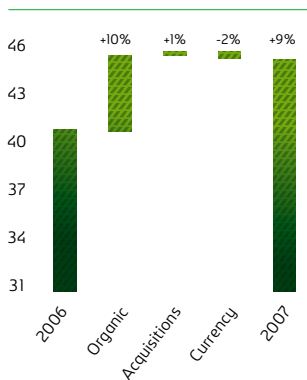
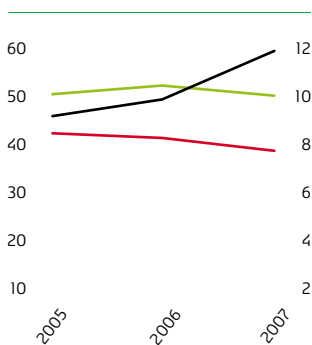


# Financial review

## Net revenue (DKKbn)



## Improved cost structure (%)



■ Contribution ratio  
■ Operating expenses (in % of net revenue)  
■ Operating margin (rhs)

## Income statement

Net revenue climbed 9% to a total of DKK 44,750m (DKK 41,083m in 2006). DKK 170m of this revenue derives from acquisitions, primarily in China and Belarus. Organic growth was DKK 4,122m (+10%), driven by progress in all regions, and in particular by a positive volume development in BBH and a generally positive mix effect. Net revenue per hl showed a positive trend in all regions except for Asia, where there has been strong volume development in the low-price markets. Exchange rate movements had a negative effect of DKK 626m (-1%). Beer sales represented DKK 32,479m of total sales (DKK 29,047m in 2006), equivalent to 72.6% (70.7% in 2006).

Cost of sales amounted to DKK 22,423m (DKK 20,151m in 2006), an increase of 11% (DKK 2,272m). This development reflects volume growth in particular (+11% pro rata) but also a general increase in raw material costs. Overall, the price trend for the key raw material categories (malt, aluminium and energy) is considered to have had a total negative effect of DKK 600-700m.

Gross profit rose by 7% to DKK 22,327m (DKK 20,932m in 2006). The gross margin was 49.9%, which was 1.1 percentage

points lower than in 2006. This trend can be attributed to rising raw material prices.

Sales and distribution expenses rose by DKK 355m to DKK 14,528m (DKK 14,173m in 2006). This development was driven by an increasing level of activity in BBH, Eastern Europe and Asia, while rationalisations and efficiency gains in Western Europe have reduced sales and distribution expenses by DKK 429m. Sales and distribution expenses also include marketing expenses of DKK 4,321m (DKK 4,178m in 2006), an increase of 3%, primarily as a result of increased market-oriented activities in BBH and Asia.

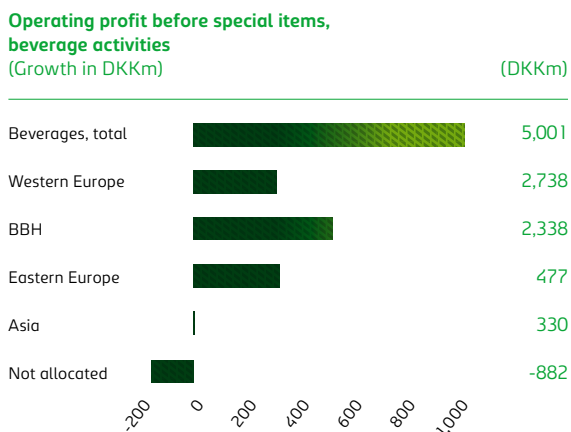
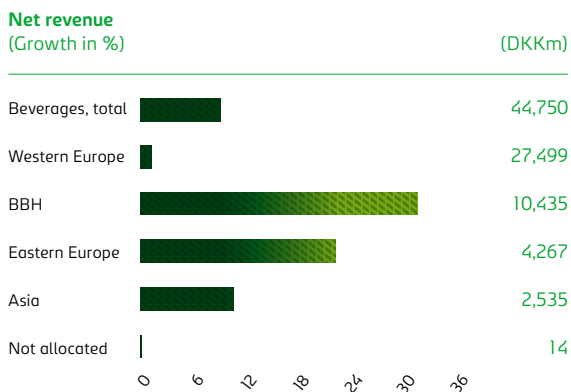
Administrative expenses were DKK 3,123m, an increase of 2% on 2006 as a result of increased activity on the growth markets in BBH, Eastern Europe and Asia. Administrative expenses in Western Europe fell by 8%.

