

Company announcement 13/2014

10 November 2014

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## Financial statement as of 30 September 2014

### Positive market share development in Q3 and organic profit growth in spite of challenging Eastern European markets

*Unless otherwise stated, comments in this announcement refer to year-to-date performance.*

#### Financial highlights

- Organic net revenue up by 3% to DKK 50.2bn (Q3: +2%).
- Positive price/mix of 4% (Q3: +3%).
- Organic gross profit growth of 4% (Q3: +2%).
- 5% organic operating profit growth (Q3: +1%) with good performance in Western Europe and Asia.
- Flat reported operating profit at DKK 7,444m (Q3: +0%), negatively affected by a currency impact of DKK 572m (8%).
- 1% decline in adjusted net profit to DKK 4,422m (2013: 4,474m).

#### Operational highlights

- Group beer volume declined organically by 2% (Q3: -2%) due to the negative Eastern European market development.
- Our market share increased in Asia and Western Europe, and our Russian market share strengthened versus H1.
- Our international premium portfolio delivered strong growth rates: Tuborg (+23%), Somersby (+43%), Kronenbourg 1664 (+10%) and Grimbergen (+30%). The Carlsberg brand grew 3% in its premium markets.
- The implementation of the supply chain integration and business standardisation project (BSPI) continued and Poland, Switzerland and Finland went live on 1 October.
- The integration of Chongqing Brewery is progressing according to plan.

#### 2014 earnings expectations

- 2014 outlook is maintained.

Commenting on the results, CEO Jørgen Buhl Rasmussen says: "The Group managed to deliver organic earnings growth and increased cash flow despite the market challenges in Eastern Europe. Our results underpin the strength of our business model, brands and people as well as our ability and determination to execute on our key strategic priorities which will drive the value of the Group".

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## KEY FIGURES AND FINANCIAL RATIOS

DKK million	Q3 2014	Q3 2013	9 mths 2014	9 mths 2013	2013	
<b>Total sales volumes (million hl)</b>						
Beer	37.6	38.6	105.3	108.4	138.7	
Other beverages	6.2	5.8	17.4	16.4	21.5	
<b>Pro rata volumes (million hl)</b>						
Beer	34.3	32.7	96.3	92.8	119.7	
Other beverages	5.6	5.3	16.0	15.0	19.7	
<b>Income statement</b>						
Net revenue	18,120	17,419	50,178	49,181	64,350	
Operating profit before special items	3,390	3,392	7,444	7,419	9,723	
Special items, net	-94	-43	-218	-173	-435	
Financial items, net	-299	-290	-1,013	-1,048	-1,506	
Profit before tax	2,997	3,059	6,213	6,198	7,782	
Corporation tax	-749	-738	-1,553	-1,501	-1,833	
Consolidated profit	2,248	2,321	4,660	4,697	5,949	
Attributable to:						
Non-controlling interests	145	113	414	353	478	
Shareholders in Carlsberg A/S	2,103	2,208	4,246	4,344	5,471	
Shareholders in Carlsberg A/S (adjusted)*	2,184	2,245	4,422	4,474	5,772	
<b>Statement of financial position</b>						
Total assets	-	-	148,819	146,946	149,993	
Invested capital	-	-	116,340	116,734	119,000	
Interest-bearing debt, net	-	-	34,308	31,014	34,636	
Equity, shareholders in Carlsberg A/S	-	-	65,521	68,264	67,811	
<b>Statement of cash flows</b>						
Cash flow from operating activities	3,114	3,222	5,986	6,151	8,142	
Cash flow from investing activities	-1,144	-747	-3,375	-3,659	-8,038	
Free cash flow	1,970	2,475	2,611	2,492	104	
<b>Financial ratios</b>						
Operating margin	%	18.7	19.5	14.8	15.1	15.1
Return on average invested capital (ROIC)	%	-	-	8.3	7.9	8.1
Equity ratio	%	-	-	44.0	46.5	45.2
Debt/equity ratio (financial gearing)	x	-	-	0.49	0.43	0.49
Interest cover	x	-	-	7.35	7.08	6.46
<b>Stock market ratios</b>						
Earnings per share (EPS)	DKK	13.8	14.5	27.8	28.5	35.9
Earnings per share, adjusted (EPS-A)*	DKK	14.3	14.7	29.0	29.3	37.8
Cash flow from operating activities per share (CFPS)	DKK	20.4	21.1	39.2	40.3	53.4
Free cash flow per share (FCFPS)	DKK	12.9	16.2	17.1	16.3	0.7
Share price (B-shares)	DKK	-	-	524	568	600
Number of shares (period-end, excl. treasury shares)	1,000	-	-	152,536	152,547	152,533
Number of shares (average, excl. treasury shares)	1,000	152,536	152,550	152,536	152,550	152,548

\* Adjusted for special items after tax.

## BUSINESS DEVELOPMENT

	2013	Change			2014	Change Reported
		Organic	Acq., net	FX		
<b>Q3</b>						
Pro rata (million hl)						
Beer	32.7	-2%	7%		34.3	5%
Other beverages	5.3	6%	0%		5.6	6%
Total volume	38.0	-1%	6%		39.9	5%
DKK million						
Net revenue	17,419	2%	6%	-4%	18,120	4%
Operating profit	3,392	1%	4%	-5%	3,390	0%
Operating margin (%)	19.5				18.7	-80bp
<b>9 mths</b>						
Pro rata (million hl)						
Beer	92.8	-2%	6%		96.3	4%
Other beverages	15.0	6%	0%		16.0	6%
Total volume	107.8	-1%	5%		112.3	4%
DKK million						
Net revenue	49,181	3%	5%	-6%	50,178	2%
Operating profit	7,419	5%	3%	-8%	7,444	0%
Operating margin (%)	15.1				14.8	-30bp

### Group financial highlights

Group beer volumes declined organically by 2% (Q3: -2%), driven by the Eastern European market decline. Reported beer volumes grew by 4% (Q3: +5%) due to the acquisition at the end of last year of Chongqing Brewery in China. Other beverages grew organically by 6% (Q3: +6%).

Net revenue grew organically by 3% as the positive price/mix of +4% more than offset the organic decline in total volume of 1%. Reported net revenue grew by 2% as a result of -6% from currencies and a net acquisition impact of +5%. The negative currency impact was due to weaker currencies in several markets, including Russia, Ukraine, Norway and Belarus.

Cost of sales per hl grew slightly as a result of negative operational leverage and write-off on obsolete stocks in Eastern Europe. Gross profit grew organically by 4%, while gross profit per hl increased organically by 6%. The gross profit margin was up organically by 60bp (Q3: flat) to 50.2% (reported 49.6%).

Operating expenses grew organically by approximately 6%, mainly due to higher logistics costs, primarily in Eastern Europe, higher BSP1-related costs in Western Europe (approximately DKK 350m versus DKK 290m in 2013), and higher sales and marketing investments.

Group operating profit grew organically by 5% (Q3: +1%). We achieved organic operating profit growth in Western Europe and Asia while we saw an organic decline in Eastern Europe. Group operating margin grew organically by 30bp to 15.4% (reported 14.8%).

Adjusted net profit (adjusted for post-tax impact of special items) was DKK 4,422m (2013: DKK 4,474m). Reported net profit was DKK 4,246m (2013: DKK 4,344m).

Free operating cash flow was DKK 2,642m (2013: DKK 2,958m). For the first nine months, total working capital impacted cash flow negatively due to seasonality, higher invoiced prices and lower VAT payables. Average trade working capital continued to improve and was -3.7% to net revenue at the end of Q3 (MAT) versus -3.5% at the end of Q3 2013 (MAT). Free cash flow was DKK 2,611m (2013: DKK 2,492m).

