

COMPANY ANNOUNCEMENT NO 48/2016 – 24 AUGUST 2016

# Interim Report for 1 January - 30 June (H1) 2016

## Royal Unibrew increases net revenue and earnings as expected

Net revenue for H1 2016 showed an 8% increase, amounting to DKK 3,160 million compared to DKK 2,923 million in 2015. Net revenue was positively affected by better weather in Northern Europe than in 2015, the expanded cooperation with PepsiCo in Denmark and the Baltic countries as well as an extraordinary campaign activity in Finland. Royal Unibrew generally maintained its market shares. Earnings before interest and tax (EBIT) for H1 2016 amounted to DKK 468 million, which was DKK 43 million above the 2015 figure. EBIT margin was 14.8% for H1 2016 compared to 14.6% in 2015. Earnings in all segments were higher than in 2015 with a shift, especially in Western Europe and Baltic Sea, towards Q2 due to fine weather. Free cash flow for H1 2016 amounted to DKK 514 million and was DKK 115 million above the 2015 figure – including DKK 70 million relating to the sale of the brewery site in Aarhus. In H1 2016, dividend of DKK 592 million (2015: DKK 474 million) was distributed to shareholders, and net interest-bearing debt went up by DKK 77 million to DKK 1,261 million. NIBD/EBITDA calculated on a running 12-month basis was 1.0 as at the end of 2015. The previously announced earnings outlook for 2016 is clarified with figures now expected to be in the upper half of the ranges indicated.

“We are satisfied with the continued positive momentum in revenue and earnings in spite of challenging market conditions in several markets. This is driven by a strong commercial agenda and a high level of innovation. We are seeing consumers of today being more experimental and looking for greater variation, which has led to successful brand launches in Denmark within craft beer, such as Schiøtz and Lottrup last year and, most recently, Albani Mosaic IPA and Tivoli Beer this year. In order to further strengthen our innovative power and capability of experimenting on a small scale within craft beer for the benefit of our consumers and customers, we have decided to establish a microbrewery adjacent to the Albani brewery in Odense” says Henrik Brandt, CEO, adding “Based on the general development, we now expect earnings for 2016 to be in the upper half of the range previously indicated”.

### Selected financial highlights and key ratios

mDKK	H1 2016	H1 2015	Q2 2016	Q2 2015
Sales (thousand hectolitres)	4,876	4,349	2,795	2,450
Net revenue	3,160	2,923	1,810	1,633
EBITDA	620	574	408	370
<i>EBITDA margin (%)</i>	19.6	19.6	22.6	22.7
Earnings before interest and tax (EBIT)	468	425	329	294
<i>EBIT margin (%)</i>	14.8	14.6	18.2	18.0
Profit before tax	462	413	335	294
Net profit for the period	364	322	266	229
Free cash flow	514	399	509	521
Net interest-bearing debt	1,261	1,627		
NIBD/EBITDA (running 12 months)	1.0	1.3		
Equity ratio (%)	42	39		

## Outlook

The previously announced earnings outlook for the year is clarified within the ranges previously announced, while the guided range for net revenue is increased and narrowed as follows:

- Net revenue: DKK 6,275-6,450 million (previously: DKK 6,150-6,400 million)
- EBITDA: DKK 1,240-1,290 million (previously: DKK 1,190-1,290 million)
- EBIT: DKK 935-985 million (previously: DKK 885-985 million)

## For further information on this Announcement:

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It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Thursday, 25 August 2016, at 9.00 am by audiocast at one of the following dial-in numbers:

Denmark: +45 32 71 16 59

United States: +1 646 254 3366

International number: +44 20 3427 1908

The presentation may also be followed at Royal Unibrew's website [www.royalunibrew.com](http://www.royalunibrew.com).

## Financial Calendar

### 2016

23 November 2016 Interim Report for the period 1 January - 30 September 2016

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The Interim Report has been prepared in Danish and English.

In case of discrepancy the Danish version shall prevail.

### Forward-looking Statements

This Interim Report contains "forward-looking statements". Undue reliance should not be placed on forward-looking statements because they relate to and depend on circumstances that may or may not occur in the future and actual results may differ materially from those in forward-looking statements. Forward-looking statements include, without limitation, statements regarding our business, financial circumstances, strategy, results of operations, financing and other plans, objectives, assumptions, expectations, prospects, beliefs and other future events and prospects. We undertake no obligation, and do not intend to publicly update or revise any of these forward-looking statements, unless prescribed by law or by stock exchange regulations.

## Profile

Royal Unibrew is a leading regional beverage provider in a number of markets – primarily in Northern Europe, Italy and in the international malt beverage markets.

We produce, market, sell and distribute quality beverages with focus on branded products within beer, malt beverages and soft drinks as well as cider and long drinks.

Our main markets are Denmark, Finland, Italy and Germany as well as Latvia, Lithuania and Estonia. To these should be added the international malt beverage markets comprising a number of established markets in the Americas region and major cities in Europe and North America as well as emerging markets in for example Africa.

- In Denmark we are the number two provider of beer and soft drinks with a number of strong brands, as well as a provider of PepsiCo snack products.
- In Finland we are the number two provider of beer and soft drinks with a number of strong brands, as well as a provider of international spirits and wine brands.
- In the Baltic countries we are among the leading providers of beer and soft drinks holding considerable market positions.
- In Italy we are among the market leaders in the super premium segment for beer with Ceres Strong Ale.
- In the international malt beverage markets we are among the market leaders in the premium segment for dark malt beverages, whereas the beer segment is covered by the Faxe brand.

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## Financial Highlights and Key Ratios

	H1 2016	H1 2015	Q2 2016	Q2 2015	2015
Sales (thousand hectolitres)	4,876	4,349	2,795	2,450	9,100
<b>Income Statement (mDKK)</b>					
Net revenue	3,160	2,923	1,810	1,633	6,032
EBITDA	620	574	408	370	1,225
<i>EBITDA margin (%)</i>	19.6%	19.6%	22.6%	22.7%	20.3%
Earnings before interest and tax (EBIT)	468	425	329	294	917
<i>EBIT margin (%)</i>	14.8	14.6	18.2	18.0	15.2
Income after tax from investments in associates	15	12	14	11	31
Other financial income and expenses, net	-20	-25	-8	-11	-46
Profit before tax	462	413	335	294	902
Net profit for the period	364	322	266	229	711
<b>Balance Sheet (mDKK)</b>					
Non-current assets	5,256	5,552	5,256	5,552	5,505
Total assets	6,531	6,910	6,531	6,910	6,748
Equity	2,712	2,724	2,712	2,724	2,935
Net interest-bearing debt	1,261	1,627	1,261	1,627	1,184
Net working capital	-867	-721	-867	-721	-990
<b>Cash Flows (mDKK)</b>					
Operating activities	413	376	534	472	1,160
Investing activities	100	27	-24	54	-123
Free cash flow	514	399	509	521	1,032
<b>Share Ratios (DKK per share of DKK 2)</b>					
Earnings per share (EPS)	6.8	5.8	5.0	4.1	13.0
Cash flow per share	7.7	6.8	10.0	7.6	21.2
Dividend per share	0.0	0.0	0.0	0.0	7.2
Year-end price per share	298.0	228.8	298.0	228.8	280.1
<b>Financial Ratios (%)</b>					
Free cash flow as a percentage of net revenue	16	14	28	32	17
Cash conversion	141	124	192	227	145
Net interest-bearing debt/EBITDA (running 12 months)	1.0	1.3	1.1	1.7	1.0
Equity ratio	42	39	42	39	43

Ratios comprised by the "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society have been calculated according to the recommendations.

