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Company announcement 5/2020
4 February 2020

FINANCIAL STATEMENT AS AT 31 DECEMBER 2019

A strong set of results; further increase in dividend and share buy-back

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

HIGHLIGHTS

- Organic revenue growth of 3.2%; reported revenue growth of 5.4% to DKK 65,902m.
- Price/mix improvement of +3%; positive in all three regions.
- Total organic volume growth of 0.1%.
  - Tuborg volume growth +2%, Carlsberg -3%, Grimbergen +3%, 1664 Blanc +29%, Somersby +14%.
  - Craft & speciality volume growth +16%, alcohol-free brew volume growth +7%.
- Organic operating profit growth of 10.5%; reported growth of 12.2% to DKK 10,465m.
- Operating margin improvement of +100bp to 15.9%.
- Reported net profit up 23.7% to DKK 6,569m. Adjusted net profit up 14.9% to DKK 6,160m.
- Adjusted earnings per share (excluding treasury shares) up 16.5% to DKK 41.0.
- Free cash flow of DKK 9,962m (2018: DKK 6,156m).
- Net interest-bearing debt/EBITDA of 1.25x (2018: 1.29x).
- ROIC improvement of 70bp to 8.8%. Excluding goodwill, improvement of 130bp to 22.2%.
- The Supervisory Board will propose to the AGM a 17% increase in dividend to DKK 21.0 per share, equal to an adjusted payout ratio of approximately 50%.
- On 30 January, the Company concluded the 2019 DKK 4.5bn share buy-back and will today initiate a new 12-month share buy-back programme worth DKK 5.0bn (see pages 19-20).

2020 EARNINGS EXPECTATIONS

- Mid-single-digit percentage organic growth in operating profit.
- A translation impact on operating profit of around DKK +50m, based on the spot rates at 3 February.

CEO Cees 't Hart says: "We're pleased with our results in 2019. We saw healthy top-line growth, strong margin improvement and strong cash flow. In recent years, we've strengthened our business considerably, and we'll continue to execute on our SAIL'22 priorities and further reinforce our Funding the Journey culture to support long-term growth and value creation for shareholders.

"The 2019 results allow us to once again make a significant cash return to our shareholders, as shown by the Supervisory Board's decision to recommend a dividend increase of 17% to DKK 21 and to initiate a DKK 5.0bn 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.

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KEY FIGURES AND FINANCIAL RATIOS

DKK million		2019	2018[1]	2017[1]	2016[1]	2015[1]
Volumes (million hl)						
Beer		112.5	112.3	107.1	116.9	120.3
Non-beer		22.4	20.8	19.2	21.9	21.5
Income statement						
Revenue		65,902	62,503	60,655	62,614	65,354
Gross profit		32,638	31,220	30,208	31,419	31,925
EBITDA		15,007	13,420	13,583	13,006	13,213
Operating profit before special items		10,465	9,329	8,876	8,245	8,457
Special items, net		501	-88	-4,565	251	-8,659
Financial items, net		-738	-722	-788	-1,247	-1,531
Profit before tax		10,228	8,519	3,523	7,249	-1,733
Income tax		-2,751	-2,386	-1,458	-2,392	-849
Consolidated profit		7,477	6,133	2,065	4,857	-2,582
Attributable to:						
Non-controlling interests		908	824	806	371	344
Shareholders in Carlsberg A/S (net profit)		6,569	5,309	1,259	4,486	-2,926
Shareholders in Carlsberg A/S, adjusted[2]		6,160	5,359	4,925	3,881	4,292
Statement of financial position						
Total assets		123,120	117,700	114,251	126,906	124,901
Invested capital		86,219	82,721	84,488	96,089	94,950
Invested capital excl. goodwill		33,311	31,792	33,991	43,225	44,680
Net interest-bearing debt (NIBD)		18,776	17,313	19,638	25,503	30,945
Equity, shareholders in Carlsberg A/S		43,448	45,302	46,930	50,811	43,489
Statement of cash flows						
Cash flow from operating activities		12,239	12,047	11,834	9,329	10,140
Cash flow from investing activities		-2,277	-5,891	-3,154	-713	-2,618
Free cash flow		9,962	6,156	8,680	8,616	7,522
Investments						
Acquisition of property, plant and equipment and intangible assets		-4,592	-4,027	4,053	3,840	4,150
Acquisition and disposal of subsidiaries, net		-	-974	268	1,969	-33
Financial ratios						
Gross margin	%	49.5	50.0	49.8	50.2	48.8
EBITDA margin	%	22.8	21.5	22.4	20.8	20.2
Operating margin	%	15.9	14.9	14.6	13.2	12.9
Effective tax rate	%	26.9	28.0	41.4	33.0	49.0
Return on invested capital (ROIC)	%	8.8	8.1	6.9	5.9	5.6
ROIC excl. goodwill	%	22.2	20.9	15.7	12.7	11.0
Equity ratio	%	35.3	38.5	41.1	40.0	34.8
NIBD/equity ratio	x	0.41	0.36	0.40	0.48	0.66
NIBD/EBITDA	x	1.25	1.29	1.45	1.96	2.34
Interest cover	x	14.17	12.92	11.26	6.61	5.53
Stock market ratios						
Earnings per share (EPS)	DKK	43.7	34.8	8.3	29.4	-19.2
Earnings per share, adjusted (EPS-A)[2]	DKK	41.0	35.2	32.3	25.4	28.1
Free cash flow per share (FCFPS)	DKK	65.9	40.2	56.9	56.5	49.2
Dividend per share (proposed)	DKK	21.0	18.0	16.0	10.0	9.0
Payout ratio	%	49	52	194	34	n.m.
Payout ratio, adjusted[3]	%	50	51	50	39	32
Share price (B shares)	DKK	993.8	692.6	745.0	609.5	612.5
Market capitalisation	DKKm	145,805	104,830	112,116	92,896	93,977
Number of issued shares at year-end	1,000	152,557	152,557	152,557	152,557	152,557
Number of shares at year-end, excl. treasury shares	1,000	147,996	152,457	152,390	152,552	152,552
Average number of shares, excl. treasury shares	1,000	150,411	152,428	152,496	152,552	152,542

[1] Comparative figures for 2015-2018 and 2015-2016 have not been restated to include IFRS 16 and IFRS 15 respectively.
[2] Adjusted for special items after tax.
[3] Proposed dividend on number of shares at year-end, excluding treasury shares, as a percentage of net profit adjusted for special items after tax.

SOLID DELIVERY ON 2019 PRIORITIES

For 2019, the Group defined three overall financial priorities: drive organic revenue growth, maintain tight cost control and continue to exercise strict cash discipline. Despite tough comparables in Western and Eastern Europe and an intensified competitive environment in Russia, the Group delivered well against these priorities.

EXECUTION OF SAIL'22 PRIORITIES

During the year, we maintained our focus on executing our SAIL'22 priorities to ensure that we capture the growth opportunities for our key strategic priorities – craft & speciality, alcohol-free brews and Asia – as well as strengthening our core beer brands. The 3.2% organic revenue growth, achieved in a year when we were cycling tough comparables, is a good indication of the Group's ability to generate solid and sustainable organic top-line growth.

For core beer, both revenue and profits grew by 3%. Core beer volumes declined slightly by 1% due to tough comparables in Western Europe and difficult market conditions in Eastern Europe. Tuborg, our largest core beer brand, grew by 2%, supported by good growth in China, India, Serbia and the Baltics. Carlsberg brand volumes declined by 3%, as growth in markets such as Russia, Kazakhstan, Malaysia, Singapore and Vietnam was offset by declining volumes in certain markets such as the UK and India. We saw particularly good volume and value growth in our local power brands in Asia, including China, Laos and Vietnam.

Our craft & speciality portfolio delivered 16% volume growth, with strong growth rates in all three regions. 1664 Blanc volumes grew by 29%, with China, Malaysia, France, Denmark, the Baltics, Russia and Ukraine performing particularly well. Grimbergen grew by 3%, mainly as a result of growth in Denmark, Poland, Switzerland and Russia, partly offset by lower growth in France. Volumes for our global cider brand, Somersby, were up 14%, with particularly strong growth in Ukraine, Poland, Croatia, Germany and Australia.

