

# FINANCIAL RESULT

FULL YEAR ENDED 31 DECEMBER 2009



Carlsberg Group

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**Operational performance**

**Financial results**

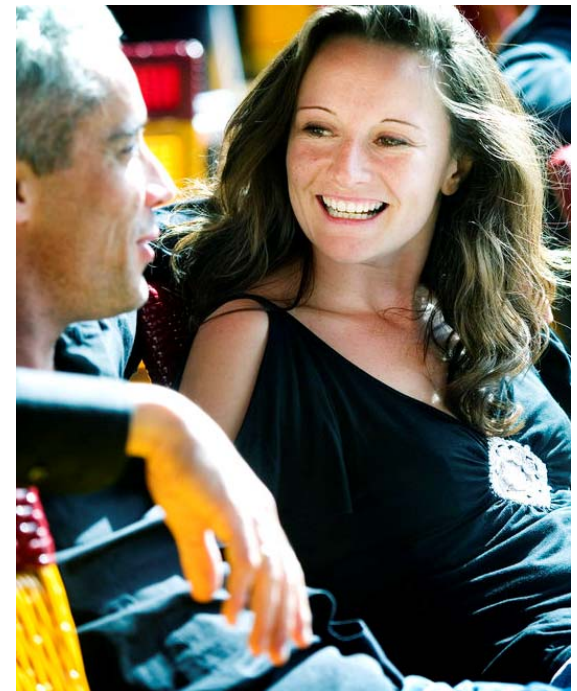
**Outlook and financial targets**

**Appendix**

**AGENDA**

## Strong 2009 result

- Strong profit growth and significant cash flow for 2009
- Market share gains in majority of business
- Detailed planning and focused execution offset impact from challenging markets
- Operating profit of DKK 9.4bn with 28% organic growth in beverage activities
- Operating margin 15.8% (+250bp) with 220bp improvement in Q4 to 11.9%
- Net result of DKK 3.6bn (DKK 2.6bn in 2008)
- Substantial free cash flow of DKK 10.5bn
- Significant debt reduction



# Flat organic revenue and strong margin improvement

- Flat organic revenue
  - Organic beer volume development of -4%
  - Pricing and value management off-set volume decline
- Sustainable operating margin improvement
  - Very strong increase in Eastern Europe
  - Improvement in Asia throughout the year
  - Northern & Western Europe improved in second half
  - Operating margin growth of +250bp from COGS and OPEX reductions



## Accelerating growth initiatives in 2010

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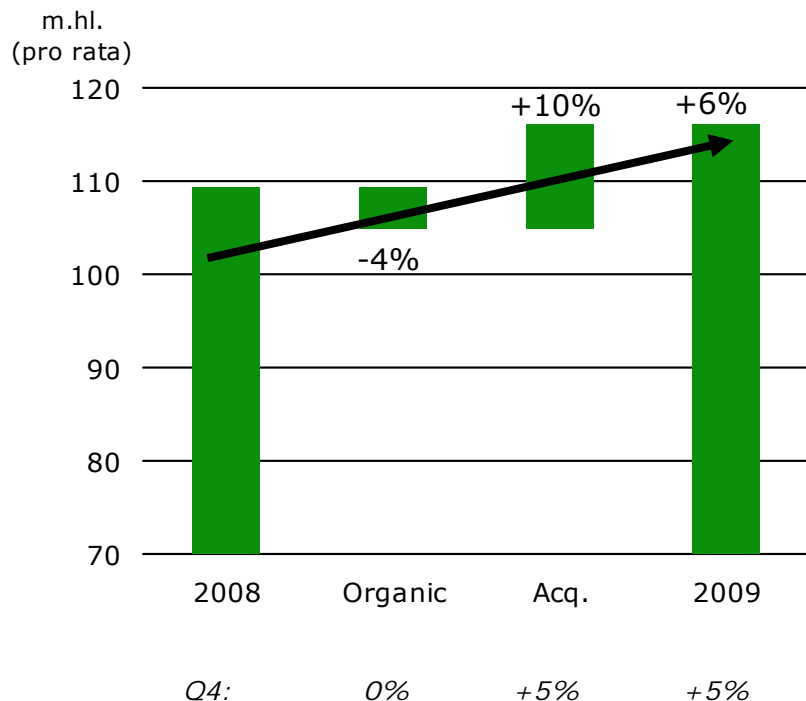
- Improving but cautious consumer behaviour
  - Detailed planning, including contingency plans for 2010
- Accelerate value and volume market share growth
  - Innovation initiatives
  - Increased investments in brands and channel marketing
  - Continued efficiency improvements
- New Russian excise tax regime
  - Low double-digit market decline
  - Opportunities to strengthen our business
- Operating profit and net result growth in 2010
- Ambitious Group operating margin target of around 20%



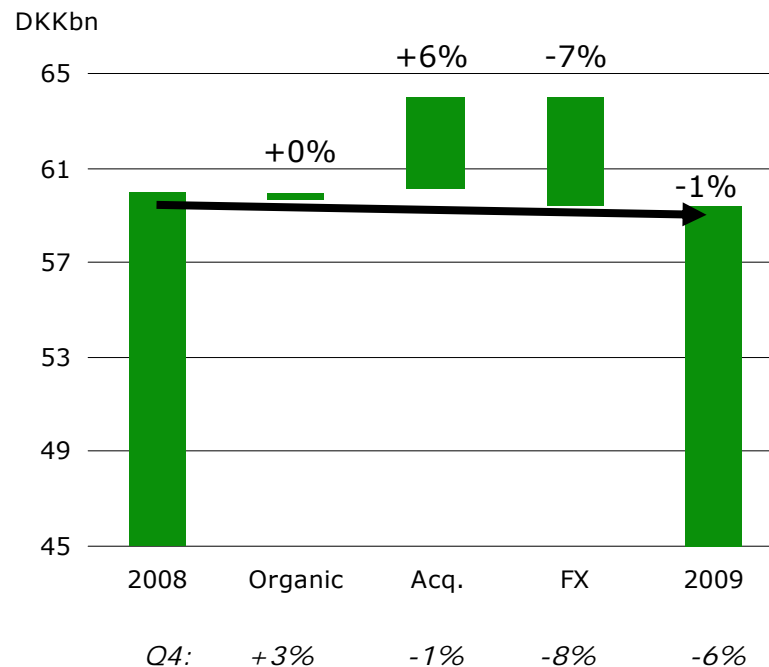
# Beer volume and revenue dynamics

## Significant market share gains in Eastern Europe and Asia

### Beer volumes



### Net revenue



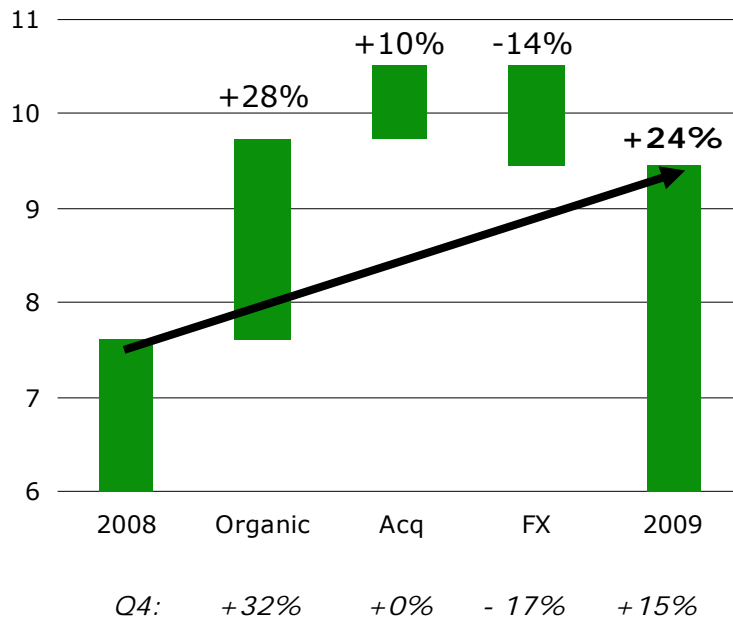
Flat organic net revenue as lower volumes was off-set by higher net revenue per hl

