

Royal Unibrew A/S

Danske Bank Markets – Copenhagen Winter Seminar

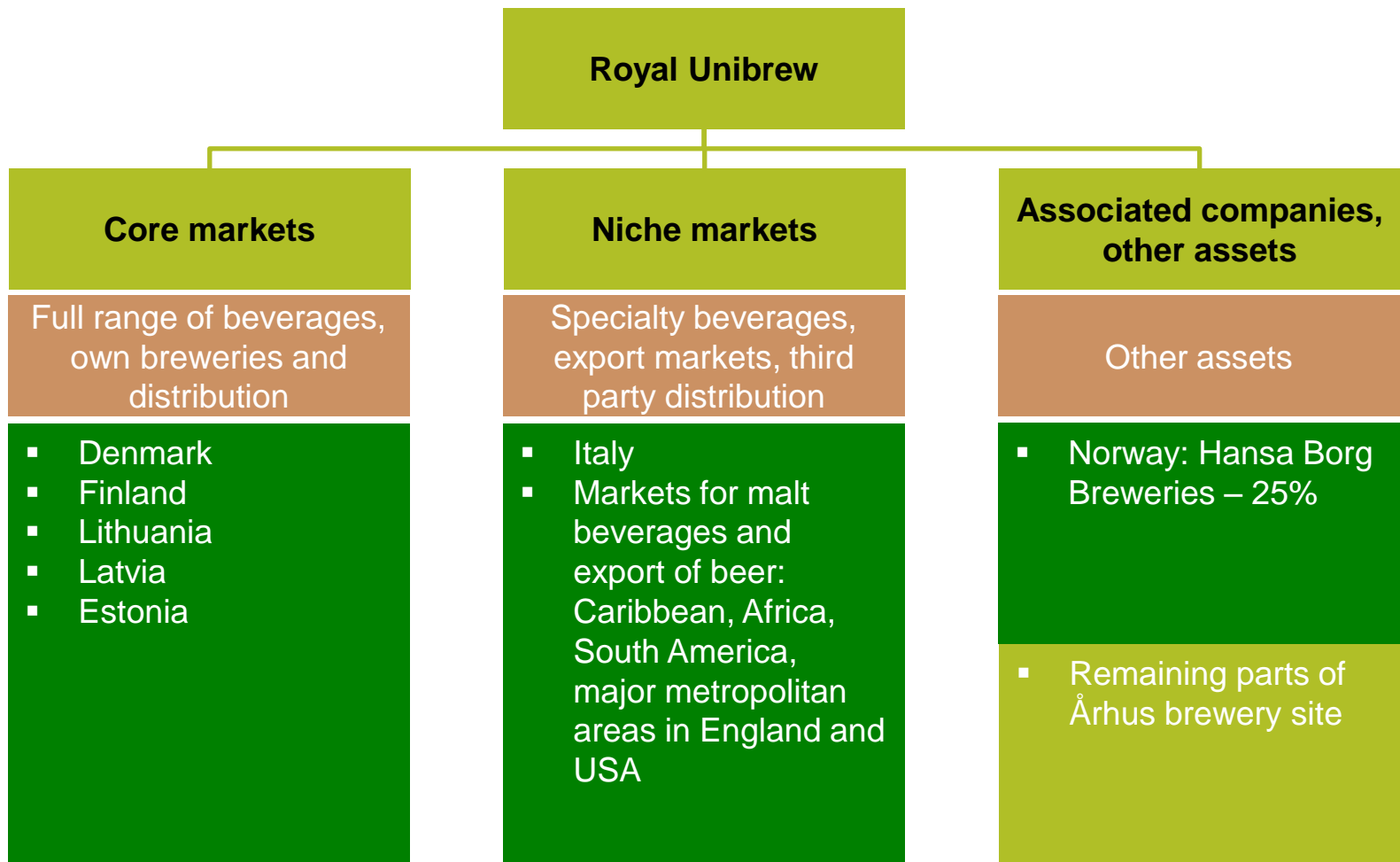
by Henrik Brandt, President & CEO  
5 December 2013



