

Carlsberg A/S

Interim results
9 Months 2015



Agenda

Preparing for the future

Financial results

Region performance

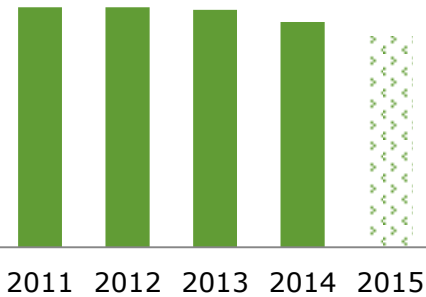
Appendix



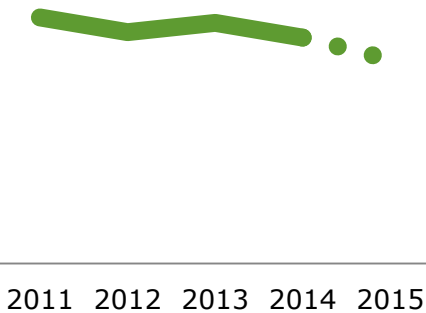
Preparing Carlsberg for the future

2011-2015

Operating profit



Operating margin



2016-2018

Funding the Journey

Value management

Supply chain efficiency

Operating expense efficiency

Right-sizing of business

Full benefits by 2018 (DKK)

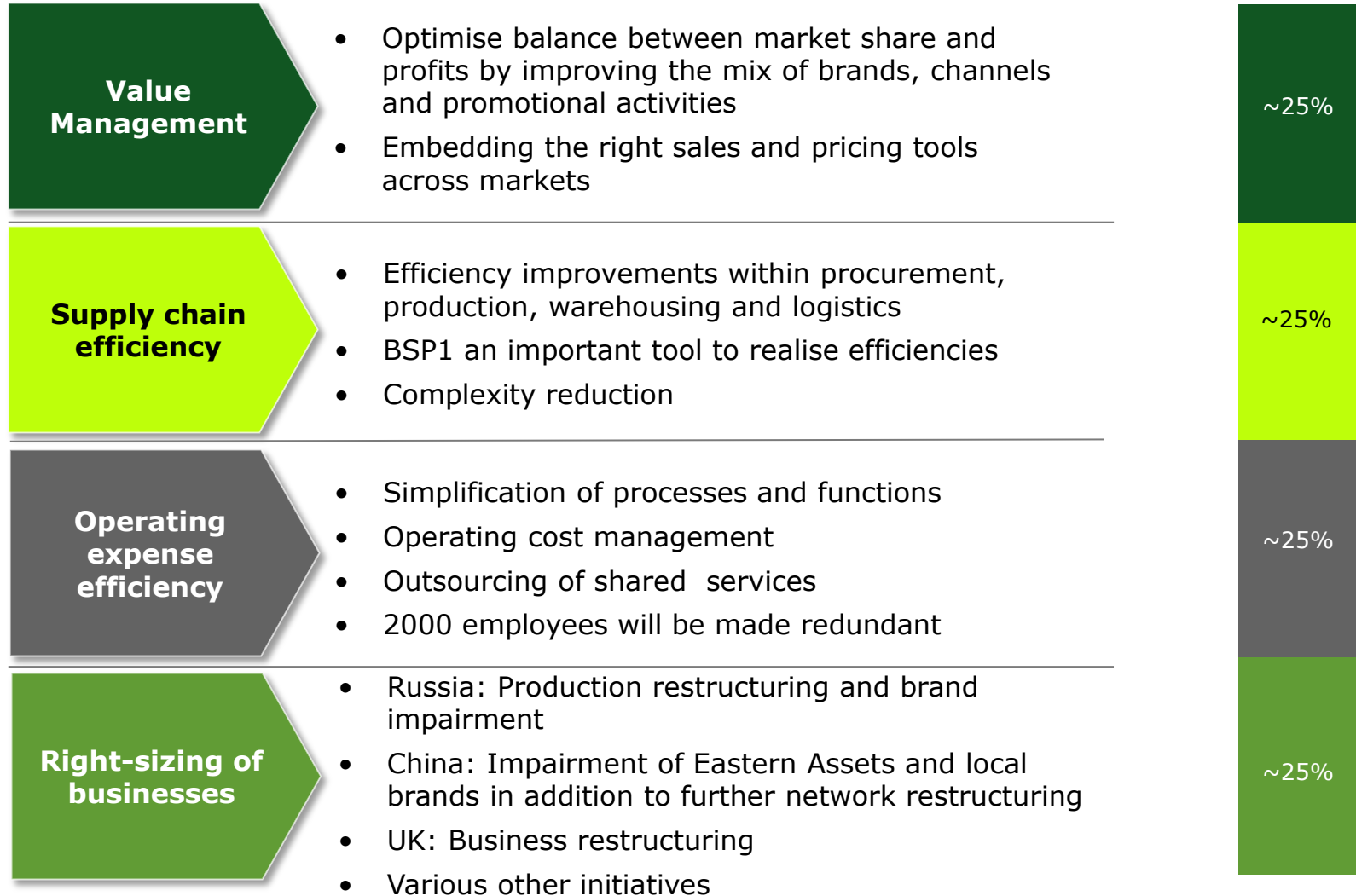
1.5bn
-
2.0bn

Re-investment in to business



Profit improvement

Elements of Funding the Journey



Right-sizing of businesses

- Right-sizing of businesses to reflect current market reality and expected future earnings projections
- Expected impairments and restructuring costs of DKK 10bn in 2015-2017 of which less than 10% is cash cost

