

# FINANCIAL RESULTS

FULL YEAR ENDED 31 DECEMBER 2008



**Carlsberg**  
Group

**Solid performance in 2008**

**Operational performance**

**Financial results**

**Outlook and financial targets**

**Appendix**

**AGENDA**

## Solid performance in 2008

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- Beer category is resilient but not immune to poor economic conditions
- Russian premiumisation trends continued and Baltika added further market share
- Market shares flat in Northern & Western Europe
- Organic beer volume growth of 3% driven by growth markets in Eastern Europe and Asia
- Net revenue of DKK 59.9bn and operating profit of DKK 8.0bn (+9% organic) – in line with earnings guidance
- Despite challenging environment in late 2008 the beverages activities delivered satisfactory Q4 result



## Well prepared for 2009

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- Increasing cash flow and protecting earnings are top priorities
- Carlsberg is committed to deliver on 2009 outlook for EBIT, cash flow and debt
- Carlsberg is fully prepared for challenges:
  - More external uncertainty is balanced with more internal certainty
  - Currently executing plans to meet challenges
  - Rescoping of cost base, more flexibility on new investments and projects, and reduction of capital expenditure
- Further contingency plans are in place across the Group should conditions worsen from what we anticipate today



## Addressing the key challenges for 2009

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- Cash flow and debt
  - Carlsberg is well-invested and several large projects were finalised in 2008
  - Net debt expected to be materially reduced
  - Expected net debt/EBITDA around 3x at end-2009 gives substantial headroom to covenants
  - Monetisation of assets will continue but is not included in 2009 outlook
- RUB fluctuations
  - Substantial headwind since November 2008
  - Outlook based on average EUR/RUB of 47 for 2009
  - Plans in place to mitigate impact from both RUB weakness and lower sales across regions



## Baltika in strong position to outgrow market

- Continue to accelerate market outperformance in terms of market share and profitability, based on unique business position
- More than double size of nearest competitor
- Strong brand portfolio and market leader in all segments
- Network of top-tier distributors
- Strong visibility in the full value-chain
- No losses on debtors and limited credit risk
- Wide and efficient production and logistic set-up
- C. EUR 265m dividend proposed for 2008
- Medium term volume growth assumptions still valid



\* Carlsberg's share

Financial Results : Full year ended 31 December 2008

**Solid performance in 2008**

**Operational performance**

**Financial results**

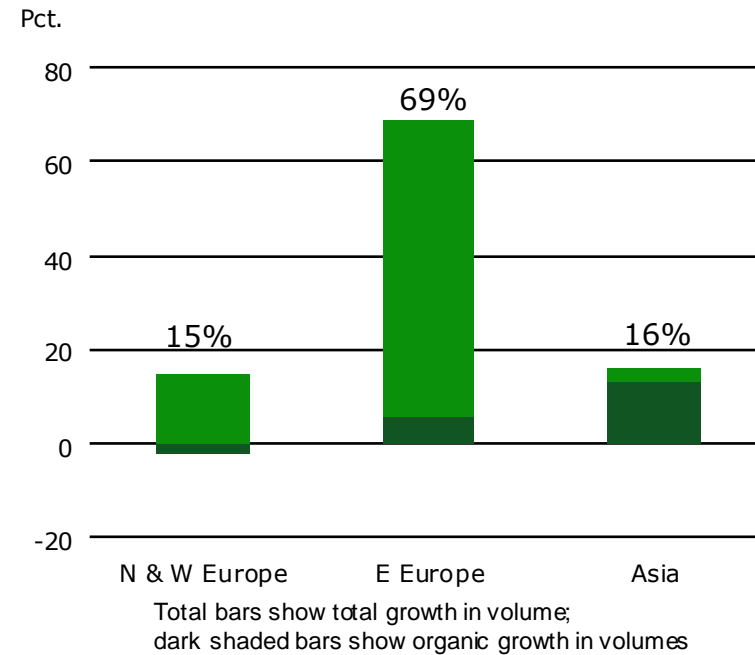
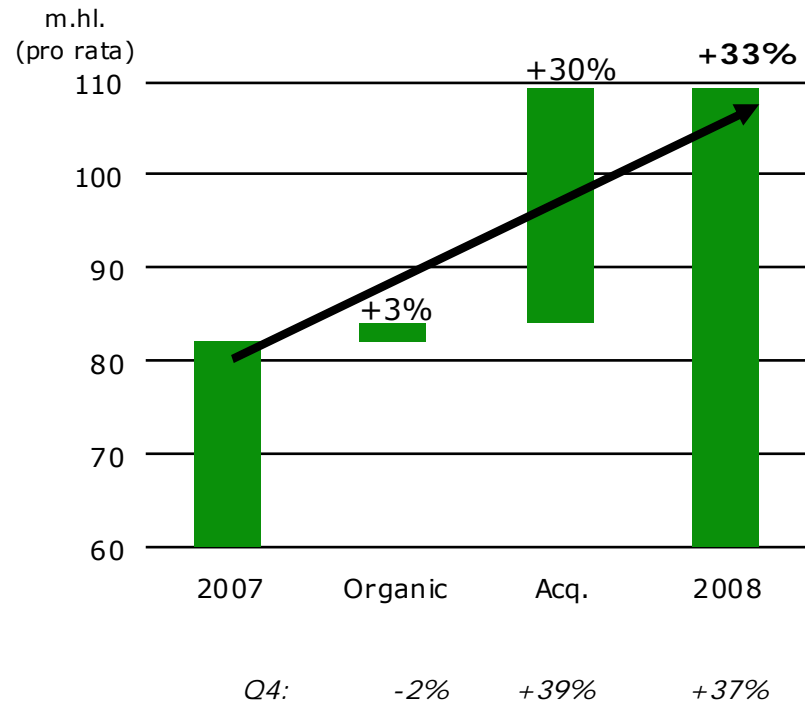
**Outlook and financial targets**

