**Carlsberg Q1 Conference Call**
**Carlsberg A/S**
**CEO Jørgen Buhl Rasmussen**
**CFO Jørn P Jensen**
**May 11, 2011**
**9:00 am Greenwich Mean Time**

OPERATOR: Ladies and gentlemen welcome to the Carlsberg conference call. For the first part of this call all participants will be in listen only mode and afterwards there will be a question and answer session.

I will now turn the call over to your host, CEO Jørgen Buhl Rasmussen and CFO Jørn P Jensen. Gentlemen you may begin.

JØRGEN BUHL RASMUSSEN: Good morning everybody and welcome to our Q1 conference call. My name is Jørgen Buhl Rasmussen and I have with me CFO Jørn P Jensen and Vice President of Investor Relations Peter Kondrup.

Before beginning today's presentation let me repeat what we always say at Q1 results. It is a small quarter for us due to the seasonal pattern of beer consumption in our markets and therefore we will as usual be brief in our comments to the quarter.

I will first give you a short summary of our performance and then go through the regions. As always, Jørn will then walk you through the numbers and our outlook and thereafter we'll be happy to take your questions. Please turn to slide 3.

Overall the group had a positive start to 2011 and the Q1 performance was in line with our expectations. We are on track to deliver on our 2011 guidance set out in February. Our performance in Q1 was strong, although to a large extent distorted by last year's destocking in Russia following the significant excise tax increase in January 2010. To meet our ambition of driving profitable market share growth in a large part of our businesses, we have continued our commercial agenda with, for instance, the roll out of sale and channel marketing tools, product launches and line extensions. The last commercial project has been the global repositioning of the Carlsberg brand that was announced in early April.

In Q1 2011 organic volume growth was 8%, with 10% organic beer volume growth. Adjusting for the estimated impact of the Russian destocking, organic volume growth was approximately 2% despite the negative effect from the timing of Easter which impacted Northern and Western Europe. Price and mix for beer was positive by 4%, driven by the positive pricing in most markets across all three regions and with Eastern Europe being a particularly strong contributor due to the phasing of price increases last year following the excise tax increase. Net revenue grew organically by 10%.

And now to slide 4, organic profit grew 27% to 1 billion. All three regions contributed positively to the growth. The Eastern European region was the main driver mainly because of the impact from the Russian destocking last year. Northern and Western Europe delivered organic profit despite the negative Easter impact and the Asian business continues with strong growth. As our performance in Q1 was in line with our plans we confirm our full year outlook.

On April 5 we launched a global repositioning of the Carlsberg brand. Carlsberg is one of the world's most well-known premium beers but we do not believe that its sales measure up to its strong brand recognition and image. We therefore decided to invest significantly in repositioning of the brand to unleash its full potential and this also supports our ambition of being the fastest growing global beer company. With the repositioning, it is our plan to make the Carlsberg brand more consistent across our many markets and make it more appealing and attractive to consumers. The brand's visual identity has been modernised, distribution channels are being widened and a completely new range of packaging is being rolled out across markets in more than 140 markets in total. In certain markets, such as the UK, probably the best beer in the world has become part of the Carlsberg brand's DNA. And that tag line will remain and still play a clear role in those markets and compliment the new positioning. We have great ambitions for our new Carlsberg and in our plans, we anticipate that by 2015 the Carlsberg brand will have doubled its profits.

And now let us turn to the regions and start out with a brief comment on Northern and Western Europe on slide 7. The positive market share trend from last year continues and all market share for the region improved marginally. The strongest performing markets were Poland and South East Europe with the UK business also continuing to strengthen its market share. Beer volumes declined organically by 2%. We had particularly strong volume growth in Poland and South East Europe including Greece, while markets in the Northern part of the region were impacted negatively by late sell-in to Easter; that this year will happen in Q2 while it was in Q1 last year. Organic net revenue declined by 2%. Price/mix for beer was +1% with approximately 2% positive pricing driven by most markets in the region. Mix was slightly negative mainly driven by a negative contry mix due to the growth in Poland and South East Europe.

Profit growth was strong in Q1 as we managed to continue to improve profitability despite the negative Easter impact, higher input costs and marketing investments. The improvement was driven by the ongoing efficiency improvements and the higher net revenue per hectolitre.

Now to slide 8 and Eastern Europe. The improving macroeconomic trend continued in the regions supporting beer market growth in the majority of the markets including Russia. Our beer volumes grew organically by 28% with an estimated 6% growth adjusting for the destocking impact. The businesses in Russia and Ukraine were the main contributors of the volume growth. Our business in Ukraine continues to make very strong progress and once again strengthened its market position in a growing market. Price/mix was very positive across all markets with Russia reporting strong progress due to the facing of last year's price increases following the excise tax increase.

