

Annual Report 2013

11 March 2014

Significant strengthening of Royal Unibrew's market position and result

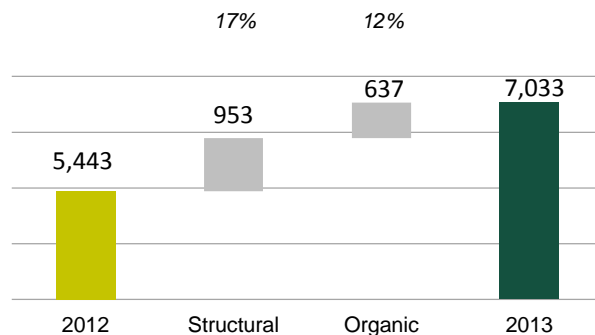
- Hartwall acquisition reinforce Royal Unibrew's position in the Nordic/Baltic area
- Net revenue increase of 31%, 11% broad based organic growth
- Broad based strengthening of market positions
- EBIT increase of DKK 75m to DKK 560m
- Free cash flow increase of DKK 122m to DKK 598m
- Malt Beverages results on track with growth strategy and segment outlook
- Hartwall performance as expected and integration on track
- Deleverage on track - solvency 31% & pro forma NIBD/EBITDA of 2.3x
- As expected no dividend for fiscal year 2014 to be proposed to AGM to allow further for deleverage



Organic increase in net revenue and EBIT

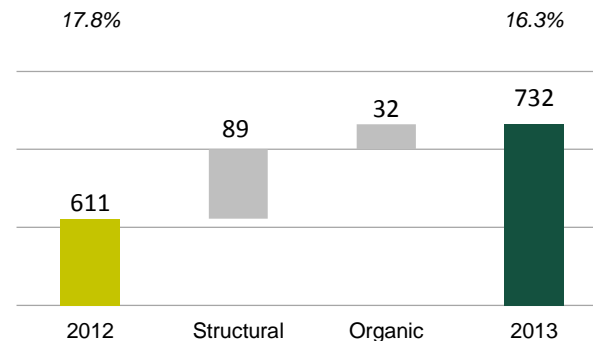
VOLUMEN – HL (000)

