

# INTERIM REPORT

6 MONTHS ENDED 30 JUNE 2009



**Carlsberg**  
Group

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**Operational performance**

**Financial results**

**Outlook and financial targets**

**Appendix**

**AGENDA**



## Strong six months result

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- Strong cash flow and operating profit growth in challenging markets
- Operating profit of DKK 4.4bn with 26% organic growth in beverage activities
- Q2 operating margin 20.7% (+270bp)
- Substantial cash flow improvement of DKK 2.6bn
  - Intensified focus on working capital efficiency
  - Lower capital expenditures
- Significant debt reduction
- Carlsberg confirms full-year earnings and cash flow outlook



# Pricing and value management off-set volume decline

- Net revenue of DKK 29.4bn
  - 5% organic beer volume decline
  - Flat organic sales development
  - Market share gains in Eastern Europe and Asia
  - Unchanged market shares in Northern & Western Europe
- Positive pricing and value management
  - Fully off-set higher input costs
- Focused marketing spend
  - Supporting key brands and activities
  - Benefit from lower media costs
  - Similar share-of-voice



## Numerous efficiency improvement measures

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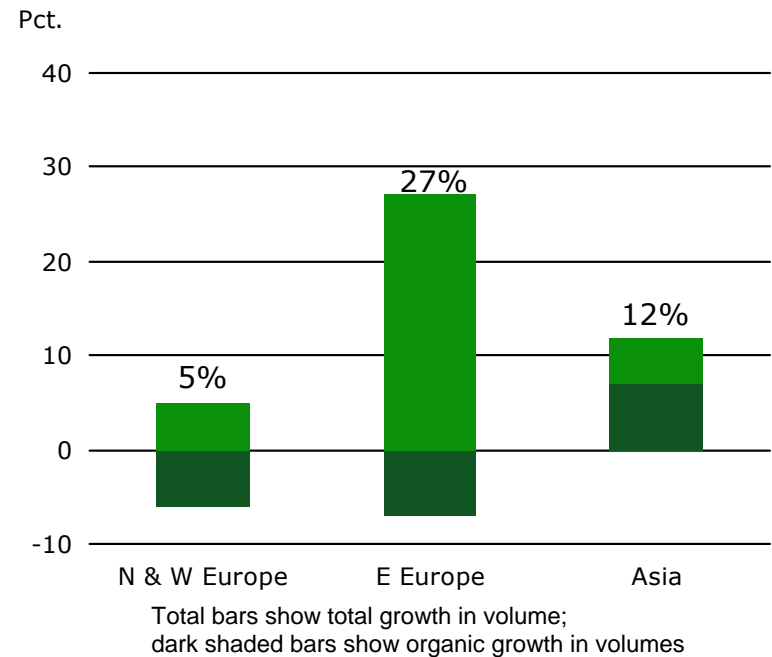
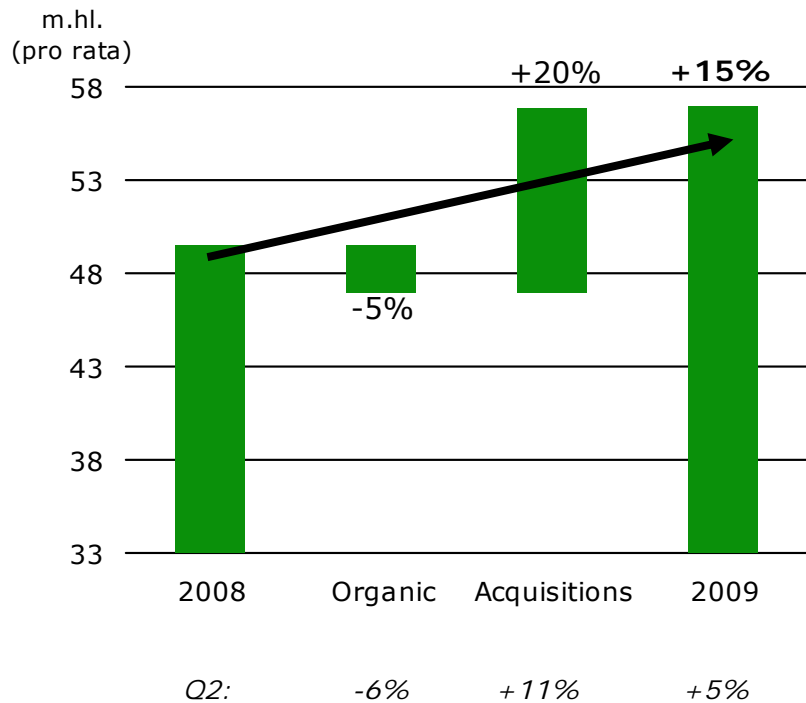
- Carlsberg entered 2009 prepared to off-set market challenges by internal measures
  - Focus on balancing need for short-term cost improvements with long-term growth opportunities
- Sustainable efficiency improvements
  - Accelerated efficiency programmes
  - Long-term efficiency programmes
  - Synergies
- Positive margin development across the Group
  - Efficiencies in Northern & Western Europe starting to come through in Q2
  - Benefit in Eastern Europe visible all through H1