- **Russian business and brands – impairment and restructuring**

- Strong business and significant share of profit pool
- Market challenges to persist
- Total impairment and restructuring expected at DKK 5bn



- **China – mainly Eastern Assets**

- Eastern Assets turnaround failed: continued market decline and competition
- Continued brewery footprint optimisation and local brand valuation
- Total impairment and restructuring expected at DKK 4bn



- **UK business – restructuring**

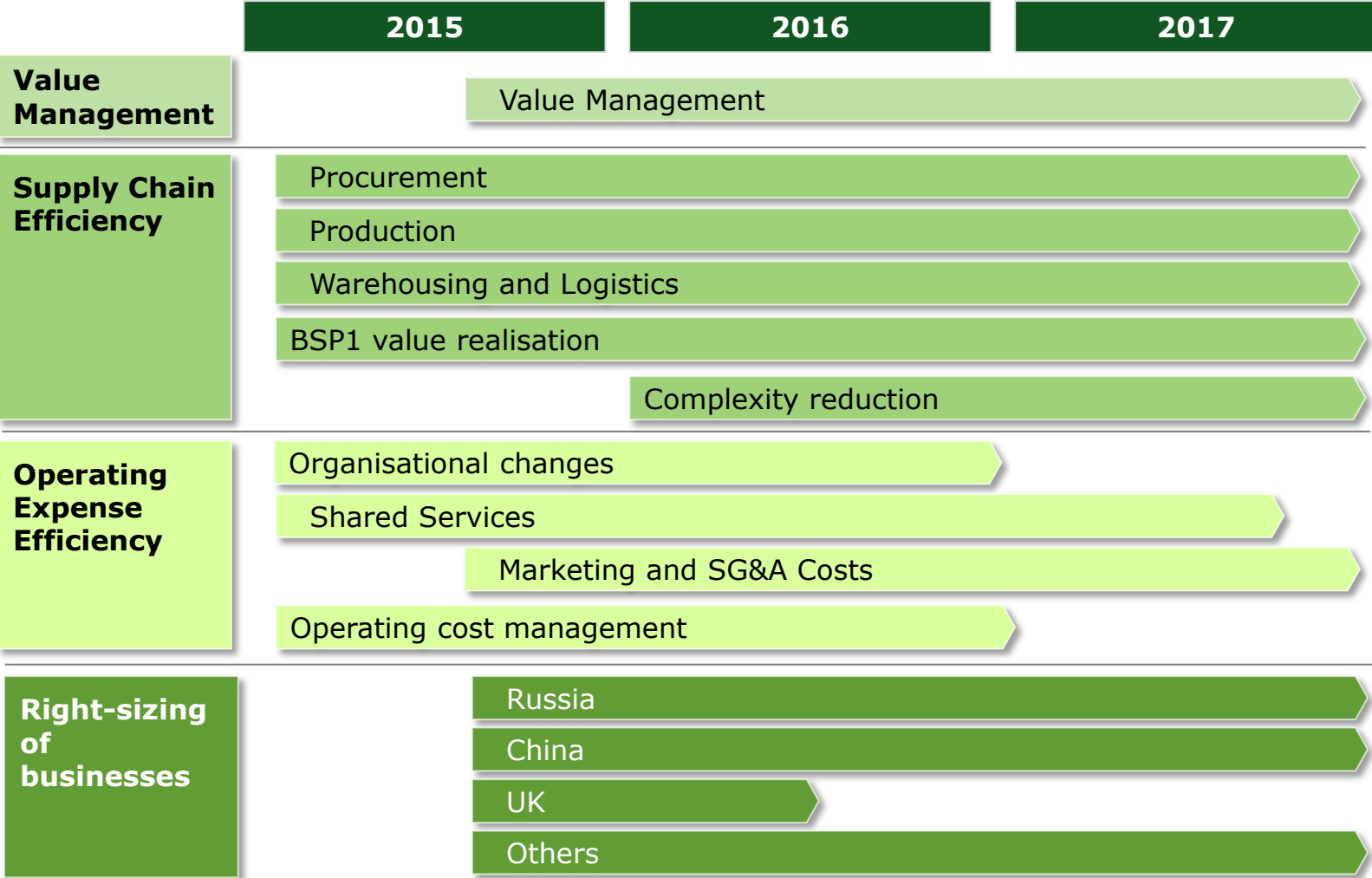
- Challenging market and delisting at major customer
- Restructuring and refocus with the aim to reduce capacity and costs
- Total impairment and restructuring costs expected at DKK ~600m



