

Copenhagen, 15 August 2003
12/2003

Announcement to the Copenhagen Stock Exchange

Q2 Financial Statement of the Carlsberg Group as at 30 June 2003

Net profit progress in Q2. Expectations to annual results maintained.

Q2:

- As in Q1, the first part of Q2 was characterised by reluctance in consumers' propensity to spend due to the overall economic uncertainty and the decline in the currency rates.
- However, the conclusion of the war in Iraq at the end of Q2 and the reduced fear of SARS, especially in Asia, led to increased consumer confidence and positive sales developments in June and July.

1st half-year:

- Beer volume rose by 3%.
- Operating profit (EBITA) amounted to DKK 1,248m against DKK 1,814m last year.
- Profit before goodwill was DKK 687m against DKK 943m last year.
- Operational cash flow was DKK 2.1bn.
- Interest-bearing debt was reduced by DKK 0.4bn.
- Expectations to the annual results as expressed in the Q1/2003 financial statement are maintained.

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HIGHLIGHTS AND KEY FIGURES

(Unaudited)

DKK million	1st half-year			Q2		
	2002	2003	Changes in %	2002	2003	Changes in %
Net revenue	17,523	16,297	-7	9,951	9,442	-5
Operating profit	1,814	1,248	-31	1,374	1,230	-10
Special items, net	-18	3	-	-18	5	-
Financials, net	-447	-365	18	-231	-147	36
Corporation tax	-406	-199	51	-354	-289	18
Profit before goodwill	943	687	-27	771	799	4
Goodwill amortisation and write-down	-183	-185	-1	-91	-90	1
Consolidated profit	760	502	-34	680	709	4
Carlsberg A/S' share of profit	403	255	-37	367	381	4
				31.12.02	30.06.03	Changes in %
Capital and reserves				17,286	16,499	-5
Total assets				46,523	46,453	0
Net interest-bearing debt				10,923	10,509	-4

Movements in consolidated capital and reserves:

Consolidated capital and reserves as at 31.12.02	17,286
Dividend, Carlsberg A/S	-304
Dividend, minority interests	-242
Consolidated profit	502
Currency translation adjustments, etc.	-743
Capital and reserves as at 30.06.03	16,499
Minority interests as at 30.06.03	6,109
Carlsberg A/S' share of capital and reserves as at 30.06.03	10,390

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

Comments on developments in 1st half-year 2003

Volume. Beer (39.5m hl) and soft drink (10.3m hl) sales of the Carlsberg Group for the first half-year amounted to 49.8m hl (+3%) calculated in accordance with industrial standards (100% of the volume for subsidiaries, pro rata consolidated 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 proportionally consolidated and associated companies results in a beer volume of 25.8m hl (+3%). This calculation method has been applied in the geographic segments below. During the first half-year, the Carlsberg brand showed a gain of 4%.

Net revenue totalled DKK 16,297m against DKK 17,523m in the same period last year (-7%). The decline is mainly due to adverse exchange rate developments (DKK -1.1bn or -6.3%) as well as divested business units in Switzerland (soft drink and wine).

Operating profit amounted to DKK 1,248m against DKK 1,814m last year (-31%). The decline in Q1 was DKK 422m compared to DKK 144m in Q2. In Q2, the impact of the exchange rate on operating profit was a negative DKK 150m, whereas the other fluctuations balanced out. The most significant permanent deviations in Q1 were the unfavourable exchange rate developments and sales price trend in Russia, the decline in sales in the on-premise sector as well as the exchange rate developments in general.

For the first half-year, the total negative effect of the exchange rate developments amounted to approximately DKK 200m.

After adjusting for the negative exchange rate effect, operating profit for the first half-year declined compared to last year. The negative development in the consumption patterns in Q1 continued during the first two months of Q2 followed in June by a more positive trend, which continued in July.

Consequently, the weighting of the operating profit for 2003 will also be different from 2002. Approximately 2/3 of the total annual operating profit is expected to be realised during the second half of 2003, compared to 52% in 2002 and 59% in 2001.

Financials, net showed a negative DKK 365m, which was DKK 82m below last year due to positive exchange rate adjustments of loans, etc. as well as a lower interest rate level.

Corporation tax was reduced compared to last year, because it proved possible to realize not capitalised tax assets.

Profit before goodwill amortisation and write-down amounted to DKK 687m against DKK 943m last year. Results were adversely affected by the above-mentioned decline in operating profit, but positively affected by lower interest expenses and lower corporation tax.

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Carlsberg A/S' share of profit totalled DKK 255m against DKK 403m for the same period last year.

As expected, **free cash flow** of the Carlsberg Group showed a positive amount of DKK 0.8bn. Operational cash flow totalled a positive DKK 2.1bn, of which DKK 2.3bn in Q2. Investments totalled DKK 1.3bn, of which DKK 0.5bn in Q2. Free cash flow in Q2 thus totalled DKK +1.8bn.

The **net interest-bearing debt** of approximately DKK 10.5bn developed as expected and was reduced by approximately DKK 0.4bn compared with the level as at 31 December 2002.

