

Company announcement 25/2021

28 April 2022

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TRADING STATEMENT AS AT 31 MARCH 2022

From 1 January, the Russian business is presented as held for sale. For a description of the accounting implications, see Company announcement of 21 April 2022. 2021 and 2022 figures are excluding the Russian operations.

HIGHLIGHTS

- On 28 March, the Group announced its decision to divest its Russian business. Operations will continue until completion of the transaction.
- Total organic volume growth of 9.1%; reported growth of 8.6%.
 - Total organic volume growth in Western Europe 15.4%, Asia 10.5% and Central & Eastern Europe -2.1%.
 - Tuborg volume +7%, Carlsberg +15%, 1664 Blanc +1%, Grimbergen +20% and Somersby -4%.
 - Craft & speciality volume growth of 8%, alcohol-free brews 7%.
- Organic revenue growth of 23.6%. Reported revenue growth of 26.5% to DKK 14.9bn.
 - Western Europe +36.2%, Asia +16.5% and Central & Eastern Europe +8.2%.
 - Revenue/hl +13%, impacted by price increases and channel and country mix.
- We will today launch the second quarterly share buy-back programme, amounting to DKK 1bn.

2022 EARNINGS EXPECTATIONS

- The earnings expectations remain as announced on 21 April:
 - Organic operating profit development of around -5% to +2%.
 - A translation impact on operating profit of around DKK +350m, based on the spot rates at 27 April (previously around DKK +400m).

CEO Cees 't Hart says: "We're deeply disturbed by the extent of the human tragedy unfolding as a consequence of the war in Ukraine. Our first priority remains the safety and wellbeing of our colleagues.

"The broader implications of the war and the decision to divest our business in Russia are significant for our people and our company.

"Looking at business performance, the first quarter saw only limited impact from the war. The Group had a strong start to the year, albeit Western Europe had easy comparables due to the extensive lockdowns last year.

"We're in the process of implementing our new SAIL'27 strategy, ensuring adequate support for our strategic priorities. Our business fundamentals are strong, and we remain confident that our choices for brands, categories, markets and capabilities will contribute to our SAIL'27 ambitions for top- and bottom-line growth.

"Although there is significant uncertainty for the rest of the year, we reinstated the full-year earnings guidance last week and, based on the Group's continued strong financial position, today we're launching the second quarterly share buy-back programme of the year."

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Carlsberg will present the results at a conference call today at 9.30 a.m. CET (8.30 a.m. BST).
Dial-in information and a slide deck are available on www.carlsberggroup.com.

FIRST-QUARTER REVIEW

Our business reported strong growth in the first quarter of 2022. In Western Europe, we achieved strong growth, albeit supported by easy comparables. In Asia, growth was broadly based, with good execution of the Chinese New Year activities. Volumes were slightly down in Central & Eastern Europe; excluding Ukraine, we delivered good volume growth.

Revenue grew organically by 23.6% due to organic volume growth of 9.1% and strong revenue/hl of +13%. The strong revenue/hl growth was driven by a combination of a positive channel mix resulting from the much improved on-trade channel compared with the beginning of 2021, a positive country mix and the implementation of price increases in several markets. Reported revenue grew by 26.5% to DKK 14.9bn. The currency impact was +3.8%, mainly as a result of strengthened Asian currencies. The -0.9% revenue impact from acquisitions was due to the deconsolidation of the business in Nepal from 1 January 2022.

Craft & speciality volumes grew by 8%, with strong growth in markets such as China, Malaysia, France, Switzerland, Denmark and the UK, while volumes were down in Poland and some export & licence markets. Alcohol-free brews grew by 7%. Strong growth in markets such as Poland, Switzerland, Sweden, Finland, France and some export & licence markets was partly offset by lower volumes in Norway and Ukraine.

Tuborg (+7%) and Carlsberg (+15%) saw good growth across the three regions. Double-digit growth rates for Tuborg in markets such as China, Denmark and Serbia were muted by lower volumes in India and Norway. Carlsberg volumes grew strongly in markets such as the UK, Malaysia, France, Sweden, Norway and export & licence markets, including Canada, Ireland and Israel. Growth for 1664 Blanc was modest at 1%, as double-digit growth in markets such as China, Malaysia and Denmark was offset by volume decline in Ukraine and South Korea. The 4% decline for Somersby was mainly due to a challenging market in Poland and declining volumes in export & licence markets. The 20% growth of Grimbergen was mainly driven by strong growth in France, which is the brand's largest market.

