

# ACCELERATE IN CORE MARKETS

João Abecasis,  
Executive Vice President, Asia



# ASIA

# Disclaimer

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production and distribution related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

# Our footprint in Asia – #1-2 position in 7 markets

## CHINA

#1 in western China  
9% national market share  
26 breweries



INTERNATIONAL PREMIUM BRANDS



CORE LOCAL BRANDS

## INDIA

#2 in states with own brewery  
14% national market share  
7 breweries



## VIETNAM

#4 in the market  
8% national market share  
1 brewery



## LAOS

#1 in the market  
93% market share  
2 breweries



## CAMBODIA

#4 in the market  
6% market share  
1 brewery



## NEPAL

#1 in the market  
51% market share  
1 brewery  
Associate



## MALAYSIA

#2 in the market  
42% market share  
1 brewery



## HONG KONG

#1 in the market  
32% market share



## SINGAPORE

#2 in the market  
25% market share



## MYANMAR

#3 in the market  
12% market share  
1 brewery



**37%**  
of Group volumes<sup>1</sup>

**32%**  
of Group revenue<sup>1</sup>

**42%**  
of Group operating profit<sup>1</sup>



<sup>1</sup> Share of regions; 2021 restated figures

# Premium portfolio fuelling Asia growth with strong foundation in local core...



**VOLUME GROWTH  
2017-2021**

**+187%**

**+25%**

**+16%**

**-6%\*** (est. full recovery by 2022)

**PRICE INDEX**

**160-400**

**100-120**

**100-130**

**100-150**

**MARKETS**

**7**

**6**

**7**

**10**

**1664 BLANC**

Super premium  
positioning

Growth driven by  
expansion in China

**SOMERSBY**

China, Laos and  
Malaysia leading  
strong foundation

**TUBORG**

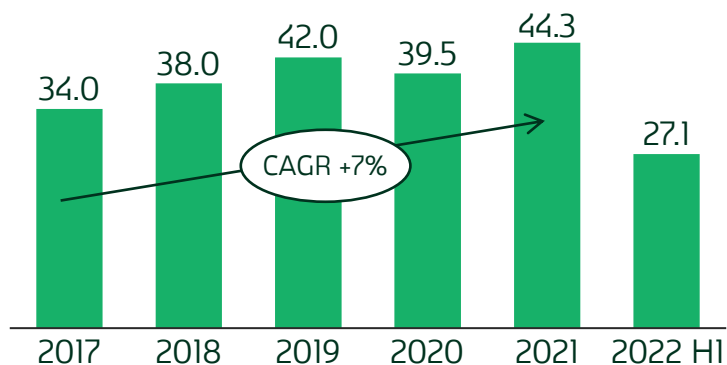
Strategic driver for  
China and India

**CARLSBERG**

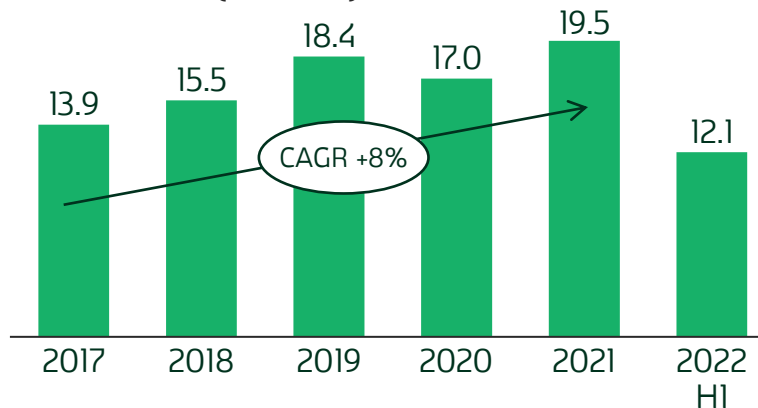
Premium lager in all  
emerging markets

# ... and supporting very strong Asian results

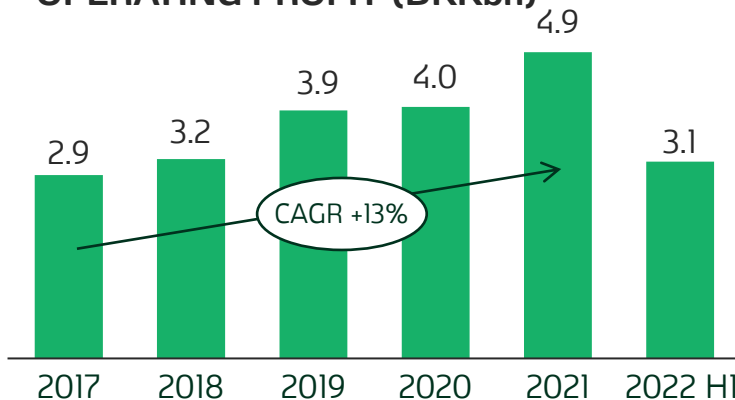
TOTAL VOLUMES (m hl)



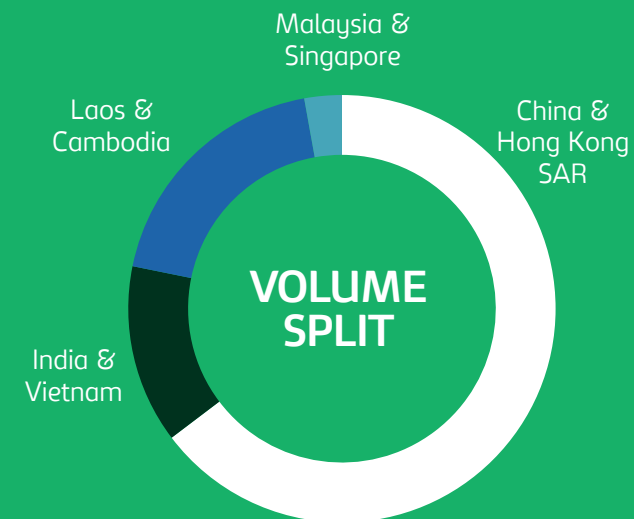
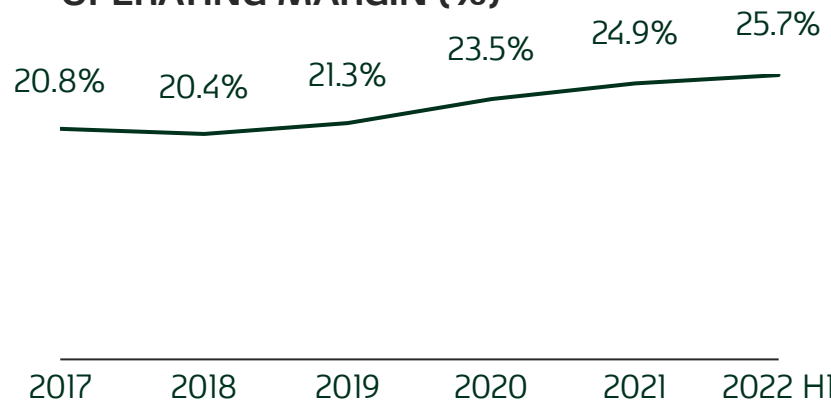
REVENUE (DKKbn)



OPERATING PROFIT (DKKbn)