# Operating profit improvement

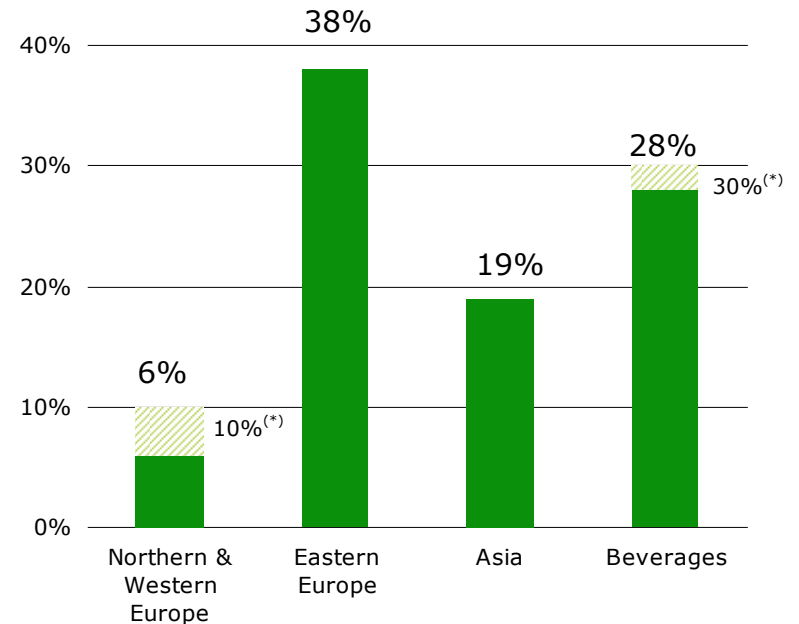
## Strong 28% organic operating profit growth for beverages activities

### Operating profit

DKKbn



### Organic operating profit growth



(\*) adjusted for brand disposals in Q4 2008

All regions contributing to organic profit growth

# Northern & Western Europe



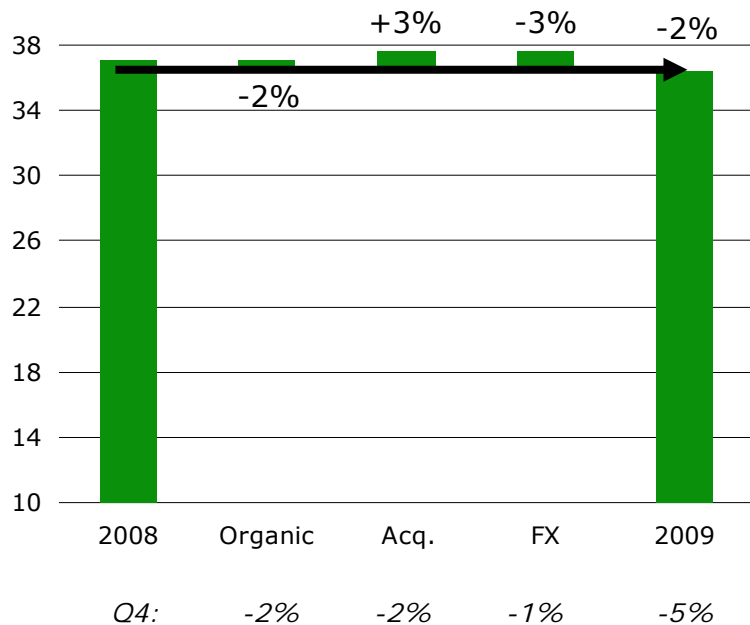


# Northern and Western Europe

**10% organic operating profit growth adjusted for brands disposals**

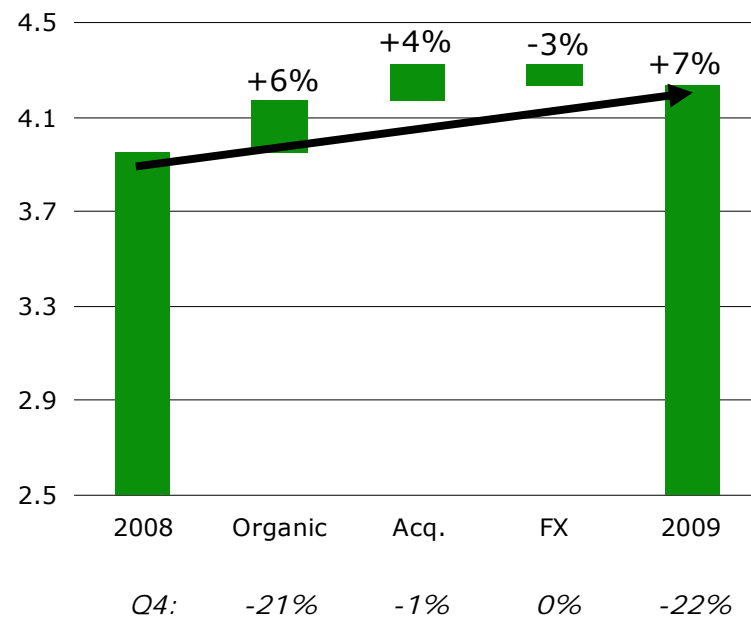
## Net revenue

DKKbn



## Operating profit

DKKbn



**Price/mix of +5% largely mitigate volume decline**

# Accelerating organic operating profit growth in second half of 2009



- 5-6% market decline with variations between markets
  - Flat or slightly growing markets in Finland, Sweden, France and Switzerland
  - High single-digit decline in the Baltics and Balkans
  - Slight improvement in Q4
- Net revenue/hl increase of 4%
  - Successful value management
  - Positive price/mix effect in most markets
  - Channel shift continues from on-trade to off-trade
- 6% organic operating profit growth (10% adjusted for 2008 brand disposals)
  - Most markets contributed to margin improvement
- 100bp operating margin improvement



