FINANCIAL STATEMENT 2020

5 February 2021

Carlsberg Group

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.

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A solid set of results...

TOTAL VOLUMES

130.1 m.hl

-3.8%[1]

REVENUE

DKK 58.5bn

-8.4%[1]

OPERATING MARGIN

16.6%

+70bp

OPERATING PROFIT

DKK 9.7bn

-3.1%[1]

FREE CASH FLOW

DKK 5.1bn

CASH RETURNS

DKK 6.0bn

[1] Organic growth

... achieved by a resilient business...

ORGANISATIONAL AND PEOPLE RESILIENCE
- Engaged workforce rapidly adapting to new ways of working
- No serious business discontinuity

PORTFOLIO RESILIENCE
- Strong local and global brands
- Price point and pack formats to cater for changing consumer demands
- Volume growth for craft & speciality and alcohol-free brews

FINANCIAL RESILIENCE
- Well-managed costs
- Strong balance sheet and liquidity

… and our well-embedded FtJ culture, mitigating COVID-19 top-line impact

FUNDING THE JOURNEY DRIVING COST REDUCTION

- OCM toolkit for setting and monitoring cost targets
- Gap-closing plans prepared in Q1 and continuously adapted
- Adaption of organisational structures to a new reality

STRONG TEAM-BASED PERFORMANCE CULTURE

Funding the Journey

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SAIL'22 continuously relevant, with sharpened strategic priorities ...

Supporting
local power brands

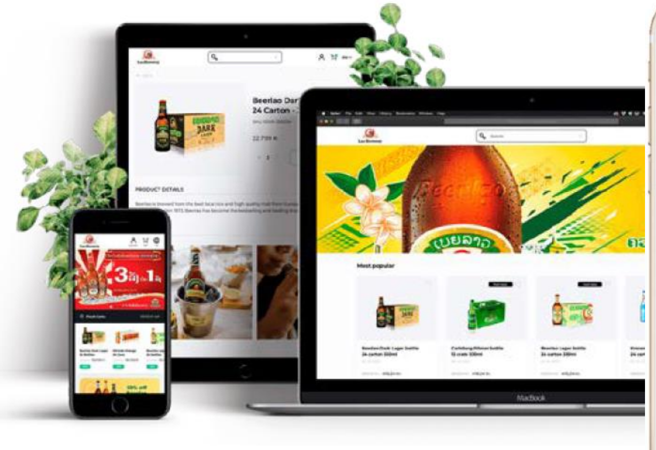
+4%

+7%

+38%

E-commerce
B2B – B2B2C – D2C

18%
of revenue in Laos on Carl's shop[1]