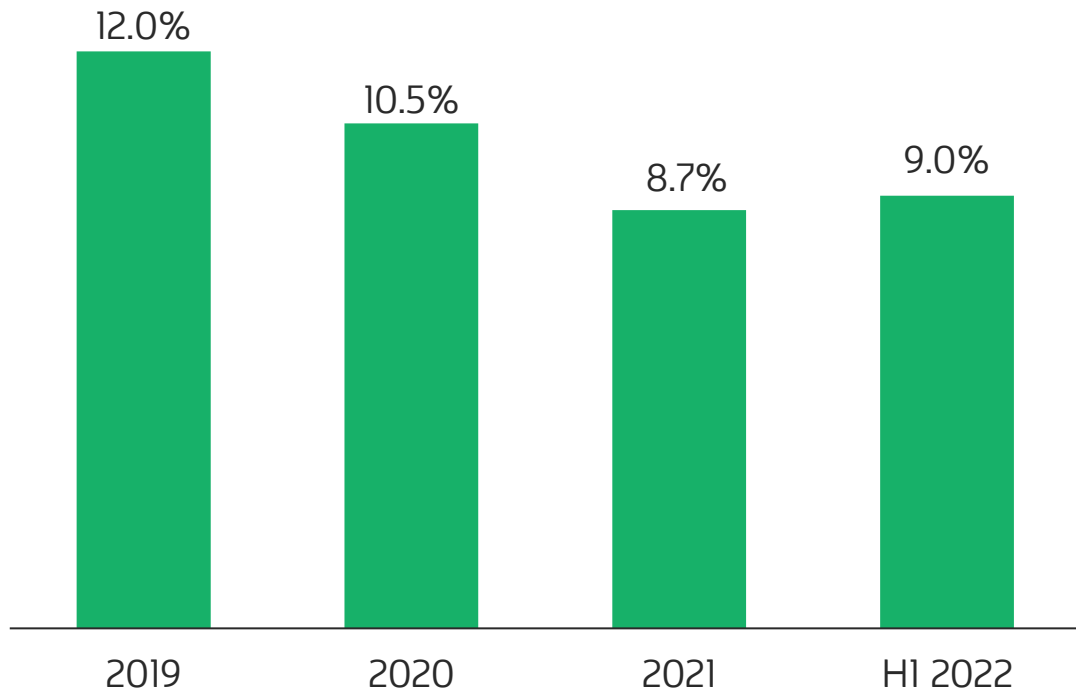


OPERATING MARGIN (%)



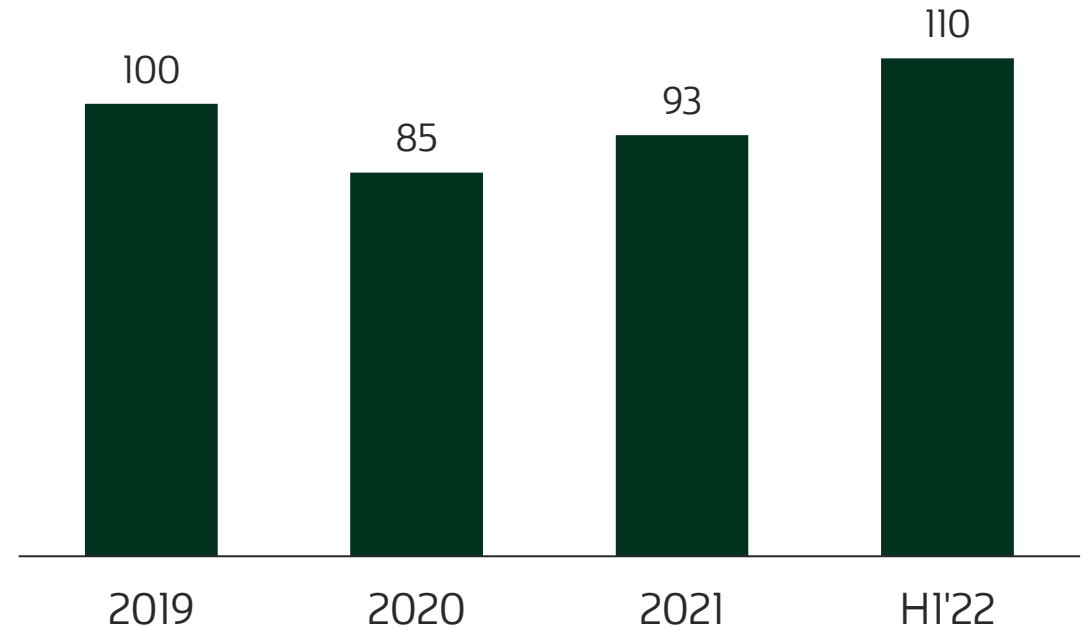
# Strict SG&A management while securing marketing investments...

SG&A/REVENUE



MARKETING INVESTMENTS

2019 = index 100



# ... with portfolio, geographic expansion and well-embedded capabilities as key success factors

## PORTFOLIO BREADTH

Expanding portfolio beyond local power brands to global brands

International premium brands

- Driving healthy price/mix
- Clear positioning for Carlsberg, Tuborg, 1664 Blanc and Somersby
- Differentiating brand platforms

Local power brands

- Wusu with unique brand equity, experience and innovations as the expansion engine in China
- Beerlao maintaining deep emotional value with customers

Beyond Beer

- Somersby introduction
- Soft drinks in Laos and Cambodia

## CHINA

#1 contributor to Group volume, revenue and operating profit since 2019

- Successful Big City programme expanding outside of strong western regional footprint
- Drive premium portfolio growth in new retail channels, e.g. modern off-trade, e-comm
- Continue to premiumise our offerings with our strong local and international brands
- Strong execution capability in driving growth initiatives

## EMBEDDING CAPABILITIES

- Excel at point of purchase – FIT, modern off-trade, Carl's Shop and e-comm
- Drive supply chain excellence and efficiencies across breweries and markets
- Rigorous approach to Funding our Journey

# Future market opportunities – strength through diversity

40.5 litres in Vietnam

## CONSUMPTION PER CAPITA

< 2 litres in India

\$59,000 in Singapore

## GDP PER CAPITA (PPP)

\$800 in Nepal

> 1% in India and Myanmar

## ANNUAL POPULATION GROWTH

Negative growth in Singapore

> 30 SKUs contribute 80% of GPAL in Malaysia

## COMPLEXITY

95% GBC via #1 SKU in Laos

6,600 in Vietnam

## OUTLETS PER MILLION PEOPLE

69 in India

38% premium share in Hong Kong

## PREMIUM SHARE OF CATEGORY

7% premium share in Laos

268 minutes in Nepal

## BEER AFFORDABILITY<sup>1</sup>

10 minutes in Hong Kong

62% modern trade in Hong Kong

## MODERN TRADE

4% modern trade in Cambodia

## IMPLICATIONS

- Heterogenous nature drive priorities – based on current brand life cycle, category growth and channel composition
- Cluster strategies vs one regional strategy - customised operational solutions on the ground

<sup>1</sup> Affordability measured as minutes required to work for 500 ml of mainstream beer (2021 price of our mainstream beer)



# ... giving us very appealing long-term growth opportunities while managing shorter-term headwinds

## TAILWINDS TO CATCH

Gaining or flat market share in 9 out of 10 markets

Market share momentum

India and Southeast Asia – mainly Myanmar, Cambodia, Vietnam

Demographics and PCC development in emerging markets

Grow outside core regions across markets

Sub-geographies

Fair share of modern off-trade and modern on-trade and e-comm

Under-trade in tomorrow's growth channels & pack types

Local power brand premiumisation, driving stronger growth to get fair share of premium

Mix premiumisation



## HEADWINDS TO MANAGE

COVID-19 in China

Short-term impact from local lockdowns

Commodity prices

Global inflation affecting supply chain and commodity prices

Mainstream beer price thresholds

Beer affordability in emerging markets impacting mainstream beer price increases

Regulatory & fiscal

Excise increases in emerging markets (e.g. Indian states, Laos, Vietnam), communication restrictions

