ROYAL UNIBREW

Annual Report 1 January – 31 December 2016

9 March 2017

Record high earnings and shareholder distribution

- Market positions maintained
- Results and EPS at all time high
- Net revenue DKK 6.3bn (DKK 6bn), EBIT DKK 1,001m (DKK 917m) & EBIT-margin 15.8% (15.2%)
- Strong free cash flow of DKK 1,022m (DKK 1,032)
- NIBD reduced by DKK 193m during the year to DKK 991m
- ROIC excl. goodwill at record high 28%
- DKK 829m cash returned to shareholders via ordinary dividend and SBB
- Dividend DKK 440m to be proposed on the AGM, DKK 8.15 per share
- New share buy-back program of DKK 560m
- Financial targets revised. EBIT-margin target increased from around 15% to around 16%
- Jesper B. Jørgensen to start as new CEO as of 1 April 2017

Strategic priorities

Innovation

Identifying trends for products, brands, packaging, preferences & moment of consumption

Craft Beer

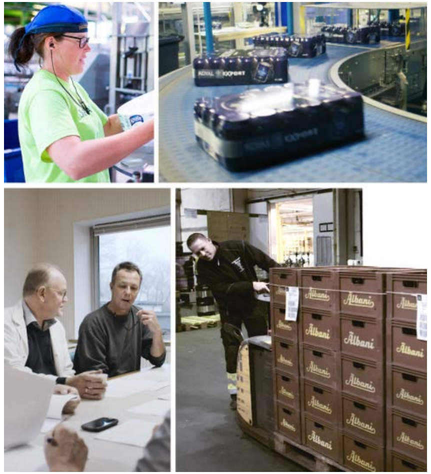
Tapping into craft value.
Establishing a new craft brewery & craft brew organisation

Consumer Activation

Engaging the consumer on shared passions & common goals supportive of brand equity

