



# Baltika Breweries

## Y2006 Results

March 15, 2007

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# Development Overview for Y2006



## 🌀 Excellent financial performance

- Net sales is 1739,5 MEURO, +20,8%
- EBITDA is 555,9 MEURO, +37,4%
- EBIT is 427,1 MEURO, +40,8 %

## 🌀 Russian market volume growth of 10%

Market showed particularly high growth (+14%) in Q3'06 due to a number of factors, including the situation on the market of strong drinks

## 🌀 Good volume growth in Y2006

- Total volume of Baltika Group 37.2 MHL, +10.3%; beer volume 36.6 MHL, +10.6%
- Export volume of Baltika Group 1.6 MHL, +11%; with license volume in Ukraine +27%
- Market share in Russia 36.4%

## 🌀 Contribution to the volume growth for Y2006 was significantly determined by the results of Q4'06:

- Total volume 8.6 MHL, +16.8%; beer volume 8.4 MHL, +17.2%
- Market share in Russia 36.9%, +1.4%pts



# Financial Results

# Y2006 Financial Results



	2006	2005	Δ
Volume, MHL	37,16	33,69	+10,3%
NSV, MEURO	1739,5	1440,4	+20,8%
EBITDA, MEURO	555,9	404,6	+37,4%
EBITDA Margin, %	32%	28,1%	+3,9 p.p.
EBIT, MEURO	427,1	303,2	+40,8%
EBIT Margin, %	24,6%	21,1%	+3,5 p.p.

IFRS

# Q4'06 Financial Results



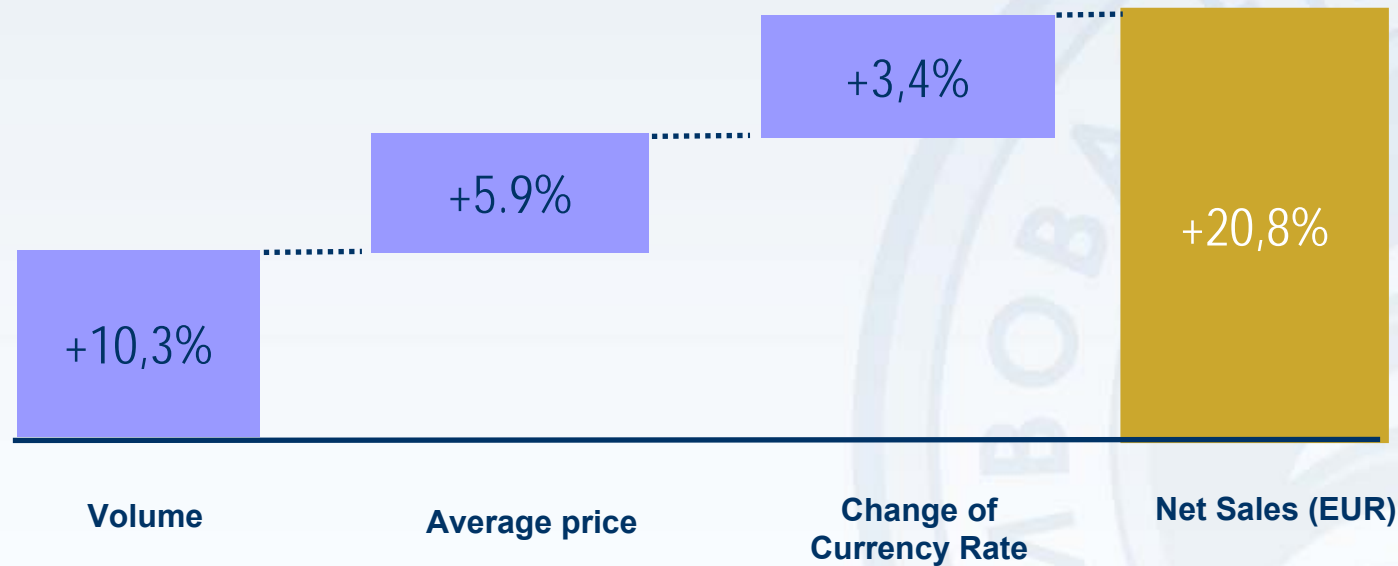
	4Q'06	4Q'05	Δ
Volume, MHL	8,57	7,34	+16,8%
NSV, MEURO	401,5	328,4	+22,3%
EBITDA, MEURO	122,7	87,7	+39,9%
EBITDA Margin, %	30,6%	26,7%	+3,9 p.p.
EBIT, MEURO	80,3	60,1	+33,6%
EBIT Margin, %	20%	18,3%	+1,7 p.p.

