



Interim Report for 1 January – 30 September 2010

25 November 2010

First three quarters of 2010 a solid basis for continued development

- Organic net revenue increase of 3%
- Market shares for branded products maintained or increased on most markets
- 52% increase of EBIT before special items to DKK 357m
- Further reduction of net interest bearing debt
- In-range narrowing of full year estimate
- 2011 strategic priorities
- New medium-term EBIT margin target of around 13%
- Intended pay-out of DKK 200m for 2010



- **Trading performance**
- Business area review
- Financial results
- Outlook 2010
- 2011 strategic priorities
- New financial targets



Organic increase in volume and net revenue

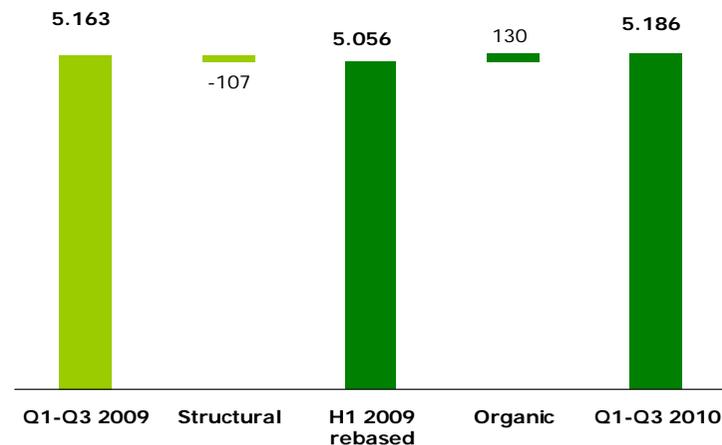
Organic sales volume increase of 2.6%

- Divestitures reduced volume by 2.1%
- Volume on West and Eastern European markets still trending down in the quarter; effect mitigated by market share gains and new product launches
- Growth of Malt and Overseas Markets area

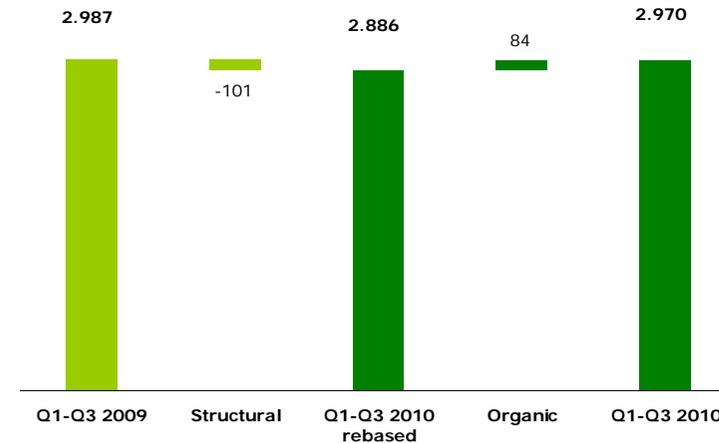
Organic net revenue increase of 2.9%

- Divestiture reduced net revenue by 3.5%
- 1% of organic net revenue increase caused by positive FX
- Better product and market mix and rebound of several markets in Malt and Overseas Market area

Volume – hl (000)

