



# Baltika Breweries

## H1 2007 Results

8 August 2007

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# Development Overview for H1 Y2007



## ☰ Russian market volume growth of 22.7%

Market showed high growth in H1 due to continuous development of category consumption, primarily in less saturated regional markets, and also influenced by several factors, including mild weather, particularly in Q1, and the alcoholic drinks issues caused by regulatory changes in 2006.

## ☰ Good volume growth in H1 Y2007

- Total Baltika sales volume 21.8 MHL, +29.6%;  
beer volume 21.5 MHL, +30.0%
- Export volume 0.9 MHL, +15.0%;  
with license volume in Ukraine +25.2%
- Market share in Russia 37.6%, +1.9%

## ☰ Q2 sales made significant contribution to the H1 2007 volume growth

- Total Baltika sales volume 13.1 MHL, +22.7%;  
beer volume 12.9 MHL, +23.3%
- Export volume 0.5 MHL, +1.9%;  
with license volume in Ukraine +11.6%
- Market share in Russia 37.6%, +1.5%

## ☰ Strong financial performance

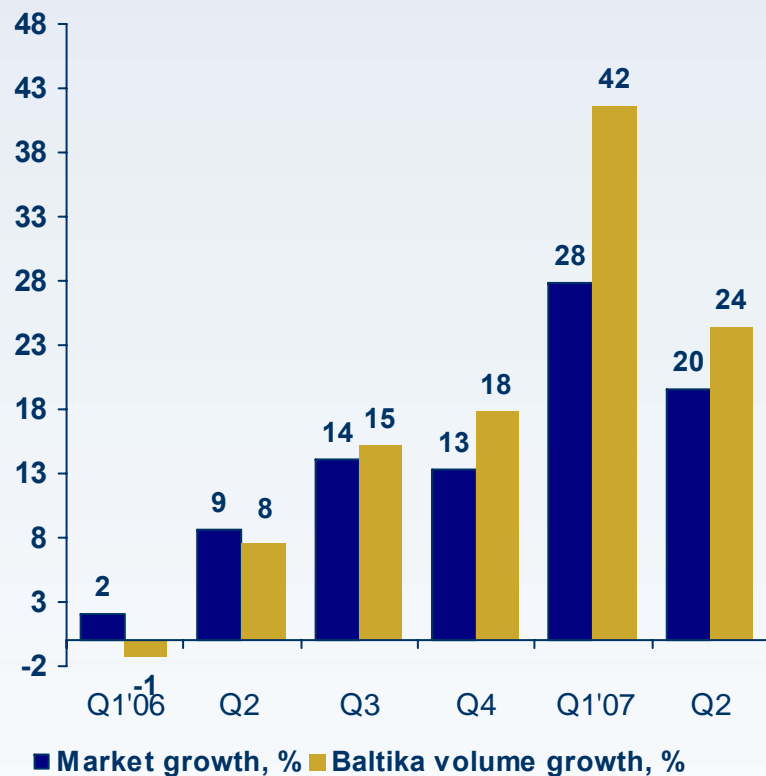
- Net sales is 1067.3 MEURO, +35.9%
- EBITDA is 317.8 MEURO, +31.4%
- EBIT is 256.1 MEURO, +39.5 %

Strong financial performance is a result of merger and impressive sales volume growth against a background of rising input and distribution costs



# Russian Beer Market and Baltika Breweries

# Russian Beer Market Development



Brewery market share, %	H1 2006	H1 2007
<b>Baltika</b>	<b>35.7</b>	<b>37.6</b>
SUN InBev	18.9	18.3
Heineken	13.6	13.1
Efes	9.5	9.2
SAB Miller*	5.7	6.3
Ochakovo	5.2	4.1
Others	11.4	11.5
	100%	100%

