

Heine Dalsgaard, CFO

DRIVING  
VALUE



CREATION



# Disclaimer

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future 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 the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such 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.

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# THE VALUE CREATION

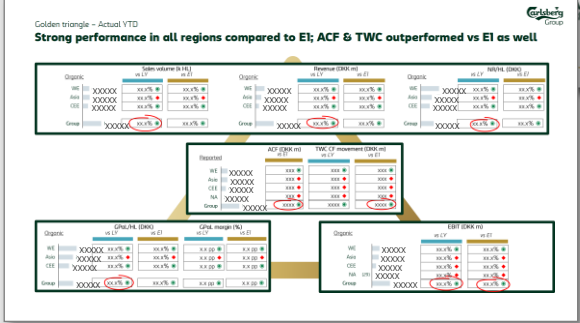
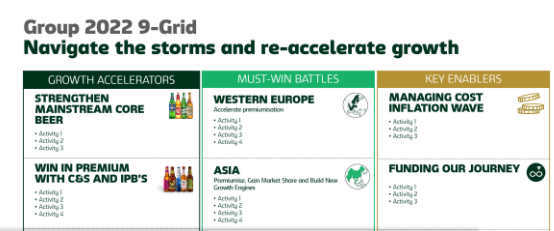
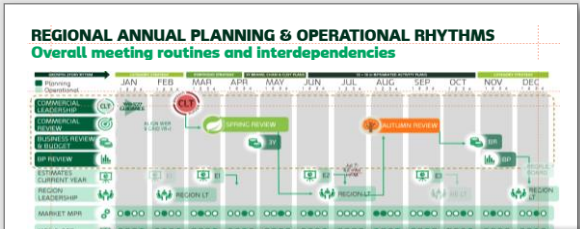
JOURNEY WILL CONTINUE AS WE ARE...

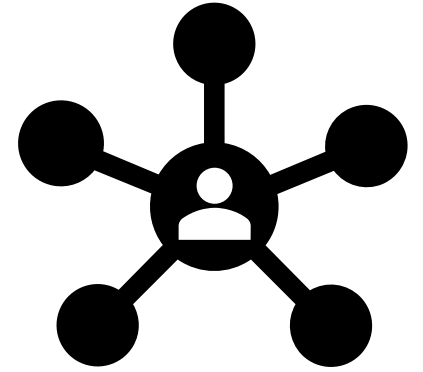
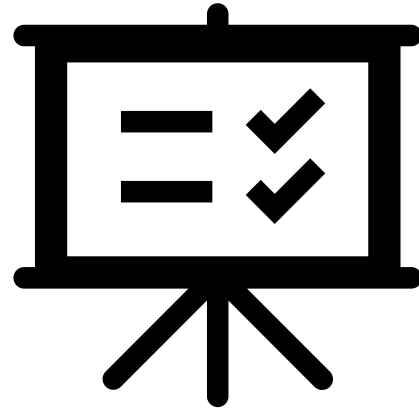
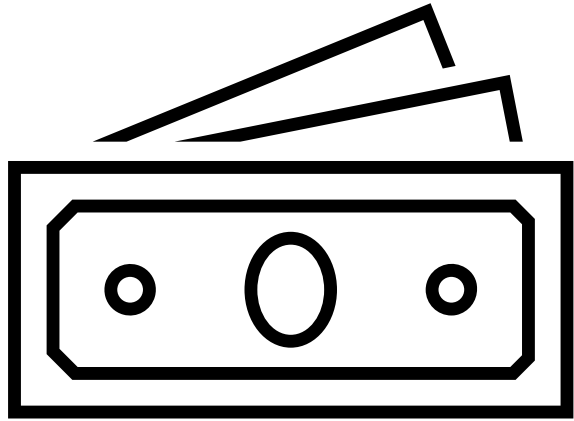
- 1.** ... Continuing our performance-based culture and drumbeat
- 2.** ... Funding our Journey
- 3.** ... Ensuring strict financial discipline
- 4.** ... Delivering shareholder value



# Our rigorous performance management drumbeat enables consistent and close follow-up...

**ANNUAL, QUARTERLY AND MONTHLY PERFORMANCE REVIEWS FOR GROUP, REGIONS AND MARKETS**



**... leading to flexible resource allocation, including for OPEX, marketing investments, CapEx, trade working capital, liquidity and continuous gap-closing initiatives...**

# ... as well as fast response to storms in our operating environment...

## COVID

Situational leadership

COVID-19 LEADERSHIP TRIANGLE

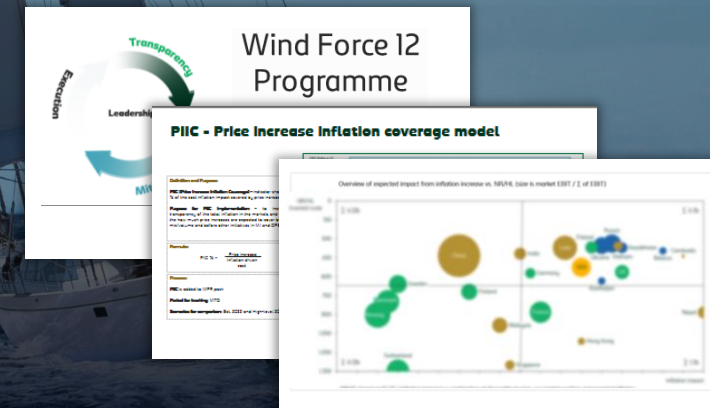
Defend operating profit and cash

Prepare for the rebound

## WAR



## INFLATION



# ... including the significant COGS inflation, also impacted by rising utility costs, leading to significant increase in 2022 and 2023...



