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Sarah Simon – Analyst, Morgan Stanley & Co. International Plc
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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to the Carlsberg Q3 2025 Trading Statement Conference Call. I am Haley, the Chorus Call operator. I would like to remind you that all participants will be in listen-only mode, and the conference is being recorded. The presentation will be followed by a Q&A session. [Operator Instructions] The conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Jacob Aarup-Andersen, CEO. Please go ahead.

Jacob Aarup-Andersen, Group CEO

Thank you very much. And good morning, everybody, and welcome to the Carlsberg Q3 2025 conference call. So, as said, my name is Jacob Aarup-Andersen. I'm the Group CEO. And I have with me our Group CFO, Ulrica Fearn; and Vice President, Investor Relations, Peter Kondrup. Before we get into the meat, let me begin by summarizing the key headlines for the quarter.

First of all, we delivered strong volume and revenue growth due to the Britvic acquisition, for which both integration and synergy realization are progressing very well.

In a soft consumer environment, we achieved solid underlying volume and revenue growth in Western Europe, and we achieved sequential quarterly improvement in Asia.

As part of our well-embedded performance management process, we have, since early summer, taken decisive actions to adjust our cost base in order to protect continued earnings growth and to enable uninterrupted investments in our business.

As you will have seen, we maintain our full-year earnings guidance.

Now, I will provide the key group headlines for the quarter, and then Ulrica will take you through the regions and the full-year outlook. So, let's turn to slide number 3.

As a result of the Britvic acquisition and the consolidation of Gorkha Brewery in Nepal, reported revenue grew strongly by 17.8% to DKK 24.1 billion. Organic growth was impacted by the loss of San Miguel in the

UK, the soft consumer sentiment, and the war in Ukraine; the combination of which led to an organic revenue decline of 1.4%. However, adjusting for San Miguel, organic revenue grew slightly. The impact from currencies was minus 2.3% and mainly related to Asian and Eastern European currencies.

So, the 16.2% reported volume growth was also positively impacted by Britvic and Gorkha Brewery, while the organic development of minus 3.0% was subject to the factors I just went through. Excluding San Miguel, the volume decline was 1.7%.

We continued to see good progress for revenue per hectoliter, which improved by 2%, with positive contribution from all three regions. The improvement was driven by price increases and also a positive product mix, partly offset by channel mix due to a soft on-trade across the regions.

Let's have a look at the positive mix drivers on slide 4. Year-to-date, soft drinks accounted for 28% of our total volumes, making soft drinks our second largest volume segment after mainstream core beer. In Q3, soft drinks grew organically by 4%. This was driven by strong results in most of our major soft drinks markets. We saw particularly good growth for the Pepsi franchise in Norway, Sweden, and Switzerland and the Coca-Cola business in Finland. In Denmark, Tuborg Squash delivered good results following the relaunch earlier in the year.

The 5% growth of our premium beer portfolio, adjusted for San Miguel, was the result of good performance in Western Europe and Asia, in particular in markets such as the UK, France, Finland, China, and Laos. Premium volumes were down by low-single-digit in CEEI, primarily due to the very difficult circumstances in Ukraine, the soft consumer sentiment in Kazakhstan, and the heavy monsoon in India.

The volumes of total alcohol-free brews were impacted by Ukraine, excluding which volumes grew by 6%. In Western Europe, the growth was strong at 9%, and it was broadly based. And in several CEEI markets, including Kazakhstan, Greece, and Croatia, we achieved double-digit growth rates.

Beyond Beer had a difficult quarter. Although Wind Flower Snow Moon delivered close to 20% volume growth in China, this could not offset overall lower category volumes, particularly in the large markets of Ukraine and Poland.

Our key international brands all delivered positive growth in the quarter. While total reported Carlsberg volumes grew by 3%, the brand grew by 8% in markets with a premium positioning, not least thanks to a very strong growth in China.

Reported Tuborg volumes grew by 2%, and this was mainly due to growth in premium markets, especially China and Vietnam. The 6% volume growth for 1664 Blanc was driven by a strong performance in several Western Europe and CEEI markets, that more than offset continued challenges in China where the brand is persistent in the super premium segment and was impacted by the decline in the night entertainment channel.

