ROYAL UNIBREW

Royal Unibrew A/S

Annual Report 2014

Content

Frontpage photo: Photographer Henrik Damgaard

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

Royal Unibrew in brief

NET REVENUE IN 2014
35% HIGHER THAN IN 2013

mDKK

6,056

EBITDA IN 2014
54% HIGHER THAN IN 2013

mDKK

1,130

EBIT MARGIN IN 2014 1.1 PERCENTAGE POINTS HIGHER THAN IN 2013

%

13.6%

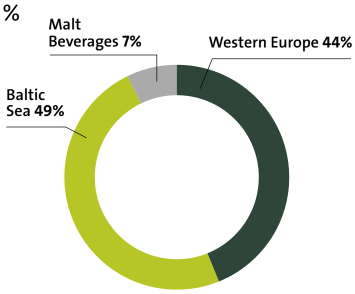
NET PROFIT FOR THE YEAR 2014
30% HIGHER THAN IN 2013

mDKK

624

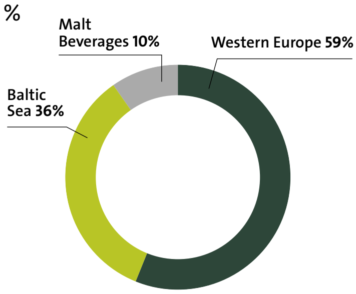
NET REVENUE IN 2014
ALLOCATED BY SEGMENT

%



EBIT IN 2014
ALLOCATED BY SEGMENT*

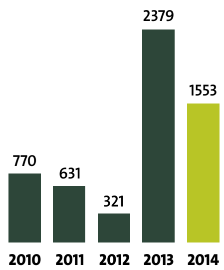
%



*-5% not allocated

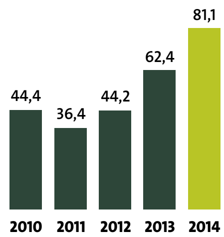
NET INTEREST-BEARING DEBT

mDKK



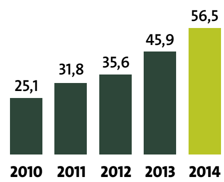
CASH FLOW PER SHARE

mDKK



EARNINGS PER SHARE (EPS)

mDKK



ROYAL UNIBREW PRODUCES, MARKETS, SELLS AND DISTRIBUTES QUALITY BEVERAGES. WE FOCUS ON BRANDED PRODUCTS WITHIN BEER, MALT BEVERAGES AND SOFT DRINKS (ENERGY DRINKS, MINERAL WATER AND FRUIT JUICES) AS WELL AS CIDER AND LONG DRINKS (RTD).

Royal Unibrew is a leading regional player in a number of markets in primarily Northern Europe, Italy and in the international malt beverage markets. Our main markets comprise Denmark, Finland, Italy and Germany as well as Latvia, Lithuania and Estonia. The international malt beverage markets comprise a number of established markets in the Americas region and major cities in Europe and North America with high concentration of inhabitants from the Caribbean and African areas in which malt beverages are popular as well as emerging markets in for example Africa.

- In Denmark we are the second largest multi-beverage business with a number of strong brands.
- In Finland we are the second largest multi-beverage business with a number of strong brands, as well as international spirits and wine brands.
- In the Baltic countries were are among the leading multi-beverage businesses holding considerable market positions.
- In Italy we are among the market leaders in the super premium segment for beer with Ceres Strong Ale.
- In the international malt beverage markets we are among the market leaders in the premium segment, whereas the beer segment is covered by the Faxe brand.

The Hartwall integration contributes towards significant earnings and cash flow boost

"2014 was a satisfactory year for Royal Unibrew. Earnings and cash flow were the best ever. The Hartwall acquisition has progressed postively, and we have made considerable headway with our change plan and thus the integration into Royal Unibrew. The significant earnings and cash flow boost is largely attributable to the Hartwall acquisition, while also the rest of our business saw good momentum and continues to deliver strong results. This has made us increase our medium-term EBIT margin target from 13% to 14%. The strong cash flow contributed towards a significant debt reduction, and our distribution programme will be resumed with a considerable share buy-back programme and a dividend distribution recommendation from the Board of Directors to the AGM."

I am pleased with the good results that we achieved in 2014. We adjusted our earnings outlook significantly upwards in August 2014 due to the good summer weather in Northern Europe, faster efficiency improvement of Hartwall than originally expected and a slower loss of market share in Denmark than expected.

Our priorities during the year were as planned and reflect our focus on strategy, execution and supporting leadership.

The results also reflect our continued focus on maintaining and further developing market and segment positions, products and brands, strengthening our partnerships as well as achieving high efficiency throughout our business. The good results were achieved in spite of challenging market conditions in Europe with general consumer restraint.

OUR STRATEGY OF REGIONAL BEVERAGE PLAYER

Royal Unibrew is a regional player in a very consolidated industry with global competitors. Our main focus area is Europe, but we also operate outside Europe through our considerable export of non-alcoholic malt beverages and Faxe beer. Our strategy in Europe builds on strong regional brand portfolios – preferably supplemented by international brands through strategic bottling agreements. It is also fundamental to our strategy that we are a beverage provider rather than merely a brewery. That makes us less vulnerable to the general structural decline in the European beer market while enabling us to benefit from the health trend and the trend towards functional beverages characterising other parts of the market. The strategy enhances our relevance to our customers and ensures efficient utilisation of our entire infrastructure.

When we are operating in the mainstream segment, the generally flat to negative market development implies a constant need for commercial flexibility and innovation to reinforce market positions and for continuous improvements across our business.

Acquisitions are part of our strategy, and we will closely monitor and consider any acquisition opportunities that may generate added value for our shareholders. However, over the past 25 years Europe has seen considerable industry concentration, and therefore the probability of attractive platform acquisitions is not high.

LEADERSHIP SUPPORTS STRATEGY REALISATION

Our management values play an important part in our strategy realisation. We cannot compete with the "deep pockets" of global players; as a minor player, we must therefore capitalise on the comparative advantages of our leadership.

Both strategic understanding and operational excellence are key parts of our management DNA and we constantly strive to put consumers and customers first through our insight and our continued focus on value creation shared with our customers.

We also strive to be a business and a partner with an open, flexible, holistic and innovative approach that, combined with a non-bureaucratic mindset, leads to fast decisions.

Our success is based on a strong local understanding and rooting when it comes to both brands and our cooperation with customers. Our local leaders are strong leaders who take responsibility for optimising the needs of our local consumers and customers, regardless of the origins of the brand.

Due to the challenging market conditions, the seasonal fluctuations and the intense competition from global players, we also make an effort to manage Royal Unibrew with agility and flexibility and to constantly review our plans in light of current developments. That makes our overall management of Royal Unibrew stronger.

In my opinion, a considerable part of the explanation of our positive momentum in recent years lies in the shared management values within Royal Unibrew, and in the continuity seen among our employees.

FINANCIAL TARGETS

Our targets for indebtedness and capital structure on the one hand and distribution policy on the other have remained unchanged for several years.

However, with the acquisition of Hartwall in August 2013 we decided temporarily to increase our indebtedness beyond the targeted framework while putting our distribution policy on hold until 2015. We wanted to reduce our debt fast in order to resume dividend distribution – albeit from a considerably higher earnings base.

Based on the considerable cash flow generation and the debt reduction following the Hartwall acquisition, a new considerable share buy-back programme will now be launched, and the Board of Directors will recommend to the AGM the distribution of dividend for financial year 2014.

Due to the competitive environment in the past year, the credit markets have to a minor extent eased their requirements in respect of loan covenants. We have, however, chosen to maintain our capital structure targets, not least in light of our continued wish to keep our financial, strategic and competitive strength – a factor which enabled us to act on the opportunity when Hartwall was put up for sale.

During 2014 we increased our medium-term EBIT margin from 13% to 14%. The target of 14% remains ambitious – also when comparing our results to those of international and regional multi-beverage companies in Europe where more than 90% of our activities are carried out. Our target is ambitious too in light of the weak outlook for the development in European consumer spending as well as our ambition to continue investing in our growing malt business and a reinforcement of Hartwall's position.

The comprehensive strategic change of Royal Unibrew in recent years has reflected on the share price, market value and liquidity of the Royal Unibrew share. Most recently this has resulted in Royal Unibrew now being included in the Large Cap index on NASDAQ OMX Copenhagen A/S. To strengthen the liquidity of the Royal Unibrew share and to increase its accessibility to private investors, the Board of Directors will now propose to the AGM to decide upon a share split.

HARTWALL INTEGRATION PROGRESSING AS PLANNED

Hartwall holds a strong number 2 position in the Finnish beverage market – a position that we want to reinforce. During 2014 we introduced major changes to Hartwall's management and organisation, thus bringing into play highly qualified existing and new competences to strengthen our focus on consumers and customers, while making Hartwall even more flexible and agile. Although our goal is clear, we recognise that it will take another couple of years for an organisational transformation on this scale to become firmly established.

We are sticking to our ambitious plan for enhancing the efficiency across Hartwall, and are pleased to note that we are ahead of schedule.

Hartwall has been losing market shares for several years, particularly within beer. Our commercial agenda is, indeed, about reinforcing Hartwall's position in Finland through partnerships with our customers, through our presence in the off-trade channel and in the on-trade channel and through strengthening our many well-known brands. This is a process which is expected to take at least another couple of years and which will require considerable investments in our brands.

STRONG MARKET POSITIONS IN A CHALLENGING EUROPEAN MARKET

2014 was a challenging year for the European beverage industry with a general market decline driven by changed and more polarised consumption habits, by consumer restraint and by fiscal measures and excise increases. However, in Northern Europe the decline was partly offset by extraordinarily good summer weather.

In spite of recession in Finland and Italy, the expected loss of a private label agreement in Denmark and an expected market share decline in Denmark, we managed to maintain unchanged revenue with a slightly positive price mix. We have generally reinforced our market positions in Royal Unibrew in recent years, while maintaining our market share in Finland in 2014 following several years of losses, which is satisfactory.

This is the result of considerable investments in our commercial activities, in innovation and in our brand portfolios.

We are very pleased to note our very high score also in 2014 in third-party measurements of our customers' satisfaction with their consumer goods supplier.

We will continue to work consistently and determinedly, but also with a humble approach, towards being our customers' preferred business partner.

STRONG GROWTH IN MALT BEVERAGES AND EXPORTS

Our non-European markets for malt beverages and beers were affected by the global growth pause and by local exchange rate deteriorations in 2014.

In spite of this and in spite of considerable extraordinary inventory build-ups in 2013 in connection with the opening of a number of new markets, we achieved satisfactory growth that meets our medium-term target of average annual revenue growth of 10-15% and an average EBIT margin of about 20%.

Our strong point in this part of our business is our long and considerable experience of the international malt beverage markets, our strong malt beverage portfolio with Vitamalt, Supermalt and Powermalt and within beer the Faxe brands as well as our strong distributor partnerships.

Establishing and developing our strong malt beverage brands in new markets require efforts over several years with considerable sales and marketing investments in close cooperation with our local partners. It is also satisfactory to note that, at the same time, we have succeeded in generating considerable Faxe beer exports in our malt beverage markets as well as in other markets.

Since 2013 we have increased our investment in establishing local organisations and in sales and marketing. We intend to continue increasing our investments as long as we identify attractive growth opportunities.

OUTLOOK FOR 2015

We expect 2015 to be a year marked by continued consumer restraint in Europe, especially in Finland and Italy; at the same time, structural declines may be expected in certain segments of the beverage market. Moreover, we are experiencing increased competition among both retailers and beverage providers.

We will therefore also in 2015 need to manage Royal Unibrew with flexibility and great adaptability, and we will continue our focus on integrating Hartwall into the Royal Unibrew Group.

I take this opportunity to thank sincerely everyone at Royal Unibrew for their great effort in a very busy year. Slightly out of the ordinary, I would like to express my special thanks to our many Hartwall employees for contributing positively to the many and considerable changes that we have gone through together.

Our employees have, through great market and customer insight, commitment and energy as well as persistency, created strong results of which we can all be proud. I also take the opportunity to thank profoundly our customers for another year of good partnership and, finally, our shareholders for supporting our plans in 2014.

Henrik Brandt
President and CEO

FINANCIAL HIGHLIGHTS AND RATIOS

	2014	2013	2012	2011	2010
Sales (million hectolitres)	9.0	7.0	5.4	5.7	6.6
INCOME STATEMENT (MDKK)					
Net revenue	6,056	4,481	3,430	3,431	3,775
EBITDA	1,130	732	611	601	601
Earnings before interest and tax (EBIT)	826	560	485	474	417
EBIT margin (%)	13.6	12.5	14.1	13.8	11.0
Income after tax from investments in associates	35	34	34	14	31
Other financial income and expenses, net	-60	-46	-38	-27	-73
Profit/loss before tax	801	548	481	461	375
Net profit/loss for the year	624	480	373	351	278
Parent Company shareholders' share of profit/loss	624	480	371	348	278
BALANCE SHEET (MDKK)					
Non-current assets	5,664	5,810	1,992	2,291	2,375
Total assets	7,024	6,925	2,848	2,890	3,057
Equity	2,818	2,133	1,348	1,321	1,281
Net interest-bearing debt	1,553	2,379	321	631	770
Net working capital	-814	-834	-179	-149	-134
CASH FLOW (MDKK)					
Operating activities	895	653	497	398	492
Investing activities	-69	-2,837	192	3	160
Free cash flow	824	598	476	384	463
SHARE RATIOS (DKK)					
Earnings per share (EPS)	56.5	45.9	35.6	31.8	25.1
Diluted earnings per share	56.2	45.8	35.6	31.8	25.1
Cash flow per share	81.1	62.4	44.2	36.4	44.4
Diluted cash flow per share	80.7	62.2	44.2	36.4	44.4
Dividend per share	34.0	0.0	24.0	17.0	12.5
Year-end price per share	1,087.0	736.0	492.0	321.5	332.0
EMPLOYEES					
Average number of employees	2,374	1,935	1,635	1,785	2,210
FINANCIAL RATIOS (%)					
Return on invested capital incl. goodwill (ROIC)	13	13	21	18	14
Return on invested capital excl. goodwill (ROIC)	19	18	24	22	16
Free cash flow as a percentage of net revenue	14	13	14	11	12
Cash conversion	132	125	128	110	167
Net interest-bearing debt/EBITDA	1.4	2,3*	0.5	1.0	1.3
Equity ratio	40	31	47	46	42
Return on equity (ROE)	25	28	28	27	24
Dividend payout ratio (DPR)	60	0	68	55	50

* calculated proforma with Hartwall's realised full-year EBITDA

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 are provided on page 117.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LAPIN
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FRESH SINCE 18/73
4,5%
PREMIUM EXPORT

Strategy

Royal Unibrew's overall strategy and medium-term financial targets remain unchanged after being updated in August 2014, when the EBIT margin target was increased to about 14%. The capital structure and dividend targets also remain unchanged.

OVERALL STRATEGY

It is Royal Unibrew's strategy to be a focused, strong regional brewer within beer, malt and soft drinks, including mineral water and fruit juices as well as cider and long drinks (RTD) holding leading positions in the markets or the segments in which we operate.

Our medium-term financial targets were updated in August 2014 in connection with the presentation of the H1 Report. The medium-term financial target is to achieve an EBIT margin of 14% (changed from 13%). The target is ambitious in a European industry context and in light of the expected economic situation in Europe in future years as well as the planned investments in creating long-term organic growth, including particularly in the segment for Malt Beverages and Exports.

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

Royal Unibrew views developments in the individual markets as follows:

WESTERN EUROPE

The **Danish consumer market** is expected 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 their 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, which is expected to curb the decline in the total beverage market.

The **Italian beer market** has a low per capita consumption since, historically, consumers have had a preference for wine products. Structurally, the beer market is expected to show a slight increase; however, in the near future it will be affected by the economic challenges faced by Italy and Italian consumers. The financial challenges in Italy are expected to affect the super premium segment negatively due to, among other things, consumption pattern changes shifting sales from on-trade to off-trade.

BALTIC SEA

In **Finland** the total beverage market in which Hartwall operates is expected to show a slight structural decline in the coming years, due to, among other things, the high excise level. The Finnish macroeconomy is challenged, which will affect total beverage consumption negatively in the coming years. On-trade is expected to be more affected by the negative development than off-trade. Innovation will continue to be an important element in developing the overall beverage market.

The total beverage market in **the Baltic countries** is expected structurally to have a larger overall potential in the long term than today. The potential will be closely related to the macroeconomic conditions – improvement of the spending power, a reduction of unemployment and a stop to emigration.

MALT BEVERAGES AND EXPORTS

The market for dark malt beverages is geographically fragmented, and consumer preference for dark malt beverages is rooted in tradition. The markets for dark malt beverages in established economies in Europe and the Caribbean are expected to be structurally stable, whereas the markets in a number of developing and growth economies in eg Africa are generally showing growth, driven primarily by population growth. In the selective markets cultivated by Royal Unibrew, including particularly markets in a number of developing countries, the beer market is expected generally to show growth. The Malt Beverages and Exports segment is expected in the medium term (measured at unchanged exchange rates) to show an average annual revenue growth of 10-15%, whereas, with the existing market mix, EBIT margin is expected to be at the level of 20%.

MAIN ELEMENTS OF THE OVERALL STRATEGY

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 beverage 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.

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.

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.

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 brand portfolios 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 and Finland as well as the Baltic countries (only Heineken) – cooperation through which the local brand portfolios are 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 ACTION THROUGH AN APPROPRIATE CAPITAL STRUCTURE.

FINANCIAL TARGETS AND CAPITAL STRUCTURE

In 2014 cash flow and net interest-bearing debt were positively affected, extraordinarily, by the sale of parts of the brewery site in Aarhus. In the coming years cash flow are expected to be further positively affected, extraordinarily, by the sale of the remaining part of the brewery site in Aarhus.

The starting point for Royal Unibrew's further development and achievement of the financial targets is generally 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.

EBIT MARGIN

The medium-term EBIT margin target remains about 14%.

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.

Royal Unibrew's annual investments are now expected to be at the level of about 4% of net revenue compared to the interval since 2009 of 4-6%.

DISTRIBUTION POLICY

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 flow as well as Royal Unibrew's strategic position in general.

It is 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 considered 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, due to the high free float, to the benefit of all shareholders.


Når der går sport i den
SOMMERHUSDYSTEN
VS
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FAXE KONDI

Outlook

The outlook for Royal Unibrew's financial development in 2015 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 consumer uncertainty. 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.

OUTLOOK FOR 2015

DKK million	Outlook 2015	Actual 2014	Pro forma actual 2013*	Actual 2013
Net revenue (mDKK)	5,900-6,100	6,056	6,050	4,481
EBITDA (mDKK)	1,100-1,200	1,200	1,015	732
EBIT (mDKK)	790-890	826	730	560

* Pro forma actual 2013 has been calculated with Hartwall's realised revenue and results for the full year before deduction of transaction costs.

The Board of Directors has decided to initiate as soon as possible a share buy-back programme of up to DKK 350 million in the period to 1 March 2016. The Board of Directors will recommend to the AGM in 2015 the distribution of dividend of DKK 34 per share.

To ensure liquidity of Royal Unibrew's shares listed on NASDAQ OMX Copenhagen A/S and to align the price level per share with market practice, the Board of Directors will recommend that the AGM resolve to implement a one to five share split. A change of the share denomination from DKK 10 to DKK 2 is proposed. The change of share denomination is expected to take effect as of mid-June 2015.

ASSUMPTIONS ABOUT MARKETS AND MAIN PRIORITIES FOR 2015

Several of the markets in which Royal Unibrew offers a broad beverage portfolio are generally seeing a minor structural decline in the total market; therefore, innovation and value management are essential to creating relative growth – and are key parameters in maintaining and developing Royal Unibrew's market positions and in further strengthening customer partnerships. At the same time, our broad beverage portfolio supports the possibilities of high operational efficiency at all organisational levels. Our continuous improvement work will continue relentlessly at all organisational levels, including through investment-driven initiatives, which will contribute positively to improvements. Generally, Royal Unibrew's market shares on branded products are expected to be maintained or increased for the key brands.

In **Finland** Hartwall's product range contains a full beverage portfolio holding an overall number two position. For a number of years until 2013, Hartwall was losing market shares, while its position remained unchanged in 2014. To ensure Hartwall's continued position as a market-leading beverage business in Finland, our main priorities in 2015 will remain concentrated, without any change, on commercial focus, organisational development and efficiency improvement. The Finnish market has been characterised by declining consumption throughout a number of years due to, among other things, increasing excises. This development is expected to continue in 2015, while developments will be affected by the exceptionally good summer in 2014.

In the **Danish consumer market** Royal Unibrew holds an overall number two market position approaching the market with a broad beverage portfolio. Danish consumption is expected to see a slight decline, partly due to a structural market decline and partly due to the expectation of a normal summer. Royal Unibrew's market share continued in 2014 to be positively affected by the extraordinary situation, which occurred in off-trade sector in 2013. This is expected to affect the development from 2014 to 2015 negatively.

In the **Baltic countries** Royal Unibrew has a broad brand portfolio, primarily within beer, fruit juices, soft drinks and mineral water. The development and continued strengthening of the beverage portfolio are necessary to create a basis for growth, including strenghtening of customer partnerships. Consumption in the Baltic market is expected to remain stable; however, as regards market and product mix, the beer market is expected to show a slight decline, whereas the market for non-alcoholic beverages is expected to be stable/slightly increasing.

In **Italy**, where Royal Unibrew holds a strong position in the super premium segment with Ceres Strong Ale, the market is expected to show a low single-digit percentage decline due to negative economic growth, low consumer confidence, high youth unemployment as well as fiscal measures and excise increases realised and expected. We plan to intensify our cooperation with the many wholesalers and cash & carry customers, and our cooperation with off-trade customers will be supported by consumer activation.

In the **Malt Beverages and Exports** segment we focus on a stronger presence in already established markets and in the markets penetrated in the past couple of years. Great emphasis is placed on selecting and retaining our cooperation through customer- and consumer-oriented marketing investments with a view to establishing and reinforcing brand positions. The malt beverages markets in Europe and the Caribbean are expected to remain unchanged. The malt beverage markets in Africa and Central America are expected to show moderate increases driven by population growth, while a number of these markets are expected to be negatively affected by macroeconomic developments and local currency developments in 2015. Also beer exports are expected to increase due to expected positive developments in both market position and the underlying market.

FINANCIAL ASSUMPTIONS

- Unchanged to slightly declining net selling prices are assumed.
- A normal summer is assumed (2014 was significantly affected by an exceptionally good summer).
- Costs are expected to decrease in 2015 as compared to 2014 when non-recurring costs were incurred in Q1 for restructuring of Hartwall. The full-year effect of efficiency-enhancing measures is expected to reduce costs most significantly in Q1 due to the restructuring of Hartwall at the end of Q1 2014. Increased investments in primarily sales and marketing are, on the other hand, expected to increase costs.
- Given the exchange rate at the end of February 2015, the prices of the key raw materials categories are expected basically to remain unchanged in 2015. Royal Unibrew has entered into hedging agreements for the majority of key consumption categories in 2015. The development comprises geographic as well as product-related differences, with some categories being expected to increase whereas others are expected to decline.
- Exchange rates between DKK and other currencies are expected to remain unchanged as compared to the end of February 2015.
- Gross investments are expected to amount to DKK 230-250 million.
- Tax is expected to amount to 22-23% of profit before tax excluding income after tax from investments in associates.
- A cash flow after tax of DKK 70 million is expected from additional sales of the brewery site in Aarhus in 2015.
- Dividend distribution of DKK 377 million is expected, and a share buy-back programme totalling DKK 350 million has been decided launched over the next 12 months.