Operational Efficiency

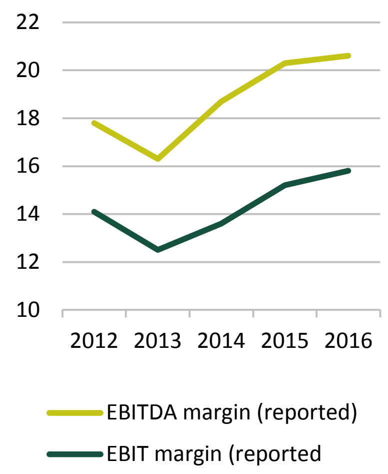
Continuous efficiency improvements



Strong key figure performance

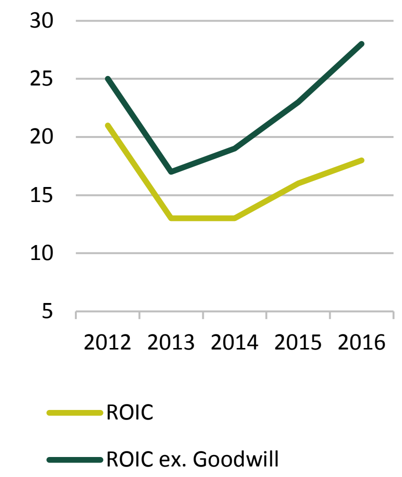
Profit margins

%



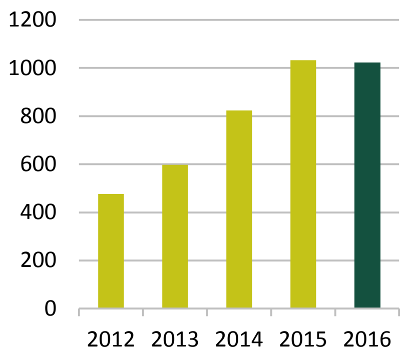
ROIC

%



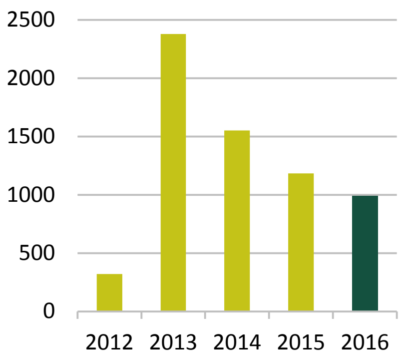
Free Cash Flow

mDKK



NIBD

mDKK



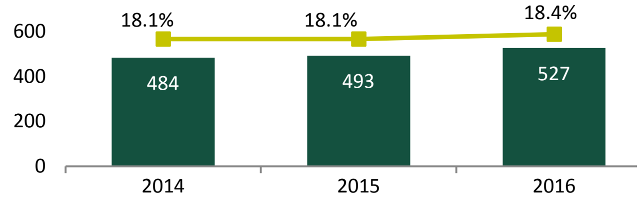
Earnings increase in all business segments

Western Europe
- Volume +3%, NR 5% incl. snacks, EBIT +7%
- Denmark & Germany – market positions strengthened
- Danish consumption slightly increasing. Increasing interest in craft. Shift towards branded beverages
- PepsiCo snacks distribution in Denmark developing as planned
- Italy – market positions maintained

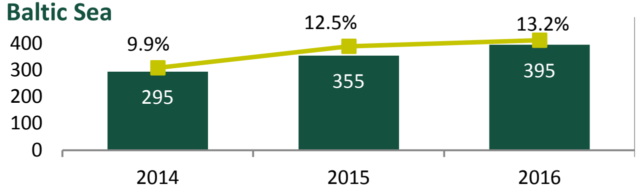
Baltic Sea
- Volume +9%, NR +5%, EBIT +11%
- Finland – positive effect from value management and efficiencies acroos the board full year effect of extraordinary campaign. Market positions excl. the extraordinary campaign declining
- Baltics – excise, deposit & collection fee leading to significantly increase in consumer prices and declining comsumption. Migration impacting consumption negatively
- PepsiCo soft drink business in Baltics developing as planned

Malt & Export
- Volume +5%, NR +7%, EBIT +6%
- Difficult macroeconomics and FX in a number of markets
- Sell-out progressing as planned. Positive market mix
- Continued investment in the organization and market positions

