



Royal Unibrew – Annual Report 2018

Conference Call

1 January – 31 December 2018

7 March 2019



Accelerated development of our consistent strategic agenda

- **Solidifying the continuous momentum in our core business**
- **Financial objectives updated and strong shareholder return**
 - EBIT margin target adjusted to ranging 18-19%
 - Dividend proposed to increase by 21%
 - EPS up 29% compared to 2017
- **High level of M&A activities**
 - Integrations of Lorina and Terme di Crodo are progressing as planned
 - Distribution of Nohrlund cocktails for the On-Trade segment commenced in Q4
 - Acquisition of CULT concluded 28 February 2019
- **Continued focus on price/pack strategies and premiumization**
 - Craft and specialty stay a key focus area with investments in new tap wall system at restaurants and bars and opening of our new Anarkist brewpub
 - Continued High level of innovation across all businesses
- **Progress on CSR agenda**
 - All core KPI's improve from previous year
 - During 2019 we will commit to UN Global Compact and conduct an analysis that will establish our baseline for our greenhouse gas emission



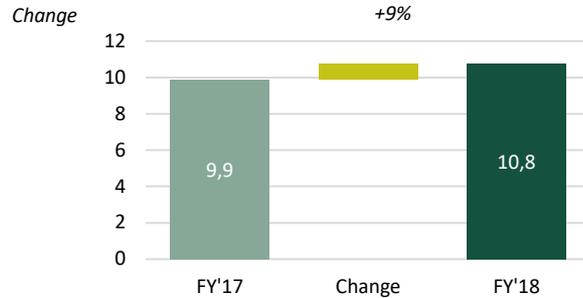
Consistent commercial execution, historical warm summer and first impacts from our 2018 acquisitions drive solid earnings growth

- Solid revenue improvement by 14% (organic +9%)
- Market shares generally increased
- Both EBITDA margin and EBIT margin increased
- Earnings per share up from DKK 16.0 to DKK 20.6 (+29%)
- Expected distribution to shareholders of DKK 950 million (2017: 870 million) allocated by:
 - Dividend of DKK 10.80 per share (2017: DKK 8.90)
 - New share buy-back program of DKK 400 million (2017: DKK 400 million)
- We maintain our strategic flexibility

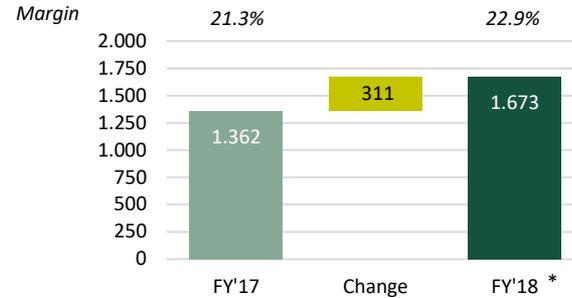


Positive development on all parameters

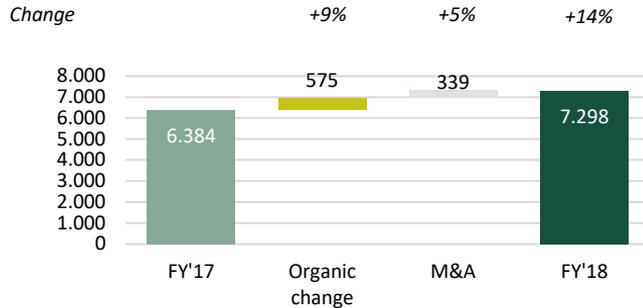
Volume million hl



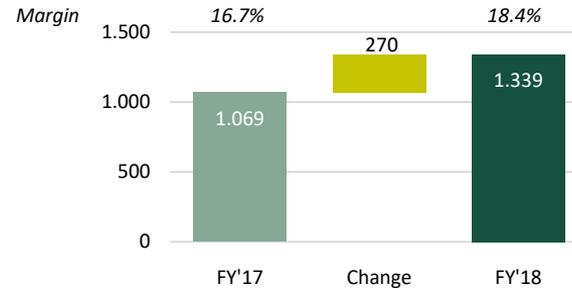
EBITDA DKKm



Net revenue DKKm



EBIT DKKm



* Positively effected by approx. DKK 60m from IFRS 16 implementation

Solid financial performance

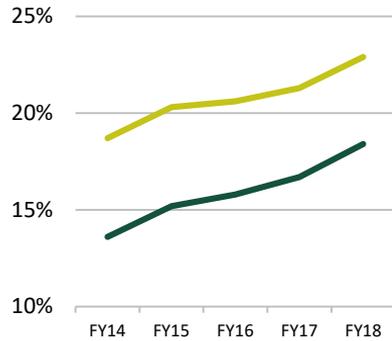
mDKK	FY2018	FY2017	Change
P&L ITEMS			
Net revenue	7,298	6,384	914
Gross margin	52.4%	51.7%	0.7pp
EBITDA	1,673*	1,362	311
EBITDA margin	22.9%	21.3%	1.6pp
EBIT	1,339	1,069	270
EBIT margin	18.4%	16.7%	1.7pp
Profit before tax	1,328	1,056	272
Net profit	1,040	831	209