Let's take slide 5 and an update on Britvic. We're very pleased with this acquisition. As you know, we increased the expected cost synergies by GBP 10 million to GBP 110 million at our Capital Markets Day on 1st of October. The upgrade was done based on the successful execution of our integration plans, which are delivering synergies across both the acquired Britvic business and across the old Carlsberg business. The teams are working hard to advance the integration as quickly as possible so we can ensure continued strong momentum in the coming years.

The increasingly positive feedback from major customers in the UK is confirming our very strong confidence in the advantages of combining beer and soft drinks, also in the UK, and the long-term value creation opportunities from this acquisition remains very strong.

Thanks to our rigid focus on business continuity and commercial execution and despite the ongoing integration efforts, volumes in the UK and Ireland grew by 4%, and our market share strengthened, supported by the Pepsi franchise in both markets. Total Britvic volume and revenue development was impacted by the decisions taken earlier in the year to exit unprofitable volumes in France and Brazil.

On October 16, we informed the works council of Teisseire in France of a project to overhaul the business model, impacting production sales and back office functions. More information can be found in the Q3 announcement.

With this, I'm going to hand over to Ulrica, who's going to take you through the regions and the outlook.

Ulrica Fearn, CFO

Thank you, Jacob, and good morning, everyone. Please go to slide 6 and Western Europe, where we delivered strong reported growth due to Britvic, but also solid organic growth rates in many markets, including the Nordics, France, and the UK excluding San Miguel. We delivered market share improvements in most market in both beer and soft drinks.

Reported revenue growth was 37.2%, while organic revenue was minus 1.2%. And adjusting for San Miguel, organic revenue growth was plus 2.1%, and volumes following the same pattern, with reported growth of 48% and adjusted organic growth of plus 1.3%. Revenue per hectoliter was up by 1%, with low single-digit improvement in nearly all markets, thanks to a combination of price increases across the region and a positive category mix, partly offset by channel and country mix.

Looking at a few markets and starting with the UK, and Jacob has already talked about soft drinks on the previous slide, so I will focus here on the organic business, which delivered very strong underlying set of results with mid-teens volume growth. The strong growth was, in particular, the result of double-digit growth for Carlsberg, Poretti and the 1664 brand family. We're very satisfied with the progress of replacing the lost San Miguel volumes with our own brands, and we gained market share in both the on- and the off-trade channels.

The Nordic markets delivered mid-single-digit volume growth, mainly driven by the very strong soft drinks performances, but also good growth for alcohol-free brews and premium beer. And on the back of easy comps, our French business continued the positive momentum in Q3, strengthening its market share and delivering low single-digit volume growth, thanks to the double-digit growth for alcohol-free brews and mid-single-digit growth for premium. And these solid growth rates were, however, partly offset by the continued decline of the mainstream Kronenbourg Red and White.

It was a difficult quarter for our business in Poland, where the beer market suffered from both bad weather and the soft consumer sentiment. Our premium portfolio grew double-digit, led by Żatecký and Blanc, and alcohol-free brews saw high-single-digit growth. But these categories are not yet large enough to offset the volume decline in mainstream. We gained market share, but total volumes declined by double-digit percentages. And our Swiss volumes declined slightly, mainly due to the soft on-trade.

So, please go to slide 7 and Asia, where we, as expected, saw sequential improvement, although consumer sentiment is still soft and the trading environment challenging. Organic revenue declined by 0.6% as a result of volume development of minus 1.2% and an increase in revenue per hectoliter of 1%. The positive development in revenue per hectoliter was driven by price increases and the favorable product and country mix. And the reported revenue development of minus 5.7% was impacted by the depreciation of the Chinese, Laotian, and Vietnamese currencies.

Looking at China, the beer market declined by an estimated 2% in Q3 despite easy comparables, and this was due to a tough macro environment and low consumer confidence. Our volumes were flat, and we

strengthened our market share both in Q3 and year-to-date. And year-to-date, our volumes in China were slightly up, while the market was slightly down. We saw mid-single-digit growth in the big cities, while our mainstream skewed businesses in the western stronghold declined slightly. Our premium portfolio grew by mid-single-digit, thanks to more than 25% growth in Carlsberg and Wind Flower Snow Moon and mid-single-digit growth for the very large Tuborg brand. Revenue per hectoliter was slightly up due to the positive brand mix, partly offset by channel mix.

