

Company announcement 09/2018

1 November 2018

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Q3 2018 TRADING STATEMENT

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

HIGHLIGHTS

- Organic revenue growth of 9.0% (9M: growth of 6.4%). Reported net revenue of DKK 17.6bn (9M: DKK 48.6bn).
- Price/mix of +1% (9M: +1%).
- Total organic volume growth of 7.6% (9M +4.9%).
 - Continued growth in our international premium portfolio: Tuborg +11%, Carlsberg +9%, Grimbergen +15% and 1664 Blanc +49%.
- Craft & speciality volume growth of 29%, alcohol-free brew volume growth in Western Europe of 58%.

2018 EARNINGS EXPECTATIONS

- Organic operating profit growth of 10-11% (unchanged from announcement at 24 October 2018).
- Translation impact on operating profit of around DKK -500m, based on the spot rates at 31 October (unchanged from announcement at 24 October 2018).

CEO Cees 't Hart says: "We delivered a strong third quarter with all regions performing very well. Our craft & speciality portfolio and alcohol-free brews continued their good momentum, and in Asia Tuborg, Carlsberg and 1664 Blanc delivered strong growth rates. Results in the quarter were further boosted by the very good weather in Western Europe.

"We're pleased that last week we were able to increase our full-year earnings expectations, and we feel confident that 2018 will show solid top-line growth, margin improvement and a healthy cash flow, whilst we have invested significant funds in our strategic priorities to drive the long-term growth of our business."

The Carlsberg Group will present the results at a conference call today at 9.00 am CET (8.00 am GMT). Dial-in information and slide deck are available beforehand on www.carlsberggroup.com.

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THIRD-QUARTER REVIEW

The Group delivered strong 9.0% organic revenue growth (9M: growth of 6.4%), driven by total organic volume growth of 7.6% (9M: growth of 4.9%) and price/mix of +1% (9M: +1%). In reported terms, total volumes grew by 8.6%, impacted by the increased ownership in Cambrew, which was consolidated from 1 August. Reported net revenue was DKK 17.6bn, an increase of 7.4%, impacted by +0.7% from acquisitions and a currency effect of -2.3%.

Our international core beer brands delivered strong growth. Tuborg volumes grew by 11%, mainly driven by particularly strong growth in China and India as well as licence volumes in Turkey. The Carlsberg brand grew by 9%, reflecting positive growth momentum in most of our markets, not least markets such as India, China, Malaysia, Russia, the UK and the Nordic. In September, we unveiled a new design for the Carlsberg brand together with a series of sustainable packaging innovations, including the Snap Pack, which is set to reduce plastic waste globally by more than 1,200 tonnes a year.

Within our strategic growth priorities, craft & speciality volumes grew by 29% and alcohol-free brews in Western Europe grew by 58%, positively impacted by the warm weather. Within our craft & speciality portfolio, the international brands Grimbergen and 1664 Blanc grew by 15% and 49% respectively.

WESTERN EUROPE

Net revenue in Western Europe grew organically by 8.5% (9M: growth of 3.0%). Several markets in the northern part of the region benefited from the warm summer in addition to cycling easy comparables due to last year's poor summer. Total volumes grew organically by 10.7% (9M: growth of 3.4%). Price/mix was -2% (9M: flat). Reported net revenue grew by 7.7% due to the currency impact of -0.8%.

We saw good revenue and volume development in most markets, with particularly strong performance in markets such as the Nordics, France, Poland and the Baltics. Market share development for the region improved slightly compared with last year.

Price/mix was positive in most markets. In the Nordics, however, the strong growth of non-beer products due to the warm weather led to a negative product mix and, in addition, lower volumes in high-priced export markets in the Middle East and higher licence sales impacted price/mix negatively.

ASIA

The positive development in Asia continued. Net revenue grew organically by 11.0% (9M: growth of 13.2%) as a result of a continued solid +5% price/mix (9M: +4%) and 5.8% organic total volume growth (9M: growth of 8.7%). Reported net revenue grew by 12.6% (9M: growth of 8.9%), supported by the consolidation of Cambrew, which led to a positive acquisition impact of 3.1%, more than offsetting the currency impact of -1.5%.

We saw particularly strong volume growth in markets such as China, India and Nepal. In China, volumes grew by 6%, supported by sustained strong performance of our premium portfolio – Tuborg, Carlsberg and 1664 Blanc – which also supported the solid price/mix improvement. Our

Indian volumes grew by 15%, driven by growth of Carlsberg and Tuborg and on the back of easy comparables due to the so-called highway ban last year.

The strong price/mix improvement was mainly the result of our successful premiumisation efforts, especially in China.

EASTERN EUROPE

Net revenue in Eastern Europe grew organically by 8.2% (9M: growth of 8.8%). Total volumes grew organically by 4.2% (9M: growth of 3.7%) and price/mix was +4% (9M: +5%). Reported net revenue grew by 0.6% (9M: -2.4%), negatively impacted by currencies.

