

Interim Report for 1 January - 31 March 2017

Good start to 2017 – earnings improvement

Earnings before interest and tax (EBIT) for Q1 2017 were DKK 13 million higher than in 2016 and amounted to DKK 151 million (2016: DKK 138 million). The higher earnings for Q1 were due to a favourable development in the breakdown of sales on markets, sales channels and products as well as lower costs. Net revenue for Q1 2017 was at the Q1 2016 level despite a significant part of 2017 Easter sales not occurring until in Q2, whereas total 2016 Easter sales occurred in Q1. Royal Unibrew generally maintained its market shares on branded products. Free cash flow amounted to a negative DKK 54 million compared to a positive DKK 5 million for 2016 which was positively affected by sale of the brewery site in Aarhus. Share buy-backs of DKK 97 million (2016: DKK 88 million) were made in Q1, and, as expected, net interest-bearing debt increased, amounting to DKK 1.1 billion at the end of Q1. The outlook for 2016 is maintained.

“Q1 developments were positive and as expected. We saw a good increase in sales to, especially, Danish consumers, and across the Group we are maintaining our commercial focus on strengthening customer partnerships and consumer engagement by continuously launching new and interesting products. Q1 saw the launch of a number of new craft beer products, including new Kissmeyer products in the Danish market. Due to the positive development of Royal Unibrew, we launched in March 2017 our largest ever share buy-back programme of DKK 560 million, and at today’s AGM dividend distribution of DKK 440 million will be proposed, corresponding to DKK 8.15 per share of DKK 2”, says Jesper B. Jørgensen, CEO.

Outlook

The previously announced outlook is maintained as follows:

- Net revenue: DKK 6,250-6,450 million
- EBITDA: DKK 1,285-1,385 million
- EBIT: DKK 980-1,080 million

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	Q1 2017	Q1 2016	2016
Sales (thousand hectolitres)	2,069	2,081	9,678
Net revenue	1,354	1,350	6,340
EBITDA	224	212	1,306
<i>EBITDA margin (%)</i>	16.5	15.7	20.6
Earnings before interest and tax (EBIT)	151	138	1,001
<i>EBIT margin (%)</i>	11.2	10.2	15.8
Profit before tax	143	127	998
Net profit for the period	110	99	784
Free cash flow	-54	5	1,022
Net interest-bearing debt	1,142	1,269	991
NIBD/EBITDA (running 12 months)	0.9	1.0	0.8
Equity ratio (%)	47	45	48

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 Friday, 28 April 2017, at 9.00 am by audiocast at one of the following dial-in numbers:

Danish participants: +45 32 71 16 58

United States participants: +1 646 254 3364

International number: +44 20 3427 1919

The presentation may also be followed at Royal Unibrew's website www.royalunibrew.com.

Financial calendar for 2017

21 August 2017	Interim Report for the period 1 January - 30 June 2017
22 November 2017	Interim Report for the period 1 January - 30 September 2017

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, 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. 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 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.

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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 2017	Q1 2016	2016
Sales (thousand hectolitres)	2,069	2,081	9,678
INCOME STATEMENT (MDKK)			
Net revenue	1,354	1,350	6,340
EBITDA	224	212	1,306
<i>EBITDA margin (%)</i>	<i>16.5</i>	<i>15.7</i>	<i>20.6</i>
Earnings before interest and tax (EBIT)	151	138	1,001
<i>EBIT margin (%)</i>	<i>11.2</i>	<i>10.2</i>	<i>15.8</i>
Income after tax from investments in associates	-2	1	28
Other financial income and expenses, net	-6	-12	-31
Profit before tax	143	127	998
Net profit for the period	110	99	784
BALANCE SHEET (MDKK)			
Non-current assets	5,138	5,300	5,180
Total assets	6,294	6,506	6,076
Equity	2,935	2,945	2,911
Net interest-bearing debt	1,142	1,269	991
Net working capital	-690	-731	-881
Invested capital	4,316	4,444	4,111
CASH FLOWS (MDKK)			
Operating activities	-24	-121	985
Investing activities	-29	124	38
Free cash flow	-54	5	1,022

	Q1 2017	Q1 2016	2016
SHARE RATIOS (DKK PER SHARE OF DKK 2)			
Earnings per share (EPS)	2.1	1.8	14.7
Cash flow per share	-0.5	-2.3	19.2
Dividend per share			8.15
Year-end price per share	293.7	316	272.6
FINANCIAL RATIOS (%)			
Free cash flow as a percentage of net revenue	-4	0	16
Cash conversion	-48	5	130
Net interest-bearing debt/EBITDA (running 12 months)	0.9	1.0	0.8
Equity ratio	47	45	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

Royal Unibrew saw a positive business development in Q1 2017, and Royal Unibrew is assessed to have generally maintained its market shares on branded products.

