

Company announcement 1/2021

5 February 2021

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FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

A solid set of results despite COVID-19, with good margin improvement, strong cash flow, higher dividends and a new share buy-back programme

Unless otherwise stated, comments in this announcement refer to full-year performance.

HIGHLIGHTS

- Organic revenue -8.4%; reported -11.2% to DKK 58,541m.
- Revenue/hl -5% (organic).
- Total organic volume -3.8%.
 - Tuborg volume -9%, Carlsberg -10%, 1664 Blanc +8%, Grimbergen -2% and Somersby +2%.
 - Craft & speciality volume growth of 1%; alcohol-free brew volume growth of 11%.
- Organic operating profit -3.1%; reported -7.3% to DKK 9,699m.
- Operating margin improvement of +70bp to 16.6%.
- Adjusted net profit growth of 3.3% to DKK 6,363m; reported net profit -8.2% to DKK 6,030m.
- Adjusted earnings per share increase of 6.3% to DKK 43.6.
- Free cash flow, including the acquisition of brand rights and acquisitions, DKK 5,057m.
- Net debt/EBITDA of 1.51x (2019: 1.25x).
- ROIC increased by 10bp to 8.9%; excluding goodwill +80bp to 23.2%.
- The Group carried out several M&A transactions: Marston's in the UK, Wernesgrüner in Germany, Brooklyn brand rights in our markets and asset restructuring in China (see pages 8-9).
- The Supervisory Board will propose to the AGM a 5% increase in dividend to DKK 22.0 per share, equal to an adjusted payout ratio of 50%.
- During 2020, the Company bought back shares amounting to DKK 2.9bn. Today, the Company will launch a new DKK 750m share buy-back programme, which will run until 23 April. On 28 April, in connection with the Q1 trading statement, we will provide information on the next quarterly share buy-back programme for 2021 (see pages 22-23).

2021 EARNINGS EXPECTATIONS

In most markets, the COVID-19 pandemic continues to impact business performance, which means a challenging start to 2021. The uncertainty related to the extent and length of the pandemic, further government actions, consumer reactions and macroeconomic developments remains high and may have significant implications for business performance. As a result, 2021 guidance is:

- Organic growth in operating profit within the range of 3% to 10%.

Based on the currency spot rates at 4 February, we assume a translation impact of around DKK -200m for 2021. See page 9 for the assumptions underlying the guidance.

CEO Cees 't Hart says: "The COVID-19 pandemic has impacted lives worldwide and was a significant challenge for Carlsberg in 2020. During the year, our top priority was the health and wellbeing of our employees, while also ensuring the health of our business and preparing ourselves for post-COVID-19 times. This will continue in 2021.

"While the pandemic is not yet behind us and we don't know how long it will remain a challenge in 2021, we believe that Carlsberg will emerge even stronger from the crisis. During 2020, we adjusted our cost base to a new reality and implemented new ways of working. These changes have led to a more flexible company, making us optimistic about our ability to deliver on our long-term strategic priorities.

"The Group's financial situation remains strong. Despite COVID-19, we improved our operating margin, delivered strong cash flow, increased dividend per share, carried out a sizeable share buy-back programme and strengthened the business through acquisitions. We're pleased that the Supervisory Board will recommend a further increase in the dividend for 2020 in addition to initiating a new share buy-back programme."

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

Contacts

Investor Relations: Peter Kondrup +45 2219 1221 Iben Steiness +45 2088 1232
Media Relations: Kasper Elbjørn +45 4179 1216 Christian Wulff Søndergaard +45 3144 7965

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KEY FIGURES AND FINANCIAL RATIOS

DKK million		2020	2019	2018 ¹	2017 ¹	2016 ¹
Volumes (million hl)						
Beer		110.1	113.0	112.3	107.1	116.9
Non-beer		20.0	21.9	20.8	19.2	21.9
Income statement						
Revenue		58,541	65,902	62,503	60,655	62,614
Gross profit		28,361	32,638	31,220	30,208	31,419
EBITDA		14,085	15,007	13,420	13,583	13,006
Operating profit before special items		9,699	10,465	9,329	8,876	8,245
Special items, net		-247	501	-88	-4,565	251
Financial items, net		-411	-738	-722	-788	-1,247
Profit before tax		9,041	10,228	8,519	3,523	7,249
Income tax		-2,233	-2,751	-2,386	-1,458	-2,392
Consolidated profit		6,808	7,477	6,133	2,065	4,857
Attributable to:						
Non-controlling interests		778	908	824	806	371
Shareholders in Carlsberg A/S (net profit)		6,030	6,569	5,309	1,259	4,486
Shareholders in Carlsberg A/S, adjusted ²		6,363	6,160	5,359	4,925	3,881
Statement of financial position						
Total assets		118,816	123,063	117,700	114,251	126,906
Invested capital		81,541	86,162	82,721	84,488	96,089
Invested capital excl. goodwill		31,049	33,032	31,792	33,991	43,225
Net interest-bearing debt (NIBD)		21,263	18,776	17,313	19,638	25,503
Equity, shareholders in Carlsberg A/S		39,308	43,449	45,302	46,930	50,811
Statement of cash flows						
Cash flow from operating activities		10,928	12,239	12,047	11,834	9,329
Cash flow from investing activities		-5,871	-2,277	-5,891	-3,154	-713
Free cash flow		5,057	9,962	6,156	8,680	8,616
Investments						
Acquisition of property, plant and equipment and intangible assets, net ³		-4,396	-4,592	-4,027	-4,053	-3,840
Acquisition and disposal of subsidiaries, net		-2,409	-	-974	268	1,969
Financial ratios						
Gross margin	%	48.4	49.5	50.0	49.8	50.2
EBITDA margin	%	24.1	22.8	21.5	22.4	20.8
Operating margin	%	16.6	15.9	14.9	14.6	13.2
Effective tax rate	%	24.7	26.9	28.0	41.4	33.0
Return on invested capital (ROIC)	%	8.9	8.8	8.1	6.9	5.9
ROIC excl. goodwill	%	23.2	22.4	20.9	15.7	12.7
Equity ratio	%	33.1	35.3	38.5	41.1	40.0
NIBD/equity ratio	x	0.49	0.41	0.36	0.40	0.48
NIBD/EBITDA	x	1.51	1.25	1.29	1.45	1.96
Interest cover	x	23.59	14.17	12.92	11.26	6.61
Stock market ratios						
Earnings per share (EPS)	DKK	41.3	43.7	34.8	8.3	29.4
Earnings per share, adjusted (EPS-A) ²	DKK	43.6	41.0	35.2	32.3	25.4
Free cash flow per share (FCFPS)	DKK	34.5	65.9	40.2	56.9	56.5
Dividend per share (proposed)	DKK	22.0	21.0	18.0	16.0	10.0
Payout ratio	%	55	49	52	194	34
Payout ratio, adjusted ⁴	%	50	50	51	50	39
Share price (B shares)	DKK	975.2	993.8	692.6	745.0	609.5
Market capitalisation	DKKm	142,676	145,805	104,830	112,116	92,896
Number of issued shares at year-end	1,000	148,157	152,557	152,557	152,557	152,557
Number of shares at year-end, excl. treasury shares	1,000	145,102	147,996	152,457	152,390	152,552
Average number of shares, excl. treasury shares	1,000	146,104	150,411	152,428	152,496	152,552

¹ Comparative figures for 2016-2018 and 2016 have not been restated to include IFRS 16 and IFRS 15 respectively. ² Adjusted for special items after tax. ³ Includes the acquisition of the Brooklyn brand rights, DKK 0.8bn in 2020. ⁴ Proposed dividend on number of shares at year-end as a percentage of net profit adjusted for special items after tax.

NAVIGATING UNCHARTED WATERS

COVID-19 presented significant challenges for our people, customers and business. During the year, our top priorities were the health and wellbeing of our employees, servicing customers, protecting the financial health of our business and preparing for the rebound.

Our SAIL'22 priorities stood the test of the COVID-19 challenges, and our long-term strategic direction remains unchanged. Our Funding the Journey cost focus and tools proved very valuable, enabling us to react quickly and effectively. Recent years' investments in our local power brands helped us mitigate the impact of the market decline, and our growth priorities of craft & speciality and alcohol-free brews proved resilient, achieving growth despite the market challenges.

MARKET IMPACT

Group results were affected by the significant impact of the pandemic on the beer market in general, and the on-trade in particular. Beer is most often enjoyed in social settings, and markets across our regions were therefore impacted by restrictions and lockdowns that prevented consumers from engaging in social activities. Some markets benefited from populations not being able to travel, while others suffered from lack of tourism or temporary ruralisation as migrant workers left the cities.

ON-TRADE

For the Group, the on-trade channel accounts for around 25% (2019) of volumes. Exposure is at the same level in Western Europe, above average in Asia and very small in Eastern Europe. Across our markets, the on-trade was affected by a range of government interventions, including lockdowns, restrictions on people gathering etc., though the length and severity of these measures differed between markets. For the Group, on-trade volumes declined by more than 20%.

In local markets, we found ways to support our on-trade customers. This included support for developing online delivery and take-away platforms, and encouraging consumers to return to their on-trade outlet by donating free draught beer.

OFF-TRADE

The impact on the off-trade varied significantly between markets, depending on government actions and their influence on consumer behaviour. In some markets, off-trade volumes grew by double-digit percentages, while other markets saw double-digit-percentage decline.

Overall, our off-trade volumes increased by mid-single-digit percentages, though this was not enough to offset the volume decline in the on-trade.

E-COMMERCE

During the year, we saw rapid acceleration on e-commerce and digital platforms, albeit from a very low base. Our third-party e-commerce sales were up by approximately 60%, with particularly strong growth in Asia.

A RESILIENT COMPANY

The significantly strengthened performance of the Group in recent years was a key prerequisite for the high degree of resilience – in terms of our organisation and people, our financial position and our portfolio – that helped us navigate through the uncharted waters of the pandemic.

ORGANISATION & PEOPLE RESILIENCE

We were impressed by the tremendous flexibility and engagement of our people, which allowed us to stabilise the business, help societies and support our customers.

