

# Royal Unibrew A/S

by Lars Jensen, CFO

24 May 2016 - Norwegian Clients Reversed Roadshow, Nordea

# Performance improvement - in line with expectations

- Maintained market positions
- Volume increase of 10% to 2.1mHL
- Net revenue increase of 5% to DKK 1.4bn
- EBIT increase of 5% to DKK 138m
- Unchanged EBIT-margin of 10.2%
- Free cash flow up DKK 127m to DKK 5m on additional Aarhus sale
- Maintained outlook for 2016

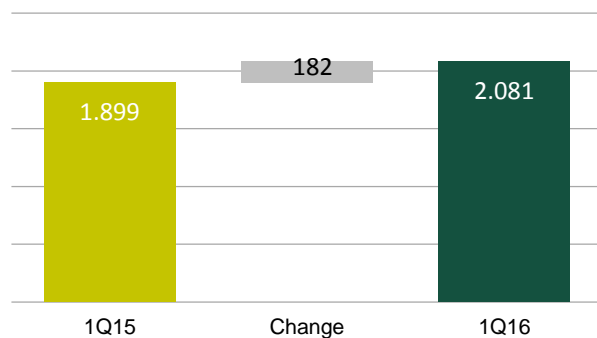


# Increasing first quarter activity and results

## VOLUME – HL (000)

Change

9.6%

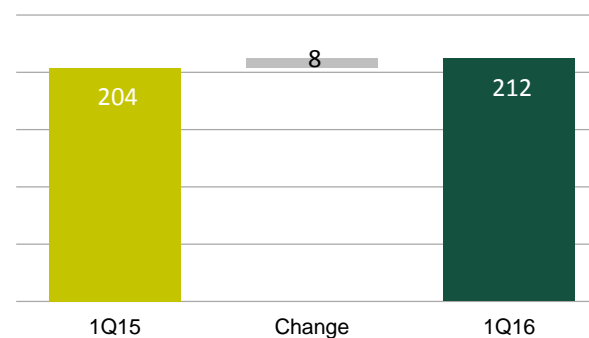


## EBITDA - MDKK

Margin

15.8%

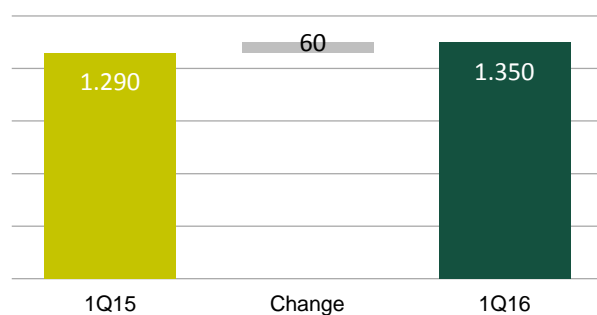
15.7%



## NET REVENUE - MDKK

Change

4.7%

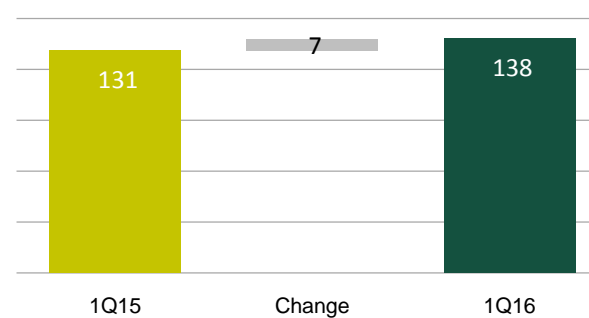


## EBIT - MDKK

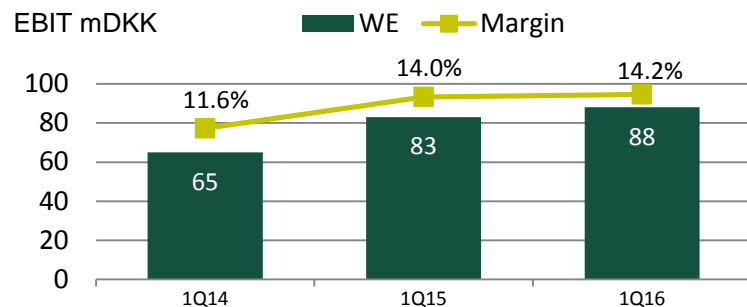
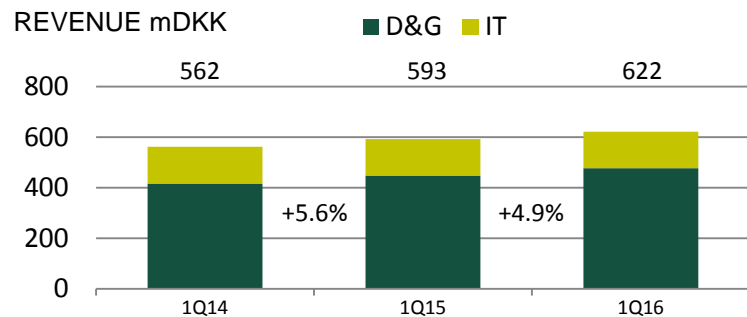
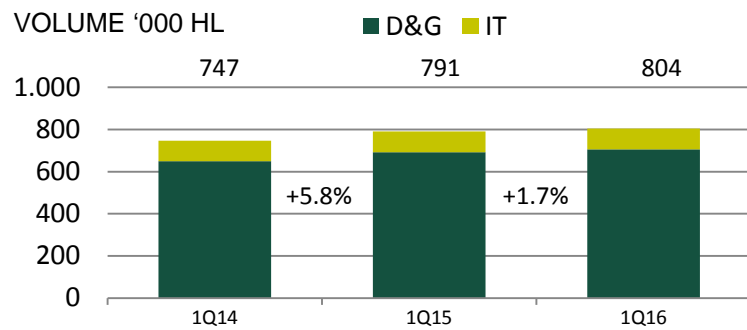
Margin

