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## Acquisition of Hartwall

Audiocast 11 July 2013

CEO & President Henrik Brandt

CFO Lars Jensen

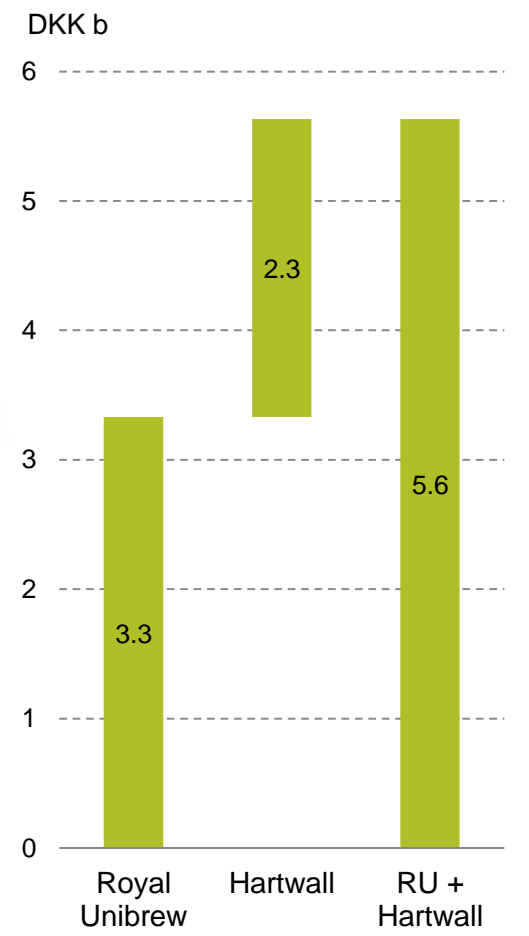


# Hartwall acquisition takes Royal Unibrew to a new level

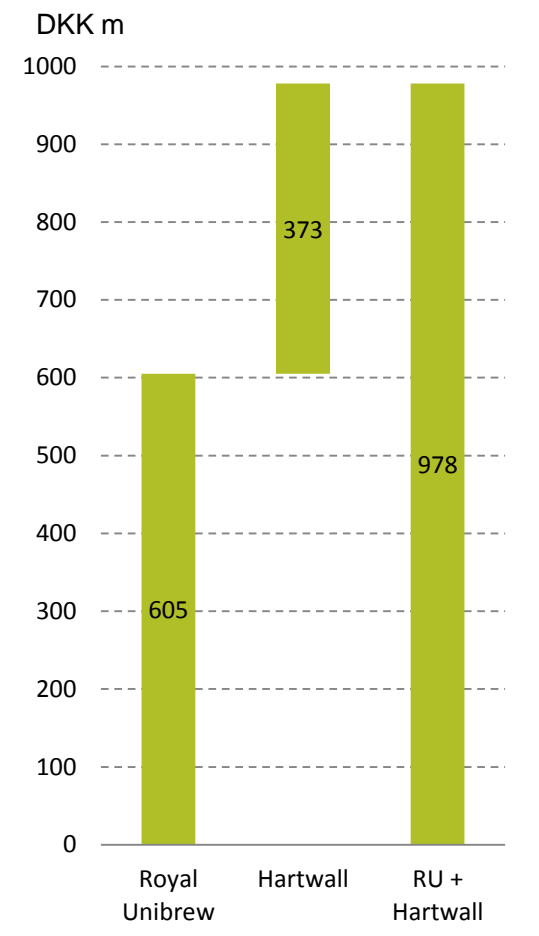
5 million more consumers



Net revenue up 70%\*



EBITDA close to DKK 1b\*



\* Based on full year 2012 figures, DKK

- Transaction highlights
- Transaction rationale
- Hartwall
- Hartwall within Royal Unibrew
- Transaction financing
- Financial implications and long-term targets
- Q&A



Henrik Brandt  
CEO & President



Lars Jensen  
CFO

- Transaction EV of DKK 3.3bn (approx. EUR 450m)
- Funding through long-term bank debt and up to 9.995% share capital increase directed towards Hartwall Capital Oy Ab
- Closing expected latest in Q4 2013
  - Subject to approval by Estonian competition authorities
  - Subject to customary consent from business partners
- Strengthening of partnerships with Heineken and PepsiCo
  - Bottling right for Heineken in Finland and the Baltic States
- Strong market positions and attractive profitability
  - Earnings per share accretive from 2014 before integration costs



**It is Royal Unibrew's strategy to be a focused strong regional brewer within beer, malt beverages and soft drinks holding leading positions in the markets or the segments in which we operate**

