



# Market visit Finland

4 May 2015

# Agenda

- 12:00 – 12:15 Welcome Henrik Brandt
- 12:15 – 13:00 Finland, OnTrade, Export Hans Savonije & Tapio Pajuharju
- 13:00 – 13:30 Commercial – Off trade Marko Airamaa
- 13:30 – 14:00 Marketing/Brands Noora Pöyhönen & Meri Vainikka
- 14:00 – 14:20 Supply chain Søren Lisbjerg
- 14:20 – 14:30 Admin&IT Lars Jensen
- 14:30 – 14:45 Strategy and leadership Henrik Brandt
- 14:45 – 15:45 Brewery tour Tomas Lindfors & Tomi Korte
- 15:45 – 17:00 Bus to Helsinki Airport





# Acquisition recap

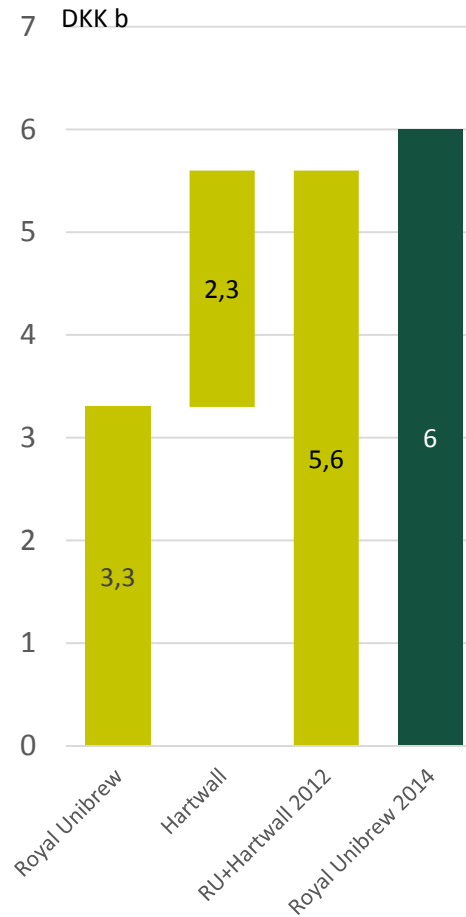
Henrik Brandt, President & CEO Royal Unibrew

# Hartwall acquisition takes Royal Unibrew to a new level

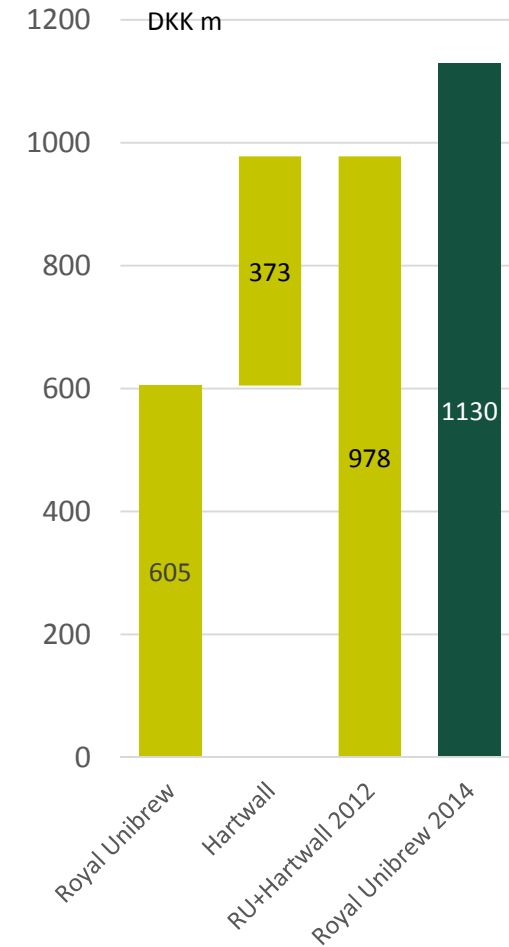
5 million more consumers



Net revenue



EBITDA





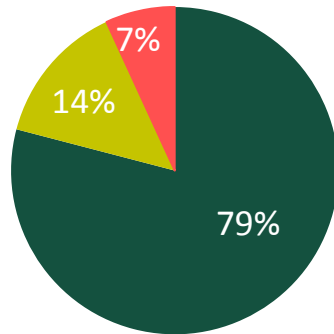
# Finland recap

Hans Savonije, COO Royal Unibrew

Tapio Pajuharju, Managing Director Hartwall

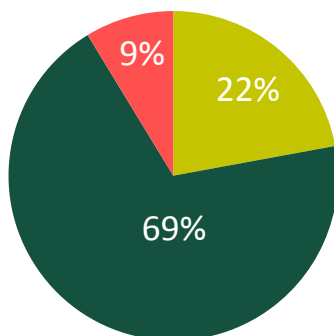
# Finnish market centered around home consumption in an overall slightly declining market

