

**TAK ROCK**

DU FORTJENER AT FÅ NOGET TILBAGE

ROYAL UNIBREW A/S

# Annual Report **2012**

  
ROYAL  
UNIBREW





# Royal Unibrew produces, markets, sells and distributes quality beverages. We focus on branded products within beer, malt and soft drinks, including mineral water and fruit juices.

Royal Unibrew is as a leading regional player in a number of markets in Western and Eastern Europe and in the international malt beverages markets.

Our Western European main markets comprise primarily Denmark, Italy and Germany. The Eastern European markets comprise Latvia, Lithuania and Estonia. The international malt beverages markets comprise a number of countries in the Caribbean, Central America and Africa as well as cities in Europe and North America with high concentration of inhabitants from the Caribbean and African areas in which malt beverages are popular.

In Denmark we are a leading supplier of beer and soft drinks with a number of strong local brands, and in Italy we are among the market leaders in the super premium segment with Ceres Strong Ale.

In both Latvia and Lithuania, we are among the two leading beverage businesses holding considerable market positions within beer and soft drinks, including fruit juices. Our activities in Estonia are being developed.

In the international malt beverages markets, we are among the market leaders in the premium segment with Vitamalt.



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

# Strong Results Despite Challenging Market Conditions



"With an EBIT margin of 14.1% in 2012, we reached one of our financial targets. At the same time we achieved strong cash flows from both operating activities and from divestment of non-core assets, which enabled us to launch extraordinary distributions to our shareholders and to further reduce our debt. Our results and reinforced market position were achieved under difficult market conditions, which demonstrates that we are pursuing a successful strategy and have established a good platform for further developing our business."

I am pleased with the strong results we have delivered in 2012. Not only are they in line with our expectations and priorities for the year, but above all they reflect our focus, strategy and execution, and the communication thereof we have pursued in the recent years – and a communication where we aim to be transparent and predictable.

The strong results should be read in the context of a challenging European consumer environment. However, we relentlessly pursued our main priorities of building our market positions at the same time as improving our efficiency across the business.

## **Regional brewer strategy continues to deliver**

Following our financial challenges in 2008 we have dedicatedly pursued and cultivated a regional brewer strategy building on our relative strengths compared to the international brewers. Further, it has been our aim to make the value of our non-core assets transparent - eventually through divestments. And finally, to communicate and deliver a distribution policy that reflects our strategy.

While we in the 00's mostly have delivered single digit EBIT margins, we have consistently increased our profitability during our journey the last few years. And with an EBIT margin of 14.1% in 2012 we have achieved our ambitious medium term margin target of 14% - a target we set only in 2010. The EBIT margin target of 14% remains ambitious, also when comparing our performance to the performance of international and regional brewers – in Europe – where most of our activities are located. The target continues to be ambitious, also in light of the

challenging macro-economic outlook for European consumer spending the coming years.

While acquisitions form a part of our corporate strategy, likely assets are very scarce due to the consolidation within the industry, and in case must carry a price that creates earnings accretion for our shareholders. As a consequence it is even more pertinent for us that we invest in organic growth – for the long term.

The brewery industry is a multi-local business, where economics and scale are significantly dependent on local infrastructure and set-ups, size of market position, breadth of beverage portfolio, and on strength of local brands – the latter as the international share segment in a number of markets is and will remain low.

Our performance demonstrates that our focus has paid off, that the platform as a regional brewer can be attractive, and that our performance continues to be competitive in an industry context.

## **Extraordinary distribution programme**

As a result of our solid operating profit development and a continued focus on our cash flow, we have again in 2012 achieved a strong liquidity surplus from our core business.

On top of that we have made a significant step forward in the divestment of key non-core assets. In light hereof we launched an extraordinary distribution policy of DKK 500 million for the coming years. And at the same time we re-iterated that our ordinary distribution policy remains unchanged.

**Reinforced market positions**

As in 2011, 2012 was another year of great contrast between the first and second half. While we expected slightly declining markets, the euro-zone crises accelerated during the spring, and fiscal tightening across Europe took a number of European countries into recession with declining consumer sentiment and cautious spending. The market development was exacerbated by a cold and wet summer in Northern Europe.

In spite of the challenging market conditions we maintained or improved our market positions – and our earnings. Our achievement is the result of continued investments in our commercial activities, value management, and enhanced efficiency.

**Brand portfolio boosted through innovation and high investment level**

One of our key priorities for 2012 has been to strengthen our brand franchises through high level of investment in consumer communication, through innovative consumer engagement and activation, and through leveraging our strong brands including launching into new sub categories.

In Denmark I would particularly like to mention our entrance into the energy drink market with Faxe Kondi Booster and into the juice segment with the Nikoline brand. Both entries leveraging on current brand platforms.

Our new consumer communication for Ceres Strong Ale in Italy was well perceived by our consumers and our social media strategy scored outstanding compared to the branded alcoholic universe.

We continue to keep a high innovation level in the Baltic scene, this year among others via introduction of Kalnapilis Lite, a beer targeting younger consumers.

**Value-added partner to the trade**

It is our objective to continue strengthen our partnership with the trade through value generation. We aspire to be perceived as an engaging, innovative, flexible and fast in decision making partner with good business acumen.

Also in the course of 2012 we have developed many in-store consumer activities as well as trade activities to create more value for our partners. And it is with great pleasure in Denmark also in 2012 to note our high score in independent research on the satisfaction of the trade across categories – a confirmation of our performance – and ambition to be a preferred partner.

**Significant investments into Malt Beverages in 2013**

We have decided to step up our efforts behind our Malt Beverages business. From an international beverage perspective the dark malt market is a very small and fragmented market with pockets of opportunities unevenly spread in areas like Africa, the Caribbean, Central and South America. Although small, many of these markets are growing due to increasing population and rising living standards.

We have been in some of these markets for many years and trust that we understand the markets well. Further, we have an attractive portfolio of premium brands, namely Vitamalt, Supermalt, and Powermalt. And historically, we have approached these markets either through export or through license agreements.

In light of the attractive opportunities we have decided to pursue those further in existing as well as in new markets, and in 2013 we will invest in organizational capabilities and capacities as well as in consumer and trade marketing alongside with our strong distributors to tap into these opportunities.

**Challenging consumer sentiment requires flexibility in plans**

We have a solid and attractive platform for the future: A regional beverage platform in Europe where our aim is to continue to reinforce our market positions and enhance efficiency and deliver solid earnings and cash flow. And a Malt Beverage platform, although small, exposed to interesting growth markets, where we will invest to secure sustainable long term growth.

Here at the beginning of 2013 our European markets are characterised by lack of growth, consumer uncertainty, and reduced visibility. Therefore, we must lead our business with flexibility and adaptability in mind. Organisational agility is key to manoeuvre in such an environment.

In this respect I am very thankful to the leadership demonstrated by our leaders and to all our employees who have previously demonstrated the capability to meet our ambitions in dynamic environments – through deployment of competencies, hard work, commitment and energy – to the benefit of our many valued customers and shareholders.

Henrik Brandt  
CEO

## Financial Highlights and Ratios

	2012	2011	2010	2009	2008
Sales (million hectolitres)	5.4	5.7	6.6	6.6	7.5

### Income Statement (mDKK)

Net revenue	3,430	3,431	3,775	3,816	4,179
EBITDA before special items	611	601	601	461	338
Operating profit before special items	485	474	417	243	135
Profit margin (%)	14.1	13.8	11.0	6.4	3.2
Special items (expenses)	0	0	0	-50	-83
EBITDA	611	601	601	411	255
Special items (depr./amort. and impair.; profit/loss)	0	0	0	15	33
Provision for impairment	0	0	0	0	-385
Earnings before interest and tax (EBIT)	485	474	417	208	-300
EBIT margin (%)	14.1	13.8	11.0	5.5	-7.2
Impairment of other investments	0	0	0	0	-70
Income after tax from investments in associates	34	14	31	26	23
Other financial income and expenses, net	-38	-27	-73	-157	-106
Profit/loss before tax	481	461	375	77	-453
Net profit/loss for the year	373	351	278	53	-483
Parent Company shareholders' share of profit/loss	371	348	278	47	-484

### Balance Sheet (mDKK)

Non-current assets	1,992	2,291	2,375	2,674	2,743
Total assets	2,848	2,890	3,057	3,490	4,051
Equity	1,348	1,321	1,281	995	575
Net interest-bearing debt	321	631	770	1,416	2,192
Net working capital	-179	-149	-134	-85	186

### Cash Flows (mDKK)

Operating activities	497	398	492	513	103
Investing activities	192	3	160	-112	-589
Free cash flow	476	384	463	374	-356

### Share ratios (DKK)

Parent Company shareholders' share of earnings per share	35.6	31.8	25.1	5.8	-89.0
Parent Company shareholders' diluted share of earnings per share	35.6	31.8	25.1	5.8	-89.0
Cash flow per share	44.2	36.4	44.4	62.0	19.0
Diluted cash flow per share	44.2	36.4	44.4	62.0	19.0
Dividend per share	24.0	17.0	12.5	0.0	0.0
Year-end price per share	492.0	321.5	332.0	139.0	118.5

### Employees

Average number of employees	1,635	1,785	2,210	2,498	2,755
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### Financial ratios (%)

Return on invested capital (ROIC)	21	18	14	6	3
Free cash flow as a percentage of net revenue	14	11	12	10	-9
Cash conversion	128	110	167	714	74
Net interest-bearing debt/EBITDA before special items	0.5	1.0	1.3	3.1	6.5
Equity ratio	47	46	42	29	14
Return on equity (ROE)	28	27	24	5	-57
Dividend payout ratio (DPR)	68	55	50	0	0

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.



# Highlights 2012

Also in 2012 Royal Unibrew reinforced its market position

Net revenue went up by 2% organically

Higher net profit and EBIT margin than in 2011

Continued strong cash flow

Distribution to shareholders increased by DKK 117 million

Extraordinary annual distribution of DKK 100 million for five years

## Developments in 2012

- Royal Unibrew generally maintained or increased its market shares on branded beer as well as soft drinks and malt beverages.
- Net revenue remained unchanged from 2011 at DKK 3,430 million. Adjusted for divested subsidiaries net revenue went up by 2%.
- EBITDA increased by DKK 10 million and amounted to DKK 611 million.
- Earnings before interest and tax (EBIT) went up by DKK 11 million and amounted to DKK 485 million.
- EBIT margin increased by 0.3 percentage point to 14.1%.
- Profit before tax amounted to DKK 481 million compared to DKK 461 million in 2011.
- Free cash flow went up by DKK 92 million and amounted to DKK 476 million compared to DKK 384 million in 2011.
- In 2012 dividend of DKK 379 million was distributed to shareholders (2011: DKK 262 million), including DKK 200 million through share buy-backs (2011: DKK 123 million).
- Net interest-bearing debt was reduced by DKK 310 million to DKK 321 million.
- Net revenue for Q4 amounted to DKK 760 million showing an organic increase of 4% over 2011.
- EBIT for Q4 amounted to DKK 85 million as in 2011. Organically, EBIT increased by DKK 4 million, and EBIT margin went up by 0.2 percentage point to 11.2%.

## Outlook for 2013

	<b>Outlook 2013 *</b>	<b>Actual 2012</b>
Net revenue (mDKK)	3,325-3,450	3,430
EBITDA (mDKK)	575-625	611
EBIT (mDKK)	450-500	485

\* In 2012 the Caribbean distributor, Impec, was included in results with revenue of DKK 100 million, EBITDA of DKK 6 million and EBIT of DKK 5 million.

The Board of Directors expects to distribute in the period between the AGM in 2013 and the AGM in 2014 a total of DKK 464 million, comprising dividend of DKK 254 million and share buy-backs of DKK 210 million. The dividend comprises ordinary dividend of DKK 204 million (DKK 19.25 per share) and extraordinary dividend of DKK 50 million (DKK 4.75 per share). The Board of Directors expects to realise a share buy-back of DKK 210 million including an ordinary share buy-back of DKK 160 million and an extraordinary share buy-back of DKK 50 million.

EBIT-margin increased to  
**14.1 %**  
**379 million**  
distributed to shareholders



CERES@



# Strategy

Royal Unibrew's overall strategy and medium-term financial targets remain unchanged. The financial target of achieving an EBIT margin of approx 14% in the medium term was realised in 2012. In August 2012 an extraordinary distribution programme of approx DKK 500 million was launched for the coming years, which should be viewed in the context of expected sale of non-core assets. The ownership shares of Van Pur and Impec as well as the first part of the brewery site in Aarhus were divested in 2012.

## Main priorities for 2012

In the commercial area, the main priorities for 2012 were to develop the product and brand platforms, to strengthen the cooperation with customers and to increase consumer loyalty. Through selective growth initiatives, including new product and campaign launches, investments were made in maintaining and expanding our market positions. At the same time, Royal Unibrew's employees directed targeted efforts at continuous improvements in all parts of the business, which supported the ambition of reducing resource consumption in the business in the broad sense. Financially, generation of cash flows had high priority, and strong cash flows were generated through continuous focus on earnings improvements, tight management and control of working capital elements, a balanced investment level and divestment of non-core assets.

Royal Unibrew's efforts in respect of the main priorities established resulted in achievement of the targets set for 2012 as expected.

## Overall strategy

The overall focused regional brewer strategy and our financial targets were determined in connection with the capital increase at the end of 2009. Our medium-term financial targets were updated in March 2011 in connection with the achievement of the previous targets. The financial target of achieving a medium-term EBIT margin of 14% remains unchanged in spite of the target being achieved in 2012. The target remains ambitious in an industry context and in light of the economic outlook for Europe for the coming years, but also in light of the planned investments to create long-term organic growth.

It is Royal Unibrew's strategy to be a focused strong regional brewer within beer, malt beverages and soft drinks holding leading positions in the markets or the segments in which we operate.

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

	Actual 2012	Outlook November 2012	Outlook March 2012*
Net revenue (mDKK)	3,430	3,375-3,450	3,375-3,500
EBITDA (mDKK)	611	590-620	580-630
EBIT (mDKK)	485	465-495	450-500
Profit before tax (mDKK)	481		
Net interest-bearing debt (mDKK)	321		
NIBD/EBITDA	0.5x		
Distribution to shareholders (mDKK)	379		

\*In outlook March 2012 the Caribbean distributor, Impec, was included with revenue of DKK 30 million and EBITDA as well as EBIT of DKK 4 million in November-December.

The market for Danish consumers is expected generally and continuously to be affected by a minor structural consumption decline in the coming years. The beer category will be the primary driver of the structural decline resulting from consumers increasing consumption of other alcoholic beverages. Within the classic soft drinks and mineral water categories new product sub-categories are still expected to be developed driven by, among other things, health trends and the need for functional beverages.

The Italian beer market has a low per capita consumption since, historically, consumers also have a number of other beverage preferences. In the long term, the beer market is expected to show a slight increase generally and structurally; however, in the near future it will be affected by the economic challenges faced by Italy and Italian consumers.

The market for beer, fruit juices, soft drinks and mineral water in the Baltic countries is expected to have a stronger potential, structurally, in the long term than today as macroeconomic conditions and spending power improve and unemployment is reduced.

The market for dark malt beverages is geographically fragmented, and consumer preference for dark malt drinks is rooted in tradition. The markets for dark malt drinks in established economies like Europe and the Caribbean are expected to be stable generally and structurally, whereas the markets in a number of development and growth economies in eg Africa and South and Central America are growing driven by population growth and increasing living standards.

The overall strategy has the following main elements:

- **Focus on markets and segments in which Royal Unibrew holds or may achieve a considerable position.** Royal Unibrew will focus on further developing established market and segment positions where the Company holds either a leading position, such as in Denmark or the Baltic countries, or considerable and leading niche positions, such as in Italy or in the international malt beverages markets. Mainstream market positions in consolidated markets must lead to, or hold prospects of leading to, a role as a leading player to create attractive profitability. Mainstream market positions in smaller markets may often be reinforced through focus on a broader beverage portfolio to leverage customer relations and the entire infrastructure.

Royal Unibrew's natural market area is characterised

by considerable industry concentration. To the extent that structural growth opportunities might reinforce existing market positions or create new market positions, these will be assessed provided that there is a clear strategic match and that long-term shareholder value can be created.

- **Focus on innovation and development of Royal Unibrew's products and local brand positions.** Royal Unibrew's strong position as a regional brewer builds on strong local market positions established on the basis of well-known local brands subject to continuous further development. The product portfolio development includes the Group's own development of new taste varieties, products and brands for existing and new beverage categories as well as the conclusion of new licence agreements both as a licensee and a licensor. For example, Royal Unibrew benefits from a long-standing cooperation with Pepsico and Heineken as a licensee in Denmark – a cooperation through which the local brand portfolio is expanded with well-known international brands.
- **Focus on operational efficiency.** Royal Unibrew will continue its focus on pursuing all opportunities of enhancing the efficiency of all links in the Company's value chain.
- **Focus on maintaining Royal Unibrew's financial flexibility, competitive power and scope for strategic maneuverability through an appropriate capital structure.**

## Main priorities for 2013

In North Western Europe where Royal Unibrew holds an overall number two market position, the market is approached with a full beverage portfolio. The development and continued strengthening of the beverage portfolio have high priority as an important parameter in extending the cooperation with customers. At the same time, our broad beverage portfolio supports high operational efficiency at all organisational levels. In light of the minor structural market decline, growth through innovation and value management has high priority. Our continuous improvement work will continue relentlessly at all organisational levels, supported by, among other things, the "Medarbejdere i Verdensklasse" (World-class employees) project and investment-driven initiatives, which will also contribute positively to improvements.



In Italy our main priority will be continued embedding of the new consumer-oriented communication platform through innovative and engaging presence in the social media and on TV. Consumer-oriented initiatives in the on-trade channel will be further strengthened through close integration with social media efforts. We plan to intensify our cooperation with the many distributors and cash & carry customers, and our cooperation with off-trade customers will be supported by consumer-activating activities.

In Eastern Europe, the Baltic Countries, Royal Unibrew operates with a broad brand portfolio, primarily within beer, fruit juices, soft drinks and mineral water. The development and continued strengthening of the beverage portfolio have high priority as an important parameter in extending cooperation with customers. As of 2013 Royal Unibrew has further reinforced its brand portfolio by taking over the distribution of the Heineken brand in the region; at the same time the sales organisation in Estonia has been reinforced. With the investment in both capacity and competences within cans in 2012, a solid basis for leveraging the new commercial initiatives commenced in 2012 has been created.

In the Malt Beverages area, we focus on building a growth platform. We will focus on both a deeper presence in already established markets and on

establishment in new markets through cooperation with distributors in the case of exports or through breweries in the case of licence sales. Royal Unibrew's focus will be on selecting and retaining our business partners and supporting our cooperation through customer- and consumer-oriented marketing investments with a view to establishing and reinforcing brand positions. Organisational reinforcement is key to our growth strategy for the business area. Organisational build-up has been ongoing since the end of 2012 and will continue with a view to generating long-term organic growth.

## Financial Targets and Capital Structure

In 2012 cash flow and net interest-bearing debt were positively affected, extraordinarily, by the sale of the first part of the brewery site in Aarhus and the sale of the Company's shares of Van Pur. In the coming years cash flow is expected to be further positively affected, extraordinarily, by the sale of the remaining part of the brewery site in Aarhus.

Royal Unibrew currently stands as a trimmed and efficient business well positioned to defend and expand its market positions.

The starting point for Royal Unibrew's further de-



velopment and achievement of the financial targets is an effort that will be characterised by business development through continued focus on growth opportunities, innovation, sales and marketing, and by continuous efforts to improve, optimise and enhance the efficiency of Royal Unibrew. Against this background the framework for realising the financial targets is considered intact.

### **EBIT margin**

The target of a medium-term EBIT margin of about 14% is maintained.

### **Indebtedness**

It remains Royal Unibrew's objective to maintain its indebtedness at a level which, on the one hand, satisfies the request for flexibility with respect to acting on business opportunities and maintaining independence in relation to the Group's bankers, and, on the other hand, ensures that Royal Unibrew is not heavily overcapitalised.

It remains Royal Unibrew's target that net interest-bearing debt should not exceed 2.5 times EBITDA and that an equity ratio of at least 30% should be maintained at year end.

Viewed in isolation, the sale of the brewery site in Aarhus and the investments in Van Pur combined with the distribution policy implies an unchanged debt multiple; therefore, the distribution capability is currently determined by the equity ratio target.

Royal Unibrew's annual investments are still expected to be at the level of 4-6% of net revenue depending on the need for maintenance and efficiency-enhancing investments or capacity investments.

## **Distribution policy**

### *Ordinary distribution*

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

It remains Royal Unibrew's intention to distribute dividend of 40-60% of net profit for the year and to launch share buy-back programmes if it is consid-

ered appropriate to optimise the Company's capital structure. It is the intention that shares bought back will be cancelled. In addition to adjusting the Company's capital structure, share buy-backs are also expected to increase the liquidity of the Royal Unibrew share to the benefit of all shareholders.

### *Extraordinary distribution*

In connection with the sale of the brewery site in Aarhus and Van Pur's exercise of its purchase option agreement concerning Royal Unibrew's investments in Van Pur, it remains the intention to increase distributions taking into account the above assumptions and objectives. Based on this, the Board of Directors expects Royal Unibrew to be able to make extraordinary distributions of approx DKK 500 million in equal portions over five years (2013-2017), partly by distributing dividends at a higher level than the ordinary level of 40-60% of net profit for the year, partly through increased share buy-back programmes.

As announced in Company Announcement No 42/2012 of 28 August 2012, the Board of Directors, will, as an element in the launch of the extraordinary distribution of approx DKK 500 million over the coming years, recommend for adoption at the Annual General Meeting in 2013 that dividend for 2012 be increased extraordinarily by DKK 50 million. At the same time the existing share buy-back programme has been increased extraordinarily by DKK 50 million to a maximum total of DKK 210 million.

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### **Statements about the future**

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

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# 176% mere frugt\*

## og stadig mindre sukker\*



\*) Nikoline appelsinsodavand indeholder 15% frugt. Det er 176% mere end det gennemsnitlige frugtindhold i de 3 største appelsinsodavand mærker på det danske marked - Fanta (4,5%), Harboe (6%) og Tuborg Squash (5,8%). Læs mere om frugt- og sukkerindhold på [www.Nikoline.dk](http://www.Nikoline.dk)

De 3 største appelsinsodavand mærker på det danske marked er ifølge Nielsen Dagligvare Indeks inkl. Hard discount og Convenience, scanning data GTD maj 2012. Top 3 brands på volume af Appelsin i kategorien CSD. Ref.nr. 346, juli 2012. (Copyright © Nielsen.)

# Financial review

Through continued focus on further developing market and segment positions, products and brands as well as a high efficiency, a performance above expectations and above that of 2011 was achieved in spite of challenging market conditions in 2012. Furthermore, distribution to shareholders was increased significantly and debt was considerably reduced.

## Business changes

As announced in Company Announcement No 53/2012 of 15 October 2012, the Polish brewery company Van Pur S.A. exercised its option to purchase Royal Unibrew's shares of the brewery company. The sale has reduced Royal Unibrew's net interest-bearing debt by DKK 202 million corresponding to the selling price of PLN 111 million. The sale was effected at the carrying amount of the shares; therefore, consolidated equity is not affected by the sale.