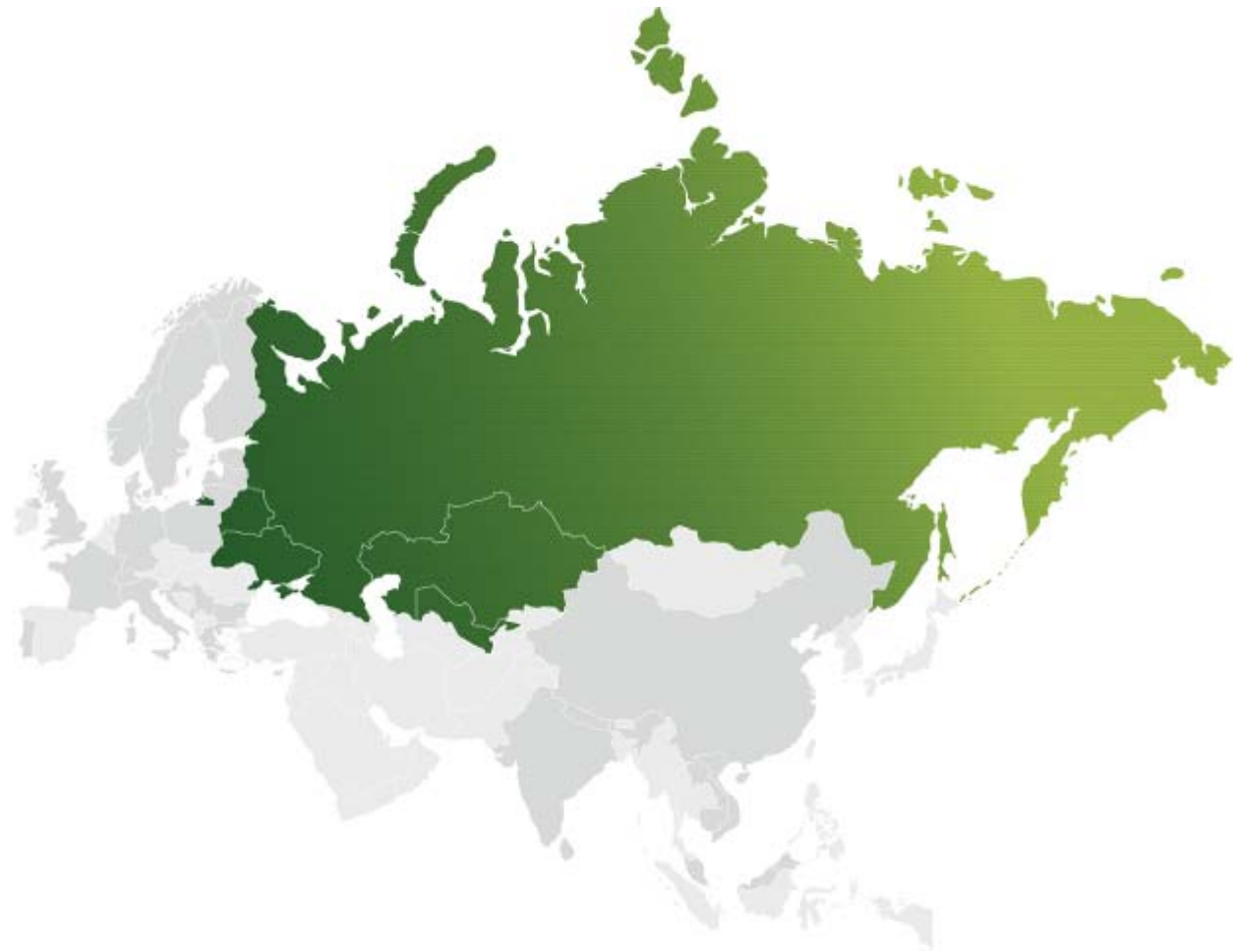
## Improvements in most markets

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- French turnaround progressing as expected
  - Clear stabilization in market shares in the two core brands following re-launch
  - Strong profit improvement
- UK improvement
  - Operating profit increase from volume growth, improved sales execution, value management and efficiency improvements
  - 110bp market share improvement to 14.4%
- Market share improvement and satisfactory profit growth in Denmark
- Profit decline in the Baltics, although margins still double-digit
- Several structural changes during 2009 to support efficiency agenda



# Eastern Europe

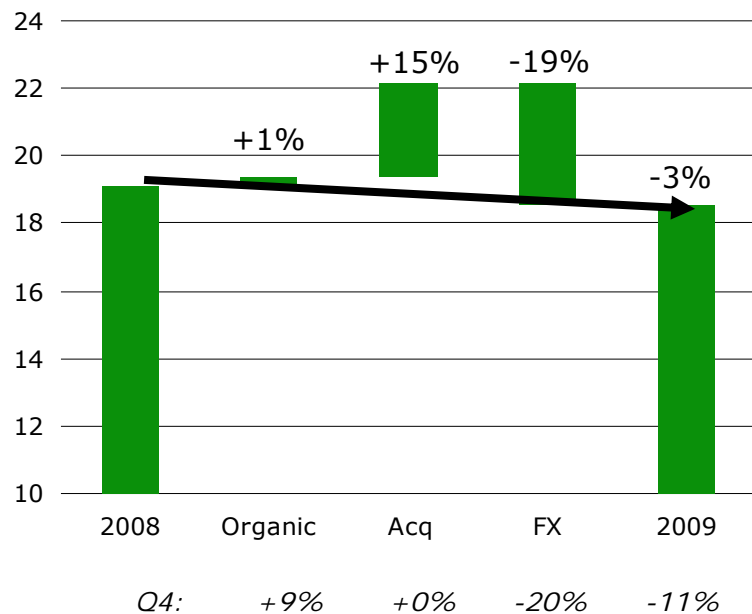


# Eastern Europe

## Strong profit improvement despite challenging markets

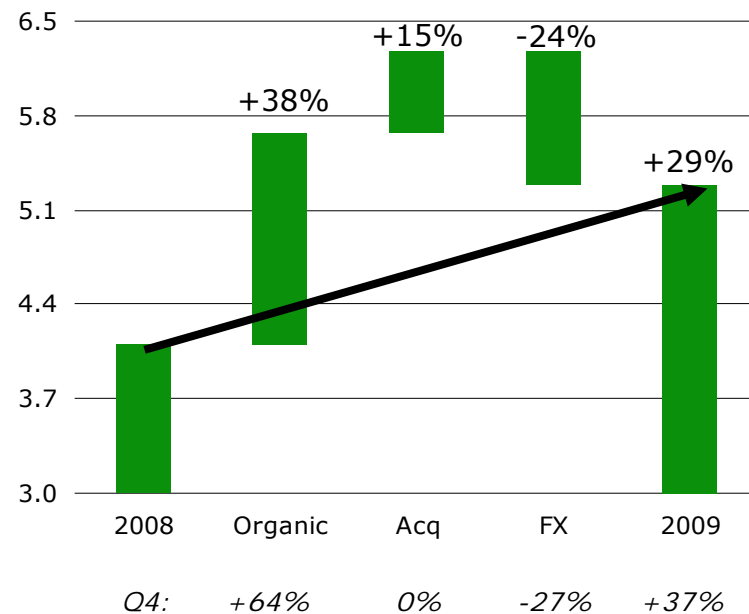
### Net revenue

DKKbn



### Operating profit

DKKbn



Excluding the DKK +300m profit from the Russian stock-building in Q4, 2009 organic operating profit growth would have been 31%