Volumes of our alcohol-free brews, which are mainly line extensions of our local power brands, grew by 7%. In our Western Europe markets, our portfolio of alcohol-free brews grew by 10%, while growth of 3% in Eastern Europe was impacted by tough comparables and a challenging competitive situation in Russia. We saw particularly strong growth in Poland, Finland and Sweden.

During 2019, we made progress on the digital transformation of our business, focusing on the areas of advanced analytics and the on-trade. Examples include the further roll-out of our B2B platform Carl's Shop, testing machine learning for demand forecasting, the digital development of DraughtMaster and developing various apps to enhance the business of our on-trade customers.

In 2019, we also continued to improve our 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. For example, we reduced our CO_2 emissions by 13% and our water usage by 3% in 2019 (see the 2019 Sustainability Report, which will be published today, for more information).

DELIVERY OF SAIL'22 FINANCIAL PRIORITIES

For 2019, the Group delivered well against the financial metrics of SAIL'22.

Organic growth in operating profit: The Group achieved 10.5% organic growth in operating profit.

ROIC improvement: ROIC improved by +70bp to 8.8%, driven by the organic growth in operating profit.

Optimal capital allocation: Net interest-bearing debt/EBITDA remained low at 1.25x (2018: 1.29x) as a result of the strong free cash flow and despite the share buy-back programme (DKK 4.1bn in 2019), the dividend payout in March 2019 (DKK 2.7bn) and the increase in net interest-bearing debt arising from IFRS 16 "Leases" (DKK 1.5bn).

Due to the strong set of results, the Supervisory Board will propose a dividend of DKK 21.0 per share (+17%), corresponding to an adjusted payout ratio of approximately 50%. The Supervisory Board has also decided to initiate a new share buy-back programme to return excess cash to shareholders. Over the next 12 months, the Group intends to buy back Carlsberg B shares amounting to DKK 5.0bn (see pages 19-20), following the same principles as for the programme carried out in 2019.

2019 REGIONAL PRIORITIES

The Group's regional priorities for the year were to increase revenue and operating margin in Western Europe, drive growth in Asia through premiumisation, and strengthen market leadership in Eastern Europe.

In Western Europe, organic revenue grew by 0.3%. The operating margin improved by 200bp to 17.0%, while operating profit grew organically by 12.8%.

In Asia, organic revenue growth was 12.3%, driven by +6% price/mix and 6.0% organic volume growth. Organic operating profit growth was very strong at 23.4%.

In Eastern Europe, price/mix was +5%. However, in a difficult competitive environment, we failed to strengthen market leadership, and volumes declined disappointingly by 5.2%. Organic revenue declined by 0.4%.

STRUCTURAL CHANGES

During the year, the Group completed the following transactions:

- Acquisition of a non-controlling stake in the Chinese craft brewery Jing-A Brewing Co.
- Purchase of the remaining 1.2% of Carlsberg Ukraine, giving the Group 100% ownership.
- Purchase of the remaining 25% of Cambrew in Cambodia, giving the Group 100% ownership.
- Completion of the disposals of the former brewery sites in Trondheim, Norway, and Hamburg, Germany, with a total income in special items of approximately DKK 1bn.

2020 EARNINGS EXPECTATIONS

For 2020, we will continue to drive organic revenue and operating profit growth by executing our SAIL'22 priorities, including the growth priorities of craft & speciality, alcohol-free brews and Asia, in addition to our Funding the Journey culture with its strict cost control and cash discipline.

Based on this, the Group expects to deliver:

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

As previously communicated, we will no longer sell soft drinks at the German/Danish border and we are experiencing a continued difficult competitive environment in Russia. At the same time, we are facing a more volatile business environment including the current coronavirus outbreak in China, of which the full impact is not yet known.

Based on the spot rates at 3 February, we assume a translation impact of around DKK +50m for 2020.

Other relevant assumptions are:

Financial expenses, excluding currency losses or gains, are expected to be around DKK 600-650m.

The reported effective tax rate is expected to be 26-27%.

Capital expenditure at constant currencies is expected to be around DKK 5bn.

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. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 21 for the full forward-looking statements disclaimer.

GROUP FINANCIAL PERFORMANCE

	2018	Change Organic	Change Acq., net	Change FX	2019	Change Reported
FY						
Volumes (million hl)						
Beer	112.3	-0.6%	0.8%	-	112.5	0.2%
Non-beer	20.8	3.9%	4.1%	-	22.4	8.0%
Total volume	**133.1**	**0.1%**	**1.3%**	**-**	**134.9**	**1.4%**
DKK million						
Revenue	62,503	3.2%	1.0%	1.2%	65,902	5.4%
Operating profit[1]	9,329	10.5%	0.2%	1.5%	10,465	12.2%
Operating margin (%)[1]	14.9				15.9	100bp
H2						
Volumes (million hl)						
Beer	56.6	-1.9%	0.2%	-	55.6	-1.7%
Non-beer	10.9	2.6%	0.8%	-	11.2	3.4%
Total volume	**67.5**	**-1.2%**	**0.3%**	**-**	**66.8**	**-0.9%**
DKK million						
Revenue	31,537	2.2%	0.3%	1.9%	32,912	4.4%
Operating profit[1]	4,956	4.1%	1.0%	1.7%	5,294	6.8%
Operating margin (%)[1]	15.7				16.1	40bp

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

Group beer volumes declined organically by 0.6%, with growth in Asia offset by lower volumes in Eastern Europe. Non-beer volumes grew organically by 3.9%. Total volumes grew organically by 0.1%. Reported growth was 1.4%, positively impacted by the increased ownership in Cambrew from August 2018.

Organic revenue growth was 3.2%, due to the positive +3% price/mix. Price/mix was supported by the growth of premium products and our value management initiatives, including price increases. Reported revenue grew by 5.4%, driven by a positive currency impact and the Cambrew acquisition.

Gross profit grew organically by 3%, with price/mix more than compensating for the 3% organic increase in cost of sales per hl. The reported gross margin declined by 50bp to 49.5% as a result of higher input costs, declining volumes in Russia due to the challenging competitive environment and the consolidation of Cambrew.

Operating expenses declined organically by 1%, thanks to our continued focus on driving efficiencies and executing tight cost control. Excluding the higher marketing expenses, operating expenses declined organically by 2%. Depreciation and amortisation increased by DKK 451m to DKK 4,542m, primarily related to the implementation of IFRS 16 “Leases” (see Appendix 1).

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew by 10.0% organically and by 11.8% in reported terms, positively impacted by IFRS 16. Excluding the impact of IFRS 16, organic growth in EBITDA would have been around 7%.

Operating profit increased organically by 10.5%, driven by strong growth in Asia and Western Europe, which more than offset the decline in Eastern Europe. Reported operating profit was DKK 10,465m, corresponding to 12.2% growth.

As expected, the organic operating profit growth of 4.1% in H2 was lower than the organic growth of 17.7% in H1. The key reasons for this were the profit decline in Eastern Europe, due to the difficult competitive situation, and higher marketing investments in Asia, including in Cambodia to strengthen the business there.

The reported operating margin improved by 100bp to 15.9%.

Adjusted net profit (adjusted for special items after tax) was DKK 6,160m (2018: DKK 5,359m), and adjusted earnings per share (excluding treasury shares) were DKK 41.0, up 16.5%. This was driven by the strong operating profit growth and a lower tax rate than in 2018, and supported by the share buy-back.

Reported net profit was DKK 6,569m (2018: DKK 5,309m). In addition to the above, the increase was due to the sale of the Trondheim site in Norway in H1 and the gain in H2 following completion of the sale of the Hamburg site in Germany. Reported earnings per share (excluding treasury shares) were DKK 43.7 (2018: DKK 34.8).

Free cash flow increased considerably to DKK 9,962m (2018: DKK 6,156m), positively impacted by higher EBITDA than last year, a positive impact from working capital and proceeds from the sales of former brewery sites. Trade working capital to revenue (12-month average) improved further to -16.8% (2018: -16.0%).

Return on invested capital (12-month average) increased by 70bp to 8.8%, due to the improved profitability and a lower effective tax rate. Invested capital increased, mainly as a result of currencies and IFRS 16. ROIC excluding goodwill increased by 130bp to 22.2%.