## HEDGING OBJECTIVES

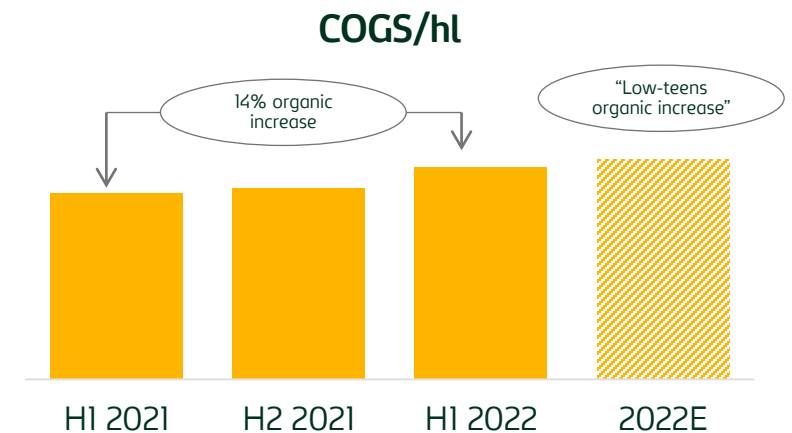
- Prevent commodity speculation
- Provide outlook and certainty

## HEDGING PRINCIPLES

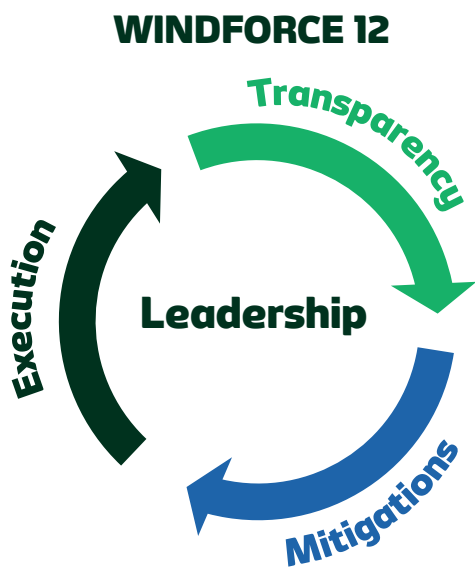
- Rolling 15-months hedging process for relevant commodities
- Total hedgeable amount for main commodities accounts for around 1/4 of total COGS (excl. 3PP)

## HEADWIND FROM COGS

- 14% COGS/hl increase in H1 2022
- Substantial increase in COGS/hl expected for 2023
- Favourable hedges rolling off
- Direct and indirect energy impacts



# Our agility and ways of working are exemplified by the WINDFORCE 12 programme – a comprehensive approach to the current inflationary environment ...



## **FORWARD-LOOKING TRANSPARENCY**

Creating transparency for the business to understand the impact of the unprecedented inflation

1. Monthly inflation forecast by market to understand challenges ahead
2. ISC inflation impact calculation (including scenario planning)

## **MITIGATING ACTIONS**

Developing mitigating actions while ensuring the right balance in the Golden Triangle

1. Decide right balance in the Golden Triangle market by market
2. Track price increase inflation coverage (PIIC) + other relevant KPIs

## **EXECUTION**

Responding with agility to execute our plans and having a flexible mindset to adapt to changes

1. Engage with customers (likely additional price increase windows), including approach to customer sell-in stories/key account management
2. Ensure flexible mindset
3. Share best practices with MDs/commercial leaders and keep extended leadership informed on progress



# ... which is now operationalised in the monthly performance reviews with the PIIC (price increase inflation coverage) model...

## DEFINITION

- Indicator showing percentage of cost inflation impact covered by price increases

## PURPOSE

- To increase transparency of the total inflation in the markets
- To track how much price increases are expected to cover inflation before mix/volume and other cost initiatives

## Inflation factor includes

- Excise rate
- Commodity prices
- **Supply chain inflation**
- FX rates
- Salary increases in non-supply chain functions
- Inflation in marketing investments and SG&A-related costs

## Price increase factor includes

- List price increase
- Discounts (including promo, trade terms, other discounts)

## Supply chain inflation

### Cost of sales inflation components

- Raw and pack input prices (non-commodity)
- Utilities prices
- Consumables prices
- Salary increase effect
- Outsourcing personnel prices
- Other items of relevance for the market
- Price increase of purchased finished goods (landed costs incl. excise rate increase, delivery cost inflation, etc)

### Logistics inflation components:

- Transport tariffs
- 3PL tariffs
- Salary increase effect
- Warehousing tariffs
- Outsourcing personnel prices
- Other item of relevance for the market

# Funding the Journey remains the vehicle for continuously securing investments in our business...

## Fund SAIL'27 investments

Supporting continued operating profit and cash growth

### 1. OPTIMISE THE SUPPLY CHAIN

- Embed Carlsberg Excellence
- Implement end-to-end planning
- Invest in new technology

### 2. DRIVE COMMERCIAL PRODUCTIVITY

- Optimise brand and trade marketing spend, production, agencies, media, sponsorship and point-of-sale materials
- Improve marketing effectiveness

### 3. ENHANCE STRUCTURAL COST AGILITY (G&A)

- Strengthen operating models and improve capabilities
- Execute finance transformation
- Professionalise IT landscape and optimise IT costs

