

# INTERIM REPORT

NINE MONTHS ENDED 30 SEPTEMBER 2009



**Carlsberg**  
Group

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**Operational performance**

**Financial results**

**Outlook and financial targets**

**Appendix**

**AGENDA**

## Strong nine months result

- Strong EBIT and cash flow
  - Clear impact from early preparations for uncertain and challenging 2009 markets
  - Upgrade of 2009 cash-flow target
- Execution of efficiency improvements continue to off-set impact from challenging markets
- Operating profit of DKK 7.7bn with 27% organic growth in beverage activities
- Operating margin 16.9% (+240bp) with 360bp improvement in Q3 to 20.2%
- Substantial free cash flow of DKK 6.1bn
- Significant debt reduction continues



# Value management and accelerated efficiencies off-set volume decline

- Net revenue of DKK 45.8bn
  - 5% organic beer volume decline
  - Market share gains in Eastern Europe and Asia
  - Unchanged market shares in Northern & Western Europe
  - Flat organic sales development from positive pricing and value management
- Focused marketing spend with overall unchanged share-of-voice
- Strong margin improvements across the Group
  - Q3 operating margin increase of 380bp in Northern & Western Europe from accelerated efficiency programmes
  - Improvement in Eastern Europe and Asia through all nine months



## Preparing for changes in Russian beer market

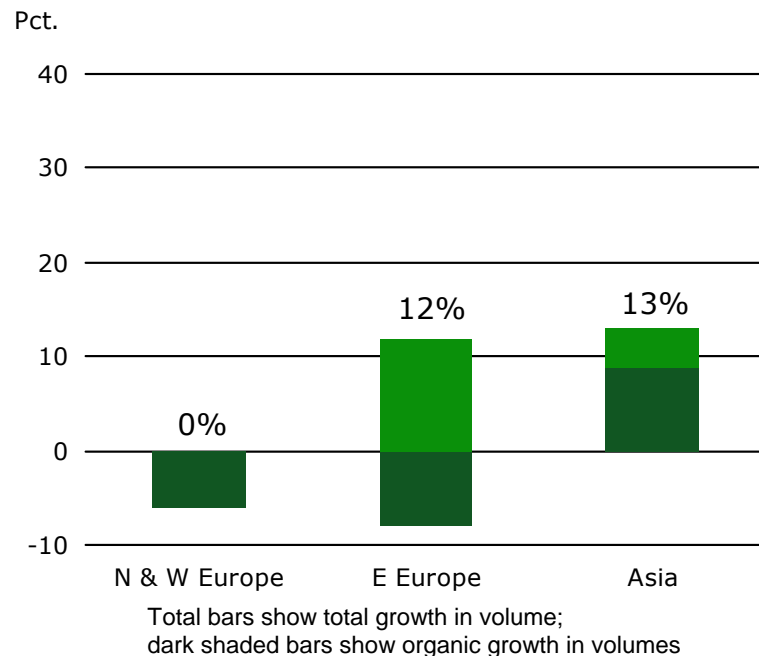
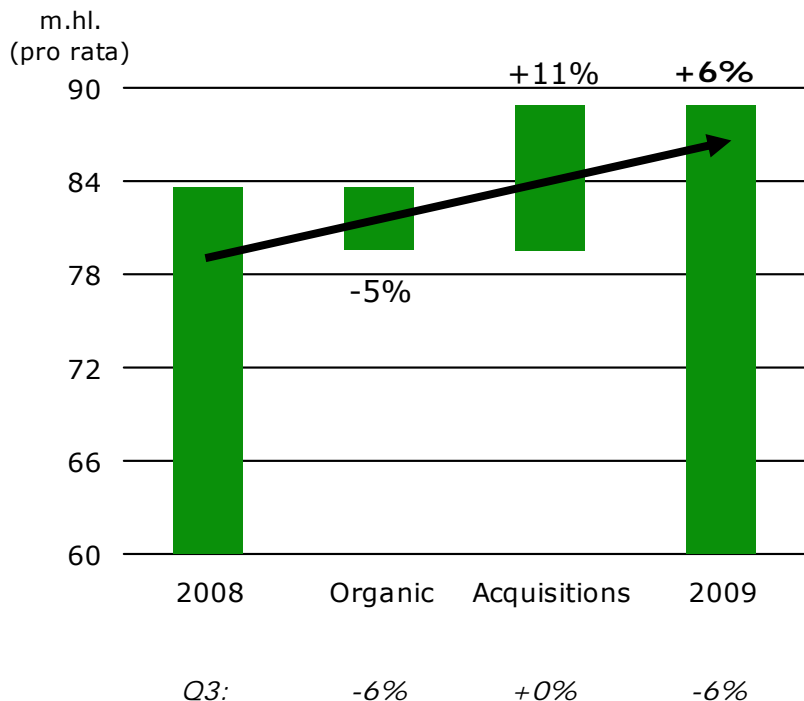
- Proposal of higher Russian excise duties being debated in the State Duma
  - From RUB 3 pr litre in 2009 to RUB 9 in 2010, RUB 10 in 2011 and RUB 12 in 2012
- Decision expected later in 2009
- Market impact depends on size of excise increase, strategic pricing decisions and macro economy
- No visibility on other potential restrictions
- Ongoing scenario-planning to be well-prepared early
- Challenging market conditions bring opportunities to strengthen our business



