

FINANCIAL STATEMENT 2021

4 February 2022



Disclaimer

FORWARD-LOOKING STATEMENTS

This presentation 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.

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2021

NET REVENUE

DKK 66.6bn

+10.0%¹

TOTAL VOLUMES

142.2 m.hl

+7.4%¹

OPERATING PROFIT

DKK 10.9bn

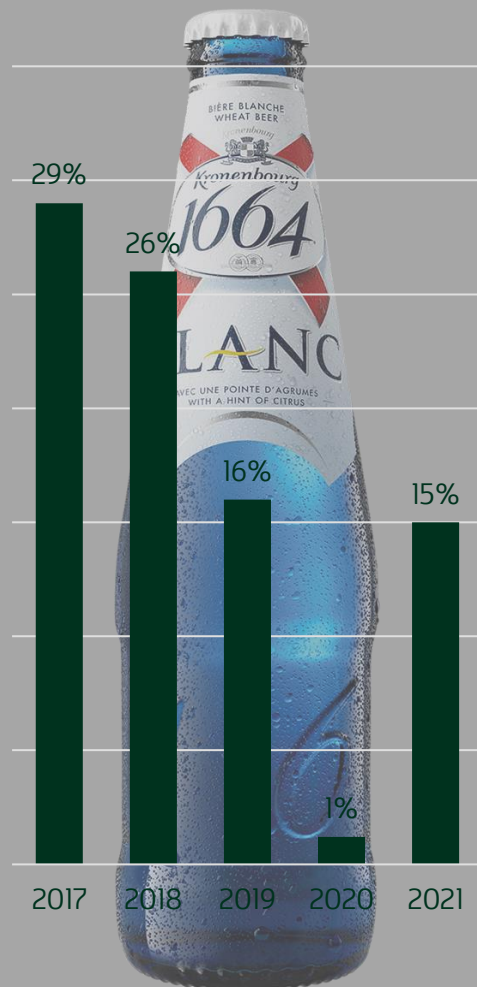
+12.5%¹

CASH RETURNS

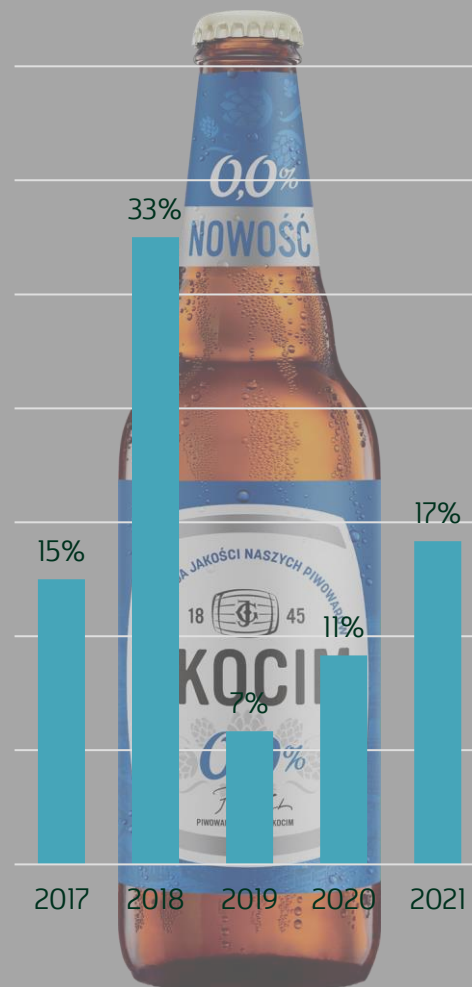
DKK 6.8bn

¹ Organic growth

CRAFT & SPECIALITY



ALCOHOL-FREE BREWS



E-COMMERCE

B2B – B2B2C – D2C

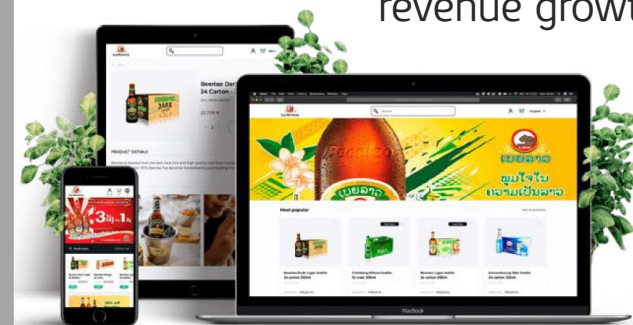


+40%

B2C revenue growth

+60%

Carl's shop revenue growth



Western Europe

TOTAL VOLUMES¹

+4.2%

REVENUE¹

+6.4%

OPERATING PROFIT¹

+8.9%

OPERATING MARGIN

14.4%

REVENUE

- A volatile year due to COVID-19 restrictions; improvement in H2
- Strong performance of other beverages in the Nordics
- Revenue/hl +2% due to positive channel mix

OPERATING PROFIT

- Operating profit growth due to on-trade recovery, channel mix and cost savings

OPERATING MARGIN

- -80bp due to acquisitions (+40bp excl. acquisitions)



¹ Organic growth

Western Europe

MARKET COMMENTS

THE NORDICS

- Denmark benefitted from removal of restrictions in Q2
- In Norway, positive impact from domestic tourism and less border trade
- Sweden rebounding in H2.

POLAND

- Flat volumes in a declining market
- Solid growth of AFB and specialities
- Strong Q4 due to sell-in ahead of tax increases

SWITZERLAND

- A challenging year due to large on-trade exposure
- Positive brand mix from AFB and specialities
- PepsiCo cooperation from January 2022

UK

- Integration of Marston's brewing activities executed well
- Strong improvement in H2 due to reopening of the on-trade
- Good performance of international lager brands

FRANCE

- Positive revenue growth due to channel and brand mix
