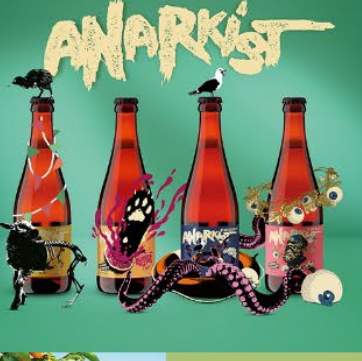




# Royal Unibrew

Handelsbanken's Mid/Small Cap seminar  
2021

Lars Vestergaard, CFO, 2 June 2021



# Royal Unibrew in brief

## Royal Unibrew in brief

Royal Unibrew is a leading regional multi-beverage company providing strong brands to our main markets Denmark, Finland, Italy, Germany, France and the Baltics, and to 65+ countries in the rest of the world.

We serve our consumers by offering high quality beverages within beer, malt beverages, soft drinks as well as ciders, ready-to-drink, juice and water products.

In addition to our own brands, we offer license based international brands from PepsiCo and Heineken in Northern Europe.

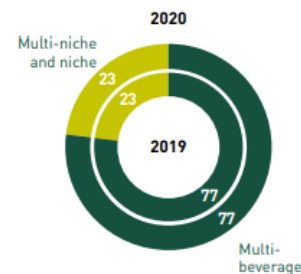
Together with our 2,631 employees, we are facilitating great moments and enjoyment for our consumers and creating valuable partnerships with our customers – always in a responsible way.

**MARKETS**

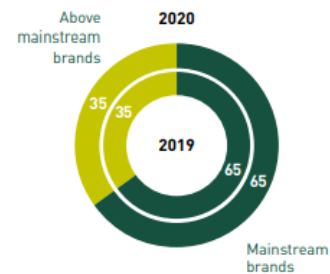
- Multi-beverage
- Multi-niche
- Production
- ▨ Associates



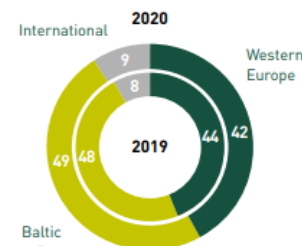
**NET REVENUE SPLIT**  
[%]



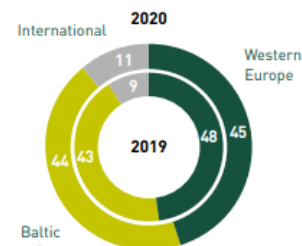
**NET REVENUE BY BRAND CATEGORY**  
[%]



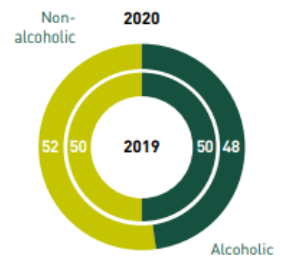
**VOLUME BY SEGMENT**  
[%]



**EBIT BY SEGMENT**  
[%]



**NET REVENUE SPLIT IN ALCOHOLIC VS. NON-ALCOHOLIC**  
[%]



The Royal Unibrew purpose and ambition

# The Preferred Choice

We want to be the preferred choice of local beverage partner that challenge the status quo by doing better every day in a fun, agile and sustainable way

## Our consumers

Bringing people together and facilitating great moments and enjoyment is the heart of our business. We offer strong local beverage brands in combination with global brands – continuously striving to match consumers' changing preferences through meaningful innovations and by offering a broad range of refreshments that deliver choice.

## Our customers

We partner with our customers and strive to grow together by offering a portfolio of relevant brands and having a challenger mindset. With our local, decentralized setup we focus on agility and close collaboration – aiming to provide best-in-class service as well as pursuing extraordinary brand execution in all channels.

## Our people

We recruit, develop and retain entrepreneurial and empowered people thirsting for success and striving to do better every day. Our people drive our success and progress – and live and protect our values. We work as one team and find solutions to all challenges.

## Our shareholders

Our main focus is to invest behind the categories and channels that grow the most, pushing premiumization and driving organic EBIT growth. On top of this, we will do value accretive bolt-on, as well as strategic acquisitions if possible. We aim to increase distribution to shareholders over time through dividend and share buy-backs.

## The future

We are deeply rooted in the communities where we work, and we partner with all our stakeholders to make a positive impact on society. Our focus is to build a long-term sustainable business and to minimize the environmental footprint of our operations from raw materials to the end consumption.

# Key to becoming the preferred choice builds on four strategic priorities



## 1 Build sustainable business

- Grow our markets and market shares through Multibeverage and Niche strategies
- Improve our mix every year: product, channel and premium innovations
- Gain efficiencies through operating leverage
- Drive organic EBIT growth and increase shareholder distribution

## 2 Prepare for future growth

- Best partner for our customers
- Most relevant innovations for consumers
- Develop more healthy products
- Win with future consumer demographics and geographies
- Pursue structural improvements through M&A and partnerships

