

Company announcement 7/2018

16 August 2018

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## FINANCIAL STATEMENT AS AT 30 JUNE 2018

### Strong H1 performance; full-year earnings outlook increased

*Unless otherwise stated, comments in this announcement refer to H1 performance.*

#### HIGHLIGHTS

- Organic net revenue growth of 5.1% (Q2: +7.6%); reported net revenue decline of 0.7% to DKK 30,966m (Q2: +2.9%).
- Solid price/mix improvement of +2%; positive in all three regions.
- Total organic volume growth of 3.4% (Q2: +5.0%).
  - Tuborg volume growth +8%, Carlsberg +4%, Grimbergen +11% and 1664 Blanc +55%.
  - Craft & speciality volume growth +26%, alcohol-free brew volumes in Western Europe +26%.
- Funding the Journey progressing well, and total net benefits now expected to exceed DKK 2.3bn (previously around DKK 2.3bn).
- Strong organic operating profit growth of 14.2%; reported growth of 6.0% to DKK 4,373m.
  - Gross margin improvement of +90bp and operating margin improvement of +90bp to 14.1% with margin expansion in all three regions.
- Adjusted net profit growth of 9.6% to DKK 2,506m. Reported net profit of DKK 2,471m (+7.2%).
- Continued strong free cash flow of DKK 5.8bn (2017: DKK 5.9bn).
- Net debt/EBITDA reached 1.29x.
- ROIC improvement of 110bp to 7.6%. Excluding goodwill, improvement of 420bp to 18.6%.

#### 2018 EARNINGS EXPECTATIONS

- Based on the strong H1 performance, the upgrade of the expected Funding the Journey benefits and a good start to Q3, we adjust our earnings expectations upwards to high-single-digit percentage organic growth in operating profit (previously mid-single-digit).
- A translation impact on operating profit of around DKK -425m (previously DKK -550m), based on the spot rates as at 15 August.

CEO Cees 't Hart says: "We delivered strong results for the first six months of 2018 with healthy top-line growth, margin improvements across the regions, strong cash flow and continued debt reduction. We're pleased to be able to adjust our earnings outlook upwards. This is a proof point that our SAIL'22 investments support our ambition of sustainable top-line growth."

Carlsberg will present the results at a conference call today at 9.00 am CET (8.00 am GMT). Dial-in information and slide deck are available beforehand on [www.carlsberggroup.com](http://www.carlsberggroup.com).

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## KEY FIGURES AND FINANCIAL RATIOS

DKK million		H1 2018	H1 2017	2017
<b>Volumes (million hl)</b>				
Beer		55.7	54.0	107.1
Other beverages		9.9	9.8	19.2
<b>Income statement</b>				
Net revenue		30,966	31,176	60,655
Gross profit		15,655	15,495	30,208
Operating profit before amortisation, depreciation and impairment losses		6,477	6,633	13,583
Operating profit before special items		4,373	4,125	8,876
Special items, net		-37	38	-4,565
Financial items, net		-330	-351	-788
Profit before tax		4,006	3,812	3,523
Corporation tax		-1,122	-1,105	-1,458
Consolidated profit		2,884	2,707	2,065
<b>Attributable to:</b>				
Non-controlling interests		413	403	806
Shareholders in Carlsberg A/S		2,471	2,304	1,259
Shareholders in Carlsberg A/S (adjusted) <sup>1</sup>		2,506	2,286	4,925
<b>Statement of financial position</b>				
Total assets		117,581	125,777	114,251
Invested capital		81,747	91,461	84,488
Invested capital excluding goodwill		31,811	40,278	33,991
Interest-bearing debt, net		17,258	21,852	19,638
Equity, shareholders in Carlsberg A/S		46,023	48,513	46,930
<b>Statement of cash flows</b>				
Cash flow from operating activities		7,267	6,986	11,834
Cash flow from investing activities		-1,502	-1,124	-3,154
Free cash flow		5,765	5,862	8,680
<b>Financial ratios</b>				
Gross margin	%	50.6	49.7	49.8
Operating margin	%	14.1	13.2	14.6
Return on invested capital (ROIC) <sup>2</sup>	%	7.6	6.5	6.9
Return on invested capital excluding goodwill (ROIC excl. GW) <sup>2</sup>	%	18.6	14.4	15.7
Equity ratio	%	39.1	38.6	41.1
Debt/equity ratio (financial gearing)	x	0.36	0.43	0.40
Debt/operating profit before depreciation and amortisation	x	1.29	1.57	1.45
Interest cover	x	13.25	11.73	11.26
<b>Stock market ratios</b>				
Earnings per share (EPS)	DKK	16.2	15.1	8.3
Earnings per share, adjusted (EPS-A) <sup>1</sup>	DKK	16.4	15.0	32.3
Cash flow from operating activities per share (CFPS)	DKK	47.7	45.8	77.6
Free cash flow per share (FCFPS)	DKK	37.8	38.4	56.9
Share price (B shares)	DKK	751.6	695.5	745.0
Number of shares (year-end, excl. treasury shares)	1,000	152,423	152,540	152,390
Number of shares (average, excl. treasury shares)	1,000	152,410	152,540	152,496

<sup>1</sup> Adjusted for special items after tax.

<sup>2</sup> 12-month average.

Comparative figures for 2017 have been restated because of the change in accounting policies arising from the implementation of IFRS 15, the change in classification of certain central costs and the change in definition of volumes, all as of 1 January 2018.

## **STRONG DELIVERY ON 2018 PRIORITIES**

For 2018, the Group defined three overall priorities: strengthen the focus on revenue growth, maintain a sharp focus on costs to deliver the remaining Funding the Journey benefits, and continue to exercise strict cash flow discipline.

### **FUNDING THE JOURNEY EXPECTED TO DELIVER MORE THAN DKK 2.3BN**

Following good delivery in 2016 and 2017 and the momentum seen in the first half of 2018, we now expect Funding the Journey to deliver more than DKK 2.3bn, well above the original expectation of DKK 1.5-2.0bn. The programme has thus proved more successful than initially anticipated, in terms of both size and speed.

When Funding the Journey finishes by the end of 2018, the focus on efficiency and costs will remain and will continue to be embedded into business operations and procedures across the Group.

### **GOOD PROGRESS FOR SAIL'22**

2018 is the year when the past two years' investments in and preparations for our SAIL'22 priorities should generate sustainable net revenue growth. Based on the good progress of Funding the Journey, reinvestments in the SAIL'22 priorities in 2018 are expected to amount to approximately DKK 500m.

The 5.1% organic net revenue growth in H1 is partly the result of warm weather in Scandinavia and Russia in Q2 but also serves as a good indicator of SAIL'22's ability to generate net revenue growth, while the 90bp operating margin improvement serves as proof of the successful delivery of Funding the Journey. Going forward, we will maintain very tight cost control.