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# Beer volume dynamics

## Acquired businesses significantly add to size



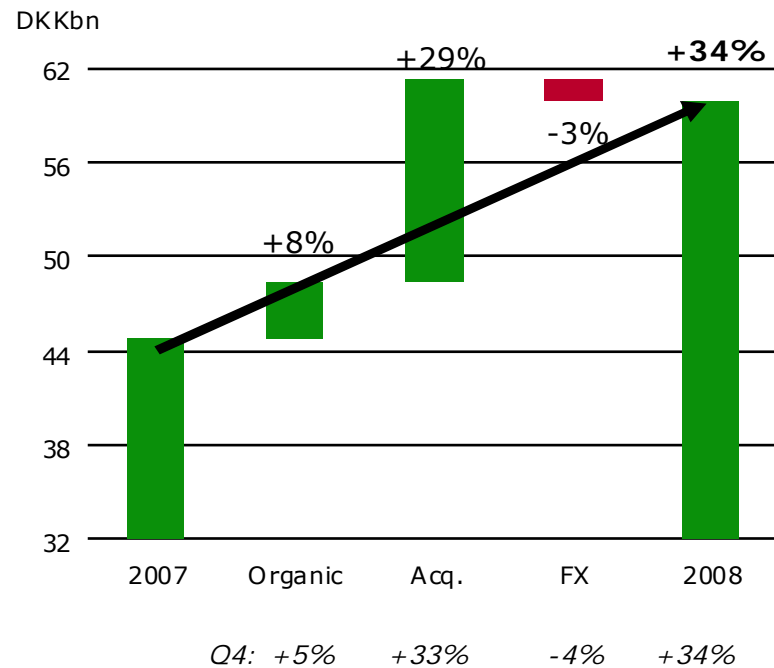
• Organic volume development driven by growth regions



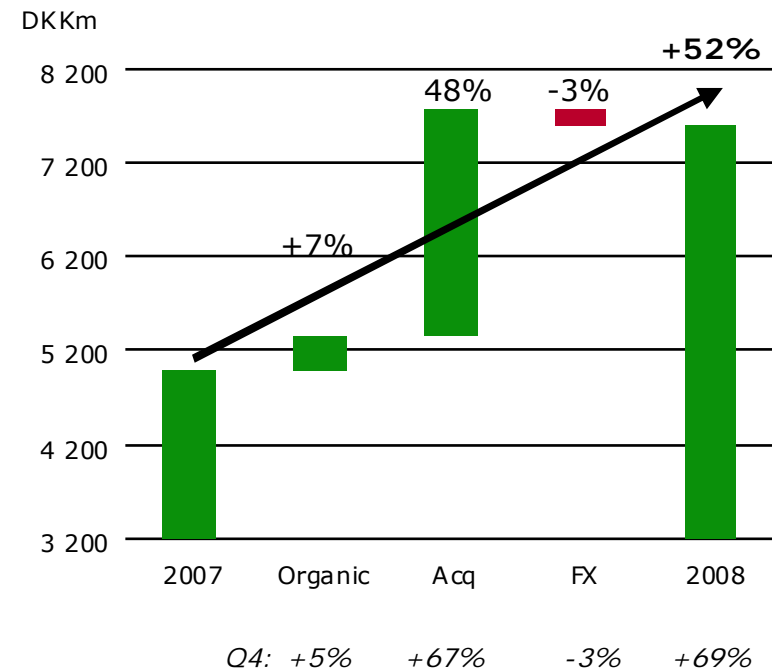
# Brewing activities

Intense focus on mix and price in 2008

## Net revenue



## Operating profit



- Positive organic development driven by Eastern Europe and Asia

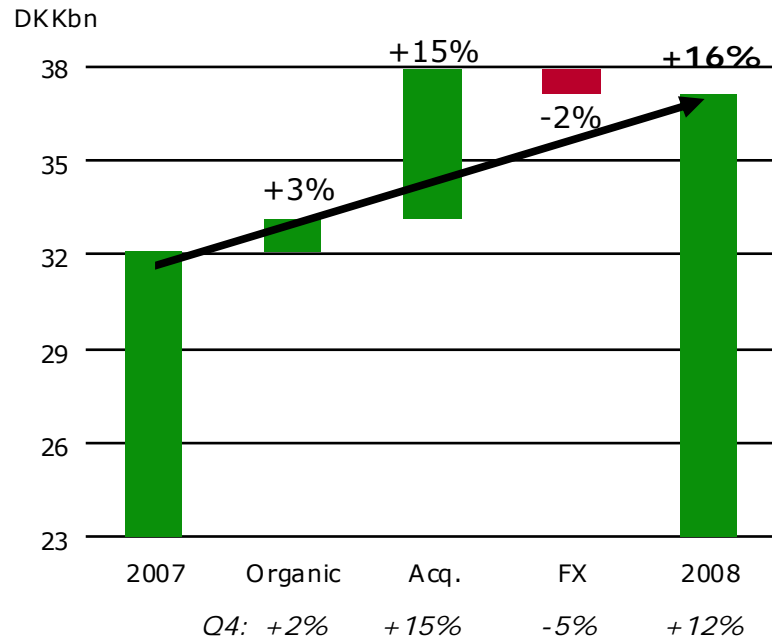
## Northern & Western Europe



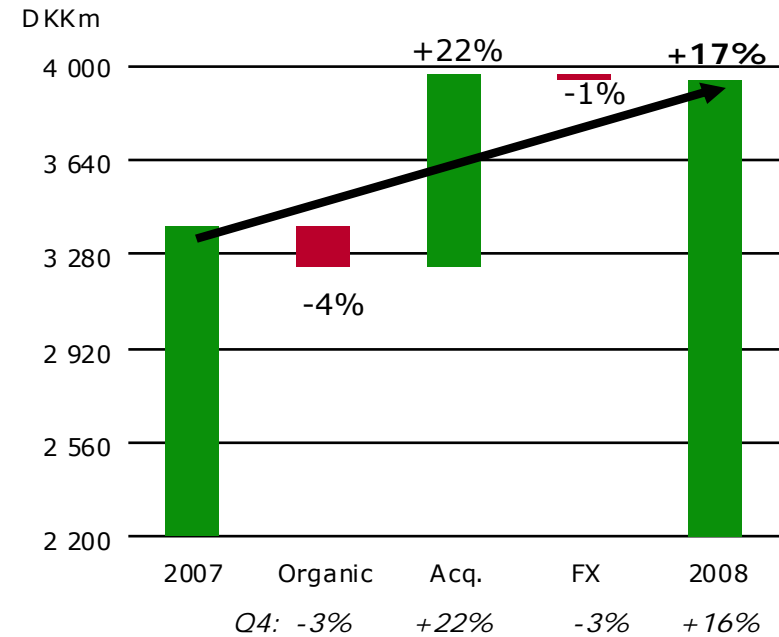
# Northern & Western Europe

Robust performance despite challenging markets

## Net revenue



## Operating profit



Weaker economies, market specific factors and adverse FX development affected Q4 earnings