In Vietnam, our business delivered sequential quarterly improvement, in line with our expectations. Our market share stabilized towards the end of the quarter, and we saw mid-single-digit growth for our premium portfolio, led by Carlsberg and Tuborg and for Somersby. However, our big mainstream Huda brand was impacted by weak market in the central part of the country, exacerbated by three big storms in the quarter. And consequently, total volumes declined by mid-single digit. And while we see a continued progress in Q4, we will see an impact from the heavy rainfalls and floodings in Central Vietnam that are happening as we speak.

In Laos, our business stabilized in Q3. Although seeing signs of improvement in Q3, the market remained under pressure, impacted by soft consumer sentiment and labor migration. Premium beer grew strongly, albeit from a low base, and total volumes were slightly up, mainly driven by soft drinks.

So, let's go to slide 8 and CEEI, where reported volumes grew by 2.5% and revenue by 3.1%, positively impacted by the Britvic acquisition and consolidation of the Gorkha Brewery in Nepal. Organic numbers were impacted by the overall soft consumer sentiment, the war in Ukraine, and the monsoon in India. And consequently, revenue declined organically by 2.8% and volumes by 5.2%. Revenue per hectoliter improved by 3%, mainly driven by price increases.

And then a few comments on the largest businesses in the region. As already mentioned, a few times today, the Indian beer market was negatively impacted by the heavy monsoon in the quarter; however, growth resumed in September. And while our volumes were not immune to the weather, declining 1% for the quarter, we still outperformed the market and gained further market share. As with the market, our volumes grew in September.

Our volumes in Ukraine declined by high-teens percentages. And in addition to the war-related challenges, including mobilization, missile attacks, and immigration, the market were also impacted by cold and rainy weather during the season, and high inflation.

In Kazakhstan, our volumes increased by low single digits, supported by good growth of the mainstream portfolio. And here, we are preparing for the full takeover of the Pepsi license from the 1st of January. And as we mentioned in August, the construction of the new bottling facility is ongoing and expected to be operational in half two 2026. And until then, we will make use of co-packers, which means that we will not expect any profit contribution from the Pepsi business in Kazakhstan in 2026.

Now, please go to slide 9 and the earnings outlook for the year. In August, we updated our full-year earnings expectations to the upper end of the previous range. Based on the Q3 performance, we maintain the outlook of an organic operating profit growth of 3% to 5%, and remember that this includes the negative San Miguel impact of around 2 to 3 percentage points.

We have a strong cost culture in Carlsberg and well-embedded performance management process to ensure that we, when necessary, can take cost actions and/or reallocate resources quickly. And as part of this process, we have, since early summer, taken actions to adjust our cost base to mitigate the impact from the subdued consumer environment. And these actions will protect earnings growth and, at the same time, secure the financial flexibility to allow us to increase our commercial investments in digital tools and capabilities, and also in sales and marketing investments in key markets, such as China, in half two.

The expected £250 million of operating profit contribution from Britvic remains unchanged, and we continue to focus on fast deleveraging. And to repeat what we said earlier, the leverage reduction will be rather modest in 2025, and this is due to high cash costs this year, mainly related to the Britvic integration.

And based on yesterday's spot rates, we assume a currency impact on operating profit of minus DKK 200 million, unchanged compared to the previous assumption, and this excludes the impact from hyperinflation in Laos. All other assumptions are also unchanged. Net financial expenses, excluding FX, are expected at minus DKK 2.4 billion. The expected tax rate is unchanged at 23%. And we also keep the CapEx outlook of around DKK 7 billion, although with a bias towards less than DKK 7 billion.

And with that, over to you, Jacob.

Jacob Aarup-Andersen, Group CEO

Thank you, Ulrica. Before we open up for Q&A, let me just summarize what you just heard. First of all, we delivered strong volume and revenue growth due to the Britvic acquisition. And on the Britvic acquisition, integration and synergy realization are progressing very well.