\* Business Analytica, Jan-Jun 2007

Note: Baltika domestic beer volumes

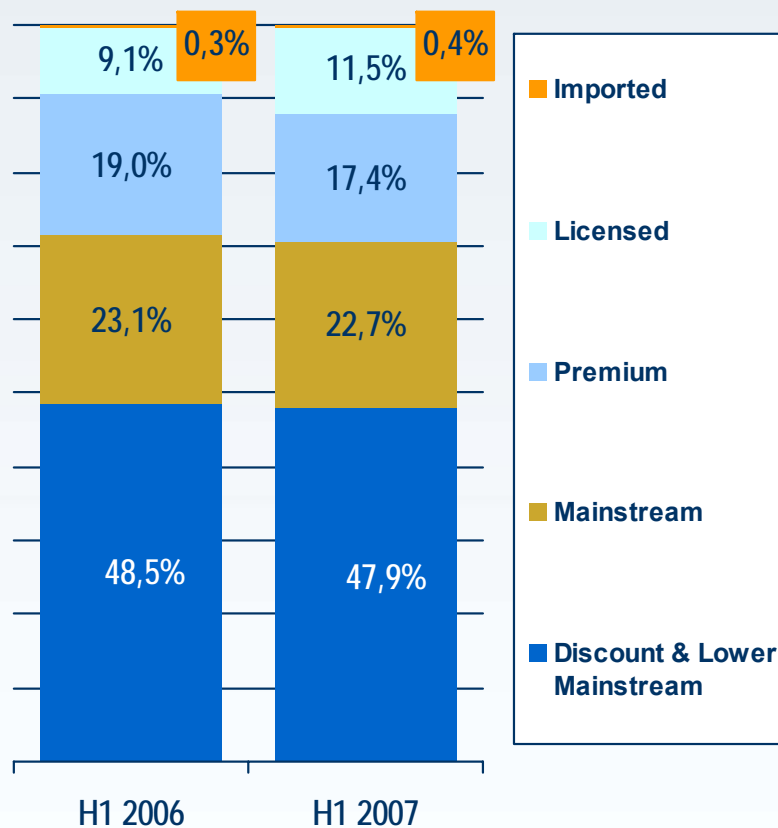
Heineken, Sun InBev & Efes include all acquisitions

Source: Internal data, State Statistics Committee, Breweries, Business Analytica

# Price Segments Development



Price segments market volume share



Baltika Breweries share in segment	H1 2006	H1 2007
Licensed	20,8	25,2
Premium	44,4	42,4
Mainstream	49,4	51,9
Discount & LM	29,2	33,2

