



Baltika Breweries

2007 Results

20 February 2008

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Development Overview for Y2007



Russian market volume growth of 15.7%

Market showed high growth in Y2007 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 regulatory changes consequences to alcoholic drinks in 2006

High volume growth in Y2007

- Total Baltika sales volume 44.3 MHL, +19.3%;
beer volume 43.7 MHL, +19.5%
- Export volume 2.0 MHL, +22.9%;
with license volume in Ukraine and the UK +32.1%
- Market share in Russia 37.6%, +1.2%

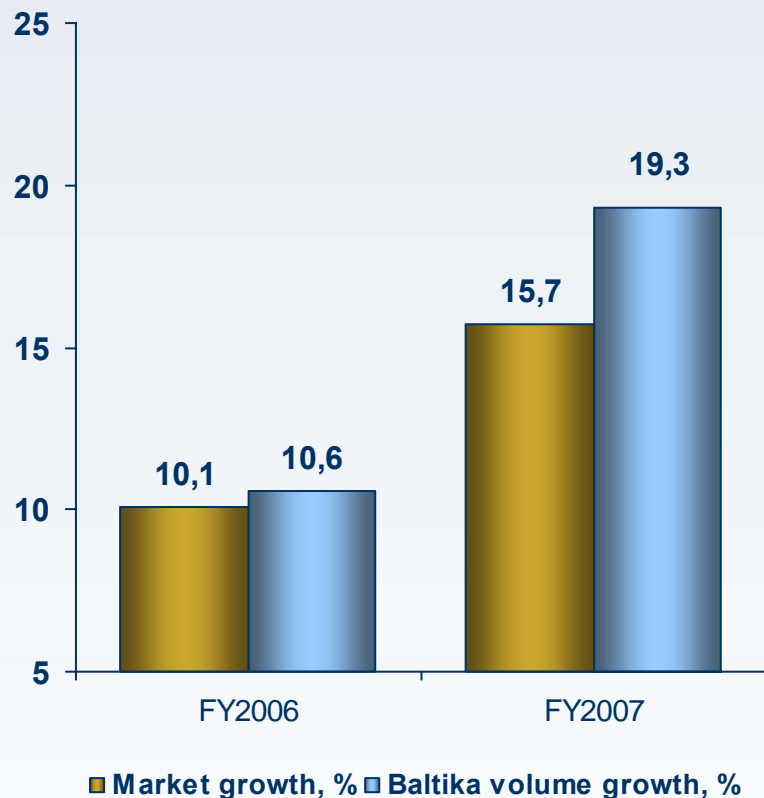
Strong financial performance

- Net sales is 2252.9 MEURO, +29.5%
- EBIT is 537.5 MEURO, +25.9%
- Net profit is 398.7, +20.5%



Russian Beer Market and Baltika Breweries

Russian Beer Market Development



Market volume share, %	FY 2006	FY 2007
Baltika	36.4	37.6
SUN InBev	18.9	18.9
Heineken	13.3	13.3
Efes	9.2	9.4
SAB Miller*	5.7	6.1
Ochakovo	4.8	4.2
Others	11.7	10.5

* Business Analytica, Jan-Dec 2006/2007

Note: Baltika domestic beer volumes

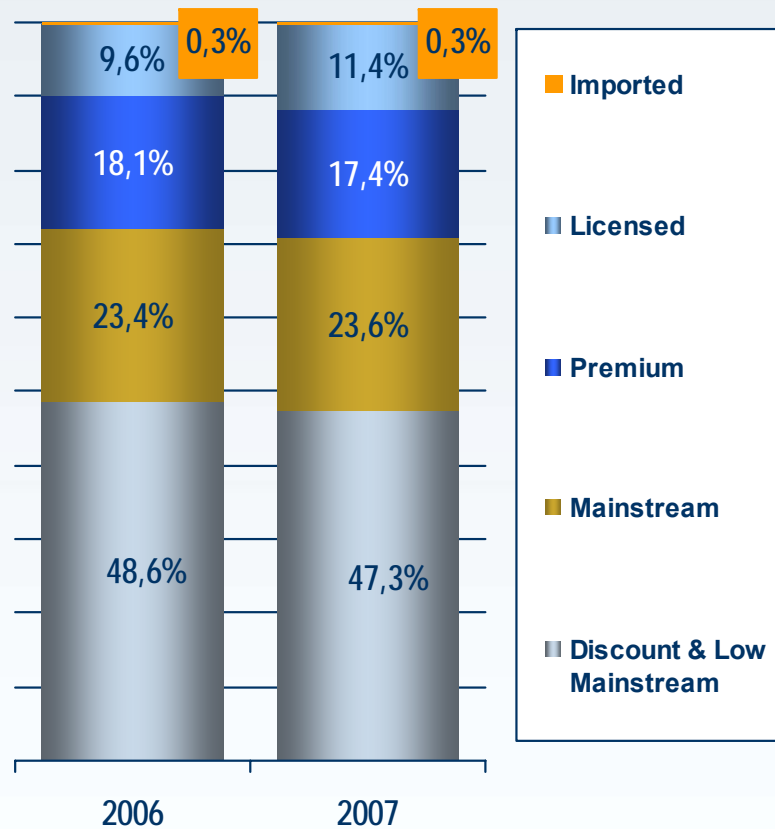
Heineken, Sun InBev & Efes include all acquisitions

