Company Announcement No 26/2018 – 24 April 2018

Interim Report for 1 January - 31 March 2018

Solid earnings improvement in Q1 2018

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

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

Outlook

The previously announced outlook is maintained as follows:

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

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

SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

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

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

For further information on this Announcement:
Hans Savonije, President & CEO, tel +45 22 20 80 17

Financial Calendar for 2018

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

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

Forward-looking statements

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

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

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

Contents

Profile

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

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

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

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

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

Financial Highlights and Key Ratios

	Q1 2018	Q1 2017	FY 2017
Sales (thousand hectolitres)	2,127	2,151	9,912
INCOME STATEMENT (MDKK)			
Net revenue	1,452	1,354	6,384
EBITDA	274	224	1,362
EBITDA margin (%)	*18.9*	*16.5*	*21.3*
Earnings before interest and tax (EBIT)	194	151	1,069
EBIT margin (%)	*13.3*	*11.2*	*16.7*
Income after tax from investments in associates	-3	-2	18
Other financial income and expenses, net	-10	-6	-31
Profit before tax	181	143	1,056
Net profit for the period	142	110	831
BALANCE SHEET (MDKK)			
Non-current assets	5,909	5,138	5,121
Total assets	7,347	6,294	6,778
Equity	2,791	2,935	2,814
Net interest-bearing debt	2,224	1,142	975
Net working capital	-488	-690	-957
Invested capital	5,324	4,316	4,030
CASH FLOWS (MDKK)			
Operating activities	-249	-24	1,168
Investing activities	-626	-29	-218
Free cash flow	-278	-54	950

	Q1 2018	Q1 2017	FY 2017
SHARE RATIOS (DKK PER SHARE OF DKK 2)			
Earnings per share (EPS)	2.8	2.1	16.0
Cash flow per share	-5.5	-1.0	17.8
Dividend per share			8.90
Year-end price per share	371.8	293.7	371.8
FINANCIAL RATIOS (%)			
Free cash flow as a percentage of net revenue	-19	-4	15
Cash conversion	-195	-48	114
Net interest-bearing debt/EBITDA (running 12 months)	1.6	0.9	0.7
Equity ratio	38	47	42

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

Management's Review

Business Development

Royal Unibrew saw a positive business development in Q1 2018, and Royal Unibrew is assessed to have generally maintained its market shares on branded products.

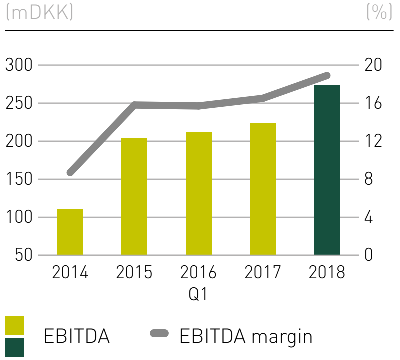
Net revenue for Q1 2018 was DKK 98 million above the Q1 2017 figure. The increase primarily relates to Western Europe where, as expected, the acquisition of the Italian soft drinks business as of 2 January 2018 has a positive effect, and to Baltic Sea where amended alcohol legislation in Finland resulted in increased sales of products with a high selling price. Moreover, all Easter sales in 2018 were in Q1, whereas in 2017 parts of the Easter sales were not until in Q2. Sales volumes were 1% lower reflecting a positive development in Western Europe and the Malt Beverages and Exports segment, whereas volumes in Baltic Sea were lower as the extraordinary campaign activity in Finland will only take place in Q2 and Q3 in 2018. Earnings before interest and tax (EBIT) amounted to DKK 194 million, which is DKK 43 million above EBIT for Q1 2017. Net profit for the period amounted to DKK 142 million, which is DKK 32 million above the Q1 2017 figure.

Net revenue and earnings of a brewery business for the first quarter of the year do not reflect a proportional share of net revenue and results for the year. The period represents the winter season when sales and earnings are usually at a lower level than in the other quarters of the year. This also applies to Royal Unibrew.

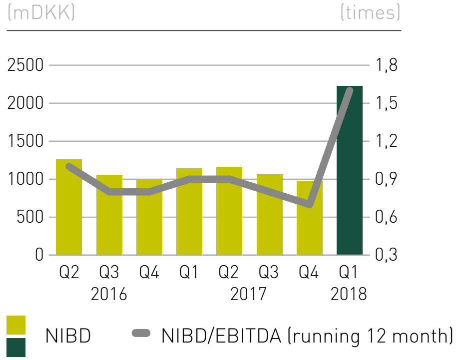
Share buy-back programme

On 6 March 2018, we launched a share buy-back programme expected to cover the period to March 2019 with a view to adjusting the capital structure of Royal Unibrew A/S. The maximum market value of the share buy-back programme will be DKK 400 million, and the programme will be carried out in accordance with the "Safe Harbour" method. Under this programme as well as the share buy-back programme launched in 2017, Royal Unibrew bought back 446,639 shares at a market value of DKK 166 million in Q1 2018, after which Royal Unibrew held 1,950,126 treasury shares at 31 March 2018. Approx 92,500 shares are expected to be used for share-based payments to the Executive Board for the period 2017-2020; the remaining shares are expected to be cancelled (including cancellation of 1,700,000 shares according to expected resolution at today's Annual General Meeting of the Company).

