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# Financial statement as at 30 June 2016

## Good H1 2016 performance; on-track to deliver on full-year and Funding the Journey expectations

*Unless otherwise stated, comments in this announcement refer to H1 performance.*

### Highlights

- Reported net revenue of DKK 31.2bn; 4% organic growth.
- Favourable price/mix of +5%.
- Total Group volume organic decline of 1%, primarily a consequence of our value management initiatives.
- Stable market share in Asia; sequential improvement in Eastern Europe; decline in Western Europe.
- Organic operating profit growth of 8%; reported operating profit of DKK 3,448m (-4%) due to a currency impact of DKK -389m. Operating margin improvement in all three regions.
- Reported net profit of DKK 1,867m (+25%), corresponding to an EPS of DKK 12.2. Correcting for special items after tax and the effects of a one-off tax expense, EPS would have been DKK 11.2.
- Significant improvement in free cash flow of DKK 3.0bn to DKK 5.2bn.
- Net interest-bearing debt reduction of DKK 2.7bn versus year-end 2015; net interest-bearing debt/EBITDA reduced to 2.16x.
- ROIC (MAT) improvement of 110bp to 8.9%.
- *Funding the Journey* well on track. The Group's new strategy, SAIL'22, announced in March, now being implemented across the Group.

### 2016 organic operating profit expectation maintained

- Full-year guidance of low-single-digit percentage organic growth in operating profit maintained.
- The translation impact on operating profit expected to be around DKK -600m (previously DKK -550m), based on currency rates as at 15 August.
- The effective tax rate for this year is now expected to be 33% (previously 28%), primarily due to a one-off tax expense.

CEO Cees 't Hart says: "The Carlsberg Group delivered a good set of results in line with our expectations. Most notably, we achieved a solid top-line and profit development as well as a strong improvement in cash flow. With the satisfactory execution of our plans so far, we maintain our full-year outlook for organic growth in operating profit.

"We're satisfied with the progress on our key priorities for 2016, including the delivery of the benefits from *Funding the Journey* and the implementation of SAIL'22. *Funding the Journey* is getting a good momentum throughout the organisation and the priorities in SAIL'22 have received very positive feedback from our employees across markets and functions. We're now in the process of operationalising the strategy and developing tangible action plans for 2017."

*Carlsberg will host a conference call for analysts and investors today at 9.00 am CET (8.00 am GMT). Dial-in information and slide deck are available beforehand at www.carlsberggroup.com.*

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## KEY FIGURES AND FINANCIAL RATIOS

| DKK million | | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|---|
| **Total sales volumes (million hl)** | | | | |
| Beer | | 64.2 | 66.1 | 131.8 |
| Other beverages | | 11.8 | 11.4 | 23.3 |
| **Pro rata volumes (million hl)** | | | | |
| Beer | | 59.1 | 60.4 | 120.3 |
| Other beverages | | 10.9 | 10.5 | 21.5 |
| **Income statement** | | | | |
| Net revenue | | 31,243 | 32,402 | 65,354 |
| Operating profit before depreciation, amortisation and impairment losses | | 5,713 | 5,857 | 13,213 |
| Operating profit before special items | | 3,448 | 3,583 | 8,457 |
| Special items, net | | 406 | -283 | -8,659 |
| Financial items, net | | -703 | -770 | -1,531 |
| Profit before tax | | 3,151 | 2,530 | -1,733 |
| Corporation tax | | -1,040 | -714 | -849 |
| Consolidated profit | | 2,111 | 1,816 | -2,582 |
| Attributable to: | | | | |
| Non-controlling interests | | 244 | 321 | 344 |
| Shareholders in Carlsberg A/S | | 1,867 | 1,495 | -2,926 |
| Shareholders in Carlsberg A/S (adjusted)[1] | | 1,403 | 1,734 | 4,557 |
| **Statement of financial position** | | | | |
| Total assets | | 127,574 | 147,515 | 124,901 |
| Invested capital | | 88,508 | 110,446 | 90,102 |
| Invested capital excluding goodwill | | 37,638 | 54,491 | 39,832 |
| Interest-bearing debt, net | | 28,290 | 36,195 | 30,945 |
| Equity, shareholders in Carlsberg A/S | | 45,654 | 56,871 | 43,489 |
| **Statement of cash flows** | | | | |
| Cash flow from operating activities | | 5,293 | 3,844 | 10,140 |
| Cash flow from investing activities | | -63 | -1,626 | -2,618 |
| Free cash flow | | 5,230 | 2,218 | 7,522 |
| **Financial ratios** | | | | |
| Operating margin | % | 11.0 | 11.1 | 12.9 |
| ROIC[2] | % | 8.9 | 7.8 | 8.1 |
| ROIC excl. goodwill[2] | % | 19.5 | 15.5 | 16.9 |
| Equity ratio | % | 35.8 | 38.4 | 34.8 |
| Debt/equity ratio (financial gearing) | x | 0.58 | 0.60 | 0.66 |
| Debt/operating profit before depreciation and amortisation[2] | x | 2.16 | 2.75 | 2.34 |
| Interest cover | x | 4.91 | 4.65 | 5.53 |
| **Stock market ratios** | | | | |
| Earnings per share (EPS) | DKK | 12.2 | 9.8 | -19.2 |
| Earnings per share, adjusted (EPS-A)[1] | DKK | 9.2 | 11.4 | 29.9 |
| Cash flow from operating activities per share (CFPS) | DKK | 34.7 | 25.2 | 66.3 |
| Free cash flow per share (FCFPS) | DKK | 34.3 | 14.5 | 49.2 |
| Share price (B-shares) | DKK | 634.5 | 607.5 | 612.5 |
| Number of shares (period-end, excl. treasury shares) | 1,000 | 152,552 | 152,548 | 152,552 |
| Number of shares (average, excl. treasury shares) | 1,000 | 152,552 | 152,542 | 152,542 |

[1] Adjusted for special items after tax. [2] Rolling 12 months.

## GROUP KEY PRIORITIES FOR 2016

The Group has defined some key priorities for 2016, as expressed in the 2015 full-year announcement in February. These priorities are the execution of *Funding the Journey*; announcing and implementing SAIL'22, the Group's new strategy; improving margins in Western Europe; continuing the growth trajectory in Asia; and mitigating the negative earnings impact from the currency weakness and market decline in Eastern Europe.

### Funding the Journey

*Funding the Journey* continues to make good progress as described below.

*Value Management* was a key contributor to the improvement in the gross profit after logistics (GPaL) margin in H1. By applying a new value management approach across the Group, we delivered a strong price/mix of 5% and we are progressing towards striking a better balance between market share, gross margin and earnings.

On *Supply Chain Efficiency*, most initiatives are delivering good progress. Overall, COGS and logistics are down year-on-year in Western Europe and Asia but up in Eastern Europe, due to currency-related input price increases in Russia. By the end of H1 2016, 2,107 SKUs had been cut. We work rigorously to reduce tail SKUs and are now rolling out a programme to address SKUs which create inefficiencies.

