



## Danske Equities SmallCap/MidCap Seminar

Presented by Poul Møller, CEO, and Ulrik Sørensen, CFO

5 December 2005 at Marriott Hotel, Copenhagen

## Vision

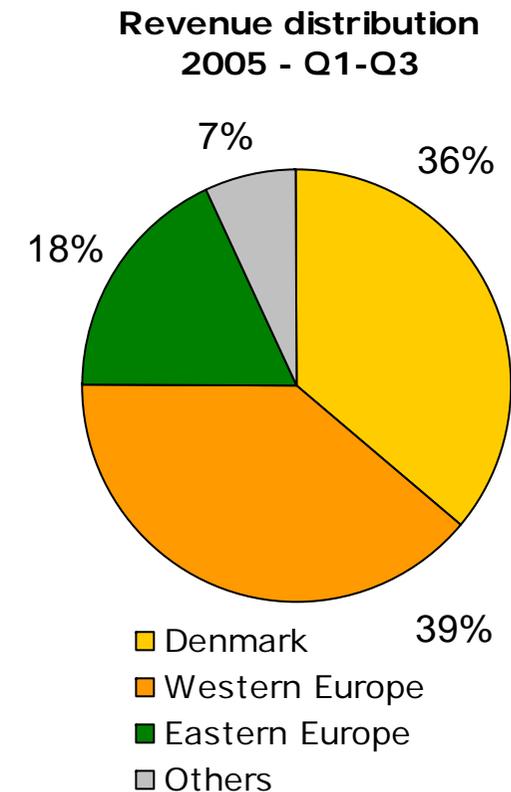
*We will with increasing profitability develop the company to be among leading providers of beverages in Northern Europe and outside this region develop profitable export markets.*

## Business Focus

- Northern Europe (Nordic and Baltic countries, Northern Germany, Poland):
  - Domestic market: National/Regional
- Italy and Canada:
  - Niche strategy (beer)
- The Caribbean, Africa, and the UK:
  - Niche strategy (malt drinks)



- Royal Unibrew is the second largest brewery business in Scandinavia.
- Scandinavia's largest beer exporter
- Export to approx. 65 countries worldwide
- 9 breweries and 1 soft drink company
- Approximately 2,300 employed worldwide
- Royal Unibrew has the leading imported strong beer in Italy - Ceres
- Royal Unibrew has the world third largest malt drink brand - Vitamalt
- Faxe is the largest imported brand in Germany, Poland and Lithuania

