29 February ’08
RU16 / 2008

# Company Announcement

Should you request additional information, please do not hesitate to contact
Poul Møller, CEO, at tel +45 5677 1500

# ANNOUNCEMENT OF ANNUAL RESULTS 2007

**Net revenue up by 13% to DKK 3,881 million**

**(including organic growth of 7%)**

• • •

**Profit before tax of DKK 220 million, adversely affected by increasing raw materials prices and production reorganisation**

**(down 31% from 2006)**

• • •

**Consolidated profit after tax of DKK 155 million (down 33% from 2006)**

• • •

**Financial ratios measured against the MACH II Plan:**

**Return on invested capital (ROIC): 7.4% (target: 10%)**

**EBIT margin: 6.8% (target: 10%)**

**Free cash flow before acquisitions: 4.0% of net revenue (target: 7%)**

• • •

**New “double up” strategic plan:**

**EBIT doubled to DKK 500 million in 2010**

**Two-digit ROIC and EBIT margin**

**Free cash flow of 7% of net revenue**

**Net interest-bearing debt: 3 x EBITDA**

**Organic revenue growth to DKK 5 billion in 2010**

• • •

**Proposed unchanged dividend of DKK 10 per share (dividend rate 39%)**

• • •

**Realised share buy-back programme transferred**

**DKK 163 million to shareholders**

• • •

**Expected profit before tax for 2008 of DKK 280-320 million**

**(before special items) and DKK 230-270 million (after special items)**

**Royal Unibrew A/S,** Head Office, Faxe Allé 1, DK-4640 Faxe, Denmark
Tel. +45 5677 1500, Fax: +45 5671 3152, e-mail: investorrelations@royalunibrew.com, CVR nr. 41 95 67 12

The Announcement has been prepared in Danish and English. In case of discrepancy, the Danish text shall prevail.

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

The Annual Report for 2007 has been prepared under the measurement and recognition provisions of IFRS. The accounting policies remain unchanged from those applied in the Annual Report for 2006.

| | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 | 2003 |
|---|---|---|---|---|---|
| **SALES (thousand hectolitres)** | **7.1** | 6.4 | **5.8** | 4.8 | 4.1 |
| | | | | | |
| **FINANCIAL HIGHLIGHTS (mDKK)** | | | | | |
| **Income Statement** | | | | | |
| Net revenue | **3,881.8** | 3,439.0 | 3,191.0 | 2,869.0 | 2,633.1 |
| Operating profit | **244.1** | 347.7 | 302.7 | 307.1 | 282.9 |
| Profit before financial income and expenses | **264.3** | 333.4 | 307.7 | 307.1 | 242.9 |
| Net financials | **(44.1)** | (13.0) | (25.6) | (36.7) | (20.0) |
| Profit before tax | **220.2** | 320.4 | 282.1 | 270.3 | 223.0 |
| Consolidated profit | **155.2** | 230.3 | 220.6 | 194.9 | 152.7 |
| Royal Unibrew A/S' share of profit | **151.7** | 227.6 | 221.1 | 194.1 | 152.3 |
| | | | | | |
| **Balance Sheet** | | | | | |
| Total assets | **3,781.3** | 3,413.6 | 3,187.8 | 2,530.8 | 2,448.1 |
| Equity | **1,119.0** | 1,148.1 | 1,149.8 | 1,080.4 | 995.8 |
| Net interest-bearing debt | **1,586.1** | 1,047.1 | 1,007.3 | 693.5 | 621.1 |
| Free cash flow | **157.0** | 206.0 | 252.2 | 232.7 | 265.7 |
| | | | | | |
| **Per share** | | | | | |
| Royal Unibrew A/S’ share of earnings per share (DKK) | **26.4** | 38.0 | 35.4 | 30.6 | 23.8 |
| Royal Unibrew A/S’ diluted share of earnings per share (DKK) | **26.2** | 37.6 | 35.4 | 30.6 | 23.8 |
| Cash flow per share (DKK) | **26.3** | 70.9 | 61.2 | 64.5 | 56.0 |
| Diluted cash flow per share (DKK) | **26.1** | 70.2 | 61.2 | 64.5 | 56.0 |
| Dividend per share (DKK) | **10.0** | 10.0 | 10.0 | 9.0 | 7.5 |
| Closing price per share (DKK) | **534.0** | 740.0 | 532.0 | 377.0 | 375.0 |
| | | | | | |
| **Employees** | | | | | |
| Average number of employees | **2,659** | 2,278 | 2,202 | 1,628 | 1,517 |
| | | | | | |
| **Key figures (mDKK)** | | | | | |
| EBITDA | **392.5** | 535.9 | 493.2 | 495.1 | 430.5 |
| EBIT | **264.3** | 333.4 | 307.7 | 307.1 | 242.9 |
| | | | | | |
| **Key ratios (%)** | | | | | |
| Return on invested capital (ROIC) | **7.4** | 12.1 | 11.7 | 11.8 | 10.1 |
| Profit margin | **6.3** | 10.1 | 9.5 | 10.7 | 10.7 |
| EBIT margin | **6.8** | 9.7 | 9.6 | 10.7 | 9.2 |
| Free cash flow as a percentage of net revenue | **4.0** | 6.0 | 7.9 | 8.1 | 10.1 |
| Net interest-bearing debt/EBITDA | **4.0** | 2.0 | 2.0 | 1.4 | 1.4 |
| Equity ratio | **29.6** | 33.6 | 36.1 | 42.7 | 41.1 |
| Debt ratio | **141.7** | 88.7 | 85.1 | 64.2 | 61.7 |
| Asset turnover | **1.0** | 1.0 | 1.0 | 1.1 | 1.1 |
| Return on net assets | **8.0** | 12.9 | 12.1 | 13.5 | 12.7 |
| Return on equity after tax | **13.7** | 20.9 | 19.8 | 18.7 | 15.8 |
| Dividend rate | **38.9** | 27.2 | 28.8 | 29.5 | 32.3 |

The calculation of ratios has been based on the guidelines issued by the Danish Society of Financial Analysts in 2005.

**Definitions of key figures 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 |
| Free cash flow | Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates |
| Dividend per share (DKK) | Proposed dividend per share |
| Earnings per share (DKK) | Royal Unibrew A/S' share of the profit for the year/number of shares in circulation |
| Cash flow per share (DKK) | Cash flow from operating activities/number of shares in circulation |
| Diluted earnings and cash flow per share (DKK) | Royal Unibrew A/S' share of earnings and cash flow, respectively, from operating activities/average number of shares in circulation including share options "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) | Operating profit before special items net of tax as a percentage of average invested capital (equity + minority interests + non-current provisions + net interest-bearing debt – financial assets) |
| Profit margin | Operating profit before special items as a percentage of net revenue |
| 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 |
| Net interest-bearing debt/EBITDA | The ratio of net interest-bearing debt at year end to EBITDA |
| Equity ratio | Equity at year end as a percentage of total assets |
| Debt ratio | Net interest-bearing debt at year end as a percentage of year-end equity |
| Asset turnover | Net revenue/total assets at year end |
| Return on net assets | Operating profit before special items as a percentage of average operating assets. Operating assets comprise total assets less cash and cash equivalents, other interest-bearing assets and investments in associates |
| Net return on equity | Consolidated profit after tax as a percentage of average equity |
| Dividend rate | Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of consolidated profit after tax for the year |

## GENERAL

The primary activities of Royal Unibrew are to market, sell, distribute and produce quality beverages focusing on branded products primarily within beer, malt and soft drinks. The Group's products are sold in some 65 markets with special focus on Northern Europe (the Nordic countries, the Baltic countries, Northern Germany and Poland), Italy, Canada and the international malt drinks markets (the Caribbean, Africa and the UK). Royal Unibrew comprises the Albani, Ceres, Faxe and Maribo breweries in Denmark, Kalnapilis in Lithuania, Lacplesa Alus and the soft drinks producer SIA Cido Grupa in Latvia, Brok, Strzelec and Browar Lomza in Poland as well as Antigua Brewery, Dominica Brewery and St. Vincent in the Caribbean.

It is the vision of Royal Unibrew to develop the Group with increasing profitability to being among the leading providers of beverages in Northern Europe, Italy and our malt drinks markets. Outside these areas, we will develop selected profitable export markets.

## ACQUISITIONS

Royal Unibrew has, cf Announcements RU44/2006 of 13 December 2006, RU14/2007 of 15 May 2007 and RU22/2007 of 2 July 2007, acquired controlling interests in four breweries. The Polish brewery Browar Lomza is included in the financial statements of Royal Unibrew as of 1 May 2007, whereas the Caribbean breweries in Antigua and Dominica are included as of 1 June 2007 and St. Vincent as of 1 July 2007.

Moreover, Royal Unibrew has (cf Announcement RU29/2007 of 15 August 2007) strengthened its position in the Baltic beer market by acquiring assets and activities of Livu Alus, the number 3 Latvian brewery in terms of size. Livu Alus will be included in the consolidated financial statements as of 1 January 2008.

## RESULTS 2007

In 2007, the Royal Unibrew Group achieved a profit before tax of DKK 220.2 million, which is in line with the expectations for 2007 expressed in the Q3 Report at 30 September 2007 (cf Announcement RU43/2007 of 14 November 2007) as well as the announced decision to close down production at the Ceres brewery in Aarhus in 2008 (cf Announcement RU11/2008 of 1 February 2008).

