

Company announcement 16/2019

2 May 2019

Page 1 of 5

TRADING STATEMENT AS AT 31 MARCH 2019

HIGHLIGHTS

- Organic net revenue growth of 6.4%; reported growth of 9.3% to DKK 13.9bn due to acquisitions (+2.6%) and currencies (+0.3%).
- Price/mix +3%; positive across all regions.
- Total organic volume growth of 3.4%; reported growth of 6.7% due to acquisitions.
 - Tuborg volume growth +7%, Carlsberg +2%, Grimbergen +4% and 1664 Blanc +30%.
 - Craft & speciality volume growth +18%, alcohol-free brew volume growth +15%.

2019 EARNINGS EXPECTATIONS

- Mid-single-digit percentage organic growth in operating profit.
- A translation impact on operating profit of around DKK +150m, based on the spot rates at 1 May (previously around zero).

CEO Cees 't Hart says: "We had a good start to the year, with particularly strong volume growth in Asia and continued solid progress of our craft & speciality and alcohol-free portfolios, which improved the price/mix. We are maintaining our full-year earnings expectation."

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FIRST-QUARTER REVIEW

The Group delivered organic revenue growth of 6.4%, driven by 3.4% organic volume growth and +3% price/mix. Reported net revenue grew by 9.3% to DKK 13.9bn, positively impacted by +2.6% from last year's acquisition of an additional 25% in Cambrew and a currency impact of +0.3%. Reported total volumes grew by 6.7%.

Our international premium brands delivered strong growth rates. The Tuborg brand grew by 7%, mainly driven by China, India and the Turkish licence market. The Carlsberg brand growth of 2% was driven by Asia, in particular China and Malaysia, partly offset by soft volumes in the UK. Grimbergen continued its positive momentum, growing by 4%, while 1664 Blanc delivered very strong growth of 30%, driven by all three regions.

WESTERN EUROPE

Net revenue in Western Europe grew organically by 2.4% as a result of +1% price/mix and total organic volume growth of 1.6%. Reported net revenue was in line with the organic development due to an insignificant currency impact.

The volume growth was particularly strong at the beginning of the quarter, most notably in markets such as France, Denmark, Norway, Germany, Bulgaria, Poland and Croatia, whereas the end of the quarter was softer, impacted by the later sell-in to Easter versus last year.

Price/mix was positively impacted by price increases and a continued positive mix from growth of premium products.

ASIA

Asia had a very strong start to the year in the important first quarter. Net revenue grew organically by 15.3% as a result of +5% price/mix and total organic volume growth of 9.5%. Reported net revenue grew by 27.6%, positively impacted by currency movements, in particular the Chinese, Malaysian and Lao currencies, and the impact from the Cambrew acquisition.

The strong volume growth was the result of well-executed festive season activities, especially in China and Vietnam. In India, our volumes grew by mid-single-digit percentages despite very tough comparables with a strong Q1 last year. In Cambodia, our efforts to rebuild the business continued.

The price/mix improvement was the result of price increases and continued premiumisation, with our international beer brands delivering strong results in most markets in the region.

EASTERN EUROPE

Net revenue in Eastern Europe grew organically by 5.1% as a result of a strong price/mix of +8%, partly offset by volume decline of 2.4%. Reported net revenue grew by 1.1%.

Our volumes in Russia declined by 4% due to market share losses following our price increases in Q4 and Q1. Ukraine was down for the quarter in volume terms but achieved strong net revenue growth.

The strong price/mix was the result of price increases in all markets to offset the input cost pressure and a positive product mix.

STRUCTURAL CHANGES

At the beginning of 2019, the Group completed the following transactions:

- The acquisition of a minority stake in the Chinese craft brewery Jing-A Brewing Co.
- The disposal of the former brewery site in Trondheim, Norway, at a sales price of NOK 729m (completed in April).

SHARE BUYBACK

On 6 February, the Company launched a share buyback programme of DKK 2.5bn, and as at 26 April the Company had bought 1,041,017 shares at a value of DKK 849.8m.

EARNINGS EXPECTATIONS

We are maintaining our financial expectations for 2019:

- Mid-single-digit percentage organic growth in operating profit.

Based on the spot rates at 1 May, we now expect a translation impact of around DKK +150m compared to our previous expectation of around zero.

All other assumptions are unchanged.

FINANCIAL CALENDAR

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

15 August	H1 interim financial statement
24 September	CMD "Meet the Management", Paris
31 October	Q3 trading statement

FORWARD-LOOKING STATEMENTS

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and 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 words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking 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 materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may 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.

VOLUME AND NET REVENUE DATA

Q1	2018	Organic	Acq., net	FX	2019	Change Reported
Beer (million hl)						
Western Europe	9.2	1.1%	-	-	9.3	1.1%
Asia	8.2	9.4%	5.8%	-	9.4	15.2%
Eastern Europe	5.8	-3.2%	-	-	5.6	-3.2%
Total	23.2	2.9%	2.1%	-	24.3	5.0%
Non-beer (million hl)						
Western Europe	3.0	3.4%	-	-	3.1	3.4%
Asia	0.8	11.2%	51.6%	-	1.3	62.8%
Eastern Europe	0.2	17.2%	-	-	0.3	17.2%
Total	4.0	5.8%	10.3%	-	4.7	16.1%
Total beverages (million hl)						
Western Europe	12.2	1.6%	-	-	12.4	1.6%
Asia	9.0	9.5%	10.0%	-	10.7	19.5%
Eastern Europe	6.0	-2.4%	-	-	5.9	-2.4%
Total	27.2	3.4%	3.3%	-	29.0	6.7%
Net revenue (DKK million)						
Western Europe	7,095	2.4%	-	-	7,268	2.4%
Asia	3,608	15.3%	9.1%	3.2%	4,602	27.6%
Eastern Europe	1,992	5.1%	-	-4.0%	2,014	1.1%
Not allocated	9	-72.8%	-	-	3	-72.8%
Total	12,704	6.4%	2.6%	0.3%	13,887	9.3%