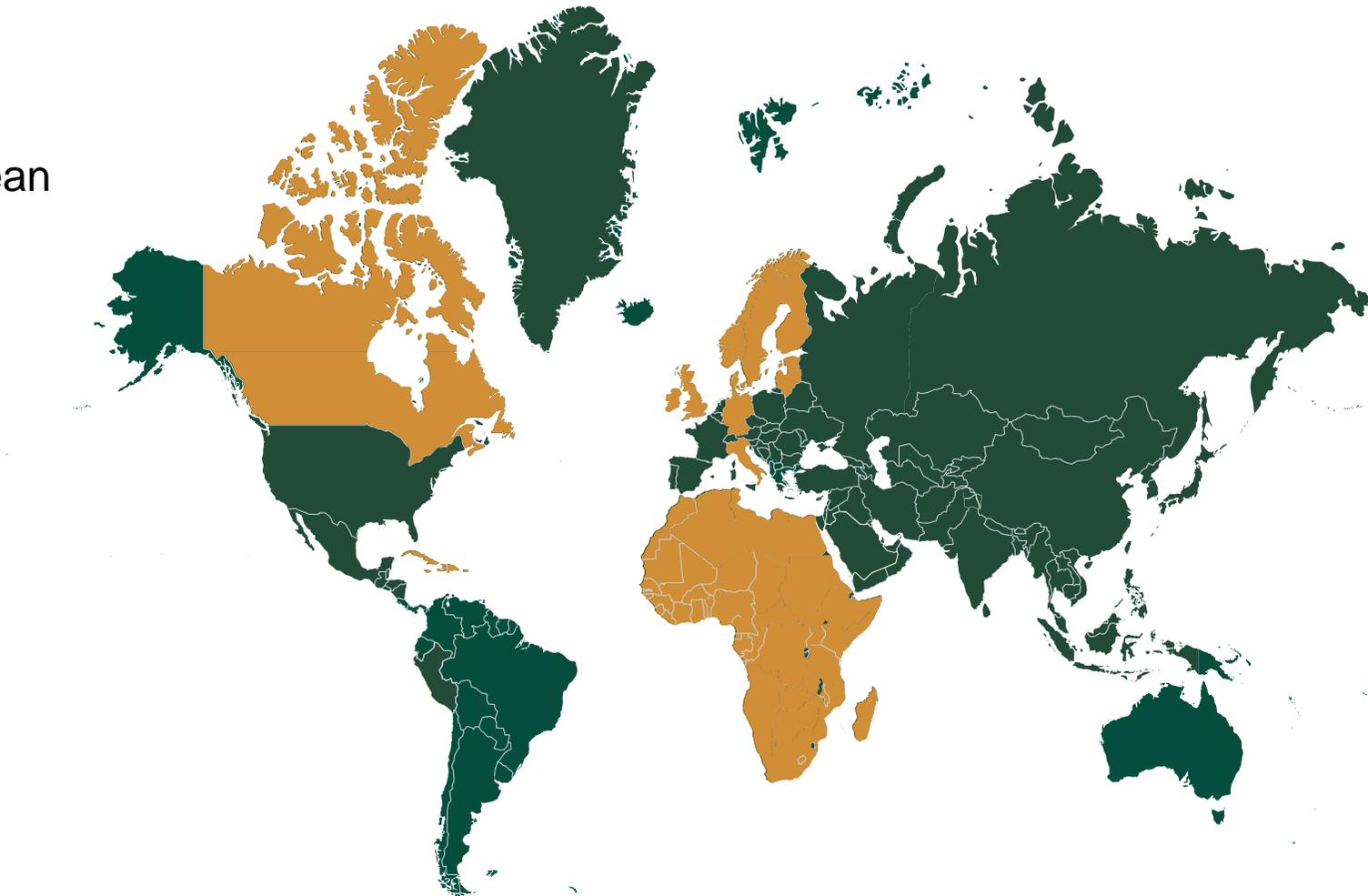


# Production Units, overview



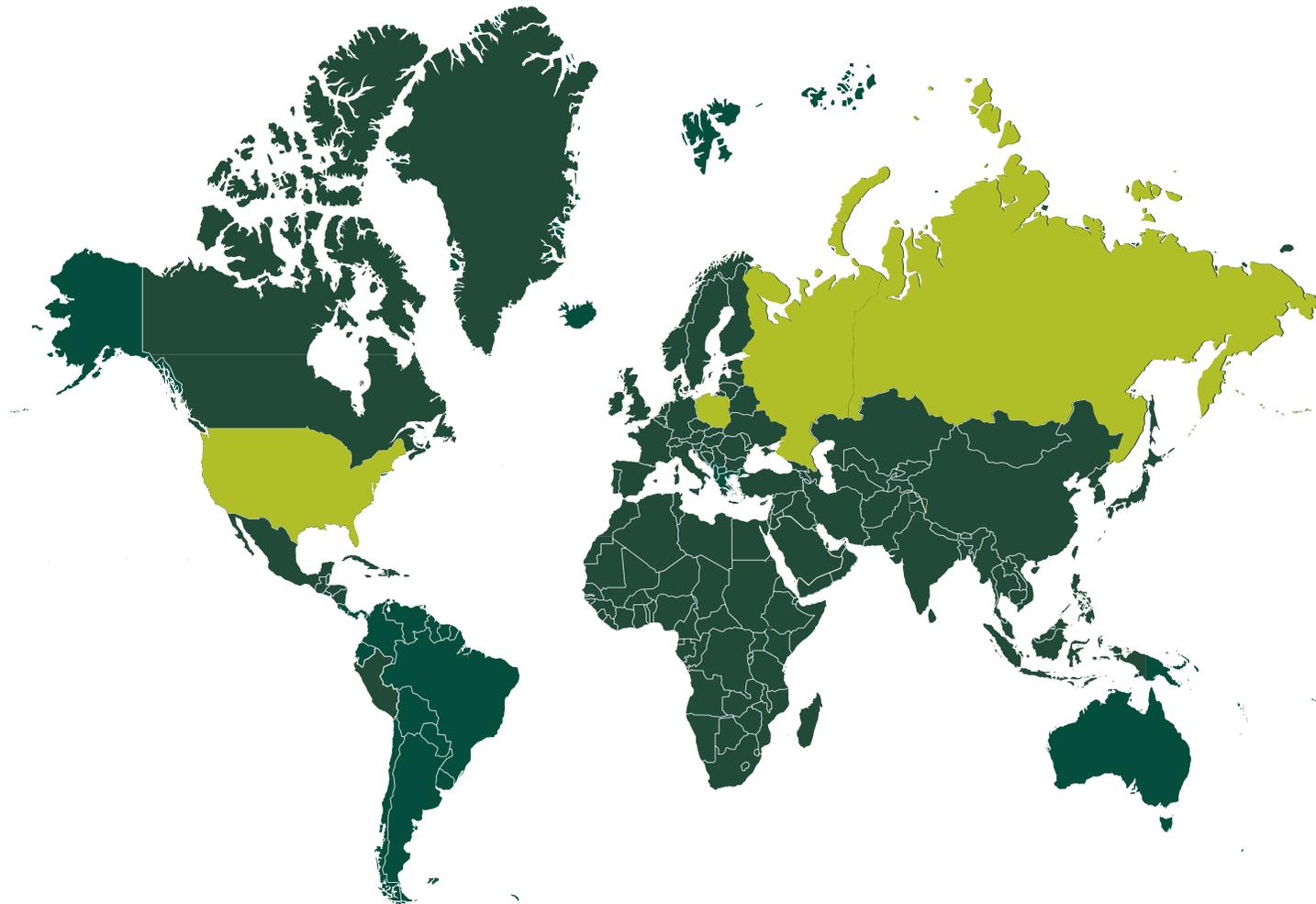
# Our most important markets - Premiere League

- The Nordic countries
- The Baltic countries
- Germany
- Italy
- The Caribbean
- Africa
- UK
- Canada



