ROYAL UNIBREW

Royal Unibrew A/S

Annual Report 2015

TAK ROCK

DU FORTJENER AT FÅ NOGET TILBAGE

Royal Unibrew in Brief

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 markets

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.

Denmark – the number two provider of beer and soft drinks with a number of strong brands

Finland – the number two provider of beer and soft drinks with a number of strong brands, as well as international spirits and wine brands

The Baltic countries – among the leading providers of beer and soft drinks holding considerable market positions

Italy – among the market leaders in the super premium segment for beer with Ceres Strong Ale

International markets – among the market leaders in the premium segment for dark malt beverages, whereas the beer category is covered by the Faxe brand

Our brands

In all of our 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.

Our financial targets

Our medium-term financial targets:

EBIT margin: 15%
NIBD/EBITDA: Max 2.5 times
Equity ratio: at least 30% at year end

Distribution policy

Royal Unibrew is expected to continue generating a rather significant liquidity surplus in the future, and it remains the intention currently to make distributions to shareholders.

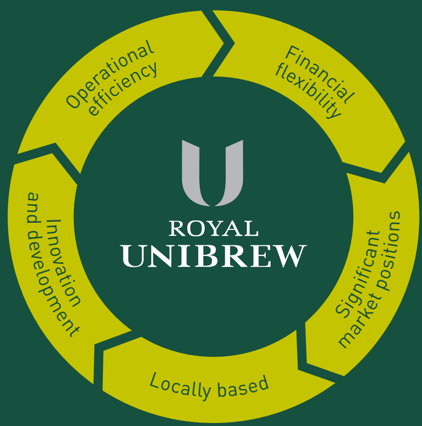
Dividend: 40-60% of net profit for the year

Share buy-backs will be considered currently taking into account optimisation of the capital structure.

Our strategy

It is our strategy to be a focused, regional beverage provider within beer, malt beverages and soft drinks – and to achieve leading positions in the markets or the segments in which we operate.

The main elements of our strategy are as follows:



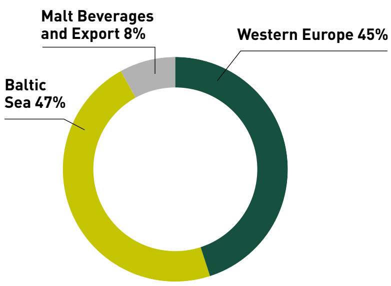
Results 2015

2015 was a good year for Royal Unibrew.

Solid market positions and Hartwall integration resulted in the best performance ever

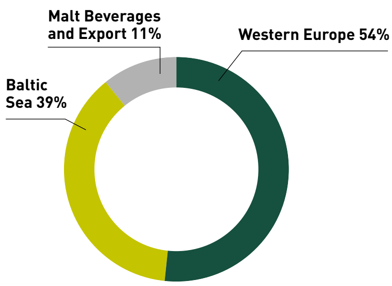
Net revenue in 2015 allocated by segment

%



EBIT in 2015 allocated by segment*

%



* -4% not allocated

Net profit for 2015 14 % higher than in 2014

mDKK

711

Net revenue in 2015 at same level as 2014

mDKK

6,032

EBITDA in 2015 8 % higher than in 2014

DKK mio.

1,225

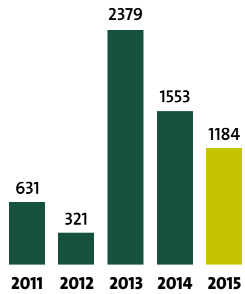
EBIT margin in 2015 1,6 percentage points higher than in 2014

%

15.2

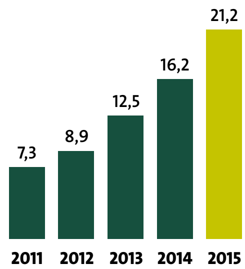
Net interest – bearing debt

mDKK



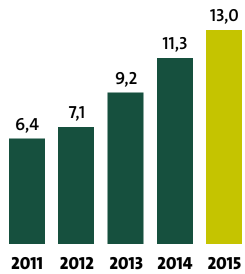
Cash flow per share

DKK per share of DKK 2



Earnings per share (EPS)

DKK per share of DKK 2




ROYAL
ØKOLOGISK
PILSNER

Content

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

Solid market positions and Hartwall integration generate additional earnings increase

2015 was a good year for Royal Unibrew. We improved our earnings and cash flow, and also reinforced our market positions. At the same time, we have made considerable headway with the Hartwall integration. Following a year of dividend pause in 2014 and a significant debt reduction, Royal Unibrew again has satisfactory financial and strategic flexibility. Therefore, as planned, we resumed dividend distribution and share buy-backs in 2015. We also increased our medium-term EBIT margin target from 14% to 15%. The good performance is due to our regional beverage strategy with local closeness to our consumers combined with strong customer relations as well as committed and competent employees throughout our organisation.

We achieved satisfactory earnings for 2015 The earnings were above expectations at the beginning of the year and were achieved in spite of poor summer weather as well as continuing challenging market conditions and a small revenue decline. Throughout 2015, we saw a continuing difficult macroeconomic situation in Finland alongside weaker demand within our product categories in the other European markets, except for Denmark where we saw good progress.

The positive development is due to our focused commercial agenda, the many innovative initiatives in all of our markets as well as continuous efficiency improvement throughout our business. We are directing targeted efforts at maintaining and further developing our market positions, products and brands and at strengthening our partnerships. We cooperate closely with our customers, which enables us to continuously adapt our product portfolio to the needs of local consumers and customers.

Also, in our opinion, a considerable part of the explanation of our positive momentum in recent years lies in our shared values and our leadership within Royal Unibrew, and in the continuity seen among our employees.

Reinforced position in Denmark

The Danish part of our business developed very satisfactorily in 2015. Across channels and categories, we are seeing increasing consumer demand for our products. Our progress in the Danish market also reflects the priority we give to ensuring cooperation with our consumers. This is effected eg through locally based sponsorships for eg the Danish football club AGF and more national concepts such as "Tak Rock" (Thank You, Rock). We have also launched the organic beer ROYAL Økologisk (Royal Organic) and the new, interesting craft beers Schiøtz and Lottrup, which have been received very well by consumers. Schiøtz and Lottrup achieved a top 3 position in their categories in the European Beer Star and the International Food Contest, 2015. Moreover, we consider it a recognition of our work that, also in 2015, we achieved very high scores in third-party measurements of our customers' satisfaction with their suppliers.

Considerable headway with the Hartwall integration

Since acquiring Hartwall in 2013, we have directed targeted efforts at ensuring successful integration of Hartwall into Royal Unibrew. We have followed our ambitious plan, and significant changes have been made to simplify and optimise. With the change to a common SAP platform during Q1 2016, we achieved yet another key integration milestone. As in the rest of our business, we will focus on continuous improvement measures going forward.

Alongside the integration, we have been working under difficult market conditions at reinforcing Hartwall's commercial position as a market-leading beverage provider in Finland – and we are moving in the right direction in this multiannual effort. We focus on strengthening partnerships and increasing our presence with our customers. Through continuous innovation, we are striving to meet the changed consumer and customer needs

in the wake of the challenging macroeconomic situation in Finland, and, as in 2014, we succeeded in maintaining our market shares in 2015. At the same time, we are pleased to note that our score in third-party measurements of our customers' satisfaction with their suppliers is significantly higher than before we acquired Hartwall.

Continued strong growth in Malt Beverages and Exports

In recent years, we have increased our investments in establishing and developing Faxe beer brand and our strong malt beverage brands internationally. Also in 2015, we saw good progress, which was achieved in spite of reduced growth rates as a result of the macroeconomic development in the economies relying on raw materials and the development in the local currencies in several markets in Africa and the Americas. The high growth was primarily generated in Africa. We intend to continue increasing our market investments as long as we identify attractive growth opportunities. We expect continued growth in this part of our business, albeit at a lower level than in recent years due to the weaker macroeconomic development in a number of markets.

Expanded cooperation with PepsiCo

It is important for us continuously to further develop our business and establish a basis for future growth. We are therefore pleased that in 2015 we had the opportunity of further reinforcing our long-standing, good cooperation with PepsiCo in Denmark and Finland. As of 1 January 2016, the cooperation with PepsiCo will be expanded to include the production, sale and distribution of a number of PepsiCo soft drinks products in Latvia, Lithuania and Estonia. This will complement our product portfolio in the Baltic countries and strengthen Royal Unibrew's customer relations. Moreover, we will take over the sale of PepsiCo's snack products under brands such as Lay's and Bugles in Denmark. These are a good match for our beverage portfolio as consumers often buy and enjoy snacks and beverages together. We are pleased that in 2015, as in 2013, PepsiCo singled out Royal Unibrew as "Bottler of the Year" in the EMEA region.

EBIT margin target increased to 15%

Based on our good results in 2015 and our expected future development, at the end of 2015 we increased our medium-term EBIT margin target to about 15% compared to the previous target of about 14%. We consider the 15% target ambitious – both compared to international and regional beverage providers in Europe. This should also be viewed in light of continuously challenged European markets, expected lower growth in the malt business than in previous years, smaller efficiency gains than achieved in recent years as well as increased investments in market positions and brands in our key markets.

Dividend distribution resumed in 2015

Our targets for indebtedness and capital structure on the one hand and distribution policy on the other have remained unchanged for several years.

However, as we all know, with the acquisition of Hartwall in August 2013, we decided temporarily to increase our indebtedness beyond the targeted framework while putting our distribution policy on hold until 2015. It was our objective to reduce our debt fast and to restore our financial strength in order to resume dividend distribution. We have succeeded in these efforts due to our good results and strong cash flow. Therefore, as planned, we resumed dividend distribution in 2015, while launching in March 2015 a considerable DKK 350 million share buy-back programme. The programme was completed in February 2016.

Based on the results for 2015, the Board of Directors has decided to recommend the distribution of dividend of DKK 7.20 per share and the launch, as soon as possible, of a new share buy-back programme of up to DKK 450 million covering the period to 28 February 2017 at the latest.

We want the Royal Unibrew share to be accessible to all types of investors; therefore, it was resolved at the Annual General Meeting in 2015 to implement a share split. The denomination of the Royal Unibrew share was subsequently reduced from DKK 10 to DKK 2.

The last part of the brewery site in Aarhus sold

In addition to the positive cash flow from the underlying business, also the gradual sale of the brewery site in Aarhus contributed considerably to Royal Unibrew's total cash flow. We have now sold the last part of the site for take-over during 2016, and the sale yielded a total net cash flow after tax of about DKK 470 million.

It is very positive to see the impressive transformation of the Ceres Byen (Ceres City) area into a modern urban district in the centre of Aarhus, and we have greatly appreciated the local support demonstrated throughout the process.

Good opportunities of leveraging our strong local base

The development in 2015 was yet another important step in the development which has enabled Royal Unibrew to reinforce its position as a regional beverage provider in Europe in recent years in a very consolidated industry with global competitors. Our main focus area is Europe, but we also operate outside Europe through our considerable export of non-alcoholic malt beverages and Faxe beer. Our strategy in Europe is to build strong local brand portfolios – preferably supplemented by international brands through strategic bottling agreements such as our agreement with Heineken and PepsiCo. We have proved that this strategy works vis-à-vis our local consumers and customers and that ir yields satisfactory financial results.

Our strong regional base and our local brands are key strengths of ours. Among other things, we are witnessing a trend of consumers to an increasing extent demanding greater originality and locally produced products; moreover, the health trend and the trend towards functional beverages have become more widespread. We are able to accommodate these trends due to our rich history and through our closeness to the markets.

We do, however, also expect the primary markets in which we operate to continue being characterised by challenging market conditions and tough competition in the coming years. Therefore, there will be a constant need for commercial flexibility and innovation in order for us to maintain and strengthen our market positions. In spite of that, we see opportunities of developing our business through the multi-beverage mindset and strong partnerships that generate value to all parties.

Acquisitions are still part of our strategy, and we will carefully consider any acquisition opportunities that may generate added value for our shareholders. It is, however, our assessment that at present there is a relatively low probability that opportunities of realising major, significant acquisitions will arise.

I take this opportunity to thank sincerely everyone at Royal Unibrew for their great and dedicated efforts in 2015, which created good results and reinforced our base in markets subject to constant change. It gives me great confidence that we will continue to be able to further develop Royal Unibrew to the benefit of our employees, consumers, customers and shareholders.

I also take the opportunity to thank our customers profoundly for yet another year of good partnerships and, finally, our shareholders for their support of Royal Unibrew.

Henrik Brandt
President & CEO

Financial Highlights and Ratios

	2015	2014	2013	2012	2011
Sales (million hectolitres)	9.1	9.0	7.0	5.4	5.7
INCOME STATEMENT (MDKK)					
Net revenue	6,032	6,056	4,481	3,430	3,431
EBITDA	1,225	1,130	732	611	601
EBITDA margin (%)	*20.3*	*18.7*	*16.3*	*17.8*	*17.5*
Earnings before interest and tax (EBIT)	917	826	560	485	474
EBIT margin (%)	*15.2*	*13.6*	*12.5*	*14.1*	*13.8*
Income after tax from investments in associates	31	35	34	34	14
Other financial income and expenses, net	-46	-60	-46	-38	-27
Profit before tax	902	801	548	481	461
Net profit for the year	711	624	480	373	351
BALANCE SHEET (MDKK)					
Non-current assets	5,505	5,664	5,810	1,992	2,291
Total assets	6,748	7,024	6,925	2,848	2,890
Equity	2,935	2,818	2,133	1,348	1,321
Net interest-bearing debt	1,184	1,553	2,379	321	631
Net working capital	-990	-814	-834	-179	-149
CASH FLOWS (MDKK)					
Operating activities	1,160	895	653	497	398
Investing activities	-123	-69	-2,837	192	3
Free cash flow	1,032	824	598	476	384
SHARE RATIOS (DKK)					
Earnings per share (EPS)	13.0	11.3	9.2	7.1	6.4
Diluted earnings per share	12.9	11.2	9.2	7.1	6.4
Cash flow per share	21.2	16.2	12.5	8.9	7.3
Dividend per share	7.2	6.8	0.0	4.8	3.4
Year-end price per share	280.1	217.4	147.2	98.4	64.3
EMPLOYEES					
Average number of employees	2,314	2,374	1,935	1,635	1,785
FINANCIAL RATIOS (%)					
Return on invested capital including goodwill (ROIC)	16	13	13	21	18
Return on invested capital excluding goodwill (ROIC)	23	19	18	24	22
Free cash flow as a percentage of net revenue	17	14	13	14	11
Cash conversion	145	132	125	128	110
Net interest-bearing debt/EBITDA (times)	1.0	1.4	2,3*	0.5	1.0
Equity ratio	43	40	31	47	46
Return on equity (ROE)	25	25	28	28	27
Dividend payout ratio (DPR)	58	60	0	68	55

* calculated proforma with Hartwall's realised full-year EBITDA

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

Definitions of financial highlights and ratios are provided on page 117.


#MissingFaxe
FAXE KONDI
BY KONDI
FIFA 16
EA SPORTS
Med druesukker
Uden farvestoffer
HUNDIGE KONDI
JELS KONDI
BRØNDBY KONDI
Har du husket refleksen?
SMAG OG GÆT
VIND EN FREE
FAXE KONDI Free
MOGELTONDER KONDI

Strategy

Royal Unibrew's overall strategy remains unchanged and is a continuation of prior years' targeted efforts as a regional beverage provider. In November 2015, the results of the strategy created the basis for increasing the medium-term EBIT margin target to 15%. The capital structure and dividend targets are maintained.

Overall strategy

It is Royal Unibrew's strategy to be a focused, strong regional beverage provider within beer, malt and soft drinks, including soda water, mineral water and fruit juices as well as cider and long drinks (RTD) holding leading positions in the markets or the segments in which we operate.

Based on our good results in 2015 and our expected future development, at the end of 2015 we increased our medium-term EBIT margin target to about 15% compared to the previous target of about 14%. We consider the 15% target ambitious – both compared to international and regional beverage providers in Europe. This should also be viewed in light of continuously challenged European markets, expected lower growth in the malt business than in previous years, smaller efficiency gains than achieved in recent years as well as increased investments in market positions and brands in our key markets.

Royal Unibrew operates in markets that are characterised by different dynamics. This has been taken into account when determining the strategy market by market.

Royal Unibrew expects developments in the individual markets to be as follows:

Western europe

The **Danish consumer** market is expected continuously to be affected by a minor structural consumption decline in the coming years. The beer category will be the primary driver of the structural decline resulting from consumers increasing their consumption of other alcoholic beverages. In the beer category, the current trend for craft/special brews is expected to continue and enhance the opportunities of added value in the beer market. Within the soft drinks and mineral water categories, new product sub-categories are still expected to be developed driven by, among other things, health trends and the need for functional beverages, which is expected to curb the decline in the total beverage market. Consumer demand for a broader product range and innovative products will continue to affect complexity, and thus the need to be flexible in the face of change.

The **Italian beer market**, which is characterised by a low per capita consumption compared to other "wine countries", consumption is expected to remain unchanged due to the economic challenges faced by Italy and the Italian consumers. In the medium term, the beer market is expected to show a slight structural increase. The economic challenges faced by Italy are expected to reduce growth opportunities within the super premium segment due to, among other things, consumption pattern changes which imply a shift of sales from on-trade to off-trade.

Baltic sea

In **Finland** the total beverage market in which Hartwall operates is expected to show a slight structural decline in the coming years, due to, among other things, the high indirect tax level. The Finnish macroeconomy is challenged, which will affect total beverage consumption negatively in the coming years. On-trade is still expected to be hit in a higher degree by the negative development than off-trade, and within off-trade a slight increase in sales in the discount segment is expected. Innovation will continue to be an important element in developing the overall beverage market. Consumer demand for a broader product range and innovative products will continue to affect complexity, and thus the need to be flexible in the face of change.

The total beverage market in the **Baltic countries** is expected structurally to have a larger overall potential in the long term than today. The potential will be closely related to the macroeconomic conditions, including spending power development, unemployment, and emigration as well as indirect tax issues.

Malt beverages and exports

The market for dark malt beverages is geographically fragmented, and consumer preference for dark malt beverages is rooted in tradition. The markets for dark malt beverages in established economies in Europe and the Caribbean are expected to be structurally stable. Demand for beer and dark malt beverages is expected to show a structural increase in a number of developing countries, albeit at a lower level than seen in recent years. The lower growth should be viewed in light of the macroeconomic development in a number of countries in Africa and the Americas – a development with is to a large extent characterised by declining raw materials prices, lower foreign investments and a shortage of "hard" currencies.

Main elements of the overall strategy

Focus on markets and segments in which Royal Unibrew holds or may achieve a considerable position

- Royal Unibrew focuses on further developing established market and segment positions where the Company holds either a leading position, such as in Denmark, Finland and the Baltic countries, or considerable and leading niche positions, such as in Italy and in the international malt beverage markets to which beer is also exported. As regards mainstream market positions in consolidated markets, it must be possible to achieve a role as a leading player to create attractive profitability.

- Royal Unibrew's natural market area is characterised by considerable industry concentration. To the extent that structural growth opportunities arise, including opportunities of acquisition or of entering into partnerships, which might reinforce existing market positions or create new market positions, these will be assessed if there is a clear strategic match and long-term shareholder value can be created.

- Efforts will be made to reinforce mainstream market positions in smaller markets through focus on a broader beverage portfolio to leverage partnerships with our customers and the entire infrastructure.

Focus on innovation and development of Royal Unibrew's products and local brand positions

- Royal Unibrew's strong position as a regional brewer builds on strong local market positions established on the basis of well-known local brand portfolios subject to continuous further development. The product portfolio development includes the Group's own development of new taste varieties, products and brands within existing and new beverage categories as well as the conclusion of new licence agreements both as a licensee and a licensor. For example, Royal Unibrew has enjoyed long-standing cooperation with PepsiCo and Heineken as a licensee in Denmark, Finland and the Baltic countries (as of 2016) – cooperation through which the local brand portfolios are expanded with well-known international brands.

Focus on operational efficiency

- Royal Unibrew will continue its focus on pursuing all opportunities of continuously enhancing the efficiency of all links in the Company's value chain. Following several years of significant improvements, the efficiency-enhancing opportunities are expected to be limited in the coming years.

Focus on maintaining Royal Unibrew's financial flexibility, competitive power and scope for strategic manoeuvrability through an appropriate capital structure

Financial targets and capital structure

Further development of Royal Unibrew and achievement of the financial targets are generally conditional on continuous business development through continued focus on growth opportunities, partnerships, innovation, sales and marketing, and on continuous efforts to improve, optimise and enhance efficiency.

EBIT margin

Following the most recent update in November 2015, the medium-term EBIT margin target is about 15%.

Indebtedness

It is Royal Unibrew's objective to maintain its indebtedness at a level which, on the one hand, satisfies the request for flexibility with respect to acting on business opportunities and maintaining independence in relation to the Group's bankers, and, on the other hand, ensures that Royal Unibrew is not heavily overcapitalised. The objective is assessed in view of Royal Unibrew's wish to keep its "investment grade" classification.

It remains the target that net interest-bearing debt should not exceed 2.5 times EBITDA, and that an equity ratio of at least 30% should be maintained at year end. Royal Unibrew may depart from the targeted ratios for a certain period if structural business opportunities arise as was the case in the period following the acquisition of Hartwall.

Royal Unibrew's annual investments are expected to be at the level of about 4% of net revenue.

Distribution policy

As Royal Unibrew is still expected to generate a rather significant liquidity surplus going forward, it remains the intention currently to make distributions to shareholders through a combination of annual dividend and share buy-backs taking into account the mentioned targets for equity ratio and indebtedness, annual earnings and cash flows as well as Royal Unibrew's strategic position in general.

It remains Royal Unibrew's intention to distribute dividend of 40-60% of net profit for the year and to launch share buy-back programmes when it is considered appropriate to optimise the Company's capital structure. It is the intention that shares bought back will be cancelled.


Bohemian Pils
Gylden IPA
Mørk Mumme


Schiøtz


EURO PEAN BEER STAR
BRONZE
2015
Royal Unibrew A/S
Schiøtz Mørk Mumme
Herb and Spice Beer


Schiøtz
EUROPEAN BEER STAR
THE BEER TASTING BRONZE AWARD 2015


Schiøtz


“En naturlig del af ...”


Schiøtz


Gylden IPA


Schiøtz
VINDER
INTERNATIONAL
FOOD
CONTEST
2015
EUROPEAN BEER STAR
Beer Star
European
THE BEER TASTING BRONZE AWARD

Outlook

The outlook for Royal Unibrew's financial development in 2016 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by general economic activity, fiscal measures and consumer uncertainty. 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.

OUTLOOK FOR 2016

mDKK	Outlook 2016	Actual 2015	Actual 2014
Net revenue mDKK	6,150-6,400	6,032	6,056
EBITDA	1,190-1,290	1,225	1,130
EBIT	885-985	917	826

The Board of Directors will recommend to the AGM in 2016 the distribution of dividend of DKK 7.2 per share (DKK 400 million). The Board of Directors has decided to initiate as soon as possible a share buy-back programme of up to DKK 450 million covering the period to 28 February 2017. Hence, DKK 850 million is expected to be distributed based on the Financial Statements for 2015.

Assumptions about markets and main priorities for 2016

Several of the markets in which Royal Unibrew offers a broad beverage portfolio are generally seeing a minor structural decline in the total market; therefore, innovation and value management are essential to creating relative growth – and are key parameters with respect to maintaining and developing Royal Unibrew's market positions and in further strengthening customer partnerships. At the same time, our broad beverage portfolio supports the possibilities of high operational efficiency at all organisational levels. Our continuous improvement work will continue relentlessly at all organisational levels, including through investment-driven initiatives, which will contribute positively to improvements. Generally, Royal Unibrew's market shares on branded products are expected to be maintained or increased for the key brands.

In **Finland** Hartwall's product range comprises a broad beverage portfolio, and Hartwall holds an overall runner-up position in the Finnish market. To ensure Hartwall's continued position as a market-leading beverage business in Finland, our main priorities in 2016 will remain concentrated, without any change, on commercial focus, organisational development and continuous improvements. The Finnish market has been characterised by declining consumption throughout a number of years due to, among other things, the very high level of indirect taxes. This development is expected to continue in 2016 and will be reinforced by the financial challenges faced by Finland and the Finnish consumers. A normal summer is assumed unlike in 2015 when the weather was extraordinarily poor.

In the **Danish consumer** market Royal Unibrew holds an overall runner-up market position approaching the market through a broad beverage portfolio. Danish consumption is expected to remain negatively affected by a structural consumption decline, whereas normal summer weather is expected to have a slightly positive effect. In 2015 Royal Unibrew's market share was positively affected by a comparative increase in the market for branded products, whereas the market for discount products showed a comparative decline. In 2016 the market for branded products is expected to increase marginally and less than in 2015. Revenue for 2016 will be positively affected by the expanded cooperation with PepsiCo, which will in future include snacks.

In the **Baltic countries** Royal Unibrew has a broad brand portfolio, primarily within beer, fruit juices, soft drinks and mineral water. The development and continued strengthening of the beverage portfolio are necessary to create a basis for growth, including for strengthening customer partnerships. Consumption in the Baltic market is expected to remain stable; however, as regards market and product mix, the beer market is expected to show a slight decline, whereas the market for non-alcoholic beverages is expected to be stable or slightly increasing. The market development in Lithuania is subject to great uncertainty due to an indirect tax increase and the introduction of a deposit, both measures taking effect during Q1. Revenue for 2016 will be positively affected by the expanded cooperation with PepsiCo – a licence agreement has been made comprising, among other products, Pepsi, Pepsi Max and 7up.

In **Italy**, where Royal Unibrew holds a strong position in the super premium segment with Ceres Strong Ale, the market is expected to show a low single-digit percentage decline due to extraordinarily fine summer weather in 2015. Disregarding the "summer effect", the market is expected to remain stable. We plan to expand our cooperation with the many wholesalers and cash & carry customers, and our co-operation with off-trade customers will be supported by consumer activation.

In the **Malt Beverages and Exports** segment we continue our focus on a larger presence in already established markets and in the new markets penetrated in the past years. Great emphasis is placed on selecting and retaining our cooperation through customer- and consumer-oriented marketing investments with a view to establishing and reinforcing brand positions. The malt beverage markets in Europe and the Caribbean are expected to remain unchanged. However, the malt beverage and beer markets in Africa and Central America are expected to show slight increases, primarily driven by population growth, but the rate of increase will be reduced as a number of these markets will continue to be negatively affected by the macroeconomic development and devaluation of local currencies.

FINANCIAL ASSUMPTIONS

- Unchanged or slightly decreasing net selling prices are assumed as a result of, among other things, price pressure in a number of the Group's key markets.

- The expanded cooperation with PepsiCo with effect from 1 January 2016 is expected to increase revenue for 2016 by approx 2% as compared to 2015. The expanded cooperation comprises a licence agreement for a number of PepsiCo beverages in the Baltic countries and a distribution and sales agreement for PepsiCo snack products in Denmark. 2016 will be a start-up year, and this, combined with the fact that the snack agreement is in the nature of goods for resale, will imply dilution of the Group's EBIT margin.

- A normal summer is assumed, where 2015 was negatively affected by poor summer weather in Northern Europe and very fine summer weather in Italy.

- Generally speaking, costs are expected to follow inflation in 2016. Organically, costs are expected to show a slight decline, whereas increased expenses for growth initiatives and support of the existing business are expected to increase costs correspondingly. The growth initiatives relate primarily to the Malt Beverages and Exports segment and the two new cooperation agreements with PepsiCo. Our efforts to support our existing business relate to our strong brand portfolio in key markets for which we expect to increase marketing expenses. We will continue our focus on generating continuous improvements and enhancing efficiency across the business and in all entities, albeit at a lower level than that achieved in previous years.

- Taking into account exchange rates at the end of February 2016, the prices of the key raw materials categories are expected to remain unchanged in 2016. Royal Unibrew has entered into hedging agreements for the majority of key consumption categories in 2016. The development comprises geographic as well as product-related differences, with some categories being expected to increase whereas others are expected to decline.

- Exchange rates between DKK and other currencies are expected to remain unchanged as compared to the end of February 2016.

- Gross investments are expected to amount to DKK 230-250 million.

- Tax is expected to amount to 21-22% of profit before tax excluding income after tax from investments in associates.

- Special circumstances are expected to have at total positive effect of approx DKK 35 million on free cash flow: A cash flow after tax of approx DKK 195 million is expected from the remaining sale of the brewery site in Aarhus in 2016, whereas current liabilities are expected to be reduced by DKK 160 million as compared to the end of 2015 due to expected termination of an extraordinary campaign in Finland.