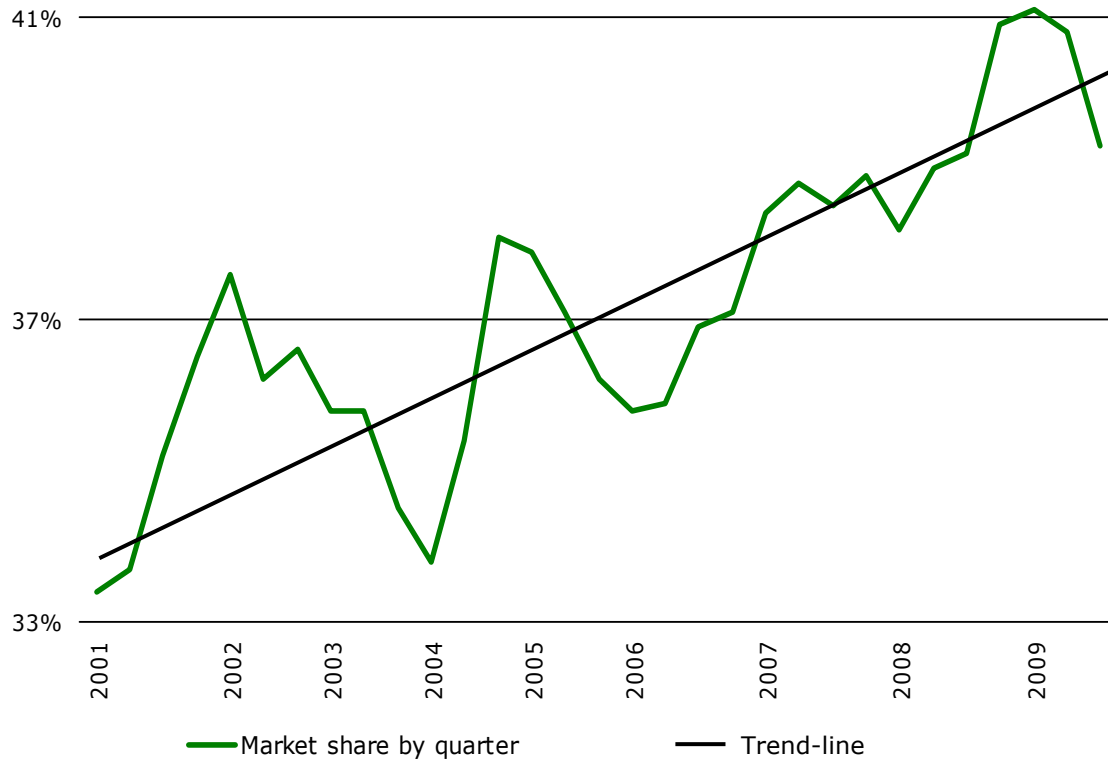
## Strong Russian performance

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- Market share increase to 40.6% (38.8% in 2008)
- Estimated Carlsberg in-market-sales decline 8% vs market decline of slightly more than 10%
  - 6% shipments decline
  - Cautious consumer behaviour despite stabilising consumer sentiment
- Price effect of 9% from balanced pricing by segment and brand
- Gross margin and operating margin improvement despite negative impact from operational leverage
  - Higher revenue per hl
  - Favourable input costs
  - Synergies
  - Strong execution of accelerated efficiency improvements
- Continuous cost base reductions



# Sustainable Russian market share gains



Source: Company's estimate and Business Analytica

## Continued progress in other markets

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- Successful execution in Ukraine
  - Significant earnings growth
  - Gained around 300bp market share in 2009 to 29%. Number 2 in Ukraine
  - Successful Lvivske brand in addition to Slavutich brand
  - Profit improvement from volume growth, price/mix and efficiencies
- Market share gains and strong earnings improvement in Uzbekistan and Belarus
- Kazakhstan affected negatively by financial crisis. Integrated set-up established in 2009





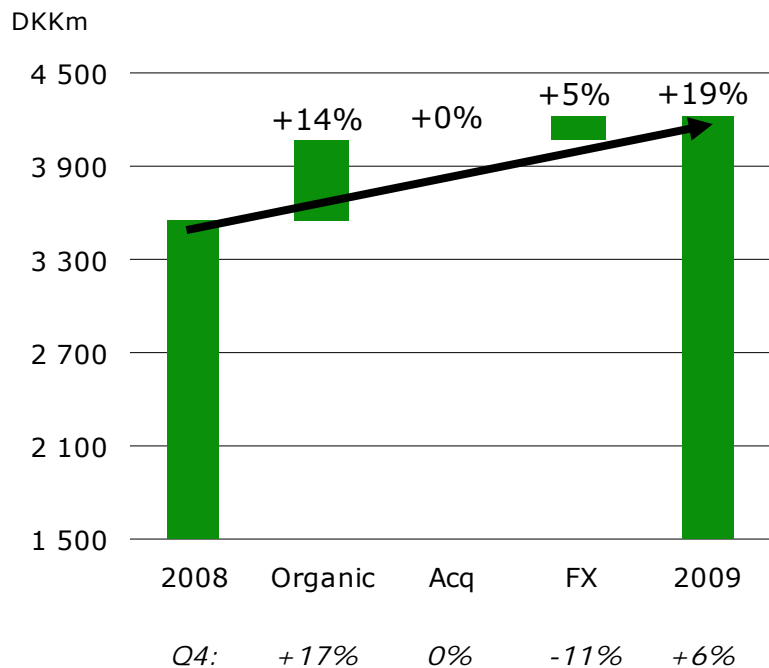
# Asia



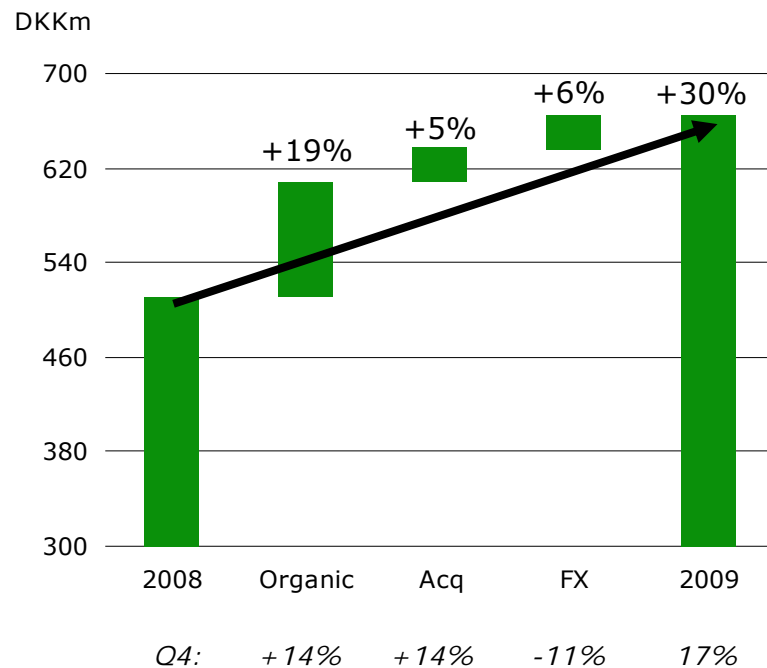
# Asia

## Continued strong organic volume growth and improved price/mix

### Net revenue



### Operating profit



China and Indochina key markets behind volume and profit growth

## Strong growth continues

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- Beer markets continue to grow across Asia
- Organic beer volume growth of 8%
- Growth mainly driven by China and Indochina
  - Chinese growth driven by local brands, Chill and successful launch of Carlsberg Light
  - Market share gains and double-digit volume growth in Indochina
  - Malaysian market share gains
- India business on track
  - Improved brand portfolio
- Organic net revenue growth +14%
  - Price increases across the region
- Organic operating profit growth +19%
  - China is main contributor driven by higher volumes and improved efficiency
  - Strong organic profit growth in Indochina



## Value growth opportunities in Asia

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- Intensified management focus on Asia
- Volume growth opportunities for Carlsberg in markets with low per capita consumption
  - China
  - Indochina
  - India
- Value growth opportunities
  - Upgrade of local brand portfolios
  - Intensified focus on international brands
  - Capability building of sales forces
- Capacity expansions
  - Fifth brewery in India
  - New brewery in Vietnam
- MoUs in Vietnam



# AGENDA

Operational performance

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## Challenging markets – strong earnings

- Strong 2009 earnings growth and significant cash flow driven by a relentless focus on operational and capital efficiencies
  - Volume pressure countered by internal and controllable measures
  - Great attention to details
  - Sustainable efficiency improvements
- Group operating profit DKK 9.4bn (+18%)
- Group operating margin 15.8% (+250bp)
  - Margin improvement in all regions
- Significant free cash flow improvement
  - Higher profits
  - Substantial reduction in working capital
  - Reduced capex



