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Fitch Revises Carlsberg Breweries A/S's Outlook to Stable; Rates Final Hybrid Notes 'BBB-'

Fitch Ratings - Milan - 12 May 2026: Fitch Ratings has revised Carlsberg Breweries A/S's Outlook to Stable from Negative, while affirming its Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'BBB+'. Fitch has also assigned a final rating of 'BBB-' to EUR1.8 billion subordinated notes due 3026.

The Outlook revision reflects faster-than-expected deleveraging following the hybrid issue. We now project leverage to decline to our negative sensitivity of 3.0x by end-2026.

The subordinated notes rank senior only to equity and junior securities. The rating is two notches below the IDR, reflecting their deep subordination and lower recovery prospects than senior debt, in accordance with Fitch's Criteria. Proceeds are for general corporate purposes, including debt refinancing.

The 'BBB+' rating reflects Carlsberg's resilient business profile, supported by strong brand recognition and product diversification, increased exposure to non-alcoholic beverages and its new agreement with PepsiCo bottler in Kazakhstan. This, together with a conservative financial policy, supports the rating.

Key Rating Drivers

Hybrid Notched off IDR: The EUR1.8 billion subordinated notes due 3026 are rated two notches below Carlsberg's Long-Term IDR of 'BBB+'. This reflects their deep subordination, ranking behind senior creditors and senior only to the claims of common equity shareholders and junior securities.

Equity Treatment: The new securities qualify for 50% equity credit as they are (i) deeply subordinated, (ii) have a remaining effective maturity of at least five years, (iii) full discretion to defer coupons and (iv) limited events of default. These are key equity-like characteristics, affording Carlsberg greater financial flexibility. Equity credit is limited to 50%, given cumulative coupon deferrals, a feature that is more debt-like in nature. Fitch treats coupon payments as 100% interest.

Effective Maturity Date: Both hybrid tranches mature in 3026, but Fitch deems their effective maturity at the date of their respective coupon step-up (2036 or 2039, depending on the notes tranche). The coupon step-up will be within Fitch's aggregate threshold rate of 100bp, but the issuer will no longer be subject to replacement language indicating the company's intent to redeem the instrument at its reset date with the proceeds of a similar instrument or with equity. Under Fitch's criteria, the equity credit of 50% changes to 0% five years before the effective maturity date.

Leverage Benefits from Hybrids Issue: The Outlook revision reflects our expectation that leverage will decline to 3.0x by end-2026 from 3.6x at end-2025, driven mainly by the recent EUR1.8 billion hybrid issue. The issue improves Carlsberg's leverage metrics and supports a faster deleveraging trajectory than we had previously forecast (3.4x as of April 2026). Deleveraging will also be supported by organic growth and synergies from the integration of Britvic. In 2025, Britvic contributed about DKK2.6 billion to Carlsberg's EBITDA, in addition to DKK880 million of operational synergies.

Challenging Sector Environment: We view the challenging sector environment in 2026 as potentially affecting operating performance. We estimate close to flat beer sales volumes, with a limited ability to raise prices and improve operating profitability. We consequently project free cash flow (FCF) to remain subdued, and we expect organic growth to accelerate towards the mid-single digits from 2027, with a more balanced contribution from price and volume as consumer confidence improves and new products ramp-up.

Commitment to Financial Target: Carlsberg's public commitment to its 2.5x net leverage target and a disciplined approach to capital allocation underpin its 'BBB+' rating. This was demonstrated by the suspension of its share-buyback programme from 2025 following the Britvic acquisition. The group has confirmed its commitment to refraining from share buybacks until it reaches the leverage target, and we do not rule out debt reduction to support it.

Gradual Recovery in Profitability: We expect Carlsberg's EBITDA margin to remain broadly flat at 19.8% in 2026, compared with 19.6% in 2025, due to moderate pressure from a lower-margin Britvic. We forecast the EBITDA margin to increase to 21% by 2027, supported by an improved sales mix, post-acquisition synergies and ongoing savings, as well as recovery in the higher-margin on-trade channel and non-alcoholic beverages. These factors should more than offset higher marketing and selling expenses, while we also assume more moderate price increases.

Moderated FCF: We project FCF to remain modest at 1.2% of sales in 2026, reflecting higher interest expenses from additional acquisition-related debt and slightly higher capex driven by manufacturing expansion in India and Kazakhstan. We expect the FCF margin to rebound to 3% by 2028, supported by EBITDA growth. Carlsberg's working capital benefits from long payment terms, with actual supplier payment terms estimated at about 140 days. We view this as broadly in line with large international brewers and reflective of Carlsberg's strong negotiating power with suppliers.