# Our most important markets - First Division

- Poland
- The USA
- Russia



# Our Core Business



- Beer



- Soft Drinks - Denmark and The Baltic Countries



- Malt Drinks - The Caribbean, Africa and England

# Our strategic brands world wide



- Royal beer in Denmark



- Kalnapilis beer in Lithuania



- CIDO fruit juice and still water in the Baltic countries



- Ceres strong beer in Italy



- Vitamalt (malt drink) in Africa, the Caribbean and Europe



- Faxe beer International

# Highlights – Q1-Q3 2005 (EUR = DKK 7.45)

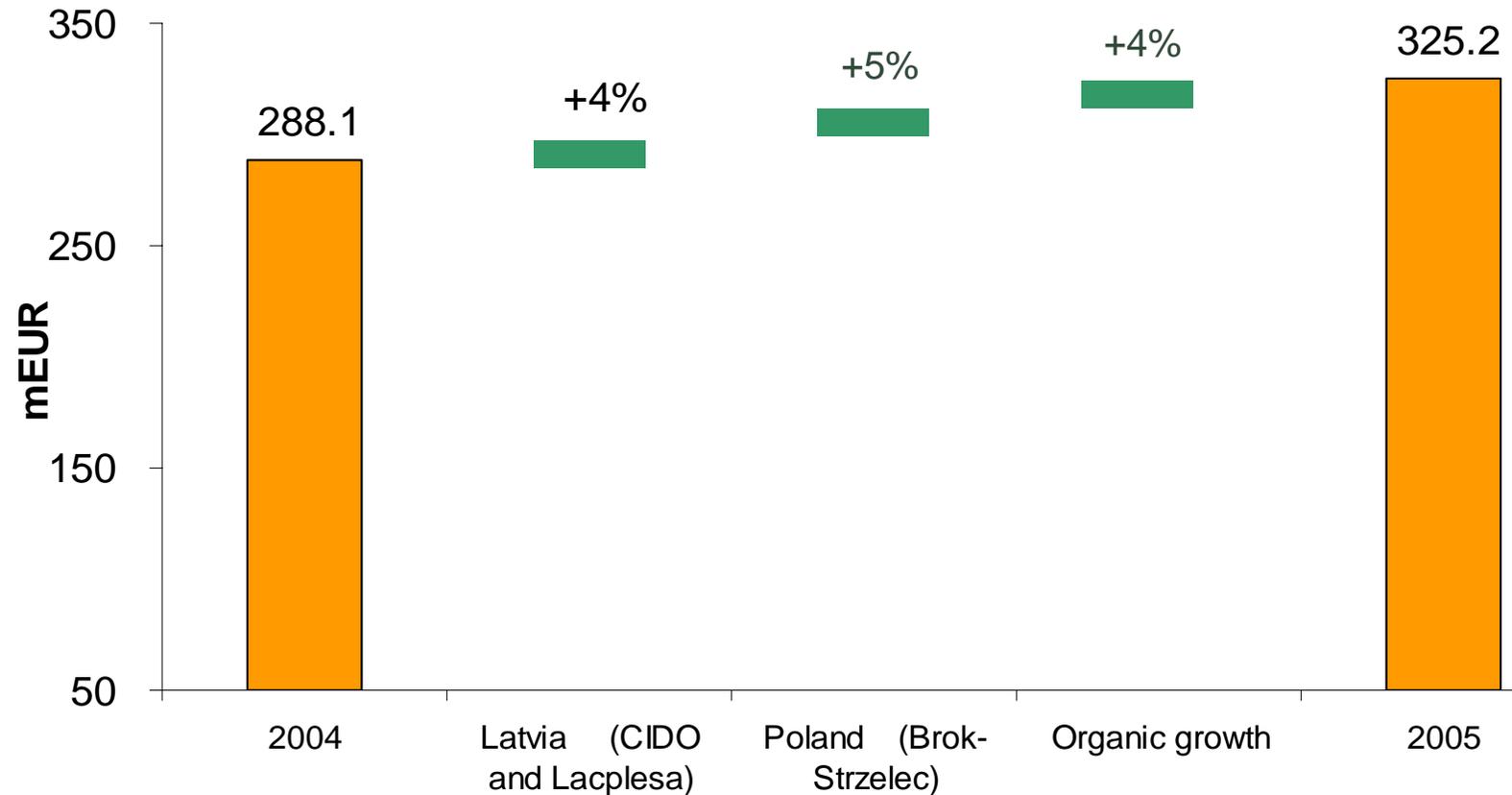
- Volumes increased by 24% to 4.4 million HL
- Net revenue up by 13% to EUR 325.2 million
- Profit before tax amounting to EUR 25.4 million (+2% over 2004; both are based on IFRS accounting principles)
- Profit after tax (consolidated profit) amounting to EUR 19.9 million (+12% over 2004)
- Free cash flow amounting to EUR 16.8 million compared to EUR 13.5 million in 2004
- Profit before tax for the full year is still expected to be within the previously indicated range from EUR 39 to EUR 46 million, albeit at the lower end of the range
- Ratios (ROIC, EBIT margin and cash flow) will be at the level of the targets established in MACH II
- Change of capital structure: net interest carrying debt increase to some 3 x EBITDA by the end of 2007
- Share buy back as of 15 November 2005 amounts to EUR 6.9 million (some EUR 13.4 by 20 January 2006)

# Results – Q1-Q3 2004-2005

EUR million	2005	2004	% change
Net revenue	325.2	288.1	+13
Operating profit	26.4	29.0	-9
EBIT	26.4	29.0	-9
Net financials	-1.0	-3.8	+75
Profit before tax	25.4	25.2	+2
Consolidated profit	19.9	18.3	+12
ROIC (year-to-date)	6.9%	7.8%	-
Profit margin (year-to-date)	8.1%	10.1%	-
Free cash flow (year-to-date)	16.8	13.5	+25



# Components of Revenue Growth – Q1-Q3 2005



# Significant Events – 2005



- Launch of new Strategic Plan for profitable growth – MACH II

- Introduction of new company name



- Acquisition of the key assets and activities in the Polish brewery Browary Polskie Brok-Strzelec