Change



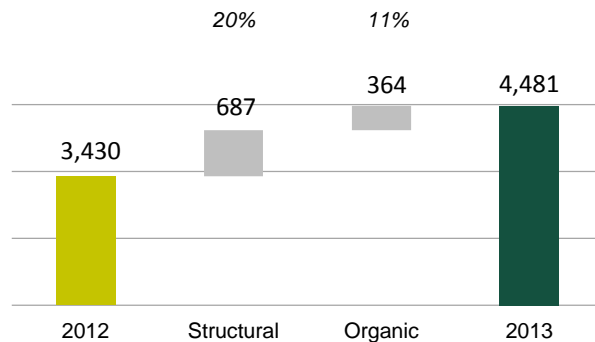
EBITDA - DKKM

Margin



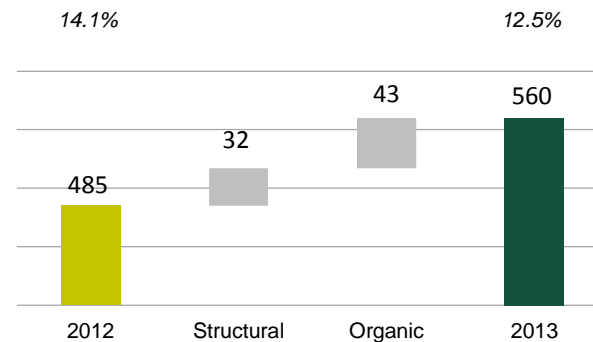
NET REVENUE - DKKM

Change



EBIT - DKKM

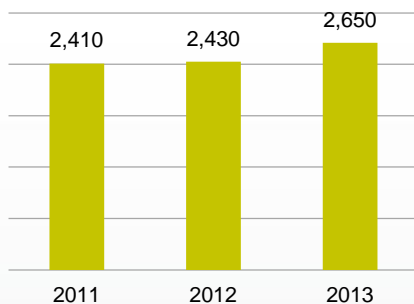
Margin



EBIT up in Western & North Eastern Europe

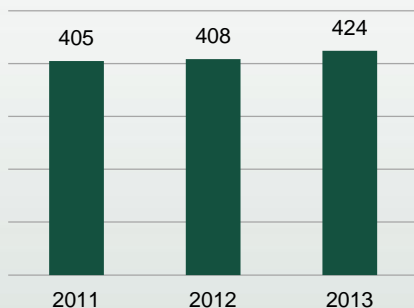
WESTERN EUROPE

NET REVENUE – DKKM



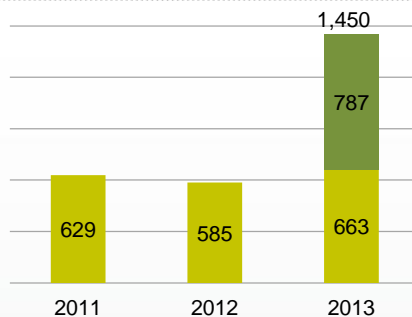
EBIT DKKM

Margin 16.8% 16.8% 16.0%



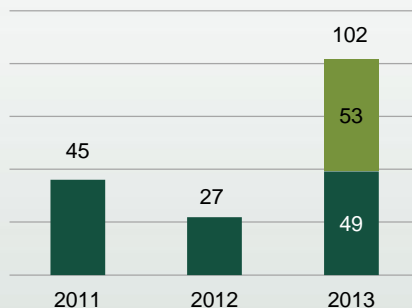
NORTH EAST EUROPE

■ HARTWALL

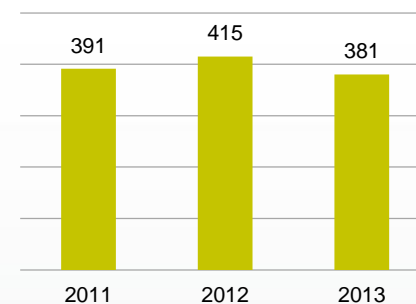


■ HARTWALL

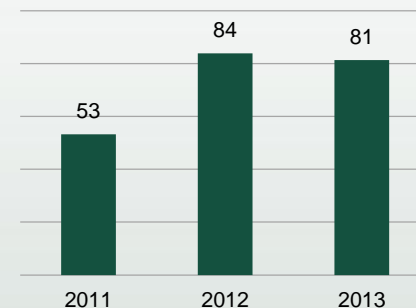
Margin 7.2% 4.7% 7.0%



MALT BEVERAGES



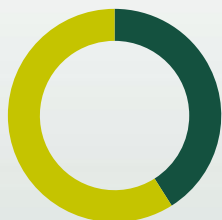
Margin 13.6% 20.2% 21.4%



Strengthening of market positions

WESTERN EUROPE

- **North Western Europe** beer & soft drink consumption flat helped by favorable weather. Market position improved
- **Italian beer consumption** declining, premium/superpremium segment declining less in volatile market. Market position strengthened in On-Trade and Off-trade
- **Commercial initiatives** – strong commercial execution and high level of investments in sale and marketing



59% of net revenue

EAST EUROPE

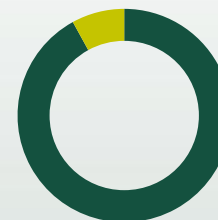
- **Baltic consumption** – overall beer consumption declining – branded beer segment share gain. Juice, soft drink and still water more stable
- **Baltic market positions** – improved. Focus on innovation and premiumization. Increased product/package offering
- **Finland** – as expected declining consumption of beer and soft drinks.



