



Company Announcement No 40/2019 – 27 August 2019

# Interim Report for 1 January - 30 June (H1) 2019

## Organic revenue growth and acquisitions drive solid EBIT growth of 11% in H1

Royal Unibrew delivered a solid financial result for the first half of 2019. EBIT increased by 11% and the higher result was driven by all segments. Net revenue increased by 8% of which 2 percentage points were organic growth, while acquisitions in H2 2018 and Q1 2019 added 6% to the net revenue. Q2 was positively affected by the timing of the Easter in 2019, but negatively affected by the weather compared to 2018. The EBIT-margin was 18.7% (H1 2018: 18.2%). Market shares were slightly improved.

Based on the solid H1 results we specify our outlook for 2019 to be in the upper end of the outlook announced in March 2019.

### Financial highlights H1 2019

Net revenue for H1 2019 increased by 8% and amounted to 3,791 million compared to DKK 3,518 million for H1 2018 and was positively affected by the impact of acquisitions.

Earnings before interest and tax (EBIT) for H1 2019 were DKK 69 million higher than in 2018 and amounted to DKK 710 million (2018: DKK 641 million). The EBIT margin increased by 0.5 percentage points to 18.7%.

Volumes for H1 2019 showed a 5% increase of which 1 percentage point was organic and amounted to 5.5 million hectolitres compared to 5.2 million hectolitres in 2018.

Free cash flow for H1 2019 amounted to DKK 615 million compared to DKK 614 million for H1 2018. As expected the free cash flow was negatively affected by higher paid tax and higher working capital due to lower campaign activities in Finland compared to H1 2018.

In H1 2019, net interest-bearing debt went up by DKK 478 million, of which DKK 292 million was due to the acquisition of Bev.Con ApS (Cult). DKK 796 million (H1 2018: DKK 772 million) was distributed to the shareholders. Calculated on a running 12 months basis, NIBD/EBITDA was 1.7x and ROIC excluding goodwill was 32%. EPS increased by 10% in H1.

### Acquisitions

The acquisition of Bev.Con ApS (CULT) was completed end February, and CULT merged with Royal Unibrew A/S in Q2 2019.

On 12 August Royal Unibrew acquired 100% of the share capital of the Bruce Ashley Group Inc.

In Q2, Royal Unibrew agreed to acquire the Latvian craft brewery SIA Bauskas Alus.

### Outlook

We specify our outlook for 2019 to be in the upper end of the outlook announced in March 2019:

- Net revenue: DKK 7,575-7,650 million (March 2019: DKK 7,400-7,650 million)
- EBIT: DKK 1,440-1,465 million (March 2019: DKK 1,340-1,465 million)

## SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	H1 2019	H1 2018	Q2 2019	Q2 2018
Sales (thousand hectolitres)	5,462	5,226	3,236	3,099
Net revenue	3,791	3,518	2,270	2,066
EBITDA	879	800	584	526
EBITDA margin (%)	23.2	22.7	25.7	25.5
Earnings before interest and tax (EBIT)	710	641	499	447
EBIT margin (%)	18.7	18.2	22.0	21.6
Profit before tax	700	636	500	455
Net profit for the period	541	502	388	359
Free cash flow	615	614	771	892
Net interest-bearing debt	3,000	1,956		
ROIC incl. goodwill (%)*	20	22		
ROIC excl. goodwill (%)*	32	34		
NIBD/EBITDA (times)*	1.7	1.3		
Equity ratio (%)	30	34		

\* Running 12 months

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It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Wednesday, 28 August 2019, at 9.00 am CET by audiocast at the following telephone numbers:

Participants from Denmark: +45 32 72 80 42  
Participants from the UK: +44 (0) 2071 928000  
Participants from the USA: +1 6315 107 495

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

**Financial Calendar for 2019**

13 November 2019      Interim Report for the period 1 January - 30 September 2019

**Forward-looking statements**

This Interim Report contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward-looking statements. 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.

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## Profile

Royal Unibrew is a leading regional beverage provider in a number of markets – primarily in Northern Europe, Italy, France 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 consumer 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 2019	H1 2018	Q2 2019	Q2 2018	FY 2018
Volumes (thousand hectolitres)	5,462	5,226	3,236	3,099	10,805
<b>INCOME STATEMENT (MDKK)</b>					
Net revenue	3,791	3,518	2,270	2,066	7,298
EBITDA	879	800	584	526	1,673
EBITDA margin (%)	23.2	22.7	25.7	25.4	22.9
Earnings before interest and tax (EBIT)	710	641	499	447	1,339
EBIT margin (%)	18.7	18.2	22.0	21.6	18.4
Income after tax from investments in associates	9	9	11	12	20
Other financial income and expenses, net	-19	-14	-10	-4	-31
Profit before tax	700	636	500	455	1,328
Net profit for the period	541	502	388	359	1,040
<b>BALANCE SHEET (MDKK)</b>					
Non-current assets	7,099	5,920			6,775
Total assets	8,907	7,445			8,062
Equity	2,663	2,554			2,908
Net interest-bearing debt	3,000	1,956			2,522
Net working capital	-750	-928			-748
Invested capital	6,068	4,814			5,835
<b>CASH FLOWS (MDKK)</b>					
Operating activities	715	700	816	949	1,214
Investing activities	-399	-704	-46	-78	-1,622
Free cash flow	615	614	771	892	942

	H1 2019	H1 2018	Q2 2019	Q2 2018	FY 2018
<b>SHARE RATIOS (DKK PER SHARE OF DKK 2)</b>					
Number of shares (thousand shares)	50,100	51,000			51,000
Earnings per share (EPS)	10.9	9.9	7.8	7.1	20.6
Free cash flow per share	12.4	12.1	15.5	17.6	18.7
Dividend per share					10.80
End period price per share	479.0	508.5			449.0
<b>FINANCIAL RATIOS (%)</b>					
Free cash flow as a percentage of net revenue	16	17	34	43	13
Cash conversion	114	122	199	248	91
ROIC incl. goodwill*	20	22			21
ROIC excl. goodwill*	32	34			33
Net interest-bearing debt/EBITDA*	1.7	1.3			1.5
Equity ratio	30	34			36

\* Running 12 months

Ratios comprised by the "Recommendations and Financial Ratios" issued by the CFA Society Denmark's Committee for accounting standards have been calculated according to the recommendations.

# Management's Review

## Business Development

As expected, Royal Unibrew continued to see a positive development of its business in H1 2019. The solid improvement of the net revenue and earnings confirms the momentum in the business. Royal Unibrew is assessed to have slightly improved its market shares on branded products.

During H1 2019, we obtained growth across all categories, where low/no sugar beverages were high performers.