Other operating income was DKK 933m and other operating expenses DKK 448m, or DKK 485m net against DKK 267m in 2006, an increase of DKK 218m, DKK 191m of which can be attributed to gains on the sale of real estate and other assets.

Profit from associates was DKK 101m (DKK 85m in 2006).

In 2007 Lav was named best Serbian brand in the beer and spirits category by a Serbian jury chaired by Predrag Bubalo, the country's Minister for Trade and Services.





Operating profit before special items was DKK 5,262m, against DKK 4,046m in 2006. Beverage activities generated a profit of DKK 5,001m against DKK 3,997m in 2006, an increase of 25%. This increase is the result of broadly based progress. The profit contribution from other activities, including sale of real estate, was DKK 261m against DKK 49m in 2006. The overall operating margin was 11.8% (9.8% in 2006) and 11.2% for beverage activities in isolation, which is an improvement of 1.5 percentage points on last year and can be attributed to an increase in operating margin in Western Europe and Eastern Europe as well as the increased relative importance of BBH.

Net special items were DKK -427m against DKK -160m in 2006 and concerned write-down of non-current assets in Turkey and termination costs etc. in connection with restructurings and Logistic Excellence programmes. Special items in 2006 included gains on the sale of shares in Hite Brewery Co. Ltd. (DKK 602m).

Net financial items were DKK -1,201m against DKK -857m in 2006. Net interest was DKK -1,076m against DKK -1,029m in 2006, and due to rising interest rates, which more than outweighed the lower average level of net interest-bearing debt. Other net financial items were DKK -125m against DKK 172m in 2006. This change is due in particular to currency translation adjustments on debt (DKK -175m compared with 2006) and the fact that the figure for 2006 included gains from sale of financial assets.

Tax on profit for the year was DKK -1,038 against DKK -858m in 2006. The effective tax rate was 28.7% against 28.3% in 2006.

Consolidated profit was DKK 2,596m against DKK 2,171m in 2006. Minority interests' share of this was DKK 299m (DKK 287m in 2006). In particular the increase in minority interests reflects the positive trend in BBH.

Carlsberg's share was DKK 2,297m against DKK 1,884m in 2006. This positive development can be attributed in particular to growth in operating profit from beverage activities.

### Balance sheet

Carlsberg had total assets of DKK 61,220m at year-end 2007, an increase of DKK 2,769m on 2006.

### Assets

Intangible assets totalled DKK 21,205m against DKK 21,279m in 2006.

Property, plant and equipment totalled DKK 22,109m (DKK 20,367m in 2006). This increase primarily reflects extraordinarily high capital expenditure as a result of capacity expansions in the growth markets, investments in Western Europe, with capacity efficiency projects in Denmark, Finland and Italy as a result of brewery closures as well as investments in real estate/"other activities".

At the closing of the accounts, impairment tests were carried out on cash-generating units, including goodwill and trademarks with an indefinite useful life. As a result, it was decided to write down the carrying amount of non-current assets in Turkey by DKK 100m.

Other non-current assets amounted to DKK 2,965m, which was on a par with 2006.

Current assets rose by DKK 935m to a total of DKK 14,907m (DKK 13,972m in 2006), primarily as a result of higher inventories and trade receivables – a significant share of which reflects a higher level of activity in BBH.

### Liabilities

Total equity was DKK 19,944m, of which DKK 1,323m can be attributed to minority interests and DKK 18,621m to shareholders in Carlsberg A/S. Compared with 2006, equity was increased by DKK 957m. Financial gearing was 1.0 as in 2006.