- **In line with corporate strategy**
  - Expansion of a strong Nordic/Baltic platform – solid #2 position in the region
  - Improved reach and strengthened partnerships
- **Market position in line with strategy**
  - Hartwall's position as clear #2 in Finland fits with our ambition of building leading positions
- **Within our core competencies**
  - Hartwall is a multi-beverage company operating in a mature market with border trade; an environment very similar to Denmark
  - Leveraging Danish competencies of development and efficiency improvements
  - Partnership with management and employees; exchange of best practices

Strategy

Focus

Competencies

**Royal Unibrew and Hartwall - a good strategic match**



# Transaction rationale – growing the earnings base

(Pro forma 2012 figures)

Million DKK	Royal Unibrew*	Hartwall	Combined
Volume, HL m	5.4	3.0	<b>8.4</b>
Revenue	3,330	2,302	<b>5,632</b>
EBITDA	605	373	<b>978</b>
EBIT	480	209	<b>689</b>
EBITDA margin, %	18.2	16.2	<b>17.4</b>
EBIT margin, %	14.4	9.1	<b>(11,7**) 12.2</b>
Employees	1,635	862	<b>2,497</b>

\* Excluding Impec. \*\* EBIT-margin including estimated amortisations derived from the aquisition.

- Unique chance to create a stronger and more diversified business platform
- Larger and broader earnings base and expansion of portfolio of own brands

## Cider & RTD

- Best known cider
- 18% market share
- RTD most preferred brand
- 48% market share

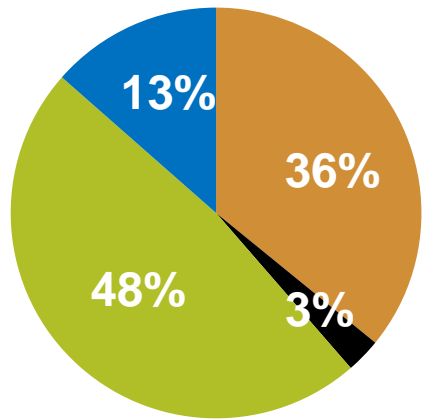


## Soft drinks & waters

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



Volume split



## Beer

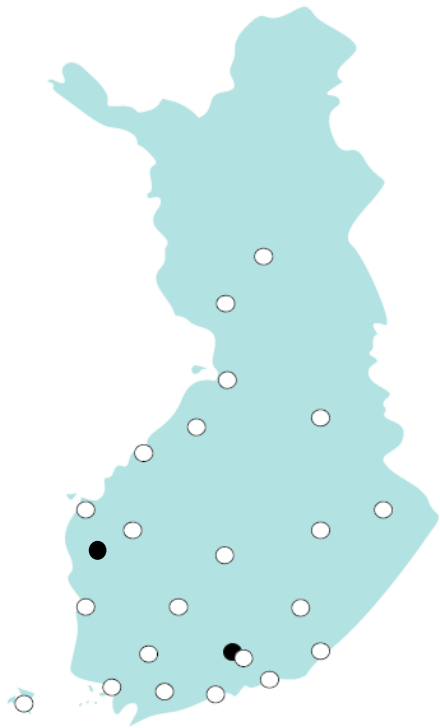
- #2 in branded beer
- 22% market share



## Other

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



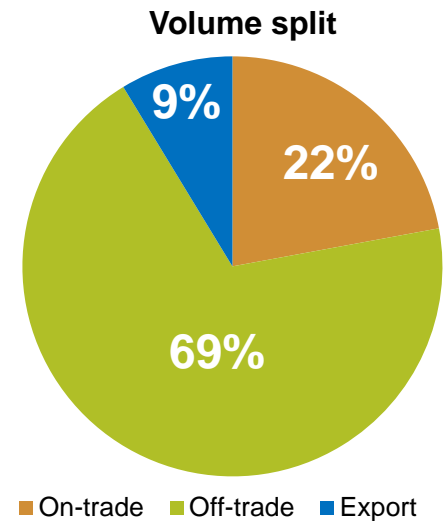


## State-of-the-art production

- 2 production facilities (Lahti and Karijoki)
- Well invested

## Powerful nationwide distribution network

- 2 primary distribution hubs – Lahti and Helsinki
- 20 terminals
- Covers Finland via direct distribution





# Hartwall as part of the Royal Unibrew group

- Hartwall will continue as an independent business unit
  - Part of new North Eastern Europe segment
- Leverage joint (RU/Hartwall) experience under strong local management
  - Drive Hartwall's commercial and operational strength and earnings power
- License agreement with Heineken extended to Finland, Estonia, Latvia and Lithuania
- Partnership with PepsiCo cemented – now RU also bottler in Finland



