Carlsberg 2011 Full Year Results
Carlsberg A/S
CEO Jorgen Buhl Rasmussen
CFO Jørn P Jensen
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Operator: *Welcome to the Carlsberg Full Year Results for 2011. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded.*

I will now turn the call over to your host, CEO Jørgen Buhl Rasmussen. Sir, you may begin.

Jørgen B. Rasmussen: Thank you very much; and good morning, everybody, and welcome to our 2011 Full Year Results Conference Call. My name is Jørgen Buhl Rasmussen; and I have with me our CFO Jørn P. Jensen and also Vice President of Investor Relations Peter Kondrup.

Overall, the headlines for the year are: We delivered solid performance in the Northern & Western Europe and strong growth in Asia and grew market share in both regions. The Russian market declined and we lost market share. This is partly due to conscious decisions not to take fully part in the high level of promotional activities. However, this share trend is not satisfactory and we are taking steps to address this. We continue our very focused efficiency agenda and, during 2011, we started the execution of several large projects. And last, Group results were in line with expectations announced in August.

As always, after a summary of our performance for the year, I'll go through the regions and after that Jørn will walk you through the numbers, our outlook, and the intention to make a voluntary offer for the remaining outstanding shares in Baltika. Thereafter, we'll be happy to take your questions.

And now to slide three please. In 2011, Carlsberg achieved solid results in Northern & Western Europe and continued strong growth in Asia. In Northern & Western Europe, our performance was driven by efficiency improvements and top line growth; while in Asia, it was primarily driven by growth. Eastern Europe performance was impacted by the Russian beer market decline and market share trends. Group results were in line with our expectations announced in August.
Overall, market development was mixed between regions. The Northern & Western European beer market were flat for the year. The Russian market declined due to substantial price increases on beer since November 2009 and high inflationary pressure on basic food items that impacted consumer behaviour in the beer category in 2011. In our Asian markets, the growth trend continues at a very satisfactory pace.
We continue our relentless efforts to grow both value and volume share across all our markets, supported by a high level of commercial activities. Our sales and marketing investment increased, with particular focus on Eastern Europe and Asia. To support our commercial activities, we have introduced and further developed value management tools. We have increased channel marketing

efforts, launched a number of new products, as well as revitalised existing brands across our markets.
The most important brand activity was the new positioning of the Carlsberg brand launched in April. Although it's a long-term project, the initial signs are encouraging with 7% volume growth in premium markets.
Supported by these commercial activities, our positive market share development continued in the Northern & Western European and Asian regions. Eastern Europe was mixed with share gain in Ukraine, while we lost market share in Russia.

And now slide four please. Reported beer volumes grew by 4%, driven by 3% organic growth and 1% coming from acquisitions, mainly in Asia. All three regions reported organic volume growth. Q4 organic volume growth was 8%, impacted positively by the stocking impact in Russia of an estimated 1.3 million hectolitre ahead of the excise tax increase in January 2012.

And now to slide five. Organic net revenue growth was plus 6%, supported by 5% positive price/mix for beer, with a particular strong contribution from Eastern Europe and Asia.
Organic operating profit declined by 4%, impacted by the expected higher input costs across the Group and, in particular in Eastern Europ,e higher operational expenses. As expected, Q4 profits improved strongly. This was driven by stocking in Russia, different phasing of sales and marketing investments versus prior year, and execution of contingency plans mainly driven by a poor summer in Northern & Western Europe.

And now slide six please. For 2012, we'll continue to focus our commercial activities at driving volume and value share growth. Sales and marketing investments will be kept at an unchanged high level compared to 2011.
In Northern & Western Europe, we have in our planning and preparation for 2012 taken several initiatives to focus the commercial agenda on the most important activities where we see the highest return. At the same time, we'll drive faster implementation. Across the Group, with particular focus on Northern & Western Europe, the efficiency agenda remains intact. We will implement Group, regional, and local projects to improve efficiencies and reduce costs. A few recent examples are the announcement in November of workforce reductions in headquarters and recent restructuring announcements in Sweden, Denmark, and France.
In Eastern Europe, we have implemented and we'll continue to implement significant commercial initiatives and changes that will support our market share performance. That is a key priority for us. In addition, with these changes, we also aim at benefiting from the channel changes in the marketplace.
Growth opportunities in Asia remain significant. In 2012, we continue to aim for market share growth to improve sales capabilities, product introductions, and strong support behind local brands and our international premium brands.
Across the Group, we remain committed to our balanced volume and value market share approach and we maintain a high level of investments into long-term health of our brands. Growing the Carlsberg brand remains important in 2012, with EURO2012 being one of the most important activities. Not only do we plan a lot of activities to drive volumes around the time of the EURO, but it's also an important activity to strengthen the value of the Carlsberg brand. In addition, we will focus on the growth opportunities for both our international premium portfolio and our local power brands. Finally, further development and roll-out of

our value management tools remain a high priority. Value management is now an integrated part of doing business in Carlsberg and has become and will remain a key driver behind our price/mix improvements.

And now to the regions, and slide eight and Northern & Western Europe. The Northern & Western European beer markets were quite resilient in 2011 and the overall beer markets were flat. Despite macroeconomic challenges and a poor summer in many countries, consumers remained largely unaffected, apart from a few markets in Southern Europe.

The Group once more delivered a positive market share trend. This was driven by a strong commercial focus incorporating value management efforts and execution of best practice sales tools. Several new products were introduced across the region. The market share trend improved further in Q4, especially in the Northern part of the region. Marketing investment increased slightly as we continue to focus our efforts behind the largest and most important brands and activities.

Organic beer volumes grew by 1%. There continue to be large variations between markets.

Organic net revenue grew by 1% as well. We achieved positive pricing in most markets in the region, driven by value management efforts, including list price increases. This was however offset by a negative country mix and a negative channel mix with the off-trade continuing to gain from the on-trade.

Despite higher input costs, organic operating profit grew by 6% and operating profit margin grew by 60 basis point to 14.7%, the highest ever for the region. Gross profit margin declined due to the higher input costs, although gross profit per hectolitre increased by 1%. Despite slightly higher sales and marketing expenses, operating expenses declined due to ongoing efficiency improvements.

Now slide nine please and a few comments on our most important markets in the region. In the U.K., our market share was flat with a slightly better performance in the on-trade supported by product portfolio expansion, and, during the year, Carlsberg became number three in the U.K. on-trade. We had tough comps in the first half of the year due to the high level of activation in 2010 up to the World Cup. In second half, we gained share in both channels and the Leeds brewery was closed in 2011.

