

# Financial results

## Full year ended 31 December 2010



**THIRST FOR GREAT** Great people  
Great brands  
Great moments

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**Operational performance**

**Financial results**

**Outlook**

**Appendix**

**AGENDA**

## Another year of strong performance

- Strong operating margin and net result growth despite challenging Russian market
- Market share gains in large part of the businesses
  - Carlsberg brand growth of 3%
- 1% organic beer volume growth adjusted for Russian stocking
- DKK 10.25bn operating profit (2009: DKK 9.39m)
  - 8% organic operating profit growth adjusted for Russian stocking
  - Strong organic growth in Northern & Western Europe and Asia
  - 130bp operating margin improvement
  - Reported net result growth of 49%
- Continued strong cash flow and debt reduction





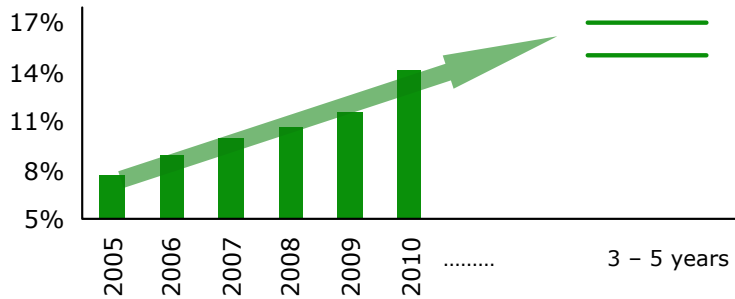
# Revenue growth initiatives balanced with efficiency improvements

- Increasing focus on profitable market share growth initiatives
  - Innovations and product introductions
  - Double-digit increase in brands and marketing investments in all regions
- 130bp operating margin improvement to 17.1%
  - Organic gross margin improvement of 205bp from efficiency improvements and favourable hedges/input costs
  - OPEX declined 2% organically excluding marketing investments
  - DKK 1.3bn synergies from the S&N acquisition now delivered, ahead of plan

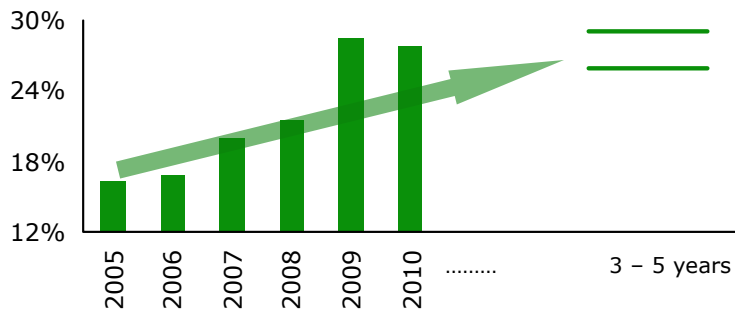


# On track to meet margin targets

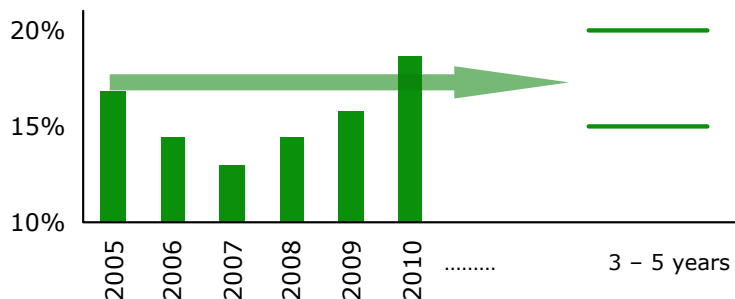
## Northern & Western Europe



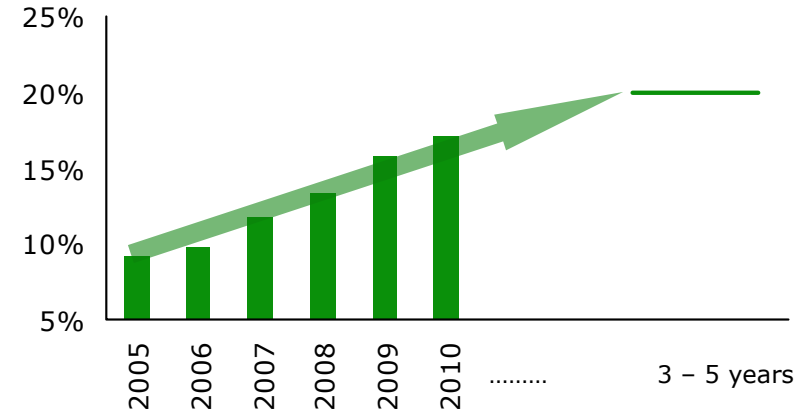
## Eastern Europe



## Asia



## Carlsberg Group



## 2011: Improving market trends

- Improving market trends
  - Improving trend in Northern & Western Europe, but continued challenging environment
  - Eastern European markets recovering with the Russian market returning to growth
  - Continued strong Asian market growth
- Volume and value share growth driven by significant number of commercial activities and improved sales execution
  - Targeting market share growth in markets representing 2/3 of business
- Focused execution of new and on-going efficiency initiatives
- Expected revenue, operating profit and net result growth in 2011
  - Increased sales prices to mitigate impact from higher input costs



