Company Announcement No 52/2018 – 27 August 2018

Interim Report for 1 January - 30 June (H1) 2018

Consistent execution and extraordinarily good weather conditions drive strong Royal Unibrew H1 results

Due to extraordinarily good weather in Northern Europe in Q2, increased business volumes following the acquisition of Terme di Crodo and generally good momentum in the total business, Royal Unibrew has achieved the best half-year results in the Group's history. The results are in accordance with the upwards adjustment of the outlook announced in July 2018. In line with Royal Unibrew's strategy, four acquisitions were made in 2018, one of which is awaiting the approval of the Danish competition authorities.

Financial performance

- Earnings before interest and tax (EBIT) for H1 2018 were DKK 139 million higher than in 2017 and amounted to DKK 641 million (2017: DKK 502 million).
- EBIT margin increased by 2.4 percentage points to 18.2%.
- The higher earnings are substantially due to the extraordinarily good weather in Northern Europe in May and June, and earnings were driven by all segments.
- It is estimated that the extraordinarily good weather for the entire summer, including Q3 has increased EBITDA by approx. DKK 70-90 million.
- Net revenue for H1 2018 showed an 11% increase and amounted to 3,518 million compared to DKK 3,183 million for H1 2017.
- Sales for H1 2018 showed an 4% increase and amounted to 5.2 million hectolitres compared to 5.0 million hectolitres in 2017. For Q2 the sales increased 8% compared to 2017.
- Royal Unibrew generally maintained its market shares.
- Free cash flow for H1 2018 amounted to DKK 614 million compared to DKK 497 million for H1 2017 and is extraordinarily positively affected by the early start to the summer season.
- In H1 2018, dividend of DKK 772 million (2017: DKK 663 million) was distributed to shareholders, and net interest-bearing debt went up by DKK 981 million (including DKK 607 million relating to the acquisition of Terme di Crodo) to DKK 1,956 million (30 June 2017: DKK 1,158 million). Calculated on a running 12-month basis, NIBD/EBITDA was 1.3, and ROIC excluding goodwill was 34%.

Business activities

- The integration of Terme di Crodo, which was acquired as of 2 January 2018, is progressing faster than expected. Focus is on generating value for both Royal Unibrew and customers.
- Royal Unibrew has great focus on improving partnerships with its customers and on developing new products and activities to meet consumer demands.
- In late Q2, the brew pub Anarkist was opened in connection with the specialty beer brewery at Albani in Odense, where consumers may witness the production of – and sample – new craft beer products such as for example Kissmeyer and Anarkist.
- In late Q2, Royal Unibrew entered into an agreement to acquire Bev.Con ApS, which owns the brands CULT Energy, SHAKER and MOKAÎ, among others. The realisation of the acquisition is awaiting the approval of the Danish competition authorities.
- Moreover, through the acquisition of a majority interest in Nohrlund ApS, Royal Unibrew has entered into a strategic alliance on the distribution of ready-to-drink organic cocktails with focus on the on-trade segment.
- In July 2018, Royal Unibrew acquired the French lemonade business Etablissements Geyer Fréres, which focuses on high-quality lemonade products with special emphasis on good raw materials and organic principles and owns the brands LORINA, Pure Thé and InFreshhh.
- The acquired activities are expected to increase Royal Unibrew's earnings per share (EPS) within a relatively short time frame.

Outlook

Due to continued extraordinarily good weather in Q3 until mid August, the outlook announced in July 2018 for net revenue, EBITDA and EBIT is increased. The outlook is now as follows:

- Net revenue: DKK 7,000-7,200 million (July 2018: DKK 6,900-7,100 million)
- EBITDA: DKK 1,625-1,675 million (July 2018: DKK 1,560-1,635 million)
- EBIT: DKK 1,275-1,325 million (July 2018: DKK 1,200-1,275 million)

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	H1 2018	H1 2017	Q2 2018	Q2 2017
Sales (thousand hectolitres)	5,226	5,020	3,099	2,869
Net revenue	3,518	3,183	2,066	1,829
EBITDA	800	643	526	419
EBITDA margin (%)	22.7	20.2	25.5	22.9
Earnings before interest and tax (EBIT)	641	502	447	351
EBIT margin (%)	18.2	15.8	21.6	19.2
Profit before tax	636	498	455	355
Net profit for the period	502	390	359	280
Free cash flow	614	497	892	551
Net interest-bearing debt	1,956	1,158		
NIBD/EBITDA (running 12 months)	1.3	0.9		
Equity ratio (%)	34	41		

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It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Tuesday, 28 August 2018, at 9.00 am CET by audiocast at the following telephone numbers:
Participants from Denmark: +45 35 15 80 49
Participants from the UK: +44 (0) 330 336 9125
Participants from the USA: +1 929-477-0324

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

Financial Calendar for 2018

21 November 2018	Interim Report for the period 1 January - 30 September 2018

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

Forward-looking statements

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward-looking statements. Royal Unibrew assumes no obligation to update or adjust any such forward-looking statements (except for as required under the disclosure requirements for listed companies) to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that may have direct bearing on the Group's actual results include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, development in the demand for the Group's products, introduction of and demand for new products, changes in the competitive environment and the industry in which the Group operates, changes in consumer preferences, increasing industry consolidation, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, determination of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors.

New risk factors may emerge in the future, which the Group cannot predict. Furthermore, the Group cannot assess the impact of each factor on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

Contents

Profile

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

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

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

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

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

Financial Highlights and Key Ratios

	H1 2018	H1 2017	Q2 2018	Q2 2017	2017
Sales (thousand hectolitres)	5,226	5,020	3,099	2,869	9,556
INCOME STATEMENT (MDKK)					
Net revenue	3,518	3,183	2,066	1,829	6,384
EBITDA	800	643	526	419	1,362
EBITDA margin (%)	*22.7*	*20.2*	*25.4*	*22.9*	*21,3*
Earnings before interest and tax (EBIT)	641	502	447	351	1,069
EBIT margin (%)	*18.2*	*15.8*	*21.6*	*19.2*	*16.7*
Income after tax from investments in associates	9	10	12	12	18
Other financial income and expenses, net	-14	-14	-4	-8	-31
Profit before tax	636	498	455	355	1,056
Net profit for the period	502	390	359	280	831
BALANCE SHEET (MDKK)					
Non-current assets	5,920	5,148			5,121
Total assets	7,445	6,405			6,778
Equity	2,554	2,637			2,814
Net interest-bearing debt	1,956	1,158			975
Net working capital	-928	-949			-957
Invested capital	4,814	4,041			4,030
CASH FLOWS (MDKK)					
Operating activities	700	598	949	622	1,168
Investing activities	-704	-101	-78	-72	-218
Free cash flow	614	497	892	551	950

	H1 2018	H1 2017	Q2 2018	Q2 2017	2017
SHARE RATIOS (DKK PER SHARE OF DKK 2)					
Earnings per share (EPS)	9.9	7.5	7.1	5.4	16.0
Cash flow per share	13.8	11.4	19.3	12.4	17.8
Dividend per share					8.90
Year-end price per share	508.5	312.3	508.5	312.3	371.8
FINANCIAL RATIOS (%)					
Free cash flow as a percentage of net revenue	17	16	43	30	15
Cash conversion	122	127	248	197	114
Net interest-bearing debt/EBITDA (running 12 months)	1.3	0.9			0.7
Equity ratio	34	41	34	41	42

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

Management's Review

Business Development
As expected, Royal Unibrew saw a positive business development in H1 2018, and Royal Unibrew is assessed to have generally maintained its market shares on branded products.