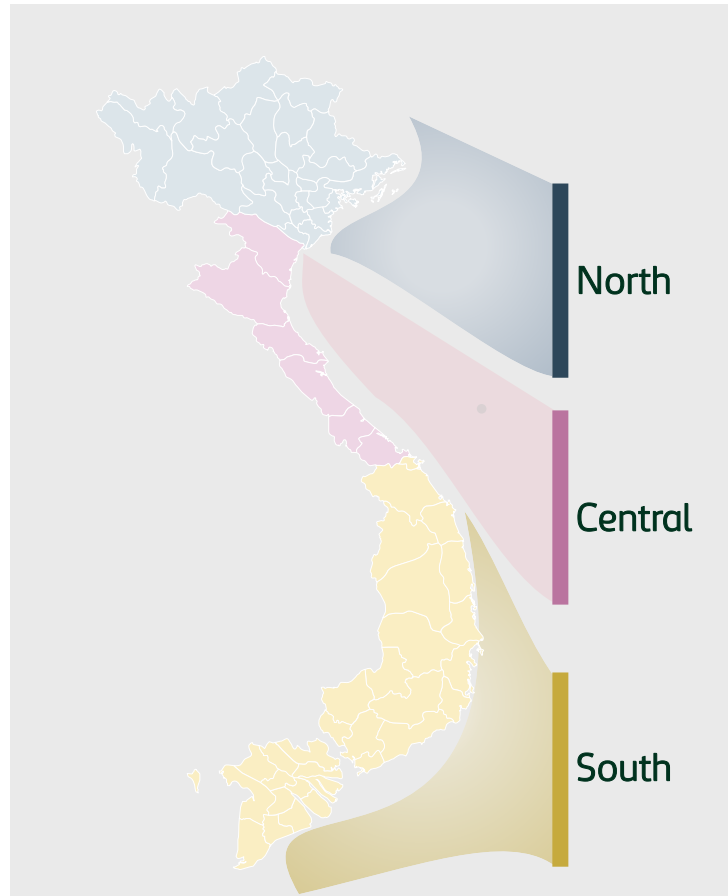






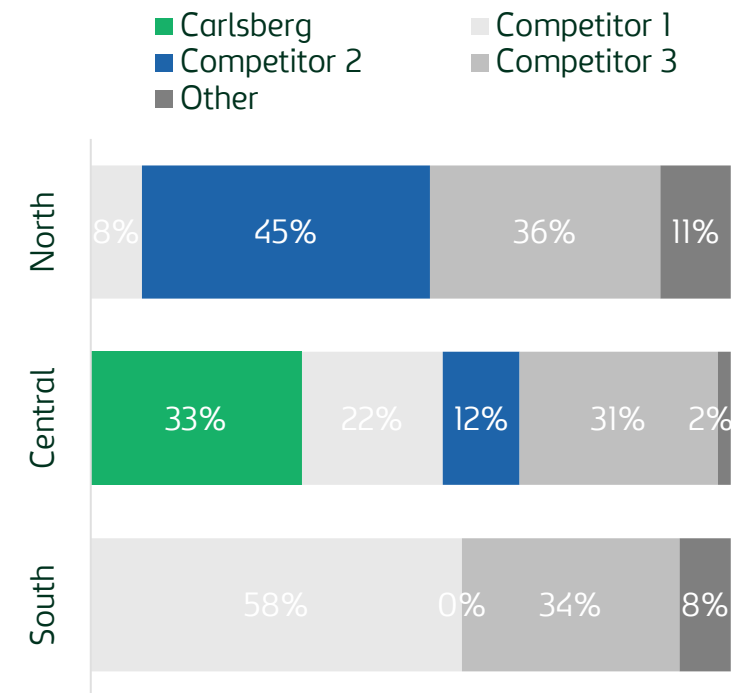
# Vietnam – a very diverse beer market with significant long-term volume and value growth opportunities

- Population of ~100m people
  - 31% of population < 20 years
  - Urbanisation growing by 1m people/year
- Capital Hanoi (8m people), largest city Ho Chi Minh City (9m people)
- GDP per capita USD 3,500 (est. 2021)
- GDP growth ~6.5% (est. 2022)
- Inflation ~3.5% (est. 2022)
- Beer market 9<sup>th</sup> in the world, 3<sup>rd</sup> in Asia behind China and Japan
- Beer ~95% of all alcohol consumption
- Small, but growing premium category
- South is the most profitable region for beer
  - ~60% of total volumes
  - ~80% of value
  - Share of premium ~4x North and Central



## Different market leaders in North, Central and South

Volume contribution and share (m hl, 2021)



# Carlsberg's presence in Vietnam dates back to the 1990s...



• **1993**

Established South-East Asia Brewery JV in Hanoi (Carlsberg and Halida brands)

• **2008**

Became strategic investor to Habeco JSC

• **2011-13**

Acquired 100% ownership of Hue Brewery and SEAB

• **2020**

Developed and implemented new 5-year strategy



Bought 50% of Hue Brewery Limited in Central Vietnam (Huda)

• **1998**

Consolidated all JVs into Carlsberg Vietnam Limited, unifying the two breweries in one entity

• **2015**

SAIL'27 expansion

• **2022**

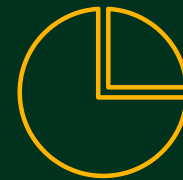
# ... and now with a clear ambition to further accelerate momentum by increasing investments...



**Strong outlook on beer growth**, driven by economic growth, a young and growing population and increased urbanisation



The premium category is **seen as an aspirational product** by young urban consumers



Carlsberg Vietnam is the **#4 player in the market**, currently depending on one brand and four provinces (out of 65) for 95% of sales



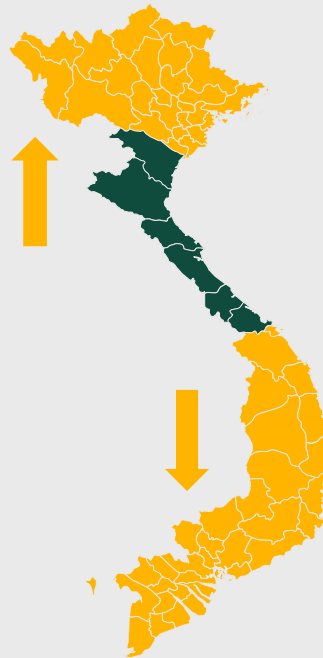
Carlsberg Vietnam to establish a **strong footprint outside the core region with a well-built premium portfolio**

# ... with growth being achieved through focus on key assets, key regions and capabilities

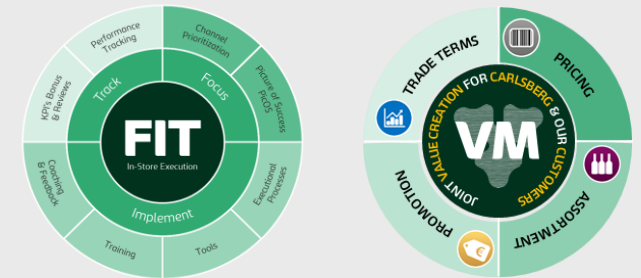
## PORTFOLIO



## REGIONAL EXPANSION

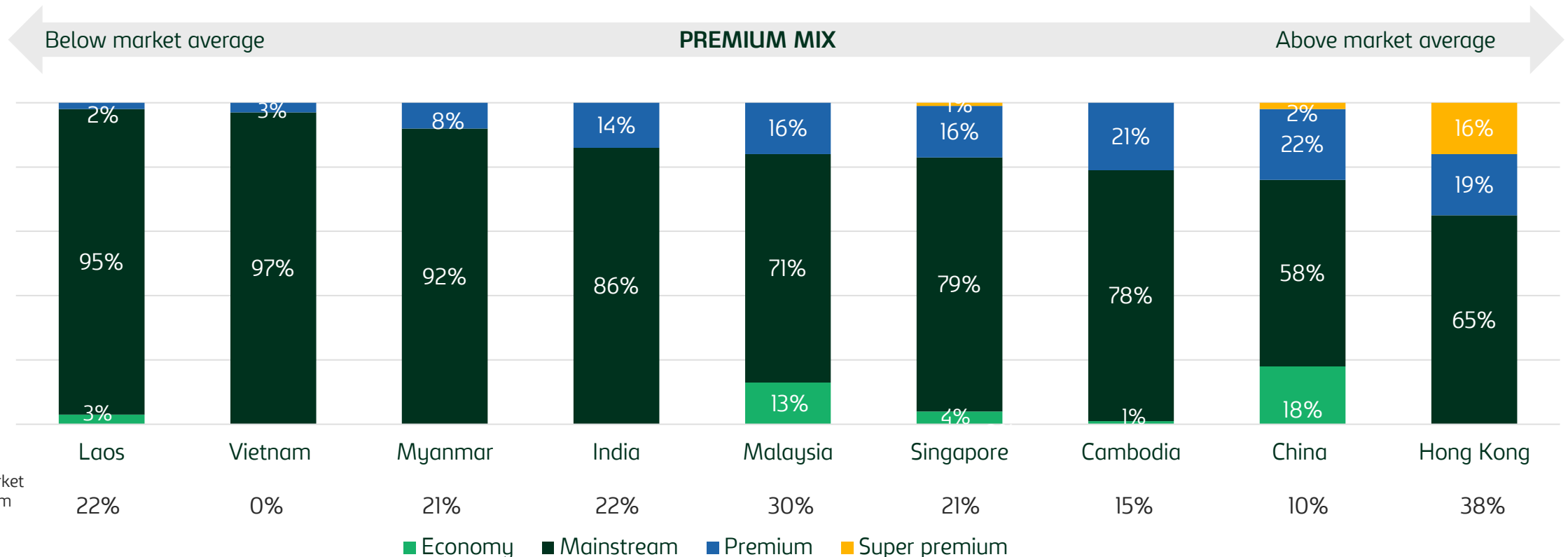


## CAPABILITIES



# We see significant long-term premiumisation potential, strengthening our share of premium across all markets

Carlsberg Asia businesses ranked by price segment mix, beer volume



# We will strengthen execution discipline, inspiring consumers at various touchpoints for trial and purchase



**FIT is fully embedded across the region,** driving consistent improvements in execution through over 1 million sales visits per month.