Brewery, wine & spirits market size by volume



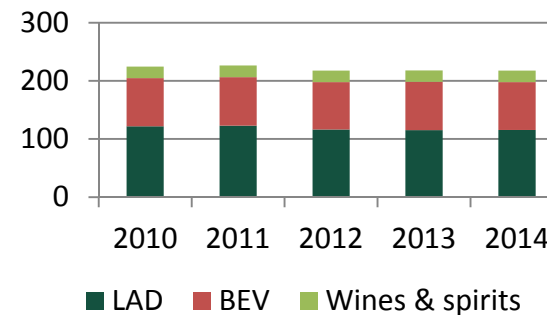
■ Off trade ■ On trade ■ Private import

HW Volume split 2012



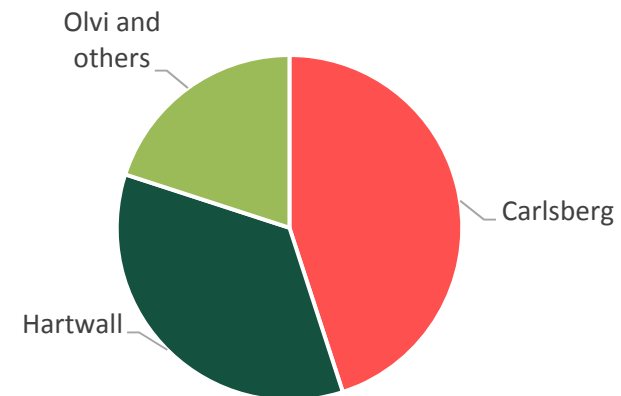
■ On-trade ■ Off-trade ■ Private import

Consumption per capita (L/capita)



■ LAD ■ BEV ■ Wines & spirits

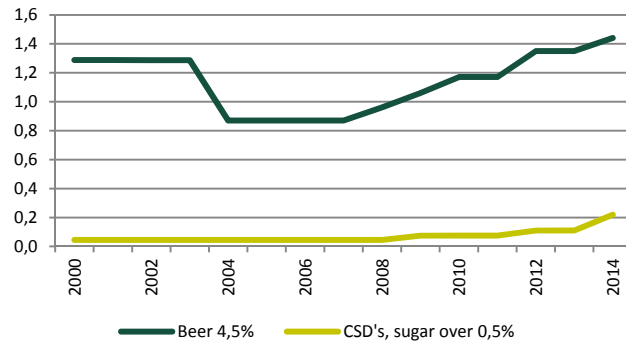
Total beverages volume %



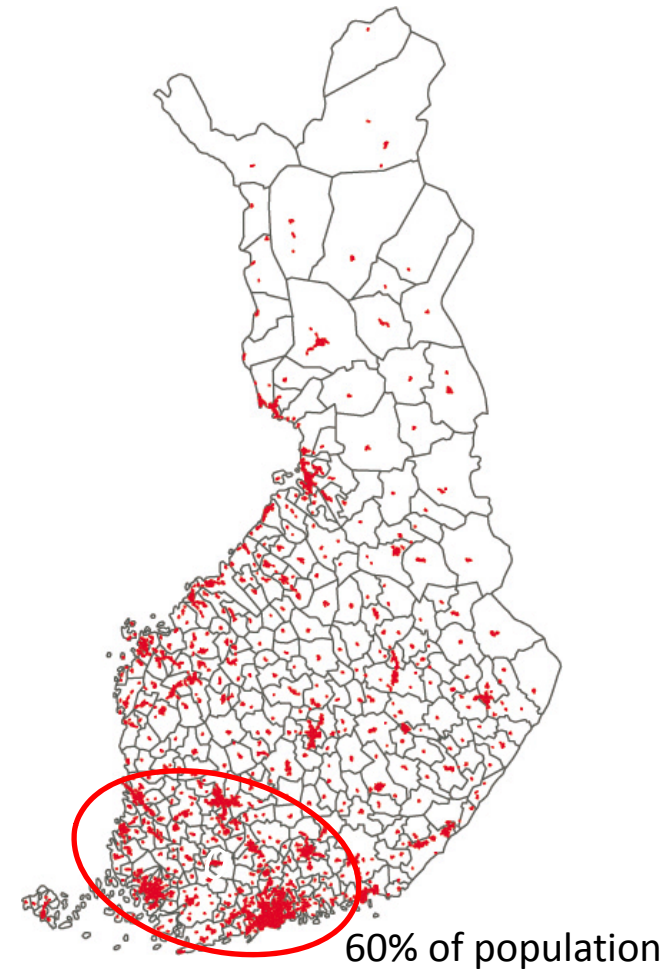
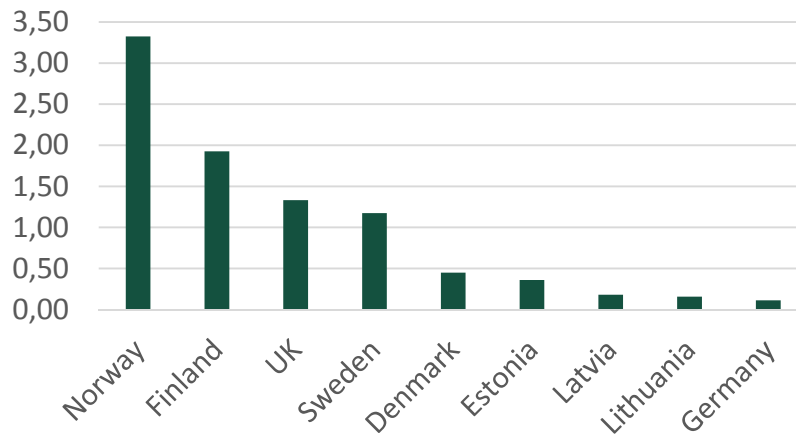
Source: Panimoliitto, Valvira, HWL market outlook