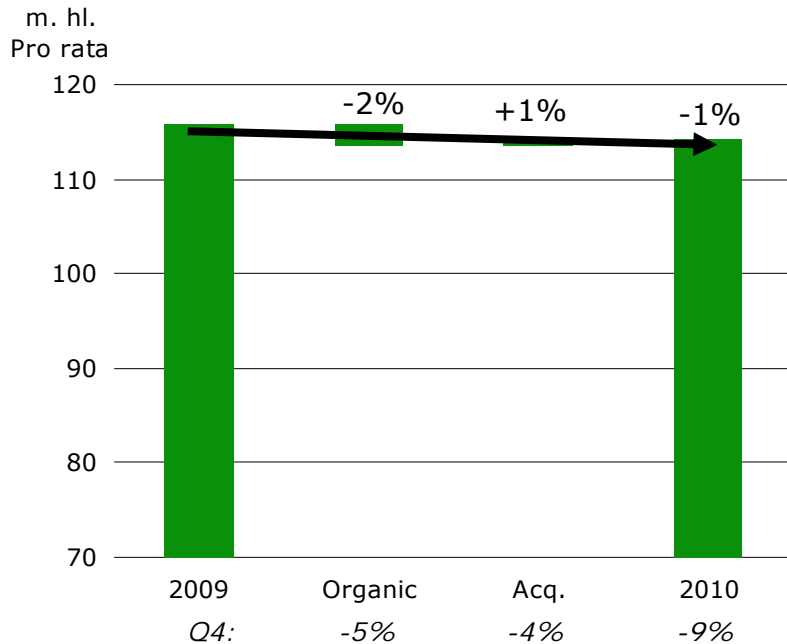


# Revenue and profit dynamics

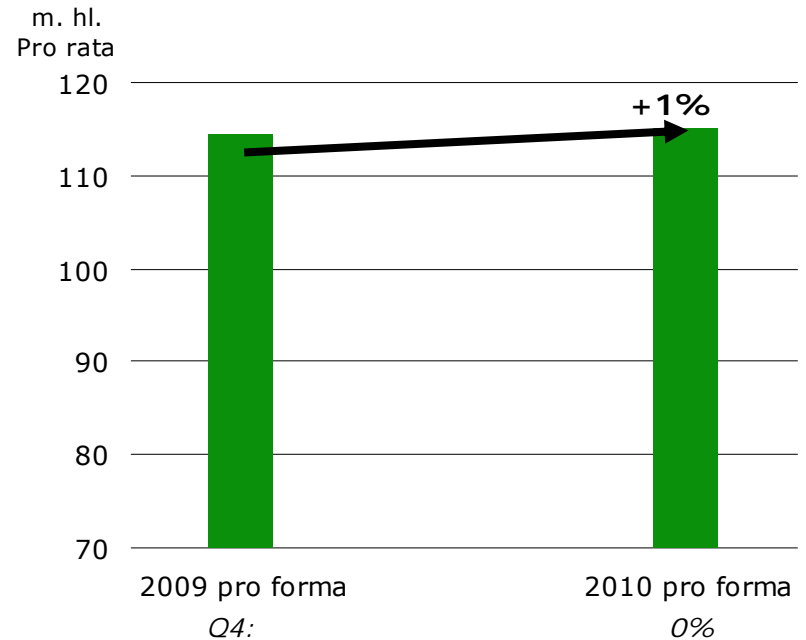


## Volume development overshadowed by extraordinary Russian 2010 market conditions

### Rerported beer volumes



### Organic beer volume development Adjusted for estimated de-stocking impact



Organic volume growth of 1% adjusted for de-stocking impact (flat for Q4)



