PARTICIPANTS

Corporate Participants

Jacob Aarup-Andersen – Group CEO
Ulrica Fearn – CFO

Other Participants

Simon Hales – Analyst, Citigroup Global Markets Ltd.
Andrea Pistacchi – Analyst, Bank of America
Sanjeet Aujla – Analyst, UBS AG (London Branch)
Edward Mundy – Analyst, Jefferies International Ltd.
Søren Samsøe – Analyst, Skandinaviska Enskilda Banken AB
Christopher Michael Pitcher – Analyst, Redburn Atlantic
Olivier Nicolai – Analyst, Goldman Sachs International
Mitch Collett – Analyst, Deutsche Bank AG
Trevor Stirling – Analyst, Bernstein Autonomous LLP

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to the Carlsberg's Q1 2025 Trading Statement Conference Call. I am Hilje, the Chorus Call operator. I would like to remind you that all the participants will be in listen-only mode and the conference is being recorded. The presentation will be followed by a Q&A session. [Operator Instructions] The conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Jacob Aarup-Andersen, CEO. Please go ahead.

Jacob Aarup-Andersen, Group CEO

Thank you so much, operator, and good morning everyone, and welcome to Carlsberg's Q1 2025 conference call. My name is Jacob Aarup-Andersen and I have with me our CFO, Ulrica Fearn; and Vice President, Investor Relations, Peter Kondrup.

Now, let me begin by summarizing some of the key headlines for the quarter. First of all, we delivered significant volume and revenue growth due to the Britvic acquisition. Key markets like China, India and the UK delivered a solid start to the year, while total organic development was soft, impacted by the continued soft consumer sentiment, the loss of San Miguel in the UK and the late Easter. We saw good growth for our key strategic growth drivers, including premium beer and alcohol-free brews.

I also have to say we're very pleased with the Britvic business and the integration is progressing as planned.

Finally, as you will have seen, we, of course, maintain the earnings guidance for the year.

I'm going to provide some of the key group headlines for the quarter and some color on Britvic. And then Ulrica is going to take you through the regions and the full-year outlook. And with that, let's turn to slide number 3.

So, total volumes grew by 14.5%. That's, of course, significantly impacted by acquisitions, which amounted to plus 16.8%. Organic volume development was minus 2.3%. If we exclude the lost San Miguel volumes, then the organic volume development was minus 1.1%.

Revenue per hectoliter was positive, thanks to price increases and a positive brand mix, which were partly offset by country and channel mix. Reported revenue grew by 17.4% to DKK 20.1 billion, with acquisitions amounting to 18.4%. The organic development was minus 1.5%, while if we exclude San Miguel, organic revenue was flat year-on-year. There was a small positive impact from currencies of 0.5%.

Please turn to slide 4 and an update on our growth categories and international brands. Adjusted for the impact of San Miguel in the UK, our premium beer portfolio grew by 4%. That was supported by mid-single-digit growth in all three regions. We were very pleased to see the very strong growth for our premium brands in the UK, with particularly very impressive growth for Poretti. Other markets to call out are Poland with mid-teens growth; China, where mid-single-digit growth was driven by both our local and international premium brands; and India, where our premium volume growth was close to 20%.

Looking at the international beer portfolio, total Carlsberg volumes were up by 1%. We saw very good growth for the premium Carlsberg volumes in markets such as China, India, Laos and Ukraine. The mainstream volumes were impacted by the challenging consumer environment in markets such as Malaysia, where volumes were also impacted by the earlier Ramadan compared to 2024.

Looking at Tuborg, Tuborg continued to deliver commendable growth. Here, I would like to call on markets such as India, China, Italy, Ukraine and France. Despite growing in many markets, including Poland, Switzerland, China, Ukraine and Croatia, total 1664 Blanc volumes declined by 2%. Volumes were impacted by headwinds in the Export & License division, specifically South Korea, where the international premium segment is under pressure. Brooklyn achieved 10% growth. This was, in particular, thanks to very good performance in the UK and in France.

Our alcohol-free brews grew strongly by 15%, seeing similar growth levels in Western Europe and Central & Eastern Europe. We saw particularly strong growth for Tourtel in France, for the broad AFB portfolio in Poland, Kvas in Ukraine, and strong traction in export markets in the Middle East.

The solid 6% growth in Beyond Beer was mainly driven by very strong growth of Garage and for Wind Flower Snow Moon in China. Our soft drinks volumes grew in Western Europe and CEE&I and we were pleased to see continued good progress for Pepsi Max in all markets where we have that brand. Growth in Western Europe and CEE&I was, however, offset by lower volumes in Laos and Cambodia.