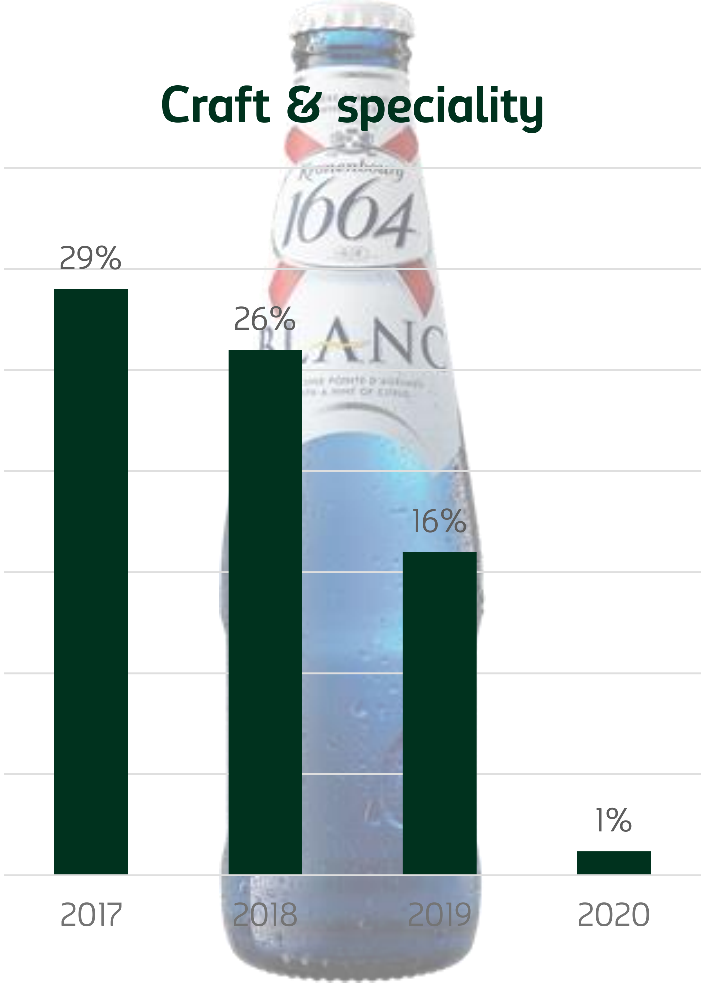


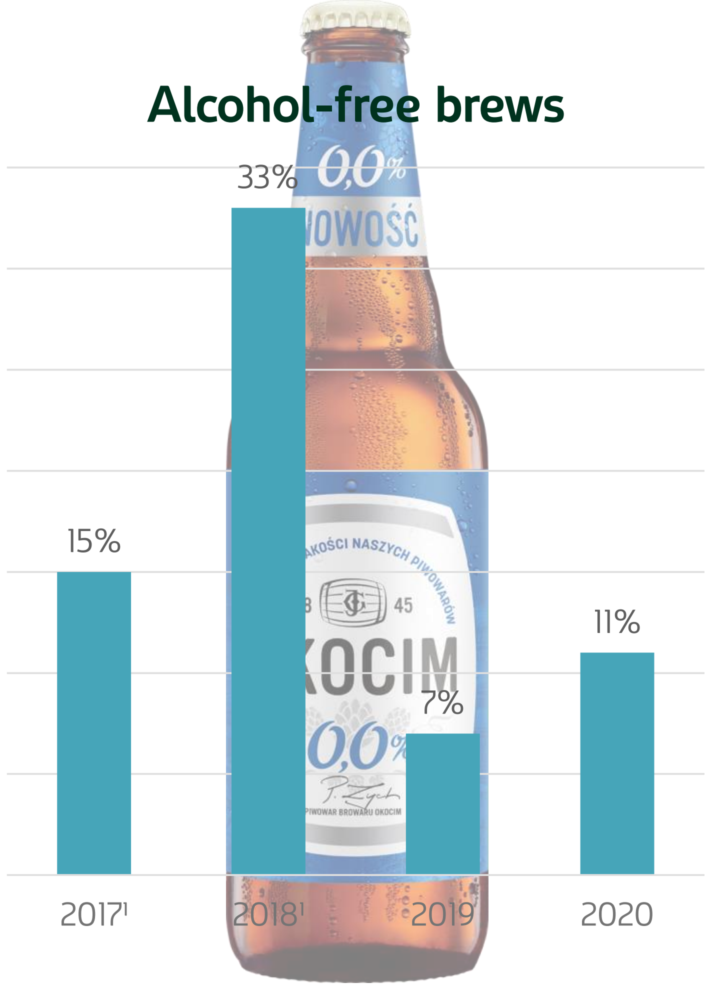
~ +60%
E-comm volume growth

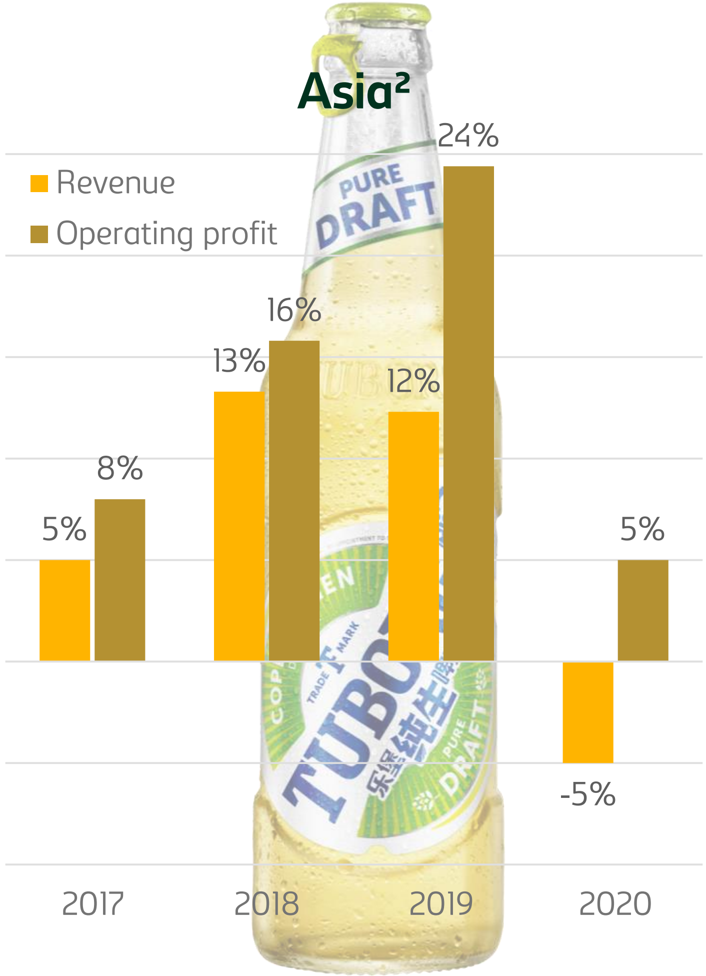
+9%
Reverting to volume growth in Russia

