

Company announcement 44/2021

27 October 2021

Page 1 of 7

TRADING STATEMENT AS AT 30 SEPTEMBER 2021 AND EARNINGS UPGRADE

Unless otherwise stated, comments in this announcement refer to Q3 performance.

HIGHLIGHTS

- Organic revenue growth of 7.0% (9M: +8.6%). Reported growth of 14.4% to DKK 19.7bn (9M: +11.6% to DKK 51.4bn).
- Organic revenue growth in Western Europe of 2.2%, Asia 13.3% and Central & Eastern Europe 8.6%.
- Total organic volume growth of 3.4% (9M: +7.4%).
 - Total organic volume development in Western Europe -0.1%, Asia +7.9% and Central & Eastern Europe +2.6%.
 - Tuborg volume +6%, Carlsberg +1%, 1664 Blanc +19%, Somersby +4% and Grimbergen -14%.
 - Craft & speciality volume +5%, alcohol-free brews +10%.
- Revenue/hl +3% (9M: +1%).
- The third tranche of the 2021 share buy-back, amounting to DKK 1bn, was concluded on 22 October. Tomorrow, the Company will launch the fourth quarterly share buy-back programme for 2021, amounting to DKK 1.25bn, bringing the total for the 2021 share buy-back programmes to DKK 4.0bn.

2021 EARNINGS EXPECTATIONS

The COVID-19 pandemic continues to impact many of our markets, and market volatility and uncertainty remain high. However, in light of better-than-expected results across our regions for Q3 and the start to Q4, we upgrade our earnings guidance and other relevant assumptions for 2021:

- Organic growth in operating profit within the range of 10-12% (previously 8-11%).
- Translation impact on operating profit of around DKK -100m, based on the spot rates at 26 October (previously DKK -150m).
- The reported effective tax rate is expected to be around 24% (previously around 25%).

CEO Cees 't Hart says: "We're satisfied with the value and volume growth in Q3, resulting in a solid 7% organic revenue growth. Unfortunately, our people, customers and businesses in many markets remain heavily impacted by COVID-19. It is encouraging that many beer markets in Europe are recovering from the pandemic, giving people the opportunity to socialise and return to the on-trade."

"We've been very satisfied with the high degree of resilience our business has shown over the past 18 months, and we're pleased that we're able to upgrade our earnings guidance for 2021 and launch the fourth quarterly share buy-back programme despite the continued challenges posed by the pandemic."

Contacts

Investor Relations: Peter Kondrup +45 2219 1221
Iben Steiness +45 2088 1232

Media Relations: Nina Brønden Jakobsen +45 4186 1391
Christian Wulff Søndergaard +45 3144 7965

For more news, sign up at www.carlsberggroup.com/subscribe or follow @CarlsbergGroup on Twitter.

Carlsberg will present the results at a conference call on 28 October at 9.30 a.m. CET (8.30 a.m. GMT). Dial-in information and a slide deck are available on www.carlsberggroup.com.

THIRD-QUARTER REVIEW

The Group delivered organic revenue growth of 7.0% (9M: +8.6%) as a result of total organic volume growth of 3.4% (9M: +7.4%) and revenue/hl growth of 3% (9M: +1%). Reported revenue grew by 14.4% to DKK 19.7bn (9M: DKK 51.4bn), with acquisitions contributing +6.3% (9M: +5.1%) and currencies +1.1% (9M: -2.1%).

Our craft & speciality and alcohol-free brews delivered solid growth for Q3 and year to date despite the impact of the COVID-19 pandemic. Craft & speciality grew by 5% (9M: +15%), particularly driven by 1664 Blanc and Somersby and with strong growth in markets such as China, Russia, Norway and Denmark, partly offset by lower volumes in France and Poland. Alcohol-free brews grew by 10% (9M: +19%), with particularly strong growth in Central & Eastern Europe, partly offset by lower volumes in France.

Tuborg grew by 6% (9M: +18%), mainly driven by strong growth in India, where the market recovered compared with last year, and in Russia, whereas the brand declined in the Turkish licence market.