Profit before tax was some DKK 100 million lower than in 2006. Operating profit - adjusted for non-recurring income from Nigeria in both 2006 and 2007 - was some DKK 70 million below that of 2006. This was due to, among other factors, unusual low efficiency and higher production costs caused by a production reorganisation in Denmark. Furthermore, increasing raw materials prices without a corresponding increase of net selling prices in certain markets and the unfavourable weather in 2007 in Western Europe affected results negatively. Finally, the activities in Poland relating to the Brock and Strzelec breweries did not reach the expected sales and earnings.

The integration of Browar Lomza in Poland and the three acquired breweries in the Caribbean progressed as planned.

Developments in sales and revenue from 2006 to 2007 were as follows:

| Developments 2006-2007 | Western Europe (including misc. revenue) | | Eastern Europe | | Malt and Overseas Markets ***)** | | Royal Unibrew total | |
|---|---|---|---|---|---|---|---|---|
| | Growth | Total | Growth | Total | Growth | Total | Growth | Total |
| Sales (thousand hectolitres) | 0.7% | 3,762 | 23.4% | 2,750 | 39.1% | 567 | 11.0% | 7,079 |
| Net revenue (mDKK) | 3.1% | 2,490 | 35.4% | 909 | 36.6% | 483 | 12.8% | 3,882 |

***)** The "Rest of the world" segment has in 2007 been changed to "Malt and Overseas Markets". Geographically, the Group's malt activities are in all materiality related to overseas markets. Comparative figures for 2006 have been restated accordingly.

Total group sales in 2007 aggregated 7.1 million hectolitres of beer, malt and soft drinks, which is an 11% increase over 2006. Some 9 percentage points of the increase was attributable to the Polish and Caribbean activities acquired in 2007. Accordingly, organic volume growth accounted for some 2 percentage points distributed on all segments and more or less all markets.

Beer and malt drinks sales aggregated 4.8 million hectolitres in 2007, which is an approximate increase of 13% over 2006, whereas soft drinks sales (including mineral water and fruit juices, etc) aggregating 2.3 million hectolitres increased by 8%.

Net revenue amounting to DKK 3.9 billion in 2007 increased by just below 13% over 2006 and increases were realised in all markets. Some 6 percentage points of the revenue increase was attributable to the acquisition of the Lomza brewery in Poland and the St. Vincent, Antigua and Dominica breweries in the Caribbean, whereas the organic growth of 7% achieved by the Royal Unibrew Group was primarily related to Denmark, Italy, Latvia and Lithuania as well as Africa.

Gross profit for the year amounting to DKK 1.8 billion increased by 3% over 2006. The gross margin was 45.1% and thus 4.2 percentage points lower than in 2006. It is estimated that 1.3 percentage points of the gross margin decline was due to the mentioned production difficulties at the Danish breweries. The remaining 2.9 percentage points net related partly to inability to compensate for the higher raw materials prices by customer price increases in key markets such as Denmark and cross-border trade as well as Poland, and was partly a consequence of a shift in product mix with a relatively higher increase in soft drinks sales in Eastern Europe and the Caribbean. Both gross profit and gross margin were positively affected in 2007 by the process optimisation activities implemented.

Operating profit amounted to DKK 244 million in 2007, or DKK 104 million below the 2006 level. Other than the effect from gross profit for the year, operating profit was affected by a 7% increase in sales and distribution expenses over 2006, including 3 percentage points resulting from the activities acquired in the year. Accordingly, the organic growth in sales and distribution expenses was 4%, which is below the organic growth in net revenue. The Group's administrative expenses increased by 24%, including 15 percentage points relating to acquired activities and organic growth of 9 percentage points, primarily as a result of expenses incurred for strategic initiatives. "Other operating income" was some DKK 34 million below the figure in 2006, when an income of DKK 39 million was realised from Nigerian receivables previously written off.

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to DKK 392.5 million compared to DKK 535.9 million in 2006.

"Special items", an income of some DKK 20 million, comprises an impairment loss of DKK 70 million on production assets in consequence of the decision to close down the brewery in Aarhus in H2 2008 (cf Announcement RU11/2008 of 1 February 2008) and net income of DKK 90 million relating to the sale of the brewery property in Vilnius in Lithuania as well as non-recurring expenses for the structural adjustments decided upon in November 2007, including the dismissal of some 300 employees and closure of the breweries Lielvarde in Latvia and Maribo Bryggeri in Denmark (cf Announcement RU43/2007 of 14 November 2007). The non-recurring expenses are now expected to be some DKK 8 million below the figure previously announced. The decline is primarily due to impairment losses on assets and the amount of redundancy payments turning out not to be as high as initially assumed.

Income from investments in associates went up by DKK 2 million from 2006 amounting to DKK 28 million compared to DKK 26 million in 2006. The increase comprises significantly improved results at the Solomon brewery and marginally lower results by the other associates.

The Group's net financial expenses went up by some DKK 33 million to DKK 72 million in 2007. Some DKK 6 million of the increase related to exchange adjustments and DKK 27 million to interest. The higher interest expenses were partly due to a DKK 540 million increase in net interest-bearing debt and partly to marginally increasing interest rates.

The profit before tax of the Royal Unibrew Group for 2007 amounted to DKK 220 million compared to DKK 320 million in 2006.

Consolidated profit (after tax) amounted to DKK 155 million, - DKK 75 million below the amount of DKK 230 million realised in 2006.

The change in Danish corporate tax legislation, including the reduction of the corporation tax rate from 28% to 25%, affected the tax expense for the year positively by DKK 13.7 million with respect to the provision for deferred tax at the beginning of the year. Other than that, the tax expense for the year was not net affected by the change.

**MACH II**

Measured against the main financial targets of the MACH II Strategic Plan, the results for the period were as follows:

| | Actual % | Target % |
|---|---|---|
| Return on invested capital (ROIC) | | |
| 2005 | 11.7 | |
| 2006 | 12.1 | ≥ 10 |
| 2007 | 7.4 | |
| | | |
| EBIT margin | | |
| 2005 | 9.6 | |
| 2006 | 9.7 | ≥ 10 |
| 2007 | 6.8 | |
| | | |
| Free cash flow as a % of net revenue | | |
| 2005 | 7.9 | |
| 2006 | 6.0 | ≥ 7 |
| 2007 | 4.0 | |
| | | |
| Total net revenue growth over 3 years | 10.6 | ≈ 14.5 |

In the last year of the MACH II period, none of the targets established were achieved. However, until 2007 the financial ratios realised were, on an overall basis, only marginally below the established MACH II targets. The deviation with respect to revenue growth is to a large extent explained by the failure to realise acquisitions at the rate anticipated. Free cash flow was affected by unusually high investments in 2006 and by the negative results of activities in Poland, which are expected to improve significantly in 2008 and 2009. Reference is made to the section on the Strategic Plan on page 7 for a description of other realised MACH II targets.

**DOUBLE UP**

**Targets 2008-2010: Increased profitability and doubled EBIT**

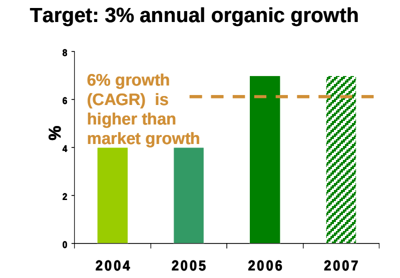
In January 2008, Royal Unibrew introduced ”double up”, its new strategic plan for 2008-2010, which will continue and accelerate the Group’s previous growth plans ”V8” and ”V8 Next” (2003-2005) and ”MACH II” (2005-2007).

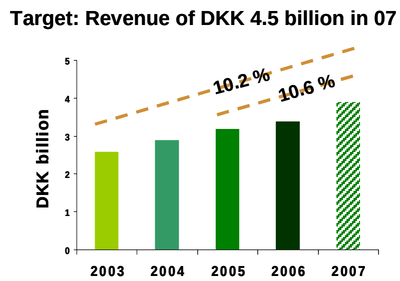
The V8 Plans, which focused on streamlining the Group from top to toe, progressed as planned, and Royal Unibrew achieved the financial targets announced for the period with a return on invested capital (ROIC) in 2004 of 10.1%, a profit margin of 10.5% and annual free cash flow of more than DKK 200 million in the period.

Based on these good results, the Group launched its ambitious growth plan MACH II in March 2005, which focused on value creation through profitable, international growth. It was a requirement that the growth should be realised while Royal Unibrew maintained a two-digit ROIC and profit margin as well as a free cash flow of at least 7% of net revenue.

**MACH II Plan completed**
The MACH II Plan targets had to a large extent been achieved by the end of 2007:

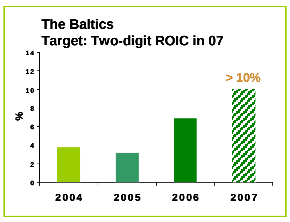
1) Acquisitions and organic growth of 3% were to ensure profitable growth in order to achieve revenue of DKK 4.5 billion in 2007: Organic growth was higher than expected – some 6% (CAGR) for the period and 7% in both 2006 and 2007, which means that Royal Unibrew showed higher growth than the markets. However, the rate of acquisition, a total of ten acquisitions in primarily the Baltic countries, Poland and in the international malt drinks markets, was lower than planned. However, in compliance with the MACH II Plan assumption of not compromising on profitability, Royal Unibrew gave priority to the quality and potential of the candidates rather than to achieving the top line target. Due to the low rate of acquisition, the revenue target of DKK 4.5 billion in 2007 was not achieved. Revenue amounted to some DKK 3.9 billion and to DKK 4.2 billion had the acquisitions in 2007 been included in the full-year financial statements. Annual top-line growth (CAGR) of 12% was achieved in the period.