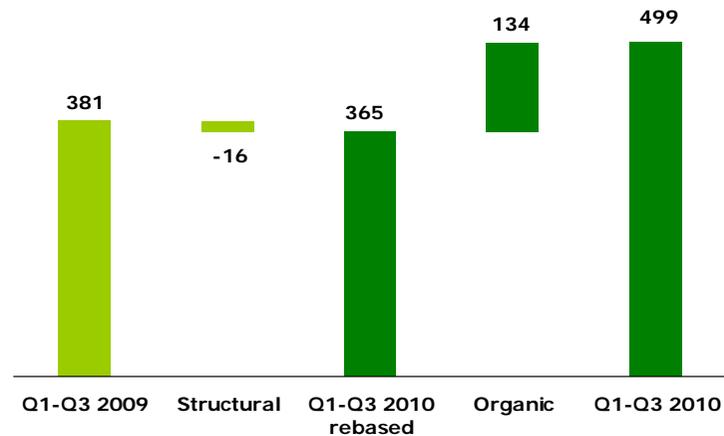


Net revenue - DKKm



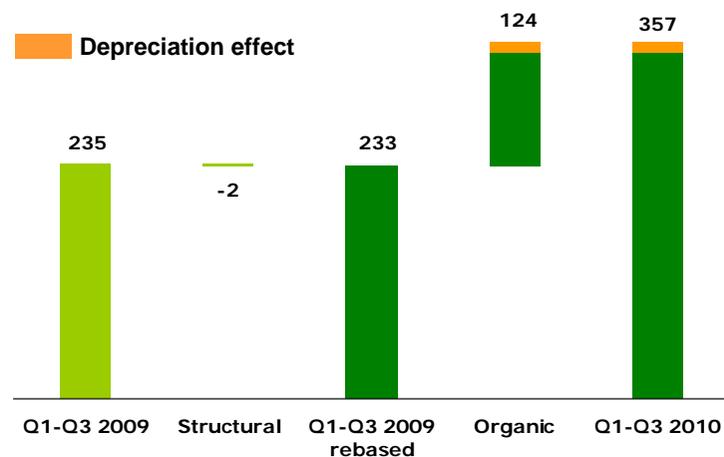
Significant improvement in operating profit

EBITDA before special items - DKKm



- Gross profit increase of DKK 171m driven by product and market mix improvements, higher efficiencies at breweries and lower raw materials costs
- Gross margin up by 6.0 PP to 49%
- Increased marketing investment and new product launches in line with 2010 agenda partly balanced by reduced distribution costs

EBIT before special items - DKKm



- EBITDA before special items up by DKK 118 to DKK 499m (DKK 381m)
- EBIT before special items up by DKK 122m to 357m (DKK 235m) – DKK 10m from changed depreciation in Q3
- Profit margin of 12.0% (7.9%)

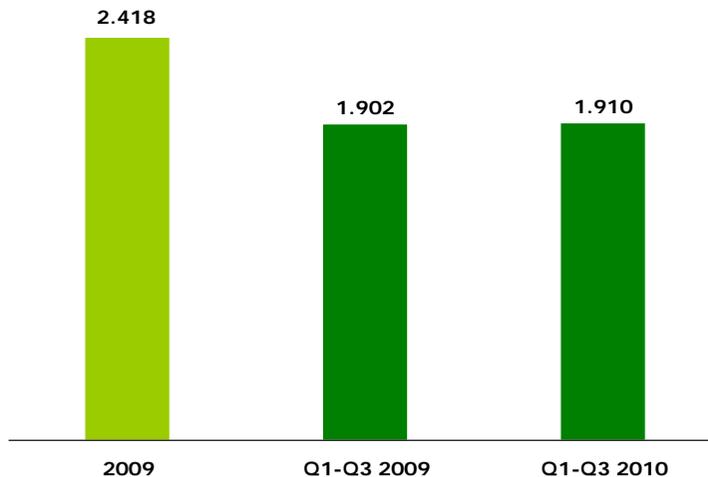
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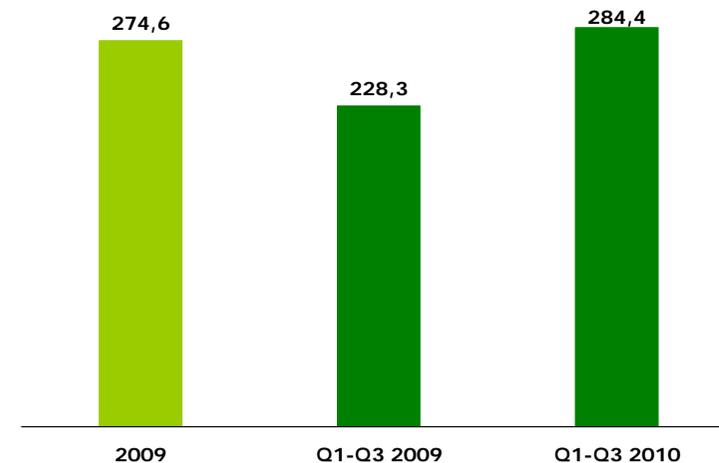
Western Europe results improved

- **Organic net revenue** marginally up to DKK 1,910m (DKK 1,902m) despite 2% organic volume decrease, driven by better product and market mix
- **EBIT** before special items increased by 25% to DKK 284 (DKK 228m) driven by mix effects, higher efficiency at Danish breweries and restructuring, including distribution, and lower input costs
- **Profit margin** of 14.9% (+2.9 PP)

Net revenue - DKKm



EBIT before special items - DKKm



Denmark

- Branded beer market down 7% and branded soft drinks market down 4%
- Organic net revenue increase of 1%
- Market share gains through increased brand investments, activation and line extensions
- Successful cider launch