EBIT margin increased marginally to 10.6%

## Focus on value and efficiency in challenging markets



- Markets contracted as consumers responded to weaker economies and market specific factors
- Total market development in the region -2% with notable deceleration in Q4 (-4%)
- Successful value management and pricing strategy has led to higher net sales prices (+5%) and better mix (+1%)
- On-trade sector is declining in many markets; most notably in the United Kingdom and France
- Successful turnaround of Italy after exit of non-profitable segments and closure of brewery
- Market decline more than expected in France, but turnaround plan progressing in line with plan
- Strong focus on costs and efficiencies



## Pro-active management of challenges

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- Significant restructuring programmes implemented in Nordics, the UK, France and Baltics to ensure future value creation
- Next generation Group Excellence initiatives will pave the way for improvement in profitability
- Integration of acquired assets progressing in line with plans, roll-out of Excellence programmes
- Driving best practice in portfolio and value management



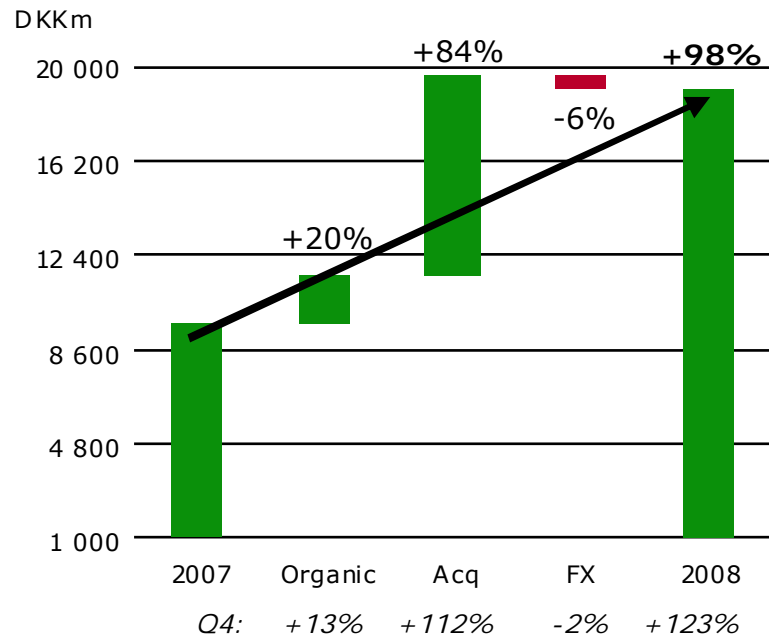
## Eastern Europe



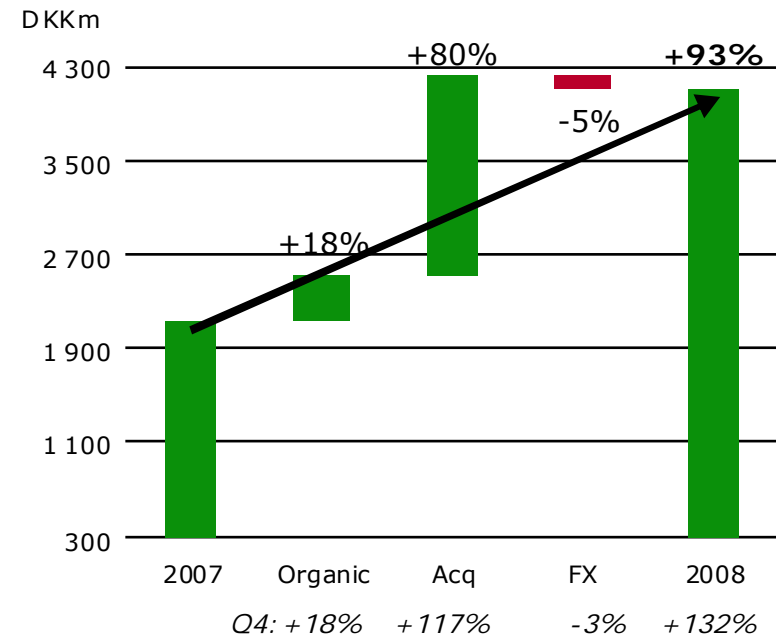
# Eastern Europe

Value focus, continuous share growth and execution drives performance

## Net revenue



## Operating profit



2008 organic volume growth of 6%, flat volumes for Q4

EBIT margin expansion from 22.1% in 2007 to 22.8% in 2008 (excl. PPA of DKK 246m)

## Strong organic growth – prepared for more uncertainty ahead

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- Modest growth across the region for the full year, but growth dynamics affected by poor weather in Q3 and weaker economies in Q4
- Strong organic sales growth of 20% driven by combination of value focus and volume growth
  - Innovation and new product launches
  - Pricing and mix improvement
- Operating profit climbed 18% organically driven by continuously strong results in Russia
- Integration progressing full speed with firm commitment to delivering synergies





