



COMPANY ANNOUNCEMENT NO 58/2017 – 22 NOVEMBER 2017

# Interim Report for 1 January - 30 September 2017

## Royal Unibrew increases earnings

Earnings before interest and tax (EBIT) for Q1-Q3 2017 were DKK 37 million higher than in 2016 and amounted to DKK 862 million (2016: DKK 825 million). EBIT margin increased by 0.8 percentage point to 17.7%. The increase reflects higher earnings in Western Europe and Baltic Sea. Net revenue for Q1-Q3 2017 was at the 2016 level and amounted to DKK 4,869 million compared to DKK 4,874 million for 2016. The net revenue development was positively affected by the expanded cooperation with PepsiCo in Denmark and the Baltic countries, whereas it was negatively affected by poorer summer weather in Northern Europe than in 2016 and changed customer agreements. Royal Unibrew generally maintained its market shares. Free cash flow for Q1-Q3 2017 amounted to DKK 711 million compared to DKK 835 million for Q1-Q3 2016, which was positively affected by approx DKK 160 million from the sale of the brewery site in Aarhus. In Q1-Q3 2017, dividend of DKK 782 million (2016: DKK 704 million) was distributed to shareholders, and net interest-bearing debt went up by DKK 71 million to DKK 1,062 million (30 September 2016: DKK 1,053 million). NIBD/EBITDA calculated on a running 12-month basis was 0.8 as in 2015/16. The previously announced outlook for 2017 is confirmed.

“ Our performance for Q1-Q3 2017 was better than in 2016 and we delivered upon our strategic and financial objectives despite unusually adverse weather conditions in Northern Europe and currency challenges in the Malt Beverages and Export segment. In October, we acquired Terme di Crodo and their well-known, Italian soft drinks brands from Gruppo Campari. The acquisition will strengthen our competitive power in the Italian market – as we’ll be able to offer our customers more products as well as to generate synergies with our existing beer business. We also continued improving our EBIT margin by improving our channel and product mix through continuous development of new products such as Royal Organic, Faxe Kondi Summer and Kissmeyer products. We confirm the previously announced outlook for 2017”, says Hans Savonije, CEO.

## Outlook

The previously announced net revenue and earnings outlook for the year is confirmed as follows:

- Net revenue: DKK 6,250-6,350 million
- EBITDA: DKK 1,320-1,370 million
- EBIT: DKK 1,030-1,080 million

## SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016
Sales (thousand hectolitres)	7,333	7,457	2,500	2,581
Net revenue	4,869	4,874	1,686	1,714
EBITDA	1,076	1,052	433	432
EBITDA margin (%)	22.1	21.6	25.7	25.2
Earnings before interest and tax (EBIT)	862	825	359	357
EBIT margin (%)	17.7	16.9	21.3	20.8
Profit before tax	853	818	355	355
Net profit for the period	668	641	278	277
Free cash flow	711	835	214	321
Net interest-bearing debt	1,062	1,053		
NIBD/EBITDA (running 12 months)	0.8	0.8		
Equity ratio (%)	46	46		

**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 Tuesday, 23 November 2017, at 9.00 by audiocast at one of the following numbers:

Danish participants: +45 32 71 16 59

United States participants: +1 646 254 3360

International number: +44 20 3427 0503

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

**Financial Calendar for 2018**

6 March 2018	Annual Report 2017
24 April 2018	Interim Report for the period 1 January-31 March 2018
24 April 2018	Annual General Meeting 2018
27 August 2018	Interim Report for the period 1 January-30 June 2018
21 November 2018	Interim Report for the period 1 January-30 September 2018

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

**Forward-looking statements**

This Annual Report 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, 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.

# Contents

## Review

Highlights.....	1
Financial Calendar .....	2
Forward-looking Statements .....	2
Financial Highlights and Key Ratios .....	4
Management's Review.....	5
Financial Review.....	7
Outlook.....	9
Developments in Individual Market Segments.....	10
Management's Statement.....	14

## Financial Statements

Income Statement .....	15
Statement of Comprehensive Income .....	15
Balance Sheet.....	16
Cash Flow Statement .....	17
Statement of Changes in Equity .....	18

## Notes

1. Significant Accounting Policies; Accounting Estimates and Judgements .....	20
2. Financial Highlights and Key Ratios for H1 2013-2017.....	20
3. Segment Reporting.....	21
4. Cash Flow Statement .....	23
5. Business acquisition.....	24
Quarterly Financial Highlights and Key Ratios .....	25
Financial Highlights and Key Ratios for H1 2013-2017.....	25

## 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 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 all of our multi-beverage markets, we offer our customers strong and locally based brands. Based on continuous development and innovation, it is our objective to meet customer demand for quality beverages.

In addition to our own brands, we offer licence-based international brands of the PepsiCo and Heineken Groups.

# Financial Highlights and Key Ratios

	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	2016
Sales (thousand hectolitres)	7,333	7,457	2,500	2,581	9,678
<b>INCOME STATEMENT (MDKK)</b>					
Net revenue	4,869	4,874	1,686	1,714	6,340
EBITDA	1,076	1,052	433	432	1,306
<i>EBITDA margin (%)</i>	22.1	21.6	25.7	25.3	20.6
Earnings before interest and tax (EBIT)	862	825	359	357	1,001
<i>EBIT margin (%)</i>	17.7	16.9	21.3	20.8	15.8
Income after tax from investments in associates	15	22	5	7	28
Other financial income and expenses, net	-23	-29	-9	-9	-31
Profit before tax	853	818	355	355	998
Net profit for the period	668	641	278	277	784
<b>BALANCE SHEET (MDKK)</b>					
Non-current assets	5,115	5,216	5,115	5,216	5,180
Total assets	6,130	6,260	6,130	6,260	6,076
Equity	2,800	2,895	2,800	2,895	2,911
Net interest-bearing debt	1,062	1,053	1,062	1,053	991
Net working capital	-802	-791	-802	-791	-881
Invested capital	4,103	4,170	4,103	4,170	4,111
<b>CASH FLOWS (MDKK)</b>					
Operating activities	845	752	247	339	985
Investing activities	-133	83	-32	-17	38
Free cash flow	711	835	214	321	1,022

	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	2016
<b>SHARE RATIOS (DKK PER SHARE OF DKK 2)</b>					
Earnings per share (EPS)	12.8	12.0	5.3	5.2	14.7
Cash flow per share	16.2	14.1	4.8	6.4	19.2
Dividend per share					8.15
Year-end price per share	345.0	312.3	345.0	312.3	272.6
<b>FINANCIAL RATIOS (%)</b>					
Free cash flow as a percentage of net revenue	15	17	13	19	16
Cash conversion	106	130	77	116	130
Net interest-bearing debt/EBITDA (running 12 months)	0.8	0.8	0.8	0.8	0.8
Equity ratio	46	46	46	46	48

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

# Management's review

## Business Development

As expected, Royal Unibrew saw a positive business development in Q1-Q3 2017. The cooperation with PepsiCo on production, sale and distribution of a number of soft drinks products in the Baltic countries and sale of snack products in Denmark initiated in 2016 continued to develop positively in 2017. Danish consumers' consumption behaviour remains high, whereas Finnish, Italian and Baltic consumers still show more restraint.