## Focus on:

- Markets and segments in which Royal Unibrew holds or may achieve a considerable position
- Innovation and development of Royal Unibrew's products and brands
- Operational efficiency
- Maintaining Royal Unibrew's financial flexibility, competitiveness and strategic maneuverability through an appropriate capital structure





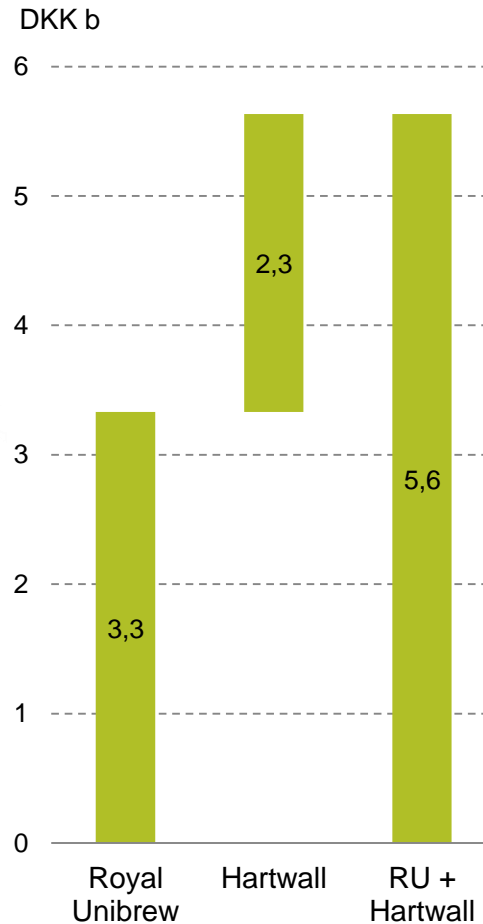
**Royal Unibrew is a leading regional brewery group**

# Hartwall acquisition takes Royal Unibrew to a new level

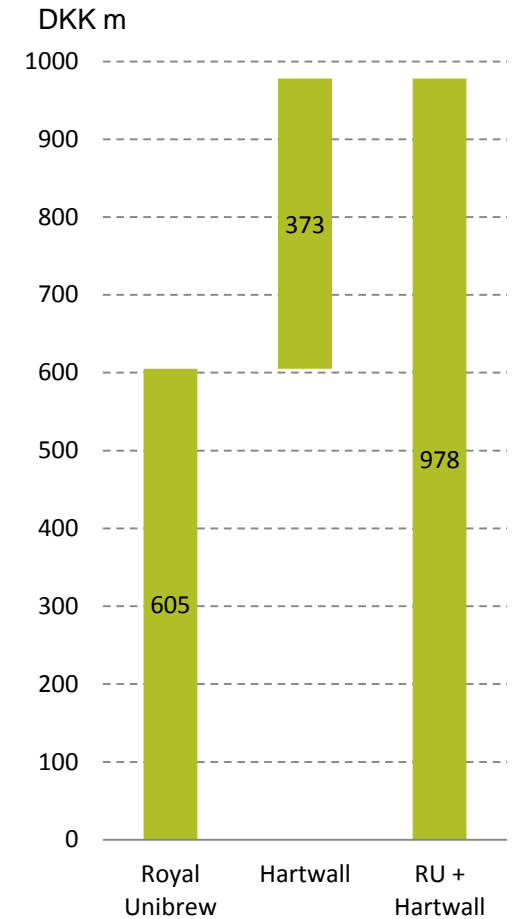
5 million more consumers



Net revenue up 70%\*



EBITDA close to DKK 1b\*



\* Based on full year 2012 figures, DKK

**Cider & RTD**

- Best known cider
- 18% market share
- RTD most preferred brand
- 48% market share



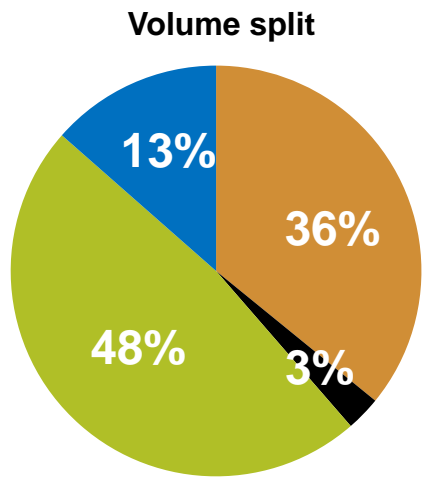
**Beer**

- #2 in branded beer
- 22% market share



**Soft drinks & waters**

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



**Other**

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





**It is Royal Unibrew's strategy to be a focused strong regional brewer within beer, malt beverages and soft drinks holding leading positions in the markets or the segments in which we operate**