During the year, our employees worked under very difficult circumstances, whether at our breweries, in sales or from home. A total of 1,756 COVID-19 cases were recorded among our 40,000 or so employees.

We implemented processes and procedures to minimise the risk of infection and ensure the physical safety and mental wellbeing of our employees. At the breweries, these included working in shifts and expanding the use of protective equipment. At our offices, we put in place rigorous hygiene and distancing procedures, and many employees had to work remotely.

From the beginning of the pandemic, we were able to build on and adapt the way we work as a company. From our central office, we provided clear direction to the regions and markets with our three priorities: protecting the health and safety of employees and maintaining service to customers, protecting operating profit and cash, and ensuring our readiness for better times. Subsequently, we empowered our country management teams to translate these priorities into local action plans – recognising that while the pandemic was global, government and consumer responses were very local.

We strengthened and increased our overall communication, including within the leadership team, to set priorities and align objectives across markets and functions. With a significant part of our workforce working remotely, our leaders and employees were offered virtual training and tools in order to cope with the new challenges.

Across the Group, our employees quickly adapted to the changing market environment and operating conditions, finding safe and efficient ways of working. We are confident that being a purpose-driven company with a high level of employee satisfaction and engagement was crucial for our ability to manage our business successfully.

Supporting our communities

During the crisis, it was very important for us to support and contribute to our communities as best we could. In local markets, our businesses engaged in the production of hand sanitiser, donated protective and testing equipment and alcohol-free beverages to healthcare workers, and made financial donations to local organisations.

In addition, our majority shareholder, the Carlsberg Foundation, made donations amounting to more than DKK 100m to support COVID-19-related research, culture and civil society.

FINANCIAL RESILIENCE

Very early in the year, when COVID-19 hit China, we turned our focus onto cost control and protecting profits.

In terms of top line, both volumes and price/mix were negatively impacted by market declines and changes in channel, product and country mix caused by the pandemic.

Regarding costs, we reinforced our Funding the Journey culture, accelerated efficiencies and initiated further cost reductions. A key enabler was our well-embedded Operating Cost Management (OCM) toolkit, with 15 specific cost groups for which we rigorously initiated actions and monitored savings and gap-closing progress. Our early actions led to significant cost reductions, with savings achieved in almost all cost groups, such as professional services, travel, entertainment, people and marketing spend. Some savings will be permanent, while others, including marketing, will not.

In the supply chain, we reduced the production-planning cycle from one month to 1-2 weeks, and also reduced the number of SKUs to increase flexibility in the light of unpredictable supply and demand. This led to sharper focus, less complexity and larger batch sizes – and lower supply chain costs.

We entered the crisis with a strong balance sheet and continued strong focus on proactive cash management. To protect cash flow and secure strong liquidity and financial flexibility, we implemented several initiatives, such as further stepping up our trade working capital management and reducing or deferring capital expenditure.

Ensuring sufficient liquidity throughout the year was very important. Consequently, in March we established a new short-term bank credit facility – later repaid – and in March and June respectively we issued two EUR 500m bonds with 7 and 10 years' maturity at very attractive rates of 0.375% and 0.625% respectively.

PORTFOLIO RESILIENCE

In recent years, our SAIL'22 choices have improved the strategic health of the Group and made our markets and product portfolio more resilient. We have rationalised and strengthened our brand portfolio, and today we have an attractive portfolio of categories and brands.

The importance of our core beer portfolio was evidenced even further during the COVID-19 crisis, as consumers turned to these well-known brands – often in multipacks – when doing their off- or online shopping. The core international brands were, however, impacted by COVID-19-related government measures in significant markets. Carlsberg volumes were down by 10%, impacted by the market declines in India and Malaysia and the closure of the night entertainment channel in China. Tuborg volumes grew by 15% in Russia and also delivered growth in China, but this was offset by severe COVID-19-related challenges in other large markets, such as India, Nepal and Denmark.

We continued to invest in our brands, including innovations for key core brands, such as Tuborg Pure Draft in China, which was positively received by consumers.

Despite severe restrictions imposed on the on-trade in 2020, our craft & speciality volumes grew by 1%, with Eastern Europe, especially Russia, a key driver. Volumes also grew in the Western European markets, with Poland the key contributor. 1664 Blanc did well across the year, continuing its growth trajectory, with 8% growth achieved in 2020. During the year, we launched a new global communication platform for the brand – Good Taste with a Twist – in order to invigorate this iconic French speciality beer.

Alcohol-free brews were positively impacted by an acceleration in consumer awareness of health and wellbeing as the pandemic took its toll across the world. We saw very good results for recent launches in the category, including Baltika Zero Grapefruit and Raspberry, Brooklyn Special Effects and Somersby 0.0. We also took the first steps in introducing the alcohol-free brew category in Asia with the launches of Chongqing Beer AFB in China and Carlsberg Alcohol Free in Singapore and Hong Kong. Alcohol-free brews continued the positive trajectory of recent years, growing by 11%.

PREPARING FOR THE REBOUND

While the COVID-19 pandemic made 2020 a challenging year, we believe that our long-term strategic priorities remain valid and will be instrumental for our long-term growth aspirations, though we expect the challenges and uncertainty of 2020, including the longer-term impact on the global economy and consumer spending, to continue for some time.

For the beer industry in particular, the longer-term impact on the on-trade is uncertain, as are possible longer-term changes in consumer preferences in terms of channels, brands and price points.

Consequently, we took steps to reorient the company for the sustained uncertainty. There are two elements to this: *Respond* and *Reset*.

RESPOND FOR TOP-LINE GROWTH

We will respond to the challenges ahead of us by sharpening our focus and building increased flexibility into our planning. We are prioritising fewer brands and activities. Within core beer, we are intensifying the focus on our local power brands and international premium brands, such as Carlsberg and Tuborg. With respect to innovation, we are targeting our efforts towards more focused and efficient initiatives.

Using our value management approach, we are setting price points that appeal to the new reality for consumers. We are working with and supporting the on-trade to prepare for the new reality. In addition, we are investing in and expanding our e-commerce activities.

In H2 2020, we re-energised our marketing investments in selected markets after having reduced the spend in H1 to mitigate the on-trade impact.

RESET FOR THE FUTURE

Recognising the need to reset our cost base, in H2 we reviewed our total cost base. This led to a reduction in costs in our central, regional and support functions as well as in the supply chain. In our markets, we are ensuring the right structures to accommodate a potentially smaller on-trade and changes within off-trade subchannels.

The learnings from the COVID-19 pandemic, including a high degree of flexibility, rapid adaptation to sudden and very new challenges, and new ways of working, have been positive. We are taking steps to ensure that these learnings are embedded in our future ways of working.

ADVANCING ON SUSTAINABILITY

We continued our efforts to improve performance relative to the ambitious targets of our sustainability programme, Together Towards ZERO, which has clear priorities and ambitions within the areas of carbon, water, responsible drinking and health & safety. In 2020, we reduced our CO₂ emissions by 12% and our water consumption by 7%. Our focus on a ZERO accidents culture continued, and we saw another year of improvement as the lost-time accident rate declined by 19%.

Our 2020 Sustainability Report, published today, describes our approach to and performance on our most material social, environmental and ethical issues, including progress against the ambitions of Together Towards ZERO, how we Live by our Compass and conduct our business responsibly and how we promote and integrate diversity and inclusion across our business.

DELIVERY AGAINST SAIL'22 FINANCIAL PRIORITIES

In spite of the challenging 2020, the Group delivered well against most of the long-term financial metrics of SAIL'22.

Organic growth in operating profit: Our significant cost reduction measures partly offset the top-line impact of COVID-19. Organic operating profit development was -3.1%, well ahead of the organic revenue decline of 8.4%. Consequently, the operating margin improved by 70bp to 16.6%.

ROIC improvement: ROIC improved by 10bp to 8.9%, mainly driven by the lower effective tax rate and supported by lower capital employed. The latter was positively impacted by trade working capital, a lower CapEx/depreciation ratio and currencies.

Optimal capital allocation: At 1.51x (2019: 1.25x), net interest-bearing debt/EBITDA remained well below our target of below 2x. This was the result of strong free cash flow and despite the share buy-back programme (DKK 2.9bn in 2020), the dividend payout in March 2020 (DKK 3.1bn) and several acquisitions during the year.

Given the solid set of results and continued strong balance sheet, the Supervisory Board will propose a 5% increase in the dividend to DKK 22.0 per share, corresponding to an adjusted payout ratio of 50%. Due to the continuing COVID-19-related uncertainties, the Group has decided to execute the 2021 share buy-back programme quarter by quarter. From 5 February to 23 April, the Group intends to buy back Carlsberg B shares amounting to DKK 750m. On 28 April, in connection with the Q1 trading statement, we will provide information on the next quarterly share buy-back in 2021 (see also pages 22-23).

STRUCTURAL CHANGES

Our strong balance sheet, combined with the measures taken to protect cash and liquidity during the crisis, meant that the Group's financial position remained very strong throughout the year. Consequently, we were able to announce the following M&A transactions:

- Acquisition of the Brooklyn brand rights in our markets in Q2.
- Acquisition of Marston's brewing activities in the UK. The transaction was completed in October.

- Completion of the material asset restructuring in China, whereby Carlsberg and Chongqing Brewery Co. contributed their controlled assets to the joint venture Chongqing Jianiang. The restructuring was completed in December.
- Acquisition of Wernesgrüner Brewery in Germany. The transaction was completed in January 2021.

In total, these transactions amounted to an investment of around DKK 3.2bn.

2021 EARNINGS EXPECTATIONS

In most markets, the COVID-19 pandemic continues to impact business performance, which means a challenging start to 2021. The uncertainty related to the extent and length of the pandemic, further government actions, consumer reactions and macroeconomic developments remains high and may have significant implications for business performance. As a result, 2021 guidance is:

- Organic growth in operating profit within the range of 3% to 10%.