## 3 Become the most sustainable beverage company

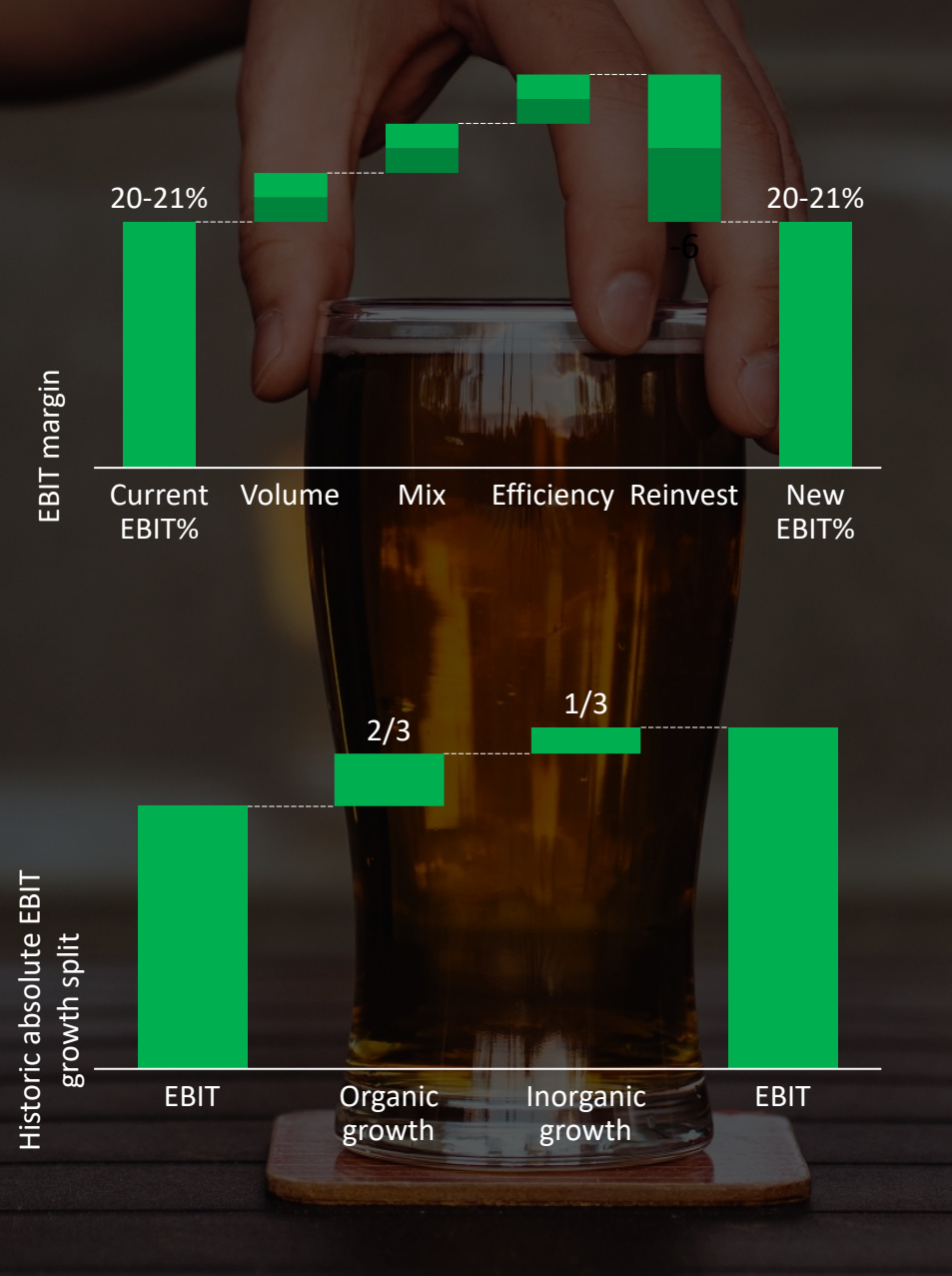
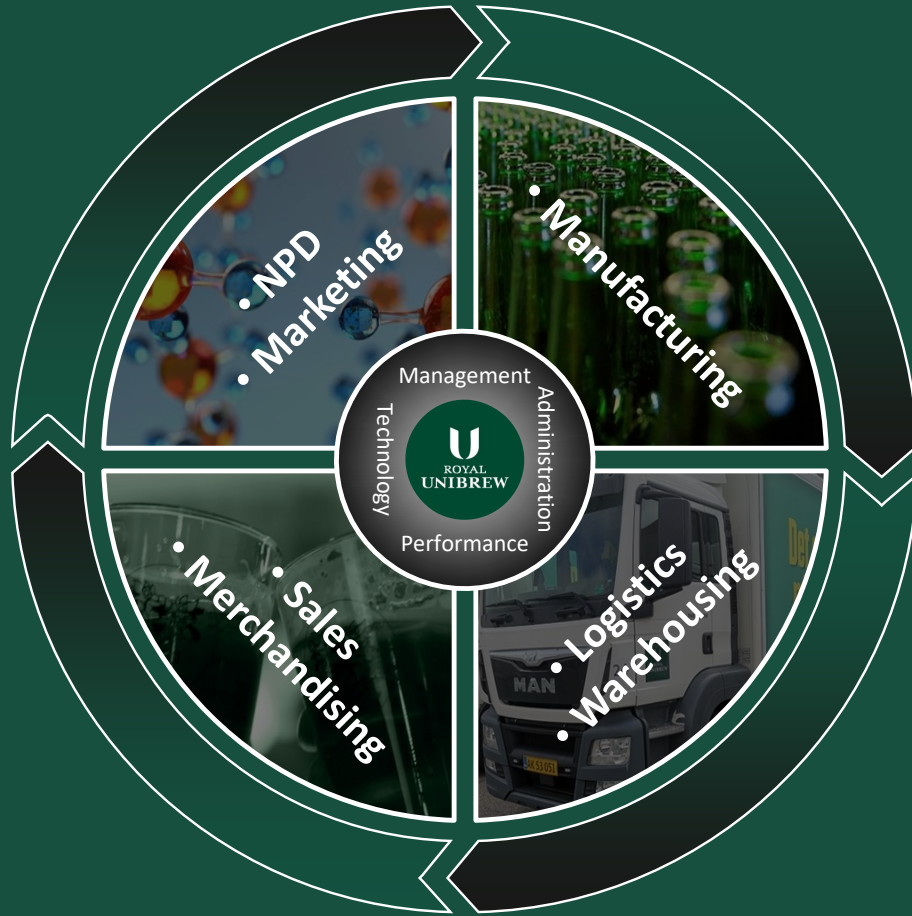
- Renewable energy
- Product circularity
- Supplier roadmap
- Local engagement
- CSR mindset

## 4 Grow the most committed employees

- Job crafting and proud employees
- Strong leadership
- Health and wellbeing
- Diversity

**Our growth formula: Volume + Value + Efficiency – Investments in Growth = Increased Earnings**

# The Royal Unibrew Multi Beverage Model enables efficiency, premiumization and volume



Key KPIs

Volume growth  
1.5 – 2.5%

Price/mix improvement  
1.5 – 2.5%

Operational leverage

Reinvest in growth

EBIT margin  
20 – 21%

# Multi Beverage model benefits

Volume  
growth



- More sales people
- More customers
- More competitive

Premium-  
isation



- Innovations focused on premium products
- Insight and competence
- Packaging capabilities
- Ability to down-prioritise low margin

