

COMPANY ANNOUNCEMENT NO 26/2020 – 16 JUNE 2020

**On 19 March 2020 Royal Unibrew suspended its guidance for 2020 due to unprecedented uncertainty following the outbreak of Covid-19. The suspension was re-confirmed on 28 April 2020. The restrictions imposed on our consumers and customers are gradually being lifted and the majority of our sales channels have re-opened. Consequently, transparency and confidence have increased to a level where we can provide an updated guidance for 2020.**

## **Outlook 2020 and key assumptions**

The financial guidance for 2020:

- EBIT is now expected to be in the range of DKK 1,250-1,375 million (previous guidance was an EBIT around the 2019 level (DKK 1,469 million) announced in the Company Announcement No 2 of 10 March 2020).

The guidance for 2020 is based on the full year assumptions as presented in the outlook for 2020 set out in the 2019 annual report; however, now supplemented with the following assumptions:

- No second wave of Covid-19, but a slow gradual re-opening throughout the remainder of 2020
- A gradual normalization of On-Trade over the remainder of 2020, but on a like for like basis and thus not reaching the same level as last year in any of the remaining months of 2020. Northern Europe is expected to open faster than central and south Europe
- Price/mix in Off-Trade to be broadly in line with last year as we assume on-the-go consumption to get close to the level of the pre-closure period during the second half of the year
- A substantially lower level of fixed costs as well as lower sales and marketing costs - assuming that we generally keep our share of marketing voice
- A normal summer – as in 2019 - where we expect more people to spend their vacation in their home country and thus expectedly support our sales

The uncertainty remains higher than normal and particularly the assumptions related to the On-Trade channel.

## **Current trading:**

Following the release of our Q1 trading statement trading has been as follows:

- In April, most of the sales to the On-Trade channel was closed in almost all markets. Furthermore, the convenience channel was significantly negatively impacted as consumers primarily stayed at home. In supermarkets volumes held up but consumers bought larger packs leading to a negative impact on price/mix.
- At the end of May, parts of On-Trade re-opened in our main markets, however, still with restrictions as to e.g. social distancing and opening hours. Part of the On-Trade outlets re-opened, while other outlets remained closed - e.g. nightlife and music festivals. Consequently, the On-Trade channel was not yet back to normal levels. Off-Trade improved during May and shopping behaviors started to trade more favorable.
- In June, we have experienced a solid start to the month with reasonable weather in our core markets and long weekends and bank holidays. We therefore expect June to improve compared to the May performance level.

**Mitigation plan:**

To manage the impact of the Covid-19 pandemic and to maximize flexibility, several initiatives have been initiated:

- Strict procedures to ensure the safety of our employees
- Optimizing our discretionary spending
- Strong focus on ensuring that our organization is adjusted to shifting demands
- Extra support to customers
- More frequent re-planning of production as product mix has been fairly unpredictable
- Focus on free cash flow generation and in particular working capital
- An evaluation of discretionary dividend payment will take place later in the year

As always, our very dedicated workforce has been very supportive and flexible in order to serve our consumers and customers.

It is our ambition to ensure that the actions we take enable us to make the right commercial decisions and at the same time secure our earnings capabilities during the remainder of a difficult year. Royal Unibrew remains a strong business with excellent cash-flow generation capabilities.

*For further information on this Announcement:*

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The Announcement has been prepared in Danish and English. In case of discrepancy, the English version shall prevail.