

## H1 2021 AIDE MEMOIRE

A number of events in 2020 and 2021 have an impact on the year-on-year comparison for H1 and full-year 2021. These include the following items, which you may wish to consider in your modelling. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for H1 2021 versus the same periods last year.

### FACTORS IMPACTING COMPARATIVE FIGURES

#### Western Europe

In the H1 2020 announcement, we commented:

*“Western Europe had a very difficult start to Q2 due to lockdowns and the subsequent impact on the on-trade channel. Towards the end of the quarter, performance in several markets saw signs of improvement due to gradual reopening of the on-trade and subsequent restocking, plus good weather in June.”*

...and commented further on non-beer performance:

*“Non-beer volumes declined by 17.3% due to the lost German/Danish border trade from 1 January 2020...”*

At the Q1 2021 conference call, we commented on Q2:

*“...we had a challenging start in Western Europe and we see increasing risk for Q2 due to the sort of prolonged restrictions...”*

#### Asia

In the H1 2020 announcement, we made the following overall comment on Asia performance in the first half of 2020:

*“Developments in our Asian markets varied significantly. Our Chinese business was severely impacted by COVID-19 in Q1 but rebounded in Q2, while the rest of the region was impacted significantly in Q2.”*

... and elaborated on the recovery in China:

*“After a very challenging Q1, our Chinese businesses rebounded strongly in Q2, delivering volume growth of 18% in the quarter.”*

At the Q1 2021 conference call, we commented on China:

*“With regards to China, no, we don’t think we will end up with 20% versus 2019 in total. We are not giving, let’s say, our internal budgeting. However, we see a good momentum. We see our market share improving. We also see some very strong months ahead of us vis-à-vis 2020, especially as you recall, May, June, July were extremely strong.”*

...and continued with comments on the rest of Asia:

*"... we see a different situation, as you all know, in India, but also in Laos now, in Nepal, Malaysia. So COVID in Asia is not at all behind us yet ...in general, we see less risk for China. We see a realistic – if you are realistic, we see some risk for India. You saw a very good quarter. But at this moment of time, the volumes, of course, are a bit lower due to the situation there. And the same applies for Laos."*

## **Central & Eastern Europe**

In the H1 2020, we commented:

*"Our businesses in Eastern Europe saw a relatively modest impact from COVID-19 due to low on-trade exposure."*

...and elaborated on the timing of the market share recovery and higher level of promotions in Russia:

*"At the end of Q1, we kicked off our changed commercial priorities with the aim of stopping the volume decline and restoring our market share. Initial signs from the changed commercial activities were positive, and our market share improved compared with the beginning of the year, but was still below last year's level."*

At the Q1 2021 conference call, we commented on the competitive situation in Russia:

*"...the competitive situation in Russia is, in our view, unchanged. The high level of promotion pressure has continued. We announced a 2% price increase in October, November to partly cover the RUB 1 tax increase. We have not seen yet any higher prices on the shelves from our competitor..."*

## **Costs**

At the H1 2020 conference call, we commented on marketing spend:

*"As a percent of revenue, marketing investments declined 150 basis points organically to 7.1%. The reduction in marketing was done partly as an obvious response in a time of crisis when certain marketing activities were less efficient, and partly as a measure to protect short-term earnings. The decline in marketing spend is not sustainable long term, and we will have higher marketing spend in second half compared to first half."*

... and made the following comment regarding marketing investments for 2021 at the Q4 2020 conference call:

*"...with respect to marketing 2021, we will increase that compared to 2020 when we reduced marketing spend in the first half of the year. In first half 2021, we will again be selective on how we execute our marketing investments and on-trade will remain closed in many markets, that's well into Q2..."*

...and continued:

*"In some market in particular and many markets in Asia, marketing investments will actually this year be back at 2019 level as a percentage of top line."*

In the H1 2020 announcement we commented on finance costs, excluding FX gains:

*“Financial items, net, amounted to DKK -199m against DKK -451m in 2019, impacted positively by lower funding costs. Excluding currency gains and losses, financial expenses, net, amounted to DKK 263m (2019: DKK 379m).”*

## **OUTLOOK**

At the Q1 2021 announcement we adjusted the 2021 outlook:

*“...in light of the good start to the year, we are able to raise the bottom end of the range in our earnings expectations for 2021, and we are now expecting:*

- *Organic growth in operating profit within the range of 5-10% (previously 3-10%).*

*Based on the spot rates at 27 April, we assume a translation impact of around DKK -250m for 2021 (previously DKK -200m).”*

At the Q1 2021 conference call, we commented further:

*“All other assumption remains unchanged. That means net finance costs, excluding FX, are therefore assumed to be around DKK 600 million, tax rate around 25%, and CapEx between DKK 4 billion and DKK 4.5 billion.”*

At the Q1 2021 conference, we commented:

*“In Western Europe and Central and Eastern Europe, we’ve seen restrictions being prolonged in many markets well into Q2. At the same time, the Asian and particularly Chinese performance was very strong for Q1, while in Q2, several markets are seeing an increase in infection rates and that has led to renewed lockdowns in markets such as Laos, India and Cambodia.”*

...and continued:

*“It is important to emphasise that the volatility and uncertainty in many markets remain high. In Western Europe and Central and Eastern Europe, we have the important peak season ahead of us and continued lockdowns, restrictions or changes in consumer behavior may influence full year results significantly.”*

... and specifically on Asia made the following comment:

*“Net-net, a good start for the year in Asia, but the situation remains very fragile in several markets, and we see intensified lockdowns following increases in infection rates. Therefore, we expect continued volatility in the coming quarters.”*

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