### 4. DRIVE CAPITAL EFFICIENCY (TWC, CAPEX, ETR)

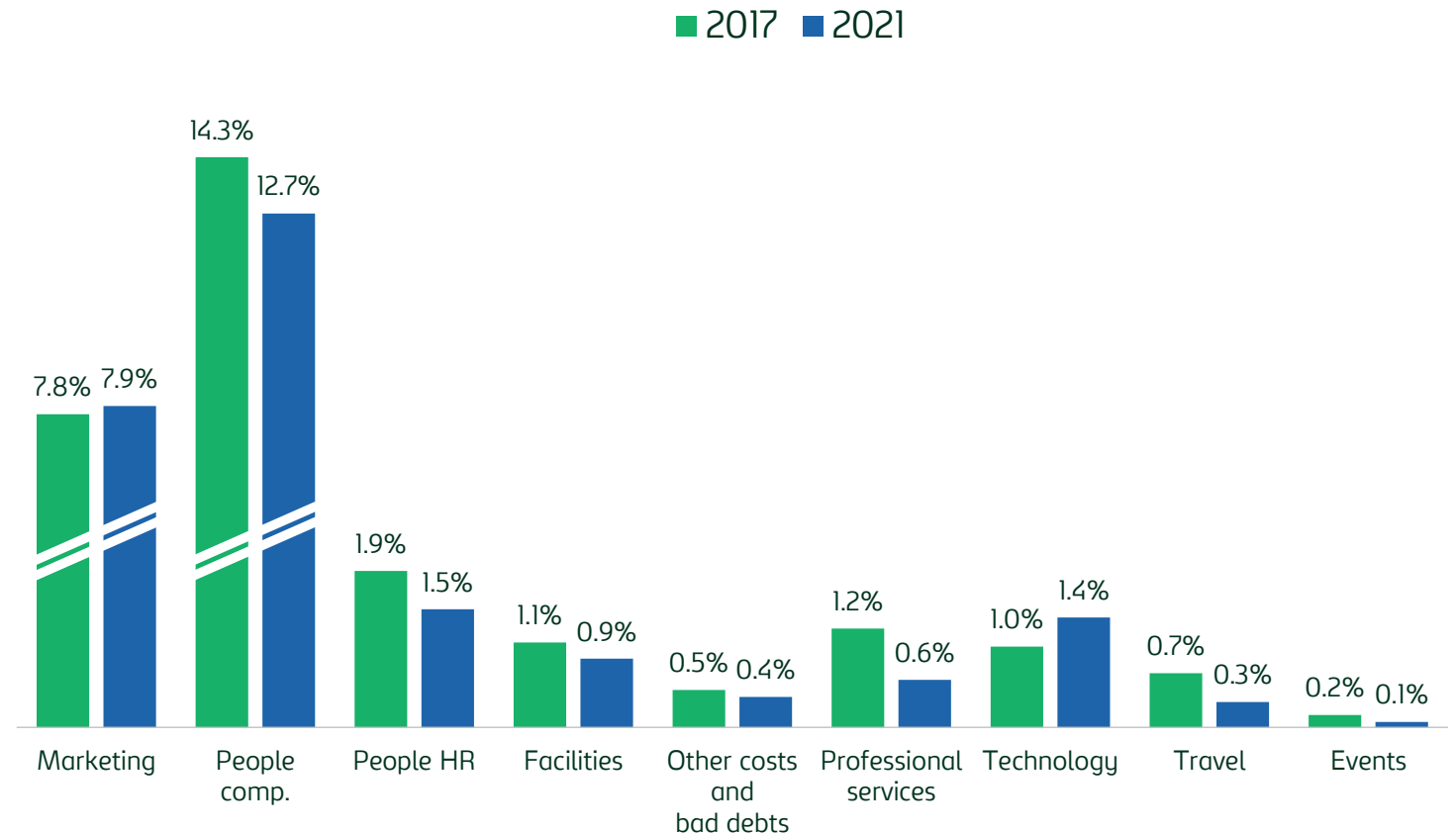
- Keep strict focus on trade working capital
- Ensure disciplined CapEx spend
- Drive continued tax compliance and ETR focus

# ... operationalised in our operating cost management (OCM) tool, ensuring disciplined cost control...

## OCM COST GROUPS

<b>MARKETING</b>	Brands marketing
	Trade marketing
<b>SUPPLY CHAIN</b>	Indirect production spend
	Maintenance
	Vehicles & warehousing
	Distribution and transportation
	Utilities
	Handling of empties and pallets
<b>PEOPLE</b>	People compensation
	People HR
	Variable compensation
<b>OTHER COSTS</b>	Facilities
	Other costs and bad debts
	Professional services
	Technology
	Travel
	Events

## OCM cost groups in % of revenue

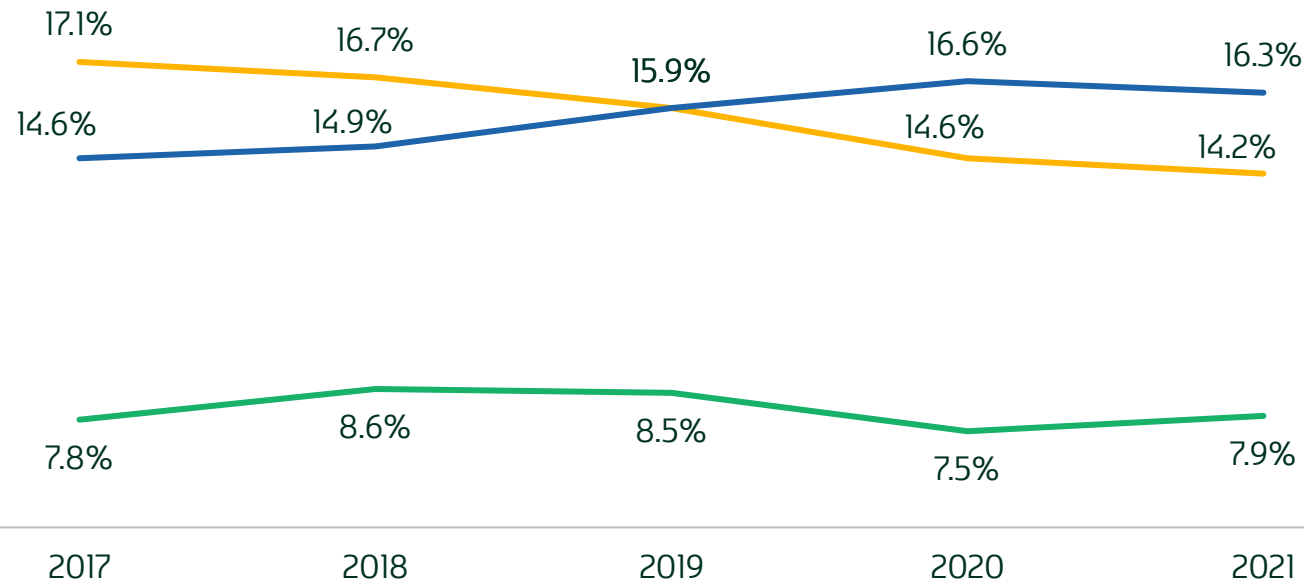


# ... supporting earnings improvements and enabling investments in our strategic growth priorities



Costs/revenue and margin

— SG&A (excl MI)/revenue — Marketing investments/revenue — Operating margin



## SAIL FUNDS USED TO DRIVE INVESTMENTS, WITH EXAMPLES BEING:

### Craft & Speciality

- Roll-out of 1664 Blanc

### Alcohol-free brews

- Growing category volumes by more than 65% from 2018 to 2021

### Asia

- Big city expansion in China
- Marketing and route-to-market investments in Vietnam

