

Q1 2021 Trading Statement

Q1 2021 strong start in Off-Trade

All figures in this Trading Statement refer to restated figures as a consequence of an IFRS 15 reassessment unless otherwise stated (see below and Appendix 1 for further explanation).

Royal Unibrew delivered a strong commercial and financial start to the year with record high volumes, net revenue and EBIT. The performance is driven by strong execution in the Off-Trade business, especially in Denmark and Italy. In Off-Trade, all key markets have outperformed last year, and generally, our market positions have been further strengthened in most markets in Q1. Volumes have increased significantly in the Danish Off-Trade channel driven by our non-alcoholic beverages, where our low/no calorie soft drinks are growing significantly, and from increased domestic demand, as the border between Denmark and Germany has been closed. In Finland, our low/no alcohol portfolio is growing strongly, albeit still from a relatively low base. Continued strong momentum in International is driven by malt and beer in Africa as well as cider/RTD in Asia.

Uncertainty continues to be high regarding future COVID-19 impacts on our business. Societies are slowly reopening, but continue to experience temporarily setbacks. The speed at which the On-Trade business and Border Trade will return to more normal levels, lift of gathering restrictions and peoples' ability to travel, are all factors that will be important for our full-year performance. That said, we have strong momentum across our business, we have prepared for the reopening, and our organization is ready to capture every opportunity presented, no matter what reopening scenario will play out.

Financial highlights Q1-2021

Net revenue for Q1 2021 amounted to DKK 1,605 million compared to DKK 1,478 million for Q1 2020. Growth is supported by a positive Easter effect, as sell in to Easter was in Q1 2021 compared to sell in last year being in Q2. Net revenue and earnings of a beverage business for the first quarter of the year do not reflect a proportional share of net revenue and results for the year. The period represents the winter season when sales and earnings are usually at a lower level compared to other quarters of the year. Moreover, the first quarter in both 2020 and 2021 were significantly impacted by COVID-19.

Earnings before interest and tax (EBIT) for Q1 2021 was DKK 29 million higher than in 2020 and amounted to DKK 229 million (2020: DKK 200 million). The EBIT margin increased by 0.8 percentage point to 14.3%. The EBIT margin was negatively impacted by channel mix. EBIT in Q1 2020, was negatively impacted by bad debt provisions related to COVID-19. Loss on debtors are at relatively normal levels, however, we see a potential future risk as On-Trade customers continues to be affected by restrictions.

Outlook

The full-year EBIT outlook range is narrowed to DKK 1,525-1,625 million (previously: DKK 1,475-1,625 million).

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q1 2021	Q1 2020 ¹	FY 2020 ¹
Volume (thousand hl)	2,536	2,216	11,093
Net revenue	1,605	1,478	7,315
EBITDA	318	287	1,861
EBITDA margin (%)	19.8	19.4	25.4
EBIT	229	200	1,515
EBIT margin (%)	14.3	13.5	20.7
Profit before tax	223	188	1,505
Net profit for the period	177	145	1,198
Free cash flow	-102	-72	1,414
Net interest-bearing debt	2,448	2,832	2,193
NIBD/EBITDA (times) ²	1.3	1.6	1.2
Equity ratio (%)	39	37	40
Earnings per share (EPS)	3.7	3.0	24.1

¹ Figures are restated as described below (more restated figures in Appendix 1). ² Running 12 months basis

Net interest-bearing debt increased by DKK 255 million compared to year-end 2020. Calculated on a running 12 months basis, NIBD/EBITDA was 1.3x.

Restatement of revenue due to IFRS 15 and technical increase in medium-term EBIT margin target

We have reassessed the IFRS 15 accounting policy concerning customer contracts and on that background we have changed our handling of some customer contract-related costs. This means that some sales costs are reclassified to rebates, and as a consequence revenue and sales costs are reduced by the same amount, whereas EBIT is unchanged. In appendix 1, we restate the affected quarterly numbers for 2020, as well as the annual numbers from 2017-2020 are presented. In Q1 2021, the adjustment is DKK 47 million (Q1 2020: DKK 46 million). On a full year basis the effect on EBIT margin in 2020 is 0.7 percentage points and as a result of this change in the interpretation of IFRS 15, we increase our medium-term EBIT margin target from 19-20% to 20-21%.

