# NEWS RELEASE

**FOR IMMEDIATE RELEASE** **19 May 2005**

**RESULTS FOR THE FIRST QUARTER OF 2005**

MOSCOW, May 19, 2005 - SUN Interbrew Limited (Lux: SUNB5-LX), a leading brewer in Russia and Ukraine, today announces its financial results for the first quarter of 2005 ended 31 March 2005.

**SUN Interbrew started the year with continued growth of Net Sales and Gross Margin**

**Operational Highlights**

- Organic volume growth in Q1 2005 was **+8.7%**[*] vs. Q1 2004.
- Organic net turnover was up by **+8.6%** in Q1 2005 vs. Q1 2004.
- EBITDA decreased by €10.9 m and reached **€6.3 m** in Q1 2005 vs. €17.2 m in Q1 2004. Despite the solid sales results of the first quarter the bottom line results are lower than those of the previous year as the one-off payments to the company's employees, made under the long-term management incentive plan, became due in Q1 2005. Excluding these expenses the EBITDA would have improved by €17.2 m and would have reached €23.5 m or an increase of 36.7% vs. Q1 last year. The currency evolution negatively impacted EBITDA by **€0.3 m** in Q1 2005.
- EBIT was - **€8.2 m** for Q1 2005 vs. €4.0 m in the same period of last year.
- Net Loss for Q1 2005 was **-€9.0 m** vs. -€1.8 m in Q1 2004.
- The global brands, *Stella Artois*®, *Staropramen*® and *Beck's*®, collectively grew by **+29.4%** in Q1 2005.

The sales growth was accompanied by a significant improvement in production, new launches and marketing innovations. We continued our strategy to strengthen the route to market. The following initiatives were taken to support our business:

<u>*Russia:*</u>

- *Klinskoye Ultra,* an ultra-light and low-carbon variety of the *Klinskoye* brand was launched into the Russian market. This new variety contributed to the growth of the *Klinskoye* brand in the core segment;
- The new extension of *Sibirskaya Korona Zolotistoye* was launched in Q1 2005. The variety of light beer with low level of bitterness successfully supported the *Sibirskaya Korona* brand development in Q1 2005.
- *Brahma*®, one of InBev's global flagship brands, was successfully launched by the company in 33cl and 50cl bottles on the Russian market. The *Brahma*® brand is produced from the end of Q1 at the company's plant in Klin. Abroad *Brahma*® is brewed in Brazil and the Netherlands.

[*] Growth rates of SIL volumes are calculated on the base of the volumes including domestic sales and export.

- Having previously been imported, the production of *Hoegaarden*®, the famous Belgian white beer, commenced at the Klin brewery in Russia. The production kick-off in Russia helps to expand the market share of the premium segment and to increase the profitability of the brand.

Ukraine:

- During 2004 the Company successfully re-launched *Chernigivske Premium* upgrading liquid and packaging.

**Q1 2005 Financial Highlights:**

| | Q1 2005 | Q1 2004 | Growth | Growth rate, % |
|---|---|---|---|---|
| **Volume, m Hl** | **4.6** | **4.2** | **+0.4** | **8.7%** |
| **Net Sales, €m** | **145.1** | **133.6** | **+11.5** | **8.6%** |
| **Gross Margin, %** | **41.3%** | **35.6%** | **+5.7%** | |
| **Operating Margin, %** | **-4.9%** | **4.0%** | **-8.9%** | |
| **EBITDA, €m** | **6.3** | **17.2** | **-10.9** | **-63.5%** |
| **EBITDA Margin, %** | **4.3%** | **12.9%** | **-8.5%** | |
| **EBIT, €m** | **-8.2** | **4.0** | **-12.2** | |
| **Net Loss, €m** | **-9.0** | **-1.8** | **-7.2** | |

## FINANCIAL PERFORMANCE IN Q1 2005

In Q1 2005 Russia and Ukraine reported stable organic volume growth of +8.7%, Net Sales growth was similar. The major reason of Operating Margin and EBITDA decline was the increase of General and Administrative costs, mainly driven by the termination of the company employees' stock option plan. Without this event the EBITDA would have improved by €17.2 m and would have reached €23.5 m or an increase of 36.7% vs. Q1 2004.

Sales, marketing and distribution costs (SM&D) were up by +8.4% in Q1 2005. SM&D costs for Q1 2005 represent 27.0% of Net Sales which is equal to percentage in Q1 2004. Sales and marketing costs as a % of Net Sales were up by +0.8%. At the same time distribution costs as a % of Net Sales were slightly down.

In 1Q 2005 the General and Administrative costs were +€21.6m higher: G&A as a % of NS were up to 19.1% vs. 4.6% in Q1 of 2004.

