Carlsberg Group

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FINANCIAL STATEMENT AS AT 30 JUNE 2020

Resilience, cost control and cash discipline reducing COVID-19 impact

Unless otherwise stated, comments in this announcement refer to H1 performance.

HIGHLIGHTS

- Organic revenue -11.6% (Q2: -14.6%); reported -12.6% to DKK 28,830m (Q2: -16.9%).
- Price/mix -4% (Q2: -7%); negative impact in all three regions.
- Total organic volume -7.7% (Q2: -7.8%).
  - Tuborg volume -19%, Carlsberg -13%, 1664 Blanc +10%, Grimbergen -4% and Somersby -2%.
  - Craft & speciality volume -2%, alcohol-free brews -2%.
- Organic operating profit -8.9%; reported -10.8% to DKK 4,615m.
- Operating margin improvement +30bp to 16.0%.
- Adjusted net profit -0.4% to DKK 2,872m; reported net profit -7.3% to DKK 2,855m.
- Adjusted earnings per share (excluding treasury shares) +2.8% to DKK 19.5.
- Free cash flow, including the acquisition of brand rights, DKK 3,141m (2019: DKK 5,156m).
- Net debt/EBITDA 1.51x (year-end 2019: 1.25x).
- ROIC -20bp to 8.5%; excluding goodwill -40bp to 21.7%.
- The first tranche of the share buy-back, amounting to DKK 2.5bn, was concluded on 7 August at an average share price of DKK 863. Due to the continued uncertainty related to COVID-19, the pending Marston's transaction, the acquisition of brand rights and possible other inorganic opportunities, it has been decided not to initiate the second tranche of the share buy-back.

2020 EARNINGS EXPECTATIONS

On 2 April, the Group suspended its outlook for 2020 due to the significantly increased uncertainty concerning the impact of the COVID-19 pandemic on business performance. Although the situation remains volatile and uncertain in many of our markets, the Group today issues new full-year guidance, as we are now well into the peak summer season. Based on H1, July figures and the current COVID-19 situation in our markets, the Group now expects to deliver:

- An organic operating profit decline of 10-15%.

It must be emphasised that the earnings expectation is significantly more uncertain than usual, as the development of the pandemic, currently unknown government actions, consumer reactions and the macroeconomic development may have significant implications for business performance in the remainder of the year.

CEO Cees 't Hart says: "The COVID-19 pandemic is impacting lives worldwide. During these difficult times, our top priority remains the health and well-being of our employees, while at the same time taking the required actions to protect the health of our business.

"All our markets have to a greater or lesser extent been impacted by the COVID-19 pandemic, but the organisation and our people have shown tremendous resilience and flexibility, allowing us to stabilise the business, help society and support our customers. To mitigate the impact of weaker volumes and mix, we've reinforced our focus on costs, cash and liquidity.

"Recognising that we're faced with a new market reality, including changed consumer preferences and a reduced level of on-trade activity, we're taking measures to adapt our business accordingly."

Carlsberg will present the results at a conference call today at 9.00 a.m. CET (8.00 a.m. GMT). Dial-in information and a slide deck are available beforehand on www.carlsberggroup.com.

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KEY FIGURES AND FINANCIAL RATIOS

DKK million		H1 2020	H1 2019	2019
Volumes (million hl)				
Beer		53.3	57.2	113.0
Non-beer		9.5	10.9	21.9
Income statement				
Revenue		28,830	32,990	65,902
Gross profit		14,018	16,327	32,638
EBITDA		6,797	7,337	15,007
Operating profit before special items		4,615	5,171	10,465
Special items, net		-12	133	501
Financial items, net		-199	-451	-738
Profit before tax		4,404	4,853	10,228
Income tax		-1,145	-1,310	-2,751
Consolidated profit		3,259	3,543	7,477
Attributable to:				
Non-controlling interests		404	464	908
Shareholders in Carlsberg A/S (net profit)		2,855	3,079	6,569
Shareholders in Carlsberg A/S, adjusted[1]		2,872	2,884	6,160
Statement of financial position				
Total assets		123,562	125,417	123,120
Invested capital		83,840	86,844	86,219
Invested capital excl. goodwill		32,905	34,556	33,311
Net interest-bearing debt (NIBD)		21,909	18,992	18,776
Equity, shareholders in Carlsberg A/S		38,952	44,207	43,448
Statement of cash flows				
Cash flow from operating activities		5,112	6,496	12,239
Cash flow from investing activities		-1,971	-1,340	-2,277
Free cash flow		3,141	5,156	9,962
Financial ratios				
Gross margin	%	48.6	49.5	49.5
EBITDA margin	%	23.6	22.2	22.8
Operating margin	%	16.0	15.7	15.9
Effective tax rate	%	26.0	27.0	26.9
Return on invested capital (ROIC)	%	8.5	8.7	8.8
ROIC excl. goodwill	%	21.7	22.1	22.2
Equity ratio	%	31.5	35.2	35.3
NIBD/equity ratio	x	0.53	0.41	0.41
NIBD/EBITDA	x	1.51	1.33	1.25
Interest cover	x	23.14	11.46	14.17
Stock market ratios				
Earnings per share (EPS)	DKK	19.4	20.3	43.7
Earnings per share, adjusted (EPS-A)[1]	DKK	19.5	19.0	41.0
Free cash flow per share (FCFPS)	DKK	21.3	33.8	65.9
Share price (B shares)	DKK	876.6	870.2	993.8
Number of issued shares at period-end	1,000	148,157	152,557	152,557
Number of shares at period-end, excl. treasury shares	1,000	145,683	150,452	147,996
Average number of shares, excl. treasury shares	1,000	147,038	151,731	150,411

[1] Adjusted for special items after tax.

PROTECTING OUR PEOPLE AND SUPPORTING OUR COMMUNITIES

During the pandemic, the health and safety of our people have been a key priority for our company. We have implemented new processes and procedures to minimise the risk of infection and ensure the physical and psychological safety of our employees.

We strengthened and increased our overall communication, including within the leadership team, to set priorities and align objectives across markets and functions. With a significant part of our workforce being forced to work remotely, our leaders and employees were offered virtual training and tools in order to cope with the new challenges. Initiatives at our breweries included working in shifts and expanding the use of protective equipment.

It has been very important for us to contribute to and support our communities as best we can. In local markets, our businesses have engaged in the production of hand sanitiser, donated protective and testing equipment as well as alcohol-free beverages to healthcare workers, and made financial donations to local organisations.

In addition, our majority shareholder, the Carlsberg Foundation, made a donation of more than DKK 100m at a very early stage to support COVID-19-related research, culture and civil society.

