



# Royal Unibrew A/S

by Henrik Brandt, President & CEO

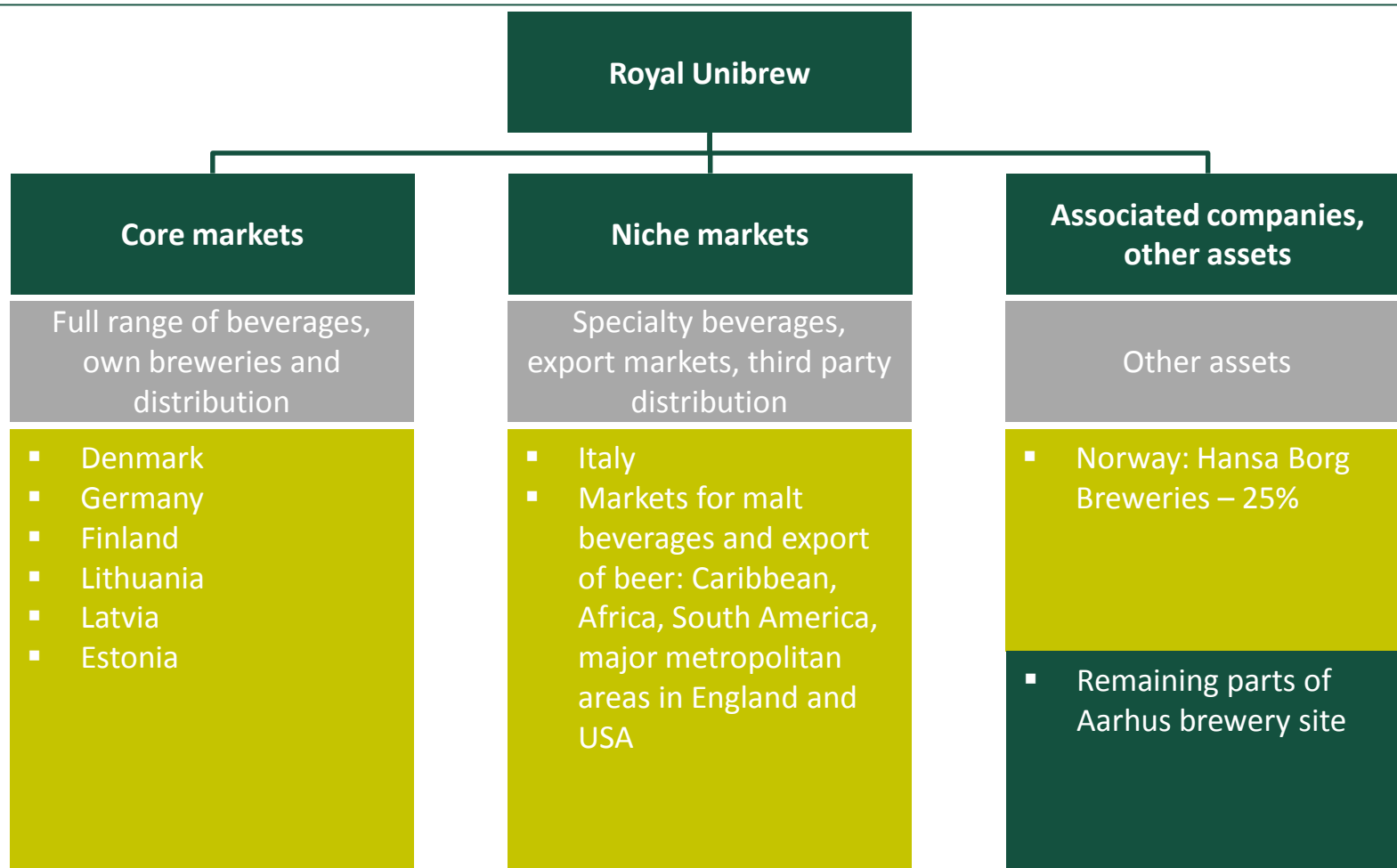
21 May 2015 – Nordic Market Day 2015, New York