- Modest volume decline

GERMANY

- Low single-digit volume growth
- Acquisition and integration of Wernesgrüner Brewery from January 2021

Asia

TOTAL VOLUMES¹

+12.1%

REVENUE¹

+15.6%

OPERATING PROFIT¹

+23.9%

OPERATING MARGIN

24.9%

REVENUE

- Volume growth mainly driven by China and India
- Revenue/hl +3% due to positive channel and brand mix

OPERATING PROFIT

- Operating profit growth due to volume growth, revenue/hl improvement and tight cost control

OPERATING MARGIN

- +140bp

¹ Organic growth



Asia

MARKET COMMENTS

CHINA

- 15% volume growth and +3% revenue/hl
- Growth of international and local premium brands
- Big city expansion

VIETNAM, LAOS AND CAMBODIA

- High-single digit growth in Vietnam with acceleration in Q4. Good performance by Huda and Halida brand
- Volume decline in Laos due to severe restrictions
- Strong volume growth in Cambodia driven by soft-drinks and energy drinks

INDIA

- Strong recovery in India delivering +30% volume growth
- Revenue/hl impacted positively by Carlsberg premium brand growth

MALAYSIA AND SINGAPORE

- Malaysia impacted by severe lock-downs during summer. Strong revenue/hl due to premium growth and price increases
- In Singapore performing well due to good off-trade performance.

Central & Eastern Europe

TOTAL VOLUMES¹

+6.1%

REVENUE¹

+10.1%

OPERATING PROFIT¹

+1.0%

OPERATING MARGIN

17.6%

REVENUE

- Revenue/hl +4% due to channel mix, brand mix and rice increases
- Strong growth of energy drinks

OPERATING PROFIT

- Impacted by higher cost of goods sold, logistics costs and the competitive environment in Russia

OPERATING MARGIN

- -140bp

¹ Organic growth



Central & Eastern Europe

MARKET COMMENTS

RUSSIA

- 5% volume growth in a slightly growing market
- Solid revenue/hl growth due to a positive product mix and price increase in H2
- Improved market share

