



Interim Report for 1 January - 31 March 2018

April 24, 2018

Company Announcement No 26/2018 — 24 April 2018

Interim Report for
1 January - 31 March 2018

Solid earnings improvement in Q1 2018

Earnings before interest and tax (EBIT) for Q1 2018 were DKK 43 million higher than for the same period of last year and amounted to DKK 194 million (Q1 2017: DKK 151 million). The higher earnings for Q1 were due to an improved product mix and to Easter sales which, unlike last year, were all in Q1 2018. Net revenue for Q1 showed a DKK 98 million increase to DKK 1,452 million. Royal Unibrew generally maintained its market shares on branded products. Free cash flow amounted to a negative DKK 278 million compared to a negative DKK 54 million for Q1 2017 and was significantly affected by a temporary increase in working capital. Share buy-backs of DKK 166 million (Q1 2017: DKK 97 million) were made in Q1, and, as expected, net interest-bearing debt increased, amounting to DKK 2.2 billion at the end of Q1 corresponding to a net interest-bearing debt to EBITDA ratio (running 12-month basis) of 1.6. The outlook for 2018 is maintained.

"As expected, earnings for Q1 were considerably above those of Q1 2017 and positively affected by several factors, and based on this we maintain our outlook for 2018. The integration of our Italian soft drinks business Terme di Crodo, which we acquired as of 2 January 2018, is progressing as planned, and the acquisition has contributed positively to the development. Further, regulatory changes in Finland affected earnings in Baltic Sea positively as compared to 2017. Furthermore, there is no doubt that the solid earnings for Q1 are also a result of our continued focus on strengthening partnerships with our customers, and we are continuing our consumer-oriented activities and commercial initiatives. E.g. by continuously launching new and exciting products and varieties such as Faxe Kondi Booster Pineapple, Anarkist and Kissmeyer craft beers as well as Nikoline organic lemonade and Albani organic US lager in Denmark, in Finland Novelle Plus Blueberry, and at several African markets Faxe Gold. Due to the positive development in Royal Unibrew, we launched a new share buy-back programme of DKK 400 million in March 2018; furthermore, at today's AGM dividend distribution of DKK 470 million will be proposed, corresponding to DKK 8.90 per share of DKK 2", says Hans Savonije, CEO.

Outlook

The previously announced outlook is maintained as follows:

- Net revenue: DKK 6,650-6,900 million
- EBITDA: DKK 1,450-1,550* million
- EBIT: DKK 1,090-1,190 million

* The implementation of IFRS 16 is expected to affect EBITDA for 2018 positively by approx DKK 50 million.

Selected financial highlights and key ratios

mDKK	Q1 2018	Q1 2017	FY 2017
Sales (thousand hectolitres)	2,127	2,151	9,912
Net revenue	1,452	1,354	6,384
EBITDA	274*	224	1,362
<i>EBITDA margin (%)</i>	18.9	16.5	21.3
Earnings before interest and tax (EBIT)	194	151	1,069
<i>EBIT margin (%)</i>	13.3	11.2	16.7
Profit before tax	181	143	1,056
Net profit for the period	142	110	831
Free cash flow	-278	-54	950
Net interest-bearing debt	2,224	1,142	975
NIBD/EBITDA (running 12 months)	1.6	0.9	0.7
Equity ratio (%)	38	47	42

* The implementation of IFRS 16 (operating leases) has affected the Q1 EBITDA development positively by DKK 14 million.

For further information on this Announcement:

Hans Savonije, President & CEO, tel +45 22 20 80 17

Financial Calendar for 2018

27 August 2018

Interim Report for the period 1 January - 30 June 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 Interim Report contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward-looking statements. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

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

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