COVID-19 PANDEMIC IMPACTS H1 PERFORMANCE

NAVIGATING UNCHARTED WATERS

Group results were significantly impacted by the COVID-19 pandemic. Across our markets, we have been affected by a range of government interventions, including lockdowns, restrictions on people gathering, etc. Our local businesses have been impacted to various degrees depending on the length and severity of these measures. Generally, the on-trade channel has been impacted significantly in all markets. With approximately 25% of our volumes sold in the on-trade channel, which typically has higher-than-average profitability, the impact on business results has been substantial.

As a consequence of the lower demand, significant changes have been implemented to safeguard the financial health of our company, both in terms of protecting this year's results and cash and ensuring that we will be able to capture new long-term growth opportunities.

During the pandemic, the Group has shown a high degree of resilience – in terms of financial position, organisation, people and portfolio – which has helped us to navigate through these uncharted waters.

Our *financial resilience* is substantiated by our strong balance sheet as a result of recent years' earnings improvement and cash flow delivery, as well as prudent capital allocation principles and ongoing tight cash control.

As early as January, we started taking steps to reduce costs in order to mitigate the impact of the lower demand. We reinforced our Funding the Journey culture, accelerated efficiencies and initiated further cost reductions. A key enabler was our well-embedded OCM (Operating Cost Management) toolkit, which targets 15 specific cost groups and rigorously monitors savings and gap-closing progress. Our early response led to significant cost reductions, achieving savings in almost all cost groups already in H1.

To protect cash flow and secure strong liquidity and financial flexibility, the Group implemented several initiatives, such as further stepping up our trade working capital management, and tracking and reducing or deferring some capital expenditures. In addition, we issued two bonds and established a new short-term credit facility. A strong balance sheet when the COVID-19 situation began, combined with the measures taken to protect cash and liquidity during the crisis, means the Group's financial position remains very strong. Thanks to this, we were able to initiate a couple of inorganic transactions, including the joint venture with Marston's and the purchase of the Brooklyn brand rights in our markets.

Importantly, our *organisational resilience* has proven very strong during these challenging times. Across the Group, our people showed a high degree of flexibility and engagement, quickly adapting to the changing market environment and operating conditions, and finding safe and efficient ways of working. For instance, our production-planning cycle was reduced from one month to 1-2 weeks; the number of SKUs was reduced to ensure sharper focus, less complexity and larger batch sizes; and our financial planning and monitoring became faster and leaner.

COVID-19 drove a rapid acceleration of the adoption of our e-commerce and digital platforms, and our third-party e-commerce sales were up 46% in the first half, with particularly strong growth seen in Asia. Our B2B e-commerce platform, Carl's Shop, available in many of our markets, showed very good results, with the ability to use advanced analytics to tailor the most relevant experience for each customer, helping to grow value per order and customer loyalty.

The *resilience of our people* has been very high. Across markets and functions, they have walked the extra mile and worked under very difficult circumstances. Being a purpose-driven company with a high level of employee satisfaction and engagement has proven crucial to the Group's ability to navigate through these uncharted waters.

We have a *resilient portfolio* of brands that enjoy strong market positions, catering for a range of consumer demands at many different price points. Our continuing investments in and focus on building the craft & speciality and alcohol-free brews categories have been an advantage to us, as both categories outperformed the rest of the portfolio significantly. The 1664 Blanc brand did particularly well, growing by 10%.

Craft & speciality declined modestly by 2%, despite the category being more skewed towards the on-trade channel. We saw a modest decline in Western and Eastern Europe, while the solid growth continued in Asia. 1664 Blanc was the key driver, thanks especially to strong growth in China throughout H1.

In June, we further strengthened our relationship with Brooklyn Brewery, acquiring the rights to the Brooklyn brand in our markets. This enhanced relationship with Brooklyn Brewery improves our joint management of the Brooklyn brand, reducing complexity and increasing profitability. We will increase investment in and prioritisation of the brand in order to unlock further premium growth potential across our markets.

We believe that the alcohol-free brews (AFB) category will see further acceleration following COVID-19, fuelled by increased awareness of health and well-being among consumers. In Western Europe, our AFB portfolio grew by 9%, while total AFB volumes declined by 2%, mainly due to lower export and licence volumes.

RESPOND AND RESET

While the COVID-19 pandemic has made 2020 a challenging year, our long-term strategic priorities remain intact, and we have continued to support and invest in brands and activities to safeguard the long-term health of and growth opportunities for the Group.

Nevertheless, the future remains uncertain, impacted by the extent of a possible second wave of the virus, the longer-term impact on the global economy and consumer spending, and the actions of regulators around the world. For the beer industry, the longer-term impact on and possible lasting change in the on-trade are unknown at this point in time, as are longer-lasting changes in consumer preference in terms of channels, brands and price points. Consequently, we are preparing for a continuing uncertain and volatile environment.

We ***respond*** to the challenges by executing our commercial programmes in our markets, leveraging our strong brands and market positions. We are prioritising fewer brands and activities. Within core beer, we are intensifying our focus on the local power brands and international premium brands, such as Carlsberg and Tuborg. We are targeting our innovation efforts towards more focused and efficient initiatives. We will use our value management approach to hit price points that appeal to consumers' new reality. We are working with the on-trade, supporting them and preparing for the new reality, and we are investing in and expanding our e-commerce activities.

In addition, we will ***reset*** our business to ensure that our structures, processes and cost base are suited to a post-COVID-19 reality. This means reviewing above-market costs and structures in our central, regional and support functions, as well as in our central supply chain. In our markets, we will ensure the right structures and capabilities to respond to a potentially smaller on-trade and changes within off-trade subchannels. The learnings from the COVID-19 pandemic, including the high degree of flexibility and rapid adaptation to the sudden and very new challenges, have been positive, and we will ensure that these learnings are embedded in our future ways of working.

2020 EARNINGS EXPECTATIONS

On 2 April, the Group suspended its outlook for 2020 due to the significantly increased uncertainty concerning the impact of the COVID-19 pandemic on business performance.

Notwithstanding the continuing volatile and uncertain situation in many of our markets, we are now more than half-way into the peak summer season and, consequently, the Group is issuing new full-year guidance. Based on H1, July performance and the current COVID-19 situation in our markets, the Group expects to deliver:

- An organic operating profit decline of 10-15%.

Although our cost mitigation efforts are substantial, they cannot fully offset the volume decline and price/mix deterioration.

The earnings outlook is based on the following assumptions for H2:

- Western Europe: The on-trade sector is gradually recovering, but is not expected to get back to pre-COVID-19 levels in 2020. Price/mix will remain under pressure due to negative channel and country mix.

- Asia: The Chinese business started Q3 well, but some of our strongholds in the country have recently been subject to renewed lockdowns. H2 thus remains volatile. In the rest of the region, lockdowns are gradually being lifted, but consumer demand is expected to remain subdued due to government interventions. Price/mix will remain under pressure due to a negative country, channel and brand mix.

- Eastern Europe: The direct impact of COVID-19 is expected to be small, although a key risk factor for H2 is the macroeconomic development and potential negative impact on consumer beer spending. We expect to continue our promotional activities in Russia, supporting the volume development in the region but negatively impacting price/mix.