- **In line with corporate strategy**
  - Expansion of a strong Nordic/Baltic platform – solid #2 position in the region
  - Improved reach and strengthened partnerships
- **Market position in line with strategy**
  - Hartwall's position as clear #2 in Finland fits with our ambition of building leading positions
- **Within our core competencies**
  - Hartwall is a multi-beverage company operating in a mature market with border trade; an environment very similar to Denmark
  - Leveraging Danish competencies of development and efficiency improvements
  - Partnership with management and employees; exchange of best practices

Strategy

Focus

Competencies

**Royal Unibrew and Hartwall - a good strategic match**

# Transaction rationale – growing the earnings base

(Pro forma 2012 figures)

Million DKK	Royal Unibrew*	Hartwall	Combined
Volume, HL m	5.4	3.0	<b>8.4</b>
Revenue	3,330	2,302	<b>5,632</b>
EBITDA	605	373	<b>978</b>
EBIT	480	209	<b>689</b>
EBITDA margin, %	18.2	16.2	<b>17.4</b>
EBIT margin, %	14.4	9.1	<b>(11,7**) 12.2</b>
Employees	1,635	862	<b>2,497</b>

\* Excluding Impec. \*\* EBIT-margin including estimated amortisation 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

# Financial implications and long-term targets

- 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	Status
Equity ratio	<ul style="list-style-type: none"> <li>• Minimum 30%</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged target</li> </ul>
NIBD/EBITDA	<ul style="list-style-type: none"> <li>• Maximum 2.5x</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged target</li> </ul>
Ordinary distribution	<ul style="list-style-type: none"> <li>• 40-60% of net result</li> <li>• Share buy-backs</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged policy, dividends and share buy-backs expected to be resumed in 2015</li> </ul>
Extraordinary distribution	<ul style="list-style-type: none"> <li>• DKK 500m</li> </ul>	<ul style="list-style-type: none"> <li>• Remaining program cancelled (DKK 400m)</li> </ul>
Earnings	<ul style="list-style-type: none"> <li>• EBIT margin of 14%</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NEW:</b> EBIT margin of 13%</li> </ul>



- Organic volume increase of 11%
- Organic net revenue increase of 10%
- Strengthening of market positions
- Continued solid growth of Malt Beverages
- Organic EBIT increase of 11% to DKK 449m
- Free cash flow of DKK 357m
- Hartwall performance as expected and integration on track
- Divesture of the Aarhus site progressing as expected
- RU FY2013 outlook slightly increased



### DKKm

<b>P&amp;L items:</b>	<b>1-3Q2013</b>	<b>1-3Q2012</b>	<b>% change</b>
Net revenue	<b>3.056</b>	2.670	14%
<i>Gross margin</i>	<b>51,6%</b>	50,7%	2%
EBIT	<b>449</b>	400	12%
<i>EBIT margin</i>	<b>14,7%</b>	15,0%	-2%
Profit before tax	<b>447</b>	397	13%
Consolidated profit	<b>356</b>	299	19%
<b>Balance sheet items:</b>			
Net interest bearing debt	<b>2.604</b>	404	544%
Net working capital	<b>-583</b>	-171	241%
Total assets	<b>7.235</b>	3.063	136%
Equity	<b>2.025</b>	1.336	52%
<i>Equity ratio</i>	<b>28,0%</b>	43,6%	-36%

# Outlook 2013 including Hartwall as of closing

DKK million	Updated Outlook 2013*	Previous Outlook 2013*	Actual 2012**
Net revenue	4,340 – 4,425	4,065 – 4,225	3,430
EBITDA	695 – 735	655 – 720	611
EBIT	510 – 550	460 – 525	485

\* Before integration cost but including DKK 15m in transaction cost

\*\* In 2012 net revenue of DKK 100m, EBITDA of DKK 6m, and EBIT of DKK 5m was realized in Impec