# 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

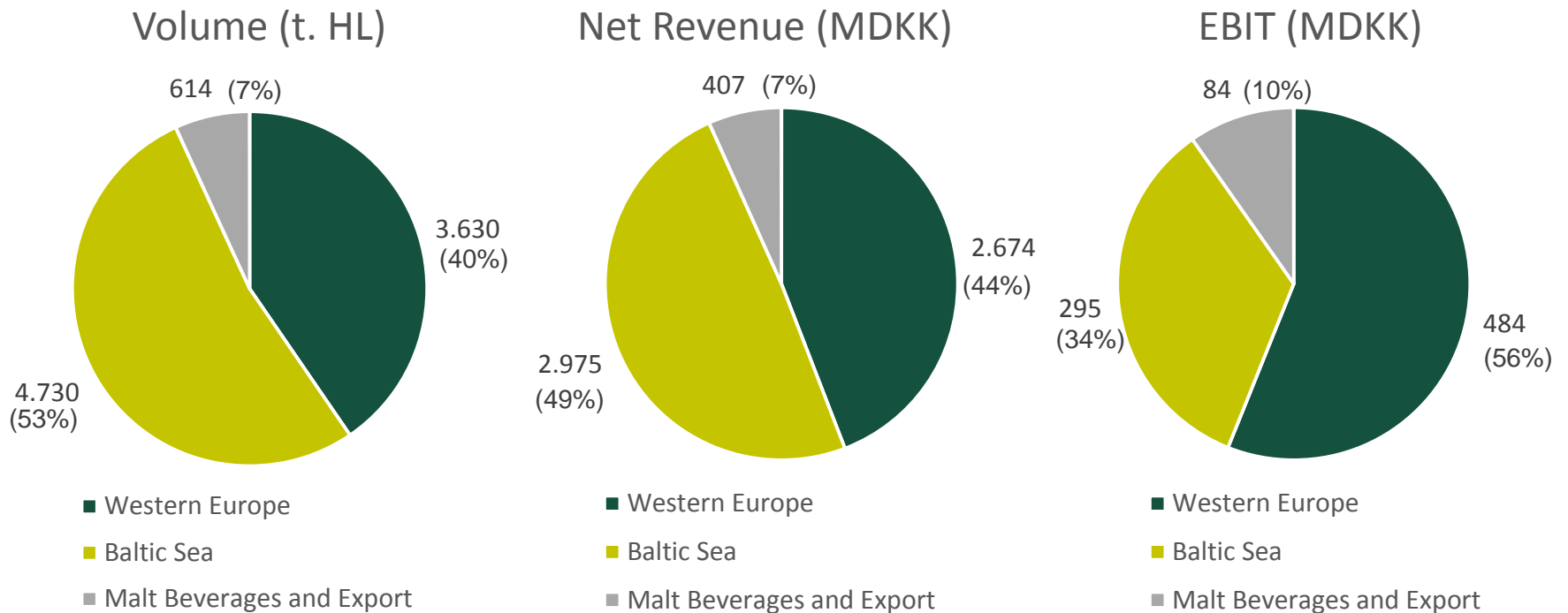


# A Leading Regional Beverage Group

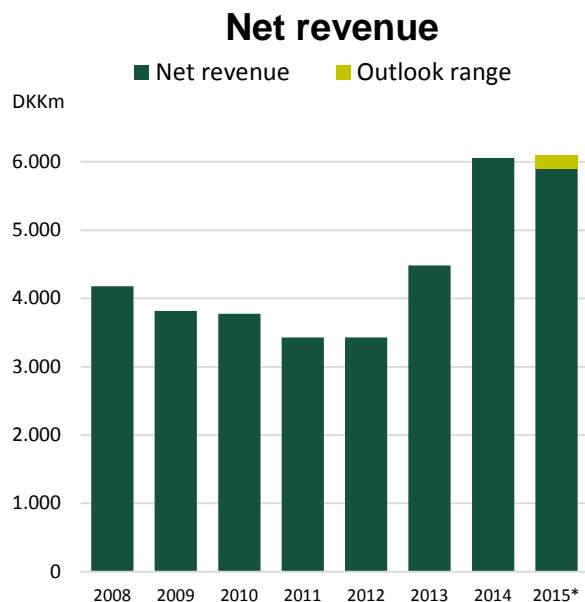


**Royal Unibrew is a leading regional beverage group**

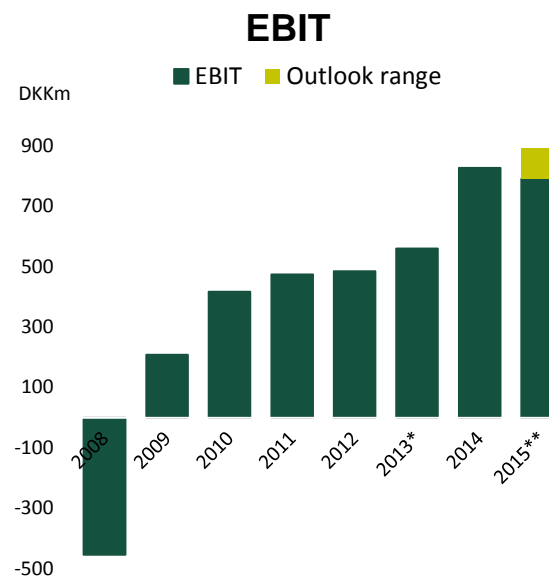
# Volume, Net Revenue and EBIT split by segments



