

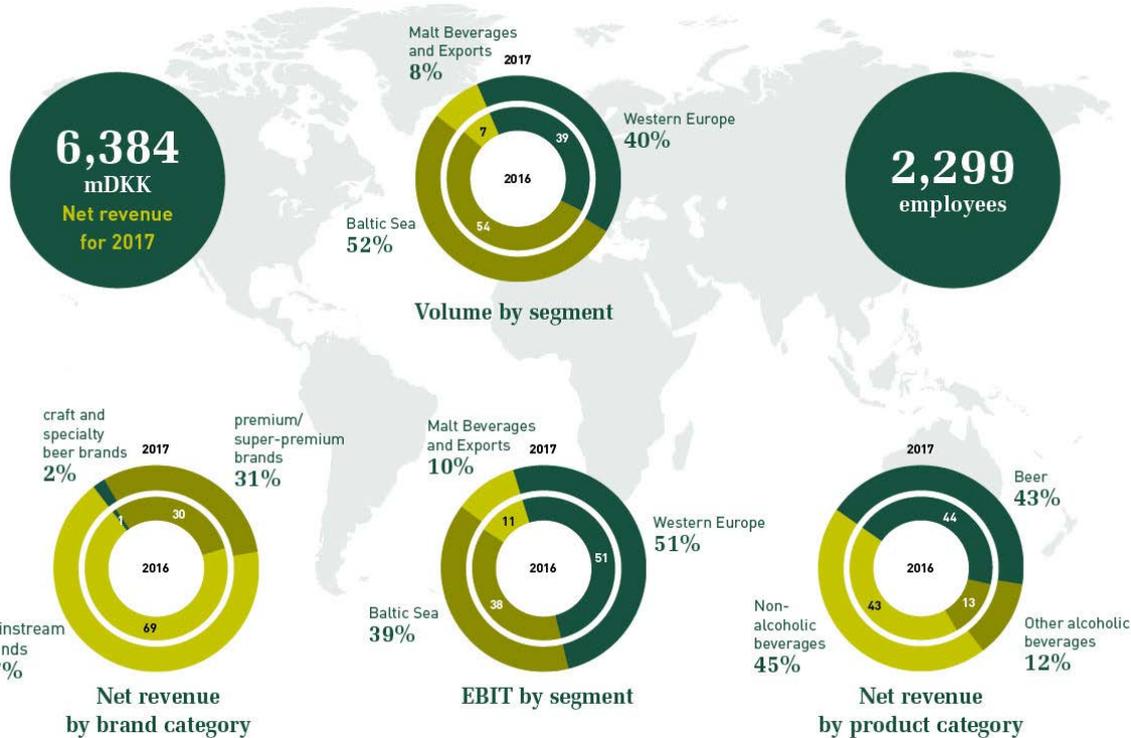


**Bryan, Garnier & Co.**  
**4<sup>th</sup> Consumer, Brands & Retail Conference**  
**25 September 2018**

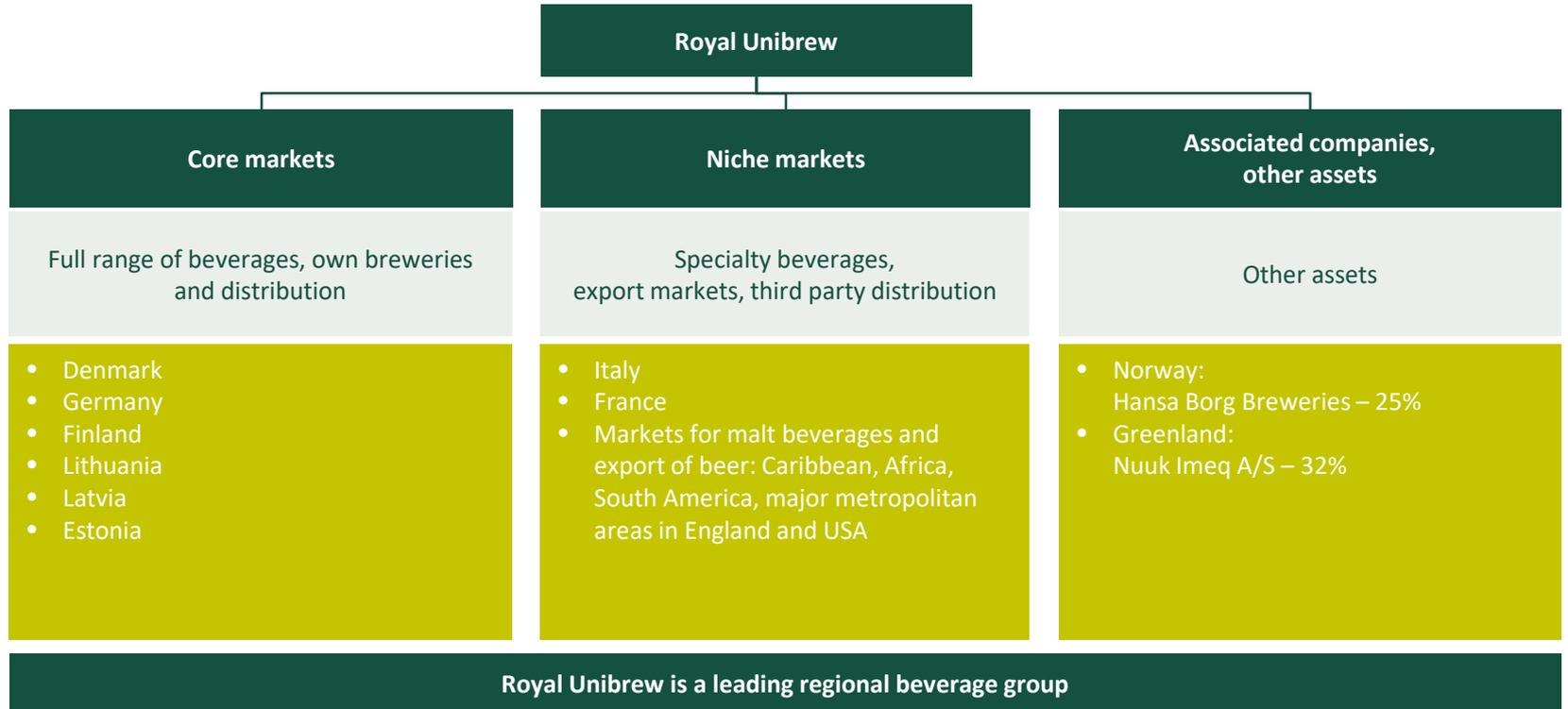
**Royal Unibrew A/S**  
**Hans Savonije, President & CEO**



# Royal Unibrew in brief



# A Leading Regional Beverage Group



# Royal Unibrew's goal is to be an efficient regional beverage player



- Positions, mainstream and niche
- Category, brands and international partnerships
- Growth agenda
- Commercial agenda
- Efficiency agenda
- Financial, competitive and strategic flexibility – and capital structure
- Our Leadership DNA



# Strategic priorities

## Innovation

Identifying trends for products, brands, packaging, preferences & moment of consumption



## Craft Beer

Tapping into craft value. Establishing a new craft brewery & craft brew organisation