The IFRS 15 reassessment had a positive effect on the EBIT margin of around 0.4 percentage points in Q1 2021

Management's Review

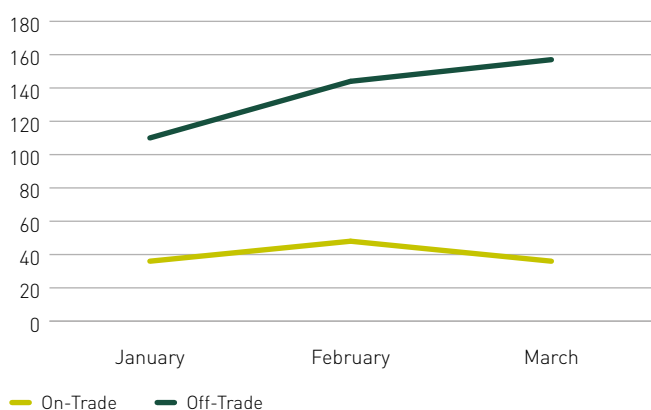
Business Development – restrictions expected to continue into Q2

The organization has exploited the opportunities that the markets have offered, and we have continued to win market shares across most markets and categories. Our On-Trade and Border businesses have been negatively affected by the restrictions imposed as a result of the pandemic throughout the quarter. Under these difficult circumstances our teams' execution has been extraordinary. In particular, Off-Trade in Denmark and our Italian business have shown strong performance. Across the business, there has been a positive Easter effect, as sell-in to Easter was in March this year compared to April last year. Performance in the Baltic Sea segment has been more moderate, but is up against stronger comparable numbers, as Q1 2020 was almost without restrictions in Finland, whereas the On-Trade in January and February was impacted by restrictions this year and March by a significant lockdown.

As illustrated in the chart, the strong momentum in the Off-Trade business continued into Q1 2021, whereas the On-Trade business remained at a low level in Q1 as societies were only slowly reopening. Compared to March 2019, the On-Trade business was down by more than 60% in March 2021.

ON/OFF-TRADE 2021 INDEX VS 2019 (VOLUMES)

[2019=100]



Outlook rest of year

The full-year EBIT outlook range is narrowed to DKK 1,525-1,625 million (previously: DKK 1,475-1,625 million) as Q1 risk is now behind us. The underlying assumptions have changed slightly:

- Stronger start to the year in Off-Trade and good underlying momentum
- Later and weaker reopening of On-Trade
- Negative impact from higher commodity prices and freight

Off-Trade performance has been stronger than expected in the first quarter of the year, but that development has been mitigated by a lockdown in Finland, which has been prolonged into Q2. Italy also continues to be impacted by restrictions, whereas Denmark started a slow reopening of the On-Trade from late April.

We continue to expect a slow reopening of the On-Trade business during Q2 2021, but uncertainty remains elevated. This combined with the uncertainty related to peoples' ability to travel this summer means that we do expect a positive contribution from staycation.

Raw material prices have increased significantly during the first quarter of the year. Despite having hedged a relatively large share of our aluminum and malt usage, full-year EBIT will be negatively affected by approx. DKK 50 million (included in guidance) assuming that current spot prices are unchanged for the rest of the year. The exposure is highest for PET, aluminum, freight rates and grains. The negative effect in Q1 2021 has been limited.

Share buy-back program and dividend payment

At the end of Q1 2021, we had purchased 90,370 shares at a value of DKK 60 million under our DKK 250 million share buyback program. The share buyback program is running until the end of June 2021, and we will during the summer decide whether an additional share buyback program will be initiated, depending on the state of COVID-19 and our financial flexibility.

Later today, it will be proposed to the Annual General Meeting that we pay a dividend of DKK 666 million for 2020, corresponding to DKK 13,50 per share, which is an increase of more than 10% compared to last year.

DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 31 MARCH BROKEN DOWN IN MARKET SEGMENTS

	Western Europe		Baltic Sea		International		Unallocated		Group 2021	Group 2020 ¹
	Q1-2021	Q1-2020 ¹	Q1-2021	Q1-2020 ¹	Q1-2021	Q1-2020 ¹	Q1-2021	Q1-2020 ¹		
Volumes (thousand hl)	1,053	924	1,157	1,052	326	240			2,536	2,216
Growth (%)	14%		10%		36%				14%	
Net revenue (mDKK)	747	663	626	628	232	187			1,605	1,478
Growth (%)	13%		0%		24%				9%	
EBIT	113	69	75	93	48	39	-7	-1	229	200
Growth (%)	63%		-19%		23%				14%	

¹ Figures are restated as described on page 1 (more restated figures in Appendix 1)

Western Europe

The Western Europe segment comprises the markets in Denmark, Germany, Italy and France.

Compared to first quarter of 2020, total volume increased by 14% whereas net revenue increased by 13% and EBIT increased by 63%. Last year, we made a bad debt provision, which is not the case this year. The strong volume growth is achieved despite tight restrictions on the On-Trade in all markets as well as restrictions on the border between Denmark and Germany. The strong performance in Denmark is driven by strong growth in CSD and energy drinks – energy drinks being one of the categories we have singled out for an increased investment focus, as we see solid future growth potential in this category. The growth in CSD is positively impacted by the closed Border Trade, as we do not sell PepsiCo products at the border, but even more by strong execution in the Off-Trade where our organization is grabbing all opportunities to drive sales. Our Faxe Kondi with zero calories continues to gain significant market share in 2021 where the Faxe Kondi brand celebrates its 50 years anniversary.

In Italy, our beer sales outgrows the market, as restrictions have benefitted premium brands. The Italian consumer seems to go for “less, but better” at this point in the pandemic. Late in the quarter, we launched an energy drink in Italy, LemonSoda Energy Activator, which comes in three fruit-based flavors.

Baltic Sea

The Baltic Sea segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia) as well as a license business in Russia.

Total volumes increased by 10%, while revenue was flat compared to Q1 2020. EBIT declined by 19% as the region was impacted by a spike in COVID-19 cases resulting in closedown of the On-Trade in Finland. The extraordinary beer campaign in Finland drives significant volume growth, but lower price/hl. Our craft beer brand Lahden Erikois grew by double-digit percentages in Q1 2021 thereby supporting the price/mix development in the region. The new alcohol free Original Longdrink version helped to drive earnings growth and profitability in the quarter, and also further improved the brand's market leading position. The energy drink market in Finland continues to grow significantly, which benefits our brands and translates into double-digit growth for the category.

The Baltic countries realized a solid performance in Q1 2021 despite a fully closed On-Trade in the region, as very strong Easter beer sales and planned commercial and fixed cost savings more than outweighed this.

International

The International segment comprises the export and license business to international markets outside Denmark (incl. Germany), Finland, Italy (incl. the Balkan countries), France and the Baltic countries.

Total volumes increased by 36%, net revenue by 24% and EBIT by 23% compared to last year. This is indeed a very strong performance as Q1 2020 was positively impacted by a strong push to ensure sufficient products in the markets because the COVID-19 outbreak created a risk that supply chains could be interrupted. It was primarily volume increases in Africa and Asia with strong growth in brands like Faxe, Tempt, Power Malt and Crodo that impacted development positively.

Performance in International is even more impressive as EBIT this year was negatively impacted by around DKK 5 million due to the development in the US Dollar.

Virtual Capital Markets Update – 10 May 2021 at 14:00-17:00 pm CEST

We are happy to invite analysts and investors to a Virtual Capital Markets Update on Monday 10 May 2021 at 14:00-17:00 pm CEST. We will give a more detailed view on our key markets, key categories and our strategy, presented by the Executive Management team, and selected leaders. To sign up for the Virtual Capital Markes Update, send an email to stine.felten@royalunibrew.com and you will receive a link and other relevant information prior to the event.

