NEWS

August 2014

Carlsberg Group

CONTENTS

3 Editorial

4 A global citizen with a passion for Asia

6 Somersby – a winning recipe

8 Tuborg – the perfect combination of history and innovation

10 Carlsberg around the world

12 Financial review

18 Key figures and financial ratios

19 Income statement

20 Overview

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The Carlsberg Group is one of the **leading brewery groups** in the world, with a large portfolio of beer and other beverage brands. **Carlsberg** is our flagship brand and one of the **best-known** beer brands in the world.

Our winning portfolio of **high-quality** beer brands includes our **international premium** and **strong local** brands. We drive top-line **growth** through scalable and consumer-relevant **innovations.**

EDITORIAL

JØRGEN BUHL RASMUSSEN
President & CEO

Our three regions all delivered earnings growth in the first half of the year and I am satisfied with the financial results of the Group.

Welcome to this second quarter edition of our shareholder magazine.

In Western Europe, the earnings growth was driven by higher volumes as well as efficiencies and savings in all functions. In Eastern Europe, the drivers were a strong price/mix, cost savings and efficiency improvements, and phasing of some marketing investments. In Asia, our numbers were impacted by continued investments in the future growth of the region, such as our start-up in Myanmar as well as support behind our strong brands, and also by the acquisition of Chongqing Brewery Group in December last year.

In general, we maintained our focus on our key priorities; and our strong execution in the markets as well as in the central functions delivered increased profits and cash flow and strengthened our business commercially. You can read much more about the results on pages 12-19.

We are living in turbulent times, particularly in Eastern Europe. The recent events in Ukraine and Russia have had a negative influence on the macroeconomic environment and the general consumer sentiment. As a consequence of this, the beer markets in Eastern Europe are under significant pressure and, regrettably, we have had to revise our outlook for this region downwards. Our local teams are doing all they possibly can to mitigate the impact of the current market challenges but, unfortunately, the recent development in these markets will impact the Group's profits negatively this year. Our revised outlook for 2014 is explained further on page 13.

We are taking tough decisions to adapt our business to the current environment. Our actions include the implementation of several structural changes in different parts of the Russian organisation. We are also considering brewery closures in Russia but I cannot be more specific on this topic at this point in time. Notwithstanding our tough approach to the current challenges, we will not optimise short-term profits at the expense of the long-term health of our business, and we will therefore continue to invest in our brands, keep commercial activities at a high level and at the same time balance value and volume.

Our international premium brands continue to deliver impressive growth rates. As an example, Tuborg more than doubled its volumes in Asia and we are proud that Tuborg has become the no. 1 international brand in India and is the fastest growing international premium brand in China. You can read more about Tuborg on page 8.

Another brand which has delivered strong results for a number of years is our international cider brand, Somersby. From its launch in Denmark and Norway in 2008, the brand set out to conquer the world and today, Somersby is available in 43 countries around the world. We bring you the story of Somersby on page 6.

In January, Chris Warmoth joined Carlsberg as Senior Vice President for our Asian region and member of the Executive Committee. Chris has a very strong international background in the consumer goods industry and is a strong addition to our team. You can read the portrait of Chris on page 4.

Cheers,

Jørgen Buhl Rasmussen

A GLOBAL CITIZEN with a passion for Asia

Portrait of Chris Warmoth, who joined the Carlsberg Group as Senior Vice President for the Asia region in January 2014.

When Chris joined Carlsberg in January, it was amidst a period of significant development in the Asia region. He is a seasoned consumer goods professional who is no stranger to the region and who brings tremendous practical experience and nous to Carlsberg's Asian business.

Chris took up his position just weeks after the acquisition of the Chongqing Brewery Company (CBC). "Carlsberg Asia has built a very solid foundation in a relatively short period and, in the process, created significant value for the shareholders. It's clear that Asia is now a very important part of the Carlsberg Group," he says. "But we don't want to stop there," he adds firmly. "We have built an excellent platform in Asia and we now need to take the business to the next level."

A CONSUMER GOODS PROFESSIONAL

As a modern-day global citizen, who has lived and worked in many different regions throughout the world, Chris Warmoth brings an impressive consumer goods track record to Carlsberg's Asia business.

He gained notable experience in the emerging markets during his 10 years at H.J. Heinz, where he held various top positions in both the Asia Pacific and Continental/Eastern European regions. Most recently, he was Executive VP for the Asia Pacific, Africa and Middle East Region.

His path to Heinz included senior positions at the Coca-Cola Company and Procter & Gamble, where he gained much of the strategic and operational perspective that has put him in good stead to lead Carlsberg's business in Asia.

DELIVERING TO ASIA'S DIVERSITY

Chris believes that strong brands, effective distribution, accurate pricing, and consumer insights are especially important success factors in Asia.

"Asia is an extremely diverse market and consumer tastes and habits vary significantly from one country to another, and even within individual countries themselves. Beer consumption per capita alone varies hugely across Asia with much of the reason strongly connected to the local country's cultural values. So we have to be good at adapting our business to the particular market conditions. A one-size-fits-all approach doesn't work; we need a much more nuanced approach."

Chris points to the importance of organisational structure: "Carlsberg needs to leverage

Chris Warmoth, Senior Vice President for Carlsberg's Asia region, is a modern-day global citizen, who has lived and worked in many different countries throughout the world.

scale as much as possible, to gain competitive advantage to local players and to avoid a disadvantage to the global brewers. At the same time, since beer is a rather local business, one needs to avoid diseconomies of scale – where global or regional solutions fall short because they don't recognise real local differences."

CHINA – KEY PRIORITY

Making up more than half of Carlsberg's beer sales by volume in Asia, China is without doubt a key focus area for Chris Warmoth, particularly following the acquisition of CBC.

"We're a top five player, we've built a solid business and we've organised it in a smart way," he says. "CBC expands the footprint we already have in the west and south west of China into the centre of the country, giving us a brewing network and sales and distribution network in those regions. When we have integrated the new businesses of CBC, we're well placed to take the next steps to continue our growth."

He says that integration of CBC is a top priority, explaining, "We must improve productivity and growth, using tools and approaches that have been proven to work well in other Carlsberg businesses in China and elsewhere. We already have positive experiences integrating acquisitions in China, so we're building on past learning."