# Revenue and profit dynamics

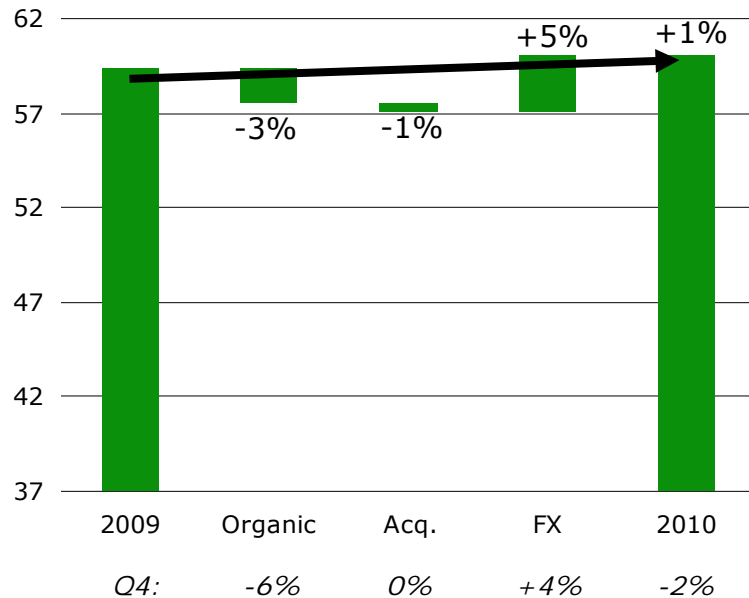


## Continued profit growth notwithstanding the extraordinary Russia 2010 market development

December YTD

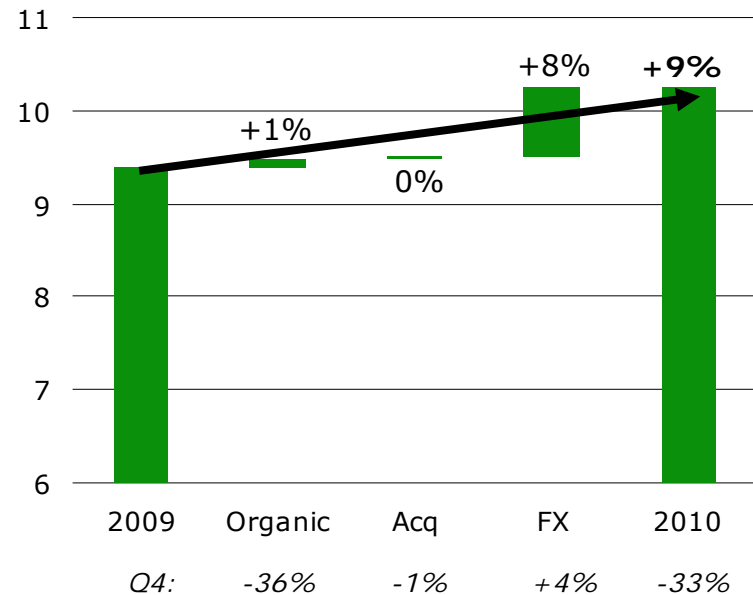
### Net revenue

DKKbn



### Operating profit

DKKbn



Organic operating profit growth of 8% adjusted for Russian stocking (-25% for Q4)



# Regions





# Northern and Western Europe

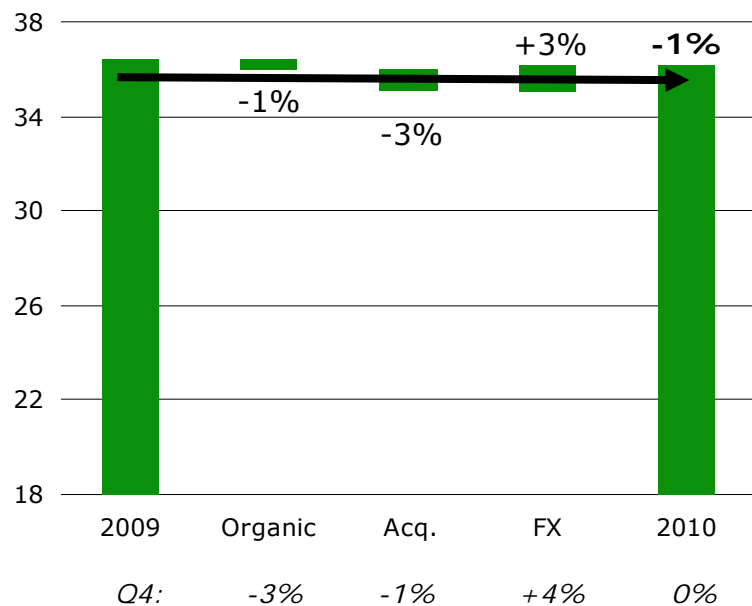


## Efficiencies and lower COGS driving strong operating profit growth

December YTD

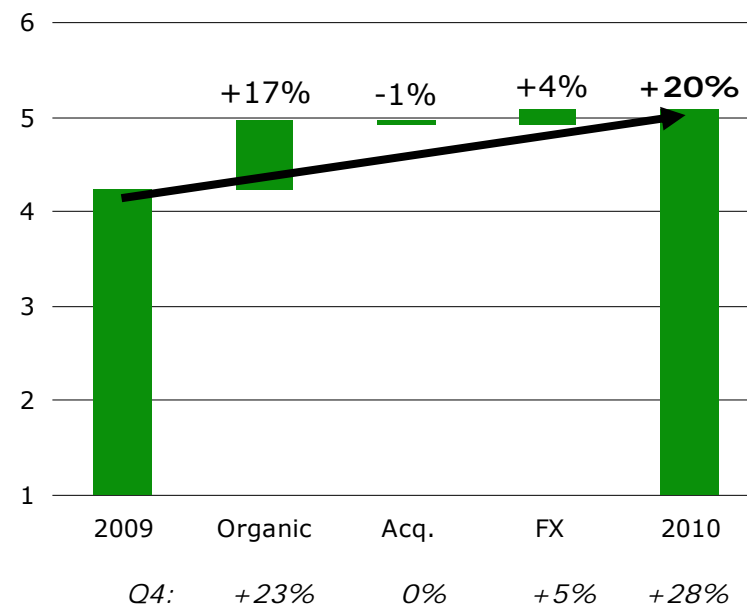
### Net revenue

DKKbn



### Operating profit

DKKbn



Reported beer net revenue up 1% with positive pricing in most markets



## Share gains and improved profitability



- Challenging market dynamics, but improving market trends compared to 2009
  - Overall market declined by estimated 2-3%
- Approximately 0.5%-point regional market share growth
  - Marketing investments, product launches, activations and value management
- Flat organic beer volumes (Q4: -2%)
  - Large variations between markets
- Organic net revenue decline of -1% (Q4: -3%)
  - Positive pricing in most markets
  - Negative channel and country mix
- 250bp operating margin improvement to highest level ever at 14.1% (Q4: +210bp)
  - Efficiency improvements and lower COGS





## Positive momentum in most markets



- Improved profitability in the UK
  - Volume and value market share gains
  - The Carlsberg brand became the largest brand in the off-trade
- Trend in France stabilising for our core brands Kronenbourg and 1664
- Polish growth driven by relaunches, brand building and widened distribution
- Improving market share in a declining Danish market
- Market share gains in South-East Europe
- Signs of market recovery in Baltic markets