FORWARD-LOOKING STATEMENTS

This Announcement 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 prescribed by law or by stock exchange regulations.

Financial Review

Due to the extraordinarily good summer weather, a faster effect of the efficiency-enhancing activities in Finland and a strengthened market position in Denmark/Germany, significantly better results than in 2013 were achieved in spite of continued challenging market conditions in 2014. The acquisition of the Finnish Hartwall brewery is a key reason for this development; however, results in the rest of Royal Unibrew also showed considerable improvement on 2013.

BUSINESS DEVELOPMENT

Overall, Royal Unibrew maintained its market shares in 2014. Sales and net revenue showed increases of 28% and 35%, respectively, for 2014. Measured on a pro forma basis (including Hartwall in 2013) and organically (excluding Hartwall for the period of 2014 in which Hartwall was not included in 2013), sales and net revenue were at the 2013 level in spite of Finland and Italy being in recession with a negative consumption trend, which is not expected to change in the short term. The highest growth was achieved in the Malt Beverages and Exports segment, in which sales increased by 9% and net revenue by 7% on 2013 despite negative macroeconomic developments in several markets.

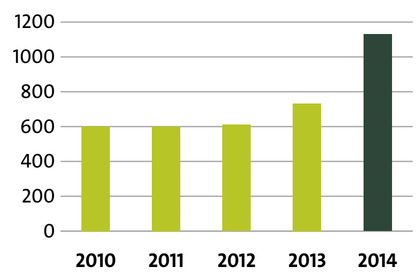
In 2014 Royal Unibrew improved its earnings considerably as compared to last year. The higher earnings are due to the full-year effect of the Hartwall acquisition, the extraordinarily good summer weather in Northern Europe, enhanced efficiency at Hartwall and a changed product mix in the Danish consumer market.

Earnings before interest and tax (EBIT) amounted to DKK 826 million, which is DKK 266 million above the 2013 figure. Measured on a pro forma basis, EBIT went up by DKK 111 million. The profit before tax amounting to DKK 801 million for 2014 was DKK 253 million above the 2013 figure. Free cash flow for 2014 amounted to DKK 824 million compared to DKK 598 million in 2013. Net interest-bearing debt was reduced by DKK 826 million in 2014 and amounted to DKK 1,553 million at year-end. The debt multiple, NIBD/EBITDA, decreased from 2.3 to 1.4 in 2014.

In 2014, 30,375 square metres of building rights at the brewery site in Aarhus were sold. In total, 85,475 square metres of the total 140,000 square metres of building rights have now been sold and acquisition of an additional 18,900 square metres has been requested, corresponding to 75%. The sale of building rights has affected cash flow and net interest-bearing debt positively by approx DKK 100 million in 2014, whereas results and equity were not affected by the sale, which was effected at revalued amount.

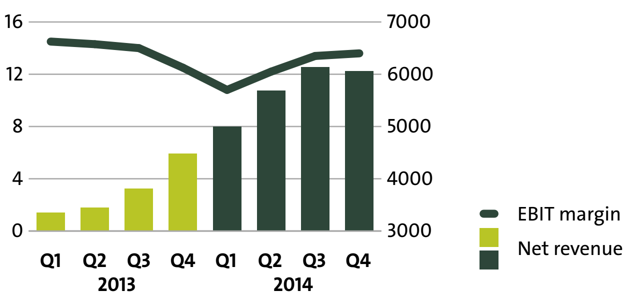
EBITDA

(mDKK)



CURRENT 12-MONTH DEVELOPMENT

(%) (mDKK)



THE NET REVENUE, EBITDA AND EBIT REALISED WERE IN LINE WITH THE OUTLOOK IN MARCH AND AUGUST:

DKK million	Realised in 2014	Outlook August 2014	Outlook March 2014
Net revenue	6,056	5,950-6,050	5,750-6,050
EBITDA	1,130	1,090-1,140	965-1,015
EBIT	826	790-840	665-715

INCOME STATEMENT

Beer and soft drinks consumption in Royal Unibrew's markets with broad beverage portfolios and in Italy continues to be affected by consumer restraint. Due to the extraordinarily good summer in Denmark/Germany and the Baltic countries, the markets generally showed increases, whereas the Finnish market developed negatively in spite of the extraordinarily good summer.

Sales for 2014 aggregated 9.0 million hectolitres of beer, malt beverages and soft drinks, which is 28% above the 2013 figure. Measured on a pro forma basis, sales were at the 2013 level. Sales for Q4 2014 were 5% below the figure for the corresponding period of 2013.

Net revenue for 2014 showed a 35% increase amounting to DKK 6,056 million compared to DKK 4,481 million in 2013. Measured on a pro forma basis, net revenue increased marginally from 2013. Average net selling prices per volume unit were 0.4% higher than in 2013, partly due to a changed segment mix and partly due to a changed product and channel mix within the individual segments. Net revenue for Q4 2014 was 5% below the figure for the corresponding period of 2013.

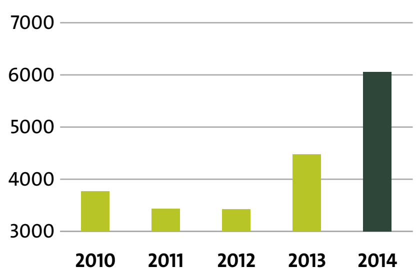
Gross profit for 2014 was DKK 865 million above the 2013 figure and amounted to DKK 3,150 million. Gross profit was positively affected by higher efficiency, whereas restructuring costs of DKK 17 million in Finland had a negative effect. Measured on a pro forma basis, gross profit showed a DKK 47 million decrease on 2013. Gross margin was 1.0 percentage point above the 2013 margin and amounted to 52.0% compared to 51.0% in 2013. The Finnish business has affected gross margin positively by 1.0 percentage point. Measured on a pro forma basis, gross margin was 0.8 percentage point lower in 2014 than the gross margin of 52.8% in 2013. The reason for this is that the average net selling prices per volume unit showed an increase of 0.4%, whereas average production costs including restructuring costs per volume unit increased by 2.2%.

Sales and distribution expenses for 2014 were DKK 539 million above the 2013 figure and amounted to DKK 1,987 million. Measured on a pro forma basis, sales and distribution expenses were DKK 110 million lower. Sales and distribution expenses per volume unit were 5% lower. The restructuring of Hartwall in 2013 and the efficiency-enhancing activities in 2014 affected developments positively. Restructuring costs amounted to DKK 21 million for 2014, whereas they amounted to DKK 18 million for 2013.

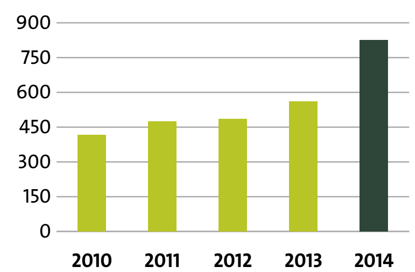
Administrative expenses for 2014 were DKK 72 million above the 2013 figure and amounted to DKK 336 million. Measured on a pro forma basis, administrative expenses were DKK 36 million below the 2013 figure, corresponding to a 10% decrease. Restructuring costs in Finland amounted to DKK 12 million in 2014.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for 2014 showed a DKK 398 million increase and amounted to DKK 1,130 million compared to DKK 732 million in 2013. Measured on a pro forma basis, EBITDA went up by DKK 130 million from 2013. Thus, the lower gross profit was more than offset by the lower expenses and by transac-

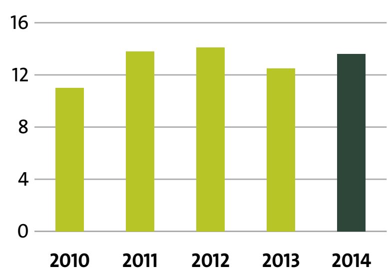
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



DEVELOPMENTS IN ACTIVITIES FOR 2014 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea*	Malt Beverages and Exports**	Unallocated	Group	
					2014	**2013**
Sales (thousand hectolitres)	3,630	4,730	614	-	8,974	7,033
Growth (%)	-1.4	69.5	9.2		27.6	29.2
Share of sales (%)	40	53	7	-	100	
Net revenue (mDKK)	2,674	2,975	407	-	6,056	4,481
Growth (%)	0.9	105.1	6.8		35.1	30.6
Share of net revenue (%)	44	49	7	-	100	
EBIT (mDKK)	484	295	84	-37	826	560
EBIT margin (%)	18.1	9.9	20.7		13.6	12.5

*formerly North East Europe
** formerly Malt Beverages

tion costs of DKK 15 million relating to the Hartwall acquisition affecting EBITDA only in 2013. EBITDA for Q4 2014 amounted to DKK 198 million, which was DKK 11 million above the figure for the corresponding period of 2013.

Earnings before interest and tax (EBIT) for 2014 amounted to DKK 826 million, which is DKK 266 million above the 2013 figure. Measured on a pro forma basis, EBIT increased by DKK 111 million. Non-recurring costs for restructuring in Finland affected EBIT negatively by DKK 50 million in 2014 compared to DKK 18 million in 2013, which was also affected negatively by transaction costs of DKK 15 million. EBIT for Q4 2014 amounted to DKK 114 million compared to DKK 111 million for the corresponding period of 2013.

EBIT margin for 2014 was 13.6% and, as expected, higher than in 2013 when it was 12.5%. Measured on a pro forma basis, EBIT margin was 1.8 percentage points above the 2013 margin, which represented 11.8% of net revenue. EBIT margin for 2014 was higher in both the Western Europe and the Baltic Sea segments, whereas, as expected, it was lower in the Malt Beverages and Exports segment due to investment in business development. EBIT margin for Q4 2014 showed a 0.6 percentage point increase.

Net financials for 2014 showed a net expense of DKK 25 million, which is DKK 13 million above the 2013 figure. The increase is primarily due to interest expenses being DKK 14 million higher due to the full-year effect of the financing of the Hartwall acquisition. Income after tax from investments in associates was DKK 1 million above the 2013 figure.

Profit before tax for 2014 showed a DKK 253 million increase amounting to DKK 801 million compared to DKK 548 million in 2013.

Tax on the profit for 2014 was an expense of DKK 176 million, which corresponds to a tax rate of 22 on the profit excluding income after tax from investments in associates. The reduction of the tax rate in Denmark has reduced the tax rate by 0.6 percentage point.

Net profit for the year amounted to DKK 624 million, which is a DKK 144 million improvement on the net profit of DKK 480 million realised in 2013, which was, extraordinarily, positively affected by DKK 60 million due to the reduction of the corporation tax rates in both Denmark and Finland. The reduction of the corporation tax rate in Denmark in 2014 affected results positively by DKK 5 million.

The Parent Company's profit for the year amounted to DKK 630 million compared to DKK 462 million in 2013. Dividend income from subsidiaries and associates amounted to DKK 272 million compared to DKK 153 million in 2013. The brewery site in Aarhus was in 2014 written up by DKK 70 million.

BALANCE SHEET

Royal Unibrew's balance sheet amounted to DKK 7,024 million at 31 December 2014, which is DKK 99 million above the figure at 31 December 2013. Inventories and receivables were at the 2013 level, whereas cash at bank and in hand increased by just below DKK 250 million. Oppositely, non-current assets were reduced by amortisation of intangible assets and depreciation of property, plant and equipment, which exceeded net investments in 2014 by DKK 150 million.

The equity ratio increased by 9 percentage points and represented 40% at 31 December 2014 compared to 31% at the end of 2013. Equity at the end of 2014 amounted to DKK 2,818 million compared to DKK 2,133 million at the end of 2013 and was increased by DKK 685 million, including DKK 672 million attributable to the positive comprehensive income. The comprehensive income comprises the profit for the period of DKK 624 million, revaluation net of tax of the brewery site in Aarhus of DKK 54 million, negative exchange rate and other adjustments relating to foreign group enterprises of DKK 17 million and a positive development in the value of hedging instruments (net of tax) of DKK 11 million.

Net interest-bearing debt for 2014 was reduced by DKK 826 million and amounted to DKK 1,553 million at 31 December 2014 compared to DKK 2,379 million at the end of 2013. The development in net interest-bearing debt is above expectations and is related to the free cash flow realised in 2014.

Funds tied up in working capital showed a negative DKK 814 million at the end of 2014 compared to a negative DKK 834 million at the end of 2013. Funds tied up in working capital thus increased by DKK 20 million net, comprising an increase of DKK 34 million with cash flow effect and a reduction of DKK 14 million without cash flow effect relating to value adjustment of hedging instruments. Funds tied up in inventories, trade receivables and trade payables increased by DKK 3 million, whereas the other elements of working capital increased by DKK 17 million. All entities continue their strong focus on managing inventories, trade receivables and trade payables.

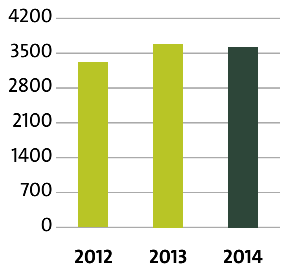
CASH FLOW STATEMENT

Cash flow from operating activities showed a DKK 242 million improvement on 2013 amounting to DKK 895 million for 2014 (2013: DKK 653 million). Cash flow comprised the profit for the period adjusted for non-cash operating items of DKK 1,140 million (2013: DKK 735 million), negative working capital cash flow of DKK 34 million (2013: positive DKK 91 million), net interest paid of DKK 60 million (2013: DKK 55 million) and taxes paid of DKK 151 million (2013: DKK 118 million).

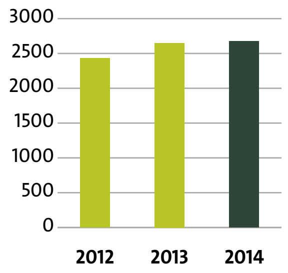
Free cash flow for 2014 increased by DKK 226 million to DKK 824 million compared to DKK 598 million in 2013. Operating cash flow and dividend from associates increased by DKK 246 million and investments in property, plant and equipment were net DKK 20 million higher than in 2013. Revenues from asset divestments, substantially relating to the brewery site in Aarhus were DKK 43 million higher and investment DKK 63 million higher. The free cash flow for Q4 2014 amounted to DKK 53 million. It was as expected, negatively affected by the main part of tax for the year, including tax on asset divestments, being paid in Q4. Additionally, the planned investments in property, plant and equipment shifted towards Q4, which also affected free cash flow negatively in the last quarter of the year.

Western Europe

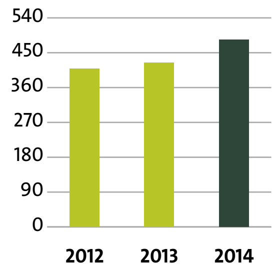
SALES
(thousand hectolitres)



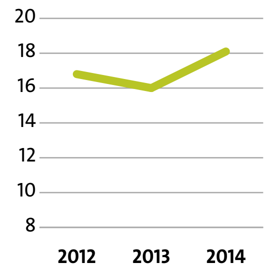
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



The **Western Europe** segment comprises primarily the markets for beer and soft drinks in Denmark and Germany as well as Italy. Western Europe accounted for 44% of the Group's net revenue for 2014 and for 59% of EBIT (2013: 59% and 76%, respectively).

Sales in Western Europe for 2014 were 1% below sales for 2013 when a private label agreement was terminated at the end of the year. A slight increase in Royal Unibrew's market shares on branded beer and soft drinks is estimated from 2013.

Net revenue was 1% above the 2013 figure. A shift towards products as well as markets and sales channels in Denmark and Germany with higher net selling prices per volume unit had a positive effect on the revenue development, whereas a reverse development in sales in Italy had a negative effect.

Earnings before interest and tax (EBIT) for 2014 showed a DKK 60 million increase from DKK 424 million in 2013 to DKK 484 million in 2014. The EBIT increase was primarily due to the extraordinarily good summer and a strengthening of the market position in Denmark/Germany as well as a favourable development of the product mix. EBIT margin went up by 2.1 percentage points to 18.1%. As expected, the positive developments in EBIT and EBIT margin from 2013 to 2014 were less significant in Q4 than for the full year.

WESTERN EUROPE

	2014 Q1-Q4	2013 Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	3,630	3,680	-1 %	854	924	-8 %
Net revenue (mDKK)	2,674	2,650	1 %	595	635	-6 %
EBIT (mDKK)	484	424		78	77	
EBIT margin (%)	18.1	16.0		13.1	12.1	

PROFILE

Royal Unibrew is the second largest provider of beer and soft drinks to Danish consumers. Furthermore, Faxe beer is sold to the German market.

With a combination of strong local, national and international beer brands, Royal Unibrew is the second largest Danish beer provider. Royal Beer and the international licence brand Heineken are offered to the entire Danish market, whereas other brands, such as Albani, 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 of the Pepsi Group. Own brands comprise Faxe Kondi, which is the leading brand in the lemon/lime segment, as well as Nikoline. The Pepsi products include Pepsi, Pepsi Max, 7UP and Mirinda.

Within spring water and natural mineral water, Egekilde is a leading Danish brand, which comes in a number of taste varieties, still as well as sparkling. Moreover, Royal Unibrew offers the Faxe Kondi Booster energy drink as well as a number of cider, ready-to-drink and shots products under the Tempt brand.

Royal Unibrew has two production facilities in Denmark – one in Faxe and one in Odense.

Both off-trade and on-trade customers are serviced through direct distribution from own terminals.

Denmark and Germany

DEVELOPMENTS IN 2014

For **Denmark and Germany** it is estimated that Danish consumption of beer and soft drinks increased marginally in 2014 as compared to 2013 due to the extraordinarily good summer weather. Consumption of branded products increased to the detriment of discount products.

Royal Unibrew's sales for 2014 showed a 1% decrease from 2013, whereas net revenue showed a 2% increase. At the beginning of the year, sales and market position were positively affected by higher campaign activity than expected in a major Danish retail chain, whereas the termination of a private label agreement at the end of 2013 affected sales negatively. The higher net revenue per volume unit is due to a change in both channel and product mix, including the termination of the private label agreement, and to a shift in consumption towards cans. It is assessed that Royal Unibrew's market shares on branded beer and soft drinks increased slightly from 2013

The level of innovation was high in 2014 with several successful launches of new products, packaging and container types as well as consumer-engaging campaigns. The new products include Royal Shandy, a beer added grapefruit lemonade and with a low alcohol content; Egekilde Fruits, a mineral water containing natural fruit juice and with a low sugar content; and three Tempt shots varieties. Danish consumers received the new products well, for example Royal Shandy achieved a position as the best-selling product in its category. Moreover, the new Faxe Kondi communication platform entitled "Når der går sport i den" (Becoming a sport) was launched, and a principal sponsorship agreement was concluded for the new multi-purpose arena in Copenhagen "Royal Arena", which is expected to open in 2016.

DENMARK AND GERMANY*

	2014 Q1-Q4	2013 Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	3,236	3,271	-1 %	783	853	-8 %
Net revenue (mDKK)	2,093	2,043	2 %	491	528	-7 %

*(formerly North Western Europe)

Italy

DEVELOPMENTS IN 2014

The market situation in **Italy** remains marked by economic uncertainty resulting in consumer restraint, which is not expected to change in the short term; this resulted in increased price competition and downtrading in the off-trade sales channel. It is estimated that, as expected, consumption of premium and super premium beer declined in 2014. Moreover, the bad summer weather in this part of Europe resulted in a general reduction in beer consumption.

Both Royal Unibrew's sales and net revenue for 2014 showed decreases of 4%. In Q4 sales were slightly positively affected by inventory build-ups due to excise increases at 1 January 2015. It is assessed that Royal Unibrew's market shares in the premium and super premium segments were marginally below those of 2013.

In Italy consumer engagement and development of the communication platform for Ceres Strong Ale on the social media and on TV are key priorities, and considerable investments continued in 2014. Moreover, focus was directed in 2014 at further strengthening the commercial customer partnerships in the on-trade channel.

PROFILE

Ceres Strong Ale is among the market leaders in the super premium beer segment and holds a considerable market share in this segment.

It is assessed that about 70% of Ceres Strong Ale is consumed out of home, whereas the rest is consumed at home. The general breakdown of the beer market in Italy is 40% out of home and 60% at home. Ceres Strong Ale has achieved a very high distribution in the on-trade channel, where the product has one of the broadest distributions across beer categories.

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 premium segment.

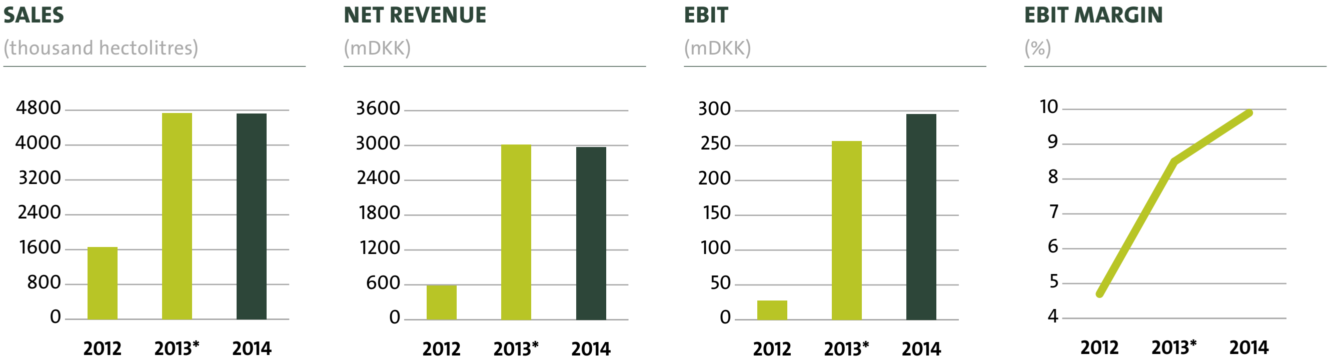
Distribution in the on-trade channel takes place through many wholesalers who service and supply customers or through a number of cash & carry locations where on-trade customers themselves pick up the goods. Retail customers are serviced either directly to outlets or through distribution centres. All goods in Italy are delivered through third-party suppliers.

Sales efforts in the on-trade channel are primarily directed at wholesalers and cash & carry customers with sales outlets.

ITALY

	2014 Q1-Q4	2013 Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	394	409	-4 %	71	71	0 %
Net revenue (mDKK)	581	607	-4 %	104	107	-3 %

Baltic Sea



*Including pro forma figures for Finland for the period 1 January – 22 August 2013

The **Baltic Sea** segment (formerly North East Europe) primarily comprises the markets for beer, fruit juices and soft drinks in Finland and the Baltic countries (Lithuania, Latvia and Estonia) and in Finland also wine and spirits brands. Baltic Sea accounted for 49% of the Group's net revenue and for 36% of EBIT for 2014 (2013: 32% and 18%, respectively).