## Consumer Activation

Engaging the consumer on shared passions & common goals supportive of brand equity



## Operational Efficiency

Continuous efficiency improvements



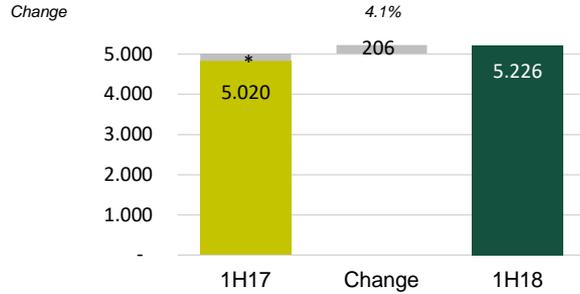
# Consistent execution and extraordinarily good weather drive strong results

- Strong results from consistent implementation
- Extraordinarily good weather in Northern Europe
- Overall market positions maintained
- Net revenue increased 11% by DKK 335m to DKK 5,226m
- EBIT increased DKK 139m to DKK 641m
- EBIT-margin increased 2.4pp from 15.8% to 18.2%
- Free cash flow at DKK 614m compared to DKK 497m in 1H17
- Three acquisitions concluded, Bev. Con awaiting approval by the Danish competition authorities
- Outlook increased further from excellent July and August weather