mDKK	FY2018	FY2017	Change
BALANCE SHEET ITEMS			
Net interest bearing debt	2,522	975	1,547
Net working capital	-748	-957	-209
Total assets	8,062	6,778	1,284
Equity	2,908	2,814	94
Equity ratio	36%	42%	-6pp
Invested capital	5,835	4,030	1,805
ROIC ex. goodwill	33%	32%	+1pp
ROIC incl. goodwill	21%	21%	0pp

* Positively effected by approx. DKK 60m from IFRS 16 implementation

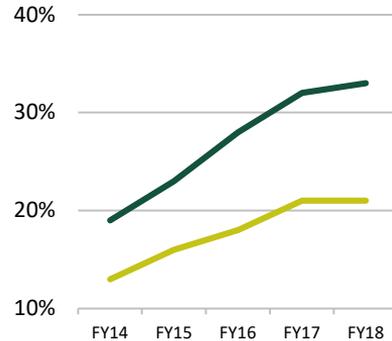
Our continued financial momentum in details

Profit margins



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

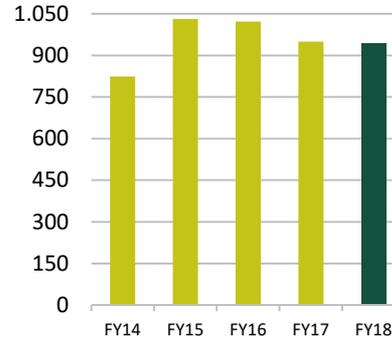
ROIC



— ROIC
— ROIC ex. goodwill

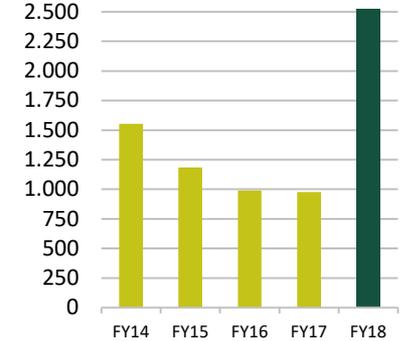
Free Cash Flow

mDKK



NIBD

mDKK



Earnings increase across all segments

Western Europe

- Volume +18% (Q4: +18%), Revenue +19% (Q4:+20%), EBIT growth +15%
- Denmark & Germany
 - Growth supported by a warm summer; underlying consumption estimated to remain unchanged
 - Increased value market shares across categories in Denmark
- South Europe
 - Adjusted for acquisitions revenue declined organically by 1%
 - Beverage consumptions in Italy slowed down in 2018 as consumer spending and fiscal policies negatively affect Trade-confidence

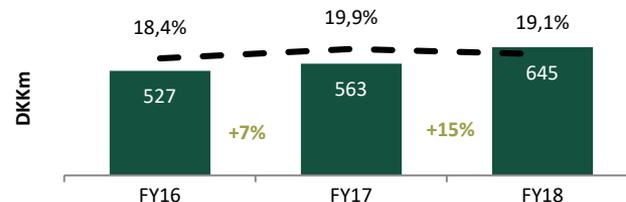
Baltic Sea

- Volume +2% (Q4:-8%), Revenue +9% (Q4: -1%), EBIT growth +39%
- Finland
 - Strong product/mix changes in Finland and an extraordinary warm summer supported strong growth
 - Increased demand in retail due to recent changes in alcohol legislation
 - Earnings benefitted from better product mix
- Baltics
 - Growth in non-alcohol segment and new product innovation supported growth
 - Market shares are estimated to have increased in non-alcohol, while beer market shares remain unchanged
 - Beer consumption in the Baltics continues to be in decline due to recent legislation changes