UKRAINE

- Slight volume growth in a declining market impacted by lower consumer confidence
- Good performance of craft & speciality, alcohol-free brews, and international premium brands

SOUTH-EAST EUROPE

- Double-digit volume growth supported by fewer restrictions and more tourists
- Solid revenue/hl increase due to positive channel and brand mix

EXPORT & LICENSE

- Double-digit volume growth with good performance in all major geographies

INCOME STATEMENT (1)

REVENUE

DKK 66,634m

- +10% organically
- +13.8% reported
- Revenue/hl +3%

GROSS MARGIN

47.0%

- +9% organically
- Impacted by acquisitions, higher COGS and country mix

ORGANIC OPEX

+8%

- Mainly driven by higher marketing expenses
- Higher admin. expenses due to a.o. acquisitions, currencies and higher bonus accruals

OPERATING PROFIT

DKK 10,862m

- +12.5% organically
- +12.0% reported
- Excluding acquisition impact, operating margin 16.9% (+30bp)
- Reported operating margin 16.3% (-30bp)

INCOME STATEMENT (2)

SPECIAL ITEMS

DKK -253m

- Positively impacted by reversal of purchase price allocation provision in earlier years
- Negatively impacted by brand impairment, write-downs and one-off COVID-19-related costs

NET FINANCIALS

DKK -381m

- Excl. FX, net financials DKK -319m
- Positively impacted by reversal of impairment on loan made to JV partner in Carlsberg South Asia

TAX RATE

21.7%

- Excluding one-offs related to special items, effective tax rate was 23.5%

NET PROFIT

DKK 6,846m

- Non-controlling interests DKK 1,163bn
- Adjusted EPS DKK 48.3 (+11%), supported by share buy-back
- Adjusted EPS vs. 2019: +18%

OTHER KEY FINANCIALS

FREE CASH FLOW

DKK +8.9bn

- Free operating cash flow DKK 9.5bn (+DKK 2.4bn)
- CapEx DKK -4.2bn (6.3% of revenue)
- TWC/revenue at -18.4%

ROIC

10.3%

- +140bp
- ROIC excl. goodwill 27.5% (+430bp)

NIBD

DKK 19.2bn

- NIBD/EBITDA 1.24x

CASH RETURNS

DKK 6.8bn

- Dividends paid DKK 3.2bn
- 2021 share buy-back of DKK 3.6bn
- Proposed +9% dividend per share
- New quarterly DKK 1bn buy-back launched today



2022 OUTLOOK

Earnings expectations

2022 will be another challenging year

- COVID-19 pandemic is expected to continue to impact business performance
- Significant input cost increase will require large increase in revenue/hl
- The increasing inflationary pressure will in some markets put pressure on consumer spending

2022 earnings expectations:

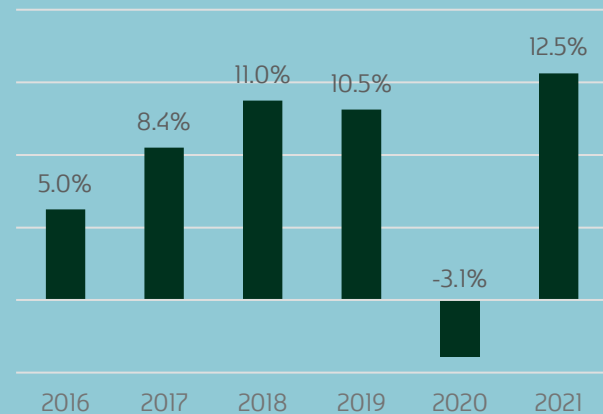
- *Organic operating profit growth of 0-7%*