- Marketing investments: We expect marketing investments in H2 to increase compared with H1, partly due to postponement of activities from H1 to H2 and preparation for 2021, ensuring the long-term health of our brands.

Based on the spot rates at 12 August, we assume a translation impact of around DKK -400m for 2020.

Other relevant assumptions are:

Financial expenses, excluding currency losses or gains, are expected to be around DKK 600-650m.

The reported effective tax rate is expected to be around 26%.

Capital expenditures at constant currencies, excluding the acquisition of certain brand rights, are expected to be around DKK 4.0bn.

It must be emphasised that the earnings expectation is significantly more uncertain than usual, as the development of the pandemic, currently unknown government actions, consumer reactions and the macroeconomic development may have significant implications for business performance in the remainder of the year.

Forward-looking statements

Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 17 for the full forward-looking statements disclaimer.

GROUP FINANCIAL PERFORMANCE

H1	2019	Change Organic	Change Acq., net	Change FX	2020	Change Reported
Volumes (million hl)						
Beer	57.2	-6.7%	0.0%		53.3	-6.7%
Non-beer	10.9	-12.9%	0.0%		9.5	-12.9%
Total volume	**68.1**	**-7.7%**	**0.0%**		**62.8**	**-7.7%**
DKK million						
Revenue	32,990	-11.6%	0.0%	-1.0%	28,830	-12.6%
Operating profit	5,171	-8.9%	-0.1%	-1.8%	4,615	-10.8%
Operating margin (%)	15.7				16.0	30bp

Beer volumes declined organically by 6.7%, impacted by COVID-19 in almost all markets. Non-beer volumes declined organically by 12.9%. In addition to COVID-19, non-beer volumes were impacted by the lower sales of soft drinks at the German/Danish border. Total volumes declined organically by 7.7%.

Price/mix was -4%, taking the organic revenue decline to 11.6%. Price/mix was negatively impacted by country, channel, product and packaging mix, and in Russia by higher promotions. Reported revenue declined by 12.6% due to currencies, mainly related to the Norwegian, Russian and Chinese currencies.

Gross profit was down organically by 13%. COGS per hl was down organically by 2.5%, positively impacted by country mix. Reported gross margin declined by 90bp to 48.6%.

Operating expenses declined organically by 16%, driven by tight cost control enabled by recent years' rigorous implementation of our Operating Cost Management toolkit. The main drivers of the cost decline were within the areas of marketing, travel, supply chain and administration, including employee-related costs. As a percentage of revenue, reported operating expenses declined by 140bp. Excluding marketing expenses, operating expenses declined organically by 12%.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) declined by 5.8% organically and by 7.4% in reported terms. The reported EBITDA margin improved by 140bp to 23.6%.

Operating profit declined organically by 8.9%. Western Europe was most severely impacted by COVID-19, whereas Asia and Eastern Europe were able to mitigate most of their revenue shortfalls through cost reductions. As a result of the tight cost control, operating profit per hl declined modestly by 1% organically. Reported operating profit was DKK 4,615m, corresponding to a decline of 10.8%. The reported operating margin improved by 30bp to 16.0%.

Adjusted net profit (adjusted for special items after tax) was DKK 2,872m (2019: DKK 2,884m), and adjusted earnings per share (excluding treasury shares) were DKK 19.5, corresponding to an improvement of 2.8%. This was driven by lower financial expenses and a lower tax rate than in 2019, and supported by the share buy-back.

Reported net profit was DKK 2,855m (2019: DKK 3,079m). Reported earnings per share (excluding treasury shares) were DKK 19.4 (2019: DKK 20.3).

Free cash flow was DKK 3,141m (2019: DKK 5,156m). Free operating cash flow was DKK 2,882m (2019: DKK 4,759m). The reduction is mainly explained by the lower EBITDA, a negative impact from trade working capital, purchase of the Brooklyn brand rights and lower gains from disposals compared with last year.

Return on invested capital (12-month average) declined by 20bp to 8.5%, impacted by the lower profitability. ROIC excluding goodwill was 21.7% (2019: 22.1%).

Net interest-bearing debt was DKK 21,909m. The increase of DKK 3.1bn versus year-end 2019 was mainly due to the significant cash returns to shareholders in the form of the share buy-back programme (DKK 2.4bn in H1) and the dividend payout (DKK 3.1bn). Net debt/EBITDA was 1.51x (1.25x at year-end 2019).

REGIONAL PERFORMANCE

WESTERN EUROPE

		Change				Change
H1	2019	Organic	Acq., net	FX	2020	Reported
Volumes (million hl)						
Beer	22.5	-7.2%	0.0%		20.8	-7.2%
Non-beer	7.4	-17.3%	0.0%		6.2	-17.3%
Total volume	**29.9**	**-9.7%**	**0.0%**		**27.0**	**-9.7%**
DKK million						
Revenue	17,792	-14.0%	0.0%	-0.7%	15,176	-14.7%
Operating profit	2,760	-19.2%	0.0%	-1.6%	2,187	-20.8%
Operating margin (%)	15.5				14.4	-110bp

Western Europe had a very difficult start to Q2 due to lockdowns and the subsequent impact on the on-trade channel. Towards the end of the quarter, performance in several markets saw signs of improvement due to gradual reopening of the on-trade and subsequent restocking, plus good weather in June.

Total volumes declined organically by 9.7% (Q2: -12.3%). Non-beer volumes declined by 17.3% due to the lost German/Danish border trade from 1 January 2020 as well as the impact from on-trade closures.

Revenue was down 14.0% organically (Q2: -18.9%), with price/mix at -5% (Q2: -7%), impacted in all markets by channel mix and, for the region, by country mix. Reported revenue declined by 14.7% due to a negative currency impact, mainly related to the Norwegian krone.

We delivered significant cost savings in Western Europe within supply chain, logistics, marketing and administration, although these savings were insufficient to cover the revenue decline. The organic operating profit decline was 19.2% and the operating margin was 14.4% (-110bp). Organic operating profit in Q2 was particularly badly impacted by the volume decline and the negative channel mix.

Market comments

Our Danish volumes declined by more than 25%, severely impacted by the change to German/Danish border trade in soft drinks. Excluding the lost border trade, our volumes declined by mid-single-digit percentages due to the lockdown.

Our Norwegian business delivered solid volume growth, supported by good weather, domestic tourism and less border trade in Sweden due to the closure of the border. Our local power brand, Frydenlund, performed particularly well.

Despite the Swedish government taking less restrictive COVID-19 measures than most other countries, the on-trade channel declined. Coupled with the decline in the Norwegian border trade, our volumes were down by mid-single-digit percentages.

In France, our volumes declined by double-digit percentages. The on-trade channel was severely impacted by the pandemic and, in addition, our brewery in Obernai was unable to run at normal capacity utilisation due to COVID-19 constraints. This negatively impacted our off-trade volumes and market share.