The earnings outlook is based on the following assumptions related to COVID-19:

- In Western Europe, the on-trade channel will likely be impacted by restrictions well into Q2, with a gradual recovery of the on-trade during the quarter. We are assuming that most restrictions will be lifted before the summer season.
- In Asia, the impact of COVID-19 varies by market. The Chinese market is assumed to be back to its normal trajectory, though with some local disruptions, including during the Chinese New Year celebrations. In other markets, such as India and Nepal, the situation remains very difficult and highly volatile, though in most markets we are assuming a slow recovery during H1, driven by a gradual lifting of restrictions.
- In Central & Eastern Europe¹, the markets in the southern part of the region, which have relatively higher on-trade exposure, will likely continue to be impacted by restrictions well into Q2, though we are assuming that most restrictions will be lifted before the summer season. In Russia, the on-trade channel is relatively small. However, consumer sentiment is increasingly being impacted by the consequences of the pandemic, and the competitive environment remains fierce.

Based on the spot rates at 4 February, we assume a translation impact of around DKK -200m for 2021.

Other relevant assumptions are:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 600m.
- The reported effective tax rate is expected to be around 25%.
- Capital expenditure at constant currencies is expected to be DKK 4.0-4.5bn.

¹ As previously communicated, we changed the regional structure as of 1 January 2021, see details on pages 42-45.

FORWARD-LOOKING STATEMENTS

Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements. This is particularly relevant in 2021, due to the very high uncertainty related to the continuing development and impact of COVID-19. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 24 for the full forward-looking statements disclaimer.

CHANGES TO THE SUPERVISORY BOARD AND EXECUTIVE COMMITTEE

SUPERVISORY BOARD

At the Annual General Meeting, the Supervisory Board will propose Henrik Poulsen, former CEO of Ørsted, as a new member. The Supervisory Board will also propose that Henrik Poulsen become Deputy Chairman of the Supervisory Board, replacing Lars Fruergaard Jørgensen. Lars Fruergaard Jørgensen will remain as a member of the Supervisory Board. In addition, Domitille Doat-Le Bigot has notified the Supervisory Board that she is not standing for re-election at the Annual General Meeting.

EXECUTIVE COMMITTEE

As disclosed on 26 January, Jacek Pastuszka, EVP, Western Europe, will leave the Carlsberg Group at the end of February 2021 after 12 years in various senior management positions. Graham Fewkes, currently EVP, Asia, will take up the position as EVP, Western Europe, as of 1 March 2021. Leo Evers has been appointed to replace Graham as EVP, Asia, effective 1 July 2021. Leo joins Carlsberg from Heineken, where he has held several senior positions in Asia, including Regional Managing Director of Heineken Asia Pacific and Managing Director of Heineken Vietnam.

GROUP FINANCIAL PERFORMANCE

	2019	Change			2020	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	113.0	-2.8%	0.2%	-	110.1	-2.6%
Non-beer	21.9	-8.7%	0.0%	-	20.0	-8.7%
Total volume	134.9	-3.8%	0.2%	-	130.1	-3.6%
DKK million						
Revenue	65,902	-8.4%	0.3%	-3.1%	58,541	-11.2%
Operating profit	10,465	-3.1%	-0.3%	-3.9%	9,699	-7.3%
Operating margin (%)	15.9				16.6	70bp
H2						
Volumes (million hl)						
Beer	55.8	1.1%	0.5%	-	56.7	1.6%
Non-beer	11.0	-4.5%	0.0%	-	10.5	-4.5%
Total volume	66.8	0.2%	0.4%	-	67.2	0.6%
DKK million						
Revenue	32,912	-5.2%	0.7%	-5.2%	29,711	-9.7%
Operating profit	5,294	2.6%	-0.7%	-5.9%	5,084	-4.0%
Operating margin (%)	16.1				17.1	100bp

Beer volumes declined organically by 2.8%, impacted by COVID-19 in most markets. Non-beer volumes declined organically by 8.7%. In addition to COVID-19, non-beer volumes were impacted by lower sales of soft drinks at the German/Danish border. Total volumes declined organically by 3.8%.

Revenue/hl declined by 5%, leading to an organic revenue decline of 8.4%. Price/mix was negatively impacted by country, channel, product and packaging mix, and in Russia by higher promotions. Reported revenue declined by 11.2% due to a negative currency impact, mainly related to the Russian, Norwegian and Chinese currencies.

COGS per hl improved organically by 3%, positively impacted by efficiencies and by country and product mix, which more than offset the impact from volume under-absorption. However, gross profit was down organically by 10%, and the gross margin declined by 110bp to 48.4%, as supply chain efficiencies were not enough to offset the under-absorption of fixed costs and channel and product mix. The gross margin was also impacted by country mix.

Operating expenses, including marketing investments, declined organically by 14% as a result of tight cost control enabled by rigorous implementation in recent years of our Operating Cost Management toolkit. The main areas in which costs fell were marketing, travel, supply chain and employee-related costs. Reported operating expenses as a percentage of revenue declined by 200bp to 32.2% (2019: 34.2%). Excluding marketing expenses, operating expenses declined organically by 13%. As expected, marketing investments as a percentage of revenue increased in

H2 versus H1, as we invigorated the support of our brands and activities during the peak season, particularly in China.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) declined by 2.4% organically and in reported terms by 6.1%. The EBITDA margin improved by 130bp to 24.1%.

The Asian and Eastern European regions delivered solid organic operating profit growth and strong operating margin improvements, while operating profit declined in Western Europe. The Group operating margin increased by 70bp to 16.6%. Operating profit per hl grew by 1% organically, while total operating profit declined organically by 3.1%. Reported operating profit was DKK 9,699m, corresponding to a decline of 7.3%, impacted by an adverse currency impact of 4%.

We saw better financial performance in H2 compared with H1 due to several factors, such as less COVID-19 impact in Q3 versus the first six months and good weather in Western and Eastern Europe in Q3. Hence, as a result of the improved top-line performance in H2 compared with H1, organic operating profit grew by 2.6% (H1: -8.9%). The operating margin improved by 100bp in H2 (H1: +30bp) in spite of higher marketing spend compared with H1.

Adjusted net profit (adjusted for special items after tax) grew by 3.3% to DKK 6,363m (2019: DKK 6,160m), and adjusted earnings per share (excluding treasury shares) increased by 6.3% to DKK 43.6. The earnings per share growth was driven by lower financial expenses and a lower tax rate than in 2019, and supported by the share buy-backs, which more than offset the lower operating profit.

Reported net profit was DKK 6,030m (2019: DKK 6,569m). Reported earnings per share (excluding treasury shares) were DKK 41.3 (2019: DKK 43.7). In addition to the above, the decline was due to negative special items this year compared with a sizeable income in 2019.

Free cash flow was DKK 5,057m (2019: DKK 9,962m). Free operating cash flow was DKK 7,093m (2019: DKK 9,415m). The reduction was mainly explained by the lower EBITDA, acquisitions and lower gains from disposals compared with last year.

Return on invested capital (12-month average) improved by 10bp to 8.9%, positively impacted by the lower tax rate. ROIC excluding goodwill improved by 80bp to 23.2%.

Net interest-bearing debt was DKK 21,263m. This was an increase of DKK 2,487m versus 2019, mainly due to the significant cash returns to shareholders in the form of the share buy-back programme (DKK 2.9bn), dividend to shareholders and non-controlling interests (DKK 3.9bn), acquisitions (DKK 3.2bn) and the lower operating cash flow. Net interest-bearing debt/EBITDA was 1.51x (2019: 1.25x).

REGIONAL PERFORMANCE

WESTERN EUROPE

	2019	Change			2020	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	46.6	-4.8%	0.5%	-	44.6	-4.3%
Non-beer	15.3	-14.9%	0.0%	-	13.0	-14.9%
Total volume	61.9	-7.3%	0.4%	-	57.6	-6.9%
DKK million						
Revenue	36,317	-12.8%	0.6%	-0.9%	31,547	-13.1%
Operating profit	6,187	-17.2%	-0.6%	-1.5%	4,993	-19.3%
Operating margin (%)	17.0				15.8	-120bp
H2						
Volumes (million hl)						
Beer	24.1	-2.7%	1.1%	-	23.8	-1.6%
Non-beer	7.9	-12.6%	0.0%	-	6.9	-12.6%
Total volume	32.0	-5.1%	0.8%	-	30.7	-4.3%
DKK million						
Revenue	18,525	-11.7%	1.2%	-1.1%	16,371	-11.6%
Operating profit	3,427	-15.5%	-1.1%	-1.5%	2,806	-18.1%
Operating margin (%)	18.5				17.1	-140bp

The Western Europe region had a challenging and volatile year. The region delivered strong results in Q3, including beer volume growth supported by favourable weather, while Q2 and Q4 were challenging, with declining volumes due to restrictions and lockdowns, which particularly impacted the on-trade channel.

Beer volumes declined organically by 4.8%, while the organic decline in total volumes was 7.3%. The decline in non-beer volumes was due to the lost German/Danish border trade from 1 January 2020, compounded by the impact from on-trade closures. The positive acquisition impact of 40bp came from the acquisition of Marston's brewing activities, which was consolidated from the end of October.

Revenue/hl was reduced organically by 6%, impacted in all markets by channel mix and, for the region, by country mix. Revenue declined organically by 12.8%, while reported revenue declined by 13.1% due to a negative currency impact, mainly related to the Norwegian krone, partly offset by the stronger Swiss franc.

We achieved significant cost savings within supply chain, logistics, marketing and administration, though these savings were insufficient to cover the revenue decline. Operating profit therefore declined organically by 17.2%. The development was particularly bad in Q2 and Q4 due to the severe COVID-19-related market situation. The operating margin was 15.8% (-120bp). Some markets delivered good operating margin improvement, though this was offset by the significant headwinds in some markets.

THE NORDICS

Our Danish off-trade volumes grew, though not enough to compensate for lower on-trade and border volumes. Mainly due to the change to German/Danish border trade in soft drinks from 1 January 2020, total volumes in Denmark declined by more than 25%. Excluding the lost border trade, volumes declined by mid-single-digit percentages due to restrictions and lockdowns.