# Eastern Europe

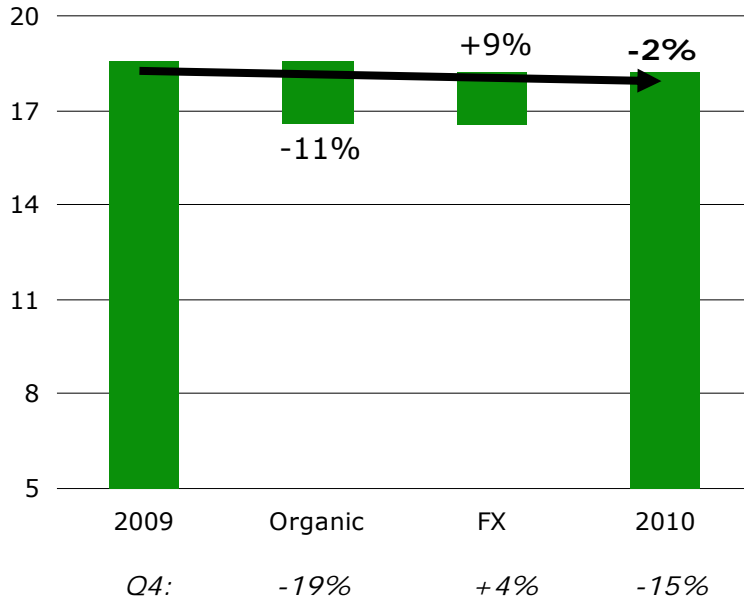


## Sustainable market improvement in all markets during 2010

December YTD

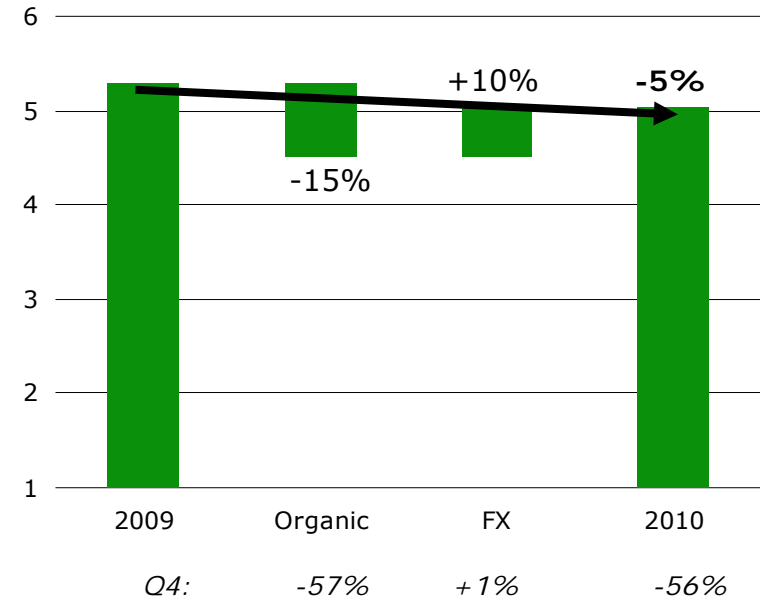
### Net revenue

DKKbn



### Operating profit

DKKkm



Organic operating profit decline of 3% adjusted for Russia de-stocking (-41% in Q4)  
Volume growth in all markets except Russia

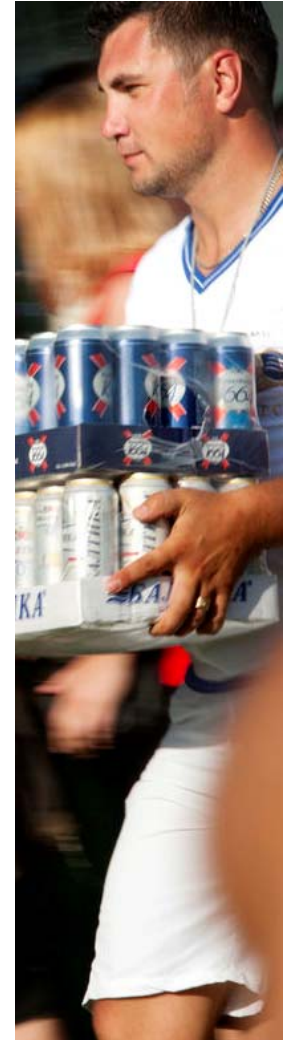




## Eastern Europe - Improving market trend during the year



- Improving market trends across the region with market growth in all markets in H2
- Organic beer volume decline of 3% adjusted for Russian (de-)stocking
- 11% organic net revenue decline (Q4: -19%)
  - Growth outside Russia
- Double-digit percentage increase in marketing investments
- Organic operating profit decline of 3% adjusted for Russian (de-)stocking
  - Organic growth outside Russia of approx. 65%
- 27.8% operating margin (2009: 28.5%)
  - Q1-Q3 improvement from lower input costs and improved efficiencies despite lower volumes
  - Q4 impacted by higher input costs and marketing investments