### ESG

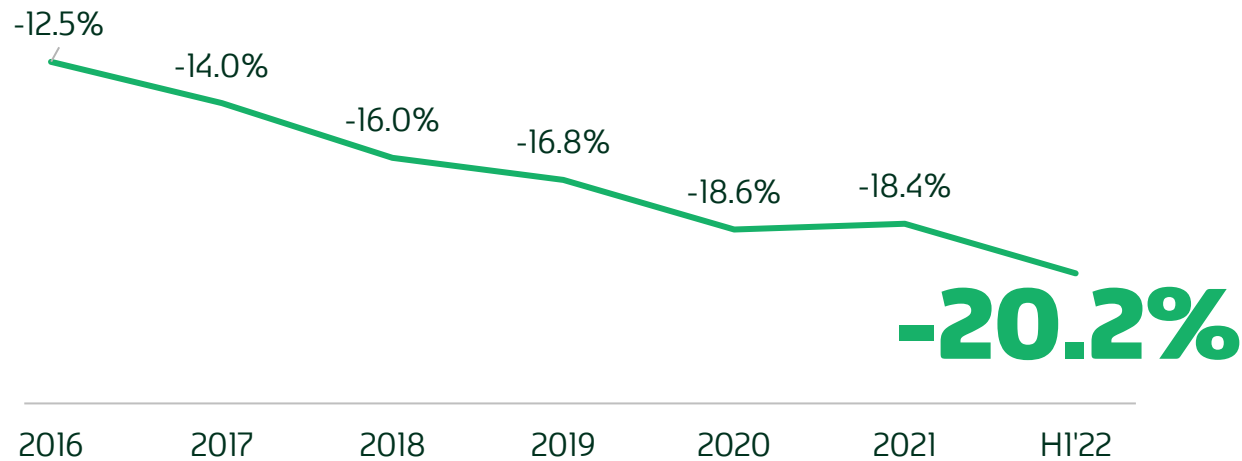
- State-of-the-art water-recycling in Denmark

### Technology

- Carl's Shop
- IT security

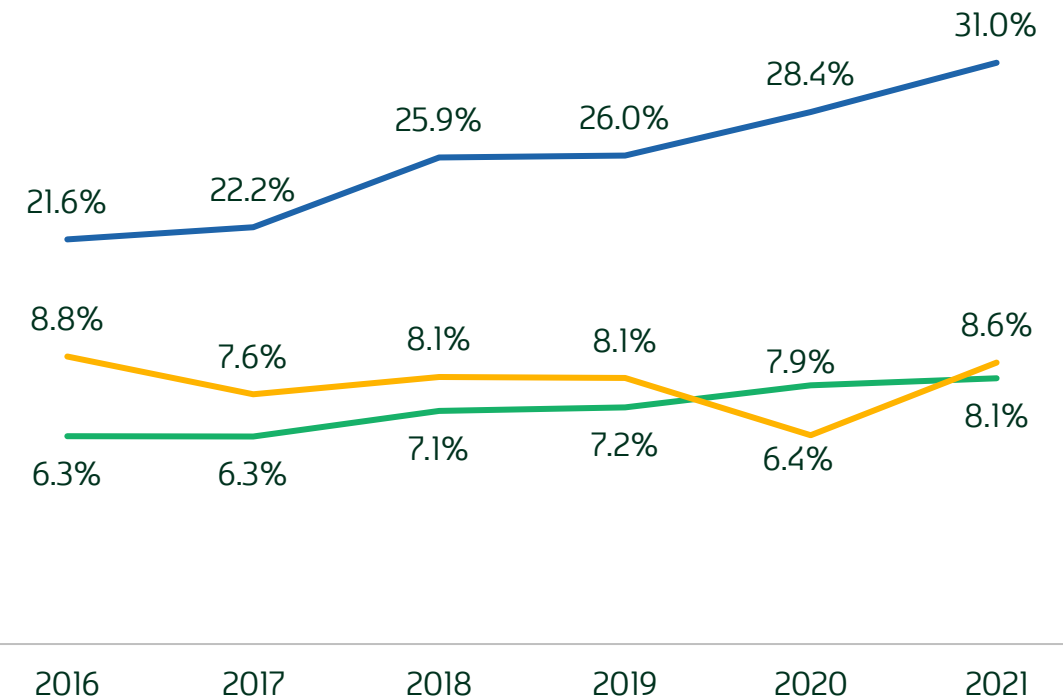
# We will maintain our strict capital efficiency discipline with a focus on trade working capital...

Average trade working capital/  
net revenue



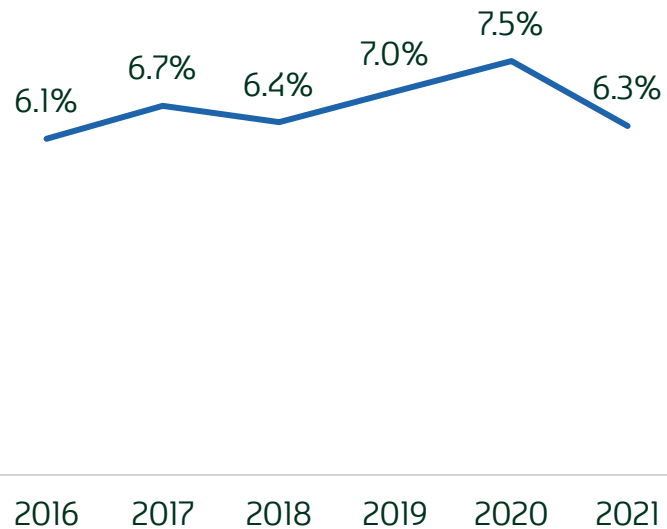
Working capital items/revenue

Inventory/revenue    Receivables/revenue    Payables/revenue

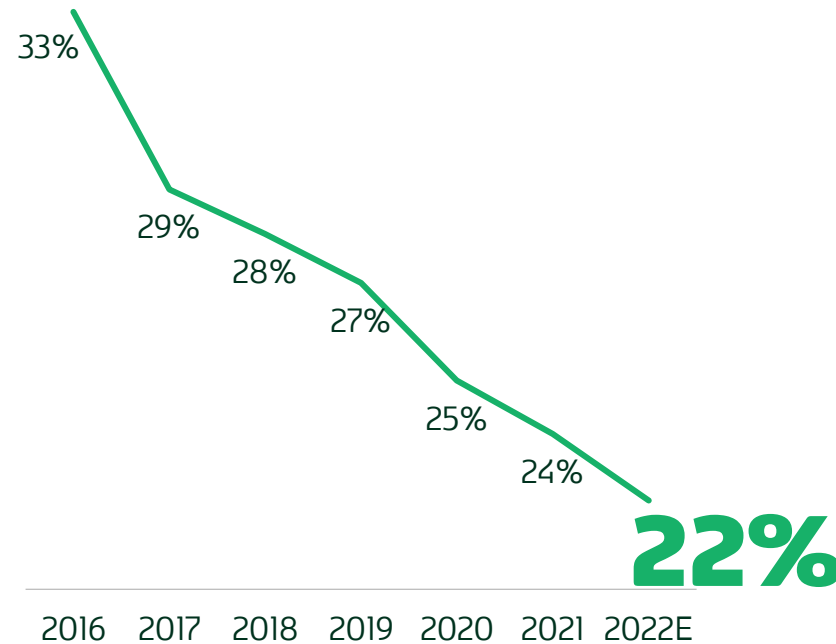


# ... and continue a disciplined CapEx process ensuring investments in growth, while improving tax rate and tax compliance...