Our Norwegian business delivered solid double-digit-percentage volume growth, supported by good weather during the summer, domestic tourism and less border trade in Sweden due to the closure of the border. Our local power brand Frydenlund, Tuborg and craft & speciality performed particularly well.

Despite the Swedish government imposing less restrictive COVID-19 measures than most other countries, the on-trade channel was nevertheless negatively impacted. Coupled with the decline in the Norwegian border trade, our volumes were down by high-single-digit percentages.

FRANCE

In France, our business had a challenging year, with volumes declining by double-digit percentages. The on-trade channel was severely impacted by restrictions and lockdowns in Q2 and Q4. In addition, our brewery in Obernai was unable to run at normal capacity utilisation in H1 due to COVID-19 constraints, negatively impacting our promotional activities in the off-trade and market share. In H2, volumes and market shares improved following a normalisation of the supply chain and our promotional activities.

SWITZERLAND

Our business in Switzerland saw solid volume growth in the off-trade, but as the business is skewed towards the on-trade channel, total volumes were severely impacted by the lockdowns, declining by double-digit percentages. The brand mix was positive due to growth of local and international craft & speciality brands and alcohol-free beverages.

POLAND

In Poland, we delivered solid revenue growth due to volume growth and positive price/mix. Although the beer market declined slightly, it was less impacted by COVID-19 than most other Western European markets due to a relatively small on-trade channel. Our craft & speciality, with brands such as Somersby and Zatecky, and alcohol-free brews, especially within the flavoured subcategory, did particularly well.

THE UK

In the UK, our off-trade volumes grew. Due to the prolonged lockdown of the on-trade, total volumes declined by high-single-digit percentages. In May, the Group announced the acquisition of Marston's brewing activities in the UK. The transaction was completed at the end of October and the integration is progressing well.

OTHER MARKETS

In Germany, our volumes were flat for the year. In December, we announced the acquisition of Wernesgrüner Brewery, the integration of which was concluded already in January 2021. Markets such as Greece and Italy, being highly dependent on the on-trade and tourism, were severely

impacted by the pandemic. Our Bulgarian business performed well, growing volumes in a declining market. The local power brand Pirinsko and craft & speciality brands such as Somersby and Zatecky Gus saw strong growth.

ASIA

	2019	Change			2020	Change
		Organic	Acq., net	FX		Reported
FY						
Volumes (million hl)						
Beer	37.2	-6.7%	0.0%	-	34.8	-6.7%
Non-beer	4.8	-0.2%	0.0%	-	4.8	-0.2%
Total volume	42.0	-5.9%	0.0%	-	39.6	-5.9%
DKK million						
Revenue	18,416	-5.0%	0.0%	-2.9%	16,959	-7.9%
Operating profit	3,931	5.0%	0.0%	-3.5%	3,991	1.5%
Operating margin (%)	21.3				23.5	220bp
H2						
Volumes (million hl)						
Beer	17.1	-0.3%	0.0%	-	17.1	-0.3%
Non-beer	2.2	12.8%	0.0%	-	2.5	12.8%
Total volume	19.3	1.1%	0.0%	-	19.6	1.1%
DKK million						
Revenue	8,635	3.9%	0.0%	-5.5%	8,496	-1.6%
Operating profit	1,766	12.7%	0.0%	-6.7%	1,873	6.0%
Operating margin (%)	20.5				22.0	160bp

The development in Asia varied significantly between markets and during the year. Our Chinese business was severely impacted by COVID-19 in Q1, but rebounded in Q2. The other markets in the region were impacted slightly later, with a significant negative impact seen in Q2. A few markets have since experienced some degree of rebound, though the situation towards the end of the year remained challenging in most markets.

Total volumes declined organically by 5.9%, as the recovery in China could not offset the market declines elsewhere in the region.

Revenue/hl grew by 1%, curbing the decline in organic revenue to 5.0%. Revenue/hl was mainly impacted by country and channel mix. Reported revenue declined by 7.9% due to the devaluation of most Asian currencies against DKK.

The cost mitigation actions in Asia were substantial and very successfully executed. Consequently, operating profit grew organically by 5.0% and the operating margin improved strongly, by 220bp to 23.5%.

Marketing investments as a percentage of revenue for the full year were slightly down year on year, but with a significant difference between H1 and H2. In H1, we reduced marketing

investments early on to mitigate the COVID-19 impact, while in H2 investments were back at the level we believe is required to sustain long-term sustainable growth in our Asian business.

CHINA

Our Chinese business performed very well in a highly volatile environment. Following a very challenging Q1 in which China was impacted by COVID-19, the business rebounded in Q2, and as a result our full-year volumes grew modestly, while the overall market declined. The key drivers for the year were expanded distribution of the Wusu brand outside its home province, solid growth of our premium brands and continued big city growth. Despite the negative channel mix resulting from the change from traditional off-trade to modern off-trade, revenue/hl increased by high-single-digit percentages due to strong growth of premium brands, and further enhanced in Q4 by strong growth of the Wusu brand outside its home province and the change in discount accruals.

The Material Asset Restructuring of our Chinese assets was concluded in December, following which most of the Group's Chinese assets and those of Chongqing Brewery Company (CBC) are now owned by Chongqing Jianiang Brewery Co. (Jianiang). Jianiang is owned 49% directly by the Carlsberg Group and 51% by CBC, the latter being listed on the Shanghai Stock Exchange. Carlsberg is the controlling shareholder in CBC, owning 60% of the shares. Consequently, Carlsberg's total economic interest in Jianiang following the restructuring is 79%.

INDIA AND NEPAL

2020 was a very challenging year for our businesses in India and Nepal, where the beer markets were significantly impacted by government lockdowns and restrictions. In both markets, our breweries were forced to close during Q2 and distribution was severely restricted or even prohibited. The situation improved slightly in H2, but volumes remained depressed. Consequently, full-year volumes declined significantly, by approximately 40% in India and approximately 50% in Nepal.

VIETNAM, LAOS AND CAMBODIA

In a highly volatile Vietnamese market impacted by the pandemic, compounded by severe flooding in the central part of the country – our stronghold – in Q4, our volumes declined by mid-single-digit percentages. Our local power brand Huda continued to perform well.

In Laos, our total volumes declined slightly as growing soft drinks volumes largely compensated for lower beer and water volumes. The market was impacted by COVID-19 in H1, but recovered from May onwards. Lack of tourists in the country continues to impact the on-trade sector.

Cambodia was impacted by restrictions and a significant decline in tourism. In addition, our beer volumes declined, especially at the beginning of the year. While we continued our work on rebuilding the business, the additional challenges brought by COVID-19 led us to revalue the Angkor brand, resulting in an impairment charge. Volumes grew in Q4, mainly driven by the soft drinks business, in spite of new COVID-19 outbreaks and restrictions in December.

SINGAPORE AND MALAYSIA

Malaysia was negatively impacted by restrictions related to the on-trade, distribution and production, the last of these leading to a closure of our brewery in Q2. In Singapore, our volumes

declined modestly while a change in channel mix, due to on-trade restrictions, impacted price/mix negatively.

EASTERN EUROPE

	2019	Change			2020	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	29.2	5.3%	0.0%	-	30.7	5.3%
Non-beer	1.8	22.6%	0.0%	-	2.2	22.6%
Total volume	31.0	6.2%	0.0%	-	32.9	6.2%
DKK million						
Revenue	11,097	1.0%	0.0%	-10.8%	10,010	-9.8%
Operating profit	1,882	10.9%	0.0%	-9.0%	1,917	1.9%
Operating margin (%)	17.0				19.2	220bp
H2						
Volumes (million hl)						
Beer	14.6	9.1%	0.0%	-	15.9	9.1%
Non-beer	0.9	24.6%	0.0%	-	1.2	24.6%
Total volume	15.5	10.1%	0.0%	-	17.1	10.1%
DKK million						
Revenue	5,686	3.2%	0.0%	-18.3%	4,828	-15.1%
Operating profit	862	25.4%	0.0%	-16.3%	940	9.1%
Operating margin (%)	15.1				19.5	430bp

In Eastern Europe, the impact of COVID-19 was relatively modest due to low on-trade exposure. However, particularly towards the end of the year, markets were negatively impacted by a change in channel, customer and product mix as a result of weakening consumer confidence.

All markets, with the exception of Ukraine, delivered total volume growth for the year. For the region, beer volumes grew organically by 5.3%. Non-beer volumes grew strongly by 22.6%, mainly due to growth of energy drinks across the region. Total volumes were up organically by 6.2%.

Revenue grew organically by 1.0%. Revenue/hl of -5% was impacted by the higher level of promotional activities in Russia to regain some of the market share lost in recent years.

The region delivered strong organic operating profit growth of 10.9%, driven by strong performance in all markets outside Russia. The operating margin increased by 220bp to 19.2%. We achieved significant cost savings across the region. Combined with a favourable development in costs of goods sold, we were able to more than offset the impact of the high level of promotional investments in Russia.

RUSSIA

The Russian beer market grew slightly in 2020 despite COVID-19, due to a relatively small on-trade channel and supported by very favourable weather during the summer. The competitive

environment remained challenging. At the end of Q1, we kicked off our changed commercial priorities with the aim of turning around the volume trajectory and restoring our market share. For the year, volumes grew by 9%. Revenue/hl declined by high-single-digit percentages due to the higher level of promotions and a negative channel and packaging mix.

UKRAINE

In Ukraine, our volumes declined slightly, largely in line with the market. Revenue/hl developed negatively, mainly due to channel and brand mix, and a higher level of promotions. Our local mainstream brands, 1664 Blanc and alcohol-free brews did well, while Carlsberg and Tuborg were impacted by the restrictions imposed on the on-trade.

OTHER MARKETS

The other markets in the region – Kazakhstan, Belarus and Azerbaijan – delivered double-digit revenue growth driven by solid volume growth and improved revenue/hl due to price increases and growth of craft & speciality and alcohol-free brews.