32% of net revenue

MALT BEVERAGES

- **Market coverage and product offerings** increased as expected
- **Commercial initiatives** – further leverage of existing markets whilst also seeking selective geographic expansion
- **Sales and marketing** – trade and consumer investments
- **Organization** – investments into field organizational capability and capacity



9% of net revenue

Financial performance slightly better than expected

DKKm	2013	2012	% change
P&L ITEMS:			
Net revenue	4,481	3,430	31%
Gross margin	50.9%	50.0%	2%
EBIT	560	485	15%
EBIT margin	12.5%*	14.1%	-11%
Profit before tax	548	481	14%
Consolidated profit	480	373	29%
BALANCE SHEET ITEMS:			
Net interest bearing debt	2,379	321	641%
Net working capital	-834	-179	366%
Total assets	6,925	2,848	143%
Equity	2,133	1,348	58%
Equity ratio	30.8%	47.3%	-35%

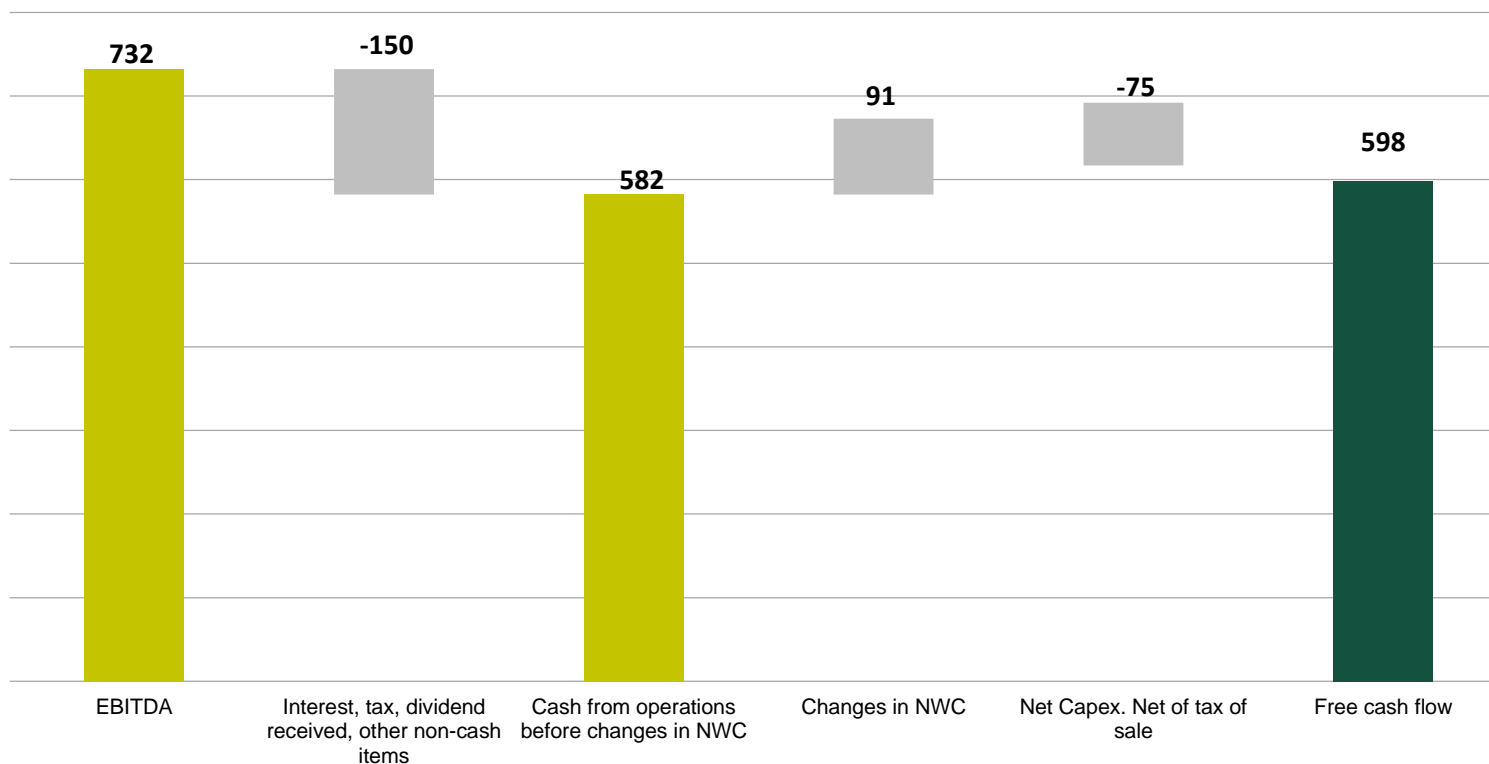
* Proforma EBIT-margin was 12.0% in 2013 and 11.7% in 2012 . Royal Unibrew EBIT-margin excluding Hartwal was 14.1% in 2013 as well as in 2012.