AS SIMPLE AS POSSIBLE, BUT NO SIMPLER

Looking around the region, Chris is upbeat about the prospects, but aware of the challenges ahead, which, incidentally, he thrives on.

Chris reflects, "A strength of Carlsberg is the huge amount of enthusiasm of employees throughout the Group. This enthusiasm applied to the ability to execute efficiently and effectively can make a real difference to our business.

We have a collection of strong brands that are really making an impact in Asia, from local power brands in individual countries to brands such as Tuborg, which was recently hailed as China's fastest growing beer."

"But the competition is fierce. We're not the only brewer investing in growth in Asia. We always have to be aware of the macro-economic environment and of broader industry trends – and then maintain the flexibility to swiftly adapt our business model at a local level," he cautions.

"Einstein had it right when he said, 'everything should be made as simple as possible, but no simpler'. This applies to us in Asia. We could easily lose focus and be overwhelmed by the complexity and the challenges.

But it would be wrong to make it seem simpler than it really is. We have to work out what will really make the difference, focus our efforts there, and then execute those choices extremely well. Here, the founder of my former company, Henry Heinz, put it nicely when he said, 'Doing the common thing uncommonly well brings success'. Yes – as simple as possible but no simpler with the common thing done uncommonly well. That should prove a winning formula!"

SOMERSBY – a winning recipe

Somersby – Carlsberg's international cider brand – has reaped impressive results in recent years, rapidly capturing attention in 43 different markets around the world.

DID YOU KNOW?

- Somersby was first launched in Denmark and Norway in 2008.
- Today, Somersby is available in 43 countries around the world.
- Somersby is among the top 10 biggest cider brands in the world.
- Somersby is the fastest growing international cider brand.

The foundation of Somersby's outstanding success has been innovation, teamwork and bold branding. From its carefully planned launch in Denmark in 2008, the brand has become the fastest growing international cider brand in the world.

Anne Brøndsted Nielsen, Somersby International Marketing Manager, identifies key factors that have driven Somersby's success:

"The first is the beverage itself. We have successfully developed a drink that appeals to people's tastes. Our original apple variant in particular appeals to many because of its associations with natural fruit. At the same time, it is different from the more traditional ciders as it is sweeter than most, and appeals to men and women."

Another key success factor has been the go-to-market strategy. This involves significant investments in product sampling activities and promoting the product through strategic partnerships.

"Sampling has been a key launch activity. We offer free tasting of Somersby, not only in supermarkets, but also in relevant bars and restaurants, with which we have created partnerships. These partnerships are important because if our customers can see the potential in Somersby, they will be more willing to take on the product and spread the word through their own network."

AT YOUR SERVICE, LORD SOMERSBY

The brand universe created for Somersby, based on the fictional eccentric English gentleman 'Lord Somersby', has proved to be an effective sales driver as well as an example of the innovative approach that has been a hallmark of the brand since its beginnings.

"Perhaps the Lord Somersby universe doesn't appeal to everyone, but it certainly breaks through the clutter," says Anne Brøndsted Nielsen. "In markets where we have established solid distribution, sales have picked up quickly as a direct result of our advertising. Especially TV communication has helped to maintain sales, keep momentum as well as increase reach."

Somersby's brand attributes are also factors that resonate positively with various markets. The product brand has strong associations as a truly natural, easy-to-drink beverage, while the emotional brand attributes highlight the qualities of being straightforward, light-hearted and curious. Anne explains that the brand attributes are personified by the character of Lord Somersby:

"Lord Somersby innovates and turns challenges into opportunities, and the supporting tagline 'Stay open-minded' reflects his and the brand's attitude."

BRAND AMBASSADORS

Anne Brøndsted Nielsen is quick to point out that teamwork across the Carlsberg organisation plays an ongoing role in Somersby's success. This was evident right from its beginnings in Denmark, when Group Innovation worked side by side with Carlsberg Danmark to drive internal awareness of the new product:

"The aim was to engage people from different departments in launching the product, including those not normally close to the customer, such as HR, finance and supply chain staff. Instilling pride in the product and getting them to be product ambassadors was very successful. We still encourage this approach today, since getting internal support at all levels, right up to top management, is crucial to a successful launch."

As a cider, Somersby's core flavour is apple. Other Somersby flavours with broad appeal include pear and blackberry. In addition, other variants have been launched in specific markets, including Organic Apple in Sweden and Lite variants in Norway as well as cranberry, citrus and ginger lemon in other markets.

OVERCOMING COMPLEXITY

As a drinks category, cider is highly fragmented. The category classification can be very different from one country to the next, and breaking through in such a fragmented category has been no easy task. Anne Brøndsted Nielsen tells the story of Poland, where the cider category is subject to heavier duties than the beer category and is not allowed the same shelf space in supermarkets: "Local legislation in Poland meant that Somersby was confined to restricted areas together with wines and spirits and could not be advertised. We decided to counter this by producing a new Somersby variant with a beer base, instead of wine base. This meant we could advertise and place the products where we wanted."

This is just one example of the winning innovative approach that is being adopted to overcome specific market challenges around the world. But in many regions, the original sweet Somersby Apple has been the winning recipe. Notable successes include Australia, where Somersby has become the leading cider brand, and Canada, where it was launched successfully in a very restricted market. And the lessons learned along the way are being put to good use as attention is being turned to new markets.

Anne Brøndsted Nielsen believes that, ultimately, the Somersby story is one of overcoming market complexity with a strong brand created by excellent teamwork and innovation: "It's been a huge challenge, and everyone involved has stepped up to it. Seeing the great results that the brand has achieved in a short time has been very rewarding. Lord Somersby would be proud!"

Somersby has won several awards, including a gold medal in Sweden for "best sweet cider", "product of the year" in Poland, and "best product launch in the beer/cider category" in Canada

In June, a new Lord Somersby campaign kicked off in 20 countries. The campaign demonstrates how a friendsie (a social version of a selfie), coupled with a Somersby, incites a feeling of togetherness and sharing. The idea is that while friends enjoy each other's company, they can snap and share a #friendsie to preserve memories of great moments.