CENTRAL COSTS (NOT ALLOCATED)

Central costs, net, declined to DKK 1,183m (2019: DKK 1,476m) as a result of cost reductions across all functions, including marketing, administration and people-related costs. Central costs are incurred for ongoing support of the Group's overall operations and strategic development. In particular, they include the costs of running central functions and central marketing.

OTHER ACTIVITIES (NON-BEVERAGE)

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 19m (2019: loss of DKK 59m).

COMMENTS ON THE FINANCIAL STATEMENTS

CHANGES TO THE REGIONAL STRUCTURE

As of 1 January 2021, we changed our regional structure to ensure a better balance between the European regions. The Baltic and Balkan countries, Greece, Italy and the Export & License business were moved from Western Europe to Eastern Europe. Consequently, Eastern Europe was renamed Central & Eastern Europe (CEE). External reporting will be changed accordingly (see appendix 1 on pages 42-45 for restated figures).

ACCOUNTING POLICIES

The 2020 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

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 2019. The consolidated financial statements for 2020 contain a complete description of the accounting policies.

The following standards, amendments and improvements became applicable as of 1 January 2020, without having any impact on the Group's accounting policies, as they cover areas that are not material or relevant for the Group or do not change the accounting policies applied in 2020:

- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 3 "Business Combinations"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform"
- Amendments to "References to the Conceptual Framework in IFRS Standards"

INCOME STATEMENT

Please see pages 11-12 for a review of operating profit.

Net special items (pre-tax) amounted to DKK -247m (2019: DKK +501m). Special items were positively impacted by reversal of provisions made in purchase price allocations in previous years, offset mainly by restructuring costs, including costs related to the *Reset for the future* initiative (see page 7), and impairment of brands, including the Angkor brand in Cambodia. Special items were also impacted by one-off costs related to COVID-19, including safety measures and donations.

Financial items, net, amounted to DKK -411m against DKK -738m in 2019. Excluding currency gains and losses, financial items, net, amounted to DKK -550m (2019: DKK -650m), positively impacted by lower other financial expenses. Currency gains were mainly related to USD/EUR deposits in Eastern Europe. A specification of net financial items is included in note 5.

Tax totalled DKK -2,233m against DKK -2,751m in 2019. The effective tax rate of 24.7% was positively impacted by the net impact of tax-exempt and non-deductible special items. Excluding these, the effective tax rate would have been 25.7%.

Non-controlling interests were DKK 778m (2019: DKK 908m), mainly impacted by challenging market conditions in Malaysia and the new Carlsberg Marston's Brewing Company in the UK, of which the Group owns 60%.

The Carlsberg Group's share of consolidated profit (net profit) was DKK 6,030m against DKK 6,569m in 2019. The decline was due to lower operating profit and special items, partly offset by lower financial expenses, net, and the lower tax rate. Adjusted net profit (adjusted for special items after tax) was DKK 6,363m (2019: DKK 6,160m).

STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets amounted to DKK 118,816m at 31 December 2020 (31 December 2019: DKK 123,063m). The decline was mainly due to lower intangible assets, property, plant and equipment and trade receivables, partly offset by an increase in cash.

Intangible assets amounted to DKK 66,061m at 31 December 2020 (31 December 2019: DKK 70,027m). The decline was mainly due to the depreciation of currencies in Eastern Europe and Asia.

Property, plant and equipment totalled DKK 26,299m (31 December 2019: DKK 27,607m). The decline of DKK 1,308m was primarily due to depreciation, lower CapEx and currencies.

Current assets amounted to DKK 18,996m (31 December 2019: DKK 17,948m). Trade receivables declined by DKK 1,614m, mainly attributable to lower sales due to COVID-19 and higher provisions for bad debt. Inventories of DKK 4,613m were slightly below last year (31 December 2019: DKK 4,751m). Cash and cash equivalents amounted to DKK 8,093m (31 December 2019: DKK 5,222m), positively impacted by the two EUR 500m bonds issued in March and June respectively.

EQUITY AND LIABILITIES

Equity

Equity amounted to DKK 43,362m at 31 December 2020 (31 December 2019: DKK 46,034m), DKK 39,308m of which was attributed to shareholders in Carlsberg A/S and DKK 4,054m to non-controlling interests.

The net change in equity of DKK -2,672m was explained by the consolidated profit of DKK 6,808m, non-controlling interests of DKK 3,758m, which were impacted by fair value adjustments of contingent considerations, and acquisition of entities of DKK 1,027m, offset by the dividend payout, including non-controlling interests of DKK -3,898m, the share buy-backs of DKK -2,900m and foreign exchange adjustment in other comprehensive income of DKK -7,640m.

Liabilities

Total liabilities were DKK 75,454m against DKK 77,029m at 31 December 2019. The decline was impacted by lower trade payables and other liabilities.

Long- and short-term borrowings increased by DKK 5,259m compared with 31 December 2019. The increase was due to the issuance of two EUR 500m bonds in March and June respectively. At 31 December 2020, long-term borrowings were DKK 29,291m (31 December 2019: DKK 20,879m) and short-term borrowings were DKK 959m (31 December 2019: DKK 4,112m).

Tax liabilities, retirement benefit obligations etc. were DKK 17,714m (31 December 2019: DKK 22,839m). The decline was mainly due to fair value adjustments of contingent considerations.

Current liabilities excluding short-term borrowings decreased to DKK 27,490m (31 December 2019: DKK 29,199m). Trade payables declined by DKK 551m, impacted by currencies partly offset by trade payables acquired in connection with the acquisition of Marston's brewing activities in the UK. Other current liabilities, excluding deposits on returnable packaging, declined by DKK 889m, impacted by lower bonus accruals and VAT.

CASH FLOW

Free cash flow amounted to DKK 5,057m versus DKK 9,962m in 2019, mainly impacted by the lower EBITDA, a lower net contribution from the change in working capital and acquisitions.

Net cash flow amounted to DKK 3,247m (2019: DKK -331m). The increase from 2019 was mainly due to external financing of DKK 5,060m (2019: DKK -935m), impacted by two bond placings of EUR 500m in March and June and lower non-controlling interests of DKK -877m (2019: DKK -2,520m), partly offset by higher dividends of DKK 3,093m paid to shareholders in March (2019: DKK 2,738m) and a lower share buy-back in 2020 of DKK 2,900m compared to DKK 4,100m in 2019.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to DKK 10,928m against DKK 12,239m in 2019.

EBITDA was DKK 14,085m (2019: DKK 15,007m).

The change in trade working capital was DKK +1,321m (2019: DKK +491m), mainly due to strong cash management discipline and lower trade receivables, the latter impacted by lower sales. Average trade working capital to revenue for the year was -18.6% compared to -16.8% for 2019, supported by the lower revenue.

The change in other working capital was DKK -1,033m (2019: DKK +634m), mainly impacted by lower VAT payable, change in provisions and a reclassification to trade working capital.

Restructuring costs paid amounted to DKK -531m (2019: DKK -445m). Net interest etc. paid amounted to DKK -424m (2019: DKK -894m). The decline was mainly due to the settlement of financial instruments. Corporation tax paid was DKK -1,958m (2019: DKK -2,234m). The decrease versus last year was mainly due to lower earnings.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK -5,871m against DKK -2,277m in 2019.

Operational investments totalled DKK -3,835m (2019: DKK -2,824m). In 2019, operational investments were impacted by the disposal of the brewery sites in Norway and Germany. Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,396m (2019: DKK -4,588m). Excluding the purchase of the Brooklyn brand rights, CapEx declined by DKK 1.0bn to DKK 3.6bn due to lower sales CapEx, fewer returnable glass bottles, fewer investments in draught lines, and cancellations or postponements of non-business-critical projects.

Total financial investments amounted to DKK -2,036m (2019: DKK +551m). The increase was due to the acquisition of Marston's brewing activities, the prepayment for the acquisition of Wernesgrüner Brewery and lower dividends received.

FINANCING

At 31 December 2020, gross financial debt amounted to DKK 30,250m and net interest-bearing debt to DKK 21,263m. The difference of DKK 8,987m mainly comprised cash and cash equivalents of DKK 8,093m. At 31 December 2020, the average duration was 5.6 years.

The net interest-bearing debt/EBITDA ratio increased to 1.51x (1.25x at year-end 2019).

Of the gross financial debt, 97% (DKK 29,291m) was long term, i.e. with maturity of more than one year from 31 December 2020. To secure continued strong liquidity and financial flexibility, we issued a 10-year EUR 500m bond with a coupon of 0.625% on 4 March and a 7-year EUR 500m bond with a coupon of 0.375% on 16 June. 81% of the net financial debt was denominated in EUR and DKK (after swaps).

SHARE BUY-BACK

2019 PROGRAMME

In January 2020, the Group bought 393,501 shares under the share buy-back programme initiated in 2019. The total purchase price amounted to DKK 0.4bn.

2020 PROGRAMME

In 2020, the Group carried out a share buy-back programme amounting to DKK 2.5bn. This followed the announcement on 4 February 2020 of the intention to buy back shares worth DKK 5bn over a 12-month period. The buy-back programme was to be split into two tranches of approximately six months each.

The first tranche of the share buy-back programme was finalised on 7 August. Under this tranche, the Group bought 2,897,021 shares at an average repurchase price of DKK 863 per share, in total DKK 2.5bn.

Due to the acquisitions of Marston's brewing activities, Wernesgrüner Brewery and the Brooklyn brand rights, in total amounting to around DKK 3.2bn, and the continued uncertainty related to COVID-19, the second DKK 2.5bn tranche of the buy-back was not initiated.

2021 PROGRAMME

The Supervisory Board has decided to continue using share buy-back programmes to return excess cash to shareholders, in line with the SAIL'22 target of ensuring an optimal capital allocation for the Group.

The size of any share buy-back programme is based on the expected organic and inorganic investments needed to grow the business and the Group's intention to maintain net interest-bearing debt/EBITDA below 2.0x.

Due to the continuing business uncertainty related to the COVID-19 pandemic, especially at the beginning of 2021, the Group intends to execute the 2021 share buy-back as quarterly programmes.