# Income statement (1)

DKKm	2008	Δ DKKm			2009
		Organic	FX	Acq., net	
<b>Net revenue</b>	<b>59,944</b>	<b>227</b>	<b>-4,653</b>	<b>3,864</b>	<b>59,382</b>
Gross profit	28,695	903	-2,302	1,889	29,185
Operating expenses incl. brands mkt.	-21,526	1,536	1,249	-1,121	-19,862
Other income, net	809	-761	0	19	67
<b>Operating profit before special items</b>	<b>7,978</b>	<b>1,678</b>	<b>-1,053</b>	<b>787</b>	<b>9,390</b>
- Brewing	7,604	2,122	-1,053	787	9,460
- Other activities	374	-444	0	0	-70

- Positive pricing in all regions offsetting pressure on volumes.
- Positive organic gross profit development driven by Eastern Europe
- Cost reductions throughout all functions and regions leading to strong organic operating profit development

## Income statement (2)

DKKm	2008	2009	Δ DKKm
Special items, net	-1,641	-695	+946
Financials, net	-3,456	-2,990	+466
- Interests	-2,386	-2,160	+226
- Other financial items	-1,070	-830	+240
Tax	312	-1,538	-1,850
Consolidated profit	3,193	4,167	+974
Minorities	-572	-565	+7
<b>Carlsberg's share of profit</b>	<b>2,621</b>	<b>3,602</b>	<b>+981</b>

- 38% net profit growth





# Balance sheet

DKKm	31 December 2008	31 December 2009
Total non-current assets	123,448	119,286
Total current assets	19,029	14,841
Assets held for sale	162	388
<b>Total assets</b>	<b>142,639</b>	<b>134,515</b>
Total equity	59,901	59,489
Total non-current liabilities	56,669	50,015
Total current liabilities	25,616	24,960
Liabilities associated with assets held for sale	453	51
<b>Total equity and liabilities</b>	<b>142,639</b>	<b>134,515</b>



- Interest bearing net debt DKK 35.7bn (DKK 44.2bn end 2008)
- Net debt to EBITDA year-end 2009: 2.7x (3.8x at year-end 2008)

## Cash flow (1)

DKKm	2008	2009	Δ DKKm
EBITDA, adjusted*	11,006	13,434	+2,428
Δ Working capital	1,556	3,675	+2,119
Paid restructuring & special items	-482	-507	-25
Paid interest, net	-2,754	-1,597	+1,157
Paid tax	-1,514	-1,374	+140
<b>Cash flow from operations</b>	<b>7,812</b>	<b>13,631</b>	<b>5,819</b>

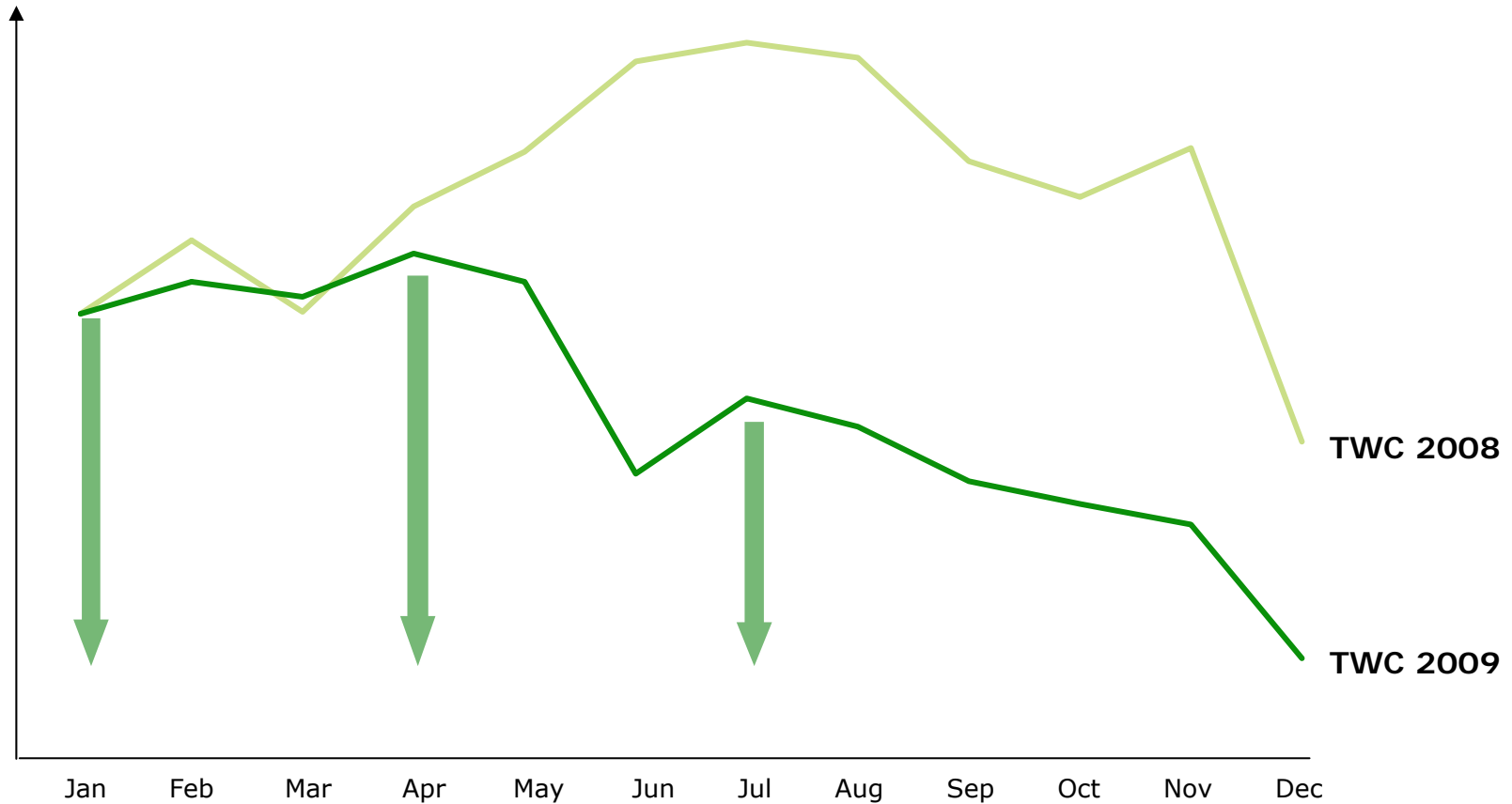
- Operational cash flow improvement of nearly DKK 6bn
  - Operating profit growth
  - Working capital improvement
  - Lower net interest payments

\* EBITDA adjusted for other non-cash items



# Accelerating focus on average trade working capital

Trade Working Capital



## Cash flow (2)

DKKm	2008	2009	Δ DKKm
Capital expenditures, net	-5,208	-2,923	+2,285
Acq/sale of companies, minority shareholdings etc.	-52,151	31	+52,182
Real estate / other activities	206	-190	-396
<b>Cash flow from investments</b>	<b>-57,153</b>	<b>-3,082</b>	<b>54,071</b>
<b>Free cash flow</b>	<b>-49,341</b>	<b>10,549</b>	<b>59,890</b>

- Reduced operational capex as planned
- Adjusted for the S&N acquisition in 2008, free cash flow increased by DKK 9.3bn in 2009



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AGENDA

## 2010 earnings outlook

- Mixed market volume development
  - Slight decline in Northern & Western Europe
  - Double-digit percentage decline in Russia
  - Continued growth in Asia
- Continued implementation of operational and capital efficiency measures
- Increased commercial support to grow volume and value market share

		<b>2009</b>
Reported operating profit <sup>(*)</sup>	in line with 2009	9.4bn
Net profit	> 20% growth	3.6bn