Within our core beer business, we saw strong growth for our international premium portfolio. Tuborg, our largest brand, grew by 8%, supported by strong growth in China and India. The brand also grew in several markets in Western Europe, such as Denmark, Norway, Serbia and Bulgaria. In Turkey, our partner has been very successful in making Tuborg one of the largest beer brands in the country. Volumes of the Carlsberg brand grew by 4%. We saw good growth in several markets, such as China, India, Malaysia, Russia, Poland and Denmark, partly offset by a decline in the UK.

We saw good momentum in our strategic growth areas. Within craft & speciality, we achieved volume growth of 26%. 1664 Blanc delivered strong growth of 55%, driven by excellent performance in markets such as China, France, Russia, Ukraine and some export markets. Grimbergen delivered solid growth of 11%, with particularly strong results achieved in markets such as France, Denmark and Russia. The brand has been launched in China.

The roll-out of the DraughtMaster™ system continued, supporting the availability of our craft & speciality portfolio in the on-trade. The system is now available in all Western European countries, and we are in the process of converting all steel keg installations in the four Nordic countries to the DraughtMaster™ system.

Alcohol-free brews grew by 26% in Western Europe. We launched a new alcohol-free beer – Birell – in Poland and Bulgaria and a new Feldschlösschen alcohol-free beer in Switzerland. In Russia,

Baltika 0 strengthened its market-leading position within the alcohol-free beer segment. The brand grew by double-digit percentages, supported by last year's launch of Baltika 0 Wheat.

### **DELIVERY OF SAIL'22 FINANCIAL PRIORITIES**

For H1, the Group delivered well against the financial metrics of SAIL'22.

*Organic growth in operating profit:* The Group delivered 14.2% organic operating profit growth.

*ROIC improvement:* ROIC (based on 12-month average) improved by +110bp to 7.6%, driven by the organic growth in operating profit after tax and lower capital employed.

*Optimal capital allocation:* Net debt/EBITDA was further reduced, reaching 1.29x (2017: 1.57x) as a result of the continued strong free cash flow.

### **2018 REGIONAL PRIORITIES**

The Group is on track to deliver on the regional financial priorities for 2018. These are to improve margins and operating profit in Western Europe, accelerate organic growth in Asia through premiumisation, and rebalance the focus towards top-line growth in Eastern Europe.

In Western Europe, the operating margin improved by 120bp to 13.7%, and organic operating profit grew by 7.8%.

The Asia region delivered strong organic net revenue growth of 14.3%, driven by +4% price/mix and 10.4% volume growth. Organic operating profit growth was 17.4%.

The Eastern Europe business reported 9.1% organic revenue growth and achieved an operating margin above last year's level.

### **STRUCTURAL CHANGES**

The Group has announced the following transactions in 2018:

- Acquisition of the remaining 49% of Olympic Brewery in Greece (Q1).
- Acquisition of an additional 25% of Cambrew in Cambodia, increasing our ownership share to 75% (see press release of 13 August).

### **UPWARD ADJUSTMENT OF 2018 EARNINGS EXPECTATIONS**

Based on the strong H1 performance, the upgrade of the expected Funding the Journey benefits and a good start to Q3, we adjust our earnings expectations upwards:

- High-single-digit percentage organic growth in operating profit.

A translation impact on operating profit of around DKK -425m (previously DKK -550m) is assumed, based on the spot rates as at 15 August.

### Other relevant assumptions remain unchanged

Financial expenses, excluding currency losses or gains and fair value adjustments, are expected to be around DKK 800m.

The effective tax rate is expected to be below 29%.

Capital expenditures at constant currencies are expected to be around DKK 4.5bn.

## GROUP FINANCIAL PERFORMANCE

H1	2017	Change			2018	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	54.0	3.3%	-0.1%		55.7	3.2%
Other beverages	9.8	4.1%	-3.0%		9.9	1.1%
<b>Total volume</b>	<b>63.8</b>	<b>3.4%</b>	<b>-0.6%</b>		<b>65.6</b>	<b>2.8%</b>
<b>DKK million</b>						
Net revenue	31,176	5.1%	-0.8%	-5.0%	30,966	-0.7%
Operating profit	4,125	14.2%	0.3%	-8.5%	4,373	6.0%
Operating margin (%)	13.2				14.1	90bp

Group beer volumes grew organically by 3.3%, driven by continued strong volume growth in Asia and improved dynamics in Eastern Europe in Q2. Other beverages grew organically by 4.1%. Total volumes thus grew by 3.4% organically. The reported growth was 2.8% due to the net acquisition impact from the divestment of the German wholesaler Nordic Getränke in April 2017.

Price/mix was +2%, bringing organic net revenue growth to 5.1%. Price/mix was supported by the growth of craft & speciality, alcohol-free brews and value management. Reported net revenue declined by 0.7%, impacted by adverse currency movements.

Cost of goods sold per hl was flat organically, as volume leverage and efficiency improvements offset the overall cost inflation and mix. Volume growth, the solid price/mix and efficiency improvements led to a gross margin improvement of 90bp to 50.6%.

Operating expenses grew organically by 4%, driven by investments in SAIL'22 priorities. Marketing expenses thus grew organically by more than 10%, reaching 8.8% of reported net revenue (2017: 8.1%). Reported operating expenses were flat as a percentage of net revenue. Excluding marketing expenses, reported operating expenses declined by 3% as a result of Funding the Journey initiatives, compounded by the effect of currencies.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew organically by 4.3%. The reported figure was adversely impacted by currencies and declined by 2.4%.

Operating profit increased organically by 14.2%, with all three regions delivering very solid performance. Reported operating profit was DKK 4,373m, corresponding to a growth rate of 6.0%. The negative currency impact related mainly to Asian and Eastern European currencies.

The reported operating margin improved by 90bp to 14.1%.

Adjusted net profit (adjusted for special items after tax) was DKK 2,506m, and adjusted earnings per share were DKK 16.4 (2017: DKK 15.0), corresponding to a 9.3% improvement. This was driven by the operating profit growth, slightly lower financial expenses and a lower tax rate compared with 2017.

Reported net profit was DKK 2,471m (2017: DKK 2,304m); earnings per share were DKK 16.2 (2017: DKK 15.1).

Free cash flow amounted to DKK 5.8bn (2017: DKK 5.9bn). All three regions improved their performance, driven by focus and strict financial discipline. Trade working capital to net revenue (12-month average) improved further to -15.2% (2017: -13.0%).

Return on invested capital (12-month average) increased by 110bp to 7.6%, impacted by lower capital employed and improved profitability. ROIC excluding goodwill increased by 420bp to 18.6%, with improvements achieved in all regions.

Net interest-bearing debt was DKK 17.3bn, a reduction of DKK 2.4bn versus year-end 2017; the strong cash flow more than offset the higher dividend payout in March. Net debt/EBITDA was 1.29x (1.45x at year-end 2017).