IFRS

# Baltika Net Sales Development for 2006



All factors such as volume growth, average prices and change of currency rate (chain index) contributed to net sales growth



# 2006 Results Breakdown



MEURO	2006	2005	Δ
NSV	1739,5	1440,4	+20,8%
COGS*	807,7	717,8	+12,5%
Gross profit	931,8	722,5	+29%
Distribution costs*	214,6	184,3	+16,4%
Commercial costs*	227,6	174,8	+30,2%
Administrative costs*	62,4	57,7	+8,2%
EBIT	427,1	303,2	+40,8%
Net Profit	330,9	232,4	+42,4%

*IFRS*

\*Including depreciation

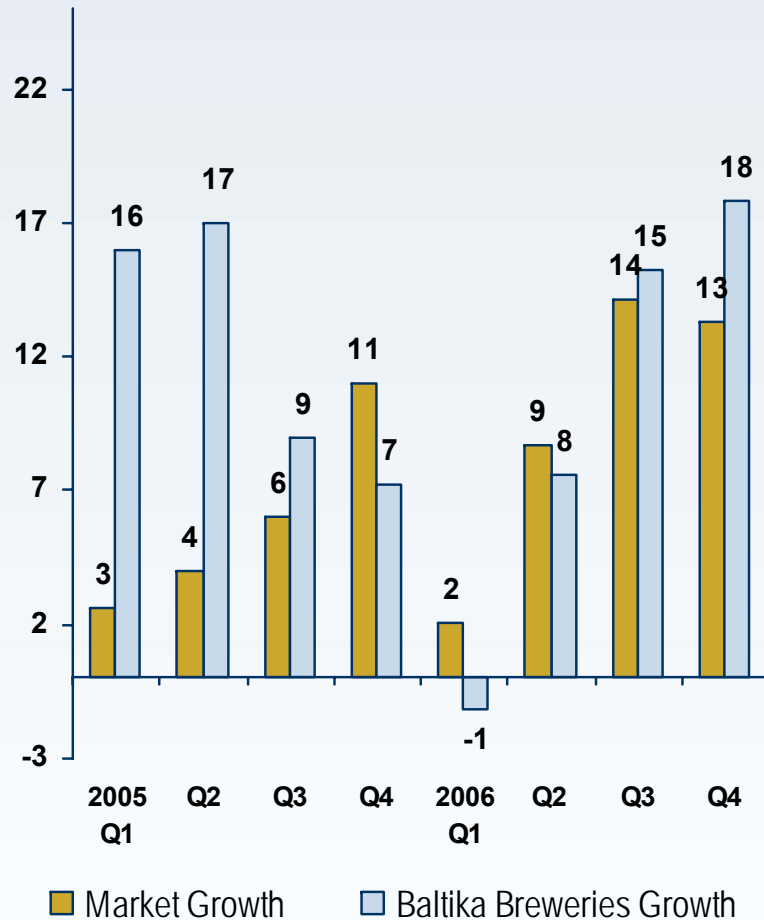






# Russian Beer Market and Baltika Breweries

# Russian Beer Market Development



Market share, %	FY'05	FY'06	Q4'05	Q4'06
<b>Baltika Breweries</b>	<b>36.3</b>	<b>36.4</b>	<b>35.4</b>	<b>36.9</b>
<b>Sun InBev</b> <i>- excl acquisitions</i>	<b>17.5</b> 17.3	<b>18.9</b> 18.1	<b>18.1</b> 17.4	<b>19.5</b> 18.5
<b>Heineken*</b> <i>- excl acquisitions</i>	<b>13.1</b> 7.1	<b>13.3</b> 7.7	<b>13.6</b> 7.5	<b>13.3</b> 8.1
<b>Efes w/o Krasny Vostok *</b>	<b>6.8</b>	<b>6.8</b>	<b>6.4</b>	<b>6.4</b>
<b>SAB Miller*</b>	<b>4.9</b>	<b>5.6</b>	<b>5.3</b>	<b>5.7</b>
<b>Ochakovo</b>	<b>5.7</b>	<b>4.8</b>	<b>5.2</b>	<b>4.3</b>
Others	15.6	14.1	16.0	13.9

