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Announcement to the Copenhagen Stock Exchange

Q3 Financial Statement of the Carlsberg Group as at 30 September 2002

Results as expected

- Operating profit amounted to DKK 3,263m against DKK 2,855m last year (+14%).
- Profit before amortisation and write-down of goodwill (exclusive of one-off items) improved by DKK 159m (+9%).
- Progress in beer volume of 19% compared to last year. The Carlsberg brand showed an increase of 5%.
- Operating cash flow and free cash flow amounted to DKK 4.5bn and DKK 1.7bn, respectively.
- Expectations regarding the annual results are maintained.

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**Financial highlights for the period 1 January – 30 September 2002
(Unaudited)**

DKK million	2001 9 months	2002 9 months	Changes in percent
<u>Before one-off items:</u>			
Net revenue	25,699	26,922	+5
Operating profit	2,855	3,263	+14
Financials, net	-597	-616	-3
Corporation tax	-503	-733	-46
Profit before goodwill amortisation and write-down	1,755	1,914	+9
Goodwill amortisation and write-down	-220	-273	-24
Consolidated profit	1,535	1,641	+7
Carlsberg A/S' share of profit	826	882	+7

One-off items are non-recurring profit from the sale of shares in Thai breweries in 2001 as well as special items. Results including these items are shown in Appendix 1.

DKK million	31.12. 2001	30.09. 2002	Changes in percent
Capital and reserves	19,158	18,054	-6
Total assets	47,455	47,533	+0
Net interest-bearing debt	10,918	11,114	+2

Movements in consolidated capital and reserves:

Capital and reserves as at 31 December 2001		19,158	
Consolidated profit		1,657	
Dilution, Carlsberg Asia		-905	
Dividend, Carlsberg A/S		-320	
Dividend, minority interests		-316	
Repurchase of own shares		-666	
Currency translation adjustments etc.		-554	
Capital and reserves as at 30 September 2002		18,054	
Minority interests as at 30 September 2002		6,763	
Carlsberg A/S' share of capital and reserves as at 30 September 2002		11,291	

The accounting policies applied have been changed compared to the Annual Accounts for 2001. The announcement to the Copenhagen Stock Exchange of 16 April



2002 explains the effect of the changes on the accounting figures for 2001 and the previous three years. For a more detailed explanation of the changes in accounting policies, please see the above-mentioned announcement. All figures in the present financial statement have been prepared in accordance with the new accounting policies.

The financial statement for Asia (Carlsberg Asia Ltd.) is based on the new 50/50% joint venture structure with pro rata consolidation of Carlsberg Asia Ltd. with effect from 1 January 2002.

The translation method for the companies in Russia and the Ukraine (BBH) has been changed with effect from 1 January 2002, as the general inflation rate in these countries during a 3-year period has been significantly below 100%. The effects are adjusted in the quarterly comparative figures for 2002. The companies are now consolidated in accordance with the same financial principles as for other companies in countries characterized by moderate inflation (current cost approach).

Comments on developments in the period under review

The comments below are based on the results for the first nine months of 2002 compared to the results of the same period of 2001 before the effect of non-recurring gains from the sale of shares in Thai breweries in 2001 and special items.

The beer sales of the Carlsberg Group for the period increased by 19%, whereas soft drink sales were at level with last year. **Net turnover** amounted to DKK 26.9bn against DKK 25.7bn last year (+5%). The increase is primarily due to organic growth in Western Europe and Eastern Europe as well as the companies acquired in July and August 2001 in Turkey and Poland.

Operating profit totalled DKK 3,263m against DKK 2,855m last year (+14%). This is i.a. due to a significant profit increase in Western Europe and Eastern Europe as well as good progress in the results in Asia, i.a. due to the profit guarantee in Carlsberg Thailand and Hite (South Korea).

Financials, net showed a negative DKK 616m which was as expected.

As expected, **corporation tax** was somewhat above the level of last year. Profit before tax increased and the total tax rate amounted to approximately 27.5 exclusive of goodwill amortisation.