# Financial Performance 2008-2014/15



\* Net revenue 2015: Outlook range DKK 5.900m – DKK 6.100m

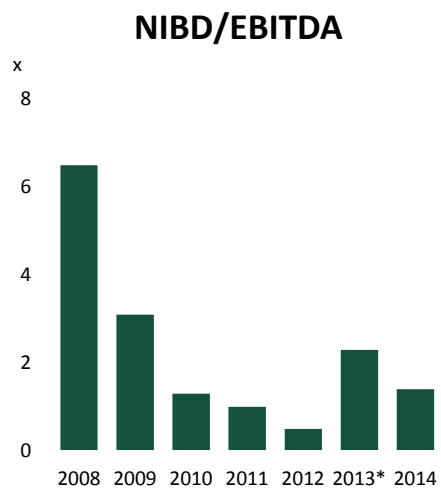


\* Hartwall contribution DKKm 38

\*\* EBIT 2015: Outlook range DKK 790m – DKK 890m

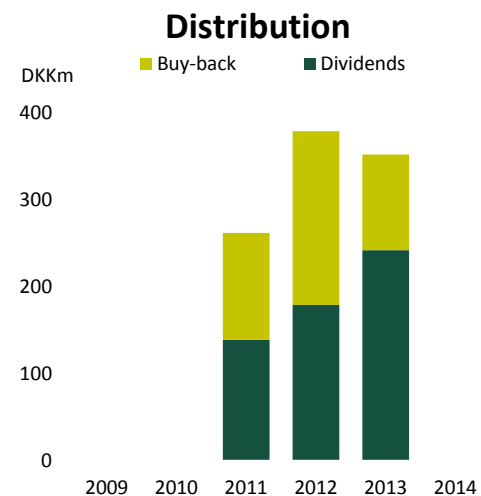
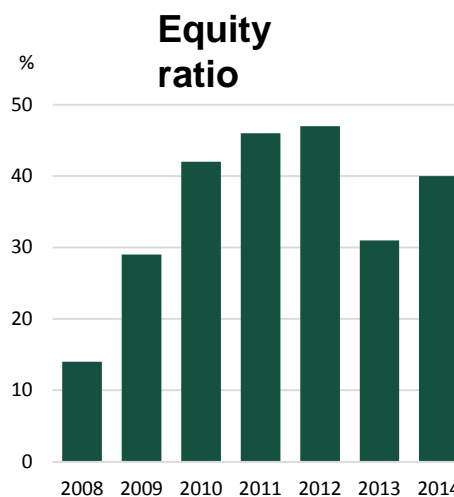
# Financial Performance 2008-2014/15

## OPERATING IMPROVEMENTS AND SALE OF NON-CORE ASSETS

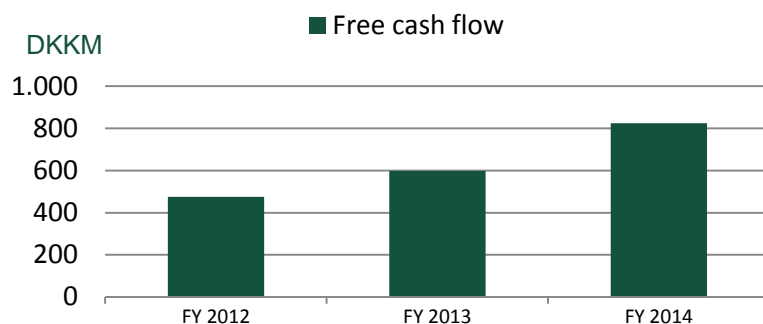
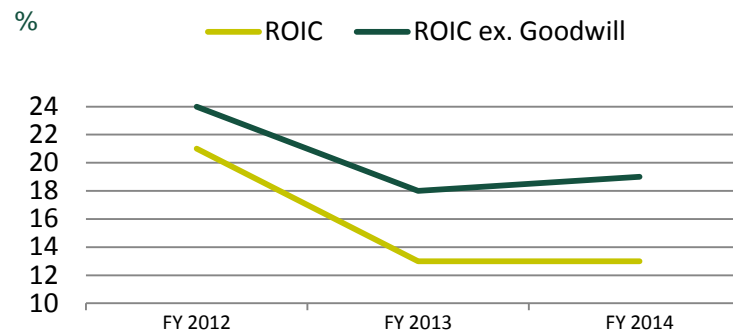
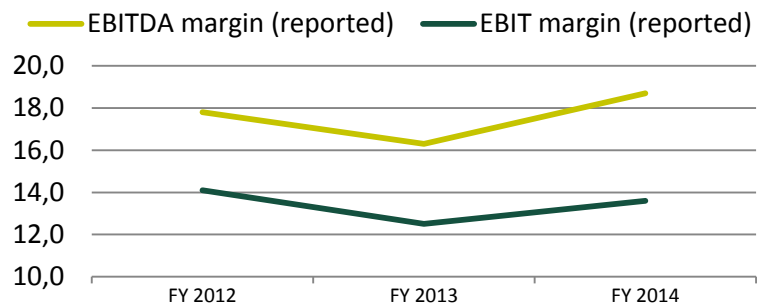