[1] In December

… and with our growth priorities demonstrating good performance in the light of COVID-19 challenges

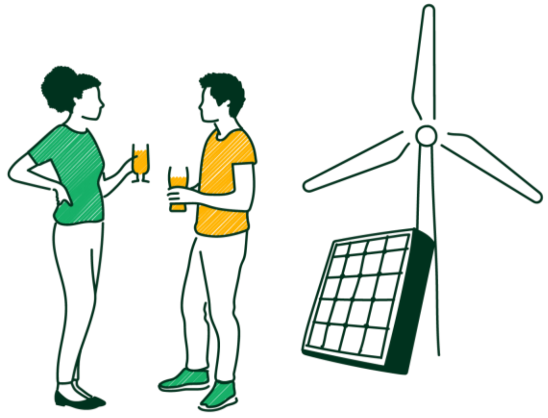






[1] Western Europe. [2] Organic growth.

Progress on our sustainability journey – Together Towards ZERO



ZERO carbon footprint

CDP
DISCLOSURE INSIGHT ACTION
A LIST
2020
CLIMATE

12%
Reduction in relative brewery carbon emissions versus 2019

39%
Reduction in relative brewery carbon emissions since 2015

7%
Reduction in relative beer-in-hand emissions since 2015

ZERO water waste

7%
Reduction in relative water usage versus 2019

18%
Improvement in water efficiency since 2015

ZERO accidents culture

19%
Reduction in accident rate since 2019

ZERO irresponsible drinking

100%
Of international premium beer and 1/3 of all our brands offer alcohol-free options

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Western Europe

TOTAL VOLUMES[1]

-7.3%

REVENUE[1]

-12.8%

OPERATING PROFIT[1]

-17.2%

OPERATING MARGIN

15.8%

REVENUE

- Revenue/hl -6% due to channel and country mix
- Region impacted by COVID-19 restrictions and lockdowns, particularly in Q2 and Q4

OPERATING PROFIT

- Significant cost savings within supply chain, marketing and administration
- Decline driven by top-line

OPERATING MARGIN

- -120bp

[1] Organic growth

Western Europe

MARKET COMMENTS

THE NORDICS

- Volumes in Denmark impacted by changed border trade
- In Norway, positive impact from domestic tourism and less border trade
- Sweden impacted by on-trade restrictions and less border trade to Norway

POLAND

- Solid growth and continued premiumisation
- Less impact of COVID-19 due to small on-trade exposure

SWITZERLAND

- Business skewed to on-trade
- Solid growth in off-trade
- Positive brand mix

FRANCE

- On-trade impacted by lockdown
- Brewery impacted by COVID-19 constraints in H1
- Volume improvement in H2

UK

- Volume growth in off-trade
- Significant on-trade decline
- Acquisition of Marston's brewing activities concluded in October

GERMANY

- Flat volumes
- Acquisition and integration of Wernesgrüner Brewery from January 2021

Asia

TOTAL VOLUMES[1]

-5.9%

REVENUE[1]

-5.0%

OPERATING PROFIT[1]

+5.0%

OPERATING MARGIN

23.5%

REVENUE

- Revenue/hl +1%, mainly impacted by negative country and channel mix
- Volume recovery in China unable to offset COVID-19-related decline in the rest of the region

OPERATING PROFIT

- Substantial cost reductions more than offsetting topline decline

OPERATING MARGIN

- +220bp

[1] Organic growth

Asia

MARKET COMMENTS

CHINA

- Volume growth and solid revenue/hl growth
  - Expansion of Wusu brand, solid growth of premium portfolio and big city expansion
- Material asset restructuring concluded in December

VIETNAM, LAOS AND CAMBODIA

- A volatile year for Vietnam. Good performance by Huda brand. Q4 impacted by flooding
- Recovery in Laos from May
- Cambodia impacted by less tourism and re-build of business. Volume growth in Q4

INDIA AND NEPAL

- Significant impact from lockdowns, including full closures in Q2
- Improvement in H2

MALAYSIA AND SINGAPORE

- Malaysia impacted by restrictions on on-trade, distribution, and in Q2 production
- In Singapore, modest volume impact but negative channel mix

Eastern Europe

TOTAL VOLUMES[1]

+6.2%

REVENUE[1]