Profit before goodwill amortisation and write-down thus amounted to DKK 1,914m against DKK 1,755m last year (+9%).

Carlsberg A/S' share of profit amounted to DKK 882m against DKK 826m last year, corresponding to an improvement of 7%.

The **net interest-bearing debt** of just over DKK 11bn developed as expected and was at level with 31 December 2001. The project launched in order to reduce the



working capital as well as the divestment of non-brewery related non-current assets together with the contribution from operations have been the main causes of the favourable development, whereas the repurchase of own shares has had a negative effect.

The Carlsberg Group's **cash flow** was positive at DKK 0.8bn as at 30 September 2002. The cash flow from operations was a positive DKK 4.5bn. The cash flow to investment activities and from financing activities of DKK 3.7bn mainly relate to investments in property, plant and equipment of DKK 2.2bn net, acquisition of companies of DKK 0.6bn, dividend paid of DKK 0.6bn, and repurchase of own shares of DKK 0.7bn. **Free cash flow** thus amounted to DKK 1.7bn.

Western Europe:

DKK million	9 months 2001	9 months 2002	Changes in percent	Q3 2001	Q3 2002	Changes in percent
Net revenue	19,153	20,128	+5	6,860	7,111	+4
Operating profit	1,647	1,878	+14	803	891	+11
Operating margin (%)	8.6	9.3		11.7	12.5	
Beer sales (million hl)	19.7	20.2	+3	7.1	7.3	+3

Net revenue rose by DKK 1bn (+5%) to DKK 20.1bn, primarily due to developments in the Nordic countries, the UK, Italy, and Portugal.

Operating profit was well above last year, cf. comments on the individual markets set out below, and total profit was DKK 231m up on last year (+14%).

During the period, consumption of beer in **Denmark** has remained more or less stable, and Carlsberg Danmark registered a 1% growth in volume. Because of the large differences in excise duties between Denmark and Germany, a significant part of total Danish beer consumption is still purchased south of the border. The increase in the excise duties on soft drinks as at 1 January 2001 still affects soft drink sales negatively, however, the company has maintained its market share. So far, the introduction of cans on the Danish market has resulted in a market share of approximately 5% for this type of packaging. The results of the Danish activities are up on last year – generally due to increased efficiency.

In the **United Kingdom**, Carlsberg-Tetley gained market share and volume particularly for the Carlsberg brand (Carlsberg Lager +11% and Carlsberg Export +20%) and achieved satisfactory results above those of last year. Progress in results is mainly driven by volume increases, but a more profitable product mix has also affected results positively.

In **Switzerland**, Feldschlösschen has carried out the restructuring plans made and the expected savings have been realised. Still, a weaker market trend than anticipated - i.a. due to poor summer weather as well as a decline in sales due to the introduction of a new organisation structure - has led to results somewhat short of expectations. Initiatives to further improve results and customer service continue.



In **Sweden**, the integration of Pripps and Falcon into Carlsberg Sverige is proceeding according to plans, including the closing of the brewery in Gothenburg, which was completed in April. However, Carlsberg Sverige in total realised lower results than expected, which is primarily due to less efficient production and distribution than planned. The focus on profitable brands and the restructuring project has confirmed expectations of significant improvement in the results for the year.

In **Finland**, Sinebrychoff achieved a good increase in volume and a significant increase in results and its market position was strengthened.

In **Norway**, operating profit was significantly above the level of last year, which was primarily due to an increase in volume and an improved product mix.

In **Portugal**, results were slightly up on last year. The company VMPS which was acquired in Portugal is now included in Unicer's accounts as of 1 January 2002.

In **Italy**, results were at level with last year despite poor summer weather.

Eastern Europe:

DKK million	9 months 2001	9 months 2002	Changes in percent	Q3 2001	Q3 2002	Changes in percent
Net revenue	4,474	6,033	+35	2,006	2,211	+10
Operating profit	1,039	1,128	+9	547	468	-14
Operating margin (%)	23.2	18.7		27.3	21.2	
Beer sales (million hl)	22.9	29.2	+28	9.7	11.1	+15

Net revenue rose by 35% to DKK 6.0bn, which was primarily attributable to growth in Baltic Beverages Holding (BBH), however, the addition of new companies in Turkey and Poland in the second half of 2001 has also been an important factor as regards the increase in revenue.