Operating profit grew organically by 48% from 321 million to 490 million. An estimated 300 million of the improvement was due to the destocking impact. Adjusting for this, operating profit for the region declined by an estimated 131 million. The decline was according to expectations and mainly due to three factors: higher input costs, a different phasing of commercial activities and also higher distribution costs. While we for the year still anticipate a slight increase in marketing investment, they were also higher in Q1 this year due to the fact that marketing investments last year were unusually low because of the disruption caused by the excise tax increase.

And now, slide 9. The Russian market continued the positive trend from the second half 2010 and grew an estimated 1% in Q1. Our market share was almost flat at 38.9%. We saw a positive development for our brands within the Baltika brand umbrella, with Baltika 3, Baltika 7 and also Baltika cooler showing good performance while we lost a little share in the lower end of the market where competitive activity remained high. Based on the phasing of our planned commercial activities which include product launches and optimised sales processes, we remain positive in our ability to gain share in Russia in 2011.

Volume growth was very strong for the quarter with a shipment growth of 40%. Adjusted for the destocking, the shipment growth would have been an estimated 8%. Shipments were higher than our in-market sales due to stock building ahead of the peak season. That did not happen to the same extent last year due to the unique challenges and market decline in first half 2010 following the duty increase. Price and mix were very positive at 22% in Russia. The pricing impact was close to 20%. This high pricing impact was due to the phased implementation of price increases last year and mix turned slightly positive in the quarter reflecting change, packaging mix and a small, positive shift between categories.

And now slide 10 and a few comments on Asia. Organic beer volume growth was 6% with strong growth in markets like India, Cambodia and Laos while volumes declined in Vietnam due to very cold weather in Northern Vietnam in the quarter. In China, the international premium portfolio did particularly well. Organic net revenue growth was 16% with the Chinese business being a significant contributor to the region's total revenue growth. Price/mix was positive at almost 10% in the region. The positive price/mix was driven by our premiumisation efforts which include line extensions of local brands and further roll out of the Group’s international brands across the region which all in all led to portfolio mix improvements. In China, for instance, the mix was very positively impacted by the strong performance of the international premium portfolio led by brands within the Carlsberg brand umbrella supported by the launch of premium products such as Kronenbourg 1664. Organic operating profit grew by 10% and operating margin improved by 50 basis points.

And with this I would like to hand over to Jørn who will walk us through the financials.

JØRN JENSEN: Thank you Jørgen. And now please turn to slide 12.

Our plans for Q1 materialised, and the beginning of the year confirms that we are on track to meet our guidance.  The Group reported 14% revenue growth for the quarter driven by the strong volume growth and a positive price/mix for all three regions.  For the total portfolio, price/mix was +2% with beer being slightly stronger at +4%.  This was driven by value management initiatives, price increases and premiumisation efforts.  Operating profit grew strongly at 38%.  Year-on-year comparisons were distorted by the Easter impact and the Russian destocking last year.  Nevertheless, we managed to increase both gross profit and operating profit per hectolitre despite rising input costs that started impacting our business in Eastern Europe in Q4 last year and in the rest of the business from January this year.  The impact from higher input costs are in line with expectations.  Adjusted net profit growth was strong for the quarter.

And now please go to slide 13 and the income statement.

Organic net revenue was up 10%.  Organic gross profit increased 9%.  Despite high input costs, gross profit per hectolitre was up in Eastern Europe and in Asia while it was flat in Northern and Western Europe.  In especially Eastern Europe, COGS were impacted negatively by higher input costs but positively impacted by operational leverage from higher volumes versus last year and therefore reported Group operating margin was flat for Q1 at 47.9%.  The advantage from operating leverage in Eastern Europe will, of course, decline for the coming quarters with the volume growth at a much lower level than in Q1.  Organic total OPEX including brand marketing was up 321 million.  Apart from the impact of higher logistic costs, the increase is explained by the planned, slightly higher marketing investments but primarily also impacted by the unusually low activity level last year in Eastern Europe.

All in all operating profit was 1 billion with 27% organic growth with positive contributions from Northern and Western Europe and Asia.  Adjusted for the Russian destocking, Group organic operating profit was in line with our plans for the quarter and that includes the quite significant improvement in EBIT per hectolitre.

And now to slide 14.  Special items were minus 81 million and as usual mainly related to restructuring initiatives across the Group.  The substantial decline versus last year is explained by last year's income of 390 million from the revaluation related to step acquisitions in China.  Financial costs, net, were up 54 million with interest going down as the deleveraging continues.  The higher negative other financial items is explained by currency movements against the US dollar and the Euro, mainly in Eastern Europe.  The tax rate was 26%, so all in all net profit was 173 million.  Adjusting for the change in accounting treatment of acquisitions last year, and special items, net profit in Q1 2010 would have been 77 million.