+1.0%

OPERATING PROFIT[1]

+10.9%

OPERATING MARGIN

19.2%

REVENUE

- Revenue/hl -5%, impacted by the planned higher level of promotional activities in Russia
- Modest impact from COVID-19 due to generally small on-trade exposure in the region

OPERATING PROFIT

- Significant cost savings driving growth and offsetting promotional investments

OPERATING MARGIN

- +220bp

[1] Organic growth

Eastern Europe

MARKET COMMENTS

RUSSIA

- 9% volume growth in a slightly growing market
- Continued challenging competitive environment
- Lower revenue/hl due to higher level of promotions and negative channel and product mix
- Improved market share

UKRAINE

- Volume decline in line with market
- Negative impact from channel and brand mix
- Good performance of local power brands, 1664 Blanc and alcohol-free brews

OTHER MARKETS

- Double-digit revenue growth
- Solid revenue/hl increase due to growth of craft & speciality and alcohol-free brews

INCOME **STATEMENT** (1)

REVENUE

DKK 58,541m

- Impacted by volume decline and negative price/mix
- Revenue/hl -5%
- FX -3.1%, primarily RUB, NOK and RMB

GROSS MARGIN

48.4%

- Decline of 110bp
- Significant supply chain savings
- Fixed cost under-absorption
- Margin also impacted by channel, product and country mix

ORGANIC OPEX

-14%

- Well-embedded Operating Cost Management toolkit
- Main drivers of decline included travel, admin, people, marketing
- Opex excl. marketing organically -13%

OPERATING PROFIT

DKK 9,699m

- Organic decline of 3.1%
- Operating profit/hl +1% (organically)
- Operating margin 16.6% (+70bp)
- EBITDA margin 24.1% (+130bp)

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INCOME **STATEMENT** (2)

SPECIAL ITEMS
DKK -247m

- Impacted by restructuring costs, brand impairment and COVID-19 related one-offs
- Positively impacted by reversal of purchase price allocation provision in earlier years

NET FINANCIALS
DKK -411m

- Decline of DKK 327m, mainly due to FX and other financial items
- Excl. FX, net financials DKK -550m

TAX RATE
24.7%

- Excluding one-offs related to special items, effective tax rate would have been 25.7%

NET PROFIT
DKK 6,030m

- Non-controlling interests DKK 778bn
- Adjusted EPS DKK 43.6 (+6.3%), supported by share buy-back

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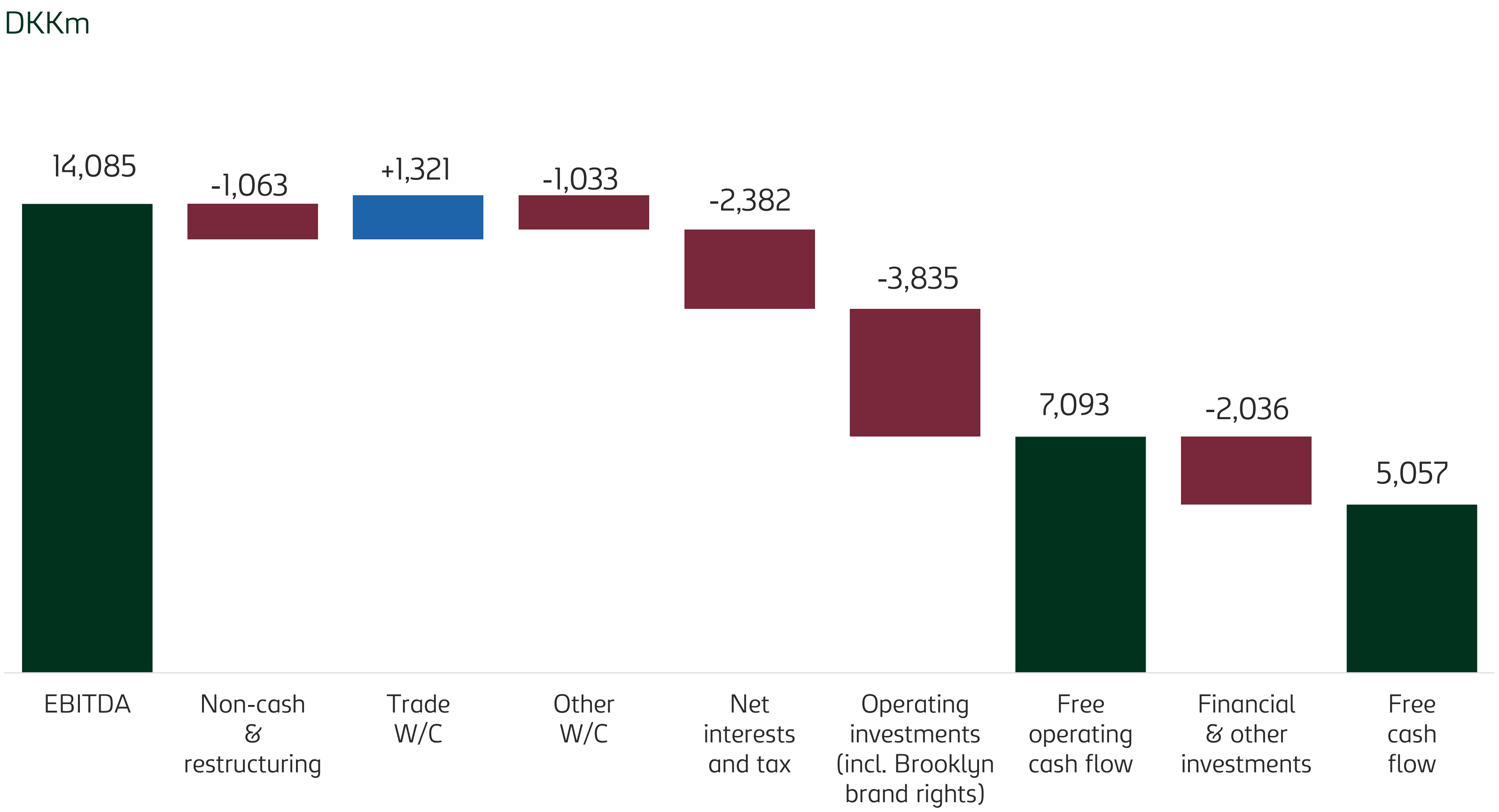
Strong cash flow



