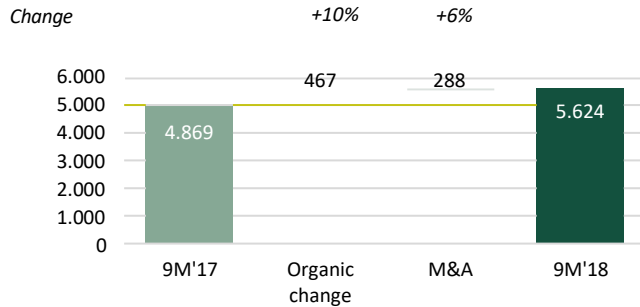
Volume '000 hl



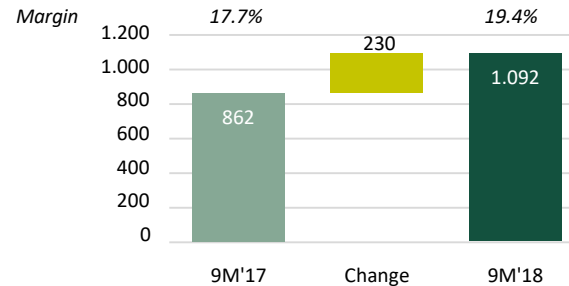
EBITDA DKKm



Net revenue DKKm



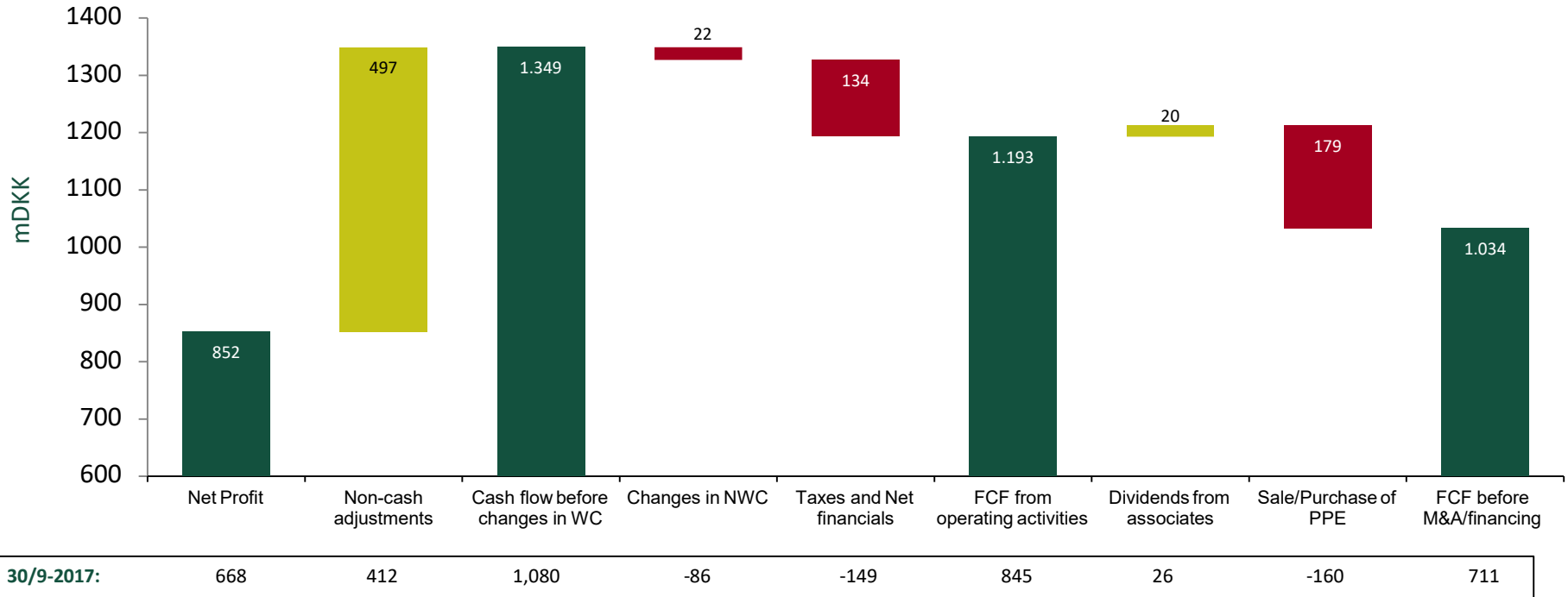
EBIT DKKm



\* Positively effected by approx. DKK 40m from IFRS 16 implementation

# Strong cash flow generation

## Cash Flow Sept 30th 2018



# Disclaimer

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