


ROYAL UNIBREW

Q3 REPORT 2009

6 November 2009

Highlights

- Results and cash flow generation in the first nine months of 2009 have exceeded expectations
- Expected result for 2009 (EBIT before special items) now expected at DKK 210 – 235m against earlier expectations of DKK 170 – 210m
- An extraordinary general meeting has been called to authorize the Supervisory Board to increase the Company's share capital through a rights issue for existing shareholders leading to a proceed of some DKK 400m

Agenda

- **Trading performance in Q1-Q3 2009**
- Reporting on Key Strategic Priorities
- Business area review
- Financial results
- Outlook 2009 and 2010
- Intended rights issue

Trading performance YTD Q3

- **Sales volume of 5.2m HL; 11% lower than same period last year (5.8m HL)**
  - 2/3 of decline reflects continued weakness on markets; 1/3 of decline was managed reduction of private label and discount products as well as disposal of the Koszalin brewery and related brands in Poland
  - Market share on key markets maintained or increased
- **Net revenue of DKK 2,987m; 8% lower than last year (DKK 3,234m)**
  - Better product and market mix achieved
  - Continued intense competition in Northern Europe
  - Weaker PLN alone drive 2%-point of net revenue decline; terminated private label sales drive approx 2%-points net revenue reduction
- **Continued improvement of financial performance**
  - EBIT before special items DKK 235m (DKK 145m)
  - Margins improved: Gross margin + 0.2 PP, profit margin* + 3.4 PP
  - Free cash flow DKK 291m (DKK -192m); available financial resources of approx. DKK 450m (after post-balance sheet credit line reduction of further DKK 150m)
  - Key ratios leave significant headroom to covenants; a more appropriate capital structure is nonetheless on the agenda

* EBIT before special items

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Reporting on Key Strategic Priorities

- Poland
  - Focus sales and marketing in terms of geography and brands – ***On track***
  - Consolidate production network structure by closing Koszalin brewery – ***Done***
  - Expected redundancies 125 employees – ***Done***
  - Further re-focus and restructuring - ***In process***

- Denmark
  - Simplification through structural, operational and organizational changes – ***Done***
  - Expected redundancies 100 employees – ***Done***
  - Transfer admin and planning functions from Aarhus to Faxe to further simplify operations - ***Launched***

- Latvia and Lithuania
  - Establish single operating management to leverage regional strengths – ***Done***
  - Leverage resources and capabilities within ”back office” functions – ***Done***

- Debt level management
  - Conditional divestiture of Caribbean breweries – ***Completion still expected around year-end***
  - Reduce capex – ***On track***
  - Rigorous working capital management – ***On track***
  - Address capital structure – ***Ongoing***

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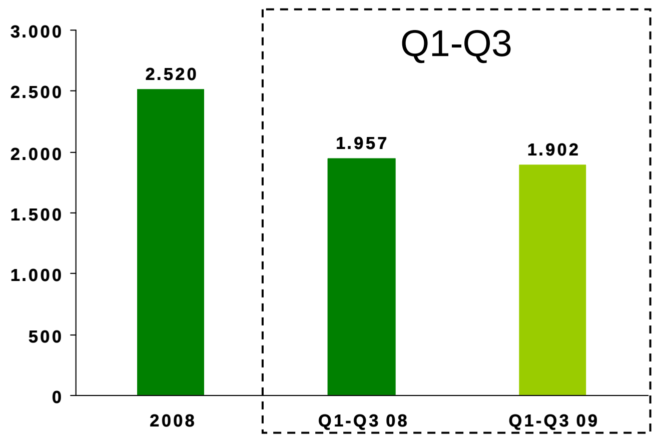
Key Markets: Western Europe