- **Various other initiatives**

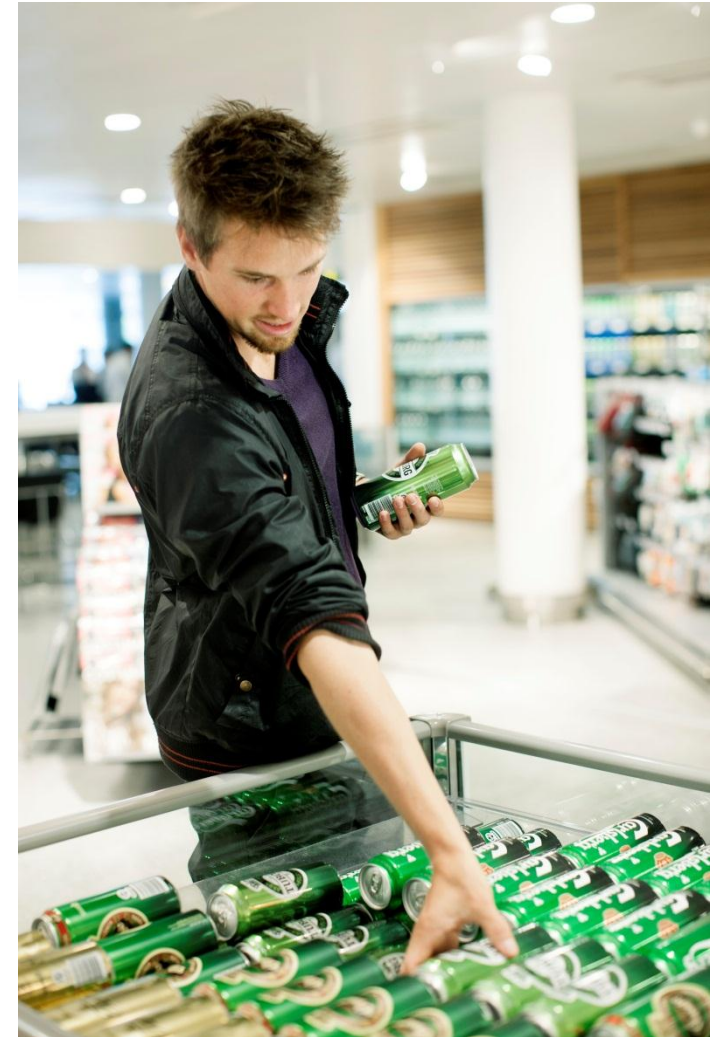
- Improved alignment of production and logistics capacity with market requirements
- Capacity reductions and brewery closures to be expected
- Release capital employed from smaller, less core assets

Funding the Journey road map



2015 underlying outlook remains unchanged

- 2015 underlying outlook remains unchanged
- Reclassification of one-off income in the UK and restructuring costs in Q4 impact organic operating profit; consequently we now expect
 - Organic operating profit to decline by high single-digit percentages
- A translation impact on operating profit of around DKK -200m (previously DKK -300m)
- Underlying tax rate of 28%
- The Supervisory Board expects to be able to propose to the AGM to keep dividend per share unchanged



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Appendix



Financial highlights

Q3 highlights

- Organic beer volumes -3%
- Organic net revenue growth +3%
- Price/mix of +4%
- Organic operating profit growth of +9%
- Strong organic operating profit growth in Eastern Europe and Asia
- Adj. net result growth of 2%