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

Price Segments Development



Price segments market volume share



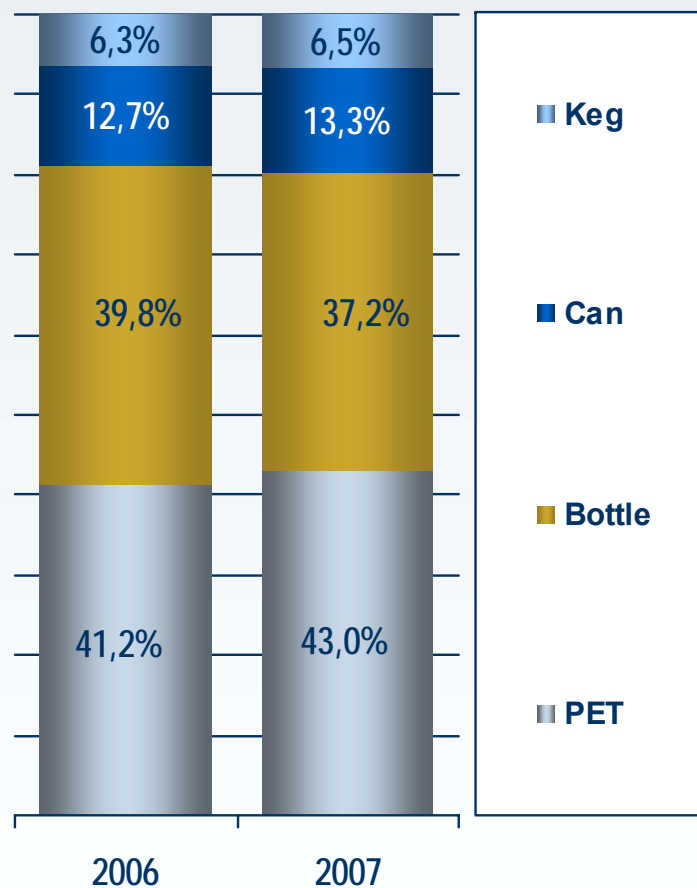
Baltika Breweries share in segment	FY 2006	FY 2007
Licensed	22,4	26,1
Premium	43,6	42,4
Mainstream	49,8	52,6
Discount & LM	29,5	33,1

Source: Business Analytica, off-trade

Packaging Segments Development



Packaging segments market volume share



Company's share in segment	2006	2007
Keg	28.9	32.5
Can	57.5	57.7
Bottle	33.8	34.5
PET	31.7	35.8

Source: estimation, based on Business Analytica data, incl.HoReCa

Baltika Brands performance in Y2007



- Baltika is leading brand in Russia
- Baltika brand growth for Y2007 vs. Y2006 is +33,5% (Baltika-7 +27%, rapid Cooler development), market share in Russia growth is 1.8% up to 12.7% (internal estimate)
- Licensed brands volume growth:
 - In Q4 2007 Baltika has shot ahead to the first place in Licensed segment with 27.2% volume share (according to Business Analytica, Off-trade) having won against SAB Miller.
 - Tuborg +70%, brand #1 in licensed price segment (according to Business-Analytica Retail Audit volume share within licensed segment in Y2007 increased by 3.1% and reached 17.8% in December Y2007)
 - Carlsberg +34%
 - Kronenbourg +132%
 - Foster's +63%
- Volume growth of premium brand Nevskoye +25%
- High volume growth of regional brands:
 - Uralsky Master +42%, Don +33%

Source: Internal data

Innovations for Y2007



- **Baltika Premium** restyling
- **Baltika-3** restyling
- Can for **Kronenbourg 1664**
- **Foster's** restyling
- Can 1 L for **Baltika-3, Baltika-7 & Tuborg Green**