## REGIONAL PERFORMANCE

### WESTERN EUROPE

H1	2017	Change			2018	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	23.3	-1.2%	-0.4%		22.9	-1.6%
Other beverages	7.3	1.9%	-4.0%		7.2	-2.1%
<b>Total volume</b>	<b>30.6</b>	<b>-0.5%</b>	<b>-1.2%</b>		<b>30.1</b>	<b>-1.7%</b>
<b>DKK million</b>						
Net revenue	18,243	0.2%	-1.3%	-1.6%	17,755	-2.7%
Operating profit	2,326	7.8%	0.5%	-1.9%	2,473	6.4%
Operating margin (%)	12.7				13.9	120bp

After a difficult Q1, we saw good recovery in Q2 in Western Europe, with net revenue increasing organically by 2.3%. For H1, net revenue was flat organically with price/mix at +1%. Reported net revenue declined by 2.7% due to the disposal of the German wholesaler Nordic Getränke in April 2017 and a negative currency impact.

Price/mix was positive in most Western European markets, impacted by successful premiumisation efforts and some price increases, partly countered by the higher growth of non-beer products. On a regional level, the positive price/mix was partly offset by country mix and loss of volumes in high-revenue export markets in the Middle East.

Organic operating profit growth was 7.8% and operating margin improved by 120bp. The earnings progress was driven by value management, premiumisation, Funding the Journey benefits and lower depreciation.

Total volumes declined organically by 0.5%, with improved dynamics in Q2. Non-beer volumes grew by 1.9% due to good performance in the Nordics. Reported volumes declined by 1.7% due to the divestment of Nordic Getränke. We estimate that our regional market share was largely flat compared with the same period last year.

### **Market comments**

The Scandinavian businesses all benefited from the extraordinarily warm weather in Q2, positively impacting volumes, net revenue and earnings. In a flat Danish beer market, we delivered significant value share gains as a result of strong sales execution, good results for Carlsberg 1883 and price increases for the Tuborg brand. In Norway, we saw solid beer volume growth, driven by premium products such as Frydenlund and 1664 Blanc. Our non-beer business was impacted by a large sugar tax increase at the beginning of the year. In Sweden, total volumes grew, driven by strong non-beer volume growth while beer volumes declined slightly due to the loss of distribution rights for third-party brands. Our own beer brands, such as Eriksberg and Carlsberg, achieved solid volume growth and grew market share.

In Finland, volume growth was strong, driven by relisting in Q1 for the winter campaign at a major retailer. The beer market declined following a regulatory change, which increased the ABV level permitted in beverages sold in the regular off-trade, thereby allowing for the sale of spirit-based drinks.

The French market was flat, negatively impacted by the weather. Our craft & speciality and alcohol-free brands performed well, delivering double-digit growth. Our total volumes declined slightly following continued challenges for the Kronenbourg brand in the mainstream segment. Price/mix improved slightly due to the growth of premium products and lower promotional pressure, although the overall pricing environment remains difficult. The business experienced some supply issues due to the French national rail strike in Q2.

Our Swiss business continued its positive momentum, driven by strong performance of our beer portfolio, which delivered volume, value and price/mix improvements. Our key beer brand, Feldschlösschen, our regional brands and our alcohol-free brews all delivered good growth.

Following our price increase, our Polish business had a challenging start to the year but recovered strongly in Q2. Our volumes declined by 4% for H1, but we achieved a strong price/mix of high-single-digit percentages due to the price increases and good performance of upper-mainstream brands such as Okocim and Zatec, flavoured beers and Somersby.



In the UK, we saw very good performance for our premium brands, growing by double-digit percentages. The mainstream Carlsberg brand lost market share, resulting in a total volume decline of 5%. We completed our exit from portage activities, which reduced net revenue.

In the rest of the Western European region, craft & speciality and alcohol-free brews achieved very strong growth rates, supporting a positive price/mix development. Our businesses in the Balkan markets delivered particularly good results. In our Export & Licence business, licence sales of Tuborg in Turkey continued their favourable growth momentum, while sales in some Middle Eastern countries were negatively impacted by significant market contraction, caused by higher duties and VAT.

## ASIA

H1	2017	Change			2018	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	16.2	10.1%	-		17.8	10.1%
Other beverages	1.5	13.5%	-		1.7	13.5%
<b>Total volume</b>	<b>17.7</b>	<b>10.4%</b>	<b>-</b>		<b>19.5</b>	<b>10.4%</b>
<b>DKK million</b>						
Net revenue	7,400	14.3%	-	-7.3%	7,915	7.0%
Operating profit	1,494	17.4%	0.3%	-10.1%	1,608	7.6%
Operating margin (%)	20.2				20.3	10bp

The Asia region delivered a strong set of results for the first six months. Net revenue grew organically by 14.3%, driven by 10.4% organic volume growth and +4% price/mix. Reported net revenue grew by 7.0% due to a negative currency impact in most countries in the region.

The price/mix improvement was a combination of strong growth for our international premium brands – Tuborg, Carlsberg and 1664 Blanc – and price increases.

Organic operating profit grew by 17.4%, mainly driven by the strong revenue growth. Operating margins improved by 10bp to 20.3%. A strong gross margin improvement was largely offset by a significant increase in marketing investments, as a sizeable proportion of our SAIL'22 investments is allocated to further strengthening our Asia business.

The organic volume growth was broadly based, and all major markets delivered solid growth in H1. As expected, Q2 was less strong than Q1, which was impacted by the later sell-in to the festive season in several Asian markets and easy comparables in India.

### Market comments

Our net revenue in China grew organically by 17% in a market that grew by an estimated 1%, supported by good weather in some provinces. The growth in net revenue was driven by 10% organic volume growth and +7% price/mix as a result of the continued stellar performance of our premium portfolio – Tuborg, Carlsberg and 1664 Blanc – which grew volumes by 15%. In addition, we saw growth for all our key local power brands, such as Chongqing, Wusu, Dali and Xixia.

Our Indian business delivered 16% volume growth, recovering strongly after a very volatile 2017. Price/mix was very strong, supported by strong growth of the Carlsberg brand and improved pricing. Profitability improved significantly.

In Laos, our volumes grew by low-double-digit percentages, mainly driven by strong growth of water and soft drinks. As a result of this, price/mix was negative. In the beer category, we achieved particularly strong growth in the premium category with Carlsberg and Somersby.

Our Malaysian business delivered solid performance, driven by share gains and a reduction in contraband. The share gain was supported by strong execution of the Chinese New Year activation at the beginning of the year and a successful football campaign – *Probably the Best Football Beer*. The Goods and Services Tax (GST) in Malaysia is currently being replaced by a Sales and Services Tax (SST). It is too early to estimate the consequences of this change for the beer market.

In Vietnam, our volumes grew slightly, in line with the market, and we thus maintained our market share. In Nepal, our business delivered strong progress, supported by a new route-to-market approach. At the end of Q2, the Nepalese government implemented a 30% excise tax increase, which has led to increases in retail beer prices of approximately 15%. On 13 August, we announced the acquisition of an additional 25% of the shares in Cambrew, after which we will have management control of the business. In Myanmar, we continued to expand our operations and almost doubled volumes, albeit from a low base.