The acquisition of the Finnish Hartwall brewery affected segment developments significantly. Sales and net revenue went up by 70% and 105%, respectively, and the segment is now the Group's largest segment measured by net revenue. Measured on a pro forma basis, sales for 2014 were at the 2013 level, whereas net revenue was 1% below the 2013 figure. Throughout the segment, but most significantly in Finland, consumption declined due to consumer restraint; this was, however, partly offset by the extraordinarily good summer weather in the region.

Measured on a pro forma basis, earnings before interest and tax (EBIT) were DKK 39 million above the 2013 figure and, as expected, negatively affected by non-recurring costs of DKK 50 million for restructuring Hartwall, whereas in 2013 restructuring costs amounted to DKK 18 million. Cost savings from the integration process initiated in Hartwall had a positive effect. Measured on a pro forma basis, EBIT margin increased by 1.4 percentage points from 8.5% to 9.9%. As expected, EBIT for Q4 was negatively affected by a shift of marketing activities towards the end of the year.

BALTIC SEA

	2014 Q1-Q4	2013* Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	4,730	4,741	0 %	1,060	1,094	-3 %
Net revenue (mDKK)	2,975	3,019	-1 %	666	708	-6 %
EBIT (mDKK)	295	256		29	32	
EBIT margin (%)	9.9	8.5		4.3	4.5	

*Including pro forma figures for Finland for the period 1 January – 22 August 2013

PROFILE

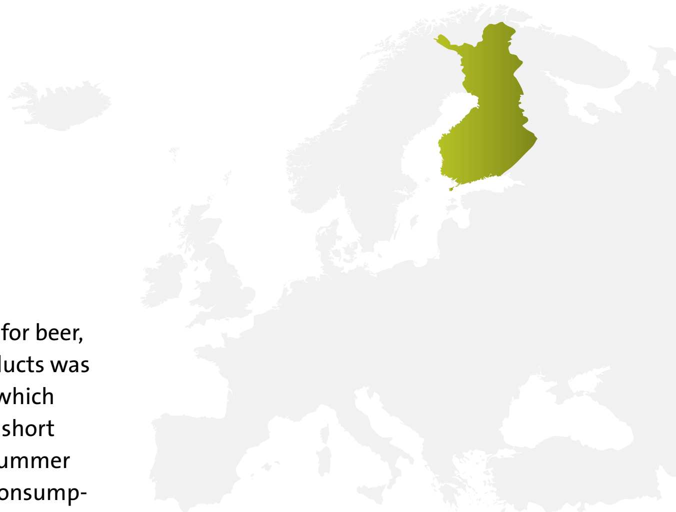
Hartwall is a multi-beverage business with a broad product range holding a clear number 2 position in Finland. In the Finnish market Royal Unibrew offers a combination of its own strong local and national brands, international Pepsi and Heineken brands as well as a number of international wine and spirits brands.

With a range of own brands such as the Karjala and Lapin Kulta beer brands, Jaffa (soft drinks), Original (RTD), Upcider (cider), ED (energy drink) and Novelle (mineral water) as well as international brands such as Fosters, Heineken and Pepsi, Hartwall is the market leader in the categories of mineral water, cider and ready-to-drink (RTD) and a strong number 2 in the categories of branded beer, soft drinks and energy drinks. The trading company Hartwa-Trade operates agencies for a number of international wine and spirits brands and contributes a minor part of Hartwall's revenue.

Hartwall operates two production facilities in Lahti (produces all products but mineral water) and Karijoki (mineral water), respectively.

A distribution network of own terminals supplies off-trade and on-trade customers directly.

Finland



DEVELOPMENTS IN 2014

As expected, the **Finnish** market for beer, soft drinks, wine and spirits products was affected by consumer restraint, which is not expected to change in the short term. The extraordinarily good summer weather reduced the declining consumption trend. Adjusted for the summer effect, it is estimated that consumption in the off-trade channel has decreased by a low single-digit percentage rate, whereas the decrease in on-trade consumption is estimated at a medium single-digit percentage rate.

Sales in Finland were declining in 2014, except for Q3 when the extraordinarily good summer weather more than offset the effect of the continuously declining consumption. It is estimated that, as expected, Hartwall's overall market shares on branded products were maintained. A changed channel and product mix resulted in lower net revenue per volume unit in 2014.

The high level of innovation in Finland continued in 2014 with the launch of a number of new product varieties and line extensions.

The integration of Hartwall is progressing satisfactorily. Targeted efforts are directed at reinforcing Hartwall's commercial position as a market-leading beverage provider in Finland; these efforts are expected to span the coming years. The efficiency improvement of Hartwall is ahead of schedule, which affected earnings positively as compared to the outlook announced in March 2014, whereas market conditions affected earnings negatively as compared to the outlook announced in March 2014.

FINLAND

	2014 Q1-Q4	2013* Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	2,910	2,934	-1 %	653	696	-6 %
Net revenue (mDKK)	2,321	2,356	-1 %	526	564	-7 %

*Including pro forma figures for the period 1 January – 22 August 2013

The Baltic countries

DEVELOPMENTS IN 2014

Beer and soft drinks consumption in the **Baltic countries** increased marginally in 2014. The overall development was as expected. The extraordinarily good summer weather affected consumption positively. It is estimated that Royal Unibrew's market shares on branded products were marginally below those of 2013.

Both Royal Unibrew's sales and net revenue decreased by 1% in 2014. Sales for Q4 increased by 2% over the corresponding period of 2013, whereas, due to a general fall in beer prices, net revenue decreased by 3%. Undiminished focus remains on managing the product mix towards products with higher selling prices.

In 2014 Royal Unibrew penetrated the still water category in Lithuania through the launch of Kalnapilis Norte, a new product in the beverage portfolio. Moreover, Kalnapilis White Select, a Belgian-inspired wheat beer, was launched, and the new beer achieved a 10% market share in this category. In Latvia a number of new beer and soft drinks products were launched, eg a Lacplesis special brew and Mangali Vita Fruit, a still water with vitamins and fruit flavour.

PROFILE

Royal Unibrew is a significant multi-beverage business in the Baltic countries offering a combination of own strong national and regional brands as well as international Heineken brands.

Royal Unibrew's brewery business Kalnapilio-Tauro Grupe is the second largest in Lithuania with the national beer brands Kalnapilis and Taurus, as well as Faxe and Heineken as international brands. Cido is the number 2 fruit juice brand in terms of size.

With a complete portfolio of fruit juice products under the Cido brand, mineral water under the Mangali brand and nectar drinks under the Fruts brand, Royal Unibrew's Cido Grupa in Latvia is the leading provider of fruit juices and mineral water. With the national beer brands Lacplesa Alus and Livu Alus as well as Heineken as an international brand, Cido Grupa holds a number 3 position within beer.

The primary brands in Estonia are Cido in the soft drinks category and Meistriti Gildi and Faxe in the beer category.

Royal Unibrew has three production facilities in the Baltic countries – one in Lithuania producing beer, and two in Latvia producing beer and soft drinks, respectively.

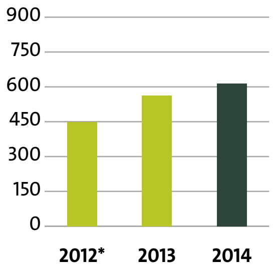
Sales are made business-to-business, and distribution is made directly to the individual off-trade and on-trade customers from own terminals.

THE BALTIC COUNTRIES

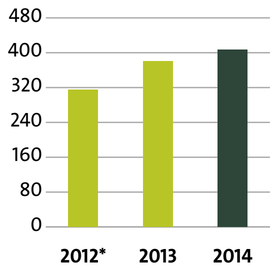
	2014 Q1-Q4	2013 Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	1,820	1,830	-1 %	407	398	2 %
Net revenue (mDKK)	654	663	-1 %	140	144	-3 %

Malt Beverages and Exports

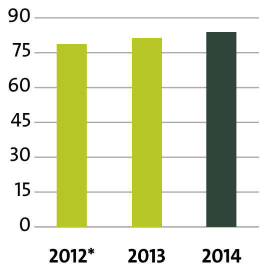
SALES
(thousand hectolitres)



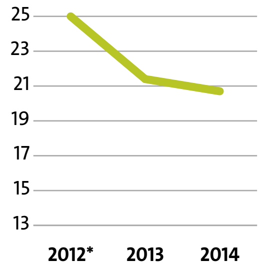
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



*Excluding divested activities in Impec

The **Malt Beverages and Exports** (formerly Malt Beverages) segment comprises the export and licence business for malt beverages and beer exports to other markets. Malt Beverages and Exports accounted for 7% of the Group's net revenue and for 10% of EBIT for 2014 (2013: 9% and 15%, respectively).

As expected, handsome segment growth was achieved for both malt beverages and beer products. Sales showed a 9% increase for 2014, and net revenue showed a 7% increase. Exchange rate developments affected net revenue and earnings negatively by less than DKK 1 million (Q4 positively by less than DKK 1 million). Since 2012 net revenue has shown average organic growth of 15% annually. In 2014 growth was primarily related to increased beer exports.

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. This was also so in 2014 when inventory changes had a negative effect. Moreover, 2014 has been negatively affected by significant volatility of local currencies in several markets.

Earnings before interest and tax (EBIT) for 2014 amounted to DKK 84 million, which is DKK 3 million above the 2013 figure and as expected. EBIT margin was 20.7% and, as expected, lower than for 2013. The reason for this is that, as planned, higher investments were made in marketing in 2014 than in 2013. Moreover, the cost effect of the sales organisation extension impacted results throughout the period in 2014 unlike in 2013.

In spite of the negative exchange rate development for most of 2014, the business in **the Americas** achieved net revenue at the 2013 level.

As expected, the business in **EMEAA** comprising Europe, the Middle East, Africa and Asia realised high sales and net revenue growth, primarily relating to Africa.

PROFILE

The business area Malt Beverages and Exports comprises an export and licence business, primarily relating to non-alcoholic malt beverages but also to beer exports under the Faxe brand.

Royal Unibrew has several internationally strong malt beverages brands which are sold in the premium segment. Vitamalt is assessed to be the malt beverage brand with the broadest global distribution, whereas Supermalt and Powermalt hold strong regional positions.

The key market areas for Royal Unibrew's malt beverages are countries in the Americas 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 and exports markets are primarily supplied by exports from Royal Unibrew's Danish breweries, but also in certain cases on the basis of licence agreements with local breweries.

The sales organisation, which is to a large extent located in the individual markets, cooperates closely with our distribution partners on commercial priorities and marketing initiatives.

MALT BEVERAGES AND EXPORTS

	2014 Q1-Q4	2013 Q1-Q4	Change	2014 Q4	2013 Q4	Change
Sales (thousand hectolitres)	614	562	9 %	139	118	17 %
Net revenue (mDKK)	407	381	7 %	90	83	9 %
EBIT (mDKK)	84	81		16	13	
EBIT margin (%)	20.7	21.4		17.7	15.9	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Shareholder Information

Royal Unibrew wants an open dialogue with its shareholders, keeping them continuously up-to-date on the Company's development. 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	110,985,000
Number of shares	11,098,500
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	Large Cap

SHARE INFORMATION

The Royal Unibrew share is listed on NASDAQ OMX Copenhagen A/S, and as of 2 January 2015 Royal Unibrew is included in the Large Cap index.

In 2014 a total of 5,302,326 shares were traded, corresponding to 48% of the total number of shares traded through NASDAQ OMX Copenhagen A/S (source: Bloomberg). The trading value amounted to DKK 4,759 million (2013: DKK 3,034 million).

At the end of 2014, the price of the Royal Unibrew share was 1,087 compared to 736 at the end of 2013. Royal Unibrew's market capitalisation amounted to DKK 12,064 million at the end of 2014 compared to DKK 8,168 million at the end of 2013.

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

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 2019.

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.

TREASURY SHARES IN 2014

At the AGM on 29 April 2014, the Board of Directors was authorised to acquire treasury shares for up to 10% of the total share capital in the period up until the AGM in 2015.

No treasury shares were acquired in 2014.

Royal Unibrew holds a total of 60,000 treasury shares of a nominal value of DKK 10 each, corresponding to 0.5% of the Company's share capital, for the purpose of covering the incentive programme offered to the Executive Board. The total number of shares of the Company is 11,098,500 including treasury shares.

OWNERSHIP

At the end of 2014, Royal Unibrew had approx 14,000 registered shareholders holding together 93% of the total share capital.

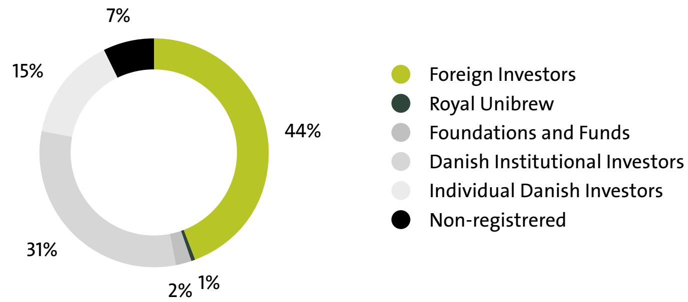
On 11 December 2009, Chr. Augustinus Fabrikker, Denmark notified Royal Unibrew A/S that they hold 10.4% of the share capital, and on 4 December 2014, HC Royal Holdng Oy Ab, Finland notified Royal Unibrew A/S that they hold 10.05% of the share capital.

DEVELOPMENT IN ROYAL UNIBREW'S SHARE CAPITAL

DKK ' 000	2014	2013	2012	2011	2010
Share capital 1/1	110,985	105,700	111,865	111,865	111,865
Capital reduction		-4,800	-6,165		
Capital increase		10,085			
Share capital 31/12	**110,985**	**110,985**	**105,700**	**111,865**	**111,865**

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 provided that they do not have inside information). This normally applies for a period of four weeks following an announcement of financial results.

BREAK-DOWN OF SHAREHOLDERS AT THE END OF 2014



At 31 December 2014, directors held 3,681 shares of the Company, and members of the Executive Board held 104,166 shares, corresponding to a total of 1% of the share capital.

AGM

The Company's AGM will be held on 28 April 2015, at 5 pm at Ballerup Super Arena in Copenhagen.

The AGM will be convened electronically, and information on the registration for electronic communication is provided at Royal Unibrew's website 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.

Moreover, the Board of Directors proposes the distribution of dividend of DKK 34 per share of DKK 10 for the 2014 financial year.

It is proposed to increase the basic fee to the members of the Board of Directors from DKK 250,000 to DKK 300,000 with unchanged multiples of 2.5 and 1.75, respectively, for the Chairman and the Deputy Chairman.

To ensure liquidity of Royal Unibrew's shares listed on NASDAQ OMX Copenhagen A/S and to align the price level per share with market practice, the Board of Directors will recommend that the AGM resolve to implement a one to five share split. A change of the share denomination from DKK 10 to DKK 2 is proposed. The change of share denomination is expected to take effect as of mid-June 2015.

The Board of Directors recommend to the AGM a change of the Company's shares from being registered as bearer shares to being registered as registered shares in order to ensure that the Board of Directors may continue to exercise its authorisation to increase the Company's share capital.

Finally, the Board of Directors recommends that the AGM adopt a proposed resolution that, as of the 2015 financial year, the Company may opt to prepare and present its Annual Report in English only.

SHARE BUY-BACK PROGRAMME

The Board of Directors has decided to initiate as soon as possible a share buy-back programme of up to DKK 350 million in the period to 1 March 2016. The purpose of the share buy-back is to adjust the capital structure of Royal Unibrew in accordance with the target for this. The Board of Directors expects to recommend to the AGM in 2016 that the shares bought back be cancelled.

INVESTOR RELATIONS ACTIVITIES

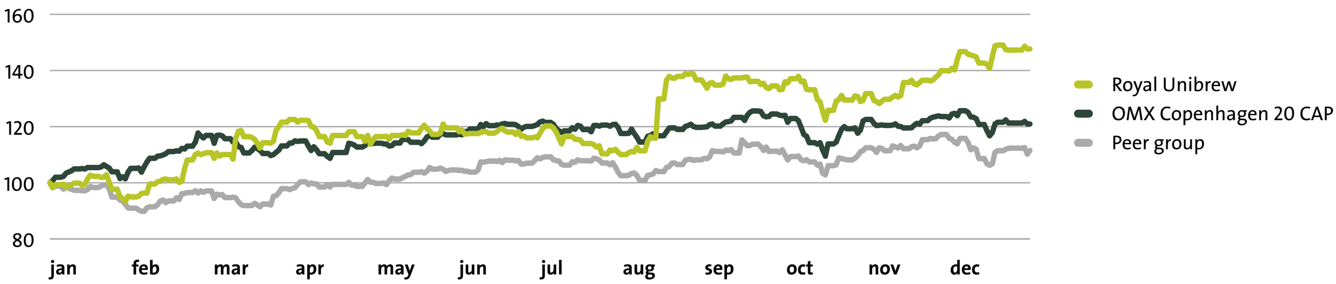
Royal Unibrew aims at ensuring open and timely information to its shareholders and other stakeholders.

SHARE RATIOS

Per share – DKK	2014	2013	2012	2011	2010
Parent Company shareholders' share of earnings per share	56.5	45.9	35.6	31.8	25.1
Parent Company shareholders' diluted share of earnings per share	56.2	45.8	35.6	31.8	25.1
Cash flow per share	81.1	62.4	44.2	36.4	44.4
Diluted cash flow per share	80.7	62.2	44.2	36.4	44.4
Year-end price per share	1,087	736.0	492.0	321.5	332.0
Dividend per share	34	0.0	24.0	17.0	12.5
Number of shares	11,098,500	11,098,500	10,570,000	11,186,498	11,186,498

SHARE PERFORMANCE

(Index)



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

A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. In 2014 Royal Unibrew held four audio casts in connection with the publication of the Annual Report 2013, the Q1 Report, H1 Report and Q3 Report 2014, 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 total about 100 individual meetings were held with investors and analysts in 2014.

Among other events, Royal Unibrew participated in January 2014 in SEB Enskildas Nordic Seminar in Copenhagen, in May 2014 in the DAF Fyn members' meeting at the Albani brewery, in June in DDF Virksomhedsdag (business day) in Copenhagen and in December 2014 in Danske Bank's Winter Seminar in Copenhagen.

Audio casts and presentations from audio casts and seminars are accessible at Royal Unibrew's website, www.royalunibrew.com under investor.

THE ROYAL UNIBREW SHARE IS FOLLOWED BY:

Company	Analyst
ABG Sundal Collier	Michael Rasmussen
Carnegie	Jonas Guldborg Hansen
Danske Bank	Tobias C. Björklund
Handelsbanken	Peter Sehested
Jyske Bank	Frans Høyer
Nordea Bank	Hans Gregersen
SEB Enskilda	Søren Samsøe
Sydbank	Morten Imsgard

DIVIDEND DATES FOR 2015

28 April 2015	Resolution at AGM
28 April 2015	Last trading date with right to dividend for 2014
29 April 2015	First trading date without right to dividend for 2014
4 May 2015	Distribution of dividend

FINANCIAL CALENDAR FOR 2015

28 April 2015	Interim Report for the period 1 January – 31 March 2015
28 April 2015	Annual General Meeting at Ballerup Super Arena in Copenhagen
17 August 2015	Interim Report for the period 1 January – 30 June 2015
25 November 2015	Interim Report for the period 1 January – 30 September 2015

IR CONTACT

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

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

Royal Unibrew has focus on running its business and designing its management systems in accordance with the corporate governance principles. 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 recommendations of the Committee on Corporate Governance, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's corporate governance.

Royal Unibrew complies with the Corporate Governance Recommendations with very few exceptions which are described below.

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

DIVERSITY

A statement is made in accordance with section 99B of the Danish Financial Statements Act.

Royal Unibrew aims at promoting diversity, which includes achieving a reasonable representation of both genders, 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.

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

BOARD COMMITTEES (RECOMMENDATION 3.4):

The Committee **recommends** that the board of directors establish an actual audit committee composed so that the chairman of the board of directors 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 Board of Directors 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 4.2):

The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report 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. The total remuneration of the Executive Board is disclosed in note 5. 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.

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – comprises 63% (2013: 59%) men and 37% (2013: 41%) women. The target is that the representation of each gender should be at least 40%. 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, six of the directors of Royal Unibrew elected by the general meeting are men and one is a woman, while the directors elected by the employees are three men and one woman. Since 2014 the Board of Directors has had two international members and five Danish members elected by the general meeting. The target is that the proportion of female board members should be around 20%. There have been no replacements among the board members elected by the general meeting in 2014; consequently, the 20% target has not yet been reached.

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.

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 A/S 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 audio casts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and audio casts.

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 usually 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 2014 six board meetings were held and three absentees were 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 2014 the primary activity of the nomination committee was the preparation of the evaluation of the Board of Directors. The committee held one meeting in 2014.

REMUNERATION COMMITTEE

The remuneration committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2014 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 held two meetings in 2014.

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. Consequently, 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.

EVALUATION OF THE WORK OF THE 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 evaluation are presented and discussed at a meeting of the Board of Directors. The evaluation in 2014 did not give rise to changing the composition of the Board of Directors as the necessary competences are considered to be in place. Moreover, the evaluation did not give rise to changing the working method of the Board of Directors.

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

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 activities.

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 seven members elected by the general meeting and four members elected by the employees. Election of members 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 are considered independent in accordance with the Corporate Governance Recommendations included in the "Rules for Issuers of Shares" of NASDAQ OMX Copenhagen A/S.

Risk Management

Risk management plays a key role at Royal Unibrew, and it is Management's aim that the Group's risks should be adequately disclosed at all times. 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:

- Industry and market risks
- Exposure hazard and third-party risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- 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 auditors appointed at the general meeting participate in board meetings that concern the tasks of the audit committee. 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

At least once a year, the Board of Directors assesses the overall risk factors relating to Royal Unibrew's activities. 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. Local risk owners have been appointed with responsibility for currently monitoring and/or reducing risks through risk-mitigating activities.

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 ASSESSMENT IN 2014

In 2014 Royal Unibrew's Executive Board closely monitored the development in market-related risks and made the necessary changes to risk-mitigating activities to secure budgeted earnings. Moreover, local risk management workshops were held with participation by risk owners and other executives. Centrally, the identified risks and proposed action plans were reviewed and assessed by the Company's Executive Board. Based on this, the Executive Board 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. The Board of Directors then resolved to implement the necessary risk-mitigating measures with a view to ensuring optimum realisation of Royal Unibrew's strategic objectives.