For further information on this Announcement:

Investor Relations, Jonas Guldborg Hansen, tel. +45 20 10 12 45
Media Relations, Louise Kapel, tel. +45 22 20 80 17

Financial Calendar for 2021

23 August 2021 Interim Report for the period 1 January - 30 June 2021
17 November 2021 Trading statement for the period 1 January - 30 September 2021

Forward-looking statements

This Trading Statement contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward-looking statements. Royal Unibrew assumes no obligation to update or adjust any such forward-looking statements (except for as required under the disclosure requirements for listed companies) to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

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, changes in 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, pandemic, environmental issues and other unforeseen factors.

New risk factors may 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.

Appendix 1

Income Statement

mDKK	Q1 2021	Q1 2020 ¹	FY 2020 ¹
Net revenue	1,605	1,478	7,315
Production costs	-857	-741	-3,613
Gross profit	748	737	3,702
Sales and distribution expenses	-429	-458	-1,843
Administrative expenses	-90	-79	-344
EBIT	229	200	1,515
Income after tax from investments in associates	1	-2	33
Financial income	3	0	3
Financial expenses	-10	-10	-46
Profit before tax	223	188	1,505
Tax on the profit for the period	-46	-43	-307
Net profit for the period	177	145	1,198
Profit for the period is attributable to:			
Equity holders of Royal Unibrew A/S	178	146,	1,183
Non-controlling interests	-1	-1	15
Net profit for the period	177	145	1,198

¹ Figures are restated as described on page 2 (more restated figures in Appendix 1)

Assets

mDKK	31/3 2021	31/3 2020	31/12 2020
NON-CURRENT ASSETS			
Goodwill	2,283	2,291	2,283
Trademarks	1,933	1,940	1,934
Distribution rights	141	157	145
Customer relations	44	60	46
<i>Intangible assets</i>	<i>4,401</i>	<i>4,448</i>	<i>4,408</i>
Property, plant and equipment	2,479	2,491	2,455
Investments in associates	127	110	131
Other fixed asset investments	24	21	21
Non-current assets	7,031	7,070	7,015
CURRENT ASSETS			
Inventories	586	560	517
Receivables	863	739	639
Corporation tax	16		
Prepayments	65	67	54
Cash and cash equivalents	57	82	81
Current assets	1,587	1,448	1,291
Assets	8,618	8,518	8,306

Liabilities and Equity

mDKK	31/3 2021	31/3 2020	31/12 2020
EQUITY			
Share capital	99	100	99
Other reserves	727	716	716
Retained earnings	1,804	1,746	1,827
Proposed dividend	666	611	666
Equity contributable to equity holders of Royal Unibrew A/S	3,296	3,173	3,308
Non-controlling interests	24	8	24
Equity	3,320	3,181	3,332
Deferred tax	557	548	554
Mortgage debt	831	850	831
Credit institutions	1,310	1,660	1,293
Other payables	41	43	52
Non-current liabilities	2,739	3,101	2,730
Mortgage debt	145	4	19
Credit institutions	219	400	131
Trade payables	1,026	1,005	1,047
Provisions	10	16	10
Corporation tax	0	1	9
Other payables	1,159	810	1,028
Current liabilities	2,559	2,236	2,244
Liabilities	5,298	5,337	4,974
Liabilities and equity	8,618	8,518	8,306