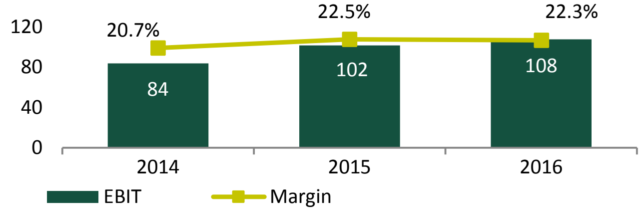
Western Europe



Baltic Sea



Malt & Export



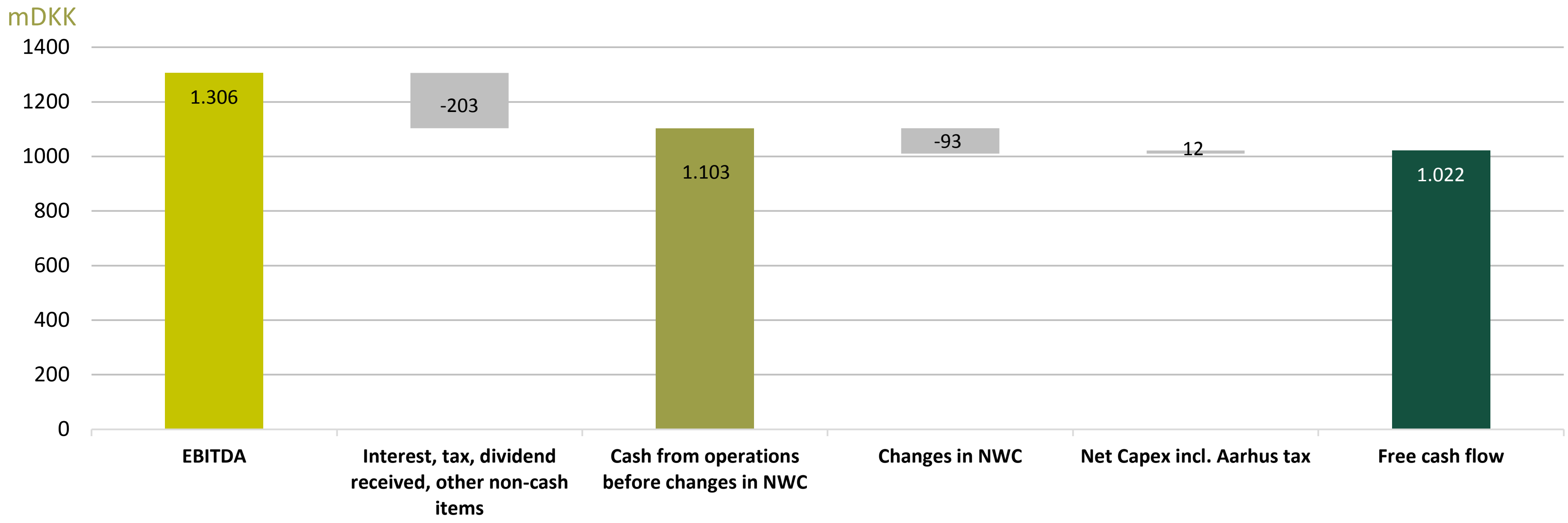
Improved financial performance

mDKK	2016	2015	*Change*
P&L ITEMS			
Net revenue	6,340	6,032	*308*
Gross margin	51.8%	52.5%	*-0.7pp*
EBITDA	1,306	1,225	*81*
EBITDA margin	20.6%	20.3%	*0.3pp*
EBIT	1,001	917	*84*
EBIT margin	15.8%	15.2%	*0.6pp*
Profit before tax	998	902	*96*
Net profit	784	711	*73*

mDKK	2016	2015	*Change*
BALANCE SHEET ITEMS			
Net interest bearing debt	991	1,184	*-193*
Net working capital	-881	-990	*109*
Total assets	6,076	6,748	*-672*
Equity	2,911	2,935	*-24*
Equity ratio	47.9%	43.5%	*4.4pp*
Invested capital	4,111	4,347	*-236*
ROIC ex. goodwill	28%	23%	*5pp*
ROIC incl. goodwill	18%	16%	*2pp*

Strong cash flow on record high earnings

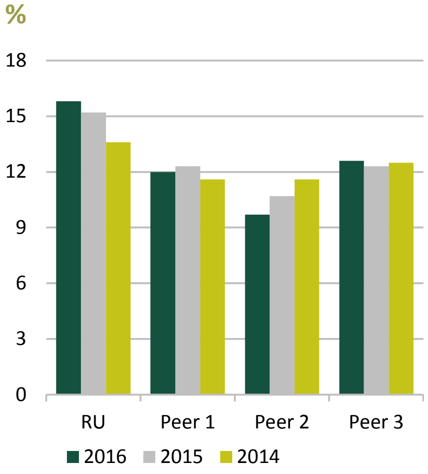
Cash Flow



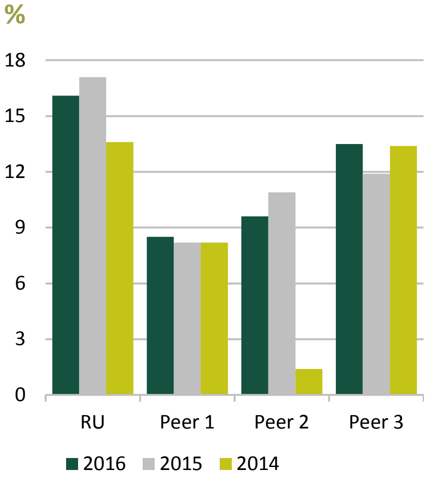
2015:	1,225	-207	1,018	169	-155	1,032

Solid performance to peers 2016

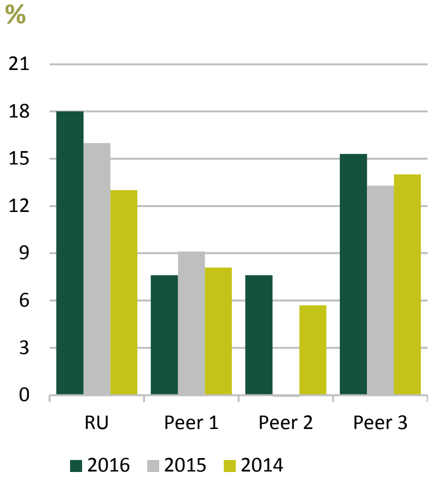
EBIT margin (comparable region)



