

Company announcement 9/2015

12 May 2015

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Financial statement as at 31 March 2015

Underlying performance as expected – full-year organic growth outlook maintained

Financial highlights

- Organic net revenue growth of 4% to DKK 13.5bn.
- Solid price/mix of +3%.
- 8% organic operating profit growth driven by strong performance in Western Europe and Asia.
- 46% reported operating profit growth to DKK 661m.
- Adjusted net profit of DKK 0m (DKK -50m in Q1 2014).
- ROIC improved by 40bp to 8.4%.

Operational highlights

- Strong market share growth in all three regions.
- Beer volumes grew organically by 5% in Western Europe and 4% in Asia while Group beer volumes declined organically by 1%, due to Eastern Europe.
- The remaining four large markets went live on BSP1 in early April.
- Our international premium portfolio delivered strong growth: The Carlsberg brand grew 6% in its premium markets, Tuborg grew 27%, Somersby +42%, Kronenbourg 1664 +7% and Grimbergen +34%.

2015 earnings expectations

- 2015 outlook of organic operating profit growth by mid- to high-single-digit percentages is maintained.

Commenting on the results, CEO Jørgen Buhl Rasmussen says: “The Group’s performance in the traditionally small Q1 was in line with our expectations. Our commercial activities yielded good initial results and we achieved strong overall market share performance. We are starting to roll out major internal initiatives that will make the Group even more efficient, agile and responsive and contribute to improved profits and returns.”

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KEY FIGURES AND FINANCIAL RATIOS

DKK million	Q1 2015	Q1 2014	2014	
Total sales volumes (million hl)				
Beer	27.5	27.4	134.5	
Other beverages	5.0	4.6	22.7	
Pro rata volumes (million hl)				
Beer	25.2	25.0	122.8	
Other beverages	4.6	4.3	21.0	
Income statement				
Net revenue	13,471	12,896	64,506	
Operating profit before special items	661	453	9,230	
Special items, net	-110	-29	-1,353	
Financial items, net	-454	-346	-1,191	
Profit before tax	97	78	6,686	
Corporation tax	-27	-16	-1,748	
Consolidated profit	70	62	4,938	
Attributable to:				
Non-controlling interests	160	129	524	
Shareholders in Carlsberg A/S	-90	-67	4,414	
Shareholders in Carlsberg A/S (adjusted) ¹	-	-50	5,496	
Statement of financial position				
Total assets	147,006	147,921	136,983	
Invested capital	111,725	115,972	103,587	
Invested capital excluding goodwill	55,921	60,811	51,041	
Interest-bearing debt, net	39,206	37,712	36,567	
Equity, shareholders in Carlsberg A/S	55,541	61,273	52,437	
Statement of cash flows				
Cash flow from operating activities	-548	-1,196	7,405	
Cash flow from investing activities	-872	-900	-6,735	
Free cash flow	-1,420	-2,096	670	
Financial ratios				
Operating margin	%	4.9	3.5	14.3
ROIC ²	%	8.4	8.1	8.0
ROIC excluding goodwill ²	%	16.3	14.7	15.3
Equity ratio	%	37.8	42.0	38.3
Debt/equity ratio (financial gearing)	x	0.67	0.60	0.65
Interest cover	x	1.46	1.31	7.75
Stock market ratios				
Earnings per share (EPS)	DKK	-0.6	-0.4	28.9
Earnings per share, adjusted (EPS-A) ¹	DKK	-	-0.3	36.0
Cash flow from operating activities per share (CFPS)	DKK	-3.6	-7.8	48.4
Free cash flow per share (FCFPS)	DKK	-9.3	-13.7	4.4
Share price (B-shares)	DKK	574.0	539.0	478.8
Number of shares (period-end, excl. treasury shares)	1,000	152,544	152,539	152,538
Number of shares (average, excl. treasury shares)	1,000	152,538	152,535	152,535

¹ Adjusted for special items after tax.

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BUSINESS DEVELOPMENT

	2014	Change			2015	Change Reported
		Organic	Acq., net	FX		
Q1						
Pro rata (million hl)						
Beer	25.0	-1%	1%		25.2	0%
Other beverages	4.3	10%	0%		4.6	10%
Total volume	29.3	0%	2%		29.8	2%
DKK million						
Net revenue	12,896	4%	0%	0%	13,471	4%
Operating profit	453	8%	-9%	47%	661	46%
Operating margin (%)	3.5				4.9	140bp

Group financial highlights

In the first three months of the year, Group beer volumes declined organically by 1% as higher volumes in Western Europe and Asia were not sufficient to fully offset the volume decline in Eastern Europe. Volumes in Western Europe were impacted by the earlier sell-in to Easter and the stock-up prior to the BSPI roll-out. Reported beer volumes were flat. Other beverages grew organically by 10% due to strong volume development in the Nordic soft drinks businesses.

Net revenue grew 4% organically, driven by a positive price/mix of 3%. Reported net revenue grew 4%, as the net impact of currency and acquisition was insignificant.

Group operating profit grew organically by 8%, driven by very strong performance in Western Europe and continued growth in Asia. Reported operating profit grew 46% to DKK 661m, impacted by a positive currency impact of DKK 213m. Group operating profit margin was 4.9%, up 140bp for the quarter.

Reported net profit was DKK -90m (DKK -67m).

Adjusted net profit (adjusted for special items after tax) was DKK 0m (DKK -50m).

Return on invested capital (rolling 12 months) was 8.4% (2014: 8.0%).

We are making good progress on the implementation of a Group-wide initiative to further improve organisational efficiencies by simplifying, streamlining and removing duplication in processes and functions, and the implementation of operating cost management, which is a new framework for budgeting (including ZBB), tracking and monitoring costs. The benefits from this activity will not impact our communicated targets for 2015, but will be reflected in our targets for 2016.