The innovative focus has been on meeting consumer trends and understanding the new demands and opportunities within areas such as "good for you" and low sugar and no/low alcohol products.

The integration of Bev.Con (CULT), which was acquired on 28 February 2019, and the acquisitions of Terme di Crodo, Etablissements Geyer Frères (LORINA) and Nohrlund in 2018, are progressing well and according to plan. Focus has been on streamlining the businesses as well as improving the consumer communication.

In Q2, the Group's ERP system, SAP, has been successfully implemented in LORINA, and CULT has been merged with Royal Unibrew A/S.

On 12 August Royal Unibrew acquired 100% of the share capital of the Bruce Ashley Group Inc. (BAG) in Canada. BAG is the agency business that during the last 25 years built

up a strong portfolio of Japanese sake and European beer brands, including the Faxe Brand. BAG has an organization of 25 people within sales and marketing. The acquisition price based on an enterprise value was DKK 10 million and outlook guidance does not change due to this.

In Q2, Royal Unibrew agreed to acquire the Latvian craft brewery SIA Bauskas Alus based on an enterprise value of DKK 60 million. The acquisition requires approval by the Latvian competition authorities.

## Status on share buy-back program

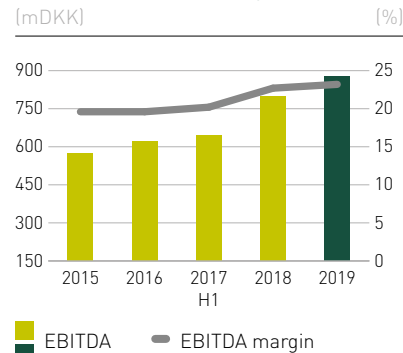
On 6 March 2019, Royal Unibrew launched a share buy-back program expected to cover the period to 31 October 2019 with a view

to adjusting the capital structure of Royal Unibrew A/S.

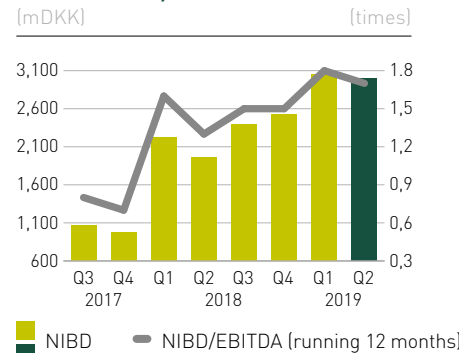
The maximum market value of the share buy-back program will be DKK 400 million, and the program will be carried out in accordance with the "Safe Harbour" method. Under this program as well as the program launched in 2018, Royal Unibrew bought back 535,425 shares at a market value of DKK 258 million in H1 2019.

At the Annual General Meeting of Royal Unibrew in April 2019, a resolution was made to reduce the capital by nominal DKK 1.8 million, and subsequently, 900,000 shares were cancelled. At 30 June 2019, Royal Unibrew held 558,822 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 2020.

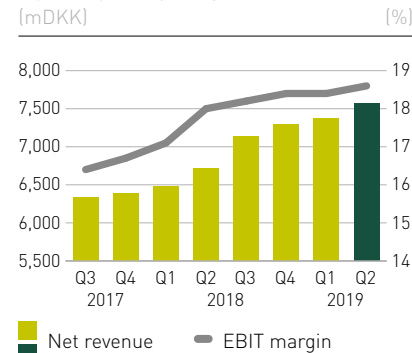
## EBITDA AND EBITDA MARGIN



## NIBD AND NIBD/EBITDA



## REVENUE AND EBIT MARGIN



# Financial Review

## Income Statement

Volumes for H1 2019 aggregated 5.5 million hectolitres of beverages, which was 5% higher than in H1 2018. The acquisitions contributed positively by 4%, while despite negatively affected by a lower campaign activity in Finland and poorer weather in Q2 compared to 2018, the organic increase was 1%.

Net revenue for H1 2019 showed an 8% increase and amounted to DKK 3,791 million compared to DKK 3,518 million for H1 2018 (Q2 2019: 10% increase to DKK 2,270 million compared to DKK 2,066 million for Q2 2018). The acquisitions contributed by a 6% increase, whereas the 2% organic increase was due to a positive development in the

Western Europe and International segments. The net revenue in the Baltic Sea segment was at the same level as in H1 2018 despite the lower sold volumes from campaigns in Finland. The growth in average selling price per volume unit of 3% was driven by improved product and market mix.

The gross profit for H1 2019 was DKK 165 million above the H1 2018 figure and amounted to DKK 2,009 million. The gross margin was 0.6 percentage point above the H1 2018 margin and represented 53.0% compared to 52.4% for H1 2018. Gross profit per volume unit was 4% higher than in 2018 and was positively affected by the focus on portfolio premiumization and the changed market mix.

Sales and distribution expenses for H1 2019 were DKK 75 million above the H1 2018 figure and amounted to DKK 1,128 million compared to DKK 1,053 million for H1 2018. DKK 60 million of the higher expenses relates to the acquisitions. As planned, both sales and marketing expenses for H1 2019 were higher due to a number of growth initiatives and investments in the existing business.

Administrative expenses for H1 2019 showed a DKK 21 million increase on H1 2018 and amounted to DKK 171 million compared to DKK 150 million for H1 2018. DKK 14 million of the higher expenses relates to the acquisitions.

Earnings before interest, tax, depreciation and amortization (EBITDA) for H1 2019 showed a DKK 79 million increase and amounted to DKK 879 million compared to DKK 800 million for H1 2018. In Q2 EBITDA increased by DKK 58 million compared to 2018. The higher earnings are primarily attributable to the Western Europe and Baltic Sea segments. EBIT for H1 2019 amounted to DKK 710 million, which is DKK 69 million above the H1 2018 figure. As in the case of EBITDA, the improvement is primarily attributable to the Western Europe and Baltic Sea segments.

The EBIT margin for H1 2019 showed an increase of 0.5 percentage points to 18.7%. A better product and market mix was the primary reason for the higher EBIT margin.

Net financials for H1 2019 were DKK 5 million higher than in H1 2018 aggregating an expense of DKK 10 million. Financial expenses were DKK 19 million on a net basis compared to DKK 14 million in H1 2018, due to higher interest expenses from the higher interest-bearing debt as a consequence of the acquisitions. Income after tax from investments in associated companies was DKK 9 million as in H1 2018.

## DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 30 JUNE 2019 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	International	Unallocated	Group 2019	Group 2018
Volumes (thousand hectolitres)	2,378	2,611	473	-	5,462	5,226
Growth (%)	9.1	-1.4	18.9	-	4.5	4.1
Share of sales (%)	43	48	9	-		
Net revenue (mDKK)	1,842	1,607	342	-	3,791	3,518
Growth (%)	12.2	-0.4	30.1	-	7.8	10.5
Share of net revenue (%)	49	42	9	-		
EBIT (mDKK)	353	311	62	-16	710	641
EBIT margin (%)	19.2	19.4	18.2	-	18.7	18.2

Profit before tax for H1 2019 was DKK 64 million above the H1 2018 figure and amounted to DKK 700 million compared to DKK 636 million for H1 2018.

Tax on the profit for H1 2019 was an expense of DKK 159 million. The tax has been calculated on the basis of an expected full-year tax rate of approx 23% on the profit excluding income after tax from investments in associates.

The net profit for H1 2019 amounted to DKK 541 million, which is DKK 39 million above the H1 2018 figure.

The earnings per share increased in H1 to DKK 10.9 per share (H1 2018: DKK 9.9 per share).

### Balance Sheet

Royal Unibrew's balance sheet at 30 June 2019 amounted to DKK 8,907 million, which is DKK 845 million above the 31 December 2018 figure. DKK 410 million of the increase is attributable to the acquisition of CULT, whereas inventories and receivables increased by DKK 550 million due to increased production and sales activities in June. The balance sheet total was, however, reduced by DKK 115 million due to amortisation and depreciation of non-current assets exceeding investments and reduced cash.

Invested capital increased by DKK 1,254 million in the period from 1 July 2018 to 30 June 2019, of which DKK 1,030 million are related to acquisitions. ROIC excluding goodwill calculated on a running 12 months basis decreased by 2.1 percentage points to 32% in the period, and ROIC including goodwill decreased by 1.6 percentage points to 20% due to a higher average tax rate and the fact that EBIT relating to the acquisition of CULT has not been recognized for the full period. Further the recent acquisitions have not yet delivered the same return as the base business.

Compared to 31 December 2018, the equity ratio decreased by 6 percentage points in H1 2019 representing 30% at 30 June 2019.

Equity at the end of June 2019 amounted to DKK 2,663 million compared to DKK 2,908 million at the end of 2018. Equity increased in H1 by the positive comprehensive income of DKK 544 million for the period (H1 2018: DKK 505 million), DKK 7 million related to a capital injection from minority shareholders in Nohrlund and 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 538 million and share buy-backs of DKK 258 million. The comprehensive income comprises the profit for the period of DKK 541 million plus

a positive development in the value after tax of hedging instruments of DKK 3 million.

Net interest-bearing debt for H1 showed a DKK 478 million increase and amounted to DKK 3,000 million at 30 June 2019 compared to DKK 2,522 million at the end of 2018. The increase in net interest-bearing debt was as expected and comprised the positive free cash flow of DKK 615 million less distribution to shareholders of DKK 796 million by way of dividend and share buy-backs, the acquisition price of DKK 292 million paid for CULT and DKK 5 million related to fixed asset investments less proceeds from minority shareholders. The net interest-bearing debt to EBITDA ratio (running 12 months basis) was 1.7x (H1 2018: 1.3x).

Funds tied up in working capital showed a negative DKK 750 million at the end of June 2019 (30 June 2018: a negative DKK 928 million) compared to a negative DKK 748 million at the end of 2018. The working capital 30 June 2019 was compared to 30 June 2018 negatively affected by lower campaign activities. Funds tied up in working capital thus decreased by DKK 2 million in H1 2019 (2018: increase of DKK 29 million).

Funds tied up in inventories, trade receivables and trade payables showed an increase of DKK 188 million (2018: increase of DKK

275 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 190 million (2018: decrease of DKK 246 million).

### Cash Flow Statement

Cash flows from operating activities for H1 2019 amounted to DKK 715 million (2018: DKK 700 million) comprising DKK 883 million (2018: DKK 804 million) of profit for the period adjusted for non-cash operating items, positive working capital cash flow of DKK 19 million (2018: a negative DKK 7 million), net interest paid of DKK 19 million (2018: DKK 14 million) and taxes paid of DKK 168 million (2018: DKK 83 million). The increase in receivables and inventories was more than compensated for by the increase in payables, which caused the positive development in working capital in H1 2019.

The free cash flow for H1 2019 amounted to DKK 615 million, which was at the same level as for H1 2018. Cash flows from operating activities and dividend from associates showed a DKK 19 million increase on H1 2018, and net investments in property, plant and equipment showed a DKK 18 million increase, comprising DKK 28 million higher gross investments and DKK 10 million higher revenues from asset divestments.

# Outlook

The outlook announced in March 2019 for net revenue and EBIT (see Company Announcement No 8/2019 of 6 March 2019) is specified to the upper end of the intervals:

DKK mio.	Outlook 2019 (August 2019)	Outlook 2019 (March 2019)	Actual 2018	Actual 2017
Net revenue	7,575-7,650	7,400-7,650	7,298	6,384
EBIT	1,440-1,465	1,340-1,465	1,339	1,069

The outlook published in March 2019 for Royal Unibrew's financial development in 2019 was prepared taking into account a number of circumstances, including how Royal Unibrew's markets are expected to be affected by the general economic activity, fiscal changes and developments in consumption behavior.

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 2019 were described in the Annual Report for 2018.



# Developments in individual Market Segments

## Western Europe

	H1 2019	H1 2018	% change	Q2 2019	Q2 2018	% change	2018
Volumes, beverages (thousand hectolitres)	2,378	2,178	9	1,396	1,292	8	4,536
Net revenue, beverages (mDKK)	1,783	1,590	12	1,065	944	13	3,269
Net revenue (mDKK)	1,842	1,642	12	1,099	974	13	3,378
EBIT (mDKK)	353	308		239	205		645
EBIT margin (%)	19.2	18.8		21.8	21.1		19.1

- Solid organic growth in volumes and net revenue despite less support from the weather than in 2018
- Q2 was positively affected by the timing of Easter
- H1 was positively affected by acquisitions
- Integration of acquisitions progressing as planned

The **Western Europe** segment comprises the markets in Denmark, Germany, Italy and France. Western Europe accounted for 43% of group volumes and for 49% of net revenue for H1 2019 (2018: 41% and 47%, respectively).

Volumes in Western Europe showed a 9% increase on the same period of 2018, and net revenue was 12% above. The H1 2019 revenue was positively affected by a 10% increase from acquisitions.

Earnings before interest and tax (EBIT) for H1 increased by DKK 45 million from DKK 308 million in 2018 to DKK 353 million in 2019. The EBIT margin increased by 0.4 percentage point to 19.2%.

The average selling price per volume was above the 2018 level due to better product mix.

