



# Capital Markets Update

## Introduction

Presented by Lars Jensen, CEO

10 May 2021

# Welcome and Setting the Scene

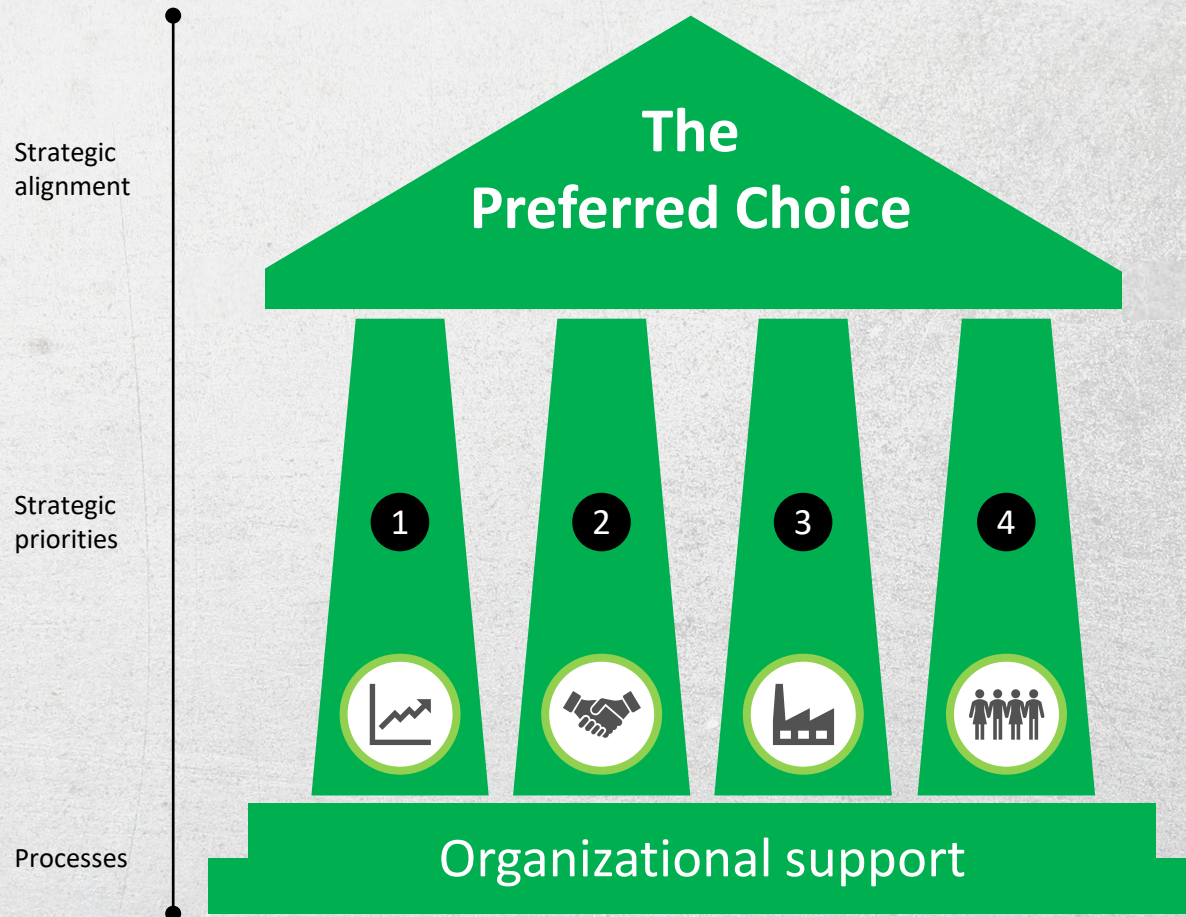


**Lars Jensen, CEO**

## Agenda for today

<b>Time</b>	<b>Presenter</b>	<b>Topic</b>
<b>14:00</b>	Lars Jensen, CEO	Welcome and setting the scene
<b>14:15</b>	Kalle Järvinen, SVP Baltic Sea	Low/no sugar, enhanced waters and RTDs
<b>14:40</b>	Kasper Ryttersgaard, VP Denmark	Energy, low/no alco beer and price/pack
<b>15:00</b>	Q&A session	With Kalle and Kasper
<b>15:20</b>	Jan Ankersen, SVP South Europe	Growing niche, multibev and premiumisation
<b>15:40</b>	Carsten Nørland, SVP International	International business and must-win battles
<b>16:00</b>	Q&A session	With Jan and Carsten
<b>16:20</b>	Lars Vestergaard, CFO	Growth, value creation and capital allocation
<b>16:40</b>	Q&A session	With Lars and Lars

# Key to becoming the preferred choice builds on four strategic priorities



## 1 Build sustainable business

- Grow our markets and market shares through Multibeverage and Niche strategies
- Improve our mix every year: product, channel and premium innovations
- Gain efficiencies through operating leverage
- Drive organic EBIT growth and increase shareholder distribution

## 2 Prepare for future growth

- Best partner for our customers
- Most relevant innovations for consumers
- Develop more healthy products
- Win with future consumer demographics and geographies
- Pursue structural improvements through M&A and partnerships

## 3 Become the most sustainable beverage company

- Renewable energy
- Product circularity
- Supplier roadmap
- Local engagement
- CSR mindset

## 4 Grow the most committed employees

- Job crafting and proud employees
- Strong leadership
- Health and wellbeing
- Diversity

**Our growth formula: Volume + Value + Efficiency – Investments in Growth = Increased Earnings**

The Royal Unibrew purpose and ambition

# The Preferred Choice

We want to be the preferred choice of local beverage partner that challenge the status quo by doing better every day in a fun, agile and sustainable way

## Our consumers

Bringing people together and facilitating great moments and enjoyment is the heart of our business. We offer strong local beverage brands in combination with global brands – continuously striving to match consumers' changing preferences through meaningful innovations and by offering a broad range of refreshments that deliver choice.

## Our customers

We partner with our customers and strive to grow together by offering a portfolio of relevant brands and having a challenger mindset. With our local, decentralized setup we focus on agility and close collaboration – aiming to provide best-in-class service as well as pursuing extraordinary brand execution in all channels.

## Our people

We recruit, develop and retain entrepreneurial and empowered people thirsting for success and striving to do better every day. Our people drive our success and progress – and live and protect our values. We work as one team and find solutions to all challenges.

## Our shareholders

Our main focus is to invest behind the categories and channels that grow the most, pushing premiumization and driving organic EBIT growth. On top of this, we will do value accretive bolt-on, as well as strategic acquisitions if possible. We aim to increase distribution to shareholders over time through dividend and share buy-backs.

## The future

We are deeply rooted in the communities where we work, and we partner with all our stakeholders to make a positive impact on society. Our focus is to build a long-term sustainable business and to minimize the environmental footprint of our operations from raw materials to the end consumption.

# Ambitious KPIs drive our daily performance

## Our consumers & customers



**No / Low**  
with above average  
growth  
both in the portfolio  
and market YoY

**#1**  
partner of choice for  
customers  
as a sustainable  
beverage supplier  
by 2030

**40%**  
of marketing budget  
allocated to brands and  
campaigns  
with a sustainability  
position by 2025

## Our products



**100%**  
carbon emission free  
by 2025 in scope

**50%**  
reduction in supply  
chain emissions  
by 2030

**100%**  
recycled, recyclable or  
reusable packaging  
by 2025

## Our people



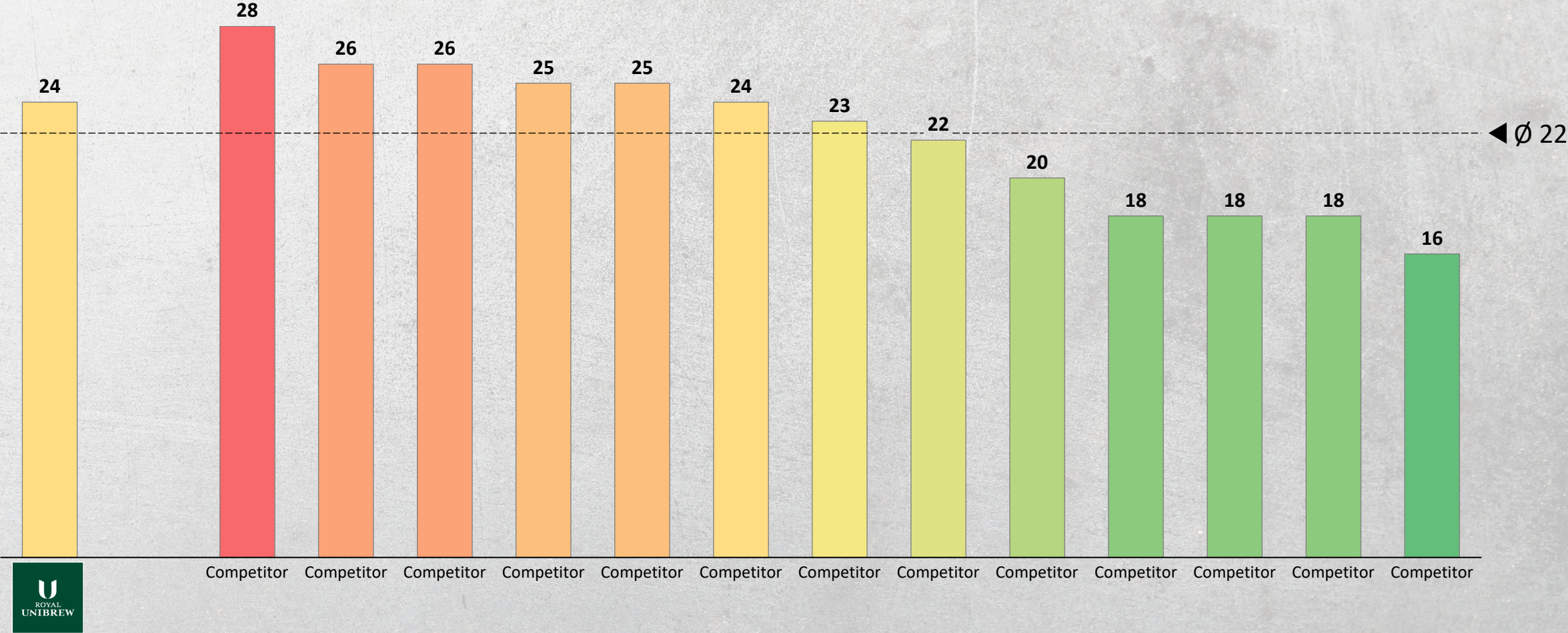
**100%**  
safety culture

**80%**  
of employees being  
Royal Unibrew  
ambassadors  
by 2030

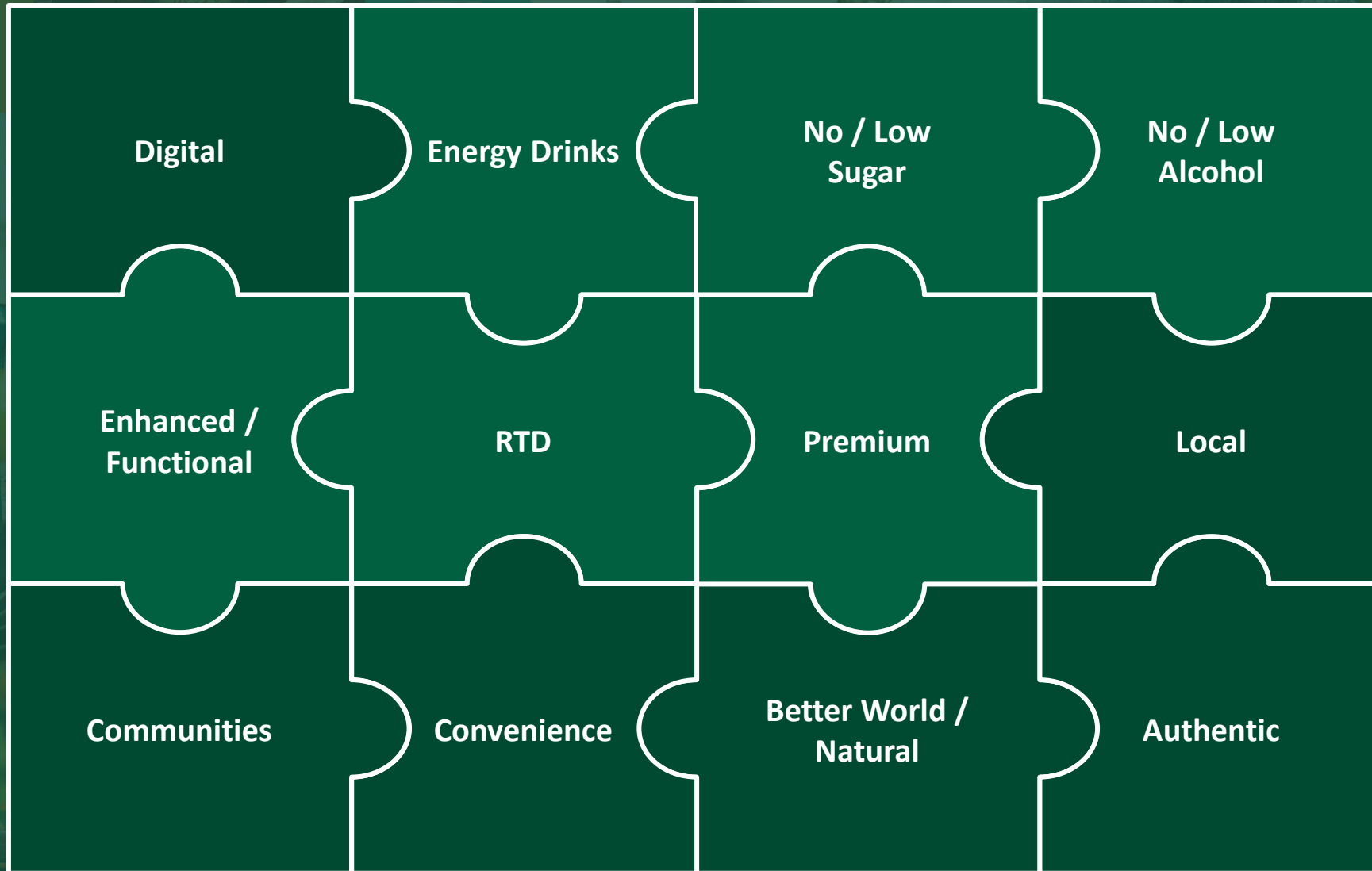
**100%**  
sustainability culture  
by 2025

