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# Carlsberg Raises Profit Forecast as Russia Improves

By The Moscow Times

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The Danish brewer controls about 40 percent of Russia's beer market. **Suzanne Plunkett**

LONDON – Carlsberg, the biggest brewer in Russia, doubled its full-year profit forecast after reporting second-quarter earnings Tuesday that beat analysts' estimates.

Carlsberg now expects net income growth of 40 percent, up from an earlier forecast of 20 percent, it said in a statement.

The Copenhagen-based brewer predicts 2010 operating profit at about 10 billion Danish kroner ($1.7 billion). It had previously forecast that profit would be in line with the 9.4 billion kroner earned last year.

"It wasn't that big a surprise: If you look at what the ruble had done this quarter, it was virtually inevitable," said Trevor Stirling, a London-based analyst at Sanford C. Bernstein.

The ruble has advanced 10 percent against the Danish krone this year. The maker of Tuborg

and Baltika beer passed on the effect of a 200 percent tax increase to the Russian consumer by the end of the period.

Carlsberg, the world's fourth-largest beermaker, controls about 40 percent of the Russian market. It faces competition from Anheuser-Busch InBev, the world's largest brewer, which started selling Bud in Russia in the first half of the year. AB InBev last week said it had seen "encouraging" initial results. The Stella Artois maker has passed on all of the tax increase to consumers.

Russia said Aug. 5 that it would ban grain exports amid the worst drought in at least 50 years, driving Carlsberg's share price down 5 percent on concern that barley, wheat and other ingredients to make beer may rise, forcing the company to increase prices.

Commodity fluctuations "will not have any material impact on the group next year," chief executive officer Joergen Buhl Rasmussen said on a conference call. He declined to discuss how much barley the company had hedged, but said it was sufficient to "give us comfort."

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