# 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.



Henrik Brandt  
President & CEO



Lars Jensen  
CFO

## **Royal Unibrew A/S**

Faxe Allé 1

DK-4640 Faxe

Denmark

Telephone: +45 56 77 15 13

Facsimile: +45 56 71 47 64

[www.royalunibrew.com](http://www.royalunibrew.com)

[investorrelations@royalunibrew.com](mailto:investorrelations@royalunibrew.com)

## Largest shareholders

- Chr. Augustinus Fabrikker A/S – 11%
- Hartwall Capital Oy Ab – 9.4%
- Skagen – 8.9%
- ATP – 5.2%
- Approx 17,000 shareholders in total

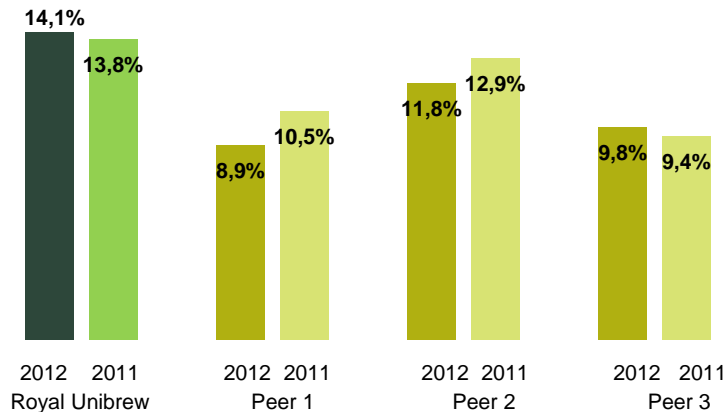
## One share class

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

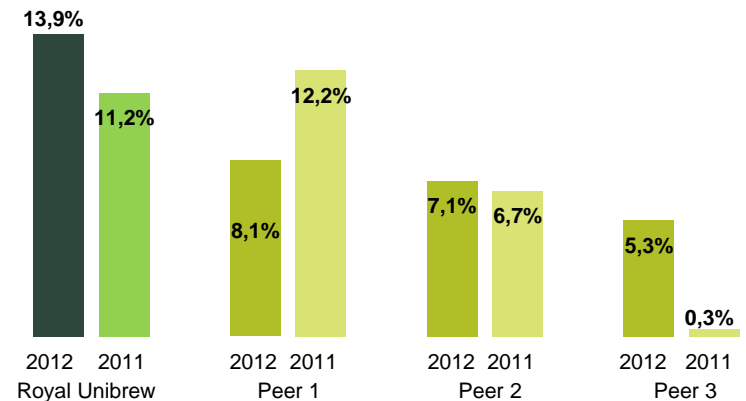


# Solid performance vs. peers 2012/2011

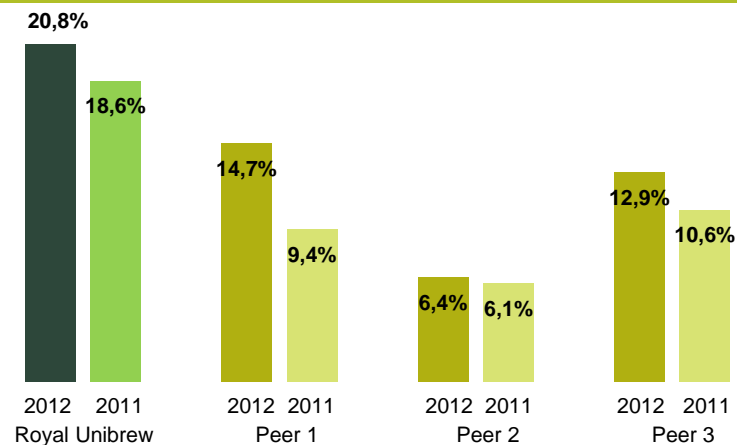
## EBIT margin (Comparable geography)