# Beer volume dynamics

## Market share gains in Eastern Europe and Asia

H1 2009



Challenging markets impact volume development

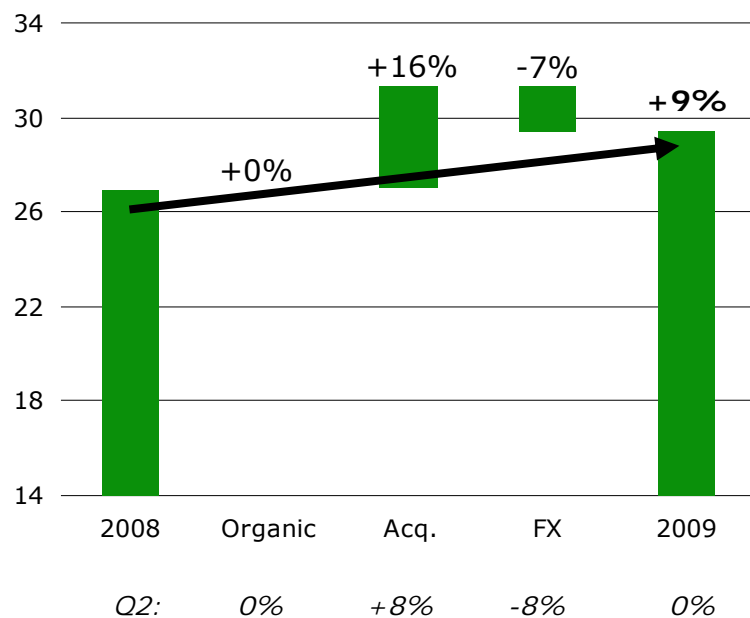
# Beverage activities

## Organic net revenue driven by pricing and value management

H1 2009

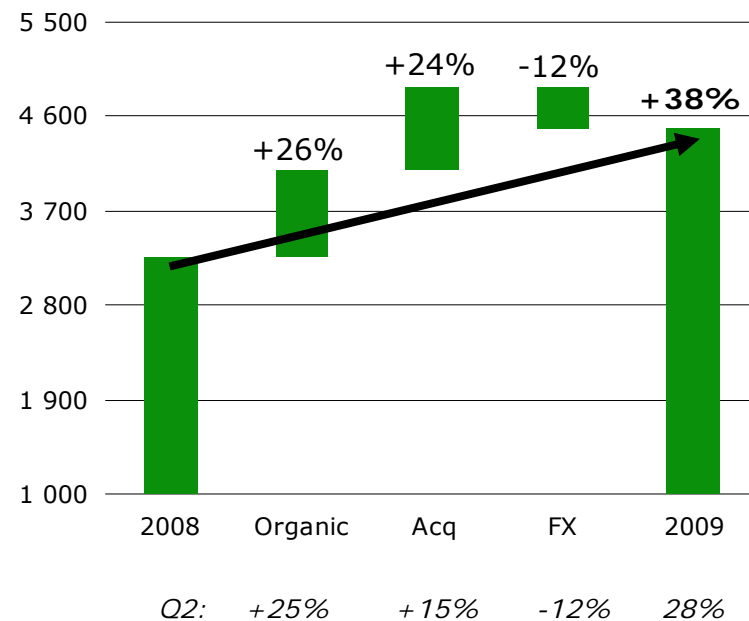
### Net revenue

DKKbn



### Operating profit

DKKm



Operating profit growth driven by accelerated efficiency improvements

# Northern & Western Europe





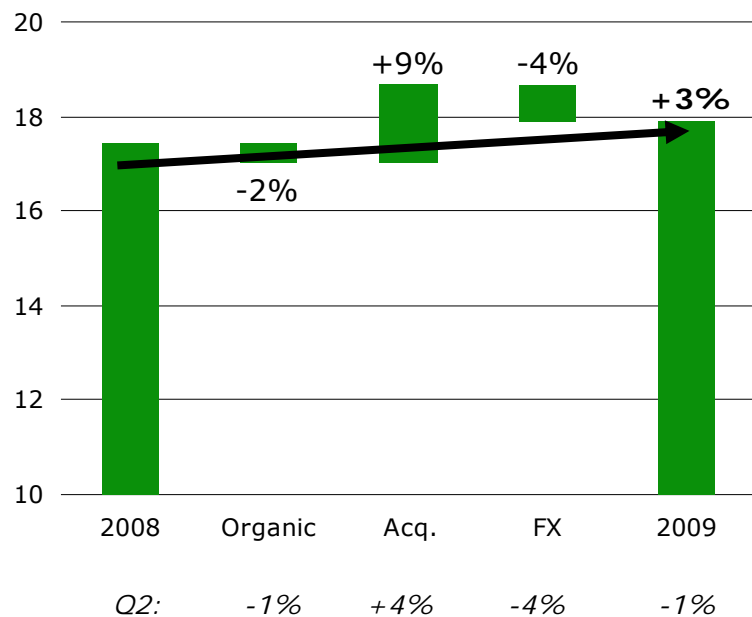
# Northern and Western Europe

## Value performance well above volume development

H1 2009

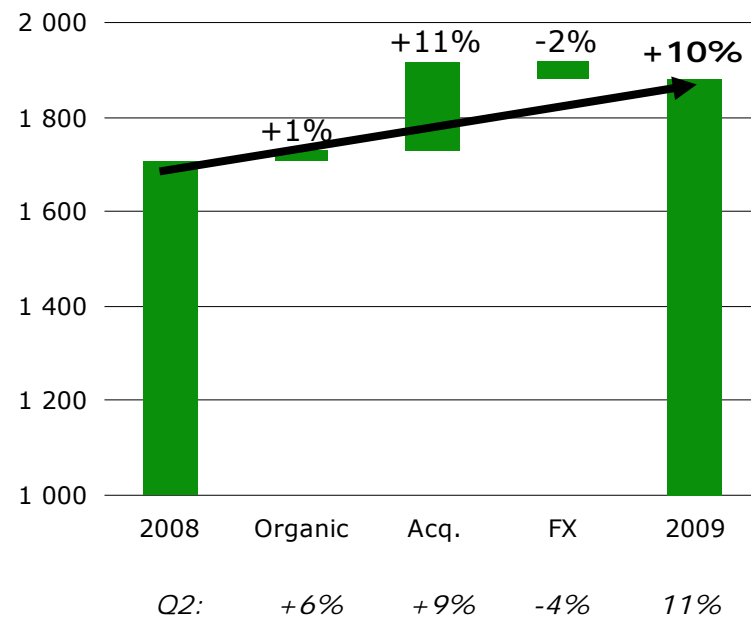
### Net revenue

DKKbn



### Operating profit

DKKkm



Carlsberg maintained overall market share in first six months

## Focus on efficiency and value

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- Market volumes across the region declined approx. 5-6%
  - Large variations between market with flat markets in Sweden and Finland and double-digit decline in the Baltics
- Successful value management and pricing strategy continue and lead to higher net revenue/hl
- Price increases (+5%) off-set increasing input cost
- Flat product mix
  - Mixture of trading-up/down
- Channel shift continues with on-trade declining
- 1% organic operating profit growth
  - Accelerated efficiency improvements starting to become visible with more material impact in H2