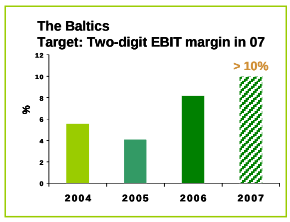


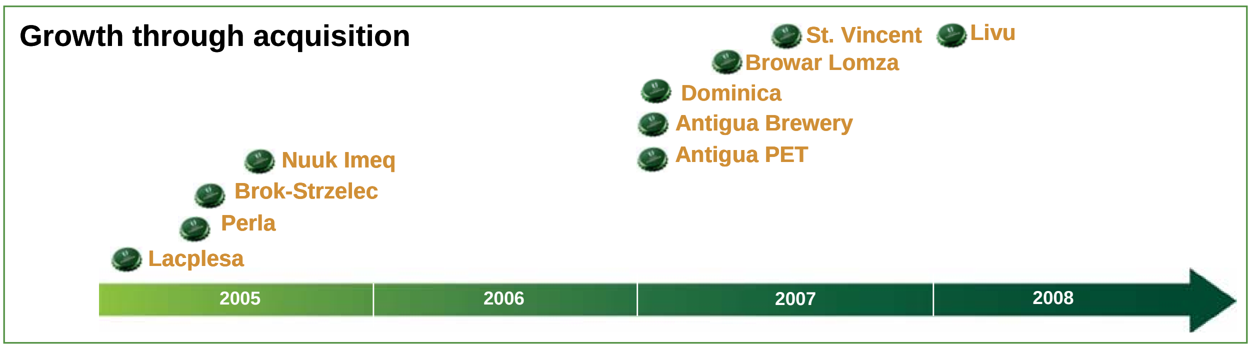




The Group's profitability increased from 2005 to 2006, when Royal Unibrew achieved both two-digit EBIT margin (before "special items") and two-digit ROIC. As previously mentioned, earnings were negatively affected by a number of factors in 2007, which resulted in targets not being achieved for 2007. The key factors were colder weather in Western Europe in the summer and autumn, higher raw materials prices and an unsatisfactory efficiency level at the Danish breweries.

2) Activities in the Baltic countries were to be developed and optimised in order for the region to achieve two-digit ROIC and EBIT margin by 2007. Production and supply chain in Lithuania and Latvia were modernised and streamlined, and sales and marketing were improved. As a result, market shares are growing, and profitability has improved significantly. EBIT in the region reached 10% in 2007, and ROIC was higher than 10%.




3) Royal Unibrew was to develop its core competencies to operating strong regional/national brands based on the assumption that consumers prefer to drink a beer to which they can relate and have proximity. The competencies have been developed, for example Royal Unibrew has accumulated its

know-how and experience in the concept ”13 Golden Rules”, which is applied across national borders.

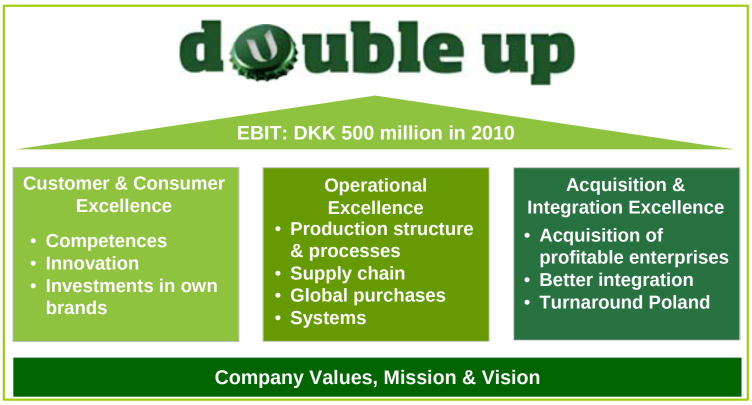
4) Intensified product innovation and marketing were to strengthen strategic brands. Both the Royal Beer family in Denmark, Kalnapilis in Lithuania, Cido in Latvia and Lithuania as well as Ceres in Italy won market shares in the period. At the same time, volumes grew under the Vitamalt and Faxe International brands.

**Increasing market shares 2005-2007**
- Royal Beer: 7.7% ⇨ 10% (premium)
- Kalnapilis: 7.1% ⇨ 8.6% (total, beer)
- Cido: 52.5% ⇨ 57.8% (juice etc)
  28.4% ⇨ 33.4% (spring water)
- Ceres Strong Ale: 76% ⇨ 84% (strong beer)

5) A number of business excellence initiatives were to yield annual savings and efficiency gains of DKK 20 million as of 2006. The initiatives resulted in savings of DKK 20 million from 2006, and additional initiatives to improve efficiency resulted in extra savings of some DKK 15 million in 2007.

6) The Group was to develop a new international identity. This was realised through the change of name to Royal Unibrew and the implementation of eg a new logo and the new slogan ”All your favourites”.

**Towards new targets with the ”double up” strategy**




Based on the results achieved under the MACH II Plan, Royal Unibrew launched a new ambitious strategic plan – ”double up” – in January 2008. The main objective of “double up” for 2008-2010 is to improve the Group’s profitability significantly and to double earnings before interest and tax (EBIT) to DKK 500 million in 2010. It is the ambition to increase revenue to DKK 5 billion through organic growth. To this should be added any contributions from possible acquisitions in the main markets in Northern Europe, Italy and the international malt drinks markets.

The means to achieve the profitability increase are a number of initiatives within customer & consumer excellence, operational excellence and acquisition & integration excellence.

**Customer & consumer excellence**
Royal Unibrew’s target for 2008-2010 is to achieve average, annual organic revenue growth (CAGR) of 6%. The growth is expected to exceed the underlying market growth. In all main markets, Royal Unibrew plans extensive innovation with a large number of new products, new taste varieties and new packaging and containers for beer, soft drinks, fruit juices, mineral water and malt drinks. At the same time, Royal Unibrew will allocate more funds and resources to developing and marketing its own strategic brands to continue their growth, whereas the Group will take a more opportunistic approach to products in the low-price segments.

Royal Unibrew will continue to strengthen sales and marketing competencies within the Group by systematically benefiting from experience in local and regional marketing and by providing sales representatives with new tools. For example, the Group is establishing a new Sales & Marketing College where 140 executives will complete training which they are subsequently to pass on within the Group.

**Operational excellence**
As described above, part of the reason why the MACH II targets were not fully achieved in 2007 was an unsatisfactory efficiency level at the Danish breweries. In the autumn of 2007, the Danish production

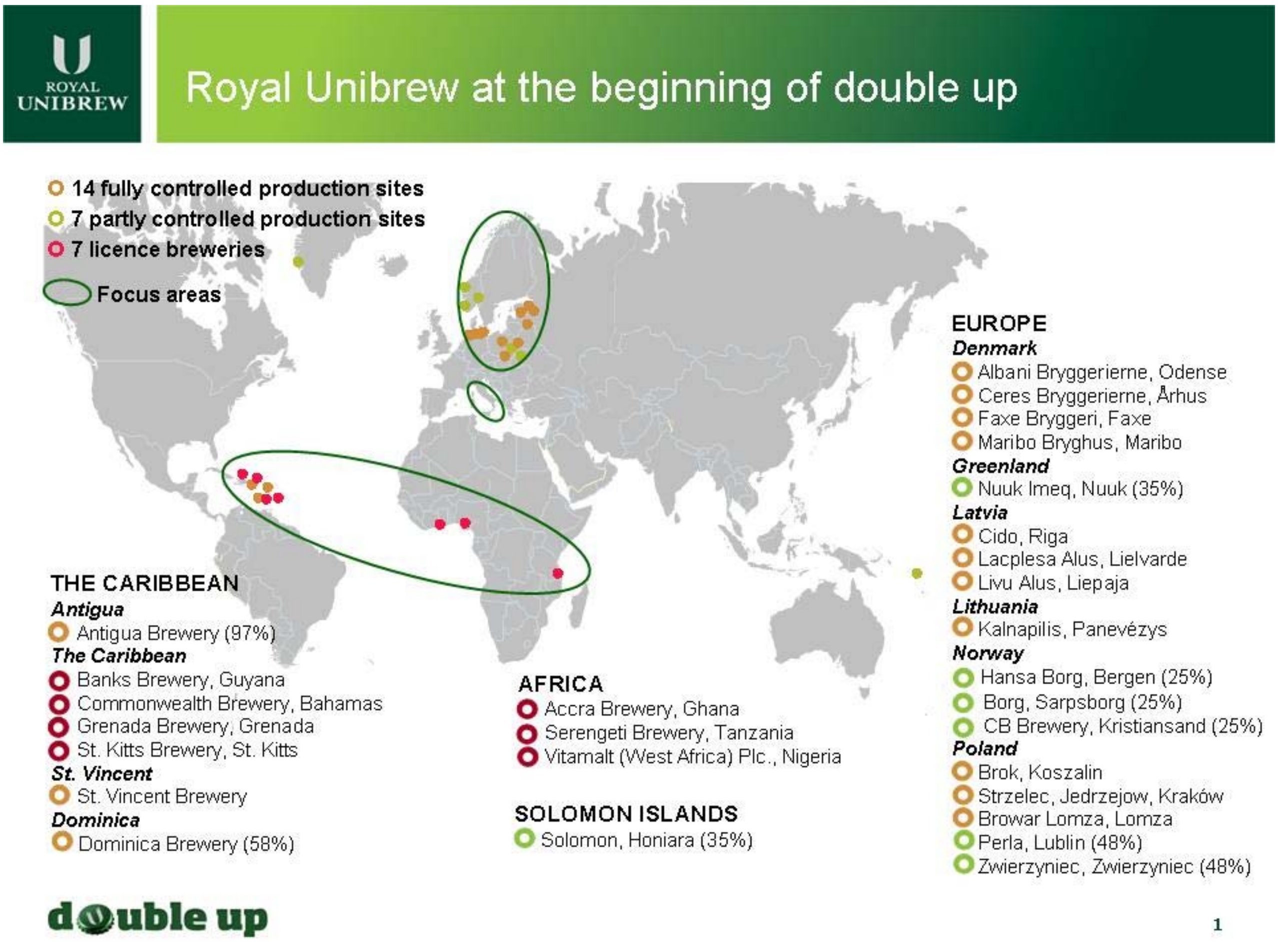
problems, which affected the profit for 2007 negatively by an estimated DKK 50 million of increased production costs, were solved by investments of DKK 60 million in technology and capacity.