Free cash flow – higher on increased activity and consolidation of Hartwall

CASH FLOW – DKKM

2012: 611 -122 489 22 -35 476



Hartwall integration

- Macro situation is challenging and Hartwall has lost market share
- Integration plan progressing as expected
- Aim is to increase competitive power in a agile and efficient organization
- Negotiations of organizational restructuring
- Focus on efficiencies across the board
- Disentanglements; IT, Export and Procurement
- Focus on the commercial agenda

Selected 2014 outlook assumptions

- Europe consumption generally expected to decline by a low single digit with the exception of a more stable overall Baltic consumption. African and Central American consumption within Malt Beverages expected to increase along with population growth
- European market shares generally maintained or improved, however normalization of Danish market shares to be expected
- Staff negotiation in Finland since mid January; conclusions expected within short time
- Further investment into sales, marketing and organization within Malt Beverages
- Net prices expected to stay on level with 2013
- Ordinary cost inflation for indirect cost categories seen in 2013 will continue into 2014
- Stable to slightly decreasing input cost prices
- Continued efficiency improvements throughout the organization

Outlook 2014

- Net revenue expected to decline low one-single digit compared to pro forma 2013
- EBITDA expected slightly higher than pro forma 2013
- Update of outlook, following the conclusions of staff negotiations

DKKM	Proforma realised 2013**	Actual 2013*
Net revenue	6,050	4,481
EBITDA	1,015	732
EBIT	730	560

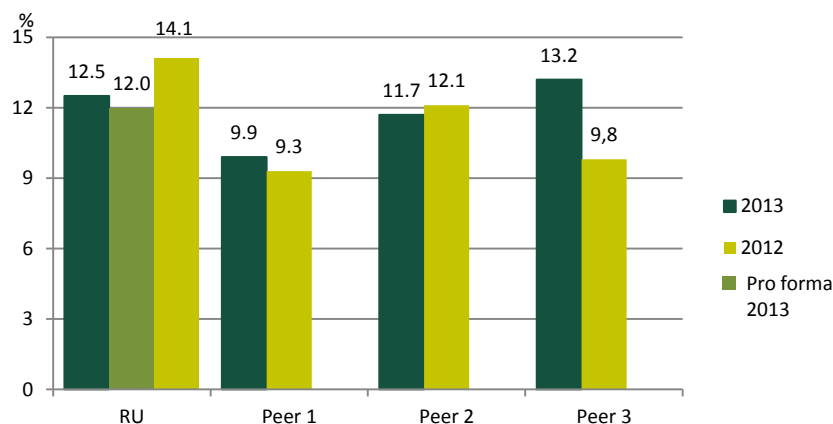
*Including Hartwall as from 23 August 2013; net revenue DKK 787m, EBITDA DKK 94m and EBIT DKK 38m. Including transaction cost of DKK 15m.