And now cash flow on slide 15.  The sum of the first three lines, that's EBITDA including other the non-cash items, adds up to 2.1 billion, an improvement of 308 million.  Change in working capital was -1.8 billion.  That is an increase of 566 million versus last year but this figure is also distorted by the destocking because of inventories and account receivables last year being extraordinarily low.  Our strong focus on reducing average working capital continues and we have reduced working capital to net revenue on a 12 month rolling basis, from 2.6% end of Q4 to 2.1% end of Q1 this year. Paid interests, net is up due to settlement of certain financial instruments in Q1. All in all cash flow from operations was -573 million.

And now slide 16 please. Capex amounted to 894 million in the period which is an increase of 268 million compared to the same period last year. The higher capex this year is primarily explained by investments related to our portfolio simplification project, capacity expansion at the Northampton brewery prior to the closure of Leeds and sales investments in coolers and the like. Capex is in general faced more towards H1 this year compared to H2 in 2010. In the next line we have the impact of the sale of the Dresden brewery in January this year and finally there is no net cash flow in Q1 from real estate activities. All in all free cash flow was -1.4 billion. Net debt was 34.6 billion and in Q1 our credit rating was upgraded to BBB flat, outlook stable by Fitch, and Baa2, outlook stable by Moody's.

And now finally outlook on slide 18. The Q1 performance was in line with plan based upon actual volume development, cost levels, timing of commercial activities, operating margins, capex spent and so on. Hence, we maintain key assumptions and confirm our full year earnings outlook for February.

And now back to Jørgen for a final comment.

JØRGEN BUHL RASMUSSEN: Thanks Jørn. This was the last slide for today and just to summarise on the back of Q1 of 2011, our efficiency agenda remains unchanged and we are executing according to plan on a long commercial agenda that will support our ambition of delivering profitable market share growth in a large part of our business The announced repositioning of the Carlsberg brand is an important element, and as we say nowadays in Carlsberg, “That calls for a Carlsberg.”

And now we are happy to take your questions.

OPERATOR: Ladies and gentlemen if you have a question for the speakers just press 01 on your telephone keypad and you will enter a queue. After you are announced, please ask your question.

We have a question from Mr Trevor Stirling from Sanford Bernstein. Please go ahead, sir.

TREVOR STIRLING: Morning gentlemen, two questions please, both related to margins. The first one, in Western Europe you had 30bp of margin expansion this year, that’s quite a lot lower than the pace of margin expansion last year which was averaging around 250bp. Is there something we should expect going forward or is that more related to this phasing of A&P investments?

And the second question is relating to Russia. Back to this equation between operating leverage and fix costs and price/mix, so volumes are up 28%, price/mix up 18% in Eastern Europe but only 30bp of margin expansion. You’ve talked about

A&P and the fact that this quarter last year had very low A&P investments, very high this quarter, but if I look back versus 2009, Q1 2009 operating margins are 650bp lower than they were two years ago so I'm really just looking for more colour on the quarter but also to look forward to Q2 as the benefits of price/mix and slow down of the operating leverage gets minimal, if the cost pressures continue then that's putting significant operating pressure on operating margins next quarter. I'm just trying to work out if you can help me through that complex dynamic.

JØRGEN BUHL RASMUSSEN: Trevor, maybe, I think it's more a general answer to both questions because it's the same kind of logic. The primary reason for those margins being -- and I agree -- slightly more volatile than normally in Q1 is simply because it is a small quarter, which means that smaller changes becomes bigger percentages. So if you take, for instance, Eastern Europe, yes there are some -- as we also said in Q3 and Q4 last year, there will be quite significant swings quarter by quarter this year versus last year because last year was so different from normal years. Especially when it comes to how we last year phased in price increases and how we this year will be impacted negatively by input costs. That goes for primarily Eastern Europe, to a certain extent also for Northern & Western Europe, it's phasing of our for instance, marketing investments. Sales and marketing investments this year will be phased more towards the first half versus the second half. It goes for sales and marketing investments, it goes for capex as well, so it is actually so that phasing wise, '11 will be more of a normal year, but we will of course quarter by quarter compare to 2010 that was not a normal year in any way, phasing wise.

There is, also after Q1 then, absolutely no changes to how we have been expressing ourselves around margins, prices, so on so forth, on a full year basis --

JØRN JENSEN: Including input costs.

JØRGEN BUHL RASMUSSEN: Including input costs, yes.

TREVOR STIRLING: Including input costs. Okay. Thank you very much, gentlemen.