In France, our premium portfolio performed well with market share improvements of 1664, Grimbergen, and Carlsberg, with particular strong performance in the on-trade. However, the Kronenbourg brand declined but gained market share in the shrinking mainstream category. Several product launches were introduced in France like 1664 Millésime and Kronenbourg Fleuron d'Alsace.

The Polish business continues its growth and our market share improved by 240 basis points to almost 18%. The growth was driven by early EURO2012 activation, strong performance of regional, national, and international brands combined with our solid position in the growing channels of the Polish trade. Our prices in Poland were increased in line with the market.

In Switzerland, large operational and structural changes took place as BSP was implemented in May and then with the closure of the Fribourg brewery. Profitability improved due to very strong operational focus in the Swiss organisation despite increase in private label imports driven by the strong Swiss franc.

In Denmark, profits improved due to tight cost control and efficiency improvements. Our market share grew during most of the year, but declined in Q4 due to our price leadership to offset higher input costs.

The Finnish market grew by 1%. Due to increased penetration of private label, we lost share in the beginning of the year. However, due to the rollout of projects like our SKU harmonisation and solid execution of value management, the market share recovered in second half supported by introduction of flexible pack sizes and price points.

And now to slide ten and Eastern Europe. The beer markets in the region were impacted by significant price increases, inflationary pressure on basic food products, and weather. The second half of the year developed in line with our expectation from August.
Our beer volumes grew organically by 2% for the full year and by 14% in Q4. The Russian business was impacted twice by stocking and destocking issues during the year. Firstly, Q1 benefited from soft comps due to destocking in Russia in Q1 2010 and, secondly, Q4 benefited from stock builds ahead of the tax increase in January 2012. Adjusted for these two positive factors, our volumes would have declined by an estimated 4%.
Organic net revenue grew by 14% and 33% in Q4.
Price/mix was plus 12% supported by a double digit increase in sales and marketing and, in particular, within channel marketing investments. In addition, we have taken price increases across our markets to offset the much higher input costs this year. Finally, we saw a positive mix in Russian and Ukraine, primarily due to positive brand mix and some packaging mix.
Organic operating profit declined due to significantly higher input costs and higher operational expenses, such as sales marketing investments and logistics costs. Due to the higher revenue per hectolitre, we managed to mitigate the input cost pressure and delivered a growing gross profit per hectolitre, but that was not enough to protect operating profit margin that declined by around 600 basis points.

And now turn to slide 11 and some additional comments on Russia. It was a challenging year in general and shipments were impacted by inventory movements among distributors. The Russian market declined by 3%. The substantial consumer price increases in the category taken from November 2009 of around 30% and then the inflationary pressure on basic food have negatively impacted consumer behaviour in the beer category.
Our in-market sales, or consumer off-take, declined by 7%. Our shipments grew by 4% for the year and 20% for Q4. Both Q1 and Q4 were impacted positively by inventory movements among distributors. And adjusted for this, shipments would have declined by an estimated 4% for the year.
We lost market share in Russia, which is not satisfactory, and we continue to take actions to address that. We have until now not been willing to compromise our ambitions to drive profitable share growth by balancing volume and value. To date, we have therefore taken a conscious decision not to take fully part in the high level of promotional activities. As a result, our market share has been impacted by our price leadership for the last two years. Our volume market share declined by 180 basis points to 37.4%, while our value market share loss was smaller at 130 basis points.
We achieved a 10% positive price/mix in the market. The positive pricing of around 7% was impacted positively by last year's phasing in of the tax increase and price increases this year in March, May, June, and November. The positive mix was mainly driven by our focus on mainstream, premium, and super premium, and a positive mix with packaging changes, i.e., less PET. Throughout the year, we have continued to invest in the Russian business. High investments

in sales and marketing have been driven by premiumisation efforts, channel marketing programmes, and the higher promotional activity level. The commercial agenda has included several product launches and revitalisation efforts for brands, including lower mainstream brands such as Arsenalnoye. In addition, key account management capabilities are continuously being upgraded and further developed through training and exchange of competencies from the Group and our Western European markets. Alongside the appointment of a new CEO for Baltika, we have made a number of senior commercial appointments to be better positioned to take full advantage of the changes taking place within the Russian beer market.

And now slide 12. Our business in Ukraine continued its strong growth trend that has been seen during recent years. Ukraine is now the Group's third largest market in volume terms after Russia and China. The beer market declined by 2%, impacted by very poor and wet weather. Likewise, the seasonal Kvas market was impacted negatively by the wet weather.
We strengthened our market share by 20 basis points to 28.8%, primarily due to good performance of Lvivske and the Baltika brands.
The commercial agenda remains very full in Ukraine and during 2011, several initiatives were executed, including the relaunch of Slavutich and a line extension of our Kvas brand. The Carlsberg brand grew very well following the repositioning, which is particularly important ahead of the upcoming EURO2012 in Ukraine and Poland with Carlsberg being a main sponsor.
The business developed strong organic revenue and profit growth despite being impacted like Russia from much higher input costs.

On now slide 13 and Asia. Our Asian region delivered again in 2011 strong performance.
The majority of our Asian markets continued to grow and we gained market share in most markets. The favourable market share performance was driven by the Carlsberg brand, local innovations, high level of marketing activities, capability building in the commercial organisation, and transfer of best practices.
Organic volume growth was 9% with particular strong growth in India, China, and Indochina. Q4 organic volume growth was less pronounced mainly due to flooding or heavy snowfalls in some Chinese provinces.
Asian organic net revenue grew strongly by 15%, driven by the high volume growth and ongoing premiumisation efforts such as value management efforts, including price increases, product launches, and line extensions. The results from the Carlsberg repositioning have been very encouraging across the region.
Organic operating profit grew by 13% for the twelve month and our operating profits margin increased by 20 basis points despite higher input costs and higher sales and marketing investments and a negative country mix.
Our M&A agenda in Asia is unchanged and ambitious and we increased our share holding in our Indian business and now hold 94% of that business. Through a merger in Laos, we achieved majority control in Lao brewery. We created another joint venture in China with our partner in Chongqing and expanded our presence so that we now are directly or indirectly involved in 42 breweries in the country. Finally, in Q4, we announced the agreement to increase our shareholding in Hue in Vietnam to 100%.