10.2%

10.2%



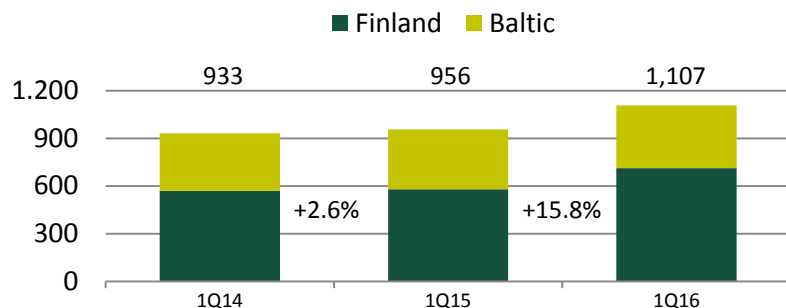
# Western Europe – revenue & earnings growth – as expected



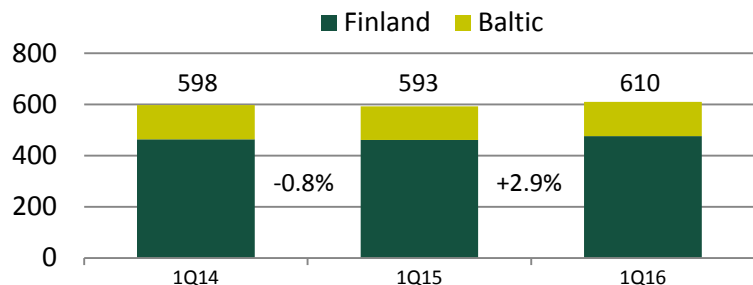
- **Denmark and Germany** - improved market position
- **Consumer preferences** – continued shift towards branded products. Increasing consumer interest in craft beer
- **Significant innovations and partnerships** – extension of organic beer range and craft beer brands with strong references to our local beer history
- Launch of distribution of PepsiCo snacks in Denmark as planned
- **Italy** - overall beer consumption unchanged
- **Market position maintained**

# Baltic Sea – revenue & earnings growth – as expected

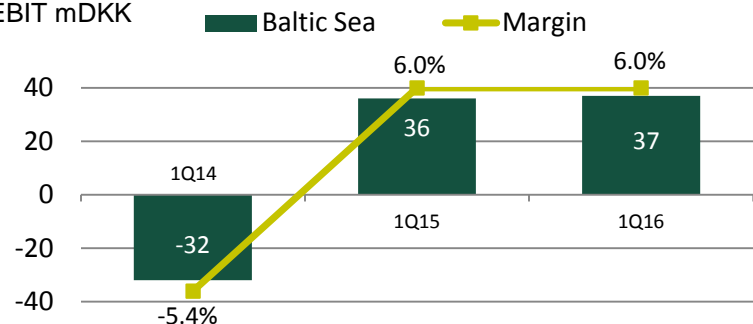
VOLUME '000 HL



REVENUE mDKK



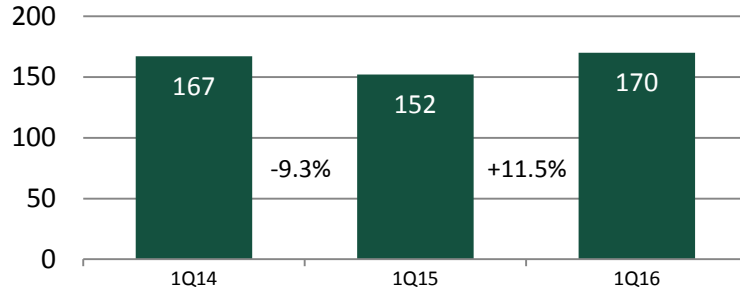
EBIT mDKK



- **Finland** – overall consumption declining and deflationary environment
- **Continued low consumer confidence** - unfavorable macro-economics
- **Special beer campaign** - volume increase and NR/HL dilution
- **Market positions unchanged (excl. beer campaign)**
- **Commercial agenda** – focus on relationship with the trade, in-store execution and innovations
- **Continuous efficiency improvements**
- **Baltic** - market position maintained
- **Declining consumption** - excise increases and can deposit in Lithuania
- **Launch of co-operation with PepsiCo** - production, sale and distribution of PepsiCo soft drinks as planned