On *Operating Expense Efficiency*, by the end of H1, white-collar headcount reduction was 2,080. Within Operating Cost Management (OCM), we are seeing substantial savings versus target with particularly good results in Asia and Eastern Europe. On shared services, we are now nearing the completion of transferring well over 200 roles from Europe to an external service provider in India and we are working on additional similar opportunities.

On *Right-sizing of Businesses*, several initiatives were carried out during the first half year, including the closure of six sites in China (following five in 2015) and the announcement in the UK to exit the porterage business and the intention to outsource our secondary logistics operations. Moreover, the following structural changes also took place:

- The disposal of Danish Malting Group was completed.
- The asset swap in China of the 30% ownership in the holding company Xinjiang Hops for full ownership of Xinjiang Wusu Group (announced in H1 2015) was completed. Subsequently, the Group holds full control of the Xinjiang Wusu Group. The net cash proceed was approximately DKK 200m.
- Our fully-owned brewery in Southern Vietnam, Vung Tau, was sold. The deal was completed in July 2016.
- In July 2016, we entered into an agreement to sell our 59% shareholding in Carlsberg Malawi.

### SAIL'22

We announced our new strategy, SAIL'22, internally and externally on 16 March. We have since been communicating and operationalising the SAIL'22 priorities, with local management teams having held town hall meetings and workshops to engage employees in the new strategy. Work streams and dedicated teams are being established to drive each priority forward, and SAIL'22-related initiatives are being embedded in current activities and in the activity planning for 2017.

To drive the Group's strategic and operational agenda, some changes have taken place in the top-leadership team. Our new CFO, Heine Dalsgaard, joined the Group on 1 June. Chris Warmoth, previously Executive Vice President (EVP) Asia, was appointed EVP Corporate Strategy. Graham Fewkes, previously heading up Group Commercial, replaced Chris as EVP Asia. Michiel Herkemij took over from Jørn Tolstrup Rohde as EVP Western Europe on 1 April.

**SAIL'22 financial priorities**
For the first six months, we delivered well against the financial metrics set out as part of the SAIL'22 strategy.

*Organic growth in operating profit*: For the first six months, the Group delivered 8% organic operating profit growth. We are on track to deliver on our 2016 outlook of low-single-digit percentage growth in organic operating profit.

*ROIC improvement*: ROIC (based on rolling 12 months) improved by 110bp compared to the end of June 2015 and by 80bp compared to the end of 2015. The improvement was driven by the organic growth in operating profit as well as lower capital employed. The latter was due to low capital expenditures, working capital improvement and last year's impairment. However, also excluding the impairment, ROIC improved.

*Optimal capital allocation*: As a result of the strong free cash flow for the first six months, net interest-bearing debt/EBITDA declined to 2.16x (2.75x in H1 2015).

**Regional priorities**
On the three regional priorities for 2016, the Group is delivering largely according to plan.

In *Western Europe*, the operating profit margin improved by 70bp to 12.1%, mainly as a result of value management, focussing on delivering price/mix and GPaL-margin improvement.

Our *Asia* region continued to deliver solid organic revenue growth (+4%) thanks to a strong 7% price/mix and despite a negative volume development in China. In addition, organic operating profit growth was a healthy 6%.

The *Eastern Europe* business performed well in spite of challenging market conditions and currency headwind, delivering flat volumes, 8% organic revenue growth and 19% organic operating profit growth.

## GROUP FINANCIAL PERFORMANCE

| | 2015 | Change Organic | Change Acq., net | Change FX | 2016 | Change Reported |
|---|---|---|---|---|---|---|
| **H1** | | | | | | |
| Pro rata (million hl) | | | | | | |
| Beer | 60.4 | -2% | 0% | | 59.1 | -2% |
| Other beverages | 10.5 | 4% | 0% | | 10.9 | 4% |
| Total volume | 70.9 | -1% | 0% | | 70.0 | -1% |
| | | | | | | |
| DKK million | | | | | | |
| Net revenue | 32,402 | 4% | -1% | -7% | 31,243 | -4% |
| Gross profit | 15,887 | 5% | 0% | -7% | 15,532 | -2% |
| Operating profit | 3,583 | 8% | -1% | -11% | 3,448 | -4% |
| Operating margin (%) | 11.1 | | | | 11.0 | -10bp |
| Net profit | 1,495 | | | | 1,867 | 25% |

Total volumes declined organically by 1%. Mainly due to anticipated lower beer volumes in the UK, Finland and Poland, a negative volume development in Eastern Europe in Q2 and a continued market decline in China, beer volumes weakened, being down 2% organically. The Carlsberg brand grew by 6% and Tuborg by 11%. Other beverages grew organically by 4%, driven by growth in the Nordic soft drinks businesses.

Price/mix developed favourably in the majority of our markets, with net revenue/hl improving by 5% and offsetting the decline in total volumes. Consequently, organic net revenue grew by 4%. Reported net revenue declined by 4% because of adverse currency developments in most markets, with a particularly significant impact from the Eastern European, Chinese, British and Norwegian currencies.

Gross profit/hl grew organically by 6% and total gross profit by 5%. Cost of sales per hl grew organically by approximately 4%, impacted by the negative transaction impact in Eastern Europe from USD/EUR-denominated inputs. The reported gross margin improved by 70bp to 49.7%.

Operating expenses grew organically by 3-4% as sales and marketing investments were impacted by the UEFA EURO 2016 tournament.

Group operating profit increased organically by 8%, with positive contribution from all three regions. Reported operating profit was DKK 3,448m. This was a decline of 4% and a result of a translation impact of -11% and a net acquisition impact of -1%. Group operating profit margin improved organically by 50bp but was -10bp in reported terms.

Reported net profit was DKK 1,867m (2015: DKK 1,495m), positively impacted by special items of DKK +406m and negatively impacted by an increase in corporation tax. The increase in corporation tax primarily related to a lost tax case in Finland earlier this year. The tax expense related to this is non-recurring and has no impact on cash flow this year.

Adjusted net profit (adjusted for special items after tax) was DKK 1,403, a decline of 19% versus last year. The decline in adjusted net result was due to a negative currency impact and the aforementioned tax expense, which more than offset organic operating profit growth and lower financial costs. Adjusted earnings per share was DKK 9.2. If correcting for the one-off expense related to the Finnish tax case, adjusted earnings per share would have been DKK 11.2.

Free cash flow was DKK 5.2bn. This represented an increase of DKK 3.0bn compared to last year and was due to a strong improvement in free operating cash flow of DKK +1.7bn. This was driven by improved working capital, lower financial and tax payments and a higher cash flow from financial investments (DKK +1.3bn) as a result of disposals.

Return on invested capital (MAT) was 8.9% (2015: 7.8%), positively impacted by lower invested capital. Excluding goodwill, the return on invested capital was 19.5%.

Net interest-bearing debt was DKK 28.3bn, a decrease of DKK 2.7bn versus year-end 2015.