And now slide 14. Our Chinese volumes grew organically by 8% in a market that grew 5%. Our reported volumes grew by 20% due to acquisitions and reached almost 14 million hectolitres. Our outperformance in market was mainly driven by our international premium portfolio. The repositioning of the Carlsberg brand was a key initiative for the Chinese business in 2011 and was executed very well. As a result, our Carlsberg brand portfolio, the Carlsberg Chill and Carlsberg Light, reported 30% volume growth. Despite a competitive market environment, price/mix improved by 5% because of our premiumisation efforts both within our local portfolio and growth of our international brands, capability building within sales, and price increases.

Our business in Indochina grew by approximately 7% with strong performance in Laos and Cambodia. Our volumes in Vietnam declined due to poor weather conditions in the beginning of the year and a challenging macro economy. The Cambodian business benefited from strong growth of the Angkor brand, which doubled its volumes versus the previous years, and the introduction of Carlsberg. The Carlsberg brand was relaunched in Thailand after eight years of absence.

Malaysia/Singapore performed well, with particularly strong performance achieved by the Carlsberg brand and new premium brands such as 1664 in the on-trade. We achieved very favourable growth in revenue per hectolitre from price increases and our premiumisation efforts.

Our Indian business is performing very strongly and achieved the number three position in the market. This was supported by increased availability, good performance of Carlsberg, Tuborg Strong, Palone, and introduction of the Carlsberg Elephant. Our Indian market share is now around 6% and we have established now two top ten brands.

And with this, I would like to hand over to Jørn.

Jørn P. Jensen: Thank you, Jørgen, and now please turn to slide 16. The financial performance in '11 was significantly impacted by higher input costs, weather conditions in some markets, and the Russian market decline. The second half of the year developed in line with our expectations from August. Despite the challenges, we delivered both organic volume and revenue growth.

Operating profit declined slightly and came in close to last year's level of around 10 billion.

The Group operating profit margin has been volatile in the last few years and declined to 15.4% driven by Eastern Europe and here primarily due to the much higher input costs, the Russian market decline, and higher sales and marketing and logistic costs.

Net profit was 5.1 billion.

We remain committed throughout the Group to focus on driving profit and cash flow, and we continue to improve our tools to manage working capital. In 2011, trade working capital to sales continued to improve; however, there's still more to be done.

The dividend per share is proposed to increase by 10%. Despite the slight decline in earnings per share in reported terms this year, Carlsberg has during the past three years demonstrated strong cash flow generation, reduced leverage, and increased interest cover. Subsequently, our rating has improved and is currently triple-B stable outlook.

And slide 17 please and the income statement. As you can see in the table, organic net sales increased by 3.8 billion, or 6%. Jørgen has been through the organic revenue development, so I'll move on to gross profit. Due to higher barley costs, primarily in Eastern Europe, input costs grew significantly in 2011. Cost per hectolitre increased organically by more than 8%, in Eastern Europe by more than 20%. The main reason was a poor 2010 harvest in Russia, making it necessary for us to import most of our barley needs in that region. As we were able to offset the absolute increase in input costs by price and mix in our continued efficiency efforts, organic gross profit was flat while reported gross profit margin declined by 170 basis points. Organic total opex, including brands marketing, increased by 1.1 billion. As planned, we increased our sales and marketing spend as a percentage of net revenue slightly, especially in Eastern Europe and Asia. Opex was also negatively impacted by higher logistics costs, mainly in Eastern Europe, whereas admin costs continue to decrease. All in all, operating profit was 9.8 billion, close to last year's result. The decline is explained by the Eastern European region. A brief comment on Q4 profitability, which developed as anticipated. Operating profit growth was very strong. Eastern Europe was positively impacted by the stocking impact that gave an estimated 250 million in profit and lower A&P spend versus last year due to different phasing between quarters, while Northern & Western Europe was positively impacted in Q4 by the cost reduction initiatives we initiated during summer.

And now slide 18 please. Special items amounted to minus 268 million and consists mainly of cost related to our restructuring initiatives and other one-offs, including positive impact from non-cash fair value revaluations in connection with step acquisitions and negative impact from write-downs. In the announcement, there is a detailed description of all the elements. Financial costs, net declined by 137 million compared to last year. Interest charges were down 189 million, mainly due to lower funding costs. Other financial items were minus 274 million and include several items like banking fees, pension obligations, and fair value adjustments related to currency movements. Minority interests declined as profitability in Russia declined versus last year. Tax rate was 24%, slightly lower than last year and mainly due to the non-taxable one-offs in special items. All in all, net profit was 5.1 billon.

And now slide 19. The sum of the first three lines, EBITDA including other non-cash items, adds up to 13.9 billion. Trade working capital was minus 571 million and was impacted by the stocking by distributors in Russia. Excluding the stocking effect, the change in trade working capital would have been a small plus of 11 million. Average trade working capital is and continues to be a focus area for us. And even though trade working capital at year end was negatively impacted by the high level of receivables, average trade working capital to net revenue was reduced to 1.9% from 2.6% in 2010. The ambitions to reduce trade working capital remains intact and we expect further improvements in 2012. All in all, cash flow from operations was 8.8 billion, a reduction of approximately 2 billion mainly due to the significant working capital improvement in 2010.

And now slide 20. Capex increased to 4.6 billion, in line with plan for the year. In Northern & Western Europe, capex was slightly higher than in '10 due to investments related to the SKU harmonisation and production optimisations, i.e., investments in some sites, to close down others. In Eastern Europe, capex was substantially below depreciations despite high level of sales related capex, i.e., coolers. In Asia, capex was above last year as we continued to expand capacity to meet the strong growth in demand. All in all, free cash flow was 3.9 billion. Net interest bearing debt was 32.5 billion compared to 32.7 billion end of '10. Net debt was impacted by purchase of minorities, share buybacks in not fully owned subsidiaries, forex, and settlement of financial instruments.

And now slide 22 and our 2012 outlook. We are anticipating mixed market development again in 2012. We are taking a cautious view on Northern & Western Europe and assume a slightly declining market in '12. Despite the wet summer in 2011 and benefits from EURO2012, consumers in Europe are assumed to remain under pressure from a macroeconomic situation. As said earlier, we expect the Russian market to return to modest growth during 2012, i.e., a flattish market for the year. Finally, we anticipate the Asian markets to continue to grow.

In addition, and importantly, we are as always assuming a devaluation of the Russian rubble and consequently we have in our outlook used an average EUR/RUB exchange rate of 43.3 versus a spot rate of 39.4.