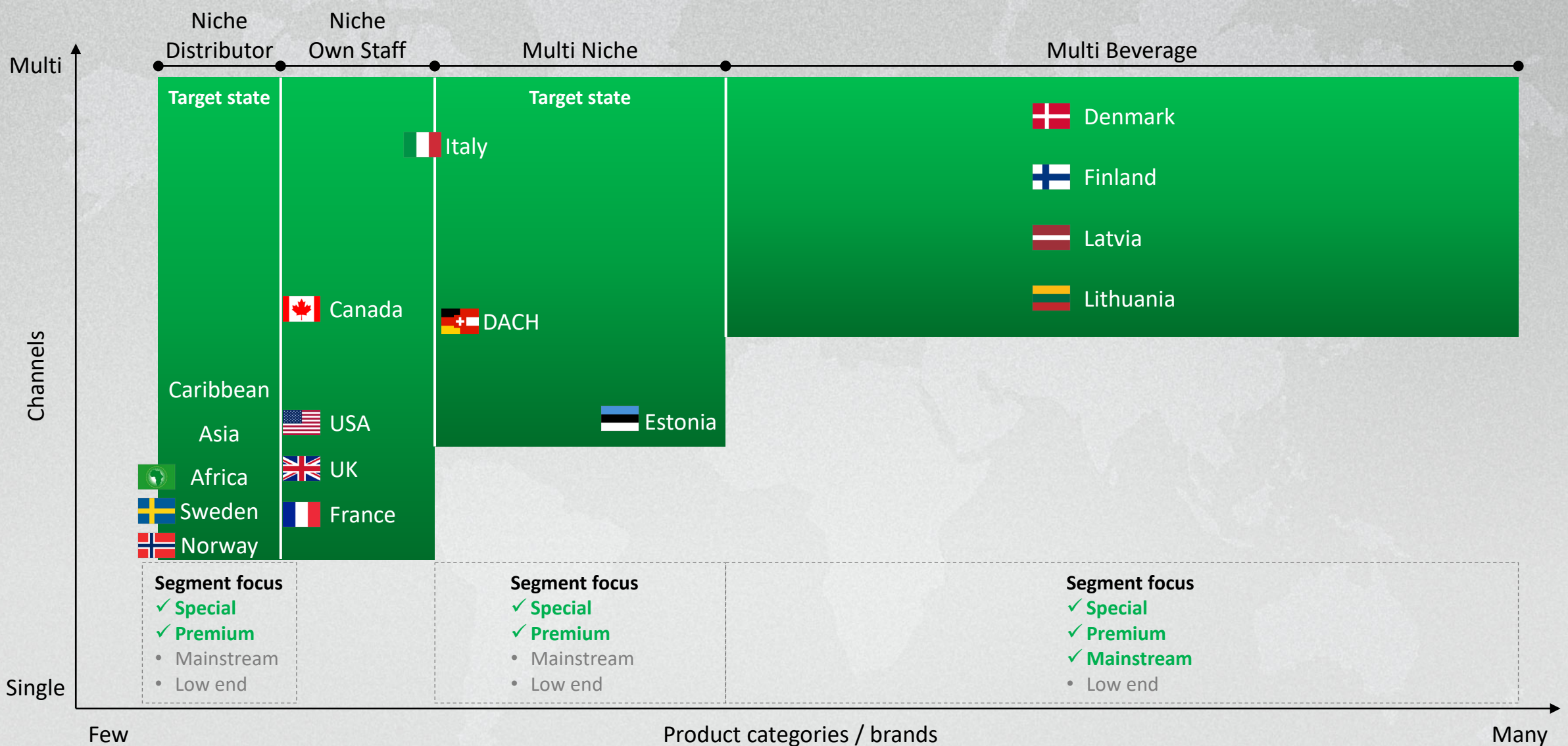
Efficiency



- Better utilisation of people
- Better utilisation of assets
- Larger drops

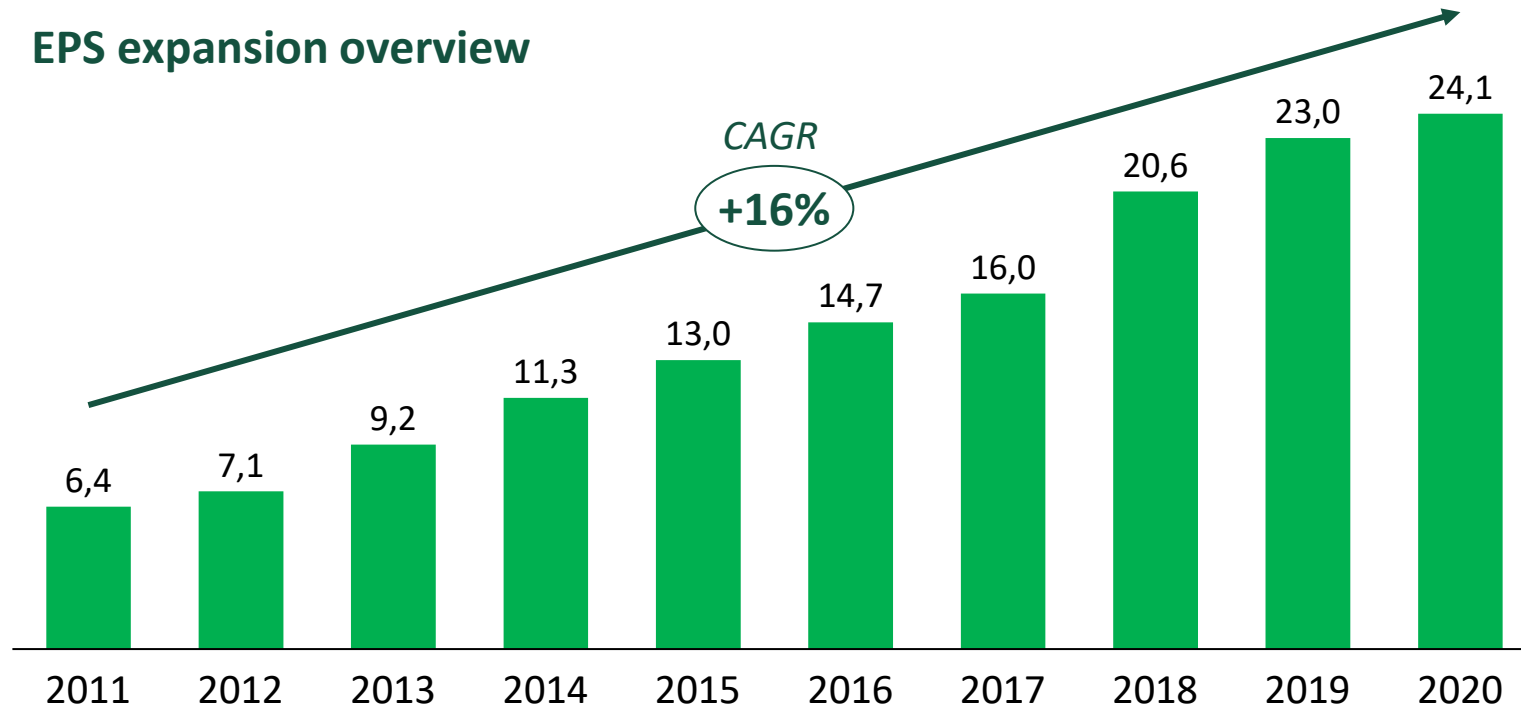
- Local ownership of 3 drivers
- Proven performance management system
- Shared IT system
- Shared procurement structure

# Majority of markets being targeted for repositioning towards Multi Channel and/or Multi Niche segment



# The preferred choice for investors is the result of the 5 elements of our growth formula

EPS expansion overview



Volume growth



Premiumization



Efficiency



M&A



Share buyback



# Royal Unibrew's ESG aspiration is to be recognized as a leading sustainable beverage company

## **ASPIRATION**

Royal Unibrew is recognized globally as a leader in sustainable beverages – delivering strong financial performance, together with strong local engagement and a neutral CO<sub>2</sub> footprint



# Ambitious KPIs drive our daily performance

## Our consumers & customers



**No/Low**

growing faster than average on the portfolio - and faster than market (YoY)

**#1**

partner of choice for customers as sustainable beverage supplier by 2030\*

**40%**

of marketing budget allocated to brands/campaigns with a sustainability position by 2025

## Our products



**100%**

carbon emission free by 2025 in scope 1 and 2\*\*

**50%**

reduction in supply chain emissions (scope 1, 2, 3) by 2030

**100%**

recycled, recyclable or reusable packaging by 2025

## Our people



**100%**

safety culture

**80%**

of employees are Royal Unibrew ambassadors by 2030

**100%**

sustainability culture by 2025

Disclaimer: The targets apply to our current footprint. It is our ambition that potential acquisitions will be integrated, but a grace period may be required