Net revenue for Q1 2017 was at the 2016 level despite the most significant part of 2017 Easter sales not occurring until in Q2, whereas total 2016 Easter sales occurred in Q1. Moreover, as expected, changed customer agreements affected net revenue development negatively by 1.2%. Sales volumes decreased by just below one per cent reflecting, as expected, a positive development in the Western Europe segment as well as a nega-

tive development in Baltic Sea and the Malt Beverages and Export segments. Earnings before interest and tax (EBIT) amounted to DKK 151 million, which is DKK 13 million above EBIT for Q1 2016. Net profit for the period amounted to DKK 110 million, which is DKK 11 million above the Q1 2016 figure.

Net revenue and earnings of a brewery business for the first quarter of the year do not reflect a proportional share of net revenue and results for the year. The period represents the winter season when sales and earnings are usually at a lower level than in the other quarters of the year. This also applies to Royal Unibrew.

Share Buy-back Programme

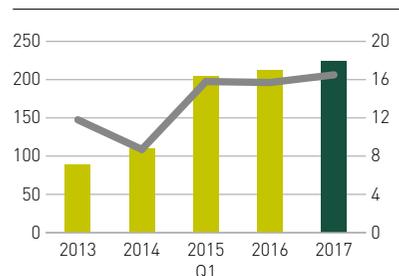
On 8 March 2017, we launched a share buy-back programme expected to cover the period to 1 March 2018 with a view to adjusting the capital structure of Royal Unibrew A/S. The maximum market value of the share buy-back programme will be DKK 560 million, and the programme will be carried out in accordance with the "Safe Harbour" method. Under this programme as well as the share buy-back programme launched in 2016, Royal Unibrew bought back 353,173 shares at a market value of DKK 97 million in Q1 2017, and 300,000 treasury shares were used for share-based payments to the Executive Board, after which Royal Unibrew at 31 March

2017 held 1,656,280 treasury shares. Additionally 100,000 shares are expected to be used for share-based payments to the Executive Board for the period 2017-2019; the remaining shares are expected to be cancelled, including cancellation of 1,400,000 shares according to expected resolution at today's Annual General Meeting of the Company.

Senior management change at Royal Unibrew A/S

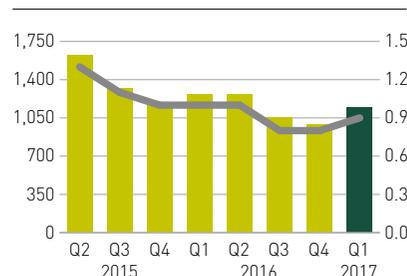
At 1 April 2017, Jesper B. Jørgensen took up the position as President & CEO.

EBITDA AND EBITDA MARGIN
(mDKK) (%)



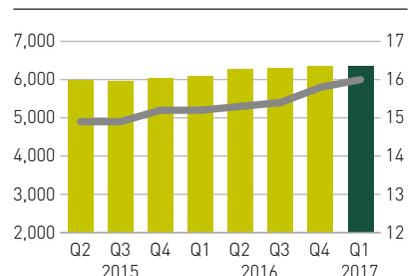
■ EBITDA — EBITDA margin

NIBD AND NIBD/EBITDA
(mDKK) (times)



■ NIBD — NIBD/EBITDA (running 12 month)

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



■ Net revenue — EBIT margin

Financial Review

Income Statement

Adjusting for Easter sales, consumption in the Western Europe segment is assessed as unchanged for Q1. Also in Finland, unchanged consumption is estimated adjusting for Easter sales, whereas in the Baltic countries, particularly in Lithuania, consumption decreased substantially in March due to significant indirect tax increases and regulatory tightening measures imposed on alcoholic beverages.

Sales for Q1 2017 aggregated 2.1 million hectolitres of beer, malt beverages and soft drinks, which was at the level of 2016 sales despite only part of 2017 Easter sales occurring in Q1. The timing difference of Easter

sales affected sales in Western Europe and Baltic Sea.

Net revenue for Q1 2017 showed a 0.3% increase and amounted to DKK 1,354 million compared to DKK 1,350 million for Q1 2016. Average net selling price per volume unit went up by 1.9% as a result of a positive development in the breakdown of sales on segments as well as an improved product mix.