Moreover, ”double up” addresses the necessary continuous improvement of the production structure and the efficiency level. As announced on 7 January 2008, it is the intention to close down production at the Ceres brewery in Aarhus, and following the closure of Maribo Bryggeri in February 2008, all brewing, bottling and canning activities will be concentrated at two large units in Faxe and Odense. The concentration means that Royal Unibrew will reduce its capacity costs, achieve greater flexibility and at the same time eliminate double investments.

A number of production processes are to be optimised eg by introducing LEAN, and Royal Unibrew will insource the production of PET containers (non-returnable containers) in Denmark. Furthermore, through various initiatives, the Group will further improve its logistics, storage and delivery processes in Denmark, Poland and the Baltic countries.

Moreover, Royal Unibrew will direct efforts at achieving additional benefits from global purchases for the entire Group and from hedging critical raw materials such as malt, hops and metals. Finally, a number of systems and processes will be strengthened, and administrative savings will be introduced.

The effect of these operational excellence initiatives is expected to result in increased annual savings, which in 2010 will amount to DKK 90 million To this should be added DKK 92 million by which Royal Unibrew expects to increase earnings through the initiatives announced on 14 November 2007. These included the closure of the Maribo and Lielvarde breweries, the dismissal of some 300 employees, adjustment of selling prices in certain markets as well as the above-mentioned investments in technology and capacity in Danish production.



**Acquisition & integration excellence**
Royal Unibrew wishes to continue strengthening the Group's activities in the main markets in Northern Europe, Italy and the international malt drinks markets. Focus will be on acquiring profitable enterprises which may be naturally integrated into the existing business. The acquired enterprises must show two-digit ROIC and EBIT margin within 3 years.

The Group is also carrying through a number of initiatives to benefit from its prior experience in order to integrate acquired enterprises faster and more efficiently. In Poland, the acquisitions in recent years have provided a solid platform in several regions, and this platform should be utilised to double revenue to some DKK 500 million in 2010. The regional brands should be strengthened, distribution should be made broader and deeper and a number of new products will be introduced. As of 1 February 2008, all activities in Poland have been fully integrated into Royal Unibrew Polska, for which the target is a significant earnings increase up to 2010.

**Financial targets**
The financial targets of the double up strategy are as follows:
- EBIT of DKK 500 million in 2010
- Two-digit ROIC and EBIT margin (excluding ”special items”) in 2010
- Free cash flow of 7% of net revenue in 2010
- Revenue of DKK 5 billion in 2010 through organic growth
- A capital structure where net interest-bearing net (NIBD) in 2010 is 3 times EBITDA

**DEVELOPMENTS IN INDIVIDUAL MARKET SEGMENTS**
The developments in the Group's activities for 2007 break down as follows on segments:

| | Western Europe | Eastern Europe | Malt and Overseas Markets *) | Unallocated | Group |
|---|---|---|---|---|---|
| Percentage of net revenue | 64% | 24% | 12% | | 100% |
| Sales (million hectolitres) | 3.8 | 2.7 | 0.6 | | 7.1 |
| Net revenue (mDKK) | 2,490 | 909 | 483 | | 3,882 |
| Operating profit (before special items) (mDKK) | 252 | -23 | 63 | -48 | 244 |
| Profit margin (%) | 10.2 | -2.6 | 13.1 | | 6.3 |
| Earnings before interest and tax EBIT (mDKK) | 161 | 88 | 63 | -48 | 264 |
| EBIT margin (%) | 6.4 | 9.7 | 13.1 | | 6.8 |
| Assets (mDKK) | 2,169 | 975 | 396 | 241 | 3,781 |
| Liabilities (mDKK) | 746 | 294 | 97 | 1,525 | 2,662 |

***)** The ”Rest of the world” segment has in 2007 been changed to ”Malt and Overseas Markets”. Geographically, the Group's malt activities are in all materiality related to overseas markets. Comparative figures for 2006 have been restated accordingly.

**Western Europe**

| Western Europe | 2007 | 2006 | % change |
|---|---|---|---|
| Sales (million hectolitres) | 3.8 | 3,7 | 1 |
| Net revenue (mDKK) | 2,490 | 2,414 | 3 |
| Operating profit (before special items) (mDKK) | 252 | 320 | -21 |
| Profit margin (%) | 10.2 | 13.4 | -24 |
| EBIT (mDKK) | 161 | 320 | -50 |
| EBIT margin (%) | 6.4 | 13.4 | -54 |

Royal Unibrew's activities in the Western European markets were in 2007 affected by the unfavourable weather in the summer season. Sales and revenue increased by 1% and 3%, respectively. Operating profit decreased by DKK 68 million to DKK 252 million primarily because the intensified price competition prevented compensating the increasing raw materials prices by customer price increases, but also due to extraordinarily high production costs relating to the production reorganisation at the Danish breweries. A profit margin of 10.2% was realised compared to 13.4% in 2006. In addition to the DKK 68 million from operating profit, EBIT was reduced by structural adjustment expenses of DKK 91 million by way of impairment losses and expenses recognised in "special items". Impairment of the value of production assets related to the decision to close down the breweries in Aarhus and Maribo in 2008 amounted to some DKK 80 million, whereas other expenses related to the decision to close down the brewery in Maribo as well as other structural adjustments in Western Europe amounted to some DKK 11 million. Against this background, EBIT margin declined by 7.3 percentage points to 6.1% of net revenue.

| **Western Europe** | **Actual 2007** | | **Growth over 2006** | |
|---|---|---|---|---|
| | **Net revenue (mDKK)** | **Sales (thousand hectolitres)** | **Net revenue (%)** | **Sales (%)** |
| Denmark | 1,248 | 1,786 | 3 | 0 |
| Italy | 724 | 544 | 3 | 3 |
| Germany | 396 | 1,110 | 2 | -2 |
| Nordic countries | 51 | 155 | 21 | 28 |
| Other markets | 71 | 167 | 0 | -3 |
| **Total Western Europe** | **2,490** | **3,762** | **3** | **1** |

In **Denmark** total beer sales are estimated to have declined by some 2% in 2007 primarily as a result of a decrease in discount products sales. Branded beer sales are estimated to have declined by slightly above 1%. Royal Unibrew's branded beer sales in Denmark went up in 2007 by just below 1%, which means that market shares were won in this segment.

The Royal products continued to strengthen their positions and market shares, and for the first time the Royal brand achieved a market share above 10%. In 2007, the Heineken brand again realised two-digit growth.

The Group's sales of discount beer decreased proportionately more than the Danish market for discount beer, which is estimated to have declined by 6% in 2007.

Sales of Royal Unibrew branded products in the soft drinks segment was at the 2006 level, whereas the Group's total soft drinks sales increased by 2% in the Danish soft drinks market showing an estimated decline of 4% in 2007. Accordingly, Royal Unibrew's market share continued to increase in this segment in 2007. Egekilde continued showing progress achieving a market share of 28% in 2007, which has increased further in 2008. Faxe Kondi increased its market share by 3 percentage points.

The increase in total beer consumption in **Italy** is estimated at some 2% in 2007, whereas the Group's sales and revenue went up by slightly below 3%. Royal Unibrew's market share is thus still increasing, and Ceres Strong Ale now holds a market share of 84% of the strong beer market.

In the **German** market the Group continued to record growth in 2007 when sales increased by a two-digit percentage. With a view to optimising results from the German activities, it has been decided to combine the sales organisations for the German market and for cross-border trade between Denmark and Germany. Cross border sales declined marginally, whereas net revenue for cross-border trade was at the 2006 level.

Sales in the **Nordic** markets went up by 28% primarily driven by Sweden and Finland.

The **other Western European** markets, of which Tax-Free trade represents a material part, realised a negative sales development of 3%, whereas revenue was at the 2006 level.

**Eastern Europe**

| **Eastern Europe** | **2007** | **2006** | **% change** |
|---|---|---|---|
| Sales (million hectolitres) | 2.7 | 2.2 | 23 |
| Net revenue (mDKK) | 909 | 671 | 35 |
| Operating profit<br>(before special items) (mDKK) | -23 | -22 | -6 |
| Profit margin (%) | -2.6 | -3.3 | 21 |
| EBIT (mDKK) | 88 | -36 | 342 |
| EBIT margin (%) | 9.7 | -5.4 | 280 |

Sales and revenue in the region went up by 23% and 35%, respectively, in 2007, including 20 percentage points of both sales and revenue relating to the Polish Browar Lomza brewery, which has been included in the Group as of May 2007. Developments in Lithuania and Latvia are characterised as very satisfactory again in 2007, whereas sales and revenue generated by the Polish activities, excluding Lomza, were lower than expected but at the level of those realised in 2006.