Group operational highlights

Ensuring that we have a strong portfolio of international premium brands and local power brands to offer to our consumers and customers is an important part of our commercial strategy.

In particular, expanding market shares and balancing volume and value are key priorities to drive performance.

The Carlsberg brand had a promising start of the year, especially in Asia. The brand grew 6% in its premium markets. We are re-energising our iconic “Carlsberg - Probably the best beer in the world” and “If Carlsberg did” taglines as they form some of the most successful communications platforms in the history of the beer industry.

The strong momentum of Tuborg continued and the brand grew 27% as a result of impressive growth in Asia, particularly in China and India, as well as solid performance in key Western European markets. In China, the growth was driven by increased distribution and higher throughput per outlet, and in India, higher media investments leading to a significant increase in brand awareness.

Kronenbourg 1664 delivered 7% volume growth. France delivered substantial growth due to the BSP1-related stock-up, improved competitiveness, sustained momentum of 1664 Blanc and incremental uplift from 1664 Sans Alcool. Asia keeps developing very positively, with the strongest performance being in Hong Kong following the campaign “Taste the French Way of Life”.

Somersby continued its very successful progression, growing 42%, with particularly strong results in Poland, Ukraine, Denmark and in the export markets Canada and Australia. The UK launch of the international Somersby line in February was well received and yielded good initial results.

Our Belgian abbey ale, Grimbergen, grew 34%. It is available in 36 markets globally and has since 2011 been the fastest-growing international abbey beer. Key drivers behind the growth were the launch of a 75cl sharing bottle in France, Denmark and Italy, a new digital campaign in France, and the continued roll-out of the brand in on-trade across markets.

Innovation remains a key priority and in 2015 our efforts will include the further roll-out of brands, concepts and innovations. Some recent key initiatives have been within the growing non-alcoholic category with for instance the launch of the non-alcoholic Tourtel Twist brand in France and the Nordic brand in Denmark. Within craft, Brewmasters Collection has been positively received by consumers and the collection will be launched in more markets in 2015. Other examples include the Radler concept, which is now available in 15 markets, and the hard lemonade Seth & Riley's Garage, which is now available in eight markets.

In February, the Group reported its 2014 progress on a number of CSR parameters. Overall environmental efficiency was negatively impacted by the inclusion of new facilities in China and India. However, like-for-like, our environmental efficiency continued to improve and compared with 2013, water usage was down 5%, energy usage was reduced by 2.3% and CO₂ emissions declined 2.5%. We are on track to meet our 2017 targets.

In February, the Group announced the retirement of President and CEO Jørgen Buhl Rasmussen by 15 June 2015. He will be replaced by Cees 't Hart, currently CEO of the Dutch dairy company Royal FrieslandCampina.

Structural changes

In the beginning of 2015, the following structural changes took place:

- In January, we closed down two Russian breweries, corresponding to 15% of our Russian capacity.
- In April, we announced that we will increase our ownership of Wusu Beer Group in Xinjiang, China, to 100% through an asset swap (conditional upon certain approvals expected by the end of 2015).
- In April, the merger in Greece of Mythos and Olympic Brewery was approved by the Greek authorities.

2015 EARNINGS EXPECTATIONS

The key assumptions and the outlook are unchanged compared to our 2014 results announcement on 18 February 2015.

For 2015, the Group consequently expects:

- Operating profit to grow organically by mid- to high-single-digit percentages.

Based on current spot rates for the major currencies, the negative translation impact in 2015 is expected to be around DKK 400m.

The sensitivity of reported operating profit to movements in the EUR/RUB rate (combined transaction and translation effect) from the current spot rate of around 60 (on an annualised basis) is +/- DKK 300m for a +/- 10% change in the exchange rate.

WESTERN EUROPE

In the mature Western European markets, our key focus is to improve profitability, cash flow and returns. Our commercial focus is to increase volume and value market share through continued development of our local power brands, further roll-out of our international premium brands, innovations and premiumisation efforts. This is supported by the deployment of best-in-class commercial tools. At the same time, we focus on reducing costs and capital employed through optimising asset utilisation, further increasing efficiencies across the business and simplifying our business model. An important enabler on this journey is the roll-out of a comprehensive set of standardised business processes and an integrated supply chain (BSP1).

DKK million	Change				2015	Change Reported
	2014	Organic	Acq., net	FX		
Q1						
Pro rata (million hl)						
Beer	9.9	5%	0%		10.5	5%
Other beverages	3.2	12%	0%		3.5	12%
Total volume	13.1	7%	0%		14.0	7%
DKK million						
Net revenue	7,640	4%	0%	3%	8,163	7%
Operating profit	440	41%	0%	1%	625	42%
Operating margin (%)	5.8				7.7	190bp

Our Western European beer markets were flat. The Group's regional market share grew strongly with particularly good performance in France, the Nordic markets, Poland and the Balkans while we lost share in Switzerland.

Beer volumes grew organically by 5% with a positive development in most markets across the region with the exception of the UK, Switzerland and Italy. The volume growth was driven by market share gains, earlier sell-in to Easter this year versus last year, and stocking ahead of the BSP1 roll-out in four markets. The latter two will be reversed in Q2. Other beverages grew organically by 12%, primarily due to strong performance of the Danish soft drinks business, which was also impacted by the stocking prior to the BSP1 roll-out.

In early April, BSP1 was rolled out in Denmark, France, Germany and the Export & Licence entity. The system is now live in the major markets in Western Europe.