Sales volumes for H1 2018 were 4% above those of 2017, and net revenue showed an 11% increase. The acquisition of Terme di Crodo affected sales volumes positively by 4 percentage points, whereas the positive effect of the extraordinarily good weather in Northern Europe in May and June was offset by the fact that Finland saw extraordinary campaign activity only in Q2 in 2018. The net revenue increase was 7 percentage points above the increase in sales volumes due to a better product and market mix than in H1 2017. Net revenue developed positively in all segments. 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 641 million, which is DKK 139 million above EBIT for H1 2017. Net profit for the period amounted to DKK 502 million, which is DKK 112 million above the H1 2017 figure. The earnings improvement is due to a combination of the extraordinarily good weather, the acquisition of Terme di Crodo on 2 January 2018 and continued optimisation of product and sales channel mix.

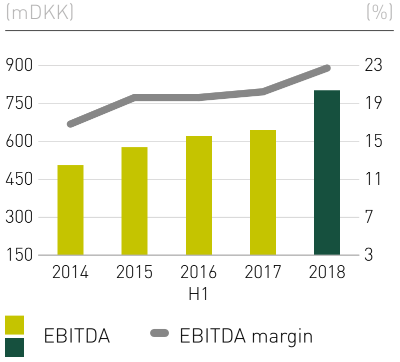
Business acquisitions
In 2018, as at the date of publication of the H1 report, Royal Unibrew has as part of the execution of its strategy acquired four businesses. One of the acquisitions is awaiting the approval of the competition authorities.

On 2 January 2018, the acquisition of Terme di Crodo was finalized. Terme di Crodo owns brands such as LemonsSoda, OranSoda, PelmoSoda, Crodo Lisiel and Crodo Chinotto as well as production facilities in the north-western part of Italy close to Lago Maggiore. Through the acquisition, Royal Unibrew has increased its business scale in Italy significantly, and the acquisition is expected to reinforce the existing commercial platform in all sales channels. Moreover, operational synergies are expected to be achieved for the benefit of the existing product portfolio in the beer segment as well as for the acquired soft drinks business as the route-to-market is virtually the same for the two product portfolios.

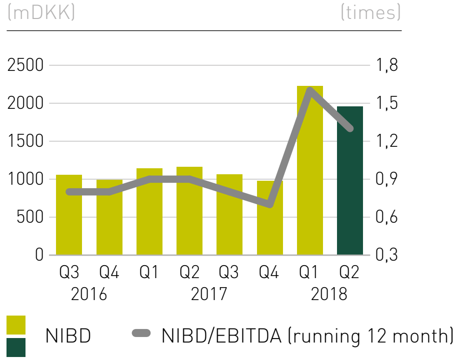
In mid-June 2018, Royal Unibrew acquired a majority interest in Nohrlund ApS, which produces and sells ready-to-drink organic cocktails with focus on the on-trade segment.

In late Q2 2018, an agreement was made to acquire Bev. Con ApS, which owns the brands CULT Energy, SHAKER and MOKAÎ, among others. The acquisition of CULT supports Royal Unibrew's strategy of being a focused and strong national provider of quality beverages, including energy drinks, RTD and ciders. Through the acquisition, Royal Unibrew reinforces its market position with Danish consumers. The acquisition is subject to the approval of Danish and German

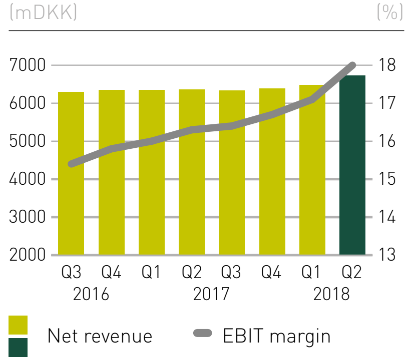
EBITDA AND EBITDA MARGIN



NIBD AND NIBD/EBITDA



REVENUE AND EBIT MARGIN RUNNING 12 MONTH



competition authorities, which is expected to be obtained before the end of 2018. At this time, the German authorities have approved the acquisition.

In July 2018, Royal Unibrew acquired the French lemonade business Etablissements Geyer Fréres, which focuses on high-quality lemonade products with special emphasis on natural raw materials and organic principles. Etablissements Geyer Fréres owns the lemonade and ice tea brands LORINA, Pure Thé and InFreshhh, among others. Through the acquisition, Royal Unibrew reinforces its position in both the French and the American market.

The acquired activities are expected to increase Royal Unibrew's earnings per share (EPS) within a relatively short time frame.

Read more about the business acquisitions in note 5.

Status on share buy-back programme

On 6 March 2018, Royal Unibrew launched a share buy-back programme expected to cover the period to 22 February 2019 with a view to adjusting the capital structure of Royal Unibrew A/S. The maximum market value of the share buy-back programme will be DKK 400 million, and the programme will be carried out in accordance with the "Safe Harbour" method. Under this programme as well as the programme launched in 2017, Royal Unibrew bought back 805,422 shares at a market value of DKK 321 million in H1 2018 as expected. At the Annual General Meeting of Royal Unibrew in April 2018, a resolution was made to reduce the capital by DKK 3.4 million; subsequently, 1,700,000 shares were cancelled. At 30 June 2018, Royal Unibrew held 608,909 treasury shares, 92,500 of which are expected to be used for share-based payments to the Executive Board for the period 2017-2020, whereas the remaining shares are expected to be cancelled following the Annual General Meeting of the Company in April 2019.

Financial Review

Income Statement

Sales for H1 2018 aggregated 5.2 million hectolitres of beer, malt beverages and soft drinks, which is a 4% increase on 2017. The development from 2017 to 2018 was positively affected by the acquisition of the Italian soft drinks business Terme di Crodo and the extraordinarily good weather in Northern Europe, but negatively affected by a lower campaign activity in Finland in Q1.

Royal Unibrew generally maintained its market shares.

Net revenue for H1 2018 showed an 11% increase and amounted to DKK 3,518 million compared to DKK 3,183 million for H1 2017 (for Q2, a 13% increase to DKK 2,066 million compared to DKK 1,829 million for Q2 2017). The acquisition of Terme di Crodo resulted in a 6% increase, whereas the main part of the remaining increase was due to the extraordinarily good weather. Also the growth in average selling price per volume unit of 6.1% and mostly driven by improved product and market mix contributed positively to the development.

Gross profit for H1 2018 was DKK 202 million above the H1 2017 figure and amounted to DKK 1,844 million. Gross margin was 0.8 percentage point above the H1 2017 margin and represented 52.4% compared to 51.6% for H1 2017. Gross profit per volume unit was 8% higher than in 2017 and was positively affected by the changed product, market and channel mix.

Sales and distribution expenses for H1 2018 were DKK 54 million above the H1 2017 figure and amounted to DKK 1,053 million compared to DKK 999 million for H1 2017. As planned, both sales and marketing expenses for H1 2018 were higher due to a number of growth initiatives and increased support of the established business.

Administrative expenses for H1 2018 showed a DKK 9 million increase on H1 2017 and amounted to DKK 150 million compared to DKK 141 million for H1 2017. The development is due to costs related to business acquisitions.

DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 30 JUNE 2018 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group 2018	Group 2017
Sales (thousand hectolitres)	2,178	2,650	398	-	5,226	5,020
Growth (%)	12.2	-2.2	7.7		4.1	-0.9
Share of sales (%)	41	51	8	-		
Net revenue (mDKK)	1,642	1,613	263	-	3,518	3,183
Growth (%)	15.0	7.0	6.3		10.5	0.7
Share of net revenue (%)	47	46	7	-		
EBIT (mDKK)	308	291	59	-17	641	502
EBIT margin (%)	18.8	18.0	22.5		18.2	15.8

Earnings before interest, tax, depreciation and amortisation (EBITDA) for H1 2018 showed a DKK 157 million increase, DKK 107 million of which was realised in Q2, and amounted to DKK 800 million compared to DKK 643 million for H1 2017. The higher earnings are primarily attributable to the Western Europe and Baltic Sea segments. The implementation of IFRS 16 (leases) increased EBITDA for H1 by DKK 27 million as, under IFRS 16, certain lease payments are no longer included in the income statement as operating expenses, but as interest on and repayments of lease obligations. Due to depreciation of leased assets, earnings before interest and tax (EBIT) are only marginally affected by IFRS 16. EBIT for H1 2018 amounted to DKK 641 million, which is DKK 139 million above the H1 2017 figure. As in the case of EBITDA, the improvement is primarily attributable to the Western Europe and Baltic Sea segments.

EBIT margin for H1 2018 showed an increase of 2.4 percentage points to 18.2%. A better product mix and, not least, the extraordinarily good weather in May and June were the primary reasons for the higher EBIT margin.

Net financials for H1 2018 were at the same level as in H1 2017 aggregating an expense of DKK 5 million. Financial expenses were lower on a net basis, primarily due to exchange rate adjustments. The interest expenses for H1, however, were higher, partly due to higher interest-bearing debt as a result of the acquisition of Terme di Crodo and partly due to the implementation of IFRS 16 under which part of the lease payment is classified as interest on the lease obligation. Moreover, income after tax from investments in associated companies was DKK 1 million below the H1 2017 figure.

Profit before tax for H1 2018 was DKK 138 million above the H1 2017 figure and amounted to DKK 636 million compared to DKK 498 million for H1 2017.

Tax on the profit for H1 2018 was an expense of DKK 134 million. The tax has been calculated on the basis of an expected full-year tax rate of approx 21% on the profit excluding income after tax from investments in associates.

The net profit for H1 2018 amounted to DKK 502 million, which is DKK 112 million above the H1 2017 figure.

Balance Sheet

Royal Unibrew's balance sheet at 30 June 2018 amounted to DKK 7,445 million, which is DKK 667 million above the 31 December 2017 figure. Approx DKK 290 million of the increase is attributable to the acquisition of Terme di Crodo and the implementation of IFRS 16 (leases), whereas inventories and receivables increased by approx DKK 410 million due to increased production and sales activities in May and June. The balance sheet total was, however, reduced due to amortisation and depreciation of non-current assets exceeding investments for H1 by approx DKK 30 million.

Invested capital increased by approx DKK 0.8 billion in the period from 1 July 2017 to 30 June 2018, approx DKK 680 million of which is related to the acquisition of Terme di Crodo. ROIC excluding goodwill calculated on a running 12-month basis increased by 3.6 percentage points to 33.8% in the period, and ROIC including goodwill increased by 1.9 percentage points to 21.5% although EBIT relating to Crodo has only been recognised in H1 2018.

The equity ratio decreased by 8 percentage points in H1 2018 representing 34% at 30 June 2018 compared to end 2017 (30 June 2017: 41%). Equity at the end of June 2018 amounted to DKK 2,554 million compared to DKK 2,814 million at the end of 2017 and was increased in H1 by the positive comprehensive income of DKK 505 million for the period (H1 2017: DKK 384 million) and by the value of the share-based payments to the Executive Board and tax on these, whereas, as planned, it was reduced by dividend distribution of DKK 451 million and share buy-backs of DKK 321 million. The comprehensive income comprises the profit for the period of DKK 502 million plus exchange rate adjustments of foreign group enterprises of DKK 7 million and a negative development in the value after tax of hedging instruments of DKK 4 million.

Net interest-bearing debt for H1 showed a DKK 981 million increase and amounted to DKK 1,956 million at 30 June 2018 compared to DKK 975 million at the end of 2017. The increase in net interest-bearing debt was as expected and comprised the positive free cash flow of DKK 614 million less distribution to shareholders of DKK 772 million by way of dividend and share buy-backs, the acquisition price of DKK 618 million paid for Terme di Crodo and the Happy Joe cider brand as well as the lease obligation at 1 January 2018 of DKK 205 million relating to leases due to the implementation of IFRS 16. The net interest-bearing debt to EBITDA ratio (running 12-month basis) was 1.3. Net interest-bearing debt will increase by approx DKK 1 billion due to the business acquisitions already announced which have been completed or are expected to be completed in H2 2018.

Funds tied up in working capital showed a negative DKK 928 million at the end of June 2018 (31 June 2017: a negative DKK 949 million) compared to a negative DKK 957 million at the end of 2017. Funds tied up in working capital thus increased by DKK 29 million in H1 2018 (2017: decrease of DKK 68 million). Funds tied up in inventories, trade receivables and trade payables showed an increase of DKK 275 million (2016: DKK 14 million) due to the higher activity at the end of the period, whereas funds tied up in the other elements of working capital decreased by DKK 246 million (2017: DKK 82 million).

Cash Flow Statement

Cash flows from operating activities for H1 2018 amounted to DKK 700 million (2017: DKK 598 million) comprising the profit for the period adjusted for non-cash operating items of DKK 804 million (2017: DKK 646 million), negative working capital cash flow of DKK 7 million (2017: a positive DKK 61 million), net interest paid of DKK 14 million (2017: DKK 14 million) and taxes paid of DKK 83 million (2017: DKK 95 million). The development in working capital was negatively affected by the earlier start to the peak season, but positively affected by the resumption in Q2 of the high campaign activity in Finland.

Free cash flow for H1 2018 was DKK 117 million above the H1 2017 figure and amounted to DKK 614 million compared to DKK 497 million in 2017. Cash flows from operating activities and dividend from associates showed a DKK 90 million increase on H1 2017, and net investments in property, plant and equipment showed a DKK 27 million decrease, comprising DKK 21 million lower gross investments and DKK 6 million higher revenues from asset divestments.

Outlook

Due to continued extraordinarily good weather in Q3 until mid August, the outlook announced in July 2018 for net revenue, EBITDA and EBIT (see Company Announcement No 44/2018 of 12 July 2018)) is now increased as follows:

DKK mio.	Outlook 2018 (August 2018)	Previous outlook 2018 (July 2018)	Previous outlook 2018 (June 2018)	Previous outlook 2018 (March 2018)	Actual 2017
Net revenue (mDKK)	7,000-7,200	6,900-7,100	6,800-7,000	6,650-6,900	6,384
EBITDA (mDKK)	1,625-1,675	1,560-1,635*	1,550-1,625*	1,450-1,550*	1,362
EBIT (mDKK)	1.275-1,325	1,200-1,275	1,190-1,265	1,090-1,190	1,069

*Implementation of IFRS 16 is expected to affect EBITDA positively by approx DKK 50 million.

The outlook in March 2018 for Royal Unibrew's financial development in 2018 was prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by the general economic activity, fiscal changes and developments in consumption behaviour. Moreover, the outlook was prepared taking into account the development in material expense categories as well as the effect of initiatives completed and initiated. The key assumptions of the financial development in 2018 were described in the Annual Report for 2017.

The outlook for Royal Unibrew's financial development was adjusted upwards in June 2018 (see Company Announcement No 38/2018 of 21 June 2018) due to extraordinarily good weather in Northern Europe in May and June as well as faster than expected execution of the integration of Terme di Crodo. In July 2018, the outlook was marginally adjusted upwards again due to the acquisition of the French lemonade business Etablissement Geyer Fréres (see Company Announcement No 44/2018 of 12 July 2018). Due to continued extraordinarily good weather in Q3 until mid August, the outlook is now further increased.