## Free cash flow - % of revenue



## Return on invested capital



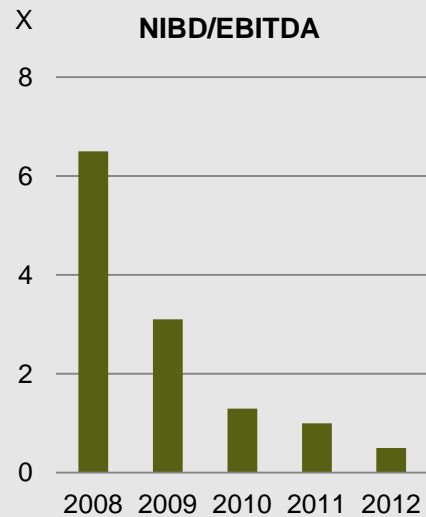
## Cash return to shareholders



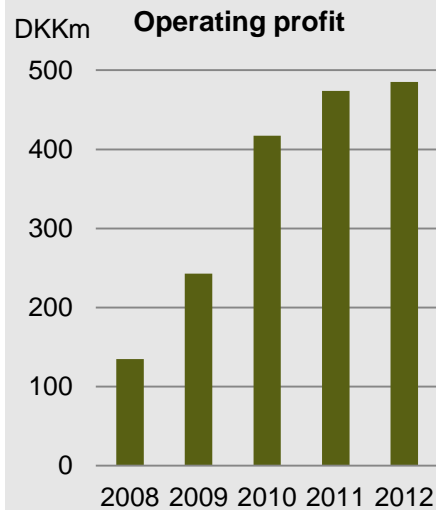
Note: Where relevant, performance figures have been adjusted to eliminate differences caused by non-allocation of central cost

## Turnaround initiated late 2008

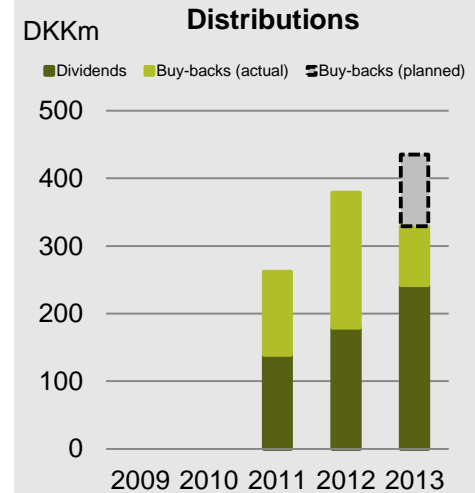
### Operating improvements and sale of non-core assets