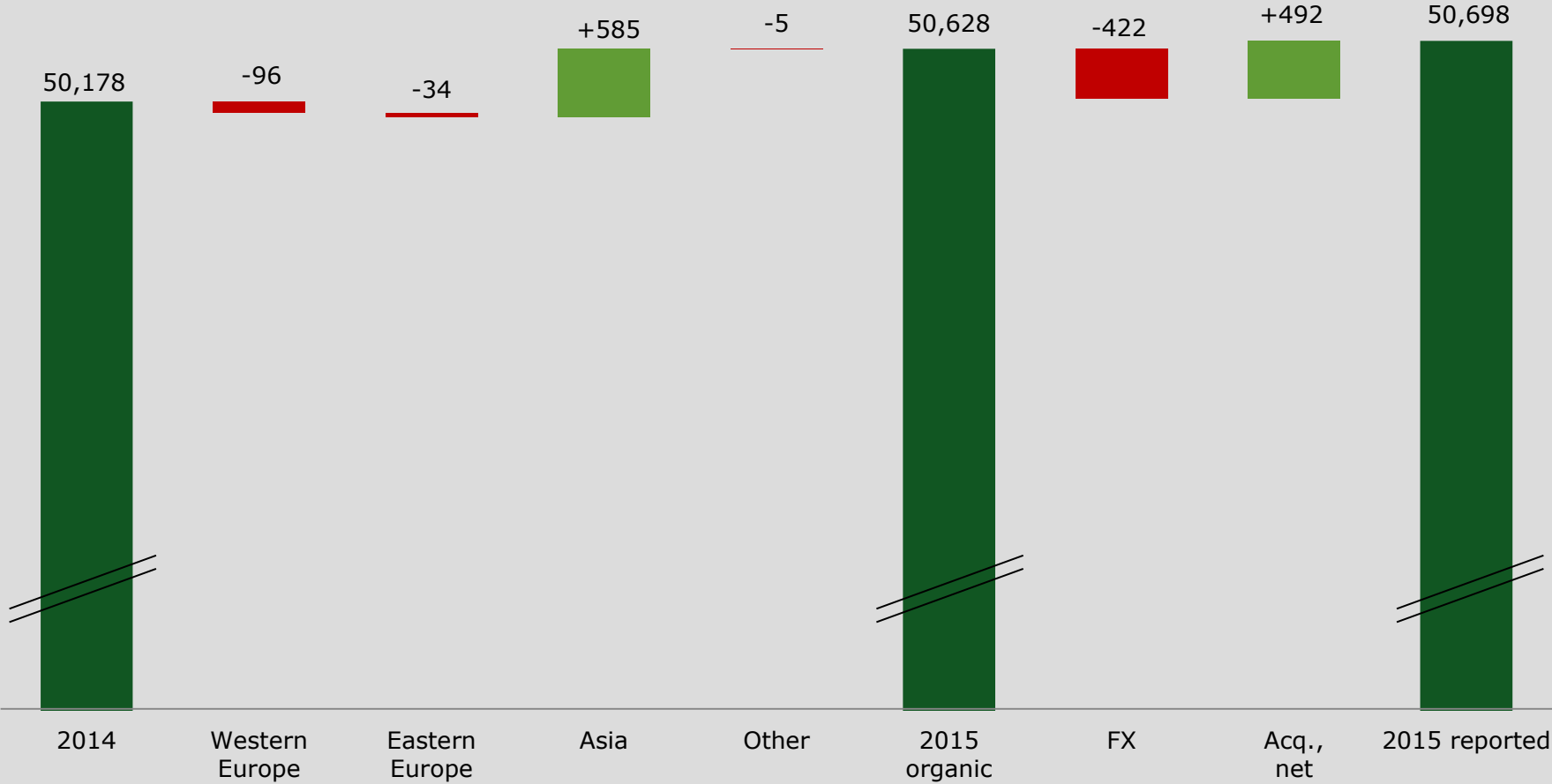
9 months highlights

- Organic beer volumes -4%
- Organic net revenue growth +1%
- Price/mix of +4%
- Organic operating profit down 3%
- Adj. net result decline of 11%
- Free cash flow of DKK 5.6bn (DKK +2.6bn versus last year)