The medium-term target of an EBIT margin of about 17% is expected to be reached in 2018 due to the positive weather effect, which is not considered ordinary.

Developments in individual market segments

Western Europe

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	2,178	1,941	12	1,292	1,093	18	3,852
Net revenue, beverages (mDKK)	1,590	1,384	15	944	787	20	2,738
Net revenue (mDKK)	1,642	1,428	15	974	813	20	2,829
EBIT (mDKK)	308	267		205	177		563
EBIT margin (%)	18.8	18.7		21.1	21.8		15.4

- Acquisition of Terme di Crodo and extraordinarily good weather resulted in 12% sales increase for H1
- Continued earnings improvement – EBIT margin of 18.8%
- Market shares maintained
- Integration of Terme di Crodo progressing faster than expected
- Opening of the brew pub Anarkist at Albani in Odense

The **Western Europe** segment comprises the markets in Denmark and Germany as well as Italy. Western Europe accounted for 41% of group sales and for 47% of net revenue for H1 2018 (2017: 39% and 45%, respectively).

Sales in Western Europe showed a 12% increase for H1 2018, and Royal Unibrew is estimated to have maintained its market shares. Net revenue from beverages was 15% above the H1 2017 figure. Including snack products sales, net revenue was also 15% above the H1 2017 figure. Organically (adjusted for the growth relating to the acquisition of Terme di Crodo), sales showed a 2% increase and net revenue an 8% increase (Q2: sales increase of 4% and net revenue increase of 10%).

Average selling price per volume unit was above that of 2017 due to a better product and market mix.

Earnings before interest and tax (EBIT) for H1 increased by DKK 41 million from DKK 267 million in 2017 to DKK 308 million in 2018. EBIT margin increased by 0.1 percentage point to 18.8%.

DENMARK AND GERMANY

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales, (thousand hectolitres)	1,749	1,718	2	1,015	968	5	3,441
Net revenue, beverages (mDKK)	1,154	1,070	8	679	611	11	2,162
Net revenue (mDKK)	1,206	1,114	8	709	638	11	2,253

For **Denmark and Germany**, it is estimated that, adjusting for the weather effect, underlying Danish consumption of branded beer and soft drinks remained unchanged in H1 2018. As compared to 2017, Q2 consumption was positively affected by extraordinarily good weather in May and June and negatively affected by all Easter sales in 2018 being in Q1.

Royal Unibrew's sales showed a 2% increase for H1 2018, and net revenue showed an 8% increase (Q2: sales increase of 5% and net revenue increase of 11%). As planned, snack products sales increased too. Royal Unibrew is estimated to have increased its market shares on branded products, due to, among other factors, a number of commercial initiatives with focus on generating value for customers and product innovation with focus on craft and specialty products.

In late Q2, Royal Unibrew opened its first brew pub, Anarkist, in connection with the specialty beer brewery at Albani in Odense and in cooperation with Meyers Køkken. The brewery and the brew pub, where consumers may witness the production of – and sample – new craft beer products, will be a pivotal point of Royal Unibrew's development and marketing of specialty beers.

ITALY

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	429	223	92	277	125	121	411
Net revenue (mDKK)	436	314	39	265	175	51	576

The market situation in **Italy** remains marked by consumer restraint, and poor weather throughout H1 resulted in lower consumption than in H1 2017 – most significantly in on-trade and generally for soft drinks. On the other hand, higher campaign pressure in off-trade affected consumption positively.

Royal Unibrew acquired the soft drinks business Terme di Crodo as of 2 January 2018, which is the key reason for Royal Unibrew's H1 sales being 92% above those of H1 2017 and for the 39% net revenue increase. Organically (adjusted for the growth relating to the acquisition of Terme di Crodo), sales remained unchanged from 2017, and net revenue showed a 5% increase (Q2: sales increase of 1% and net revenue increase of 6%). Selling price per volume unit is lower for soft drinks than for Royal Unibrew's existing product portfolio of super-premium beer products. This is the reason for average net selling price per volume unit for H1 2018 being below that of H1 2017.

Royal Unibrew is estimated to have maintained its market shares on both beer and soft drinks in H1 2018.

In H1, Terme di Crodo launched TonicSoda. This as well as the launch of 1-litre varieties in the full range contributed to increased value per unit, which is important to customers' priorities and positioning of the product portfolio in the long term.

The marketing of Royal Unibrew beer products in Italy has focus on social media and consumer engagement rather than traditional marketing. This marketing strategy of direct communication to consumers is in the first implementation phase for the Terme di Crodo portfolio.

The integration of Terme di Crodo with both Royal Unibrew's Italian organisation and the rest of Royal Unibrew is progressing faster than planned. For further information on Terme di Crodo, reference is made to note 5.

Baltic Sea

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	2,650	2,710*	-2	1,602	1,572*	2	5,354*
Net revenue (mDKK)	1,613	1,508	7	951	881	8	3,076
EBIT (mDKK)	291	200		216	151		431
EBIT margin (%)	18.0	13.3		22.6	17.1		14.0

* Sales relating to the licence business in Russia are included in reported sales as of 2018. The previously reported sales for 2017 have been adjusted by 179 thousand hectolitres for H1, 97 thousand hectolitres for Q2 and 356 thousand hectolitres for all of 2017.

- Large increase in net revenue and earnings due to extraordinarily good weather in May and June
- Higher average selling price per volume unit due to focus on categories with higher value
- Earnings improvement – EBIT margin of 18.0%
- Launch of a number of new products with focus on higher value

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia as well as Russia (licence business)). Baltic Sea accounted for 51% of group sales and for 46% of net revenue for H1 2018 (2017: 54% and 47%, respectively).

Sales for H1 2018 showed a 2% decrease on H1 2017, whereas sales for Q2 showed a 2% increase. Sales were positively affected to a large extent by the extraordinarily good weather in May and June, whereas the absence of the extraordinary campaign activity in Finland in Q1, continued new restrictions on alcoholic beverage sales in the Baltic countries and lower volumes in Russia had a negative effect. Net revenue showed a 7% increase. Average selling price per volume unit was above that of H1 2017 due to a changed product mix and focus on optimising the range towards products that generate higher value.

Earnings before interest and tax (EBIT) of DKK 291 million for H1 were DKK 91 million above the 2017 figure, and EBIT margin increased by 4.7 percentage points to 18%. The earnings development for H1 was positively affected by the higher net revenue, and EBIT margin increased due to a shift in market mix and a better product mix throughout the segment.

FINLAND

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	1,529	1,578	-3	942	914	3	3,094
Net revenue (mDKK)	1,255	1,158	8	739	672	10	2,380

The macroeconomic situation in **Finland** has improved marginally as compared to H1 2017; however, as expected, this has not yet led to changed consumption patterns. Amended alcohol legislation at 1 January 2018 has affected the business positively because, among other things, the retail trade is now allowed to sell products that only the Alko monopoly was previously allowed to sell. A marginal increase in beverage consumption is estimated for H1 2018, adjusting for the effect of the extraordinarily good weather in May and June.

