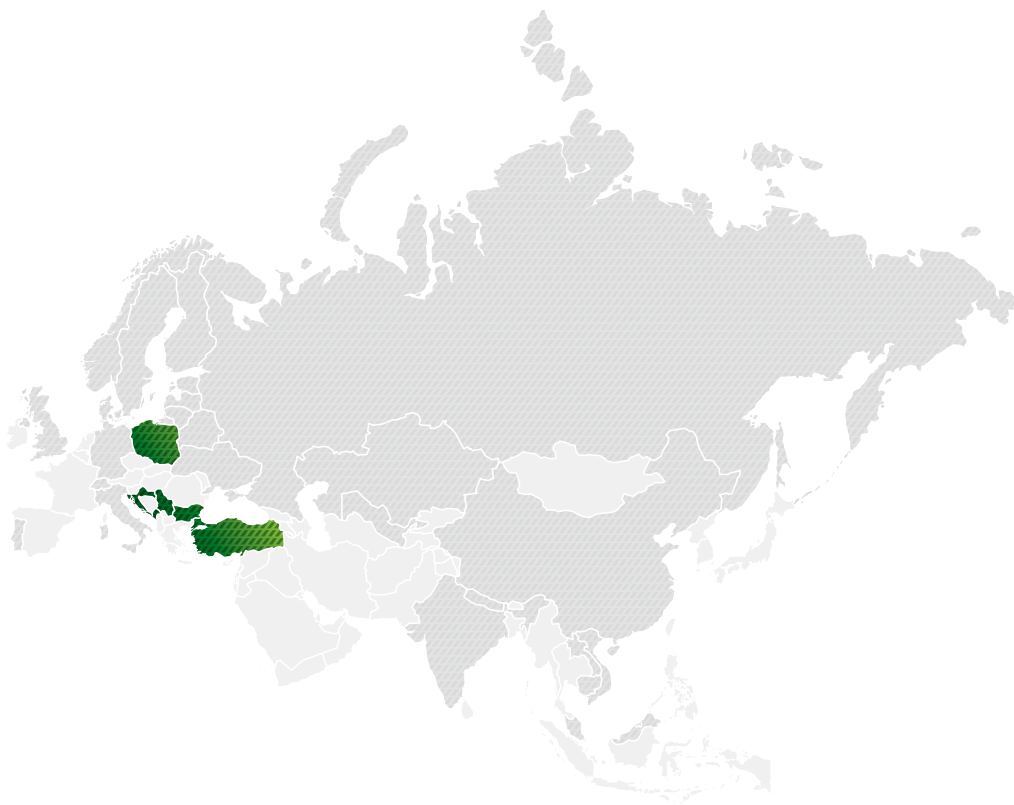


Carlsberg's activities in the rest of **Eastern Europe** cover Poland, Turkey and a number of countries in the Balkans



**Eastern Europe**

Poland, Serbia, Croatia, Bulgaria, Turkey.



The Eastern European markets are in a development phase. The target is growth, and one of the ways this will be achieved is by strengthening Carlsberg's position in the mainstream segment with the help of local beer brands.

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**EASTERN EUROPE  
EXCL. BBH**

Carlsberg's activities in the rest of Eastern Europe account for just under 10% of revenue and cover Poland, Turkey and a number of countries in the Balkans. The markets of this region are highly attractive given their positive growth prospects.

The markets are in a development phase. The objective is therefore growth, and the strategy includes initiatives to rationalise and strengthen the product range. This partly involves strengthening positions in both the mainstream segment with the help of local beer brands, and in the premium segment with the help of both national brands and international brands such as Tuborg and Holsten.

The strategy also focuses on optimising sales and marketing work through Commercial Excellence initiatives tailored to local conditions.

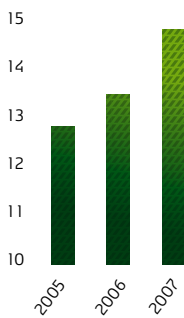
Carlsberg's activities in Serbia, Bulgaria and Croatia have made great progress in recent years, and market shares have increased. To promote further growth and efficiency gains, a new structure for the breweries in the three countries was created in 2007 under the name South East Europe (SEE). Commercial responsibility still rests with the individual countries, but the management of production, procurement, logistics and so on has been concentrated in Belgrade in Serbia, with the result that the different countries can share good ideas, knowledge and key skills more quickly. This new structure puts Carlsberg in a better position to further strengthen its market position in the region in the coming years.