FORWARD-LOOKING STATEMENTS

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

Financial review

Royal Unibrew achieved satisfactory earnings for 2015 – earnings which were above expectations at the beginning of the year. The earnings increase was achieved in spite of poorer summer weather in our key markets, Denmark and Finland, than in 2014. Generally, but particularly in Denmark and Germany and in the malt and export markets, Royal Unibrew's market positions developed positively.

Business development

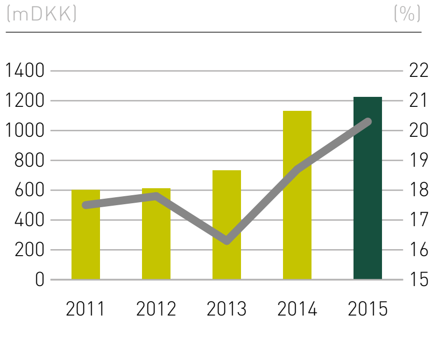
Overall, Royal Unibrew's market shares increased in 2015. Sales showed a 1% increase for 2015, whereas net revenue was at the 2014 level in spite of poorer summer weather and a consumption decline in Finland. The highest growth was achieved in the Malt Beverages and Exports segment, in which sales increased by 7% and net revenue by 11% on 2014 despite negative macroeconomic developments and reduced access to "hard" currencies in several markets.

In 2015 Royal Unibrew improved its earnings considerably as compared to last year. Operating profit was positively affected by higher efficiency as well as targeted value management of products and strengthening of customer partnerships, and a changed market mix in the Baltic Sea segment and product mix in sales to Danish consumers affected earnings positively. Exchange rate developments only affected earnings to a limited extent as purchases were mainly made in the Group's revenue currencies.

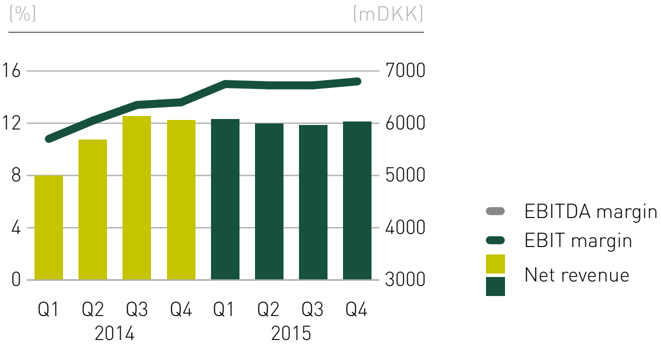
Earnings before interest and tax (EBIT) amounted to DKK 917 million, which is DKK 91 million above the 2014 figure, which included non-recurring costs of DKK 50 million for restructuring Hartwall. The profit before tax amounting to DKK 902 million for 2015 was DKK 101 million above the 2014 figure. Free cash flow for 2015 amounted to DKK 1,032 million compared to DKK 824 million for 2014 and was extraordinarily positively affected by approx DKK 160 million by a campaign activity in Finland in Q4. In 2015 dividend distribution and share buy-backs totalling DKK 666 million were made, while net interest-bearing debt was reduced by DKK 369 million to DKK 1,184 million. The NIBD/EBITDA debt multiple decreased from 1.4 to 1.0 in 2015.

In 2015, 18,900 square metres of building rights at the brewery site in Aarhus were sold, and A. Enggaard A/S has notified Royal Unibrew (see Company Announcement No 32/2015 of 10 August 2015) of its intention to exercise its option to purchase the remaining 35,625 square metres of building rights in 2016. All 140,000 square metres of building rights are thus expected sold at the end of 2016. The sale of the remaining part of the brewery site is expected to have a net cash flow effect after tax of approx DKK 155 million comprising a negative effect of approx DKK 40 million from tax payment in 2015

EBITDA



CURRENT 12 MONTHS DEVELOPMENT



AS COMPARED TO THE OUTLOOK ANNOUNCED IN MARCH AND NOVEMBER, ACTUAL NET REVENUE EBITDA AND EBIT WERE AS FOLLOWS

mDKK	Actual 2015	Outlook November 2015	Outlook March 2015
Net revenue	6,032	5,950-6,050	5,900-6,100
EBITDA	1,225	1,195-1,235	1,100-1,200
EBIT	917	885-925	790-890

and a positive effect of approx DKK 195 million in 2016.

A share buy-back programme carried out in accordance with the "Safe Harbour" method for the period to 1 March 2016 was initiated in March 2015 with a view to adjusting the capital structure of Royal Unibrew A/S (see Company Announcement No 2/2015 of 10 March 2015). The share buy-back programme was completed in February 2016 at which time Royal Unibrew had bought back X shares representing a total market value of DKK 350 million. At 31 December 2015, Royal Unibrew had bought back 1,192,118 shares representing a market value of DKK 292 million and held a total of 1,492,118 treasury shares, corresponding to 2.7% of the share capital.

Expanded cooperation with PepsiCo

Royal Unibrew has entered into an agreement to produce, sell and distribute a number of PepsiCo soft drinks products such as Pepsi, Pepsi Max and Mirinda in Latvia, Lithuania and Estonia as of 1 January 2016. This will complement Royal Unibrew's product portfolio in the Baltic countries and will also strengthen Royal Unibrew's customer relations.

Moreover, Royal Unibrew is reinforcing its long-standing and good cooperation with PepsiCo by, also as of 1 January 2016, taking over the sale and distribution of PepsiCo snack products under brands such as Lay's and Bugles in Denmark. Consumers often buy and enjoy snacks and beverages together, and therefore snacks products complement and strengthen Royal Unibrew's beverage sales.

Income statement

Beer and soft drinks consumption in Royal Unibrew's markets in Italy, in the Baltic Sea segment and especially in Finland continues to be affected by consumer restraint. Furthermore, the poor summer weather reduced consumption in Northern Europe in 2015, whereas the extraordinarily fine summer weather in Italy resulted in unchanged consumption as compared to 2014.

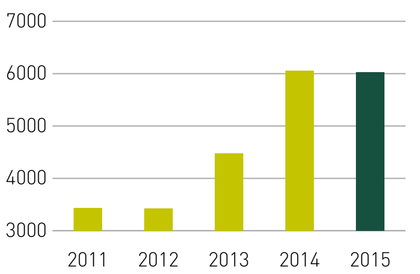
Sales for 2015 aggregated 9.1 million hectolitres of beer, malt beverages and soft drinks, which is approx 1% above the 2014 figure. Sales for Q4 2015 were 9% above the figure for the corresponding period of 2014 and primarily related to a campaign activity in Finland.

Net revenue for 2015 was at the 2014 level and amounted to DKK 6,032 million compared to DKK 6,056 million in 2014. Average net selling prices per volume unit were 1.8% lower than in 2014, primarily due to a changed segment mix and an increased campaign share in Finland. Net revenue for Q4 2015 was 5% above the figure for the corresponding period of 2014, whereas average net selling prices per volume unit were 3.3% lower due to a campaign activity in Finland.

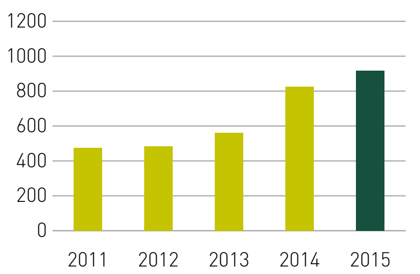
2014 figures included costs of DKK 50 million for restructuring the Finnish brewery Hartwall comprising production costs of DKK 17 million, sales and distribution expenses of DKK 21 million as well as administrative expenses of DKK 12 million. The below comments on cost developments from 2014 to 2015 are exclusive of the effect of restructuring costs in 2014.

Gross profit for 2015 was DKK 8 million above the 2014 figure and amounted to DKK 3,175 million. Gross profit was positively affected by higher efficiency, whereas the lower net selling prices per volume unit had a negative effect. Gross margin was 0.3 percentage point above the 2014 margin and amounted to 52.6%

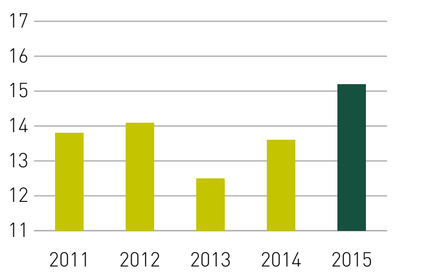
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



DEVELOPMENTS IN ACTIVITIES FOR 2015 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group 2015	Group 2014
Sales (thousand hectolitres)	3,659	4,785	656	-	9,100	8,974
Growth (%)	0.8	1.2	6.8		1.4	-0.1
Share of sales (%)	40	53	7	-		
Net revenue (mDKK)	2,728	2,852	452	-	6,032	6,056
Growth (%)	2.0	-4.1	11.1		-0.4	0.1
Share of net revenue (%)	45	47	8	-		
EBIT (mDKK)	493	355	102	-33	917	826
EBIT margin (%)	18.1	12.5	22.5		15.2	13.6

compared to 52.3% in 2014. Measured as an average per volume unit, net selling prices decreased by 1.8% and production costs by 2.5%.

Sales and distribution expenses for 2015 were DKK 44 million below the 2014 figure and amounted to DKK 1,922 million. Sales and distribution expenses per volume unit were 4% lower. The restructuring of Hartwall and the efficiency-enhancing activities in 2014 affected the development in distribution expenses positively. Sales and marketing expenses were at the 2014 level.

Administrative expenses for 2015 were DKK 11 million above the 2014 figure and amounted to DKK 335 million. The higher expenses related to, among other things, the implementation of the Group's ERP system in Finland.

Earnings before interest, tax, depreciation and amortisation (EBITDA) showed a DKK 45 million increase for 2015 and amounted to DKK 1,225 million compared to DKK 1,180 million in 2014 (before deducting restructuring costs of DKK 50 million in 2014). The EBITDA increase related primarily to lower expenses, but also the value management initiatives contributed to the development. EBITDA for Q4 2015 amounted to DKK 223 million, which was DKK 25 million above the figure for the corresponding period of 2014.

Earnings before interest and tax (EBIT) for 2015 amounted to DKK 917 million, which is, on a comparable basis, DKK 41 million above the 2014 figure of DKK 876 million (before deducting restructuring costs of DKK 50 million in 2014). EBIT for Q4 2015 amounted to DKK 142 million compared to DKK 114 million for the corresponding period of 2014.

EBIT margin for 2015 was 15.2% and, as expected, higher than in 2014 when it was 14.5% (13.6% after deducting 0.9 percentage point related to restructuring costs). EBIT margin for 2015 was higher in both the Baltic Sea and the Malt Beverages and Exports segments, whereas it remained unchanged in the Western Europe segment as compared to 2014. EBIT margin for Q4 showed at 1.6 percentage point increase on the corresponding period of 2014.

Net financials for 2015 showed a net expense of DKK 15 million, which is DKK 10 million below the 2014 figure. Interest expenses amounted to DKK 46 million and were DKK 14 million below the 2014 figure due to lower interest-bearing debt. Oppositely, income after tax from investments in associates was DKK 4 million below the 2014 figure and amounted to DKK 31 million. The figures were negatively affected by both the NOK exchange rate development and lower results of Hansa Borg Bryggerierne.

Profit before tax for 2015 showed a DKK 101 million increase amounting to DKK 902 million compared to DKK 801 million in 2014.

Tax on the profit for 2015 was an expense of DKK 191 million, which corresponds to a tax rate of 22 on the profit excluding income after tax from investments in associates.

Net profit for the year amounted to DKK 711 million, which is a DKK 87 million improvement on the net profit of DKK 624 million realised in 2014.

The Parent Company's profit for the year amounted to DKK 691 million compared to DKK 630 million in 2014. Dividend income from subsidiaries and associates amounted to DKK 297 million compared to DKK 272 million in 2014. The brewery site in Aarhus was revalued by DKK 39 million in 2015.

Balance sheet

Royal Unibrew's balance sheet at 31 December 2015 amounted to DKK 6,748 million, which is DKK 276 million below the figure at 31 December 2014. The lower balance sheet total is primarily due to a DKK 158 million reduction of cash at bank and in hand as well as to depreciation and amortisation of non-current assets exceeding net investments by DKK 119 million. The sale less revaluation for the year of DKK 39 million of the brewery site in Aarhus reduced the balance sheet total by DKK 40 million. Oppositely, inventories and receivables were DKK 40 million above those at 31 December 2014. Invested capital was reduced by approx DKK 300 million in 2015, which, combined with a higher EBIT, improved ROIC excluding goodwill with a

4 percentage point to 23%, which is at the same level as before the acquisition of Hartwall. ROIC including goodwill increased from 13% in 2014 to 16% in 2015.

The equity ratio increased by 3 percentage points and represented 43% at 31 December 2015 compared to 40% at the end of 2014. Equity at the end of 2015 amounted to DKK 2,935 million compared to DKK 2,818 million at the end of 2014. The DKK 117 million change comprised the positive comprehensive income for the year of DKK 766 million added the value after tax of share-based payments of DKK 17 million and deducted distribution to shareholders of DKK 666 million by way of dividend and share buy-backs. The comprehensive income comprises the profit for the period of DKK 711 million, revaluation of the brewery site in Aarhus of DKK 39 million, positive exchange rate and other adjustments relating to foreign group enterprises of DKK 13 million, a positive development in the value of hedging instruments of DKK 5 million and deduction of tax on comprehensive income of DKK 2 million.

Net interest-bearing debt for 2015 was reduced by DKK 369 million and amounted to DKK 1,184 million at 31 December 2015 compared to DKK 1,553 million at the end of 2014. As expected in November when the Interim Report for the period 1 January - 30 September 2015 was published, the development in net interest-bearing debt was positively affected by campaign activity in Q4. The change in net interest-bearing debt equalled the free cash flow less distribution to shareholders.

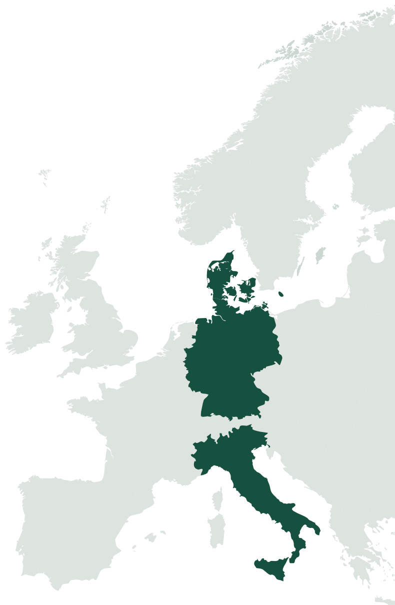
Funds tied up in working capital showed a negative DKK 990 million at the end of 2015 compared to a negative DKK 814 million at the end of 2014. Funds tied up in working capital were reduced by DKK 176 million, net, including DKK 160 million relating to a timing difference between 2015 and 2016 of current liabilities relating to campaign activity in Finland in Q4 2015. Funds tied up in inventories, trade receivables and trade payables decreased by DKK 54 million, whereas the other elements of working capital decreased by DKK 122 million. All entities continue their strong focus on managing inventories, trade receivables and trade payables.

Cash flow statement

Cash flows from operating activities for 2015 were DKK 265 above the 2014 figure and amounted to DKK 1,160 million (2014: DKK 895 million). Cash flows comprised the profit for the period adjusted for non-cash operating items of DKK 1,235 million (2014: DKK 1,140 million), positive working capital cash flow of DKK 169 million (2014: negative DKK 34 million), net interest paid of DKK 47 million (2014: DKK 60 million) and taxes paid of DKK 197 million (2014: DKK 151 million).

Free cash flow for 2015 showed an increase of DKK 208 million to DKK 1,032 million (2014: DKK 824 million). Cash flows from operating activities and dividend from associates increased by DKK 267 million, and investments in property, plant and equipment showed a net increase of DKK 59 million on 2014. Revenues from asset divestments, substantially relating to the brewery site in Aarhus, were DKK 66 million lower, and investments were DKK 7 million lower. The free cash flow for Q4 2015 amounted to DKK 239 million (2014: DKK 52 million) and was, as expected, positively affected, as compared to the corresponding period of 2014, by an extraordinarily low level of funds tied up in working capital, see above.

Western Europe



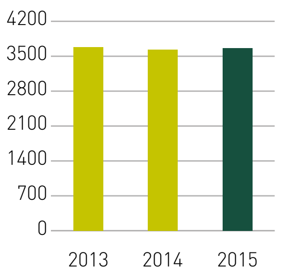
The Western Europe segment comprises primarily the markets for beer and soft drinks in Denmark and Germany as well as Italy. Western Europe accounted for 45% of the Group's net revenue for 2015 and for 54% of EBIT (2014: 44% and 59%, respectively).

Sales in Western Europe for 2015 were 1% above sales for 2014. An increase in Royal Unibrew's market shares on branded beer and soft drinks is estimated from 2014.

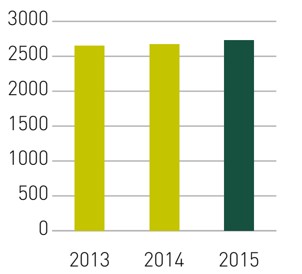
Net revenue was 2% above the 2014 figure. A shift towards both products and sales channels in Denmark and Germany with higher net selling prices per volume unit had a positive effect on the revenue development, whereas the shift in Italy had a negative effect.

Earnings before interest and tax (EBIT) for 2015 showed a DKK 9 million increase from DKK 484 million in 2014 to DKK 493 million in 2015. The EBIT increase was due to a strengthening of the market position in Denmark and Germany as well as a favourable development of the product mix. EBIT margin was unchanged at 18.1%. The increases in EBIT and EBIT margin for Q4 were due to a better product and market mix in 2015 than in 2014.

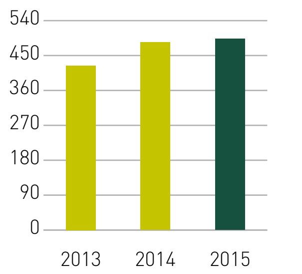
SALES
(thousand hectolitres)



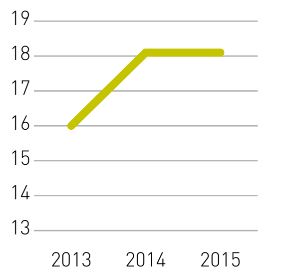
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



WESTERN EUROPE

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hectolitres)	3,659	3,630	1	880	854	3
Net revenue (mDKK)	2,728	2,674	2	632	595	6
EBIT (mDKK)	493	484		86	78	
EBIT margin (%)	18.1	18.1		13.5	13.1	

Denmark and Germany

Royal Unibrew is the second largest provider of beer and soft drinks to Danish consumers. Furthermore, Faxe beer is sold to the German market.

Royal Unibrew offers a combination of strong local, national and international beer brands. Royal Beer and the international licence brand Heineken are offered to the entire Danish market, whereas other brands, such as Albani, Ceres and Thor, are offered in areas with strong local bases.

Within soft drinks, Royal Unibrew offers its own brands as well as licence-based brands of the PepsiCo Group. Own brands comprise Faxe Kondi, which is the leading brand in the lemon/lime segment, as well as Nikoline. The Pepsi products include Pepsi, Pepsi Max, 7UP and Mirinda.

Within spring water and natural mineral water, Egekilde is a leading Danish brand which comes in a number of taste varieties, still as well as sparkling. Moreover, Royal Unibrew offers the Faxe Kondi Booster energy drink as well as a number of cider, ready-to-drink and shots products under the Tempt brand.

As of 2016, the beverage range offered will be supplemented by the PepsiCo Lay's and Bugles snack products.

Royal Unibrew has two production facilities in Denmark – one in Faxe and one in Odense.

Both off-trade and on-trade customers are serviced through direct distribution from own terminals.

Development in 2015

For **Denmark and Germany** it is estimated that Danish consumption of beer and soft drinks for 2015 was below that of 2014 due to the poor summer weather, which makes it difficult to assess the development in the underlying consumption. The consumption of branded products increased to the detriment of discount products.

Royal Unibrew's sales for 2015 showed a 1% increase on 2014, and net revenue showed a 2% increase. The higher net revenue per volume unit was due to both a high level of innovation and a number of commercial initiatives, which resulted in a favourable shift in the mix of products and sales channels. It is estimated that Royal Unibrew's market shares increased – primarily due to a continued consumption shift towards branded products.

The level of innovation was high in 2015 with several successful launches of new products. Royal Unibrew was first to the market with an organic beer, Royal Økologisk, which meets increasing consumer demand for organic products. Moreover, Royal Unibrew launched its first proprietary products in the craft beer category under the brand names Lottrup and Schiøtz, as well as new product varieties of Royal Shandy, Faxe Kondi Booster and the Egekilde brand. Danish consumers received the new products well. Schiøtz Gylden IPA was ranked at the top in a Danish consumer test and won the gold medal in the International Food Contest, and Royal Shandy has achieved a clear market leader position in the beer mix category. The Faxe Kondi communication platform "Når der går sport i den" (Becoming a sport) was further developed, and the "Tak Rock" (Thank You, Rock) concept was supported by cooperation with the legendary rock band Dizzy Mizz Lizzy.

DENMARK AND GERMANY

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hecto-litres)	3,257	3,236	1	806	783	3
Net revenue (mDKK)	2,141	2.093	2	520	491	6

Italy

Ceres Strong Ale is among the market leaders in the super premium beer segment and holds a considerable market share in this segment.

It is assessed that about 70% of Ceres Strong Ale is consumed out of home, whereas the rest is consumed at home. The general breakdown of the beer market in Italy is 40% out of home and 60% at home. Ceres Strong Ale has achieved a very high distribution in the on-trade channel, where the product has one of the broadest distributions within the beer category.

Moreover, Royal Unibrew sells Ceres Red Erik in the super premium segment as well as the lager types Ceres Top Pilsner and Faxe in the premium segment.

Distribution in the on-trade channel takes place through many wholesalers who service and supply customers or through a number of cash & carry locations where on-trade customers themselves pick up the goods. Retail customers are serviced either directly to outlets or through distribution centres. All goods in Italy are delivered through third-party suppliers.

Development in 2015

The market situation in **Italy** remains marked by consumer restraint. 2015 consumption in both the on-trade and the off-trade sales channels is estimated to have been at the 2014 level. The extraordinarily fine summer weather, which continued all the way into Q4, affected consumption positively. The consumption of premium and super premium products in off-trade is estimated to have increased marginally, whereas the consumption of economy products declined marginally in 2015.

Royal Unibrew's sales for 2015 showed a 2% increase, whereas net revenue showed a 1% increase. In Q4, there seems to have been some stock building at the distributors. Sales and net revenue showed increases of 4% and 8%, respectively. Developments for both the full year and for Q4 are, furthermore, due to a changed product and sales channel mix. It is assessed that Royal Unibrew has maintained its market shares in the premium and super premium segments in 2015.

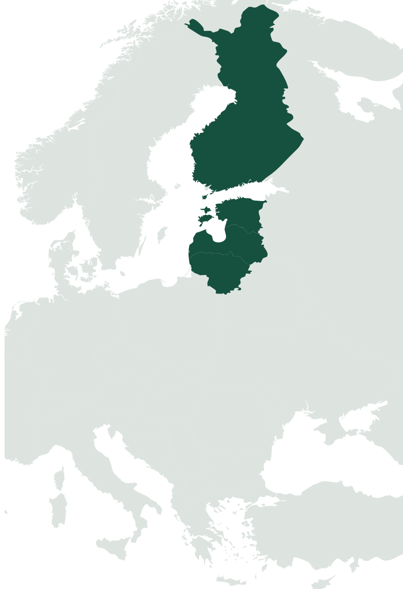
In Italy consumer engagement and development of the communication platform for Ceres Strong Ale are key priorities. In 2015 marketing shifted further away from TV towards the social media, and high growth has been achieved in the target group for Ceres product sales, who are consumers aged between 18 and 35. Moreover, focus was directed in 2015 at further strengthening the commercial customer partnerships in the on-trade channel, eg through the launch of Faxe 10%.

ITALY

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hecto-litres)	402	394	2	74	71	4
Net revenue (mDKK)	587	581	1	112	104	8

IMPORTED
FROM DENMARK
CERES
CERES
STRONG ALE
FRESH
PRINCE
NIGHT
ANOTHER
IPOP NIGHT
FOR DUMMIES
CERES

Baltic Sea

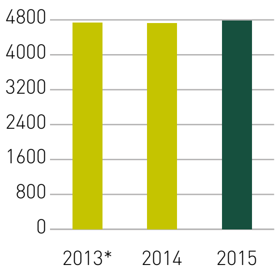


The Baltic Sea segment primarily comprises the markets for beer, fruit juices and soft drinks in Finland and the Baltic countries (Lithuania, Latvia and Estonia) and in Finland also wine and spirits brands. Baltic Sea accounted for 53% of the Group's net revenue and for 39% of EBIT for 2015 (2014: 49% and 36%, respectively).

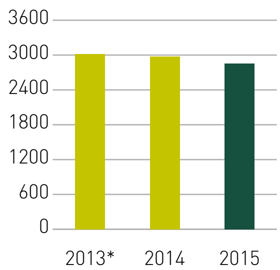
Royal Unibrew's sales increased by 1%, whereas net revenue was 4% below the 2014 figure. It is estimated that Royal Unibrew's market share on branded beer and soft drinks products has shown an overall increase. In Finland, which for Royal Unibrew constitutes by far the largest part of the Baltic Sea segment, consumption continued to decline due to consumer restraint and, moreover, due to extraordinarily poor summer weather. These circumstances as well as price pressure have had a significant negative impact on the developments in Royal Unibrew's sales and net revenue for 2015. The positive development in Q4 is related to a campaign activity in Finland which more than offset the negative development in sales in the first three quarters of the year. The average net revenue per volume unit for Q4 was 4.7% below that of the full year.

Earnings before interest and tax (EBIT) were DKK 60 million above the 2014 figure, which was affected by non-recurring costs of DKK 50 million for restructuring the Finnish brewery Hartwall. The full-year effect of the restructuring and efficiency improvement of Hartwall affected earnings positively, whereas a changed product and channel mix affected earnings for 2015 negatively. EBIT margin went up by 2.6 percentage points from 9.9% to 12.5%. The campaign activity in Finland affected full-year EBIT margin negatively.

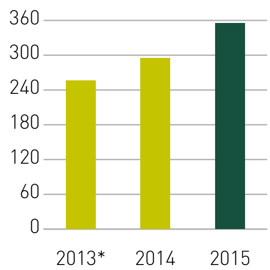
SALES
(thousand hectolitres)



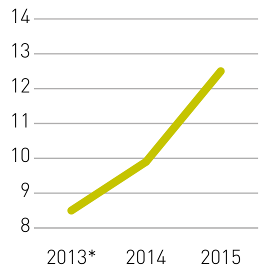
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



* Including pro forma figures for Finland for the period 1 January – 22 August 2013

BALTIC SEA

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hectolitres)	4,785	4,730	1	1,225	1,060	16
Net revenue (mDKK)	2,852	2,975	-4	697	666	5
EBIT (mDKK)	355	295		45	29	
EBIT margin (%)	12.5	9.9		6.4	4.3	

Finland

Hartwall is a beverage provider with a broad product range holding a clear runner-up position in Finland. In the Finnish market, Royal Unibrew offers a combination of its own strong local and national brands, international Pepsi and Heineken brands as well as a number of international wine and spirits brands.

With a range of own brands such as the Karjala and Lapin Kulta beer brands, Jaffa (soft drinks), Original (RTD), Upcider (cider), ED (energy drink) and Novelle (mineral water) as well as international brands such as Fosters, Heineken and Pepsi, Hartwall is the market leader in the categories of mineral water, cider and ready-to drink (RTD) and a strong runner-up in the categories of branded beer, soft drinks and energy drinks. The trading company Hartwa-Trade operates agencies for a number of international wine and spirits brands and contributes a minor part of Hartwall's revenue.

Hartwall operates two production facilities in Lahti (produces all products but mineral water) and Karijoki (mineral water), respectively.

A distribution network of own terminals supplies off-trade and on-trade customers directly.

Development in 2015

As expected, the **Finnish** market for beer, soft drinks, wine and spirits products was affected by consumer restraint, and this situation is not expected to change in the short and medium term. The extraordinarily poor summer weather intensified the declining consumption trend. A medium single-digit percentage decline in the consumption of branded products is estimated. The decline is due partly to increased consumption of private label products, partly to a shift in sales channel mix from on-trade towards off-trade.

Sales in Finland were declining in 2015, except for Q4 when a campaign activity more than offset the effect of the continuously declining consumption. Hartwall's overall market shares on branded products are estimated to be unchanged when adjusting for the campaign activity. The generally declining price level, a changed sales channel and product mix but primarily the campaign activity resulted in a lower net revenue per volume unit for 2015.