- Acquisition of 48% of the shares in Perla-Browary in Poland

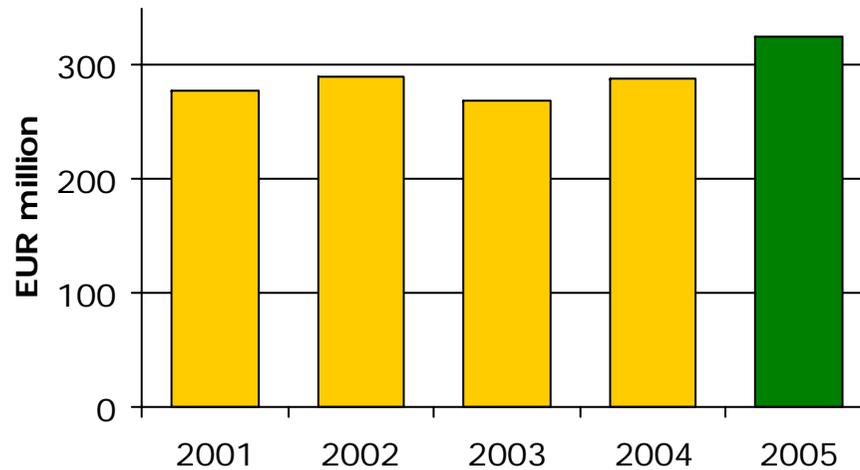
- ❑ Double-digit ROIC
- ❑ Double-digit profit margin
- ❑ A free cash flow (before acquisitions) of at least 7% of net revenue
- ❑ Financial Structure: Net debt = 3 x EBITDA



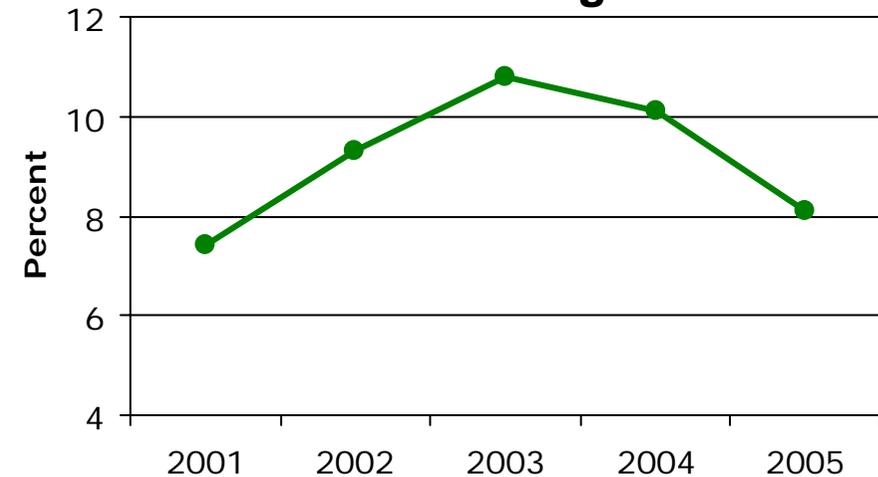
**MACH III**

# Financial Development – Q1-Q3

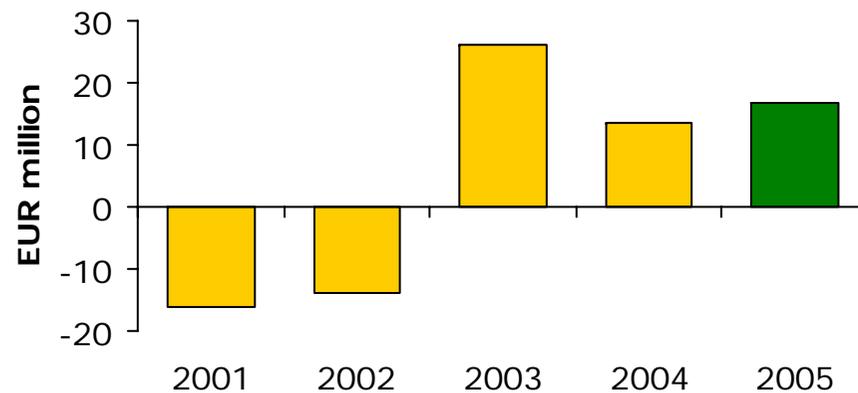
## Net revenue



## Profit margin



## Free cash flow



2001-2003: Accounting Policy 2004

2004-2005: IFRS Accounting Policy

- Change of capital structure: net debt increase to some 3 x EBITDA by the end of 2007
- Shares equivalent to approx. EUR 13.4 million are expected to be bought up by 20 January 2006
- Dividend policy: Pay-out ratio of 25-40% of net result