WESTERN EUROPE

Western Europe had a strong start to the year, supported by easy comparables due to the widespread restrictions and lockdowns in Q1 2021, and recovery of the on-trade channel during Q1 2022. Revenue grew organically by 36.2% as a result of total organic volume growth of 15.4% and revenue/hl of +18%. Reported revenue increased by 38.4% due to a positive impact from currencies.

Most markets saw strong double-digit volume growth, supported by the reopening of the on-trade channel during the quarter. Volumes in Poland, Germany and Norway declined. Volumes in Poland and Germany were impacted by soft beer markets and price increases, and in Norway by the reopening of the border with Sweden and fewer promotional activities.

The strong revenue/hl growth was driven by a positive channel mix from higher on-trade volumes, the implementation of price increases during the quarter, and country mix, with volume growth in higher-priced markets such as France, Switzerland and Denmark, and lower volumes in Poland, where revenue/hl is below the regional average.

ASIA

Asia had a good start to the year. Revenue grew organically by 16.5%, driven by 10.5% organic volume growth and +5% revenue/hl. Reported revenue grew by 20.7% as a result of a currency impact of +6.3%, partly offset by net acquisitions of -2.1% due to the deconsolidation of the business in Nepal.

All markets except India and Hong Kong delivered organic volume growth. Our Chinese business delivered good execution of the Chinese New Year activities, with strong growth for the international and local premium portfolio. Our business in Laos benefited from the relaxation of restrictions and achieved record-high volumes, supported by both the beer and soft drinks business. In India, the first part of the quarter was impacted by the outbreak of the Omicron COVID variant but rebounded strongly in March.

The positive revenue/hl was supported by premiumisation and price increases.

CENTRAL & EASTERN EUROPE

As of 1 January 2022, Central & Eastern Europe figures are excluding the Russian business, following the decision to seek a full divestment of this business. See appendix for restated 2021 regional figures. The accounting impact of leaving Russia and the extraordinary situation in Ukraine is described in the Company announcement of 21 April.

Revenue in the region grew organically by 8.2%, as strong revenue/hl growth of 11% more than offset the organic volume decline of 2.1%. Reported revenue was up by 9.4% due to a positive currency impact of 1.2%. In Ukraine, volumes were impacted by the war, as operations were significantly reduced in March. For the quarter, volumes were down by almost 50%. Excluding Ukraine, volumes in the region grew by 8%.

Volumes in the south-eastern part of the region and in some export & licence markets benefited from the recovery of the on-trade channel, which was subject to restrictions and lockdowns in Q1 2021. Revenue/hl improved across markets due to price increases, country mix and, in some markets, recovery of the on-trade channel.

RUSSIAN OPERATIONS HELD FOR SALE

In Russia, volumes grew organically by 4% and revenue by 18%. If Russia were part of continuing operations and included in the Q1 2021 and 2022 figures, Group volumes would have increased organically by 8.3% and Group revenue organically by 23.1%.

We will ensure an orderly divestiture process. Until completion of the transaction, we will continue operations at the previously announced level to sustain the livelihood of the 8,400 Russian employees and their families.

UNCHANGED 2022 EARNINGS EXPECTATIONS

We maintain our earnings expectations as announced on 21 April. The earnings expectations are based on the restated 2021 operating profit of DKK 10,129m, which excludes the business in Russia, and including operating profit of DKK 0 from Ukraine from 24 February 2022:

- Organic operating profit development of around -5% to +2%.

Fully excluding the Ukrainian business in 2021 and 2022, the above guidance would change to:

- Organic operating profit development of around -1% to +7%.

It must be emphasised that the earnings expectations are significantly more uncertain than usual, as the development of the war in Ukraine; continued uncertainty on input costs; possible supply chain disruptions; the COVID-19 pandemic, including possible government actions, particularly in China; consumer sentiment; and the macroeconomic development may all have significant implications for business performance during the remainder of the year.

Based on the spot rates at 27 April, we assume a translation impact of around DKK +350m (previously around DKK +400m).