With focus on strengthening partnerships and increasing the presence and sale of Hartwall products with customers, efforts were directed in 2015 at reinforcing Hartwall's commercial position as a market-leading beverage provider in Finland. These efforts are expected to continue in the coming years.

The high level of innovation in Finland continued in 2015 with focus on meeting changed consumer and customer demands. The first proprietary product in the craft beer category, Hartwall Classic, was successfully launched, and Hartwall also launched the first natural energy drink, Novelle Vire, in the market. Lapin Kulta and Aura were succesfully relaunched in the beer category.

Following the restructuring and organisational changes in 2014, efforts were directed in 2015 at continuingly creating greater agility in order to continuously improve work processes and organisational flexibility with a view to increasing efficiency. In Q1 2016, the Group's SAP platform was implemented in Hartwall, thus completing the last major single element in the integration of Hartwall into Royal Unibrew.

FINLAND

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hecto-litres)	2,929	2,910	1	826	653	26
Net revenue (mDKK)	2,212	2,321	-5	562	526	7

The Baltic countries

Royal Unibrew is a significant beverage provider in the Baltic countries offering a combination of own strong national brands as well as international Heineken brands and, as of 2016, also a number of PepsiCo soft drinks brands.

Royal Unibrew's brewery business Kalnapilio-Tauro Grupe is the second largest in Lithuania with the national beer brands Kalnapilis and Taurus and the Vilkmerges craft beer brand, as well as Faxe and Heineken as international brands. Cido is the number two fruit juice brand in terms of size.

With a complete portfolio of fruit juice products under the Cido brand, mineral water under the Mangali brand and nectar drinks under the Fruts brand, Royal Unibrew's Cido Grupa in Latvia is the leading provider of fruit juices and mineral water. With the national beer brands Lacplesa Alus and Livu Alus and the Vilkmerges microbrew brand as well as Heineken as an international brand, Cido Grupa holds a number three position within beer.

The primary brands in Estonia are Cido in the soft drinks category and Meistriti Gildi, Faxe and Heineken in the beer category.

Royal Unibrew has three production facilities in the Baltic countries – one in Lithuania producing beer, and two in Latvia producing beer and soft drinks, respectively.

Sales are made business-to-business, and distribution is made directly to the individual off-trade and on-trade customers from own terminals.

Development in 2015

Beer and soft drinks consumption in **the Baltic countries** increased marginally in 2015. The overall development was as expected. The summer weather affected consumption positively as compared to 2014. It is estimated that Royal Unibrew's market shares on branded products were maintained.

Royal Unibrew's sales showed a 2% increase for 2015, whereas net revenue declined by 2% as a result of a general decline in beer prices. Beer prices in Lithuania declined in H2 2014 and have declined further in 2015 due to price competition in the off-trade sales channel. Moreover, a large increase in beer taxes in Latvia in the middle of Q3 2015 resulted in increased price competition and a reduction in total consumption in the remaining months of the year. Both of these circumstances explain why net revenue per volume unit was lower in 2015 than in 2014.

In the Baltic countries as in the other group entities, Royal Unibrew has focus on continuous optimisation, and in 2015 focus was directed at increasing flexibility in the total supply chain across the operating units.

The level of innovation was high in the Baltic countries in 2015 with many launches in both Lithuania and Latvia of beer as well as soft drinks products. Mangali Active, Royal Unibrew's first proprietary product in the functional water category, was successfully launched in Lithuania and Latvia; in the craft beer category, Vilkmerges Kriek with cherry flavor was launched in Lithuania and became the best-selling product in the category. Additionally, extra aged beer types were launched under the Kalnapilis and Lacplesis brands.

THE BALTIC COUNTRIES

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hecto-litres)	1,856	1,820	2	399	407	-2
Net revenue (mDKK)	640	654	-2	135	140	-4

Malt Beverages and Exports

The Malt Beverages and Exports segment comprises the export and licence business for malt beverages and beer exports to other markets. Malt Beverages and Exports accounted for 8% of the Group's net revenue and for 11% of EBIT for 2015 (2014: 7% and 10%, respectively).

The business area Malt Beverages and Exports comprises an export and licence business, primarily relating to non-alcoholic malt beverages but also to beer exports under the Faxe brand.

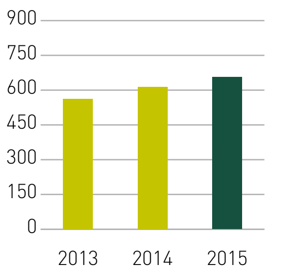
Royal Unibrew has several internationally strong dark malt beverage brands which are sold in the premium segment. Vitamalt is assessed to be the malt brand with the broadest global distribution, whereas Supermalt and Powermalt hold strong regional positions.

The key market areas for Royal Unibrew's malt beverages are countries in the Americas region and Africa as well as among ethnic groups from these areas living in and around major cities in Europe and the USA.

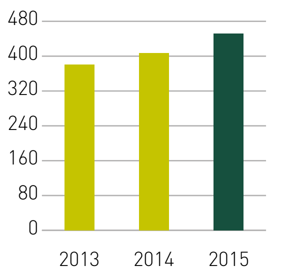
The malt beverages and exports markets are primarily supplied by exports from Royal Unibrew's Danish breweries, but also in certain cases on the basis of licence agreements with local breweries.

The sales organisation, which is to a large extent located in the individual markets, cooperates closely with our distribution partners on commercial priorities and marketing initiatives.

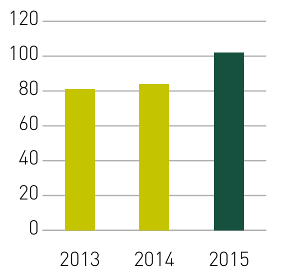
SALES
(thousand hectolitres)



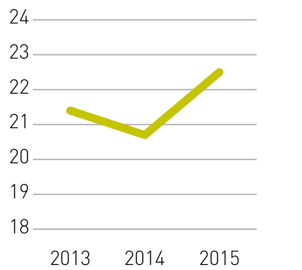
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



Development in 2015

Sales for 2015 showed a 7% increase and net revenue an 11% increase. The growth is primarily related to the African markets and primarily to the beer category. USD and GBP exchange rate developments affected net revenue positively by approx DKK 22 million. The lower net revenue per volume unit is primarily due to a changed market mix.

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 the assessment that inventories had been built up with distributors at the end of Q3 2015, which affected Q4 sales negatively. Distributors' sales to customers and consumers were as expected.

Earnings before interest and tax (EBIT) for 2015 amounted to DKK 102 million, which is DKK 18 million above the 2014 figure, including approx DKK 14 million from exchange rate developments. Adjusted for the positive exchange rate effect, EBIT margin for 2015 was 19.8% and, as expected, lower than in 2014 due to higher investments made in marketing and penetration of markets with a lower selling price.

In **the Americas** a changed market mix was seen for 2015 as compared to 2014, which, combined with the exchange rate developments, contributed towards considerable net revenue growth.

The development in the business in **EMEAA** was as expected for 2015. The macroeconomic development in the economies relying on raw materials and the development in the local currencies of a number of markets in Africa have reduced growth rates in a number of countries. In spite of this, Royal Unibrew's sales in Africa showed high growth, as expected.

MALT BEVERAGES AND EXPORTS

	Q1-Q4 2015	Q1-Q4 2014	% change	Q4 2015	Q4 2014	% change
Sales (thousand hectolitres)	656	614	7	130	139	-6
Net revenue (mDKK)	452	407	11	94	90	5
EBIT (mDKK)	102	84		19	16	
EBIT margin (%)	22.5	20.7		20.3	17.7	


SUPERMALT

Shareholder information

Royal Unibrew wants an open dialogue with its shareholders and also wants to keep them continuously up-to-date on the Company's development. Therefore, Royal Unibrew emphasises providing timely and adequate information on its objectives and strategy, business activities, the development in the Company's markets as well as the financial results.

Share capital, DKK	110,985,000
Number of shares	55,492,500
Denomination	DKK 2
Number of share classes	1
Restriction of voting right	None
Place of listing	Nasdaq Copenhagen A/S
Short name	RBREW
ISIN code	DK0060634707
Bloomberg code	RBREW DC
Reuter code	RBREW.CO
Index	LargeCap

Share information

The Royal Unibrew share is listed on Nasdaq Copenhagen A/S, and Royal Unibrew is included in the LargeCap index.

In 2015 a total of 23,056,784 shares were traded, corresponding to 41.5% of the total number of shares traded (at year end) through Nasdaq Copenhagen A/S (source: Bloomberg). The trading value amounted to DKK 5,541 million (2014: DKK 4,759 million).

To ensure that the Royal Unibrew share is accessible to all types of investors and to align the price level per share with market practice, the AGM in April 2015 resolved to implement a 5:1 share split following which the share denomination was changed from DKK 10 to DKK 2 per share with effect as of 5 May 2015.

At the end of 2015, the price of the Royal Unibrew share was 280.1 compared to 217.4 per share of DKK 2 (corresponding to 1,087 per share of DKK 10 before the share split) at the end of 2014. Royal Unibrew's market capitalisation amounted to DKK 15,543 million at the end of 2015 compared to DKK 12,064 million at the end of 2014. Each share carries one vote, and all shareholders registered in the Company's register of shareholders is entitled to vote.

The Board of Directors has been authorised to increase the Company's share capital on one or several occasions by up to a total nominal amount of DKK 11,000,000 in the period to 30 April 2019.

Change of control

The realisation of a takeover bid resulting in change of control of the Company will entitle a few trading partners and lenders to terminate trading agreements made. For a description of agreements with Company Management, reference is made to the section Remuneration.

Treasury shares in 2015

At the AGM on 29 April 2014, the Board of Directors was authorised to acquire treasury shares for up to 10% of the total share capital in the period up until the AGM on 29 April 2015, at which the authorisation was extended until the AGM in 2016.

On 11 March 2015, the Board of Directors initiated a share buy-back programme of a maximum market value of DKK 350 million for the period to 1 March 2016. At 31 December 2015, Royal Unibrew had bought back 1,192,118 shares representing a market value of DKK 292 million, and in 2016 additionally 212,223 shares have been bought back representing a market value of DKK 58 million. Thus, the initi-

DEVELOPMENT IN ROYAL UNIBREW'S SHARE CAPITAL

DKK '000	2015	2014	2013	2012	2011
Share capital 1/1	110,985	110,985	105,700	111,865	111,865
Capital reduction			-4,800	-6,165	
Capital increase			10,085		
Share capital 31/12	**110,985**	**110,985**	**110,985**	**105,700**	**111,865**

ated share buy-back programme, which has been carried out in accordance with the "Safe Harbour" method, has been completed.

Royal Unibrew holds a total of 1,704,341 treasury shares of a nominal value of DKK 2 each, corresponding to 3.1% of the Company's share capital, 300,000 of which are for the purpose of covering the incentive programme offered to the Executive Board. The total number of shares of the Company is 55,492,500 including treasury shares.

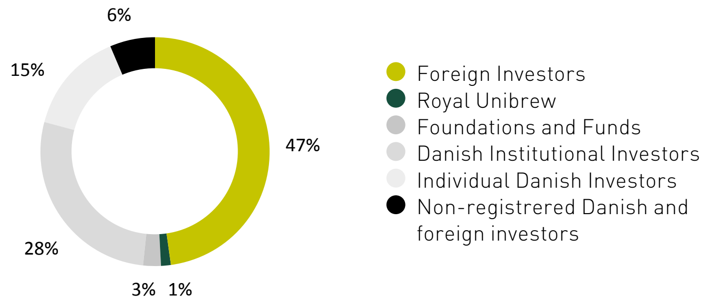
Ownership

At the end of 2015, Royal Unibrew had approx 15,000 registered shareholders holding together 94% of the total share capital.

Members of the Board of Directors and the Executive Board are governed by Royal Unibrew's insider rules, and their share transactions are subject to a notification requirement. Individuals with inside information as well as their spouses and children below the age of 18 may trade Royal Unibrew shares only when the Board of Directors has announced that the window for trading shares is open (and provided that they do not have inside information). This normally applies for a period of four weeks following an announcement of financial results.

At 31 December 2015, directors held 18,605 shares of the Company, and members of the Executive Board held 520,830 shares, corresponding to a total of 1% of the share capital.

BREAK-DOWN OF SHAREHOLDERS AT THE END OF 2015



According to the latest Company Announcements or other public announcements, the following shareholders hold more than 5% of the share capital:

Shareholder	End of February 2016	
Chr. Augustinus Fabrikker A/S, Denmark	10.4%	(reported on 11 December 2009)
HC Royal Holding OY Ab, Finland	7.1%	(reported on 6 May 2015)
BlackRock Investment Management (UK) Limited	5.03%	(reported on 10 July 2015)

AGM

The Company's AGM will be held on 27 April 2016, at 5 pm at the Radisson Blu H. C. Andersen Hotel in Odense.

The AGM will be convened electronically, and information on the registration for electronic communication is provided at Royal Unibrew's website www.royalunibrew.com under "Investor".

Registration of shareholder's name is effected by contacting the bank holding the shares in safe custody.

Board of Directors' resolutions and proposed resolutions for the AGM

The Board of Directors will propose that the AGM authorise the Board of Directors to acquire shares for treasury corresponding to up to 10% of the share capital, such authorisation being in force for the period up until the next AGM.

Moreover, the Board of Directors proposes the distribution of dividend of DKK 7.2 per share of DKK 2 for the 2015 financial year as well as the cancellation of 1,392,500 of the shares bought back under the share buy-back programme initiated in 2015.

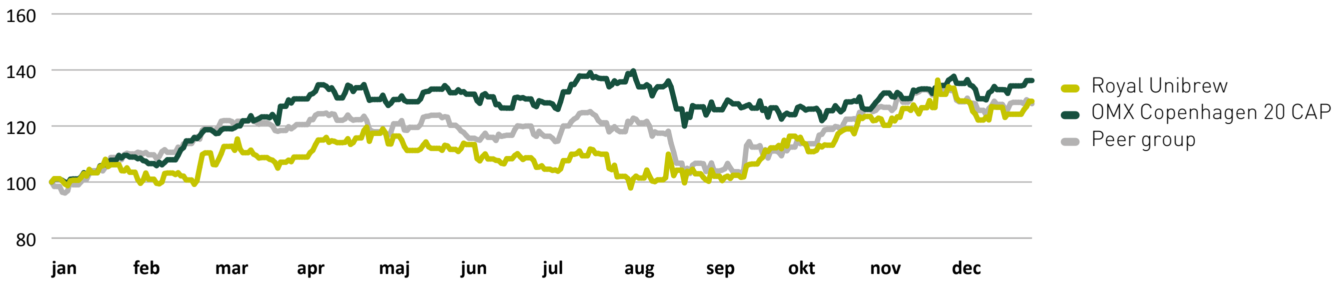
SHARE RATIOS

Per share of DKK 2 – DKK	2015	2014	2013	2012	2011
Parent Company shareholders' share of earnings per share	13.0	11.3	9.2	7,1	6,4
Parent Company shareholders' diluted share of earnings per share	12.9	11.2	9.2	7,1	6,4
Cash flow per share	21.2	16.2	12.5	8.8	7.3
Diluted cash flow per share	21.1	16.1	12.4	8.8	7.3
Year-end price per share	280.1	217.4	147.2	98.4	64.3
Dividend per share	7.2	6.8	0.0	4.8	3.4
Number of shares	55,492,500	55,492,500	55,492,500	52,850,000	55,932,490

The share denomination was changed from DKK 10 to DKK 2 in 2015.
Comparative figures for the period 2011-2014 are stated per share of DKK 2.

SHARE PERFORMANCE 2015

(index)



Note: The peer group consists of Carlsberg, Heineken, SABMiller and Anheuser-Busch InBev. (source: Bloomberg)

Investor relations activities

Royal Unibrew aims at ensuring open and timely information to its shareholders and other stakeholders.

A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. In 2015, among other things, Royal Unibrew held four audio casts in connection with the publication of the Annual Report 2014, the Q1 Report, H1 Report and Q3 Report 2015, respectively. Moreover, Royal Unibrew holds analyst and investor meetings in both Denmark and abroad in connection with the publication of Interim and Annual Reports. In total about 200 individual meetings were held with investors and analysts in 2015.

Among other events in 2015, Royal Unibrew participated in the SEB Nordic Seminar in Copenhagen, in the Capital Market Day in Finland, in the DAF Vestsjælland members' meeting at the Faxe brewery, in the Jyske Bank's Company Day, in the SEB Nordic Market Day in New York, in the Deutsche Bank Access Global Consumer Conference in Paris, in the Nomuras West Coast Consumer Conference in San Francisco and in the Danske Bank Copenhagen Winter Seminar.

Audio casts and presentations from audio casts and seminars are accessible at Royal Unibrew's website, www.royalunibrew.com under "Investor".

DIVIDEND DATES FOR 2016

27 April 2016	Resolution at AGM
27 April 2016	Last trading date with right to dividend for 2015
28 April 2016	First trading date without right to dividend for 2015
2 May 2016	Distribution of dividend

THE ROYAL UNIBREW SHARE IS FOLLOWED BY

Company	Analyst
ABG Sundal Collier	Michael Rasmussen
Bank of America Merrill Lynch	Ian Wood
Carnegie	Jonas Guldborg Hansen
Danske Bank	Tobias C. Björklund
Deutsche Bank	Tristan Van Strien
Handelsbanken	Karri Rinta
Jyske Bank	Frans Høyer
Nomura International plc	Elsa Hannar
Nordea Bank	Hans Gregersen
SEB Enskilda	Søren Samsøe

FINANCIAL CALENDAR FOR 2016

27 April 2016	Interim Report for the period 1 January - 31 March 2016
27 April 2016	Annual General Meeting at the Radisson Blu H. C. Andersen Hotel in Odense
24 August 2016	Interim Report for the period 1 January - 30 June 2016
23 November 2016	Interim Report for the period 1 January - 30 September 2016

IR CONTACT

Shareholders, analysts, investors, stockbrokers and other stakeholders who have questions concerning Royal Unibrew may contact:

Royal Unibrew A/S
Faxe Alle 1
DK-4640 Faxe

Contacts
Lars Jensen, CFO (responsible for IR)
Lars.jensen@royalunibrew.com

Ginette Maasbøl (daily IR contact)
Ginette.maasbol@royalunibrew.com
Telephone +45 56 77 15 12


ESTD 1901
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FAXE
10%
QUALITY EXTRA STRONG BEER
WELCOME LAS VEGAS NEVADA
ROUND 1
BEER FOR REAL MEN
BE A REAL MAN AND ENJOY RESPONSIBLY +18

Corporate governance

Royal Unibrew has focus on running its business and designing its management systems in accordance with the corporate governance principles. The objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

The recommendations of the Committee on Corporate Governance, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's corporate governance.

Royal Unibrew complies with the Corporate Governance Recommendations with very few exceptions which are described below.

Royal Unibrew's website http://investor.dk.royalunibrew.com/governance.cfm provides a detailed description of the Board of Directors' approach to the Corporate Governance Recommendations issued by the Committee on Corporate Governance.

Diversity

A statement is made in accordance with section 99 b of the Danish Financial Statements Act.

Royal Unibrew aims at promoting diversity, which includes achieving a reasonable representation of both genders, both on the Board of Directors and on the top management team. This is based on a wish to strengthen the versatility and total competences of the business and to improve decision-making processes.

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – comprises 65% (2014: 63%) men and 35% (2014: 37%) women. The target is at least 40% representation of each gender. When new executives are recruited, emphasis is placed on identifying candi-

Royal Unibrew complies with the Corporate Governance Recommendations issued by the Committee on Corporate Governance with the following two exceptions:

Board committees (recommendation 3.4):

The Committee **recommends** that the board of directors establish an actual audit committee composed so that the chairman of the board of directors is not the chairman of the audit committee.

- The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. As a result of this, the chairman of the Board of Directors is as the law allows also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors finds no need for a separate audit committee.

Disclosure of the remuneration policy, (recommendation 4.2):

The Committee **recommends** that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.

- The remuneration of members of the Board of Directors is disclosed in the section "Remuneration". Disclosure of the remuneration of the individual members of the Executive Board is not at present considered material to stakeholders' assessment. The total remuneration of the Executive Board is disclosed in note 5. The remuneration of the Executive Board is considered in line with that of peer companies. The remuneration of the Executive Board is in accordance with the remuneration policy.

dates of both genders without discrimination, and Royal Unibrew is seeking to encourage female candidates' interest in taking on managerial tasks.

At present, six of the directors of Royal Unibrew elected by the general meeting are men and one is a woman, while the directors elected by the employees are three men and one woman. Since 2014 the Board of Directors has had two international members and five Danish members elected by the general meeting. The target is an approximate 20% share of female directors within four years. No directors elected by the general meeting have been replaced in 2015; therefore, the target of 20% has not yet been reached.

It is the Board of Directors' objective that its members should, to the widest extent possible, complement each other in terms of age, background, nationality, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew. These matters are assessed when the nomination committee identifies new candidates for the Board of Directors, and it is an objective of the committee to identify both male and female candidates. However, recommendation of candidates will always be based on an assessment of the individual candidates' competences and how they match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

Shareholder and stakeholder relations

Royal Unibrew's Management wants and works actively to maintain good and open communication and dialogue with its shareholders and other stakeholders. The Company believes that a high level of openness in the communication of information on the Company's development supports the Company's work and a fair valuation of the Company's shares. The Group's openness is limited only by the duties of disclosure of Nasdaq Copenhagen A/S and by competitive considerations.

The dialogue with and communication to shareholders and other stakeholders take place by the issuing of Interim Reports and other announcements by the Company, via audio casts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and audio casts.

According to the Articles of Association of the Company, general meetings shall be convened not more than five weeks and not less than three weeks prior to the general meeting. It is an objective to formulate the notice convening the meeting and the agenda so as to give shareholders an adequate presentation of the business to be transacted at the general meeting. Proxies are limited to a specific general meeting and are formulated in such a way as to allow absent shareholders to give specific proxies for individual items of the agenda – either to the Board of Directors or to a person attending the general meeting. All documents relating to general meetings are published at Royal Unibrew's website.

Each share of a nominal value of DKK 2 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has only one class of shares.

All shareholders may submit proposals for resolutions to the Board of Directors to be considered at the general meeting; such proposals for resolutions are to be received by the Board of Directors not later than six weeks prior to the date of the general meeting.

Work of the Board of Directors

The Board of Directors handles overall strategic management, financial and managerial supervision of the Company as well as continuous evaluation of the work performed by the Executive Board on behalf of the shareholders.

The Board of Directors performs its work in accordance with the Rules of Procedure of the Company governing the Board of Directors and the Executive Board. These Rules of Procedure are reviewed and updated regularly by the full Board of Directors.

The directors usually meet for five annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the directors meet when required. In 2015 six board meetings were held and three absentees were noted.

The Board of Directors has established the following committees:

Nomination committee

The nomination committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2015 the primary activity of the nomination committee was the preparation of the evaluation of the Board of Directors. The committee held one meeting in 2015.

Remuneration committee

The remuneration committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2015 the primary activities of the remuneration committee were the assessment and recommendation of remuneration of the Board of Directors and the Executive Board. The committee held one meeting in 2015.

Audit committee

The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. This should be viewed in light of the Company's size, transparency of reporting and clear procedures. Consequently, the Company's Board of Directors finds no need for a separate audit committee. It is the Board of Directors' objective to secure quality and integrity in the Company's presentation of Financial Statements, audit and financial reporting. At the same time, the Board of Directors monitors accounting and reporting processes, the audit of the Company's financial reporting, risk issues and the external auditors' performance and independence. The external auditors have participated in two meetings of the

Board of Directors in connection with the Board of Directors' performance of audit committee tasks.

Evaluation of the work of the Board of Directors

Annual evaluation of the work of the Board of Directors is performed. The evaluation is made by the Chairman of the Board of Directors. For this purpose the Chairman receives written replies to a questionnaire distributed to all members of the Board. The findings of the evaluation are presented and discussed at a meeting of the Board of Directors.

The evaluation in 2015 did not give rise to changing the composition of the Board of Directors as the necessary competences are considered to be in place. Moreover, the evaluation did not give rise to changing the working method of the Board of Directors.

The Executive Board and the cooperation between the Board of Directors and the Executive Board are evaluated on an annual basis as a minimum.

Composition of the Board of Directors

When composing the Board of Directors, we emphasise that the members have the competences required to solve the tasks. The Board of Directors assesses its composition annually, including ensuring that the combined competences and diversity of the members match the Group's activities.

Candidates for the Board of Directors are recommended for election by the general meeting supported by motivation in writing by the Board of Directors as well as a description of the recruiting criteria. The individual members' competences are described in the below section on the Board of Directors and the Executive Board. When joining Royal Unibrew, new members of the Board of Directors are given an introduction to the Group and to the markets in which it operates.

At present, the Board of Directors consists of seven members elected by the general meeting and four members elected by the employees. Election of members by the employees takes place in compliance with the company law rules described at the Company's website. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.

All members of the Board of Directors elected by the general meeting are considered independent in accordance with the Corporate Governance Recommendations issued by the Committee on Corporate Governance.

Risk Management

Risk management plays a key role at Royal Unibrew, and it is Management's aim that the Group's risks should be adequately disclosed at all times. Policies and procedures have been determined to ensure efficient management, to the widest extent possible, of the identified risks.

At Royal Unibrew risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Group's strategic objectives being met.

The key risks are summarised by the following main areas:

- Industry and market risks
- Exposure hazard and third-party risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company's risks is provided in note 2.

Risk management structure

Royal Unibrew's risk management structure is based on a systematic process of risk identification, risk analysis and risk assessment. This structure provides a detailed overview of the key risks relating to the realisation of strategies in the short and long term and enables the taking of required measures to address the risks.

Risk management and management structure

The full Board of Directors, which also performs the function of audit committee, has ultimate risk management responsibility. The auditors appointed at the general meeting participate in board meetings that concern the tasks of the audit committee. The audit committee monitors the total strategic risk exposure and the individual risk factors relating to Royal Unibrew's activities. The Board of Directors adopts guidelines for the key risk areas, monitors developments and ensures the existence of plans to manage the individual risk factors, including commercial and financial risks.

At least once a year, the Board of Directors assesses the overall risk factors relating to Royal Unibrew's activities. Risks are assessed under a two-dimensional "heat map" assessment system which

The overall risk management structure is outlined below.

RISK MANAGEMENT STRUCTURE

Board of Directors	• Approves the overall risk policy • Monitors the development in the total strategic risk exposures and the individual risk factors and verifies compliance with the overall risk policy
Executive Board	• Determines risk management policies and strategies for the individual risks and ensures implementation of these • Ensures consistency between the risk management policy and the business objectives • Monitors risk management and the development in key risks • Ensures that adequate resources are available to implement efficient risk management
Staff functions and business units	• Identify, assess, quantify and record risks • Make suggestions for addressing risks • Monitor risk management activities initiated • Report regularly to the Executive Board
Local risk owners	• Continuous monitoring and/or reduction of risks through risk-mitigating activities

Key risk factors in 2016

In addition to financial risks, the following risk factors, which are unchanged from 2015, are considered key risks in 2016:

Area	Description	Risk mitigation
Macro-economic uncertainty	Royal Unibrew's product portfolio is sold in markets and market areas where market developments are usually determined by long-cycle trends. However, since the financial crisis, markets have been more volatile than previously experienced. Thus, considerable market fluctuations have been seen for certain product categories and in certain markets. At the beginning of 2016, several of Royal Unibrew's markets are still affected by consumer restraint, see the Outlook 2016 section on page 14. Macroeconomic uncertainty and low growth of long duration may affect earnings negatively. This could happen due to declining consumption or shifts in product mix towards products with lower earnings.	By focusing on flexibility in its actions plans, Royal Unibrew is seeking to secure leeway for reducing the effect of macroeconomic uncertainty and changes to consumption patterns. The efforts directed at continuous improvements across the business will contribute towards limiting the negative effect of macroeconomic changes.
Industry and market	In most markets, the product category beer and soft drinks is characterised by tough price competition and intensive marketing from a number of suppliers. At the same time, continuous consolidation is seen among customers who handle the distribution of products to consumers. Furthermore, Royal Unibrew's market area is characterised by considerable industry concentration on the supplier side.	Royal Unibrew's earnings and competitiveness are ensured through constant focus on markets and segments in which Royal Unibrew holds or may achieve a significant position. Moreover, the Company focuses on value management through the development of products, containers and packaging, cooperation with customers and communication with consumers. The efforts directed at continuous improvements across the business will contribute towards limiting the negative effect of industry concentration.
Weather	Usually, the consumption of Royal Unibrew's products is high in the summer months. However, this presupposes dry and fair weather. In the summer months of 2015, the weather in Royal Unibrew's markets in Northern Europe was unfavourable to the consumption of beer and soft drinks. This affected the Group's sales and net revenue, and thus earnings, negatively.	Through focus on flexibility of action plans, Royal Unibrew aims at securing leeway to respond to lower earnings caused by unfavourable weather conditions in the summer months.
Commodity prices	The prices of a large number of key commodities fluctuate in line with world market prices. To the extent that higher unit cost cannot be compensated for by higher selling prices per unit or in other ways increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. In order to maintain EBIT margin, selling prices per unit must increase more than the unit cost increase.	Royal Unibrew monitors the trend in commodity prices hedging against short-term price increases through agreements with suppliers and through commodity hedges if considered essential and economical. The Group's policy for hedging commodity risks involves a smooth and time-differentiated effect of commodity price increases. Moreover, there is systematic focus throughout the Group on streamlining the production and distribution process and on increasing net selling prices per unit.
Statutory restrictions	Royal Unibrew's activities are subject to national legislation in the markets in which Royal Unibrew operates. Any legislative changes may impact the ability to operate, eg by way of restrictions in respect of the sale, marketing and production of Royal Unibrew's products or due to increasing consumption taxes. Such restrictions may affect the Group's sales and earnings significantly.	Royal Unibrew participates in local and international cooperation fora within the brewery industry with a view to influencing legislative decision makers to ensure that conditions for producing and marketing beer and soft drinks do not deteriorate, and that consumption taxes are applied in a balanced manner.

estimates the significance of the risk in relation to EBITDA, damage to Royal Unibrew's reputation, violation of legislation or environmental implications as well as the probability of the risk resulting in an incident. Based on this assessment, the existing "heat map" is updated so as to reflect changes in the understanding of business risks. Following this registration of risks relating to Royal Unibrew's activities, the risks which may materially impact the strategic objectives in the short and long term are identified.