# Management's Review

## Business Development

As expected, Royal Unibrew saw a positive business development in H1 2016. The new cooperation with PepsiCo on production, sale and distribution of a number of soft drinks products in the Baltic countries and sale of PepsiCo snack products in Denmark developed as expected in H1 2016. Danish consumers' consumption behaviour remains high, whereas Finnish, Italian and Baltic consumers are still assessed to show more restraint.

Royal Unibrew's branded products generally maintained their market shares.

Both sales and revenue increased in H1 2016. Sales volumes increased by 12%, reflecting primarily an extraordinary campaign activity in Finland, but also an expected positive development in the Western Europe segment and the Malt Beverages and Exports segment. Net revenue for H1 2016 was 8% above that of H1 2015, 1 percentage point of this being related to snack products sales. Positive developments were seen in all segments. Exchange rate development only affected the Group's earnings to a limited extent as purchases were mainly

made in the Group's revenue currencies. Earnings before interest and tax (EBIT) amounted to DKK 468 million, which is DKK 43 million above EBIT for H1 2015. Net profit for the period amounted to DKK 364 million, which is DKK 42 million above the H1 2015 figure.

The earnings of a brewery business in H1 do not reflect a proportional share of results for the year. The period includes only one of the three peak summer season months and the winter season in Q1 when demand for beer and soft drinks, and thus sales and production volumes, is lower than in the other quarters of the year.

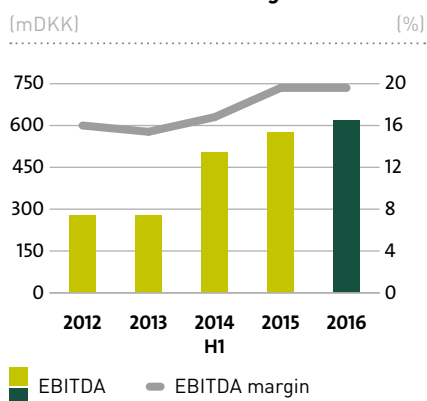
The weather in Northern Europe and Baltic Sea was significantly better in Q2 2016 than expected and than in 2015 when the weather was below normal, whereas, in Northern Europe, so far the weather in Q3 has been significantly poorer than normal and below expectations, but also poorer than in 2015. In Italy, the weather was near normal, whereas in 2015 it was above normal.

As expected (see Company Announcement No 32/2015 of 10 August 2015),

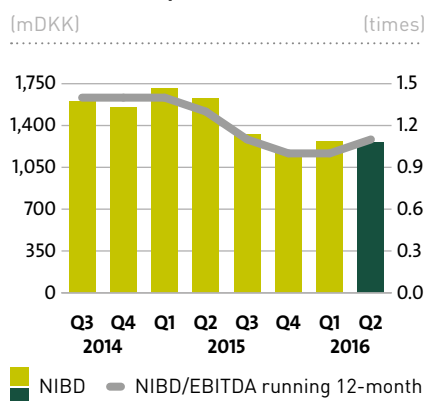
an additional part of the brewery site in Aarhus was transferred to the purchaser in early 2016, which has affected cash flows for H1 2016 positively by approx DKK 160 million. The last part of the brewery site is expected to be transferred in Q4 2016 with an expected net cash flow effect of approx DKK 35 million.

On 1 March 2016, we launched a share buy-back programme expected to cover the period to 1 March 2017 with a view to adjusting the capital structure of Royal Unibrew A/S. The maximum market value of the share buy-back programme will be DKK 450 million, and the programme will be carried out in accordance with the "Safe Harbour" method. Under this programme as well as the share buy-back programme launched in 2015, as expected, Royal Unibrew bought back 717,987 shares at a market value of DKK 206 million in H1 2016. At the Annual General Meeting of the Company in April 2016, a resolution was made to reduce the capital by DKK 2,785,000, and subsequently 1,392,500 shares were cancelled. At 30 June 2016, Royal Unibrew held 817,605 treasury shares, 300,000 of which are expected to be used for share-based payments

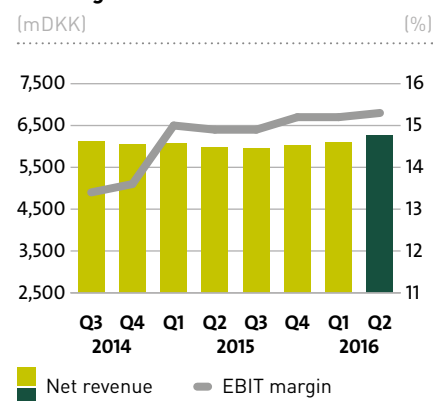
### EBITDA and EBITDA margin



### NIBD and NIBD/EBITDA



### Running 12-month



to the Executive Board, whereas the remaining shares are expected to be cancelled following the Annual General Meeting of the Company in April 2017.

### **Craft beer**

In order to support consumers' and customers' increasing interest in experimenting with new beer types and greater variation in product options, a number of new measures are launched to reinforce Royal Unibrew's position in the beer market. Royal Unibrew is a business with a long, authentic and unique history that is strongly rooted in not just national brands, but also local and regional brands with strong roots and local support. Examples of the latter are Albani, Thor and Ceres in Denmark, Aura in Finland, Vilkmarges

in Lithuania and Lielvades in Latvia. An improvement of this strong heritage as well as new initiatives within craft beer will continue to be a strategic main area for Royal Unibrew. In recent years, a number of new craft beer products have been launched in all markets. In Denmark, for example the Schiøtz craft beer line, the Lottrup craft beer line and, most recently, Albani Mosaic IPA; in Finland, for example Hartwall Classic 1834 and Polar Monkey; in Latvia Lielvades Belgian Dubbel; in Lithuania new Vilkmarges varieties; and in Italy, Nørd.

Most recently, Royal Unibrew has entered into an agreement with the internationally renowned and experienced craft beer brewer, Anders Kissmeyer.

The cooperation involves partly that Anders Kissmeyer will head the development of the Group's craft beer products, partly that Royal Unibrew will acquire the Kissmeyer craft beer brand.

In order to further accommodate consumers' and customers' need to experiment with different beer types and demand for greater variation in product options, Royal Unibrew will open a microbrewery adjacent to the Albani brewery in Odense for the benefit of the entire Group. This initiative along with other measures will strengthen Royal Unibrew's innovative power and capability of experimenting on a small scale within craft beer. We expect to open the microbrewery in the spring of 2017.