Step-changing our execution standards in all markets to deliver the perfect experience for consumers & shoppers.

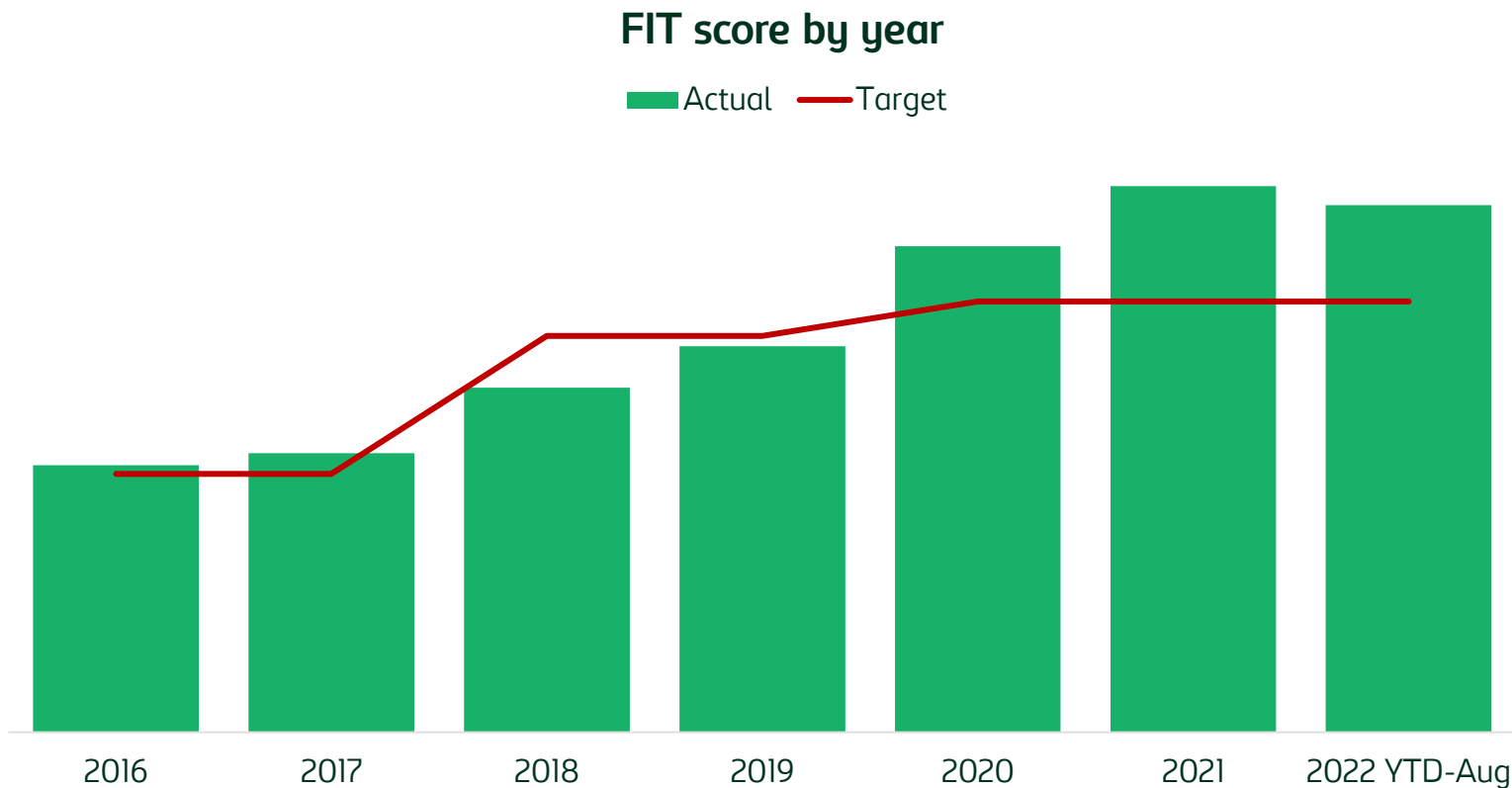
The roll-out of **Image Recognition** technology continues, automating FIT audits to drive further execution improvement and tracking brand visibility in all trade channels.

Now fully live in China, Vietnam and Cambodia and rolling out to all Asia markets in 2023/2024.



# ... with Malaysia a perfect example of excellent execution

Carlsberg Malaysia FIT score improvement over time



- Engage the sales force by explaining FIT's commercial impact in a simple manner
- Establish FIT within the incentive structure
- Carry out multiple cross-checks and audits on performance to ensure score accuracy



FIT has now become a cultural practice in Malaysia's ways of working

# Another key enabler for future growth is digital expansion

## CARL'S SHOP B2B



- 1. Boost momentum on B2B e-comm in Laos**  
Better customer experience by optimising wholesale platform, order system & digital payment application
- 2. Accelerate B2B e-comm scale in other markets**

\* Carl's Shop is Carlsberg's B2B digital ordering platform

\* LBCOnline is the Laos version Carl's Shop

## E-COMM B2C



- 1. Continue to drive Chinese B2C e-comm**
  - New social e-commerce booming trend
  - Drive premiumisation via B2C channels
  - Use as repeatable model across Asia
- 2. Accelerate scale in selected markets**  
Drive channel extension to gain channel share
- 3. Test and learn in other e-comm pioneer markets**

## DIGITAL MEDIA MARKETING



- 1. Drive awareness**  
Innovative and disruptive touchpoint via CRM, social media & digital OOH platform
- 2. Amplify engagement**  
Rich content and programmes to enhance consumer brand experience
- 3. Encourage conversion**  
Customised benefit to drive loyalty and repeat purchase in omni-channel

# WE HAVE STRONG BUSINESS MOMENTUM IN ASIA

to capitalise on diverse opportunities in the region

**1.**

An attractive footprint in developed and emerging beer markets

**2.**

Market opportunities vary and include increasing per capita consumption, GDP growth, channel shifts and accelerating premiumisation

**3.**

Growth in markets outside China will support improved balance between markets

**4.**

Regional expansion within markets will support market share growth: big cities in China, expansion outside central Vietnam and sub-regions in other markets

**5.**

Premiumising portfolio through international premium brands, local power brands and innovations

**6.**

Cost inflation coverage through premiumisation, innovations and price increases



CK Lee  
Managing Director, Carlsberg China

# CHINA

# China is a large and growing economy but with new challenges

## **FAVOURABLE DEMOGRAPHICS**

- 882m population in the 15-59 age group
- Urban population accounting for 65% of total

## **DEVELOPMENT VARIES BY REGION**

- Southern China – Greater Bay most vibrant

## **ADVANCED LEVEL OF DIGITALISATION**

- 73% Internet penetration with 60% (840m) e-comm users

## **2<sup>nd</sup> LARGEST GDP BUT SLOWING**

- Annual GDP growth range previously 7-8%
- Now around 5% with unprecedented challenges