Local entities (staff functions and business units) are responsible for identifying, assessing, quantifying and recording risks as well as for reporting how risks are managed locally. The local-level risk assessment follows the same principles as the group-level assessment based on the "heat map" assessment system. Local risk owners have been appointed with responsibility for currently monitoring and/or reducing risks through risk-mitigating activities.

Royal Unibrew's Group Accounting is responsible for facilitating and following up on risk-mitigating activities/action plans for the key risks in accordance with the decisions made by the Board of Directors and the Executive Board.

Risk assessment in 2015

In 2015 Royal Unibrew's Executive Board closely monitored the development in market-related risks and made the necessary changes to risk-mitigating activities to secure budgeted earnings. Moreover, local risk management workshops were held with participation by risk owners and other executives. Centrally, the identified risks and proposed action plans were reviewed and assessed by the Company's Executive Board. Based on this, the Executive Board presented the key risks to the Board of Directors and recommended the necessary risk-mitigating activities/action plans for approval by the Board of Directors.

The Board of Directors then resolved to implement the necessary risk-mitigating measures with a view to ensuring optimum realisation of Royal Unibrew's strategic objectives.

Control and risk management activities relating to the financial reporting process

Royal Unibrew's internal control and risk management systems relating to the financial reporting process are described below.

Control activities

Royal Unibrew has established a formalised group reporting process comprising monthly reporting, including budget follow-up, assessment of performance and achievement of established targets.

Moreover, a central corporate function is responsible for controlling the financial reporting from the subsidiaries, which also includes a statement from each reporting group entity in relation to compliance with adopted group policies and internal control measures. In 2015 controlling visits were paid to the key subsidiaries. The Board of Directors has assessed that establishment of an actual internal audit department is not required at this time considering the moderate complexity of the Group and the transparency of its reporting.

Information and communication

The Board of Directors emphasises the importance of the Group communicating openly, with due regard to the confidentiality required for listed companies, and of the individual knowing his/her role with respect to internal control.

The individual business areas of the Group have been established as business units with responsibility for their own strategies, action plans and budgets. This division results in efficient follow-up and distribution of responsibilities in the Group.

Royal Unibrew's accounting manual as well as other reporting instructions are continuously updated and are available at Royal Unibrew's intranet, where they can be accessed by all relevant employees. The instructions include account coding instructions and procedures for financial reconciliation and analyses, verifying the existence of assets as well as policy for credit granting and approval of fixed asset investments. In the event of major changes, all responsible finance officers of the group enterprises are informed in writing of the key changes. Moreover, internal update courses are organised for accounting staff.

Royal Unibrew's information systems are designed with a view to continuously, with due regard to the confidentiality required for listed companies, identifying, capturing and communicating at relevant levels relevant information, reports, etc which enable the individual to perform tasks and controls efficiently and reliably.

Monitoring

Monitoring is effected by continuous assessments and controls at all group levels. The scope and frequency of the periodic assessments depend primarily on a risk assessment and the efficiency of the continuous controls.

The auditors appointed by the general meeting report in the Auditor's Long-form Report to the Board of Directors material weaknesses in the Group's internal control systems in connection with the financial reporting process. Less material issues are reported in management letters to the Executive Board, after which the Executive Board informs the Board of Directors of the issues reported.

The Board of Directors meets twice annually with the auditors without the Executive Board attending.


Novelle
PLUS
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IHOLLE

Remuneration

The remuneration policy applying to Royal Unibrew's Board of Directors and Executive Board has been formulated so as to reflect shareholder and company interests. Moreover, the remuneration policy is intended to support the realisation of the Company's long-term objectives.

The following is a brief description of the elements of the remuneration, pension plans and severance programmes as well as other benefits offered to the Board of Directors and the Executive Board.

The complete remuneration policy for the Board of Directors and the Executive Board is disclosed at the Company's website http://investor.royalunibrew.com/documentdisplay.cfm?DocumentID=11831.

For a description of incentive pay, reference is made to the Overall Guidelines for Incentive Pay adopted at the Company's general meeting, which may be downloaded from http://investor.royalunibrew.com/payprogram.cfm.

Board of Directors remuneration

Efforts are made to ensure that the Board of Directors remuneration matches the level of peer companies and to accommodate the requirements relating to members' competences, performance and scope of board work, including the number of meetings.

The annual remuneration paid to ordinary board members amounts to DKK 300,000. The Chairman and Deputy Chairman receive remuneration of 2.5 times (DKK 750,000) and 1.75 times (DKK 525,500) the remuneration paid to ordinary members. The total remuneration paid to the Board of Directors in 2015 amounted to DKK 4.0 million.

The Board of Directors remuneration is fixed and no remuneration is paid for participation in the committees set up by the Board of Directors.

The Board of Directors does not participate in any incentive schemes.

The remuneration for the financial year in progress is submitted for approval at the AGM.

Executive Board remuneration

The Board of Directors believes that a combination of fixed and performance-driven remuneration to the Executive Board contributes towards ensuring that Royal Unibrew can attract and retain the right employees. At the same time, the Executive Board is given an incentive to create shareholder value through partially incentive-based remuneration.

The Executive Board members are employed on individual service contracts, and the terms are fixed by the remuneration committee within the framework laid down in the contracts, see below.

The remuneration committee assesses the Executive Board remuneration annually to ensure that the remuneration matches the situation at peer companies.

The Executive Board is remunerated by a market-conforming and competitive remuneration package comprising four elements:

- **Fixed salary** based on market level;
- **Ordinary bonus**, see overall guidelines for incentive pay;
- **Long-term bonus**, see overall guidelines for incentive pay;
- **Extraordinary bonus**, see overall guidelines for incentive pay.

As part of Royal Unibrew's continued efforts to focus on value creation for shareholders, the Executive Board was in 2013 offered restricted (conditional) shares for no consideration. The programme replaced the previous cash-based, long-term bonus scheme and entered into force on 1 September 2013. A restricted share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 2 for no consideration when the Company's Annual Report for 2016 has been published in March 2017. The receipt of shares is conditional on continued employment in the period up to the Board of Directors' adoption of the Annual Report for 2016 and on the employee not having handed in notice. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved in the vesting period. The maximum number of restricted shares is 300,000 shares, corresponding to a value of DKK 33 million at the time of granting, 28 August 2013.

The total remuneration of the three members of the Executive Board amounted to DKK 32 million in 2015. See also note 5.

In addition a number of work-related benefits are made available to the Executive Board, including a company car, and the Executive Board members are covered by Royal Unibrew's standard insurance schemes such as accident and life insurance.

Royal Unibrew A/S may terminate the employment of a member of the Executive Board at up to 24 months' notice, whereas the employment of other members of the Executive Board may be terminated at 12 months' notice. Severance pay agreed upon cannot exceed two years' salary according to the remuneration policy.

In case of a full or partial takeover of Royal Unibrew A/S, the Executive Board will receive no compensation. However, two members of the Executive Board may choose to consider themselves dismissed in such event.

REMUNERATION POLICY FOR THE EXECUTIVE BOARD

Remuneration component	Purpose	Level of granting	Granting criteria
Fixed salary	Attract and retain the right executives by offering a salary that reflects their competences and experience.	Must reflect the level of peer companies.	Assessed annually on the basis of individual responsibilities, qualifications and results.
Benefits	Offer a competitive package that supports attraction and retention.	Benefits corresponding to market practice.	N/A
Pension	The Executive Board members make their own pension contributions.	N/A	N/A
Ordinary bonus	Ensure the achievement of Royal Unibrew's short-term targets.	May not exceed 60% of the fixed salary (gross salary).	Bonus grants and their size depend on the achievement of targets agreed for one year at a time – primarily relating to the Company's budgeted targets and results, financial key figures or other measurable individual results.
Long-term bonus	Ensure the achievement of Royal Unibrew's long-term targets.	May not exceed 300,000 shares for the period 2013-2016. Granted when Royal Unibrew's Annual Report for 2016 has been published in March 2017. Furthermore, a cash amount of 15-20% of the fixed salary for the period 2010-2015 to be paid when the Annual Report for 2015 has been published in March 2016.	The number of shares granted is subject to the level of achievement in the vesting period of the EBIT and free cash flow targets determined by the Board of Directors for financial years 2013-2016. The payment of the cash bonus for the period 2010-2015 is conditional on employment at the time of payment
Extraordinary bonus	Encourage the generation of shareholder value and ensure that objectives of attracting and retaining key executives are met.	May not exceed 100% of the fixed salary (gross salary), eg in the form of a retention bonus, restricted shares or performance bonus.	The bonus is granted to remunerate a special effort.

BOARD OF DIRECTORS REMUNERATION

	Basic fee, DKK '000	Additional fee, % of basic fee
All members of the Board	300	
Chairman of the Board		150 %
Deputy Chairman of the Board		75 %
Members of the remuneration and nomination committees		0 %

Board of Directors and Executive Board

Board of Directors

Kåre Schultz
Chairman of the Board
Chairman of the nomination committee and the remuneration committee

Position
CEO of H. Lundbeck A/S since May 2015

Special competences
Special expertise in strategic management as well as experience of production, sales and marketing of brands on a global scale

Independence
Considered independent

Member of the board of directors
LEGO A/S

Walther Thygesen
Deputy Chairman of the Board
Deputy Chairman of the nomination committee and the remuneration committee

Position
Professional board member in a number of enterprises since 2014

Special competences
Special expertise in general management with experience from both Denmark and abroad as well as sales and marketing expertise, especially in the business to business market

Independence
Considered independent

Chairman of the board of directors
Alectia A/S
Xilco Holding AG, Switzerland

Member of the board of directors
German High Street Properties A/S (GERHSP)

Ingrid Jonasson Blank
Board member

Position
Professional board member in a number of Nordic enterprises since 2010

Special competences
Special expertise in general management, including of international enterprises in the convenience goods and retail areas as well as FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Member of the board of directors
Ambea Sweden Group AB, Sweden
Bilia AB, Sweden
Fiskars Ojy, Finland
Martin & Servera AB, Sweden
Matas A/S, Denmark
Musti ja Mirri Grp Oy, Finland
Orkla ASA, Norway
ZetaDisplay AB, Sweden

Board of Directors, continued

Jens Due Olsen
Board member

Position
Professional board member in a number of Danish enterprises since 2008
Temporary CFO of Auris III Luxembourg S.A. since January 2016

Special competences
Special expertise in economic, financial and capital market aspects as well as general management with experience from a variety of industries

Independence
Considered independent

Chairman of the board of directors
Auris III Luxembourg S.A., Luxemburg
Bladt Industries A/S
The foundation BørneBasketFonden (non-profit organisation)
NKT Holding A/S

Deputy chairman of the board of directors
PFA Pension A/S

Member of the board of directors
Cryptomathic A/S
Gyldendal A/S
Heptagon Advanced Micro Optics Inc.
Pierre.dk A/S

Other offices held
Member of investment committee of LD Equity 2 K/S
Member of the Committee on Corporate Governance

Karsten Mattias Slotte
Board member

Position
Professional board member in a number of enterprises, primarily in Finland, since 2013

Special competences
Special expertise in general management, including of international enterprises within FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Member of the board of directors
Fiskars Oyj, Finland
Onninen Oy, Finland
Onvest Oy, Finland
RATOS AB, Sweden
Scandi Standard Ab (publ), Sweden

Jais Valeur
Board member

Position
Group CEO of Danish Crown since November 2015

Special competences
Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Member of the board of directors
Foss A/S

Hemming Van
Board member

Position
Executive officer of HV Invest A/S

Special competences
Special expertise in retailing and marketing as well as production and general management

Independence
Considered independent

Executive board service
CEO of Easy Holding A/S
Executive officer of HV Holding ApS, Chri Van ApS, Ka Van ApS, Se Van ApS, The Van ApS

Chairman of the board of directors
Easyfood A/S
FHØ af 27.05.2011 A/S
GOG Holding A/S
Halberg A/S
Mac Baren Tobacco Co. A/S

Member of the board of directors
Easy Holding A/S
Great Dane A/S
HV Invest ApS

Board of Directors, continued

Martin Alsø
Elected by the employees

Position
Business Unit Manager

Jørgen-Anker Ipsen
Elected by the employees

Position
Export Area Manager

Kirsten Wendelboe Liisberg
Elected by the employees

Position
Brewery Hand

Søren Lorentzen
Elected by the employees

Position
Brewery Hand

BOARD OF DIRECTORS IN ROYAL UNIBREW

Name	Year of birth	Initially elected	Term of office	Position	Number of Royal Unibrew shares held at 1 January 2016	Change from 1 January 2015
Kåre Schultz	1961	2010	2015	Chairman	-	-
Walther Thygesen	1950	2010	2015	Deputy Chairman	5,500	-
Martin Alsø	1974	2014	2014-2018	Board member elected by the employees	4,600	+200
Ingrid Jonasson Blank	1962	2013	2015	Board member	-	-
Jørgen-Anker Ipsen	1958	2014	2014-2018	Board member elected by the employees	230	-
Kirsten Wendelboe Liisberg	1956	2006	2014-2018	Board member elected by the employees	810	-
Søren Lorentzen	1964	2010	2014-2018	Board member elected by the employees	860	-
Jens Due Olsen	1963	2010	2015	Board member	-	-
Karsten Mattias Slotte	1953	2013	2015	Board member		-
Jais Valeur	1962	2013	2015	Board member	-	-
Hemming Van	1956	2004	2015	Board member	6,605	-

Direktion

Henrik Brandt
President and CEO as of November 2008

Qualifications
MSc (Economics and Business Administration), MBA Stanford University, California

Executive board service
Brandt Equity ApS
Brandt Equity 2 ApS
Uno Equity ApS

Chairman of the board of directors
Toms Gruppen A/S
Brandt Equity ApS
Brandt Equity 2 ApS
Uno Equity ApS

Member of the board of directors
Ferd Holding AS, Norway
Hansa Borg Holding AS including subsidiaries, Norway
Gerda og Victor B. Strands Fond
Gerda og Victor B. Strand Holding A/S

Other offices held
Chairman of the corporate law committee of the Confederation of Danish Industry

Lars Jensen
CFO as of November 2011

Qualifications
Diploma in business economics, informatics and management accounting, Copenhagen Business School

Johannes F.C.M. Savonije
COO as of September 2008

Qualifications
BA Business Administration

Member of the board of directors
Dansk Retursystem Holding A/S including subsidiaries
Hansa Borg Holding AS including subsidiaries, Norway
Globalpraxis S.A., Barcelona, Spain

EXECUTIVE BOARD

Name	Year of birth	Position	Number of Royal Unibrew shares held at 1 January 2016	Change from 1 January 2015
Henrik Brandt	1955	CEO	384,000	-
Lars Jensen	1973	CFO	23,330	-
Johannes F.C.M. Savonije	1956	COO	113,500	-


Lottrup
Lottrup


Lottrup
RED COPPER ALE


Lottrup


Lottrup


Lottrup
DANMARKS NYESTE ØL HAR MERE
END 150 ÅR PÅ BAGEN
INTERNATIONAL FOOD CONTEST 2015
INTERNATIONAL FOOD CONTEST 2015

Organisation and Employees

Royal Unibrew directs targeted efforts at developing managers and employees to create the best possible basis for realising the strategy laid down and achieving our business objectives. Focus in 2015 has been on strengthening execution capabilities and willingness to change to enable the business as a whole to meet future challenges in the best possible way, including the ever intensifying competition in the individual markets and the need for innovation.

Royal Unibrew works strategically at developing our employees' competences to ensure that the overall organisation remains competitive and is capable of exploiting development opportunities and reading market trends. It is therefore important that our employees have job satisfaction and are proud ambassadors of Royal Unibrew.

Targeted competence development of managers and employees

Optimisation and integration of the total organisation are high on Royal Unibrew's agenda. This requires managers who are able to manage and implement strategies across countries and cultures. Royal Unibrew managers receive continuous management training, and the fundamental management principles of the business are adjusted currently to match business developments and changes in external demands. This ensures that the management culture is always based on the principles that can take the business further.

In 2015 manager development initiatives focused on the management and value DNA of Royal Unibrew – the platform ensuring that managers have a shared language and a common understanding of what it takes to practise good management.

Moreover, efforts were directed at strengthening organisational execution capabilities and willingness to change. The ever increasing pace of market changes requires that both the individual employee and the organisation as a whole are capable of adapting. It is crucial to ensure that our managers are prepared to take the lead and address changes in the best possible way. Therefore, continuous efforts are made to strengthen our managers' competences in these areas. One of the important things is that our managers have a clear understanding of the positive correlation between productivity and job satisfaction among our employees and the pivotal role the manager plays in this.

In **Denmark** efforts were directed in 2015 at developing broader competences among hourly-paid employees with a view to creating increased flexibility in the day-to-day work to enable employees to handle several functions and more readily replace each other. This is ensured through structured mapping of the individual employee's competences during appraisal interviews. In that connection, a pilot project with autonomous teams was furthermore initiated. Moreover, a number of industry instructors were trained with responsibility for, among other things, standardisation of the introductory process for new employees to ensure even better integration and training of these.

In 2015 the sales competences of the sales organisation within both on-trade and off-trade were strengthened through structured development programmes. Within on-trade, training focused on the psychology of sales with a view to ensuring efficient sales processes in markets characterised by tough competition and significant consolidation. The efforts within off-trade included individual coaching of managers with focus on sales management as well as sales training for the individual sales employee.

In **Finland** the organisation also directed efforts at creating broader competences. The work of implementing the Group's shared ERP-system, which is integrated across functions and processes to a much larger extent than Hartwall's previous system, contributed towards enhancing employees' knowledge of links between processes and their understanding of tasks throughout the organisation. In production, the competences of hourly-paid employees were developed enabling them to perform more functions.

In **the Baltic countries** efforts were directed at, among other things, Lean and

6sigma principles to ensure uniform and more productive work processes in the logistics area.

In **Italy** Royal Unibrew continued working with "Ceres Academy" in 2015, which is a platform for corporate culture training. Employees from all parts of the Italian organisation participated in the training, and subjects included marketing, cost accounting, IT as well as beer knowledge

Malt Beverages and Exports, which besides the general management team situated in Denmark comprises sales offices situated close to the local markets in the Americas, Africa, the UK and France, worked with understanding of local cultures and training in negotiating skills adapted to local conditions in 2015.

Performance management

As part of the overall competence development work, Royal Unibrew carries out a systematic performance management process every year with focus on identifying and developing employee and manager potential. The primary purpose is to identify high performers in all parts of the organisation and to consider the potential among these employees in relation to both specialist roles and management positions. At the same time, the efforts in this area contribute towards retaining talents and key employees and ensuring that they are offered the right challenges and competence development.

As an element of the efforts to retain and develop employees, Royal Unibrew focuses on creating career development and career paths for the individual employees. Emphasis is on, among other things, job rotation and internal recruiting for key positions. This ensures rooting of knowledge of activities as well as optimisation of cooperation across the business.

Moreover, efforts are directed throughout the Group at ensuring that the incentive structure supports Royal Unibrew's strategy and business objectives.

Sourcing and onboarding

In a market with increasing demand for the best talent, it is important for Royal Unibrew to onboard new employees in the best possible way. Therefore, Royal Unibrew directed efforts at improving the introduction of new employees to the organisation in 2015. In Italy efforts were directed at, among other things, improved introduction and training of new employees within sales and marketing; in the Baltic countries a new structured introductory programme was developed for new employees. In Denmark efforts are directed at, among other things, standardising the introduction of new hourly-paid employees.

Employee survey

To ensure great commitment among Royal Unibrew's employees, employee surveys are conducted throughout the Group every two years. The purpose of the survey is to create a forum for dialogue between managers and employees and to highlight the areas that leave room for improvement in order for Royal Unibrew to become an even better workplace. The follow-up work is performed locally with focus on local job satisfaction and health & safety at work, and initiatives and targets are also determined and initiated locally.

The 2015 survey was generally highly supported. The results of the survey are very positive as the scores for all countries and regions, except for Finland, are above benchmark, whereas Finland is at benchmark level. Moreover, the survey indicates that, as in the survey two years ago, Royal Unibrew employees exceed the employees of peer companies when it comes to loyalty, pride in being an employee of the company and the inclination to recommend the company as a workplace to others. Moreover, good customer service, diversified tasks and departmental cooperation are areas emphasised by employees in the survey.

The focus areas identified by the survey vary from area to area. Therefore, the follow-up work based on the results of the survey was performed locally in 2015 with a number of initiatives being carried out in the individual subsidiaries and departments.

UniWorld

The autumn of 2014 saw the launch of a new intranet, UniWorld, which is a general platform for communication, knowledge sharing and document management across the entire Royal Unibrew organisation. The intranet is an important tool to strengthen the integration between the various entities, including to support a shared culture to form the basis of continued strengthening of Royal Unibrew. UniWorld has become an important part of the business and communication across Royal Unibrew through which Management communicates on new initiatives and results within the Group and employees share knowledge daily and communicate on local activities and success stories.

IT initiatives and systems

Royal Unibrew has continuous focus on implementing new and improving existing IT systems to increase the efficiency and to align business processes across the Group.

I 2015 the main priority was project OneSAP, which comprises development of a common SAP platform for the entire Royal Unibrew Group and the preparation for implementation of the platform in Hartwall.

As planned, the Group's common SAP platform was implemented in Hartwall in first quarter of 2016, after which all group entities use the same SAP platform. The common platform will create synergies through process standardisation as well as consolidation and optimisation of the Group's overall IT operations.

Corporate Social Responsibility

At Royal Unibrew, we want to make a positive difference for our consumers and to create value for our stakeholders. In order to do that, we must apply clear principles and strategies to the management of our business. Consumers in all our markets must be able to rely on our products being of a very high quality and produced under safe conditions. At the same time, we must continuously seek to reduce our environmental impact and contribute positively to the overall development of society.

A statement is made in accordance with section 99A of the Danish Financial Statements Act.

Our corporate social responsibility (CSR) work is an integrated part of Royal Unibrew's business approach, and our efforts in this area are based on our values and the ten principles of the United Nations Global Compact in respect of human rights, labour standards, environment and anti-corruption as well as other relevant internationally recognised principles.

"Royal Unibrew's Code of Ethics" is Management's guidance to employees on ethical issues, including issues relating to corruption, human rights and environmental accountability.

Royal Unibrew has chosen to focus on continuous improvements rather than long-term objectives in relation to which focus and compliance by the individual employee in the day-to-day work may be difficult. It is the objective to be able at all times to deliver strong quality products with due consideration of our employees and Royal Unibrew's surroundings. This approach has resulted in satisfactory improvements in a number of areas for several years and will also form the basis of our future corporate social responsibility work.

FOCUS AREAS OF OUR CORPORATE SOCIAL RESPONSIBILITY WORK

The areas which we have selected as the focus areas of our social responsibility work are shown in the figure below.

Our CSR work supports a good dialogue with consumers, customers and suppliers, which contributes towards increasing production efficiency and decreasing wastage and towards reducing non-financial risks and creating and sustaining a strong corporate identity and culture. At the same time, these efforts contribute towards creating new business opportunities.

Ethical values and guidelines

Royal Unibrew's values and ethical guidelines are included as an integrated part of the employment relationship agreed with the individual employee. Our ethical guidelines imply, among other things, that Royal Unibrew does not tolerate discrimination of its employees due to gender, race, religion or political affiliation.

Royal Unibrew accedes to the principles of human rights and labour standards including eg the principles on child labour laid down by UNICEF, the UNGC and Save the Children.

It is also Royal Unibrew's aim that suppliers and partners should comply with the ethical guidelines, and that these should be incorporated into the Company's terms of trading with key suppliers. Royal Unibrew is only exposed to suppliers outside the EU to a very limited extent.

Audits are performed regularly according to a customer-specific, international ethical standard at Royal Unibrew's brewery in Faxe.

Selected targets for 2016

- Continued training of Royal Unibrew employees in ethical values and guidelines.
- As part of our cooperation with key suppliers, Royal Unibrew's ethical guidelines are reviewed at annual status meetings.
- Maintenance of certification under the customer-specific ethical standard.

Anti-corruption

Royal Unibrew works against all forms of corruption, including extortion and bribery, and the Company's activities must always be in full compliance with anti-corruption legislation irrespective of the place of operation.

According to Royal Unibrew's ethical guidelines, our employees are not allowed to offer or accept bribes or any improper payments for personal or corporate gain. Disciplinary actions will be taken if an employee is involved in bribery. The staff in all sales areas are trained annually in this aspect.

Selected targets for 2016

- Our position on anti-corruption to be stated in all contexts, both internally in the supply chain and externally in the cooperation with customers and suppliers.
- Anti-corruption training of new sales staff and follow-up training of other employees to be carried out.

Competition

Royal Unibrew's business should always be conducted in full compliance with applicable competition regulation irrespective of the place of operation. To ensure this, Royal Unibrew has a competition law compliance programme comprising a manual and guidelines as well as regular training and follow-up, eg through regular internal controls.

Selected targets for 2016

- Monitoring of competition law and updating of the Company's compliance programme.
- Training of new sales staff and continuous updating of other sales staff in/on existing rules.
- Continuous follow-up by carrying out internal controls and in connection with signing of contracts.

Tax policy and tax payment

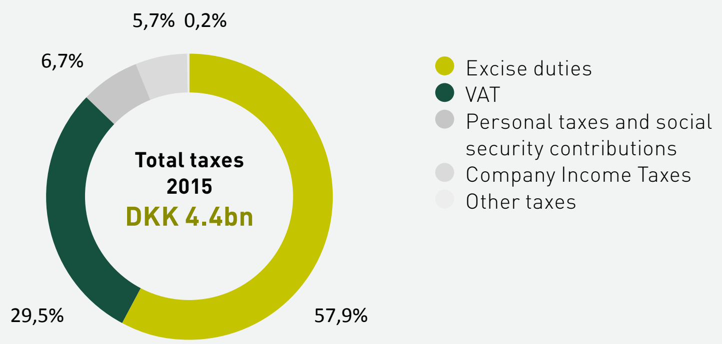
Royal Unibrew operates in a number of countries and is therefore subject to both national and international tax rules. At the same time, the nature of Royal Unibrew's business implies that both direct and indirect taxes are paid in the individual markets. Throughw its tax payments, Royal Unibrew contributes positively to society in the respective countries – as it does by creating jobs and using sub-suppliers.

The following general principles apply to Royal Unibrew's management of tax issues:

- Royal Unibrew pays taxes on its activities in the countries in which the activities are carried out, and no special tax structures for the purpose of tax optimization are applied.
- Royal Unibrew endeavours to live up to national and international tax legislation at all times and sets out to enter into an open and constructive dialogue with the tax authorities.
- Royal Unibrew has developed an internal organisation and has laid down well-defined control procedures designed to ensure compliance with tax legislation.
- Royal Unibrew wants to communicate openly and fairly about its tax policy and tax payments.

In 2015 the effective tax rate was 22% of profit for the year. Royal Unibrew paid a corporation tax of DKK 253 million. In addition to that, Royal Unibrew's activities generate other considerable tax payments, including excise duties on beer, mineral water and other items, VAT, personal taxes and social security contributions. The total contribution through taxes in 2015 amounted to DKK 4.4 billion. (2014: 4.4 billion). Moreover, tax contributions from the Group's suppliers and customers are indirectly generated.