- New varieties of "live" beer and PET 2.5 L for regional brands





Financial Results

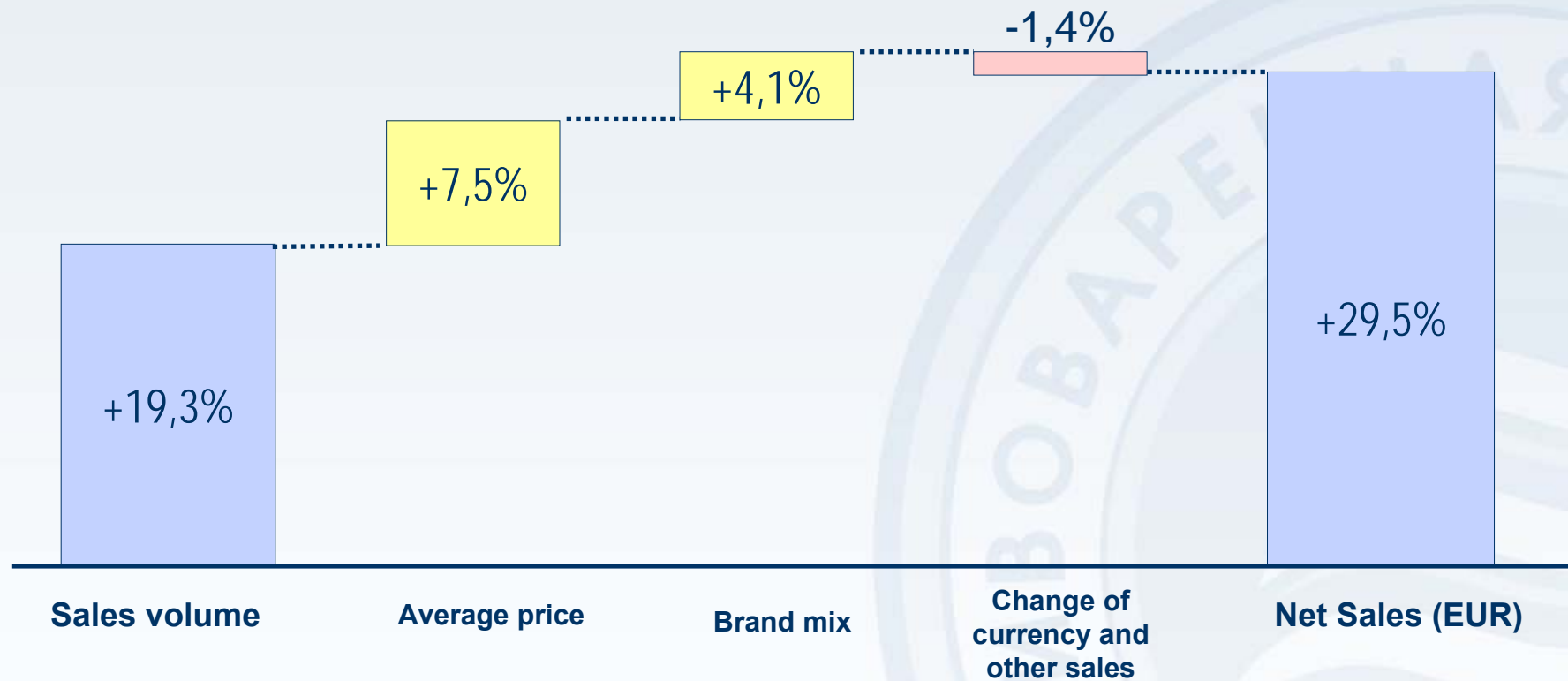
Y2007 Financial Results



	2007, MEUR	2006, MEUR	Change
Sales Volume, mln. hl	44.3	37.2	19.3%
Revenue	2252,9	1739,5	29,5%
Cost of sales	1079,8	807,7	33,7%
Gross profit	1173,2	931,8	25,9%
Distribution expenses	295,5	216,8	36,3%
Commercial expenses	264,5	227,6	16,2%
Administrative expenses	75,8	62,4	21,5%
Other expenses	-0,1	-2,1	-97,1%
EBIT	537,5	427,1	25,9%
NET PROFIT	398,7	330,9	20,5%
Gross Margin	52,1%	53,6%	-1,5 p.p.
EBIT margin	23,9%	24,6%	-0,7 p.p.