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 remains unchanged. In 2014, it has included the continued embedding and, in some mature markets, further development and improvement of our value management toolbox, which is an important driver of the Group's overall market share gains and positive price/mix.

Our innovation agenda is a key priority and included the further roll-out of brands, concepts and innovations. Among the many activities were the further roll-out of Radler (now available in 11 markets), new packaging formats for Jacobsen, the roll-out of Seth & Riley's Garage (now available in six markets), and further expansion of our proprietary DraughtMaster™ technology, which – in comparison to using steel kegs – enhances consumer experience and customer portfolios and revenue per hl positively. Additionally, we successfully launched the non-alcoholic beer Carlsberg Nordic in Denmark; Brewmaster's Collection in Russia, Finland and Denmark; and K by Kronenbourg in France.

Supporting and expanding the market shares of our international premium brands is another key priority. The Carlsberg brand grew 3% in its premium markets, with particularly strong performance in markets such as India, China and France. As a result of the overall market decline in Eastern Europe, the brand volume was down in this region. Carlsberg's second season as the official beer of the English Premier League kicked off in August and we activated the sponsorship in 66 markets. The activation of UEFA EURO 2016™ kicked off in September, when the qualifiers for the tournament began. Carlsberg and our local power brands will receive significant exposure during these matches.

The Tuborg brand grew strongly by 23% as a result of impressive growth in Asia, particularly in China and India. The brand has become the fastest growing international premium brand in China and the no. 1 international premium brand in India. We continued the deployment of the brand rejuvenation programme which was rolled out in more markets, such as the Baltics, the Balkans and Nepal. "Always Say Yes" – a fully integrated, 360 degree campaign, encompassing new TVC, print, digital and point-of-purchase materials for the on- and off-trade – was launched globally.

Kronenbourg 1664 grew by 10%, partly as a result of easy comparisons last year due to French destocking in Q1 2013. The growth was, however, also driven by market share gains in France,

growth in export markets and further roll-outs in new markets. 1664 Blanc achieved good results in several Asian markets.

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

Our Belgian abbey ale, Grimbergen, grew 30% for the nine months, and since 2011 it has been the fastest growing international abbey beer. We are continuing to expand the brand's footprint and it is now available in 33 markets around the world.

We are expanding our digital activities and aim to continuously strengthen content, maximise connections and develop and implement tools and systems to reach consumers and customers. We use digital platforms such as YouTube, Twitter, Facebook, brand websites etc. Currently, our digital activities include #happybeertime for on-trade customers; the Carlsberg Premier League Live Match Centre; UEFA EURO 2016™ engagement through Facebook and Twitter; and in Denmark Zulu BFF, a new reality show showcasing multiple channel viewing.

During Q3 2014, Carlsberg joined forces with a coalition of the world's biggest companies and non-profit organisations to launch a global digital media platform, "Collectively", which aims to drive conversation and action on sustainability.

In March, BSP1 was rolled out in the UK and on 1 October, in Finland, Poland and Switzerland. The next wave of markets is expected to be in the spring of 2015.

### **Structural changes**

During the first nine months of the year, the Group took further steps to strengthen its growth profile:

- In Vietnam, we increased the ownership of South-East Asia Brewery Ltd to 100% (previously 60% ownership) and of Hanoi-Vung Tau Beer Joint Stock Company to 100% (previously 55% ownership).
- In the Czech Republic, we acquired 51% of Zatecký Pivovar, spol. s r.o.
- On 23 October, we completed the acquisition of Chongqing Beer Group Assets Management Co. Ltd ("Eastern Assets").

### **2014 earnings expectations**

The Group's earnings expectations for 2014 are unchanged:

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

## WESTERN EUROPE

In the mature Western European markets, our key focus is to improve profitability, cash flow and returns. Our commercial focus is to increase volume and value market share through a continued development of our local power brands, further roll-out of our international premium brands, innovations and premiumisation efforts. This is supported by the deployment of best-in-class commercial tools. At the same time, we focus on reducing costs and capital employed through optimising asset utilisation, further increasing efficiencies across the business and simplifying our business model. An important enabler on this journey is the roll-out of a comprehensive set of standardised business processes and an integrated supply chain (BSPI).

	2013	Change			2014	Change Reported
		Organic	Acq., net	FX		
<b>Q3</b>						
Pro rata (million hl)						
Beer	14.1	0%	0%		14.1	0%
Other beverages	4.1	6%	0%		4.4	6%
Total volume	18.2	1%	0%		18.5	1%
DKK million						
Net revenue	10,542	0%	0%	0%	10,575	0%
Operating profit	1,985	3%	0%	0%	2,038	3%
Operating margin (%)	18.8				19.3	50bp
<b>9 mths</b>						
Pro rata (million hl)						
Beer	37.6	3%	0%		38.8	3%
Other beverages	11.2	6%	0%		11.9	6%
Total volume	48.8	4%	0%		50.7	4%
DKK million						
Net revenue	28,395	3%	0%	0%	29,160	3%
Operating profit	4,102	7%	0%	-1%	4,349	6%
Operating margin (%)	14.4				14.9	50bp

The Western European beer markets grew by 0-1% for the nine months, but declined by an estimated 3% in Q3 cycling a strong quarter last year that was impacted by very warm weather in July.

Overall, our market share grew slightly for the nine months and by 50bp for Q3. We delivered good share performance in France, Denmark, Norway, Poland, Portugal, Italy, Greece, Germany and Bulgaria.

Our numerous commercial activities included further deployment of our commercial tools, roll-out of our international premium brands, and launches of products and innovations. A few 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 beer Carlsberg Nordic in Denmark.

Our beer volume grew organically by 3% (Q3: flat), with particularly strong growth in France, Denmark, Poland, Norway and Germany. Beer volume declined in the Balkans, Italy, the Baltics and Finland. Other beverages grew organically by 6% (Q3: +6%), mainly due to strong performance in the Nordics and Switzerland.

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

In France, the market grew by an estimated 3% despite a very weak Q3 that was impacted by poor weather. Our French beer volumes grew by 13%, impacted positively by last year's destocking in Q1 and a slight market share improvement. Our premium brands Kronenbourg 1664, Grimbergen and Skøll by Tuborg, as well as the flavoured K by Kronenbourg in the mainstream category, all delivered strong performance.

The UK market grew by approximately 1%. The UK market has been very volatile this year, with strong growth in Q2 due to favourable weather and World Cup activations, and a soft Q3. The channel shift from on-trade to off-trade continued. Our market share declined.

Our Nordic business performed strongly, driven by better weather versus last year, soft drink category growth and strong commercial execution (including product launches and value management). All beer markets grew except Finland, which was flat. Our beer volumes grew in Denmark, Norway and Sweden, with improved market share in Denmark and Norway, and our soft drink business did particularly well in Denmark and Sweden, with double-digit growth in both markets.

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

Net revenue increased organically by 3% (Q3: flat) to DKK 29,160m. While we achieved a positive effect from our value management efforts, price/mix declined by 1%, impacted negatively by strong growth in other beverages, a negative channel mix, and last year's strong price/mix development.

Operating profit grew organically by 7% (Q3: +3%) to DKK 4,349m in spite of higher BSPI-related costs than last year. The improvement was driven by volume growth, cost savings within supply chain and our ongoing focus on improving efficiencies in all areas. Operating margin improved 50bp (Q3: +50bp) to 14.9%.

## EASTERN EUROPE

In the Eastern European region, the Russian market has in recent years undergone significant changes. While the region offers long-term growth opportunities, the greater uncertainty and volatility has required a detailed contingency and scenario planning. To ensure that we maintain a very strong business, our key focus has been to invest in our business and protect profitability while driving a positive volume and value market share trend. The means to achieve this are to drive and support our international and local premium and mainstream brands, implement and utilise the Group's commercial tools, and secure superior commercial execution. To further enhance the cost efficiency and asset utilisation of the Eastern European business, the Group is proactively adapting the structure and organisation to the changed market conditions while securing the long-term health of the business.