As part of its strategic and management focus, in November 2012 Royal Unibrew sold its 51% shareholding in Impec Holding SAS, which operates as a distributor in Guadeloupe and Martinique in the Caribbean (see Company Announcement No 56/2012 of 2 November 2012). The long-term distribution agreement between Royal Unibrew and Impec Holding comprising a number of Royal Unibrew's malt and beer products will continue unchanged, and Royal Unibrew therefore expects to maintain a strong market position in Guadeloupe and Martinique. The selling price of the shares is at the level of the carrying amount at the time of sale and has reduced the Group's net interest-bearing debt by DKK 16 million, whereas consolidated equity is not affected by the sale.

The sale of the first 37,500 square metres of the total

140,000 square metres of building rights relating to the brewery site in Aarhus were realised as planned in September 2012 in accordance with the option-based cooperation agreement entered into with A. Enggaard Entreprenør- og Byggefirma A/S (see Company Announcement No 47/2012 of 13 September 2012), and cash flow after tax from the sale amounted to approx DKK 110 million. The selling price corresponds to the carrying amount of the building rights; therefore, Royal Unibrew's profit and equity are not affected by the sale.

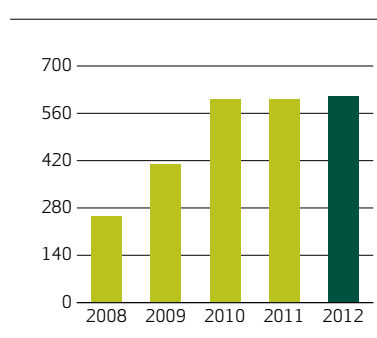
## Business development

In 2012 Royal Unibrew reinforced its market position, and the Group's branded products generally maintained or increased their market shares in the main markets.

In 2012 Royal Unibrew improved its earnings over 2011. Earnings before interest and tax (EBIT) amounted to DKK 485 million, which is DKK 11 million above the 2011 figure. Profit before tax for the year amounted to DKK 481 million, which is DKK 20 million above the 2011 figure. Also in 2012 a strong free cash flow was achieved, amounting to DKK 476 million, which has enabled the Company to increase

### EBITDA

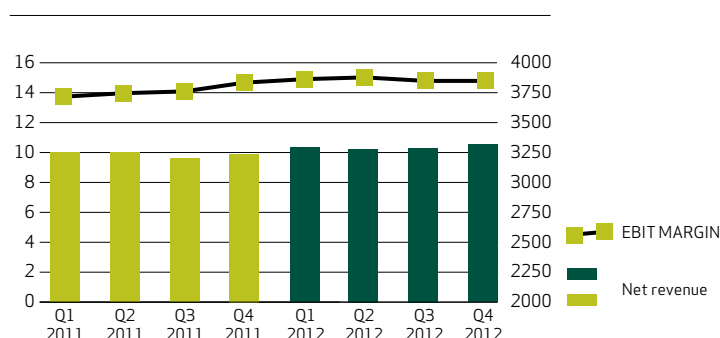
mDKK



### CURRENT 12-MONTH DEVELOPMENT

%

mDKK





**DEVELOPMENTS IN ACTIVITIES IN 2012 BROKEN DOWN ON MARKET SEGMENTS**

	Western Europe	Eastern Europe	Malt Beverages	Unallocated	Group 2012	2011
Sales -thousand hectolitres	3,323	1,664	456		5,443	5,668
Growth -%	0.4	-13.9	7.4		-4.0	-14.7
Share of sales -%	61	31	8		100	100
Net revenue -mDKK	2,430	585	415		3,430	3,431
Growth -%	0.8	-7.0	6.0		0.0	-9.1
Share of net revenue -%	71	17	12		100	100
EBIT -mDKK	408.2	27.3	83.9	-34.4	485	474.2
EBIT margin -%	16.8	4.7	20.2		14.1	13.8

its distribution to shareholders by DKK 117 million to DKK 379 million and to reduce net interest-bearing debt by DKK 310 million to DKK 321 million. The sale of non-core assets contributed to this by DKK 312 million.

### Income statement

Beer and soft drinks consumption in Royal Unibrew's markets in Western Europe and Eastern Europe has been declining in 2012 due to increased consumer restraint and bad summer weather in North Western and Eastern Europe. Royal Unibrew's branded products generally maintained or increased their market shares.

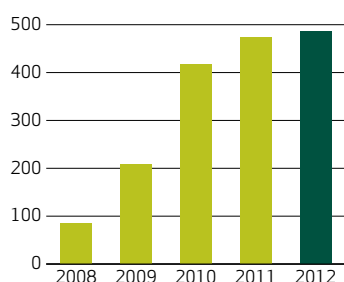
In 2012 sales aggregated 5.4 million hectolitres of beer, malt beverages and soft drinks, which is 4% below the 2011 figure. Organically (adjusted for divestment of subsidiaries in 2011 and 2012), sales were 1% lower. In Q4 sales showed organic growth of 1%.

Net revenue for 2012 remained unchanged from 2011 at DKK 3,430 million (2011: DKK 3,431 million). Organically, net revenue was 2% above the 2011 figure. Net revenue was positively affected by selling

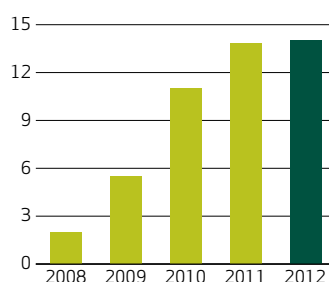
price increases to compensate partly for higher raw material prices and value management measures; moreover, a private label agreement entered into in Q1 2012 contributed to the net revenue growth. Lower consumption, on the other hand, affected net revenue development negatively. In Q4 2012 net revenue showed organic growth of 4%.

Gross profit amounted to DKK 1,716 million compared to DKK 1,745 million in 2011 (organically, gross profit was DKK 6 million below the 2011 figure). The lower gross profit relates to the last six months of 2012 and is due to increasing consumer restraint over the summer and bad summer weather in both North Western Europe and Eastern Europe. Gross margin decreased by 0.9 percentage point from 50.9% to 50.0%. The divestment of subsidiaries had a positive effect of 0.5 percentage point. Organically, gross margin thus decreased by 1.4 percentage points. The gross margin decrease is due to higher average net selling prices and higher efficiency at the breweries not fully compensating for the increase in raw materials prices. Moreover, there was a shift in 2012 between sales channels from on-trade towards off-trade where gross margin is generally lower.

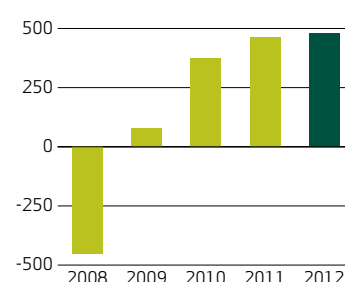
**EBIT**  
mDKK



**EBIT MARGIN**  
%



**RESULT BEFORE TAX**  
mDKK



Sales and distribution expenses amounted to DKK 1,062 million in 2012, which is DKK 22 million below the 2011 figure (organically, DKK 6 million below the 2011 figure). Investments in the market in 2012 were at a high level by way of increased sales and marketing expenses for both new and existing brands. Oppositely, higher efficiency in distribution reduced distribution expenses.

Administrative expenses were DKK 17 million lower amounting to DKK 173 million in 2012 compared to DKK 190 million in 2011. Organically, the expenses were reduced by DKK 14 million as a result of organisational streamlining and focus on continuous improvement in all areas.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by DKK 10 million in 2012 amounting to DKK 611 million compared to DKK 601 million in 2011. Organically, EBITDA increased by DKK 16 million over 2011. EBITDA for Q4 2012 was at the 2011 level amounting to DKK 121 million, whereas, organically, EBITDA was DKK 5 million above the 2011 figure.

Earnings before interest and tax (EBIT) amounted to DKK 485 million in 2012, which is DKK 11 million above the 2011 figure. Organically, EBIT increased by DKK 15 million in 2012, DKK 4 million of which was realised in Q4.

EBIT margin for 2012 was 0.3 percentage point higher than the 2011 margin representing 14.1%. In Q4 2012 EBIT margin was 11.2%, which remains unchanged from the same period of 2011. Organically, EBIT margin went up both on a full-year basis and in Q4 for the Group and the Western Europe and Malt Beverages segments, whereas in Eastern Europe

it was approx 3 percentage points lower in 2012 than in 2011 and negatively affected by the continued consumer restraint in the Baltic countries.

Net financials showed a net expense of DKK 4 million in 2012, which is a DKK 9 million improvement on 2011. Net financial expenses in the period were DKK 11 million higher and negatively affected, by DKK 7 million, by a realised exchange loss recirculated from equity in connection with the sale of shares of Van Pur. Income after tax from investments in associates was DKK 20 million above the 2011 figure, DKK 8 million of which was of a one-time nature.

The profit before tax increased by DKK 20 million in 2012 amounting to DKK 481 million compared to DKK 461 million in 2011.

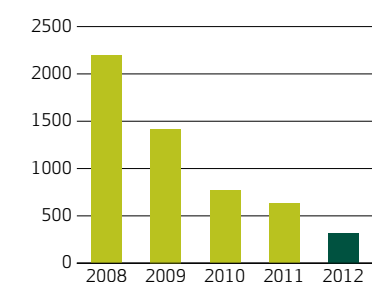
Tax on the profit for 2012 was an expense of DKK 108 million, corresponding to a tax rate of approx 23% of profit before tax. The tax expense for the year is positively affected by adjustments of DKK 7 million relating to prior years. Eliminated for this and calculated net of income from associates, the tax rate was approx 26% as expected. The tax recognised in other comprehensive income amounted to DKK 0 million in 2012 (2011: an income of DKK 5 million).

The profit for the year amounted to DKK 373 million, which is a DKK 22 million improvement on the profit of DKK 351 million realised in 2011.

The Parent Company's profit for the year amounted to DKK 383 million compared to DKK 358 million in 2011. Dividend income from subsidiaries and associates amounted to DKK 65 million compared to DKK 126 million in 2011.

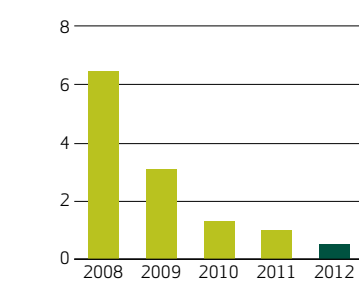
#### NET INTEREST-BEARING DEBT

mDKK



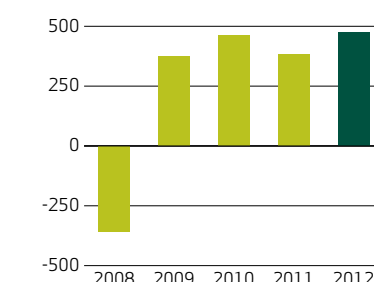
#### NET INTEREST-BEARING DEBT/EBITDA

Times



#### FREE CASH FLOW

mDKK





## Balance sheet

Royal Unibrew's balance sheet amounted to DKK 2,848 million at 31 December 2012, which is a decrease of DKK 42 million from 31 December 2011. The divestment of Impec and Van Pur reduced the balance sheet total by DKK 25 million.

Inventories and trade receivables have increased organically by approx DKK 37 million primarily due to higher raw materials prices.

Cash at bank and in hand increased due to the sale of the first part of the brewery site in Aarhus and of Impec and Van Pur, which, conversely, reduced the value of non-current assets.

The equity ratio represented 47.3% at 31 December 2012 compared to 45.7% at the end of 2011. Equity amounted to DKK 1,348 million at the end of December 2012 compared to DKK 1,321 million at the end of 2011 and was increased in the period by the positive comprehensive income of DKK 420 million for the period and reduced by distribution of dividend of DKK 179 million, net share buy-backs of DKK 200 million and minority shareholders' share of Impec of DKK 14 million. The comprehensive income comprises the profit for the period of DKK 373 million, positive exchange rate adjustments of foreign group enterprises of DKK 30 million and a positive development in the value of hedging instruments of DKK 17 million.

Net interest-bearing debt was reduced by DKK 310 million to DKK 321 million in 2012 (2011: reduced by DKK 139 million to DKK 631 million), while distribution to shareholders by way of dividend and share buy-backs increased by DKK 117 million to DKK 379 million (2011: DKK 262 million). The sale of the first part of the brewery site in Aarhus and of Impec and Van Pur reduced net interest-bearing debt by approx DKK 328 million in 2012.

Funds tied up in working capital showed a negative DKK 179 million at the end of 2012, which is a DKK 30 million improvement from the end of 2011 when working capital was negative by DKK 149 million. DKK 15 million of the improvement relates to the divestment of Impec. Organically, funds tied up in inventories, trade receivables and trade payables were DKK 19 million lower in 2012, whereas the other elements of working capital were DKK 4 million higher than at the end of 2011. All entities continue their strong focus on managing inventories, trade receivables and trade payables.

## Cash flow statement

Cash flows from operating activities showed a DKK 99 million improvement on 2011 amounting to DKK 497 million in 2012 (2011: DKK 398 million). Cash flows comprised the profit for the period adjusted for non-cash operating items of DKK 611 million (2011: DKK 601 million), positive working capital cash flow of DKK 22 million (2011: negative cash flow of DKK 58 million), net interest paid of DKK 31 million (2011: DKK 30 million) and taxes paid of DKK 105 million (2011: DKK 115 million).

Free cash flow amounted to DKK 476 million in 2012 compared to DKK 384 million in 2011. The DKK 92 million increase in free cash flow comprised a DKK 102 million improvement of operating cash flows and dividend from associates with deduction of DKK 10 million higher net investments in property, plant and equipment. Gross investments in property, plant and equipment amounted to DKK 154 million in 2012 compared to DKK 74 million in 2011, whereas sale of property, plant and equipment net of tax amounted to DKK 119 million compared to DKK 49 million in 2011. The key part, approx DKK 110 million, of the cash flow from the sale of assets in 2012 related to the sale of the first part of the brewery site in Aarhus.

## Brewery site in Aarhus

In accordance with the cooperation agreement, A. Enggaard Entreprenør- og Byggefirma A/S has options, up until the end of 2016, to purchase the 102,500 square metres of building rights at the brewery site in Aarhus which had not yet been sold at the end of 2012. The realisation and timing of the total sale of the brewery site in Aarhus are subject to uncertainty. In Royal Unibrew's opinion – given market conditions – the cooperation model adopted creates a good basis for realising the value of the total brewery site. The carrying amount of the remaining building rights at 31 December 2012 was DKK 276 million, which corresponds to the estimated fair value calculated by applying unchanged assumptions as compared to 30 June 2012 in respect of estimated selling prices and milestone dates under the cooperation agreement, estimated costs up until the date of sale (property taxes, project and selling costs) and the discount rate. Sale to the carrying amount will result in a tax payment of approx DKK 60 million.



# KONDI Booster

ENERGY DRINK

25 c/c  
FAXE  
KONDI  
Booster  
BLU

ENERGY DRINK

25 c/c

ORIGINAL

FAXE  
KONDI  
Booster



# Outlook

The outlook for Royal Unibrew's financial development in 2013 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by general economic activity, fiscal measures and the general uncertainty experienced by most consumers, which affects their consumption behaviour. Moreover, the outlook has been prepared taking into account the development in key expense categories as well as the effect of initiatives completed and initiated.

Management's financial performance outlook for 2013 is based on the following main assumptions:

- It is estimated that consumption in the Western European market will decline, comprising a low single-digit percentage decline in the market covering Danish consumers and a medium single-digit percentage decline in the premium/super premium category in Italy. Italy is generally expected to see a volatile and declining market due to uncertainty resulting from negative economic growth and fiscal measures implemented and expected. Consumption in the Eastern European market is expected to be stable on the assumption of normal summer weather. The market for malt beverages in Europe and the Caribbean is expected to remain unchanged, whereas increasing markets are expected in a number of African and Central American countries due to population growth and increasing standards of living.
- Royal Unibrew's market shares on branded products in Europe are generally expected to be maintained or increased for the key brands in main markets. Royal Unibrew's market shares in the Malt Beverages segment are expected to increase due to increased market penetration in existing markets and expansion into new markets.
- Limited selective net price increases are assumed.
- It is estimated that the cost development in a number of direct and indirect cost categories noted during 2012 will continue in 2013.
- The continuous efficiency improvement in all parts of the business – which will compensate partly for increased costs – will continue in 2013.
- Increased investments are expected in organisation, sales and marketing in the Malt Beverages

segment with a view to strengthening the business area in the medium term.

- The prices of the key raw materials categories have been moderately increasing in 2012. In 2012 Royal Unibrew entered into hedging agreements covering the greater part of estimated consumption in 2013, but at a higher cost level than in 2012.
- The Malt Beverages segment is expected in the medium-term (measured at unchanged exchange rates) to hold potential for an average annual revenue growth of 10-15%, whereas, with the existing market mix, EBIT margin is expected to be around 20%.
- Exchange rates between DKK and other currencies are expected to remain unchanged as compared to the end of 2012.
- Depreciation and amortisation are estimated to be at the level of DKK 125 million.
- Gross investments are expected to amount to DKK 130-150 million.
- Tax is expected to amount to approx 25% of profit before tax excluding income after tax from investments in associates.

## OUTLOOK FOR 2013

	Outlook 2013	Actual 2012* (in organic terms)
Net revenue (mDKK)	3,325-3,450	3,330
EBITDA (mDKK)	575-625	605
EBIT (mDKK)	450-500	480

\* In 2012 the Caribbean distribution business Impec was included in the Financial Statements with revenue of DKK 100 million, EBITDA of approx DKK 6 million and EBIT of approx DKK 5 million.

The Board of Directors expects to distribute in the period between the AGM in 2013 and the AGM in 2014 a total of DKK 464 million, comprising dividend of DKK 254 million and share buy-backs of DKK 210 million. The dividend comprises ordinary dividend of DKK 204 million (DKK 19.25 per share) and extraordinary dividend of DKK 50 million (DKK 4.75 per share). The Board of Directors expects to realise a share buy-back of DKK 210 million including an ordinary share buy-back of DKK 160 million and an extraordinary share buy-back of DKK 50 million.



# The Most Important Brands

## Western Europe



## Eastern Europe



## Malt Beverages

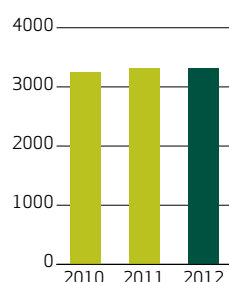


# Western Europe

Market shares increased in North Western Europe and maintained in Italy in 2012. Focus on value management secured net revenue and earnings growth in spite of consumer restraint and a rainy summer in North Western Europe.

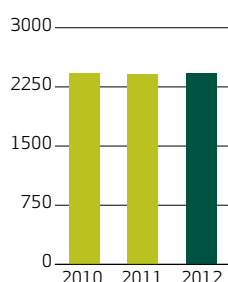
## SALES

thousand hectolitres



## NET REVENUE

(mDKK)

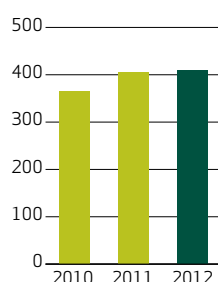


(Denmark, other Nordic countries and Germany) as well as in Italy. In 2012 Western Europe accounted for 71% of the Group's net revenue and for 84% of EBIT (2011: 70% and 85%, respectively).

Sales in Western Europe for the full year and in Q4 2012 were marginally higher than in 2011. Royal Unibrew generally maintained or increased its market shares on branded beer and soft drinks. The marginally positive sales development was realised in spite of increased consumer restraint, especially in Italy, and a rainy summer in North Western Europe. Net revenue for the full year went up by 1% and for Q4 by 2% as compared to 2011. The net revenue development was positively affected by price increases to compensate partly for raw materials price increases as well as value management measures, whereas shifts in market and channel mix affected net revenue negatively.

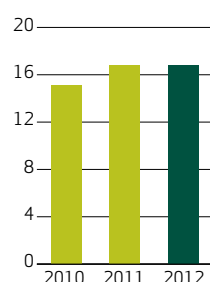
## EBIT

(mDKK)



## EBIT MARGIN

(%)



Earnings before interest and tax (EBIT) and EBIT margin for 2012 were at the 2011 level amounting to DKK 408 million and 16.8%, respectively. In Q4 2012 EBIT was DKK 5 million higher than in 2011, and EBIT margin increased by 0.6 percentage point to 16.1%. The unchanged earnings as compared to 2011 were positively affected by the cost development in the distribution and in administrative functions, whereas increased investments in marketing activities had the opposite effect. Moreover, the earnings development was negatively affected by a changed market mix.

The Western Europe segment comprises the markets for beer and soft drinks in North Western Europe

## WESTERN EUROPE

	Q1-Q4			Q4		
	2012	2011	Change	2012	2011	Change
Sales (thousand hectolitres)	3,323	3,311	0%	787	783	1%
Net revenue (mDKK)	2,430	2,410	1%	550	538	2%
EBIT (mDKK)	408.2	405.0		88.5	83.5	
EBIT margin (%)	16.8	16.8		16.1	15.5	



## NORTH WESTERN EUROPE

### Profile

Royal Unibrew is the number two provider of beer and soft drinks to Danish consumers in terms of size. Within beer, Royal Unibrew offers a combination of strong international, national and local brands. Royal and the international licence brand Heineken are offered to the entire Danish market, whereas brands like Albani, Faxe, Ceres and Thor are offered in areas with strong local rooting.

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

Within spring water and natural mineral water, Egekilde is marketed. Egekilde has been launched in a number of taste varieties, including citrus, cranberry and blueberry/pomegranate and most recently through a line extension into the vitamin-enriched water category.

Within related categories, Royal Unibrew offers Faxe Kondi Booster in the energy drink segment as well as a number of Tempt varieties in the cider and ready-to-drink categories.

Royal Unibrew has breweries in Faxe and Odense, and Danish consumers are supplied through the Company's own nationwide distribution system.

In 2012 Royal Unibrew's sales increased by 2% over 2011, and net revenue increased by 4%. A private label agreement entered into in Q1 2012 affected Royal Unibrew's sales and net revenue positively, whereas the bad summer weather in 2012 affected sales and net revenue negatively as compared to 2011. It is estimated that the market share for branded beer and soft drinks products increased in 2012. In early 2012 selling price increases were introduced to compensate partly for the higher raw materials prices. These have affected net revenue positively, whereas both sales and net revenue were negatively affected by the indirect tax increases implemented at 1 January 2012.

In 2012 Royal Unibrew focused on value management, commercial innovation, including campaigns/product activation and product development as well as marketing investments. Therefore, expenses have gone up. A number of new products and line extensions were launched, including a new energy drink, Faxe Kondi Booster, which has already achieved a good distribution and market position. Moreover, the Royal product portfolio was launched in a new profiled bottle in the Danish market, and the Egekilde portfolio was extended by several varieties containing vitamins.

In Germany Faxe sales increased due to extended distribution.

### CO<sub>2</sub>-neutral Egekilde

The launch of the CO<sub>2</sub>-neutral Egekilde - the first Danish CO<sub>2</sub>-neutral mineral water - offers consumers the option of making a climate-friendly purchasing choice.



### Developments in 2012

It is estimated that North Western Europe has seen a 4-5% decline in Danish consumption of beer and soft drinks in 2012.