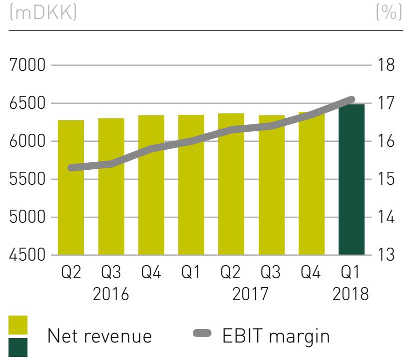
EBITDA AND EBITDA MARGIN



NIBD AND NIBD/EBITDA



REVENUE AND EBIT MARGIN RUNNING 12 MONTH



Financial Review

Income Statement

Adjusting for Easter sales, consumption in the Western Europe segment is assessed as unchanged for Q1. Also in Finland, unchanged consumption is estimated adjusting for Easter sales, whereas in the Baltic countries, a consumption decline is estimated due to indirect tax increases and new restrictions on beverage packaging in Latvia.

Sales for Q1 2018 aggregated approx 2.1 million hectolitres of beer, malt beverages and soft drinks, which was 1% below the Q1 2017 figure. The shift in Easter sales to Q1 affected sales in Western Europe and Baltic Sea positively, whereas the increase in Malt Beverages and Exports was primarily due to high licence-related sales in Q1. The absence of the extraordinary campaign activity in Finland resulted in lower sales in Baltic Sea.

Net revenue for Q1 2018 showed a 7.2% increase and amounted to DKK 1,452 million compared to DKK 1,354 million for Q1 2017. Average sales value per volume unit went up by 8.2% as a result of a positive development in the breakdown of sales on segments as well as a generally improved product mix. The absence in Q1 of the extraordinary campaign activity in Finland also had a positive effect on the average sales value per volume unit.

Gross profit for Q1 2018 was DKK 59 million above the Q1 2017 figure and amounted to DKK 738 million compared to DKK 679 million for Q1 2017. Gross margin was 0.8 percentage point above the Q1 2017 margin and represented 50.9% compared to 50.9% for Q1 2017.

Sales and distribution expenses for Q1 2018 were DKK 10 million above the Q1 2017 figure and amounted to DKK 463 million compared to DKK 453 million for Q1 2017. As planned, both sales and marketing expenses for Q1 2018 were higher due to growth initiatives and increased support of the existing business.

Administrative expenses for Q1 2018 amounted to DKK 82 million compared to DKK 75 million for Q1 2017. The increase relates to, among other things, expenses incurred for business development, including digital solutions.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for Q1 2018 showed a DKK 50 million increase and amounted to DKK 274 million compared to DKK 224 million for Q1 2017. The higher earnings are primarily attributable to the Western Europe and Baltic Sea segments. The implementation of IFRS 16 (operating leases) increased EBITDA for Q1 by DKK 14 million as, under IFRS 16, lease payments are no longer included in the income statement as operating expenses, but as interest on and repayments of lease obligations. Depreciation of operating lease assets imply that the implementation of IFRS 16 has just a marginal impact on earnings before interest and tax (EBIT), which for Q1 2018 amounted to DKK 194 million, which is DKK 43 million above EBIT for Q1 2017. As in the case of EBITDA, the improvement relates primarily to the Western Europe and Baltic Sea segments.

EBIT margin for Q1 2018 was 13.3%, corresponding to an increase of 2.1 percentage points, and was positively affected by Easter sales.

DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 31 MARCH 2018 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Group 2018	Group 2017
Sales (thousand hectolitres)	887	1,047	193		2,127	2,151
Growth (%)	4.9	-8.2	16.2		-1.1	-0.6
Share of sales (%)	42	49	9			
Net revenue (mDKK)	668	662	122		1,452	1,354
Growth (%)	8.5	5.6	8.9		7.2	0.3
Share of net revenue (%)	46	46	8			
EBIT (mDKK)	103	75	24	-8	194	151
EBIT margin (%)	15.4	11.4	19.7		13.3	11.2

Net financials for Q1 2018 were DKK 5 million above the Q1 2017 figure aggregating an expense of DKK 13 million. Financial expenses were DKK 4 million higher on a net basis, primarily due to exchange rate adjustments. Moreover, interest expenses for Q1 were higher, partly due to higher interest-bearing debt as a result of the acquisition of Terme di Crodo and partly due to the implementation of IFRS 16 under which part of the lease payment is classified as interest on the lease obligation. Moreover, income after tax from investments in associates was DKK 1 million below the Q1 2017 figure.