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

Sales volumes for Q1-Q3 2017 were 2% below those of 2016, whereas net revenue was at the 2016 level. As expected, changed

customer agreements affected net revenue development negatively by 1%; therefore, we have actually seen an underlying net revenue increase of 1%. Poorer weather than in 2016 in Northern Europe in the peak season from June to September affected both sales and net revenue negatively. Net revenue developments were positive in all segments if adjusting for the effect of the changed customer agreements and for exchange rate developments relating to the Malt Beverages and Exports segment. Changes in exchange rates only affected 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 862 million, which is DKK 37 million above EBIT for Q1-Q3 2016. Net profit for the period amounted

to DKK 668 million, which is DKK 27 million above the Q1-Q3 2016 figure. The earnings improvement is due to a combination of efficiency improvements, cost control and continued optimisation of product and sales channel mix.

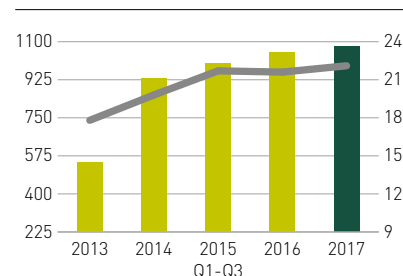
On 8 March 2017, we launched a share buy-back programme expected to cover the period to 1 March 2018 with a view to adjusting the capital structure of Royal Unibrew A/S. The maximum market value of the share buy-back programme will be DKK 560 million, and the programme will be carried out in accordance with the "Safe Harbour" method. Under this programme as well as the share buy-back programme launched in 2016, Royal Unibrew bought back 1,181,378

shares at a market value of DKK 356 million in Q1-Q3 2017 as expected. At the Annual General Meeting of Royal Unibrew in April 2017, a resolution was made to reduce the capital by DKK 2.8 billion; subsequently, 1,400,000 shares were cancelled and, as expected, 300,000 treasury shares were used for share-based payments to the Executive Board. At 30 September 2017, Royal Unibrew held 1,084,485 treasury shares, 64,200 of which are expected to be used for share-based payments to the Executive Board, whereas the remaining shares are expected to be cancelled following the Annual General Meeting of the Company in April 2018.

## Acquisition of soft drinks business in Italy

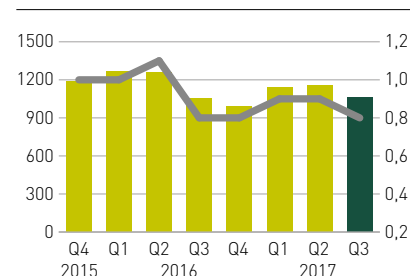
At the beginning of October 2017 (see Company Announcement No 50/2017 of 4 October 2017), Royal Unibrew entered into an agreement with Italian Gruppo Campari to acquire the company Terme di Crodo, which owns well-known soft drinks brands like Freedea Lemonsoda, Freedea Oransoda, Freedea Pelmosoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in Crodo in the north-western parts of Italy close to Lago Maggiore. The acquisition will significantly reinforce Royal Unibrew's market position in Italy and is expected to be realised at the end of 2017.

**EBITDA AND EBITDA MARGIN**  
(mDKK) (%)



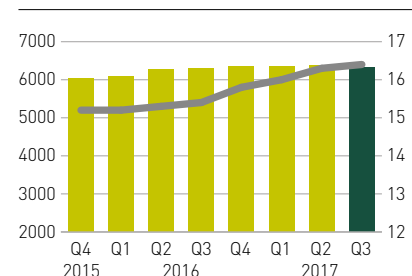
■ EBITDA — EBITDA margin

**NIBD AND NIBD/EBITDA**  
(mDKK) (times)



■ NIBD — NIBD/EBITDA (running 12 month)

**REVENUE AND EBIT MARGIN**  
**RUNNING 12 MONTH**  
(mDKK) (%)



■ Net revenue — EBIT margin

### Management changes

At 18 September 2017, Hans Savonije took over as new President & CEO of Royal Unibrew (see Company Announcement No 46/2017 of 18 September 2017). Until being appointed, Hans Savonije was COO and a member of the Executive Board. The Executive Board is now made up of Hans Savonije, President & CEO, and Lars Jensen, CFO.

In September 2017, Kåre Schultz, Chairman of the Board of Directors, announced that in consequence of his new position as CEO of Teva Pharmaceutical Industries Ltd., which is based in Israel, he has decided to resign from the Board of Directors of Royal Unibrew at the end of 2017. The Board of Directors subsequently elected Walther Thygesen, currently Deputy Chairman of the Board, as Chairman of the Board and Jais Valeur, currently a member of the Board, as Deputy Chairman. The changes to the Board of Directors will take effect as of 1 January 2018.

# Financial Review

## Income Statement

Sales for Q1-Q3 2017 aggregated 7.3 million hectolitres of beer, malt beverages and soft drinks, which is a 2% decrease from 2016.

Adjusting for the effect of the poor summer weather in Northern Europe, unchanged consumption is estimated for the Western Europe segment and Finland in 2017, whereas in the Baltic countries, particularly in Lithuania, consumption declined substantially due to excise duty tax increases and regulatory tightening measures imposed on alcoholic beverages.

Net revenue for Q1-Q3 2017 was at the 2016 level and amounted to DKK 4,869 million

(beverages accounting for DKK 4,805 million) compared to DKK 4,874 million in 2016. Net revenue development was positively affected by the expanded cooperation with PepsiCo in Denmark and the Baltic countries, whereas it was negatively affected by changed customer agreements and poorer weather than in 2016. Average net selling price per volume unit was 1.5% higher, primarily as a result of a changed market mix and an improved product mix. Adjusted for changed customer agreements, average net selling price per volume unit was 2.7% higher than in Q1-Q3 2016. Net revenue for Q3 was 2% below the Q3 2016 figure, one percentage point of the decrease being attributable to changed customer agreements.

Gross profit for Q1-Q3 2017 was marginally below the 2016 figure and amounted to DKK 2,555 million. Gross margin was 0.2 percentage point below the 2016 margin and represented 52.5% compared to 52.7% in Q1-Q3 2016. Adjusting for the net revenue effect of changed customer agreements as compared to 2016, gross profit showed a DKK 43 million increase, and gross margin was 0.4 percentage point higher. Gross profit per volume unit was higher than in Q1-Q3 2016 and positively affected by the changed market and product mix as well as by lower depreciation of containers.

Sales and distribution expenses for Q1-Q3 2017 were DKK 22 million below the 2016

figure (DKK 33 million higher if customer agreements in 2016 had been as in 2017) and amounted to DKK 1,492 million compared to DKK 1,514 million in 2016. As planned, marketing expenses for Q1-Q3 2017 were higher due to a number of growth initiatives and increased support of the existing business.