	2013	Change			2014	Change Reported
		Organic	Acq., net	FX		
<b>Q3</b>						
Pro rata (million hl)						
Beer	11.0	-9%	0%		10.0	-9%
Other beverages	0.5	-1%	0%		0.4	-1%
Total volume	11.5	-9%	0%		10.4	-9%
DKK million						
Net revenue	4,598	0%	0%	-15%	3,916	-15%
Operating profit	1,297	-19%	0%	-11%	907	-30%
Operating margin (%)	28.2				23.2	-500bp
<b>9 mths</b>						
Pro rata (million hl)						
Beer	32.9	-10%	0%		29.5	-10%
Other beverages	1.5	1%	0%		1.5	1%
Total volume	34.4	-10%	0%		31.0	-10%
DKK million						
Net revenue	13,745	-1%	0%	-16%	11,392	-17%
Operating profit	2,988	-4%	0%	-15%	2,417	-19%
Operating margin (%)	21.7				21.2	-50bp

The value of the Russian beer market grew in the first nine months of the year while market volumes declined by an estimated 6-7%, due to the uncertain and challenging macro-environment. Q3 declined by an estimated 6-7%, supported by favourable weather conditions, especially in the latter part of the quarter.

Our Russian volume market share improved sequentially and reached 37.9% for Q3 (Q2: 36.5%). For the nine months, our volume market share declined by 110bp to 37.6% (source: Nielsen Retail



Audit, Urban & Rural Russia). Our value share declined considerably less as the market share loss was most pronounced in the economy segment and due to our value management efforts and supported by the launch of slightly smaller pack sizes.

The year-to-date market share loss was mainly in the modern trade channel and driven by the launch of slightly smaller pack sizes to minimise price increases in addition to our price leadership and the temporary disruption in late Q1 and early Q2 as a consequence of a change in the legal structure of Baltika Breweries. Our mix was positive, driven by particularly good progress of our local brands Baltika 7 and Baltika 9, while some of our brands, such as Baltika 3 and Bolshaya Kruzhdka, declined.

The Ukrainian beer market declined by an estimated 10% due to the very challenging and uncertain macroeconomic climate. Q3 developed slightly more favourably than Q2, mainly due to easy comparisons as Q3 last year was impacted by very poor weather. There were significant variances between regions, with a relatively stable market in the western part of the country and more than a 20% decline in the eastern part. We have been able to operate our business in Ukraine although with disruptions. We estimate that our market share was slightly up. In Belarus and Kazakhstan, we also gained market share.

The Group's regional beer volumes declined organically by 10% (Q3: -9%). Our Russian shipments declined 11% due to the overall market decline and market share development. In Ukraine, our volumes declined by 12%, while we saw double-digit volume growth in Kazakhstan.

In spite of a challenging Russian market, we continued to invest in our brands and maintained a high level of commercial activities. These activities included activation of sponsorships such as the Continental Hockey League and local football teams, with the Baltika brand activated in stadium and TV commercials. Other activities included events such as the Tuborg GreenFest music festival, which was rolled out to more cities. In addition, we continued to upgrade our regional brands and launched innovations such as Koff, Brewmaster's Collection, Jacobsen and Seth & Riley's Garage.

Organic net revenue declined by 1% (Q3: flat). Price/mix remained strong at +9% (Q3: +9%), driven by price increases, a positive mix and slightly smaller pack sizes in Russia. We increased prices in Russia in March, May and October. Reported net revenue declined by 17% due to the substantial negative currency impact of -16% as the Ukrainian hryvna devalued by 33% and the Russian rouble by 13%.

Organic operating profit declined by 4% (Q3: -19%). The organic decline was further compounded by the very negative currency impact, resulting in a decline of 19% (Q3: -30%) in reported operating profit to DKK 2,417m.

The year-on-year fluctuations in operating profit margins for Q2 (+460bp) and Q3 (-500bp) were caused by different phasing of sales and marketing investments versus last year, write-off on obsolete stocks in Q3 and last year's cost reductions, which started impacting profitability positively in Q3 last year.

## ASIA

The Group has an attractive footprint in the growing Asian region. To capture the growth opportunities we continuously expand our presence in the region through investments with a long-term view in the existing business and in new markets. Our commercial focus is to further strengthen and premiumise our local brand portfolios and expand the reach of our international premium brands. Furthermore, we continuously upgrade our commercial execution capabilities by applying Group and regionally developed tools and best practices. In addition to growing our Asian business, we drive efficiencies across our businesses with an emphasis on optimising structures and ways of working, using well-proven Group concepts and operating models.

	2013	Change			2014	Change
		Organic	Acq., net	FX		Reported
<b>Q3</b>						
Pro rata (million hl)						
Beer	7.6	4%	31%		10.2	35%
Other beverages	0.7	12%	0%		0.8	12%
Total volume	8.3	5%	28%		11.0	33%
DKK million						
Net revenue	2,232	16%	47%	-2%	3,583	61%
Operating profit	485	12%	28%	-3%	664	37%
Operating margin (%)	21.7				18.5	-320bp
<b>9 mths</b>						
Pro rata (million hl)						
Beer	22.3	0%	26%		28.0	26%
Other beverages	2.3	12%	0%		2.6	12%
Total volume	24.6	1%	23%		30.6	24%
DKK million						
Net revenue	6,910	11%	33%	-6%	9,507	38%
Operating profit	1,446	7%	16%	-5%	1,699	18%
Operating margin (%)	20.9				17.9	-300bp

Beer volume dynamics in our Asian region improved in Q3 versus the first six months. Our quarterly beer volume grew organically by 4%, putting beer volume for the nine months, measured in organic terms, on a par with last year. Including acquisitions, beer volume grew by 26% (Q3: +35%). We achieved particularly strong growth in India, Nepal, Cambodia and Laos, and for our international premium brands in China. Our Chinese volumes declined due to specific circumstances in some provinces. The acquisition impact related mainly to the consolidation of Chongqing Brewery Group. Other beverages grew organically by 12% (Q3: 12%), mainly due to strong performance in Laos.

As a result of driving our international premium portfolio, constantly upgrading local power brands and further strengthening our commercial capabilities, we grew market share in all Asian markets, except China.

The Carlsberg brand grew by approximately 4% (Q3: +9%) mainly as a result of good results in India, driven by Carlsberg Elephant, and in China, driven by Carlsberg Chill and Carlsberg Light.

Tuborg is becoming a key international brand in the region, and the brand more than doubled its volumes thanks to very strong performance in China and India as well as the more established Tuborg market, Nepal, where the 3G bottle was launched at the beginning of Q3. We continued the further roll-out of Kronenbourg 1664, primarily the Blanc variety. The brand is establishing a solid footprint in the super-premium segment across our Asian markets and is now available in Malaysia, Singapore, Hong Kong and China. Somersby doubled its volumes, albeit from a low base, due to very good results in the more mature markets of Hong Kong, Singapore and Malaysia.

Our Chinese volumes grew by 35% (Q3: +44%) due to the consolidation of Chongqing Brewery Group. The Chinese market declined by an estimated 2% (Q3: -8%) while the beer market in our major provinces declined by an estimated 5% as several of the provinces were impacted by poor weather, compounded by the unrest in the Xinjiang province. Our business improved slightly in Q3 versus the first six months. In addition to the market decline, our volumes were impacted by the reduction of unprofitable products in Southern China. Price/mix improved by double-digit percentages due to growth of our international premium brands, good premiumisation results for our local power brands and portfolio optimisation.