** Including Hartwall full-year 2013 excluding transaction costs

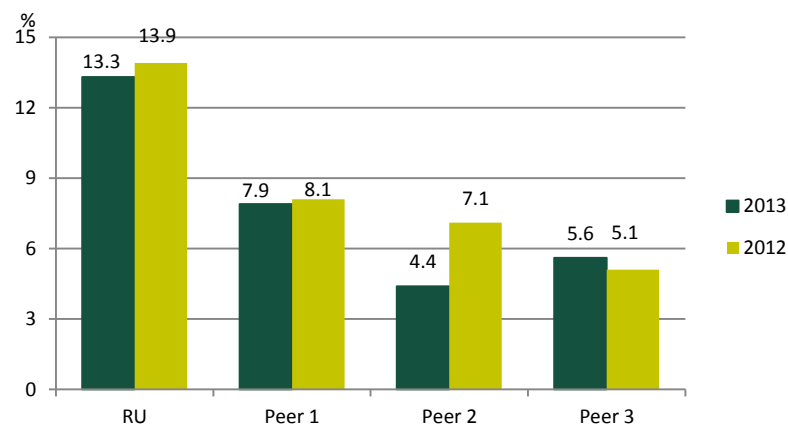


Solid performance to peers

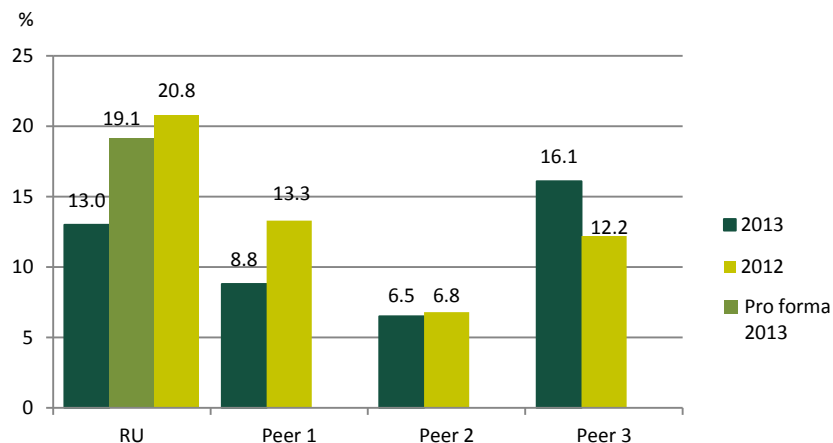
EBIT MARGIN (COMPARABLE REGION)



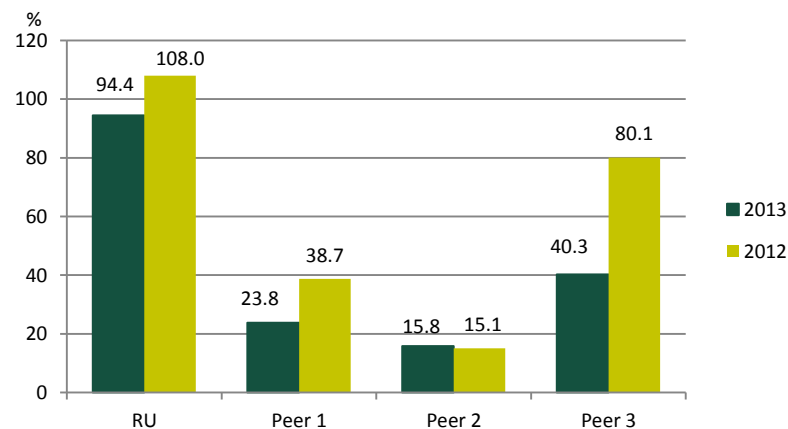
FREE CASH FLOW – % OF REVENUE



RETURN ON INVESTED CAPITAL



CASH RETURN TO SHAREHOLDERS



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.