Our Swiss business saw solid volume growth in the off-trade, but as the business is skewed towards the on-trade channel, total volumes were severely impacted by the lockdowns, declining by double-digit percentages.

In Poland, we delivered mid-single-digit percentage volume growth in a slightly declining market. The beer market was less impacted by COVID-19 than other Western European markets due to a relatively small on-trade channel. Our craft & speciality and alcohol-free brands did particularly well in the market.

In the UK, our off-trade volumes grew. The Carlsberg brand performed well, being a key driver of our slightly improved market share. Due to the lockdown of the on-trade, total volumes declined by mid-single-digit percentages. In May, the Group announced the establishment of a joint venture beer company in the UK: Carlsberg Marston's Brewing Company. The transaction is anticipated to complete in Q4.

ASIA

H1	2019	Change Organic	Change Acq., net	Change FX	2020	Change Reported
Volumes (million hl)						
Beer	20.1	-12.1%	0.0%		17.6	-12.1%
Non-beer	2.6	-10.9%	0.0%		2.3	-10.9%
Total volume	**22.7**	**-12.0%**	**0.0%**		**19.9**	**-12.0%**
DKK million						
Revenue	9,781	-12.9%	0.0%	-0.6%	8,463	-13.5%
Operating profit	2,165	-1.3%	-0.1%	-0.8%	2,118	-2.2%
Operating margin (%)	22.1				25.0	290bp

Developments in our Asian markets varied significantly. Our Chinese business was severely impacted by COVID-19 in Q1 but rebounded in Q2, while the rest of the region was impacted significantly in Q2.

Total volumes declined organically by 12.0% (Q2: -8.8%). The recovery in China could not offset the substantial market decline in the other markets that were faced with the COVID-19 crisis later on and suffered more severe and sustained lockdowns.

Revenue declined organically by 12.9% (Q2: -13.4%), resulting from 12.0% organic volume decline and -1% price/mix. Reported revenue declined by 13.5% following a modest currency impact.

The price/mix in Q2 (-5%) was down on Q1 (+4%), mainly due to a negative country mix, as China, where price per hl is below the regional average, grew contrary to the rest of the region. In addition, we saw a negative channel mix towards the modern off-trade in some markets.

The cost reductions in Asia were substantial. As a result, the organic operating profit decline was a modest 1.3%. The operating margin improved strongly by 290bp to 25.0%.

Market comments

After a very challenging Q1, our Chinese businesses rebounded strongly in Q2, delivering volume growth of 18% in the quarter. This growth was driven by several factors, such as the restocking at distributors after the destocking in Q1, stock-building ahead of the peak season, expanded distribution of the Wusu brand outside its home province, solid growth of our international premium portfolio and continued big-city growth. We saw strong growth within e-commerce, with volumes more than doubling. For H1, volumes were flat. Price/mix improved by mid-single-digit percentages.

Our businesses in India, Nepal and Malaysia were significantly impacted by the government lockdowns and restrictions. In all three markets, our breweries were closed during Q2 and distribution was heavily restricted or even prohibited. Consequently, volumes declined significantly in Q2 – in Nepal and India, the declines were approximately 90% and 75% respectively. In all three markets, a gradual relaxation of restrictions is taking place and by the end of Q2 our breweries had reopened.

Our businesses in Laos and Vietnam were also impacted by the lockdowns, albeit less severely. In Laos, lockdowns impacted our business at the beginning of Q2 but recovered strongly in June, when many restrictions were lifted. In Vietnam, the market stabilised in May and returned to growth in June, as restrictions were gradually lifted. Supported by our local power brand, Huda, we strengthened our market share in Vietnam.

EASTERN EUROPE

		Change				Change
H1	2019	Organic	Acq., net	FX	2020	Reported
Volumes (million hl)						
Beer	14.6	1.4%	0.0%		14.9	1.4%
Non-beer	0.9	20.4%	0.0%		1.0	20.4%
Total volume	**15.5**	**2.4%**	**0.0%**		**15.9**	**2.4%**
DKK million						
Revenue	5,411	-1.3%	0.0%	-2.9%	5,182	-4.2%
Operating profit	1,020	-1.4%	0.0%	-2.8%	977	-4.2%
Operating margin (%)	18.9				18.9	0bp

Our businesses in Eastern Europe saw a relatively modest impact from COVID-19 due to low on-trade exposure. Beer volumes grew organically by 1.4%, positively impacted by growth in Russia and Kazakhstan. Non-beer volumes grew strongly by 20.4%, following continued solid growth of energy drinks across the region.

Revenue declined organically by 1.3% (Q2: -3.4%), as -4% price/mix was partly offset by volume growth of 2.4% (Q2: +1.9%). Price/mix was impacted by the planned higher level of promotional activities in Russia to regain some of the market share lost in recent years.

Operating profit declined organically by 1.4%. The operating profit margin was stable at 18.9%, as the significant cost savings across the region offset the higher promotional investments in Russia.

Market comments

The competitive environment in Russia remained challenging. At the end of Q1, we kicked off our changed commercial priorities with the aim of stopping the volume decline and restoring our market share. Initial signs from the changed commercial activities were positive, and our market share improved compared with the beginning of the year, but was still below last year's level. Our volumes grew by 3%, while revenue declined due to the higher level of promotions.

In Ukraine, our volumes declined by mid-single-digit percentages, in line with the market. Our on-trade exposure in Ukraine is above the regional average, and volumes were thus impacted more by the on-trade lockdown. Price/mix was slightly negative, mainly due to channel and packaging mix.

CENTRAL COSTS (NOT ALLOCATED)

Central costs, net, declined to DKK -642m (2019: DKK -773m) as a result of cost reductions across all functions, including marketing and people-related costs. Central costs are incurred for ongoing support of the Group's overall operations and strategic development. In particular, they include the costs of running central functions and central marketing.

OTHER ACTIVITIES

The operation of the Carlsberg Research Laboratory and the non-controlling holding in the Carlsberg Byen company in Copenhagen are reported separately from the beverage activities. The non-beverage activities generated an operating loss of DKK 25m (2019: DKK -1m).

COMMENTS ON THE FINANCIAL STATEMENTS

CHANGES TO THE REGIONAL STRUCTURE

As of 1 January 2021, we will change our regional structure to ensure a better balance between the European regions. The Baltic and Balkan countries, Greece, Italy and the Export & License business will be moved from Western Europe to Eastern Europe. Consequently, Eastern Europe will change its name to Central and Eastern Europe (CEE). External reporting will be changed accordingly.

ACCOUNTING POLICIES

The present interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and Danish regulations governing the presentation of interim reports by listed companies.

Except for the changes described below, the consolidated financial statements have been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2019.