Administrative expenses for Q1-Q3 2017 were DKK 27 million below the 2016 figure and amounted to DKK 201 million compared to DKK 228 million in 2016. The positive development was due partly to the implementation of the Group's common IT platform in Finland, partly to lower costs relating to incentive schemes.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for Q1-Q3 2017 showed a DKK 24 million increase and amounted to DKK 1,076 million compared to DKK 1,052 million in 2016. The higher earnings relate primarily to Western Europe and Baltic Sea.

Earnings before interest and tax (EBIT) for Q1-Q3 2017 amounted to DKK 862 million, which is DKK 37 million above the 2016 figure.

EBIT margin for Q1-Q3 2017 showed a 0.8 percentage point increase to 17.7%. 0.2 percentage point of the increase relates to the

## DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2017 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group 2017	Group 2016
Sales (thousand hectolitres)	2,944	3,849	540	-	7,333	7,457
Growth (%)	2.5	-5.2	3.1	-	-1.7	8.6
Share of sales (%)	40	53	7	-		
Net revenue (mDKK)	2,173	2,331	365	-	4,869	4,874
Growth (%)	-1.6	1.5	-1.2	-	-0.1	5.7
Share of net revenue (%)	45	48	7	-		
EBIT (mDKK)	449	356	80	-23	862	825
EBIT margin (%)	20.7	15.2	22.0		17.7	16.9

net revenue effect of the changed customer agreements as compared to 2016.

Net financials for Q1-Q3 2017 were DKK 1 million above the 2016 figure and showed a net expense of DKK 8 million compared to DKK 7 million in 2016. Interest expenses were DKK 6 million lower due to lower interest rates as well as non-recurring costs in 2016 relating to the repayment of loans. Income after tax from investments in associates, however, was DKK 7 million below the 2016 figure.

Profit before tax for Q1-Q3 2017 was DKK 35 million above the 2016 figure and amounted to DKK 853 million compared to DKK 818 million in 2016.

Tax on the profit for Q1-Q3 2017 was an expense of DKK 185 million. The tax has been calculated on the basis of the expected full-year tax rate of approx 22% on the profit excluding income after tax from investments in associates.

The net profit for Q1-Q3 2017 amounted to DKK 668 million, which is DKK 27 million above the 2016 figure.

### Balance Sheet

Royal Unibrew's balance sheet at 30 September 2017 amounted to DKK 6,130 million, which is DKK 54 million above the 31 December 2016 figure, but a DKK 130 million reduction as compared to 30 September 2016. The balance sheet total increased by approximately DKK 115 in Q1-Q3 2017 due to higher inventories and receivables, whereas it was reduced due to amortisation and depreciation of non-current assets exceeding investments for Q1-Q3 2017 by approx DKK 65 million. Invested capital was reduced by DKK 67 million in the period from 1 October 2016 to 30 September 2017. This, combined with higher EBIT, increased ROIC excluding goodwill, calculated on a running 12-month basis, by 4 percentage points to 30%. ROIC including goodwill increased by 2 percentage points to 20%.

Equity at 30 September 2017 represented 46% (30 September 2016: 46%) of the balance sheet total (equity ratio of 46%) compared to 48% at the end of 2016. Equity at the end of September 2017 amounted to DKK 2,800 million compared to DKK 2,911 million at the end of 2016 and was increased in 2017 by the positive comprehensive income of DKK 666 million for the period (Q1-Q3 2016: DKK 650 million) and by the DKK 5 million value (Q1-Q3 2016: DKK 14 million) of the share-based

payments to the Executive Board and tax on these, whereas dividend distribution and share buy-backs reduced equity by DKK 782 million (Q1-Q3 2016: DKK 704 million). The comprehensive income comprises the profit for the period of DKK 668 million, a negative development in the value of hedging instruments less tax of DKK 1 million and negative exchange rate adjustments of foreign group enterprises of DKK 1 million.

Net interest-bearing debt for Q1-Q3 2017 showed a DKK 71 million increase and amounted to DKK 1,062 million at 30 September 2017 compared to DKK 991 million at the end of 2016. The development in net interest-bearing debt is as expected and is related to the free cash flow realised in Q1-Q3 2017 less distribution to shareholders for the period.

Funds tied up in working capital showed a negative DKK 802 million at the end of September 2017 (30 September 2016: a negative DKK 791 million) compared to a negative DKK 881 million at the end of 2016. Funds tied up in working capital thus increased by DKK 79 million in Q1-Q3 2017 (2016: DKK 199 million). Funds tied up in inventories, trade receivables and trade payables decreased by DKK 15 million (2016: increase of DKK 132 million) due to lower activity towards the end

of the period, whereas funds tied up in the other elements of working capital increased by DKK 94 million (2016: DKK 67 million).

### Cash Flow Statement

Cash flows from operating activities for Q1-Q3 2017 amounted to DKK 845 million (2016: DKK 752 million) comprising the profit for the period adjusted for non-cash operating items of DKK 1,080 million (2016: DKK 1,060 million), negative working capital cash flow of DKK 87 million (2016: DKK 193 million), net interest paid of DKK 21 million (2016: DKK 25 million) and taxes paid of DKK 127 million (2016: DKK 90 million).

Free cash flow for Q1-Q3 2017 was DKK 124 million below the 2016 figure and amounted to DKK 711 million compared to DKK 835 million in 2016 when the sale of the brewery site in Aarhus had a positive cash flow effect of approx DKK 160 million in Q1-Q3. The development was positively affected by cash flows from operating activities and dividend from associates being DKK 94 million above those of Q1-Q3 2016, whereas DKK 218 million higher net investments in property, plant and equipment had a negative effect. The higher net investments comprised DKK 55 million higher gross investments and DKK 163 lower revenues from asset divestments.



# Outlook

The outlook for Royal Unibrew's financial development in 2017 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 changes and developments in consumption behaviour. Moreover, the outlook has been prepared taking into account the development in material expense categories as well as the effect of initiatives completed and initiated.

The earnings of a brewery business for the first three quarters of the year do not reflect

a proportional share of results for the year. The period includes all peak season months when sales and earnings are at a higher level than in the other months of the year.

The weather in Northern Europe was poorer than expected throughout the peak season (June-August) in 2017. In Italy, the weather was better than usual.

The target of a medium-term EBIT margin of about 16% remains unchanged.

The previously announced outlook is confirmed (see Company Announcement No 41/2017 of 21 August 2017):

mDKK	Outlook 2017	Outlook March 2017	Actual 2016
Net revenue	6,250-6,350	6,250-6,450	6,340
EBITDA	1,320-1,370	1,285-1,385	1,306
EBIT	1,030-1,080	980-1,080	1,001

# Developments in individual market segments

## Western Europe

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	2,944	2,872	3	1,012	1,014	0	3,764
Net revenue, beverages (mDKK)	2,109	2,148	-2	725	751	-4	2,791
Net revenue (mDKK)	2,173	2,209	-2	745	775	-4	2,870
EBIT (mDKK)	449	431		182	180		527
EBIT margin (%)	20.7	19.5		24.4	23.3		18.4

- 3% sales increase for Q1-Q3
- Market share growth
- Continued earnings improvement – EBIT margin of 20.7%
- Launch of a number of new specialty beer products
- Opening of specialty beer brewery at Albani in Odense
- Acquisition of Italian soft drinks business at the beginning of October 2017

The **Western Europe** segment comprises the markets in Denmark and Germany as well as Italy. Western Europe accounted for 40% of group sales for Q1-Q3 2017 and for 45% of net revenue [2016: 39% and 45%, respectively].