Finally, to remind everybody of the mechanics in Russia stocking and de-stocking story, there was no de-stocking in Q1 2011, while in Q4 we saw a positive effect. As we assume 2012 will be impacted negatively in Q1 and positively in Q4, our volumes will also automatically decline by around 1.3 million and profits by 250 million from this before any market or market share movements.

That means we expect an operating profit before special items at the level of 2011.

We have decided to introduce an adjusted net result were we exclude special items after tax. Adjusted net result for '11 would then be 5.2 billion. For 2012, we expect adjusted net result to be slightly higher than in '11. This does not include any impact from the intended voluntary offer of Baltika shares.

And now finally to Baltika minorities on slide 24 please. We have today announced our intention to buy the remaining outstanding shares in Baltika through a voluntary offer.

We expect the formal offer to be made by May this year. If this is still an intent, there are limitations to what we currently can say due to commercial and legal considerations, including that there will be a formal legal process for the offer.

In our announcement today, we have given a maximum of RUB 1,550 per Baltika share. For the avoidance of doubt, the price offered could be substantially lower. We are confident that a final offer given, with due consideration of the circumstances at that time, will be attractive to the shareholders of Baltika.

If we through the offer increases our holding to more than 95%, a compulsory redemption would be initiated and Baltika would subsequently become 100% own subsidiary. If successful, this will be completed during 2012. It's worth mentioning that Baltika today has announced no dividends for 2011. In addition, we will take the necessary steps to arrange for a delisting of Baltika as soon as possible.

Net costs in 2012 and beyond for increasing the ownership to 100% will be up to 4.4 billion due to a positive impact from financial arrangements.

Slide 25, and more about the rationale behind the intent to increase our shareholding in Baltika to 100%. Baltika is the market leader in the world's fourth largest beer market and our most important subsidiary.

Despite a couple of challenging years in the market, we believe timing is excellent to take 100% control of our most important profit contributor. Per capita consumption has declined from 78 litres in 2008 to around 64 litres in 2011 as consumers have been impacted by macroeconomic challenges and steep price increases. We believe the market offers appealing per capita growth opportunities as consumers shift away from strong alcoholic products into lower alcoholic products like beer. The volume growth opportunities combined with very

positive price and mix opportunities will in our view be major drivers behind the significant profit pool growth opportunities beyond 2012.
There will also be a number tangible benefits from 100% ownership of Baltika, benefits that we have not been able to extract despite the integration following the S&N acquisition in 2008. The transaction is in line with Carlsberg's strategy of gaining 100% control of its most important subsidiaries to have greater operational flexibility. In addition, Baltika will be a vital part of the backend integration, including procurement and supply chain, which we have accelerated recently. Baltika could be a future production hub. In addition, by having 100% control of Baltika, the Company can be fully integrated into Carlsberg, which will speed up implementation of decisions that frequently have been cumbersome.
When completed, the transaction will be immediately earnings enhancing and meet WACC in year three after completion. We believe the indicated price is attractive to shareholders and firmly believe we will achieve substantial acceptance. However, should that not be the case, we intend to cease dividend payouts for Baltika, use the Baltika balance sheet for investments into other geographies, and use other countries as sourcing hubs for the Group.

So Jørgen.

Jørgen B. Rasmussen: Thanks, Jørn, and that was all for today. To summarise, I think we can say we delivered a solid performance in Northern & Western Europe and Asia, but also that 2011 was a challenging year for Carlsberg due to input cost pressure and soft trading in Russia. But we have undertaken several actions in Russia to strengthen the business and we focus on driving value in the beer category and balance volume and value share and we will continue our relentless focus on optimising our business.

And now we are happy to take your questions.

Operator: *Thank you. We will now begin the question-and-answer session. If you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, please press the hash key or the pound sign. If you're using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star and one on your phone.*

Our first question comes from Trevor Stirling from Sanford C. Bernstein.

Trevor Stirling: Good morning, gentlemen. Three questions please. **The first one, looking at Q4 and Eastern Europe, as well as the volume increase, there appeared to be an exceptional price/mix of around 19%, and I wonder if you'd just give some colour on what was driving that very, very high number. The second one is: Any update on the PET ban in Russia or the potential PET ban in Russia? And third question: Looking at the dynamics inside Russia, it appears that Others continues to be far the most dynamic category gaining another 90 bps in Q4 and 150 bps in 2011 in total. Is that continue to be a mixture of a cheap brands and Mospivo? And just a little bit of colour on what continues to drive the success of that sector in the market would be very helpful.** Thank you.

Jørn P. Jensen: Should I take the first one?

Jørn P. Jensen: Trevor, I don't know where you get the 19% from.

Trevor Stirling: Well I think you had...

Jørn P. Jensen: I believe that that's a misunderstanding on kind of shipments in volume terms and kind of consumer off-take.

Trevor Stirling: Oh okay because the numbers I was looking at was that Q4 volumes, organic beer growth was 14% and Q4 organic net revenue growth was 33%.

Jørn P. Jensen: In Eastern Europe as such?

Trevor Stirling: In Eastern Europe.

Jørn P. Jensen: Sure. If you take the whole region, and of course there is price and mix, which is also country mix, so there's nothing kind of underlying structurally which is different from what you have seen in past quarters.

Trevor Stirling: Okay.

Jørn P. Jensen: But (inaudible) country mix is pretty significant in a quarter where Russia is stocking up as much as they did.

Trevor Stirling: Right. Understood.

Jørgen B. Rasmussen: And then to your two other questions, Trevor. PET ban, as such, nothing new apart from it's still part of the technical regulation being discussed. As we have said several times, with all the let's say studies we have collected from around the world where a lot of clinical studies can confirm there's no risk having alcohol in PET plastic has been submitted to Russian authorities. We have also, as you know, collected a lot of information around in how many markets actually beer is sold in PET and also given to Russian authorities and we have also seen a number of organisation and authorities like FAS, the anti-monopoly authorities, also saying that would not be right for the market to ban PET. So I think there's a lot of indication and certainly a lot of support to not having PET banned in the markets, and we cannot see a reason for why that should happen. But apart from that, no further update. It's still under discussion.

In terms of the category Other brands gaining share in the Russian market, that is correct. The main driver is Mospivo, as you referred to the Moscow brand, being not very much based on price but more on the actual brands they're selling being kind of retro Soviet style brands, and then in some regions you have seen some increase from regional players driven by price and sometime draft in off-trade, but that's minor. It's more Mospivo.