As of 1 January 2020, the following amendments became applicable:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018), effective for financial years beginning on or after 1 January 2020.
- Amendments to IAS 1 and IAS 8 “Definition of Material” (issued on 31 October 2018), effective for financial years beginning on or after 1 January 2020.
- Amendments to IFRS 3 “Business Combinations” (issued on 22 October 2018), effective for financial years beginning on or after 1 January 2020.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (issued on 26 September 2019), effective for financial years beginning on or after 1 January 2020.

The above-mentioned amendments did not have any impact on the Group's accounting policies.

INCOME STATEMENT

Please see pp 8-9 for a review of operating profit.

Net special items (pre-tax) amounted to DKK -12m (2019: DKK +133m). Special items were positively impacted by the proceeds from the sale of the remaining part of the brewery site in Hamburg, offset by one-off costs, including security measures and donations related to COVID-19 and impairment of brands in Western Europe. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -199m against DKK -451m in 2019, impacted positively by lower funding costs. Excluding currency gains and losses, financial expenses, net, amounted to DKK 263m (2019: DKK 379m). A specification of net financial items is included in note 5.

Tax totalled DKK -1,145m against DKK -1, 310m in 2019. The effective tax rate was 26% versus 27% in H1 2019.

Non-controlling interests were DKK 404m (2019: DKK 464m).

The Carlsberg Group's share of consolidated profit (net profit) was DKK 2,855m against DKK 3,079m in 2019, impacted by the decline in operating profit and special items, which were positive in 2019, partly offset by lower financial expenses, net, and the lower tax rate. Adjusted net profit (adjusted for special items after tax) was DKK 2,872m (2019: DKK 2,884m).

STATEMENT OF FINANCIAL POSITION

Assets

Total assets amounted to DKK 123.6bn at 30 June 2020 (31 December 2019: DKK 123.1bn).

Intangible assets amounted to DKK 67.6bn at 30 June 2020 (31 December 2019: DKK 69.8bn). The decline was mainly due to the depreciation of the Russian rouble.

Property, plant and equipment totalled DKK 26.5bn (31 December 2019: DKK 27.9bn). The decline of DKK 1.3bn was primarily due to depreciation and currencies.

Current assets were impacted by seasonality. Inventories and trade receivables amounted to DKK 11.8bn, an increase of DKK 1.7bn from 31 December 2019. Cash and cash equivalents amounted to DKK 7.8bn (31 December 2019: DKK 5.2bn), positively impacted by the two EUR 500m bonds issued in March and June respectively.

Equity and liabilities

Equity amounted to DKK 41.4bn at 30 June 2020 (31 December 2019: DKK 46.0bn), of which DKK 39.0bn was attributed to shareholders in Carlsberg A/S and DKK 2.4bn to non-controlling interests.

The changes in equity in the half-year are explained by the consolidated profit of DKK 3.3bn and non-controlling interests of DKK 1.8bn, which were impacted by fair value adjustments, and offset by the dividend payout of DKK 3.7bn and share buy-back of DKK 2.4bn.

Total liabilities increased to DKK 82.2bn against DKK 77.1bn at 31 December 2019. The increase was explained by the two EUR 500m bonds issued in the half-year.

Long- and short-term borrowings increased by DKK 5.7bn compared with 31 December 2019. At 30 June 2020, long-term borrowings were DKK 28.5bn (31 December 2019: DKK 20.9bn) and short-term borrowings were DKK 2.2bn (31 December 2019: DKK 4.1bn).

Tax liabilities, retirement benefit obligations etc. were DKK 20.7bn (31 December 2019: DKK 22.9bn). The decline was mainly due to fair value adjustments of contingent considerations.

Current liabilities excluding short-term borrowings increased to DKK 30.8bn (31 December 2019: DKK 29.2bn), impacted by normal seasonality. The increase of DKK 1.6bn was mainly due to trade payables (DKK 0.6bn) and other current liabilities (DKK 1.1bn), including duties payable, partly due to postponements granted in several markets due to COVID-19.

CASH FLOW

Free cash flow amounted to DKK 3,141m versus DKK 5,156m in 2019, mainly impacted by the lower EBITDA, a negative contribution from the change in working capital and acquisition of the Brooklyn brand rights.

Net cash flow amounted to DKK 2,642m (2019: DKK 649m). The increase from 2019 was mainly due to external financing of DKK 5,588m (2019: DKK 637m), impacted by the two successful bond placings of EUR 500m in March and June, higher dividends of DKK 3,093m paid to shareholders in March (2019: DKK 2,738m) and higher share buy-back of DKK 2,364m (2019: DKK 1,749m). The acquisition of the Brooklyn brand rights included in operational investments was offset in external financing, as the cash payment of the purchase price is deferred.

Cash flow from operating activities

Cash flow from operating activities amounted to DKK 5,112m against DKK 6,496m in 2019.

EBITDA was DKK 6,797m (2019: DKK 7,337m).

The change in trade working capital was DKK -390m (2019: DKK +741m), significantly impacted by lower trade payables due to lower production, purchasing and capital expenditures as a consequence of COVID-19. Average trade working capital to revenue (MAT) was -17.5% compared to -16.4% for H1 2019 and -16.8% for FY 2019, supported by the lower revenue.

The change in other working capital was DKK -83m (2019: DKK +67m), partly impacted by phasing and lower VAT payable.

Restructuring costs paid amounted to DKK -96m (2019: DKK -82m). Net interest etc. paid amounted to DKK -265m (2019: DKK -392m). The decline was mainly due to the settlement of financial instruments. Corporation tax paid was DKK -831m (2019: DKK -1,099m). The decrease versus last year was mainly due to lower earnings.

Cash flow from investing activities

Cash flow from investing activities was DKK -1,971m against DKK -1,340m in 2019.

Operational investments totalled DKK -2,230m (2019: DKK -1,737m). The increase was due to acquisition of property, plant and equipment and intangible assets of DKK -2,481m (2019: DKK -2,304m). The increase on 2019 was due to the acquisition of brand rights. Excluding the acquisition of certain intangibles, CapEx declined. In addition, operational investments in 2019 were positively impacted by disposal of the brewery site in Norway.

Total financial investments amounted to DKK +260m (2019: DKK +400m). The decline was due to lower dividends received.

Cash flow from other activities amounted to DKK -1m (2019: DKK -3m).

FINANCING
At 30 June 2020, gross financial debt amounted to DKK 30.7bn and net interest-bearing debt to DKK 21.9bn. The difference of DKK 8.8bn mainly comprised cash and cash equivalents of DKK 7.8bn.

The net debt/EBITDA ratio increased to 1.51x (1.25x at year-end 2019).

Of the gross financial debt, 93% (DKK 28.5bn) was long term, i.e. with maturity of more than one year from 30 June 2020. To secure continued strong liquidity and financial flexibility, we issued a 10-year EUR 500m bond with a coupon of 0.625% on 4 March and a 7-year EUR 500m bond with a coupon of 0.375% on 16 June. 100% of the net financial debt was denominated in EUR and DKK (after swaps). At the end of June 2020, the duration was 6.0 years.