# Malt Beverages & Exports – revenue and earnings growth – as expected

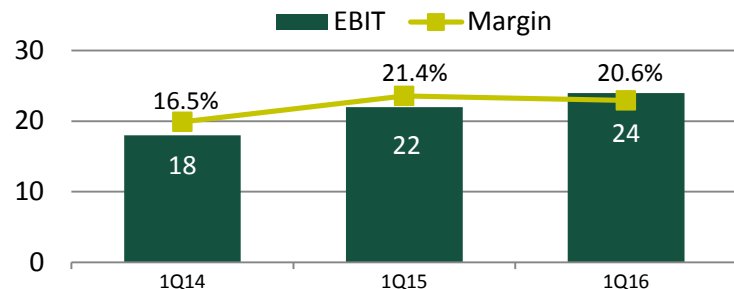
VOLUME '000 HL



REVENUE mDKK



EBIT mDKK



- **Continued solid growth** - broad based
- **Some inventory build up at customer level**
- **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

# Improved financial performance

mDKK

**P&L ITEMS:**

	1Q 2016	1Q 2015	Change	FY 2015
Net revenue	1,350	1,290	60	6,032
Gross margin	50.9%	51.0%	-0.1 pp	52.6%
EBIT	138	131	7	917
EBIT margin	10.2%	10.2%	0.0 pp	15.2%
Profit before tax	127	119	8	902
Consolidated profit	99	92	7	711

**BALANCE SHEET ITEMS:**

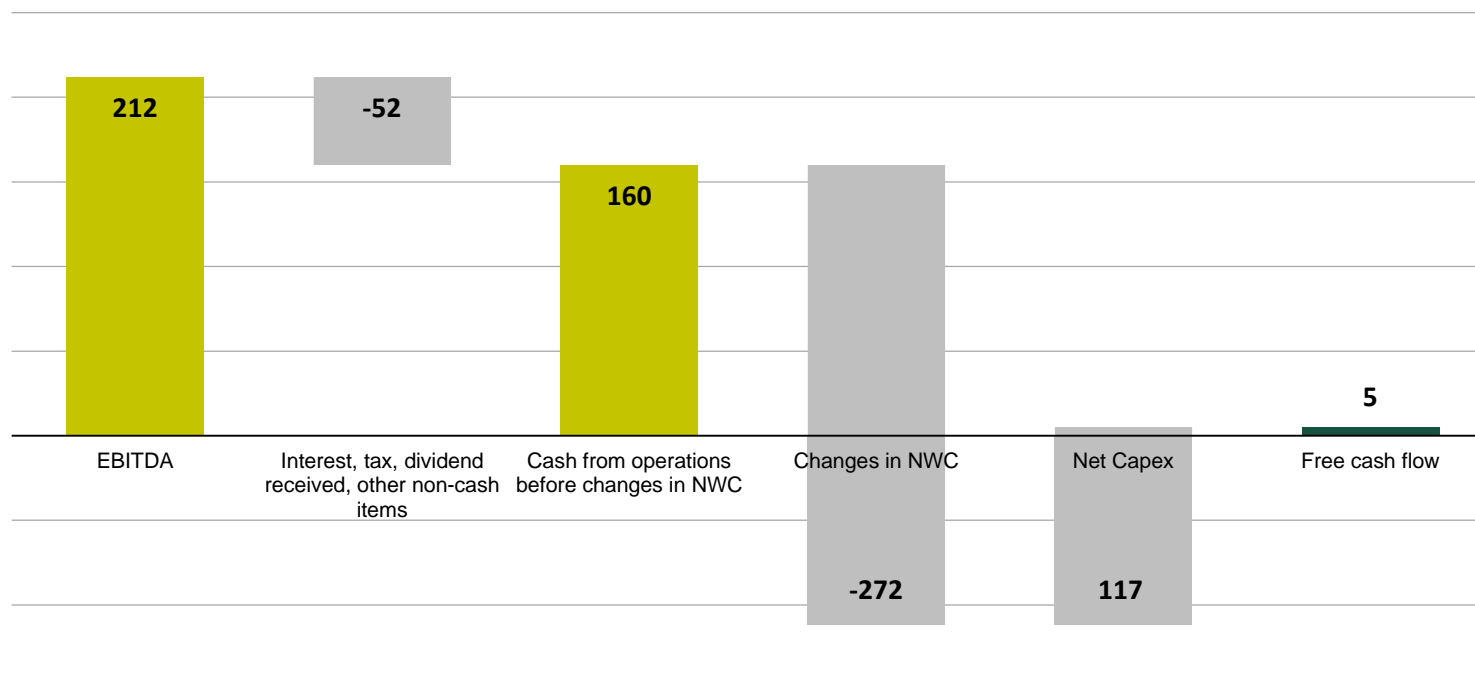
Net interest bearing debt	1,269	1,710	-441	1,184
Net working capital	-731	-555	-176	-990
Total assets	6,506	6,768	-262	6,748
Equity	2,945	2,900	45	2,935
Equity ratio	45.3%	42.9%	2.4 pp	43.5%