## Russia – Market recovery in H2



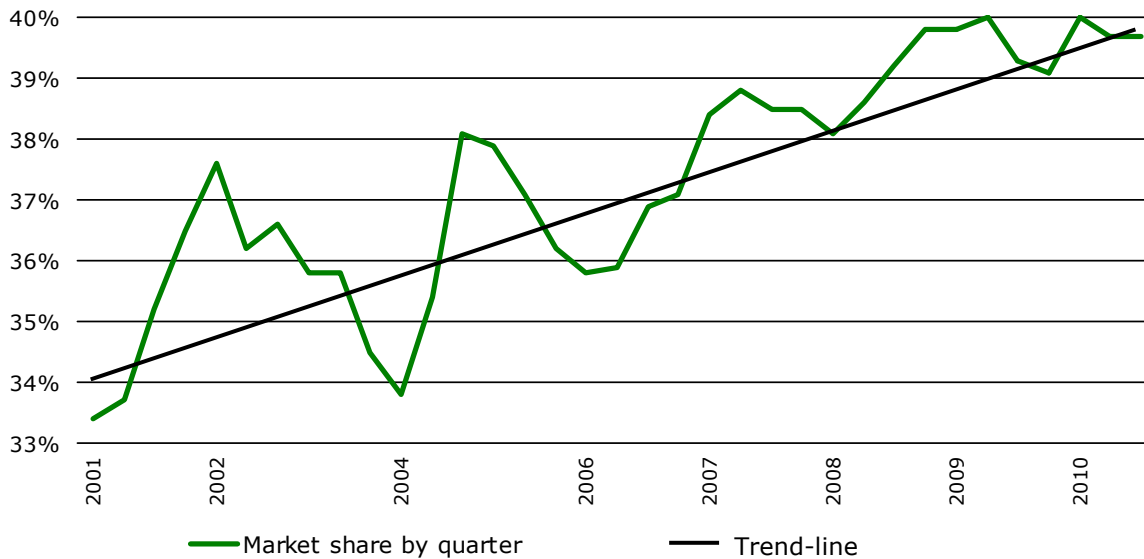
- An extraordinary 2010
  - 200% excise duty increase
  - Consumer price increase of 25% on average to cover duty increase
  - 4% market decline (H2: +1%) driven by the significant price increases
    - Less than expected at beginning of year
    - Improved trend in H2
  - De-stocking in Q1 2010 impacting shipments
- Balanced approach to market share optimization and profitability
  - Negative impact from price leadership throughout the year
  - In-market-sales decline of 4% (Q4: +2%)
  - Shipment decline of 13% (Q4: -21%)
  - Russian market share at 39.7% (-10bp)<sup>1</sup>
    - 40bp market share growth in Q4<sup>1</sup>



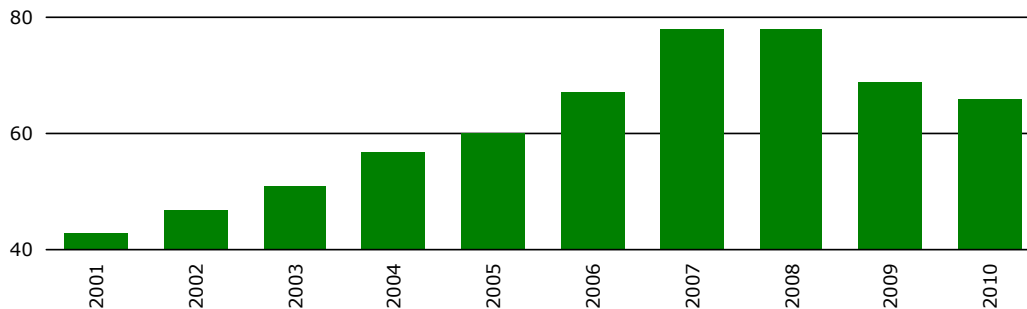
<sup>1</sup> Source: Nielsen

# Long-term positive trend in Russian market share development

Carlsberg's Russian market share by quarter



Russian per capita beer consumption (liter)



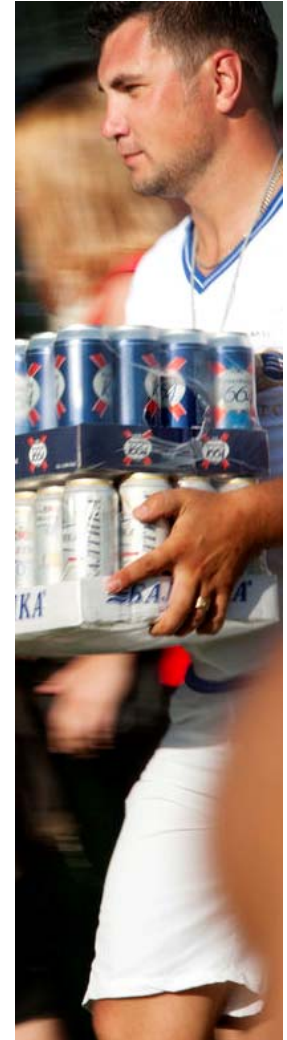
Source: Company's estimate, Business Analytica and Nielsen (from Q1 2008)



## Strong performance outside Russia



- Strong Ukraine performance
  - 150bp market share gains driven by Lvivske and Baltika brands
  - Kvass Taras becoming largest kvass brand in the market
  - Significant profitability improvement from 7% volume growth and positive price/mix
- Double-digit volume growth in Kazakhstan, Uzbekistan and Belarus
  - Market growth
  - Innovations and product launches