\* Calculated proforma with Hartwall's realized full-year EBITDA

## CREATING SHAREHOLDER VALUE



# Significant improvement in important key figures



## Market Cap/Share Liquidity

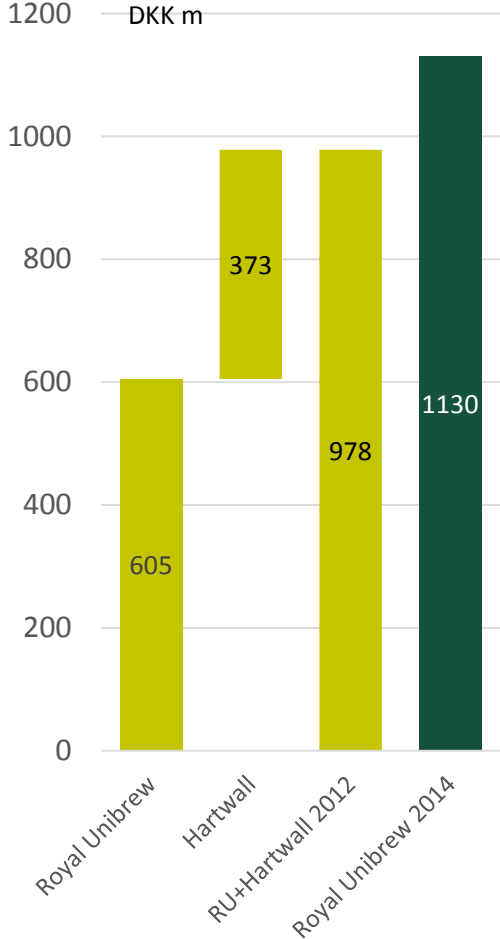
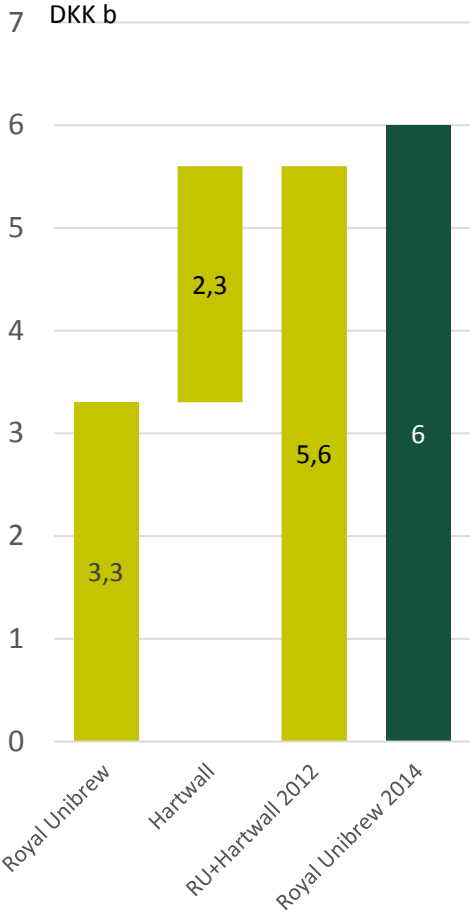
- Market cap mid May 2015 DKK 13,5billion or USD 2,4billion
- Daily average liquidity L12M DKK 28 million or USD 4.8 million

# Hartwall acquisition in 2013 takes Royal Unibrew to a new level

5 million more consumers

Net revenue

EBITDA





# Hartwall – multi-beverage portfolio characterized by iconic brands and innovation

## Cider & RTD

- Best known cider
  - market share in cider 26%
- RTD most preferred brand
  - 48% market share