# Financial Review

## Income Statement

Sales for H1 2016 aggregated 4.9 million hectolitres of beer, malt beverages and soft drinks, which is a 12% increase on 2015.

Net revenue for H1 2016 showed an 8% increase, amounting to DKK 3,160 million compared to DKK 2,923 million in 2015. Average net selling price per volume unit was 4.7% lower, primarily due to the high campaign activity in Finland. Moreover, Q2 2016 was positively affected by better weather than in 2015, and net revenue went up by 11% in total. As expected, the expanded cooperation with PepsiCo in Denmark and the Baltic countries resulted in a net revenue increase of approx 2%.

Gross profit for H1 2016 was DKK 98 million above the 2015 figure and amounted to DKK 1,645 million. Gross margin was 0.9 percentage point below the 2015 margin and amounted to 52.0% compared to 52.9% in 2015. As expected, gross profit per volume unit was

lower than in 2015 and negatively affected by the campaign activity in Finland, whereas a changed market mix had a positive effect.

Sales and distribution expenses for H1 2016 were DKK 60 million above the 2015 figure and amounted to DKK 1,021 million compared to DKK 961 million in 2015. As planned, sales and marketing expenses for H1 2016 were higher due to growth initiatives and increased support of the existing business; moreover, the positive sales development naturally led to higher distribution expenses than in 2015.

Administrative expenses for H1 2016 were DKK 4 million below the 2015 figure and amounted to DKK 156 million compared to DKK 160 million in 2015.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for H1 2016 showed a DKK 46 million increase and amounted to DKK 620 million compared to DKK 574 million in 2015. The increase is attributable to both the high-

er net revenue and optimisation of cost per volume unit.

Earnings before interest and tax (EBIT) for H1 2016 amounted to DKK 468 million, which is DKK 43 million above EBIT for 2015, DKK 35 million of which related to Q2.

EBIT margin for H1 2016 was 14.8% compared to 14.6% in 2015. EBIT margin for Q2 was also 0.2 percentage point above the 2015 margin and amounted to 18.2%.

Net financials for H1 2016 showed a net expense of DKK 5 million, which is DKK 7 million below the 2015 figure. Interest expenses were DKK 4 million lower due to the lower interest-bearing debt and lower interest rates. Income after tax from investments in associates was DKK 3 million above the 2015 figure.

Profit before tax for H1 2016 was DKK 49 million above the 2015 figure and amounted to DKK 462 million compared to DKK 413 million in 2015.

## Developments in activities for the period 1 January - 30 June 2016 broken down on market segments

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group	
					2016	2015
Sales (thousand hectolitres)	1,858	2,666	352	-	4,876	4,349
Growth (%)	5.7	18.5	2.9		12.1	-0.9
Share of sales (%)	38	55	7	-		
Net revenue (mDKK)	1,434	1,480	246	-	3,160	2,923
Growth (%)	8.1	8.4	6.8		8.1	-2.3
Share of net revenue (%)	45	47	8	-		
EBIT (mDKK)	251	178	56	-17	468	425
EBIT margin (%)	17.5	12.1	22.7		14.8	14.6

Tax on the profit for H1 2016 was an expense of DKK 98 million. The tax has been calculated on the basis of the expected full-year tax rate excluding income after tax from investments in associates.

The net profit for H1 2016 amounted to DKK 364 million, which is DKK 42 million above the 2015 figure.

## Balance Sheet

Royal Unibrew's balance sheet at 30 June 2016 amounted to DKK 6,531 million, which is DKK 216 million below the 31 December 2015 figure. The balance sheet total was reduced by approx DKK 480 million due to the sale of an additional part of the brewery site in Aarhus and because cash was spent to repay long-term debt. On the other hand, inventories and receivables increased by approx DKK 380 million due to increased production and sales activities in the peak season. Moreover, the balance sheet total was reduced due to amortisation and depreciation of non-current assets exceeding investments for H1 2016 by approx DKK 90 million. Invested capital was reduced by DKK 620 million in the period from 1 July 2015 to 30 June 2016, which, combined with higher EBIT, increased ROIC excluding goodwill, calculated on a running 12-month basis, by 4 percentage points to 25%. ROIC including goodwill increased by 2 percentage points to 17%.

The equity ratio at 30 June 2016 represented 42% (30 June 2015: 39%) of the balance sheet total compared to 43% at the end of 2015. Equity at the end of June 2016 amounted to DKK 2,712 million compared to DKK 2,935 million at the end of 2015 and was increased in H1 2016 by the positive comprehensive income of DKK 361 million for the period and by the value of the share-based payments to the Executive Board and tax on these, whereas dividend distribution and share buy-backs reduced equity by DKK 592 million. The comprehensive income comprises the profit for the period of DKK 364 million, a positive development in the value of hedging instruments less tax of DKK 6 million and negative exchange rate adjustments of foreign group enterprises of DKK 9 million.

Net interest-bearing debt for H1 2016 showed a DKK 77 million increase and amounted to DKK 1,261 million at 30 June 2016 compared to DKK 1,184 million at the end of 2015. The development in net interest-bearing debt is as expected and is related to the free cash flow realised in H1 2016 less distribution to shareholders.

Funds tied up in working capital showed a negative DKK 867 million at the end of June 2016 (30 June 2015: a negative DKK 721 million) compared to a negative DKK 990 million at the end of 2015. Funds tied up in working capital thus increased by DKK 123 million (2015: DKK 93 million) in H1 2016. Funds tied

up in inventories, trade receivables and trade payables increased by DKK 207 million (2015: DKK 221 million) due to the higher activity towards the end of the period, whereas the other elements of working capital decreased by DKK 84 million (2015: DKK 128 million). All entities continue their strong focus on managing inventories, trade receivables and trade payables.

## Cash Flow Statement

Cash flows from operating activities for H1 2016 amounted to DKK 413 million (2015: DKK 376 million) comprising the profit for the period adjusted for non-cash operating items of DKK 625 million (2015: DKK 579 million), negative working capital cash flow of DKK 120 million (2015: DKK 102 million), net interest paid of DKK 17 million (2015: DKK 25 million) and taxes paid of DKK 75 million (2015: DKK 76 million). The development in working capital was as expected and at the 2015 level.

Free cash flow for H1 2016 amounted to DKK 514 million compared to DKK 399 million in 2015. The increase in free cash flow comprised DKK 39 million higher operating cash flows and dividend from associates, added DKK 11 million lower investments in property, plant and equipment and added DKK 65 million higher revenues from asset divestments, substantially relating to the brewery site in Aarhus.



