Carlsberg A/S
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Operator: *Good morning, ladies and gentlemen. Welcome to the Carlsberg Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. I would now like to turn the call over to your host, President and CEO Jørgen Buhl Rasmussen.*

J. Buhl Rasmussen: Good morning to everybody and let me start by welcoming you all to this conference call on our first quarter results. Together with me I have Jørn P. Jensen, our CFO; and also our Senior Vice President Mikael Aro from Northern Europe; and our Senior Vice President from Supply Chain, Kasper Madsen, who will be here and also hopefully take care of some of the questions you might have after the presentation.

But let me key off by saying that I'm happy about the set of results that we have announced today. Although Q1 is always a relatively small quarter for us, it is of course very important to have a good and positive start to the year in the underlying business and therefore confirming the concepts in how our business continues to develop.

If you turn to Slide 3 in the presentation: Before turning to the results, I would like to highlight that last week we finally closed the Scott & Newcastle deal. It has been a long journey but now we're there. We are of course very excited about what we have set out to do with the new assets; and over the last couple of months, we have done a tremendous amount of work to carefully prepare the integration into the Carlsberg group. I do sincerely believe we have done a good homework and I look forward to completing the transformation of Carlsberg. The reaction from our new colleagues has been overwhelming, so that is very, very good. Meanwhile, we are doing good progress with our so-to-speak old business and performing ahead of our internal plans. We are also working on and preparing for the rights issue and because of this we are prevented from providing you with a new guidance for 2008 as we have traditionally done. We do however look forward to providing you the guidance for the new Carlsberg which will give in conjunction with the first set of financial results following the completion of the rights issue.

Today's call, however, is on the first quarter results and firstly I will cover some ground on the operations before I hand over to Jørn, who will walk us through the financials. After that, we'll be happy to take your questions, including our two senior vice presidents being with us.

Then to Slide 4: Business is good and Carlsberg is winning in most of the key markets. This is the short headline in a small quarter. All our important highlights are: We had good organic volume growth of 4% and BSAs increased by 6% organically whereas other beverages had a slower growth. We had share gains in key markets including BBH. Three months ago when we presented the 2007 full year results, we indicated that we would need 3% to 4% price increases on beer to offset input cost inflation. As you would expect, we have had a lot of focus on prices. Across our regions, we have on average increased our net revenue for hectolitre by 4% in local currencies, and pricing and mix has more than offset the impact of higher input costs. Recognizing that Q1 is a small quarter, it is worth emphasizing that we have not seen any significant change in category dynamics based on pricing. Operating profit amounted to 388 million, which is ahead of last year, when adjusting for the one-off gain on the sale of the Piast Brewery in Poland in 2007 which accounted for 58 million. With a bigger business to run now, we have changed our governance model to a new operational setup with four divisions – Northern Europe, Western Europe, Eastern Europe, and Asia. Compared to the old Carlsberg that you all know, we have added the new countries France and Greece, as well as Poland, the Belgium countries, and Turkey into Western Europe; and we have included the Baltics into Northern Europe. The new Eastern Europe will in the future consist of both BBH markets excluding the Baltics, and Asia will be a little bigger with new assets in China and Vietnam. So a lot of changes with a clear aim of building the most powerful and compelled platform for each division. Both the geographic heads as well as the functional heads have been preparing for the new Carlsberg to make sure we'll run a smooth and efficient integration process with a strong corporation with people all over our new markets. However, for the purpose of this quarter, we will report on our old geographic specifications. When we do switch over to the new format, which reflects how we'll manage our business going forward, we will of course provide you with transparency and visibility to help you understand development in the group.

Now turn to Slide 5. Beer volumes increased 6% driven by organic growth. In looking at the right-hand side of the slide, you will see the continued positive development in BBH is again the main driver. BBH had 8% organic growth on pro rata volumes, plus a little from the acquisition of the brewery in Balarus. Bearing in mind the exceptional growth Russia had in first half of 2007, this is a strong number in light of the comparisons. Also, Eastern Europe and Asia had a positive development with a growth of 4% and 17% respectively.

Then Slide 6: Net sales on the left-hand side total 9.4 billion with organic growth of 9% being partly offset by adverse foreign exchange development of minus 3% mainly due to a weaker pound sterling and Russian rube so net up by a respectable 6%. Operating profit clean of late year receipts from sale of profits in Poland is up by 10%. Good development in Eastern Europe as well as Asia is driving the positive performance. Profit development in some of the Western European markets was impacted by a different factors than last year, for instance in marketing expense driven by brand activities and in BBH operating costs were influenced by the overall increased operational leverage and opening of the new brewery Novosibirsk. Just so that you all remember, first quarter usually accounts for only a small part of the three-year profit and seasonality is a significant factor in our business.

Let's now turn to Western Europe and go to Slide 8. Net sales increased by 2% in local currencies, but adverse foreign exchange development driven by pound sterling took those 2% away so that reported net sales came in flat at DKK 5.658 billion. The breakdown between categories shows that BSAs actually increased by 2% whereas non-beer had a small decline. Operating profit amounted to 129 million versus 193 million a year ago. Although significant in relative terms, not a big change in absolute amounts linked to the fact that this is a small quarter and last year Q1 in Western Europe accounted for only 7% of full year operating profit.