Volumes grew in Russia, Kazakhstan, Belarus and Azerbaijan, but declined slightly in Ukraine. All markets in the region achieved positive price/mix, supported by both price increases and growth of premium offerings.

STRUCTURAL CHANGES

The Group has announced the following transactions in 2018:

- Acquisition of the remaining 49% of Olympic Brewery in Greece.
- Acquisition of an additional 25% of Cambrew in Cambodia, increasing our ownership share to 75%.
- Acquisition of an additional 10.5% of Alivaria in Belarus, increasing our ownership share to 78%.

2018 EARNINGS EXPECTATIONS

On 24 October, we increased our earnings outlook due to the strong third-quarter results, which were driven by good progress on our strategic priorities, strong execution of Funding the Journey and a warm summer in Western Europe. Consequently, for 2018 we expect to deliver:

- 10-11% organic growth in operating profit.

On 24 October, the following changes to assumptions were also made:

A translation impact on operating profit of around DKK -500m (previously around DKK -425m).

Capital expenditures of DKK 4.0-4.5bn (previously around DKK 4.5bn).

Other relevant assumptions remained unchanged:

Financial expenses, excluding currency losses or gains and fair value adjustments, are expected to be around DKK 800m.

The effective tax rate is expected to be below 29%.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for 2019:

6 February	Full-year 2018 financial statement
6 February	Annual Report 2018
13 March	Annual General Meeting
2 May	Q1 trading statement
15 August	H1 interim financial statement
31 October	Q3 trading statement

DISCLAIMER

This Company Announcement 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.

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 fair 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.

VOLUMES AND NET REVENUE

Q3	2017	Organic	Acq., net	FX	2018	Change Reported
Beer sales (million hl)						
Western Europe	12.6	9.7%	0.0%	-	13.9	9.7%
Asia	9.3	5.7%	2.4%	-	10.0	8.1%
Eastern Europe	8.7	3.8%	0.0%	-	9.0	3.8%
Total	30.6	6.8%	0.7%		32.9	7.5%
Other beverages (million hl)						
Western Europe	3.6	14.2%	0.0%	-	4.1	14.2%
Asia	0.7	6.2%	22.1%	-	0.9	28.3%
Eastern Europe	0.6	9.0%	0.0%	-	0.7	9.0%
Total	4.9	12.4%	3.1%		5.7	15.5%
Total beverages (million hl)						
Western Europe	16.2	10.7%	0.0%	-	18.0	10.7%
Asia	10.0	5.8%	3.7%	-	10.9	9.5%
Eastern Europe	9.3	4.2%	0.0%	-	9.7	4.2%
Total	35.5	7.6%	1.0%		38.6	8.6%
Net revenue (DKK million)						
Western Europe	9,450	8.5%	0.0%	-0.8%	10,178	7.7%
Asia	3,768	11.0%	3.1%	-1.5%	4,243	12.6%
Eastern Europe	3,136	8.2%	0.0%	-7.6%	3,156	0.6%
Not allocated	20	-50.5%	0.0%	0.0%	11	-50.5%
Total	16,374	9.0%	0.7%	-2.3%	17,588	7.4%
9 months						
	2017	Organic	Acq., net	FX	2018	Change Reported
Beer sales (million hl)						
Western Europe	35.9	2.6%	-0.2%	-	36.8	2.4%
Asia	25.5	8.5%	0.9%	-	27.8	9.4%
Eastern Europe	23.2	3.4%	0.0%	-	24.0	3.4%
Total	84.6	4.6%	0.1%		88.6	4.7%
Other beverages (million hl)						
Western Europe	10.9	5.9%	-2.6%	-	11.3	3.3%
Asia	2.2	11.1%	7.2%	-	2.6	18.3%
Eastern Europe	1.6	7.3%	0.0%	-	1.7	7.3%
Total	14.7	6.8%	-0.9%		15.6	5.9%
Total beverages (million hl)						
Western Europe	46.8	3.4%	-0.8%	-	48.1	2.6%
Asia	27.7	8.7%	1.4%	-	30.4	10.1%
Eastern Europe	24.8	3.7%	0.0%	-	25.7	3.7%
Total	99.3	4.9%	0.0%		104.2	4.9%
Net revenue (DKK million)						
Western Europe	27,693	3.0%	-0.8%	-1.3%	27,933	0.9%
Asia	11,168	13.2%	1.1%	-5.4%	12,158	8.9%
Eastern Europe	8,638	8.8%	0.0%	-11.2%	8,429	-2.4%
Not allocated	51	-36.3%	0.0%	-0.0%	34	-36.3%
Total	47,550	6.4%	-0.2%	-4.1%	48,554	2.1%