INTERIM FINANCIAL STATEMENT 2020

13 August 2020

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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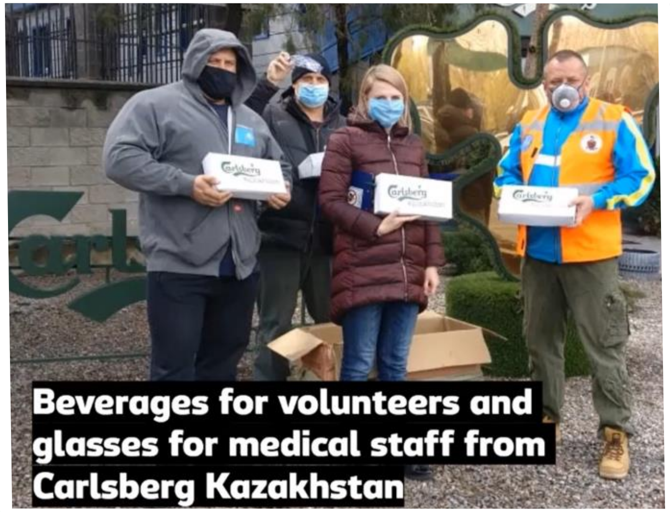
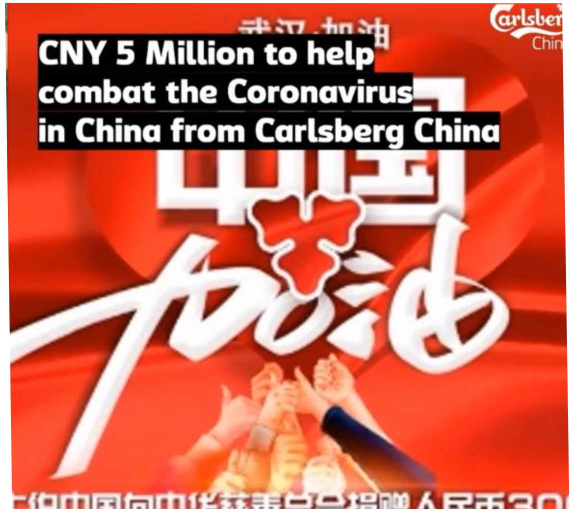
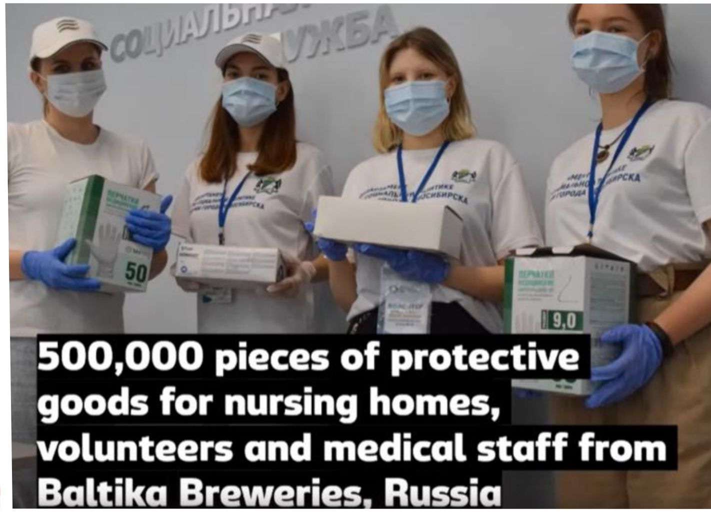
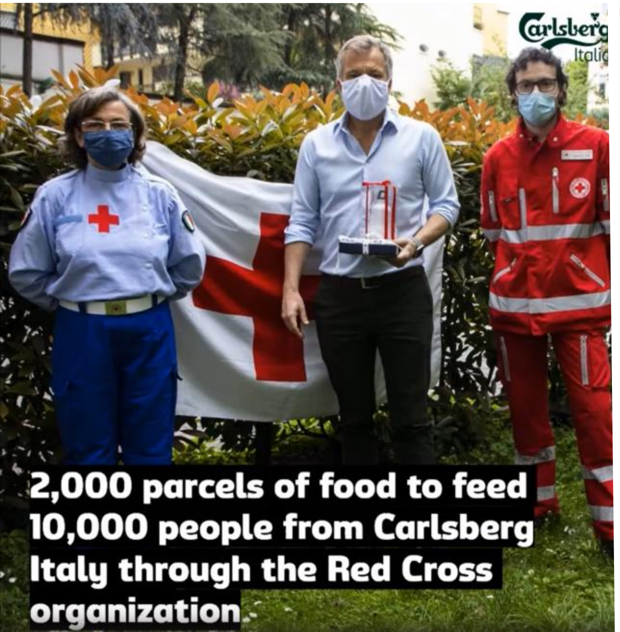
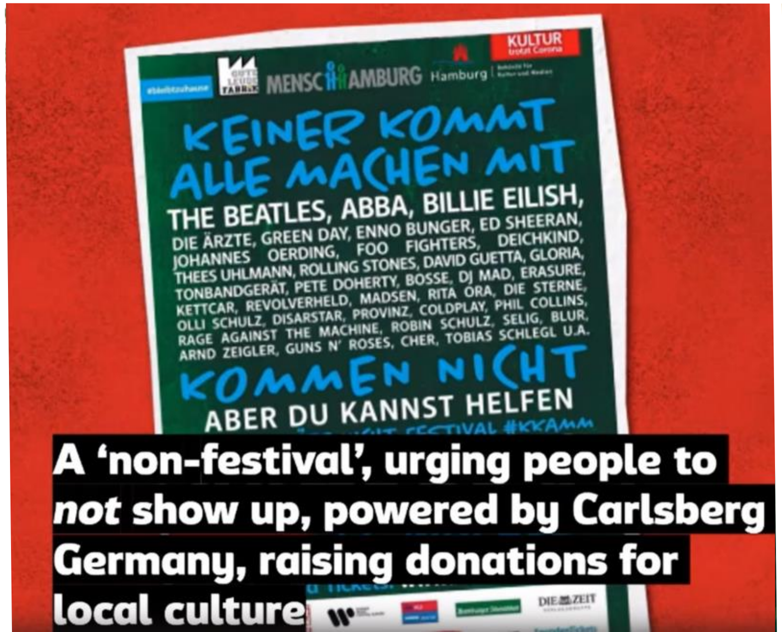
Protecting our people and supporting communities