## EASTERN EUROPE

H1	2017	Change			2018	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	14.5	3.2%	-		15.0	3.2%
Other beverages	1.0	6.1%	-		1.0	6.1%
<b>Total volume</b>	<b>15.5</b>	<b>3.4%</b>	<b>-</b>		<b>16.0</b>	<b>3.4%</b>
<b>DKK million</b>						
Net revenue	5,502	9.1%	-	-13.3%	5,273	-4.2%
Operating profit	1,047	17.0%	-	-14.8%	1,071	2.2%
Operating margin (%)	19.0				20.3	130bp

Our Eastern European business benefited from warm weather across the region in Q2 and delivered strong progress for the first six months. Net revenue grew organically by 9.1% as a result of 3% volume growth and +6% price/mix. Due to weakening currencies across all markets, reported net revenue declined by 4.2%.

Organic operating profit grew by 17.0%, driven by volume growth and the positive price/mix. The operating margin improved by 130bp to 20.3%.

Volumes grew in all markets.

### **Market comments**

For H1, our Russian volumes increased by 1%, as 10% growth in Q2 offset the 11% decline in Q1. The Q2 volume growth was driven by market growth, driven in turn by good weather and the World Cup tournament.

Price/mix was flat, as our price increases were offset by a higher level of promotions on PET bottles in the economy segment. These promotions were successful, and we gained market share in the segment. This was in line with this year's ambition of rebalancing the Golden Triangle more towards volumes following the volume decline last year.

The Russian beer market grew by an estimated 1-2% in H1. Our market share improved sequentially by 70bp to 31.4% in Q2, flat versus Q2 last year (source: Nielsen Retail Audit, Urban & Rural Russia), driven by the positive performance of brands in the economy segment, such as Zhigulevskoe, as well as new product launches in the segment. The Carlsberg brand delivered strong growth.

Profitability remained strong with operating profit margin in excess of 20%.

Our Ukrainian business continued its strong performance, delivering 10% volume growth and strong price/mix. The market grew slightly, supported by warm weather, and we gained market share.

Our businesses in Belarus, Kazakhstan and Azerbaijan all delivered solid revenue and earnings growth.

### **CENTRAL COSTS (NOT ALLOCATED)**

Central costs, net, amounted to DKK -749m (2017: DKK -705m). Central costs are incurred for ongoing support of the Group's overall operations, strategic development and driving efficiency programmes. In particular, they include the costs of running central functions and central marketing. The increase was mainly related to a step-up in marketing investments in support of SAIL'22, digital investments and phasing between H1 and H2.

### **OTHER ACTIVITIES**

The operation of the Carlsberg Research Laboratory and the non-controlling holding in the Carlsberg Byen company in Copenhagen are reported separately from the beverage activities. The non-beverage activities generated an operating loss of DKK 30m (2017: loss of DKK 37m).

## COMMENTS ON THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

The present interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and Danish regulations governing presentation of interim reports by listed companies.

Except for the changes described below, the consolidated financial statements have been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2017. The consolidated financial statements for 2017 contain a complete description of the accounting policies.

As of 1 January 2018, IFRS 15 "Revenue Recognition" and IFRS 9 "Financial Instruments" became applicable. Furthermore, the Group has changed the classification of certain costs to align with internal measures. The comparative figures have been restated accordingly. The changes and financial impact are described in the accounting policies in the consolidated financial statements for 2017, sections 9.3 and 9.5.

### INCOME STATEMENT

Please see a review of operating profit on pages 6-7.

Net special items (pre-tax) amounted to DKK -37m (2017: DKK +38m). Special items were particularly impacted by measures related to Funding the Journey in Western Europe. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -330m against DKK -351m in 2017. Excluding currency gains and fair value adjustments, financial expenses, net, amounted to DKK 380m (2017: DKK 518m), positively impacted by the lower net interest-bearing debt. A specification of net financial items is included in note 5.

Tax totalled DKK -1,122m against DKK -1,105m in 2017. The effective tax rate was 28% versus 29% in H1 2017.

Non-controlling interests were DKK 413m (2017: DKK 403m). The increase was due to higher profits in certain Asian subsidiaries.

The Carlsberg Group's share of consolidated profit was DKK 2,471m against DKK 2,304m in 2017. Adjusted net profit (adjusted for special items after tax) was DKK 2,506m (2017: DKK 2,286m), corresponding to a 9.6% increase. The increase was driven by the operating profit growth, and lower net financial items and tax.

### STATEMENT OF FINANCIAL POSITION

#### Assets

Total assets amounted to DKK 117.6bn at 30 June 2018 (DKK 114.3bn at 31 December 2017). The increase of DKK 3.3bn was mainly due to higher receivables and trade payables, and a higher cash position.

Intangible assets amounted to DKK 66.6bn at 30 June 2018 (DKK 67.8bn at 31 December 2017). The lower amount was due to the depreciation of the Russian rouble and Asian currencies.

Property, plant and equipment decreased to DKK 23.9bn (DKK 24.3bn at 31 December 2017), mainly due to depreciation and currency impact.

Current assets were impacted by normal seasonality and the continued sharp focus on cash. Inventories and trade receivables amounted to DKK 11.1bn, an increase of DKK 2.6bn from 31 December 2017. Cash and cash equivalents reached DKK 5.7bn due to the strong free cash flow.

### **Equity and liabilities**

Equity amounted to DKK 48.5bn at 30 June 2018 (DKK 49.5bn at 31 December 2017), of which DKK 46.0bn was attributed to shareholders in Carlsberg A/S and DKK 2.4bn to non-controlling interests.

The DKK -1.0bn change in equity was mainly explained by the consolidated profit of DKK 2.9bn offset by the foreign exchange loss of DKK 0.9bn and dividend payouts of DKK 3.0bn.

Liabilities increased to DKK 69.1bn (DKK 64.7bn at 31 December 2017), impacted by normal seasonality and a decrease in borrowings.

Long- and short-term borrowings were flat compared with 31 December 2017. At 30 June 2018, long-term borrowings were DKK 22.3bn (DKK 23.3bn at 31 December 2017) and short-term borrowings were DKK 1.8bn (DKK 0.8bn at 31 December 2017).

Current liabilities excluding short-term borrowings increased by DKK 5.3bn to DKK 29.5bn. The increase was mainly due to increases of DKK 3.6bn in trade payables and DKK 1.4bn in other current liabilities.

### **CASH FLOW**

Free cash flow amounted to DKK 5,765m versus DKK 5,862m in 2017. The slight decline was due to lower EBITDA, lower income from disposals, higher interest paid and higher tax paid, the combined effect of which more than offset the significant working capital improvement.

Cash flow from operating activities was DKK 7,267m against DKK 6,986m in 2017.

EBITDA was DKK 6,477m (2017: DKK 6,633m). The decline was due to adverse currency movements.

The change in trade working capital was DKK +2,040m (2017: DKK +1,168m). Average trade working capital to net revenue improved further to -15.2% compared to -13.0% for 2017 (MAT). The change in other working capital was DKK +471m (2017: DKK +192m). The change compared with last year was due to a reclassification of certain trade loans.