# Finland excise tax and geographical spread

Excise duty, €/L



Beer excise and VAT EUR/L



# Hartwall – multi-beverage portfolio characterized by iconic brands and innovation

## Cider & RTD

- Best known cider
  - market share in cider 26%
- RTD most preferred brand
  - 48% market share



## Soft drinks & waters

- #2 in energy drinks
  - 26% market share
- Strongest water brand
- 34% market share in CSD



## Beer

- #2 in branded beer
  - 22% market share

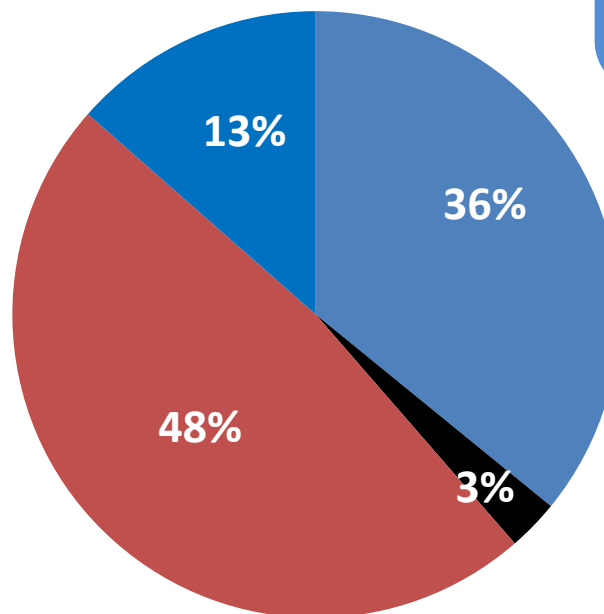


## Other

- Top selling wine and spirit products
  - 8% market share



Volume split





# Hartwall integration in good progress

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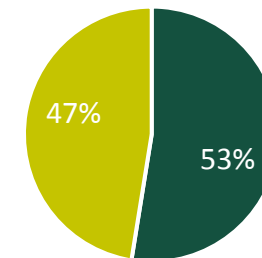
## **Strengthening Hartwall's position as a leading Finnish multi beverage company**

- Increasing agility and customer/market orientated organization
  - Leadership & Organizational change in progress according to the Change Plan
- Improve efficiency and productivity
  - Continuous improvements following structural changes
- Focus on the commercial agenda and execution
  - The goal is to grow as a market leading beverage company in Finland

# On trade & Hartwa Trade

- The Horeca market
  - Volume share of total market is 15%
  - 9.700 outlets
  - High fragmentation and polarization of customers
  - Equipment capabilities are crucial
  - Alcoholic and non-alcoholic volume almost equal
- Hartwall
  - Direct store distribution
  - Full beverage portfolio
  - One stop shop for on-trade customers
  - Hartwall Academy
  - Hartwa Trade – wine and spirits portfolio

Volume split



# Duty Free & Export

- Focus on improving the business in existing markets
- New organization in place
- Focus on Lapin Kulta, Original Long Drink and Upcider