Gross profit for Q1 2017 was DKK 9 million below the 2016 figure and amounted to DKK 679 million compared to DKK 688 million in 2016. Gross margin was 0.8 percentage point below the 2016 margin and represented 50.1% compared to 50.9% in 2016. Adjusting

for the net revenue effect of changed customer agreements as compared to 2016, gross profit for Q1 2017 showed a DKK 17 million increase, and gross margin was 0.2 percentage point lower.

Sales and distribution expenses for Q1 2017 were DKK 14 million below the 2016 figure (DKK 3 million higher if customer agreements in 2016 had been as in 2017) and amounted to DKK 454 million compared to DKK 468 million in 2016. As planned, marketing expenses for Q1 2017 were higher due to growth initiatives and increased support of the existing business.

Administrative expenses for Q1 2017 were DKK 7 million below the 2016 figure and amounted to DKK 74 million compared to DKK 81 million in 2016. The positive development was partly due to the implementation in Q1 2016 of the Group's common IT platform in Finland.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for Q1 2017 showed a DKK 12 million increase and amounted to DKK 224 million compared to DKK 212 million in 2016. The higher earnings are primarily attributable to the Baltic Sea segment which continued to achieve cost reductions.

Earnings before interest and tax (EBIT) for Q1 2017 amounted to DKK 151 million, which is DKK 13 million above EBIT for Q1 2016.

EBIT margin for Q1 2017 was 11.2%, an increase of one percentage point 0.2 percentage point of which relates to the net revenue effect of the changed customer agreements as compared to 2016.

Net financials for Q1 2017 were DKK 3 million below the 2016 figure and amounted to DKK 8 million. Interest expenses were DKK 6 million lower on a net basis due to lower interest-bearing debt and lower interest rates as well as non-recurring costs in 2016 relating

DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 31 MARCH 2017 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group 2017	Group 2016
Sales (thousand hectolitres)	845	1,058	166		2,069	2,081
Growth (%)	5.1	-4.4	-2.4		-0.6	9.6
Share of sales (%)	41	51	8			
Net revenue (mDKK)	615	627	112		1,354	1,350
Growth (%)	-1.1	2.8	-4.8		0.3	4.7
Share of net revenue (%)	45	46	9			
EBIT (mDKK)	90	49	21	-9	151	138
EBIT margin (%)	14.7	7.9	18.3		11.2	10.2

to the repayment of loans. Income after tax from investments in associates, however, was DKK 3 million below the 2016 figure.

Profit before tax for Q1 2017 was DKK 16 million above the 2016 figure and amounted to DKK 143 million compared to DKK 127 million in 2016.

Tax on the profit for Q1 2017 was an expense of DKK 33 million. The tax has been calculated on the basis of the expected full-year tax rate, approx 22%, on the profit excluding income after tax from investments in associates.

The net profit for Q1 2017 amounted to DKK 110 million, which is DKK 11 million above the net profit of DKK 99 million realised in 2016.

Balance Sheet

Royal Unibrew's balance sheet at 31 March 2017 amounted to DKK 6,294 million, which is DKK 218 million above the 31 December 2016 figure. The increase is primarily related to inventories and receivables increasing by approx DKK 200 million due to increased production and sales activities leading up to Easter. Invested capital was reduced by DKK 128 million in the period from 1 April 2016 to 31 March 2017, which, combined with high-

er EBIT, increased ROIC excluding goodwill, calculated on a running 12-month basis, by five percentage points to 27%. ROIC including goodwill increased by three percentage points to 18%.

The equity ratio decreased by one percentage point in Q1 2017 representing 47% at 31 March 2017. Equity at the end of March 2017 amounted to DKK 2,935 million compared to DKK 2,911 million at the end of 2016 and was increased in Q1 by the positive comprehensive income of DKK 117 million for the period and by the value of the share-based payments to the Executive Board and tax on these, whereas it was reduced by share buy-backs of DKK 97 million. The comprehensive income comprises the profit for the period of DKK 110 million plus exchange rate adjustments of foreign group enterprises of DKK 1 million and a positive development in the value after tax of hedging instruments of DKK 6 million.

Net interest-bearing debt for Q1 showed a DKK 151 million increase and amounted to DKK 1,142 million at 31 March 2017 compared to DKK 991 million at the end of 2016. The increase in net interest-bearing debt was as expected and comprised the seasonally-related negative cash flow of DKK 54 million and share buy-backs of DKK 97 million.