# ESG remains a core priority for Royal Unibrew; dedicated focus on continued improvement towards 2025

Environmental, Social and Governance (ESG) Risk Score 0-100; as per October 2020



# Royal Unibrew's Growth Drivers Framework





Premium



Low / no sugar



Enhanced waters



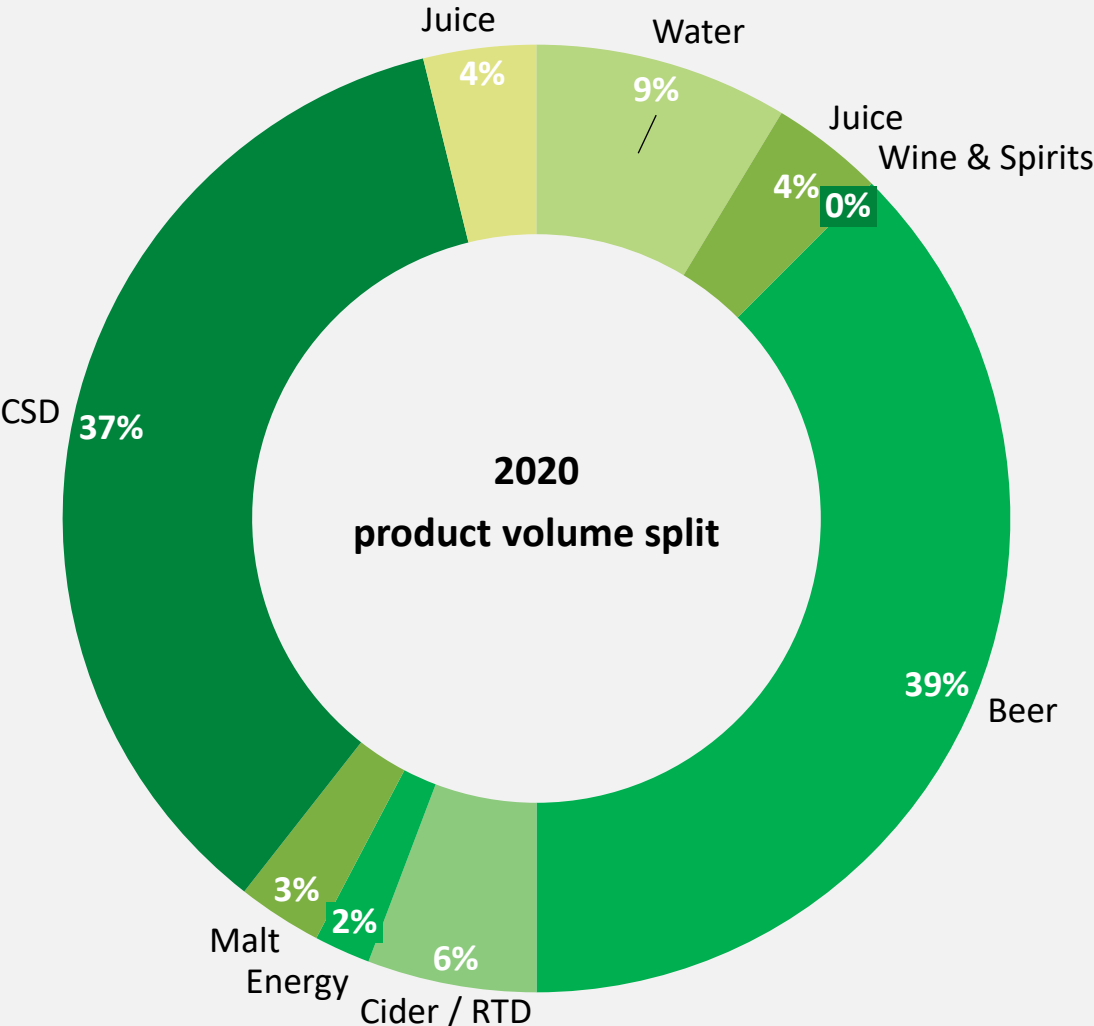
RTD / Cider / Cocktails



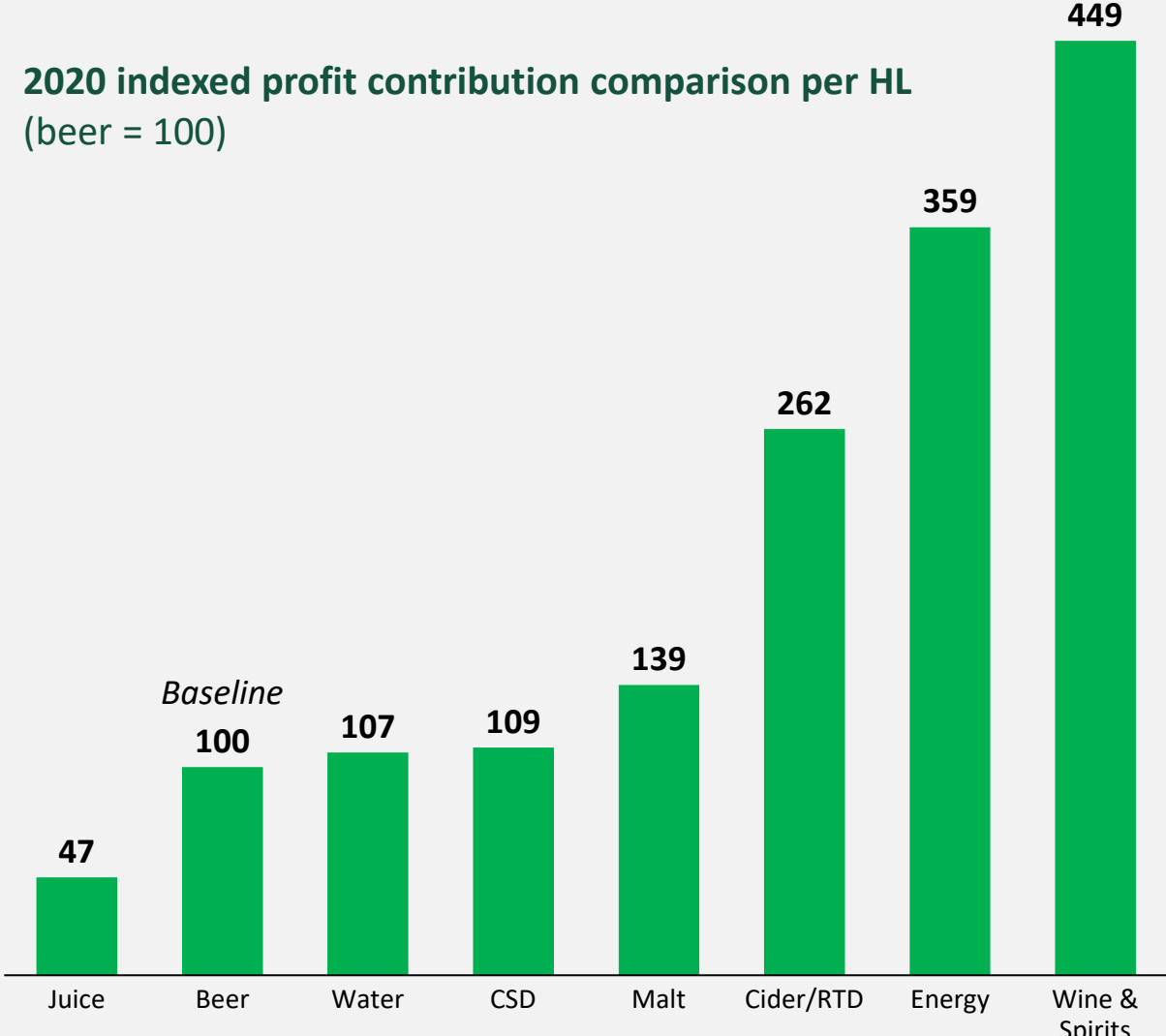
Energy



# Focus on growth categories with above-average PC/HL

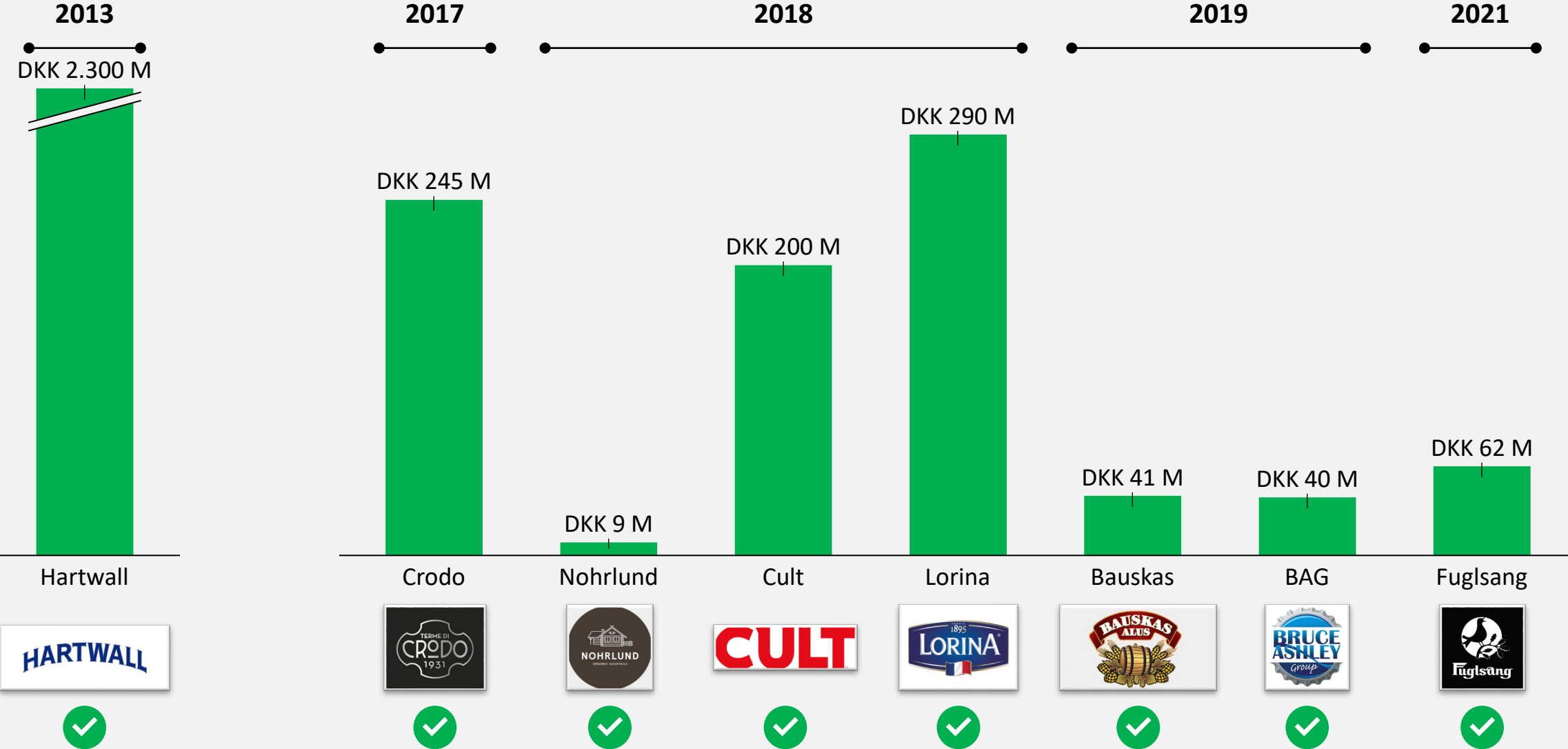


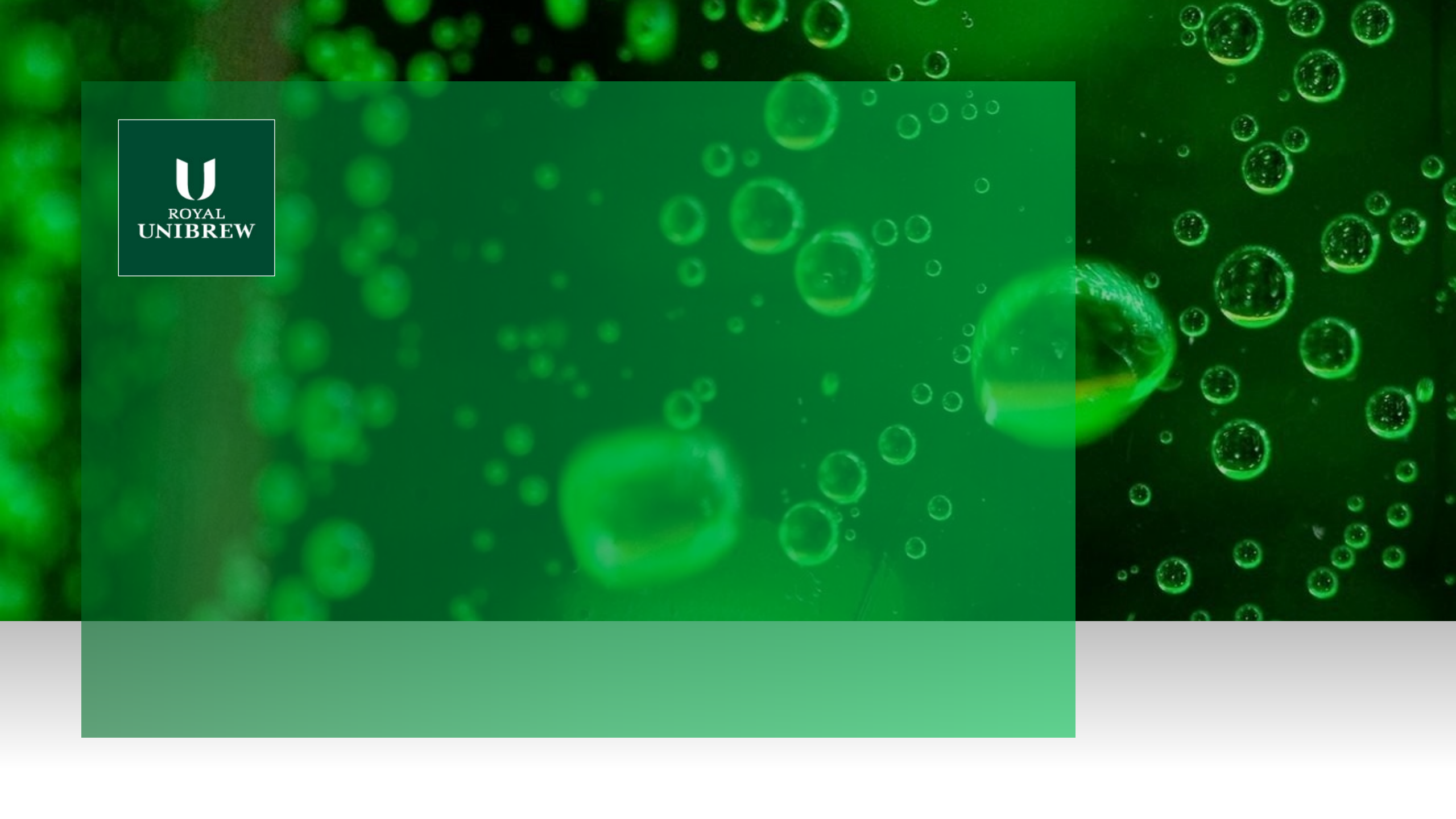
**2020 indexed profit contribution comparison per HL**  
(beer = 100)



*Expected future growth* →

# Strong commercial and financial value creation from multiple successful acquisitions (revenue DKKm at time of acquisition)







# The preferred choice for for healthier drinks

Presented by Kalle Järvinen, SVP Baltic Sea and MD Hartwall

10 May 2021: Capital Markets Day

# GROWTH DRIVERS FOR THE FUTURE

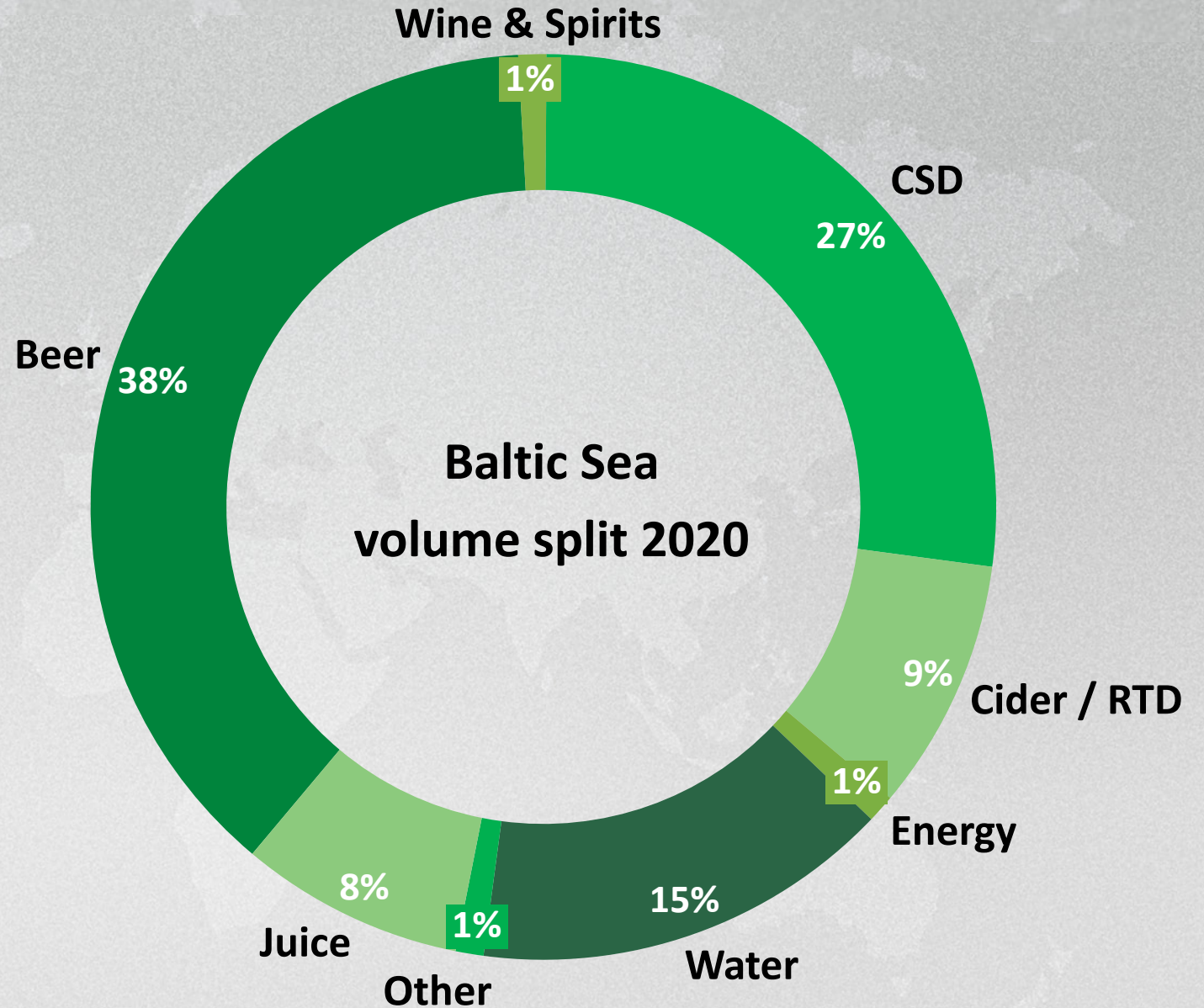


**Kalle Järvinen**  
SVP Baltic Sea and MD Hartwall

Low / no sugar

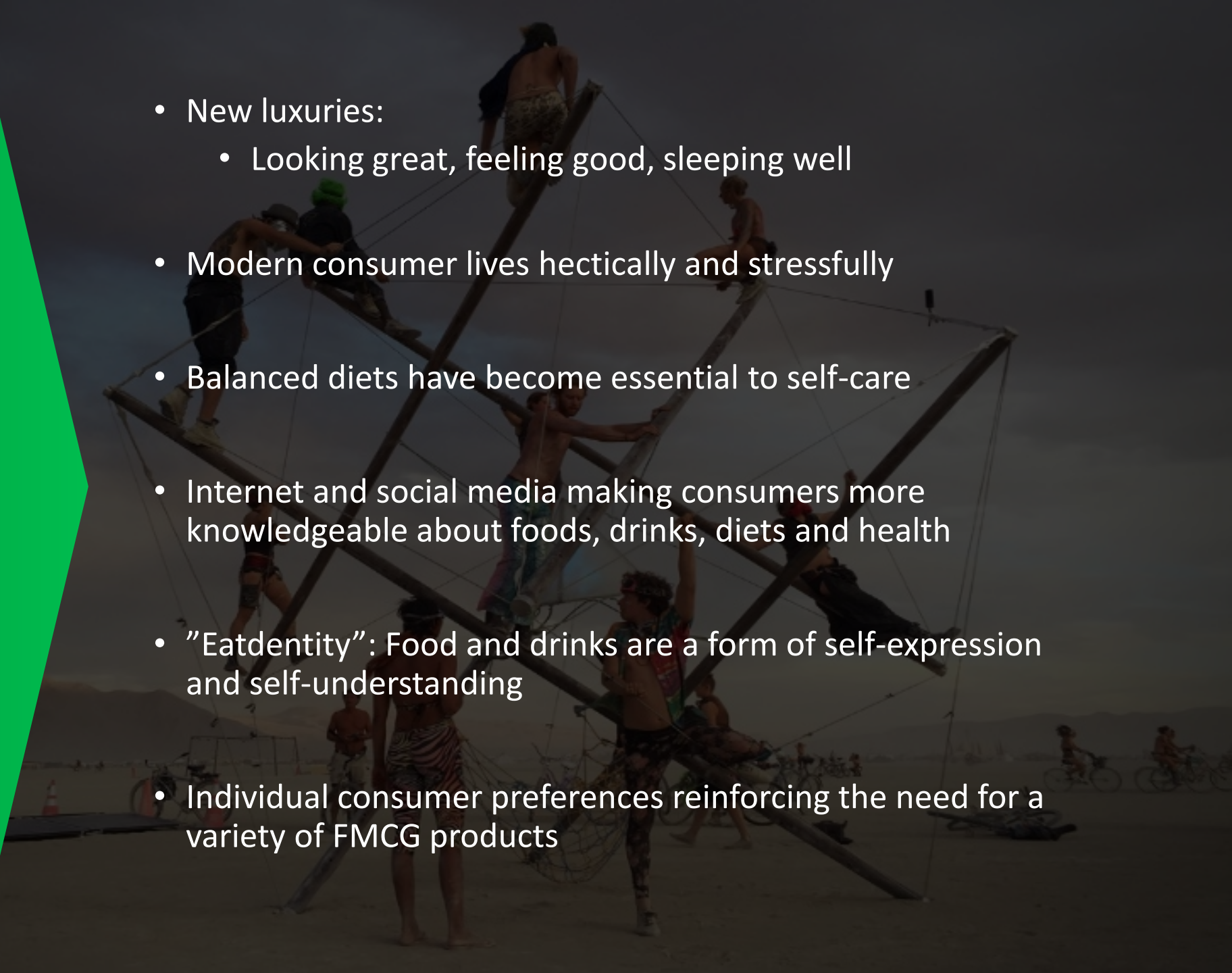
Enhanced waters

RTD / ciders



- Health and wellbeing trends stronger than ever before
- Getting continuously diversified

- New luxuries:
  - Looking great, feeling good, sleeping well
- Modern consumer lives hectically and stressfully
- Balanced diets have become essential to self-care
- Internet and social media making consumers more knowledgeable about foods, drinks, diets and health
- "Eatidentity": Food and drinks are a form of self-expression and self-understanding
- Individual consumer preferences reinforcing the need for a variety of FMCG products



# Gaining good vs. avoiding bad

Stripping away the artificial and/or unhealthy is as important as adding more 'good stuff'

## Gaining good

- Functional and health promoting products and solutions
- Health, beauty, vitality, performance, recovery
- Specific/ targeted functional products or generic wellbeing products - inspiration from traditional Asian medicines & treatment