## DENMARK AND GERMANY

	H1 2019	H1 2018	% change	Q2 2019	Q2 2018	% change	2018
Volumes, beverages (thousand hectolitres)	1,792	1,749	2	1,037	1,015	2	3,596
Net revenue, beverages (mDKK)	1,241	1,154	8	744	679	10	2,381
Net revenue (mDKK)	1,300	1,206	8	778	709	10	2,490

For **Denmark and Germany**, the market development is as expected.

Volumes showed a 2% increase for H1 2019, which is mainly related to the CULT acquisition. Net revenue showed an increase of 8% of which 3% was organic growth (Q2: volume increase of 2% and net revenue increase of 10%).

The average selling price per volume was above 2018 due to a good price pack execution and a strong price mix effect from various initiatives.

In the soft drinks category new organic and "better for you" products have been introduced to the market, and the summer edition

of Faxe Kondi with pineapple taste has been well received by our consumers.

The craft and speciality beer segment continues the positive performance which is supported by the successful roll-out of the tap-walls and launch of new SKU's like our first non-alcohol craft beer, the Anarkist Hazy IPA 0.5%.

Focus for Nohrlund has been on festivals and events with very satisfactory results leading to average higher spend per visitor – supporting our customers.

CULT merged with Royal Unibrew A/S in May 2019 and the integration of CULT is progressing as planned. For further information on CULT, reference is made to note 5.

## SOUTHERN EUROPE

	H1 2019	H1 2018	% change	Q2 2019	Q2 2018	% change	2018
Volumes, beverages (thousand hectolitres)	586	429	37	359	277	30	940
Net revenue (mDKK)	542	436	24	321	265	21	888

**Southern Europe** comprises sales in Italy, the Lorina sales in France and the Terme di Crodo sales in the Balkan countries.

The development in **Southern Europe** was challenged at the beginning of Q2 caused by bad weather in **Italy**. Despite the challenging market conditions we have seen solid development in volumes as well as net revenue.

The acquisition of the French lemonade business, Lorina, is the key reason for the volume increase of 37% compared to H1 2018 and for the 24% net revenue increase (Q2: volume increase of 30% and net revenue increase of 21%). Organically (adjusted for Lorina), volumes increased by 5% and net revenue by 2% in spite of a very bad May, when the market was down 10% in Italy compared to last year.

In **Italy**, Royal Unibrew is estimated to have gained market shares as well in the beer category as in the soft drink category, where we continue to focus on the core of our business

supported by selective innovation. We have increased our marketing efforts for the Crodo portfolio in Italy, in particular on the social medias. Ceres Strong Ale is performing well with existing consumers and also our recruitment of new consumers is progressing well. The combined beer/soft drink portfolio is supporting the growth and building of even stronger relationships with our customers.

The integration of the Lorina business in **France** is progressing as planned. The ERP system SAP was successfully implemented in Q2 and will strengthen the business processes going forward. During the first half year, we have reduced the number of SKU's by about 150 to simplify and focus on the core business. Short term this has reduced sales somewhat but with hardly any effect on the profitability.

Commercially, Lorina is developing as expected and selective initiatives in specific channels have been initiated.

## Baltic Sea

	H1 2019	H1 2018	% change	Q2 2019	Q2 2018	% change	2018
Volumes, beverages (thousand hectolitres)	2,611	2,650	-1	1,566	1,602	-2	5,441
Net revenue (mDKK)	1,607	1,613	0	976	951	3	3,338
EBIT (mDKK)	311	291		231	216		599
EBIT margin (%)	19.4	18.0		23.7	22.7		18.0

- No extraordinary beer campaign in Q2 in Finland compared to last year affects volumes and net revenue negatively
- Earnings improvement – EBIT margin of 19.4%

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia) as well as a license business in Russia. Baltic Sea accounted for 48% of the group volumes and for 42% of net revenue for H1 2019 (H1 2018: 51% and 46% respectively).

Earnings before interest and tax (EBIT) for H1 increased by DKK 20 million to DKK 311 million in 2019. The EBIT margin increased by 1.4 percentage points to 19.4%.

The margin development was positively influenced by the lower campaign activity in Finland and an improved product mix.

It is estimated that our market share in **Finland** has increased slightly (exclusive of the large beer campaign with a specific customer), and we have seen a good performance in Off-Trade driven by in particular the carbonated soft drinks (CSD) and ready-to-drink (RTD) categories. Consumer off-take in the RTD category is estimated to have increased by a high single-digit percentage in 2019 compared to last year and Original Long Drink continues to perform well in the Finnish market.

We continue to see a challenging beer market in the **Baltic countries**, which is offset by the positive development in non-alcoholic categories.

In the Baltic countries we are maintaining our market position in the beer category and continue to gain market shares in the soft drink category – among other things due to the good performance in the PepsiCo portfolio.

## International

	H1 2019	H1 2018	% change	Q2 2019	Q2 2018	% change	2018
Volumes, beverages (thousand hectolitres)	473	398	19	274	205	34	828
Net revenue (mDKK)	342	263	30	195	141	38	582
EBIT (mDKK)	62	59		37	35		127
EBIT margin (%)	18.2	22.5		18.9	25.0		21.9

- Double digit organic revenue growth
- Positive impact from currency development
- Focus on BREXIT
- Investment in commercial strengthening progressing as planned

The **International** segment comprises the export and license business to international markets outside Denmark, Finland, Italy and the Baltic countries. For H1 2019, **International** accounted for 9% of the group volume and 9% of the net revenue. (H1 2018: 8% and 7% respectively).

Volumes for H1 2019 showed a 19% increase, supported by the new products from the acquired companies as well as growth in the existing business. Net revenue increased by 30% of which 12% was organic growth.

In H1 2019 focus has been on deeper penetration and rotation in existing markets.

The ERP system, SAP, has been implemented in the acquired Lorina company as part of the integration in US.

EBIT for H1 2019 amounted to DKK 62 million which was slightly above the H1 2018 result. EBIT has been negatively impacted by a challenging environment in the UK. The challenges in the UK is the key to the negative development in the EBIT margin.

In H1 2019, the segment was positively affected by the development in the US dollar exchange rate.

# Management's Statement

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

The Interim Report, which has not been audited or reviewed by the Company's independ-

ent auditors, was prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Statements give a true and fair view of the financial

position of the Group at 30 June 2019 as well as of the results of the Group operations and cash flows for the period 1 January - 30 June 2019.