Funds tied up in working capital showed a negative DKK 690 million at the end of March 2017 (31 March 2016: a negative DKK 731 million) compared to a negative DKK 881 million at the end of 2016. Funds tied up in working capital thus increased by DKK 191 million in Q1 2017 (Q1 2016: DKK 260 million). Funds tied up in inventories, trade receivables and trade payables increased by DKK 120 million (Q1 2016: DKK 349 million) due to the higher activity, whereas funds tied up in the other elements of working capital increased by DKK 71 million (Q1 2016: decrease of DKK 89 million), primarily related to indirect taxes, customer activities and hedging instruments. All entities continue their strong focus on managing inventories, trade receivables and trade payables.

Cash Flow Statement

Cash flows from operating activities for Q1 2017 amounted to a negative DKK 24 million (Q1 2016: a negative DKK 121 million) comprising the profit for the period adjusted for non-cash operating items of DKK 226 million (Q1 2016: DKK 214 million), negative working capital cash flow of DKK 190 million (Q1 2016: a negative DKK 272 million), net interest paid of DKK 6 million (Q1 2016: DKK 10 million) and taxes paid of DKK 54 million (Q1 2016: DKK 53 million). As expected, the development in working capital was better than in Q1

2016 due to the timing of Easter sales moving from the end of Q1 in 2016 to the beginning of Q2 in 2017.

Free cash flow for Q1 2017 amounted to a negative DKK 54 million compared to a positive DKK 5 million in 2016. The DKK 59 lower free cash flow comprised DKK 99 million higher operating cash flows and dividend from associates and DKK 2 million lower investments; moreover, Q1 2016 was positively affected by DKK 160 million from the sale of the brewery site in Aarhus.

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 key assumptions of the financial development in 2017 are described in the Annual Report for 2016.

Royal Unibrew maintains the outlook for 2017 as previously announced (see Company Announcement No 11/2017 of 8 March 2017) as follows:

mDKK	Outlook 2017	Actual 2016	Actual 2015
Net revenue	6,250-6,450	6,340	6,032
EBITDA	1,285-1,385	1,306	1,225
EBIT	980-1,080	1,001	917

Developments in individual market segments

Western Europe

	Q1 2017	Q1 2016	% change	2016
Sales, beverages (thousand hectolitres)	845	804	5	3,764
Net revenue, beverages (mDKK)	597	608	-2	2,791
Net revenue, total (mDKK)	615	622	-1	2,870
EBIT (mDKK)	90	88		527
EBIT margin (%)	14.7	14.2		18.4

The **Western Europe** segment comprises the markets in Denmark and Germany as well as Italy. Western Europe accounted for 41% of group sales for Q1 2017 and for 45% of net revenue (2016: 39% and 46%, respectively).

Sales in Western Europe for Q1 2017 showed a 5% increase on the same period of 2016. Net revenue from beverages was 2% below the 2016 figure. Including PepsiCo snack products sales, net revenue was 1% below the Q1 2016 figure. Adjusting for the net revenue effect of changed customer agreements as compared to 2016, net revenue showed a 3% increase.

Earnings before interest and tax (EBIT) for Q1 increased by DKK 2 million from DKK 88 million in 2016 to DKK 90 million in 2017. The development is attributable to the higher beverage sales. EBIT margin increased by 0.5 percentage point to 14.7%. Adjusting for the net revenue effect of changed customer agreements as compared to 2016, EBIT margin decreased by 0.1 percentage point and was negatively affected by market and product mix developments.

DENMARK AND GERMANY

	Q1 2017	Q1 2016	% change	2016
Sales, beverages (thousand hectolitres)	747	705	6	3,365
Net revenue, beverages (mDKK)	458	463	-1	2,220
Net revenue (mDKK)	476	477	0	2,299

For **Denmark and Germany**, it is estimated that, adjusting for Easter sales, Danish consumption of branded beer and soft drinks remained unchanged from the same period of 2016.

Royal Unibrew's sales for Q1 2017 showed a 6% increase on 2016. Adjusting for changed customer agreements, net revenue from bev-

erages showed a 5% increase. The lower net revenue per volume unit is due to a change in product mix. It is assessed that Royal Unibrew has increased its market shares on branded beer and soft drinks, due to, among other factors, good commercial initiatives and product innovation. The opening of the Royal Arena in Copenhagen in February 2017 attracted great attention to Royal Unibrew products.

ITALY

	Q1 2017	Q1 2016	% change	2016
Sales (thousand hectolitres)	98	99	-1	399
Net revenue (mDKK)	139	145	-4	571

The market in **Italy** remains marked by consumer restraint. Q1 2017 consumption of premium and super premium beer is estimated to have been at the 2016 level adjusting for Easter sales.