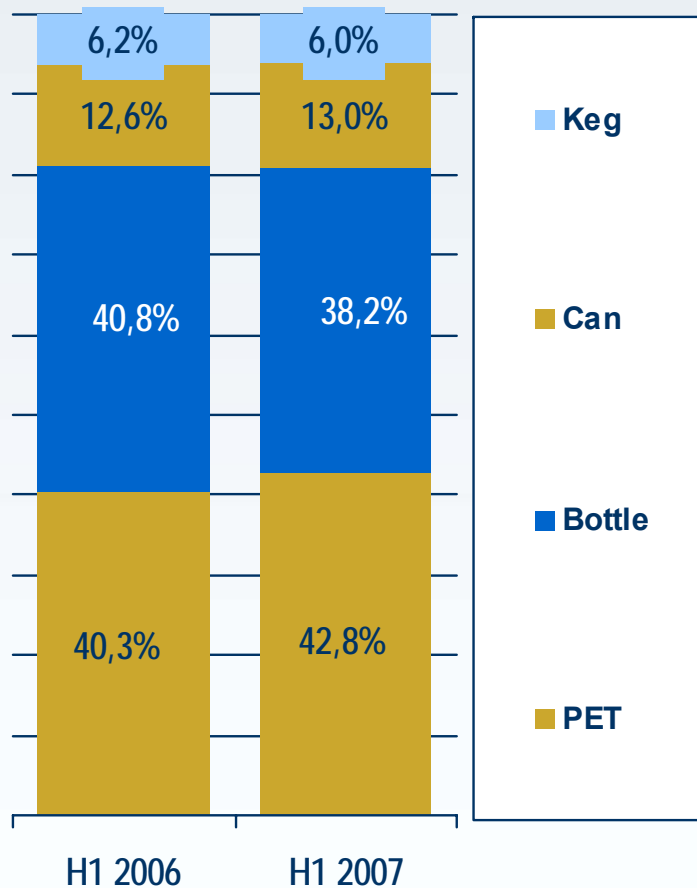
Source: Business Analytica, off-trade





# Packaging Segment Development

Packaging segments market volume share



Company's share in segment	H1 2006	H1 2007
Keg	28.9	30.9
Can	57.4	56.6
Bottle	33.9	34.4
PET	31.2	35.6

Source: Business Analytica, incl.HoReCa

# Performance of Baltika Brands H1 2007



- Baltika and Arsenalnoye are two leading brands in Russia
- Baltika brand growth in H1 2007 vs. H1 2006 is +42,7%, market share growth is 1.7% up to 11.8% (internal estimate)
- Volume growth of licensed brands:
  - Tuborg +106% (according to Business-Analytica Retail Audit volume share within licensed segment in H1 Y2007 increased by 3.8% and reached 16.6% in June 2007)
  - Carlsberg +70%
  - Kronenbourg1664 +221%
  - Foster's +57%
- Volume growth of premium brand Nevskoye +32%
- High volume growth of regional brands:
  - Uralsky Master +74%, Don +40.5%

Source: Internal data



# Innovations in H1 Y2007



- New varieties of “live” beer for regional brands



- **Baltika Premium** restyling
- **Baltika-3** restyling
- Can for **Kronenbourg 1664**
- **Foster's** restyling
- Can 1 L for **Baltika-3** & **Baltika-7**
- **Kronenbourg Blanc** in kegs (import)