- Bank financing and directed share capital increase of up to 9.995% (up to 9.09% of the future share capital base)
- Hartwall Capital Oy Ab to acquire up to 1,008,500 new shares and 37,500 treasury shares
  - Hartwall Capital Oy Ab shareholding of up to 9.4%
  - 2<sup>nd</sup> largest shareholder after Augustinus Foundation
- Hartwall Capital Oy Ab a long-term investor with unique understanding of Hartwall's business and market
- Royal Unibrew's Board of Directors to propose that a Finnish candidate will be elected to the Board at EGM



# Financial implications and long-term targets

- Acquisition to boost revenue and operating profit
- Acquisition expected to lift net profit and earnings per share before integration costs from 2014
- Dividends and share buy-backs on hold until 2015 to accelerate debt reduction
- Future distributions to be based on higher earnings and larger cash flow

	Targets	Status
Equity ratio	<ul style="list-style-type: none"> <li>• Minimum 30%</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged targets</li> </ul>
NIBD/EBITDA	<ul style="list-style-type: none"> <li>• Maximum 2.5x</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged targets</li> </ul>
Ordinary distribution	<ul style="list-style-type: none"> <li>• 40-60% of net result</li> <li>• Share buy backs</li> </ul>	<ul style="list-style-type: none"> <li>• Unchanged policy, dividends and share buy-backs expected to be resumed in 2015</li> </ul>
Extraordinary distribution	<ul style="list-style-type: none"> <li>• DKK 500m</li> </ul>	<ul style="list-style-type: none"> <li>• Remaining program cancelled (DKK 400m)</li> </ul>
Earnings	<ul style="list-style-type: none"> <li>• EBIT margin of 14%</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NEW:</b> EBIT margin of 13%</li> </ul>

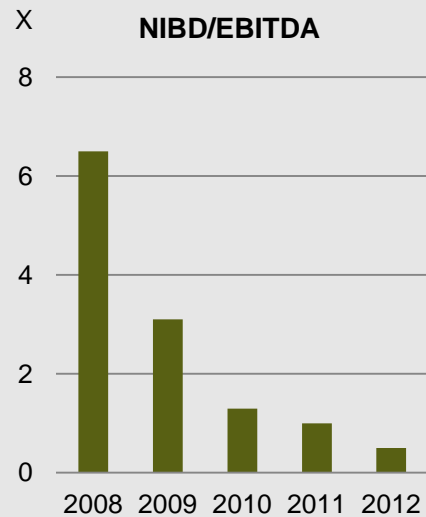
# Q & A



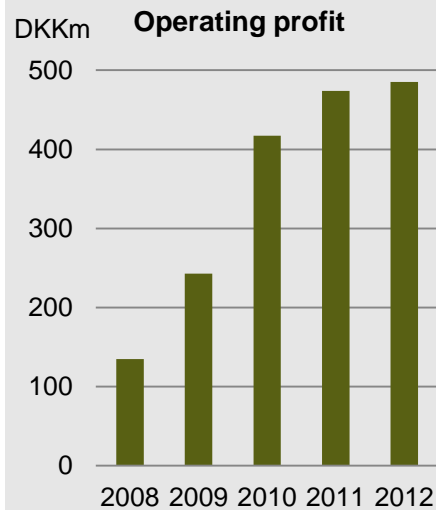
**DISCLAIMER:**  
This announcement contains “forward-looking statements”. Undue reliance should not be placed on forward-looking statements because they relate to and depend on circumstances that may or may not occur in the future and actual results may differ materially from those in forward-looking 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.

## Turnaround initiated late 2008

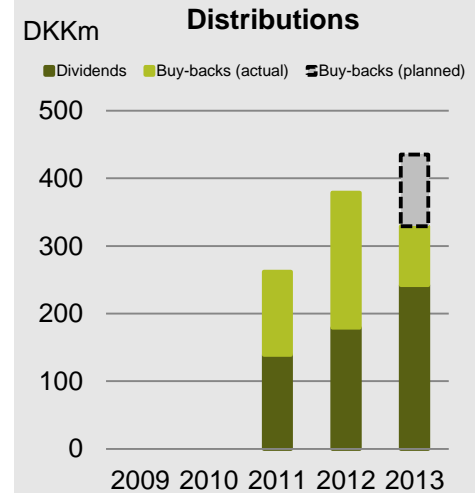
### Operating improvements and sale of non-core assets