Royal Unibrew's sales for Q1 2017 were 1% below the Q1 2016 figure, primarily because

the most significant part of Easter sales occurred in Q2, which was not the case in 2016. Net revenue for Q1 2017 was 4% below the Q1 2016 figure. The lower net revenue per volume unit is due to a change in sales channel and product mix. It is assessed that Royal Unibrew has maintained its market shares in the premium and super premium segments.

Baltic Sea

	Q1 2017	Q1 2016	% change	2016
Sales (thousand hectolitres)	1,058	1,107	-4	5,227
Net revenue (mDKK)	627	610	3	2,986
EBIT (mDKK)	49	37		395
EBIT margin (%)	7.9	6.0		13.2

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia). Baltic Sea accounted for 51% of group sales and for 46% of net revenue for Q1 2017 (2016: 53% and 45%, respectively).

Sales for Q1 2017 showed a 4% decrease and were negatively affected by the most significant part of Easter sales occurring in Q2 and by large excise increases in the Baltic countries, whereas the full-year effect of the PepsiCo launch in the Baltic countries was positive. Net revenue showed a 3% increase on Q1 2016. Adjusting for changed custom-

er agreements, net revenue from beverages showed a 1% increase.

Earnings before interest and tax (EBIT) of DKK 49 million for Q1 were DKK 12 million above the 2016 figure, whereas EBIT margin increased from 6.0% to 7.9%. Focus on value management and implementation of the Group's common IT platform in Finland in Q1 2016 affected EBIT margin development positively, whereas a shift in market mix and changed customer agreements affected EBIT margin development negatively as compared to the same period of 2016.

FINLAND

	Q1 2017	Q1 2016	% change	2016
Sales (thousand hectolitres)	664	715	-7	3,317
Net revenue (mDKK)	486	477	2	2,334

As expected, the **Finnish** market for beer, soft drinks, wine and spirits products continues to be affected by low consumer confidence. The macroeconomic situation in Finland has improved marginally as compared to Q1 2016; however, as expected, this has not yet led to changed consumption patterns.

Sales for Q1 2017 showed a 7% decrease due to the most significant part of Easter sales occurring in Q2 and to Royal Unibrew's focus on maintaining or increasing the selling price of its products. The extraordinary campaign with a large retail chain continued to increase the market share on branded beer products, whereas, adjusting for this, a decrease in Royal Unibrew's market shares on branded products is estimated. Net revenue for Q1 showed a 2% increase especially due to the net revenue effect of changed customer

agreements as compared to Q1 2016. Selling price per volume unit was 10% higher in Q1 2017 than in 2016, which is partly due to the changed customer agreements, but more so to focus on achieving a product mix with higher selling prices and an improved sales channel mix.

The efforts to reinforce Hartwall's commercial position as a market-leading beverage provider in Finland continue with focus on strengthening partnerships and increasing the presence of Hartwall products with customers. Priority is given to having a high level of innovation in order to be able to offer continuously a strong product portfolio as demanded by customers and consumers. For example, Q1 saw the relaunch during the World Ski Championships of a historic beer brand, Lahden Erikoiis.

BALTIC COUNTRIES

	Q1 2017	Q1 2016	% change	2016
Sales (thousand hectolitres)	394	392	1	1,910
Net revenue (mDKK)	141	133	6	652

Beer consumption in the **Baltic** market declined in Q1 2017 as large indirect tax increases were introduced in both Lithuania and Estonia. It is estimated that Royal Unibrew generally increased its market shares on branded soft drinks products due to the full-year effect of the licence agreement with PepsiCo.

The 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 1% increase for Q1 2017. Net revenue showed

a 6% increase and was positively affected by the development in PepsiCo products sales, whereas the indirect tax increases in Lithuania and Estonia had a negative effect.

The level of innovation within craft beer was high in the Baltic countries, and two new craft beer products were launched with focus on links back to the historical beer brewing method. In Lithuania, Kalnapilis Bergsclösschen was launched, and in Latvia, Lacplešis Staburags was launched – brewed according to an old, original recipe.

Malt Beverages and Exports

	Q1 2017	Q1 2016	% change	2016
Sales (thousand hectolitres)	166	170	-2	687
Net revenue (mDKK)	112	118	-5	484
EBIT (mDKK)	21	24		108
EBIT margin [%]	18.3	20.6		22.3

The **Malt Beverages and Exports** segment comprises the export and licence business to other markets. For Q1 2017, sales represented 8% and net revenue 9% of group sales and revenue (2016: 8% and 9%, respectively).

