



## Q1 2022 Trading Statement

April 28, 2022

Company Announcement No 20/2022 – 28 April 2022

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#### Strong finish to Q1 2022 as restrictions were lifted in On-Trade – outlook maintained

Statement by Royal Unibrew's CEO, Lars Jensen: "It has been an eventful first quarter of the year. The quarter started relatively slow with continued restrictions in the On-Trade channel, but as restrictions were lifted in all markets, momentum built throughout the quarter and March marked a strong end to the quarter. Organic revenue growth of 14% is very satisfactory and is primarily driven by very strong momentum in Denmark, Finland and Italy in combination with an On-Trade across geographies with less restrictions than in Q1 2021. It is a pleasure that societies are open again and that our products continue to bring people together in great moments and enjoyment.

We have increased prices during Q1 2022 to mitigate the input price inflation realized in 2021, but as we have incurred the higher input prices from the beginning of the quarter, our profitability has been hurt as expected. As planned, profitability in Q1 2022 has also been affected by our continued investments in building a stronger organization and significantly higher investments in sales and marketing. The full effect of price increases from the beginning of the second quarter will cover the input cost increases seen in 2021, whereas further sales price increases are needed to cover the input cost increases seen since Russia's invasion of Ukraine. Despite the geopolitical uncertainties we see no reason to change any of our ambitious ESG targets, including targets on packaging material, decarbonization or within low/no products. We have strong underlying momentum in the business and are well positioned going into the important quarters of the year," Lars Jensen continues.

#### Financial highlights Q1-2022

Net revenue increased by 35% in Q1 2022. Adjusting for acquisitions, the organic growth amounted to 14% driven by On-Trade re-opening and price increases, as reported volumes increased by 5%, corresponding to a flat organic development. Organic price/mix therefore amounted to 14% in the first quarter of the year driven by On-Trade re-opening, less beer campaigning in Finland and price increases.

Earnings before interest and tax (EBIT) decreased by 8% and amounted to DKK 209 million (2021: DKK 229 million). Organically, EBIT declined by 13%, because of higher COGS, higher sales and marketing, increased investments into the organization and higher freight costs. The EBIT margin decreased as expected by 460 bp from 14.3% to 9.7% driven by the facing of price increases vs input price inflation, increased operational expenditures and the structural lower margin in Solera. The inflationary pressure building through 2021 had full impact on our cost base from the beginning of the year, whereas our price increases towards customers were implemented during Q1 2022.

Free cash flow amounted to DKK -359 million in Q1 2022 compared to DKK -102 million in Q1 2021. The decline was expected, as last year was positively impacted by extended payment terms for excise duties and acquisitions, while current year is impacted by inventory and debtor building.

#### Outlook

We maintain our full-year 2022 outlook for revenue of DKK 10,000-11,000 million and EBIT of DKK 1,650-1,800 million.

#### SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q1 2022	Q1 2021	FY 2021
Volume (thousand hl)	2,660	2,536	12,332
Net revenue	2,162	1,605	8,746
EBITDA	317	318	2,020
EBITDA margin (%)	14.7	19.8	23.1
EBIT	209	229	1,652
Organic EBIT growth (%)	-13	14	6
EBIT margin (%)	9.7	14.3	18.9
Profit before tax	195	223	1,647
Net profit for the period	154	177	1,298
Free cash flow	-359	-102	1,296
Net interest-bearing debt	4,012	2,448	3,536
NIBD/EBITDA (times)*	2.0	1.3	1.7
Equity ratio (%)	30	39	31
Earnings per share (EPS)	3.2	3.7	26.5

\* Running 12 months

Net interest-bearing debt increased by DKK 476 million to DKK 4,012 million compared to year-end 2021. Calculated on a 12-months basis, NIBD/EBITDA was 2.0x.

In Q1 2022, the business developed commercially as planned. The quarter started relatively slow, as several of our markets worked itself through inventories created by the somewhat unexpected COVID-19 restrictions imposed in the latter part of Q4 2021. However, the end of the quarter was

very strong as the On-Trade business in our key markets were re-opened. We increased our sales and marketing costs significantly in Q1 2022 compared to Q1 2021, as well as we continued to invest in strengthening the organization.