TUBORG
– the perfect combination of history and innovation

One of the biggest brands in the Carlsberg Group's beer portfolio – Tuborg – is a success story of a brand that bridges its powerful legacy with a modern-day appeal.

With strong roots in Denmark, Tuborg has, particularly in the past decade, expanded its geographic footprint and become highly sought-after outside of Denmark. Today, more than 75% of Tuborg is consumed outside Denmark and it is available in more than 70 countries. It is one of the 10 biggest beer brands in Europe and the fastest growing beer brand in China and India.

Behind the success of Tuborg has been its clear positioning as a sub-premium brand. This has been a powerful means of driving penetration in Eastern and South Eastern Europe, and most recently in Asia. Massimo Di Dia, Vice President, International Premium Brands, says, "We see Tuborg as the most accessible, affordable international brand in emerging markets."

Massimo tells the story of Tuborg in Russia as an example of the success of this positioning strategy:

"We launched Tuborg in Russia in 2004. This was significant because it was the first big brand launch of Tuborg outside of the Western Europe markets. At that time, Russian consumers hadn't seen many western beer brands. The aim was to position Tuborg as an 'aspirational' brand to target the new type of consumer that was emerging, who had more spending power and disposable income. The launch was a success, helping Tuborg to become the leading international beer brand in Russia."

REJUVENATING AN ICONIC BRAND

Tuborg was first brewed in Copenhagen in 1880. Through the years, iconic advertising has firmly established the brand in consumers' consciousness in Denmark. A brand position created in 2004 based on the theme of "Open for Fun" was highly successful in driving Tuborg's European conquest. But all brands need to move with the times to continuously stay relevant for new generations of young consumers.

So in 2012, as part of a global rejuvenation programme, Tuborg evolved its positioning. It launched a new visual identity featuring a design-winning bottle with a tilted logo and a communication platform with the tagline "Open for More".

The tilted logo highlights the "tipping point", which is the moment at which someone takes the first sip from the bottle. Tilted at 62.5 degrees, the logo appears to be horizontal at this moment. The bottle was also given a new shape.

"It's all part of the fun of experiencing a Tuborg," says Massimo. "We want the brand to appeal to the consumer's desire to 'grab the now' and get the most out of life."

At the same time, Tuborg retains its successful brand legacy. The logo is based on the historic logo and the historical look and feel of the Tuborg label is still highly recognisable. Another key success factor of Tuborg through the years has been its strong connection to music.

"We see it as integrally connected with young people's exploration of life and growing up. There is no doubt that music is a key passion point for our consumers. That's why Tuborg is behind Greenfest, a Tuborg-proprietary music festival, and why it supports big music events and festivals across its regions, such as Roskilde, Glastonbury, Exit, Wireless, to name a few," says Massimo.

DRIVING GROWTH IN ASIA

Such has been the success of Tuborg in Europe that the brand is now considered a key platform for the Carlsberg Group's growth in Asia. "In fact, in those markets where we do not have a national brand in Asia, we're using Tuborg to establish a national brand to build scale for our businesses in India and China, and other markets will soon follow," elaborates Massimo.

As the Asian beer market is at a different stage of maturity and Tuborg is still relatively new to Asia, a different approach is required. Massimo explains, "Asia represents an early stage of Tuborg's brand lifecycle.

That's why we're launching and establishing the brand with the previous positioning of 'Open for Fun', which has proven successful for us before and currently has strong appeal to consumers in Asia."

With this understanding of specific markets combined with easy-to-understand positioning and a willingness to innovate and adapt, Tuborg will remain a key brand in Carlsberg's international growth.

1880

Tuborg was first launched in Denmark in 1880.

> 70

Today, Tuborg is available in more than 70 countries around the world.

Russia

Tuborg is the largest international premium brand in Russia.

2012

Since its launch in China in 2012, Tuborg has become the fastest growing international premium brand in the country.

India

India is now the largest market for Tuborg and Tuborg is the no. 1 international beer brand in the country.

CARLSBERG around the world

CARLSBERG WINS C20 BEST ANNUAL REPORT 2013 AWARD

Carlsberg scooped the C20 Best Annual Report 2013 award at C20's annual report ceremony, hosted by PricewaterhouseCoopers in Hellerup, Copenhagen, in May.

The jury highlighted the structural and graphical design of the publication, referring to it as "clearly the best among the C20 entities", as well as the clear linking between the report's sections, the "At a Glance" pages describing 2013 developments and providing key information about the Group, and the introductions to the sections in the notes highlighting the key developments and information about specific areas.

Carlsberg also won an award in the category "The Company's strategic goals and risks".

KRONENBOURG'S 350TH ANNIVERSARY

Carlsberg's French brewery, Brasseries Kronenbourg, is celebrating its 350th anniversary this year.

Founded in 1664 by Jérôme Hatt in Strasbourg, the brewery moved to the foot of the Cronenbourg hills in the west of the city in 1850. In 1855, brewmasters began using the aromatic Strisselspalt hop, known as the caviar of hops, which would become synonymous with Kronenbourg and deliver its unique taste and aroma. Today, the premium beer Kronenbourg 1664 is sold in nearly 70 countries across five continents.

To celebrate the anniversary, specially designed bottles, cans and glasses for Kronenbourg 1664 feature the Eiffel Tower. The limited editions will be available across the world, including Russia, China, Hong Kong, Singapore, Canada and Australia.

TUBORG AND ROSKILDE

For more than 20 years, Tuborg has helped make the Roskilde Festival happen, and this year it was once again the primary sponsor. The festival is the biggest music event in Northern Europe, hosting some of the greatest names in music. This year, 166 bands from 30 countries entertained over 100,000 guests and 31,000 volunteers.

Every year, Tuborg comes up with something new to surprise festival guests, including a zip wire, a Ferris wheel and a swimming pool. This year, the surprise was a gigantic ghetto blaster built into a truck. It was 12 metres long, 4 metres high and, with its large green speakers and flashing buttons, able to play to a couple of thousand people. Through its sponsorship of Roskilde Festival and the subsequent Green Concerts in Denmark, the Tuborg brand connected with more than 300,000 music festival goers in Demark this summer.