Sales for Q1 2017 showed as expected a 2% decrease on 2016, and net revenue a 5% decrease. The lower net revenue per sales unit was negatively affected by a changed market mix and exchange rate developments, whereas a changed product mix had a positive effect. Exchange rate developments affected net revenue negatively by approx DKK 2 million. Adjusting for these, net revenue showed a 3% decrease for Q1 2017.

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, as expected, distributors reduced their inventories in Q1 2017, which affected Q1 2017 sales negatively. It is estimated that distributors' sales to customers and consumers increased by a medium one-digit percentage.

Earnings before interest and tax (EBIT) for Q1 2017 amounted to DKK 21 million, which is DKK 3 million below the 2016 figure. Exchange rate developments affected earnings negatively by DKK 3 million. Adjusting for these, EBIT for Q1 2017 were at the 2016 level, and EBIT margin for Q1 2017 was 20.3% compared to 20.6% in 2016. As planned, material investments were also made in Q1 2017 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 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 31 March 2017 as well as of the results of the Group operations and cash flows for the period 1 January – 31 March 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, 27 April 2017

Executive Board

Jesper B. Jørgensen
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 Liiisberg

Søren Lorentzen

Jens Due Olsen

Karsten Mattias Slotte

Jais Valeur

Hemming Van

Income Statement and Comprehensive Income

Income Statement

(DKK '000)	Q1 2017	Q1 2016	2016
Net revenue	1,354,434	1,350,422	6,340,376
Production costs	-675,245	-662,641	-3,053,150
Gross profit	679,189	687,781	3,287,226
Sales and distribution expenses	-453,357	-467,824	-1,981,803
Administrative expenses	-74,704	-81,634	-304,734
EBIT	151,128	138,323	1,000,689
Income after tax from investments in associates	-1,504	1,254	27,802
Financial income	27	151	4,055
Financial expenses	-6,844	-12,706	-34,962
Profit before tax	142,807	127,022	997,584
Tax on the profit for the period	-32,428	-28,408	-213,833
Net profit for the period	110,379	98,614	783,751
Earnings per share (DKK)	2.1	1.8	14.7
Diluted earnings per share (DKK)	2.1	1.8	14.6

Statement of Comprehensive Income

(DKK '000)	Q1 2017	Q1 2016	2016
Net profit for the period	110,379	98,614	783,751
<i>Other comprehensive income</i>			
Items that may be reclassified to the income statement:			
Value and exchange adjustments of foreign group enterprises	494	-4,606	-9,180
Value adjustment of hedging instruments, beginning of year	7,113	27,839	27,839
Value adjustment of hedging instruments, end of year	258	-30,010	-7,113
Tax on other comprehensive income	-1,425	315	-4,017
Total	6,440	-6,462	7,529
Items that may not be reclassified to the income statement:			
Actuarial loss on pension schemes			-256
Tax on actuarial loss on pension schemes			51
Total	0	0	-205
Total other comprehensive income	6,440	-6,462	7,324
Total comprehensive income	116,819	92,152	791,075

Balance Sheet

Assets

(DKK '000)	31/3 2017	31/3 2016	31/12 2016
NON-CURRENT ASSETS			
Goodwill	1,450,115	1,453,137	1,449,465
Trademarks	1,230,908	1,231,607	1,230,330
Distribution rights	179,057	191,673	182,083
Customer relations	18,882	32,444	22,243
<i>Intangible assets</i>	<i>2,878,962</i>	<i>2,908,861</i>	<i>2,884,121</i>
Project development properties		37,005	
Other property, plant and equipment	2,117,630	2,216,092	2,142,174
Investments in associates	130,956	128,342	143,978
Other fixed asset investments	10,074	10,079	10,074
Non-current assets	5,137,622	5,300,379	5,180,347
CURRENT ASSETS			
Inventories	406,159	373,071	335,944
Receivables	669,271	730,855	534,116
Corporation tax	18,950	18,131	
Prepayments	31,887	43,084	18,677
Cash at bank and in hand	30,488	40,030	6,917
Current assets	1,156,755	1,205,171	895,654
Assets	6,294,377	6,505,550	6,076,001

