



Q3 2024

Trading statement

Strong earnings improvement and EBIT margin expansion

Key highlights in Q3 2024

- Organic volume growth 8% in Q3. Total volume growth of 35%
- Organic net revenue increased by 8% to DKK 4,083m in Q3. Total revenue growth of 22%
- Market shares were gained or maintained in most countries
- Organic EBIT growth 25%. EBIT from acquisitions DKK 41m in Q3. Total EBIT growth 33%
- EBIT margin increased to 16.5% in Q3 (Q3 2023: 15.2%)
- PepsiCo's beverage business in Belgium and Luxembourg was transferred to Royal Unibrew on October 1, 2024
- Agreement signed on October 17, 2024 to acquire Pernod Ricards portfolio of local Nordic brands within spirits, liqueurs and local wine in Finland
- Agreement to sell shareholdings in Perla Browary Lubelskie S.A and Ferell sp. Z.o.o. resulting in a tax-free gain of DKK 207m recognized as financial income in Q3
- Full year guidance narrowed
- Financial leverage of 2.1x

Lars Jensen, CEO comments: "I am very pleased with the performance delivered in the third quarter. It confirms the strong momentum we have seen over the past quarters and that we are on track to deliver on our full-year guidance. The profitability improvement was not only driven by strong performance in our beer businesses in 'International' and Italy, but also by continued improvements in efficiency.

I am especially proud of how the organization has stayed focused and managed to drive profitable growth across the entire Group. We will continue to drive efficiency improvements, and we have a pipeline of initiatives that will be implemented in the coming years. Also, we continue to strengthen our portfolio of high-quality brands through investments and innovation, which is reinforcing our market position, and it gives me confidence that we have built a strong foundation for future growth and value creation"

Key financial highlights

mDKK	Q3 2024	Q3 2023	Change	Q1-Q3 2024	Q1-Q3 2023	Change	FY 2023
Volume (million hL)	4.7	3.5	34%	13.2	10.1	31%	14.1
Organic volume growth (%)	8	-8		5	-5		-3
Net revenue	4,083	3,336	22%	11,462	9,483	21%	12,927
Organic net revenue growth (%)	8	-1		7	3		4
EBITDA	843	651	29%	2,040	1,627	25%	2,208
EBITDA margin (%)	20.6	19.5		17.8	17.2		17.1
EBIT	675	507	33%	1,541	1,218	27%	1,638
Organic EBIT growth (%)	25	2		19	1		7
EBIT margin (%)	16.5	15.2		13.4	12.8		12.7
Free cash flow	470	210	124%	1,032	755	37%	1,143
NIBD/EBITDA (times)*				2.1	3.1		2.9

* Measured on the past 12 months.

Management's review

Volume and revenue

The strong momentum seen in previous quarters continued into the third quarter with no extraordinary impact from weather conditions year-to-date. We achieved solid progress and market share gains in many markets.

Group volumes increased by 35% to 4.7m hL in Q3 2024 (Q3 2023: 3.5m hL), resulting in an organic volume growth of 8% in the quarter. 'International' grew organically by 40% in the quarter measured against relatively easy comparable numbers last year due to supply chain constraints. The supply chain issues have been solved, as acquired companies have increased the group's total capacity. Western Europe grew 8% organically as a result of market share gains in Italy in all categories, while Northern European volumes grew 5% organically.

In Q3 2024, net revenue grew 22% to DKK 4,083m (Q3 2023: DKK 3,336m) corresponding to an organic growth of 8%, as acquisitions' share of net revenue was DKK 469m in Q3. Net revenue in Northern Europe grew 4% organically and saw a negative price/mix in the quarter caused by an unfavorable country mix, as net revenue growth was double-digit in the Baltic countries while only slightly positive in Finland. In Western Europe, net revenue grew 13% organically due to solid momentum in all categories. In 'International', net revenue grew 40% organically in line with volumes.

Earnings and profitability

Gross profit increased by DKK 400m to DKK 1,861m in Q3 2024 (Q3 2023: DKK 1,461m) as a result of revenue growth, margin management, and efficiency improvements. The gross profit margin increased by 1.8 pct. points to 45.6% in Q3 2024.

In Q3 2024, sales and distribution expenses increased by DKK 169m compared to Q3 last year. However, as a percentage of net revenue, sales and distribution expenses declined 0.3 pct. points to 24.3%. Administrative expenses increased by DKK 63m compared to Q3 last year, equivalent to an increase of 0.8 pct. points to 4.8% measured as a percentage of net revenue. This increase is related to the acquisition of Vrumona in the Netherlands and higher IT costs due to ongoing integrations.