Net interest-bearing debt was DKK 18,776m (2018: DKK 17,313m). The increase was impacted by the share buy-back programme, the higher dividend payout in March and the implementation of IFRS 16 (see Appendix 1). Net interest-bearing debt/EBITDA was 1.25x (1.29x at year-end 2018).

REGIONAL PERFORMANCE

WESTERN EUROPE

	2018	Change Organic	Change Acq., net	Change FX	2019	Change Reported
FY						
Volumes (million hl)						
Beer	47.3	-1.6%	0.0%	-	46.6	-1.6%
Non-beer	15.1	1.7%	0.0%	-	15.3	1.7%
Total volume	**62.4**	**-0.8%**	**0.0%**	**-**	**61.9**	**-0.8%**
DKK million						
Revenue	36,151	0.3%	0.0%	0.2%	36,317	0.5%
Operating profit[1]	5,425	12.8%	1.2%	0.0%	6,187	14.0%
Operating margin (%)[1]	15.0				17.0	200bp
H2						
Volumes (million hl)						
Beer	24.4	-1.0%	0.0%	-	24.1	-1.0%
Non-beer	7.9	0.4%	0.0%	-	7.9	0.4%
Total volume	**32.3**	**-0.7%**	**0.0%**	**-**	**32.0**	**-0.7%**
DKK million						
Revenue	18,396	0.6%	0.0%	0.1%	18,525	0.7%
Operating profit[1]	2,952	14.8%	1.4%	-0.1%	3,427	16.1%
Operating margin (%)[1]	16.0				18.5	250bp

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

Our Western Europe business delivered solid results despite tough comparables from the warm summer in 2018.

Revenue grew organically by 0.3% as a result of +1% price/mix and 0.8% organic volume decline. Reported revenue grew by 0.5%, due to a small positive currency impact.

Price/mix was positive in most markets thanks to successful premiumisation efforts and value management initiatives, including price increases.

Operating profit grew organically by 12.8%, and the operating margin improved by 200bp to 17.0%. This improvement was driven by premiumisation, value management and lower operating expenses, in particular administrative expenses. Reported operating profit grew by 14.0%, reflecting the increased ownership of Super Bock.

The total organic volume decline was mainly the result of the tough comparables. Non-beer volumes grew by 1.7%, due to solid performance of the soft drinks businesses in the Nordic markets.

The Nordics

Despite tough comparables from the warm summer in 2018, the Danish business had a good year, the key drivers being market-share gain in beer and a growing soft drinks category. Our core beer brands and craft & speciality beers, such as Grimbergen and 1664 Blanc, delivered very positive results.

Our Swedish business delivered solid performance, with overall flat market shares. Total volumes declined slightly due to lower beer volumes, while non-beer volumes grew. Price/mix improved, mainly as a result of price increases.

In Norway, volumes declined slightly due to bad weather in Q2 and the loss of certain third-party beer brands. The Tuborg brand and the soft drinks business delivered particularly good growth. The roll-out of DraughtMaster progressed very well, supporting favourable value growth in the on-trade.

In Finland, our business delivered solid volume growth, supported by our listing for a major retailer's summer campaign. This also meant that our beer market share strengthened considerably, while price/mix declined. Our craft & speciality brands and alcohol-free brews delivered strong growth.

France
In a slightly growing French market, we saw growth in our premium brands, while total volumes were impacted by lower volumes of the mainstream Kronenbourg brand and a lower level of promos from our side due to bottle shortage issues. Price/mix continued to improve, driven by favourable brand mix.

Switzerland
Our Swiss business delivered a solid set of results. Our portfolios of craft & speciality and alcohol-free brews all performed well, while total volumes declined slightly due to tough comparables from the warm summer in 2018 and the loss of certain third-party brands.

Poland
In Poland, we achieved mid-single-digit price/mix, mainly driven by favourable mix due to good results for our upper-mainstream brands, such as Zatecky and Okocim, craft & speciality brands, alcohol-free brews and Somersby. Our volumes declined in line with the market.

The UK
A key focus in 2019 was the relaunch of the Carlsberg brand. During the year, price/mix showed good progress and our market share improved compared with the exit level of 2018. Volumes declined by high-single-digit percentages, impacted by tough comparables, lower volumes of Carlsberg Pilsner due to the higher pricing of the brand, and decline of the Carlsberg Export line extension.

Other markets
In the other Western Europe markets, we achieved particularly strong top-line and operating profit improvement in markets such as Bulgaria, Serbia, Greece, Germany and the Baltics, where good growth of Carlsberg, Tuborg, craft & speciality and alcohol-free brews supported a positive price/mix development.

ASIA

	2018	Change Organic	Change Acq., net	Change FX	2019	Change Reported
FY						
Volumes (million hl)						
Beer	34.4	5.6%	2.6%	-	37.2	8.2%
Non-beer	3.6	10.3%	23.5%	-	4.8	33.8%
Total volume	**38.0**	**6.0%**	**4.7%**	**-**	**42.0**	**10.7%**
DKK million						
Revenue	15,530	12.3%	4.0%	2.3%	18,416	18.6%
Operating profit[1]	3,164	23.4%	-1.6%	2.5%	3,931	24.3%
Operating margin (%)[1]	20.4				21.3	90bp
H2						
Volumes (million hl)						
Beer	16.6	2.9%	0.6%	-	17.1	3.5%
Non-beer	1.9	8.5%	4.3%	-	2.2	12.8%
Total volume	**18.5**	**3.5%**	**0.9%**	**-**	**19.3**	**4.4%**
DKK million						
Revenue	7,615	9.9%	1.0%	2.5%	8,635	13.4%
Operating profit[1]	1,556	10.8%	0.6%	2.1%	1,766	13.5%
Operating margin (%)[1]	20.4				20.5	10bp

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

The Asia region had a good year, delivering very strong results. Revenue grew organically by 12.3%, driven by 6.0% organic volume growth and +6% price/mix. Reported revenue grew by 18.6% due to a positive currency impact from all countries in the region and the acquisition of Cambrew in 2018. Organic revenue growth of 4.6% in Q4 was softer than the preceding three quarters due to regulatory changes in a few Indian states, the ongoing turnaround in Cambodia, and market decline in Nepal and Hong Kong.

The solid price/mix improvement was a combination of strong growth in our international premium brands, successful premiumisation for some of our local power brands and price increases. Our Chinese business was a key contributor to the strong price/mix.

Organic operating profit grew strongly by 23.4% as a result of the strong revenue growth and tight cost control. Reported operating profit growth was slightly higher, at 24.3%, due to a positive currency impact, which more than offset the impact from the consolidation of the loss-making Cambrew. The operating margin improved by 90bp to 21.3%.

As expected, and despite the positive impact in H2 from the reversal of a pension obligation at Chongqing of DKK 162m, the 20.5% operating margin in H2 was lower than the 22.1% in H1 due to higher marketing investments, particularly in China, market decline in Nepal and the rebuilding of the Cambrew business.

Organic volume growth was mainly driven by strong growth in China, Vietnam, Laos and Malaysia. The non-beer business in Laos and Cambodia did particularly well, resulting in organic volume growth of 10.3%. Reported total volumes grew by 10.7% due to the consolidation of Cambodia.

China

Our Chinese business continued to deliver strong performance. Despite a slightly declining market, our volumes grew organically by 8% and revenue by 19%. The volume growth was attributable to several factors. Firstly, we saw 7% growth in our premium portfolio, which continues to benefit from the ongoing premiumisation trend in the market. 1664 Blanc in particular performed very well, growing by almost 50%. Secondly, the expansion outside our western regional footprint into big cities further east showed good progress. Thirdly, some of our local power brands achieved strong growth, with Wusu and Dali growing by 45% and 11% respectively. Price/mix of +10% was the result of premiumisation and value management, including price increases, supported by lower VAT.

India and Nepal

Revenue growth in India was high-single-digit, supported by price increases and lower rebates. Our business started 2019 very well but deteriorated during the year, and our volumes grew modestly by 1%. There were several factors in the weakness in H2, and especially in Q4, including changed excise duties and regulation in a few states.