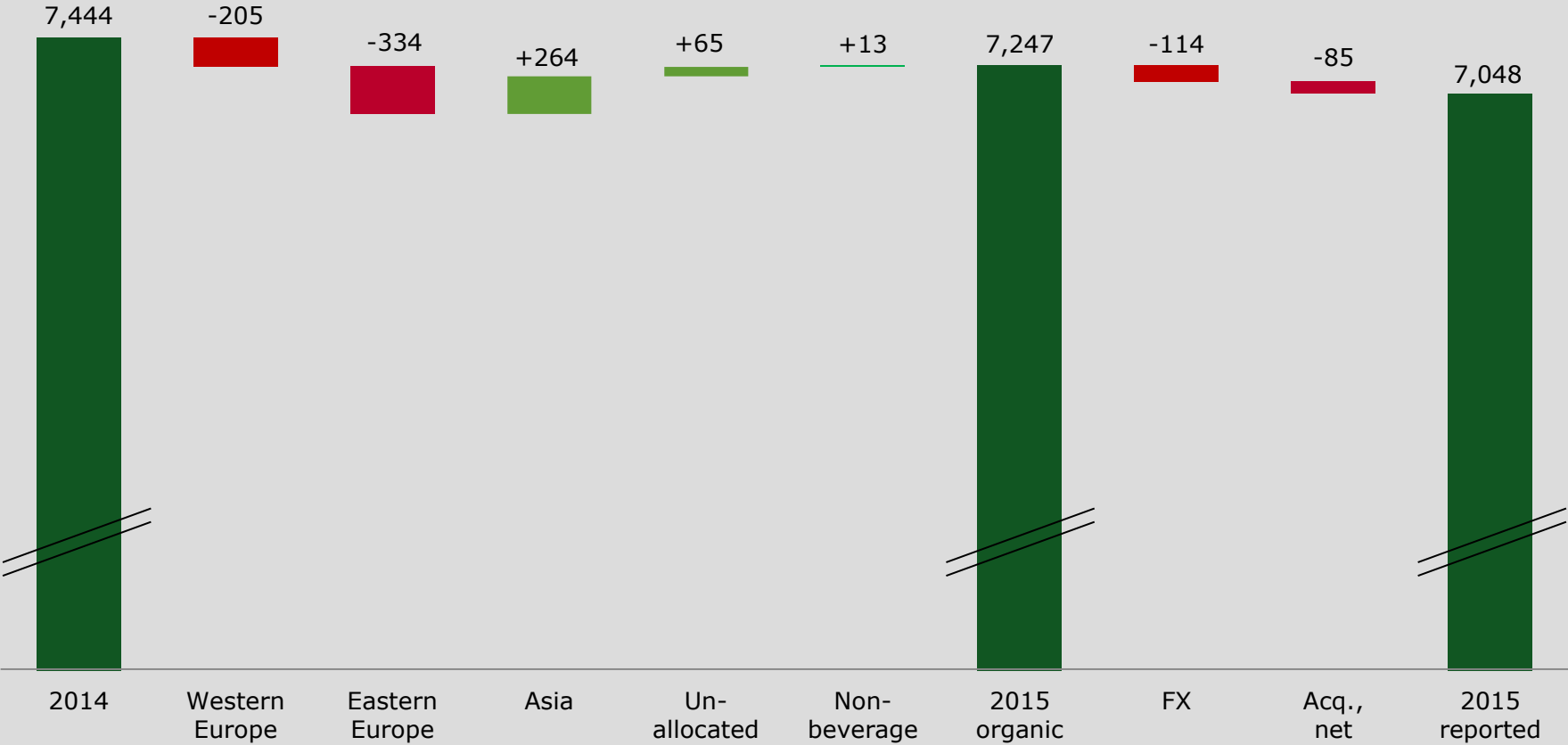
9M Group net revenue

DKKm



9M Group operating profit

DKKm



9M Income statement – key points

Gross profit/hl

+5%

Organic growth per hl,
driven positive net
revenue/hl

Organic operating
expenses

up 3%

Driven by sales and
marketing investments



Special items

DKK -8.0bn

Impacted by initiatives
related to *Funding the
Journey*

Net financials

DKK -1,137m

Interests:
DKK -837m (-10%)
Other financial items:
DKK -300m

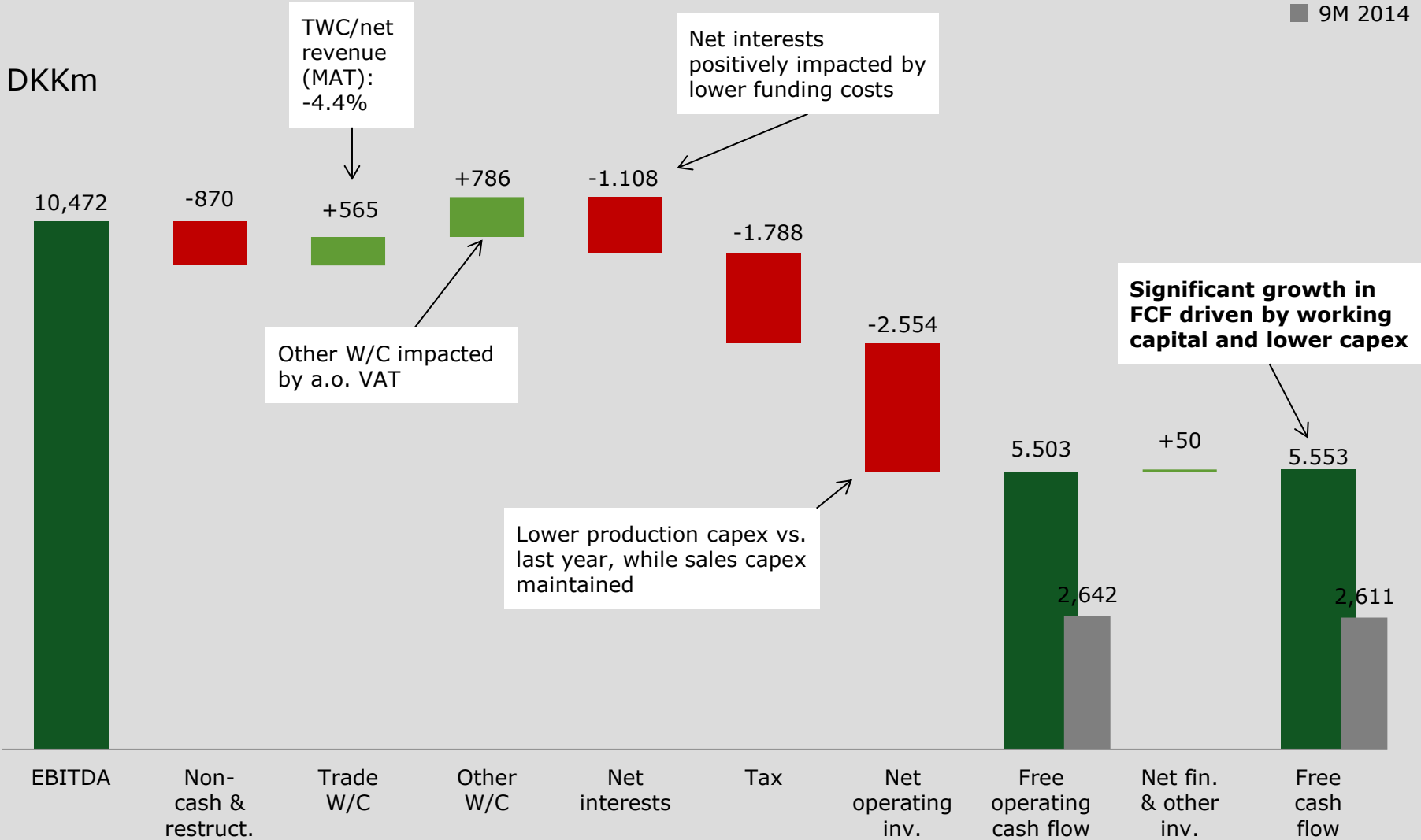
Adj. net profit

DKK 3,954m

Impacted by lower
operating profit and net
financials

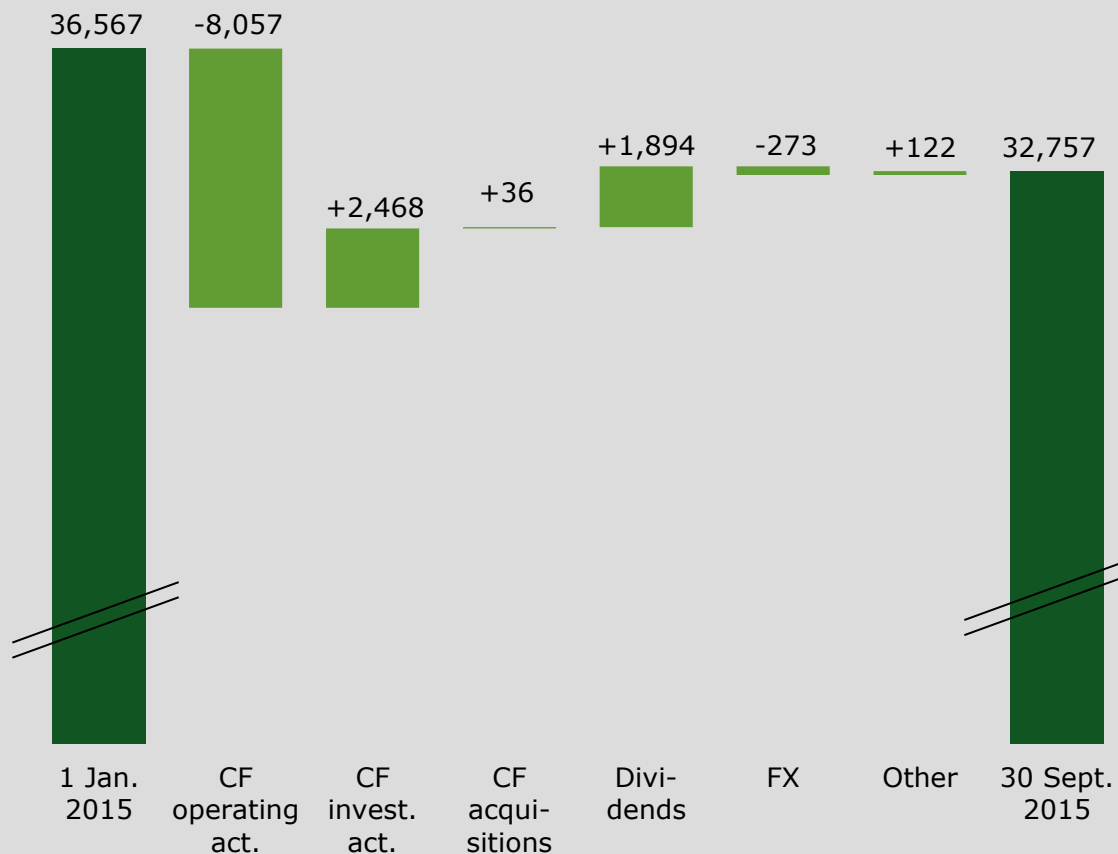
9M Cash flow

■ 9M 2014



Net interest-bearing debt

DKKm



- NIBD impacted by normal seasonality
- As per 30 Sept. 2015
 - NIBD/EBITDA (MAT): 2.6
 - Long-term gross financial debt: 96%
 - Net financial debt @ fixed rates: 85%

9M Invested capital & ROIC

Invested capital DKKm	2015	2014
Western Europe	37,020	35,443
Eastern Europe	31,301	53,790
Asia	23,616	23,107
Group	93,198	116,460

- Invested capital impacted by FX, reducing invested capital in Eastern Europe but increasing it in Western Europe and Asia
- Invested capital in Asia impacted by the Eastern Assets impairment and in Russia by impairment of brands