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 2019

## 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

Heidi Kleinbach-Sauter

Claus Kærgård

Christian Sagild

Karsten Mattias Slotte

Catharina Stackelberg-Hammarén

Lars Vestergaard

Floris van Woerkom

# Income Statement and Statement of Comprehensive Income

## Income Statement

DKK '000	H1 2019	H1 2018	Q2 2019	Q2 2018	FY 2018
<b>Net revenue</b>	<b>3,791,060</b>	<b>3,518,054</b>	<b>2,269,836</b>	<b>2,066,246</b>	<b>7,298,086</b>
Production costs	-1,781,726	-1,673,677	-1,041,564	-960,236	-3,471,098
<b>Gross profit</b>	<b>2,009,334</b>	<b>1,844,377</b>	<b>1,228,272</b>	<b>1,106,010</b>	<b>3,826,988</b>
Sales and distribution expenses	-1,128,327	-1,053,243	-635,993	-589,951	-2,167,325
Administrative expenses	-171,198	-150,375	-93,335	-68,851	-320,272
<b>EBIT</b>	<b>709,809</b>	<b>640,759</b>	<b>498,944</b>	<b>447,208</b>	<b>1,339,391</b>
Income after tax from investments in associates	9,130	8,914	11,018	11,690	19,607
Financial income	2,271	1,843	1,701	1,587	5,074
Financial expenses	-21,226	-15,164	-11,779	-5,315	-36,346
<b>Profit before tax</b>	<b>699,984</b>	<b>636,352</b>	<b>499,884</b>	<b>455,170</b>	<b>1,327,726</b>
Tax on the profit for the period	-159,130	-134,780	-112,013	-95,814	-287,780
<b>Net profit for the period</b>	<b>540,854</b>	<b>501,572</b>	<b>387,871</b>	<b>359,356</b>	<b>1,039,946</b>
<b>Profit for the period is attributable to:</b>					
Equity holders of Royal Unibrew A/S	541,594	501,572	388,021	359,356	1,039,946
Non-controlling interests	-740	0	-150	0	0
<b>Net profit for the period</b>	<b>540,854</b>	<b>501,572</b>	<b>387,871</b>	<b>359,356</b>	<b>1,039,946</b>
Earnings per share (DKK)	10.9	9.9	7.8	7.1	20.6
Diluted earnings per share (DKK)	10.9	9.9	7.8	7.1	20.6

## Statement of Comprehensive Income

DKK '000	H1 2019	H1 2018	Q2 2019	Q2 2018	FY 2018
Net profit for the period	540,854	501,572	387,871	359,356	1,039,946
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the income statement:</i>					
Value and exchange adjustments of foreign group enterprises	-333	6,900	-3,946	1,473	9,738
Value adjustment of hedging instruments, beginning of year	17,315	1,416	11,582	11,446	1,416
Value adjustment of hedging instruments, end of year	-12,820	-5,449	-12,820	-5,449	-17,315
Tax on other comprehensive income	-869	850	251	-922	3,154
<b>Total</b>	<b>3,293</b>	<b>3,717</b>	<b>-4,933</b>	<b>6,548</b>	<b>-3,007</b>
<i>Items that may not be reclassified to the income statement:</i>					
Actuarial loss on pension schemes					314
Tax on actuarial loss on pension schemes					-62
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>252</b>
<b>Other comprehensive income after tax</b>	<b>3,293</b>	<b>3,717</b>	<b>-4,933</b>	<b>6,548</b>	<b>-2,755</b>
<b>Total comprehensive income</b>	<b>544,147</b>	<b>505,289</b>	<b>382,938</b>	<b>365,904</b>	<b>1,037,191</b>
<b>Comprehensive income for the period is attributable to:</b>					
Equity holders of Royal Unibrew A/S	544,887	505,289	383,088	365,904	1,038,160
Non-controlling interests	-740	0	-150	0	-969
<b>Net profit for the period</b>	<b>544,147</b>	<b>505,289</b>	<b>382,938</b>	<b>365,904</b>	<b>1,037,191</b>

# Balance Sheet

## Assets

DKK '000	30/6 2019	30/6 2018	31/12 2018
<b>NON-CURRENT ASSETS</b>			
Goodwill	2,288,995	1,760,591	2,124,891
Trademarks	1,971,237	1,492,662	1,769,089
Distribution rights	154,228	164,885	159,759
Customer relations	56,009	1,994	54,145
<i>Intangible assets</i>	<i>4,470,469</i>	<i>3,420,132</i>	<i>4,107,884</i>
Property, plant and equipment	2,491,894	2,365,632	2,529,777
Investments in associates	116,958	124,120	124,462
Other fixed asset investments	19,530	9,628	12,390
<b>Non-current assets</b>	<b>7,098,851</b>	<b>5,919,512</b>	<b>6,774,513</b>
<b>CURRENT ASSETS</b>			
Inventories	544,303	436,532	439,676
Receivables	1,124,574	957,154	666,478
Prepayments	49,967	37,718	35,842
Cash at bank and in hand	89,135	94,399	145,151
<b>Current assets</b>	<b>1,807,979</b>	<b>1,525,803</b>	<b>1,287,147</b>
<b>Assets</b>	<b>8,906,830</b>	<b>7,445,315</b>	<b>8,061,660</b>

## Liabilities and Equity

DKK '000	30/6 2019	30/6 2018	31/12 2018
<b>EQUITY</b>			
Share capital	100,200	102,000	102,000
Other reserves	727,268	746,809	738,082
Retained earnings	1,824,939	1,705,485	1,508,191
Proposed dividend			550,800
<b>Equity contributable to equity holders of Royal Unibrew A/S</b>	<b>2,652,407</b>	<b>2,554,294</b>	<b>2,899,073</b>
Non-controlling interests	10,323	0	9,083
<b>Equity</b>	<b>2,662,730</b>	<b>2,554,294</b>	<b>2,908,156</b>
Deferred tax	541,105	437,501	542,328
Mortgage debt	853,088	856,608	855,347
Credit institutions	1,688,211	769,071	1,709,582
Other payables	93,514	10,213	44,485
<b>Non-current liabilities</b>	<b>3,175,918</b>	<b>2,073,393</b>	<b>3,151,742</b>
Mortgage debt	3,719	3,740	3,572
Credit institutions	544,340	421,013	98,383
Trade payables	1,345,728	1,223,937	974,930
Provisions	16,420	16,396	16,428
Corporation tax	51,291	33,341	9,761
Other payables	1,106,684	1,119,201	898,688
<b>Current liabilities</b>	<b>3,068,182</b>	<b>2,817,628</b>	<b>2,001,762</b>
<b>Liabilities</b>	<b>6,244,100</b>	<b>4,891,021</b>	<b>5,153,504</b>
<b>Liabilities and equity</b>	<b>8,906,830</b>	<b>7,445,315</b>	<b>8,061,660</b>

