

Company announcement 34/2019

15 August 2019

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## FINANCIAL STATEMENT AS AT 30 JUNE 2019

### Strong H1 performance; full-year earnings outlook increased

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

#### HIGHLIGHTS

- Organic net revenue growth of 4.2% (Q2: +2.6%); reported net revenue growth of 6.5% to DKK 32,990m (Q2: +4.6%).
- Price/mix improvement of +3% (Q2: +3%); positive in all three regions.
- Total organic volume growth of 1.4% (Q2: -0.1%).
  - Tuborg volume growth +4%, Carlsberg -3%, Grimbergen +4% and 1664 Blanc +29%.
  - Craft & speciality volume growth +17%, alcohol-free brew volume growth +16%.
- Organic operating profit growth of 17.7%; reported growth of 18.2% to DKK 5,171m.
- Operating margin improvement of +160bp to 15.7%.
- Reported net profit up 24.6% to DKK 3,079m. Adjusted net profit up 15.1% to DKK 2,884m.
- Adjusted earnings per share (excluding treasury shares) up 15.6% to DKK 19.0.
- Free cash flow of DKK 5,156m (2018: DKK 5,765m).
- Net debt/EBITDA of 1.33x.
- ROIC improvement of 110bp to 8.7%. Excluding goodwill, improvement of 350bp to 22.1%.
- The Company will today initiate a DKK 2bn share buy-back. This is the second tranche of its 12-month DKK 4.5bn share buy-back programme (see page 16) as announced on 6 February 2019.

#### 2019 EARNINGS EXPECTATIONS

- High-single-digit percentage organic growth in operating profit (unchanged from announcement on 8 August).
- A translation impact on operating profit of around DKK +100m, based on the spot rates at 14 August (previously DKK +150m).
- Financial expenses, excluding currency losses or gains, are expected to be around DKK 700m (previously DKK 700-750m).

CEO Cees 't Hart says: "We delivered a strong set of results for the first six months of 2019, with healthy top-line development, strong margin improvement and continued solid cash flow. We're pleased that last week we were able to adjust our earnings outlook upwards due to the performance in the first half and a solid start to Q3, and despite tough comparables. The earnings upgrade is yet another proof point that the execution of our SAIL'22 priorities is driving sustainable, long-term value creation for the Group."

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](http://www.carlsberggroup.com).

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## KEY FIGURES AND FINANCIAL RATIOS

DKK million		H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Volumes (million hl)</b>				
Beer		56.9	55.7	112.3
Non-beer		11.2	9.9	20.8
<b>Income statement</b>				
Net revenue		32,990	30,966	62,503
Gross profit		16,327	15,655	31,220
Operating profit before amortisation, depreciation and impairment losses		7,337	6,477	13,420
Operating profit before special items		5,171	4,373	9,329
Special items, net		133	-37	-88
Financial items, net		-451	-330	-722
Profit before tax		4,853	4,006	8,519
Income tax		-1,310	-1,122	-2,386
Consolidated profit		3,543	2,884	6,133
<b>Attributable to:</b>				
Non-controlling interests		464	413	824
Shareholders in Carlsberg A/S (net profit)		3,079	2,471	5,309
Shareholders in Carlsberg A/S (adjusted) <sup>2</sup>		2,884	2,506	5,359
<b>Statement of financial position</b>				
Total assets		125,417	117,581	117,700
Invested capital		86,844	81,747	82,721
Invested capital excl. goodwill		34,556	31,811	31,792
Net interest-bearing debt		18,992	17,258	17,313
Equity, shareholders in Carlsberg A/S		44,207	46,023	45,302
<b>Statement of cash flows</b>				
Cash flow from operating activities		6,496	7,267	12,047
Cash flow from investing activities		-1,340	-1,502	-5,891
Free cash flow		5,156	5,765	6,156
<b>Financial ratios</b>				
Gross margin	%	49.5	50.6	50.0
EBITDA margin	%	22.2	20.9	21.5
Operating margin	%	15.7	14.1	14.9
Return on invested capital (ROIC) <sup>3</sup>	%	8.7	7.6	8.1
ROIC excl. goodwill <sup>3</sup>	%	22.1	18.6	20.9
Equity ratio	%	35.2	39.1	38.5
Debt/equity ratio (financial gearing)	x	0.41	0.36	0.36
Debt/operating profit before depreciation and amortisation	x	1.33	1.29	1.29
Interest cover	x	11.46	13.25	12.92
<b>Stock market ratios</b>				
Earnings per share (EPS)	DKK	20.3	16.2	34.8
Earnings per share, adjusted (EPS-A) <sup>2</sup>	DKK	19.0	16.4	35.2
Cash flow from operating activities per share (CFPS)	DKK	42.5	47.7	78.7
Free cash flow per share (FCFPS)	DKK	33.8	37.8	40.2
Share price (B shares)	DKK	870.2	751.6	692.6
Number of shares (period-end)	1,000	152,557	152,557	152,557
Number of shares (period-end, excl. treasury shares)	1,000	150,452	152,423	152,457
Number of shares (average, excl. treasury shares)	1,000	151,731	152,410	152,428

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16. <sup>2</sup> Adjusted for special items after tax. <sup>3</sup> 12-month average.

## SOLID DELIVERY ON 2019 PRIORITIES

Following the strong performance in 2018, including successful achievement of the Funding the Journey benefits, the Group's overall priorities for 2019 are to drive organic net revenue growth while maintaining tight cost control and strict cash discipline.

## CONTINUED EXECUTION OF SAIL'22 PRIORITIES

We continued the execution of our well-defined strategic priorities in support of top- and bottom-line growth; proof points of this were the organic net revenue growth of 4.2% and the operating margin expansion of 160bp to 15.7%. All our key growth priorities – craft & specialities, alcohol-free brews and Asia – delivered good growth.

We achieved solid progress for our core beer business, which saw volume and value growth of 1% and 4% respectively. Tuborg, our largest core beer brand, grew by 4%, supported by good growth in China and India, while Carlsberg brand volumes declined by 3%, with growth in markets such as Russia, Malaysia and Vietnam offset by declining volumes, most significantly in the UK. Excluding the UK, Carlsberg brand volumes were slightly up. We saw particularly good volume and value growth for our local power brands in Asia, including markets such as China, Laos and Vietnam.

Our craft & speciality portfolio delivered growth of 17%, with particularly strong growth rates in Asia and Eastern Europe. 1664 Blanc grew volumes by 29%, with markets such as China, Malaysia, France, Denmark, the Baltics, Russia and Ukraine performing particularly well. Grimbergen grew by 4%, mainly as a result of growth in France, Denmark, Poland and Russia.

The roll-out of the DraughtMaster™ system continued. DraughtMaster™ supports the availability of our craft & speciality portfolio, and we are seeing strong evidence of the system's ability to generate volume and value growth in the on-trade. We are expanding the availability of the system into more markets, including in Asia.

Our alcohol-free brews continued to significantly outperform the beer market, delivering growth of 16%, with very strong growth rates achieved in markets such as Russia, Poland, Sweden, Denmark and Lithuania. Our portfolio of alcohol-free brews mainly consists of local brands, such as Baltika 0 in Russia, Munkholm in Sweden, Nordic in Denmark and Karmi in Poland.