Other assumptions

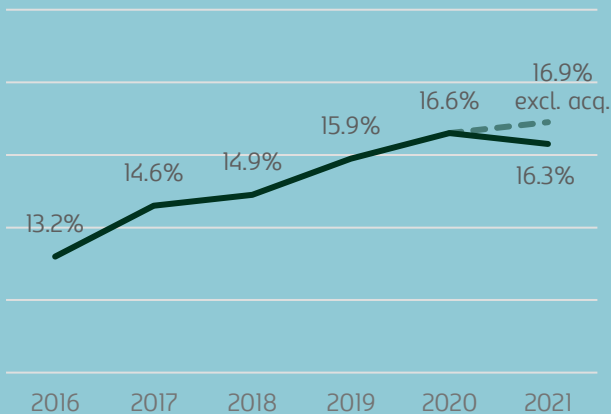
- A translation impact on operating profit of around DKK +250m, based on the spot rates as at 3 February
- Net finance costs (excluding FX) of around DKK 550m
- Reported effective tax rate at around 22-23%
- Capital expenditures of around DKK 5.0bn at constant currencies

Delivering on SAIL'22 financial priorities

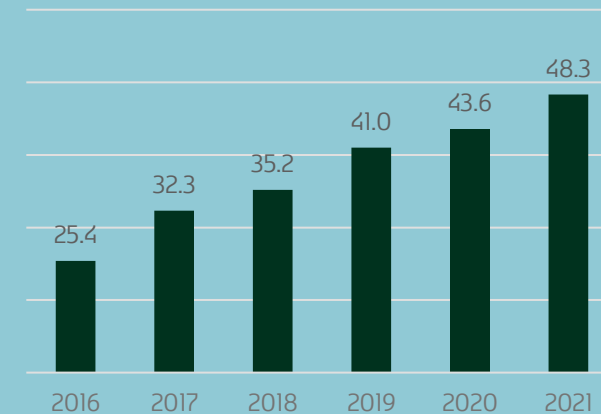
ORGANIC OPERATING PROFIT GROWTH



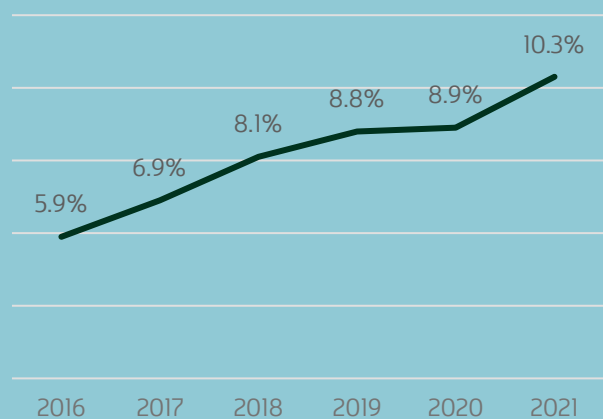
OPERATING MARGIN



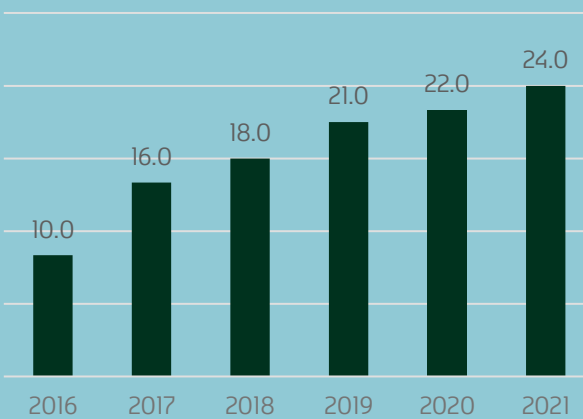
ADJUSTED EPS (DKK)