Operating profit was at the level of the 2006 figure and profit margin improved from a negative 3.3% to a negative 2.6%. EBIT, which also includes ”special items”, was DKK 88 million, - an increase of DKK 124 million over 2006. In 2007, ”special items” comprised profit on the sale of the property from the closed brewery in Vilnius in Lithuania, structural adjustment expenses relating to the Eastern European activities in both Latvia, Lithuania and Poland as well as impairment losses on production plant at the brewery in Lielvarde in Latvia, which, in consequence of the acquisition of the Livu Alus brewery in Latvia, it was decided to close down by the end Q1 2008 (cf Announcement RU43/2007 of 14 November 2007). In 2006, ”special items” comprised costs of closure relating to the brewery in Lithuania.

In 2007, the Baltic countries saw a considerable increase in operating profit (EBIT excluding ”special items”) over 2006, and the developments are considered satisfactory and in accordance with plans so that the MACH II target of a two-digit EBIT margin and ROIC in 2007 has been realised, also without taking into account the income from ”special items”.

In spite of satisfactory developments in Lithuania and Latvia, the development in operating profit for the region as a whole is marginally negative. This development is related to a considerably negative result in Poland, where the expected sales and revenue developments and the expected results of the Brok and Strzelec activities were not realised in 2007. The strengthening of management of the subsidiary Royal Unibrew Polska realised in H1 had the intended positive effect, and the updated turnaround plan has been followed in H2, which means that the unsatisfactory development in revenue and gross profit as compared to the plans made has come to an end. In H2 a positive development as compared to 2006 was realised. In H2 2007, the turnaround plan included cost-consuming measures and large investments in sales and marketing activities with a view to enhancing the future earnings basis; therefore, no improvement of results has been realised in H2 or for the full year as compared to 2006. The integration of Browar Lomza progressed as planned resulting in a moderate loss realised by Lomza. At 1 February 2008, the Group’s SAP platform was successfully implemented at Browar Lomza, which at the same date merged with Royal Unibrew Polska.

| Eastern Europe | Actual 2007 | | Growth over 2006 | |
|---|---|---|---|---|
| | Net revenue (mDKK) | Sales (thousand hectolitres) | Net revenue (%) | Sales (%) |
| Lithuania | 320 | 793 | 33 | 12 |
| Latvia | 331 | 1,141 | 7 | 2 |
| Poland | 242 | 782 | 124 | 109 |
| Other markets | 16 | 34 | 25 | 18 |
| **Total Eastern Europe** | **909** | **2,750** | **35** | **23** |

In **Lithuania** Kalnapilio-Tauras increased its sales and revenue by 12% and 33%, respectively, in 2007. Part of the increase is attributable to the acquisition of the sale and distribution of the Cido products. However, also the development in revenue from own products, Tauras and Kalnapilis, was very satisfactory in 2007 as the product mix changed from discount beer to branded beer. Kalnapilio-Tauras' total market share of the Lithuanian beer market went up. Results in Lithuania continued to develop very satisfactorily, also without taking into account the net non-recurring income of DKK 124 million from the sale of the brewery property in Vilnius.

In **Latvia** sales of the Cido products, primarily fruit juices, mineral water as well as carbonated and non-carbonated soft drinks, developed highly satisfactorily with a realised increase of 15%, and the market share increased as consumption in Latvia went up by 12%. Also in the Latvian beer market satisfactory developments were recorded. The Lacplesa products realised revenue growth of 16% in a declining market, thus increasing their market share to just below 8%. The total market share for Lacplesa and Livu Alus, whose brands and production facilities the Group acquired in early January 2008, was above 16% in 2007. Results in Latvia showed significant increase.

In **Poland** sales and revenue went up by 109% and 124%, respectively. The growth is attributable to the acquisition of the Lomza brewery, which was included in the Group as of 1 May 2007. Sales and revenue realised by Brok and Strzelec did not increase as planned compared to 2006. As mentioned above, the negative development is expected to have ended in H2 2007, which is confirmed by the results realised for the first month of 2008.

**Malt and Overseas Markets**

| Malt and Overseas Markets | 2007 | 2006 | % change |
|---|---|---|---|
| Sales (million hectolitres) | 0.6 | 0.4 | 39 |
| Net revenue (mDKK) | 483 | 353 | 37 |
| Operating profit (before special items) (mDKK) | 63 | 98 | -35 |
| Profit margin (%) | 13.1 | 27.6 | -53 |
| EBIT (mDKK) | 63 | 98 | -35 |
| EBIT margin (%) | 13.1 | 27.6 | -53 |

The "Rest of the world" segment has in 2007 been changed to "Malt and Overseas Markets" and, in addition to all malt drinks markets, comprises the beer and soft drinks activities in the UK, Caribbean and North American markets. The change has resulted in the activities of the subsidiaries Supermalt UK and Cerekem International being reclassified from "Western Europe" to the segment, which still differs geographically from the other segments.

Developments in 2007 were materially affected by the acquisition of the three Caribbean breweries St. Vincent, Antigua and Dominica, but also by a very satisfactory sales growth in the other large malt drinks market, Africa.

The results for 2006 included an income of DKK 39 million relating to receivables in Nigeria previously written off. Eliminating this non-recurring income, the positive profit development of some 6% from 2006 to 2007 has been satisfactory. The EBIT margin decline from some 16% to 13% is due to a changed product mix as the beer and soft drinks activity of the acquired breweries does not generate as high earnings as the malt drinks activity.

| Malt and Overseas Markets | Actual 2007 | | Growth over 2006 | |
|---|---|---|---|---|
| | Net revenue (mDKK) | Sales (thousand hectolitres) | Net revenue (%) | Sales (%) |
| The Caribbean | 270 | 249 | 52 | 71 |
| The UK | 81 | 82 | 13 | 14 |
| Africa | 61 | 126 | 77 | 57 |
| USA/Canada | 39 | 49 | 9 | 8 |
| Other European markets | 18 | 22 | -2 | -3 |
| The Middle East | 14 | 39 | -8 | -9 |
| **Total Malt and Overseas Markets** | **483** | **567** | **37** | **39** |

Exports to **the Caribbean** and the distribution activity in Guadeloupe and Martinique were stable compared to 2006. The sales and revenue growth of 14% and 33%, respectively, thus materially relates to the newly acquired breweries in St. Vincent, Antigua and Dominica.

In **the UK** the Supermalt brand was launched in a Tetra Pak packing in the autumn, and satisfactory sales growth of 14% over 2006 was realised. The revenue development was weaker due to a declining GBP in 2007.

The strong growth in **Africa**, which commenced in 2006, continued in 2007, when sales increased by 57% and net revenue by 77%. The growth was primarily realised in Tanzania, where Vitamalt Plus increased its market share by 30 percentage points to 50-55% in 2007.

**The USA and Canada** saw continued growth also in 2007 at the same rate as in 2006 with increases in both sales and net revenue of just below 10%.

**SHARE OPTIONS**

Royal Unibrew's continuous share option programme covering the 2007 financial year applies to the Executive Board and some 20 executives. Under this programme, the participants may annually be granted options corresponding to a maximum number of shares of 38,290 based on a share price of 534*). Half of the options will be granted without any performance conditions, whereas the other half will be granted depending, in part or in full, on the realisation of ROIC (return on invested capital) and profit growth.

On a total basis, the following share options remain unexercised:

| Granted | Total number unexercised | Number held by Executive Board | Exercise price | Exercise period |
|---|---|---|---|---|
| Re 2003 | 7,866 | 3,746 | 401 | 3/2007 – 4/2009 |
| Re 2004 | 9,754 | 4,184 | 478 | 3/2008 – 4/2010 |
| Re 2005 | 26,114 | 13,874 | 648 | 4/2009 – 4/2011 |
| Re 2006 | 22,820 | 13,944 | 695 | 4/2010 – 4/2012 |
| Re 2007 | 19,145 | 14,305 | *) 534 | 4/2011 – 4/2013 |
| Total | 85,699 | 50,053 | | |

*) The options will be priced on the basis of average market price over the 10 trading days following the publication of the Annual Report of the Company. The value of the unexercised options is calculated on the basis of the share price at 31 December 2007.

The Company's option obligations under the option programmes are expected to be covered by the portfolio of treasury shares.

The market value of the unexercised options is estimated at DKK 9.7 million (under the Black-Scholes formula).

In accordance with the accounting policies adopted, an expense of DKK 3.1 million has been charged in the Annual Report for 2007 representing the market value (Black-Scholes) of the granting for the 2007 financial year.

The Supervisory Board intends - as regards the Executive Board - to recommend to the Annual General Meeting:

1) to continue the existing share option programme applying to the Executive Board and some 20 executives also for the 2008 financial year. As previously, half of the options will be granted without any performance conditions, whereas the other half will be granted depending, in part or in full, on the realisation of ROIC (return on invested capital) and profit growth. Under this programme, the participants may in 2008 be granted options corresponding to a maximum number of shares of 40,000 based on a share price of 534.

2) that the same group of persons will be granted additional options for 2008 corresponding to half of an annual salary exercisable as of 2011, provided that the targets established in the "double up" strategic plan are achieved by 2010. This programme may, based on a share price of 534, result in the granting of options corresponding to some 25,000 shares.