Profit before tax for Q1 2018 was DKK 38 million above the Q1 2017 figure and amounted to DKK 181 million compared to DKK 143 million for Q1 2017.

Tax on the profit for Q1 2018 was an expense of DKK 39 million. The tax has been calculated on the basis of the expected full-year tax rate, approx 21%, on the profit excluding income after tax from investments in associates.

The net profit for Q1 2018 amounted to DKK 142 million, which is DKK 32 million above the net profit of DKK 110 million realised for Q1 2017.

Balance Sheet

Royal Unibrew's balance sheet at 31 March 2018 amounted to DKK 7,347 million, which is DKK 569 million above the 31 December 2017 figure. Approx DKK 300 million of the increase is attributable to the acquisition of Terme di Crodo and the implementation of IFRS 16 (operating leases), whereas inventories and receivables increased by approx DKK 325 million due to increased production and sales activities leading up to Easter.

Invested capital increased by approx DKK 1 billion in the period from 1 April 2017 to 31 March 2018, approx DKK 700 million of which is related to the acquisition of Terme di Crodo. ROIC excluding goodwill calculated on a running 12-month basis increased by 0.3 percentage point to 27.3% in the period, and ROIC including goodwill increased by 0.2 percentage point to 18.2% although EBIT relating to Crodo has only been recognised in Q1 2018.

The equity ratio decreased by four percentage points in Q1 2018 representing 38% at 31 March 2018. Equity at the end of March 2018 amounted to DKK 2,791 million compared to DKK 2,814 million at the end of 2017 and was increased in Q1 by the positive comprehensive income of DKK 139 million for the period and by the value of the share-based payments to the Executive Board and tax on these, whereas, as planned, it was reduced by share buy-backs of DKK 166 million. The comprehensive income comprises the profit for the period of DKK 142 million plus exchange rate adjustments of foreign group enterprises of DKK 5 million and a negative development in the value after tax of hedging instruments of DKK 8 million.

Net interest-bearing debt for Q1 showed a DKK 1,249 million increase and amounted to DKK 2,224 million at 31 March 2018 compared to DKK 975 million at the end of 2017. The increase in net interest-bearing debt was as expected and comprised the seasonally-related negative cash flow of DKK 278 million, share buy-backs of DKK 166 million, the cash acquisition price of DKK 597 million paid for Terme di Crodo and the lease obligation at 1 January 2018 of DKK 208 million relating to operating leases. The net interest-bearing debt to EBITDA ratio (running 12-month basis) was 1.6.

Funds tied up in working capital showed a negative DKK 488 million at the end of March 2018 (31 March 2017: a negative DKK 690 million) compared to a negative DKK 957 million at the end of 2017. Funds tied up in working capital thus increased by DKK 469 million in Q1 2018 (Q1 2017: DKK 191 million). Funds tied up in inventories, trade receivables and trade payables showed a temporary increase of DKK 520 million (Q1 2017: DKK 120 million) due to the higher activity leading up to Easter, whereas funds tied up in the other elements of working capital decreased by DKK 51 million (Q1 2017: increase of DKK 71 million), primarily related to liabilities concerning activities and hedging instruments.

Cash Flow Statement

Cash flows from operating activities for Q1 2018 amounted to a negative DKK 249 million (Q1 2017: a negative DKK 24 million) comprising the profit for the period adjusted for non-cash operating items of DKK 277 million (Q1 2017: DKK 226 million), negative working capital cash flow of DKK 456 million (Q1 2017: a positive DKK 190 million), net financial expenses paid of DKK 11 million (Q1 2017: DKK 6 million) and taxes paid of DKK 59 million (Q1 2017: DKK 54 million). As expected, the development in working capital was less favourable than in Q1 2017 due to the timing of Easter sales at the end of Q1 in 2018.

Free cash flow for Q1 2018 amounted to a negative DKK 278 million compared to a negative DKK 54 million for Q1 2017. The DKK 224 million lower free cash flow comprised DKK 226 million lower operating cash flows and dividend from associates as well as DKK 2 million lower investments.

Outlook

The outlook for Royal Unibrew's financial development in 2018 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by the general economic activity, fiscal changes and developments in propensity to consume. Moreover, the outlook has been prepared taking into account the development in material expense categories as well as the effect of initiatives completed and initiated.

The key assumptions of the financial development in 2018 are described in the Annual Report for 2017.

Royal Unibrew maintains the outlook for 2018 as previously announced (see Company Announcement No 14/2018 of 6 March 2018) as follows:

mDKK	Outlook 2018	Actual 2017	Actual 2016
Net revenue	6,650-6,900	6,384	6,340
EBITDA	1,450-1,550*	1,362	1,306
EBIT	1,090-1,190	1,069	1,001

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

Developments in individual market segments

Western Europe

	Q1 2018	Q1 2017	% change	FY 2017
Sales, beverages (thousand hectolitres)	887	845	5	3,852
Net revenue, beverages (mDKK)	646	597	8	2,738
Net revenue, total (mDKK)	668	615	9	2,829
EBIT (mDKK)	103	90		563
EBIT margin (%)	15.4	14.7		19.9

The **Western Europe** segment comprises the markets in Denmark and Germany as well as Italy. Western Europe accounted for 42% of group sales for Q1 2018 and for 46% of net revenue (Q1 2017: 39% and 45%, respectively).