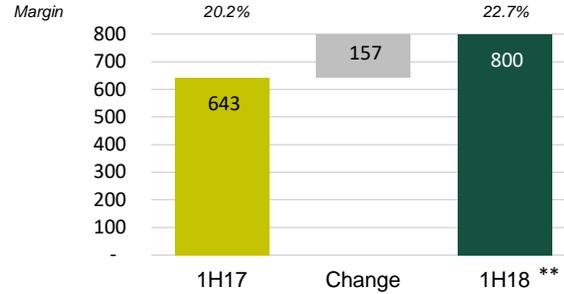


# Solid positive development on all parameters

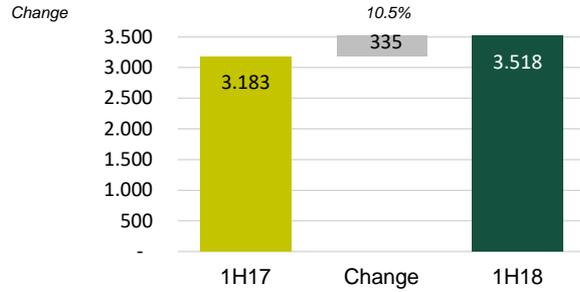
## Volume '000 hl



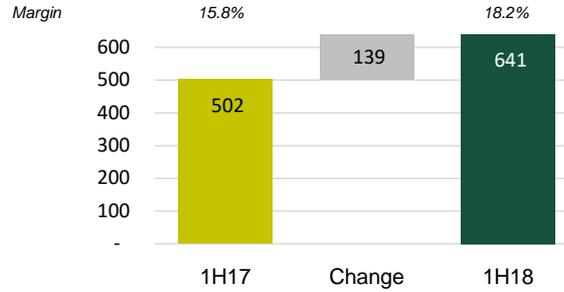
## EBITDA mDKK



## Net revenue mDKK



## EBIT mDKK

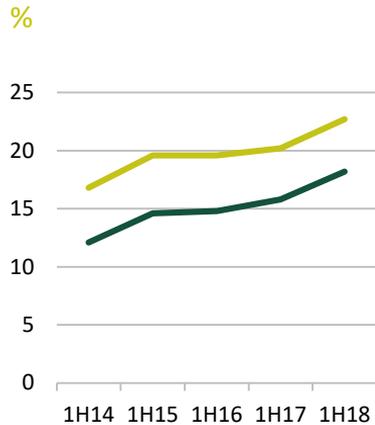


\* License volume Russia = 179t hl

\*\* Positively effected by DKK 27m from IFRS 16 implementation

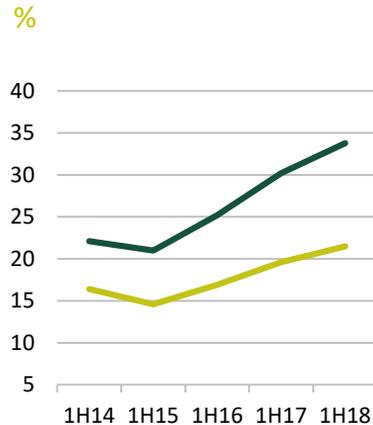
# Key figure performance

## Profit margins



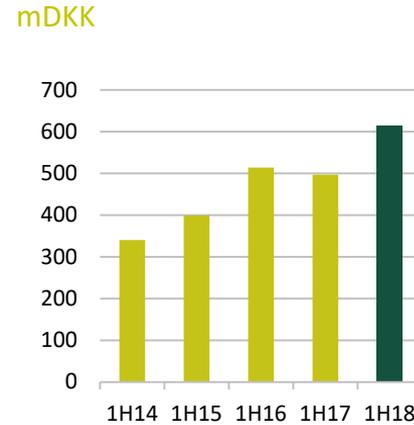
— EBITDA margin (reported)  
— EBIT margin (reported)