Italy

- Overall beer market marginally down
- Net revenue up by 1% despite 1% volume decline
- *Ceres Strong Ale* market share stable

Border trade and Germany

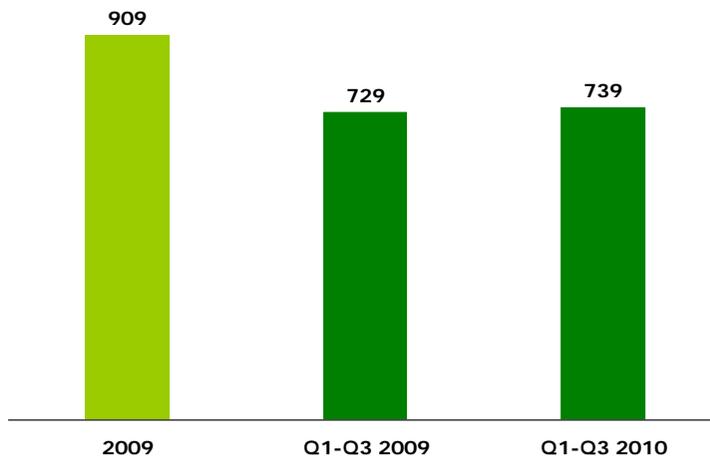
- Decrease in both volume and net revenue 2%
- Market share maintained



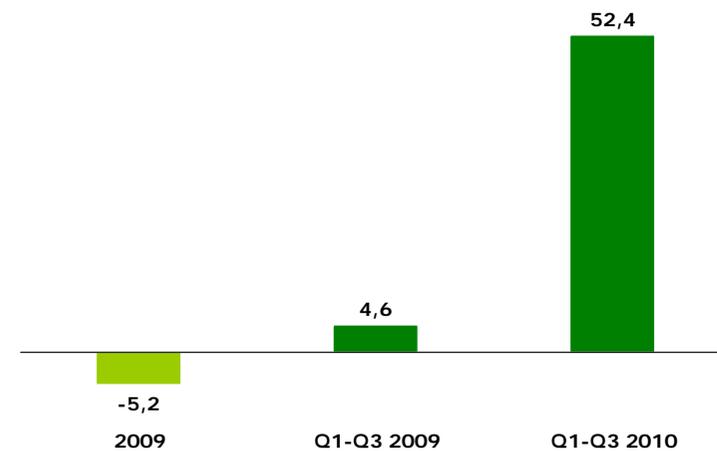
Eastern Europe results significantly better

- **Organic net revenue** up 2% to DKK 739 m (DKK 729m) including +3% effect of FX (PLN). Organic volume increase of 5%
- **EBIT before special items** up to DKK 52.4m (DKK 4.6) due significant improvement in Poland and Latvia; results in Lithuania in line with last year despite lower volumes
- **Profit margin** at 7.1% (+6.5 PP)

Net revenue - DKKm



EBIT before special items - DKKm



Lithuania

- Beer market stable: juice market down by 20%
- Total volume down by 2%
- Market share for branded products maintained in both beer and juice
- Line extensions in several categories

Latvia

- Juice market down by 16%, beer market up by around 5%
- Total volume up by 5%
- Market share for branded beer increased; share of juice market maintained
- Line extensions in several categories

Poland

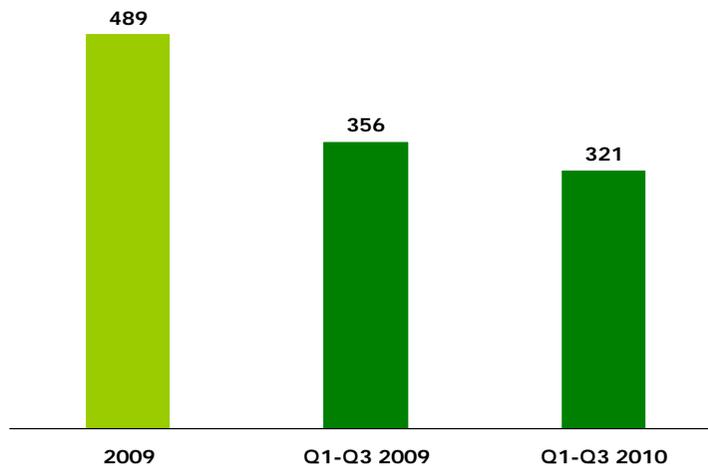
- Overall beer market down by around 3%
- Organic volume up by 12%
- Organic net revenue up by 22%, hereof 11% effect of positive FX
- Brand investment and line extension of *Lomza* range