## Soft drinks & waters

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



## Beer

- #2 in branded beer
  - 22% market share

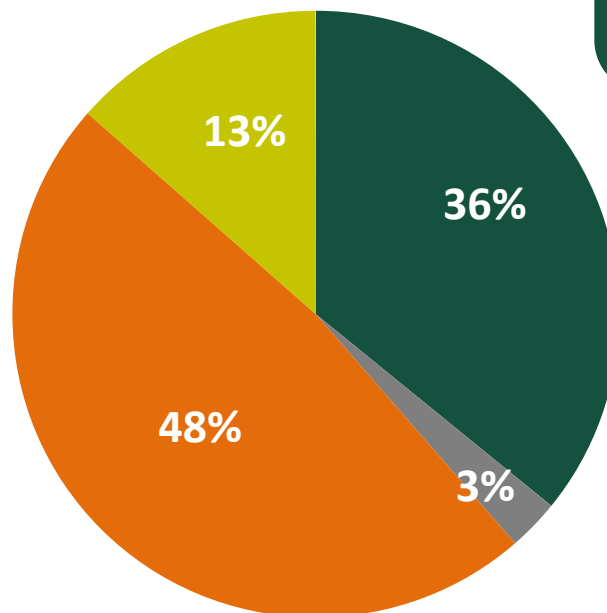


## Other

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

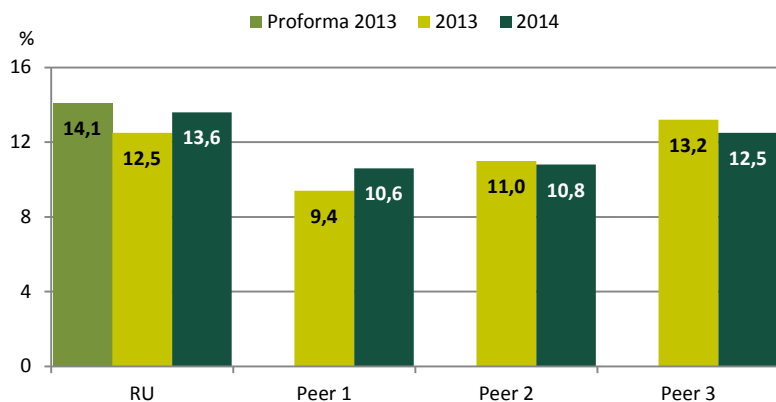


Volume split

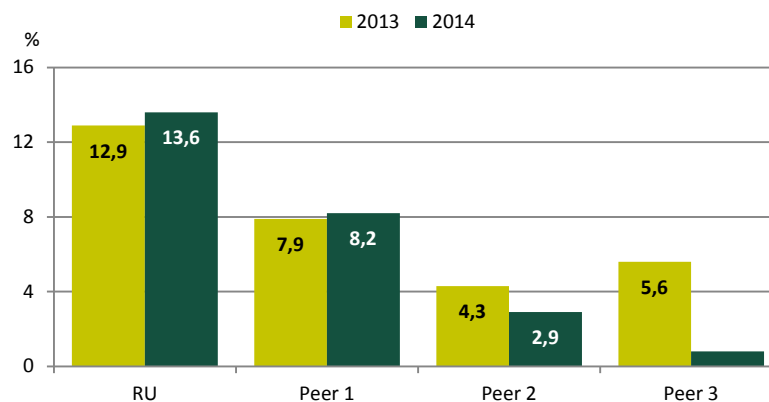


# FY 2014: Solid performance to peers\*

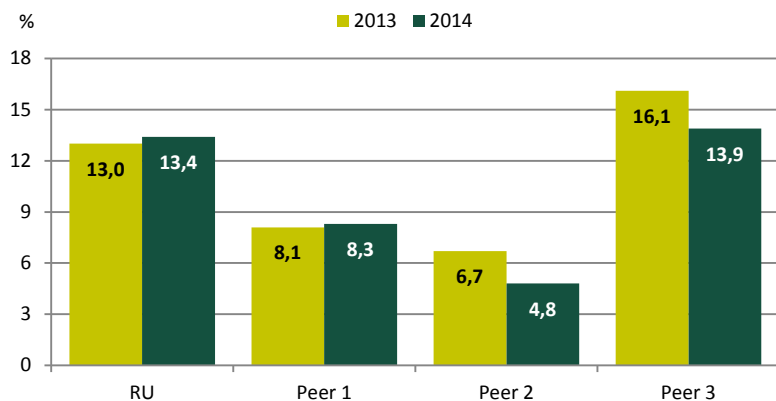
## EBIT MARGIN (COMPARABLE REGION)



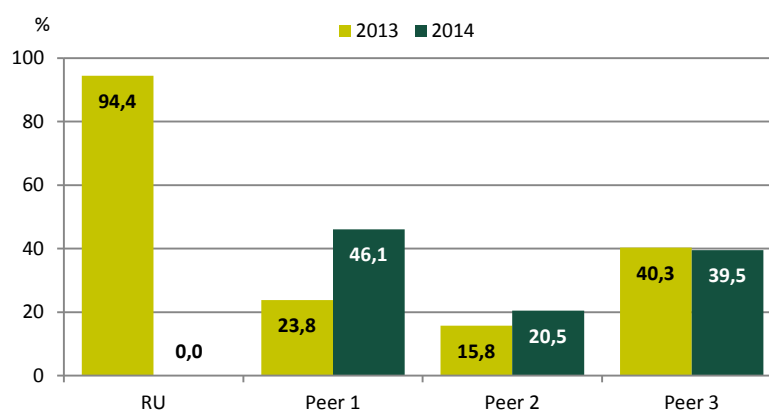
## FREE CASH FLOW – % OF REVENUE



## RETURN ON INVESTED CAPITAL



## CASH RETURN TO SHAREHOLDERS



\* Based on FY2013 and FY2014 results on comparable basis

# Q1 2015 - Performance in line with expectations

- Market positions generally maintained
- Volume increase of 3%, significantly driven by early Easter
- Net revenue for the quarter was DKK 1.290m – an increase of 2%
- EBIT of DKK 131m – an increase of DKK 88m or DKK 38m before one-off restructuring costs of DKK 50m in Q1 2014
- Free cash flow of DKK -122m
- Outlook 2015 confirmed



# Outlook 2015

DKKM	Outlook 2015	Realized 2014	Pro forma 2013*
Net revenue	5.900 – 6.100	6.056	6.050
EBITDA	1.100 – 1.200	1.130	1.015
EBIT	790 – 890	826	730

\* Including Hartwall full year 2013 excluding DKK 15m transaction cost.