What I would now like to turn to and address is pricing and input cost inflation and of course how the consumer is reacting to this before coming back to earnings in a little more detail. If you turn to Slide 9. In Q1 we have increased our net sales price of beer by an average of 4% in lower currencies, but not every price increase having effect from 1st of January and more is announced or planned to come before the summer season. By this, we have effectively offset the increase in input costs. Then turning to the cost side: As expected, the price increases on malt, aluminum, and oil are hitting costs of good sold. Input cost inflation is of course an issue for the whole industry and at Carlsberg, we have addressed this in a systematic way. The hedging and trading and commodities is part of our day-to-day running of the business and for some time now we have had hedges in place for key input materials in 2008. This however still means that the cost inflation we experienced this year is higher than what we experienced last year, but we have visibility on the costs thus enabling us to include this information when we carry out our financial plans as well as our portfolio planning and pricing plans. Water has high operational gearing and volumes have been impacted by the public and environmental debates on tap water versus bottled water. Earnings have also been impacted by a very different phasing in some countries on marketing spend relating to brand launches. Also facing of operating expenses is different in some markets due to plans driving long-term efficiency improvement like the capacity expansion project Fredericia in Denmark to replace the Valby brewery. To avoid or minimize any impact on category dynamics because of the price increases put through, we have in the same period invested in brand building and innovation to insure that we continue to strengthen our already strong brand in many markets. As examples here, I can give you Carlsberg and Turborg Light and also our new cider, Somersby. In addition and importantly, to drive performance, we also continue our focus on commercial excellence tools to insure we can continue to improve our install execution to drive share gains in key markets.

Slide 10 please. Western Europe is still facing a full and ambitious agenda with the announced closure of the Valby brewery in Copenhagen and the two sites in Italy and Portugal also closing, we are remodeling and further fine-tuning the production platform to improve productivity. This is an endless journey. We have also signed a letter of intent with the Coca-Cola Company to strengthen the partnership in Denmark and Finland. This includes Coca-Cola acquiring our mineral water trademark in Denmark and acquire or license certain non-alcoholic trademarks in Finland. The value of this divestment would be approximated $200 million or around DKK 1.1 billion. This we clearly view as another positive step to drive and insure top line growth and also a further focus the business model. There's significant upside and cost savings involved in how we structure our procurement of all inputs. Everything from raw materials, glass bottles, media spend, and point of sales material will be included in our continuous efforts to procure as the best terms across Europe. We're also preparing the business standardization, which is the next level of excellence programs. Also in Western Europe, I would like to highlight our two new businesses: Brasseries Kronenbourg in France and Mythos Brewery in Greece. We welcome them to Carlsberg just a few days ago but a long and detailed planning process have been undertaken to make the integration nice and smooth. The excellence programs have proved themselves over the last couple of years delivering both savings and efficiency gains. The programs will be implanted in both France and Greece to improve operational performance, but of course taking into account learnings already achieved in those new markets. Last but not least, we have continuous follow-up and update on past programs because of having now achieved an excellent mindset in Carlsberg.

Now to BBH and please go to Slide 12. As you can see again, a strong set of numbers - the net sales up 16% to 2.117 billion on the back of volume growth of 9%, strong pricing, and adverse foreign exchange developments. Because of the significant investment we have been making across BBH, and particularly in Russia and Ukraine, operational leverage has increased and in this the smallest of quarters, operating profit is reduced by 38 million krone, about half of which is due to foreign exchange. You may remember the capacity expansion at Samara in Russia last year and the Greenfield in Novosibirsk as well as various other projects that built the business. This new Russian capacity is, as of today, fully in place and it reduce earnings in the low season, it will allow us to fully meet demand during peak season. Then also investment levels in Ukraine has been kept at a high level to drive business growth.

Please turn to Slide 13. Despite tough comparisons for Russia, BBH beer volumes pro rata grew by 9% with particular strong contributions from Ukraine, Uzbekistan, and Belarus, but also Russia grew ahead of market. Market shares were up again across the regions supported by local power brands and the unparallel success of Tuborg, which grew by 38% in Q1. Net sales per hectolitre has increased by 14%, including a positive product mix reflecting the ongoing situation in the market, consumers trade up from discounts to mainstream and from mainstream to premium. Then as referred to before, we have invested in capacity to fully meet demand in the markets. The Novosibirsk in Russia as well as expansion projects in Ukraine and Kazakhstan all provides with a strength and platform in place for the summer season. Operating expenses including marketing are up 21% reflecting our enlarged operational setup as well as cost inflation. Then lastly, we will move fast to drive the synergies from integration of BBH into Carlsberg together with local management.

Then Slide 14, and on Russia. Despite the tough comparisons due to the mild winter last year, you probably recall the market growth of 28% in Q1 2007, Russia had a good start to the year. The market was down in January and February but had a marked acceleration of growth in March to 8%. Baltika outperformed the market by increasing volumes by 3% versus a total market growth of 2%. Both the international brand Tuborg and the leading Russian brand Baltika had another very strong quarter with volumes up 43% and 23% respectively. Tuborg now accounts for 13% of net sales in Baltika and a good share of profits. With a strong development in Q1, Baltika increased its market share by 60 basis points to 38.1%. The attraction and the strength of our business in this market is unique, and our brand portfolio and sales machine is second to none. The potential pipeline of growth includes not only market-wise factors such as increased consumption per capita and the development of on trade but also BBH-specific opportunities giving it's leading position and the benefits of being part now of a global brewing group for the first time ever in its history.