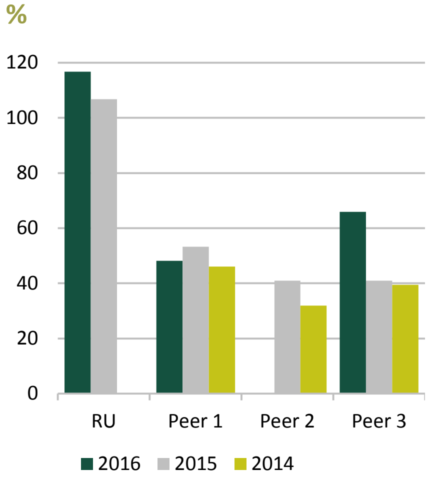
Free cash flow - % of revenue



Return on invested capital*



Cash return to shareholders**



* Based on average invested capital
** Percentage of net profit the year before

Shareholder distribution

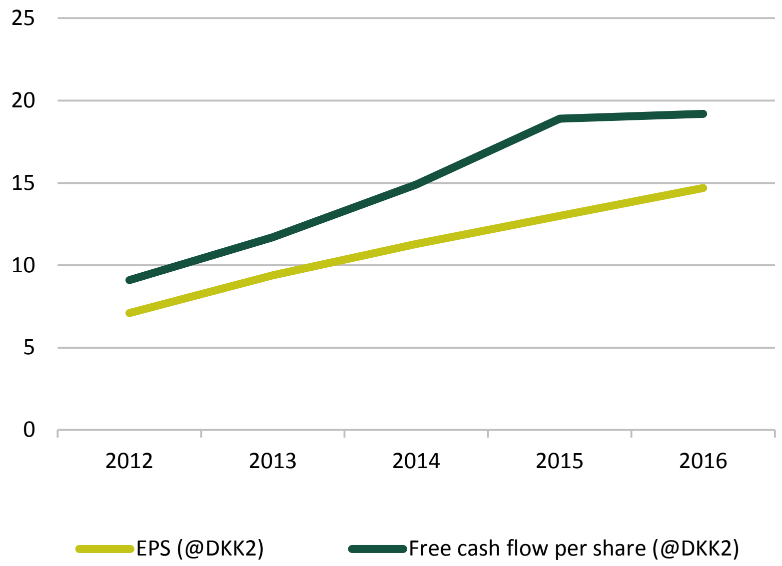
Dividend of DKK 440m to be proposed at the AGM

- Dividend of DKK 8.15 per share

DKK 560m share buy-back initiated this morning

- Safe harbour program
- Maximum 12 month period

EPS and free cash flow per share



Selected 2017 outlook assumptions

- Slight structural consumption decline in markets covered by full beverage portfolio. Increasing value of Danish consumption
- Stable malt beverages markets in Europe and Caribbean. Slightly increasing consumption of malt beverages and beer in Africa and Americas
- Unchanged net selling prices due to non-inflationary environment and due to competition
- Positive full year net revenue effect from increased co-operation with PepsiCo on soft drink and snacks
- Change in customer agreements reduces net revenue by 1% while unchanged EBITDA
- Cost level generally expected to develop in line with inflation
- Gross investments of DKK 245-265m
- Free cash flow to be negatively affected by DKK 160m as we assume the extraordinary Finnish beer campaign to run out by end of Q3 2017
- Tax rate at 22%