## ROIC

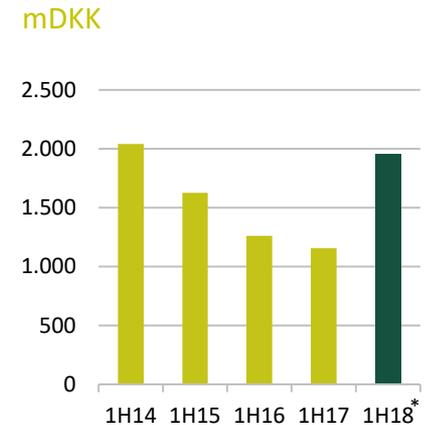


— ROIC  
— ROIC ex. Goodwill

## Free Cash Flow



## NIBD



\* Including DKK 196m in leasing

# Earnings increase in all segments

## Western Europe

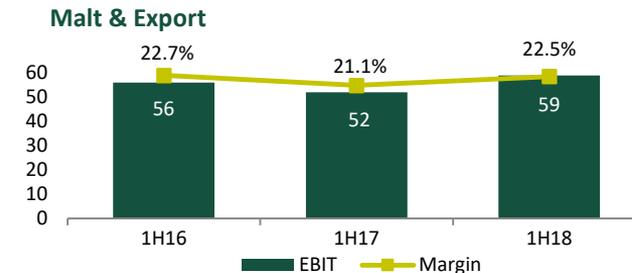
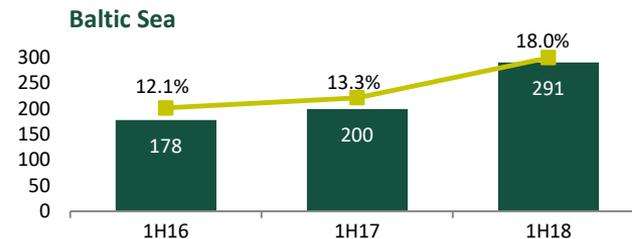
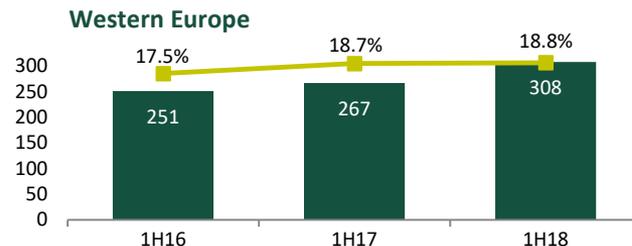
- Volume +12%, NR +15% incl. snacks, EBIT +15%
- Denmark & Germany
  - Brew pub ‘Anarkist’ at Albani Odense opened end of Q2
  - Strong price/mix from various initiatives and extraordinarily good weather
- Italy
  - Market negatively impacted by weather compared to last year
  - Terme di Crodo development as expected. New launch of 1 liter PET bottle and Tonic Soda

## Baltic Sea

- Volume -2%, NR +7%, EBIT +46%
- Finland
  - Highly impacted by very good weather in May and June
  - Continued positive product mix
  - Market share within branded product improved (excl. SOK)
- Baltics
  - Market still affected by excise increases and restrictions
  - Market position maintained

## Malt & Export

- Volume +8%, NR +6%, EBIT +13%
- Hard currency still a challenge and currency still lower than last year, but has improved the last 6 month
- Investment in commercial strengthening progressing as planned
- Terme di Crodo products – current market delivering as expected



# Strong financial performance

mDKK	1H2018	1H2017	Change
<b>P&amp;L ITEMS</b>			
Net revenue	3,518	3,183	335
Gross margin	52.4%	51.6%	0.8pp
EBITDA	800*	643	157
EBITDA margin	22.7%	20.2%	2.5pp
EBIT	641	502	139
EBIT margin	18.2%	15.8%	2.4pp
Profit before tax	636	498	138
Net profit	502	390	112

\* Positively effected by DKK 27m from IFRS 16 implementation

mDKK	1H2018	1H2017	Change
<b>BALANCE SHEET ITEMS</b>			
Net interest bearing debt	1,956	1,158	798
Net working capital	-928	-949	21
Total assets	7,445	6,405	1,040
Equity	2,554	2,637	-83
Equity ratio	34%	41%	-7pp
Invested capital	4,814	4,041	773
ROIC ex. goodwill	33.8%	30.2%	3.6pp
ROIC incl. goodwill	21.5%	19.6%	1.9pp

# Market position in Italy considerably reinforced by acquisition of Terme di Crodo

- The acquisition of Terme di Crodo and the LemonSoda activities from Gruppo Campari was finally realised on 2 January 2018
- The acquisition of LemonSoda doubles the number of must-stock products in the Italian business
- The acquisition 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



# Terme di Crodo

## 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



# Acquisition of Etablissements Geyer Frères

## Commercial

- Niche platform in France similar to our Italian business but in another category
- Strong brands and in particular LORINA craft lemonade
- Expansion of French offering through channel expansion and portfolio in the long run
- A unique platform is established for future growth of Royal Unibrew's export portfolio, with a focus on the Americas as growth region through exports is strengthened