SHARE BUY-BACK
On 4 February 2020, the Company announced its intention to buy back shares worth DKK 5bn over a 12-month period. The buy-back programme would be split into two tranches of approximately six months each.

The first tranche of the share buy-back programme, initiated on 4 February, was finalised on 7 August. Under this first tranche, the Company bought 2,897,021 shares at a value of DKK 2.5bn. Thus, the average repurchase price was DKK 863 per share.

As stated on 4 February, the second tranche of the buyback was to be evaluated by the Supervisory Board in connection with the H1 announcement. Due to the continued uncertainty related to COVID-19, the pending Marston's transaction, amounting to approximately DKK 2bn, and the purchase of certain brand rights as well as possible inorganic opportunities, the Supervisory Board has decided not to initiate the second tranche of the share buy-back, prioritising a continued solid balance sheet in line with the Group's capital allocation principles.

FINANCIAL CALENDAR
The financial year follows the calendar year, and the following schedule has been set for the remainder of 2020:

28 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.

MANAGEMENT STATEMENT

The Supervisory Board and Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 30 June 2020.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 30 June 2020, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 June 2020. Further, in our opinion the Management's review (pp 1-16) includes a fair review of the development in the Carlsberg Group's operations and financial matters, the result for the period, and the financial position as a whole, as well as describing the most significant risks and uncertainties affecting the Group.

Besides what has been disclosed in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated financial statements for 2019.

Copenhagen, 13 August 2020

Executive Board of Carlsberg A/S

Cees 't Hart CEO	Heine Dalsgaard CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher Chairman	Lars Fruergaard Jørgensen Deputy Chairman	Hans Andersen
Carl Bache	Magdi Batato	Domitille Doat Le Bigot
Lilian Fossum Biner	Richard Burrows	Eva Vilstrup Decker
Finn Lok	Erik Lund	Søren-Peter Fuchs Olesen
Peter Petersen	Majken Schultz	Lars Stemmerik

FINANCIAL STATEMENTS

INCOME STATEMENT

DKK million	H1 2020	H1 2019	2019
Revenue	28,830	32,990	65,902
Cost of sales	-14,812	-16,663	-33,264
Gross profit	**14,018**	**16,327**	**32,638**
Sales and distribution expenses	-7,590	-8,872	-17,826
Administrative expenses	-1,886	-2,447	-4,733
Other operating activities, net	-2	26	108
Share of profit after tax of associates and joint ventures	75	137	278
Operating profit before special items	**4,615**	**5,171**	**10,465**
Special items, net	-12	133	501
Financial income	115	72	360
Financial expenses	-314	-523	-1,098
Profit before tax	**4,404**	**4,853**	**10,228**
Income tax	-1,145	-1,310	-2,751
Consolidated profit	**3,259**	**3,543**	**7,477**
Attributable to:			
Non-controlling interests	404	464	908
Shareholders in Carlsberg A/S (net profit)	2,855	3,079	6,569
DKK			
Earnings per share of DKK 20	19.4	20.3	43.7
Diluted earnings per share of DKK 20	19.3	20.2	43.4

STATEMENT OF COMPREHENSIVE INCOME

DKK million	H1 2020	H1 2019	2019
Consolidated profit	**3,259**	**3,543**	**7,477**
Other comprehensive income			
Retirement benefit obligations	-308	-219	-571
Share of other comprehensive income in associates and joint ventures	1	5	4
Income tax	-	-	38
Items that will not be reclassified to the income statement	**-307**	**-214**	**-529**
Foreign exchange adjustments of foreign entities	-3,381	2,495	3,485
Fair value adjustments of hedging instruments	-126	-256	-323
Other	-	-	14
Income tax	37	41	17
Items that may be reclassified to the income statement	**-3,470**	**2,280**	**3,193**
Other comprehensive income	**-3,777**	**2,066**	**2,664**
Total comprehensive income	**-518**	**5,609**	**10,141**
Attributable to:			
Non-controlling interests	334	457	905
Shareholders in Carlsberg A/S	-852	5,152	9,236

STATEMENT OF FINANCIAL POSITION

DKK million	30 June 2020	30 June 2019	31 Dec. 2019
ASSETS			
Intangible assets	67,646	68,760	69,805
Property, plant and equipment	26,545	27,841	27,886
Financial assets	7,202	7,338	7,481
Total non-current assets	**101,393**	**103,939**	**105,172**
Inventories	4,901	5,118	4,751
Trade receivables	6,868	6,878	5,339
Other receivables	2,637	3,357	2,636
Cash and cash equivalents	7,763	6,125	5,222
Total current assets	**22,169**	**21,478**	**17,948**
Total assets	**123,562**	**125,417**	**123,120**
EQUITY AND LIABILITIES			
Equity, shareholders in Carlsberg A/S	38,952	44,207	43,448
Non-controlling interests	2,435	2,476	2,587
Total equity	**41,387**	**46,683**	**46,035**
Borrowings	28,479	18,046	20,879
Tax liabilities, retirement benefit obligations etc.	20,735	20,959	22,895
Total non-current liabilities	**49,214**	**39,005**	**43,774**
Borrowings	2,189	8,240	4,112
Trade payables	17,732	18,711	17,149
Deposits on returnable packaging materials	1,478	1,771	1,545
Other liabilities	11,562	11,007	10,505
Total current liabilities	**32,961**	**39,729**	**33,311**
Total equity and liabilities	**123,562**	**125,417**	**123,120**

STATEMENT OF CHANGES IN EQUITY

DKK million	Shareholders in Carlsberg A/S							
30 June 2020	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2020	**3,051**	**-32,931**	**-721**	**-33,652**	**74,049**	**43,448**	**2,587**	**46,035**
Consolidated profit	**-**	**-**	**-**	**-**	**2,855**	**2,855**	**404**	**3,259**
Other comprehensive income	**-**	**-3,444**	**41**	**-3,403**	**-304**	**-3,707**	**-70**	**-3,777**
Total comprehensive income for the year	**-**	**-3,444**	**41**	**-3,403**	**2,551**	**-852**	**334**	**-518**
Capital reduction	-88	-	-	-	88	-	-	-
Share-based payments	-	-	-	-	56	56	1	57
Dividends paid to shareholders	-	-	-	-	-3,093	-3,093	-567	-3,660
Share buy-back	-	-	-	-	-2,364	-2,364	-	-2,364
Non-controlling interests	-	-	-	-	1,757	1,757	80	1,837
Total changes in equity	**-88**	**-3,444**	**41**	**-3,403**	**-1,093**	**-4,496**	**-152**	**-4,648**
Equity at 30 June 2020	**2,963**	**-36,375**	**-680**	**-37,055**	**72,956**	**38,952**	**2,435**	**41,387**
30 June 2019								
Equity at 1 January	**3,051**	**-36,116**	**-721**	**-36,837**	**79,088**	**45,302**	**2,587**	**47,889**
Consolidated profit	**-**	**-**	**-**	**-**	**3,079**	**3,079**	**464**	**3,543**
Other comprehensive income	**-**	**2,300**	**-13**	**2,287**	**-214**	**2,073**	**-7**	**2,066**
Total comprehensive income for the period	**-**	**2,300**	**-13**	**2,287**	**2,865**	**5,152**	**457**	**5,609**
Share-based payments	-	-	-	-	129	129	2	131
Dividends paid to shareholders	-	-	-	-	-2,738	-2,738	-574	-3,312
Share buy-back	-	-	-	-	-1,749	-1,749	-	-1,749
Non-controlling interests	-	-	-	-	-1,889	-1,889	4	-1,885
Total changes in equity	**-**	**2,300**	**-13**	**2,287**	**-3,382**	**-1,095**	**-111**	**-1,206**
Equity at 30 June 2019	**3,051**	**-33,816**	**-734**	**-34,550**	**75,706**	**44,207**	**2,476**	**46,683**