\*"Preferred choice", as related to the corporate vision; \*\* without distribution

# Outlook

- **EBIT of DKK 1,525-1,625 million**  
(previously: DKK 1,475-1,625 million)
  - Stronger start to the year in Off-Trade and good underlying momentum
  - Later and weaker reopening of On-Trade
  - Travel restrictions mean we continue to expect positive contribution from staycation
  - Negative impact from higher commodity prices and freight



# Q&A

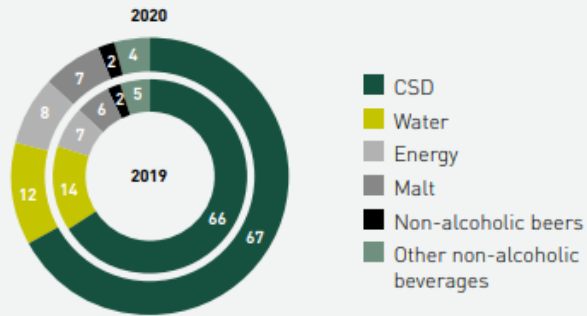




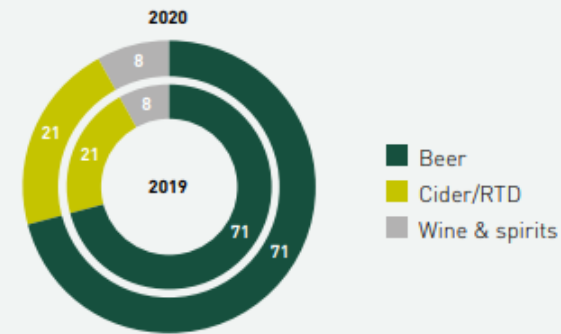
# Appendix

# Categories

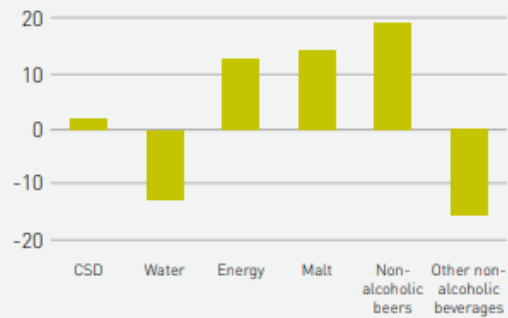
**REVENUE SPLIT, NON-ALCOHOLIC BEVERAGES**  
[%]



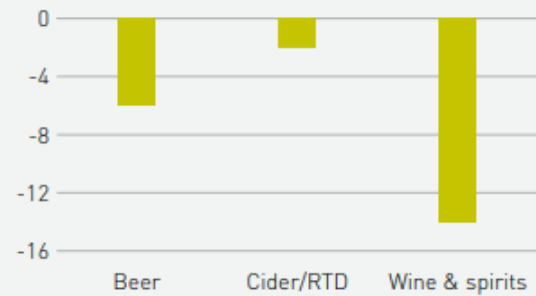
**REVENUE SPLIT, ALCOHOLIC BEVERAGES**  
[%]



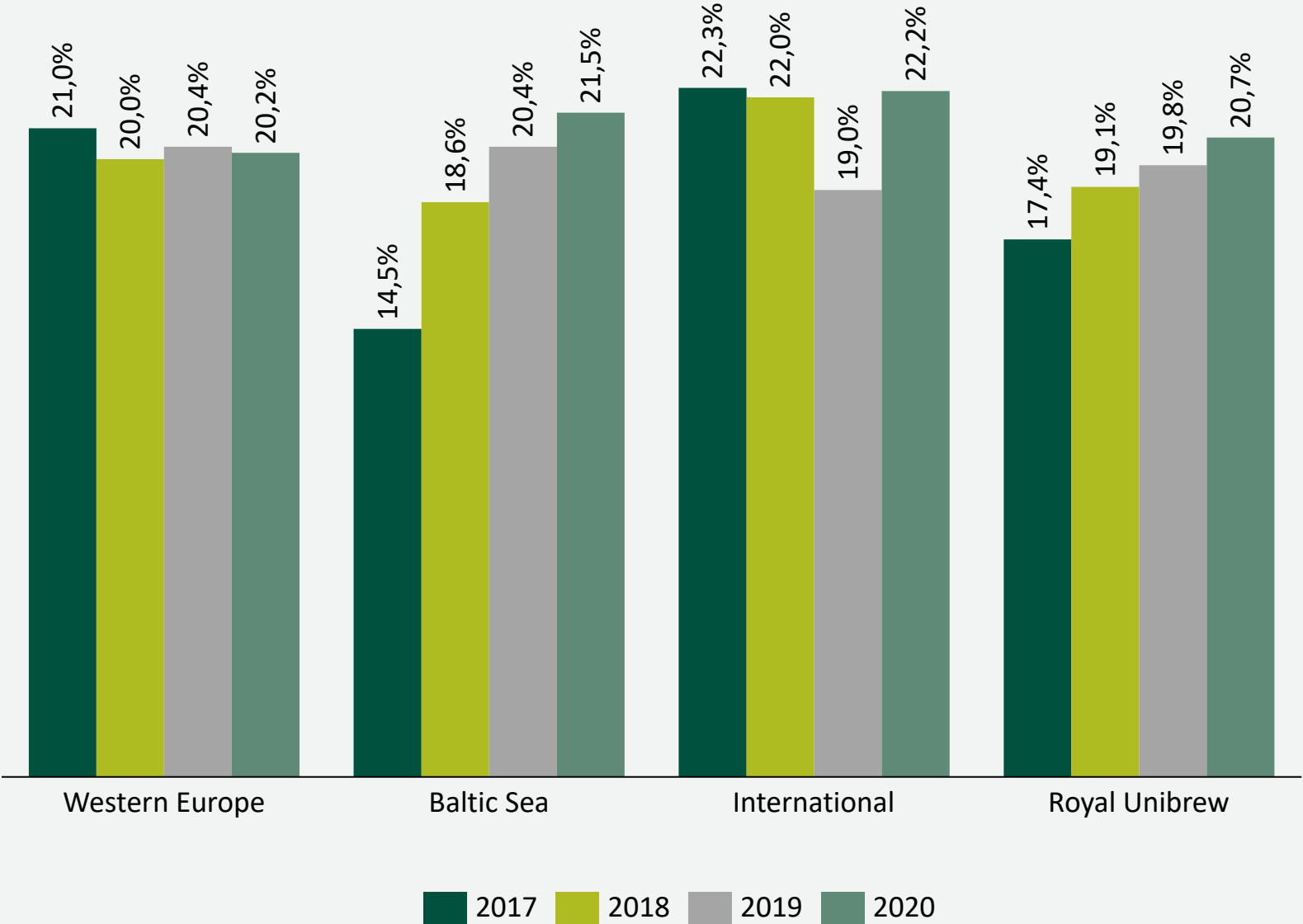
**NON-ALCOHOLIC REVENUE GROWTH RATES**  
(2020 VS 2019)  
[%]