KEY RISK FACTORS IN 2015

In addition to financial risks, the following risk factors are considered key risks in 2015:

Area	Description	Risk mitigation
MACRO-ECONOMIC UNCERTAINTY	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 2015, several of Royal Unibrew's markets are still affected by consumer restraint, see the Outlook 2015 section on page 12. Macroeconomic uncertainty and low growth of long duration may affect earnings negatively. This could happen due to declining consumption or shifts in product mix towards products with lower earnings.	By focusing on flexibility in its actions plans, Royal Unibrew is seeking to secure leeway for reducing the effect of macroeconomic uncertainty and changes to consumption patterns. The efforts directed at continuous improvements across the business will contribute towards limiting the negative effect of macroeconomic changes.
INDUSTRY AND MARKET	In most markets, the product category beer and soft drinks is characterised by tough price competition and intensive marketing from a number of suppliers. At the same time, continuous consolidation is seen among customers who handle the distribution of products to consumers. Furthermore, Royal Unibrew's market area is characterised by considerable industry concentration on the supplier side.	Royal Unibrew's earnings and competitiveness are ensured through constant focus on markets and segments in which Royal Unibrew holds or may achieve a significant position. Moreover, the Company focuses on value management through the development of products, containers and packaging, cooperation with customers and communication with consumers. The efforts directed at continuous improvements across the business will contribute towards limiting the negative effect of industry concentration.
WEATHER	Usually, the consumption of Royal Unibrew's products is high in the summer months. However, this presupposes dry and fair weather. In the summer months of 2014 the weather in Royal Unibrew's main markets except for Italy was favourable to the consumption of beer and soft drinks. As in 2013, this affected the Group's sales and net revenue, and thus earnings, positively.	Through focus on flexibility of action plans, Royal Unibrew aims at securing leeway to respond to lower earnings caused by unfavourable weather conditions in the summer months.
COMMODITY PRICES	The prices of a large number of key commodities fluctuate in line with world market prices. To the extent that 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.	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.
STATUTORY RESTRICTIONS	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 by way of restrictions in respect of the sale, marketing and production of Royal Unibrew's products or due to increasing consumption taxes. Such restrictions may affect the Group's sales and earnings significantly.	Royal Unibrew participates in local and international cooperation fora 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, and that consumption taxes are applied in a balanced manner.

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 2014 controlling visits were paid to the key subsidiaries. The Board of Directors has assessed that establishment of an actual internal audit department is not required at this time considering the moderate complexity of the Group and the transparency of its reporting.

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

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 appointed 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, after which the Executive Board informs the Board of Directors of the issues reported.

The Board of Directors meets twice annually with the auditors without the Executive Board attending.


CERES
IMPORTED
FROM DENMARK
CERES
CERES
STRONG ALE

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 2014 amounted to DKK 3.2 million.

The Board of Directors remuneration is fixed and no remuneration is paid for participation in the committees set up by the Board of Directors. 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.

As part of Royal Unibrew's continued efforts to focus on adding value for shareholders, the Executive Board was in 2013 offered restricted (conditional) shares for no consideration. The programme replaced the previous cash-based, long-term bonus scheme and entered into force on 1 September 2013. A restricted share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 10 for no consideration when the Company's Annual Report for 2016 has been published in March 2017. The receipt of shares is conditional on continued employment in the period up to the Board of Directors' adoption of the Annual Report for 2016 and on the employee not having handed in notice.

The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved in the vesting period. The maximum number of restricted shares is 60,000 shares, corresponding to a value of DKK 33 million at the time of granting, 28 August 2013.

The total remuneration of the three members of the Executive Board amounted to DKK 30.9 million in 2014. See also note 5.

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 A/S may terminate the employment of a member of the Executive Board at up to 24 months' notice, whereas the employment of other members of the Executive Board may be terminated at 12 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 A/S, 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
Chairman of the nomination committee and the remuneration committee

Position
Executive Vice President of Novo Nordisk A/S since January 2014

Special competences
Special expertise in strategic management as well as experience of production, 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
Professional board member in a number of enterprises since 2014

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

Chairman of the board of directors
Alectia A/S
Xilco Holding AG, Switzerland

INGRID JONASSON BLANK
Board member

Position
Professional board member in a number of Nordic enterprises since 2010

Special competences
Special expertise in general management, including of international enterprises in the convenience goods and retail areas as well as FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Member of the board of directors
Ambea Vård & Omsorg AB, Sweden
Musti ja Mirri Grp Oy, Finland
Orkla ASA, Norway
Fiskars Ojy, Finland
Matas A/S, Denmark
ZetaDisplay AB, Sweden
Travel Support & Services Nordic AB, Sweden
Bilia AB, Sweden
Norm Research & Consulting AB, Sweden

Board of Directors, continued

JENS DUE OLSEN
Board member

Position
Professional board member in a number of Danish enterprises since 2008

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
NKT Holding A/S
AtchikRealtime A/S
Pierre.dk A/S
Amrop A/S
Auriga Industries A/S

Deputy chairman of the board of directors
Bladt Industries A/S

Member of the board of directors
Auris III Luxembourg S.A., Luxembourg
Cryptomathic A/S
Gyldendal A/S
Industriens Pensionsforsikring A/S
Heptagon Advanced Micro Optics Inc.

Other offices held
Member of investment committee of LD Equity 2 K/S
Member of the Committee on Corporate Governance

KARSTEN MATTIAS SLOTTE
Board member

Position
Professional board member in a number of enterprises, primarily in Finland since 2013

Special competences
Special expertise in general management, including of international enterprises within FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Member of the board of directors
Onninen Oy, Finland
Onvest Oy, Finland
Fiskars Oyj, Finland
Varma Mutual Pension Insurance Company, Finland
Scandi Standard Ab (publ), Sweden

JAIS VALEUR
Board member

Position
Executive Vice President Global Categories & Operations with Arla Foods amba

Special competences
Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods)

Independence
Considered independent

Chairman of the board of directors
Systemfrugt A/S

Member of the Board of Directors
Foss A/S
Mejeriforeningen Amba

Board of Directors, continued

HEMMING VAN
Board member

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
GOG Sport A/S
Halberg A/S
Mac Baren Tobacco Co. A/S

Member of the board of directors
Daloon A/S
Easy Holding A/S
Great Dane A/S
HV Invest ApS

MARTIN ALSØ
Business Unit Manager

Position
Elected by the employees

JØRGEN-ANKER IPSEN
Export Area Manager

Position
Elected by the employees

KIRSTEN WENDELBOE LIISBERG
Brewery Hand

Position
Elected by the employees

SØREN LORENTZEN
Brewery Hand

Position
Elected by the employees

BOARD OF DIRECTORS IN ROYAL UNIBREW

Name	Year of birth	Initially elected	Term of office	Position	Number of Royal Unibrew shares held at 1 January 2015	Change from 1 January 2014
Kåre Schultz	1961	2010	2014	Chairman	-	-
Walther Thygesen	1950	2010	2014	Deputy Chairman	1,100	-
Martin Alsø	1974	2014	2014-2018	Board member elected by the employees	880	-50
Ingrid Jonasson Blank	1962	2013	2014	Board member	-	-
Jørgen-Anker Ipsen	1958	2014	2014-2018	Board member elected by the employees	46	-
Kirsten Wendelboe Liisberg	1956	2006	2014-2018	Board member elected by the employees	162	-
Søren Lorentzen	1964	2010	2014-2018	Board member elected by the employees	172	-
Jens Due Olsen	1963	2010	2014	Board member	-	-
Karsten Mattias Slotte	1953	2013	2014	Board member		-
Jais Valeur	1962	2013	2014	Board member	-	-
Hemming Van	1956	2004	2014	Board member	1,321	-

Executive Board

HENRIK BRANDT
President and 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
Toms Gruppen A/S
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
Gerda og Victor B. Strands Fond,
Toms Gruppens Fond

Other offices held
Chairman of the corporate law committee of the Confederation of Danish Industry

LARS JENSEN
CFO as of November 2011

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

JOHANNES F.C.M. SAVONIJE
COO 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

EXECUTIVE BOARD IN ROYAL UNIBREW

Name	Year of birth	Position	Number of Royal Unibrew shares held at 1 January 2015	Change from 1 January 2014
Henrik Brandt	1955	CEO	76,800	-
Lars Jensen	1973	CFO	4,666	+472
Johannes F.C.M. Savonije	1956	COO	22,700	-


ĮKVĖPTAS
GAIVAUS
VĖJO
imuninei
sistemai*
kaulams ir
raumenims*
VIT
E
B6
NAUJIENA!
Kalnapilis
NORTE
SU SELENU
SILPNAI GAZUOTAS
NAUJIENA!
Kalnapilis
NORTE
SU KALCIU
GAZUOTAS
NAUJIENA!
Kalnapilis
NORTE
CITRINŲ SKONIO
SU VITAMINAIS
NEGAZUOTAS

Organisation and Employees

Royal Unibrew directs targeted efforts at developing managers and employees to create the best possible basis for realising our strategy and achieving our business targets. Focusing on increased adaptability and willingness to change, we carried out a number of activities in 2014 with a view to strengthening our organisational ability to handle future challenges.

Royal Unibrew works strategically at developing our employees' competences to ensure that the overall organisation remains competitive and is capable of exploiting development opportunities and reading market trends. It is moreover essential that our employees are happy and not least proud to work at Royal Unibrew.

TARGETED COMPETENCE DEVELOPMENT OF MANAGERS AND EMPLOYEES

Optimisation and integration of the total organisation are 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. This ensures that the management culture is always based on the principles that can take the business further.

In 2014 general management training was carried out in Denmark with focus on the management and value DNA of Royal Unibrew in order to enable managers to establish a shared language and a common understanding of what it takes to practise good management. To increase management efficiency and learning within the organisation, the training emphasised cross-functional cooperation and networking and focused on key management themes like motivation and feedback. Moreover, managers' general competences within eg recruiting were strengthened.

Royal Unibrew 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. Moreover, targeted efforts are directed at a number of key development activities which are to support the overall strategic objectives of the organisation.

In Denmark efforts were directed in 2014 at ensuring knowledge sharing among hourly-paid employees based on the competences that the employees have gradually developed and acquired during the EU-backed project "Medarbejdere i Verdensklasse" (World-class employees). A focus in that connection was how the individual employee may develop broader competences. The purpose has been to create increased flexibility in the day-to-day work to enable employees to handle several functions and more readily replace each other. Sales force development has been a focus in all Royal Unibrew's markets. Efforts included on-the-job training, strengthening of sales management competences, individual coaching as well as actual sales courses and small workshops. Furthermore, a joint training programme was carried out for the logistics and sales channel within Retail in Denmark with good and uniform customer service as the pivotal point.

In Finland the organisation also directed efforts at increasing flexibility through, among other things, job rotation among hourly-paid employees. Moreover, targeted efforts were directed at establishing a pool of temporary manpower which may be called upon in peak seasons.

In Italy Royal Unibrew introduced "Ceres Academy" in 2014, which is a platform for corporate culture training. The aim of the initiative is to contribute towards strengthening the cohesion of the Italian organisation as well as the competences of the individual employees. Employees from all parts of the Italian organisation participated in the training, and subjects included presentation and negotiation skills, IT as well as beer knowledge.

ORGANISATIONAL DEVELOPMENT AND CHANGE MANAGEMENT

Changes and increased requirements in respect of flexibility and adaptability were organisational focuses throughout

2014. Faced with still more rapid market changes, both the individual employee and the organisation as a whole must be able to adapt. It is crucial that our employees are equipped in the best possible way to handle these changes.

Especially Finland had great management focus on integrating the Finnish organisation into Royal Unibrew. In 2014 management competences were exchanged especially between the Danish and Finnish organisations to ensure the necessary support and decision-making power in relation to realising the changes, which have been part of the strategy since the acquisition of Hartwall. With focus on efficiency-enhancing measures and streamlining of the organisation, efforts were directed at making the business more agile and competitive. This required fundamental, structural changes in the organisation, including a number of cultural changes.

PERFORMANCE MANAGEMENT

In connection with the overall competence development work, increased focus was directed in 2014 at identifying and developing employee and manager potential. To support these efforts, a systematic performance management process has been developed. The primary purpose is to identify high performers in all parts of the organisation and to consider the potential among these employees in relation to both specialist roles and management positions.

At the same time, the efforts in this area contribute towards retaining talents and key employees and ensuring that they are offered the right challenges.

HEALTH & SAFETY EFFORTS

To secure employee satisfaction and safety, continuous efforts are directed at optimising and strengthening organisational health & safety. The health & safety groups carry out local as well as cross-organisational initiatives in order to strengthen both the mental and physical working environment at Royal Unibrew.

In Denmark joint safety training has been initiated with focus on so-called behavioural safety in connection with which the role of the individual in relation to health & safety is verbalised and clarified. The objective is to develop a culture in which responsibility for these key organisational factors is also assigned to the individual employee so that he/she can make a difference in relation to organisational health & safety. By means of specific tools and increased awareness of the individual's own role when it comes to health & safety issues, efforts will be directed at reducing both accidents and sickness. In that connection, 21 ambassadors have been appointed to lead the way and guide their colleagues on safety issues in cooperation with the existing health & safety organisation. In Finland health & safety efforts have primarily been directed at reducing absence due to sickness by increasing focus on causes and patterns of the absence.

UNIWORLD - A SHARED PLATFORM FOR COMMUNICATION AND KNOWLEDGE SHARING

The autumn of 2014 saw the launch of a new intranet, UniWorld, which is a general platform for communication, knowledge sharing and document management across the entire Royal Unibrew organisation. The intranet is an important tool to strengthen the relevant integration between the various entities, including to support a shared culture to form the basis of continued strengthening of Royal Unibrew.

It is the ambition that UniWorld should become an important part of the business and communication across Royal Unibrew, and that, over time, UniWorld will develop into the place where employees share knowledge and discuss tasks, projects, etc.

IT INITIATIVES AND SYSTEMS

Royal Unibrew has continuous focus on implementing new and improving existing IT systems to increase the efficiency and to align business processes across the Group.

In 2014 a migration project was realised to sever Hartwall's links to Heineken's IT systems. Moreover, a new laboratory system, new group reporting systems and improved accounting processes were implemented, and the logistics process in the Baltic countries was optimised.

In 2015 and early 2016, the Group's SAP platform will be implemented at Hartwall. A shared platform will create synergies through process standardisation as well as consolidation and optimisation of the Group's overall IT operations.

Corporate Social Responsibility

We want to make a positive difference for our consumers and to create value for our stakeholders. In order to do that, we must apply clear principles and strategies to the management of our business. Consumers in all our markets must be able to rely on our products being of a very high quality and produced under safe conditions. At the same time, we must continuously seek to reduce our environmental impact and contribute positively to the overall development of society.

FOCUS AREAS OF OUR CORPORATE SOCIAL RESPONSIBILITY WORK

A statement is made in accordance with section 99A of the Danish Financial Statements Act.

Our corporate social responsibility work is an integrated part of Royal Unibrew's business approach, and our efforts in this area are 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's Code of Ethics" is the Management's guidance to all group employees on ethical issues, including targets and guidelines for the enforcement of human rights within the Group and with business partners. "Royal Unibrew's Code of Ethics" as well as our "Quality, food safety and environmental policy" and our "Policy for product safety" provide the overall framework for our corporate social responsibility work. The said policies are available at Royal Unibrew's website.

At Royal Unibrew we have chosen to focus on continuous improvements rather than long-term objectives on which focus by the individual employee in the day-to-day work may be a challenge. This approach has produced good improvements in many areas for a number of years, which will continue in the future.

The CSR efforts support a good dialogue with consumers, customers and suppliers, which contributes towards increasing production efficiency and decreasing wastage and towards reducing non-financial risks and creating and sustaining a strong corporate identity and culture. At the same time, these efforts contribute towards creating new business opportunities.

OCCUPATIONAL HEALTH & SAFETY

Royal Unibrew must be a safe and healthy place to work for its employees, and Royal Unibrew's health policy therefore focuses on preventive measures to avoid employees being worn out and incurring work-related injuries and on actively promoting safety, job satisfaction and efficiency.

The preventive measures at the breweries in 2014 included the following:

Denmark

- All operators and salaried employees at the Danish breweries participated in a comprehensive training programme on behavioural safety. Moreover, a group of employees were trained as "ambassadors" with responsibility for unfolding the health & safety dialogue in the organisation.
- All safety groups participated in a joint health & safety day.
- A workplace assessment was carried out among all employees in Denmark, and based on this action plans are being prepared.

Lithuania

- In Lithuania working conditions at the distribution warehouses were considerably improved. Manual palletisation was replaced by automated solutions; palletisation and order picking are now carried out far more efficiently and safely than previously by means of safe and ergonomic lifting equipment.

Finland

- Hartwall's alcohol awareness policy as well as equal opportunity guidelines were updated and implemented. It was decided that in the period December 2014 to April 2015 Hartwall will gradually introduce a no-smoking policy in order to further improve and support its employees' well-being and working capacity.
- Within supply chain Hartwall continuously makes use of preventive safety observations with a view to observing, discussing and supporting safe behaviour. At Hartwall the key health & safety ratios are above industry average, and absence due to sickness continues to decline.

These measures combined have resulted in a reduction of the total number of occupational accidents by more than half in 2014, and the number is now at the lowest level in five years.

Selected targets for 2015

- It remains the target to reduce the number of occupational accidents to zero and to continue the focused safety efforts.
- In Denmark all employees at the Albani brewery as well as distribution workers must participate in a course on behavioural safety, reporting of near-accidents is to continue and the ambassador role must be profiled at all locations.
- The Danish safety groups will also in 2015 organise a joint health & safety discussion as well as a joint health & safety day.
- Action plans relating to workplace assessment will be completed and implemented.
- In the Baltic countries fire alarms and warning systems must be upgraded to reduce the risk in connection with a fire.
- Finland has a target also for 2015 of being above industry average when it comes to occupational health & safety. This is to be achieved by, among other things, selected employees in Hartwall's production in Lahti, who have now been fully trained in the Dupont STOP program (safety program), focusing on the registration of near-accidents and subsequent follow-up. Moreover, in cooperation with our insurance partner in Finland, a project has been initiated to increase road safety primarily among sales consultants. Furthermore, the rotation level among production workers in Lahti has been increased to avoid repetitive work.

RESPONSIBLE ALCOHOLIC BEVERAGE AND SOFT DRINKS CONSUMPTION

Royal Unibrew's commitment to responsible marketing and consumption of beverages is rooted in the following core principles:

- We engage consumers and stakeholders and work collectively with them to promote responsible enjoyment of our products.
- We respect that beer consumption is for adults only and is a matter of individual choice and accountability.
- We ensure that our marketing practices are in compliance, at all times, with the marketing legislation in the areas in which our products are sold.
- We value responsibility in our corporate culture and expect our employees to demonstrate such responsibility in the day-to-day handling of our products.

Royal Unibrew supports The Brewers of Europe campaigns on responsible alcohol consumption and attaches great importance to responsible drinking.

Royal Unibrew employees engaged in product marketing are currently trained and instructed in compliance with existing marketing legislation. Compliance with existing marketing practices and legislation is part of Royal Unibrew's agreements with customers and partners, eg in the on-trade segment.

In addition to complying with marketing legislation and the above-mentioned guidelines, Royal Unibrew gets involved in customers' communication on consumption of the Company's products in relation to advertising, sponsorships and campaigns. Compliance with marketing legislation and certain guidelines are included in Royal Unibrew's cooperation agreements with customers.

Royal Unibrew also has a responsibility for preventing any abuse problems among its employees. In Denmark a number of key individuals across the organisation have been trained in supporting colleagues 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.

In Latvia Royal Unibrew along with other soft drinks producers supported the preparation of a joint code for responsible marketing of soft drinks, and in 2014 campaigns on balanced consumption of beverages were initiated.

Moreover, the Baltic countries have focus on promoting beer with a lower alcohol content, and non-alcoholic beer sales have gone up.

As an element in Royal Unibrew's responsibility with respect to reducing the consumption of soft drinks containing sugar, efforts are continuously directed at promoting calorie-reducing products such as Nikoline with 30% less sugar or sugar-free alternatives such as Jaffa Light, Faxe Kondi Free, Pepsi Next and Pepsi Max.

Through a variety of sponsorships, Royal Unibrew supports sports and health initiatives at both national, regional and local level across national borders; moreover, our distributors in for example the malt area support various initiatives locally.

Selected targets for 2015

- Participation in and development of "Responsible beer and soft drinks consumption" in cooperation with local industry organisations and The Brewers of Europe.
- Annual training of all relevant employees in responsible marketing of beverages and continuous monitoring of compliance with existing rules as well as activities in new marketing media.
- Workshop for in-house "alcohol and drug consultants".
- Continuation of sponsorship efforts.

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".

ETHICAL VALUES AND GUIDELINES

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

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. Royal Unibrew is only exposed to suppliers outside the EU to a very limited extent.

Also in 2014 an ethical audit was performed according to a customer-specific, international ethical standard at Royal Unibrew's brewery in Faxe. In connection with this audit, the internal guidelines were further developed.

Selected targets for 2015

- Continued training of Royal Unibrew employees in ethical values and guidelines.
- As part of our cooperation with key suppliers, Royal Unibrew's ethical guidelines are reviewed at annual status meetings.
- Maintenance of certification under the customer-specific ethical standard.

ENVIRONMENT

Royal Unibrew has always worked determinedly to limit the environmental impacts of the Company's production. As a result, Royal Unibrew is today ahead of its competitors when it comes to resource-efficient beverages production.

We will, however, continue our efforts to reduce the environmental footprint of our production; efforts which are still primarily targeted at:

- Reduction of energy consumption.
- Reduction of water consumption and of waste water discharge.
- Reduction of wastage of raw materials and semi-manufactured products to the highest extent possible.
- Waste recycling and reduction of resource consumption.
- CO_2-neutral production of selected products.
- Food safety and quality.

ENERGY

In 2014 energy consumption developed satisfactorily for Royal Unibrew as a whole. Energy consumption per unit produced decreased by 8.7% to 86.7 MJ/hl. The reduced consumption is the result of partly the effect of measures introduced in 2013, partly the effect of the integration of Hartwall's Lahti brewery into the energy accounts.

Energy consumption at the Danish breweries was 73.6 MJ/hl in 2014 – slightly more than 1.5% below the 2013 figure.

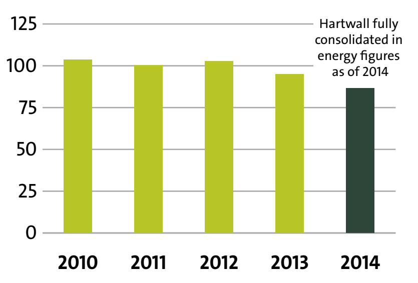
At the Albani brewery in Denmark, reduced evaporation during wort boiling as well as the installation of an air preheater on the gas boiler contributed towards energy savings, and LED lights at both Danish and foreign breweries also reduced energy consumption. At the Faxe brewery, the PET line and cleaning processes were furthermore optimised, and buildings were insulated, which reduced energy consumption further.

At the distribution warehouse in Lithuania, a new, energy-efficient heating system was installed, and increased warehouse efficiency and optimisation of palletisation result in better utilisation of the vehicle capacity. Moreover, the average order size has been increased by 7% in Lithuania and by 6% in Latvia resulting in lower fuel consumption per hectolitre distributed.

The Finnish Hartwall brewery initiated an electricity saving project by replacing approx 1,350 of 10,000 light sources

ENERGY CONSUMPTION

(Mega Joules per produced hectoliter)



with LED lights, which are four times as energy-efficient as the existing light sources. Additional energy optimisation was made through optimisation of the production of PET bottles.