# Asia

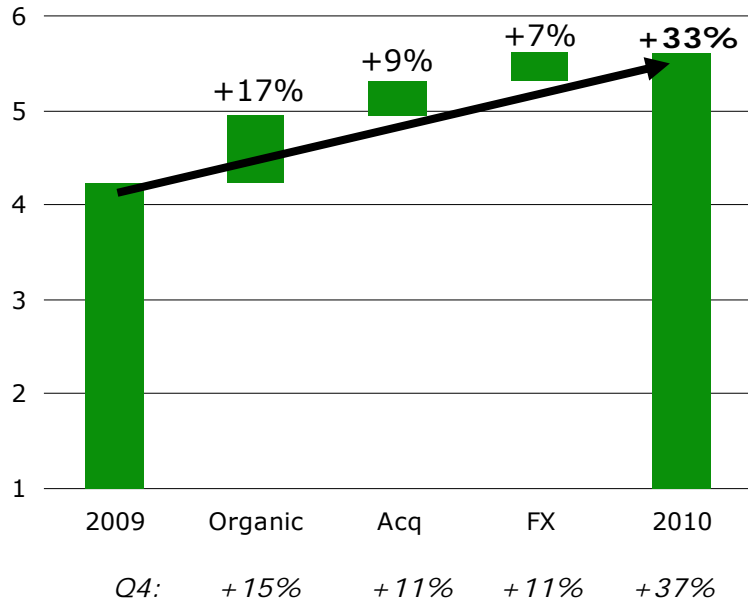


## Strong net revenue and operating profit growth across the region

December YTD

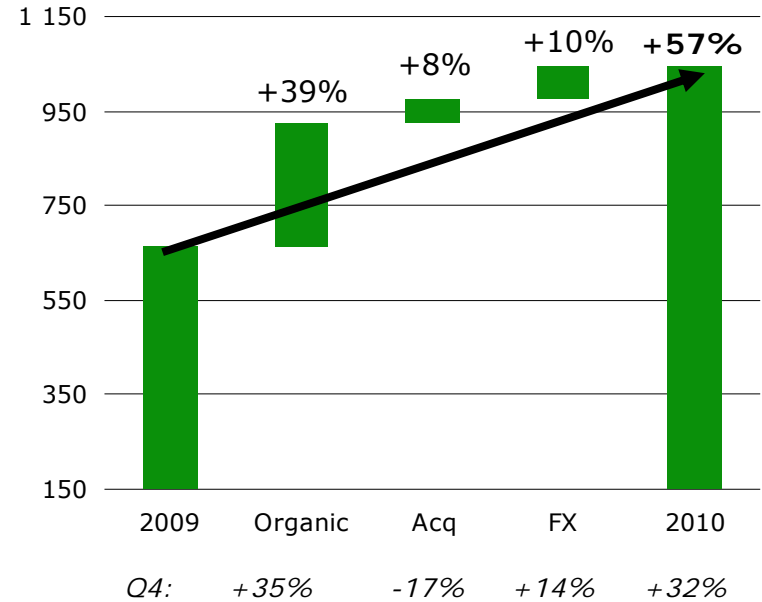
### Net revenue

DKKbn



### Operating profit

DKKbn



14% organic beer volume growth





## Asia - Continued growth across markets



- All markets growing with particularly strong growth in Indochina, China and India
- 14% organic beer volume growth (Q4: +10%) driven by double-digit volume growth in all markets
- Market share gains in most markets
  - High level of innovations and marketing activities
- Organic net revenue growth +17% (Q4: +15%) with positive price/mix
- 39% organic operating profit growth (Q4: +35%)
  - Volume growth, positive price/mix, efficiencies and lower COGS
  - Negative country mix
- Establishment of new breweries in India and Vietnam
- Increased ownership in Chongqing and Wusu in China and in Gorkha Brewery in Nepal



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## Strong full-year performance

- Net revenue growth of 1%
- Double-digit growth in marketing investments to drive volume and value share growth
- Operating profit growth of 9%
- Operating margin improvement to 17.1% (+130bp)
- Net profit at DKK 5.4bn (+49%)
- Continued focus on driving cash flow
  - Working capital reduction
  - DKK 5.2bn free cash flow after spending DKK 2.7bn for acquisitions
  - Net debt reduced to DKK 32.7bn (-8%)
  - Net debt/EBITDA at 2.3x
- Proposed dividend of DKK 5.00 (+43%)



# Income statement (1)

December YTD

DKKm	Δ DKKm				2010
	2009	Organic	FX	Acq., net	
<b>Net revenue</b>	<b>59,382</b>	<b>-1,807</b>	<b>2,987</b>	<b>-508</b>	<b>60,054</b>
Gross profit	29,185	292	1,659	-64	31,072
Operating expenses incl. brands mkt.	-19,862	-510	-923	97	-21,198
Other income, net	67	303	19	-14	375
<b>Operating profit before special items</b>	<b>9,390</b>	<b>85</b>	<b>755</b>	<b>19</b>	<b>10,249</b>
- Brewing	9,460	12	755	19	10,246
- Other activities	-70	73	-	-	3

- Organic net revenue decline of 3%
- Operating profit growth
  - Adjusted for Russian stocking impact, organic growth would have been 8%
  - Flat organic development in brewing activities