Net revenue grew organically by 4%. Price/mix on beer was -2%, mainly driven by phasing in a small quarter, negative channel and customer mix and a challenging pricing environment.

Operating profit grew organically to DKK 625m and operating profit margin improved 190bp to 7.7%. These results were driven by volume growth and efficiency improvements.

EASTERN EUROPE

In the Eastern European region, the Russian market has in recent years undergone significant changes. While the region offers long-term growth opportunities, the increased uncertainty and volatility have required detailed contingency and scenario planning. To ensure that we maintain a very strong business, our key focus has been to invest in our business and protect profitability while driving a positive volume and value market share trend. The means to achieve this are to drive and support our international and local premium and mainstream brands, implement and utilise the Group's commercial tools, and secure superior commercial execution. To further enhance the cost efficiency and asset utilisation of the Eastern European business, the Group is proactively adapting the structure and organisation to the changed market conditions while ensuring the long-term health of the business.

DKK million	Change				2015	Change Reported
	2014	Organic	Acq., net	FX		
Q1						
Pro rata (million hl)						
Beer	7.1	-16%	0%		6.0	-16%
Other beverages	0.2	-3%	0%		0.2	-3%
Total volume	7.3	-16%	0%		6.2	-16%
DKK million						
Net revenue	2,484	-1%	0%	-29%	1,735	-30%
Operating profit	-8	n.m.	n.m.	n.m.	-155	n.m.
Operating margin (%)	-0.3				-8.9	-860bp

Due to the difficult macroenvironment in the region, the Russian beer market declined by an estimated 9% and the Ukrainian beer market by an estimated 14%.

Our Russian value market share grew by 50bp while our volume share was impacted by the introduction of slightly smaller pack sizes in Q2 last year and was flat at 38.4% (source: Nielsen Retail Audit, Urban & Rural Russia). The market share improvement was driven by our local premium brands such as Baltika 7, Baltika 9 and Baltika Razlivnoe.

The Group's regional beer volumes (shipments) declined organically by 16% as a result of the market decline in Russia and Ukraine and further inventory reductions at Russian distributors in response to the channel shift from traditional to modern trade.

Net revenue declined organically by just 1% as it was supported by a strong price/mix of 15%. Reported net revenue declined by 30% due to the substantial negative currency impact of -29%.

In spite of the higher cost of sales per hl, gross profit per hl increased organically by low-teen percentages due to the strong price/mix improvement. Operating profit declined due to the

negative impact from operational leverage in our fixed cost base in the seasonally small first quarter and higher sales and marketing investments.

ASIA

The Group has an attractive footprint in the growing Asian region. To capture the growth opportunities we continuously expand our presence in the region through investments with a long-term view in the existing business and in new markets. Our commercial priorities are to further strengthen and premiumise our local brand portfolios and expand the reach of our international premium brands. Furthermore, we continuously upgrade our commercial execution capabilities by applying Group and regionally developed tools and best practices. In addition to growing our Asian business, we drive efficiencies across our businesses with an emphasis on optimising structures and ways of working, using well-proven Group concepts and operating models.

DKK million	Change				2015	Change Reported
	2014	Organic	Acq., net	FX		
Q1						
Pro rata (million hl)						
Beer	8.0	4%	5%		8.7	9%
Other beverages	0.9	8%	0%		0.9	8%
Total volume	8.9	5%	4%		9.6	9%
DKK million						
Net revenue	2,732	7%	2%	20%	3,537	29%
Operating profit	455	14%	-10%	22%	575	26%
Operating margin (%)	16.7				16.3	-40bp

The overall beer market in our Asia region grew in Q1 and our beer volumes grew organically by 4%, and 9% including acquisitions. The growth was mainly driven by India, Cambodia and Nepal while volumes declined in Vietnam and Malawi. Our Chinese business returned to growth and grew by 1% in a Chinese market that declined by an estimated 2%. We delivered particularly good performance in Xinjiang, Ningxia and Chongqing. The acquisition impact was due to the consolidation of the Chongqing Eastern Assets in November 2014. Other beverages grew organically by 8%, mainly driven by the soft drinks business in Laos.

Our international premium brands grew strongly across the region. The Carlsberg brand performed very well in the premium segment due to Carlsberg Light and Chill in China and Carlsberg Elephant in India. The Tuborg brand delivered strong growth in India as a result of higher media investments leading to a significant increase in brand awareness, and the brand more than doubled its volumes in China as we continued to expand distribution.

Net revenue grew organically by 7% and reported net revenue by 29%. The reported growth was mainly attributed to the favourable impact from currencies as well as to the Chongqing Eastern

Assets acquisition. The positive currency impact was attributed to most markets in the region. Price/mix was +2%.

Operating profit increased by 14% organically and 26% in reported terms. The organic operating profit growth was driven by volume growth, price/mix and overall cost consciousness resulting in lower operating expenses per hl. Organic operating profit margin improved by more than 100bp while the reported operating profit margin declined by 40bp to 16.3% due to the consolidation of Chongqing Eastern Assets.

On 7 May, we opened our new brewery in Myanmar and launched the Tuborg brand and a local mainstream brand, Yoma.

CENTRAL COSTS (NOT ALLOCATED)

Central costs were DKK 349m (DKK 402m in 2014). Central costs are incurred for ongoing support of the Group's overall operations and strategic development and driving efficiency programmes. In particular, they include the costs of running headquarters functions and central marketing (including sponsorships).

OTHER ACTIVITIES

In addition to beverage activities, the Group has interests in the sale of real estate, primarily at its former brewery sites, and the operation of the Carlsberg Research Center. These activities generated an operating loss of DKK 35m (loss of DKK 32m in 2014).