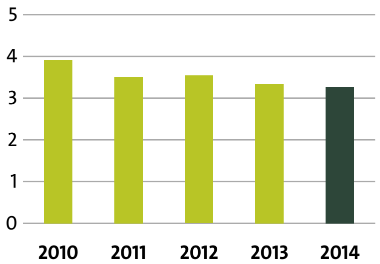
Selected targets for 2015

2014 was to some extent affected by preparation for future, major investments in energy-conserving measures. These include:

- During an in-depth process review at the Faxe brewery in Denmark, further potential for reducing energy consumption was identified in 2014. The review will form the basis of future improvements.
- In Denmark the Faxe brewery will participate in two projects under ”Green Industrial Symbiosis”. One project on energy sharing among enterprises in Faxe and another on the use of non-drinking water for cleaning of process equipment.
- In the Baltic countries heat recovery systems will be installed at the warehouses in 2015 in order to reduce energy consumption for heating purposes.
- The Baltic countries have a target of increasing order size by 10% to further increase fuel efficiency.
- The Finnish Lahti brewery will install, among other things, a new filtering technology, bottling lines will be upgraded and the MES (Manufacturing Execution System) will be renewed.
- At the beginning of 2015, the Finnish Karijoki mineral water bottling plant will install heat exchange on the building heating system as well as in processes so that heat from incoming water as well as waste water is used for heating purposes.

WATER CONSUMPTION

(Hectoliter per produced hectoliter)



WATER CONSUMPTION AND WASTE WATER DISCHARGE

Water is an important constituent of Royal Unibrew's business, and we are therefore always on the lookout for new methods to reduce our water consumption.

Total water consumption was reduced by 2.1% to 3.3 hectolitres per hectolitre produced in 2014. Part of the reduction is attributable to the continued efforts of optimising cleaning processes, which has resulted in improved cleaning quality as well as reduced resource consumption.

At the Faxe brewery in Denmark, the crate washer was changed so as to recycle water from the bottle washing machine, which reduces water as well as energy consumption.

At the Finnish Hartwall brewery, optimisation of CIP processes (CIP: Cleaning In Place) as well as up to 20% reduction of beer and soft drinks wastage resulted in a positive development in water and energy consumption per hectolitre produced.

In 2014 waste water discharge was 2.2 hectolitres per hectolitre produced at group level, which is a 3.4% decline.

RECYCLING AND REDUCTION OF CONSUMPTION OF RESOURCES

All production sites have strong, continuous focus on consumption, including recycling, of raw materials and other resources. Efforts are made to ensure the best possible utilisation of the raw materials and resources used in order to avoid unnecessary wastage. This applies to production as well as to the other parts of the supply chain.

In Denmark the Albani brewery established recovery of heat from the wort kettle in 2014. The heat is captured and returned to the city's district heating system to avoid energy waste.

In 2014 the replacement of the distribution vehicles in Denmark with new vehicles complying with the Euro 6 requirements (the most eco-friendly lorries in the market) was commenced. This replacement is expected to continue in future years. The investment in Euro 6 vehicles is considered future proofing in relation to the increasingly stringent environmental requirements expected in Denmark. To Royal Unibrew, the replacement will imply annual savings in terms of diesel oil consumption.

In Finland the truck utilisation rate has gone up significantly due to, among other things, optimisation of pallet patterns and stacking heights. In Denmark the use of heavy goods vehicles has increased, which reduces environmental impacts.

Latvia saw an upgrade of its machinery in that all diesel and gas trucks were replaced with electrical trucks, which reduces CO_2 emissions.

Moreover, wood pallets for logistics purpose in Latvia are being replaced with plastic pallets whose life cycle is up to 10 times longer. This replacement will continue in 2015.

The Cido soft drinks factory in Latvia has started bottling natural mineral water in EcoForma containers which are up to 20% lighter than the PET bottles previously used. This has reduced packaging consumption by approx 75 tons of plastic, and emission from production has been reduced by approx 225 tons.

SELECTED TARGETS FOR 2015

- All production sites will in 2015 continue working at identifying and implementing environmental improvement measures. Targets and improvements will be realised locally at the production sites to ensure the most optimum implementation. Efforts are focused on:
  - Optimum utilisation of raw materials
  - Minimisation of wastage from all process levels

- Energy and water consumption reductions
- Increased rate of waste recycling
- Increased utilisation of transport capacity

- Indirect environmental impacts will be sought reduced through choice of raw materials, eg by using thinner plastic materials for packaging purposes.
- Continuous efforts are directed at reducing consumption of materials for glass bottles, cans and plastic containers.
- In Latvia efforts will continue to establish a return systems for beverage containers, which is expected to be introduced in 2016/17.

CO_2 NEUTRAL PRODUCTION OF ALL EGEKILDE PRODUCTS

Back in 2012 the carbon footprint of the Egekilde products was mapped throughout the chain from raw materials to delivery to Royal Unibrew's customers, and the Egekilde brand was launched as the first Danish CO_2 neutral mineral water product.

CO_2 neutrality is an ongoing process achieved by investing in environmentally sound energy through UN-certified carbon credits and by means of plastic containing up to 50% recycled material. Furthermore, continuous efforts are directed at reducing energy and resource consumption with suppliers and within production and logistics.

In 2014 the size of the screw caps on the Egekilde bottles was reduced, which reduced the total weight of the container. Each unit has thus achieved a smaller carbon footprint.

CO_2 neutrality contributed towards Egekilde becoming the market leader in 2014. Egekilde's CO_2 neutrality provides consumers with a climate-friendly purchasing option. Information on Egekilde's CO_2 neutrality is updated at Royal Unibrew's website.

Selected targets for 2015

- Updating of carbon footprint of packaging, containers and resources in the Egekilde production.
- The Egekilde range to be extended with more CO_2 neutral varieties.

FOOD SAFETY AND QUALITY

Royal Unibrew's breweries have certification under the international standards. The efforts within quality and food safety also comprise requirements from customers and licensors. Applicable HACCP (Hazard Analysis and Critical Control Points) rules have been implemented.

Brewery	Certification
Cido, Latvia	ISO22000
Lacplesis, Latvia	ISO22000
Kalnapilis, Lithuania	Forbereder ISO22000
Faxe, Denmark	ISO22000/FSSC, ISO9001, ISO14001
Albani, Denmark	ISO22000/FSSC, ISO9001, ISO14001
Lahti, Finland	ISO22000/FSSC, ISO9001, ISO14001, OHSAS 18001
Karijoki, FInland	ISO22000/FSSC, ISO9001, ISO14001, OHSAS 18001

The Albani, Lahti and Karijoki breweries were FSSC certified (FSSC: Food Safety System Certification) in 2014.

The development and interest in food safety and quality among consumers, customers and the media are on the increase, which is also reflected in Royal Unibrew's efforts in the area. 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.

Selected targets for 2015

- ISO22000 certification of the Kalnapilis brewery in Lithuania is expected in H1 2015.
- Quality assurance of the quality analysis process according to Heineken standards considered in line with Royal Unibrew's wishes.

ANTI-CORRUPTION

Royal Unibrew works against all forms of corruption, including extortion and bribery, and the Company's activities must always be in full compliance with anti-corruption 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 staff in all sales areas are trained annually in this aspect.

Selected targets for 2015

- Our position on anti-corruption to be stated in all contexts, both internally in the supply chain and externally in the cooperation with customers and suppliers.
- Anti-corruption training of new sales staff and follow-up training of other employees to be carried out.

COMPETITION

Royal Unibrew's business should always be conducted in full compliance with applicable competition regulation irrespective of the place of operation. To ensure this, Royal Unibrew has implemented a competition law compliance programme comprising a manual and guidelines as well as regular training and follow-up, eg through regular internal controls.

Selected targets for 2015

- Continuous monitoring and updating of compliance with competition law.
- Training of new sales staff in existing rules.
- Updating of other sales staff on existing rules.

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 2014.

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 2014 as well as of the results of the Group and Company operations and cash flows for the financial year 1 January – 31 December 2014.

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, 10 March 2015

EXECUTIVE BOARD

Henrik Brandt President & CEO	Lars Jensen CFO	Johannes F.C.M. Savonije COO

BOARD OF DIRECTORS

Kåre Schultz Chairman	Walther Thygesen Deputy Chairman	
Marting Alsø	Ingrid Jonasson Blank	Jørgen-Anker Ipsen
Kirsten Liisberg	Søren Lorentzen	Jens Due Olsen
Karsten Matthias Slotte	Jais Valeur	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 2014, 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 2014 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 2014 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, 10 March 2015

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Eskild N. Jakobsen
State Authorised Public Accountant

Niels-Jørgen Andersen
State Authorised Public Accountant

Consolidated Financial Statements

Consolidated Income Statement for 1 January - 31 December

DKK '000	Note	2014	2013
Net revenue	**4**	**6,055,898**	**4,480,998**
Production costs	5, 6	-2,906,089	-2,195,788
Gross profit		**3,149,809**	**2,285,210**
Sales and distribution expenses	5, 6	-1,987,350	-1,448,530
Administrative expenses	5, 6	-336,241	-264,090
Other operating income	6	0	2,642
Other operating expenses	6, 25	0	-15,161
EBIT		**826,218**	**560,071**
Income after tax from investments in associates	13	34,808	33,552
Financial income	7	8,174	4,345
Financial expenses	8	-68,596	-49,685
Profit before tax		**800,604**	**548,283**
Tax on the profit for the year	9	-176,439	-68,707
Net profit for the year		**624,165**	**479,576**
Earnings per share (DKK)	18	56.5	45.9
Diluted earnings per share (DKK)	18	56.2	45.8

Consolidated Statement of Comprehensive Income for 1 January - 31 December

DKK '000	Note	2014	2013
Net profit for the year		624,165	479,576
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange adjustment of foreign group enterprises		-14,184	-11,638
Value adjustment of hedging instruments, beginning of year		46,039	59,239
Value adjustment of hedging instruments, end of year		-32,677	-46,039
Tax on other comprehensive income	9	-2,336	-4,105
Total		**-3,158**	**-2,543**
Items that may not be reclassified to the income statement			
Revaluation of non-current assets		70,000	90,000
Tax on revaluation	9	-16,100	-19,000
Actuarian loss on pension schemes		-2,791	
Tax on actuarian loss on pension schemes		558	
Total		51,667	71,000
Other comprehensive income after tax	**10**	**48,509**	**68,457**
Total comprehensive income		**672,674**	**548,033**

Balance sheet

DKK '000	Note	2014	2013
ASSETS AT 31 DECEMBER			
NON-CURRENT ASSETS			
Intangible assets	11	2,941,247	2,944,042
Project development properties	12	238,439	290,539
Property, plant and equipment	12	2,331,310	2,418,402
Investments in associates	13	136,249	132,523
Other fixed asset investments	14	16,768	24,085
Non-current assets		**5,664,013**	**5,809,591**
CURRENT ASSETS			
Inventories	15	312,041	330,459
Receivables	16	536,320	505,724
Corporation tax	9	0	11,754
Prepayments	17	20,011	23,022
Cash at bank and in hand		491,453	243,962
Current assets		**1,359,825**	**1,114,921**
Assets		**7,023,838**	**6,924,512**
LIABILITIES AND EQUITY AT 31 DECEMBER			
EQUITY			
Share capital		110,985	110,985
Other reserves		917,142	927,335
Retained earnings		1,446,170	1,094,657
Proposed dividend		344,054	0
Equity	**18**	**2,818,351**	**2,132,977**
Deferred tax	19	431,774	457,571
Mortgage debt	2	1,012,807	747,742
Credit institutions	2	859,108	1,097,291
Other payables		24,713	17,318
Non-current liabilities		**2,328,402**	**2,319,922**
Mortgage debt	2	164,480	14,159
Credit institutions	2	7,649	763,978
Trade payables		810,529	807,486
Corporation tax	9	22,156	0
Other payables	20	872,271	885,990
Current liabilities		**1,877,085**	**2,471,613**
Liabilities	**21**	**4,205,487**	**4,791,535**
Liabilities and equity		**7,023,838**	**6,924,512**

Consolidated Cash Flow Statement for 1 January - 31 December

DKK '000	Note	2014	2013
Net profit for the year		624,165	479,576
Adjustments for non-cash operating items	22	515,677	255,576
		1,139,842	**735,152**
Change in working capital:			
Receivables		-29,751	-176
Inventories		18,533	34,518
Payables		-22,967	56,587
Cash flow from operating activities before financial income and expenses		**1,105,657**	**826,081**
Financial income		1,669	4,345
Financial expenses		-60,759	-59,635
Cash flow from operating activities		**1,046,567**	**770,791**
Corporation tax paid		-151,126	-117,976
Cash flow from operating activities		**895,441**	**652,815**
Dividends received from subsidiaries and associates		24,346	20,474
Sale of property, plant and equipment		135,278	87,546
Corporation tax paid		-24,500	-19,168
Purchase of property, plant and equipment		-206,310	-143,394
Free cash flow		**824,255**	**598,273**
Business acquisitions	25	0	-2,775,124
Acquisition/sale of intangible assets and fixed asset investments		2,005	-7,023
Cash flow from investing activities		**-69,181**	**-2,836,689**
Debt financing:			
Proceeds from increased debt		425,788	1,925,967
Repayment of debt		-1,004,674	-5,832
Shareholders:			
Dividends paid to shareholders		0	-242,107
Acquisition of shares for treasury		0	-110,189
Proceeds from share issue		0	561,214
Sale of treasury shares		0	25,131
Cash flow from financing activities		**-578,886**	**2,154,184**
Change in cash and cash equivalents		247,374	-29,690
Cash and cash equivalents at 1 January		243,962	273,775
Exchange adjustment		117	-123
Cash and cash equivalents at 31 December		**491,453**	**243,962**

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

DKK '000	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-18,970**	**-46,039**	**927,335**	**1,094,657**	**0**	**2,132,977**
Changes in equity in 2014									
Profit for the year						0	**624,165**		624,165
Other comprehensive income			53,900	-13,666	13,362	53,596	**-5,087**		48,509
Revaluation reserves realised			-63,789			-63,789	**63,789**		0
Total comprehensive income	**0**	**0**	**-9,889**	**-13,666**	**13,362**	**-10,193**	**682,867**	**0**	**672,674**
Proposed dividend						0	**-377,349**	377,349	0
Share-based payments						0	**9,900**		9,900
Tax, equity postings, shareholders							**2,800**		2,800
Total shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**-364,649**	**377,349**	**12,700**
Total changes in equity in 2014	**0**	**0**	**-9,889**	**-13,666**	**13,362**	**-10,193**	**318,218**	**377,349**	**685,374**
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-32,636**	**-32,677**	**917,142**	**1,412,875**	**377,349**	**2,818,351**

The share capital at 31 December 2014 amounts to DKK 110,985,000 and is distributed on shares of DKK 10 each.

DKK '000	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2012	**105,700**	**319,205**	**112,320**	**-5,719**	**-59,239**	**366,567**	**621,648**	**253,680**	**1,347,595**
Changes in equity in 2013									
Profit for the year						0	**479,576**		479,576
Other comprehensive income			71,000	-13,251	13,200	70,949	**-2,492**		68,457
Revaluation reserves realised			-46,815			-46,815	**46,815**		0
Total comprehensive income	**0**	**0**	**24,185**	**-13,251**	**13,200**	**24,134**	**523,899**	**0**	**548,033**
Increase of capital	10,085	551,129				551,129			561,214
Dividends paid to shareholders						0		-242,107	-242,107
Dividend on treasury shares						0	**11,573**	-11,573	0
Acquisition of shares for treasury						0	**-110,189**		-110,189
Sale of treasury shares						0	**25,131**		25,131
Share-based payments						0	**3,300**		3,300
Reduction of capital	-4,800	-14,495				-14,495	**19,295**		0
Total shareholders	**5,285**	**536,634**	**0**	**0**	**0**	**536,634**	**-50,890**	**-253,680**	**237,349**
Total changes in equity in 2013	**5,285**	**536,634**	**24,185**	**-13,251**	**13,200**	**560,768**	**473,009**	**-253,680**	**785,382**
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-18,970**	**-46,039**	**927,335**	**1,094,657**	**0**	**2,132,977**

Notes to Consolidated Annual Report

Notes to Consolidated Annual Report

NOTE 1 BASIS OF PREPARATION OF CONSOLIDATED ANNUAL REPORT

BASIS OF PREPARATION

Royal Unibrew A/S is a limited liability company registered in Denmark. The Financial Statements for the period 1 January - 31 December 2014 presented in the Annual Report comprise both Consolidated Financial Statements of Royal Unibrew A/S and its subsidiaries (Group) and separate Parent Company Financial Statements.

The Financial Statements of Royal Unibrew for 2014 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 Board of Directors and the Executive Board considered and adopted the Annual Report of Royal Unibrew A/S for 2014 on 10 March 2015. The Annual Report will be submitted for adoption by the shareholders of Royal Unibrew A/S at the Annual General Meeting on 28 April 2015.

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

§ SIGNIFICANT ACCOUNTING POLICIES

This section describes the general accounting policies applied and critical accounting estimates made by Royal Unibrew. A detailed description of the accounting policies applied and critical estimates made with respect to specific reported amounts is presented in the relevant notes. The purpose of this is to create full transparency of the disclosed amounts by providing a total description of the relevant accounting policy, the critical estimates and the numerical information for each note.

The description of accounting policies in the notes constitutes part of the overall description of Royal Unibrew's accounting policies.

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 2014. These comprise:

- IFRS 10, Consolidated Financial Statements
- Amendment of IFRS 11, Joint Arrangements, to the effect that joint ventures are recognised at equity value
- Amendment of IFRS 12 concerning additional disclosures of interests in other entities

Standards and IFRICs adopted by the IASB and the EU which take effect for the financial year 2014 have not impacted the Annual Report other than by way of a few additional disclosures.

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 2015 or later. The following standard is relevant for Royal Unibrew:

- IFRS 9 "Financial instruments", which replaces IAS 39, changes the classification and, thus, the measurement of financial assets and liabilities.

The above standard is 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.

Notes to Consolidated Annual Report

NOTE 1 BASIS OF PREPARATION OF CONSOLIDATED ANNUAL REPORT (CONTINUED)

Acquired enterprises are recognised as of the date of acquisition. Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal.

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 presentation 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.

CRITICAL 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.

JUDGEMENTS AS AN ELEMENT IN SIGNIFICANT 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 2014, the following judgments have been made materially affecting the related items as described in relevant notes, see list below.

CRITICAL 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 2014, the following critical estimates have been made as desribed in the notes, see list below.

Accounting policies, judgements as an element in significant accounting policies as well as critical accounting estimates are described in the notes:

				Note
Derivative financial instruments	§	🔧		2
Segment reporting	§			3
Net revenue	§			4
Share-based payments	§		⚖	5
Expenses	§	🔧		6
Financial income and expenses	§			8
Corporation tax	§			9
Intangible assets	§		⚖	11
Property, plant and equipment	§	🔧	⚖	12
Investments in associates	§			13
Other fixed asset investments	§		⚖	14
Inventories	§			15
Receivables	§		⚖	16
Prepayments	§			17
Equity	§			18
Deferred tax	§		⚖	19
Repurchase obligation packaging in circulation	§		⚖	20
Debt	§	🔧		21
Cash Flow Statement	§			22
Business combinations	§		⚖	25

= Comments to the note

Descriptive notes to Consolidated Annual Report

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 reflected through the activities in the subsidiaries and the Parent Company's export activities where cash flows are earned in foreign currencies, and in connection with the purchase of raw materials in EUR and USD, including purchases which involve 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, which are hedged actively according to the Treasury Policy. EUR is not hedged as the risk is immaterial provided that the existing 0.5% band of DKK to EUR under Denmark's monetary policy is maintained. 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, USD and GBP. The key currency risks are related to GBP and USD. In the short term, a one percentage point increase in DKK against the other currencies will affect the Group's profit before tax negatively by approx DKK 5 million.

The total gross currency risk (before hedging) on the balance sheet items was calculated at 31 December 2014. The following table shows the sensitivity to a positive change in the cross rates at 31

DKK '000	Change	Earnings impact before tax 2014	Earnings impact before tax 2013	Equity impact 2014	Equity impact 2013
EUR	0.1%	-676	-1,362	2,586	1,925
USD	10%	2,008	1,332	2,763	1,986
GBP	10%	5	623	2,015	2,438

December 2014 with all other variables remaining unchanged. A negative change has a corresponding effect merely with the sign reversed.

Royal Unibrews translation risk relates primarily to Finland and Latvia (EUR) as well as Lithuania (LTL and as of 2015 EUR). 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 substantially related to the Group's loan portfolio which is primarily denominated in DKK and EUR. 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 2014, mortgage debt amounted to DKK 1,157 million (2013: DKK 762 million) with an average term to maturity of 13 years (2013: 15 years). Bank debt comprises committed bank credit facilities with an agreed term to maturity of up to 37 months (2013: 54 months). A one percentage point interest rate change will affect the Group's interest expenses by approx +/- DKK 9 million (2013: approx. +/- DKK 20 million), and the interest expenses in the Parent Company by +/- DKK 4 million (2013: approx +/- DKK 19 million). 59% is fixed-interest through the Group's hedging of interest rate risk with a fixed-interest period of up to 3 years (2013: 4 years).

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

Descriptive notes to Consolidated Annual Report

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

accordance with the credit rating criteria determined in the Treasury Policy.

Royal Unibrew seeks to limit risks relating to credit granting to customers in export markets through extensive use of insurance cover and other types of hedging of payments. Where effective hedges cannot be established, Royal Unibrew has established procedures for approval of such risks. There are no material credit risks on individual customers. Credit risks relating to trade receivables are reduced by setting off accrued bonus. At 31 December 2014 accrued bonus amounts to DKK 62 million (2013: DKK 89 million) set off against trade receivables.

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

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 2014, 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%.

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 +/-10% change in the price of aluminium would have a P/L effect at group level of approx +/- DKK 6 million.

OTHER RISKS
Market risks have in 2014 affected Royal Unibrew's results materially, which may also be the case in future years. Currently, the economic development in many of the Group's markets and the resulting consumer reluctance 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 Danish and Italian markets; with the acquisition of Hartwall, Finland has become the single key market. In 2014 these markets accounted for 73% (2013: 63%) of consolidated revenue. Changes to consumption patterns or the competitive situation in these markets could therefore influence Royal Unibrew's results materially. Changes to consumption patterns in the Group's 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 tax policies in the Group's respective markets. For example, a change of the Danish and Finnish 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 and Estonia.

Legislative changes with respect to permitted types of containers and returning of containers could also result in 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 Guidelines determine 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.

Descriptive notes to Consolidated Annual Report

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

DKK '000	Period	2014 Deferred gain (+) / loss (-)	2013 Deferred gain (+) / loss (-)
Forward contracts:			
GBP	0 - 1 year	-475	-169
SEK	0 - 1 year	0	-37
Total		**-475**	**-206**
Raw material contracts		**-3,898**	**-6,122**

DKK '000	Period	2014 Deferred gain (+) / loss (-)	2013 Deferred gain (+) / loss (-)
Interest rate swaps:			
Mortgage and bank loans	2015-2017	-28,304	-39,711
		-32,677	**-46,039**

The derivative financial instruments applied in 2014 and 2013 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 to Consolidated Annual Report

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

	31/12 2014				
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	2,044,044	173,010	993,102	877,932	2,044,044
Interest expenses	214,354	41,439	70,228	102,687	
Trade payables and repayment obligation re packaging	810,529	810,529			810,529
Other payables	916,640	891,927	24,713		916,640
Total	**3,985,567**	**1,916,905**	**1,088,043**	**980,619**	**3,771,213**

The debt breaks down on the categories "debt at amortised cost" with DKK 3,738 million and "debt at fair value" with DKK 33 million. The fair value of the total debt is assessed to equal carrying amount.