Our business in Nepal had a challenging year, due to weakening consumer sentiment, leading to a high-single-digit beer market decline, and an import ban on energy drinks, which affected our local Red Bull distribution business. As a result, revenue and profit declined.

Laos, Cambodia and Vietnam

In Laos, the positive momentum for our business continued. We achieved solid volume growth for all categories – beer, water and soft drinks. Price/mix strengthened due to positive mix within the beer category, which more than offset the negative category mix from the growth of water and soft drinks.

In a growing Vietnamese market, our business delivered double-digit volume growth. Our local power brand Huda and the line extension Huda Ice Blast were key growth drivers. Price/mix improved, mainly due to price increases and supported by brand mix from growth of the Carlsberg brand.

In Cambodia, we continued the task of rebuilding the business, including the significant task of strengthening processes and compliance, building capabilities, strengthening route-to-market etc. In H2, the key task was the relaunch of the iconic Angkor brand with a new campaign and a changed structure for consumer promotions. The latter proved unsuccessful and total volumes in Q4 dropped by around 25%. Consequently, it is now being changed.

Malaysia and Singapore

In Malaysia and Singapore, our businesses delivered solid performance, with good results for our premium offerings, such as 1664 Blanc and Somersby.

EASTERN EUROPE

		Change				Change
	2018	Organic	Acq., net	FX	2019	Reported
FY						
Volumes (million hl)						
Beer	30.6	-6.2%	0.0%	-	28.7	-6.2%
Non-beer	2.1	9.6%	0.0%	-	2.3	9.6%
Total volume	**32.7**	**-5.2%**	**0.0%**	**-**	**31.0**	**-5.2%**
DKK million						
Revenue	10,780	-0.4%	0.0%	3.3%	11,097	2.9%
Operating profit[1]	2,222	-17.9%	0.0%	2.6%	1,882	-15.3%
Operating margin (%)[1]	20.6				17.0	-360bp
H2						
Volumes (million hl)						
Beer	15.6	-8.3%	0.0%	-	14.4	-8.3%
Non-beer	1.1	8.0%	0.0%	-	1.1	8.0%
Total volume	**16.7**	**-7.3%**	**0.0%**	**-**	**15.5**	**-7.3%**
DKK million						
Revenue	5,507	-3.7%	0.0%	6.9%	5,686	3.2%
Operating profit[1]	1,151	-29.8%	0.0%	4.6%	862	-25.2%
Operating margin (%)[1]	20.9				15.1	-580bp

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

Our Eastern Europe business had a challenging year because of changes in the competitive environment and retail landscape. Revenue declined organically by 0.4%, with price/mix of 5% offset by the total volume decline of 5.2%.

The price/mix improvement was driven by price increases in all markets and mix improvements from growth of premium products, craft & speciality and alcohol-free brews.

Operating profit declined organically by 17.9%. All markets but Russia delivered solid operating profit growth. Profits in our Russian business were impacted by lower volumes (particularly in H2), input cost inflation, a negative transaction impact (mainly on certain packaging materials) and higher marketing costs. Reported operating profit was impacted by a small positive currency impact. The operating margin was 17.0%.

Beer volumes declined organically by 6.2% due to tough comparables, as 2018 was positively impacted by warm weather and the football World Cup in Russia, as well as market share losses, especially in Russia. Non-beer volumes grew strongly by 9.6%, due to growth of energy drinks in several markets.

Russia
The Russian market enjoyed low-single-digit growth. The competitive environment was very challenging throughout the year, and as a result we lost market share. Price/mix was positive at 3%, while total volumes were down by 8%, resulting in an organic revenue decline of 5%. The positive price/mix was driven by price increases in late 2018 and early 2019, mix improvements from growth of craft & speciality and low presence of low-priced offerings in certain key accounts for most of the year.

Ukraine
Our Ukrainian business delivered high-single-digit percentage organic revenue growth, driven by double-digit price/mix, which compensated for lower volumes. The strong price/mix was the result of price increases and a positive brand mix, supported by strong growth of premium offerings, such as 1664 Blanc and Somersby.

Other markets
Our businesses in Belarus and Kazakhstan delivered solid performance, improving revenue, earnings and market shares. Our business in Kazakhstan did particularly well. The market was growing, and we grew well ahead of the market, with improvements in all segments, particularly in craft & speciality and alcohol-free brews.

CENTRAL COSTS (NOT ALLOCATED)
Central costs, net, amounted to DKK -1,476m (2018: DKK -1,443m). 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
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 59m (2018: loss of DKK 39m).

COMMENTS ON THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES
The 2019 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 2018. The consolidated financial statements for 2018 contain a complete description of the accounting policies.

As of 1 January 2019, IFRS 16 Leases became applicable.

The implementation of IFRS 16 resulted in leased assets and liabilities being recognised in the statement of financial position, except for short-term leases and leases of low-value assets. The Group has applied the simplified transition approach and, accordingly, not restated the comparative figures. The impact in 2019 on EBITDA was DKK +413m, depreciation DKK -402m and financial lease expenses DKK -11m. There was no impact on net profit. Net interest-bearing debt increased by DKK 1,508m.

Changes to accounting policies for right-of-use assets following the implementation of IFRS 16

At the commencement date, the Group recognises a lease liability and a corresponding right-of-use asset at the same amount, except for short-term leases of 12 months or less and leases of low-value assets.

A right-of-use asset is initially measured at cost, which equals the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms, i.e. cars and trucks. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment.

Right-of-use assets are recognised as property, plant and equipment.

The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

Changes to accounting policies for lease liabilities following the implementation of IFRS 16

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate for similar assets, taking into account the terms of the leases. A remeasurement of the lease liability, for example a change in the assessment of an option to purchase, results in a corresponding adjustment of the related right-of-use assets.

Other changes

Revenue presentation

For clarity, the line item previously named “Net revenue” has been changed to “Revenue”. Likewise, “Gross revenue” has been changed to “Revenue including excise duties”, and the specification of revenue and excise duties has been removed from the income statement. It can be found in section 1.1 of the notes to the consolidated financial statements.

Other amendments and improvements to IFRS

Furthermore, the following standards, amendments and improvements became applicable as of 1 January 2019, without having any impact on the Group’s accounting policies, as they cover areas that are not material or relevant for the Group:

• Annual Improvements to IFRS Standards 2015-2017 Cycle

- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”.
- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”
- IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

The Amendments and Interpretations had no impact on the Group’s accounting policies, as they cover areas that are not material and/or relevant for the Group or do not change the accounting policies applied in 2019.

INCOME STATEMENT

Please see pages 7-8 for a review of operating profit.

Net special items (pre-tax) amounted to DKK +501m (2018: DKK -88m). Special items were positively impacted by the gain from the sales of the former brewery sites in Trondheim, Norway, and Hamburg, Germany. The brewery site in Hamburg was sold in 2016 in connection with the commencement of a new greenfield brewery outside the city. The brewery site was transferred to the buyer in November 2019, when the new brewery began operating, and this was also when the gain on the disposal is recognised in special items. Partially offsetting these gains were one-off restructuring measures in Western and Eastern Europe, and provisions related to disposal of a former brewery site in previous years. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -738m against DKK -722m in 2018. Excluding currency gains and fair value adjustments, financial items, net, amounted to DKK -650m (2018: DKK -758m), positively impacted by lower average funding costs. A specification of net financial items is included in note 5.

Tax totalled DKK -2,751m against DKK -2,386m in 2018. The effective tax rate was 26.9%.

Non-controlling interests were DKK 908m (2018: DKK 824m). The increase was due to higher profits in certain Asian subsidiaries, including a one-off income at Chongqing, China, due to the reversal of a pension obligation.

The Carlsberg Group’s share of consolidated profit (net profit) was DKK 6,569m against DKK 5,309m in 2018. The increase was the result of strong operating profit growth, positive special items and a lower tax rate than in 2018. Adjusted net profit (adjusted for special items after tax) was DKK 6,160m (2018: DKK 5,359m), corresponding to a 14.9% increase.

STATEMENT OF FINANCIAL POSITION

Assets

Total assets amounted to DKK 123.1bn at 31 December 2019 (31 December 2018: DKK 117.7bn). The increase of DKK 5.4bn was mainly due to currencies and the implementation of IFRS 16.