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

Western Europe:

DKK million	1st half-year 2002	1st half-year 2003	Changes in %	Q2 2002	Q2 2003	Changes in %
Net revenue	13,017	12,402	-5	7,379	7,128	-3
Operating profit	987	753	-24	848	771	-9
Operating margin (%)	7.6	6.1		11.5	10.8	
Beer sales (million hl)	11.8	11.3	-4	6.8	6.6	-2

Net revenue fell by approximately DKK 0.6bn (-5%) to DKK 12.4bn, primarily due to developments in the GBP exchange rate, divested business units in Switzerland (soft drink and wine) and the adverse trend in the on-premise sector, particularly in Q1.

Operating profit was DKK 234m down on last year during the first half-year, cf. comments on the individual markets set out below.

In the **Nordic region**, beer sales declined slightly during the period and particularly Carlsberg Sverige experienced a decline. The on-premise sector was weaker than last year and is only slowly recovering to its normal level. In Q2, operating profit in Sweden was at level with last year and consequently unsatisfactory. The market was characterised by severe price competition especially in Systembolaget, the state monopoly outlet, and this led to a market share reduction for Carlsberg Sverige. In order to improve sales, the management of Carlsberg Sverige will be strengthened by Senior Vice President Lars Pålson taking over the day-to-day management. At the same time, the production structure and other cost saving possibilities will be analysed. The analysis may lead to the closing-down of the brewery in Bromma. Denmark was characterised by increasing parallel import of beer and soft drinks.

In the **UK**, the Carlsberg brand achieved a 5% gain, while Tetley's maintained volume in the decreasing ale market. A decline in operating profit on 2002 is mainly due to - apart from exchange rate developments - increased costs for marketing, restructuring, and pensions.

The market in **Southern Europe** was generally at level with last year in Q2 after a negative Q1, particularly in Portugal. Following the implementation of the new or-

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ganisation, Feldschlösschen in Switzerland achieved a small market share gain. The region's results were slightly down on last year. However, Q2 results were up on last year, and a positive development is still expected for the full year.

Eastern Europe:

DKK million	1st half-year 2002	1st half-year 2003	Changes in %	Q2 2002	Q2 2003	Changes in %
Net revenue	3,823	3,461	-9	2,230	2,135	-4
Operating profit	660	503	-24	484	442	-9
Operating margin (%)	17.3	14.5		21.7	20.7	
Beer sales (million hl)	11.4	12.3	+8	6.8	7.6	+13

Net revenue declined by 9% to DKK 3.5bn primarily due to adverse exchange rate developments - particularly relating to Baltic Beverages Holding (BBH) - with a negative DKK 431m (-11.3%).

Operating profit totalled DKK 503m against DKK 660m last year. The reduction in operating profit is attributable to BBH.

In **BBH** (50%), net revenue declined by almost 14% to DKK 2,051m. Volume rose by approximately 5%. Thus, the reduced net revenue was a result of exchange rate developments and the trend in sales prices. The total volume development in BBH's region was below 5% and BBH thus continues to gain market share. BBH's market share in Russia was 33.4%, which is 0.3 percentage points up on last year. Operating profit in BBH of DKK 453m is DKK 182m below last year, mainly because of exchange rate developments totalling DKK 105m, but also because it was not possible to increase sales prices in line with inflation (among other things because of increased beer duties).

In Q2, the Russian beer market rose by 8%, while BBH showed an increase of 10%. The market is expected to grow by 6-7% in 2003 and BBH is still expected to outperform the market. The operating margin is anticipated to be slightly down on 2002.

The other companies in the region showed results at level with last year. Türk Tuborg (Turkey) showed progress and achieved results somewhat above expectations. Following three acquisitions in 2002, the set-up of a new market in the Balkans adversely affects profit in 2003.

Asia:

The accounts for Asia (Carlsberg Asia Pte. Ltd.) for the first half-year of 2003 and for 2002 are based on a 50/50% joint-venture structure, where Carlsberg Asia Pte. Ltd. is proportionally consolidated. Carlsberg has, cf. announcement to the Copenhagen Stock Exchange dated 1 August 2003, terminated the joint venture and, as a consequence, the accounting treatment will be changed accordingly with effect from 1 July 2003. This is not expected to have any significant effect on the operating profit in 2003, as the loss of profit from the Thai activities (including the profit guarantee) is offset by the fact that the inclusion of the Carlsberg Asia results is changed from 50%

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to 100%. Carlsberg is still convinced that Asia offers positive development possibilities, and that the region holds major potential for the Carlsberg brand.

DKK million	1st half-year 2002	1st half-year 2003	Changes in %	Q2 2002	Q2 2003	Changes in %
Net revenue	556	472	-15	233	199	-15
Operating profit	241	208	-14	104	95	-9
Beer sales (million hl)	1.9	2.2	+16	1.0	1.1	+8

Net revenue declined by 15% to DKK 472m due to negative exchange rate developments.

Operating profit declined by DKK 33m compared to last year, primarily as a result of negative exchange rate movements (a negative DKK 29m). One-line consolidated breweries are included with DKK 62m (especially Hite, South Korea), whereas the profit guarantee for the companies in Thailand contributed DKK 62m.