	31/12 2013				
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	2,623,170	778,137	967,790	877,243	2,623,170
Interest expenses	183,349	37,948	76,275	69,126	
Trade payables and repayment obligation re packaging	807,486	807,486			807,486
Other payables	903,308	885,990	17,318		903,308
Total	**4,517,313**	**2,509,561**	**1,061,383**	**946,369**	**4,333,964**

The debt breaks down on the categories "debt at amortised cost" with DKK 4,288 million and "debt at fair value" with DKK 46 million. The fair value of the total debt is assessed to equal carrying amount.

§ 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.

DERIVATIVE FINANCIAL INSTRUMENTS

When entering into derivative financial instruments, Management exercises judgement to determine 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.

Descriptive notes to Consolidated Annual Report

NOTE 3 SEGMENT REPORTING

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

DKK '000	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2014					
Net revenue	2,674.6	2,974.8	406.5		6,055.9
Earnings before interest and tax (EBIT)	483.7	295.3	83.9	-36.7	826.2
Net financials	-0.7	-15.4	-0.2	-44.1	-60.4
Share of income from associates	34.8				34.8
Profit/loss before tax	517.8	279.9	83.7	-80.8	800.6
Tax				-176.4	-176.4
Profit/loss for the year	517.8	279.9	83.7	-257.2	624.2
Assets*	1,552.6	5,064.3	32.3	238.4	6,887.6
Associates	136.2				136.2
Total assets	**1,688.8**	**5,064.3**	**32.3**	**238.4**	**7,023.8**
Purchase of property, plant and equipment	133.6	72.3	0.4		206.3
Liabilities**	**883.9**	**1,816.7**	**4.7**	**1,500.2**	**4,205.5**
Sales (million hectolitres)	3.7	4.7	0.6		9.0

* Unallocated assets include project development properties.
** Unallocated liabilities include the Parent Company's interest-bearing debt..

DKK '000	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2013					
Net revenue	2,650.3	1,450.2	380.5		4,481.0
Earnings before interest and tax (EBIT)	424.0	101.6	81.3	-46.8	560.1
Net financials	-0.2	-9.9	-0.4	-34.8	-45.3
Share of income from associates	33.5				33.5
Profit/loss before tax	457.3	91.7	80.9	-81.6	548.3
Tax				-68.7	-68.7
Profit/loss for the year	457.3	91.7	80.9	-150.3	479.6
Assets*	1,472.5	4,986.2	42.8	290.5	6,792.0
Associates	132.5				132.5
Total assets	**1,605.0**	**4,986.2**	**42.8**	**290.5**	**6,924.5**
Purchase of property, plant and equipment	111.9	31.5			143.4
Purchase of property, plant and equipment on acquisition		1,245.4			1,245.4
Purchase of intangible assets on acquisitiion		2,582.9			2,582.9
Liabilities**	**898.0**	**1,371.4**	**6.2**	**2,515.9**	**4,791.5**
Sales (million hectolitres)	3.6	2.8	0.6		7.0

* Unallocated assets include project development properties.
** Unallocated liabilities include the Parent Company's interest-bearing debt.

Descriptive notes to Consolidated Annual Report

NOTE 3 SEGMENT REPORTING (CONTINUED)

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

	2014		2013	
DKK '000	Net revenue	Non-current assets	Net revenue	Non-current assets
Denmark	1,492.8	1,101.8	1,450.8	905.8
Finland	2,320.5	3,829.0	786.6	3,800.1
Italy			606.6	26.4
Germany			564.9	
Other countries	2,242.6	494.8	1,072.1	786.7
Unallocated		238.4		290.5
Total	**6,055.9**	**5,664.0**	**4,481.0**	**5,809.5**

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. Consequently no information for 2014 is given on Italy and Germany.

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

Descriptive notes to Consolidated Annual Report

NOTE 3 SEGMENT REPORTING (CONTINUED)

Segment reporting 2010 - 2014
The Group's activities break down as follows on segments:

DKK '000	Western Europe	Baltic Sea	Malt Beverages and Exports	Unallocated	Total
2014					
Net revenue	2,674.6	2,974.8	406.5		6,055.9
Operating profit/loss	483.7	295.3	83.9	-36.7	826.2
Assets	1,688.8	5,064.3	32.3	238.4	7,023.8
Liabilities	883.9	1,816.7	4.7	1,500.2	4,205.5
Sales (million hectolitres)	**3.7**	**4.7**	**0.6**		**9.0**
2013					
Net revenue	2,650.3	1,450.2	380.5		4,481.0
Operating profit/loss	424.0	101.6	81.3	-46.8	560.1
Assets	1,605.0	4,986.2	42.8	290.5	6,924.5
Liabilities	898.0	1,371.4	6.2	2,515.9	4,791.5
Sales (million hectolitres)	**3.6**	**2.8**	**0.6**		**7.0**
2012					
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**
2011					
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**
2010					
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**

§ 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.

Descriptive notes to Consolidated Annual Report

NOTE 3 SEGMENT REPORTING (CONTINUED)

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.

The segment names were changed in 2014, while the activities included are unchanged:

New	Previous
Western Europe	Western Europe
Baltic Sea	North East Europe
Malt beverages and Exports	Malt Beverages

NOTE 4 NET REVENUE

DKK '000	2014	2013
Net revenue	**6,055,898**	**4,480,998**

§ NET 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.

Notes to Consolidated Income Statement

NOTE 5 STAFF EXPENSES

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

DKK '000	2014	2013
Salaries to Executive Board	12,850	12,010
Ordinary bonus scheme for Executive Board	6,038	5,658
Long-term bonus scheme for Executive Board	2,108	6,981
Share-based payments to Executive Board (restricted shares)	9,900	3,300
Remuneration of Executive Board	30,896	27,949
Remuneration of Board of Directors	3,229	2,875
	34,125	**30,824**
Wages and salaries	760,610	590,374
Contributions to pension schemes	56,331	53,207
	816,941	**643,581**
Other social security expenses	7,839	8,193
Other staff expenses	25,186	27,042
Total	**884,091**	**709,640**
Average number of employees	2,374	1,935

SHARE-BASED PAYMENTS

The share-based payments to the Executive Board comprise a maximum of 60,000 restricted (conditional) shares allotted for no consideration vesting in the period 1 September 2013 to 31 December 2016.

The receipt of shares is conditional on continued employment in the period up until the Board of Directors' adoption of the Annual Report for 2016, and on the employee not having handed in notice. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved.

§ SHARE-BASED PAYMENTS

The Group only has schemes classified as equity-settled schemes. Restricted shares 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 restricted shares, the number of shares expected to vest is estimated. Subsequently, the estimate of the number of restricted shares is revised so that the total recognition is based on the actual number of shares allotted.

SHARE-BASED PAYMENTS

The fair value of the expected allotment of restricted shares is estimated under the Black-Scholes model. In determining fair value, conditions and terms related to the restricted shares are taken into account.

The market value at the beginning of the vesting period has been calculated under the Black-Scholes model at DKK 550 per share, corresponding to DKK 33 million for the maximum number of shares. The market value is charged to the income statement on a straight-line basis over the vesting period, corresponding to the rate at which the conditions for the allotment of the shares are expected to be met. The conditions are expected to be fully met at 31 December 2014 (2013: 100%).

Notes to Consolidated Income Statement

NOTE 6 EXPENSES BROKEN DOWN BY TYPE

DKK '000	2014	2013
The aggregated		
Production costs	2,906,089	2,195,788
Sales and distribution expenses	1,987,350	1,448,530
Administrative expenses	336,241	264,090
Total	**5,229,680**	**3,908,408**
broken down by type as follows:		
Raw materials and consumables	2,304,645	1,777,950
Wages, salaries and other staff expenses	884,091	709,640
Operating and maintenance expenses	288,580	203,274
Distribution expenses and carriage	502,313	276,552
Sales and marketing expenses	749,535	617,801
Bad trade debts	11,399	8,004
Office supplies etc	185,393	143,407
Depreciation and profit from sale of property, plant and equipment	303,724	171,780
Total	**5,229,680**	**3,908,408**

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

DKK '000	2014	2013
Production costs	195,182	104,358
Sales and distribution expenses	84,712	54,039
Administrative expenses	23,830	13,383
Total	**303,724**	**171,780**

Fee to auditors

DKK '000	2014	2013
Fee for the audit of the Annual Report:		
Ernst & Young	2,060	1,988
Total	**2,060**	**1,988**
Ernst & Young fee for non-audit services:		
Tax assistance	146	221
Other assurance assistance	50	277
Other assistance	576	717
Total	**772**	**1,215**

Notes to Consolidated Income Statement

NOTE 6 EXPENSES BROKEN DOWN BY TYPE (CONTINUED)

§ EXPENSES

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 plant and machinery.

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, acquisition costs, etc.

LEASES

When entering into leases, Management makes a judgement based on the following factors in order to identify whether the leases should be classified as finance or operating leases.

- The characteristics of the assets to which the leases relate
- The term of the leases as compared to the useful lives of the assets
- The amount of the minimum lease payments over the term of the leases
- Matters concerning purchase obligations and ownership of the assets in question

At this time, Royal Unibrew has both finance and operating leases.

Notes to Consolidated Income Statement

NOTE 7 FINANCIAL INCOME

DKK '000	2014	2013
Interest income		
Cash at bank and in hand	62	242
Trade receivables	1,507	318
Other financial income	1,482	2,614
Exchange adjustments		
Cash at bank and in hand and external loans	805	
Trade payables	461	363
Trade receivables	3,296	
Intercompany loans	561	
Forward contracts		808
Total	**8,174**	**4,345**

NOTE 8 FINANCIAL EXPENSES

DKK '000	2014	2013
Interest expenses		
Mortgage credit institutes	33,849	25,457
Credit institutions	33,033	12,121
Other payables		225
Exchange adjustments		
Cash at bank and in hand and external loans		989
Trade receivables		1,698
Forward contracts	1,585	507
Other financial expenses	129	8,688
Total	**68,596**	**49,685**

§ FINANCIAL INCOME AND EXPENSES

Financial income and financial expenses comprise interest, costs of factoring, 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.

Notes to Consolidated Income Statement

NOTE 9 TAX ON THE PROFIT FOR THE YEAR

DKK '000	2014	2013
Tax on the taxable income for the year	208,968	133,056
Adjustment of previous year	2,580	-443
Adjustment of deferred tax	-20,031	-40,801
Total	**191,517**	**91,812**
which breaks down as follows:		
Tax on profit for the year	176,439	68,707
Tax on other comprehensive income	17,878	23,105
Tax on equity postings, shareholders	-2,800	
Total	**191,517**	**91,812**
Current Danish tax rate	24.5	25.0
Adjustment of previous year	0.3	
Income from associates after tax	-1.0	-1.5
Effect on tax rate of permanent differences	0.1	4.9
Changes to tax rates	-0.6	-11.8
Differences in effective tax rates of foreign subsidiaries	-1.3	-4.1
Effective tax rate	**22.0**	**12.5**

§ TAX ON THE PROFIT FOR THE YEAR

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).

§ 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.

Notes to Consolidated Income Statement

NOTE 10 COMPREHENSIVE INCOME

DKK '000	2014	2013
Realised hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges of	-4,697	1,065
Production costs include foreign currency and commodity hedges of	764	-9,437
Financial income and expenses include currency, commodity and interest rate hedges of	-15,941	-18,832
Total	**-19,874**	**-27,204**

NOTE 11 INTANGIBLE ASSETS

DKK '000	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at 1 January 2014	1,430,378	1,239,438	229,776	67,747	2,967,339
Exchange adjustment	-2,550	-2,659	-501	-152	-5,862
Additions on acquisition, cf. note 25	24,000				24,000
Additions			5,223		5,223
Cost at 31 December 2014	**1,451,828**	**1,236,779**	**234,498**	**67,595**	**2,990,700**
Amortisation and impairment losses at 1 January 2014	0	-3,336	-15,184	-4,777	-23,297
Exchange adjustment		-102	139	33	70
Amortisation for the year			-12,685	-13,541	-26,226
Amortisation and impairment losses at December 2014	**0**	**-3,438**	**-27,730**	**-18,285**	**-49,453**
Carrying amount at 31 December 2014	**1,451,828**	**1,233,341**	**206,768**	**49,310**	**2,941,247**
Cost at 1 January 2013	244,882	127,485	11,831		384,198
Exchange adjustment	64	130	41	13	248
Additions on acquisition, cf. note 25	1,185,432	1,111,823	217,904	67,734	2,582,893
Cost at 31 December 2013	**1,430,378**	**1,239,438**	**229,776**	**67,747**	**2,967,339**
Amortisation and impairment losses at 1 January 2013	0	-3,416	-10,159		-13,575
Exchange adjustment		80	-1	-1	78
Amortisation for the year			-5,024	-4,776	-9,800
Amortisation and impairment losses at 31 December 2013	**0**	**-3,336**	**-15,184**	**-4,777**	**-23,297**
Carrying amount at 31 December 2013	**1,430,378**	**1,236,102**	**214,592**	**62,970**	**2,944,042**

GOODWILL AND TRADEMARKS

Goodwill and trademarks with indefinite useful lives relating to Hartwall (Finland) and to Cido and Kalnapilis (the Baltic countries) each represents more than 10% of the total value of goodwill and trademarks.

§ GOODWILL

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations" in note 25. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Notes to Consolidated Balance Sheet

NOTE 11 INTANGIBLE ASSETS (CONTINUED)

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, DISTRIBUTION RIGHTS AND CUSTOMER RELATIONS

Trademarks, distribution rights and customer relations 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, distribution rights and customer relations are amortised on a straight-line basis over their estimated useful lives.

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 marketing.

Distribution rights are amortised on a straight-line basis over their estimated useful lives, maximum 20 years. Customer relations are amortised on a straigt-line basis over their estimated useful lives, maximum 5 years.

Goodwill and 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.

Impairment test of goodwill and trademarks
The impairment test in 2014 as in 2014 did not give rise to recognising any impairment losses.

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

DKK '000	Goodwill	Trademarks	Total	Share
2014				
Western Europe	80,645	2,990	83,635	3%
Baltic Sea*	1,363,431	1,230,351	2,593,782	97%
Malt Beverages and Exports	7,752		7,752	0%
Total	**1,451,828**	**1,233,341**	**2,685,169**	**100%**

* most of the values relates to Finland

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 2015-2017 approved by Management as well as estimated market driven discount rates and growth rates.

Notes to Consolidated Balance Sheet

NOTE 11 INTANGIBLE ASSETS (CONTINUED)

Only limited revenue growth is expected in the medium term as several of Royal Unibrew's markets are generally seeing minor structural declines in the total beverage market. The Baltic Sea segment is expected to see continuously declining consumption in Finland and stable consumption in the Baltic countries. Through increased focus on exploiting commercial opportunities and innovation, Royal Unibrew expects to be able to maintain its revenue at the current level in Finland and to realise limited revenue growth in the Baltic countries. Gross margins are assumed to remain stable at the current level through continued focus on continuous efficiency enhancement. The key assumptions underlying the calculation of recoverable amount are as indicated below.

	Western Europe	Baltic Sea	Malt beverages and Exports
Growth rate 2018-2021	1%	0-4%	0%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	6.5%	6,6-8,6%	15.5%

The forecasted results for 2015-2017 approved by Management are based on previously achieved 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.

DKK '000	Goodwill	Trademarks	Total	Share
2013				
Western Europe	80,645	2,990	83,635	3%
North East Europe (from 2014: Baltic Sea)	1,342,466	1,233,112	2,575,578	97%
Malt Beverages (from 2014: Malt Beverages and Exports)	7,267		7,267	0%
Total	**1,430,378**	**1,236,102**	**2,666,480**	**100%**

The key assumptions underlying the calculation of recoverable amount in 2013 were:

	Western Europe	Baltic Sea	Malt beverages and Exports
Growth rate 2017-2020	1%	0-4%	2%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	6.0%	5.7-9.5%	15.5%

The forecasted results approved by Management are based on previously achieved 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.

§ 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.

Notes to Consolidated Balance Sheet

NOTE 11 INTANGIBLE ASSETS (CONTINUED)

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.

INTANGIBLE ASSETS

In relation to trademarks, Management makes an annual judgement to determine whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past estimates of indefinite useful lives may be maintained.

An annual impairment test is made of the values recognised in the Financial Statements of goodwill and trademarks assessed to have indefinite lives which are therefore not amortised. For a description of the discount rates and growth rates applied in connection with the impairment test of goodwill and trademarks as well as other assumptions of the impairment test, reference is made to the above note.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Project development properties	Land and buildings	Plant and machinery	Other fixtures, and fittings, tools and equipment	Property, plant and equipment in progress	Other property, plant and equipment Total
Cost at 1 January 2014	145,703	1,701,646	2,018,783	645,866	38,164	4,404,459
Exchange adjustment		-2,320	-1,904	-416	-25	-4,665
Additions	2,905	21,088	59,993	78,456	43,868	203,405
Disposals	-54,073	-2,780	-8,930	-40,830		-52.540
Transfers for the year		2,502	14,625	19,322	-36,449	0
Cost at 31 December 2014	**94,535**	**1,720,136**	**2,082,567**	**702,398**	**45,558**	**4,550,659**
Depreciation and impairment losses at 1 January 2014	144,836	-440,141	-1,138,516	-407,400	0	-1,986,057
Exchange adjustment		387	1,054	500		1,941
Depreciation for the year		-65,096	-122,394	-91,003		-278,493
Revaluations for the year	70,000					
Reversal of depreciation and impairment of assets sold and discontinued	-70,932	791	7,961	34,508		43,260
Depreciation and impairment losses at 31 December 2014	**143,904**	**-504,059**	**-1,251,895**	**-463,395**	**0**	**-2,219,349**
Carrying amount at 31 December 2014	**238,439**	**1,216,077**	**830,672**	**239,003**	**45,558**	**2,331,310**
Finance lease assets included above						
Cost			65,140			
Depreciation and impairment losses			-9,566			
Carrying amount at 31 December 2014			**55,574**			**55,574**

Land and buildings at a carrying amount of DKK 1,017 million have been provided as security for mortgage debt of DKK 1,161 million
Leased assets at a carrying amount of DKK 55.6 million have been provided as security for lease commitments totalling DKK 60.1 million.

Notes to Consolidated Balance Sheet

NOTE 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

DKK '000	Project development properties	Land and buildings	Plant and machinery	Other fixtures, and fittings, tools and equipment	Property, plant and equipment in progress	Other property, plant and equipment Total
Cost at 1 January 2013	158,842	968,483	1,512,170	540,601	67,531	3,088,785
Exchange adjustment		312	340	-4	3	651
Additions	2,901	2,882	57,271	44,432	35,908	140,493
Additions on acquisition		720,988	402,974	112,487	8,901	1,245,350
Disposals	-16,040	-52	-14,243	-56,525		-70,820
Transfers for the year		9,033	60,271	4,875	-74,179	0
Cost at 31 December 2013	**145,703**	**1,701,646**	**2,018,783**	**645,866**	**38,164**	**4,404,459**
Depreciation and impairment losses at 1 January 2013	117,496	-409,283	-1,078,801	-397,698	0	-1,885,782
Exchange adjustment		-9	-42	-224		-275
Depreciation for the year		-30,901	-71,219	-58,523		-160,643
Revaluations for the year	90,000					
Reversal of depreciation and impairment of assets sold and discontinued	-62,660	52	11,546	49,045		60,643
Depreciation and impairment losses at 31 December 2013	**144,836**	**-440,141**	**-1,138,516**	**-407,400**	**0**	**-1,986,057**
Carrying amount at 31 December 2013	**290,539**	**1,261,505**	**880,267**	**238,466**	**38,164**	**2,418,402**
Finance lease assets included above						
Cost			117,774			
Depreciation and impairment losses			-4,430			
Carrying amount at 31 December 2013			**113,344**			**113,344**

Land and buildings at a carrying amount of DKK 656.5 million have been provided as security for mortgage debt of DKK 761.9 million Leased assets at a carrying amount of DKK 113.3 million have been provided as security for lease commitments totalling DKK 109 million.

PROJECT DEVELOPMENT PROPERTIES (BREWERY SITE IN AARHUS)

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. It remains Management's assessment as stated in connection with the presentation of the Financial Statements for the period 1 January - 31 December 2013 that the potential cash flow under the said co-operation agreement provides the best basis for estimating the fair value of the brewery site. Building rights for 85,475 square metres of the total 140,000 square metres of building rights at the brewery site were sold in 2012-2014 at carrying amount. In 2008, 2013 and 2014 the carrying amount was revalued by DKK 240 million, DKK 90 million and DKK 70 million, respectively. The revaluation is less deferred tax recognised in revaluation reserves in equity. The carrying amount of the remaining 54,525 square metres of building rights amounts to DKK 239 million at 31 December 2014 and does not differ materially from the currently estimated fair value. The purchaser has notified Royal Unibrew that he wishes to acquire building rights for additionally 18,900 square metres. The acquisition will be made at a value corresponding to the carrying amount at 31 December 2014.

Notes to Consolidated Balance Sheet

NOTE 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

§ PROPERTY, PLANT AND EQUIPMENT

Land and buildings, 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 capitalised.

Depreciation is calculated on a straight-line basis over the useful lives of the assets.

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.

PROPERTY, PLANT AND EQUIPMENT

The expected useful lives of the assets remain unchanged from 2013 and are as follows:

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

Management updates its estimate of the useful lives of property, plant and equipment annually.

§ LEASES

For accounting purposes, lease obligations are classified as either finance 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.

§ PROJECT DEVELOPMENT PROPERTIES

Project development properties are measured at 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.

PROJECT DEVELOPMENT PROPERTIES

With a view to ensuring adequate disclosure of the value of the brewery site in Aarhus, Management has chosen 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.

Notes to Consolidated Balance Sheet

NOTE 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECOGNITION OF PROJECT DEVELOPMENT PROPERTIES

As previously, in connection with estimating whether project development properties should be revalued, Management has also in 2014 based its estimate of the fair value on a calculation of the present value of the cash flows expected to be generated under the agreements entered into.

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. The fair value measurement is classified in level 3 of the fair value hierarchy. At 31 December 2014 Management estimates the fair value per square metre of building rights at nominally approx DKK 5,000 (2013: DKK 4,200) based on average sales proceeds (selling price less costs), an average vacancy period of 1-2 years (2013: 2-3 years) and a discount rate of 6.5% (2013: 6.5%) for the 54,525 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 2014.

The currently estimated fair value changes by approx DKK 5 million (2013: DKK 6 million) per DKK 100 change of the square metre price, by approx DKK 10 million (2013: DKK 13 million) per yearly change of the average vacancy period and by approx DKK 3 million (2013: DKK 5 million) per percentage point change of the discount rate.