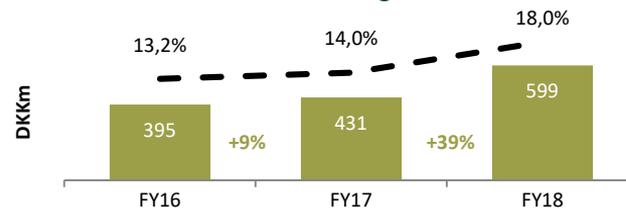
International

- Volume +17% (Q4: +20%), Revenue +22% (Q4: +32%), EBIT growth +20%
- Excluding Lorina and Terme di Crodo acquisitions revenue grew by 7% (Q4: +8%)
- Good growth in malt and beer due to better market mix; currencies remain a challenge

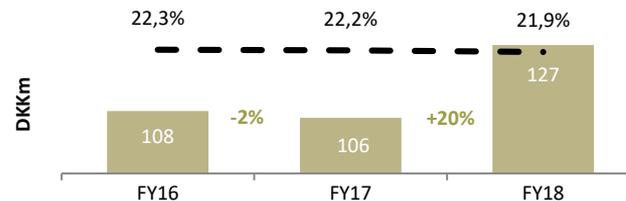
Western Europe EBIT and EBIT margin



Baltic Sea EBIT and EBIT margin



International EBIT and EBIT margin



Outlook 2019

mDKK	Outlook March 2019	Actual 2018	Actual 2017
Net revenue	7,400 – 7,650	7,298	6,384
EBIT	1,340 – 1,465	1,339	1,069

Outlook assumptions

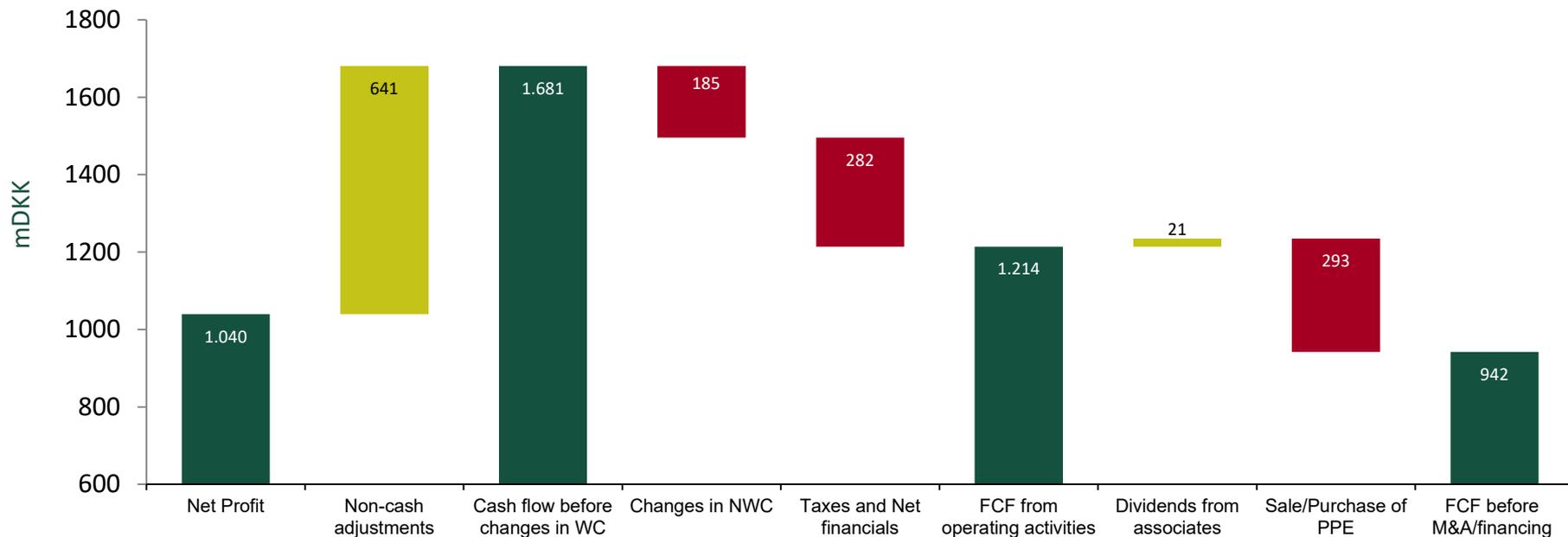
- Based on a normal summer
- We expect slight net price increases to compensate for higher input cost
- Key raw and packaging material have been hedged for 2019
- The acquisition of Lorina and CULT are expected to affect net revenue positively
- Costs are expected to follow inflation in 2019
- Gross investments, including operating leases are expected to stay around 4,7% of net revenue