\* Estimate

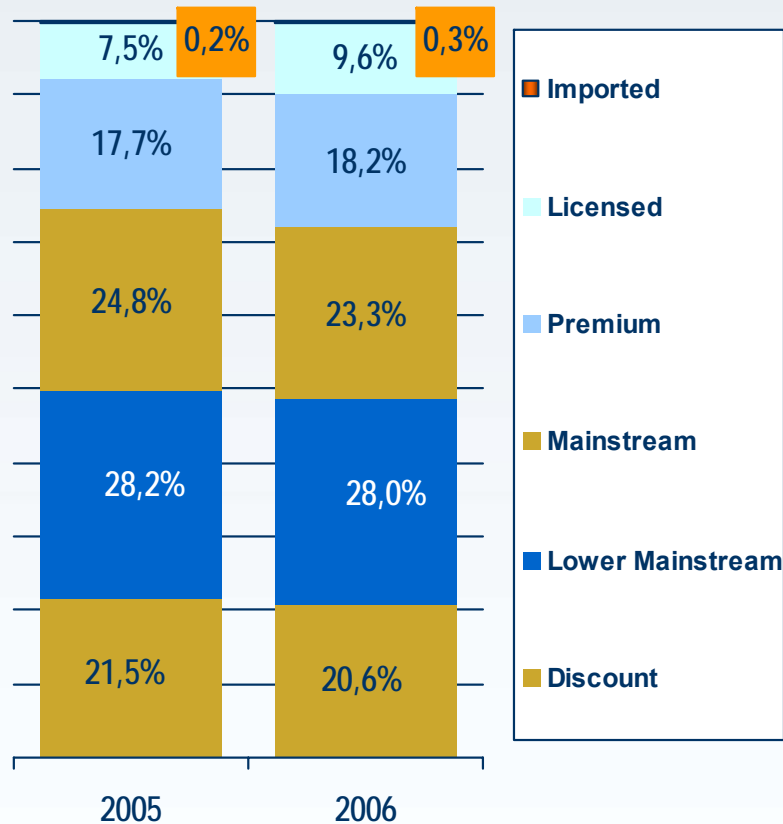
Source: Baltika, State Statistics Committee, Companies data  
Note: Domestic Volumes

Source: Baltika, State Statistics Committee, Companies data

# Price Segments Development



Price segments market volume share



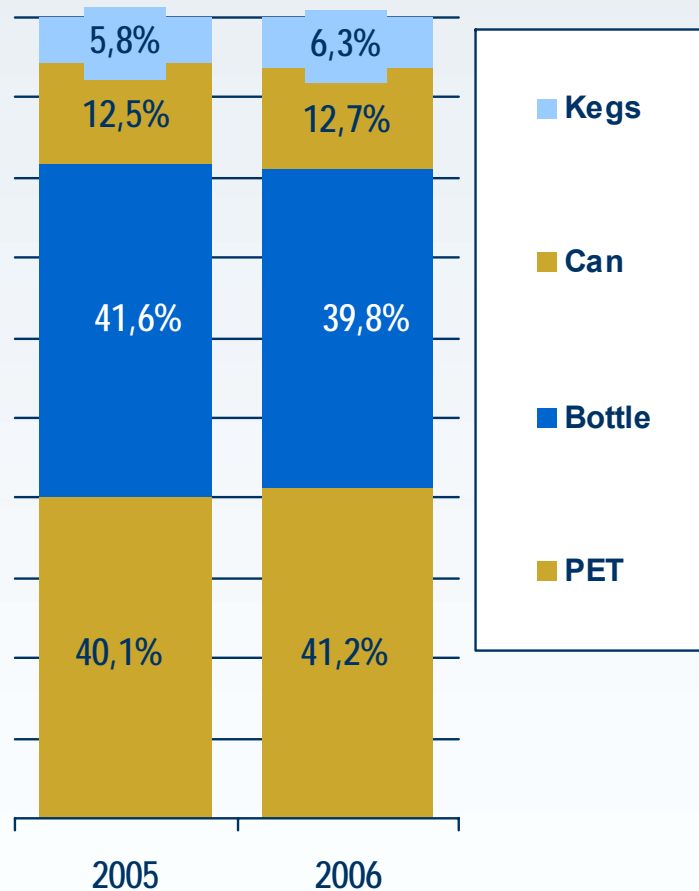
Baltika Breweries share in segment	2005	2006
Licensed	19.9	22.5
Premium	43.3	43.6
Mainstream	51.9	49.9
Lower Mainstream	37.0	33.5
Discount	24.2	24.5