# Beer volume dynamics

## Significant market share gains in Eastern Europe and Asia

September YTD



Declining organic volumes from continuing challenging markets

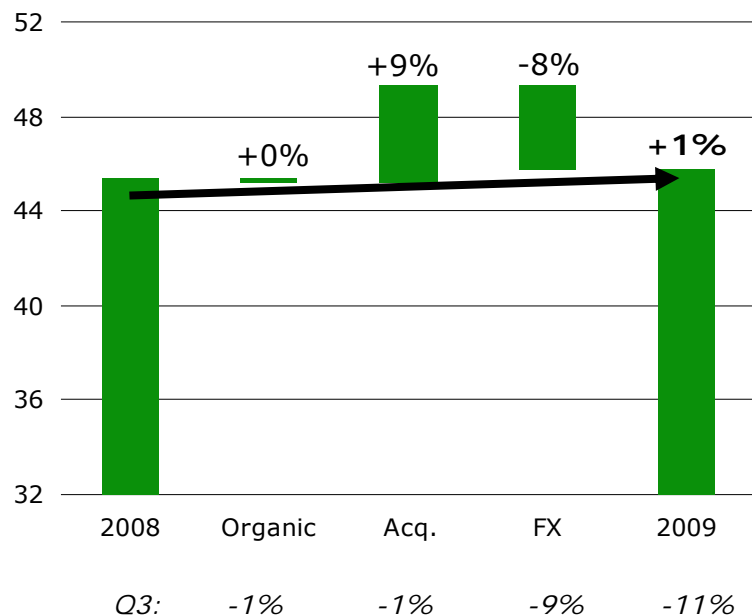
# Beverage activities

## Accelerating organic profit growth in Q3

September YTD

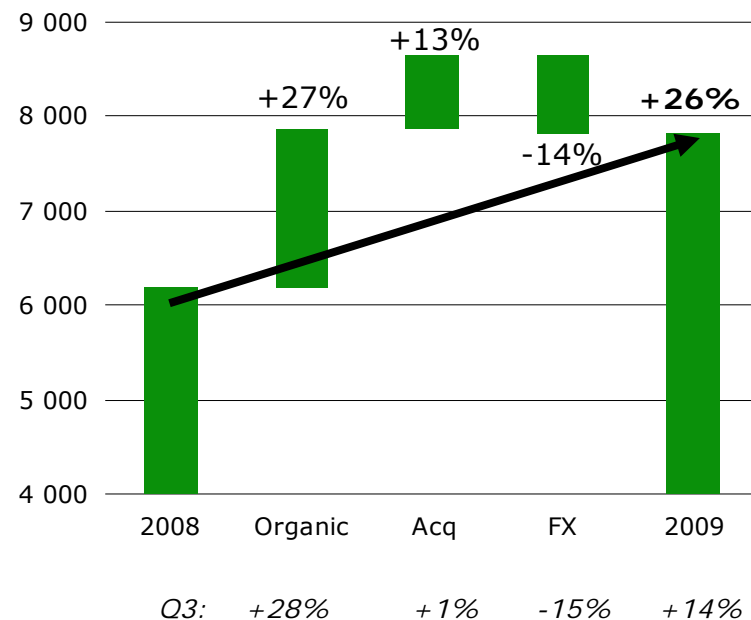
### Net revenue

DKKbn



### Operating profit

DKKm



Flat organic revenue as growth in price per hl off-set lower volumes

# Northern & Western Europe





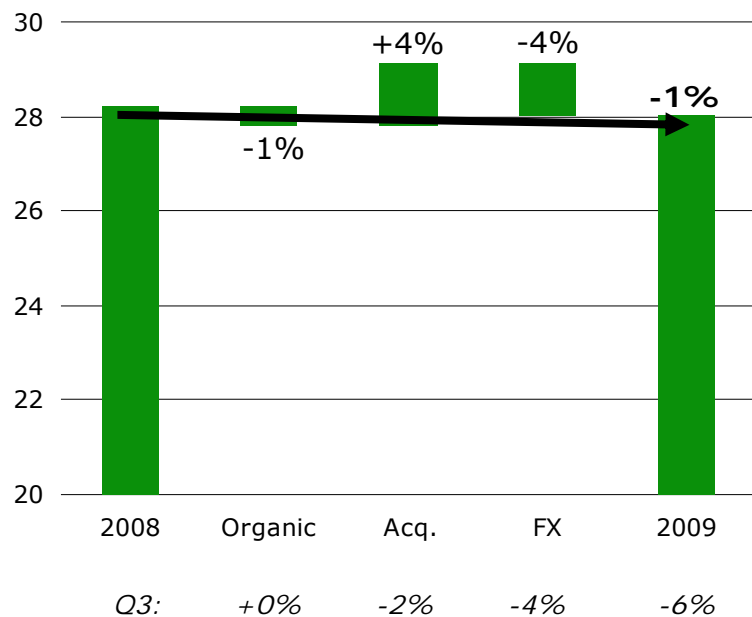
# Northern and Western Europe

## 27% organic operating profit in Q3

September YTD

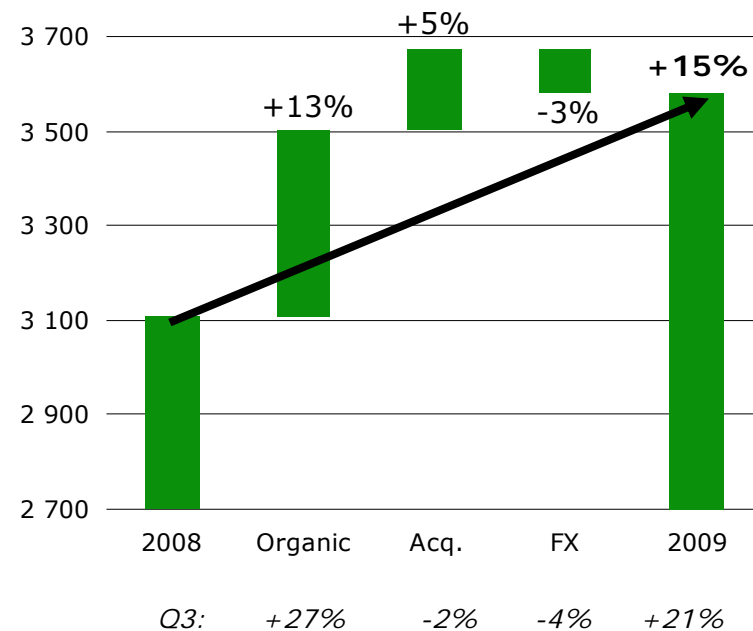
### Net revenue

DKKbn



### Operating profit

DKKkm



Positive price and mix in most markets off-set volume decline

## Accelerated profit improvement during the year

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- Benefits from accelerated efficiency improvements clearly visible in Q3
- 13% organic operating profit growth (27% in Q3)
  - Most markets contributed to margin improvement
  - 180bp operating margin growth (+380bp for Q3)
- 5-6% market decline with variations between markets
  - Growth in Finland
  - Flat markets in France, Sweden and Switzerland
  - Double-digit decline in the Baltics
- Net revenue/hl increase by 5%
  - Successful value management
  - Continued robust pricing off-set higher input costs
  - Positive mix effect in most markets
- Channel shift continues from on-trade to off-trade