# Free cash flow – improvement on additional sale of Aarhus

## CASH FLOW – MDKK

1Q15:            204                    -36                    168                    -255                    -35                    -122





# Outlook 2016

mDKK	Outlook 2016	Realized 2015	Realized 2014
Net revenue	6,150 – 6,400	6,032	6,056
EBITDA	1,190 – 1,290	1,225	1,130 *)
EBIT	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.

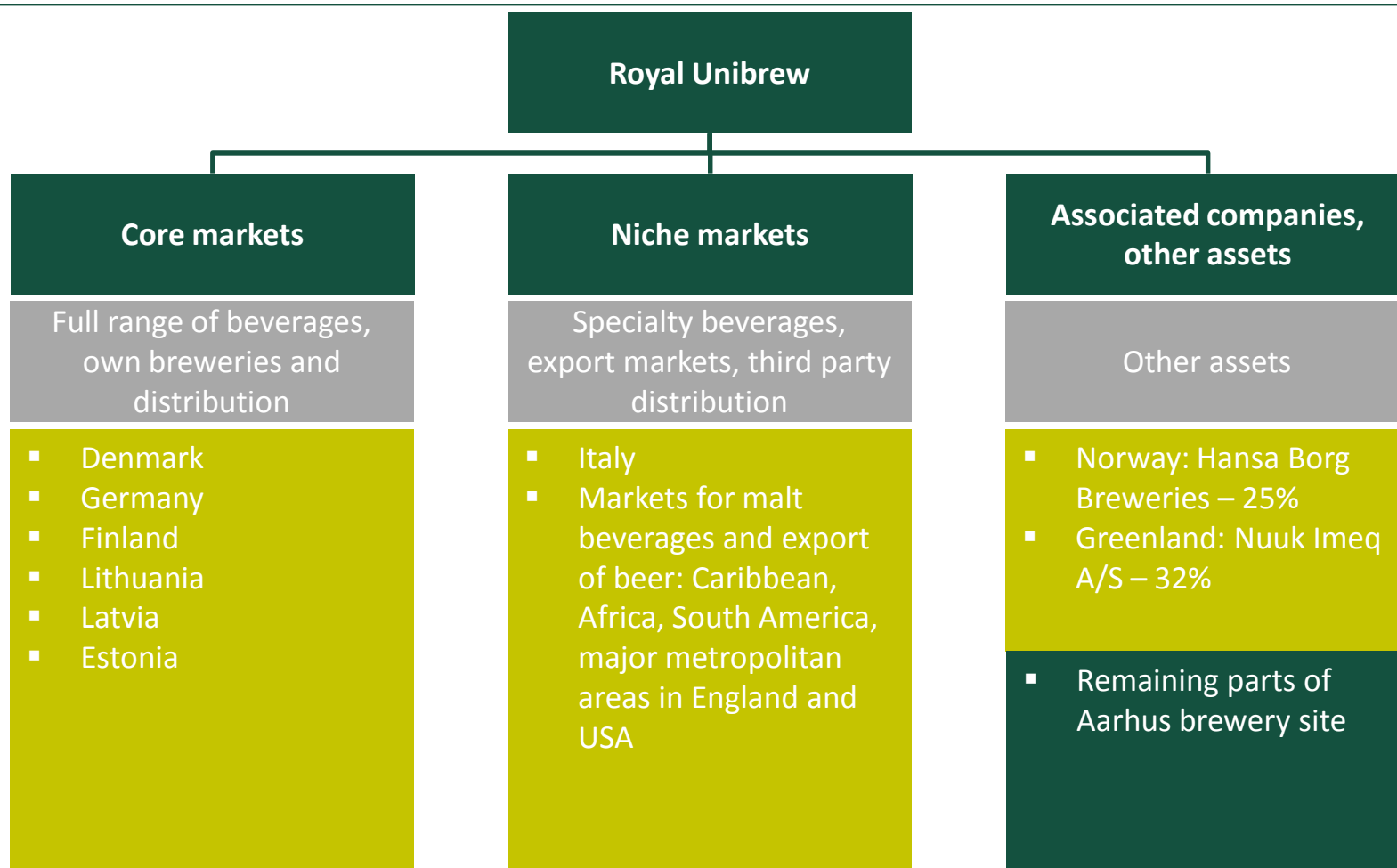
# Appendix

# Facts about Royal Unibrew

- Royal Unibrew is the second biggest brewer in the Nordic and Baltic region
- Revenue in 2015 of DKK 6.032 billion
- EBITDA in 2015 of DKK 1,225 million
- Approximately 2,300 employees worldwide
- Export to approx. 85 countries worldwide
- 5 breweries and 2 soft drink/water facilities
- Market Cap end December 2015 of DKK 15.5 billion or EUR 2.0 billion
- Daily average liquidity L12 months approx. DKK 25 million or EUR 3.4 million