Restructuring costs paid amounted to DKK -194m (2017: DKK -105m). Net interest etc. paid amounted to DKK -311m (2017: DKK +95m). The positive amount last year was due to a large positive impact from the settlement of financial instruments. Corporation tax paid was DKK

-1,262m (2017: DKK -891m). The increase versus last year was due to certain one-off tax payments and phasing within the year.

Cash flow from investing activities was DKK -1,502m against DKK -1,124m in 2017. Operational investments totalled DKK -1,860m (2017: DKK -1,778m). Total financial investments amounted to DKK +358m, a decline of DKK +271m versus last year due to disposals in 2017. Cash flow from other activities amounted to DKK 0m (2017: DKK +25m).

### **FINANCING**

At 30 June 2018, gross financial debt amounted to DKK 24.1bn and net interest-bearing debt to DKK 17.3bn. The difference of DKK 6.8bn mainly comprised cash and cash equivalents of DKK 5.7bn.

The net debt/EBITDA ratio declined to 1.29x (1.45x at year-end 2017).

Of the gross financial debt, 93% (DKK 22.3bn) was long term, i.e. with maturity of more than one year from 30 June 2018.

Of the net financial debt, 97% was denominated in EUR and DKK (after swaps). At the end of June 2018, the duration was 4.7 years, within our target of two to five years.

## **FINANCIAL CALENDAR**

The financial year follows the calendar year and the following schedule has been set for 2018:

1 November                      Q3 trading statement

## **DISCLAIMER**

This Company Announcement contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

## **MANAGEMENT STATEMENT**

The Supervisory Board and Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 30 June 2018.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 30 June 2018, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 June 2018. Further, in our opinion the Management's review (pp. 1-14) includes a fair review of the development in the Carlsberg Group's operations and financial matters, the result for the period, and the financial position as a whole, as well as describing the most significant risks and uncertainties affecting the Group.

Besides what has been disclosed in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated financial statements for 2017.

**Copenhagen, 16 August 2018**

### **Executive Board of Carlsberg A/S**

Cees 't Hart  
CEO

Heine Dalsgaard  
CFO

### **Supervisory Board of Carlsberg A/S**

Flemming Besenbacher  
Chairman

Lars Rebien Sørensen  
Deputy Chairman

Hans Andersen

Carl Bache

Magdi Batato

Richard Burrows

Donna Cordner

Eva V. Decker

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Nina Smith

Lars Stemmerik



## FINANCIAL STATEMENTS

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## INCOME STATEMENT

<b>DKK million</b>	<b>H1 2018</b>	<b>H1 2017</b>	<b>2017</b>
Net revenue	30,966	31,176	60,655
Cost of sales	-15,311	-15,681	-30,447
<b>Gross profit</b>	<b>15,655</b>	<b>15,495</b>	<b>30,208</b>
Sales and distribution expenses	-8,964	-9,105	-17,144
Administrative expenses	-2,452	-2,401	-4,563
Other operating activities, net	1	41	113
Share of profit after tax, associates and joint ventures	133	95	262
<b>Operating profit before special items</b>	<b>4,373</b>	<b>4,125</b>	<b>8,876</b>
Special items, net	-37	38	-4,565
Financial income	193	647	803
Financial expenses	-523	-998	-1,591
<b>Profit before tax</b>	<b>4,006</b>	<b>3,812</b>	<b>3,523</b>
Corporation tax	-1,122	-1,105	-1,458
<b>Consolidated profit</b>	<b>2,884</b>	<b>2,707</b>	<b>2,065</b>
<b>Attributable to:</b>			
Non-controlling interests	413	403	806
Shareholders in Carlsberg A/S	2,471	2,304	1,259
Basic earnings per share of DKK 20	16.2	15.1	8.3
Diluted earnings per share of DKK 20	16.2	15.1	8.2

## STATEMENT OF COMPREHENSIVE INCOME

DKK million	H1 2018	H1 2017	2017
<b>Consolidated profit</b>	<b>2,884</b>	<b>2,707</b>	<b>2,065</b>
<b>Other comprehensive income:</b>			
Retirement benefit obligations	299	14	1,266
Share of other comprehensive income, associates and joint ventures	6	2	-12
Corporation tax	-	-	-141
<b>Items that will not be reclassified to the income statement</b>	<b>305</b>	<b>16</b>	<b>1,113</b>
Foreign exchange adjustments of foreign entities	-872	-2,651	-3,842
Value adjustments of hedging instruments	-423	-205	-305
Corporation tax	98	36	25
<b>Items that may be reclassified to the income statement</b>	<b>-1,197</b>	<b>-2,820</b>	<b>-4,122</b>
<b>Other comprehensive income</b>	<b>-892</b>	<b>-2,804</b>	<b>-3,009</b>
<b>Total comprehensive income</b>	<b>1,992</b>	<b>-97</b>	<b>-944</b>
<b>Attributable to:</b>			
Non-controlling interests	448	201	499
Shareholders in Carlsberg A/S	1,544	-298	-1,443

## STATEMENT OF FINANCIAL POSITION

DKK million	30 June 2018	30 June 2017	31 Dec. 2017
<b>ASSETS</b>			
Intangible assets	66,642	73,805	67,793
Property, plant and equipment	23,907	24,576	24,325
Financial assets	6,937	6,917	6,881
<b>Total non-current assets</b>	<b>97,486</b>	<b>105,298</b>	<b>98,999</b>
Inventories	4,336	4,356	3,834
Trade receivables	6,714	6,777	4,611
Other receivables etc.	3,323	3,627	3,345
Cash and cash equivalents	5,722	5,719	3,462
<b>Total current assets</b>	<b>20,095</b>	<b>20,479</b>	<b>15,252</b>
<b>Total assets</b>	<b>117,581</b>	<b>125,777</b>	<b>114,251</b>
<b>EQUITY AND LIABILITIES</b>			
Equity, shareholders in Carlsberg A/S	46,023	48,513	46,930
Non-controlling interests	2,443	2,585	2,595
<b>Total equity</b>	<b>48,466</b>	<b>51,098</b>	<b>49,525</b>
Borrowings	22,298	20,400	23,340
Deferred tax, retirement benefit obligations etc.	15,520	17,910	16,320
<b>Total non-current liabilities</b>	<b>37,818</b>	<b>38,310</b>	<b>39,660</b>
Borrowings	1,789	8,304	849
Trade payables	17,123	15,525	13,474
Deposits on returnable packaging	1,789	1,855	1,576
Other current liabilities	10,596	10,685	9,167
<b>Total current liabilities</b>	<b>31,297</b>	<b>36,369</b>	<b>25,066</b>
<b>Total equity and liabilities</b>	<b>117,581</b>	<b>125,777</b>	<b>114,251</b>