OPERATOR: The next question comes from Mr Søren Samsø from Danske Markets. Please go ahead, sir.

SØREN SAMSØ: Good morning guys, this is Søren from Danske. First of all just the market share down in Q1 in Russia; we saw the same in Q1 last year. Is this a matter of how you're timing your marketing projects or is there a different factor playing in here?

JØRGEN BUHL

RASMUSSEN: I think so and you more or less gave the answer yourself. First of all, and I'll repeat that probably again and again, Q1 is a small quarter and minor changes to phasing of campaigns or product launches does impact financials for the quarter, sometimes market share performance. But yes, you are right, in Q1 it is more about building up for the peak season, so again another flow of product launches or campaigns are building up to the peak season now; and then secondly in a small quarter slight difference of timing impacts market share. So we are as positive, as comfortable as we were going out of 2010 about the full year market share outlook for Russia.

SØREN SAMSØ: But are you going to do, like a similar campaign like you've done on Carlsberg "That calls for Carlsberg" -- are you going to do something similar for Baltika in Russia and Eastern Europe?

JØRGEN BUHL RASMUSSEN: Carlsberg, as you know, will be across all our markets during 2011 and then of course we have a lot of activities on many of our other brands in Russia and, without being specific on which, you will see a lot of new products coming and also a few being introduced in the latter part of Q1 also on local brands.

SØREN SAMSØ: So, yes. Then regarding if you move to the weather situation in Russia, I don't know if you can comment on this, but we are seeing great weather in Northwestern Europe so far in Q2 is that something, is this impact you're seeing in Russia so far?

JØRGEN BUHL RASMUSSEN: I think it's too early to talk about Q2 but we can say April it looks like it has been pretty cold in Russia and also probably in other parts of Eastern Europe.

SØREN SAMSØ: Okay. Then regarding your financial cost, shall we just assume still around just below 6% or this upgrading of the credit rating will that help your financial costs?

JØRN JENSEN: Yes, Søren, I still think just below 6 all-in, including all our financial items, for the full year is fine.

OPERATOR: Next question comes from Mr Ian Shackleton from Nomura. Please go ahead, sir.

IAN SHACKLETON: Yes, good morning gentlemen. Two questions really, I mean all the consumer confidence figures for Russia in Q1 sort of look very soggy. I just wonder whether you could give us some feel of how you see that moving forward in Q2? And also if you could just update us on pricing; I know you had a 4% price increase in December, I think you've taken a bit more in April, perhaps you can confirm where we've got to on that?

JØRGEN BUHL RASMUSSEN: Yes I can. To your first question, Ian, on consumer confidence, we only see this getting better and better so all indicators that we look at would suggest for this year or during this year if anything, we will see further improvement in consumer confidence and also willingness to spend, which would be good news for the category. And then to the second point about pricing, yes we took a price increase end of last year ahead of the impact we get from tax increase and also input cost increase this year, and then we have taken another price increase, kind of very late Q1. I don't want to talk about what we have in terms of plans going forward, but we took a price increase in the latter part of Q1 of about 3%, 3-4% again.

IAN SHACKLETON: And please just remind us well that, I was about to say that it was about a 4% price increase in December as well, wasn't it?

JØRGEN BUHL RASMUSSEN: Yes, but again, remember, it does vary a lot by brand, by segment and by region.

IAN SHACKLETON: And are you reasonably happy with your competitors, albeit perhaps with a slight lag following that, is that starting to happen?

JØRGEN BUHL RASMUSSEN: We don't really see a change as such in Russia. It has for us -- has been competitive for a long time. Last year was a very different year; as Jørn talked about earlier when we kind of compare with last year: very different because of the very significant price increase and coming out of a year of crisis. But we don't see a significant change in terms of competitive activity. As always in modern trade you sometimes have price promotions and you do that in every market; and the same sometimes in certain regions, in traditional trade. You do that in every market. We don't see a big change at all.

IAN SHACKELTON: Thank you very much.

OPERATOR: Next question comes from Mr Matthew Webb, JP Morgan. Please go ahead, sir.

MATTHEW WEBB: Yes, two questions please. First, I was a bit surprised to see you talking about a very competitive price environment at the low end of the market, and I would have thought with the, you know, with the high barley costs in particular, some of the local players operating at that level of the market would have been under quite a lot of pressure to put their prices up to maintain margins. I just wonder whether you too were surprised or whether I'm missing anything there? And then the second just on input costs; I just wonder whether you can comment on whether the situation, you know the outlook for both '11 and '12 has changed at all for any of the key inputs since you last updated us with the four year results? I'm thinking particularly, I suppose, about the oil price with the long distances involved in supplying in Russia. Thanks.