Easter sales and the acquisition of the Italian soft drinks business Terme di Crodo affected Q1 developments positively. Sales in Western Europe showed a 5% increase on the same period of 2017, and net revenue from beverages was 8% above the Q1 2017 figure. Including PepsiCo snack products sales, net revenue was 9% above the Q1 2017 figure.

Earnings before interest and tax (EBIT) for Q1 increased by DKK 13 million from DKK 90 million in 2017 to DKK 103 million in 2018. The development is attributable to the higher beverage sales. EBIT margin increased by 0.7 percentage point to 15.4%. EBIT margin was positively affected by market and sales channel mix developments.

DENMARK AND GERMANY

	Q1 2018	Q1 2017	% change	FY 2017
Sales, beverages (thousand hectolitres)	734	747	-2	3,441
Net revenue, beverages (mDKK)	475	458	4	2,162
Net revenue (mDKK)	497	476	4	2,253

For **Denmark and Germany**, it is estimated that, adjusting for Easter sales, Danish consumption of branded beer and soft drinks remained unchanged from the same period of 2017.

Royal Unibrew's sales for Q1 2018 showed a 2% decrease on Q1 2017, whereas net revenue showed a 4% increase. The average sales value per volume unit was thus higher due to a change in packaging mix, product mix and the campaign strategy. It is assessed that, in spite of keen competition, Royal Unibrew has maintained its market shares on branded beer and soft drinks, due to, among other factors, a number of commercial initiatives directed at customer relations and product innovation focusing on craft and specialty beer.

ITALY

	Q1 2018	Q1 2017	% change	FY 2017
Sales (thousand hectolitres)	153	98	56	411
Net revenue (mDKK)	171	139	23	576

The market in **Italy** remains marked by consumer restraint. Adjusted for the positive effect of Easter sales and the negative effect of poor weather, a medium single-digit percentage decline in Q1 2018 consumption is estimated.

Royal Unibrew acquired the soft drinks business Terme di Crodo as of 2 January 2018, which is the key reason for Royal Unibrew's Q1 sales being 56% above those of 2017 and for the 23% net revenue increase. The average sales value per volume unit is lower for soft drinks than for Royal Unibrew's previous product portfolio of super-premium beer products. This is the reason for average sales value per volume unit for Q1 2018 being below that of Q1 2017. Royal Unibrew is assessed to have maintained its market shares in the premium and super-premium beer segments. The integration of Terme di Crodo with both Royal Unibrew's Italian organisation and the rest of Royal Unibrew is progressing as planned. For further information on Terme di Crodo, reference is made to note 5.

Baltic Sea

	Q1 2018	Q1 2017	% change	FY 2017
Sales (thousand hectolitres)	1,047	1,140*	-8	5,354*
Net revenue (mDKK)	662	627	6	3,076
EBIT (mDKK)	75	49		431
EBIT margin (%)	11.4	7.9		14.0

* Sales relating to the licence business in Russia are included in reported sales as of 2018. The previously reported sales for 2017 have been adjusted by 82 thousand hectolitres for Q1 and by 356 thousand hectolitres for the full year 2017.

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia) as well as Russia (primarily licence business). Baltic Sea accounted for 49% of group sales and for 46% of net revenue for Q1 2018 (Q1 2017: 53% and 46%, respectively).

Sales for Q1 2018 showed an 8% decrease. The timing of Easter sales in Q1 2018 instead of partly in Q2 as in 2017 had a positive effect on sales, whereas the absence of the extraordinary campaign activity in Finland and continued new restrictions on alcoholic beverage sales in the Baltic countries had a negative effect. Net revenue showed a 6% increase on the same period of 2017.

Earnings before interest and tax (EBIT) of DKK 75 million for Q1 were DKK 26 million above the 2017 figure, whereas EBIT margin increased from 7.9% to 11.4%. The higher EBIT margin and earnings are due to a shift in market mix from the Baltic countries towards Finland and a broader product mix throughout the segment. Moreover, inventory build-ups with customers affected earnings for Q1 positively.

FINLAND

	Q1 2018	Q1 2017	% change	FY 2017
Sales (thousand hectolitres)	587	664	-12	3,094
Net revenue (mDKK)	516	486	6	2,380

The **Finnish** market for beer, soft drinks, wine and spirits products continues to be affected by low consumer confidence. The macroeconomic situation in Finland has improved marginally as compared to Q1 2017; however, as expected, this has not yet led to changed consumption patterns. Amended alcohol legislation at 1 January 2018 has affected the business positively as a result of, among other things, inbound selling to the retail trade of products that have previously only been sold by the Alko monopoly. The amendments have brought about new dynamics between the various beverage categories, which makes developments less predictable in the short term.

