

The acquisition of Hansa Borg Bryggerier closed



COMPANY ANNOUNCEMENT NO 28/2022 – 25 MAY 2022

In continuation of company announcement, no 24/2022, which was published on 13 May 2022, we are happy to announce that the acquisition of the remaining 75% of Hansa Borg Bryggerier (HBH) is now finalized.

As previously announced, Royal Unibrew has agreed to acquire the remaining 75% of Hansa Borg Bryggerier, of which Royal Unibrew already had 25% ownership, resulting in a 100% ownership of the company. Hansa Borg Bryggerier is Norway's second largest brewery and beverage company with four breweries and one bottling plant throughout the country and products ranging from beers to ciders, soft drinks, waters and wines for the Norwegian market.

Together with Solera Beverage Group, which Royal Unibrew acquired in September 2021, the acquisition of the remaining 75% of Hansa Borg Bryggerier will create a strong multi-beverage market position for Royal Unibrew in Norway.

CEO of Royal Unibrew, Lars Jensen, says "I am very pleased to announce that we have now finalized the deal, and we look forward to welcoming our new colleagues to Royal Unibrew and start the long-awaited journey to create the leading multi-beverage provider in Norway. We will now start the integration, and together, we are going to grow the business and bring even more products and value to our customers, consumers and partners".

TRANSACTION DETAILS AND FINANCIAL IMPLICATIONS OF THE ACQUISITION

The final enterprise value for accounting purposes will be determined at closing of the deal as the value of the consideration will depend on Royal Unibrew's share price at the closing date. With the current share price (580) the Enterprise Value for 100% of the company is NOK 2,6bn (DKK 1,9bn).

The transaction will lead to a revaluation of the 25% ownership that Royal Unibrew has in Hansa Borg Bryggerierne at closing and will lead to an extraordinary tax-free profit in 2022 of around DKK 0.4 billion booked under financial income below EBIT.

Hansa Borg Bryggerier is expected to generate normalized full-year revenue in 2022 of around NOK 1.4 billion with a normalized EBITDA of around NOK 210 million, resulting in an acquisition multiple

(EV/EBITDA) of 12.4 times at closing. The ROIC for Royal Unibrew's Norwegian activities are expected to exceed WACC in 2 years from closing.

According to the agreement, 10% of the payment, corresponding to NOK 231 million (DKK 171 million), will be paid in cash, while the remaining 90% of the payment will be paid in Royal Unibrew shares. It has been agreed that the share payment will consist of 2,194,257 shares, which will be a mix of 794,257 treasury shares and 1,400,000 new shares (issued at the price fixed at signing of DKK 759 per share of a nominal value of DKK 2, cf. company announcement no. 01/2022). The capital increase has been approved by the Board of Directors pursuant to the authorization in section 2a7 of Royal Unibrew A/S' articles of association.

The capital increase corresponds to 2.87% of the share capital in Royal Unibrew A/S. After the capital increase, the share capital of Royal Unibrew A/S amounts to DKK 100,400,000 nominal value divided into 50,200,000 shares of nominally DKK 2 per share, and each share carries one vote, i.e., the total number of voting rights is 50,200,000.

The capital increase is completed without pre-emption rights for Royal Unibrew A/S' existing shareholders and will entitle the new shareholders with shareholders' rights from the time of registration. The increase of the share capital is expected to be registered with the Danish Business Authority shortly. The new shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen with 31 May 2022 as the first trading day.

The transaction and share issue ensure that Royal Unibrew's capital structure remains strong and with financial flexibility.

FINANCIAL OUTLOOK FOR 2022

We adjust our outlook for 2022 because of the full ownership of Hansa Borg Bryggerier. We now expect revenue in the range of DKK 10,700-11,700 million (previous: DKK 10,000-11,000 million) and EBIT in the range of DKK 1,700-1,850 million (previous: DKK 1,650-1,800 million).

The higher revenue outlook is the result of further price increases and an around seven months contribution from Hansa Borg Bryggerier. We expect Hansa Borg Bryggerier to contribute by around DKK 50 million on EBIT for the remaining seven months of the year, which includes integration and restructuring costs. The additional price increases, which will be implemented across the group during the coming months, comes without an expected earnings contribution, and as a result, we increase the EBIT outlook range by DKK 50 million.

For further information on this Announcement:

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