Sales for H1 2018 showed a 3% decrease. The development comprised a decrease for Q1 due to the absence of the extraordinary campaign activity, whereas Easter had a positive effect, as well as a 3% increase for Q2 due to the extraordinarily good weather, but negatively affected by Easter sales which were all in Q1. Amended alcohol legislation at 1 January 2018 has affected sales positively. Royal Unibrew is estimated to have increased its market share on branded products (adjusting for the extraordinary beer campaign). Net revenue for H1 2018 showed an 8% increase, and measured by volume unit it was 12% higher than for H1 2017. In addition to the lower campaign activity in 2018, this is due to focus on achieving a better product mix with products that have a higher selling price.

Priority is given to having a high level of innovation in order to be able continuously to offer a strong product portfolio as demanded by customers and consumers. In 2018, focus has been on speciality beers and soft drinks products with lower or no sugar content. In H1 2018, three new varieties of the historical beer brand Lahden Erikois were launched, including a wheat beer, Lahden Erikois Vehnä. Moreover, H1 saw the launch of a new spring water product, Novelle Plus Folic Acid, as well as Jaffa Mango-Melon, which is a new sugar-free soft drinks product. In H1 2018, Royal Unibrew acquired the Happy Joe cider brand, which has previously been produced and sold on a licence basis.

BALTIC COUNTRIES

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	1,121	1,132	-1	660	658	0	2,260*
Net revenue (mDKK)	358	350	2	212	209	1	696

* Sales relating to the licence business in Russia are included in reported sales as of 2018. The previously reported sales for 2017 have been adjusted by 179 thousand hectolitres for H1, 97 thousand hectolitres for Q2 and 356 thousand hectolitres for all of 2017.

Beer consumption in the **Baltic market** declined in H1 2018 as alcoholic beverage sales in both Latvia and Lithuania are still negatively affected by, among other factors, excise duties increase and restrictions on beverage-packaging. It is estimated that Royal Unibrew its market shares.

H1 sales were 1% below those of 2017. The negative development comprises a positive sales development for soft drinks products, whereas beer products sales decreased in consequence of the declining beer consumption. Net revenue showed a 2% increase and was positively affected by the development in soft drinks products sales, whereas the regulatory matters concerning beer products had a negative effect. Average selling price per volume unit increased by 3%, which is primarily due to licence sales for H1 2018 accounting for a smaller share than for H1 2017.

The level of innovation was high in the Baltic countries in H1 with many launches, and both Lithuania and Latvia focused on the specialty beer segment and on soft drinks products. In Latvia, the first gluten-free beer made of organic raw materials was launched under the Lacplesis Staburags brand. The soft drinks category saw the launch of Fruts Bubbles with a high fruit juice content, and the sports drinks category saw the launch of Mangali Multisport added vitamins and Mangali Zero without sugar as new Mangali brand varieties.

Malt Beverages and Exports

	H1 2018	H1 2017	% change	Q2 2018	Q2 2017	% change	2017
Sales (thousand hectolitres)	398	369	8	205	204	0	706
Net revenue (mDKK)	263	247	6	141	135	4	479
EBIT (mDKK)	59	52		35	32		106
EBIT margin (%)	22.5	21.1		25.0	23.3		22.2

- Good development in Crodo products sales in markets outside Italy and the Balkans
- Focus on increased presence in existing markets
- Net revenue and earnings negatively affected by exchange rate developments
- Continued high EBIT margin

The **Malt Beverages and Exports** segment comprises the export and licence business to other markets. For H1 2018, Malt Beverages and Exports accounted for 8% of group sales and for 7% of net revenue (2017: 7% and 8%, respectively).

Sales in the segment are characterised by large volumes being exported to distributors at a time, which means that inventory changes should be taken into account when comparing periods. It is estimated that distributors' sales to customers and consumers, excluding the Terme di Crodo portfolio, increased by a medium one-digit percentage in H1 2018.

Sales for H1 2018 showed an 8% increase on H1 2017. The positive development is due to, among other things, Terme di Crodo exporting LemonSoda to the Central European markets of the segment. Crodo products sales for H1 were as expected. Net revenue showed a 6% increase. The lower average selling price per sales unit was negatively affected by exchange rate developments, whereas Crodo products sales affected the selling price positively. Exchange rate developments affected net revenue negatively by approx DKK 10 million. Adjusting for these, net revenue for H1 2018 showed an 8% increase on H1 2017.

Earnings before interest and tax (EBIT) for H1 2018 amounted to DKK 59 million, which is DKK 7 million above the H1 2017 figure. Exchange rate developments affected earnings negatively by DKK 8 million. Adjusting for these, EBIT for H1 2018 were DKK 15 million above those of H1 2017, and EBIT margin for H1 2018 was 24.5% compared to 21.1% for H1 2017.

As planned, material investments were also made in H1 2018 in reinforcing business in the segment with focus on greater presence in already established markets and in the new markets penetrated in recent years. The shortage of "hard" currency continues to present a challenge to the achievement of a positive business volume development in Africa although the situation has improved since the end of 2017.

Management's Statement

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

The Interim Report, which has not been audited or reviewed by the Company's independent auditors, was prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Statements give a true and fair view of the financial position of the Group at 30 June 2018 as well as of the results of the Group operations and cash flows for the period 1 January – 30 June 2018.

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

Faxe, 27 August 2018

Executive Board

Johannes F.C.M. Savonije
President & CEO

Lars Jensen
CFO

Board of Directors

Walther Thygesen
Chairman

Jais Valeur
Deputy Chairman

Martin Alsø

Einar Esbensen Nielsen

Claus Kærgaard

Christian Sagild

Karsten Mattias Slotte

Hemming Van

Lars Vestergaard

Floris van Woerkom

Income Statement and Statement of Comprehensive Income

Income Statement

DKK '000	H1 2018	H1 2017	Q2 2018	Q2 2017	2017
Net revenue	**3,518,054**	**3,182,781**	**2,066,246**	**1,828,347**	**6,384,386**
Production costs	-1,673,677	-1,540,148	-960,236	-864,903	-3,084,314
Gross profit	**1,844,377**	**1,642,633**	**1,106,010**	**963,444**	**3,300,072**
Sales and distribution expenses	-1,053,243	-999,291	-589,951	-545,934	-1,956,367
Administrative expenses	-150,375	-140,875	-68,851	-66,171	-275,104
EBIT	**640,759**	**502,467**	**447,208**	**351,339**	**1,068,601**
Income after tax from investments in associates	8,914	10,435	11,690	11,939	18,418
Financial income	1,843	600	1,587	573	3,048
Financial expenses	-15,164	-15,399	-5,315	-8,555	-34,447
Profit before tax	**636,352**	**498,103**	**455,170**	**355,296**	**1,055,620**
Tax on the profit for the period	-134,780	-108,058	-95,814	-75,630	-224,961
Net profit for the period	**501,572**	**390,045**	**359,356**	**279,666**	**830,659**
Earnings per share (DKK)	9.9	7.5	7.1	5.4	16.0
Diluted earnings per share (DKK)	9.9	7.4	7.1	5.4	16.0

Statement of Comprehensive Income

DKK '000	H1 2018	H1 2017	Q2 2018	Q2 2017	2017
Net profit for the period	501,572	390,045	359,356	279,666	830,659
Other comprehensive income					
Items that may be reclassified to the income statement:					
Value and exchange adjustments of foreign group enterprises	6,900	-5,316	1,473	-5,810	-5,232
Value adjustment of hedging instruments, opening	1,416	7,113	11,446	-258	7,113
Value adjustment of hedging instruments, closing	-5,449	-7,097	-5,449	-7,097	-1,416
Tax on other comprehensive income	850	-685	-922	740	-1,560
Total	**3,717**	**-5,985**	**6,548**	**-12,425**	**-1,095**
Items that may not be reclassified to the income statement:					
Actuarial loss on pension schemes					-104
Tax on actuarial loss on pension schemes					23
Total	**0**	**0**	**0**	**0**	**-81**
Total other comprehensive income	**3,717**	**-5,985**	**6,548**	**-12,425**	**-1,176**
Total comprehensive income	**505,289**	**384,060**	**365,904**	**267,241**	**829,483**