CARLSBERG ISSUES 10-YEAR EUR NOTES

In May, Carlsberg Breweries successfully placed 10-year EUR notes for a principal amount of EUR 1bn with a coupon of 2.5%.

The notes were issued under the company's European Medium Term Note (EMTN) Programme and are listed on the Luxembourg Stock Exchange. The proceeds of the offering will be used for general corporate purposes.

CARLSBERG COMMERCIAL BECOMES A TV SHOW

Carlsberg's popular "poker" commercial is now the basis for a whole series of TV shows – all ending with a Carlsberg beer. Based on the idea of the Carlsberg commercial, each show will follow a guy who makes his closest friends believe he is in trouble and desperately needs their help. Throughout the programme, we follow the bizarre and amusing situations that occur when his friends literally do whatever is required to help. When the joke is revealed, everyone shares a laugh and a Carlsberg.

When "Zulu BFF" (Best Friends Forever) airs on TV screens, viewers will be able to create their own fully customised experience of the show by dual- or even triple-screening with their iPads and smartphones. Using an app, they will be able to choose to watch from any of six different camera angles, and competitions will be posted during the show to create extra viewer engagement. So far, seven episodes of the show have been made in collaboration with a group of Danish TV producers. The first will be broadcast on 24 August 2014 on Danish TV channel TV2 Zulu, but the Carlsberg Group owns the rights to use the concept in other markets, so local TV stations could be involved in producing local versions of the show.

BALTIKA
Part of the Carlsberg Group

BALTIKA BREWERIES NAMED BEST RUSSIAN EXPORTER 2013

Baltika Breweries has been named Best Russian Exporter in the alcoholic and non-alcoholic beverages category at the annual Best Russian Exporter competition run by the Russian Ministry of Industry and Trade. The winners are chosen based on comparisons of sales volumes, income, export markets and product range.

Baltika is the leading beer exporter in Russia; its products are available in more than 75 countries and account for 70% of Russian beer exports. In 2013, Baltika added several European, Asian and African countries to its list of export markets.

The company exports 30 beer and nine non-beer brands, with Baltika the key brand of the export portfolio.

ALDARIS RELAUNCHES BREWERY

In 2013, Carlsberg decided to close down its main brewery facilities in Latvia and instead focus on production of craft and premium beer, restoring the old brewery dating back to the late 19th century. The plan is that in future, the historic brewery will be the breeding ground for many new beer brands. The craft beer segment in Latvia currently accounts for more than 15% of the total beer market and keeps growing. Since 2009, the segment has grown by 50%.

This autumn, an Aldaris beer museum will open in the historic brewery so that everybody can enjoy the atmosphere of the old brewery and the area around it. Almost a century ago, the brewery's owners used the historic site as a venue for public events and charity concerts for Rigans and brewery employees.

CARLSBERG INDIA REACHES SIGNIFICANT MILESTONE

Carlsberg's presence in India only dates back to 2007, but the journey since then has been an encouraging one, marked with successes, challenges and achievements.

With a focused strategy, great brands, seven state-of-the-art breweries and a strong team, Carlsberg India is the fastest growing beer company in India today.

In 2014, Carlsberg India has already achieved a significant milestone, reaching 1 million hl in just over five months. During the last two years, this milestone was achieved after seven-and-a-half months and almost nine months respectively.

FINANCIAL STATEMENT as at 30 June 2014

OPERATING PROFIT GROWTH IN H1; OUTLOOK CHANGED DUE TO RECENT EVENTS IN EASTERN EUROPE.

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

Group financial highlights
Group beer volumes declined organically by 3% (Q2: -2%), predominately driven by Eastern Europe, while reported beer volumes grew 3% (Q2: +3%). The acquisition impact was mainly related to Chongqing Brewery in China. Other beverages grew organically by 6% (Q2: +9%).

Net revenue grew 4% organically as the strong +5% price/mix more than offset the total organic volume decline of 1%. Reported net revenue grew 1% as a result of -7% from currencies and a net acquisition impact of +4%. The negative currency impact was due to weaker currencies in several markets, including Russia, Ukraine, Norway and China.

Cost of sales per hl grew organically by approximately 3% while declining by approximately 4% in DKK. Gross profit grew organically by 6%, corresponding to 7% growth in gross profit per hl. The gross profit margin increased by 80bp (Q2: +140bp) to 49.4%.

Operating expenses grew organically by approximately 6% primarily due to phasing of sales and marketing investments, higher logistics costs, primarily in Eastern Europe, and higher BSP1 implementation costs. The latter amounted to approximately DKK 250m (DKK 190m in 2013).

Group operating profit grew organically by 8% (Q2: +14%). All three regions delivered organic operating profit growth with particularly strong performance in Western and Eastern Europe while the lower growth in Asia was due to investments in brands and new markets. Group operating margin was flat at 12.7% for the six months with a 100bp improvement in Q2 to 18.8%.

Adjusted net profit (adjusted for post-tax impact of special items) was flat at DKK 2,238m (2013: DKK 2,229m) but delivered 7% growth in Q2 to DKK 2,288 (2013: DKK 2,134m). Reported net profit was DKK 2,143m (2013: DKK 2,136m).

Free operating cash flow was DKK 675m (2013: DKK 658m). Total working capital impacted cash flow negatively for the first six months due to seasonality and higher sales in Western Europe in the end of Q2. Trade working capital continued to improve and was -3.8% to net revenue (MAT) versus -3.1% at the end of Q2 2013 (MAT). Free cash flow was DKK 641m (2013: DKK 17m).

Return on invested capital increased by 40bp to 8.3%.

In May, the Group successfully placed 10-year EUR notes at a principal amount of EUR 1bn with a coupon of 2.5%.

Group operational highlights
Our commercial agenda remained unchanged and included continued embedding and, in some mature markets, further development and improvement of our value management toolbox. In addition, our innovation efforts remained at a high level and included the further rollout of brands, concepts and innovations, such as Radler, Brewmaster's Collection, Jacobsen, K by Kronenbourg, the non-alcoholic beer Carlsberg Nordic, our proprietary DraughtMaster™ technology and Seth & Riley's Garage.