## DELIVERY OF SAIL'22 FINANCIAL PRIORITIES

For H1, the Group delivered strongly against the financial metrics of SAIL'22.

*Organic growth in operating profit:* The Group achieved 17.7% organic growth in operating profit.

*ROIC improvement:* ROIC improved by +110bp to 8.7%, driven by the organic growth in operating profit after tax.

*Optimal capital allocation:* Net debt/EBITDA remained low at 1.33x (2018: 1.29x) as a result of the strong free cash flow and despite the ongoing share buy-back programme (DKK 1.7bn), the higher dividend payout in March (DKK 2.7bn) and the implementation of IFRS 16 "Leases" (DKK 1.6bn).

## 2019 REGIONAL PRIORITIES

The Group delivered positively on most of its regional priorities, which are to increase net revenue and operating margin in Western Europe, drive growth in Asia through premiumisation, and strengthen market leadership in Eastern Europe.

In Western Europe, organic net revenue was flat, impacted by tough comparables and bad weather in a number of markets in May and June. The operating margin improved by 160bp to 15.5%, while operating profit grew organically by 10.3%.

In Asia, organic net revenue growth was 14.5%, driven by +6% price/mix and 8.5% organic volume growth. Organic operating profit growth was very strong at 35.5%.

In Eastern Europe, price/mix was +6%. In an intensified competitive environment, we did not strengthen market leadership, and volumes declined by 3.0%. Organic net revenue growth was 3.0%.

## STRUCTURAL CHANGES

During the first six months of 2019, the Group completed the following transactions:

- Disposal of the former brewery site in Trondheim, Norway, at a sales price of NOK 729m.
- Acquisition of a non-controlling stake in the Chinese craft brewery Jing-A Brewing Co.
- Purchase of the remaining 1.2% of Carlsberg Ukraine, giving the Group 100% ownership.

## 2019 EARNINGS EXPECTATIONS

On 8 August, we increased our operating profit outlook for the year due to the strong financial performance in the first six months of 2019. Consequently, for the full year we expect to deliver:

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

Based on the spot rates at 14 August, we assume a translation impact of around DKK +100m for 2019 (previously DKK +150m).

Other relevant assumptions are updated below:

Financial expenses, excluding currency losses or gains, are expected to be around DKK 700m (previously DKK 700-750m).

The reported effective tax rate is expected to be below 28%.

Capital expenditure at constant currencies is expected to be around DKK 4.5bn.

## 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	2018	Change			2019	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	55.7	0.6%	1.5%		56.9	2.1%
Non-beer	9.9	5.5%	7.6%		11.2	13.1%
<b>Total volume</b>	<b>65.6</b>	<b>1.4%</b>	<b>2.3%</b>		<b>68.1</b>	<b>3.7%</b>
<b>DKK million</b>						
Net revenue	30,966	4.2%	1.8%	0.5%	32,990	6.5%
Operating profit <sup>1</sup>	4,373	17.7%	-0.8%	1.3%	5,171	18.2%
Operating margin (%) <sup>1</sup>	14.1				15.7	160bp

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

Group beer volumes grew organically by 0.6%, driven by continued strong volume growth in Asia. Non-beer volumes grew organically by 5.5%, mainly driven by Denmark, Finland, Poland and Laos. Total volumes grew by 1.4% organically. Reported growth was 3.7%, positively impacted by the increased ownership in Cambrew from August 2018.

Price/mix was +3%, bringing organic net revenue growth to 4.2%. Price/mix was supported by the growth of craft & speciality and alcohol-free brews and our value management initiatives, including price increases. Reported net revenue grew by 6.5%, impacted by the Cambrew acquisition and a positive currency impact.

Gross profit was up organically by 3%, as we were able to more than compensate for the 4% organic cost/hl increase. Reported gross margin declined by 110 bps to 49.5%, due to the higher input costs and the consolidation of Cambrew, which currently has a gross margin significantly lower than the Group average.

Operating expenses declined organically by 3%, driven by tight cost control. Excluding marketing expenses, which were flat year-on-year, operating expenses declined organically by 4%. Depreciation and amortisation of DKK 2,166m were impacted by the implementation of IFRS 16 "Leases" (see Appendix 1) and lower BSP amortisation.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew by 12.4% organically and by 13.3% in reported terms, positively impacted by IFRS 16. Excluding the impact of IFRS 16, organic growth in EBITDA would have been around 10%.

Operating profit increased organically by 17.7%, with particularly strong growth in Asia and Western Europe, and despite a decline in Eastern Europe. Reported operating profit was DKK 5,171m, corresponding to a growth rate of 18.2%.

The reported operating margin improved by 160bp to 15.7%.

Adjusted net profit (adjusted for special items after tax) was DKK 2,884m (2018: DKK 2,506m), and adjusted earnings per share (excluding treasury shares) were DKK 19.0, corresponding to a 15.6% improvement. This was driven by the strong operating profit growth, a lower tax rate than in 2018 and supported by the share buy-back. Financial expenses, net, were impacted by foreign exchange losses. Excluding these, financial expenses, net, were DKK 379m, on par with 2018.

Reported net profit was DKK 3,079m (2018: DKK 2,471m). The increase was mainly driven by operating profit growth and the disposal of the Trondheim site in Norway. Reported earnings per share (excluding treasury shares) were DKK 20.3 (2018: DKK 16.2).

Free cash flow was sustained at a high level of DKK 5,156m (2018: DKK 5,765m). Free operating cash flow was DKK 4,759m (2018: DKK 5,407m). Cash flow was positively impacted by higher EBITDA than last year, whereas the positive impact from working capital, as expected, was less pronounced than in 2018.

Trade working capital to net revenue (12-month average) improved further to -16.4% (2018: -15.2%).

Return on invested capital (12-month average) increased by 110bp to 8.7% due to the improved profitability. Capital employed increased, mainly as a result of last year's increased ownership of Cambrew in Cambodia and Super Bock in Portugal. ROIC excluding goodwill increased by 350bp to 22.1%.

Net interest-bearing debt was DKK 18,992m. The increase of DKK 1.7bn versus year-end 2018 was impacted by the share buy-back programme, the higher dividend payout in March and the implementation of IFRS 16 (see Appendix 1). Net debt/EBITDA was 1.33x (1.29x at year-end 2018).

## REGIONAL PERFORMANCE

### WESTERN EUROPE

H1	2018	Change			2019	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	22.9	-2.2%	0.0%		22.5	-2.2%
Non-beer	7.2	3.0%	0.0%		7.4	3.0%
<b>Total volume</b>	<b>30.1</b>	<b>-0.9%</b>	<b>0.0%</b>		<b>29.9</b>	<b>-0.9%</b>
<b>DKK million</b>						
Net revenue	17,755	0.0%	0.0%	0.2%	17,792	0.2%
Operating profit <sup>1</sup>	2,473	10.3%	1.1%	0.2%	2,760	11.6%
Operating margin (%) <sup>1</sup>	13.9				15.5	160bp

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

Following a solid Q1, we saw a soft Q2 development in Western Europe due to difficult comparables and bad weather in some markets.

