

Company announcement 56/2022

26 October 2022

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TRADING STATEMENT AS AT 30 SEPTEMBER 2022 AND EARNINGS UPGRADE

Unless otherwise stated, comments in this announcement refer to Q3 performance.

STRONG VOLUME GROWTH, PARTICULARLY IN ASIA

Organic volume growth +3.6% (9M: +6.9%)

- Organic volume development in Western Europe +2.4%, Asia +9.9% and Central & Eastern Europe -2.5%.
- International premium brands seeing mixed volume development, partly due to lower volumes in Ukraine: Tuborg +6%, Carlsberg +12%, Grimbergen +7%, 1664 Blanc -4% and Somersby -3%.
- Alcohol-free brews -5% (excluding Ukraine: +6%).

POSITIVE REVENUE/HL ACROSS ALL REGIONS

Organic revenue growth +11.6% (9M: +17.2%)

- Revenue/hl +8% (9M: +10%), with strong growth in Asia and Central & Eastern Europe.
- Organic revenue growth in Western Europe +5.7%, Asia +19.3% and Central & Eastern Europe +14.7%.
- Reported revenue growth +13.9% to DKK 20.2bn (9M: +19.9% to DKK 55.7bn).

SUPPORTING SHAREHOLDER VALUE

Fourth quarterly share buy-back programme this year will launch tomorrow

- The third tranche of the 2022 share buy-back, amounting to DKK 1bn, was concluded on 21 October. Tomorrow, the Company will launch the fourth quarterly share buy-back programme for 2022, amounting to DKK 1.5bn.

UPGRADING 2022 EARNINGS EXPECTATIONS

In light of better-than-expected performance in many of our markets, we upgrade the earnings expectations for 2022:

- Organic growth in operating profit of 10-12% (previously high single-digit percentage growth).
- Translation impact on operating profit of around DKK +250m, based on the spot rates at 26 October (previously around DKK 350m).

CEO Cees 't Hart says: "We're satisfied with our performance in Q3 with strong volume growth in Asia and many European markets, which along with a strong price/mix development led to revenue growth of 11.6%. Our earnings upgrade and the increase in the next quarterly share buy-back are proof points of the resilience of our brands and the strength and agility of our business."

"Looking ahead, the business environment remains challenging, with an uncertain macro situation, very high inflation and weakening consumer sentiment. We will address these challenges and the need for price increases by leveraging our strong commercial programmes, well-embedded performance management systems, tools and capabilities, while not losing sight of our long-term SAIL'27 priorities and ambitions."

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For more news, sign up at www.carlsberggroup.com/subscribe or follow @CarlsbergGroup on Twitter.

Carlsberg will present the results at a conference call on 27 October at 9.30 a.m. CET (8.30 a.m. BST). Dial-in information and a slide deck will be available on www.carlsberggroup.com.

THIRD-QUARTER REVIEW

The Group delivered strong organic revenue growth of 11.6% (9M: +17.2%) as a result of total organic volume growth of 3.6% (9M: +6.9%) and revenue/hl growth of 8% (9M: +10%). Asia was a key driver behind the strong top-line growth. Reported revenue grew by 13.9% to DKK 20.2bn (9M: DKK 55.7bn), with acquisitions contributing -0.8% (9M: -0.8%) and currencies +3.1% (9M: +3.5%), the latter mainly due to the appreciation of most Asian currencies.

Most international premium brands delivered strong growth in the quarter. Carlsberg grew by 12% as a result of strong growth in several Asian markets, Sweden, Germany and some export & licence markets. Tuborg grew by 6%, driven by strong growth in Asia and Central & Eastern European markets, including Serbia, Italy and Bulgaria. Grimbergen grew by 7%, mainly driven by a rebound in the large French market. Brooklyn grew strongly by 34%, albeit from a low base, mainly driven by Western Europe. 1664 Blanc was impacted by the declining Ukrainian market, resulting in a volume development of -4%. Excluding Ukraine, volumes were +1%. Somersby grew strongly in markets such as Croatia, Serbia, Germany, Sweden and Malaysia, but total brand volumes declined by 3% in Q3 (flat for the nine months), impacted by lower volumes in Ukraine, Norway and some export & licence markets.