In Poland, the goal is to grow faster than the market as a whole. As an extension of this, the strategy is a business model which ensures continued focus on actual sales to consumers in order to avoid a build-up of stocks with distributors.

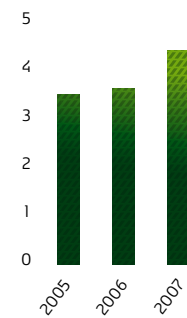
In Turkey, Carlsberg's goal is to improve the business model with a view to generating satisfactory returns.

To support the growth strategy and the very strong growth in volumes in the region, investment will be made to expand capacity at existing breweries in the coming years, primarily in SEE but also in Poland.

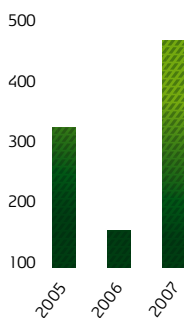
**Beer sales (pro rata)**  
(Million hl)



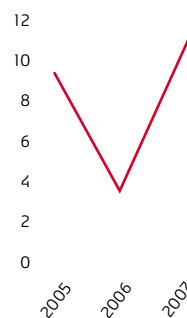
**Revenue**  
(DKKbn)



**Operating profit before special items**  
(DKKkm)



**Operating margin**  
(%)



## Tuborg and Holsten in Eastern Europe



### Holsten in the Balkans

Holsten is known as a masculine German beer of authentic taste and consistently high quality, and is the third brand in Carlsberg's international portfolio. The authenticity and consistent quality stem partly from the German "Reinheitsgebot" of 1516, which rules that beer can be made from only three basic ingredients: barley, hops and water.

In 2007 Holsten was launched in Serbia, Montenegro, Bosnia, Bulgaria and Romania with a new design and new positioning. A central element of the launch campaign was four knights with different characters but with the shared mission of defending the taste, quality and purity of the Holsten brand.

In connection with the launch, tasting panels were set up in Romania, Serbia and Bulgaria. The outcome of the tastings was that Holsten had a competitive edge over the brand's closest competitors. Other surveys showed that the Holsten knights held real appeal for the target group as representatives of masculine and noble values. By the end of the year, Holsten was already a well-known brand in its target group.

### Tuborg takes centre stage

Just as Carlsberg has long been associated with football, Tuborg is now firmly established as the beer most associated with live music.

Carlsberg Serbia's GreenFest was one of the highlights of 2007 for Tuborg. Around 80,000 people flocked to the small town of Indija to take part in the biggest one-day music festival ever held in the Balkans. Local musicians created a great atmosphere, which was taken to another level by English band Kasabian and almost exploded when US rockers Red Hot Chili Peppers took to the stage.

It is not only the markets hosting GreenFest which benefit from these festivals, though. For example, Carlsberg Croatia and Carlsberg Bulgaria seized the opportunity to promote Tuborg and its association with music by developing a joint campaign with Carlsberg Serbia and giving away tickets to GreenFest.



See also: [www.carlsberggroup.com/ar](http://www.carlsberggroup.com/ar)

## Development in 2007

Carlsberg's total sales of beer in Eastern Europe grew by 11% to DKK 14.8m hl. This strong trend was driven partly by generally positive market developments, but higher market shares in countries including Poland, Serbia, Croatia, and Bulgaria also reinforced the positive trend. Net revenue was DKK 4,267m (DKK 3,509m in 2006), an increase of 22%, and operating profit was DKK 477m, against DKK 135m in 2006. This trend was the result of a marked improvement in earnings in Poland together with a similarly positive trend in the countries of South East Europe. This figure also includes income of DKK 63m from sale of real estate in Poland (realised in the first quarter of 2007).

### Poland and South East Europe region

In Poland there was progress for both the Carlsberg brand and for the local brands Okocim and Harnas, while Tuborg achieved good results in several of the other countries, including Bulgaria, Croatia and Serbia. Carlsberg's corporate programmes Logistic Excellence and Commercial Excellence are now being implemented in the region.

### Turkey

The challenges in Turkey continued, despite a slightly positive market trend. Pricing has been challenging in Turkey and efforts were focused on improving the business model plus the launch of a new local beer brand backed by significant investments in sales and marketing.