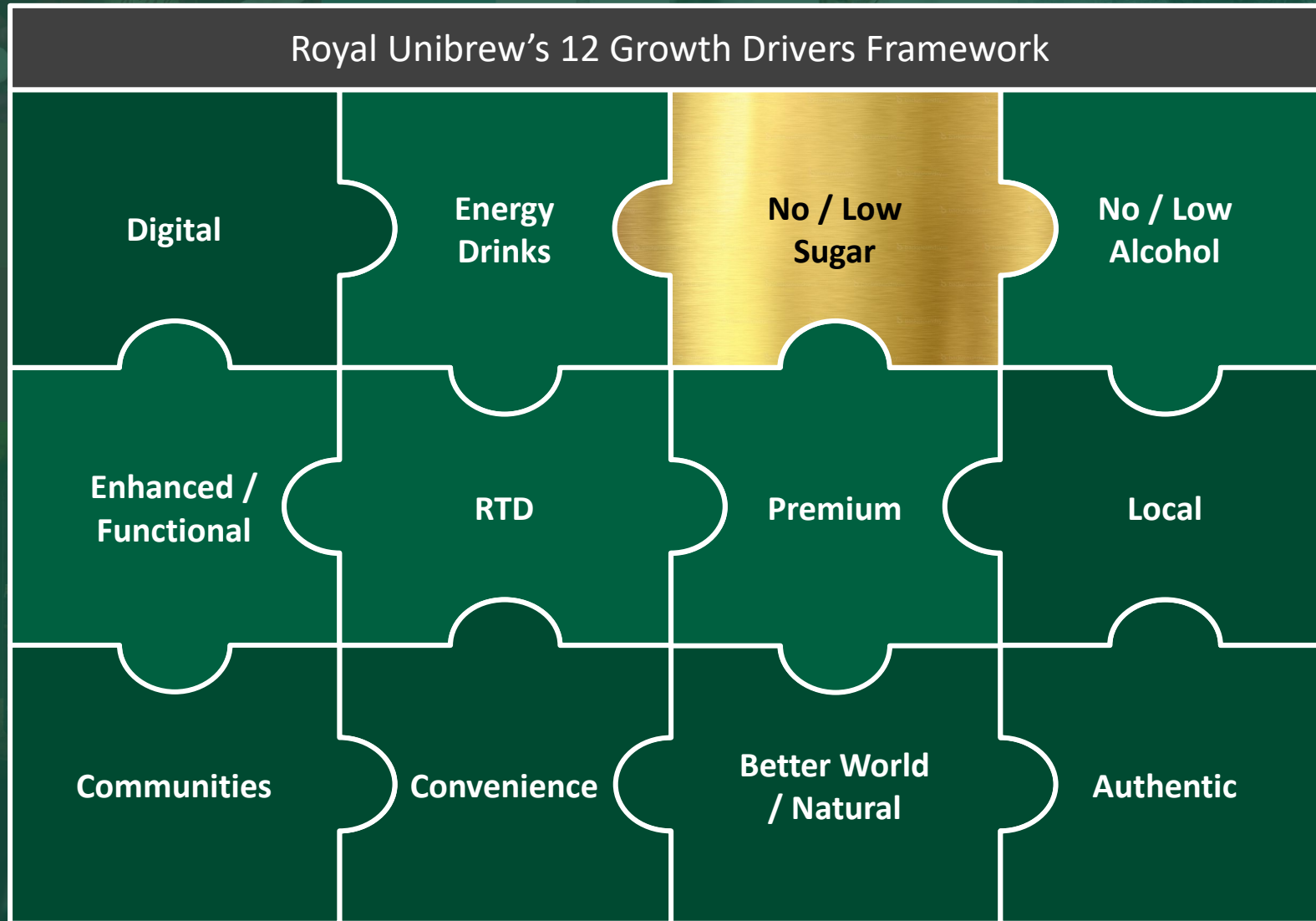
## Avoiding bad

- Growth of free-from options and diets
- Organic, vegetarian and free-from options are moving into the mainstream - **sugar free**, gluten free, lactose free, milk free, vegan, alcohol-free



# Value Creation: The Royal Unibrew Way

Royal Unibrew's 12 Growth Drivers Framework





## Low / no sugar trend reinforced in multiple ways

- Sugar remains consumers' "top concern ingredient"
- 90% of consumers globally think about their sugar intake
- 47% of global consumers actively trying to reduce sugar consumption
- Increased pressure on high sugar foods and beverages from health associations and politics
- Sugar taxes implemented in 46 countries
- Politics and industry are complying with consumers' and health organizations' demands for transparency
- Nutritional labels increasingly used worldwide

# Outperforming market growth in low and non-sugar CSDs

## Portfolio conversion

Aggressively build no sugar through portfolio conversion from sugar into non-sugar



## Reformulation

Jaffa Juicy – less sugar from natural juice  
Reformulate line extensions to zero sugar/no-added sugar



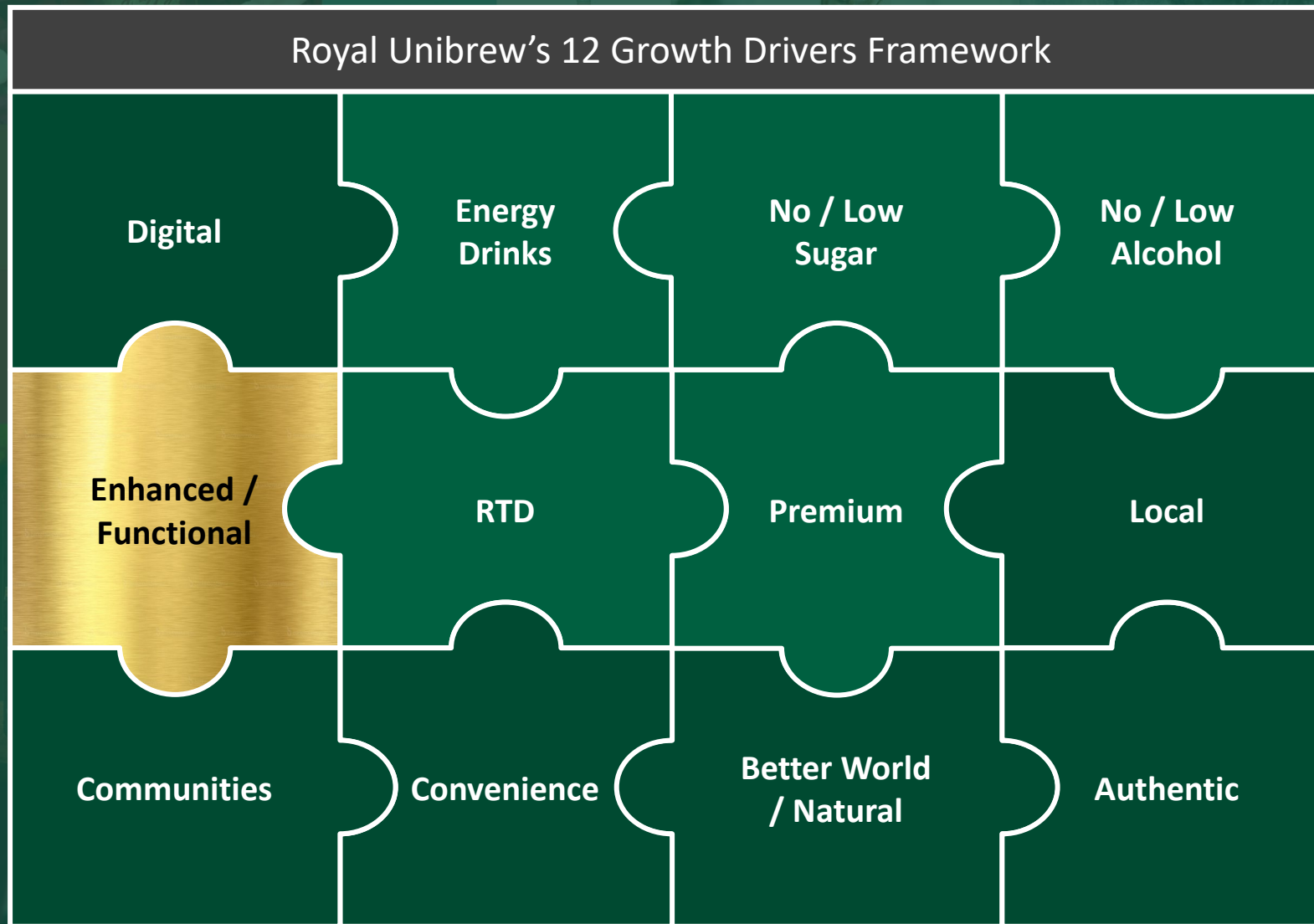
## Sugar conversion

Lead non-sugar conversion through providing low calorie alternatives & downsizing with focus on CSR



# Value Creation: The Royal Unibrew Way

Royal Unibrew's 12 Growth Drivers Framework



# Novelle – gaining good: The preferred choice in enhanced waters

## Novelle Core



### Thirst-quenching waters that go well with food

- Transparent liquids, natural or mild flavor
- Still or lightly carbonated
- Sourcing from tap water, milk

## Novelle Fresh



### Mixing fresh, pure mineral water with delicious juice

- Healthier option for juice and CSD's
- More intense taste than mineral water but not as sweet as Novelle Plus
- No sugar and no artificial sweeteners
- Lightly carbonated

## Novelle Plus



### Healthy pleasure

- Sweet CSD-like taste profile with less sugar
- Functional benefits added to support long-term wellness
- Lightly carbonated

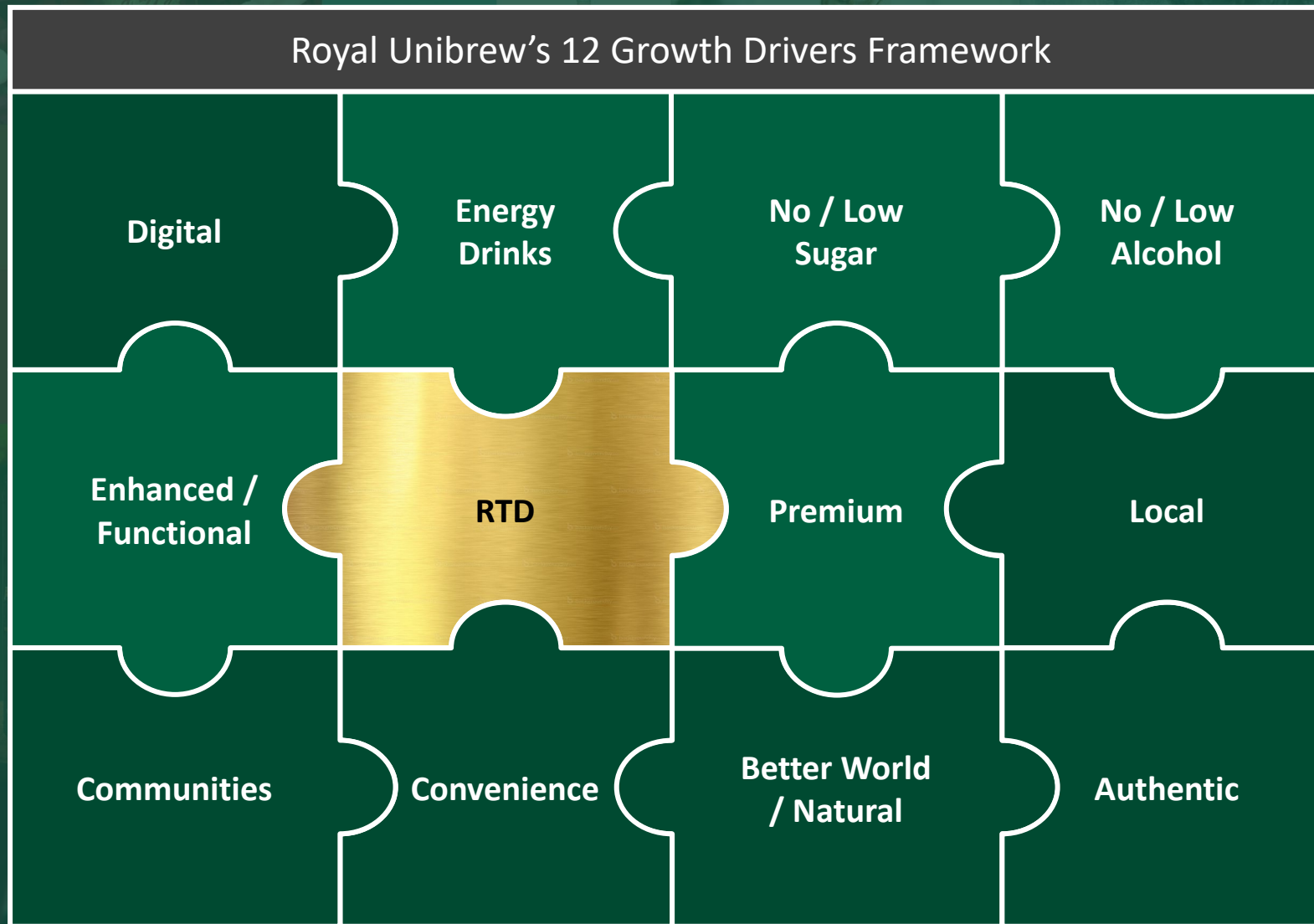
## Novelle Pro



### The first plant-based protein water in Finland

- More natural and better choice than other protein snacks: Easy to drink on the go, fresh taste profile & low calories
- Lightly carbonated

# Value Creation: The Royal Unibrew Way



# Strong RTD growth despite Covid

Driven by factors such as:

- Wellness
  - Cocktail culture
  - Hunger for variety
  - Outdoor consumption
  - Quality ingredients
  - Premiumization
  - Convenience
- 
- Globally, the RTD category is forecasted to grow 41% between 2019 and 2024
  - **In Europe, RTDs +16% YOY growth 2019**
  - **In US , SELTZER growth +211% in 2019 vs 2018**
  - During the pandemic, flavored alcoholic beverages have been the steadiest performer among alcohol segments; even posting occasional growth



# Key consumer trends and RTD drivers

## New experiences and hunger for flavours



### Excitement & Novelty

RTDs superior flavour variety as compared to other alcohol types.

Consumers are notably **experimental** when choosing these drinks.

Interesting, fun and novel flavours  
craft & cocktail inspired products

## Health and wellness

No/low ABV; no/low sugar; naturalness



### Moderation & Avoidance

Demand is growing for **low sugar/calories/carbohydrates**, as well as to **low/no alcohol options**.

High attention to **the ingredients** and seek for **clean and better-for-you solutions**.

Zero RTDs/ spirits, seltzers,  
pure & quality ingredients

## Convenience



### Ease & Enjoyment

**Premium convenience** with premix drinks & cocktails.

Convenient on the go saving time from mixing variety & flavours without ingredients/skills needed.

High quality premix drinks  
cans & on the go packs



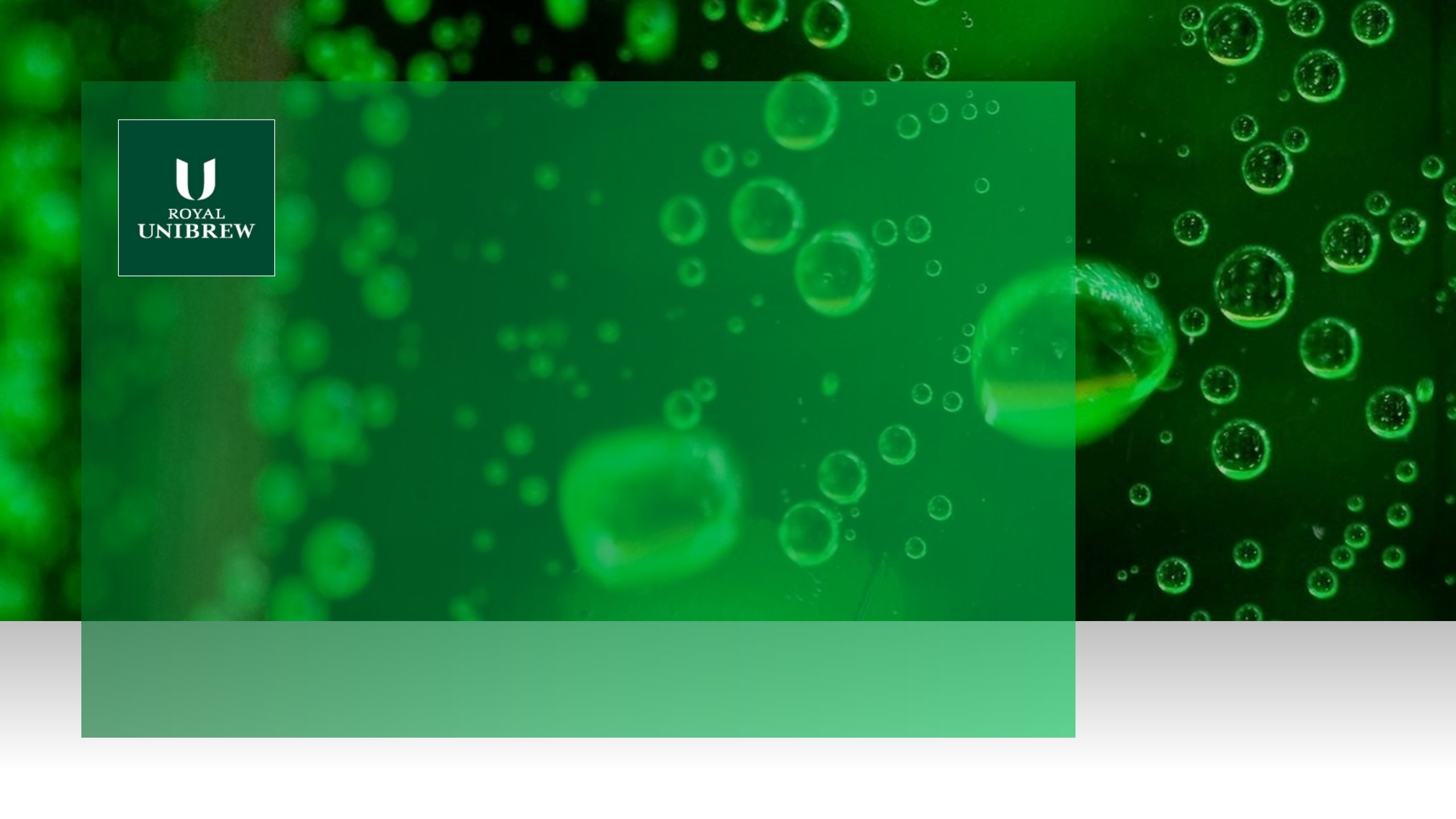
# Expansion into a profitable segment with Mainstream and Premium product launches