And now slide 5. A few words on the recent announcement of our exciting new partnership with UEFA. Carlsberg has a long-standing history of successful football partnerships, both internationally and locally in our markets. The more than 30-year partnership with Liverpool is the most significant of those partnerships, being a partnership that we've been able to successfully leverage across multiple markets, not least the way we activate in Asia. And on that note, of course, a massive congratulations to our close partners at Liverpool with winning the Premier League this weekend. Well deserved.

Our comprehensive new partnership with UEFA is a great complement to our portfolio of football partnerships and it reinforces our commitment to this great sport and the millions of fans around the world. Contrary to Carlsberg's previous UEFA sponsorship, which expired in 2016, the new partnership is significantly broader. It includes a number of European tournaments for both men and women. And it gives us exclusivity in the beer and cider category. Although Carlsberg is the leading brand, we are also able to activate the partnership with our local beer and cider brands, which is very important for us.

The men and women European football tournaments that you can see on the slide, including Nations League, the European Qualifiers for Euro and World Cup, and obviously the EURO itself means that the new partnership is what we can call an always-on platform, engaging a large and a diverse audience during the year. Therefore, we expect the partnership to further strengthen our brands, ensuring an attractive return on investment.

Before we go into the regional performance, let me comment on Britvic on slide number 6. The Britvic deal was completed on the 16th of January and the new leadership team was appointed immediately after. There have not been any major surprises after having owned the business for 3.5 months. The integration and synergy realization are progressing as planned, and we confirm the previously announced £100 million of synergies, £83 million of integration costs, and the phasing of both benefits and costs.

Let me add a bit of color on the integration and on the business performance in Q1. First of all, the volume and revenue contribution from the 16th of January, when the deal closed, that amounted to 4.7 million hectoliters and DKK 3 billion, respectively.

In the UK, the integration is progressing rapidly. The consultation process is coming to an end as we speak. The pipeline of synergies related to people, direct and indirect procurement, and discretionary spend has been identified and confirmed. We've seen continued good performance and high engagement amongst employees and no business interruption. Nevertheless, volumes and revenue were slightly down in the UK, but that's due to tough comps, as it was a very strong Q1 last year with a high level of activations in connection with the Pepsi rebranding and also the earlier Easter compared with Q1 this year.

We saw good growth of the Pepsi portfolio, driven by Pepsi Max and for our own brands such as Tango and Jimmy's, while Robinsons and Lipton declined. Off-trade volumes grew slightly, while on-trade volumes declined. In line with the business case, we are increasing commercial investments in the UK with increased marketing support of the Pepsi portfolio and additional resources in the sales organization.

The Irish business delivered solid performance in Q1. The integration and restructuring in Ireland are limited as it's a well-performing business and we do not have our own beer business there. We're increasing commercial investments also in Ireland to accelerate the growth of the Pepsi portfolio.

In France, we exited an unprofitable private label contract and, therefore, volumes declined. The integration and restructuring of the French business are in the early stages. And then, finally on Brazil, we're still evaluating the strategic options for the Brazilian business, and we'll come back with a decision later this year. In Q1, energy drinks saw good growth, but total volumes declined due to a weak off-trade, lower concentrate volumes, and exit from certain flavor types. We are integrating the international business into different Carlsberg units depending on customer locations. We exited low-margin businesses and made changes to the distributor model to align it with our business model and, consequently, volumes declined in the international business.

Based on all of this, the organic volume development in Q1 for full Britvic business was minus 4.1%. But as you can hear, very much impacted by deliberate decisions from our side, in terms of improving the business and rightsizing it for the future.

With this, I will hand over to Ulrica, who will take you through the regions and the outlook.

Ulrica Fearn, CFO

Thank you, Jacob, and good morning everyone. So, please turn to slide 7 and Western Europe. First, a few initial comments before getting into the details. And firstly, as you know, Q1 is off-season and, therefore, the smallest quarter in Western Europe, accounting for around 20% of annual volumes. And consequently, one should be cautious predicting any change in trends based on developments in Q1.

Secondly, the numbers are heavily impacted by the loss of San Miguel in the UK from the 1st of January. On a full-year basis, San Miguel accounted for approximately 4% of regional volumes. And then thirdly, the sell-in to Easter was in April this year, while it was in Q1 last year.

Reported revenue for Western Europe grew by 31% due to the Britvic acquisition and while the organic development was minus 2.9% due to the loss of San Miguel. Excluding San Miguel, volumes grew organically by 0.8%. Organic revenue per hectoliter was flat, and we actually saw growth in most markets, supported by price increases and a positive category mix, while channel mix was negative due to soft on-trade channel. However, at a regional level, revenue per hectoliter growth in markets was countered by negative country mix due to strong growth in Poland and last year's inclusion of excise duties in net revenue in the UK following the termination of the Kronenbourg 1664 licensee agreement.

In the UK, our beer business, excluding San Miguel, saw low-single-digit volume growth in a challenging market. We gained market share in both the on- and the off-trade, driven by Carlsberg Danish Pilsner, 1664, Poretti and Hobgoblin, as well as new listings in existing on-trade customers and new on-trade customer wins.