# A Leading Regional Beverage Group



**Royal Unibrew is a leading regional beverage group**

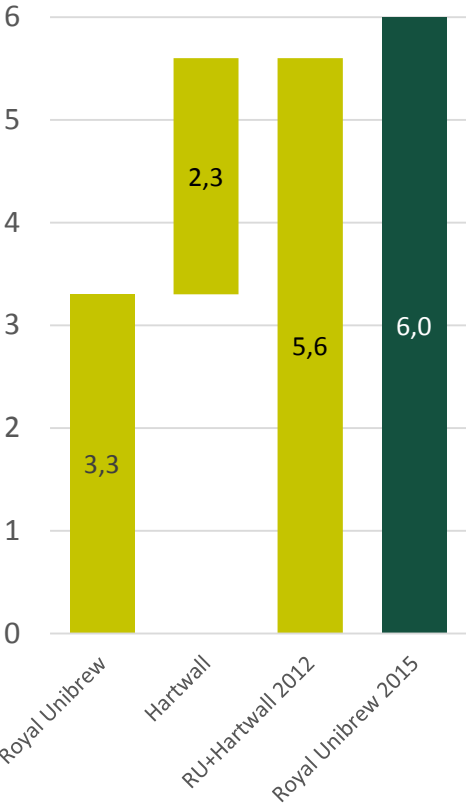
# Hartwall 2013 acquisition takes Royal Unibrew to a new level

5 million more consumers



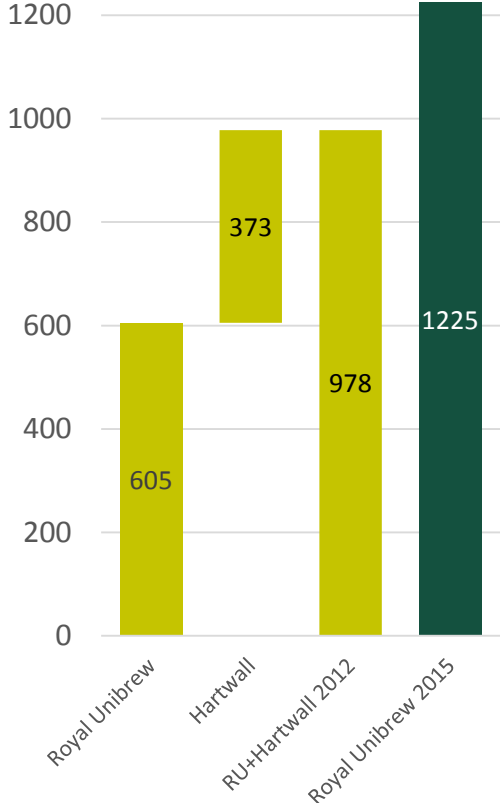
Net revenue

7 DKK billion



EBITDA

1400 DKK million



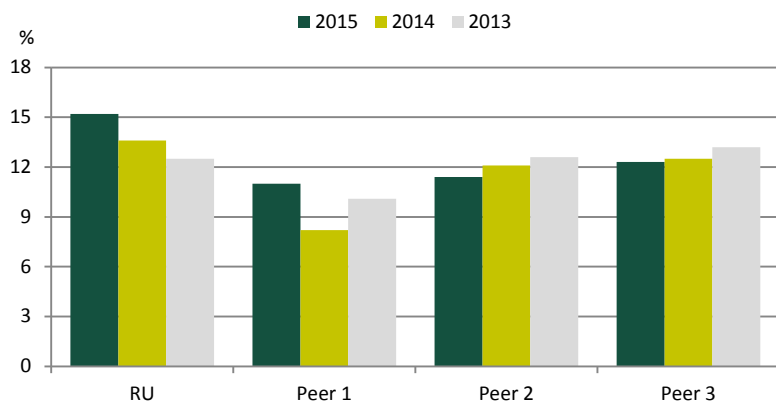
# Royal Unibrew's goal is to be an efficient regional beverage player

- Positions, mainstream and niche
- Category, brands and international partnerships
- Growth agenda
- Commercial agenda
- Efficiency agenda
- Financial, competitive and strategic flexibility – and capital structure
- Our Leadership DNA