ROIC incl. goodwill (RTM) %	2015	2014
Western Europe	14.4	15.2
Eastern Europe	5.3	6.2
Asia	10.0	10.1
Group	8.2	8.3

- ROIC impacted by lower EBIT in Eastern Europe and Western Europe



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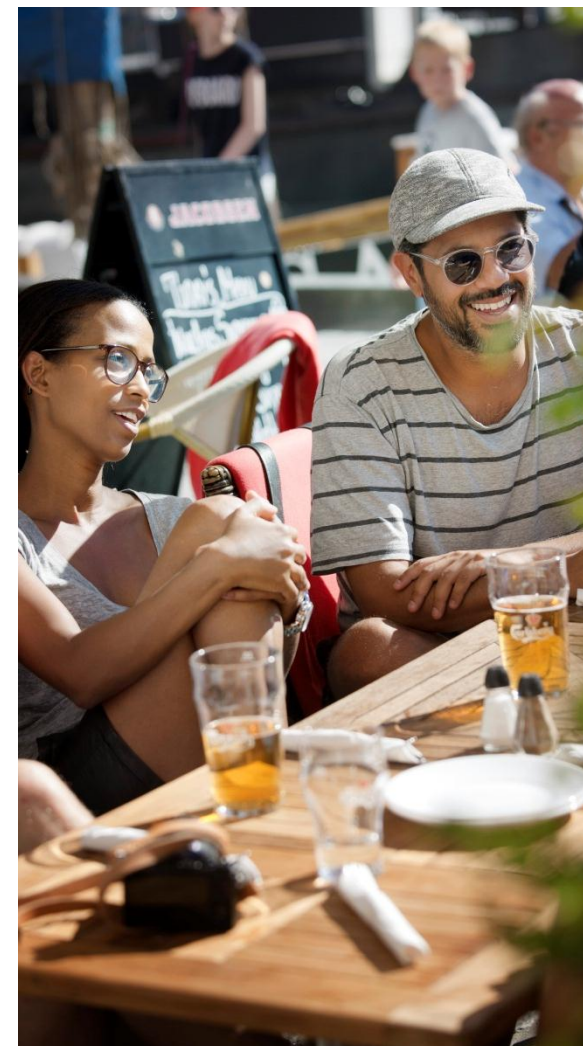
Appendix



Western Europe

- Flat market, but ~ +3% in Q3 on the back of easy comps
- Market share growth in majority of markets
 - Strong performance in the Nordics, France and Poland
- YTD beer volumes flat organically
 - Q3 volumes recovered after weak Q2 and July
- Net revenue flat organically (+2% in Q3)
 - Price/mix flat in spite of difficult environment
- Organic decline in profitability due to challenging markets, higher sales and marketing costs and lack of anticipated savings
 - Operating margin down 110bp to 13.8%

DKKm	9M 2015	Organic growth	Reported growth
Beer volume	39.2	0%	1%
Net revenue	29,965	0%	+3%
Operating profit	4,142	-5%	-5%
Operating margin	13.8%	-	-



Western Europe – Market comments

The Nordics

- 1% volume decline in overall market down 2% due to bad weather
- Strong market share performance achieved through sales execution and growth of speciality category