# Financial Results

# 6M Y2007 Financial Results



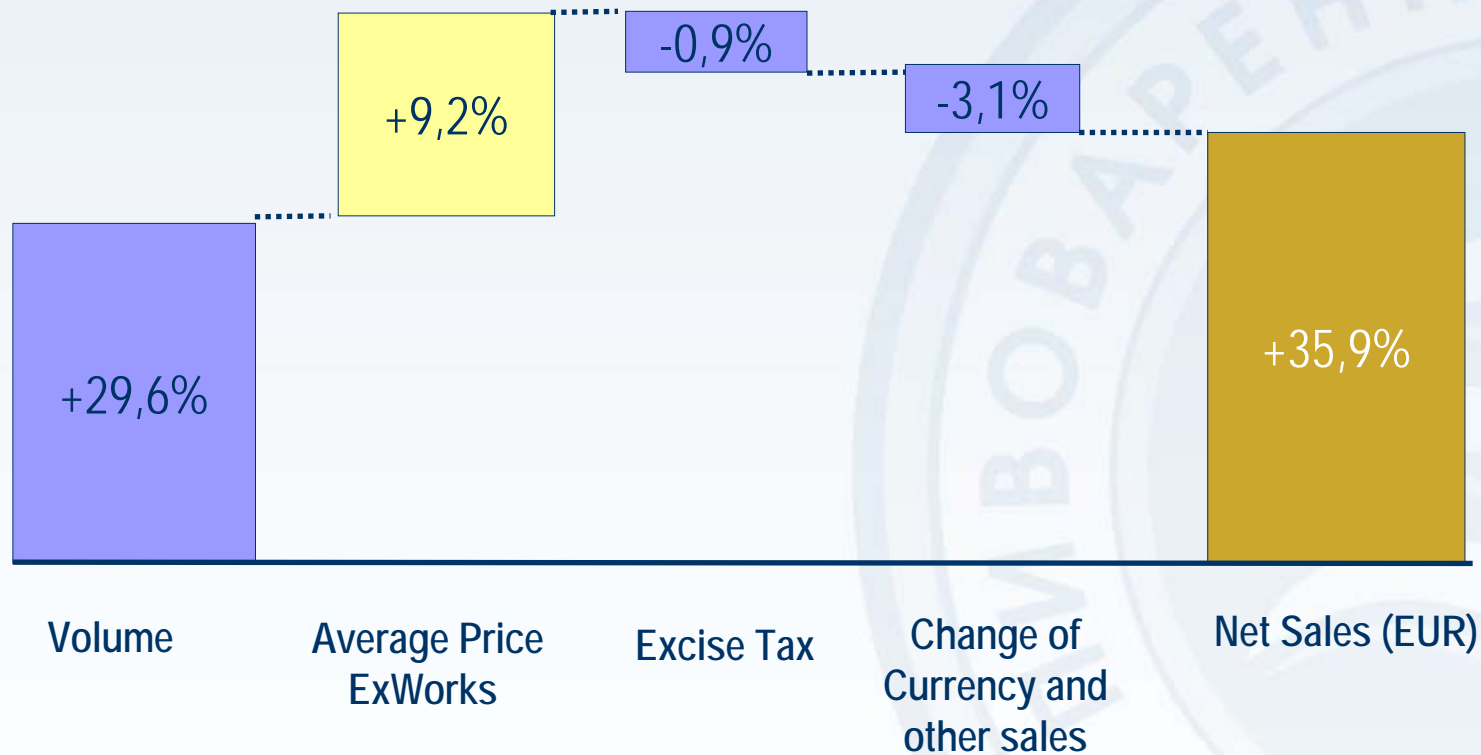
	H1 2007, MEUR	H1 2006, MEUR	Change
Sales Volume, mln hl	21.8	16.8	29.6%
Revenue	1067.3	785.3	35.9%
Cost of sales	514.4	372.6	38.1%
<b>Gross profit</b>	<b>552.9</b>	<b>412.8</b>	<b>33.9%</b>
Distribution expenses	139.9	94.1	48.6%
Commercial expenses	116.6	103.3	12.9%
Administrative expenses	40.4	31.6	27.7%
Other expenses	-0,1	0,1	-206,5%
<b>EBIT</b>	<b>256,1</b>	<b>183,6</b>	<b>39,5%</b>
<b>EBITDA</b>	<b>317,8</b>	<b>241,9</b>	<b>31,4%</b>
<b>Gross Margin</b>	<b>51,8%</b>	<b>52,6%</b>	<b>-0.8 p.p.</b>
<b>EDITDA margin</b>	<b>29,8%</b>	<b>30,8%</b>	<b>-1.0 p.p.</b>
<b>EBIT margin</b>	<b>24,0%</b>	<b>23,4%</b>	<b>0,6 p.p.</b>

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# Baltika Net Sales Development for 6M '07



