

Carlsberg Breweries

Second Quarter Results



Highlights

- Continued growth in all regions in Q2
 - EBITA +13 % (YTD +30 %)
 - Volume growth 22 % (YTD 22 %); organic growth 17 % (YTD 16 %)
- Carlsberg Brand growth 7 % in Q2 (YTD growth 6 %)
 - Increased investments in brand building activities
- Continued profitable growth in BBH
- Improved free cash flow
- Continued participation in brewery consolidation, particularly in Central and Eastern Europe
- Negative currency impact

Income Statement - extended

| in DKK million | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|--|----------------|--------------|--------------|----------------|--------------|--------------|
| | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Net sales | 9 951 | 9 272 | +7 % | 17 523 | 16 241 | +8 % |
| Operating profit before goodwill amortisation | 1 335 | 1 180 | +13 % | 1 689 | 1 301 | +30 % |
| Other items | -31 | - | | -18 | - | |
| Financials net | -296 | -213 | | -555 | -364 | |
| Corporation tax | -408 | -217 | | -438 | -234 | |
| Net profit before goodwill amortisation | 600 | 750 | | 678 | 703 | |
| Goodwill amortisation | -93 | -68 | | -188 | -139 | |
| Gains from sale of Thai shares | - | - | | - | 403 | |
| Consolidated profit | 507 | 682 | | 490 | 967 | |

Negative income effects

- as a result of changes in exchange rates

- Substantial effects YTD, but primarily in Q2:

- Translation effects EBITA:

- RUR depreciation -37 Million DKK

- Financial losses

- Russia -47 Million DKK

- Turkey -36 Million DKK

- Deferred tax

- Russia -96 Million DKK

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| EBITA | 1 335 | 1 180 | +13 % | 1 689 | 1 301 | +30 % |
| Goodwill amortisation | -93 | -68 | | -188 | -139 | |
| EBIT | 1 242 | 1 112 | +12 % | 1 501 | 1 162 | +29 % |
| EBITA-margin | 13.4 % | 12.7 % | 0.7%-p | 9.6 % | 8.0 % | 1.6%-p |

Cash flow

| in DKK million | Q2 | YTD |
|---|---------------|---------------|
| EBITA | 1 347 | 1689 |
| Depreciation | 663 | 1289 |
| Working capital | 930 | 571 |
| Other | -371 | -733 |
| Operational cash flow | 2 569 | 2 816 |
| Capital expenditure and expansion investments | -810 | -1 546 |
| Acquired companies | -342 | -553 |
| Other | -4 | 9 |
| Cash used in investment activities | -1 156 | -2 090 |
| Free cash flow | 1 413 | 728 |
| <i>Dividends paid</i> | <i>-145</i> | <i>-579</i> |

Strong focus on capital and cash generation

- Improved free cash flow

| Million DKK | Q2 | | YTD | |
|-----------------------|---------------|-------------|--------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| Free cash flow | +1 413 | -926 | + 728 | -1 881 |

- Improvement programs:
 - Phase 1: Focus on reducing working capital

| Million DKK | Q2 | YTD |
|------------------------|-------------|-------------|
| Working capital | -930 | -571 |

- Potential for further improvements
- Next step - Systematic approach to fixed assets

Balance sheet

| in DKK million | <u>30 Jun 02</u> | <u>31 Dec 01</u> |
|----------------------------------|------------------|------------------|
| Non-current assets | 29 870 | 29 741 |
| Current assets | 15 733 | 15 036 |
| Total assets | 45 603 | 44 777 |
| Equity | 13 431 | 14 839 |
| Net interest-bearing debt | 13 865 | 13 660 |

Change in volume

| Million HL | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|--------------------------------------|----------------|------|------|----------------|------|------|
| | 2002 | 2001 | | 2002 | 2001 | |
| Beer | | | | | | |
| Western Europe | 7.4 | 7.1 | 3 % | 12.9 | 12.6 | 3 % |
| Central and Eastern Europe | 10.6 | 8.2 | 31 % | 18.1 | 13.2 | 37 % |
| Carlsberg Asia* | 3.8 | 2.6 | 49 % | 6.9 | 5.4 | 27 % |
| Total | 21.8 | 17.9 | 22 % | 37.9 | 31.2 | 22 % |
| Soft drinks, water and others | | | | | | |
| Total | 6.3 | 6.0 | 6 % | 10.6 | 10.1 | 4 % |

