

## Q3 2021 AIDE MEMOIRE

A number of events in 2020 and 2021 have an impact on the year-on-year comparison for Q3 and full-year 2021. 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 Q3 2021 versus the same periods last year.

### FACTORS IMPACTING COMPARATIVE FIGURES

#### Western Europe

In the Q3 2020 announcement, we commented on the quarterly beer performance:

*“Supported by good weather in August and September, beer volumes grew by 2%.”*

...and commented further on the non-beer performance:

*“...non-beer volumes were negatively impacted by the loss of the German/Danish soft-drink border trade from 1 January, resulting in a 10% organic decline for non-beer volumes.”*

At the Q2 2021 conference call, we commented on the on-trade recovery:

*“even though on-trade volumes were up by almost 80% in Q2, they were still only at index 60% versus 2019... indeed, we see a recovery that was slower, as I said earlier, slower in Q2 than we anticipated ... However, towards the end of Q2, so in June, it was already significantly better. And we really hope that for the remainder of the year, we become close to the 80%.”*

#### Asia

At the Q3 2020 conference call we commented on the Q3 volume development in China:

*“The market growth continued but at a slower rate than in Q2. We saw a volatile development due to lockdowns in August in western China. So, we had a good start of, let’s say, July. We had a mediocre August and then the lockdowns in China were lifted.”*

At the Q2 2021 conference call, we commented on the start of Q3:

*“In other countries of Asia, it’s more concerning especially because the vaccination rate is very low, in some cases even below the 10%. So, what we see in Laos, for example, is the lockdown of on-trade and we see travel restrictions. In Cambodia there’s alcohol ban. In India, it is a bit better. The infection rates are in decline and there we see the off-trade more or less open to 90%, 95% and 70% in on-trade. Vietnam is severely hit by COVID. Restrictions in many provinces and major cities really reduce the sales of beer. Nepal, the restrictions eased. In Malaysia, it was very strict in terms of lockdowns. The brewery was suspended from the 1st of June but reopened just over the weekend.”*

## Central & Eastern Europe

In the H1 2020, we commented:

*“Our businesses in Eastern Europe saw a relatively modest impact from COVID-19 due to low on-trade exposure.”*

...and in the Q3 2020 announcement, we stated on the weather impact:

*“The Eastern Europe region delivered strong volume growth for the quarter, supported by good weather across the region and strong progress in Russia. “*

At the Q2 2021 conference call, we commented on the pricing environment in Russia:

*“The competitive environment remained tough during the half year ... We will take a price after the season. And then, let’s see what others will do.”*

## OUTLOOK

At the Q2 2021 announcement, we upgraded the 2021 outlook:

*“in light of the good results for H1 and the start to Q3, we upgrade the earnings guidance for 2021:*

- *Organic growth in operating profit within the range of 8-11% (previously 5-10%).*

*The earnings outlook is based on the following expectations for H2:*

- *In Western Europe, the on-trade channel recovery will continue, bringing positive revenue/hl development.*
- *In Asia, the situation is uncertain in many markets, such as Laos, Vietnam, Cambodia, India and Malaysia, due to the low vaccination rates. The positive trajectory in China continued in July, but the increase in infections and local lockdowns in recent weeks bring some uncertainty for the remainder of the year.*
- *In Central & Eastern Europe, the competitive environment remains fierce in some Eastern European markets. In the southern part of the region, the situation will be similar to Western Europe.”*

At the Q2 2021 conference, we commented further on the H2 outlook:

*“The 15.6% organic growth in operating profit at the first half and the 8% to 11% outlook for the full year implicitly means that the growth in second half will be lower than in the first half. There are several reasons for this. Firstly, in several markets, we will have more difficult comps than in the first half. Secondly, the weather in Western Europe and Central & Eastern Europe was very good in Q3 last year. Thirdly, on the cost side, COGS will be slightly higher in second half due to an increase in commodities and, at the same time, we*

*expect higher marketing investments in second half due to the reopening of the on-trade in many of our markets.”*

...and commented more specifically on COGS in Central & Eastern Europe:

*“The biggest impact that we see in 2021 is in some of the Central & Eastern European markets due to the negative transactional impact from last year’s depreciation of the currencies, for instance, the Russian ruble. And the largest impact we have seen this year so far is on aluminium and on oil-related packaging materials.”*

## **COGS**

When asked about 2022 COGS at the Q2 2021 conference, we gave the following answer:

*“On the input cost for next year, that is certainly something that we are focused on, and the headwind for 2022 will be significantly higher than what we’ve seen in 2021 on most of the inputs, including, in particular, aluminium, barley and paper and also oil related packaging materials. In some markets, by the way, as well on logistics.”*

...and continued:

*“As usual, we are following our financial policy and hedging during this year to be as hedged as possible by the end of the year when we do our budgeting and also when we do our customer negotiations. We’re not commenting any further at this point in time on 2022. But we will come back to this in connection with our full-year guidance in February. It’s the same with the pricing ... We are not commenting on the individual pricing, but we will aim at compensating, in absolute terms, the higher COGS through a higher revenue per hectoliter.”*

## **DISCLAIMER**

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termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of market value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can 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.