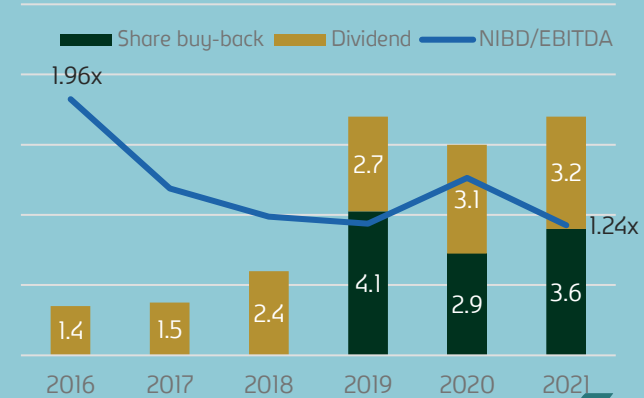
RETURN ON INVESTED CAPITAL (ROIC)



DIVIDEND PER SHARE (DKK)



CASH RETURNS (DKKbn)



SAIL'27



OUR PORTFOLIO CHOICES

Step up in premium

Strengthen mainstream core beer

Accelerate AFB & Grow beyond beer



OUR GEOGRAPHICAL PRIORITIES

Premiumise and increase margins in Western Europe

Accelerate in core markets in Asia

Drive value and build scale in Central & Eastern Europe



OUR EXECUTION EXCELLENCE

Excel at point of purchase

Master digital, data and processes

Manage supply chain end-to-end



OUR WINNING CULTURE

Purpose & performance driven people

Together Towards ZERO and Beyond

Live by our Compass



FUNDING OUR JOURNEY



CREATING VALUE FOR SHAREHOLDERS

Organic revenue growth of 3-5% CAGR

Organic operating profit growth above revenue growth

Continued ROIC focus

Disciplined capital allocation

Ambitious sustainability targets



SAIL'27 – OUR PORTFOLIO CHOICES

Step up in premium



SUPER PREMIUM PORTFOLIO

- Grow 1664 Blanc in existing and new markets
- Grow local craft & speciality offerings, particularly in Western Europe
- Selectively scale Grimbergen and Brooklyn

PREMIUM INTERNATIONAL LAGER

- Extract the premium growth potential of Carlsberg and Tuborg, particularly in Asia

PREMIUM LOCAL BRANDS

- Drive growth and scale for local premium brands across markets

SUPER PREMIUM



PREMIUM INTERNATIONAL LAGER



LOCAL PREMIUM



SAIL'27 – OUR PORTFOLIO CHOICES

Strengthen mainstream core beer



STRONG PLATFORM OF LOCAL POWER BRANDS

- Providing scale and solid backbone for our local businesses

OPPORTUNITIES

- Leveraging repeatable commercial models and innovations across markets and brands
- Premium line extensions
- Entrance points for other categories, e.g. alcohol-free variants
- Applying rigorous model for resource allocation



SAIL'27 – OUR PORTFOLIO CHOICES

Accelerate alcohol-free brews



STRONG PORTFOLIO

- Alcohol-free beer
- Beer mixes (radlers, flavoured non-alcoholic beers, Somersby 0.0)
- Non-fermented malt beverages

DRIVING GROWTH

- Further build on market-leading positions
- Leverage our strong local power brands, our international premium brands and stand-alone alcohol-free brands

REGIONS

- Accelerate volume growth in Western Europe
- Scale portfolio in Central & Eastern Europe, including in export & license markets
- Seed growth in Asia



SAIL'27 – OUR PORTFOLIO CHOICES

Grow beyond beer



CAPTURING LONG-TERM GROWTH OPPORTUNITIES

- Increasing consumer demand for beverages outside the beer category: ciders, beer-mixes, RTDs, incl. hard seltzers, pre-mixed cocktails

STRONG BRANDS

SOMERSBY

- Leveraging strong Somersby brand
- Expanding into other categories, e.g. hard seltzers

GARAGE

- Proven strong growth of hard lemonade proposition in Eastern European markets



SAIL'27 – OUR GEOGRAPHICAL PRIORITIES



WESTERN EUROPE

- Accelerate revenue growth through premiumisation
- Increase margins



ASIA

- Keep volume and value growth momentum
- Special focus on China, India and Vietnam