**BALANCE SHEET AND CASH FLOW STATEMENT**

Royal Unibrew's balance sheet total amounted to DKK 3,781 million at the end of 2007, which is an increase of DKK 368 million, or 10%, over year end 2006. The increase relating to acquisitions for the year amounted to some DKK 550 million, including some DKK 250 million relating to intangible assets. Consequently, the balance sheet has been reduced organically by some DKK 200 million comprising in all materiality a reduction of cash and bank by DKK 225 million, an increase of inventories by DKK 25 million and of receivables by DKK 75 million as well as a reduction of the value of property, plant and equipment which is affected by impairment losses of some DKK 90 million relating to the Ceres, Maribo and Lacplesa breweries, which are all scheduled for closure during 2008.

Group equity, which at the end of 2007 amounted to DKK 1,119 million, was most materially affected by comprehensive income for the year of DKK 155 million, payment of dividend of DKK 58 million and a net write-down relating to acquisition and sale of treasury shares of DKK 156 million. The equity ratio equalled 29.8% compared to 33.6% at the end of 2006.

Free cash flow before investments in acquisitions amounted to DKK 157 million in 2007 equal to 4.0% of net revenue, which was DKK 49 million below 2006 and below the MACH II target. The free cash flow was positively affected by the sale of property, plant and equipment at DKK 212 million, including DKK 175 million concerning the brewery properties of the closed Tauras and Thor breweries. In 2007 investments totalled DKK 225 million, which was DKK 18 million below the 2006 level. Cash flows from operating activities were DKK 273 million lower in 2007 than in 2006 comprising DKK 205 million relating to the cash results and DKK 68 million relating to the development in working capital. After year end, initiatives have been launched to reduce investments in working capital.

At 31 December, the Group's cash resources, in addition to cash and bank balances of DKK 158 million, comprise committed, unutilised credit facilities of DKK 787 million, or a total of DKK 945 million. Furthermore, the Group has commitments for financing of acquisitions.

In 2007, Royal Unibrew A/S acquired a total of 252,186 shares for treasury at DKK 163 million, including 207,126 shares under the share buy-back programme launched in 2007. The Company now holds a total number of 316,847 treasury shares (equal to some 5.1% of the Company's total share capital); 86,000 of these shares are expected to be used to cover the Company's share option programme.

**FUTURE CAPITAL STRUCTURE, SHARE BUY-BACK PROGRAMME AND DIVIDEND POLICY**

During the MACH II strategy period, the Group intended to increase the Company's interest-bearing debt to EBITDA ratio from 1.4 to 3.0. Due to results developments in 2007, the Company's interest-bearing debt at the end of 2007 was 4.0 times EBITDA.

Royal Unibrew wishes to continue its focus on optimising the Company's weighted average cost of capital (WACC) and increasing shareholder value. For the future strategy period from 2008 to 2010, the Group has therefore maintained the target of adjusting and maintaining the Company's interest-bearing debt at a level corresponding to 3 times EBITDA, which is considered to imply a capital structure and WACC suitable for the Group.

The target will not interfere with the Group's growth target under the double up strategy and is considered to leave sufficient scope for realising any acquisitions.

Royal Unibrew has completed the repurchasing of a maximum of 300,000 shares for treasury at a value of DKK 174 million. At the next Annual General Meeting of the Company, the Supervisory Board will propose that the capital be reduced by an amount equivalent to the number of shares purchased under the share buy-back programme.

The Supervisory Board still intends to propose distribution to the shareholders of annual dividend at the level of 25-40% of the Parent Company shareholders' share of consolidated profit. However, dividend will from time to time be distributed with due regard to the Company's strategic plans and cash position.

**PROSPECTS**

For 2008, the Group's total sales are expected to increase by some 10% without taking into account any new acquisitions. Some 4 percentage points of this amount are attributable to the full-year effect of the acquisitions made in 2007 – the three breweries in the Caribbean, Lomza in Poland and Livu in Latvia. Organic sales growth is expected primarily to originate from the Baltic countries, Poland and Africa, whereas the phasing-out of certain commitments in connection with the closure of Maribo etc will affect sales negatively.

Net revenue is expected to increase more than sales primarily due to price increases, and the above-mentioned phasing-out of certain commitments will increase the average selling prices achieved.

The brewery industry is still characterised by considerable price increases of key raw materials, packaging and containers. Royal Unibrew expects the achieved increases in selling prices to be sufficient to compensate the price increases.

The implemented and ongoing integration and market initiatives in Poland – including the merger between Lomza and Brok/Strzelec at 1 February 2008 – are expected to yield positive results in 2008, whereas the integration of Livu Alus with Cido and Lacplesa Alus in Latvia in 2008 is expected to have a minor negative effect on the expected results for the year.

As mentioned in the Q3 Report 2007 (cf Announcement RU43/2007 of 14 November 2007), a number of adjustments and optimisation efforts were initiated due to the unsatisfactory profit development in 2007 with a view to strengthening the Group's profit development:

- Investment in technology and capacity expansion to remedy the efficiency problems estimated to have affected profit negatively by some DKK 50 million in 2007. These additional expenses are not expected to affect the profit for 2008.

- Reduction of the Group's total workforce by some 300, which, combined with the ongoing business excellence projects, is expected to result in savings of some DKK 35 million from 2008.

- Closure of the breweries in Maribo (Denmark) and Lielvarde (Latvia) in early 2008 will have an estimated positive effect of some DKK 5 million in 2008 compared to 2007.

- Impairment losses and expenses in relation to these initiatives have been provided for in the financial statements for 2007.

Furthermore, Royal Unibrew announced in January 2008 (cf Announcement RU03/2008 of 7 January 2008 and RU10/2008 of 1 February 2008) that it had decided to close down production at the Group's brewery in Aarhus. This will result in costs of closure of DKK 20 million (in addition to the impairment losses recognised in the financial statements for 2007) in 2008 (”special items”), whereas positive effects on the financial statements will not be achieved until as of 2009. The closure of the brewery in Aarhus is a consequence of the analysis of the total Danish supply process mentioned in Announcement RU43/2007 of 14 November 2007. Moreover, this analysis has resulted in a decision to change the Danish sales and distribution structure. For the time being, distribution and part of the sales work are carried out through 21 independent stores. These stores will be replaced by 8 distribution centres with a simultaneous concentration of the sales organisation and work with Royal Unibrew. The reorganisation, which is expected to take place in the autumn of 2008, will imply reorganisation costs at the level of some DKK 35 million, of which some DKK 30 million is expected to affect the financial statements for 2008, whereas the balance will affect the 2009 financial statements. As of 2009, the initiative will increase earnings by some DKK 30 million on an annual basis (EBIT).

The implemented and ongoing business excellence projects – not least Global Purchase – will have a positive profit effect in 2008.

An extensive investment programme is planned for 2008 with a view to exploiting the efficiency potential enabled by the closure of production in Aarhus and the insourcing of production of Egekilde in PET containers. Total investments in 2008 are estimated at some DKK 500 million, which will increase the Group's depreciation as compared to 2007.

On this basis, profit margin (EBIT before ”special items”) is expected to increase from 6.3% in 2007 to slightly above 8% in 2008.

Net financial expenses are expected to increase considerably in 2008 due to the increased indebtedness in 2007 and the material investments planned for 2008.

Based on the above, a profit before tax and ”special items” at a level of DKK 280-320 million is expected; however, after ”special items” (closure of the brewery in Aarhus and distribution reorganisation in Denmark), the figure is expected to be at a level of DKK 230-270 million.

The tax rate of the Group is expected to be some 29%.

**RESOLUTIONS BY THE SUPERVISORY BOARD AND RECOMMENDATIONS FOR THE ANNUAL GENERAL MEETING**

The Supervisory Board will recommend to the Annual General Meeting that dividend from Royal Unibrew A/S remain unchanged at DKK 10 per share of DKK 10, equal to a dividend rate of some 39%. The proposed dividend totals DKK 59 million. The Supervisory Board proposes that the remaining profit for the year be allocated to retained earnings. The dividend will be at the shareholders' disposal on 6 May 2008. Royal Unibrew will be priced exclusive of dividend as of 29 April 2008.

As previously announced, the Supervisory Board will recommend to the Annual General Meeting that the share capital of Royal Unibrew be reduced by a nominal amount corresponding to the nominal share capital repurchased under the realised share buy-back programme (cf Announcement RU18/2007 of 31 May 2007). Therefore, the Supervisory Board will recommend to the Annual General Meeting that the share capital of Royal Unibrew be reduced by a nominal amount of DKK 3,000,000 to a total of DKK 56,000,000.

Furthermore, the Supervisory Board intends to propose that the Annual General Meeting authorise the Supervisory Board to increase the Company's capital by a maximum nominal amount of DKK 6,000,000 (600,000 shares) in the period up until the Annual General Meeting in 2009.

Finally, the Supervisory Board intends to propose that the Annual General Meeting authorise the Supervisory Board to acquire up to 10% shares for treasury, cf section 48 of the Danish Companies Act, in the period up until the next Annual General Meeting, see the section "Dividend Policy and Share Buy-back Programme".

**STATEMENTS ABOUT THE FUTURE**

The statements about the future made in the Annual Report for 2007 reflect Management's expectations in respect of future events and financial results, as well as of economic trends in key markets and developments in international money, foreign exchange and interest rate markets. Statements about the future will inherently involve uncertainty and may be affected by – in addition to global economic conditions - market-driven price reductions, market acceptance of new products, packaging and container types, unforeseen termination of working relationships and changes to regulatory aspects (taxes, environment, packaging), etc. The actual results may therefore deviate from the expectations stated.