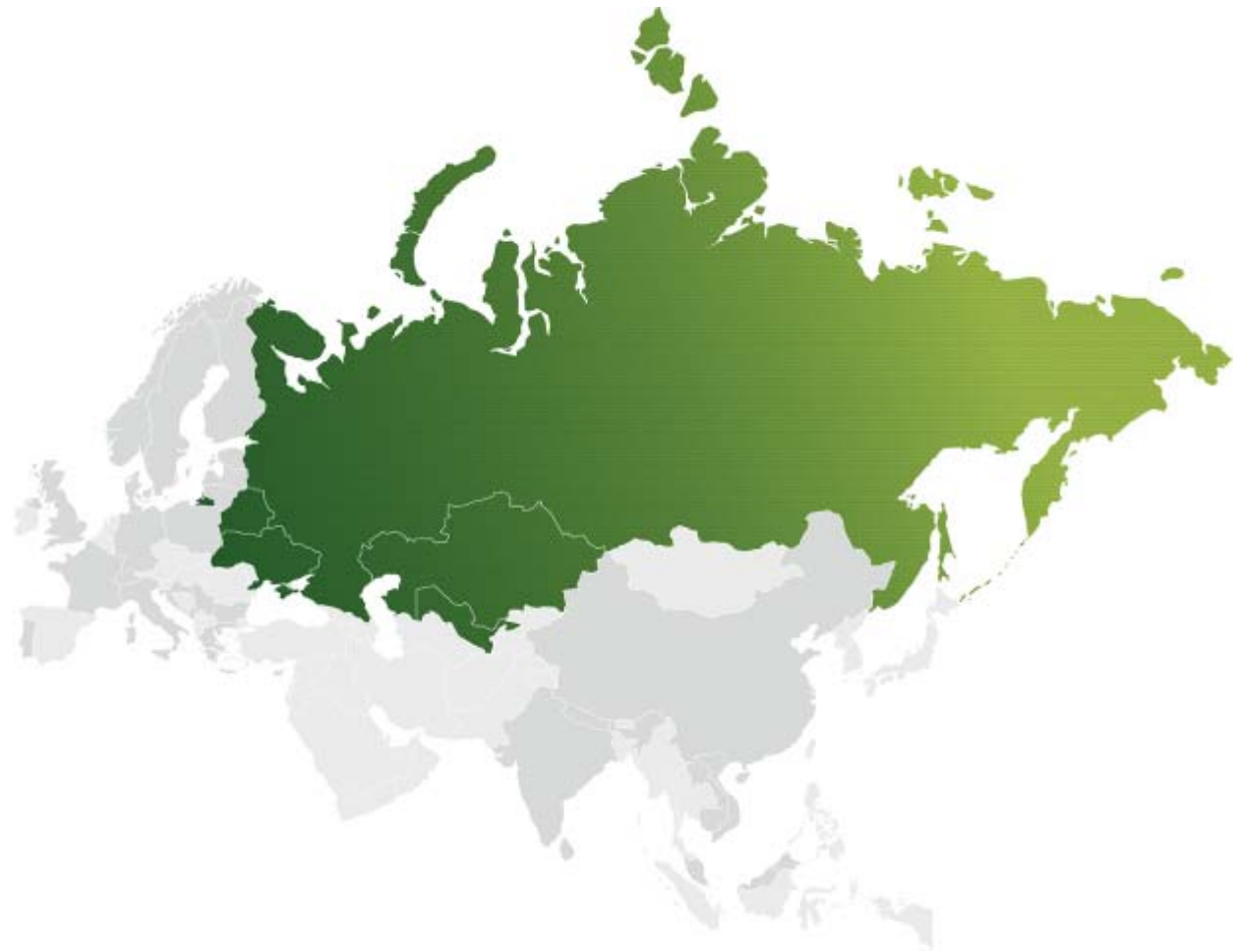
## Improvements in most markets

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- Re-launch of Kronenbourg and 1664 brands in France progressing as scheduled
  - Positive consumer impact
  - Clear stabilization in market shares in the two brands
- UK improvement continues in Q3
  - Operating profit driven by sales execution, value management and efficiency improvements
  - New on-trade supply agreement will strengthen on-trade position
- Strong profit growth and market share gains in Denmark
- Signs of improvement in continued challenging Polish market
- The Baltics are still suffering but yoy regional profit impact diminishing