## Acquisition details

- An acquisition in line with our strategy
- Balanced acquisition price of the asset
- Financed by bank debt
- Production facility in Munster in north-eastern part of France



## Normalised key figures and ratios 2017

mDKK	2017
Volumes (tHL)	360
Revenue	290
EBITDA	-
EBITDA margin	-
EBIT	-
EBIT margin	-
Employees	100

# Acquisition of Bev. Con / Cult



## Commercial

- Reinforce Royal Unibrew's market position
- One of the leaders in RTD/Cider and Energy
- Strong brands as CULT Energy, CULT SHAKER and CULT MOKAÏ
- Strengthening of the On-Trade business and in particular night-life

## Acquisition details

- Subject to approval by the Danish competition authorities, German authorities have approved
- Bold-on acquisition
- Acquisition price amounts to DKK 350 million on a debt-free basis
- Financed by bank debt
- Expected to enhance earnings per share already in 2019

## Normalised key figures and ratios 2017

mDKK	2017
Volumes (tHL)	113
Revenue	200
EBITDA	31
EBITDA margin	15.5%
EBIT	28
EBIT margin	14.0%
Employees	42

# Acquisition of the majority of Nohrlund organic cocktails

## Commercial

- Start-up company with great entrepreneurial spirit
- Strategic alliance on distribution
- Ready-to-drink organic cocktails focusing on Nordic ingredients
- Focus on the On-Trade segment

## Acquisition details

- 50.5% acquired of the share capital at a price of DKK 10 million
- Acquisition price is based on an enterprise value of DKK 25 million (100%)



# Outlook 2018

mDKK	Outlook August 2018	Outlook July 2018	Outlook June 2018	Outlook March 2018	Actual 2017
Net revenue	7,000 – 7,200	6,900 - 7,100	6,800 - 7,000	6,650 - 6,900	6,384
EBITDA*	1,625 – 1,675	1,560 - 1,635	1,550 - 1,625	1,450 - 1,550	1,362
EBIT	1,275 – 1,325	1,200 - 1,275	1,190 - 1,265	1,090 - 1,190	1,069

\* Implementation of IFRS 16 is expected to effect the EBITDA result positively in 2018 with approx. DKK 50m

# Management



## Hans Savonije

**President & CEO**

BA Business administration

Joined the Executive Board on 29 September 2008

### Past experience

Beverage Partners Worldwide, Coca-Cola & Nestlé, CEO  
SVP Global Markets, Remy Cointreau Associés, CEO,  
France  
World Lotteries Association, CEO, Switzerland



## Lars Jensen

**CFO**

Diploma in Business Economics, Informatics and  
Management Accounting. Joined Royal Unibrew in 1993

Joined the Executive Board on 30 November 2011

### Past experience

Head of Finance, Royal Unibrew A/S

Q&A



# Disclaimer

This Interim Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, 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. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

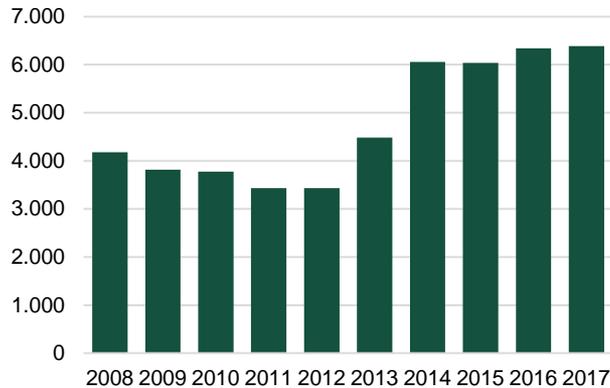
Some important risk factors that may have direct bearing on the Group's actual results include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, development in the demand for the Group's products, introduction of and demand for new products, 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, environmental issues and other unforeseen factors.

New risk factors can 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.