#### NORTH WESTERN EUROPE

	Q1-Q4			Q4		
	2012	2011	Change	2012	2011	Change
Sales (thousand hectolitres)	2,919	2,874	2%	718	704	2%
Net revenue (mDKK)	1,833	1,760	4%	442	417	6%

## ITALY

### Profile

Ceres Strong Ale is among the market leaders in Italy in the super premium segment and holds a considerable market share. Ceres Strong Ale is available at about 75% of the estimated 175,000 on-trade outlets.

The greater part of Ceres Strong Ale is consumed out of home in the on-trade channel, and the remaining part is consumed at home. Our sales efforts are directed at hundreds of wholesalers who service and supply customers in the on-trade channel, at a number of cash & carry customers where on-trade customers themselves pick up the goods and at retail customers where Royal Unibrew delivers the goods directly through third-party suppliers.

Our focus is on intensive and continuous marketing aimed at consumers by means of TV commercials and the social media as well as trade marketing activities to sustain and expand Ceres Strong Ale's market position as a leading brand in its segment.

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

As expected, Royal Unibrew's sales and net revenue which primarily relate to the super premium brand Strong Ale showed a decline slightly above annual average in Q4 2012 due to a certain level of inventory build-up with distributors at the end of Q3. It is estimated that Royal Unibrew's market shares of the premium and super premium categories were maintained.

In the autumn of 2011 a new consumer communication platform for Ceres Strong Ale "Heroes 4 Ceres" was launched. The innovative communication was launched first in the social media and integrates several methods of consumer activation. In 2012 the communication was extended and supported by eg TV commercials. The results of the strategy and the execution of the social media are assessed as extraordinarily positive compared with other brands in the alcohol category. Investment in marketing of the Ceres Strong Ale brand is a key priority and was at a high level also in 2012.

### Ceres Strong Ale

Is among the market leaders in the super premium segment in Italy and has been on the market for more than 40 years. The greater part of Ceres Strong Ale is consumed out of home in the on-trade channel.



### Developments in 2012

In 2012 the economic situation in Italy was characterised by uncertainty, consumer restraint and downtrading, which, as expected, affected the total beer consumption negatively. In the on-trade channel consumption declined, and the premium and super premium segment maintained its market share. The consumption in the off-trade channel remains unchanged, but opposite in the on-trade channel the premium and super premium segment lost market shares, whereas the economy segment won market shares.

### ITALY

	Q1-Q4			Q4		
	2012	2011	Change	2012	2011	Change
Sales (thousand hectolitres)	404	437	-8%	69	79	-13%
Net revenue (mDKK)	597	650	-8%	108	121	-11%



# NEPARASTI

# SPIRDZINOŠS

**JAUNUMS**

**Enjoy**

100%  
fresh  
taste

viegli gāzēts dzēriens    ar sulu



# Eastern Europe

Market shares maintained in 2012. Lower net revenue and earnings due to consumption decline in the Baltic countries.

## EASTERN EUROPE

### Profile

Royal Unibrew's brewery business Kalnapilio-Tau-ro Grupe is the second largest in Lithuania holding considerable market positions within both beer and soft drinks. The Kalnapilis brewery is the production platform in Lithuania.

In the Lithuanian beer market, Royal Unibrew's national brands are Kalnapilis and Taurus, whereas Faxe is a leading international brand in the market. Cido is the number three fruit juice brand in Lithuania in terms of size.

The organisation in Lithuania handles sales and distribution to the off-trade channel as well as the on-trade channel through its own nationwide distribution system.

In Latvia Royal Unibrew's Cido Grupa is the largest provider and market leader on fruit juices and soft drinks as well as the number three, close behind number two, provider of beer. Royal Unibrew's production platform in Latvia comprises the Cido bottlery in Riga and the Lacplesa brewery in Liepaja.

In the Latvian beer market Royal Unibrew's national brands are Lacplesa Alus and Livu Alus,

Within soft drinks, a series of high-quality fruit juice products is offered under the Cido brand, which is one of Latvia's most well-known brands. Moreover, mineral water is sold under the Mangali brand primarily as natural mineral water, and under the Fruts brand a number of nectar drinks are sold. In 2012 a new soft drink was launched under the brand Cido Njoy.

The organisation in Latvia handles sales and distribution to the off-trade channel as well as the on-trade channel through its own nationwide distribution system.

Royal Unibrew established its own sales organisation in Estonia in 2011, and at the end of 2012 Royal Unibrew took over the distribution of Heineken in the Baltic countries, which will reinforce the total brand portfolio within both on-trade and off-trade. This distribution takeover will accelerate the development of Royal Unibrew's sales organisation in Estonia. The primary brands in Estonia are Cido in the soft drinks category and Meistriti Gildi as well as Faxe in the beer category.

Since 2009 the Baltic business unit has been operated by one management team.

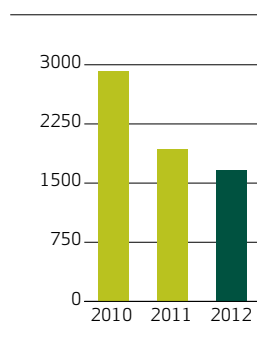
### Developments in 2012

The Eastern Europe segment primarily comprises the markets for beer, fruit juices and soft drinks in the Baltic countries (Lithuania, Latvia and Estonia). In 2012 Eastern Europe accounted for 17% of the Group's net revenue and for 6% of EBIT (2011: 18% and 10%, respectively).

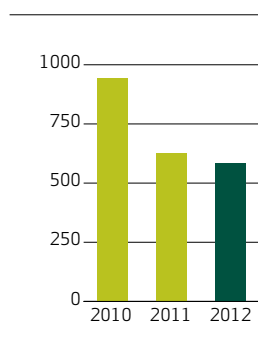
Sales and net revenue decreased by 14% and 7%, respectively, in 2012. The sale of Royal Unibrew Polska Sp. z o.o. in March 2011 reduced both sales and net revenue by 8%. Organically, sales thus declined by 6%, whereas net revenue increased by 1% over 2011. In Q4 2012 sales increased by 3% and net

**SALES**

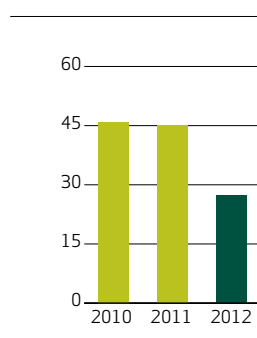
t hectolitres

**NET REVENUE**

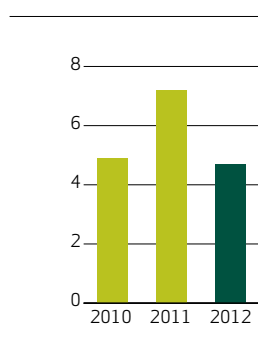
mDKK

**EBIT**

mDKK

**EBIT MARGIN**

(%)



in the Baltic markets has declined in 2012 due to increasing consumer restraint over the summer and due to particularly bad weather in Q2 and Q3. It is estimated that Royal Unibrew's market shares have generally been maintained.

Earnings before interest and tax (EBIT) for 2012 were DKK 18 million below the 2011 figure, and EBIT margin decreased from 7.2% to 4.7%. The negative development is due to inability to compensate fully for the lower gross profit due to lower sales by short-term cost adjustments. Moreover, Q4 is negatively affected by write-down of production equipment for packaging purposes following statutory intervention against certain previously applied packaging types.

In the Baltic countries innovation remains a high priority, and in 2012 a brand new innovative "Open Top" can was launched, allowing the consumer to open the can so that it can be used as a cup. The launch is an element in improvement of consumers' quality experience of Royal Unibrew products. Moreover, several new beer products, eg Kalnapilis Lite targeting younger consumers, and a new soft drink with lemon/lime taste, Cido Njoy, were launched.

Including the Polish subsidiary which was sold in March 2011.

revenue by 7%. Net revenue is positively affected by price increases at the beginning of the year to compensate partly for higher raw materials prices.

In spite of a positive trend in the Baltic economies, consumption of beer, fruit juices and soft drinks

**EASTERN EUROPE**

	Q1-Q4			Q4		
	2012	2011	Change	2012	2011	Change
Sales (thousand hectolitres)	1,664	1,932	-14%	361	350	3%
Net revenue (mDKK)	585	629	-7%	128	120	7%
EBIT (mDKK)	27.3	45.1		-5.5	-1.6	
EBIT margin (%)	4.7	7.2		-4.3	-1.4	

# Malt beverages

Considerable net revenue and earnings growth in 2012 due to extended market coverage, favourable market mix development and implemented distribution change in Europe.

## MALT BEVERAGES

### Profile

The business area Malt Beverages comprises an export and licence business, primarily of non-alcoholic malt beverages, and secondarily the Faxe export beer brand.

Royal Unibrew has several internationally strong malt beverages brands, and these are marketed in the premium segment. Vitamalt is assessed to be the number three global malt brand in terms of size, whereas Supremalt and Powermalt hold strong regional positions.

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

The malt beverages markets are supplied either by exports from Royal Unibrew's Danish breweries or on the basis of licence agreements. Royal Unibrew has agreements for licence production of Vitamalt with local brewery businesses, primarily in the Caribbean.

The export markets are serviced by distributors, whereas the licence markets are serviced by local breweries. The sales organisation, which is to a large extent located directly in the markets, cooperates closely with our partners on commercial priorities and marketing initiatives.

### Developments in 2012

The Malt Beverages segment comprises the export and licence business for malt beverages and beer exports. In 2012 malt beverages accounted for 12% of the Group's net revenue and for 17% of EBIT (2011: 12% and 11%, respectively).

Sales went up by 7% in 2012, whereas net revenue went up by 6%. The sale of the Group's Caribbean distribution company in November 2012 reduced sales in Q4 by two percentage points and net revenue by 35 percentage points. Organically, sales thus increased by 3% and net revenue by 12% in Q4. For the full year, organic sales growth represented 8%, whereas net revenue increased by 16%.

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. Moreover, when comparing, the distribution between export sales and licence-based sales should be taken into account. The distribution for Q4 and for the full year 2012 is in favour of export sales, which explains the difference in the percentage development of sales and net revenue, respectively.

### Vitamalt

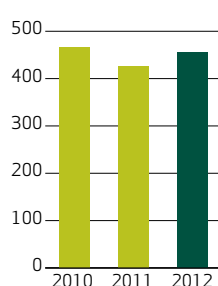
Vitamalt is our leading international non-alcoholic premium malt brand.





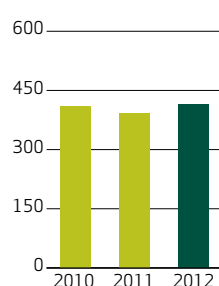
## SALES

t hectolitres



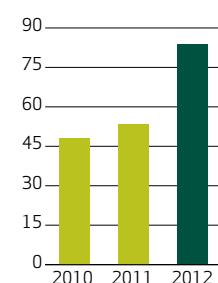
## NET REVENUE

mDKK



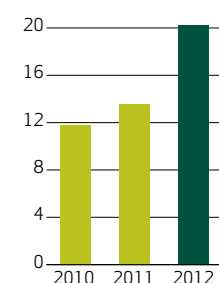
## EBIT

mDKK



## EBIT MARGIN

(%)



Earnings before interest and tax (EBIT) amounted to DKK 84 million in 2012, which is DKK 31 million above the 2011 figure. EBIT margin was 20.2% in 2012 compared to 13.6% in 2011. In addition to the higher sales, the EBIT increase is due to the relatively higher increase in export sales than in licence-based sales as well as a favourable market mix development. In 2012 the EBIT-margin was 25% for the continuing activities.

The business in the Americas comprising the Caribbean, Central America, the USA and Canada developed positively in 2012 with higher sales and net revenue than in 2011. The positive development is due to, among other things, market expansion in Central America.

As expected, the business in EMEAA comprising Europe, the Middle East, Africa and Asia developed satisfactorily in 2012. Net revenue is affected by a favourable market mix development in addition to higher sales. The European market has developed as expected and has normalised at the end of 2012 following the distribution changes. In the other markets in the area, Royal Unibrew's activities continued to develop positively in 2012. Africa has shown and is still showing solid growth in both new and existing markets, whereas both sales and revenue have declined in the Middle East due to the unrest in Syria.

## MALT BEVERAGES

	Q1-Q4			Q4		
	2012	2011	Change	2012	2011	Change
Sales (thousand hectolitres)	456	425	7%	105	103	1%
Net revenue (mDKK)	415	392	6%	82	106	-23%
EBIT (mDKK)	83.9	53.3		14.8	9.2	
EBIT margin (%)	20.2	13.6		18.2	8.7	



# Shareholder information

Royal Unibrew wants to keep its shareholders continuously up-to-date on the Company's development and also to increase interest in the Company on the stock market. Therefore, Royal Unibrew emphasises providing timely and adequate information on its objectives and strategy, business activities and the development in the Company's markets.

Share capital, DKK	105,700,000
Number of shares	10,570,000
Denomination	DKK 10
Number of share classes	1
Restriction of voting right	None
Place of listing	NASDAQ OMX Copenhagen A/S
Short name	RBREW
ISIN code	DK10242999
Bloomberg code	RBREW DC
Reuter code	RBREW.CO
Index	MidCap

## Share information

The Board of Directors has been authorised to increase the Company's share capital on one or several occasions by up to a nominal amount of DKK 11,000,000 in the period to 30 April 2017.

The Board of Directors cannot without prior adoption at the general meeting decide to acquire shares for treasury. At the AGM in 2012, the Board of Directors was authorised to acquire shares for treasury of up to 10% of the share capital in the period to the AGM in 2013.

Each share of DKK 10 carries one vote. Any shareholder registered in the Company's register of shareholders is entitled to vote.

The shares are listed on NASDAQ OMX Copenhagen A/S, and Royal Unibrew is included in the Midcap index.

At the end of 2012, the price of the Royal Unibrew share was 492 compared to 321.5 at the end of 2011. Royal Unibrew's market capitalisation amounted to DKK 5,200 million at the end of 2012 compared to DKK 3,596 million at the end of 2011.

## Change of control

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

## Share buy-back in 2012

At the AGM on 30 April 2012, the Board of Directors was authorised to acquire shares for treasury of up to 10% of the total share capital.

At the end of April 2012, the Board of Directors of Royal Unibrew initiated a share buy-back of up to a market value of DKK 125 million in the period to 13 November 2012. In connection with the presentation of the Interim Report for 1 January – 30 June 2012, the Board of Directors of Royal Unibrew A/S decided

## DEVELOPMENT IN ROYAL UNIBREW'S SHARE CAPITAL

DKK ' 000	2012	2011	2010	2009	2008
Share capital 1/1	111,865	111,865	111,865	56,000	59,000
Capital reduction	-6,165				-3,000
Capital increase				55,865	
<b>Share capital 31/12</b>	<b>105,700</b>	<b>111,865</b>	<b>111,865</b>	<b>111,865</b>	<b>56,000</b>



to increase the existing share buy-back programme by DKK 85 million to DKK 210 million, including DKK 50 million extraordinarily as a result of the Board's intention of making extraordinary distribution of DKK 500 million over the coming years in connection with the sale of non-operational assets. At the same time the share buy-back period was extended to 25 April 2013.

The share buy-back programme has been established and structured in accordance with the so-called Safe Harbour method, which ensures that the Company is protected against violation of insider legislation during the buy-back process.

Royal Unibrew's total share buy-back in the period from 1 May to 31 December 2012 comprises 363,007 shares of a total market value of DKK 153 million.

In 2012 a total of 499,950 shares of a total market value of DKK 200 million were bought back.

Royal Unibrew now holds a total of 382,948 treasury shares of a nominal value of DKK 10 each, corresponding to 3.6% of the Company's share capital. The total number of shares of the Company is 10,570,000 including treasury shares.

In connection with the Company's AGM, the Board of Directors will propose that the share capital be reduced by cancelling any treasury shares not utilised to fulfil the Group's previous option programme.

### Ownership

At the end of 2012, Royal Unibrew had approx 17,000 registered shareholders holding together 90% of the total share capital.

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

Shareholder	End of February 2013	End of February 2012
Chr. Augustinus Fabrikker, Denmark	11.0%	10.4%
ATP, Denmark	5.2%	5.0%
SKAGEN Fondene AS, Norway	8.9%	8.7%

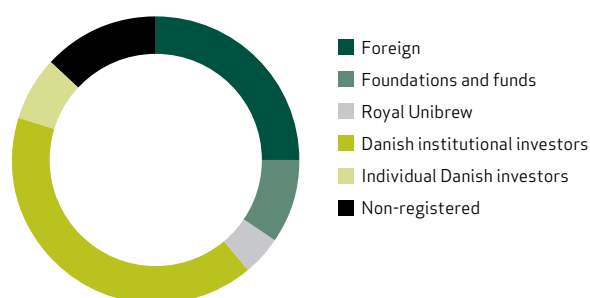
Members of the Board of Directors and the Executive

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

At 31 December 2012, directors held 2,755 shares of the Company, and members of the Executive Board held 103,694 shares, corresponding to a total of 1% of the share capital.

At 31 December 2012, Royal Unibrew held 382,948 treasury shares, corresponding to 3.6% of the share capital.

### BREAK-DOWN OF SHAREHOLDERS AT THE END OF 2012



### General meeting

The Company's AGM will be held on 29 April 2013, at 4 pm at Dalumhallerne in Odense.

At the Extraordinary General Meeting of Royal Unibrew on 11 October 2010, the possibility of electronic communication with the Company's shareholders was provided for, including communication in connection with the holding of general meetings. The coming AGM will thus also be convened electronically, and information on the registration for electronic communication is provided at Royal Unibrew's website [www.royalunibrew.com](http://www.royalunibrew.com) under investor.

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

**Board of Directors resolutions and proposed resolutions for the AGM**

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

The Board also proposes distribution of dividend of DKK 254 million for 2012, corresponding to DKK 24 per share. DKK 4.75 of this amount corresponding to DKK 50 million is part of the planned extraordinary distribution of DKK 500 million from the sale of non-operational assets.

**DIVIDEND DATES FOR 2013**

Resolution at AGM	29 April 2013
Last trading day with right to dividend for 2012	29 April 2013
First trading day without right to dividend for 2012	30 April 2013
Distribution of dividend	3 May 2013

**Investor Relations activities**

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

A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. In 2012 Royal Unibrew held four webcasts in connection with the publication of the Annual Report 2011, the Q1 Report, H1 Report and Q3 Report 2012, respectively. Moreover, Royal Unibrew holds analyst and investor meetings in both Denmark and abroad in connection with the publication of Interim and Annual Reports.

In January 2012 Royal Unibrew participated in SEB Enskilda's Annual Nordic Seminar in Copenhagen, in August 2012 in Jyske Bank's Company Day in Silkeborg as well as in Danske Bank's Copenhagen Winter Seminar in November 2012.

Webcasts and presentations from webcasts and seminars are accessible at Royal Unibrew's website, [www.royalunibrew.com](http://www.royalunibrew.com) under investor.

**THE ROYAL UNIBREW SHARE IS FOLLOWED BY:**

Company	Analyst
ABG Sundal Collier	Michael K. Rasmussen
Alm. Brand Markets	Stig Nymann
Danske Bank	Tobias C. Björklund
Handelsbanken	Casper Blom
Jyske Bank	Jonas Guldborg Hansen
Nordea Bank	Hans Gregersen
Nykredit	Ricky Steen Rasmussen
SEB Enskilda	Søren Samsøe
Sydbank	Morten Imsgard

**Share trading at NASDAQ OMX**

In 2012 a total of 4,326,233 shares were traded at NASDAQ OMX Copenhagen, corresponding to 41% of the total number of shares (source: NASDAQ OMX). The turnover was DKK 1,744 million (2011: DKK 2,173 million).

**FINANCIAL CALENDAR FOR 2013**

7 March 2013	Annual Report 2012
29 April 2013	Interim Report for the period 1 January - 31 March 2013
29 April 2013	Annual General Meeting in Odense
28 August 2013	Interim Report for the period 1 January - 30 June 2013
21 November 2013	Interim Report for the period 1 January - 30 September 2013

## SHARE RATIOS

Per share - DKK	2012	2011	2010	2009	2008
Parent company's shareholders share of earnings per share	35.6	31.8	25.1	5.8	-89.0
Parent company's shareholders share of diluted earnings per share	35.6	31.8	25.1	5.8	-89.0
Cash flow per share	44.2	36.4	44.4	62.0	19.0
Diluted cash flow per share	44.2	36.4	44.4	62.0	19.0
Year-end price per share	492.0	321.5	332.0	139.0	118.5
Dividend per share	24.0	17.0	12.5	0.0	0.0
Number of shares	10,570,000	11,186,498	11,186,498	11,186,498	5,600,000

## SHARE PERFORMANCE

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



#### ANNOUNCEMENTS TO NASDAQ OMX COPENHAGEN

12 January 2012	03/2012	Employee Representation on the Board in Royal Unibrew A/S
6 February 2012	08/2012	Major shareholder information pursuant to section 29 of the Danish Securities Trading Act
2 March 2012	12/2012	Financial calendar 2012
9 March 2012	14/2012	Annual Report 2011
26 March 2012	17/2012	Share buy-back programme of DKK 60 million has been completed
30 March 2012	18/2012	Notice of the Annual General Meeting
30 March 2012	19/2012	Royal Unibrew has received notice of conditional exercise of building rights for 37,500 square metres at the Aarhus site
30 April 2012	20/2012	Interim Report for 1 January – 31 March 2012
30 April 2012	21/2012	Annual General Meeting 2012
1 May 2012	22/2012	Articles of Association
8 June 2012	28/2012	Implementation of the share capital reduction
13 June 2012	30/2012	Material condition met for exercise of option on building rights for 37,500 square metres on Royal Unibrew's brewery site in Aarhus
28 August 2012	42/2012	Interim Report for H1 2012
28 August 2012	43/2012	Financial calendar 2012-2013
7 September 2012	45/2012	Royal Unibrew enters into agreement to sell the distributor Impec in the Caribbean
13 September 2012	47/2012	Sale of 37,500 square metres of building rights at Royal Unibrew's brewery site in Aarhus realised
15 October 2012	53/2012	Van Pur S.A. has exercised its option to purchase Royal Unibrew's shares of the company at PLN 111 million
2 November 2012	56/2012	Completion of the sale of the distribution business Impec in the Caribbean.

In addition to the Company Announcements mentioned above, weekly Company Announcements on the share buy-back programme have been issued in the periods 1 January – 26 March 2012 and 1 May 2012 – 7 March 2013.

#### IR contacts

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

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

#### Contacts

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

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

# New look Same great taste



PURE VIKING



# Corporate governance

Royal Unibrew Management emphasises good corporate governance, and the Company's management systems are continuously assessed and developed. The objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

The Corporate Governance Recommendations from NASDAQ OMX Copenhagen, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's corporate governance.

With only few exceptions described below, Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen.

The Company's website <http://investor.royalunibrew.com/governance.cfm> provides a detailed description of the Board of Director's approach to the Corporate Governance Recommendations issued by the Committee on Corporate Governance.

## Diversity

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

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – comprises 63% men and 37% women, which is an increase in the share of women compared to 2011. When new executives are recruited, emphasis is placed on identifying candidates of both genders without discrimination, and Royal Unibrew is seeking to encourage female candidates' interest in taking on managerial tasks.