Performance of the Carlsberg brand was mixed with a positive development in Western Europe, partly offset by a weak development in Asia, mainly due to the severe lockdowns in Malaysia. Total Carlsberg brand volumes grew by 1% (9M: +1%).

1664 Blanc continued its strong performance, delivering 19% volume growth (9M: +23%), with strong performance across most markets with China and Russia the key drivers.

Grimbergen declined by 14% (9M: -4%), driven by lower volumes in its largest market, France, in line with our overall performance in this market.

Somersby grew by 4% in Q3 (9M: +12%), mainly driven by 10% growth in Central & Eastern Europe. In Poland, Somersby's largest market, the brand was negatively impacted by bad weather.

Our core beer brands grew by 1% with particularly strong growth seen for brands such as Frydenlund in Norway, Baltika in Russia, Pan in Croatia and Tuborg in India.

WESTERN EUROPE

Revenue in Western Europe grew organically by 2.2% as a result of flat organic volumes and a 2% improvement in revenue/hl. Reported revenue was up by 17.1%, mainly due to the acquisitions of Marston's brewing activities in the UK and Wernesgrüner in Germany.

We saw good total volume growth in the Scandinavian markets, which all delivered double-digit growth. This was driven by improved sales in the on-trade, particularly in Denmark, and good results for our non-beer businesses. In the UK, volumes grew by mid-single-digit percentages, supported by the reopening of the on-trade. Including Marston's brewing activities, our UK volumes grew by around 70%. Volumes in France, Switzerland and Poland declined, impacted by bad weather.

The revenue/hl improvement was the result of a positive channel mix, as the on-trade channel benefited from fewer COVID-19-related restrictions. Consequently, our on-trade volumes grew by 8%. The positive channel mix was partly offset by a negative country mix due to the weather-related volume decline in Switzerland and France.

ASIA

The Asia region saw very mixed results across markets. Thanks to very good performance in China, India and Cambodia, organic volume growth was 7.9%. Supported by an increased revenue/hl of 5% and a positive currency impact, revenue grew by 16.9%.

The positive trajectory in China continued, partly supported by easy comparables due to lockdowns in parts of western China last year. In India, the market recovery continued, and our Q3 volumes were almost back at 2019 levels. In Cambodia, our business benefited from our soft drinks business, which was able to significantly offset the weak beer market. The beer markets in Laos, Vietnam, Malaysia and Singapore declined due to restrictions and lockdowns.

The solid improvement in revenue/hl was the result of our continued premiumisation efforts across the region, the on-trade recovery in a few markets and price increases.

CENTRAL & EASTERN EUROPE

The Central & Eastern Europe region achieved 2.6% organic volume growth and a strong 6% revenue/hl improvement, resulting in organic revenue growth of 8.6%. Reported revenue was +7.8% due to an adverse currency impact of 0.8%.

Our markets in the south-eastern part of the region reported strong growth due to higher volumes in the on-trade and a better tourist season. In markets such as Italy, Greece, Serbia and Croatia, volumes grew by high-single or double-digit percentages. In Russia and Ukraine, volumes increased despite tough comparables due to the very good weather last year.

The revenue/hl improvement was driven by the on-trade recovery in the south-eastern markets, improved product mix in Russia and Ukraine, and a positive country mix.

EARNINGS EXPECTATIONS

The COVID-19 pandemic continues to impact many of our markets, and market volatility and uncertainty remain high. However, in light of better-than-expected results across our regions for Q3 and the start to Q4, we upgrade our earnings guidance and other relevant assumptions for 2021:

- Organic growth in operating profit within the range of 10-12% (previously 8-11%).
- Based on the spot rates at 26 October, we assume a translation impact of around DKK -100m for 2021 (previously DKK -150m).
- The reported effective tax rate is now expected to be around 24% (previously around 25%).

There will be a limited impact from higher cost of goods sold for the remainder of the year due to the Group's hedges for its main commodities.

Other relevant assumptions remain unchanged:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 600m.
- Capital expenditure at constant currencies is expected to be DKK 4.0-4.5bn.

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 6 for the full forward-looking statements disclaimer.

SHARE BUY-BACK

Due to the business uncertainty related to the COVID-19 pandemic, the Group is executing the 2021 share buy-back as quarterly programmes.