## Organic profit growth

- First positive signs from re-launch of Kronenbourg and 1664 brands in France
- Successful business improvement in UK
  - Market share growth and profit improvement
- Market share gains in 3 out of 4 Nordic markets
- Challenging Polish market
- The Baltics remain under pressure from macro economic conditions



# Eastern Europe





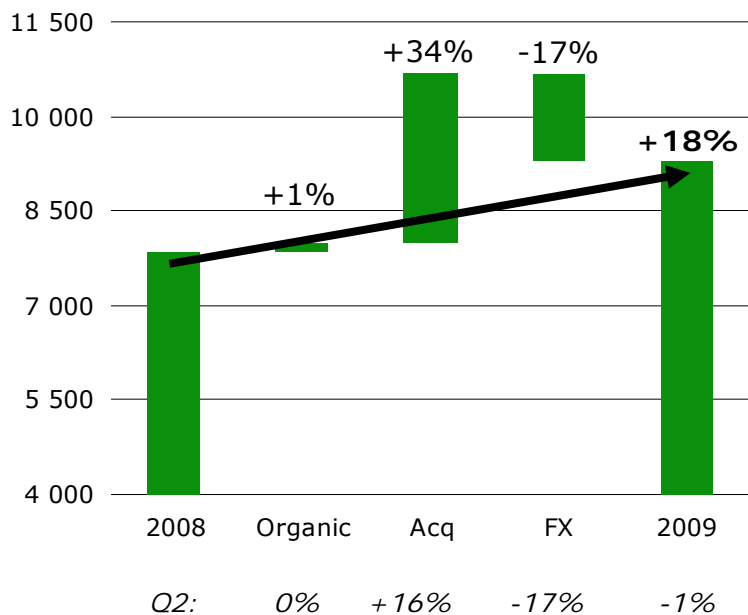
# Eastern Europe

## Strong organic operating profit growth

H1 2009

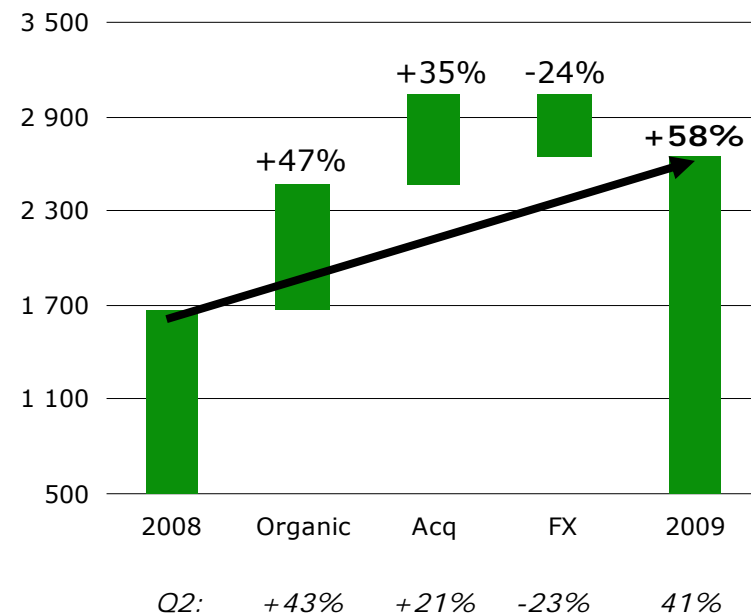
### Net revenue

DKKm



### Operating profit

DKKm



Operating margin expansion to 28.4% from 21.3%

## Market leadership drives profits

- Declining markets across the region
- Organic beer volume development of -7% yoy
- Market share gains achieved
- Marketing support and investments behind key brands continue
- Focus on value management
  - Innovation and new product launches
  - Balanced price increases
  - Attention to details (pack size, promotions etc)
- Cost base and capex reduction
  - Strong execution of efficiency improvements
- Integration progressing as planned and delivery of synergies on track