## Mainstream RTD



## Premium RTD







# The preferred choice For non-alcoholic and energy drinks

Presented by Kasper Ryttersgaard Jacobsen  
VP & General Manager Denmark

10<sup>th</sup> of May 2021

# Growth categories for the future

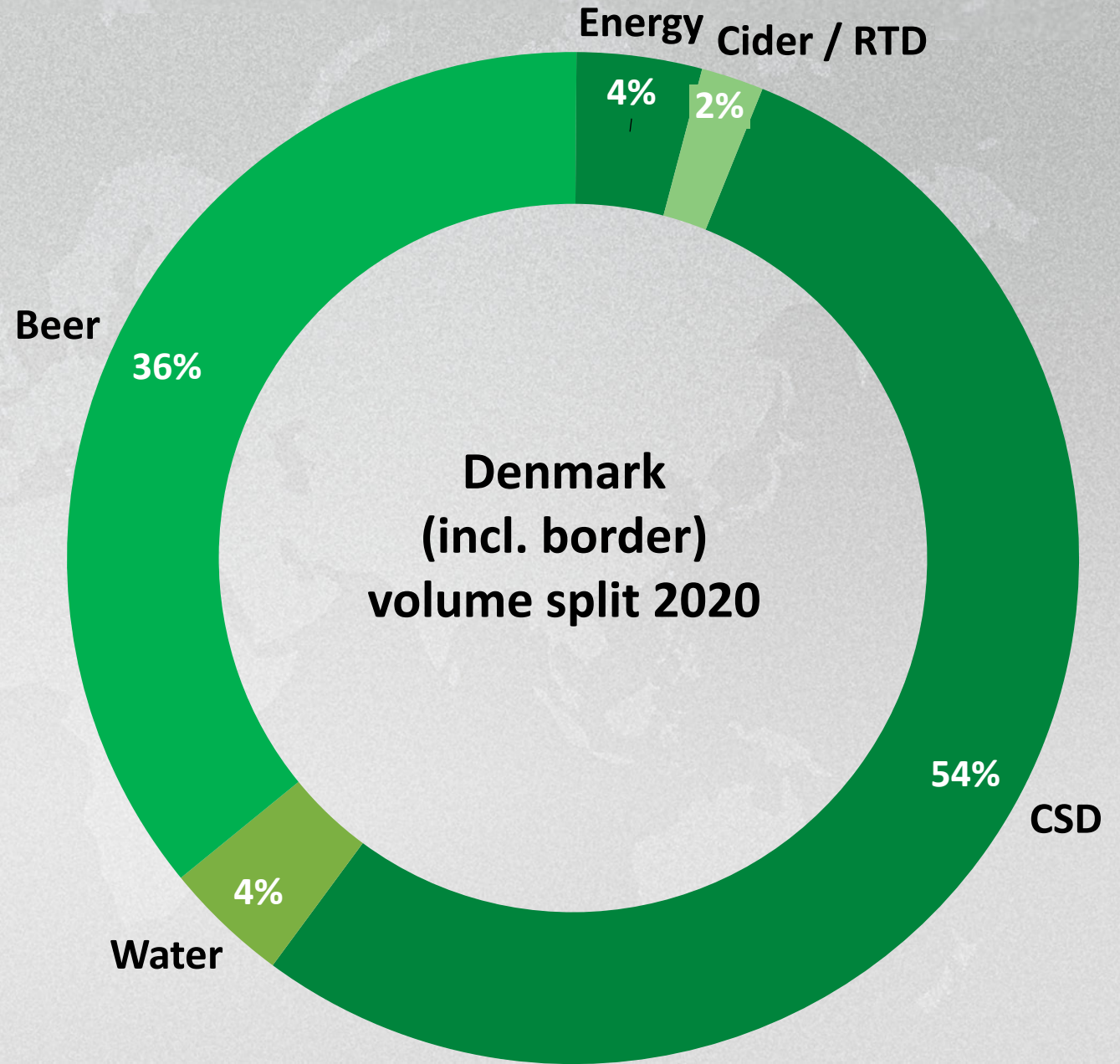


**Kasper Ryttersgaard**  
VP and GM Denmark

Low / no alcohol

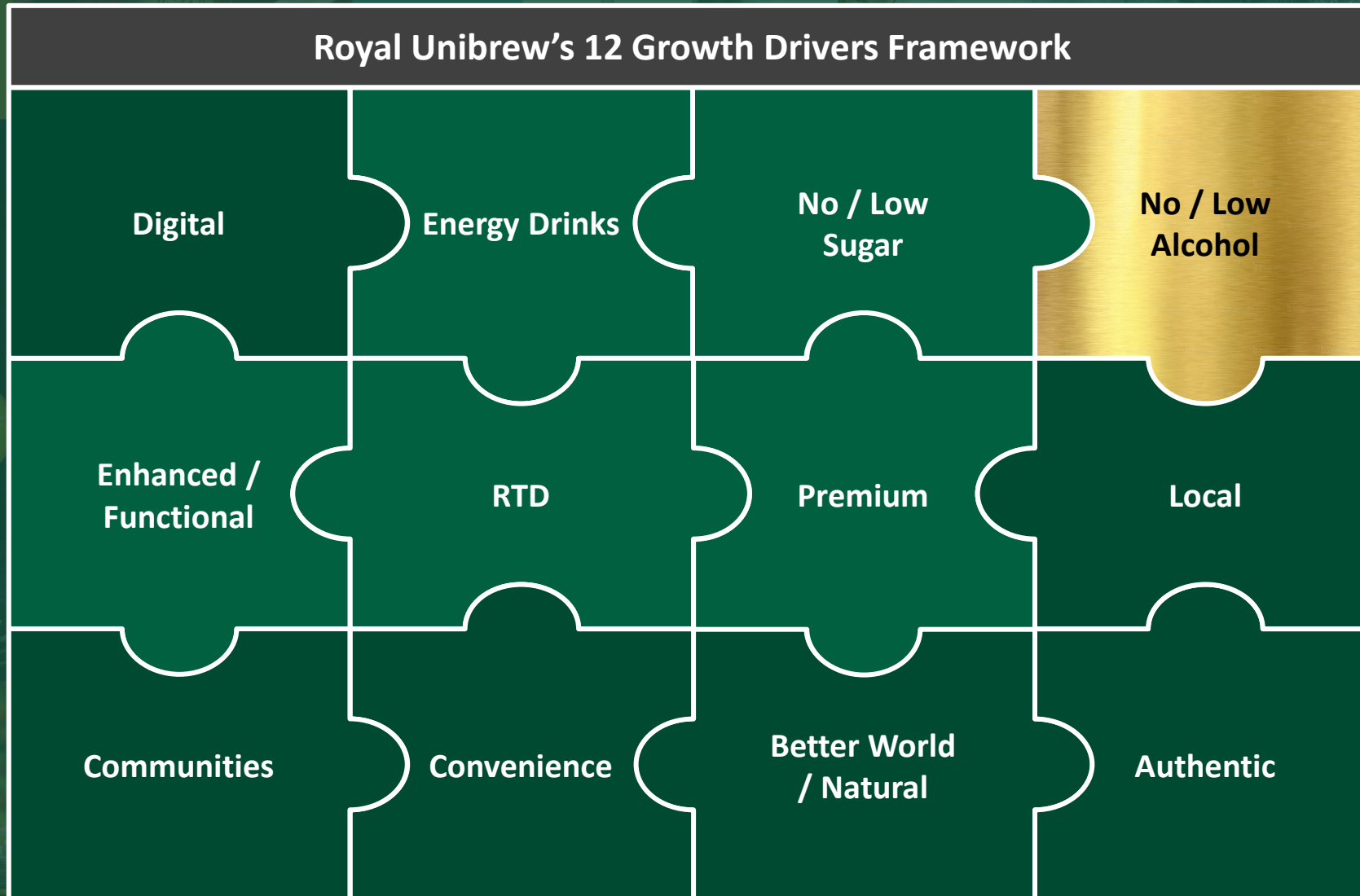
Energy drinks

Price / pack



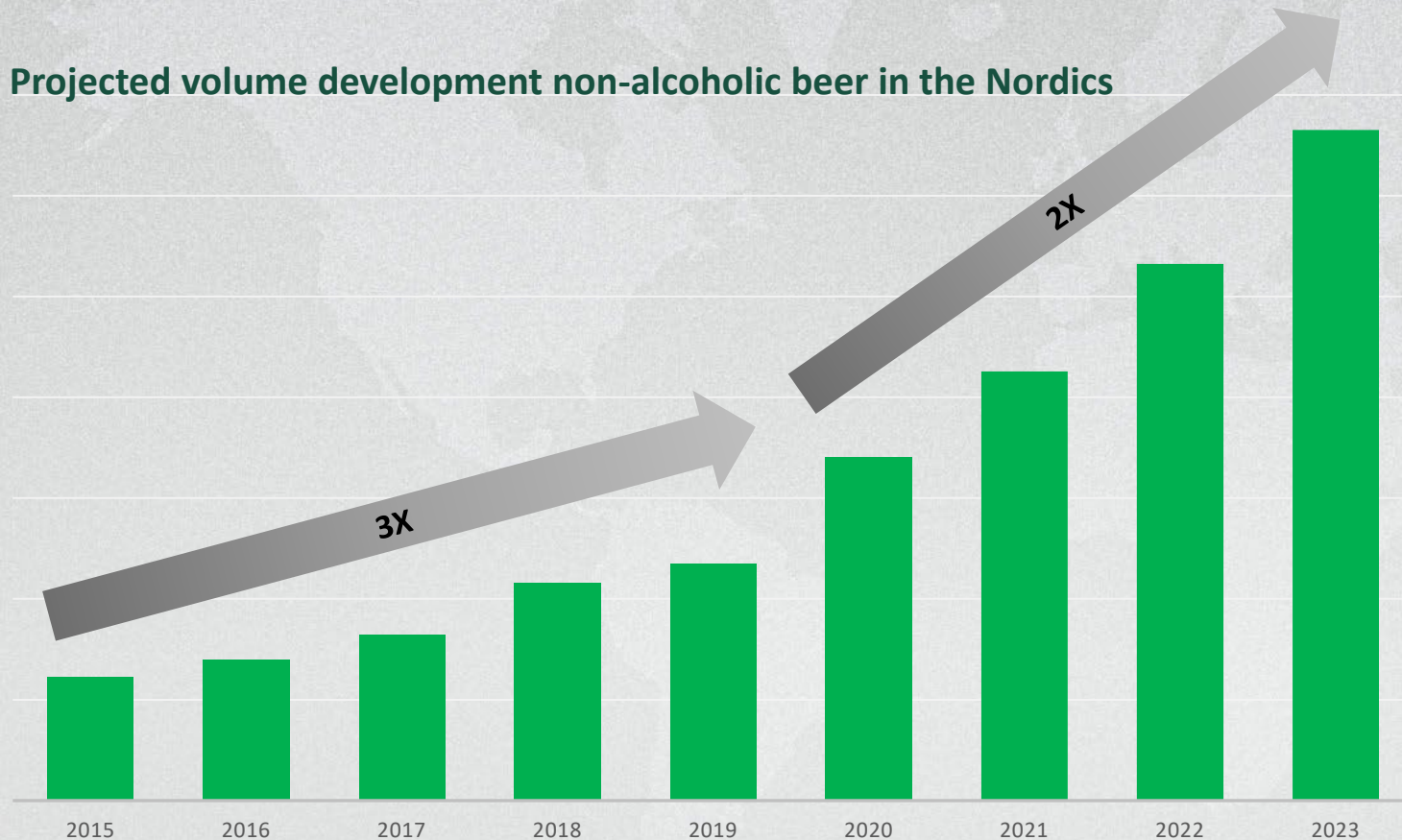
# Value Creation: The Royal Unibrew Way

## Royal Unibrew's 12 Growth Drivers Framework



# The global non-alco beer market growing 7.5% during coming years

Projected volume development non-alcoholic beer in the Nordics



## 2020 growth in Royal Unibrew

 Denmark: **79%**

 Finland: **51%**

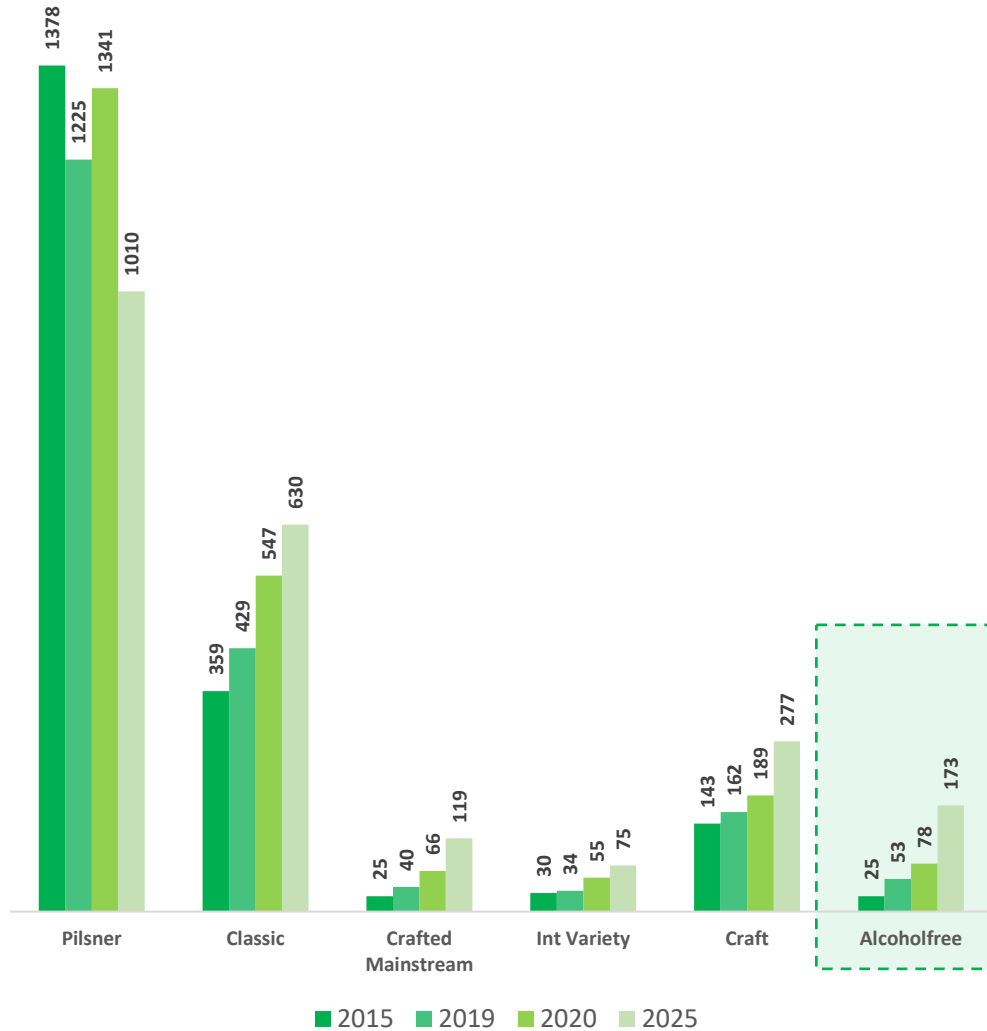
 Baltics: **11%**

## Non-alco beer market insights

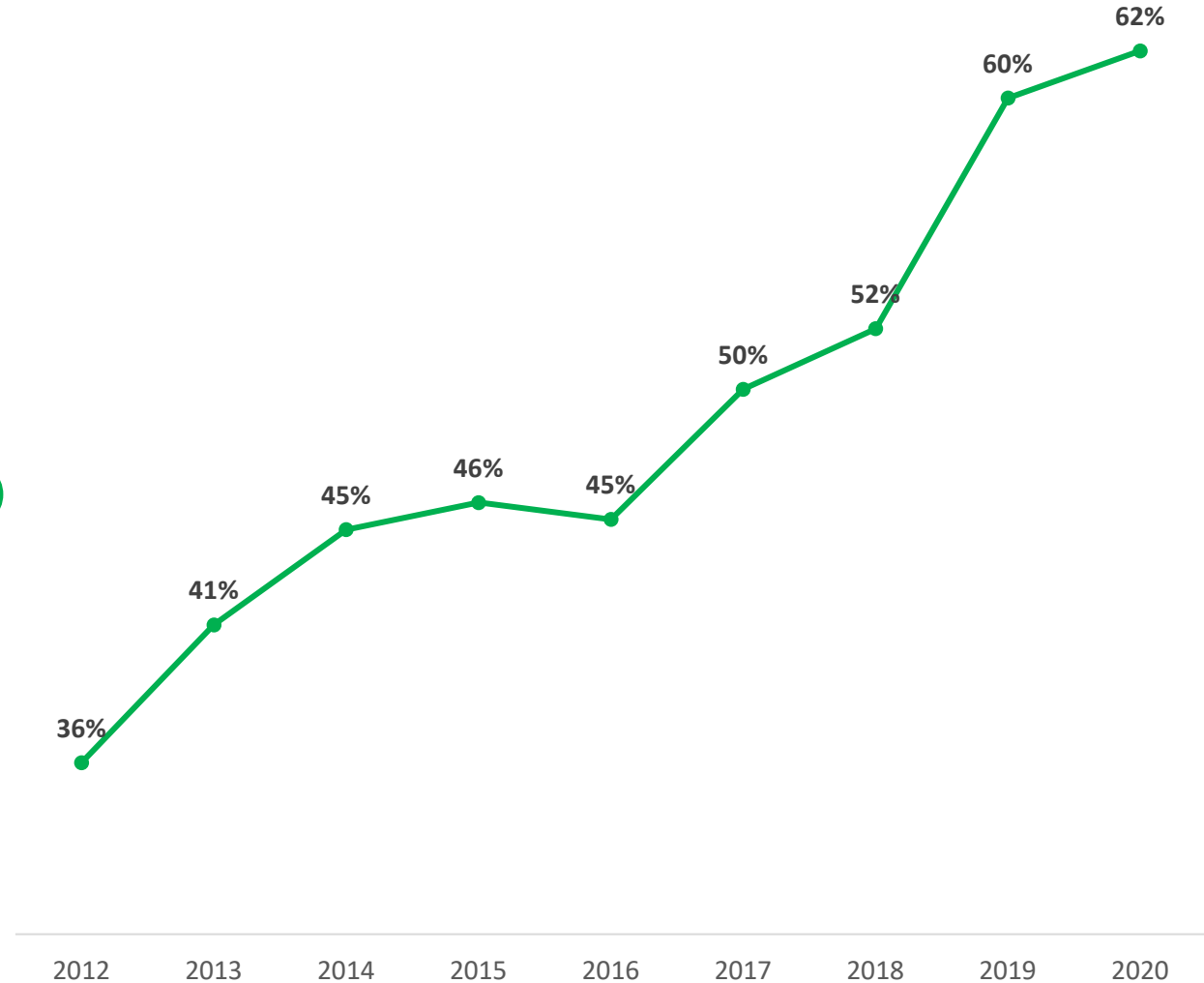
- 2016 market value: \$13.5 B
- 2024 market value: +\$25 B
- 2017-2024 CAGR +7,5%

