

Company announcement 22/2024

30 April 2024

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## TRADING STATEMENT AS AT 31 MARCH 2024

### RESILIENT VOLUME GROWTH

Organic volume growth +2.0%

- Organic volume growth in Western Europe +0.2%, Asia +3.1% and Central & Eastern Europe and India (CEEI) +2.2%.
- Total premium beer category +8%, Beyond Beer -1%, alcohol-free brews +2%.
- International premium brand volume development: Tuborg +8%, Carlsberg +15%, 1664 Blanc 0%, Brooklyn -1%, Grimbergen +6% and Somersby -4%.

### REVENUE/HL GROWTH ACROSS REGIONS

Organic revenue growth +6.4%

- Revenue/hl +4%, with positive contribution from all three regions.
- Organic revenue growth in Western Europe +5.1%, Asia +7.6% and CEEI +7.3%.
- Reported revenue growth +4.4% to DKK 17.1bn, impacted by currencies.

### SUPPORTING SHAREHOLDER RETURNS

New quarterly share buy-back programme

- A new quarterly share buy-back programme, amounting to DKK 1.0bn, will be launched today.

### 2024 EARNINGS GUIDANCE MAINTAINED

- Organic operating profit growth of 1-5%.
- Based on the currency spot rates at 29 April, we assume a translation impact of around DKK -250m for the full year (previously DKK -100m).

Group CEO Jacob Aarup-Andersen says: "We've had a solid start to the year with volume and revenue growth in all three regions. We're particularly satisfied with the growth of our premium portfolio and the volume and revenue growth in Asia, both of which are important strategic growth drivers for the Group. Q1 performance was in line with expectations, and we maintain our full-year earnings outlook."

#### Contacts

Investor Relations: Peter Kondrup +45 2219 1221

Iben Steiness +45 2088 1232

Media Relations: Kenni Leth +45 5171 4368

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Carlsberg will present the results at a conference call today at 9.30 a.m. CET. Dial-in information and a slide deck will be available on [www.carlsberggroup.com](http://www.carlsberggroup.com).

## FIRST-QUARTER REVIEW

Organic revenue growth was solid at 6.4% as a result of total organic volume growth of 2.0% and revenue/hl growth of 4%, with all three regions posting mid-single-digit revenue/hl improvement. Revenue growth was also impacted by the inclusion of excise duties on the Kronenbourg brand in the UK. Reported revenue grew by 4.4% to DKK 17.1bn, with acquisitions contributing +0.6% and currencies -2.6% due to in particular the depreciation of the Chinese and Laotian currencies.

Our total premium beer volumes grew by 8%, mainly driven by key growth markets in Asia, such as Vietnam and China, and in markets such as Poland, Ukraine and Serbia.

Core mainstream beer volumes grew by 1%, with growth in Western Europe and Asia partly offset by lower volumes in CEEI. The volume growth was supported by local brands such as Dali, Chongqing and Wusu in China, Feldschlösschen in Switzerland, and the international brands Carlsberg and Tuborg in mainstream markets such as Malaysia, the UK and Denmark.

Beyond Beer volumes grew in Asia and CEEI but this was more than offset by a decline in Western Europe due to a difficult start of the year for Somersby.

Alcohol-free brew volumes grew by 7% in Western Europe, driven by very good growth in the Nordics, Poland, Germany and the UK. We saw double-digit growth in Central & Eastern Europe, but this was offset by lower volumes in some export & licence markets, particularly in the Middle East. Consequently, total alcohol-free brew volumes grew by 2%.

The Carlsberg brand grew by 15%, driven by very strong growth in premium markets such as China, India, Vietnam and Ukraine. Volumes also grew in the large UK and Malaysian mainstream markets. Tuborg grew by 8%, supported by growth in premium markets such as China, Vietnam, India, Italy and Croatia. 1664 Blanc achieved good growth in Western Europe, Asia, including China and Vietnam, and Central & Eastern Europe, but this was offset by lower volumes in certain export & licence markets. Total volume development was therefore flat. We saw very good results for Brooklyn in CEEI, but this was offset by lower volumes in Western Europe, leading to total brand volume development of -1%. Grimbergen grew by 6%, driven by markets such as France, Denmark and Ukraine. Somersby declined by 4%.

## WESTERN EUROPE

Organic revenue growth in Western Europe was 5.1%, driven by 5% growth in revenue/hl. Reported revenue increased by 6.6% helped by to a positive currency impact of 1.5%, which mainly related to the Swiss, British and Polish currencies.

Organic volume growth was 0.2%, as growth in Denmark, Sweden, Finland, the UK and Poland was offset by lower volumes in France, Switzerland and Norway.

Revenue/hl grew in all markets, supported by the rollover of last year's price increases and price actions taken in Q1 2024. In addition, revenue/hl was positively impacted by around 180bp from the inclusion of excise duties in the UK following the termination of the Kronenbourg 1664 licensee agreement in June 2023.

## ASIA

The organic revenue growth of 7.6% in Asia was the result of organic volume growth of 3.1% and revenue/hl improvement of 4%. The organic revenue growth was offset by a currency impact of -8.5%, resulting in a reported revenue development of -0.6%. The currency impact mainly related to the depreciation of the Laotian and Chinese currencies.

Volumes grew in markets such as China, Laos and Malaysia and were flat in Vietnam, despite the market being down by a mid-single-digit percentage. In China, volumes grew by 5%, benefiting from a well-executed Chinese New Year.