#### Raw material prices

During 2021 many raw materials and other input costs increased significantly in price. We have increased prices towards our customers during Q1 2022 to mitigate the impact from higher costs. We have not seen any signs of down-trading in any of our key markets from the general higher inflation meeting consumers, however, it is still too early to evaluate the impact of the inflationary environment on consumer behavior.

The Russian invasion of Ukraine have had a further negative impact on the input cost development, which will be delayed by our hedging, but eventually the higher costs will feed through, and we will mitigate this by sales price increases and cost mitigations. All export and import to and from Russia have now been ceased.

#### Outlook for the rest of the year

We maintain our full-year 2022 outlook for revenue of DKK 10,000-11,000 million and EBIT of DKK 1,650-1,800 million.

Announced acquisitions of Hansa Borg and Aqua d'Or have not closed and are not included in the outlook for 2022. We still expect to receive the approval for the Hansa Borg acquisition in Q2 2022, while the Aqua d'Or acquisition approval is expected in Q3 2022.

mDKK	Outlook 2022	Actual 2021	Actual 2020
Revenue	10,000-11,000	8,746	7,315
EBIT	1,650-1,800	1,652	1,515

We have not factored in any downtrading from the general higher inflation meeting consumers, because of relatively low unemployment rates and strong economies in our core markets. The increasing inflationary pressure on input costs from the war in Ukraine will have further negative impact on the input costs development for the rest of the year. Our outlook assumes that this increased pressure will be partly covered by additional sales price increases as well as further cost mitigations.

We have not factored in any COVID-19 related restrictions on the On-Trade for the remainder of the year, as vaccinations rates in our main markets are high, and current variants with less symptoms have reduced the pressure on hospitals. The outlook is built on normal summer weather and travelling activities, whereas we in 2021 benefitted from nice weather and positive staycation effects as many consumers decided to spend vacation in their own countries.

#### Acquisitions

Crazy Tiger is now included on our core IT platforms and therefore the integration of the company is proceeding according to plan.

Announced acquisitions of Hansa Borg and Aqua d'Or have not closed and are not included in the outlook for 2022. Hansa Borg has normalized annual revenue of around DKK 1.0 billion and normalized EBITDA of around DKK 150 million, whereas Aqua d'Or has normalized annual revenue of around DKK 180 million.

#### Share buy-back program and dividend payment

At the end of Q1 2022, we had purchased 159,133 shares at a value of DKK 100 million under our DKK 300 million share buy-back program. The share buy-back program is running until the end of June 2022.

We have proposed to the Annual General Meeting that we pay a dividend of DKK 708 million for 2021, corresponding to DKK 14.50 per share, which is an increase of 7% compared to last year.

The Q1 2022 Trading Statement has been published via Nasdaq Copenhagen A/S and is enclosed with this announcement. The Q1 2022 Trading Statement is also available on [www.royalunibrew.com](http://www.royalunibrew.com).

#### For further information on this announcement:

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#### Financial Calendar for 2020

17 August 2022

Interim Report for the period 1 January - 30 June 2022

8 November 2022

Trading statement for the period 1 January - 30 September 2022

#### Forward-looking statements:

This Trading Statement contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward looking statements. Royal Unibrew assumes no obligation to update or adjust any such forward-looking statements (except for as required under the disclosure requirements for listed companies) to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that may have direct bearing on the Group's actual results include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, development in the demand for the Group's products, introduction of and demand for new products, changes in the competitive environment and the industry in which the Group operates, changes in consumer preferences, increasing industry consolidation, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting

from market-driven price reductions, determination of fair value in the opening balance sheet of acquired entities, litigation, pandemic, environmental issues and other unforeseen factors.

New risk factors may emerge in the future, which the Group cannot predict. Furthermore, the Group cannot assess the impact of each factor on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

#### **Attachment**

- [RU TS Q1 2022 WEB](#)