Consequently, up until 23 April, the Group intends to buy back Carlsberg B shares amounting to DKK 750m. The size of subsequent share buy-backs will be determined on a quarterly basis, with information on the next quarterly share buy-back programme being made on 28 April, in connection with the Q1 trading statement.

The programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public by a Company announcement.

The purpose of the programme is to reduce the Company's share capital and meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2022, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate on a pro rata basis to the shares purchased in the programme. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

The Carlsberg Group has appointed Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige ("SEB"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, SEB will repurchase B shares during the trading period, which runs from 5 February 2021 to 23 April 2021. The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 10 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

ANNUAL GENERAL MEETING

The Annual General Meeting will take place on Monday 15 March 2021 at 5.00 p.m. (CET). Due to COVID-19, the meeting will be conducted virtually.

BOARD RESOLUTION AND PROPOSAL TO THE ANNUAL GENERAL MEETING

DIVIDEND

The Supervisory Board will recommend to the Annual General Meeting that a dividend be paid for 2020 of DKK 22.0 per share, or a total of DKK 3.2bn. This is an increase of 5% compared with 2019 and equals a payout ratio of 50% of adjusted net profit.

CANCELLATION OF SHARES

As a consequence of the share buy-back programme initiated in February 2020, the Supervisory Board will recommend to the Annual General Meeting that 2.9m treasury shares not used for hedging of the incentive programmes be cancelled.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for the remainder of 2021:

15 March	Annual General Meeting
28 April	Q1 trading statement
18 August	H1 interim financial statement
28 October	Q3 trading statement

Forward-looking statements

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and 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 words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking 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 materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may 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 Company announcement of the financial statement as at 31 December 2020.

The Company announcement of the financial statement as at 31 December 2020 has been prepared using the same accounting policies as the consolidated financial statements for 2020.

Copenhagen, 5 February 2021

Executive Board of Carlsberg A/S

Cees 't Hart
CEO

Heine Dalsgaard
CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chair

Lars Fruergaard Jørgensen
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Domitille Doat-Le Bigot

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Decker

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

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INCOME STATEMENT

DKK million	H2		H2	
	2020	2019	2020	2019
Revenue	29,711	32,912	58,541	65,902
Cost of sales	-15,368	-16,601	-30,180	-33,264
Gross profit	14,343	16,311	28,361	32,638
Sales and distribution expenses	-7,783	-8,954	-15,373	-17,826
Administrative expenses	-1,567	-2,286	-3,453	-4,733
Other operating activities, net	-149	82	-151	108
Share of profit after tax of associates and joint ventures	240	141	315	278
Operating profit before special items	5,084	5,294	9,699	10,465
Special items, net	-235	368	-247	501
Financial income	258	288	373	360
Financial expenses	-470	-575	-784	-1,098
Profit before tax	4,637	5,375	9,041	10,228
Income tax	-1,088	-1,441	-2,233	-2,751
Consolidated profit	3,549	3,934	6,808	7,477
Attributable to:				
Non-controlling interests	374	444	778	908
Shareholders in Carlsberg A/S (net profit)	3,175	3,490	6,030	6,569
DKK				
Earnings per share of DKK 20	21.9	23.4	41.3	43.7
Diluted earnings per share of DKK 20	21.8	23.2	41.1	43.4

STATEMENT OF COMPREHENSIVE INCOME

DKK million	H2 2020	H2 2019	2020	2019
Consolidated profit	3,549	3,934	6,808	7,477
Other comprehensive income				
Retirement benefit obligations	309	-352	1	-571
Share of other comprehensive income in associates and joint ventures	-5	-1	-4	4
Income tax	-42	38	-42	38
Items that will not be reclassified to the income statement	262	-315	-45	-529
Foreign exchange adjustments of foreign entities	-4,259	990	-7,640	3,485
Fair value adjustments of hedging instruments	324	-67	198	-323
Other	-	14	-	14
Income tax	-59	-24	-22	17
Items that will be reclassified to the income statement	-3,994	913	-7,464	3,193
Other comprehensive income	-3,732	598	-7,509	2,664
Total comprehensive income	-183	4,532	-701	10,141
Attributable to:				
Non-controlling interests	122	448	456	905
Shareholders in Carlsberg A/S	-305	4,084	-1,157	9,236

STATEMENT OF FINANCIAL POSITION

DKK million	31 Dec. 2020	31 Dec. 2019
ASSETS		
Intangible assets	66,061	70,027
Property, plant and equipment	26,299	27,607
Financial assets	7,460	7,481
Total non-current assets	99,820	105,115
Inventories	4,613	4,751
Trade receivables	3,725	5,339
Other receivables	2,565	2,636
Cash and cash equivalents	8,093	5,222
Total current assets	18,996	17,948
Total assets	118,816	123,063
EQUITY AND LIABILITIES		
Equity, shareholders in Carlsberg A/S	39,308	43,449
Non-controlling interests	4,054	2,585
Total equity	43,362	46,034
Borrowings	29,291	20,879
Tax liabilities, retirement benefit obligations etc.	17,714	22,839
Total non-current liabilities	47,005	43,718
Borrowings	959	4,112
Trade payables	16,598	17,149
Deposits on returnable packaging materials	1,276	1,545
Other liabilities	9,616	10,505
Total current liabilities	28,449	33,311
Total equity and liabilities	118,816	123,063

STATEMENT OF CHANGES IN EQUITY

DKK million

	Shareholders in Carlsberg A/S						Non-controlling interests	Total equity
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total		
2020								
Equity at 1 January	3,051	-32,930	-721	-33,651	74,049	43,449	2,585	46,034
Consolidated profit	-	-	-	-	6,030	6,030	778	6,808
Other comprehensive income	-	-7,285	112	-7,173	-14	-7,187	-322	-7,509
Total comprehensive income for the year	-	-7,285	112	-7,173	6,016	-1,157	456	-701
Cancellation of treasury shares	-88	-	-	-	88	-	-	-
Share-based payments	-	-	-	-	47	47	-5	42
Dividends paid to shareholders	-	-	-	-	-3,093	-3,093	-805	-3,898
Share buy-back	-	-	-	-	-2,900	-2,900	-	-2,900
Non-controlling interests	-	-	-	-	3,144	3,144	614	3,758
Acquisition of entities	-	-	-	-	-182	-182	1,209	1,027
Total changes in equity	-88	-7,285	112	-7,173	3,120	-4,141	1,469	-2,672
Equity at 31 December	2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362
2019								
Equity at 1 January	3,051	-36,116	-721	-36,837	79,088	45,302	2,586	47,888
Consolidated profit	-	-	-	-	6,569	6,569	908	7,477
Other comprehensive income	-	3,186	-	3,186	-518	2,668	-4	2,664
Total comprehensive income for the year	-	3,186	-	3,186	6,051	9,237	904	10,141
Share-based payments	-	-	-	-	214	214	3	217
Dividends paid to shareholders	-	-	-	-	-2,738	-2,738	-853	-3,591
Share buy-back	-	-	-	-	-4,100	-4,100	-	-4,100
Non-controlling interests	-	-	-	-	-4,466	-4,466	-55	-4,521
Acquisition of entities	-	-	-	-	-	-	-	-
Total changes in equity	-	3,186	-	3,186	-5,039	-1,853	-1	-1,854
Equity at 31 December	3,051	-32,930	-721	-33,651	74,049	43,449	2,585	46,034

STATEMENT OF CASH FLOWS

DKK million	H2 2020	H2 2019	2020	2019
Operating profit before special items	5,084	5,294	9,699	10,465
Depreciation, amortisation and impairment losses	2,204	2,376	4,386	4,542
Operating profit before depreciation, amortisation and impairment losses¹	7,288	7,670	14,085	15,007
Other non-cash items	-512	-244	-532	-320
Change in trade working capital	1,711	-250	1,321	491
Change in other working capital	-950	567	-1,033	634
Restructuring costs paid	-435	-363	-531	-445
Interest etc. received	49	69	97	139
Interest etc. paid	-208	-571	-521	-1,033
Income tax paid	-1,127	-1,135	-1,958	-2,234
Cash flow from operating activities	5,816	5,743	10,928	12,239
Acquisition of property, plant and equipment and intangible assets ²	-1,915	-2,284	-4,396	-4,588
Disposal of property, plant and equipment and intangible assets	56	1,158	222	1,714
Change in on-trade loans	254	39	339	50
Total operational investments	-1,605	-1,087	-3,835	-2,824
Free operating cash flow	4,211	4,656	7,093	9,415
Acquisition and disposal of subsidiaries, net	-2,409	19	-2,409	-
Acquisition and disposal of associates and joint ventures, net	7	-1	8	-41
Acquisition and disposal of financial investments, net	5	20	6	25
Change in financial receivables	34	-9	42	-59
Dividends received	67	122	317	626
Total financial investments	-2,296	151	-2,036	551
Other investments in real estate	1	-1	-	-4
Total other activities³	1	-1	-	-4
Cash flow from investing activities	-3,900	-937	-5,871	-2,277
Free cash flow	1,916	4,806	5,057	9,962
Shareholders in Carlsberg A/S	-	-	-3,093	-2,738
Share buy-back	-536	-2,351	-2,900	-4,100
Non-controlling interests	-247	-1,863	-877	-2,520
External financing	-528	-1,572	5,060	-935
Cash flow from financing activities	-1,311	-5,786	-1,810	-10,293
Net cash flow	605	-980	3,247	-331
Cash and cash equivalents at beginning of period ⁴	7,677	6,101	5,149	5,434
Foreign exchange adjustment of cash and cash equivalents	-324	28	-438	46
Cash and cash equivalents at 31 December⁴	7,958	5,149	7,958	5,149

¹ Impairment losses excluding those reported in special items.

² Includes the acquisition of the Brooklyn brand rights in our markets, DKK 0.8bn in 2020.

³ Other activities cover real estate, separate from beverage activities.

⁴ Cash and cash equivalents less bank overdrafts.