In a soft consumer environment, we achieved solid underlying volume and revenue growth in Western Europe, and we delivered sequential quarterly improvement in Asia. As part of our well-embedded performance management process, we have, since early summer, taken decisive actions to adjust our cost base, and we're doing that to protect continued earnings growth and to enable uninterrupted investments in our business. And then, as Ulrica just said, we maintain our full-year earnings guidance.

For the Q&A, we're going to limit the number of questions to two per person so everyone can get a chance to get through. After you had your questions answered, you are welcome to join the queue again. And with that, let's take some questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] The first question comes from the line of Sanjeet Aujla from UBS. Please go ahead.

<Q – Sanjeet Aujla – UBS AG (London Branch)>: Hi. Good morning, Jacob, Ulrica. Two from me, please. Can we dig a little bit into China in terms of how you're seeing the on-trade versus off-trade momentum? I think you spoke about big cities being up mid-single-digit, but love to get a bit more color on how you're seeing your western provinces evolve. Is that – the softness there macro, more competitive? Or – just love to get an update on the status quo there and maybe what you start seeing at start of Q4.

And then my second question was really specific on Poland. I think you called out your volumes down double-digit, leading the market in a tough place. But what are you really seeing in terms of the outlook that? I'm conscious as we go into 2026, there's an excise duty on beer coming through as well. Would you anticipate continued category volume declines on Poland into next year on the back of that? Thanks.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Sanjeet. So, let's start in China, as you suggest. Yeah, so color on western and on on-trade, so just in terms of on-trade/off-trade, we don't see any different momentum in Q3. It's the same. We're seeing on-trade remain weak and we're seeing part of that spill over into off-trade. So, there is that channel mix continuing in China, which is favoring off-trade over on-trade. There's been a number of factors affecting on-trade. We also highlighted that at our Q2 results.

When we look at the overall Chinese market, it's down 2%, and part of that is the on-trade weakness, so the 2% down in Q3. I know we had some pushback when we said it on Q2, but I guess we turned out to be right

on China from that perspective. Do also note, of course, that the minus 2% in the market, we're flat, so taking a bit of share. But we're not seeing a change in on-trade. We didn't see a particularly sharp decline, but we just saw continued weakness in on-trade due to a number of factors, whether that's the personal disposable income, overall consumer sentiment, and then also some of these government measures that you are aware of.

When we look at the – you spoke about the western strongholds versus the big cities, you're right, big cities are growing mid-single-digit, so continued good growth there. That's also good from a mix perspective – product mix perspective. On the western stronghold, so they're down a bit, down low single-digit. That low single-digit drop is basically in line with overall market and macro. We're not seeing ourselves lose share in any of those strongholds. There's no meaningful change in market share, so this is basically macro/market driven. It's not a competitive element.

So, when you look at that going forward and you look into – to the coming quarters, we're not seeing any change in the broader themes around western versus – sorry, western strongholds versus big cities and off-trade versus on-trade. I think that's too early to call a shift in those patterns.

When you look at Poland, yeah, you're right, listen, I think some of our esteemed colleagues have also been highlighting a very, very tough market in Poland. The fact that we can say that we had double-digit declines and we took market share, I think that says everything around how tough that market has been for all of us operating.

And with that being said, I think it's too early to call how 2026 – you ask specifically around how 2026 will be. Currently, it's a very tough market. Year-to-date, we estimate that the market decline is around 6%. It's a soft consumer. It was also a very tough summer comp in terms of weather comp from last year, combined with bad weather this year. So, there is not just consumer, but also a weather impact on it.

We are seeing that premium and alcohol-free has been growing, but mainstream has been declining, so there's also some nuances within the mix there. As we go into 2026, I'm not going to paint a bullish picture on Poland. We do expect it to remain tough, but, of course, the market comps will be easier going into 2026. But I think we need more data on the Polish consumer before we can start calling any significant change in the overall outlook.

<Q – Sanjeet Aujla – UBS AG (London Branch)>: Great. Thank you.

Operator: The next question comes from the line of Andrea Pistacchi, Bank of America. Please go ahead.