JØRGEN BUHL RASMUSSEN: To your first question about some increased activity maybe in the low end of the market in Russia that we are talking about here; not really a surprise to us. I think one of the players that we saw the same last year, being kind of quite focused on lower mainstream has continued in Q1, so not a surprise. And then we had to expect from one who lost some share last year, they would probably do a little more this year especially at the low end and we have seen that in Q1, so I would say no big surprise, but our focus remains the same. We have focused on gaining share as an average over time, but share for us means gaining volume share and value share.

JØRN JENSEN: And, Matthew, on input costs, the first part of it would be I guess basically PET, and we still have increased the PET prices in our assumptions this year so there are no changes to what we had in our announcements in February. When it comes to 2012, it is too early to kind of -- we aren't on hedging for '12 so that we will come back to later. But no changes in general to what we assumed in February which was definitely higher input costs for, as you know, 2012 including PET.

MATTHEW WEBB: Okay great.

JØRN JENSEN: Sorry, I said '12 earlier, I meant '11.

MATTHEW WEBB: Oh okay, sure, okay thanks.

OPERATOR: Next question comes from Mr Michael Rasmussen from Enskilda. Please go ahead, sir.

MICHAEL RASMUSSEN: Yes, good morning everybody. So in terms of Russia, now you've mentioned on the call that we saw a positive mix in Q1 which I think is quite a positive comment. Now as consumer confidence is to increase further probably for the full year should we expect mix to be somewhere in the 2-4% region for the full year in Russia as such. Second question being on Ukraine; I think you mentioned that the market increased and your market share also increased in Q1, my data actually shows that the market was down 1.3%. Are you seeing something else and what exactly was your market share in Q1? And then finally, going back to Russia, there's been some rumours about this usual guy, Victor something, proposing a PET ban? Can you just remind us on how much PET is of your Russian volumes and how likely you see this rather crazy proposal at all?

JØRGEN BUHL RASMUSSEN: I needed to go to your first question now, there was Russia, and -- just repeat Michael, the first --

MICHAEL RASMUSSEN: Russian mix, +2% in Q1, should we expect it more to be 2-4% range in the remaining quarters?

JØRGEN BUHL RASMUSSEN: Yes, I don't want to be specific on exactly what to expect for the year. As we said also at the end of last year, or in February we certainly expect the mix trend to improve and as you know, last year was negative and should turn into flattish if not slightly positive we believe as a trend in the Russian market. So what we have kind of seen a little of in Q1 we should probably see more of going forward.

In Ukraine, I am looking at a different trend than you are because we are looking at an increasing market in Q1 in Ukraine. And with markets, just remember every time you talk about markets in Carlsberg, we always kind of talk about the estimated consumer off-take, not what would be shipped and maybe this could be the reason for your looking at a different number, I don't know. We do see growth, mid, kind of single digit growth in the Ukraine market in Q1.

And as to your last question about this plan about PET, banning PET for beer, as you know there has been so many rumours and so much speculation and so many ideas being raised, this was one of them. We still believe what we have kind of indicated in the past is the more likely outcome. We don't think this is very likely to happen, banning PET for beer. If it did, probably consumers would start drinking from a different packaging type can, so or glass bottles which again would be positive in terms of premiumisation, of, you could say, our total profit pool. So it's definitely of total volume, of course PET is a slightly higher percent, but if you talk percent of total profit pool would be a lot less.

MICHAEL RASMUSSEN: And your market share in Ukraine in Q1 please, Jørgen?

JØRN JENSEN: In Q1 would be slightly upwards of last year and we are looking at a market share percent in Ukraine being at just below the 29% if I remember correctly.

MICHAEL RASMUSSEN: That's great. Thank you very much.

OPERTOR: Next question comes from Mr Nico Lambrechts from Bank of America. Please go ahead, sir.

NICO LAMBRECHTS: Hi my original question was answered, but maybe you could give us an indication in your outlook statement for 2011, you're indicating that you would like to gain share in 2/3 of your business. In which markets do you expect that you might lose volume share, and yes that's the first question, and then maybe you could indicate just why you are gaining such strong share in Poland? Is that still at the value end, because that's what your competitors are saying. Thank you very much for that.

JØRGEN BUHL RASMUSSEN: To the first question about the 2/3 and where we are planning not to gain share. I mean, ideally, of course we would like to gain share in 100% of our business but we are also being realistic, it will not happen and because we are very focused on driving volume share growth and value share growth and sometimes take some conscious decisions not just to go for more share growth and volume. Therefore examples would be -- I think a market like Sweden I don't expect us to gain market share in Sweden probably this year because there are some challenges in terms of pricing etc. So Sweden would be an example where I am not sure if we will gain market share. Finland is another one where we kind of have reviewed, depending on promotional pricing what we'll do. So there will be markets where we are taking conscious decisions not to go for market share growth in volume, but that's driving our targets. But then keep in mind, saying, or having, a target of 2/3 of your business growing market sharing, that's an ambitious target and few companies would have higher targets.