# Category currently breaking through in Denmark

## Segment forecast volume (1.000 HL)



## Low alcoholic segment penetration



# Royal Unibrew has a broad portfolio of non-alcoholic beers and not just lager beers



With even more products and packs to be launched in the future



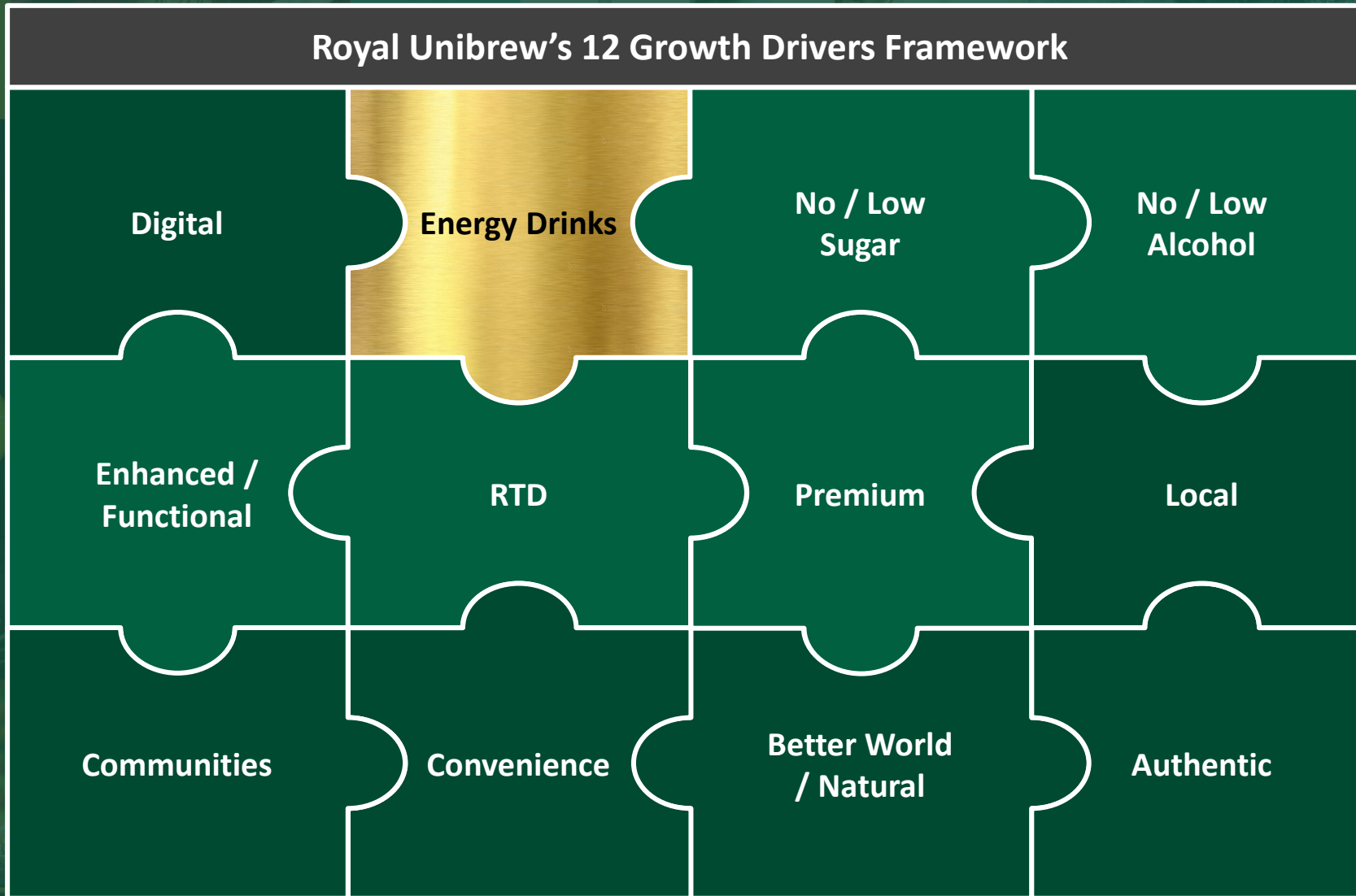


# Non-alcoholic in-store concepts successfully developed in several markets



# Value Creation: The Royal Unibrew Way

## Royal Unibrew's 12 Growth Drivers Framework

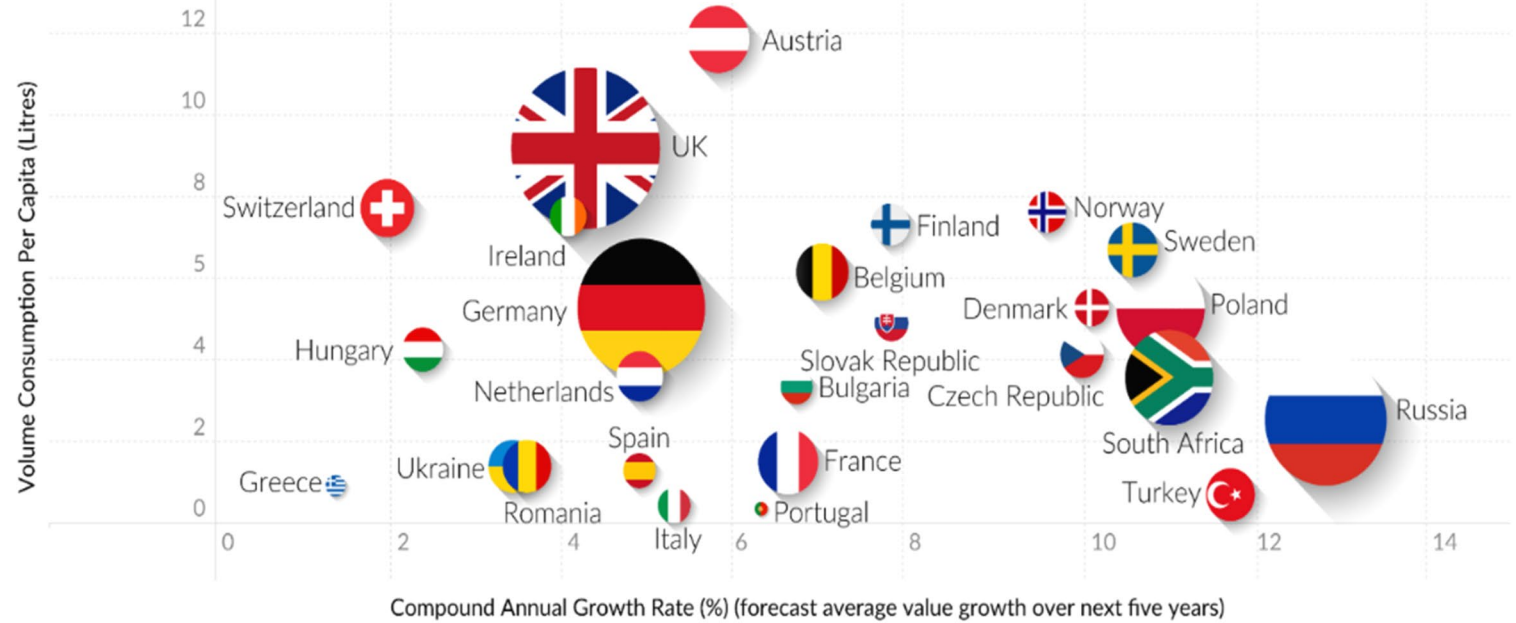


# “Rocket Category”

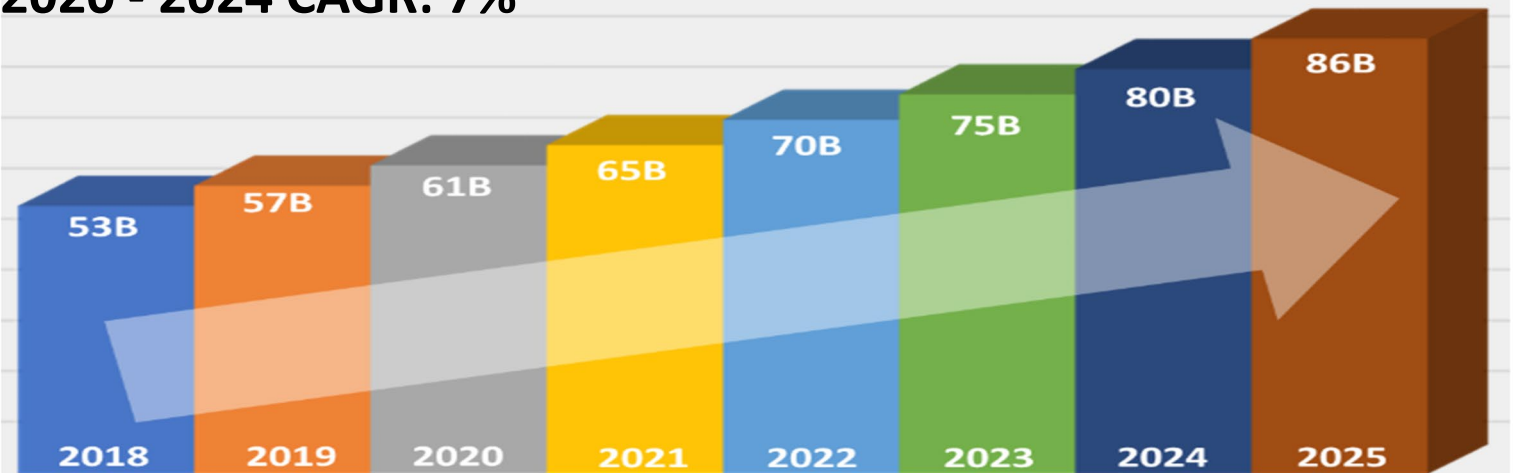
Energy drinks transitioned from niche product to one of the fastest-growing products in the beverage market



## 2021 EMEA retail market overview



## 2020 - 2024 CAGR: 7%



FREMTIDEN  
ER VORES!!!

CREATE · UNITY  
LOVE · THIRST

## Multiple growth drivers in the Energy Category

Category  
Recruitment



Channel  
Expansion



High  
Innovation  
Level



New  
Occasions



# Category growth in Denmark fueled by solid product innovations from Royal Unibrew



**TASTE INNOVATION**  
HEMP | FANTASY FLAVOURS | NEW FRUITS



**SUGAR REDUCTION**  
ZERO | REDUCED SUGAR | STEVIA



**MORE NATURAL**  
NATURAL FLAVOURS & EXTRACTS | JUICE CONTE



**NOVEL ENERGISING SOURCES**  
GUAYUSA | TEA | COLD BREW COFFEE | GUARANA



**ENHANCED FUNCTIONALITY**  
BCAA | L-CARNITINE | MINERALS | VITAMINS



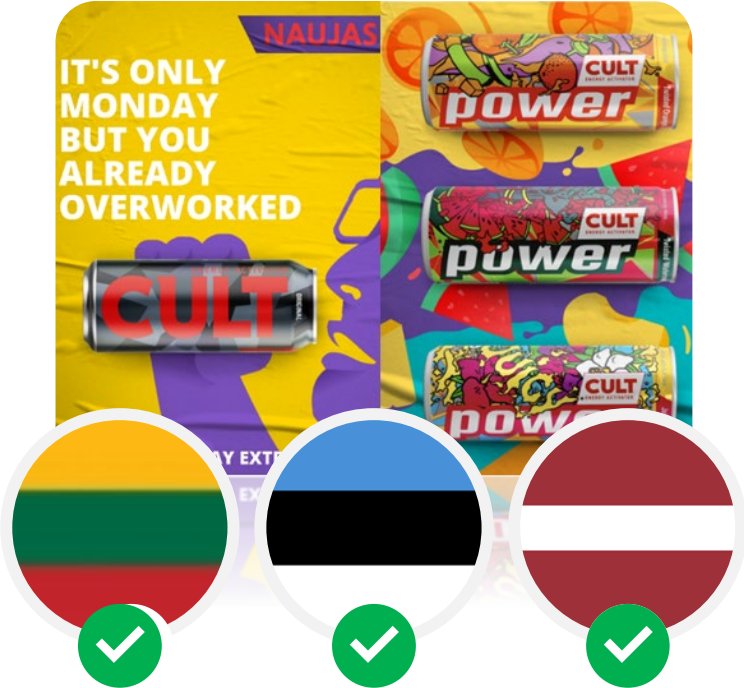
**CATEGORY BLURRING**  
WITH SODA | TEA | COFFEE | JUICE



New in Denmark



# Several markets joining the energy trend with ambitious growth initiatives





# Price & Pack Strategy

# Understanding the right price and pack in the market is key to win the consumer and create customer value





# A clear market strategy for all product categories

## Beer

## CSD



Price tier 1

- High price elasticity
- Volume
- Stocking-up consumers



Price tier 2

- Medium price elasticity
- Value
- Medium/light users



Price tier 3

- Low price elasticity
- High value
- All users



Price tier 4

# FAXE KONDI

- One brand
- Many formats
- All occasions

2 l.



6x



1,5 l.



20x



0,5 l.



24x



0,33 l.

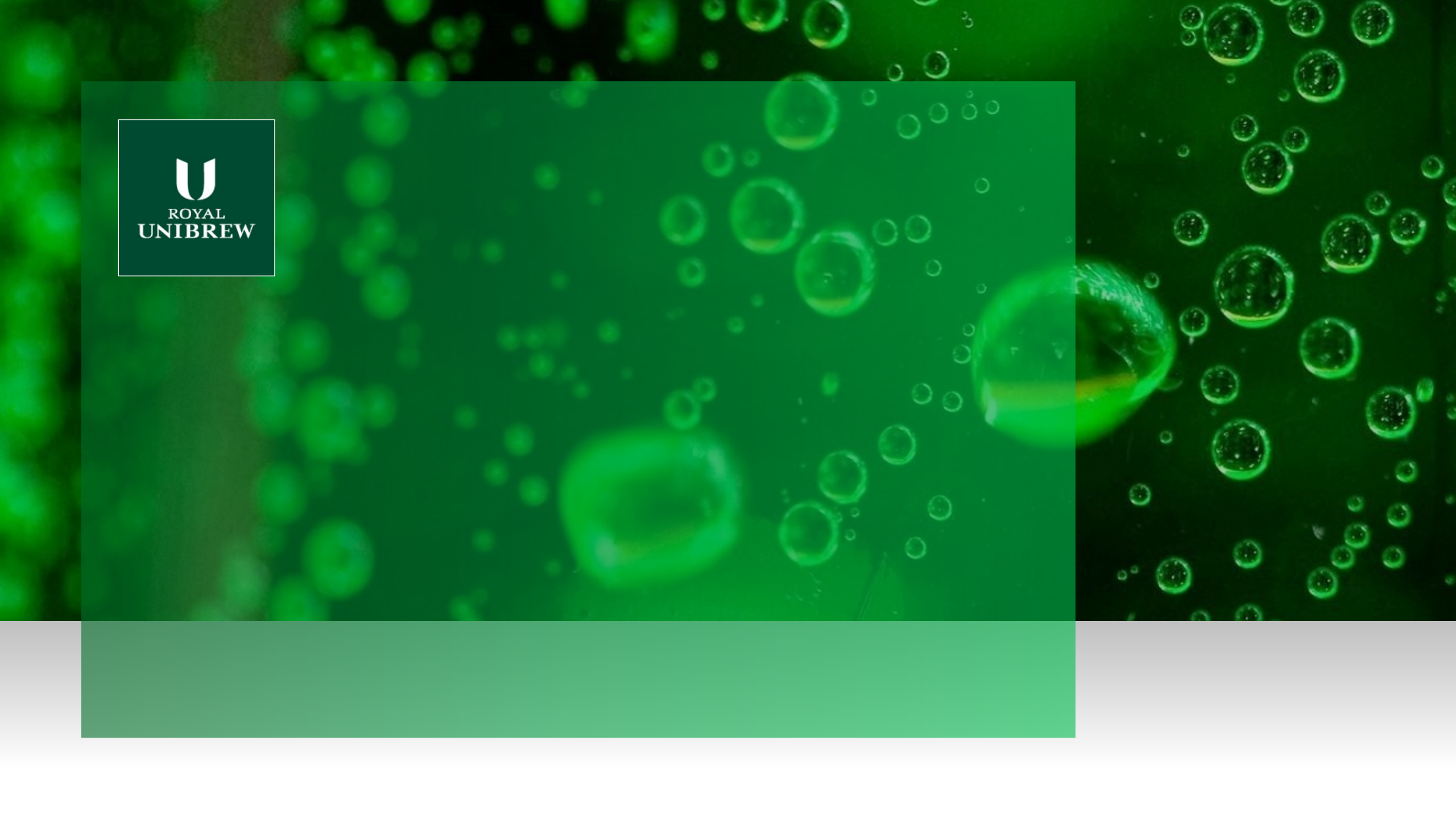


0,25 l.



24x







# The preferred choice in premium drinks

Presented by Jan Ankersen, SVP South Europe

10 May 2021: Capital Markets Day

# Italy and France: Successful growth in niche markets

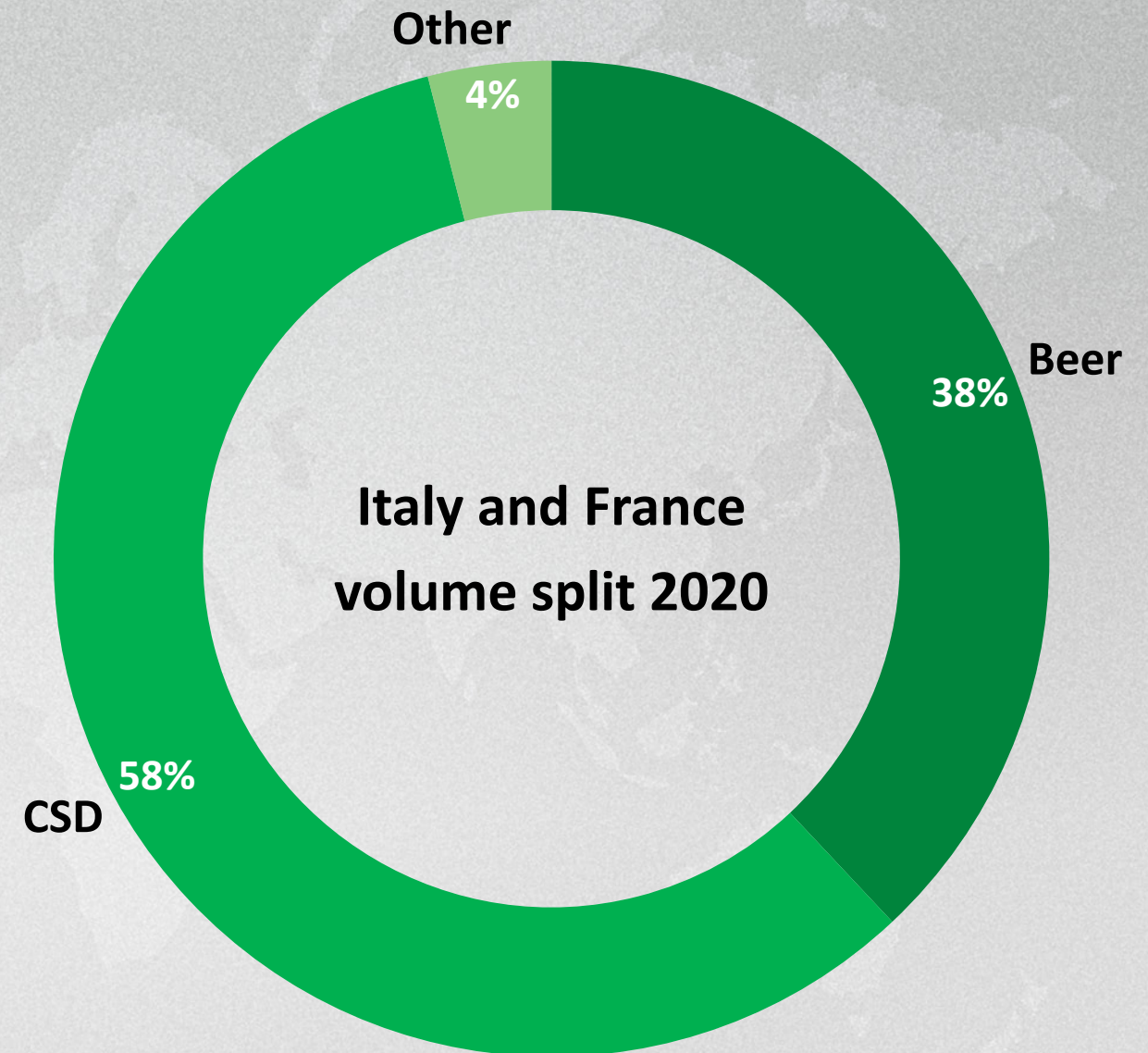


**Jan Ankersen**  
SVP Southern Europe and GM Italy

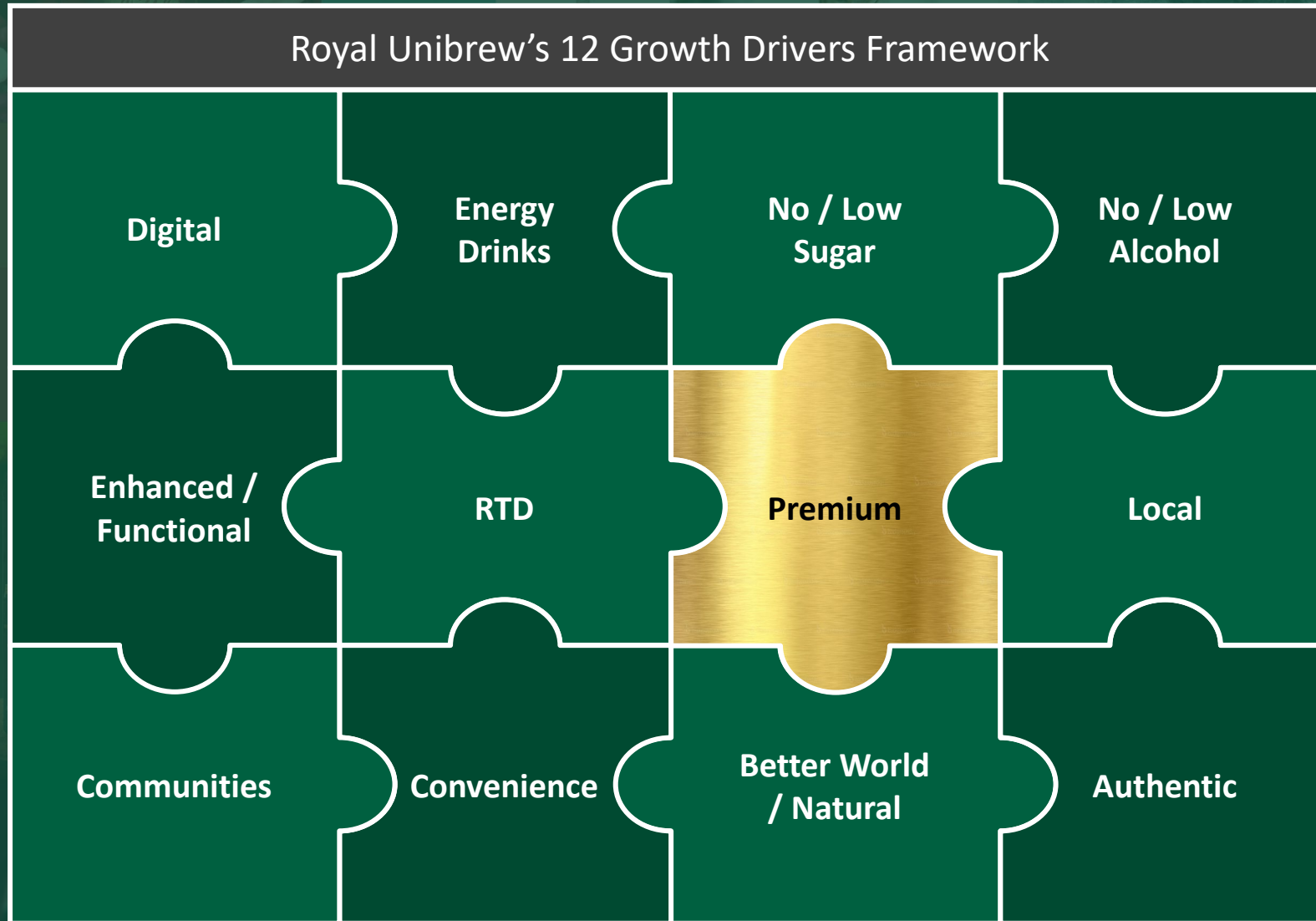
**Premiumization**

**Value creation through innovation**

**Market segmentation**



# Premium Value Creation: The Royal Unibrew Way



# The Royal Unibrew “Business Evolution Trajectory”

## Niche Strategy

- Must stock brands
- Develop marketing and sales excellence
- Implement business platform (IT etc.)