Intangible assets amounted to DKK 69.8bn at 31 December 2019 (31 December 2018: DKK 66.9bn). The higher amount was mainly due to the appreciation of the Russian rouble and, to a lesser extent, the completion of the purchase price allocation for Cambrew.

Property, plant and equipment totalled DKK 27.9bn (31 December 2018: DKK 25.4bn). The change was mainly due to the initial recognition of right-of-use assets (and related lease liabilities) following the implementation of IFRS 16, currencies and capital expenditure, including returnable bottles in Asia because of volume growth.

Current assets were DKK 17.9bn (31 December 2018: DKK 18.1bn). The slight decline was due to lower receivables and cash, while inventories increased by DKK 0.3bn, impacted by higher inventories in Eastern Europe due to bottle stocking and lower sales. The decline of DKK 0.3bn in other receivables was mainly due to reclassification.

Equity and liabilities

Equity amounted to DKK 46.0bn at 31 December 2019 (31 December 2018: DKK 47.9bn), DKK 43.4bn of which was attributed to shareholders in Carlsberg A/S and DKK 2.6bn to non-controlling interests.

Equity was impacted by the consolidated profit of DKK 7.5bn, offset by the dividend payout of DKK 3.6bn, share buy-back of DKK 4.1bn and non-controlling interests of DKK 4.5bn, including the impact from the acquisition of the remaining 25% in Cambrew, DKK 1.6bn.

Total liabilities increased to DKK 77.1bn against DKK 69.8bn at 31 December 2018.

Long-term borrowings increased by DKK 4.1bn to DKK 20.9bn, mainly due to the issuance of a 10-year EUR 400m bond in July 2019 and the implementation of IFRS 16. Short-term borrowings declined by DKK 3.1bn to DKK 4.1bn, impacted by the repayment of a EUR 750m bond in July 2019, partly offset by our ECP (European Commercial Paper) programme, which is used for short-term funding.

Tax liabilities, retirement benefit obligations etc. increased by DKK 4.3bn to DKK 22.9bn (31 December 2018: DKK 18.6bn) due to several factors, including fair value adjustments of contingent considerations, an increase in tax risk provisions, currency adjustment of tax liabilities and an increase in retirement benefit obligations.

Current liabilities excluding short-term borrowings increased by DKK 2.0bn to DKK 29.2bn (31 December 2018: DKK 27.2bn), mainly impacted by higher trade payables (DKK +1.0bn) and other liabilities (DKK +0.4bn). The former was due to increased sales in Asia and currencies, while the latter was impacted by provisions related to Cambrew, bonus accruals in Asia, fair value adjustments and lower accrued interest payable.

CASH FLOW

Free cash flow amounted to DKK 9,962m versus DKK 6,156m in 2018, mainly as a result of higher EBITDA, proceeds from the sales of brewery sites and a net positive inflow from financial investments versus an outflow of DKK 1.9bn in 2018.

Cash flow from operating activities was DKK 12,239m against DKK 12,047m in 2018.

EBITDA was DKK 15,007m (2018: DKK 13,420m), positively impacted by higher operating profit.

The change in trade working capital was DKK +491m (2018: DKK +1,908m). Average trade working capital to revenue was -16.8% (2018 MAT: -16.0%). The change in other working capital was DKK +634m (2018: DKK +52m), impacted by provisions, VAT and other accruals.

Restructuring costs paid amounted to DKK -445m (2018: DKK -238m). Net interest etc. paid amounted to DKK -894m (2018: DKK -863m), impacted by the settlement of financial instruments. Corporation tax paid was DKK -2,234m (2018: DKK -2,375m).

Cash flow from investing activities was DKK -2,277m against DKK -5,891m in 2018. Operational investments totalled DKK -2,824m (2018: DKK -3,955m), positively impacted by proceeds from the sales of the former brewery sites in Norway and Germany. The proceeds from the sale of the site in Hamburg were recognised in November 2019, when the transfer of the brewery site to the buyer took place. Total financial investments amounted to DKK +551m (2018: DKK -1,926m), the negative amount in 2018 reflecting the acquisitions of Cambrew and Super Bock.

Cash flow from financing was impacted by the share buy-back of DKK 4.1bn, the acquisition of the remaining 25% non-controlling interest in Cambrew (DKK 1.6bn) and completion of the sale of the brewery site in Hamburg. When the sales price for the brewery was received in 2016, it was recognised as a prepayment within borrowings. At the completion date in November 2019, the proceeds were recognised as cash flow from disposal of property, plant and equipment, reversing the borrowings and thereby decreasing the external financing cash flow.

FINANCING

At 31 December 2019, gross financial debt amounted to DKK 25.0bn and net interest-bearing debt to DKK 18.8bn. The difference of DKK 6.2bn mainly comprised cash and cash equivalents of DKK 5.2bn.

The net interest-bearing debt/EBITDA ratio declined to 1.25x (1.29x at year-end 2018).

Of the gross financial debt, 84% (DKK 20.9bn) was long term, i.e. with maturity of more than one year from 31 December 2019. On 17 June, we issued a 10-year EUR 400m bond with a coupon of 0.875%, the proceeds of which were used for general corporate purposes, including repayment of the EUR 750m bond with a 2.625% coupon, which matured on 3 July 2019.

On 3 June, we entered into a new revolving credit facility of EUR 2.0bn maturing in June 2024, with an option to extend the maturity until June 2025/2026. This replaced a EUR 2.5bn facility signed in December 2013, which was reduced to EUR 2.0bn in April 2018.

87% of the net financial debt was denominated in EUR and DKK (after swaps). At 31 December 2019, the duration was 4.4 years.

SHARE BUY-BACK

2019 PROGRAMME

On 6 February 2019, the Company announced its intention to buy back shares worth DKK 4.5bn over a 12-month period. The buy-back was finalised on 30 January 2020, and under the programme the Company repurchased a total of 4,912,500 shares at a value of DKK 4,499,986,776. Thus, the average repurchase price was DKK 916 per share. The total volume bought in during the 11-month period represented around 8% of the traded volumes on Nasdaq Copenhagen.

At the upcoming Annual General Meeting, the Supervisory Board will propose cancelling 4.4m shares.

2020 PROGRAMME

The Supervisory Board has decided to continue using share buy-back programmes to return excess cash to shareholders.

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. The share buy-back programmes are in line with the SAIL'22 target of ensuring an optimal capital allocation for the Group.

Consequently, over the next 12 months, the Carlsberg Group intends to buy back Carlsberg B shares amounting to DKK 5.0bn. This share buy-back programme will be split into two tranches of approximately six months each. Today, the Group will initiate a share buy-back programme of DKK 2.5bn with a maximum of 10 million Carlsberg B shares.

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 2021, 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 4 February 2020 to 7 August 2020. 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. 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 16 March 2020 at 5.00 p.m. (CET) at Ny Carlsberg Glyptotek, Dantes Plads 7, Copenhagen, Denmark.

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 2019 of DKK 21.0 per share, or a total of DKK 3.2bn. This is an increase of 17% compared with 2018 and equals a payout ratio of approximately 50% of adjusted net profit.

Cancellation of shares

As a consequence of the share buy-back programme initiated in February 2019, the Supervisory Board will recommend to the Annual General Meeting that 4.4m 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 2020:

16 March	Annual General Meeting
30 April	Q1 trading statement
13 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 2019.

The Company announcement of the financial statement as at 31 December 2019 has been prepared using the same accounting policies as the consolidated financial statements for 2019.