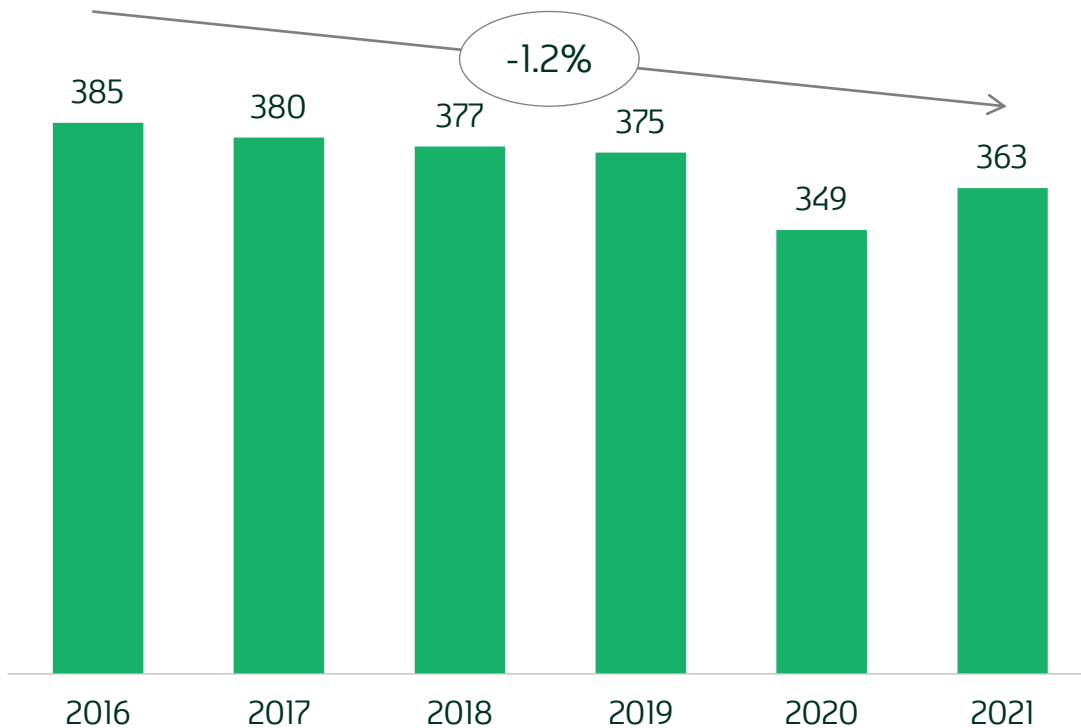
## **STRICT ZERO-COVID POLICY**

- Restrictions putting pressure on business growth

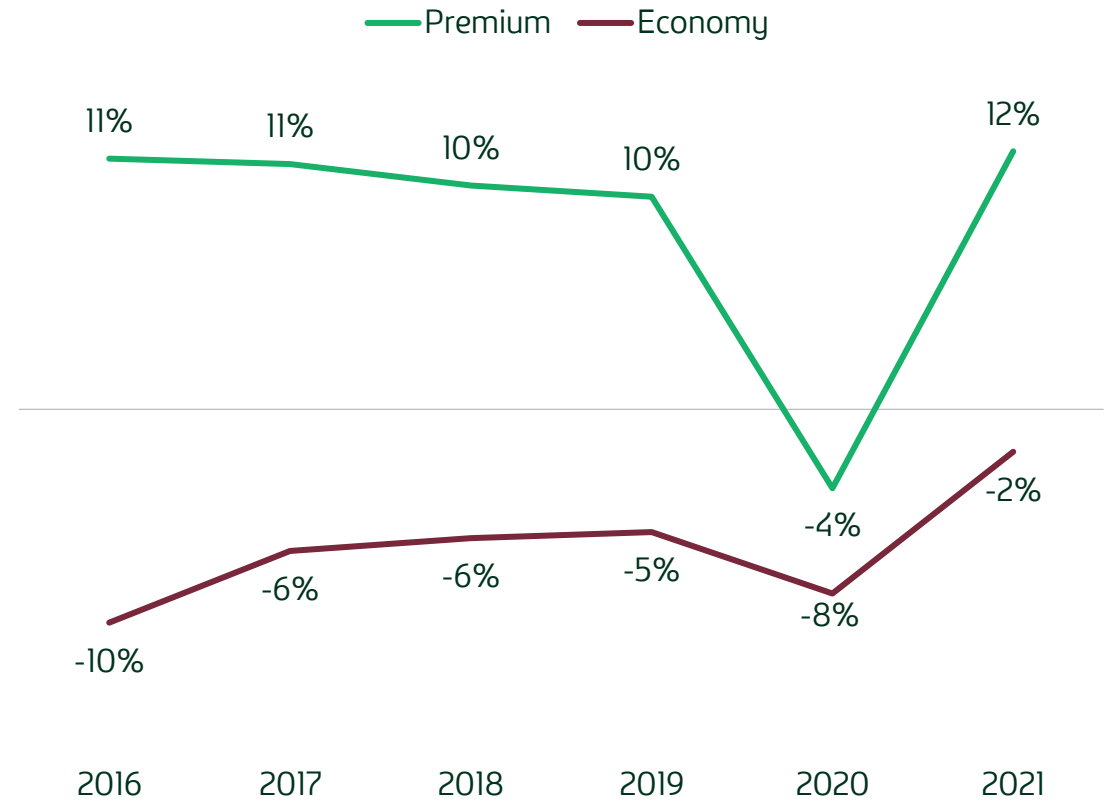


# The large Chinese beer market has been declining, but premiumisation continues

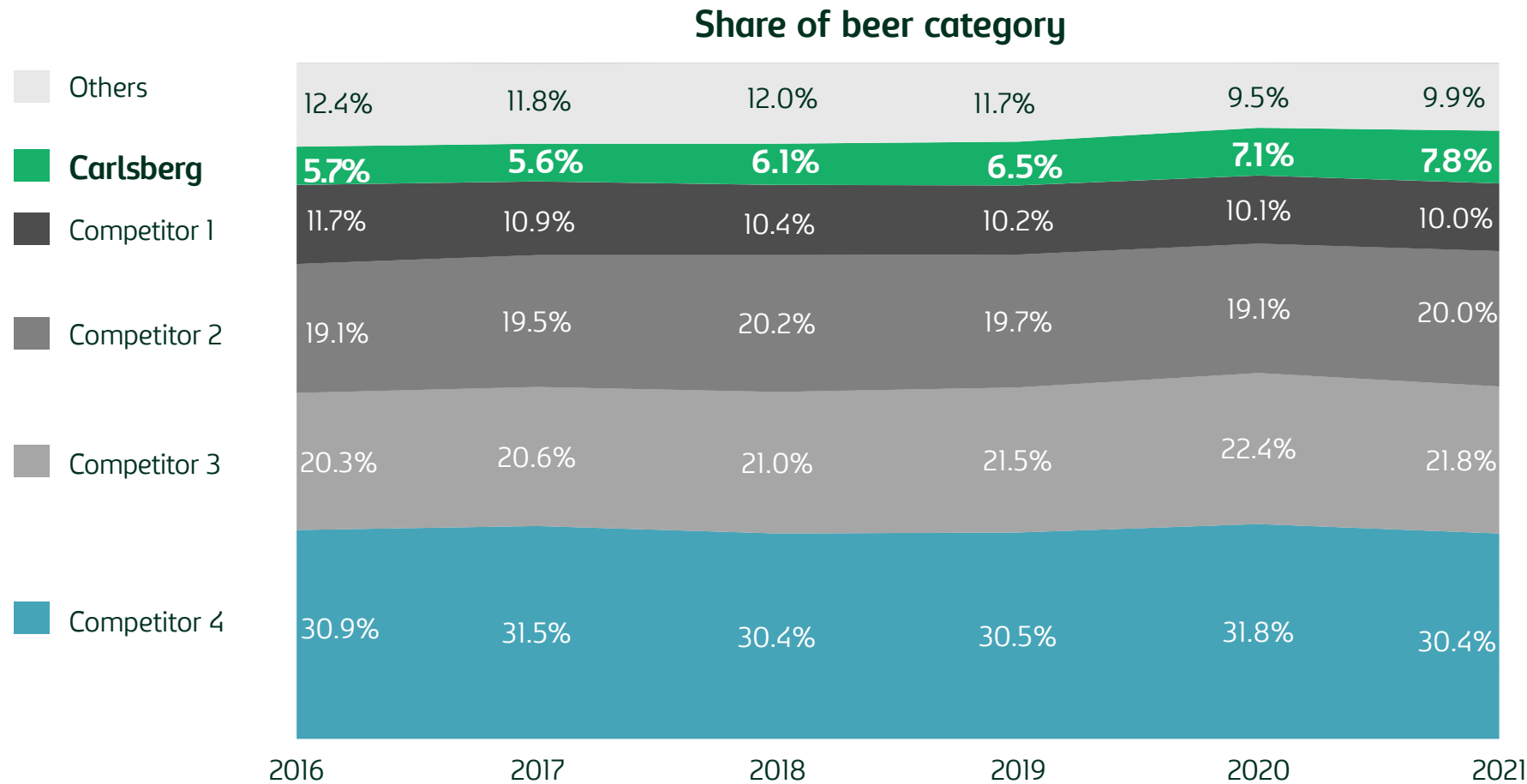
Beer volume (m hl)