At present, all directors of Royal Unibrew elected by the general meeting are men, while the directors elected by the employees are two men and one woman.

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

The target is to increase the share of women on the management team to approx 40% and on the Board of Directors to approx 20% over the coming years.

## Shareholder and stakeholder relations

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

The dialogue with and communication to shareholders and other stakeholders take place by the issuing of Interim Reports and other announcements by the Company, via webcasts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our web-



site also includes material used in connection with investor presentations and webcasts.

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

Each share denomination of DKK 10 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has only one class of shares.

## Work of the Board of Directors

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

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

The directors meet for five annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the directors meet when required. In 2012 seven board meetings were held and one absentee was noted.

## The Board of Directors has established the following committees:

### Nomination committee

The nomination committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2012 the primary activity of the nomination committee was the assessment of the composition of the Board of Directors. The committee members meet on an ad hoc basis and held four meetings in 2012.

### Remuneration committee

The remuneration committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2012 the primary activities of the remuneration committee were the assessment and recommendation of remuneration of the Board of Directors and the Executive Board. The committee members meet on an ad hoc basis and held three meetings in 2012.

### Audit committee

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

## Composition of the Board of Directors

When composing the Board of Directors, we emphasise that the members have the competences required to solve the tasks. The Board of Directors assesses its composition annually, including ensuring that the combined competences and diversity of the members match the Company's business. The Board of Directors strives to achieve a composition so that its members, to the widest extent possible, complement each other in terms of age, background, nationality, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew.

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

At present, the Board of Directors consists of six members elected by the general meeting and three members elected by the employees. Election of mem-

bers by the employees takes place in compliance with the company law rules described at the Company's website. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.

All members of the Board of Directors elected by the general meeting except for Ulrik Bülow are considered independent in accordance with the recommendations issued by NASDAQ OMX Copenhagen as Mr Bülow has been a member of the Board of Directors for more than 12 years.

At the AGM in April 2012, resolution was made to amend the Company's Articles of Association to the effect that individuals who have reached the age of

70 cannot be nominated for election or re-election for the Company's Board of Directors.

Annual evaluation of the work of the Board of Directors is performed. The evaluation is made by the Chairman of the Board of Directors. For this purpose the Chairman receives written replies to a questionnaire distributed to all members of the Board. The findings of the Chairman's evaluation are presented and discussed at a meeting of the Board of Directors. The Chairman's evaluation in 2012 did not give rise to any changes.

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

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Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen with the following few exceptions:

**Board committees (recommendation 5.10):**

The Committee recommends that the supreme governing body establish an actual audit committee ensuring that the chairman of the supreme governing body is not the chairman of the audit committee.

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

**Disclosure of the remuneration policy, (recommendation 6.2):**

The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.

The remuneration of members of the Board of Directors is disclosed in the section remuneration. Disclosure of the remuneration of the individual members of the Executive Board is not at present considered material to stakeholders' assessment of the company. The total remuneration of the Executive Board is disclosed in note 4. The remuneration of the Executive Board is considered in line with that of peer companies. The remuneration of the Executive Board is in accordance with the remuneration policy.

# Risk Management

Risk management plays a key role at Royal Unibrew, and policies and procedures have been determined to ensure efficient management, to the widest extent possible, of the identified risks.

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

The key risks are summarised by the following main areas:

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

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

## Risk management structure

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

## Risk management and management structure

The full Board of Directors, which also performs the function of audit committee, has ultimate risk management responsibility. The audit committee monitors the total strategic risk exposure and the individual risk factors relating to Royal Unibrew's activities. The Board of Directors adopts guidelines for the key risk areas, monitors developments and ensures the existence of plans to manage the

individual risk factors, including commercial and financial risks.

## Efficient risk management

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

Local entities (staff functions and business units) are responsible for identifying, assessing, quantifying and recording risks as well as for reporting how risks are managed locally. The local-level risk assessment follows the same principles as the group-level assessment based on the "heat map" assessment system described above. Local risk owners have been appointed with responsibility for currently monitoring and/or reducing risks through risk-mitigating activities. Changes to risks and risk incidents are reported quarterly to the Company's Executive Board, which also monitors the development in market-related risks on a current basis.

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



## Risk management in 2012

In 2012 the Company's Executive Board closely monitored the development in market-related risks and made the necessary changes to risk-mitigating activities to secure planned earnings. Moreover, as in 2011, local risk management workshops were held with participation by risk owners and other executives. Centrally, the identified risks and proposed action plans have been reviewed and assessed by the Company's Executive Board, which has presented the key risks to the Board of Directors and recommended the necessary risk-mitigating activities/ action plans for approval by the Board of Directors. Based on this, the Board of Directors resolved at a meeting in November 2012 to implement the necessary risk-mitigating measures with a view to ensuring optimum realisation of Royal Unibrew's strategic objectives.

## Key risk factors in 2013

In addition to financial risks, the following risk factors are considered key risks in 2013:

### Macroeconomic uncertainty

#### *Description*

Royal Unibrew's product portfolio is sold in markets and market areas where market developments are usually determined by long-cycle trends. However, in connection with the financial crisis and the resulting economic effects, markets have been more volatile than previously experienced. Thus, considerable market fluctuations have been seen for certain product categories and in certain markets. At the beginning of 2013, several of Royal Unibrew's markets are affected by consumer restraint, see the Outlook 2013 section on page 19.

Royal Unibrew has a significant exposure in Europe, and therefore macroeconomic uncertainty and low growth of long duration may affect earnings negatively. This could happen in consequence of declining consumption or shifts in product mix towards products with lower earnings.

#### *Risk mitigation*

By focusing on flexibility in its action plans, Royal Unibrew is seeking to secure leeway for reducing the effect of macroeconomic uncertainty.

### Weather

#### *Description*

Usually, the consumption of Royal Unibrew's products is high in the summer months. However, this presupposes dry and fair weather. Both in 2011 and 2012, the weather in the summer months in Royal Unibrew's main markets in Western and Eastern Europe has not been favourable to the usually high consumption of beer and soft drinks. This has affected the Group's sales and net revenue, and thus earnings, negatively.

#### *Risk mitigation*

Through focus on flexibility of action plans, Royal Unibrew aims at securing leeway in responding to lower earnings caused by unfavourable weather conditions in the summer months.

### Commodity prices

#### *Description*

The prices of a large number of key commodities are increasing due to higher world market prices. To the extent that the resulting higher unit cost cannot be compensated for by higher selling prices per unit or in other ways increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. In order to maintain EBIT margin, selling prices per unit must increase more than the unit cost increase.

#### *Risk mitigation*

Royal Unibrew monitors the trend in commodity prices hedging against short-term price increases through agreements with suppliers and through commodity hedges if considered essential and economical. The Group's policy for hedging commodity risks involves a smooth and time-differentiated effect of commodity price increases. Moreover, there is systematic focus throughout the Group on streamlining the production and distribution process and on increasing net selling prices per unit.

### Indirect taxes on beers and soft drinks

#### *Description*

Royal Unibrew's beer and soft drinks products are subject to considerable consumer taxes in all markets. Consumer taxes are still being imposed by regulators for the purpose of regulating consumption or changing tax revenue mix. Indirect taxes on beer and soft drinks products are increasing as, through increasing consumer prices, regulators want both to limit the consumption of beverages containing alcohol and sugar and to compensate for lower direct taxes through higher indirect taxes. Increasing indi-

rect taxes affect Royal Unibrew's sales and earnings negatively.

#### *Risk mitigation*

The risk of changes in the indirect tax area is monitored and the implications to Royal Unibrew's earnings and possible measures to minimise any negative effect are assessed. Royal Unibrew participates actively in local brewers' associations' efforts to encourage a responsible approach among consumers to consumption of beverages containing alcohol and sugar and to influence political decision makers to ensure that consumer taxes are applied in a balanced manner.

### **Statutory restrictions**

#### *Description*

Royal Unibrew's activities are subject to national legislation in the markets in which Royal Unibrew operates. Any legislative changes may impact the ability to operate, eg restrictions in respect of the sale and marketing of Royal Unibrew's products or their production. Such restrictions may affect the Group's sales and earnings significantly.

#### *Risk mitigation*

Royal Unibrew participates in local and international cooperation within the brewery industry with a view to influencing legislative decision makers to ensure that conditions for producing and marketing beer and soft drinks do not deteriorate.

### **Control and risk management activities relating to the financial reporting process**

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

#### **Control activities**

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

Moreover, a central corporate function is responsible for controlling the financial reporting from the subsidiaries, which also includes a statement from each reporting group entity in relation to compliance with adopted group policies and internal control measures. In 2012 controlling visits were paid to the key subsidiaries. The Board of Directors has assessed that establishment of an actual internal audit depart-

ment is not required at this time considering the moderate complexity of the Group.

#### **Information and communication**

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

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

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

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

#### **Monitoring**

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

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

The Board of Directors meets annually with the auditors without the Executive Board being present.





# Remuneration

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

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

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

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

## Board of Directors remuneration

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

The annual remuneration paid to ordinary board members amounts to DKK 250,000. The Chairman and Deputy Chairman receive remuneration of 2.5 times (DKK 625,000) and 1.75 times (DKK 437,500) the remuneration paid to ordinary members. The total remuneration paid to the Board of Directors in 2012 amounted to DKK 2.8 million.

The Board of Directors remuneration is fixed and the remuneration for the financial year in progress is submitted for approval at the AGM. The Board of Directors does not participate in any incentive schemes.

## Executive Board remuneration

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

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

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

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

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

The total remuneration of the three members of the Executive Board amounted to DKK 20.9 million in 2012. See also note 4. The Board of Directors considers the information on the total remuneration of the Executive Board sufficient for shareholders to be able to assess the level of remuneration.

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

Royal Unibrew may terminate the employment at up to 12 months' notice. A member of the Executive Board may terminate the employment with Royal Unibrew at six months' notice. Severance pay agreed upon cannot exceed two years' salary according to the remuneration policy.

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

# Board of Directors and Executive Board

## Board of Directors



Kåre Schultz



Walther Thygesen



Ulrik Bülow



Lars Poul Christiansen



Søren Eriksen



Kirsten Wendelboe  
Liisberg



Søren Lorentzen



Jens Due Olsen



Hemming Van

Name	Year of birth	Initially elected	Term of office	Position	Number of Royal Unibrew shares held at 1 January 2013	Change from 1 January 2012
Kåre Schultz	1961	2010	2012	Chairman	-	-
Walther Thygesen	1950	2010	2012	Deputy Chairman	1,100	-
Ulrik Bülow	1954	2000	2012	Board member	-	-
Lars Poul Christiansen	1964	2010	2010-2014	Board member elected by the employees	-	-
Søren Eriksen	1969	2010	2012	Board member	-	-
Kirsten Wendelboe Liisberg	1956	2006	2010-2014	Board member elected by the employees	162	-
Søren Lorentzen	1964	2010	2010-2014	Board member elected by the employees	172	-
Jens Due Olsen	1963	2010	2012	Board member	-	-
Hemming Van	1956	2004	2012	Board member	1,321	-

### **Kåre Schultz**

Chairman of the nomination committee and the remuneration committee

#### *Position*

Since November 2000 member of the Executive Board of Novo Nordisk A/S and since March 2002 Chief Operating Officer (COO) of Novo Nordisk A/S

#### *Special competences*

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

#### *Independence*

Considered independent

#### *Member of the board of directors*

LEGO A/S

### **Walther Thygesen**

Deputy Chairman of the nomination committee and the remuneration committee

#### *Position*

Since September 2007 CEO of Thrane & Thrane A/S

#### *Special competences*

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

#### *Independence*

Considered independent

### **Ulrik Bülow**

#### *Position*

CEO of Otto Mønsted A/S

CEO of House of Business Partners A/S

#### *Special competences*

Special expertise in international retail, consumer marketing and general management

#### *Independence*

Not considered independent according to the Corporate Governance Recommendations – has been a member of the Board of Directors for more than 12 years

#### *Chairman of the board of directors*

Intersport A/S

GateHouse A/S

Arator A/S

#### *Member of the board of directors*

Egmont Fonden

Egmont International Holding A/S

Ejendomsselskabet Gothersgade 55 ApS

Ejendomsselskabet Vognmagergade 11 ApS

Oreco A/S

Plaza Ure & Smykker A/S

FDM Travel A/S

Toms Gruppen A/S

### **Lars Poul Christiansen**

Brewery worker, elected by the employees

### **Søren Eriksen**

#### *Position*

CEO and Managing Partner of SE Blue Equity A/S

#### *Special competences*

Special expertise in finance and accounting as well as general management

#### *Independence*

Considered independent

#### *Member of the board of directors*

Member of Danske Bank's Advisory Board of Representatives

Den Blå Planet



### **Kirsten Wendelboe Liisberg**

Brewery worker, elected by the employees

### **Søren Lorentzen**

Brewery worker, elected by the employees

### **Jens Due Olsen**

#### *Position*

Professional director

#### *Special competences*

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

#### *Independence*

Considered independent

#### *Chairman of the board of directors*

AtchikRealtime A/S

Pierre.DK A/S

Kompan A/S

Amrop A/S

Auriga Industries A/S

#### *Deputy chairman of the board of directors*

NKT Holding A/S

Bladt Industries A/S

#### *Member of the board of directors*

Cryptomathic A/S

EG A/S

Industriens Pension A/S

Heptagon Advanced Micro Optics Inc.

#### *Other offices held*

Member of investment committee of LD Invest 2

### **Hemming Van**

#### *Position*

CEO of Daloon A/S

#### *Special competences*

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

#### *Independence*

Considered independent

#### *Executive board service*

CEO of Easy Holding A/S

Director of HV Invest ApS

Director of HV Holding ApS, Chri Van ApS, Ka Van ApS, Se Van ApS, The Van ApS

#### *Chairman of the board of directors*

Easyfood A/S

FHØ af 27.05.2011 A/S

GOG Holding A/S

#### *Member of the board of directors*

Daloon A/S

Easy Holding A/S

Halberg A/S

HV Invest ApS

## Executive Board



Henrik Brandt



Lars Jensen



Johannes  
F.C.M. Savonije

Name	Year of birth	Position	Number of Royal Unibrew shares held at 1 January 2013	Change from 1 January 2012
Henrik Brandt	1955	CEO	76,800	-
Lars Jensen	1973	CFO	4,194	-
Johannes F.C.M. Savonije	1956	International Director	22,700	-

### Henrik Brandt

CEO as of November 2008

#### *Qualifications*

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

#### *Executive board service*

Brandt Equity ApS  
Brandt Equity 2 ApS  
Uno Equity ApS

#### *Chairman of the board of directors*

Brandt Equity ApS  
Brandt Equity 2 ApS  
Uno Equity ApS

#### *Member of the board of directors*

Ferd Holding AS, Norway  
Hansa Borg Holding AS including subsidiaries,  
Norway

#### *Other offices held*

Member of the corporate governance committee

### Lars Jensen

CFO as of November 2011

#### *Qualifications*

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

### Johannes F.C.M. Savonije

International Director, as of September 2008

#### *Qualifications*

BA Business Administration

#### *Member of the board of directors*

Dansk Retursystem Holding A/S including  
subsidiaries  
Hansa Borg Holding AS including subsidiaries,  
Norway  
Global Sports Marketing S.A., Zürich, Switzerland  
Globalpraxis S.A., Barcelona, Spain

# Organisation and employees

Royal Unibrew has focus on recruiting and retaining talent and on continuously developing employee competences. In 2012 Royal Unibrew launched a number of development initiatives to strengthen employees' - and thus the Company's - ability to operate in highly changeable and competitive markets.

The employees of Royal Unibrew possess crucial knowledge of the many brands, markets and customer categories serviced by the Group, including supply and distribution issues within the product categories. This knowledge secures and expands our competitive position and forms the basis of achieving the Group's strategies and objectives.

Entities across the Group focus on developing and retaining existing employees with the right competences and on attracting and developing new talent. Moreover, being a business with activities in many countries, it is important that Royal Unibrew has a strong corporate culture that unites the business. The corporate culture of Royal Unibrew is embedded in a responsible and holistic approach and our employees show a high level of commitment through ambitious, creative and open dialogue across the organisation.

When attracting and employing new employees, Royal Unibrew emphasises the importance of portraying the Company as an attractive workplace where the individual employee is able to influence an interesting development.

## Targeted competence and career development

Royal Unibrew works in a targeted and structured manner to develop employee competences and knowledge.

In 2011 Royal Unibrew in Faxe signed up for the project "Medarbejdere i Verdensklasse" (World-class employees), which is an EU-backed 3-year work-

ing relationship between six enterprises on skills development of employees at all organisational levels. The purpose of the project is general development of employees' skills to increase the individual's ability to handle several job functions, to provide both the individual and Royal Unibrew with tools to meet future requirements and to create increased incentive and participation among employees. The project focuses on professional, personal as well as cross-organisational competence development. 265 Royal Unibrew employees have attended courses in improvement culture, business sense, professional management, communication, innovation and other subjects. Since project start-up 2,500 course days have been held for the Royal Unibrew employees in Denmark, and the course evaluations show that our employees benefited greatly from the courses. 2013 will see strong focus on the development of social capital, which concerns cooperation, confidence, self-insight and empathy with others. There will be fewer course activities than in the past course period, but more focus on follow-up and structured implementation and sharing of the knowledge obtained.

Our foreign entities also work continuously to develop competences, and local activities have been launched in the individual countries, including a major management development programme at the subsidiaries in Italy and the Baltic countries.

In 2012 a number of development activities were launched for various groups of employees based on the annual job appraisal interviews, including IT courses, courses in Lean administrative functions and development of sales force competences. Moreover, individual coaching programmes have been



introduced for individual managers and employees.

Royal Unibrew also focuses on creating career development and career paths for the individual employee. As part of these efforts, emphasis is on, among other things, job rotation and internal recruiting for key positions. This ensures rooting of knowledge of activities as well as optimisation of cooperation across the business.

Optimisation and integration of the total organisation are also high on Royal Unibrew's agenda. This requires managers who are able to manage and implement strategies across countries and cultures. Royal Unibrew managers receive continuous management training, and the fundamental management principles of the business are adjusted currently to match business developments and changes in external demands in order for the management culture always to be based on the principles that can take the business further. In 2013 specific development activities are planned for various groups of managers.

### Employee satisfaction survey

At the end of 2012 Royal Unibrew carried out an employee satisfaction survey among employees throughout the Group. 92% of all employees across functions and countries participated in the survey. Already in 2012 a number of workshops were organised to support our managers in creating improvements based on the survey findings. In 2013 activities will be initiated both at local entity level and across the Group.

### IT systems

Royal Unibrew has continuous focus on implementing new and improving existing IT systems to increase the efficiency of knowledge sharing and dissemination across the Group thus ensuring a uniform basis of decision-making.

In 2012 SAP was implemented in Latvia, and all group entities now operate on a common SAP platform and have implemented uniform business processes. Moreover, updated SAP versions, sales management systems and Microsoft programmes have been implemented throughout the Group.

# Corporate Social Responsibility

At Royal Unibrew, corporate social responsibility (CSR) work is an integrated part of our values and supports our business approach. The CSR efforts are also an important element in developing the Company's brands and maintaining good relations with the Company's key stakeholders.

Royal Unibrew's corporate social responsibility work is based on our values and the ten principles of the United Nations Global Compact in respect of human rights, labour standards, environment and anti-corruption. Royal Unibrew has prepared a set of ethical guidelines providing the overall framework for the corporate social responsibility work.

The main elements of Royal Unibrew's CSR efforts are as follows:

- Royal Unibrew's products and production should meet consumer expectations and customer requirements and must, from time to time, comply with national standards for quality, food safety, environment, working environment and human rights
- Royal Unibrew engages in open dialogue with customers and consumers on its corporate social responsibility
- There is focus on the efforts made by Royal Unibrew suppliers to improve quality and the environment as well as their general CSR efforts
- Royal Unibrew generally follows and supports The Brewers of Europe's efforts to advocate responsible beer and soft drinks consumption

Royal Unibrew's CSR efforts are an important element in protecting the Company's brands as consumers must be given certainty that Royal Unibrew's products have been manufactured in a satisfactory manner using materials from suppliers who observe our ethical guidelines. Royal Unibrew thus has continuous focus on its suppliers' efforts to improve quality and the environment as well as their general CSR work.

Moreover, the CSR efforts support a good dialogue with consumers, customers and suppliers that contributes towards increasing production efficiency

and decreasing wastage and towards reducing non-financial risks and strengthening the Company's identity and culture.

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## UN's Global Compact – the Ten Principles

### Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. support the elimination of all forms of forced and compulsory labour;
5. support the effective abolition of child labour; and
6. the elimination of discrimination in employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.
-

## Human rights and labour standards

In the area of human rights and labour standards Royal Unibrew has chosen to focus on the following aspects:

- Occupational health & safety
- Responsible beer and soft drinks consumption
- Competence development
- Values and ethical guidelines

### Occupational health & safety

Royal Unibrew aims at creating a safe and healthy working environment for its employees.

Royal Unibrew's health & safety policy focuses on preventive measures to avoid employees being worn out and incurring work-related injuries and on actively promoting job satisfaction and efficiency.

Our preventive measures include the following:

- In order to further improve our working environment and professionalise our proposition to our employees, brewery workers of Royal Unibrew in Denmark have as of 2013 been offered coverage under a health scheme comprising healthcare treatments as well as a telephone helpline relating to abuse, mental problems and health.
- Continuous improvements of packaging, unloading and carrying conditions with customers in continuation of the "Think with Your Back" campaign of the Danish Brewers' Association to prevent back injuries.
- Supporting employees in exercising – eg by making contributions to various staff events such as running events and the workplace exercise programme "Arbejdspladsen Motionerer".
- In the Baltic countries efforts are directed at automating order handling and more pallet delivery; today, approx 20% is handled automatically.

### Responsible beer and soft drinks consumption

Royal Unibrew wants to contribute to the responsible and prudent consumption of its products.

As a beer producer, Royal Unibrew has a special responsibility in relation to the social and health aspects of alcohol consumption.

Royal Unibrew supports The Brewers of Europe campaigns on responsible alcohol consumption. Moreover, Royal Unibrew works with responsible marketing in Denmark under the guidelines of the

Danish Brewers' Association, in Italy under internal guidelines consistent with industry norms and in the Baltic countries by using grown-up models in all advertisements for alcoholic drinks, thus only targeting the 20+ age group. Moreover, in the Baltic countries Royal Unibrew has also participated in campaigns on a balanced diet, healthy life style and responsible beer consumption.

In addition to complying with marketing legislation Royal Unibrew complies with a number of ethical guidelines and takes responsibility for its communication on beer consumption in relation to advertising, sponsorships and campaigns. These guidelines are included in Royal Unibrew's cooperation agreements with customers in Denmark.

Royal Unibrew employees involved in product marketing are regularly instructed and trained in compliance with the rules of the Danish Brewers' Association, and zero tolerance is pursued with respect to breaking of the rules. Specifically, this implies that each incident that might lead to a reprimand in the Danish Alcohol Advertising Board has direct consequences to the individual Danish employee.

Moreover, Royal Unibrew cooperates with and supports the work performed by "Natteravnene" (Night Owls) in Denmark.

Royal Unibrew also has a responsibility for preventing abuse problems among its employees. Therefore, Royal Unibrew in Denmark has in 2012 trained a number of key individuals across the organisation in supporting colleagues in connection with a potential over-consumption of alcohol/intoxicants, including encouraging treatment, and in helping their colleagues get back to work again as easily as possible following treatment.