NICO LAMBRECHTS: Could we expect that you plan to gain share in UK, France, Germany, so your major European markets, and is the current trend indicating that you will gain share there for the full year?

JØRGEN BUHL RASMUSSEN: Yes, we always plan to strengthen our position in all markets and we will come back to where we actually gain share and where we didn't gain share when we kind of get through the year. But in a lot of our key markets, I mean UK we are really on a roll and it's going very well. So I would probably surprise you if I said we are not planning to grow share. France – In France we are not exactly where we would like to be in market share, we said that also after year end results in February where we had hoped to be flat on market share on the two key brands, Kronenbourg and 1664. That was not the case so we have more work to do in France but we are going in the right direction. Let's see where we finish this year, but it's going to take a little longer than we had hoped for when we kind of started the whole turnaround of the French business. On all the rest, on synergies, on efficiency, customer focused organisation, we're doing very well in France.

Poland - I know we are often being accused in a couple of markets, like in the UK, of being volume focused and driving down value. I keep repeating, in UK you will see our value share going up in line with volume share, so it's not the case. In

Poland on average you can say probably our value is slightly down but it is driven by also channel mix, so by getting more volume in some channels like the discounter channel, yes, it impacts your average selling price but it doesn't mean you kind of promote more aggressively. And then one of our brands being more in the middle or kind of higher lower mainstream, Harness, is doing extremely well in Poland, and they are two key factors. It's not driven by aggressive price promotions.

NICO LAMBRECHTS: Excellent, thank you very much for that Jørgen.

OPERATOR: Next question comes from Mr Casper Blom from Handelsbanken. Please go ahead, sir.

CASPER BLOM: Thank you. Three questions please. First of all if you could try and quantify the Easter effect in Western Europe, what does it mean this different timing compared to last year. Secondly if you could comment on the pricing discipline in general in the industry; are you still seeing your competitors behaving rationally? And then finally if you could give an update on the MOUs in Vietnam.

JØRN JENSEN: To, Casper for the first one, you can say that of course we have seen April as well now being in to May and based on that and kind of previous years experiences, it is around 80 maybe slightly less, 70-80 million DKK, best estimate.

JØRGEN BUHL RASMUSSEN: On rational behaviour, yes we do see rational behaviour but of course it's competitive in every market and in some markets, in a small quarter you see a little more price promotion in the market in a small quarter like Q1 it has big impacts, but I think we do see rational behaviour. In a few markets in Northern Europe, we have seen a little more price activity than we would normally expect but then we assume because we probably all have the same pressure on input costs, that will kind of change over time.

On the MOUs in Vietnam it's kind of on track. We are progressing and we hope we can say more later in the year about execution of those two MOUs, the one in Habeco and the one in Hue.

CASPER BLOM: Okay, thanks.

OPERATOR: Next question comes from Mr John Fell, Deutsche Bank. Please go ahead, sir.

JON FELL: Morning everyone. A couple of things, both on phasing. First of all can you just help us with how the impact of higher input costs is going to move over the year?

Would it be fair to say that it's going to peak in Q2 or Q3 and then get a fair bit easier by Q4? And then the other phasing question was just in relation to the growth in Russian consumption. I think you're targeting 2-4% this year, it was 1% in the first, but then you've got more difficult comps perhaps in the summer because of the heat last year. Do you think Russian consumption can build steadily across the year or are we talking about a large rebound in Q2 and then a more stable Russian market in Q3?

JØRN JENSEN: To the first question what costs were you referring to when it comes --

JON FELL: Input costs.

JØRN JENSEN: Is it input costs. You can say that phasing wise we have increased input costs in the first three quarters versus last year in all our businesses. In Q4 last year we already started to see increased input costs in Eastern Europe so if you do not assume that you would see some input costs coming down in Eastern Europe in Q4 then it would kind of only be in Northern & Western Europe and in Asia where you would expect increased input costs in Q4 this year.

As we also said in February, we are now hedged -- the only area where we are not basically fully hedged now for '11 is on raw materials in Q4 Eastern Europe because we still believe that the prices will come down, but that is to be seen. But in the first three quarters, we will definitely have increased input costs in all our business, and in Q4 definitely in Northern & Western Europe and in Asia.

JON FELL: Okay, thanks, and relative to last year will that pressure be greatest in Q1 or is it still to come in Q2 and Q3?

JØRN JENSEN: It's the same because it's hedged to average prices throughout the year.