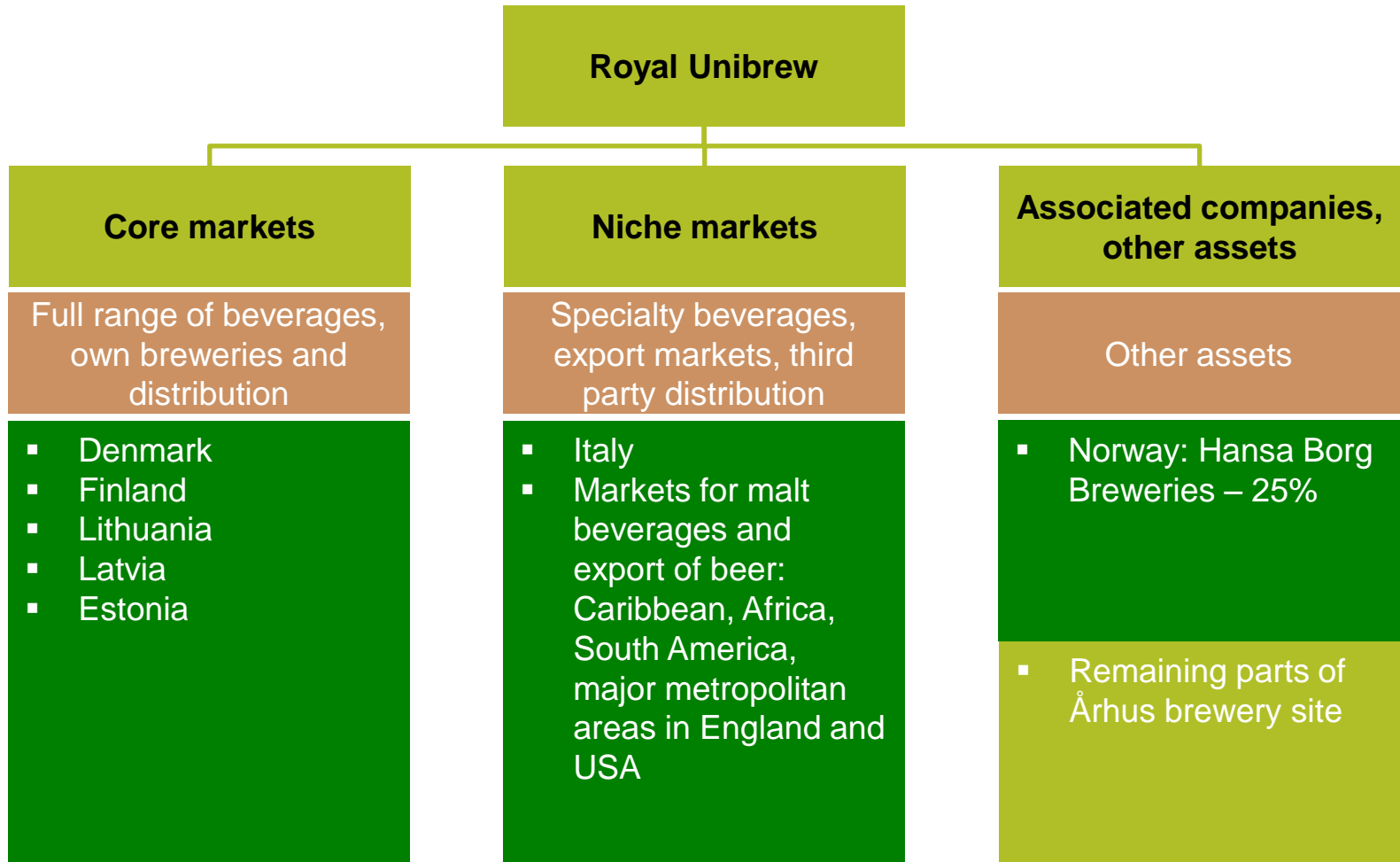
### Several commercial efforts and efficiencies



### Creating shareholder value



# Royal Unibrew after acquisition of Hartwall



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



# Royal Unibrew is a leading regional brewery group – positions after the acquisition of Hartwall

## Core markets

- **Denmark:** #2 supplier of beer and soft drinks
- **Finland:** #2 supplier – leading in water, cider and RTD, strong in beer and soft drinks
- **Lithuania:** #2 supplier in beer and juices
- **Latvia:** #1 in fruit juices and #3 in beer
- **Estonia:** recent entry

## Niche markets

- **Italy:** Market leading in super premium beer
- **Americas:** Primarily export of malt beverages
- **Africa:** Export of malt beverages and beer
- **Europe:** Export – primarily malt beverages

## Other assets

- **Norway:** 25% ownership of Hansa Borg Breweries
- **Other:** Remaining part of Aarhus Brewery site