Sales in Western Europe for Q1-Q3 2017 showed a 3% increase, and Royal Unibrew

has increased its market shares on branded beer and soft drinks. Net revenue from beverages was 2% below the 2016 figure. Adjusting for the net revenue effect of changed customer agreements as compared to 2016, net revenue showed a 2% increase. Q3 2017 was negatively affected by poorer weather in Northern Europe than in 2016.

Net selling prices per volume unit were below those of 2016 due to a changed market and sales channel mix.

Earnings before interest and tax (EBIT) for Q1-Q3 increased by DKK 18 million from DKK 431 million in 2016 to DKK 449 million in 2017. EBIT margin increased by 1.2 percentage points, 0.8 percentage point of which is due to changed customer agreements.

## DENMARK AND GERMANY

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales, (thousand hectolitres)	2,611	2,546	3	902	909	-1	3,365
Net revenue, beverages (mDKK)	1,644	1,684	-2	574	606	-5	2,220
Net revenue, (mDKK)	1,708	1,745	-2	594	630	-6	2,299

For **Denmark and Germany**, it is estimated that underlying Danish consumption of branded beer and soft drinks remained unchanged in Q1-Q3 2017 adjusting for the negative effect in the peak season from June to August due to poorer weather than in 2016.

Royal Unibrew's sales showed a 3% increase for Q1-Q3 2017. Adjusted for changed customer agreements, net revenue showed a 3% increase. PepsiCo snack products sales also developed as planned. Royal Unibrew is estimated to have increased its market shares on both branded beer and soft drinks, due to, among other factors, a number of commercial initiatives and product innovation.

The level of innovation has been high in 2017 with increased focus on, among other things, specialty beer. The specialty beer segment is

developing well, and every month new Kissmeyer products have been launched; several new products have also been launched under the Albani brand. Royal Organic has achieved a considerable market share in the organic beer category, which represents a growth market. The new specialty beer brewery at Albani in Odense was put into operation in late Q2. Going forward, the brewery will be pivotal to Royal Unibrew's increased commitment to craft beer in the Danish market and selected export markets. In the soft drinks segment, Faxe Kondi Summer with a strawberry flavour was launched and well received by the consumers. Moreover, the opening of the Royal Arena as well as the cooperation with Tivoli and the Distortion street festival attracted great attention to Royal Unibrew products.

## ITALY

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	333	326	2	110	105	5	399
Net revenue (mDKK)	465	464	0	151	145	4	571

The market in **Italy** remains hesitant but, due to better summer weather than in 2016, a consumption increase is estimated for 2017; however, primarily in the off-trade and in the mainstream and premium segments due to a higher campaign pressure.

Royal Unibrew's sales for Q1-Q3 2017 showed a 2% increase on 2016, whereas net revenue was at same level due to a changed channel and product mix. Royal Unibrew's market shares in the premium and super premium segments are estimated to have been marginally lower than those of Q1-Q3 2016.

Faxe 10% sales continued to increase, and several new products were launched in the specialty beer category, which is a growth category in Italy.

The marketing of Royal Unibrew products has focus on digital media and on consumer engagement. This has contributed towards enhancing the profile and the recruiting of new consumers aged between 18 and 24.

At the beginning of October 2017, Royal Unibrew entered into an agreement with the Italian company Gruppo Campari to acquire the company Terme di Crodo, which owns well-known soft drinks brands like Freedea Lemonsoda, Freedea Oransoda, Freedea Pelmosoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in Crodo in the north-western parts of Italy. The acquisition of Freedea Lemonsoda will significantly reinforce Royal Unibrew's position in Italy, and Royal Unibrew gets access to the category of non-alcoholic products in Italy.

## Baltic Sea

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	3,849	4,061	-5	1,318	1,395	-6	5,227
Net revenue (mDKK)	2,331	2,296	2	823	816	1	2,986
EBIT (mDKK)	356	331		155	152		395
EBIT margin (%)	15.2	14.4		18.9	18.6		13.2

- Higher net revenue per volume unit due to value focus
- Efficiency improvements
- Earnings improvement – EBIT margin of 15.2%
- Launch of a number of new specialty beer products
- Specialty beer brewery established in Finland

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia). Baltic Sea accounted for 53% of group sales and for 48% of net revenue for Q1-Q3 2017 (2016: 54% and 47%, respectively).

Sales for Q1-Q3 2017 showed a 5% decrease, whereas net revenue showed a 2% increase. The sales development was affected partly by poorer weather than in 2016, partly by large excise duty increases in the Baltic countries

resulting in a consumption decline. Adjusted for changed customer agreements, net revenue remained unchanged from 2016. Net selling prices per volume unit were above those of 2016 due to a changed product mix and focus on value optimisation.

Earnings before interest and tax (EBIT) of DKK 356 million were DKK 25 million above the Q1-Q3 2016 figure. The earnings development for Q1-Q3 was positively affected by continued cost optimisation and by lower depreciation of returnable containers. EBIT margin went up by 0.8 percentage point from 14.4% to 15.2%. Value management focus and the implementation of the Group's common IT platform in Finland affected EBIT margin development positively, whereas a shift in market mix and changed customer agreements had a negative effect on EBIT margin development from 2016 to 2017.

## FINLAND

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	2,380	2,553	-7	802	867	-7	3,317
Net revenue (mDKK)	1,793	1,782	1	635	636	0	2,334

The **Finnish** market for beer, soft drinks, and wine and spirits products continues to be affected by low consumer confidence. The macroeconomic situation in Finland has improved marginally as compared to 2016; however, as expected, this did not lead to increased consumption of branded products. Beverages consumption for Q1-Q3 2017 was negatively affected by poorer weather than in 2016.

Sales for Q1-Q3 2017 showed a 7% decrease, and a low single-digit percentage decline in Royal Unibrew's market shares on branded products due to value focus is estimated. Net revenue for Q1-Q3 2017 showed a 1% increase. Adjusted for the effect of changed customer agreements, net revenue was 1% lower than in 2016, but it was 6% higher per volume unit than in Q1-Q3 2016. This is due to focus on achieving a product mix with higher selling prices.