The integration of Chongqing Brewery Group is progressing according to plan. We are strengthening and refreshing sales capabilities and the brand portfolio, and at the same time, implementing Carlsberg Group tools and processes in functions such as finance, HR, supply chain and IT. Last year's purchase of Chongqing Beer Group Assets Management Co. Ltd ("Eastern Assets") was approved in October and will be consolidated from November.

In Indochina, our beer volume grew organically by 7% (Q3: +19%), driven by consistent growth in Laos and Cambodia as well as a strong recovery in Vietnam during the year. The strong performance was driven by our strong local power brands Angkor in Cambodia, Beerlao in Laos and Huda in Vietnam. In Vietnam, Huda gained substantial share in the central region with refreshed primary packaging. The Halida brand was relaunched in northern Vietnam with a new brand positioning, packaging and advertising support. In Laos, Beerlao continues to hold its strong market position, and we have seen promising results of the relaunch of the Beerlao Gold premium line extension.

Our Indian business continued its strong growth trend and delivered 37% organic volume growth in a market growing at an estimated mid-single-digit rate. The growth was mainly driven by very strong performance of Tuborg, which has now become the third-largest brand and the largest international premium brand in the country. Our market share in India now exceeds 10%.

Net revenue grew organically by 11% (Q3: +16%). Reported growth, including the consolidation of Chongqing Brewery Group and the negative impact from currencies in China, Laos, India, Malawi and Malaysia was 38% (Q3: +60%). Price/mix was +7% (Q3: +5%), with positive price/mix in most markets.

Operating profit increased by 7% organically (Q3: +12%) and 18% in reported terms (Q3: +37%) to DKK 1,699m. The organic growth was driven by the very positive price/mix, which resulted in double-digit organic gross profit growth, and income from a terminated licence agreement in Q2. The improvement in operating profit more than offset our investments in growth opportunities, such as the start-up in Myanmar, and investments in our local power brands and our international brand portfolio. Gross profit and operating profit margins declined as expected due to the consolidation of Chongqing Brewery Group, which has lower revenue per hl and lower margins than the regional average.

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

Central costs developed in line with expectation at DKK 923m (DKK 1,014m in 2013) for the nine months and DKK 190m for Q3 (DKK 350m in 2013). Central costs are incurred for ongoing support of the Group's overall operations and strategic development and driving efficiency programmes. In particular, they include the costs of running headquarter functions and central marketing (including sponsorships).

#### **OTHER ACTIVITIES**

In addition to beverage activities, Carlsberg runs the Carlsberg Research Center which generated an operating loss of DKK 98m (loss of DKK 103m in 2013).

#### **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 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 as the consolidated financial statements for 2013. The consolidated financial statements for 2013 contain a complete description of the accounting policies, including a description of the below described changes in the accounting policies which have been implemented as of 1 January 2014.

As of 1 January 2014, the Carlsberg Group has implemented IFRS 10-12 and the amendments to IAS 27-28 which have impacted the Group's financial statements and segment reporting as

investments in joint ventures have been included as associates, i.e. accounted for using the equity method instead of proportionately consolidated. The change has primarily impacted the consolidation method for Unicer (Portugal) and Cambrew (Cambodia).

The changed consolidation method has impacted all line items in the financial statements due to the deconsolidation of the previously proportionately consolidated share of the entities.

The effect of the change in accounting policies is recognised in the opening balance 1 January 2013 in accordance with the specific transition requirements in the standards. Comparative figures for 2013 have been restated accordingly. The effect of the changes in accounting policies on the main figures is as follows:

	30 September 2013			31 December 2013		
	Reported, old policies	Change	Restated, new policies	Reported, old policies	Change	Restated, new policies
Net revenue	50,891	-1,710	49,181	66,552	-2,202	64,350
Operating profit before special items	7,522	-103	7,419	9,844	-121	9,723
Consolidated profit	4,698	-1	4,697	5,951	-2	5,949
Result attributable to shareholders in Carlsberg A/S	4,344	-	4,344	5,471	-	5,471
Total assets	148,219	-1,273	146,946	151,138	-1,145	149,993
Equity attributable to shareholders in Carlsberg A/S	68,264	-	68,264	67,811	-	67,811
Equity attributable to non-controlling interests	3,243	-12	3,231	3,688	-13	3,675
Free cash flow	2,501	-9	2,492	200	-96	104

Furthermore, amendments to IAS 32 and IAS 39 and IFRIC 21 "Levies" have been implemented without impacting financial reporting.

Additionally, the classification of duties payable and amortisation of on-trade loans in the statement of cash flows have been changed as of 1 January 2014. Duties payable are now included in change in trade working capital while in prior periods, they were included in change in other working capital. Amortisation of on-trade loans is now included in change in on-trade loans, while in prior periods it was included in adjustment for non-cash items. The comparative figures have been restated accordingly.

## INCOME STATEMENT

Net special items (pre-tax) include costs in connection with the restructuring measures implemented across the Group and amounted to DKK -218m versus DKK -173m in 2013. Special items are specified in note 4.

Net financial items amounted to DKK -1,013m versus DKK -1,048m in 2013. Net interest costs were DKK -926m, down DKK 185m from 2013 due to lower average funding cost. Other net financial items were impacted by currency movements and fair value adjustments and amounted to DKK -87m compared with DKK 63m last year.

Tax totalled DKK -1,553m against DKK -1,501m in 2013, equivalent to a tax rate of 25%.

Carlsberg's share of net profit was DKK 4,246m. Adjusted net profit (adjusted for post-tax impact of special items) was DKK 4,422m compared with DKK 4,474m in 2013.

## STATEMENT OF FINANCIAL POSITION

At 30 September 2014, Carlsberg had total assets of DKK 148.8bn (DKK 150.0bn at 31 December 2013).

### Assets

The decrease of DKK 1.2bn in total assets was caused by a decrease in intangible assets which was partly offset by an increase in inventories and receivables.

Intangible assets decreased to DKK 87.6bn against DKK 91.2bn at 31 December 2013 mainly due to foreign exchange adjustments.

Property, plant and equipment were DKK 32.1bn against 32.4bn at 31 December 2013.

Inventories and trade receivables were DKK 13.6bn (DKK 12.2bn at 31 December 2013) impacted by normal seasonality. Other receivables etc. totalled DKK 5.1bn against DKK 3.6bn at 31 December 2013.

### Liabilities

Total equity amounted to DKK 69.4bn against DKK 71.5bn at 31 December 2013. DKK 65.5bn can be attributed to shareholders in Carlsberg A/S and DKK 3.9bn to non-controlling interests.

Main drivers of the decline in equity of DKK 2.1bn were profit for the period of DKK 4.7bn, foreign exchange adjustments of DKK -4.9bn, and the payment of dividends to shareholders of DKK -1.6bn.

Liabilities amounted to DKK 79.4bn against DKK 78.5bn at 31 December 2013. The small increase was driven by an increase in trade payables of DKK 1.1bn which was due to seasonality.

Non-current liabilities increased by DKK 6.9bn to DKK 51.6bn (DKK 44.7bn as of 31 December 2013) and current borrowings decreased to DKK 1.7bn (DKK 9.4bn as of 31 December 2013) due to a change in the debt profile following the maturity of the EUR 1bn bond and the issuance of 10-year 1bn EUR notes in May.

## STATEMENT OF CASH FLOWS

Operating profit before depreciation and amortisation was DKK 10,458m (DKK 10,283m in 2013).

The change in trade working capital was DKK -427m (DKK 180m in 2013). The change in trade working capital was impacted by seasonality and higher invoiced prices. Average trade working

capital to net revenue (MAT) was -3.7% at the end of Q3 2014 versus -3.5% at the end of Q3 2013. The change in other working capital was DKK -706m (DKK -355m in 2013), primarily impacted by lower VAT payable this year versus last year.