DKK 5.1bn

FREE CASH FLOW

DKK 3.2bn

M&A IN 2020

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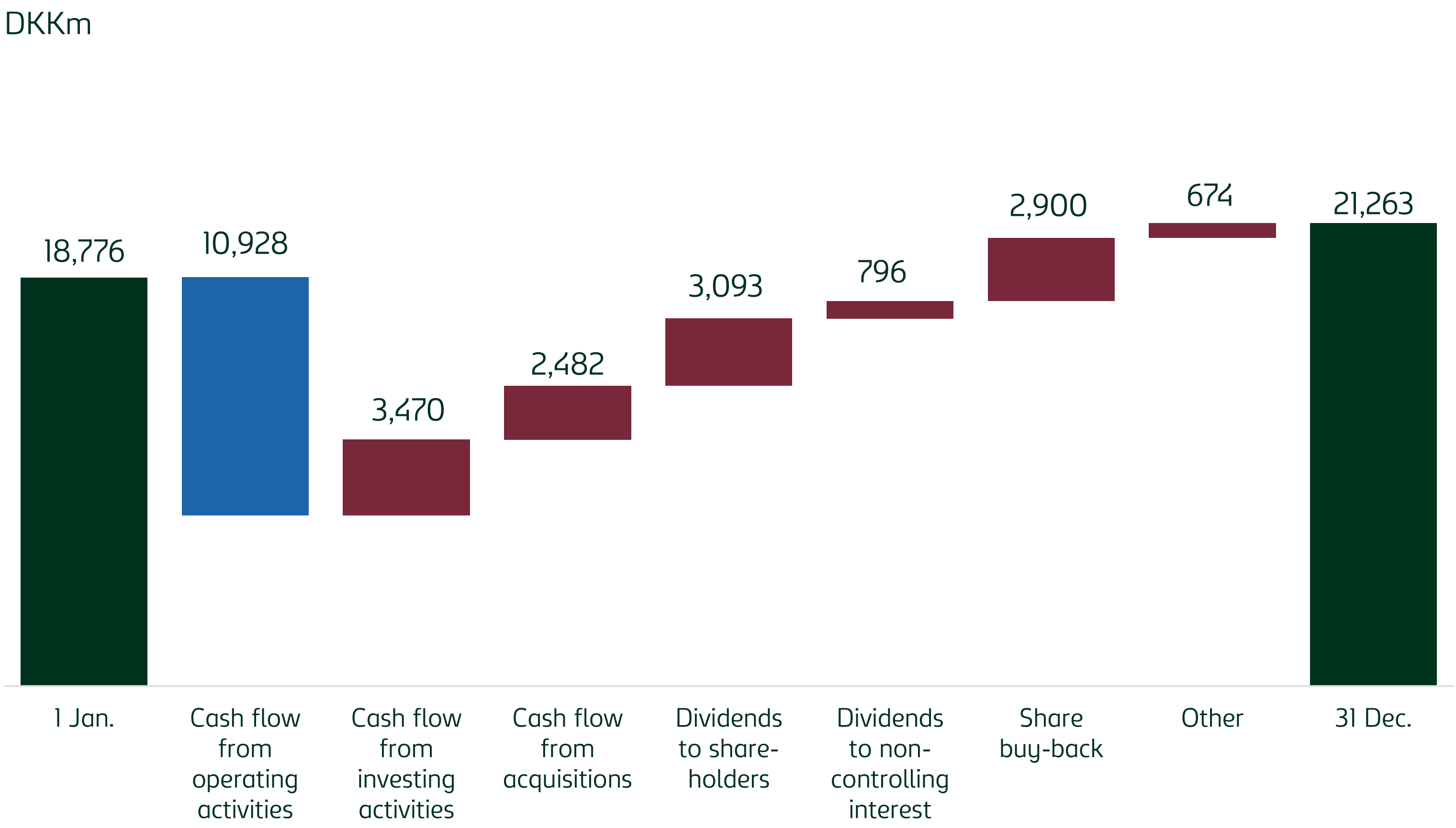
Net interest-bearing debt