## Outlook

Royal Unibrew clarifies its outlook for the earnings in 2016 within the ranges previously announced, while the guided range for net revenue is increased and narrowed (see Company Announcement No 9/2016 of 1 March 2016) as follows:

	<b>Outlook 2016</b>	<b>Previous outlook 2016</b>	<b>Actual 2015</b>
Net revenue (mDKK)	6,275-6,450	6,150-6,400	6,032
EBITDA (mDKK)	1,240-1,290	1,190-1,290	1,225
EBIT (mDKK)	935-985	885-985	917

The outlook for Royal Unibrew's financial development in 2016 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by the general economic activity, fiscal measures and the general uncertainty experienced by consumers in several of Royal Unibrew's main markets, which affects their consumption behaviour. Moreover, the outlook has been prepared assuming that the summer weather will be near normal and

taking into account the development in material expense categories as well as the effect of initiatives completed and initiated. For a detailed description of these matters, please see the Annual Report for 2015. The weather in May and June was better than expected, which is assessed to be partly offset by so far poorer weather in Q3 than expected.

The target of a medium-term EBIT margin of about 15% remains unchanged.

# Developments in individual market segments

## Western Europe

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	1,858	1,758	6	1,054	967	9	3,659
Net revenue, beverages (mDKK)	1,397	1,326	5	788	733	8	2,728
Net revenue (mDKK)	1,434	1,326	8	811	733	11	2,728
EBIT (mDKK)	251	233		162	150		493
EBIT margin (%)	17.5	17.5		20.0	20.4		18.1

The **Western Europe** segment comprises the markets in Denmark and Germany as well as Italy. Western Europe accounted for 38% of group sales for H1 2016 and for 45% of net revenue (2015: 40% and 45%, respectively).

Sales in Western Europe for H1 2016 showed a 6% increase, and Royal Uni-

brew maintained its market shares on branded beer and soft drinks. Net revenue from soft drinks increased by 5%. The increase in sales and net revenue was higher in Q2 due to the fine weather in Denmark towards the end of the quarter. Net selling prices per volume unit were, on a total basis, at the 2015 level.

Earnings before interest and tax (EBIT) for H1 increased by DKK 18 million from DKK 233 million in 2015 to DKK 251 million in 2016. EBIT margin remained unchanged at 17.5% and was positively affected by a favourable sales mix development, whereas higher sales and marketing expenses had a negative effect.

## Denmark and Germany

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales, (thousand hectolitres)	1,637	1,537	7	932	845	10	3,257
Net revenue, beverages (mDKK)	1,078	1,004	7	614	556	10	2,141
Net revenue, (mDKK)	1,115	1,004	11	637	556	15	2,141

For **Denmark and Germany** it is estimated that underlying Danish consumption of branded beer and soft drinks increased slightly in H1 2016, whereas total consumption declined slightly. Moreover, Q2 2016 consumption was positively affected by fine weather.

Royal Unibrew's sales and net revenue from beverages for H1 2016 showed a 7% increase. PepsiCo snack products sales developed as planned, adding 4

percentage points to reach a total net revenue increase of 11%. It is assessed that Royal Unibrew has increased its market shares on both branded beer and soft drinks, due to, among other factors, a number of commercial initiatives and product innovation.

In H1 2016, Royal Unibrew successfully launched several new products, including the new beer products Royal Organic Classic, Albani Mosaic IPA (India Pale

Ale) and Tivoli Beer; moreover, the Schiøtz and Lottrup craft beer brands were introduced as draft beer products in the On-Trade sales channel. In the soft drinks segment, Nikoline Red Grape as well as new Faxe Kondi Free and Faxe Kondi Booster varieties were launched. Danish consumers received the new products well. The "Tak Rock" (Thank You, Rock) concept is still supported by cooperation with the legendary Danish rock band Dizzy Mizz Lizzy.

## Italy

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	221	221	0	122	122	0	402
Net revenue (mDKK)	319	322	-1	174	177	-2	587

The market situation in **Italy** remains marked by consumer restraint, and consumption is estimated to be at the H1 2015 level.

Royal Unibrew's sales for H1 2016 were at the 2015 level, whereas net revenue decreased by 1% due to a changed channel and product mix. Stocks at distributors are estimated increased in

H1. It is assessed that Royal Unibrew has maintained its market shares in the premium and super premium segments in 2016.

The sales of Faxe 10%, which was launched in the On-Trade sales channel in 2015, continued to increase in H1 2016, albeit from a low level.

The marketing of Ceres Strong Ale has been successfully changed in recent years so as to focus more strongly on social media and consumer engagement rather than traditional marketing. This has contributed towards enhancing its profile among consumers aged between 18 and 24.

## Baltic Sea

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	2,666	2,249	19	1,559	1,293	21	4,785
Net revenue (mDKK)	1,480	1,366	8	870	773	13	2,852
EBIT (mDKK)	178	156		141	121		355
EBIT margin (%)	12.1	11.5		16.3	15.6		12.5

The **Baltic Sea** segment primarily comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia). Baltic Sea accounted for 55% of group sales and for 47% of net revenue for H1 2016 (2015: 52% and 47%, respectively).

Sales for H1 2016 showed a 19% increase, and net revenue an 8% increase.

Both sales and net revenue developments were materially affected by an extraordinary campaign activity in Finland. Moreover, Q2 was positively affected by better weather than in 2015.

Earnings before interest and tax (EBIT) of DKK 178 million were DKK 22 million above the 2015 figure. Earnings development for H1 was positively

affected by the higher net revenue, value management and by continued cost optimisation. EBIT margin went up by 0.6 percentage point from 11.5% to 12.1% and was positively affected by a changed market mix between the Baltic countries and Finland, whereas the campaign activity in Finland affected EBIT margin negatively.

## Finland

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	1,686	1,336	26	972	755	29	2,929
Net revenue (mDKK)	1,146	1,045	10	669	583	15	2,212

Finnish consumption of beer, soft drinks, wine and spirits products continued to be affected by the negative economic situation, low consumer confidence and realised as well as planned fiscal measures in Finland. The situation is not expected to change significantly in the short or medium term. Q2 2016 consumption was positively affected by much better weather than in 2015. It is estimated that consumption of branded products in H1 2016 is unchanged compared to 2015.

Sales for H1 2016 showed a 26% increase due to a high campaign activity with a large retail chain. The campaign resulted in an increased market share on branded beer products; adjusted for

this, Royal Unibrew's market shares on branded products are estimated to be lower. Net revenue showed a 10% increase and was significantly lower per sales unit than in H1 2015, which is primarily due to the campaign activity, but also to the change of mix between On-Trade, Convenience and Off-Trade. Adjusting for the campaign activity, net revenue per sales unit showed an increase.

Hartwall's commercial position as a market-leading beverage provider in Finland has continuously been reinforced since Royal Unibrew acquired the business. Focus is on strengthening partnerships, generating added value to customers and engaging consumers. The level of innovation is high in order to be able to offer

a strong product portfolio at all times as demanded by customers and consumers. H1 2016 saw the launch of several new products, including Polar Monkey, an innovative craft beer, and Jaffa C+, a soft drink with extra vitamins. At the same time, the distribution of Aura, a strong regional beer brand, was significantly increased in order to provide consumers with an authentic regional option.