- Well-tuned business with efficient production facilities and administration geared for growth



Value Creation through  
profitable international growth

- Profitable revenue growth from some EUR 400 million today to at least EUR 600 million in 2007
- Financial targets remain unchanged over the next 3 years:
  - ROIC:  $\geq 10\%$
  - Profit margin:  $\geq 10\%$
  - Free cash flow (before acquisitions):  $\geq 7\%$  (of net revenue)
  - Financial Structure: Net debt = 3xEBITDA



**MACH II**

- 1. Ensuring profitable revenue growth from some EUR 400 million (2004) to at least EUR 600 million (2007) while still achieving a double-digit ROIC and profit margin as well as free cash flow of at least 7 per cent of net revenue.**
- 2. Further development of the Baltic countries through optimisation, integration and streamlining in order for the Baltic countries to show double-digit ROIC and profit margin by 2007 at the latest.**
- 3. Developing the core competencies of Royal Unibrew to operating strong regional/national brands.**
- 4. Intensified product innovation - focus on developing strong brands through increased investment in marketing and product development.**
- 5. Business excellence to ensure continued savings and rationalisation gains with a total full year effect of EUR 2.7 million already in 2006.**
- 6. Establishment of new international corporate identity.**

# Strategic Plan – Status Q1-Q3 2005

- Revenue up by 13% in the period partly due to organic growth and partly as a result of the acquisitions made (Lacplesa Alus, and Brok-Strzelec).
- Activities in the Baltic countries developed as planned and profit continues to increase.
- Through development of the organisation core competencies were strengthened and operating synergies achieved.
- Investments in the Group's primary brands continued with satisfactory results.
- The Business Excellence initiatives launched yielded the expected savings in Q1-Q3.
- The work of developing a new corporate identity peaked with the change of name at 4 May 2005 and the project continues within the Group and externally.



# Expectations for 2005

- For the full year 2005, including the acquisition of the Brok-Strzelec activities, a net revenue increase of some 12% is expected.
- The integration of Lacplesa Alus A/S in Latvia and Brok-Strzelec (Royal Unibrew Polska) as well as the restructuring of distribution in the relevant market segments will mean that these activities will affect earnings in 2005 negatively.
- Net financial expenses will in Q4 as in Q3 be higher than in H1 due to the acquisition of the Brok-Strzelec activities.
- The profit before tax for the full year is still expected to be in the previously indicated range from EUR 39 to EUR 46 million, albeit at the lower end of the range.
- Due to the reduction of the corporate tax rate in Denmark from 30% to 28%, the tax rate of the Group is expected to be some 27% for 2005 (excl. the reduction of deferred tax liabilities by EUR 1.5 million).



The statements about the future made in the Q3 report for 2005 reflect Management's expectations in respect of future events and financial results, as well as of economic trends in key markets and developments in international money, foreign exchange and interest rate markets. Statements about the future will inherently involve uncertainty and may be affected by – in addition to global economic conditions - market-driven price reductions, market acceptance of new products, packaging and container types, unforeseen termination of working relationships and changes to regulatory aspects (taxes, environment, packaging). The actual results may therefore deviate from the expectations stated.

Royal Unibrew is a party to a limited number of legal actions. These legal actions are not expected to have any material impact on the financial position of Royal Unibrew.



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### Executive Board:

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CEO

Ulrik Sørensen

CFO

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International Director Eastern and Central Europe

Povl Friis

Technical Director

Leif Rasmussen

Sales and Marketing Director



**Thank you for your attention**

See also [www.royalunibrew.com](http://www.royalunibrew.com)