## Multi Niche Strategy

- Enter new categories
- Strengthen capabilities

## Multi Beverage Strategy

- Own logistics
- Supply chain
- Merchandising
- Portfolio can include mainstream

Niche

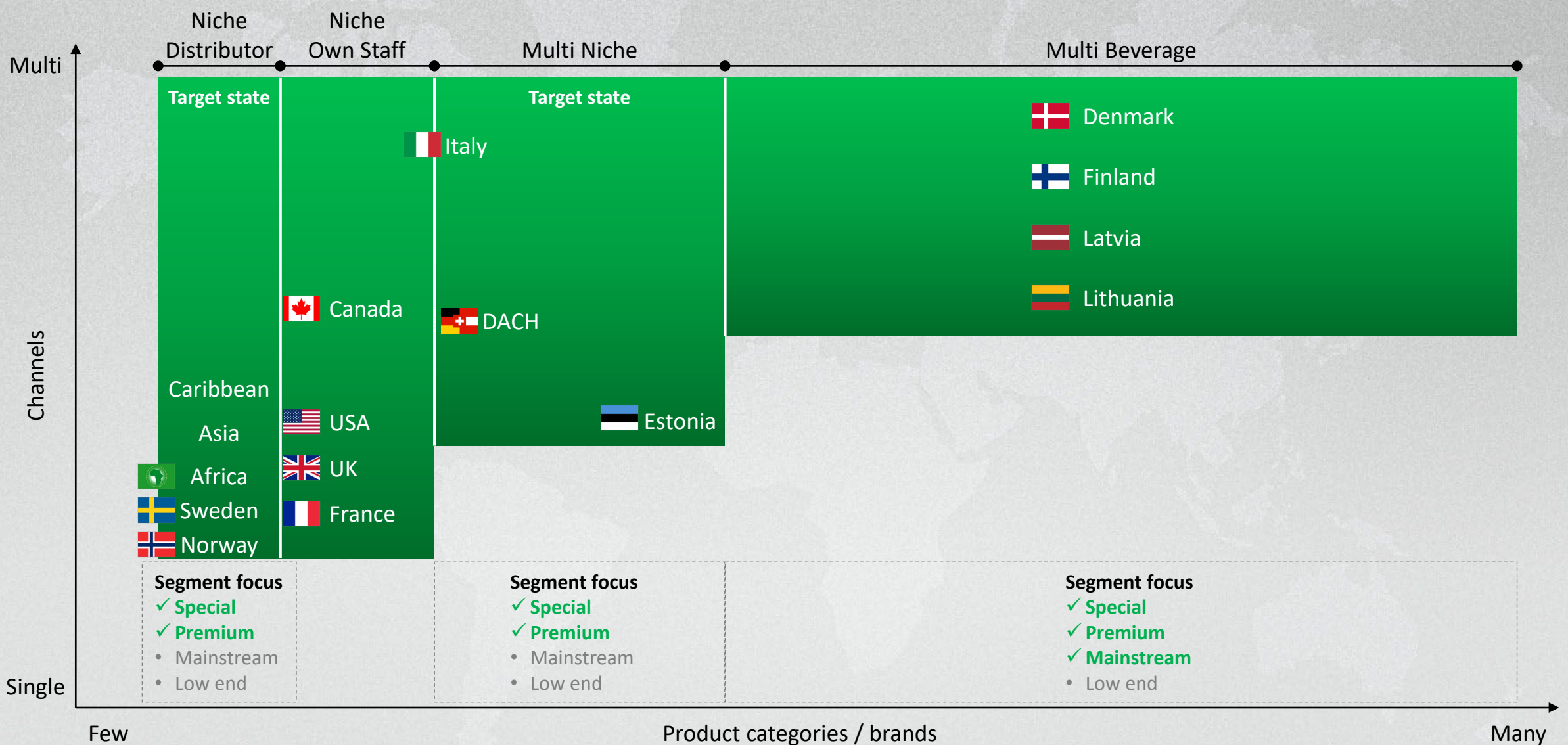
Multi Niche

Multi bev

Benefits will mainly come from stronger commercial execution

Benefits will come from stronger commercial execution and cost synergies

# Majority of markets being targeted for repositioning towards Multi Channel and/or Multi Niche segment





# Why consumers are choosing premium products

Indulgence



Quality



Emotions



# Italy: We successfully secure high market penetration across multiple channels



**HIPER**  
Visibility

**100%**



**SUPER**  
Availability

**99%**



**LSP**  
Availability

**90%**



**C&C**  
Presence

**99%**



**DAILY BAR**  
Presence

**89%**



**100%**

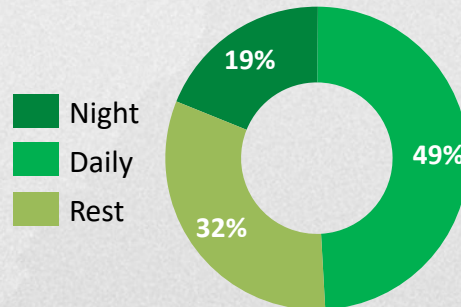


**99%**

**87%**

**100%**

**93%**



- We cover 2.200 beverage wholesalers
- 650 active customers
- Ceres 33 is the most distributed packed beer (+200.000 PoC)

# Through CERES, Royal Unibrew has demonstrated strong innovation capabilities and successful value creation



1963  
Entering high-alcohol beer market



Since then  
Creating beer market value



- YTD APR 2021 CERES value growth: +30%
- Beer market growth: +17%

Price index vs Beer category **221**



**CERES Specialties can range**  
Bringing high value in a low value segment

**219** Price index vs cans

**3X** Velocity vs craft / super premium

2020: +1 M cans sold



**CERES Specialties bottle range**  
Generating new value for the market

**239** Price index vs beer category

**2X** Velocity vs other special beer bottles

Launched in May 2020: +1 M bottles sold

# Similarly, strong value creation and post-acquisitional success has been achieved with the Lorina brand



Accelerated  
marketing  
excellence

Perfecting  
in-store  
execution

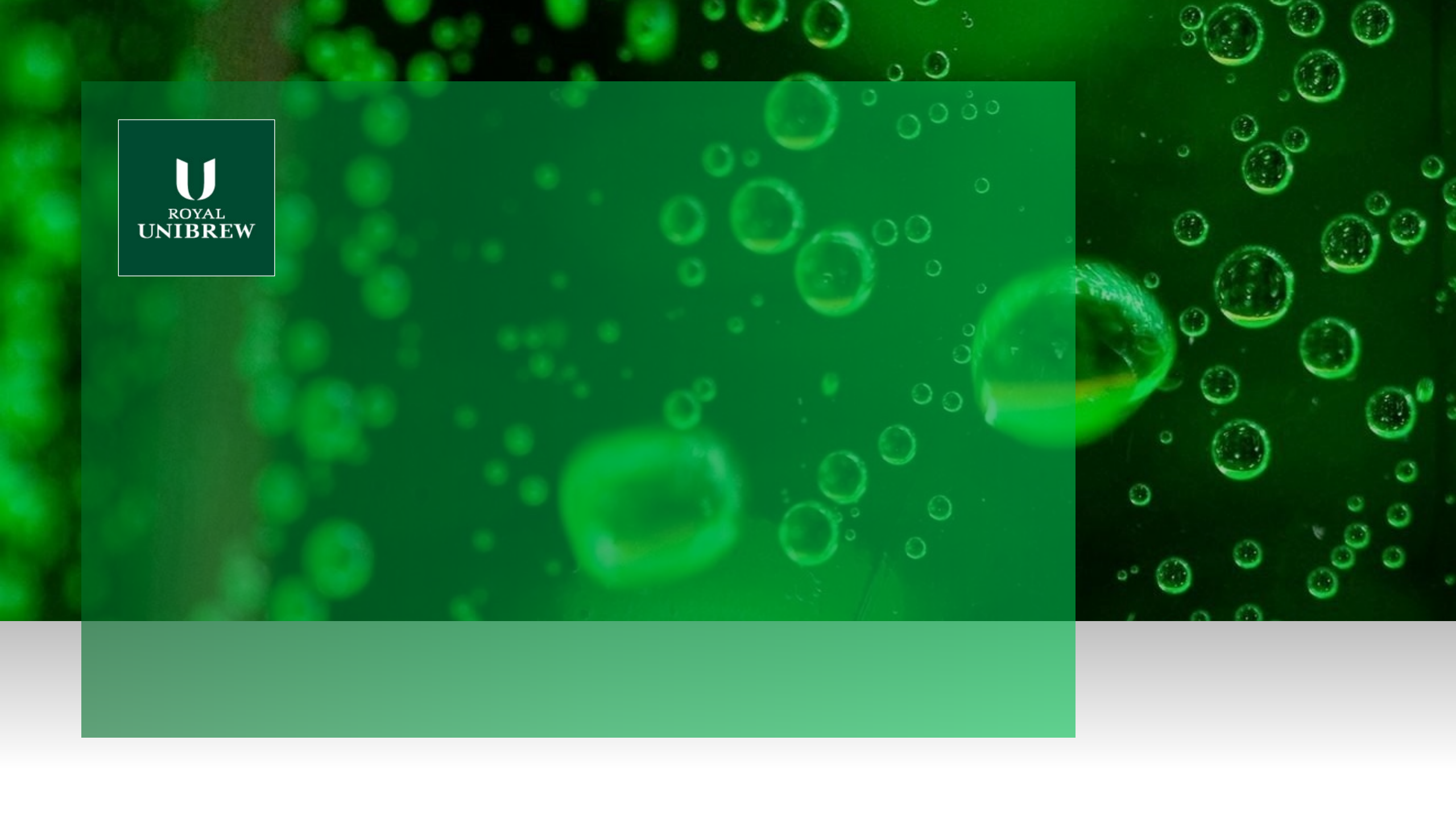
Intensified  
convenience  
penetration

Driving  
single-serve  
& occasion  
opportunities



# We have demonstrated strong innovation capabilities and **successful value creation** with numerous other brands







# The preferred choice for imported drinks

Presented by Carsten Nørland, SVP International

10 May 2021

# International: A successful growth story

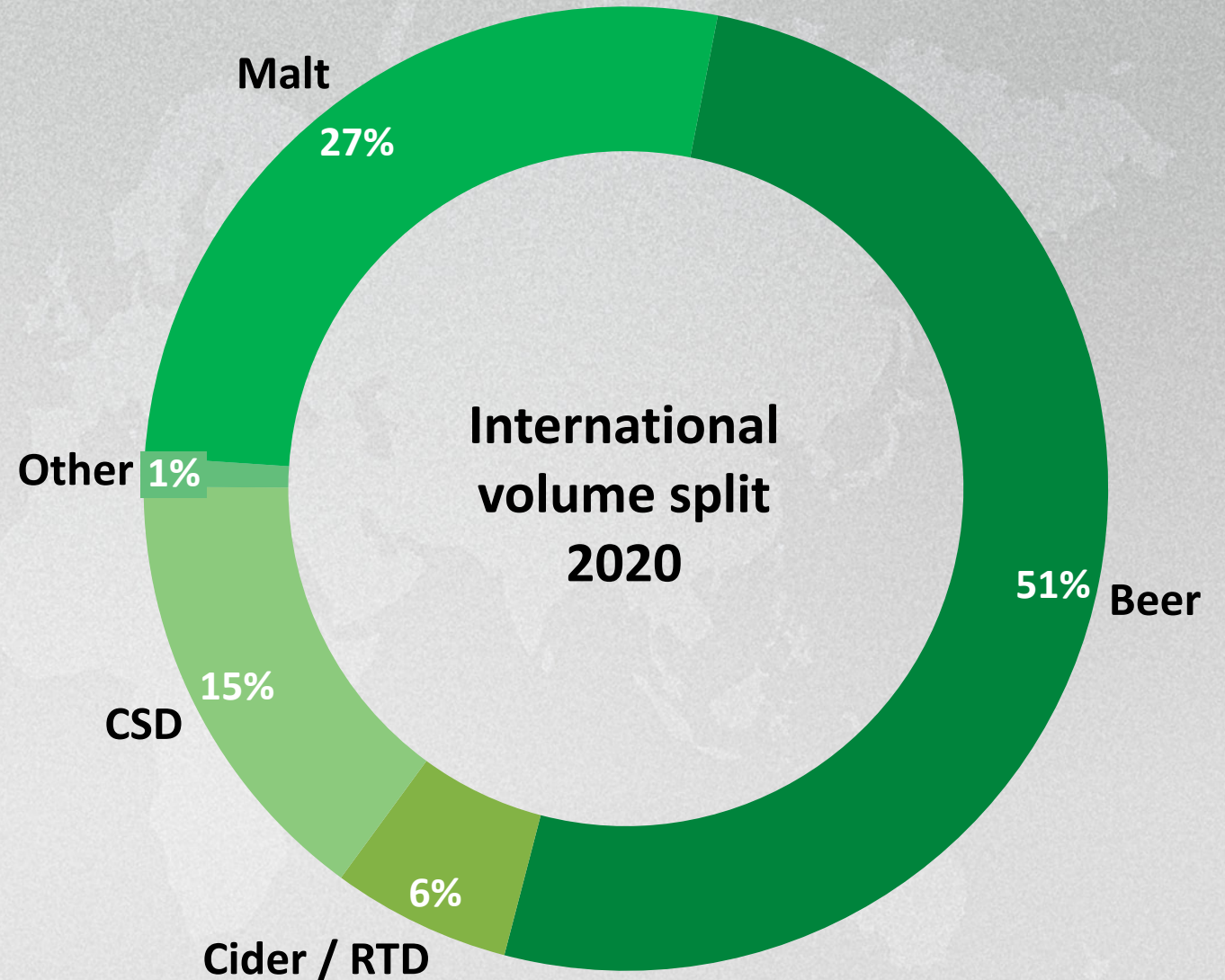


Carsten Nørland  
SVP International

The International business model

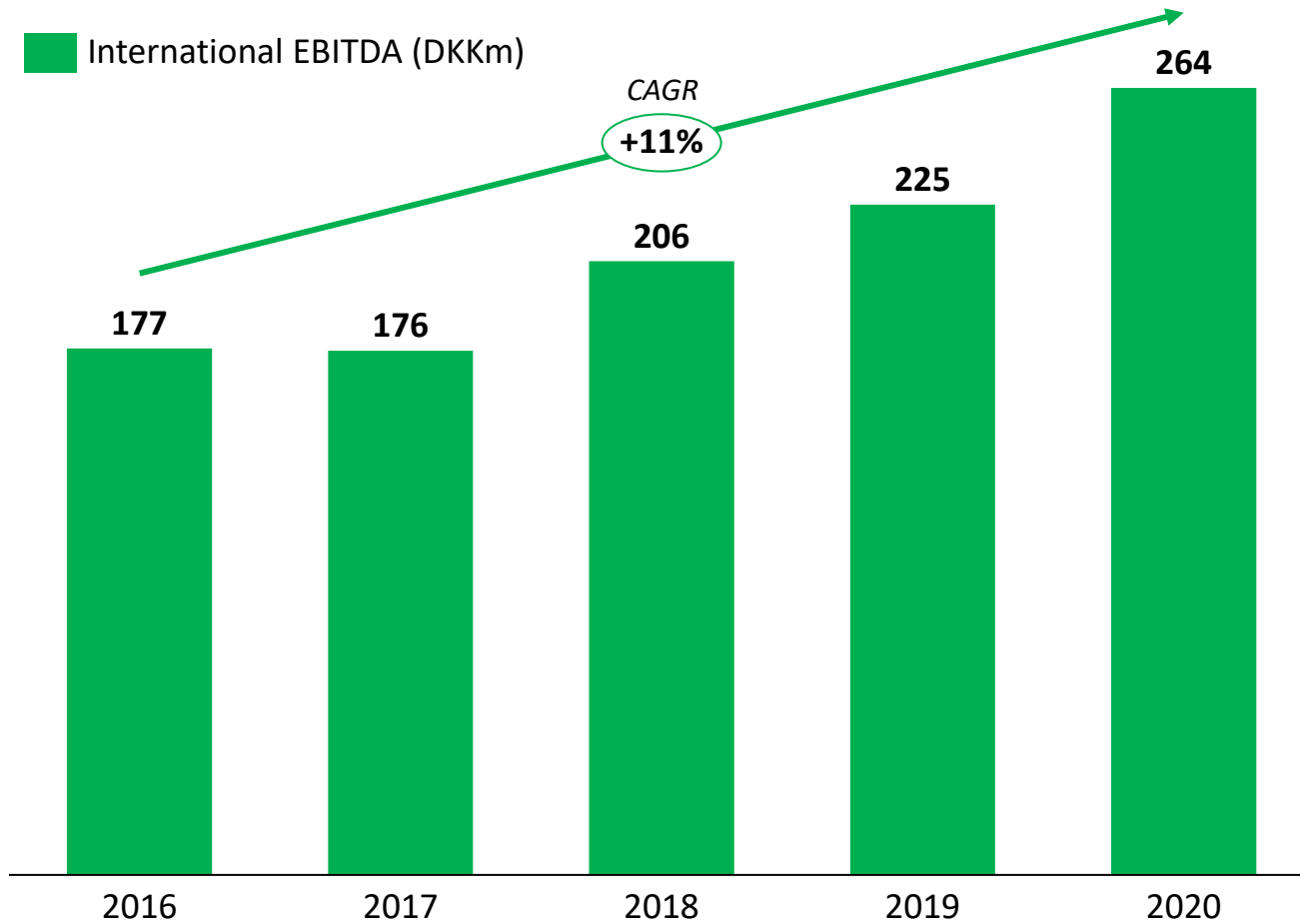
Expansion and core market growth

Roadmap to drive future growth





# Business model: Low-risk partnerships drive strong profitable growth

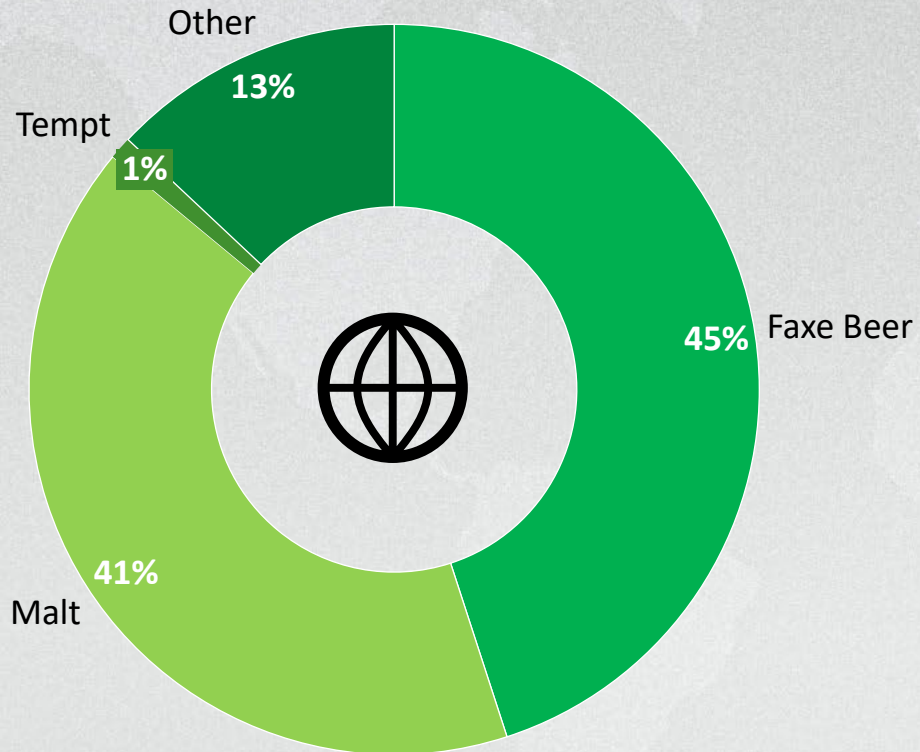


- Strong growth since 2017
- Top 7 markets growing **+20%**
- Other "international" markets growing **+6.5%**
- Business model based on local partnerships
- Business model with lower profit contribution level compared to rest of group; **but higher EBITDA**