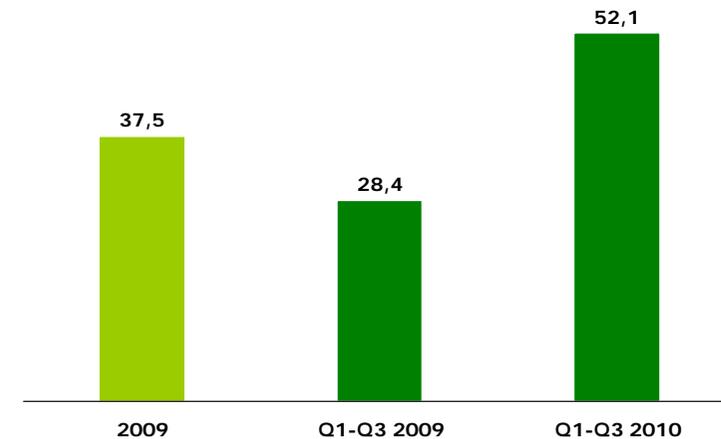
Malt and Overseas Markets continue organic growth

- **Organic net revenue up 16% to DKK 321m** and organic volume up 15%
- **EBIT before special items of DKK 52m** (DKK 28m) equal organic growth of DKK 26m
- **Profit margin at 16.2%** (+8.2 PP)

Net revenue - DKKm



EBIT before special items - DKKm



- Good progress on several markets
- Launch of *Vitamalt* in Dominican Republic progresses as expected
- Increase in beer exports



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Change in accounting estimates

- A review of general accounting policies and accounting estimates has taken place
- Based upon the review, the useful lifetime of assets has been adjusted to reflect experience
- The change in depreciation periods, which is an accounting estimate and not a change of policy, has been applied from Q3 2010
- Royal Unibrew's accounting policies and accounting estimates are in line with the major brewers in all relevant respects

Element of fixed assets:	New depreciation period	Existing depreciation period
Buildings and installations	25-40 years	25-50 years
Plant and machinery	8-15 years	5-8 years
Fixtures, fittings, tools and equipment	3-8 years	5-8 years
Returnable packaging	3-10 years	6-10 years

Income statement for the first 9 months of 2010

DKKm	Q1-Q3 2010	Q1-Q3 2009	2009
Net revenue	2,970.0	2,986.9	3,816.4
<i>Gross margin</i>	49.0%	43.0%	42.1%
Sales, distribution, administration, other income	-1,098.0	-1,049.4	-1,362.0
EBIT before special items	356.9	206.0	208.4
<i>EBIT margin</i>	12.0%	6.9%	5.5%
Net financial items	-55.8	-79.9	-131.8
Profit before tax	301.1	126.1	76.6
Consolidated profit	211.1	86.7	52.5

Substantial increase in free cash flow

Free cash flow of DKK 513.4m (DKK 290.8m)

Components:

Cash flow from operations before working capital, but after interest, dividends and taxes of DKK 402.3m (DKK 263.1m)

Positive net working capital driven cash flow of DKK 137.6m (DKK 155.5m)

Net investments of DKK -26.5m (DKK -127.8m)

DKKm	Q1-Q3 2010	Q1-Q3 2009
EBITDA before special items	498.7	381.3
- Cash impact from special items	0.0	-43.2
- Non-cash operating items	0.1	19.5
- Interest payments	-82.2	-83.9
- Dividends received	12.9	12.5
- Tax Payments	-27.2	-23.1
Cash flow from operations before changes in trading working capital	402.3	263.1
- Receivables	-3.6	16.9
- Inventories	-15.1	115.7
- Creditors and other debt	156.3	22.9
Change in trading working capital	137.6	155.5
Net investments	-26.5	-127.8
Free cash flow	513.4	290.8

Balance sheet

DKKm	30 September 2010	30 September 2009	31 December 2009
Intangible assets	402.4	484.0	479.9
Fixed assets	1,794.3	2,056.6	2,013.7
Financial assets	186.9	168.3	180.5
Current assets	813.8	1,060.3	815.6
Total assets	3,197.4	3,769.2	3,489.7
Equity	1,170.1	611.2	995.1
Non-current liabilities	934.3	2,204.9	1,680.7
Current liabilities	1,093.0	953.1	813.9
Total equity and liabilities	3,197.4	3,769.2	3,489.7
Net interest bearing debt	719.1	1,894.8	1,416.3
Solvency	36.6%	16.2%	28.5%
Net working Capital	-250.2	-41.7	-84.6