# Cash Flow Statement

DKK '000	Note	H1 2019	H1 2018	FY 2018	DKK '000	Note	H1 2019	H1 2018	FY 2018
Net profit for the period		540,854	501,572	1,039,946	Acquisition of subsidiary		-292,070	-597,542	-1,327,395
Adjustments for non-cash operating items	3	341,883	302,469	641,052	Purchase/sale of intangible assets and fixed asset investments		-7,140	-20,870	-21,863
		<b>882,737</b>	<b>804,041</b>	<b>1,680,998</b>	<b>Cash flows from investing activities</b>		<b>-398,524</b>	<b>-704,038</b>	<b>-1,621,524</b>
Change in working capital:					<i>Debt financing:</i>				
Receivables		-458,208	-372,599	15,855	Proceeds from increased drawdown on credit facilities		0	286,048	1,215,548
Inventories		-92,632	-66,346	-27,599	New leasing facilities		63,547	18,387	60,250
Payables		569,615	431,816	-173,082	Repayment on credit facilities		414,943	-91,235	-421,559
<b>Cash flows from operating activities before financial income and expenses</b>		<b>901,512</b>	<b>796,912</b>	<b>1,496,172</b>	Repayment on leasing facilities		-55,559	-28,661	-55,601
Financial income		1,294	770	5,074	<i>Shareholders:</i>				
Financial expenses		-19,537	-14,270	-33,774	Dividends paid to shareholders		-537,996	-450,874	-450,874
Financial expenses related to leasing		-953	-1,042	-2,095	Acquisition of shares for treasury		-258,487	-320,939	-484,090
<b>Cash flows from ordinary activities</b>		<b>882,316</b>	<b>782,370</b>	<b>1,465,377</b>	Proceeds from minority shareholders		1,980		
Corporation tax paid		-167,749	-82,664	-251,120	<b>Cash flows from financing activities</b>		<b>-371,572</b>	<b>-587,274</b>	<b>-136,326</b>
<b>Cash flows from operating activities</b>		<b>714,567</b>	<b>699,706</b>	<b>1,214,257</b>	<b>Change in cash and cash equivalents</b>		<b>-55,529</b>	<b>-591,606</b>	<b>-543,593</b>
Dividends received from associates		19,387	15,649	21,412	Cash and cash equivalents at 1 January		145,151	684,626	684,626
Sale of property, plant and equipment		25,012	14,942	27,199	Exchange adjustment		-487	1,379	4,118
Purchase of property, plant and equipment*		-143,713	-116,217	-320,877	<b>Cash and cash equivalents at 30 June</b>		<b>89,135</b>	<b>94,399</b>	<b>145,151</b>
<i>Free cash flow</i>		<i>615,253</i>	<i>614,080</i>	<i>941,991</i>					
* inclusive net additions from leasing (IFRS 16) (mDKK)		40.8	17.9	60.3					

# Statement of Changes in Equity

For 1 January - 30 June

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Parent Company share of equity	Minority share	Total
<b>Equity at 31 December 2018</b>	<b>102,000</b>	<b>786,553</b>	<b>-31,156</b>	<b>-17,315</b>	<b>738,082</b>	<b>1,508,191</b>	<b>550,800</b>	<b>2,899,073</b>	<b>9,083</b>	<b>2,908,156</b>
<b>Changes in equity in 2019</b>										
Net profit for the year					0	541,594		541,594	-740	540,854
Other comprehensive income			-1,429	4,495	3,066	1,096		4,162		4,162
Tax on other comprehensive income					0	-869		-869		-869
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-1,429</b>	<b>4,495</b>	<b>3,066</b>	<b>541,821</b>	<b>0</b>	<b>544,887</b>	<b>-740</b>	<b>544,147</b>
Dividend paid to shareholders					0		-537,996	-537,996		-537,996
Dividend on treasury shares					0	12,804	-12,804	0		0
Minority shareholders injection					0	0		0	1,980	1,980
Acquisition of shares for treasury					0	-258,487		-258,487		-258,487
Capital reduction	-1,800	-13,880			-13,880	15,680		0		0
Share-based payments					0	3,338		3,338		3,338
Tax on changes in equity, shareholders					0	1,592		1,592		1,592
<b>Total shareholders</b>	<b>-1,800</b>	<b>-13,880</b>	<b>0</b>	<b>0</b>	<b>-13,880</b>	<b>-225,073</b>	<b>-550,800</b>	<b>-791,553</b>	<b>1,980</b>	<b>-789,573</b>
<b>Total changes in equity 1/1-30/6 2019</b>	<b>-1,800</b>	<b>-13,880</b>	<b>-1,429</b>	<b>4,495</b>	<b>-10,814</b>	<b>316,748</b>	<b>-550,800</b>	<b>-246,666</b>	<b>1,240</b>	<b>-245,426</b>
<b>Equity at 30 June 2019</b>	<b>100,200</b>	<b>772,673</b>	<b>-32,585</b>	<b>-12,820</b>	<b>727,268</b>	<b>1,824,939</b>	<b>0</b>	<b>2,652,407</b>	<b>10,323</b>	<b>2,662,730</b>

The share capital at 30 June 2019 amounts to DKK 100,200,000 and is distributed on shares of DKK 2 each. (30 June 2018: DKK 102,000,000)



# Statement of Changes in Equity

For 1 January - 30 June

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Parent Company share of equity
<b>Equity at 31 December 2017</b>	<b>105,400</b>	<b>812,771</b>	<b>-41,217</b>	<b>-1,416</b>	<b>770,138</b>	<b>1,469,583</b>	<b>469,030</b>	<b>2,814,151</b>
<b>Changes in equity in 2018</b>								
Net profit for the year					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
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6,922</b>	<b>-4,033</b>	<b>2,889</b>	<b>502,400</b>	<b>0</b>	<b>505,289</b>
Dividend 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
<b>Total shareholders</b>	<b>-3,400</b>	<b>-26,218</b>	<b>0</b>	<b>0</b>	<b>-26,218</b>	<b>-266,498</b>	<b>-469,030</b>	<b>-765,146</b>
<b>Total changes in equity 1/1-30/6 2018</b>	<b>-3,400</b>	<b>-26,218</b>	<b>6,922</b>	<b>-4,033</b>	<b>-23,329</b>	<b>235,902</b>	<b>-469,030</b>	<b>-259,857</b>
<b>Equity at 30 June 2018</b>	<b>102,000</b>	<b>786,553</b>	<b>-34,295</b>	<b>-5,449</b>	<b>746,809</b>	<b>1,705,485</b>	<b>0</b>	<b>2,554,294</b>

# Notes

## Note 1 Significant Accounting Policies; Accounting Estimates and Judgements

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

The accounting policies are unchanged from those applied in the Annual Report for 2018, to which reference is made.

The Annual Report for 2018 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 2018.