ALLOCATION OF TAXES



Responsible alcoholic beverage and soft drinks consumption

Royal Unibrew's commitment to responsible marketing and consumption of beverages is rooted in the following core principles:

- We engage consumers and stakeholders and work collectively with them to promote responsible enjoyment of our products.
- We respect that beer consumption is for adults only and is a matter of individual choice and accountability.
- We ensure that our marketing practices are in compliance, at all times, with the marketing legislation in the areas in which our products are sold.
- We value responsibility in our corporate culture and expect our employees to demonstrate such responsibility in the day-to-day handling of our products.

Royal Unibrew supports The Brewers of Europe campaigns on responsible alcohol consumption and attaches great importance to responsible drinking.

Royal Unibrew employees engaged in product marketing are currently trained and instructed in compliance with existing marketing legislation. Compliance with existing marketing legislation is part of Royal Unibrew's agreements with customers and partners, eg in the on-trade segment.

In addition to complying with marketing legislation and the above-mentioned guidelines, Royal Unibrew gets involved in customers' communication on consumption of the Company's products in relation to advertising, sponsorships and campaigns.

Royal Unibrew also has a responsibility for preventing any abuse problems among its employees. In Denmark and Finland, a number of key individuals across the organisation have been trained in supporting colleagues with a potential over-consumption of alcohol/intoxicants, including encouraging treatment, and in helping their colleagues get back to work again as easily as possible following treatment.

In Latvia Royal Unibrew along with other soft drinks producers supported the preparation of a joint code for responsible marketing of soft drinks, and in 2015 campaigns on balanced consumption of beverages were conducted.

Moreover, the Baltic countries have focus on promoting beer with a lower alcohol content, and non-alcoholic beer sales have gone up.

As an element in Royal Unibrew's responsibility with respect to reducing the consumption of soft drinks containing sugar, efforts are continuously directed at promoting calorie-reduced products such as Nikoline with 30% less sugar or sugar-free alternatives such as Jaffa Light, Faxe Kondi Free, Pepsi Next and Pepsi Max and a generally increasing range of water products.

Through a variety of sponsorships, Royal Unibrew supports sports and health initiatives at both national, regional and local level.

Selected targets for 2016

- Participation in and development of "Responsible beer and soft drinks consumption" in cooperation with local industry organisations and The Brewers of Europe.
- Annual training of all relevant employees in responsible marketing of beverages and continuous monitoring of compliance with existing rules as well as activities in new marketing media.
- Workshop for in-house "alcohol and drug consultants".
- Continuation of sponsorship efforts.

Competence development

Royal Unibrew works in a targeted and structured manner to develop employee competences. These efforts are further described in the section "Organisation and Employees".

Occupational health & safety

Royal Unibrew must be a safe and healthy place to work for its employees, and Royal Unibrew's health policy therefore focuses on preventive measures to avoid employees being worn out and incurring work-related injuries and on actively promoting safety, job satisfaction and efficiency.

The preventive measures at the breweries in 2015 included the following:

Denmark

- In 2014 a comprehensive training programme on behavioural safety for all operators and salaried employees at Faxe was initiated. Moreover, a group of employees have been trained as "ambassadors" with responsibility for unfolding the health & safety dialogue in the organisation. Efforts in this area continued in 2015.
- All safety groups participated in a joint health & safety day.
- A workplace assessment was carried out among all employees in Denmark, and based on this action plans are being prepared.
- All employees who work night shifts have been offered a health check.
- Continuous focus is directed at near-accidents, and all employees are encouraged to report near-accidents with a view to addressing and reducing the number of such incidents.

Baltic countries

- In the Baltic countries working conditions at the distribution warehouses were considerably improved. Palletisation and order picking are now carried out far more efficiently and safely than previously by means of safe and ergonomic lifting equipment.

Finland

- Hartwall's alcohol awareness policy as well as equal opportunity guidelines were updated and implemented.
- Hartwall implemented a no-smoking policy in order to further improve and support its employees' well-being and working capacity.
- Hartwall registers near-accidents currently with a view to observing, discussing and supporting safe behaviour.

Royal Unibrew's increased focus on occupational accidents has also resulted in greater openness when it comes to reporting injuries. Consequently, the total number of registered accidents increased to a higher level in 2015 than in 2014; however, the number is still lower than in the years before 2014. Obviously, this is not an acceptable development, but it does, however, probably to some extent reflect the great focus on the area. Significant efforts will be directed at preventing occupational accidents also going forward.

Selected targets for 2016

- It remains our vision to reduce the number of occupational accidents to zero and to continue the focused safety efforts in all parts of our business.
- In Denmark all employees at the Albani brewery must participate in a course on behavioural safety, reporting of near-accidents will continue and the ambassador role must be profiled at all locations.
- The Danish safety groups will also in 2016 organise a joint health & safety discussion as well as a joint health & safety day.
- Action plans relating to workplace assessment will be completed and implemented.
- In Finland there is a target of reducing the number of occupational accidents by 10% in 2016, eg through monthly safety checks in production areas and by continuously following up on the agreed measures.

Food safety and quality

Royal Unibrew's breweries have certification under the international standards. The efforts within quality and food safety also comprise requirements from customers and licensors, including Heineken and PepsiCo. Moreover, applicable HACCP (Hazard Analysis and Critical Control Points) rules have been implemented.

BREWERY	CERTIFICATION
Cido, Latvia	ISO22000
Lacplesis, Latvia	ISO22000
Kalnapilis, Lithuania	ISO22000
Faxe, Denmark	FSSC22000, ISO9001, ISO14001
Albani, Denmark	FSSC22000, ISO9001, ISO14001
Lahti, Finland	FSSC22000, ISO9001, ISO14001, OHSAS 18001
Karijoki, Finland	FSSC22000, ISO9001, ISO14001, OHSAS 18001

The focus on and interest in food safety and quality among consumers, customers and the media are on the increase, which is also reflected in Royal Unibrew's efforts in the area. Among other things, a customer-specific quality standard for analysis work at the laboratories in Faxe was introduced in 2015.

Royal Unibrew assesses on a current basis how most appropriately to take responsibility for identifying and preventing risks relating to food safety and quality and how to communicate this. The priorities set are aligned with those of industry associations and Royal Unibrew's licensors.

Selected targets for 2016

- FSSC22000 certification of the Cido brewery is expected during 2016.
- Continuation of the efforts relating to quality assurance of the Company's quality analyses according to Heineken standards, including implementation of the laboratory standard at the Albani brewery.

Environment

Royal Unibrew has always worked determinedly to limit the environmental impacts of the Company's production. As a result, Royal Unibrew is today among the industry's front-runners, when it comes to resource-efficient beverage production.

Our efforts to reduce the environmental footprint of our production will continue, primarily targeted at:

- Reduction of energy consumption.
- Reduction of water consumption and of waste water discharge.
- Reduction of wastage of raw materials and semi-manufactured products.
- Waste recycling and reduction of resource consumption.
- CO_2-neutral production of selected products.

Energy

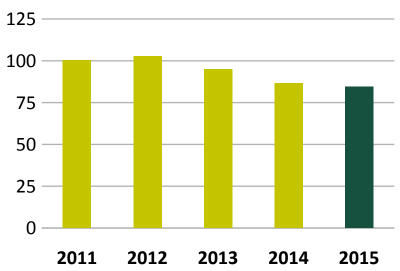
In 2015 energy consumption developed satisfactorily for Royal Unibrew as a whole. Energy consumption per unit produced decreased by 2.4% to 84.6 MJ/hl. The reduced consumption is the resulting effect of measures implemented in 2015, especially at the Lahti brewery in Finland and the Kalnapilis brewery in Lithuania, as well as of a number of new measures introduced in 2015.

At the Faxe brewery replacement of all light sources with LED lights was commenced, and the wort separation process was changed to achieve savings in terms of heating and cooling. Both of these measures resulted in energy savings, but as there was a simultaneous opposite effect from the packaging mix, energy consumption per unit produced showed a small increase on a total basis.

In the Baltic countries the installation of a new energy-efficient cooling system reduced the energy consumption of the system by 11% as compared to 2014.

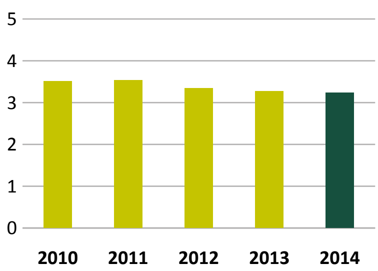
ENERGY CONSUMPTION

(Mega Joules per produced hectoliter)



WATER CONSUMPTION

(Hectorliter per produced hectoliter)



At the Hartwall brewery in Finland a new unit for filling beer on kegs was established which consumes less energy, beer filtration units were replaced by more modern and energy-efficient units and energy-optimisation of the production of PET bottles was implemented. Moreover, an electricity-saving project of replacing 10,000 light sources with LED lights continued.

Selected targets for 2016

2015 was to a certain extent affected by preparation for future, major investments in energy-conserving measures which will be implemented in 2016. These include:

- In Denmark the Faxe brewery will complete two initiatives under the "Green Industrial Symbiosis" project - one concerning energy sharing among enterprises in Faxe and another concerning the use of non-drinking water.
- In the Baltic countries a hot-air mixer will be installed at the warehouses to reduce gas consumption for heating purposes.
- The Baltic countries have a target of increasing order size by 10% on average to further increase fuel efficiency.
- The Finnish Lahti brewery must implement several energy-saving projects.
- Investment funds have been allocated to implementing minor energy projects with a view to achieving continuous reduction of energy and resource consumption.

Water consumption and waste water discharge

Water is an important constituent of Royal Unibrew's production, and we are therefore always on the lookout for new methods to reduce our water consumption. For our business as a whole, water consumption in 2015 was marginally lower than in 2014.

This was achieved through, among other measures, improved control of the crate washer at the Faxe brewery in Denmark as well as optimisation of the CIP processes in Finland (CIP: Cleaning In Place) with a view to reducing the use of chemicals in water. Total water consumption and waste water discharge (m3 per hectolitre produced) were reduced by 1% in 2015 (in Finland 3%).

Recycling and reduction of consumption of resources

All production sites have strong, continuous focus on consumption, including recycling, of raw materials and other resources. Efforts are made to ensure the best possible utilisation of the raw materials and resources used in order to avoid unnecessary wastage. This applies to production as well as to the other parts of the supply chain.

Initiatives in 2015 included:

- In 2015 the replacement of the distribution vehicles in Denmark with new vehicles complying with the Euro 6 requirements (the most eco-friendly lorries in the market) continued. This replacement is expected to continue in future years. The replacement implies savings in terms of diesel oil consumption and represents future-proofing in relation to the increasingly stringent environmental requirements expected in Denmark.
- In Finland the beer filtration units were replaced by modern membrane filtration technology.
- In Latvia the rolling stock was upgraded, which reduces CO2 emissions.
- In the Baltic countries the order size of direct deliveries was increased by 4% in Lithuania and by 2% in Latvia resulting in lower fuel consumption per hectolitre distributed.
- In Latvia wood pallets are currently being replaced by plastic pallets which are of a better quality and have a longer life cycle.

Selected for 2016

- All production sites will in 2016 continue working at identifying and implementing environmental improvement measures. Targets and improvements will be realised locally at the production sites to ensure the most optimum implementation. Initiatives are focused on:
  - Optimum utilisation of raw materials
  - Minimisation of wastage from all process levels
  - Energy and water consumption reductions
  - Increased rate of waste recycling
  - Increased utilisation of transport capacity
- Indirect environmental impacts will be sought reduced through choice of raw materials, eg by using thinner plastic materials for packaging purposes.
- Continuous efforts are directed at reducing consumption of materials for glass bottles, cans and plastic containers.
- In the Baltic countries investments are made in equipment for recycling heat from compressors. This heat may be used for heating of buildings, thus resulting in reduced gas consumption.

CO_2 neutral production of selected products

Back in 2012 the carbon footprint of the Egekilde products was mapped throughout the chain from raw materials to delivery to Royal Unibrew's customers, and the Egekilde brand was launched as the first Danish CO_2 neutral mineral water product.

CO_2 neutrality is an ongoing process achieved by investing in environmentally sound energy through UN-certified carbon credits and by means of plastic containing up to 50% recycled material. This knowledge is also applied generally in making continuous efforts directed at reducing energy and resource consumption with suppliers and within production and logistics. Our efforts in this area are continuously optimised in cooperation with suppliers and other business partners.

CO_2 neutrality contributed towards Egekilde becoming the market leader in 2015. Egekilde's CO_2 neutrality provides consumers with a climate-friendly purchasing option.

Selected targets for 2016

- Updating of carbon footprint of packaging, containers and resources in the Egekilde production.

Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Royal Unibrew A/S for 1 January - 31 December 2015.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2015 as well as of the results of the Group and Company operations and cash flows for the financial year 1 January - 31 December 2015.

In our opinion, Management's Review gives a true and fair account of the development in the activities and financial circumstances of the Group and the Parent Company, of results of operations for the year, of the Parent Company's financial position and of the overall financial position of the enterprises comprised by the Consolidated Financial Statements, as well as a description of the key risks and uncertainties facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Faxe, 1 March 2016

Executive Board

Henrik Brandt President & CEO	Lars Jensen CFO	Johannes F.C.M. Savonije COO

Board of Directors

Kåre Schultz Chairman	Walther Thygesen Deputy Chairman	
Martin Alsø	Ingrid Jonasson Blank	Jørgen-Anker Ipsen
Kirsten Liisberg	Søren Lorentzen	Jens Due Olsen
Karsten Mattias Slotte	Jais Valeur	Hemming Van

Independent Auditor's Report

To the Shareholders of Royal Unibrew A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Royal Unibrew A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Faxe, 1 March 2016

Ernst & Young
CVR No 30700228
Godkendt Revisionspartnerselskab

Eskild N. Jakobsen
State Authorised Public Accountant

Niels-Jørgen Andersen
State Authorised Public Accountant

Consolidated Financial Statements

Consolidated Income Statement for 1 January – 31 December

DKK '000	Note	2015	2014
Net revenue	**4**	**6,032,115**	**6,055,898**
Production costs	5,6	-2,857,459	-2,906,089
Gross profit		**3,174,656**	**3,149,809**
Sales and distribution expenses	5,6	-1,922,282	-1,987,350
Administrative expenses	5,6	-335,418	-336,241
EBIT		**916,956**	**826,218**
Income after tax from investments in associates	13	31,061	34,808
Financial income	7	8,759	8,174
Financial expenses	8	-54,470	-68,596
Profit before tax		**902,306**	**800,604**
Tax on the profit for the year	9	-190,879	-176,439
Net profit for the year		**711,427**	**624,165**
Earnings per share (DKK)	18	13.0	11.3
Diluted earnings per share (DKK)	18	12.9	11.2

Consolidated Statement of Comprehensive Income for 1 January - 31 December

DKK '000	Note	2015	2014
Net profit for the year		**711,427**	**624,165**
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange adjustment of foreign group enterprises		5,374	-14,184
Value adjustment of hedging instruments, beginning of year	2	32,677	46,039
Value adjustment of hedging instruments, end of year	2	-27,839	-32,677
Tax on other comprehensive income	9	-3,097	-2,336
Total	**10**	**7,115**	**-3,158**
Items that may not be reclassified to the income statement			
Revaluation of non-current assets		39,000	70,000
Tax on revaluation of non-current assets	9	2,461	-16,100
Actuarial gain on pension schemes		7,398	-2,791
Tax on actuarial gain on pension schemes	9	-1,544	558
Total		**47,315**	**51,667**
Other comprehensive income after tax		**54,430**	**48,509**
Total comprehensive income		**765,857**	**672,674**

Consolidated Balance Sheet

DKK '000	Note	2015	2014
ASSETS AT 31 DECEMBER			
NON-CURRENT ASSETS			
Intangible assets	11	2,920,162	2,941,247
Project development properties	12	197,506	238,439
Other property, plant and equipment	12	2,240,718	2,331,310
Investments in associates	13	135,371	136,249
Other fixed asset investments	14	11,725	16,768
Non-current assets		**5,505,482**	**5,664,013**
CURRENT ASSETS			
Inventories	15	316,708	312,041
Receivables	16	570,438	536,320
Prepayments	17	21,714	20,011
Cash at bank and in hand		333,185	491,453
Current assets		**1,242,045**	**1,359,825**
Assets		**6,747,527**	**7,023,838**
LIABILITIES AND EQUITY AT 31 DECEMBER			
EQUITY			
Share capital	18	110,985	110,985
Other reserves		902,938	917,142
Retained earnings		1,521,336	1,412,875
Proposed dividend		399,546	377,349
Equity		**2,934,805**	**2,818,351**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	19	375,396	431,774
Mortgage debt	2	1,000,325	1,012,807
Credit institutions	2	461,675	859,108
Other payables		14,164	24,713
Non-current liabilities		**1,851,560**	**2,328,402**
CURRENT LIABILITIES		**3,327,724**	**4,225,030**
Mortgage debt	2	14,203	164,480
Credit institutions	2	40,934	7,649
Trade payables		913,762	810,529
Corporation tax	9	7,044	22,156
Other payables	20	985,219	872,271
Current liabilities		**1,961,162**	**1,877,085**
Liabilities	23	**3,812,722**	**4,205,487**
Liabilities and equity		**6,747,527**	**7,023,838**

Consolidated Cash Flow Statement for 1 January - 31 December

DKK '000	Note	2015	2014
Net profit for the year		711,427	624,165
Adjustments for non-cash operating items	22	523,750	515,677
		1,235,177	**1,139,842**
Change in working capital:			
Receivables		-35,317	-29,751
Inventories		-3,965	18,533
Payables		207,867	-22,967
Cash flows from operating activities before financial income and expenses		**1,403,762**	**1,105,657**
Financial income		6,511	1,669
Financial expenses		-53,099	-60,759
Cash flows from operating activities		**1,357,174**	**1,046,567**
Corporation tax paid		-197,397	-151,126
Cash flows from operating activities		**1,159,777**	**895,441**
Dividends received from associates		26,660	24,346
Sale of property, plant and equipment		100,601	135,278
Corporation tax paid, sale of project development properties		-56,020	-24,500
Purchase of property, plant and equipment		-199,361	-206,310
Free cash flow		*1,031,657*	*824,255*
Acquisition/sale of intangible assets and fixed asset investments		5,330	2,005
Cash flows from investing activities		**-122,790**	**-69,181**
Debt financing:			
Proceeds from increased drawdown on credit facilities		200,000	425,788
Repayment on credit facilities		-730,352	-1,004,674
Shareholders:			
Dividends paid to shareholders		-373,957	0
Acquisition of shares for treasury		-292,548	0
Cash flows from financing activities		**-1,196,857**	**-578,886**
Change in cash and cash equivalents		-159,870	247,374
Cash and cash equivalents at 1 January		491,453	243,962
Exchange adjustment		1,602	117
Cash and cash equivalents at 31 December		**333,185**	**491,453**

Consolidated Statement of Changes in Equity for 1 January - 31 December

DKK '000	Share capital	Share premium account	Reva-luation reserves	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-32,636**	**-32,677**	**917,142**	**1,412,875**	**377,349**	**2,818,351**
Changes in equity in 2015									
Net profit for the year							711,427		**711,427**
Other comprehensive income			39,000	5,374	4,838	**49,212**	7,398		**56,610**
Tax on other comprehensive income			2,461			**2,461**	-4,641		**-2,180**
Revaluation reserves realised			-65,877			**-65,877**	65,877		**0**
Total comprehensive income	**0**	**0**	**-24,416**	**5,374**	**4,838**	**-14,204**	**780,061**	**0**	**765,857**
Dividends paid to shareholders								-373,957	**-373,957**
Dividend on treasury shares							3,392	-3,392	**0**
Acquisition of shares for treasury							-292,548		**-292,548**
Share-based payments							9,900		**9,900**
Tax on changes in equity, shareholders							7,202		**7,202**
Proposed dividend							-399,546	399,546	**0**
Total shareholders	**0**	**0**	**0**	**0**	**0**		**-671,600**	**22,197**	**-649,403**
Total changes in equity in 2015	**0**	**0**	**-24,416**	**5,374**	**4,838**	**-14,204**	**108,461**	**22,197**	**116,454**
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**

The share capital at 31 December 2015 amounts to DKK 110,985,000 and is distributed on shares of DKK 2 each.

Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-18,970**	**-46,039**	**927,335**	**1,094,657**	**0**	**2,132,977**
Changes in equity in 2014									
Net profit for the year							624,165		**624,165**
Other comprehensive income			70,000	-13,666	13,362	**69,696**	-5,087		**64,609**
Tax on other comprehensive income			-16,100			**-16,100**			**-16,100**
Revaluation reserves realised			-63,789			**-63,789**	63,789		**0**
Total comprehensive income	**0**	**0**	**-9,889**	**-13,666**	**13,362**	**-10,193**	**682,867**	**0**	**672,674**
Share-based payments							9,900		**9,900**
Tax on changes in equity, shareholders							2,800		**2,800**
Proposed dividend							-377,349	377,349	**0**
Total shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**-364,649**	**377,349**	**12,700**
Total changes in equity in 2014	**0**	**0**	**-9,889**	**-13,666**	**13,362**	**-10,193**	**318,218**	**377,349**	**685,374**
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-32,636**	**-32,677**	**917,142**	**1,412,875**	**377,349**	**2,818,351**

Notes to Consolidated Annual Report

Descriptive notes to Consolidated Annual Report

Note 1 Basis of preparation of Consolidated Annual Report

Basis of preparation
Royal Unibrew A/S is a limited liability company registered in Denmark. The Financial Statements for the period 1 January - 31 December 2015 presented in the Annual Report comprise both Consolidated Financial Statements of Royal Unibrew A/S and its subsidiaries (Group) and separate Parent Company Financial Statements.

The Financial Statements of Royal Unibrew for 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements, cf the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Board of Directors and the Executive Board considered and adopted the Annual Report of Royal Unibrew A/S for 2015 on 1 March 2016. The Annual Report will be submitted for adoption by the shareholders of Royal Unibrew A/S at the Annual General Meeting on 27 April 2016.

The Financial Statements are presented in Danish kroner (DKK).

§ Significant accounting policies

This section describes the general accounting policies applied and critical accounting estimates made by Royal Unibrew. A detailed description of the accounting policies applied and critical estimates made with respect to specific reported amounts is presented in the relevant notes. The purpose of this is to create full transparency of the disclosed amounts by providing a total description of the relevant accounting policy, the critical estimates and the numerical information for each note.

The description of accounting policies in the notes constitutes part of the overall description of Royal Unibrew's accounting policies.

New and amended standards and interpretations that have taken effect
Royal Unibrew has during the year implemented all new IFRSs, amendments to existing standards and IFRICs adopted by the EU which take effect for the financial year 2015. There were no amendments in the financial year 2015.

New and amended standards and interpretations that have not yet taken effect
At the time of publication of this Annual Report, the IASB has issued the following new and amended financial reporting standards and interpretations which are not mandatory for Royal Unibrew A/S at the time of preparation of the Annual Report for 2015:

- IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- Annual improvements to IFRSs 2012-2014 Cycle

Amendments to IAS 16 and IAS 38, Amendments to IAS 16 and IAS 41, Amendments to IAS 27, Amendments to IFRS 11, Amendments to IAS 1 and Annual Improvements to IFRSs 2012-2014 Cycle have been adopted by the EU.

The adopted, not yet effective standards and interpretations will be implemented as they become mandatory for Royal Unibrew A/S. None of the new standards or interpretations are expected to have a significant impact on recognition and measurement for Royal Unibrew A/S; however, the analysis of the expected impact of the implementation of IFRS 9 and IFRS 15 has not yet been completed, see below.

IFRS 15 "Revenue from Contracts with Customers", which replaces the existing revenue standards (IAS 11 and IAS 18) and interpretations, introduces a new model for recognising and measuring revenue from sales contracts with customers. The standard takes effect for financial years beginning on or after 1 January 2017. The IASB has, however, issued an exposure draft for amendment of IFRS 15 proposing a deferral of the effective date to financial years beginning on or after 1 January 2018.

The new model is based on a five-step process to be followed for all sales contracts with customers to determine when and how revenue is to be recognised in the income statement.

The key amendments to IFRS 15 as compared to the existing principles are:

- A sales transaction is to be recognised as revenue in the income statement when (or as) control of the good or service transfers (either at a point in time or over time) to the customer (the existing "risk and rewards" concept is thus replaced by a control concept).
- New and more detailed guidance on how to identify separate transaction components (performance obligations) of a sales contract, and how to recognise and measure the individual components.
- New and more detailed guidance on recognition of revenue over time.

Royal Unibrew A/S has not yet made an in-depth analysis of the implications of the new standard to the Group; however, based on preliminary analyses, the impact on recognition and measurement is assessed as immaterial given the current product mix and contract types.

IFRS 9 "Financial Instruments", which replaces IAS 39, changes the classification and, thus, the measurement of financial assets and liabilities

A more logical approach to the classification of financial assets is introduced driven by an entity's business model and underlying cash flow characteristics. At the same time, a new impairment model is introduced for all financial assets.

The so-called "expected loss" model will require more timely recognition of ex-

Descriptive notes to Consolidated Annual Report

Note 1 Basis of preparation of Consolidated Annual Report (continued)

pected losses, both at inception and subsequently, than the existing model under which an impairment loss is not recognised until there are indications of a loss (incurred loss model).

Finally, new hedge accounting rules are introduced which, as compared to the existing rules, will make it possible to reflect in the accounting an entity's operational hedging strategy.

To entities that measure their financial liabilities at fair value, IFRS 9 implies that, going forward, fair value changes due to changes in the entity's own credit risk are no longer to be recognised in the income statement, but in other comprehensive income.

Royal Unibrew A/S expects the standard to have minor implications to the Group. The standard is expected to be mandatory for financial years beginning on or after 1 January 2018.

IFRS 16 "Leases" was issued in mid-January 2016. The standard, which takes effect for financial years beginning on or after 1 January 2019, implies a significant change to the accounting treatment of the leases that are now treated as operating leases. Thus, the standard requires that all leases irrespective of type – with few exceptions – should be recognised as an asset in the lessee's balance sheet with a corresponding lease liability. At the same time, the lessee's income statement will be affected as, going forward, the annual lease expense will comprise two elements — partly depreciation and partly an interest expense – as opposed to the current principle of recognising the annual operating lease expense as one amount in operating expenses.

Royal Unibrew A/S has not yet made an in-depth analysis of the implications of the new standard to the Group. It is, however, expected to have some impact as in 2015 the Group has operating leases with minimum lease payments in the order of DKK 151 million, corresponding to approx 2% of the balance sheet total, which will potentially have to be recognised in the balance sheet going forward.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.
Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates in the income statement.

Consolidated Financial Statements
The Consolidated Financial Statements comprise Royal Unibrew A/S (the Parent Company) and enterprises in which the Parent Company exercises control (subsidiaries).

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The Consolidated Financial Statements are prepared on the basis of Financial Statements of all group enterprises prepared under the Group's accounting policies by combining accounting items of a uniform nature. Elimination is made of intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Acquired enterprises are recognised as of the date of acquisition. Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal.

Translation policies
For each of the reporting entities of the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the reporting entity operates. Transactions in other currencies than the functional currency are transactions in foreign currencies.

Transactions in other currencies than the functional currency are initially translated into Danish kroner at the exchange rates at the dates of transaction. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment or the rates at the balance sheet date, respectively, are recognised in financial income and expenses in the income statement. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured at historical cost are translated at the transaction date rates.

On recognition in the Consolidated Financial Statements of enterprises with another functional currency than Danish kroner (DKK), income statements are translated at average annual exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening balance sheet items of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognised in other comprehensive income.

On recognition in the Consolidated Financial Statements of associates with a functional currency that differs from the presentation currency of the Parent

Descriptive notes to Consolidated Annual Report

Note 1 Basis of preparation of Consolidated Annual Report (continued)

Company, the share of results for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the share of the opening equity of foreign associates at exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income and classified in equity under a separate translation reserve.

Critical accounting estimates and judgements
In connection with the preparation of the Parent Company and Consolidated Financial Statements, Management makes estimates and judgements as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

🔧 Judgements as an element in significant accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how assets and liabilities should be classified in the Financial Statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2015, the following judgments have been made materially affecting the related items as described in relevant notes, see list below.

⚖ Critical accounting estimates

Management's estimates are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2015, the following critical estimates have been made as desribed in the notes, see list below.