In the Nordics, volumes were impacted by the later Easter, but nevertheless they ended flat compared to Q1 last year. Premium beer, carbonated soft drinks, and energy drinks and water grew, while mainstream core beer declined.

In France, our volumes remained impacted by the pricing taken last year and, therefore, declined low-single digits in a flat market. The decline was driven by the lower mainstream Kronenbourg brand, while 1664, Tourtel, and craft brands delivered volume growth. And a positive brand mix led to an improved revenue per hectoliter. We have finalized all customer negotiations and the updated prices and promos will be in the market from late April.

The Swiss beer market remained very soft and volatile and declined by an estimated mid-single digits. We improved our market share slightly, seeing growth for the local premium brand Valaisanne and for 1664 Blanc. The soft drinks market also declined, albeit less than the beer market. We were very satisfied to see good growth for the Pepsi franchise driven by Pepsi Max.

The Polish business has had a very strong start for the year, with double-digit volume growth, driven by market share gains and easy comps due to a soft start last year. Revenue per hectoliter developed very favorably on the back of a positive category and brand mix.

And now let's go to slide 8 and Asia, where we reported revenue growth of 1.2%, including a positive FX impact from China and Malaysia. The organic revenue development was minus 0.4% as the revenue per hectoliter improvement was 2%, and that was offset by an organic volume decline of 2.1%. The improvement in revenue per hectoliter was the result of a positive category mix and price increases.

So, in a slightly declining Chinese market, our business delivered a solid start to the year, with 2% volume growth on the back of normal inventory levels at the beginning of the year. The volume growth was driven by our big cities and the premium portfolio, which grew more than 5% with most premium brands delivering growth in the quarter. The Carlsberg brand did particularly well, delivering mid-teens volume growth. Revenue per hectoliter was flat, mainly due to the negative channel mix as on-trade, especially the nightlife, remains impacted by the soft consumer sentiment.

The Vietnamese market stabilized and our volumes declined double digits due to the sell-in of the Têt New Year celebrations happening in Q4 last year and market decline and share losses in our stronghold in the central part of the country, mainly on the Huda brand as competition and promotional activities in the mainstream segment intensified.

In Laos, our volumes were impacted by bad weather and a challenging macroeconomic environment, leading to a mid-single-digit decline. The decline was more significant for water and soft drinks than for beer. Weather improved, however, in the Pi Mai celebrations in April. In Cambodia, beer volumes grew by high-single digits, while energy drinks continued to decline.

So, let’s go to slide 9 and CEE&I. As in Western Europe, Q1 is the smallest quarter in the European markets in this region where the quarter accounts for approximately 20% of full-year volumes. Reported volumes grew by 9.9% due to the inclusion of the Britvic business in Brazil and the consolidation of the Gorkha Brewery in Nepal. The organic volume development of minus 1.7% was mainly due to lower volumes in Kazakhstan and weak consumer sentiment across Southeast Europe and the Baltics.

The growth in revenue per hectoliter was 2% and the result of price increases and a positive category mix. Reported revenue grew strongly at 12.6%, positively impacted by the acquisition impact of 14.4%, and the organic revenue growth was flat, while the currency impact was minus 1.9%, with Ukraine and Kazakhstan being the most significant contributors.

The Indian beer market grew by estimated mid-single digits and thanks to strong execution, effective trade marketing and the quality and look and feel of the Carlsberg and Tuborg brands, our business delivered double-digit volume growth. Consequently, our market share strengthened, reaching almost 23%, and we expanded the reach of 1664 Blanc.

In Ukraine, the war continued, causing electricity shortages and impacting the on-trade in particular. In addition, the mobilization of military personnel intensified and the macro economy continued to decline. We strengthened our market share further, cementing our number one market position. Volume increased slightly as good growth for our premium portfolio and AFB was countered by declining volumes in our mainstream portfolio.

In Kazakhstan, the beer market declined by an estimated mid-single digits, impacted by weak consumer sentiment and price increases. And although brands such as Zatecky, Garage and Carlsberg grew, total volume development was negative, impacted by tough comps due to stock build in Q1 last year and also our decision to optimize portfolio profitability, which meant that we had deprioritized certain economy brands. In our Export & License business, we saw very good growth of our AFB portfolio, but lower volumes in a couple of license markets.

So, let’s go to slide 10 and the earnings outlook for the year. So, we are now four months into the year, but we still have the important summer months ahead of us. And as you’re well aware, the global macro environment and consumer sentiment are volatile and difficult to predict. And at this time, though, we have not seen many material changes to consumer behaviors in our markets.

Our cost assumptions for the year remain unchanged, and we expect a flattish development in cost of sales per hectoliter, but a moderate increase in our total cost base due to slightly higher commercial investments. And this include marketing, sales, capability building such as value management and B2B e-commerce, but also some ERP renovations.