Paid net interest etc. amounted to DKK -1,084m (DKK -1,697m in 2013). The decline was mainly due to lower funding costs and settlement of financial instruments last year.

Cash flow from operating activities was DKK 5,986m against DKK 6,151m in 2013.

Cash flow from investing activities amounted to DKK -3,375m against DKK -3,659m in 2013.

Operational investments totalled DKK -3,344m (DKK -3,193m in 2013), whereas financial investments amounted to DKK -23m, down DKK 427m from 2013 when they were impacted by prepayments related to the acquisition of shares in Chongqing Brewery Group.

Free cash flow amounted to DKK 2,611m versus DKK 2,492m in 2013.

## FINANCING

As of 30 September 2014, gross interest-bearing debt amounted to DKK 39.3bn and net interest-bearing debt amounted to DKK 34.3bn. The difference of DKK 5.0bn was other interest-bearing assets, including DKK 3.4bn in cash and cash equivalents.

Of the gross interest-bearing debt, 96% (DKK 37.6bn) was long term i.e. with maturity more than one year from 30 September 2014. The net interest-bearing debt consisted primarily of loan and credit facilities in EUR and approximately 73% was fixed interest (fixed-interest period exceeding one year).

## FINANCIAL CALENDAR

The financial year follows the calendar year and the following schedule has been set for 2015:

18 February 2015	Financial statement as at 31 December 2014
26 March 2015	Annual General Meeting
12 May 2015	Interim results for Q1 2015
19 August 2015	Interim results for Q2 2015
11 November 2015	Interim results for Q3 2015

Carlsberg's communication with investors, analysts and the press is subject to special restrictions during a four-week period prior to the publication of interim and annual financial statements.

## DISCLAIMER

This Company Announcement contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future 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 the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such 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 expectations or forecasts at the time. 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 raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of market value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can 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 Board of Directors and the Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 30 September 2014.

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 September 2014, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 September 2014. Furthermore, in our



opinion the management review (p. 1-15) gives a true and fair account of the development in the Group's operations and financial matters, the result of the Carlsberg Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

**Copenhagen, 10 November 2014**

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen  
President & CEO

Jørn P. Jensen  
Deputy CEO & CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher  
Chairman

Jess Søderberg  
Deputy Chairman

Hans Andersen

Carl Bache

Richard Burrows

Donna Cordner

Eva V. Decker

Elisabeth Fleuriot

Kees van der Graaf

Finn Lok

Søren-Peter Fuchs Olesen

Elena V. Pachkova

Peter Petersen

Nina Smith

Lars Stemmerik

## FINANCIAL STATEMENTS

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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. Our flagship brand – Carlsberg – is one of the best-known beer brands in the world and the Baltika, Carlsberg and Tuborg brands are among the eight biggest brands in Europe. More than 45,000 people work for the Carlsberg Group, and our products are sold in more than 150 markets. In 2013, the Carlsberg Group sold 120 million hectolitres of beer, which is about 36 billion bottles of beer.

Find out more at [www.carlsberggroup.com](http://www.carlsberggroup.com).

**INCOME STATEMENT**

DKK million	Q3 2014	Q3 2013	9 mths 2014	9 mths 2013	2013
Net revenue	18,120	17,419	50,178	49,181	64,350
Cost of sales	-9,065	-8,511	-25,287	-24,828	-32,423
Gross profit	9,055	8,908	24,891	24,353	31,927
Sales and distribution expenses	-4,947	-4,589	-14,447	-13,927	-18,181
Administrative expenses	-981	-1,053	-3,597	-3,342	-4,415
Other operating activities, net	128	-18	256	17	22
Share of profit after tax, associates and joint ventures	135	144	341	318	370
Operating profit before special items	3,390	3,392	7,444	7,419	9,723
Special items, net	-94	-43	-218	-173	-435
Financial income	205	-96	466	714	717
Financial expenses	-504	-194	-1,479	-1,762	-2,223
Profit before tax	2,997	3,059	6,213	6,198	7,782
Corporation tax	-749	-738	-1,553	-1,501	-1,833
Consolidated profit	2,248	2,321	4,660	4,697	5,949
Attributable to:					
Non-controlling interests	145	113	414	353	478
Shareholders in Carlsberg A/S	2,103	2,208	4,246	4,344	5,471
Earnings per share	13.8	14.5	27.8	28.5	35.9
Earnings per share, diluted	13.7	14.4	27.7	28.4	35.7

## STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q3 2014	Q3 2013	9 mths 2014	9 mths 2013	2013
Consolidated profit	2,248	2,321	4,660	4,697	5,949
Other comprehensive income:					
Retirement benefit obligations	-82	3	-231	-31	824
Share of other comprehensive income, associates and joint ventures	2	-	3	-	2
Corporation tax relating to items that will not be reclassified	-29	-1	1	8	-195
Items that will not be reclassified to the income statement	-109	2	-227	-23	631
Foreign exchange adjustments of foreign entities	-2,661	-1,965	-4,873	-5,345	-7,499
Value adjustments of hedging instruments	-36	1	220	10	10
Effect of hyperinflation	-	6	-	33	61
Other	-	-21	-	-	-29
Corporation tax relating to items that may be reclassified	30	-2	-22	10	-8
Items that may be reclassified to the income statement	-2,667	-1,981	-4,675	-5,292	-7,465
Other comprehensive income	-2,776	-1,979	-4,902	-5,315	-6,834
Total comprehensive income	-528	342	-242	-618	-885
Attributable to:					
Non-controlling interests	425	-35	702	302	305
Shareholders in Carlsberg A/S	-953	377	-944	-920	-1,190

## STATEMENT OF FINANCIAL POSITION

DKK million	30 Sept 2014	30 Sept 2013	31 Dec 2013
<b>Assets</b>			
Intangible assets	87,577	86,500	91,196
Property, plant and equipment	32,079	29,748	32,377
Financial assets	7,163	11,067	6,963
<b>Total non-current assets</b>	<b>126,819</b>	<b>127,315</b>	<b>130,536</b>
Inventories and trade receivables	13,588	12,250	12,245
Other receivables etc.	5,054	4,097	3,626
Cash and cash equivalents	3,358	3,284	3,586
<b>Total current assets</b>	<b>22,000</b>	<b>19,631</b>	<b>19,457</b>
<b>Total assets</b>	<b>148,819</b>	<b>146,946</b>	<b>149,993</b>
<b>Equity and liabilities</b>			
Equity, shareholders in Carlsberg A/S	65,521	68,264	67,811
Non-controlling interests	3,938	3,231	3,675
<b>Total equity</b>	<b>69,459</b>	<b>71,495</b>	<b>71,486</b>
Borrowings	37,558	27,066	30,239
Deferred tax, retirement benefit obligations etc.	14,002	15,195	14,502
<b>Total non-current liabilities</b>	<b>51,560</b>	<b>42,261</b>	<b>44,741</b>
Borrowings	1,672	8,998	9,417
Trade payables	13,744	12,289	12,621
Deposits on returnable packaging	1,556	1,306	1,598
Other current liabilities	10,828	10,597	10,130
<b>Total current liabilities</b>	<b>27,800</b>	<b>33,190</b>	<b>33,766</b>
<b>Total equity and liabilities</b>	<b>148,819</b>	<b>146,946</b>	<b>149,993</b>

STATEMENT OF CHANGES IN EQUITY (PAGE 1 OF 2)