France

- 7% volume growth in a market growing by 4%
- Kronenbourg 1664, Grimbergen and Skøll Tuborg continue their positive performance
- Successful launch of non-alcoholic Tourtel Twist

Poland

- Positive volume & value share in a slightly growing market
- Good performance by Kasztelan and 29% volume growth of Somersby
- Increased competition, promotional pressure and negative channel mix

UK

- 5% volume decline in a market declining by 1%
- Increased visibility of the Carlsberg brand following revitalisation
- Loss of customer contracts negatively impacts results

Switzerland

- Strong currency leading to changed consumer dynamics and driving imports
- Flat market share
- Positive performance of Somersby following last year's launch



Eastern Europe

- Slightly declining regional market share
- Group regional volumes declined by 16% (Q3: -12%)
- Flat organic net revenue development (Q3: +6%)
 - Strong price/mix of 14% as a result of price increases in Russia and Ukraine
- Organic growth in earnings/hl
 - Gross profit/hl +13% (Q3: +19%)
 - Operating profit/hl +2% (Q3: +36%)
- Operating profit decline due to lower volumes, higher COGS and sales and marketing investments, and negative currency impact

DKKm	9M 2015	Organic growth	Reported growth
Beer volume	24.8	-16%	-16%
Net revenue	8,567	0%	-25%
Operating profit	1,655	-14%	-32%
Operating margin	19.3%	-	-



Eastern Europe – Market comments

Russia

- Challenging macro environment and consumer sentiment
- Our shipments down 18% YTD
 - Continued rapid channel shift from traditional to modern trade leads to further destocking at distributors
- Market share negatively impacted by price leadership during the summer
- Two breweries closed in Q1 2015

In 2015, Russia's share of Group operating profit will be <20%

Ukraine

- Very challenged market due to recession and accelerating inflation
- Strong market share performance, mainly due to the Lvivske brand and the local premium beer, Robert Doms

Kazakhstan

- Improved market share in growing market
 - Relaunch of Irbis sub-brands
 - Packaging innovations



- Positive market share development
 - Strong performance of Tuborg and Carlsberg
- Beer volumes up 3% organically (Q3: flat)
- 6% organic net revenue growth (Q3: +2%)
 - Price/mix of 2% (Q3: flat)
- 16% organic operating profit growth (Q3: +20%)
 - Top-line growth
 - Tight cost control
- Lower overall market growth due to China

DKKm	9M 2015	Organic growth	Reported growth
Volume	30.8	+3%	+10%
Net revenue	12,158	+6%	+28%
Operating profit	2,199	+16%	+29%
Operating margin	18.1%	-	-



Asia – Market comments

Indochina

- 2% beer volume growth
- Strong growth of local brands
 - Angkor in Cambodia
- Volumes in Vietnam negatively impacted by flooding and rain

China

- 1% organic volume decline in market down mid-single-digit
- Strong growth of Tuborg (> 60%) and 1664 (+40%)

India

- 41% organic volume growth
- 15% market share
 - Tuborg #2 brand in market
- 9M positive organic earnings contribution



Myanmar

- Brewery start-up in May
- Launch of Yoma and Tuborg brands

Nepal

- Positive volume and earnings growth

Operating profit contribution from Asia quadrupled from 2008 to 2014

Q&A



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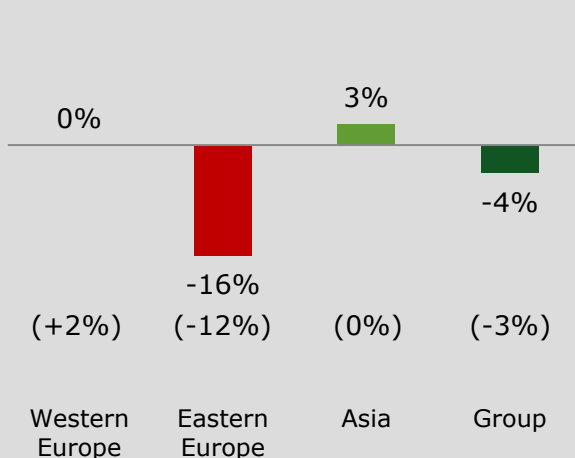
Income statement

YTD September, DKKm	2014	Organic	Acq., net	FX	2015
Net revenue	50,178	450	491	-421	50,698
Gross profit	24,891	483	98	-271	25,201
Operating expenses incl. brands marketing	-18,044	-540	-177	133	-18,628
Other income, net.	597	-140	-6	24	475
Operating profit before special items (EBIT)	7,444	-197	-85	-114	7,048
- Brewing	7,542	-209	-85	-114	7,134
- Other activities	-98	12	-	-	-86
EBITDA	10,458	180	-26	-140	10,472

9M Key figures (Q3)