• Hite included in Carlsberg Asia from 2002



Northern and Western Europe

| in DKK million | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|---------------------------|----------------|--------|---------|----------------|--------|---------|
| | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Net sales | 7 379 | 7 061 | +5 % | 13 017 | 12 293 | +6 % |
| EBITA | 848 | 812 | +4 % | 987 | 844 | +17 % |
| EBITA-margin | 11.5 % | 11.5 % | 0.0 %-p | 7.6 % | 6.9 % | 0.7 %-p |
| Volume (mill. hl of beer) | 7.4 | 7.1 | 3 % | 12.9 | 12.6 | +3 % |

- Profit growth in Nordic area
- Volume growth in the UK
- Southern Europe on plan, however negatively influenced by unfavourable weather conditions

The UK

- Total market growth +1.7 % RTM June
- Shift in consumption from On Trade to Off Trade
- Carlsberg-Tetley gaining market shares
 - Total Market Share YTD 12.4 % (+0.4 %)
- Strong growth for main brands
 - Carlsberg Export volume growth +19 % (YTD)
 - Carlsberg Lager volume growth +18 % (YTD)
- Enhanced focus on marketing activities
 - Renewed sponsorships (Liverpool FC, England national team)
- Positive contribution from capital improvement programs
- Distribution review ongoing
 - New portorage contracts entered



Nordic area - positive development

- Norway and Finland - increased market share and profit growth
 - Innovation
 - Distribution
 - Cost reduction
- Denmark - increased profits
 - Strengthened market shares for key brands
 - Sales growth
 - New products
 - Synergies
 - Competition from illegal imports (beer and soft drinks)



Nordic area - positive development

● Sweden

- Market shares for continuing brands positive YTD
 - Carlsberg +17 %
 - Tuborg +15 %
- Signs of improvements in production, but costs still too high
 - Production consolidation completed
 - Line efficiency too low
 - Distribution costs too high

Central and Eastern Europe

| in DKK million | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|---------------------------|----------------|--------|----------|----------------|--------|----------|
| | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Net sales | 2 230 | 1 553 | +44 % | 3 823 | 2 468 | +55 % |
| EBITA | 477 | 372 | +28 % | 652 | 492 | +33 % |
| EBITA-margin | 21.4 % | 24.0 % | -2.6 %-p | 17.1 % | 19.9 % | -2.9 %-p |
| Volume (mill. hl of beer) | 10.6 | 8.2 | +30 % | 18.1 | 13.2 | +37 % |

- Continued profitable growth for BBH
 - Especially in Russia and Ukraine
 - Voronezh consolidated in June
- New set-up in Poland operational
 - Kasztelan and Bosman consolidated in Q2
 - Positive impact from integration and restructuring programmes
- Operations in Turkey negatively affected by changes in exchange rates

Central and Eastern Europe - Key issues

- New initiatives in Croatia and Bulgaria
 - Acquired majority ownership in Panonska, consolidated as from June
 - Acquired majority ownership in the Bulgarian breweries Shumensko and Pirinsko
- Continued expansion in BBH - new breweries to be built in Eastern Siberia and in Kiev
- All operations in Baltic region consolidated in BBH
 - Remaining 32 % ownership in Svyturys Utenos Alus sold to BBH
- Carlsberg brand launched in Russia in June
- Difficult economic environment in Turkey
 - Pressure on price and margins
 - Positive development in volumes and market share

BBH - Baltic Beverages Holding

| in DKK million | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|---------------------------|----------------|--------|----------|----------------|--------|---------|
| | 2002 | 2001 | Change | 2002 | 2001 | Change |
| Net sales (50%) | 1 434 | 985 | +46 % | 2 383 | 1 546 | +54 % |
| EBITA (50%) | 407 | 288 | +41 % | 627 | 397 | +58 % |
| EBITA-margin | 28.4 % | 29.3 % | -0.9 %-p | 26.3 % | 25.7 % | 0.6 %-p |
| Volume (mill. hl of beer) | 8.2 | 6.1 | +34 % | 13.9 | 10.2 | +36 % |
| Exchange rates | | | | | | |
| Average RUR/Euro | 28.4 | 25.5 | -10 % | 27.9 | 25.9 | -7 % |
| At closing of books | | | | 31.1 | 24.7 | -21 % |

Further expansion for BBH in Eastern Europe

- Continuously increasing capacity in existing breweries
- Acquisitions
 - **Voronezh**, southern Russia acquisition (70 %)
 - Capacity 0.7 mill hl
 - Consolidated as of June 2002
 - Acquisition of 50 % of **Vena** approved
- New breweries
 - **Samara**
 - Capacity 1 mill. hl, operative in 2003
 - **Ukraine, Kiev**
 - Capacity 1.2 mill. hl, operative in 2004
 - **Habarovsk, Eastern Siberia**
 - Capacity 1 mill. hl, operative summer 2003