For H1, net revenue was flat organically, with price/mix at +1%. Reported net revenue grew by 0.2% due to a small positive currency impact.

Price/mix was positive in most markets as a result of successful premiumisation efforts and value management initiatives, including price increases.

Organic operating profit growth was 10.3%. The operating margin improved by 160bp to 15.5%, driven by premiumisation, value management, tight cost control – leading to lower administration costs – and increased ownership of Super Bock.

Total volumes declined organically by 0.9%, as the solid Q1 growth was offset by a decline of 2.7% in Q2. Non-beer volumes grew by 3.0%, mainly due to good performance in Denmark, Finland and Poland. We estimate that our regional market share was largely flat compared with the same period last year.

### **Market comments**

The Danish business delivered a good half-year, driven by soft drinks category growth and market share gains in beer, and in spite of bad weather. Price/mix developed positively due to value management and premiumisation. In Sweden, total volumes declined slightly due to lower beer volumes, while non-beer volumes grew. Price/mix improved, mainly as a result of price increases.

The Norwegian business had a challenging Q2 on the back of difficult comparables and very bad weather in May and June. Our beer volumes were also impacted by the loss of certain third-party brands. The soft drinks business delivered solid growth. In Finland, volume growth was strong at double-digit. Our listing for a major retailer's summer campaign meant that our beer market share strengthened considerably, while price/mix declined. We saw very strong growth for our alcohol-free brews in all Nordic markets.

In a flat French market, our volumes were also flat. 1664 and our craft & speciality and alcohol-free brands continued to perform well, while the mainstream Kronenbourg brand declined. Price/mix developed favourably.

Our Swiss business was impacted by bad weather in Q2, resulting in negative volume development. Price/mix was positive due to solid growth of our craft & speciality brands and alcohol-free variants.

The Polish market declined slightly, and our volumes were down by 4%. We achieved high-single-digit price/mix due to price increases and premiumisation, the latter evidenced by good results for our upper-mainstream brands such as Zatecky and Okocim, craft & speciality brands, alcohol-free brews and Somersby.

In the UK, a key focus is the strengthening of the Carlsberg brand. This multi-year activity started at the beginning of April with the launch of Carlsberg Danish Pilsner, supported by new visuals, packaging and communication. Price/mix showed strong progress, and market share improved



compared with the exit level of 2018. Nevertheless, volumes declined double-digit, impacted by tough comparables and bad weather.

## ASIA

H1	2018	Change			2019	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	17.8	8.1%	4.6%		20.1	12.7%
Non-beer	1.7	12.4%	45.9%		2.6	58.3%
<b>Total volume</b>	<b>19.5</b>	<b>8.5%</b>	<b>8.1%</b>		<b>22.7</b>	<b>16.6%</b>
<b>DKK million</b>						
Net revenue	7,915	14.5%	7.1%	2.0%	9,781	23.6%
Operating profit <sup>1</sup>	1,608	35.5%	-3.8%	2.9%	2,165	34.6%
Operating margin (%) <sup>1</sup>	20.3				22.1	180bp

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

The Asia region delivered a very strong set of results. Net revenue grew organically by 14.5%, driven by 8.5% organic volume growth and +6% price/mix. Reported net revenue grew by 23.6% due to a positive currency impact from all countries in the region and the acquisition of Cambrew in 2018.

The price/mix improvement was a combination of strong growth for our international premium brands and price increases.

Organic operating profit grew strongly by 35.5%, driven by strong revenue growth and good cost control. The operating margin improved by 180bp to 22.1%. Reported operating profit growth was slightly lower than organic growth due to a small currency impact and the consolidation of Cambrew, which, as expected, recorded a loss for H1.

Organic volume growth was broadly based, with particularly strong growth in Vietnam, China and Laos. The non-beer business in Laos did particularly well. Reported total volumes grew by 16.6% due to the consolidation of Cambrew.

### Market comments

In a slightly declining Chinese market, we continued our strong performance, growing volumes by 9% and net revenue organically by 19%. Our strong volume growth was attributable to several factors. Firstly, we saw 9% growth for our premium portfolio, which continues to benefit from the ongoing premiumisation trend in the market. Secondly, our expansion outside our western footprint into big cities further east showed good progress. Thirdly, our local power brands Wusu and Dali achieved double-digit growth rates. The growth of the Carlsberg brand was curbed by reduced volumes in the night-entertainment channel, impacted by the Government's anti-crime campaign. Price/mix was +10% as a result of premiumisation and value management, including price increases.

Our Indian business delivered 5% volume growth and, as expected, lower growth in Q2 compared with Q1 due to regulatory restrictions in connection with the national elections in April and May. Revenue growth was double-digit, supported by price increases and lower rebates.

In Laos, the positive momentum continued. We achieved high-single-digit percentage volume growth, with growth in all categories – beer, water and soft drinks. Price/mix strengthened due to premiumisation within the beer category, which more than offset the negative category mix from the growth of water and soft drinks.

Our Vietnamese business delivered double-digit volume growth, with positive development in both Q1 and Q2. Our local power brand Huda and the line extension Huda Ice Blast were key growth drivers. Price/mix improved, mainly due to price increases and supported by brand mix from growth of the Carlsberg brand.

Our Malaysian business continued to deliver solid performance, with good results for our premium offerings such as 1664 Blanc and Somersby.

In Cambodia, the rebuild of the business continues. The key focus is to strengthen the route-to-market and the iconic Angkor brand, which is currently being relaunched. Volumes grew slightly due to strong growth of soft drinks offsetting lower beer volumes.

## EASTERN EUROPE

H1	2018	Change			2019	Change Reported
		Organic	Acq., net	FX		
<b>Volumes (million hl)</b>						
Beer	15.0	-4.1%	0.0%		14.3	-4.1%
Non-beer	1.0	11.9%	0.0%		1.2	11.9%
<b>Total volume</b>	<b>16.0</b>	<b>-3.0%</b>	<b>0.0%</b>		<b>15.5</b>	<b>-3.0%</b>
<b>DKK million</b>						
Net revenue	5,273	3.0%	0.0%	-0.4%	5,411	2.6%
Operating profit <sup>1</sup>	1,071	-5.1%	0.0%	0.4%	1,020	-4.7%
Operating margin (%) <sup>1</sup>	20.3				18.9	-140bp

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

Net revenue grew organically by 3.0% due to a solid +6% price/mix, which more than offset the 3.0% total volume decline.

The price/mix improvement was driven by price increases in all markets and mix improvements from growth of craft & speciality products and alcohol-free brews.

Operating profit declined organically by 5.1% due to higher costs of sales and logistics costs. Costs of sales were impacted by input cost inflation and a negative transaction impact, mainly on certain packaging materials. The reported operating profit decline of 4.7% was less than the organic development and due to the small positive currency impact. The operating margin was 18.9%, a decline of 140bp.

Beer volumes declined organically by 4.1% due to tough comparables, with last year positively impacted by warm weather and the football world cup, and market share losses in Russia and Ukraine. Non-beer volumes grew strongly by 11.9% due to growth of energy drinks.