The Carlsberg brand grew 3% in its premium markets with particularly strong performance in markets such as India and China. The brand is gaining market share in the majority of its markets. Our English Premier League sponsorship with the "That Premier Feeling" campaign was activated in 66 markets across the world. The Carlsberg brand's Nordic heritage has inspired a new limited edition of the brand, which was launched in 11 European markets. The "Nordic Collection" comprises three bottle designs based on the landscape and industrial design of the Nordic region and also focuses on the famous Carlsberg hop leaf symbol.

The Tuborg brand grew strongly by 26% for the quarter as a result of strong growth in Asia. Tuborg achieved particularly strong growth in China and India and it is now the fastest growing international premium brand in China and the no. 1 international premium brand in India. We continued the further deployment of the brand rejuvenation programme which was rolled out in the Baltics, the Balkan markets and Nepal in addition to the many markets it is already in.

Brasseries Kronenbourg celebrates its 350th anniversary in 2014. Kronenbourg 1664 grew 15%, helped by easy comparisons last year due to French destocking in Q1 2013 and market share gains in France, but also driven by further rollouts in new markets. 1664 Blanc is achieving good penetration in several Asian markets.

Somersby continued its very strong progress, growing 48%. Somersby continues to be the fastest growing cider brand among the top 10 biggest ciders globally and the cider is now available in 43 markets across the world. The key reasons for this impressive growth were continued positive performance in Poland, the new activation programme #Friendsie, line extensions in established markets, and launches in new markets.

Our Belgian abbey ale, Grimbergen, also further strengthened its position and since 2011 it has been the fastest growing international abbey beer. We continue to expand the brand's footprint and it is now available in 33 markets around the world.

In March, BSP1 was rolled out in the UK and we are now well into the process of preparing for launches in Poland, Finland and Switzerland during autumn.

2014 EARNINGS EXPECTATIONS

Our Eastern European business delivered organic operating profit growth and margin improvement in spite of the challenging market conditions.

However, due to the recent macro events, the consumer sentiment and the outlook for some of the economies in Eastern Europe are becoming increasingly challenging and uncertain. In light of this, the Carlsberg Group believes that consumer spending in Eastern Europe will be impacted more negatively than previously anticipated and consequently that also the beer category will deteriorate further in the second half of the year.

Furthermore, due to their potentially restricted financing opportunities and a possible freeze of excise duties for 2015, we do not anticipate that our partners will build inventories in Q4 to the same extent as in previous years. Any less stocking in Q4, will impact the Group's results in Q1 2015 positively.

GROUP

Q2		Change				Change
Pro rata, million hl	2013	Organic	Acq., net	FX	2014	Reported
Beer	36.0	-2%	5%		37.0	3%
Other beverages	5.6	9%	0%		6.1	9%
Total volume	**41.6**	**-1%**	**5%**		**43.1**	**4%**
DKK million						
Net revenue	19,058	4%	4%	-7%	19,162	1%
Operating profit	3,399	14%	2%	-10%	3,601	6%
Operating margin (%)	17.8				18.8	100bp

H1						
Pro rata (million hl)						
Beer	60.1	-3%	6%		62.0	3%
Other beverages	9.7	6%	0%		10.4	6%
Total volume	**69.8**	**-1%**	**5%**		**72.4**	**4%**
DKK million						
Net revenue	31,762	4%	4%	-7%	32,058	1%
Operating profit	4,027	8%	3%	-10%	4,054	1%
Operating margin (%)	12.7				12.7	0bp

In order to mitigate the risks as much as possible, several changes have been and will be made in our Eastern European business, including structural changes. These include considerations related to brewery closures.

Based on the current situation, for 2014, the Group now expects:

- Organic operating profit to grow low- to mid- single-digit percentages (previously high-single-digit percentages). Reported operating profit is expected to decline low to mid-single digit percentages versus last year (previously low-single-digit growth).
- Reported adjusted net profit to decline by mid- to high-single-digit percentages (previously low-single-digit growth).

The outlook is based on the following assumptions for market development in our three regions:

- The Western European beer markets to be flat or slightly declining.
- The Russian beer market to decline by high single-digit percentages.
- The Asian beer markets to continue to grow in line with 2013.

Other assumptions underlying the outlook are as follows:

The outlook, in reported terms, is based on an assumed 2014 average for our major currencies calculated on forward rates, including an average EUR/RUB exchange rate of approximately 50 (an EUR/RUB change of +/- 1 impacts Group operating profit by approximately +/- DKK 100m).

Reported cost of goods sold per hl is expected to be lower than in 2013. In organic terms, cost of goods sold per hl is expected to be similar to last year.

Sales and marketing investments to net revenue are expected to remain at a similar level to last year.

Costs related to the integrated supply chain and business standardisation project in Western Europe are expected to impact Group operating profit negatively in 2014 by DKK 400-450m (2013: approximately DKK 350m).

Average all-in cost of debt is assumed to be slightly lower than in 2013.

The tax rate is expected to be 25%.

Capital expenditures are expected to be at the level of 2013 with continued capacity investments in Asia.

REGIONS

Western europe

The Western European beer markets grew by an estimated 2-3% for the first six months and an estimated 3-4% in Q2 cycling a soft Q2 last year which was impacted by poor weather. Q2 was also positively impacted by the football World Cup and Easter.

Overall, our market share was flat for the region, reflecting good share performance in markets such as France, Poland, Portugal, Italy, Greece and Bulgaria.

WESTERN EUROPE

Q2		Change				Change
Pro rata, million hl	2013	Organic	Acq., net	FX	2014	Reported
Beer	13.9	7%	0%		14.8	7%
Other beverages	4.0	10%	0%		4.3	10%
Total volume	**17.9**	**8%**	**0%**		**19.1**	**8%**
DKK million						
Net revenue	10,371	6%	0%	0%	10,945	6%
Operating profit	1,709	11%	0%	-1%	1,871	10%
Operating margin (%)	16.5				17.1	60bp
H1						
Pro rata (million hl)						
Beer	23.5	5%	0%		24.7	5%
Other beverages	7.1	6%	0%		7.5	6%
Total volume	**30.6**	**5%**	**0%**		**32.2**	**5%**
DKK million						
Net revenue	17,854	5%	0%	-1%	18,585	4%
Operating profit	2,117	11%	0%	-2%	2,311	9%
Operating margin (%)	11.9				12.4	50bp

Our commercial activities remained at a high level. They included further rollouts of our international premium brands, product launches, innovation introductions in new markets and activations around music events and football. A few launch examples are the Carlsberg Nordic Collection in a number of markets, Somersby in Germany, K by Kronenbourg in France, Radler in new markets and the non-alcoholic Carlsberg Nordic in Denmark.