In our outlook, we assume an insignificant direct impact from US tariffs as our exposure to the US is less than 0.1% of total volumes. As a consequence of all this, we maintain our earnings expectations for 2025 of an organic operating profit growth of 1% to 5%.

We are satisfied with the Q1 performance in Britvic and the actions taken in terms of business integration and synergy realization, and we continue, therefore, to expect an operating profit contribution of £250 million.

And based on yesterday's FX rate, we assume a translation impact on operating profit of around minus DKK 200 million for 2025, compared with previous expectations of DKK 150 million plus. The negative translation impact is due to most currencies weakening versus the Danish krone, with the biggest impact coming from Asian currencies, including Chinese, Laotian, Malaysian currencies and the Kazakh and Ukrainian currencies. The currency impact does not include the impact of hyperinflation accounting in Laos or the currency impact on profits in Britvic, and the latter will in 2025 be included in the acquisition impact.

So, we now expect net finance cost excluding FX to be better than previously expected, and this positive development is mainly due to the well-executed refinancing of our bridge facility. And as a consequence, we now expect net finance cost of around DKK 2.5 billion compared to previous expectations of DKK 2.6 billion to DKK 2.7 billion. The assumed tax rate of 23% and the CapEx of DKK 7 billion to DKK 8 billion remain unchanged.

And now over to you, Jacob.

Jacob Aarup-Andersen, Group CEO

Thank you, and slide 11, please. Thanks, Ulrica. And before opening up for Q&A, let me just summarize what you just heard here. So, first of all, in a continued soft consumer environment, we delivered a slight volume decline, mainly due to the later Easter and the loss of the San Miguel brand. We delivered a solid start to the year in our key markets like China, India and the UK, as well as good growth in our key strategic growth drivers, including premium beer and alcohol-free brews.

Looking ahead to the rest of the year, a key priority is, of course, the integration of Britvic and the realization of synergies. We're really excited about this business and we're really excited about the quality of the brands and the amazing colleagues that have come onboard.

We're going to continue to develop and invest behind our growth categories, our growth markets and our capabilities. The higher commercial investments will be supported by continued efficiency improvements in supply chain. Driving top line growth and improving gross margin will enable us to deliver compounding long-term operating profit growth.

And on the back of that, we are fully confirming our full-year EBIT guidance.

Now, let's go into Q&A. And as usual, we will limit the number of questions to two per person to ensure that as many as possible will get a chance to get through. After your questions, you are indeed welcome to join the queue again, of course, if you have more questions to ask.

With that, we're now ready to take questions. Thank you. Over to you, operator.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] The first question comes from the line of Simon Hales from Citi. Please go ahead.

<Q – Simon Hales – Citigroup Global Markets Ltd.>: Thank you. Morning, Jacob. Morning, Ulrica. And morning, Peter. So, two for me then, please. I wonder if you could talk a little bit, Jacob, about sort of how trading has evolved since the end of the quarter? Clearly, you're a month in now. We've had some pretty decent weather, I think, in Europe and we've had Easter. Any comments around … this sort of momentum in there sort of more recently in your sort of core businesses?

And then secondly, Ulrica, you mentioned, I think, in your comments around Western Europe, the price renegotiations with customers have been concluded. Were there any issues to call out there or any ongoing issues as those price renegotiations have sort of gone into market? And how do we think about the scale of some of those moves going forward? Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hi, Simon. Good morning to you. So, let me start on the trading question. So, of course, we can't give you all the details of April. But I can confirm that things are going according to plan. We had a lot of questions this morning around global impacts on consumers, et cetera. We see in April that it is trending according to plan. We've had a good Easter in Europe. Across Europe, as you point out, there's both the overall Easter impact and weather has also been okay. So, overall April according to plan and that, of course, is – it's confirming the trends that we would expect. So, happy with April and – but, of course, we are looking into some big summer months as always as you know, so that will also be a key factor.

Ulrica, on the pricing?

<A – Ulrica Fearn – Carlsberg A/S>: Yeah. On the pricing, yes, we are – indeed, we have close to – close to closing all of them. There's some left outstanding as the timing of the quarter progresses, but most of them are closed. Not any direct issues to report. We are, of course, as we've always said, continuing to take price to make sure that we drive and offset the costs we're seeing in our underlying cost base, which is, of course, lower now than it used to be with the very high inflation and we continue to do that, but no direct issues to report.

<Q – Simon Hales – Citigroup Global Markets Ltd.>: Got it. And, Jacob, just coming back to your comments on April, means obviously positive with regards to Europe. Does that also hold true for China, given the positive volume development we saw in Q1, so that continuing as we look into the Q2 period?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: When we look at, of course, Easter is not a – it's not a debate when we talk about China as such. But, no, listen, we see the continuous stabilization of China in the beginning of the year that has also continued in April. So, I would say it's still solid in China.