# Shareholder Structure

---

## Largest shareholders

- Chr. Augustinus Fabrikker A/S – 10.4% (notified 11 December 2009)
- Hartwall Capital Oy Ab – 7.1% (notified 6 May 2015)
- Approx 14,500 shareholders in total

## One share class

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

# Management



## **Henrik Brandt** President & CEO

MSc (Economics and Business Administration), MBA Stranford University, US

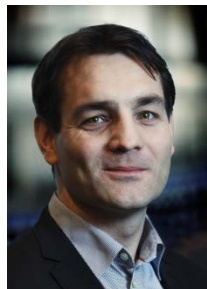
Joined as CEO on 1 November 2008

### **Past experience**

Unomedical A/S, CEO

Sophus Berendsen, CEO

House of Prince (Scandinavian Tobacco), CEO



## **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



## **Hans Savonije** COO

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

# 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.

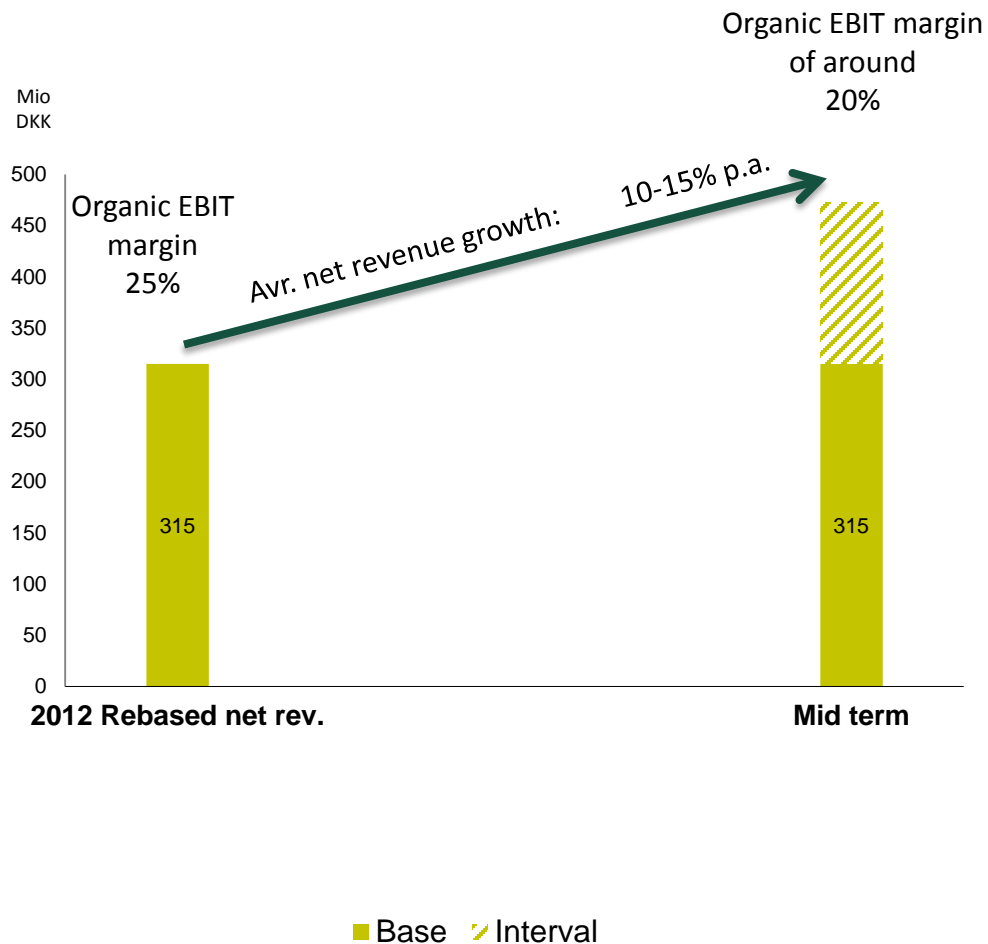
# Facts about Royal Unibrew

- Royal Unibrew is the second biggest brewer in the Nordic and Baltic region
- Revenue in 2014 of DKK 6.056 billion
- EBITDA in 2014 of DKK 1,130 million
- Approximately 2,400 employees worldwide
- Export to approx. 85 countries worldwide
- 5 breweries and 2 soft drink/water facilities