### **Market comments**

In Russia, the competitive environment intensified in 2019. As a result, our total volumes declined organically by 3%. Organic net revenue was flat due to +4% price/mix, driven by price increases in late 2018 and early 2019, mix improvements from growth of craft & speciality and our reduced presence in low-priced offerings in certain key accounts.

In Ukraine, organic net revenue grew by a high single-digit percentage. Price/mix was double-digit, compensating for lower volumes. The strong price/mix was the result of significant price increases and growth of premium offerings such as 1664 Blanc and Somersby.

Our businesses in Belarus, Kazakhstan and Azerbaijan all delivered solid volume, net revenue, earnings and market share growth.

### **CENTRAL COSTS (NOT ALLOCATED)**

Central costs, net, amounted to DKK -773m (2018: DKK -749m). 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 1m (2018: loss of DKK 30m).

## **COMMENTS ON THE FINANCIAL STATEMENTS**

### **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 2018.

As of 1 January 2019, the following standards, amendments and improvements became applicable:

- IFRS 16 "Leases" (issued 13 January 2016), effective for financial years beginning on or after 1 January 2019.
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), effective for financial years beginning on or after 1 January 2019.

- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” (issued on 7 February 2018), effective for financial years beginning on or after 1 January 2019.
- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures” (issued on 12 October 2017), effective for financial years beginning on or after 1 January 2019.
- IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments” (issued on 7 June 2017), effective for financial years beginning on or after 1 January 2019.
- Amendments to IFRS 9 “Prepayment Features with Negative Compensation” (issued on 12 October 2017), effective for financial years beginning on or after 1 January 2019.

Excluding IFRS 16 “Leases”, the above-mentioned amendments and improvements did not have any impact on the Group’s accounting policies, as they cover areas that are not relevant for the Group or limit choices of accounting policies that have not been used by the Group.

The implementation of IFRS 16 resulted in almost all leased assets and liabilities being recognised in the statement of financial position, except for short-term leases and leases of low-value assets. The Group has applied the simplified transition approach and, accordingly, not restated the comparative figures. The impact in H1 on EBITDA was DKK +189m, depreciation DKK -183m and financial lease expense DKK -6m. Net interest-bearing debt increased by DKK 1,612m.

#### **Changes to accounting policies for right-of-use assets following the implementation of IFRS 16**

At the commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases of 12 months or less and leases of low-value assets.

The right-of-use asset is initially measured at cost, which comprises the initial lease liability and initial direct costs, less any lease incentives received. The Group has selected a practical expedient by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms, i.e. cars, trucks and minor warehouses. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses, and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Depreciation and impairment test of leased assets follow the same principles as for the Group’s property, plant and equipment.

Right-of-use assets are recognised as property, plant and equipment.

The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less, and leases of low-value assets. Such contracts comprise lease of copy and printing machines, coffee machines, minor IT devices and similar equipment. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

#### **Changes to accounting policies for lease liabilities following the implementation of IFRS 16**

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the Group’s average incremental borrowing rate. A remeasurement of the lease liability results in a corresponding adjustment of the related right-of-use assets.

## INCOME STATEMENT

Please see a review of operating profit on pages 6-7.

Net special items (pre-tax) amounted to DKK +133m (2018: DKK -37m). Special items were positively impacted by the proceeds from the sale of the brewery site in Trondheim, Norway, partially offset by one-off restructuring measures in Western Europe. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -451m against DKK -330m in 2018. Excluding currency gains and losses, financial expenses, net, amounted to DKK 379m (2018: DKK 380m). A specification of net financial items is included in note 5.

Tax totalled DKK -1,310m against DKK -1,122m in 2018. The effective tax rate was 27% versus 28% in H1 2018.

Non-controlling interests were DKK 464m (2018: DKK 413m). The increase was due to higher profits in certain Asian subsidiaries.

The Carlsberg Group's share of consolidated profit (net profit) was DKK 3,079m against DKK 2,471m in 2018. The increase was mainly driven by operating profit growth and the disposal of the Trondheim site in Norway. Adjusted net profit (adjusted for special items after tax) was DKK 2,884m (2018: DKK 2,506m), corresponding to a 15.1% increase.

## STATEMENT OF FINANCIAL POSITION

### Assets

Total assets amounted to DKK 125.4bn at 30 June 2019 (31 December 2018: DKK 117.7bn). The increase of DKK 7.7bn was mainly due to the implementation of IFRS 16, currencies and trade receivables.

Intangible assets amounted to DKK 68.8bn at 30 June 2019 (31 December 2018: DKK 66.9bn). The higher amount was mainly due to the appreciation of the Russian rouble.

Property, plant and equipment totalled DKK 27.8bn (31 December 2018: DKK 25.4bn). The change was mainly driven by the initial recognition of leased assets (and related liabilities) following the implementation of IFRS 16 and currencies.

Current assets were impacted by normal seasonality. Inventories and trade receivables amounted to DKK 12.0bn, an increase of DKK 2.5bn from 31 December 2018. Cash and cash equivalents amounted to DKK 6.1bn.

### Equity and liabilities

Equity amounted to DKK 46.7bn at 30 June 2019 (31 December 2018: DKK 47.9bn), of which DKK 44.2bn was attributed to shareholders in Carlsberg A/S and DKK 2.5bn to non-controlling interests.

Equity in the half-year was impacted by the consolidated profit of DKK 3.5bn, offset by the dividend payout of DKK 3.3bn, share buy-back of DKK 1.7bn and non-controlling interests of DKK 1.9bn.

Total liabilities increased to DKK 78.7bn against DKK 69.8bn at 31 December 2018. The increase was explained by the implementation of IFRS 16, changes in non-current liabilities and normal seasonality.

Mainly due to IFRS 16, long- and short-term borrowings increased by DKK 2.3bn compared with 31 December 2018. At 30 June 2019, long-term borrowings were DKK 18.0bn (31 December 2018: DKK 16.8bn) and short-term borrowings were DKK 8.2bn (31 December 2018: DKK 7.2bn).

Deferred tax, retirement benefit obligations etc. were DKK 21.0bn. This was an increase of DKK 2.4bn compared with 31 December 2018 and due to several factors, including fair value adjustments of contingent considerations, increase in tax provisions, currency adjustment of tax liabilities and increase in retirement benefit obligations.

Current liabilities excluding short-term borrowings increased to DKK 31.5bn (31 December 2018: DKK 27.2bn), impacted by normal seasonality. The increase of DKK 4.2bn was mainly due to trade payables (DKK 2.5bn) and other current liabilities (DKK 1.5bn), including duties payable.

#### CASH FLOW

Free cash flow amounted to DKK 5,156m versus DKK 5,765m in 2018, mainly as a result of higher EBITDA, offset by a lower contribution from the change in working capital.

Cash flow from operating activities was DKK 6,496m against DKK 7,267m in 2018.

EBITDA was DKK 7,337m (2018: DKK 6,477m).

The change in trade working capital was DKK +741m (2018: DKK +2,040m). Average trade working capital to net revenue (MAT) was strong at -16.4% compared to -15.2% for H1 2018 and 16.0% for FY 2018. The change in other working capital was DKK +67m (2018: DKK +471m). The change compared with last year was mainly impacted by reclassification last year and lower VAT payables and deposits.