Our core beer brands grew by 2% with particularly strong growth seen for brands such as Kronenbourg in France, Kasztelan in Poland, Beerlao in Laos, Huda in Vietnam, Mythos in Greece, Poretti in Italy and Holsten in Germany.

Alcohol-free brew volumes declined by 5%. In Western Europe, alcohol-free brew volumes were up by 15% with strong growth in markets such as France, Switzerland, Denmark and Poland, although total category volumes were particularly impacted by a significant decline in Ukraine. Excluding Ukraine, total alcohol-free brew volumes were +6%.

WESTERN EUROPE

As expected, comparables in Q3 were less favourable than in the first half, due to limited on-trade restrictions in Q3 last year. The region delivered solid organic revenue growth of 5.7% as a result of organic volume growth of 2.4% and revenue/hl of +3%. Reported revenue was up by 6.7%, positively impacted by the Swiss and Norwegian currencies.

We saw strong double-digit volume growth in France, Switzerland and Poland. After two years of very strong performance, our volumes in Norway declined by double-digit percentages due to tough COVID-19-related comparables, the reopening of the Swedish border trade and people travelling outside Norway this year.

Revenue/hl grew in all markets, mainly as a result of price increases at the beginning of the year. Revenue/hl was less strong in Q3 than in H1 due to the reduced benefit from the reopening of the on-trade channel and a negative country mix because of strong volume growth in Poland and the volume decline in Norway.

ASIA

Organic revenue growth in Asia remained strong at 19.3%, supported by organic volume growth of 9.9% and a revenue/hl increase of 9%. Reported revenue growth was 25.0% due to a very positive currency impact, partly offset by the deconsolidation of the Nepalese business.

We saw organic volume growth in all markets in Asia, with particularly strong growth in markets such as India, Vietnam and Laos. A number of markets benefited from easy comparables due to last year's COVID-19 restrictions, which have since been removed in most markets. Our Chinese business

delivered solid performance, despite being impacted by local COVID-19 restrictions. We continued our big city expansion.

Revenue/hl was supported by a positive country and channel mix and multiple price increases during the year, especially in Laos due to the significant inflation in that market.

CENTRAL & EASTERN EUROPE

In Central & Eastern Europe, organic revenue growth was strong at 14.7%. Regional volumes declined by 2.5%, while revenue/hl grew significantly by 18%. Reported revenue growth was 14.8%

The regional volume decline was impacted by the war in Ukraine, where our volumes declined by high-teens percentages in the quarter. In the south-eastern part of the region and in the Baltics, volumes grew by mid-single-digit percentages with particularly strong growth in Italy, Greece and Serbia, supported by an increase in tourism. Volumes in the Export & License division were flat.

The strong revenue/hl development was mainly driven by price increases across markets to mitigate the significant inflationary pressure and positive country mix.

RUSSIAN OPERATIONS HELD FOR SALE

Revenue in Russia increased organically by 22% due to revenue/hl growth of 27% and volumes of -4%. The significant and complicated task of preparing the Russian business for sale is continuing. We are executing over 150 work streams, involving teams from many markets and cross-functional teams at region and Group level, while at the same time continuing the divestment process.

CHANGES TO THE EXECUTIVE COMMITTEE

On 30 September 2022, the Group announced the appointment of Ulrica Fearn as our new CFO. She will join Carlsberg on 1 January 2023, replacing Heine Dalsgaard, who will continue at Carlsberg until no later than 31 December.

UPGRADE OF EARNINGS EXPECTATIONS

In light of better-than-expected performance in many of our markets, we upgrade the earnings expectations for 2022:

- Organic growth in operating profit of 10-12% (previously high single-digit percentage growth).

Based on the spot rates at 26 October, we assume a translation impact on operating profit of around DKK +250m for 2022 (previously around DKK 350m).

Other relevant assumptions remain unchanged:

- Financial expenses, excluding foreign exchange losses or gains, of around DKK 550m.
- Reported effective tax rate of around 22%.
- Capital expenditure (CapEx) at constant currencies of DKK 4.5bn.

Forward-looking statements

Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 6 for the full forward-looking statements disclaimer.

SHARE BUY-BACK

On 17 August, the Group launched the third quarterly share buy-back programme. This was concluded on 21 October, when the Company had bought a total of 1,060,228 shares at a total value of DKK 1bn.

