Q1 2017 Aide Memoire

A number of events in 2016 have an impact on the year-on-year comparison for Q1 2017. 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 Q1 2017 versus Q1 2016.

Factors impacting comparative figures

Western Europe

At the Q4 2016 conference call, when asked about the volume impact from terminated contracts, we said:

"We are happy to report that we will be back on better terms in Biedronka so that will help us for the volume development in 2017. Maybe not so much on the price/mix, but for sure on the volume development."

Eastern Europe

At the Q4 2016 conference call we commented on the impact from PET downsizing in Russia:

"In Q4, we reduced our PET bottles to comply with the 1.5-liter ban that came into effect on the 1st of January 2017. Our best estimate of the negative market impact in 2017 from the size ban remains around 5%."

…and continued:

"…on top of that will be the impact of the further market development and that's what we don't know at this moment of time."

At the call we also elaborated on price/mix following the PET changes:

"Well, we had a small price increase in quarter four. We will have a different portfolio, of course, because the 1.5-liter plus is out. That is replaced by 1.42 liters. That SKU will have a slightly higher margin. The price per liter is lower for the PET bottle 1.5-liter plus and consequently higher for the 1.42 liters. The margin is slightly higher on the smaller bottle as well. So as a consequence of that, we should have a slightly better mix impact."

Asia

At the Q4 2016 conference call, we commented on India:

"2017 could be a volatile year for India, as it is still expected that GST will be implemented; and in addition, there may come a ban on liquor sales near highways as well."

Other

At the Q4 2016 conference call, we made the following comment re. disposal:

"In 2016, we divested the Danish Malting Group, Carlsberg Malawi and the VungTau Brewery in Vietnam, the Sejet plant breeding company in Denmark and we completed the asset swap in Xinjiang. In addition, in the first one-and-a-half months of 2017, we have divested Carlsberg Uzbekistan and United Romanian Breweries."

When asked at the Q4 2016 conference call about the impact on minorities in 2015 and 2016 from brand impairments in Chongqing, we answered:

"And the question on minorities, you're right that 2015 actually also as well as 2016 are impacted by impairments on brands in Chongqing [Brewery] that we own 60% and then the minorities are 40%. The impairment in 2016 was around DKK 800 million. That means 40% of that is around DKK 300 million. So that means then our normal run rate is DKK 600 million to DKK 650 million on the minorities."

When asked at the Q4 2016 call to be more precise on the expected leverage ratios, we said:

"In terms of the net debt to EBITDA, where are we taking that? Yeah, we closed 2015 with 2.34 times. We're closing 2016 with 1.96 times. We have a target to go below 2 times. We've always said, Hans, that we are not targeting 1.9 times something, but something probably between 1.5 times and 2 times. So expect something approximately in the middle, so 1.7 times to 1.8 times."

Outlook

In the Q4 2016 announcement, we commented:

"For 2017, the Group has two overall priorities: execution of Funding the Journey and execution of the SAIL'22 priorities.

At a regional level, we have the following financial priorities: improving margins and operating profit in Western Europe; continuing top-line and earnings growth in Asia; and growing operating profit organically in Eastern Europe.

Based on these priorities, for 2017 the Group expects to deliver:

- *Mid-single-digit percentage organic operating profit growth.*
- *Financial leverage reduction.*

Based on spot rates as at February 6, including a EUR/RUB rate of 63.2, the Group assumes a positive translation impact of around DKK +350m.

Other relevant assumptions are:

Financial expenses, excluding currency losses or gains, are expected to be DKK 1.0-1.1bn.

The tax rate is expected to be just below 30%.

Capital expenditures are expected to be approximately DKK 4bn."

…and added at the Q4 2016 conference call:

"When looking at the market dynamics in 2017 versus 2016, we don't see significant changes. We are assuming a relatively flat market in Western Europe, declining markets in Eastern Europe as a result of the PET restrictions in Russia and the general challenging macro economy and in Asia, a slightly declining Chinese market in volume terms but growing in value terms due to continued premiumization and volume growth in the non-Chinese markets in Asia."

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