DKK million	Shareholders in Carlsberg A/S						30 Sept 2014	
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity, shareholders	Non-controlling interests	Total equity
						in Carlsberg A/S		
Equity at 1 January 2014	3,051	-13,208	-682	-13,890	78,650	67,811	3,675	71,486
Consolidated profit	-	-	-	-	4,246	4,246	414	4,660
Other comprehensive income:								
Foreign exchange adjustments of foreign entities	-	-5,161	-	-5,161	-	-5,161	288	-4,873
Value adjustments of hedging instruments	-	119	101	220	-	220	-	220
Retirement benefit obligations	-	-	-	-	-231	-231	-	-231
Share of other comprehensive income, associates and joint ventures	-	-	-	-	3	3	-	3
Corporation tax	-	-8	-14	-22	1	-21	-	-21
Other comprehensive income	-	-5,050	87	-4,963	-227	-5,190	288	-4,902
Total comprehensive income for the period	-	-5,050	87	-4,963	4,019	-944	702	-242
Acquisition/disposal of treasury shares	-	-	-	-	-14	-14	-	-14
Share-based payment	-	-	-	-	49	49	-	49
Dividends paid to shareholders	-	-	-	-	-1,220	-1,220	-405	-1,625
Acquisition of non-controlling interests	-	-	-	-	-161	-161	-49	-210
Acquisition of entities	-	-	-	-	-	-	15	15
Total changes in equity	-	-5,050	87	-4,963	2,673	-2,290	263	-2,027
Equity at 30 September 2014	3,051	-18,258	-595	-18,853	81,323	65,521	3,938	69,459

STATEMENT OF CHANGES IN EQUITY (PAGE 2 OF 2)

DKK million	Shareholders in Carlsberg A/S							30 Sept 2013	
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Equity, shareholders		Non-controlling interests	Total equity
						in Carlsberg A/S			
Equity at 1 January 2013	3,051	-5,865	-758	-6,623	73,833	70,261	3,389	73,650	
Changes in accounting policies	-	-	-	-	-	-	-13	-13	
Restated equity at 1 January 2013	3,051	-5,865	-758	-6,623	73,833	70,261	3,376	73,637	
Consolidated profit	-	-	-	-	4,344	4,344	353	4,697	
Other comprehensive income:									
Foreign exchange adjustments of foreign entities	-	-5,292	-	-5,292	-	-5,292	-53	-5,345	
Value adjustments of hedging instruments	-	-116	126	10	-	10	-	10	
Retirement benefit obligations	-	-	-	-	-31	-31	-	-31	
Effect of hyperinflation	-	31	-	31	-	31	2	33	
Corporation tax	-	45	-35	10	8	18	-	18	
Other comprehensive income	-	-5,332	91	-5,241	-23	-5,264	-51	-5,315	
Total comprehensive income for the period	-	-5,332	91	-5,241	4,321	-920	302	-618	
Capital Increase	-	-	-	-	-	-	32	32	
Acquisition/disposal of treasury shares	-	-	-	-	-43	-43	-	-43	
Share-based payment	-	-	-	-	54	54	-	54	
Dividends paid to shareholders	-	-	-	-	-915	-915	-309	-1,224	
Acquisition of non-controlling interests	-	-	-	-	-173	-173	-174	-347	
Acquisition of entities	-	-	-	-	-	-	4	4	
Total changes in equity	-	-5,332	91	-5,241	3,244	-1,997	-145	-2,142	
Equity at 30 September 2013	3,051	-11,197	-667	-11,864	77,077	68,264	3,231	71,495	

## STATEMENT OF CASH FLOWS

DKK million	Q3 2014	Q3 2013	9 mths 2014	9 mths 2013	2013
Operating profit before special items	3,390	3,392	7,444	7,419	9,723
Adjustment for depreciation, amortisation and impairment losses	1,032	946	3,014	2,864	3,869
Operating profit before depreciation, amortisation and impairment losses <sup>1</sup>	4,422	4,338	10,458	10,283	13,592
Adjustment for other non-cash items	-169	-49	-333	-183	-221
Change in trade working capital	246	713	-427	180	620
Change in other working capital	-435	-550	-706	-355	-843
Restructuring costs paid	-62	-146	-278	-302	-617
Interest etc. received	37	74	47	152	329
Interest etc. paid	-353	-448	-1,131	-1,849	-2,424
Corporation tax paid	-572	-710	-1,644	-1,775	-2,294
Cash flow from operating activities	3,114	3,222	5,986	6,151	8,142
Acquisition of property, plant and equipment and intangible assets	-1,222	-978	-3,585	-3,339	-5,582
Disposal of property, plant and equipment and intangible assets	47	13	118	92	149
Change in trade loans	28	43	123	54	48
Total operational investments	-1,147	-922	-3,344	-3,193	-5,385
Free operating cash flow	1,967	2,300	2,642	2,958	2,757
Acquisition and disposal of entities, net	-	-	-76	-138	-2,340
Acquisition and disposal of associates, net	8	-	-45	-72	-191
Acquisition and disposal of financial assets, net	4	7	5	4	5
Change in financial receivables	-12	156	-6	-381	-250
Dividends received	7	28	99	137	141
Total financial investments	7	191	-23	-450	-2,635
Other investments in property, plant and equipment	-4	-16	-8	-16	-18
Total other activities <sup>2</sup>	-4	-16	-8	-16	-18
Cash flow from investing activities	-1,144	-747	-3,375	-3,659	-8,038
<b>Free cash flow</b>	<b>1,970</b>	<b>2,475</b>	<b>2,611</b>	<b>2,492</b>	<b>104</b>
Shareholders in Carlsberg A/S	-	-7	-1,234	-958	-986
Non-controlling interests	-14	-9	-541	-628	-677
External financing	-2,208	-1,938	-1,012	-3,460	-67
Cash flow from financing activities	-2,222	-1,954	-2,787	-5,046	-1,730
Net cash flow	-252	521	-176	-2,554	-1,626
Cash and cash equivalents at beginning of period	3,206	1,898	3,208	5,000	5,000
Currency translation adjustments	230	-88	152	-115	-166
Cash and cash equivalents at period-end <sup>3</sup>	3,184	2,331	3,184	2,331	3,208

<sup>1</sup> Impairment losses excluding those reported in special items.

<sup>2</sup> Other activities cover real estate, separate from beverage activities.

<sup>3</sup> Cash and cash equivalents less bank overdrafts.



## NOTE 1

### Segment reporting by region (beverages)

	Q3 2014	Q3 2013	9 mths 2014	9 mths 2013	2013
<b>Beer sales (pro rata, million hl)</b>					
Western Europe	14.1	14.1	38.8	37.6	49.0
Eastern Europe	10.0	11.0	29.5	32.9	42.4
Asia	10.2	7.6	28.0	22.3	28.3
<b>Total</b>	<b>34.3</b>	<b>32.7</b>	<b>96.3</b>	<b>92.8</b>	<b>119.7</b>
<b>Other beverages (pro rata, million hl)</b>					
Western Europe	4.4	4.1	11.9	11.2	14.9
Eastern Europe	0.4	0.5	1.5	1.5	1.7
Asia	0.8	0.7	2.6	2.3	3.1
<b>Total</b>	<b>5.6</b>	<b>5.3</b>	<b>16.0</b>	<b>15.0</b>	<b>19.7</b>
<b>Net revenue (DKK million)</b>					
Western Europe	10,575	10,542	29,160	28,396	37,393
Eastern Europe	3,916	4,598	11,392	13,745	17,711
Asia	3,583	2,232	9,507	6,910	9,063
Not allocated	46	47	119	130	183
<b>Beverages, total</b>	<b>18,120</b>	<b>17,419</b>	<b>50,178</b>	<b>49,181</b>	<b>64,350</b>
<b>Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)</b>					
Western Europe	2,455	2,414	5,594	5,385	6,923
Eastern Europe	1,224	1,649	3,382	4,082	5,566
Asia	896	630	2,344	1,866	2,475
Not allocated	-126	-332	-771	-953	-1,242
<b>Beverages, total</b>	<b>4,449</b>	<b>4,361</b>	<b>10,549</b>	<b>10,380</b>	<b>13,722</b>
<b>Operating profit before special items (EBIT, DKK million)</b>					
Western Europe	2,038	1,985	4,349	4,102	5,183
Eastern Europe	907	1,297	2,417	2,988	4,127
Asia	664	485	1,699	1,446	1,882
Not allocated	-190	-350	-923	-1,014	-1,330
<b>Beverages, total</b>	<b>3,419</b>	<b>3,417</b>	<b>7,542</b>	<b>7,522</b>	<b>9,862</b>
<b>Operating margin (%)</b>					
Western Europe	19.3	18.8	14.9	14.4	13.9
Eastern Europe	23.2	28.2	21.2	21.7	23.3
Asia	18.5	21.7	17.9	20.9	20.8
Not allocated	...	...	...	...	...
<b>Beverages, total</b>	<b>18.9</b>	<b>19.6</b>	<b>15.0</b>	<b>15.3</b>	<b>15.3</b>