Segment growth



# The Chinese beer market is highly consolidated, with Carlsberg gaining share consistently...



# ... although China remains a regionalised beer market, with each player having its own strongholds and profit pools...

Leading player by province (volume)

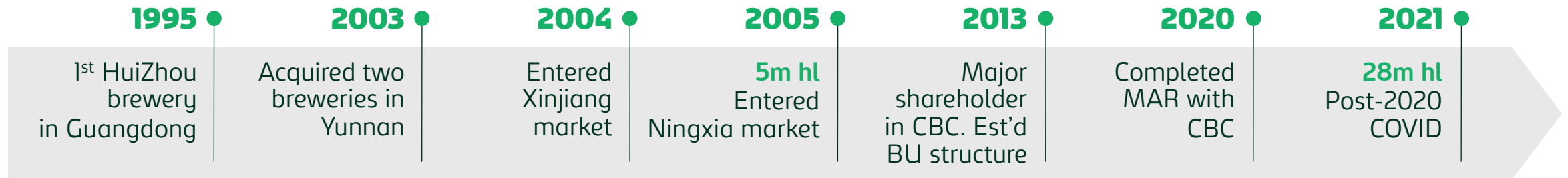
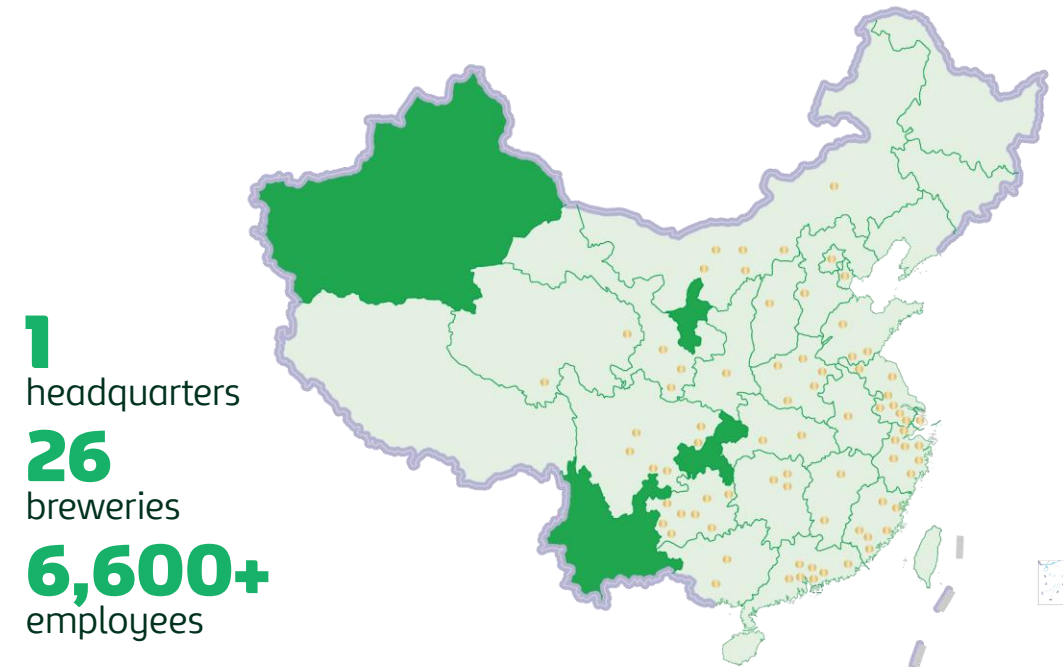
- Carlsberg Group
- Competitor 1
- Competitor 2
- Competitor 3
- Competitor 4





# ... and Carlsberg's strongholds historically skewing west

- 4th largest beer company in China (revenue)
- In 2021, achieved nearly 28m hl and RMB 13.2bn in operating revenue
- One of the few listed companies in China's beer industry (Chongqing Brewery 600132.SH)
- Becoming a national business via Big cities expansion



# Our journey in China since 2015 has been in two phases: successfully shifting from Funding the Journey to accelerated growth with SAIL'22 initiatives...

## Funding the Journey 2018 vs 2015

Volume	<b>-4%</b>
# of sites	<b>-18</b>
SG&A/revenue	<b>-107bp</b>
Operating margin	<b>+722bp</b>

## Accelerating growth 2021 vs 2018

Volume	<b>+24%</b>
Revenue	<b>+53%</b>
Operating profit	<b>+136%</b>
Operating margin	<b>+838bp</b>

# ... and now with SAIL'27 initiatives building on the strong foundation of SAIL'22

	Base business, 80% @ CAGR +2%	SAIL'22 initiatives, 20% @CAGR +16%	SAIL'27 initiatives
<b>GEOGRAPHY</b>	<p><b>Strongholds</b></p> <ul style="list-style-type: none"> <li>Mainly in western provinces</li> <li>Strong share (&gt; 80% in key provinces)</li> <li>Protecting core beer while premiumising</li> </ul>	<p><b>Big Cities programme</b></p> <ul style="list-style-type: none"> <li>To gain share in new areas</li> <li>Started with 9 in 2017, now in 76 big cities</li> <li>Sell more premium products in cities further away from our breweries (distribution economics feasible)</li> </ul>	<p><b>Big Cities programme 2.0</b></p> <ul style="list-style-type: none"> <li>Expand to more cities outside core region</li> <li>Clustering with different focus</li> <li>Build winning portfolio in each cluster</li> </ul>
<b>CHANNEL</b>	<p><b>Existing channel skew</b></p> <ul style="list-style-type: none"> <li>Mainly strong in dining and traditional trade</li> </ul>	<p><b>New retail</b></p> <ul style="list-style-type: none"> <li>Modern off-trade: Sell premium portfolio into national and regional key accounts such as Walmart</li> <li>E-comm: Sizing up our online presence with national facing</li> </ul>	<p><b>New retail</b></p> <ul style="list-style-type: none"> <li>E-comm, O2O, modern off-trade</li> <li>Increase new retail's share of total business</li> <li>Build and strengthen capabilities and organisation</li> <li>Focus on innovation, portfolio and productivity</li> </ul>
<b>PORTFOLIO</b>	<p><b>Existing portfolio</b></p> <ul style="list-style-type: none"> <li>Mainly dominated by local power brands</li> <li>Mainstream segment sizable and key</li> </ul>	<p><b>Drive premium portfolio</b></p> <ul style="list-style-type: none"> <li>Growing premium portfolio</li> <li>Tapping into high-end night entertainment outlets</li> </ul>	<p><b>Further grow premium portfolio</b></p> <ul style="list-style-type: none"> <li>Grow local and international premium portfolio</li> <li>Gain share in premium and beyond</li> <li>Leverage premium and super premium portfolio in big city expansion</li> </ul>

