



Market position in Italy considerably reinforced by the acquisition of the Freedea Lemonsoda business from Gruppo Campari

October 4, 2017

COMPANY ANNOUNCEMENT NO 50/2017 — 4 OCTOBER 2017

Royal Unibrew's market position in Italy is considerably reinforced by the acquisition of the Freedea Lemonsoda business from Gruppo Campari

- The acquisition of Freedea Lemonsoda doubles the number of must-stock products in the Italian business
- The acquisition leads to economies of scale in Royal Unibrew's total supply and value chain
- Gives access to the category of non-alcoholic products in Italy
- The acquisition is expected to strengthen Royal Unibrew's earnings per share (EPS) already in 2018
- Acquisition price based on an enterprise value of DKK 0.6 billion is financed through bank borrowings
- The acquisition is expected realised by the end 2017

Royal Unibrew A/S has today entered into an agreement with Gruppo Campari to acquire the carve-out company Terme di Crodo, which owns iconic brands like Freedea Lemonsoda, Freedea Oransoda, Freedea Pelmosoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in Crodo in the north-western parts of Italy close to Lago Maggiore. The company has no employees dedicated to external logistics and commercial activities. Going forward, these activities will be performed by Royal Unibrew's Italian distribution company, Ceres S.p.A., or in cooperation with external partners.

The acquisition price of DKK 0.6 billion is based on an enterprise value of DKK 0.6 billion and the enterprise will be acquired free and clear of debt and liabilities. The valuation of Terme di Crodo has been based on the multiples applicable to leading, national beverage positions.

The acquisition is part of Royal Unibrew's strategy to be a focused and strong regional beverage provider holding market-leading positions within beer, malt beverages and soft drinks in the Nordic and Baltic countries, supplemented by strong positions in e.g. the Italian super-premium market and the international malt beverage markets.

The acquisition is expected to increase Royal Unibrew's revenue in Italy significantly, corresponding to an additional net revenue of DKK 245 million, whereas volumes are expected to more than double. The acquisition is also expected to reinforce the existing commercial platform in all sales channels and as the route-to-market is virtually the same as for Royal Unibrew's existing beer business in Italy, operational synergies are expected to be reaped for the benefit of existing product portfolio as well as the one acquired.

"Today's acquisition cements our commitment to the Italian market and strengthens our position. In Ceres Strong Ale we have one must-stock product and now we're adding Freedea Lemonsoda as number two to our portfolio. Freedea Lemonsoda is the Italian market leader within citrus-based soft drinks products and is almost as widely distributed as Ceres Strong Ale. This is one of the reasons why we consider the new business a good match. We believe that our extensive multi-beverage experience can be leveraged to generate further growth in the acquired business," says Hans Savonije, CEO of Royal Unibrew.

Pro-forma financial highlights and ratios 2016	Terme di Crodo
Volumes, thousand hectolitres	530
Revenue (DKK million)	245
EBITDA (DKK million)	45

EBIT (DKK million)	35
EBITDA margin (%)	18.4%
EBIT margin (%)	14.3%
Employees	73

Terme di Crodo profile

The carve-out company Terme di Crodo owns brands like Freedea Lemonsoda, Freedea Oransoda, Freedea Pelmosoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in Crodo in the north-western part of Italy close to Lago Maggiore. About 2/3 of the net revenue is generated by Freedea Lemonsoda, whereas Freedea Oransoda is the second-strongest brand in the portfolio. The distribution of the products to the on-trade channel is made through distributors or cash & carry customers who are in many cases also customers of Royal Unibrew's distribution company, Ceres S.p.A., whereas sales to the off-trade channel are handled directly to customers. The distribution degree of Freedea Lemonsoda in the on-trade channel is approximately 55%, whereas it is more than 95% in the off-trade channel and strongest in the organised part of the trade.

The production facilities in Crodo are modern and hold capacity for cans, glass and PET bottles, and most recently in 2016 a new canning line was installed.

The company has approx. 73 employees.

Co-pack agreement with the Gruppo Campari

Royal Unibrew and the Gruppo Campari have simultaneously agreed to maintain the production of selected Campari products at the Crodo production facilities for a number of years.

Financial targets and capital structure

Royal Unibrew expects the acquisition to generate value for Royal Unibrew's shareholders through reinforcing the total Italian business and by optimising the Group's overall operations. On that basis, the acquisition is expected to increase Royal Unibrew's profit and earnings per share with effect already from 2018.

Royal Unibrew's financial target of a medium-term EBIT margin of about 16% remains unchanged. Calculated on the basis of pro-forma consolidated financial statements of the acquired business, Royal Unibrew would have had an EBIT margin of 15.7% in 2016 against realised 15.8%.

The targets for Royal Unibrew's capital structure and distribution also remain unchanged:

- Equity ratio of at least 30%.
- Net interest-bearing debt not to exceed 2.5 times EBITDA.
- Ordinary dividend distribution of 40-60% of profit for the year.
- Potential further adjustment of capital structure through share buy-backs, and existing programme to continue unchanged.

Realisation of the transaction

The acquisition of Terme di Crodo is expected to be completed by the end of 2017.

Yours sincerely,

Royal Unibrew A/S

Hans Savonije

President & CEO

For further information on this Announcement:

Hans Savonije, CEO, tel (+45) 22 20 80 17

Lars Jensen, CFO, tel (+45) 29 23 00 44

www.royalunibrew.com

Vitale & Co. has been acting as strategic adviser and Carnelutti Law Firm as legal adviser.

Royal Unibrew is a leading regional beverage provider in a number of markets — primarily in Northern Europe, Italy and in the international malt beverage markets.

We produce, market, sell and distribute quality beverages with focus on branded products within beer, malt beverages and soft drinks as well as cider and long drinks.

Our main markets are Denmark, Finland, Italy and Germany as well as Latvia, Lithuania and Estonia. To these should be added the international markets comprising a number of established markets in the Americas region and major cities in Europe and North America as well as emerging markets in for example Africa.

In all of our multi-beverage markets, we offer our customers strong and locally based brands. Based on continuous development and innovation, it is our objective to meet customer demand for quality beverages.

In addition to our own brands, we offer licence-based international brands of the PepsiCo and Heineken Groups.