COMMENTS ON THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

Except for the changes described below, the interim report has been prepared using the same accounting policies as the consolidated financial statements for 2014. The consolidated financial statements for 2014, section 9.2, holds a complete description of the accounting policies.

As of 1 January 2015, the Carlsberg Group has implemented Improvements to IFRS 2010-2012 and 2011-2013 and amendment to IAS 19 "Defined benefit Plans: Employee Contributions". The amendment to IAS 19 clarifies the requirements on how contributions from employees or third parties linked to service should be attributed to periods of service. The implementation of the improvements and amendment have not had any significant impact on the quarterly financial statement.

INCOME STATEMENT

Special items, net, amounted to DKK -110m and related to gain on disposal of entities, DKK 11m, and cost amounting to DKK 121m, primarily related to restructuring projects implemented across the Group.

Net financial items amounted to DKK -454m against DKK -346m in 2014 as lower funding costs were more than off-set by currency losses. Net interest costs were DKK -291m compared to DKK -343m in 2014, while other net financial items were DKK -163m versus DKK -3m in 2014. Other financial items were negatively impacted by currency losses on our EUR-denominated debt and an EUR-denominated intra-company receivable in Russia.

Tax totalled DKK -27m against DKK -16m in 2014. The estimated tax rate was 28%.

Non-controlling interests were DKK 160m (2014: DKK 129m), impacted by strong performance in Laos.

Carlsberg's share of net profit was DKK -90m. Adjusted net profit (adjusted for special items after tax) was DKK 0m compared to DKK -50m in 2014.

STATEMENT OF FINANCIAL POSITION

At 31 March 2015, Carlsberg had total assets of DKK 147.0bn against DKK 137.0bn at 31 December 2014.

Assets

Total assets increased DKK 10.0bn to DKK 147.0bn at 31 March 2015 (DKK 137.0bn at 31 December 2014). The increase was mainly related to increases in intangible assets, property, plant and equipment, inventories and trade receivables.

Intangible assets increased to DKK 86.9bn compared to DKK 81.8bn at 31 December 2014, mainly due to foreign exchange adjustments of net DKK 5.1bn. Foreign exchange adjustments were primarily related to Russia and China.

Property, plant and equipment increased to DKK 29.9bn against DKK 28.7bn at 31 December 2014, mainly driven by foreign exchange adjustments of net DKK 1.8bn. Capital expenditures in the period amounted to DKK 0.8bn and depreciations to DKK 1.0bn.

The development in current assets were driven by an increase in inventories and trade receivables of DKK 1.5bn, to a large extent impacted by the BSP1 go-live in Western Europe.

Liabilities

Equity increased to DKK 59.5bn against DKK 56.0bn at 31 December 2014. DKK 55.5bn were attributed to shareholders in Carlsberg A/S and DKK 4.0bn to non-controlling interests.

The change in equity of DKK 3.5bn was mostly due to foreign exchange adjustments of foreign entities (mainly Russia and China), amounting to DKK 5.2bn and pay-out of dividends of DKK -1.6bn.

Liabilities increased to DKK 87.5bn (DKK 81.0bn at 31 December 2014) due to an increase in gross borrowings of DKK 3.6bn driven by the dividend paid to shareholders in Carlsberg A/S and an increase in current liabilities.

Current liabilities increased by DKK 2.3bn to DKK 28.8bn. The increase was in other current liabilities and mainly due to increases in duties payable and higher than normal payables prior to the implementation of BSP1.

CASH FLOW

Operating profit before depreciation and amortisation was DKK 1,754m (DKK 1,442m in Q1 2014).

The change in trade working capital was DKK -1,101m (DKK -1,763m in Q1 2014). The change in trade working capital was impacted by normal seasonality and the BSP1 go-live in four markets. Trade working capital to net revenue was -3.6% at the end of Q1 2015 (MAT). Change in other working capital was DKK -337m (DKK -194m in Q1 2014), temporarily impacted by the implementation of BSP1.

Paid net interest etc. amounted to DKK -128m against DKK -42m in Q1 2014, impacted negatively in Q1 2015 by the settlement of financial instruments.

Cash flow from operating activities for Q1 was DKK -548m against DKK -1,196m in Q1 2014 while cash flow from investing activities was DKK -872m against DKK -900m in Q1 2014.

Free cash flow was DKK -1,420m against DKK -2,096m in Q1 2014.

FINANCING

At 31 March 2015, gross interest-bearing debt amounted to DKK 44.2bn and net interest-bearing debt to DKK 40.0bn. The difference of DKK 4.2bn comprised other interest-bearing assets, including DKK 2.3bn in cash and cash equivalents.

Of the gross financial debt, 95% (DKK 42.1bn) was long-term, i.e. with maturity more than one year from 31 March 2015. Of the net financial debt, 78% was denominated in EUR and DKK (after swaps) and 62% was at fixed interest (fixed-interest period exceeding one year).

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for 2015:

19 August 2015	Interim results for Q2 2015
11 November 2015	Interim results for Q3 2015

Carlsberg's communication with investors, analysts and the press is subject to special restrictions during a four-week period prior to the publication of interim and annual financial statements.

DISCLAIMER

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

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

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 31 March 2015.