### Competence development

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

### Values and ethical guidelines

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



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

It is also Royal Unibrew's aim that suppliers and partners should comply with the ethical guidelines, and that these should be incorporated into the Company's terms of trading with key suppliers.

### Targets for 2013

- Rate of accidents to be reduced at the Danish breweries from 46 to less than 35 per million working hours
- Automation of logistics in the Baltic countries to achieve 80%, instead of the current 20%, pallet handling
- Annual training of all sales staff in responsible marketing of beverages
- Strengthening of employees' professional and social competences
- Training of distributors and licence holders in ethical guidelines
- Participation in and development of "Responsible beer and soft drinks consumption" in cooperation with the Danish Brewers' Association and The Brewers of Europe
- Performance of audits of ethical guidelines with strategic suppliers

## Environment

All Royal Unibrew production units focus on continuously limiting the environmental impacts of the Company's production. The result of the various initiatives in recent years has been a very positive development in key areas.

Environmental efforts are still primarily targeted at:

- Reduction of energy consumption
- Reduction of water consumption and of waste water discharge
- Waste recycling and reduction of consumption of materials
- CO<sub>2</sub>-neutral production of all Egekilde products
- Food safety and quality

The Danish breweries have environmental certification under the ISO14001 environmental standard and green accounts are prepared for production in Denmark.

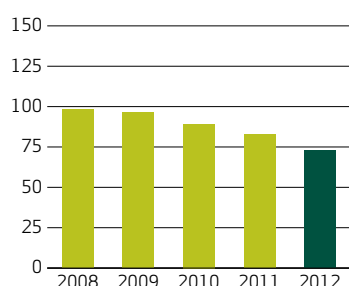
### Energy

Energy consumption per unit produced decreased by 11.7% in 2012 as compared to 2011 to 73 MJ per hectolitre. This was caused by, among other things, efficiency improvement and optimisation.

Efforts were directed at reducing energy consumption at the Albani Brewery by improving the rate of utilisation of the steam boiler plant eg through energy recycling.

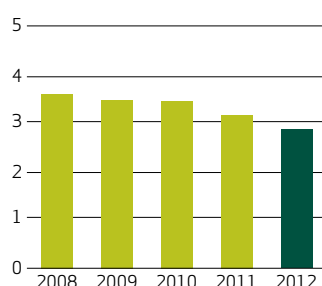
#### ENERGY CONSUMPTION

Mega joules per produced hectoliter



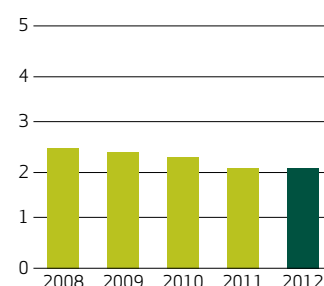
#### WATER CONSUMPTION

Hectoliter per produced hectoliter



#### WASTE WATER

Hectoliter per produced hectoliter



At the Faxe Brewery a structured energy consulting process was carried out in 2012 with a view to prioritising and implementing energy improvement projects. Moreover, several projects to reduce water consumption, heat consumption and electricity consumption were carried out.

The heat recovery systems were also optimised, which contributed towards improving energy ratios in 2012.

The Kalnapilis Brewery implemented a heat recovery and energy management system, which has reduced energy consumption.

#### Water consumption and waste water discharge

At the Danish breweries water consumption per unit produced decreased by 10.7% in 2012 as compared to 2011.

At a section of the Faxe Brewery a system to monitor cleaning processes was installed in order to optimise the processes. This resulted in water savings of 12,000 m<sup>3</sup> of water or 12.7% in 2012. Experience from this project is expected to be applied to the remaining part of the Faxe Brewery and to Royal Unibrew's other breweries in order for water consumption to be further reduced.

Changed rinsing of kieselguhr filters and water recovery in connection with rinsing of cans also had a large positive effect on water consumption and waste water discharge at Faxe.

Waste water discharge from the Group's production facilities in 2012 was 2.1 hectolitre per hectolitre output as in 2011. All breweries have strong focus on implementing efficiency improvements and optimisations and on increasing environmental awareness among employees.

#### Waste recycling and reduction of consumption of resources

An important element in improving our environmental results is the minimisation of all types of waste of resources.

In 2012 Royal Unibrew focused strongly on wastage both with respect to production and the other parts of the supply chain.

The brewery in Faxe focused on increasing the recycling of several products, which implied that value utilisation has increased and that waste volumes have been reduced.

Moreover, efforts are continuously directed at reducing the consumption of materials for glass bottles, cans and plastic bottles.

#### CO<sub>2</sub> neutral production of all Egekilde products

In 2012 the carbon footprint of the Egekilde products was mapped throughout the chain from raw materials to delivery to Royal Unibrew's customers.

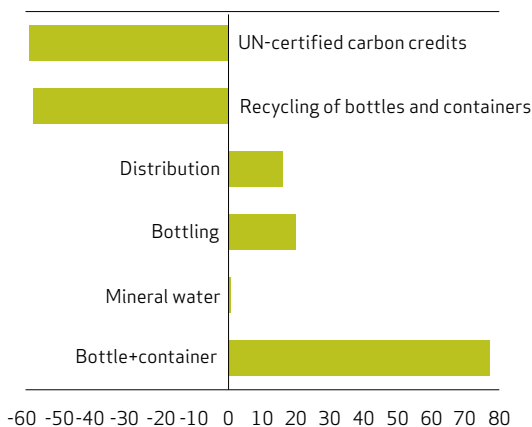
The mapping resulted in the launch of the Egekilde brand as the first Danish CO<sub>2</sub>-neutral mineral water product. CO<sub>2</sub> neutrality was achieved by investment in environmentally sound energy through UN-certified carbon credits. At the same time, the weight of the bottle was reduced, and the plastic contains up to 50% recycled material. The graphic illustration shows the carbon footprint from production to consumer, and that subsequent recycling of the containers may save the environment a large part of the carbon footprint.

Furthermore, continuous efforts are directed at reducing energy and resource consumption with suppliers and within production and logistics.

The launch of the CO<sub>2</sub>-neutral Egekilde offers consumers the option of making a climate-friendly purchasing choice. This is a step in the right direction and in many ways represents Royal Unibrew's approach and assumption of responsibility for the environment.

#### CO<sub>2</sub> BREAKDOWN FOR EGEKILDE PRODUCTS

Grams per 50 cl bottle



**Food safety and quality**

Royal Unibrew's Danish breweries have certification under the international ISO9001 and ISO22000 standards. The efforts within quality and food safety also comprise requirements from customers and licensors. In the Baltic countries the breweries have certification under ISO9001. Also in the Baltic countries, efforts within food safety have been developed with a view to certification under ISO 22000, and applicable HACCP (Hazard Analysis and Critical Control Points) rules have been implemented.

New intensified quality management requirements from licensors include traceability and prevention of sabotage. Therefore, efforts were directed at enhancing the effectiveness of traceability in 2012. Moreover, testing of new raw materials and packaging materials was extended so as to be implemented throughout the supply chain to ensure efficiency and the prevention of errors.

Due to the development and interest in food safety and quality among consumers, customers and the media, new "critical" topics to be addressed by Royal Unibrew emerge continuously. Royal Unibrew assesses on a current basis how most appropriately to take responsibility for preventing risks and how to communicate this. The priorities set are aligned with those of industry associations and Royal Unibrew's licensors. Royal Unibrew aims at communicating openly and honestly and has, as an element in these efforts, prepared a list of frequently asked questions and Royal Unibrew's replies to these (FAQ). This FAQ list covers areas such as GMO, allergenes, caramel colouring agents, etc.

**Targets for 2013**

- In the environmental area Royal Unibrew will in 2013 continue working at implementing a joint policy and the environmental principles of the UNCG. Targets and improvements will be realised locally at the breweries to ensure the most optimum implementation.
- Efforts are focused on wastage and energy savings and current focus on water consumption. The target is an additional 8% reduction of energy consumption.
- Targeted efforts will be directed at reducing Royal Unibrew's indirect environmental impacts through the choice of raw materials, eg the use of thinner plastic materials for packaging.

- Internally we will link training and improvement efforts in relation to environment, quality and food safety.
- ISO 22000 certification of the Baltic breweries.
- New requirements from licensors with respect to prevention of sabotage at all levels and quality assurance of the quality analysis process will be implemented.

**Anti-corruption**

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

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

**Targets for 2013**

- Position on anti-corruption to be stated in all contexts, internally in the supply chain and in the cooperation with Royal Unibrew's customers and suppliers.
- Anti-corruption training of new sales staff.

**Competition**

Royal Unibrew's business practice should always comply fully with competition regulation irrespective of the place of operation. To ensure this, Royal Unibrew has prepared specific policies, and training and follow-up in the area are carried out regularly. This includes a requirement for our customers to market Royal Unibrew products in accordance with applicable advertising law.

**Targets for 2013**

- Competition law training of all new sales staff.
- Competition law updating of all existing sales staff.



# Statement and Report

## Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Royal Unibrew A/S for 1 January - 31 December 2012.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2012 as well as of the results of the Group and Company operations and cash flows for the financial year 1 January - 31 December 2012.

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

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

Faxe, 7 March 2013

### Executive Board

Henrik Brandt  
*CEO*

Lars Jensen  
*CFO*

Johannes F.C.M. Savonije  
*International Director*

### Board of Directors

Kåre Schultz  
*Chairman*

Walther Thygesen  
*Deputy Chairman*

Ulrik Bülow

Lars P. Christiansen

Søren Eriksen

Kirsten Liisberg

Søren Lorentzen

Jens Due Olsen

Hemming Van

## Independent Auditor's Report

### To the Shareholders of Royal Unibrew A/S

#### Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Royal Unibrew A/S for the financial year 1 January - 31 December 2012, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

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

#### Auditor's Responsibility and Basis of Opinion

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether

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

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

The audit has not resulted in any qualification.

#### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2012 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### Statement on Management's Review

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

Faxe, 7 March 2013

#### Ernst & Young

Godkendt Revisionspartnerselskab

Henrik O. Larsen                      Eskild N. Jakobsen  
*State Authorised Public Accountants*

# Financial Statement



## Income Statement for 1 January - 31 December

Parent Company				Group	
DKK '000	2011	2012	Note	2012	2011
2,531,110	2,608,354		Net revenue	3,430,008	3,430,633
-1,255,586	-1,294,022	4,5	Production costs	-1,714,265	-1,685,311
1,275,524	1,314,332		Gross profit	1,715,743	1,745,322
-739,015	-738,801	4,5	Sales and distribution expenses	-1,062,453	-1,084,913
-155,339	-136,681	4,5	Administrative expenses	-173,136	-189,717
3,549	4,843		Other operating income	4,843	3,549
384,719	443,693		EBIT	484,997	474,241
		15	Income after tax from investments in associates	34,263	14,370
126,200	65,079		Dividend from subsidiaries and associates		
19,943	9,885	6	Financial income	6,195	40,156
-78,772	-36,768	7	Financial expenses	-44,434	-67,659
452,090	481,889		Profit before tax	481,021	461,108
-94,179	-99,288	8	Tax on the profit for the year	-108,217	-110,253
357,911	382,601		Net profit for the year	372,804	350,855
			distributed as follows:		
			Parent Company shareholders' share of net profit	371,192	347,941
			Minority shareholders' share of net profit	1,612	2,914
			Net profit for the year	372,804	350,855
		16	Parent Company shareholders' share of earnings per share (DKK)	35.6	31.8
		16	Parent Company shareholders' share of diluted earnings per share (DKK)	35.6	31.8

## Statement of Comprehensive Income for 1 January - 31 December

Parent Company				Group		
DKK '000	2011	2012	Note	2012	2011	
	357,911	382,601		Net profit for the year	372,804	350,855
				Other comprehensive income		
				Exchange adjustment of foreign group enterprises	29,853	-4,484
	26,928	73,806		Value of hedging instruments, beginning of year	76,995	27,957
	-73,806	-56,886		Value of hedging instruments, end of year	-59,239	-76,995
	4,860	-209	8	Tax on hedging instruments	-209	4,860
	-42,018	16,711	9	Other comprehensive income after tax	47,400	-48,662
	315,893	399,312		Total comprehensive income	420,204	302,193
				distributed as follows:		
				Parent Company shareholders' share of comprehensive income	418,549	300,786
				Minority shareholders' share of comprehensive income	1,655	1,407
				Total comprehensive income	420,204	302,193

## Assets at 31 December

Parent Company				Group	
DKK '000	2011	2012	Note	2012	2011
			<b>NON-CURRENT ASSETS</b>		
	80,645	80,645	11 Goodwill	244,882	263,733
	2,990	2,990	11 Trademarks	124,069	124,186
	2,856	1,672	Distribution rights	1,672	3,175
	<b>86,491</b>	<b>85,307</b>	<b>10 Intangible assets</b>	<b>370,623</b>	<b>391,094</b>
	345,335	330,291	Land and buildings	559,200	584,120
	411,450	276,338	14 Project development properties	276,338	411,450
	296,858	275,556	Plant and machinery	433,369	442,783
	106,225	121,858	Other fixtures and fittings, tools and equipment	142,903	132,298
	26,947	64,839	Property, plant and equipment in progress	67,531	30,623
	<b>1,186,815</b>	<b>1,068,882</b>	<b>12 Property, plant and equipment</b>	<b>1,479,341</b>	<b>1,601,274</b>
	722,126	701,533	Investments in subsidiaries		
	284,873	75,931	15 Investments in associates	129,782	290,712
		155,414	Receivables from subsidiaries		
	2,460	2,510	14 Other investments	2,620	2,613
	4,538	9,454	Other receivables	9,645	5,114
	<b>1,013,997</b>	<b>944,842</b>	<b>13 Financial non-current assets</b>	<b>142,047</b>	<b>298,439</b>
	<b>2,287,303</b>	<b>2,099,031</b>	<b>Non-current assets</b>	<b>1,992,011</b>	<b>2,290,807</b>
			<b>CURRENT ASSETS</b>		
	32,616	45,919	Raw materials and consumables	65,208	50,861
	11,931	15,704	Work in progress	21,062	16,644
	51,978	58,309	Finished goods and purchased finished goods	94,072	105,642
	<b>96,525</b>	<b>119,932</b>	<b>Inventories</b>	<b>180,342</b>	<b>173,147</b>
	175,665	185,693	Trade receivables	365,286	379,012
	201,893	135,930	Receivables from subsidiaries		
	1,793	1,444	Receivables from associates	1,444	1,793
		3,299	Corporation tax	8,855	
	10,098	8,804	Other receivables	12,138	13,605
	9,515	13,470	Prepayments	14,253	13,191
	<b>398,964</b>	<b>348,640</b>	<b>Receivables</b>	<b>401,976</b>	<b>407,601</b>
	<b>47,246</b>	<b>263,226</b>	<b>Cash at bank and in hand</b>	<b>273,775</b>	<b>18,773</b>
	<b>542,735</b>	<b>731,798</b>	<b>Current assets</b>	<b>856,093</b>	<b>599,521</b>
	<b>2,830,038</b>	<b>2,830,829</b>	<b>Assets</b>	<b>2,848,104</b>	<b>2,890,328</b>

## Liabilities and Equity at 31 December

Parent Company				Group	
DKK '000	2011	2012	Note	2012	2011
			<b>EQUITY</b>		
111,865	105,700	16	Share capital	105,700	111,865
337,825	319,205		Share premium	319,205	337,825
180,000	112,320		Revaluation reserves	112,320	180,000
			Translation reserve	-5,719	-31,811
-73,806	-56,886		Hedging reserve	-59,239	-76,995
711,947	744,023		Retained earnings	621,648	597,262
190,170	253,680		Proposed dividend	253,680	190,170
<b>1,458,001</b>	<b>1,478,042</b>		<b>Equity of Parent Company shareholders</b>	<b>1,347,595</b>	<b>1,308,316</b>
			<b>Minority interests</b>		<b>12,869</b>
<b>1,458,001</b>	<b>1,478,042</b>		<b>Equity</b>	<b>1,347,595</b>	<b>1,321,185</b>
166,192	144,192	17	Deferred tax	144,795	166,539
593,880	591,680	2	Mortgage debt	591,680	593,880
23,119	9,121		Other payables	9,121	23,119
<b>783,191</b>	<b>744,993</b>		<b>Non-current liabilities</b>	<b>745,596</b>	<b>783,538</b>
1,959	2,010	2	Mortgage debt	2,010	1,959
15,852	634	2	Credit institutions	634	53,654
39,429	34,841	18	Repurchase obligation, returnable packaging	36,211	42,241
281,455	320,545		Trade payables	430,852	397,795
6,582	6,999		Payables to subsidiaries		
4,600			Corporation tax		63
51,171	53,380		VAT, excise duties, etc	65,115	68,017
187,798	189,385		Other payables	220,091	221,876
<b>588,846</b>	<b>607,794</b>		<b>Current liabilities</b>	<b>754,913</b>	<b>785,605</b>
<b>1,372,037</b>	<b>1,352,787</b>		<b>Liabilities</b>	<b>1,500,509</b>	<b>1,569,143</b>
<b>2,830,038</b>	<b>2,830,829</b>		<b>Liabilities and equity</b>	<b>2,848,104</b>	<b>2,890,328</b>

# Cash Flow Statement for 1 January - 31 December

Parent Company				Group	
DKK '000	2011	2012	Note	2012	2011
	357,911	382,601		372,804	350,855
	113,418	150,677	19	238,280	249,873
	<b>471,329</b>	<b>533,278</b>		<b>611,084</b>	<b>600,728</b>
	-10,344	-22,348	Change in working capital:		
	-4,874	-23,407	+/- change in receivables	1,692	-29,501
	2,141	42,678	+/- change in inventories	-43,167	-19,210
			+/- change in payables	63,531	-9,815
	<b>458,252</b>	<b>530,201</b>	<b>Cash flows from operating activities before financial income and expenses</b>	<b>633,140</b>	<b>542,202</b>
	15,767	7,139	Financial income received	1,069	12,359
	-38,074	-32,989	Financial expenses paid	-31,713	-41,935
	<b>435,945</b>	<b>504,351</b>	<b>Cash flows from operating activities</b>	<b>602,496</b>	<b>512,626</b>
	-90,677	-96,224	Corporation tax paid	-105,097	-114,636
	<b>345,268</b>	<b>408,127</b>	<b>Cash flows from operating activities</b>	<b>497,399</b>	<b>397,990</b>
	126,200	65,079	Dividends received from subsidiaries and associates	13,442	10,938
	40,321	151,031	Sale of property, plant and equipment	152,565	49,656
		-33,172	Corporation tax paid	-33,172	
	-65,898	-121,151	Purchase of property, plant and equipment	-154,376	-74,151
	<b>445,891</b>	<b>469,914</b>	<b>Free cash flow</b>	<b>475,858</b>	<b>384,433</b>
	-38,772	33,559	Sale of subsidiary	15,701	-14,818
	36,338	202,353	Sale of associates	202,353	36,338
		-7,460	Acquisition of subsidiaries/capital increase		-5,915
	20,491	-4,915	Acquisition/sale of intangible assets and financial non-current assets	-4,519	779
	<b>118,680</b>	<b>285,324</b>	<b>Cash flows from investing activities</b>	<b>191,994</b>	<b>2,827</b>
	-1,654	-2,281	Repayment of non-current debt	-2,281	-1,381
	-163,622	-15,086	Change in current debt to credit institutions	-52,990	-156,527
		-80,834	Change in financing of subsidiaries		
	-138,495	-179,328	Dividends paid to shareholders	-179,328	-138,742
	-122,785	-200,405	Acquisition of treasury shares	-200,405	-122,785
		463	Sale of treasury shares	463	
	<b>-426,556</b>	<b>-477,471</b>	<b>Cash flows from financing activities</b>	<b>-434,541</b>	<b>-419,435</b>
	37,392	215,980	Change in cash and cash equivalents	254,852	-18,618
	9,854	47,246	Cash and cash equivalents, beginning of year	18,773	37,391
			Exchange adjustment	150	
	<b>47,246</b>	<b>263,226</b>	<b>Cash and cash equivalents, end of year</b>	<b>273,775</b>	<b>18,773</b>



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

## Group

DKK '000	Share capital	Share premium	Revaluation reserves	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend for the year	Minority interests' share	Total
<b>Equity at 31 December 2010</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-29,558</b>	<b>-27,957</b>	<b>556,804</b>	<b>139,831</b>	<b>11,709</b>	<b>1,280,519</b>
<b>Changes in equity in 2011</b>									
Profit for the year						347,941		2,914	350,855
Other comprehensive income				-2,253	-49,038	4,136		-1,507	-48,662
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,253</b>	<b>-49,038</b>	<b>352,077</b>	<b>0</b>	<b>1,407</b>	<b>302,193</b>
Proposed dividend						-190,170	190,170		0
Dividends paid to shareholders							-138,495	-247	-138,742
Dividend on treasury shares						1,336	-1,336		0
Acquisition of treasury shares						-122,785			-122,785
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-311,619</b>	<b>50,339</b>	<b>-247</b>	<b>-261,527</b>
<b>Total changes in equity in 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,253</b>	<b>-49,038</b>	<b>40,458</b>	<b>50,339</b>	<b>1,160</b>	<b>40,666</b>
<b>Equity at 31 December 2011</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-31,811</b>	<b>-76,995</b>	<b>597,262</b>	<b>190,170</b>	<b>12,869</b>	<b>1,321,185</b>
<b>Changes in equity in 2012</b>									
Profit for the year						371,192		1,612	372,804
Other comprehensive income				26,092	17,756	3,509		43	47,400
Revaluation reserves realised			-67,680			67,680			0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-67,680</b>	<b>26,092</b>	<b>17,756</b>	<b>442,381</b>	<b>0</b>	<b>1,655</b>	<b>420,204</b>
Minority shareholders' share of subsidiaries sold								-14,524	-14,524
Proposed dividend						-253,680	253,680		0
Dividends paid to shareholders							-179,328		-179,328
Dividend on treasury shares						10,842	-10,842		0
Acquisition of treasury shares						-200,405			-200,405
Sale of treasury shares						463			463
Reduction of capital	-6,165	-18,620				24,785			0
<b>Total shareholders</b>	<b>-6,165</b>	<b>-18,620</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-417,995</b>	<b>63,510</b>	<b>-14,524</b>	<b>-393,794</b>
<b>Total changes in equity in 2012</b>	<b>-6,165</b>	<b>-18,620</b>	<b>-67,680</b>	<b>26,092</b>	<b>17,756</b>	<b>24,386</b>	<b>63,510</b>	<b>-12,869</b>	<b>26,410</b>
<b>Equity at 31 December 2012</b>	<b>105,700</b>	<b>319,205</b>	<b>112,320</b>	<b>-5,719</b>	<b>-59,239</b>	<b>621,648</b>	<b>253,680</b>	<b>0</b>	<b>1,347,595</b>

The share capital at 31 December 2012 has been reduced from 31 December 2011 by DKK 6,164,980 to DKK 105,700,000 and is distributed on shares of DKK 10 each.