NOTE 1 (PAGE 1 OF 3)

SEGMENT REPORTING BY REGION

	Q4 2020	Q4 2019	H2 2020	H2 2019	2020	2019
Beer (million hl)						
Western Europe	9.7	10.3	23.8	24.1	44.6	46.6
Asia	6.7	6.5	17.2	17.1	34.8	37.2
Eastern Europe	6.5	6.2	15.8	14.6	30.7	29.2
Total	22.9	23.0	56.8	55.6	110.1	113.0
Non-beer (million hl)						
Western Europe	3.1	3.8	6.8	7.9	13.0	15.3
Asia	1.3	1.1	2.5	2.2	4.8	4.8
Eastern Europe	0.5	0.4	1.2	0.9	2.2	1.8
Total	4.9	5.3	10.5	11.2	20.0	21.9
Revenue (DKK million)						
Western Europe	6,782	8,322	16,371	18,525	31,547	36,317
Asia	3,793	3,601	8,496	8,635	16,959	18,416
Eastern Europe	1,870	2,415	4,828	5,686	10,010	11,097
Not allocated	7	48	16	66	25	72
Beverages, total	12,452	14,386	29,711	32,912	58,541	65,902
Non-beverage	-	-	-	-	-	-
Total	12,452	14,386	29,711	32,912	58,541	65,902
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)						
Western Europe			3,863	4,469	7,107	8,214
Asia			2,654	2,540	5,521	5,402
Eastern Europe			1,252	1,238	2,571	2,599
Not allocated			-493	-522	-1,105	-1,157
Beverages, total			7,276	7,725	14,094	15,058
Non-beverage			12	-55	-9	-51
Total			7,288	7,670	14,085	15,007
Operating profit before special items (DKK million)						
Western Europe			2,806	3,427	4,993	6,187
Asia			1,873	1,766	3,991	3,931
Eastern Europe			940	862	1,917	1,882
Not allocated			-541	-703	-1,183	-1,476
Beverages, total			5,078	5,352	9,718	10,524
Non-beverage			6	-58	-19	-59
Total			5,084	5,294	9,699	10,465
Operating margin (%)						
Western Europe			17.1	18.5	15.8	17.0
Asia			22.0	20.5	23.5	21.3
Eastern Europe			19.5	15.1	19.2	17.0
Not allocated			-	-	-	-
Beverages, total			17.1	16.3	16.6	16.0
Non-beverage			-	-	-	-
Total			17.1	16.1	16.6	15.9

NOTE 1 (PAGE 2 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2020	2019
Capital expenditure, CapEx		
Western Europe	1,474	2,100
Asia	1,395	1,539
Eastern Europe	552	602
Not allocated ¹	965	330
Beverages, total	4,386	4,571
Non-beverage	10	21
Total	4,396	4,592
Total excl. the acquisition of the Brooklyn brand rights	3,592	4,592
Amortisation and depreciation		
Western Europe	2,114	2,027
Asia	1,530	1,471
Eastern Europe	654	717
Not allocated	78	319
Beverages, total	4,376	4,534
Non-beverage	10	8
Total	4,386	4,542
Amortisation and depreciation, excluding right-of-use assets		
Western Europe	1,832	1,725
Asia	1,455	1,415
Eastern Europe	621	684
Not allocated	72	308
Beverages, total	3,980	4,132
Non-beverage	10	8
Total	3,990	4,140
CapEx/Amortisation and depreciation, excluding right-of-use assets (%)		
Western Europe	80	122
Asia	96	109
Eastern Europe	89	88
Not allocated	-	-
Beverages, total	110	111
Non-beverage	-	-
Total	110	111
Total excl. the acquisition of the Brooklyn brand rights	90	111

¹ Includes the acquisition of the Brooklyn brand rights in our markets, DKK 0.8bn in 2020.

NOTE 1 (PAGE 3 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2020	2019
Invested capital, period-end		
Western Europe	41,795	39,299
Asia	18,045	20,464
Eastern Europe	20,915	27,193
Not allocated	6	-2,347
Beverages, total	80,781	84,609
Non-beverage	780	1,553
Total	81,541	86,162
Invested capital excl. goodwill, period-end		
Western Europe	19,151	18,372
Asia	2,682	4,110
Eastern Europe	8,430	11,344
Not allocated	6	-2,347
Beverages, total	30,289	31,479
Non-beverage	780	1,553
Total	31,049	33,032
EBIT adjusted for effective tax		
Western Europe	3,797	4,643
Asia	3,075	2,981
Eastern Europe	1,582	1,511
Not allocated	-1,142	-1,448
Beverages, total	7,312	7,687
Non-beverage	-9	-37
Total	7,303	7,650
Return on invested capital, ROIC (%), 12-month average		
Western Europe	9.4	11.5
Asia	15.8	14.2
Eastern Europe	7.0	5.8
Not allocated	-	-
Beverages, total	9.0	8.9
Non-beverage	-	-
Total	8.9	8.8
Return on invested capital excl. goodwill (%), 12-month average		
Western Europe	20.2	23.7
Asia	88.8	67.5
Eastern Europe	17.4	13.9
Not allocated	-	-
Beverages, total	24.4	23.1
Non-beverage	-	-
Total	23.2	22.4

NOTE 2

SEGMENT REPORTING BY ACTIVITY

DKK million	H2 2020			H2 2019		
	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	29,711	-	29,711	32,912	-	32,912
Operating profit before special items	5,078	6	5,084	5,352	-58	5,294
Special items, net	-232	-3	-235	435	-67	368
Financial items, net	-209	-3	-212	-277	-10	-287
Profit before tax	4,637	-	4,637	5,510	-135	5,375
Income tax	-1,086	-2	-1,088	-1,456	15	-1,441
Consolidated profit	3,551	-2	3,549	4,054	-120	3,934
Attributable to:						
Non-controlling interests	374	-	374	444	-	444
Shareholders in Carlsberg A/S (net profit)	3,177	-2	3,175	3,610	-120	3,490

DKK million	FY2020			FY2019		
	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	58,541	-	58,541	65,902	-	65,902
Operating profit before special items	9,718	-19	9,699	10,524	-59	10,465
Special items, net	-244	-3	-247	568	-67	501
Financial items, net	-403	-8	-411	-728	-10	-738
Profit before tax	9,071	-30	9,041	10,364	-136	10,228
Income tax	-2,240	7	-2,233	-2,766	15	-2,751
Consolidated profit	6,831	-23	6,808	7,598	-121	7,477
Attributable to:						
Non-controlling interests	778	-	778	908	-	908
Shareholders in Carlsberg A/S (net profit)	6,053	-23	6,030	6,690	-121	6,569

NOTE 3

SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2019	H2 2019	H1 2020	H2 2020
Revenue				
Western Europe	17,792	18,525	15,176	16,371
Asia	9,781	8,635	8,463	8,496
Eastern Europe	5,411	5,686	5,182	4,828
Not allocated	6	66	9	16
Beverages, total	32,990	32,912	28,830	29,711
Non-beverage	-	-	-	-
Total	32,990	32,912	28,830	29,711
Operating profit before special items				
Western Europe	2,760	3,427	2,187	2,806
Asia	2,165	1,766	2,118	1,873
Eastern Europe	1,020	862	977	940
Not allocated	-773	-703	-642	-541
Beverages, total	5,172	5,352	4,640	5,078
Non-beverage	-1	-58	-25	6
Total	5,171	5,294	4,615	5,084
Special items, net	133	368	-12	-235
Financial items, net	-451	-287	-199	-212
Profit before tax	4,853	5,375	4,404	4,637
Income tax	-1,310	-1,441	-1,145	-1,088
Consolidated profit	3,543	3,934	3,259	3,549
Attributable to:				
Non-controlling interests	464	444	404	374
Shareholders in Carlsberg A/S (net profit)	3,079	3,490	2,855	3,175

NOTE 4

SPECIAL ITEMS

DKK million	2020	2019
Special items, income:		
Reversal of provisions made in purchase price allocations in previous years	586	-
Gain on disposal of entities and assets	62	1,061
Disposal of property, plant and equipment previously impaired, including adjustments to gains and reversal of provisions made in prior years	52	3
Income, total	700	1,064
Special items, expenses:		
Impairment of brands	-231	-6
Impairment of property, plant and equipment	-74	-
Reset, other restructurings and provisions	-419	-441
Provisions related to disposal of real estate	-	-110
COVID-19, personal protective equipment and donations	-69	-
Adjustment of contingent consideration	-29	-
Costs related to acquisition of entities, etc.	-125	-6
Expenses, total	-947	-563
Special items, net	-247	501

NOTE 5

NET FINANCIAL EXPENSES

DKK million	H2 2020	H2 2019	2020	2019
Financial income				
Interest income	42	65	81	135
Foreign exchange gains, net	75	-	139	-
Interest on plan assets, defined benefit plans	114	189	114	189
Other	27	34	39	36
Total	258	288	373	360
Financial expenses				
Interest expenses	-253	-221	-484	-519
Capitalised financial expenses	-	8	1	18
Foreign exchange losses, net	-	-16	-	-88
Interest cost on obligations, defined benefit plans	-133	-229	-160	-256
Interest expenses, lease liabilities	-7	-6	-12	-12
Other	-77	-111	-129	-241
Total	-470	-575	-784	-1,098
Financial items, net, recognised in the income statement	-212	-287	-411	-738
Financial items excluding foreign exchange, net	-287	-271	-550	-650

NOTE 6

DEBT AND CREDIT FACILITIES

DKK million						31 Dec. 2020
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	5,570	3,703	7,403	-	10,326	27,002
Bank borrowings	723	70	127	2	-	922
Lease liabilities	345	96	81	72	486	1,080
Other non-current borrowings	92	90	90	1	14	287
Total	6,730	3,959	7,701	75	10,826	29,291

DKK million	31 Dec. 2020
Currency split of net financial debt 2020	
EUR	17,970
USD	1,808
CHF	1,510
Other currencies	869
Total	22,157