# We have a very attractive portfolio that combines strong local power brands...

## REJUVENATE & ENHANCE LOCAL CONNECTION



## CONTINUOUSLY DRIVE PREMIUMISATION



## STRONG CONNECTION WITH HOTPOT RESTAURANT



## LAUNCHED AFB (0.0%)





# ... and valuable international brands...



## FUEL THE PREMIUM POSITION

CNY  
2022  
Artist  
Edition



## CELEBRATE THE 175TH ANNIVERSARY

Special  
Brew &  
design



## RECRUIT YOUNG ADULT DRINKERS

Danish  
Lifestyle &  
sustainability



## IMAGE BUILDING

Global  
endorsement  
Announce -  
TOP-TIER  
Celebrity  
Dilraba



## ENRICH EXPERIENCE

“L'ATELIER”  
Immersive  
French  
experience  
with endorser  
attendance



## DRIVE FESTIVE OCCASIONS



## BUILD YOUNG & EDGY BRAND

Strong  
2022 CNY  
young +  
traditional



## ENRICH MUSIC DNA

Tuborg WHY  
NOT Music  
Unite &  
sponsor of  
reality show



## DRIVE INNOVATIVE PORTFOLIO

Launch  
Tuborg  
Seltzer and  
Mix



# ... with additional big cities and new retail channels to drive growth

Number of big cities



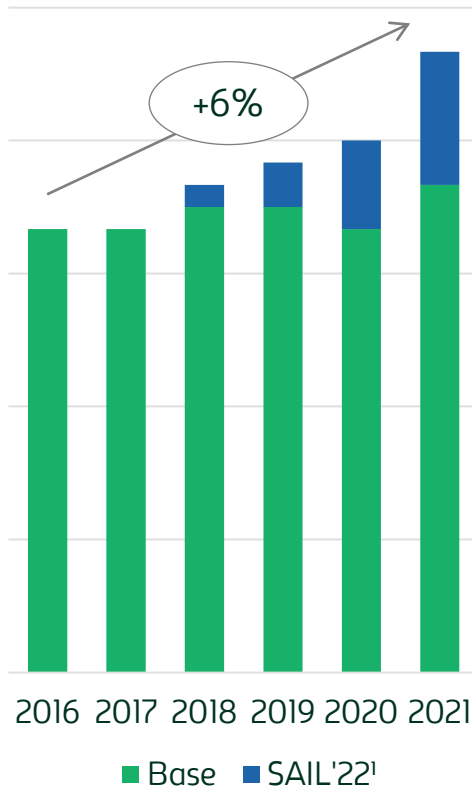
New retail –  
Growth in volume share

Incremental share H1 2022 vs. 2017

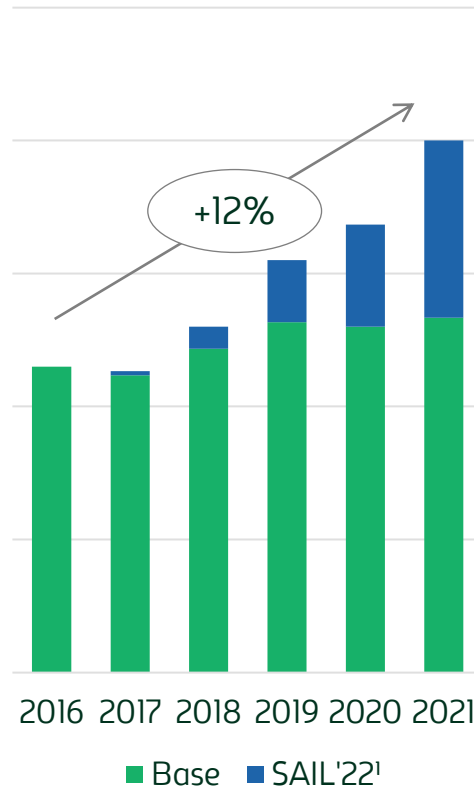
E-commerce	<b>5.0x</b>
Modern off-trade	<b>3.6x</b>
O2O (online-to-offline)	<b>1.5x</b>