Royal Unibrew is a party to a limited number of legal actions. These legal actions are not expected to have any material impact on the financial position of Royal Unibrew.

**ANNUAL GENERAL MEETING**

The Annual General Meeting of Royal Unibrew will be held on 28 April 2008, at 17:00 in Aarhus.

## MANAGEMENT'S STATEMENT ON THE REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Royal Unibrew A/S for 2007.

The Annual Report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies applied appropriate. Accordingly, the Annual Report gives a true and fair view of the financial position at 31 December 2007 of the Group and the Parent Company as well as of the results of the Group and Parent Company operations and cash flows for the financial year 2007.

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

Faxe, 29 February 2008

**Executive Board**

| | |
|---|---|
| Poul Møller<br>CEO | Connie Astrup-Larsen<br>International Director |
| Povl Friis<br>Technical Director | Ulrik Sørensen<br>CFO |

**Supervisory Board**

| | | |
|---|---|---|
| Steen Weirsøe<br>Chairman | Tommy Pedersen<br>Deputy Chairman | Henrik Brandt |
| Ulrik Bülow | Erik Højsholt | Hemming Van |
| Erik Christensen | Jesper Frid | Kirsten Wendelboe Liisberg |

**ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE A/S –**
**1 January to 31 December 2007**

| | | |
|---|---|---|
| 02 January 2007 | 01/2007 | Share Buy-back at Royal Unibrew A/S |
| 11 January 2007 | 02/2007 | Share Buy-back at Royal Unibrew A/S |
| 23 January 2007 | 03/2007 | Share Buy-back at Royal Unibrew A/S |
| 31 January 2007 | 04/2007 | Share Buy-back at Royal Unibrew A/S |
| 12 February 2007 | 05/2007 | Share Buy-back at Royal Unibrew A/S |
| 15 February 2007 | 06/2007 | Royal Unibrew strengthens its position in Poland through the acquisition of significant regional brewery business |
| 20 February 2007 | 07/2007 | Share Buy-back at Royal Unibrew A/S |
| 01 March 2007 | 08/2007 | Share Buy-back at Royal Unibrew A/S |
| 05 March 2007 | 09/2006 | Announcement of Annual Results 2006 |
| 09 March 2007 | 10/2007 | Share Buy-back at Royal Unibrew A/S |
| 03 April 2007 | 11/2007 | Notice convening the Annual General Meeting of Royal Unibrew A/S |
| 30 April 2007 | 12/2007 | Q1 Report 2007 |
| 30 April 2007 | 13/2007 | Annual General Meeting of Royal Unibrew - Minutes |
| 15 May 2007 | 14/2007 | Royal Unibrew’s acquisition of 100% of the share capital of Browar Lomza Sp. z o.o. now realised |
| 23 May 2007 | 15/2007 | Reporting according to section 28a of the Danish Securities Trading Act |
| 24 May 2007 | 16/2007 | Reporting according to section 28a of the Danish Securities Trading Act |
| 25 May 2007 | 17/2007 | Reporting according to section 28a of the Danish Securities Trading Act |
| 31 May 2007 | 18/2007 | Share Buy-back under ”Safe Harbour” |
| 01 June 2007 | 19/2007 | Royal Unibrew’s total share capital and voting rights |
| 13 June 2007 | 20/2007 | Share Buy-back at Royal Unibrew A/S |
| 22 June 2007 | 21/2007 | Share Buy-back at Royal Unibrew A/S |
| 02 July 2007 | 22/2007 | Royal Unibrew further strengthens its position in the Caribbean |
| 03 July 2007 | 23/2007 | Share Buy-back at Royal Unibrew A/S |
| 12 July 2007 | 24/2007 | Share Buy-back at Royal Unibrew A/S |
| 23 July 2007 | 25/2007 | Share Buy-back at Royal Unibrew A/S |
| 01 August 2007 | 26/2007 | Share Buy-back at Royal Unibrew A/S |
| 10 August 2007 | 27/2007 | Share Buy-back at Royal Unibrew A/S |
| 21 August 2007 | 28/2007 | Share Buy-back at Royal Unibrew A/S |
| 15 August 2007 | 29/2007 | Royal Unibrew strengthens its position in the Baltic beer market |
| 28 August 2007 | 30/2007 | H1 Report 2007 |
| 28 August 2007 | 31/2007 | Reduction of capital and cancellation of treasury shares, amendment of Articles of Association |
| 30 August 2007 | 32/2007 | Share Buy-back at Royal Unibrew A/S |
| 30 August 2007 | 33/2007 | Royal Unibrew’s total share capital and voting rights |
| 10 September 2007 | 34/2007 | Share Buy-back at Royal Unibrew A/S |
| 19 September 2007 | 35/2007 | Share Buy-back at Royal Unibrew A/S |
| 26 September 2007 | 36/2007 | Agreement on sale of property in Vilnius, Lithuania |
| 28 September 2007 | 37/2007 | Share Buy-back at Royal Unibrew A/S |
| 08 October 2007 | 38/2007 | Share Buy-back at Royal Unibrew A/S |
| 15 October 2007 | 39/2007 | Sale of property in Vilnius, Lithuania, finally realised |
| 18 October 2007 | 40/2007 | Share Buy-back at Royal Unibrew A/S |
| 29 October 2007 | 41/2007 | Share Buy-back at Royal Unibrew A/S |
| 07 November 2007 | 42/2007 | Share Buy-back at Royal Unibrew A/S |
| 14 November 2007 | 43/2007 | Q3 Report 2007 |
| 16 November 2007 | 44/2007 | Share Buy-back at Royal Unibrew A/S |
| 27 November 2007 | 45/2007 | Reporting according to section 28a of the Danish Securities Trading Act |
| 27 November 2007 | 46/2007 | Share Buy-back at Royal Unibrew A/S |
| 06 December 2007 | 47/2007 | Share Buy-back at Royal Unibrew A/S |
| 07 December 2007 | 48/2007 | Reporting according to section 28a of the Danish Securities Trading Act |

| | | |
|---|---|---|
| 12 December 2007 | 49/2007 | Reporting according to section 28a of the Danish Securities Trading Act |
| 17 December 2007 | 50/2007 | Share Buy-back at Royal Unibrew A/S |

**FINANCIAL CALENDAR FOR 2008**

Annual General Meeting and shareholders' meetings:

| | |
|---|---|
| 28 April 2008: | Annual General Meeting in Aarhus |
| 29 April 2008: | Shareholders' meeting in Odense |
| 30 April 2008: | Shareholders' meeting in Faxe |

Announcements of financial results:

| | |
|---|---|
| 29 February 2008: | Annual Report 2007 |
| 28 April 2008: | Q1 Report 2008 |
| 25 August 2008: | H1 Report 2008 |
| 20 November 2008: | Q3 Report 2008 |

**Income Statement for 2007 (DKK '000)**

| Parent Company 2006 | Parent Company 2007 | | Group 2007 | Group 2006 |
|---|---|---|---|---|
| 2,854,657 | **2,894,423** | Revenue | **4,574,173** | 4,083,474 |
| (334,965) | **(309,738)** | Beer and mineral water excises | **(692,411)** | (644,448) |
| **2,519,692** | **2,584,685** | **Net revenue** | **3,881,762** | **3,439,026** |
| (1,254,191) | **(1,400,478)** | Production costs | **(2,129,173)** | (1,742,900) |
| **1,265,501** | **1,184,207** | **Gross profit** | **1,752,589** | **1,696,126** |
| (804,407) | **(809,934)** | Sales and distribution expenses | **(1,268,783)** | (1,191,225) |
| (171,682) | **(167,648)** | Administrative expenses | **(249,042)** | (200,680) |
| 4,219 | **3,824** | Other operating income | **9,289** | 43,512 |
| **239,631** | **210,449** | **Operating profit** | **244,053** | **347,733** |
| 0 | **0** | Special income | **128,068** | |
| 0 | **(76,611)** | Special expenses | **(107,823)** | (14,329) |
| **293,631** | **133,838** | **Profit before financial income and expenses** | **264,298** | **333,404** |
| | | Income from investments in associates | **27,998** | 26,098 |
| 73,519 | **39,760** | Dividend from subsidiaries and associates | **0** | 0 |
| 20,177 | **25,294** | Financial income | **26,704** | 20,330 |
| (56,784) | **(101,509)** | Financial expenses | **(98,836)** | (59,479) |
| **330,543** | **97,383** | **Profit before tax** | **220,164** | **320,353** |
| (59,071) | **(28,783)** | Tax on the profit for the year | **(64,930)** | (90,014) |
| **271,472** | **68,600** | **Net profit for the year** | **155,234** | **230,339** |
| | | distributed as follows: | | |
| | | Parent Company shareholders' share of net profit | **151,747** | **227,642** |
| | | Minority shareholders' share of net profit | **3,487** | **2,697** |
| **271,472** | **68,600** | **Net profit for the year** | **155,234** | **230,339** |
| | | Parent Company shareholders' share of earnings per share (DKK) | **26.4** | **38.0** |
| | | Parent Company shareholders' share of diluted earnings per share (DKK) | **26.2** | **37.6** |