# Eastern Europe



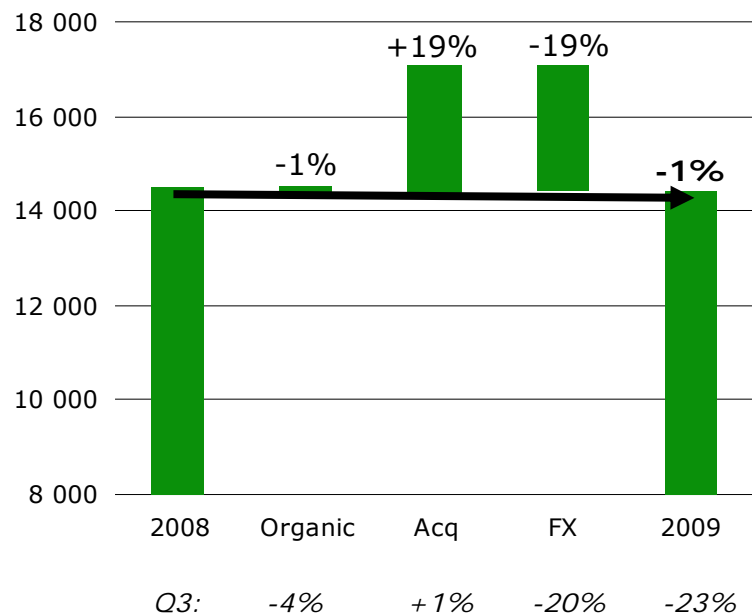
# Eastern Europe

## Strong profit improvement despite challenging markets

September YTD

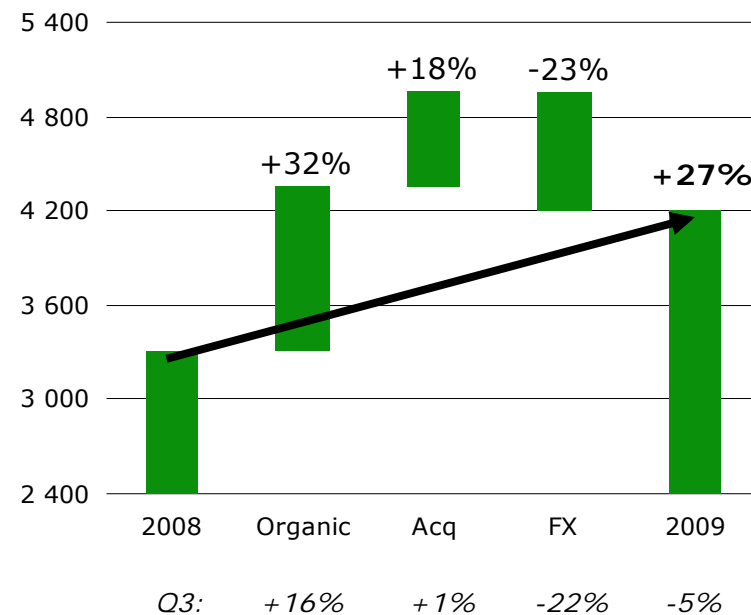
### Net revenue

DKKm



### Operating profit

DKKm



Pricing, lower COGS and efficiency improvements drive profit growth

## Significant margin improvement

- Organic beer volume development of -8% (-6% for total beverages)
  - Q3 decline in line with YTD
  - Market share gains across most markets
- 6% positive price/mix
  - Balanced price increases (+9%)
  - Negative mix (-3%)
  - Innovation and new product launches
- Marketing support and investments behind key brands continue. Slight growth in share-of-voice
- 630bp EBIT margin improvement driven by
  - Positive pricing effect
  - Lower COGS from lower input costs, synergies and efficiency improvements
  - Lower OPEX from synergies and efficiency improvements



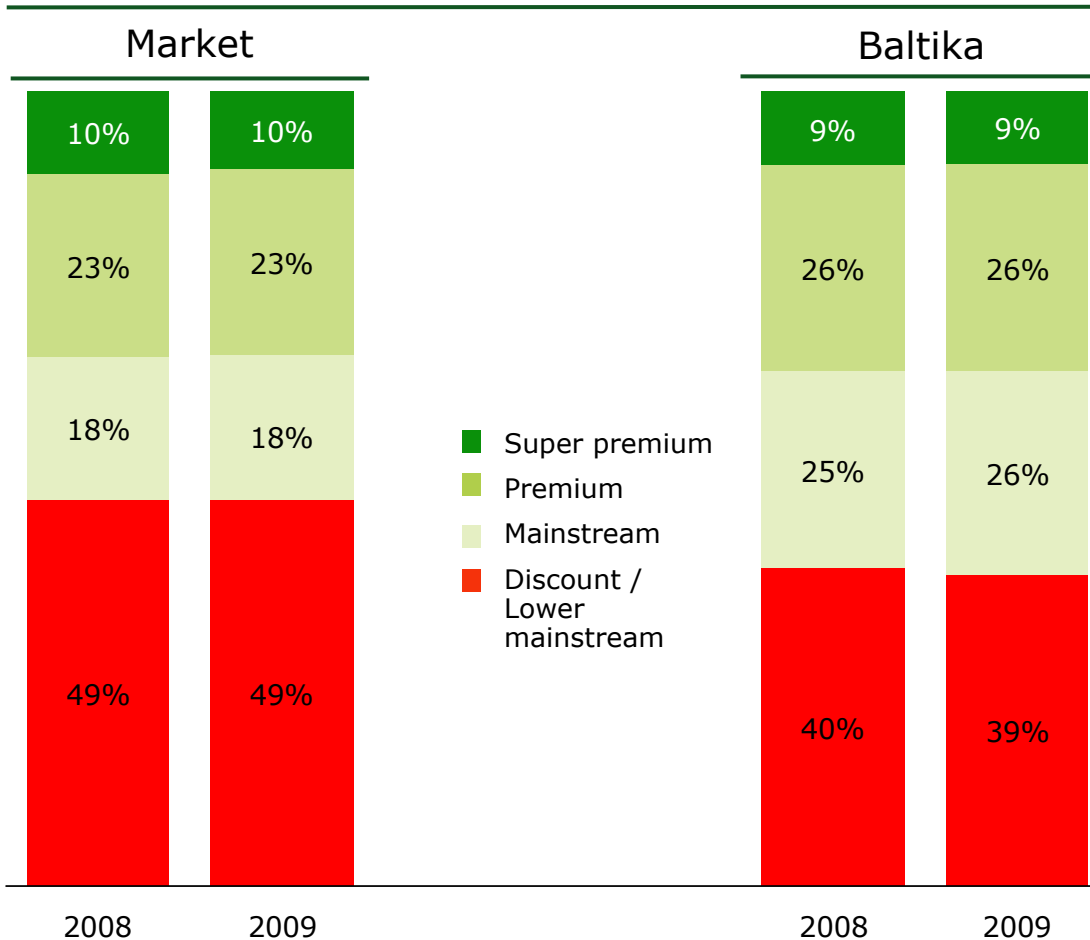
# Superior business model drives strong Russian performance

- 10% Russian market decline
  - Cautious consumer behaviour despite stabilising consumer sentiment
  - Full-year expectation in line with YTD
- Significant market share increase to 40.9% (38.7% in 2008) with leading brands continuing to gain market share
- Careful and balanced pricing by segment and brand
  - Price effect of +8% from 2008 and 2009 price increases
- 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
- Sustainable cost base reduction