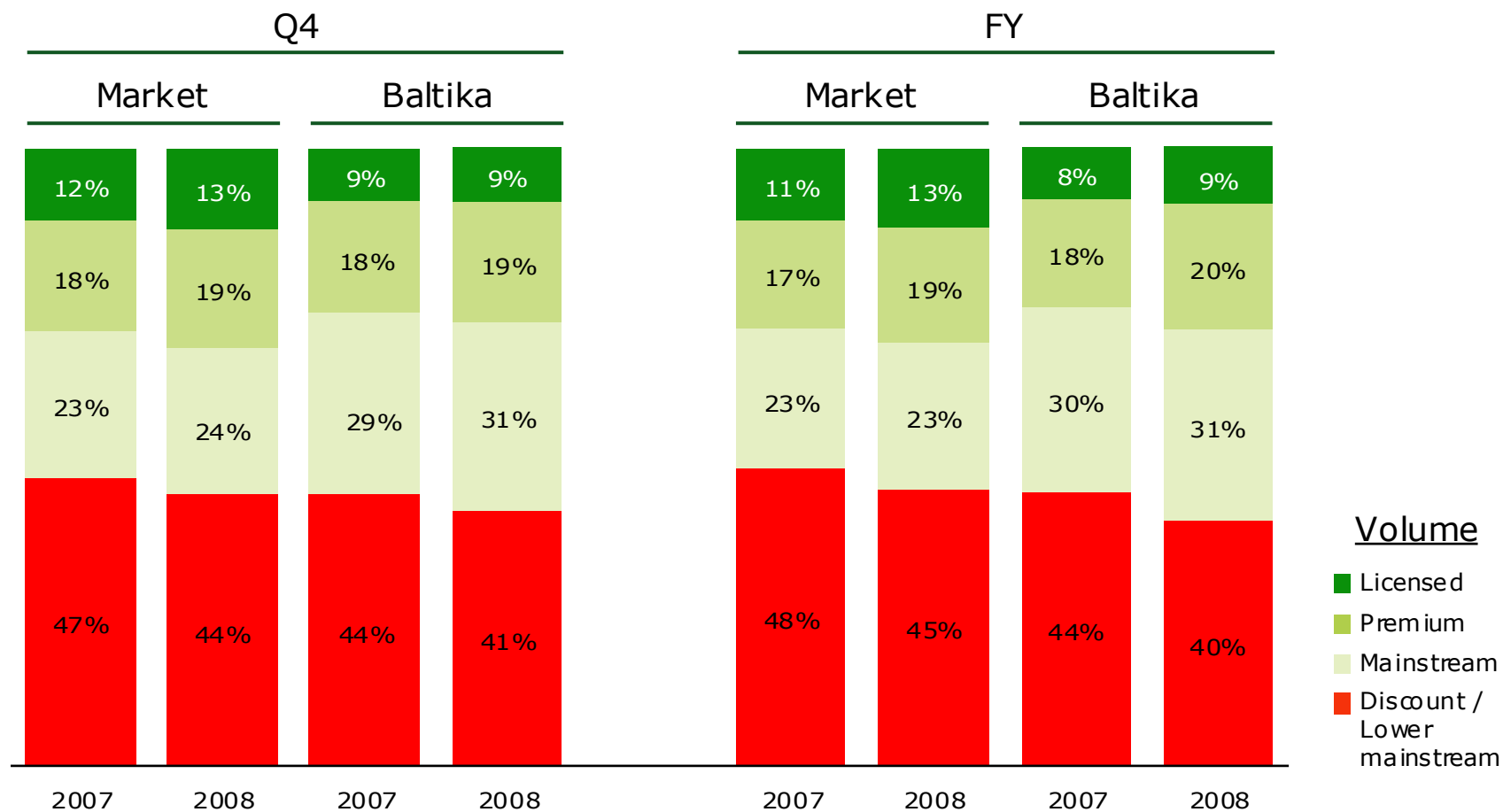
## Winning in the Russian market

### Russia

- Full year market volumes flat; Baltika up 1.4% - Q4 total market down 5.4%; Baltika flat
- Baltika significantly outperformed the market with market share increasing to 38.3% (+0.7%). Well positioned to capture further market share
- Growth driven by Baltika (+14%) and Tuborg (+20%) brands; positive mix of 4%
- Strong integrated production, logistics and distribution network
- Enough capacity to meet market demand – will lead to accelerated cash flow generation



# Russian premiumisation trends continue



## Continued progress in all other markets

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### Ukraine

- Market dynamics impacted by economic crisis
  - Full year volumes flat
- Continued progress on turnaround plan and increase of market share to 23.7% (up 3.1%)
- High investment to secure enough capacity and support brand investments – well invested going forward



### Other markets

- Strong market growth in Belarus (+10%) and Uzbekistan (+11%) (market leader after only one year of operations)
- Slowdown in Kazakhstan due to general economic climate, but strong execution leading to market share gains (+4.0% to 47.9%)