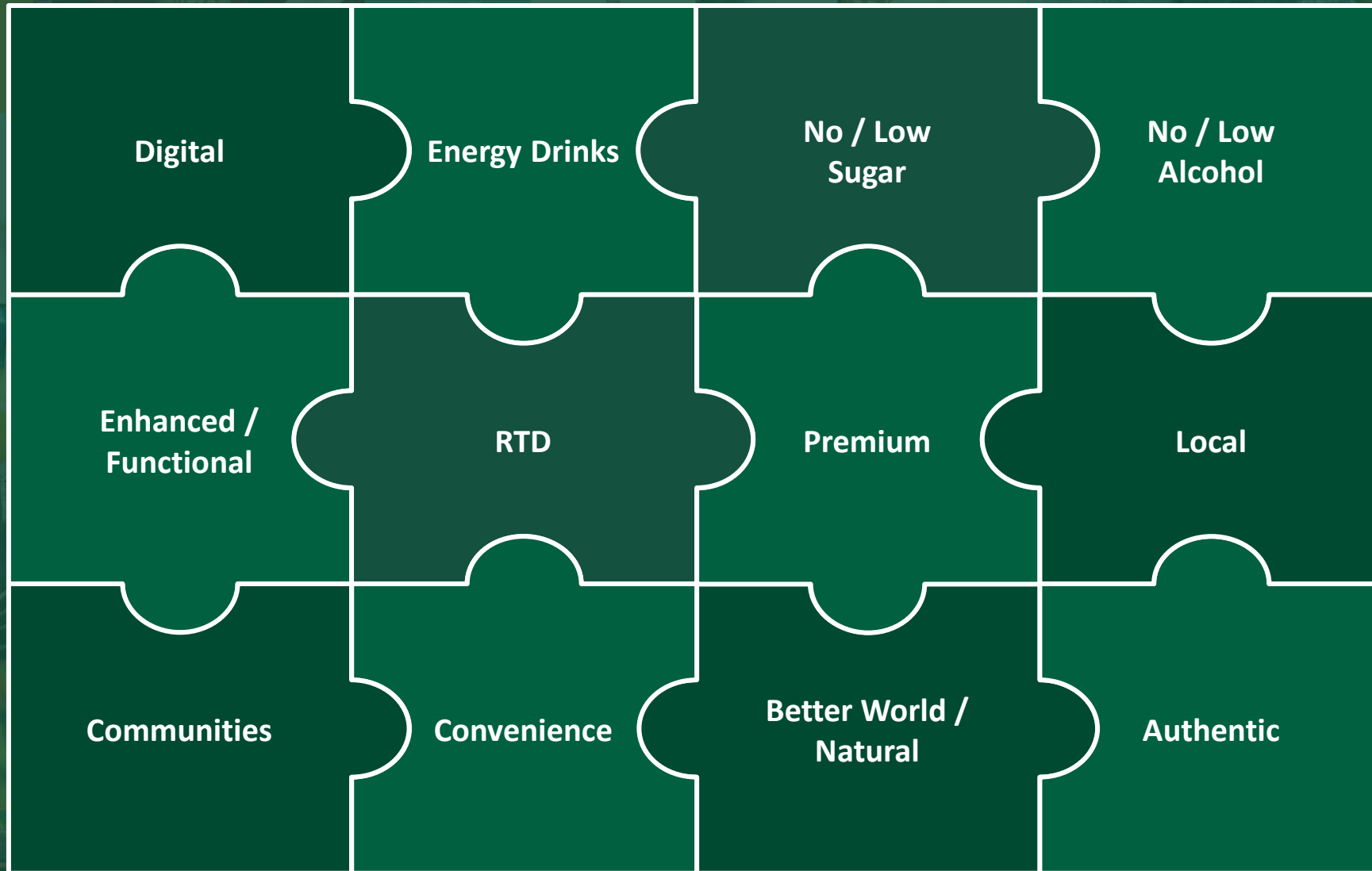
**ALCOHOLIC REVENUE GROWTH RATES**  
(2020 VS 2019)  
[%]