Other relevant assumptions are:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 550-600m.
- The reported effective tax rate is expected to be around 22-23%.
- Capital expenditure at constant currencies is expected to be around DKK 4.5bn.

SHARE BUY-BACK AND CANCELLATION OF SHARES

Following the share capital reduction on 12 April 2022, as a result of which 3,400,000 of Carlsberg's holding of B shares were cancelled, the total outstanding number of shares is 141,856,806.

The Group launched the first quarterly share buy-back programme of 2022 on 4 February. The buy-back was concluded on 22 April, when the Company had bought a total of 1,123,147 shares at a total value of DKK 1bn.

As stated in the Company announcement of 21 April, the Group's financial position and liquidity remain strong, despite the reclassification of our business in Russia. The write-down of the net assets related to the business in Russia is non-cash and will therefore not impact the Group's cash position. Based on the restated figures excluding Russia, net interest-bearing debt/EBITDA at year-end 2021 would have been approximately 1.37x, well under our financial leverage target of below 2x. In addition, in March 2022 we established a 1-year bank loan of EUR 500m and in April we recommitted our EUR 2bn committed revolving credit facility, which expires in 2026 and is currently undrawn.

Based on this continued strong financial position, the Group will today initiate the second quarterly buy-back programme, with the intention of buying back Carlsberg B shares amounting to DKK 1bn up until 12 August.

The size of subsequent share buy-backs will be determined on a quarterly basis, with information on the next quarterly share buy-back programme being provided on 17 August in connection with the H1 results announcement.

The share buy-back programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public in a Company announcement.

The purpose of the programme is primarily to reduce the Company's share capital and, in addition, meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2023, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate pro rata based on the shares purchased in the programme. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

The Carlsberg Group has appointed Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige ("SEB"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, SEB will repurchase B shares during the trading period, which runs from 28 April 2022 to 12 August 2022. The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 12 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for the remainder of 2022:

17 August	H1 interim financial statement
28 September	Capital Markets Day
27 October	Q3 trading statement

FORWARD-LOOKING STATEMENTS

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and 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 words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking 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 materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may 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.

VOLUME AND REVENUE, CONTINUING OPERATIONS

Q1	2021	Change			2022	Change Reported
		Organic	Acq., net	FX		
Beer (million hl)						
Western Europe	5.4	14.8%	0.0%	-	6.2	14.8%
Asia	10.4	9.1%	-1.1%	-	11.2	8.0%
Central & Eastern Europe	5.5	-3.4%	0.0%	-	5.3	-3.4%
Total	21.3	7.3%	-0.5%	-	22.7	6.8%
Other beverages (million hl)						
Western Europe	2.5	16.6%	0.0%	-	2.9	16.6%
Asia	1.4	20.7%	-0.3%	-	1.7	20.4%
Central & Eastern Europe	0.5	12.6%	0.0%	-	0.6	12.6%
Total	4.4	17.4%	-0.1%	-	5.2	17.3%
Total beverages (million hl)						
Western Europe	7.9	15.4%	0.0%	-	9.1	15.4%
Asia	11.8	10.5%	-1.1%	-	12.9	9.4%
Central & Eastern Europe	6.0	-2.1%	0.0%	-	5.9	-2.1%
Total	25.7	9.1%	-0.5%	-	27.9	8.6%
Revenue (DKK million)						
Western Europe	5,029	36.2%	0.0%	2.2%	6,959	38.4%
Asia	4,989	16.5%	-2.1%	6.3%	6,023	20.7%
Central & Eastern Europe	1,782	8.2%	0.0%	1.2%	1,951	9.4%
Not allocated	4	n.m.	n.m.	n.m.	3	n.m.
Total	11,804	23.6%	-0.9%	3.8%	14,936	26.5%

APPENDIX

RESTATED 2021 FIGURES

On 28 March, the Carlsberg Group announced its decision to divest the Russian business, following Russia's invasion of Ukraine. Consequently, as of 1 January 2022 and until completion of the divestment, the Russian business will be presented as held for sale. The carve-out of the Russian business has multiple implications for its classification in and the presentation of the Group's financial statements. This is described in the Company announcement of 21 April 2022.

Restated figures for the regions, the Group and Russia are presented below and on the following pages.