<Q – Simon Hales – Citigroup Global Markets Ltd.>: Brilliant. Thank you both.

Operator: We now have a question from the line of Andrea Pistacchi, Bank of America. Please go ahead.

<Q – Andrea Pistacchi – Bank of America>: Yes, good morning. My two questions are just following up on China where you returned to growth. I mean, the environment is obviously very uncertain. Tariffs, on the one hand, potential domestic stimulus, easy comps. How do you feel about China for the remainder of the year? What is the sense from your people on the ground? You just commented, obviously, that in recent weeks, things have continued to stabilize, but get a broader sense of your – say, your expectations for China.

And then my second question, please, is on Europe. Now, excluding San Miguel, Europe had a, I mean, very solid performance, positive; better, I think, than other beverage peers. Poland, I saw you were saying it was an important driver, but can you give a bit more color on what in your view is driving the outperformance there, whether you think this is sustainable, whether you're expecting to have a better year in Europe despite the environment? Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hey, Andrea, thank you very much for those two questions. Let me try to address them. Yeah. On China, so if you look at the rest of the year, I think you're highlighting some of the, I wouldn't say, uncertainties, but question marks. There's a lot of moving parts at the moment. So, it's stable at the moment, as I also said with April. But, of course, we can paint pictures that will both pull the market up and pull the market down, depending on how you expect the current uncertainty around tariffs to play out. If you look at it, so last year the market declined by an estimated 4%. And this year the Q1 – in Q1, we believe the market improved a bit, down 2% to 3%.

But when you look at the rest of the year, I think if you look at the negatives to start with, of course, the consumer sentiment has not suddenly churned. It's still relatively depressed. We still have high youth unemployment, et cetera. On-trade is still under pressure. So, channel mix is under pressure. But on the positive side, you are right. And, of course, there's the unknown of tariffs. But on the positive side, we will have easier weather comps later in the year. You do have a lot of talk around potential 2025 stimulus. And then we're seeing off-trade improve versus the on-trade deterioration.

So, there are pluses and minuses here. Our key focus is going to be on continuously increasing the market share, like we did again in Q1, and especially the distribution into big cities. You saw our big city performance. That is what is driving again the performance here in Q1 and then continued growth of premium within that. We're putting more focus on the off-trade channel, and on convenience and e-commerce where we see continued growth opportunities. And that's also what's driving it here. But, overall, listen, it would be too big a call to make a definitive perspective on how the Chinese market will develop the rest of the year. We, overall, right now see a market that is slightly better than it was last year, and we are outperforming that market a bit, as you can see from Q1. And my best estimate for now will have to be that that's the environment that we're looking into for the rest of the year, but it comes with a lot of uncertainties, of course.

Then on Europe, so yeah, you're right, good strength in Europe, a number of markets – despite Easter – a number of markets did relatively well. You're right. Poland was definitely one, which was very strong. Overall, when we look across those markets, not to spend the next half an hour going through every European market, but if you look overall, the UK has strong momentum when you exclude San Miguel. We're seeing very good traction on Poretti and Carlsberg and 1664. So, the beer portfolio is doing very well.

Across Western Europe, you've known it by now, most of our markets are CSD markets at this stage and we're seeing good CSD performance, actually very good CSD performance across Western Europe. So, our soft drinks franchises are part of our strong performance in Q1. And I think it plays into the diversification of our category mix. Beer has been a bit under pressure in Q1, but we're seeing good growth in premium beer, we're seeing good growth in Beyond Beer in Western Europe, we're seeing good growth in alcohol-free and we're seeing a good growth in soft drinks, which by now is a significant part of our Western European business.

So, I think it's the strength of the portfolio and the strength of our category diversification that is giving us that. So, it's not – we don't think it's, as you said, unsustainable. We think it plays to the strength of our portfolio.

<Q – Andrea Pistacchi – Bank of America>: Thank you very much.

Operator: The next question comes from the line of Mr. Sanjeet from UBS. Please go ahead.

<Q – Sanjeet Aujla – UBS AG (London Branch)>: Hi, Jacob, Ulrica. A couple for me, please. Firstly, just coming back to the Britvic underlying performance, can you give us a sense of the magnitude of the impact from the contract terminations in Q1 and the expectations for the full year there? And what's driving the weakness in the UK on-trade? And just coming back to the UK business, I think you spoke about some contract wins. So, are you starting to see some benefits there from the Britvic side of the business or just give us a bit more color there, please? Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thank you very much, Sanjeet. I'm being told by IR, you technically sneaked in three questions, but we'll do it anyway because it's a sunny day in Copenhagen.