Balance Sheet

Assets

DKK '000	30/6 2018	30/6 2017	31/12 2017
NON-CURRENT ASSETS			
Goodwill	1,760,591	1,449,684	1,451,150
Trademarks	1,492,662	1,230,694	1,232,067
Distribution rights	164,885	175,984	170,092
Customer relations	1,994	15,502	8,757
Intangible assets	*3,420,132*	*2,871,864*	*2,862,066*
Property, plant and equipment	2,365,632	2,143,079	2,121,551
Investments in associates	124,120	123,584	127,911
Other fixed asset investments	9,628	9,899	9,618
Non-current assets	**5,919,512**	**5,148,426**	**5,121,146**
CURRENT ASSETS			
Inventories	436,532	395,314	335,338
Receivables	957,154	805,573	587,441
Corporation tax			16,164
Prepayments	37,718	40,656	33,693
Cash at bank and in hand	94,399	15,044	684,626
Current assets	**1,525,803**	**1,256,587**	**1,657,262**
Assets	**7,445,315**	**6,405,013**	**6,778,408**

Liabilities and Equity

DKK '000	30/6 2018	30/6 2017	31/12 2017
EQUITY			
Share capital	102,000	105,400	105,400
Other reserves	746,809	763,916	770,138
Retained earnings	1,705,485	1,767,216	1,469,583
Proposed dividend			469,030
Equity	**2,554,294**	**2,636,532**	**2,814,151**
Deferred tax	437,501	380,208	378,231
Mortgage debt	856,608	858,179	858,328
Credit institutions	769,071	200,000	381,179
Other payables	10,213	10,259	12,960
Non-current liabilities	**2,073,393**	**1,448,646**	**1,630,698**
Mortgage debt	3,740	4,761	3,720
Credit institutions	421,013	109,710	416,369
Provisions	16,396		20,846
Trade payables	1,223,937	1,166,105	1,025,688
Corporation tax	33,341	14,416	
Other payables	1,119,201	1,024,843	866,936
Current liabilities	**2,817,628**	**2,319,835**	**2,333,559**
Liabilities	**4,891,021**	**3,768,481**	**3,964,257**
Liabilities and equity	**7,445,315**	**6,405,013**	**6,778,408**

Cash Flow Statement

DKK '000	Note	H1 2018	H1 2017	2017
Net profit for the period		501,572	390,045	830,659
Adjustments for non-cash operating items	4	302,469	256,558	536,784
		804,041	**646,603**	**1,367,443**
Change in working capital:				
Receivables		-372,599	-295,497	-71,496
Inventories		-66,346	-59,325	863
Payables		431,816	415,467	146,616
Cash flows from operating activities before financial income and expenses		**796,912**	**707,248**	**1,443,426**
Financial income		770	600	3,048
Financial expenses		-15,312	-14,327	-31,832
Cash flows from ordinary activities		**782,370**	**693,521**	**1,414,642**
Corporation tax paid		-82,664	-95,220	-246,418
Cash flows from operating activities		**699,706**	**598,301**	**1,168,224**
Dividends received from associates		15,649	26,668	26,735
Sale of property, plant and equipment		14,942	8,710	8,554
Purchase of property, plant and equipment		-116,217	-136,930	-253,771
Free cash flow		*614,080*	*496,749*	*949,742*

DKK '000	Note	H1 2018	H1 2017	2017
Acquisition of subsidiary		-597,542		
Purchase/sale of intangible assets and fixed asset investments		-20,870	175	456
Cash flows from investing activities		**-704,038**	**-101,377**	**-218,026**
Debt financing:				
Proceeds from increased drawdown on credit facilities		286,048	200,000	901,274
Repayment on credit facilities		-101,509	-25,354	-240,000
Shareholders:				
Dividends paid to shareholders		-450,874	-426,527	-426,527
Acquisition of shares for treasury		-320,939	-236,951	-507,589
Cash flows from financing activities		**-587,274**	**-488,832**	**-272,842**
Change in cash and cash equivalents		**-591,606**	**8,092**	**677,356**
Cash and cash equivalents at 1 January		684,626	6,917	6,917
Exchange adjustment		1,379	35	353
Cash and cash equivalents at 30 June		**94,399**	**15,044**	**684,626**

Statement of Changes in Equity

For 1 January - 30 June 2017

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2017	**105,400**	**812,771**	**-41,217**	**-1,416**	**770,138**	**1,469,583**	**469,030**	**2,814,151**
Changes in equity in 2018								
Net profit for the period					**0**	501,572		**501,572**
Other comprehensive income			6,922	-4,033	**2,889**	-22		**2,867**
Tax on other comprehensive income					**0**	850		**850**
Total comprehensive income	**0**	**0**	**6,922**	**-4,033**	**2,889**	**502,400**	**0**	**505,289**
Dividends paid to shareholders					**0**		-450,874	**-450,874**
Dividend on treasury shares					**0**	18,156	-18,156	**0**
Acquisition of shares for treasury					**0**	-320,939		**-320,939**
Capital reduction	-3,400	-26,218			**-26,218**	29,618		**0**
Share-based payments					**0**	4,362		**4,362**
Tax on changes in equity, shareholders					**0**	2,305		**2,305**
Total shareholders	**-3,400**	**-26,218**	**0**	**0**	**-26,218**	**-266,498**	**-469,030**	**-765,146**
Total changes in equity 1/1 - 30/6 2018	**-3,400**	**-26,218**	**6,922**	**-4,033**	**-23,329**	**235,902**	**-469,030**	**-259,857**
Equity at 30 June 2018	**102,000**	**786,553**	**-34,295**	**-5,449**	**746,809**	**1,705,485**	**0**	**2,554,294**

The share capital at 30 June 2018 amounts to DKK 102,000,000 and is distributed on shares of DKK 2 each.
A resolution was made at the Annual General Meeting of the Company on 24 April 2018 to reduce the share capital by DKK 3,400,000 through cancellation of treasury shares.

Statement of Changes in Equity

For 1 January - 30 June 2018

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2016	**108,200**	**834,363**	**-36,442**	**-7,113**	**790,808**	**1,571,454**	**440,915**	**2,911,377**
Changes in equity in 2017								
Net profit for the period					**0**	390,045		**390,045**
Other comprehensive income			-5,316	16	**-5,300**			**-5,300**
Tax on other comprehensive income					**0**	-685		**-685**
Total comprehensive income	**0**	**0**	**-5,316**	**16**	**-5,300**	**389,360**	**0**	**384,060**
Dividends paid to shareholders					**0**		-426,527	**-426,527**
Dividend on treasury shares					**0**	14,388	-14,388	**0**
Acquisition of shares for treasury					**0**	-236,951		**-236,951**
Capital reduction	-2,800	-21,592			**-21,592**	24,392		**0**
Share-based payments					**0**	3,623		**3,623**
Tax on changes in equity, shareholders					**0**	950		**950**
Total shareholders	**-2,800**	**-21,592**	**0**	**0**	**-21,592**	**-193,598**	**-440,915**	**-658,905**
Total changes in equity 1/1 - 30/6 2017	**-2,800**	**-21,592**	**-5,316**	**16**	**-26,892**	**195,762**	**-440,915**	**-274,845**
Equity at 30 June 2017	**105,400**	**812,771**	**-41,758**	**-7,097**	**763,916**	**1,767,216**	**0**	**2,636,532**

Notes

Note 1 Significant Accounting Policies; Accounting Estimates and Judgements

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

Significant accounting policies have changed as compared to the Annual Report for 2017 as IFRS 16 (Leases) has been implemented early at 1 January 2018, and IFRS 9 and IFRS 15 have taken effect and have been implemented. On the basis of Royal Unibrew's current activities, IFRS 9 and IFRS 15 are not assessed to have any impact on recognition and measurement. As disclosed in the Annual Report for 2017, IFRS 16 is assessed only to affect EBIT and profit before tax for 2018 marginally, whereas, on a full-year basis, EBITDA is expected to be positively affected by approx DKK 50 million. The net present value of operating leases recognised under IFRS 16 has at 1 January 2018 increased property, plant and equipment as well as net interest-bearing debt (credit institutions) by DKK 205 million corresponding to approx 3% of the balance sheet total, and equity has been reduced by 2 percentage points to 40%.