The efforts to reinforce Hartwall's commercial position as a market-leading beverage provider in Finland progressed continuously in 2017. Our focus is on strengthening partnerships, and priority is given to having a high level of innovation in order to be able to offer a strong product portfolio demanded by customers and consumers. A specialty beer brewery was established adjacent to the Lahti brewery as well as the relaunch during the World Ski Championships of a historic beer brand, Lahden Erikoiis, in the Lahti region. Moreover, the distribution of Aura – a strong regional beer brand – increased significantly, and national distribution has now been achieved. In the soft drinks segment, focus is on alternative and healthier products such as the Novelle Plus spring water product.

## BALTIC COUNTRIES

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	1,469	1,508	-3	516	528	-2	1,910
Net revenue (mDKK)	538	514	5	188	180	4	652

Beer consumption in the **Baltic** market declined in Q1-Q3 2017 as large excise duty increases were introduced in both Lithuania and Estonia. A consumption decline of about 15% is estimated for Lithuania as a result of this. Moreover, poor weather in the peak season affected consumption negatively. Royal Unibrew is estimated to have generally increased its market shares on branded products due to the licence agreement with PepsiCo.

Q1-Q3 sales were 3% below those of 2016. The negative development comprises a positive sales development due to the cooperation with PepsiCo on production, sale and distribution of soft drinks products, whereas beer products sales decreased in consequence of the declining beer consumption. Net revenue showed a 5% increase and was

positively affected by the development in PepsiCo products sales, whereas the excise duty increases in Lithuania and Estonia had a negative effect. Net revenue per volume unit for Q1-Q3 2017 showed a 7% increase on 2016 due to a changed product and packaging mix.

The many product launches in the Baltic countries during the year focused on the specialty beer segment and on seasonal products. Vilkmeges and Lielvardes Blackcurrant Stout were launched in the craft beer category, and three varieties of Bergschlösschen – a historic beer brand – were launched in the specialty beer category. The soft drinks category saw the launch of Fruts with an Aloe Vera flavour and Mangali Vitafruit with a raspberry flavour, and the sports drinks category saw the launch of Mangali Fitness as a Mangali Active variety.

## Malt Beverages and Exports

	Q1-Q3 2017	Q1-Q3 2016	% change	Q3 2017	Q3 2016	% change	2016
Sales (thousand hectolitres)	540	524	3	170	172	-1	687
Net revenue (mDKK)	365	369	-1	118	123	-4	454
EBIT (mDKK)	80	88		28	32		108
EBIT margin (%)	22.0	23.9		23.9	26.2		22.3

- Retention of position in countries with currency challenges
- Increased focus on countries with established economies
- Focus on increased presence in existing markets
- Net revenue and earnings negatively affected by exchange rate developments
- Continued high EBIT margin

The **Malt Beverages and Exports** segment comprises the export and licence business to other markets. For Q1-Q3 2017, malt beverages accounted for 7% of group sales and for 8% of net revenue (2016: 8% and 8%, respectively).

Sales for Q1-Q3 2017 showed a 3% increase, and net revenue was 1% lower than in 2016. The sales growth is related to all markets in the segment. Exchange rate developments affected net revenue negatively by approx DKK 7 million, including DKK 2 million in Q3.

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. It is estimated that distributors' sales to customers and consumers increased by a low single-digit percentage in Q1-Q3. The shortage of "hard" currency continues to present a challenge to the achievement of a positive business volume development.

Earnings before interest and tax (EBIT) for Q1-Q3 2017 amounted to DKK 80 million, which is DKK 8 million below the 2016 figure. Exchange rate developments affected EBIT negatively by approx DKK 5 million, to which should be added increased investments in organisation and marketing initiatives. The EBIT development is satisfactory in light of a temporary adjustment of Royal Unibrew's pricing in selected markets due to the negative development in the local currencies against EUR and USD. EBIT margin for Q1-Q3 2017 was 22.0%, which is 1.9 percentage points below the 2016 margin. Adjusted for the negative effect of exchange rate developments, EBIT margin for Q1-Q3 2017 was 23.2%.

# 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 independ-

ent auditors, was prepared in accordance with IAS 34 "Interim Financial 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 September 2017 as well as of the results of the Group operations and cash flows for the period 1 January – 30 September 2017.

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, 22 November 2017

## Executive Board

Johannes F.C.M. Savonije  
President & CEO

Lars Jensen  
CFO

## 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 and Comprehensive Income

## Income Statement

DKK '000	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	2016
<b>Net revenue</b>	<b>4,868,883</b>	<b>4,874,495</b>	<b>1,686,102</b>	<b>1,714,063</b>	<b>6,340,376</b>
Production costs	-2,313,584	-2,307,856	-773,436	-792,402	-3,053,150
<b>Gross profit</b>	<b>2,555,299</b>	<b>2,566,639</b>	<b>912,666</b>	<b>921,661</b>	<b>3,287,226</b>
Sales and distribution expenses	-1,492,264	-1,514,001	-492,973	-492,996	-1,981,803
Administrative expenses	-201,414	-227,763	-60,539	-71,404	-304,734
<b>EBIT</b>	<b>861,621</b>	<b>824,875</b>	<b>359,154</b>	<b>357,261</b>	<b>1,000,689</b>
Income after tax from investments in associates	15,087	21,588	4,652	6,741	27,802
Financial income	776	220	176	48	4,055
Financial expenses	-24,078	-29,172	-8,679	-8,672	-34,962
<b>Profit before tax</b>	<b>853,406</b>	<b>817,511</b>	<b>355,303</b>	<b>355,378</b>	<b>997,584</b>
Tax on the profit for the period	-185,378	-176,262	-77,320	-78,249	-213,833
<b>Net profit for the period</b>	<b>668,028</b>	<b>641,249</b>	<b>277,983</b>	<b>277,129</b>	<b>783,751</b>
Earnings per share (DKK)	12.8	12.0	5.3	5.2	14.7
Diluted earnings per share (DKK)	12.8	11.9	5.4	4.2	14.6

## Statement of Comprehensive Income

DKK '000	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	2016
<b>Net profit for the period</b>	<b>668,028</b>	<b>641,249</b>	<b>277,983</b>	<b>277,129</b>	<b>783,751</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	-1,241	-818	4,075	8,723	-9,180
Value adjustment of hedging instruments, opening	7,113	27,839	7,097	19,340	27,839
Value adjustment of hedging instruments, closing	-7,599	-15,862	-7,599	-15,862	-7,113
Tax on other comprehensive income	-778	-2,186	-93	-4	-4,017
<b>Total</b>	<b>-2,505</b>	<b>8,973</b>	<b>3,480</b>	<b>12,197</b>	<b>7,529</b>
<i>Items that may not be reclassified to the income statement:</i>					
Actuarial loss on pension schemes					-256
Tax on actuarial loss on pension schemes					51
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-205</b>
<b>Total other comprehensive income</b>	<b>-2,505</b>	<b>8,973</b>	<b>3,480</b>	<b>12,197</b>	<b>7,324</b>
<b>Total comprehensive income</b>	<b>665,523</b>	<b>650,222</b>	<b>281,463</b>	<b>289,326</b>	<b>791,075</b>