With the implementation of the Group's ERP system in early 2016, the last major, single element of the integration with Royal Unibrew was completed. Efforts to create greater agility continue in order to continuously improve work processes and organisational flexibility with a view to increasing efficiency.

## Baltic Countries

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	980	913	7	587	538	9	1,856
Net revenue (mDKK)	334	321	4	201	190	6	640

As expected, consumption in the Baltic market remained unchanged. It is estimated that Royal Unibrew excluding the Pepsi portfolio has generally maintained its market shares on branded products.

The new cooperation with PepsiCo on production, sale and distribution of soft drinks products contributed to increases in Royal Unibrew's sales and net revenue. Sales showed a 7% increase for H1 2016. Net revenue showed a 4% increase and was negatively affected by the consumer price volatility which

arose in early 2016 in connection with excise increases in both Latvia and Lithuania as well as the implementation of a deposit and collection charge on canned products in Lithuania. Net revenue per volume unit was negatively affected by the increased soft drinks sales.

Royal Unibrew still has focus on identifying and capitalising on synergies in the supply chain across the operating units in the Baltic countries as an element in continuous cost optimisation.

The level of innovation was high in the Baltic countries with many launches in H2 in both Lithuania and Latvia. Lielvārdes and Vilkmērges Belgian Dubbel was launched in the craft beer category, and Kalnāpilis 4.5 Select in the premium beer category. In the category of healthy vegetable juices added vitamins, Royal Unibrew's proprietary product Cido Veggie was launched, and in the sports drinks category, Mangali Active L-carnitine with vitamins and minerals was launched.

## Malt Beverages and Exports

	H1 2016	H1 2015	Change in %	Q2 2016	Q2 2015	Change in %	2015
Sales (thousand hectolitres)	352	342	3	182	190	-4	656
Net revenue (mDKK)	246	231	7	129	127	1	452
EBIT (mDKK)	56	53		32	30		102
EBIT margin (%)	22.7	22.7		24.7	23.8		22.5

The **Malt Beverages and Exports** segment comprises the export and licence business to other markets. For H1 2016, malt beverages accounted for 7% of group sales and for 8% of net revenue (2015: 8% and 8%, respectively).

Sales for H1 2016 showed a 3% increase and net revenue a 7% increase. The sales growth is primarily related to the African markets and the beer category. Exchange rate developments affected net revenue negatively by approx DKK 2 million.

Sales in the segment are characterised by large volumes being exported to distributors at a time, which means that inventory changes should be taken into account when comparing periods. The lower sales in Q2 are due to inventory build-ups with distributors in Q1 2016. Although the inventories were reduced in Q2, they remain at a reasonable level. This is primarily due to shortage of "hard" currency.

Earnings before interest and tax (EBIT) for H1 2016 amounted to DKK 56 million, which is DKK 3 million above the 2015 figure. Exchange rate develop-

ments affected EBIT negatively by approx DKK 1 million. The EBIT development is satisfactory in light of the negative macroeconomic development in the economies relying on raw materials and the – in many cases – negative development in the local currencies against EUR and USD. EBIT margin for H1 2016 remained unchanged at 22.7%.

As planned, material investments were also made in H1 2016, as in 2015, in reinforcing business in the segment with focus on greater presence in already established markets and in the new markets penetrated in recent years.

# Management's Statement

The Executive Board and the Board of Directors have presented the Interim Report of Royal Unibrew A/S. The Interim Report has today been considered and adopted.

The Interim Report, which has not been audited or reviewed by the Company's independent auditors, was prepared in accordance with IAS 34 "Interim Finan-

cial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Statements give a true and fair view of the financial position of the Group at 30 June 2016 as well as of the results of the Group operations and cash flows for the period 1 January – 30 June 2016.

In our opinion, Management's Review gives a true and fair account of the development in the activities and financial circumstances of the Group, of results of operations for the period and of the overall financial position of the Group, and a description of the key risks and uncertainties facing the Group.

Faxe, 24 August 2016

## Executive Board

Henrik Brandt  
President & CEO

Lars Jensen  
CFO

Johannes F.C.M. Savonije  
COO

## Board of Directors

Kåre Schultz  
Chairman

Walther Thygesen  
Deputy Chairman

Martin Alsø

Ingrid Jonasson Blank

Jørgen-Anker Ipsen

Kirsten Liisberg

Søren Lorentzen

Jens Due Olsen

Karsten Mattias Slotte

Jais Valeur

Hemming Van

## Income Statement

DKK '000	H1 2016	H1 2015	Q2 2016	Q2 2015	2015
<b>Net revenue</b>	<b>3,160,432</b>	<b>2,923,281</b>	<b>1,810,010</b>	<b>1,632,874</b>	<b>6,032,115</b>
Production costs	-1,515,454	-1,376,263	-852,813	-744,606	-2,857,459
<b>Gross profit</b>	<b>1,644,978</b>	<b>1,547,018</b>	<b>957,197</b>	<b>888,268</b>	<b>3,174,656</b>
Sales and distribution expenses	-1,021,005	-961,355	-553,181	-510,005	-1,922,282
Administrative expenses	-156,359	-160,251	-74,725	-84,003	-335,418
<b>EBIT</b>	<b>467,614</b>	<b>425,412</b>	<b>329,291</b>	<b>294,260</b>	<b>916,956</b>
Income after tax from investments in associates	14,847	12,140	13,593	11,263	31,061
Financial income	172	2,067	21	1,789	8,759
Financial expenses	-20,500	-26,830	-7,794	-13,074	-54,470
<b>Profit before tax</b>	<b>462,133</b>	<b>412,789</b>	<b>335,111</b>	<b>294,238</b>	<b>902,306</b>
Tax on the profit for the period	-98,013	-91,189	-69,605	-64,789	-190,879
<b>Net profit for the period</b>	<b>364,120</b>	<b>321,600</b>	<b>265,506</b>	<b>229,449</b>	<b>711,427</b>
Earnings per share (DKK)	6.8	5.8	5.0	4.1	13.0
Diluted earnings per share (DKK)	7.7	5.8	5.0	4.1	12.9

## Statement of Comprehensive Income

DKK '000	H1 2016	H1 2015	Q2 2016	Q2 2015	2015
<b>Net profit for the period</b>	<b>364,120</b>	<b>321,600</b>	<b>265,506</b>	<b>229,449</b>	<b>711,427</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the income statement:</i>					
Value and exchange adjustments of foreign group enterprises	-9,541	17,558	-4,935	-624	5,374
Value adjustment of hedging instruments, opening	27,839	32,677	30,010	32,226	32,677
Value adjustment of hedging instruments, closing	-19,340	-27,972	-19,340	-27,972	-27,839
Tax on other comprehensive income	-2,182	0	-2,497	0	-3,097
<b>Total</b>	<b>-3,224</b>	<b>22,263</b>	<b>3,238</b>	<b>3,630</b>	<b>7,115</b>
<i>Items that may not be reclassified to the income statement:</i>					
Revaluation of non-current assets		39,000		39,000	39,000
Tax on revaluation of non-current assets		-8,580		-8,580	2,461
Actuarial loss on pension schemes					7,398
Tax on actuarial loss on pension schemes					-1,544
<b>Total</b>	<b>0</b>	<b>30,420</b>	<b>0</b>	<b>30,420</b>	<b>47,315</b>
<b>Total other comprehensive income</b>	<b>-3,224</b>	<b>52,683</b>	<b>3,238</b>	<b>34,050</b>	<b>54,430</b>
<b>Total comprehensive income</b>	<b>360,896</b>	<b>374,283</b>	<b>268,744</b>	<b>263,499</b>	<b>765,857</b>