Other matters in Carlsberg Breweries:

Carlsberg has always been a leader in the global brewing industry as regards quality improvement.

As part of its strategic development programme, Carlsberg Breweries has defined a goal of achieving the leading position as regards productivity and capital utilisation within production. Carlsberg Breweries has developed an action plan, which will lead to the realization of that goal.

The first phase of the action plan focuses on improving production efficiency at the most future oriented plants, which will be the anchor breweries in the future. During the second half-year, improvement processes will be carried through in three of the breweries.

An annual savings potential of DKK 300m is anticipated, which is expected to be realised within three years, when all breweries have carried out the action plan. The action plan also emphasizes quality improvements and production flexibility to ensure Carlsberg Breweries' ability to meet customer needs and compete effectively in all markets with Carlsberg activities.

The divestment of production plants in Mönchengladbach (Germany), Eglisau (Switzerland) and the closing in Stavanger (Norway) and maybe in Bromma (Sweden) are in line with this action plan. The above-mentioned annual savings of DKK 300m are not based on plant closures but will be the result of internal improvements, primarily in the anchor plants.

Other activities in the Carlsberg Group

Properties

During the first half-year, properties were sold with a total gain of about DKK 70m before tax which is in line with expectations and DKK 10m down on 2002.

Profit expectations

Profit expectations for the full year remain unchanged compared to the Q1 announcement as at 31 March 2003.

Any litigation in connection with the termination of the joint venture in Asia shall be settled by arbitration in London and is not expected to have any effect on the results for the year.

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 competing 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

Appendix 1

Segment Information by Quarters – Q1

DKK million	Western Europe	Eastern Europe	Asia	Not distrib-uted*	Bever-ages, total **	Other	Carlsberg Group, total
Q1 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 profit					-93		
Carlsberg A/S' share of profit							36
Q1 2003:							
Net revenue	5,274	1,326	273	-18	6,855		6,855
Operating profit	-18	61	113	-151	5	13	18
Special items, net					-2		-2
Financials, net					-245	27	-218
Corporation tax					102	-12	90
Profit before goodwill amortisation and write-down					-140	28	-112
Goodwill amortisation and write-down					-97	2	-95
Consolidated profit					-237	30	-207
Minority interests					-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.

Segment Information by Quarters – Q2

DKK million	Western Europe	Eastern Europe	Asia	Not distrib- uted *	Bever- ages, total **	Other	Carlsberg Group, total
Q2 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
Q2 2003:							
Net revenue	7,128	2,135	199	-20	9,442		9,442
Operating profit	771	442	95	-123	1,185	45	1,230
Special items, net					5		5
Financials, net					-150	3	-147
Corporation tax					-275	-14	-289
Profit before goodwill amortisation and write-down					765	34	799
Goodwill amortisation and write-down					-93	3	-90
Consolidated profit					672	37	709
Minority interests					-99		-328
Carlsberg Breweries' share of profit					573		
Carlsberg A/S' share of profit							381

* "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.

Segment Information by Quarters – accumulated as at 30 June

DKK million	Western Europe	Eastern Europe	Asia	Not distrib- uted *	Bevera- ges, total **	Other	Carlsberg Group, total
2002:							
Net revenue	13,017	3,823	556	127	17,523		17,523
Operating profit	987	660	241	-191	1,697	117	1,814
Special items, net					-18		-18
Financials, net					-555	108	-447
Corporation tax					-358	-48	-406
Profit before goodwill amortisation and write-down					766	177	943
Goodwill amortisation and write-down					-188	5	-183
Consolidated profit					578	182	760
Minority interests					-211		-357
Carlsberg Breweries' share of profit					367		
Carlsberg A/S' share of profit							403
2003:							
Net revenue	12,402	3,461	472	-38	16,297		16,297
Operating profit	753	503	208	-274	1,190	58	1,248
Special items, net					3		3
Financials, net					-395	30	-365
Corporation tax					-173	-26	-199
Profit before goodwill amortisation and write-down					625	62	687
Goodwill amortisation and write-down					-190	5	-185
Consolidated profit					435	67	502
Minority interest					-122		-247
Carlsberg Breweries' share of profit					313		
Carlsberg A/S' share of profit							255

* "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.

Balance Sheet

DKK million	Carlsberg Group			Carlsberg Breweries		
	30.06.02	31.12.02	30.06.03	30.06.02	31.12.02	30.06.03
Non-current assets	31,345	30,600	29,163	29,870	29,058	27,741
Current assets	16,573	15,923	17,290	15,733	13,431	14,815
Consolidated capital and reserves	17,911	17,286	16,499	13,432	13,577	12,872
Provisions	3,839	3,398	3,193	3,699	3,337	3,132
Non-current liabilities	9,653	10,724	11,697	9,653	10,724	11,697
Current liabilities	16,515	15,115	15,064	18,819	14,850	14,854
Balance sheet, total	47,918	46,523	46,453	45,603	42,489	42,555
Net interest-bearing debt	10,860	10,923	10,509	13,865	13,070	12,698