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

### Parent Company

DKK '000	Share capital	Share premium	Revaluation reserves	Hedging reserve	Retained earnings	Proposed dividend for the year	Total
<b>Equity at 31 December 2010</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-26,928</b>	<b>660,795</b>	<b>139,831</b>	<b>1,403,388</b>
<b>Changes in equity in 2011</b>							
Profit for the year					357,911		357,911
Other comprehensive income				-46,878	4,860		-42,018
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46,878</b>	<b>362,771</b>	<b>0</b>	<b>315,893</b>
Dividends paid to shareholders						-138,495	-138,495
Dividend on treasury shares					1,336	-1,336	0
Acquisition of treasury shares					-122,785		-122,785
Proposed dividend					-190,170	190,170	0
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-311,619</b>	<b>50,339</b>	<b>-261,280</b>
<b>Total changes in equity in 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46,878</b>	<b>51,152</b>	<b>50,339</b>	<b>54,613</b>
<b>Equity at 31 December 2011</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-73,806</b>	<b>711,947</b>	<b>190,170</b>	<b>1,458,001</b>
<b>Changes in equity in 2012</b>							
Profit for the year					382,601		382,601
Other comprehensive income				16,920	-210		16,710
Revaluation reserves realised			-67,680		67,680		0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-67,680</b>	<b>16,920</b>	<b>450,071</b>	<b>0</b>	<b>399,311</b>
Dividends paid to shareholders						-179,328	-179,328
Dividend on treasury shares					10,842	-10,842	0
Acquisition of treasury shares					-200,405		-200,405
Sale of treasury shares					463		463
Proposed dividend					-253,680	253,680	0
Reduction of capital	-6,165	-18,620			24,785		0
<b>Total shareholders</b>	<b>-6,165</b>	<b>-18,620</b>	<b>0</b>	<b>0</b>	<b>-417,995</b>	<b>63,510</b>	<b>-379,270</b>
<b>Total changes in equity in 2012</b>	<b>-6,165</b>	<b>-18,620</b>	<b>-67,680</b>	<b>16,920</b>	<b>32,076</b>	<b>63,510</b>	<b>20,041</b>
<b>Equity at 31 December 2012</b>	<b>105,700</b>	<b>319,205</b>	<b>112,320</b>	<b>-56,886</b>	<b>744,023</b>	<b>253,680</b>	<b>1,478,042</b>

Share premium, hedging reserve and retained earnings may be distributed as dividends to the Parent Company's shareholders.

The share capital at 31 December 2012 has been reduced from 31 December 2011 by DKK 6,164,980 to DKK 105,700,000 and is distributed on shares of DKK 10 each.

# Notes to Financial Statements 2012

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# Descriptive notes

## Note 1 Significant accounting estimates and judgements

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

### Significant accounting estimates

Management's estimates are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2012, the following significant estimates have been made.

#### Intangible assets

In relation to trademarks, Management assesses annually whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past assessments of an indefinite useful life may be maintained.

An annual impairment test is made of the values of goodwill and trademarks recognised in the Financial Statements which are based on an indefinite useful life and are therefore not amortised. As regards the discount and growth rates applied in connection with impairment tests of goodwill and trademarks as well as other assumptions underlying the impairment tests, reference is made to the description in note 11 and to note 24 accounting policies.

#### Property, plant and equipment

When estimating whether project development properties measured at a revalued amount, see below, should be revalued, Management has in 2012 based its fair value estimate on a calculation of the present value of the cash flow expected under the agreements made. Previously, Management's estimate was based on valuation reports from external valuers. The change did not give rise to any changes to the estimated fair value. Reference is made to note 14 for a detailed description of Management's method of estimating fair value in connection with the preparation of the Financial Statements for 2012.

Note 24 accounting policies describes the estimated useful lives applied when calculating depreciation of property, plant and equipment.

Management updates its estimate of the useful lives of property, plant and equipment on an annual basis.

#### Other equity investments

When presenting the Financial Statements for 2011, Management estimated the fair value of its investments in the Polish brewery company Perla Browary Lubelskie at DKK 0 due to governance issues arisen. In 2012 Management has maintained its fair value estimate of DKK 0 as these issues have not been resolved during 2012.

The measurement of the fair value of the investment in Perla Browary Lubelskie is classified in level 3 of the fair value hierarchy.

#### Trade receivables

Provisions for bad debts are made on the basis of an individual assessment of the risk of incurring losses on the receivables or groups of receivables, including the maturity profile of the receivables and debtors' current credit rating. Reference is made to note 2 for a summary of trade receivables due.

#### Deferred tax

Deferred tax assets, including the value of tax losses to be carried forward for set-off against positive taxable income in later years, are recognised if, based on Management's assessment, utilisation of the assets is considered possible. The assessment is made annually, see note 17.

#### Repurchase obligation, returnable packaging

The repurchase obligation in respect of returnable packaging in circulation has been recognised in the Financial Statements on the basis of the estimated total volumes of packaging less packaging in inventory, see note 18.

#### Judgements as an element in accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how assets and liabilities should be classified in the Financial Statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2012, the following judgments have been made materially affecting the related items.

#### Derivative financial instruments

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

#### Recognition of project development property

With a view to ensuring adequate disclosures on the value of the brewery site in Aarhus, Management chose to apply the exemption provision of IAS 16 which allows separate recognition of an item of property, plant and equipment as well as revaluation of the asset to fair value. The basis of Management's fair value estimate and revaluation, if any, is described in note 14.

#### Disclosures on divestments

When activities are divested, Management assesses whether the divested entities constitute a significant business or geographic area and should therefore be presented separately in the Financial Statements. In connection with the divestment in 2012 of the Caribbean distribution company Impec, it was Management's assessment that this was not a significant divestment as net revenue in 2012 amounted to DKK 100 million (2.9%) and EBIT to DKK 5 million (1.0%) (2011: DKK 125 million (3.6%) and DKK 8 million (1.7%), respectively).

#### Leasing

When leasing contracts are entered into, an assessment is made based on the factors mentioned below in order to determine whether the agreements should be classified as finance or operating leases.

- The characteristics of the assets to which the agreements relate
- The term of the agreements measured against the useful life of the assets
- The amount of minimum lease payments over the term of the agreements
- Matters relating to purchase obligations and ownership of the assets in question

At this time, Royal Unibrew only has operating leases.



## Descriptive notes

### Note 2 Financial risk management

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

#### Currency risk

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

The above describes Royal Unibrew's transaction risks. Significant risks are hedged actively according to the Treasury Policy. EUR is not hedged. The objective is to reduce negative effects on the Group's profit and cash flows. The risk is therefore monitored and hedged continually. The Group's cash flows are primarily in EUR, GBP, LVL, LTL and USD. The key currency risks are related to GBP, LVL, LTL and USD.

The total gross currency risk (before hedging) on the balance sheet items was calculated at 31 December 2012. The following table shows the sensitivity to a positive change in the cross rates at 31 December 2012 with all other variables remaining unchanged. A negative change has a corresponding effect merely with the opposite financial impact.

Moreover, Royal Unibrew has a translation risk primarily related to Latvia and Lithuania. The translation risk related to Royal Unibrew's investments in foreign subsidiaries is, as a general rule, not hedged. Financial risks such as the loss of competitive strength due to long-term exchange rate changes are not hedged by financial instruments but are included in Royal Unibrew's strategic considerations.

#### Interest rate risk

Royal Unibrew's interest rate risk is primarily related to the Group's loan portfolio. Interest rate changes will affect the

market value of fixed-interest loans as well as interest payments on floating-rate liabilities. Debt is established only in currencies in which the Group has commercial activities.

In Royal Unibrew's assessment, the key interest rate risk is related to the immediate effect of interest rate changes on the Group's interest payment flows and Royal Unibrew focuses only secondarily on changes in the market value of the debt. It is group policy to limit the effect of interest rate changes on profit and cash flows while, within this framework, also achieving the lowest possible financing cost. At the end of 2012, mortgage debt amounted to DKK 594 million with an average term to maturity of 16 years. 95% is fixed-interest through the Group's hedging of interest rate risk with a fixed-interest period of up to 4 years. Bank debt comprises committed bank credit facilities with an agreed term to maturity of up to 30 months. A one percentage point interest rate change will affect the Group's interest expenses by approx +/- DKK 0.5 million (Parent Company: DKK 0.5 million).

#### Credit risks

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

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

Royal Unibrew seeks to limit risks relating to credit granted to customers outside Denmark through extensive use of insurance cover. Where insurance cover is not established or is exceeded, Royal Unibrew has established procedures for approval of such risks. There are no material credit risks on individual customers.

Current receivables, other than trade receivables, all fall due for payment in 2013.

The total receivables of DKK 402 million (Parent: DKK 504 million) belong to the category assets measured at amortised cost.

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

DKK '000	Change	Earnings impact before tax 2012	Earnings impact before tax 2011	Equity impact 2012	Equity impact 2011
CAD	10%	608	388	608	388
EUR	2%	1,132	1,198	1,505	2,137
GBP	10%	136	17	1,851	1,688
LTL	2%	2,587	-981	3,979	1,227
LVL	5%	5,660	4,714	12,078	11,139
SEK	5%	-363	-350	-212	-205
USD	10%	1,471	1,556	2,044	2,138

## Descriptive notes

### Note 2 Financial risk management (continued)

Trade receivables fall due as follows:

DKK '000	31/12 2012		31/12 2011	
Not due		284,478		270,831
Due:				
From 1-15 days	72,180		84,616	
From 16-90 days	11,794		18,721	
More than 90 days	27,270	111,244	45,799	149,136
Provisions for bad debts, not due	-1,557		-1,910	
Provisions for bad debts, 1-15 days	-325		-345	
Provisions for bad debts, 16-90 days	-865		-1,575	
Provisions for bad debts, more than 90 days	-27,689	-30,436	-37,125	-40,955
<b>Total</b>		<b>365,286</b>		<b>379,012</b>
Provisions for bad debts, beginning of year		-40,955		-49,537
Bad debts realised during the year		5,044		5,146
Adjustment upon sale of subsidiaries		8,313		9,221
Provision for the year		-2,838		-5,785
<b>Total</b>		<b>-30,436</b>		<b>-40,955</b>

#### Liquidity risks

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

#### Capital management

Royal Unibrew wants to ensure structural and financial flexibility as well as competitive power. To ensure this, continuous assessment is made to determine the appropriate capital structure of Royal Unibrew. At the end of 2012, it is assessed that the Group's net interest-bearing debt should not exceed 2.5 times EBITDA and that the equity ratio at year end should be 30%, which was the case at the end of 2012.

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

#### Commodity risks

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

The objective of managing Royal Unibrew's commodity risk is to achieve a smooth and time-differentiated effect of commodity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers. As regards

the Group's purchase of cans, financial contracts have been made to hedge the risk of aluminium price increases. Exchange rate changes with respect to the settlement currency of aluminium (USD) are an element of the overall currency risk management.

The most significant part of purchases for the next 12 months has, in accordance with Royal Unibrew's policy, been hedged by entering into supplier agreements and financial contracts. A +/- 1% change in the price of aluminium would have a P/L effect at group level of approx +/- DKK 0.3 million.

#### Other risks

Market risks have in 2012 affected Royal Unibrew's results materially, which may also be the case in future years. Currently, the economic development in a number of the Group's markets and the resulting consumer restraint have affected volume sales of the Group's products, and thus also earnings, negatively. Furthermore, competition has intensified resulting in limited possibilities of realising sales price increases.

For quite a number of years, Royal Unibrew has recorded significant revenue in the Italian market. In 2012 this market represented 17% (2011: 19%) of total group sales. Changes to consumption patterns or the competitive situation in Italy could therefore influence Royal Unibrew's results materially. Changes to consumption patterns in the Group's other markets, eg changed views on alcohol consumption and consumption of soft drinks, may also affect Royal Unibrew's development and results materially.

As a producer of alcoholic products, Royal Unibrew is sensitive to changes in the public alcohol policy - including indirect

## Descriptive notes

### Note 2 Financial risk management (continued)

tax policies in the Group's respective markets. For example, a change of the Danish indirect tax policy as compared to those of neighbouring countries could lead to a change of cross-border trading patterns. This applies primarily to Germany, Norway and Sweden.

Legislative changes with respect to permitted types of containers and returning of containers could also lead to significant changes to consumption patterns. In Germany large parts of

the Group's products are sold in cans, whereas sales in Italy are primarily related to products in non-returnable glass bottles.

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

### Currency and interest rate risks and use of derivative financial instruments

Derivative financial instruments entered into to hedge expected future transactions and qualifying as hedge accounting under IAS 39:

#### Group and Parent Company

		2012			2011		
DKK '000	Period	Contract amount	Market value	Deferred gain (+) / loss (-)	Contract amount	Market value	Deferred gain (+) / loss (-)
Forward contracts:							
GBP	0 - 1 year	20,026	19,586	440	30,532	31,264	-732
USD	0 - 1 year				21,680	19,766	1,914
CAD	0 - 1 year	6,169	5,896	273	8,473	8,717	-244
SEK	0 - 1 year				17,832	17,016	816
Total		26,195	25,482	713	78,517	76,763	1,754

The derivative financial instruments applied in 2012 and 2011 may all be classified as level-2 instruments in the IFRS fair value hierarchy.

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

## Descriptive notes

### Note 2 Financial risk management (continued)

#### Group

#### Financial liabilities

	31/12 2012				
DKK '000	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	594,324	3,019	12,231	579,074	594,324
Interest expenses	331,506	29,948	119,361	182,197	
Trade payables and repayment obligation re packaging	467,063	467,063			467,063
Other payables	294,327	285,206	9,121		294,327
<b>Total</b>	<b>1,687,220</b>	<b>785,236</b>	<b>140,713</b>	<b>761,271</b>	<b>1,355,714</b>

The debt breaks down on the categories debt at amortised cost with DKK 1,298 million and debt at fair value with DKK 58 million.  
The fair value of the total debt is assessed to equal the carrying amount.

	31/12 2011				
DKK '000	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	649,493	55,613	8,366	585,514	649,493
Interest expenses	336,919	30,783	120,179	185,957	
Trade payables and repayment obligation re packaging	440,036	440,036			440,036
Other payables	313,012	289,893	23,119		313,012
Total	1,739,460	816,325	151,664	771,471	1,402,541

The debt breaks down on the categories debt at amortised cost with DKK 1,326 million and debt at fair value with DKK 77 million.  
The fair value of the total debt is assessed to equal the carrying amount.



## Descriptive notes

### Note 2 Financial risk management (continued)

#### Parent Company

##### Financial liabilities

		31/12 2012			
DKK '000	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	594,324	3,019	12,231	579,074	594,324
Interest expenses	331,308	30,050	119,061	182,197	
Trade payables and repayment obligation re packaging	355,386	355,386			355,386
Other payables	258,885	249,764	9,121		258,885
<b>Total</b>	<b>1,539,903</b>	<b>638,219</b>	<b>140,413</b>	<b>761,271</b>	<b>1,208,595</b>

The debt breaks down on the categories debt at amortised cost with DKK 1,150 million and debt at fair value with DKK 58 million.  
The fair value of the total debt is assessed to equal the carrying amount.

		31/12 2011			
DKK '000	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	611,691	17,811	8,366	585,514	611,691
Interest expenses	336,835	30,699	120,179	185,957	
Trade payables and repayment obligation re packaging	320,884	320,884			320,884
Other payables	268,670	245,551	23,119		268,670
<b>Total</b>	<b>1,538,080</b>	<b>614,945</b>	<b>151,664</b>	<b>771,471</b>	<b>1,201,245</b>

The debt breaks down on the categories debt at amortised cost with DKK 1,124 million and debt at fair value with DKK 77 million.  
The fair value of the total debt is assessed to equal the carrying amount.

## Descriptive notes

### Note 3 Segment reporting

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

mDKK	Western Europe	Eastern Europe	Malt Beverages	Unallo- cated	Total
<b>2012</b>					
Net revenue	2,429.9	585.1	415.0		3,430.0
Earnings before interest and tax (EBIT)	408.2	27.3	83.9	-34.4	485.0
Net financials	-0.6	-5.0	-0.2	-32.4	-38.2
Share of income from associates	32.1	2.1			34.2
Profit/loss before tax	439.7	24.4	83.7	-66.8	481.0
Tax				-108.2	-108.2
Profit/loss for the year	439.7	24.4	83.7	-175.0	372.8
Assets *	1,845.1	559.4	37.5	276.3	2,718.3
Associates	129.8				129.8
<b>Total assets</b>	<b>1,974.9</b>	<b>559.4</b>	<b>37.5</b>	<b>276.3</b>	<b>2,848.1</b>
Purchase of property, plant and equipment	121.2	32.9	0.3		154.4
<b>Liabilities**</b>	<b>791.4</b>	<b>106.1</b>	<b>8.7</b>	<b>594.3</b>	<b>1,500.5</b>
Sales (million hectolitres)	3.3	1.6	0.5		5.4

\* Unallocated assets include project development properties.

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

## Descriptive notes

### Note 3 Segment reporting (continued)

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

mDKK	Western Europe	Eastern Europe	Malt Beverages	Unallo- cated	Total
<b>2011</b>					
Net revenue	2,410.1	629.1	391.4		3,430.6
Earnings before interest and tax (EBIT)	405.0	45.1	53.3	-29.2	474.2
Net financials	-1.4	-4.9	6.2	-27.4	-27.5
Share of income from associates	12.5		1.9		14.4
Profit/loss before tax	416.1	40.2	61.4	-56.6	461.1
Tax				-110.2	-110.2
Profit/loss for the year	416.1	40.2	61.4	-166.8	350.9
Assets *	1,582.2	516.2	89.7	411.5	2,599.6
Associates	105.9	184.8			290.7
<b>Total assets</b>	<b>1,688.1</b>	<b>701.0</b>	<b>89.7</b>	<b>411.5</b>	<b>2,890.3</b>
Purchase of property, plant and equipment	66.0	8.0	0.2		74.2
Purchase of property, plant and equipment on acquisition		1.3			1.3
Purchase of intangible assets on acquisition		4.9			4.9
<b>Liabilities**</b>	<b>790.2</b>	<b>133.9</b>	<b>33.3</b>	<b>611.7</b>	<b>1,569.1</b>
Sales (million hectolitres)	3.3	2.0	0.4		5.7

\* Unallocated assets include project development properties.

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

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

	2012	2012	2011	2011
mDKK	Net revenue	Non-current assets	Net revenue	Non-current assets
Denmark	1,237.2	889.8	1,193.4	868.9
Italy	596.9	26.4	649.5	26.8
Germany	571.4		543.0	
Other countries	1,024.5	799.5	1,044.7	983.6
Unallocated		276.3		411.5
<b>Total</b>	<b>3,430.0</b>	<b>1,992.0</b>	<b>3,430.6</b>	<b>2,290.8</b>

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

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

# Descriptive notes

## Note 3 Segment reporting (continued)

### Segment reporting 2008 - 2012

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

mDKK	Western Europe	Eastern Europe	Malt Beverages	Unallocated	Group
<b>2012</b>					
Net revenue	2,429.9	585.1	415.0		3,430.0
Operating profit/loss	408.2	27.3	83.9	-34.4	485.0
Assets	1,974.9	559.4	37.5	276.3	2,848.1
Liabilities	791.4	106.1	8.7	594.3	1,500.5
Sales (million hectolitres)	3.3	1.6	0.5		5.4
<b>2011</b>					
Net revenue	2,410.1	629.1	391.4		3,430.6
Operating profit/loss	405.0	45.1	53.3	-29.2	474.2
Assets	1,688.1	701.0	89.7	411.5	2,890.3
Liabilities	790.2	133.9	33.3	611.7	1,569.1
Sales (million hectolitres)	3.3	2.0	0.4		5.7
<b>2010</b>					
Net revenue	2,424.5	941.7	409.2		3,775.4
Operating profit/loss	365.3	45.9	48.2	-42.5	416.9
Assets	1,503.3	996.9	150.2	406.4	3,056.8
Liabilities	742.8	217.6	38.9	770.0	1,769.3
Sales (million hectolitres)	3.2	2.9	0.5		6.6
<b>2009</b>					
Net revenue	2,418.2	909.3	488.9		3,816.4
Operating profit/loss	274.6	-5.2	37.5	-63.6	243.3
Assets	1,657.4	1,058.2	370.5	403.6	3,489.7
Liabilities	781.8	414.2	113.9	1,184.6	2,494.5
Sales (million hectolitres)	3.3	2.8	0.5		6.6
<b>2008</b>					
Net revenue	2,520.4	1,129.2	529.1		4,178.7
Operating profit/loss	191.3	-51.1	38.1	-43.4	134.9
Assets	2,067.0	1,202.6	381.8	400.0	4,051.4
Liabilities	971.0	406.1	106.0	1,993.5	3,476.6
Sales (million hectolitres)	3.7	3.2	0.6		7.5



## Notes to Income Statement

### Note 4 Staff expenses

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

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		Salary and short-term bonus scheme for Executive Board		
16,156	13,641		13,641	16,156
9,064	7,245	Long-term bonus scheme for Executive Board	7,245	9,064
25,220	20,886	Remuneration of Executive Board	20,886	25,220
2,816	2,813	Remuneration of Board of Directors	2,813	2,816
28,036	23,699		23,699	28,036
360,270	357,274	Wages and salaries	459,207	468,047
30,206	29,721	Contributions to pension schemes	52,227	46,449
390,476	386,995		511,434	514,496
5,068	6,703	Other social security expenses	10,252	8,876
16,382	19,716	Other staff expenses	24,864	20,641
<b>439,962</b>	<b>437,113</b>	<b>Total</b>	<b>570,249</b>	<b>572,049</b>
904	876	Average number of employees	1,635	1,785

In 2011 remuneration of Executive Board includes severance payments of DKK 4.3 million.

# Notes to Income Statement

## Note 4 Staff expenses (continued)

The following share option schemes were established until 2008 for the Executive Board and certain employees. Each option carries a right to acquire 1 share of DKK 10.

	Executive Board number	Certain other employees number	Total number	Exercise price	Exercise period
<b>Unexercised at 31 December 2012</b>					
distributed on:					
Granted re 2007		13,219	13,219	350	4/2011-4/2013
<b>Total</b>	<b>0</b>	<b>13,219</b>	<b>13,219</b>		
<b>Unexercised at 31 December 2011</b>					
	<b>0</b>	<b>36,617</b>	<b>36,617</b>	<b>426</b>	<b>4/2010-4/2013</b>
<b>Market value at 31 December 2012</b>		<b>1.9m</b>	<b>1.9m</b>		
<b>Market value at 31 December 2011</b>		<b>0.4m</b>	<b>0.4m</b>		

Based on a share price of the Royal Unibrew share of 492.0 at 31 December 2012, the market value of the options has been calculated by means of the Black-Scholes model.

The calculation is based on an assumption of 15% volatility (2011: 26%), a risk-free interest rate of 0.2-0.5% (2011: 1.2-1.6%) and annual dividend per share of 150% (2011: 150%).