<Q – Sanjeet Aujla – UBS AG (London Branch)>: Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: And, yeah, then – but don't do it again. No, the – in terms of the contract terminations, we're not going to give you a specific number. So, because then it becomes too detailed. But if you look at the negative performance in France, it's mainly that. So, of course, the French market is not in significant growth. But if you take out the contract terminations, then you would expect the performance like you're seeing in the UK as an example. And, of course, as we say and as I also said in my opening remarks, you would expect as we come into the business here, we are taking a hard look at the portfolio, making sure that we're optimizing and rightsizing it. So, the important thing is the underlying performance, which we're very pleased with.

In terms of the UK, listen, overall performance, happy with that. It's a tough quarter in terms of comps and Easter. So, the slight down is as expected. In terms of UK on-trade, not a particular change in terms of the new weakness or anything like that. It's just we have to say that UK on-trade has been a bit subdued for quite a period by now. So, we're not seeing any sudden change and that's also having an impact on our business. We're not seeing a step change – negative step change. It's a continued softness in on-trade.

The last question was on wins. Yes. Listen, we are seeing some early wins. I know some companies will mention specific names, we will not, but we are seeing early wins. We're quite pleased with that. And net-net, it's positive what we're seeing on the wins side, which is pleasing. You would always expect when you do a major acquisition like this that there would be some contracts that potentially are at risk. That's expected. But it's also nice to see that we're winning some quite significant customers as well. So, overall, net-net, we're positive on the contract side, which is very pleasing to see. And I have to say, the conversations we're having with the big strategic customers has accelerated faster than we would expect it to at this stage. So, there's a lot of excitement and pull from both major on-trade and off-trade customers around what this – the combined portfolio – can do to them which is very exciting. It's one of the things that we've highlighted from the beginning that we – from experience with the many soft drinks markets that we do run across Western Europe – we have, of course, known for decades what we can do on the revenue side. And we're starting to see that come through in the early conversations. So, early excitement around the fact that the business case truly stacks up around Britvic.

<Q – Sanjeet Aujla – UBS AG (London Branch)>: Great. Thank you.

Operator: We now have a question from the line of Edward Mundy from Jefferies. Please go ahead.

<Q – Ed Mundy – Jefferies International Ltd.>: Morning, Jacob, Ulrica, and Peter. So, two questions, please. First one perhaps for Ulrica, commodities are starting to see a little bit of softening across the piece. Could you remind us on hedging for 2025 and to what extent this is more of a benefit for 2026 and 2027?

And then second of all, perhaps for you, Jacob, and you've mentioned you're excited about your amazing colleagues from Britvic. I mean, are there any learnings so far from Britvic's ways of working that you think can be applied across the broader Carlsberg business, either on the beer business alone or where you're multi-beverage?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Well, why don't I start on that, Ed? Thanks for the question. So, listen, I think when we talk about the excitement, there is a number of things around it. One of them is just a very committed and high-quality workforce, which is great to see. And we're starting to see senior Britvic colleagues taking up positions– key positions at the combined group as well, which is nice to see. It's also a very well-invested business with an updated and well-maintained supply chain, which is great to see. So, we're not coming into any negative surprises on the supply chain.

But I think if I had to highlight something where that can truly drive, you can say, capability wise, can drive something across the group, I have been impressed by the innovation capabilities of the Britvic Group. Of course, we are not in any way strangers to innovation. As you know, we have an award-winning research lab, et cetera. But there has been – it is great to see the very, very short time to market that Britvic has operated with in terms of driving innovation, constantly innovating within the categories, within the different soft drinks categories, and constantly redefining the market and leading the market into new innovations. And I think we can learn from that. And that's also why we're combining the best of both worlds on the innovation side and especially the go-to-market model around new innovation.

So, if I had to highlight one, I think that would be one. And then the overall quality of the colleagues that are coming in, of course, but it's great to see especially that innovative power. And also, you can say it – given that it doubles our soft drinks portfolio, it more than doubles our soft drinks capabilities because it's really a well-invested innovation and development setup that Britvic has.

Ulrica, over to you on the commodities.

<A – Ulrica Fearn – Carlsberg A/S>: Yes, some light on commodities. I can say that for 2025, as I mentioned before, our COGS per hectoliter are continuing to be expected to be flattish and we are now, to your question, hedged more than 85% for 2025 within that. So, there are some ups and downs, of course, in the markets as you referred to. We are, of course, looking and monitoring them very closely. And there's been some opportunities on oil, on gas, on aluminium, plastics, and many of the others – that's barley, sugar, et cetera – are locally sourced, so less of an implication on them in the global markets as well. But we are looking into see whether we can add any more hedges around, for example, aluminium and energy. But that will be favorable to 2026, therefore, instead of 2025, as and when we do that.

<Q – Ed Mundy – Jefferies International Ltd.>: Great. Thank you.

Operator: The next question comes from the line of Søren Samsøe from SEB. Please go ahead.