Sales for Q1 2018 showed a 12% decrease. The key reason for this is that the extraordinary campaign activity with a large retail chain will take place only in Q2 and Q3 in 2018. Earlier Easter sales than in 2017 and inventory build-ups with customers had a positive effect on Q1 sales. Royal Unibrew is estimated to have increased its market share on branded beer products in Q1, adjusting for the extraordinary beer campaign. Net revenue for Q1 showed a 6% increase, and the average sales value per volume unit was 20% higher for Q1 2018 than for Q1 2017.

Priority is given to having a high level of innovation in order to be able continuously to offer a strong product portfolio as demanded by customers and consumers. Both in Q1 2018 and in Q1 2017, new products were sold to customers in anticipation of the peak season.

BALTIC COUNTRIES

	Q1 2018	Q1 2017	% change	FY 2017
Sales (thousand hectolitres)	460	476*	-3	2,260*
Net revenue (mDKK)	146	141	4	696

* Sales relating to the licence business in Russia are included in reported sales as of 2018. The previously reported sales for 2017 have been adjusted by 82 thousand hectolitres for Q1 and by 356 thousand hectolitres for the full year 2017.

Beer consumption in the **Baltic market** declined in Q1 2018 as alcoholic beverage sales in both Latvia and Lithuania are still negatively affected by indirect tax increases and restrictions on beverage containers. It is estimated that Royal Unibrew maintained its market shares.

Soft drinks sales continue to develop positively and as planned. Sales for Q1 2018 were 3% below the Q1 2017 figure. Net revenue showed a 4% increase and was positively affected by the development in soft drinks sales, whereas regulatory matters had a negative effect. The average sales value per volume unit increased primarily due to lower part of the sales related to licence business in Q1 2018 than in 2017.

Malt Beverages and Exports

	Q1 2018	Q1 2017	% change	FY 2017
Sales (thousand hectolitres)	193	166	16	706
Net revenue (mDKK)	122	112	9	479
EBIT (mDKK)	24	21		106
EBIT margin (%)	19.7	18.3		22.2

The **Malt Beverages and Exports** segment comprises the export and licence business to other markets. For Q1 2018, sales represented 9% and net revenue 8% of group sales and revenue (Q1 2017: 8% and 9%, respectively).

Sales in the segment are characterised by large volumes being exported to distributors at a time, which means that inventory changes should be taken into account when comparing periods. It is estimated that distributors' sales to customers and consumers increased by a medium one-digit percentage in Q1 2018.

Sales for Q1 2018 were 16% above the Q1 2017 figure. The positive development is due to, amoung other things, Terme di Crodo exporting LemonSoda to the Central European markets of the segment. Net revenue increased 9%. The lower average sales value per volume unit was negatively affected by a changed market mix and exchange rate developments as well as by a shift from export-based sales to licence-based sales. Exchange rate developments affected net revenue negatively by approx DKK 7 million. Adjusting for these, net revenue for Q1 2018 showed a 15% increase on Q1 2017.

Earnings before interest and tax (EBIT) for Q1 2018 amounted to DKK 24 million, which is DKK 3 million above the Q1 2017 figure. Exchange rate developments affected earnings negatively by DKK 5 million. Adjusting for these, EBIT for Q1 2018 were DKK 8 million above those of Q1 2017, and EBIT margin for Q1 2018 was 22.7% compared to 18.3% for Q1 2017. As planned, material investments were also made in Q1 2018 in reinforcing business in the segment with focus on greater presence in already established markets and in the new markets penetrated in recent years. The shortage of "hard" currency continues to present a challenge to the achievement of a positive business volume development in Africa.

Management's Statement

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the financial position of the Group at 31 March 2018 as well as of the results of the Group operations and cash flows for the period 1 January – 31 March 2018.

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

Faxe, 24 April 2018

Executive Board

Johannes F.C.M. Savonije
President & CEO

Lars Jensen
CFO

Board of Directors

Walther Thygesen
Chairman

Jais Valeur
Deputy Chairman

Martin Alsø

Ingrid Jonasson Blank

Jørgen-Anker Ipsen

Kirsten Liisberg

Søren Lorentzen

Jens Due Olsen

Karsten Mattias Slotte

Hemming Van

Income Statement and Statement of Comprehensive Income

Income Statement

DKK '000	Q1 2018	Q1 2017	FY 2017
Net revenue	**1,451,808**	**1,354,434**	**6,384,386**
Production costs	-713,441	-675,245	-3,084,314
Gross profit	**738,367**	**679,189**	**3,300,072**
Sales and distribution expenses	-463,292	-453,357	-1,956,367
Administrative expenses	-81,524	-74,704	-275,104
EBIT	**193,551**	**151,128**	**1,068,601**
Income after tax from investments in associates	-2,776	-1,504	18,418
Financial income	256	27	3,048
Financial expenses	-9,849	-6,844	-34,447
Profit before tax	**181,182**	**142,807**	**1,055,620**
Tax on the profit for the period	-38,966	-32,428	-224,961
Net profit for the period	**142,216**	**110,379**	**830,659**
Earnings per share (DKK)	2.8	2.1	16.0
Diluted earnings per share (DKK)	2.8	2.1	16.0