## STATEMENT OF CHANGES IN EQUITY (PAGE 1 OF 2)

DKK million	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity, shareholders in Carlsberg A/S	Non-controlling interests	Total equity
<b>30 June 2018</b>								
<b>Equity at 1 January 2018</b>	<b>3,051</b>	<b>-32,902</b>	<b>-581</b>	<b>-33,483</b>	<b>77,362</b>	<b>46,930</b>	<b>2,595</b>	<b>49,525</b>
<b>Consolidated profit</b>	-	-	-	-	<b>2,471</b>	<b>2,471</b>	<b>413</b>	<b>2,884</b>
<b>Other comprehensive income:</b>								
Foreign exchange adjustments of foreign entities	-	-908	-	-908	-	-908	36	-872
Value adjustments of hedging instruments	-	-410	-12	-422	-	-422	-1	-423
Retirement benefit obligations	-	-	-	-	299	299	-	299
Share of other comprehensive income in associates and joint ventures	-	-	-	-	6	6	-	6
Corporation tax	-	92	6	98	-	98	-	98
<b>Other comprehensive income</b>	<b>-</b>	<b>-1,226</b>	<b>-6</b>	<b>-1,232</b>	<b>305</b>	<b>-927</b>	<b>35</b>	<b>-892</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-1,226</b>	<b>-6</b>	<b>-1,232</b>	<b>2,776</b>	<b>1,544</b>	<b>448</b>	<b>1,992</b>
Acquisition/disposal of treasury shares	-	-	-	-	-53	-53	-	-53
Share-based payments	-	-	-	-	102	102	-	102
Dividends paid to shareholders	-	-	-	-	-2,439	-2,439	-600	-3,039
Non-controlling interests	-	-	-	-	-61	-61	-	-61
<b>Total changes in equity</b>	<b>-</b>	<b>-1,226</b>	<b>-6</b>	<b>-1,232</b>	<b>325</b>	<b>-907</b>	<b>-152</b>	<b>-1,059</b>
<b>Equity at 30 June 2018</b>	<b>3,051</b>	<b>-34,128</b>	<b>-587</b>	<b>-34,715</b>	<b>77,687</b>	<b>46,023</b>	<b>2,443</b>	<b>48,466</b>

## STATEMENT OF CHANGES IN EQUITY (PAGE 2 OF 2)

DKK million	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity, shareholders in Carlsberg A/S	Non-controlling interests	Total equity
<b>30 June 2017</b>								
<b>Equity at 1 January 2017</b>	<b>3,051</b>	<b>-29,080</b>	<b>-611</b>	<b>-29,691</b>	<b>77,451</b>	<b>50,811</b>	<b>2,839</b>	<b>53,650</b>
<b>Consolidated profit</b>	-	-	-	-	<b>2,304</b>	<b>2,304</b>	<b>403</b>	<b>2,707</b>
Other comprehensive income:								
Foreign exchange adjustments of foreign entities	-	-2,449	-	-2,449	-	-2,449	-202	-2,651
Value adjustments of hedging instruments	-	-201	-4	-205	-	-205	-	-205
Retirement benefit obligations	-	-	-	-	14	14	-	14
Share of other comprehensive income, associates and joint ventures	-	-	-	-	2	2	-	2
Corporation tax	-	42	-6	36	-	36	-	36
<b>Other comprehensive income</b>	<b>-</b>	<b>-2,608</b>	<b>-10</b>	<b>-2,618</b>	<b>16</b>	<b>-2,602</b>	<b>-202</b>	<b>-2,804</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-2,608</b>	<b>-10</b>	<b>-2,618</b>	<b>2,320</b>	<b>-298</b>	<b>201</b>	<b>-97</b>
Acquisition/disposal of treasury shares	-	-	-	-	-21	-21	-	-21
Share-based payments	-	-	-	-	26	26	-	26
Dividends paid to shareholders	-	-	-	-	-1,525	-1,525	-451	-1,976
Non-controlling interests	-	-	-	-	-480	-480	-	-480
Disposal of entities	-	-	-	-	-	-	-4	-4
<b>Total changes in equity</b>	<b>-</b>	<b>-2,608</b>	<b>-10</b>	<b>-2,618</b>	<b>320</b>	<b>-2,298</b>	<b>-254</b>	<b>-2,552</b>
<b>Equity at 30 June 2017</b>	<b>3,051</b>	<b>-31,688</b>	<b>-621</b>	<b>-32,309</b>	<b>77,771</b>	<b>48,513</b>	<b>2,585</b>	<b>51,098</b>

## STATEMENT OF CASH FLOWS

DKK million	H1 2018	H1 2017	2017
Operating profit before special items	4,373	4,125	8,876
Adjustment for depreciation, amortisation and impairment losses <sup>1</sup>	2,104	2,508	4,707
<b>Operating profit before depreciation, amortisation and impairment losses<sup>1</sup></b>	<b>6,477</b>	<b>6,633</b>	<b>13,583</b>
Adjustment for other non-cash items	46	-106	-279
Change in trade working capital	2,040	1,168	848
Change in other working capital <sup>2</sup>	471	192	388
Restructuring costs paid	-194	-105	-364
Interest etc. received	64	77	156
Interest etc. paid	-375	18	-564
Corporation tax paid	-1,262	-891	-1,934
<b>Cash flow from operating activities</b>	<b>7,267</b>	<b>6,986</b>	<b>11,834</b>
Acquisition of property, plant and equipment and intangible assets	-1,625	-1,846	-4,053
Disposal of property, plant and equipment and intangible assets	35	75	160
Change in on-trade loans <sup>2</sup>	-270	-7	40
<b>Total operational investments</b>	<b>-1,860</b>	<b>-1,778</b>	<b>-3,853</b>
<b>Free operating cash flow</b>	<b>5,407</b>	<b>5,208</b>	<b>7,981</b>
Acquisition and disposal of entities, net	-	245	268
Acquisition and disposal of associates and joint ventures, net	-	244	242
Acquisition and disposal of financial assets, net	3	6	10
Change in financial receivables	-39	-20	-54
Dividends received	394	154	208
<b>Total financial investments</b>	<b>358</b>	<b>629</b>	<b>674</b>
Disposal of other property, plant and equipment	-	25	25
<b>Total other activities</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>Cash flow from investing activities<sup>3</sup></b>	<b>-1,502</b>	<b>-1,124</b>	<b>-3,154</b>
<b>Free cash flow</b>	<b>5,765</b>	<b>5,862</b>	<b>8,680</b>
Shareholders in Carlsberg A/S	-2,492	-1,546	-1,681
Non-controlling interests	-866	-455	-740
External financing	-13	-857	-5,239
<b>Cash flow from financing activities</b>	<b>-3,371</b>	<b>-2,858</b>	<b>-7,660</b>
<b>Net cash flow</b>	<b>2,394</b>	<b>3,004</b>	<b>1,020</b>
Cash and cash equivalents at beginning of period	3,120	2,348	2,348
Foreign exchange adjustment of cash and cash equivalents	12	-129	-248
<b>Cash and cash equivalents at period-end<sup>4</sup></b>	<b>5,526</b>	<b>5,223</b>	<b>3,120</b>

<sup>1</sup> Impairment losses excluding those reported in special items.