## 2016 EXPECTATIONS

Based on the results of the first six months and July, the Group maintains its financial outlook for 2016 unchanged and expects to deliver:

- Low-single-digit percentage organic operating profit growth.
- Financial leverage reduction.

As expected, the organic operating profit growth in the first six months was higher than the Group expects for the second half of the year. In H1, we were cycling easy comparables in Western and Eastern Europe due to last year's poor weather in Q2 in northern Europe and the destocking in Russia, which predominantly impacted the first six months. In addition, we anticipate increased spending behind our SAIL'22 priorities in the second half of the year.

*Significant assumptions and sensitivities are:*

Although the dependency on Russia has declined (in H1 2016, Russia represented 16% of operating profit before not allocated costs), the Russian rouble remains the largest single-currency exposure. Based on all current spot rates, including the current EUR/RUB spot rate of 72, the Group assumes a negative translation impact of around DKK 600m (previous DKK -550m).

Cost of goods sold per hl is expected to be slightly higher than in 2015, primarily due to the currency impact in Russia.

Sales and marketing investments to net revenue are expected to be slightly higher than last year.

Average all-in cost of debt is assumed to be around 4.5%.

The effective tax rate is expected to be approximately 33%, compared to previous expectations of 28%. The higher tax rate this year is primarily due to the previously mentioned Finnish tax case.

Capital expenditures will be approximately DKK 4bn in 2016 (around index 85 to expected depreciation).

## WESTERN EUROPE

| DKK million | | Change | | | | Change |
|---|---|---|---|---|---|---|
| | 2015 | Organic | Acq., net | FX | 2016 | Reported |
| **H1** | | | | | | |
| Pro rata (million hl) | | | | | | |
| Beer | 24.6 | -2% | 0% | | 24.2 | -2% |
| Other beverages | 7.7 | 3% | 0% | | 7.9 | 3% |
| Total volume | 32.3 | -1% | 0% | | 32.1 | -1% |
| | | | | | | |
| DKK million | | | | | | |
| Net revenue | 18,872 | 2% | 0% | -2% | 18,868 | 0% |
| Operating profit | 2,155 | 9% | 0% | -3% | 2,275 | 6% |
| Operating margin (%) | 11.4 | | | | 12.1 | 70bp |

Net revenue in Western Europe grew organically by 2% driven by a healthy price/mix of 3% as total volumes declined organically 1%.

The positive price/mix was the result of our new value management approach. With this, we have sharpened the focus on profitability by brand, SKU, channel and promotional activity with the aim to optimise the balance between market share, GPaL margin and operating profit.

Operating profit grew organically by 9%. The reported operating profit margin increased by 70bp to 12.1% in spite of a significant step-up in marketing investments for the six months. *Funding the Journey* benefits are coming through, delivering the positive price/mix and good cost control.

The Western European beer markets grew by an estimated 2%. Some of this was due to easy comparables because of the bad weather in northern Europe last year. Our volumes were negatively impacted by the reduction of margin-dilutive volumes in the second half of last year in the UK and Finland and the beginning of this year in Poland. Adjusting for this, our volumes would have increased by an estimated 3%.

The Nordic markets grew 3-4% for the six months. While we grew volumes in Norway, Denmark and Sweden, our total Nordic volumes declined by 2% as a result of the above-mentioned withdrawal from a margin-dilutive supply contract in Finland. All markets delivered very solid price/mix improvements due to a combination of growth of craft/speciality, value management efforts and less low-priced volumes in Finland. All four markets delivered operating profit improvement, with particularly strong improvement achieved in Finland.

In France, our shipped volumes grew by 3% in a French market that grew approximately 3%. Our volume growth was driven by the Carlsberg, Tourtel, Skøll by Tuborg and Grimbergen brands. UEFA EURO 2016 was an opportunity to engage with consumers and was a lever to recruit them into our premium portfolio and innovations. The Carlsberg brand and the non-alcoholic Tourtel brand in particular benefitted from this and both brands delivered considerable growth rates. We gained market share in the growing on-trade channel, while we lost share in the off-trade channel. The loss was mainly attributed to the mainstream Kronenbourg brand and 1664, as we did not engage in promotional activities to the same extent as the competition.

In the growing, but highly competitive, Polish market our volumes declined by approximately 10%, mainly as a result of the decision to pull out of certain low-priced volumes. Excluding this, our volumes were flat. We saw good performance of the Harnas, Carlsberg and Somersby brands.

The UK market was flat for the first half year. As expected, our UK volumes declined and we lost market share. We continued to drive value and focus on brand development and innovation. We recently launched several new products, including the draught craft beer Shed Head in the on-trade. In June, we announced the intention to exit porterage distribution services by the end of the current contracts in addition to a proposal to outsource secondary logistics operation.

Most other markets in the region delivered market share growth, margin improvements and operating profit growth, with particular strong improvements in markets such as Italy, Greece, Bulgaria and Germany.

## EASTERN EUROPE

| DKK million | | Change | | | | Change |
|---|---|---|---|---|---|---|
| | 2015 | Organic | Acq., net | FX | 2016 | Reported |
| **H1** | | | | | | |
| Pro rata (million hl) | | | | | | |
| Beer | 16.0 | 0% | 0% | | 15.9 | 0% |
| Other beverages | 0.9 | 10% | 0% | | 1.0 | 10% |
| Total volume | 16.9 | 0% | 0% | | 16.9 | 0% |
| | | | | | | |
| DKK million | | | | | | |
| Net revenue | 5,556 | 8% | 0% | -23% | 4,735 | -15% |
| Operating profit | 830 | 19% | 0% | -29% | 751 | -10% |
| Operating margin (%) | 14.9 | | | | 15.9 | 100bp |

Our Eastern European net revenue grew organically by 8%, driven by a solid price/mix of 8% and flat total volumes. Reported net revenue declined by 15% due to a significantly negative currency impact, as all currencies in the region devalued substantially.

The solid price/mix development was driven by last year's price increases, a weak mix in Q1 last year and price increases this year. However, price/mix slowed during the six months as we have implemented fewer price increases in 2016 compared to the same period last year.

Operating profit grew organically by 19% and the operating margin improved by 100bp to 15.9%. The improvement was driven by *Funding the Journey* initiatives, delivering positive price/mix and strict cost control, and was also helped by easy comparables.

The Eastern European beer markets continue to be negatively impacted by the challenging macro environment, especially in Ukraine and Russia. Our volumes were flat for the six months as we saw a deterioration in Q2 of -3% compared to +6% in Q1, when the impact of last year's destocking among wholesalers and distributors in Russia was more pronounced.

The Russian beer market declined by an estimated 2% for the first half year. Our Russian volume market share was 34.8% (source: Nielsen Retail Audit, Urban & Rural Russia), representing a sequential 140bp improvement compared to H2 2015 but a decline of 120bp year-on-year. The market share improvement vis à vis H2 2015 was mainly achieved in the modern trade channel. We saw good performance of the Zhigulevskoe, Carlsberg, Baltika 0 and Baltika 9 brands while the Baltika 3 and the Tuborg brands declined. Our Russian shipments declined by 2%, being positively impacted by the aforementioned destocking last year.