# Negative mix mainly driven by channels and packaging

## Modest shift between brands YTD September



Source: Business Analytica



# Changed Russian channel mix

## Volume split per channel

% total off-trade



Source: Business Analytica

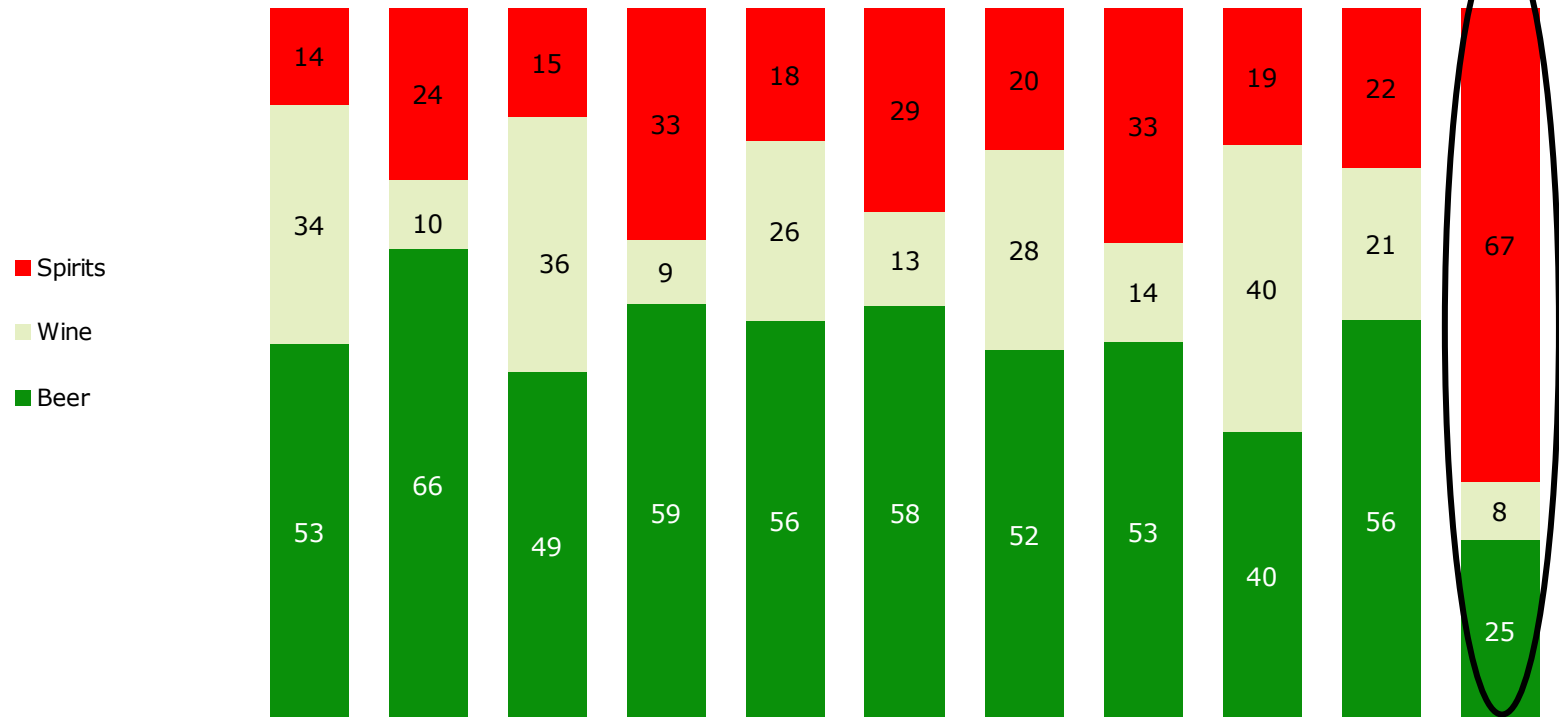


# Medium- and long-term beer category growth potential



## Break-down of pure alcohol consumption

% total per capita consumption



### Per capita

### Consumption (litres)

	Austria	Czech	Denmark	Finland	Germany	Ireland	Netherlands	Poland	Spain	UK	Russia
Total alcohol	10	12	10	8	10	9	8	8	10	9	18
Beer	109	159	93	85	107	110	73	90	79	81	70

Source: Euromonitor, Canadean, Carlsberg and Business Analytica

## Continued progress in other markets

- Significant earnings growth in Ukraine
  - Successful execution of turnaround plan
  - Gained a clear number 2 market position with 29% market share
  - Outperforming Lvivske brand
  - Profit improvement from efficiency improvements and price/mix
  - Excise duty increase on July 1 and again in December
- Market share gains and strong earnings improvement in Uzbekistan and Belarus
- Kazakhstan affected negatively by financial crisis



# Asia



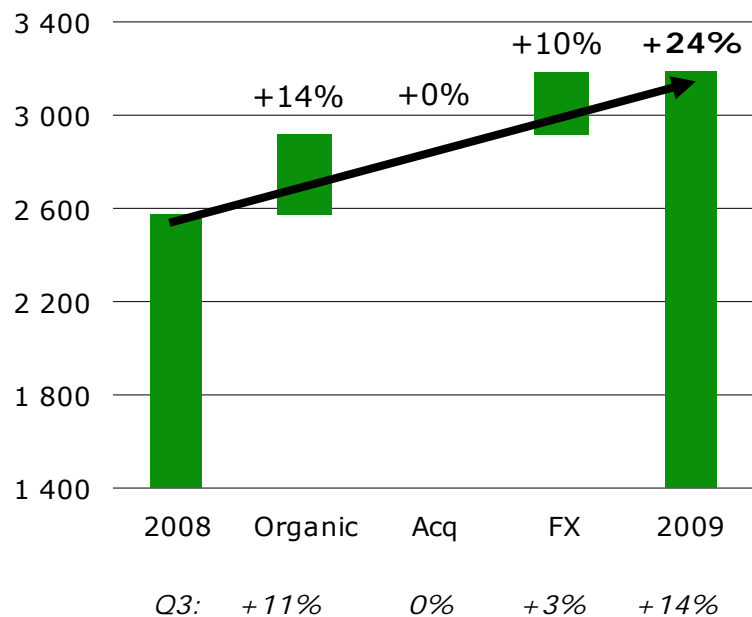
# Asia

## Continued strong organic volume and price/mix

September YTD

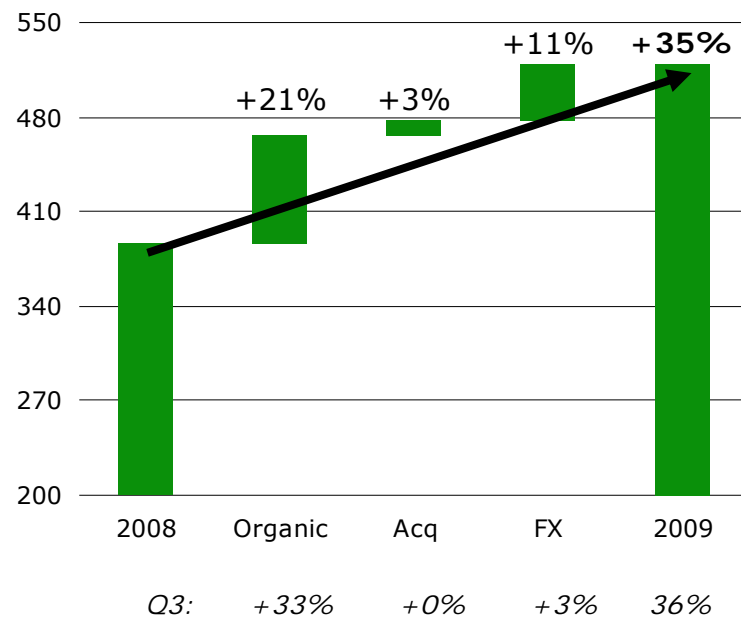
### Net revenue

DKKm



### Operating profit

DKKm



China and Indochina remain key drivers behind volume and profit growth

## Strong growth continues

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- Market continue to grow across Asia
- Organic beer volume growth of 9%
- 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
- India business on track
  - Improved brand portfolio
- Organic net revenue growth +14%
  - Price increases across the region
- Organic operating profit growth +21%
  - China is main contributor driven by higher volumes and improved efficiency
  - 50% organic profit growth in Indochina