<Q – Andrea Pistacchi – Bank of America>: Yes, morning, Jacob and Ulrica. I just wanted to follow up with the first question on China, please. So, we've been hearing about some signs of easing of the government anti-extravaganza crackdown in China. So, just wanted to hear your perspective on that. You just talked about the on-trade continuing to be weak, but have you seen any improvement towards the end of the quarter? And how are you feeling about accelerating growth in China in Q4 on an easy comp?

My second question, please, is on the guidance. You narrowed the EBIT guidance back in the summer. Today you're confirming that 3% to 5% organic EBIT, yet the environment in some markets has turned out probably to be more difficult, like Ukraine. You have then the bad weather in India. So, are there any offsetting positives that support the guidance? You were talking earlier about tighter cost control, so could you also elaborate a bit on that, what you've changed in recent months maybe on the cost control? Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thank you, Andrea. Let me start on China, and then Ulrica will speak to the guidance question. So, you did sneak two questions into one there, so let's just have a look at it. First of all, you asked about the anti-extravaganza and whether there is an easing towards the end of

the quarter. I think that is too much of a nuance for us to try to have a perspective on. I think there are many moving factors right now in on-trade in China.

We are not seeing any decisive change in on-trade in China, so we would not go as far as to call that. We've heard many opposing views on the effects of this decree, and I think it's too early to call, we said in early August at the Q2. We had several people in the market making the same statements as you're just making here. It turned out not to be true. So, I'm not going to – I think it's too early to make a decisive call on the impact on on-trade.

On-trade remains weak in China. You're referring to a specific factor around the anti-extravaganza, but there is a number of factors that is impacting on-trade, and this is just one of them. We remain focused, of course, on gaining any opportunity we can get in on-trade in China, but where we're seeing real opportunity for us is especially in off-trade, as you know, also with new innovations, such as the 1-liter cans that are doing incredibly well, and also what we're doing actually more Beyond Beer as well.

You also asked around momentum into Q4. So, when we look at China in Q4, we do expect the market to decline slightly in Q4. But we are – for Carlsberg, we are assuming volume growth in China, so positive volume growth in Q4 for Carlsberg. You're right, there are easier comps. We're also doing higher commercial investments. But overall, we do expect to grow positively in Q4 in China.

And then, Ulrica, on the guidance and the cost question.

<A – Ulrica Fearn – Carlsberg A/S>: Yeah. Thank you, Andrea, and I think you're absolutely right, the 3% to 5% we're reiterating, but we were also calling a subdued consumer environment to be expected to continue. And you asked about what are the positives we're seeing there, and we have talked about this in the past. Given what we saw in the consumer environment, we did, of course, always have a very tight cost focus and we are set up to adapt rapidly. And that's what we're doing in an environment like this.

So, one of the reasons that we feel confident in coming through at the 3% to 5% is the actions that we took before the summer and we started to drive behind cost actions, whether that was reducing discretionary spend, looking at people's costs related to the Britvic integration, or even pushing harder on our supply chain savings and making sure we spent the money also from a marketing point of view in the right places and, given the environment, getting the right return.

All of those is helping us support earnings growth, but also actually continue to invest in our strategic initiatives. So, that would be the sort of mechanism that we put behind our confidence between the 3% to 5% guidance being maintained.

<Q – Andrea Pistacchi – Bank of America>: Okay. Thank you.

Operator: We now have a question from the line of Søren Samsøe from SEB. Please go ahead.

<Q – Søren Samsøe – Danske Markets Equities>: Yes, it was actually just a follow-up on the previous question. Maybe you can quantify a little bit how much it's impacting your EBIT growth, these cost adjustments that you're talking about.

And then, secondly, the CapEx, if you can help us a little bit, going into next year if we should look for the same level, and also how much is the Kazakhstan investment will impact CapEx. Thanks.

<A – Ulrica Fearn – Carlsberg A/S>: Yes. Hi. I can take both of those. I think we won't put a specific number on the cost, but I can say that we are constantly adjusting to the top line to make sure that we're fitting into the top line The long-term growth algorithm is what we keep in the back of our minds. And when the top

line is not there, we need to lean further into the cost side to make sure that fits to that top line. So, if I refer back to that, that will give you a bit of a sense of what we're trying to achieve.