# EBIT margins

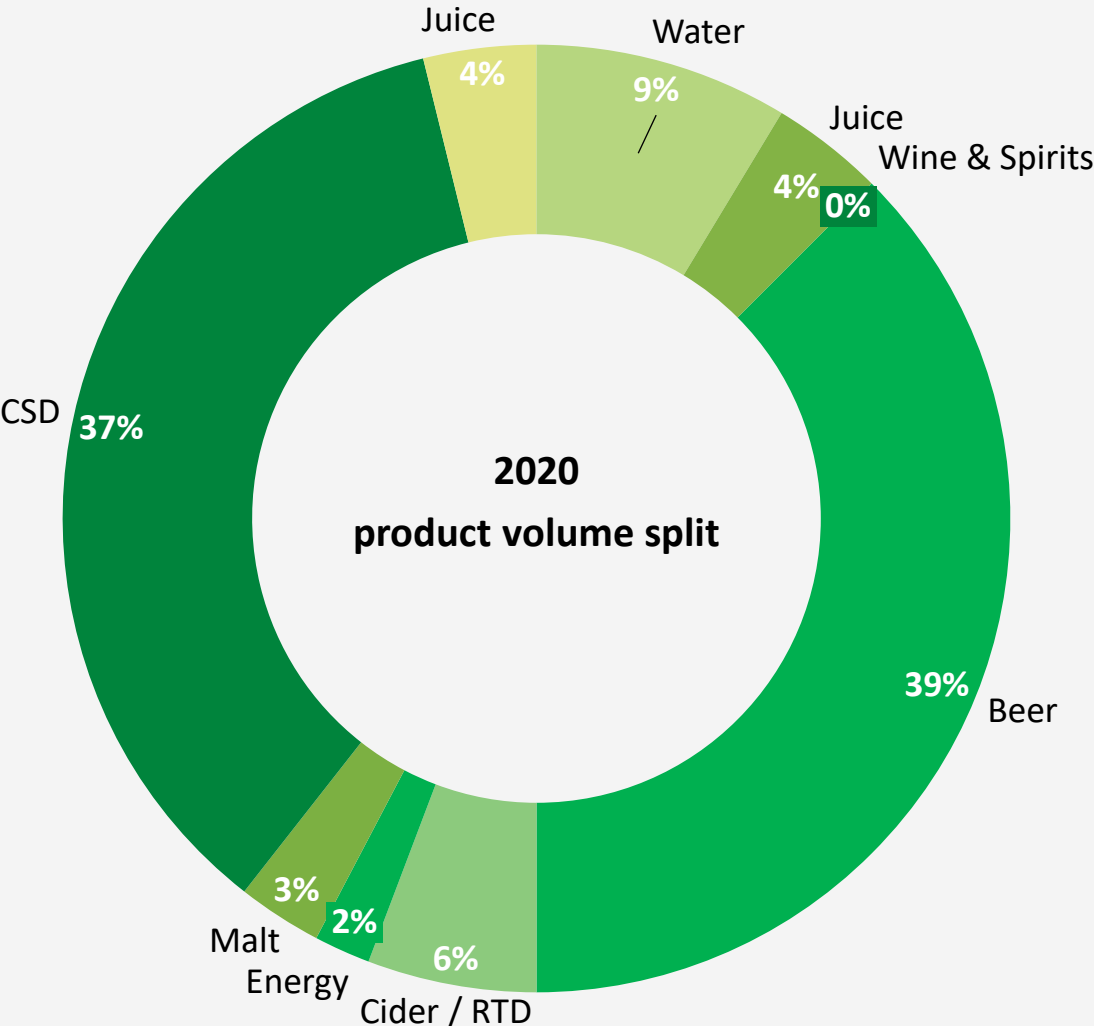


# Royal Unibrew's Growth Drivers Framework

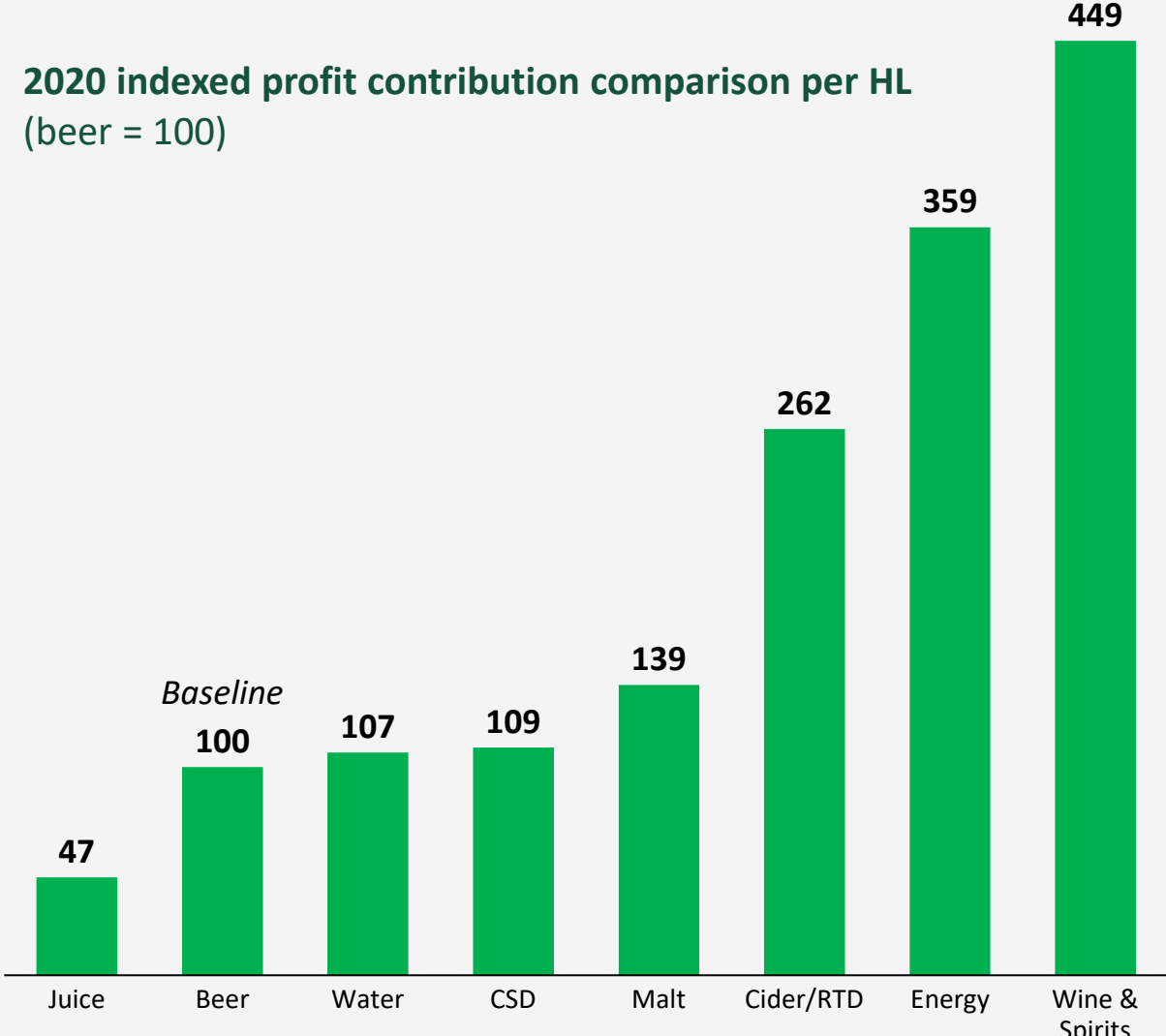




# Focus on growth categories with above-average PC/HL



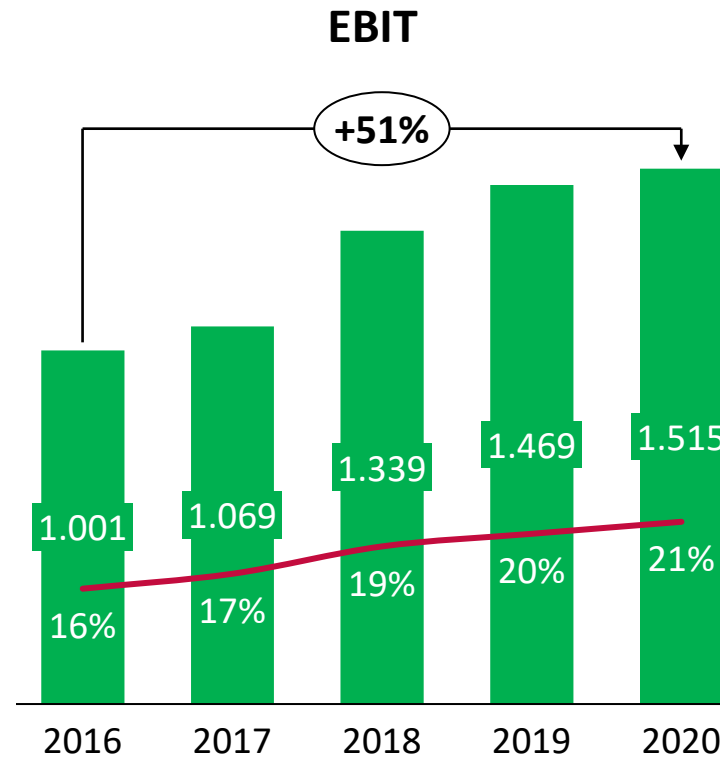
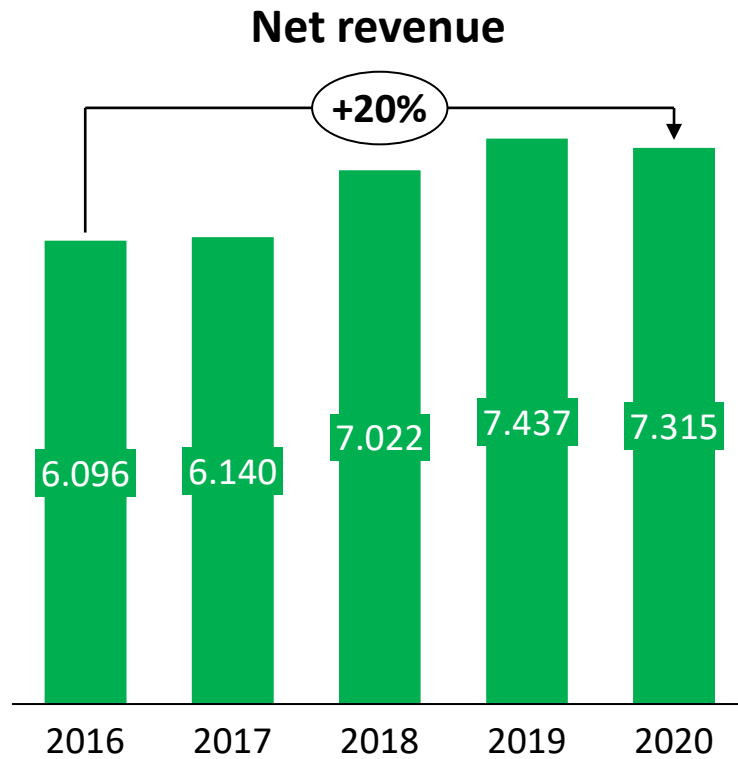
**2020 indexed profit contribution comparison per HL**  
(beer = 100)