# Expanding product portfolio from Niche towards Multi-Niche

2 global brands (2016)

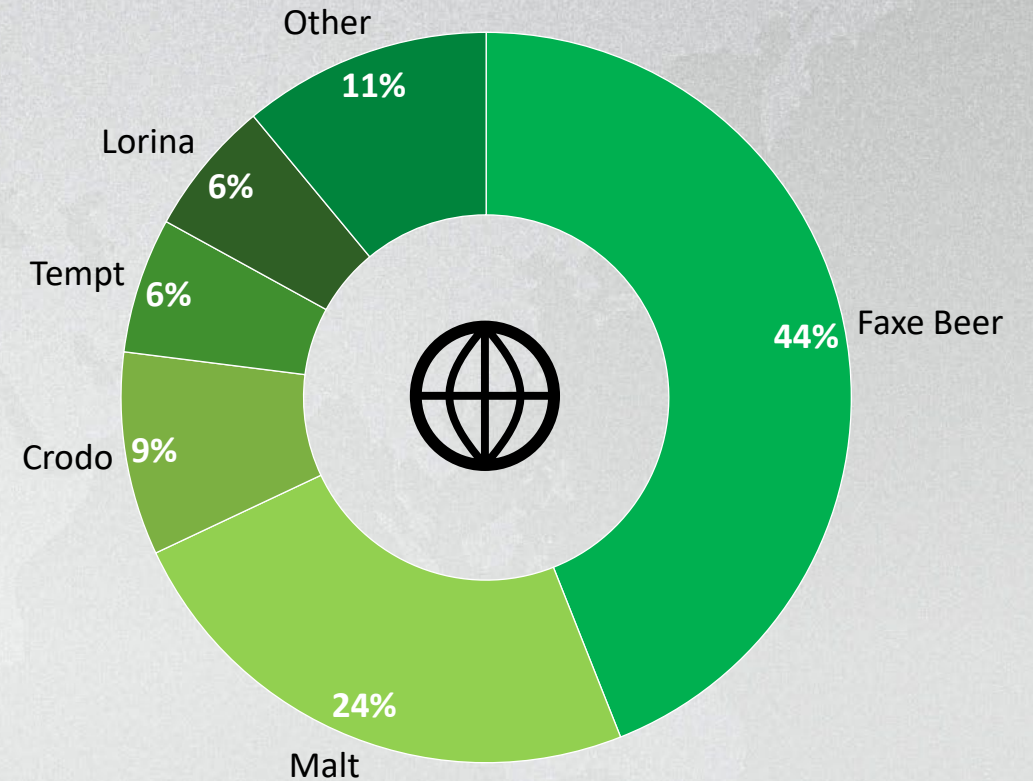
HL per brand



5 global brands (2020)

HL per brand

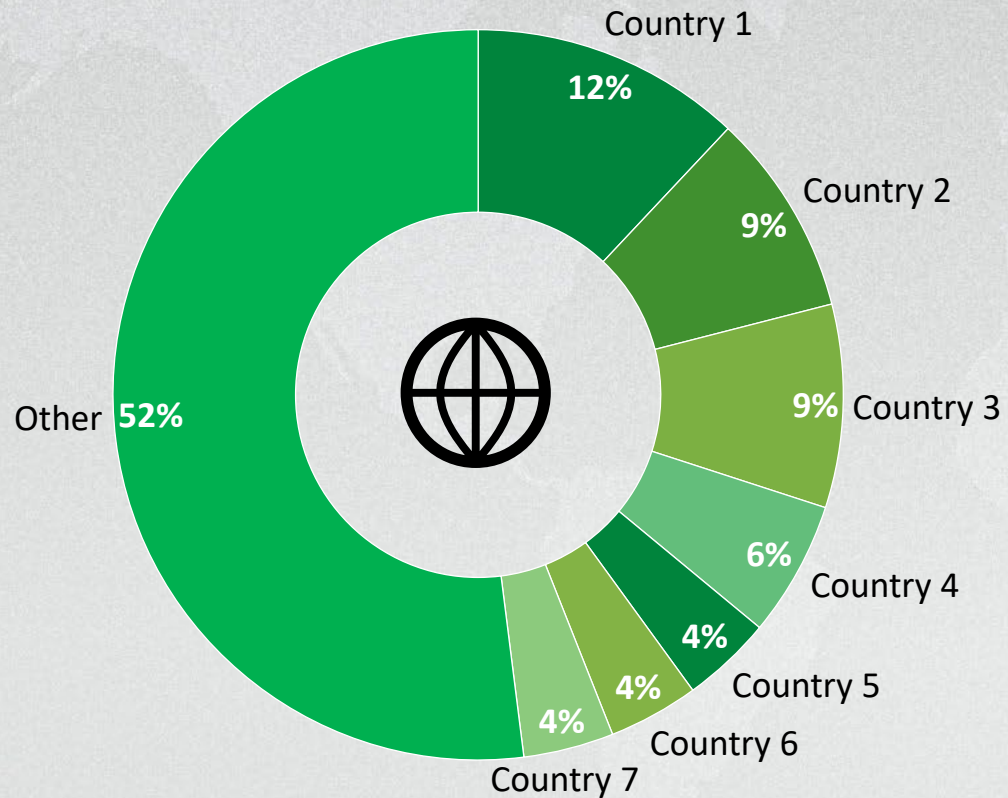
(63% volume growth compared to 2016)



# Growth in high priority markets ensure focus

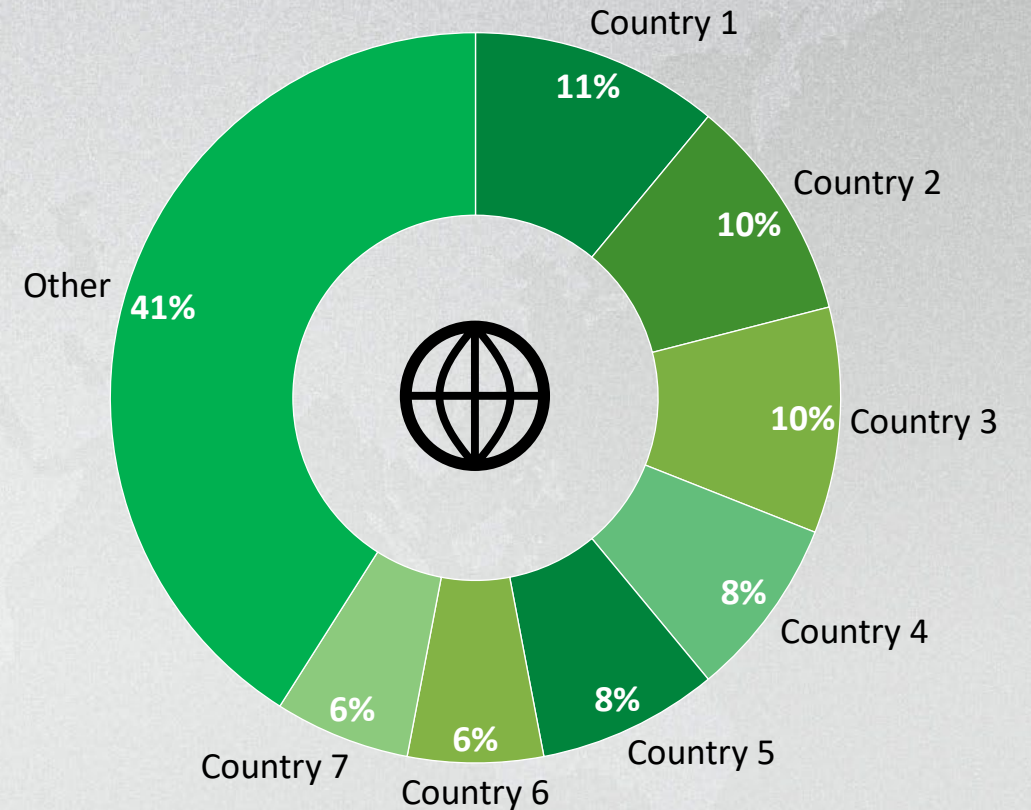
## Top 7 markets (2016)

HL per market



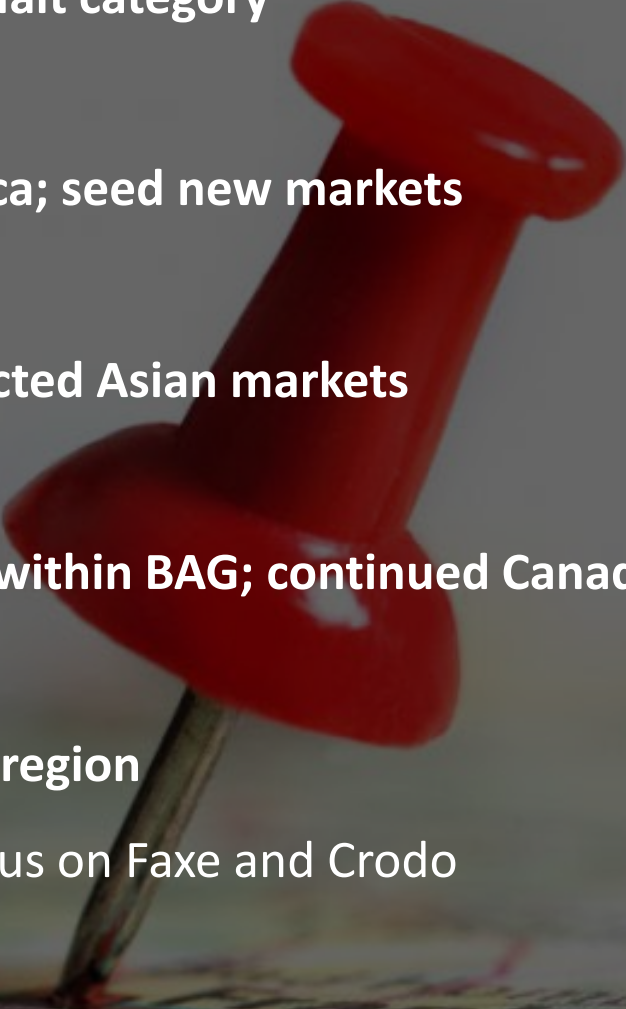
## Top 7 markets (2020)

HL per market  
(63% volume growth compared to 2016)



**Clear and focused  
strategic roadmap**

**Optionality of  
adding extra  
priorities as  
required**

- Continued growth in the Malt category
  - Grow Faxe baseline in Africa; seed new markets
  - Expand RTD/Ciders in selected Asian markets
  - Consolidation of portfolio within BAG; continued Canadian growth
  - Develop DACH and Balkan region
    - Through continued focus on Faxe and Crodo
- 
- A red pushpin is pinned to a map, symbolizing strategy and focus. The pushpin is positioned on the right side of the slide, with its head pointing upwards and its point resting on a map. The map shows various geographical features and colors, though they are somewhat blurred. The background of the slide is a dark grey gradient.

# Continued growth in the Malt category

## Price & Pack

- New pack sizes in existing markets; channel expansion
- New formats; channel expansion
- New pack sizes; occasion expansion



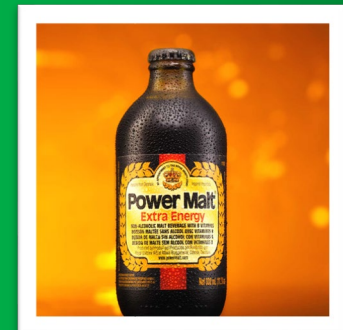
## Liquids

- Flavor innovation
- Sugar reduction
- Added benefits



## Reach

- Channels; especially convenience in developed markets
- Sub-distribution model in Africa
- New markets; focus on Africa



# Grow Faxe baseline in Africa; seed new markets

## Cement 5 core markets

- Core partnerships – long standing relationships
- Strengthen sub-distribution model – target full distribution coverage
- Marketing investment
- CSR initiatives



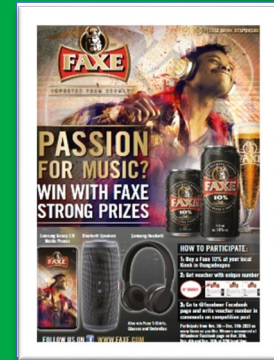
## Build new core markets

- Building trust and alignment with partners
- Focused effort through one brand strategy
- Invest ahead of the curve
- Managed sub-distribution growth



## Seed new markets

- Identify potential markets
- Select partners
- Build with partners



# Expand RTD in selected Asian markets

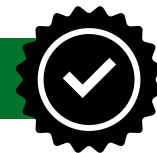
## Expand in China

- Accelerate growth in On-trade
- Seed home consumption through digital
- Open new regions
- Build off-trade model
- Invest ahead of the curve



## Build South Korea

- Accelerate growth in current Off-trade distribution
- Secure new listings in off-trade
- Build on-trade distribution



## Seed new markets

- Identify potential markets
- Select partners
- Build with partners



# Consolidation of portfolio within BAG; cement continued Canadian growth

## Grow RU business

- Continue growth of Faxe
- Expand malt presence
- Seed CSD portfolio



## Build partner brands

- Aligned growth plan with partners
- Expand current agencies
- New agencies



## Organizational reach

- On-trade capabilities
- Route to market in Quebec
- Sales coverage in Ontario and BC





# Develop DACH and Balkan region through continued focus on Faxe and Crodo

## Expand Crodo in DACH

- Listings
- Promotions (in/out)
- Channel expansion
- Innovations
- Invest ahead of the curve



## More Viking beer - Faxe

- Innovation
- Promotions (in/out)
- Leveraging current customer relationships



## Expand Crodo in Balkan

- Build capabilities in established markets
- New markets
- Invest ahead of the curve