On the CapEx side, we haven't given any specific guidance. But generally, we are saying we're sitting about 6% to 7% of revenue, and that is what we will continue to aim for, within that range, up and down depending on the environment.

Operator: The next question comes from the line of Simon Hales from Citi. Please go ahead.

<Q – Simon Hales – Citigroup Global Markets Ltd.>: Thank you. Morning, all. So, just a couple of market questions from me, please. Can I just start off on Vietnam? Ulrica, I think you said that you were seeing some market share stabilization towards the end of the quarter. I assume that means that the exit rate of the business there was back to growth. I appreciate, as you said, this flooding as we moved into Q4, that's going to impact your business. But is it right to think that the underlying momentum into Q4 and as we head into 2026 is probably for positive volume growth for now, excluding any of those one-offs like flooding?

And then, secondly, on Ukraine, clearly, a tough situation there. How do we think about what's driving that? I think, clearly, after the intensification of the war, I think more people leaving the country, what does that mean for how you think about Ukraine volumes not only in Q4, but into 2026? Should we assume really continue [indiscernible] (00:29:28) the third quarter for the next few quarters?

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hi, Simon. Why don't I start on Ukraine, and then Ulrica will speak to Vietnam. So, first of all, of course, as you also say, so this is very much externality. So, it's not our own business, but the market and our volumes are very negatively impacted by the escalating war.

If you look at the Q3 volumes, the decline is around 20% due to intensified bombings, the immigration effect we've seen from young men leaving the country, and then a very weak consumer sentiment on the back of this entire environment. And then, on top of it, Ukraine also had bad weather in Q3, just to exacerbate things. Our market share is slightly up, flat to up depending on what segment you're looking at. So, this is not a question of us losing share.

As we look at it, listen, there are – it's a very, very difficult question to answer, because, given that our underlying share momentum for the last couple of years has been very strong in Ukraine: we've been very strong on new innovations; we've been taking good share in everything from premium to alcohol free, etcetera. This is not really a Carlsberg execution question. This is a question of how the current war develops. And we're not going to sit here and pretend that we are bigger experts than you are. We are planning for all eventualities.

Of course, when you look into 2026, that's going to be the big decisive factor. We are planning in our business planning the prudent way you would expect us to do, and that is for a continuation of the current environment. That doesn't mean that we expect Ukraine to be year-on-year minus 20% next year. That's not the case. But of course, we do expect that we need to navigate in a difficult environment. I think, right now, we're seeing a lot of negatives coming together at exactly the same time. This, of course, also creates easier comps next year.

So, I wouldn't be penciling in the dramatic numbers to the tune of what you've seen in – well, you're seeing currently. But I think it's too difficult to call, unless you have a perspective on how the war develops in Ukraine. Unfortunately, we don't. We can have a personal perspective. But as a company, we need to assume status quo with the way we plan. But of course, an improvement versus the current run rate had to be expected next year, given the comps. Ulrica, on Vietnam?

<A – Ulrica Fearn – Carlsberg A/S>: Yeah. What we are seeing there is that we are seeing that market in general improving with solid growth in Q3 in general. And I guess we have also seen through the year now

our market share sort of bottoming out and starting to improve sequentially and is now up around 9%. And if you translate that into our volumes, we did see – we are expecting to see sequential improvements also into Q4 in our volumes and hoping to get up to north of zero into 2026. So, on the back of that and the actions we've taken, that's the trend we're seeing.

<Q – Simon Hales – Citigroup Global Markets Ltd.>: Okay. Thank you. Many thanks.

Operator: The next question comes from the line of André Thormann from Danske Bank. Please go ahead.

<Q – André Thormann – Danske Bank A/S>: Yes, good morning. Just two question from my side. First of all, I wonder if you can comment on the momentum for Western Europe into Q4, has anything materially changed in that region? And then second of all, you see quite good growth in soft drinks, 4% volume growth. Can you maybe comment a bit on what exactly drives it? Are you taking market share? And maybe also, is this a sustainable growth rate going forward? Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Hi, André. So, let me look at those two. So, on Western Europe into Q4, we don't see any major changes versus Q3. This is the last quarter with the large San Miguel impact, as you know, so that will be out of the numbers after that quarter. We expect to see continued good underlying performance in the Nordic region as we've been seeing in this quarter as well. UK momentum in terms of market share improvements also expected to continue.