Restructuring costs paid amounted to DKK -82m (2018: DKK -194m). Net interest etc. paid amounted to DKK -392m (2018: DKK -311m). The increase was due to the settlement of financial instruments. Corporation tax paid was DKK -1,099m (2018: DKK -1,262m). The decrease versus last year was impacted, among other things, by capital gains tax in 2018 related to the sale of real estate.

Cash flow from investing activities was DKK -1,340m against DKK -1,502m in 2018.

Operational investments totalled DKK -1,737m (2018: DKK -1,860m). Acquisition of property, plant and equipment and intangible assets amounted to DKK -2,304m (2018: DKK -1,625m). The higher capital expenditure was offset by disposals, including the brewery site in Norway.

Total financial investments amounted to DKK +400m (2018: DKK +358m). Cash flow from other activities amounted to DKK -3m (2018: DKK 0m).

Net cash flow amounted to DKK 649m (2018: DKK 2,394m). The decline was impacted by the DKK 299m increase in dividends to shareholders to DKK 2,738m and share buy-back amounting to DKK 1,749m.

## FINANCING

At 30 June 2019, gross financial debt amounted to DKK 26.3bn and net interest-bearing debt to DKK 19.0bn. The difference of DKK 7.3bn mainly comprised cash and cash equivalents of DKK 6.1bn.

The net debt/EBITDA ratio declined to 1.33x (1.29x at year-end 2018).

Of the gross financial debt, 69% (DKK 18.0bn) was long term, i.e. with maturity of more than one year from 30 June 2019. On 17 June, we successfully issued a 10-year EUR 400m bond with a coupon of 0.875%, the proceeds of which were used for general corporate purposes, including repayment of the EUR 750m bond with a 2.625% coupon, which matured on 3 July 2019.

On 3 June, we entered into a new revolving credit facility of EUR 2.0bn maturing in June 2024 with an option to extend the maturity until June 2025/2026. The facility replaced a EUR 2.5bn facility signed in December 2013, which was reduced to EUR 2.0bn in April 2018.

100% of the net financial debt was denominated in EUR and DKK (after swaps). At the end of June 2019, the duration was 3.6 years, within our target of two to five years.

## SHARE BUY-BACK

On 6 February 2019, the Company announced its intention to buy back shares worth DKK 4.5bn over a 12-month period. The buy-back programme would be split into two tranches of approximately six months each. The first DKK 2.5bn share buy-back programme, which was initiated on 6 February, was finalised on 7 August. Under this first tranche, the Company bought 2,894,057 shares at a value of DKK 2,499,986,385.

Today, the Group initiates the second tranche of the share buy-back programme at a value of DKK 2.0bn with a maximum of 12 million Carlsberg B shares.

The programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public by a Company announcement.

The purpose of the programme is to reduce the Company's share capital and meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in

2020, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate pro rata to the shares purchased in the programme at its holdings on 6 February 2019 of 30.33% of the total amount of shares in Carlsberg. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares bought back by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of the acquisition.

The Carlsberg Group has appointed Nordea Danmark, filial af Nordea Bank Abp, Finland ("Nordea"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, Nordea will repurchase B shares during the trading period, which runs from 15 August 2019 to 30 January 2020. The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the preceding 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

## **FINANCIAL CALENDAR**

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

24 September	CMD "Meet the Management", Paris
31 October	Q3 Trading statement



### **Forward-looking statements**

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

## 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 2019.

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 2019, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 June 2019. 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 2018.

**Copenhagen, 15 August 2019**

### 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**

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## INCOME STATEMENT

DKK million	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
Net revenue	32,990	30,966	62,503
Cost of sales	-16,663	-15,311	-31,283
<b>Gross profit</b>	<b>16,327</b>	<b>15,655</b>	<b>31,220</b>
Sales and distribution expenses	-8,872	-8,964	-17,474
Administrative expenses	-2,447	-2,452	-4,615
Other operating activities, net	26	1	68
Share of profit after tax, associates and joint ventures	137	133	130
<b>Operating profit before special items</b>	<b>5,171</b>	<b>4,373</b>	<b>9,329</b>
Special items, net	133	-37	-88
Financial income	72	131	358
Financial expenses	-523	-461	-1,080
<b>Profit before tax</b>	<b>4,853</b>	<b>4,006</b>	<b>8,519</b>
Income tax	-1,310	-1,122	-2,386
<b>Consolidated profit</b>	<b>3,543</b>	<b>2,884</b>	<b>6,133</b>
<b>Attributable to:</b>			
Non-controlling interests	464	413	824
Shareholders in Carlsberg A/S (net profit)	3,079	2,471	5,309
<b>DKK</b>			
Earnings per share of DKK 20	20.3	16.2	34.8
Diluted earnings per share of DKK 20	20.2	16.2	34.7

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## STATEMENT OF COMPREHENSIVE INCOME

DKK million	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Consolidated profit</b>	<b>3,543</b>	<b>2,884</b>	<b>6,133</b>
<b>Other comprehensive income:</b>			
Retirement benefit obligations	-219	299	392
Share of other comprehensive income, associates and joint ventures	5	6	4
Income tax	-	-	-33
<b>Items that will not be reclassified to the income statement</b>	<b>-214</b>	<b>305</b>	<b>363</b>
Foreign exchange adjustments of foreign entities	2,495	-872	-2,754
Fair value adjustments of hedging instruments	-256	-423	-640
Income tax	41	98	85
<b>Items that may be reclassified to the income statement</b>	<b>2,280</b>	<b>-1,197</b>	<b>-3,309</b>
<b>Other comprehensive income</b>	<b>2,066</b>	<b>-892</b>	<b>-2,946</b>
<b>Total comprehensive income</b>	<b>5,609</b>	<b>1,992</b>	<b>3,187</b>
<b>Attributable to:</b>			
Non-controlling interests	457	448	855
Shareholders in Carlsberg A/S	5,152	1,544	2,332

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## STATEMENT OF FINANCIAL POSITION

DKK million	30 June 2019	30 June 2018 <sup>1</sup>	31 Dec. 2018 <sup>1</sup>
<b>ASSETS</b>			
Intangible assets	68,760	66,642	66,868
Property, plant and equipment	27,841	23,907	25,394
Financial assets	7,338	6,937	7,352
<b>Total non-current assets</b>	<b>103,939</b>	<b>97,486</b>	<b>99,614</b>
Inventories	5,118	4,336	4,435
Trade receivables	6,878	6,714	5,084
Other receivables etc.	3,357	3,323	2,978
Cash and cash equivalents	6,125	5,722	5,589
<b>Total current assets</b>	<b>21,478</b>	<b>20,095</b>	<b>18,086</b>
<b>Total assets</b>	<b>125,417</b>	<b>117,581</b>	<b>117,700</b>
<b>EQUITY AND LIABILITIES</b>			
Equity, shareholders in Carlsberg A/S	44,207	46,023	45,302
Non-controlling interests	2,476	2,443	2,587
<b>Total equity</b>	<b>46,683</b>	<b>48,466</b>	<b>47,889</b>
Borrowings	18,046	22,298	16,750
Deferred tax, retirement benefit obligations etc.	20,959	15,520	18,580
<b>Total non-current liabilities</b>	<b>39,005</b>	<b>37,818</b>	<b>35,330</b>
Borrowings	8,240	1,789	7,233
Trade payables	18,711	17,123	16,199
Deposits on returnable packaging materials	1,771	1,789	1,583
Other liabilities etc.	11,007	10,596	9,466
<b>Total current liabilities</b>	<b>39,729</b>	<b>31,297</b>	<b>34,481</b>
<b>Total equity and liabilities</b>	<b>125,417</b>	<b>117,581</b>	<b>117,700</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## STATEMENT OF CHANGES IN EQUITY