The Ukrainian market continued to be difficult, declining by an estimated 6%. Our Ukrainian business performed strongly, achieving market share growth and margin improvements. Our market share improvement was driven by strong performance of our local power brand Lvivske and Carlsberg, along with a successful launch of the Garage brand.

## ASIA

| DKK million | | Change | | | | Change |
|---|---|---|---|---|---|---|
| | 2015 | Organic | Acq., net | FX | 2016 | Reported |
| **H1** | | | | | | |
| Pro rata (million hl) | | | | | | |
| Beer | 19.8 | -4% | 0% | | 19.0 | -4% |
| Other beverages | 1.9 | 2% | 0% | | 2.0 | 2% |
| Total volume | 21.7 | -3% | 0% | | 21.0 | -3% |
| | | | | | | |
| DKK million | | | | | | |
| Net revenue | 7,948 | 4% | -1% | -7% | 7,639 | -4% |
| Operating profit | 1,331 | 6% | 0% | -6% | 1,328 | 0% |
| Operating margin (%) | 16.8 | | | | 17.4 | 60bp |

Net revenue in Asia grew organically by 4% as a result of 7% price/mix offset by an organic volume decline of 3%. Reported net revenue declined by 4% due to a negative currency impact, mainly from China, Malawi, Malaysia and India.

The solid price/mix was due to premiumisation efforts on local power brands, reduction of low-priced products in China and growth of our premium propositions. The latter was particularly positively impacted by the Tuborg brand, which grew 17%.

Our Asian markets had a mixed volume development. We achieved particularly strong growth in India, Nepal and Laos, while our volumes in China declined following the market decline and closure of breweries.

Organic operating profit grew by 6% and the reported operating margin improved by 60bp. The profit improvement was driven by *Funding the Journey* benefits, including positive price/mix, tight cost control and brewery closures in China.

Our Chinese volumes declined organically by 8%, slightly more than the beer market. While we gained market share in most of our key provinces, last year's decision to restructure Eastern Assets and the subsequent closure of breweries resulted in a volume decline of approximately 25% in the affected provinces. Supported by the growth of our premium portfolio, notably Tuborg and Kronenbourg Blanc, price/mix grew by 6%. Profitability in China improved significantly due to tight cost control and the restructuring of Eastern Assets.

In spite of the alcohol ban in the Bihar state as of April, the Indian beer market grew by an estimated 5%. Our Indian business continued to grow, delivering volume growth of 17% and price/mix improvement of mid-single digit percentages. Carlsberg Elephant grew significantly for the six months, and the Tuborg brand continued its strong growth trajectory. Profitability improved significantly.

The Vietnamese market grew by an estimated 8% and we gained market share. Nevertheless, our volumes declined slightly, due to stocking in Q4 last year ahead of the Têt festive season. The launch of Tuborg in northern Vietnam at the beginning of the year has delivered promising initial results ahead of plan.

Volumes in Malaysia were impacted by the excise tax increase at 1 March. Price increases and good cost control ensured solid financial performance.

Our business in Laos grew beer volumes while the water and soft drinks business was under pressure due to intensified competitive activity. Profits and margins developed positively.

Nepal delivered very strong performance due to market growth and price increases in addition to cycling easy comparables because of last year's earthquake.

## CENTRAL COSTS (NOT ALLOCATED)

Central costs were DKK 841m (DKK 673m in 2015). Central costs are incurred for ongoing support of the Group's overall operations and strategic development and driving efficiency programmes. In particular, they include the costs of running central functions and central marketing (including sponsorships). Higher marketing investments related to UEFA EURO 2016 was the main driver behind the increase in H1.

## OTHER ACTIVITIES

The operation of the Carlsberg Research Center is reported separately from the beverage activities. The non-beverage activities generated an operating loss of DKK 65m (loss of DKK 60m in 2015).

## COMMENTS ON THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

The present interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and Danish regulations governing presentation of interim reports by listed companies.

Except for the changes described below, the interim report has been prepared using the same accounting policies as the consolidated financial statements for 2015. The consolidated financial statements for 2015, section 9, holds a complete description of the accounting policies.

As of 1 January 2016, the Carlsberg Group has implemented amendment to IAS 1 “Disclosure Initiative”, IAS 27 “Equity Method in Separate Financial Statements”, IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”, IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” and the Improvements to IFRS 2012-2014. The implementation of the improvements and amendment have not had any significant impact on the quarterly financial statement.

## INCOME STATEMENT

Please see a review of operating profit on page 6.

Net special items (pre-tax) amounted to DKK +406m, positively impacted by the sale of Danish Malting Group and the asset swap related to Xinjiang Wusu Group, China, and negatively impacted by impairment and restructuring measures in the UK, China and India. The restructuring measures in the UK and China were part of *Funding the Journey* initiatives, while in India, it was related to the full impairment of Bihar following the recent implementation of a state-wide ban on the production and sale of alcohol. A specification of special items is included in note 3.

Net financial items amounted to DKK -703m versus -770m in 2015. Net interest costs were positively impacted by lower average funding costs and amounted to DKK -443m against DKK -577m in 2015. Other net financial items amounted to DKK -260m versus DKK -193m in 2015, impacted by currencies and the one-off interest cost related to the Finnish tax case, cf. below.

Tax totalled DKK -1,040m against DKK -714m in 2015, mainly impacted by a one-off expense related to the final ruling in a tax dispute in Finland. Consequently, the effective tax rate was 33%.

Non-controlling interests were DKK 244m (2015: DKK 321m).

Carlsberg's share of net profit was DKK 1,867m. Adjusted net profit (adjusted for special items after tax) was DKK 1,403m compared to DKK 1,734m in 2015. The decline was caused by adverse currencies and the higher tax rate.

## STATEMENT OF FINANCIAL POSITION

At 30 June 2016, Carlsberg had total assets of DKK 127.6bn against DKK 124.9bn at 31 December 2015.

### Assets

The increase in total assets of DKK 2.7bn was mainly due to an increase of current assets.

Intangible assets were to DKK 74.3bn at 30 June 2016 (DKK 72.9bn at 31 December 2015). The increase was due to the appreciation of the Russian rouble, partly offset by the depreciation of the Chinese renminbi.

Property, plant and equipment amounted to DKK 25.2bn (DKK 26.7bn at 31 December 2015) driven by depreciation and foreign exchange losses.

Current assets were up by DKK 3.4bn (DKK 20.0bn versus DKK 16.6bn at 31 December 2015) due to normal seasonality.

### Liabilities

Equity amounted to DKK 48.8bn against DKK 47.2bn at 31 December 2015. DKK 45.6bn was attributed to shareholders in Carlsberg A/S and DKK 3.2bn to non-controlling interests.