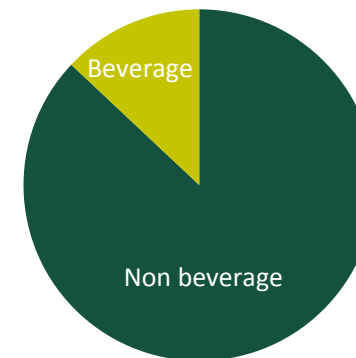
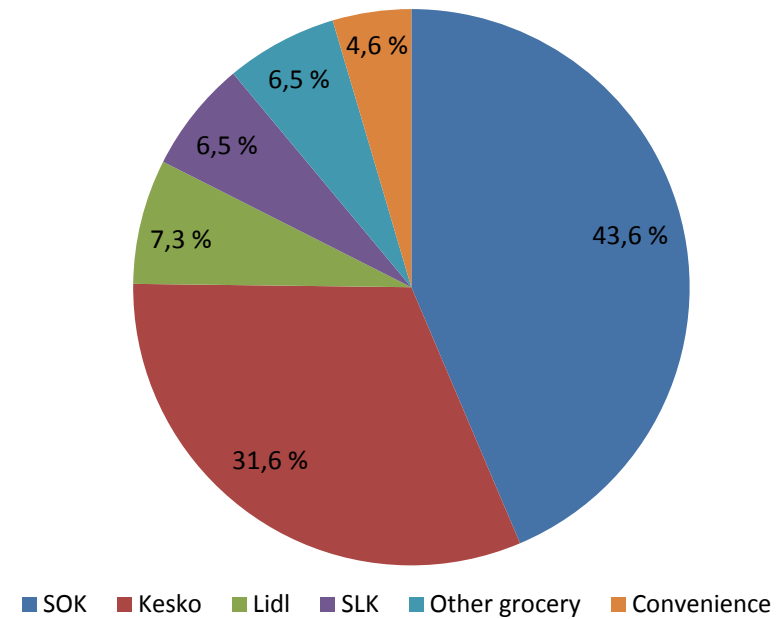


# Finland Off-trade

Marko Airamaa, Sales Director Retail Hartwall

# Off trade total Grocery

- **Total Grocery market €17b**
- 3.157 outlets (stable)
- Hypermarkets ↘
- Supermarkets ↘
- Discounters ↗
  
- **Gas station and convenience** ↘
- Appr. 1.600 stores (declining)



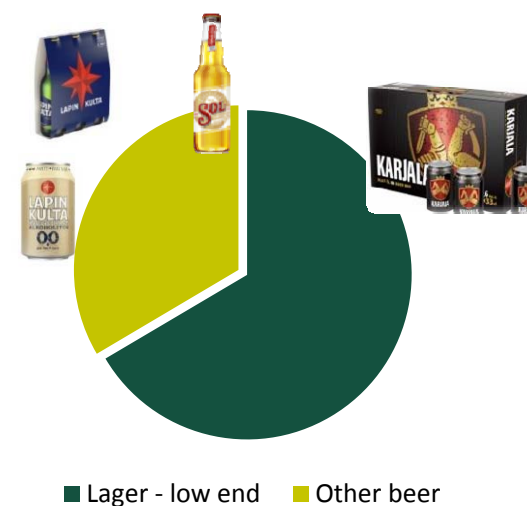
# Off-Trade – Beverage market

- Total off trade market value €2b or 13% of their business
- Centralized & sophisticated/automated trade
  - Lack of Nielsen
  - EDI orders
  - Window system for launches and promotions
  - EDLP vs high/low



# Hartwall Off Trade

- Full beverage portfolio strategy → Balancing value and volume
- Clear customer/category segmentation
- Flexible and effective field Force to enable world class execution
- Out of appr. 5.000 outlets Hartwall covers:
  - 100% distribution
  - 97% via direct store delivery
  - 70% through sales reps
  - 50% through merchandising
- Best in class customer satisfaction 2014
  - #1 beverage company
  - #2 FMCG company (N=31)