Copenhagen, 4 February 2020

Executive Board of Carlsberg A/S

Cees 't Hart CEO	Heine Dalsgaard CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher Chairman	Lars Fruergaard Jørgensen Deputy Chairman	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

FINANCIAL STATEMENTS

INCOME STATEMENT

DKK million	H2 2019	H2 2018[1]	2019	2018[1]
Revenue	32,912	31,537	65,902	62,503
Cost of sales	-16,601	-15,972	-33,264	-31,283
Gross profit	**16,311**	**15,565**	**32,638**	**31,220**
Sales and distribution expenses	-8,954	-8,510	-17,826	-17,474
Administrative expenses	-2,286	-2,163	-4,733	-4,615
Other operating activities, net	82	67	108	68
Share of profit after tax of associates and joint ventures	141	-3	278	130
Operating profit before special items	**5,294**	**4,956**	**10,465**	**9,329**
Special items, net	368	-51	501	-88
Financial income	288	227	360	358
Financial expenses	-575	-619	-1,098	-1,080
Profit before tax	**5,375**	**4,513**	**10,228**	**8,519**
Income tax	-1,441	-1,264	-2,751	-2,386
Consolidated profit	**3,934**	**3,249**	**7,477**	**6,133**
Attributable to:				
Non-controlling interests	444	411	908	824
Shareholders in Carlsberg A/S (net profit)	3,490	2,838	6,569	5,309
DKK				
Earnings per share of DKK 20	23.4	18.6	43.7	34.8
Diluted earnings per share of DKK 20	23.2	18.5	43.4	34.7

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

STATEMENT OF COMPREHENSIVE INCOME

DKK million	H2 2019	H2 2018[1]	2019	2018[1]
Consolidated profit	**3,934**	**3,249**	**7,477**	**6,133**
Other comprehensive income				
Retirement benefit obligations	-352	93	-571	392
Share of other comprehensive income in associates and joint ventures	-1	-2	4	4
Income tax	38	-33	38	-33
Items that will not be reclassified to the income statement	**-315**	**58**	**-529**	**363**
Foreign exchange adjustments of foreign entities	990	-1,882	3,485	-2,754
Fair value adjustments of hedging instruments	-67	-217	-323	-640
Other	14	-	14	-
Income tax	-24	-13	17	85
Items that may be reclassified to the income statement	**913**	**-2,112**	**3,193**	**-3,309**
Other comprehensive income	**598**	**-2,054**	**2,664**	**-2,946**
Total comprehensive income	**4,532**	**1,195**	**10,141**	**3,187**
Attributable to:				
Non-controlling interests	448	407	905	855
Shareholders in Carlsberg A/S	4,084	788	9,236	2,332

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

STATEMENT OF FINANCIAL POSITION

DKK million	31 Dec. 2019	31 Dec. 2018[1]
ASSETS		
Intangible assets	69,805	66,868
Property, plant and equipment	27,886	25,394
Financial assets	7,481	7,352
Total non-current assets	**105,172**	**99,614**
Inventories	4,751	4,435
Trade receivables	5,339	5,084
Other receivables	2,636	2,978
Cash and cash equivalents	5,222	5,589
Total current assets	**17,948**	**18,086**
Total assets	**123,120**	**117,700**
EQUITY AND LIABILITIES		
Equity, shareholders in Carlsberg A/S	43,448	45,302
Non-controlling interests	2,587	2,587
Total equity	**46,035**	**47,889**
Borrowings	20,879	16,750
Tax liabilities, retirement benefit obligations etc.	22,895	18,580
Total non-current liabilities	**43,774**	**35,330**
Borrowings	4,112	7,233
Trade payables	17,149	16,199
Deposits on returnable packaging materials	1,545	1,583
Other liabilities	10,505	9,466
Total current liabilities	**33,311**	**34,481**
Total equity and liabilities	**123,120**	**117,700**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

STATEMENT OF CHANGES IN EQUITY

DKK million	Shareholders in Carlsberg A/S							
2019	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January	**3,051**	**-36,116**	**-721**	**-36,837**	**79,088**	**45,302**	**2,587**	**47,889**
Consolidated profit	**-**	**-**	**-**	**-**	**6,569**	**6,569**	**908**	**7,477**
Other comprehensive income	**-**	**3,185**	**-**	**3,185**	**-518**	**2,667**	**-3**	**2,664**
Total comprehensive income for the year	**-**	**3,185**	**-**	**3,185**	**6,051**	**9,236**	**905**	**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
Total changes in equity	**-**	**3,185**	**-**	**3,185**	**-5,039**	**-1,854**	**-**	**-1,854**
Equity at 31 December	**3,051**	**-32,931**	**-721**	**-33,652**	**74,049**	**43,448**	**2,587**	**46,035**
2018[1]								
Equity at 1 January	**3,051**	**-32,902**	**-581**	**-33,483**	**77,362**	**46,930**	**2,595**	**49,525**
Consolidated profit	**-**	**-**	**-**	**-**	**5,309**	**5,309**	**824**	**6,133**
Other comprehensive income	**-**	**-3,214**	**-140**	**-3,354**	**377**	**-2,977**	**31**	**-2,946**
Total comprehensive income for the year	**-**	**-3,214**	**-140**	**-3,354**	**5,686**	**2,332**	**855**	**3,187**
Acquisition/disposal of treasury shares	-	-	-	-	44	44	-	44
Settlement of share-based payments	-	-	-	-	-94	-94	-	-94
Share-based payments	-	-	-	-	171	171	3	174
Dividends paid to shareholders	-	-	-	-	-2,439	-2,439	-869	-3,308
Non-controlling interests	-	-	-	-	-1,642	-1,642	-	-1,642
Disposal of entities	-	-	-	-	-	-	3	3
Total changes in equity	**-**	**-3,214**	**-140**	**-3,354**	**1,726**	**-1,628**	**-8**	**-1,636**
Equity at 31 December	**3,051**	**-36,116**	**-721**	**-36,837**	**79,088**	**45,302**	**2,587**	**47,889**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