# Balance Sheet

## Assets

DKK '000	30/9 2017	30/9 2016	31/12 2016
<b>NON-CURRENT ASSETS</b>			
Goodwill	1,450,714	1,452,537	1,449,465
Trademarks	1,231,636	1,233,123	1,230,330
Distribution rights	173,076	185,553	182,083
Customer relations	12,134	25,678	22,243
<i>Intangible assets</i>	<i>2,867,560</i>	<i>2,896,891</i>	<i>2,884,121</i>
Project development properties		37,005	
Other property, plant and equipment	2,108,243	2,132,585	2,142,174
Investments in associates	129,980	138,799	143,978
Other fixed asset investments	9,583	10,435	10,074
<b>Non-current assets</b>	<b>5,115,366</b>	<b>5,215,715</b>	<b>5,180,347</b>
<b>CURRENT ASSETS</b>			
Inventories	366,561	383,199	335,944
Receivables	596,343	602,579	534,116
Prepayments	40,753	14,868	18,677
Cash at bank and in hand	10,616	43,749	6,917
<b>Current assets</b>	<b>1,014,273</b>	<b>1,044,395</b>	<b>895,654</b>
<b>Assets</b>	<b>6,129,639</b>	<b>6,260,110</b>	<b>6,076,001</b>

## Liabilities and Equity

DKK '000	30/9 2017	30/9 2016	31/12 2016
<b>EQUITY</b>			
Share capital	105,400	108,200	108,200
Other reserves	767,489	814,967	790,808
Retained earnings	1,927,045	1,971,927	1,571,454
Proposed dividend			440,915
<b>Equity</b>	<b>2,799,934</b>	<b>2,895,094</b>	<b>2,911,377</b>
Deferred tax	380,174	370,834	362,117
Mortgage debt	859,232	862,857	859,220
Credit institutions		153,015	
Other payables	10,489	13,765	13,556
<b>Non-current liabilities</b>	<b>1,249,895</b>	<b>1,400,471</b>	<b>1,234,893</b>
Mortgage debt	3,626	2,317	4,761
Credit institutions	209,915	78,969	133,975
Trade payables	961,358	903,013	858,149
Corporation tax	60,755	92,106	21,196
Other payables	844,156	888,140	911,650
<b>Current liabilities</b>	<b>2,079,810</b>	<b>1,964,545</b>	<b>1,929,731</b>
<b>Liabilities</b>	<b>3,329,705</b>	<b>3,365,016</b>	<b>3,164,624</b>
<b>Liabilities and equity</b>	<b>6,129,639</b>	<b>6,260,110</b>	<b>6,076,001</b>



# Cash Flow Statement

DKK '000	Note	Q1-Q3 2017	Q1-Q3 2016	2016
Net profit for the period		668,028	641,249	783,751
Adjustments for non-cash operating items	3	411,964	418,595	531,825
		<b>1,079,992</b>	<b>1,059,844</b>	<b>1,315,576</b>
Change in working capital:				
Receivables		-87,017	-31,686	32,213
Inventories		-30,410	-67,358	-20,557
Payables		30,873	-93,147	-105,017
<b>Cash flows from operating activities before financial income and expenses</b>		<b>993,438</b>	<b>867,653</b>	<b>1,222,215</b>
Financial income		776	220	1,366
Financial expenses		-22,394	-25,450	-28,237
<b>Cash flows from ordinary activities</b>		<b>971,820</b>	<b>842,423</b>	<b>1,195,344</b>
Corporation tax paid		-127,018	-90,455	-210,612
<b>Cash flows from operating activities</b>		<b>844,802</b>	<b>751,968</b>	<b>984,732</b>
Dividends received from associates		25,735	24,863	24,863
Sale of property, plant and equipment		10,283	173,452	222,109
Purchase of property, plant and equipment		-169,959	-115,172	-209,619
<i>Free cash flow</i>		<i>710,861</i>	<i>835,111</i>	<i>1,022,085</i>

DKK '000	Note	Q1-Q3 2017	Q1-Q3 2016	2016
Purchase/sale of intangible assets and fixed asset investments		491	-210	151
<b>Cash flows from investing activities</b>		<b>-133,450</b>	<b>82,933</b>	<b>37,504</b>
<i>Debt financing:</i>				
Proceeds from increased drawdown on credit facilities			400,000	400,000
Repayment on credit facilities		74,523	-819,475	-917,918
Shareholders:				
Dividends paid to shareholders		-426,527	-385,801	-385,801
Acquisition of shares for treasury		-355,902	-318,515	-443,584
<b>Cash flows from financing activities</b>		<b>-707,906</b>	<b>-1,123,791</b>	<b>-1,347,303</b>
Change in cash and cash equivalents		3,446	-288,890	-325,067
Cash and cash equivalents at 1 January		6,917	333,185	333,185
Exchange adjustment		253	-546	-1,201
<b>Cash and cash equivalents at 30 September</b>		<b>10,616</b>	<b>43,749</b>	<b>6,917</b>

# Statement of Changes in Equity

For the period 1 January - 30 September 2017

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 2016</b>	<b>108,200</b>	<b>834,363</b>	<b>0</b>	<b>-36,442</b>	<b>-7,113</b>	<b>790,808</b>	<b>1,571,454</b>	<b>440,915</b>	<b>2,911,377</b>
<b>Changes in equity in 2017</b>									
Net profit for the year						0	668,028		668,028
Other comprehensive income				-1,241	-486	-1,727			-1,727
Tax on other comprehensive income						0	-778		-778
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,241</b>	<b>-486</b>	<b>-1,727</b>	<b>667,250</b>	<b>0</b>	<b>665,523</b>
Minority shareholders' share of business divestments						0			0
Dividends paid to shareholders						0		-426,527	-426,527
Dividend on treasury shares						0	14,388	-14,388	0
Acquisition of shares for treasury						0	-355,902		-355,902
Sale of treasury shares						0			0
Capital reduction	-2,800	-21,592				-21,592	24,392		0
Share-based payments						0	4,238		4,238
Tax on changes in equity, shareholders						0	1,225		1,225
Proposed dividend						0			0
<b>Total shareholders</b>	<b>-2,800</b>	<b>-21,592</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,592</b>	<b>-311,659</b>	<b>-440,915</b>	<b>-776,966</b>
<b>Total changes in equity 1/1 - 30/9 2017</b>	<b>-2,800</b>	<b>-21,592</b>	<b>0</b>	<b>-1,241</b>	<b>-486</b>	<b>-23,319</b>	<b>355,591</b>	<b>-440,915</b>	<b>-111,443</b>
<b>Equity at 30 September 2017</b>	<b>105,400</b>	<b>812,771</b>	<b>0</b>	<b>-37,683</b>	<b>-7,599</b>	<b>767,489</b>	<b>1,927,045</b>	<b>0</b>	<b>2,799,934</b>

The share capital at 30 September 2017 amounts to DKK 105,400,000 and is distributed on shares of DKK 2 each.

A resolution was made at the Annual General Meeting of the Company on 27 April 2017 to reduce the share capital by DKK 2,800,000 through cancellation of treasury shares.