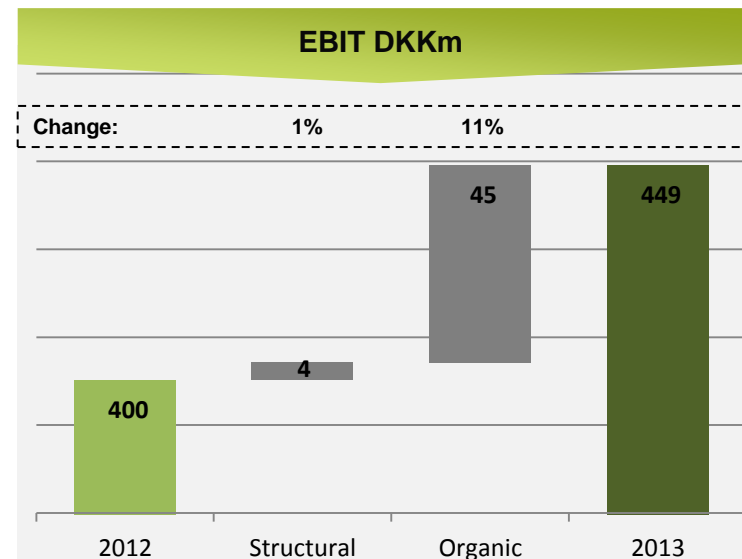
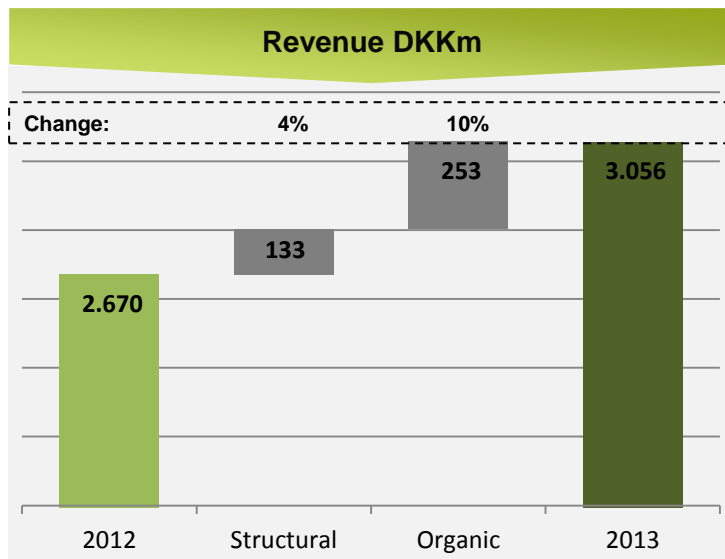
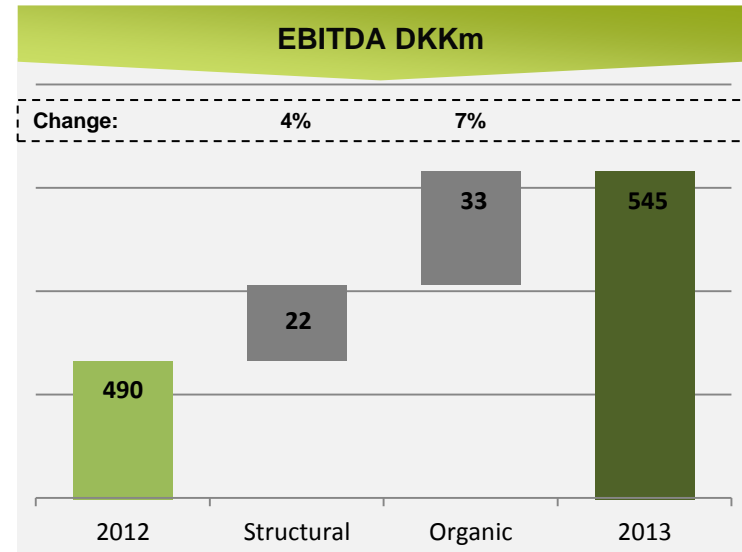
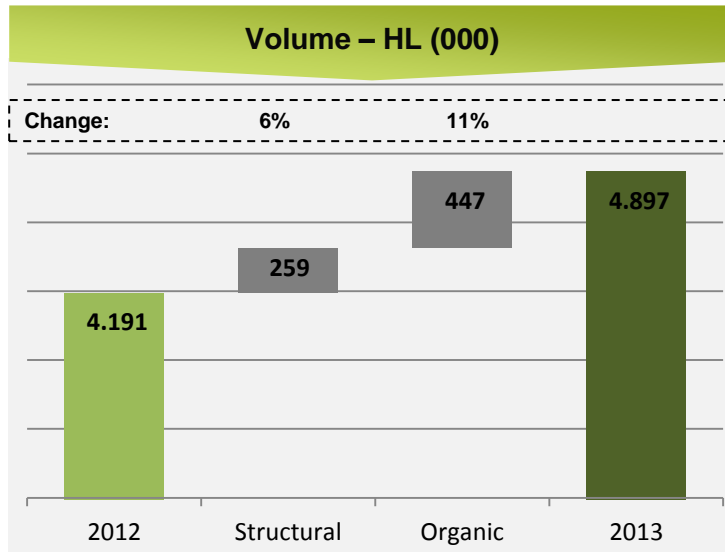
### Several commercial efforts and efficiencies