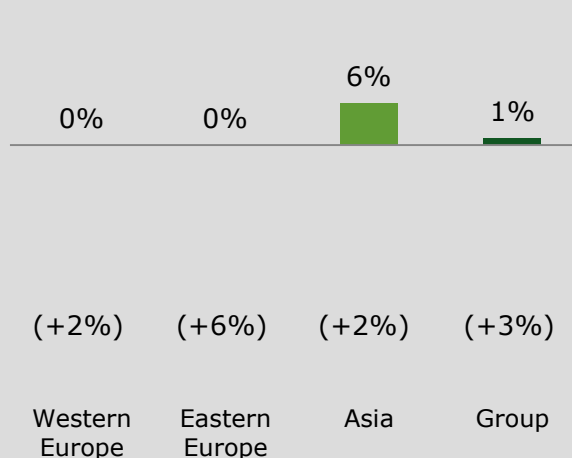
Beer volume, pro rata

Organic growth



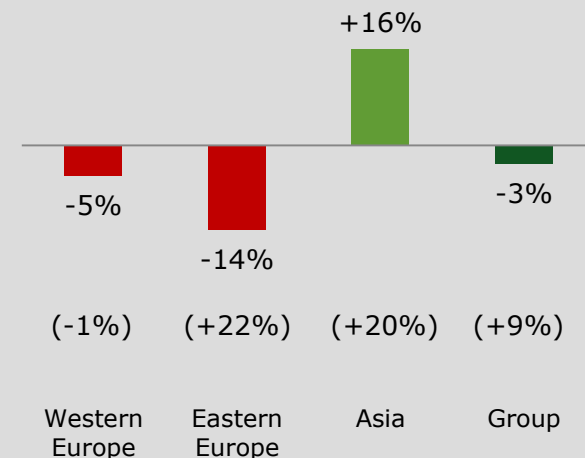
Net revenue

Organic growth



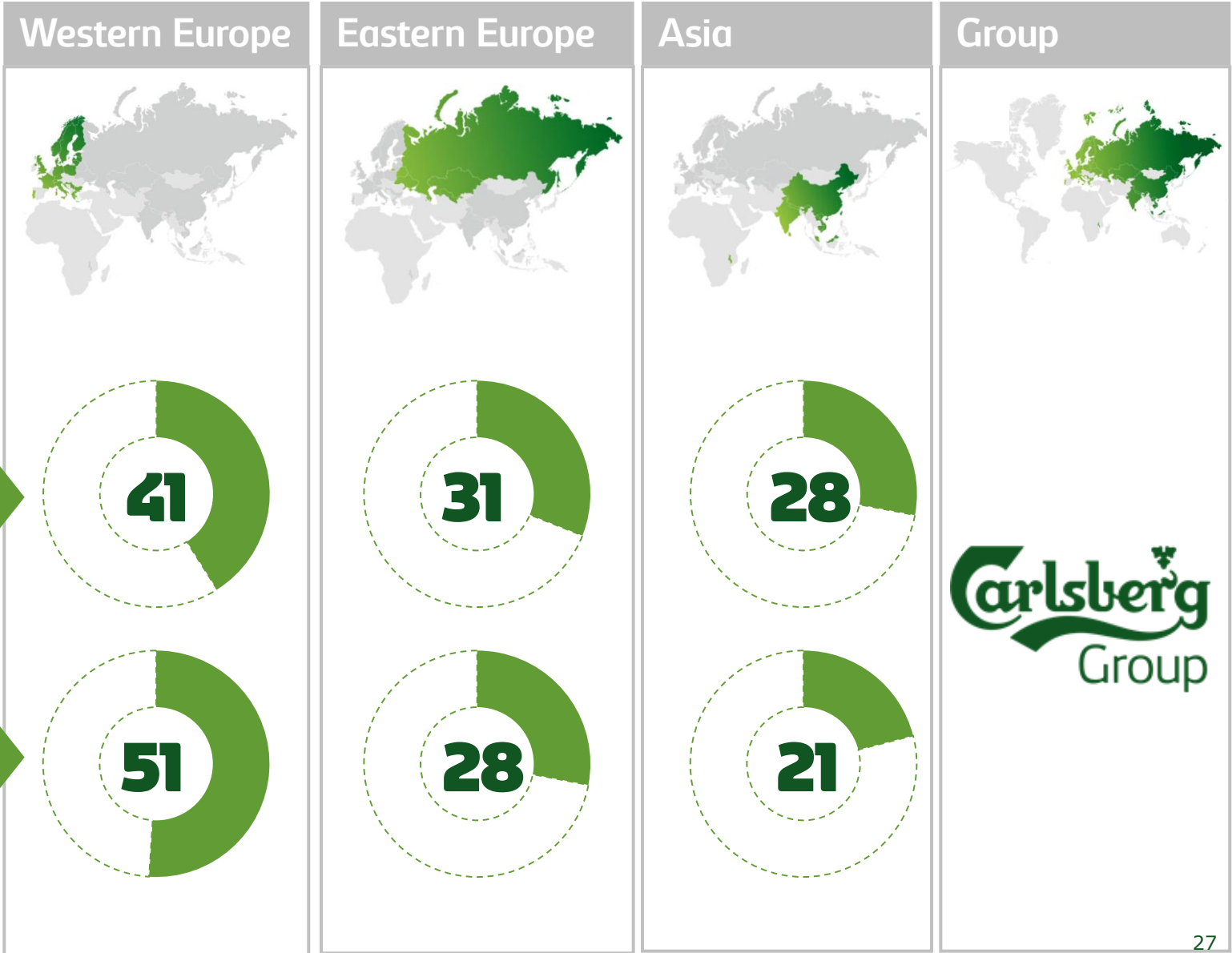
Operating profit

Organic growth



Price/mix	0%	+14%	+2%	+4%
FX	+2%	-25%	+19%	-1%
Reported	+3%	-25%	+28%	+1%

Three regions



Financial calendar 2015

Financial calendar 2016

Full-year 2015 results	10 February
AGM	17 March
Interim results for Q1	11 May
Interim results for Q2	17 August
Interim results for Q3	9 November



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