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

In our opinion, the interim report gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 31 March 2015, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 31 March 2015. Further, in our opinion the management's review (p. 1-12) gives a true and fair review of the development in the Group's operations and financial matters, the result of the Carlsberg Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 12 May 2015

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen
President & CEO

Jørn P. Jensen
Deputy CEO & CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chairman

Lars Rebién Sørensen
Deputy Chairman

Hans Andersen

Carl Bache

Richard Burrows

Donna Cordner

Eva V. Decker

Elisabeth Fleuriot

Kees van der Graaf

Finn Lok

Søren-Peter Fuchs Olesen

Elena V. Pachkova

Peter Petersen

Nina Smith

Lars Stemmerik

FINANCIAL STATEMENT

	Income statement
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Appendix	Russian market shares

The Carlsberg Group is one of the leading brewery groups in the world, with a large portfolio of beer and other beverage brands. Our flagship brand – Carlsberg – is one of the best-known beer brands in the world and the Baltika, Carlsberg and Tuborg brands are among the eight biggest brands in Europe. More than 45,000 people work for the Carlsberg Group, and our products are sold in more than 150 markets. In 2014, the Carlsberg Group sold 123 million hectolitres of beer, which is about 37 billion bottles of beer.

Find out more at www.carlsberggroup.com.

INCOME STATEMENT

DKK million	Q1 2015	Q1 2014	2014
Net revenue	13,471	12,896	64,506
Cost of sales	-7,220	-6,957	-32,725
Gross profit	6,251	5,939	31,781
Sales and distribution expenses	-4,465	-4,284	-18,695
Administrative expenses	-1,266	-1,298	-4,633
Other operating activities, net	45	13	369
Share of profit after tax, associates and joint ventures	96	83	408
Operating profit before special items	661	453	9,230
Special items, net	-110	-29	-1,353
Financial income	413	153	806
Financial expenses	-867	-499	-1,997
Profit before tax	97	78	6,686
Corporation tax	-27	-16	-1,748
Consolidated profit	70	62	4,938
Attributable to:			
Non-controlling interests	160	129	524
Shareholders in Carlsberg A/S	-90	-67	4,414
Earnings per share	-0.6	-0.4	28.9
Earnings per share, diluted	-0.6	-0.4	28.8

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q1 2015	Q1 2014	2014
Consolidated profit	70	62	4,938
Other comprehensive income:			
Retirement benefit obligations	-	-11	-1,208
Share of other comprehensive income, associates and joint ventures	-1	-	-3
Corporation tax relating to items that will not be reclassified	-	2	-118
Items that will not be reclassified to the income statement	-1	-9	-1,329
Foreign exchange adjustments of foreign entities	5,216	-5,224	-16,938
Value adjustments of hedging instruments	-471	90	151
Other	-	-	3
Corporation tax relating to items that may be reclassified	72	-7	8
Items that may be reclassified to the income statement	4,817	-5,141	-16,776
Other comprehensive income	4,816	-5,150	-18,105
Total comprehensive income	4,886	-5,088	-13,167
Attributable to:			
Non-controlling interests	593	100	825
Shareholders in Carlsberg A/S	4,293	-5,188	-13,992

STATEMENT OF FINANCIAL POSITION

DKK million	31 Mar. 2015	31 Mar. 2014	31 Dec. 2014
Assets			
Intangible assets	86,904	89,874	81,754
Property, plant and equipment	29,942	30,586	28,748
Financial assets	8,603	7,158	7,838
Total non-current assets	125,449	127,618	118,340
Inventories and trade receivables	12,900	13,086	11,370
Other receivables etc.	5,245	4,142	3,787
Cash and cash equivalents	2,309	3,075	2,418
Total current assets	20,454	20,303	17,575
Assets classified as held-for-sale	1,103	-	1,068
Total assets	147,006	147,921	136,983
Equity and liabilities			
Equity, shareholders in Carlsberg A/S	55,541	61,273	52,437
Non-controlling interests	3,943	3,083	3,560
Total equity	59,484	64,356	55,997
Borrowings	42,050	33,776	38,690
Deferred tax, retirement benefit obligations etc.	16,649	15,657	15,773
Total non-current liabilities	58,699	49,433	54,463
Borrowings	2,108	9,444	1,835
Trade payables	12,228	11,977	12,031
Deposits on returnable packaging	2,116	1,524	2,046
Other current liabilities	12,371	11,187	10,611
Total current liabilities	28,823	34,132	26,523
Total equity and liabilities	147,006	147,921	136,983

STATEMENT OF CHANGES IN EQUITY (PAGE 1 OF 2)

DKK million	Shareholders in Carlsberg A/S						31 Mar. 2015	
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity,	Non-controlling interests	Total equity
						in Carlsberg A/S		
Equity at 1 January 2015	3,051	-30,498	-508	-31,006	80,392	52,437	3,560	55,997
Consolidated profit	-	-	-	-	-90	-90	160	70
Other comprehensive income:								
Foreign exchange adjustments of foreign entities	-	4,783	-	4,783	-	4,783	433	5,216
Value adjustments of hedging instruments	-	-299	-172	-471	-	-471	-	-471
Share of other comprehensive income, associates and joint ventures	-	-	-	-	-1	-1	-	-1
Corporation tax	-	54	18	72	-	72	-	72
Other comprehensive income	-	4,538	-154	4,384	-1	4,383	433	4,816
Total comprehensive income for the period	-	4,538	-154	4,384	-91	4,293	593	4,886
Acquisition/disposal of treasury shares	-	-	-	-	-85	-85	-	-85
Share-based payment	-	-	-	-	47	47	-	47
Dividends paid to shareholders	-	-	-	-	-1,373	-1,373	-253	-1,626
Acquisition and disposal of non-controlling interests	-	-	-	-	222	222	43	265
Total changes in equity	-	4,538	-154	4,384	-1,280	3,104	383	3,487
Equity at 31 March 2015	3,051	-25,960	-662	-26,622	79,112	55,541	3,943	59,484

STATEMENT OF CHANGES IN EQUITY (PAGE 2 OF 2)