<sup>(\*)</sup> Operating profit expected to improve underlying by DKK 600m when adjusting for Russian stocking-building in 2009 and subsequent de-stocking in 2010

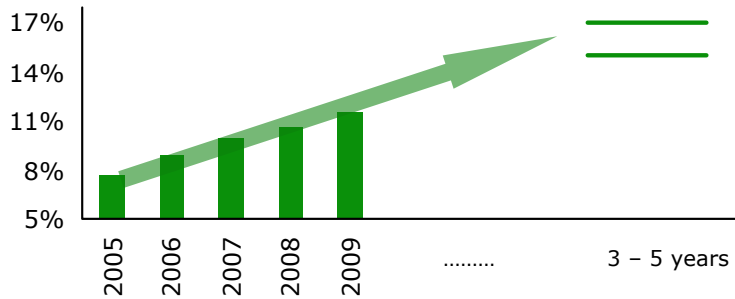
## New ambitious medium-term margin targets

- Following the strong 2009 performance Carlsberg is:
  - Upgrading operating margin target for Eastern Europe
  - Revising upwards operating margin target for Northern & Western Europe
  - Establishing operating margin target for Asia
  - Implementing an ambitious Group operating margin target – around 20% to be reached in 3-5 years

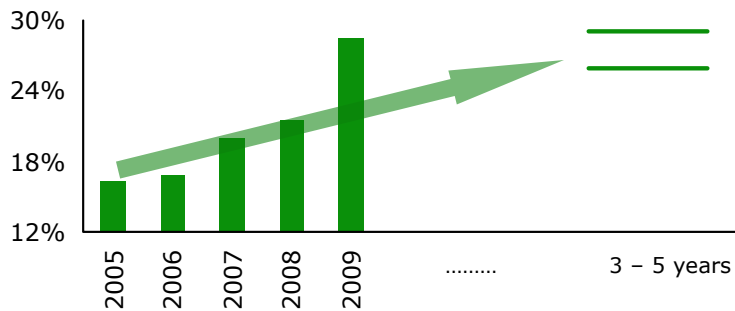
	<b>New</b>	<b>Old</b>	<b>2009</b>
Northern & Western Europe	15-17%	14-16%	11.6%
Eastern Europe	26-29%	23-25%	28.5%
Asia	15-20%		15.8%
Carlsberg Group	around 20%		15.8%

# Doubling operating margins in 10 years

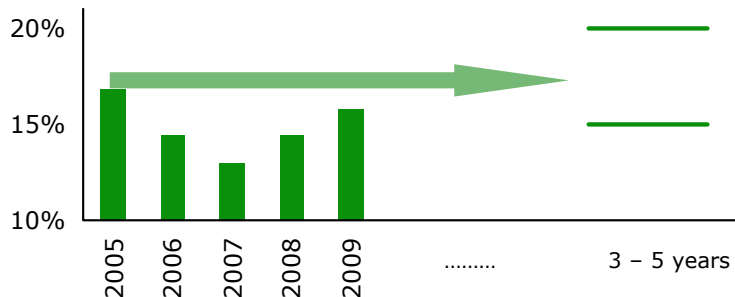
## Northern & Western Europe



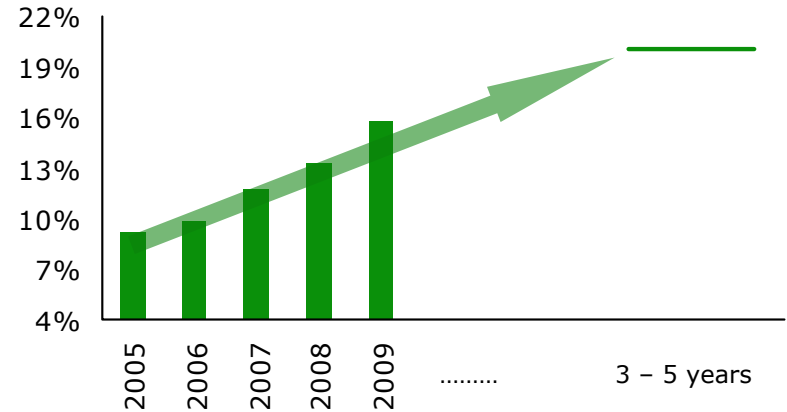
## Eastern Europe



## Asia



## Carlsberg Group





THE PROBABLY  
BEST BEER  
COMPANY IN  
THE WORLD

# AGENDA

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# Financial Calendar 2010

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2010 Q1 Interim results	11 May 2010
2010 Q2 Interim results	17 August 2010
2010 Q3 Interim results	9 November 2010*

\* Previously 16 November 2010



# Carlsberg geography (2009)

## A balance between growth markets + mature markets

### NORTHERN AND WESTERN EUROPE



**43%**

OF TOTAL VOLUME

**41%**

OF EBIT

Beer volume: 50.2 m.hl  
 Net revenue: DKK 36.5bn  
 EBITDA: DKK 6.4bn  
 Operating profit: DKK 4.2bn

#### OBJECTIVE

Improve competitiveness and earnings

### EASTERN EUROPE



**44%**

OF TOTAL VOLUME

**52%**

OF EBIT

Beer volume: 51.3 m.hl  
 Net revenue: DKK 18.5bn  
 EBITDA: DKK 6.6bn  
 Operating profit: DKK 5.3bn

Ensure profitable growth

### ASIA



**13%**

OF TOTAL VOLUME

**7%**

OF EBIT

Beer volume: 14.5 m.hl  
 Net revenue: DKK 4.2bn  
 EBITDA: 0.9bn  
 Operating profit: DKK 666m

Build growth platform

# Successful excellence programmes – continuous improvement programmes to come



- Existing programs
- Pipeline programs

Sales & Marketing	<b>Commercial Excellence</b>	<b>Value Management</b>	<b>Business standardisation</b>
Supply Chain	<b>Production Excellence Complexity Reduction</b>	<b>Lean, Simplification, Network optimization</b>	
Procurement	<b>Procurement Excellence</b>	<b>Next level Procurement</b>	
Logistics	<b>Logistics Excellence</b>	<b>Logistics focus programs</b>	
Admin/ Finance	<b>Administration Excellence</b>	<b>Back-office Effectiveness</b>	

# Russian brand portfolio

		Company position in the segment
Super Premium		# 1
Premium		# 1
Mainstream		# 1
Lower mainstream		# 1
Discount		# 1

# Russian market shares

## Market share %

	2009	2008
Baltika	40.6	38.8
InBev	16.9	19.0
Heineken	13.2	13.8
Efes	9.5	8.8
SABMiller	6.2	6.5
Others	13.6	13.1
	100.0	100.0