<sup>2</sup> Reclassification of trade loans from other receivables to trade loans.

<sup>3</sup> Other activities cover real estate, separate from beverage activities.

<sup>4</sup> Cash and cash equivalents less bank overdrafts.

## NOTE 1 (PAGE 1 OF 2)

### SEGMENT REPORTING BY REGION

	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
<b>Beer sales (million hl)</b>					
Western Europe	13.7	13.8	22.9	23.3	46.1
Asia	9.6	8.9	17.8	16.2	31.2
Eastern Europe	9.2	8.4	15.0	14.5	29.8
<b>Total</b>	<b>32.5</b>	<b>31.1</b>	<b>55.7</b>	<b>54.0</b>	<b>107.1</b>
<b>Other beverages (million hl)</b>					
Western Europe	4.2	4.0	7.2	7.3	14.5
Asia	0.9	0.8	1.7	1.5	2.8
Eastern Europe	0.8	0.7	1.0	1.0	1.9
<b>Total</b>	<b>5.9</b>	<b>5.5</b>	<b>9.9</b>	<b>9.8</b>	<b>19.2</b>
<b>Net revenue (DKK million)</b>					
Western Europe	10,660	10,570	17,755	18,243	35,716
Asia	4,307	3,985	7,915	7,400	13,944
Eastern Europe	3,281	3,173	5,273	5,502	10,925
Not allocated	14	19	23	31	70
<b>Beverages, total</b>	<b>18,262</b>	<b>17,747</b>	<b>30,966</b>	<b>31,176</b>	<b>60,655</b>
Non-beverages	-	-	-	-	-
<b>Total</b>	<b>18,262</b>	<b>17,747</b>	<b>30,966</b>	<b>31,176</b>	<b>60,655</b>
<b>Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)</b>					
Western Europe			3,329	3,337	7,037
Asia			2,234	2,227	4,320
Eastern Europe			1,434	1,465	2,982
Not allocated			-495	-362	-682
<b>Beverages, total</b>			<b>6,502</b>	<b>6,667</b>	<b>13,657</b>
Non-beverages			-25	-34	-74
<b>Total</b>			<b>6,477</b>	<b>6,633</b>	<b>13,583</b>
<b>Operating profit before special items (DKK million)</b>					
Western Europe			2,473	2,326	5,144
Asia			1,608	1,494	2,905
Eastern Europe			1,071	1,047	2,220
Not allocated			-749	-705	-1,307
<b>Beverages, total</b>			<b>4,403</b>	<b>4,162</b>	<b>8,962</b>
Non-beverages			-30	-37	-86
<b>Total</b>			<b>4,373</b>	<b>4,125</b>	<b>8,876</b>
<b>Operating margin (%)</b>					
Western Europe			13.9	12.7	14.4
Asia			20.3	20.2	20.8
Eastern Europe			20.3	19.0	20.3
Not allocated			...	...	...
<b>Beverages, total</b>			<b>14.2</b>	<b>13.3</b>	<b>14.8</b>
Non-beverages			...	...	...
<b>Total</b>			<b>14.1</b>	<b>13.2</b>	<b>14.6</b>



## NOTE 1 (PAGE 2 OF 2)

### SEGMENT REPORTING BY REGION

DKK million	30 June 2018	30 June 2017	2017
<b>Invested capital, period-end</b>			
Western Europe	37,338	37,881	37,218
Asia	19,161	20,659	20,131
Eastern Europe	25,484	32,785	27,376
Not allocated	-1,197	-329	-1,055
<b>Beverages, total</b>	<b>80,786</b>	<b>90,996</b>	<b>83,670</b>
Non-beverages	961	465	818
<b>Total</b>	<b>81,747</b>	<b>91,461</b>	<b>84,488</b>
<b>Invested capital excluding goodwill, period-end</b>			
Western Europe	16,607	17,076	16,489
Asia	5,067	6,417	6,197
Eastern Europe	10,373	16,649	11,542
Not allocated	-1,197	-329	-1,055
<b>Beverages, total</b>	<b>30,850</b>	<b>39,813</b>	<b>33,173</b>
Non-beverages	961	465	818
<b>Total</b>	<b>31,811</b>	<b>40,278</b>	<b>33,991</b>
<b>EBIT adjusted for effective tax</b>			
Western Europe	1,829	1,661	3,735
Asia	1,178	1,047	2,080
Eastern Europe	861	789	1,711
Not allocated	-701	-540	-1,168
<b>Beverages, total</b>	<b>3,167</b>	<b>2,957</b>	<b>6,358</b>
Non-beverages	-18	-28	-56
<b>Total</b>	<b>3,149</b>	<b>2,929</b>	<b>6,302</b>
<b>Return on invested capital, ROIC (%), 12-month average</b>			
Western Europe	10.4	9.7	9.9
Asia	11.1	9.2	9.9
Eastern Europe	6.2	4.8	5.1
Not allocated	...	...	...
<b>Beverages, total</b>	<b>7.8</b>	<b>6.5</b>	<b>7.0</b>
Non-beverages	...	...	...
<b>Total</b>	<b>7.6</b>	<b>6.5</b>	<b>6.9</b>
<b>Return on invested capital excluding goodwill (%), 12-month average</b>			
Western Europe	23.4	21.3	21.9
Asia	37.6	27.5	31.2
Eastern Europe	13.6	9.5	10.2
Not allocated	...	...	...
<b>Beverages, total</b>	<b>19.1</b>	<b>14.5</b>	<b>16.0</b>
Non-beverages	...	...	...
<b>Total</b>	<b>18.6</b>	<b>14.4</b>	<b>15.7</b>

## NOTE 2

### SEGMENT REPORTING BY ACTIVITY

DKK million	H1 2018			H1 2017		
	Beverages	Non- beverages	Total	Beverages	Non- beverages	Total
Net revenue	30,966	-	30,966	31,176	-	31,176
Operating profit before special items	4,403	-30	4,373	4,162	-37	4,125
Special items, net	-37	-	-37	38	-	38
Financial items, net	-328	-2	-330	-339	-12	-351
<b>Profit before tax</b>	<b>4,038</b>	<b>-32</b>	<b>4,006</b>	<b>3,861</b>	<b>-49</b>	<b>3,812</b>
Corporation tax	-1,129	7	-1,122	-1,115	10	-1,105
<b>Consolidated profit</b>	<b>2,909</b>	<b>-25</b>	<b>2,884</b>	<b>2,746</b>	<b>-39</b>	<b>2,707</b>
<b>Attributable to:</b>						
Non-controlling interests	413	-	413	403	-	403
Shareholders in Carlsberg A/S	2,496	-25	2,471	2,343	-39	2,304