DKK million	Shareholders in Carlsberg A/S							31 Mar. 2014	
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity, shareholders		Non-controlling interests	Total equity
						in Carlsberg A/S			
Equity at 1 January 2014	3,051	-13,208	-682	-13,890	78,650	67,811	3,190	71,001	
Consolidated profit	-	-	-	-	-67	-67	129	62	
Other comprehensive income:									
Foreign exchange adjustments of foreign entities	-	-5,195	-	-5,195	-	-5,195	28	-5,167	
Value adjustments of hedging instruments	-	59	31	90	-	90	-	90	
Retirement benefit obligations	-	-	-	-	-11	-11	-	-11	
Corporation tax	-	-	-9	-9	4	-5	-	-5	
Other comprehensive income	-	-5,136	22	-5,114	-7	-5,121	28	-5,093	
Total comprehensive income for the period	-	-5,136	22	-5,114	-74	-5,188	157	-5,031	
Acquisition/disposal of treasury shares	-	-	-	-	-9	-9	-	-9	
Share-based payment	-	-	-	-	24	24	-	24	
Dividends paid to shareholders	-	-	-	-	-1,220	-1,220	-208	-1,428	
Acquisition of non-controlling interests	-	-	-	-	-145	-145	-56	-201	
Total changes in equity	-	-5,136	22	-5,114	-1,424	-6,538	-107	-6,645	
Equity at 31 March 2014	3,051	-18,344	-660	-19,004	77,226	61,273	3,083	64,356	

STATEMENT OF CASH FLOWS

DKK million	Q1 2015	Q1 2014	2014
Operating profit before special items	661	453	9,230
Adjustment for depreciation, amortisation and impairment losses	1,093	989	4,108
Operating profit before depreciation, amortisation and impairment losses ¹	1,754	1,442	13,338
Adjustment for other non-cash items	-143	-50	-514
Change in trade working capital	-1,101	-1,763	-177
Change in other working capital	-337	-194	-682
Restructuring costs paid	-87	-127	-397
Interest etc. received	88	27	224
Interest etc. paid	-216	-69	-2,219
Corporation tax paid	-506	-462	-2,168
Cash flow from operating activities	-548	-1,196	7,405
Acquisition of property, plant and equipment and intangible assets	-1,070	-953	-5,888
Disposal of property, plant and equipment and intangible assets	134	39	261
Change in on-trade loans	164	67	78
Total operational investments	-772	-847	-5,549
Free operating cash flow	-1,320	-2,043	1,856
Acquisition and disposal of entities, net	-46	-76	-1,681
Acquisition and disposal of associates and joint ventures, net	-	-	-90
Acquisition and disposal of financial assets, net	2	2	25
Change in financial receivables	-92	6	400
Dividends received	41	18	180
Total financial investments	-95	-50	-1,166
Other investments in property, plant and equipment	-5	-3	-20
Total other activities ²	-5	-3	-20
Cash flow from investing activities	-872	-900	-6,735
Free cash flow	-1,420	-2,096	670
Shareholders in Carlsberg A/S	-1,458	-1,229	-1,234
Non-controlling interests	-255	-331	-663
External financing	2,974	3,276	82
Cash flow from financing activities	1,261	1,716	-1,815
Net cash flow	-159	-380	-1,145
Cash and cash equivalents at beginning of period	2,178	3,234	3,234
Foreign exchange adjustment of cash and cash equivalents	137	-108	89
Cash and cash equivalents at period-end ³	2,156	2,746	2,178

¹ Impairment losses excluding those reported in special items.

² Other activities cover real estate, separate from beverage activities.

³ Cash and cash equivalents less bank overdrafts.

NOTE 1 (PAGE 1 OF 2)

Segment reporting by region

	Q1 2015	Q1 2014	2014
Beer sales (pro rata, million hl)			
Western Europe	10.5	9.9	50.0
Eastern Europe	6.0	7.1	37.8
Asia	8.7	8.0	35.0
Total	25.2	25.0	122.8
Other beverages (pro rata, million hl)			
Western Europe	3.5	3.2	15.8
Eastern Europe	0.2	0.2	1.7
Asia	0.9	0.9	3.5
Total	4.6	4.3	21.0
Net revenue (DKK million)			
Western Europe	8,163	7,640	37,762
Eastern Europe	1,735	2,484	14,100
Asia	3,537	2,732	12,491
Not allocated	36	40	153
Beverages, total	13,471	12,896	64,506
Non-beverages	-	-	-
Total	13,471	12,896	64,506
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)			
Western Europe	1,027	857	7,128
Eastern Europe	75	320	4,199
Asia	907	655	3,164
Not allocated	-221	-360	-1,048
Beverages, total	1,788	1,472	13,443
Non-beverages	-34	-30	-105
Total	1,754	1,442	13,338
Operating profit before special items (EBIT, DKK million)			
Western Europe	625	440	5,470
Eastern Europe	-155	-8	2,962
Asia	575	455	2,195
Not allocated	-349	-402	-1,282
Beverages, total	696	485	9,345
Non-beverages	-35	-32	-115
Total	661	453	9,230
Operating margin (%)			
Western Europe	7.7	5.8	14.5
Eastern Europe	-8.9	-0.3	21.0
Asia	16.3	16.7	17.6
Not allocated	...	...	...
Beverages, total	5.2	3.8	14.5
Non-beverages	...	...	...
Total	4.9	3.5	14.3

NOTE 1 (PAGE 2 OF 2)