The Original since 1952



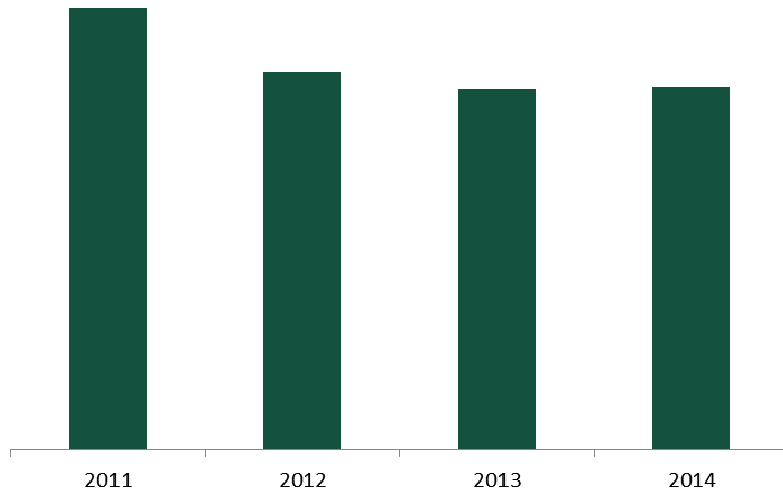
# Marketing

Meri Vainikka, Category Marketing Director alcoholic portfolio



# Hartwall's iconic alcoholic portfolio covers all segments of the market

Hartwall alcoholics SOM development



# Complete Beer portfolio

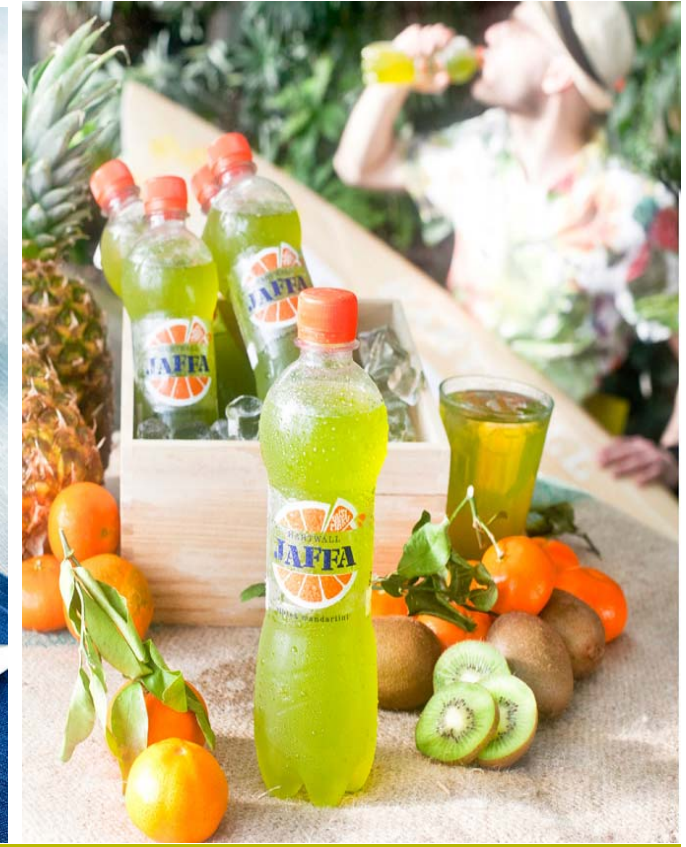
- Iconic
- Finnish
- International
- Special
  
- Occasion
- Format
- Perfect serve



# Long Drinks/RTD - a national heritage in Finland

- Category launched at the Helsinki Olympic Games 1952
- High per capita consumption compared to EU standards
- Original Long Drink
  - The most appreciated brand of all brewery brands in Finland
  - No 1 selling brand in ALKO