## NOTE 2

## Segment reporting by activity

DKK million	Q3 2014			Q3 2013		
	Bever- ages	Non- Beverages	Total	Bever- ages	Non- Beverages	Total
Net revenue	18,120	-	18,120	17,419	-	17,419
Operating profit before special items	3,419	-29	3,390	3,417	-25	3,392
Special items, net	-93	-1	-94	-50	7	-43
Financial items, net	-294	-5	-299	-283	-7	-290
Profit before tax	3,032	-35	2,997	3,084	-25	3,059
Corporation tax	-758	9	-749	-896	158	-738
Consolidated profit	2,274	-26	2,248	2,188	133	2,321
Attributable to:						
Non-controlling interests	145	-	145	113	-	113
Shareholders in Carlsberg A/S	2,129	-26	2,103	2,075	133	2,208

DKK million	9 mths 2014			9 mths 2013		
	Bever- ages	Non- Beverages	Total	Bever- ages	Non- Beverages	Total
Net revenue	50,178	-	50,178	49,181	-	49,181
Operating profit before special items	7,542	-98	7,444	7,522	-103	7,419
Special items, net	-210	-8	-218	-187	14	-173
Financial items, net	-994	-19	-1,013	-1,031	-17	-1,048
Profit before tax	6,338	-125	6,213	6,304	-106	6,198
Corporation tax	-1,583	30	-1,553	-1,831	330	-1,501
Consolidated profit	4,755	-95	4,660	4,473	224	4,697
Attributable to:						
Non-controlling interests	414	-	414	353	-	353
Shareholders in Carlsberg A/S	4,341	-95	4,246	4,120	224	4,344

## NOTE 3

### Segment reporting by quarter

DKK million	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Net revenue								
Western Europe	9,175	7,483	10,371	10,542	8,997	7,640	10,945	10,575
Eastern Europe	4,480	2,902	6,245	4,598	3,966	2,484	4,992	3,916
Asia	2,085	2,262	2,416	2,232	2,153	2,732	3,193	3,583
Not allocated	30	57	26	47	53	40	32	46
Beverages, total	15,770	12,704	19,058	17,419	15,169	12,896	19,162	18,120
Non-beverages	-	-	-	-	-	-	-	-
Total	15,770	12,704	19,058	17,419	15,169	12,896	19,162	18,120
Operating profit before special items								
Western Europe	1,038	408	1,709	1,985	1,081	440	1,871	2,038
Eastern Europe	1,174	83	1,608	1,297	1,139	-8	1,518	907
Asia	319	477	484	485	436	455	580	664
Not allocated	-343	-288	-376	-350	-316	-402	-331	-190
Beverages, total	2,188	680	3,425	3,417	2,340	485	3,638	3,419
Non-beverages	-36	-52	-26	-25	-36	-32	-37	-29
Total	2,152	628	3,399	3,392	2,304	453	3,601	3,390
Special items, net	-1,306	-49	-81	-43	-262	-29	-95	-94
Financial items, net	-452	-353	-405	-290	-458	-346	-368	-299
Profit before tax	394	226	2,913	3,059	1,584	78	3,138	2,997
Corporation tax	-85	-46	-717	-738	-332	-16	-788	-749
Consolidated profit	309	180	2,196	2,321	1,252	62	2,350	2,248
Attributable to:								
Non-controlling interests	117	118	122	113	125	129	140	145
Shareholders in Carlsberg A/S	192	62	2,074	2,208	1,127	-67	2,210	2,103

## NOTE 4

### Special items

DKK million	9 mths 2014	9 mths 2013	2013
Special items, income:			
Revaluation gain, incl. recycling of cumulative exchange rate differences, on entities acquired in step acquisitions	13	-	239
Gain on disposal of property, plant and equipment impaired in prior years	11	-	40
Income total	24	-	279
Special items, expenses:			
Impairment of trademarks	-	-	-200
Restructuring of Ringnes, Norway	-47	-72	-88
Impairments of other non-current assets	-	-	-30
Restructuring of Carlsberg Deutschland	-	-	-40
Impairment and restructuring in relation to optimisation and standardisation in Western Europe	-77	-71	-176
Termination benefits and restructuring of sales, logistics and administration, Carlsberg UK	-	-	-27
Termination benefits and impairment of Brasseries Kronenbourg, France	-22	-30	-59
Restructuring of Baltika Breweries, Russia	-15	-	-37
Restructuring of Aldaris, Latvia	-	-	-74
Impairment and restructuring of Xinjiang Wusu Group, China	-43	-	-62
Impairment and restructuring Ningxia Xixia Jianiang Brewery, China	-29	-	-
Costs related to acquisitions and disposals of entities	-9	-	-28
Reversal of provision for onerous malt and hops contracts	-	-	107
Expenses total	-242	-173	-714
Special items, net	-218	-173	-435

NOTE 5 (PAGE 1 OF 2)

Debt and credit facilities

DKK million	
	30 Sept 2014
Non-current borrowings	
Issued bonds	28,902
Bank borrowings	7,133
Mortgages	1,457
Other non-current borrowings	66
<b>Total</b>	<b>37,558</b>
Current borrowings	
Current portion of other non-current borrowings	157
Bank borrowings	1,481
Other current borrowings	34
<b>Total</b>	<b>1,672</b>
<b>Total non-current and current borrowings</b>	<b>39,230</b>
Cash and cash equivalents	-3,358
<b>Net financial debt</b>	<b>35,872</b>
Other interest-bearing assets	-1,564
<b>Net interest-bearing debt</b>	<b>34,308</b>

All borrowings are measured at amortised cost. However, EMTN £300m bond with fixed-rate swapped to floating rate is measured at fair value. The carrying amount of this bond is DKK 3,009m.

## NOTE 5 (PAGE 2 OF 2)

### Debt and credit facilities

DKK million						
Time to maturity for non-current borrowings						30 Sept 2014
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	3,009	7,405	5,594	12,894	28,902
Bank borrowings	755	4	-	-	6,374	7,133
Mortgages <sup>1</sup>	-	-	-	-	1,457	1,457
Other non-current borrowings and leases	12	10	25	6	13	66
<b>Total</b>	<b>767</b>	<b>3,023</b>	<b>7,430</b>	<b>5,600</b>	<b>20,738</b>	<b>37,558</b>

DKK million	Net financial debt	Interest <sup>1</sup>			
		Floating	Fixed	Floating %	Fixed %
Interest risk as at 30 Sept 2014					
EUR	20,901	-5,059	25,960	-24%	124%
DKK	1,544	1,335	209	86%	14%
Other currencies	13,427	13,419	8	100%	0%
<b>Total</b>	<b>35,872</b>	<b>9,695</b>	<b>26,177</b>	<b>27%</b>	<b>73%</b>

<sup>1</sup> After interest rate, net investment hedges and currency sw aps.