EBIT increased by DKK 168m to DKK 675m in Q3 2024, corresponding to a growth of 33%. As a result, the EBIT margin expanded 1.3 pct. points to 16.5%. Adjusting for the dilutive effect of acquisitions, the EBIT margin increased organically by 2.3 pct. points in Q3, as acquisitions contributed with DKK 41m to EBIT.

Net financial items in Q3 2024 were positive DKK 144m including income after tax from investments in associates, as a gain of DKK 207m from the sale of shareholdings in the Polish brewery companies Perla Browary Lubelskie S.A. and Ferell sp. z.o.o. was recognized in the quarter. Adjusting for the gain, the underlying net financial expenses were DKK 63m in Q3 2024 (Q3 2023: DKK 46m).

Tax expenses were DKK 144 million in Q3 2024, an increase of DKK 46 million compared to Q3 2023. This corresponds to a reported tax rate of 18%, as the sale of shareholdings in Poland was tax free. The underlying tax rate amounted to 24% in the quarter. Year to date, the underlying tax rate was 22%.

Earnings per share increased by 84% to DKK 13.4 in Q3 2024 (Q3 2023: DKK 7.3). The increase was positively impacted by the above-mentioned sale of shareholdings in Poland. Adjusting for this impact, earnings per share increased by 28% equal to an EPS of DKK 9.3.

Cash flow

Free cash flow in Q3 amounted to DKK 470m, which is an increase of DKK 260m compared to same period last year. The increase was driven by higher net profits in the quarter as well as proceeds from the sale of shareholdings in Poland. Net capex amounted to DKK 163m, which is an increase of DKK 21m compared to last year. Outflow from changes in net working capital amounted to DKK 269m which is DKK 75m higher than last year and relates to higher business activity than last year.

Structural changes in Q3

In the third quarter, an agreement was reached to sell the shareholdings in the Polish brewery companies Perla Browary Lubelskie S.A. and Ferell sp. Z.o.o. resulting in a tax-free gain of DKK 207m recognized as financial income. The shareholdings have not carried any value on the balance sheet of Royal Unibrew as fair value was estimated at DKK 0 due to governance issues.

Structural changes after the balance sheet date

On October 1, 2024, we took over the production, sale and distribution of PepsiCo's beverage portfolio in Belgium and Luxembourg as well as the field sales activities of PepsiCo's snack portfolio. We have established an organization of more than 60 people in Belgium to run the operations.

On October 17, 2024, we signed an agreement to acquire Pernod Ricards portfolio of local Nordic brands within spirits, liqueurs and local wine brands. The most well-known brand is Minttu a leading liqueur brand in Finland which is also exported to few countries nearby Finland. The transaction is expected to finalize during the first half of 2025.

Capital structure

As a result of positive free cash flow of DKK 470m in the quarter, net interest-bearing debt decreased to DKK 5,380m, resulting in a decrease in NIBD/EBITDA to 2.1x on a 12-month rolling basis on September 30, 2024 (December 31, 2023: 2.5x).

Full year outlook 2024 (narrowed)

mDKK	Outlook 2024 (November)	Outlook 2024 (August)	Outlook 2024 (April)	Outlook 2024 (February)	Actual 2023
Net revenue	At least DKK 15 bn	At least DKK 15bn	Around DKK 15bn	Around DKK 15bn	DKK 12,927 bn
Organic EBIT growth	15-19%	14-19%	9-19%	5-15%	7%

The expectation of net revenue of at least DKK 15bn is maintained. M&A contribution from Vrumona and San Giorgio is expected to be around DKK 1.5bn.

The outlook is based on unchanged market conditions from previous quarters and supported by an expected positive value management impact. The EBIT margin is expected to expand organically. The full-year organic EBIT growth guidance has been narrowed to 15-19% (previously: 14-19%). The acquisitions of Vrumona and San Giorgio are expected to contribute with around DKK 85m to EBIT (previously: DKK >80m), resulting in an expected reported EBIT of around DKK 1,965-2,025m (previously: DKK 1,950-2,025m).

The current year is progressing according to plan, and following several years with extraordinary external impacts on the business, 2024 is on track to become a normal year without de-stocking, extraordinary weather, etc.

Net financial expenses are now expected to be around DKK 90m (previously: DKK 300m) including the tax-free net financial income from the sale of shareholdings in Poland.

The underlying tax rate is still expected to be around 21% before the tax-free net financial income of DKK 207m from the sale of shareholdings in Poland.

Capex is expected to be DKK 850-950m in 2024 (previously: DKK 850-1,000m)..

