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6/2003

## **Announcement to the Copenhagen Stock Exchange**

### **Q1 Financial Statement of the Carlsberg Group as at 31 March 2003**

#### **Difficult market conditions during off-season**

- **The beer volume is at level with last year but the Carlsberg brand experienced an increase of just over 5%.**
- **Net revenue totalled DKK 6,855m against DKK 7,572m last year.**
- **Operating profit (EBITA) amounted to DKK 18m against DKK 440m last year.**
- **Profit before amortisation and write-down of goodwill totalled a negative DKK 112m against DKK 172m last year.**
- **Expectations to Carlsberg A/S' and Carlsberg Breweries A/S' share of profit for the year remain unchanged, as reduced expectations to operating profit in Carlsberg Breweries are compensated by lower financial expenses and lower tax rate.**

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**HIGHLIGHTS AND KEY FIGURES**

**for the period 1 January – 31 March 2003**  
(Unaudited)

<b>DKK million</b>	<b>Q1 2002</b>	<b>Q1 2003</b>	<b>Changes in percent</b>
Net revenue	7,572	<b>6,855</b>	-9
Operating profit	440	<b>18</b>	-96
Special items, net	0	<b>-2</b>	-
Financials, net	-216	<b>-218</b>	-1
Corporation tax	-52	<b>90</b>	-
Profit before goodwill amortisation and write-down	172	<b>-112</b>	-
Goodwill amortisation and write-down	-92	<b>-95</b>	-3
Consolidated profit	80	<b>-207</b>	-
Carlsberg A/S' share of profit	36	<b>-126</b>	-
	<b>31.12.02</b>	<b>31.03.03</b>	<b>Changes in percent</b>
Capital and reserves	17,286	<b>16,233</b>	-6
Total assets	46,523	<b>44,727</b>	-4
Net interest-bearing debt	10,923	<b>11,961</b>	10

**Movements in consolidated capital and reserves:**

Consolidated capital and reserves as at 31.12.2002	<b>17,286</b>
Dividend, Carlsberg A/S	<b>-304</b>
Dividend, minority interests	<b>-42</b>
Consolidated profit	<b>-207</b>
Currency translation adjustments, etc.	<b>-500</b>
Consolidated capital and reserves as at 31.03.2003	<b>16,233</b>
Minority interests as at 31.03.2003	<b>6,088</b>
Carlsberg A/S' share of capital and reserves as at 31.03.2003	<b>10,145</b>

The accounting principles applied are unchanged compared to the Annual Report for 2002.

## Comments on developments in the period under review

**Volume.** The Q1 beer and soft drink sales of the Carlsberg Group were at level with last year at 16.1m hl calculated in accordance with industrial standards (100% of the volume for subsidiaries, pro rata consolidated companies and associated companies as well as licence production). A calculation of volume based on subsidiaries and licence production with the addition of ownership shares in pro rata consolidated undertakings and associated undertakings shows a volume of 11.0m hl (-1%). This calculation method has been applied in the geographic segments below. In Q1, the Carlsberg brand showed a progress of 5%.

**Net revenue** amounted to DKK 6,855m against DKK 7,572m in the same period last year (-9%). This decline is mainly due to adverse exchange rate developments (DKK -440m), divested business areas in Switzerland (soft drink and wine), the calendar shift in Easter sales as well as a shift from on-premise sales to off-premise sales.

**Operating profit** amounted to DKK 18m against DKK 440m last year (-96%) primarily as a consequence of (i) the calendar shift in Easter sales in the Nordic regions, (ii) the adverse exchange rate development and sales price trend in Russia, (iii) the decline in sales within the on-premise sector particularly in the southern European markets, (iv) the adverse exchange rate developments and rising costs due to increased pension obligations in the UK, and (v) the adverse influence on the Asian market caused by i.a. the exchange rate developments and SARS.

The effect of the exchange rate developments totals a negative DKK 50m.

**Financials, net** showed a negative DKK 218m, which was in line with expectations and at level with last year.

**Profit before goodwill amortisation and write-down** showed a negative DKK 112m against a positive DKK 172m last year. Profit before amortisation and goodwill is markedly affected by the abovementioned decline in operating profit, whereas corporation tax is positively affected by the realisation of non capitalised tax assets.