Please turn to Slide 15, and then on other BBH markets. As I'm sure you all know, we have focused our efforts on restructuring the Ukrainian business to growth and outperformance of the markets. Over the last 12 months, we have seen a sustained improvement in the business, including the successful relaunch of the Slavutich brand; and our volume in this quarter was up by a staggering 40%, well ahead of the market. In the Baltics, performance is good with continued focus on value and a combination of both beer and non-beer categories. Market shares are also up across the other markets, but it should be mentioned that Kazakhstan market growth is negatively impacted in the short-term by changes in appetizing laws, reduction in outlet selling beer, and also a very cold Q1.

Now Slide 16: As I also highlighted on Western Europe, also on BBH, we have done a detailed preparation of the integration process. BBH, of course, we already know well, but still we have been planning to make sure that we get everything right the first time. We will be changing the governance model and the new region will be led by our current president of Baltica, Anton Artemiev, who has a very good understanding of the region and also our businesses. The importance of realizing the hard synergies is clear to everybody in both BBH and Carlsberg, and I feel very comfortable that we have the right teams in place to continue delivering a very successful business.

Now on to Eastern Europe and Slide 18. Eastern Europe has really gone through a turnaround over the last couple of years and now we see the results. This quarter, which is always very small, nevertheless continues to demonstrate that Poland where we changed the business model in 2006 is back on track and also that the Southeast Europe continues to deliver significant growth supported with investments.. Net sales rose by 28% and operating profit improved from minus 58 million to breakeven when we look at clean numbers, that is excluding again the profit from the sale of the Piast Brewery in Poland last year.

If we turn to Slide 19. Overall our business had a very strong development driven by both Poland and the countries in the Eastern European region. Beer volumes increased by 4% and coupled with strong pricing and mix, we had organic sales growth of 26%. Price increases more than offset the input cost inflation and gross profit increased by 35% to $439 million. Eastern Europe has for the last couple of years demonstrated very strong improvement viewed by both local mainstream brands as well as the Tuborg brand. What we have achieved in this region is really good. Profitability continues to improve in Poland and in this quarter we have also seen better results in Turkey. In the case of Turkey, however, we have now started negations on sale of the business. The potential buyer is our long-term partner in Romania and Israel, CBC Group. A positive outcome of this process could be a win/win for Carlsberg, CBC, and our many great employees in Turkey, but of course nothing is certain yet.

Then to Slide 21 and Asia. Asia net sales increased by 15% to 727 million after taking into account a material foreign exchange hit with positive contribution from China as well as the more mature markets, Singapore and Malaysia. We now see a clear benefit from the turn-around of Malaysia and operating profit increased by 38 million to 119 million thus continuing the very positive momentum from fourth quarter last year.

On Slide 22. Beer volumes grew by 13% organically, in line with a strong development we saw in 2007 and growth would've been even higher if not for very cold weather in Vietnam in the start of the year. Back to the Malaysian turn-around program that we put in place in early 2007, that led to a temporary dip in earnings but now we're back on track and winning back market share with further plans to revitalize the Carlsberg brand and restoring profitability. So far earnings in Malaysia have doubled in this quarter compared to the same quarter in 2007. For the Carlsberg Chill in China, the strong growth continues. Also in this region, input cost inflation is significant. Two different trends you need to pay attention to, we are getting price increases through and they are sticking. Then secondly, strong growth in countries with low prices in beer, for example China, drives down the average sales price for hectolitre across the region.

Now to Slide 23: The relative importance of this region, the Asian region, compared to the total business is still small. But importantly, this is a key region in building a platform for future growth which requires investments. Our activity in the region so far this year includes two greenfields in India and importantly the acquisition of a 15.7% stake in Habeco in Vietnam and therefore strengthening our position in this high growth market. The assets from Scottish & Newcastle operation in China and Vietnam will further add to our business.

Now let me hand you over to Jørn who will cover the financials.

Jørn Jensen: Thank you, and if you turn to Slide 25. In general, and as said by Jørgen, we have had a good start to 2008. Even though it is important to remember that Q1 is by far the smallest quarter of the year, we have sure seen some solid progress on key perimeters in most businesses. On EBIT, we were all in regions in the underlying business ahead of our internal plans for the year. Volumes grew organically by 4% and net sales grew 9% in local currencies. We have, as you would expect, had a lot of focus on increasing our net sales prices. Already in Q1 we were able to offset the increase in input costs through better pricing and mix and we have more announced or planned price increases to come.