Third-Largest International Brewer: Carlsberg's ratings reflect its market position and scale as the third-largest international brewing company globally by volume, with operations in Europe and Asia. Efforts to increase geographical diversification has supported earnings resilience, offsetting weaker performances in mature or more volatile markets including western Europe and certain Asian countries like China, Vietnam and Malaysia. The group is also supported by broader exposure to soft drinks and beyond-beer categories, which strengthens product diversification and enhances its competitive position, particularly in the UK market.

Peer Analysis

Carlsberg is smaller and less geographically diversified than Anheuser Busch InBev NV/SA and

Heineken NV. Its scale, including EBITDA and profitability, is comparable to that of Molson Coors Beverage Company.

Carlsberg is rated one notch above Becele, S.A.B. de C.V. (BBB/Stable). We view the business profile of Becele (the world's largest tequila producer, complemented by a smaller portfolio of spirits in the whiskey, rum, vodka and mixers category) as weaker than Carlsberg's due to its more limited geographic and product diversification.

We view the business profile of Thai Beverage Public Company Limited as weaker than Carlsberg's due to its more limited geographic diversification. Its profitability, with an EBITDA margin of 15% in the financial year to September 2025, is also lower than Carlsberg's.

Fitch's Key Rating-Case Assumptions

- Mid-single digit revenue growth in 2026-2029
- EBITDA margin improving to 19.8% in 2026 (2025: 19.6%) and 20.9% in 2027, driven by Britvic's synergies, premiumisation of the product portfolio and cost savings
- Average capex at 7% of sales over 2026-2029
- Dividend payout remaining at about 50% of net income and annual dividends growing towards DKK4.5 billion over 2026-2029
- Share buybacks of DKK13 billion during 2027-2029

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

-Business and financial profile factors (assessment, relative importance): management ('bbb+', Lower), sector characteristics ('bbb+', Moderate), market and competitive positioning ('a-', Higher), diversification and asset quality ('bbb+', Moderate), company operational characteristics ('bbb+', Moderate), profitability ('bbb', Moderate), financial structure ('bbb', Higher), and financial flexibility ('a-', Moderate).

-The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the historical year 2025, 20% for the forecast year 2026, 30% for the forecast year 2027 and 30% for the forecast year 2028.

-The governance assessment of 'good' has no impact.

-The operating environment assessment of 'a' has no impact.

-The SCP is 'bbb+'.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Weakening performance or increased M&A appetite, causing EBITDA net leverage to increase above 3.0x for a sustained period
- Erosion of the FCF margin to below 3% for a sustained period
- EBITDA margin below 18%

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Maintenance of leading positions in core markets and mid-single-digit organic revenue growth
- EBITDA margin improving towards 23% and FCF margin rising towards 4%
- Adherence to the conservative financial policy, supporting EBITDA net leverage below 2.0x for a sustained period

Liquidity and Debt Structure

Carlsberg's liquidity was strong at end-2025 with DKK9.6 billion of cash on balance sheet and access to undrawn committed long-term credit lines of DKK14.9 billion, including a EUR2 billion revolving credit facility maturing in 2030.

About 50% of Carlsberg's total debt matures across 2026-2029, and we do not foresee any difficulties in refinancing debt at maturity or repaying it from existing cash flow.

Issuer Profile

Carlsberg is the third-largest international beer company globally with operations in Europe and Asia.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for Carlsberg.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Carlsberg Breweries A/ S	LT IDR	BBB+ 	Affirmed	BBB+ 
	ST IDR	F2	Affirmed	F2

ENTITY/DEBT	RATING	RECOVERY	PRIOR
• senior unsecured ^{LT}	BBB+	Affirmed	BBB+
• subordinated	BBB-	New Rating	BBB-(EXP)
Britvic Limited			
• senior unsecured ^{LT}	BBB+	Affirmed	BBB+

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◉	◆
STABLE	⊙	

Applicable Criteria

[Corporate Hybrids Treatment and Notching Criteria \(pub.08 Apr 2025\)](#)

[Corporate Rating Criteria \(pub.09 Jan 2026\) \(including rating assumption sensitivity\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub.02 Aug 2024\) \(including rating assumption sensitivity\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(pub.27 Jun 2025\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub.09 Jan 2026\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing

description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Britvic Limited EU Issued, UK Endorsed

Carlsberg Breweries A/S EU Issued, UK Endorsed

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