Operating profit increased by 9% to DKK 1,128m. The reduction in the operating margin is particularly attributable to negative results in Turkey due to i.a. tough price competition and negative macroeconomic developments. On balance, the operating margin in BBH was maintained despite negative exchange rate movements.

In **BBH** (50%), net revenue rose by 34% to DKK 3,737m. The organic growth and acquired companies resulted in an increase in beer volume of 27%, particularly driven by growth in Russia and the Ukraine. The volume increase shows that BBH continues to outperform the market. BBH's market share in Russia was 33% (including Vena), which was 5%-points higher than for the same period last year. Market growth this year was 11% in Russia (4% in Q3), which is slightly less than previously expected, and 14% in the Ukraine. In the Baltic States, the market rose by 18%, and BBH increased its market share to 46%. Estimates for the full year as regards market growth in Russia are now lower than previously. The USD/EUR exchange rate development has had a negative effect of approximately DKK 40m year-to-date of which DKK 42m in Q3. The year-to-date inflation in Russia was approximately 10%.



In **Poland**, market conditions are showing signs of improvement and the brand portfolio has been strengthened. The re-organisation of Carlsberg's brewery group has been implemented as planned, and the breweries Kasztelan and Bosman have been consolidated into Carlsberg Okocim with effect from Q2. The shareholding in Carlsberg Okocim thus amounts to 62%. As expected, the activities in Poland show modestly positive results.

In **Turkey**, Türk Tuborg achieved volume growth and gained market share. Significant cost increases as well as increased sales and marketing activities were only partially covered by increased sales prices and volume progress. In addition, the exchange rate developments were extremely negative. The management of Türk Tuborg has been changed as a new temporary Chief Executive Officer has just been appointed. Various analyses and initiatives are carried out in order to secure profitability. A detailed study of the company has thus been initiated and this study is expected to be concluded in Q4.

Asia:

DKK million	9 months 2001*	9 months 2002	Changes in percent	Q3 2001*	Q3 2002	Changes in percent
Net revenue	1,490	797	-47	507	241	-52
Operating profit	292	397	+36	123	156	+27
Operating margin (%)**	19.6	25.2		24.3	22.8	
Beer sales (million hl)	8.1	11.0	+35	2.8	4.1	+49

* The figures relate to Carlsberg's old structure in Asia.

** For 2002 exclusive of the one-line consolidated brewery Hite (South Korea) as well as the effect of the profit guarantee for the companies in Thailand.

Net revenue decreased by 47% to DKK 797m. This is a consequence of the new structure in Asia with the pro rata consolidation (50%).

Operating profit rose from DKK 292m last year to DKK 397m. The two important markets Malaysia and Singapore both showed satisfactory results. The Thai activities, which are still under establishment, are included in operating profit with as well DKK 50m as DKK 95m which is the difference up to the profit guarantee agreed with the joint venture partner. Furthermore, Hite (South Korea) is included with DKK 102m.

Pension liabilities

Up to the end of Q3, preliminary analyses of any underfunded pension liabilities have been carried out. These relate mainly to the companies in the UK and in Switzerland. As of mid-September 2002, total underfunding was in the magnitude of GBP 60m. Consequently, the preliminary conclusions are that effects on profit in the years to come will amount to GBP 2-3m per year and total annual effects will therefore not be significant.



Other activities in the Carlsberg Group

Properties

During the first 9 months, properties were sold with a total gain of about DKK 80m before tax against DKK 105 last year, which is at level with expectations.

Repurchase of own shares

The repurchasing programme of up to DKK 1bn continues as planned. A separate stock exchange announcement will be issued at the completion of the repurchase. As at 30 September 2002, DKK 666m has been applied for repurchasing of own shares.

Profit expectations

Profit expectations for the full year remain unchanged.