Slide 26: Net sales was organic up 6% and up 9% in local currencies. Main negative variances from currency is due to the sterling and to a certain extent the Russian ruble. Gross profit increased 4%, i.e., less than increase in revenue and the growth profit margin of 48% was thereby down one percentage point. In an environment like the current with increases in raw materials and the following increase in sales prices, the relative margin is of course under pressure. When we talk about compensating for raw materials through higher net sales prices, we of course primarily have and will focus on the absolute margin, i.e., the margin that eventually turns into cash flow. I've stated several times in the stock exchange release, we have been able to already in Q1 to more than compensate increases in raw materials through higher net sales prices and better mix. In absolute terms, our gross profit on beer was up in Q1, where as it contributed negatively in Western Europe. Total op ex including brands marketing increased 124 driven only by the growth markets and primarily by BBH. In Western Europe, the development in these costs was flat in spite of a different facing of certain costs like marketing being somewhat different from last year, i.e., compared to last year, we had a relatively higher cost in Q1 this year both in Western Europe and in BBH. The opening of the new brewery in Novosibirsk also added operating expenses in Q1 that we will gain from in coming quarters. Other income net was down 41 primarily due to the gain on real estate in Poland in Q1 2007, up 58 million. So all in all, operating profit of 388 adjusting for the real estate gain in Poland last year, the operating result this year was up 13% and if adjusting forex movements as well, the result was up 19%.

Slide 27: Special items were in line with last year. Financial costs were up 217 compared to last year, 45 of this is due to a higher interest level and higher net interest bearing debt and the remaining 172 million was on other financial gains and losses. As I will also discuss a little later, we took advantage of the depreciating sterling and our now fully hedged at a sterling rate of 94579 or approximately 6% less than on the 25th of January when the S&N transaction was announced in London. So 104 of the 172 is related to the hedging arrangements on the S&N transaction, i.e, not directly related to the operational performance in Q1 and other approximately minus 60 is on forex as such primarily caused by the movements of the Turkish lira and the sterling. Tax was 27% as last year. Minorities were in line with last year, so all in all net profit amounted to minus 129, and to sum up some important factors in the P&L as such. On underlying operating results, we are ahead of our plans. On a comparable basis, we were ahead of last year. Net sales prices and mix is more than compensating raw materials, facing of operational expenses is somewhat different from last year, and finally the P&L includes some one-off effects of the S&N transaction.

Slide 28: This slide is as always shown the development in return on invested capital in the brewing activities over the last nine quarters and is more or less self-explanatory. Our very clear focus on increasing earnings and at the same time work on our invested capital clearly shows a positive trend, that indicated by the green bars. After Q1 this year, the comparable return on invested capital was 15% as are the Q4.

Cash flow on 29. In the cash flow statement, I will focus on four factors - the S&N transaction, currency developments, working capital, and cap ex. The negative movement in working capital of 285 is simply due to seasonal facing of working capital and will reverse back. Paid interest was 235 million higher than last year and the explanation here is a bit technical. It relates primarily to how currency swaps on foreign currency loans are shown in the cash flow statement. The effect of the currency swaps are shown here on the cash flow from operations with minus 160 million whereas the opposite effect on the loans themselves are plus 160 million are shown on the cash flow from financing, i.e., the net effect to us is neutral across the whole cash flow statement.

On Slide 30, operating cap ex was higher than last year and follows all are plans. The bigger underlying differences to last year was in Denmark and Italy due to the brewery expansion and upgrade that we also talked about after Q4. These are one-off investments which will yield operational benefits and cash inflow from a more efficient brewery footprint as well as a sale of significant real estate. In the line acquisitions, we have a cash impact of our hedging arrangements on the S&N transaction.

On Slide 31, financing of the S&N transaction: Our current best estimate for the total purchase price is 57 billion Danish. Net debt in accordance with consortium definitions now needs to be finalized and we estimate that the net debt was higher on the 28th of April due to normal seasonality and which we will benefit from when working capital balances reverse. That higher net debt estimate is included in the 57 billion. We have of course had quite a positive impact of the depreciation of the sterling. Our current net position is that we have 5.5 billion sterling at a price of 94579 or approximately 6% lower than on the 25th of

January. As most of you probably have seen the syndication of the debt part of the S&N transaction are all done and it was strong support from a number of banks. Our average interest rate, all in, will in short-term be 6%, in year three, for instance, it'll be 5.1 all assuming current interest levels. I hope you understand that I cannot update you on the capital increase today, but we will of course be providing you with full details as soon as we are in a position to do so.

Finally on Slide 32, we are this time not giving any guidance for the full year. The reason behind this is very simple. We can't give guidance in our usual way due to the future rights issue, and we are actually truly looking forward to update you on our expectations as soon as the rights issue is done, i.e., in connection with a first ordinary earnings release to follow the rights issue. This of course will also include new financial targets. In general, we are prevented from saying much about our expectations through the future as we have traditionally done. I think it is however important to remember that what we have been saying also earlier today is that after Q1 we were actually ahead of our plans in all regions.

So I think with this we're ready to take questions.

J. Buhl Rasmussen: Yes, we are.

Operator: *Thank you. We will now begin the question-and-answer session. If you have a question, please press star/one on your touchtone phone. If you wish to be removed from the queue, please press the hash key. Your questions will be queued in the order that they are received.*

Søren Samsøe from Danske Bank is online with a question:

Søren Samsøe: Yes, good morning, gentlemen. Søren Samsøe, Danske Bank. **Two questions: First of all, regarding BBH, if you can comment on the fact that Novosibirsk is coming to more fluidization from Q2, if you can quantify how that will affect the EBIT margins for BBH. Then the second question, it seems like you have gotten a better purchase price now of 57 billion. You've achieved a rather attractive hedge, which according to my calculations should give a gross effect of 3, almost 3.5 billion. Then you get this deal with Coca-Cola which would give you almost 1 billion Danish. Of course, I understand you cannot comment on the share issue, but could it impact the size of the issue? That's my questions.**

J. Buhl Rasmussen: Søren, I take the first question on BBH and Jørn the second on BBH and Novosibirsk. What we're saying is because we have been putting up and building this new quite significant brewery in Novosibirsk, that cost impact in quarter one and we don't start getting the real benefit from volume and output until we get into the peak season so clearly has a negative impact in the short-term Q1 but longer term we'll make sure we can meet demand in the markets. But of course, I can't make comments on the future EBIT margins, as I'm sure you understand.