Accounting policies, judgements as an element in significant accounting policies as well as critical accounting estimates are described in the notes:

				Note
Derivative financial instruments	§	🔧		2
Segment reporting	§			3
Net revenue	§			4
Share-based payments	§		⚖	5
Expenses	§	🔧		6
Financial income and expenses	§			8
Corporation tax	§			9
Intangible assets	§		⚖	11
Property, plant and equipment	§	🔧	⚖	12
Investments in associates	§			13
Other fixed asset investments	§		⚖	14
Inventories	§			15
Receivables	§		⚖	16
Prepayments	§			17
Equity	§			18
Deferred tax	§		⚖	19
Repurchase obligation packaging in circulation	§		⚖	20
Debt	§	🔧		21
Cash Flow Statement	§			22
Business combinations	§		⚖	25

Comments to the note = 💬

Descriptive notes to Consolidated Annual Report

Note 2 Financial risk management

The Group's financial risks are managed centrally according to the Treasury Policy approved by the Board of Directors, which includes guidelines for the handling of currency, interest rate, liquidity and credit risks. Commodity risks are also managed under a commodity risk policy approved by the Board of Directors.

Currency risk
Royal Unibrew is exposed to currency risks through the geographic spread of the Group's activities. This currency exposure is reflected through the activities in the subsidiaries and the Parent Company's export activities where cash flows are earned in foreign currencies, and in connection with the purchase of raw materials in EUR and USD, including purchases which involve an indirect USD risk on the part of the purchase price related to the raw material element. Purchases are in all materiality made in the currencies in which the Group has income, which results in a total reduction of the currency risk. Furthermore, the translation of loans to/from subsidiaries as well as the Group's net debt is subject to currency risk where these are not established in DKK.

The above describes Royal Unibrew's transaction risks, which are hedged actively according to the Treasury Policy. EUR is not hedged as the risk is immaterial provided that the existing 0.5% band of DKK to EUR under Denmark's monetary policy is maintained. The objective is to reduce negative effects on the Group's profit and cash flows. The risk is therefore monitored and hedged continually. The Group's cash flows are primarily in EUR, USD and GBP. The key currency risks are related to GBP and USD.

The total gross currency risk (before hedging) on the balance sheet items was calculated at 31 December 2015. The following table shows the sensitivity to a positive change in the cross rates at 31 December 2015 with all other variables remaining unchanged. A negative change has a corresponding effect merely with the sign reversed.

DKK '000	Change	Earnings impact before tax 2015	Earnings impact before tax 2014	Equity impact 2015	Equity impact 2014
EUR	0.1%	-347	-676	2,936	2,586
USD	10%	1,301	2,008	2,191	2,763
GBP	10%	-157	5	1,995	2,015

Royal Unibrews translation risk relates primarily to Finland, Latvia as well as Lithuania (EUR). The translation risk related to Royal Unibrew's investments in foreign subsidiaries is, as a general rule, not hedged.

Financial risks such as the loss of competitive strength due to long-term exchange rate changes are not hedged by financial instruments but are included in Royal Unibrew's strategic considerations.

Interest rate risk
Royal Unibrew's interest rate risk is substantially related to the Group's loan portfolio which is primarily denominated in DKK and EUR. Interest rate changes will affect the market value of fixed-interest loans as well as interest payments on floating-rate liabilities. Debt is established only in currencies in which the Group has commercial activities.

In Royal Unibrew's assessment, the key interest rate risk is related to the immediate effect of interest rate changes on the Group's interest payment flows and Royal Unibrew focuses only secondarily on changes in the market value of the debt. It is group policy to limit the effect of interest rate changes on profit and cash flows while, within this framework, also achieving the lowest possible financing cost. At the end of 2015, mortgage debt amounted to DKK 1,015 million (2014: DKK 1,157 million) with an average term to maturity of 13 years (2014: 13 years). Bank debt comprises committed bank credit facilities with an agreed term to maturity of up to 24 months (2014: 37 months). A one percentage point interest rate change will affect the Group's interest expenses by approx +/- DKK 6 million (2014: approx. +/- DKK 9 million), and the interest expenses of the Parent Company by approx +/- DKK 3 million (2014: approx +/- DKK 4 million).

Credit risks
The Group's credit risks relate primarily to trade receivables and counterparty risks.

The Group's counterparty risks comprise both commercial and financial counterparty risk. The commercial counterparty risk relates primarily to business agreements with a built-in element of firm rate/price. The financial counterparty risk relates to hedging agreements as well as net bank deposits. The financial counterparty risk is actively reduced by distributing net bank deposits on banks in accordance with the credit rating criteria determined in the Treasury Policy.

Royal Unibrew seeks to limit risks relating to credit granting to customers in export markets through extensive use of insurance cover and other types of hedging of payments. Where effective hedges cannot be established, Royal Unibrew has established procedures for approval of such risks. There are no material credit risks on individual customers. In Finland, risks of individual large trade receivables are reduced by sale of the receivables. Credit risks relating to trade receivables are reduced by setting off accrued bonus. At 31 December 2015, accrued bonus amounts

Descriptive notes to Consolidated Annual Report

Note 2 Financial risk management (continued)

to DKK 168 million (2014: DKK 152 million) set off against trade receivables.

The maximum credit risk corresponds to the carrying amount of the financial assets.

Liquidity risks
It is group policy that its cash resources should be adequate to meet the expected liquidity requirements in the current and next financial year. The cash resources may be bank deposits, short-term bonds and unutilised credit facilities.

Capital management
Royal Unibrew wants to ensure structural and financial flexibility as well as competitive power. To ensure this, continuous assessment is made to determine the appropriate capital structure of Royal Unibrew. At the end of 2015, it is assessed that the Group's net interest-bearing debt should not exceed 2.5 times EBITDA and that the equity ratio at year end should be 30%.

At the operational level, continuous efforts are directed at optimising working capital investments. Subject to adequate capacity, investments in production facilities will be limited to replacement of individual components, related to specific products or to optimisation of selected processes as well as maintenance.

Commodity risks
The commodity risk relates primarily to the purchasing of cans (aluminium), malt (barley), hops and packaging materials (cardboard) as well as energy. The commodity risk is actively hedged commercially and financially in accordance with the Group's Treasury Policy.

The objective of managing Royal Unibrew's commodity risk is to achieve a smooth and time-differentiated effect of commodity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers. As regards the Group's purchase of cans, financial contracts have been made to hedge the risk of aluminium price increases. Exchange rate changes with respect to the settlement currency of aluminium (USD) are an element of the overall currency risk management.

The most significant part of purchases for the next 12 months has, in accordance with Royal Unibrew's policy, been hedged by entering into supplier agreements and financial contracts. A +/-10% change in the price of aluminium would have a P/L effect at group level of approx +/- DKK 3 million.

Other risks
Market risks have in 2015 affected Royal Unibrew's results materially, which may also be the case in future years. Currently, the economic development in many of the Group's markets and the resulting consumer reluctance have affected volume sales of the Group's products, and thus also earnings, negatively. Furthermore, competition has intensified resulting in limited possibilities of realising sales price increases.

Royal Unibrew has significant revenue in the Danish, Finnish and Italian markets. Finland is the single key market. In 2015 these markets accounted for 72% (2014: 73%) of consolidated revenue. Changes to the competitive situation in these markets could therefore influence Royal Unibrew's results materially. Changes to consumption patterns in the Group's markets, eg changed views on alcohol consumption and consumption of soft drinks, may also affect Royal Unibrew's development and results materially.

As a producer of alcoholic products, Royal Unibrew is sensitive to changes in the public alcohol policy – including indirect tax policies in the Group's respective markets. For example, a change of the Danish and Finnish indirect tax policy as compared to those of neighbouring countries could lead to a change of cross-border trading patterns. This applies primarily to Germany and Estonia.

Legislative changes with respect to permitted types of containers and returning of containers could also result in significant changes to consumption patterns. In Germany large parts of the Group's products are sold in cans, whereas sales in Italy are primarily related to products in non-returnable glass bottles.

The Group's Insurance Guidelines determine the framework of covering risks in general insurance areas (buildings, movables and trading losses) The risks are covered through insurance. The total risks are assessed by the Board of Directors on an annual basis and external specialists review the breweries for relevant risks on a regular basis.

Descriptive notes to Consolidated Annual Report

Note 2 Financial risk management (continued)

Currency and interest rate risks and use of derivative financial instruments
Derivative financial instruments entered into to hedge expected future transactions and qualifying as hedge accounting under IAS 39:

		2015	2014
	Period	Deferred gain (+) / loss (-)	Deferred gain (+) / loss (-)
Forward contracts:			
GBP	0 - 1 year		-475
Total		**0**	**-475**
Commodity hedge:			
	0 - 1 year	-18,041	-3,898
	> 1 year	-1,060	0
Total		**-19,101**	**-3,898**
Interest rate swaps:			
Mortgage and bank loans	2016-2017	-8,738	-28,304
Total		**-8,738**	**-28,304**
Total hedging instruments		**-27,839**	**-32,677**

The derivative financial instruments applied in 2015 and 2014 may all be classified as level-2 instruments in the IFRS fair value hierarchy.

The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

Descriptive notes to Consolidated Annual Report

Note 2 Financial risk management (continued)

Financial liabilities

(DKK '000)	Contractual cash flows	Maturity < 1 year	31/12 2015 Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	**1,517,137**	55,137	637,048	824,952	**1,517,137**
Interest expenses	**91,894**	17,493	36,514	37,887	
Trade payables	**913,762**	913,762			**913,762**
Other payables	**999,383**	985,219	14,164		**999,383**
Total	**3,522,176**	**1,971,611**	**687,726**	**862,839**	**3,430,282**

The debt breaks down on the categories "debt at amortised cost" with DKK 3,421 million and "debt at fair value" with DKK 9 million. The fair value of the total debt is assessed to equal carrying amount.

(DKK '000)	Contractual cash flows	Maturity < 1 year	31/12 2014 Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	**2,044,044**	173,010	993,102	877,932	**2,044,044**
Interest expenses	**214,354**	41,439	70,228	102,687	
Trade payables	**810,529**	810,529			**810,529**
Other payables	**916,640**	891,927	24,713		**916,640**
Total	**3,985,567**	**1,916,905**	**1,088,043**	**980,619**	**3,771,213**

The debt breaks down on the categories "debt at amortised cost" with DKK 3,738 million and "debt at fair value" with DKK 33 million. The fair value of the total debt is assessed to equal carrying amount.

§ Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realisation of the hedged item and are recognised in the same entry as the hedged item.

For derivative financial instruments which do not meet the criteria for hedge accounting, changes in fair values are recognised on a current basis in financial income and expenses in the income statement.

Derivative financial instruments

When entering into derivative financial instruments, Management exercises judgement to determine whether the instrument qualifies as effective hedging of recognised assets or liabilities or expected future cash flows. Derivative financial instruments recognised are tested for effectiveness at least quarterly, and any ineffectiveness identified is recognised in the income statement.

Descriptive notes to Consolidated Annual Report

Note 3 Segment reporting

The Group's results, assets and liabilities break down as follows on segments:

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2015					
Net revenue	2,727.9	2,852.5	451.7		**6,032.1**
Earnings before interest and tax (EBIT)	493.3	355.4	101.8	-33.6	**916.9**
Net financials	-0.5	-10.2	-0.3	-34.7	**-45.7**
Share of income from associates	31.1				**31.1**
Profit/loss before tax	523.9	345.2	101.5	-68.3	**902.3**
Tax				-190.9	**-190.9**
Profit/loss for the year	523.9	345.2	101.5	-259.2	**711.4**
Assets *	1,285.1	5,090.6	38.9	197.5	**6,612.1**
Associates	135.4				**135.4**
Total assets	**1,420.5**	**5,090.6**	**38.9**	**197.5**	**6,747.5**
Purchase of property, plant and equipment	101.2	98.2			**199.4**
Liabilities**	**804.9**	**1,825.9**	**6.3**	**1,175.6**	**3,812.7**
Sales (million hectolitres)	3.6	4.8	0.7		**9.1**

* I ikke fordelte aktiver indgår projektudviklingsejendomme.

** I ikke fordelte forpligtelser indgår moderselskabets rentebærende gæld.

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2014					
Net revenue	2,674.6	2,974.8	406.5		**6,055.9**
Earnings before interest and tax (EBIT)	483.7	295.3	83.9	-36.7	**826.2**
Net financials	-0.7	-15.4	-0.2	-44.1	**-60.4**
Share of income from associates	34.8				**34.8**
Profit/loss before tax	517.8	279.9	83.7	-80.8	**800.6**
Tax				-176.4	**-176.4**
Profit/loss for the year	517.8	279.9	83.7	-257.2	**624.2**
Assets *	1,552.6	5,064.3	32.3	238.4	**6,887.6**
Associates	136.2				**136.2**
Total assets	**1,688.8**	**5,064.3**	**32.3**	**238.4**	**7,023.8**
Purchase of property, plant and equipment	133.6	72.3	0.4		**206.3**
Purchase of property, plant and equipment on acquisition					
Purchase of intangible assets on acquisitiion					**0.0**
Liabilities**	**883.9**	**1,816.7**	**4.7**	**1,500.2**	**4,205.5**
Sales (million hectolitres)	3.7	4.7	0.6		9.0 t

* Unallocated assets include project development properties.

** Unallocated liabilities include the Parent Company's interest-bearing debt.

Descriptive notes to Consolidated Annual Report

Note 3 Segment reporting (continued)

Geographically, revenue and non-current assets break down as follows:

	2015		2014	
mDKK	**Net revenue**	**Non-current assets**	**Net revenue**	**Non-current assets**
Denmark	1,541.5	1,005.8	1,492.8	1,101.8
Finland	2,211.7	3,638.6	2,320.5	3,829.0
Other countries	2,278.9	663.6	2,242.6	494.8
Unallocated		197.5		238.4
Total	**6,032.1**	**5,505.5**	**6,055.9**	**5,664.0**

The geographic breakdown is based on the geographic location of the Group's external customers and comprises countries that individually account for more than 10% of the Group's net revenue as well as the country in which the Group is headquartered.

No single customer accounts for revenue in excess of 10% of the Group's net revenue.

Descriptive notes to Consolidated Annual Report

Note 3 Segment reporting (continued)

Segment reporting 2011 - 2015
The Group's activities break down as follows on segments:

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2015					
Net revenue	2,727.9	2,852.5	451.7		**6,032.1**
Operating profit/loss	493.3	355.4	101.8	-33.6	**916.9**
Assets	1,420.5	5,090.6	38.9	197.5	**6,747.5**
Liabilities	804.9	1,825.9	6.3	1,175.6	**3,812.7**
Sales (million hectolitres)	**3.6**	**4.8**	**0.7**		**9.1**
2014					
Net revenue	2,674.6	2,974.8	406.5		**6,055.9**
Operating profit/loss	483.7	295.3	83.9	-36.7	**826.2**
Assets	1,688.8	5,064.3	32.3	238.4	**7,023.8**
Liabilities	883.9	1,816.7	4.7	1,500.2	**4,205.5**
Sales (million hectolitres)	**3.7**	**4.7**	**0.6**		**9.0**
2013					
Net revenue	2,650.3	1,450.2	380.5		**4,481.0**
Operating profit/loss	424.0	101.6	81.3	-46.8	**560.1**
Assets	1,605.0	4,986.2	42.8	290.5	**6,924.5**
Liabilities	898.0	1,371.4	6.2	2,515.9	**4,791.5**
Sales (million hectolitres)	**3.6**	**2.8**	**0.6**		**7.0**
2012					
Net revenue	2,429.9	585.1	415.0		**3,430.0**
Operating profit/loss	408.2	27.3	83.9	-34.4	**485.0**
Assets	1,974.9	559.4	37.5	276.3	**2,848.1**
Liabilities	791.4	106.1	8.7	594.3	**1,500.5**
Sales (million hectolitres)	**3.3**	**1.6**	**0.5**		**5.4**
2011					
Net revenue	2,410.1	629.1	391.4		**3,430.6**
Operating profit/loss	405.0	45.1	53.3	-29.2	**474.2**
Assets	1,688.1	701.0	89.7	411.5	**2,890.3**
Liabilities	790.2	133.9	33.3	611.7	**1,569.1**
Sales (million hectolitres)	**3.3**	**2.0**	**0.4**		**5.7**

§ Segment reporting

The Group's business segment is beer and soft drinks sales. Reporting on the business segment is by geographical markets. Segment reporting is based on the Group's returns and risks and its internal financial reporting system.

Items included in net profit for the year, including income from investments in associates and financial income and expenses, are allocated to the extent that the items are directly or indirectly attributable to the markets.

Items allocated both by direct and indirect computation comprise "production costs" and "administrative expenses", which are allocated by indirect computation based on allocation keys determined on the basis of the market's drain on key resources. Administrative expenses incurred in the group functions of the Parent Company are partly allocated.

Non-current assets comprise the non-current assets that are directly or indirectly used in connection with activities in the markets.

Segment liabilities comprise liabilities derived from activities in the market, including provisions, trade payables, VAT, excise duties and other payables.

Notes to Consolidated Income Statement

Note 4 Net revenue

tDKK	2015	2014
Beverage sales	**6,032,115**	**6,055,898**

§ Net revenue

Net revenue from the sale of goods is recognised in the income statement if delivery has been made by the balance sheet date, and if revenues can be measured reliably and are expected to be received.

Net revenue is measured exclusive of VAT and net of discounts as well as excise duties on beer and mineral water. All types of discounts granted are recognised in net revenue.

Note 5 Staff expenses

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses and break down as follows:

tDKK	2015	2014
Fixed salaries to Executive Board	13,450	12,850
Short-term bonus scheme for Executive Board	6,460	6,038
Long-term bonus scheme for Executive Board	2,108	2,108
Share-based payments to Executive Board (restricted shares)	9,900	9,900
Remuneration of Executive Board	31,918	30,896
Remuneration of Board of Directors	3,977	3,229
	35,895	**34,125**
Wages and salaries	712,736	760,610
Contributions to pension schemes	56,664	56,331
	769,400	**816,941**
Other social security expenses	6,926	7,839
Other staff expenses	26,125	25,186
Total	**838,346**	**884,091**
Average number of employees	2,314	2,374

Share-based payments

The share-based payments to the Executive Board comprise a maximum of 300,000 restricted (conditional) shares allotted for no consideration vesting in the period 1 September 2013 to 31 December 2016.

The receipt of shares is conditional on continued employment in the period up until the Board of Directors' adoption of the Annual Report for 2016, and on the employee not having handed in notice. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved.

§ Share-based payments

The Group only has schemes classified as equity-settled schemes. Restricted shares are measured at fair value at the time of granting and are recognised in staff expenses in the income statement over the vesting period. The counter item is recognised directly in equity.

At the initial recognition of the restricted shares, the number of shares expected to vest is estimated. Subsequently, the estimate of the number of restricted shares is revised so that the total recognition is based on the actual number of shares allotted.

Notes to Consolidated Income Statement

Note 5 Staff expenses (continued)

Share-based payments

The fair value of the expected allotment of restricted shares is estimated under the Black-Scholes model. In determining fair value, conditions and terms related to the restricted shares are taken into account.

The market value at the beginning of the vesting period has been calculated under the Black-Scholes model at DKK 110 per share of DKK 2, the Royal Unibrew A/S market price at the time of allotment, corresponding to DKK 33 million for the maximum number of shares. The market value is charged to the income statement on a straight-line basis over the vesting period, corresponding to the rate at which the conditions for the allotment of the shares are expected to be met. The conditions are expected to be fully (100%) met at 31 December 2015 (2014: 100%).

Note 6 Expenses broken down by type

tDKK	2015	2014
Aggregated production costs	2,857,459	2,906,089
Sales and distribution expenses	1,922,282	1,987,350
Administrative expenses	335,418	336,241
Total	**5,115,159**	**5,229,680**
break down by type as follows:		
Raw materials and consumables	2,273,633	2,304,645
Wages, salaries and other staff expenses	838,346	884,091
Operating and maintenance expenses	277,165	288,580
Distribution expenses and carriage	472,510	502,313
Sales and marketing expenses	751,855	749,535
Bad trade debts	3,511	11,399
Office supplies etc	189,817	185,393
Depreciation and profit from sale of property, plant and equipment	308,322	303,724
Total	**5,115,159**	**5,229,680**

Total depreciation and impairment losses as well as profit from sale of property, plant and equipment are included in the following items in the income statement:

tDKK	2015	2014
Production costs	186,618	195,182
Sales and distribution expenses	87,487	84,712
Administrative expenses	34,217	23,830
Total	**308,322**	**303,724**

Fee to auditors

tDKK	2015	2014
Fee for the audit of the Annual Report:		
Ernst & Young	1,900	2,060
Total	**1,900**	**2,060**
Ernst & Young fee for non-audit services:		
Tax assistance	3	146
Other assurance assistance	0	50
Other assistance	559	576
Total	**562**	**772**

Notes to Consolidated Income Statement

Note 6 Expenses broken down by type (continued)

§ Expenses

Production costs
Production costs comprise direct and indirect expenses incurred to manufacture the finished goods representing revenue for the year, including expenses for raw materials and consumables purchases, salaries and wages, renting and leasing as well as depreciation of and impairment losses on plant and machinery.

Production costs also include development costs that do not meet the criteria for capitalisation.

Sales and distribution expenses
Sales and distribution expenses comprise expenses for distribution and sales campaigns relating to goods sold during the year, including expenses for sales personnel, marketing, depreciation and amortisation as well as losses on trade receivables.

Administrative expenses
Administrative expenses comprise expenses for management and administration of the Group, including expenses for administrative personnel, management, office supplies, insurance, depreciation and amortisation.

Leases

When entering into leases, Management makes a judgement based on the following factors in order to identify whether the leases should be classified as finance or operating leases.

- The characteristics of the assets to which the leases relate
- The term of the leases as compared to the useful lives of the assets
- The amount of the minimum lease payments over the term of the leases
- Matters concerning purchase obligations and ownership of the assets in question

At this time, Royal Unibrew has both finance and operating leases.

Notes to Consolidated Income Statement

Note 7 Financial income

tDKK	2015	2014
Finance income		
Cash at bank and in hand		62
Trade receivables	1,452	1,507
Other financial income	4,833	1,482
Exchange adjustments		
Cash at bank and in hand and external loans		805
Trade payables		461
Trade receivables	2,295	3,296
Intercompany loans		561
Forward contracts	179	
Total	**8,759**	**8,174**

Note 8 Financial expenses

tDKK	2015	2014
Finance costs		
Mortgage debt	32,321	33,849
Credit institutions	18,510	33,033
Exchange adjustments		
Cash at bank and in hand and external loans	3,441	
Forward contracts	170	1,585
Other financial expenses	28	129
Total	**54,470**	**68,596**

§ Financial income and expenses

Financial income and financial expenses comprise interest, costs of factoring, capital gains and losses on investments, balances and transactions in foreign currencies, amortisation of financial assets and liabilities, fair value adjustments of derivative financial instruments that do not qualify as hedge accounting as well as extra payments and repayment under the on-account taxation scheme, etc.

Notes to Consolidated Income Statement

Note 9 Tax on the profit for the year

tDKK	2015	2014
Tax on the taxable income for the year	197,559	208,968
Adjustment of previous year	-13,505	2,580
Adjustment of deferred tax	1,803	-20,031
Total	**185,857**	**191,517**
which breaks down as follows:		
Tax on profit for the year	190,879	176,439
Tax on other comprehensive income	2,180	17,878
Tax on changes in equity, shareholders	-7,202	-2,800
Total	**185,857**	**191,517**
Current Danish tax rate	23.5	24.5
Adjustment of previous year	-0.4	0.3
Income from associates after tax	-0.8	-1.0
Effect on tax rate of permanent differences	0.3	0.1
Changes to tax rates		-0.6
Differences in effective tax rates of foreign subsidiaries	-1.5	-1.3
Effective tax rate	**21.1**	**22.0**

§ Tax on the profit for the year

Tax for the year consists of current tax for the year and movements in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Parent Company is jointly taxed with its Danish subsidiaries. The Danish current tax for the year is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes (full allocation with credit for tax losses).

§ Corporation tax

Current tax liabilities are recognised in the balance sheet as calculated tax on the expected taxable income for the year adjusted for tax on taxable incomes for previous years and for tax paid on account.

Note 10 Realised hedging transactions in the income statement

tDKK	2015	2014
Realised hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges of	-13,821	-4,697
Production costs include foreign currency and commodity hedges of	-6,495	764
Financial income and expenses include currency, commodity and interest rate hedges of	-20,810	-15,941
Total	**-41,126**	**-19,874**

Notes to Consolidated Balance Sheet

Note 11 Intangible assets

tDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at 1 January 2015	1,451,828	1,236,779	234,498	67,595	2,990,700
Exchange adjustment	3,948	3,422	565	172	8,107
Cost at 31 December 2015	**1,455,776**	**1,240,201**	**235,063**	**67,767**	**2,998,807**
Amortisation and impairment losses at 1 January 2015	0	-3,438	-27,730	-18,285	-49,453
Exchange adjustment		-298	-46	-54	-398
Amortisation for the year		-2,990	-12,257	-13,547	-28,794
Amortisation and impairment losses at 31 December 2015	**0**	**-6,726**	**-40,033**	**-31,886**	**-78,645**
Carrying amount at 31 December 2015	**1,455,776**	**1,233,475**	**195,030**	**35,881**	**2,920,162**
Cost at 1 January 2014	1,430,378	1,239,438	229,776	67,747	2,967,339
Exchange adjustment	-2,550	-2,659	-501	-152	-5,862
Additions	24,000				24,000
Additions on acquisition, see note 25			5,223		5,223
Cost at 31 December 2014	**1,451,828**	**1,236,779**	**234,498**	**67,595**	**2,990,700**
Amortisation and impairment losses at 1 January 2014	0	-3,336	-15,184	-4,777	-23,297
Amortisation for the year		-102	139	33	70
Disposals			-12,685	-13,541	-26,226
Amortisation and impairment losses at 31 December 2014	**0**	**-3,438**	**-27,730**	**-18,285**	**-49,453**
Carrying amount at 31 December 2014	**1,451,828**	**1,233,341**	**206,768**	**49,310**	**2,941,247**

Goodwill and trademarks

Goodwill and trademarks with indefinite useful lives relating to Hartwall (Finland) and to Cido and Kalnapilis (the Baltic countries) each represents more than 10% of the total value of goodwill and trademarks.

§ Goodwill

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The determination of cash-generating units is based on management structure and internal financial management.

§ Trademarks, distribution rights and customer relations

Trademarks, distribution rights and customer relations are initially recognised in the balance sheet at cost. Subsequently, they are measured at cost less accumulated amortisation and less any accumulated impairment losses. Trademarks, distribution rights and customer relations are amortised on a straight-line basis over their estimated useful lives.

Trademarks are not amortised as they are all well-established, old and profitable trademarks which customers are expected to continue demanding unabatedly, other things being equal, and which Management is not planning to stop selling and marketing.

Distribution rights are amortised on a straight-line basis over their estimated useful lives, maximum 20 years. Customer relations are amortised on a straigt-line basis over their estimated useful lives, maximum 5 years.

Goodwill and trademarks with indefinite useful lives are not amortised but are tested annually for impairment. It is the Group's strategy to maintain trademarks and their value.

Notes to Consolidated Balance Sheet

Note 11 Intangible assets (continued)

Impairment test of goodwill and trademarks
As in 2014, the impairment test in 2015 did not give rise to recognising any impairment losses.

The carrying amount of goodwill and trademarks with indefinite useful lives at 31 December is related to the cash-generating operational units and breaks down as follows:

tDKK	Goodwill	Trademarks	Total	Share
2015				
Western Europe	80,645		**80,645**	3%
Baltic Sea*	1,366,892	1,233,475	**2,600,367**	97%
Malt Beverages and Exports	8,239		**8,239**	0%
Total	**1,455,776**	**1,233,475**	**2,689,251**	**100%**

* the most significant value relates to Finlandd

The recoverable amount is based on value in use, which is calculated by means of expected net cash flows on the basis of budgets and forecasts for 2016-2018 approved by Management as well as estimated market driven discount rates and growth rates.

Only limited revenue growth is expected in the medium term as several of Royal Unibrew's markets are generally seeing minor structural declines in the total beverage market. The Baltic Sea segment is expected to see continuously declining consumption in Finland and stable consumption in the Baltic countries. Through increased focus on exploiting commercial opportunities and innovation, Royal Unibrew expects to be able to maintain its revenue at the current level in Finland and to realise limited revenue growth in the Baltic countries. Gross margins are assumed to remain stable at the current level through continued focus on continuous efficiency enhancement. The key assumptions underlying the calculation of recoverable amount are as indicated below.