*Expected future growth*

← → → → → ↗ ↗ →

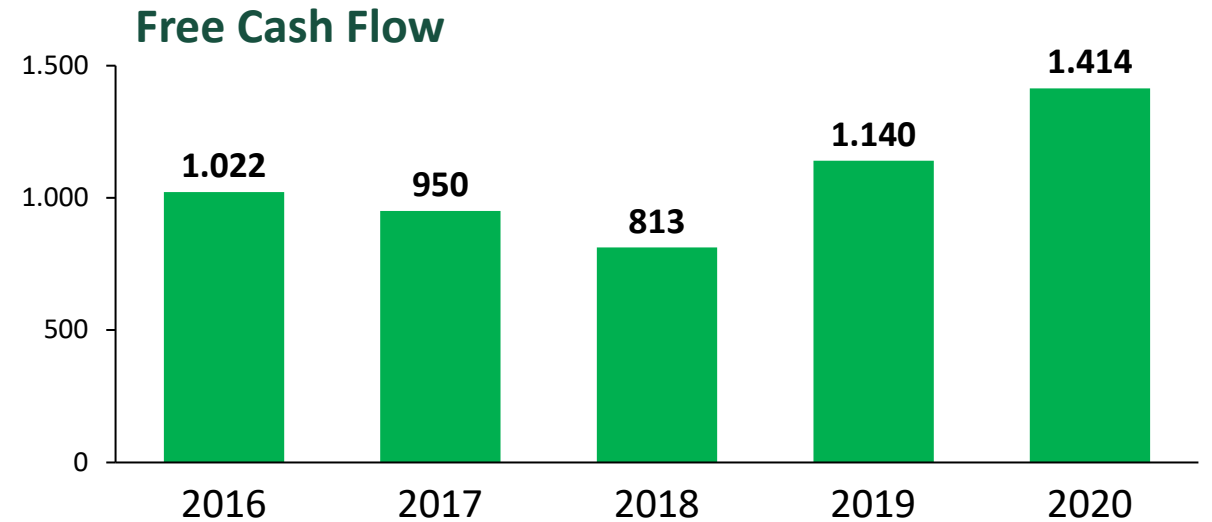
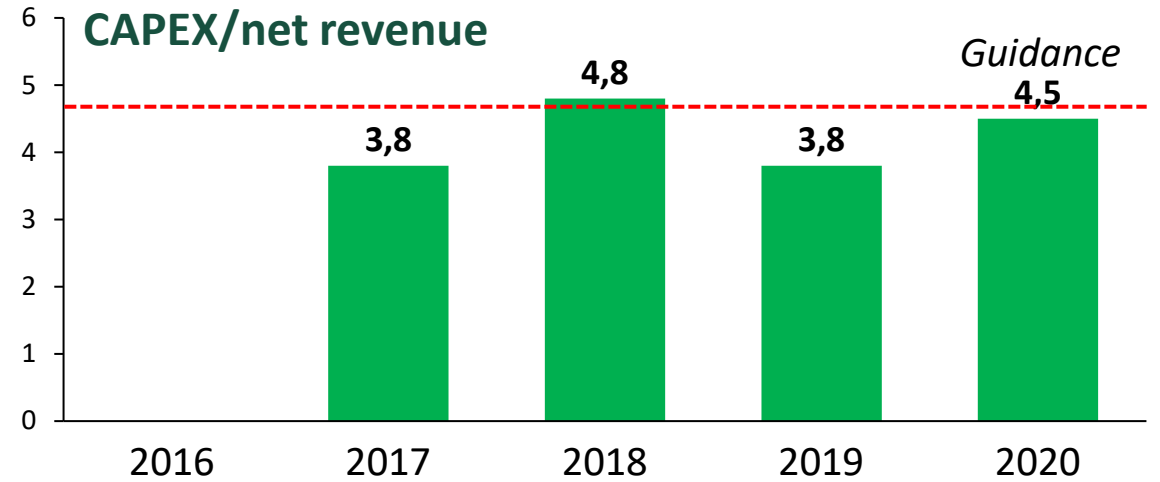
# Dedicated growth focus natural next step after impressive top- and bottom line track record



- Royal Unibrew's EBIT margin is industry-leading in Europe
- Intensified focus on organic topline and absolute EBIT growth
- Evolution; not revolution
- Medium term EBIT target is 20-21%