Jørn Jensen: When it comes to the 57, and I guess in reality the question about the rights issue size, then of course we cannot say anything about today. I understand your calculations so-to-speak and I think the only thing which you have to remember is of course that we have said it will be up to 31.5 but what the amount eventually will be, we will announce in connection with the rights issue as such. But I understand where you're coming from so-to-speak.

Søren Samsøe: **Can you just when, just the 1 billion from Coca-Cola, when in the year will that fall and is it actually assigned to you?**

Jørn Jensen: It'll be somewhat later this year.

Søren Samsøe: Thank you.

Operator: *Hans Gregersen from ABG is online with a question.*

Hans Gregersen: Good morning. **Regarding growth in BBH, if you could just clarify a few numbers. You state there's been a volume growth of 9% and then you talk price mix of around 14% and then currency minus 5%. That still leaves a difference down to roughly 2 percentage points or 16% of revenue growth, if there's something I'm missing or this is roundings. Secondly, regarding Turkey, can you clarify what sort of book value that asset has for the time being? Thirdly, you have previously provided more information on BBH on the various markets. Is that something we'll go back to, and that is basically the three questions.** Thank you.

J. Buhl Rasmussen: If I can go up with BBH on the numbers, you have to remember that 9% is pro rata growth where the growth total business 100% is 7%, so then I think they all hang together, the numbers and the growth. Your second question about BBH, I didn't fully get.

Hans Gregersen: **Previously you have provided more detail information on the various markets in terms of market size growth, euro growth and so on on previous quarters. Is that information level we'll come back to, or is the new one we're looking at?**

J. Buhl Rasmussen: It's simply because it's a small quarter and I think if you look back normally in the small quarters, we are not kind of going in to a lot of detail for every market. But overall, we are still very happy about the growth we are seeing across all the markets. We gave you the number in Ukraine being 40%, market growth being around 13%, if I remember correctly. I think that's in the attachment to the presentation. The only market that we see slightly lower growth in the past is Kazakhstan as a total market growth and that's explained by some of the changes to outlets selling beer and advertising restrictions. But as such, no change and we are still growing share across all markets with one minor exception being Estonia, but every other market we are still growing market share also in Q1.

Jørn Jensen: Hence, you can actually find a lot of the things you asked about on Slide 36 in the Appendix section of the presentation.

J. Buhl Rasmussen: Jørn, you take the question on Turkey.

Jørn Jensen: I don't think, Hans, we have made public the book value of Turkey. But as you have noticed, we have made write-downs over the last years under net book value of Turkey, so you can probably imagine that it's definitely not a high number. It's actually a very small number.

J. Buhl Rasmussen: Just maybe for the…

(Cross talk)

Operator: Javier Gonzalez from Goldman Sachs is online with a question.

J. Gonzalez Lasdra: Yes, good morning. **I've got two questions, first one related to Russia. You've mentioned that Tuborg and the domestic premium segment are growing quite fast. I just wonder whether you could split the price mix you've highlighted for Russia in terms of, well it's split between price and mix, and whether that is actually now in local currency to offset the margin pressures from pricing input costs, not at the absolute level, but in terms of margins. Secondly, I just wonder whether you could update us with regards to the situation with regards to excise duties in Russia? I know there was an increase this year, but there's further plans for 2009 and 2010. Thirdly, just quickly on Ukraine, very strong turn-around there. Could you expand on what is driving that exactly?** Thanks.

J. Buhl Rasmussen: If I start with the pricing and Russia, I can confirm that the pricing and mix improvement we have in Russia does compensate for the increase in input costs in absolute terms, so yes we are also driving pricing and mix improvement in the Russian markets as planned if not better than planned, and we are seeing nice trends in our own business and also partly in the total market because of our share of total business in how it moves towards more and more premium segments. To your second question about excise duty, it's still the same consideration as it used to be with excise duty going up this year by about 33%/34% and the coming years '09 and '10 as it is planned now 7%/8%/9% per year, so that has not changed and that's back to the total 50% over the three-year period, but still excise duty being relatively small. Up sold beers sales price, we don't expect this to have any significant impact on consumer dynamics. To your question about Ukraine, to give you a little more flavor, it's certainly working extremely well our turn-around plan. It has a lot to do with brand planning, portfolio planning and execution, really having attention to details in what we do in sales, in supply chain, how we get to our customers and outlets, and also of course what we do around the brands and plan the pricing letter. That's really been giving a lot of attention and on the day-to-day operations, daily follow-up. We probably had one of the best customer management systems we have in the group in Ukraine to really make sure we can track and understand our performance by outlet. But I think also it's down to local management and we changed management, but also I would like to say in Carlsberg, I do believe we start having a track record in being pretty good at turning around markets. We did in Poland. We made some changes to the business model. It's on track now. We are now weighing Ukraine, Malaysia. We also took a decision to make some changes to the business model and we're on track now, so we feel pretty good about that when we have markets where it's not really working maybe how we can turn them around.