<Q – Søren Samsøe – Skandinaviska Enskilda Banken AB>: Yes, good morning, Jacob, Ulrica and Peter. My first question is on Vietnam. You talk about the difficult pricing environment, maybe go a little bit into detail with that and also remind us on the excise tax in Vietnam, when they are due and how much that is impacting the consumer price. And secondly, on France, if you can comment a little bit on the pricing strategy this year and how you expect that to impact the volumes for the rest of the year. Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hi, Søren. Thanks for your questions. So, if I do Vietnam, then Ulrica will speak to France. Just on – so additional color on Vietnam. So, listen, we had a weaker quarter this quarter. After a number of good quarters, this was a weaker quarter. It's especially driven by Central Vietnam. As you know, I know you know our business very well. We have a high proportion of our business is in Central Vietnam and when you look at the market development in the first quarter, no doubt that Central Vietnam was significantly weaker than the rest of the country, North and South. So, we were hit disproportionately with the market weakness in Central, given our portfolio.

On top of that, we did see some competitive pressure increase in Central. So, it's a combination of a weak market and the increased competitive intensity. So, I think that's the additional color around it. We still have the same belief in the long-term potential of the Vietnamese market and the Vietnamese business. For us, Q1 was weaker, no doubt about it, but it doesn't change our perspective on the attractiveness of this. So, we'll readjust and also, of course, the market will continue to develop and Central will not remain weak for the full year, but let's see.

You asked specifically on Vietnam on the excise changes, we haven't seen a final decision on the excise changes. So, at this stage, I can't give you a firm answer. So, of course, we'll keep you updated when we have firm perspectives on it. But at this stage, it would be speculation from my side. So, once we know something, we'll let you know. And, of course, it's going to impact the entire market, not just us. Ulrica, France?

<A – Ulrica Fearn – Carlsberg A/S>: Yeah. On the customer negotiations there, same as the general comment on Western Europe. We have concluded the negotiations but we won't see them in the markets until we come into the pricing and promotions will be visible towards the end of April and May. And here we are clearly as we looked in last year, we are working through to make sure we've got the right price pack and promotional architecture as we do so.

<Q – Søren Samsøe – Skandinaviska Enskilda Banken AB>: But would it be fair to be a little bit more positive on the volumes in this year, you think, in France?

<A – Ulrica Fearn – Carlsberg A/S>: Well, we have been improving our architecture and we're trying to recover what we lost on the back of pricing last year.

<Q – Søren Samsøe – Skandinaviska Enskilda Banken AB>: Okay. Thank you very much. Appreciate it.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Søren.

Operator: We now have a question from the line of Chris Pitcher from Redburn Atlantic. Please go ahead.

<Q – Chris Pitcher – Redburn Atlantic>: Good morning all. One clarification and a question from me, please. On the UK new contract wins, can you give a sense of the scale there? I mean, I assume these are on the back of Britvic. On a sort of like-for-like basis, would you have still grown in the UK or was it all down to these synergies? And then on India, another strong quarter, are you still running into capacity constraints? And can you just update us on capacity expansion planning, timing and so forth? Thanks.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Chris. On the clarification on the UK new growth, so the net growth we're seeing in the UK is not driven by the new wins. Of course, the new wins also has an impact, but it's – we would be growing even without the wins.

When you look at India, so the growth we're delivering, I think Ulrica said double-digit growth in the quarter, which is clearly higher than the market. We did not see any capacity constraints in the quarter. When we look at it right now, the mix of states, where we are performing, is also a mix of states where we are not constraint on the supply chain side. We are in the process of finalizing a number of supply chain projects at the moment. Therefore, you would also expect us – we will not be specific because we are in state discussions, but you would also expect to see more greenfield projects come on stream in the coming years in India. So, we're not sitting on our hands and we would expect that in the coming years, you will see two to three new brewery additions in India. But in the meantime, we feel confident that we have the broad capacity we need in terms of the supply we get from – the capacity we get from our co-packer partners across the states.

But, of course, as you know, we have historically had quarters where we've seen rapid demand increase in certain states where we didn't have the co-packer capabilities. And, of course, that can happen going forward. But so far at this moment, we don't see a constraint and we don't see that either in Q2.

<Q – Chris Pitcher – Redburn Atlantic>: Thank you. Just coming back to two to three new breweries, not per annum, but in total?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Yeah, not per annum. No. Otherwise, I need to give you a new CapEx guidance as well.

<Q – Chris Pitcher – Redburn Atlantic>: Yeah. Thanks.

Operator: The next question comes from the line of Olivier Nicolai from GS. Please go ahead.

<Q – Olivier Nicolai – Goldman Sachs International>: ...UK and regarding the San Miguel volume loss, I believe Marston's and also Wetherspoon have replaced San Miguel with Poretti. But overall, how much of the volumes did you manage to recover with an alternative brand in the off-trade, but also in the on-trade in the UK?