# Outlook assumptions – Malt Beverages



- Primarily non alcoholic malt beverages, but also export of Faxe beer. Malt brands consist of 3 premium brands: Vitamalt, Supermalt and Powermalt
- Europe & Caribbean: Markets expected to be flat
- Africa & Central America: Markets expected to grow; increasing populations and higher standards of living
- Market coverage and penetration expected to increase
- Leverage existing customers
- Significant increase in sales and marketing as well as in organisational activities

# Annual Report 2014: Significant earnings increase and shareholder return via dividend and share buy-back

- Results, Free Cash-flow and EPS at all time high
- Market share generally maintained in spite of tough comparison
- Volume and Net revenue at DKK 6b – unchanged pro forma based
- EBIT of DKK 826m. Pro forma growth of DKK 111m
- Pro forma EBIT-margin increase from 11.8% to 13.6%
- Strong free cash flow of DKK 824m on increased earnings and property sale
- NIBD reduced by DKK 826m during the year to DKK 1,553m
- Pre-acquisition financial targets achieved and financial flexibility restored
- Launch of DKK 350m SBB program for 2015, dividend of DKK 377m proposed
- Share split 1:5 proposed to increase liquidity of the Royal Unibrew share



# Annual Report 2014: Significant earnings increase

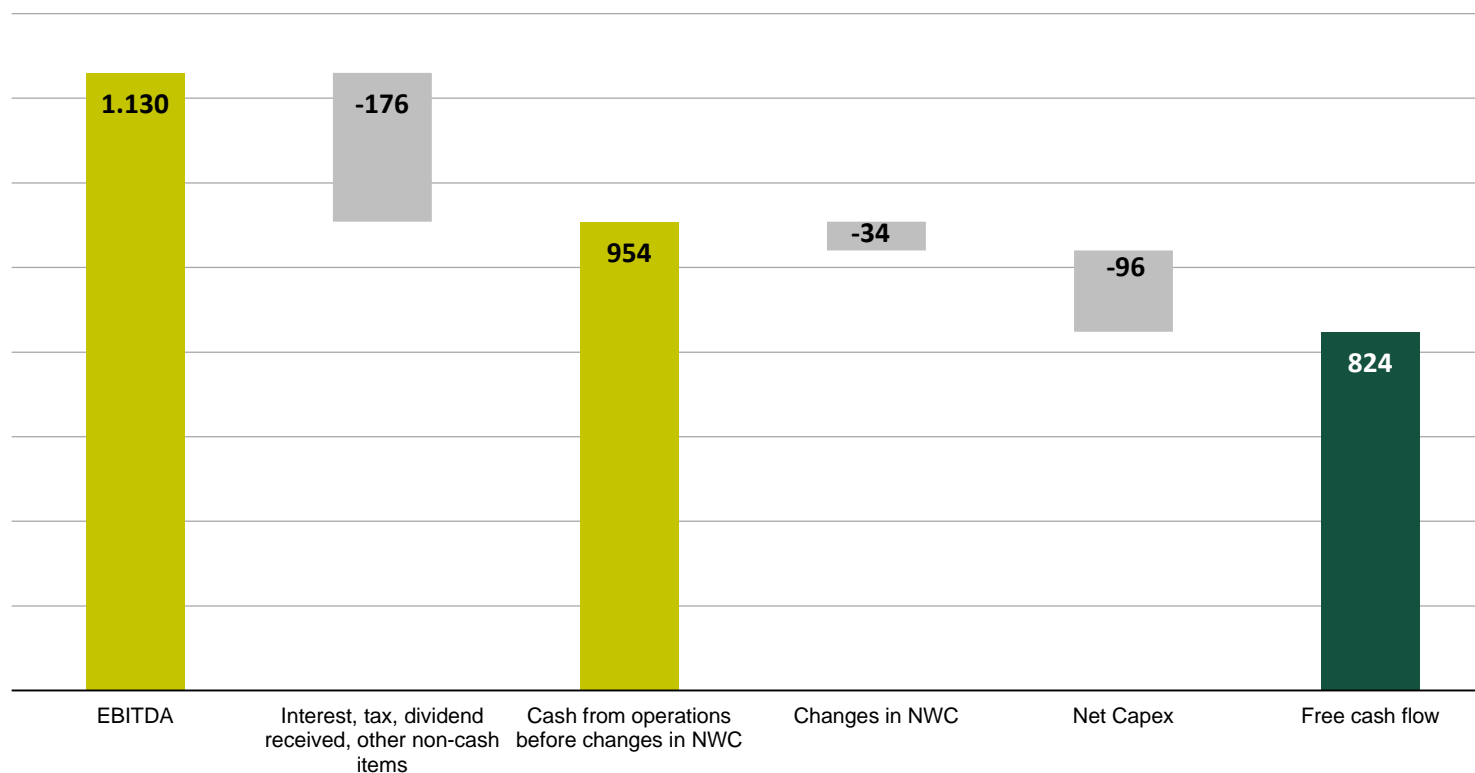
DKK <b>m</b>	FY 2014	Pro forma FY 2013	Change <i>pro forma</i>	Reported FY 2013	Change <i>reported</i>
<b>P&amp;L ITEMS:</b>					
Net revenue	<b>6,056</b>	6,050	6	4,481	1,575
<i>Gross margin</i>	<b>52.0%</b>	52.8%	-0.8%	51.0%	+1.0%
EBIT	<b>826</b>	715	111	560	266
<i>EBIT margin</i>	<b>13.6%</b>	11.8%	+15.3%	12.5%	+8.8%
Profit before tax	<b>801</b>			548	253
Consolidated profit	<b>624</b>			480	144
<b>BALANCE SHEET ITEMS:</b>					
Net interest bearing debt	<b>1,553</b>			2,379	-826
Net working capital	<b>-814</b>			-834	20
Total assets	<b>7,024</b>			6,925	99
Equity	<b>2,818</b>			2,133	685
<i>Equity ratio</i>	<b>40.0%</b>			30.8%	29.9%