The positive expectations to the Western Europe results as well as the synergies from the integration of the companies in Sweden and Poland and expectations of continued growth in Eastern Europe will contribute positively to the operating profit of the Carlsberg Group.

As regards Carlsberg Breweries, an increase in revenue and a rise of approx. 20% in operating profit compared to 2001 is expected. On that background, the Carlsberg Group expects an increase in operating profit of about 15% on 2001 and a rise of about 10% in net profit/earnings per share (before repurchase) compared to last year, when adjusted for one-off items (in 2001 one-off items included the sale of the Thai shares and special items, totalling DKK 261m).

Finally, it should be born in mind that if, prior to the announcement of the annual results 2002, it becomes certain that international accounting standards regarding the treatment of goodwill, etc., are changed, the company intends to re-evaluate the policy applied in the quarterly statements to avoid policy changes in this area twice within a short period of time, cf. announcement to the Copenhagen Stock Exchange of 16 April 2002.

Forward-looking statement

The above sections in this financial statement reflect the management's expectations to future events and financial results as well as to fluctuations in the most significant markets and to developments in the international money, currency, stock, and interest markets, which are experiencing greater volatility etc. in 2002 than usual. Statements about future prospects naturally always involve uncertainties and actual results may thus differ materially from those projected.



Carlsberg is party to certain legal proceedings. Any rulings made on such legal proceedings are not expected to have any substantial influence on the financial position of the Carlsberg Group.

Additional information

This financial statement is available in Danish and English. In case of doubt, the Danish version shall apply.

Yours faithfully
Carlsberg A/S

Appendix 1: Segment Information by Quarters
Appendix 2: Balance Sheet

Appendix 1: Segment Information by Quarters - Q1

DKK million	Western Europe	Eastern Europe	Asia	Not distributed *	Beverages total**	Other	Carlsberg Group, total
2001***							
Net revenue	5,232	915	530	292	6,969		6,969
Operating profit	32	120	91	-122	121	23	144
Special items, net					-		-
Financials, net					367	-115	252
Corporation tax					-132	73	-59
Profit before goodwill amortisation and write-down					356	-19	337
Goodwill amortisation and write-down					-71	2	-69
Consolidated profit					285	-17	268
Minority interests					-60		-150
Carlsberg Breweries' share of profit					225		
Carlsberg A/S' share of profit							118
2002							
Net revenue	5,638	1,593	323	18	7,572		7,572
Operating profit	139	176	137	-97	355	85	440
Special items, net					-		-
Financials, net					-255	39	-216
Corporation tax					-17	-35	-52
Profit before goodwill amortisation and write-down					83	89	172
Goodwill amortisation and write-down					-95	3	-92
Consolidated profit					-12	92	80
Minority interests					-81		-44
Carlsberg Breweries' share of the profit					-93		
Carlsberg A/S' share of profit							36

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographic segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

*** Included in Carlsberg Breweries A/S is non-recurring gains from the sale of shares in Thai breweries: financials DKK +518m and tax DKK -115m, a total of DKK +403m. From these gains, DKK 161m has been allocated for minority interests in Carlsberg A/S, whose share of the profit is thus affected by DKK +242m.

Appendix 1: Segment Information by Quarters - Q2

DKK million	Western Europe	Eastern Europe	Asia	Not distributed*	Beverages, total**	Other	Carlsberg Group, total
2001							
Net revenue	7,061	1,553	453	205	9,272		9,272
Operating profit	812	372	78	-82	1,180	27	1,207
Special items, net					-		-
Financials, net					-213	39	-174
Corporation tax					-217	-23	-240
Profit before goodwill amortisation and write-down					750	43	793
Goodwill amortisation and write-down					-68	3	-65
Consolidated profit					682	46	728
Minority interests					-120		-344
Carlsberg Breweries' share of profit					562		
Carlsberg A/S' share of profit							384
2002							
Net revenue	7,379	2,230	233	109	9,951		9,951
Operating profit	848	484	104	-94	1,342	32	1,374
Special items, net					-18		-18
Financials, net					-300	69	-231
Corporation tax					-341	-13	-354
Profit before goodwill amortisation and write-down					683	88	771
Goodwill amortisation and write-down					-93	2	-91
Consolidated profit					590	90	680
Minority interests					-130		-313
Carlsberg Breweries' share of profit					460		
Carlsberg A/S' share of profit							367

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographic segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.