Other than the above, the accounting policies are unchanged from those applied in the Annual Report for 2017, to which reference is made as it provides the total description of accounting policies significant to the Financial Statements.

Accounting Estimates and Judgements

The preparation of interim financial reporting requires that Management make accounting estimates and judgements which affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The key estimates made by Management in applying the Group's accounting policies and the key uncertainties relating to the estimates are the same when preparing the interim financial reporting as when preparing the Annual Report at 31 December 2017.

Note 2 Assets and Derivative Financial Instruments Measured at Fair Value

DKK '000	30/6 2018	30/6 2017	31/12 2017
Derivative financial instruments	-5,449	-7,097	-1,416

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

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

Notes

Note 3 Segment Reporting

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

H1 2018

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	1,642	1,613	263		**3,518**
Earnings before interest and tax (EBIT)	**308.4**	**290.7**	**59.2**	**-17.5**	**640.8**
Share of income from associates	8.9				**8.9**
Other financial income and expenses	-1.7	-4.7	-0.1	-6.8	**-13.3**
Profit/loss before tax for the period	**315.6**	**286.0**	**59.1**	**-24.3**	**636.4**
Tax on the profit/loss for the period				-134.8	**-134.8**
Net profit for the period					**501.6**
EBIT margin, %	**18.8**	**18.0**	**22.5**		**18.2**
Sales, beverages (thousand hectolitres)	2,178	2,650	398		**5,226**
Net revenue, beverages	1,590	1,613	263		**3,466**

H1 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	1,428	1,508	247		**3,183**
Earnings before interest and tax (EBIT)	**267.5**	**200.2**	**52.1**	**-17.3**	**502.5**
Share of income from associates	10.4				**10.4**
Other financial income and expenses	-0.1	-3.3	-0.1	-11.3	**-14.8**
Profit/loss before tax for the period	**277.8**	**196.9**	**52.0**	**-28.6**	**498.1**
Tax on the profit/loss for the period				-108.1	**-108.1**
Net profit for the period					**390.0**
EBIT margin, %	**18.7**	**13.3**	**21.1**		**15.8**
Sales, beverages (thousand hectolitres)	1,941	2,710	369		**5,020**
Net revenue, beverages	1,384	1,508	247		**3,139**

Notes

Note 3 Segment Reporting (continued)

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

Q2 2018

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	974	951	141		**2,066**
Earnings before interest and tax (EBIT)	**205.5**	**215.5**	**35.2**	**-9.0**	**447.2**
Share of income from associates	11.7				**11.7**
Other financial income and expenses	-1.0	-1.4	-0.1	-1.2	**-3.7**
Profit/loss before tax for the period	**216.2**	**214.1**	**35.1**	**-10.2**	**455.2**
Tax on the profit/loss for the period				-95.8	**-95.8**
Net profit for the period					**359.4**
EBIT margin, %	**21.1**	**22.7**	**25.0**		**21.6**
Sales, beverages (thousand hectolitres)	1,292	1,602	205		**3,099**
Net revenue, beverages	944	951	141		**2,036**

Q2 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	813	881	135		**1,829**
Earnings before interest and tax (EBIT)	**177.2**	**150.8**	**31.5**	**-8.1**	**351.4**
Share of income from associates	11.9				**11.9**
Other financial income and expenses	-0.1	-1.9	0.0	-6.0	**-8.0**
Profit/loss before tax for the period	**189.0**	**148.9**	**31.5**	**-14.1**	**355.3**
Tax on the profit/loss for the period				-75.7	**-75.7**
Net profit for the period					**279.6**
EBIT margin, %	**21.8**	**17.1**	**23.3**		**19.2**
Sales, beverages (thousand hectolitres)	1,093	1,572	204		**2,869**
Net revenue, beverages	787	881	135		**1,803**

Notes

Note 3 Segment Reporting (continued)

2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	2,829	3,076	479		**6,384**
Earnings before interest and tax (EBIT)	**563.4**	**430.6**	**106.4**	**-31.8**	**1,068.6**
Share of income from associates	18.4				**18.4**
Other financial income and expenses	-0.2	-13.2	-0.1	-17.9	**-31.4**
Profit/loss before tax for the period	**581.6**	**417.4**	**106.3**	**-49.7**	**1,055.6**
Tax on the profit/loss for the period				-224.9	**-224.9**
Net profit for the period					**830.7**
EBIT margin, %	**19.9**	**14.0**	**22.2**		**16.7**
Sales, beverages (thousand hectolitres)	3,852	4,998	706		**9,556**
Net revenue, beverages	2,738	3,076	479		**6,293**

Note 4 Cash Flow Statement

DKK '000	H1 2018	H1 2017	2017
Adjustments for non-cash operating items			
Financial income	-1,843	-600	-3,048
Financial expenses	15,164	15,399	34,447
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	161,792	147,455	296,665
Tax on the profit for the period	134,780	108,058	224,961
Income from investments in associates	-8,914	-10,435	-18,418
Net profit/loss from sale of property, plant and equipment	-2,872	-6,942	-3,474
Share-based remuneration and payments	4,362	3,623	5,651
Total	**302,469**	**256,558**	**536,784**

Notes

Note 5 Acquisition of subsidiaries

Acquisition of Terme di Crodo
On 4 October 2017, Royal Unibrew entered into an agreement with Gruppo Campari to acquire the company Terme di Crodo S.r.l. The company was acquired on 2 January 2018.

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

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

The company has approximately 70 employees related to production and internal logistics, whereas external logistics and commercial activities are undertaken by Royal Unibrew's Italian distribution company Ceres S.p.A., or in cooperation with external partners.

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

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

The acquisition price of DKK 607 million, which has been paid in cash, is based on an enterprise value of DKK 598 million. The valuation of Terme di Crodo has been based on the multiples applicable to leading, national beverage positions.

The acquisition is expected to generate value for Royal Unibrew's shareholders by reinforcing the total Italian business, and by leveraging optimisation potential across the Group's operations. On that basis, the acquisition is expected to increase Royal Unibrew's profit and earnings per share already with effect from 2018.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 10 million for legal, financial and commercial advisers in connection with the realisation of the transaction. The costs were recognised in the Annual Report for 2017.

The company is included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition, 2 January 2018.

Royal Unibrew has made the following preliminary calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition.

DKK '000	
Intangible assets	238,237
Other non-current assets	82,797
Current assets	34,612
Deferred tax	-59,304
Current liabilities	-6,519
Acquired net assets	**289,823**
Goodwill	307,719
Estimated fair value of the business	**597,542**
Acquired cash at bank and in hand	9,588
Cash consideration	**607,130**

No trade receivables were acquired. Goodwill relates to synergies and the potential for development of the acquired activities and is not deductible for tax purposes.