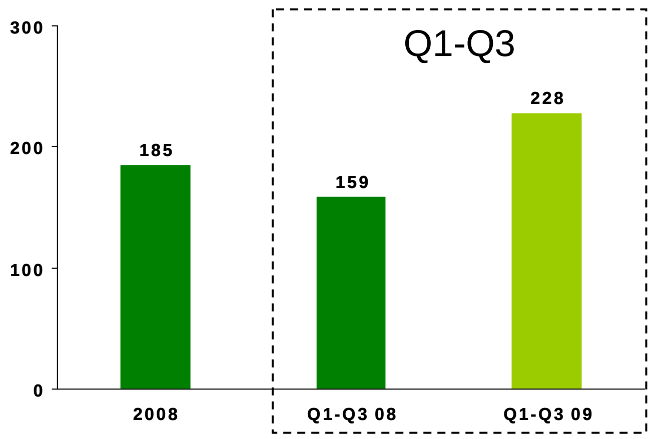
- **Volume** down 10%; **net revenue** down 3% to DKK 1,902m (DKK 1,957m)
- **EBIT** before Special Items increased 43% to DKK 228 (DKK 159m). **Profit margin** at 12% (+3.9 PP)

- **Denmark**: Branded beer market Retail declined by 8% and HoReCa by approx. 15%. Soft drinks market declined by 7%. RU's volume - adjusted for discontinued low margin private label products - decreased by only 5%. Sales mix changes from HoReCa towards retail. Market share increases for soft drinks, maintained for beer products. Price increases implemented
- **Italy**: Net revenue increased 4% despite 1% decline in volume. Ceres Strong Ale increased sales volume and gained market share. Price increases implemented
- **Border trade and Germany**: Despite 2% drop in volume, net revenue increased 5% due to better product mix and increased prices

Net revenue DKKm



EBIT before special items DKKm

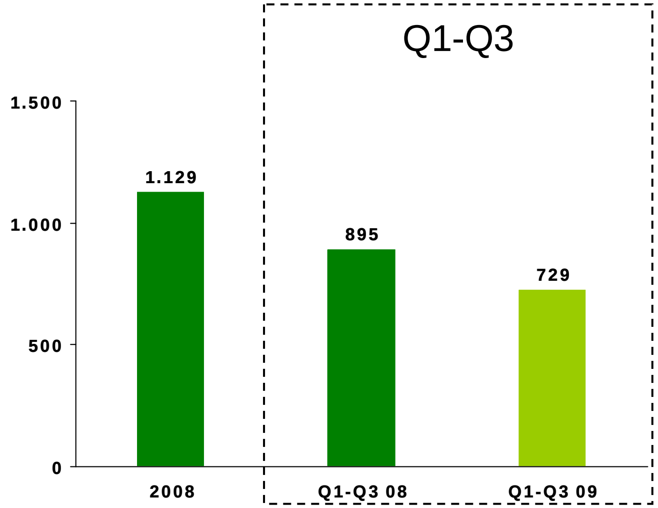


Key Markets: Eastern Europe

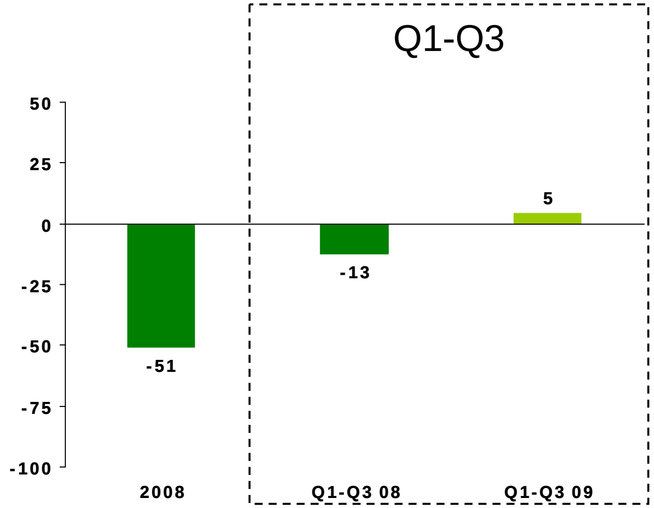
- **Volume** down 12%; **net revenue** down 19% to DKK 729 m (DKK 895m). FX (PLN) 7 pp of net revenue decline
- **EBIT** before Special Items at DKK 5m (DKK -13). **Profit margin** at 0.6% (-1.4%)