# Statement of Changes in Equity

For the period 1 January - 30 September 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>	<b>110,985</b>	<b>855,839</b>	<b>102,200</b>	<b>-27,262</b>	<b>-27,839</b>	<b>902,938</b>	<b>1,521,336</b>	<b>399,546</b>	<b>2,934,805</b>
<b>Changes in equity in 2016</b>									
Net profit for the year						0	641,249		641,249
Other comprehensive income				-818	11,977	11,159			11,159
Tax on other comprehensive income						0	-2,186		-2,186
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>-818</b>	<b>11,977</b>	<b>-66,495</b>	<b>716,717</b>	<b>0</b>	<b>650,222</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	-318,515		-318,515
Capital reduction	-2,785	-21,476				-21,476	24,261		0
Share-based payments						0	7,425		7,425
Tax on changes in equity, shareholders						0	6,958		6,958
<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>-266,126</b>	<b>-399,546</b>	<b>-689,933</b>
<b>Total changes in equity 1/1 - 30/9 2016</b>	<b>-2,785</b>	<b>-21,476</b>	<b>-77,654</b>	<b>-818</b>	<b>11,977</b>	<b>-87,971</b>	<b>450,591</b>	<b>-399,546</b>	<b>-39,711</b>
<b>Equity at 30 September 2016</b>	<b>108,200</b>	<b>834,363</b>	<b>24,546</b>	<b>-28,080</b>	<b>-15,862</b>	<b>814,967</b>	<b>1,971,927</b>	<b>0</b>	<b>2,895,094</b>

# Notes

## 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 2016, to which reference is made.

The Annual Report for 2016 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 2016.

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

DKK '000	30/9 2017	30/9 2016	2016
Assets (project development properties)		37,005	
Derivative financial instruments	-7,599	-15,862	-7,113

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

## Note 3 Segment Reporting

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

### Q1-Q3 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	2,172.8	2,331.1	365.0		<b>4,868.9</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>449.0</b>	<b>355.5</b>	<b>80.2</b>	<b>-23.1</b>	<b>861.6</b>
Share of income from associates	15.1				<b>15.1</b>
Other financial income and expenses	-0.2	-8.6	-0.1	-14.4	<b>-23.3</b>
<b>Profit/loss before tax for the period</b>	<b>463.9</b>	<b>346.9</b>	<b>80.1</b>	<b>-37.5</b>	<b>853.4</b>
Tax on the profit/loss for the period				-185.4	<b>-185.4</b>
<b>Net profit for the period</b>					<b>668.0</b>
<b>EBIT margin, %</b>	<b>20.7</b>	<b>15.3</b>	<b>22.0</b>		<b>17.7</b>
Sales, beverages (thousand hectolitres)	2,944	3,849	540		<b>7,333</b>
Net revenue, beverages	2,108.9	2,331.1	365.0		<b>4,805.0</b>

### Q1-Q3 2016

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	2,209.1	2,296.0	369.4		<b>4,874.5</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>431.1</b>	<b>330.5</b>	<b>88.2</b>	<b>-24.9</b>	<b>824.9</b>
Share of income from associates	21.6				<b>21.6</b>
Other financial income and expenses	-0.2	-8.4	-0.1	-20.3	<b>-29.0</b>
<b>Profit/loss before tax for the period</b>	<b>452.5</b>	<b>322.1</b>	<b>88.1</b>	<b>-45.2</b>	<b>817.5</b>
Tax on the profit/loss for the period				-176.3	<b>-176.3</b>
<b>Net profit for the period</b>					<b>641.2</b>
<b>EBIT margin, %</b>	<b>19.5</b>	<b>14.4</b>	<b>23.9</b>		<b>16.9</b>
Sales, beverages (thousand hectolitres)	2,872	4,061	524		<b>7,457</b>
Net revenue, beverages	2,148.0	2,296.0	369.4		<b>4,813.4</b>

# Notes

## Note 3 Segment Reporting (continued)

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

### Q3 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	745.1	823.3	117.7		<b>1,686.1</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>181.5</b>	<b>155.3</b>	<b>28.1</b>	<b>-5.8</b>	<b>359.1</b>
Share of income from associates	4.7				<b>4.7</b>
Other financial income and expenses	-0.1	-5.3		-3.1	<b>-8.5</b>
<b>Profit/loss before tax for the period</b>	<b>186.1</b>	<b>150.0</b>	<b>28.1</b>	<b>-8.9</b>	<b>355.3</b>
Tax on the profit/loss for the period				-77.3	<b>-77.3</b>
<b>Net profit for the period</b>					<b>278.0</b>
<b>EBIT margin, %</b>	<b>24.4</b>	<b>18.9</b>	<b>23.9</b>		<b>21.3</b>
Sales, beverages (thousand hectolitres)	1,011.0	1,318.0	171.0		<b>2,500</b>
Net revenue, beverages	725.2	823.3	117.7		<b>1,666.2</b>

### Q3 2016

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	775.3	815.9	122.9		<b>1,714.1</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>180.4</b>	<b>152.1</b>	<b>32.2</b>	<b>-7.4</b>	<b>357.3</b>
Share of income from associates	6.8				<b>6.8</b>
Other financial income and expenses	-0.1	-2.8		-5.8	<b>-8.7</b>
<b>Profit/loss before tax for the period</b>	<b>187.1</b>	<b>149.3</b>	<b>32.2</b>	<b>-13.2</b>	<b>355.4</b>
Tax on the profit/loss for the period				-78.3	<b>-78.3</b>
<b>Net profit for the period</b>					<b>277.1</b>
<b>EBIT margin, %</b>	<b>23.3</b>	<b>18.6</b>	<b>26.1</b>		<b>20.8</b>
Sales, beverages (thousand hectolitres)	1,014.0	1,395.0	172.0		<b>2,581.0</b>
Net revenue, beverages	751.4	815.9	122.9		<b>1,690.2</b>

# Notes

## Note 3 Segment Reporting (continued)

2016					
mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	2,870.3	2,986.0	484.1		<b>6,340.4</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>526.8</b>	<b>395.5</b>	<b>107.8</b>	<b>-29.4</b>	<b>1,000.7</b>
Share of income from associates	27.8				<b>27.8</b>
Other financial income and expenses	-0.3	-9.8	-0.1	-20.7	<b>-30.9</b>
<b>Profit/loss before tax for the period</b>	<b>554.3</b>	<b>385.7</b>	<b>107.7</b>	<b>-50.1</b>	<b>997.6</b>
Tax on the profit/loss for the period				-213.8	<b>-213.8</b>
<b>Net profit for the period</b>					<b>783.8</b>
<b>EBIT margin, %</b>	<b>18.4</b>	<b>13.2</b>	<b>22.3</b>		<b>15.8</b>
Sales, beverages (thousand hectolitres)	3,764	5,227	687		<b>9,678</b>
Net revenue, beverages	2,790.9	2,986.0	484.1		<b>6,261.0</b>

## Note 4 Cash Flow Statement

DKK '000	Q1-Q3 2017	Q1-Q3 2016	2016
<b>Adjustments for non-cash operating items</b>			
Financial income	-776	-220	-4,055
Financial expenses	24,078	29,172	34,962
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	221,701	237,364	294,654
Tax on the profit for the period	185,378	176,262	213,833
Income from investments in associates	-15,087	-21,588	-27,802
Net profit/loss from sale of property, plant and equipment	-7,568	-9,820	10,333
Share-based remuneration and payments	4,238	7,425	9,900
<b>Total</b>	<b>411,964</b>	<b>418,595</b>	<b>531,825</b>

# Notes

## Note 5 Business acquisition

On 4 October 2017, Royal Unibrew entered into an agreement with Gruppo Campari to acquire the company Terme di Crodo S.r.l. The company is expected to be acquired by the end of 2017.