## Strong profit improvement at Baltika

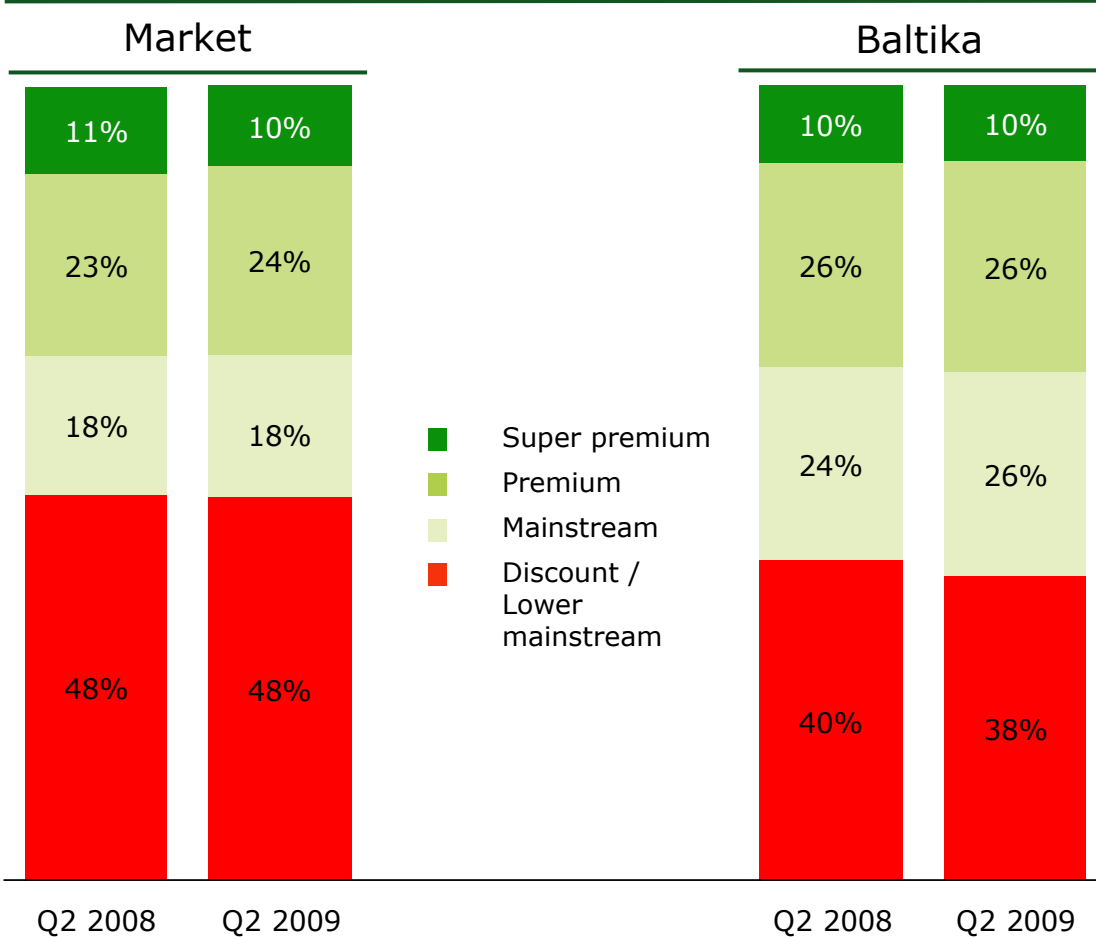
- Russian market declined by 9%
  - Easier comparables in second half
  - Expected around -5-6% market decline for 2009
- Significant market share increase to 41.0% (38.5% in 2008) with leading brands continuing to gain market share
- Differentiated pricing by segment and brand in 2009
  - Price effect of +11% from 2008 and 2009 price increases
- Strong gross margin and operating margin improvement
  - Higher revenue per hl
  - Favourable input costs
  - Synergies
  - Accelerated efficiency improvements
- Strongest route-to-market with integrated and strongly managed production, logistics and distribution setup



# No significant trading down

## Negative packaging and channel mix

Q2



Source: Business Analytica



## Continued progress in other markets

- Significant earnings growth in Ukraine
  - Substantial market share gains give number 2 market position
  - Efficiency improvements
  - Favourable input costs
  - Excise duty increase from July 1
- Market share gains and significant earnings improvement in Uzbekistan and Belarus
- Market decline in Kazakhstan