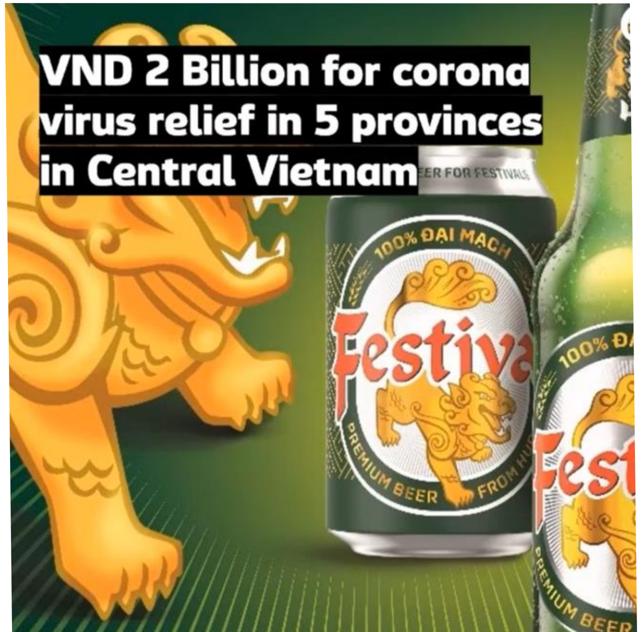


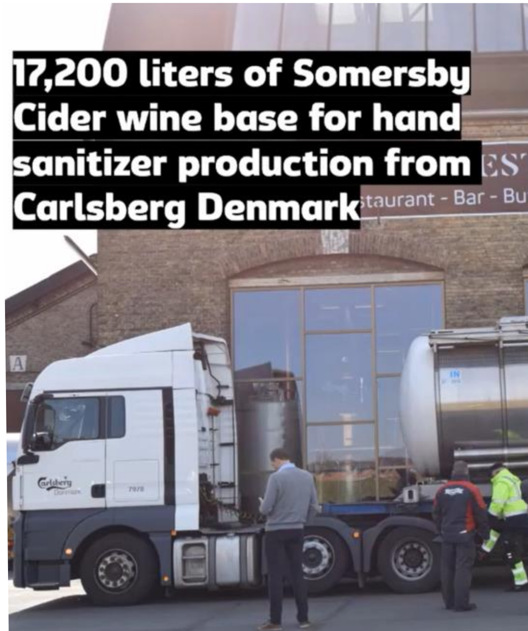












Resilience and cost control reducing COVID-19 impact

TOTAL VOLUMES
62.8 m.hl
-7.7%[1]

REVENUE
DKK 28.8bn
-11.6%[1]

OPERATING MARGIN
16.0%
+30bp

OPERATING PROFIT
DKK 4.6bn
-8.9%[1]

FREE CASH FLOW
DKK 3.1bn

CASH RETURNS
DKK 6.0bn[2]

[1] Organic growth [2] Share buy-back carried out January-August and dividend paid in March