Terme di Crodo owns brands like Freedea Lemonsoda, Freedea Oransoda, Freedea Pelmosoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in Crodo in the north-western parts of Italy close to Lago Maggiore. About 2/3 of the net revenue is generated by Freedea Lemonsoda, whereas Freedea Oransoda is the second-strongest brand in the portfolio. The distribution of the products to the on-trade channel is made through distributors or cash&carry customers who are in many cases also customers of Royal Unibrew's distribution company Ceres S.p.A.; sales to the off-trade channel are made directly to customers. The distribution rate of Freedea Lemonsoda in the on-trade channel is approximately 55%, whereas it is more than 95% in the off-trade channel.

The production facilities in Crodo are modern and hold capacity for producing cans, glass and PET bottles; most recently, a new canning line was installed in 2016.

The company has approximately 73 employees related to production and internal logistics.

The acquisition is part of Royal Unibrew's strategy to be a focused and strong regional beverage provider holding market-leading positions within beer, malt beverages and soft drinks in the Nordic and Baltic countries, supplemented by strong niche positions in eg the Italian super-premium market and the international malt beverage markets.

Royal Unibrew expects the acquisition to increase revenue in Italy significantly, corresponding to a net revenue of DKK 245 million, whereas volumes will more than double. The acquisition is moreover expected to reinforce the existing commercial platform in all sales channels, and as the route-to-market is virtually the same as for Royal Unibrew's existing beer business in Italy, operational synergies are expected to be reaped for the benefit of existing product portfolios as well as that acquired.

Following the acquisition, external logistics and commercial activities will be undertaken by Royal Unibrew's Italian distribution company Ceres S.p.A., or in cooperation with external parties.

The acquisition price of DKK 600 million is based on an enterprise value of DKK 600 million, and the enterprise will be acquired free and clear of debt and liabilities. The valuation of Terme di Crodo has been based on the multiples applicable to leading, national beverage positions.

The company is expected to be included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition.

The acquisition is expected to generate value for Royal Unibrew's shareholders by reinforcing the total Italian business, and by leveraging optimisation potential across the Group's operations. On that basis, the acquisition is expected to increase Royal Unibrew's profit and earnings per share already with effect from 2018. As closing is not expected until the end of 2017, it is not possible at this time to make all the disclosures required by IFRS 3.



# Financial Highlights and Key Ratios

## Quarterly

	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016
Sales (thousand hectolitres)	2,069	2,081	2,764	2,795	2,500	2,581
<b>Income Statement (mDKK)</b>						
Net revenue	1,354	1,350	1,828	1,810	1,686	1,714
EBITDA	224	212	419	408	433	432
<i>EBITDA margin (%)</i>	16.5	15.7	22.9	22.6	25.7	25.2
Earnings before interest and tax (EBIT)	151	138	351	329	359	357
<i>EBIT margin (%)</i>	11.2	10.2	19.2	18.2	21.2	20.9
Income after tax from investments in associates	-2	1	12	14	5	7
Other financials, net	-6	-12	-8	-8	-9	-9
Profit before tax	143	127	355	335	355	355
Net profit for the period	110	99	280	266	278	277
<b>Balance Sheet (mDKK)</b>						
Non-current assets	5,138	5,300	5,148	5,256	5,115	5,216
Total assets	6,294	6,506	6,405	6,531	6,130	6,260
Equity	2,935	2,945	2,637	2,712	2,800	2,895
Net interest-bearing debt	1,142	1,269	1,158	1,261	1,062	1,053
Net working capital	-690	-731	-949	-867	-802	-791
Invested capital	4,316	4,444	4,041	4,207	4,103	4,170
<b>Cash Flows (mDKK)</b>						
From operating activities	-24	-121	622	534	247	339
From investing activities	-29	124	-72	-24	-32	-17
Free cash flow	-54	5	551	509	214	321
<b>Financial ratios (%)</b>						
Free cash flow as a percentage of net revenue	-4	0	30	28	13	19
Cash conversion (%)	-48	5	197	191	77	116
Net interest-bearing debt/EBITDA (running 12 months)	0.9	1.0	0.9	1.0	0.8	0.8
Equity ratio (%)	47	45	41	42	46	46

\* Pro forma including Hartwall 1/4-22/8 2013

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

## Q1-Q3 2013-2017

	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013
Sales (thousand hectolitres)	7,333	7,457	6,864	6,921	4,897
<b>Income Statement (mDKK)</b>					
Net revenue	4,869	4,874	4,610	4,705	3,056
EBITDA	1,076	1,052	1,002	932	545
<i>EBITDA margin (%)</i>	22.1	21.6	21.7	19.8	17.8
Earnings before interest and tax (EBIT)	862	825	775	712	449
<i>EBIT margin (%)</i>	17.7	16.9	16.8	15.1	14.7
Income after tax from investments in associates	15	22	18	27	20
Other financials, net	-23	-29	-37	-44	-22
Profit before tax	853	818	756	695	447
Net profit for the period	668	641	588	539	356
<b>Balance Sheet (mDKK)</b>					
Non-current assets	5,115	5,216	5,505	5,652	5,926
Total assets	6,130	6,260	6,728	7,068	7,235
Equity	2,800	2,895	2,896	2,717	2,025
Net interest-bearing debt	1,062	1,053	1,323	1,606	2,604
Net working capital	-802	-791	-742	-757	-583
Invested capital	4,103	4,170	4,466	4,603	5,001
<b>Cash Flows (mDKK)</b>					
From operating activities	845	752	798	751	420
From investing activities	-133	83	0	22	-2,837
Free cash flow	711	835	793	772	357
<b>Share Ratios (DKK per share of DKK 2)</b>					
Earnings per share	12.8	12.0	10.7	9.8	7.0
Cash flow per share	16.2	14.1	14.6	13.6	8.2
Year-end price per share	345.0	312.3	249.8	196.2	131.0
<b>Financial Ratios (%)</b>					
Free cash flow as a percentage of net revenue	15	17	17	16	12
Cash conversion (%)	106	130	135	143	100
Net interest-bearing debt/EBITDA (running 12 months)	0.8	0.8	1.1	1.4	2.6*
Equity ratio (%)	46	46	43	38	28