Poland remains challenging in Q4, no doubt about it. That market is going to remain tough. But overall, I think most of the trends we expect to see continue in Q4, including good CSD or soft drinks performance. And now it's been a number of quarters where the team in Western Europe has performed very well and also held or taken market share in most markets. So, it's good to see the momentum in – which is very much our backyard.

Then when you look at the soft drinks question, yes, 4% growth both in the organic business and also in the Britvic business, UK and Ireland. So, we didn't manipulate those numbers. It all ended up at 4%. But very good to see. It's a combination of factors. One, we've said it before and we'll repeat it again, soft drinks is a structurally growing segment, and that's also why we see this as being very attractive. Two, in a number of our markets, we've also taken some share, so you're seeing Pepsi share gains, which is, of course, our biggest brand across those markets. In a number of markets, you're also seeing strong performance on the Coca-Cola portfolio. In Finland, you're seeing a number of our own brands performing well. So, generally, we are seeing good share performance as well. But the majority of the growth you're seeing here is driven by the fact that the market is growing. So, soft drinks has had a good quarter.

<Q – André Thormann – Danske Bank A/S>: Thank you.

Operator: We now have a question from the line of Sarah Simon from Morgan Stanley. Please go ahead.

<Q – Sarah Simon – Morgan Stanley & Co. International Plc>: Yes. It was just a quick one on the announcement yesterday about the partnership in Africa. Is that something that you would expect to become meaningful to numbers or is it just kind of a bit of a rounding error that's maybe more significant for the partner? Thanks.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Sarah. So, I think what you're referring to is, I think, Varun commented that we were starting a partnership in Zimbabwe. It's an initiation of a partnership there. So far, it's very small volumes and it's us testing out a partnership in Zimbabwe. So, let's see how that develops. As you know, we have a number of businesses in Africa and on an export license business, this is an addition to that. But it's too early to see just to say what this will lead to. Thank you.

<Q – Sarah Simon – Morgan Stanley & Co. International Plc>: Thanks.

Operator: We now have a question from the line of Thomas Lind from Nordea. Please go ahead.

<Q – Thomas Lind Petersen – Nordea Bank Abp>: Hi. Good morning, everyone. So, two questions from my side. The first one is just – sorry, Ulrica, to come back to this with the discretionary spending. Is it correctly understand that you're also adjusting the number of employees? And also, Jacob, did you say that this is primarily impacting China or how should we think about this?

And then the second question is regarding Britvic. I'm just wondering if you could put a bit more words on the strong performance here of 4% growth. Jacob, I didn't hear you highlight Pepsi in the UK. You highlighted Pepsi in many markets, but not in the UK as strong. Is that correct or how should we think about the Pepsi in UK? Thank you.

<A – Ulrica Fearn – Carlsberg A/S>: Yes, hi. Let me start with the cost question and, no, it's not a China-specific thing. As I mentioned before, it's part of how we run the business here in terms of when the market is not there, our performance management process are there to constantly adjust our cost, and then reallocate resources across the portfolio.

And in that, and as I said before and as you've referred to, before the summer, we concluded that we needed to start pushing this side of the P&L a little bit harder to make us – as I said before, to continue support the earnings growth, but also to make sure we continue those big investments that we have started in commercial and digital. And that will include – again, versus what I said before, both discretionary spend, but we will also adjust some structures specifically around the Britvic integration, as you already know, we're pushing for.

And as we go through this by market, by function, it will also include making sure that we maybe delay some initiatives, we rephase some initiatives that might have some people cost implications as well. But as I said, this is not just one of the lines. We also focus on supply chain savings and other parts of the P&L to drive the costs. So, there is a part of that that is people cost, but it's much more than that.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: And Thomas, on the Britvic side, so thanks for calling that out, so that gives me a chance to highlight it, because, I guess, mentally, I was moving around in an organic world and, therefore, if we move to the inorganic part of this, Britvic, the strong performance in Britvic is very much driven by the Pepsi portfolio, actually, and it's more driven by the Pepsi portfolio compared to in the past.