1.51x

NIBD/EBITDA

DELIVERING ON OUR **CAPITAL ALLOCATION PRIORITIES**

01	Invest in our business to drive long-term value creation	Taking appropriate actions to ensure long-term health and value creation
02	NIBD/EBITDA < 2.0x	NIBD/EBITDA 1.51x
03	Dividend pay-out ratio (of adjusted net profit) of around 50%	Dividend paid in March: DKK 3.1bn; payout ratio 50% Proposed dividend for 2020: DKK 22/share (DKK 3.2bn); payout ratio 50%
04	Excess cash to be redistributed through buy-backs and/or extraordinary dividends	Share buy-back amounting to DKK 2.9bn in 2020 Quarterly DKK 750m buy-back programme initiated today
05	Deviating from the above if value-enhancing acquisition opportunities arise	Acquisition of Marston's brewing activities in the UK Acquisition of Wernesgrüner Brewery, Germany Acquisition of the rights to the Brooklyn brand Material asset restructuring in China

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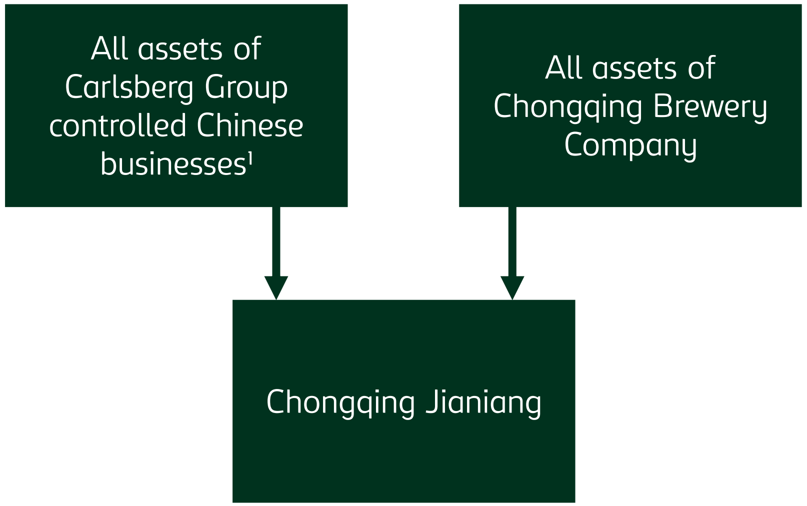
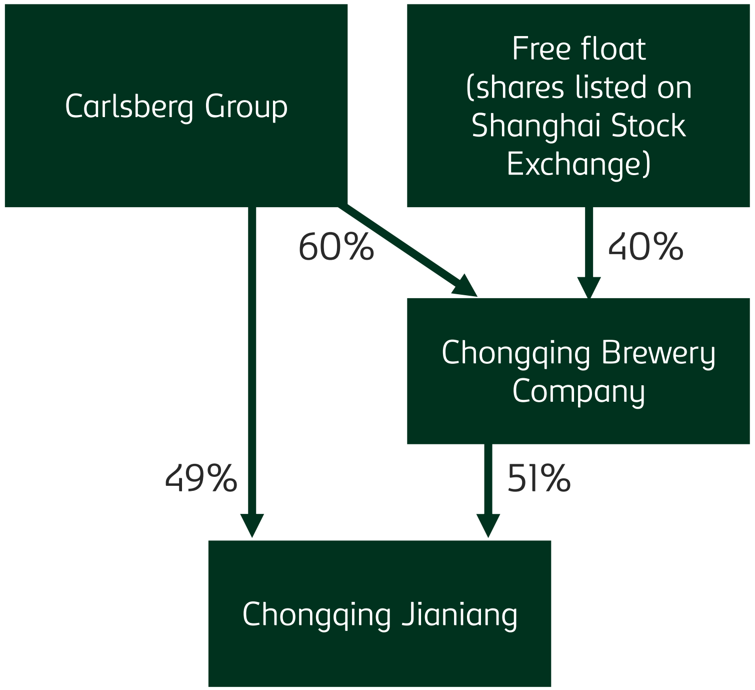
Material asset restructuring in China