The change in equity of DKK 1.6bn was mainly explained by consolidated profit of DKK 2.1bn, foreign exchange gain of DKK 1.9bn and the pay-out of dividends of DKK -1.8bn.

Total liabilities amounted to DKK 78.7bn (DKK 77.7bn at 31 December 2015). Long-term borrowings declined by DKK 3.9bn to DKK 27.6bn. The decline was mainly related to bank facilities and was due to the strong cash flow.

Current liabilities were impacted by normal seasonality and amounted to DKK 35.1bn (DKK 29.8bn at 31 December 2015).

## CASH FLOW

Free cash flow amounted to DKK 5,230m versus DKK 2,218m in 2015, positively impacted by operating cash flow and lower net investments compared with last year.

Cash flow from operating activities was DKK 5,293m against DKK 3,844 in 2015.

Operating profit before depreciation and amortisation was DKK 5,713m (DKK 5,857m in 2015).

The change in total working capital was DKK +860m (DKK +480m in 2015). The change in trade working capital was positive by DKK +1,415bn. The ratio of average trade working capital to net revenue was -7.5% (MAT), positively impacted our continued focus on optimising trade working capital, less stocking in Russia and a reclassification of other payables in Asia. Adjusted for the latter, average trade working capital to net revenue was -6.1%. The change in other working capital of DKK -555m was mainly due to pension obligations and the aforementioned reclassification.

Paid net interest etc. amounted to DKK -119m (DKK -703m in 2015). The decline was mainly due to lower funding costs and a positive impact from the settlement of financial instruments this year versus a negative impact in H1 2015.

Paid corporation tax was DKK -869m (DKK -1,308m in 2015). The lower tax payment this year was due to lower taxable earnings and an extraordinary tax payment in 2015.

Cash flow from investing activities amounted to DKK -63m against DKK -1,626m in 2015.

Operational investments totalled DKK -1,480m (DKK -1,714m in 2015). These mainly related to maintenance, capacity in Asia and sales equipment. Capex to depreciation was 67%. Financial investments amounted to DKK +1,426m versus DKK +104m in 2015. The increase was due to the sale of Danish Malting Group and the gross proceeds from the asset swap in China.

## FINANCING

At 30 June 2016, gross interest-bearing debt amounted to DKK 33.3bn and net interest-bearing debt to DKK 28.3bn. The difference of DKK 5.0bn comprised other interest-bearing assets, including DKK 3.6bn in cash and cash equivalents.

The net interest-bearing debt to operating profit before depreciation and amortisation (EBITDA) ratio declined to 2.16x (2.75x in H1 2015).

Of the gross financial debt, 83% (DKK 27.6bn) was long-term, i.e. with maturity more than one year from 30 June 2016. On 28 November 2016, a GBP 300m bond with a coupon of 7.25% matures.

Of the net financial debt, 95% was denominated in EUR and DKK (after swaps) and 87% was at fixed interest (fixed-interest period exceeding one year).

## FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for 2016:

| | |
|---|---|
| 9 November 2016 | Q3 2016 Trading statement |

Carlsberg's communication with investors, analysts and the press is subject to special restrictions prior to the publication of half-year and annual financial statements as well as Q1 and Q3 trading statements.

## 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 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.

## MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 30 June 2016.

The interim report which has not been audited or reviewed by the Company's auditor has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 30 June 2016, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 June 2016. Further, in our opinion the management's review (p. 1-14) gives a true and fair review of the development in the Group's operations and financial matters, the result of the Carlsberg Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

**Copenhagen, 17 August 2016**

Executive Board of Carlsberg A/S

| | |
|---|---|
| Cees 't Hart<br>President & CEO | Heine Dalsgaard<br>Group CFO |

Supervisory Board of Carlsberg A/S

| | | |
|---|---|---|
| Flemming Besenbacher<br>Chairman | Lars Rebien Sørensen<br>Deputy Chairman | Hans Andersen |
| Carl Bache | Richard Burrows | Donna Cordner |
| Eva V. Decker | Elisabeth Fleuriot | Kees van der Graaf |
| Finn Lok | Erik Lund | Søren-Peter Fuchs Olesen |
| Peter Petersen | Nina Smith | Lars Stemmerik |

## FINANCIAL STATEMENT

# INCOME STATEMENT

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Net revenue | 31,243 | 32,402 | 65,354 |
| Cost of sales | -15,711 | -16,515 | -33,429 |
| Gross profit | 15,532 | 15,887 | 31,925 |
| Sales and distribution expenses | -9,735 | -9,943 | -19,158 |
| Administrative expenses | -2,575 | -2,633 | -4,909 |
| Other operating activities, net | 41 | 68 | 235 |
| Share of profit after tax, associates and joint ventures | 185 | 204 | 364 |
| Operating profit before special items | 3,448 | 3,583 | 8,457 |
| Special items, net | 406 | -283 | -8,659 |
| Financial income | 456 | 529 | 490 |
| Financial expenses | -1,159 | -1,299 | -2,021 |
| Profit before tax | 3,151 | 2,530 | -1,733 |
| Corporation tax | -1,040 | -714 | -849 |
| Consolidated profit | 2,111 | 1,816 | -2,582 |
| Attributable to: | | | |
| Non-controlling interests | 244 | 321 | 344 |
| Shareholders in Carlsberg A/S | 1,867 | 1,495 | -2,926 |
| Earnings per share | 12.2 | 9.8 | -19.2 |
| Earnings per share, diluted | 12.2 | 9.8 | -19.2 |

## STATEMENT OF COMPREHENSIVE INCOME

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Consolidated profit | 2,111 | 1,816 | -2,582 |
| Other comprehensive income: | | | |
| Retirement benefit obligations | -255 | -3 | -334 |
| Share of other comprehensive income, associates and joint ventures | - | -2 | -2 |
| Corporation tax relating to items that will not be reclassified | - | - | 84 |
| Items that will not be reclassified to the income statement | -255 | -5 | -252 |
| Foreign exchange adjustments of foreign entities | 1,945 | 5,191 | -3,824 |
| Value adjustments of hedging instruments | 173 | -489 | -437 |
| Corporation tax relating to items that may be reclassified | -39 | 123 | 76 |
| Items that may be reclassified to the income statement | 2,079 | 4,825 | -4,185 |
| Other comprehensive income | 1,824 | 4,820 | -4,437 |
| Total comprehensive income | 3,935 | 6,636 | -7,019 |
| Attributable to: | | | |
| Non-controlling interests | 171 | 604 | 604 |
| Shareholders in Carlsberg A/S | 3,764 | 6,032 | -7,623 |