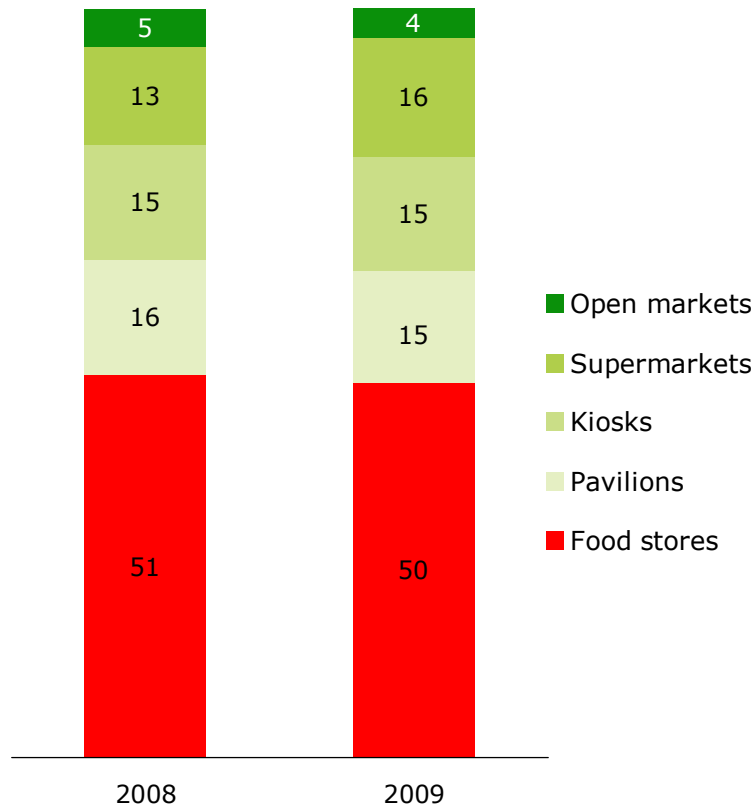
Source: Business Analytica



# Changed Russian channel mix

## Volume split per channel

% total off-trade



Source: Business Analytica

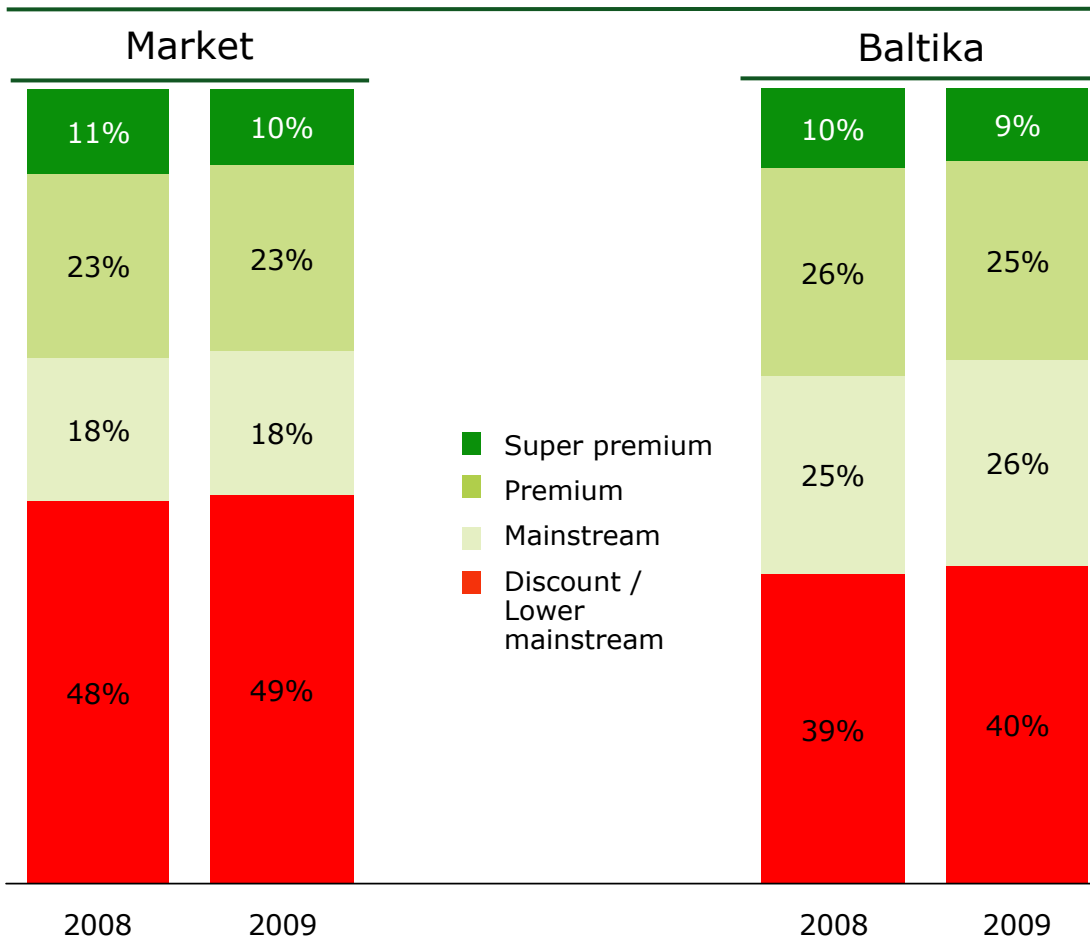




# Negative mix mainly driven by channels and packaging

## Modest shift between brands

YTD December



Source: Business Analytica

# Carlsberg in Asia

## CHINA (Six Brewery Groups)

In addition 17.5% share in Chongqing Brewery Group. Market leader in all invested provinces in West China.

## NEPAL (Gorkha Brewery Pvt. Ltd.)

Carlsberg share: 49.8%

## MALAYSIA

### (Carlsberg Brewery Malaysia Berhad)

Carlsberg share: 51%  
Market position: No. 2

## INDIA (South Asian Breweries)

Carlsberg share: 45%

## SRI LANKA (Lion Brewery Ceylon Ltd.)

Carlsberg share: 17.35%  
Market leader

## SINGAPORE (Carlsberg Singapore Pte. Ltd.)

Carlsberg share: 100%  
Market position: No. 2

## VIETNAM (South-East Asia Brewery, Hue Brewery & Halong Beer and Beverage)

Carlsberg share: SEAB 60%,  
HBL 50%, HBB 50%,  
Hanoi Brewery 15.7%  
Market position: No. 3

## HONG KONG (Carlsberg Hong Kong Ltd.)

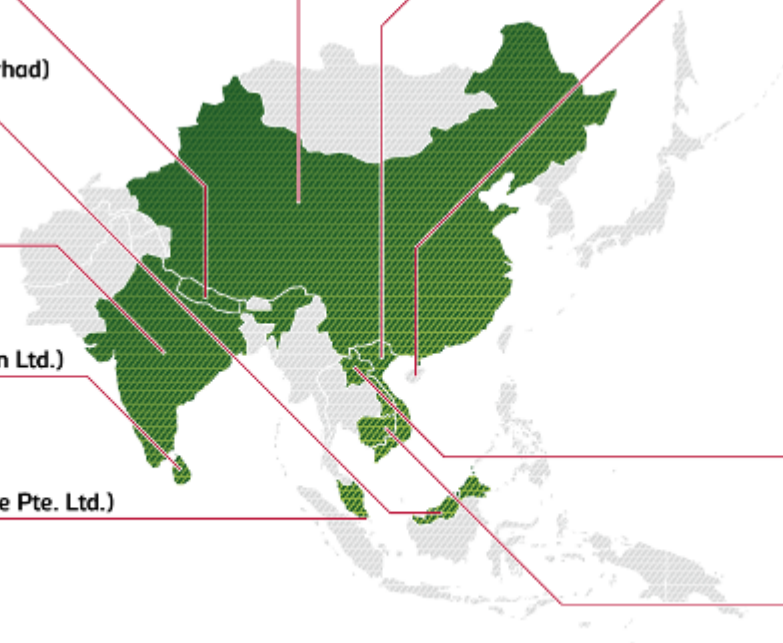
Carlsberg share: 100%  
Market position: No. 2