DKK million

	Shareholders in Carlsberg A/S						Non-controlling interests	Total equity
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total		
<b>30 June 2019</b>								
Equity at 1 January 2019	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
<b>Total comprehensive income for the year</b>	-	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
<b>Total changes in equity</b>	-	2,300	-13	2,287	-3,382	-1,095	-111	-1,206
<b>Equity at 30 June 2019</b>	<b>3,051</b>	<b>-33,816</b>	<b>-734</b>	<b>-34,550</b>	<b>75,706</b>	<b>44,207</b>	<b>2,476</b>	<b>46,683</b>
<b>30 June 2018<sup>1</sup></b>								
Equity at 1 January 2018	3,051	-32,902	-581	-33,483	77,362	46,930	2,595	49,525
Consolidated profit	-	-	-	-	2,471	2,471	413	2,884
Other comprehensive income	-	-1,226	-6	-1,232	305	-927	35	-892
<b>Total comprehensive income for the period</b>	-	-1,226	-6	-1,232	2,776	1,544	448	1,992
Acquisition/disposal of treasury shares	-	-	-	-	-53	-53	-	-53
Share-based payments	-	-	-	-	102	102	-	102
Dividends paid to shareholders	-	-	-	-	-2,439	-2,439	-600	-3,039
Non-controlling interests	-	-	-	-	-61	-61	-	-61
<b>Total changes in equity</b>	-	-1,226	-6	-1,232	325	-907	-152	-1,059
<b>Equity at 30 June 2018</b>	<b>3,051</b>	<b>-34,128</b>	<b>-587</b>	<b>-34,715</b>	<b>77,687</b>	<b>46,023</b>	<b>2,443</b>	<b>48,466</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## STATEMENT OF CASH FLOWS

DKK million	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
Operating profit before special items	5,171	4,373	9,329
Depreciation, amortisation and impairment losses <sup>2</sup>	2,166	2,104	4,091
<b>Operating profit before depreciation, amortisation and impairment losses<sup>2</sup></b>	<b>7,337</b>	<b>6,477</b>	<b>13,420</b>
Other non-cash items	-76	46	143
Change in trade working capital	741	2,040	1,908
Change in other working capital <sup>3</sup>	67	471	52
Restructuring costs paid	-82	-194	-238
Interest etc. received	70	64	153
Interest etc. paid	-462	-375	-1,016
Income tax paid	-1,099	-1,262	-2,375
<b>Cash flow from operating activities</b>	<b>6,496</b>	<b>7,267</b>	<b>12,047</b>
Acquisition of property, plant and equipment and intangible assets	-2,304	-1,625	-4,017
Disposal of property, plant and equipment and intangible assets	556	35	254
Change in on-trade loans <sup>3</sup>	11	-270	-192
<b>Total operational investments</b>	<b>-1,737</b>	<b>-1,860</b>	<b>-3,955</b>
<b>Free operating cash flow</b>	<b>4,759</b>	<b>5,407</b>	<b>8,092</b>
Acquisition and disposal of subsidiaries, net	-19	-	-974
Acquisition and disposal of associates and joint ventures, net	-40	-	-1,491
Acquisition and disposal of financial investments, net	5	3	3
Change in financial receivables	-50	-39	-36
Dividends received	504	394	572
<b>Total financial investments</b>	<b>400</b>	<b>358</b>	<b>-1,926</b>
Other investments in property, plant and equipment	-3	-	-10
<b>Total other activities<sup>4</sup></b>	<b>-3</b>	<b>-</b>	<b>-10</b>
<b>Cash flow from investing activities</b>	<b>-1,340</b>	<b>-1,502</b>	<b>-5,891</b>
<b>Free cash flow</b>	<b>5,156</b>	<b>5,765</b>	<b>6,156</b>
Shareholders in Carlsberg A/S	-2,738	-2,492	-2,489
Share buy-back	-1,749	-	-
Non-controlling interests	-657	-866	-1,186
External financing	637	-13	-123
<b>Cash flow from financing activities</b>	<b>-4,507</b>	<b>-3,371</b>	<b>-3,798</b>
<b>Net cash flow</b>	<b>649</b>	<b>2,394</b>	<b>2,358</b>
Cash and cash equivalents at beginning of period	5,434	3,120	3,120
Foreign exchange adjustment of cash and cash equivalents	18	12	-44
<b>Cash and cash equivalents at period-end<sup>5</sup></b>	<b>6,101</b>	<b>5,526</b>	<b>5,434</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

<sup>2</sup> Impairment losses excluding those reported in special items.

<sup>3</sup> 2018 was impacted by a reclassification of on-trade loans from other receivables of DKK 238m.

<sup>4</sup> Other activities cover real estate, separate from beverage activities.

<sup>5</sup> Cash and cash equivalents less bank overdrafts.



## NOTE 1 (PAGE 1 OF 2)

### SEGMENT REPORTING BY REGION

	Q2 2019	Q2 2018 <sup>1</sup>	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Beer (million hl)</b>					
Western Europe	13.2	13.7	22.5	22.9	47.3
Asia	10.7	9.6	20.1	17.8	34.4
Eastern Europe	8.7	9.2	14.3	15.0	30.6
<b>Total</b>	<b>32.6</b>	<b>32.5</b>	<b>56.9</b>	<b>55.7</b>	<b>112.3</b>
<b>Non-beer (million hl)</b>					
Western Europe	4.3	4.2	7.4	7.2	15.1
Asia	1.3	0.9	2.6	1.7	3.6
Eastern Europe	0.9	0.8	1.2	1.0	2.1
<b>Total</b>	<b>6.5</b>	<b>5.9</b>	<b>11.2</b>	<b>9.9</b>	<b>20.8</b>
<b>Net revenue (DKK million)</b>					
Western Europe	10,524	10,660	17,792	17,755	36,151
Asia	5,179	4,307	9,781	7,915	15,530
Eastern Europe	3,397	3,281	5,411	5,273	10,780
Not allocated	3	14	6	23	42
<b>Beverages, total</b>	<b>19,103</b>	<b>18,262</b>	<b>32,990</b>	<b>30,966</b>	<b>62,503</b>
Non-beverage	-	-	-	-	-
<b>Total</b>	<b>19,103</b>	<b>18,262</b>	<b>32,990</b>	<b>30,966</b>	<b>62,503</b>
<b>Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)</b>					
Western Europe			3,745	3,329	7,152
Asia			2,862	2,234	4,412
Eastern Europe			1,361	1,434	2,893
Not allocated			-635	-495	-1,008
<b>Beverages, total</b>			<b>7,333</b>	<b>6,502</b>	<b>13,449</b>
Non-beverage			4	-25	-29
<b>Total</b>			<b>7,337</b>	<b>6,477</b>	<b>13,420</b>
<b>Operating profit before special items (DKK million)</b>					
Western Europe			2,760	2,473	5,425
Asia			2,165	1,608	3,164
Eastern Europe			1,020	1,071	2,222
Not allocated			-773	-749	-1,443
<b>Beverages, total</b>			<b>5,172</b>	<b>4,403</b>	<b>9,368</b>
Non-beverage			-1	-30	-39
<b>Total</b>			<b>5,171</b>	<b>4,373</b>	<b>9,329</b>
<b>Operating margin (%)</b>					
Western Europe			15.5	13.9	15.0
Asia			22.1	20.3	20.4
Eastern Europe			18.9	20.3	20.6
Not allocated			-	-	-
<b>Beverages, total</b>			<b>15.7</b>	<b>14.2</b>	<b>15.0</b>
Non-beverage			-	-	-
<b>Total</b>			<b>15.7</b>	<b>14.1</b>	<b>14.9</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## NOTE 1 (PAGE 2 OF 2)