Segment reporting by region

DKK million	Q1 2015	Q1 2014	2014
Invested capital, period-end			
Western Europe	37,670	36,652	35,004
Eastern Europe	42,731	55,084	40,793
Asia	28,768	21,458	25,036
Not allocated	2,212	1,573	2,187
Beverages, total	111,381	114,767	103,020
Non-beverages	344	1,205	567
Total	111,725	115,972	103,587
Invested capital excl goodwill, period-end			
Western Europe	17,170	16,403	14,814
Eastern Europe	25,268	33,160	24,313
Asia	10,927	8,470	9,160
Not allocated	2,212	1,573	2,187
Beverages, total	55,577	59,606	50,474
Non-beverages	344	1,205	567
Total	55,921	60,811	51,041
Return on invested capital, ROIC (%) , rolling 12 mths			
Western Europe	15.7	14.5	15.3
Eastern Europe	5.7	6.7	5.6
Asia	9.6	9.5	9.7
Not allocated	...	...	...
Beverages, total	8.6	8.3	8.2
Non-beverages	...	...	...
Total	8.4	8.1	8.0
Return on invested capital excl. goodwill (%), rolling 12 mths			
Western Europe	35.9	33.0	35.2
Eastern Europe	9.6	11.1	9.3
Asia	24.9	17.2	23.5
Not allocated	...	...	...
Beverages, total	16.9	15.7	15.8
Non-beverages	...	...	...
Total	16.3	14.7	15.3

NOTE 2

Segment reporting by activity

DKK million	Q1 2015			Q1 2014		
	Bever- ages	Non- Beverages	Total	Bever- ages	Non- Beverages	Total
Net revenue	13,471	-	13,471	12,896	-	12,896
Operating profit before special items	696	-35	661	485	-32	453
Special items, net	-104	-6	-110	-27	-2	-29
Financial items, net	-447	-7	-454	-341	-5	-346
Profit before tax	145	-48	97	117	-39	78
Corporation tax	-36	9	-27	-28	12	-16
Consolidated profit	109	-39	70	89	-27	62
Attributable to:						
Non-controlling interests	160	-	160	129	-	129
Shareholders in Carlsberg A/S	-51	-39	-90	-40	-27	-67

NOTE 3

Segment reporting by quarter

DKK million	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Net revenue								
Western Europe	10,371	10,542	8,997	7,640	10,945	10,575	8,602	8,163
Eastern Europe	6,245	4,598	3,966	2,484	4,992	3,916	2,708	1,735
Asia	2,416	2,232	2,153	2,732	3,193	3,583	2,984	3,537
Not allocated	26	47	53	40	32	46	34	36
Beverages, total	19,058	17,419	15,169	12,896	19,162	18,120	14,328	13,471
Non-beverages	-	-	-	-	-	-	-	-
Total	19,058	17,419	15,169	12,896	19,162	18,120	14,328	13,471
Operating profit before special items								
Western Europe	1,709	1,985	1,081	440	1,871	2,038	1,121	625
Eastern Europe	1,608	1,297	1,139	-8	1,518	907	545	-155
Asia	484	485	436	455	580	664	496	575
Not allocated	-376	-350	-316	-402	-331	-190	-359	-349
Beverages, total	3,425	3,417	2,340	485	3,638	3,419	1,803	696
Non-beverages	-26	-25	-36	-32	-37	-29	-17	-35
Total	3,399	3,392	2,304	453	3,601	3,390	1,786	661
Special items, net	-81	-43	-262	-29	-95	-94	-1,135	-110
Financial items, net	-405	-290	-458	-346	-368	-299	-178	-454
Profit before tax	2,913	3,059	1,584	78	3,138	2,997	473	97
Corporation tax	-717	-738	-332	-16	-788	-749	-195	-27
Consolidated profit	2,196	2,321	1,252	62	2,350	2,248	278	70
Attributable to:								
Non-controlling interests	122	113	125	129	140	145	110	160
Shareholders in Carlsberg A/S	2,074	2,208	1,127	-67	2,210	2,103	168	-90

NOTE 4

Special items

DKK million	Q1 2015	Q1 2014	2014
Special items, income:			
Gain on disposal of entities and revaluation gain on step acquisitions and disposals	11	24	46
Income total	11	24	46
Special items, expenses:			
Impairment of trademarks	-	-	-35
Impairment of real estate	-	-	-100
Impairment and restructuring of Baltika Breweries, Russia	-24	-8	-745
Impairment and restructuring in relation to optimisation and standardisation in Western Europe	-16	-27	-305
Restructuring of Ringnes, Norway	-15	-14	-49
Impairment and restructuring of Carlsberg Uzbekistan	-9	-	-29
Impairment and restructuring Chongqing, China	-5	-	-
Impairment and restructuring of Xinjiang Wusu Group, China	-	-	-35
Impairment and restructuring Ningxia Xixia Jianiang, China	-	-	-32
Impairments of other non-current assets	-1	-	-24
Severance payment, President and CEO Jørgen Buhl Rasmussen	-24	-	-
Cost of share-based payments granted before retirement, President and CEO Jørgen Buhl Rasmussen	-27	-	-
Costs related to acquisitions and disposals of entities	-	-4	-45
Expenses total	-121	-53	-1,399
Special items, net	-110	-29	-1,353

NOTE 5 (PAGE 1 OF 2)

Debt and credit facilities

DKK million	31 Mar. 2015	31 Mar. 2014
Non-current borrow ings:		
Issued bonds	29,210	21,466
Bank borrow ings	11,334	10,796
Mortgages	1,457	1,457
Other non-current borrow ings	49	57
Total	42,050	33,776
Current borrow ings:		
Current portion of other non-current borrow ings	399	59
Issued bonds	-	7,463
Bank borrow ings	1,702	1,913
Other current borrow ings	7	9
Total	2,108	9,444
Total non-current and current borrow ings	44,158	43,220
Cash and cash equivalents	-2,309	-3,075
Net financial debt	41,849	40,145
Other interest-bearing assets	-1,870	-1,597
Net interest-bearing debt	39,979	38,548