Based on its continued strong financial position, the Group will tomorrow initiate the fourth quarterly buy-back programme, with the intention of buying back Carlsberg B shares amounting to DKK 1.5bn up until 27 January 2023. The main reasons for the higher buy-back in Q4 than in the three preceding quarters are the upgrade of the earnings expectations and our strong balance sheet and liquidity.

The share buy-back programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public in a Company announcement.

The purpose of the programme is primarily to reduce the Company's share capital and, in addition, meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2023, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate pro rata based on the shares purchased in the programme. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

The Carlsberg Group has appointed Nordea Danmark, filial af Nordea Bank Abp, Finland ("Nordea"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, Nordea will repurchase B shares during the trading period, which runs from 27 October 2022 to 27 January 2023.

The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 10 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for 2023:

7 February	Full-year 2022 financial statement and Annual Report 2022
13 March	Annual General Meeting
27 April	Q1 trading statement
16 August	H1 interim financial statement
31 October	Q3 trading statement

FORWARD-LOOKING STATEMENTS

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such 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 materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may 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.

VOLUME AND REVENUE DATA

Q3	2021	Change			2022	Change Reported
		Organic	Acq., net	FX		
Beer (million hl)						
Western Europe	8.4	15%	-	-	8.5	15%
Asia	11.3	9.5%	-1.5%	-	12.2	8.0%
Central & Eastern Europe	9.5	-2.5%	-	-	9.3	-2.5%
Total	29.2	3.2%	-0.5%	-	30.0	2.7%
Non-beer (million hl)						
Western Europe	3.5	4.6%	-	-	3.6	4.6%
Asia	1.3	13.2%	-0.2%	-	1.5	13.0%
Central & Eastern Europe	0.9	-1.8%	-	-	0.9	-1.8%
Total	5.7	5.6%	-	-	6.0	5.6%
Total beverages (million hl)						
Western Europe	11.9	2.4%	-	-	12.1	2.4%
Asia	12.6	9.9%	-1.4%	-	13.7	8.5%
Central & Eastern Europe	10.4	-2.5%	-	-	10.2	-2.5%
Total	34.9	3.6%	-0.5%	-	36.0	3.1%
Revenue (DKK million)						
Western Europe	8,988	5.7%	-	1.0%	9,593	6.7%
Asia	5,497	19.3%	-2.6%	8.3%	6,868	25.0%
Central & Eastern Europe	3,287	14.7%	-	0.1%	3,774	14.8%
Not allocated	1	n.m.	n.m.	n.m.	3	n.m.
Total	17,773	11.6%	-0.8%	3.1%	20,238	13.9%
9 months						
	2021	Change			2022	Change Reported
		Organic	Acq., net	FX		
Beer (million hl)						
Western Europe	22.7	4.6%	-	-	23.8	4.6%
Asia	32.5	11.2%	-1.4%	-	35.6	9.8%
Central & Eastern Europe	23.4	-1.2%	-	-	23.2	-1.2%
Total	78.6	5.6%	-0.6%	-	82.6	5.0%
Non-beer (million hl)						
Western Europe	9.2	13.8%	-	-	10.4	13.8%
Asia	4.0	18.8%	-0.2%	-	4.9	18.6%
Central & Eastern Europe	2.3	2.4%	-	-	2.3	2.4%
Total	15.5	13.5%	-0.1%	-	17.6	13.4%
Total beverages (million hl)						
Western Europe	31.9	7.3%	-	-	34.2	7.3%
Asia	36.5	12.1%	-1.3%	-	40.5	10.8%
Central & Eastern Europe	25.7	-0.9%	-	-	25.5	-0.9%
Total	94.1	6.9%	-0.5%	-	100.2	6.4%
Revenue (DKK million)						
Western Europe	22,820	16.3%	-	1.2%	26,821	17.5%
Asia	15,572	20.1%	-2.5%	7.9%	19,538	25.5%
Central & Eastern Europe	8,041	14.3%	-	1.6%	9,316	15.9%
Not allocated	12	n.m.	n.m.	n.m.	11	n.m.
Total	46,445	17.2%	-0.8%	3.5%	55,686	19.9%