## NOTE 3

### SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2018	H1 2017	H2 2017
<b>Net revenue</b>			
Western Europe	17,755	18,243	17,473
Asia	7,915	7,400	6,544
Eastern Europe	5,273	5,502	5,423
Not allocated	23	31	39
<b>Beverages, total</b>	<b>30,966</b>	<b>31,176</b>	<b>29,479</b>
Non-beverages	-	-	-
<b>Total</b>	<b>30,966</b>	<b>31,176</b>	<b>29,479</b>
<b>Operating profit before special items</b>			
Western Europe	2,473	2,326	2,818
Asia	1,608	1,494	1,411
Eastern Europe	1,071	1,047	1,173
Not allocated	-749	-705	-602
<b>Beverages, total</b>	<b>4,403</b>	<b>4,162</b>	<b>4,800</b>
Non-beverages	-30	-37	-49
<b>Total</b>	<b>4,373</b>	<b>4,125</b>	<b>4,751</b>
Special items, net	-37	38	-4,603
Financial items, net	-330	-351	-437
<b>Profit before tax</b>	<b>4,006</b>	<b>3,812</b>	<b>-289</b>
Corporation tax	-1,122	-1,105	-353
<b>Consolidated profit</b>	<b>2,884</b>	<b>2,707</b>	<b>-642</b>
<b>Attributable to:</b>			
Non-controlling interests	413	403	403
Shareholders in Carlsberg A/S	2,471	2,304	-1,045

## NOTE 4

### SPECIAL ITEMS

DKK million	H1 2018	H1 2017	2017
<b>Special items, income:</b>			
Gain on disposal of entities and activities	4	270	402
Reversal of impairment losses	47	-	216
Gain on disposal of property, plant and equipment impaired in prior years	2	-	24
<b>Income, total</b>	<b>53</b>	<b>270</b>	<b>642</b>
<b>Special items, expenses:</b>			
Impairment of brands	-	-	-4,847
Loss on disposal of entities and activities	-	-70	-102
Impairment and restructuring of Carlsberg UK, including onerous contract	-4	-71	-70
Impairment and restructuring in relation to optimisation and standardisation in Western Europe	-80	-81	-139
Impairment and restructuring in China	-	-	-13
Severance and share-based payments to members of the Executive Committee	-	-15	-15
Other, net	-6	5	-21
<b>Expenses, total</b>	<b>-90</b>	<b>-232</b>	<b>-5,207</b>
<b>Special items, net</b>	<b>-37</b>	<b>38</b>	<b>-4,565</b>

## NOTE 5

### NET FINANCIAL ITEMS

DKK million	H1 2018	H1 2017	2017
<b>Financial income</b>			
Interest income	70	70	144
Foreign exchange gains, net	112	567	484
Interest on return on plan assets, defined benefit plans	-	-	152
Other financial income	11	10	23
<b>Total</b>	<b>193</b>	<b>647</b>	<b>803</b>
<b>Financial expenses</b>			
Interest expenses	-292	-425	-775
Capitalised financial expenses	5	1	4
Fair value adjustments of financial instruments	-62	-400	-292
Interest cost on obligations, defined benefit plans	-33	-43	-250
Other financial expenses	-141	-131	-278
<b>Total</b>	<b>-523</b>	<b>-998</b>	<b>-1,591</b>
<b>Financial items, net, recognised in the income statement</b>	<b>-330</b>	<b>-351</b>	<b>-788</b>

## NOTE 6 (PAGE 1 OF 2)

### DEBT AND CREDIT FACILITIES

DKK million	30 June 2018	30 June 2017
<b>Non-current borrowings:</b>		
Issued bonds	22,246	18,500
Bank borrowings	34	354
Mortgages	-	420
Other non-current borrowings	18	1,126
<b>Total</b>	<b>22,298</b>	<b>20,400</b>
<b>Current borrowings:</b>		
Issued bonds	-	7,432
Current portion of other non-current borrowings	-	183
Bank borrowings	677	683
Other current borrowings	1,112	6
<b>Total</b>	<b>1,789</b>	<b>8,304</b>
<b>Total borrowings</b>	<b>24,087</b>	<b>28,704</b>
Cash and cash equivalents	-5,722	-5,719
<b>Net financial debt</b>	<b>18,365</b>	<b>22,985</b>
Other interest-bearing assets, net	-1,107	-1,133
<b>Net interest-bearing debt</b>	<b>17,258</b>	<b>21,852</b>

All borrowings are measured at amortised cost.

## NOTE 6 (PAGE 2 OF 2)

### DEBT AND CREDIT FACILITIES

DKK million						30 June 2018
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	5,592	-	-	5,567	11,087	22,246
Bank borrowings	21	-11	13	8	3	34
Other non-current borrowings	-	-	-	3	15	18
<b>Total</b>	<b>5,613</b>	<b>-11</b>	<b>13</b>	<b>5,578</b>	<b>11,105</b>	<b>22,298</b>

DKK million	
Currency split of net financial debt at 30 June 2018	
EUR	16,183
DKK	1,632
Other currencies	550
<b>Total</b>	<b>18,365</b>

DKK million		30 June 2018
Committed credit facilities		
< 1 year		4,123
1-2 years		5,613
2-3 years		14,969
3-4 years		13
4-5 years		5,578
> 5 years		11,105
<b>Total</b>		<b>41,401</b>
Current		4,123
Non-current		37,278

## NOTE 7

### NET INTEREST-BEARING DEBT

DKK million	H1 2018	H1 2017	2017
<b>Net interest-bearing debt is calculated as follows:</b>			
Non-current borrowings	22,298	20,400	23,340
Current borrowings	1,789	8,304	849
<b>Gross financial debt</b>	<b>24,087</b>	<b>28,704</b>	<b>24,189</b>
Cash and cash equivalents	-5,722	-5,719	-3,462
Loans to associates, interest-bearing portion	-313	-274	-290
On-trade loans, net	-740	-805	-764
Other receivables, net	-54	-54	-35
<b>Net interest-bearing debt</b>	<b>17,258</b>	<b>21,852</b>	<b>19,638</b>
<b>Changes in net interest-bearing debt:</b>			
<b>Net interest-bearing debt at beginning of period</b>	<b>19,638</b>	<b>25,503</b>	<b>25,503</b>
Cash flow from operating activities	-7,267	-6,986	-11,834
Cash flow from investing activities, excl. acquisition of subsidiaries	1,502	1,369	3,422
Cash flow from acquisition of subsidiaries, net	-	-245	-268
Dividend to shareholders and non-controlling interests	3,039	1,976	2,263
Acquisition of non-controlling interests	266	-	2
Acquisition/disposal of treasury shares and settlement of share-based payments	54	21	156
Acquired net interest-bearing debt from acquisition of subsidiaries	-	18	18
Change in interest-bearing lending	4	26	44
Effects of currency translation	43	170	360
Other	-21	-	-28
<b>Total change</b>	<b>-2,380</b>	<b>-3,651</b>	<b>-5,865</b>
<b>Net interest-bearing debt, end of period</b>	<b>17,258</b>	<b>21,852</b>	<b>19,638</b>