# Notes to Income Statement

## Note 5 Expenses broken down by type

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		Aggregated		
1,255,586	1,294,022	Production costs	1,714,265	1,685,311
739,015	738,801	Sales and distribution expenses	1,062,453	1,084,913
155,339	136,681	Administrative expenses	173,136	189,717
<b>2,149,940</b>	<b>2,169,504</b>	<b>Total</b>	<b>2,949,854</b>	<b>2,959,941</b>
		break down by type as follows:		
968,100	1,001,404	Raw materials and consumables	1,351,568	1,346,875
439,962	437,113	Wages, salaries and other staff expenses	570,249	572,049
139,072	125,490	Operating and maintenance expenses	166,309	175,733
91,778	98,286	Distribution expenses and carriage	176,209	174,415
326,016	348,931	Sales and marketing expenses	468,749	453,492
18,132	-538	Bad debts	2,673	10,514
81,446	70,860	Office supplies etc	89,912	104,957
85,434	87,958	Depreciation and profit/loss from sale of property, plant and equipment	124,185	121,906
<b>2,149,940</b>	<b>2,169,504</b>	<b>Total</b>	<b>2,949,854</b>	<b>2,959,941</b>

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

Parent Company			Group	
DKK '000	2011	2012	2012	2011
50,845	57,964	Production costs	87,268	75,184
22,558	19,639	Sales and distribution expenses	22,214	33,078
12,031	10,355	Administrative expenses	14,703	13,644
<b>85,434</b>	<b>87,958</b>	<b>Total</b>	<b>124,185</b>	<b>121,906</b>

# Notes to Income Statement

## Note 6 Financial income

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		<b>Interest income</b>		
6	103	Cash at bank and in hand	68	56
9	73	Trade receivables	73	10
6,343	6,035	Receivables from subsidiaries		
	928	Other financial income	928	
		<b>Exchange adjustments</b>		
		Cash at bank and in hand and external loans		334
293		Trade payables		
	979	Trade receivables	972	1,380
1,160		Intercompany loans		1,160
100		Ineffective part of hedge contracts		119
4,192	367	Forward contracts	2,754	4,684
		<b>Other</b>		
6,383	1,400	Profit on sale of investments	1,400	30,004
1,457		Other financial income		2,409
<b>19,943</b>	<b>9,885</b>	<b>Total</b>	<b>6,195</b>	<b>40,156</b>

## Note 7 Financial expenses

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		<b>Interest expenses</b>		
30,428	27,359	Mortgage credit institutes	27,359	28,671
3,015	550	Credit institutions	756	3,773
		Trade payables		20
196	152	Payables to subsidiaries		
	604	Other payables	493	159
		<b>Exchange adjustments</b>		
	676	Cash at bank and in hand and external loans	836	
264	655	Trade payables	586	2,840
	993	Intercompany loans	993	
32		Trade receivables		
	650	Forward contracts	653	
		<b>Other</b>		
40,692	1,083	Loss on sale of investments	8,075	26,906
4,145	4,046	Other financial expenses	4,683	5,290
<b>78,772</b>	<b>36,768</b>	<b>Total</b>	<b>44,434</b>	<b>67,659</b>



# Notes to Income Statement

## Note 8 Tax on the profit for the year

Parent Company			Group	
DKK '000	2011	2012	2012	2011
93,919	121,429	Tax on the taxable income for the year	131,256	109,177
-1,905	-5,916	Adjustment of previous year	-7,070	-312
-2,695	-16,016	Adjustment of deferred tax	-15,760	-3,472
<b>89,319</b>	<b>99,497</b>	<b>Total</b>	<b>108,426</b>	<b>105,393</b>
		which breaks down as follows:		
94,179	99,288	Tax on profit for the year	108,217	110,253
-4,860	209	Tax on equity entries	209	-4,860
<b>89,319</b>	<b>99,497</b>	<b>Total</b>	<b>108,426</b>	<b>105,393</b>
25.0	25.0	Current Danish tax rate	25.0	25.0
-7.0	-3.4	Dividends from subsidiaries and associates/income from associates after tax	-1.8	-0.8
2.4	0.3	Effect on tax rate of permanent differences *	0.3	0.4
-0.4	-1.3	Adjustment of previous year	-1.5	-0.1
0.8		Dividend tax		0.8
		Differences in effective tax rates of foreign subsidiaries	0.5	-1.4
<b>20.8</b>	<b>20.6</b>	<b>Effective tax rate</b>	<b>22.5</b>	<b>23.9</b>

## Note 9 Comprehensive income

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		Recirculated exchange rate adjustment of subsidiaries and associates sold is included in financial income and expenses at	-6,859	-19,382
<b>0</b>	<b>0</b>	<b>Total</b>	<b>-6,859</b>	<b>-19,382</b>
		Realised hedging transactions are included in the income statement as follows:		
-1,400	-9,373	Net revenue includes currency hedges of	-9,373	-1,400
5,350	-8,901	Production costs include foreign currency and commodity hedges of	-10,934	5,572
-11,191	-15,781	Financial income and expenses include currency, commodity and interest rate hedges of	-14,801	-10,681
<b>-7,241</b>	<b>-34,055</b>	<b>Total</b>	<b>-35,108</b>	<b>-6,509</b>

## Notes to Balance Sheet

### Note 10 Intangible assets

#### Group

DKK '000	Goodwill	Trademarks	Distribution rights	Total
Cost at 1 January 2011	425,074	233,200	13,236	671,510
Exchange adjustment	-249	1,401		1,152
Additions on acquisition		4,863		4,863
Disposals on sale/reclassification	-161,092	-112,028		-273,120
<b>Cost at 31 December 2011</b>	<b>263,733</b>	<b>127,436</b>	<b>13,236</b>	<b>404,405</b>
Amortisation and impairment losses at 1 January 2011	-161,092	-99,553	-8,723	-269,368
Reversal of depreciation and impairment on sale/reclassification	161,092	99,553		260,645
Amortisation and impairment losses for the year		-3,250	-1,338	-4,588
<b>Amortisation and impairment losses at 31 December 2011</b>	<b>0</b>	<b>-3,250</b>	<b>-10,061</b>	<b>-13,311</b>
<b>Carrying amount at 31 December 2011</b>	<b>263,733</b>	<b>124,186</b>	<b>3,175</b>	<b>391,094</b>
Cost at 1 January 2012	263,733	127,436	13,236	404,405
Exchange adjustment	768	49	5	822
Disposals	-19,619		-1,410	-21,029
<b>Cost at 31 December 2012</b>	<b>244,882</b>	<b>127,485</b>	<b>11,831</b>	<b>384,198</b>
Amortisation and impairment losses at 1 January 2012	0	-3,250	-10,061	-13,311
Exchange adjustment		-166	-5	-171
Amortisation for the year			-1,311	-1,311
Disposals			1,218	1,218
<b>Amortisation and impairment losses at 31 December 2012</b>	<b>0</b>	<b>-3,416</b>	<b>-10,159</b>	<b>-13,575</b>
<b>Carrying amount at 31 December 2012</b>	<b>244,882</b>	<b>124,069</b>	<b>1,672</b>	<b>370,623</b>

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

Reference is made to note 11 for impairment tests.

## Notes to Balance Sheet

### Note 10 Intangible assets (continued)

#### Parent Company

DKK '000	Goodwill	Trademarks	Distribution rights	Total
Cost at 1 January 2011	80,645	2,990	11,828	95,463
<b>Cost at 31 December 2011</b>	<b>80,645</b>	<b>2,990</b>	<b>11,828</b>	<b>95,463</b>
Amortisation and impairment losses at 1 January 2011	0	0	-7,789	-7,789
Amortisation for the year			-1,183	-1,183
<b>Amortisation and impairment losses at 31 December 2011</b>	<b>0</b>	<b>0</b>	<b>-8,972</b>	<b>-8,972</b>
<b>Carrying amount at 31 December 2011</b>	<b>80,645</b>	<b>2,990</b>	<b>2,856</b>	<b>86,491</b>
Cost at 1 January 2012	80,645	2,990	11,828	95,463
<b>Cost at 31 December 2012</b>	<b>80,645</b>	<b>2,990</b>	<b>11,828</b>	<b>95,463</b>
Amortisation and impairment losses at 1 January 2012	0	0	-8,972	-8,972
Amortisation for the year			-1,184	-1,184
<b>Amortisation and impairment losses at 31 December 2012</b>	<b>0</b>	<b>0</b>	<b>-10,156</b>	<b>-10,156</b>
<b>Carrying amount at 31 December 2012</b>	<b>80,645</b>	<b>2,990</b>	<b>1,672</b>	<b>85,307</b>

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

Reference is made to note 11 for impairment tests.

## Notes to Balance Sheet

### Note 11 Impairment tests

#### Impairment tests of goodwill and trademarks

Annual impairment tests are carried out of the carrying amount of goodwill and trademarks with indefinite useful lives. The impairment test in 2012 did not give rise to recognising any impairment losses.

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

DKK '000	Goodwill	Trademarks	Total	Share
<b>2012</b>				
Western Europe	80,645	2,990	83,635	23%
Eastern Europe	156,796	121,079	277,875	75%
Malt Beverages	7,441		7,441	2%
<b>Total</b>	<b>244,882</b>	<b>124,069</b>	<b>368,951</b>	<b>100%</b>

The recoverable amount is based on value in use, which is calculated by means of expected net cash flows on the basis of budgets and forecasts for 2013-2015 approved by Management as well as estimated market driven discount rates and growth rates.

Generally only limited revenue growth is expected. Gross margins related to the impairment tested assets are going forward assumed to remain stable. The key assumptions underlying the calculation of the recoverable amount are as indicated below.

	Western Europe	Eastern Europe	Malt Beverages
Gross margin	46%	33%	25%
Growth rate 2016-2019	1%	4%	2%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	5.5%	9.2-9.5%	15.5%

The forecasted gross margins approved by Management are based on prior results and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.



## Notes to Balance Sheet

### Note 11 Impairment tests (continued)

DKK '000	Goodwill	Trademarks	Total	Share
<b>2011</b>				
Western Europe	80,645	2,990	83,635	22%
Eastern Europe	156,286	121,196	277,482	71%
Malt Beverages	26,802		26,802	7%
<b>Total</b>	<b>263,733</b>	<b>124,186</b>	<b>387,919</b>	<b>100%</b>

The key assumptions underlying the calculation of recoverable amount in 2011 were:

	Western Europe	Eastern Europe	Malt Beverages
Gross margin	54%	33%	25-28%
Growth rate 2015-2018	2%	4%	2%
Growth rate on terminal value	2%	2%	2%
Discount rate (WACC)	7.2%	11.1-11.3%	5.5-15.5%

The forecasted gross margins approved by Management are based on prior results and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

### Property, plant and equipment

Property, plant and equipment are impairment-tested if there are indications of impairment. In 2012 and 2011 there were no indications of impairment, why no impairment-test have been made.

# Notes to Balance Sheet

## Note 12 Property, plant and equipment

### Group

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2011	951,241	266,272	1,546,381	599,398	12,233	3,375,525
Exchange adjustment	1,662		1,462	16	18	3,158
Reclassification, beginning of year	103,058	-67,581	170,142	30,503		236,122
Additions	247	5,023	9,270	27,574	32,037	74,151
Additions on acquisition	1,055		194	38		1,287
Disposals	-14,036		-106,929	-91,032		-211,997
Disposals on sale of activities	-75,967		-102,157	-30,680	-3,070	-211,874
Transfers	349		3,618	6,628	-10,595	0
<b>Cost at 31 December 2011</b>	<b>967,609</b>	<b>203,714</b>	<b>1,521,981</b>	<b>542,445</b>	<b>30,623</b>	<b>3,266,372</b>
Depreciation, revaluation and impairment losses at 1 January 2011	-290,179	140,155	-1,033,008	-420,848	0	-1,603,880
Exchange adjustment	-273		-450	43		-680
Reclassification, beginning of year	-103,058	67,581	-170,142	-26,304		-231,923
Reversal of depr. and impairment on sale	30,495		82,003	19,243		131,741
Depreciation for the year	-25,387		-55,812	-48,000		-129,199
Reversal of depreciation and impairment of assets sold and discontinued	4,913		98,211	65,719		168,843
<b>Depreciation, revaluation and impairment losses at 31 December 2011</b>	<b>-383,489</b>	<b>207,736</b>	<b>-1,079,198</b>	<b>-410,147</b>	<b>0</b>	<b>-1,665,098</b>
<b>Carrying amount at 31 December 2011</b>	<b>584,120</b>	<b>411,450</b>	<b>442,783</b>	<b>132,298</b>	<b>30,623</b>	<b>1,601,274</b>

Land and buildings at a carrying amount of DKK 345.3 million have been provided as security for mortgage debt of DKK 595.8 million.

## Notes to Balance Sheet

### Note 12 Property, plant and equipment (continued)

#### Group

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2012	967,609	203,714	1,521,981	542,445	30,623	3,266,372
Exchange adjustment	307		539	227	4	1,077
Additions		4,444	32,965	38,499	78,468	154,376
Disposals	-9,137	-49,332	-56,322	-53,715		-168,506
Disposals on sale of activities				-5,692		-5,692
Transfers	9,704	16	13,007	18,837	-41,564	0
<b>Cost at 31 December 2012</b>	<b>968,483</b>	<b>158,842</b>	<b>1,512,170</b>	<b>540,601</b>	<b>67,531</b>	<b>3,247,627</b>
Depreciation, revaluation and impairment losses at 1 January 2012	-383,489	207,736	-1,079,198	-410,147	0	-1,665,098
Exchange adjustment	-80		101	-170		-149
Reversal of depr. and impairment on sale				5,205		5,205
Depreciation for the year	-32,547		-48,447	-40,409		-121,403
Reversal of depreciation, revaluation and impairment of assets sold and discontinued	6,833	-90,240	48,743	47,823		13,159
<b>Depreciation, revaluation and impairment losses at 31 December 2012</b>	<b>-409,283</b>	<b>117,496</b>	<b>-1,078,801</b>	<b>-397,698</b>	<b>0</b>	<b>-1,768,286</b>
<b>Carrying amount at 31 December 2012</b>	<b>559,200</b>	<b>276,338</b>	<b>433,369</b>	<b>142,903</b>	<b>67,531</b>	<b>1,479,341</b>

Land and buildings at a carrying amount of DKK 330.3 million have been provided as security for mortgage debt of DKK 593.7 million

## Notes to Balance Sheet

### Note 12 Property, plant and equipment (continued)

#### Parent Company

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2011	588,423	266,272	1,174,775	482,321	9,085	2,520,876
Reclassification, beginning of year	78,505	-67,581	17,861	-11,320		17,465
Additions	136	5,023	8,544	26,859	25,336	65,898
Disposals	-13,244		-105,851	-70,832		-189,927
Transfers	131		1,292	6,051	-7,474	0
<b>Cost at 31 December 2011</b>	<b>653,951</b>	<b>203,714</b>	<b>1,096,621</b>	<b>433,079</b>	<b>26,947</b>	<b>2,414,312</b>
Depreciation, revaluation and impairment losses at 1 January 2011	-218,101	140,155	-838,076	-358,183	0	-1,274,205
Reclassification, beginning of year	-78,505	67,581	-17,861	11,320		-17,465
Depreciation for the year	-16,923		-40,958	-36,728		-94,609
Reversal of depreciation and impairment of assets sold and discontinued	4,913		97,132	56,737		158,782
<b>Depreciation, revaluation and impairment losses at 31 December 2011</b>	<b>-308,616</b>	<b>207,736</b>	<b>-799,763</b>	<b>-326,854</b>	<b>0</b>	<b>-1,227,497</b>
<b>Carrying amount at 31 December 2011</b>	<b>345,335</b>	<b>411,450</b>	<b>296,858</b>	<b>106,225</b>	<b>26,947</b>	<b>1,186,815</b>

Land and buildings at a carrying amount of DKK 345.3 million have been provided as security for mortgage debt of DKK 595.8 million.

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2012	653,951	203,714	1,096,621	433,079	26,947	2,414,312
Additions		4,444	13,509	33,736	69,463	121,152
Disposals	-9,116	-49,332	-50,373	-42,265		-151,086
Transfers	7,884	16	4,733	18,938	-31,571	0
<b>Cost at 31 December 2012</b>	<b>652,719</b>	<b>158,842</b>	<b>1,064,490</b>	<b>443,488</b>	<b>64,839</b>	<b>2,384,378</b>
Depreciation, revaluation and impairment losses at 1 January 2012	-308,616	207,736	-799,763	-326,854	0	-1,227,497
Depreciation for the year	-20,635		-31,329	-33,751		-85,715
Reversal of depreciation, revaluation and impairment of assets sold and discontinued	6,823	-90,240	42,158	38,975		-2,284
<b>Depreciation, revaluation and impairment losses at 31 December 2012</b>	<b>-322,428</b>	<b>117,496</b>	<b>-788,934</b>	<b>-321,630</b>	<b>0</b>	<b>-1,315,496</b>
<b>Carrying amount at 31 December 2012</b>	<b>330,291</b>	<b>276,338</b>	<b>275,556</b>	<b>121,858</b>	<b>64,839</b>	<b>1,068,882</b>

Land and buildings at a carrying amount of DKK 330.3 million have been provided as security for mortgage debt of DKK 593.7 million.



# Notes to Balance Sheet

## Note 13 Financial non-current assets

Group				
DKK '000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2011	62,810	111,706	6,093	180,609
Exchange adjustment	-24,243			-24,243
Additions	208,942		4,686	213,628
Disposals	-16,828	-53,427	-5,544	-75,799
<b>Cost at 31 December 2011</b>	<b>230,681</b>	<b>58,279</b>	<b>5,235</b>	<b>294,195</b>
Value adjustments at 1 January 2011	73,377	-52,679	0	20,698
Exchange adjustment	-786			-786
Disposals	-15,992	25,056		9,064
Dividend	-10,938			-10,938
Share of profit for the year	25,350			25,350
Impairment losses for the year	-10,980	-28,043	-121	-39,144
<b>Value adjustments at 31 December 2011</b>	<b>60,031</b>	<b>-55,666</b>	<b>-121</b>	<b>4,244</b>
<b>Carrying amount at 31 December 2011</b>	<b>290,712</b>	<b>2,613</b>	<b>5,114</b>	<b>298,439</b>
<b>Value of goodwill included above</b>	<b>89,984</b>			<b>89,984</b>
DKK '000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2012	230,681	58,279	5,235	294,195
Reclassification, beginning of year		-7,309		-7,309
Exchange adjustment	17,963	4,891	-1	22,853
Additions		40	6,302	6,342
Disposals	-202,026	-83	-1,527	-203,636
<b>Cost at 31 December 2012</b>	<b>46,618</b>	<b>55,818</b>	<b>10,009</b>	<b>112,445</b>
Value adjustments at 1 January 2012	60,031	-55,666	-121	4,244
Reclassification, beginning of year		7,309		7,309
Exchange adjustment	3,614	-4,891	-1	-1,278
Disposals	-326			-326
Dividend	-13,442			-13,442
Share of profit for the year	41,469			41,469
Other comprehensive income	-976			-976
Revaluations and impairment losses for the year	-7,206	50	-242	-7,398
<b>Value adjustments at 31 December 2012</b>	<b>83,164</b>	<b>-53,198</b>	<b>-364</b>	<b>29,602</b>
<b>Carrying amount at 31 December 2012</b>	<b>129,782</b>	<b>2,620</b>	<b>9,645</b>	<b>142,047</b>

# Notes to Balance Sheet

## Note 13 Financial non-current assets (continued)

### Parent Company

DKK '000	Invest- ments in subsidiaries	Invest- ments in associates	Receivables from subsidiaries	Other invest- ments	Other receiv- ables	Total
Cost at 1 January 2011	1,598,678	117,957	89,833	105,847	5,508	1,917,823
Additions	140,287	208,942				349,229
Disposals	-927,804	-42,026	-89,833	-53,904	-970	-1,114,537
<b>Cost at 31 December 2011</b>	<b>811,161</b>	<b>284,873</b>	<b>0</b>	<b>51,943</b>	<b>4,538</b>	<b>1,152,515</b>
Revaluations and impairment losses at 1 January 2011	-804,270	0	0	-49,477	0	-853,747
Disposals	715,235					715,235
Revaluations and impairment losses for the year				-6		-6
<b>Revaluations and impairment losses at 31 December 2011</b>	<b>-89,035</b>	<b>0</b>	<b>0</b>	<b>-49,483</b>	<b>0</b>	<b>-138,518</b>
<b>Carrying amount at 31 December 2011</b>	<b>722,126</b>	<b>284,873</b>	<b>0</b>	<b>2,460</b>	<b>4,538</b>	<b>1,013,997</b>

DKK '000	Invest- ments in subsidiaries	Invest- ments in associates	Receivables from subsidiaries	Other invest- ments	Other receiv- ables	Total
Cost at 1 January 2012	811,161	284,873	0	51,943	4,538	1,152,515
Reclassification, beginning of year				-1,126		-1,126
Exchange adjustment				4,891		4,891
Additions	7,460		155,414		6,302	169,176
Disposals	-28,053	-208,942			-1,386	-238,381
<b>Cost at 31 December 2012</b>	<b>790,568</b>	<b>75,931</b>	<b>155,414</b>	<b>55,708</b>	<b>9,454</b>	<b>1,087,075</b>
Revaluations and impairment losses at 1 January 2012	-89,035	0	0	-49,483	0	-138,518
Reclassification, beginning of year				1,126		1,126
Exchange adjustment				-4,891		-4,891
Revaluations and impairment losses for the year				50		50
<b>Revaluations and impairment losses at 31 December 2012</b>	<b>-89,035</b>	<b>0</b>	<b>0</b>	<b>-53,198</b>	<b>0</b>	<b>-142,233</b>
<b>Carrying amount at 31 December 2012</b>	<b>701,533</b>	<b>75,931</b>	<b>155,414</b>	<b>2,510</b>	<b>9,454</b>	<b>944,842</b>

# Notes to Balance Sheet

## Note 14 Project development properties

### Project development properties (brewery site in Aarhus)

#### Accounting estimate following presentation of the Interim Financial Statements for 1 January - 31 March 2012

In 2011 the Company entered into a cooperation agreement based on an option model under which the purchaser may acquire the brewery site piece by piece in the period to the end of 2016. As, in June 2012, the purchaser announced that he wished to acquire the first part of the brewery site based on this agreement, Management assessed in connection with the presentation of the Interim Financial Statements for the period 1 January - 30 June 2012 that the potential cash flow under the said cooperation agreement provides the best basis for estimating the fair value of the brewery site. Building rights for 37,500 square metres of the total 140,000 square metres of building rights at the brewery site were sold in September at carrying amount. It is Management's assessment that the change from the basis previously applied has not resulted in a changed fair value estimate at 30 June 2012, at 30 September 2012 or at 31 December 2012. It is not practicable to assess the effect of the change on future fair value estimates as compared to the method previously applied, which is described below.

Thus, the key elements of the calculation of the fair value of the brewery site are estimated selling prices and milestone dates under the cooperation agreement, estimated costs up until the date of sale (property taxes, project and selling costs) and the discount rate. At 31 December 2012 Management estimates the fair value per square metre of building rights at approx DKK 3,400 based on average sales proceeds (selling price less costs), an average vacancy period of 2-3 years and a discount rate of 6.5% for the 102,500 square metres of building rights comprised by the unsold part of the site according to the existing local plan.

As the agreement is an option-based agreement, the disposal of the brewery site, including the related timing, is subject to uncertainty, and the value at the time of disposal may differ materially from the currently estimated fair value, which does not differ materially from carrying amount at 31 December 2012.