Navigating uncharted waters

SAIL'22 PRIORITIES UNCHANGED

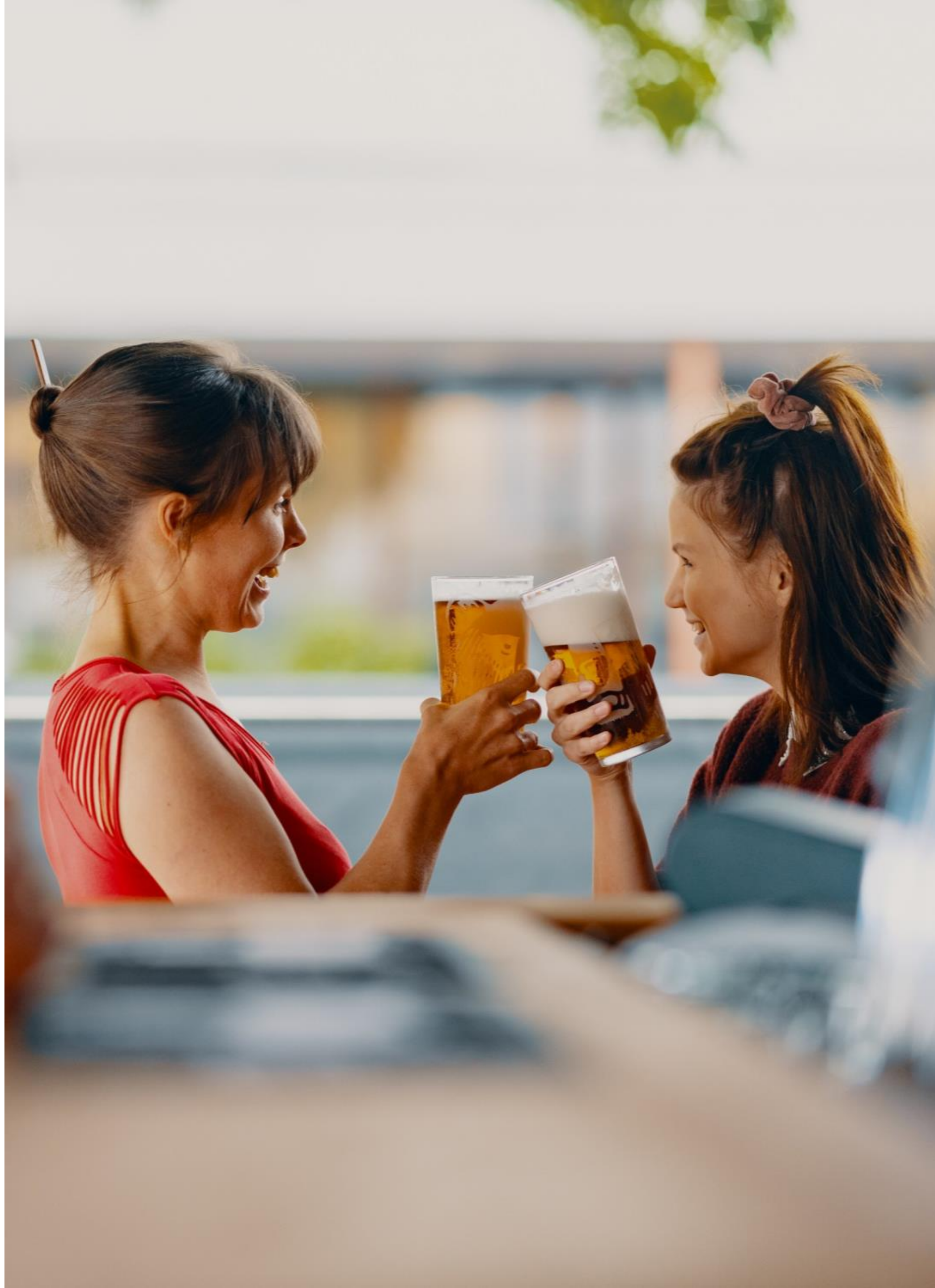
- Strengthen our core beer brands and leverage our strong market positions
- Grow craft & speciality and alcohol-free brews
- Grow in Asia

RESPOND FOR TOPLINE GROWTH

- More focused execution of commercial programmes AND Prioritising fewer brands and activities
- More efficient innovation efforts
- Intensifying our value management approach
- Expand ecommerce activities

RESET FOR THE FUTURE

- Adapt our business for a new reality
- Leveraging our Funding the Journey culture
- Retain positive learnings and ways of working from COVID-19 going forward



Western Europe

TOTAL VOLUMES[1]

-9.7%

REVENUE[1]

-14.0%

OPERATING PROFIT[1]

-19.2%

OPERATING MARGIN

14.4%

REVENUE

- Price/mix -5% due to channel and country mix
- Region impacted by COVID-19 restrictions and lockdowns
- Signs of improvement towards the end of Q2