## RUSSIA

In Q1 2005 the market growth was +5.5%, while SUN Interbrew's beer volumes grew by +5.0% vs. Q1 of the previous year. The value and price brands as well as our super premium brands showed a higher rate of organic growth. Overall, SUN Interbrew succeeded in increasing Gross Margin despite the slower market growth in Q1 2005. In Q1 2005 our market share was 17.2% vs. 17.3% comparing with Q1 of the previous year.

During Q1 2005 *Stella Artois*® volumes were down by -3.5%.

Volumes of *Staropramen*® showed good progress, growing by +39.5% supported by new international labeling and a recently launched promotion campaign.

Expansion of *Beck's*® was continued in Q1 2005 with growth of +58.1%.

Quarterly sales of *Sibirskaya Korona* declined by *-23.0%* against last year's Q1.

SUN Interbrew Russia's core brand, *Klinskoye,* showed in Q1 2005 stable sales growth of +8.8%. The brand performance was supported by a new variety as well as by a wide promotion campaign.

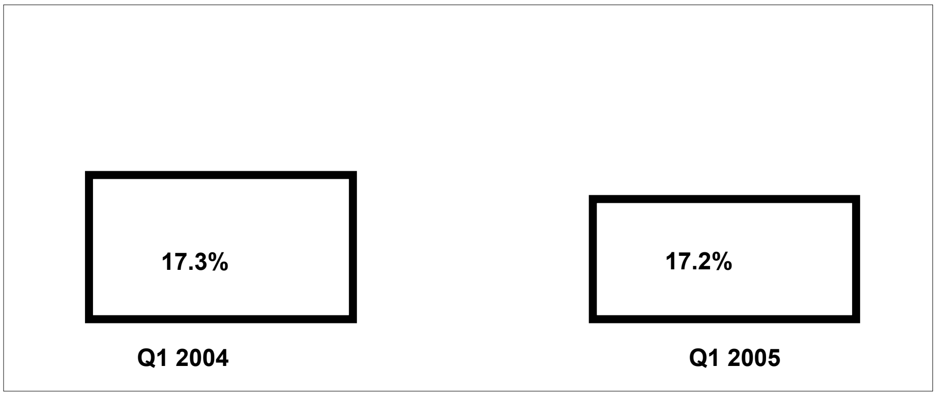
*Tolstiak* sales volumes were +10.8% for Q1 2005. The growing sales of the brand were strongly driven by 2.5l PET packaging introduced earlier in Q4 2004.

The main driver of SIL Russian sales in Q1 2004 was beer in PET packaging which grew by +15.6%. The other types of packaging showed a decrease: bottle volumes were -4.4% lower, kegs decreased by -14.8% down, cans – by -3.1%.

**Sales volumes, m Hl**

| | 2005 Q1 | 2004 Q1 | % change |
|---|---|---|---|
| **Beer** | **3.0** | **2.9** | **5.0%** |

## Market Share - Average for Q1 2005




## UKRAINE

In Q1 2005 the market grew by +15.9% while beer volumes realized by SUN Interbrew Ukraine grew by +26.4%. This performance helped SUN Interbrew Ukraine start 2005 with the record market share of 37.2% for Q1 2005 vs. 34.3% in the same period of last year. The excellent performance at the beginning of the year was caused by significant efforts in marketing, promotion and distribution activities.

*Stella Artois*® through continuous marketing initiatives grew strongly by +56.3%.

The driver of the Ukrainian business, *Chernigivske* was strongly supported by the re-launch of the *Premium* variety resulting in the growth of +18.2%.

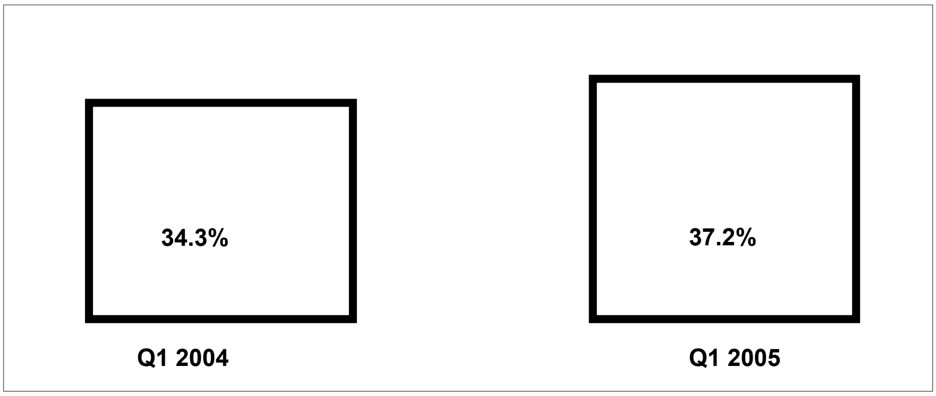
*Rogan* sales grew significantly by +43.2% in Q1 2005 helped by the previously introduced innovations.

