

# Brewer Carlsberg Keeps 2015 Forecasts Despite Struggling Russian Market

By [The Moscow Times](#)

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Bottles of Carlsberg beer are seen in a bar in St. Petersburg.

COPENHAGEN — Concerns over a struggling Russian market pushed down shares in Danish brewer Carlsberg on Tuesday although the company stuck to its profit forecasts for the year.

Russia will be high on the list of priorities for incoming chief executive Cees 't Hart when he replaces the retiring Jorgen Buhl Rasmussen next month.

The Danish company generates a third of its operating profit from an Eastern Europe region hit last year by a falling ruble as Russia's economy ground to a halt, tighter regulations on the beer market and conflict in eastern Ukraine.

The woes forced the world's fourth largest brewer to cut its 2014 profit forecast twice last year and shut 15 percent of its Russian brewing capacity. Although its shares have risen 40 percent this year as the ruble strengthened, a retreat on Tuesday shows that worries remain.

Carlsberg shares were down 4.5 percent down at 609.50 crowns by 11:15 GMT, having hit a 7-1/2 year high on Monday.

"For the stock to take a breather after the run it's had isn't all that surprising," Morningstar analyst Phil Gorham said. "Buy the rumor, sell the news."

Analysts said the brewer's results were at least in line with expectations, but noted that the first quarter accounted for just 6 percent of annual profit.

## **New CEO**

Incoming boss 't Hart ran FrieslandCampina, one of the world's largest dairy companies, for six years. The Dutchman led it to substantial growth in Asia, a region on which Carlsberg is increasing its focus to help offset Russian problems.

"I don't think you should expect a completely different Carlsberg when Cees enters," Rasmussen said. "I haven't experienced much disagreement with what we have discussed."

The company has stood by the Russian business where it sells under the Baltika brand. Aside from the lower ruble, beer companies have been hit by tighter regulations in Russia, the world's fourth largest beer market..

For the first quarter, operating profit before special items rose to 661 million Danish crowns (\$99 million) from 453 million crowns a year ago and above a forecast for 595 million crowns in a Reuters poll

Sales by volume in Eastern Europe fell 16 percent and net revenue by 30 percent to 1.735 billion crowns, although that was largely down to a negative currency impact.

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