

Northern & Western Europe

Carlsberg has improved its competitiveness and earnings in its mature European markets over recent years, and the Northern & Western European region plays an important role in Carlsberg's portfolio of businesses accounting for approximately 62% of Group revenue and approximately 46% of Group operating profit (before not allocated expenses and other activities).

Strategic objective

The overall strategic objective for Northern & Western Europe is to increase profitability and generate free cash flow, which is to be achieved through continued streamlining and cost reduction programmes together with increased focus on revenue growth through value management, premiumisation, innovation and improved commercial execution.

Efficiency and cost savings

Efficiency and cost savings have been Carlsberg's strategy in Northern & Western Europe for a number of years. The Operational Excellence programme incorporated a series of initiatives spanning production, administration, procurement and logistics. Next-generation Excellence programmes will include significant initiatives to further improve efficiency on a country-by-country basis and across the region. These initiatives most notably focus on establishing world-class procurement capabilities as well as standardising and reducing overall complexity in the business.

Optimisation of the brewery structure in Northern & Western Europe remains on the agenda. The closure of the Valby brewery in Copenhagen has now been completed along with closures of plants in Ceccano, Italy, and Pori, Finland (partial closure). In November 2008, Carlsberg also announced the proposed closure of the brewery in Leeds, United Kingdom, by 2011.

Changes in the brewery structure, including closures, are based on a comprehensive business review which takes account of savings, subsequent use of the land and buildings released, possible spare brewing capacity available internally or externally, and investments in replacement capacity if necessary. There have also been extensive efficiency initiatives in administration, including the creation of an Accounting Shared Service Centre in Poznan, Poland. The centre now supplies services to Poland, Germany, Switzerland, the United Kingdom, Denmark, Sweden and Norway.

Revenue growth

However, increasing efficiency and reducing costs does not create a competitive business on its own. Various other steps have therefore also been taken to ensure sustained revenue growth in the years to come. The Commercial Excellence programme has turned the spotlight onto the use of sales and marketing resources. Employees have been trained to develop and organise local beer sales so that volumes and margins for both the customer and Carlsberg are reflected in decisions on the range and display at the point of sale.

In addition to Commercial Excellence, the Group portfolio strategy plays an important role in Northern & Western Europe, focusing on the following key areas:

- Developing the super-premium segment (1664, Jacobsen, Grimbergen and other speciality beers)
- Generating growth in the premium segment, primarily through the Carlsberg brand and the premiumisation of local brands
- Driving growth in leading local power brands
- Expanding the range of other beverages through innovation and partnering