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

DKK '000	30/6 2019	30/6 2018	31/12 2018
Derivative financial instruments	-12,820	-5,449	-17,315

Derivative financial instruments are 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.

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

Other investments (level-3) did not change.

# Notes

## Note 3 Segment Reporting

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

### H1 2019

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Total
Net revenue	1,842	1,607	342		<b>3,791</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>353.3</b>	<b>311.1</b>	<b>62.2</b>	<b>-16.8</b>	<b>709.8</b>
Share of income from associates	9.0				<b>9.0</b>
Other financial income and expenses	-2.2	-5.0	-0.1	-11.5	<b>-18.8</b>
<b>Profit/loss before tax for the period</b>	<b>360.1</b>	<b>306.1</b>	<b>62.1</b>	<b>-28.3</b>	<b>700.0</b>
Tax on the profit/loss for the period				-159.1	<b>-159.1</b>
<b>Net profit for the period</b>					<b>540.9</b>
<b>EBIT margin, %</b>	<b>19.2</b>	<b>19.4</b>	<b>18.2</b>		<b>18.7</b>
Volumes, beverages (thousand hectolitres)	2,378	2,611	473		<b>5,462</b>
Net revenue, beverages	1,783	1,607	342		<b>3,732</b>

### H1 2018

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

# Notes

## Note 3 Segment Reporting (continued)

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

### Q2 2019

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Total
Net revenue	1,099	976	195		<b>2,270</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>239.4</b>	<b>231.1</b>	<b>36.8</b>	<b>-8.4</b>	<b>498.9</b>
Share of income from associates	10.9				<b>10.9</b>
Other financial income and expenses	-1.1	-2.7	-0.1	-6.0	<b>-9.9</b>
<b>Profit/loss before tax for the period</b>	<b>249.2</b>	<b>228.4</b>	<b>36.7</b>	<b>-14.4</b>	<b>499.9</b>
Tax on the profit/loss for the period				-112.0	<b>-112.0</b>
<b>Net profit for the period</b>					<b>387.9</b>
<b>EBIT margin, %</b>	<b>21.8</b>	<b>23.7</b>	<b>18.9</b>		<b>22.0</b>
Volumes, beverages (thousand hectolitres)	1,396	1,566	274		<b>3,236</b>
Net revenue, beverages	1,065	976	195		<b>2,236</b>

### Q2 2018

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

# Notes

## Note 3 Segment Reporting (continued)

FY 2018					
mDKK	Western Europe	Baltic Sea	International	Un-allocated	Total
Net revenue	3,378	3,338	582		<b>7,298</b>
<b>Earnings before interest and tax (EBIT)</b>	<b>644.9</b>	<b>599.4</b>	<b>127.2</b>	<b>-32.1</b>	<b>1,339.4</b>
Share of income from associates	19.6				<b>19.6</b>
Other financial income and expenses	-3.1	-10.4	-0.6	-17.2	<b>-31.3</b>
<b>Profit/loss before tax for the period</b>	<b>661.4</b>	<b>589.0</b>	<b>126.6</b>	<b>-49.3</b>	<b>1,327.7</b>
Tax on the profit/loss for the period				-287.8	<b>-287.8</b>
<b>Net profit for the period</b>					<b>1,039.9</b>
<b>EBIT margin, %</b>	<b>19.1</b>	<b>18.0</b>	<b>21.9</b>		<b>18.4</b>
Volumes, beverages (thousand hectolitres)	4,536	5,441	828		<b>10,805</b>
Net revenue, beverages	3,269	3,338	582		<b>7,189</b>

## Note 4 Cash Flow Statement

DKK '000	H1 2019	H1 2018	FY 2018
<b>Adjustments for non-cash operating items</b>			
Financial income	-2,271	-1,843	-5,074
Financial expenses	21,226	15,164	36,346
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	168,761	161,792	346,160
Tax on the profit for the period	159,130	134,780	287,780
Income from investments in associates	-9,130	-8,914	-19,607
Profit and loss on sale of property, plant and equipment	829	-2,872	-12,253
Share-based remuneration and payments	3,338	4,362	7,700
<b>Total</b>	<b>341,883</b>	<b>302,469</b>	<b>641,052</b>

# Notes

## Note 5 Acquisition of subsidiaries

### Acquisition in 2019

#### Acquisition of Bev.Con ApS (CULT)

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 MOKAI. The acquisition was completed on 28 February 2019.

The final acquisition price has been agreed upon based on an enterprise value of DKK 345 million and has been financed by bank borrowings. The final acquisition price is divided by DKK 290 million in cash and a potential performance based earn-out of DKK 55 million. The final cash acquisition price has been settled in Q2 2019, while the earn-out part of the acquisition price will be settled in Q2 2021 based on a net revenue target for the period 1 March 2019 - 28 February 2021. The target is expected to be achieved.

CULT was 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 approx 30 employees focusing on commercial activities; production and logistics have been contracted out to a third party.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 6 million for legal, financial and commercial advisors in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Annual Report for 2018.

The company has been included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition in 2019.

As part of the integration activities Bev.Con ApS and its 100% owned subsidiary, Cult A/S, has been merged with Royal Unibrew A/S as the surviving company.

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

Trademark	203,000
Customer relations	9,000
Property, plant and equipment	1,388
Inventories	14,039
Receivables	13,678
Prepayments	773
Deferred tax	-47,274
Trade payables	-4,555
Other payables	-5,249
<b>Acquired net assets</b>	<b>184,800</b>
Goodwill	160,518
<b>Estimated fair value of the business</b>	<b>345,318</b>
Earn-out debt	-55,030
<b>Estimated fair value of the business at closing</b>	<b>290,288</b>
Acquired cash at bank and in hand	27,055
<b>Cash consideration at closing</b>	<b>317,343</b>

The receivables acquired include trade receivables of a fair value of DKK 14 million corresponding to the gross amount receivable according to contract.

Cf. company announcement no. 40/2018 of 29 June 2018, the normalized yearly net revenue and EBIT is approx DKK 200 million respectively approx DKK 28 million.

# Notes

## Note 5 Acquisition of subsidiaries (continued)

### Acquisitions in 2018

#### Acquisition of Terme di Crodo S.r.l.

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 approx 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 approx 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. Moreover, the acquisition is 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 reaped 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 optimization potential across the Group's operations. The acquisition has already in 2018 increased Royal Unibrew's profit and earnings per share.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 10 million for legal, financial and commercial advisors in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Annual Report for 2017.

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

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

#### DKK '000

Trademark	238,237
Property, plant and equipment	82,797
Inventories	34,595
Receivables	17
Deferred tax	-58,951
Other payables	-7,784
<b>Acquired net assets</b>	<b>288,911</b>
Goodwill	308,631
<b>Estimated fair value of the business</b>	<b>597,542</b>
Acquired cash at bank and in hand	9,588
<b>Cash consideration</b>	<b>607,130</b>

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.