IFRS

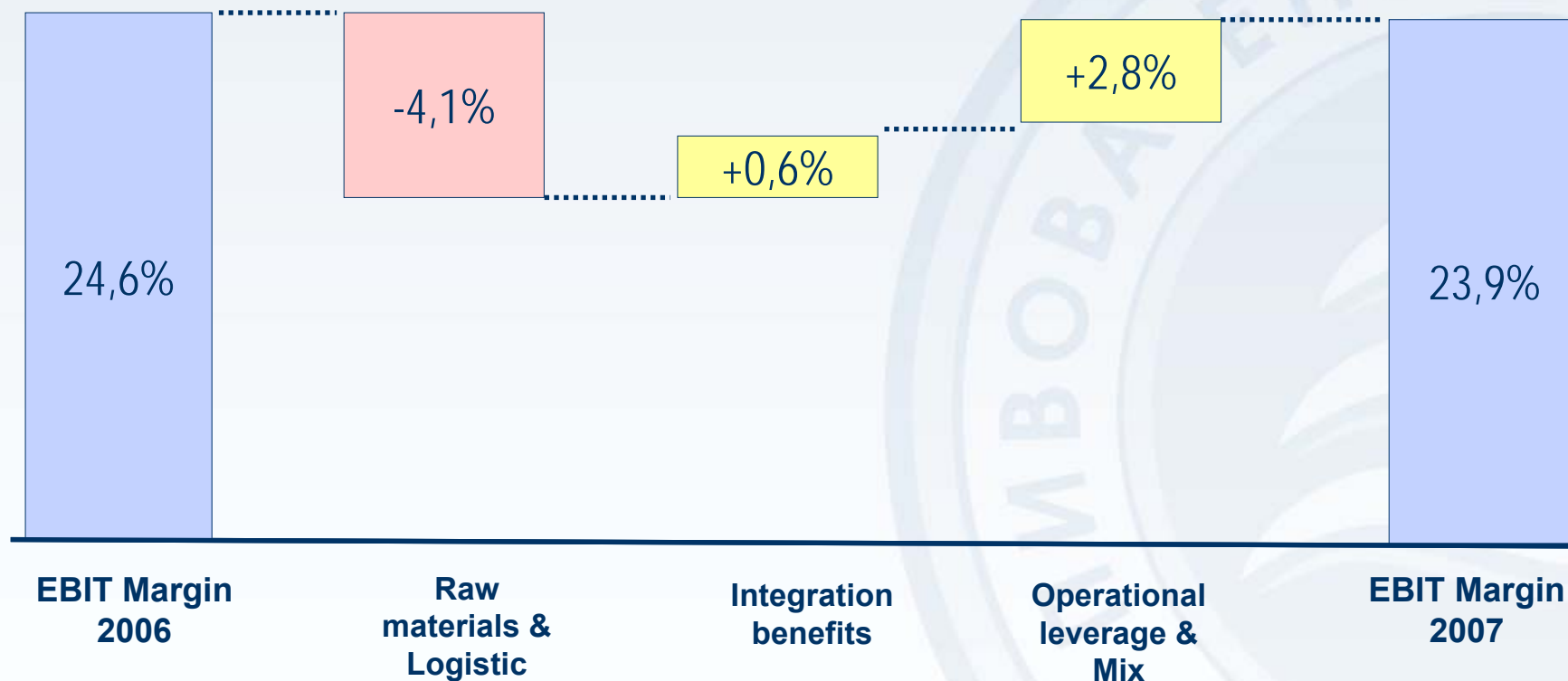
Baltika Net Sales Development for 2007



Baltika Margin Development in Y2007



In spite of rising distribution and raw materials costs 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 2007



- ☰ **Baltika Samara**
production capacity tripling completed (to 6.5 mln hl per year)



- ☰ **Baltika Voronezh**
production capacity doubling started, 2 mln hl per year for 2008 season



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



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



Total 2007 investments of 262 MEUR



Supplementary information

Integrated Baltika Breweries



☰ 11 breweries:

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

☰ Production Capacity:

Around 45 MHL/year

☰ 3 malt-houses:

St. Petersburg, Tula, Yaroslavl

☰ About 12 000 employees

☰ Market share in 2007 37.6%



Brand Portfolio



		Company position in the segment	Brand #1
Licensed		#1	# 1 Tuborg
Premium		#1	#1 Baltika
Mainstream		#1	#1 Baltika
Lower Mainstream		#1	#1 Arsenalnoe
Discount		#1	#2 Bolshaya Kruzhka

Baltika Breweries in Russia



Production capacity: around 45 MHL per year





Baltika Breweries Y2007 Results

Thank you!