## STATEMENT OF FINANCIAL POSITION

| DKK million | 30 June 2016 | 30 June 2015 | 31 Dec. 2015 |
|---|---|---|---|
| Assets | | | |
| Intangible assets | 74,334 | 87,925 | 72,920 |
| Property, plant and equipment | 25,246 | 30,795 | 26,678 |
| Financial assets | 7,382 | 7,749 | 8,227 |
| Total non-current assets | 106,962 | 126,469 | 107,825 |
| Inventory | 4,462 | 5,058 | 3,817 |
| Trade receivables | 7,628 | 8,799 | 5,729 |
| Other receivables etc. | 4,270 | 4,561 | 3,930 |
| Cash and cash equivalents | 3,642 | 2,826 | 3,131 |
| Total current assets | 20,002 | 21,244 | 16,607 |
| Assets classified as held-for-sale | 610 | 321 | 469 |
| Total assets | 127,574 | 148,034 | 124,901 |
| Equity and liabilities | | | |
| Equity, shareholders in Carlsberg A/S | 45,654 | 56,871 | 43,489 |
| Non-controlling interests | 3,172 | 3,762 | 3,742 |
| Total equity | 48,826 | 60,633 | 47,231 |
| Borrowings | 27,603 | 38,811 | 31,479 |
| Deferred tax, retirement benefit obligations etc. | 16,058 | 17,484 | 16,432 |
| Total non-current liabilities | 43,661 | 56,295 | 47,911 |
| Borrowings | 5,719 | 2,078 | 4,549 |
| Trade payables | 15,406 | 13,951 | 12,260 |
| Deposits on returnable packaging | 2,012 | 2,177 | 1,819 |
| Other current liabilities | 11,754 | 12,900 | 11,043 |
| Total current liabilities | 34,891 | 31,106 | 29,671 |
| Liabilities associated with assets held-for-sale | 196 | - | 88 |
| Total equity and liabilities | 127,574 | 148,034 | 124,901 |

## STATEMENT OF CHANGES IN EQUITY (PAGE 1 OF 2)

| DKK million | Shareholders in Carlsberg A/S | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Currency translation | Hedging reserves | Total reserves | Retained earnings | Equity, shareholders in Carlsberg A/S | Non-controlling interests | Total equity |
| Equity at 1 January 2016 | 3,051 | -34,910 | -537 | -35,447 | 75,885 | 43,489 | 3,742 | 47,231 |
| Consolidated profit | - | - | - | - | 1,867 | 1,867 | 244 | 2,111 |
| Other comprehensive income: | | | | | | | | |
| Foreign exchange adjustments of foreign entities | - | 2,018 | - | 2,018 | - | 2,018 | -73 | 1,945 |
| Value adjustments of hedging instruments | - | 58 | 115 | 173 | - | 173 | - | 173 |
| Retirement benefit obligations | - | - | - | - | -255 | -255 | - | -255 |
| Corporation tax | - | -39 | - | -39 | - | -39 | - | -39 |
| Other comprehensive income | - | 2,037 | 115 | 2,152 | -255 | 1,897 | -73 | 1,824 |
| Total comprehensive income for the period | - | 2,037 | 115 | 2,152 | 1,612 | 3,764 | 171 | 3,935 |
| Acquisition/disposal of treasury shares | - | - | - | - | -20 | -20 | - | -20 |
| Share-based payments | - | - | - | - | 56 | 56 | - | 56 |
| Dividends paid to shareholders | - | - | - | - | -1,373 | -1,373 | -440 | -1,813 |
| Acquisition and disposal of non-controlling interests | - | - | - | - | -262 | -262 | -301 | -563 |
| Total changes in equity | - | 2,037 | 115 | 2,152 | 13 | 2,165 | -570 | 1,595 |
| Equity at 30 June 2016 | 3,051 | -32,873 | -422 | -33,295 | 75,898 | 45,654 | 3,172 | 48,826 |

# STATEMENT OF CHANGES IN EQUITY (PAGE 2 OF 2)

| DKK million | Shareholders in Carlsberg A/S | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Currency translation | Hedging reserves | Total reserves | Retained earnings | Equity, shareholders in Carlsberg A/S | Non-controlling interests | Total equity |
| Equity at 1 January 2015 | 3,051 | -30,498 | -508 | -31,006 | 80,392 | 52,437 | 3,560 | 55,997 |
| Consolidated profit | - | - | - | - | 1,495 | 1,495 | 321 | 1,816 |
| Other comprehensive income: | | | | | | | | |
| Foreign exchange adjustments of foreign entities | - | 4,908 | - | 4,908 | - | 4,908 | 283 | 5,191 |
| Value adjustments of hedging instruments | - | -373 | -116 | -489 | - | -489 | - | -489 |
| Retirement benefit obligations | - | - | - | - | -3 | -3 | - | -3 |
| Share of other comprehensive income, associates and joint ventures | - | - | - | - | -2 | -2 | - | -2 |
| Corporation tax | - | 123 | - | 123 | - | 123 | - | 123 |
| Other comprehensive income | - | 4,658 | -116 | 4,542 | -5 | 4,537 | 283 | 4,820 |
| Total comprehensive income for the period | - | 4,658 | -116 | 4,542 | 1,490 | 6,032 | 604 | 6,636 |
| Acquisition/disposal of treasury shares | - | - | - | - | -94 | -94 | - | -94 |
| Share-based payments | - | - | - | - | 55 | 55 | - | 55 |
| Dividends paid to shareholders | - | - | - | - | -1,373 | -1,373 | -493 | -1,866 |
| Acquisition and disposal of non-controlling interests | - | - | - | - | -186 | -186 | 91 | -95 |
| Total changes in equity | - | 4,658 | -116 | 4,542 | -108 | 4,434 | 202 | 4,636 |
| Equity at 30 June 2015 | 3,051 | -25,840 | -624 | -26,464 | 80,284 | 56,871 | 3,762 | 60,633 |

## STATEMENT OF CASH FLOWS

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Operating profit before special items | 3,448 | 3,583 | 8,457 |
| Adjustment for depreciation, amortisation and impairment losses | 2,265 | 2,274 | 4,756 |
| Operating profit before depreciation, amortisation and impairment losses[1] | 5,713 | 5,857 | 13,213 |
| Adjustment for other non-cash items | -37 | -180 | -374 |
| Change in trade working capital | 1,415 | 86 | 1,284 |
| Change in other working capital | -555 | 394 | 561 |
| Restructuring costs paid | -255 | -302 | -586 |
| Interest etc. received | 105 | 162 | 232 |
| Interest etc. paid | -224 | -865 | -2,050 |
| Corporation tax paid | -869 | -1,308 | -2,140 |
| Cash flow from operating activities | 5,293 | 3,844 | 10,140 |
| Acquisition of property, plant and equipment and intangible assets | -1,519 | -1,990 | -4,069 |
| Disposal of property, plant and equipment and intangible assets | 68 | 123 | 575 |
| Change in on-trade loans | -29 | 153 | 187 |
| Total operational investments | -1,480 | -1,714 | -3,307 |
| Free operating cash flow | 3,813 | 2,130 | 6,833 |
| Acquisition and disposal of entities, net | 788 | -19 | -33 |
| Acquisition and disposal of associates and joint ventures, net | 627 | 1 | 9 |
| Acquisition and disposal of financial assets, net | -2 | 4 | 29 |
| Change in financial receivables | -99 | -87 | -193 |
| Dividends received | 112 | 205 | 305 |
| Total financial investments | 1,426 | 104 | 117 |
| Other investments in property, plant and equipment | -9 | -16 | -81 |
| Disposal of other property, plant and equipment | - | - | 653 |
| Total other activities[2] | -9 | -16 | 572 |
| Cash flow from investing activities | -63 | -1,626 | -2,618 |
| **Free cash flow** | **5,230** | **2,218** | **7,522** |
| Shareholders in Carlsberg A/S | -1,393 | -1,467 | -1,505 |
| Non-controlling interests | -810 | -495 | -513 |
| External financing | -3,427 | 77 | -4,557 |
| Cash flow from financing activities | -5,630 | -1,885 | -6,575 |
| Net cash flow | -400 | 333 | 947 |
| Cash and cash equivalents at beginning of period | 3,020 | 2,178 | 2,178 |
| Foreign exchange adjustment of cash and cash equivalents | -110 | 14 | -105 |
| Cash and cash equivalents at period-end[3] | 2,510 | 2,525 | 3,020 |

