

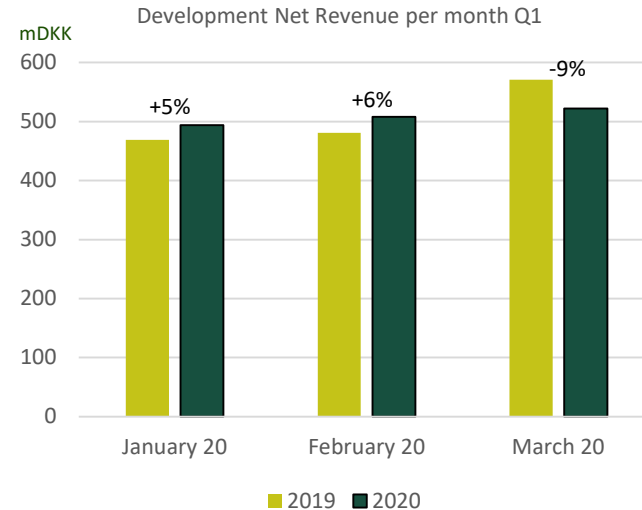


# Handelsbanken's Nordic Mid/Small Cap Seminar 2020

3 June 2020

# Strong start of 2020

- EBIT in line with Q1 2019
- January and February started out strong across all regions
- Innovations driving growth
- COVID-19
  - Closure of On-Trade in March
  - Initiatives to manage cost and cash
  - Drinking occasions are changing



# Baltic Sea Segment

## Baltic Sea Segment

- The Baltic Sea segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia) as well as a license business in Russia

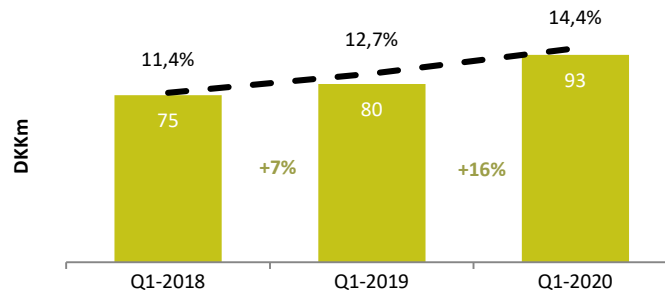
## Financial result

- Net revenue increased by 3%
- Total volume increased by 1%
- EBIT increased 16% and EBIT-margin improved 1.7 percentage point
- Positive volume development in all countries with a good price/mix development

## COVID-19

- The impact from COVID-19 effected the Baltic Sea segment relatively late as the On-Trade business remained open till late March

Baltic Sea EBIT and EBIT margin



# Western Europe

## Western Europe Segment

- The Western Europe segment comprises the markets in Denmark, Germany, Italy (incl. the Balkan countries) and France

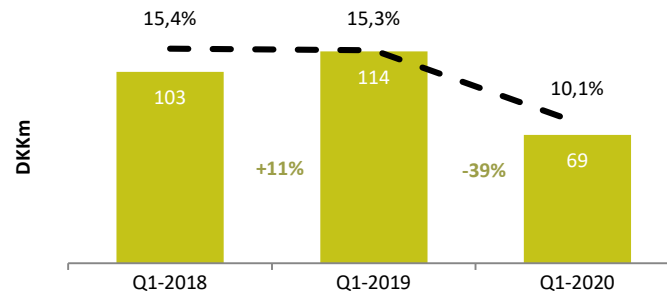
## Financial result

- Net revenue decreased by 7%
- Total volume decreased by 6%
- EBIT decreased 39% and EBIT-margin declined 5.2 percentage point
- Negative impact from product mix, provisions from bad debts and lower operational leverage and limited cost savings

## COVID-19

- The impact from COVID-19 effected the Western Europe segment with Italy and Denmark (incl. Boarder) closing down early March

Western Europe EBIT and EBIT margin



# International

## International Segment

- The International segment comprises the export and license business to international markets outside Denmark (incl. Germany), Finland, Italy (incl. the Balkan countries), France and the Baltic countries

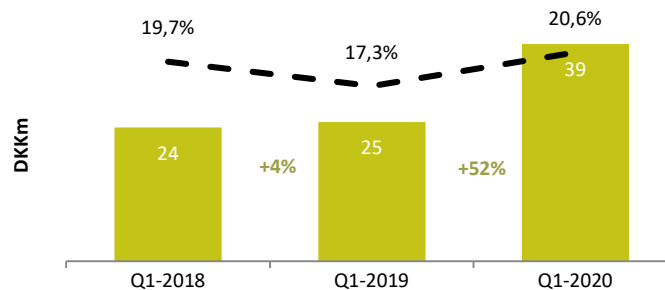
## Financial result

- Net revenue increased by 28%
- Total volume increased by 21%
- EBIT increased 52% and EBIT-margin increased 3.3 percentage point
- The international segment was positively impacted by a strong push to ensure that sufficient products are available in case the supply chains will be disrupted
- It is estimated that the distributors' sales to their customers increased by about 10%