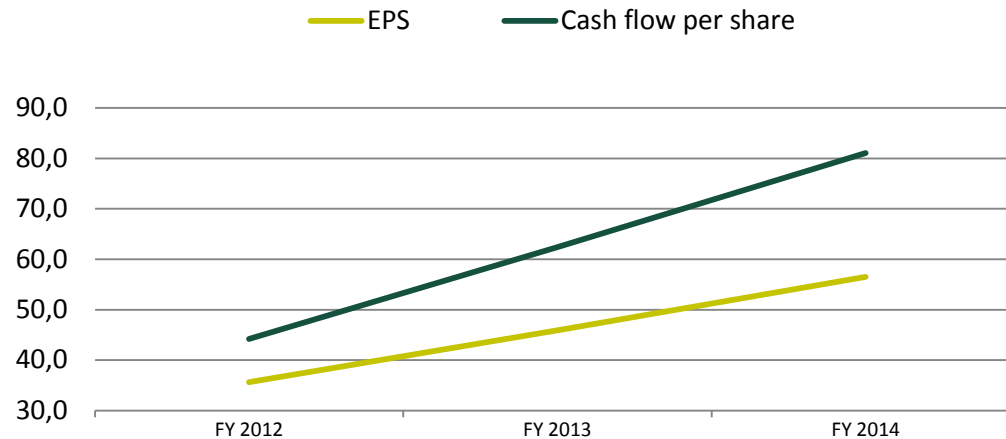
# Annual Report 2014: Free cash flow – significantly higher on increased earnings and additional property sale

## CASH FLOW – DKKM

2013:                      732                      -150                      582                      91                      -75                      598



# Annual Report 2014: Shareholder distribution



- Dividend of DKK 377m which is a record DKK 34 per share, will be proposed at the AGM
- A share buy- back program under safe harbor worth DKK 350m initiated for a maximum of 12 month period

# Financial targets

	August 2014 revised Targets	Post Hartwall acquisition Targets**	Pre Hartwall acquisition Targets*
Earnings	EBIT margin 14%	EBIT margin 13%	EBIT margin 14%
Equity ratio	Minimum 30%	Minimum 30%	Minimum 30%
NIBD/EBITDA	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x

Dividends and share buy-backs resumed in 2015 after accelerated debt reduction during 2014

Dividends range 40-60% of the result

\* Basically no amortization

\*\* Amortization from the acquisition decreased EBIT-margin by approx. 50bp

# Hartwall transaction rationale – growing the earnings base (pro forma 2013 and 2012 figures)

DKK m	2013			2012		
	Royal Unibrew	Hartwall*	Combined	Royal Unibrew **	Hartwall	Combined
Volume, HL m	5.4	3.0	<b>8.4</b>	5.4	3.0	<b>8.4</b>
Revenue	3,694	2,356	<b>6,050</b>	3,330	2,302	<b>5,632</b>
EBITDA	638	377	<b>1,015</b>	605	373	<b>978</b>
EBIT	522	208	<b>730</b>	480	209	<b>689</b>
EBITDA margin, %	17.3	16.0	<b>16.8</b>	18.2	16.2	<b>17.4</b>
EBIT margin, %	14.1	8.8	<b>12.0</b>	14.4	9.1	<b>(11.7***) 12.1</b>
Employees	1,643	825	<b>2,468</b>	1,635	862	<b>2,497</b>

\* Hartwall realized full year 2013 before deduction of DKK 15m in transaction costs

\*\* Excluding Impec

\*\*\* EBIT-margin including estimated amortization 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

# 2013 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



# Hartwall integration in good progress

## Strengthening Hartwall's position as a leading Finnish multi beverage company

- Increasing agility and customer/market orientated organization
  - Leadership & Organizational change in progress according to the Change Plan
- Improved efficiency
  - Continuous improvements following structural changes
- Focus on the commercial agenda and execution
  - Aim is to create a market leading beverage company in Finland