### SEGMENT REPORTING BY REGION

DKK million	30 June 2019	30 June 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Invested capital, period-end</b>			
Western Europe	40,942	37,338	38,254
Asia	20,638	19,161	21,090
Eastern Europe	26,017	25,484	23,976
Not allocated	-1,613	-1,197	-1,696
<b>Beverages, total</b>	<b>85,984</b>	<b>80,786</b>	<b>81,624</b>
Non-beverage	860	961	1,097
<b>Total</b>	<b>86,844</b>	<b>81,747</b>	<b>82,721</b>
<b>Invested capital excl. goodwill, period-end</b>			
Western Europe	20,109	16,607	17,440
Asia	4,523	5,067	5,040
Eastern Europe	10,677	10,373	9,911
Not allocated	-1,613	-1,197	-1,696
<b>Beverages, total</b>	<b>33,696</b>	<b>30,850</b>	<b>30,695</b>
Non-beverage	860	961	1,097
<b>Total</b>	<b>34,556</b>	<b>31,811</b>	<b>31,792</b>
<b>Return on invested capital, ROIC (%), 12-month average</b>			
Western Europe	11.0	10.4	10.8
Asia	13.4	11.1	11.8
Eastern Europe	6.9	6.2	7.0
Not allocated	...	...	-
<b>Beverages, total</b>	<b>8.7</b>	<b>7.8</b>	<b>8.2</b>
Non-beverage	...	...	-
<b>Total</b>	<b>8.7</b>	<b>7.6</b>	<b>8.1</b>
<b>Return on invested capital excl. goodwill (%), 12-month average</b>			
Western Europe	23.5	23.4	24.4
Asia	55.6	37.6	44.0
Eastern Europe	16.8	13.6	17.1
Not allocated	...	...	-
<b>Beverages, total</b>	<b>22.6</b>	<b>19.1</b>	<b>21.4</b>
Non-beverage	...	...	-
<b>Total</b>	<b>22.1</b>	<b>18.6</b>	<b>20.9</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## NOTE 2

### SEGMENT REPORTING BY ACTIVITY

DKK million	H1 2019			H1 2018 <sup>1</sup>		
	Beverages	Non- beverage	Total	Beverages	Non- beverage	Total
Net revenue	32,990	-	32,990	30,966	-	30,966
Operating profit before special items	5,172	-1	5,171	4,403	-30	4,373
Special items, net	133	-	133	-37	-	-37
Financial items, net	-451	-	-451	-328	-2	-330
<b>Profit before tax</b>	<b>4,854</b>	<b>-1</b>	<b>4,853</b>	<b>4,038</b>	<b>-32</b>	<b>4,006</b>
Income tax	-1,310	-	-1,310	-1,129	7	-1,122
<b>Consolidated profit</b>	<b>3,544</b>	<b>-1</b>	<b>3,543</b>	<b>2,909</b>	<b>-25</b>	<b>2,884</b>
<b>Attributable to:</b>						
Non-controlling interests	464	-	464	413	-	413
Shareholders in Carlsberg A/S (net profit)	3,080	-1	3,079	2,496	-25	2,471

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## NOTE 3

### SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2019	H1 2018 <sup>1</sup>	H2 2018 <sup>1</sup>
<b>Net revenue</b>			
Western Europe	17,792	17,755	18,396
Asia	9,781	7,915	7,615
Eastern Europe	5,411	5,273	5,507
Not allocated	6	23	19
<b>Beverages, total</b>	<b>32,990</b>	<b>30,966</b>	<b>31,537</b>
Non-beverage	-	-	-
<b>Total</b>	<b>32,990</b>	<b>30,966</b>	<b>31,537</b>
<b>Operating profit before special items</b>			
Western Europe	2,760	2,473	2,952
Asia	2,165	1,608	1,556
Eastern Europe	1,020	1,071	1,151
Not allocated	-773	-749	-694
<b>Beverages, total</b>	<b>5,172</b>	<b>4,403</b>	<b>4,965</b>
Non-beverage	-1	-30	-9
<b>Total</b>	<b>5,171</b>	<b>4,373</b>	<b>4,956</b>
Special items, net	133	-37	-51
Financial items, net	-451	-330	-392
<b>Profit before tax</b>	<b>4,853</b>	<b>4,006</b>	<b>4,513</b>
Income tax	-1,310	-1,122	-1,264
<b>Consolidated profit</b>	<b>3,543</b>	<b>2,884</b>	<b>3,249</b>
<b>Attributable to:</b>			
Non-controlling interests	464	413	411
Shareholders in Carlsberg A/S (net profit)	3,079	2,471	2,838

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## NOTE 4

### SPECIAL ITEMS

DKK million	H1 2019	H1 2018	2018
<b>Special items, income:</b>			
Gain on disposal of entities	-	4	42
Disposal of property, plant and equipment previously impaired, including adjustments to gains and reversal of provisions made in prior years	407	2	199
Reversal of impairment losses	2	47	49
Revaluation gain on step acquisition of entities	-	-	13
<b>Income, total</b>	<b>409</b>	<b>53</b>	<b>303</b>
<b>Special items, expenses:</b>			
Restructuring in Western Europe	-267	-84	-263
Impairment losses in Western Europe	-	-	-60
Restructuring in Asia	-	-	-54
Costs related to acquisition of entities	-12	-	-9
Other	3	-6	-5
<b>Expenses, total</b>	<b>-276</b>	<b>-90</b>	<b>-391</b>
<b>Special items, net</b>	<b>133</b>	<b>-37</b>	<b>-88</b>

## NOTE 5

### NET FINANCIAL EXPENSES

DKK million	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Financial income</b>			
Interest income	70	70	153
Foreign exchange gains, net	-	50	36
Interest on plan assets, defined benefit plans	-	-	155
Other	2	11	14
<b>Total</b>	<b>72</b>	<b>131</b>	<b>358</b>
<b>Financial expenses</b>			
Interest expenses	-298	-292	-579
Capitalised financial expenses	10	5	10
Foreign exchange losses, net	-72	-	-
Interest cost on obligations, defined benefit plans	-27	-33	-232
Interest expenses, lease liabilities	-6	-	-
Other	-130	-141	-279
<b>Total</b>	<b>-523</b>	<b>-461</b>	<b>-1,080</b>
<b>Financial items, net, recognised in the income statement</b>	<b>-451</b>	<b>-330</b>	<b>-722</b>
<b>Financial items, net, excluding currency gains and losses</b>	<b>-379</b>	<b>-380</b>	<b>-758</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