Source: Business Analytica, off-trade



# Packaging Segment Development

Packaging segments market volume share



Baltika Breweries share in segment	2005	2006
Kegs	27.3	29.0
Can	58.5	57.5
Bottle	33.7	33.8
PET	35.4	31.9

Source: Business Analytica, incl.HoReCa

# 2006 Performance of Baltika Brands



- Baltika and Arsenalnoye are two leading brands in Russia (Baltika brand growth in Russia Y2006 is +10%, market volume share 10.9%)
- Volume growth of licensed brands:
  - Tuborg – brand №1 in licensed segment +127.9% (according to Business-Analytica Retail Audit volume share within licensed segment in Y2006 is 13.7% & 15.1% in Q4 Y2006)
  - Carlsberg +50.3%,
  - Foster's +117.4%,
  - Kronenbourg 1664 +131.7%
- Volume growth of premium brand Nevskoye +32.1%
- High volume growth of a number of regional brands:  
Leningradskoye +36.3%, Uralsky Master +20.0%, Don +19.2%,  
Chelyabinskoye +18.8%



# Innovations 2006

- New brand in the Baltika portfolio – beer for young adults “**Cooler**” in a transparent bottle with NLL label and ring-pool cork
- **Baltika 3** in PET 1.0 l
- New licensed brand **Tuborg Twist** in a transparent bottle with NLL label and ring-pool cork
- **Carlsberg** in a new bottle format with a bottom opener
- **Foster’s** in bottle 0.5 l with ring-pool cork
- **Kronenbourg 1664** in bottle 0.46 l, brand transfer to twist-off cork
- New packing mid-cone for can –brands **Baltika 3, 7, Tuborg**
- New brand **Bolshaya Kruzhka**
- **Yarpivo** brand in PET 1.5 l
- PET 2.5 l for group of brands– **Arsenalnoye, Kupecheskoye, DV, Uralsky Master** etc.



# Outlook







# Integration of Baltika group

- ☉ Legal merger is successfully completed in the scheduled terms



28 December 2006

JSC Vena, Pikra and Yarpivo were deregistered from the Register of Companies. Baltika group of companies became one legal entity.



Features of the project:

Unique corporate legal practice in Russia.  
Complicated project in record time-frame.



After the merger:

Baltika is a clear leader in Russian beer market.

# Integrated Baltika Breweries



## ☰ 10 breweries:

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

## ☰ Production Capacity:

40 MHL/year

## ☰ 3 malt-houses:

St. Petersburg, Tula, Yaroslavl

## ☰ About 12 000 employees

## ☰ Market share 36.4%



# Portfolio of United Brands in 2006





# Baltika Breweries in Russia





# Capacity increase 2007-2008

## Samara project

Baltika-Samara brewery capacity increase to 6.5 MHL for the season of 2007. The brewery becomes one of the largest in Russia. Over 100 MEUR invested.

## Greenfield project in Novosibirsk

A new Baltika brewery with the capacity of 2 MHL is under construction in Novosibirsk for the season of 2008. Investments about 65 MEUR.



## Baltika Breweries Y2006 Results

Thank you!