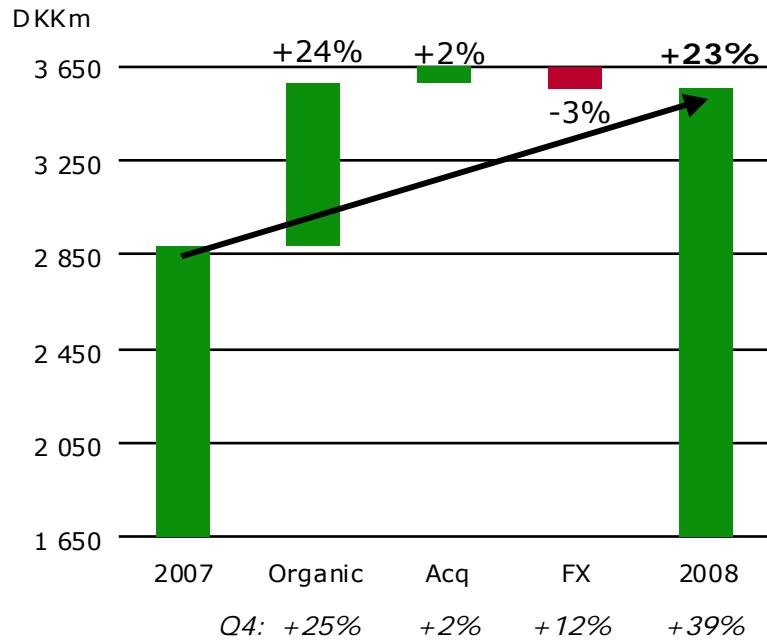
# Asia



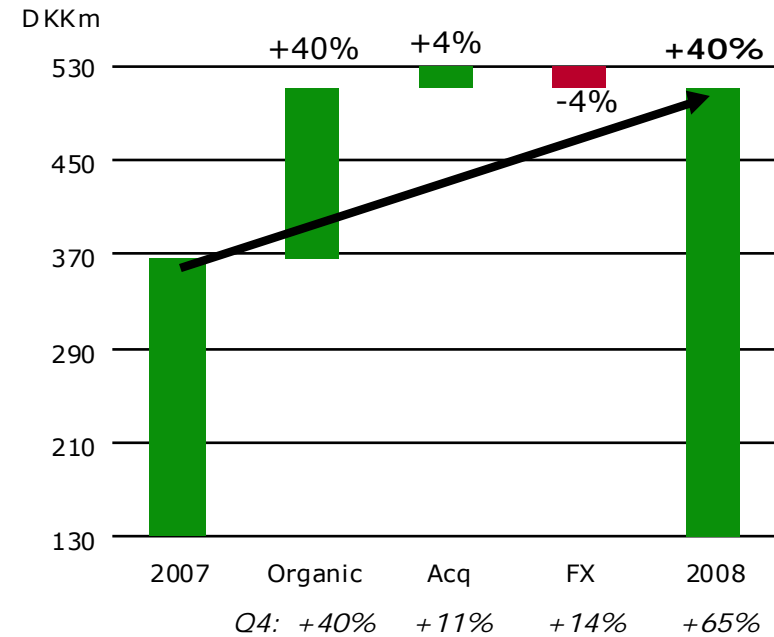
# Asia

## Value growth ahead of strong volume growth

### Net revenue



### Operating profit



2008 Organic volume growth: 13%

2007-2008 Operating margin: 12.7% ⇒ 14.4%

## Impressive growth performance

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- Despite macro economic slowdown, strong growth continued throughout 2008
- Organic beer volumes up 13%
- Strong volume and earnings growth in China driven by Western provinces and Carlsberg Chill
- Turnaround in Malaysia had positive impact on performance
- Positive net revenue/hl developments across the region
- Price increases and better mix more than compensated for increase in input cost – and also compensated for negative country mix



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## Income statement (1)

DKKm	2008				2007	Δ	
	Organic	FX	Acq.	Total		Organic	Total
<b>Net sales</b>	<b>48,427</b>	<b>-1,350</b>	<b>12,867</b>	<b>59,944</b>	<b>44,750</b>	<b>+8%</b>	<b>+34%</b>
Gross profit	23,387	-572	5,881	28,696	22,327	+5%	+29%
Operating expenses incl. brands mkt.	-18,463	433	-3,496	-21,526	-17,651	-5%	-22%
Other income, net	819	-7	-3	809	586	+40%	+38%
<b>Operating profit before special items</b>	<b>5,743</b>	<b>-146</b>	<b>2,382</b>	<b>7,979</b>	<b>5,262</b>	<b>+9%</b>	<b>+52%</b>
- Brewing	5,369	-146	2,382	7,605	5,001	+7%	+52%
- Other activities	374	0	0	374	261		

- Results in line with guidance
- Pricing and mix off-setting input cost inflation
- PPA of DKK -277m included in acquired operating profit



## Special items, other financial items and tax

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- Special items DKK -1.6bn (DKK -1.2bn vs last year)
  - Restructuring costs related to efficiency improvement projects and S&N integration (DKK -832m)
  - Impairment of certain assets in Northern & Western Europe (DKK -332m)
  - Loss on disposal of Turkey (DKK -232m)
  - Write-down on onerous malt contracts for 2009 (DKK -245m)
- Other financial items DKK -1.1bn (DKK -0,9bn vs last year)
  - One-off costs in relation to the S&N transaction
  - Exchange losses on loans in Eastern Europe
- Tax of DKK +324m (DKK +1.4bn vs last year)
  - Substantial positive deferrred tax impact
  - Change in Russian corporation tax rate 2009 from 24% to 20%
  - +DKK 1.5bn impact on 2008 taxes

## Income statement (2)

DKKm	2008	2007	Δ
Operating profit before special items	7,979	5,262	+2,717
Special items, net	-1,641	-427	-1,214
Financials, net	-3,456	-1,201	-2,255
- Interests	-2,386	-1,076	-1,310
- Other financial items	-1,070	-125	-945
Tax	324	-1,038	+1,362
<b>Profit</b>	<b>3,206</b>	<b>2,596</b>	<b>+610</b>
Minorities	-575	-299	-276
<b>Carlsberg's share of profit</b>	<b>2,631</b>	<b>2,297</b>	<b>+334</b>



- Significant movements in special items, financial items and tax
- Proposed dividend of DKK 3.50 per share in line with the dividend pay-out ratio in 2007

## Balance sheet

DKKm	31 Dec. 2008	31 Dec. 2007
Total non-current assets	124,026	46,279
Total current assets.	19,118	14,907
Assets held for sale	162	34
<b>Total assets</b>	<b>143,306</b>	<b>61,220</b>
Total equity	60,751	19,944
Total non-current liabilities	56,587	24,065
Total current liabilities	25,600	17,211
Liabilities associated with assets held for sale	368	-
<b>Total equity and liabilities</b>	<b>143,306</b>	<b>61,220</b>

- Net interest bearing debt DKK 44.2bn



## Cash flow (1)

DKKm	2008	2007	Δ DKKm
Operating profit	7,979	5,262	2,717
Depreciation	3,631	2,872	759
Other non-cash items	-604	-403	-201
Δ Working capital	1,556	-230	1,786
Paid restructuring & special items	-482	-379	-103
Paid interest, net	-2,754	-1,320	-1,434
Paid tax	-1,514	-965	-549
<b>Cash flow from operations</b>	<b>7,812</b>	<b>4,837</b>	<b>2,975</b>



## Cash flow (2)

DKKm	2008	2007	Δ DKKm
Capital expenditures, net	-5,208	-4,721	-487
Acq/sale of companies	-52,151	-144	-52,007
Real estate / other activities	206	-62	268
<b>Cash flow from investments</b>	<b>-57,153</b>	<b>-4,927</b>	<b>-52,226</b>
<b>Free cash flow</b>	<b>-49,341</b>	<b>-90</b>	<b>49,251</b>



## Debt and facilities as of 31 December 2008

	Long term	Short term	Total
Gross Financial Debt	43.230	5.291	48.521
<u>Cash and cash equivalent</u>		-2.857	-2.857
Net Financial Debt	43.230	2.434	45.664
<u>Other Interest Bearing Assets</u>			-1.508
<u>Net Interest Bearing Debt</u>			<u>44.156</u>
Gross Financial Debt	89%	11%	100%
<u>Net Financial Debt</u>	<u>95%</u>	<u>5%</u>	<u>100%</u>
Gross Financial Debt	43.230		
<u>Undrawn committed long-term facilities</u>	<u>8.866</u>		
<u>Total committed long-term credit facilities</u>	<u>52.096</u>		
Undrawn committed facilities			8.866
<u>Net Financial Debt short term</u>			<u>2.434</u>
<u>Funding surplus</u>			<u>6.432</u>