Notes to Consolidated Balance Sheet

NOTE 13 INVESTMENTS IN ASSOCIATES

DKK '000	Investments in associates
Cost at 1 January 2014	44,688
Exchange adjustment	-1,622
Cost at 31 December 2014	**43,066**
Value adjustments at 1 January 2014	87,835
Exchange adjustment	-5,647
Dividend, net	-24,346
Share of profit for the year	34,808
Other comprehensive income	533
Value adjustments at 31 December 2014	**93,183**
Carrying amount at 31 December 2014	**136,249**
Cost at 1 January 2013	46,618
Reclassification, beginning of year	1,444
Exchange adjustment	-3,374
Cost at 31 December 2013	**44,688**
Value adjustments at 1 January 2013	83,164
Exchange adjustment	-9,187
Dividend, net	-20,474
Share of profit for the year	33,552
Other comprehensive income	780
Value adjustments at 31 December 2013	**87,835**
Carrying amount at 31 December 2013	**132,523**

ASSOCIATES FINANCIAL INFORMATION

Financial disclosures are provided on an aggregated basis for all associates as none of them has net revenue or a balance sheet total constituting more than 5% of those of the Consolidated Financial Statements; therefore, it is not considered essential to provide disclosures separately for each associate.

Royal Unibrew's share of:

	2014	2013
Profit from continuing operations for the year	34,808	33,552
Other comprehensive income	533	780
Comprehensive income	**35,341**	**34,332**
Share of equity	136,249	132,523
Total carrying amount at 31 December of the Group's total investments in associates	136,249	132,523

Notes to Consolidated Balance Sheet

NOTE 13 INVESTMENTS IN ASSOCIATES (CONTINUED)

§ 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.

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.

Notes to Consolidated Balance Sheet

NOTE 14 OTHER FIXED ASSET INVESTMENTS

DKK '000	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2014	68,503	8,718	77,221
Exchange adjustment	-1,799	94	-1,705
Disposals		-6,130	-6,130
Cost at 31 December 2014	**66,704**	**2,682**	**69,386**
Value adjustments at 1 January 2014	-52,772	-364	-53,136
Exchange adjustment	1,770	1	1,771
Revaluations and impairment losses for the year	-1,253		-1,253
Value adjustments at 31 December 2014	**-52,255**	**-363**	**-52,618**
Carrying amount at 31 December 2014	**14,449**	**2,319**	**16,768**
Cost at 1 January 2013	55,818	10,009	65,827
Exchange adjustment	-873	-5	-878
Additions	8,683		8,683
Additions on acquisition	4,875		4,875
Disposals		-1,286	-1,286
Cost at 31 December 2013	**68,503**	**8,718**	**77,221**
Value adjustments at 1 January 2013	-53,198	-364	-53,562
Exchange adjustment	874		874
Revaluations and impairment losses for the year	-448		-448
Value adjustments at 31 December 2013	**-52,772**	**-364**	**-53,136**
Carrying amount at 31 December 2013	**15,731**	**8,354**	**24,085**

§ 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.

OTHER INVESTMENTS

In connection with the presentation of 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. Since 2011, Management has maintained its fair value estimate of DKK 0 as these issues have not subsequently been resolved. The fair value measurement of the investments in Perla Browary Lubelskie is classified in level 3 of the fair value hierarchy.

Notes to Consolidated Balance Sheet

NOTE 15 INVENTORIES

DKK '000	2014	2013
Raw materials and consumables	109,120	106,709
Work in progress	21,880	24,016
Finished goods and goods for resale	181,041	199,734
Inventories	**312,041**	**330,459**

INVENTORIES

Indirect production costs are comprised in work in progress and finished goods with DKK 21 million (2013: DKK 26 million)

§ 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.

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.

Notes to Consolidated Balance Sheet

NOTE 16 RECEIVABLES

DKK '000	2014	2013
Trade receivables	473,569	449,228
Other receivables	62,751	56,496
Receivables	**536,320**	**505,724**

The total receivables belong to the category "assets measured at amortised cost".

Trade receivables fall due as follows:

DKK '000	31/12 2014		1/12 2013	
Not due		410,077		357,240
Due:				
From 1-15 days	65,036		84,076	
From 16-90 days	7,636		18,680	
More than 90 days	21,473	94,145	19,566	122,322
Provisions for bad debts, not due	-9,080		-6,177	
Provisions for bad debts, 1-15 days	-543		-4,263	
Provisions for bad debts, 16-90 days	-2,098		-2,256	
Provisions for bad debts, more than 90 days	-18,932	-30,653	-17,638	-30,334
Total		**473,569**		**449,228**
Provisions for bad debts, beginning of year		-30,334		-30,436
Bad debts realised during the year		9,773		8,560
Additions on acquisition				-2,490
Provision for the year		-10,092		-5,968
Total		**-30,653**		**-30,334**

Current receivables, other than trade receivables, all fall due for payment in 2015.

§ 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.

Notes to Consolidated Balance Sheet

NOTE 16 RECEIVABLES (CONTINUED)

TRADE RECEIVABLES

Receivables are written down on the basis of an individual assessment of the loss risk relating to the receivables or groups of receivables, including their maturity profiles and the current credit standing of the debtors.

NOTE 17 PREPAYMENTS

DKK '000	2014	2013
Prepayments	20,011	23,022

§ PREPAYMENTS

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

NOTE 18 EQUITY AND BASIS OF EARNINGS/CASH FLOW PER SHARE

Treasury shares held by the Parent Company:

DKK '000	Number	Nom. value	% of capital
Portfolio at 1 January 2014	60,000	600	0.5
Portfolio at 31 December 2014	**60,000**	**600**	**0.5**
Portfolio at 1 January 2013	382,948	3,829	3.6
Additions	206,638	2,067	1.9
Reduction of capital	-480,000	-4,800	-4.5
Disposals	-49,586	-496	-0.5
Portfolio at 31 December 2013	**60,000**	**600**	**0.5**

The Group holds no other treasury shares.

Basis of calculation of earnings and cash flow per share

	2014	2013
The Parent Company shareholders' share of profit for the year amounts to (DKK '000)	624,165	479,576
The average number of treasury shares amounted to (number)	60,000	203,812
The average number of shares in circulation amounted to (number)	11,038,500	10,458,688
The average number of shares in circulation incl restricted shares amounted to (number)	11,098,500	10,478,688

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 Consolidated Balance Sheet

NOTE 18 EQUITY AND BASIS OF EARNINGS/CASH FLOW PER SHARE (CONTINUED)

§ 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.

Notes to Consolidated Balance Sheet

NOTE 19 DEFERRED TAX

	2014	2013
Deferred tax at 1 January	457,571	144,795
Additions on acquisition, cf. note 25	-6,000	353,180
Change in deferred tax for the year	-6,631	19,565
Revaluation project development property	16,100	19,000
Change sale of project development property	-24,500	-19,168
Exchange adjustment	-1,201	
Changes to tax rates	-5,000	-59,801
Adjustment of previous year	1,435	
Deferred tax at 31 December	**431,774**	**457,571**
Expected due within 1 year	14,239	-202
Deferred tax relates to:		
Intangible assets	267,952	272,446
Property, plant and equipment	185,583	191,033
Current assets	-161	7,521
Non current liabilities	-5,800	
Current liabilities	-15,800	-13,429
Total	**431,774**	**457,571**

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 (2013: approx DKK 2.5 million) has not been capitalised.

§ 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.

DEFERRED TAX

Deferred tax assets, including the value of tax losses that may be carried forward for set-off against positive taxable incomes in future years, are recognised if, in Management's judgement, the possibility hereof exists. The judgement is made annually.

Notes to Consolidated Balance Sheet

NOTE 20 OTHER CURRENT PAYABLES

	2014	2013
VAT, excise duties, etc	339,481	370,737
Other payables	399,848	411,315
Repurchase obligation, returnable packaging	132,942	103,938
Total other current payables	**872,271**	**885,990**
Repurchase obligation, returnable packaging is specified as follows:		
Balance at 1 January	103,938	36,211
Additions on acquisition, cf. note 25	30,000	68,612
Adjustment for the year	-996	-885
Balance at 31 December	**132,942**	**103,938**

COMMENT

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 being sold to a larger extent in recycable non-returnable packaging against previously in returnable packaging.

§ 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.

REPURCHASE OBLIGATION RELATING TO PACKAGING IN CIRCULATION

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

Notes to Consolidated Balance Sheet

NOTE 21 DEBTS

DKK '000	2014	2013
Debts	4,205,487	4,791,535

§ 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.

DEBTS

In connection with the acquisition of Hartwall in 2013, defined benefit liabilities were acquired relating to a pension scheme which has not been offered to new employees for a number of years. At 31 December 2014, the net liability amounted to approx DKK 16 million (2013: approx DKK 13 million). Taking into account the amount of the liability, that it has been at the same level in recent years and that it is being phased out, Management does not consider it material to provide the disclosures on the composition of the liability required by IAS 19.

NOTE 22 CASH FLOW STATEMENT

Adjustments for non-cash operating items:

DKK '000	2014	2013
Financial income	-8,174	-4,345
Financial expenses	68,596	49,685
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	304,719	170,443
Tax on the profit for the year	176,439	68,707
Income from investments in associates	-34,808	-33,552
Profit and loss from sale of property, plant and equipment	-995	1,338
Share-based payments and remuneration	9,900	3,300
Total	**515,677**	**255,576**

§ 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 flow 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 flow from operating activities is 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 flow from investing activities comprises 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 flow from financing activities comprises 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.

Other notes to Consolidated Annual Report

NOTE 23 CONTINGENT LIABILITIES, SECURITY AND OTHER LIABILITIES

mDKK	2014	2013
Rental and operating lease commitments		
Total future payments:		
Within 1 year	48.4	60.4
Between 1 and 5 years	89.3	71.2
Beyond 5 years	7.7	
Total	**145.4**	**131.6**

The operating lease commitments relate to operating leases of property and operating equipment including IT equipment.

Third-party guarantees	**0**	**0**

Finance lease commitments		
Total future payments:		
Within 1 year	7.9	46.8
Between 1 and 5 years	53.5	61.8
Total	**61.4**	**108.6**

The finance lease commitments relate to finance leases of production machinery.

Security
No security has been provided in respect of the Group's loan agreements with credit institutions.

Contingent liabilities
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.

NOTE 24 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 42 and Group Structure on page 118. 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:

	Group	
	2014	2013
Revenue		
Sales to associates	5,199	6,056
Financial income and expenses		
Dividends from associates	24,346	20,474
Executive Board		
Cash-based remuneration	18,508	31,978
Debt re cash-based bonus	16,578	14,090
Accumulated value of share-based payments (restricted shares)	13,200	3,300
Board of Directors		
Remuneration	3,229	2,875

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

Other notes to the Consolidated Annual Report

NOTE 25 SALES AND ACQUISITIONS OF SUBSIDIARIES

Royal Unibrew made no business acquisitions or sales in 2014.

2013
Acquisition of subsidiary
On 23 August 2013, Royal Unibrew acquired control of Oy Hartwall Ab by acquiring all outstanding shares from Heineken International B.V.

The acquisition has created a broader and stronger earnings base, which is in line with Royal Unibrew's strategy of being a focused and strong regional player in the brewery industry. Moreover, Royal Unibrew has significantly reinforced its market position in the Baltic Sea region, and the acquisition allows Royal Unibrew to expand its position as the second-largest brewery group in the Nordic and Baltic countries.

A multi-beverage business with a broad product range, Hartwall holds a clear runner-up position in Finland. With its own brands such as the Karjala and Lapin Kulta beer brands, Jaffa (soft drinks), Original (RTD), Upcider (cider), ED (energy drink) and Novelle (mineral water) as well as international brands such as Fosters, Heineken and Pepsi, Hartwall is the market leader in the categories of mineral water, cider and ready-to-drink (RTD) and a strong number 2 in the categories of branded beer, soft drinks and energy drinks. Non-alcoholic beverages account for 43% of revenue, whereas beer, cider and RTD make up 44%. The trading company Hartwa-Trade operates agencies for a number of international wine and spirits brands and contributes 13% of Hartwall's revenue.

Hartwall is headquartered in Helsinki and operates two modern and well-invested production facilities in Lahti (produces all products but mineral water) and Karijoki (produces mineral water). A distribution network of own terminals supplies approx 15,000 off-trade and on-trade Hartwall customers directly. Hartwall sells about 90% of its production in its domestic market and the rest is exported, especially for cross-border trade in the Baltic countries.

The acquisition price amounted to DKK 2,775 million, which was paid in cash.

Royal Unibrew A/S has incurred transaction costs of approx DKK 15 million in connection with the acquisition for legal, financial and commercial advisers to realise the transaction. The costs have been recognised as other operating expenses.

Hartwall was included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition, 23 August 2013.

Royal Unibrew has made the following calculation of the fair values of the acquired net assets and of goodwill at the date of acquisition. Except for liabilities, the calculation remains unchanged as compared to the provisional calculation made at 31 December 2013.

	mDKK
Intangible assets	1,398
Other non-current assets	1,250
Current assets	311
Deferred tax	-347
Current liabilities	-937
Acquired net assets	**1,675**
Goodwill	1,209
Estimated fair value of the business	**2,884**
Acquired net interest-bearing debt	109
Cash consideration	**2,775**

Acquired receivables included trade receivables of a fair value of DKK 97 million. The contractually receivable gross amount was DKK 99 million, DKK 2 million of which was assessed as irrecoverable at the date of acquisition. Goodwill relates to synergies and the potential for developing the acquired assets and is not deductible for tax purposes.

At the time of acquisition, the Hartwall acquisition was expected, on a full-year basis (2013), to affect consolidated net revenue and earnings before interest and tax (EBIT) by approx DKK 2.3 billion and approx DKK 200 million, respectively.

Other notes to the Consolidated Annual Report

NOTE 25 SALES AND ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

§ 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.

Upon business combinations, 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.

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.

RECOGNITION OF ACQUISITION OF SUBSIDIARY

In August 2013 Royal Unibrew acquired Oy Hartwall Ab by purchasing 100% of the outstanding shares. Hartwall's assets, liabilities and contingent liabilities have been recognised under the purchase method in the Financial Statements of Royal Unibrew. The key assets of Hartwall are goodwill, trademarks, distribution rights, customer relations, property, plant and equipment, inventories and trade receivables. Especially with regard to the intangible assets acquired, there are no efficient markets to be used to determine fair value. Management has therefore made an estimate in connection with the calculation of the fair value of the acquired assets and liabilities at the date of acquisition and has allocated the purchase price on that basis. The fair value calculation is subject to uncertainty and was subsequently adjusted in July 2014 with DKK 30 million as compared to the calculation at the end of 2013 related to the repurchase obligation for returnable packaging less DKK 6 million deferred tax. The unallocated part of the purchase price has been recognised as goodwill related to synergies and the development potential of the activities acquired.

Contents, Parent Company Annual Report

Parent Company Income Statement for 1 January - 31 December

DKK '000	Note	2014	2013
Net revenue		**2,945,891**	**2,906,378**
Production costs	3,4	-1,412,923	-1,426,457
Gross profit		**1,532,968**	**1,479,921**
Sales and distribution expenses	3,4	-854,777	-839,316
Administrative expenses	3,4	-162,024	-165,445
Other operating income		0	2,642
Other operating expenses		0	-15,161
EBIT		**516,167**	**462,641**
Dividend from subsidiaries and associates		271,588	153,189
Financial income	5	13,653	11,629
Financial expenses	6	-58,563	-46,341
Profit before tax		**742,845**	**581,118**
Tax on the profit for the year	7	-113,201	-119,435
Net profit for the year		**629,644**	**461,683**
Earnings per share (DKK)		56.5	45.9
Diluted earnings per share (DKK)		56.2	45.8

Parent Company Statement of Comprehensive Income for 1 January - 31 December

DKK '000	Note	2014	2013
Net profit for the year		**629,644**	**461,683**
Other comprehensive income			
Items that may be reclassified to the income statement			
Value adjustment of hedging instruments, beginning of year		42,678	56,886
Value adjustment of hedging instruments, end of year		-29,990	-42,678
Tax on hedging instruments, (interest-rate hedging)	7	-2,664	-4,429
Total		**10,024**	**9,779**
Items that may not be reclassified to the income statement			
Revaluation of non-current assets		70,000	90,000
Tax on equity entries	7	-16,100	-19,000
Total		**53,900**	**71,000**
Other comprehensive income after tax	8	**63,924**	**80,779**
Total comprehensive income		**693,568**	**542,462**

Parent Company Balance Sheet

DKK '000	Note	2014	2013
ASSETS AT 31 DECEMBER			
NON-CURRENT ASSETS			
Intangible assets	9	83,744	84,124
Project development properties	10	238,439	290,539
Property, plant and equipment	10	849,801	811,009
Investments in associates	11	77,374	77,374
Investments in subsidiaries	11	3,484,159	3,476,657
Receivables subsidiaries	12	163,709	155,428
Other fixed asset investments	12	4,642	10,694
Non-current assets		**4,901,868**	**4,905,825**
CURRENT ASSETS			
Inventories	13	115,029	114,926
Receivables	14	221,026	230,512
Receivables subsidiaries		102,320	243,229
Corporation tax		25	9,209
Prepayments		18,238	21,196
Cash at bank and in hand		53,628	107,272
Current assets		**510,266**	**726,344**
Assets		**5,412,134**	**5,632,169**
LIABILITIES AND EQUITY AT 31 DECEMBER			
EQUITY			
Share capital	15	110,985	110,985
Other reserves		952,465	949,666
Retained earnings		1,556,617	1,197,202
Proposed dividend		344,054	0
Equity		**2,964,121**	**2,257,853**
Deferred tax	16	151,852	166,072
Mortgage debt	2	733,672	747,742
Credit institutions	2	806,076	1,036,326
Other payables		24,713	17,318
Non-current liabilities		**1,716,313**	**1,967,458**
Mortgage debt	2	14,106	14,159
Credit institutions	2	5	717,275
Trade payables		341,032	340,614
Payables to subsidiaries		111,466	6,928
Other current payables	17	265,091	327,882
Current liabilities		**731,700**	**1,406,858**
Liabilities		**2,448,013**	**3,374,316**
Liabilities and equity		**5,412,134**	**5,632,169**

Parent Company Cash Flow Statement for 1 January - 31 December

DKK '000	Note	2014	2013
Net profit for the year		629,644	461,683
Adjustments for non-cash operating items	18	-18,405	88,611
		611,239	**550,294**
Change in working capital:			
Receivables		10,956	-139,567
Inventories		-103	5,006
Payables		-34,800	91,153
Cash flow from operating activities before financial income and expenses		**587,292**	**506,886**
Financial income		16,611	11,629
Financial expenses		-60,192	-56,298
Cash flow from operating activities		**543,711**	**462,217**
Corporation tax paid		-109,701	-107,726
Cash flow from operating activities		**434,010**	**354,491**
Dividends received from subsidiaries and associates		271,588	153,189
Sale of property, plant and equipment		132,070	86,049
Corporation tax paid		-24,500	-19,168
Purchase of property, plant and equipment		-133,554	-111,885
Free cash flow		**679,614**	**462,676**
Increase of capital/Business acquisitions		-7,502	-2,775,124
Acquisition/sale of intangible assets and fixed asset investments		6,052	1,281
Cash flow from investing activities		**244,154**	**-2,665,658**
Debt financing:			
Proceeds from increased debt		0	1,925,967
Repayment of debt		-961,643	-4,789
Change in financing of subsidiaries		229,835	-14
Shareholders:			
Dividends paid to shareholders		0	-242,107
Acquisition of shares for treasury		0	-110,189
Proceeds from share issue		0	561,214
Sale of treasury shares		0	25,131
Cash flow from financing activities		**-731,808**	**2,155,213**
Change in cash and cash equivalents		-53,644	-155,954
Cash and cash equivalents at 1 January		107,272	263,226
Cash and cash equivalents at 31 December		**53,628**	**107,272**

Parent Company Statement of Changes in Equity for 1 January - 31 December

DKK '000	Share capital	Share premium account	Revaluation reserves	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-42,678**	**949,666**	**1,197,202**	**0**	**2,257,853**
Changes in equity in 2014								
Profit for the year					**0**	629,644		629,644
Other comprehensive income			53,900	12,688	**66,588**	-2,664		63,924
Revaluation reserves realised			-63,789		**-63,789**	63,789		0
Total comprehensive income	**0**	**0**	**-9,889**	**12,688**	**2,799**	**690,769**	**0**	**693,568**
Share-based payments					**0**	9,900		9,900
Proposed dividend				0	**0**	-377,349	377,349	0
Tax on equity postings, shareholders		0			**0**	2,800		2,800
Total shareholders	**0**	**0**	**0**	**0**	**0**	**-364,649**	**377,349**	**12,700**
Total changes in equity in 2014	**0**	**0**	**-9,889**	**12,688**	**2,799**	**326,120**	**377,349**	**706,268**
Equity at 31 December 2014	**110,985**	**855,839**	**126,616**	**-29,990**	**952,465**	**1,523,322**	**377,349**	**2,964,121**

Share premium account, hedging reserve and retained earnings may be applied for distribution of dividend to the Parent Company shareholders.

The share capital at 31 December 2014 amounts to DKK 110,985,000 and is distributed on shares of DKK 10 each.

Proposed dividend for the year is DKK 34 per share.

Equity at 31 December 2012	**105,700**	**319,205**	**112,320**	**-56,886**	**374,639**	**744,023**	**253,680**	**1,478,042**
Changes in equity in 2013								
Profit for the year					**0**	461,683		461,683
Other comprehensive income			71,000	14,208	**85,208**	-4,429		80,779
Revaluation reserves realised			-46,815		**-46,815**	46,815		0
Total comprehensive income	**0**	**0**	**24,185**	**14,208**	**38,393**	**504,069**	**0**	**542,462**
Increase of capital	10,085	551,129			**551,129**			561,214
Dividends paid to shareholders					**0**		-242,107	-242,107
Dividend on treasury shares					**0**	11,573	-11,573	0
Acquisition of shares for treasury					**0**	-110,189		-110,189
Sale of treasury shares					**0**	25,131		25,131
Share-based payments					**0**	3,300		3,300
Reduction of capital	-4,800	-14,495			**-14,495**	19,295		0
Total shareholders	**5,285**	**536,634**	**0**	**0**	**536,634**	**-50,890**	**-253,680**	**237,349**
Total changes in equity in 2013	**5,285**	**536,634**	**24,185**	**14,208**	**575,027**	**453,179**	**-253,680**	**779,811**
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-42,678**	**949,666**	**1,197,202**	**0**	**2,257,853**

Descriptive notes to Parent Company Annual Report

NOTE 1 BASIS OF PREPARATION OF PARENT COMPANY ANNUAL REPORT

BASIS OF PREPARATION

§ SIGNIFICANT ACCOUNTING POLICIES

The Parent Company's accounting policies remain unchanged from last year. Significant accounting policies are identical to those applied by the Royal Unibrew Group except for those mentioned below.

Translation policies
Exchange adjustment of balances regarded as part of the total net investment in enterprises with another functional currency than DKK is recognised in financial income and expenses in the Parent Company income statement.

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

New and amended standards and interpretations that have taken effect
Reference is made to note 1 to the Consolidated Financial Statements.

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

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.