Statement of Comprehensive Income

DKK '000	Q1 2018	Q1 2017	FY 2017
Net profit for the period	**142,216**	**110,379**	**830,659**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Value and exchange adjustments of foreign group enterprises	5,427	494	-5,232
Value adjustment of hedging instruments, beginning of year	1,416	7,113	7,113
Value adjustment of hedging instruments, end of year	-11,446	258	-1,416
Tax on other comprehensive income	1,772	-1,425	-1,560
Total	**-2,831**	**6,440**	**-1,095**
Items that may not be reclassified to the income statement:			
Actuarial loss on pension schemes			-104
Tax on actuarial loss on pension schemes			23
Total	**0**	**0**	**-81**
Total other comprehensive income	**-2,831**	**6,440**	**-1,176**
Total comprehensive income	**139,385**	**116,819**	**829,483**

Balance Sheet

Assets

DKK '000	31/3 2018	31/3 2017	31/12 2017
NON-CURRENT ASSETS			
Goodwill	1,760,399	1,450,115	1,451,150
Trademarks	1,471,565	1,230,908	1,232,067
Distribution rights	167,580	179,057	170,092
Customer relations	5,377	18,882	8,757
Intangible assets	*3,404,921*	*2,878,962*	*2,862,066*
Property, plant and equipment	2,378,242	2,117,630	2,121,551
Investments in associates	116,572	130,956	127,911
Other fixed asset investments	9,662	10,074	9,618
Non-current assets	**5,909,397**	**5,137,622**	**5,121,146**
CURRENT ASSETS			
Inventories	437,014	406,159	335,338
Receivables	854,229	669,271	587,441
Corporation tax	36,399	18,950	16,164
Prepayments	37,687	31,887	33,693
Cash at bank and in hand	72,624	30,488	684,626
Current assets	**1,437,953**	**1,156,755**	**1,657,262**
Assets	**7,347,350**	**6,294,377**	**6,778,408**

Liabilities and Equity

DKK '000	31/3 2018	31/3 2017	31/12 2017
EQUITY			
Share capital	105,400	108,200	105,400
Other reserves	765,068	799,091	770,138
Retained earnings	1,451,283	1,586,851	1,469,583
Proposed dividend	469,030	440,915	469,030
Equity	**2,790,781**	**2,935,057**	**2,814,151**
Deferred tax	435,308	380,330	378,231
Mortgage debt	857,542	858,789	858,328
Credit institutions	880,290	240,000	381,179
Other payables	7,577	9,273	12,960
Non-current liabilities	**2,180,717**	**1,488,392**	**1,630,698**
Mortgage debt	3,745	4,761	3,720
Credit institutions	555,453	68,791	416,369
Trade payables	878,933	939,386	1,025,688
Provisions	20,846	20,846	20,846
Other payables	916,875	837,144	866,936
Current liabilities	**2,375,852**	**1,870,928**	**2,333,559**
Liabilities	**4,556,569**	**3,359,320**	**3,964,257**
Liabilities and equity	**7,347,350**	**6,294,377**	**6,778,408**

Cash Flow Statement

DKK '000	Note	Q1 2018	Q1 2017	FY 2017
Net profit for the period		142,216	110,379	830,659
Adjustments for non-cash operating items	3	134,548	115,323	536,784
		276,764	**225,702**	**1,367,443**
Change in working capital:				
Receivables		-269,740	-148,900	-71,496
Inventories		-66,861	-70,112	863
Payables		-118,973	29,191	146,616
Cash flows from operating activities before financial income and expenses		**-178,810**	**35,881**	**1,443,426**
Financial income		256	27	3,048
Financial expenses		-11,654	-6,305	-31,832
Cash flows from ordinary activities		**-190,208**	**29,603**	**1,414,642**
Corporation tax paid		-59,191	-54,001	-246,418
Cash flows from operating activities		**-249,399**	**-24,398**	**1,168,224**
Dividends received from associates		10,768	11,701	26,735
Sale of property, plant and equipment		1,646	829	8,554
Purchase of property, plant and equipment		-40,866	-41,662	-253,771
Free cash flow		*-277,851*	*-53,530*	*949,742*