J. Gonzalez Lasdra: **Sorry, on Russia, you said that you're offsetting absolute pressures, but is that the case at the margin level? I just feel managing to keep your margin on an equal basis…**

J. Buhl Rasmussen: I think as Jørn also referred to, when you have increase in input cost and you start increasing your net sales prices, by definition your percent come down. That's also the case when you look at Russia. But the important focus point is really to make sure we cover the absolute amount of money.

J. Gonzalez Lasdra: **In the Ukraine, you've mentioned pricing.**

J. Buhl Rasmussen: We have had significant price increases in Ukraine across all markets. We are offsetting input costs and significant price increases in the Ukraine.

J. Gonzalez Lasdra: Thank you.

Operator: Melissa Barlam from UBS is online with a question.

Melissa Barlam: Good morning. **I've got three questions please. Firstly, just to go back to your natural intent with Coca-Cola, the 1.1 billion krone assets that you're looking to sell. Does this mark a change in your strategy regarding soft drinks in the Nordic region, and are you still going to distribute those water and non-alcoholic brands going forward on the Coke ownership? Second question was regarding Kazakhstan, can you just confirm that this is a temporary slowdown in the market, and do you expect a recovery in growth already in Q2 or later on in the year? The third question is really a clarification on Slide 9, you referred to input costs being up by 3% and I just wanted to know if that was a post currency inflation number rather than an organic inflation number.**

J. Buhl Rasmussen: The first question, I will hand over to Mikael Aro being our Senior Vice President for Northern Europe on Coke.

Mikael Aro: So good morning, everybody. I would say that what we're doing on the letter of intent with Coca-Cola is actually strengthening our strategy in the Nordic, so in Finland and Denmark, the markets aggressive here. Absolutely most of our non-alcoholic business has been with Coca-Cola already, so this is just to strengthen that bond and moving more volume towards the Coca-Cola corporation, so it's absolutely essential.

J. Buhl Rasmussen: For the second question about Kazakhstan, yes, we see that being temporary. We don't see this being the kind of growth we should expect from Kazakhstan going forward, but there was a lot of change in terms of number of outlets being able to sell beer, and that has an impact short-term, but again should very quickly soon come back to normalization. Secondly, we had a cold quarter one. It was very cold in Kazakhstan; that also impacted growth.

Jørn Jensen: Finally the third question, it is 3% on Slide 9 is in Danish krone.

J. Buhl Rasmussen: Next question please.

Operator: Hans Gregersen from ABG is online with a question.

Hans Gregersen: **I missed the follow-up question last time around. You have spent roughly 700 million acquisitions in the first quarter. Could you clarify what that is? On the previous question regarding the divestment to Coke, since you're getting roughly a billion krone for the assets, you must also be giving up**

some sort of EBIT. Could you indicate what that number roughly would be? Thank you.

Jørn Jensen: If you take... The answer to the first question was that a significant part of that was due to our hedging arrangements, our currency options and so and so on forth in connection with the S&N transaction. The answer to the last question, you won't get now. I think you need to… You need to bear in mind that it is a letter of intent. It's not a final contract, so it is a letter of intent so eventually if and when this turns into something final, we will of course inform you.

Hans Gregersen: Thank you.

Operator: *Peter Kondrup from Kaupthing is now online with a question.*

Peter Kondrup: Yes, good morning. **A couple questions please. Firstly, I think when you made the, announced the S&N deal, you said that you had debt agreements of DKK 29 billion at that time. Is this still the case, or has that also been reduced by, due to the currency impact? Second question is that you have previously spent quite a lot in un-elevated costs for your standardization projects. It seems as if these costs are coming down in the quarter here. Can you give a bit more indications on the potential cost savings that you can take out of these standardization programs? Finally, in terms of outlook and new financial targets, I should say you'll not come up with anything before after the rights issue. Why is that? Is that because of the places geographic where you want to issue the shares, or what is the main reason for it?**

Jørn Jensen: If you take the first one, there have been absolutely no changes at all in our financing as such following the 25^{th} of January, so everything is as it was when we announced that in London. Unallocated costs, yes, there is a difference and it is as we are also saying, it is facing. So it's not so that we do not plan to do the standardization program in the same pace as we have previously been discussing. It is a facing issue only compared to then what costs we had in Q1 on other projects last year.

Peter Kondrup: **But have you gained anymore insight into the potential size of the cost savings coming out of these standardization projects or is it still too early?**

Jørn Jensen: As soon as we are ready to discuss that, then obviously we're going to tell you about that. So it's a little, as you can understand, a little too early to be very precise on that. Sorry, the third question was…

Peter Kondrup: **Outlook and targets, why not now?**

Jørn Jensen: As we are saying in the release, we are prevented from doing this in our traditional way due to this future rights issue, so it's definitely not so that we would not like to do things in our traditional way. It is just that we are prevented from doing it.

Peter Kondrup: Thanks a lot.

Jørn Jensen: We are definitely looking forward to be able again to update the market on our outlooks.

Peter Kondrup: Thanks.

J. Buhl Rasmussen: I think the key point is, again, when we compare to our internal plans, we are in Q1 ahead of what we have in terms of expectations.