### Creating shareholder value



# Q3 2013: Organic increase in net revenue and EBIT

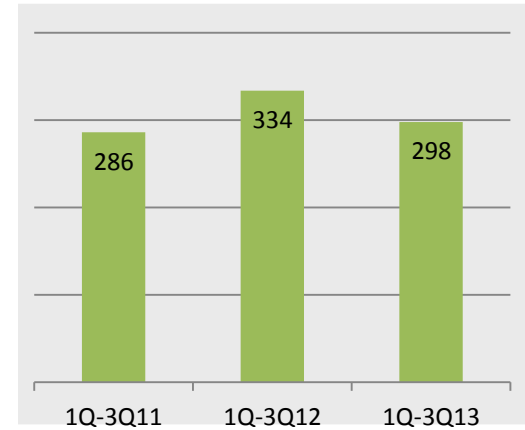
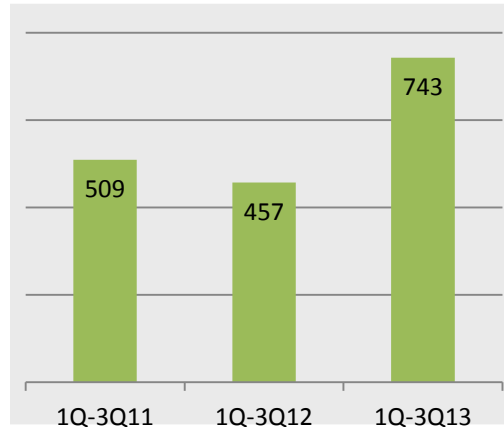
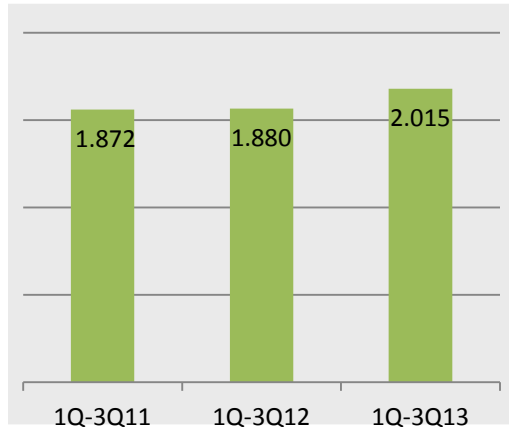


Western Europe

North East Europe

Malt Beverages

Net revenue DKkm



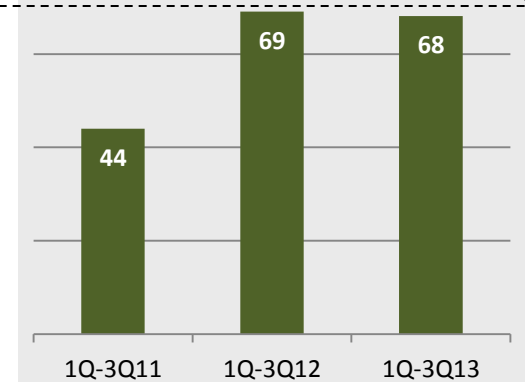
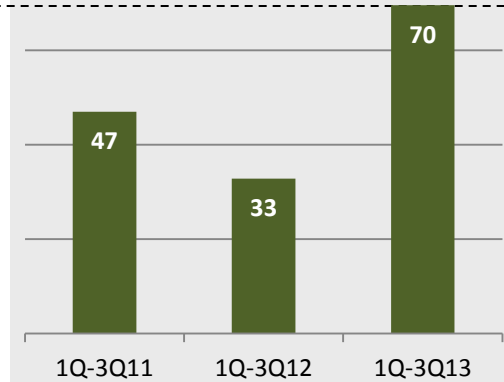
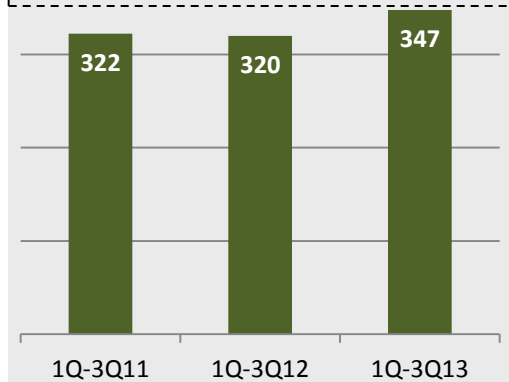
Margin

17.2% 17.0% 17.2%

9.2% 7.2% 9.4%

15.4% 20.7% 22.9%

EBIT DKkm



# 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 -109 million
- Difference from EV to is cash payment to Heineken
  - Factoring for accounts receivables
  - Various regulations agreed with Heineken
- Consolidation as of 23 August 2013

- Progressing as planned
- New Finnish CEO in place late October
- Focus on the commercial agenda
- Focus on disentanglement
- Focus on integration opportunities