## Assets

DKK '000	30/6 2016	30/6 2015	31/12 2015
<b>NON-CURRENT ASSETS</b>			
Goodwill	1,450,621	1,455,697	1,455,776
Trademarks	1,231,140	1,236,118	1,233,475
Distribution rights	188,310	201,281	195,030
Customer relations	29,013	42,646	35,881
<i>Intangible assets</i>	<i>2,899,084</i>	<i>2,935,742</i>	<i>2,920,162</i>
Project development properties	37,005	195,497	197,506
Other property, plant and equipment	2,181,400	2,280,659	2,240,718
Investments in associates	128,886	128,022	135,371
Other fixed asset investments	10,075	12,571	11,725
<b>Non-current assets</b>	<b>5,256,450</b>	<b>5,552,491</b>	<b>5,505,482</b>
<b>CURRENT ASSETS</b>			
Inventories	407,034	398,630	316,708
Receivables	838,281	806,954	570,438
Prepayments	17,337	25,299	21,714
Cash at bank and in hand	12,378	126,922	333,185
<b>Current assets</b>	<b>1,275,030</b>	<b>1,357,805</b>	<b>1,242,045</b>
<b>Assets</b>	<b>6,531,480</b>	<b>6,910,296</b>	<b>6,747,527</b>

## Liabilities and Equity

DKK '000	30/6 2016	30/6 2015	31/12 2015
<b>EQUITY</b>			
Share capital	108,200	110,985	110,985
Other reserves	802,766	894,783	902,938
Retained earnings	1,801,180	1,717,788	1,521,336
Proposed dividend			399,546
<b>Equity</b>	<b>2,712,146</b>	<b>2,723,556</b>	<b>2,934,805</b>
Deferred tax	373,250	417,821	375,396
Mortgage debt	862,968	1,007,004	1,000,325
Credit institutions	91,179	607,208	461,675
Other payables	10,765	5,832	14,164
<b>Non-current liabilities</b>	<b>1,338,162</b>	<b>2,037,865</b>	<b>1,851,560</b>
Mortgage debt	2,317	14,153	14,203
Credit institutions	316,654	125,088	40,934
Trade payables	1,091,052	966,673	913,762
Corporation tax	32,276	57,504	7,044
Other payables	1,038,873	985,457	985,219
<b>Current liabilities</b>	<b>2,481,172</b>	<b>2,148,875</b>	<b>1,961,162</b>
<b>Liabilities</b>	<b>3,819,334</b>	<b>4,186,740</b>	<b>3,812,722</b>
<b>Liabilities and equity</b>	<b>6,531,480</b>	<b>6,910,296</b>	<b>6,747,527</b>



## Cash Flow Statement

DKK '000	Note	H1 2016	H1 2015	2015
Net profit for the period		364,120	321,600	711,427
Adjustments for non-cash operating items	4	261,114	257,423	523,750
		<b>625,234</b>	<b>579,023</b>	<b>1,235,177</b>
Change in working capital:				
Receivables		-269,665	-273,431	-35,317
Inventories		-91,605	-85,843	-3,965
Payables		240,882	257,382	207,867
<b>Cash flows from operating activities before financial income and expenses</b>		<b>504,846</b>	<b>477,131</b>	<b>1,403,762</b>
Financial income		172	2,138	6,511
Financial expenses		-16,731	-27,272	-53,099
<b>Cash flows from ordinary activities</b>		<b>488,287</b>	<b>451,997</b>	<b>1,357,174</b>
Corporation tax paid		-74,875	-76,341	-197,397
<b>Cash flows from operating activities</b>		<b>413,412</b>	<b>375,656</b>	<b>1,159,777</b>
Dividends received from associates		23,863	23,160	26,660
Sale of property, plant and equipment		161,937	96,665	100,601
Corporation tax paid				-56,020
Purchase of property, plant and equipment		-85,403	-96,486	-199,361
<i>Free cash flow</i>		<i>513,809</i>	<i>398,995</i>	<i>1,031,657</i>
Purchase/sale of intangible assets and fixed asset investments		89	4,000	5,330
<b>Cash flows from investing activities</b>		<b>100,486</b>	<b>27,339</b>	<b>-122,790</b>
<i>Debt financing:</i>				
Proceeds from increased drawdown on credit facilities		400,000	200,000	200,000
Repayment on credit facilities		-641,944	-494,961	-730,352
Shareholders:				
Dividends paid to shareholders		-385,801	-373,957	-373,957
Acquisition of shares for treasury		-206,481	-100,071	-292,548
<b>Cash flows from financing activities</b>		<b>-834,226</b>	<b>-768,989</b>	<b>-1,196,857</b>
<b>Change in cash and cash equivalents</b>		<b>-320,328</b>	<b>-365,994</b>	<b>-159,870</b>
Cash and cash equivalents at 1 January		333,185	491,453	491,453
Exchange adjustment		-479	1,463	1,602
<b>Cash and cash equivalents at 30 June</b>		<b>12,378</b>	<b>126,922</b>	<b>333,185</b>