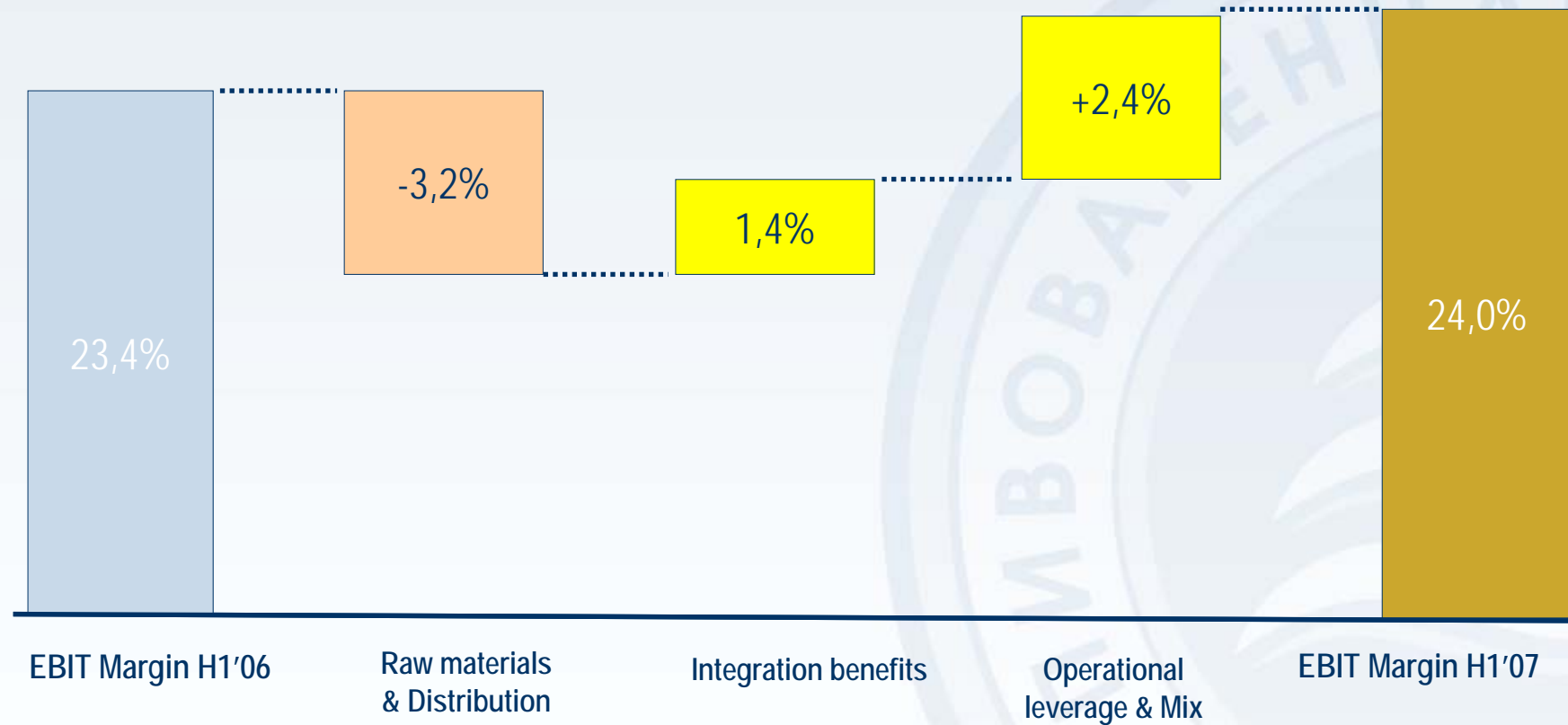
Change of currency rate and increase of excise tax rate reduced net sales growth rate in EUR



# Baltika Margin Development in H1 Y2007



In spite of rising distribution and raw materials costs in Q2, the Company kept EBIT Margin at the level of the previous year due to integration benefits, operational leverage and positive mix effect.





# Investments



# Investments in H1'07



- ☉ New malt house in Yaroslavl, over 50 000 tonnes capacity per year



- ☉ Baltika Samara  
Production capacity extension continued to 6.5 mln hl per year



- ☉ Baltika Novosibirsk brewery construction started, 4.5 mln hl capacity per year (on current DC base)



**Total H1 investments of 143 MEUR**



# Supplemental information

# Integrated Baltika Breweries



## ☰ 10 breweries:

St. Petersburg (2 breweries),  
Rostov-on-Don, Tula, Samara  
Yaroslavl, Voronezh, Chelyabinsk  
Krasnoyarsk, Khabarovsk

## ☰ Production Capacity:

Over 40 MHL/year

## ☰ 3 malt-houses:

St. Petersburg, Tula, Yaroslavl

## ☰ About 12 000 employees

## ☰ Market share in H1 Y2007 37.6%



# Brand Portfolio



# Baltika Breweries in Russia



Production capacity: over 40 MHL per year  
(about 45 MHL incl. Samara)



\* start-up in August





# Baltika Breweries H1 Y2007 Results

Thank you!