CapEx/revenue

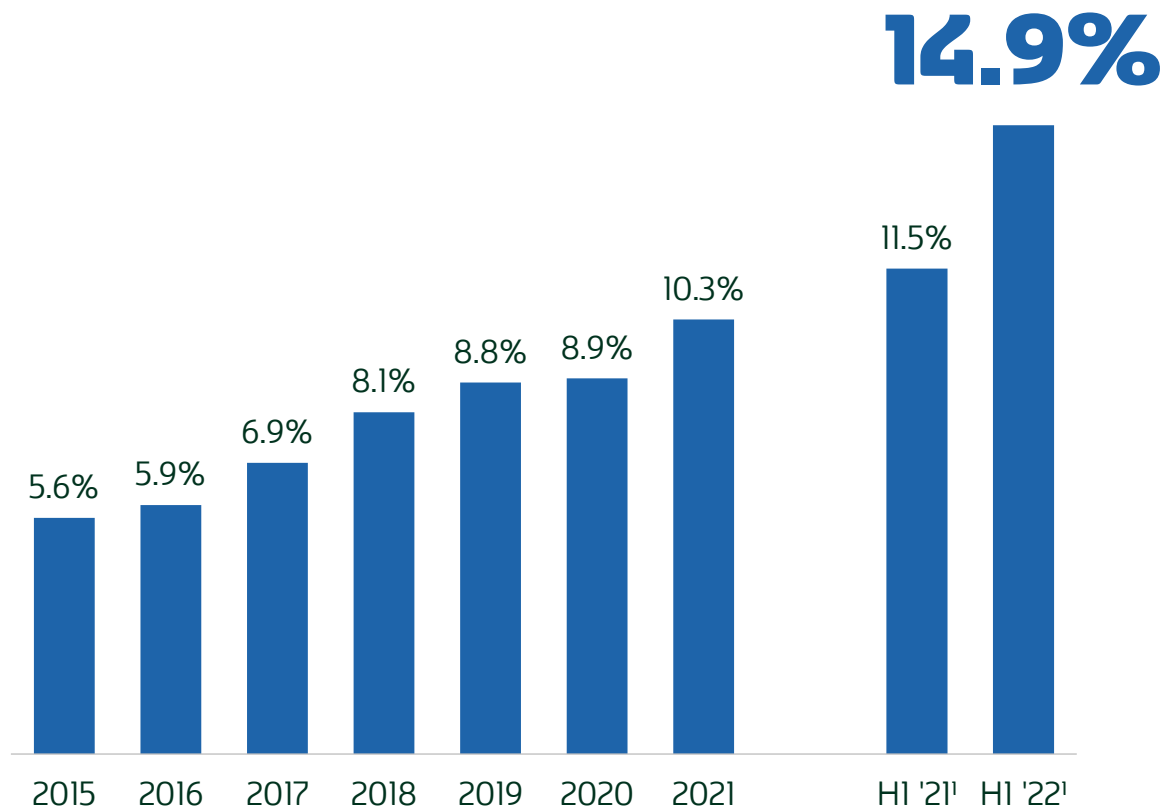


Effective tax rate

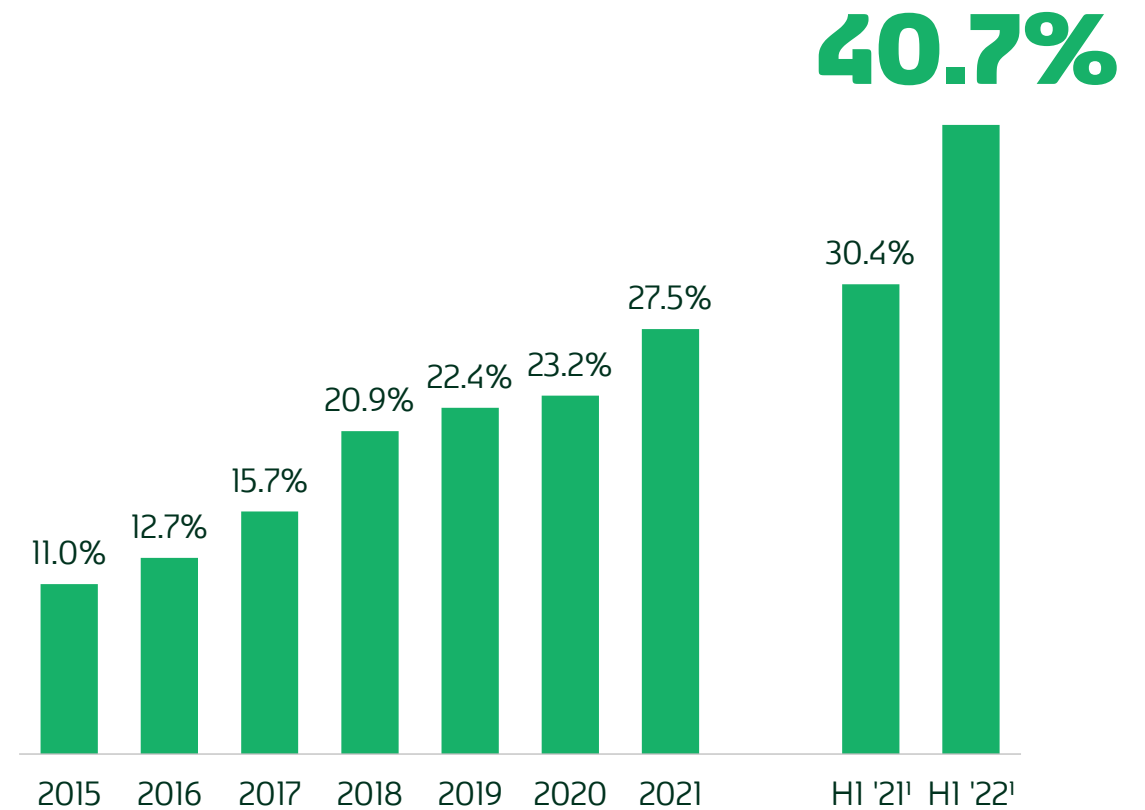


# ... which, along with strong earnings growth, has driven significant improvements in ROIC

ROIC



ROIC excl. goodwill



<sup>1</sup> Continuing business (excluding Russia)