DKK '000	Note	Q1 2018	Q1 2017	FY 2017
Acquisition of subsidiary		-597,542		
Purchase/sale of intangible assets and fixed asset investments		-45		456
Cash flows from investing activities		**-626,039**	**-29,132**	**-218,026**
Debt financing:				
Proceeds from increased drawdown on credit facilities		428,761	240,000	901,274
Repayment on credit facilities			-65,773	-240,000
Shareholders:				
Dividends paid to shareholders				-426,527
Acquisition of shares for treasury		-166,357	-97,264	-507,589
Cash flows from financing activities		**262,404**	**76,963**	**-272,842**
Change in cash and cash equivalents		-613,034	23,433	677,356
Cash and cash equivalents at 1 January		684,626	6,917	6,917
Exchange adjustment		1,032	138	353
Cash and cash equivalents at 31 March		**72,624**	**30,488**	**684,626**

Statement of Changes in Equity

For 1 January - 31 March 2018

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2017	**105,400**	**812,771**	**-41,217**	**-1,416**	**770,138**	**1,469,583**	**469,030**	**2,814,151**
Changes in equity in 2018								
Net profit for the year					**0**	142,216		**142,216**
Other comprehensive income			4,960	-10,030	**-5,070**	467		**-4,603**
Tax on other comprehensive income					**0**	1,772		**1,772**
Total comprehensive income	**0**	**0**	**4,960**	**-10,030**	**-5,070**	**144,455**	**0**	**139,385**
Acquisition of shares for treasury					**0**	-166,357		**-166,357**
Share-based payments					**0**	2,693		**2,693**
Tax on changes in equity, shareholders					**0**	909		**909**
Total shareholders	**0**	**0**	**0**	**0**	**0**	**-162,755**	**0**	**-162,755**
Total changes in equity 1/1-31/3 2018	**0**	**0**	**4,960**	**-10,030**	**-5,070**	**-18,300**	**0**	**-23,370**
Equity at 31 March 2018	**105,400**	**812,771**	**-36,257**	**-11,446**	**765,068**	**1,451,283**	**469,030**	**2,790,781**

The share capital at 31 March 2018 amounts to DKK 105,400,000 and is distributed on shares of DKK 2 each.

Statement of Changes in Equity

For 1 January - 31 March 2017

DKK '000	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2016	**108,200**	**834,363**	**-36,442**	**-7,113**	**790,808**	**1,571,454**	**440,915**	**2,911,377**
Changes in equity in 2017								
Net profit for the year					**0**	110,379		**110,379**
Other comprehensive income			912	7,371	**8,283**	-418		**7,865**
Tax on other comprehensive income					**0**	-1,425		**-1,425**
Total comprehensive income	**0**	**0**	**912**	**7,371**	**8,283**	**108,536**	**0**	**116,819**
Acquisition of shares for treasury					**0**	-97,264		**-97,264**
Share-based payments					**0**	2,200		**2,200**
Tax on changes in equity, shareholders					**0**	1,925		**1,925**
Total shareholders	**0**	**0**	**0**	**0**	**0**	**-93,139**	**0**	**-93,139**
Total changes in equity 1/1-31/3 2017	**0**	**0**	**912**	**7,371**	**8,283**	**15,397**	**0**	**23,680**
Equity at 31 March 2017	**108,200**	**834,363**	**-35,530**	**258**	**799,091**	**1,586,851**	**440,915**	**2,935,057**

Notes

Note 1 Significant Accounting Policies; Accounting Estimates and Judgements

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

Significant accounting policies have changed as compared to the Annual Report for 2017 as IFRS 16 (Leases) has been implemented early at 1 January 2018, and IFRS 9 and IFRS 15 have taken effect and have been implemented. On the basis of Royal Unibrew's current activities, IFRS 9 and IFRS 15 are not assessed to have any impact on recognition and measurement. As disclosed in the Annual Report for 2017, IFRS 16 is assessed only to affect EBIT and profit before tax for 2018 marginally, whereas, on a full-year basis, EBITDA is expected to be positively affected by approx DKK 50 million. The net present value of operating leases has at 1 January 2018 increased property, plant and equipment as well as net interest-bearing debt (credit institutions) by DKK 208 million corresponding to approx 3% of the balance sheet total, and equity ratio has been reduced by 2 percentage points to 40%.

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

Accounting Estimates and Judgements

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

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

Note 2 Assets and Derivative Financial Instruments Measured at Fair Value

DKK '000	31/3 2018	31/3 2017	31/12 2017
Derivative financial instruments	-11,446	258	-1,416

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

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

Notes

Note 3 Segment Reporting

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

Q1 2018

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	668	662	122		**1,452**
Earnings before interest and tax (EBIT)	**102.9**	**75.2**	**24.0**	**-8.5**	**193.6**
Share of income from associates	-2.8				**-2.8**
Other financial income and expenses	-0.7	-3.3		-5.6	**-9.6**
Profit/loss before tax for the period	**99.4**	**71.9**	**24.0**	**-14.1**	**181.2**
Tax on the profit/loss for the period				-39.0	**-39.0**
Net profit for the period					**142.2**
EBIT margin, %	**15.4**	**11.4**	**19.7**		**13.3**
Sales, beverages (thousand hectolitres)	887	1,047	193		**2,127**
Net revenue, beverages	646	662	122		**1,430**