	Western Europe	Baltic Sea	Malt Beverages and Exports
Growth rate 2019-2022	1%	0-4%	0%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	7.3%	7.2-8.4%	18.9%

The forecasted results approved by Management are based on previously achieved results and expected market developments, see above. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. In Baltic Sea, the lowest point of the range indicated for the discount rate relates to Finland. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

Notes to Consolidated Balance Sheet

Note 11 Intangible assets (continued)

tDKK	Goodwill	Trademarks	Total	Share
2014				
Western Europe	80,645	2,990	**83,635**	3%
North Eastern Europe (from 2014: Baltic Sea)	1,363,431	1,230,351	**2,593,782**	97%
Malt Beverages and Exports	7,752		**7,752**	0%
Total	**1,451,828**	**1,233,341**	**2,685,169**	**100%**

The key assumptions underlying the calculation of recoverable amount in 2014 were:

	Western Europe	Baltic Sea	Malt Beverages and Exports
Growth rate 2018-2021	1%	0-4%	0%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	7.9%	7.9-9.9%	18.9%

The forecasted results approved by Management are based on previously achieved results and expected market developments, see above. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. In Baltic Sea, the lowest point of the range indicated for the discount rate relates to Finland. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

§ Impairment

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether impairment has incurred other than that expressed by normal amortisation and depreciation. If so, the asset is written down to the higher of net selling price and value in use. Goodwill and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets (cash-generating units) to which they are attributable.

The carrying amount of goodwill and trademarks with indefinite useful lives is tested for impairment at least on an annual basis, together with the other non-current assets of the cash-generating unit to which goodwill has been allocated, and is written down to recoverable amount in the income statement if the carrying amount exceeds the recoverable amount.

The carrying amount of financial assets measured at cost or amortised cost is written down for impairment if, due to changed expected net payments, the net present value is lower than the carrying amount.

Intangible assets

In relation to trademarks, Management makes an annual judgement to determine whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past estimates of indefinite useful lives may be maintained.

An annual impairment test is made of the values recognised in the Financial Statements of goodwill and trademarks assessed to have indefinite lives which are therefore not amortised. For a description of the discount rates and growth rates applied in connection with the impairment test of goodwill and trademarks as well as other assumptions of the impairment test, reference is made to the above note.

Notes to Consolidated Balance Sheet

Note 12 Property, plant and equipment

tDKK	Project development properties	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total other property, plant and equipment
Cost at 1 January 2015	94,535	1,720,136	2,082,567	702,398	45,558	**4,550,659**
Exchange adjustment		1,559	2,025	715	42	**4,341**
Additions	7,373	4,749	60,721	68,104	58,414	**191,988**
Disposals	-35,410	-181	-3,940	-56,735		**-60,856**
Transfers for the year		2,125	29,701	8,528	-40,354	**0**
Cost at 31 December 2015	**66,498**	**1,728,388**	**2,171,074**	**723,010**	**63,660**	**4,686,132**
Depreciation and impairment losses at 1 January 2015	143,904	-504,059	-1,251,895	-463,395	0	**-2,219,349**
Exchange adjustment		1,445	1,367	1,080		**3,892**
Depreciation for the year		-67,005	-119,927	-94,642		**-281,574**
Revaluations for the year	41,008					**0**
Reversal of depreciation and impairment of assets sold and discontinued	-53,904	142	2,648	48,827		**51,617**
Depreciation and impairment losses at 31 December 2015	**131,008**	**-569,477**	**-1,367,807**	**-508,130**	**0**	**-2,445,414**
Carrying amount at 31 December 2015	**197,506**	**1,158,911**	**803,267**	**214,880**	**63,660**	**2,240,718**
Finance lease assets included above						
Cost			65,140			**65,140**
Depreciation and impairment losses			-16,405			**-16,405**
Carrying amount at 31 December 2015			**48,735**			**48,735**

Land and buildings at a carrying amount of DKK 991 million have been provided as security for mortgage debt of DKK 1,021 million. Leased assets at a carrying amount of DKK 48.7 million have been provided as security for lease commitments totalling DKK 53.3 million.

tDKK	Project development properties	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total other property, plant and equipment
Cost at 1 January 2014	145,703	1,701,646	2,018,783	645,866	38,164	**4,404,459**
Exchange adjustment		-2,320	-1,904	-416	-25	**-4,665**
Additions	2,905	21,088	59,993	78,456	43,868	**203,405**
Disposals	-54,073	-2,780	-8,930	-40,830		**-52,540**
Transfers for the year		2,502	14,625	19,322	-36,449	**0**
Cost at 31 December 2014	**94,535**	**1,720,136**	**2,082,567**	**702,398**	**45,558**	**4,550,659**
Depreciation and impairment losses at 1 January 2015	144,836	-440,141	-1,138,516	-407,400	0	**-1,986,057**
Exchange adjustment		387	1,054	500		**1,941**
Depreciation for the year		-65,096	-122,394	-91,003		**-278,493**
Revaluations for the year	70,000					**0**
Reversal of depreciation and impairment of assets sold and discontinued	-70,932	791	7,961	34,508		**43,260**
Depreciation and impairment losses at 31 December 2014	**143,904**	**-504,059**	**-1,251,895**	**-463,395**	**0**	**-2,219,349**
Carrying amount at 31 December 2014	**238,439**	**1,216,077**	**830,672**	**239,003**	**45,558**	**2,331,310**
Finance lease assets included above						
Cost			65,140			**65,140**
Depreciation and impairment losses			-9,566			**-9,566**
Carrying amount at 31 December 2014			**55,574**			**55,574**

Land and buildings at a carrying amount of DKK 1,017 million have been provided as security for mortgage debt of DKK 1,161 million. Leased assets at a carrying amount of DKK 55.6 million have been provided as security for lease commitments totalling DKK 60.1 million.

Notes to Consolidated Balance Sheet

Note 12 Property, plant and equipment (continued)

Project development properties (brewery site in Aarhus)

In 2011 the Company entered into a cooperation agreement based on an option model under which the purchaser may acquire the brewery site piece by piece in the period to the end of 2016. It remains Management's assessment as stated in connection with the presentation of the Financial Statements for the period 1 January - 31 December 2014 that the potential cash flow under the said cooperation agreement provides the best basis for estimating the fair value of the brewery site. Additionally 18,900 square metres of building rights were sold in 2015, and the purchaser has notified Royal Unibrew that he wishes to exercise his option to acquire the remaining 35,625 square metres of the total 140,000 square metres of building rights in 2016. 28,425 square metres of building rights were sold in January 2016, whereas the remaining 7,200 square metres of building rights are expected sold in Q4 2016 at carrying amount. In 2008, 2013, 2014 and 2015, the carrying amount was revalued by DKK 240 million, DKK 90 million, DKK 70 million and DKK 39 million, respectively. The revaluation less deferred tax is recognised in revaluation reserves in equity. The carrying amount of the remaining 35,625 square metres of building rights amounts to DKK 198 million at 31 December 2015 corresponding to the fair value of the net sales proceeds. The change in fair value from 30 June 2015 to 31 December 2015 of DKK 2 million has been recognised in financial income in the income statement.

§ Property, plant and equipment

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Borrowing costs relating to the acquisition of property, plant and equipment are capitalised.

Depreciation is calculated on a straight-line basis over the useful lives of the assets.

Profits and losses on the disposal of property, plant and equipment are calculated as the difference between the sales sum less the expenses necessary to make the sale and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation in production costs, sales or distribution expenses or administrative expenses, respectively.

Property, plant and equipment

The expected useful lives of the assets remain unchanged from 2014 and are as follows:

Buildings and installations,	25-40 years
Leasehold improvements,over the term of the lease,	max. 10 years
Plant and machinery,	5-15 years
Other fixtures and fittings, tools and equipment,	3-8 years
Returnable packaging,	3-10 years

Management updates its estimate of the useful lives of property, plant and equipment annually.

§ Leases

For accounting purposes, lease obligations are classified as either finance or operating lease obligations. A lease is classified as a finance lease if it substantially transfers the risks and rewards of ownership of the leased asset. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

§ Project development properties

Project development properties are measured at revalued amount based on Management's updated estimate.

If the carrying amount is increased because it differs materially from fair value, the increase is recognised directly in equity in revaluation reserves. The increase is, however, recognised in the income statement if it offsets an impairment previously recognised in the income statement as a result of revaluation of the same property.

If the carrying amount is impaired as a result of revaluation, the impairment is recognised in the income statement. The impairment is, however, recognised directly in equity in revaluation reserves if a reserve has been made for the property in question under revaluation reserves.

Notes to Consolidated Balance Sheet

Note 12 Property, plant and equipment (continued)

Project development properties

With a view to ensuring adequate disclosure of the value of the brewery site in Aarhus, Management has chosen to apply the exemption provision of IAS 16 which allows separate recognition of an item of property, plant and equipment as well as revaluation of the asset to fair value.

Recognition of project development properties

In connection with estimating whether project development properties should be revalued, Management has also in 2015 based its estimate of the fair value on a calculation of the present value of the cash flows expected to be generated under the agreements entered into.

The key elements of the calculation of the fair value of the brewery site are estimated selling prices and milestone dates under the cooperation agreement, estimated costs up until the date of sale (property taxes, project and selling costs) and the discount rate. The fair value measurement is classified in level 3 of the fair value hierarchy. At 31 December 2015, Management estimates the fair value per square metre of building rights at nominally approx DKK 5,500 (2014: DKK 5,000) based on average sales proceeds (selling price less costs), an average vacancy period of below 1 year (2014: 1-2 years) and a discount rate of 2% (2014: 6.5%) for the 35,625 square metres of building rights comprised by the unsold part of the site according to the existing local plan.

As the acquisition dates and selling price have been agreed in connection with the purchaser's notification of his wish to exercise his purchase option, the timing is not assessed to be subject to uncertainty; therefore, the currently estimated fair value is not expected to differ materially, as a result of this, from carrying amount at 31 December 2015.

Note 13 Investments in associates

tDKK	Investments in associates
Cost at 1 January 2015	43,066
Reclassification, beginning of year	32,682
Cost at 31 December 2015	**75,748**
Value adjustments at 1 January 2015	93,183
Reclassification, beginning of year	-32,682
Exchange adjustment	-5,178
Dividend, net	-26,660
Share of profit for the year	31,061
Other comprehensive income	-101
Value adjustments at 31 December 2015	**59,623**
Carrying amount at 31 December 2015	**135,371**
Cost at 1 January 2014	44,688
Exchange adjustment	-1,622
Cost at 31 December 2014	**43,066**
Value adjustments at 1 January 2014	87,835
Exchange adjustment	-5,648
Dividend, net	-24,345
Share of profit for the year	34,808
Other comprehensive income	533
Value adjustments at 31 December 2014	**93,183**
Carrying amount at 31 December 2014	**136,249**

Notes to Consolidated Balance Sheet

Note 13 Investments in associates (continued)

Financial disclosures on associates

Financial disclosures are provided on an aggregated basis for all associates as none of Royal Unibrew's shares of net revenue or balance sheet total constitute more than 5% in proportion to the Consolidated Financial Statements; therefore, it is not considered essential to provide disclosures separately for each associate.

Royal Unibrew's share of:

tDKK	2015	2014
Profit from continuing operations for the year	31,061	34,808
Other comprehensive income	-101	533
Comprehensive income	**30,960**	**35,341**
Total carrying amount at 31 December of the Group's total investments in associates, share of equity	**135,371**	**136,249**

Investments in associates in the Consolidated Financial Statements

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the enterprises calculated under the accounting policies of the Group with deduction or addition of the proportionate share of unrealised intercompany profits and losses and with addition of the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this obligation is recognised in liabilities.

The proportionate share of the results of associates is recognised in the income statement of the Group after adjusting for impairment losses on goodwill and eliminating the proportionate share of unrealised intercompany gains and losses.

Notes to Consolidated Balance Sheet

Note 14 Other fixed asset investments

t.DKK	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2015	66,704	2,682	**69,386**
Exchange adjustment	1,004	18	**1,022**
Additions		1,762	**1,762**
Disposals	-8,729	-77	**-8,806**
Cost at 31 December 2015	**58,979**	**4,385**	**63,364**
Value adjustments at 1 January 2015	-52,255	-363	**-52,618**
Exchange adjustment	-973	-1	**-974**
Disposals	1,715		**1,715**
Revaluations and impairment losses for the year	238		**238**
Value adjustments at 31 December 2015	**-51,275**	**-364**	**-51,639**
Carrying amount at 31 December 2015	**7,704**	**4,021**	**11,725**
Cost at 1 January 2014	68,503	8,718	**77,221**
Exchange adjustment	-1,799	94	**-1,705**
Disposals		-6,130	**-6,130**
Cost at 31 December 2014	**66,704**	**2,682**	**69,386**
Value adjustments at 1 January 2014	-52,772	-364	**-53,136**
Exchange adjustment	1,770	1	**1,771**
Revaluations and impairment losses for the year	-1,253		**-1,253**
Value adjustments at 31 December 2014	**-52,255**	**-363**	**-52,618**
Carrying amount at 31 December 2014	**14,449**	**2,319**	**16,768**

§ Other investments

Other investments not included in the Group's trading portfolio (available for sale) are recognised in non-current assets at fair value at the trading date and are subsequently measured at fair value equal to the market price as regards listed securities and at estimated fair value calculated on the basis of market data and recognised valuation methods as regards unlisted securities. Unrealised value adjustments are recognised in other comprehensive income except for impairment losses and reversal of impairment losses which are recognised in financial income and expenses in the income statement. Upon realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financial income and expenses in the income statement. Other investments may be classified as level-3 instruments.

§ Other receivables

Other receivables under fixed asset investments held to maturity are initially recognised at fair value and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date.

Other investments

In connection with the presentation of the Financial Statements for 2011, Management estimated the fair value of its investments in the Polish brewery company Perla Browary Lubelskie at DKK 0 due to governance issues. Since 2011, Management has maintained its fair value estimate of DKK 0 as these issues have not subsequently been resolved. The fair value measurement of the investments in Perla Browary Lubelskie is classified in level 3 of the fair value hierarchy.

Notes to Consolidated Balance Sheet

Note 15 Inventories

t.DKK	2015	2014
Raw materials and consumables	121,048	109,120
Work in progress	26,830	21,880
Finished goods and goods for resale	168,830	181,041
Inventories	**316,708**	**312,041**

Inventories

Indirect production costs are recognised in the value of work in progress and finished goods at DKK 21 million (2014: DKK 21 million). As in 2014, inventories have not been written down materially.

§ Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value of individual product groups. The net realisable value of inventories is calculated at the amount of future sales revenues expected to be generated by inventories at the balance sheet date in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum with deduction of calculated selling expenses.

The cost of raw materials, consumables, goods for resale and purchased finished goods comprises invoiced price plus expenses directly attributable to the acquisition.

The cost of work in progress and finished goods comprises the cost of materials and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of and impairment losses on the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes to Consolidated Balance Sheet

Note 16 Receivables

tDKK	2015	2014
Trade receivables	516,953	473,569
Other receivables	53,485	62,751
Receivables	**570,438**	**536,320**

The total receivables belong to the category "assets measured at amortised cost".

Trade receivables fall due as follows:

tDKK	2015		2014	
Not due		424,746		410,077
Due:				
From 1-15 days	86,998		65,036	
From 16-90 days	12,981		7,636	
More than 90 days	19,221	119,200	21,473	94,145
Provisions for bad debts, not due	-6,202		-9,080	
Provisions for bad debts, 1-15 days	-535		-543	
Provisions for bad debts, 16-90 days	-1,599		-2,098	
Provisions for bad debts, more than 90 days	-18,657	-26,993	-18,932	-30,653
Total		**516,953**		**473,569**
Provisions for bad debts, beginning of year		-30,653		-30,334
Bad debts realised during the year		3,669		9,773
Provision for the year		-9		-10,092
Total		**-26,993**		**-30,653**

Current receivables, other than trade receivables, all fall due for payment in 2016.

§ Receivables

Receivables are initially measured at cost and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date. This lower value is calculated where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired.

Receivables with no objective indication of impairment on an individual basis are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Group's policy for credit risk management. The objective indicators used in connection with portfolios are determined based on Management's assessment and knowledge of the individual portfolios.

If there is an objective indication of impairment of a portfolio, an impairment test is made in connection with which the expected future cash flows are estimated based on the historical loss record adjusted for current market conditions and individual factors relating to the portfolio in question.

Write-downs are calculated as the difference between the carrying amount of the receivable and the present value of the expected cash flows, including the realisable value of any collateral received.

Trade receivables

Receivables are written down on the basis of an individual assessment of the loss risk relating to the receivables or groups of receivables, including their maturity profiles and the current credit standing of the debtors.

Notes to Consolidated Balance Sheet

Note 17 Prepayments

tDKK	2015	2014
Prepayments	**21,714**	**20,011**

§ Prepayments

Prepayments recognised in assets comprise expenses incurred in respect of subsequent financial years.

Note 18 Equity and basis of earnings/cash flow per share

Treasury shares held by the Parent Company:

tDKK	Number	Nom. value	% of capital
Portfolio at 1 January 2015	300,000	600	0.5
Acqusition for share buy-back programme	1,192,118	2,384	2.1
Portfolio at 31 December 2015	**1,492,118**	**2,984**	**2.7**
Portfolio at 1 January 2014	300,000	600	0.5
Portfolio at 31 December 2014	**300,000**	**600**	**0.5**

The Group holds no other treasury shares.
300,000 of the treasury shares has been acquired for a bonus scheme, while the residual number of shares relates to the share buy-back programme.

Basis of calculation of earnings and cash flow per share

	2015	2014
The Parent Company shareholders' share of profit for the year amounts to (DKK '000)	711,427	624,165
Cash flow from operating activities	1,159,777	895,441
The average number of treasury shares amounted to (number, DKK 2 each)	777,421	300,000
The average number of shares in circulation amounted to (number)	54,715,079	55,192,500
The average number of shares in circulation incl restricted shares amounted to (number)	55,015,079	55,492,500

§ Equity/Proposed dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend distribution for the year proposed by Management is disclosed as a separate equity item.

§ Treasury shares

Treasury shares acquired by the Parent Company or subsidiaries are recognised at cost directly in equity under retained earnings. Where treasury shares are subsequently sold, any consideration is also recognised directly in equity. Dividend on treasury shares is recognised directly in equity under retained earnings.

§ Share premium account

Share premium account comprises amounts in excess of the nominal share capital paid up by shareholders in connection with capital increases.

Notes to Consolidated Balance Sheet

Note 18 Equity and basis of earnings/cash flow per share (continued)

§ Revaluation reserves

Revaluation reserves comprise value adjustment of assets from cost to an estimated permanently higher fair value. Revaluation reserves are transferred to retained earnings when the revalued asset is realised.

§ Translation reserve

The translation reserve in the Consolidated Financial Statements comprises exchange adjustments arising on the translation of the Financial Statements of foreign enterprises from their functional currencies into the presentation currency of the Group (DKK).

Upon full or part realisation of the net investment in the foreign enterprises, exchange adjustments are recognised in the income statement.

The translation reserve was reset at 1 January 2004 in accordance with IFRS 1.

§ Hedging reserve

The hedging reserve comprises changes to fair values of derivative financial instruments that are designated and qualify as cash flow hedges.

On realisation, the hedging instrument is recognised in the income statement in the same item as the hedged transaction.

Note 19 Deferred tax

tDKK	2015	2014
Deferred tax at 1 January	431,774	457,571
Additions on acquisition		-6,000
Change in deferred tax for the year	-1,093	-9,469
Change sale of project development property	-56,020	-24,500
Exchange adjustment	710	-1,201
Changes to tax rates		-5,000
Adjustment of previous year	-2.161	1,435
Deferred tax at 31 December	**375,396**	**431,774**
Expected realisation within 1 year	33,957	14,239
Deferred tax relates to:		
Intangible assets	264,274	267,952
Property, plant and equipment	157,767	185,583
Current assets	20,002	-161
Non current liabilities	-15,922	-5,800
Current liabilities	-50,725	-15,800
Total	**375,396**	**431,774**

The utilisation of unutilised tax losses in one of the Group's foreign enterprises is not certain.
Therefore, the tax asset corresponding to approx DKK 2.4 million (2014: approx DKK 2.5 million) has not been capitalised.

Notes to Consolidated Balance Sheet

Note 19 Deferred tax (continued)

§ Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities except for temporary differences arising at the time of acquisition that do not affect the profit for the year or the taxable income and temporary differences concerning goodwill. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates expected under the legislation at the balance sheet date to be effective when the deferred tax crystallises as current tax.

In the balance sheet, set-off is made between deferred tax assets and deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax

Deferred tax assets, including the value of tax losses that may be carried forward for set-off against positive taxable incomes in future years, are recognised if, in Management's judgement, the possibility hereof exists. The judgement is made annually.

Note 20 Other current payables

tDKK	2015	2014
VAT, excise duties, etc	457,645	339,481
Other payables	397,824	399,848
Repurchase obligation, returnable packaging	129,750	132,942
Total other current payables	**985,219**	**872,271**
Repurchase obligation, returnable packaging is specified as follows:		
Balance at 1 January	132,942	103,938
Additions on acquisition		30,000
Adjustment for the year	-3,192	-996
Balance at 31 December	**129,750**	**132,942**

The change in the repurchase obligation for the year reflects net sales of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

§ Repurchase obligation relating to packaging in circulation

Plastic crates, bottles and kegs in circulation and held in inventory are recognised in property, plant and equipment, and the obligation to repurchase returnable packaging in circulation for which a deposit has been paid is recognised in provisions.

Repurchase obligation relating to packaging in circulation

The repurchase obligation relating to packaging in circulation is calculated on the basis of the estimated total packaging volume less packaging held in inventory.

Notes to Consolidated Balance Sheet

Note 21 Debts

tDKK	2015	2014
Mortgage debt	1,014,528	1,177,287
Credit institutions	502,609	866,757
Other debts	1,920,189	1,729,669
Debts	**3,437,326**	**3,773,713**

§ Debts

Mortgage loans and loans from credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial obligations are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value is recognised in financial income and expenses in the income statement over the loan period.

Other debts, comprising trade payables, payables to subsidiaries and associates, VAT, excise duties, etc as well as other payables, are measured at amortised cost, substantially corresponding to the nominal debt.

Debts

In connection with the acquisition of Hartwall in 2013, defined benefit liabilities were acquired relating to a pension scheme which has not been offered to new employees for a number of years. At 31 December 2015, the net liability amounted to approx DKK 8.5 million (2014: approx DKK 16 million). Taking into account the amount of the liability, that it has been at the same level in recent years and that it is being phased out, Management does not consider it material to provide the disclosures on the composition of the liability required by IAS 19.

Notes to Consolidated Cash Flow Statement

Note 22 Cash Flow Statement

Adjustments for non-cash operating items:

tDKK	2015	2014
Dividends received from associates		
Financial income	-8,759	-8,174
Financial expenses	54,470	68,596
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	310,368	304,719
Tax on the profit for the year	190,879	176,439
Income from investments in associates	-31,061	-34,808
Profit and loss from sale of property, plant and equipment	-2,047	-995
Share-based payments and remuneration	9,900	9,900
Total	**523,750**	**515,677**

§ Cash flow statement

The consolidated cash flow statement is presented under the indirect method based on the net profit for the year. The statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, changes in working capital, financial income and financial expenses, and corporation tax paid.

Cash flows from investing activities comprise acquisitions and disposals of property, plant and equipment and fixed asset investments as well as dividend received from associates. Cost is measured inclusive of expenses necessary to make the acquisition and sales prices after deduction of transaction expenses.

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital, payment of dividend as well as borrowing and repayment of interest-bearing debt.

Cash and cash equivalents include securities with a maturity of less than 3 months that can readily be turned into cash and are only subject to an insignificant risk of value changes.

Other notes to Consolidated Annual Report

Note 23 Contingent liabilities, security and other liabilities

mDKK	2015	2014
Rental and operating lease commitments		
Total future payments:		
Within 1 year	47.0	48.4
Between 1 and 5 years	91.0	89.3
Beyond 5 years	8.5	7.7
Total	**146.5**	**145.4**

Rental and operating lease commitments relate to properties and operating equipment, including cars and IT equipment.

mDKK	2015	2014
Third-party guarantees	**12.1**	**11.0**
Finance lease commitments		
Total future payments:		
Within 1 year	8.1	7.9
Between 1 and 5 years	45.3	53.5
Total	**53.4**	**61.4**

The finance lease commitments relate to finance leases of plant and machinery.

Security
No security has been provided in respect of loan agreements with credit institutions.
As regards security for loan agreements with mortgage credit institutes, reference is made to note 12.

Contingent liabilities
The outcome of pending legal actions is not expected to have any material impact on the financial position of the Group.

Other notes to Consolidated Annual Report

Note 24 Related parties

Related parties comprise the Board of Directors and the Executive Board as well as subsidiaries and associates, see the sections on Board of Directors and Executive Board on page 44 and Group Structure on page 118. No shareholder exercises control.

All transactions, including lending, are carried out on an arm's length basis.

The following transactions have been made with related parties:

tDKK	2015	2014
Revenue		
Sales to associates	5,133	5,199
Financial income and expenses		
Dividends received from associates	26,660	24,346
Executive Board		
Remuneration paid	19,775	18,508
Debt re cash-based bonus schemes	19,108	16,578
Liability re share-based bonus scheme measured at fair value at the time when granted	23,100	13,200
Board of Directors		
Remuneration	3,977	3,229

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements in accordance with the accounting policies applied.

Parent Company Annual Report

Contents, Parent Company Annual Report

Parent Company Income Statement for 1 January - 31 December

tDKK	Note	2015	2014
Net revenue		**3,043,822**	**2,945,891**
Production costs	3,4	-1,414,996	-1,412,923
Gross profit		**1,628,826**	**1,532,968**
Sales and distribution expenses	3,4	-883,579	-854,777
Administrative expenses	3,4	-196,049	-162,024
EBIT		**549,198**	**516,167**
Dividends received from subsidiaries and associates		296,929	271,588
Financial income	5	10,837	13,653
Financial expenses	6	-45,025	-58,563
Profit before tax		**811,939**	**742,845**
Tax on the profit for the year	7	-121,049	-113,201
Net profit for the year		**690,890**	**629,644**
Earnings per share (DKK)		13.0	11.3
Diluted earnings per share (DKK)		12.9	11.2

Parent Company Statement of Comprehensive Income for 1 January - 31 December

tDKK	Note	2015	2014
Net profit for the year		**690,890**	**629,644**
Other comprehensive income			
Items that may be reclassified to the income statement			
Value adjustment of hedging instruments, beginning of year		29,990	42,678
Value adjustment of hedging instruments, end of year		-18,270	-29,990
Tax on other comprehensive income	7	-4,546	-2,664
Total		**7,174**	**10,024**
Items that may not be reclassified to the income statement			
Revaluation of non-current assets		39,000	70,000
Tax on revaluation of non-current assets	7	2,461	-16,100
Total		**41,461**	**53,900**
Other comprehensive income after tax		**48,635**	**63,924**
Total comprehensive income		**739,525**	**693,568**

Parent Company Balance Sheet

tDKK	Note	2015	2014
ASSETS AT 31 DECEMBER			
NON-CURRENT ASSETS			
Intangible assets	9	80,697	83,744
Project development properties	10	197,506	238,439
Other property, plant and equipment	10	841,121	849,801
Investments in associates	11	77,374	77,374
Investments in subsidiaries	11	3,484,365	3,484,159
Receivables from subsidiaries	12	164,125	163,709
Other fixed asset investments	12	6,574	4,642
Non-current assets		**4,851,762**	**4,901,868**
CURRENT ASSETS			
Inventories	13	123,049	115,029
Receivables	14	253,740	221,026
Receivables from subsidiaries		85,928	102,320
Corporation tax		1,069	25
Prepayments		19,185	18,238
Cash at bank and in hand		8,865	53,628
Current assets		**491,836**	**510,266**
Assets		**5,343,598**	**5,412,134**
LIABILITIES AND EQUITY AT 31 DECEMBER			
EQUITY			
Share capital	15	110,985	110,985
Other reserves		939,769	952,465
Retained earnings		1,603,943	1,523,322
Proposed dividend		399,546	377,349
Equity		**3,054,243**	**2,964,121**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	16	95,991	151,852
Mortgage debt	2	720,979	733,672
Credit institutions	2	416,412	806,076
Other payables		14,164	24,713
Non-current liabilities		**1,247,546**	**1,716,313**
CURRENT LIABILITIES			
Mortgage debt	2	14,203	14,106
Credit institutions	2	32,877	5
Trade payables		325,754	341,032
Payables to subsidiaries		363,312	111,466
Other current payables	17	305,663	265,091
Current liabilities		**1,041,809**	**731,700**
Liabilities		**2,289,355**	**2,448,013**
Liabilities and equity		**5,343,598**	**5,412,134**

Parent Company Cash Flow Statement for 1 January - 31 December

tDKK	Note	2015	2014
Net profit for the year		690,890	629,644
Adjustments for non-cash operating items	18	-25,531	-18,405
		665,359	**611,239**
Change in working capital:			
Receivables		-37,802	10,956
Inventories		-8,020	-103
Payables		132,152	-34,800
Cash flows from operating activities before financial income and expenses		**751,689**	**587,292**
Financial income		8,590	16,611
Financial expenses		-45,707	-60,192
Cash flows from operating activities		**714,572**	**543,711**
Corporation tax paid		-116,818	-109,701
Cash flows from operating activities		**597,754**	**434,010**
Dividends received from subsidiaries and associates		296,929	271,588
Sale of property, plant and equipment		88,642	132,070
Corporation tax paid on project property		-56,020	-24,500
Purchase of property, plant and equipment		-101,235	-133,554
Free cash flow		*826,070*	*679,614*
Increase of capital/Business acquisitions		-206	-7,502
Acquisition/sale of intangible assets and fixed asset investments		-1,693	6,052
Cash flows from investing activities		**226,417**	**244,154**
Debt financing:			
Proceeds from increased drawdown on credit facilities		200,000	
Repayment on credit facilities		-567,332	-961,643
Change in financing of subsidiaries		164,903	229,835
Shareholders:			
Dividends paid to shareholders		-373,957	
Acquisition of shares for treasury		-292,548	
Cash flows from financing activities		**-868,934**	**-731,808**
Change in cash and cash equivalents		-44,763	-53,644
Cash and cash equivalents at 1 January		53,628	107,272
Cash and cash equivalents at 31 December		**8,865**	**53,628**

Parent Company Statement of Changes in Equity for 1 January - 31 December

DKK '000	Share capital	Share premium account	Reva-luation reserves	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-29,990**	**952,465**	**1,523,322**	**377,349**	**2,964,121**
Changes in equity in 2015								
Profit for the year						690,890		**690,890**
Other comprehensive income			39,000	11,720	**50,720**	-4,546		**46,174**
Tax on other comprehensive income			2,461		**2,461**			**2,461**
Revaluation reserves realised			-65,877		**-65,877**	65,877		**0**
Total comprehensive income	**0**	**0**	**-24,416**	**11,720**	**-12,696**	**752,221**	**0**	**739,525**
Dividends paid to shareholders							-373,957	**-373,957**
Dividend on treasury shares						3,392	-3,392	**0**
Acquisition of shares for treasury						-292,548		**-292,548**
Share-based payments						9,900		**9,900**
Tax on changes in equity, shareholders						7,202		**7,202**
Proposed dividend						-399,546	399,546	**0**
Total shareholders	**0**	**0**	**0**	**0**	**0**	**-671,600**	**22,197**	**-649,403**
Total changes in equity in 2015	**0**	**0**	**-24,416**	**11,720**	**-12,696**	**80,621**	**22,197**	**90,122**
Equity at 31 December 2015	**110,985**	**855,839**	**102,200**	**-18,270**	**939,769**	**1,603,943**	**399,546**	**3,054,243**

Share premium account, hedging reserve and retained earnings may be applied for distribution of dividend to the Parent Company shareholders.