Appendix 1: Segment Information by Quarters - Q3

DKK million	Western Europe	Eastern Europe	Asia	Not distributed *	Beverages, total**	Other	Carlsberg Group, total
2001							
Net revenue	6,860	2,006	507	85	9,458		9,458
Operating profit	803	547	123	-123	1,350	154	1,504
Special items, net					-		-
Financials, net					-268	111	-157
Corporation tax					-280	-39	-319
Profit before goodwill amortisation and write-down					802	226	1,028
Goodwill amortisation and write-down					-89	3	-86
Consolidated profit					713	229	942
Minority interests					-151		-376
Carlsberg Breweries' share of profit					562		
Carlsberg A/S' share of profit							566
2002							
Net revenue	7,111	2,211	241	-164	9,399		9,399
Operating profit	891	468	156	-90	1,425	24	1,449
Special items, net					29	-	29
Financials, net					-222	53	-169
Corporation tax					-302	-20	-322
Profit before goodwill amortisation and write-down					930	57	987
Goodwill amortisation and write-down					-93	3	-90
Consolidated profit					837	60	897
Minority interests					-121		-408
Carlsberg Breweries' share of profit					716		
Carlsberg A/S' share of profit							489

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographic segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.



Appendix 1: Segment Information by Quarters - accumulated as at 30 September

DKK million	Western Europe	Eastern Europe	Asia	Not distributed*	Beverages, total **	Other	Carlsberg Group, total
2001***							
Net revenue	19,153	4,474	1,490	582	25,699		25,699
Operating profit	1,647	1,039	292	-327	2,651	204	2,855
Special items, net					-		-
Financials, net					-114	35	-79
Corporation tax					-629	11	-618
Profit before goodwill amortisation and write-down					1,908	250	2,158
Goodwill amortisation and write-down					-228	8	-220
Consolidated profit					1,680	258	1,938
Minority interests					-331		-870
Carlsberg Breweries' share of profit					1,349		
Carlsberg A/S' share of profit							1,068
2002							
Net revenue	20,128	6,033	797	-36	26,922		26,922
Operating profit	1,878	1,128	397	-281	3,122	141	3,263
Special items, net					11	-	11
Financials, net					-777	161	-616
Corporation tax					-660	-68	-728
Profit before goodwill amortisation and write-down					1,696	234	1,930
Goodwill amortisation and write-down					-281	8	-273
Consolidated profit					1,415	242	1,657
Minority interests					-331		-765
Carlsberg Breweries' share of profit					1,084		
Carlsberg A/S' share of profit							892

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographic segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

*** Included in Carlsberg Breweries A/S is non-recurring gains from the sale of shares in Thai breweries: financials DKK +518m and tax DKK -115m, a total of DKK +403m. From these gains, DKK 161m has been allocated for minority interests in Carlsberg A/S, whose share of the profit is thus affected by DKK +242m.

Appendix 2: Balance Sheet

DKK million	Carlsberg Group			Carlsberg Breweries		
	31.12.2001	30.09.2002	Changes in percent	31.12.2001	30.09.2002	Changes in percent
Non-current assets	31,171	30,965	-1	29,741	29,484	-1
Current assets	16,284	16,568	2	15,036	13,628	-9
Capital and reserves	19,158	18,054	-6	14,839	14,181	-4
Provisions	3,858	3,601	-7	3,660	3,481	-5
Non-current liabilities	12,124	10,864	-10	12,048	10,870	-10
Current liabilities	12,315	15,014	22	14,230	14,580	2
Balance sheet, total	47,455	47,533	0	44,777	43,112	-4
Net interest-bearing debt	10,918	11,114	2	13,660	13,458	-1