**Assets at 31 December 2007 (DKK '000)**

| Parent Company 2006 | Parent Company 2007 | | Group 2007 | Group 2006 |
|---|---|---|---|---|
| | | **NON-CURRENT ASSETS** | | |
| 80,645 | **80,645** | Goodwill | **487,861** | 323,398 |
| 2,990 | **2,990** | Trademarks | **278,351** | 174,236 |
| 8,764 | **7,589** | Distribution rights | **8,524** | 9,854 |
| **92,399** | **91,224** | **Intangible assets** | **774,736** | **507,488** |
| 489,896 | **468,006** | Land and buildings | **770,679** | 723,509 |
| 193,828 | **162,824** | Plant and machinery | **488,715** | 400,842 |
| 180,206 | **150,397** | Other fixtures and fittings, tools and equipment | **240,091** | 237,618 |
| 35,255 | **36,573** | Property, plant and equipment in progress | **57,536** | 64,888 |
| **899,185** | **817,800** | **Property, plant and equipment** | **1,557,021** | **1,426,857** |
| 980,333 | **1,462,027** | Investments in subsidiaries | **0** | 0 |
| 185,338 | **179,231** | Investments in associates | **225,691** | 231,285 |
| 0 | **134,529** | Receivables from subsidiaries | **0** | 0 |
| 24,664 | **25,481** | Receivables from associates | **25,481** | 24,664 |
| 2,633 | **2,518** | Other investments | **3,018** | 2,838 |
| 20,856 | **10,763** | Other receivables | **11,592** | 21,875 |
| **1,213,824** | **1,814,549** | **Financial assets** | **265,782** | **280,662** |
| **2,205,408** | **2,723,573** | **Non-current assets** | **2,597,539** | **2,215,007** |
| | | **CURRENT ASSETS** | | |
| 54,502 | **56,647** | Raw materials and consumables | **169,316** | 97,284 |
| 10,727 | **13,083** | Work in progress | **25,816** | 17,353 |
| 109,668 | **85,507** | Finished goods and purchased finished goods | **156,461** | 161,983 |
| **174,897** | **157,237** | **Inventories** | **351,593** | **276,620** |
| 146,684 | **168,340** | Trade receivables | **577,847** | 442,238 |
| 252,800 | **285,342** | Receivables from subsidiaries | **0** | 0 |
| 1,318 | **1,012** | Receivables from associates | **1,012** | 1,318 |
| 12,565 | **48,829** | Other receivables | **64,035** | 37,360 |
| 17,616 | **15,087** | Prepayments | **31,435** | 43,775 |
| **430,983** | **518,610** | **Receivables** | **674,329** | **524,691** |
| **313,499** | **20,597** | **Cash at bank and in hand** | **157,832** | **368,320** |
| **28,988** | **0** | **Non-current assets held for sale** | **0** | **28,988** |
| **948,367** | **696,444** | **Current assets** | **1,183,754** | **1,198,619** |
| **3,153,775** | **3,420,017** | **Assets** | **3,781,293** | **3,413,626** |

**Liabilities and Equity at 31 December 2007 (DKK '000)**

| Parent Company 2006 | Parent Company 2007 | | Group 2007 | Group 2006 |
|---|---|---|---|---|
| | | **EQUITY** | | |
| 61,800 | **59,000** | Share capital | **59,000** | 61,800 |
| 0 | **0** | Translation reserve | **(7,694)** | (9,194) |
| 2,637 | **9,994** | Hedging reserve | **10,057** | 1,975 |
| 1,061,274 | **924,695** | Retained earnings | **960,411** | 1,018,823 |
| 61,800 | **59,000** | Proposed dividend | **59,000** | 61,800 |
| **1,187,511** | **1,052,689** | **Equity of Parent Company shareholders** | **1,080,774** | **1,135,204** |
| 0 | **0** | **Minority interests** | **38,689** | 12,917 |
| **1,187,511** | **1,052,689** | **Equity** | **1,119,463** | **1,148,121** |
| | | **LIABILITIES** | | |
| 119,598 | **96,094** | Deferred tax | **127,718** | 127,720 |
| 577,339 | **734,503** | Mortgage debt | **749,751** | 593,540 |
| 551,980 | **645,203** | Credit institutions | **790,260** | 650,375 |
| **1,248,917** | **1,475,800** | **Non-current liabilities** | **1,667,729** | **1,371,635** |
| 57,695 | **0** | Mortgage debt | **953** | 58,732 |
| 98,701 | **145,278** | Credit institutions | **228,433** | 138,106 |
| 87,876 | **84,141** | Repurchase obligations, returnable packaging | **97,533** | 90,554 |
| 252,311 | **207,382** | Trade payables | **350,407** | 344,338 |
| 38,684 | **281,118** | Payables to subsidiaries | **0** | 0 |
| 47,079 | **12,730** | Corporation tax | **54,759** | 61,262 |
| 46,924 | **54,862** | VAT, excise duties, etc | **98,764** | 74,821 |
| 88,077 | **106,017** | Other payables | **163,252** | 126,057 |
| **717,347** | **885,507** | **Current liabilities** | **994,101** | **893,870** |
| **1,966,264** | **2,367,328** | **Liabilities** | **2,661,830** | **2,265,505** |
| **3,153,775** | **3,420,017** | **Liabilities and equity** | **3,781,293** | **3,413,626** |

**STATEMENT OF CHANGES IN EQUITY**
**(mDKK)**

| | | 2007 | | 2006 |
|---|---|---|---|---|
| **Equity at 1 January** | | **1,148,121** | | **1,149,750** |
| | | | | |
| Value adjustment of hedging instruments | 10,700 | | 12,410 | |
| Value and exchange adjustment of foreign subsidiaries and associates | (11,039) | | (3, 676) | |
| | | | (2,792) | |
| Tax on equity movements | 632 | | 230,339 | |
| Profit for the period | 155,234 | | | 236,281 |
| *Comprehensive income* | | 155,527 | | |
| Minority shares of acquired businesses | 26,875 | | 0 | |
| Dividends paid | (57,722) | | (60,714) | |
| Acquisition of shares for treasury | (162,598) | | (180,139) | |
| Sale of treasury shares | 6,854 | | 110 | |
| Share-based payment | 3,100 | | 3,400 | |
| Tax on equity movements | (694) | | (567) | |
| *Total shareholders* | 0 | (184,185) | | (237,910) |
| **Equity at 31 December** | | **1,119,463** | | **1,148,121** |

## CONSOLIDATED CASH FLOW STATEMENT (DKK '000)

| Parent Company 2006 | Parent Company 2007 | | Group 2007 | Group 2006 |
|---|---|---|---|---|
| 271,472 | 81,606 | Net profit for the year | 155,234 | 230,339 |
| 170,886 | 225,771 | Adjustments for non-cash operating items | 239,666 | 292,922 |
| 442,358 | 307,377 | | 394,900 | 523,161 |
| | | Change in working capital: | | |
| (107,438) | 75,504 | +/- change in receivables | (45,364) | (44,604) |
| (14,595) | 17,660 | +/- change in inventories | (14,472) | (23,106) |
| 28,691 | (26,533) | +/- change in payables | (10,812) | 64,478 |
| **349,016** | **374,008** | **Cash flows from operating activities before financial income and expenses** | **324,252** | **520,099** |
| 19,424 | 25,148 | Financial income | 26,923 | 20,322 |
| (54,021) | (80,281) | Financial expenses | (92,823) | (60,984) |
| **314,419** | **318,875** | **Cash flows from ordinary activities** | **258,352** | **479,437** |
| (44,105) | (82,401) | Corporation tax paid | (106,895) | (54,197) |
| **270,314** | **236,474** | **Cash flows from operating activities** | **151,457** | **425,240** |
| 79,253 | 39,760 | Dividends received from subsidiaries and associates | 15,958 | 20,146 |
| 963 | 116 | Sale of securities | 0 | 3,668 |
| 12,770 | 42,902 | Sale of property, plant and equipment | 212,141 | 14,690 |
| (112,149) | (130,489) | Purchase of property, plant and equipment | (222,543) | (257,732) |
| *251,151* | *188,763* | *Free cash flow* | *157,013* | *206,012* |
| 0 | 6,000 | Sale of associates | 17,990 | 0 |
| (7,759) | (424,817) | Acquisition of subsidiaries | (393,477) | 0 |
| (84,169) | (57,265) | Acquisition of intangible and financial assets | (2,340) | (85,216) |
| **(111,091)** | **(523,793)** | **Cash flows from investing activities** | **(372,271)** | **(304,444)** |
| 178,525 | 300,123 | Proceeds from raising of non-current debt | 300,123 | 178,541 |
| (55,449) | (65,652) | Repayment of non-current debt | (69,923) | (80,816) |
| 66,006 | (10,737) | Change in current debt to credit institutions | (5,036) | 103,619 |
| 0 | (15,851) | Change in financing of subsidiaries | 0 | 0 |
| (60,714) | (57,722) | Dividends paid | (57,722) | (60,714) |
| (180,139) | (162,598) | Acquisition of shares for treasury | (162,598) | (180,139) |
| 110 | 6,854 | Sale of treasury shares | 6,854 | 110 |
| **(51,661)** | **(5,583)** | **Cash flows from financing activities** | **11,698** | **(39,399)** |
| **107,562** | **292,902** | **Change in cash and cash equivalents** | **(209,116)** | **81,397** |
| 205,937 | 313,499 | Cash and cash equivalents at 1 January | 368,320 | 286,995 |
| 0 | 0 | Exchange adjustment | (1,372) | (72) |
| **313,499** | **20,597** | **Cash and cash equivalents at 31 December** | **157,832** | **368,320** |