Outlook 2017

mDKK	Outlook 2017	Realised 2016	Outlook August 2016	Outlook March 2016
Net revenue	6,250-6,450	6,340	6,275-6,450	6,150-6,400
EBITDA	1,285-1,385	1,306	1,204-1,290	1,190-1,290
EBIT	980-1,080	1,001	935-985	885-985

Financial targets

	March 2017 revised target	November 2015 revised target	August 2014 revised target	Post Hartwall acquisition target*
Earnings	EBIT margin 16%	EBIT margin 15%	EBIT margin 14%	EBIT margin 13%
Equity ratio	Minimum 30%	Minimum 30%	Minimum 30%	Minimum 30%
NIBD/EBITDA	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x	Maximum 2.5x

- Distribution policy:
  - Dividends 40-60% of net profit
  - Share buy-back to adjust capital structure

* Amortization from the acquisition decreased EBIT-margin by approx. 50bp

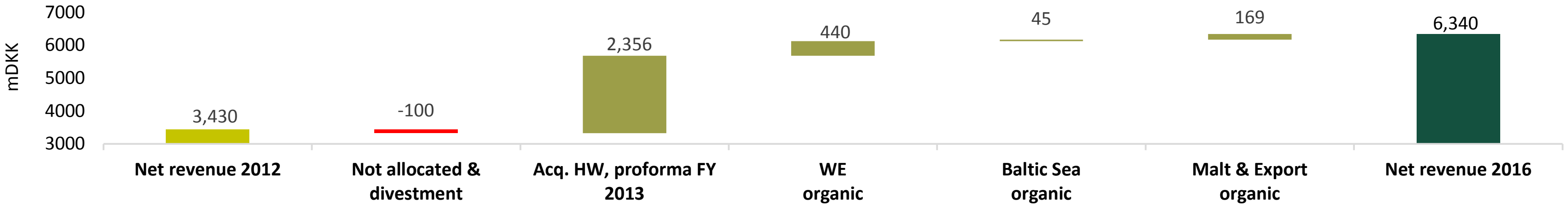
Q&A-session

1 PINTA
Kalnapilis