# Our capital allocation principles have served us very well

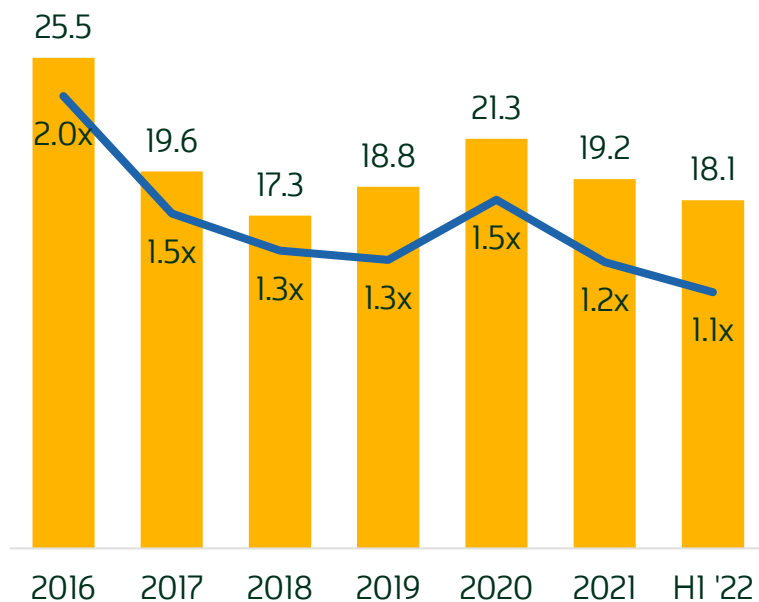
1. Invest in our business to drive long-term value creation
2. NIBD/EBITDA < 2.0x
3. Dividend payout ratio (of adjusted net profit) of around 50%, increasing dividend per share in line with adjusted EPS
4. Excess cash to be redistributed through buy-backs and/or extraordinary dividends
5. Deviating from the above if value-enhancing acquisition opportunities arise



# SAIL'22 has significantly improved the financial health and delivered strong shareholder returns...

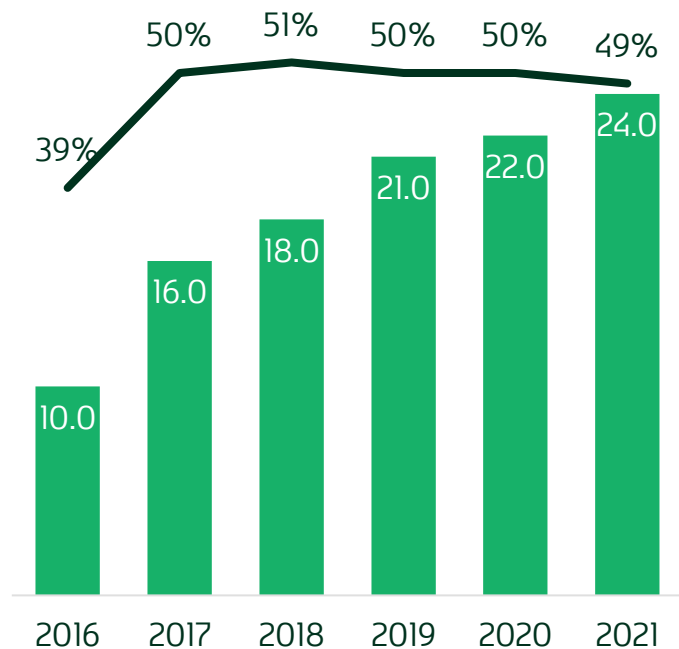
## Financial leverage

■ Net interest-bearing debt (NIBD), DKKbn  
— NIBD/EBITDA



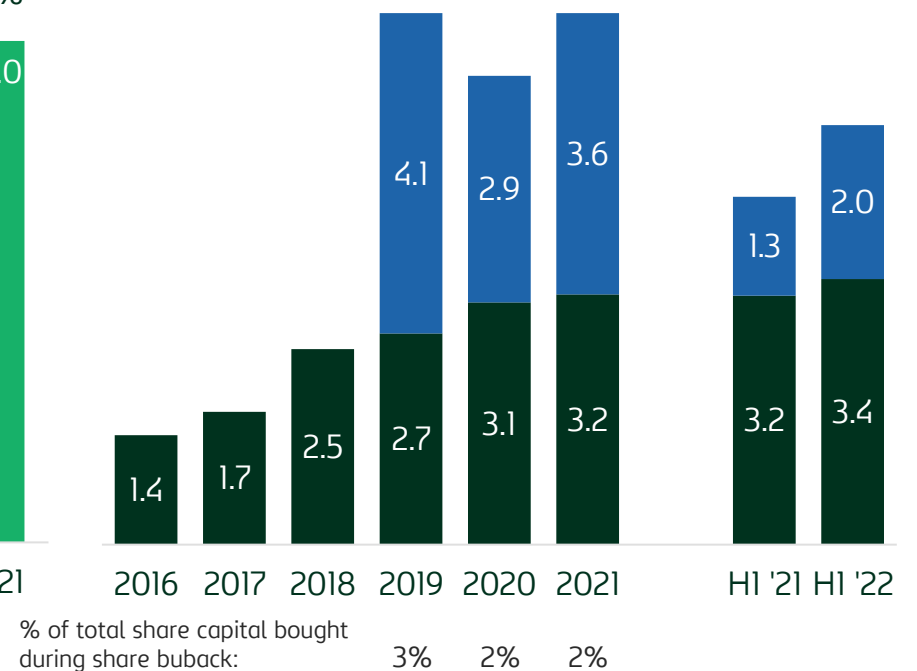
## Payout ratio

■ Dividend/share  
— Payout ratio



## Shareholder returns (DKKbn)

■ Dividends  
■ Share buy-back



# ... while pursuing selective M&A opportunities, amounting to approximately DKK 7bn

## 2018

- Olympic Brewery, Greece
- Brewery Alivaria, Belarus
- Super Bock, Portugal

## 2019

- Cambrew, Cambodia
- Jing-A Brewing Co., China
- Carlsberg Ukraine

## 2020

- Establishment of Carlsberg Marston's Brewing Company
- Wernesgrüner, Germany
- Brooklyn brand rights in selected markets

