



17 January 2008

RU06 / 2008

Company Announcement

Should you request additional information, please do not hesitate to contact Poul Møller, CEO, at tel +45 5677 1500

Royal Unibrew sets new goals with **double up**

*The main objective with the new strategy plan **double up** is that, in 2010, Royal Unibrew will double earnings from operations (EBIT) to DKK 500 million. Organic growth will increase revenue to DKK 5 billion, to which should be added acquisitions.*

Royal Unibrew today presents its strategy plan **double up** for 2008-2010. The main objective of the plan is to improve the Group's profitability significantly and to double earnings from operations (EBIT) to DKK 500 million in 2010. The ambition is that revenue should be increased to DKK 5 billion through organic growth. Moreover, there will be contributions from possible acquisitions in the main markets in Northern Europe, Italy and in the international markets for malt beverages.

The means for the increase in profitability is a number of initiatives within Customer & Consumer Excellence, Operational Excellence and Acquisition & Integration Excellence.

Customer & Consumer Excellence

Royal Unibrew's goal for 2008-2010 is to achieve average, annual organic revenue growth (CAGR) of 6%. Growth is expected to exceed the underlying market growth.

In all main markets Royal Unibrew is planning extensive innovations with a large number of new products, new taste variants and new packaging within beer, soft drink, juice, mineral water and malt beverages. At the same time Royal Unibrew will allocate more means and resources for the development and marketing of own strategic brands to continue their growth. On the other hand, the Group will have a more opportunistic approach to products in low-price segments.

Royal Unibrew will continue to increase sales and marketing competences in the Group by systematically utilising the experiences within local and regional marketing and by giving the salesmen new tools. The Group is eg establishing a new Sales & Marketing College, where 140 executives will go through training which they are to propagate in the Group.

Operational Excellence

The production structure should constantly be improved. As announced on 7 January, it is the intention to close down production in Aarhus, and after the closing down of Maribo Bryggeri, all brewery and tapping in Denmark will be gathered in two large entities in Faxe and Odense. The concentration means

Royal Unibrew A/S, Head Office, Faxe Allé 1, DK-4640 Faxe, Denmark

Tel. +45 5677 1500, Fax: +45 5671 3152, e-mail: investorrelations@royalunibrew.com, CVR nr. 41 95 67 12

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

that Royal Unibrew will reduce capacity costs, will achieve higher flexibility and at the same time eliminate double investments.

A number of production processes need to be optimised, eg by rolling out LEAN, and moreover Royal Unibrew will insource production of PET packaging (non-returnable packaging) in Denmark. The Group will also through various initiatives further improve logistics, storing and delivery processes in Denmark, Poland and the Baltic States. Furthermore, Royal Unibrew will work on obtaining further advantages through strategic purchases for the entire Group and by covering critical raw materials (today 95% of the estimated demand for malt and hops and 100% of the demand for metals in 2008 have been covered). Finally, a number of systems and processes will be strengthened, and administrative savings will be introduced.

The effect of these Operational Excellence initiatives is expected to result in savings of DKK 90 million in 2010. To this should be added DKK 92 million, by which Royal Unibrew expects to increase earnings based on the initiatives announced on 14 November 2007. These included the closure of the breweries in Maribo and Lielvarde, the dismissal of approximately 300 employees, adjustments of sales prices in some markets as well as investments in technology and capacity in the Danish production.

Acquisition & Integration Excellence

Royal Unibrew still wants to strengthen the Group's activities in the main markets in Northern Europe, Italy and in the international markets for malt beverages. Focus will be on acquisitions of profitable enterprises which can be integrated naturally in the existing business. The acquired enterprises must within a maximum of three years show two-digit ROIC and EBIT margin.

The Group is also carrying through various initiatives to utilise previous experience to integrate acquired enterprises more quickly and more efficiently.

In Poland, the acquisitions in recent years provide a solid platform in several regions, and this platform will be utilised to double revenue to approximately DKK 500 million in 2010. The regional brands should be strengthened, distribution should be made deeper and broader, and new products will be introduced. As from 1 February 2008 all activities in Poland will be fully integrated in Royal Unibrew Polska, for which the goal is significant improvement of earnings until 2010.

Financial goals

The financial goals for the **double up** strategy are as follows:

- EBIT of DKK 500 million in 2010
- Two-digit ROIC and EBIT margin (exclusive "special items") in 2010
- Free cash flow of not less than 7% of net revenue in 2010
- DKK 5 billion revenue in 2010 through organic growth
- A capital structure where the net interest bearing debt (NIBD) in 2010 will amount to 3 times EBITDA

Status of the previous strategy plan MACH II

Royal Unibrew can provide the following status on the six main action areas of the previous strategy plan MACH II, covering the period 2005-2007.

1) The ambition was - through acquisitions and annual organic growth of 3% - to ensure profitable growth so that in 2007 revenue would be DKK 4.5 billion. Organic growth was higher than expected and amounted to approx. 6% (CAGR) in the period and 7% in both 2006 and 2007, so that Royal Unibrew has grown more than the markets. On the other hand, the acquisition rate was lower than planned. Royal

Unibrew made ten acquisitions, primarily in the Baltic States, Poland and in the international malt markets, but Royal Unibrew has given higher priority to quality and the potential of the candidates than to achieving a certain top line. The lower acquisition rate means that in 2007 revenue was approx. DKK 3.9 billion and DKK 4.2 billion if the acquisitions in 2007 had been recognised in the financial statements for the entire year. Growth in the top line was 12% annually (CAGR) in the period.

The Group's profitability increased from 2005 to 2006, when Royal Unibrew achieved both two-digit EBIT margin (before "special items") and two-digit ROIC. But, as previously stated, earnings were charged by a number of circumstances in 2007, which meant that the goals were not achieved this year.

As mentioned in Company Announcement RU03/2008 of 7 January 2008, the Royal Unibrew Group expects profit before tax of around DKK 200-220 million (DKK 210-230 million before "special items"), which is expected to correspond to earnings before interest and tax (EBIT) of around DKK 235-255 million.

2) The activities in the Baltic States should be extended and optimised so that in 2007 at the latest the region would achieve two-digit ROIC and EBIT margin. Production and supply chain in Lithuania and Latvia have been modernised and streamlined, and sales and marketing have been improved. Consequently the market shares are increasing, and profitability has improved significantly. In 2007, EBIT in the region exceeded 10%, and ROIC was higher than 12%.

3) Royal Unibrew should develop the core competences to improve strong regional/national brands based on a firm belief that the consumers prefer beer with which they can identify. The competences are extended, eg Royal Unibrew has gathered its know-how and experience in the concept "13 golden rules", which are used across the borders.

4) Intensified product innovation and marketing should strengthen the strategic brands. Both the Royal Beer family in Denmark, Kalnapilis in Lithuania, Cido in Latvia and Lithuania as well as Ceres in Italy have won market shares in the period. At the same time the volume of the Vitamalt and Faxe International brands have increased.

5) A number of Business Excellence initiatives should give savings and rationalisation gains of DKK 20 million annually from 2006. The initiatives resulted in savings of DKK 20 million from 2006, and further initiatives to improve efficiency resulted in extra savings of approximately DKK 15 million in 2007.

6) The Group should develop a new international identity. This was achieved with the change of name to Royal Unibrew and the unrolling of eg a new logo and the new slogan "All your favourites".

Additional information:

A presentation of the **double up** strategy can be found at www.royalunibrew.com, where Royal Unibrew's Executive Board also presents the strategy in an English language webcast.

Please direct additional questions to:
Poul Møller, CEO, tel. +45 5677 1500

Yours sincerely

Royal Unibrew A/S