# The Preferred Choice for investors

Presented by Lars Vestergaard, CFO

10 May 2021: Capital Markets Day



**Lars Vestergaard, CFO**

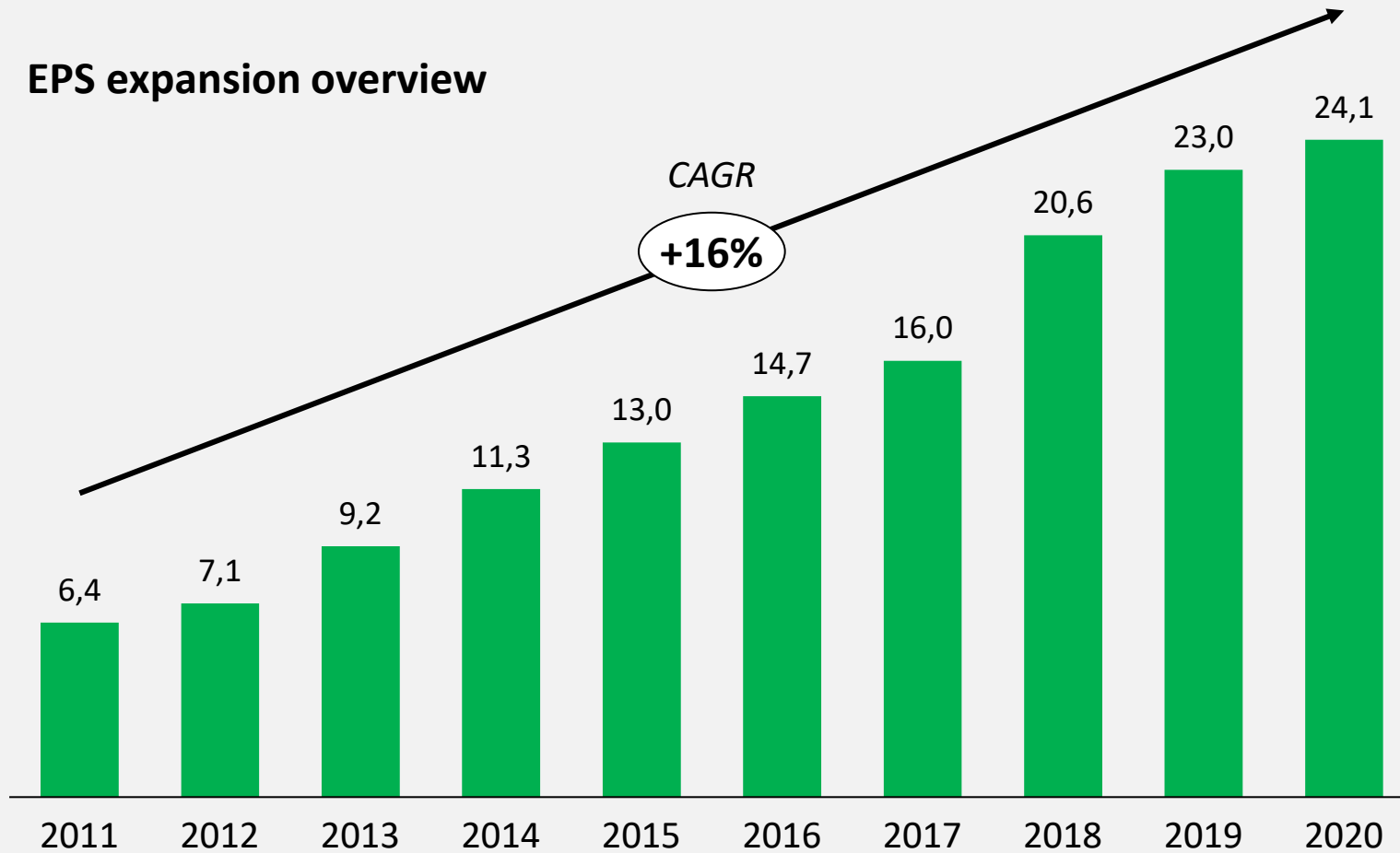
**Growth formula**

**Value creation**

**Capital allocation**

# The preferred choice for investors is the result of the 5 elements of our growth formula

EPS expansion overview



Volume growth



Premiumization



Efficiency

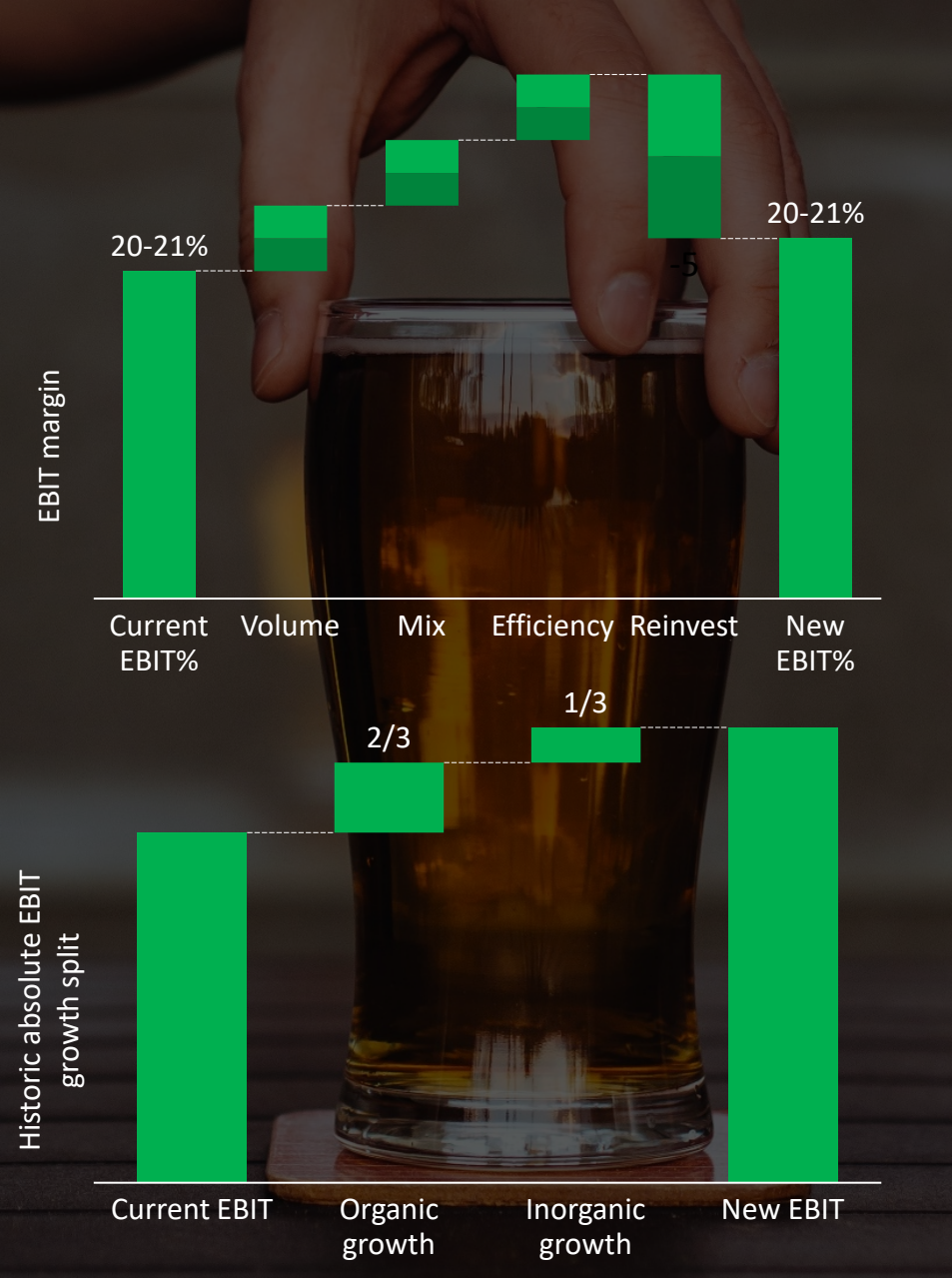
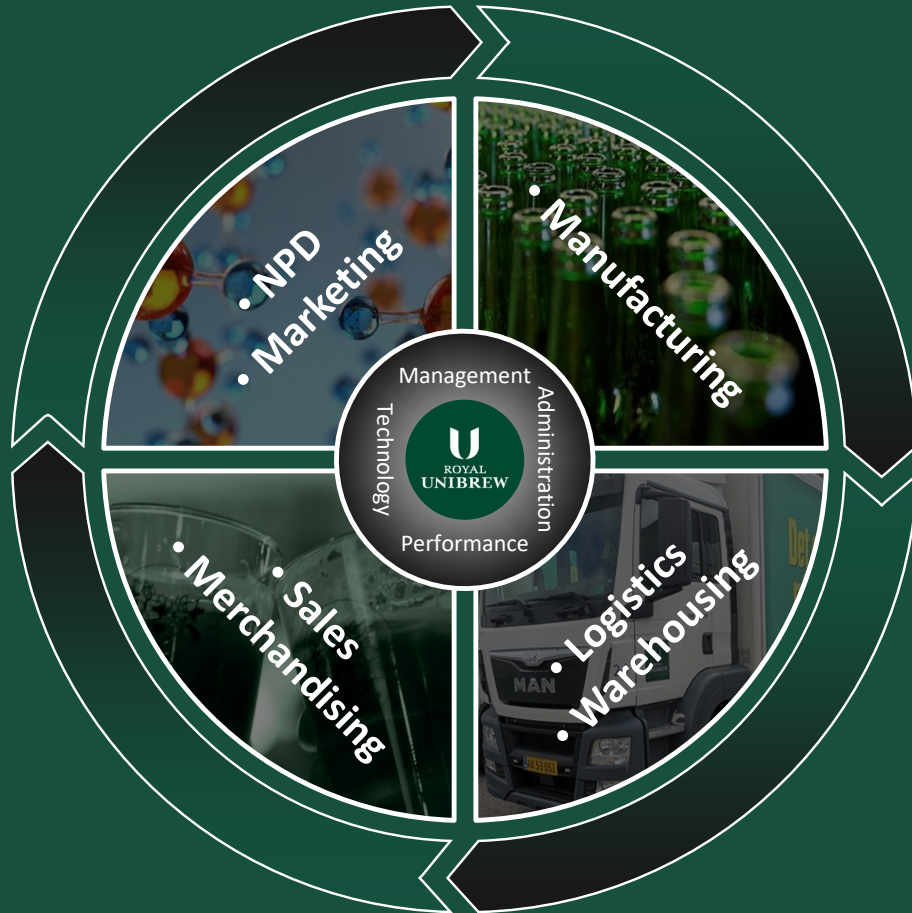


M&A



Share buyback

# The Royal Unibrew Multi Beverage Model enables efficiency, premiumization and volume



Key KPIs

Volume growth  
1.5 – 2.5%

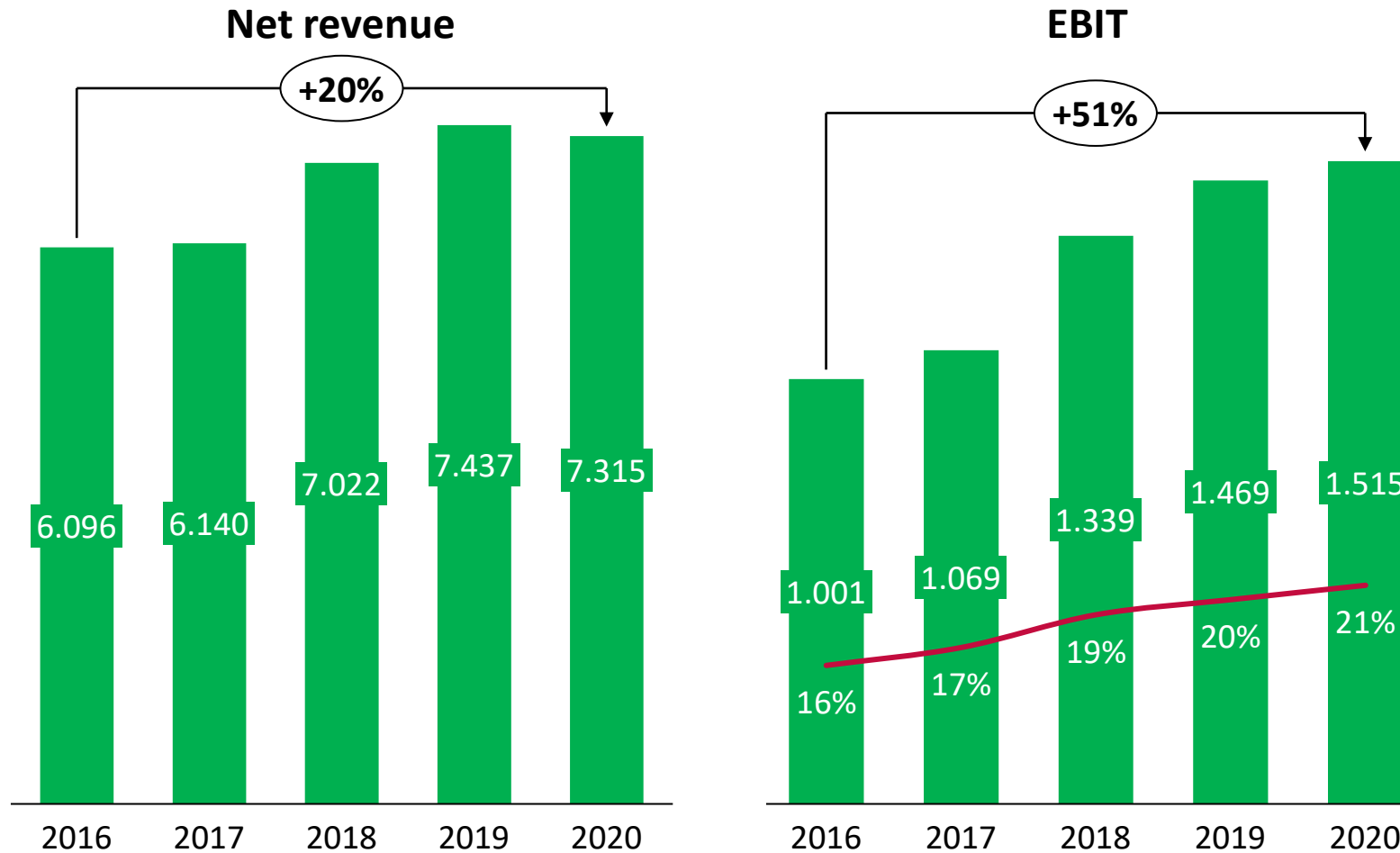
Price/mix improvement  
1.5 – 2.5%

Operational leverage

Reinvest in growth

EBIT margin  
20 – 21%

# Dedicated growth focus natural next step after impressive top- and bottom line track record



- Royal Unibrew's EBIT margin is industry-leading in Europe
- Intensified focus on organic topline and absolute EBIT growth
- Evolution; not revolution
- Medium term EBIT target is 20-21%

# Multi Beverage model benefits

Volume  
growth



- More sales people
- More customers
- More competitive

Premium-  
isation



- Innovations focused on premium products
- Insight and competence
- Packaging capabilities
- Ability to down-prioritise low margin

Efficiency



- Better utilisation of people
- Better utilisation of assets
- Larger drops

- Local ownership of 3 drivers
- Proven performance management system
- Shared IT system
- Shared procurement structure

# Structured M&A agenda to maintain growth momentum

## Focus in Western Europe & Baltic

- Top priority is markets with existing operations
- Bolt-ons
- Leading positions in all categories
- Platforms when looking into new geographies

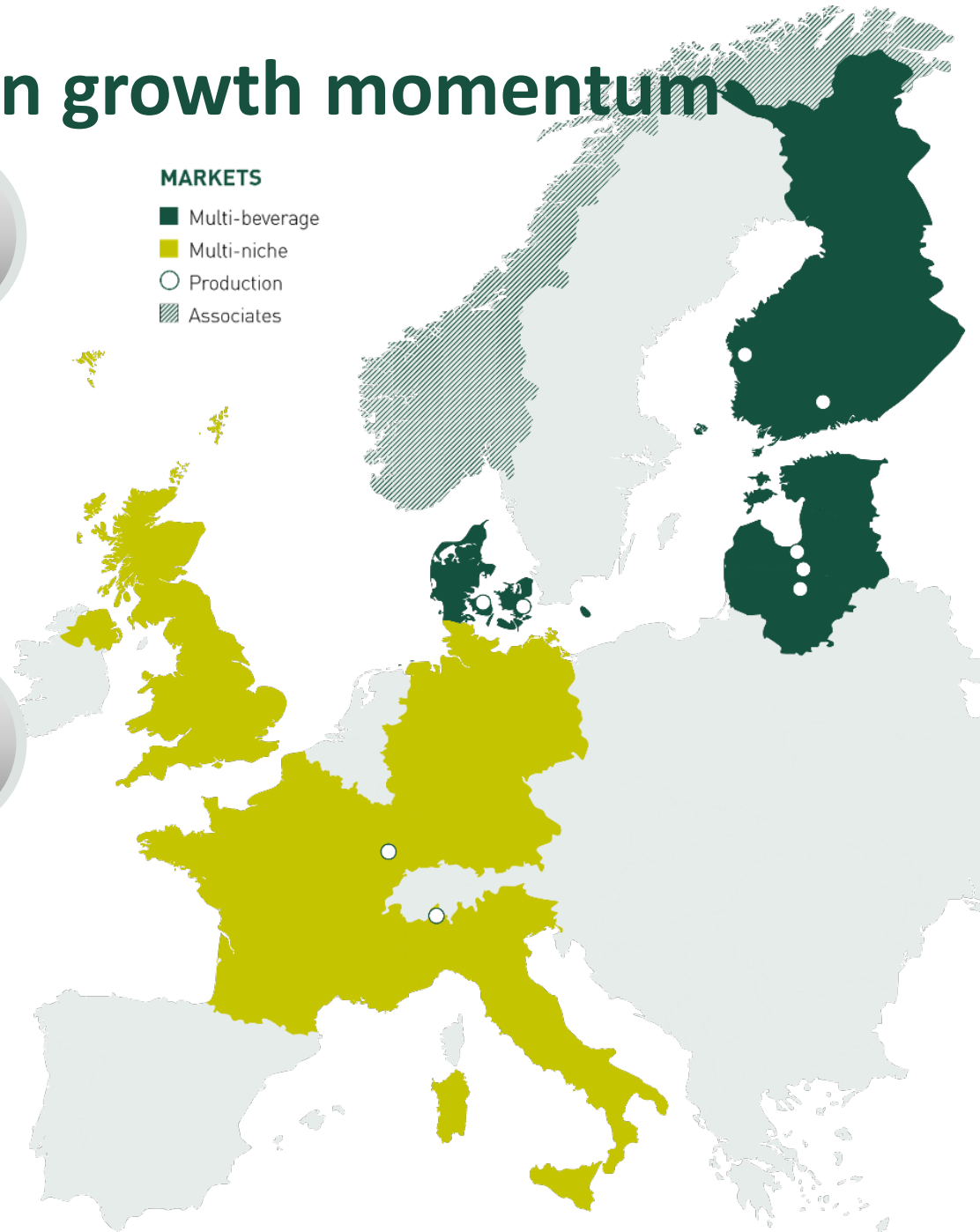
## Value creation

- Integration capabilities
- Our operating model
- IT and performance management
- Multibeverage benefits



### MARKETS

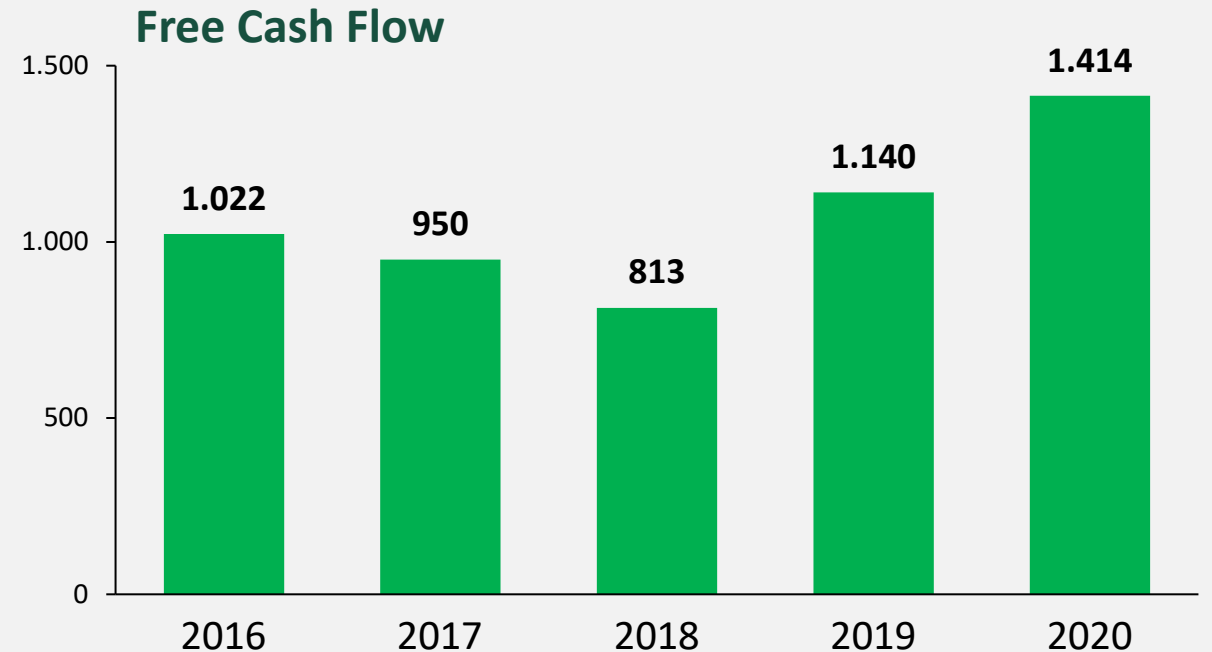
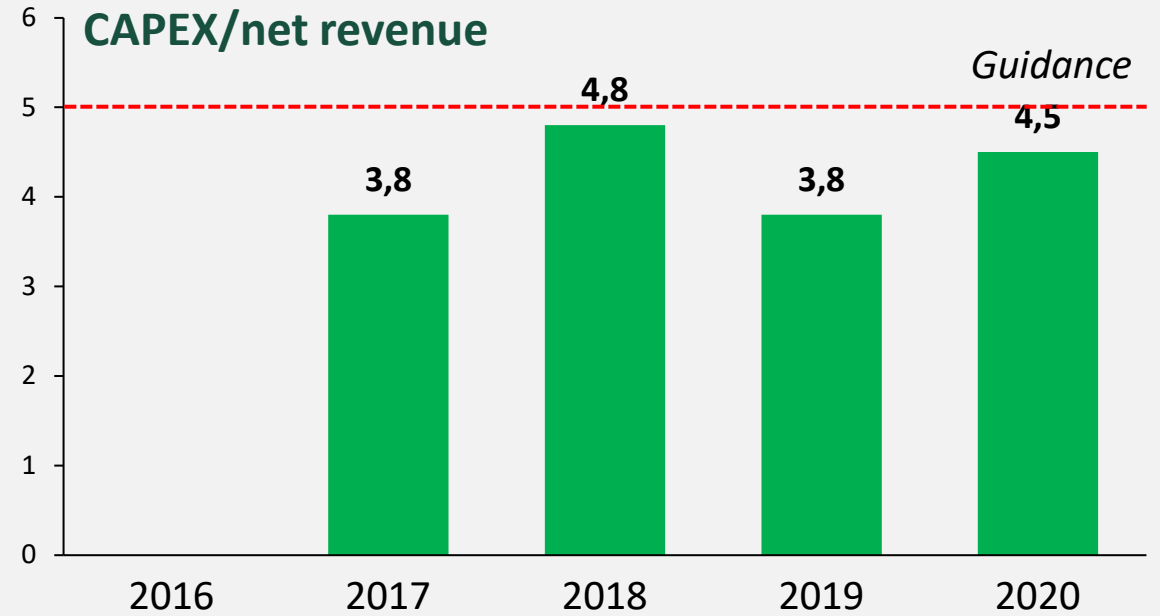
- Multi-beverage
- Multi-niche
- Production
- ▨ Associates





# Free Cash Flow expected to remain strong

- High ability to convert profit into cash
- Target CAPEX/sales of less than 5% of revenue (including leasing)
- CSR investments may lead to additional investments
  - Electrification to remove fossil fuels
  - Solutions are not all mature
  - Several development projects ongoing



# Capital allocation strategy

- Maintain financial flexibility
  - Net debt/EBITDA less than 2.5x
  - Equity ratio of more than 30%
- Invest in organic growth
- Acquisitions
- Stable dividend pay-out ratio (40-60%)
- Share buy-backs to adjust capital structure
- **Management will maintain extra flexibility whilst uncertainty is high**

## Shareholder distribution