[1] Impairment losses excluding those reported in special items.

[2] Other activities cover real estate, separate from beverage activities.

[3] Cash and cash equivalents less bank overdrafts.

## NOTE 1 (PAGE 1 OF 2)

### Segment reporting by region

| | Q2 2016 | Q2 2015 | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|---|---|
| **Beer sales (pro rata, million hl)** | | | | | |
| Western Europe | 14.5 | 14.1 | 24.2 | 24.6 | 50.2 |
| Eastern Europe | 9.6 | 10.0 | 15.9 | 16.0 | 32.3 |
| Asia | 10.3 | 11.1 | 19.0 | 19.8 | 37.8 |
| Total | 34.4 | 35.2 | 59.1 | 60.4 | 120.3 |
| **Other beverages (pro rata, million hl)** | | | | | |
| Western Europe | 4.5 | 4.2 | 7.9 | 7.7 | 16.2 |
| Eastern Europe | 0.7 | 0.7 | 1.0 | 0.9 | 1.7 |
| Asia | 1.1 | 1.0 | 2.0 | 1.9 | 3.6 |
| Total | 6.3 | 5.9 | 10.9 | 10.5 | 21.5 |
| **Net revenue (DKK million)** | | | | | |
| Western Europe | 11,088 | 10,709 | 18,868 | 18,872 | 39,000 |
| Eastern Europe | 3,037 | 3,821 | 4,735 | 5,556 | 10,963 |
| Asia | 4,128 | 4,411 | 7,639 | 7,948 | 15,339 |
| Not allocated | -21 | -10 | 1 | 26 | 52 |
| Beverages, total | 18,232 | 18,931 | 31,243 | 32,402 | 65,354 |
| Non-beverages | - | - | - | - | - |
| Total | 18,232 | 18,931 | 31,243 | 32,402 | 65,354 |
| **Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)** | | | | | |
| Western Europe | | | 3,134 | 2,975 | 7,036 |
| Eastern Europe | | | 1,100 | 1,312 | 2,837 |
| Asia | | | 1,999 | 2,016 | 4,219 |
| Not allocated | | | -459 | -390 | -738 |
| Beverages, total | | | 5,774 | 5,913 | 13,354 |
| Non-beverages | | | -61 | -56 | -141 |
| Total | | | 5,713 | 5,857 | 13,213 |
| **Operating profit before special items (EBIT, DKK million)** | | | | | |
| Western Europe | | | 2,275 | 2,155 | 5,325 |
| Eastern Europe | | | 751 | 830 | 1,908 |
| Asia | | | 1,328 | 1,331 | 2,799 |
| Not allocated | | | -841 | -673 | -1,426 |
| Beverages, total | | | 3,513 | 3,643 | 8,606 |
| Non-beverages | | | -65 | -60 | -149 |
| Total | | | 3,448 | 3,583 | 8,457 |
| **Operating margin (%)** | | | | | |
| Western Europe | | | 12.1 | 11.4 | 13.7 |
| Eastern Europe | | | 15.9 | 14.9 | 17.4 |
| Asia | | | 17.4 | 16.8 | 18.2 |
| Not allocated | | | … | … | … |
| Beverages, total | | | 11.2 | 11.2 | 13.2 |
| Non-beverages | | | … | … | … |
| Total | | | 11.0 | 11.1 | 12.9 |

## NOTE 1 (PAGE 2 OF 2)

### Segment reporting by region

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| **Invested capital, period-end** | | | |
| Western Europe | 35,354 | 36,715 | 35,285 |
| Eastern Europe | 30,835 | 42,994 | 29,138 |
| Asia | 21,955 | 28,252 | 23,901 |
| Not allocated | -129 | 1,903 | 1,468 |
| Beverages, total | 88,015 | 109,864 | 89,792 |
| Non-beverages | 493 | 582 | 310 |
| Total | 88,508 | 110,446 | 90,102 |
| **Invested capital excl goodwill, period-end** | | | |
| Western Europe | 14,816 | 16,151 | 14,666 |
| Eastern Europe | 15,369 | 25,097 | 14,972 |
| Asia | 7,089 | 10,758 | 8,416 |
| Not allocated | -129 | 1,903 | 1,468 |
| Beverages, total | 37,145 | 53,909 | 39,522 |
| Non-beverages | 493 | 582 | 310 |
| Total | 37,638 | 54,491 | 39,832 |
| **Return on invested capital, ROIC (%) , rolling 12 mths** | | | |
| Western Europe | 15.0 | 14.6 | 14.4 |
| Eastern Europe | 5.8 | 4.9 | 5.0 |
| Asia | 11.5 | 9.6 | 10.4 |
| Not allocated | ... | ... | ... |
| Beverages, total | 9.1 | 8.3 | 8.3 |
| Non-beverages | ... | ... | ... |
| Total | 8.9 | 7.8 | 8.1 |
| **Return on invested capital excl. goodwill (%), rolling 12 mths** | | | |
| Western Europe | 34.7 | 33.3 | 32.8 |
| Eastern Europe | 11.1 | 8.3 | 8.8 |
| Asia | 32.4 | 25.2 | 28.2 |
| Not allocated | ... | ... | ... |
| Beverages, total | 20.1 | 16.3 | 17.4 |
| Non-beverages | ... | ... | ... |
| Total | 19.5 | 15.5 | 16.9 |

## NOTE 2

### Segment reporting by activity

| DKK million | H1 2016 | | | H1 2015 | | |
|---|---|---|---|---|---|---|
| | Bever-ages | Non-Beverage | Total | Bever-ages | Non-Beverage | Total |
| Net revenue | 31,243 | - | 31,243 | 32,402 | - | 32,402 |
| Operating profit before special items | 3,513 | -65 | 3,448 | 3,643 | -60 | 3,583 |
| Special items, net | 406 | - | 406 | -274 | -9 | -283 |
| Financial items, net | -698 | -5 | -703 | -760 | -10 | -770 |
| Profit before tax | 3,221 | -70 | 3,151 | 2,609 | -79 | 2,530 |
| Corporation tax | -1,055 | 15 | -1,040 | -730 | 16 | -714 |
| Consolidated profit | 2,166 | -55 | 2,111 | 1,879 | -63 | 1,816 |
| Attributable to: | | | | | | |
| Non-controlling interests | 244 | - | 244 | 321 | - | 321 |
| Shareholders in Carlsberg A/S | 1,922 | -55 | 1,867 | 1,558 | -63 | 1,495 |