STATEMENT OF CASH FLOWS

DKK million	H2 2019	H2 2018[1]	2019	2018[1]
Operating profit before special items	5,294	4,956	10,465	9,329
Depreciation, amortisation and impairment losses	2,376	1,987	4,542	4,091
Operating profit before depreciation, amortisation and impairment losses[2]	**7,670**	**6,943**	**15,007**	**13,420**
Other non-cash items	-244	97	-320	143
Change in trade working capital	-250	-132	491	1,908
Change in other working capital	567	-419	634	52
Restructuring costs paid	-363	-44	-445	-238
Interest etc. received	69	89	139	153
Interest etc. paid	-571	-641	-1,033	-1,016
Income tax paid	-1,135	-1,113	-2,234	-2,375
Cash flow from operating activities	**5,743**	**4,780**	**12,239**	**12,047**
Acquisition of property, plant and equipment and intangible assets	-2,284	-2,392	-4,588	-4,017
Disposal of property, plant and equipment and intangible assets	1,158	219	1,714	254
Change in on-trade loans	39	78	50	-192
Total operational investments	**-1,087**	**-2,095**	**-2,824**	**-3,955**
Free operating cash flow	**4,656**	**2,685**	**9,415**	**8,092**
Acquisition and disposal of subsidiaries, net	19	-974	-	-974
Acquisition and disposal of associates and joint ventures, net	-1	-1,491	-41	-1,491
Acquisition and disposal of financial investments, net	20	-	25	3
Change in financial receivables	-9	3	-59	-36
Dividends received	122	178	626	572
Total financial investments	**151**	**-2,284**	**551**	**-1,926**
Other investments in real estate	-1	-10	-4	-10
Total other activities[3]	**-1**	**-10**	**-4**	**-10**
Cash flow from investing activities	**-937**	**-4,389**	**-2,277**	**-5,891**
Free cash flow	**4,806**	**391**	**9,962**	**6,156**
Shareholders in Carlsberg A/S	-	3	-2,738	-2,489
Share buy-back	-2,351	-	-4,100	-
Non-controlling interests	-1,863	-320	-2,520	-1,186
External financing	-1,572	-110	-935	-123
Cash flow from financing activities	**-5,786**	**-427**	**-10,293**	**-3,798**
Net cash flow	**-980**	**-36**	**-331**	**2,358**
Cash and cash equivalents at beginning of period[4]	6,101	5,526	5,434	3,120
Foreign exchange adjustment of cash and cash equivalents	28	-56	46	-44
Cash and cash equivalents at 31 December[4]	**5,149**	**5,434**	**5,149**	**5,434**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.
[2] Impairment losses excluding those reported in special items.
[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 2019	Q4 2018[1]	H2 2019	H2 2018[1]	2019	2018[1]
Beer (million hl)						
Western Europe	10.3	10.5	24.1	24.4	46.6	47.3
Asia	6.5	6.6	17.1	16.6	37.2	34.4
Eastern Europe	6.2	6.6	14.4	15.6	28.7	30.6
Total	**23.0**	**23.7**	**55.6**	**56.6**	**112.5**	**112.3**
Non-beer (million hl)						
Western Europe	3.8	3.8	7.9	7.9	15.3	15.1
Asia	1.1	1.0	2.2	1.9	4.8	3.6
Eastern Europe	0.4	0.4	1.1	1.1	2.3	2.1
Total	**5.3**	**5.2**	**11.2**	**10.9**	**22.4**	**20.8**
Revenue (DKK million)						
Western Europe	8,322	8,218	18,525	18,396	36,317	36,151
Asia	3,601	3,372	8,635	7,615	18,416	15,530
Eastern Europe	2,415	2,351	5,686	5,507	11,097	10,780
Not allocated	48	8	66	19	72	42
Beverages, total	**14,386**	**13,949**	**32,912**	**31,537**	**65,902**	**62,503**
Non-beverage	-	-	-	-	-	-
Total	**14,386**	**13,949**	**32,912**	**31,537**	**65,902**	**62,503**
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)						
Western Europe			4,469	3,823	8,214	7,152
Asia			2,540	2,178	5,402	4,412
Eastern Europe			1,238	1,459	2,599	2,893
Not allocated			-522	-513	-1,157	-1,008
Beverages, total			**7,725**	**6,947**	**15,058**	**13,449**
Non-beverage			-55	-4	-51	-29
Total			**7,670**	**6,943**	**15,007**	**13,420**
Operating profit before special items (DKK million)						
Western Europe			3,427	2,952	6,187	5,425
Asia			1,766	1,556	3,931	3,164
Eastern Europe			862	1,151	1,882	2,222
Not allocated			-703	-694	-1,476	-1,443
Beverages, total			**5,352**	**4,965**	**10,524**	**9,368**
Non-beverage			-58	-9	-59	-39
Total			**5,294**	**4,956**	**10,465**	**9,329**
Operating margin (%)						
Western Europe			18.5	16.0	17.0	15.0
Asia			20.5	20.4	21.3	20.4
Eastern Europe			15.1	20.9	17.0	20.6
Not allocated			-	-	-	-
Beverages, total			**16.3**	**15.7**	**16.0**	**15.0**
Non-beverage			-	-	-	-
Total			**16.1**	**15.7**	**15.9**	**14.9**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 1 (PAGE 2 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2019	2018[1]
Capital expenditure, CapEx		
Western Europe	2,100	1,948
Asia	1,539	1,164
Eastern Europe	602	547
Not allocated	330	347
Beverages, total	**4,571**	**4,006**
Non-beverage	21	21
Total	**4,592**	**4,027**
Amortisation and depreciation		
Western Europe	2,027	1,727
Asia	1,471	1,248
Eastern Europe	717	671
Not allocated	319	435
Beverages, total	**4,534**	**4,081**
Non-beverage	8	10
Total	**4,542**	**4,091**
Amortisation and depreciation, excluding right-of-use assets		
Western Europe	1,725	1,727
Asia	1,415	1,248
Eastern Europe	684	671
Not allocated	308	435
Beverages, total	**4,132**	**4,081**
Non-beverage	8	10
Total	**4,140**	**4,091**
CapEx/Amortisation and depreciation, excluding right-of-use assets (%)		
Western Europe	122	113
Asia	109	93
Eastern Europe	88	82
Not allocated	-	-
Beverages, total	**111**	**98**
Non-beverage	-	-
Total	**111**	**98**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 1 (PAGE 3 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2019	2018[1]
Invested capital, period-end		
Western Europe	39,299	38,254
Asia	20,521	21,090
Eastern Europe	27,193	23,976
Not allocated	-2,347	-1,696
Beverages, total	**84,666**	**81,624**
Non-beverage	1,553	1,097
Total	**86,219**	**82,721**
Invested capital excl. goodwill, period-end		
Western Europe	18,372	17,440
Asia	4,389	5,040
Eastern Europe	11,344	9,911
Not allocated	-2,347	-1,696
Beverages, total	**31,758**	**30,695**
Non-beverage	1,553	1,097
Total	**33,311**	**31,792**
EBIT adjusted for effective tax		
Western Europe	4,643	4,053
Asia	2,981	2,365
Eastern Europe	1,511	1,785
Not allocated	-1,448	-1,473
Beverages, total	**7,687**	**6,730**
Non-beverage	-37	-13
Total	**7,650**	**6,717**
Return on invested capital, ROIC (%), 12-month average		
Western Europe	11.5	10.8
Asia	14.2	11.8
Eastern Europe	5.8	7.0
Not allocated	-	-
Beverages, total	**8.9**	**8.2**
Non-beverage	-	-
Total	**8.8**	**8.1**
Return on invested capital excl. goodwill (%), 12-month average		
Western Europe	23.7	24.4
Asia	63.5	44.0
Eastern Europe	13.9	17.1
Not allocated	-	-
Beverages, total	**22.9**	**21.4**
Non-beverage	-	-
Total	**22.2**	**20.9**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 2

SEGMENT REPORTING BY ACTIVITY

	H2 2019			H2 2018[1]		
DKK million	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	**32,912**	**-**	**32,912**	**31,537**	**-**	**31,537**
Operating profit before special items	5,352	-58	5,294	4,965	-9	4,956
Special items, net	435	-67	368	-51	-	-51
Financial items, net	-277	-10	-287	-390	-2	-392
Profit before tax	**5,510**	**-135**	**5,375**	**4,524**	**-11**	**4,513**
Income tax	-1,456	15	-1,441	-1,266	2	-1,264
Consolidated profit	**4,054**	**-120**	**3,934**	**3,258**	**-9**	**3,249**
Attributable to:						
Non-controlling interests	444	-	444	411	-	411
Shareholders in Carlsberg A/S (net profit)	3,610	-120	3,490	2,847	-9	2,838

	2019			2018[1]		
DKK million	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	**65,902**	**-**	**65,902**	**62,503**	**-**	**62,503**
Operating profit before special items	10,524	-59	10,465	9,368	-39	9,329
Special items, net	568	-67	501	-88	-	-88
Financial items, net	-728	-10	-738	-718	-4	-722
Profit before tax	**10,364**	**-136**	**10,228**	**8,562**	**-43**	**8,519**
Income tax	-2,766	15	-2,751	-2,395	9	-2,386
Consolidated profit	**7,598**	**-121**	**7,477**	**6,167**	**-34**	**6,133**
Attributable to:						
Non-controlling interests	908	-	908	824	-	824
Shareholders in Carlsberg A/S (net profit)	6,690	-121	6,569	5,343	-34	5,309

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 3

SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2018[1]	H2 2018[1]	H1 2019	H2 2019
Revenue				
Western Europe	17,755	18,396	17,792	18,525
Asia	7,915	7,615	9,781	8,635
Eastern Europe	5,273	5,507	5,411	5,686
Not allocated	23	19	6	66
Beverages, total	**30,966**	**31,537**	**32,990**	**32,912**
Non-beverage	-	-	-	-
Total	**30,966**	**31,537**	**32,990**	**32,912**
Operating profit before special items				
Western Europe	2,473	2,952	2,760	3,427
Asia	1,608	1,556	2,165	1,766
Eastern Europe	1,071	1,151	1,020	862
Not allocated	-749	-694	-773	-703
Beverages, total	**4,403**	**4,965**	**5,172**	**5,352**
Non-beverage	-30	-9	-1	-58
Total	**4,373**	**4,956**	**5,171**	**5,294**
Special items, net	-37	-51	133	368
Financial items, net	-330	-392	-451	-287
Profit before tax	**4,006**	**4,513**	**4,853**	**5,375**
Income tax	-1,122	-1,264	-1,310	-1,441
Consolidated profit	**2,884**	**3,249**	**3,543**	**3,934**
Attributable to:				
Non-controlling interests	413	411	464	444
Shareholders in Carlsberg A/S (net profit)	2,471	2,838	3,079	3,490