New long-term financing arrangements:

- New banking arrangements agreed in Q3
- Mortgage facility renewed in Q4
 - 20 year facility
 - DKK 10m reduction in 2010 interest costs expected caused by net gain from termination of previous arrangements



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In-range narrowing of full year earnings estimate *

DKKm	Outlook 2010 November 2010**	Outlook 2010 August 2010	2009
Net revenue	3,750 – 3,800	3,700 – 3,850	3,816
EBITDA before special items	590 – 610	575 – 625	461
EBIT before special items	410 – 430	375 – 425	243
Profit before tax	355 – 375	310 – 360	76
NIBD	Approx. 850	Approx. 900	1,416
NIBD/EBITDA before special items	Approx. 1.4x	1.4x – 1.6x	3.1x

*2010 figures only include January for Caribbean breweries, which annually (2009) contributed net revenue of DKK 150m; EBITDA of DKK 30m

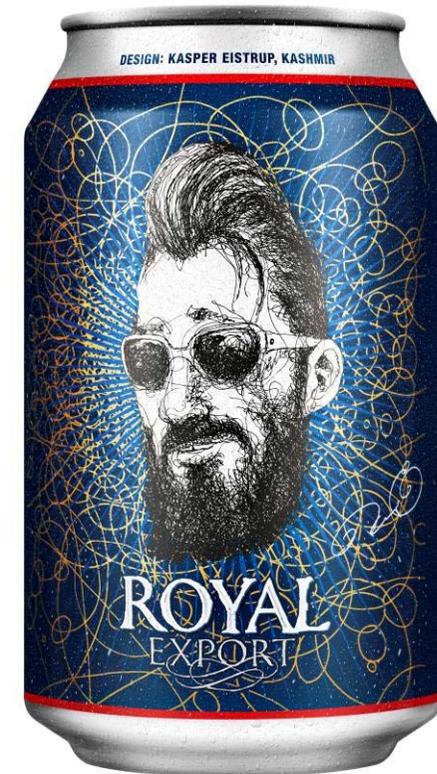
** Changed accounting estimates, depreciation periods adjusted, impact DKK 20 million

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Focus on:

- Markets and segments in which Royal Unibrew holds or may achieve a considerable position
- Innovation and development of Royal Unibrew's products and brands
- Operational efficiency
- Maintaining Royal Unibrew's financial flexibility, competitiveness and strategic maneuverability through an appropriate capital structure



- **Development of product and brand platforms**
 - Maintaining a high innovation level
 - Leveraging the individual brands and brand portfolios
 - Optimizing product and channel mix
- **Strengthening cooperation with customers and consumer loyalty**
 - Expanding cooperation with customers
 - Increasing consumer involvement and engagement
 - Increasing market coverage
- **Continued focus on operational efficiency**
 - Maintaining efficiency and achieved operational leverage
 - Ensuring break-even at EBIT level in Poland
- **Optimization of capital resources**
 - Continued focus on optimizing investments and working capital
 - Realizing values from non-operational assets
 - Returning capital to shareholders



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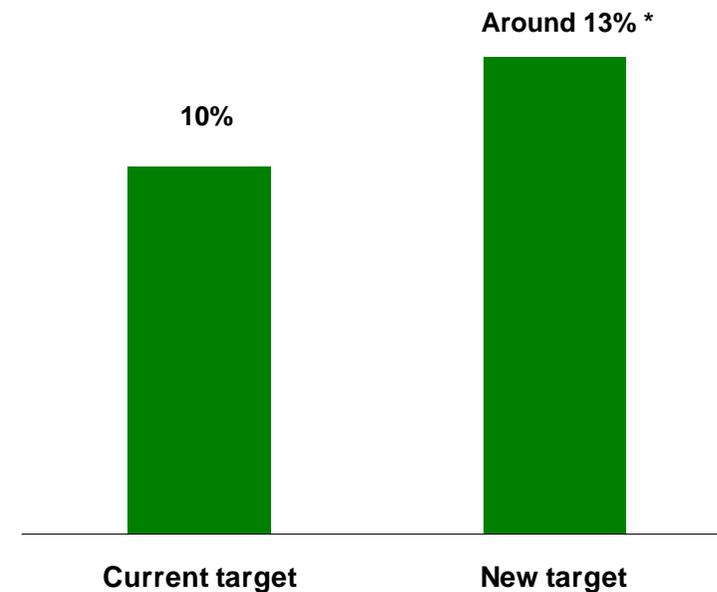
Margin target lifted