The largest packaging segments, bottle and PET, continued to grow. Their volumes rose by +25.5% and +24.0%, respectively. The keg volume growth reached +34.6%. Cans demonstrated fabulous growth of +219.9%.

**Sales volumes, m Hl**

| | Q1 2005 | Q1 2004 | % change |
|---|---|---|---|
| **Beer** | **1.3** | **1.0** | **26.4%** |
| **Soft Drinks** | **0.3** | **0.3** | **-16.7%** |
| **Total** | **1.6** | **1.3** | **16.2%** |

## Market Share Growth - Average for Q1 2005




## SUMMARY AND OUTLOOK

Good sales results achieved in the Q1 2005, despite the increased competition in Russia and slower market growth, confirm the chosen strategy. We believe that with the continued strong innovations introduced on the markets we will be able to outperform the competitors and expand our share in both countries in 2005.

**ENDS**

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Luc Vanheel, Chief Financial Officer

**Notes to Editors:**

SUN Interbrew Limited is the second largest brewer in Russia and the largest brewer in Ukraine. The company was set up in 1999 as a strategic partnership between InBev, the No. 1 global brewer, and the SUN Group, operating in the region since 1958, and in the beer sector of Russia and CIS since the beginning of 1990s.

The company's main brands are *Stella Artois®, Beck's®*, *Staropramen®*, *BRAHMA®*, *Klinskoye*, *Sibirskaya Korona*, and *Tolstiak* in Russia, and *Stella Artois®, Beck's®, Chernigivske, Rogan, Taller* and *Yantar* in Ukraine.

SUN Interbrew is a public company registered in Jersey, whose shares are listed in Luxembourg and traded on the Luxembourg, Frankfurt and Berlin stock exchanges.

**SUN Interbrew Limited and Subsidiaries**
**Condensed Consolidated Statements of Operations**
**For the Three Months Ended March, 31 2005 and 2004**
**(Euros in thousands, except per share amounts)**

| | Three months ended March 31, | |
|---|---|---|
| | **2005** | 2004 |
| | **Unaudited** | Unaudited |
| **Net sales** | € **145,074** | € 133,622 |
| Cost of goods sold | **(85,198)** | (86,045) |
| **Gross Margin** | **59,876** | 47,577 |
| Selling, marketing and distribution expenses | **(39,157)** | (36,134) |
| General and administrative expenses | **(27,761)** | (6,123) |
| **Operating (Loss)/Income** | **(7,042)** | 5,320 |
| **Other Income (Expense)** | | |
| Other expense | **(1,194)** | (1,372) |
| Interest expense, net | **(3,889)** | (4,152) |
| Foreign exchange gain | **1,074** | 2,589 |
| Loss on impairment of investments | **-** | (3,314) |
| Other financial (expenses) / income | **(422)** | 314 |
| Net other expense | **(4,431)** | (5,935) |
| Loss before income taxes and minority interest | **(11,474)** | (615) |
| Income taxes | **1,770** | (1,394) |
| Loss before minority interest | **(9,703)** | (2,009) |
| Minority interest | **670** | 172 |
| **Net Loss** | € **(9,033)** | € (1,837) |
| **Basic Earnings per Share** | € **(0.08)** | € (0.02) |
| **Diluted Earnings per Share** | € **(0.08)** | € (0.02) |

**SUN Interbrew Limited and Subsidiaries**
**Condensed Consolidated Balance Sheets**
**As of March 31, 2005 and December 31, 2004**
**(Euros in thousands)**