Cash Flow Statement

mDKK	Q1 2021	Q1 2020	FY 2020
Net profit for the period	177	145	1,198
Adjustments for non-cash operating items	142	144	670
Change in working capital	-257	-220	227
Net paid financial expenses and income	-8	-11	-44
Corporation tax paid	-69	-63	-313
Cash flows from operating activities	-15	-5	1,738
Dividends received from associates	11	0	21
Sale of property, plant and equipment	1	2	8
Purchase of property, plant and equipment	-81	-51	-280
Acquisition of subsidiary	-7	-7	-6
Purchase/sale of intangible assets and fixed asset investments	1	-1	-1
Cash flows from investing activities	-75	-57	-258
Proceeds from increased drawdown on credit facilities	100	296	149
Repayment on credit facilities	125	-160	-579
Repayment on leasing facilities	-18	-18	-73
Dividends paid to shareholders			-600
Acquisition of shares for treasury	-142	-45	-362
Proceeds from minority shareholders			
Cash flows from financing activities	65	73	-1,465
Change in cash and cash equivalents	-25	11	15
Cash and cash equivalents at 1 January	81	72	72
Exchange adjustment	1	-1	-6
Cash and cash equivalents at 31 March	57	82	81

Royal Unibrew defines the free cash flow as "net cash from operating activities", less "net cash used in investing activities" excluding acquisitions and net proceed from intangible assets and fixed assets investments, less "repayment on lease facilities".

mDKK	Q1 2021	Q1 2020	FY 2020
Free cash flow			
Net cash from operating activities	-15	-5	1,738
Net cash used in investing activities	-69	-49	-251
Repayment on lease facilities	-18	-18	-73
Free cash flow	-102	-72	1,414

We have reassessed the IFRS 15 accounting policy concerning customer contracts and on that background we have changed our handling of some customer contract-related costs. This means that some sales costs are reclassified to rebates, and as a consequence revenue and sales costs are reduced by the same amount, whereas EBIT is unchanged.

IFRS 15 adjustments

mDKK	FY 2017	FY 2018	FY 2019	FY 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Western Europe									
Previously reported revenue	2,829	3,378	3,691	3,548	689	958	1,132	769	775
Adjustment	-145	-157	-152	-146	-26	-41	-32	-47	-28
IFRS adjusted revenue	2,684	3,221	3,539	3,402	663	917	1,100	722	747
EBIT	563	645	722	687	69	198	300	120	113
Previously reported EBIT margin	19.9%	19.1%	19.6%	19.4%	10.0%	20.7%	26.5%	15.6%	14.6%
IFRS adjusted EBIT margin	21.0%	20.0%	20.4%	20.2%	10.4%	21.6%	27.3%	16.6%	15.1%
Baltic Sea									
Previously reported revenue	3,076	3,338	3,308	3,237	648	886	937	766	645
Adjustment	-97	-114	-103	-96	-19	-22	-26	-28	-19
IFRS adjusted revenue	2,979	3,224	3,205	3,141	629	864	911	738	626
EBIT	431	599	654	675	93	229	254	99	75
Previously reported EBIT margin	14.0%	17.9%	19.8%	20.9%	14.4%	25.8%	27.1%	12.9%	11.6%
IFRS adjusted EBIT margin	14.5%	18.6%	20.4%	21.5%	14.8%	26.5%	27.9%	13.4%	12.0%
International									
Previously reported revenue	479	582	694	772	187	198	189	198	232
Adjustment	-3	-4	-1	0	0	0	0	0	0
IFRS adjusted revenue	476	578	693	772	187	198	189	198	232
EBIT	106	127	132	171	39	43	50	39	48
Previously reported EBIT margin	22.1%	21.8%	19.0%	22.2%	20.9%	21.7%	26.5%	19.7%	20.7%
IFRS adjusted EBIT margin	22.3%	22.0%	19.0%	22.2%	20.9%	21.7%	26.5%	19.7%	20.7%
Royal Unibrew									
Previously reported revenue	6,384	7,298	7,693	7,557	1,524	2,042	2,258	1,733	1,652
Adjustment	-244	-276	-256	-242	-46	-63	-58	-75	-47
IFRS adjusted revenue	6,140	7,022	7,437	7,315	1,478	1,979	2,200	1,658	1,605
EBIT	1,069	1,339	1,469	1,515	200	463	600	252	229
Previously reported EBIT margin	16.7%	18.3%	19.1%	20.0%	13.1%	22.7%	26.6%	14.5%	13.9%
IFRS adjusted EBIT margin	17.4%	19.1%	19.8%	20.7%	13.5%	23.4%	27.3%	15.2%	14.3%