The share capital at 31 December 2015 amounts to DKK 110,985,000 and is distributed on shares of DKK 2 each.

Proposed dividend for the year is DKK 7.40 per share.

Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-42,678**	**949,666**	**1,197,202**	**0**	**2,257,853**
Changes in equity in 2014								
Profit for the year					0	629,644		**629,644**
Other comprehensive income			53,900	12,688	**66,588**	-2,664		**63,924**
Revaluation reserves realised			-63,789		**-63,789**	63,789		**0**
Total comprehensive income	**0**	**0**	**-9,889**	**12,688**	**2,799**	**690,769**	**0**	**693,568**
Share-based payments					0	9,900		**9,900**
Tax on changes in equity, shareholders					0	2,800	0	**2,800**
Proposed dividend					0	-377,349	377,349	**0**
Total shareholders	**0**	**0**	**0**	**0**	**0**	**-364,649**	**377,349**	**12,700**
Total changes in equity in 2014	**0**	**0**	**-9,889**	**12,688**	**2,799**	**326,120**	**377,349**	**706,268**
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-29,990**	**952,465**	**1,523,322**	**377,349**	**2,964,121**

Descriptive notes to Parent Company Annual Report

Note 1 Basis of preparation of Parent Company

BASIS OF PREPARATION

§ Significant accounting policies

The Parent Company's accounting policies remain unchanged from last year.

Significant accounting policies are identical to those applied by the Royal Unibrew Group except for those mentioned below.

Translation policies
Exchange adjustment of balances regarded as part of the total net investment in enterprises with another functional currency than DKK is recognised in financial income and expenses in the Parent Company income statement.

Dividend on investments in subsidiaries and associates is recognised in the Parent Company income statement in the financial year in which dividend is declared.

New and amended standards and interpretations that have taken effect
Reference is made to note 1 to the Consolidated Financial Statements.

Critical judgements and accounting estimates
In connection with the preparation of the Parent Company and Consolidated Financial Statements, Management makes estimates and judgements as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

🔧 Judgements as an element in significant accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how assets and liabilities should be classified in the Financial Statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2015, the following judgments have been made materially affecting the related items as described in relevant notes, see list below.

⚖ Critical accounting estimates

Management's estimates are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2015, the following critical estimates have been made as desribed in relevant notes, see list below.

Accounting policies, judgements as an element in significant accounting policies as well as critical accounting estimates are described in the notes:

				Consolidated FS note		Parent company FS note
Derivative financial instruments	§	🔧		2		
Segment reporting	§			3		
Net revenue	§			4		
Share-based payments	§		⚖	5		
Expenses	§	🔧		6		
Financial income and expenses	§			8		
Corporation tax	§			9		
Intangible assets	§		⚖	11		
Property, plant and equipment	§	🔧	⚖	12		
Investments in associates	§			13	§	11
Investments in subsidiaries					§	11
Other fixed asset investments	§		⚖	14		
Inventories	§			15		
Receivables	§		⚖	16		
Prepayments	§			17		
Equity	§			18		
Deferred tax	§		⚖	19		
Repurchase obligation packaging in circulation	§		⚖	20		
Debt	§	🔧		21		
Cash Flow Statement	§			22		

Comments to the note =

Descriptive notes to Parent Company Annual Report

Note 2 Financial risk management

Note 2 Financial risk management

tDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			31/12 2015		
Non-derivative financial instruments:					
Financial debt, debt financing, gross	**1,184,471**	47,080	591,786	545,605	**1,184,471**
Financial debt, subsidiaries	**348,822**	348,822			**348,822**
Interest expenses	**73,364**	15,342	28,911	29,111	
Trade payables and repayment obligation re packaging	**340,243**	340,243			**340,243**
Other payables	**319,827**	305,663	14,164		**319,827**
Total	**2,266,727**	**1,057,150**	**634,861**	**574,716**	**2,193,363**

The debt breaks down on the categories "debt at amortised cost" with DKK 2,184 million and "debt at fair value" with DKK 9 million. The fair value of the total debt is assessed to equal carrying amount.

tDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			31/12 2014		
Non-derivative financial instruments:					
Financial debt, debt financing, gross	**1,553,859**	14,111	940,070	599,678	**1,553,859**
Financial debt, subsidiaries	**105,605**	105,605			**105,605**
Interest expenses	**167,431**	36,541	53,619	77,271	
Trade payables and repayment obligation re packaging	**346,893**	346,893			**346,893**
Other payables	**289,804**	265,091	24,713		**289,804**
Total	**2,463,592**	**768,241**	**1,018,402**	**676,949**	**2,296,161**

The debt breaks down on the categories "debt at amortised cost" with DKK 2,266 million and "debt at fair value" with DKK 30 million. The fair value of the total debt is assessed to equal carrying amount.

For a description of the Parent Company's and the Group's currency, interest rate, credit, commodity and other risks as well as capital management, reference is made to note 2 to the Consolidated Financial Statements.

Notes to Parent Company Income Statement

Note 3 Staff expenses

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses and break down as follows:

tDKK	2015	2014
Fixed salaries to Executive Board	13,450	12,850
Ordinary bonus scheme for Executive Board	6,460	6,038
Long-term bonus scheme for Executive Board	2,108	2,108
Share-based payments to Executive Board (restricted shares)	9,900	9,900
Remuneration of Executive Board	31,918	30,896
Remuneration of Board of Directors	3,977	3,229
	35,895	**34,125**
Wages and salaries	403,803	387,944
Contributions to pension schemes	31,563	30,999
	435,366	**418,943**
Other social security expenses	5,542	6,418
Other staff expenses	19,352	18,631
Total	**496,155**	**478,117**
Average number of employees	872	867

Reference is made to note 5 to the Consolidated Financial Statements for a description of share-based payments to the Executive Board.

Notes to Parent Company Income Statement

Note 4 Expenses broken down by type

tDKK	2015	2014
Aggregated production costs	1.414.996	1.412.923
Sales and distribution expenses	883.579	854.777
Administrative expenses	196.049	162.024
Total	**2.494.624**	**2.429.724**
break down by type as follows:		
Raw materials and consumables	1.101.146	1.115.049
Wages, salaries and other staff expenses	496.155	478.117
Operating and maintenance expenses	141.343	136.880
Distribution expenses and carriage	114.796	105.600
Sales and marketing expenses	442.265	426.629
Bad trade debts	-1.183	3.709
Office supplies etc	93.842	78.568
Depreciation and profit from sale of property, plant and equipment	106.260	85.172
Total	**2.494.624**	**2.429.724**

Total depreciation and impairment losses as well as profit from sale of property, plant and equipment are included in the following items in the income statement:

tDKK	2015	2014
Production costs	65,202	56,528
Sales and distribution expenses	23,177	18,632
Administrative expenses	17,881	10,012
Total	**106,260**	**85,172**

Fee to auditors

tDKK	2015	2014
Fee for the audit of the Annual Report:		
Ernst & Young	700	800
Total	**700**	**800**
Ernst & Young fee for non-audit services:		
Tax assistance	3	47
Other assurance assistance		50
Other assistance	171	216
Total	**174**	**313**

Notes to Parent Company Income Statement

Note 5 Financial income

tDKK	2015	2014
Finance income		
Cash at bank and in hand	1	20
Trade receivables	40	5
Receivables from subsidiaries	5,298	6,724
Other financial income	2,997	13
Exchange adjustments		
Cash at bank and in hand and external loans		2,422
Trade payables		611
Trade receivables	2,295	3,297
Intercompany loans		561
Forward contracts	206	
Total	**10,837**	**13,653**

Note 6 Financial expenses

tDKK	2015	2014
Finance costs		
Mortgage debt	29,404	27,977
Credit institutions	11,281	27,030
Payables to subsidiaries	143	124
Exchange adjustments		
Cash at bank and in hand and external loans	1,967	
Trade payables	442	
Intercompany loans	592	
Forward contracts	481	1,656
Other financial expenses	715	1,776
Total	**45,025**	**58,563**

Notes to Parent Company Income Statement

Note 7 Tax on the profit for the year

tDKK	2015	2014
Tax on the taxable income for the year	127,117	142,400
Adjustment of previous year	-13,505	2,420
Adjustment of deferred tax	2,320	-15,655
Total	**115,932**	**129,165**
which breaks down as follows:		
Tax on profit for the year	121,049	113,201
Tax on other comprehensive income	2,085	18,764
Tax on changes in equity, shareholders	-7,202	-2,800
Total	**115,932**	**129,165**
Current Danish tax rate	23.5	24.5
Dividends received from subsidiaries and associates	-8.6	-9.0
Effect on tax rate of permanent differences	0.3	0.1
Adjustment of previous year	-0.3	0.3
Changes to tax rates		-0.7
Effective tax rate	**14.9**	**15.2**

Note 8 Realised hedging transactions

tDKK	2015	2014
Realised hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges of	-13,821	-4,697
Production costs include foreign currency and commodity hedges of	-7,185	1,147
Financial income and expenses include currency, commodity and interest rate hedges of	-21,093	-17,356
Total	**-42,099**	**-20,906**

Notes to Parent Company Balance Sheet

Note 9 Intangible assets

tDKK	Goodwill	Trademarks	Distribution rights	Total
Cost at 1 January 2015	80,645	2,990	11,828	**95,463**
Cost at 31 December 2015	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2015	0	0	-11,719	**-11,719**
Amortisation for the year		-2,990	-57	**-3,047**
Amortisation and impairment losses at 31 December 2015	**0**	**-2,990**	**-11,776**	**-14,766**
Carrying amount at 31 December 2015	**80,645**	**0**	**52**	**80,697**
Cost at 1 January 2014	80,645	2,990	11,828	**95,463**
Cost at 31 December 2014	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2014	0	0	-11,339	**-11,339**
Amortisation for the year			-380	**-380**
Amortisation and impairment losses at 31 December 2014	**0**	**0**	**-11,719**	**-11,719**
Carrying amount at 31 December 2014	**80,645**	**2,990**	**109**	**83,744**

§ Impairment

Reference is made to note 11 to the Consolidated Financial Statements for a description of impairment test.

Notes to Parent Company Balance Sheet

Note 10 Property, plant and equipment

tDKK	Project development properties	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total other property, plant and equipment
Cost at 1 January 2015	94,535	683,204	1,194,311	457,021	28,752	**2,363,288**
Additions	7,373	3,694	12,488	23,961	53,719	**93,862**
Disposals	-35,410	-181	-3,748	-34,131		**-38,060**
Transfers for the year			21,096	6,872	-27,968	**0**
Cost at 31 December 2015	**66,498**	**686,717**	**1,224,147**	**453,723**	**54,503**	**2,419,090**
Depreciation and impairment losses at 1 January 2015	143,904	-351,429	-839,390	-322,668	0	**-1,513,487**
Revaluations for the year	41,008					**0**
Depreciation for the year		-15,076	-38,808	-44,772		**-98,656**
Reversal of depreciation and impairment of assets sold and discontinued	-53,904	142	2,456	31,576		**34,174**
Depreciation and impairment losses at 31 December 2015	**131,008**	**-366,363**	**-875,742**	**-335,864**	**0**	**-1,577,969**
Carrying amount at 31 December 2015	**197,506**	**320,354**	**348,405**	**117,859**	**54,503**	**841,121**

Land and buildings including plant and machinery at a carrying amount of DKK 663.8 million have been provided as security for mortgage debt of DKK 741.9 million.

tDKK	Project development properties	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total other property, plant and equipment
Cost at 1 January 2014	145,703	663,736	1,149,738	435,661	26,485	2,275,620
Additions	2,905	20,344	41,432	40,121	28,752	130,649
Disposals	-54,073	-923	-7,603	-34,455		-42,981
Transfers for the year		47	10,744	15,694	-26,485	0
Cost at 31 December 2014	**94,535**	**683,204**	**1,194,311**	**457,021**	**28,752**	**2,363,288**
Depreciation and impairment losses at 1 January 2014	144,836	-337,204	-811,394	-316,013		-1,464,611
Revaluations for the year	70,000					0
Depreciation for the year		-14,520	-35,006	-36,476		-86,002
Reversal of depreciation and impairment of assets sold and discontinued	-70,932	295	7,010	29,821		37,126
Depreciation and impairment losses at 31 December 2014	**143,904**	**-351,429**	**-839,390**	**-322,668**	**0**	**-1,513,487**
Carrying amount at 31 December 2014	**238,439**	**331,775**	**354,921**	**134,353**	**28,752**	**849,801**

Land and buildings including plant and machinery at a carrying amount of DKK 678.7 million have been provided as security for mortgage debt of DKK 747.8 million.

Reference is made to note 12 to the Consolidated Financial Statements for a description of project development properties.

Notes to Parent Company Balance Sheet

Note 11 Investments in subsidiaries and associates

tDKK	Investments in subsidiaries	Investments in associates
Cost at 1 January 2015	3,573,194	77,374
Additions	206	
Cost at 31 December 2015	**3,573,400**	**77,374**
Revaluations and impairment losses at 1 January 2015	-89,035	0
Revaluations and impairment losses at 31 December 2015	**-89,035**	**0**
Carrying amount at 31 December 2015	**3,484,365**	**77,374**
Cost at 1 January 2014	3,565,692	75,931
Reclassification, beginning of year		1,443
Additions	7,502	
Cost at 31 December 2014	**3,573,194**	**77,374**
Revaluations and impairment losses at 1 January 2014	-89,035	0
Revaluations and impairment losses at 31 December 2014	**-89,035**	**0**
Carrying amount at 31 December 2014	**3,484,159**	**77,374**

§ Dividend on investments in subsidiaries and associates

Dividend on investments in subsidiaries and associates is recognised in the Parent Company's income statement in the financial year in which dividend is declared.

§ Investments in subsidiaries and associates in the Parent Company Financial Statements

Investments in subsidiaries and associates are measured at cost and tested in the event of indication of impairment. Where cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

Investments in subsidiaries

The carrying amount of investments in subsidiaries and the values of intangible assets contained therein is tested to identify any impairment. Reference is made to note 11 to the Consolidated Financial Statements.

Notes to Parent Company Balance Sheet

Note 12 Receivables from subsidiaries and Other fixed asset investments

tDKK	Receivables from subsidiaries	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2015	163,709	54,833	2,121	56,954
Exchange adjustment	416			0
Additions			1,762	1,762
Disposals			-69	-69
Cost at 31 December 2015	**164,125**	**54,833**	**3,814**	**58,647**
Revaluations and impairment losses at 1 January 2015	0	-52,312	0	-52,312
Revaluations and impairment losses for the year		239		239
Revaluations and impairment losses at 31 December 2015	**0**	**-52,073**	**0**	**-52,073**
Carrying amount at 31 December 2015	**164,125**	**2,760**	**3,814**	**6,574**
Cost at 1 January 2014	155,428	54,833	8,173	63,006
Exchange adjustment	-367			0
Additions	8,648		78	78
Disposals			-6,130	-6,130
Cost at 31 December 2014	**163,709**	**54,833**	**2,121**	**56,954**
Revaluations and impairment losses at 1 January 2014	0	-52,312	0	-52,312
Revaluations and impairment losses at 31 December 2014	**0**	**-52,312**	**0**	**-52,312**
Carrying amount at 31 December 2014	**163,709**	**2,521**	**2,121**	**4,642**

Note 13 Inventories

tDKK	2015	2014
Raw materials and consumables	50,025	42,291
Work in progress	14,611	12,872
Finished goods and goods for resale	58,413	59,866
Inventories	**123,049**	**115,029**

Inventories

Indirect production costs are recognised in the value of work in progress and finished goods at DKK 9 million (2014: DKK 8 million). As in 2014, inventories have not been written down materially.

Note 14 Receivables

tDKK	2015	2014
Trade receivables	243,484	213,615
Other receivables	10,256	7,411
Total receivables	**253,740**	**221,026**

Reference is made to notes 2 and 16 to the Consolidated Financial Statements for a description of receivables.

Notes to Parent Company Balance Sheet

Note 15 Share capital

Reference is made to note 18 to the Consolidated Financial Statements.

Note 16 Deferred tax

tDKK	2015	2014
Deferred tax at 1 January	151,852	166,072
Change in deferred tax for the year	2,320	13,845
Change sale of project development property	-56,020	-24,500
Changes to tax rates		-5,000
Adjustment of previous year	-2,161	1,435
Deferred tax at 31 December	**95,991**	**151,852**
Due within 1 year	25,136	30,111
Deferred tax relates to:		
Intangible assets	43	44
Property, plant and equipment	90,700	135,701
Fixed asset investments	15,052	18,996
Current assets	9,688	4,749
Non-current liabilities	-12,940	-2,800
Current liabilities	-6,552	-4,838
Total	**95,991**	**151,852**

Note 17 Other current payables

tDKK	2015	2014
VAT, excise duties, etc	50,601	40,855
Other payables	225,375	197,153
Repurchase obligation, returnable packaging	29,687	27,083
Total other current payables	**305,663**	**265,091**
Repurchase obligation, returnable packaging is specified as follows:		
Balance at 1 January	27,083	31,998
Adjustment for the year	2,604	-4,915
Balance at 31 December	**29,687**	**27,083**

The change in the repurchase obligation for the year reflects net sales of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

Noter til moderselskabets pengestrømsopgørelse

Note 18 Cash Flow Statement

Adjustments for non-cash operating items:

tDKK	2015	2014
Dividends received from subsidiaries and associates	-296,929	-271,588
Financial income	-10,837	-13,653
Financial expenses	45,025	58,563
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	101,703	86,382
Tax on the profit for the year	121,049	113,201
Profit and loss from sale of property, plant and equipment	4,558	-1,210
Share-based payments and remuneration	9,900	9,900
Total	**-25,531**	**-18,405**

Other notes to Parent Company Annual Report

Note 19 Contingent liabilities, security and other liabilities

mDKK	2015	2014
Guarantees		
Guarantees relating to subsidiaries	528.6	703.6
Total	**528.6**	**703.6**

Rental and operating lease commitments
Total future payments:

mDKK	2015	2014
Within 1 year	24.8	25.2
Between 1 and 5 years	48.2	35.0
Beyond 5 years	5.6	4.6
Total	**78.6**	**64.8**

Rental and operating lease commitments relate to properties and operating equipment, including cars and IT equipment.

Third-party guarantees	**12.1**	**11.0**

Security
No security has been provided in respect of the Group's loan agreements with credit institutions other than the Parent Company's liability for the amounts drawn by subsidiaries on group credit facilities.

As regards security for loan agreements with mortgage credit institutes, reference is made to note 10.

Contingent liabilities
The outcome of pending legal actions is not expected to have any material impact on the financial position of the Parent Company or the Group.

Other notes to Parent Company Annual Report

Note 20 Related parties

Related parties comprise the Board of Directors and the Executive Board as well as subsidiaries and associates, see the sections on Board of Directors and Executive Board on page 44 and Group Structure on page 118. No shareholder exercises control.

All transactions, including lending, are carried out on an arm's length basis.

The following transactions have been made with related parties:

tDKK	2015	2014
Revenue		
Sales to subsidiaries	533,981	504,069
Sales to associates	5,133	5,199
Costs		
Purchases from subsidiaries	16,439	27,542
Financial income and expenses		
Dividends received from associates	26,660	24,346
Dividends received from subsidiaries	270,269	247,242
Interest received from subsidiaries	5,298	6,724
Interest paid to subsidiaries	143	124
Executive Board		
Remuneration paid	19,775	18,508
Debt re cash-based bonus schemes	19,108	16,578
Liability re share-based bonus scheme measured at fair value at the time when granted	23,100	13,200
Board of Directors		
Remuneration	3,977	3,229
Intercompany balances at 31 December		
Loans to subsidiaries	186,651	205,314
Receivables from subsidiaries	63,402	60,715
Loans from subsidiaries	342,410	105,605
Payables to subsidiaries	902	5,861
Capital contributed to subsidiaries	206	7,502
Guarantees and security		
Guarantee for subsidiaries	528,600	703,590

Quarterly Financial Highlights and Ratios (Group)

	Q1		Q2		Q3		Q4	
mDKK (unaudited)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Sales (million hectolitres)	1.9	1.8	2.5	2.6	2.5	2.5	2.2	2.1
Income Statement								
Net revenue	1,290	1,267	1,633	1,725	1,686	1,713	1,423	1,351
Production costs	-632	-634	-745	-800	-760	-779	-720	-693
Gross profit	658	633	888	925	926	934	703	658
Gross margin ratio (%)	51.0	50.0	54.4	53.6	54.9	54.5	49.4	48.7
Sales and distribution expenses	-451	-493	-510	-530	-496	-506	-465	-458
Administrative expenses	-76	-97	-84	-77	-80	-76	-95	-86
EBITDA	204	110	370	394	428	428	223	198
EBITDA margin (%)	15.8	8.7	22.7	22.8	25.4	25.0	15.7	14.7
Earnings before interest and tax (EBIT)	131	43	294	318	350	352	143	114
EBIT margin (%)	10.2	3.4	18.0	18.4	20.8	20.5	10.1	8.5
Income from investments in associates	1	-1	11	19	6	9	13	8
Financial income and expenses	-13	-22	-11	-14	-13	-8	-9	-16
Profit before tax	119	20	294	323	343	353	147	106
Net profit for the period	92	14	229	252	267	273	123	85
Balance Sheet								
Non-current assets	5,641	5,800	5,552	5,744	5,505	5,652	5,505	5,664
Total assets	6,768	6,995	6,910	7,282	6,728	7,068	6,748	7,024
Equity	2,900	2,157	2,724	2,440	2,896	2,717	2,935	2,818
Net interest-bearing debt	1,710	2,638	1,627	2,042	1,323	1,606	1,184	1,553
Net working capital	-555	-567	-721	-756	-742	-757	-990	-814
Cash Flows								
From operating activities	-96	-207	472	568	422	390	362	144
From investing activities	-27	-52	54	29	-27	48	-123	-94
Free cash flow	-122	-254	521	594	394	432	239	53
Financial Ratios (%)								
Free cash flow as a percentage of net revenue	-9	-20	32	34	23	25	17	4
Cash conversion	-133	-1,814	228	236	148	158	194	61
Equity ratio	43	31	39	34	43	38	43	40

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

Definitions of financial highlights and ratios are provided on page 117.

Definitions of Financial Highlights and Ratios

Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Net working capital	Inventories + receivables - current liabilities except for corporation tax receivable/ payable as well as mortage debt and debt to credit institutions.
Free cash flow	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates.
Dividend per share	Proposed dividend per share.
Earnings per share	Parent Company shareholders' share of profit for the year/average number of shares in circulation.
Cash flow per share	Cash flow from operating activities/average number of shares in circulation.
Diluted earnings and cash flow per share	Parent Company shareholders' share of earnings and cash flow from operating activities/average number of shares in circulation including restricted shares "in-the-money".
EBITDA before special items	Earnings before special income and expenses, interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets.
EBIT	Earnings before interest and tax.
Return on invested capital after tax including goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital (equity + minority interests + provisions + net interest-bearing debt - fixed asset investments).
Return on invested capital after tax excluding goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital (equity + minority interests + provisions + net interest-bearing debt - fixed asset investments - goodwill).
Profit margin	Operating profit before special items as a percentage of net revenue.
EBIT margin	EBIT as a percentage of net revenue.
Free cash flow as a percentage of net revenue	Free cash flow as a percentage of net revenue.
Cash conversion	Free cash flow as a percentage of net profit for the year.
Net interest-bearing debt/EBITDA before special items	The ratio of net interest-bearing debt at year end to EBITDA.
Equity ratio	Equity at year end as a percentage of total assets.
Return on equity (ROE)	Consolidated profit after tax as a percentage of average equity.
Dividend payout ratio (DPR)	Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of net profit for the year.

Group Structure

Segment	Ownership	Currency	Capital
Parent Company			
Royal Unibrew A/S, Denmark		DKK	110,985,000
WESTERN EUROPE			
Subsidiaries			
Aktieselskabet Cerekem International Ltd., Denmark	100%	DKK	1,000,000
Albani Sverige AB, Sweden	100%	SEK	305,000
Ceres S.p.A., Italy	100%	EUR	206,400
The Curious Company A/S, Denmark	100%	DKK	550,000
Associates			
Grønlandskonsortiet I/S, Denmark	50%	DKK	
Hansa Borg Holding AS, Norway	25%	NOK	54,600,000
Nuuk Imeq A/S, Godthåb, Greenland	32%	DKK	38,000,000
BALTIC SEA			
Subsidiaries			
AB Kalnapilio-Tauro Grupe, Lithuania	100%	EUR	1,153,337
Oy Hartwall Ab	100%	EUR	13,240,140
Hartwa-Trade Oy Ab	100%	EUR	168,188
Helepark Oy	100%	EUR	6,761
Lapin Kulta Oy	100%	EUR	16,819
Royal Unibrew Services UAB, Lithuania	100%	EUR	43,500
SIA "Cido Grupa", Latvia	100%	EUR	1,117,060
OÜ Royal Unibrew Eesti, Estonia	100%	EUR	2,000,000
Ferell sp. Z o.o., Poland	100%	PLN	120,200
MALT BEVERAGES AND EXPORTS			
Subsidiaries			
Centre Nordique d'Alimentation EURL, France	100%	EUR	131,000
Royal Unibrew Caribbean Ltd., Puerto Rico	100%	USD	200,000
Supermalt UK Ltd., the UK	100%	GBP	9,700,000
Vitamalt (West Africa) Ltd., the UK	100%	GBP	10,000
Royal Unibrew Nigeria Ltd., Nigeria	100%	NGN	10,000,000
The Danish Brewery Group Inc., USA	100%	USD	100,000

Activity

- Production, sales and distribution
- Sales and distribution
- Holding company
- Other

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