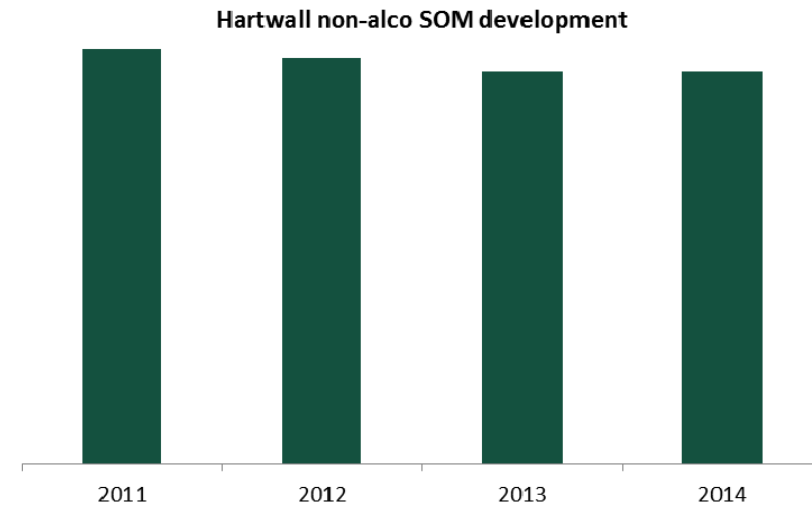
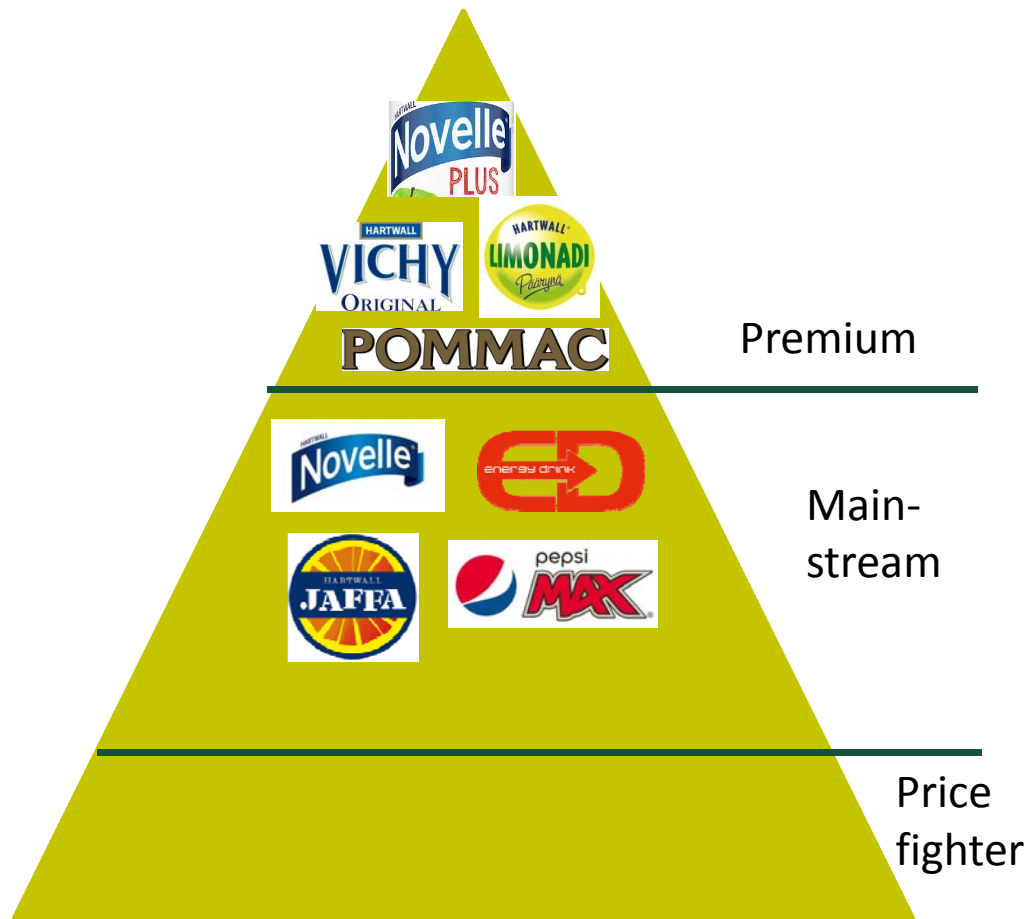




# Marketing

Noora Pöyhönen, Category marketing director non-alcoholic portfolio

# Hartwall portfolio of non-alcoholic drinks consists of waters, csd's and speciality drinks



# Novelle - leading the water category through innovation



# Strong portfolio of CSD's covering all occasions





# Supply chain

Søren Lisbjerg, Supply Chain Director Denmark



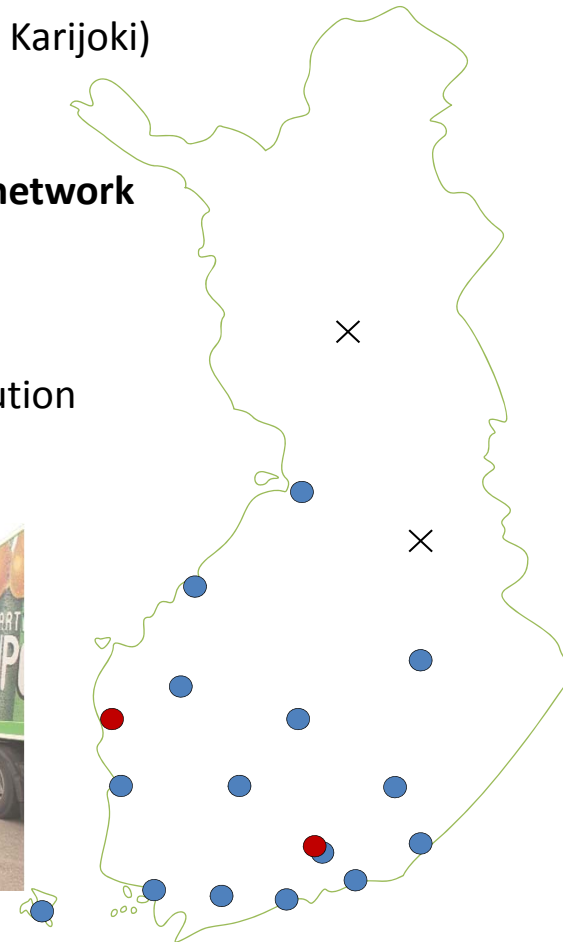
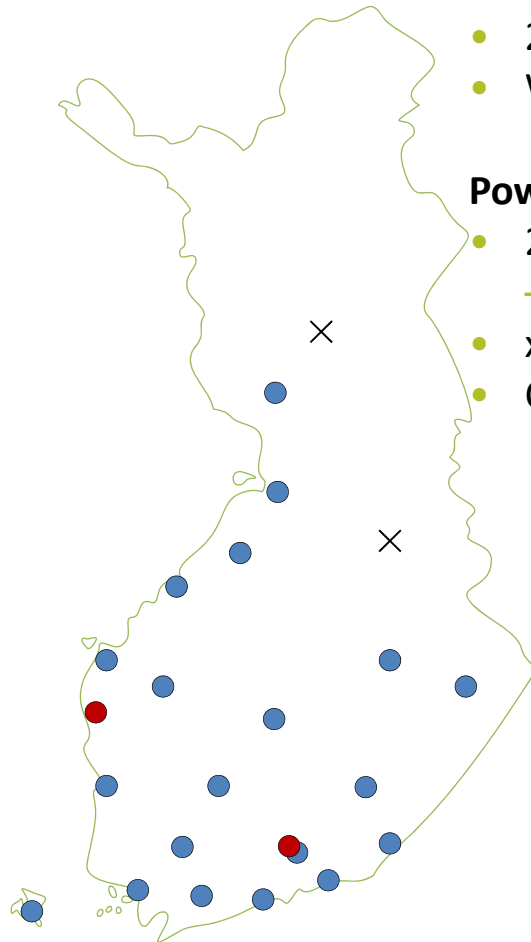
# Supply chain footprint