Q1 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	615	627	112		**1,354**
Earnings before interest and tax (EBIT)	**90.3**	**49.4**	**20.6**	**-9.2**	**151.1**
Share of income from associates	-1.5				**-1.5**
Other financial income and expenses		-1.4	-0.1	-5.3	**-6.8**
Profit/loss before tax for the period	**88.8**	**48.0**	**20.5**	**-14.5**	**142.8**
Tax on the profit/loss for the period				-32.4	**-32.4**
Net profit for the period					**110.4**
EBIT margin, %	**14.7**	**7.9**	**18.3**		**11.2**
Sales, beverages (thousand hectolitres)	845	1,140	166		**2,151**
Net revenue. beverages	597	627	112		**1,336**

Notes

Note 3 Segment Reporting (continued)

FY 2017

mDKK	Western Europe	Baltic Sea	Malt Beverages and Exports	Un-allocated	Total
Net revenue	2,829	3,076	479		**6,384**
Earnings before interest and tax (EBIT)	**563.4**	**430.6**	**106.4**	**-31.8**	**1,068.6**
Share of income from associates	18.4				**18.4**
Other financial income and expenses	-0.2	-13.2	-0.1	-17.9	**-31.4**
Profit/loss before tax for the period	**581.6**	**417.4**	**106.3**	**-49.7**	**1,055.6**
Tax on the profit/loss for the period				-224.9	**-224.9**
Net profit for the period					**830.7**
EBIT margin, %	**19.9**	**14.0**	**22.2**		**16.7**
Sales. beverages (thousand hectolitres)	3,852	5,354	706		**9,912**
Net revenue, beverages	2,738	3,076	479		**6,293**

Note 4 Cash Flow Statement

DKK '000	Q1 2018	Q1 2017	FY 2017
Adjustments for non-cash operating items			
Financial income	-256	-27	-3,048
Financial expenses	9,849	6,844	34,447
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	81,480	72,374	296,665
Tax on the profit for the period	38,966	32,428	224,961
Income from investments in associates	2,776	1,504	-18,418
Profit and loss on sale of property, plant and equipment	-960		-3,474
Share-based remuneration and payments	2,693	2,200	5,651
Total	**134,548**	**115,323**	**536,784**

Notes

Note 5 Acquisition of subsidiary

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

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

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

The company has approximately 73 employees related to production and internal logistics.

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

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

Following the acquisition, external logistics and commercial activities will be undertaken by Royal Unibrew's Italian distribution company Ceres S.p.A., or in cooperation with external parties.

The acquisition price of DKK 607 million, which has been paid in cash, is based on an enterprise value of DKK 597 million, and the enterprise will be acquired free of net debt. The valuation of Terme di Crodo has been based on the multiples applicable to leading, national beverage positions.

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

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

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

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

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

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

Financial Highlights and Key Ratios

For 1 January - 31 March 2014-2018

	2018	2017	2016	2015	2014
Sales (thousand hectolitres)	2,127	2,151	2,125	1,933	1,891
Income Statement (mDKK)					
Net revenue	1,452	1,354	1,350	1,290	1,267
EBITDA	274	224	212	204	110
EBITDA margin (%)	*18.9*	*16.5*	*15.7*	*15.8*	*8.7*
Earnings before interest and tax (EBIT)	194	151	138	131	43
EBIT margin (%)	*13.3*	*11.2*	*10.2*	*10.2*	*3.4*
Income after tax from investments in associates	-3	-2	1	1	-1
Other financials, net	-10	-6	-12	-13	-22
Profit before tax	181	143	127	119	20
Net profit for the period	142	110	99	92	14
Balance Sheet (mDKK)					
Non-current assets	5,909	5,138	5,300	5,641	5,800
Total assets	7,347	6,294	6,506	6,768	6,995
Equity	2,791	2,935	2,945	2,900	2,157
Net interest-bearing debt	2,224	1,142	1,269	1,710	2,638
Net working capital	-467	-669	-731	-555	-567
Invested capital	5,324	4,316	4,444	4,893	5,095
Cash Flows (mDKK)					
From operating activities	-249	-24	-121	-96	-207
From investing activities	-626	-29	124	-27	-52
Free cash flow	-278	-54	5	-122	-254

	2018	2017	2016	2015	2014
Share Ratios (DKK per share of DKK 2)					
Earnings per share (EPS)	2.8	2.1	1.8	1.7	0.2
Free cash flow per share	-5.5	-1.0	0.1	-2.2	-4.6
Year-end price per share	371.8	293.7	316.0	233.2	180.4
Financial ratios (%)					
Free cash flow as a percentage of net revenue	-19	-4	0	-9	-20
Cash conversion	-195	-48	5	-133	-1,814
Net interest-bearing debt/EBITDA (running 12 months)	1.6	0.9	1.0	1.4	2.6*
Equity ratio	38	47	45	43	31

* Pro forma including Hartwall 1/4-22/8 2013

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