If you look at it, we saw in – across. If you look at cola, Pepsi takes – we take around 1% market share gain in cola. And in non-sugar cola, we take 1.5% value share year-to-date, so very strong performance of the Pepsi brand. And on top of that, we're also seeing strong performance from 7UP in fruit-flavor carbs. 7UP is taking 0.5% market share. So, a very strong performance by the Pepsi portfolio in the UK, so very pleased with that. And it was my omission that I didn't go into that detail, so thanks for highlighting it.

<Q – Thomas Lind Petersen – Nordea Bank Abp>: Thank you. Very clear.

Operator: [Operator Instructions] The next question comes from the line of Gen Cross from BNP Paribas. Please go ahead.

<Q – Gen Cross – BNP Paribas Exane>: Good morning, Jacob. Good morning, Ulrica. Just a couple of questions from me. The first one, Jacob, I think you mentioned you didn't see any major changes in Western Europe in Q3, but I think other peers of yours have commented on being slightly concerned by stretched affordability in Europe and going as far as to comment on likely pricing being below CPI, not specifically in Europe, across their footprint. So, I just wonder if you could comment on whether you see affordability

being somewhat stretched in any of your markets and your latest thoughts on likely direction of pricing relative to CPI. That's the first question.

Second question, just a quick on Britvic. Obviously, as previously commented on, the performance particularly in UK and Ireland is very strong, 4% volume growth, but the total vols are slightly negative as you've exited unprofitable volumes. I just wondered if you could comment on how far you expect that exit of unprofitable volumes to progress by the time we get to the start of next year and Britvic starts moving into your organic growth. Thank you.

<A – Jacob Aarup-Andersen – Carlsberg A/S>: Thanks, Gen. Let me talk to those two. So, the first one around stretched affordability, so don't get us wrong, we're not saying that Western European markets are easy to operate. The consumer is clearly stretched across Western Europe and in some markets more than others.

When we look across our Western European performance in this quarter, we had actually low-to-mid single-digit growth across all four Nordic countries. So, that was good to see. Switzerland, we saw slight volume decline due to a challenged market. Poland, we talked about in a number of these questions, a very tough market. And you can say, in France, we're taking share, but the overall market is not particularly strong. And the same story in the UK. So, there is a lot of nuances here.

And so, we completely agree with the notion that we have definitely seen a stronger Western European consumer than the one we're seeing right now, which is stretched affordability, no doubt about that. But we also see disposable incomes being rebuilt over the coming years as wage increases come through, and that should also ease some of it.

So, no, we're not striking an easy tone around Western Europe, but we are performing well in that environment, as you can see from the numbers. And we have no reason to believe that we cannot continue to hold our own, and then some in those markets.

On the question on pricing, I'm not going to comment on what someone else has said on pricing. We, at Carlsberg, we are very firm that we don't guide on pricing, because that's – we think that's outside of the boundaries of what we can talk to. What we can say more holistically is that we always aim to recover the cost increases we see in our cost base via pricing. And when we look at the coming years, we do expect that we, therefore, need to continue to see pricing come through. But I'm not going to talk to specific markets. We don't go to that level for legal reasons, but we do expect to continue to take price in the coming years in Western Europe.

Your question on Britvic, so you're right, Brazil and France and also the international export business, we've taken down volumes in all three of those. It's not a really profitable volume, so it's more volume thing than it's a profit thing. As you know, we've done most of that in Q1, and then a bit in Q2, but most in Q1. And that also means once you have passed Q1 next year, you will have lapped those effects. So, that will wash out of the comparables over the next couple of quarters.

<Q – Gen Cross – BNP Paribas Exane>: Thanks.

Operator: Ladies and gentlemen, that was the last question. I would now like to turn the conference back over to Mr. Aarup-Andersen for closing remarks.

Jacob Aarup-Andersen, Group CEO

Thank you so much, and thanks for listening in. And as always, thank you for your questions. We look forward to seeing a bunch of you during the coming days and weeks. And until then, make sure you have a nice day. Thank you so much.

Operator: Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call, and thank you for participating in the conference. You may now disconnect your lines. Goodbye.

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