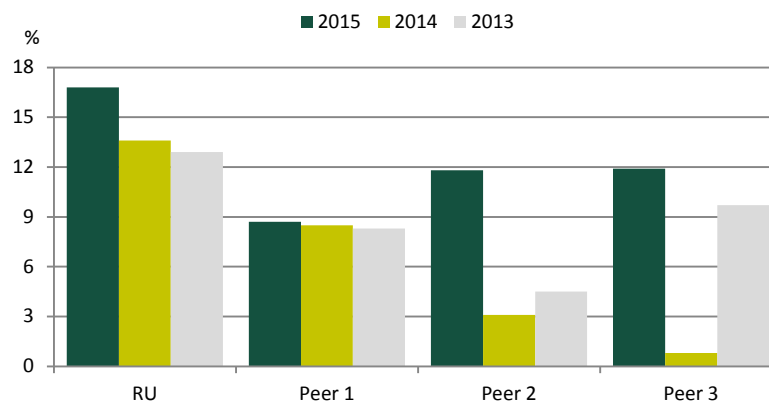


# Solid performance to peers 2015

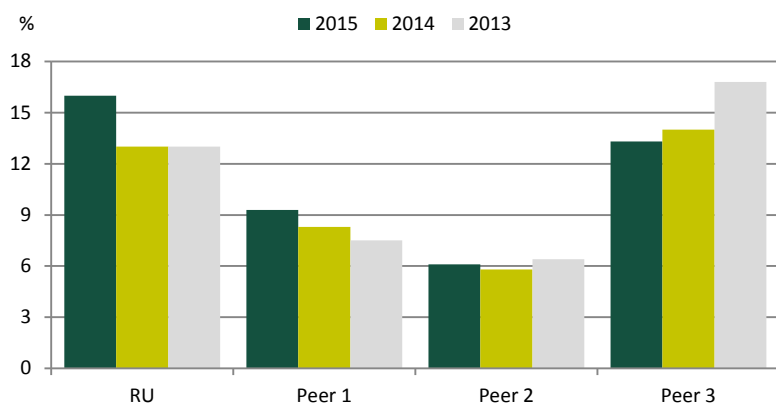
## EBIT MARGIN (COMPARABLE REGION)\*



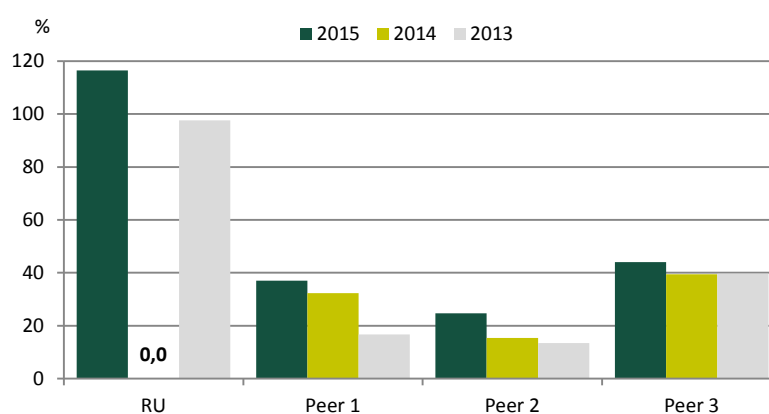
## FREE CASH FLOW – % OF REVENUE



## 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



# Financial targets

	<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

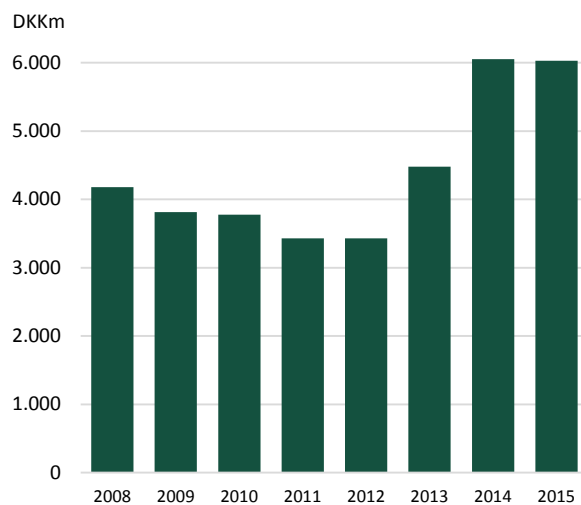
- Dividends and share buy-backs resumed in 2015
- Distribution policy:
  - Dividends 40-60% of net result
  - Share buy-back to adjust capital structure