OPERATING PROFIT

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

OPERATING MARGIN

- -110bp

[1] Organic growth

Western Europe

MARKET COMMENTS

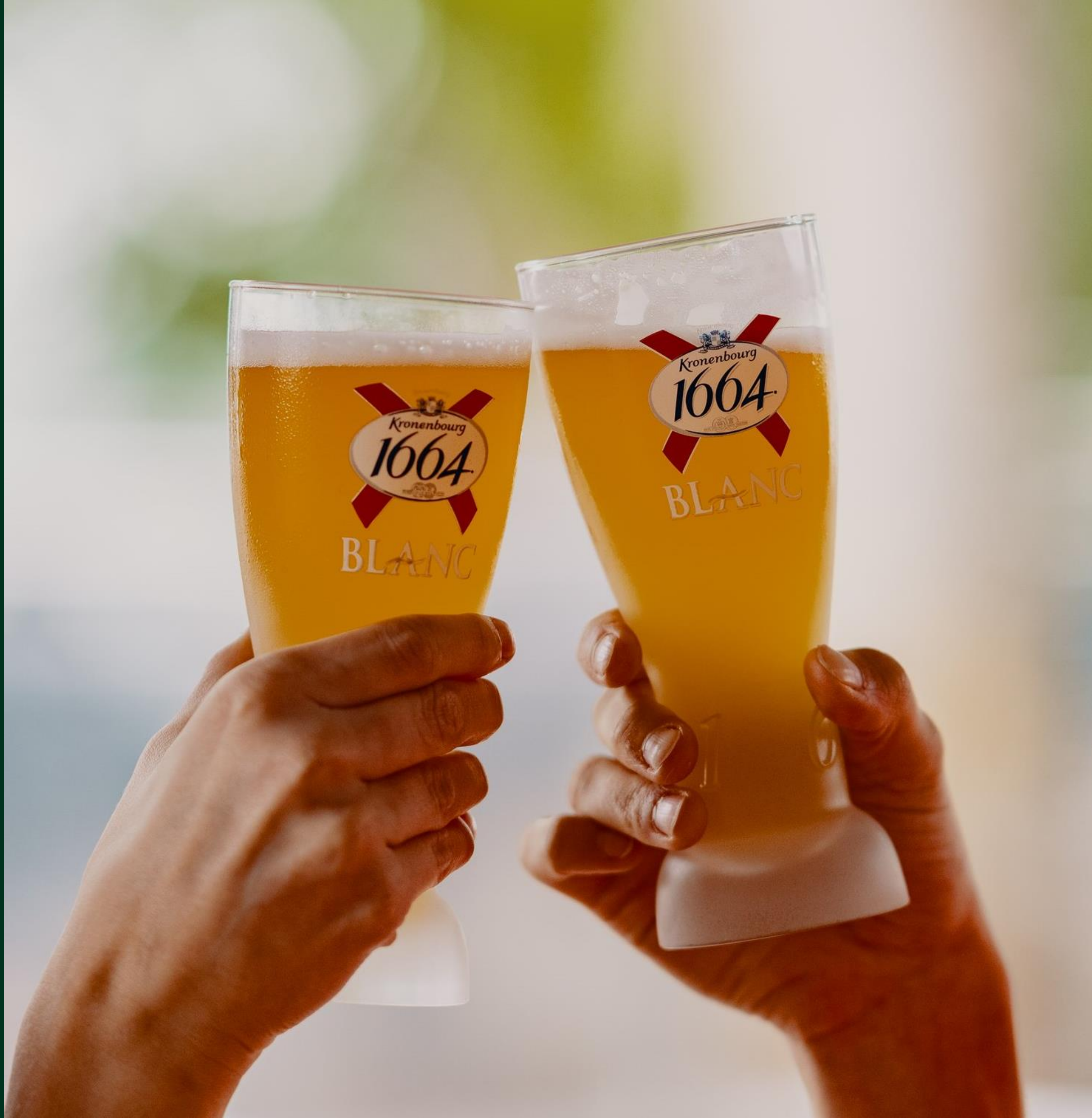
THE NORDICS
- In Norway, positive impact from domestic tourism and less border trade
- Volumes in Denmark impacted by changed border trade

POLAND
- Mid-single-digit volume growth
- Less impact of COVID-19 due to small on-trade exposure

SWITZERLAND
- Solid growth in off-trade
- Business skewed to on-trade

FRANCE
- On-trade severely impacted by prolonged lockdown
- Brewery impacted by COVID-19 constraints

UK
- Volume growth in off-trade
- JV with Marston’s: Carlsberg Marston’s Brewing Company



Asia

TOTAL VOLUMES[1]

-12.0%

REVENUE[1]

-12.9%

OPERATING PROFIT[1]