Operator: Gerard Rijk from ING is online with a question.

Gerard Rijk: Yes, good morning. **Three questions: The first is about Western Europe, about the 73 million decline in EBIT number organic, can you maybe detail how much is from the contract? Second question is on the fixed cost base in BBH, how much has that increased so that we can extrapolate it to the remaining part, remaining part of the year? Third question is about the input price increase about 3% level that you said about Western Europe, input costs up 3%, on which base is that? Is that packaging plus raw materials, or is it on the full cost base including capital costs?**

J. Buhl Rasmussen: If I start with Western Europe, Gerard, I cannot discuss market-by-market, but the key points, as we're also putting into our releases and made the presentation, we do see impact in value terms from a new contract in U.K. We also see an impact on the shift from off-trade, or on trade to off-trade in U.K. But overall our U.K. business is still performing well and we gained a little share or at least flat share in quarter one when we look at our total business in U.K. The other factor impacting being Europe would be Germany where again we took prices up quite dramatically and also in the early part of the quarter and had an early impact because not everyone was increasing prices at the same time. But again, we see that being more short-term which meant we had a different mix in the first quarter in Germany then compared to last year. Apart from that it's really facing issues on, or facing differences on cost elements compared to last year and because we're on a very small quarter, you just need some activity in a quarter in one market which we didn't have last year and has significant impact on the bottom line. That's really the main explanation and then some cost related to some of the efficiency projects like the one in Russia and also in Italy. They are the key explanations when we talk about Europe. Your question about, was it Russia and…

Gerard Rijk: **The fixed cost base.**

J. Buhl Rasmussen: Fixed cost base in Russia, yeah, it's really more or less the same, so it's the fixed cost base in Russia, nothing unexpected. We have the Novosibirsk and some investments to make we are ready for the key season, that's again impacting a small quarter on the bottom line.

Jørn Jensen: Then to the numbers, which we're not disclosing by region of such, but if you remember my comments of operating expenses in the P&L statement, then we had a variance of 124 or all coming from growth markets and primarily coming from BBH. The first question on, again based those 3% on Slide 9,that is on a full basis. However, remember that approximately two-third of it is either raw materials or packaging of these, yeah.

Gerard Rijk: Thank you.

Operator: *Kitty Gron from Handelsbanken Capital Markets is online with a question.*

Kitty Gron: **Yes, I actually just have one follow-up to the already asked questions and that is: On the price initiatives that you expect to make ahead from now, which markets in particular do you have in mind?**

J. Buhl Rasmussen: As I'm sure you would expect, I cannot be specific here. Pricing plans we cannot discuss by market and certainly not our future plans.

Operator: *Andrew Holland from Dresdner Kleinwort is online with a question.*

Andrew Holland: Yes, hi. **Just on the U.K., we talked a bit about Germany. You highlight the U.K. as being a weak market. Can you say what you've done to your prices in the U.K., have you put prices up in the first quarter? Secondly, and unrelated, can you see what will actually determine the timing of the rights issue? Obviously you can't give us any detail, but can you say what is going to actually determine when you're in a position to announce the detail of the rights issue?**

J. Buhl Rasmussen: On the U.K. question, again, as a starting remark, I would say in the quarter we were slightly up in share compared to total markets by again having very strong performance in on-trade. We have in our strategy in U.K. a very strong focus on making sure we have the right balance between volume and value. Certainly, if you look at the U.K., you normally see our value share performance is ahead of volume performance and you would see the same trend for the first quarter, so pricing is also coming through in U.K.

Andrew Holland: **Can you say how big your prices were? Back in February, probably must have been January actually, Scottish & Newcastle was saying I think they expected to put list prices up about 5% and they expected about 2.5% of that to stick. Are those figures anywhere near yours?**

J. Buhl Rasmussen: Again, I don't want to discuss exact pricing by markets. I don't think we should get into those details. But I don't know if I said something wrong before when I said we were increasing share. I meant off-trade. I hope I didn't say on trade, but I meant off-trade. We're increasing share in off-trade in total, and in total.

Jørn Jensen: The second question is as you can imagine very difficult to answer. It's not difficult to answer, but it's dangerous to answer so-to-speak, so I won't do that. But it is of course I think that we are discussing intensively internally, and we're going to… So you have to be a little patient here and when it comes it comes.

Andrew Holland: **But can you confirm that you are actively seeking a strategic investor to take a minority stake in the Company?**

J. Buhl Rasmussen: I can confirm that we are, that we will eventually do a future rights issue of up to DKK 31.5 billion.

Andrew Holland: Thank you.

Operator: *Michael Hybholt from Nordea is online with a question.*

Michael Hybholt: **I have one question regarding Ukraine in terms of the gain of market share there, have you seen any reaction from competitors, and when do you run out of capacity in Ukraine?**

J. Buhl Rasmussen: We have been building capacity all along to make sure we can deliver on the turn-around plan in Ukraine, so capacity we do have available. Of course we see reaction from competition when we are gaining share, and there's been all kind of initiatives including selling, pay for one and buy two towards wholesalers, etcetera, in the later part of last year, so we do responses. But it is really sticking to the plan we have and it's really down to execution and not play with pricing and therefore we also strict on our price increases in the quarter one and how we look at pricing going forward.