## Value growth opportunities in 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
- MoU in Vietnam



# AGENDA

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## Strong earnings and cash flow in tough market

- Internally driven cost reduction measures across the Group reflected in YTD and Q3 performance
  - External uncertainty countered by internal controllable measures
  - Sustainable efficiency improvements
- Group operating profit DKK 7.7bn (+18%)
- Group operating margin 16.9% (+240bp)
  - Profitability improved across all regions in Q3
  - Strong 27% organic profit growth in Q3 in Northern & Western Europe
- Significant free cash flow improvement
  - Higher profits
  - Improved working capital
  - Reduced capex



# Income statement (1)

September YTD

DKKm	Δ DKKm				2009
	2008	Organic	FX	Acq., net	
<b>Net sales</b>	<b>45,420</b>	<b>-215</b>	<b>-3,540</b>	<b>4,100</b>	<b>45,766</b>
Gross profit	22,016	435	-1,766	1,943	22,628
Operating expenses incl. brands mkt.	-16,029	1,289	943	-1,162	-14,958
Other income, net	605	-531	-1	4	77
<b>Operating profit before special items</b>	<b>6,592</b>	<b>1,192</b>	<b>-824</b>	<b>787</b>	<b>7,747</b>
- Brewing	6,197	1,675	-824	787	7,835
- Other activities	395	-483	-	-	-88

- Pressure on volumes in challenging markets but positive pricing in all regions
- Strong organic operating profit development due to cost reduction measures
- Impact of cost reduction measures in Northern & Western Europe now show in the numbers

## Income statement (2)

DKKm	Sept YTD 2008	Sept YTD 2009	Δ DKKm
Special items, net	-297	-371	-74
Financials, net	-2,175	-2,217	-42
- Interests	-1,723	-1,671	52
- Other financial items	-452	-546	-94
Tax	-1,210	-1,496	-286
<b>Profit</b>	<b>2,910</b>	<b>3,663</b>	<b>753</b>
Minorities	403	444	41
<b>Carlsberg's share of profit</b>	<b>2,507</b>	<b>3,219</b>	<b>712</b>

- Net profit up 28%



## Balance sheet

DKKm	30 Sept 2009	31 Dec 2008	30 Sept 2008
Total non-current assets	118,635	124,026	129,738
Total current assets	16,977	19,118	22,571
Assets held for sale	122	162	1,048
<b>Total assets</b>	<b>135,734</b>	<b>143,306</b>	<b>153,357</b>
Total equity	58,484	60,751	66,847
Total non-current liabilities	51,926	56,587	58,038
Total current liabilities	25,171	25,600	27,101
Liabilities associated with assets held for sale	153	368	1,371
<b>Total equity and liabilities</b>	<b>135,734</b>	<b>143,306</b>	<b>153,357</b>

- Interest bearing net debt DKK 38.5bn (DKK 44.2bn end 2008)

# Cash flow (1)

DKKm	Sept YTD 2008	Sept YTD 2009	Δ DKKm
EBITDA, adjusted*	8,942	10,735	1,793
Δ Working capital	-881	1,119	2,000
Paid restructuring & special items	-291	-373	-82
Paid interest, net	-2,206	-1,895	311
Paid tax	-1,331	-1,129	202
<b>Cash flow from operations</b>	<b>4,233</b>	<b>8,457</b>	<b>4,224</b>

- Strong operational cash flow reflecting higher operating profit and significantly improved working capital

\* EBITDA adjusted for other non-cash items



## Cash flow (2)

DKKm	Sept YTD 2008	Sept YTD 2009	Δ DKKm
Capital expenditures, net	-4,345	-2,188	2,157
Acq/sale of companies, minority shareholdings etc.	-52,083	174	52,257
Real estate / other activities	565	-327	-892
<b>Cash flow from investments</b>	<b>-55,863</b>	<b>-2,341</b>	<b>53,522</b>
<b>Free cash flow</b>	<b>-51,630</b>	<b>6,116</b>	<b>57,746</b>

- Operational capex down 50% as planned



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## 2009 earnings outlook

### Assumptions and expectations

- Upgrade of free cash flow outlook and lower financial leverage
- Unchanged profit outlook despite lower revenues
- Monetisation of redundant assets is not factored into the expectations for 2009

				<b>2008</b>
Net revenue	DKK 59-60bn	(previously ~ 61bn)		59.9bn
Operating profit	> DKK 9bn			8.0bn
Net profit	> DKK 3.5bn			2.6bn
Free cash flow	> DKK 6.5bn	(previously > 6bn)		
Operating capex	< DKK 3.5bn	(previously < 3.75bn)		5.3bn
NIBD/EBITDA		< 3	(previously ~ 3)	



## Preparing for 2010

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- Opportunities, uncertainties and challenges to be expected again in 2010
- Carlsberg is preparing for 2010
  - Preparing early as we did in 2008 for 2009 challenges
  - Detailed scenario-planning in place
  - Balancing need for efficiency improvements with ambitions of driving top-line, and outperforming the markets
  - Building strong pipe-line of innovations
- 2010 outlook to be disclosed at 2009 full-year announcement in February 2010



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# Financial Calendar 2010

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Financial Statement as at 31 December 2009	23 February 2010
2010 Q1 Interim results	11 May 2010
2010 Q2 Interim results	17 August 2010
2010 Q3 Interim results	16 November 2010



# Carlsberg geography (2008 reported numbers)

## A balance between growth markets + mature markets

### NORTHERN AND WESTERN EUROPE



**47%**

OF TOTAL VOLUME

**46%**

OF EBIT

Beer volume: 51m hl  
 Net revenue: DKK 37.1bn  
 EBITDA: DKK 6.1bn  
 Operating profit: DKK 4bn

#### OBJECTIVE

Improve competitiveness and earnings

### EASTERN EUROPE



**43%**

OF TOTAL VOLUME

**48%**

OF EBIT

Beer volume: 46.8m hl  
 Net revenue: DKK 19.1bn  
 EBITDA: DKK 5.3bn  
 Operating profit: DKK 4.1bn

Ensure profitable growth

### ASIA



**10%**

OF TOTAL VOLUME

**6%**

OF EBIT

Beer volume: 11.5m hl  
 Net revenue: DKK 3.6bn  
 EBITDA: 0.6bn  
 Operating profit: DKK 511m