STATEMENT OF CASH FLOWS

DKK million	H1 2020	H1 2019	2019
Operating profit before special items	4,615	5,171	10,465
Depreciation, amortisation and impairment losses[1]	2,182	2,166	4,542
Operating profit before depreciation, amortisation and impairment losses[1]	**6,797**	**7,337**	**15,007**
Other non-cash items	-20	-76	-320
Change in trade working capital	-390	741	491
Change in other working capital	-83	67	634
Restructuring costs paid	-96	-82	-445
Interest etc. received	48	70	139
Interest etc. paid	-313	-462	-1,033
Income tax paid	-831	-1,099	-2,234
Cash flow from operating activities	**5,112**	**6,496**	**12,239**
Acquisition of property, plant and equipment and intangible assets	-2,481	-2,304	-4,588
Disposal of property, plant and equipment and intangible assets	166	556	1,714
Change in on-trade loans	85	11	50
Total operational investments	**-2,230**	**-1,737**	**-2,824**
Free operating cash flow	**2,882**	**4,759**	**9,415**
Acquisition and disposal of subsidiaries, net	-	-19	-
Acquisition and disposal of associates and joint ventures, net	1	-40	-41
Acquisition and disposal of financial investments, net	1	5	25
Change in financial receivables	8	-50	-59
Dividends received	250	504	626
Total financial investments	**260**	**400**	**551**
Other investments in real estate	-1	-3	-4
Total other activities[2]	**-1**	**-3**	**-4**
Cash flow from investing activities	**-1,971**	**-1,340**	**-2,277**
Free cash flow	**3,141**	**5,156**	**9,962**
Shareholders in Carlsberg A/S	-3,093	-2,738	-2,738
Share buy-back	-2,364	-1,749	-4,100
Non-controlling interests	-630	-657	-2,520
External financing	5,588	637	-935
Cash flow from financing activities	**-499**	**-4,507**	**-10,293**
Net cash flow	**2,642**	**649**	**-331**
Cash and cash equivalents at beginning of period[3]	5,149	5,434	5,434
Foreign exchange adjustment of cash and cash equivalents	-114	18	46
Cash and cash equivalents at period-end[3]	**7,677**	**6,101**	**5,149**

[1] Impairment losses excluding those reported in special items.
[2] Other activities cover real estate, separate from beverage activities.
[3] Cash and cash equivalents less bank overdrafts.

NOTE 1 (PAGE 1 OF 2)

SEGMENT REPORTING BY REGION

	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Beer (million hl)					
Western Europe	11.9	13.2	20.8	22.5	46.6
Asia	9.8	10.7	17.6	20.1	37.2
Eastern Europe	9.2	8.9	14.9	14.6	29.2
Total	**30.9**	**32.8**	**53.3**	**57.2**	**113.0**
Non-beer (million hl)					
Western Europe	3.4	4.3	6.2	7.4	15.3
Asia	1.0	1.3	2.3	2.6	4.8
Eastern Europe	0.6	0.6	1.0	0.9	1.8
Total	**5.0**	**6.2**	**9.5**	**10.9**	**21.9**
Revenue (DKK million)					
Western Europe	8,413	10,524	15,176	17,792	36,317
Asia	4,411	5,179	8,463	9,781	18,416
Eastern Europe	3,057	3,397	5,182	5,411	11,097
Not allocated	3	3	9	6	72
Beverages, total	**15,884**	**19,103**	**28,830**	**32,990**	**65,902**
Non-beverage	-	-	-	-	-
Total	**15,884**	**19,103**	**28,830**	**32,990**	**65,902**
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)					
Western Europe			3,244	3,745	8,214
Asia			2,867	2,862	5,402
Eastern Europe			1,319	1,361	2,599
Not allocated			-612	-635	-1,157
Beverages, total			**6,818**	**7,333**	**15,058**
Non-beverage			-21	4	-51
Total			**6,797**	**7,337**	**15,007**
Operating profit before special items (DKK million)					
Western Europe			2,187	2,760	6,187
Asia			2,118	2,165	3,931
Eastern Europe			977	1,020	1,882
Not allocated			-642	-773	-1,476
Beverages, total			**4,640**	**5,172**	**10,524**
Non-beverage			-25	-1	-59
Total			**4,615**	**5,171**	**10,465**
Operating margin (%)					
Western Europe			14.4	15.5	17.0
Asia			25.0	22.1	21.3
Eastern Europe			18.9	18.9	17.0
Not allocated			...	...	...
Beverages, total			**16.1**	**15.7**	**16.0**
Non-beverage			...	...	...
Total			**16.0**	**15.7**	**15.9**

NOTE 1 (PAGE 2 OF 2)

SEGMENT REPORTING BY REGION

DKK million	30 June 2020	30 June 2019	2019
Invested capital, period-end			
Western Europe	40,317	40,942	39,299
Asia	19,707	20,638	20,521
Eastern Europe	23,564	26,017	27,193
Not allocated	-1,255	-1,613	-2,347
Beverages, total	**82,333**	**85,984**	**84,666**
Non-beverage	1,507	860	1,553
Total	**83,840**	**86,844**	**86,219**
Invested capital excl. goodwill, period-end			
Western Europe	19,415	20,109	18,372
Asia	3,830	4,523	4,389
Eastern Europe	9,408	10,677	11,344
Not allocated	-1,255	-1,613	-2,347
Beverages, total	**31,398**	**33,696**	**31,758**
Non-beverage	1,507	860	1,553
Total	**32,905**	**34,556**	**33,311**
Return on invested capital, ROIC (%), 12-month average			
Western Europe	10.5	11.0	11.5
Asia	14.4	13.4	14.2
Eastern Europe	5.8	6.9	5.8
Not allocated	...	...	...
Beverages, total	**8.7**	**8.7**	**8.9**
Non-beverage	...	...	...
Total	**8.5**	**8.7**	**8.8**
Return on invested capital excl. goodwill (%), 12-month average			
Western Europe	22.0	23.5	23.7
Asia	66.0	55.6	63.5
Eastern Europe	14.2	16.8	13.9
Not allocated	...	...	...
Beverages, total	**22.7**	**22.6**	**22.9**
Non-beverage	...	...	...
Total	**21.7**	**22.1**	**22.2**