DKK million	31 Dec. 2020
Committed credit facilities	
< 1 year	2,145
1-2 years	6,730
2-3 years	3,959
3-4 years	7,701
4-5 years	14,954
> 5 years	10,826
Total	46,315
Current	2,145
Non-current	44,170

NOTE 7

NET INTEREST-BEARING DEBT

DKK million	H2 2020	H2 2019	2020	2019
Net interest-bearing debt is calculated as follows:				
Issued bonds			27,002	19,673
Bank borrowings			922	27
Lease liabilities			1,080	1,165
Other non-current borrowings			287	14
Total non-current borrowings			29,291	20,879
Bank borrowings			472	347
Lease liabilities			398	424
Other current borrowings			89	3,341
Total current borrowings			959	4,112
Gross financial debt			30,250	24,991
Cash and cash equivalents			-8,093	-5,222
Net financial debt			22,157	19,769
Loans to associates, interest-bearing portion			-209	-226
On-trade loans, net			-618	-668
Other receivables, net			-67	-99
Other interest-bearing assets, net			-894	-993
Net interest-bearing debt			21,263	18,776

Changes in net interest-bearing debt:

Net interest-bearing debt at beginning of period	21,909	18,992	18,776	17,313
Recognition of lease liabilities	-	-		1,592
Net interest-bearing debt at beginning of period	21,909	18,992	18,776	18,905
Cash flow from operating activities	-5,816	-5,743	-10,928	-12,239
Cash flow from investing activities	1,498	955	3,470	2,236
Cash flow from acquisitions	2,463	1,607	2,482	1,711
Dividend to shareholders and non-controlling interests	186	239	3,889	3,588
Share buy-back	536	2,351	2,900	4,100
Acquired net interest-bearing debt from acquisition of subsidiaries	116	170	116	170
Change in interest-bearing lending	149	-77	136	-71
Effects of currency translation	245	-89	297	-14
Lease liabilities, net	67	486	190	411
Other	-90	-20	-65	-21
Total change	-646	-121	2,487	-129
Net interest-bearing debt, end of period	21,263	18,776	21,263	18,776

NOTE 8

ACQUISITION OF ENTITIES

In October 2020, Carlsberg UK and Marston's PLC injected their respective brewing activities into a jointly owned company named Carlsberg Marston's Brewing Company Limited.

Carlsberg is the controlling shareholder with a shareholding of 60%.

The jointly owned company was formed to strengthen the Group's presence in the important UK market through a stronger beer portfolio. The calculated goodwill represents staff competences and synergies from expected optimisations of sales and distribution, supply chain and procurement, possible product innovations, the increase in market share and access to new customers.

The total cost of the acquisition comprises the cash consideration paid, a contingent consideration and the fair value of the 40% of Carlsberg UK businesses that were effectively transferred to Marston's PLC when the Carlsberg entities were injected into the jointly owned company.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is ongoing. Adjustments are therefore expected to be made to several items in the opening balance, including brands and property, plant and equipment. The accounting treatment of the acquisition will be completed within the 12-month period required by IFRS.

Acquisition of Marston's brewing activities

DKK million	2020
Consideration paid	1,908
Fair value of contingent consideration	61
Fair value of non-controlling shareholding in Carlsberg UK transferred to the seller	548
Foreign currency translation difference	13
Total cost of acquisition	2,530
Acquired assets and liabilities	
Intangible assets	1,812
Property, plant and equipment	1,265
Financial assets	66
Inventories	235
Trade and other receivables	414
Borrowings and lease liabilities	-174
Trade payables	-302
Other payables	-307
Acquired assets and liabilities	3,009
Non-controlling interests	-479
Acquired assets and liabilities attributable to shareholders in Carlsberg A/S	2,530

On 1 January 2021, the Group completed the minor acquisition of Wernesgrüner Brewery, Germany, which will be fully consolidated as of the date of acquisition. The acquisition is not material to the Group's financial statements.

APPENDIX 1

NEW REGIONAL STRUCTURE FROM 1 JANUARY 2021

As of 1 January 2021, we have changed our regional structure to optimise regional management and ensure a better balance between our European regions. The markets in the new regions are listed below.

Western Europe

Denmark, Finland, France, Germany, Norway, Poland, Portugal, Sweden, Switzerland and the UK.

Asia (no change)

Cambodia, China, Hong Kong SAR, India, Laos, Malaysia, Myanmar, Nepal, Singapore and Vietnam.

Central & Eastern Europe

Former Eastern Europe: Azerbaijan, Belarus, Kazakhstan, Russia and Ukraine. Former Western Europe: the Baltics, Bulgaria, Croatia, Italy, Serbia and the Export & License business, in which some of the important markets are Turkey, Australia, Canada, Ireland, the Middle East, North America, South Korea and Belgium.

Restated 2020 figures for Western Europe and Central & Eastern Europe

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	H1 2020	H2 2020	2020
Beer (million hl)							
Western Europe	5.6	7.7	7.8	5.7	13.3	13.5	26.8
Asia	7.8	9.8	10.5	6.7	17.6	17.2	34.8
Central & Eastern Europe	9.0	13.4	15.6	10.5	22.4	26.1	48.5
Total	22.4	30.9	33.9	22.9	53.3	56.8	110.1
Non-beer (million hl)							
Western Europe	2.5	2.8	3.2	2.7	5.3	5.9	11.2
Asia	1.3	1.0	1.2	1.3	2.3	2.5	4.8
Central & Eastern Europe	0.7	1.2	1.2	0.9	1.9	2.1	4.0
Total	4.5	5.0	5.6	4.9	9.5	10.5	20.0
Revenue (DKK million)							
Western Europe	5,613	6,888	7,674	5,700	12,501	13,374	25,875
Asia	4,052	4,411	4,703	3,793	8,463	8,496	16,959
Central & Eastern Europe	3,275	4,582	4,873	2,952	7,857	7,825	15,682
Not allocated	6	3	9	7	9	16	25
Beverages, total	12,946	15,884	17,259	12,452	28,830	29,711	58,541
Non-beverage	-	-	-	-	-	-	-
Total	12,946	15,884	17,259	12,452	28,830	29,711	58,541
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)							
Western Europe					2,588	3,064	5,652
Asia					2,867	2,654	5,521
Central & Eastern Europe					1,975	2,051	4,026
Not allocated					-612	-493	-1,105
Beverages, total					6,818	7,276	14,094
Non-beverage					-21	12	-9
Total					6,797	7,288	14,085
Operating profit before special items (DKK million)							
Western Europe					1,722	2,204	3,926
Asia					2,118	1,873	3,991
Central & Eastern Europe					1,442	1,542	2,984
Not allocated					-642	-541	-1,183
Beverages, total					4,640	5,078	9,718
Non-beverage					-25	6	-19
Total					4,615	5,084	9,699
Operating margin (%)							
Western Europe					13.8	16.5	15.2
Asia					25.0	22.0	23.5
Central & Eastern Europe					18.4	19.7	19.0
Not allocated					-	-	-
Beverages, total					16.1	17.1	16.6
Non-beverage					-	-	-
Total					16.0	17.1	16.6

Segment reporting by region (beverages)

DKK million	2020
Capital expenditure, CapEx	
Western Europe	1,258
Asia	1,395
Central & Eastern Europe	768
Not allocated	965
Beverages, total	4,386
Non-beverage	10
Total	4,396
Amortisation and depreciation	
Western Europe	1,726
Asia	1,530
Central & Eastern Europe	1,042
Not allocated	78
Beverages, total	4,376
Non-beverage	10
Total	4,386
Amortisation and depreciation, excluding right-of-use assets	
Western Europe	1,493
Asia	1,455
Central & Eastern Europe	960
Not allocated	72
Beverages, total	3,980
Non-beverage	10
Total	3,990
CapEx/Amortisation and depreciation, excluding right-of-use assets (%)	
Western Europe	84
Asia	96
Central & Eastern Europe	80
Not allocated	-
Beverages, total	110
Non-beverage	-
Total	110

Segment reporting by region (beverages)

DKK million	2020
Invested capital, period-end	
Western Europe	35,746
Asia	18,045
Central & Eastern Europe	26,964
Not allocated	6
Beverages, total	80,761
Non-beverage	780
Total	81,541
Invested capital excl. goodwill, period-end	
Western Europe	16,142
Asia	2,682
Central & Eastern Europe	11,439
Not allocated	6
Beverages, total	30,269
Non-beverage	780
Total	31,049
EBIT adjusted for effective tax	
Western Europe	2,930
Asia	3,075
Central & Eastern Europe	2,447
Not allocated	-1,140
Beverages, total	7,312
Non-beverage	-9
Total	7,303
Return on invested capital, ROIC (%), 12-month average	
Western Europe	8.7
Asia	15.8
Central & Eastern Europe	8.5
Not allocated	-
Beverages, total	9.0
Non-beverage	-
Total	8.9
Return on invested capital excl. goodwill (%), 12-month average	
Western Europe	18.8
Asia	88.8
Central & Eastern Europe	19.8
Not allocated	-
Beverages, total	24.4
Non-beverage	-
Total	23.2

APPENDIX 2

COMPANY ANNOUNCEMENTS IN 2020

The list below contains Company announcements during 2020, excluding insider trading and the weekly share buy-back announcements. A full overview of these is available at www.carlsberggroup.com/investor-relations/investor-home/company-announcements/

04.02.2020	Financial Statement as at 31 December 2019
04.02.2020	Carlsberg A/S Annual Report and Sustainability Report
18.02.2020	Notice to convene the Annual General Meeting
04.03.2020	Carlsberg issues 10-year EUR notes
16.03.2020	Annual General Meeting – Summary
02.04.2020	Suspension of 2020 guidance and business update
14.04.2020	Carlsberg A/S share capital reduction
30.04.2020	Trading Statement as at 31 March 2020
16.06.2020	Carlsberg issues 500m EUR notes
10.07.2020	Preliminary H1 headline figures
13.08.2020	Financial Statement as at 30 June 2020
17.09.2020	Upgrade of 2020 earnings expectations
27.10.2020	Trading statement as at 30 September 2020 and earnings upgrade