Note 5 Acquisition of subsidiaries (continued)

Acquisition of Nohrlund ApS

On 14 June 2018, Royal Unibrew entered into an agreement to acquire 50.5% of the share capital of Nohrlund ApS at a price of DKK 10 million.

The shares were acquired on 2 July 2018, and the company will be included in the Consolidated Financial Statements of Royal Unibrew as of that date.

The acquisition price agreed upon is based on an enterprise value of DKK 25 million (100%).

Nohrlund produces and sells ready-to-drink organic cocktails with focus on the on-trade segment.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of less than DKK 1 million for legal, financial and commercial advisers in connection with the realisation of the transaction. The costs were recognised in the Interim Report for 1 January - 30 June 2018.

Acquisition of Bev.Con ApS

On 21 June 2018, Royal Unibrew entered into an agreement to acquire the company Bev.Con ApS, which owns brands such as CULT Energy, SHAKER and MOKAÏ. The company is expected to be acquired by the end of 2018.

The acquisition price agreed upon is based on an enterprise value of DKK 350 million and is financed by bank borrowings.

CULT were the first to introduce energy drinks in the Danish market, and, through the acquisition, Royal Unibrew reinforces its market position in Denmark and broadens the range in RTD (Ready-to-Drink) and cider categories and the market for energy drinks.

Royal Unibrew expects to be able to achieve increased distribution and activation of the CULT portfolio, and the acquisition is expected to increase Royal Unibrew's earnings per share (EPS) already in 2019.

The company has about 40 employees focusing on commercial activities; production and logistics have been contracted out to a third party.

The acquisition is expected realised by the end of 2018 and is subject to the approval of the Danish and German competition authorities. At this time, only the approval of the Danish authorities is outstanding.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 4 million for legal, financial and commercial advisers in connection with the realisation of the transaction. The costs were recognised in the Interim Report for 1 January - 30 June 2018.

The company will be included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition in 2018.

Note 5 Acquisition of subsidiaries (continued)

Acquisition of Etablissements Geyer Fréres
On 12 July 2018, Royal Unibrew entered into an agreement to acquire the company Etablissements Geyer Fréres, which owns the brands LORINA, Pure Thé and In Freshhh – all lemonade products. The company was acquired at 12 July 2018.

The acquisition price amounts to DKK 660 million and is financed by bank borrowings. The enterprise value amounts to DKK 729 million.

Etablissements Geyer Fréres is market-leading in the lemonade category within off-trade in France holding a market share of about 33%, whereas it has limited presence within on-trade and convenience. The company exports to about 40 countries on a minor scale, whereas exports to the USA represent a significant part of the business. Overall, exports represent about 40% of revenue, which in 2017 amounted to DKK 266 million. The company's earnings margins were on level with those of Royal Unibrew in 2017.

Etablissements Geyer Fréres has about 100 permanent employees and production facilities in Munster in the north-eastern part of France.

The acquisition will establish a niche platform in France as well as a unique platform for further growth in Royal Unibrew's export portfolio.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 6 million for legal, financial and commercial advisers in connection with the realisation of the transaction. The costs were recognised in the Interim Report for 1 January - 30 June 2018.

The company will be included in the Consolidated Financial Statements of Royal Unibrew as of 12 July 2018.

Royal Unibrew has made the following preliminary calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition.

DKK '000	
Intangible assets	283,000
Other non-current assets	126,259
Current assets	134,005
Deferred tax	-85,000
Current liabilities	-118,696
Acquired net assets	**339,568**
Goodwill	389,206
Estimated fair value of the business	**728,774**
Acquired net interest-bearing debt	-68,437
Cash consideration	**660,337**

Of the receivables acquired, trade receivables are expected to have a fair value of DKK 75 million after expected write-down of approx DKK 1 million in respect of receivables that were uncollectible at the time of acquisition. Goodwill relates to synergies and the potential for development of the acquired activities and is not deductible for tax purposes.

On a full year basis, the acquisition is expected to affect consolidated net revenue and earnings before interest and tax (EBIT) by approx DKK 300 million and approx DKK 50 million, respectively.

Financial Highlights and Key Ratios

Quarterly

	Q1 2018	Q1 2017	Q2 2018	Q2 2017
Sales (thousand hectolitres)	2,127	2,151	3,099	2,869
Income Statement (mDKK)				
Net revenue	1,452	1,354	2,066	1,829
EBITDA	274	224	526	419
EBITDA margin (%)	*18.9*	*16.5*	*25.5*	*22.9*
Earnings before interest and tax (EBIT)	194	151	447	351
EBIT margin (%)	*13.4*	*11.2*	*21.6*	*19.2*
Income after tax from investments in associates	-3	-2	12	12
Other financials, net	-10	-6	-4	-8
Profit before tax	181	143	455	355
Net profit for the period	142	110	359	280
Balance Sheet (mDKK)				
Non-current assets	5,909	5,138	5,920	5,148
Total assets	7,347	6,294	7,445	6,405
Equity	2,791	2,935	2,554	2,637
Net interest-bearing debt	2,224	1,142	1,956	1,158
Net working capital	-488	-690	-928	-949
Invested capital	5,324	4,316	4,814	4,041
Cash Flows (mDKK)				
From operating activities	-249	-24	949	622
From investing activities	-626	-29	-78	-72
Free cash flow	-278	-54	892	551
Financial ratios (%)				
Free cash flow as a percentage of net revenue	-19	-4	43	30
Cash conversion	-195	-48	248	197
Equity ratio	38	47	34	41

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

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

H1 2014-2018

	H1 2018	H1 2017	H1 2016	H1 2015	H1 2014
Sales (thousand hectolitres)	5,226	5,020	4,967	4,431	4,500
Income Statement (mDKK)					
Net revenue	3,518	3,183	3,160	2,923	2,992
EBITDA	800	643	620	574	504
EBITDA margin (%)	*22.7*	*20.2*	*19.6*	*19.6*	*16.8*
Earnings before interest and tax (EBIT)	641	502	468	425	361
EBIT margin (%)	*18.2*	*15.8*	*14.8*	*14.5*	*12.1*
Income after tax from investments in associates	9	10	15	12	18
Other financials, net	-14	-14	-21	-25	-36
Profit before tax	636	498	462	412	343
Net profit for the period	502	390	364	322	266
Balance Sheet (mDKK)					
Non-current assets	5,920	5,148	5,256	5,552	5,744
Total assets	7,445	6,405	6,531	6,910	7,282
Equity	2,554	2,637	2,712	2,724	2,440
Net interest-bearing debt	1,956	1,158	1,261	1,627	2,042
Net working capital	-928	-949	-867	-721	-756
Invested capital	4,814	4,041	4,207	4,627	4,788
Cash Flows (mDKK)					
From operating activities	700	598	413	376	361
From investing activities	-704	-101	100	27	-23
Free cash flow	614	497	514	399	340
Share Ratios (DKK per share of DKK 2)					
Earnings per share	9.9	7.5	6.8	5.8	4.8
Cash flow per share	13.8	11.4	7.7	6.8	6.5
Year-end price per share	508.5	312.3	298.0	228.8	171.2
Financial Ratios (%)					
Free cash flow as a percentage of net revenue	17	16	16	14	11
Cash conversion	122	127	141	124	128
Net interest-bearing debt/EBITDA (running 12 months)	1.3	0.9	1.0	1.3	1.9*
Equity ratio	34	41	42	39	34