\* Basically no amortization

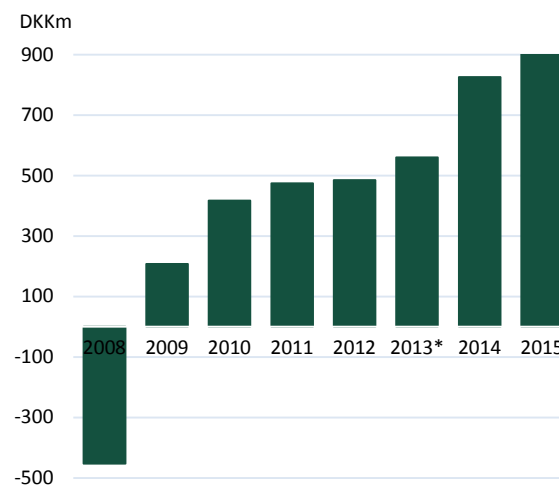
\*\* Amortization from the acquisition decreased EBIT-margin by approx. 50bp

# Financial Performance 2008-2015

## Net revenue



## EBIT

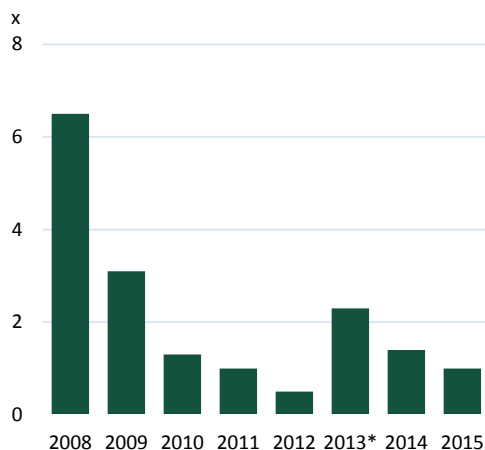


\* Hartwall contribution DKK 38m

# Financial Performance 2008-2015

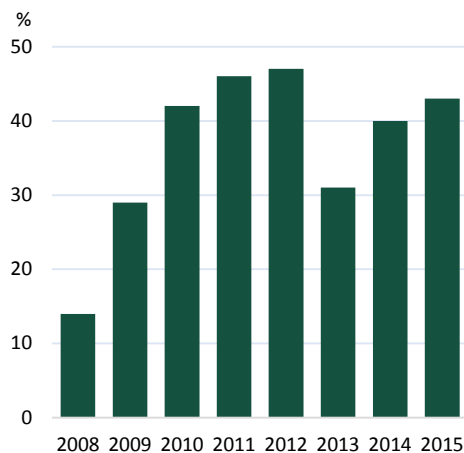
## OPERATING IMPROVEMENTS AND SALE OF NON-CORE ASSETS

### NIBD/EBITDA



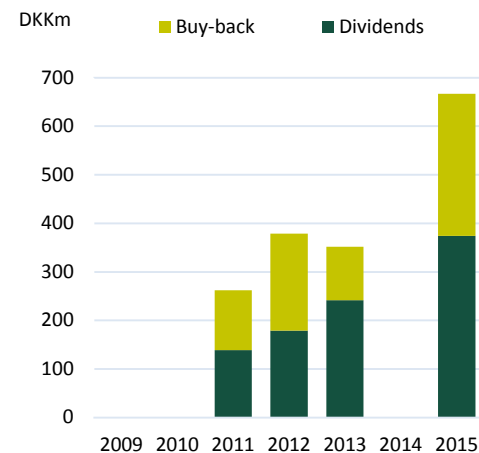
\* Calculated pro forma with Hartwall's realized full-year EBITDA