Trevor Stirling: Thank you very much, Jørgen.

Operator: The next question comes from Søren Samsøe from SEB Enskilda.

Søren Samsøe: Yes, good morning, Søren Samsøe from Enskilda. **Just a question regarding the cash flow, looks a bit weak, maybe explain that in more detail. And at the current assumptions you make for 2012, whether we should expect a pickup in the free cash flow generation. And then secondly, regarding the**

brewery Chongqing regarding the development that we've seen there in the share price and the biotech part, has it been up for consideration to make any write-downs on those assets? Thank you.

Jørn P. Jensen: Søren, to cash flow, it is true that it is lower than what you have seen in the last few years as such. I think it is important to keep in mind this about the stocking effect on free cash flow. So as I said that these minus around 600 million in trade working capital year-over-year would've been say a big zero had it not been for the stocking up in Russia, and that is then on a turnover that organically is growing 6%. And of course, you can say those 600 million will of course, that was a minus from stocking of course will also be an impact in Q1 2012. However again, assuming that we will see stocking in Q4 '12, you will not see it as such in total for the year. But definitely for '11, those minus 600 was kind of a one-off. And apart from that and the simple fact that EBITDA was down due to all the things that we have just been through, I think it is pretty straightforward.

And the answer to the second question is: No, not at all. There's absolutely no basis for that.

Søren Samsøe: **Yeah, and on the cash flow, do you expect an underlying improvement in '12?**

Jørn P. Jensen: Yes, we do.

Søren Samsøe: Okay, thank you.

Jørn P. Jensen: Sorry, just to maybe quantify a little on Chongqing, it's not so that we have contributed a lot of value cash flow-wise to the biotech activities, so that's basically why.

Operator: *The next question comes from Ian Shackleton from Nomura.*

Ian Shackleton: Yeah, morning, gentlemen. Two questions really. **Input costs for this year, you don't really seem to mention in the statement. Could you just remind us how you see that for both North and West Europe and Eastern Europe? And we think about Russia this year, and particularly competitive activity, how you seeing that - - I know it's early days, but how you seeing that developing with a number of changes like the SAB/Efes merger that's under way?**

Jørn P. Jensen: The answer to the first question, we are expecting, as we're saying, low single digits, low single digit growth in input costs and then as always with variations between regions, but it's not so that it is in euro terms dramatic differences between regions.

Ian Shackleton: **Could you just be clear that you had indicated input cost in Eastern Europe were flattish for 2012 and probably obviously more of an increase in North and West Europe, is that generally the picture we're looking at?**

Jørn P. Jensen: But as said, it's a low single digit in total for the Group with some variations between the regions, but it's actually not that much in euro terms.

Ian Shackleton: Okay.

Jørgen B. Rasmussen: And to your second question, Ian, about Russia and competitive scene, I think it's still too early to kind of judge what's changing in '12 versus '11, but, as we have said many times, we cannot see the high level of promotional pricing continuing forever as we don't believe everyone will - - or are profitable based on what's happening right now.

And to the second part about Efes and SABMiller, it's still not finally approved. So again, we haven't see any change in that respect yet.

Ian Shackleton: **And I know you put through a price increase in November, have all the industry followed that and are there any signs of further pricing on top of that to come?**

Jørgen B. Rasmussen: It looked like more or less the whole industry followed either a little early or a little later our price increase in November. Do not really want to talk a lot more about our pricing intentions going forward for '12.

Ian Shackleton: **But nothing else, you haven't put anything else through yet?**

Jørgen B. Rasmussen: Not yet, no, but, as we have said, clearly we expect the consumer to pay for the duty increase and then probably something on top. How much will that be, we'll come back to at a later point.

Ian Shackleton: Okay, thanks very much.

Operator: The next question comes from Matthew Webb from J.P. Morgan.

Matthew Webb: Yeah, morning, three questions please. **Firstly, you still talk about a return to a modest growth in Russia during 2012, but I see the market was down 4% in Q4. So just wondering what gave you that optimism and perhaps whether you could talk a little bit about Q1 trends so far? Second question: I see the central costs were quite high in Q4, I wonder if you could just talk us through what drove that and whether it has any implications in terms of rolling over into 2012. And then finally, I see you've changed - - you've, sorry, not changed your guidance on the medium-term margin in Eastern Europe. Obviously we're well below that at the moment and the environment still looks pretty tough. I mean do you think that the potential savings from buying in the Baltika minorities and integrating that business more fully within Carlsberg could be enough to meaningfully narrow that gap? Just trying to get a sense of that sort of likely scale.** Thanks.

Jørgen B. Rasmussen: The assumption, Matthew, on your first question about modest growth during 2012 where we're saying it to begin with could be a slight decline and later on turning into modest growth and making the market flattish for the year, that's really based on some key differences versus 2011. There will be most likely more modest price increase in the beer category. But more importantly the inflation in general, especially on food products, is likely to be a lot lower than it was in 2011, and still the outlook for the economy is fairly positive. And even in tough periods like 2011, consumers did spend close to 10% more on beer in '11 despite volume being down, so I think this would justify us returning some time into '12 to modest growth again.

Jørn P. Jensen: To the second question on not allocated, don't read too much into the quarter number in spite of it being close to 100 million lower than last year. We are... I guess you're referring basically to '12. We will continue to invest centrally to drive many of the initiatives on Group that we have talked about previously, so that will be basically flat to '11.

Third one on Baltika, it's not our margins' guidance that is kind of driving anything in relation to the intended voluntarily offer, it is just that it makes a lot of sense, so to speak, in itself. So when we're looking at our three-year plans, we definitely still believe that we will get into the medium-term margin range in Eastern Europe.

Matthew Webb: All right, thanks very much.

Operator: The next question comes from Michael Rasmussen from ABG Sundal Collier.

Michael Rasmussen: Yes, good morning, everybody. Three questions. **First of all, on the Baltika takeover, if you could please explain to us what you mean by the positive impact from financial arrangements, how that changes the potential takeover price? And also if you could share your weighted average cost of capital that you mentioned, your returns will be above after three years. Second question on the cost savings in North/Western Europe, I think it took most of us by a surprise the magnitude that we've seen in the fourth quarter of 2011. Has it reached the full potential or is there further cost savings potentials in the next couple of quarters? And if you just give us a bit of insight into 2012. And finally on the Russian market and the 1.3 million hectolitres of stocking effect that you talk about in the fourth quarter and how that's obviously going to reverse in the first quarter of 2012, what is your view on the other brewers in Russia in terms of stocking and - - stocking up and stocking down? If you just share that with us.** Thank you.