## Net Financial Debt – Interest Rate

Net financial debt and floating/fixed interest per currency as of 31 December 2008 (after swaps)

DKKkm	Net Financial Debt	Interest			
		Floating	Fixed	Floating %	Fixed %
EUR	34,256	12,620	21,636	37%	63%
DKK	3,136	2,759	377	88%	12%
PLN	1,577	1,568	9	99%	1%
USD	1,863	1,458	405	78%	22%
CHF	2,468	2,468	-	100%	0%
RUB	-807	-808	1	100%	0%
Other	3,171	-330	3,501	-	-
<b>Total</b>	<b>45,664</b>	<b>19,735</b>	<b>25,929</b>	<b>43%</b>	<b>57%</b>

## Financing

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- Current funding surplus of DKK 8.9bn
- No need to refinance before end 2010
- 43% of net financial debt is on floating rate
- Blended interest rate on net debt of less than 6% for 2009
- Targeting net interest bearing debt vs EBITDA of around 3x end 2009
- Bank covenant adjusted net interest bearing debt vs EBITDA of 4x end 2009 (4.25x end June 2009)





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## Financial outlook 2009

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### Assumptions and expectations

- Average EUR/RUB rate of 47
- Monetisation of redundant assets is not factored into the expectations for 2009

• Net revenue	~ DKK	63bn	(2008: 59.9bn)
• Operating profit	> DKK	9bn	(2008: 8.0bn)
• Net profit	> DKK	3.5bn	(2008: 2.6bn)
• Free cash flow	> DKK	6bn	
• Operating capital expenditures	< DKK	3.75bn	(2008: 5.3bn)
• Net interest bearing debt vs EBITDA		~ 3	

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# Financial Calendar 2009



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2008 Annual General Meeting	12 March 2009
2009 Q1 Financial Statement	6 May 2009
2009 Q2 Financial Statement	5 August 2009
2009 Q3 Financial Statement	4 November 2009

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## Purchase Price Allocation ("PPA")

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- Revaluation of assets/liabilities to market values as per 28 April 2008 in process, not finalised
- For May/December 2008 PPA impacts the P/L with DKK -277m (DKK -246 in Eastern Europe, DKK -31m in Northern & Western Europe)
- In the P/L PPA will primarily impact gross profit/cost of goods sold as the main revaluations (to be depreciated) will be production assets/inventories
- PPA is cash flow neutral, i.e. it will be reversed in the Cash Flow Statements



## Ambitious but achievable medium term targets



EBIT-margin	2007 Proforma	2008 Actuals	Medium term
Northern & Western Europe	11%	10.6%	14-16%
Eastern Europe	20%	21.5%	23-25%



# Excellence programs have proven very successful – continuous improvement programmes to come



- Existing programs
- Pipeline programs

Sales & Marketing	<b>Commercial Excellence</b>	<b>Value Management</b>	<b>Business standardisation</b>
Supply Chain	<b>Production Excellence Complexity Reduction</b>	<b>Lean, Simplification, Network optimization</b>	
Procurement	<b>Procurement Excellence</b>	<b>Next level Procurement</b>	
Logistics	<b>Logistics Excellence</b>	<b>Logistics focus programs</b>	
Admin/ Finance	<b>Administration Excellence</b>	<b>Back-office Effectiveness</b>	

# Russian brand portfolio



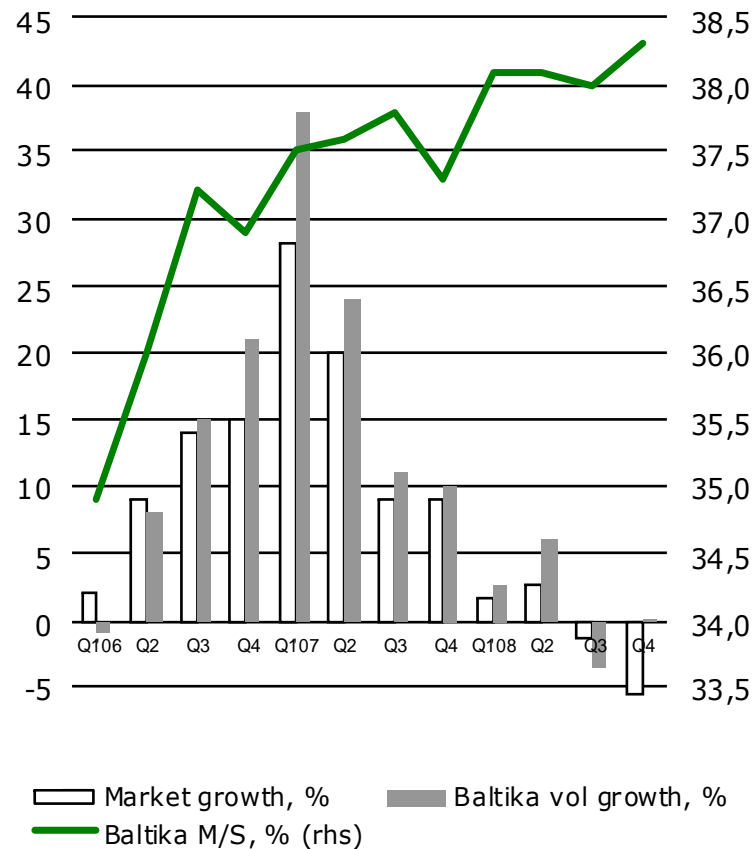
Company position  
in the segment

Licensed		# 1
Premium		# 1
Mainstream		# 1
Lower mainstream		# 1
Discount		# 1



# Russian beer market development

**Growth %**  
quarterly observations



**Market share %**

	2008	2007
Baltika	38.3	37.6
InBev	17.0	18.9
Heineken	13.9	13.3
Efes	10.0	9.4
SAB	4.8	5.1
Others	16.0	15.7
	100.0	100.0