**Carlsberg A/S' share of profit** totalled a negative DKK 126m against a positive DKK 36m in the same period last year.

**Net interest-bearing debt** of approximately DKK 12bn has developed in line with expectations and is DKK 1bn above the level at 31 December 2002 due to seasonal fluctuation.

As expected, the **cash flow** of the Carlsberg Group showed a negative DKK 0.8m in the first quarter. Cash flow from operations amounted to a negative DKK 0.3bn. Cash flow from investment and financing activities totalling a negative DKK 0.5bn is mainly due to investments in property, plant and equipment of DKK 0.7bn.

A review of the three regions in Carlsberg Breweries A/S is set out below with comparative figures for 2002.

**Western Europe:**

DKK million	Q1 2002	Q1 2003	Changes in percent
Net revenue	5,638	5,274	-6
Operating profit	139	-18	-
Operating margin (%)	2.5	-0.3	
Beer sales (million hl)	5.2	4.9	-5

**Net revenue** fell by approximately DKK 0.4bn (-6%) to DKK 5.3bn, primarily due to the calendar shift in Easter sales, developments in the GBP exchange rate, the divested business areas in Switzerland (soft drink and wine) as well as the adverse trend in the on-premise sector.

**Operating profit** in Q1 was DKK 157m below last year, cf. comments on the individual markets set out below.

In the **Nordic region**, beer sales showed a slight decrease during the period and Sweden, in particular, experienced a decline. The region is affected by the calendar shift in Easter sales, as Easter fell in March in 2002 and in April in 2003. The "Easter effect" on operating profit is estimated to be approximately DKK 50-75m. In Q1, the Swedish market was characterised by severe price competition in Systembolaget, the state monopoly outlet, and restructuring of the sales organisation, which has led to a slow-down in earnings and a lower market share for Carlsberg Sverige. In the other markets, Carlsberg maintained or gained market share.

In the **United Kingdom**, Tetley's maintained volume in the decreasing ale-market and an increase of 14% was achieved for the Carlsberg brand. The minor decline in operating profit compared to 2002 is primarily due to expenses in connection with the increased pension provisions as well as the exchange rate developments.

In **southern Europe**, the market showed a generally negative trend, particularly in Portugal. Feldschlösschen in Switzerland registered a small increase in market share following the successful implementation of the new organisation. Results for the region were below those of last year, however, a positive development is still expected for the full year.

**Eastern Europe:**

DKK million	Q1 2002	Q1 2003	Changes in percent
Net revenue	1,593	1,326	-17
Operating profit	176	61	-65
Operating margin (%)	11.0	4.6	
Beer sales (million hl)	4.5	4.3	-5

## Carlsberg A/S

**Net revenue** declined by 17% to DKK 1.3bn which is due to the adverse exchange rate developments (DKK -310m), particularly relating to Baltic Beverages Holding (BBH).

**Operating profit** totalled DKK 61m against DKK 176m last year. The reduction in operating profit is attributable to BBH, cf. the section below. The results of the other companies in the region are at level with last year. However, Türk Tuborg in Turkey showed progress and achieved an operating profit slightly above expectations.

In **BBH** (50%), net revenue declined by almost 15% to DKK 802m. In terms of volume, this represents a decline of approximately 1%, and the decrease in net revenue is thus primarily ascribable to the adverse exchange rate developments and the trend in sales prices. As the average volume development in the BBH region was down by almost 4% on a very positive Q1 2002, BBH continues to gain market share. The BBH market share in Russia reached 34.3% which is 0.9 percentage point above the same period last year. The operating profit in BBH is DKK 108m below last year, mainly because sales prices could not be increased at the rate of inflation. Similarly, the prices were not increased with the excise duties on beer which were imposed on the market from the beginning of 2003. Furthermore, the effect of the exchange rate developments was a negative DKK 30m. In 2003, the Russian beer market is expected to increase by 6-7%, whereas the operating margin is expected to be slightly down on 2002. In total, BBHs operating profit in 2003 is expected to be in line with the results for 2002.

### Asia:

The accounts for Asia (Carlsberg Asia Ltd.) are based on an agreed 50/50% joint venture structure and Carlsberg Asia Ltd. is thus pro rata consolidated as of 1 January 2002.

DKK million	Q1 2002	Q1 2003	Changes in percent
Net revenue	323	273	-15
Operating profit	137	113	-18
Beer sales (million hl)	1.5	1.8	+20

**Net revenue** declined by 15% to DKK 273m. This is mainly due to the adverse exchange rate trend as well as the decline in sales especially to the on-premise sector due to the fear of SARS.