Jørn P. Jensen: Michael, to the first question, that post tax just above 11%, and then back to also what I said before that we are in a process where there are limitations to what we can say, and that's both for commercial and legal considerations. So it is very limited what more we can add to what we have announced today, and that goes for these financial arrangements as well.

Michael Rasmussen: Okay.

Jørgen B. Rasmussen: On Northern & Western Europe and cost savings and quarter four, I think first of all, you can see for the full year, we are still becoming more and more efficient in the Northern & Western European region. So it's not only in quarter four, but quarter four benefits from the fact we had to put through a number of contingencies based on the poor summer we had in Northern & Western Europe, and you see that coming through, and I would say that's really across the business that we looked into what can be either postponed or not done this year because of the poor summer, so a reflection of the initiatives we took after the poor summer not always sustainable. But still the efficiency agenda for Northern & Western Europe will continue and we still see many more opportunities and, as you know, we have some big ones coming through on supply chain, et cetera.

Michael Rasmussen: Okay.

Jørgen B. Rasmussen: On Russian markets and...

Michael Rasmussen: **Jørgen, can you on the cost savings - - sorry, can you give us a little bit more flavour and kind of to the magnitude and the facing of the quarters in the 2012 just to get an idea?**

Jørgen B. Rasmussen: For 2012?

Michael Rasmussen: Yes.

Jørn P. Jensen: But I guess you can say in general on all our - - as you know, there are literally hundreds of projects local, regional, and Group, and they will come gradually throughout the quarters, so it's not so suddenly in one quarter in 2012 that will be a significantly bigger impact than in the previous quarter, it will come gradually.

Michael Rasmussen: Okay, thank you.

Jørgen B. Rasmussen: But again, Q4 was a reflection of taking that number of actions based on the poor summer in '11.

Michael Rasmussen: Sure.

Jørgen B. Rasmussen: Russian markets, the stock building in distributors, I mean first of all, I do think it's fair to say we have some of the strong distributors who also have the financial capability to invest in extra stock when there's a tax increase. I don't know about competition and I think it's better you ask them than asking me.

Michael Rasmussen: Okay, thank you much.

Operator: *The next question comes from Nico Lambrechts from Bank of America.*

Nico Lambrechts: Good morning. Thank you very much. I've got a few questions. **First of all, it's just with regards to the acquisition of the minorities in Baltika with the attitude of the Russian government towards alcohol, specifically and generally what do you think the possible implications could be now if Baltika becomes a totally foreign owned company, and how have you developed your relationships with the authorities within Russia with respect to such a change? Another question relating to that, could you possibly update us on the PET, the potential of banning of PET in Russia which relates I think to the formation of a custom union between Belarus, Kazakhstan, and Russia? That's one question regarding Russia. Then with regards to use of cash flow, you increased your dividend payout ratio marginally to about 16%. I think you're now the lowest geared brewer in - - when compared to your global peers. Why was there not a potential to actually increase your payout ratio to a much higher range? And then is it possible to give us the scope change on your EBIT? There's about a 100 million for the year. What was the actual cost of acquisitions? I think that's mixed between your capex and other acquisitions. If you can just say what was the acquisition cost related to this additional 100 million EBIT.** Thank you very much.

Jørn P. Jensen: To the first part of the first question around Baltika minorities, Nico, you can imagine that this has been a process that we have been thinking through very thoroughly. We've also been discussing it with all kinds of relevant parties, so to speak, to such a transaction, so I think that we - - and the sentiment that could create, so I think that is quite well under control/received also in Russia, but let's see.

PET.

Jørgen B. Rasmussen: PET ban, nothing more to add than what I think I said when Trevor asked the same question about PET ban. It's still under the same technical regulation. It's still under review and discussion, so - - and it's across the customs union, so Kazakhstan, Belarus, and Russia. We have as an industry collected a lot of information in terms of clinical studies from across the world, also the many countries where beer is sold in PET, and submitted all that information to all the relevant authorities, including a number of meetings. And secondly, as you can see yourself probably when you see news from Russia, a lot of other organisations are also supporting this would be not the right thing to do for the market and for the consumer, including the FAS organisation being the anti-monopoly authorities.

Jørn P. Jensen: The dividend or leverage question, yes, you can say that, yes, we know that our leverage is not very high. And we also said, we actually like to deliver a little more; however, of course we have today announced this intention to spend up to 4.4 billion on Baltika minorities and then as we are also saying in our release, we will pursue or continue to invest in growth markets, i.e., especially in Asia. So that's many, many things that we are kind of considering in general when it comes to use of cash.

I don't think I really understood the final question, Nico, on costs of acquisition. Was it costs in related to acquisitions or was it the investments as such?

Nico Lambrechts: **Well it's the total... If you look at your EBIT... My apologies that I missed the PET question, I was - - I didn't actually hear that so apologies to the audience. Just in respect to your EBIT, there is a scope of 1% on Group EBIT, which is 100 million.**

Jørn P. Jensen: Yep.

Nico Lambrechts: **I'm just asking: What is the investment that relates to that 100 million scope?**

Jørn P. Jensen: Yeah, but some of it is of course investments that we did last year kind of having an inorganic impact this year, and you could take our cash flow statement on page 29 of the release, you can see that acquisitions was net last year slightly less than half a billion and this year it has only been 250 million, so it's relatively small numbers.

Nico Lambrechts: Okay. **So the return - - the returns on that is high single to low double digits, the EBIT?**

Jørn P. Jensen: Sure, sure.

Nico Lambrechts: Okay perfect. And then maybe just a final question. **Could you give us a some background on the new leadership in Russia and why the decision and what the individual specific he brings to running the Russian business, i.e., context in the Russian market, et cetera, et cetera?**

Jørgen B. Rasmussen: I can. Isaac - from track record and the leader he is – is known for creating a lot of motivation. He's a leader focused on strong execution and also driving teamwork and then he has shown in his last kind of career moves in Carlsberg, he can really drive the business forward, so it's a man with a lot of energy who can create team motivation, teamwork, and then a strong drive for execution. We think he is the right man, a very mature leader to go into Russia at this point in time where a lot is changing and get some kind of new eyes to take a look at the business, so very confident this is the right move for Carlsberg. And then on top of Isaac, we have made some other changes in the Russian organisation also in key positions, so we're very confident about how this will develop going forward.