Liabilities and Equity

(DKK '000)	31/3 2017	31/3 2016	31/12 2016
EQUITY			
Share capital	108,200	110,985	108,200
Other reserves	799,091	818,507	790,808
Retained earnings	1,586,851	1,615,583	1,571,454
Proposed dividend	440,915	399,546	440,915
Equity	2,935,057	2,944,621	2,911,377
Deferred tax	380,330	372,094	362,117
Mortgage debt	858,789	863,609	859,220
Credit institutions	240,000	245,194	
Other payables	9,273	1,500	13,556
Non-current liabilities	1,488,392	1,482,397	1,234,893
Mortgage debt	4,761	2,538	4,761
Credit institutions	68,791	198,128	133,975
Trade payables	939,386	808,104	858,149
Corporation tax			21,196
Other payables	857,990	1,069,762	911,650
Current liabilities	1,870,928	2,078,532	1,929,731
Liabilities	3,359,320	3,560,929	3,164,624
Liabilities and equity	6,294,377	6,505,550	6,076,001

Cash Flow Statement

for 1 January – 31 December

(DKK '000)	Note	Q1 2017	Q1 2016	2016
Net profit for the period		110,379	98,614	783,751
Adjustments for non-cash operating items	3	115,323	115,855	531,825
		225,702	214,469	1,315,576
Change in working capital:				
Receivables		-148,900	-185,821	32,213
Inventories		-70,112	-56,939	-20,557
Payables		29,191	-29,226	-105,017
Cash flows from operating activities before financial income and expenses		35,881	-57,517	1,222,215
Financial income		27	151	1,366
Financial expenses		-6,305	-10,257	-28,237
Cash flows from ordinary activities		29,603	-67,623	1,195,344
Corporation tax paid		-54,001	-53,583	-210,612
Cash flows from operating activities		-24,398	-121,206	984,732
Dividends received from associates		11,701	9,733	24,863
Sale of property, plant and equipment		829	161,095	222,109
Purchase of property, plant and equipment		-41,662	-44,565	-209,619
<i>Free cash flow</i>		<i>-53,530</i>	<i>5,057</i>	<i>1,022,085</i>

(DKK '000)	Note	Q1 2017	Q1 2016	2016
Purchase/sale of intangible assets and fixed asset investments			-2,286	151
Cash flows from investing activities		-29,132	123,977	37,504
<i>Debt financing:</i>				
Proceeds from increased drawdown on credit facilities		240,000	156,818	400,000
Repayment on credit facilities		-65,773	-364,400	-917,918
<i>Shareholders:</i>				
Dividends paid to shareholders				-385,801
Acquisition of shares for treasury		-97,264	-87,784	-443,584
Cash flows from financing activities		76,963	-295,366	-1,347,303
Change in cash and cash equivalents		23,433	-292,595	-325,067
Cash and cash equivalents at 1 January		6,917	333,185	333,185
Exchange adjustment		138	-560	-1,201
Cash and cash equivalents at 31 March		30,488	40,030	6,917

Statement of Changes in Equity

for 1 January – 31 December

(DKK '000)	Share Share capital	premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2016	108,200	834,363	-36,442	-7,113	790,808	1,571,454	440,915	2,911,377
Changes in equity in 2016								
Net profit for the year					0	110,379		110,379
Other comprehensive income			912	7,371	8,283	-418		7,865
Tax on other comprehensive income					0	-1,425		-1,425
Realised part of revaluation reserve					0	0		0
Total comprehensive income	0	0	912	7,371	8,283	108,536	0	116,819
Acquisition of shares for treasury					0	-97,264		-97,264
Share-based payments					0	2,200		2,200
Tax on changes in equity, shareholders					0	1,925		1,925
Total shareholders	0	0	0	0	0	-93,139	0	-93,139
Total changes in equity 1/1-31/3 2017	0	0	912	7,371	8,283	15,397	0	23,680
Equity at 31 March 2017	108,200	834,363	-35,530	258	799,091	1,586,851	440,915	2,935,057

The share capital at 31 March 2017 amounts to DKK 108,200,000 and is distributed on shares of DKK 2 each.

Statement of Changes in Equity

for 1 January – 31 December

(DKK '000)	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2015	110,985	855,839	102,200	-27,262	-27,839	902,938	1,521,336	399,546	2,934,805
Changes in equity in 2016									
Net profit for the year						0	98,614		98,614
Other comprehensive income			0	-4,606	-2,171	-6,777			-6,777
Tax on other comprehensive income			0			0	315		315
Realised revaluation reserve			-77,654			-77,654	77,654		0
Total comprehensive income	0	0	-77,654	-4,606	-2,171	-84,431	176,583	0	92,152
Acquisition of shares for treasury						0	-87,784		-87,784
Share-based payments						0	2,475		2,475
Tax on changes in equity, shareholders						0	2,973		2,973
Proposed dividend						0			0
Total shareholders	0	0	0	0	0	0	-82,336	0	-82,336
Total changes in equity 1/1-31/3 2016	0	0	-77,654	-4,606	-2,171	-84,431	94,247	0	9,816
Equity at 31 March 2016	110,985	855,839	24,546	-31,868	-30,010	818,507	1,615,583	399,546	2,944,621