On 18 August, the Group launched the third quarterly share buy-back programme. The buy-back was concluded on 22 October, when the Company had bought a total of 938,441 shares at a total value of DKK 1bn.

Tomorrow, the Group will initiate the fourth quarterly buy-back programme, with the intention to buy back Carlsberg B shares amounting to DKK 1.25bn up until 28 January 2022, which will take the full-year programme for 2021 to DKK 4bn.

The share buy-back 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.

In line with our capital allocation principles, we will return excess cash to our shareholders. 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 2022, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate in the share buy-back on a pro-rata basis at 30.33%. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased 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 purchase.

The Carlsberg Group has appointed Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige ("SEB"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, SEB will repurchase B shares during the trading period, which runs from 28 October 2021 to 28 January 2022. 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 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 11 million Carlsberg B shares can be bought during the trading period. 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 2022:

4 February	Full-year 2021 financial statement and Annual Report 2021
15 March	Annual General Meeting
28 April	Q1 trading statement
17 August	H1 interim financial statement
27 October	Q3 trading statement

FORWARD-LOOKING STATEMENTS

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

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

VOLUME AND REVENUE DATA

Q3	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Beer (million hl)						
Western Europe	7.8	-5.5%	12.0%	-	8.4	6.5%
Asia	10.5	7.5%	0.0%	-	11.3	7.5%
Central & Eastern Europe	15.6	1.4%	0.0%	-	15.8	1.4%
Total	33.9	1.7%	2.8%	-	35.5	4.5%
Non-beer (million hl)						
Western Europe	3.2	13.7%	0.0%	-	3.5	13.7%
Asia	1.2	10.9%	0.0%	-	1.3	10.9%
Central & Eastern Europe	1.2	17.1%	0.0%	-	1.5	17.1%
Total	5.6	13.9%	0.0%	-	6.3	13.9%
Total beverages (million hl)						
Western Europe	11.0	-0.1%	8.7%	-	11.9	8.6%
Asia	11.7	7.9%	0.0%	-	12.6	7.9%
Central & Eastern Europe	16.8	2.6%	0.0%	-	17.3	2.6%
Total	39.5	3.4%	2.4%	-	41.8	5.8%
Revenue (DKK million)						
Western Europe	7,674	2.2%	14.1%	0.8%	8,988	17.1%
Asia	4,703	13.3%	0.0%	3.6%	5,497	16.9%
Central & Eastern Europe	4,873	8.6%	0.0%	-0.8%	5,253	7.8%
Not allocated	9	n.m.	n.m.	n.m.	1	n.m.
Total	17,259	7.0%	6.3%	1.1%	19,739	14.4%

9 months	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Beer (million hl)						
Western Europe	21.1	-3.0%	10.3%	-	22.7	7.3%
Asia	28.1	15.4%	0.0%	-	32.5	15.4%
Central & Eastern Europe	38.0	4.9%	0.0%	-	39.8	4.9%
Total	87.2	6.3%	2.5%	-	95.0	8.8%
Non-beer (million hl)						
Western Europe	8.5	9.9%	0.0%	-	9.2	9.9%
Asia	3.5	15.3%	0.0%	-	4.0	15.3%
Central & Eastern Europe	3.1	22.9%	0.0%	-	3.9	22.9%
Total	15.1	13.9%	0.0%	-	17.1	13.9%
Total beverages (million hl)						
Western Europe	29.6	0.7%	7.3%	-	31.9	8.0%
Asia	31.6	15.3%	0.0%	-	36.5	15.3%
Central & Eastern Europe	41.1	6.2%	0.0%	-	43.7	6.2%
Total	102.3	7.4%	2.2%	-	112.1	9.6%
Revenue (DKK million)						
Western Europe	20,175	1.0%	1.3%	10.8%	22,820	13.1%
Asia	13,166	20.4%	0.0%	-2.1%	15,572	18.3%
Central & Eastern Europe	12,730	8.6%	0.0%	-6.3%	13,022	2.3%
Not allocated	18	-25.8%	-2.3%	0.0%	12	-28.1%
Total	46,089	8.6%	5.1%	-2.1%	51,426	11.6%