Nico Lambrechts: **Could you maybe give us some insight into other leaders within the Russian business that has been running FMC businesses within Russia, Russian locals, Russian speaking people that probably have a good insight into local and local context, how that was strengthened?**

Jørgen B. Rasmussen: You're talking about in our business?

Nico Lambrechts: **In your business, yeah, because obviously the alternative decision for a new lead in Russia was head-hunting someone from a big Russian FMCG, a local person, to give you the local insight. How was that part of the business strengthened?**

Jørgen B. Rasmussen: I've always said and I still believe it's the strength for our business to have a lot of strong local Russian leaders, and we still do despite we have Isaac now being a non-Russian. The rest of the team is basically all strong Russian leaders and very strong Russian leaders who all have a strong track record. We also had a woman in there kind of really supporting our sales agenda for most of 2011 to make some of the key changes to some of the processes there, who was a Westerner but has lived in Russia and speak Russian, so I think we have the right balance but still mainly driven by strong local Russian leaders.

Nico Lambrechts: Excellent. Thank you very much, Jørgen.

Jørgen B. Rasmussen: Thanks.

Operator: The next question comes from Casper Blom from Handelsbanken.

Casper Blom: Thank you. Casper Blom from Handelsbanken here. **First of all, yet another question on raw materials. I was wondering if you could give a little more insight to the expected development on different cost categories in Eastern Europe. I'm thinking about packaging, barley, logistics. If you could give sort of a direction and if possible also quantify what your expected impact from these cost categories will be in 2012. Also maybe if you could guide us a little on your expectations on capex for 2012. Finally, on North/Western Europe, if you could provide some details on what price increases you need here to make up for the higher costs.** Thank you.

Jørn P. Jensen: Casper, the first one on input costs is the same answer as before that we as an average for the Group are seeing very low single digit increases with some variations but not big variations in euro terms between the regions. So that is as specific as we want to be.

Casper Blom: Okay.

Jørn P. Jensen: It's not because we can't be more specific, it's because we don't want to be more specific.

Casper Blom: Fair enough.

Jørn P. Jensen: Capex '12 is pretty much in line with '11 and again very much driven by growth capex, especially in Asia.

Jørgen B. Rasmussen: And based on Jørn's answer to raw material development, we will require some pricing in Northern & Western Europe, not significant pricing. And remember when we talk pricing, it's really value management, so ether it's looking at list prices but also as much looking at how we engineer or reengineer the whole portfolio and pack sizes, what we're selling, to get the increase in value for the volume we're selling.

Casper Blom: Thank you.

Operator: *The next question comes from Andrew Holland from Société Générale.*

Andrew Holland: Yes, hi. **Could I just come back to the Baltika deal? Two questions in relation to that. Let me have another bash at the financial arrangement phrase that you've used there. I think investors will be very interested to know how a potential cost of 6.5 billion magically comes out at 4.4 billion. Are those financial arrangements with banks or can you give us just some clue about that? And the second question is: You mentioned you'll be able to integrate the business more as a result of buying out the minorities, can you give us an idea of the sort of things that you're currently unable to do and how it is that the minorities seem to have such power over the way you run that business?**

Jørn P. Jensen: Andrew, it is in respect to what I said before as well that there are limitations due to commercial and legal considerations taking into account where we are in the whole process now. That means that we cannot be very specific on many, many things, including these financial arrangements, but they are of course with relevant counterparts, so to speak.

There are many examples when it comes to basically the benefits that we can get out of buying all 100% in Baltika. It's not so the minorities as such are very difficult as such, it just gives limitations to how fast we can drive a lot of changes in general in the business and then of course it does mean that some of the integration initiatives, centralisation initiatives you have seen in general, especially in Northern & Western Europe or that we have announced in Northern & Western Europe that we're working on is quite difficult to do in Russia with minorities in there.

Andrew Holland: **Other minorities actually able to block you from doing things? I'm now just thinking if you owned 85% of a business in the U.K., for example, the minority shareholders would surely not be able to prevent you from running the business as you wanted to.**

Jørn P. Jensen: No, it's not... I mean I'm not saying that they're preventing us from growing the business, I'm just saying that it is a lot of things taking long time and then some of the things that is difficult to do when you also have to take a minority into consideration is of course to basically centralise a lot of things in Europe as such.

Andrew Holland: Okay. **And could I just chuck one other one in? You've talked in the past about your SKU reduction programme in Northern & Western Europe, can you give us an idea of your progress with that and whether that's having any impact on your volume performance in Europe?**

Jørgen B. Rasmussen: Yes, we can. I mean we are not done and probably will never be done on SKU rationalisation and keep in mind when we say "SKU reduction or rationalisation," it's not only the physical end product, it's a lot of the elements we use for in production where we try to reduce and have more similarities, but it's definitely helping us to gain volume, not the opposite because by having a more flexible setup we can more easily change when we come to multipack solutions to different formats and therefore hit the right price points. And Finland would be a good example I think where we have been able to do better on volume performance because of our SKU rationalisation and reduction by being more flexible, in particular on multipacks.

Andrew Holland: **Can you give us any idea of numbers of SKUs that have come out because I think when you first talked about it, you talked about several thousand SKUs that you have and compared that with a much smaller number that you had in Russia?**

Jørgen B. Rasmussen: It again depends on what's the starting point, if you go two years back or three years back or one year back, but I mean it's a significant reduction in SKUs.

Andrew Holland: **What, 10% or more?**

Jørgen B. Rasmussen: It's more, again depending on the starting point when we start the comparison.

Andrew Holland: Okay, thank you.

Operator: *The next question comes from Hans Gregersen from Nordea.*

Hans Gregersen: Good morning. **Four short questions regarding to Baltika. First of all, can you inform us about what the minority shares of profit allocation has been for Baltika in 2011? Second question: If you look on the Baltika transaction issue proposed today, should we assume that will be financed out of Western Europe, i.e., with a relatively low interest rate? Thirdly, we have looked on an accelerating market share loss throughout 2011. When you give your guidance for let's say retentive growth during 2012, what have you assumed in terms of market share losses or the opposite for throughout for 2012? And fourthly, could you come a little bit back to what do you base your visibility in terms of the market guidance for 2012?** Thank you.

Jørn P. Jensen: Question one... The answer to the first one is 300.