## NOTE 6

### DEBT AND CREDIT FACILITIES

DKK million						30 June 2019
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	5,580	11,119	-	16,699
Bank borrowings	23	18	13	-30	1	25
Lease liabilities	395	261	120	87	443	1,306
Other non-current borrowings	-	-	-	2	14	16
<b>Total</b>	<b>418</b>	<b>279</b>	<b>5,713</b>	<b>11,178</b>	<b>458</b>	<b>18,046</b>

DKK million	
Currency split of net financial debt	30 June 2019
EUR	15,546
DKK	4,622
Other currencies	-4
<b>Total</b>	<b>20,164</b>

DKK million	
Committed credit facilities	30 June 2019
< 1 year	9,771
1-2 years	418
2-3 years	279
3-4 years	5,713
4-5 years	26,105
> 5 years	458
<b>Total</b>	<b>42,744</b>
Current	9,771
Non-current	32,973

## NOTE 7

### NET INTEREST-BEARING DEBT

DKK million	H1 2019	H1 2018 <sup>1</sup>	2018 <sup>1</sup>
<b>Net interest-bearing debt is calculated as follows:</b>			
Issued bonds	16,699	22,246	16,697
Bank borrowings	25	34	35
Lease liabilities	1,306	-	-
Other non-current borrowings	16	18	18
<b>Total non-current borrowings</b>	<b>18,046</b>	<b>22,298</b>	<b>16,750</b>
Issued bonds	5,598	-	5,602
Bank borrowings	573	677	526
Lease liabilities	401	-	-
Other current borrowings	1,668	1,112	1,105
<b>Total current borrowings</b>	<b>8,240</b>	<b>1,789</b>	<b>7,233</b>
Payables, acquisitions	3	-	-
<b>Gross financial debt</b>	<b>26,289</b>	<b>24,087</b>	<b>23,983</b>
Cash and cash equivalents	-6,125	-5,722	-5,589
<b>Net financial debt</b>	<b>20,164</b>	<b>18,365</b>	<b>18,394</b>
Loans to associates, interest-bearing portion	-364	-313	-325
On-trade loans, net	-678	-740	-717
Other receivables, net	-130	-54	-39
<b>Other interest-bearing assets, net</b>	<b>-1,172</b>	<b>-1,107</b>	<b>-1,081</b>
<b>Net interest-bearing debt</b>	<b>18,992</b>	<b>17,258</b>	<b>17,313</b>
<b>Changes in net interest-bearing debt:</b>			
<b>Net interest-bearing debt at beginning of period</b>	<b>17,313</b>	<b>19,638</b>	<b>19,638</b>
Cash flow from operating activities	-6,496	-7,267	-12,047
Cash flow from investing activities	1,281	1,502	3,426
Cash flow from acquisitions	104	266	2,820
Dividend to shareholders and non-controlling interests	3,349	3,039	3,270
Share buy-back	1,749	-	-
Acquisition/disposal of treasury shares and settlement of share-based payments	-	54	50
Change in interest-bearing lending	6	4	18
Effects of currency translation	75	43	142
Lease liabilities, net	1,612	-	-
Other	-1	-21	-4
<b>Total change</b>	<b>1,679</b>	<b>-2,380</b>	<b>-2,325</b>
<b>Net interest-bearing debt, end of period</b>	<b>18,992</b>	<b>17,258</b>	<b>17,313</b>

<sup>1</sup> Comparative figures for 2018 have not been restated to include IFRS 16.

All borrowings are measured at amortised cost.



## APPENDIX 1

### IMPACT OF ACCOUNTING POLICIES FOLLOWING THE IMPLEMENTATION OF IFRS 16 “LEASES”

On adoption, the Group recognised lease liabilities for leases previously classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s average incremental borrowing rate of 0.75%. The associated right-of-use assets were measured at the amount equal to the lease liability resulting in an increase in property, plant and equipment and in borrowings of DKK 1,592m, respectively. The right-of-use assets are depreciated over the shorter of the lease term or the useful life of the asset.

EBITDA increased by DKK 189m as operating lease expenses were included in EBITDA, but depreciation of the right-of-use assets and interest on the lease liability were excluded from this measure. Operating profit increased, and net financial items decreased by DKK 6m, respectively. Profit before tax and equity remained unchanged. Free cash flow increased by DKK 183m as repayment of the principal portion of the lease liabilities was classified as cash flows from financing activities. The impacts are illustrated in the tables.

A reconciliation between the reported operating leases at 31 December 2018 and the recognised lease liabilities at 1 January 2019 is disclosed in the table.

### IMPACT ON STATEMENT OF FINANCIAL POSITION

DKK million	1 Jan. 2019	30 June 2019
<b>Property, plant and equipment</b>		
Land and buildings	1,005	1,021
Plant and machinery	23	26
Other equipment, fixtures and fittings	564	565
<b>Total property, plant and equipment</b>	<b>1,592</b>	<b>1,612</b>
Other receivables	95	95
<b>Total assets</b>	<b>1,687</b>	<b>1,707</b>
<b>Equity</b>		
Equity, shareholders in Carlsberg A/S	-	-
<b>Total equity</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>		
Finance lease liabilities	-	-
Lease liabilities	1,687	1,707
<b>Total liabilities</b>	<b>1,687</b>	<b>1,707</b>
<b>Total equity and liabilities</b>	<b>1,687</b>	<b>1,707</b>
<b>Changes in net interest-bearing debt</b>		
Lease liabilities	1,687	1,707
Other receivables	-95	-95
<b>Lease liabilities, net</b>	<b>1,592</b>	<b>1,612</b>

## IMPACT ON INCOME STATEMENT

DKK million	H1 2019
Operating profit before depreciation, amortisation and impairment losses	189
Depreciation, right-of-use assets	-183
<b>Operating profit before special items</b>	<b>6</b>
Interest expenses lease liabilities	-6
<b>Profit before tax</b>	<b>-</b>
Income tax	-
<b>Consolidated profit</b>	<b>-</b>

## IMPACT ON STATEMENT OF CASH FLOWS

DKK million	H1 2019
Operating profit before depreciation, amortisation and impairment losses	189
Interest etc. paid	-6
<b>Cash flow from operating activities</b>	<b>183</b>
Cash flow from financing activities	-183
<b>Net change in cash flows</b>	<b>-</b>

## RECONCILIATION OF CHANGES IN ACCOUNTING POLICY

DKK million	
<b>Operating lease commitments disclosed at 31 December 2018</b>	<b>1,021</b>
Discounted using the Group's incremental borrowing interest rate of 0.75%	-28
Adjustments as a result of a different treatment including extension and termination options, indexation and variable payments	599
<b>Lease liability recognised at 1 January 2019</b>	<b>1,592</b>