Sources : Internal Baltika data, State Statistics Committee, Business Analytica

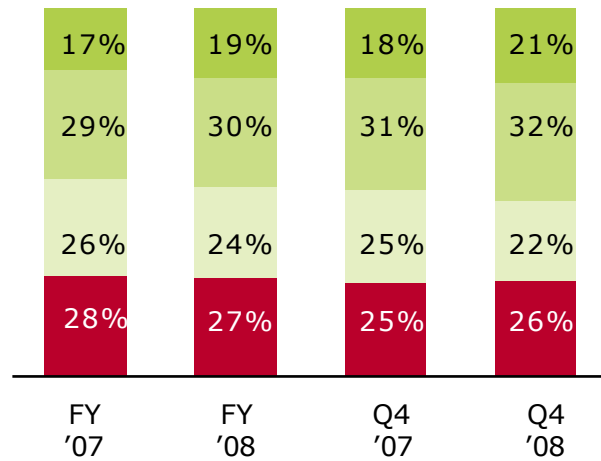
Note: Baltika domestic sales beer volumes  
Heineken, Sun InBev & Efes include all acquisitions

# Off-trade price segment development - France and Germany

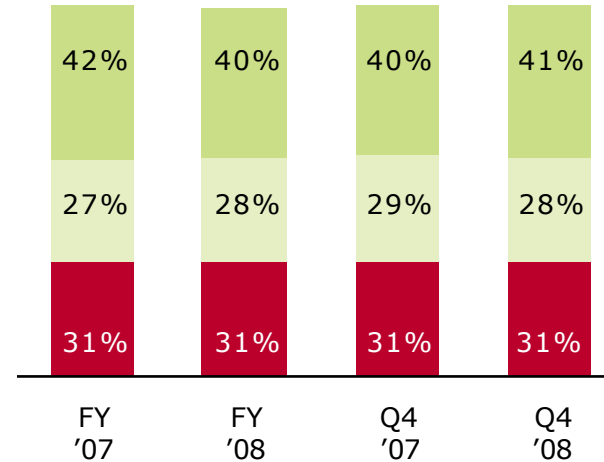


## Volume share development by segment % total off-trade

### FRANCE

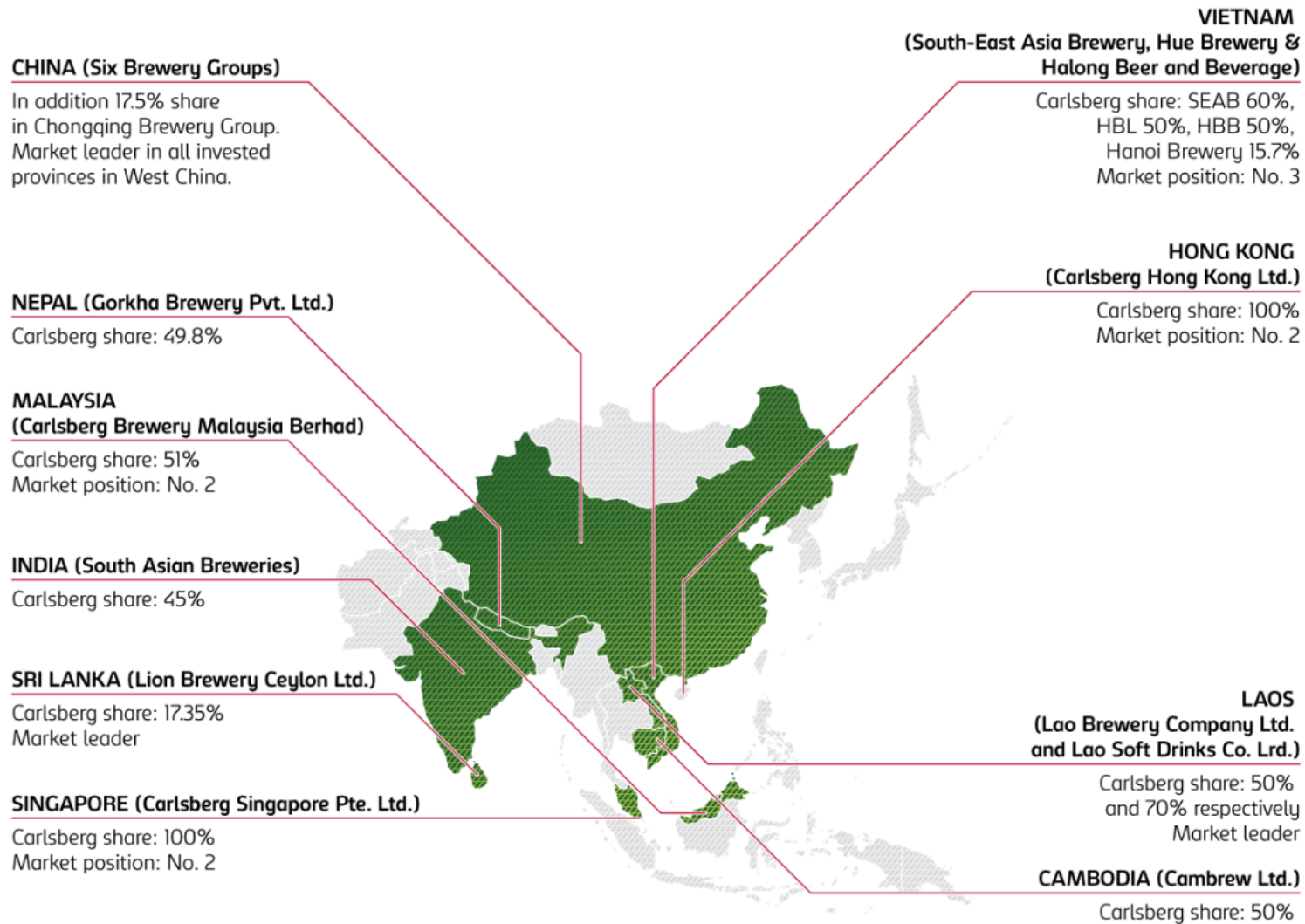


### GERMANY

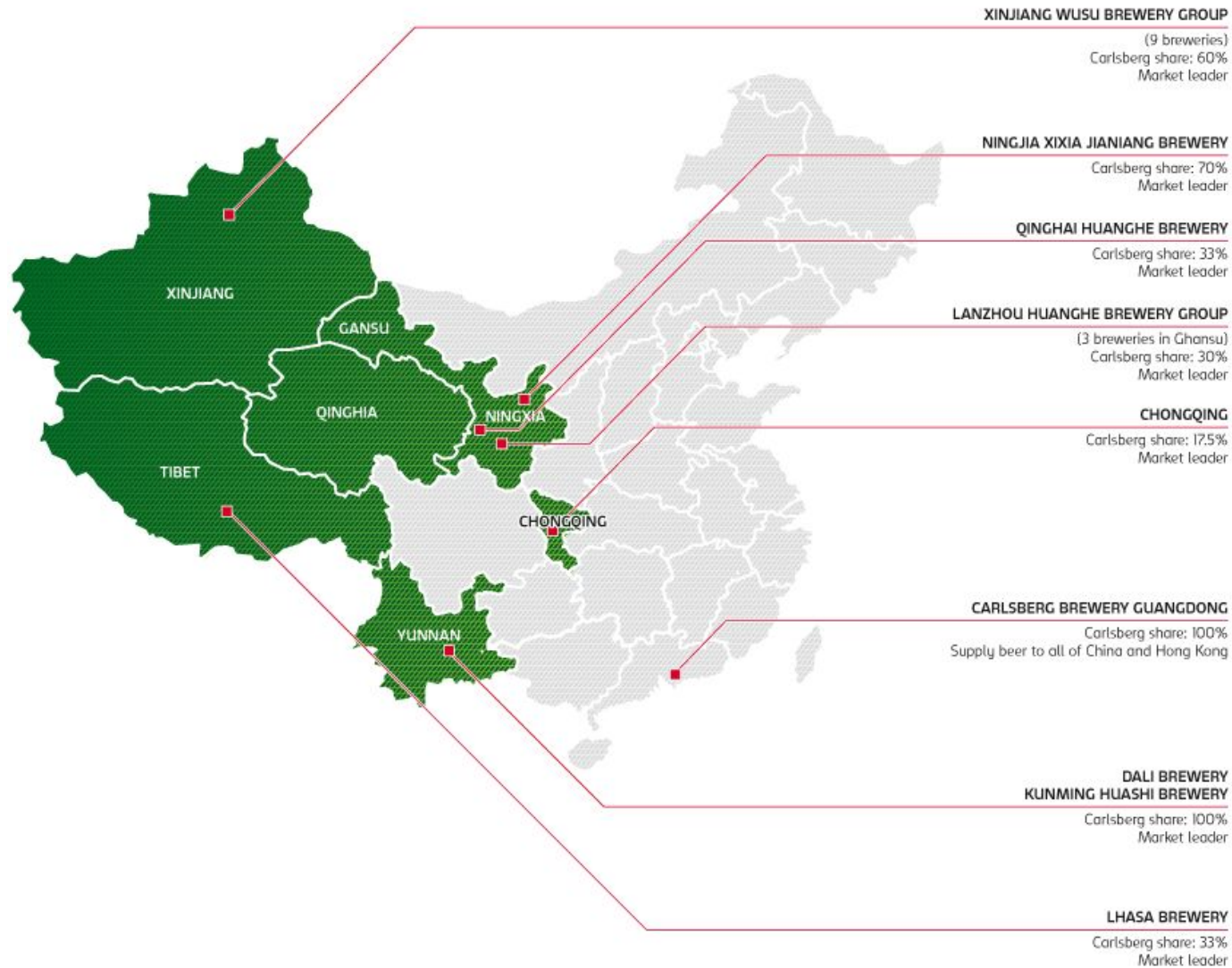


- Super Premium
- Premium
- Mainstream
- Discount

# Carlsberg in Asia



# Carlsberg in China



# Chinese brand portfolio



Segment % of total

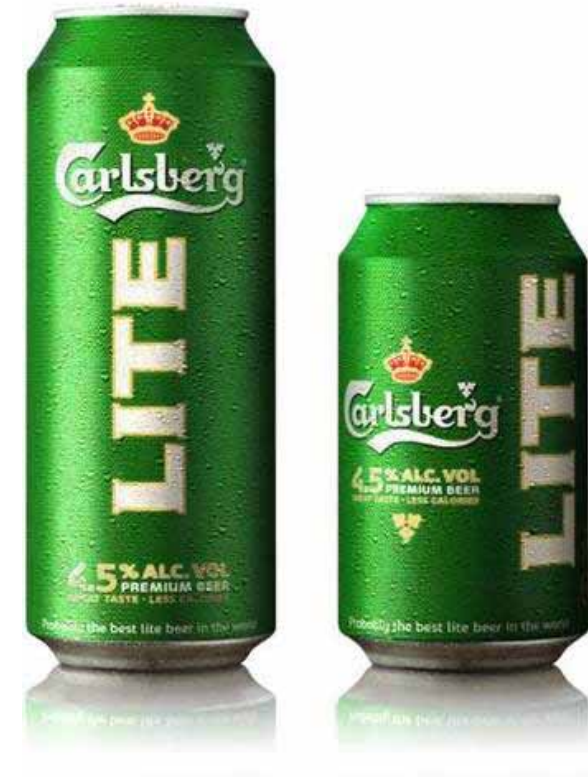
< 10%

> 90%

## Forward-looking statements

The forward-looking statements, including forecasts on sales and earnings performance, reflect management's current expectations based on information available at the date of this document, and are subject to risks and uncertainty. Such statements are made on the basis of assumptions and expectations which the Company believes to be reasonable at this time, but which may prove to be erroneous. Many factors, some of which will be beyond management's control, may cause actual developments to differ materially from the expectations expressed. Such factors include, but are not limited to, economic and political uncertainty (including developments in interest rates and exchange rates), financial and regulatory developments, changes in demand for the Group's products, competition from other breweries, the availability and pricing of raw materials and packaging materials, price reductions resulting from market-driven price reductions, market acceptance of new products, launches of rival products, stipulation of market values in the opening balance of the acquired companies, major litigations and other unforeseen factors. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Carlsberg assumes no obligation to update or revise such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements except when required by law.



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THE BEST BEER  
COMPANY IN  
THE WORLD**