Q4 2019 AIDE MEMOIRE

A number of events in 2018 and 2019 have an impact on the year-on-year comparison for Q4 and H2 2019. 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 Q4 and H2 2019 versus the same periods last year.

FACTORS IMPACTING COMPARATIVE FIGURES

Western Europe

At the Q4 2018 conference call, we elaborated on the reasons behind the strong 4.5% volume growth in Q4:

"The Nordics were up. ELUD [Export, License and Urban Development] had a good quarter, France had a good quarter, the Balkans had a good quarter. We see the revenues of DraughtMaster growing. So it was just a good quarter."

At the Q3 2019 conference call, when asked about changed Coca-Cola distribution on the German/Danish border, we answered:

"…the financial impact on the Danish business will be relatively substantial for, again, the Danish business. We're taking appropriate actions to mitigate the financial impact, but the Danish business will not be able to fully close the gap. We cannot disclose that exact impact on people, volumes or EBIT due to the agreements we have with our partners and especially as well for competitive reasons."

Asia

In the Q3 2019 announcement, we commented on Asia:

"We saw particularly strong volume growth in China, Laos, Malaysia/Singapore and Vietnam. Volumes were flat in India, impacted by tax and price increases in some states, and declined in Nepal in line with the market."

At the Q3 2019 conference call, we commented on India:

"We used to say it's two steps forward and one step back. Q3 indeed was one of these quarters that it's one step back. Q3 was impacted by price and excise tax increases in a couple of states. And therefore, we need to see how that basically impacts further growth. So it's difficult to say whether it's the new reality. Again, we are very optimistic about our expectations and opportunities in India. However, it is a volatile environment."

…and also made the following comment on Cambodia:

"In August, we initiated the significant task of rejuvenating the Angkor brand. Beer volumes continued to decline, while the CSD business performed well. Turning the business around in Cambodia is a substantial task and it requires significant marketing investments, time and patience."

Eastern Europe

In the Q3 2019 conference call we commented on our Russian market share:

"Our market share in Russia was flat sequentially, but down year-on-year, driven by the continued intense competitive environment."

…and further elaborated on the Russia margin development:

"…with the current competitive environment and higher promotional activity from our side, margins [in Russia] will be lower in H2. I think moving forward, we more are looking towards, let's say, 15%, 16% than the 19%, 20% we have in the past."

Acquisitions

At the Q3 conference call we commented on the purchase of the remaining 25% of Cambrew:

"*So on the Cambodian acquisition, the price is not disclosed. But if you look at the 2018 Annual Report, you can see that we paid a couple of hundred million USD for the 25% we acquired in 2018. And it is safe to assume that we'll pay a bit more for the rest.*"

IFRS16

In the Q2 announcement we commented on the financial impact from the implementation of IFRS 16 from 1 January 2019:

"The impact in H1 on EBITDA was DKK +189m, depreciation DKK -183m and financial lease expense DKK -6m. Net interest-bearing debt increased by DKK 1,612m."

OUTLOOK

In the Q3 2019 announcement, we commented:

"On 28 October, we increased our operating profit outlook for the year due to solid earnings performance in China and Western Europe, which combined more than offset the challenges in Russia. Consequently, for the full year we expect to deliver:

• Around 10% organic growth in operating profit.

Based on the spot rates at 30 October, we assume a translation impact of around DKK +150m for 2019 (previously DKK +100m).

Other relevant assumptions are unchanged:

Financial expenses, excluding currency losses or gains, are expected to be around DKK 700m.

The reported effective tax rate is expected to be below 28%.

Capital expenditure at constant currencies is expected to be around DKK 4.5bn."

At the Q3 2019 conference call, we further elaborated on the full-year outlook:

"As previously communicated, we expect less strong earnings improvement in the second half compared to first half due to two key reasons. Firstly, in Asia, we have a reversal of a pension provision in China of RMB 170 million but at the same time, marketing strength will increase significant in the second half as we continue to invest in China to maintain our positive momentum. In addition, in Cambodia, we are making long-term investments to bring the business back in shape. Secondly, in Eastern Europe, we are facing challenges in terms of market share loss and an intensified competitive environment in Russia and Ukraine, putting pressure on price/mix and margins. We are taking actions to address these challenges."

…and continued:

"In both Asia and Eastern Europe, our actions may temper short-term earnings, but we believe these investments are necessary to secure the long-term sustainable growth of our company. In addition, as many parts of the group are performing well, we are in a position where we can invest more in the long-term growth of our company, while at the same time deliver very solid financial results."

When asked at the Q3 conference call on 2020 COGS development we answered:

"…on the positive side, on COGS for next year, you have barley, which is declining. You have alu that is also declining. And then on the negative side, there is both sugar pricing that's going up, paper, in some regions, going up and then you're absolutely right, that there is a glass shortage that is driving up glass bottles significantly. But overall, as said, there is a lot of pluses and minuses and again, we don't guide specifically on 2020 before we are in 2020."

DISCLAIMER

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 raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected 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.