Build growth platform

# Excellence programs have proven very successful – 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>	

# Medium term financial targets

EBIT-margin	2007 Proforma	2008 Actuals	Medium term
Northern & Western Europe	11%	10.6%	14-16%
Eastern Europe	20%	21.5%	23-25%



# Russian brand portfolio

Company position in the segment

<p><b>Super Premium</b></p>	
<p><b>Premium</b></p>	
<p><b>Mainstream</b></p>	
<p><b>Lower mainstream</b></p>	
<p><b>Discount</b></p>	

# 1

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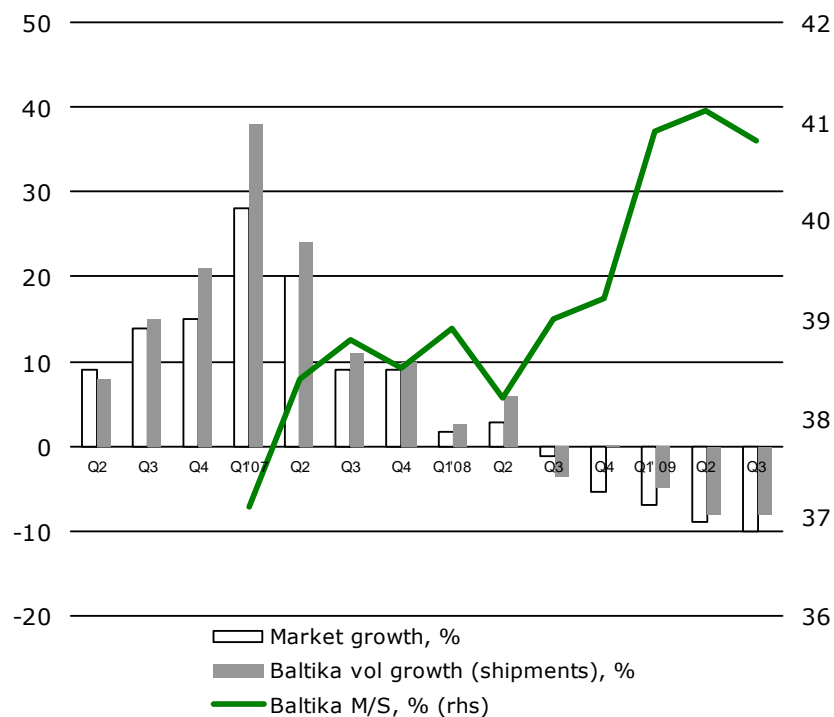
# Baltika Breweries in Russia (2009)





# Russian beer market development

## Growth % quarterly observations



## Market share %

	2009 Sept YTD	2008 Sept YTD
Baltika	40.9	38.7
InBev	16.7	19.3
Heineken	13.3	13.6
Efes	9.4	8.6
SABMiller	6.1	6.6
Others	13.6	13.2
	100.0	100.0

Source: Business Analytica

Note: Market shares are recalibrated to better reflect total market  
Source: Company's estimate and 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.)**

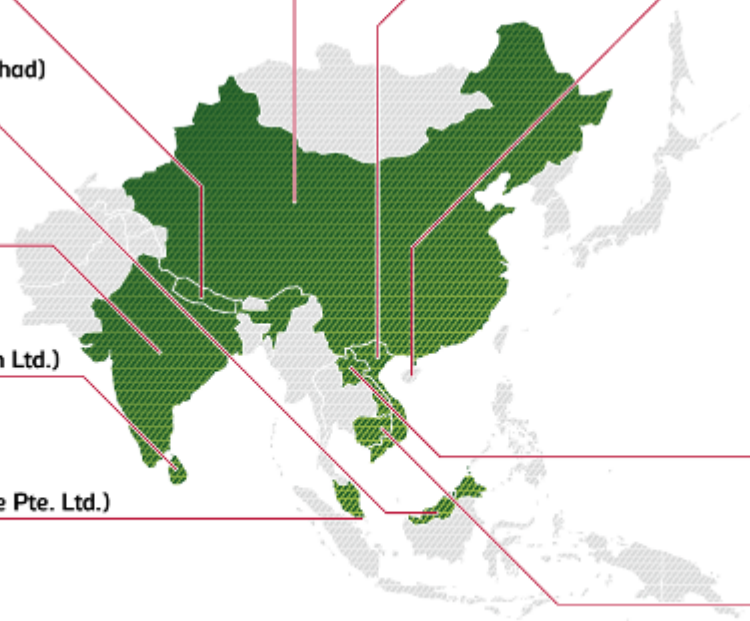
Carlsberg share: 100%  
Market position: No. 2

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

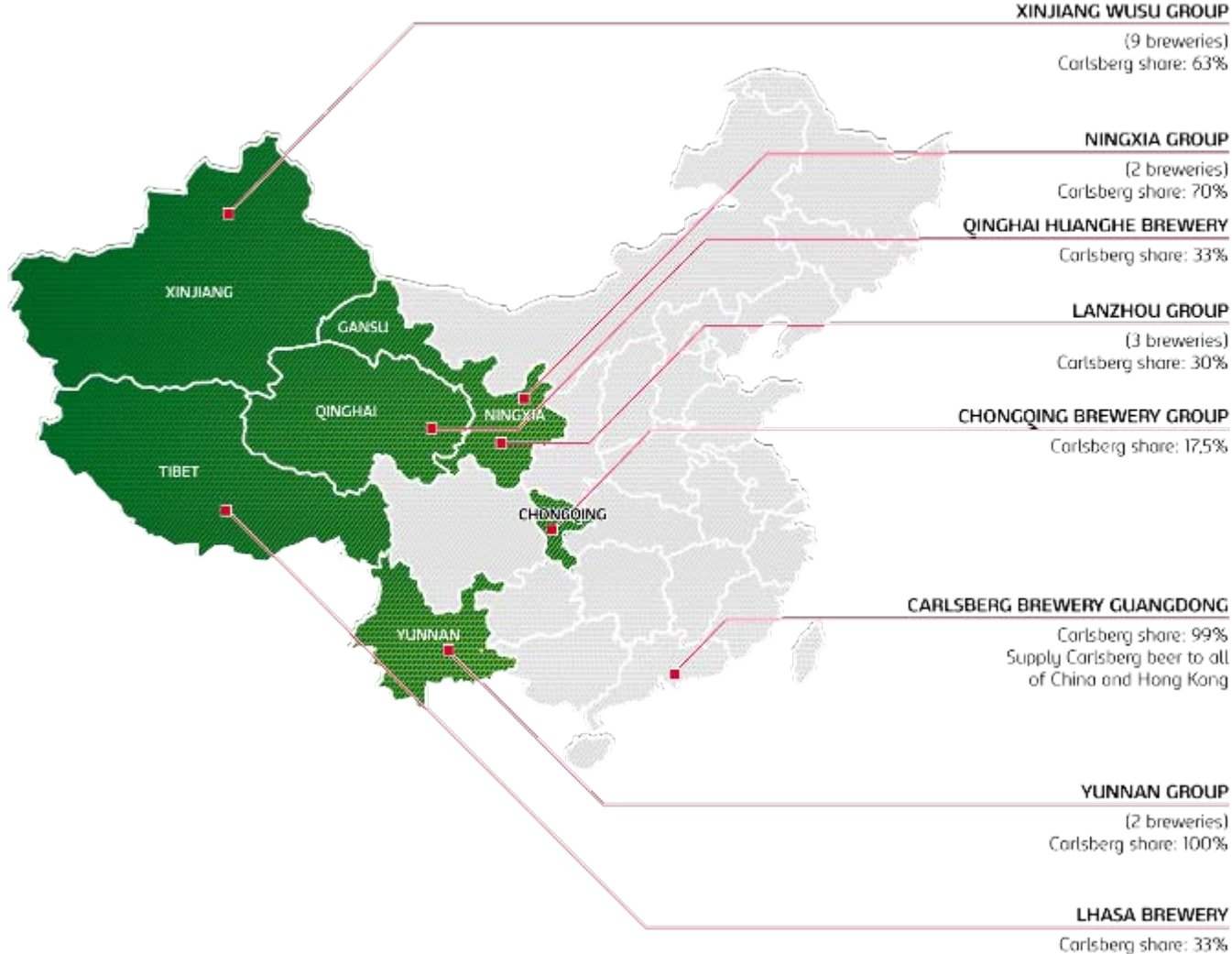
Carlsberg share: 50%  
and 70% respectively  
Market leader