And to your second question about Russian consumption by quarter in terms of getting to the expectation we have the 2-4% for the year, Q1 as you said there was 1- 1½% growth in the market, yes, again depending on weather, we don't know how the weather will be, but assuming average kind of weather you should expect a little more increase in Q2 versus Q2 last year, and then probably less in Q3 because of the heat last year in Q3, but overall consumption should improve throughout the year as a trend because the economy, the confidence, the real income - it's all looking extremely positive. But yes, you have variation by month depending on what was the situation last year on weather and off-take etc. But nothing has changed in terms of our view on the Russian market compared to what we said in February, it's all exactly the same whether we talk market, market share or anything else.

JON FELL: Great, thank you.

OPERATOR: Next question comes from Mr Jason DeRise from UBS, please go ahead, sir.

JASON DERISE: Hi, a couple questions on Russia. Obviously you already shared with us the volume shares; I was wondering if you could share how your value share performed? I'm guessing it looks better than a 20 basis point decline, but I'm wondering if you can share that from your data sources.

A point of clarification, there's quite a few numbers put out about what your volumes were, but I'm interested in that 8% volume number as your shipments versus the 1% off-take. Just wanted to check if you think that that would get you back to a normal level of inventory and we can just think about your shipments being in line with off-take going forward, or do you think there needs to be some sort of adjustment in Q2 to normalise that?

And then lastly, just kind of wanted to come back to the price/mix impact in Russia, the 22%; are we talking about a gross price/mix there or a net price/mix? It sounds like a gross one, but it seems like your reporting it as net. I'm just a little bit confused there.

JØRN JENSEN: On the value share question, basically value share development would be in line with volume share development and I think we should expect a little, maybe sometimes a little more on value share; but ideally the value share least in line with volume share, and that's what you've seen in Q1 and to your last point about price/mix, it's net price/mix, it's not gross.

As to the 8% shipments, yes it actually means that a number of forward looking inventory days going into Q1 and coming out of Q1 is exactly the same. So it's basically building absolute inventories up to the season as the forward looking inventory days are exactly the same. But you should not expect any changes in shipments in Q2 due to inventory movements as such. It's kind of a normal build up to the season as we have seen in previous years in Russia, again, apart from last year where we had this significant destocking in Q1.

JASON DERISE: Okay, coming back to the value share set of the equation, so I guess the way I understood the 20 basis points decline in volume share, some of it had to do with the way that you were taking price relative to some of your competition, so I actually would have expected that your value share would have been better than your volume share if not it. But otherwise that means everybody's take pricing the same and then the argument about why the volume share loss goes away, or maybe I'm missing something here?

JØRGEN BUHL

RASMUSSEN: But here again, and this is a very small quarter and yes we had slightly better performance in mainstream and premium than in the lower end of the market, but 0.2% in a very small quarter, you don't really see a big change between the development of -- or difference between development in value share and volume share, and that's what you have seen in Q1.

JASON DERISE: And then the 22% positive price/mix impact -- is that -- and then you're going to continue to take, you know, pricing as you go through the year as you always do, but on a year-over-year basis, should we be thinking about something similar to that level, or does it tail off very quickly?

JØRN JENSEN: If you look at how we took pricing last year where we, because of this big tax increase, we took price increases very much in the early part of the year, so some in January, some in March etc and of course that was seen coming through very strongly in Q1 and don't expect to see that coming through in the remainder of the year to the same extent. And also as we said going into the year, we are not talking about the same level of price increases this year as we looked at last year because the tax increase is not nearly as significant this year as last year, so despite increasing input costs, we are not looking at the same big price increases to cover some of the higher input costs we have faced for this year compared to last year.

JASON DERISE: Okay, thank you.

OPERATOR: Next question comes from Mr Hans Gregersen from Nordea. Please go ahead, sir.

HANS GREGERSEN: Good morning, a couple of questions please. In terms of the 130 million, 131 million kroner shortfall in Eastern Europe in Q1: can you give an indication as to how much of that is A&P related? That's the first question.

Second question is more on a strategic level to Russia. We have seen some of your competitors suggesting rising A&P spend in 2011: are you seeing that as irrational behaviour to what's market share gains as an ambition which ultimately will play out to a zero sum game anyway, or is it just a temporary adjustments to the comparison for last year?

And then thirdly regarding Russia, you talk about a positive mix, at least historically you've argued that you saw some positive, negative mix impacts from changes in packaging on the top line, however on the EBIT line you did not really have an impact: is that still the question here? Thank you.