NOTE 2

SEGMENT REPORTING BY ACTIVITY

	H1 2020			H1 2019		
DKK million	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	**28,830**	**-**	**28,830**	**32,990**	**-**	**32,990**
Operating profit before special items	4,640	-25	4,615	5,172	-1	5,171
Special items, net	-12	-	-12	133	-	133
Financial items, net	-194	-5	-199	-451	-	-451
Profit before tax	**4,434**	**-30**	**4,404**	**4,854**	**-1**	**4,853**
Income tax	-1,154	9	-1,145	-1,310	-	-1,310
Consolidated profit	**3,280**	**-21**	**3,259**	**3,544**	**-1**	**3,543**
Attributable to:						
Non-controlling interests	404	-	404	464	-	464
Shareholders in Carlsberg A/S (net profit)	2,876	-21	2,855	3,080	-1	3,079

NOTE 3

SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2020	H1 2019	H2 2019
Revenue			
Western Europe	15,176	17,792	18,525
Asia	8,463	9,781	8,635
Eastern Europe	5,182	5,411	5,686
Not allocated	9	6	66
Beverages, total	**28,830**	**32,990**	**32,912**
Non-beverage	-	-	-
Total	**28,830**	**32,990**	**32,912**
Operating profit before special items			
Western Europe	2,187	2,760	3,427
Asia	2,118	2,165	1,766
Eastern Europe	977	1,020	862
Not allocated	-642	-773	-703
Beverages, total	**4,640**	**5,172**	**5,352**
Non-beverage	-25	-1	-58
Total	**4,615**	**5,171**	**5,294**
Special items, net	-12	133	368
Financial items, net	-199	-451	-287
Profit before tax	**4,404**	**4,853**	**5,375**
Income tax	-1,145	-1,310	-1,441
Consolidated profit	**3,259**	**3,543**	**3,934**
Attributable to:			
Non-controlling interests	404	464	444
Shareholders in Carlsberg A/S (net profit)	2,855	3,079	3,490

NOTE 4

SPECIAL ITEMS

DKK million	H1 2020	H1 2019	2019
Special items, income:			
Gain on disposal of entities and assets	53	407	1,061
Disposal of property, plant and equipment previously impaired, reversal of provisions and impairment losses made in prior years	16	2	3
Income, total	**69**	**409**	**1,064**
Special items, expenses:			
Health and safety costs in relation to COVID-19	-45	-	-
Restructuring and impairment of property, plant and equipment in Western Europe, net	-28	-267	-337
Restructuring and impairment of property, plant and equipment in Asia, net	-7	-	-8
Restructuring and impairment of property, plant and equipment in Eastern Europe, net	-1	-	-96
Provisions related to disposal of real estate	-	-	-110
Other	-	-9	-12
Expenses, total	**-81**	**-276**	**-563**
Special items, net	**-12**	**133**	**501**

NOTE 5

NET FINANCIAL EXPENSES

DKK million	H1 2020	H1 2019	2019
Financial income			
Interest income	39	70	135
Foreign exchange gains, net	64	-	-
Interest on plan assets, defined benefit plans	-	-	189
Other	12	2	36
Total	**115**	**72**	**360**
Financial expenses			
Interest expenses	-231	-298	-519
Capitalised financial expenses	1	10	18
Foreign exchange losses, net	-	-72	-88
Interest cost on obligations, defined benefit plans	-27	-27	-256
Interest expenses, lease liabilities	-5	-6	-12
Other	-52	-130	-241
Total	**-314**	**-523**	**-1,098**
Financial items, net, recognised in the income statement	**-199**	**-451**	**-738**
Financial items excluding foreign exchange, net	**-263**	**-379**	**-650**

NOTE 6

DEBT AND CREDIT FACILITIES

DKK million						30 June 2020
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	5,577	11,119	-	10,339	27,035
Bank borrowings	24	19	11	8	-24	38
Lease liabilities	389	104	76	60	456	1,085
Other non-current borrowings	4	101	101	101	14	321
Total	**417**	**5,801**	**11,307**	**169**	**10,785**	**28,479**

DKK million

Currency split of net financial debt	30 June 2020
EUR	20,695
DKK	166
Other currencies	2,044
Total	**22,905**

DKK million

Committed credit facilities	30 June 2020
< 1 year	3,718
1-2 years	417
2-3 years	5,801
3-4 years	11,307
4-5 years	169
> 5 years	25,690
Total	**47,102**
Current	3,718
Non-current	43,384

NOTE 7

NET INTEREST-BEARING DEBT

DKK million	H1 2020	H1 2019	2019
Net interest-bearing debt is calculated as follows:			
Issued bonds	27,035	16,699	19,673
Bank borrowings	38	25	27
Lease liabilities	1,085	1,306	1,165
Other non-current borrowings	321	16	14
Total non-current borrowings	**28,479**	**18,046**	**20,879**
Issued bonds	-	5,598	-
Bank borrowings	1,273	573	347
Lease liabilities	417	401	424
Other current borrowings	499	1,668	3,341
Total current borrowings	**2,189**	**8,240**	**4,112**
Gross financial debt	**30,668**	**26,286**	**24,991**
Cash and cash equivalents	-7,763	-6,125	-5,222
Net financial debt	**22,905**	**20,161**	**19,769**
Loans to associates, interest-bearing portion	-230	-364	-226
On-trade loans, net	-676	-678	-668
Other receivables, net	-90	-127	-99
Other interest-bearing assets, net	**-996**	**-1,169**	**-993**
Net interest-bearing debt	**21,909**	**18,992**	**18,776**

Changes in net interest-bearing debt:

Net interest-bearing debt at beginning of period	18,776	17,313	17,313
Recognition of lease liabilities	-	1,592	1,592
Net interest-bearing debt at beginning of period	**18,776**	**18,905**	**18,905**
Cash flow from operating activities	-5,112	-6,496	-12,239
Cash flow from investing activities	1,972	1,281	2,236
Cash flow from acquisitions	19	104	1,711
Dividend to shareholders and non-controlling interests	3,703	3,349	3,588
Share buy-back	2,364	1,749	4,100
Acquired net interest-bearing debt from acquisition of subsidiaries	-	-	170
Change in interest-bearing lending	-13	6	-71
Effects of currency translation	52	75	-14
Lease liabilities, net	123	20	411
Other	25	-1	-21
Total change	**3,133**	**87**	**-129**
Net interest-bearing debt, end of period	**21,909**	**18,992**	**18,776**

All borrowings are measured at amortised cost.