## **CAMBODIA (Cambrew Ltd.)**

Carlsberg share: 50%



# Carlsberg in China



# Debt and facilities as at 30 September 2009

DKKm	Long term	Short term	Total
Gross Financial Debt	38,831	3,511	42,342
Cash and Cash equivalent		-2,855	-2,855
<b>Net Financial debt</b>	<b>38,831</b>	<b>657</b>	<b>39,487</b>
Other Interest Bearing Assets			-954
<b>Net Interest Bearing debt</b>			<b>38,533</b>
Gross Financial Debt	92%	8%	100%
Net Financial Debt	98%	2%	100%
Gross Financial Debt	38,832		
Undrawn committed long-term facilities	8,155		
<b>Total committed long-term credit facilities</b>	<b>46,987</b>		
Undrawn committed facilities			8,155
Net Financial Debt short term			657
<b>Funding Surplus</b>			<b>7,498</b>



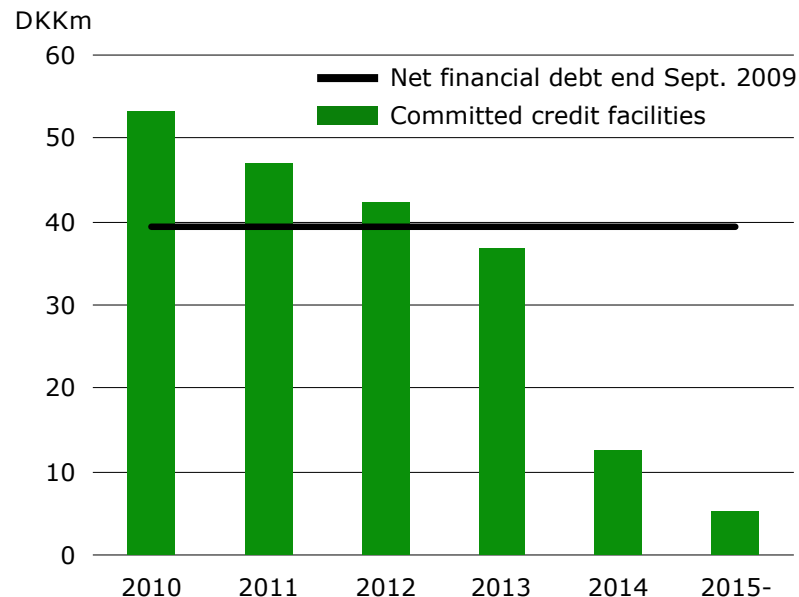
## Debt maturity profile as at 30 September 2009

### Committed credit facilities

Less than 1 year	6,126
1 – 2 years	4,854
2 – 3 years	2,436
3 – 4 years	26,949
4 – 5 years	7,583
More than 5 years	5,165
<b>Total</b>	<b>53,113</b>

Short term	6,126
Long term	46,987

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



- Funding surplus as at 30 September DKK 7.5bn
- Excluding the effect of free cash flow and monetization of redundant assets, Carlsberg has no refinancing need for a number of years

## Net financial debt – Interest rate

### Net financial debt and floating/fixed interest per currency as at 30 September 2009 (after swaps)

Currency	Net Financial Debt	Interest			
		Floating	Fixed	Floating %	Fixed %
EUR	32,647	1,582	31,065	5%	95%
DKK	2,252	1,881	371	84%	16%
PLN	1,443	1,443	-	100%	-
USD	505	505	-	100%	-
CHF	2,271	2,271	-	100%	-
RUB	896	896	-	100%	-
Other	-527	-2,165	1,638	n.a.	n.a.
<b>Total</b>	<b>39,487</b>	<b>6,413</b>	<b>33,074</b>	<b>16%</b>	<b>84%</b>

## Forward-looking statements

The forward-looking statements contained herein, including forecasts on sales and earnings performance, reflect management's current expectations based on information available at the date of this document and are subject to risks and uncertainty. Such statements are made on the basis of assumptions and expectations which the Company believes to be reasonable at this time, but may prove to be erroneous. Many factors, some of which will be beyond management's control, may cause actual developments to differ materially from the expectations expressed. Such factors 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, competition from other breweries, the availability and pricing of raw materials and packaging materials, production and distribution related problems, breach or unexpected termination of contracts, price reductions resulting from market driven price reductions, market acceptance of new products, launches of rival products, stipulation of market value in the opening balance of the acquired entities and other unforeseen factors. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Carlsberg assumes no obligation to update such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements. Carlsberg accepts no responsibility for any such forward looking statements.



PROBABLY  
THE BEST BEER  
COMPANY IN  
THE WORLD