And just secondly, in Denmark, I think there's been some calls for boycott of US products and I just wanted to know if there was any impact on Coke there and if you've seen some local brands trying to benefit from that. Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Olivier. We missed the slight beginning of your question, but I think we got it. Maybe it's just on our side here. So, you mentioned Wetherspoon and then you said specifically how much of the San Miguel volume we have replaced. We're not going to give you a quarterly tracking on that, and you would appreciate that that's also giving a little bit too much information to our competitors as well.

But we said last year that it's going to take us a couple of years to fully replace the volume, and that's still the statement here. We're off to a good start, but it's going to take time, no doubt about it. We're very pleased with the growth rates we're seeing. We're seeing Poretti almost double in Q1, which says something around the growth rates we're seeing on these brands. But you also know the size of the San Miguel business was very big. So, it's going according to plan, probably slightly ahead, if we have to be honest. Slightly ahead of plan, which is great. Because when brands get momentum, it will usually last for a while. But we are still sticking to the statement that it's going to take a couple of years to fully replace the volume.

Then you asked about Denmark, yeah, there is a level of consumer boycott around US brands. When we look at our – and it's the only market where we're seeing that to a large extent. But when we look at our portfolio, our overall soft drinks portfolio is up. You're referring to the Coca-Cola brand that we bottle in Denmark. Our Coca-Cola volumes are slightly down in Denmark. But on the other hand, our recently relaunched Tuborg Squash is delivering significant growth. So, overall, soft drinks are up.

If you look at who's taking share, there are some smaller local brands that are taking some share in that market. But it's not dramatic when you look at the overall volumes. Listen, we fully respect people's decisions. For us, it's not about being pro or con a boycott. For us, it's about making sure that we are there delivering the product choice to our consumers and we do also remind people, of course, that Coca-Cola and for that sake, Pepsi in Denmark, they're both being produced by Danish brewery workers in Danish breweries. So, these are very much, from our perspective, also Danish brands.

<Q – Olivier Nicolai – Goldman Sachs International>: Thank you very much. Very clear.

Operator: The next question comes from the line of Mitch Collett from Deutsche Bank. Please go ahead.

<Q – Mitch Collett – Deutsche Bank AG>: Morning, Jacob and Ulrica. Going back to China, I think you call out in the statement that there has been some softness in local mainstream in Western China. Is that just macro or is there anything else going on? And are there any signs of improvement as you progressed through the quarter?

And then second question, I guess, is linked to what you just said. You've had very strong growth for alcohol-free brews. Can you maybe give a bit of color on what's driving that acceleration? And do you think it's sustainable at the level you've achieved in Q1?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hey, Mitch, let me start on China. So, yeah, no, listen, there's not a lot of drama as such. I think the local mainstream being slightly weaker in the quarter in Western China, it is macro driven. So, when you look at it, given our market shares, as you know, in these states, we will, of course, be a mirror of the overall economy. And we're seeing a weakness – a consumer weakness in those regions. And therefore, it's also impacting our local mainstream brands. But it's not any specific – anything specific around specific brands or specific channels or categories, et cetera. It's just an overall slight weakness on the consumer spending.

Ulrica, maybe you on the alcohol-free?

<A – Ulrica Fearn – Carlsberg A/S>: Yes. So, yes, indeed, it is great to see the alcohol-free brews growing. I mean it is, of course, we are calling that out as one of our growth categories. And indeed in there, Mitch, it is a structural growth that we see continue to build, whether that's the category become fairly – the velocity is quite strong, the occasions are building and, of course, the product has got a great taste and sort of health sides to that, too. So, it sort of hits all the different notes and we see that as a structural change going forward that we continue to capitalize on.

<Q – Mitch Collett – Deutsche Bank AG>: Great. Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Ulrica. I'm being told that, operator, we should have the last question.

Operator: And the last question comes from the line of Trevor Stirling from Bernstein. Please go ahead.

<Q – Trevor Stirling – Bernstein Autonomous LLP>: Morning everyone. Just one from me. Regards Britvic, Jacob, pre-last year, so seem to be delivering your mid-single-digit-plus organic revenue growth. Appreciate there's a lot of moving parts with Easter and your deliberate actions in a number of countries. Are you still comfortable and confident that that's the – that's what we should be expecting in terms of underlying growth from the Britvic business?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: The answer is yes, Trevor. We don't see any change in that in the growth profile of the business. So, as I said earlier, the business case is being confirmed by everything we see and all the actions we're taking and, therefore, the answer is yes. We're still as excited about the growth potential of the Britvic business, and we don't see a step change from that.

<Q – Trevor Stirling – Bernstein Autonomous LLP>: Perfect. Thank you very much.

Jacob Aarup-Andersen, Group CEO

Thank you so much. I think on that note, thank you so much for your questions and your interest. We'll be seeing a lot of you over the coming days and we look forward to that. Until that, have a great day. Thank you.

DISCLAIMER