## State-of-the-art production

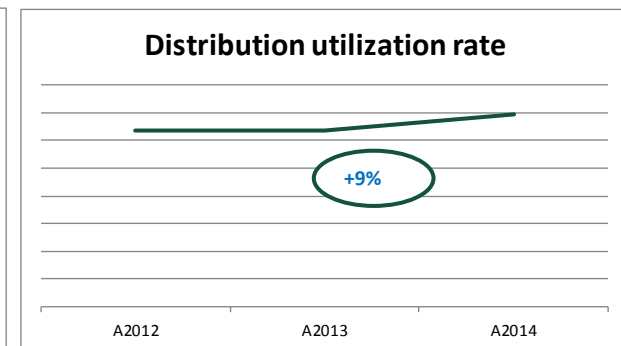
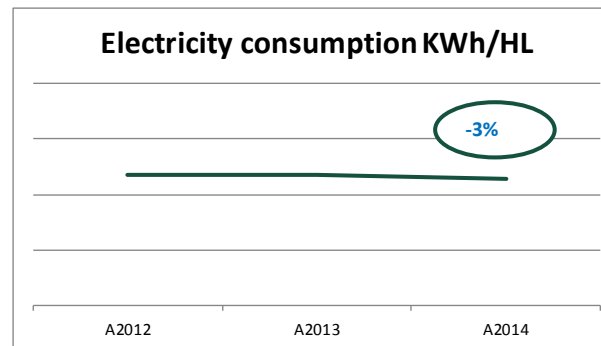
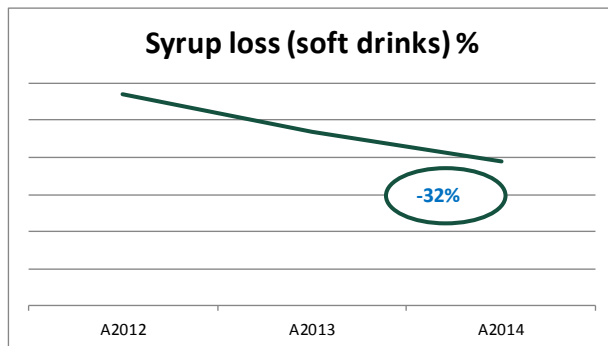
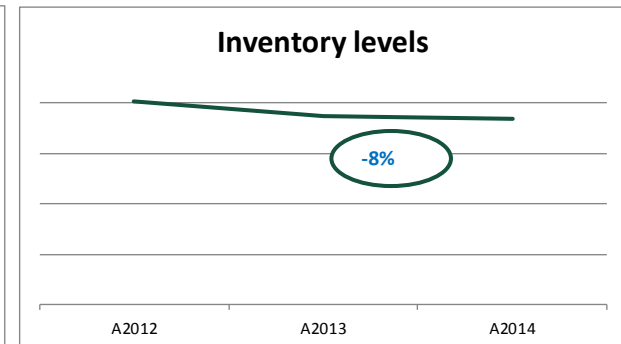
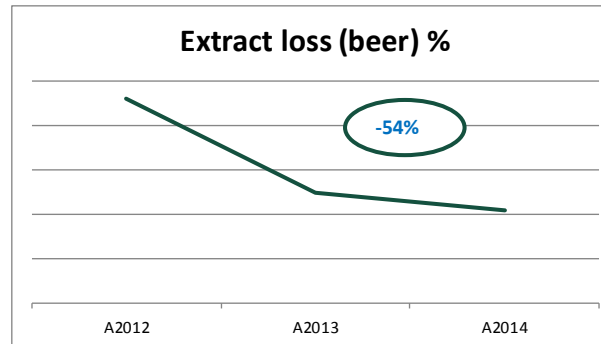
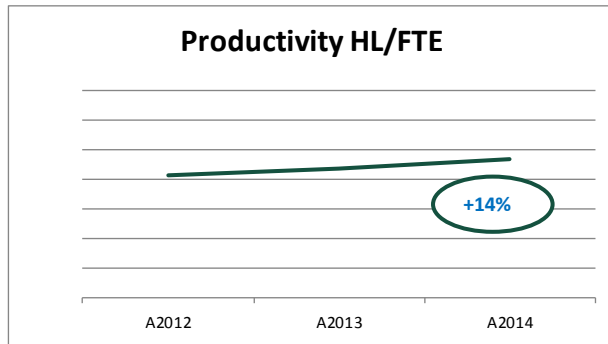
- 2 production facilities (Lahti and Karijoki)
- Well invested