# Asia



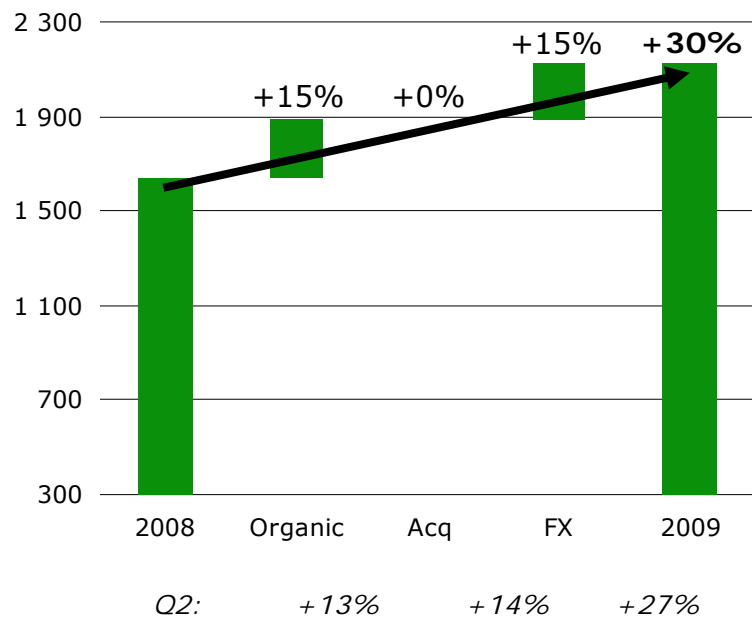
# Asia

## Continued strong organic volume and profit growth

H1 2009

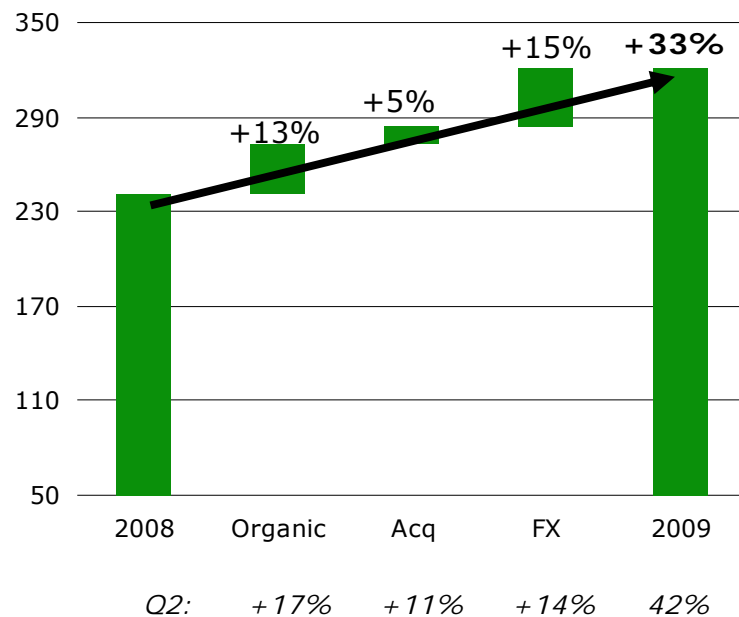
### Net revenue

DKKm



### Operating profit

DKKm



Operating profit margin growth from strong performance in China and Indochina

## Continued strong organic growth

- Organic beer volume growth of 7%
- Growth mainly driven by China and Indochina
  - Chinese growth from Chill and Western China
  - Market share gains and double-digit volume growth in Indochina
- Malaysian volumes affected by stock-building in late 2008 due to early Chinese New Year this year
- Organic net revenue growth +15%
  - Price increases across the region
- Organic operating profit growth +13%
  - China is main contributor driven by higher volumes and improved efficiency
  - Double-digit profit growth in Indochina





# AGENDA

Operational performance

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Outlook and financial targets

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## Strong H1 results despite top-line pressure

- Performance reflects strong focus on internally driven cost reduction measures
  - External uncertainty countered by internal controllable measures
  - Sustainable efficiency improvements
- Group operating profit DKK 4.4bn (+26%)
- Group operating margin 15.1% (+200bp)
- Significant free cash flow improvement
  - Higher profits
  - Improved working capital
  - Reduced capex
- Underlying profitability was increased across all regions in Q2



# Income statement (1)

DKKm	H1 2008	Δ DKKm			H1 2009
		Organic	FX	Acq., net	
<b>Net sales</b>	<b>26,977</b>	<b>4</b>	<b>-1,903</b>	<b>4,331</b>	<b>29,409</b>
Gross profit	13,143	183	-943	2,018	14,401
Operating expenses incl. brands mkt.	-10,011	670	538	-1,247	-10,050
Other income, net	406	-325	-2	13	92
<b>Operating profit before special items</b>	<b>3,538</b>	<b>528</b>	<b>-407</b>	<b>784</b>	<b>4,443</b>
- Brewing	3,257	862	-407	784	4,496
- Other activities	281	-334	0	0	-53

- Price increases across all regions
- Organic operating profit improvement a result of cost reduction measures
- Efficiency improvements in Northern & Western Europe will be even more evident in H2

## Income statement (2)

DKKm	H1 2008	H1 2009	Δ DKKm
Special items, net	-128	-191	-63
Financials, net	-1,282	-1,450	-168
- Interests	-988	-1,115	-127
- Other financial items	-294	-335	-41
Tax	-627	-813	-186
<b>Profit</b>	<b>1,501</b>	<b>1,989</b>	<b>488</b>
Minorities	215	261	46
<b>Carlsberg's share of profit</b>	<b>1,286</b>	<b>1,728</b>	<b>442</b>

- Net profit up 34%



# Balance sheet

DKKm	30 June 2009	31 Dec 2008	30 Jun 2008
Total non-current assets	119,530	124,026	125,800
Total current assets.	20,415	19,118	26,145
Assets held for sale	115	162	877
<b>Total assets</b>	<b>140,060</b>	<b>143,306</b>	<b>152,822</b>
Total equity	57,338	60,751	63,096
Total non-current liabilities	57,470	56,587	59,669
Total current liabilities	24,898	25,600	29,228
Liabilities associated with assets held for sale	354	368	829
<b>Total equity and liabilities</b>	<b>140,060</b>	<b>143,306</b>	<b>152,822</b>

- Interest bearing net debt DKK 40.8bn (DKK 44.2bn end 2008)





## Cash flow (1)

DKKm	H1 2008	H1 2009	Δ DKKm
Operating profit	3,538	4,443	905
Depreciation	1,595	1,860	265
Other non-cash items	-185	228	413
Δ Working capital	-669	1,868	2,537
Paid restructuring & special items	-196	-295	-99
Paid interest, net	-1,289	-1,366	-77
Paid tax	-711	-770	-59
<b>Cash flow from operations</b>	<b>2,083</b>	<b>5,968</b>	<b>3,885</b>

- Significant reduction of working capital as a result of intensified focus on working capital efficiency across the Group
- Strong operational cash flow also reflecting higher operating profit



## Cash flow (2)

DKKm	H1 2008	H1 2009	Δ DKKm
Capital expenditures, net	-2,987	-1,646	1,342
Acq/sale of companies, minority shareholdings etc.	-51,836	22	51,858
Real estate / other activities	458	-244	-702
<b>Cash flow from investments</b>	<b>-54,365</b>	<b>-1,868</b>	<b>52,498</b>
<b>Free cash flow</b>	<b>-52,282</b>	<b>4,100</b>	<b>56,384</b>

- Reduction in operational capex
- Free cash flow improved by DKK 2.6bn yoy (adjusted for S&N acquisition)



## Debt and facilities as at 30 June 2009

DKKm	Long term	Short term	Total
Gross Financial Debt	44,528	1,482	46,010
Cash and Cash equivalent		-3,971	-3,971
<b>Net Financial debt</b>	<b>44,528</b>	<b>-2,489</b>	<b>42,039</b>
Other Interest Bearing Assets			-1,225
<b>Net Interest Bearing debt</b>			<b>40,814</b>
Gross Financial Debt	97%	3%	100%
Net Financial Debt	106%	-6%	100%
Gross Financial Debt	44,528		
Undrawn committed long-term facilities	7,206		
<b>Total committed long-term credit facilities</b>	<b>51,734</b>		
Undrawn committed facilities			7,206
Net Financial Debt short term			-2,489
<b>Funding Surplus</b>			<b>9,695</b>



