

FY 2016 Aide Memoire

A number of events in 2015 have an impact on the year-on-year comparison for full-year 2016. 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 full-year 2016 versus full-year 2015.

Factors impacting comparative figures

Western Europe

At the Q3 2016 conference call, when asked about the volume impact from terminated contracts, we said:

"...if we would correct our European figures for the contracts which were stopped, then we would increase our volumes by 2%."

Eastern Europe

At the Q3 2016 conference call we commented on Russia Q3 performance and PET impact for Q4:

"In Russia, our volume growth in the quarter was in the mid-teens as a result of improved commercial execution and consequent market share gain, also the warm weather and the sell-in of large-sized PET bottles. We will, in Q4, adapt to the new PET regulation, which means that we will phase out all PET bottles above 1.5 liters to be ready for the plus 1.5 liters ban effective from January 1. Consequently, we shipped extra volumes in late Q3 to ensure availability at wholesalers and also retailers during the transition period in Q4"

...and continued when asked about the stock-building Q3:

"We feel it's 1% to 2% of Q3 growth..."

Asia

At the Q3 2016 conference call, we said:

"A few general remarks on China where the market value growth continues as the premium segments show a much better development than the discount and mainstream segments. We are in the process of de-emphasizing our discount offerings and also reallocating more support towards our premium portfolio."

...and continued:

"Outside China, our Asian business grew volumes by 4%. India continues to perform strongly and achieved 20% volume growth in spite of the alcohol ban in Bihar."

Further, at the Q3 2016 conference call, we mentioned the Chinese restructuring:

"...we have managed to close down 11 breweries in China and sell 5 sites."

At the Q2 conference call, we commented on the volume impact from the Chinese brewery closures:

“Regional volumes were impacted by a combination of the market development and brewery closures in China, declining organically by 3%. Adjusting for the closures, volumes would have declined by an estimated 1%.”

Other

At the Q2 2016 conference call, we said, when asked about un-allocated costs for the remainder of the year:

“...that unallocated cost in second half is going to be broadly in line with last year,”

In the Q2 2016 announcement, we commented on the tax rate for 2016:

“The tax rate is expected to be approximately 33%, compared to previous expectations of 28%. The higher tax rate this year is primarily due to the previously mentioned Finnish tax case.”

...and further elaborated at the Q2 conference call:

“Going forward, we see an effective tax rate of just below 30%.”

At the Q3 2016 conference call, we made the following comment re. financials:

“...I also want to briefly mention that we have £300 million bond that matures in November, which will be refinanced with cash.”

When asked about the phasing of the Funding the Journey benefits, we said:

“So, what we see in terms of the DKK 1.5 billion to DKK 2 billion is approximately one quarter this year. More next year, let's say around half of the total benefits and then the remaining of it will come in 2018. It's important to say that this is of the DKK 1.5 billion to DKK 2 billion. The phasing of the net impact, so half of that, what goes to the bottom line is different because of the fact that it does take time to ramp up our SAIL'22 initiatives. So, half of the benefits will be invested into SAIL'22 that was launched earlier this year and simply the phasing of that is more towards the latter part of the period.”

Outlook

In the Q3 2016 announcement, we commented:

“As the result of a more favourable market development in Eastern Europe in Q3 and a faster achievement of the value management benefits from Funding the Journey than previously expected, we adjust our earnings expectations upwards. Consequently, the Group now expects:

- *An organic operating profit growth of around 5% (previously low-single-digit percentages growth).*
- *Financial leverage reduction.*

Based on the spot rates as of 7 November, we now expect a translation impact of DKK -550m compared to our previous expectation of DKK -600m.

All other assumptions remain unchanged.”

At the Q2 2016 conference call, we said, when asked about the COGS development in H2; and whether the impact would be larger in H2 vs H1:

“That is correct. There will be a transaction impact in Russia in second half.”

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