Michael Hybholt: **But should we anticipate that volume growth that it falls significantly during the coming three/four quarters?**

J. Buhl Rasmussen: Again, I cannot talk about let's future forecast for Ukraine specifically, but I can say our turn-around plan is clearly based on an assumption. We keep strengthening our position in Ukraine with our brands and with the total business, and that's again a balanced approach between value and volume and then we hope to continue to see the market growth you're seeing at the moment.

Michael Hybholt: Thank you.

Operator: *Chris Pitcher from Redburn Partners is online with a question.*

Chris Pitcher: Good morning, gentlemen. **A couple of questions: firstly on Page 37, you give an overview of your Russian brewing platform. In terms of the numbers they do differ quite meaningful from the numbers that you put out at the full year number. Could you just clarify why the difference was there and maybe give us a fill for what utilization rate the Russian business would be at at current volumes with Novosibirsk and other expansion products in place? Then secondly, on Turkey and Coca-Cola, is it fair to say that the losses in Turkey are greater than the profits from the assets potentially being sold Coca-Cola, so actually you could see EBIT up when those two divestments are made? Then finally, and apologizes for this, could you explain the change in your average interest rate, you're saying all in it'll be 6% post the deal reducing to 5.1 by year three. Is that reduction solely the repayment of the equity bridge financing through whatever means you takes place?** Thanks.

J. Buhl Rasmussen: Just on the Slide 37 and the Russian network in terms of breweries, it's always difficult just to add up the volume numbers because you have peak seasons and where you're need to be able to meet demand in the key/key season; that's one point of it. Secondly, because you have a huge geography, it's also about making sure you have the right volume in the right place at the right time. So again, capacity utilization can vary between regions. So this is a complex exercise and it's not possible just to add up numbers and say, "Does that tie into the volume expectation for Russia?" But what we do know and think is we would be able to meet demand across Russia for also this coming peak season.

Chris Pitcher: **So just to clarify, you think with the expansion projects underway, you'll be able to meet demand for 2008 but you would need further capacity expansion into 2009?**

J. Buhl Rasmussen: I'm not going into that far into the future. But I'm saying, certainly with our planning for 2008, the plan is we can meet demand for 2008 and in here, as I say, it's complex because also you can build some inventory, some of it be higher and whatever. So this is a complex picture when you plan across a big geography with applications.

Chris Pitcher: **But if I'm looking at future capital, cap ex requirements, the incremental spend in Italy and Denmark tailing off this year could well be offset by further incremental investment in Russia. We shouldn't be expecting a meaningful step down in cap ex.**

J. Buhl Rasmussen: I think what we have said for the total group, cap ex is quite high in 2007 and also it'll probably be quite high for 2008. But that's unlikely to continue forever, those kind of very high levels.

Chris Pitcher: Okay.

Jørn Jensen: Second question, I said before, we will not due to the fact that it is a letter of intent with Coca-Cola give you anything on EBIT in that deal, which also means we're not going to add it together with Turkey and then give you a number. When it comes to the, when it comes to the interest rates, then the reason why it's higher in the beginning so-to-speak than it is in year three is that a lot of the, you can say, the debt transaction costs needs to be amortized over the first years. That is why it is P&L wise higher in the first years, so it's not due to some underlying things and especially it's definitely not due to anything in relation to the bridge to equity financing. It is amortization of transaction costs under their part.

Chris Pitcher: **So it would be fair to say, "As and when you repay that bridge financing, which I imagine would be at higher rate, there is scope for the interest rate to fall even further in the third year?"**

Jørn Jensen: Your first assumption is incorrect so don't assume that we're paying more than that.

Chris Pitcher: Thank you.

J. Buhl Rasmussen: I think we have time for one last question now, if any.

Operator: *Carl Short from Standard and Poors is online with a question.*

Carl Short: Morning. **I've got a question on China. I'm sort of interested in what happened to like-for-like pricing in broad terms during the first quarter? Also, if you could give us your observations on price sensitivity or otherwise or consumers there? I noticed from one of the slides that you continue to see strong growth of Carlsberg Chill in China, just wondered if you could quantify that for the first quarter.**

J. Buhl Rasmussen: I couldn't quantify the Carlsberg Chill number for you in terms of an exact percent, but I can say its double-digit growth in the first quarter for Carlsberg Chill. Like everywhere else, we are also putting pricing increases through in China and across the Asian region. In terms of exact percent and also could vary by region in Western China, I cannot give you. But we don't expect what we're doing in Western China will significantly impact again consumer dynamics. We are talking about fairly low prices in that region already, so price increases we don't expect will change the dynamics in the medium-term or even long-term. But we are seeing price increases.

Carl Short: Right. **Would it be fair to say that you've seen sort of double-digit price increases in the first quarter?**

J. Buhl Rasmussen: Not in the first quarter double-digit no, but we have significant price increases. As we have said too, I mean in a lot of places we also have plans to make increases later in the year.

Carl Short: **Just to clarify, you've not seen any kickback from consumers on those price increases?**

J. Buhl Rasmussen: No.

Carl Short: No. Okay, thanks very much.

J. Buhl Rasmussen: Thank you. I think we have to close the call here. Thank you for listening in and thanks for the questioning.

Please Note: * Proper names/organizations spelling not verified.
[sic] Verbatim, might need confirmation.