## PENDING

- Seeking full divestment of our Russian business
- Put and call options on Indian & Nepalese joint venture



# Incentive schemes designed to align interests

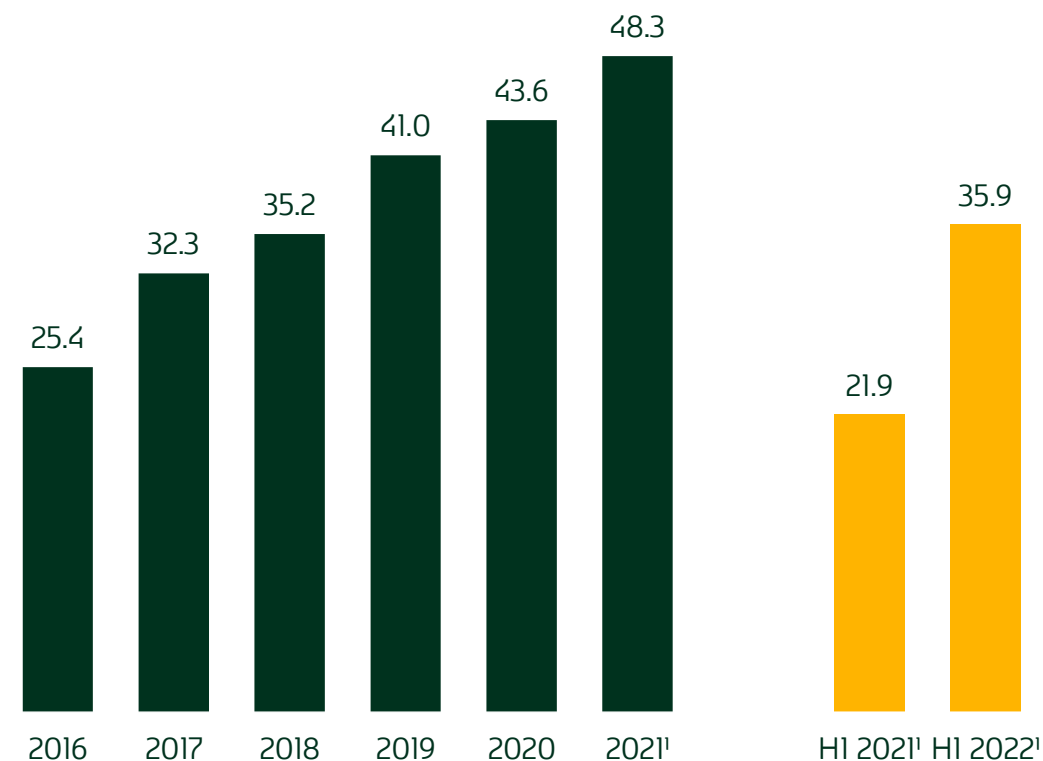
## SHORT-TERM INCENTIVE SCHEME KPIs

- Organic revenue growth (market, region, Group)
- Organic operating profit (market, region, Group)
- Addressable cash flow (market, region, Group)
- ESG/personal/local KPIs

## LONG-TERM (3-YEAR) INCENTIVE SCHEME KPIs

- Organic revenue growth
- Growth in adjusted EPS at constant currencies
- ROIC at constant currencies
- Relative total shareholder return (TSR)