BBH - Market trends beer first six months

| | Market growth 2002 | Baltic Beverages Holding | | | Litres per capita Year 2001 |
|------------------------|--------------------------|-------------------------------|-------------------------|------------------------|-----------------------------------|
| | | Volume growth 2002-2001 | Market share 2002 | Change from 2001 | |
| Russia* | 16 % | 40 % | 33 % | 5.6 %-p | 41 |
| Ukraine | 19 % | 43 % | 21 % | 3.4 %-p | 25 |
| Baltic States** | 18 % | 28 % | 45 % | 3.5 %-p | 57 |

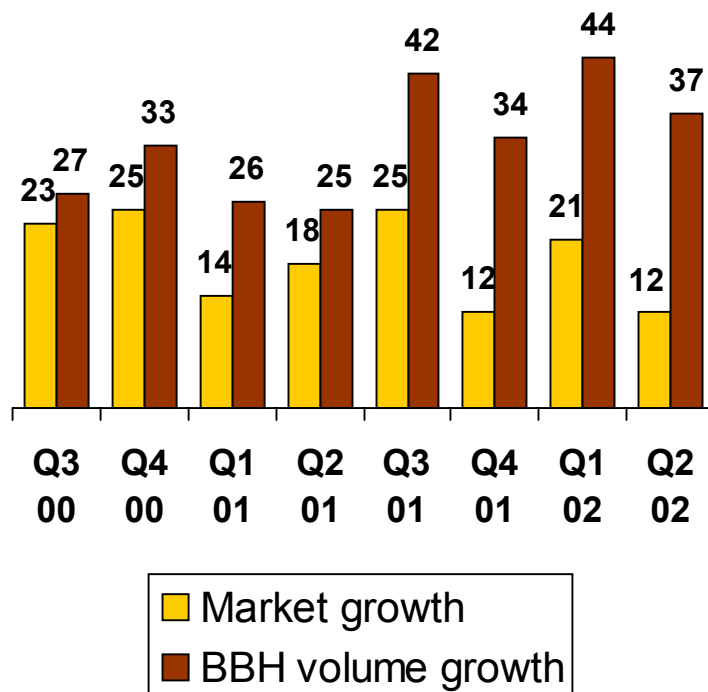
* Russia including Vena and Voronezh in 2002

** Baltic States including Syturus Utenos in 2002. Utenos and Kalnapilis in 2001



Beer market in Russia

Market growth and
BBH volume growth (%)



Market shares in Russia

| Brewery | 1 Jan - 30 Jun | |
|---------------|----------------|----------------|
| | 2002 | 2001 |
| BBH | 33.3 % | 27.7 % |
| Sun Interbrew | 11.3 % | 13.0 % |
| Ochakova | 8.6 % | 8.7 % |
| Krasny Vostok | 7.2 % | 7.2 % |
| Bravo | 4.0 % | 3.6 % |
| Stepan Razin | 2.6 % | 2.5 % |
| Efes | 2.3 % | 2.3 % |
| SAB | 1.7 % | 1.7 % |
| Vena | - | 1.5 % |
| Others | 29.0 % | 31.8 % |
| Total | 100.0 % | 100.0 % |



Carlsberg Asia

| in DKK million | 1 Apr - 30 Jun | | | 1 Jan - 30 Jun | | |
|-------------------------|----------------|--------|---------|----------------|--------|---------|
| | 2002 | 2001* | Change | 2002 | 2001 | Change |
| Net sales | 233 | 453 | -49 % | 556 | 983 | -43 % |
| EBITA | 104 | 78 | 33 % | 241 | 169 | 43 % |
| EBITA-margin | 44.6 % | 17.2 % | 27.4%-p | 43.3 % | 17.2 % | 26.2%-p |
| EBITA-margin excl. Hite | 43.3 % | | | 37.2 % | | |
| Volume beer mill HL | 3.8 | 2.6 | 49 % | 6.9 | 5.4 | 27 % |

- General economic trend more positive in Q2
- Profit growth mainly due to
 - Profit guarantee in Thailand
 - Consolidation of Hite (based on estimate in Q2)
 - Hong Kong, Singapore and South Korea positively affected by World Cup
 - Strong performance in Malaysia, results on a par with last year



*2001 figures represents old set up in Asia



Carlsberg Breweries – going forward

- Maintained expectations for EBITA growth in 2002 - approximately 20%
- Maintain strong focus on cash flow and reduce capital employed further
- Continue to improve operational performance
 - Maintain positive development in Poland and Switzerland
 - Stabilise and improve Swedish operations
 - Strengthen operations in Turkey in spite of economical environment
- Grow profitably according to strategy
 - Continued investments in growth markets
 - Participate in market consolidation
 - Strengthen the Carlsberg brand
 - Focus on customers and consumers