## Debt maturity profile as at 30 June 2009

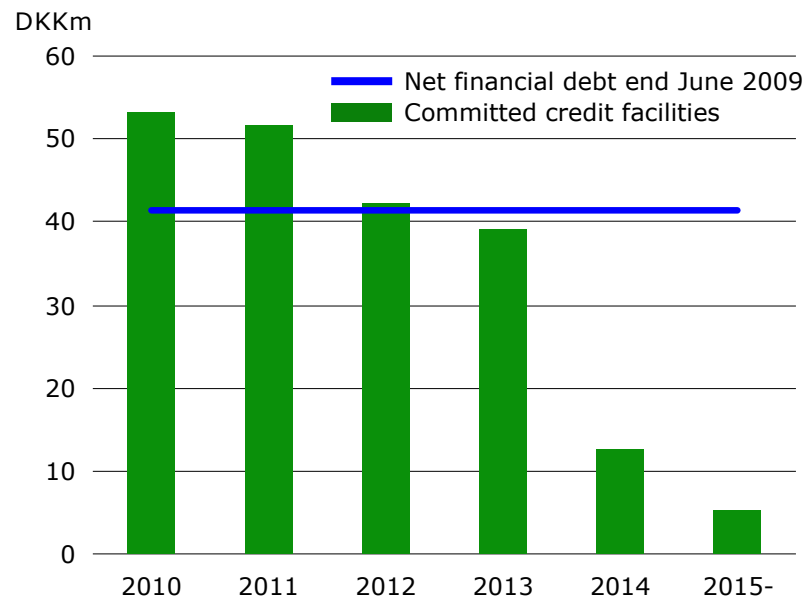
### Committed credit facilities

Less than 1 year	1,481
1 – 2 years	9,486
2 – 3 years	3,168
3 – 4 years	26,432
4 – 5 years	7,397
More than 5 years	5,251

**Total 53,215**

Short term	1,481
Long term	51,734

### Committed credit facilities and net financial debt end June 2009



- EUR 1bn and GBP 300m notes issue in May
- Excluding the effect of free cash flow and monetization of redundant assets, Carlsberg has no refinancing need for a number of years

## Net financial debt – Interest rate

### Net financial debt and floating/fixed interest per currency as at 30 June 2009 (after swaps)

Currency	Net Financial Debt	Interest			
		Floating	Fixed	Floating %	Fixed %
EUR	35,348	2,372	32,976	7%	93%
DKK	3,933	3,562	371	91%	9%
PLN	1,192	1,192	-	100%	-
USD	1,172	1,172	-	100%	-
CHF	1,875	1,875	-	100%	-
RUB*	-1,940	-1,940	-	n.a.	n.a.
Other	458	458	-	100%	-
<b>Total</b>	<b>42,038</b>	<b>8,691</b>	<b>33,347</b>	<b>21%</b>	<b>79%</b>

\* Before dividends paid by Baltika in July of more than DKK 2.3bn



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# Financial earnings outlook 2009 confirmed

## Assumptions and expectations

- Unchanged earnings and free cash flow outlook
- Average annual EUR/RUB rate of 47
- Monetisation of redundant assets is not factored into the expectations for 2009

				<b>2008</b>
Net revenue	~ DKK	61bn	(previously ~ 63bn)	59.9bn
Operating profit	> DKK	9bn		8.0bn
Net profit	> DKK	3.5bn		2.6bn
Free cash flow	> DKK	6bn		
Operating capex	< DKK	3.75bn		5.3bn
NIBD/EBITDA		~ 3		

# AGENDA

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# Financial Calendar 2009

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2009 Q3 Financial Statement

4 November 2009

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# Carlsberg geography (2008 reported numbers)

## A balance between Growth markets + mature markets

### NORTHERN AND WESTERN EUROPE



**47%**

OF TOTAL VOLUME

**46%**

OF EBIT

Beer volume: 51m hl  
 Net revenue: DKK 37.1bn  
 EBITDA: DKK 6.1bn  
 Operating profit: DKK 4bn

#### OBJECTIVE

Improve competitiveness and earnings

### EASTERN EUROPE



**43%**

OF TOTAL VOLUME

**48%**

OF EBIT

Beer volume: 46.8m hl  
 Net revenue: DKK 19.1bn  
 EBITDA: DKK 5.3bn  
 Operating profit: DKK 4.1bn

Ensure profitable growth

### ASIA



**10%**

OF TOTAL VOLUME

**6%**

OF EBIT

Beer volume: 11.5m hl  
 Net revenue: DKK 3.6bn  
 EBITDA: 0.6bn  
 Operating profit: DKK 511m

Build growth platform



# 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>	

# 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%



# Russian brand portfolio

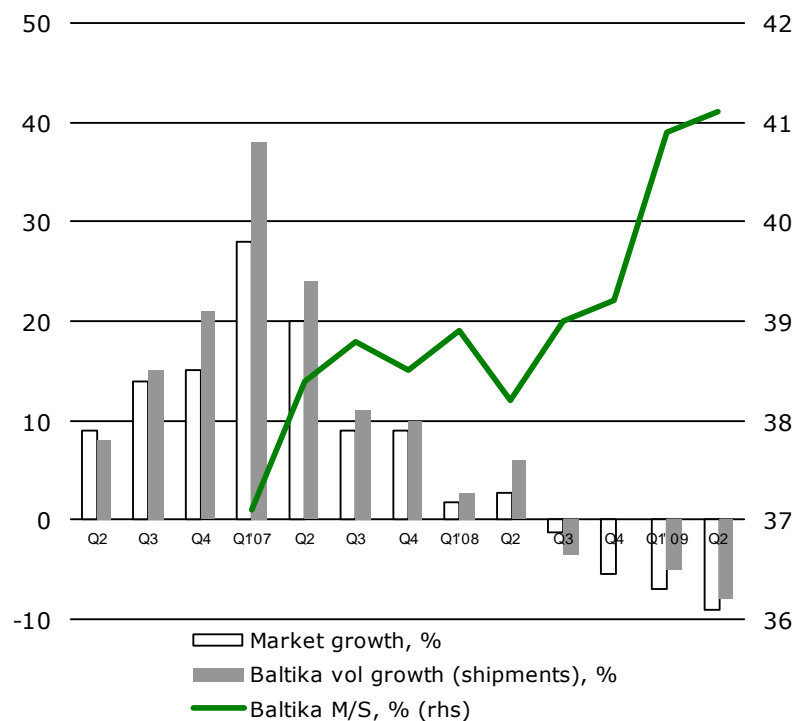
		Company position in the segment
Super premium		# 1
Premium		# 1
Mainstream		# 1
Lower mainstream		# 1
Discount		# 1