GRAND SELECT
100% MIEŽIŲ SALYKLAS
PREMIUM BEER

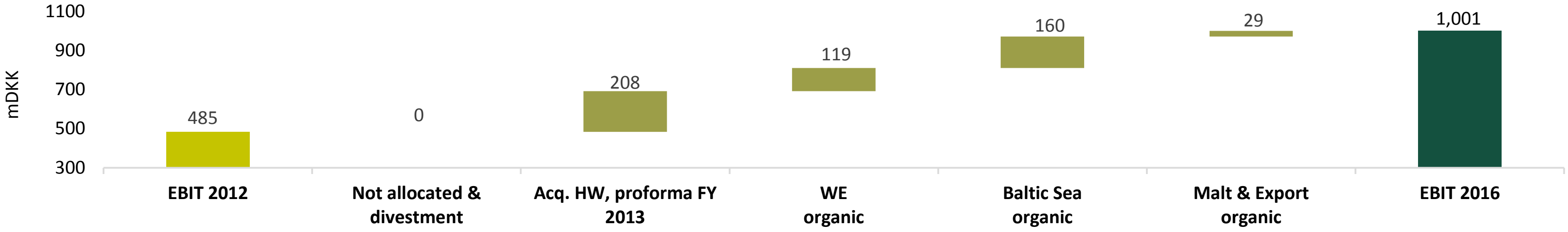
Appendix

Significant organic improvement 2012 to 2016

Net revenue bridge 2012-2016

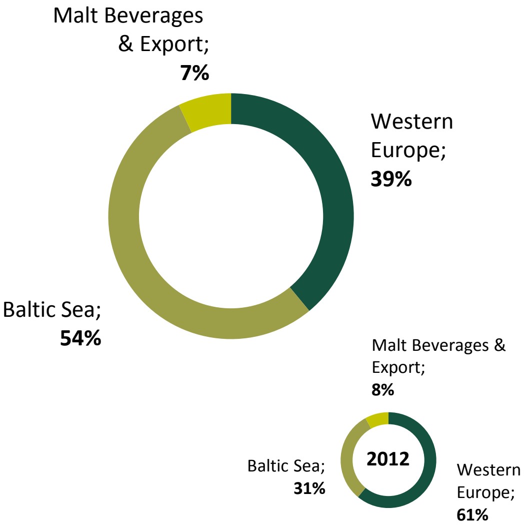


EBIT bridge 2012-2016

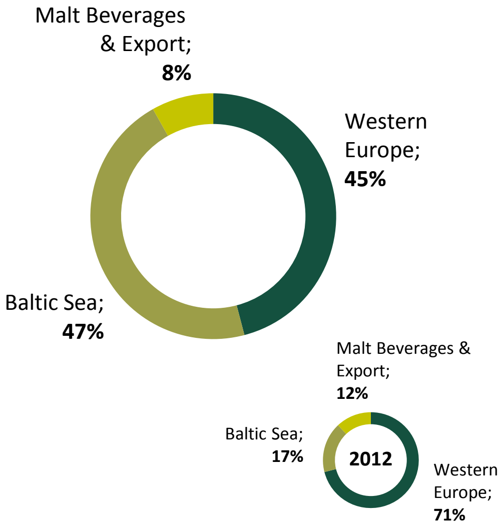


Business segment overview, before and after Hartwall acquisition

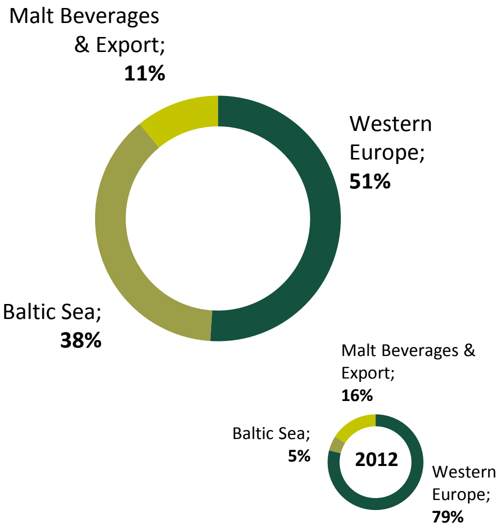
2016 Volume



2016 Net revenue

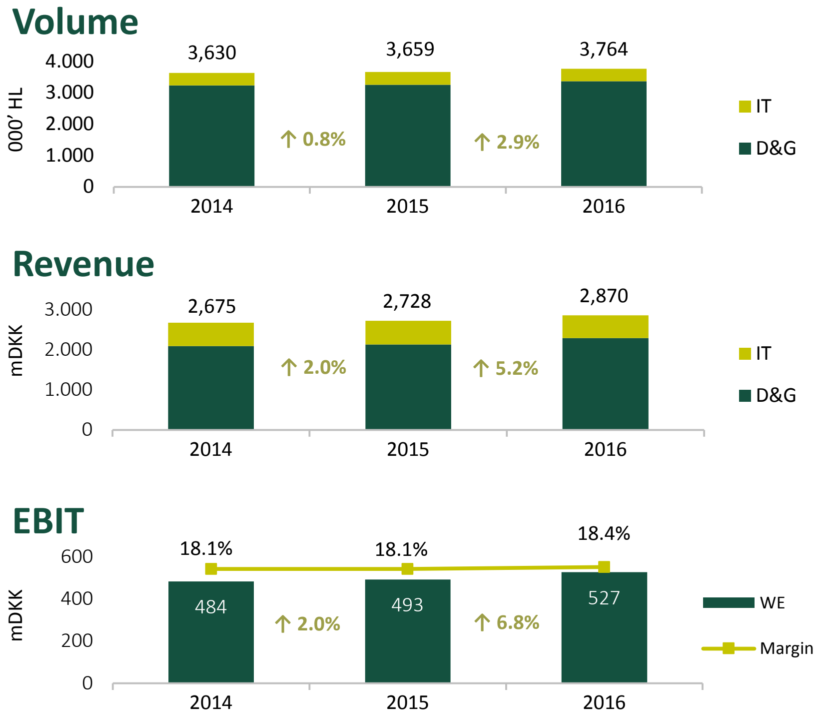


2016 EBIT



Western Europe:
Organic growth in topline and EBIT

- Volume +3%, NR 5% incl. snacks, EBIT +7%
- Denmark & Germany - market positions strengthened
- Danish consumption slightly increasing. Increasing interest in craft. Shift towards branded beverages
- PepsiCo snacks distribution in Denmark developing as planned
- Italy - market positions maintained