## NOTE 3

### Special items

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Special items, income: | | | |
| Gain on disposal of property, plant and equipment impaired in previous years | 3 | - | 166 |
| Gain on disposal of entities and associates | 1,247 | 27 | 22 |
| Income total | 1,250 | 27 | 188 |
| Special items, expenses: | | | |
| Impairment of goodwill, trademarks and property, plant and equipment Eastern Assets, China | - | - | -2,882 |
| Impairment of Baltika trademark, Russia | - | - | -4,000 |
| Impairment of local trademarks Chongqing Brewery Group, China | - | - | -400 |
| Impairment of other trademarks | - | - | -75 |
| Impairment of real estate | - | - | -153 |
| Impairment and restructuring of Baltika Breweries, Russia | - | -36 | -344 |
| Impairment and restructuring of Carlsberg UK, including provision for onerous contract | -270 | - | -98 |
| Impairment and restructuring in relation to optimisation and standardisation in Western Europe | -54 | -31 | -132 |
| Impairment of Bihar Brewery, India | -232 | - | - |
| Restructuring of Ringnes, Norway | - | -20 | 4 |
| Impairment and restructuring of Carlsberg Uzbekistan | -21 | -20 | -8 |
| Impairment and restructuring Chongqing, China | -242 | -37 | -270 |
| Impairment and restructuring of Xinjiang Wusu Group, China | -5 | -4 | -92 |
| Impairment and restructuring Ningxia Xixia Jianiang, China | -1 | -1 | -2 |
| Impairments of other non-current assets | - | - | -7 |
| Impairment and restructuring, Vietnam | - | - | -32 |
| Group-wide organisational efficiency programme | -19 | -104 | -233 |
| Severance payment, President and CEO Jørgen Buhl Rasmussen | - | -24 | -24 |
| Cost of share-based payments granted before retirement, President and CEO Jørgen Buhl Rasmussen | - | -27 | -27 |
| Severance payment, Deputy CEO and CFO Jørn P. Jensen | - | - | -25 |
| Cost of share-based payments granted before retirement, Deputy CEO and CFO Jørn P. Jensen | - | - | -17 |
| Costs related to acquisitions and disposals of entities | - | -6 | -30 |
| Expenses total | -844 | -310 | -8,847 |
| Special items, net | 406 | -283 | -8,659 |

## NOTE 4 (PAGE 1 OF 2)

### Debt and credit facilities

| DKK million | 30 June 2016 |
|---|---|
| Non-current borrowings: | |
| Issued bonds | 25,918 |
| Bank borrowings | 1,212 |
| Mortgages | 421 |
| Other non-current borrowings and leases | 52 |
| Total | 27,603 |
| Current borrowings: | |
| Current portion of other non-current borrowings | 3,747 |
| Bank borrowings | 1,964 |
| Other current borrowings and leases | 8 |
| Total | 5,719 |
| Total non-current and current borrowings | 33,322 |
| Cash and cash equivalents | -3,642 |
| Net financial debt | 29,680 |
| Other interest-bearing assets net | -1,390 |
| Net interest-bearing debt | 28,290 |

## NOTE 4 (PAGE 2 OF 2)

### Debt and credit facilities

| DKK million<br>Time to maturity for non-current borrowings | | | | | | 30 June 2016 |
|---|---|---|---|---|---|---|
| | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
| Issued bonds | 7,422 | - | 5,587 | - | 12,909 | 25,918 |
| Bank borrowings | 101 | 650 | - | 461 | - | 1,212 |
| Mortgages | 1 | - | - | - | 420 | 421 |
| Other non-current borrowings and leases | 7 | 31 | 1 | - | 13 | 52 |
| Total | 7,531 | 681 | 5,588 | 461 | 13,342 | 27,603 |

| DKK million<br>Interest risk at 30 June 2016 | Net financial debt[1] |
|---|---|
| EUR | 17,046 |
| DKK | 11,212 |
| Other currencies | 1,422 |
| Total | 29,680 |

[1] After currency swaps.

| DKK million | Interest[2] | |
|---|---|---|
| Interest risk at 30 June 2016 | Floating % | Fixed % |
| EUR | 3% | 97% |
| DKK | 100% | 0% |
| Other currencies | 100% | 0% |
| Total | 13% | 87% |

[2] Before currency swaps.

| DKK million<br>Commited credit facilities[3] | 30 June 2016 |
|---|---|
| Less than 1 year | 6,118 |
| 1 to 2 years | 7,531 |
| 2 to 3 years | 1,468 |
| 3 to 4 years | 5,588 |
| 4 to 5 years | 18,663 |
| More than 5 years | 13,342 |
| Total | 52,710 |
| | |
| Short term | 6,118 |
| Long term | 46,592 |

[3] Defined as short term borrowings and long term committed credit facilities

## NOTE 5

### Net interest-bearing debt

| DKK million | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Net interest-bearing debt is calculated as follows: | | | |
| Non-current borrowings | 27,603 | 38,811 | 31,479 |
| Current borrowings | 5,719 | 2,078 | 4,549 |
| Gross interest-bearing debt | 33,322 | 40,889 | 36,028 |
| Cash and cash equivalents | -3,642 | -2,826 | -3,131 |
| Loans to associates | -315 | -142 | -248 |
| On-trade loans, net | -963 | -1,010 | -968 |
| Other receivables, net | -112 | -716 | -736 |
| Net interest-bearing debt | 28,290 | 36,195 | 30,945 |
| Changes in net interest-bearing debt: | | | |
| Net interest-bearing debt at beginning of period | 30,945 | 36,567 | 36,567 |
| Cash flow from operating activities | -5,293 | -3,844 | -10,140 |
| Cash flow from investing activities, excl. acquisition of entities | 851 | 1,607 | 2,585 |
| Cash flow from acquisition of entities, net | -788 | 19 | 33 |
| Dividend to shareholders and non-controlling interests | 1,813 | 1,866 | 1,886 |
| Acquisition of non-controlling interests | 370 | 2 | - |
| Acquisition/disposal of treasury shares and exercise of share options | 20 | 94 | 132 |
| Acquired net interest-bearing debt from acquisition of entities | 64 | 339 | 365 |
| Change in interest-bearing lending | 536 | -245 | -351 |
| Effects of currency translation | -355 | -181 | -244 |
| Other | 127 | -29 | 112 |
| Total change | -2,655 | -372 | -5,622 |
| Net interest-bearing debt, end of period | 28,290 | 36,195 | 30,945 |