# Baltika Breweries in Russia



# Russian beer market development

## Growth % quarterly observations



## Market share %

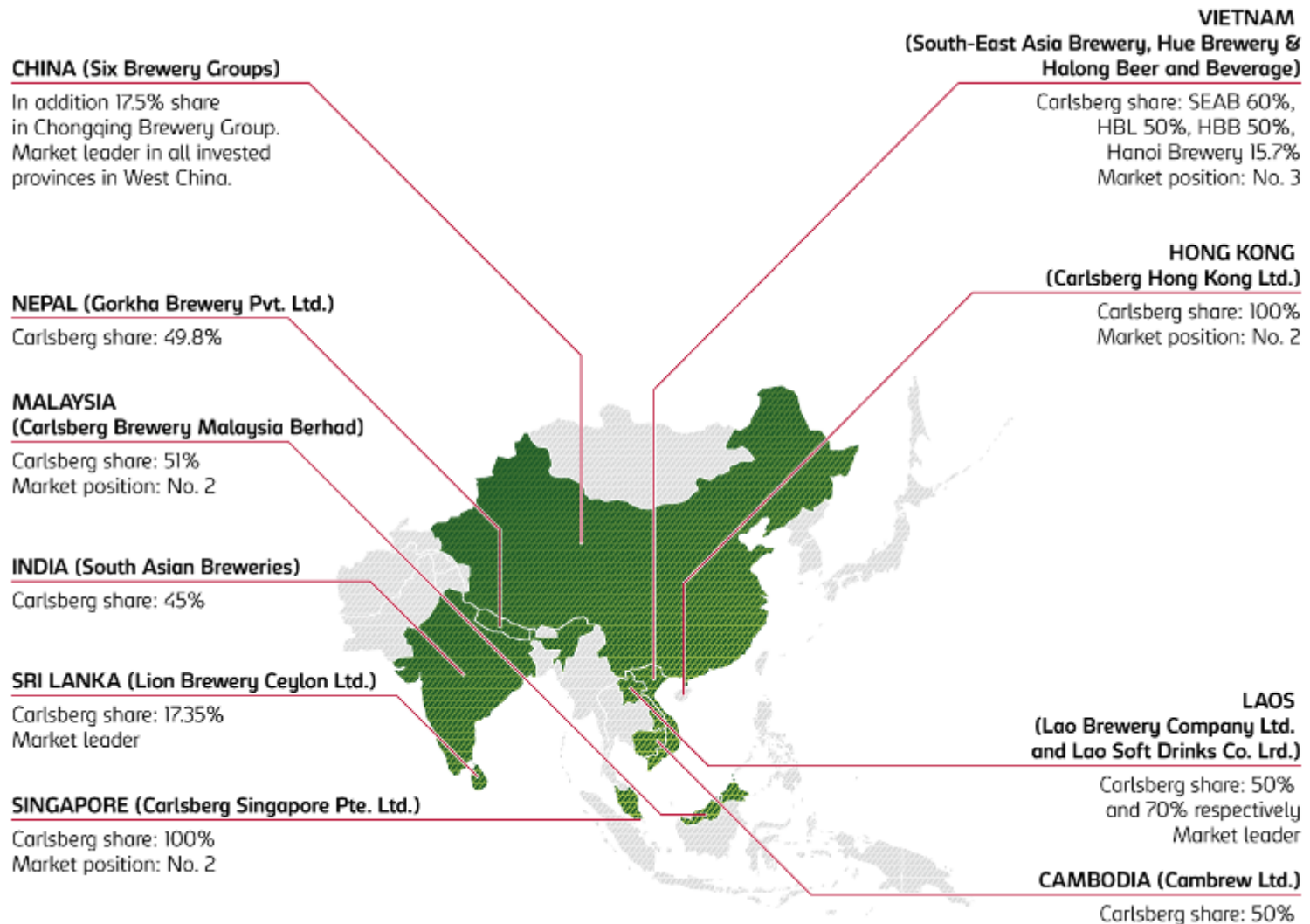
	2009 YTD H1	2008 YTD H1
Baltika	41.0	38.5
InBev	16.4	19.4
Heineken	13.6	13.7
Efes	9.3	8.5
SABMiller	6.2	6.6
Others	13.4	13.3
	100.0	100.0