| | | March 31, 2005 | | December 31, 2004 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | € | **3,066** | € | 6,300 |
| Accounts receivable, net | | **51,619** | | 15,221 |
| Inventories | | **99,449** | | 91,918 |
| Taxes receivable | | **25,908** | | 23,239 |
| Deferred tax assets | | **8,452** | | 8,211 |
| Other current assets | | **9,602** | | 21,530 |
| **Total Current Assets** | | **198,096** | | 166,419 |
| Plant and equipment, net | | **559,565** | | 500,268 |
| Intangible assets, net | | **2,107** | | 2,425 |
| Goodwill | | **54,260** | | 56,078 |
| Long-term deferred tax assets | | **4,278** | | 243 |
| Other long-term assets, net | | **5,808** | | 5,780 |
| **Total Assets** | € | **824,114** | € | 731,213 |
| **Liabilities and Shareholders' Equity** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | € | **54,402** | € | 55,923 |
| Taxes payable | | **10,916** | | 7,862 |
| Deferred tax liabilities | | **1,949** | | 1,871 |
| Accrued expenses | | **26,253** | | 13,313 |
| Short term obligations | | **245,471** | | 179,661 |
| **Total Current Liabilities** | | **338,991** | | 258,630 |
| Long-term deferred tax liabilities | | **19,153** | | 16,331 |
| Non-current bonds payable | | **69,335** | | 66,120 |
| Other long-term liabilities | | **1,371** | | 207 |
| **Total Liabilities** | | **428,850** | | 341,288 |
| Minority interests in equity of subsidiaries | | **6,741** | | 7,411 |
| **Shareholders' Equity** | | | | |
| Class A Shares, one pence par; authorized 125,278,614 shares; issued 88,777,585 shares | | **1,421** | | 1,421 |
| Class B Shares, one pence par; authorized 30,000,000 shares; issued 27,796,220 shares | | **387** | | 387 |
| Additional paid-in-capital | | **357,679** | | 357,679 |
| Retained earnings | | **99,992** | | 109,025 |
| Accumulated other comprehensive loss | | **(70,956)** | | (85,998) |
| **Total Shareholders' Equity** | | **388,523** | | 382,514 |
| **Total Liabilities and Shareholders' Equity** | € | **824,114** | € | 731,213 |

**SUN Interbrew Limited and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**For the Three Months Ended March 31, 2005 and 2004**
**(Euros in thousands)**

| | Three months ended March 31, | |
|---|---|---|
| | 2005 | 2004 |
| | **Unaudited** | Unaudited |
| **Operating Activities:** | | |
| **Net Loss** | € **(9,033)** | € (1,837) |
| Adjustments to reconcile net loss to net cash provided from operations: | | |
| Depreciation | **14,496** | 14,592 |
| Other non-cash items | **(1,575)** | 776 |
| Changes in working capital | | |
| Accounts receivable | **(52,357)** | (2,198) |
| Inventories | **(1,357)** | (7,042) |
| Other current assets | **11,928** | 2,974 |
| Taxes payable | **(2,081)** | 833 |
| Accounts payable | **11,812** | (5,822) |
| Accrued expenses | **12,940** | 4,878 |
| Net cash (used in) / provided by operating activities | **(15,227)** | 7,154 |
| **Investing Activities:** | | |
| Purchase of intangible assets and plant and equipment (net of proceeds from disposal) | **(46,317)** | (22,908) |
| Net cash used in investing activities | **(46,317)** | (22,908) |
| **Financing Activities:** | | |
| Proceeds of loans | **58,134** | 16,239 |
| Net cash provided by financing activities | **58,134** | 16,239 |
| Effect of exchange rate changes on cash | **176** | (398) |
| Increase (Decrease) in cash and cash equivalents | **(3,234)** | 87 |
| Cash and cash equivalents, beginning of the period | **6,300** | 2,529 |
| Cash and cash equivalents, end of the period | € **3,066** | € 2,616 |

| | | |
|---|---|---|
| **Cash paid during the period for:** | | |
| Interest | **8,209** | 7,271 |
| Income taxes | **312** | 561 |

**Notes to Condensed Consolidated Financial Statements**
**For Three Months Ended March 30, 2005 and 2004**

The accompanying consolidated financial statements of SUN Interbrew Limited and Subsidiaries (the "Company") have been prepared in conformity with the accounting principles generally accepted in the United States of America ("US GAAP"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2004 audited financial statements. The results of operations for the three months ended March 31, 2005 and 2004 are not necessarily indicative of the operating results to be expected for the full year.

The majority-owned subsidiaries incorporated under the laws of the Russian Federation and Ukraine (the "Russian subsidiaries" and "Ukrainian subsidiaries") maintain accounting records and prepare their financial statements in Russian rubles and Ukrainian Hryvnas in accordance with the requirements of Russian and Ukrainian accounting and tax legislation. The accompanying financial statements differ from the financial statements prepared for statutory purposes in Russia and Ukraine in that they reflect certain adjustments, not recorded in the accounting books of the Russian or Ukrainian subsidiaries, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP.

**Significant Transactions**

At the extraordinary General Meeting held on January 31, 2005 the Company's shareholders approved the acquisition by InBev of up to 10,491,176 of the Company's Class B shares from S.U.N. Trade (International) Limited and up to 6,061,930 of the Company's Class B shares from Eco Holdings Limited and its affiliates. As a result of this acquisition, InBev will own 97.3% of the Class B (voting) shares and 98.8% of the Class A (non-voting) shares in the Company, which represent a 98.5% economic interest in the Company.

In accordance with the employee stock option plan, all employee stock options that were outstanding when this decision took place became vested. The Company intends to settle those options in cash at a price similar to the price offered by InBev for the outstanding shares, which exceeds the market price at the balance sheet date. The total additional costs relating to this settlement recognized in the Q1 is € 17.2 million.