Our beer volumes grew organically by 5% (Q2: +7%). Beer volumes grew in most markets in the region with particularly strong growth in markets such as France, the UK, Poland and Germany while they declined in the Balkans, the Baltics and Finland. Other beverages grew organically by 6% (Q2: +10%), mainly due to strong performance in the Nordics and Switzerland.

The Polish market increased by an estimated 1-2% and we continued to gain market share and increased volumes by 6%. Price/mix per hl was flat. The continued strong performance was driven by excellent commercial execution and growth of the local brands Kasztelan, Harnás and Okocim as well as continued good progress of our innovations such as Somersby and Radler.

Our French beer volumes grew by 25% due to an estimated 7% market growth and the impact from last year's destocking in Q1. Our total market share was slightly up as Kronenbourg 1664, K by Kronenbourg, Grimbergen and Skøll by Tuborg all delivered strong performance.

The UK market grew by 4% with particularly strong growth in Q2 due to favourable weather conditions versus last year and World Cup activations. The channel shift from on-trade to off-trade continued. Our market share declined.

Driven by better weather conditions versus last year, soft drink category growth, strong commercial execution (including product launches and value management), our Nordic businesses performed strongly in the first six months. All beer markets grew, except Finland which was impacted by weak macroeconomic conditions. Our volumes grew in Denmark, Norway and Sweden with our market share being flat in Norway and Sweden. In Denmark, our market share in Q2 increased 200bp following the relisting at an off-trade customer.

The Balkan markets were negatively impacted by severe flooding in some of the countries with our businesses in Serbia and Bosnia being particularly negatively impacted.

Net revenue increased organically by 5% (Q2: +6%) to DKK 18,585m. Price/mix was flat. While we achieved a positive effect from our value management efforts, price/mix for the first six months was negatively impacted by strong growth in other beverages and last year's strong price/mix development in Q2.

EASTERN EUROPE

Q2		Change				Change
Pro rata, million hl	2013	Organic	Acq., net	FX	2014	Reported
Beer	14.2	-13%	0%		12.4	-13%
Other beverages	0.8	4%	0%		0.9	4%
Total volume	**15.0**	**-12%**	**0%**		**13.3**	**-12%**
DKK million						
Net revenue	6,245	-4%	0%	-16%	4,992	-20%
Operating profit	1,608	10%	0%	-16%	1,518	-6%
Operating margin (%)	25.8				30.4	460bp

H1						
Pro rata (million hl)						
Beer	21.9	-11%	0%		19.5	-11%
Other beverages	1.0	2%	0%		1.1	2%
Total volume	**22.9**	**-10%**	**0%**		**20.6**	**-10%**
DKK million						
Net revenue	9,147	-2%	0%	-16%	7,476	-18%
Operating profit	1,691	7%	0%	-18%	1,510	-11%
Operating margin (%)	18.5				20.2	170bp

Operating profit grew organically by 11% to DKK 2,311m in spite of higher BSP1 implementation costs than last year. The improvement was driven by volume growth, cost savings within supply chain and our relentless focus on driving further efficiencies in all areas. Operating margin improved 50bp to 12.4%.

Eastern europe

The value of the Russian beer market grew in the first six months while market volumes declined by an estimated 6-7% due to the uncertain macroenvironment, weak economic development and bad weather, particularly in June.

Our Russian volume market share declined by 120bp to 37.4% (source: Nielsen Retail Audit, Urban & Rural Russia) but with our value share declining considerably less as the market share loss was most pronounced in the economy segment. The market share loss was mainly in the modern trade channel and driven by the launch of slightly smaller pack sizes to minimise price increases and by our price leadership.

A temporary disruption in sales as a consequence of a change in the legal structure of Baltika Breweries also played an important part in relation to the market share loss. Our local brands Baltika 7 and Baltika 9 showed particularly good progress for the first six months.

The Ukrainian beer market declined by an estimated 10% due to the very challenging and uncertain macroeconomic climate coupled with a 43% beer tax increase in May. The decline accelerated during Q2, though with significant variances between regions within Ukraine. We have been able to operate our business in Ukraine with limited disruptions, although distribution to some cities in parts of eastern Ukraine has been challenging and, in February, we had to stop production for a few days.

The Group's regional beer volumes declined organically by 11% (Q2: -13%). Our Russian shipments declined 11% due to the overall market decline and market share development.

Regardless of the challenging Russian macroeconomy, we kept investing in our brands and maintained a high level of commercial activities to drive value and volume in the region. They included activation of sponsorships such as the Continental Hockey League and music events such as Tuborg Greenfest. In addition, we continued to launch innovations which included Brewmaster's Collection and Seth & Riley's Garage.

Organic net revenue declined by 2% (Q2: -4%). Price/mix remained strong at +8% (Q2: +8%) as a result of price increases, mix improvements and slightly smaller pack sizes in Russia. We increased prices in Russia in March and May. Reported net revenue declined by 18% due to the substantial negative currency impact of -16%. Especially the weakness of the Ukrainian Hryvna (-24%) and the Russian Rouble (-15%) had a negative impact.