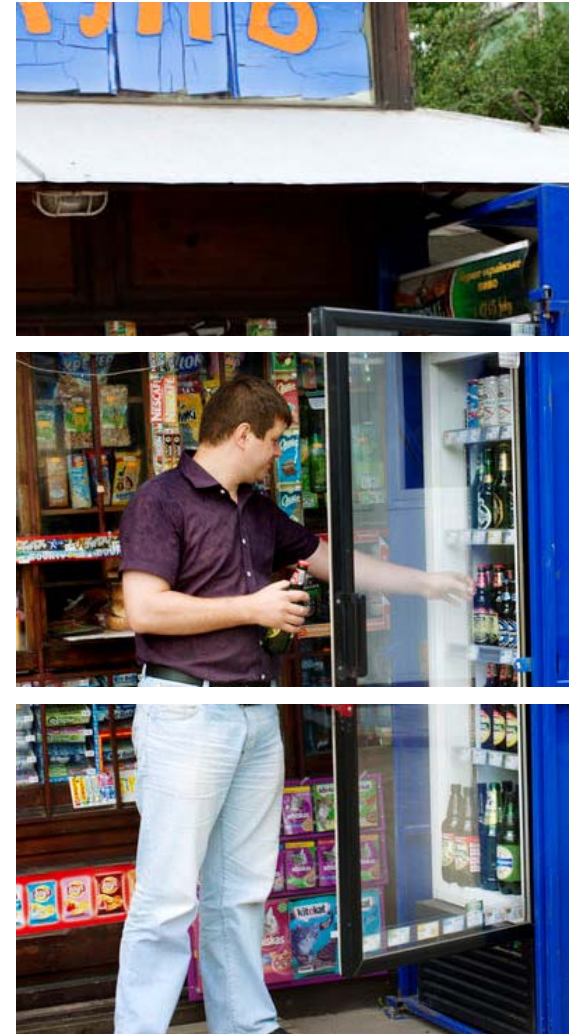


## Income statement (2)

December YTD

DKKm	2009	2010	Δ DKKm
Special items, net	-695	-249	446
Financials, net	-2,990	-2,155	835
- Interests	-2,161	-1,933	228
- Other financial items	-829	-222	607
Tax	-1,538	-1,885	-347
<b>Profit</b>	<b>4,167</b>	<b>5,960</b>	<b>1,793</b>
Non-controlling interests	565	609	44
<b>Carlsberg's share of profit</b>	<b>3,602</b>	<b>5,351</b>	<b>1,749</b>

- Special items impacted by non-cash, non-taxable accounting income of DKK 598m
- Lower net financials due to deleveraging and lower hard currency financing in Eastern Europe





# Statement of financial position

DKKmn	31 December 2009	31 December 2010
Total non-current assets	119,286	128,290
Total current assets	14,841	15,523
Assets held for sale	388	419
<b>Total assets</b>	<b>134,515</b>	<b>144,232</b>
Total equity	59,489	69,629
Total non-current liabilities	50,015	47,378
Total current liabilities	24,960	27,047
Liabilities associated with assets held for sale	51	178
<b>Total equity and liabilities</b>	<b>134,515</b>	<b>144,232</b>

- Net interest-bearing debt of DKK 32.7bn
- Net debt to EBITDA year-end 2010: 2.3x (2.7x at year-end 2009)



# Cash flow (1)

December YTD

DKKm	2009	2010	Δ DKKm
Operating profit	9,390	10,249	859
Depreciation	3,779	3,987	208
Other non-cash items	265	493	228
Δ Working capital	3,675	716	-2,959
Paid restructuring & special items	-507	-446	-61
Paid interest, net	-1,597	-2,089	-492
Paid tax	-1,374	-1,890	-516
<b>Cash flow from operations</b>	<b>13,631</b>	<b>11,020</b>	<b>-2,611</b>

- EBITDA improvement of DKK 1.1bn
- Positive cash flow from lower average and end-of-year working capital



## Cash flow (2)

December YTD

DKKm	2009	2010	Δ DKKm
Capital expenditures, net	-2,923	-3,575	-652
Acq/sale of companies, minority shareholdings etc.	31	-2,675	-2,706
Real estate / other activities	-190	409	599
<b>Cash flow from investments</b>	<b>-3,082</b>	<b>-5,841</b>	<b>-2,759</b>
<b>Free cash flow</b>	<b>10,549</b>	<b>5,179</b>	<b>-5,370</b>

- Increasing capex due to capacity expansion projects in Asia and the UK
- Cash flow impacted by Wusu Xinjiang and Chongqing acquisitions

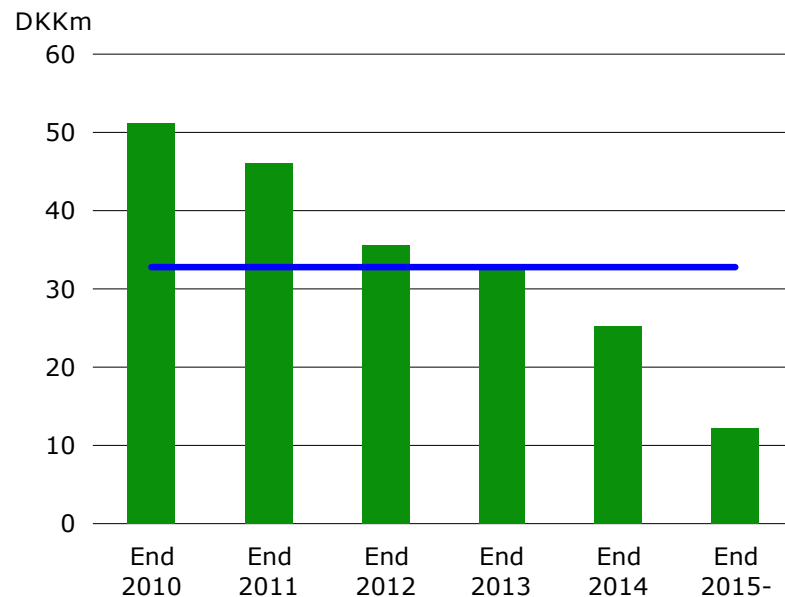


# Net financial debt detail

## Net financial debt breakdown, after swaps

	Net fin. debt	Floating	Fixed
EUR	88%	14%	86%
DKK*	-9%	126%	-26%
Other	21%	76%	24%
Issued bonds			63%
Bank borrowings			36%
Mortgages			6%
Other non-current			1%
Other current			2%
Cash & equivalents			-8%

## Committed credit facilities and net financial debt end December 2010



\* Net debt in DKK after currency swaps is DKK -2,892m. Carlsberg has gross debt with fixed interest of DKK 752m, or -26% of net debt after swaps