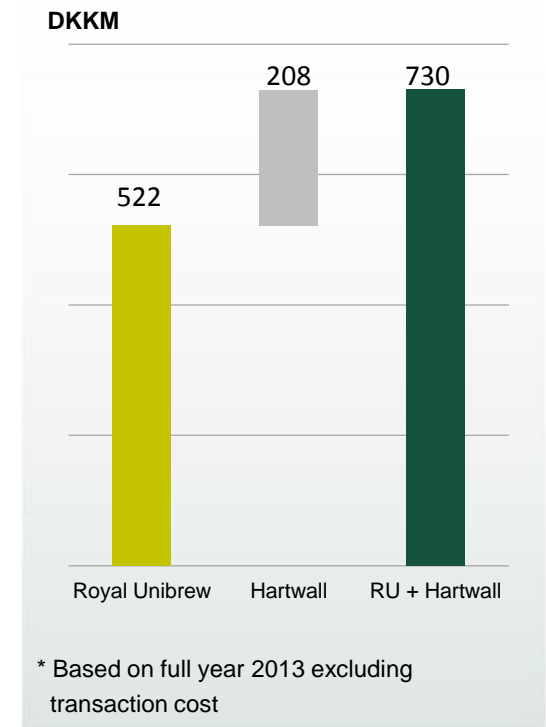
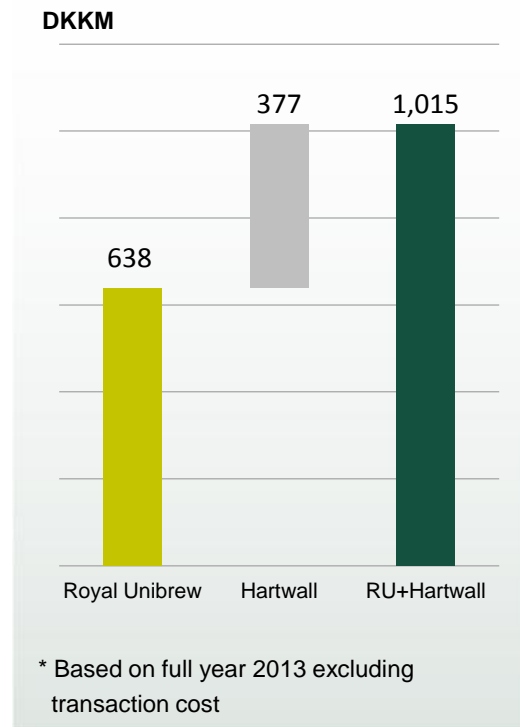
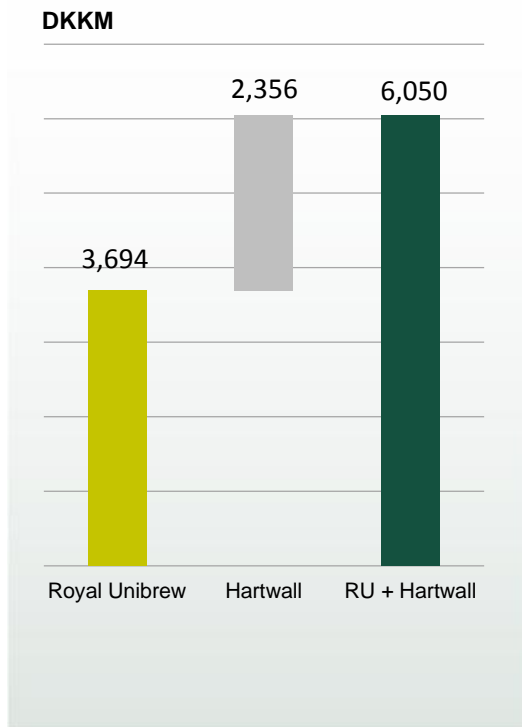
Hartwall acquisition takes Royal Unibrew to a new level with 5 million more consumers

Pro forma figures 2013

NET REVENUE UP BY 62%*

EBITDA UP 54%*

EBIT UP BY 34%*



Transaction rationale – growing the earnings base (pro forma 2013 figures)

DKKm	Royal Unibrew	Hartwall*	Combined
Volume, HL m	5.4	3.0	8.4
Revenue	3,694	2,356	6,050
EBITDA	638	377	1,015
EBIT	522	208	730
EBITDA margin, %	17.3	16.0	16.8
EBIT margin, %	14.1	8.8	12.0
Employees	1,643	825	2,468

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

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

Financial implications and long-term

- Acquisition to boost revenue and operating profit
- Acquisition expected to lift net profit and earnings per share before integration costs from 2014
- Dividends and share buy-backs on hold until 2015 to accelerate debt reduction
- Future distributions to be based on higher earnings and larger cash flow

	Targets before transaction	Targets after transaction
Equity ratio	Minimum 30%	Minimum 30%
NIBD/EBITDA	Maximum 2.5x	Maximum 2.5x
Earnings	EBIT margin of 14%	EBIT margin of 13%

Hartwall acquisition

- EV of DKK 3.3 billion
- Paid to Heineken for 100% of the shares in Hartwall DKK 2.8 billion
- NIBD in Hartwall DKK -0.1 billion
- Difference from EV is cash payment to Heineken
 - Factoring for accounts receivables
 - Various regulations agreed with Heineken
- Consolidation as of 23 August 2013