-1.3%

OPERATING MARGIN

25.0%

REVENUE

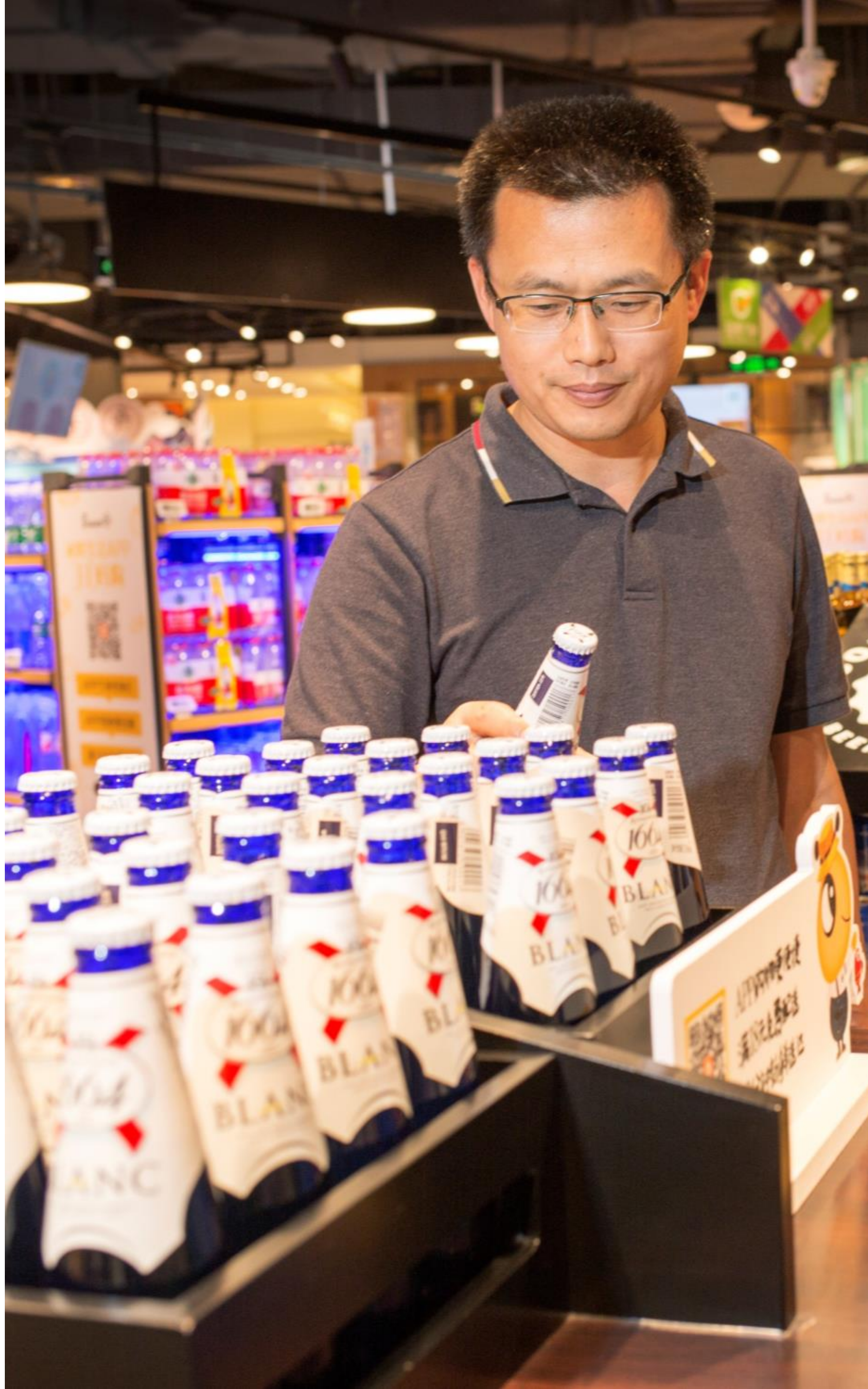
- Price/mix -1%, mainly due to negative country and channel mix
- Volume recovery in China unable to offset COVID-19-related decline in the rest of the region

OPERATING PROFIT

- Substantial cost reductions partly offsetting topline decline

OPERATING MARGIN

- +290bp



[1] Organic growth

Asia

MARKET COMMENTS

CHINA

- Strong rebound in Q2 after a challenging Q1
- Drivers of growth included restocking at distributors, expansion of Wusu brand, solid growth of international portfolio and big city growth
- Strong ecommerce growth

LAOS AND VIETNAM

- Impact from lockdown in April and May
- Recovery in June with return to growth
- Good performance of local power brands

INDIA, NEPAL AND MALAYSIA

- Severe impact from lockdown
- Breweries closed during Q2 but reopened by the end of the quarter
- Gradual relaxation of restrictions taking place

Eastern Europe

TOTAL VOLUMES[1]

+2.4%

REVENUE[1]

-1.3%

OPERATING PROFIT[1]