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## 2011 earnings outlook

- 2011 earnings outlook based on:
  - Slightly declining Northern & Western European markets
  - Russian market growth of 2-4%
  - Continued market growth in Asia

Market share gains in markets representing 2/3 of our business

Reported operating profit                      high single-digit percentage growth

Net profit <sup>(\*)</sup>                                      more than 20% growth

(\*) 2010 net profit is adjusted for the non-cash and non-taxable DKK 598m income (IFRS 3) related to step-acquisitions. I.e. 2010 adjusted net profit of DKK 4,753m (reported DKK 5,351m less DKK 598m)



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# Carlsberg geography (2010)

## A balance between growth markets + mature markets

### NORTHERN AND WESTERN EUROPE



**43%**

OF TOTAL VOLUME

**46%**

OF EBIT

Beer volume: 49.5m hl  
 Net revenue: DKK 36.2bn  
 EBITDA: DKK 7.1bn  
 Operating profit: DKK 5.1bn

#### OBJECTIVE

Improve competitiveness and earnings

### EASTERN EUROPE



**41%**

OF TOTAL VOLUME

**45%**

OF EBIT

Beer volume: 46.8m hl  
 Net revenue: DKK 18.2bn  
 EBITDA: DKK 6.6bn  
 Operating profit: DKK 5.0bn

Ensure profitable growth

### ASIA



**16%**

OF TOTAL VOLUME

**9%**

OF EBIT

Beer volume: 17.9m hl  
 Net revenue: DKK 5.6bn  
 EBITDA: 1.3bn  
 Operating profit: DKK 1.0bn

Build growth platform

## Ambitious medium-term margin targets

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- Operating margin targets were announced in February 2010 and are expected to be reached in 3-5 years

	<b>Margin target</b>	<b>2010</b>	<b>2009</b>
Northern & Western Europe	15-17%	14.1%	11.6%
Eastern Europe	26-29%	27.8%	28.5%
Asia	15-20%	18.6%	15.8%
Carlsberg Group	around 20%	17.1%	15.8%



# Russian brand portfolio

		Company position in the segment
Super Premium		# 1
Premium		# 1
Mainstream		# 1
Lower mainstream		# 1
Discount		# 1

## Russian market shares by quarter

### Russian market share, %

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Baltika	39.3	39.1	40.0	39.7	39.7
ABI	15.7	15.8	16.5	16.4	16.2
Heineken	13.9	12.8	11.2	11.3	11.6
Efes	10.1	10.4	10.7	10.9	10.7
SABMiller	7.0	7.0	6.9	7.0	7.2
Others	14.0	14.9	14.7	14.7	14.6
	100.0	100.0	100.0	100.0	100.0

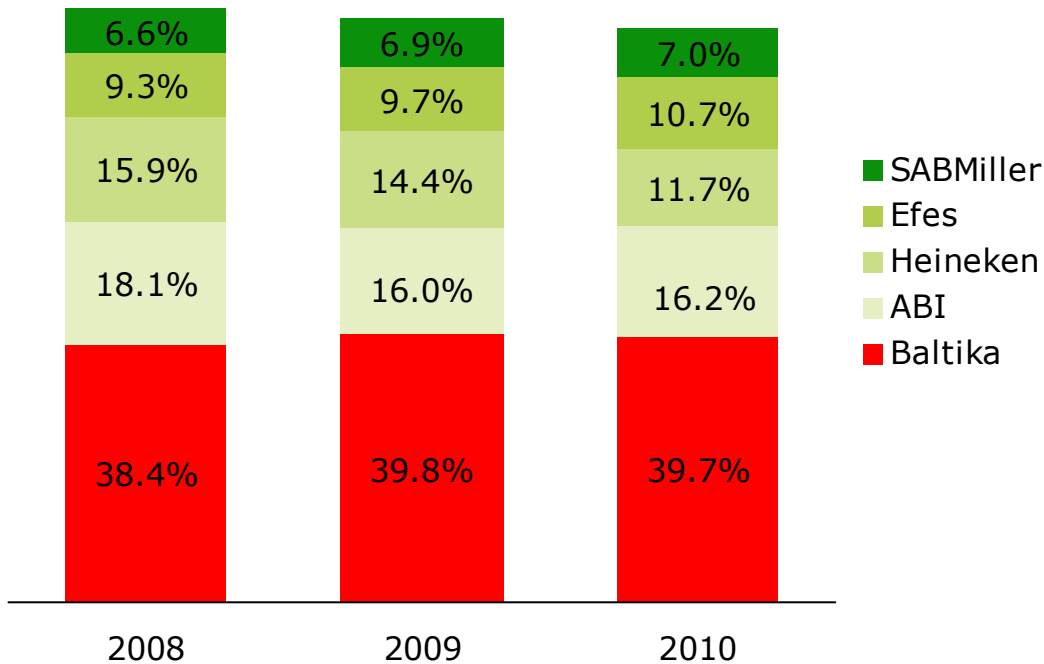
Note: Nielsen has changed universe and excluded alcoholic malt-based cocktails from the beer universe. Historical numbers have been restated accordingly.

Source: Nielsen retail audit data



# Russian market share development

Russian market share, %



Note: Nielsen has changed universe and excluded alcoholic malt-based cocktails from the beer universe. Historical numbers have been restated accordingly.  
 Source: Nielsen retail audit data



# Financial Calendar 2011

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AGM	24 March 2011
2011 Q1 Interim results	11 May 2011
2011 Q2 Interim results	17 August 2011
2011 Q3 Interim results	9 November 2011





## 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.

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.





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