Markets

Developments in activities for the period July 1 - September 30 broken down into market segments

	Northern Europe		Western Europe		International		Group	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023
Volumes (million hectoliters)	2.9	2.8	1.4	0.4	0.4	0.3	4.7	3.5
Organic volume growth (%)	5	-6	8	-11	40	-17	8	-8
Net revenue (mDKK)	2,737	2,633	922	400	423	303	4,083	3,336
Organic net revenue growth (%)	4	0	13	-1	40	-10	8	-1

Developments in activities for the period January 1 - September 30 broken down into market segments

	Northern Europe		Western Europe		International		Group	
	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023
Volumes (million hectoliters)	8.3	8.2	3.8	1.1	1.1	0.8	13.2	10.1
Organic volume growth (%)	2	0	7	-18	37	-23	5	-5
Net revenue (mDKK)	7,777	7,563	2,541	1,055	1,145	865	11,462	9,483
Organic net revenue growth (%)	3	8	16	-10	32	-13	7	3

Northern Europe

The Northern Europe segment includes our multi-beverage businesses in Finland, Norway, Sweden, the Baltic countries, Denmark and Germany.

In Northern Europe, volumes increased organically by 5% against easy comparable numbers, as poor weather conditions impacted the business negatively in Q3 last year. Year to date, organic volume growth was 3%.

Net revenue increased by DKK 104m to DKK 2,737m, corresponding to 4% organic net revenue growth.

The price/mix was adversely impacted by a negative country mix, as the Baltic countries grew significantly, while Finland posted low volume growth. Year to date, organic net revenue growth was 2%.

In Denmark, we are gaining value market shares driven by CSD and energy drinks, and at the same time, we are achieving efficiency improvements in the supply chain from our improved production footprint. In the Baltic countries, we are seeing strong performance in CSD driven by the no/low alcohol segment. In Norway, the beer market continues its weak development with mid-single-digit percentage decline, which is, however, offset by solid growth in cider/RTD. In Finland and Norway, consumers remain cautious, which is especially impacting the On-Trade channel.

Western Europe

Western Europe consists of our multi-niche businesses in the Netherlands, Italy and France.

Volumes increased by 1.0m hL to 1.4m hL in Q3 2024. Adjusted for the acquisitions of Vrumona and San Giorgio contributing with around 0.9m hL, the organic volume growth corresponded to 8%. Year to date, organic volume growth was 7%.

Net revenue increased to DKK 922m (Q3 2023: DKK 400m), which was primarily attributable DKK 469m revenue from acquired businesses. Organic net revenue growth was 13% in Q3. Year to date, the organic net revenue growth was 16%.

In Italy, growth in beer remains strong in all channels, as we continue to gain market shares. The CSD position has been strengthened during the quarter by the launch of a LemonSoda Twist, which is off to a good start. In France, we maintained our value market shares for both Lorina and Crazy Tiger in their categories but gained market share in the overall non-alcoholic market. The Sourcy Vitamin Water is gaining market share in the Netherlands.

International

The International segment comprises the export and licensing business in markets outside the Northern Europe and Western Europe segments.

The International segment continued its strong recovery and recorded 40% organic volume growth in Q3 2024, as momentum was strong in many markets and the Group supply chain has been able to support the demand. Year to date, International reported 37% organic volume growth.

Net revenue increased by DKK 120m to DKK 423m, corresponding to an organic growth of 40% in the quarter. The price/mix was positively impacted by an improved country mix. Year to date, organic net revenue growth reached 32%.

The beer business continues to show strong growth, while the malt beverage business performs well across geographies.

For further information on this announcement contact Investor.Relations@royalunibrew.com.

We invite investors and analysts to follow Royal Unibrew's presentation of the Trading Statement on Wednesday, November 13, 2024, at 09.00 am CET at the following

Telephone conference

Access details for participants: <https://register.vevent.com/register/BI644bc82f6a514c0596a8b9d84bdf6ad9>

Webcast player URL: <https://edge.media-server.com/mmc/p/jh7hoxto>

Financial calendar for 2025

February 25	Annual report 2024
April 29	Trading statement for January 1 - March 31, 2025
April 29	Annual General Meeting 2025
August 26	Interim report for January 1 - June 30, 2025
November 12	Trading statement for January 1 - September 30, 2025