In spite of the challenging market environment and the negative volume development, we managed to deliver organic operating profit growth and improved margins. This was achieved by applying our value management tools with a consequently very healthy price/mix, overall very tight cost

ASIA

Q2		Change				Change
Pro rata, million hl	2013	Organic	Acq., net	FX	2014	Reported
Beer	7.9	0%	24%		9.8	24%
Other beverages	0.8	9%	0%		0.9	9%
Total volume	**8.7**	**1%**	**21%**		**10.7**	**22%**
DKK million						
Net revenue	2,416	15%	26%	-9%	3,193	32%
Operating profit	484	17%	11%	-8%	580	20%
Operating margin (%)	20.0				18.2	-180bp
H1						
Pro rata (million hl)						
Beer	14.7	-2%	23%		17.8	21%
Other beverages	1.6	11%	1%		1.8	12%
Total volume	**16.3**	**-1%**	**21%**		**19.6**	**20%**
DKK million						
Net revenue	4,678	9%	26%	-8%	5,925	27%
Operating profit	961	5%	10%	-7%	1,035	8%
Operating margin (%)	20.5				17.5	-300bp

control, including organisational changes, and different phasing of sales and marketing investments versus the previous year. Organic operating profit grew by 7% (Q2: +10%). However, due to the very negative currency impact, reported operating profit declined by 11% (Q2: -6%) to DKK 1,510m. Operating profit margin increased by 170bp (Q2: 460bp) to 20.2% (Q2: 30.4%).

Asia

Beer volumes declined organically by 2% (Q2: 0%). Including acquisitions, beer volumes grew by 21% (Q2: 24%). We achieved particularly strong growth in India, Nepal, Cambodia and Laos and for our international premium brands in China and India, while overall volumes in China declined due to specific circumstances in certain provinces. The acquisition impact relates mainly to the consolidation of Chongqing Brewery Group. Our international premium portfolio continued to perform strongly across the region. The Carlsberg brand grew by approximately 12% in its premium markets, mainly because of good performance in China, driven by Carlsberg Chill and Carlsberg Light; and India.

Tuborg more than doubled its volumes in the region thanks to very strong performance in China and India. We continued the further rollout of Kronenbourg 1664. The brand is establishing a solid footprint in the super premium segment across our Asian region and is now available in Malaysia, Singapore, Hong Kong, China, India and Malawi.

Our Chinese volumes grew by 31% (Q2: +30%) due to the Chongqing Brewery Group consolidation. We saw organic volume decline due to unrest and bad weather in Xinjiang, the reduction of unprofitable products, and bad weather in Chongqing.

Price/mix improved by 16% due to portfolio optimisation, value management efforts and growth of our international premium products. The integration of Chongqing Brewery Group is progressing according to plan.

In Indochina, our beer volumes grew organically by 2% (Q2: +10%) with continued strong performance in Cambodia and Laos, driven by our strong local power brands Angkor and Beerlao. Following a weak start to the year, the Vietnamese market recovered during Q2.

Our Indian business continues its strong growth trend and delivered almost 40% organic volume growth in spite of a slight market contraction. The growth was mainly driven by very strong performance of the Tuborg brand, turning India into our largest Tuborg market. Our market share in India now exceeds 10%.

The construction of our brewery in Myanmar is running according to schedule and we expect to open it later this year.

Net revenue grew organically by 9% (Q2: +15%). Reported growth, including the consolidation of Chongqing Brewery Group and the negative impact from currencies in China, Laos, India and Malaysia, was 27%. Price/mix was +7% (Q2: +8%) with positive price/mix in most markets.

Operating profit increased by 8% in reported terms to DKK 1,035m and 5% organically (Q2: +17%). Profitability in the region was negatively impacted by our targeted investments in growth opportunities, such as the start-up in Myanmar and investments in our local power brands and our international brand portfolio.

However, this negative impact was more than offset by the very positive price/mix, which resulted in high single-digit organic gross profit growth, and income from a terminated licence agreement.

KEY FIGURES AND FINANCIAL RATIOS

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
SALES VOLUMES, GROSS (MILLION HL)					
Beer	40.3	41.5	67.7	69.8	138.7
Other beverages	6.6	6.1	11.2	10.6	21.5
SALES VOLUMES, PRO RATA (MILLION HL)					
Beer	37.0	36.0	62.0	60.1	119.7
Other beverages	6.1	5.6	10.4	9.7	19.7
INCOME STATEMENT					
Net revenue	19,162	19,058	32,058	31,762	64,350
Operating profit before special items	3,601	3,399	4,054	4,027	9,723
Special items, net	-95	-81	-124	-130	-435
Financial items, net	-368	-405	-714	-758	-1,506
Profit before tax	3,138	2,913	3,216	3,139	7,782
Corporation tax	-788	-717	-804	-763	-1,833
Consolidated profit	2,350	2,196	2,412	2,376	5,949
Attributable to:					
Non-controlling interests	140	122	269	240	478
Shareholders in Carlsberg A/S	2,210	2,074	2,143	2,136	5,471
Shareholders in Carlsberg A/S, adjusted[1]	2,288	2,134	2,238	2,229	5,772
STATEMENT OF FINANCIAL POSITION					
Total assets	-	-	153,291	151,932	149,993
Invested capital	-	-	118,726	119,016	119,000
Interest-bearing debt, net	-	-	36,132	33,376	34,636
Equity, shareholders in Carlsberg A/S	-	-	66,482	67,870	67,811

DKK million		Q1 2014	Q1 2013	H1 2014	H1 2013	2013
STATEMENT OF CASH FLOWS						
Cash flow from operating activities		4,068	3,788	2,872	2,929	8,142
Cash flow from investing activities		-1,331	-1,225	-2,231	-2,912	-8,038
Free cash flow		2,737	2,563	641	17	104
FINANCIAL RATIOS						
Operating margin	%	18.8	17.8	12.7	12.7	15.1
Return on average invested capital (ROIC)	%	-	-	8.3	7.9	8.1
Equity ratio	%	-	-	43.4	44.7	45.2
Debt/equity ratio (financial gearing)	x	-	-	0.52	0.47	0.49
Interest cover	x	-	-	5.68	5.31	6.46
STOCK MARKET RATIOS						
Earnings per share (EPS)	DKK	14.4	13.6	14.0	14.0	35.9
Earnings per share, adjusted (EPS-A)[1]	DKK	15.0	14.0	14.7	14.6	37.8
Cash flow from operating activities per share (CFPS)	DKK	26.6	24.8	18.8	19.2	53.4
Free cash flow per share (FCFPS)	DKK	17.9	16.8	4.2	0.1	0.7
Share price (B-shares)	DKK	-	-	587	513	600
Number of shares (period-end, excl. treasury shares)	1,000	-	-	152,536	152,545	152,533
Number of shares (average, excl. treasury shares)	1,000	152,537	152,550	152,537	152,550	152,548

[1] Adjusted for special items after tax.