# Financial Performance 2008-2017

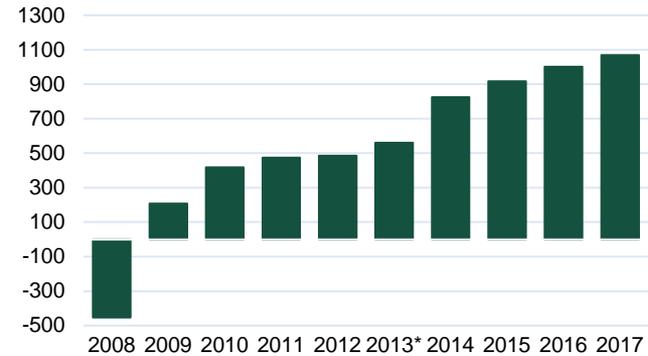
## Net revenue

DKKm



## EBIT

DKKm



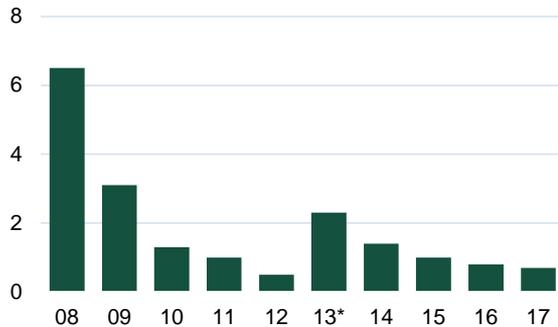
\* Hartwall contribution DKK 38m

# Financial Performance 2008-2017

Operating improvements and sale of non-core assets

## NIBD/EBITDA

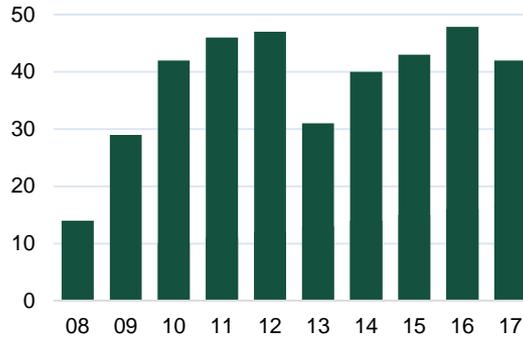
times



\* Calculated pro forma with Hartwall's realized full-year EBITDA

## Equity ratio

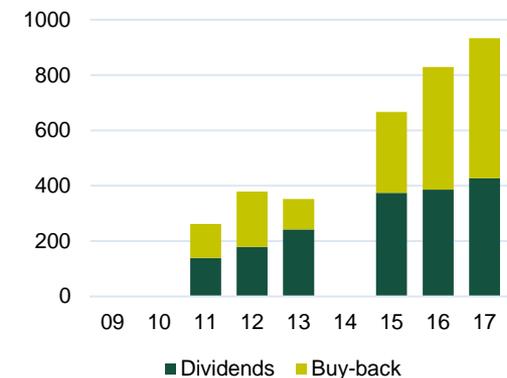
%



Creating shareholder value

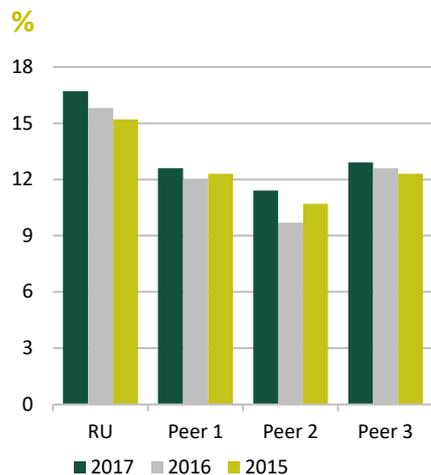
## Distribution

DKKm

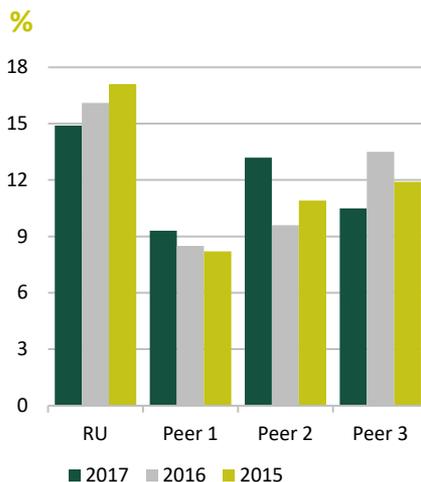


# Performance to peers 2017

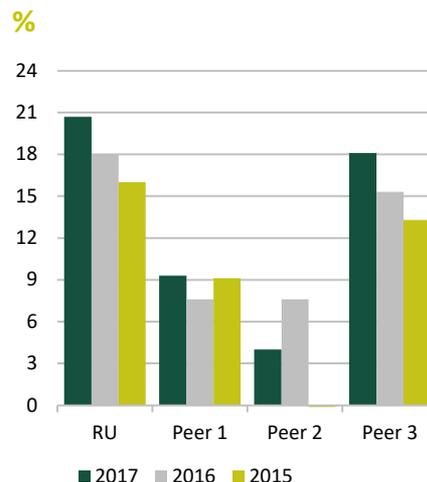
**EBIT margin  
(comparable region)**



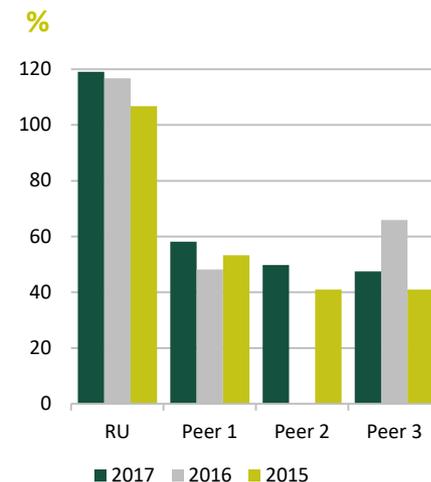