🔧 JUDGEMENTS AS AN ELEMENT IN SIGNIFICANT 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 2014, the following judgments have been made materially affecting the related items as described in relevant notes, see list below.

⚖ CRITICAL 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 2014, the following critical estimates have been made as desribed in relevant notes, see list below.

Accounting policies, judgements as an element in significant accounting policies as well as critical accounting estimates are described in the notes:

				Consolidated financial statement note		Parent company financial statement note
Derivative financial instruments	§	🔧		2		
Segment reporting	§			3		
Net revenue	§			4		
Share-based payments	§		⚖	5		
Expenses	§	🔧		6		
Financial income and expenses	§			8		
Corporation tax	§			9		
Intangible assets	§		⚖	11	§	9
Property, plant and equipment	§	🔧	⚖	12		
Investments in associates					§	11
Investments in subsidiaries	§			13	§	11
Other fixed asset investments	§		⚖	14		
Inventories	§			15		
Receivables	§		⚖	16		
Prepayments	§			17		
Equity	§			18		
Deferred tax	§		⚖	19		
Repurchase obligation packaging in circulation	§		⚖	20		
Debt	§	🔧		21		
Cash Flow Statement	§			22		
Business combinations	§		⚖	25		

= Comments to the note

Descriptive notes to Parent Company Annual Report

NOTE 2 FINANCIAL RISK MANAGEMENT

Financial liabilities

31/12 2014

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	1,553,859	14,111	940,070	599,678	1,553,859
Financial debt, subsidiaries	105,605	105,605			105,605
Interest expenses	167,431	36,541	53,619	77,271	
Trade payables and repayment obligation re packaging	346,893	346,893			346,893
Other payables	289,804	265,091	24,713		289,804
Total	**2,463,592**	**768,241**	**1,018,402**	**676,949**	**2,296,161**

The debt breaks down on the categories “debt at amortised cost” with DKK 2,266 million and “debt at fair value” with DKK 30 million. The fair value of the total debt is assessed to equal carrying amount.

31/12 2013

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	2,515,502	731,434	942,729	841,339	2,515,502
Financial debt, subsidiaries	6,928	6,928			6,928
Interest expenses	181,923	37,400	75,397	69,126	
Trade payables and repayment obligation re packaging	340,614	340,614			340,614
Other payables	345,200	327,882	17,318		345,200
Total	**3,390,167**	**1,444,258**	**1,035,444**	**910,465**	**3,208,244**

The debt breaks down on the categories “debt at amortised cost” with DKK 3,165 million and “debt at fair value” with DKK 43 million. The fair value of the total debt is assessed to equal carrying amount.
For a description of the Parent Company’s and the Group’s currency, interest rate, credit, commodity and other risks as well as capital management, reference is made to note 2 to the Consolidated Financial Statements.

Notes to Parent Company Income Statement

NOTE 3 STAFF EXPENSES

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

DKK '000	2014	2013
Salaries to Executive Board	12,850	12,010
Ordinary bonus scheme for Executive Board	6,038	5,658
Long-term bonus scheme for Executive Board	2,108	6,981
Share-based payments to Executive Board (restricted shares)	9,900	3,300
Remuneration of Executive Board	30,896	27,949
Remuneration of Board of Directors	3,229	2,875
	34,125	**30,824**
Wages and salaries	387,944	385,551
Contributions to pension schemes	30,999	30,025
Share-based payments	**418,943**	**415,576**
Other social security expenses	6,418	6,845
Other staff expenses	18,631	21,773
Total	**478,117**	**475,018**
Average number of employees	867	884

Reference is made to note 2 to the Consolidated Financial Statements for a description of share-based payments to Executive Board (restricted shares).

Notes to Parent Company Income Statement

NOTE 4 EXPENSES BROKEN DOWN BY TYPE

DKK '000	2014	2013
The aggregated		
Production costs	1,412,923	1,426,457
Sales and distribution expenses	854,777	839,316
Administrative expenses	162,024	165,445
Total	**2,429,724**	**2,431,218**
broken down by type as follows:		
Raw materials and consumables	1,115,049	1,129,828
Wages, salaries and other staff expenses	478,117	475,018
Operating and maintenance expenses	136,880	127,859
Distribution expenses and carriage	105,600	110,660
Sales and marketing expenses	426,629	424,399
Bad trade debts	3,709	1,383
Office supplies etc	78,568	77,718
Depreciation and profit from sale of property, plant and equipment	85,172	84,353
Total	**2,429,724**	**2,431,218**

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

DKK '000	2014	2013
Production costs	56,528	54,025
Sales and distribution expenses	18,632	18,541
Administrative expenses	10,012	11,787
Total	**85,172**	**84,353**

Fee to auditors

DKK '000	2014	2013
Fee for the audit of the Annual Report:		
Ernst & Young	800	775
Total	**800**	**775**
Ernst & Young fee for non-audit services:		
Tax assistance	47	221
Other assurance assistance	50	277
Other assistance	216	341
Total	**313**	**839**

Notes to Parent Company Income Statement

NOTE 5 FINANCIAL INCOME

DKK '000	2014	2013
Interest income		
Cash at bank and in hand	20	220
Trade receivables	5	42
Receivables from subsidiaries	6,724	7,087
Other financial income	13	2,611
Exchange adjustments		
Cash at bank and in hand and external loans	2,422	
Trade payables	611	308
Trade receivables	3,297	
Intercompany loans	561	617
Forward contracts		744
Total	**13,653**	**11,629**

NOTE 6 FINANCIAL EXPENSES

DKK '000	2014	2013
Interest expenses		
Mortgage credit institutes	27,977	25,457
Credit institutions	27,030	11,607
Payables to subsidiaries	124	157
Exchange adjustments		
Cash at bank and in hand and external loans		527
Trade receivables		1,692
Forward contracts	1,656	100
Other financial expenses	1,776	6,801
Total	**58,563**	**46,341**

Notes to Parent Company Income Statement

NOTE 7 TAX ON THE PROFIT FOR THE YEAR

DKK '000	2014	2013
Tax on the taxable income for the year	142,400	121,351
Adjustment of previous year	2,420	-367
Adjustment of deferred tax	-15,655	21,880
Total	**129,165**	**142,864**
which breaks down as follows:		
Tax on profit for the year	113,201	119,435
Tax on equity entries	15,964	23,429
Total	**129,165**	**142,864**
Current Danish tax rate	24.5	25.0
Dividends from subsidiaries and associates	-9.0	-6.3
Effect on tax rate of permanent differences	0.1	4.9
Adjustment of previous year	0.3	-0.1
Changes to tax rates	-0.7	-2.9
Effective tax rate	**15.2**	**20.6**

NOTE 8 COMPREHENSIVE INCOME

DKK '000	2014	2013
Realised hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges of	-4,697	1,065
Production costs include foreign currency and commodity hedges of	1,147	-8,430
Financial income and expenses include currency, commodity and interest rate hedges of	-17,356	-18,707
Total	**-20,906**	**-26,072**

Notes to Parent Company Balance Sheet

NOTE 9 INTANGIBLE ASSETS

DKK '000	Goodwill	Trademarks	Distribution rights	Total
Cost at 1 January 2014	80,645	2,990	11,828	95,463
Cost at 31 January 2014	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2014	0	0	-11,339	-11,339
Amortisation for the year			-380	-380
Amortisation and impairment losses at 31 December 2014	**0**	**0**	**-11,719**	**-11,719**
Carrying amount at 31 December 2014	**80,645**	**2,990**	**109**	**83,744**
Cost at 1 January 2013	80,645	2,990	11,828	95,463
Cost at 31 December 2013	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2013	0	0	-10,156	-10,156
Amortisation for the year			-1,183	-1,183
Amortisation and impairment losses at 31 December 2013	**0**	**0**	**-11,339**	**-11,339**
Carrying amount at 31 December 2013	**80,645**	**2,990**	**489**	**84,124**

§ TRADEMARKS

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 marketing.

Reference is made to note 11 to the Consolidated Financial Statements for a description of impairment test.

Notes to Parent Company Balance Sheet

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Project development properties	Land and buildings	Plant and machinery	Other fixtures, and fittings, tools and equipment	Property, plant and equipment in progress	Other property, plant and equipment Total
Cost at 1 January 2014	145,703	663,736	1,149,738	435,661	26,485	2,275,620
Additions	2,905	20,344	41,432	40,121	28,752	130,649
Disposals	-54,073	-923	-7,603	-34,455		-42,981
Transfers for the year		47	10,744	15,694	-26,485	0
Cost at 31 December 2014	**94,535**	**683,204**	**1,194,311**	**457,021**	**28,752**	**2,363,288**
Depreciation and impairment losses at 1 January 2014	144,836	-337,204	-811,394	-316,013	0	-1,464,611
Revaluations for the year	70,000					0
Depreciation for the year		-14,520	-35,006	-36,476		-86,002
Reversal of depreciation and impairment of assets sold and discontinued	-70,932	295	7,010	29,821		37,126
Depreciation and impairment losses at 31 December 2014	**143,904**	**-351,429**	**-839,390**	**-322,668**	**0**	**-1,513,487**
Carrying amount at 31 December 2014	**238,439**	**331,775**	**354,921**	**134,353**	**28,752**	**849,801**

Land and buildings including plant and maschinery at a carrying amount of DKK 678.7 million have been provided as security for mortgage debt of DKK 747.8 million.

DKK '000	Project development properties	Land and buildings	Plant and machinery	Other fixtures, and fittings, tools and equipment	Property, plant and equipment in progress	Other property, plant and equipment Total
Cost at 1 January 2013	158,842	652,719	1,064,490	443,488	64,839	2,225,536
Additions	2,901	2,124	47,534	33,978	25,348	108,984
Disposals	-16,040	-52	-13,582	-45,266		-58,900
Transfers for the year		8,945	51,296	3,461	-63,702	0
Cost at 31 December 2013	**145,703**	**663,736**	**1,149,738**	**435,661**	**26,485**	**2,275,620**
Depreciation and impairment losses at 1 January 2013	117,496	-322,428	-788,934	-321,630	0	-1,432,992
Revaluations for the year	90,000					0
Depreciation for the year		-14,828	-33,454	-34,312		-82,594
Reversal of depreciation and impairment of assets sold and discontinued	-62,660	52	10,994	39,929		50,975
Depreciation and impairment losses at 31 December 2013	**144,836**	**-337,204**	**-811,394**	**-316,013**	**0**	**-1,464,611**
Carrying amount at 31 December 2013	**290,539**	**326,532**	**338,344**	**119,648**	**26,485**	**811,009**

Land and buildings including plant and maschinery at a carrying amount of DKK 656.5 million have been provided as security for mortgage debt of DKK 761.9 million.

Reference is made to note 12 to the Consolidated Financial Statements for a description of project development property.

Notes to Parent Company Balance Sheet

NOTE 11 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

DKK '000	Investments in subsidiaries	Investments in associates
Cost at 1 January 2014	3,565,692	77,374
Additions	7,502	
Cost at 31 December 2014	**3,573,194**	**77,374**
Revaluations and impairment losses at 1 January 2014	-89,035	0
Revaluations and impairment losses at 31 December 2014	**-89,035**	**0**
Carrying amount at 31 December 2014	**3,484,159**	**77,374**
Cost at 1 January 2013	790,568	75,931
Reclassification		1,443
Additions	2,775,124	
Cost at 31 December 2013	**3,565,692**	**77,374**
Revaluations and impairment losses at 1 January 2013	-89,035	0
Revaluations and impairment losses at 31 December 2013	**-89,035**	**0**
Carrying amount at 31 December 2013	**3,476,657**	**77,374**

§ DIVIDEND ON INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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.

§ 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.

ESTIMATE

The carrying amount of investments in subsidiaries and the values of intangible assets contained therein is tested to identify any impairment. Reference is made to note 11 to the Consolidated Financial Statements.

Notes to Parent Company Balance Sheet

NOTE 12 RECEIVABLES FROM SUBSIDIARIES AND OTHER FIXED ASSET INVESTMENTS

DKK '000	Receivables from subsidiaries	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2014	155,428	54,833	8,173	63,006
Exchange adjustment	-367			0
Additions	8,648		78	78
Disposals			-6,130	-6,130
Cost at 31 December 2014	**163,709**	**54,833**	**2,121**	**56,954**
Revaluations and impairment losses at 1 January 2014	0	-52,312	0	-52,312
Revaluations and impairment losses at 31 December 2014	**0**	**-52,312**	**0**	**-52,312**
Carrying amount at 31 December 2014	**163,709**	**2,521**	**2,121**	**4,642**
Cost at 1 January 2013	155,414	55,708	9,454	65,162
Exchange adjustment	14	-875		-875
Disposals			-1,281	-1,281
Cost at 31 December 2013	**155,428**	**54,833**	**8,173**	**63,006**
Revaluations and impairment losses at 1 January 2013	0	-53,198	0	-53,198
Exchange adjustment		875		875
Revaluations and impairment losses for the year		11		11
Revaluations and impairment losses at 31 December 2013	**0**	**-52,312**	**0**	**-52,312**
Carrying amount at 31 December 2013	**155,428**	**2,521**	**8,173**	**10,694**

NOTE 13 INVENTORIES

DKK '000	2014	2013
Raw materials and consumables	42,291	38,045
Work in progress	12,872	13,943
Finished goods and goods for resale	59,866	62,938
Inventories	**115,029**	**114,926**

INVENTORIES

Indirect production costs are comprised in work in progress and finished goods with DKK 8 million (2013: DKK 8 million)

NOTE 14 RECEIVABLES

DKK '000	2014	2013
Trade receivables	213,615	220,696
Receivables from associates		
Other receivables	7,411	9,816
Total receivables	**221,026**	**230,512**

Notes to Parent Company Balance Sheet

NOTE 15 SHARE CAPITAL

Reference is made to note 18 to the Consolidated Financial Statements.

NOTE 16 DEFERRED TAX

DKK '000	2014	2013
Deferred tax at 1 January	166,072	144,192
Change in deferred tax for the year	-2,255	15,845
Revaluation project development property	16,100	18,996
Change sale of project development property	-24,500	-19,168
Changes to tax rates	-5,000	6,207
Adjustment of previous year	1,435	
Deferred tax at 31 December	**151,852**	**166,072**
Expected due within 1 year	30,111	6,418
Deferred tax relates to:		
Intangible assets	44	131
Property, plant and equipment	135,701	143,003
Non-current assets	18,996	18,996
Current assets	4,749	9,468
Non current liabilities	-2,800	
Current liabilities	-4,838	-5,526
Total	**151,852**	**166,072**

NOTE 17 OTHER CURRENT PAYABLES

DKK '000	2014	2013
VAT, excise duties, etc	40,855	84,004
Payables to subsidiaries	111,466	6,928
Other payables	85,687	204,952
Repurchase obligation, returnable packaging	27,083	31,998
Total other current payables	**265,091**	**327,882**
Repurchase obligation, returnable packaging is specified as follows:		
Balance at 1 January	31,998	39,429
Adjustment for the year	-4,915	-7,431
Balance at 31 December	**27,083**	**31,998**

COMMENT

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 Parent Company Cash Flow Statement

NOTE 18 CASH FLOW STATEMENT

Adjustments for non-cash operating items:

DKK '000	2014	2013
Dividends from subsidiaries and associates	-271,588	-153,189
Financial income	-13,653	-11,629
Financial expenses	58,563	46,341
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	86,382	83,777
Tax on the profit for the year	113,201	119,435
Profit and loss from sale of property, plant and equipment	-1,210	576
Share-based payments and remuneration	9,900	3,300
Total	**-18,405**	**88,611**

Other notes to Parent Company Annual Report

NOTE 19 CONTINGENT LIABILITIES, SECURITY AND OTHER LIABILITIES

mDKK	2014	2013
Guarantees		
Guarantees relating to subsidiaries	703.6	253.3
Total	**703.6**	**253.3**

The change in the guarantees relates to a guarantee for a mortgage in the finnish subsidiary.

Rental and operating lease commitments
Total future payments:

DKK '000	2014	2013
Within 1 year	25.2	22.7
Between 1 and 5 years	35.0	29.7
Beyond 5 years	4.6	
Total	**64.8**	**52.4**

The operating lease commitments relate to operating leases of property and operating equipment including IT equipment.

Third-party guarantees	**11.0**	**10.4**

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

Contingent liabilities
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 to Parent Company Annual Report

NOTE 20 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 42 and Group Structure on page 118. 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:

DKK '000	2014	2013
Revenue		
Sales to subsidiaries	504,069	555,389
Sales to associates	5,199	6,056
Costs		
Purchases from subsidiaries	27,542	18,036
Financial income and expenses		
Dividends from associates	24,346	20,474
Dividends from subsidiaries	247,242	132,715
Interest received from subsidiaries	6,724	7,087
Interest paid to subsidiaries	124	157
Executive Board		
Cash-based remuneration	18,508	31,978
Debt re cash-based bonus	16,578	14,090
Accumulated value of shared-based payment (restricted shares)	13,200	3,300
Board of Directors		
Remuneration	3,229	2,875
Intercompany balances at 31 December		
Loans to subsidiaries	205,314	336,472
Receivables from subsidiaries	60,715	62,185
Loans from subsidiaries	105,605	6,928
Payables to subsidiaries	5,861	
Property, plant and equipment		
Sales to subsidiaries		
Capital contributed to subsidiaries	**7,502**	
Guarantees and security		
Guarantee for subsidiaries	703,590	253,300

Quarterly Financial Highlights and Ratios (Group)

	Q1		Q2		Q3		Q4	
mDKK (unaudited)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Sales (million hectolitres)	1.8	1.2	2.6	1.7	2.5	2.0	2.1	2.1
Income Statement								
Net revenue	1,267	751	1,725	1,042	1,713	1,263	1,351	1,425
Production costs	-634	-384	-800	-501	-779	-593	-693	-718
Gross profit	633	367	925	541	934	670	658	707
Gross margin ratio (%)	50.0	48.9	53.6	51.9	54.5	53.0	48.7	49.6
Sales and distribution expenses	-493	-259	-530	-329	-506	-377	-458	-484
Administrative expenses	-97	-49	-77	-49	-76	-56	-86	-110
Other income		2		1		2		-2
Other expenses						-15		
EBITDA	110	88	394	189	428	268	198	187
Earnings before interest and tax (EBIT)	43	61	318	164	352	224	114	111
EBIT margin (%)	3.4	8.1	18.4	15.7	20.5	17.7	8.5	7.8
Income from associates	-1	-1	19	12	9	8	8	15
Financial income and expenses	-22	-6	-14	-7	-8	-9	-16	-24
Profit before tax	20	54	323	169	353	223	106	102
Profit for the period	14	41	252	142	273	173	85	124
Parent Company shareholders' share of profit	14	41	252	142	273	173	85	124
Balance Sheet								
Non-current assets	5,800	1,972	5,744	2,073	5,652	5,926	5,664	5,810
Total assets	6,995	2,873	7,282	3,058	7,068	7,235	7,024	6,925
Equity	2,157	1,338	2,440	1,277	2,717	2,025	2,818	2,133
Net interest-bearing debt	2,638	401	2,042	440	1,606	2,604	1,553	2,379
Net working capital	-567	-87	-756	-158	-757	-583	-814	-834
Cash Flows								
From operating activities	-207	-19	568	262	390	177	144	233
From investing activities	-52	-10	29	-26	48	-2,802	-94	1
Free cash flow	-254	-30	594	236	432	151	53	241
Financial Ratios (%)								
Free cash flow as a percentage of net revenue	-20	-4	34	23	25	12	4	17
Cash conversion	-1,814	-73	236	166	158	87	61	194
Equity ratio	31	47	34	42	38	28	40	31

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 are provided on page 117.

Definitions of Financial Highlights and Ratios

Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Net working capital	Inventories + receivables - current liabilities except for corporation tax receivable/payable as well as mortage debt and debt to credit institutions.
Free cash flow	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates.
Dividend per share	Proposed dividend per share.
Earnings per share	Parent Company shareholders' share of profit for the year/average number of shares in circulation.
Cash flow per share	Cash flow from operating activities/average number of shares in circulation.
Diluted earnings and cash flow per share	Parent Company shareholders' share of earnings and cash flow from operating activities/average number of shares in circulation including restricted shares "in-the-money".
EBITDA	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.
EBIT	Earnings before interest and tax.
Return on invested capital after tax including goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital (equity + minority interests + non-current provisions + net interest-bearing debt - fixed asset investments).
Return on invested capital after tax excluding goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital (equity + minority interests + non-current provisions + net interest-bearing debt - fixed asset investments - goodwill).
EBIT margin	EBIT as a percentage of net revenue.
Free cash flow as a percentage of net revenue	Free cash flow as a percentage of net revenue.
Cash conversion	Free cash flow as a percentage of net profit for the year.
Net interest-bearing debt/EBITDA before special items	The ratio of net interest-bearing debt at year end to EBITDA.
Equity ratio	Equity at year end as a percentage of total assets.
Return on equity (ROE)	Consolidated profit after tax as a percentage of average equity.
Dividend payout ratio (DPR)	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	
Parent Company				
Royal Unibrew A/S, Denmark		DKK	110,985,000	Production, sales and distribution
WESTERN EUROPE				
Subsidiaries				
Aktieselskabet Cerekem International Ltd., Denmark	100%	DKK	1,000,000	Other
Albani Sverige AB, Sweden	100%	SEK	305,000	Sales and distribution
Ceres S.p.A., Italy	100%	EUR	206,400	Sales and distribution
The Curious Company A/S, Denmark	100%	DKK	550,000	Other
Associates				
Grønlandskonsortiet I/S, Denmark	50%	DKK		
Hansa Borg Holding AS, Norway	25%	NOK	54,600,000	Holding company
Nuuk Imeq A/S, Nuuk, Greenland	32%	DKK	38,000,000	Production, sales and distribution
BALTIC SEA				
Subsidiaries				
AB Kalnapilio-Tauro Grupe, Lithuania	100%	LTL	23,752,553	Production, sales and distribution
UAB Vilkmerges Alus, Lithuania	100%	LTL	3,570,000	Production, sales and distribution
Oy Hartwall Ab	100%	EUR	13,240,140	Production, sales and distribution
Hartwa-Trade Oy Ab	100%	EUR	168,188	Sales and distribution
Helepark Oy	100%	EUR	6,761	Other
Lapin Kulta Oy	100%	EUR	16,819	Other
Royal Unibrew Services UAB, Lithuania	100%	LTL	150,000	Other
SIA “Cido Grupa”, Latvia	100%	LVL	785,074	Production, sales and distribution
OÜ Royal Unibrew Eesti, Estonia	100%	EUR	2,000,000	Sales and distribution
MALT BEVERAGES AND EXPORTS				
Subsidiaries				
Centre Nordique d’Alimentation EURL, France	100%	EUR	131,000	Sales and distribution
Royal Unibrew Caribbean Ltd., Puerto Rico	100%	USD	200,000	Other
Supermalt UK Ltd., the UK	100%	GBP	9,700,000	Sales and distribution
Vitamalt (West Africa) Ltd., England	100%	GBP	10,000	Sales and distribution
The Danish Brewery Group Inc., USA	100%	USD	100,000	Sales and distribution

Aktivitet

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

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