- **Lithuania**: Beer market down by 5%, JNSD market down by 23%. Combined RU volume down by 7%. Excise tax and prices increased. Share gains within both beer and juice. *Launch of Tauras in new profile bottle* and new line of cider products. Result better than expected and better than last year
- **Latvia**: JNSD market down by 25%. Beer market up by 3%. Excise tax, VAT and prices increased. Combined RU volume down by 27%. RU's market shares for beer and still drinks increased, but declined marginally for juice. Effective cost management compensated for volume decline. Cider products launched. Result better than expected and last year
- **Poland**: Overall beer market down by around 5%. Excise taxes increased. RU's volume up by 3%. Adjusted for Koszalin brewery disposal, volume increased by 7%. Net revenue (DKK) down by 19%, however adjusted for FX and Koszalin sale, up by 6%. Performance in Poland as expected

Net revenue DKKm



EBIT before special items DKKm

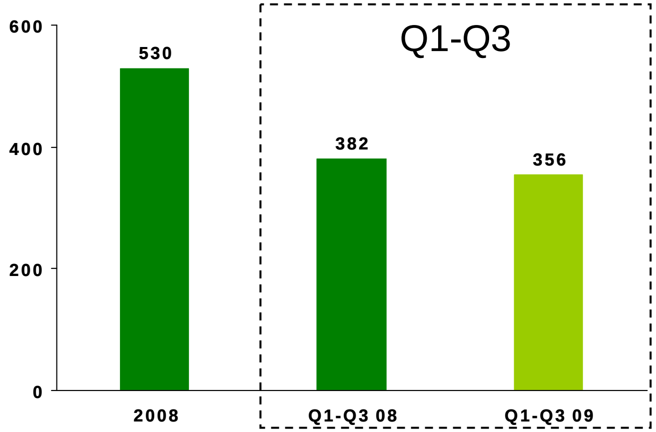


Key Markets: Malt and Overseas Markets

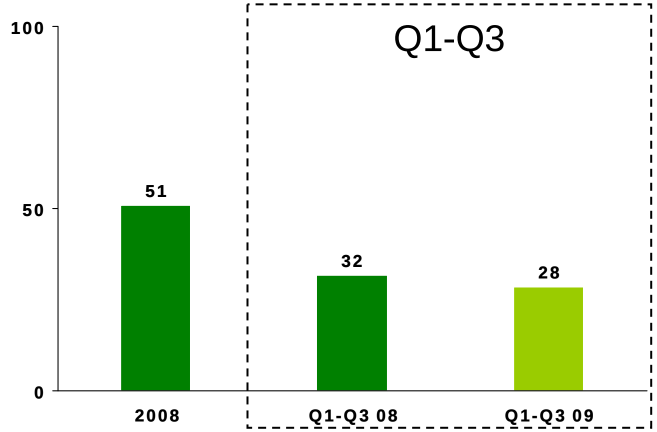
- **Volume** down 17%; **net revenue** down 7% to DKK 356m (DKK 382m). Increased prices and positive FX (USD) reduced impact of volume reduction
- **EBIT** before Special Items at DKK 28m (DKK 32m). **Profit margin** at 8.0% (8.3%)

- **Export and license business**: Volumes generally lower than last year due to continued weak markets, tighter credit management and de-stocking. Caribbean distribution businesses on Guadeloupe and Martinique performed better than expected and better than last year despite the Q1 general strike in Guadeloupe
- **Caribbean breweries**: Markets continued to be negatively impacted by the weak US economy

Net revenue DKKm



EBIT before special items DKKm



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Results Q1-Q3 2009

DKKm	Q1-Q3 2009	Q1-Q3 2008	2008
Net revenue	**2,986.9**	**3,234.4**	4,178.7
EBIT before special items	**234.9**	**145.3**	134.9
Margin	***7.9%***	***4.5%***	*3.2%*
Special items, net	**-28.9**	**-56,8**	-50.1
Profit before financial items*	**206.0**	**88.5**	-300.2
Net financial items	**-79.9**	**-66.7**	-82.7
Profit before tax	**126.1**	**21.8**	-453.0
Consolidated profit	**86.7**	**14.8**	-483.2

* Note: 2008 full year Profit before financial items is after impairment charge of DKK 385m; 2008 Profit before tax is after impairment write down of financial items of DKK 70m. Total 2008 impairment write down of DKK 455 m

Free Cash Flow

Free cash flow of DKK 291m (DKK -192.0m)

Components:

Cash operating profit after interest, dividends and taxes of DKK 263.2m (DKK 148.0m)

Net working capital decrease of DKK 155.5m (2008: increase of DKK 58.6m).