**Operating profit** declined by DKK 24m compared to last year, primarily due to the adverse exchange rate developments. One-line consolidated breweries are included with DKK 30m (especially Hite, South Korea), whereas the effect from the profit guarantee for the companies in Thailand is included with DKK 30m.

## **Other activities in the Carlsberg Group:**

### **Properties**

During Q1, properties were sold with a total gain of about DKK 20m before tax, which is in line with expectations but DKK 40m down on 2002.

### **Profit expectations**

The expectations to Carlsberg A/S' and Carlsberg Breweries A/S' share of profit for the full year 2003 are unchanged compared to the expectations expressed in the Annual Report for 2002.

Operating profit in Carlsberg Breweries is now expected to be at level with last year, which is primarily attributable to the weak economic development in several of the company's most important markets and adverse exchange rate developments. To the Carlsberg Group, this means that total operating profit is expected to be slightly down on last year. However, lower interest rates will lead to somewhat lower financial expenses than previously expected. In addition, the tax rate is now expected to amount to approximately 27% against previous expectations of 29%. Profit expectations in Carlsberg A/S' non-brewery related activities remain unchanged.

Cash flow from operations and free cash flow (exclusive of any company acquisitions) is expected to increase in 2003 compared to 2002. In 2003, Carlsberg Breweries aims at reducing invested capital by more than DKK 1bn.

### **Forward-looking statement**

The forward-looking statements contained herein, including forecasts of sales and earnings performance, inherently involve risks and uncertainties and could be materially affected by factors such as global economic matters, including interest rate and currency developments, raw material developments, production and distribution related problems, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, launches of rival products and other, unforeseen, factors.

Carlsberg will only update and adjust the specifically stated expectations in as far as this is required by legislation etc.

### **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

# Carlsberg A/S

## Appendix 1 Segment Information by Quarters

DKK million	Western Europe	Eastern Europe	Asia	Not distributed*	Beverages, total **	Other	Carlsberg Group, total
<b>Q1 2002:</b>							
Net revenue	5,638	1,593	323	18	7,572		7,572
<b>Operating profit</b>	<b>139</b>	<b>176</b>	<b>137</b>	<b>-97</b>	<b>355</b>	<b>85</b>	<b>440</b>
Special items, net					-		-
Financials, net					-255	39	-216
Corporation tax					-17	-35	-52
<b>Profit before amortisation and write-down of goodwill</b>					<b>83</b>	<b>89</b>	<b>172</b>
Goodwill amortisation and write-down					-95	3	-92
Consolidated profit					-12	92	80
Minority interests' share					-81		-44
Carlsberg Breweries' share of profit					-93		
Carlsberg A/S' share of profit							36
<b>Q1 2003:</b>							
Net revenue	5,274	1,326	273	-18	6,855		6,855
<b>Operating profit</b>	<b>-18</b>	<b>61</b>	<b>113</b>	<b>-151</b>	<b>5</b>	<b>13</b>	<b>18</b>
Special items, net					-2		-2
Financials, net					-245	27	-218
Corporation tax					102	-12	90
<b>Profit before amortisation and write-down of goodwill</b>					<b>-140</b>	<b>28</b>	<b>-112</b>
Goodwill amortisation and write-down					-97	2	-95
Consolidated profit					-237	30	-207
Minority interests' share					-23		81
Carlsberg Breweries' share of profit					-260		
Carlsberg A/S' share of profit							-126

\* "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.

# Carlsberg A/S

## Appendix 2 Balance Sheet

DKK million	The Carlsberg Group			Carlsberg Breweries		
	31.03.03	31.12.02	Change %	31.03.03	31.12.02	Change %
Non-current assets	29,948	30,600	-2	28,334	29,058	-2
Current assets	14,779	15,923	-7	12,693	13,431	-5
Consolidated capital and reserves	16,233	17,286	-6	12,798	13,577	-6
Provisions	3,158	3,398	-7	3,097	3,337	-7
Non-current liabilities	12,075	10,724	13	12,075	10,724	13
Current liabilities	13,261	15,115	-12	13,056	14,850	-12
Balance sheet, total	44,727	46,523	-4	41,027	42,489	-3
Net interest-bearing debt	11,961	10,923	10	13,760	13,070	5