# Statement of Changes in Equity for the period 1 January - 30 June 2016

DKK '000	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
<b>Equity at 31 December 2015</b>	110,985	855,839	102,200	-27,262	-27,839	902,938	1,521,336	399,546	2,934,805
<b>Changes in equity in 2016</b>									
Net profit for the year						0	364,120		364,120
Other comprehensive income				-9,541	8,499	-1,042			-1,042
Tax on other comprehensive income						0	-2,182		-2,182
Realised part of revaluation reserve			-77,654			-77,654	77,654		0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-77,654</b>	<b>-9,541</b>	<b>8,499</b>	<b>-78,696</b>	<b>439,592</b>	<b>0</b>	<b>360,896</b>
Dividends paid to shareholders						0	-385,801		-385,801
Dividend on treasury shares						0	13,745	-13,745	0
Acquisition of shares for treasury						0	-206,481		-206,481
Capital reduction	-2,785	-21,476				-21,476	24,261		0
Share-based payments						0	4,950		4,950
Tax on changes in equity, shareholders						0	3,777		3,777
<b>Total shareholders</b>	<b>-2,785</b>	<b>-21,476</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,476</b>	<b>-159,748</b>	<b>-399,546</b>	<b>-583,555</b>
<b>Total changes in equity 1/1 - 30/6 2016</b>	<b>-2,785</b>	<b>-21,476</b>	<b>-77,654</b>	<b>-9,541</b>	<b>8,499</b>	<b>-100,172</b>	<b>279,844</b>	<b>-399,546</b>	<b>-222,659</b>
<b>Equity at 30 June 2016</b>	<b>108,200</b>	<b>834,363</b>	<b>24,546</b>	<b>-36,803</b>	<b>-19,340</b>	<b>802,766</b>	<b>1,801,180</b>	<b>0</b>	<b>2,712,146</b>
The share capital at 30 June 2016 amounts to DKK 108,200,000 and is distributed on shares of DKK 2 each. A resolution was made at the Annual General Meeting of the Company on 27 April 2016 to reduce the share capital by DKK 2,785,000 through cancellation of treasury shares.									
<b>Equity at 31 December 2014</b>	110,985	855,839	126,616	-32,636	-32,677	917,142	1,412,875	377,349	2,818,351
<b>Changes in equity in 2015</b>									
Net profit for the year						0	321,600		321,600
Other comprehensive income			39,000	13,752	4,705	57,457	3,806		61,263
Tax on other comprehensive income			-8,580			-8,580	0		-8,580
Realised revaluation reserve			-71,236			-71,236	71,236		0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-40,816</b>	<b>13,752</b>	<b>4,705</b>	<b>-22,359</b>	<b>396,642</b>	<b>0</b>	<b>374,283</b>
Dividends paid to shareholders						0	-373,957		-373,957
Dividend on treasury shares						0	3,392	-3,392	0
Acquisition of shares for treasury						0	-100,071		-100,071
Share-based payments						0	4,950		4,950
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-91,729</b>	<b>-377,349</b>	<b>-469,078</b>
<b>Total changes in equity 1/1 - 30/6 2015</b>	<b>0</b>	<b>0</b>	<b>-40,816</b>	<b>13,752</b>	<b>4,705</b>	<b>-22,359</b>	<b>304,913</b>	<b>-377,349</b>	<b>-94,795</b>
<b>Equity at 30 June 2015</b>	<b>110,985</b>	<b>855,839</b>	<b>85,800</b>	<b>-18,884</b>	<b>-27,972</b>	<b>894,783</b>	<b>1,717,788</b>	<b>0</b>	<b>2,723,556</b>

# Notes to the Interim Report

## Note 1 – Significant Accounting Policies; Accounting Estimates and Judgements

The Interim Report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The accounting policies are unchanged from those applied in the Annual Report for 2015, to which reference is made.

The Annual Report for 2015 provides the total description of accounting policies significant to the Financial Statements.

### Accounting Estimates and Judgements

The preparation of interim financial reporting requires that Management make accounting estimates and judgements which affect the application of accounting policies and recognised assets, liabilities,

income and expenses. Actual results may deviate from these estimates.

The key estimates made by Management in applying the Group’s accounting policies and the key uncertainties relating to the estimates are the same when preparing the interim financial reporting as when preparing the Annual Report at 31 December 2015.

## Note 2 – Assets and Derivative Financial Instruments Measured at Fair Value

DKK '000	H1 2016	H1 2015	2015
Assets (project development properties)	37,005	195,497	197,506
Derivative financial instruments	-19,340	-27,972	-27,839

Assets are classified as level 3 in the fair value hierarchy, whereas derivative financial instruments are classified as level-2 instruments in the FRS fair value hierarchy. The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

The fair value of the total debt is assessed to correspond to carrying amount.

# Notes to the Interim Report

## Note 3 – Segment Reporting

The Group's results break down as follows on segments:

mDKK	H1 2016				Total
	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	
Net revenue	1,433.8	1,480.1	246.5		3,160.4
<b>Earnings before interest and tax (EBIT)</b>	<b>250.7</b>	<b>178.4</b>	<b>56.0</b>	<b>-17.5</b>	<b>467.6</b>
Share of income from associates	14.8				14.8
Other financial income and expenses	-0.1	-5.6	-0.1	-14.5	-20.3
Profit/loss before tax for the period	265.4	172.8	55.9	-32.0	462.1
Tax on the profit/loss for the period				-98.0	-98.0
Net profit for the period					364.1
EBIT margin, %	17.5	12.1	22.7		14.8
Sales, beverages (thousand hectolitres)	1,858	2,666	352		4,876
Net revenue, beverages	1,396.6	1,480.1	246.5		3,123.2

mDKK	H1 2015				Total
	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	
Net revenue	1,326.6	1,365.9	230.8		2,923.3
<b>Earnings before interest and tax (EBIT)</b>	<b>232.8</b>	<b>156.4</b>	<b>52.5</b>	<b>-16.3</b>	<b>425.4</b>
Share of income from associates	12.1				12.1
Other financial income and expenses	-0.2	-5.5	-0.2	-18.8	-24.7
<b>Profit/loss before tax for the period</b>	<b>244.7</b>	<b>150.9</b>	<b>52.3</b>	<b>-35.1</b>	<b>412.8</b>
Tax on the profit/loss for the period				-91.2	-91.2
<b>Net profit for the period</b>					<b>321.6</b>
<b>EBIT margin, %</b>	<b>17.5</b>	<b>11.5</b>	<b>22.7</b>		<b>14.6</b>
Sales, beverages (thousand hectolitres)	1,758	2,249	342		4,349
Net revenue, beverages	1,326.6	1,365.9	230.8		2,923.3

mDKK	2015				Total
	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	
Net revenue	2,727.9	2,852.5	451.7		6,032.1
<b>Earnings before interest and tax (EBIT)</b>	<b>493.3</b>	<b>355.4</b>	<b>101.8</b>	<b>-33.6</b>	<b>916.9</b>
Share of income from associates	31.1				31.1
Other financial income and expenses	-0.5	-10.2	-0.3	-34.7	-45.7
<b>Profit/loss before tax for the period</b>	<b>523.9</b>	<b>345.2</b>	<b>101.5</b>	<b>-68.3</b>	<b>902.3</b>
Tax on the profit/loss for the period				-190.9	-190.9
<b>Net profit for the period</b>					<b>711.4</b>
<b>EBIT margin, %</b>	<b>18.1</b>	<b>12.5</b>	<b>22.5</b>		<b>15.2</b>
Sales, beverages (thousand hectolitres)	3,659	4,785	656		9,100
Net revenue, beverages	2,727.9	2,852.5	451.7		6,032.1