Source: Business Analytica

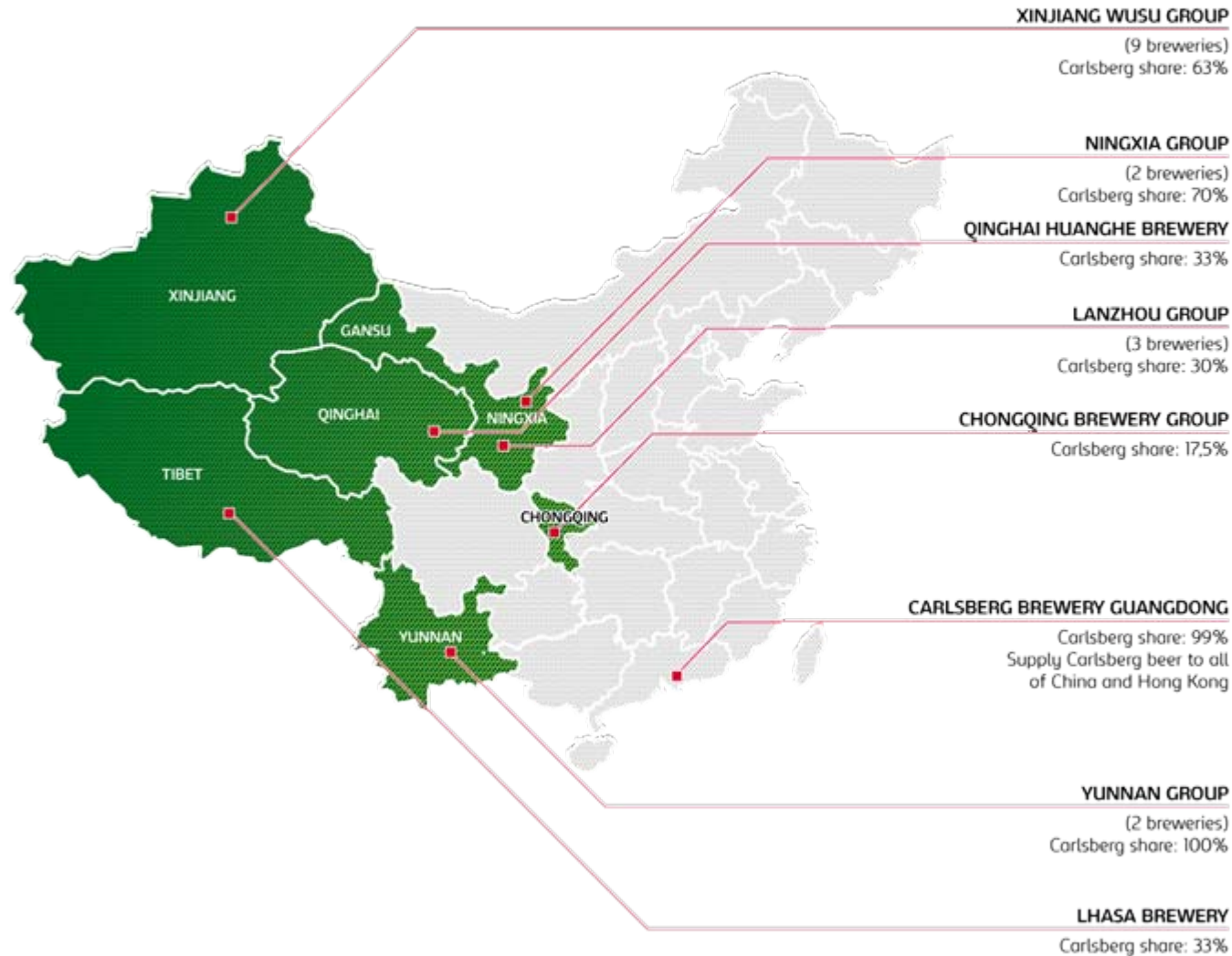
Note: Market shares are recalibrated to better reflect total market  
Source: Company's estimate and Business Analytica



# Carlsberg in Asia



# Carlsberg in China



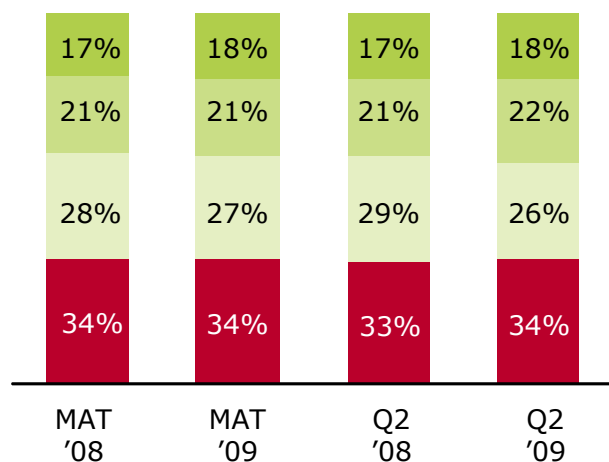


# Off-trade price segment development - France and Denmark

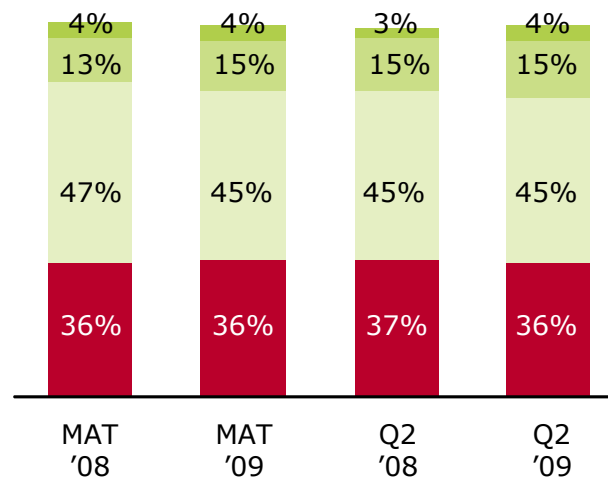


## Volume share development by segment % total off-trade

### FRANCE



### DENMARK



- Super Premium
- Premium
- Mainstream
- Discount

## Forward-looking statements

The forward-looking statements contained herein, 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 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 interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, competition from other breweries, the availability and pricing of raw materials and packaging materials, production and distribution related problems, breach or unexpected termination of contracts, price reductions resulting from market driven price reductions, market acceptance of new products, launches of rival products, stipulation of market value in the opening balance of the acquired entities 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 such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements.





PROBABLY  
THE BEST BEER  
THE COMPANY  
THE WORLD