## COVID-19

- Strong push to ensure that sufficient products are available in case the supply chain will be disrupted

International EBIT and EBIT margin



# On-Trade is impacted by restrictions

- Main impact from COVID-19 is in On-Trade
- Generally Royal Unibrew share of On-Trade is higher than the overall market as discount products and private label are not sold in On-Trade
- Timing of restrictions
  - Italy impacted from beginning of March
  - Denmark impacted from mid March
  - Finland and Baltics impacted from late March



# Status on impact from COVID-19

- On-Trade opening, but slower than normal
  - Significant restrictions
    - Opening hours
    - Distance
    - Festivals and nightlife
  - Behavioral impact
  
- Border trade not opened yet
  - Denmark/Germany border opens 15 June

Date of On-Trade opening	
Italy	18 May
Denmark	18 May
Finland	1 June
Baltics	24 April (Outdoor) 18 May (Indoor)



# Supply Chain and Sourcing

- All breweries and plants have been in operation throughout COVID-19
- Great work by all employees
- Significant changes to our forecasting on a daily basis to adjust needs
- Logistics working close to 100%, few delays
- Adjusting short term to the demand situation

## Sourcing

- All critical suppliers are operating





# Maximizing flexibility

## Limited impact in Q1 of cost and cash initiatives

### Our business model works despite expected changes to the market

- No need for major adjustments
- Temporary need to manage cost and cash

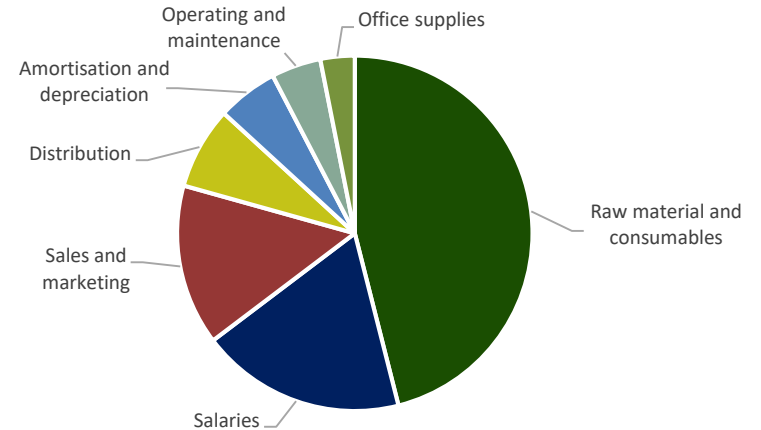
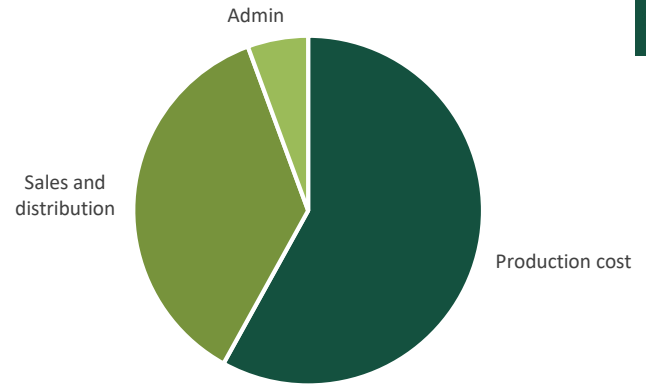
### Production cost is partly variable

- Raw material and consumables is fully variable
- Salary partly variable (temp workers and government schemes)
- Depreciation charge is fixed, but CAPEX variable (timing)

### Sales and distribution cost

- Agreements with customers create some fixed cost (sponsorships etc.)
- Marketing savings will take some time to materialise as some cost is committed
- Salary partly variable (temp workers and government schemes)
- Distribution is partly outsourced (variable), but warehouse cost and own/leased trucks are fixed

### Admin cost is not volume dependent – but project work can be postponed



# Financial performance

mDKK	Q1 2020	Q1 2019	FY 2019
Volume (thousand hl)	2,216	2,226	11,024
Net revenue	1,524	1,521	7,692
EBITDA	287	295	1,814
EBITDA margin (%)	18.8	19.4	23.6
EBIT	200	211	1,469
EBIT margin (%)	13.1	13.9	19.1
Profit before tax	188	200	1,458
Net profit	145	153	1,140
Free cash flow	-72	-163	1,156
Net interest-bearing debt	2,832	3,047	2,705
NIBD/EBITDA (times)*	1.6x	1.8x	1.5x
Equity ratio (%)	37	34	37