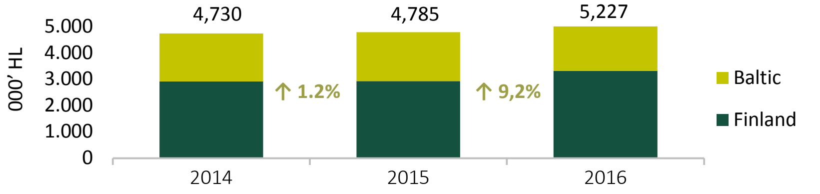


Baltic Sea:

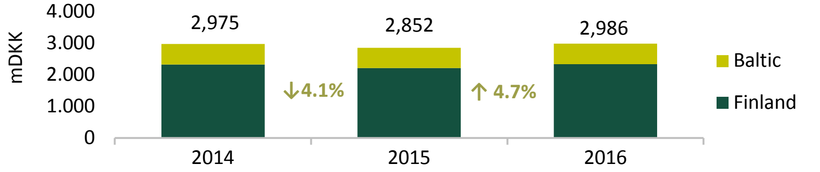
Earnings increase on efficiencies & commercial focus

- Volume +9%, NR +5%, EBIT +11%
- Finland – positive effect from value management and efficiencies across the board. Market positions excl. the extraordinary beer campaign declining
- Baltics - excise, deposit & collection fee leading to significantly increase in consumer prices and declining consumption
- PepsiCo soft drink business in Baltics developing as planned