Besides the profit for the year (DKK 2,596m), the movement in equity before minority interests was due to currency translation adjustments (DKK -670m), value adjustments of securities and hedging instruments (DKK 241m), and adjustment of actuarial losses on retirement benefit obligations etc. (DKK -532m). The dividend to shareholders was DKK 685m, and purchase and sale of treasury shares etc. reduced net equity by DKK 74m.

Total obligations were DKK 41,276m (DKK 39,464m in 2006). The increase is due to higher interest-bearing debt at the end of the year (DKK 457m) and the increase in trade payables from DKK 5,147m in 2006 to DKK 5,833m in 2007. Other liabilities have risen from DKK 4,856m in 2006 to DKK 5,611m in 2007.

### Cash flow, operational investments and interest-bearing debt

Cash flow from operating activities was DKK 4,837m against DKK 4,470m in 2006.

Operating profit before depreciation and amortisation rose by DKK 1,099m, while restructuring costs paid were DKK 98m lower than in 2006. Working capital fell by DKK -230m (DKK -619m vs. 2006), primarily due to the high level of activity in BBH.

Cash flow from investing activities was DKK -4,927m against DKK +65m in 2006. The difference of DKK -4,992m can essentially be attributed to the fact that the cash flow for 2006 included proceeds from the sale of shares in Hite Brewery Co. Ltd. (approx. DKK 3.3bn) and an increase in operational investments of DKK 1,638m in 2007. The increase in – and the furthermore extraordinarily high level of – operational investments in 2007 can be attributed in particular to capacity expansions and brewery constructions in BBH (Russia, Ukraine and Uzbekistan), capacity efficiency projects in Denmark, Finland and Italy as a result of brewery closures as well as somewhat higher investments in real estate/"other activities".

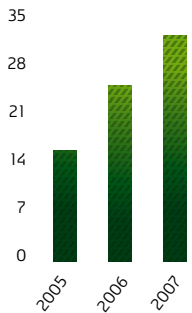
Acquisition and divestment of entities, net, was DKK -179m (DKK +18m in 2006) and include acquisitions in Belarus (Olivaria), China (Ninqxia) and Laos (Lao Soft Drink Co. Ltd). In 2006 cash flow from investing activities was positively affected by the sale of the shareholding in Hite Brewery Co. Ltd. (approx. DKK 3.3bn).

Other activities (real estate and assets under construction) contributed DKK -62m (DKK -186m in 2006).

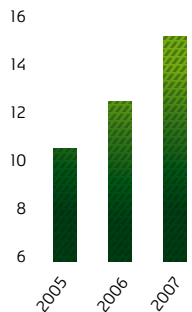
After this, free cash flow was DKK -90m against DKK 4,535m in 2006.

Net interest-bearing debt was DKK 19.7bn at year-end 2007 against DKK

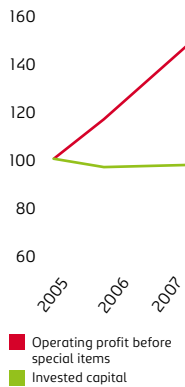
**Earnings per share (DKK)**



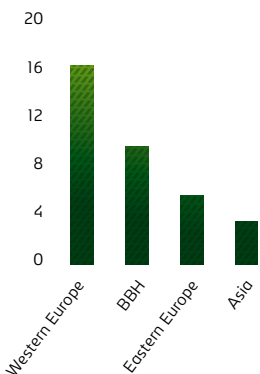
**ROIC<sup>1</sup>, beverage activities (%)**



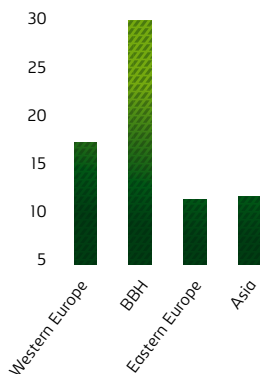
**Invested capital and operating margin, beverage activities (Index: 2005=100)**