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

Consolidated income statement

mDKK	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Net revenue	4,083	3,336	11,462	9,483	12,927
Production costs	-2,222	-1,875	-6,473	-5,427	-7,533
Gross profit	1,861	1,461	4,989	4,056	5,394
Sales and distribution expenses	-991	-822	-2,810	-2,376	-3,158
Administrative expenses	-195	-132	-638	-462	-628
Other income	0		0		30
EBIT	675	507	1,541	1,218	1,638
Income after tax from investments in associates	-1	7	-6	11	18
Financial income	216	14	228	38	10
Financial expenses	-71	-67	-241	-202	-260
Profit before tax	819	461	1,522	1,065	1,406
Tax on the profit for the period	-144	-98	-290	-215	-311
Net profit for the period	675	363	1,232	850	1,095
<i>Profit for the period is attributable to:</i>					
Equity holders of Royal Unibrew A/S	675	363	1,232	850	1,095
Non-controlling interests	0	0	0	0	0
Net profit for the period	675	363	1,232	850	1,095
Earnings per share (DKK)	13.4	7.3	24.5	17.1	21.9
Earnings per share (DKK), adjusted*	9.3	7.3	20.4	17.1	21.9
Diluted earnings per share (DKK)	13.4	7.3	24.5	17.1	21.9
Diluted earnings per share (DKK), adjusted*	9.3	7.3	20.4	17.1	21.9

* Earnings per share (EPS) are adjusted for gain on sales of the polish shareholdings (DKK 207 million).

Consolidated balance sheet**Assets**

mDKK	30/09 2024	30/09 2023	31/12 2023
NON-CURRENT ASSETS			
Intangible assets	9,476	9,418	9,469
Property, plant and equipment	4,653	4,339	4,662
Investments in associates	18	103	34
Other non-current investments	75	71	89
Non-current assets	14,222	13,931	14,254
CURRENT ASSETS			
Inventories	1,518	1,481	1,401
Receivables	2,136	1,858	1,901
Prepayments	151	162	165
	3,805	3,501	3,467
Cash and cash equivalents	73	87	57
Current assets	3,878	3,588	3,524
Assets	18,100	17,519	17,778

Liabilities and equity

mDKK	30/09 2024	30/09 2023	31/12 2023
EQUITY			
Share capital	100	100	100
Other reserves	1,400	1,552	1,519
Retained earnings	4,672	3,885	4,129
Proposed dividend	0	0	0
Equity contributable to equity holders of Royal Unibrew A/S	6,172	5,537	5,748
Non-controlling interests	0	0	0
Equity	6,172	5,537	5,748
LIABILITIES			
Non-current liabilities			
Deferred tax	1,273	1,197	1,281
Mortgage debt	993	1,008	998
Credit institutions	3,052	4,889	4,506
Other payables	1	12	1
Non-current liabilities	5,319	7,106	6,786
Current liabilities			
Mortgage debt	15	2	11
Credit institutions	1,393	644	968
Trade payables	2,455	2,162	2,425
Provisions	11	0	11
Corporation tax	109	79	44
Dividend payable	726	0	0
Other payables	1,900	1,989	1,785
Current liabilities	6,609	4,876	5,244
Liabilities	11,928	11,982	12,030
Liabilities and equity	18,100	17,519	17,778
Net interest-bearing debt	5,380	6,456	6,426

Consolidated cash flow statement

mDKK	Q3 2024	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	FY 2023
Net profit for the period	675	363	1,232	850	1,095
Adjustments for non-cash operating items:	195	288	847	789	1,127
Change in working capital	-269	-194	-167	-89	55
Received financial income	8		18		8
Paid financial expenses	-69	-53	-233	-160	-251
Financial expenses related to leasing	-3	-2	-8	-5	-7
Corporation tax paid	-53	-21	-223	-152	-250
Cash flows from operating activities	484	381	1,466	1,233	1,777
Dividend received from associates	0	0	11	11	13
Sale of property, plant and equipment	4	3	8	4	93
Purchase of property, plant and equipment	-167	-145	-519	-412	-602
Acquisition of enterprises and adjustments hereto	0	-2,092	27	-2,093	-2,419
Purchase/sale of intangible and fixed asset and other investments	5	3	14	8	-10
Sale of equity instruments and other entities	191	0	191		0
Cash flows from investing activities	33	-2,231	-268	-2,482	-2,925
Proceeds from borrowings	559	1,950	1,186	2,495	2,554
Repayment of borrowings	-996	-363	-2,232	-820	-947
Repayment on leasing facilities	-42	-29	-125	-81	-138
Dividend paid to shareholders	0	0	0	-720	-720
Sales of shares for treasury	0	249	0	249	249
Cash flows from financing activities	-479	1,807	-1,171	1,123	998
Change in cash and cash equivalents	38	-43	27	-126	-150
Cash and cash equivalents at beginning of period	43	124	57	214	214
Exchange adjustment	-8	6	-11	-1	-7
Cash and cash equivalents end of period	73	87	73	87	57
Free cash flow					
Net cash from operating activities	484	381	1,466	1,233	1,777
Net cash used in investing activities	28	-142	-309	-397	-496
Payment of lease liabilities	-42	-29	-125	-81	-138
Free cash flow	470	210	1,032	755	1,143