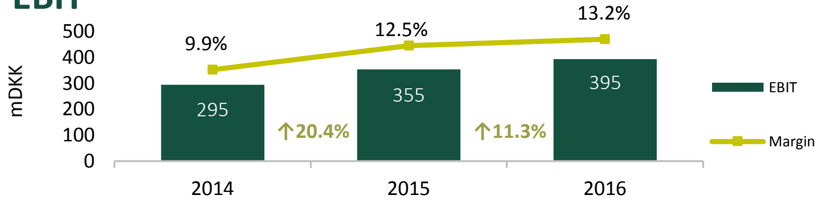
Volume



Revenue

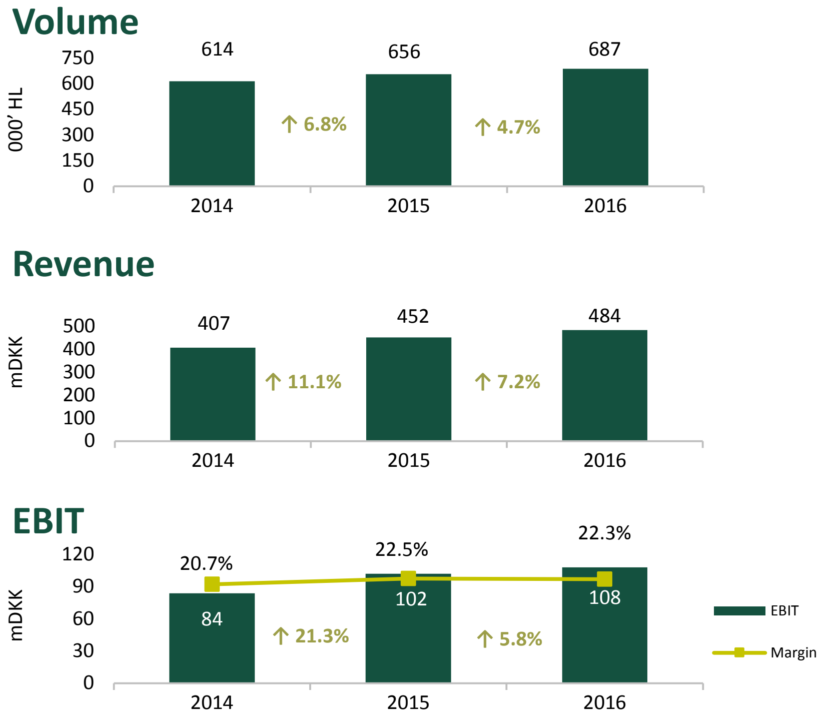


EBIT



Malt Beverages and Exports:
Continued solid growth

- Volume +5%, NR +7%, EBIT +6%
- Difficult macroeconomics and FX in a number of markets
- Sell-out progressing as planned
- Positive market mix
- Continued investment in the organization and market positions



Underlying price/mix healthy in all geographies but Italy that is impacted by channel mix

2016	Dev				
DK	Q1	Q2	Q3	Q4	Total
HL	1,9%	10,3%	-0,5%	1,6%	3,3%
NR	3,6%	10,4%	-1,8%	3,1%	3,7%
NR/HL	1,7%	0,1%	-1,2%	1,4%	0,4%

- Gaining share in a market that is slightly up
- Almost keeping NR/HL in spite of bad summer weather

IT	Q1	Q2	Q3	Q4	Total
HL	0,0%	0,0%	-1,9%	-1,4%	-0,7%
NR	0,0%	-1,7%	-5,2%	-4,5%	-2,7%
NR/HL	0,0%	-1,7%	-3,4%	-3,2%	-2,0%

- Keeping market position in flattish market
- HL/NR decline due to channel mix

WE	Q1	Q2	Q3	Q4	Total
HL	1,6%	9,0%	-0,7%	1,4%	2,9%
NR	2,7%	7,5%	-2,5%	1,7%	2,3%
NR/HL	1,0%	-1,4%	-1,8%	0,4%	-0,5%

Underlying price/mix healthy in all geographies but Italy that is impacted by channel mix

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Finland	Q1	Q2	Q3	Q4	Total
HL	22,9%	28,7%	13,0%	-7,5%	13,2%
NR	3,2%	14,8%	5,1%	-1,8%	5,5%
NR/HL	-16,0%	-10,9%	-7,0%	6,2%	-6,8%

- Q4 impacted by LY stocking of extraordinary campaign
- Positive price/mix excluding the extraordinary campaign
- NR/HL improving through value focus

Baltics	Q1	Q2	Q3	Q4	Total
HL	4,8%	9,1%	-2,9%	0,8%	2,9%
NR	2,3%	5,8%	-2,7%	2,2%	1,9%
NR/HL	-2,4%	-3,0%	0,2%	1,5%	-1,0%

- Keeping market position in declining market
- Market negatively impacted by several factors
- Value improving in spite of NR/HL dilutive PepsiCo portfolio

Baltic Sea	Q1	Q2	Q3	Q4	Total
HL	15,8%	20,6%	6,4%	-4,8%	9,2%
NR	3,0%	12,5%	3,3%	-1,0%	4,7%
NR/HL	-11,0%	-6,7%	-2,9%	4,0%	-4,2%

Malt	Q1	Q2	Q3	Q4	Total
HL	11,1%	-4,2%	-6,0%	25,4%	4,7%
NR	11,4%	1,6%	-2,4%	22,3%	7,1%
NR/HL	0,3%	6,0%	3,9%	-2,4%	2,2%

- Sell out at mid single digit increase
- Market mix strengthening NR/HL

RU	Q1	Q2	Q3	Q4	Total
HL	9,5%	14,1%	2,6%	-0,6%	6,4%
NR	3,6%	9,4%	0,2%	1,8%	3,8%
NR/HL	-5,4%	-4,1%	-2,3%	2,4%	-2,4%

Disclaimer

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, 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. The Group assumes no obligation to update any such forward-looking statements 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, 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 can 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.