DKK million	
Committed credit facilities <sup>2</sup>	30 Sept 2014
Less than 1 year	1,672
1 to 2 years	2,142
2 to 3 years	3,023
3 to 4 years	7,431
4 to 5 years	17,889
More than 5 years	20,738
<b>Total</b>	<b>52,895</b>

Short term	1,672
Long term	51,223

<sup>2</sup> Defined as short term borrowings and long term committed credit facilities.

## NOTE 6

### Net interest-bearing debt

DKK million	Q3 2014	Q2 2013	9 mths 2014	9 mths 2013	2013
Net interest-bearing debt is calculated as follows:					
Non-current borrowings			37,558	27,066	30,239
Current borrowings			1,672	8,998	9,417
Payables, acquisitions			54	-	188
Gross interest-bearing debt			39,284	36,064	39,844
Cash and cash equivalents			-3,358	-3,284	-3,586
Loans to associates			-56	-55	-55
On-trade loans			-1,793	-1,865	-1,850
less non-interest-bearing portion			828	852	869
Other receivables			-2,902	-2,279	-2,128
less non-interest-bearing portion			2,305	1,581	1,542
Net interest-bearing debt			34,308	31,014	34,636

#### Changes in net interest-bearing debt:

Net interest-bearing debt at beginning of period	36,132	35,759	34,636	31,962	31,962
Cash flow from operating activities	-3,114	-3,788	-5,986	-6,151	-8,142
Cash flow from investing activities, excl. acquisition of entities	1,144	1,225	3,299	3,521	5,698
Cash flow from acquisition of entities, net	-	-	76	138	2,340
Dividend to shareholders and non-controlling interests	13	165	1,625	1,224	1,272
Acquisition of non-controlling interests	-	47	135	319	320
Acquisition/disposal of treasury shares and exercise of share options	-	5	14	43	70
Acquired net interest-bearing debt from acquisition of entities	-	-44	113	9	1,039
Change in interest-bearing lending	-1	4	29	81	291
Effects of currency translation	131	-27	370	-224	-139
Other	3	30	-3	92	-75
Total change	-1,824	-2,383	-328	-948	2,674
Net interest-bearing debt, end of period	34,308	33,376	34,308	31,014	34,636

## NOTE 7

### Acquisition of entities

## NOTE 7

### Acquisition of entities

In Q2 and Q1 2014, Carlsberg gained control of Maybev Pte Ltd, (Singapore) and Hanoi-Vung Tau Beer Joint Stock Company, (Vietnam) respectively. In Q4 2013, Carlsberg gained control of Chongqing Brewery Group (China) and South Asian Breweries Group (India).

Acquired entities	Country of main operations	Previous method of consolidation	Previously held ownership interest	Acquired ownership interest	Total Carlsberg effective interest	Acquisition date	Main activity	Consideration, DKK million
Maybev Pte Ltd	Singapore	Not applicable	Not applicable	51%	26%	3 Apr. 2014	Wholesale trade of beer	10
Hanoi-Vung Tau Beer Joint Stock Company	Vietnam	Equity method	55%	45%	100%	12 Feb. 2014	Brewery	92
Chongqing Brewery Group	China	Equity method	30%	30%	60%	11 Dec. 2013	Brewery	2,636
South Asian Breweries Group	India	Propotionate	60%	7%	67%	31 Oct. 2013	Brewery	108

The acquisition of Maybev Pte Ltd expanded Carlsberg's premium drinks portfolio in Singapore and is in line with its premiumisation strategy in Asia. The step acquisitions of Hanoi-Vung Tau Beer Joint Stock Company, Chongqing Brewery Group and South Asian Breweries Group were a natural step for Carlsberg and in line with the strategy of obtaining full control of key operating activities. The calculation of goodwill represents staff competences as well as expectations of positive growth.

DKK million	Chongqing Brewery	Other	Total
Fair value of consideration transferred for acquired ownership interest	2,636	210	2,846
Fair value of previously held ownership interest	4,115	294	4,409
Fair value of put options recognised as part of acquisition	428	-	428
Total cost of acquisition	7,179	504	7,683
Net assets of acquired entities, attributable to Carlsberg	1,013	401	1,414
Goodwill from step acquisitions	6,166	103	6,269

In April 2014, Carlsberg Singapore Pte Ltd gained control of Maybev Pte Ltd, (Singapore) through the acquisition of the 51% shareholding. Carlsberg Singapore Pte Ltd is a subsidiary of Carlsberg with a 51% shareholding held by Carlsberg. Therefore, Carlsberg has an effective ownership interest of 26% of Maybev Pte Ltd, (Singapore).

In February 2014, Carlsberg gained control of Hanoi-Vung Tau Beer Joint Stock Company, (Vietnam) through the acquisition of the 45% shareholding held by our partner Hanoi Beer Alcohol and Beverage Corporation, (Vietnam). The shareholding in the company recognised prior to gaining control had a fair value that was higher than the carrying amount, which is why a revaluation adjustment of DKK 13m has been recognised.



In December 2013, Carlsberg gained control of Chongqing Brewery Group in China by completing a partial takeover offer acquiring 30.29% of the shares at a purchase price of DKK 2,636m. In addition, a put option was granted allowing a non-controlling interest of 4.95% of the shares to be sold to Carlsberg within a 12-month period at the same price per share as the partial takeover offer price. This put option was recognised at fair value, amounting to DKK 428m. Prior to Carlsberg gaining control, Chongqing Brewery Group was classified as an associate and consolidated according to the equity method.

In October 2013, Carlsberg gained control of South Asian Breweries Group through the exercise by a non-controlling interest of a put option of 6.67% of the shares at a price of DKK 108m. Prior to Carlsberg gaining control, South Asian Breweries Group was classified as a joint venture and proportionately consolidated.

The acquisitions of Chongqing Brewery Group and South Asian Breweries Group were both made in several steps over a period of 2-3 years, leading to Carlsberg gaining control in December and October 2013 respectively. The shareholding for each of these groups recognised prior to gaining control had a fair value equal to the carrying amount, which is why no revaluation adjustment has been recognised.

For each of the acquisitions, the purchase price allocations of the fair value of identified assets, liabilities and contingent liabilities are still ongoing. Adjustments are therefore expected to be made to all items in the opening statements of financial position, especially in relation to trademarks and property, plant and equipment in Chongqing Brewery Group. Accounting for the acquisitions will be completed within the 12-month period from each of the acquisition dates as required by IFRS 3.

DKK million	Chongqing Brewery	Other	Total
Intangible assets	106	15	121
Property, plant and equipment	2,297	987	3,284
Financial assets, excl. deferred tax	132	1	133
Inventories	265	73	338
Loans and receivables, current	226	339	565
Cash and cash equivalents	444	39	483
Provisions	-89	-4	-93
Deferred tax assets and liabilities, net	25	-	25
Borrowings	-1,101	-817	-1,918
Trade payables and other payables	-753	-217	-970
Net assets of acquired entities	1,552	416	1,968
Non-controlling interests' proportionate share of acquired net assets, recognised	-539	-15	-554
Net assets of acquired entities, attributable to Carlsberg	1,013	401	1,414

## NOTE 8

### Contingent liabilities

The Federal Cartel Office in Germany has issued a decision against Carlsberg Deutschland and imposed a fine to the amount of EUR 62m on Carlsberg Deutschland for alleged infringement of the competition rules in 2007. Management does not agree with the conclusions or findings of the Federal Cartel Office and, accordingly, Carlsberg Deutschland has appealed the decision to the relevant German Court. The imposed fine has not been accounted for in the accounts.