December 2009 targets

- EBIT margin of 10%
- NIBD/EBITDA \leq 2.5x

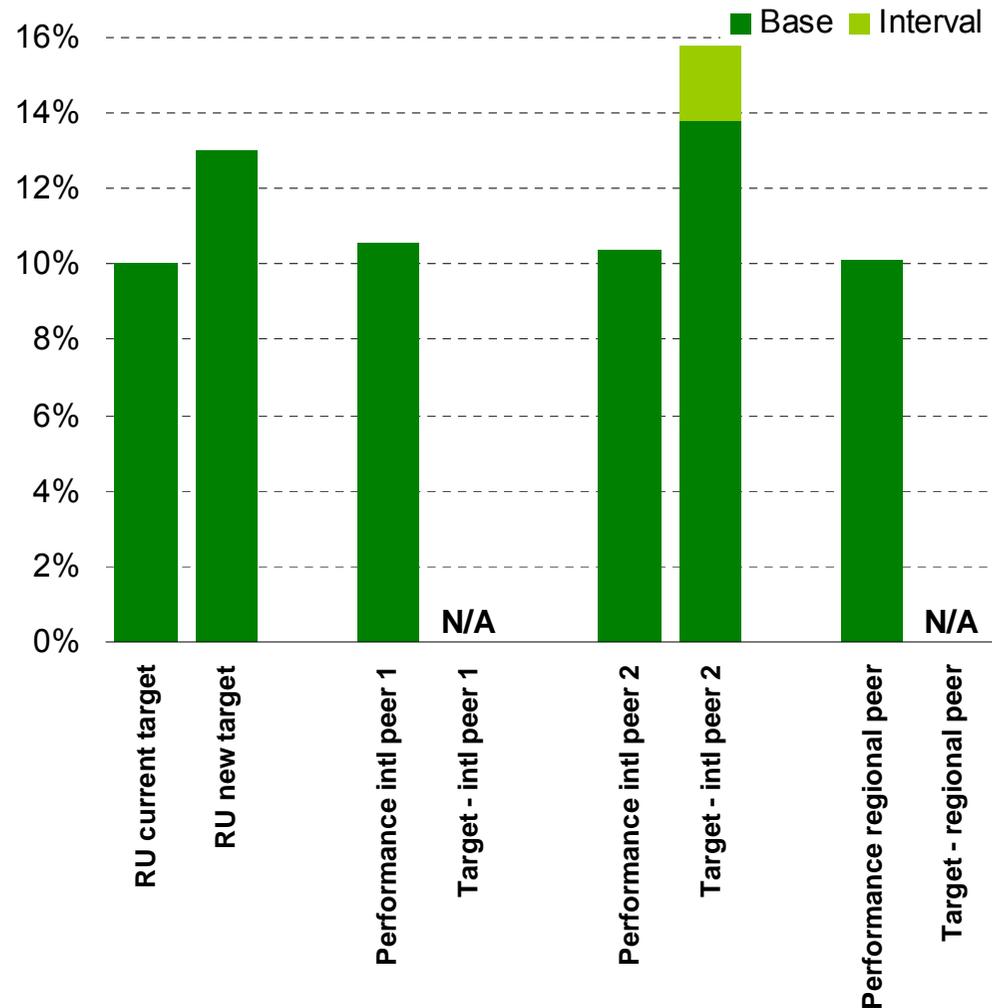
New medium-term targets

- EBIT margin of around 13%
 - NIBD/EBITDA \leq 2.5x
 - Solvency \geq 30%
- 2011 pay-out of DKK 200m relating to 2010 result; intended Supervisory Board recommendation to the AGM



* Change to accounting estimates contributes 1%

- Peer group with comparable regional exposure identified*
 - Several global brewers treat profit from associated companies as a component of EBIT; Royal Unibrew's EBIT margin would increase by 0.6% if profits from associated companies was included in reported EBIT
 - Where relevant, performance figures have been adjusted to eliminate differences caused by non-allocation of central costs
- Note: Peer performance = 2009 figures





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