-1.4%

OPERATING MARGIN

18.9%

REVENUE

- Price/mix -4%, 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

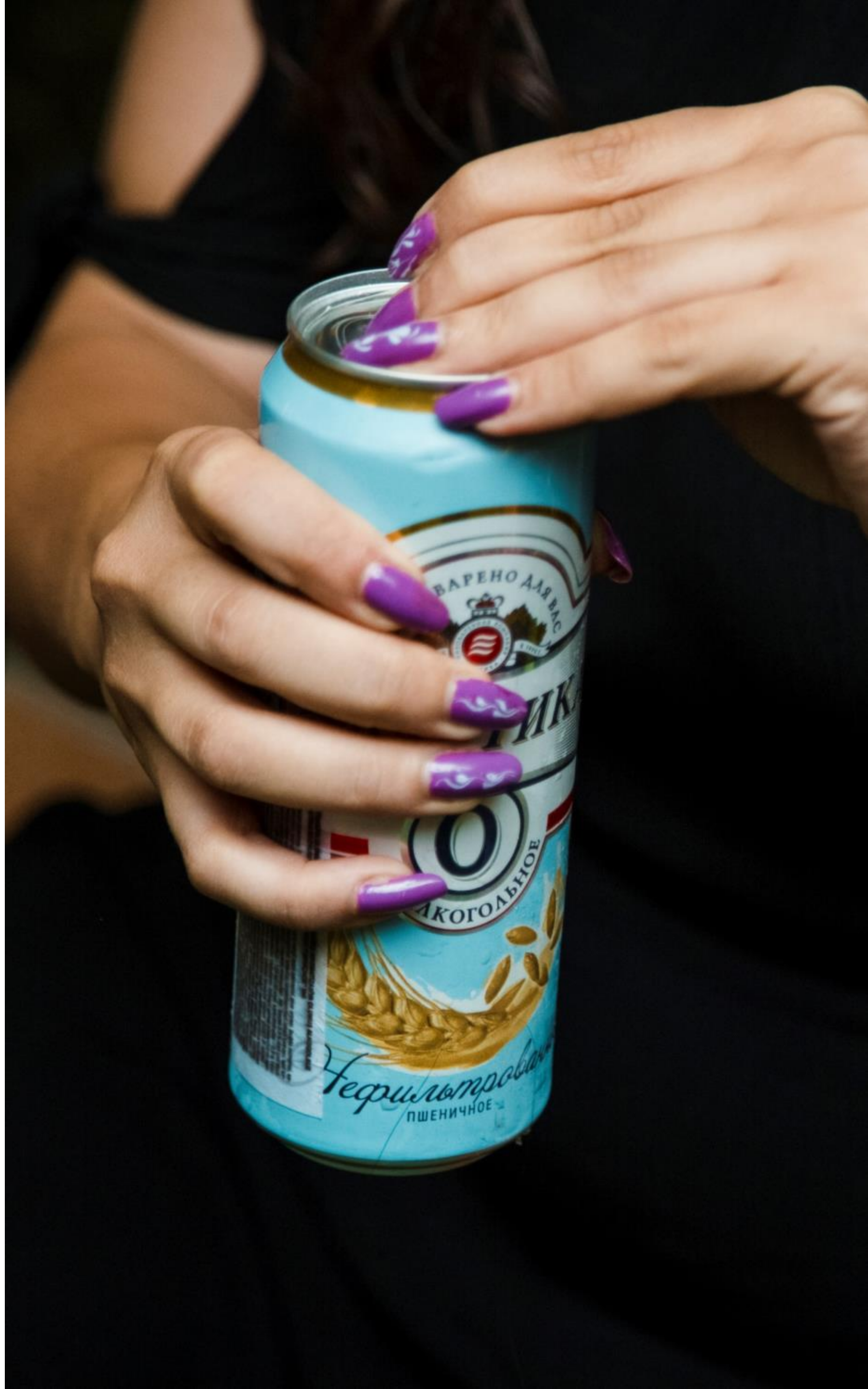
OPERATING PROFIT

- Significant cost savings offsetting promotional investments

OPERATING MARGIN

- Flat

[1] Organic growth



Eastern Europe

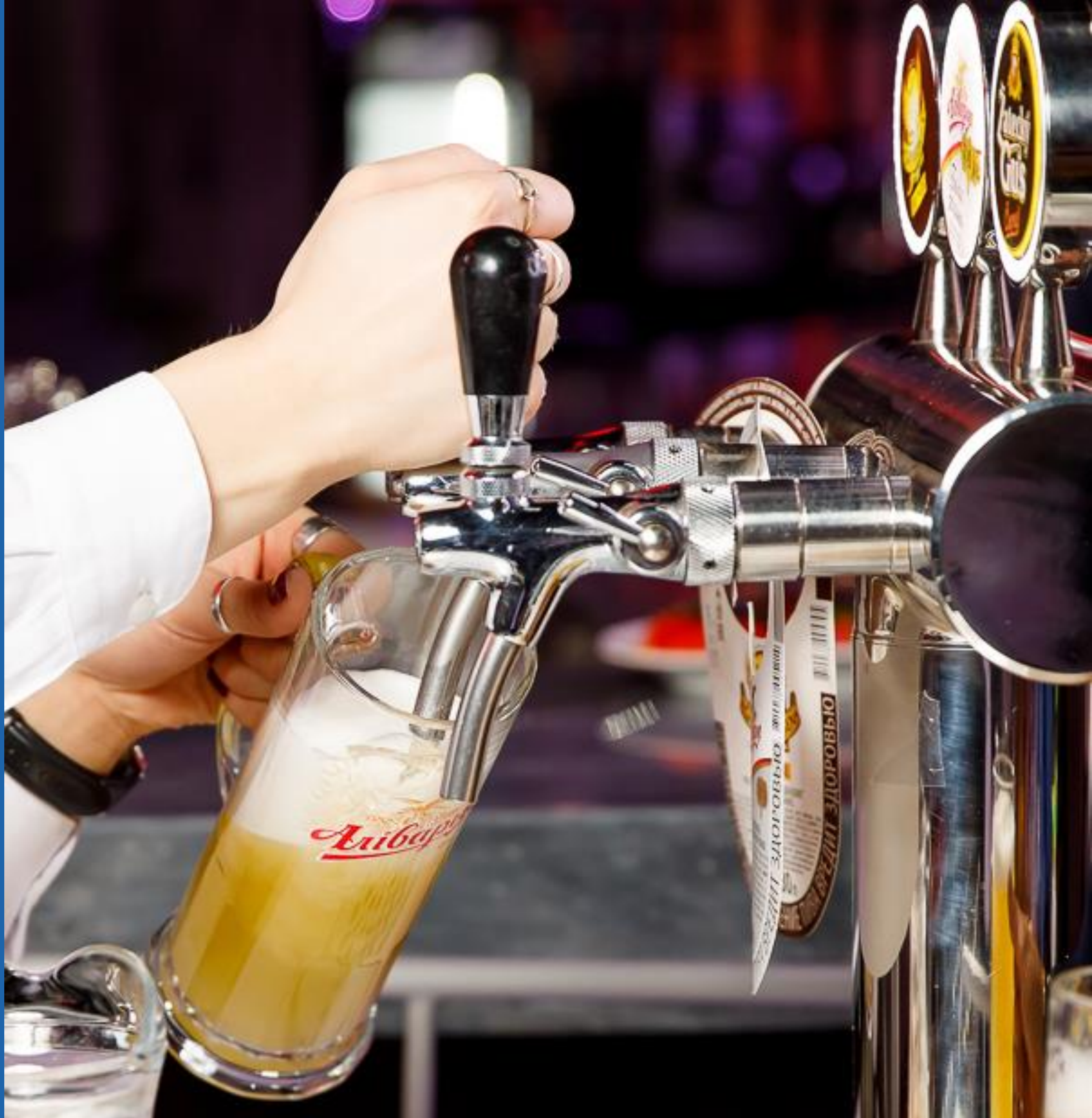
MARKET COMMENTS

RUSSIA

- Continued challenging competitive environment
- Positive initial signs of our increased promotional activities
- Sequential market share improvement

UKRAINE

- More pronounced impact from COVID-19 due to higher-than-average on-trade exposure



KEY **FINANCIALS** (1)

REVENUE

DKK 28,830m

- Impacted by volume decline and negative price/mix
- FX -1.0%, primarily NOK, RUB and RMB

OPERATING PROFIT

DKK 4,615m

- Gross margin 48.6% (-90bp)
- Significant cost reduction due to well-integrated Operating Cost Management tool
- Main drivers of cost decline were supply chain, marketing and employee-related costs
- Operating margin 16.0% (+30bp)

NET PROFIT

DKK 2,855m

- Significant decline in net financial items to DKK -199m, positively impacted by lower funding costs
- Excl. FX, financial items of DKK -263m (down DKK 116m)
- Effective tax rate down 100bp to 26%

ADJUSTED EPS

DKK 19.5

- Up 2.8%
- Supported by share buy-back in addition to lower net financial expenses and tax rate

KEY **FINANCIALS** (2)

OPERATING CASH FLOW

DKK 5,112m

- Main drivers of decline were lower EBITDA and TWC
- TWC/revenue -17.5%
- Change in TWC (DKK -390m) impacted by lower trade payables, purchasing and CapEx

FREE CASH FLOW

DKK 3,141m

- Operational investments up due to the acquisition of brand rights
- CapEx excl. acquisition of brand rights down DKK ~680m
- Less gains from disposals versus 2019