# Notes to the Interim Report

## Note 3 – Segment Reporting (continued)

The Group's results break down as follows on segments:

mDKK	Q2 2016				Total
	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	
Net revenue	811.6	869.9	128.5		1,810.0
<b>Earnings before interest and tax (EBIT)</b>	<b>162.3</b>	<b>141.5</b>	<b>31.7</b>	<b>-6.2</b>	<b>329.3</b>
Share of income from associates	13.5				13.5
Other financial income and expenses		-2.8	-0.1	-4.8	-7.7
<b>Profit/loss before tax for the period</b>	<b>175.8</b>	<b>138.7</b>	<b>31.6</b>	<b>-11.0</b>	<b>335.1</b>
Tax on the profit/loss for the period				-69.6	-69.6
<b>Net profit for the period</b>					<b>265.5</b>
<b>EBIT margin, %</b>	<b>20.0</b>	<b>16.3</b>	<b>24.7</b>		<b>18.2</b>
Sales, beverages (thousand hectolitres)	1,054	1,559	182		2,795
Net revenue, beverages	788.6	869.9	128.5		1,787.0

mDKK	Q2 2015				Total
	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	
Net revenue	733.3	772.8	126.8		1,632.9
<b>Earnings before interest and tax (EBIT)</b>	<b>149.9</b>	<b>120.7</b>	<b>30.2</b>	<b>-6.6</b>	<b>294.2</b>
Share of income from associates	11.2				11.2
Other financial income and expenses	-1.2	-0.1	-9.9	-11.2	
<b>Profit/loss before tax for the period</b>	<b>161.1</b>	<b>119.5</b>	<b>30.1</b>	<b>-16.5</b>	<b>294.2</b>
Tax on the profit/loss for the period				-64.8	-64.8
<b>Net profit for the period</b>					<b>229.4</b>
<b>EBIT margin, %</b>	<b>20.4</b>	<b>15.6</b>	<b>23.8</b>		<b>18.0</b>
Sales, beverages (thousand hectolitres)	967	1,293	190		2,450.0
Net revenue, beverages	733.3	772.8	126.8		1,632.9

## Note 4 – Cash Flow Statement

DKK '000	H1 2016	H1 2015	2015
<b>Adjustments for non-cash operating items</b>			
Financial income	-172	-2,067	-8,759
Financial expenses	20,500	26,830	54,470
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	153,113	153,717	310,368
Tax on the profit for the period	98,013	91,189	190,879
Income from investments in associates	-14,847	-12,140	-31,061
Net profit/loss from sale of property, plant and equipment	-443	-5,056	-2,047
Share-based remuneration and payments	4,950	4,950	9,900
<b>Total</b>	<b>261,114</b>	<b>257,423</b>	<b>523,750</b>

## Quarterly Financial Highlights and Key Ratios

	Q1 2016	Q1 2015	Q2 2016	Q2 2015	H1 2016	H1 2015
Sales (thousand hectolitres)	2,081	1,899	2,795	2,450	<b>4,876</b>	<b>4,349</b>
<b>Income Statement (mDKK)</b>						
Net revenue	1,350	1,290	1,810	1,633	<b>3,160</b>	<b>2,923</b>
EBITDA	212	204	408	370	<b>620</b>	<b>574</b>
<i>EBITDA margin (%)</i>	<i>15.7</i>	<i>15.8</i>	<i>22.6</i>	<i>22.7</i>	<b>19.6</b>	<b>19.6</b>
Earnings before interest and tax (EBIT)	138	131	329	294	<b>468</b>	<b>425</b>
<i>EBIT margin (%)</i>	<i>10.2</i>	<i>10.2</i>	<i>18.2</i>	<i>18.0</i>	<b>14.8</b>	<b>14.6</b>
Income after tax from investments in associates	1	1	14	11	<b>15</b>	<b>12</b>
Other financials, net	-12	-13	-8	-11	<b>-20</b>	<b>-25</b>
Profit before tax	127	119	335	294	<b>462</b>	<b>413</b>
Net profit for the period	99	92	266	229	<b>364</b>	<b>322</b>
<b>Balance Sheet (mDKK)</b>						
Non-current assets	5,300	5,641	5,256	5,552	<b>5,256</b>	<b>5,552</b>
Total assets	6,506	6,768	6,531	6,910	<b>6,531</b>	<b>6,910</b>
Equity	2,945	2,900	2,712	2,724	<b>2,712</b>	<b>2,724</b>
Net interest-bearing debt	1,269	1,710	1,261	1,627	<b>1,261</b>	<b>1,627</b>
Net working capital	-731	-555	-885	-721	<b>-867</b>	<b>-721</b>
<b>Cash Flows (mDKK)</b>						
From operating activities	-121	-96	534	472	<b>413</b>	<b>376</b>
From investing activities	124	-27	-24	54	<b>100</b>	<b>27</b>
Free cash flow	5	-122	509	521	<b>514</b>	<b>399</b>
<b>Financial ratios (%)</b>						
Free cash flow as a percentage of net revenue	0	-9	28	32	<b>16</b>	<b>14</b>
Cash conversion	5	-133	192	227	<b>141</b>	<b>124</b>
Equity ratio	45	43	42	39	<b>42</b>	<b>39</b>

Ratios comprised by the "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society have been calculated according to the recommendations.

# Financial Highlights and Key Ratios for H1 2012-2016

	H1 2016	H1 2015	H1 2014	H1 2013	H1 2012
Sales (thousand hectolitres)	4,876	4,349	4,388	2,939	2,711
<b>Income Statement (mDKK)</b>					
Net revenue	3,160	2,923	2,992	1,793	1,733
EBITDA	620	574	504	277	278
EBITDA margin (%)	19.6%	19.6%	16.8%	15.4%	16.0%
Earnings before interest and tax (EBIT)	468	425	361	225	216
EBIT margin (%)	14.8	14.6	12.1	12.5	12.5
Income after tax from investments in associates	15	12	18	11	11
Other financials, net	-20	-25	-36	-12	-17
Profit before tax	462	413	343	224	210
Net profit for the period	364	322	266	183	156
<b>Balance Sheet (mDKK)</b>					
Non-current assets	5,256	5,552	5,744	2,073	2,291
Total assets	6,531	6,910	7,282	3,058	3,101
Equity	2,712	2,724	2,440	1,277	1,224
Net interest-bearing debt	1,261	1,627	2,042	440	623
Net working capital	-867	-721	-756	-158	-230
<b>Cash Flows (mDKK)</b>					
From operating activities	413	376	361	24	314
From investing activities	100	27	-23	-35	-43
Free cash flow	514	399	340	206	271
<b>Share Ratios (DKK per share of DKK 2)</b>					
Earnings per share	6.8	5.8	4.8	3.7	2.9
Cash flow per share	7.7	6.8	6.5	4.8	5.9
Year-end price per share	298.0	228.8	171.2	100.8	74.2
<b>Financial Ratios (%)</b>					
Free cash flow as a percentage of net revenue	16	14	11	11	16
Cash conversion	141	124	128	113	174
Net interest-bearing debt/EBITDA (running 12 months)	1.0	1.3	1.9*	0.7	1.0
Equity ratio	42	39	34	42	39

\*Pro forma including Hartwall 1/7-22/8 2013

Ratios comprised by the "Recommendations and Financial Ratios 2015" issued by the Danish Finance Society have been calculated according to the recommendations.