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)	31/3 2017	31/3 2016	31/12 2016
Assets (project development properties)	0	37,005	0
Derivative financial instruments	258	-30,010	-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 2017

(mDKK)	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	615.1	627.0	112.3		1,354.4
Earnings before interest and tax (EBIT)	90.3	49.4	20.6	-9.2	151.1
Share of income from associates	-1.5				-1.5
Other financial income and expenses		-1.4	-0.1	-5.3	-6.8
Profit/loss before tax for the period	88.8	48.0	20.5	-14.5	142.8
Tax on the profit/loss for the period				-32.4	-32.4
Net profit for the period					110.4
EBIT margin, %	14.7	7.9	18.3		11.2
Sales, beverages (thousand hectolitres)	845	1.058	166		2.069
Net revenue, beverages	597.3	627.0	112.3		1,336.6

Q1 2016

(mDKK)	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	622.2	610.2	118.0		1,350.4
Earnings before interest and tax (EBIT)	88.4	36.9	24.3	-11.3	138.3
Share of income from associates	1.3				1.3
Other financial income and expenses	-0.1	-2.8		-9.7	-12.6
Profit/loss before tax for the period	89.6	34.1	24.3	-21.0	127.0
Tax on the profit/loss for the period				-28.4	-28.4
Net profit for the period					98.6
EBIT margin, %	14.2	6.0	20.6		10.2
Sales, beverages (thousand hectolitres)	804	1.107	170		2.081
Net revenue, beverages	608.0	610.2	118.0		1,336.2

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

Note 4 Cash Flow Statement

(DKK '000)	Q1 2017	Q1 2016	2016
Adjustments for non-cash operating items			
Financial income	-27	-151	-4.055
Financial expenses	6.844	12.706	34.962
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	72.374	74.018	294.654
Tax on the profit for the period	32.428	28.408	213.833
Income from investments in associates	1.504	-1.254	-27.802
Profit and loss on sale of property, plant and equipment		-347	10.333
Share-based remuneration and payments	2.200	2.475	9.900
Total	115.323	115.855	531.825

Financial Highlights and Key Ratios

For 1 January - 31 March 2013-2017

	2017	2016	2015	2014	2013
Sales (thousand hectolitres)	2,069	2,081	1,899	1,847	1,247
Income Statement (mDKK)					
Net revenue	1,354	1,350	1,290	1,267	751
EBITDA	224	212	204	110	89
<i>EBITDA margin (%)</i>	16.5	15.7	15.8	8.7	11.8
Earnings before interest and tax (EBIT)	151	138	131	43	61
<i>EBIT margin (%)</i>	11.2	10.2	10.2	3.4	8.2
Income after tax from investments in associates	-2	1	1	-1	-1
Other financials, net	-6	-12	-13	-22	-6
Profit before tax	143	127	119	20	54
Net profit for the period	110	99	92	14	41
Balance Sheet (mDKK)					
Non-current assets	5,138	5,300	5,641	5,800	1,972
Total assets	6,294	6,506	6,768	6,995	2,873
Equity	2,935	2,945	2,900	2,157	1,338
Net interest-bearing debt	1,142	1,269	1,710	2,638	401
Net working capital	-690	-731	-555	-567	-87
Invested capital	4,316	4,444	4,893	5,095	1,754
Cash Flows (mDKK)					
From operating activities	-24	-121	-96	-207	-19
From investing activities	-29	124	-27	-52	-10
Free cash flow	-54	5	-122	-254	-30
Share Ratios (DKK per share of DKK 2)					
Earnings per share (EPS)	2.1	1.8	1.7	0.2	0.8
Cash flow per share	-0.5	-2.3	-8.7	-3.8	-0.4
Year-end price per share	293.7	316.0	233.2	180.4	103.2
Financial ratios (%)					
Free cash flow as a percentage of net revenue	-4	0	-9	-20	-4
Cash conversion	-48	5	-133	-1,814	-73
Net interest-bearing debt/EBITDA (running 12 months)	0.9	1.0	1.4	2.6*	0.7
Equity ratio	47	45	43	31	47

* 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.