Net investments of DKK 127.8m (DKK 281.4m) driven by completion of projects initiated in 2008

FREE CASH FLOW	Q1-Q3 2009	Q1-Q3 2008
Period result adjusted for non cash items	357.7	267.0
Interest payments and dividends	-83.9	-85.6
Dividends received	12.5	15.0
Tax payments	-23.1	-48.4
Cash operating profit after payment of interest and tax	**263.2**	**148.0**
Change in working capital:		
Receivables	16.9	-24.4
Inventories	115.7	-134.7
Creditors	22.9	100,5
Change in working capital	**155.5**	**-58.6**
Net investment	**-127.8**	**-281.4**
Free cash flow	**290.9**	**-192.0**

Balance Sheet 30 September 2009

DKK million	30. September 2009	31. December 2008	30. September 2008
Intangible assets	483.9	486.4	808.9
Fixed assets	2,056.7	2,079.4	1.853.3
Financial assets	168.3	177.1	274.6
Total current assets	1,060.3	1,308.5	1,285.6
Total assets	3,769.2	4,051.4	4,222.4
Total equity	611.2	574.8	1,058.9
Total non current liabilities	2,204.9	1,882.9	1,921.6
Total current liabilities	953.1	1,593.7	1,241.9
Total equity and liabilities	3,769.2	4,051.4	4,222.4
Net interest bearing debt	1,894.8	2,191.9	2,026.2
Net working capital	-41.7	186.1	320.4

Net Interest Bearing Debt and Capital Structure

- Refinancing
  - Committed bank facility in place until 31. March 2011
  - End 2008 NIBD was DKK 2.2b
  - End Q3 2009 NIBD was DKK 1.9b
- All covenants met at Q3 2009 with significant headroom
- Lines
  - Cash and available credit facilities of DKK 450m after
    - Ordinary credit line reduction of DKK 250m in Q3
    - Subsequent voluntary additional line reduction of DKK 150m in October
  - Voluntary line reductions to reduce financing costs

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Outlook 2009 and 2010*

2009	2010
• Net revenue of DKK 3.8b	• Net revenue of DKK 3.4b - 3.6b
• EBITDA before special items of DKK 425 – 450m	• EBITDA of DKK 450m – 500m
• EBIT before special items DKK 210m – 235m (Earlier: DKK 170-210m)	• EBIT of DKK 250m – 300m (no Special items)
• Profit before Tax is estimated at DKK 60-85m (Earlier: DKK 0 – 50m)	• Profit before Tax of DKK 150m – 200m
• End 2009 NIBD expected at approx. DKK 2.0b (before completion of sale of Caribbean breweries)	• End 2010 NIBD expected at approx. DKK 1.6b (after completion of sale of Caribbean breweries)

Long term objective: Achieving an EBIT-margin of approximately 10%

* Consequences of the intended rights issue are not reflected in 2009 and 2010 outlook

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Intended Rights Issue

- A more optimal capital structure is a key priority
  - Safeguard structural and financial flexibility and competitive power
  - Cushion the company against uncertainty in light of the expectations for the future due to the economic crisis

- Net interest bearing debt level targeted at max 2.5x EBITDA

- An extraordinary general meeting has been called to authorize the Supervisory Board to increase the Company's share capital through a rights issue for existing shareholders leading to a proceed of some DKK 400m
  - Subject to the rights issue the Supervisory Board will propose to the AGM in 2010 that the voting restriction be removed
  - The capital increase – taking into account market conditions a.o. – to be completion no later than end of Q1 2010

- Maturity of bank facilities extended to 31. March 2012 conditioned on completion of rights issue

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