CENTRAL & EASTERN EUROPE

- Strengthen leadership in key markets
- Build scale in selected markets

SAIL'27 – OUR EXECUTION EXCELLENCE



SUPPORTING OUR PORTFOLIO AND GEOGRAPHIC CHOICES

- Stepping up and continuously improving execution capabilities

PARTICULAR FOCUS ON

- Excel at point of purchase
- Master digital, data and processes
- Drive supply chain excellence



SAIL'27 – OUR WINNING CULTURE



PURPOSE-LED & PERFORMANCE DRIVEN PEOPLE

Brewing for a better today and tomorrow

Triple-A behaviours:
Alignment, Accountability, Action

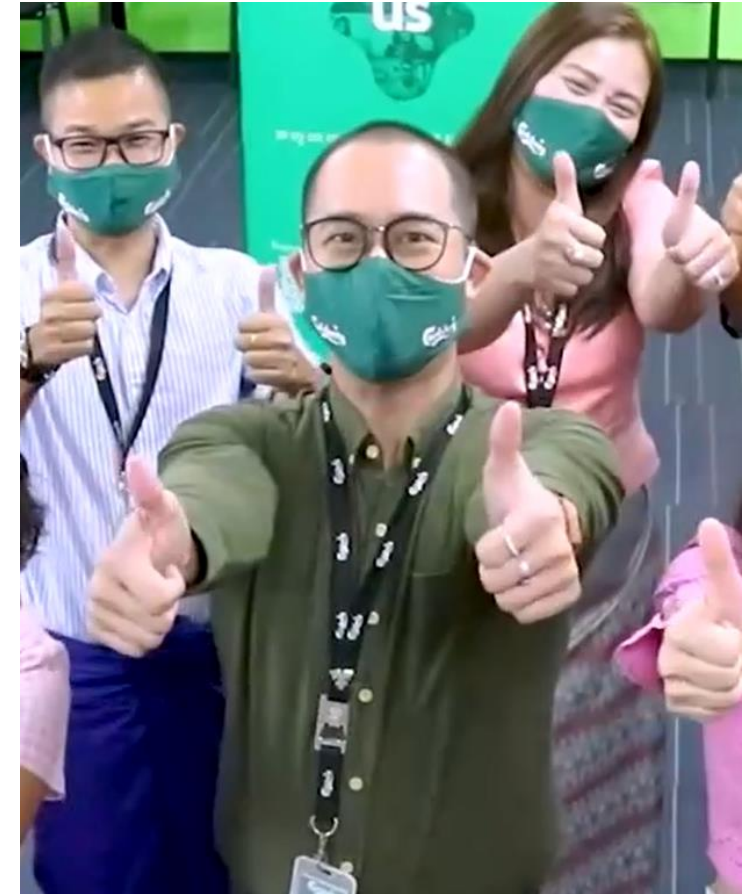
Strengthening talent pipeline and talent management

Intensifying focus on diversity, equity and inclusion

LIVE BY OUR COMPASS

Culture of compliance and integrity supporting continued ethical behaviour

Protecting our reputation as a responsible brewer



SAIL'27 – OUR WINNING CULTURE

Together Towards ZERO and Beyond



Together Towards ZERO

Steady progress towards our 2022 targets



ZERO
carbon
footprint

2% Reduction in relative brewery
carbon emissions versus 2020
40% ... and since 2015



ZERO
water
waste

4% Reduction in relative water
usage versus 2020
21% Improvement in water
efficiency since 2015



ZERO
irresponsible
drinking

83 Number of responsible
drinking campaigns across
our regions in 2021



ZERO
accidents
culture

44% Increase in accident rate
since 2020
35% Reduction since 2015

Together Towards ZERO and Beyond

NEW AND EXPANDED ESG PROGRAMME

- Building on existing momentum and performance
- Expanding the scope
- Raising our ambitions

FOCUSING ON OUR EXISTING PRIORITIES AND EXPANDING BEYOND BY INCLUDING

- Agriculture
- Packaging

SPECIFIC AND MEASURABLE TARGETS IN LINE WITH EXISTING PROGRAMME

DETAILS ON EXPANDED PROGRAMME WILL BE PROVIDED IN APRIL

SAIL'27 – FUNDING OUR JOURNEY



CONTINUE ...