APPENDIX



Strong cash flow generation

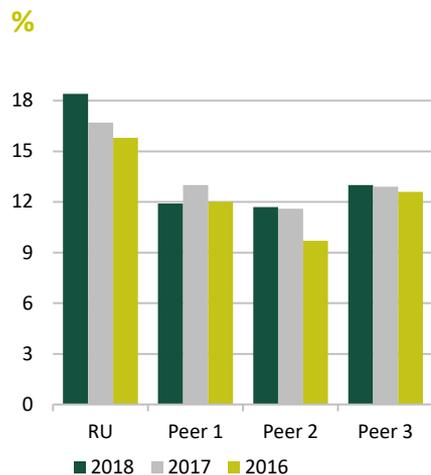
Cash Flow FY 2018



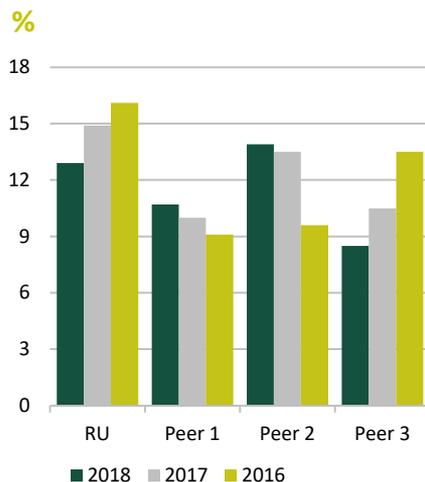
FY2017:	830	537	1,367	+76	-275	1,168	27	-245	950
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Performance to peers 2018

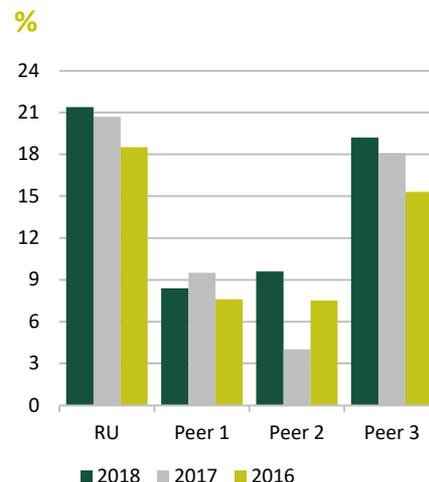
**EBIT margin
(comparable region)**



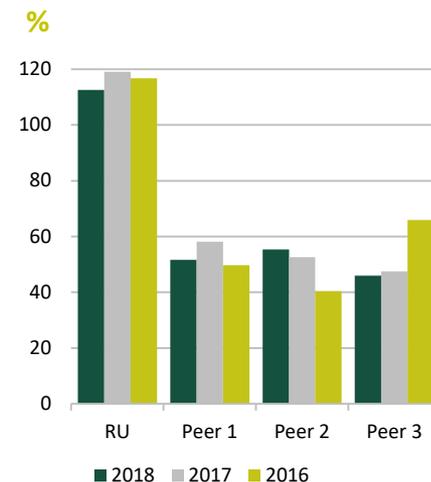
**Free cash flow
% of revenue**



**Return on invested
capital***



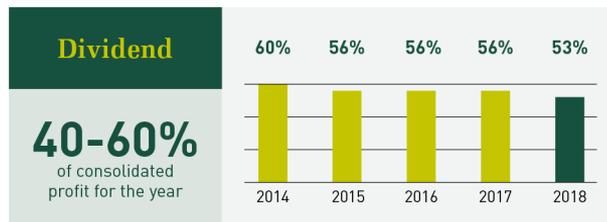
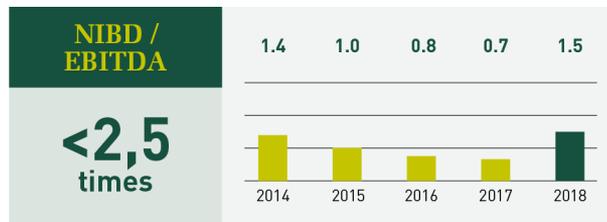
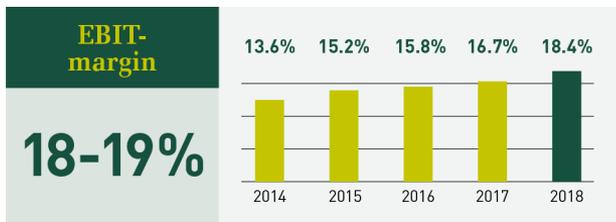
**Cash return to
shareholders****



* Based on average invested capital

** Percentage of net profit the year before

Financial targets



Share buy-back is used to adjust the capital structure

Disclaimer

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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.