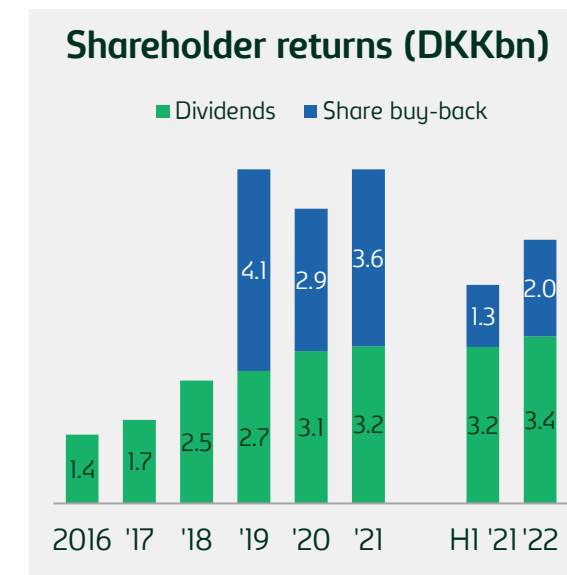
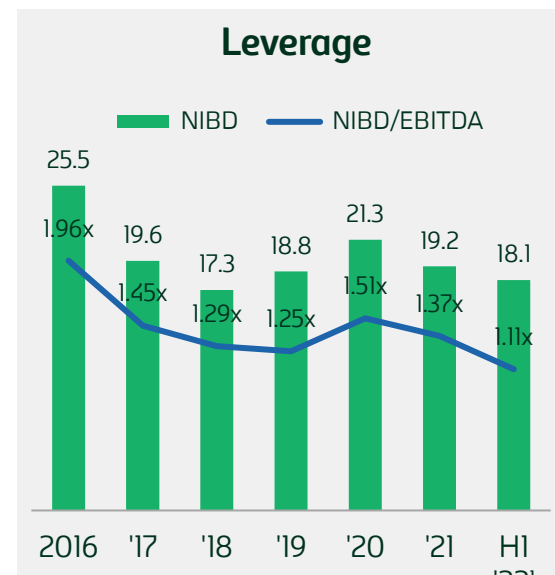
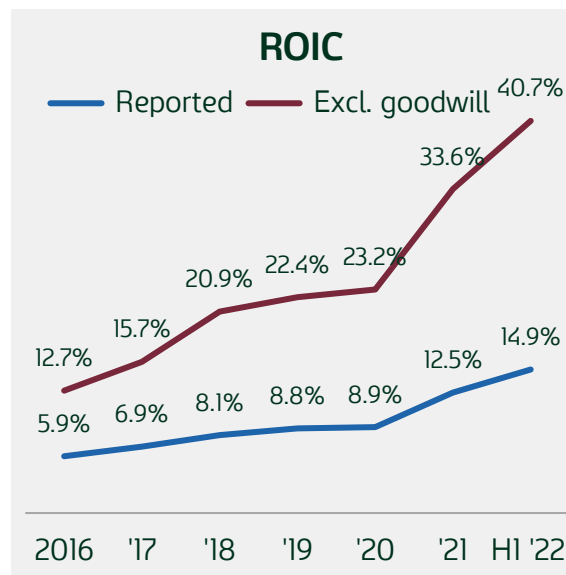
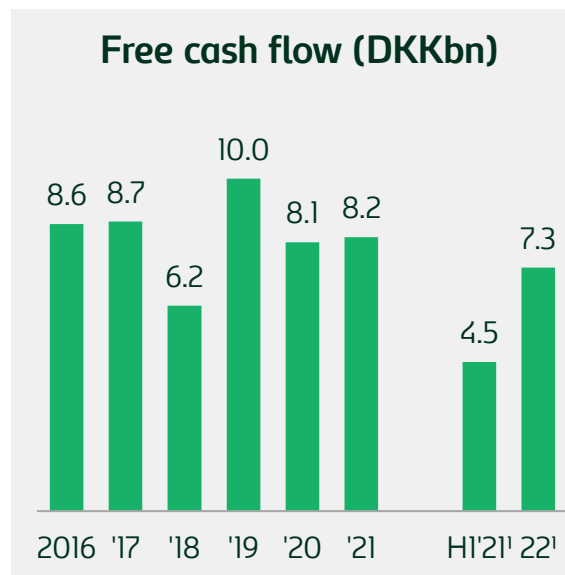
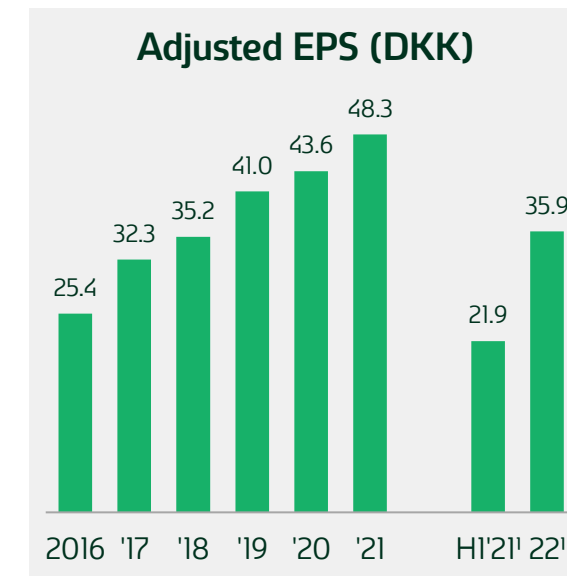
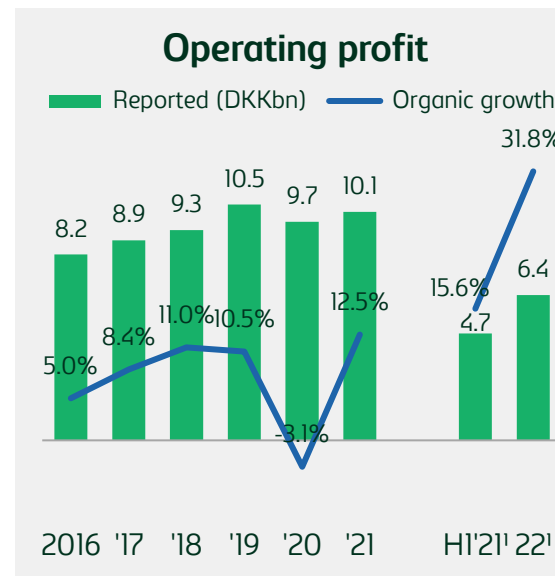
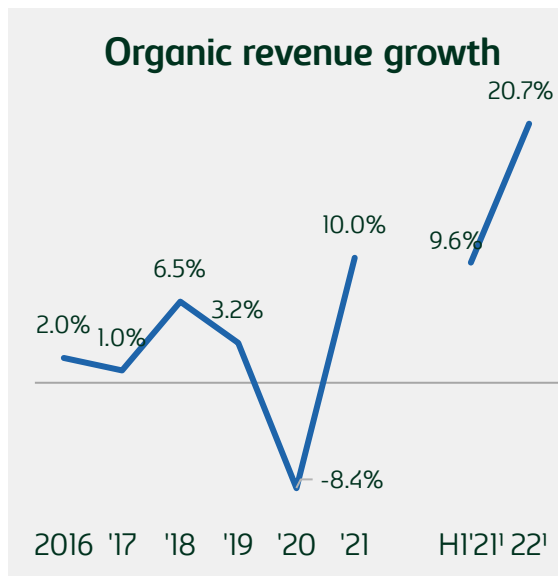
## Adjusted EPS (DKK)



<sup>1</sup> Continuing business (excluding Russia)

# SAIL'22 and Funding the Journey have enabled us to deliver strong results...

<sup>1</sup> Excluding Russia



# ... and **SAIL'27** combined with our strong performance management drumbeat will continue to drive growth and shareholder value, also during storms



## OUR PORTFOLIO CHOICES

Step up in premium

Strengthen mainstream core beer

Accelerate AFB and Grow Beyond Beer



## OUR GEOGRAPHICAL PRIORITIES

Premiumise and grow profits in Western Europe

Accelerate in core markets in Asia

Drive value and build scale in Central & Eastern Europe



## OUR EXECUTION EXCELLENCE

Excel at point of purchase

Master digital, data and processes

Manage supply chain end-to-end



## OUR WINNING CULTURE

Purpose & performance driven people

Together Towards ZERO and Beyond

Live by our Compass



## FUNDING OUR JOURNEY



## CREATING VALUE FOR SHAREHOLDERS

- Organic revenue growth of 3-5% CAGR
- Organic operating profit growth above net revenue
- Continued ROIC focus
- Disciplined capital allocation
- Ambitious sustainability targets

# CAPITAL MARKETS DAY

Carlsberg  
Group