STATEMENTS

INCOME STATEMENT

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Net revenue	19,162	19,058	32,058	31,762	64,350
Cost of sales	-9,265	-9,489	-16,222	-16,317	-32,423
Gross profit	**9,897**	**9,569**	**15,836**	**15,445**	**31,927**
Sales and distribution expenses	-5,216	-5,150	-9,500	-9,338	-18,181
Administrative expenses	-1,318	-1,161	-2,616	-2,289	-4,415
Other operating activities, net	115	37	128	35	22
Share of profit after tax, associates and joint ventures	123	104	206	174	370
Operating profit before special items	**3,601**	**3,399**	**4,054**	**4,027**	**9,723**
Special items, net	-95	-81	-124	-130	-435
Financial income	108	503	261	810	717
Financial expenses	-476	-908	-975	-1,568	-2,223
Profit before tax	**3,138**	**2,913**	**3,216**	**3,139**	**7,782**
Corporation tax	-788	-717	-804	-763	-1,833
Consolidated profit	**2,350**	**2,196**	**2,412**	**2,376**	**5,949**
Attributable to:					
Non-controlling interests	140	122	269	240	478
Shareholders in Carlsberg A/S	2,210	2,074	2,143	2,136	5,471
DKK					
Earnings per share	14.4	13.6	14.0	14.0	35.9
Earnings per share, diluted	14.4	13.6	14.0	14.0	35.7

STATEMENT OF FINANCIAL POSITION

DKK million			
ASSETS	30 June 2014	30 June 2013	31 Dec 2013
Intangible assets	90,244	87,929	91,196
Property, plant and equipment	32,013	30,300	32,377
Financial assets	7,021	11,158	6,963
Total non-current assets	**129,278**	**129,387**	**130,536**
Inventories and trade receivables	15,901	15,189	12,245
Other receivables etc.	4,706	4,190	3,626
Cash and cash equivalents	3,406	3,166	3,586
Total current assets	**24,013**	**22,545**	**19,457**
Total assets	**153,291**	**151,932**	**149,993**
EQUITY AND LIABILITIES			
Equity, shareholders in Carlsberg A/S	66,482	67,870	67,811
Non-controlling interests	3,519	3,241	3,675
Total equity	**70,001**	**71,111**	**71,486**
Borrowings	39,179	28,801	30,239
Deferred tax, retirement benefit obligations etc.	14,391	15,306	14,502
Total non-current liabilities	**53,570**	**44,107**	**44,741**
Borrowings	1,917	9,513	9,417
Trade payables	14,866	13,546	12,621
Deposits on returnable packaging	1,683	1,375	1,598
Other current liabilities	11,254	12,280	10,130
Total current liabilities	**29,720**	**36,714**	**33,766**
Total equity and liabilities	**153,291**	**151,932**	**149,993**

OVERVIEW

PEOPLE NEWS

ANGUS OR

New CEO, Carlsberg China

Angus Or has been appointed CEO of Carlsberg China. Angus is originally from Hong Kong and has about 20 years of experience in China, with more than 12 years in general management. He joins Carlsberg from a position as Operations Director for Actis in China. Prior to that, he held senior management positions at Heinz in China for more than five years. His first management roles in China were with the Singaporean company Yeo Hiap Seng and Watsons Water of Hong Kong.

MICHAEL NØRGAARD JENSEN

New Managing Director, Carlsberg India

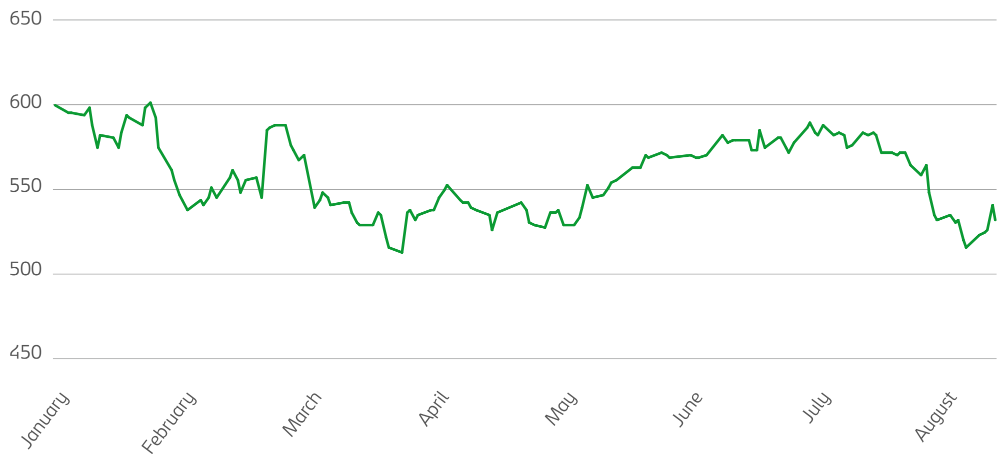
Michael Nørgaard Jensen has been appointed Managing Director of Carlsberg India after having been Deputy Managing Director since 2013. Michael joined Carlsberg India in 2012 as Sales Director. Prior to joining Carlsberg, Michael held senior management positions at Royal Unibrew, Arriva Skandinavien, Gallu and Coca-Cola, with the latter including a position as CMO and SVP at Coca-Cola Bottlers Philippines.

DEJAN BEKO

New CEO, Carlsberg Bulgaria

Dejan Beko has been appointed CEO of Carlsberg Bulgaria. He comes from a position as Sales Director at Carlsberg Bulgaria, which he held for 18 months. Prior to that, Dejan held a similar position in the Carlsberg Serbia Group covering Serbia, Bosnia and Herzegovina, and Montenegro. This followed a variety of sales roles at Carlsberg Serbia.

SHARE PRICE 2014 (DKK PER SHARE, CARLSBERG B)



FINANCIAL CALENDAR 2014

Quarterly financial statements	
10 November	Interim results – Q3