The revenue/hl improvement was supported by positive portfolio mix and price increases, particularly in Laos due to the significant inflation in that market.

### **CENTRAL & EASTERN EUROPE AND INDIA**

Organic revenue growth in CEEL was 7.3%, driven by a volume growth of 2.2% and a revenue/hl improvement of 5%. Reported revenue growth was 8.6% due to a positive acquisition impact of 3.2%, which was partly offset by a currency impact of -1.9%. The acquisition impact related to Waterloo Brewing in Canada, while the currency impact was mainly due to the depreciation of the Ukrainian, Belarusian and Indian currencies.

Volumes grew in the majority of markets, including Ukraine, Kazakhstan, Italy, the Baltics and India, driven by particularly strong growth of premium beer and energy drinks.

The revenue/hl growth was positively impacted by price increases both from last year and in Q1 2024, and a positive category mix.

### **STRUCTURAL CHANGES**

In January, Carlsberg acquired 20% of the share capital in the Danish craft brewer Mikkeller.

### **MANAGEMENT CHANGES**

Graham Fewkes, Executive Vice President (EVP), Western Europe, will retire from his current position on 1 September, but will continue as a special advisor to the Group CEO with particular focus on partnerships.

Graham will be succeeded by Søren Brinck, currently EVP, Group Commercial and Strategy. Anders Roed, currently Managing Director of Brasseries Kronenbourg in France, will take over as Chief Strategy and Commercial Officer and become part of the Executive Committee. The search process for a Chief Marketing Officer is ongoing.

Finally, our Chief Information Officer will join the Executive Committee to ensure that we have the right capabilities there.

### **MAINTAINING OUR EARNINGS GUIDANCE**

The key assumptions and the outlook for the year remain unchanged.

Although inflationary pressures have been moderating across most markets, consumer behaviour remains uncertain in many of our markets ahead of the important summer months.

We continue to expect a more moderate increase in our total cost base than in recent years.

To position the Group for successful delivery of our increased long-term growth ambitions, we are increasing our commercial investments in alignment with Accelerate SAIL. While keeping the ratio of SG&A to revenue flat, we intend to increase absolute sales and marketing investments, the latter by more than 10%.

Consequently, we maintain our earnings expectations for 2024:

- Organic operating profit growth of 1-5%.

Based on the spot rates at 29 April, we assume a translation impact on operating profit of around DKK -250m for 2024 (previously DKK -100m).

Other relevant assumptions remain:

- Financial expenses, excluding foreign exchange losses or gains, of DKK 1.1bn.
- Reported effective tax rate of around 21%.
- Capital expenditure of around DKK 5bn, impacted by capacity expansion in Asia, commercial investments across the Group, sustainability and digital investments.

### **SHARE BUY-BACK**

Based on the strong financial position, the Group will today initiate a new quarterly share buy-back programme, with the intention of buying back Carlsberg B shares amounting to DKK 1.0bn up until 9 August 2024.

The share buy-back 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 in a Company announcement.

The purpose of the programme is primarily to reduce the Company's share capital and, in addition, meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2025, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate pro rata based on 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 Nordea Danmark, filial af Nordea Bank Abp, Finland ("Nordea"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, Nordea will repurchase B shares during the trading period, which runs from 30 April to 9 August 2024.

The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 11 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

## FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for the remainder of 2024:

14 August	H1 interim financial statement
31 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.

## VOLUME AND REVENUE DATA

Q1	2023	Change			2024	Change Reported
		Organic	Acq., net	FX		
<b>Beer (million hl)</b>						
Western Europe	5.9	0.7%	0.0%	-	5.9	0.7%
Asia	10.7	4.1%	0.0%	-	11.2	4.1%
Central & Eastern Europe and India	6.5	1.7%	0.7%	-	6.6	2.4%
<b>Total</b>	<b>23.1</b>	<b>2.6%</b>	<b>0.1%</b>	<b>-</b>	<b>23.7</b>	<b>2.7%</b>
<b>Other beverages (million hl)</b>						
Western Europe	3.2	-0.8%	0.0%	-	3.2	-0.8%
Asia	1.6	-3.3%	0.0%	-	1.5	-3.3%
Central & Eastern Europe and India	0.7	6.7%	0.2%	-	0.8	6.9%
<b>Total</b>	<b>5.5</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>-</b>	<b>5.5</b>	<b>-0.5%</b>
<b>Total beverages (million hl)</b>						
Western Europe	9.1	0.2%	0.0%	-	9.1	0.2%
Asia	12.3	3.1%	0.0%	-	12.7	3.1%
Central & Eastern Europe and India	7.2	2.2%	0.6%	-	7.4	2.8%
<b>Total</b>	<b>28.6</b>	<b>2.0%</b>	<b>0.1%</b>	<b>-</b>	<b>29.2</b>	<b>2.1%</b>
<b>Revenue (DKK million)</b>						
Western Europe	7,551	5.1%	0.0%	1.5%	8,052	6.6%
Asia	5,791	7.6%	0.3%	-8.5%	5,756	-0.6%
Central & Eastern Europe and India	3,059	7.3%	3.2%	-1.9%	3,320	8.6%
Not allocated	4	n.m.	n.m.	n.m.	3	n.m.
<b>Total</b>	<b>16,405</b>	<b>6.4%</b>	<b>0.6%</b>	<b>-2.6%</b>	<b>17,131</b>	<b>4.4%</b>