- Restructuring finalised in December
- Most the Group's Chinese assets and the assets of Chongqing Brewery Company now owned by the Chongqing Jianiang
- Chongqing Jianiang ownership
  - Carlsberg Group 49%
  - Chongqing Brewery Company 51%
- Chongqing Brewery Company is listed on the Shanghai Stock Exchange
  - Carlsberg Group owns 60% of the shares in Chongqing Brewery Company
- Following the restructuring, Carlsberg Group's total economic interest in Jianiang is 79%

ASSET RESTRUCTURING



OWNERSHIP STRUCTURE



[1] Most of Carlsberg Group Chinese assets were injected into Chongqing Jianiang

Earnings expectations

- In most markets, the COVID-19 pandemic continues to impact business performance, which means a challenging start to 2021.
- The uncertainty related to the extent and length of the pandemic, further government actions, consumer reactions and macroeconomic developments remains high and may have significant implications for business performance.

Due to the high uncertainty about trading conditions, we are guiding:

Organic growth in operating profit within the range of 3% to 10%

OTHER ASSUMPTIONS

- A translation impact on operating profit of around DKK -200m, based on the spot rates as at 4 February
- Net finance costs (excluding FX) of DKK 600m
- Reported effective tax rate at around 25%
- Capital expenditures of around DKK 4.0-4.5bn at constant currencies

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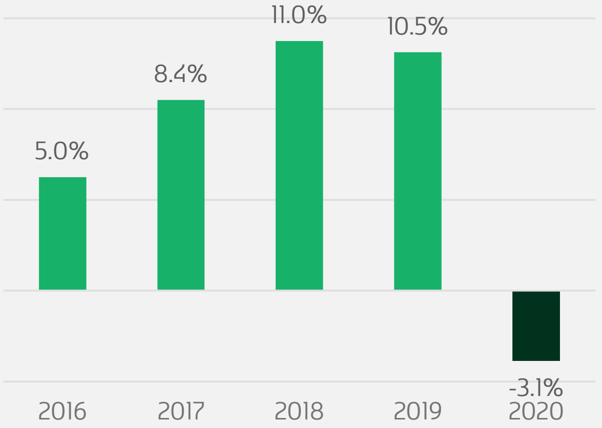
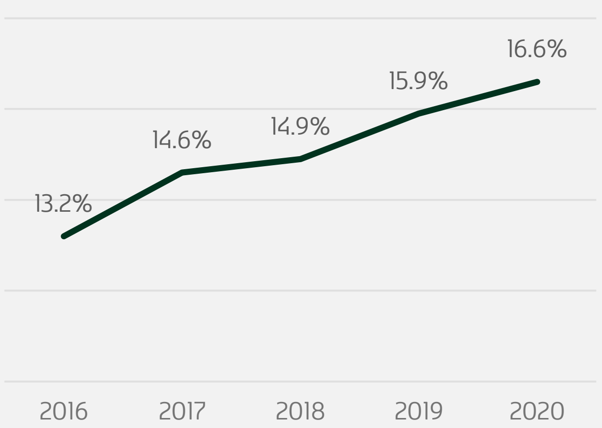
Delivering on SAIL'22 financial priorities