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 4

SPECIAL ITEMS

DKK million	2019	2018
Special items, income:		
Gain on disposal of entities and assets	1,061	42
Disposal of property, plant and equipment previously impaired, including adjustments to gains and reversal of provisions made in prior years	-	199
Reversal of impairment losses	3	49
Revaluation gain on step acquisition of entities	-	13
Income, total	**1,064**	**303**
Special items, expenses:		
Restructuring and impairment of property, plant and equipment in Western Europe, net	-337	-323
Restructuring and impairment of property, plant and equipment in Asia, net	-8	-54
Restructuring and impairment of property, plant and equipment in Eastern Europe, net	-96	-
Provisions related to disposal of a former brewery site in previous years	-110	-
Impairment of brands	-6	-
Other	-6	-14
Expenses, total	**-563**	**-391**
Special items, net	**501**	**-88**

NOTE 5

NET FINANCIAL EXPENSES

DKK million	H2 2019	H2 2018[1]	2019	2018[1]
Financial income				
Interest income	65	83	135	153
Foreign exchange gains, net	-	-14	-	36
Interest on plan assets, defined benefit plans	189	155	189	155
Other	34	3	36	14
Total	**288**	**227**	**360**	**358**
Financial expenses				
Interest expenses	-221	-287	-519	-579
Capitalised financial expenses	8	5	18	10
Foreign exchange losses, net	-16	-	-88	-
Interest cost on obligations, defined benefit plans	-229	-199	-256	-232
Interest expenses, lease liabilities	-6	-	-12	-
Other	-111	-138	-241	-279
Total	**-575**	**-619**	**-1,098**	**-1,080**
Financial items, net, recognised in the income statement	**-287**	**-392**	**-738**	**-722**
Financial items excluding foreign exchange, net	**-271**	**-378**	**-650**	**-758**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

NOTE 6

DEBT AND CREDIT FACILITIES

DKK million

Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	31 Dec. 2019 Total
Issued bonds	-	5,587	3,712	7,424	2,950	19,673
Bank borrowings	24	19	13	-29	-	27
Lease liabilities	388	123	94	70	490	1,165
Other non-current borrowings	-	-	2	-	12	14
Total	**412**	**5,729**	**3,821**	**7,465**	**3,452**	**20,879**

DKK million

Currency split of net financial debt	31 Dec. 2019
EUR	17,169
DKK	-56
Other currencies	2,656
Total	**19,769**

DKK million

Committed credit facilities	31 Dec. 2019
< 1 year	5,643
1-2 years	412
2-3 years	5,729
3-4 years	3,821
4-5 years	22,404
> 5 years	3,452
Total	**41,461**
Current	5,643
Non-current	35,818

NOTE 7

NET INTEREST-BEARING DEBT

DKK million	H2 2019	H2 2018[1]	2019	2018[1]
Net interest-bearing debt is calculated as follows:				
Issued bonds			19,673	16,697
Bank borrowings			27	35
Lease liabilities			1,165	-
Other non-current borrowings			14	18
Total non-current borrowings			**20,879**	**16,750**
Issued bonds			-	5,602
Bank borrowings			347	526
Lease liabilities			424	-
Other current borrowings			3,341	1,105
Total current borrowings			**4,112**	**7,233**
Gross financial debt			**24,991**	**23,983**
Cash and cash equivalents			-5,222	-5,589
Net financial debt			**19,769**	**18,394**
Loans to associates, interest-bearing portion			-226	-325
On-trade loans, net			-668	-717
Other receivables, net			-99	-39
Other interest-bearing assets, net			**-993**	**-1,081**
Net interest-bearing debt			**18,776**	**17,313**

Changes in net interest-bearing debt:

Net interest-bearing debt at beginning of period	**18,992**	**17,258**	**17,313**	**19,638**
Recognition of lease liabilities	-	-	1,592	-
Net interest-bearing debt at beginning of period	**18,992**	**17,258**	**18,905**	**19,638**
Cash flow from operating activities	-5,743	-4,780	-12,239	-12,047
Cash flow from investing activities	955	1,924	2,236	3,426
Cash flow from acquisitions	1,607	2,554	1,711	2,820
Dividend to shareholders and non-controlling interests	239	231	3,588	3,270
Share buy-back	2,351	-	4,100	-
Acquisition/disposal of treasury shares and settlement of share-based payments	-	-4	-	50
Acquired net interest-bearing debt from acquisition of subsidiaries	170	-	170	-
Change in interest-bearing lending	-77	14	-71	18
Effects of currency translation	-89	99	-14	142
Lease liabilities, net	486	-	411	-
Other	-20	17	-21	-4
Total change	**-121**	**55**	**-129**	**-2,325**
Net interest-bearing debt, end of period	**18,776**	**17,313**	**18,776**	**17,313**

[1] Comparative figures for 2018 have not been restated to include IFRS 16.

All borrowings are measured at amortised cost.

APPENDIX 1

IMPACT OF ACCOUNTING POLICIES FOLLOWING THE IMPLEMENTATION OF IFRS 16 "LEASES"

On adoption, the Group recognised lease liabilities for leases previously classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's average incremental borrowing rate of 0.75%. The associated right-of-use assets were measured at the amount equal to the lease liability resulting in an increase in property, plant and equipment and in borrowings of DKK 1,592m. The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset.

EBITDA increased by DKK 413m, as operating lease expenses were included in EBITDA but depreciation of the right-of-use assets and interest on the lease liability were excluded from this measure. Operating profit increased and net financial items decreased by DKK 11m. Profit before tax and equity remained unchanged. Free cash flow increased by DKK 402m, as repayment of the principal portion of the lease liabilities was classified as cash flow from financing activities. The impacts are illustrated in the tables.

A reconciliation of the reported operating leases at 31 December 2018 and the recognised lease liabilities at 1 January 2019 is disclosed in the table.

IMPACT ON STATEMENT OF FINANCIAL POSITION

DKK million	1 Jan. 2019	31 Dec. 2019
Property, plant and equipment		
Land and buildings	1,005	1,013
Plant and machinery	23	26
Other equipment, fixtures and fittings	564	469
Total property, plant and equipment	**1,592**	**1,508**
Other receivables	95	81
Total assets	**1,687**	**1,589**
Equity		
Equity, shareholders in Carlsberg A/S	-	-
Total equity	**-**	**-**
Liabilities		
Finance lease liabilities	-	-
Lease liabilities	1,687	1,589
Total liabilities	**1,687**	**1,589**
Total equity and liabilities	**1,687**	**1,589**
Changes in net interest-bearing debt		
Lease liabilities	1,687	1,589
Other receivables	-95	-81
Lease liabilities, net	**1,592**	**1,508**

IMPACT ON INCOME STATEMENT

DKK million	2019
Operating profit before depreciation, amortisation and impairment losses	413
Depreciation, right-of-use assets	-402
Operating profit before special items	**11**
Interest expenses, lease liabilities	-11
Profit before tax	**-**
Income tax	-
Consolidated profit	**-**

IMPACT ON STATEMENT OF CASH FLOWS

DKK million	2019
Operating profit before depreciation, amortisation and impairment losses	413
Interest etc. paid	-11
Cash flow from operating activities	**402**
Cash flow from investing activities	12
Cash flow from financing activities	-414
Net change in cash flows	**-**

RECONCILIATION OF CHANGES IN ACCOUNTING POLICY

DKK million	
Operating lease commitments disclosed at 31 December 2018	**1,021**
Discounted using the Group's incremental borrowing interest rate of 0.75%	-28
Adjustments as a result of different treatment, including extension and termination options, indexation and variable payments	599
Lease liability recognised at 1 January 2019	**1,592**

APPENDIX 2

COMPANY ANNOUNCEMENTS IN 2019

The list below contains Company announcements during 2019, 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/

06.02.2019	Financial Statement as at 31 December 2018
06.02.2019	Carlsberg Group Annual Report 2018
08.02.2019	Notice to convene the Annual General Meeting
13.03.2019	Annual General Meeting – Summary
02.05.2019	Trading Statement as at 31 March 2019
17.06.2019	Carlsberg issues 10-year EUR notes
08.08.2019	Upgrade of 2019 earnings expectations
15.08.2019	Financial Statement as at 30 June 2019
28.10.2019	Upgrade of 2019 earnings expectations
31.10.2019	Q3 2019 Trading Statement