Restated 2021

Income statement

DKK million	H1 2021	H2 2021	2021
Revenue	28,672	31,425	60,097
Cost of sales	-14,925	-16,603	-31,528
Gross profit	13,747	14,822	28,569
Sales and distribution expenses	-7,190	-7,682	-14,872
Administrative expenses	-1,991	-1,988	-3,979
Other operating activities, net	37	38	75
Share of profit after tax of associates and joint ventures	138	198	336
Operating profit before special items	4,741	5,388	10,129
Special items, net	-174	877	703
Financial income	45	526	571
Financial expenses	-319	-676	-995
Profit before tax	4,293	6,115	10,408
Income tax	-1,106	-1,183	-2,289
Profit from continuing operations	3,187	4,932	8,119
Net result from Russian operations held for sale	326	-436	-110
Profit for the period	3,513	4,496	8,009
Attributable to:			
Non-controlling interests	486	677	1,163
Shareholders in Carlsberg A/S (net profit)	3,027	3,819	6,846
DKK			
Earnings per share of DKK 20	20.9	26.7	47.6
Continuing operations	18.7	29.7	48.4
Russian operations held for sale	2.2	-3.0	-0.8
Diluted earnings per share of DKK 20	20.9	26.5	47.4
Continuing operations	18.7	29.5	48.2
Russian operations held for sale	2.2	-3.0	-0.8

Restated 2021, continuing operations

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	H1 2021	H2 2021	2021
Beer (million hl)							
Western Europe	5.4	8.9	8.4	7.0	14.3	15.4	29.7
Asia	10.4	10.8	11.3	6.6	21.2	17.9	39.1
Central & Eastern Europe	5.5	8.4	9.5	6.6	13.9	16.1	30.0
Total	21.3	28.1	29.2	20.2	49.4	49.4	98.8
Other beverages (million hl)							
Western Europe	2.5	3.2	3.5	3.2	5.7	6.7	12.4
Asia	1.4	1.3	1.3	1.3	2.7	2.6	5.3
Central & Eastern Europe	0.5	0.9	0.9	0.4	1.4	1.3	2.7
Total	4.4	5.4	5.7	4.9	9.8	10.6	20.4
Revenue (DKK million)							
Western Europe	5,029	8,803	8,988	7,681	13,832	16,669	30,501
Asia	4,989	5,086	5,497	3,887	10,075	9,384	19,459
Central & Eastern Europe	1,782	2,972	3,287	2,087	4,754	5,374	10,128
Not allocated	4	7	1	-3	11	-2	9
Beverages, total	11,804	16,868	17,773	13,652	28,672	31,425	60,097
Non-beverage	-	-	-	-	-	-	-
Total	11,804	16,868	17,773	13,652	28,672	31,425	60,097
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)							
Western Europe					2,639	3,529	6,168
Asia					3,323	3,236	6,559
Central & Eastern Europe					1,331	1,531	2,862
Not allocated					-594	-637	-1,231
Beverages, total					6,699	7,659	14,358
Non-beverage					-1	10	9
Total					6,698	7,669	14,367
Operating profit before special items (DKK million)							
Western Europe					1,743	2,629	4,372
Asia					2,601	2,254	4,855
Central & Eastern Europe					1,035	1,222	2,257
Not allocated					-631	-716	-1,347
Beverages, total					4,748	5,389	10,137
Non-beverage					-7	-1	-8
Total					4,741	5,388	10,129
Operating margin (%)							
Western Europe					12.6	15.8	14.3
Asia					25.8	24.0	24.9
Central & Eastern Europe					21.8	22.7	22.3
Not allocated					-	-	-
Beverages, total					16.6	17.1	16.9
Non-beverage					-	-	-
Total					16.5	17.1	16.9

Russian operations held for sale

DKK million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	H1 2021	H2 2021	2021
Volumes (million hl)							
Beer	4.2	5.9	6.3	4.4	10.1	10.7	20.8
Other beverages	0.4	0.6	0.6	0.6	1.0	1.2	2.2
Income Statement (DKK million)							
Revenue	1,189	1,826	1,966	1,556	3,015	3,522	6,537
Operating profit before depreciation, amortisation and special items (EBITDA)					547	560	1,107
Operating profit before special items					370	363	733