Answer to the second question, financing... Well the way we're financing, like I guess most other corporates, is centrally and then we are lending money out to all the markets, so financing is one rate in general as such for the Group, so, yes, it will be financed using existing facilities that we have in place.

Hans Gregersen: **But it'll basically be a euro rate I'm looking at?**

Jørn P. Jensen: Yes.

Jørgen B. Rasmussen: And to the market share question, I won't give you a number, but we certainly plan and assume we will reverse the share losing trend and start putting back on market share again for 2012.

Hans Gregersen: **But, Jørgen, could you give a little - - at least a bit of insight to the negative market share direction, when do you think that's going to change? Will that be from quarter one or in quarter four?**

Jørgen B. Rasmussen: It will change again during the year, and I don't want to sit here and say January or February or March of quarter one, but we assume - - we expect and anticipate the market share trend to turn positive. As I've talked about in our last two quarters, we have put a lot of changes in place in the whole commercial organisation - what we do in the commercial organisation, what we do in modern trade, but we have also taken some very conscious decision in '11 not to take fully part in some of the fairly aggressive price promotions. We think those dynamics will change in '12 because we don't believe they're very profitable for competition. If not, we will take some different decisions. So a lot of assumptions here, but we do assume our market share trend will start turning positive again. So if you compare first half 2012 to the latter part of 2011, should be in the right direction.

Hans Gregersen: **Could I just then do one quick follow-up? In terms of the take out of Baltika, when do you think that's going to have full effect from - - what is your best guess at this point of time?**

Jørn P. Jensen: Well as we say, we intend to or we hope that we are able to launch this voluntary offer in May and then we hope that we will be able to conclude the whole process during the year. So as it is it's a little too early to say if it is in the month of December or January or whenever.

Hans Gregersen: **So the base assumption is that I should not assume anything in this year in terms of your guidance.**

Jørn P. Jensen: Exactly.

Hans Gregersen: **And there'll be no impact from you reducing ownership from 81 - - sorry, 89 to 84/85% ownership?**

Jørn P. Jensen: Accounting-wise you mean?

Hans Gregersen: **I mean if I look at the numbers you're reporting for this year, you reduced your ownership in Baltika from 89 to 85, will that have any profit impact?**

Jørn P. Jensen: No.

Hans Gregersen: Thank you.

Operator: The next question comes from Jon Fell from Deutsche Bank.

Jonathan Fell: Hi. Just a very quick thing left really. **Can you give us some help on what sort of average interest rate to expect next year on your net debt and does the non-payment of a dividend from Baltika this year have any impact on that? And just as a matter of interest, realistically how long could you go without paying dividends from Baltika? Is it sort of indefinite or is it only a few years before you start to run into financial trouble from that?**

Jørn P. Jensen: And just to take the last question first, no, that is not needed for any financing reasons so to speak that dividend; and I said if we are not successful in this whole process, then we will start use the cash generated in Russia for other purposes.

When it comes to the first question, then it is the coupon rate, which is kind of around five, if you then take the normal devaluation effect and other financial items an average 6% all in is a good assumption.

Jonathan Fell: Thanks very much.

Jørgen B. Rasmussen: We have time for two more questions.

Operator: The next question comes from Jesper Breitenstein from Carnegie Bank.

Jesper Breitenstein: Yeah hi. Good morning. Two short questions. **Can you be kind enough to provide the free cash flow figure for Baltika in 2011? And the second question is about marketing spend in 2012, if you can just remind us of how we should look at this given the ban taking effect in July, do you expect to invest less in '12 compared to '11?**

Jørn P. Jensen: The first question, Jesper, that free cash flow number is not yet public from Baltika and, as you know, they are a listed company so that I cannot give you.

Jesper Breitenstein: **But you just gave the minority share, I don't think that's public either.**

Jørn P. Jensen: It is actually public.

Jesper Breitenstein: Okay.

Jørn P. Jensen: If you take a look now, it's public.

Jesper Breitenstein: Okay thanks.

Jørgen B. Rasmussen: And the marketing spend, as we're saying for the Group, is going to be in line with the kind of percent of net sales as we had in 2011, so keep it at the same reasonable high level you could say for 2012.

In our Russian business, Baltika specifically, of course it will change in the second half of 2012 versus first half. After the advertising ban, we'll see a shift towards other media, but also more towards probably in-store activities, if anything slightly down as a percent but not a material difference in the second half.

Jesper Breitenstein: Okay, thank you very much.

Jørgen B. Rasmussen: Now the final question please.

Operator: Our last question comes from Adam Spielman from Citi.

Adam Spielman: Thank you very much. I think most of my questions have been answered, but two things just to follow-up. **Can you say when your next - - where and when your next implementation of the Business Simplification Programme is going to be in North/West Europe? The other question comes back to Russia. You said a couple times and hinted I think, what you said that you have not indulged in sort of the promotional activity in the past but your competitors have. But I think in one of your answers you gave just a couple minutes of ago, you hinted that if you don't start to see some gains in market share, you might get a little bit more aggressive on promotions, and I just wonder if you can confirm that I heard that correctly.** Thank you.

Jørn P. Jensen: The next market for BSP will be Sweden in March 2013 and in that release so to speak, we will also have included the tools needed to do the integration of production supply chain in Europe as such.

Jørgen B. Rasmussen: And to your second question, you're basically right. But just to qualify what you're saying, first of all '11, what we're saying is that we did not fully take part. Of course we did promotions, but we did not fully take part in some of the more aggressive promotions in 2011. We are planning the same kind of approach in 2012 because we assume somewhat the dynamics will change, but if not there will be a point in time where we will probably change the strategy and be more aggressive.

Adam Spielman: Thank you very much. **After Sweden, can I assume the rest of the Nordics follow quite quickly on BSP?**

Jørn P. Jensen: The rollout of BSP is of course arranged so that we take kind of the bigger markets giving the biggest benefit first and then the smaller markets so to speak in the end, so, yes, those markets, U.K., France, and so on and so forth.

Adam Spielman: Following fairly quickly. Okay, thank you very much.

Jørn P. Jensen: Thank you.

Jørgen B. Rasmussen: Thank you. I think it's time to close the call and just I think with a headline being: As we look at 2011, we did have very solid performance in Northern & Western Europe and also in Asia very strong performance. Eastern Europe, driven by Russia, challenging but we also believe we have put a lot in place in 2011 and are on the track for 2012. Thanks for listening in. Bye-bye.