## LAOS (Lao Brewery Company Ltd. and Lao Soft Drinks Co. Ltd.)

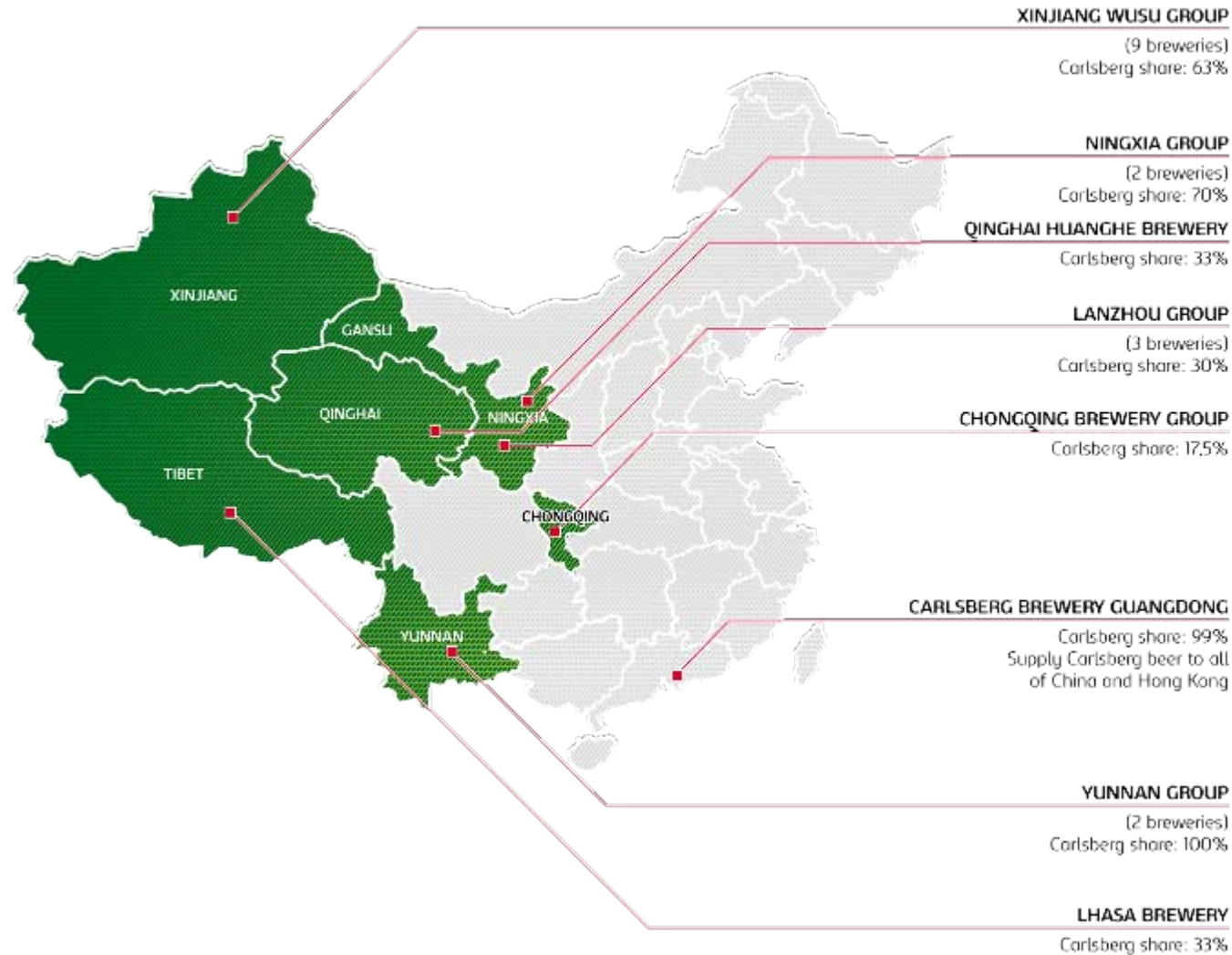
Carlsberg share: 50%  
and 70% respectively  
Market leader

## CAMBODIA (Cambrew Ltd.)

Carlsberg share: 50%



# Carlsberg in China



## Debt and facilities as at 31 December 2009

DKKm	Long term	Short term	Total
Gross Financial Debt	36,075	3,322	39,397
Cash and Cash equivalent		-2,734	-2,734
<b>Net Financial debt</b>	<b>36,075</b>	<b>588</b>	<b>36,663</b>
Other Interest Bearing Assets			-984
<b>Net Interest Bearing debt</b>			<b>35,679</b>
Gross Financial Debt	92%	8%	100%
Net Financial Debt	98%	2%	100%
Gross Financial Debt	36,075		
Undrawn committed long-term facilities	9,382		
<b>Total committed long-term credit facilities</b>	<b>45,457</b>		
Undrawn committed facilities			9,382
Net Financial Debt short term			588
<b>Funding Surplus</b>			<b>8,794</b>

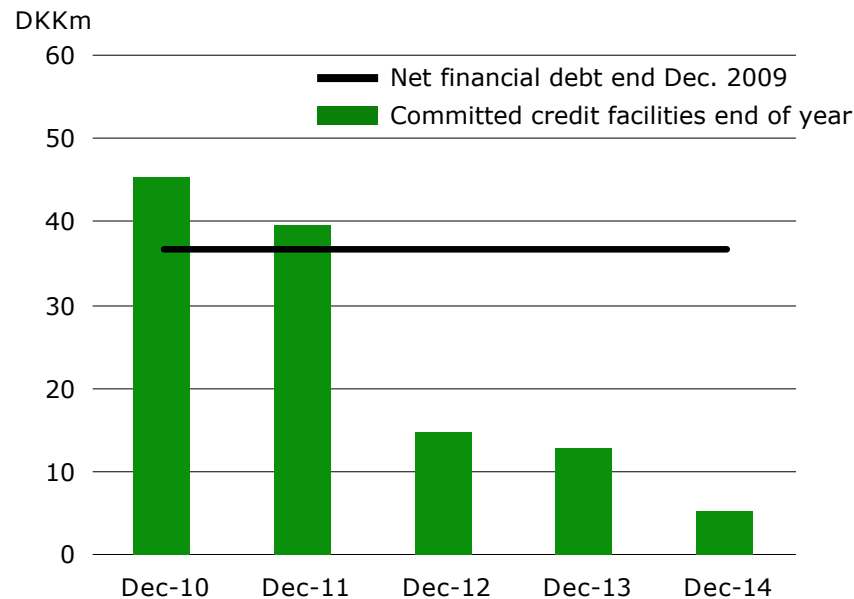


## Debt maturity profile as at 31 December 2009

### Committed credit facilities

Less than 1 year*	3,322
1 – 2 years	5,813
2 – 3 years	25,048
3 – 4 years	1,875
4 – 5 years	7,525
More than 5 years	5,196
<b>Total</b>	<b>48,779</b>
Short term debt	3,322
Long term facilities	45,457

### Committed credit facilities and net financial debt end December 2009



- Funding surplus as at 31 December DKK 8.8bn – this is excluding the unutilised part of short term facilities.
- At constant current debt level, Carlsberg has no refinancing need until October 2012

\* Utilised short term debt facilities

## Net financial debt – Interest rate

### Net financial debt and floating/fixed interest per currency as at 31 December 2009 (after swaps)

Currency	Net Financial Debt	Interest			
		Floating	Fixed	Floating %	Fixed %
EUR	28,141	10,224	17,917	36%	64%
DKK	-875	-1,265	390	145%	-45%
PLN	1,780	1,774	6	100%	-
USD	757	55	702	7%	93%
CHF	2,582	2,582	-	100%	-
RUB	-259	-259	-	100%	-
Other	4,537	935	3,602	21%	79%
<b>Total</b>	<b>36,663</b>	<b>14,046</b>	<b>22,617</b>	<b>38%</b>	<b>62%</b>

## 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 market 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.



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THE BEST BEER  
THE COMPANY  
THE WORLD