The purchase price allocation was finalized 2 January 2019 with no changes compared to the preliminary version included in the consolidated financial statements for 2018.

# Notes

## 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 has been 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%).

As part of the acquisition the minority shareholders has been granted an option after a three year period to put their shares to Royal Unibrew A/S. The liability for this has been recognized as a debt in Royal Unibrew A/S's Financial Statements.

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 advisors in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Interim Report for 1 January - 30 June 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

Trademark	26,045
Property, plant and equipment	2,788
Other fixed assets	179
Inventories	2,673
Receivables	1,326
Prepayments	275
Deferred tax	-5,727
Trade payables	-1,015
Other payables	-752
<b>Acquired net assets</b>	<b>25,792</b>
Goodwill	0
<b>Estimated fair value of the business</b>	<b>25,792</b>
Acquired cash at bank and in hand	-5,740
Minorities part of the fair value of the business	-10,052
<b>Cash consideration</b>	<b>10,000</b>

The receivables acquired include trade receivables of a fair value of DKK 1 million corresponding to the gross amount receivable according to contract.

The purchase price allocation was finalized 1 June 2019 with no changes compared to the preliminary version included in the consolidated financial statements for 2018.



# Notes

## Note 5 Acquisition of subsidiaries (continued)

### Acquisition of Etablissements Geyer Frères

On 12 July 2018, Royal Unibrew entered into an agreement to acquire the company Etablissements Geyer Frères, which owns the lemonade brand LORINA, PureThé and InFreshhh. The company was acquired on 12 July 2018.

The acquisition price amounts to DKK 660 million and is financed by bank borrowings. The enterprise value amounts to DKK 714 million.

Etablissements Geyer Frères 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 290 million. The company's earnings margins were on level with those of Royal Unibrew in 2017.

Etablissements Geyer Frères 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 advisors in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Interim Report for 1 January - 30 June 2018.

The company has been 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

Trademark	247,000
Customer relations	60,000
Property, plant and equipment	127,551
Other fixed assets	1,576
Inventories	36,544
Receivables	85,642
Prepayments	7,267
Deferred tax	-94,292
Trade payables	-44,438
Other payables	-76,774
<b>Acquired net assets</b>	<b>350,076</b>
Goodwill	364,037
<b>Estimated fair value of the business</b>	<b>714,113</b>
Acquired cash at bank and in hand	-53,776
<b>Cash consideration</b>	<b>660,337</b>

Of the receivables acquired, trade receivables have a fair value of DKK 86 million corresponding to gross amount according to contract, DKK 88 million less DKK 2 million provision for expected loss. Goodwill relates to synergies and the potential for development of the acquired activities and is not deductible for tax purposes.

# Financial Highlights and Key Ratios

## Quarterly

	Q1 2019	Q1 2018	Q2 2019	Q2 2018
Sales (thousand hectolitres)	2,226	2,127	3,236	3,099
<b>Income Statement (mDKK)</b>				
Net revenue	1,521	1,452	2,270	2,066
EBITDA	295	274	584	526
<i>EBITDA margin (%)</i>	19.4	18.9	25.7	25.4
Earnings before interest and tax (EBIT)	211	194	499	447
<i>EBIT margin (%)</i>	13.9	13.3	22.0	21.6
Income after tax from investments in associates	-2	-3	11	12
Other financials, net	-9	-10	-10	-4
Profit before tax	200	181	500	455
Net profit for the period	153	142	388	359
<b>Balance Sheet (mDKK)</b>				
Non-current assets	7,125	5,909	7,099	5,920
Total assets	8,735	7,347	8,907	7,445
Equity	3,001	2,791	2,663	2,554
Net interest-bearing debt	3,047	2,224	3,000	1,956
Net working capital	-399	-488	-750	-928
Invested capital	6,503	5,324	6,068	4,814
<b>Cash Flows (mDKK)</b>				
From operating activities	-101	-249	816	949
From investing activities	-353	-626	-46	-78
Free cash flow	-156	-278	771	892
<b>Financial ratios (%)</b>				
Free cash flow as a percentage of net revenue	-10	-19	34	43
Cash conversion	-102	-196	199	248
Net interest-bearing debt/EBITDA (running 12 months)	1.8	1.6	1.7	1.3
Equity ratio	34	38	30	34

Ratios comprised by the "Recommendations and Financial Ratios" issued by the CFA Society Denmark's Committee for accounting standards have been calculated according to the recommendations.

## H1 2015-2019

	H1 2019	H1 2018	H1 2017	H1 2016	H1 2015
Sales (thousand hectolitres)	5,462	5,226	5,020	4,967	4,431
<b>Income Statement (mDKK)</b>					
Net revenue	3,791	3,518	3,183	3,160	2,923
EBITDA	879	800	643	620	574
<i>EBITDA margin (%)</i>	23.2	22.7	20.2	19.6	19.6
Earnings before interest and tax (EBIT)	710	641	502	468	425
<i>EBIT margin (%)</i>	18.7	18.2	15.8	14.8	14.5
Income after tax from investments in associates	9	9	10	15	12
Other financials, net	-19	-14	-14	-21	-25
Profit before tax	700	636	498	462	412
Net profit for the period	541	502	390	364	322
<b>Balance Sheet (mDKK)</b>					
Non-current assets	7,099	5,920	5,148	5,256	5,552
Total assets	8,907	7,445	6,405	6,531	6,910
Equity	2,663	2,554	2,637	2,712	2,724
Net interest-bearing debt	3,000	1,956	1,158	1,261	1,627
Net working capital	-750	-928	-949	-867	-721
Invested capital	6,068	4,814	4,041	4,207	4,627
<b>Cash Flows (mDKK)</b>					
From operating activities	715	700	598	413	376
From investing activities	-399	-704	-101	100	27
Free cash flow	615	614	497	514	399
<b>Share Ratios (DKK per share of DKK 2)</b>					
Number of shares (thousand shares)	50,100	51,000	52,700	54,100	55,493
Earnings per share (EPS)	10.9	9.9	7.5	6.8	5.8
Free cash flow per share	12.4	12.1	9.5	9.6	7.2
End period price per share	479.0	508.5	312.3	298.0	228.8
<b>Financial ratios (%)</b>					
Free cash flow as a percentage of net revenue	16	17	16	16	14
Cash conversion	114	122	127	141	124
Net interest-bearing debt/EBITDA (running 12 months)	1.7	1.3	0.9	1.0	1.3
Equity ratio	30	34	41	42	39