#### Accounting estimate up until presentation of the Interim Financial Statements for 1 January - 31 March 2012

Following the decision in 2008 to close down the Aarhus brewery, Royal Unibrew has developed the brewery property for alternative use, including managing the process of amending the existing local plan so that the brewery site may be used for other purposes than brewery activities. In November 2011, the municipal authorities of Aarhus approved an amended local plan for the brewery site comprising building rights for 140,000 square metres.

Consequently, the brewery property has been classified as a project development property in the Consolidated and Parent Company Financial Statements since 2008, and at the end of 2008 the property was revalued to the fair value as estimated by Management in accordance with the provisions of IAS 16.

As a basis of its estimate, Management obtained valuation reports from authorised valuers with knowledge of the area in which the property is situated.

The valuers determined fair value based on an assessment of the potential use of the project development property under an amended local plan. The valuers determined fair value as the estimated market value calculated as the price at which the property could be traded at the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and negotiations in which the parties each acted knowledgeably, reasonably and without compulsion. The valuation method applied was the so-called residual method, which involves estimating the selling price to end-users per square metre of a completed building project less estimated construction and development costs, the mark-up to a property developer and cost of vacancy to provide return on the acquisition price for the site until the time when the building project is sold to the end-users. Thus, the key assumptions are the selling price to end-users, the size of mark-up to the property developer, the project realisation period and building types.

On the above-mentioned assumptions, Management estimated the fair value of the brewery site in Aarhus at DKK 400 million in connection with the presentation of the Financial Statements for 2008.

The carrying amount prior to the fair value adjustment was DKK 160 million. The valuation at a fair value of DKK 400 million therefore implied a revaluation of DKK 240 million which was in 2008 recognised in revaluation reserves in equity with deduction of deferred tax of DKK 60 million.

When presenting subsequent Financial Statements, Management has updated its estimate of the fair value of the property to ensure that the carrying amount, including project development costs incurred, did not differ materially from fair value at the balance sheet date. Up until the presentation of the Interim Financial Statements for the period 1 January - 31 March 2012, as in connection with the presentation of the Financial Statements for 2008, Management's estimate has been based on valuation reports prepared by valuers applying unchanged assumptions and valuation method.

## Notes to Balance Sheet

### Note 15 Investments in associates

Parent Company			Group	
DKK '000	2011	2012	2012	2011
117,957	284,873	Balance at 1 January	290,712	136,187
		Exchange adjustment	21,577	-25,029
208,942		Additions		208,942
-42,026	-208,942	Disposals	-202,352	-32,820
		Share of profit for the year	41,469	25,350
		Other comprehensive income	-976	
		Impairment losses	-7,206	-10,980
		Dividend	-13,442	-10,938
<b>284,873</b>	<b>75,931</b>	<b>Balance at 31 December</b>	<b>129,782</b>	<b>290,712</b>

Stated on a pro rata basis, the Parent Company's and the Group's shares of assets, liabilities, revenue and profit break down on segments as follows:

2011	Assets	Liabilities	Revenue	Profit
Western Europe	279,260	183,922	377,241	12,464
Eastern Europe	152,691	33,579	170,032	10,980
Malt Beverages			14,636	1,906
<b>Parent Company and Group</b>	<b>431,951</b>	<b>217,501</b>	<b>561,909</b>	<b>25,350</b>

2012	Assets	Liabilities	Revenue	Profit
Western Europe	325,701	223,959	450,026	21,587
Eastern Europe			143,798	9,342
<b>Parent Company and Group</b>	<b>325,701</b>	<b>223,959</b>	<b>593,824</b>	<b>30,929</b>

## Notes to Balance Sheet

### Note 16 Portfolio of treasury shares and basis of earnings/cash flow per share

Value of treasury shares held:

DKK '000	Parent Company	
	2012	2011
Balance at 1 January	0	0
Additions	200,405	122,785
Disposals	-463	
Transferred to equity, net	-199,942	-122,785
<b>Balance at 31 December</b>	<b>0</b>	<b>0</b>

Treasury shares held by the Parent Company:

	Number	Nom. value	% of capital
Portfolio at 1 January 2011	106,674	1,067	1.0
Additions	394,146	3,941	3.5
<b>Portfolio at 31 December 2011</b>	<b>500,820</b>	<b>5,008</b>	<b>4.5</b>
Portfolio at 1 January 2012	500,820	5,008	4.5
Additions	499,950	4,999	4.7
Reduction of capital	-616,498	-6,165	-5.6
Disposals	-1,324	-13	0.0
<b>Portfolio at 31 December 2012</b>	<b>382,948</b>	<b>3,829</b>	<b>3.6</b>

The Group holds no other treasury shares.

#### Basis of calculation of earnings and cash flow per share

The Parent Company shareholders' share of profit for the year amounts to DKK 371,192k (2011: DKK 347,941k).

The average number of treasury shares amounted to 335,693 shares (2011: 243,798).

The average number of shares in circulation amounted to 10,419,806 shares (2011: 10,942,700).

The average number of shares in circulation incl share options "in-the-money" amounted to 10,444,724 shares (2011: 10,942,700).

Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company shareholders' share of profit/loss for the year.



# Notes to Balance Sheet

## Note 17 Deferred tax

Parent Company			Group	
DKK '000	2011	2012	2012	2011
168,887	166,192	Deferred tax at 1 January	166,539	170,011
-2,695	17,156	Change in deferred tax for the year	17,412	-972
	-33,172	Change sale of project development property	-33,172	
	-5,984	Adjustment of previous year	-5,984	
		Subsidiaries sold		-2,500
<b>166,192</b>	<b>144,192</b>	<b>Deferred tax at 31 December</b>	<b>144,795</b>	<b>166,539</b>
9,815	3,882	Due within 1 year	1,657	8,179
		Deferred tax relates to:		
694	418	Intangible assets	418	694
163,042	142,368	Property, plant and equipment	145,196	165,025
4,055	1,903	Current assets	286	3,417
-1,599	-497	Current liabilities	-1,105	-2,597
<b>166,192</b>	<b>144,192</b>	<b>Total</b>	<b>144,795</b>	<b>166,539</b>

The utilisation of unutilised tax losses in one of the Group's foreign enterprises is not certain. Therefore, the tax asset corresponding to approx DKK 2.5 million (2011: approx DKK 2.5 million) has not been capitalised.

The subsidiary Supermalt UK Ltd. has a recapture balance which has not been recognised in the basis of calculation of deferred tax. The reason for this is that the recapture balance will not result in any current tax payment in the foreseeable future as the Parent Company is able to control when the deferred tax is to be realised.

Deferred tax on the recapture balance amounts to approx DKK 21 million (2011: approx DKK 21 million)

## Note 18 Repurchase obligation, returnable packaging

Parent Company			Group	
DKK '000	2011	2012	2012	2011
48,625	39,429	Balance at 1 January	42,241	57,278
-9,196	-4,588	Adjustment for the year	-6,030	-15,037
<b>39,429</b>	<b>34,841</b>	<b>Balance at 31 December</b>	<b>36,211</b>	<b>42,241</b>

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

The reduction in the repurchase obligation is primarily due to beer and soft drinks in Denmark now to a greater extent being sold in recyclable disposable containers whereas previously they were sold in returnable containers.

## Notes to Cash Flow Statement

### Note 19 Cash Flow Statement

Adjustments for non-cash operating items :

Parent Company			Group	
DKK '000	2011	2012	2012	2011
-126,200	-65,079	Dividends from subsidiaries and associates		
-19,943	-9,885	Financial income	-6,195	-40,156
78,772	36,768	Financial expenses	44,434	67,659
95,792	86,899	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	122,956	133,787
94,179	99,288	Tax on the profit for the year	108,217	110,253
		Income from investments in associates	-34,263	-14,370
-9,175	2,337	Profit and loss from sale of property, plant and equipment	2,782	-7,293
-7	349	Other adjustments	349	-7
<b>113,418</b>	<b>150,677</b>	<b>Total</b>	<b>238,280</b>	<b>249,873</b>

## Other notes

### Note 20 Fee to auditors

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		Fee for the audit of the Annual Report:		
663	760	Ernst & Young	1,334	1,409
<b>663</b>	<b>760</b>	<b>Total</b>	<b>1,334</b>	<b>1,409</b>
		Ernst & Young fee for non-audit services:		
130	144	Tax assistance	144	227
62	60	Other assurance assistance	60	62
284	199	Other assistance	283	284
<b>476</b>	<b>403</b>	<b>Total</b>	<b>487</b>	<b>573</b>

### Note 21 Contingent liabilities and securities

Parent Company			Group	
mDKK	2011	2012	2012	2011
		<b>Guarantees</b>		
53.8	19.1	Guarantees relating to subsidiaries		
<b>53.8</b>	<b>19.1</b>	<b>Total</b>	<b>0.0</b>	<b>0.0</b>
		<b>Rental and lease agreements</b>		
		Total future payments:		
29.3	19.1	Within 1 year	31.0	37.5
35.6	30.9	Between 1 and 5 years	39.3	40.8
<b>64.9</b>	<b>50.0</b>	<b>Total</b>	<b>70.3</b>	<b>78.3</b>
		The lease obligations relate to production machinery, operating equipment and IT equipment.		
		<b>Rental obligations</b>		
6.5	4.3	Within 1 year	5.1	9.0
14.4	8.0	Between 1 and 5 years	11.1	14.6
1.0		Beyond 5 years	1.6	2.6
<b>21.9</b>	<b>12.3</b>	<b>Total</b>	<b>17.8</b>	<b>26.2</b>

#### Securities

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

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

## Other notes

### Note 22 Related parties

Related parties comprise the Board of Directors and the Executive Board as well as subsidiaries and associates, see the sections on Board of Directors and Executive Board on page 45 and Group Structure on page 105. No shareholder exercises control.

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

The following transactions have been made with related parties:

Parent Company			Group	
DKK '000	2011	2012	2012	2011
		<b>Revenue</b>		
670,564	626,436	Sales to subsidiaries		
13,274	12,847	Sales to associates	12,847	13,274
		<b>Costs</b>		
2,804	4,959	Purchases from subsidiaries		
		<b>Financial income and expenses</b>		
10,938	13,442	Dividends from associates	13,442	10,938
115,262	51,637	Dividends from subsidiaries		
6,343	6,035	Interest received from subsidiaries		
196	152	Interest paid to subsidiaries		
		<b>Executive Board</b>		
20,920	20,886	Remuneration	20,886	20,920
4,300		Severance payments to Executive Board		4,300
		<b>Board of Directors</b>		
2,816	2,813	Remuneration	2,813	2,816
		<b>Intercompany balances at 31 December</b>		
143,038	226,983	Loans to subsidiaries		
58,855	67,263	Receivables from subsidiaries		
1,793	1,444	Receivables from associates	1,444	1,793
5,145	8,256	Loans from subsidiaries		
1,437	1,645	Debt to subsidiaries		
		<b>Property, plant and equipment</b>		
	3,283	Sales to subsidiaries		
140,287	7,460	<b>Capital contributed to subsidiaries</b>		
		<b>Guarantees and securities</b>		
53,844	19,063	Guarantee for subsidiaries		

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

## Other notes

### Note 23 Sales and acquisitions of subsidiaries

#### Sales

At 1 November 2012, Royal Unibrew sold its shares of the Caribbean subsidiary Impec Holding SAS and relating subsidiaries. The companies are included in the Consolidated Financial Statements until the end of October 2012.

In March 2011, Royal Unibrew sold its shares of the Polish subsidiary Royal Unibrew Polska Sp.z o.o. The company was included in the Consolidated Financial Statements until the end of February 2011.

DKK '000	Carrying amount at date of sale	
	2012	2011
<i>Assets</i>		
Non-current assets	20,297	122,417
Current assets	71,407	124,151
<i>Liabilities</i>		
Provisions		-2,500
Current liabilities	-42,446	-78,825
Minority interests	-14,524	
	<b>34,734</b>	<b>165,243</b>

#### Acquisitions

At 1 July 2011, Royal Unibrew's subsidiary AB Kalnapilio-Tauro Grupė acquired all of the shares of the Lithuanian brewery UAB Vilkmergės Alus. The cost of DKK 5.9 million corresponds to the fair value of the assets of UAB Vilkmergės Alus which are primarily related to trademarks of DKK 4.9 million.



## Other notes

### Note 24 Accounting policies

#### GENERAL

The Financial Statements of Royal Unibrew for 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements, cf the reporting requirements for listed companies laid down by NASDAQ OMX Copenhagen A/S and the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

#### New and amended standards and interpretations that have taken effect

Royal Unibrew has during the year implemented all new IFRSs, amendments to existing standards and IFRICs adopted by the EU which take effect for the financial year 2012. These comprise:

- Amendment of IAS 12 concerning deferred tax on eg investment properties
- Amendment of IFRS 7 concerning disclosures on financial instruments

Standards and interpretations adopted by the IASB and the EU which take effect for the financial year 2012 have not impacted the Annual Report.

#### New and amended standards and interpretations that have not yet taken effect

The IASB has adopted a number of new standards and amendments to existing standards and interpretations which have not yet taken effect but will take effect in the financial year 2013 or later. The following standards, amendments and interpretations are relevant for Royal Unibrew:

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- Amendment of IFRS 10, Consolidated Financial Statements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- Amendment of IAS 1, Presentation of Financial Statements
- Amendment of IAS 27, Separate Financial Statements
- Amendment of IAS 28, Investments in Associates
- Amendment of IAS 32 and IFRS 7 concerning offsetting financial assets and liabilities

The above standards, amendments and interpretations are not expected to impact recognition and measurement, only the extent of disclosures in the Annual Report.

Royal Unibrew expects to implement the above when they take effect. Where the effective date of the EU differs from that of the IASB, Royal Unibrew will follow the effective date of the EU.

Moreover, the IASB has adopted a number of other new and amended standards and interpretations which are not relevant to the Company and are not expected to impact future Financial Statements.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow

to the Group, and the value of the asset can be measured reliably.

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

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

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

#### Consolidated Financial Statements

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

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

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

Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal.

#### Business combinations

On acquisition of new enterprises the purchase method is applied, under which the identifiable assets and liabilities of newly acquired enterprises are measured at fair value at the time of acquisition.

In the case of business combinations made on or after 1 January 2004, positive differences between cost and fair value of identifiable assets and liabilities acquired are recognised as goodwill in intangible assets. At the time of acquisition, goodwill is allocated to the cash-generating units that subsequently form the basis of impairment tests. Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a functional currency that differs from the presentation currency of the Group are treated as assets and liabilities belonging to the foreign entity and are translated to the functional currency of the foreign entity at the exchange rates at the dates of transaction.

In the case of business combinations made prior to 1 January

## Other notes

2004, the accounting classification according to IFRS 1 has been maintained under the previous accounting policy. Goodwill is recognised on the basis of the cost recognised under the previous accounting policy (the Danish Financial Statements Act and Danish Accounting Standards) less amortisation and impairment losses up until 31 December 2003.

Gains or losses on disposal of subsidiaries and associates are calculated as the difference between the sales sum and the carrying amount of net assets at the time of sale (including the carrying amount of goodwill) net of expected expenses and adjusted for exchange adjustments previously recognised in equity.

### Minority interests

Minority interests are initially recognised on the basis of fair values of the assets, liabilities and contingent liabilities of the acquired enterprise at the time of acquisition.

The accounting items of subsidiaries are recognised fully in the Consolidated Financial Statements. Minority interests' proportionate share of results of subsidiaries is shown as a separate item under distribution of profit. In the balance sheet, minority interests are recognised as part of equity but are shown separately from Parent Company shareholders' share of equity.

### Translation policies

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

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

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

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

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

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

### Derivative financial instruments

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

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

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

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

### Leasing

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

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

### Share-based payments

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

At the initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, the estimate of the number of vested options is revised so that the total recognition is based on the actual number of options vested.

The fair value of the options granted is estimated on the basis of the Black-Scholes model. In determining fair value, conditions and terms related to the share options granted are taken into account. In the event of an increase or reduction of capital, the

## Other notes

allocated, unexercised options are adjusted with a view to eliminating the effect of the Company's capital transaction.

### Impairment

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

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

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

### Assets held for sale

Assets held for sale comprise assets held for sale. Assets are classified as held for sale if their carrying amount will principally be recovered through a sales transaction within 12 months according to a formalised plan.

Assets held for sale are measured at the date of classification at the lower of carrying amount and fair value less costs to sell. Subsequently, the assets are measured at fair value less costs to sell; however, any subsequent unrealised gain cannot exceed the accumulated impairment loss. Depreciation of assets ceases as of the date when they are classified as held for sale.

Impairment losses arising on the initial classification as held for sale and subsequent losses or reversal of losses are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes. Assets held for sale are shown in a separate line in the balance sheet.

## INCOME STATEMENT

### Revenue

Net revenue from the sale of goods and services is recognised in the income statement if delivery has been made before year end, and if revenues can be measured reliably and are expected to be received.

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

### Production costs

Production costs comprise direct and indirect expenses incurred to manufacture the finished goods representing revenue for

the year, including expenses for raw materials and consumables purchases, salaries and wages, renting and leasing as well as depreciation of and impairment losses on production plant.

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

### Sales and distribution expenses

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

### Administrative expenses

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

### Other operating income and other operating expenses

Other operating income and other operating expenses comprise income or expenses of a secondary nature compared to the core activities of the Company, including renting of property, plant and equipment, etc.

### Special income and expenses

Special income and expenses comprise material non-recurring income and expenses. These items are presented separately with a view to comparability in the income statement.

### Income from investments in associates in the Consolidated Financial Statements

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

### Dividend on investments in subsidiaries and associates in the Parent Company Financial Statements

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

### Financial income and expenses

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

### Tax

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

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

## Other notes

### BALANCE SHEET

#### Intangible assets

##### Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses.

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

##### Trademarks and distribution rights

Trademarks and distribution rights are initially recognised in the balance sheet at cost. Subsequently, they are measured at cost less accumulated amortisation and less any accumulated impairment losses. Trademarks and distribution rights are amortised on a straight-line basis over their estimated useful lives, 10 years. Trademarks with indefinite useful lives are, however, not amortised but are tested annually for impairment. It is the Group's strategy to maintain trademarks and their value.

#### Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the following useful lives of the assets, which are unchanged from 2011:

Buildings and installations, 25-40 years

Leasehold improvements over the term of the lease, max. 10 years

Plant and machinery, 5-15 years

Other fixtures and fittings, tools and equipment, 3-8 years

Returnable packaging, 3-10 years

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

#### Project development properties

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

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

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

#### Financial non-current assets

##### Investments in associates in the Consolidated Financial Statements

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

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

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

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

#### Other investments

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

#### Other receivables

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

### CURRENT ASSETS

#### Inventories

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

## Other notes

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

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

### Receivables

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

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

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

Write-downs are calculated as the difference between the carrying amount of the receivable and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

### Prepayments

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

## EQUITY

### Proposed dividend

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

### Treasury shares

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

### Translation reserve

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

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

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

### Hedging reserve

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

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

### Deferred tax

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

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

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

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

### Repurchase obligation relating to packaging in circulation

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

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

### Corporation tax

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



## Other notes

### Debts

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

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

### CASH FLOW STATEMENT

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

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

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

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

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

### SEGMENT REPORTING

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

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

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

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

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

### FINANCIAL HIGHLIGHTS AND RATIOS

The Group's key figures and ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts where comprised by the "Recommendations and Financial Ratios 2010".

Definitions of financial highlights and ratios are provided on page 103.

# Quarterly Financial Highlights and Ratios

mDKK (unaudited)	Q1		Q2		Q3		Q4	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Sales (million hectolitres)</b>	1.2	1.3	1.5	1.6	1.5	1.5	1.2	1.3
<b>Income Statement</b>								
Net revenue	753	745	980	994	937	928	760	764
Production costs	-383	-385	-469	-477	-465	-436	-397	-388
Gross profit	370	360	511	517	472	492	363	376
Gross margin (%)	49.2	48.4	52.5	52.0	50.3	53.0	47.8	49.3
Sales and distribution expenses	-267	-268	-306	-311	-262	-258	-228	-248
Administrative expenses	-48	-53	-46	-50	-29	-43	-50	-44
Other income	1	1	1	2	3			1
EBITDA	86	76	192	192	212	212	121	121
Earnings before interest and tax (EBIT)	56	40	160	158	184	191	85	85
EBIT margin (%)	7.5	5.3	16.3	15.9	19.7	20.6	11.2	11.2
Income from associates	-1	-6	11	10	9	3	15	7
Financial income and expenses	-9	-13	-7	-9	-6	-1	-16	-4
Profit before tax	46	21	164	159	187	193	84	88
Profit for the period	34	13	122	116	143	153	74	69
Parent Company shareholders' share of profit	34	13	121	115	142	153	74	67
<b>Balance Sheet</b>								
Non-current assets	2,300	2,399	2,291	2,353	2,166	2,300	1,992	2,291
Total assets	3,031	3,098	3,101	3,207	3,063	3,016	2,848	2,890
Equity	1,332	1,324	1,224	1,257	1,336	1,297	1,348	1,321
Net interest-bearing debt	633	815	623	735	404	596	321	631
Net working capital	-145	-68	-230	-138	-171	-143	-179	-149
<b>Cash Flows</b>								
Operating activities	74	-16	240	228	157	175	26	11
Investing activities	-29	-29	-15	26	118	20	118	-14
Free cash flow	46	-28	225	227	281	189	-76	-4
<b>Financial Ratios (%)</b>								
Free cash flow as a percentage of net revenue	6	-4	23	23	30	20	-10	-1
Cash conversion	134	-222	185	196	196	123	-1	-5
Equity ratio	44	43	40	39	44	43	47	46

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.

## Definitions of Financial Highlights and Ratios

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

# Group Structure

Segment	Ownership	Currency	Capital	
<b>Parent company</b>				
Royal Unibrew A/S, Denmark		DKK	105,700,000	●
<b>WESTERN EUROPE</b>				
<b>Subsidiaries</b>				
Aktieselskabet Cerekem International Ltd., Denmark	100%	DKK	1,000,000	●
Albani Sverige AB, Sweden	100%	SEK	305,000	●
Ceres S.p.A., Italy	100%	EUR	206,400	●
The Curious Company A/S, Denmark	100%	DKK	550,000	●
<b>Associates</b>				
Hansa Borg Holding AS, Norway	25%	NOK	54,600,000	○
Nuuk Imeq A/S, Godthåb, Greenland	32%	DKK	38,000,000	●
Grønlandskonsortiet I/S, Denmark	50%	DKK		●
<b>EASTERN EUROPE</b>				
<b>Subsidiaries</b>				
AB Kalnapilio-Tauro Grupe, Lithuania	100%	LTL	23,752,553	●
UAB Vilkmarges Alus, Lithuania	100%	LTL	3,570,000	●
Royal Unibrew Services UAB, Lithuania	100%	LTL	150,000	●
SIA "Cido Grupa", Latvia	100%	LVL	785,074	●
OÜ Royal Unibrew Eesti, Estonia	100%	EUR	1,000,000	●
<b>MALT BEVERAGES</b>				
<b>Subsidiaries</b>				
Centre Nordique d'Alimentation EURL, France	100%	EUR	131,000	●
Supermalt UK Ltd., UK	100%	GBP	9,700,000	●
Vitamalt (West Africa) Ltd., UK	100%	GBP	10,000	●
The Danish Brewery Group Inc., USA	100%	USD	100,000	●
Royal Unibrew Caribbean Ltd., Puerto Rico	100%	USD	200,000	●

## Activity

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

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