JØRN JENSEN: To the first question, Hans, yes it's very much due to different phasing of things and marketing initiatives as such. Of course there is also -- which is part of the full-year guidance of course -- a negative impact coming from increased, for instance, distribution costs, which is again back to the old discussions about oil prices and so on, but it is primarily a significantly different phasing of marketing investments this year compared to a very unusual year last year.

JØRGEN BUHL RASMUSSEN: On the A&P spend, yes we do see it as being rational behaviour, despite we are all saying we will increase our A&P slightly as a percent of net sales, also in that region. But remember also in a place like Russia now we are back to having media inflation, and media inflation is normally well above food inflation and normal inflation levels, so that is also one trigger. And then we all did scale down our A&P spend quite significantly in the year of crisis in 2009, so one should expect also that we would come back to more normalised levels, so that's probably the explanation.

HANS GREGERSEN: But there's lots of irrational behaviour in terms of all wanting to gain share which can of course not happen.

JØRGEN BUHL RASMUSSEN: Yes, we all want to gain share, but some will win and some will not win; and we plan to win.

HANS GREGERSEN: And then the next question please.

JØRGEN BUHL RASMUSSEN: Can you just repeat that one again?

HANS GREGERSEN: Historically when you saw mix change impact on the top line relating to packaging that that did not really have an impact on the EBIT line, is that still the question here and in that case, how much of the price/mix is really packaging related?

JØRN JENSEN: Yes, the change of packaging - whether PET, glass or can - does not have a significant impact on the bottom line, EBIT. Small change with the incoming cost in terms of PET but still the bottom line impact of moving from one packaging type to the other is not very significant.

HANS GREGERSEN: Thank you.

OPERATOR: Next question comes from Mr Jamie Norman from Evolution. Please go ahead, sir.

JAMIE NORMAN: Yes, good morning gentlemen, two questions please. Firstly, part of your capex is going to hopefully enable you to rationalise your SKUs: can you just give an indication of whether you're expecting a step change in that this year, or is that more a story for F12, and secondly, looking at Western Europe you are up against a very tough comp in Q1 year ago, volumes down at 3% just to indicate how much of that was down to winning the Weatherspoons contract and whether any other boosts to have produced that figure? Thank you.

JØRN JENSEN: When it comes to rationalisation of SKUs and so on, where you'd see it in Q1 versus last year is in capex, where it is not big amounts but there are a few capex investments of course pre the season, that's why it's in Q1, that will give us more flexibility on reducing non-profitable SKUs and, by the way, growing profits as well. So you are not seeing it in actual P&L numbers but you have seen a smaller impact, negative impact in capex in Q1.

JØRGEN BUHL RASMUSSEN: And in terms of Northern & Western Europe, Weatherspoon as such does not have a big impact in terms of year on year comparison; slightly bigger impact with Easter that last year was in March and this year was in April. That's bigger impact when we look at volume developments year in year.

JAMIE NORMAN: Thank you very much.

JØRGEN BUHL RASMUSSEN: If we take one more question and then I think we have to close the call.

OPERATOR: Okay the final question comes from Mr Frans Høyer from ABG Sundal Collier. Please go ahead, sir.

FRANS HØYER: Thank you, on the Eastern European margin development, could you quantify the change in gross margin in Eastern Europe versus same quarter last year, and similarly, the change in distribution costs as a percent of sales, and A&P spend as a percent of sales please?

JØRGEN BUHL RASMUSSEN: That's a lot of -- you are asking for a lot of details that we, as you know, do not disclose, Frans.

FRANS HØYER: You have previously made some comments --

JØRGEN BUHL RASMUSSEN: What you will see -- what you did see in Q1 is very different from how it will be on a full year basis, basically due to the distorted comparisons to last year, especially in

Q1, to a certain degree in Q2 -- and less in Q3 and Q4. So what you did see, without being very specific on numbers, organic development in Eastern Europe in Q1 was of course prices, as we know, significantly up, costs up as well due to input costs, but net contribution per hectolitre was up quite significantly. So was marketing investments, but of course also investments in logistics or logistic costs as such but still EBIT per hectolitre in Eastern Europe was up in Q1 in absolute terms.

FRANS HØYER: You mentioned the point about market share increase; you're planning for an increase in market share in Russia during 2011, and I suppose -- does that suggest that you are looking for more than 39.7% market share in Russia in Q4 or is it more front end biased development? How is it going to evolve over the next few quarters?

JØRGEN BUHL RASMUSSEN: When we are saying we plan to grow market share first of all in 2/3 of the business and therefore imply that will include Russia, yes we are saying the average market share for the year will be higher than the average market share for 2010.

FRANS HØYER: Okay, all right. Thank you very much.

JØRGEN BUHL RASMUSSEN: Thank you very much to everyone for listening in and I'm sure we will see many of you in the coming days. Thanks.