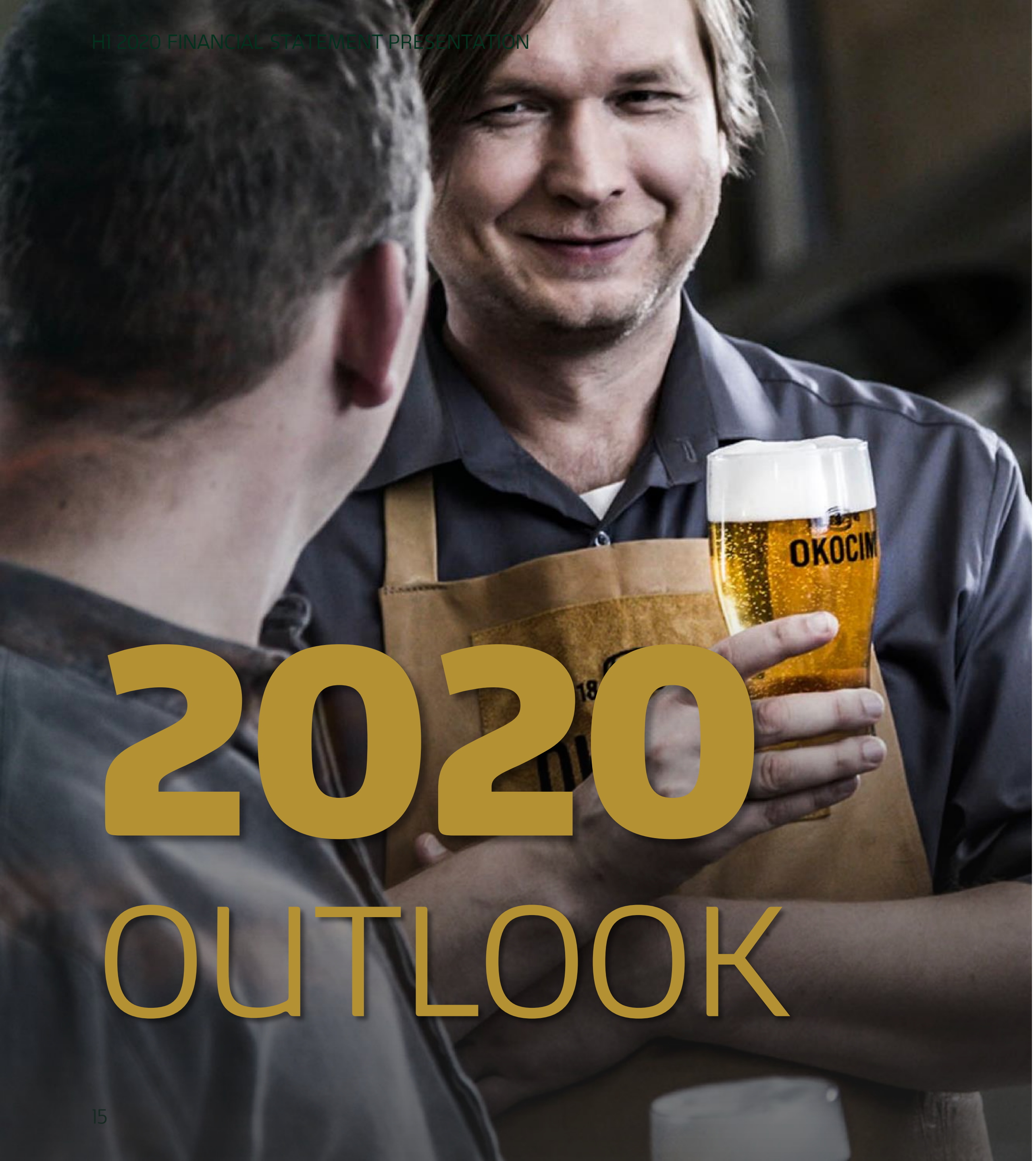
NIBD

DKK 21,909m

- Increase of DKK 3.1bn versus year-end 2019 mainly due to share buy-back and dividend payout
- Successful placing of two EUR 500m bonds:
  - 10-year w. 0.625% coupon rate
  - 7-year w. 0.375% coupon rate

CAPITAL ALLOCATION
PRIORITIES UNCHANGED

		H1 2020
01	Invest in our business to drive long-term value creation	Respond & Reset: 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 pay-out ratio for 2019 of 50% (DKK 3.1bn) paid out in March
04	Excess cash to be redistributed through buy-backs and/or extraordinary dividends	Share buy-back H1 amounting to DKK 2.4bn Second tranche of share buy-back will not be initiated
05	Deviating from the above only if value-enhancing acquisition opportunities arise	Agreement to establish the Carlsberg Marston's Brewing Company, subject to final approvals Acquisition of the rights to the Brooklyn brand



New full-year earnings guidance

- Guidance suspended on 2 April
- Today's guidance is based on:
  - Results YTD July
  - The current COVID-19 situation in our markets
  - Implementation of mitigating actions

We expect:

- **Organic operating profit decline of 10-15%**

Guidance significantly more uncertain than usual

Other assumptions

- A translation impact on operating profit of around DKK -400m, based on the spot rates as at 12 August
- Net finance costs (excluding FX) of DKK 600-650m
- Reported effective tax rate at around 26%
- Capital expenditures of around DKK 4bn at constant currencies, excluding the purchase of brand rights

Carlsberg Group

Q&A


BIÈRE BLANCHE
WHEAT BEER
Kronenbourg
1664
BLANC
AVEC UNE POINTE D'AGRUMES
WITH A HINT OF CITRUS