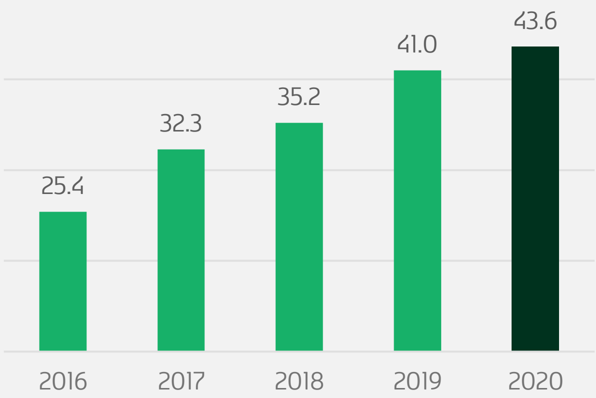
ORGANIC OPERATING PROFIT GROWTH



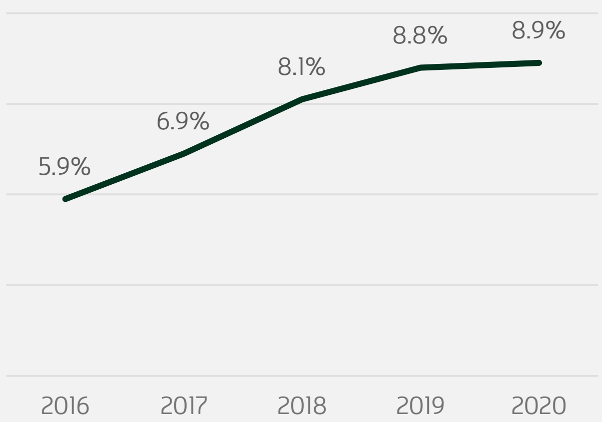
OPERATING MARGIN



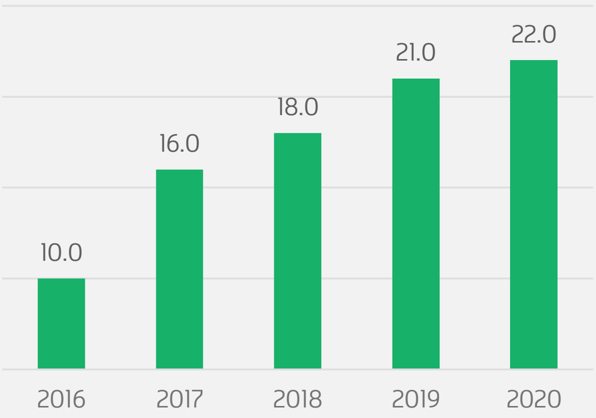
ADJUSTED EPS (DKK)



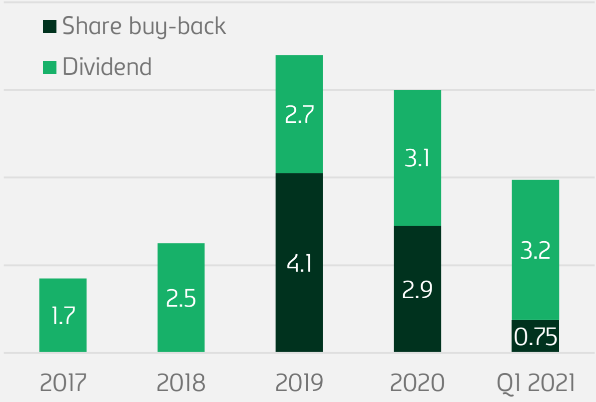
RETURN ON INVESTED CAPITAL (ROIC)



DIVIDEND PER SHARE (DKK)



CASH RETURNS (DKKbn)



Q&A

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Appendix

Cash returns to shareholders

2020

DIVIDEND PAYOUT IN MARCH

- DKK 21/share
- In total DKK 3.1bn
- Payout ratio of 50%

SHARE BUY-BACK

- DKK 2.9bn carried out January – August
- 3,290,522 B shares bought
- 4,400,000 B shares cancelled in April
- At the 2021 AGM: proposal to cancel 2,900,000 B shares

2021

PROPOSED DIVIDEND TO BE PAID IN MARCH

- DKK 22/share
- In total DKK 3.2bn
- Payout ratio of 50%

SHARE BUY-BACK

- Due to the continued business uncertainty related to the COVID-19 pandemic, especially at the beginning of 2021, the Group intends to execute the 2021 share buy-back as quarterly programmes
- 5 February – 23 April: DKK 750m
- The size of subsequent share buy-backs will be determined on a quarterly basis, with information on the next quarterly share buy-back being made on 28 April, in connection with the Q1 trading statement

New regional structure from 1 January 2021: Optimising regional management…

Inner circle: Volume split
Outer circle: Revenue split

WESTERN EUROPE

MARKETS
Denmark
Finland
France
Germany
Norway
Poland
Sweden
Switzerland
UK

- Nordics
- France & Switzerland
- Other markets

CENTRAL & EASTERN EUROPE

MARKETS
Azerbaijan
Baltics
Belarus
Bulgaria
Croatia
Greece
Italy
Kazakhstan
Russia
Serbia
Ukraine
Export & licence

- Russia
- Ukraine, Kazakhstan, Belarus, Azerbaijan
- Export & licence
- Other markets

… and providing a better regional balance

WESTERN EUROPE

29% of volume

44% of revenue

36% of operating profit

ASIA

31% of volume

29% of revenue

36% of operating profit

CENTRAL & EASTERN EUROPE

40% of volume

27% of revenue

28% of operating profit