- Focus on efficiencies, cost and cash
- Rigorous performance management approach

Funding the Journey PROGRAMME 2016-2018

Savings DKK 3bn
Reinvestment DKK >1bn
TWC/revenue (2016): -5.2%

Funding the Journey CULTURE 2018-2021

SG&A/revenue: -260bp
Operating margin: +140bp (excl. acquisitions in 2021: +200bp)
TWC/revenue: -16% (2018) to -18.4% (2021)

FUNDING OUR JOURNEY

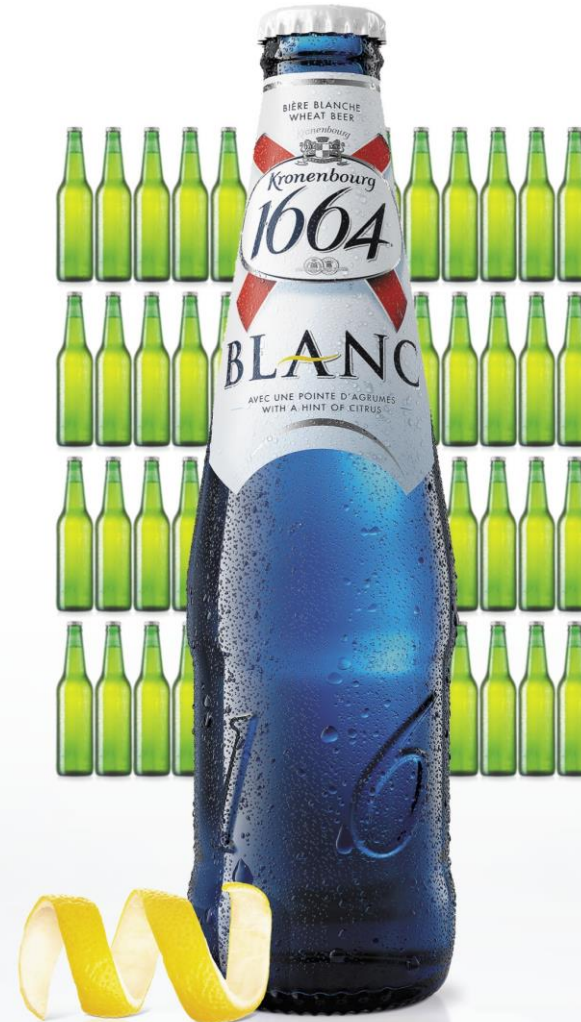
Enabling continued investments in SAIL'27 priorities

SAIL'27 – CREATING VALUE FOR SHAREHOLDERS



KEY FINANCIAL METRICS

- Organic revenue growth of 3-5% CAGR
- Organic operating profit growth above revenue growth
- Continued ROIC focus
- In addition:
 - Effective tax rate of around 22-23%
 - Maintain strong focus on trade working capital and capital expenditures
- Ambitious sustainability targets



SAIL'27 – CREATING VALUE FOR SHAREHOLDERS



UNCHANGED CAPITAL ALLOCATION PRINCIPLES

1. Invest in the business to drive long-term value creation
2. Maintain a conservative balance sheet with a NIDB/EBITDA < 2x
3. Maintain a pay-out ratio at approx. 50%
4. Distribute excess cash to shareholders through share buy-backs and/or extraordinary dividends
5. If value-enhancing acquisition opportunities arise, we may deviate temporarily from the above



**OPEN TO
FUN NIGHTS IN**

Q&A