\* Running 12 months

# Balance sheet risk

## Liquidity risk

- Suspension of the share buy-back program and dividend improve our cash flow with close to DKK 1 billion at the end of 2020
- Leverage level end of Q1 at 1.6 times EBITDA
- Undrawn committed RCF facilities of DKK 2.2 billion available the next 12 month and the main part with maturity end of 2023

## Currency and commodity risk

- Main currencies DKK and EUR, USD almost naturally hedged
- Limited FX hedging contracts and limited risk of non-effective hedging contracts.
- Current hedge of aluminium with maturity of up to 18 month

## Balance sheet risk

- Credit risk related to risk on customers and prepayments
- Inventory risk manageable
- Recently acquired companies are performing well



# Management priorities

- Safety of our people
- Maximize flexibility
- Agility and follow consumer demand
- Stay very close to markets and follow the opportunities
- Evaluate the consequences and opportunities after COVID-19



# Appendix



# Financial performance

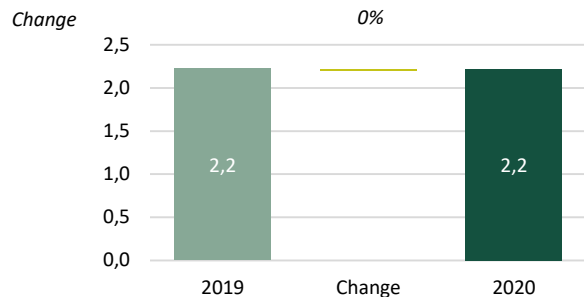
mDKK	Q1'20	Q1'19	Change
<b>P&amp;L ITEMS</b>			
Net revenue	1,524	1,521	3
Gross margin	51.3%	51.3%	
EBITDA	287	295	-8
EBITDA margin	18.8%	19.4%	-0.6pp
EBIT	200	211	-11
EBIT margin	13.1%	13.9%	-0.8pp
Profit before tax	188	200	-12
Net profit	145	153	-8

mDKK	Q1'20	Q1'19	Change
<b>BALANCE SHEET ITEMS</b>			
Net interest bearing debt	2,832	3,047	215
Net working capital	-465	-399	66
Total assets	8,518	8,735	-217
Equity	3,181	3,001	180
Equity ratio	37%	34%	3pp
Invested capital	6,430	6,503	-73
ROIC ex. goodwill*	27%	27%	0pp
ROIC incl. goodwill*	18%	18%	0pp

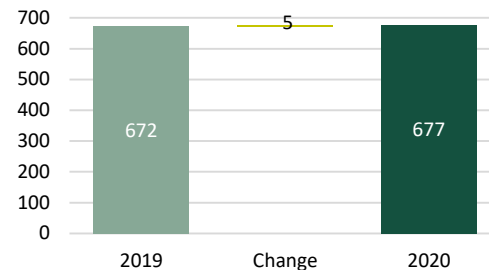
\* Running 12 months – EBIT not full year for acquisitions

# Development on key figures

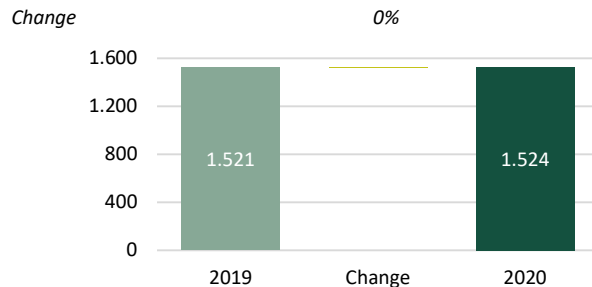
Volume million hl



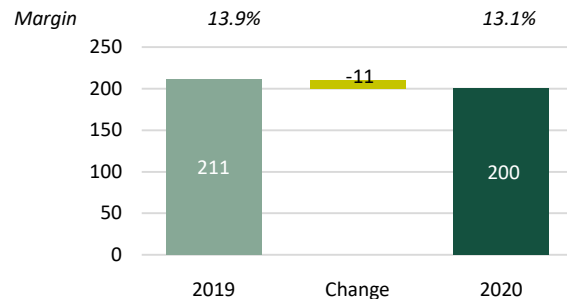
Net revenue /HL



Net revenue DKKm



EBIT DKKm



# Management



**Hans Savonije**

**President & CEO**

BA Business administration



**Lars Jensen**

**COO**

Diploma in Business Economics, Informatics  
and Management Accounting



**Lars Vestergaard**

**CFO**

Master of Science (MSc), Economics



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