**Free cash flow  
% of revenue**



**Return on invested  
capital\***



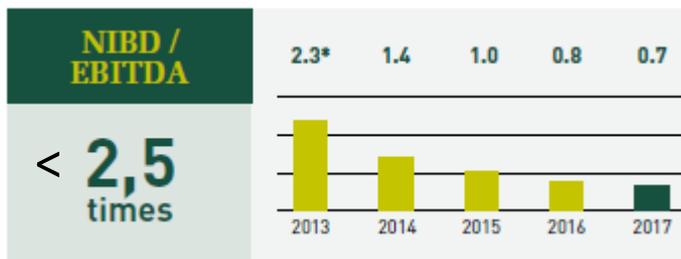
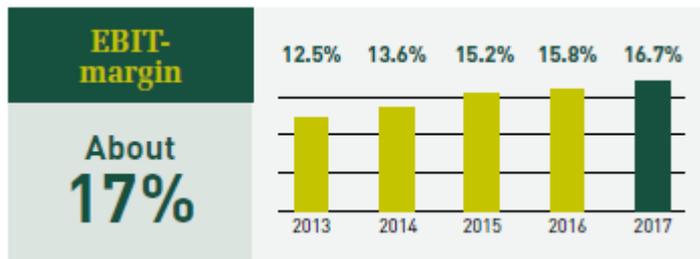
**Cash return to  
shareholders\*\***



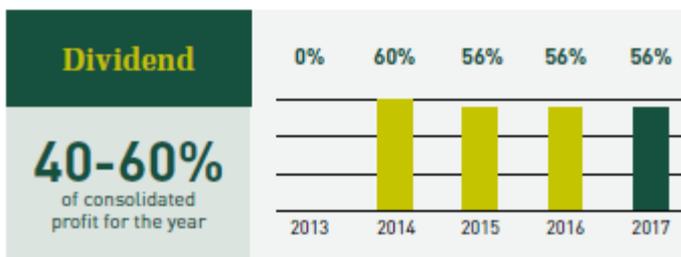
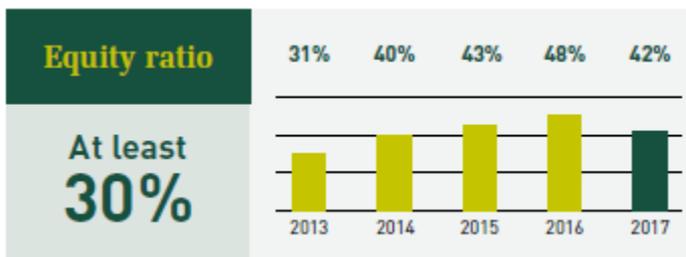
\* Based on average invested capital

\*\* Percentage of net profit the year before

# Financial targets



\* calculated proforma with Hartwall's realised full-year EBITDA



Share buy-back is used to adjust the capital structure

# Shareholder distribution

Dividend of DKK 469m to be proposed at the AGM

**Dividend DKK 8,90 per share**

DKK 400m share buy-back initiated

**Safe Harbour program**

**Duration until March 2019**

## EPS and free cash flow per share