NOTE 5 (PAGE 2 OF 2)

Debt and credit facilities

DKK million						
Time to maturity for non-current borrowings						2015
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	3,214	7,438	-	5,613	12,945	29,210
Bank borrowings	1,168	5	10,161	-	-	11,334
Mortgages	-	-	-	-	1,457	1,457
Other non-current borrowings and leases	8	6	21	-	14	49
Total	4,390	7,449	10,182	5,613	14,416	42,050

Interest risk at 31 March 2015	Net financial debt ¹	Interest ²	
		Floating %	Fixed %
DKK Million			
EUR	14,860	14%	86%
DKK	17,914	100%	0%
Other currencies	9,075	100%	0%
Total	41,849	38%	62%

¹ After interest rate and currency sw aps.

² After interest rate sw aps but excluding currency sw aps.

Committed credit facilities ³	
DKK million	31 Mar. 2015
Less than 1 year	2,108
1 to 2 years	5,255
2 to 3 years	7,449
3 to 4 years	10,182
4 to 5 years	14,201
More than 5 years	14,416
Total	53,611
Short term	2,108
Long term	51,503

³ Defined as short term borrowings and long term committed credit facilities.

NOTE 6

Net interest-bearing debt

DKK million	Q1 2015	Q1 2014	2014
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Net interest-bearing debt is calculated as follows:

Non-current borrowings	42,050	33,776	38,690
Current borrowings	2,108	9,444	1,835
Payables, acquisitions	-	49	147
Gross interest-bearing debt	44,158	43,269	40,672
Cash and cash equivalents	-2,309	-3,075	-2,418
Loans to associates	-141	-56	-59
On-trade loans, net	-1,000	-1,003	-934
Other receivables, net	-729	-587	-694
Net interest-bearing debt	39,979	38,548	36,567

Changes in net interest-bearing debt:

Net interest-bearing debt at beginning of period	36,567	34,610	34,610
Cash flow from operating activities	548	1,196	-7,405
Cash flow from investing activities, excl. acquisition of entities	826	824	5,054
Cash flow from acquisition of entities, net	46	76	1,681
Dividend to shareholders and non-controlling interests	1,626	1,428	1,633
Acquisition of non-controlling interests	2	123	250
Acquisition/disposal of treasury shares and exercise of share options	85	9	14
Acquired net interest-bearing debt from acquisition of entities	-62	113	437
Change in interest-bearing lending	-256	-16	-29
Effects of currency translation	593	189	358
Other	4	-4	-36
Total change	3,412	3,938	1,957
Net interest-bearing debt, end of period	39,979	38,548	36,567

NOTE 7

Acquisition of entities

Acquired entities

In late Q1, the Greek Competition Committee approved the merger of Carlsberg-owned Mythos Brewery and Olympic Brewery. The merger gives Carlsberg control of the combined entity as of 1 April.

Acquisition of entities in 2014

In 2014, Carlsberg gained control of Chongqing Beer Group Assets Management Co. Ltd (China) through an acquisition.

Acquired entities	Country of main operations	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	Consideration DKK million
Chongqing Beer Group Assets Management Co. Ltd	China	100%	100%	23-10-2014	Brewery	1,744

The acquisition of Chongqing Beer Group Assets Management was a natural step in line with Carlsberg's strategy to gain further market shares in China and grow the business.

The calculated goodwill, DKK 1,341m, represents staff competences and synergies from optimisation of sales and distribution, supply chain and procurement as well as the positive growth provided by the opportunity for Carlsberg to take full advantage of the potential of our international brands, including Tuborg, in the Chinese market in conjunction with the existing Carlsberg-owned business. Increased sales volumes provide Carlsberg with the opportunity to generate significant synergies from supply chain optimisations, including reduced indirect production overheads and implementation of best practice in the brewing industry, and cost savings on procurement.

DKK million	Chongqing Beer Group Assets Management
Fair value of consideration transferred for acquired ownership interest	1,744
Net assets of acquired entities, attributable to Carlsberg	-403
Goodwill from acquisitions	1,341

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is still ongoing. Adjustments are therefore expected to be made to all items in the opening statement of financial position, especially in relation to trademarks, property, plant and equipment and assets held for sale. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

Fair value of net assets acquired

DKK million	Chongqing Beer Group Assets Management
Intangible assets	78
Property, plant and equipment	244
Inventories	297
Loans and receivables, current	571
Cash and cash equivalents	137
Assets classified as held for sale	341
Borrowings	-793
Trade payables and other payables	-472
Net assets of acquired entities	403

Disposed entities

2015 In Q1, Carlsberg disposed of a dormant subsidiary of the Xinjiang Wusu Group, China.

Following a change of the shareholders agreement Myanmar Carlsberg Co. Ltd, has been deconsolidated as of 1 January 2015 and recognised as an associate.

The impact on free cash flow was DKK -46m due to the deconsolidation of cash and cash equivalents.

Appendix

Russian market shares

Russian market shares (%)	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Baltika	38.9	38.1	38.4	36.5	37.9	38.6	38.4
Efes RUS	13.2	13.6	13.7	13.9	13.5	13.6	13.7
ABI	13.9	13.9	13.1	13.4	12.9	12.2	12.0
Heineken	13.6	13.5	13.2	13.4	12.9	12.5	12.5
Others	20.4	20.9	21.6	22.8	22.8	23.1	23.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Nielsen Retail Audit, Urban & Rural Russia