# Free Cash Flow expected to remain strong

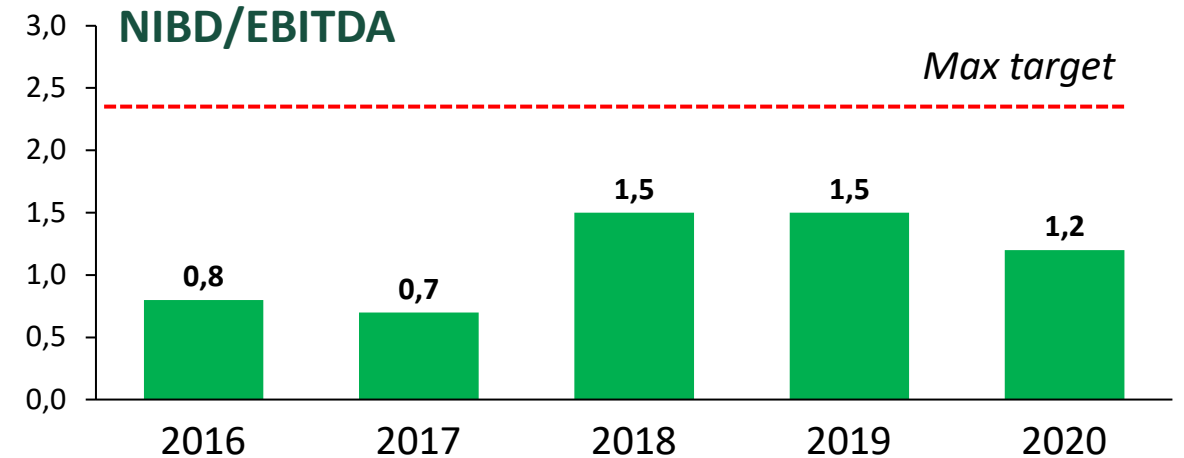
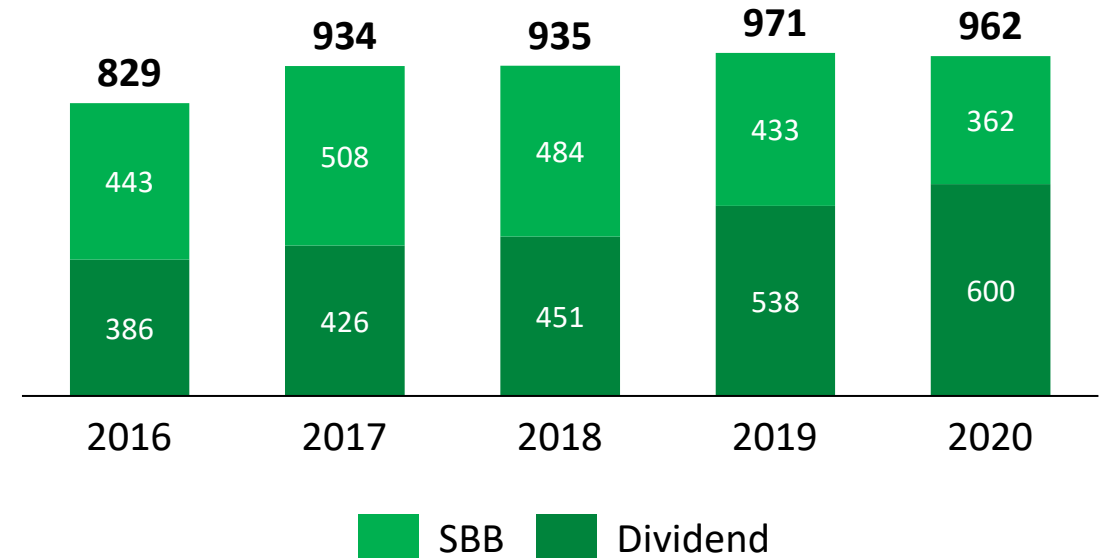
- High ability to convert profit into cash
- Target CAPEX/sales of less than 5% of revenue (including leasing)
- CSR investments may lead to additional investments
  - Electrification to remove fossil fuels
  - Solutions are not all mature
  - Several development projects ongoing



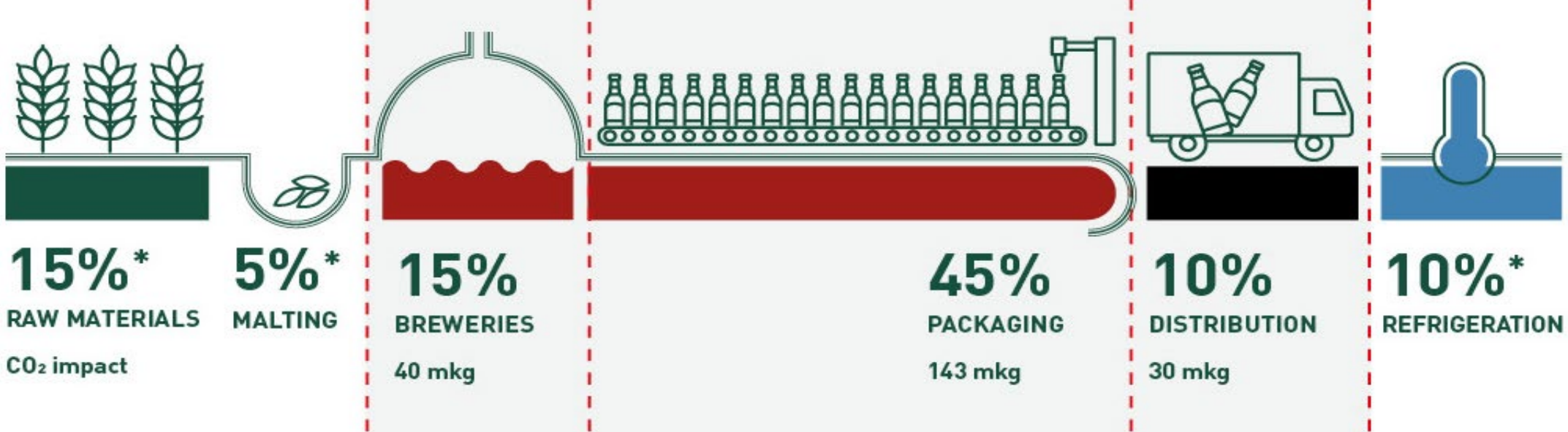
# Capital allocation strategy

- Maintain financial flexibility
  - Net debt/EBITDA less than 2.5x
  - Equity ratio of more than 30%
- Invest in organic growth
- Acquisitions
- Stable dividend pay-out ratio (40-60%)
- Share buy-backs to adjust capital structure
- Management will maintain extra flexibility whilst uncertainty is high

## Shareholder distribution



# Entire value chain's total emissions throughout the life cycle



Principles for reducing CO2 emission from production is:

1. Reduce energy consumption/increase energy efficiency
2. Investing in transformation of thermal energy to electrical energy
3. Actively invest in or push for additionally renewable energy in the grid
4. As a last resort and in the short to medium term either source renewable energy power or biogas or buy accredited certificates

# The foundation of the Sustainable Strategy is Our Products, Our Customer and Consumers and Our People - and the impact is structured in 9 Key Areas

## STRATEGIC FOCUS

### OUR CONSUMERS & CUSTOMERS



We want to be the preferred partner for our customers with the most relevant innovations for our consumers regarding health and wellness, authenticity and care for the environment.

### OUR PRODUCTS



We will convert our energy consumption to renewable energy in the entire value chain. We will work with our partners on reducing CO2 emissions and lowering the impact from packaging material through recycling while having a positive social impact.

### OUR PEOPLE



We will lead a sustainable business including fostering a sustainability culture promotion a safe and healthy working environment where employees feel proud, included and have equal opportunities to realize their potential. We will develop tomorrow's talents while building competences that ensure our success today and tomorrow.

## KEY AREAS

In the Market  
Circularity



Local  
Engagement



Health &  
Nutrition



Renewable  
Energy Sources



Product  
Circularity



Supplier  
Roadmap



Proudest  
Employees



Diversity,  
Equality &  
Inclusion



Safe Workplace  
Mindset



# Strong commercial and financial value creation from multiple successful acquisitions (revenue DKKm at time of acquisition)