### EQUITY RATIO

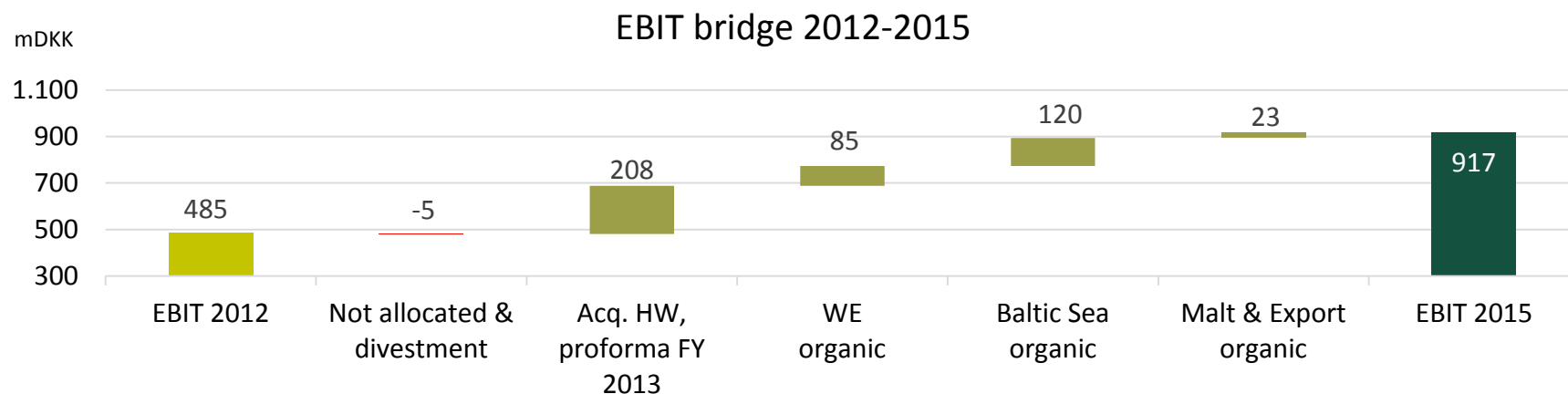
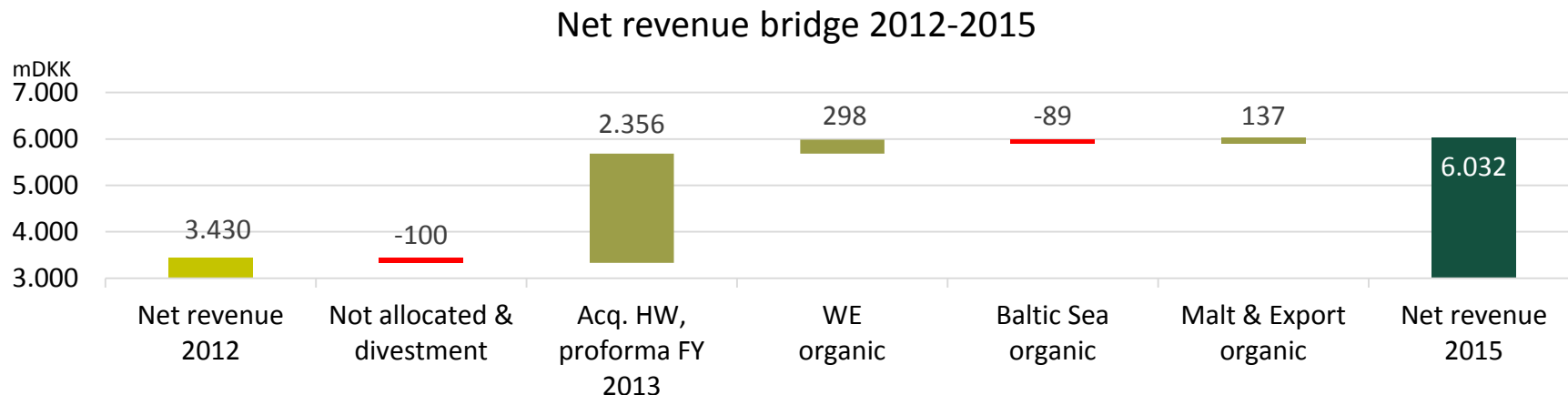


## CREATING SHAREHOLDER VALUE

### DISTRIBUTION



# Significant organic improvement from 2012 to 2015 in all segments – EBIT growth of 89%



# Shareholder Structure

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## Largest shareholders

- Chr. Augustinus Fabrikker A/S – 10.4% (notified 11 December 2009)
- Hartwall Capital Oy Ab – 7.1% (notified 6 May 2015)
- BlackRock Investment Management (UK) Limited – 5,4% (notified 26 April 2016)
  
- Approx 15,000 shareholders in total

## One share class

**No restrictions in ability to pay dividend or buy back shares**

# Hartwall transaction rationale – growing the earnings base (pro forma 2013 and 2012 figures)

DKK m	2013			2012		
	Royal Unibrew	Hartwall*	Combined	Royal Unibrew **	Hartwall	Combined
Volume, HL m	5.4	3.0	<b>8.4</b>	5.4	3.0	<b>8.4</b>
Revenue	3,694	2,356	<b>6,050</b>	3,330	2,302	<b>5,632</b>
EBITDA	638	377	<b>1,015</b>	605	373	<b>978</b>
EBIT	522	208	<b>730</b>	480	209	<b>689</b>
EBITDA margin, %	17.3	16.0	<b>16.8</b>	18.2	16.2	<b>17.4</b>
EBIT margin, %	14.1	8.8	<b>12.0</b>	14.4	9.1	<b>(11.7***) 12.1</b>
Employees	1,643	825	<b>2,468</b>	1,635	862	<b>2,497</b>

\* Hartwall realized full year 2013 before deduction of DKK 15m in transaction costs

\*\* Excluding Impec

\*\*\* EBIT-margin including estimated amortization derived from the acquisition

- Unique chance to create a stronger and more diversified business platform
- Larger and broader earnings base and expansion of portfolio of own brands

# 2013 Hartwall acquisition

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- EV of DKK 3.3 billion
- Paid to Heineken for 100% of the shares in Hartwall DKK 2.8 billion
- NIBD in Hartwall DKK -109 million
- Difference from EV is cash payment to Heineken
  - Factoring for accounts receivables
  - Various regulations agreed with Heineken
- Consolidation as of 23 August 2013