**Invested capital, regions (DKKbn)**



**ROIC<sup>1</sup>, regions (%)**



1. Return on average invested capital

19.2bn at year-end 2006, an increase of approx. DKK 0.5bn. This development essentially reflects the fall in free cash flow, payment of dividends to shareholders in Carlsberg A/S, and currency translation adjustment of debt, primarily issued in GBP and CHF, totalling approx. DKK -0.4bn, which is however partly offset by currency translation adjustment of debt issued in USD.

**Financial ratios**

Return on invested capital (ROIC) was 11.7%, an increase of 2.5 percentage points compared with last year. This positive development can be attributed to a significantly higher level of earnings compared with the modest increase in invested capital in the Group. Western Europe and BBH had a particularly positive impact on ROIC. Invested capital in Western Europe was reduced by DKK 0.6bn from 2006 to 2007, and ROIC rose by 2.7 percentage points to 16.0%. As a result of the marked growth in BBH, invested capital increased by DKK 1.6bn in 2007 but earnings increased too, and ROIC rose by 2.6 percentage points to 29.1%.

Earnings per share (EPS) were DKK 30.1, an increase of DKK 5.4 (22%) on 2006. Cash flow per share (CFPS) was DKK 63.2, DKK 4.8 (8%) higher than 2006. The positive trend in EPS and CFPS can mainly be attributed to the positive earnings trend.

# Segment reporting by quarter

DKK million	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
<b>Net revenue</b>								
Western Europe	5,364	7,456	7,379	7,108	5,645	7,624	7,257	6,973
BBH	1,276	2,320	2,552	1,805	1,832	3,073	3,269	2,261
Eastern Europe	639	1,033	1,010	827	732	1,284	1,289	962
Asia	517	630	590	562	634	650	654	597
Not allocated	11	5	16	-17	20	8	-39	25
<b>Beverages, total</b>	<b>7,807</b>	<b>11,444</b>	<b>11,547</b>	<b>10,285</b>	<b>8,863</b>	<b>12,639</b>	<b>12,430</b>	<b>10,818</b>
Other activities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,807</b>	<b>11,444</b>	<b>11,547</b>	<b>10,285</b>	<b>8,863</b>	<b>12,639</b>	<b>12,430</b>	<b>10,818</b>
<b>Operating profit before special items</b>								
Western Europe	16	894	986	529	197	969	918	654
BBH	153	598	733	320	333	780	846	379
Eastern Europe	-75	111	143	-44	5	187	233	52
Asia	126	94	91	21	82	87	93	68
Not allocated	-116	-134	-152	-297	-214	-213	-136	-319
<b>Beverages, total</b>	<b>104</b>	<b>1,563</b>	<b>1,801</b>	<b>529</b>	<b>403</b>	<b>1,810</b>	<b>1,954</b>	<b>834</b>
Other activities	-21	76	9	-15	-1	44	124	94
<b>Total</b>	<b>83</b>	<b>1,639</b>	<b>1,810</b>	<b>514</b>	<b>402</b>	<b>1,854</b>	<b>2,078</b>	<b>928</b>
Special items, net	-105	498	-152	-401	-31	-111	-42	-243
Special items – income	-228	-200	-200	-229	-253	-243	-277	-428
Profit before tax	-250	1,937	1,458	-116	118	1,500	1,759	257
Corporation tax	71	-571	-417	60	-32	-372	-461	-173
<b>Consolidated profit</b>	<b>-179</b>	<b>1,366</b>	<b>1,041</b>	<b>-56</b>	<b>86</b>	<b>1,128</b>	<b>1,298</b>	<b>84</b>
Attributable to:								
Minority interests	40	95	128	24	41	91	120	47
Shareholders in Carlsberg A/S	-219	1,271	913	-80	45	1,037	1,178	37