## Powerful nationwide distribution network

- 2 primary distribution hubs — Lahti and Helsinki
- x Windmill area
- Covers Finland via direct distribution



# Significant efficiency drive during last 18months





# Admin & IT

Lars Jensen, CFO Royal Unibrew

# Reducing complexity and insourcing

- Decrease complexity
- Reorganization
- Office move
- Aligning objectives
- Active and business oriented procurement
- OneSap





# Strategy and leadership

Henrik Brandt, President & CEO Royal Unibrew

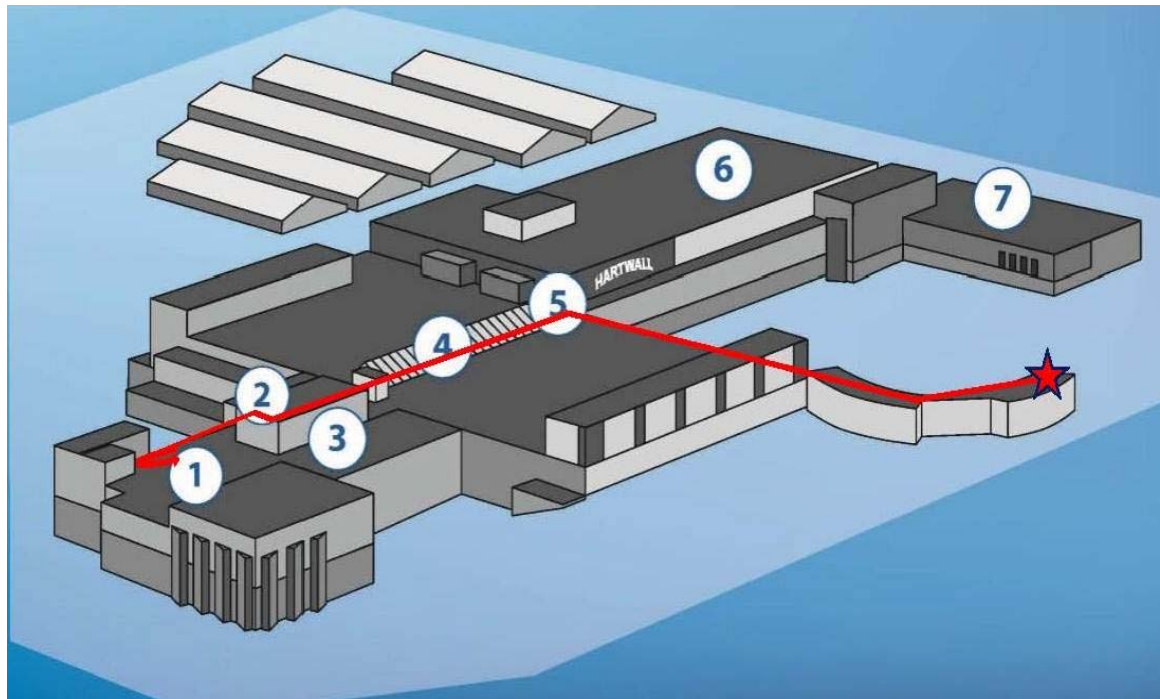


# Q&A

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## Hartwall Lahti Production and logistics centre



- ① Beer production
- ② Bright beer pressure tanks
- ③ Beverage production
- ④ Packaging
- ⑤ Lazer guided vehicles and DSB carriages
- ⑥ High-bay warehouse
- ⑦ Automated order picking