# We have consistently achieved strong and balanced financial growth in China since 2016...

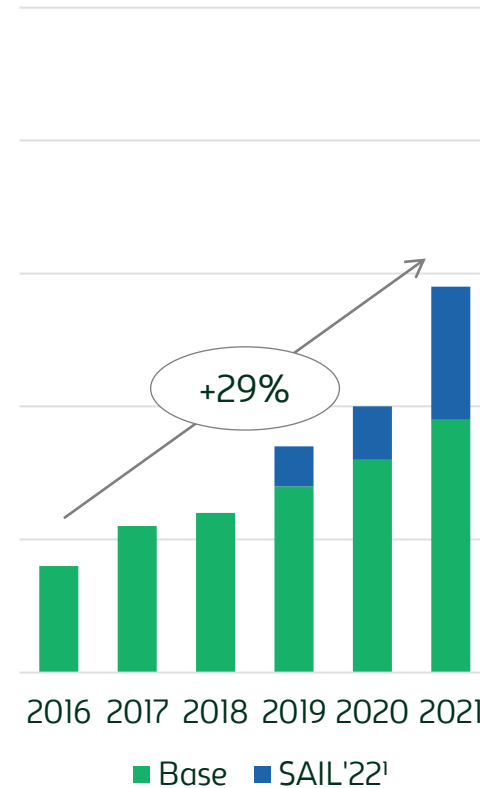
Volume



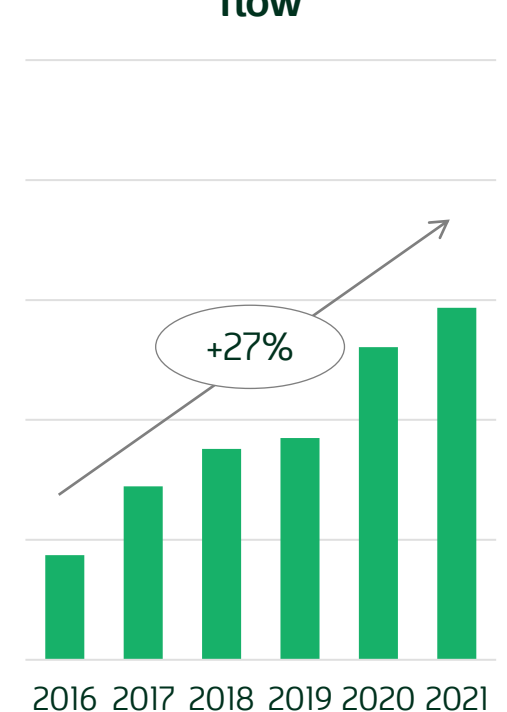
Revenue



Operating profit



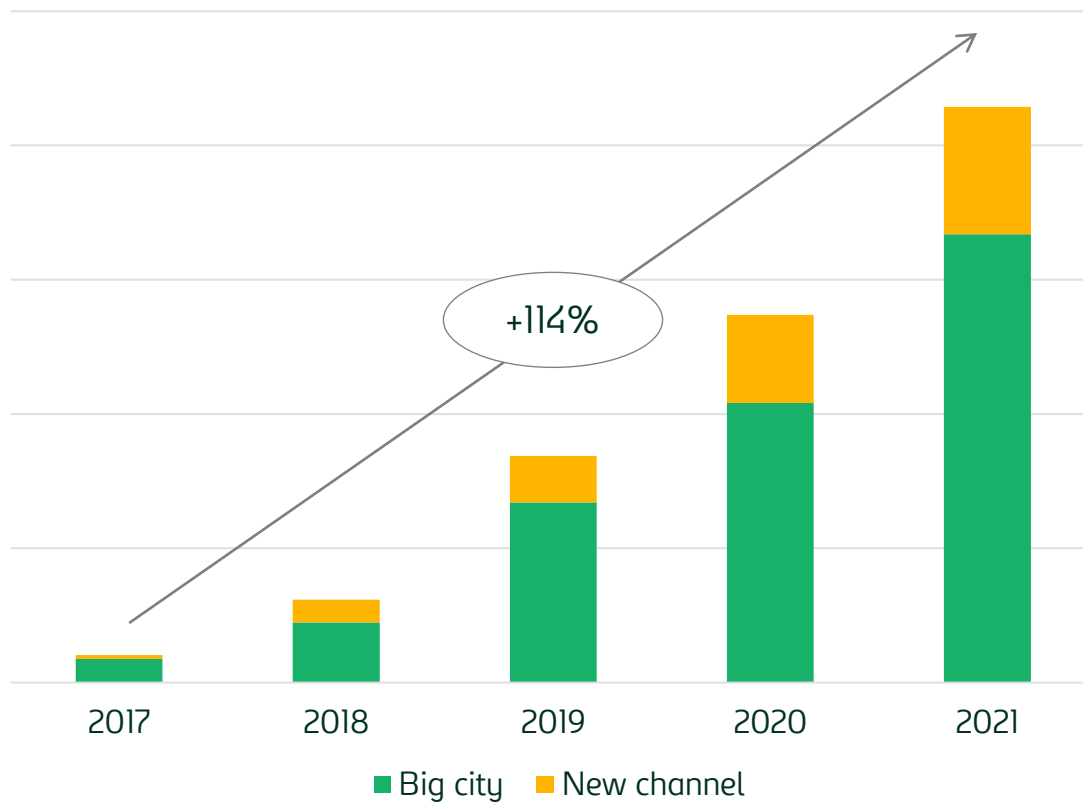
Addressable cash flow



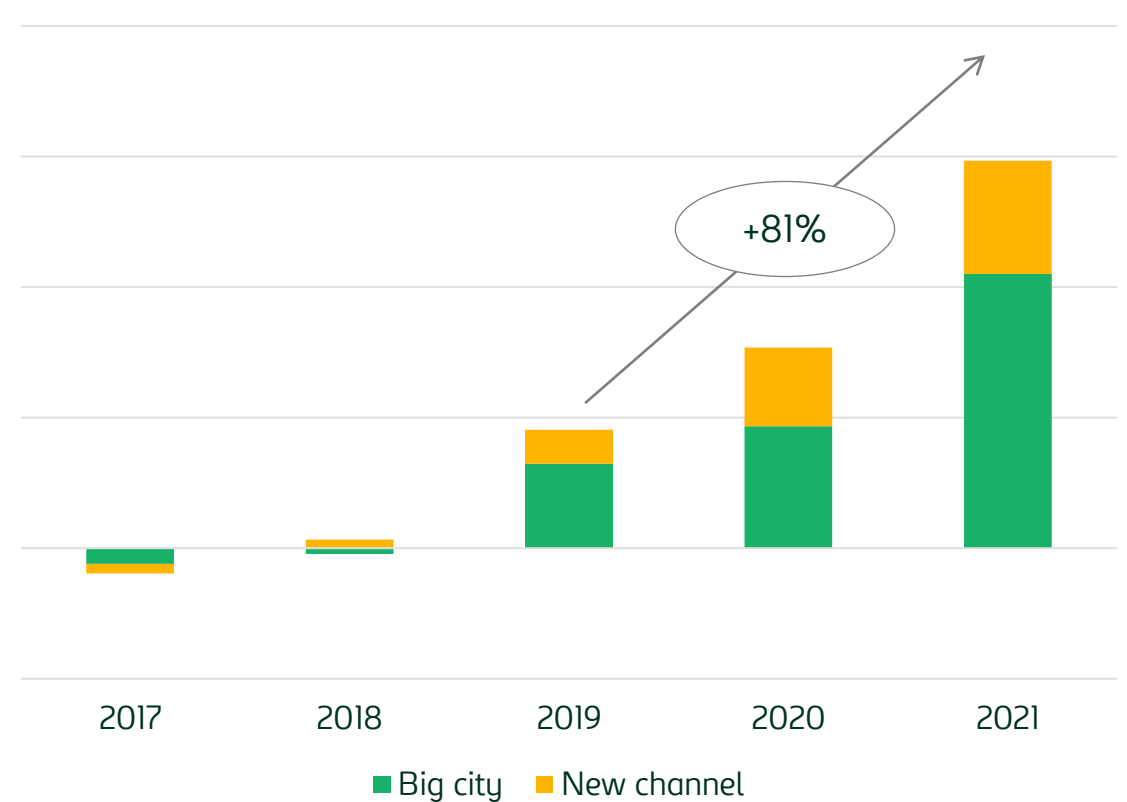
<sup>1</sup> Note: Carlsberg China started SAIL'22 projects in 2017

# ... with SAIL'22 projects delivering significant contribution to our profitable growth

Volume



Operating profit





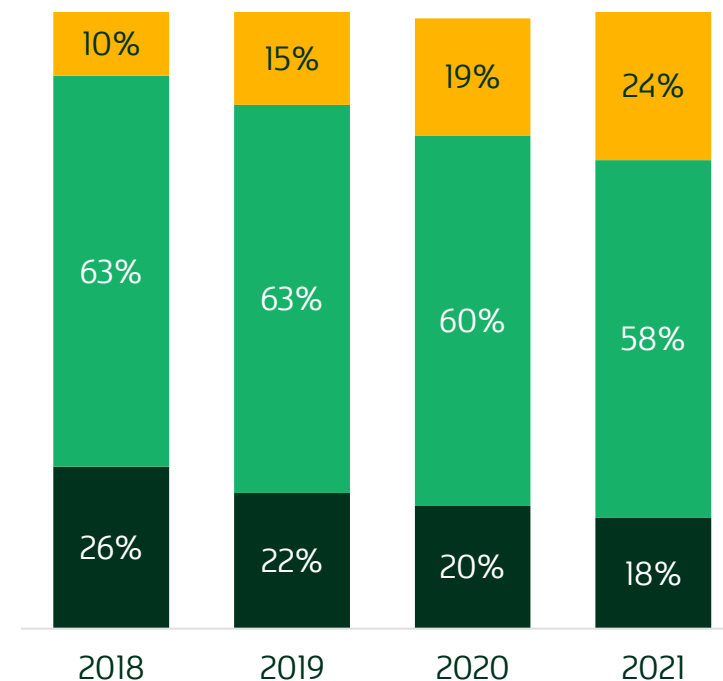
# Our premium growth is driven by base business and SAIL'22 initiatives

- Carlsberg business premium-skewed: Premium at 24% mix vs market at 19%. Mainly driven by growth of Kronenbourg 1664, Carlsberg, Tuborg and Wusu
- In big cities, Carlsberg portfolio mostly premium-skewed at 46%

Price segment	Market growth 2020-2021	Carlsberg growth 2020-2021
Premium	12%	41%
Mainstream	9%	11%
Economy	-2%	4%

Carlsberg segment volume split

■ Economy ■ Mainstream ■ Premium

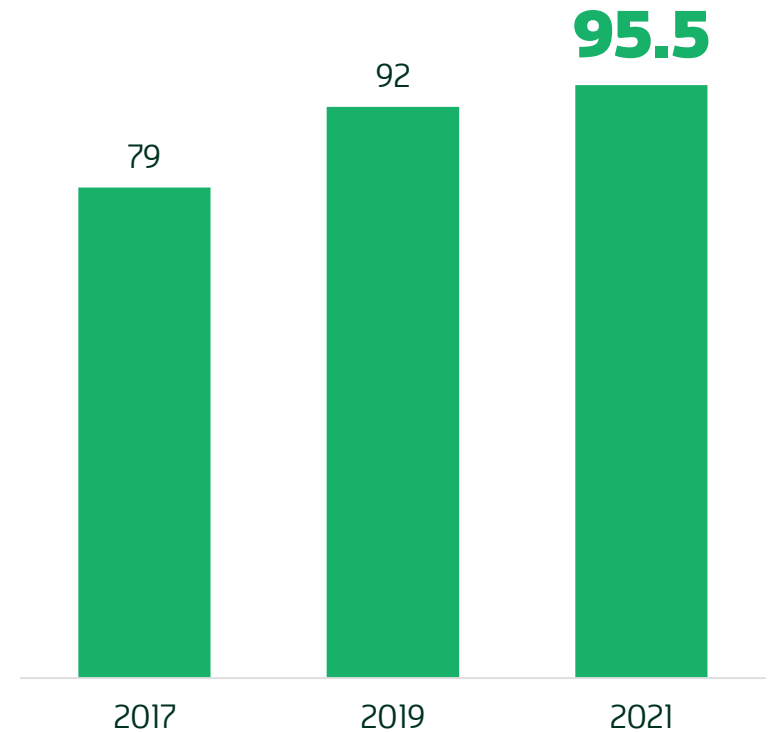


Premium: consumer price RMB > 9; Mainstream: consumer price RMB 6-9; Economy: consumer price RMB < 6

**We are proud of our strong employee engagement, enabled by continuous focus via *lead with care* and *leadership expectation*...**



MyVoice engagement score



# ... and Carlsberg China has outperformed competitors with our one winning team

2021	Carlsberg China	Competitor 1	Competitor 2	Competitor 3	Competitor 4
<b>VOLUME</b>					
Growth vs 2016	<b>36.6%</b>	-19%	-0.9%	1.6%	-7.2%
Incremental market share	<b>+2.1%</b>	-1.7%	1.0%	1.6%	-0.5%
<b>REVENUE</b>					
Growth vs 2016	<b>+78.1%</b>	+6%	+26%	+17%	+19%



# THE CHINESE MARKET



**1.**

The Chinese market is premiumising, and Carlsberg is growing its market share



**2.**

SAIL'22 has delivered strongly, creating a strong base for SAIL'27



**3.**

Key SAIL'27 growth drivers will be big city growth, expansion in new retail channels and continued premiumisation



**4.**

Our winning Chinese team delivers high engagement and outperforms the competition

